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April 25, 2024

Company Name: Toyo Engineering Corporation

President & CEO: Eiji Hosoi

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

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## Notice Regarding the Consolidation of Equity Method Affiliates

Toyo Engineering Corporation (the “Company”) hereby announces that at the board of directors meeting held on April 25, 2024, it resolved to consolidate TS Participações e Investimentos S.A. (“TSPI”), an equity method affiliate of the Company, through the additional acquisition of its shares, in conjunction with the debt-equity swap (“DES”) of its loans receivable, and also to consolidate TSE S.A. (“TSE”) and Estaleiros do Brasil Ltda. (“EBR”), the subsidiaries of TSPI and equity method affiliates of the Company.

### 1. Reasons for the DES and consolidation

The Company’s Brazil operations have been conducted as a two-company operation under TSPI, namely TSE, which is in charge of EPC (\*1) of onshore facilities, and EBR, which is in charge of EPCI (\*2) of offshore facilities. However, in recent years, due to deteriorating earnings and cash flow especially in several projects undertaken by EBR, the Company has been faced with the urgent task of improving their financial position and profitability. In light of these circumstances, the Company has determined that to ensure stable consolidated business performance and the achievement of the Medium-term Management Plan, proactive Company-led efforts have become essential to support the execution of projects already underway, strengthen risk management and governance, and shore up the financial base through capital enhancements.

(\*1) Engineering, Procurement, Construction

(\*2) Engineering, Procurement, Construction and Installation

### 2. Overview of the subsidiaries, etc., subject to the change

#### (1) TSPI

(1) Name	TS Participações e Investimentos S.A.
(2) Address	Edifício Birman 12, Rua Alexandre Dumas, nº 1.711, 1º andar, 04717-911, Chácara Santo Antônio, São Paulo – SP, Brazil
(3) Title and name of representative	President & CEO, Hideo Sato
(4) Main business	Planning, design, machinery procurement, construction, and operating instruction of various industrial facilities, and design, assembly and installation of modules for offshore petroleum and gas facilities
(5) Capital	53,680,814 BRL

(6)	Date of establishment	January 19, 2012		
(7)	Major shareholders and their holding ratios	Toyo Engineering Corporation: 50% SOG-Óleo e Gás Ltda.: 50%		
(8)	Relationship between the Company and the company involved	Capital relationship	The company involved is an equity method affiliate of the Company.	
		Personnel relationship	The Company has seconded officers (2 Directors) to the company involved.	
		Business relationship	The Company provides loans to the company involved.	
(9)	Operating results and financial position of the company involved for the most recent three business years			
	Fiscal year ended	December 2021	December 2022	December 2023
	Net assets	(35,293) million yen	(28,319) million yen	(28,054) million yen
	Total assets	3,647 million yen	3,971 million yen	4,010 million yen
	Net assets per share	(657.46) yen	(527.54) yen	(522.61) yen
	Net sales	0 million yen	0 million yen	0 million yen
	Operating income	(0) million yen	(0) million yen	(1) million yen
	Ordinary income	1,118 million yen	6,975 million yen	264 million yen
	Net income	1,118 million yen	6,975 million yen	264 million yen
	Net income per share	20.83 yen	129.93 yen	4.93 yen
	Dividend per share	-	-	-

- Calculated at the exchange rate of 1BRL = 30JPY
- TSPI is a holding company. Accordingly, the equity method is applied to its subsidiaries TSE and EBR, and the gains (losses) of the two companies are incorporated into the non-consolidated financial statements of TSPI.
- The negative net worth of TSPI due to the past losses of EBR has already been reflected in the consolidated financial results of the Company.

## (2) TSE

(1)	Name	TSE S.A.		
(2)	Address	Edifício Birmann 12, Rua Alexandre Dumas, nº 1.711, 1º andar, 04717-911, Chácara Santo Antônio, São Paulo – SP, Brazil		
(3)	Title and name of representative	President & CEO, Dorian Zen		
(4)	Main business	Planning, design, machinery procurement, construction, and operating instruction of various industrial facilities		
(5)	Capital	38,904,967 BRL		
(6)	Date of establishment	April 26, 2021		
(7)	Major shareholders and their holding ratios	TSPI: 99.9% (100% - 1 share) EBR: 1 share		
(8)	Relationship between the Company and the company involved	Capital relationship	The company involved is an equity method affiliate of the Company.	

	Personnel relationship	The Company has seconded officers (5 Directors) to the company involved.	
	Business relationship	The Company provides guarantees to the bank loans of the company involved.	
(9) Operating results and financial position of the company involved for the most recent three business years			
Fiscal year ended	December 2021	December 2022	December 2023
Net assets	3,644 million yen	3,966 million yen	4,009 million yen
Total assets	7,100 million yen	16,174 million yen	52,542 million yen
Net assets per share	93.67 yen	101.95 yen	103.04 yen
Net sales	3,708 million yen	10,733 million yen	46,278 million yen
Operating income	394 million yen	470 million yen	745 million yen
Ordinary income	364 million yen	427 million yen	63 million yen
Net income	282 million yen	322 million yen	42 million yen
Net income per share	7.25 yen	8.28 yen	1.09 yen
Dividend per share	-	-	-

• Calculated at the exchange rate of 1BRL = 30JPY

### (3) EBR

(1) Name	Estaleiros do Brasil Ltda.		
(2) Address	Estrada Publica, s/n Cocuruto Sao Jose do Norte, RS, Brazil		
(3) Title and name of representative	President & CEO, Wataru Nosaka		
(4) Main business	Design, Assembly and installation of modules for offshore petroleum and gas facilities		
(5) Capital	58,828,528 BRL		
(6) Date of establishment	June 6, 2008		
(7) Major shareholders and their holding ratios	TSPI: 99.9%(100% - 1 share) TSE: 1 share		
(8) Relationship between the Company and the company involved	Capital relationship	The company involved is an equity method affiliate of the Company.	
	Personnel relationship	The Company has seconded an officer (1 Director) to the company involved.	
	Business relationship	The Company provides loans to the company involved.	
(9) Operating results and financial position of the company involved for the most recent three business years			
Fiscal year ended	December 2021	December 2022	December 2023
Net assets	(38,940) million yen	(32,287) million yen	(32,064) million yen
Total assets	15,145 million yen	34,410 million yen	47,271 million yen
Net assets per share	(661.92) yen	(548.83) yen	(545.04) yen
Net sales	14,592 million yen	10,659 million yen	28,061 million yen

Operating income	(860) million yen	(1,160) million yen	(2,471) million yen
Ordinary income	809 million yen	6,598 million yen	371 million yen
Net income	836 million yen	6,653 million yen	223 million yen
Net income per share	14.21 yen	113.09 yen	3.79 yen
Dividend per share	-	-	-

- Calculated at the exchange rate of 1BRL = 30JPY
- The negative net worth of EBR due to its past losses has already been reflected in the consolidated financial results of the Company.
- Ordinary income and the items below include foreign exchange gains on past (yen-denominated) loans from the Company.

### 3. Number of shares to be acquired, acquisition price, and number of shares held pre- and post-acquisition

(1) Number of shares held before the change	26,840,407 shares of common stock (Voting rights ownership ratio: 50%)
(2) Number of shares to be additionally acquired by a capital increase through third-party allotment	330,000,000 shares (tentative) of class stock (Preferred stock with voting rights)
(3) Acquisition price	330 million BRL (10,000 million JPY) (tentative) Contribution in kind through loans receivable
(4) Number of shares held after the change	Total of 356,840,407 shares (Voting rights ownership ratio: 93%)

- Calculated at the exchange rate of 1BRL = 30JPY. The above may change slightly depending on the exchange rate.

### 4. Schedule

Date of resolution of the board of directors: April 25, 2024

Date of additional acquisition of shares:

1<sup>st</sup> acquisition (150,000,000 shares) : April 29, 2024 (tentative)

2<sup>nd</sup> acquisition(330,000,000 shares) : During June 2024 (tentative)

### 5. Impact on financial results

There will be no impact on the consolidated financial results for the fiscal year ended March 31, 2024.

The deemed date of the additional acquisition of shares will be June 30, 2024. Accordingly, the financial results of the respective companies will be reflected in the consolidated financial results as equity method affiliates until June 30, 2024, and as consolidated subsidiaries from July 1, 2024. The Company is scheduled to disclose the consolidated results forecast for the fiscal year ending March 31, 2025, including the impact of the consolidation of these companies, on May 15, 2024.