



June 15, 2022

To Our shareholders:

Company Name: TOA Corporation
Representative: Masaki Akiyama,
Chairman & Representative Director
(Code:1885, Listing TSE Prime
Sapporo Securities Exchange)
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Supplemental Explanation on the Proposal for the 132nd Ordinary General Meeting of Shareholders

We, TOA Corporation, would like to express our gratitude for your continued support.

TOA Corporation (hereinafter the "Company") has confirmed that Institutional Shareholder Services Inc. (hereinafter referred to as "ISS"), a proxy advisory firm, recommends voting against the Proposal No.3, " Election of Eight (8) Directors (excluding Directors who are Audit & Supervisory Committee Members)," at the 132nd Ordinary General Meeting of Shareholders to be held on June 29, 2022.

The following is the supplemental explanation of our views on said recommendations. We would like to ask our shareholders for their understanding regarding the proposal after reviewing this supplemental explanation.

1. Details of ISS Recommendations to Vote against the Proposal

ISS has established internal quantitative standards stating that it recommends voting against the election of directors if the value of cross-shareholdings* of the company concerned exceeds 20% of the consolidated net assets. We believe, ISS is recommending against the election of director candidates, Mr. Masaki Akiyama and Mr. Takeshi Hayakawa, because the same ratio at the end of FY2020 conflicted with the above-mentioned quantitative standards based on the information in the Company's Annual Securities Report filed on June 29, 2021.

**The sum of carrying amount of "Holding shares for purposes other than pure investment" and "Deemed Holding Shares" recorded in the balance sheet*

2. Supplemental Explanation concerning the Company's Cross-Shareholdings

Based on the policy of reducing cross-shareholdings that are not considered reasonable for

continued holding, the Company annually examines the benefits and risks of each cross-shareholding in terms of cost of capital before holding, continuing to hold, or selling them.

In addition, the Company carefully examines the purpose and economic rationale for holding the shares, including the background at the time of purchase, the status and prospects of business with the company in order to determine whether or not the shares will contribute to improving the Company's corporate value over the medium to long term.

If, as a result of the examinations, it is determined that the significance of the holding is no longer recognized or has diminished, the Company will proceed with necessary procedures to sell them as appropriate. During the current fiscal year (as of the end of FY2021), the Company sold eight shares (seven specified investment shares and one deemed holding share), reducing the ratio to 17.5% of consolidated net assets, according to the Company's tally.

(Reference)

Equity holdings other than those held solely for the purpose of investment as of March 31, 2022

① Specified investment shares	10,600,609,415 yen (109 companies)
② Deemed holding shares	4,549,692,131 yen (9 companies)
③ Cross-shareholdings	15,150,301,546 yen
④ Consolidated net assets	86,725,531,017 yen
⑤ ③÷④	17.5%