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Securities Code: 6809
June 5, 2023

To All Shareholders:

Kazuhiro Takeuchi
President, CEO
TOA CORPORATION
7-2-1, Minatojima-nakamachi,
Chuo-ku, Kobe, Hyogo

Notice of the 75th Ordinary General Shareholders' Meeting

We would hereby like to inform you that the 75th Ordinary General Shareholders' Meeting (the "Meeting") of TOA Corporation ("TOA") will be held as described below.

When convening this Meeting, TOA takes measures for providing information that constitutes the content of reference documents for the general shareholders' meeting, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on each of following websites. Please access either of the following websites by using the internet address shown below to review the information.

TOA's website
<https://www.toa-global.com/ja/ir/stockinfo/memo>

Website for posted informational materials for the general shareholders' meeting of
<https://d.sokai.jp/6809/teiji/>

TSE website (Listed Company Search)
<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

Access the TSE website by using the internet address shown above, enter "TOA" in "Issue name (company name)" or the TOA's securities code "6809" in "Code," and click "Search." Then, click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]."

If you are unable to attend the Meeting, you can exercise your voting rights in writing or via the Internet. Please refer to the reference materials contained herein, and exercise your voting rights by 5:30 p.m. on Tuesday, June 20, 2023 (Japan Time).

1. Date and Time:	10:00 a.m., Wednesday, June 21, 2023 (Japan Time) [open 9:30 a.m.]
2. Venue:	XEBEC HALL, 7-2-1, Minatojima-nakamachi, Chuo-ku, Kobe, Hyogo
3. Meeting Agenda:	<p>Matters to be reported:</p> <ol style="list-style-type: none"> 1. The Business Report, Consolidated and Unconsolidated Financial Statements for the 75th fiscal year (from April 1, 2022 to March 31, 2023) 2. Audit Report on Consolidated Financial Statements for the 75th fiscal year by the Financial Auditors and by the Audit & Supervisory Board <p>Proposals to be resolved:</p> <p><Company Proposals (Proposal 1 through 5) ></p> <p>Proposal 1: Appropriation of Retained Earnings</p> <p>Proposal 2: Appointment of 2 Members of the Board of Directors</p> <p>Proposal 3: Appointment of 1 Member of Audit & Supervisory Board</p> <p>Proposal 4: Appointment of 1 Substitute Member of Audit & Supervisory Board</p> <p>Proposal 5: Continuation of the Policy against Large-scale Purchases of TOA's Shares (Takeover Defense Measures)</p> <p><Shareholder Proposals (Proposal 6 and 7) ></p> <p>Proposal 6: Implementation of Share Buyback</p> <p>Proposal 7: Amendments to the Articles of Incorporation concerning the Composition of Outside Directors</p>
4. Other matters related to Meeting:	<ol style="list-style-type: none"> 1. In the event that a vote is exercised in duplicate in writing and via the Internet, the latter shall be effective. 2. In the event that more than one vote is exercised via the Internet, the latest vote shall be effective. 3. When you do not indicate approval or disapproval for each proposal on your returned voting form, it is regarded as you approved the Company's proposal and disapproved the shareholders' proposal.

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- When attending the Meeting, please submit the enclosed ballot form at the reception desk.
 - If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the aforementioned websites.
 - In accordance with a revision of the Companies Act, in principle you are to check items subject to measures for electronic provision by accessing either of the websites mentioned above, and we have decided to deliver paper-based documents stating the items only to shareholders who request the delivery of paper-based documents by the record date. However, for this Meeting, we have delivered paper-based documents stating the items subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested them. Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 15, Paragraph 2 of the Articles of Incorporation of TOA, the following matters are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents.
 - 1) Systems to Ensure the Appropriateness of Business Operations and the Operating Status of Such Systems
 - 2) Basic Policy Regarding Company Control
 - 3) Consolidated Statements of Changes in Shareholders' Equity, etc.
 - 4) Notes to the Consolidated Financial Statements
 - 5) Statement of Changes in Shareholders' Equity, etc.
 - 6) Notes to the Unconsolidated Financial Statements

Accordingly, the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements listed on the paper-based documents represent part of the documents included in the scope of audits by the Audit & Supervisory Board Members and the Financial Auditor in preparing the Audit Report and the Financial Audit Report, respectively.
 - [To Institutional Investors]
ICJ, Inc.'s electronic voting platform is available as a method for exercising voting right.

Reference Documents for the General Shareholders' Meeting

Proposals and References

<Company Proposals (Proposal 1 through 5) >

Proposal 1: Appropriation of Retained Earnings

We propose the appropriation of retained earnings as described below.

Matters related to the year-end dividends

TOA positions enhancing returns of profits to shareholders as one of the management priorities.

For the distribution of earnings, while targeting sustainable growth and having a policy of increasing investment in businesses as a basis, TOA endeavors to provide more stable dividends with fiscal discipline. We adopt a basic policy of maintaining an annual dividend of 40 yen (interim dividend 20 yen and year-end dividend 20 yen) taking our business performance into account and make a decision targeting 45% of consolidated dividend payout ratio.

Based on this policy, we propose payment of a year-end dividend of 20 yen per share for the fiscal year ended March 31, 2023.

Year-end dividend

1. Type of dividend property
Cash
2. Matters related to the allotment of dividend property to shareholders and the total amount
20 yen per share of common stock of TOA
Total amount: 643,320,040 yen
We paid 20 yen per share as an interim dividend; therefore the total annual dividend for the fiscal year ended March 31, 2023, including the interim dividend, will be 40 yen per share.
3. Effective date of distribution of retained earnings
June 22, 2023

Proposal 2: Appointment of 2 Members of the Board of Directors

The terms of office of Directors Messrs. Kenji Itani, Kazuhiro Takeuchi and Masashi Murata will expire at the closing of this Meeting. Accordingly, by reducing the number of Directors by one (1) based on the management system review, we propose the appointment of two (2) Directors.

The candidates for Directors are as follows.



Reappointment

Attendance at the Board of Directors meetings
100%
(19/19)

Number of TOA shares held
1,613,273

No.	1	Kenji Itani	Date of Birth	December 17, 1951	Male
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■ Career summary, positions and responsibilities, and significant concurrent positions

May 1976	Joined TOA Corporation
April 2000	General Manager, Logistics Department, Sales Division, TOA Corporation
October 2001	Executive Officer, General Manager, East Japan Sales Department, TOA Corporation
April 2005	Executive Officer, General Manager, Logistics Department, TOA Corporation
June 2005	Director, Senior Executive Officer, Executive Manager, Supply Chain Management Division, TOA Corporation
October 2007	Director, Senior Executive Officer, Executive Manager, Supply Chain Management Division, and Executive Manager, Audio R&D Division, TOA Corporation
June 2008	Director, Senior Managing Executive Officer, Executive Manager, Supply Chain Management Division, and Executive Manager, Audio R&D Division, TOA Corporation
June 2009	President, CEO, TOA Corporation
June 2015	Chairman and CEO, TOA Corporation
June 2017	Director, Chairman, TOA Corporation (to present)
June 2022	Chairman, Kobe Tax Payment Association (to present), Vice Chairman, Tax Partner Associations (to present)
May 2023	Chairperson, Kobe Association of Corporate Executives (to present)

■ Reasons for nomination as a candidate for Director

Mr. Kenji Itani has been nominated as a candidate for Director, because he has managed the Logistics Department, domestic sales divisions and R&D divisions. In addition, by leveraging his cross-functional experience and track record as the Company's President, CEO, he can be expected to continue fulfilling the role of Director.



No.

2 Masashi Murata

Date of Birth

March 19, 1958

Male

Reappointment

Outside Independent

Attendance at the Board of Directors meetings

100%
(19/19)

Number of TOA shares held

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■ Career summary, positions and responsibilities, and significant concurrent positions

April 1983	Joined Asahi Glass Co., Ltd. (currently AGC Inc.)
August 1999	Resigned from Asahi Glass Co., Ltd. (currently AGC Inc.), Joined Santen Pharmaceutical Co., Ltd. General Manager, Office of the President
September 2001	General Manager, Strategic Planning Group, Sales & Marketing Division, Prescription Pharmaceuticals, Santen Pharmaceutical Co., Ltd.
July 2002	General Manager, Ophthalmic Marketing Group, Sales & Marketing Division, Prescription Pharmaceuticals, Santen Pharmaceutical Co., Ltd.
January 2005	General Manager, Strategic Planning & Controlling Group, Sales & Marketing Division, Prescription Pharmaceuticals, Santen Pharmaceutical Co., Ltd.
April 2007	General Manager, Corporate Planning Group, Santen Pharmaceutical Co., Ltd.
July 2011	CAO (Chief Administrative Officer), Santen Inc.
January 2014	General Manager, Corporate Auditor's Group, Santen Pharmaceutical Co., Ltd.
June 2016	Standing Corporate Auditor, Santen Pharmaceutical Co., Ltd.
June 2020	Senior Advisor, Santen Pharmaceutical Co., Ltd.
June 2021	Outside Director, TOA Corporation (to present) Outside Audit & Supervisory Board Member, OSAKA Titanium technologies Co., Ltd.
June 2022	Member of the Audit & Supervisory Committee, OSAKA Titanium technologies Co., Ltd. (to present)

■ Reasons for nomination as a candidate for Outside Director and overview of expected roles

Mr. Masashi Murata has been nominated as a candidate for Outside Director, because he can be expected to continue to provide oversight, advice, etc. to help strengthen corporate governance function of TOA and sustainably increase the corporate value of TOA as Outside Director, based on his expertise in general corporate management and knowledge and experience in corporate strategy, finance, governance, etc., gained through his long years of service in corporate planning, in planning domestic and international business strategies, and as Standing Corporate Auditor at a listed company.

- (Notes) 1. There are no special interests between each candidate and TOA.
2. Mr. Masashi Murata is a candidate for Outside Director. We have registered him as an independent officer as specified by Tokyo Stock Exchange, Inc. If he is appointed as Director at this Meeting, he is scheduled to continue to be an independent officer.
3. If Mr. Masashi Murata is appointed as Director, TOA intends to renew the liability limitation agreement with him to limit his liability for compensation for damages in accordance with Article 427, Paragraph 1 of the Companies Act. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
4. The term of office of Mr. Masashi Murata as Outside Director of TOA will be two years at the closing of this Meeting.
5. TOA enters into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover damages to be borne by the insured, such as legal damages and litigation expenses in the event that a claim for damages is made. If the candidates are appointed as Directors, each of them will be insured under the said insurance contract. TOA intends to renew the contract with the same contents at the next renewal.

Proposal 3: Appointment of 1 Member of Audit & Supervisory Board

The term of office of Audit & Supervisory Board Member Mr. Shigenobu Kobayashi will expire at the closing of this Meeting. Accordingly, we propose the appointment of one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has previously given its approval to the submission of this proposal. The candidate for Audit & Supervisory Board Member is as follows.



Amane Sawa

Date of Birth

August 8, 1976

Male

■ Career summary, positions, and significant concurrent positions

April 1999	Joined Asahi & Co. (current KPMG AZSA & Co.)
April 2002	Registered as a certified public accountant
September 2009	Transferred to KPMG Tax Corporation Part-time Instructor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University (to present)
December 2009	Registered as a tax accountant
April 2011	Retired from KPMG Tax Corporation, Established Sawa Certified Public Accountant Office, Representative (to present)

Outside Independent

Number of TOA shares held

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■ Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member

Mr. Amane Sawa has been nominated as a candidate for Outside Audit & Supervisory Board Member, because he has expertise in finance and accounting as a certified public accountant and tax accountant. In addition, since he has extensive experience in corporate accounting and the tax advisory business in Japan and overseas, support for overseas subsidiary management, due diligence, etc., he can be expected to fulfill the role of Audit & Supervisory Board Member. Although he has no direct experience in corporate management, for the reasons stated above, we judged that he can appropriately perform the duties of Outside Audit & Supervisory Board Member.

- (Notes)
1. There are no special interests between Mr. Amane Sawa and TOA.
 2. Mr. Amane Sawa is a candidate for Outside Audit & Supervisory Board Member. If he is appointed as Audit & Supervisory Board Member, TOA intends to register him as an independent officer as specified by Tokyo Stock Exchange, Inc.
 3. If Mr. Amane Sawa is appointed as Audit & Supervisory Board Member, TOA intends to enter into a liability limitation agreement with him to limit his liability for compensation for damages in accordance with Article 427, Paragraph 1 of the Companies Act. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
 4. TOA enters into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover damages to be borne by the insured, such as legal damages and litigation expenses in the event that a claim for damages is made. If Mr. Amane Sawa is appointed as Audit & Supervisory Board Member, he will be insured under the said insurance contract. TOA intends to renew the contract with the same contents at the next renewal.

(Reference) Skills matrix of the Board of Directors after this Meeting

In the event that Proposal 2 and Proposal 3 are approved and adopted in their original form, the composition of the Board of Directors and the major skills (knowledge, experience, and abilities) of each Director and Audit & Supervisory Board Member will be as follows.

	Name	Position / Attributes (planned)	Corporate management	Global business	Market Cultivation / Business planning	Technology / Innovation (R&D, production, SCM, DX)	Corporate (finance, accounting, legal affairs, risk management, information systems)	Human resource development
Directors	Kenji Itani	Chairman	●		●	●		
	Masahiro Taniguchi	President, CEO		●		●	●	
	Yoshinori Masuno	Senior Executive Officer		●	●		●	
	Hiroshi Hayakawa	Executive Officer			●			●
	Masashi Murata	Independent Outside		●	●		●	
	Minoru Handa	Independent Outside		●		●		●
Audit & Supervisory Board Members	Takefumi Nishigaki	Standing		●		●	●	
	Kazuyo Nishikata	Independent Outside					●	
	Amane Sawa	Independent Outside					●	

*Displays a maximum of three areas of knowledge and experience for each Director and Audit & Supervisory Board member. It is not an exhaustive list.

Proposal 4: Appointment of 1 Substitute Member of Audit & Supervisory Board

The effectiveness of appointment of Substitute Audit & Supervisory Board Member Mr. Takahisa Fukumoto, appointed at the Ordinary General Shareholders' Meeting held on June 21, 2022, will expire at the commencement of this Meeting. To prepare for the event where the number of Audit & Supervisory Board Member falls below the number defined by laws and regulations, we propose the appointment of one (1) Substitute Audit & Supervisory Board Member in advance.

The Audit & Supervisory Board has previously given its approval to the submission of this proposal. The candidate for Substitute Audit & Supervisory Board Member is as follows.



Number of TOA shares held

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Takahisa Fukumoto

Date of Birth

August 2, 1967

Male

■ Career summary, positions, and significant concurrent positions

April 1993	Joined Hyogo Prefectural Government
March 1994	Resigned from Hyogo Prefectural Government
April 1996	Registered as an attorney-at-law, Joined Higashimachi Law Office (currently Higashimachi LPC)
April 2003	Partner, Higashimachi Law Office (currently Higashimachi LPC) (to present)
June 2003	Outside Audit & Supervisory Board Member, Kawanishi Warehouse Co., Ltd.
April 2008	Vice-President, Hyogo-Ken Bar Association
June 2010	Outside Audit & Supervisory Board Member, KOBE Ferry center. co., Ltd. (to present)
April 2012	Domestic Relations Conciliation Commissioner, Kobe Family Court (to present)

■ Reasons for nomination as a candidate for Substitute Outside Audit & Supervisory Board Member

Mr. Takahisa Fukumoto has been nominated as a candidate for Substitute Outside Audit & Supervisory Board Member, because he is qualified as a lawyer and can be expected to fulfill the role as Audit & Supervisory Board Member, by leveraging his extensive experience and expertise accumulated in the legal community. Although he has no experience in corporate management other than being an Outside Audit & Supervisory Board Member, for the reasons stated above, we judged that he can appropriately perform the duties of Outside Audit & Supervisory Board Member.

(Notes) 1. There are no special interests between Mr. Takahisa Fukumoto and TOA.

2. Mr. Takahisa Fukumoto is a candidate for Substitute Outside Audit & Supervisory Board Member. If he is appointed as Audit & Supervisory Board Member, he is expected to be an independent officer pursuant to the relevant provisions of Tokyo Stock Exchange, Inc.
3. If Mr. Takahisa Fukumoto is appointed as Audit & Supervisory Board Member, TOA intends to enter into a liability limitation agreement with him to limit his liability for compensation for damages in accordance with Article 427, Paragraph 1 of the Companies Act. The limit amount of the liability for compensation for damages under such an agreement is determined to be the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.
4. TOA will enter into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover damages to be borne by the insured, such as legal damages and litigation expenses in the event that a claim for damages is made. If Mr. Takahisa Fukumoto is appointed as Audit & Supervisory Board Member, he will be insured under the said insurance contract.

Proposal 5: Continuation of the Policy against Large-scale Purchases of TOA's Shares (Takeover Defense Measures)

TOA introduced the "Policy against Large-scale Purchases of TOA's Shares (Takeover Defense Measures)" (hereinafter the "Policy") at the meeting of the Board of Directors held on February 15, 2008. The Policy was subsequently continued by approval of shareholders at the 60th Ordinary General Shareholders' Meeting held on June 27, 2008. More recently, the 72nd Ordinary General Shareholders' Meeting held on June 23, 2020 resolved to further continue the Policy, effective until the conclusion of this Shareholders' Meeting.

Since the Policy was last continued, TOA has continually reviewed its attributes, including whether or not it should be further continued as a means of ensuring and enhancing the Company's corporate value as well as the common interests of its shareholders, in light of factors such as changing social and economic circumstances, recent developments and debates relating to takeover defense measures, and the purposes of the Corporate Governance Code.

As a result of this review, the Board of Directors, at the meeting held on May 15, 2023, resolved to continue the Policy, subject to the approval of shareholders at this Shareholders' Meeting. The reasons for TOA's continuation of the Policy are set forth below under "Reasons for Continuation of Policy."

The continuation of the Policy was approved by all of the TOA's Directors, including two independent Outside Directors. All three Audit & Supervisory Board Members of TOA expressed the opinion that they have no objection to the continuation of the Policy, provided that the specific operation of the Policy is properly carried out.

As of today, no specific proposal for a Large-scale Purchase of TOA's shares has been made.

In continuing the Policy, we have reviewed the wording, etc., of the current Policy and rearranged words and phrases; however, there are no substantive changes.

[Reasons for Continuation of Policy]

Our Group defines its corporate value as "Smiles for the Public: Creating a Society that Makes People Smile," with the aim of realizing "Smiles" by providing "reassurance, reliability, and emotion" to the "Public," which is a group of people. In order to realize this value, we have set forth a Management Vision for 2030, "Dr. Sound - becoming a professional organization that improves sound in society," as a reliable partner to realize a cycle of identifying, solving, and improving social issues together with our customers by continuing to provide good sound experiences that are chosen by our customers. Toward the realization of this Vision, we have established a Medium-term Management Plan (hereinafter referred to as the "Midterm Plan") that ends in the fiscal year ending March 31, 2026, and will flexibly implement measures to achieve sustainable growth and enhance our medium- to long-term corporate value.

Under these circumstances, any large-scale purchases of TOA's shares that are contrary to the corporate value of our Group and the common interests of its shareholders may significantly affect the flexible implementation of measures to enhance our corporate value. In addition, the status of TOA's major shareholders as of March 31, 2023 is as shown in Appendix 4, and since the distribution of TOA's shareholders is broad, mainly consisting of individual shareholders, the possibility of a large-scale purchase of shares that is contrary to the corporate value of our Group and the common interests of its shareholders cannot be ruled out.

On the other hand, TOA believes that the decision of whether or not to accept a large-scale purchase of TOA's shares by a specific person should ultimately be left to the judgment of the shareholders who hold TOA's shares, and if the purchase would significantly enhance TOA's corporate value and contribute to the common interests of shareholders, TOA shall, in principle, not reject such purchase, which is a stance that remains unchanged.

The purpose of this Policy is to disclose necessary and sufficient information and time to assess and consider the Large-Scale Purchase, as well as the opinion of TOA's Board of Directors, in order to contribute to the shareholders' decision-making process, and, if necessary, to negotiate with the Large-Scale Purchaser and ensure that the shareholders have an opportunity to be presented with an alternative proposal. Currently, the Financial Instruments and Exchange Act provides for certain measures to regulate abusive takeovers, but they may not always function effectively, such as legally ensuring the provision of information and time for consideration prior to the commencement of a tender offer, or legally restricting the act of buying and selling within the market. Therefore, we believe that the establishment of Large-scale Purchase Rules will be effective for helping shareholders and investors make appropriate investment

decisions.

As stated above, it is essential for our Group to continue the implementation of this Policy as a measure for the realization of sustainable growth and medium- to long-term enhancement of corporate value, and our Board of Directors has determined that it is its responsibility to always be prepared for unforeseen circumstances through the continuation of this Policy.

1. Basic Policy Concerning Control Over the Company

As TOA being a listed corporation that allows free trading of its shares, will not unconditionally reject all cases involving a purchase of its shares. This will include any so-called “hostile takeover” conducted without the consent of the Board of Directors, provided that this will contribute to its corporate value and the common interests of its shareholders. The decision on whether to sell TOA’s shares in response to a large-scale purchase by a specific party should ultimately be left to TOA’s shareholders who possess TOA shares. For this reason, after information on a large-scale purchase is provided by a large-scale purchaser, TOA considers it necessary to evaluate and consider this proposal, and for the Board of Directors to prepare and disclose an opinion, in order to contribute to the judgment of all shareholders.

Furthermore, certain large-scale acquisitions or proposals to purchase TOA’s shares may not contribute to corporate value and the common interests of shareholders, such as the following:

- (i) Those whose purpose of acquisition, etc. may cause obvious harm to corporate value and the common interests of shareholders
- (ii) Those that may effectively coerce shareholders into selling their shares
- (iii) Those that are made without giving TOA’s Board of Directors and shareholders the necessary time and information to examine and judge the details of the acquisition, or for the Board of Directors to present an alternative proposal
- (iv) Those for which the purchase price or method of purchase is inappropriate and would harm the corporate value of TOA and the common interests of its shareholders
- (v) Those that may damage the relationship with TOA and its stakeholders, etc.

TOA believes that a large-scale purchaser, purchase proposer or any other person who acts in a manner that may have a material adverse effect on the corporate value of TOA and the common interests of its shareholders is inappropriate as a party who controls decisions on TOA’s financial and business policies.

2. Initiatives to Contribute to Realizing the Basic Policy Concerning Control Over the Company

TOA implements the following measures as initiatives to enhance corporate value and the common interests of its shareholders, to ensure that its shares are held over the long term by a large number of shareholders. These initiatives also contribute to realizing the basic policy described in 1. above.

(1) Enhancing corporate value through the promotion of TOA’s Management Policy and Medium-Term Management Plan

The TOA Group has established “Smiles for the Public” as its corporate values, and aims to bring “smiles” to the “public” by providing the values of “reassurance, reliability, and emotion.” In particular, under the Three Confidences of our Basic Management Policy (Total confidence of our customers in the use of all products; Total confidence of our associates in all business transactions; Total confidence of our employees in all their effort), we will further deepen our dialogue with all stakeholders to ensure that we are aware of the social impacts and responsibilities associated with our Company’s business activities from an integrated perspective, including in terms of ESG (Environmental, Social, and Governance), in a timely and accurate manner, and thereby contribute to the formation of a sustainable society by meeting society’s expectations and demands.

Through such growth and results, we aim to realize our new Management Vision, “Dr. Sound - becoming a professional organization that improves sound in society” with a view to 2030, as a reliable partner to realize a cycle of identifying, solving, and improving social issues together with our customers by continuing to provide good sound experiences that are chosen by our customers.

In order to realize our Vision, we positioned the first half of the Midterm Plan period, from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2023, as a phase in which we transformed our organization to adapt to the accelerating pace of change in the environment, enhance our profitability and competitiveness, and establish a foothold for new growth, thereby strengthening our structure and

promoting the search for and creation of new areas of sound value that will lead to growth.

From the fiscal year ending March 31, 2024 to the fiscal year ending March 31, 2026, we will maximize the results of these efforts to further expand added value, strengthen our profit base, and accelerate growth through the exploration and creation of new growth areas. In addition, to accelerate a series of initiatives, we will focus on promoting digital shift and human resource development.

Through the realization of this Vision, we will continue to promote sustainability initiatives. Since our foundation, we have established our Corporate Objective and the Basic Management Policy, “Three Confidences,” under which we aim to realize our corporate value, “Smiles for the Public: Creating a Society that Makes People Smile.” As the world accelerates toward a sustainable society, including in terms of the SDGs, TOA recognizes that its role and responsibility will become even greater. In the Midterm Plan, TOA will continue to create new value together with its customers to solve social issues while advancing its past activities, and contribute to the realization of a sustainable society through activities to “improve the sound of society.”

[Major Initiatives]

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| - Solutions for solving social issues | - Creating safe and secure products and services |
| - Creating peace of mind for employees | - Coexistence with local communities |
| - Corporate Governance | |

[Details]

- Notice of formulation of the Medium-term Management Plan
<https://ssl4.eir-parts.net/doc/6809/tdnet/2112704/00.pdf>
- Notice of commencement of Phase 2 of the Medium-term Management Plan
<https://ssl4.eir-parts.net/doc/6809/tdnet/2269186/00.pdf>

As described above, the maintenance and development of good relationships with stakeholders, including shareholders, customers, business partners, and employees in Japan and overseas, as well as broad expertise and abundant experience, are vital elements in the management of the TOA Group.

(2) Status of initiatives to strengthen corporate governance

The TOA Group regards the long-term, continued growth of corporate value through the practice of sound and transparent corporate management that ensures compliance for all shareholders, customers, business partners, employees and other stakeholders, as its most essential and permanent management issue. It considers that further strengthening corporate governance by emphasizing and enhancing accountability to all stakeholders, as well as proactively practicing prompt and appropriate disclosure, will contribute to the enhancement of corporate value.

3. Details of the Policy (measures to prevent decisions on financial and business policies of TOA being controlled by parties deemed inappropriate in the context of the basic policy concerning control over the company)

(1) The need for Large-scale Purchase Rules

The Policy will be continued as an effort to prevent decisions on TOA's financial and business policies from being controlled by persons deemed inappropriate in light of the Basic Policy on Control of the Company described in 1. above.

TOA believes that, in the event of a large-scale purchase of its shares, securing both time and information necessary for the shareholders to make an appropriate judgment, and negotiating with the large-scale purchaser, will lead to the protection and enhancement of TOA's corporate value and the common interests of its shareholders. For this reason, TOA has established rules (hereinafter the “Large-scale Purchase Rules”) regarding matters such as the provision of information in the event of a large-scale purchase or purchase proposal. TOA believes that the Large-scale Purchase Rules provide all shareholders with necessary and sufficient information and time to make an appropriate judgment on whether to respond to a large-scale purchase or purchase proposal and thus contribute to the common interests of its shareholders.

Considering the purpose and effect of the Policy described above, TOA has decided to continue the Policy subject to approval at this General Shareholders' Meeting, as described in 7. below.

(2) Purpose of continuing the Policy

The purpose of the Policy is to ensure timely and appropriate response to any purchase or purchase proposal of share certificates, etc. (irrespective of the specific purchase method, including market transactions and tender offer, except where prior consent has been obtained from TOA's Board of Directors) where the intent or result is to increase the voting rights ratio (Note 2) of a specific shareholder group (Note 1) to 20% or higher (hereinafter, such a purchase action shall be referred to as a "Large-scale Purchase"; the party that conducts a Large-scale Purchase shall be referred to as a "Large-scale Purchaser"), to provide all shareholders with necessary and sufficient information, as well as implement countermeasures, where necessary, in order to contribute to TOA's corporate value and the common interests of its shareholders.

(Note 1) A specific shareholder group refers to the following two items:

- (i) Holders (including parties that are included in the definition of holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act; the same shall apply hereinafter) of the shares certificates, etc. (share certificates, etc. as defined in Article 27-23, Paragraph 1 of the Act) of TOA and their joint holders (joint holders as defined in Article 27-23, Paragraph 5 of the Act, including parties deemed to be joint holders pursuant to Article 27-23, Paragraph 6 of the Act; the same shall apply hereinafter), and those holders or joint holders with certain relationships similar to the relationship between holders and joint holders (including those deemed to have such a relationship by TOA's Board of Directors; hereinafter "quasi joint holders"); or,
- (ii) Parties engaged in the purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Act, including transactions on financial instruments exchange markets, irrespective of whether these are executed through the method of auction) of TOA's share certificates, etc. (share certificates, etc. provided for in Article 27-2, Paragraph 1 of the Act) and parties with a special relationship thereto (parties with a special relationship as defined in Article 27-2, Paragraph 7 of the Act; however, regarding parties indicated in Article 27-2, Paragraph 7 (i), this excludes those prescribed in Article 3, Paragraph 2 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates by Persons Other Than Issuers; the same shall apply hereinafter).

(Note 2) Voting rights ratio refers to the following two items:

- (i) If the specific shareholder group is as stated in (i) of Note 1, the sum of (1) the ratio of share certificates, etc. held by the shareholders in question (the ratio of share certificates, etc. as defined in Article 27-23, Paragraph 4 of the Act; in such case, the number of share certificates, etc. held by joint holders of such holders (the number of share certificates, etc. held as defined in Article 27-23, Paragraph 4 of the Act) shall be factored in); and (2) the ratio of share certificates, etc. held by quasi joint holders of the shareholders in question (however, any overlaps in shareholdings between (1) and (2) shall be excluded when calculating the sum of (1) and (2)); or,
- (ii) If the specific shareholder group is as stated in (ii) of Note 1, the sum of the ratio of share certificates, etc. held by the Large-scale Purchaser and the ratio of share certificates, etc. owned by parties with a special relationship thereto (the ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8 of the Act). When calculating the ratio of share certificates, etc. held and owned, the most recently submitted annual securities report, quarterly securities report, and share buyback report shall be referred to provide the total number of issued shares (the total number of issued shares as defined in Article 27-23, Paragraph 4 of the Act), and the total number of voting rights (the total number of voting rights as defined in Article 27-2, Paragraph 8 of the Act).

4. Details of the Large-scale Purchase Rules

(1) Main features of the Large-scale Purchase Rules

The Large-scale Purchase Rules established by TOA's Board of Directors consist of the following main provisions: [1] the Large-scale Purchaser shall provide the Board of Directors with necessary and sufficient information on the planned Large-scale Purchase, before executing the Large-scale Purchase; [2] TOA's Board of Directors shall prepare and publicly announce the opinion of the Board of Directors on the planned Large-scale Purchase, within a set evaluation period; [3] the Large-scale Purchaser shall only execute the Large-scale Purchase after the processes described in [1] and [2] are completed. The specific details are as follows.

(2) Provision of information

Where a Large-scale Purchaser plans to execute a Large-scale Purchase, the Large-scale Purchaser must submit details of the planned Large-scale Purchase to TOA's Representative Directors, in written form, in the Japanese language, prior to executing or proposing the Large-scale Purchase.

- 1) Name and address of the Large-scale Purchaser
- 2) Applicable incorporation law
- 3) Name of the representative
- 4) Contact information in Japan
- 5) Overview of the proposed Large-scale Purchase
- 6) A statement of intent, indicating the Large-scale Purchaser's intention to comply with the provisions of the Large-scale Purchase Rules prescribed in the Policy

The Board of Directors of TOA shall, within 10 business days commencing from the day following the day on which it receives a statement of intent containing all items 1) to 6) listed above, issue to the Large-scale Purchaser a list of the information necessary and sufficient to serve as the basis for the shareholders to make a judgment, and for the Board of Directors to form an opinion regarding the Large-scale Purchase (hereinafter, the "Required Information"). The Large-scale Purchaser must submit the Required Information to TOA's Board of Directors. While the specific content of the Required Information will vary depending on the nature of the Large-scale Purchaser as well as the content etc. of the Large-scale Purchase, it is generally expected to contain the following items.

- 1) Overview (including details of the Large-scale Purchaser's business, capital structure, and experience, etc. in areas related to the businesses of the TOA Group) of the Large-scale Purchaser and its group (including joint holders, quasi joint holders, specially related parties, and partners (in the case of funds) or other members)
- 2) The purposes and content of the Large-scale Purchase (including the value and type of consideration, timing, the scheme of any related transactions, the legality of the purchase method and the feasibility of any related transactions)
- 3) The basis of calculation for the purchase consideration for TOA's shares, and evidence for the source of funds (including specific names of the funders (including effective funders), method of funding, and details of the associated transactions)
- 4) The management candidates (including information on candidates' experience, etc. in areas related to the businesses of the TOA Group), management policy, business plan, financial plan, capital policy, dividend policy, asset utilization policy, etc., envisaged by the Large-scale Purchaser after participating in the management of the TOA Group
- 5) The existence and details of any planned changes in the relationships between the TOA Group, and their shareholders, customers, business partners, employees or other stakeholders, after the Large-scale Purchase is completed
- 6) Information on other specific matters, necessary for shareholders to make a judgment and the Board of Directors to form an opinion regarding the Large-scale Purchase

TOA's Board of Directors shall make a public announcement if the information submitted is deemed sufficient as the Required Information. If the information initially provided by the Large-scale Purchaser is determined to be insufficient upon examination, TOA's Board of Directors shall request additional information from the Large-scale Purchaser until all the Required Information is deemed to have been submitted.

Each time a request for additional information is made, a time limit for responses shall be established, not exceeding 60 days from the day when the information is requested, as necessary to ensure the swift operation of the Large-scale Purchase Rules. The Large-scale Purchaser must provide the Required Information within the said time limit. The specific content of the Required Information shall depend on the details and scale of the planned Large-scale Purchase, however, and the Board of Directors of TOA may, upon consideration of the said details and scale as well as the status of submission of the Required Information, extend the time limit for responses for a period not exceeding 30 days, based on the recommendation of the Independent Committee. The Large-scale Purchase proposal and the contents of the Required Information provided to the Board of Directors shall, in whole or in part, be disclosed at a time considered appropriate by TOA's Board of Directors, if such disclosure is deemed necessary for shareholders of TOA to make their judgment.

(3) Public announcement of the evaluation and opinion of the Board of Directors

The Board of Directors shall, upon completion of the provision of the Required Information by the Large-scale Purchaser to the Board of Directors, arrange a period not exceeding 60 days (in the case of a purchase of all shares of TOA by tender offer with cash-only (yen) consideration) or a period not exceeding 90 days (in the case of other large-scale purchases), for the purposes of evaluation and review of the Large-scale Purchase, negotiation with the Large-scale Purchaser, and formation of an opinion, along with the preparation of alternative proposals (hereinafter, the "Board Evaluation Period"). TOA shall publicly announce the Board Evaluation Period. The Large-scale Purchase may only commence after the termination of the Board Evaluation Period. During the Board Evaluation Period, TOA's Board of Directors shall consult the Independent Committee (described in (4) below), may request advice from external experts and specialists, as well as the opinions, etc. of Audit & Supervisory Board Members. The Board of Directors shall fully evaluate and consider the content of the Required Information submitted, with reference to these opinions, etc. Where a recommendation is given by the Independent Committee, this shall be complied with. The Board of Directors shall carefully and prudently

form and publicly announce its opinion (however, this provision shall not apply where such compliance with the recommendation would violate Directors' duty of care; the same shall apply hereinafter).

Furthermore, the Board of Directors may, as appropriate, engage in negotiation with the Large-scale Purchaser, for the purpose of improving the terms of the Large-scale Purchase, or may present an alternative proposal to shareholders.

(4) Establishment of the Independent Committee

Under the Policy, TOA shall establish an independent committee (the "Independent Committee"; Note 3) as a body independent of the Board of Directors to guarantee objective, fair and rational judgment regarding the following matters.

- 1) Determination of the scope of information to be provided to the Board of Directors by the Large-scale Purchaser
- 2) Certification of whether the Large-scale Purchaser complies with the Large-scale Purchase Rules
- 3) Certification of whether the Large-scale Purchase significantly damages TOA's corporate value and the common interests of its shareholders
- 4) Determination of whether countermeasures are necessary, and the details of such countermeasures

TOA's Board of Directors must consult with the Independent Committee regarding the matters listed above. The Independent Committee shall deliberate on the matters regarding which it has been consulted, and provide the Board of Directors with its opinion. The Independent Committee may, where necessary, obtain advice from third parties independent of TOA's Board of Directors (including financial advisers, certified public accountants, attorneys-at-law, consultants and other experts), at TOA's expense, to provide TOA's Board of Directors with more rational and objective recommendations. The Independent Committee may request the attendance of Directors, Audit & Supervisory Board Members, and employees of TOA at its meetings, and may also request them to provide explanations where necessary.

The Independent Committee shall provide a recommendation to TOA's Board of Directors on whether the situation allows the implementation of countermeasures, after careful and prudent evaluation and consideration of the planned Large-scale Purchase, from the perspective of enhancing TOA's corporate value and the common interests of its shareholders. TOA's Board of Directors shall comply with the recommendation of the Independent Committee.

TOA's Board of Directors shall publicly announce details of the recommendation received from the Independent Committee and shall comply with this advice. Such compliance ensures the function of the Independent Committee as a method of securing the objectivity, fairness, and rationality of the judgment of the Board of Directors.

(Note 3) The Independent Committee

The Independent Committee, as a third-party body independent of TOA's Board of Directors, is responsible for monitoring the Policy to ensure that it is never used by Directors for the purposes of self-protection, as well as preventing purchases that would damage TOA's corporate value and the common interests of its shareholders. An overview of the Independent Committee is shown in Appendix 2.

The Independent Committee is composed of three or more committee members, such as Outside Directors of TOA, Outside Audit & Supervisory Board Members of TOA, attorneys-at-law, certified public accountants, academic experts, persons familiar with investment banking operations and those with achievements in corporate management. The names and career summaries of the current members of the Independent Committee are shown in Appendix 3.

(5) The necessity for information disclosure

TOA continually strives to promote an understanding of the fair value of its shares among all shareholders and investors. When a Large-scale Purchase plan arises, however, shareholders are suddenly expected to make prompt and appropriate judgments on matters such as whether the proposal made by the Large-scale Purchaser would increase TOA's corporate value and the common interests of its shareholders, and whether the acquisition price provided by the Large-scale Purchaser appropriately reflects the value of the shares. Appropriate and sufficient information disclosure by both the Large-scale Purchaser and the Board of Directors is therefore vital for shareholders to make these judgments.

In addition, for those shareholders planning to continue to hold TOA's shares, the potential influence to be exerted on the TOA Group by the Large-scale Purchase, and the content of management policies and business plans for the TOA Group envisaged by the Large-scale Purchaser as a potential participant

in their management, including policies concerning their relationships with shareholders, customers, business partners, employees, and other stakeholders, constitute important information for judging whether the proposal by the Large-scale Purchaser would enhance TOA's corporate value and the common interests of its shareholders, and deciding whether to continue to hold shares.

Similarly, the opinion of TOA's Board of Directors on the Large-scale Purchase, and whether an alternative proposal could be made that would further enhance TOA's corporate value and the common interests of its shareholders, are both important factors that would contribute to the judgment of shareholders.

In view of these factors, TOA's Board of Directors considers that, in the case of a Large-scale Purchase, a Large-scale Purchaser should, in advance, firstly provide the Board of Directors with necessary and sufficient information on the Large-scale Purchase for shareholders to make a judgment. The Board of Directors shall also commence consideration to provide an opinion on the Large-scale Purchase, promptly after this information is provided. The Board of Directors shall then form and publicly announce an opinion after careful and prudent consideration of the recommendation of the Independent Committee, described below, as well as advice from external experts, etc. In addition, where the Board of Directors deems it necessary, the Board of Directors may engage in negotiations aimed at improving the proposal made by the Large-scale Purchaser, and present an alternative proposal to shareholders. Through this process, TOA's shareholders would be able to judge whether to accept the proposal by the Large-scale Purchaser, with reference to the opinion of TOA's Board of Directors (as well as in comparison with the alternative proposal, where an alternative proposal has been presented by the Board of Directors), and gain the opportunity to acquire and consider the information necessary and sufficient to appropriately make an ultimate decision on whether to accept the Large-scale Purchaser's proposal.

5. Policy in the Case of Large-scale Purchase

(1) Where a Large-scale Purchaser does not comply with the Large-scale Purchase Rules

Where a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, irrespective of the specific method used for the purchase, TOA's Board of Directors may conduct a gratis allotment of stock acquisition rights as a countermeasure against the Large-scale Purchase, in order to protect TOA's corporate value and the common interests of its shareholders.

If, after a decision has been made to implement countermeasures, the Large-scale Purchaser expresses the intent to comply with the Large-scale Purchase Rules, then the implementation of the countermeasures shall be canceled.

With reference to the advice of external experts, etc. and the opinions of Audit & Supervisory Board Members, the Board of Directors of TOA shall comply with the recommendation of the Independent Committee in determining whether the Large-scale Purchaser complied with the Large-scale Purchase Rules and whether it is appropriate to implement countermeasures. An overview of the gratis allotment of stock acquisition rights as a countermeasure is provided in Appendix 1.

(2) Where a Large-scale Purchaser complies with the Large-scale Purchase Rules

1) Expression of the opinion of the Board of Directors on the Large-scale Purchase

Where the Large-scale Purchaser complies with the Large-scale Purchase Rules, and TOA's Board of Directors, after comprehensive consideration of the information received from the Large-scale Purchaser, judges that the planned Large-scale Purchase positively contributes to TOA's corporate value and the common interests of its shareholders, then the Board of Directors shall express an opinion to that effect. Conversely, should doubt or problems become apparent regarding the Large-scale Purchase, then the Board of Directors shall express a dissenting opinion on the purchase proposal made by the Large-scale Purchaser, or present an alternative proposal. In this case, TOA's Board of Directors shall provide to shareholders the information necessary for them to determine whether to accept the purchase proposal, but shall not, as a rule, implement countermeasures against the Large-scale Purchase. The decision on whether to accept the purchase proposal presented by the Large-scale Purchaser shall be made by TOA's shareholders, in consideration of the proposal itself, as well as the opinion provided by TOA on the purchase proposal, and the alternative proposal, etc.

2) Countermeasures and requirements for its implementation in cases where the Large-scale Purchaser complies with the Large-scale Purchase Rules

Even where the Large-scale Purchase Rules are complied with, only in cases where the Board of Directors judges that the planned Large-scale Purchase would significantly damage TOA's corporate

value and the common interests of its shareholders, and that the implementation of countermeasures is appropriate, the Board of Directors may, in order to protect the interests of its shareholders, decide to conduct a gratis allotment of stock acquisition rights as a countermeasure against the Large-scale Purchase, subject to the approval of shareholders at the General Shareholders' Meeting.

As a rule, the Large-scale Purchase shall be deemed to significantly damage TOA's corporate value and the common interests of its shareholders if it is judged to fall under category A. or B. below. In making this judgment, with reference to the opinions of external experts, etc. and Audit & Supervisory Board Members, and after sufficiently evaluating and considering the Required Information provided, the Board of Directors shall comply with the recommendation of the Independent Committee. In addition, when implementing countermeasures, the Board of Directors shall convene a General Shareholders' Meeting and confirm the intent of its shareholders regarding the countermeasures (hereinafter a "General Meeting to Confirm the Intent of Shareholders"), except in cases where it is extremely difficult to hold a General Shareholders' Meeting. Countermeasures shall not be implemented unless approved by a majority of the voting rights of shareholders present at the General Meeting to Confirm the Intent of Shareholders. The Large-scale Purchaser may not commence the Large-scale Purchase until such time as the intent of TOA's shareholders has been confirmed, and a decision on the implementation of countermeasures has been made.

An overview of the gratis allotment of stock acquisition rights as a countermeasure is provided in Appendix 1.

- A. Purchases that would indisputably violate TOA's corporate value and the common interests of its shareholders, due to the actions listed in (i) to (iv) below
 - (i) The buyout of TOA's shares to demand that TOA repurchases these shares at an inflated price
 - (ii) Management that benefits the Large-scale Purchaser to the detriment of the company, such as taking temporary control of the company's management for the purposes of acquiring its assets for a low cost
 - (iii) Appropriation of the company's assets as a means of collateral for or repayment of debts of the Large-scale Purchaser or those of its group companies, etc.
 - (iv) Taking temporary control of the company's management to bring about a disposal of high-value assets that have no current relevance to the company's businesses and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends
- B. Purchases that threatens to compel shareholders to sell their shares, such as a coercive two-tiered tender offer (meaning acquisition of shares by tender offer, etc. that sets unfavorable acquisition terms for the second stage or does not set clear terms for the second stage)

6. Impact on Shareholders and Investors

(1) Impact of the Large-scale Purchase Rules on shareholders and investors

The Large-scale Purchase Rules are intended to guarantee the provision of the necessary information required for TOA's shareholders to make a judgment on whether or not to accept a proposed Large-scale Purchase, and provision of an opinion by the Board of Directors of TOA, which is currently in charge of management, as well as opportunities for the shareholders to receive a presentation of an alternative proposal, as appropriate, from the perspective of maintaining and enhancing TOA's corporate value and the common interests of its shareholders. In this way, shareholders will be able to make an appropriate and rational judgment on whether or not to accept the proposed Large-scale Purchase, based on appropriate and sufficient information. TOA believes that this will help to protect TOA's corporate value and the common interests of its shareholders. TOA thus believes that the establishment of the Large-scale Purchase Rules is a prerequisite for appropriate investment decision-making of TOA's shareholders and investors, and contributes to their interests.

As described in 5. above, TOA's response to the Large-scale Purchase under the Policy will vary depending on whether the Large-scale Purchaser complies with the Large-scale Purchase Rules. Accordingly, in this situation, TOA's shareholders and investors are asked to monitor the course of action undertaken by the Large-scale Purchaser.

(2) Impact on shareholders and investors upon implementation of the countermeasures

If the Large-Scale Purchaser described in 5. (1) above does not comply with the Large-Scale Purchase Rules, or if the Large-Scale Purchase Rules described in 5. (2)(ii) above are complied with

but the Large-Scale Purchase is deemed to materially harm the TOA's corporate value and the common interests of shareholders, the TOA's Board of Directors may, in principle, after the General Shareholders' Meeting for confirming the intent of shareholders, implement countermeasures that may include the issuance of share acquisition rights without consideration, for the purpose of protecting corporate value and the common interests of shareholders. An overview of the specific countermeasures is presented in Appendix 1, but where the gratis allotment of stock acquisition rights is implemented as a countermeasure, the countermeasure would be structured in such a way that TOA's shareholders (excluding any Large-scale Purchaser that has violated the Large-scale Purchase Rules, or any Large-scale Purchaser engaging in Large-scale Purchases that are deemed to damage TOA's corporate value and the common interests of its shareholders) would not suffer any particular damage to legal rights or economic interests. The Large-scale Purchaser may also receive a gratis allotment of stock acquisition rights, and transfer these to a third party approved by TOA's Board of Directors, thus a situation is not envisaged where the Large-scale Purchaser suffers any particular damage to legal rights or economic interests. Where TOA's Board of Directors decides to implement specific countermeasures, it shall make timely and appropriate disclosures, in accordance with laws, regulations and the rules of the financial instruments exchange where TOA's shares are listed.

Where TOA implements a gratis allotment of stock acquisition rights as a countermeasure as presented in Appendix 1, shareholders (excluding any Large-scale Purchaser that has violated the Large-scale Purchase Rules, or any Large-scale Purchaser engaging in Large-scale Purchases that are deemed to damage TOA's corporate value and the common interests of its shareholders) shall be required to pay a certain amount of money within a specified period to acquire shares through the exercise of the stock acquisition rights. Shareholders shall be notified of the details of these procedures separately, in accordance with the relevant laws and regulations, if a gratis allotment of stock acquisition rights is implemented. However, where a shareholder has not yet been registered or recorded in the register of shareholders, this registration on the recording must be completed before the record date for the gratis allotment of stock acquisition rights separately decided and announced by TOA's Board of Directors, in order for the shareholder to receive the said stock acquisition rights.

Furthermore, even on or after the record date for the gratis allotment of stock acquisition rights, in cases where the Large-scale Purchaser has withdrawn the purchase proposal, etc., TOA may, at any time prior to the date of commencement of the exercise period for the stock acquisition rights, cancel the gratis allotment of stock acquisition rights, or acquire the stock acquisition rights without consideration and without the granting of shares to the holders of stock acquisition rights. In these cases, TOA shall publicly announce such information.

Where TOA cancels the gratis allotment of stock acquisition rights or acquires the stock acquisition rights, as no dilution of value per share will occur, it is possible that any shareholders and investors who have sold TOA's shares expecting to see a dilution of per share value may suffer a degree of damage as a result of a fluctuation in the share price.

7. Effective Term of the Large-scale Purchase Rules

The Policy's effective term expires at the conclusion of this Shareholders' Meeting. Should TOA's shareholders approve the continuation of the Policy at this Shareholders' Meeting, the validity of the Policy shall be extended by three years, until the time of the conclusion of the Ordinary General Shareholders' Meeting of the fiscal year that ends within three years from the day of this Shareholders' Meeting, and the same shall apply thereafter. Should approval not be given for the continuation of the Policy, it shall be abolished effective from that time.

TOA's Board of Directors shall review the Policy as appropriate from the perspective of protecting the interests of all shareholders, in accordance with the development, amendment, etc. of relevant laws and regulations, including the Companies Act and the Financial Instruments and Exchange Act.

Even during the effective term of the Policy, where a resolution is passed by TOA's General Shareholders' Meeting or Board of Directors to abolish the Policy, then it shall be abolished effective from that time. The Policy may therefore be abolished by the will of TOA's shareholders.

Furthermore, TOA's Board of Directors may, even during the effective term of the Policy, amend or abolish the Policy in accordance with the recommendation of the Independent Committee. Where a decision is made to amend or abolish the Policy, shareholders shall be notified promptly of this decision.

8. The Rationality of the Policy

(1) It fully satisfies the requirements of the Guidelines Regarding Takeover Defense

The Plan fully satisfies the three principles set out in the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 (the principles of 1) protecting and enhancing corporate value and shareholders’ common interests, 2) prior disclosure and shareholders’ will, and 3) necessity and reasonableness). The content of “Takeover Defense Measures in Light of Recent Changes in the Environment” published by the Corporate Value Study Group established by the Ministry of Economy, Trade and Industry on June 30, 2008, and “Principle 1-5: Takeover Defense Measures” of the “Corporate Governance Code” published by the Tokyo Stock Exchange on June 1, 2015, have also been considered, and the Policy is therefore reasonable.

(2) It is introduced with the aims of securing and enhancing the common interests of shareholders

As described in 1. above, the Policy is introduced with the aims of securing and enhancing TOA’s corporate value and the common interests of its shareholders, by securing the information and time necessary for shareholders to make a judgment on whether to accept a planned Large-scale Purchase and for the Board of Directors to present an alternative proposal, as well as enabling the Board of Directors to negotiate with the Large-scale Purchaser in the interests of all shareholders.

(3) It respects the will of shareholders

The Policy was approved and passed at the 60th Ordinary General Shareholders’ Meeting held on June 27, 2008, and its continuation shall be determined by resolution at a General Shareholders’ Meeting to be held for a fiscal year concluding within every three years from the date of the General Shareholders’ Meeting at which the last resolution was made.

In addition, as described in 7. above, the Policy may be abolished at any time during its effective term by a resolution of the General Shareholders’ Meeting or the Board of Directors. The Policy thus fully reflects the will of TOA’s shareholders.

(4) It establishes reasonable and objective requirements

As described in 5. (2) above, the Policy is founded on the principle that the ultimate decision on whether to accept or reject a purchase proposal made by a Large-scale Purchaser should be left to the judgment of shareholders, as a rule, through approval at the General Meeting to Confirm the Intent of Shareholders. It is thus designed so that countermeasures will not be implemented unless reasonable and detailed objective conditions are fulfilled. In this way, the Policy ensures a structure that prevents arbitrary implementation of countermeasures by the Board of Directors.

(5) It emphasizes the judgment of highly independent external experts and ensures information disclosure

In introducing the Policy, TOA will establish an Independent Committee as a body that makes substantial decisions in relation to the implementation of countermeasures and the abolition of the Policy, in an objective manner on behalf of the shareholders, to eliminate arbitrary decisions by the Board of Directors or individual Directors.

In the event of a Large-scale Purchase of TOA’s shares, the Independent Committee shall evaluate and consider whether the planned Large-scale Purchase damages TOA’s corporate value and the common interests of its shareholders, and provide a recommendation to the Board of Directors, as described in 4. (4) above. The Board of Directors shall comply with this recommendation, and as a rule, shall convene a General Meeting to Confirm the Intent of Shareholders. In this way, TOA ensures that the Policy operates in a transparent way, and within a scope that contributes to TOA’s corporate value and the common interests of its shareholders, through strict monitoring of the Board of Directors by the Independent Committee to prevent any arbitrary actions and disclosure to all shareholders of information regarding the outline of decisions.

(6) It is not a “dead hand” takeover defense measure

As described in 7. above, the Policy may be abolished at any time by the Board of Directors, which is composed of Directors elected by the General Shareholders’ Meeting. It is possible for a Large-scale Purchaser to nominate and elect Directors at the General Shareholders’ Meeting, and for the Board of Directors containing these Directors to abolish the Policy.

Therefore, the Policy does not constitute a “dead hand” takeover defense measure (that is, a defense

measure where the implementation of countermeasures cannot be prevented, even by replacing a majority of the members of the Board of Directors).

The status of TOA's major shareholders is presented in Appendix 4.

Overview of the Stock Acquisition Rights

1. Shareholders entitled to the allotment of stock acquisition rights, and the terms of issue of the stock acquisition rights
Stock acquisition rights shall, without requiring an additional contribution, be allotted at a ratio of one stock acquisition right per common stock of TOA held by shareholders, registered or recorded in the final register of shareholders on the record date as determined by the Board of Directors (excluding common stock that is held by TOA).
2. Class and number of shares subject to stock acquisition rights
The class of the shares subject to the stock acquisition rights shall be common stock of TOA, and the total number of shares subject to the stock acquisition rights shall not exceed the total number of TOA's authorized shares of common stock on the day set by the Board of Directors as the record date, less the total number of issued shares of common stock (excluding, however, shares of the common stock held by TOA). The number of shares subject to one stock acquisition right shall be determined separately by TOA's Board of Directors. However, necessary adjustments shall be made if TOA splits or consolidates its shares.
3. Total number of stock acquisition rights to be issued
The total number of stock acquisition rights to be issued shall be determined separately by TOA's Board of Directors. TOA's Board of Directors may conduct an allotment of stock acquisition rights more than once.
4. Amount of assets to be contributed upon exercise of the stock acquisition rights (amount to be paid in)
The amount of assets to be contributed upon exercising each stock acquisition right (the amount to be paid in) shall be one yen or greater, as determined by TOA's Board of Directors. However, where acquisition terms have been determined as described in 7. below, shareholders holding stock acquisition rights that are subject to acquisition, as determined by TOA's Board of Directors, shall receive shares of TOA without cash contribution, as consideration for the acquisition of the said stock acquisition rights by TOA.
5. Restriction on the transfer of the stock acquisition rights
The stock acquisition rights can be transferred to another party; provided, however, that the approval of TOA's Board of Directors shall be required.
6. Requirements for exercising the stock acquisition rights
The requirements for exercising stock acquisition rights shall include a requirement that the person who exercises does not belong to a specific shareholder group that holds 20% or more of the voting rights (excluding, however, cases where consent is granted in advance by TOA's Board of Directors). Specific details shall be determined separately by TOA's Board of Directors.
7. Exercise period of the stock acquisition rights
The effective date, exercise period, acquisition terms, and other necessary matters of the allotment of stock acquisition rights shall be determined separately by TOA's Board of Directors.
Acquisition terms may be established, to the effect that TOA may acquire stock acquisition rights held by parties other than those who are not entitled to exercise stock acquisition rights, due to the conditions for the exercise as described in 6. above, and issue a certain number of shares of TOA's common stock for one stock acquisition right, as separately determined by TOA's Board of Directors.
8. Other matters
Reasons for the acquisition of stock acquisition rights by TOA and other necessary matters shall be determined separately by TOA's Board of Directors. TOA shall not transfer its common stock, or money or other economic benefits in exchange for the acquisition of stock acquisition rights by TOA to Large-scale Purchasers.

Overview of the Independent Committee

1. Composition

The Independent Committee is composed of three or more committee members commissioned by the Board of Directors, such as Outside Directors of TOA, and Outside Audit & Supervisory Board Members of TOA, attorneys-at-law, certified public accountants, academic experts, persons familiar with investment banking operations and those with achievements in corporate management (the names and career summaries of the current members of the Independent Committee are presented in Appendix 3).

The term of office of members of the Independent Committee shall be the period up to the conclusion of the Ordinary General Shareholders' Meeting of the final business year ending within three years after the conclusion of the General Shareholders' Meeting by which they were elected. Members may be reappointed.

2. Requirements for resolutions

In principle, a resolution of the Independent Committee shall be adopted by a majority vote at a meeting with full attendance. However, in cases where not all members of the Independent Committee are able to attend, a resolution of the Independent Committee shall be adopted by a majority vote at a meeting attended by a majority of members. In cases where the votes of members are equally divided, and no resolution is reached, the Independent Committee shall report this result to the Board of Directors.

3. Matters for resolution and other authority and responsibilities

The Independent Committee shall have the authority and responsibility to consider and form its own opinion on the items listed below upon consultation with the Board of Directors, and to make recommendations or provide advice to the Board of Directors of TOA on the content of its decision by providing the reasons therefor. Each member of the Independent Committee owes a duty of care to TOA in fulfilling this responsibility and is required to prepare an opinion from the perspective of whether or not the Large-scale Purchase in question contributes to TOA's corporate value and the common interests of its shareholders, and must never prioritize personal interests or those of TOA's Directors.

- 1) The scope of information to be provided to TOA's Board of Directors by the Large-scale Purchaser
- 2) The existence of a Large-scale Purchase subject to the Large-scale Purchase Rules
- 3) Certification of whether the Large-scale Purchaser complies with the Large-scale Purchase Rules
- 4) Certification of whether the Large-scale Purchase significantly damages TOA's corporate value and the common interests of its shareholders
- 5) Examination and assessment of the details of the Large-scale Purchase by the Large-scale Purchaser
- 6) Assessment of the appropriateness of any alternative proposal prepared by TOA's Board of Directors in response to the Large-scale Purchase by the Large-scale Purchaser
- 7) The issuance or non-issuance of the stock acquisition rights (including gratis allotment)
- 8) Maintenance, review, and abolition of the Large-scale Purchase Rules
- 9) Necessity and details of the implementation of countermeasures (regarding whether to convene a General Meeting to Confirm the Intent of Shareholders)
- 10) Other matters on which TOA's Board of Directors decides to request the opinion of the Independent Committee, from among those to be determined by the Board of Directors

The Independent Committee must endeavor to collect necessary and sufficient information to ensure appropriate judgment when deciding its opinion and may obtain advice from independent third parties (including financial advisers, attorneys-at-law, certified public accountants, consultants, and other experts) at TOA's expense.

Names and Career Summaries of the Independent Committee Members

[Name] Kazuyo Nishikata

[Career summary]

Born in April 22, 1969

October 2003	Registered as an attorney-at-law, joined KOBE PARTNERS LAW OFFICE (to present)
April 2005	Legal Counselor, Kobe City Gender Equality Promotion Center
April 2006	Domestic Violence Legal Counselor, Hyogo Prefecture Women's Family Center
April 2018	Member, Kobe City Real Estate Deliberation Committee (to present)
June 2018	Deputy Director, Japan Federation of Bar Associations Trust Center
November 2020	Member, Hyogo Prefecture Information Disclosure Personal Information Protection Committee (to present)
April 2021	Governor, Japan Federation of Bar Associations
June 2022	Outside Audit & Supervisory Board Member, TOA Corporation (to present)

[Name] Amane Sawa

[Career summary]

Born in August 8, 1976

April 1999	Joined Asahi & Co. (current KPMG AZSA & Co.)
April 2002	Registered as a certified public accountant
September 2009	Transferred to KPMG Tax Corporation
September 2009	Part-time Instructor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University (to present)
December 2009	Registered as a tax accountant
April 2011	Retired from KPMG Tax Corporation
April 2011	Established Sawa Certified Public Accountant Office, Representative (to present)

[Name] Takahisa Fukumoto

[Career summary]

Born in August 2, 1967

April 1993	Joined Hyogo Prefectural Government
March 1994	Resigned from Hyogo Prefectural Government
April 1996	Registered as an attorney-at-law, Joined Higashimachi Law Office (currently Higashimachi LPC)
April 2003	Partner, Higashimachi Law Office (currently Higashimachi LPC) (to present)
June 2003	Outside Corporate Auditor, Kawanishi Warehouse Co., Ltd.
April 2008	Vice-President, Hyogo-Ken Bar Association
June 2010	Outside Corporate Auditor, KOBE Ferry center. co., Ltd. (to present)
April 2012	Domestic Relations Conciliation Commissioner, Kobe Family Court (to present)

Status of Major Shareholders (as of March 31, 2023)

1. Total Number of Authorized Shares: 78,820,000 shares
2. Total Number of Issued Shares: 32,166,002 shares (excluding 1,970,633 shares of treasury stock)
3. Number of Shareholders: 6,014 persons
4. Major Shareholders (top 10)

Rank	Shareholders	Number of shares held (thousands)	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (trust account)	2,879	8.95
2	TOA Clients' Shareholding Association	2,714	8.44
3	Kobe Yamabuki, Public interest foundation	2,000	6.22
4	Kenji Itani	1,613	5.02
5	MUFG Bank, Ltd.	1,606	4.99
6	SYSMEX CORPORATION	1,457	4.53
7	Nakatani Foundation for Advancement of Measuring Technologies in Biomedical Engineering	1,297	4.03
8	Sumitomo Mitsui Banking Corporation	1,188	3.70
9	Hirokazu Itani	993	3.09
10	Custody Bank of Japan, Ltd. (trust account)	818	2.54
	Total	16,569	51.51

- (Notes) 1. The number of shares held shown above has been rounded down to the nearest thousand, and the shareholding ratio has been rounded down to the second decimal place.
2. The shareholding ratio has been calculated after deducting treasury shares (1,970 thousand shares).

< Shareholder Proposals (Proposal 6 and 7) >

Proposals 6 and 7 have been made by one shareholder.

The following "Outline of the Proposal" and "Reasons for the Proposal" constitute the original text as submitted by the proposing shareholder.

Proposal 6: Implementation of Share Buyback

1. Outline of Proposal

The Company shall, in accordance with Article 156, Paragraph 1 of the Companies Act, acquire its own common shares through the delivery of monies, with a limit on total number of shares of 3,200,000 and a total acquisition price of ¥2,700,000,000 within one year from the conclusion of the AGM.

2. Reasons for Proposal

At its meeting held on November 1, 2022, the board of directors of the Company resolved to acquire its own shares, with a limit of 400,000 shares which was equivalent to 1.23% of the total number of outstanding shares (excluding treasury shares), and a total acquisition price of ¥313,200,000. We give the Company some credit for implementing the measures to enhance shareholder returns and to improve capital efficiency. However, the Company's return on equity ("ROE") has continued to deteriorate due to the accumulation of cash assets, which is one of the reasons for the sluggish stock price. The Company's ROE averaged below 5% in the past five years, and it is clear that the Company's ROE has been below the cost of capital.

While the Company has cross-shareholdings with domestic financial institutions such as banks, domestic financial institutions are actively working to reduce cross-shareholdings. The Company should actively eliminate cross-shareholdings through share buybacks to improve capital efficiency. Also, the Company cites facilitating funding as a reason for cross-shareholdings with domestic financial institutions. However, given the current financial condition of the Company which has piled up cash assets, it is clear that the Company does not need to have such cross-shareholdings. With respect to the concern about the market liquidity of the Company's shares in repurchasing its own shares, the Company should be able to repurchase its own shares without any issues of liquidity, by acquiring cross-shareholdings. Therefore, we believe that the Company should acquire its own shares held by domestic financial institutions including banks, and that the Company should sell the domestic financial institution shares held by the Company.

We propose continued share buyback in addition to the Company's current shareholder return policy based on continuous dividend increase. The Company's PBR (price book value ratio) of approximately 0.6, which is well below 1, means that the Company's share is evaluated to be lower than the liquidation value by the capital market. According to "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" announced by the Tokyo Stock Exchange in March 2023, "A PBR below 1 is one indication that the company has not achieved profitability that exceeds its cost of capital, or that investors are not seeing enough growth potential." The Tokyo Stock Exchange has requested companies to come up with the measures to exceed 1 time PBR. The share buyback carried out at a low share price such as the current level increases per share value (eg., profit, net assets, dividend) and works as shareholder return that is more effective than dividend increase. Therefore, we believe that the Company should acquire its own shares held by domestic financial institutions so that the Company becomes more share-price-conscious, achieves 1 time PBR, eliminates cross-shareholdings with domestic financial institutions, and enhances shareholder returns and capital efficiency.

The Board of Directors of TOA is against the Proposal for the following reasons.

Upholding our Management Vision, “Dr. Sound - becoming a professional organization that improves sound in society” with a view to 2030, as a reliable partner to realize a cycle of identifying, solving, and improving social issues together with our customers by continuing to provide good sound experiences that are chosen by our customers, TOA has formulated and is executing its Medium-term Management Plan (hereinafter referred to as the “Midterm Plan”) that ends in the fiscal year ending March 31, 2026, which will mark the midpoint of the Vision.

Under the Midterm Plan, we will increase investment for business growth, and improve capital productivity by allocating results for further investment and returns. Considering this, based on the cash allocation for the period from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026, in addition to making “5,000 million to 6,000 million yen in investments necessary to continue existing businesses” as maintenance investments, our financial policy is to invest “15,000 million to 16,000 million yen in R&D,” “1,500 million to 2,000 million yen in IT and digital-related investments,” and “Strategic investments” and shareholder returns of “5,000 million to 6,000 million yen to increase shareholder value.”

TOA considers enhancing the return of profits to shareholders to be one of its management priorities. In terms of profit distribution, TOA raised its stable dividend from 20 yen to 40 yen effective from the fiscal year ended March 31, 2023, and has also changed its policy to target a consolidated dividend payout ratio, which is linked to business performance, of 45% instead of the previous 35%, in order to enhance returns to shareholders.

Based on the belief that it is appropriate to conduct share repurchases in a flexible manner by resolution of the Board of Directors, TOA stipulated to that effect in its Articles of Incorporation and conducted a share repurchase and cancellation of 400,000 shares of treasury stock in November 2022.

As announced on May 2, 2023, TOA believes that, as it implements Phase 2 of the Midterm Plan, it is extremely important to ensure agility in its capital policy from the perspectives of balancing strategic investments and shareholder returns and enhancing shareholder value, and that the method, timing, scale, etc. should be determined as appropriate.

In this regard, we intend to make investments that contribute to the achievement of the goals of the Midterm Plan, realization of Management Vision 2030, and sustainable growth and enhancement of corporate value over the medium- to long- term by implementing measures centered on financial policies based on the Midterm Plan.

We will continue to strengthen our shareholder return policies to increase shareholder value, while considering the balance between investment for growth, and also work toward the early realization of a P/B ratio exceeding 1x.

TOA’s policy on cross-shareholdings is described in “Corporate Governance Code Principle 1-4: Cross-Shareholdings” in the Corporate Governance Report, and TOA holds such shares under said policy. The Board of Directors annually reviews the purpose and effectiveness of the cross-shareholdings and whether they are commensurate with cost of capital, considering investment strategies, business cooperation, and technological exchanges.

Therefore, the Board of Directors of TOA is against the shareholder proposal.

[Reference]

- May 2, 2023 Release “Notice of commencement of Phase 2 of the Medium-term Management Plan”
<https://ssl4.eir-parts.net/doc/6809/tdnet/2269186/00.pdf>

Proposal 7: Amendments to the Articles of Incorporation concerning the Composition of Outside Directors

1. Outline of Proposal

Article 21 of the Company's Articles of Incorporation shall be amended as follows so that the majority of the directors of the Company are outside directors.

(Underlines indicate amendments.)

Before change	After change
(Number of directors) Article 21. The number of directors of the Company shall be 9 or less.	(Number of directors) Article 21. The number of directors of the Company shall be 9 or less.
<u>2 (Addition)</u>	<u>2 As long as the company remains a listed company, the majority of the directors of the company shall be outside directors defined according to Article 2, Paragraph 1, Item 15 of the Companies Act.</u>

2. Reasons for Proposal

We believe that the diversity and independence of the board of directors are essential for the management of listed companies. The diversity of the board of directors means a board that can make management decisions based on a wide range of perspectives, such as skills, experience, age, nationality, and gender. Independence of the board of directors means a board of directors comprising at least a majority of independent directors.

Principle 4.8 of the Corporate Governance Code states, "Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the mid-to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities. Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors." In addition, Principle 4.7 of the Corporate Governance Code cites "appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders" as one of the roles and responsibilities of independent directors.

We believe that the Company should increase the number of outside directors immediately because the Company does not meet the requirements under the principles of the Corporate Governance Code, as only two of its seven directors are outside directors. We believe that the Company can improve capital efficiency, enhance shareholder returns, and establish a governance system that contributes to the Company's sustainable growth and mid-to-long term improvement in corporate value by proactively making the board of directors majority outside.

In addition to the number of outside directors, the quality of outside directors is important. The Company is required to have human resources who can contribute to the sustainable growth of the Company and the improvement of corporate value over the mid-to-long term. We believe that the Company should consider hiring women, and human resources with experience and skills of analysts.

With respect to hiring women, we fully agree with the statement which the Ministry of Economy, Trade and Industry made in "Practical Guidelines for Corporate Governance Systems" stipulating that "Companies that do not have a single female director should actively consider appointing female directors while ensuring the quality of their directors."

Additionally, we believe that the appointment of "human resources with experience and skills of analysts" brings the perspective of investors and shareholders to the board of directors, and it is an

effective means that contributes to the improvement of corporate value through healthy risk-taking. While the board of directors and investors/shareholders of listed companies are supposed to have the same goal of improving corporate value over the long term, unfortunately in Japan, their relationships are often seen as confrontational. The participation of directors with the above experience and skills in the discussions and decision-making of the board of directors will contribute to building a constructive relationship between the board of directors and the capital market through healthy risk-taking and capital allocation, as well as better communication with the capital market. It is often observed that bankers and accountants are responsible for the finance function of the skill matrix. However, from the perspective of encouraging "healthy risk-taking", we believe that expertise in accounting and debt market alone is not sufficient and, we believe that "healthy risk-taking" is exactly the area where the participation of equity market experts is significant.

Opinion of the Board of Directors of TOA

The Board of Directors of TOA is against the Proposal for the following reasons.

TOA recognizes that ensuring the diversity and independence of the Board of Directors is a material issue.

With the business environment undergoing discontinuous change, prompt and decisive decision-making by management is becoming more important. In order for the Board of Directors to function effectively in this environment, we believe it is necessary for the Board of Directors to have a good balance of skills (knowledge, experience, and ability) to fulfill its roles and responsibilities in order to make important decisions and provide effective supervision, as well as to ensure diversity.

TOA has identified the skills that the Board of Directors should possess in light of the medium- to long-term direction of management and business strategy, and has clarified the balance of the Board of Directors as a whole, and by incorporating viewpoints based on various experience, the Board of Directors' discussions have become more active, which in turn has enhanced its effectiveness. We will continue to enhance the effectiveness of the Board of Directors with the skills and diversity best suited to TOA's situation.

Although the Shareholder's Proposal states that a majority of Directors should be Outside Directors as defined in Article 2, Paragraph 1, Item 15 of the Companies Act, we do not believe that satisfying the requirement for the number of Outside Directors would lead to improving the effectiveness of the Board of Directors immediately. We believe that the Outside Directors must have substantial independence from those who execute business and must be capable of fulfilling the roles and functions expected of Outside Directors. The purpose of improving governance is achieved by having Outside Directors who are independent and have the skills and diversity that are most appropriate for TOA's situation. We believe that the inclusion of such a provision in the Articles of Incorporation may limit the range of Director candidates and hinder the optimal composition of the Board of Directors.

After the conclusion of the 75th General Shareholders' Meeting, in terms of the members of the Board of Directors (two out of six of whom are independent Outside Directors), TOA will be in compliance with Corporate Governance Code Principle 4-8, which states that at least one-third of those appointed should be independent Outside Directors. TOA will continue to ensure that the Board of Directors as a whole has a good balance of skills without being limited to those with specific professional experience, and that the composition and number of members of the Board of Directors are optimal for TOA's situation, which balances diversity and an appropriate size, to enhance transparency in governance and the effectiveness of the Board of Directors.

Therefore, the Board of Directors of TOA is against the shareholder proposal.