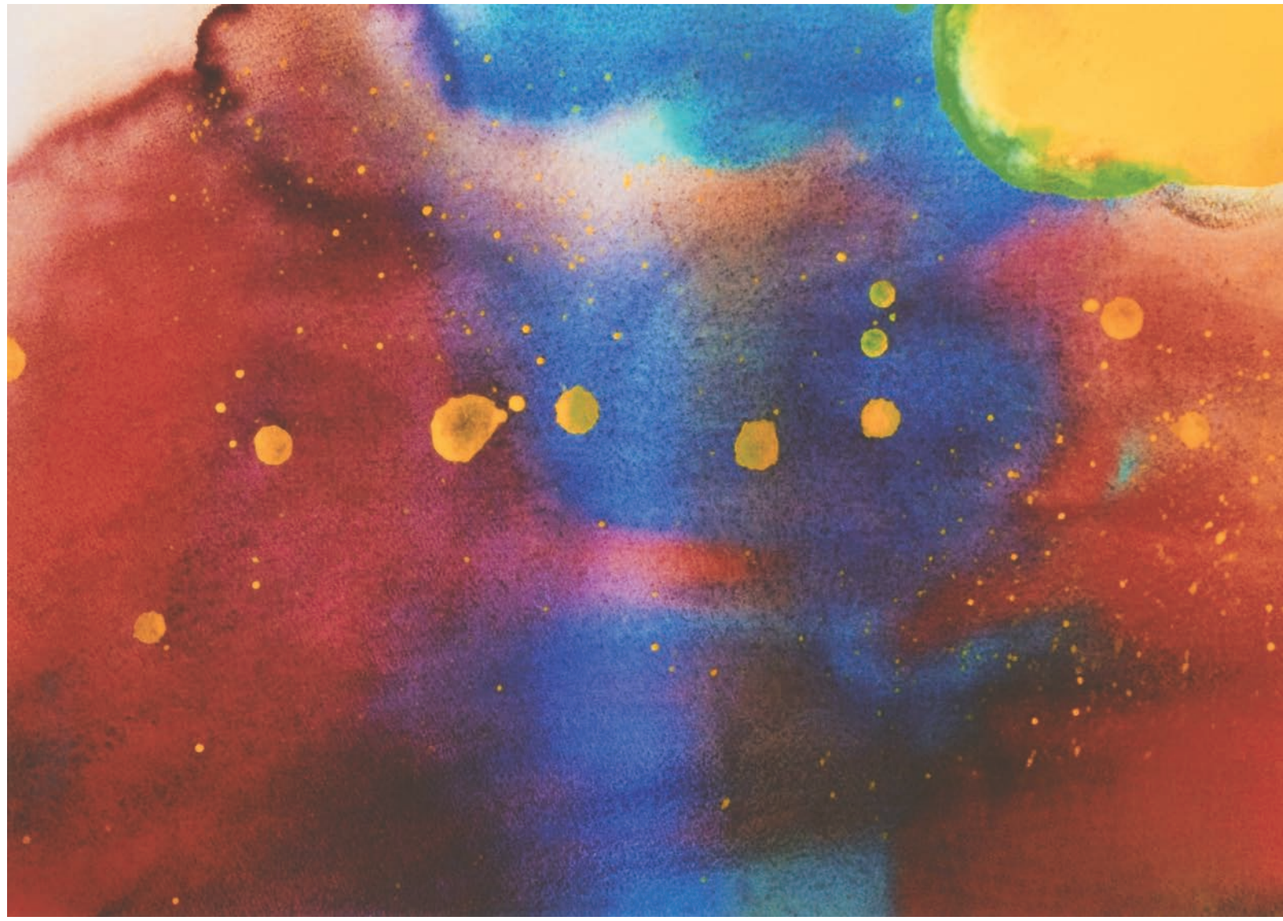
Fine particles for a fine future.

TODA

Integrated Report 2024



TODA KOGYO CORP.

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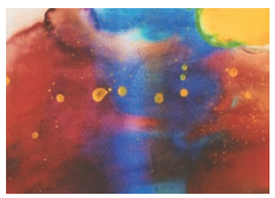


Paralym Art®
障がい者アートを応援しています

TODA KOGYO sponsors Paralym Art, a project for participation of artists with disabilities in society and for their economic independence. As an official partner, it supports Paralym artists.

Artwork entitled: Yozora (night sky) [A totally blind artist]
Created by: Blind artist Obake no Tamu Tamu

What is a star-filled night sky like?
I have never seen the view, but I become somehow happy if people around me are amazed.

This makes me want to look at a starry night sky with you.

TODA KOGYO CORP.

Concept of Sustainability

The TODA KOGYO Group defines sustainability as "the lively growth and development of the company, society and the earth." To achieve sustainability as we see it, we help resolve social issues through our business activities.

The Group uses the term "lively growth and development" to reflect the idea that we will "always continue lively growth and development" as described in our Management Principle.

As well as achieving lively growth and development as a company, we believe it is equally important to ensure that our technologies and activities contribute to the sustainable development of humanity and the global environment.

To pursue this management principle, the TODA KOGYO Group emphasizes three values.

1 Contributing to future society through innovative fine particle synthesis technologies

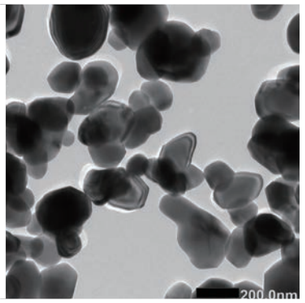
In keeping with the spirit of a company built on technology, we imagine and create the future. We will face the issues of society with sincerity, and strive to be accountable, serve the public interest and practice safety management in keeping with the ethics of engineers. In addition, we will encourage ingenuity, engaging in competition and cooperation based on intellectual property.

2 Building a sustainable supply chain

In every aspect, from procurement activities to development, production and sales activities, we prioritize safety, the environment, human rights and quality. We work with partners who aspire to solve social issues in the same way, and strive to engage in fair trade, fulfill our supply responsibilities and contribute to society.

3 Being a better corporate citizen and a better social institution

We adhere to global rules and compliance requirements by taking the initiative in all our business activities from the top down. We endeavor to strengthen our corporate governance structure, engaging in appropriate financial management and disclosures while ensuring information security. We believe in the potential of people, and build an organizational culture that maximizes the myriad values produced from connections between people.

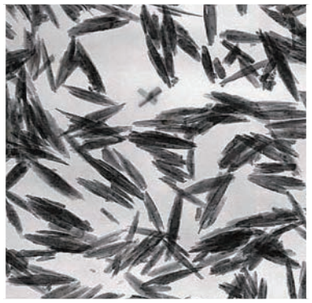


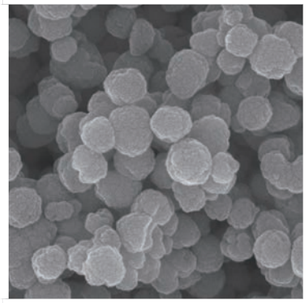
Purpose

We transform the potential of fine particles into new possibilities for our world.

Throughout Toda Kogyo's 200-year history, we have always believed in the infinite potential contained in small particles.

With the technology we have mastered over many years as well as our passion to persevere under any circumstances, we continue to meet the challenges of the future with the power of nanotechnology and support for our diverse and evolving society.





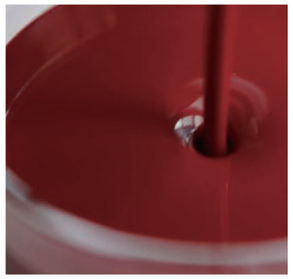
Management Principle

Our group will further improve the fine particle synthesis technology we have developed with iron oxides and will always continue lively growth and development.

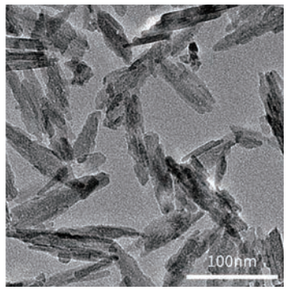
We will work on a foundation built on sincerity and trust and we will bring together our creativity and manufacturing strength to make a contribution to society in general with attractive new materials and solutions that are full of originality.

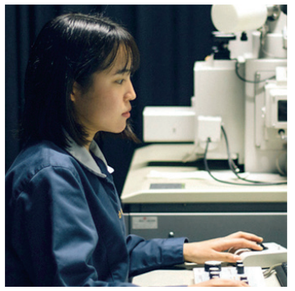
Contents

1823
The Company begins manufacturing Bengala in Nishiebara, Shitsuki County (now known as Ibara City), Okayama Prefecture.



1933
TODA KOGYO CORP. is established with capital of 500,000 yen in Yokogawacho, Hiroshima City, with the business purpose of manufacturing and selling Bengala.





It is our viewpoint that every person is an irreplaceable “particle” making up our larger world.

Nanoscale synthesis technology that makes it possible to freely control the crystal structure, particle shape and size, and more.

Fine particles for a fine future.

Throwing ourselves into a severe business environment with determination -- and achieving outcomes steadily

Representative Director
President and CEO
Tsuneaki Kubo

TODA KOGYO was founded in 1823 as a manufacturer of Bengala, a red pigment that is essential for the painting of building materials and porcelain. We subsequently established our proprietary fine particle synthesis technologies, including wet synthesis. Today, we provide not only pigments but also various inorganic materials including magnet materials, dielectric materials, and soft magnetic materials.

In fiscal 2023, we celebrated the 200th anniversary of our founding and the 90th anniversary of our incorporation. These milestones were achieved thanks to the support of our stakeholders, including our customers, whom we appreciate sincerely. We also grateful to our predecessors. Having started with Bengala as our original business, we offer a wide range of inorganic materials with functions including coloring, magnetic, and catalytic functions. We are proud to be such a singular company. Again, this owes to the efforts of our predecessors, who built a culture of creating unique, distinctive technologies while expanding the potential of fine particles and who have continued to create products needed by society in response to the needs of the times.

Meanwhile, looking at the management situation in recent years, we could not achieve Vision2023, the medium-term business plan for three years that we announced in 2021, and we have been suspending dividends. We would like to offer our sincere apologies to our shareholders and investors for the great inconvenience and concern this has caused them.

Reflecting on our failure to achieve the targets for the preceding medium-term business plan and leveraging the achieved outcomes for our next growth

The TODA KOGYO Group had adopted Vision2023, targeting cumulative net sales of 102.0 billion yen and operating profit of 5.9 billion yen. However, we ended with cumulative net sales of 96.5 billion yen and operating profit of 4.0 billion yen, both of which fell short of the targets. This is attributable in part to the reorganization of Group companies and our failure to take prompt measures, such as streamlining manufacturing and conducing sufficient product pricing correction activities, in response to changes in external factors such as soaring prices of raw materials and energy and the prolonged slowdown of the Chinese economy. In addition, while we strengthened and reorganized overseas Group companies, we could not fully address issues specific to TODA KOGYO as the parent company, which resulted in the posting of 4.8 billion yen in impairment losses in fiscal 2023.

While many issues have remained after the three years, we also achieved outcomes that will lead to future growth. Our consolidated subsidiaries in China produced revenues steadily despite that country's adverse economic environment. The Group's performance was also supported by growth in associates accounted for using the equity method.

We will reflect deeply on our failure to achieve revenues targeted under Vision2023 while leveraging the achieved outcomes for our next growth.

Developing products that make customers happy -- Bringing the thoughts of employees together --

In this environment, I took on the role of the President and CEO in June 2024.

In 1988, when I joined the company, our business of magnetic recording materials for videotapes was booming. I was first assigned to the engineering department, which was in charge of designing and renovating equipment that is appropriate for mass production. Creating equipment for production process through repeated discussions with on-site operators, I learned that nothing can be achieved by one person alone and that we cannot create good products unless everyone involved shares a commitment to creating products that make customers happy.

From 2006 to 2014, I worked in China as a resident officer. I initially served as a resident officer in charge of technologies at a subsidiary. Having accumulated experience, I later worked as the President of a subsidiary and committed myself to our business expansion in China. What I felt in working as a leader in China at the height of its economic boom was that you cannot win trust from customers and employees without the ability to make decisions in response to rapid changes and the ability to take actions to overcome unforeseen circumstances. I always kept this experience in mind when taking action in my positions as General Manager and manager of the production department, which I took up on my return to Japan.

In fiscal 2024, we launched Vision2026, a new medium-term management plan. My role is to take the lead in making decisions and taking actions so that all members of the TODA KOGYO Group will work toward the goal with a commitment to creating products that make customers happy.

Fiscal 2026 targets: Operating profit margin at 5%, ROE at 11%, and equity ratio at 29%
Working to achieve targets under Vision2026 with determination

Vision2026 that is aimed at achieving the Ideal Vision

At the TODA KOGYO Group, we identified materialities in 2023 and set targets with a view to the Ideal Vision to achieve by fiscal 2030. The medium-term management plan for fiscal 2024 to fiscal 2026, which is aimed at achieving this Ideal Vision, is Vision2026. The fiscal 2026 targets under Vision2026 are an operating profit margin of 5%, an ROE at 11%, and an equity ratio at 29%. To achieve these targets, we have made strengthening our business portfolio management our most important mission, and we will implement three strategies: business strategy, financial strategy, and human capital strategy.

This plan was formulated with participation of not only Executive Officers but also managers of departments, who reflected on Vision2023, analyzed the current status of the Group, and had specific discussion on what initiatives we should take. In the discussion, we confirmed once again what impact the progress of activities of each department and the level of achievement of its targets will have on other departments and reconfirmed the importance of cross-departmental cooperation and numerical management for achieving Group-wide targets. I will work to achieve the targets under Vision2026 with determination, together with Executive Officers and managers of departments.

Accelerating selection and concentration by making decisions promptly and allocating management resources in a focused manner

Selection and concentration in business strategy

In business portfolio management, it is essential to clarify the business strategy. In formulating the business strategy, we organized the profitability and growth potential of each business and clarified positions of the businesses and issues to address. We also examined the relevance and scope of synergy between businesses, among others, and considered ways to optimize them for the overall the TODA KOGYO Group.

For magnet materials and dielectric materials, which have high profitability and growth potential, we will invest management resources to increase market share and profitability.

We have positioned soft magnetic materials and environmental related materials, which we expect to grow at a rapid pace over the medium term, as leading businesses in the next generation. We are developing a technology for producing hydrogen and carbon from natural methane gas in a way that produces no carbon dioxide. We are constructing a plant for demonstration experiments in Toyotomi Town, Hokkaido, aiming for commercialization from fiscal 2026.

On the other hand, in precursor materials for LIB, hydrotalcite, and pigments (for coloring and toners), all of which are low in both profitability and growth potential, initiatives for revitalization and reorganization need to be taken. They include our former main businesses, which supported us as core businesses. In streamlining revenues, we will strive to gain the understanding of related stakeholders.

What I want to give significant weight to as we execute this business strategy is speed. Because changes in the business environment in recent years are greater and faster than expected, a failure to implement the necessary measures on a timely basis may result in a failure to achieve an outcome and generation of losses. We will first make decisions promptly and allocate management resources in a focused manner, thus increasing the speed of selection and concentration.

P. 13 Medium-term Management Plan

Financial strategy with an emphasis on non-consolidated CFs

Stabilizing the financial base is one of the major tasks in managing our business portfolio. As numerical management targets, we will optimize the working capital turnover periodwhile improving operating profit margin, ROE, and equity ratio, which we defined as a materiality.

In fiscal 2023, operating profit margin was 0.4%, which was quite severe. I think that the key to achieving the fiscal 2026 target of 5% will be creating synergy from M&A and cash flow (hereinafter, "CF") improvement.

During the period of Vision2023, we made three M&A transactions. One is related to the functional pigments business. We transferred all equity in Toda United Industrial (Zhejiang) Co., Ltd., which was established as a joint venture with an iron oxide pigment manufacturer in China. The transfer destinations include Zhejiang Huayuan Pigment Co., Ltd. (hereinafter, "Zhejiang Huayuan"), an associate accounted for using the equity method. Anticipating future trends in the Chinese pigment market, we judged that consolidating the company into the Zhejiang Huayuan Group and collaborating with it will contribute to improving the overall corporate value. The other two M&A transactions are related to the electronic materials business. We made a magnetic molding parts manufacturer in China and a manufacturer of soft magnetic materials and parts in South Korea, which was an associate accounted for using the equity method, our consolidated subsidiaries. Both companies engage in businesses in our downstream. By sharing information and technologies with them, we will be able to build a value chain with prompt development and high cost competitiveness. On the financial front, we will allocate capital in a way that will maximize these synergies.

Regarding cash flow, we understand that improving non-consolidated cash flow items, among others, is an urgent task. There are two causes of worsening non-consolidated cash flow. One is cash outflow resulting from the reorganization of Group companies, such as M&A. We will reorganize Group companies in the future again in response to changes in the external environment. We will make the necessary investments through global cash management, in which funds created at our Group companies are managed centrally and allocated efficiently to next-generation businesses. The other cause was an increase in inventory, which resulted from our failure to adjust inventory in response to changes in the market. To address this, we will manage the working capital turnover period as a KPI and strive to ensure appropriate inventory.

P. 49 Materiality Financial Base

Businesses are created by the enthusiasm, experience, and skills of employees.

Human capital strategy that serves as a source of energy for business creation

We have been working with a corporate culture of valuing each and every employee. Our technologies have been passed down from our predecessors and refined. Employees' enthusiasm, experience, and skills are the source of our competitiveness. More than 30% of our employees engage in research and development. This point has remained unchanged since the time when I joined the company. It is a unique feature and part of the corporate culture of TODA KOGYO, which boasts unique research and technological capabilities as a company built upon technology.

In addition, reviewing the transitions of our net sales and business lines, we find that we have continued to create businesses that cater to society and the needs of the times. I believe it is because we have continued to reform our businesses by allocating a wealth of human capital to research and development department that this company offering materials has continued operating for 200 years. Our former President Shigeru Takaragi was also from the research and development department, so he had a strong desire to create businesses and believed that we must do so. I am similarly committed to launching products that will be highly acclaimed by customers and make them say, "This is what we expect of TODA KOGYO." We have formulated our human capital strategy in consideration of diversity and psychological safety, which will be needed by organizations working on business creation and innovation.

As keywords for our human capital strategy, we identified the career development of women and minorities. At present, the ratio of women at TODA KOGYO alone is around 17%, though female employees are participating actively mainly in the research and development, safety and health, and administrative departments. We would like to promote women to managerial positions through initiatives including plans for training needed for awareness reform at the overall Company and career development that is compatible with life plans of women. In addition, we will drive workstyle reforms including employment extension and other institutional changes, thus developing an environment where seniors and people with disabilities can also play active roles widely.

Further, we will also focus our efforts on human capital development for driving digital transformation (DX). Human capital related to information systems is essential for all business activities of the Group. For this purpose, we will develop human capital and build an environment for DX.

P. 55 Materiality Personnel Development

An organizational structure for responding to changes in the business environment

In the process of formulating Vision2026, we reviewed our strengths and identified our current problems. In light of our business scale and the number of employees, we have adopted a functional organizational structure as our organizational form. Our businesses are operated by individual functions, including sales, manufacturing, and research and development departments. On the other hand, we also had organizations that supervised the revenue situation on a business-by-business basis, but their roles and responsibilities were not fully clarified. In response, we set up the Business Unit Management Department as an organization responsible for each business and for each business appointed managers responsible for technology and managers in charge of sales. We will promptly identify changes in the business environment, determine the profitability and growth potential of each product, review strategies and streamline the product lineup.

Problems will not be solved just by establishing a new organization. It is not an organization but people and dialogues between persons in charge and with customers that truly solve problems. We will think ahead and try to solve problems through dialogues. That is, we will exercise the ability of co-creation.

P. 42 Materiality Value-driven Marketing

Introducing new products to the work with customers through dialogues

Co-creation ability -- Our strength that we have reaffirmed --

While drafting Vision2026, we also developed the Value Creation Process. In this process, we conducted a review together with the managers of our departments to identify what serves as the source of our strengths and competitiveness. What emerged were creativity, manufacturing capabilities, and sales capabilities, as well as a co-creation ability that is generated through the activities carried out by integrating the above three types of capabilities. It is not the fine particle synthesis technology itself that is our intangible asset but the ability to hone and leverage our technologies. It is also the ability to link theories of natural science with the real world and the ability to launch new products with customers and business partners. And through the development of this Value Creation Process, I reconfirmed that our strength lies in our activities of providing value by identifying that issues that confront customers and society.

This Value Creation Process, which has just been developed, is a tangible form of what we have been doing. However, it has yet to be fully known in the Group. All officers and employees need to be aware of it and embody it more than ever. To grow sustainably by effectively combining diverse capital, all of us need to have dialogues about what the co-creation ability is, whether each one of us is exercising the ability, and what we should do to enhance the ability as an organization, among other topics. I believe that these dialogues will lead us to unify our interpretation of the co-creation ability and be convinced of it and tailor the ability to the times.

P. 17 Value Creation Process

Steadily accumulating outcomes to be a trustworthy company

From the lessons of our predecessors at our company and the words of wisdom of business leaders in Japan, I learned the importance of acting with determination. And I have been throwing myself into work with this spirit. Having now taken up the position as the President, I believe that one of my missions is to pass on this spirit to future generations by taking the lead in setting good examples.

I feel responsibility for the current situation, where we cannot meet the expectations of our stakeholders, including our shareholders and investors. To make TODA KOGYO a company that is worthy of the trust of our stakeholders, we will execute the measures set under Vision2026 and build revenue steadily. As we do so, I respectfully ask that you continue to watch and support the TODA KOGYO Group.

Tsuneaki Kubo

Born in Hiroshima Prefecture and graduated from the School of Engineering, Hiroshima University.
After working in the engineering and manufacturing departments, assigned to China. Committed himself to business expansion in China, including the establishment of a Group company manufacturing and selling magnet materials. Held positions such as General Manager in Japan and Director before starting his current role in June 2024.
Motto is Un Kon Don (luck, perseverance, and insensitivity).
"Factors for success in life are good luck, perseverance, and being able to withstand stress. This also applies to business."

Overview of Medium-term Management Plan Vision2026

On May 15, 2024, the TODA KOGYO Group announced Vision2026, its medium-term management plan to be implemented over the three years from fiscal 2024 (fiscal year ending March 2025) to fiscal 2026 (fiscal year ending March 2027), aiming to attain the Ideal Vision to achieve by fiscal 2030 that was set as one of the Group's materialities.

Backcasting based on the Ideal Vision to achieve by fiscal 2030

At the TODA KOGYO Group, we established our Purpose and identified our materialities in 2023. For our materialities, we set targets as the Ideal Vision to achieve by fiscal 2030 (materiality KPIs). The Ideal Vision is what we aim to achieve to realize "the lively growth and development of the company, society and the earth," which was defined as the Group's basic approach to sustainability.

In formulating Vision2026, we selected four of the materiality KPIs -- operating profit margin, ROE, equity ratio, and CO_2 emissions -- as KPIs and set target values for each fiscal year. Our targets for fiscal 2026 as the final fiscal year of Vision2026 are an operating profit margin at 5%, an ROE at 11%, and an equity ratio at 29%.

P. 1 Purpose / Management Principle
P. 37 Materiality

In addition, under Vision2026, we will engage in activities to strengthen our business portfolio management, which we set as our mission for achieving the plan. We formulated medium-term business plan Vision2023 for the three years from fiscal 2021 to fiscal 2023, and worked on business growth and structural transformation over this period. However, we decided to strengthen our business portfolio management further, understanding that continued improvement of corporate value is necessary for achieving the Ideal Vision. We have set three strategies, aiming to achieve the targets.

Review of the Medium-term Business Plan Vision2023

For the 200th anniversary milestone, in fiscal 2023 as the final fiscal year of Vision2023, we established our Purpose: We transform the potential of fine particles into new possibilities for our world. We also identified materialities based on the Purpose and Management Principle and set business activities and targets including ones related to ESG.

On the environmental front, we switched to CO_2-free power derived from 100% renewable energy in April 2023. In addition, we endorsed the TCFD*2 recommendations in July 2023.

On the social front, we announced human capital initiatives and started activities related to human rights due diligence in fiscal 2023.

In the area of governance, we transitioned to a Company with Audit and Supervisory Committee in June 2022 to further strengthen corporate governance. We also established the Risk Management Department, an internal organization, to strengthen risk management in response to the recent environment. We instituted a number of initiatives to increase our risk sensitivity, including risk sensitivity of our domestic and overseas subsidiaries.

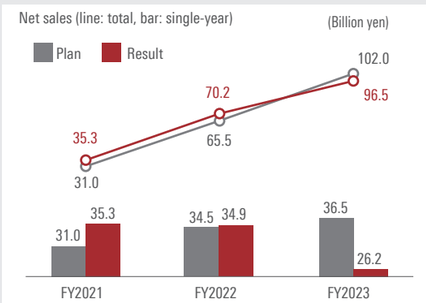
In business activities, we took steps to improve corporate value by positioning the electronic materials business as a growth business and the functional pigments business as the revenue base. In fiscal 2021 as the first fiscal year, we far exceeded our targets as demand recovered against the backdrop of a global economic recovery. Above all, sales of high-quality electronic materials remained strong. We also made Jiangmen & Partner's Magnetic Product Co., Ltd. (China), a manufacturer of molded magnets, a consolidated subsidiary. In doing so, we were able to achieve business expansion through downstream expansion.

However, we could not achieve our net sales and operating profit targets, mainly because of sluggish demand and soaring raw material and energy prices and transportation costs since fiscal 2022. In particular, the transfer of equities in Toda United Industrial (Zhejiang) Co., Ltd. (China), a consolidated subsidiary manufacturing iron oxide pigments, was carried out based on our judgment that it will contribute to improving the Group's corporate value in the future. However, it was a major factor for the decline in the earning power of the functional pigments business in fiscal 2023.

In the latter half of the period, we tackled issues including the economic slowdown and soaring prices of raw materials and energy with product pricing correction activities, strengthening of procurement, and equipment maintenance. To strengthen procurement, we took steps to multiply procurement routes, including the production and diversification of raw materials that we have been cultivating to date as our strength.

As a result of the above activities, under Vision2023, the growth of the electronic materials business was weak albeit in the black, while the functional pigments business was unable to generate earnings and ended in the red.

*1 CO_2 emissions in fiscal 2013: Approx. 89,000 t
*2 TCFD: Task Force on Climate-related Financial Disclosures



* Exchange rate conditions for Vision2023: 105 yen/USD

External factors	
FY2021	Recovering demand after COVID-19
FY2022	Delayed recovery of semiconductor markets, etc.
FY2022-2023	Rising materials and energy prices
FY2023	Prolonged economic stagnation in China
FY2023	Fluctuations of metal market

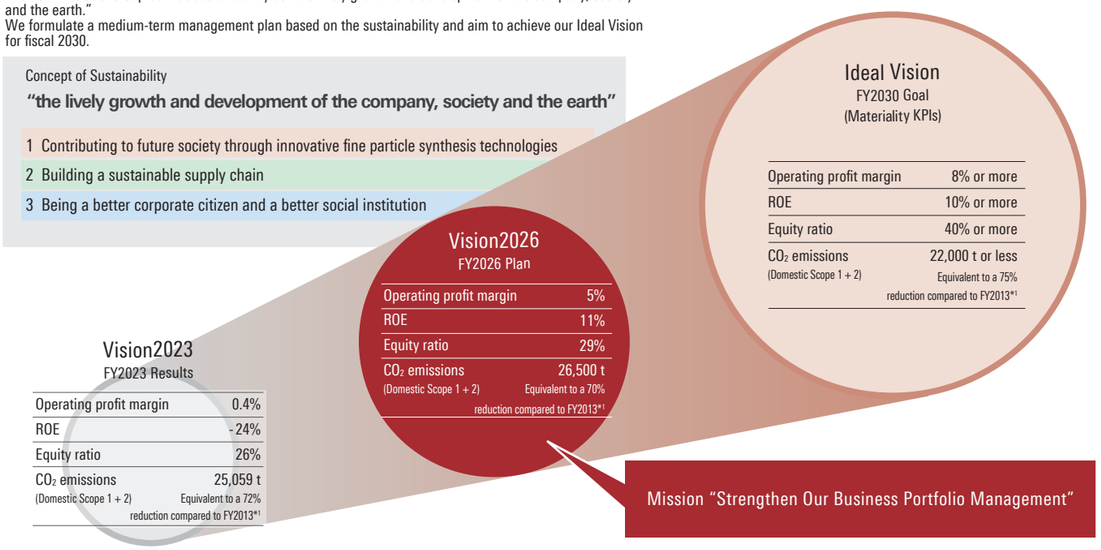
Internal factors	
FY2022-2023	Stock sale of Toda United Industrial (Zhejiang) Co., Ltd.
FY2023	Postponed consolidation of TODA ISU CORPORATION (Initial plan: Consolidation during the term of Vision2023)

Financial results under Vision2023

The TODA KOGYO Group defines sustainability as "the lively growth and development of the company, society and the earth."
We formulate a medium-term management plan based on the sustainability and aim to achieve our Ideal Vision for fiscal 2030.

Concept of Sustainability
"the lively growth and development of the company, society and the earth"

1 Contributing to future society through innovative fine particle synthesis technologies
2 Building a sustainable supply chain
3 Being a better corporate citizen and a better social institution



Ideal Vision

Concept of Medium-term Management Plan Vision2026

We formulated Vision2026 by attaching importance to far-sighted initiatives for risks and current businesses, among others, amid ongoing changes in the business environment.

Business environment surrounding the TODA KOGYO Group

Politics	Geopolitical risks Tightening environmental regulations
Economy	Global economy Changes in the structure of the automotive industry Rapid exchange rate fluctuation
Society	Expand demand for decarbonization, safety requirements and healthcare Mineral supply concerns
Technology	Evolution of electronic devices and battery technologies Social implementation of AI, robots and drones

Three strategies for accelerating selection and concentration

In strengthening business portfolio management, we will accelerate selection and concentration to achieve business growth. For this purpose, we have formulated a financial strategy and a human capital strategy in addition to a business strategy. We did so because we believe that financial and human capital aspects need to be interlocked further as we bolster our business portfolio management. We will aim to achieve the plan by implementing these three strategies, that is, (1) business strategy, (2) financial strategy, and (3) human capital strategy.

Strengthen Business Portfolio Management

In strengthening business portfolio management, we determined the position of each business in terms of profitability and growth potential. (See the figure at right.)

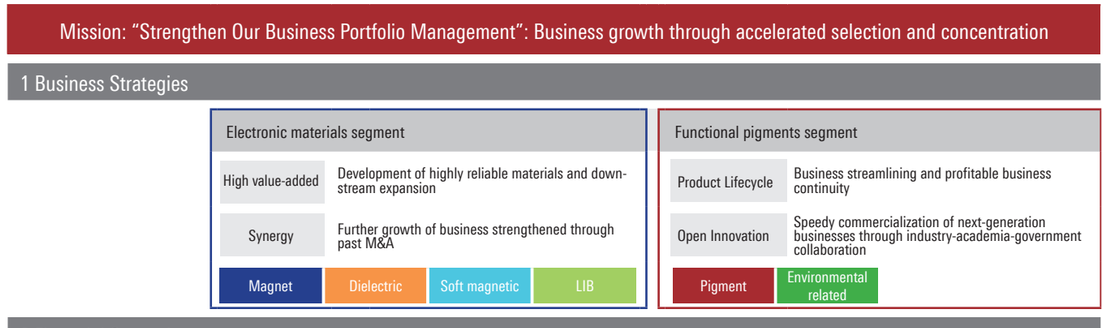
We positioned three materials as "growth" businesses. We will expand magnet materials and dielectric materials in the electronic materials business in line with customer needs. For LIB materials, our business partners and associates accounted for using the equity method will collaborate.

Soft magnetic materials, which we position as a "next-generation" business, are in the red at present but we will work together with overseas consolidated subsidiaries to achieve their growth. In addition, we will aim to commercialize the environmental related materials, which are in the operational domain of the functional pigments business.

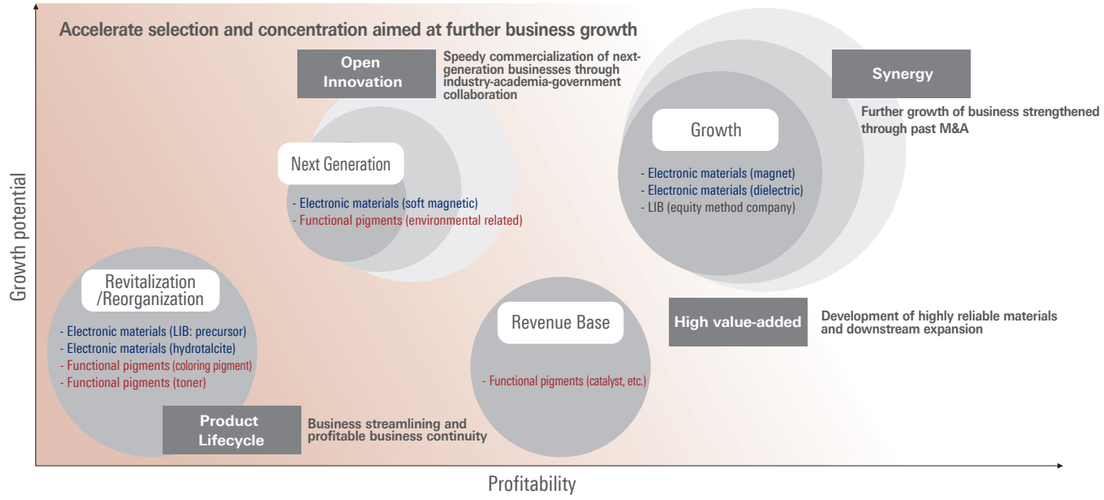
For catalysts, which are positioned as a revenue base, we will develop a business plan with customers to maintain them as materials that support revenue.

In revitalization/reorganization, we have positioned businesses that are unlikely to have growth potential in the present circumstances. To make them profitable as the first step, we will streamline production methods and review profitability. We have dissolved the collaboration for hydrotalcite* in the electronic materials business. We will also downsize some of our other businesses.

* "Notice of Dissolution of Collaboration in the Hydrotalcite Business," May 31, 2024 (Japanese only)



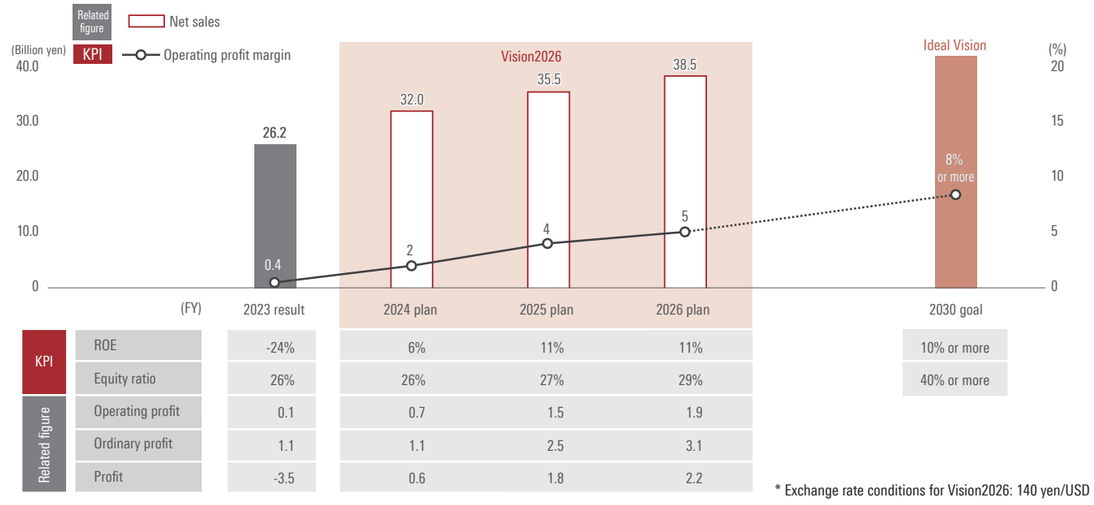
Concept of medium-term management plan Vision2026



Strengthen business portfolio management

Business Plan

As KPIs and related figures for three years from fiscal 2024, we have set net sales, operating profit, ordinary profit, and profit. We have set target values for each fiscal year in consideration of KPIs for our materialities. We set the target operating profit margin at 5% for fiscal 2026. This reflects the fiscal 2030 target of 8%. To achieve our target ROE and equity ratio, we will seek to operate businesses with an awareness of profit creation, a stable financial base, and capital efficiency.



* Exchange rate conditions for Vision2026: 140 yen/USD

Vision2026 business plan

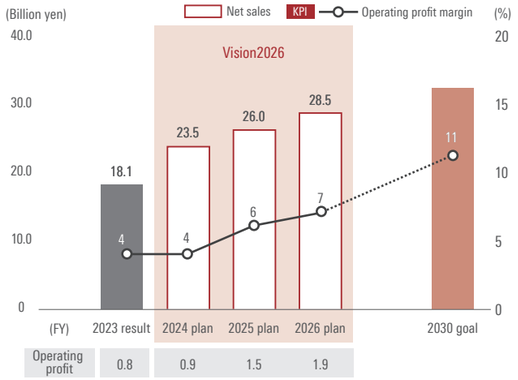
1. Business Strategies

Electronic materials segment

We will implement the following initiatives to expand the business.

- Development of highly reliable materials and downstream expansion
- Further growth of business strengthened through past M&A

We expect net sales to start growing at an annual rate of 10% or higher in fiscal 2024 and aim to achieve an operating profit margin of 11% by fiscal 2030. We will develop materials and implement downstream expansion in the supply chain. In particular, we will enhance business activities targeting the automotive market. In addition, we will combine them with synergy with subsidiaries that were consolidated under Vision2023, for one-stop provision of unique materials and parts.



Business plan for the electronic materials segment

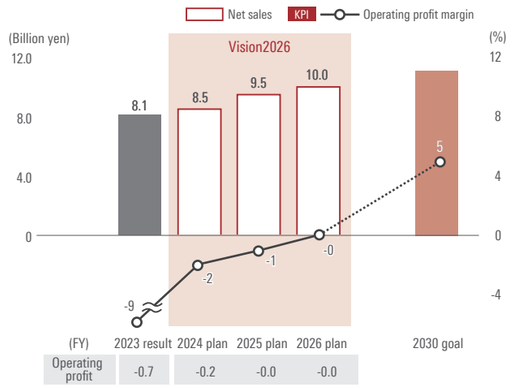
Functional pigments

We will take the following initiatives to transform the business structure.

- Business streamlining and profitable business continuity
- Speedy commercialization of next-generation businesses through industry-academia-government collaboration

Sales dropped significantly in fiscal 2023 but are expected to recover modestly during the period of the plan. To move into the black in terms of operating profit by fiscal 2026 and increase it further, we will enhance our technologies for the in-house production of raw materials used for functional pigments and improve the manufacturing process. We will thus control the cost and improve profitability. In addition, we will position initiatives to address demand to reduce the impact on the environment as one of our next-generation businesses and press forward with the development and commercialization of new materials that will help reduce CO_2 emissions.

P. 33 Business Strategies Functional Pigments



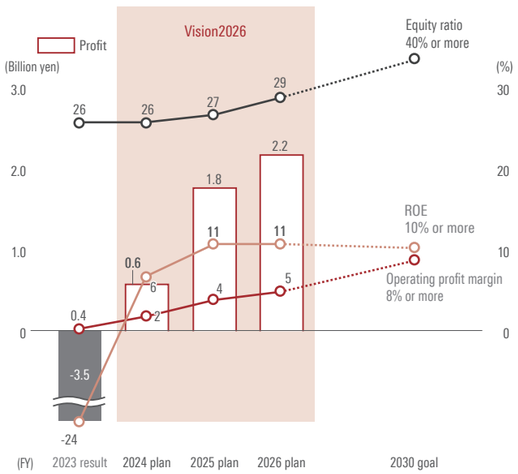
Business plan for the functional pigments segment

2. Financial Strategies

Management targets

We have set an operating profit margin, ROE, equity ratio, and working capital turnover period as management targets. We will strive to operate our businesses with awareness of a stable financial base and capital efficiency. To improve cash flows, we will pursue appropriate inventory and take other initiatives, in addition to creating profit, thus driving the improvement of capital efficiency.

P. 49 Materiality Financial Base



Management targets in the financial strategy

Investment

During the period of the plan, we plan to invest around 5.5 billion yen for the following three purposes. We will continue to prioritize investments.

Investment destinations and amounts

1. Business growth and business continuity investments	¥4,500 mn
Invest actively in next-generation businesses and to promote ESG initiatives in addition to investing in strengthening production capacity for business growth, and in the maintenance and renewal of existing facilities and infrastructure.	
2. DX promotion and information security investments	¥500 mn
Promote DX and enhance cybersecurity for a measure against information security risks with IT utilization	
3. Decarbonization investments	¥500 mn
Actively invest in anticipation of a decarbonized society	

Shareholder return

We place the greatest emphasis on continuing to pay stable dividends. However, we have been suspending dividends because we have yet to complete the foundation for continuing to pay stable dividends. We will focus our efforts on establishing a structure for resuming the payment of dividends within the period of the current medium-term management plan and take initiatives to maintain a stable return of profits.

3. Human Capital Strategies

We understand that human capital is the key to the development of the TODA KOGYO Group. We will build a human capital management system by interlocking our management strategy with our human capital strategy to permit employees to achieve personal development and demonstrate their capabilities. We will also implement the following three initiatives to achieve the plan:

1. Strengthen succession plans for key divisions
2. Develop the careers of women and minorities
3. Foster human capital to promote DX

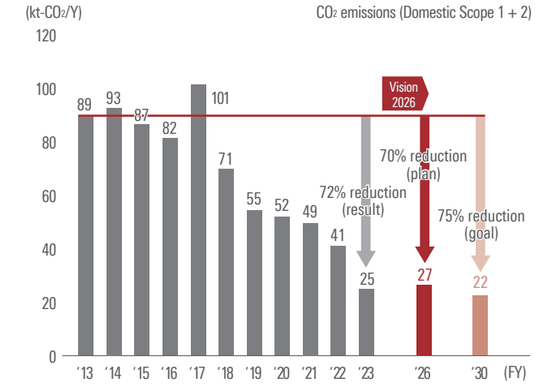
P. 55 Materiality Personnel Development

ESG Initiatives

Environment

We will enhance information disclosure based on the TCFD recommendations, which we began in fiscal 2023, and include overseas consolidated subsidiaries in the scope of disclosure. In addition, we will start considering information disclosure based on TNFD* recommendations as an initiative to conserve biodiversity.

P. 47 Materiality Climate Change



CO_2 emissions: result, plan, and goal values

Society

We will further drive activities to expand the diversity of organizations and people and initiatives on human rights due diligence. We will also develop a healthy, comfortable work environment.

P. 53 Materiality DE&I

Governance

We will engage in activities using third-party organizations, so as to improve the Board of Directors' transparency and effectiveness. We will also drive initiatives to strengthen compliance and information security literacy.

P. 59 Materiality Governance

P. 61 Materiality Information Management

* TNFD: Taskforce on Nature-related Financial Disclosures

Value Creation Process

External Environment

Politics

Geopolitical risks and strengthened environmental and other regulations

Economy

Changes in the global economy and structure of the automotive industry

Society and the environment

Decarbonization, safety requirements and growing healthcare needs
Concerns over the supply of minerals

Technology

Evolution of electronic devices and battery technologies, implementation of AI, robots and drones in society

Purpose

We transform the potential of fine particles into new possibilities for our world.

Management Policy

We will establish a management foundation as a "Manufacturing Company" that can contribute to society and will continue to grow and develop even 100 years after its establishment.

Materialities

Product innovation, process innovation, value-driven marketing, stable supply, climate change, financial base, DE&I, human capital development, governance, information management

Capital

Financial capital

- Equity ..... 13.8 billion yen
- Borrowed funds ..... 27.3 billion yen

Manufacturing and facility capital

- Domestic production bases ..... 3 sites
- Overseas production bases... 4 countries

Intellectual capital

- Number of patents owned 818
- Percentage of owned patents that are international 60%

Human capital

- Number of employees 1,112
- Percentage of overseas employees 57%
- Low turnover rate 2.1%
- Percentage of employees who are research and development staff 27%

Social and relationship capital

- Firm customer base
- Diverse business partner
- Joint development with universities and research institutions
- Supply chain for repurposes waste from other industries as raw materials

Natural capital

- Iron, important minerals and water

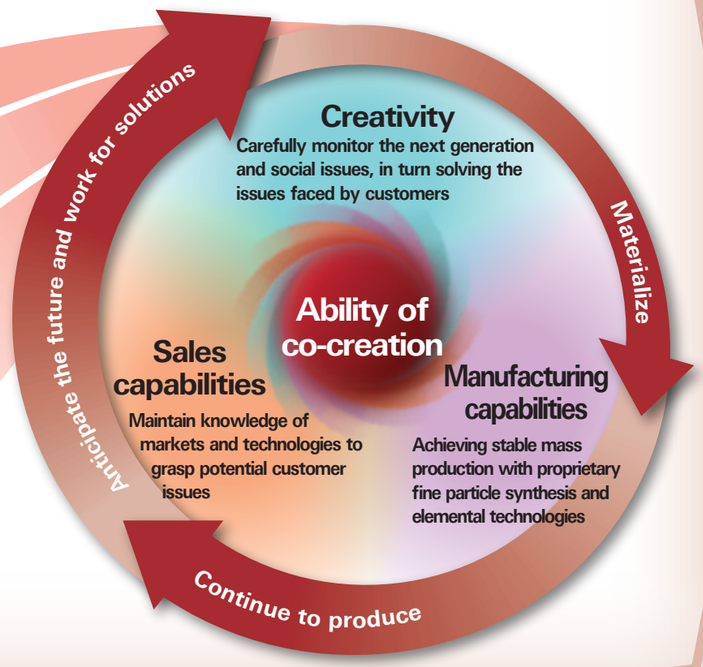
Business Activities

A solutions company that creates market feasibility by identifying social and customer issues, and by utilizing "technologies cultivated over more than two centuries" and "human capital with the ability of co-creation."

Customer base

Collaboration between industry and academia

Effective use of resources



Output

Highly attractive and unique new materials and solutions

	Main businesses	Next-generation businesses
Electronic materials business	Magnet materials Dielectric materials Battery materials	Soft magnetic materials
Functional pigments business	Functional pigments	Environmental materials

Focus markets

Mobility
Environment
Healthcare

Outcomes

Customers

- High reliability, high quality
- Reduced size
- Large capacity, high efficiency
- Environment
- Speed

Business partners

- Expanded production volume
- Resources of business partners
- Contributions to recycling

Environment

- Improved resources efficiency
- Reduced greenhouse gas emissions
- Circular economy

Employees

- Better corporate citizen
- Wellbeing

Shareholders and financial institutions

- Improved shareholder value

Local communities

- Employment and payment of taxes

The TODA KOGYO Group's History and Technologies

TODA KOGYO's history began with Bengala. Technologies cultivated over the 200 years since its founding are still in use today.

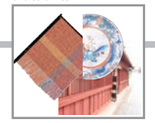
TODA KOGYO's business dates back to 1823, when we commenced handicraft manufacturing of Bengala. It is the oldest pigment in human history and is indispensable for painting on porcelain and for the coloring of historical architecture. More than 200 years have passed since then. We have been able to overcome the changing times and survive to the present day because we have always pioneered new possibilities for chemical materials and continued to produce products that meet prevailing needs.

When pollution was a social issue, we created an environmentally friendly manufacturing method. At a time when magnetic recording materials used for video and audio cassette tapes were our mainstay products, we were anticipating the advent of the digital age and working to open up new fields.

The Group's products are used not only for pigments as original applications but for automobiles, smartphones, household appliances and other state-of-the-art domains. Our chemical materials are created from technologies that we have been developing for 200 years since our founding, and reach markets around the world.

1823 Founding

Coloring for building materials and ceramics



Bengala

Functional pigments

Our business is founded in the city of Ibara, Okayama Prefecture.
A family business of Bengala manufacturing is started.

1933 Incorporation

Maritime transport becomes a mainstream form of distribution

Ship bottom coatings

Functional pigments

Hiroshima Plant (currently at Asa-Kita-ku in the city of Hiroshima)
TODA KOGYO CORP. is incorporated.
A company with a mission of manufacturing and selling Bengala is set up in the city of Hiroshima.

1960s

Deflection yoke materials

Soft magnetic materials

Monochrome TV sets are in widespread use.
First TV boom (wedding of the Crown Prince)
Second TV boom (1964 Olympics in Tokyo)

1970s

Automatic ticket gates

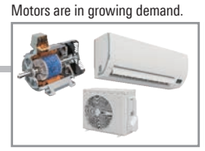
Audio and video cassette tapes are in widespread use.

Magnetic tickets　Magnetic recording media

Magnetic recording materials

1980s

Motors are in growing demand.



Printers and copiers are in widespread use.

Magnet materials for motors in household appliances

Magnet materials

Toners and carriers

Electronic printing materials

1990s

Iron oxide for combustion catalyst: Activated iron oxide (TIC®)

Garbage bags for burnable waste
Hydrotalcite

Lead-free polyvinyl chloride stabilizer

Heat retaining agent for agricultural polyolefin fil

Environmental awareness increases.

Environmental related materials

2000s

Lithium ion battery products are in widespread use.

Cathode and anode materials

Lithium ion battery materials

IT society advances.

Ferrite IC tags and NFC tags on metal

Flexible ferrite sheets

Electromagnetic control parts and magnetic sheets

Soft magnetic materials

2010 to **2020**s

Automobiles shift to electric vehicles and ICT advances.

Motor and sensor materials for automobiles, household appliances and others

Magnet materials

Noise suppression materials
Materials for wireless charging for electric vehicles (EVs)

Soft magnetic materials

Barium titanate for multilayer ceramic capacitors

Dielectric materials

CO_2 solid capture sorbents

Environmental related materials

2023
Marking our 200th anniversary

Fine Particle Synthesis Technology

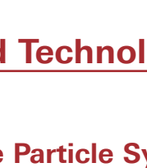
Roles of fine particles

The size of fine particles we handle ranges from several nanometers to tens of micrometers (1/1,000,000 to 1/100 of 1 millimeter). They are so small that it is difficult for us to distinguish each particle with our eyes. We need to use an electronic microscope to clearly see each one of them. Created in nature or through an artificial synthetic process, these fine particles are playing important roles around us.

For example, they create vivid colors of pigments and cosmetics. They are also used to protect the skin from ultraviolet rays. In addition, reduced size and larger capacity are required of multilayer ceramic capacitors used in electronic equipment, and fine particles play an important role in enabling thinner dielectric layers and electrode layers. Applied in a wide range of fields other than the above, fine particles are supporting our everyday life.

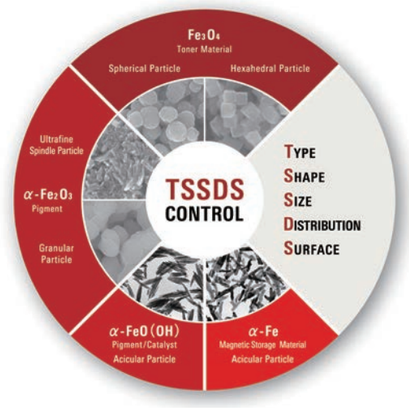
A wide range of crystal structures, configurations, magnetic properties, colors, and more

We synthesize fine particles by applying wet synthesis and dry synthesis methods.

Wet synthesis method	Dry synthesis method
	
With this method, fine particles are produced as precipitate through chemical reactions in a solution. Type, shape, size, distribution, surface structure, and other particle features can be controlled by modifying crystal nucleation and particle growth with reaction conditions such as temperature, pH, and substance concentration in the solution liquid .	This synthesis method features the use of chemical reactions in a solid substance or between solid substances. This enables us to obtain an objective substance at high yield by molding and sintering mixed raw materials. Crystal structure and properties can be controlled by adjusting raw materials composition, additives, molding conditions, and sintering conditions.

TSSDS CONTROL

At TODA KOGYO, the technology for controlling Type, Shape, Size, Distribution, and Surface is called TSSDS CONTROL, which encompasses important properties in powder design and particle design. This technology is also applied in new product development. The figure below shows particles that are produced differently according to the application, taking iron oxide as an example.



Elemental Technologies Which Elicit the Performance of Fine Particles

Our manufacturing technologies related to refining, sintering, pulverization, de-agglomeration, surface modification, and dispersion, which we have been cultivating since our foundation, are elemental technologies that are essential for synthesizing fine particles.

Refining	A technology that increases purity by removing impurities
Sintering	A technology that obtains a solid sintered body by heating it at high temperature
Pulverization	A technology that reduces the particle size
De-agglomeration	A technology that breaks down agglomerated particles
Surface modification	A technology that adds functions to the particle surface
Dispersion	A technology that achieves homogeneous dispersion of particles in solvent

In addition to providing powders, we possess manufacturing technologies related to paint conversion, granulation, compounding, and sheet casting, as elemental technologies that elicit the performance of our fine particles further.

Paint conversion	A technology that optimize viscosity and color from particles and a solvent
Granulation	A technology that creates granules by adding a resin or other binder to particles
Compounding	A technology that produces resin pellets by kneading powders and resin
Sheet forming	A technology that makes powders into sheets with various thicknesses

Attempting to get the most out of fine particles with customers by leveraging the ability of co-creation

Dai Matsuoka
Director and Senior Managing Executive Officer
General Manager of the Research & Development Division

The Potential of Fine Particle Synthesis Technologies

The strengths of TODA KOGYO

Behind the establishment of the inorganic fine particle synthesis technologies as core technologies of TODA KOGYO, there was a historic choice which was made in response to a harsh reality. The greatest factor that enabled us to continue manufacturing Bengala by overcoming the pollution issue was the shift from dry synthesis to wet synthesis technologies. By accumulating these technologies, we established a technology for controlling Type, Shape, Size, Distribution, and Surface of fine particles (TSSDS CONTROL). It was thanks to TSSDS CONTROL that we could dominate the market for magnetic recording materials for music audiotapes and videotapes in the past.

These accumulated technologies are the source of value that exceeds customers' expectations. However, it is actually difficult for us to completely understand what customers in the downstream truly desire or what they want to materialize, because we are in the upstream of the industry. Undeniably, it is an approach with which we get to the true nature of challenges together with customers by catering fully to their needs, that is, the ability of co-creation, that is the most important factor in growing together with customers. Ongoing close communication with customer is exactly our Value Creation Process, in which we co-create value with them.

Market Environment Surrounding TODA KOGYO

What are expected of inorganic fine particles

Living standards have improved dramatically in recent decades. Highly functional information terminals like smartphones are pervasive in everyday life. Further, automobiles and other transportation tools have dramatically improved in terms of safety and reliability thanks to the evolution of driver assistance functions.

These are supported by electronic devices, which are typified by multilayer chip devices, lithium ion batteries, and motors. Further, it goes without saying that those devices are made from highly functional materials.

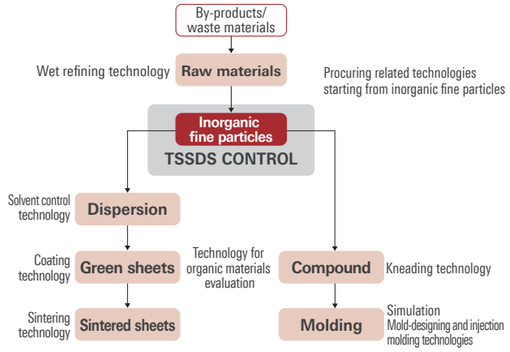
On the other hand, we must not overlook the fact that there is a great burden on the global environment behind the wealth of life enjoyed by mankind. It is an important task for our R&D activities to endeavor to reduce the impact on the global environment, which also serves in actualizing the Group's approach to sustainability: the lively growth and development of the company, society and the earth.

The TODA KOGYO Group's Product Development Strategy

Strategic derivation of technologies from inorganic fine particles

Our strength lies in inorganic fine particles themselves and products therefrom that are highly processed to facilitate customers' use of the inorganic fine particles. We manufacture the compounds using the fine particles as fillers, and the molded parts made therefrom. We also manufacture the sheets from fine particles, and then the sintered products. On the other hand, we use iron-based by-products and waste materials from other industries as raw materials. We control impurities thoroughly to maximize customers' performance, and we have horizontally deployed this technology to other products.

We pursue customers' pleasure with the strategic derivation of technologies obtained through the synthesis of inorganic fine particles developing the technologies into peripheral areas. We have continued this strategic derivation of technologies for 200 years since our founding. We will continue to operate our businesses with this initiative even after the 200th anniversary.



The TODA KOGYO Group's product development strategy

Geopolitical risks and element strategy

The main element that we handle is iron, which is widely distributed across the planet. Iron as a metal exists in earth's crust as an element that is the third most common following silicon and aluminum. In addition, iron is distributed evenly and widely in the world, so this element is extremely unlikely to be subject to geopolitical risk. Iron compounds have various functions, which are fulfilled by inorganic pigments, magnetic materials, and others. We will continue to develop with iron.

Ability of Co-creation and Potential of People

Creativity -Development from open innovation-

Our development originated from the implementation of wet synthesis technologies that were being researched by Kyoto University, and inorganic fine particles that we subsequently developed on our own. Our technologies, which are represented by TSSDS CONTROL, were very much the products of creativity of individuals and their collaboration. Bringing basic technologies from inside and outside the company together and giving shape to them with creativity-this is our experience that is the source of our corporate culture. One of the indicators of Product Innovation, which is shown as an issue among materialities, is the number of collaborative themes pursued with companies and universities. We will continue to drive open innovation with many customers, in addition to the collaboration with AIR WATER INC. for building a CO_2-free society and the joint development of anode material for new sodium-ion batteries with Tottori University.

Manufacturing capabilities -For stable supply of fine particles-

Quality requirements are unchanged even in mass production. As the size of inorganic fine particles approaches the nanometer scale, the capabilities of making atomic- to quantum-level analysis have become important. Initiatives involving the world's most advanced analysis technologies, which are represented by NanoTerasu, are essential elements for growing together with customers.

P. 26 Business Strategies Magnet Materials
P. 39 Materiality Innovation

Sales capabilities -Structure for creating businesses-

Encounters with customers are essential as a device for creating businesses. To make our technologies and products better known, we are proactive in showcasing them at exhibitions and with digital catalogs, and further publishing press releases about products under development. Lying ahead of a perfect match between our technologies and the technologies of our customers is a strong barrier to entry that other companies cannot overcome easily.

Future Initiatives

Organizational tasks and resources we should acquire

Geopolitical risks are pressing the world to take measures on important minerals that are unevenly distributed. I believe that an even more effective use of resources is required of us because we use by-products and waste materials from manufacturing as our main raw materials. We will use our technologies to collect not only iron-based materials but also lithium as a scarce resource.

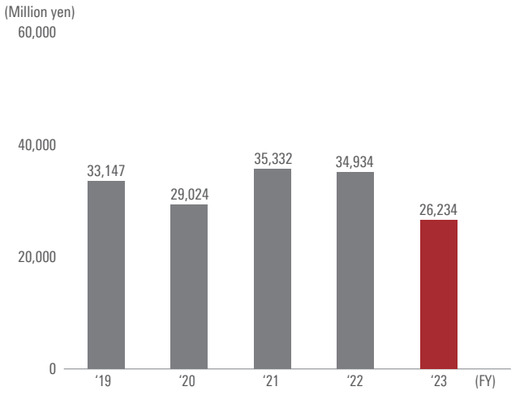
In addition, the ability of co-creation, which is our strength, also needs to be evolved. At present, our development method is based mainly on trial and error. However, because speed is required now, we aim to improve the efficiency of development by using computational science and materials informatics based on the data we have accumulated. Moreover, from the viewpoint of open innovation, we will use AI to identify opportunities to find and be aware of something new from a broader perspective, in addition to taking initiatives in small groups as we have been doing, thus aiming to scale new heights. We will continue striving to get to the essence of science with advanced analysis and synthesis technologies.

Going further ahead of the medium-term management plan

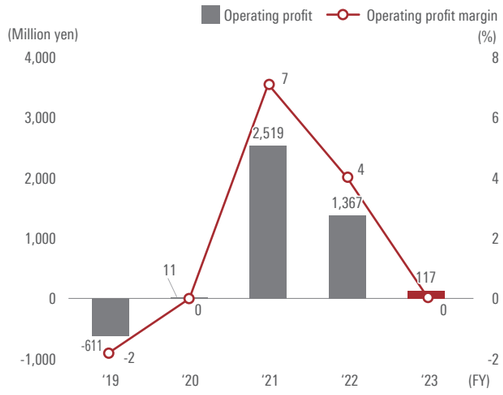
We promise to grow with all of our stakeholders and achieve lively growth and development toward our 300th anniversary, by pursuing initiatives in new technologies to contribute to achieving carbon neutrality by 2050, a global environmental goal that has become a social issue, while enriching people's lives in growth markets to which our products can contribute.

Financial and Non-financial Highlights

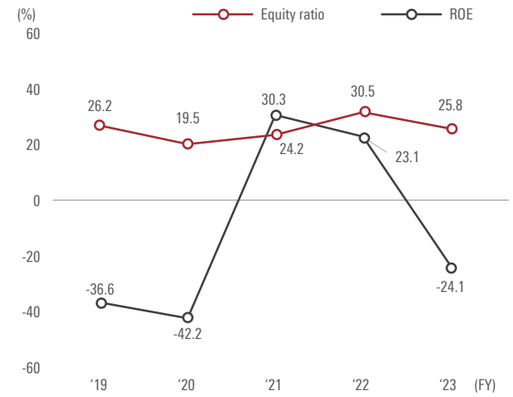
Financial Highlights (Consolidated)



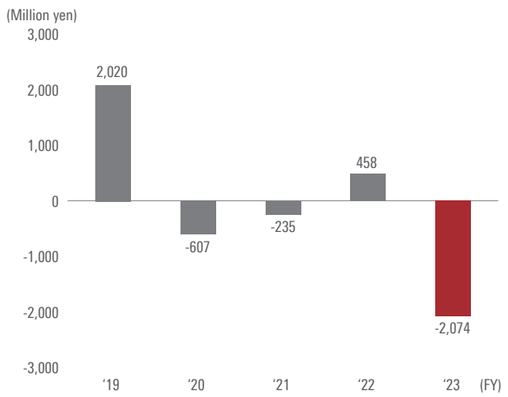
Net sales



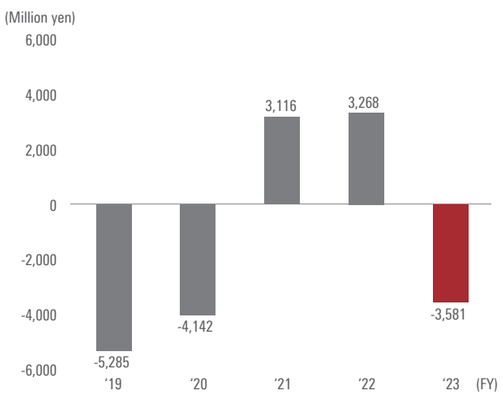
Operating profit/Operating profit margin



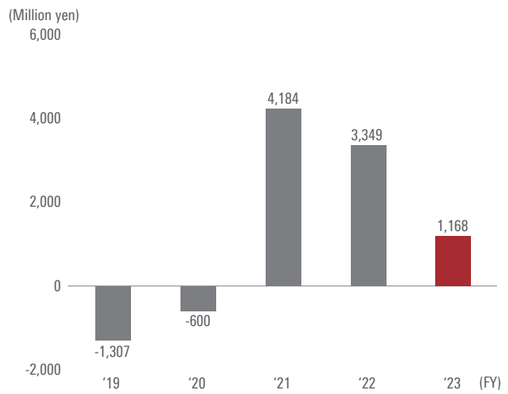
Equity ratio/ROE



Free cash flow

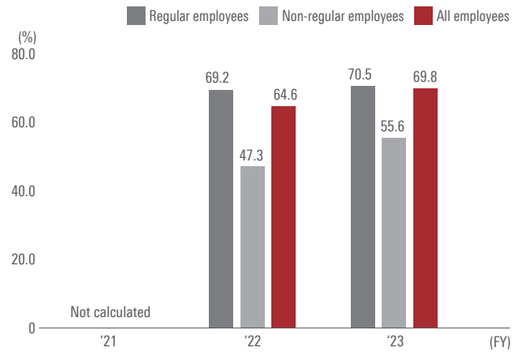


Profit attributable to owners of parent

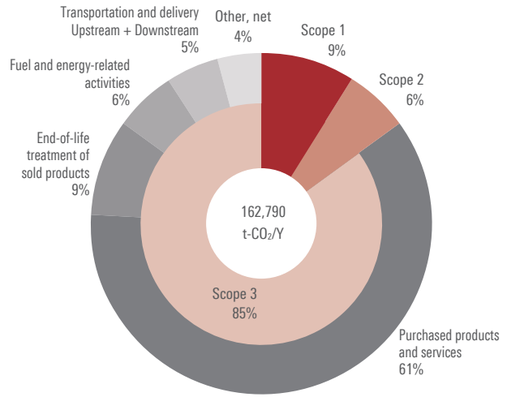


Ordinary profit

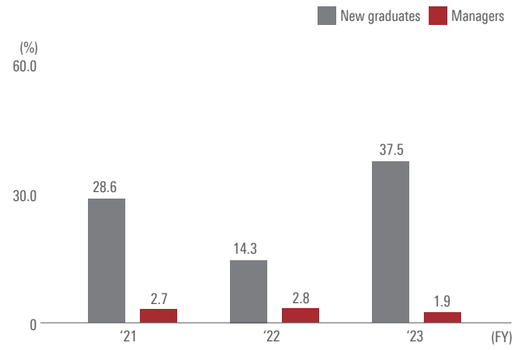
Non-financial Highlights (Non-consolidated)



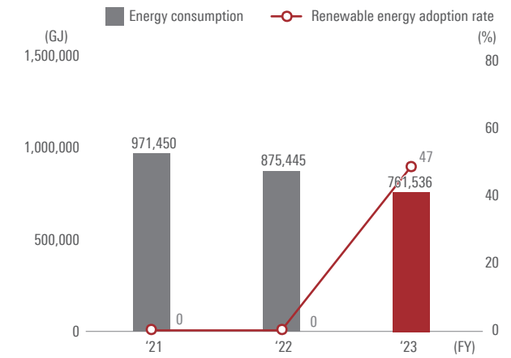
Gender wage gap



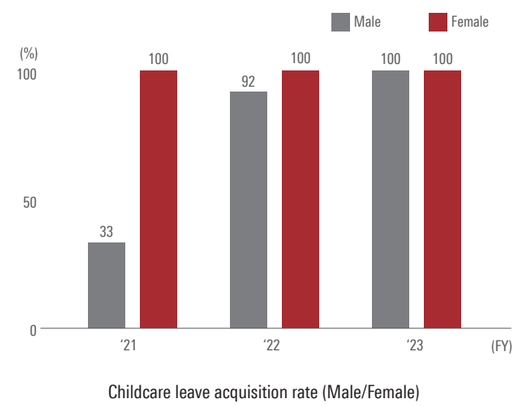
GHG emissions (Scope 1, 2, 3, Japan, FY2023)



Ratio of female hires (New graduates/Managers)



Energy consumption/Renewable energy adoption rate



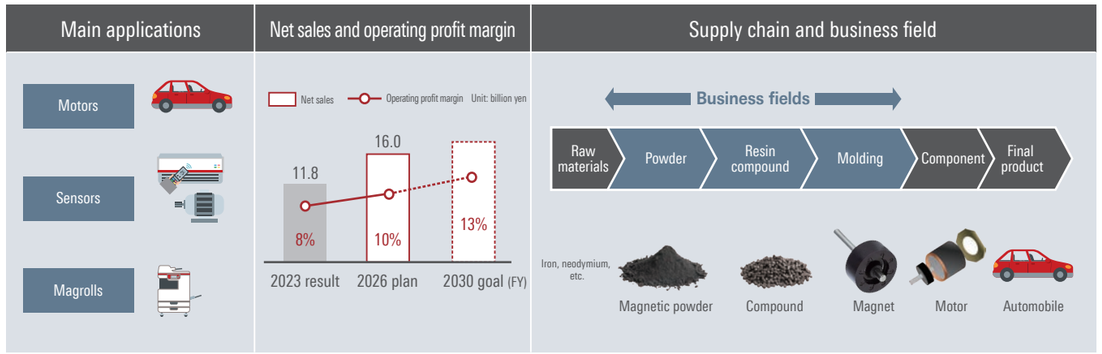
Childcare leave acquisition rate (Male/Female)

External Evaluations

		FY2021	FY2022	FY2023
CDP	Climate change	C	C	C
	Water security	–	–	C
EcoVadis		BRONZE 2022 ecovadis Sustainability Rating	BRONZE 2023 ecovadis Sustainability Rating	SILVER | Top 15% ecovadis Sustainability Rating MAY 2024

Catching up with the automotive electrification Expanding rare earth materials and molded products businesses

Tomohiro Kato
Magnet Materials Business Group
Business Unit Management Department



Business Outline

At the TODA KOGYO Group, we produce bonded magnet compounds, which are a composite of magnetic powders and resins. Bonded magnets contain resins, so their magnetic force, residual magnetic flux density, is decreased compared to sintered magnets, which are made by sintering magnetic powders. However, bonded magnets have benefits including flexibility in shapes, dimensional accuracy, and integral molding with other parts. Our bonded magnet compounds use two types of magnetic powders. One is ferrite, which is made mainly from iron oxide. The other is neodymium-iron-boron (hereafter, "NdFeB"), which is made mainly from rare earths. Ferrite is low in magnetic force but excels in cost. On the other hand, NdFeB is costly but has high magnetic force.

The Group has been increasing capacity in response to demand. With production sites in Japan, China, and Thailand, we have the world's largest production capacity and market share as a manufacturer of bonded magnet compounds. These production sites have acquired ISO 9001 and ISO 14001 certifications. Further, some of our production sites in Japan and China have acquired certification under IATF 16949, an international standard for automotive industry quality management systems.

In 2021, we made Jiangmen & Partner's Magnetic Product Co., Ltd. (China), a molding company specializing in bonded magnets, a Group company, thus launching a business of molded bonded magnets. With centralized management of technology information about everything from raw materials to molded products, we are working on improving quality, accelerating development, and stabilizing supply.

External Environment

Opportunities

In the automotive markets, demand for magnet materials is expected to increase due to growth in demand for motors and sensors resulting from electrification. In addition, a reduction in the size and weight of parts is essential for improving the fuel and electricity efficiency of vehicles. We will respond to the growing demand by increasing our production capacity for anisotropic NdFeB compounds, which have a world-leading level of magnetic force.

In the home appliance market, demand for air conditioners has been expanding due to global economic growth. In addition, there are moves to seek local production for local consumption in the manufacturing of home appliances. We will cater to market needs with our stable, global supply structure.

Risks

Magnets and their raw materials are industrially important materials, and are therefore exposed to geopolitical risks. There is a risk of restrictions on the procurement of the raw materials and imports and exports of the products due to the economic policies of each country or trade conflicts. At the TODA KOGYO Group, we will aim to build a stable supply chain with production in Japan, China, and Thailand and the purchase of each raw material from multiple suppliers.

Reflecting moves to achieve decarbonization and a tightening of recycling regulations because bonded magnets contain resins, demand for them may decline. We will pursue a number of initiatives, including efforts to reduce the size of magnetic parts with increased magnetic force, reduce energy consumption and waste generation in production with improved workability, and launch products using plant-derived resins, as part of our commitment to further reducing our impact on the environment.

Our Strengths

Global production sites

The TODA KOGYO Group has production sites in Japan, China, and Thailand, with production capacity for ferrite compounds at approx. 15,000 t/year and NdFeB compounds at approx. 700 t/year. For ferrite compounds, we hold the world's No. 1 market share of around 50%.

From powders to molded products -- customization available for catering to diverse needs

We are able to offer optimally customized products, ranging from magnetic powders to compounds, with combined technologies that we have been cultivating for many years.

The lineup of ferrite compounds we offer is strong enough to be used without cracking, even in high- or low-temperature environments.

For anisotropic NdFeB compounds, we possess technologies and intellectual properties that control the decline in magnetic force even in an underwater environment. Our products using these technologies are used in motors for thermal management and various magnetic sensors, among others.

For molded products, we have magnetic-circuit-designing, mold-making, and injection molding technologies that are exclusive to magnet compounds.

For customers who desire to manufacturer molded products on their own, we provide manufacturing support services, such as for methods of handling materials and mold design. We believe that understanding the benefits of magnet compounds in processing will lead to market expansion.

Business Plan

Increasing compound production capacity

We will increase the capacity to produce NdFeB compounds from 700t/year to 900t/year by around 2025.

Construction of new production facilities for molded products

At present, we produce molded products only in China. We are considering construction of new production facilities to be able to produce those products in other countries. We will build a stable supply chain, one that is not dependent on a specific country, thus promoting local production for local consumption based on economic efficiency and rationality.

Development of next-generation new materials

Our anisotropic NdFeB compounds have a world-leading level of magnetic force, with a residual flux density of 8,600 gausses. We aim to increase the magnetic force further (to remanent flux density of 10,000 gausses or above) to reduce the size and weight of parts.

There is a problem that the magnetic force of rare-earth magnets declines in a high-temperature environment. Through collaboration with Tohoku University and the use of NanoTerasu, we will reveal the mechanism in which the magnetic force declines due to temperature changes, aiming to develop a rare-earth magnet which is resistant to temperature changes.

P. 39 Materiality Innovation

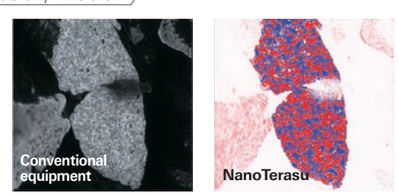
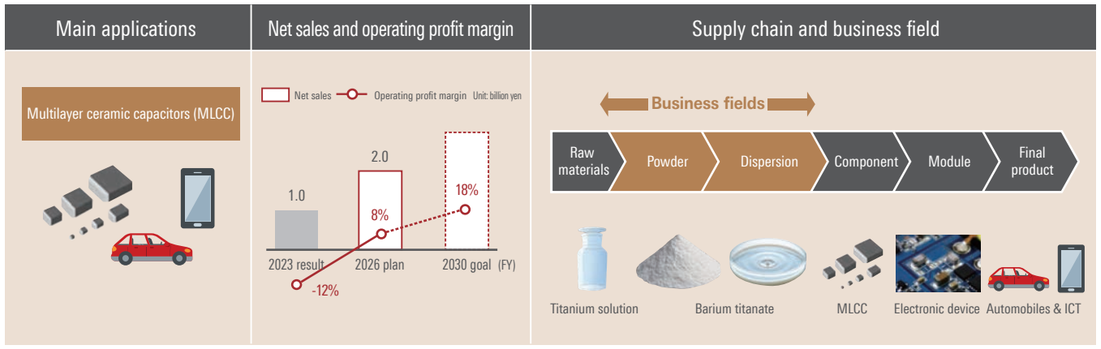


Image of measurement results

Provision of high-quality barium titanate powder and dispersion
Achieving reduced size, large capacity, and higher reliability of MLCC

Tomohiko Kuruma
Dielectric Materials Business Group
Business Unit Management Department



Business Outline

Barium titanate as a dielectric material is used for multilayer ceramic capacitors (hereafter, "MLCC"), which are used in many pieces of ICT equipment and automobiles. Demand for this material has been increasing due to the expansion of CASE, IoT, and 5G markets.

MLCC is manufactured by sintering a structural object consisting of multiple dielectric layers with barium titanate as the chief material and inner electrode layers with nickel as the chief material. When MLCC is sintered, the dielectric and inner electrode layers are sintered at the same time. This involves issues such as the generation of cracks caused by the difference in sintering temperature between the dielectric and inner electrode layers. Therefore, barium titanate is added to inner electrode layers as a so-called co-material to make its sintering temperature the same as that of the dielectric layers. Microparticulation and higher quality are required of barium titanate used as the co-material.

TODA KOGYO is a niche company targeting co-materials for inner dielectric layers. We deliver satisfaction in the MLCC market with high-quality barium titanate powders and dispersion, which leverage features of hydrothermal synthesis as our manufacturing method. In particular, we are developing new products for dielectric layers, where there is a strong need for microparticulation, thus expanding the business further.

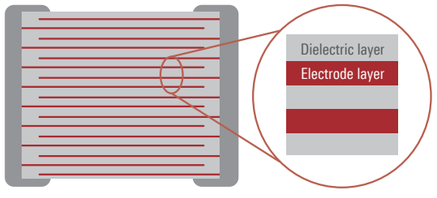


Illustration of MLCC's cross-section

External Environment

Opportunities

The MLCC market is expected to grow with a CAGR of 5.7% during 2024 to 2029*.

MLCC is required to have thinner, smoother dielectric layers and inner electrode layers to realize reduced size, larger capacity, and higher reliability. As such, barium titanate as the material is required to be fine particles and to have high crystallinity, low impurity content, and narrow distribution. Our hydrothermal synthesis is suitable for manufacturing fine particles of a uniform type and with high crystallinity, enabling us to provide barium titanate powders that meets the needs of the MLCC market.

	2010s	2020s (present)	2030s
For dielectric layers	200-300nm	100-200nm	50-100nm
For electrode layers	100nm	30-50nm	30nm or smaller

Trends in the size of leading-edge barium titanate

Risks

The MLCC market may be stagnant and a recovery of demand may be slowed due to a delay in the recovery of the smartphone market, a slowdown in the EV market, and other factors.

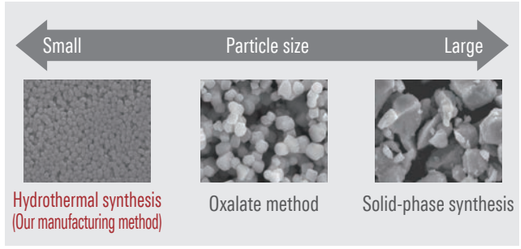
Barium as the raw material is unevenly distributed in China, India, Middle East, and West Africa. This means it involves geopolitical risk, resulting in procurement instability. We seek to procure the material from multiple suppliers and secure appropriate inventory for stable procurement.

* Mordor Intelligence

Our Strengths

Hydrothermal synthesis technology for manufacturing 150-nanometer or smaller fine particles

Our barium titanate is manufactured by applying hydrothermal synthesis. This method is a chemical reaction process in which water is used as the solvent under a high temperature and high pressure. This method is especially suitable for manufacturing fine particles among other manufacturing methods, because particle growth is controlled in an aqueous solution. With this hydrothermal synthesis, we can manufacture 150-nanometer or smaller barium titanate. Above all, we hold the No. 1 market share for 50-nanometer or smaller barium titanate.



Different particle sizes resulting from different manufacturing methods

Technology for manufacturing fine particles with high crystallinity and homogeneous type.

With common methods of manufacturing barium titanate such as oxalate method and solid-phase synthesis, calcination is needed to make the particles highly crystalline. However, as particles grow highly crystalline, abnormal particle growth occurs. This makes pulverization necessary for obtaining fine particles.

Our hydrothermal synthesis enables us to obtain barium titanate with uniform particle shape and size. Accordingly, the size adjusting processes that are required with other manufacturing methods, such as calcination and pulverization, are not necessary, making it possible to obtain fine particles with high crystallinity without abnormal particle growth and chipping.

Business Plan

Development and manufacturing focused on fine particles

As a niche company targeting co-materials for inner electrode layers, we aim to achieve an operating profit margin of 18% by 2030.

On the development front, we will look to expand our lineup of 30-nanometer or smaller barium titanate, which is expected to enjoy growing demand. We target the leading market share. On the manufacturing front, we will increase our production capacity for barium titanate fine particles to respond to growing demand.

Providing barium titanate as dispersion by applying the wet synthesis method

At present, barium titanate is supplied in the form of dry powders in the majority of cases. The smaller the particles in the form of dry powders, the more strongly they aggregate together. Accordingly, when a customer processes barium titanate, higher dispersion energy is needed in the dispersion treatment process. This causes chipping.

We can supply barium titanate in the form of dispersion by leveraging features of hydrothermal synthesis, with which reactions take place in an aqueous solution. This enables customers to avoid the dispersion treatment process itself, which causes chipping, leading to not only quality improvement but also greater handleability and a reduction in solvent and energy consumption.

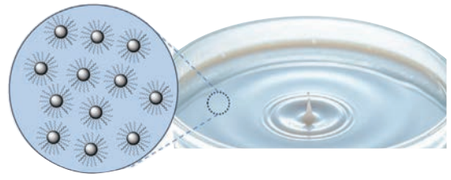


Illustration of dispersion

Responding to the global growth in demand through joint ventures with business partners

Kenji Okinaka
Business Strategy Group
Corporate Planning Department

Business Outline

Associates accounted for using the equity method (joint ventures)

- Cathode material business (BTBM)

BTBM is Japan's leading manufacturer of Ni-Co-based cathode materials for LIB, which started in 2015 as a joint venture with BASF Japan Ltd. To respond to the brisk demand for EVs in recent years, we will prepare a capacity for supplying 60,000 t/year which is equivalent to 45 GWh of high-nickel-based cathode materials by the end of 2024, aiming to expand the business further.

- Precursor business (CBM)

CBM is a Ni-Co-based precursor manufacturer, which started in 2011 as a joint venture with Kansai Catalyst Co., Ltd. and Toyota Tsusho Corporation joined later. It operates business for major cathode material manufacturers in Japan as its customers.

- Raw material business (METC)

METC is a manufacturer of Ni- and Co-based raw materials for LIB, which started in 2011 as a joint venture with Mechema Chemical International Corp. (Taiwan). In recent years, the company has sought to expand not only the business of raw materials for LIB but also that of Ni raw materials for electronic components, such as MLCC; multilayer ceramic capacitors and inductors.

Consolidated subsidiary

- Precursor business (TAM)

Having started in 2007, TAM is the only manufacturer of Ni-Co-based precursors for LIB in North America (Canada). While it mainly supplies materials for automotive and stationary batteries, the company is now streamlining the business reflecting the end of lifecycle of current mainstay products.

Development of recycling technologies

We are developing technologies for separating and refining rare metals from offcuts and scrap from production processes at the joint ventures, as well as black mass, battery materials, that will be generated in the future. We will build a business model including a supply chain, aiming to commercialize the recycling.

Development of a next-generation battery material

Sodium ion battery (hereafter, "SIB") is seen as promising as a post-LIB battery that does not use Li, which is likely to be in short supply. Tottori University and TODA KOGYO have found that sodium ferrite (hereafter, "$NaFeO_2$") that TODA KOGYO developed on its own in the joint research has application as an anode material. We will move forward with the research and development of $NaFeO_2$, which can be synthesized from iron oxide, an abundant and harmless resource, aiming to put it to practical use.

External Environment

Opportunities

In the Green Growth Strategy Through Achieving Carbon Neutrality in 2050, targets for the manufacturing base of liquid-based LIB in the storage battery industry field are as follows.

- Japan: Establishing 150 GWh by 2030 at the latest
- World: Securing 600 GWh by 2030

In addition, the volume of used EV batteries is expected to begin increasing rapidly around 2030, reaching 20.5 million tons in 2040. In building a sustainable battery industry, establishing a cyclic system by driving the reuse of batteries and recycling of rare metals is an important task and serves as a business opportunity as well.

Supply chain	Impact on financial results	Business	Investment ratio	Operating companies and their abbreviations		Location
Raw materials and precursors / Cathode materials / Cell / Pack / EV	Consolidated subsidiary	Precursor	100%	Toda Advanced Materials Inc.	TAM	Canada
	Associate accounted for using the equity method	Raw materials	50% Partner: Mechema Chemicals International Corp. (Taiwan)	Mechema Toda Corporation	METC	Taiwan
		Precursor	40% Partners: Kansai Catalyst Co., Ltd. and Toyota Tsusho Corporation	Central Battery Materials Co., Ltd.	CBM	Japan
		Cathode materials	34% Partner: BASF Japan Ltd.	BASF TODA Battery Materials LLC	BTBM	Japan

Risks

With its dependency on imports for rare metals, Japan faces problems such as supply instability, supply constraints, and soaring prices, which are attributed to uneven distribution of the resources. It is expected that in 2050 the demand for Co will be equal to or more than the amount of deposits and that for Ni, Mn, and Li will exceed the amount of deposits.

In addition, demand for BEVs may slow, partly because BEVs have been purchased by early adopters and partly because HEVs and PHEVs have an edge in cruising distance, price, charging time, convenience of charging infrastructure, and battery life.

Our Strengths

Associates accounted for using the equity method (joint ventures)

Based on our fine particle synthesis technologies, we moved to the upstream of materials, where we engaged in a wide range of research and development of liquid-based LIB materials and the development of manufacturing technologies. As a result, we now hold more than 70 patents in Japan and more than 240 globally. We also moved ahead with the introduction of equipment for mass production of major cathode materials and established production equipment, manufacturing technologies, equipment management, quality control, and quality assurance system that conform to the automotive and battery industries.

At present, we have formed partnerships, under which METC manufactures raw materials, CBM produces precursors, and BTBM manufactures cathode materials.

Precursor business (TAM)

We have maintained stable supply of precursors for many years. We can build a supply chain that is optimal for business in North America, mainly reflecting the fact that TAM is not designated as a Foreign Entity of Concern (FEOC) under the Inflation Reduction Act (IRA) of the United States.

Business Plan

Expansion of the LIB cathode material business

We will realize production and sales of 60,000 t/year by improving the quality of cathode materials in accordance with technological trends and by launching new products.

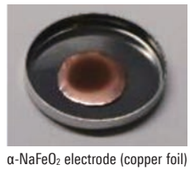
Our Group will contribute to the achievement of the targets under the Green Growth Strategy set by the Japanese government through joint ventures such as BTBM, CBM, and METC.

Accelerating the development of recycling technologies

Our technologies for removing impurity elements, which we cultivated through iron oxide development, can be applied for separating and refining rare metals. We aim to establish technologies for recycling Li, Ni, and Co from offcuts from processes and scrap and to create a business model.

Practical application of SIB, a next-generation battery

Particle design technology using wet and dry synthesis technologies can be applied to the development of $NaFeO_2$ materials. We aim for practical application of $NaFeO_2$-based SIBs, jointly with Tottori University. Leveraging the property of $NaFeO_2$, whose particles are less likely to aggregate together, we will work to increase the capacity, improve the recyclability, and achieve a balance between them.

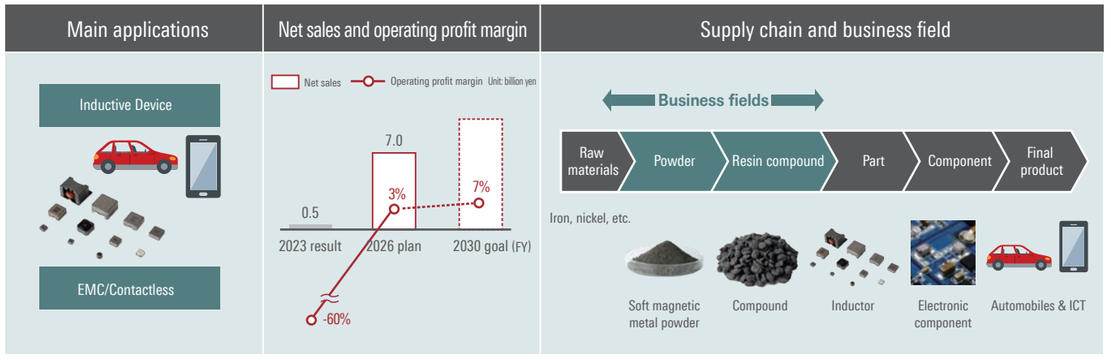


α-$NaFeO_2$ electrode (copper foil) on a case

Two-electrode coin cell that has been assembled (type 2032)

Contributing to reducing the size of passive components
A one-stop supply of soft magnetic materials, including metal materials and ferrite materials, from powders to compounds

Makoto Sadai
Soft Magnetic Materials Business Group
Business Unit Management Department



Business Outline

At the TODA KOGYO Group, we are working to expand soft magnetic materials as our next-generation businesses. We provide soft magnetic materials and components for a type of passive parts that are used for inductive devices and EMC for noise suppression and other purposes.

The products for inductive devices that we provide include ferrite magnetic powders and magnetic metal powders for inductors and parts for semiconductors.

The products for EMC that we provide include soft-magnetic-material-based noise suppress parts and filter materials, as well as magnetic sheets used for RFID devices' wireless communication and wireless power transfer.

Enhancing Group synergies

In 2023, we acquired 100% ownership of TODA ISU CORPORATION (hereafter, "TIC") in Korea, an associate that until then had been accounted for using the equity method, which manufactures magnetic metal powders, ferrite cores, wireless power transfer parts, and other products. This will lead to significant growth in consolidated net sales of soft magnetic materials for fiscal 2024 and onward. It has also enabled us to provide a wide array of soft magnetic materials, from ferrite materials to metal materials.

Outline of TODA ISU CORPORATION
- Manufactures soft ferrite materials including materials for inductors and wireless power transfer parts

Magnetic metal powders

Wireless charge parts

External Environment

Opportunities

The inductor market is expected to grow with CAGR of 6.56% during 2023 to 2032*. Above all, the market of inductors for automobiles has been growing at an accelerated rate due to electrification.

Inductors of smaller size are demanded due to the ongoing size reduction of power supply modules to be mounted on various equipment. To reduce the size of an inductor, microparticulation of its material is essential. This brings us more opportunities to provide our technologies and materials.

In addition, inductors with large current capacity are required for efficiently processing a large amount of current. The magnetic materials used in inductors need to have high saturation magnetic flux density; thus, demand has shifted from the conventional ferrite-based magnetic materials to metal-based materials with higher saturation magnetic flux density. This will increase opportunities to provide our magnetic metal powders.

Risks

We see growing geopolitical risks, including a deteriorating political situation in particular regions and the U.S.-China trade war. This may delay the recovery in demand for electronic parts. In addition, our competitors have introduced cost-competitive products to the market in recent years. At the TODA KOGYO Group, to reduce the impact of these risks, we will shift to high value-added products and focus our efforts on niche markets.

* Precedence RESEARCH "Inductor Market Size, Share, and Trends 2024 to 2034".

Our Strengths

Materials technology

We have two types of manufacturing technology, so as to supply magnetic metal powders with various particle sizes. One is the fine particle reduction method, a manufacturing technology for obtaining uniform magnetic metal powders with small particle sizes: 1 μm or smaller. The other is the water atomization method, a manufacturing technology for obtaining magnetic metal powders with large particle sizes: several μm to tens of μm.

To achieve the high saturation magnetic flux density that is required of inductors in recent years, it is essential that they are filled to a high degree with magnetic metal powders. We will realize this by mixing the magnetic metal powders with different particle sizes at an appropriate ratio.

Surface modification and combined technologies

Technologies for sophisticated surface modification and for combining magnetic metal powders with resins are necessary for maintaining the performance and reliability of the powders. We possess surface modification technologies that increase the avidity with resins, in addition to insulating treatment that permits control of the thickness to as little as several nanometers. We also have combined technologies for manufacturing soft magnetic compounds with excellent workability and reliability while maintaining the properties of magnetic metal powders.

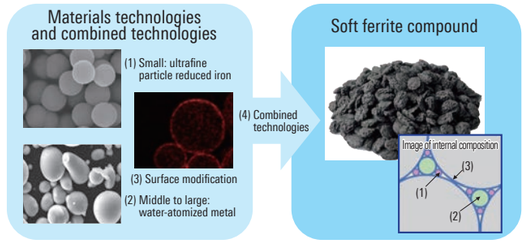


Illustration of designing of a soft magnetic compound

Business Plan

One-stop provision of soft magnetic metal materials.

We ensure one-stop provision of various types of magnetic metal powders and soft magnetic compounds by integrating our materials technology, surface modification, and combined technologies. We aim to be a leading niche company with materials for inductive devices, through provision of customized products which are appropriate for each customer, not to mention generic products.

Cooperation with TIC

We will work together with TIC to strengthen the development of materials for inductive devices and expand the business, aiming to achieve operating profit margin of 7% by 2030.

We will centrally manage technology information of soft magnetic products linking the raw materials to components, so as to improve the quality level in each phase and increase the speed of development. We will also develop an integrated structure of development and production, aiming to build a supply chain that will be trusted by customers more than before. Meanwhile, we will move forward with the development of high value-added products that will enable us to acquire large market shares in niche markets.

Proposing EMC solutions

It is expected that, with the progress in electrification of automobiles, a need to suppress electromagnetic wave noise will emerge. We will strengthen cooperation with automakers and tier-1 manufacturers to move ahead with the assessment and development of noise suppression parts assuming customer use cases.

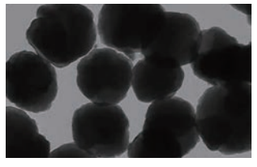
"Business streamlining and profitable business continuity"
Deepening refining technologies to improve manufacturing process efficiency

Shinji Uemoto
Iron Oxide Business Group
Business Unit Management Department

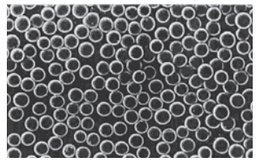
Business Outline

TODA KOGYO was founded in 1823 as a manufacturer and distributor of Bengala, a coloring pigment. In the 1960s, we succeeded in switching from the dry manufacturing method, which had a large environmental footprint, to the pollution-free wet manufacturing method. Beginning from this change of manufacturing method, we acquired capabilities in manufacturing various iron oxide materials, including black iron oxide (magnetite) and yellow iron oxide (goethite), in addition to Bengala (hematite).

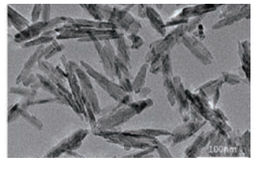
The functional pigments business has been growing with the development of our fine particle synthesis technology for iron oxide, which is our core competence. With annual net sales of 8.1 billion yen, it is one of our mainstay businesses. We provide a range of iron oxide materials in diverse fields. They include toner materials for printers and copying machines, unique carrier materials for color printers and copying machines, pigments for coatings and resins, products for building materials and road pavement, petrochemical refining catalysts, and magnetic recording materials for multilayer magnetic recording media, such as tapes.



Toner material



Carrier material



Recording material

Coloring pigments

External Environment

Opportunities

Today, a shift to products' reduced size and thinner materials is the dominant trend, while further microparticulation of iron oxide materials as their constituents is also sought. A high level of transparency, which is obtained through microparticulation, is required of transparent iron oxide used for coatings and resins, which must have aesthetic quality and durability. Microparticulation is also required of the iron oxide used for recording media because tapes are becoming thinner, reflecting the growing capacity of recording media. Having the technological capability of synthesizing iron oxide with single-digit nanometer particles, we can respond flexibly to demand for microparticulation.

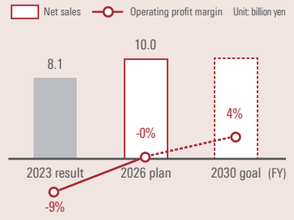
We also maintain sound relationships with coating manufacturers and with printer and copying machine manufacturers in Japan. We are ready to cater to customer needs on a timely basis.

Risks

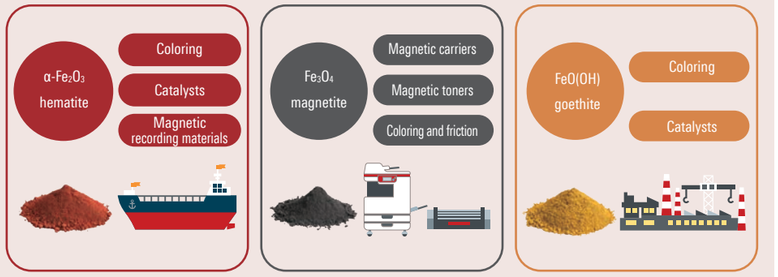
The shift to paperless operations accelerated significantly due to the COVID-19 pandemic. The markets for toner materials and carrier materials, among other products, are shrinking, and competition is intensifying. In addition, there is concern over a deterioration of the profit structure that may be caused by rapidly rising prices of iron-containing waste, including iron scrap.

We will streamline our manufacturing by continuing to advance our technologies for internal manufacturing of iron sulfate and improving the efficiency of the manufacturing process. Moreover, we aim to enhance added value by realizing higher purity and microparticulation in response to the changes and needs in each market.

Net sales and operating profit margin



Main products and their applications



Our Strengths

Technology for repurposing iron-containing waste as a raw material

We possess technologies for manufacturing iron sulfate internally by using iron-containing waste, iron scrap generated at steel manufacturers, as the raw material. We can choose from different types of iron sulfate according to the product quality. We will contribute to building a resource recycling-oriented society through our initiative to convert iron-containing waste into our raw material.

Technologies for internal manufacturing of iron sulfate

Business partners	Iron-containing waste	TODA KOGYO raw material	TODA KOGYO products
Steel manufacturers	Iron scrap Pickling solutions used for steel plates	Iron sulfate	Hematite Magnetite Goethite

Wet synthesis technologies (microparticulation and high purity)

We excel at designing particles to meet specific needs. We are ready to realize microparticulation with TSSDS CONTROL and achieve high purity with our technologies for the internal manufacturing of iron sulfate.

Out wet synthesis technologies enable us to manufacture ultrafine-particle iron oxide with a narrow distribution. We can also customize the particle surface texture and provide products to areas where high quality and high reliability are required, such as magnetic recording materials and ultraviolet scattering agents for coatings.

In addition, we can manufacture the highest-class high-purity iron oxide by combining our wet synthesis technologies with our technologies for the internal manufacturing of iron sulfate. We provide products for fields where the minimization of impurity content is required, such as catalysts and cosmetics.

Business Plan

Reinforcing the cost-effective structure

To drive the reinforcement of the cost-effective structure, we will secure high-quality iron-containing waste and advance our technologies for the internal manufacturing of iron sulfate.

To secure iron-containing waste, we will step up our efforts to multiply procurement routes and broaden the range of forms and purities of iron-containing waste we accept, as a means to hedge risks.

In deepening our technologies for internal manufacturing of iron sulfate, we will develop technologies for maintaining and improving purity as well as technologies for recycling valuable metals, regardless of the type of iron-containing waste, aiming to reduce costs. At the same time, we will reduce specific energy consumption, including water consumption, and product losses and consolidate processes, in an effort to streamline the iron oxide manufacturing processes.

Expanding sales of new brands in Japan and overseas

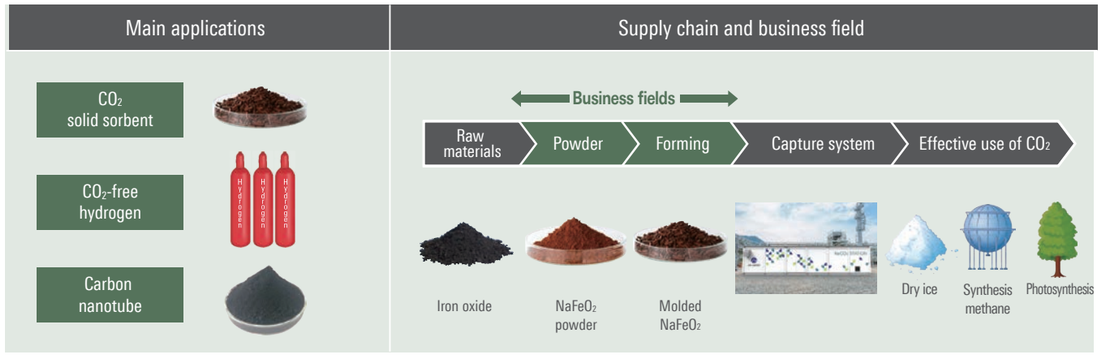
In emerging markets that are expected to grow, including those in Southeast Asia, we will seek to expand sales of iron oxide for cosmetics, which are required to have high purity, as well as transparent iron oxide and pigments for coloring resins and coatings, where microparticulation is required.

In the Japanese market, we will seek to expand sales of magnetic recording materials, transparent iron oxide, and other products where microparticulation is required. At the same time, we will expand the application of iron oxide to new markets.

In markets that are growing more competitive or shrinking, we will streamline our business and fulfill our supply responsibility based on profitability.

Social management of CO_2
Social implementation of CO_2 solid sorbent and CO_2-free hydrogen

Kojiro Iwahara
Environmental & Sustainability Materials Business Group
Business Unit Management Department

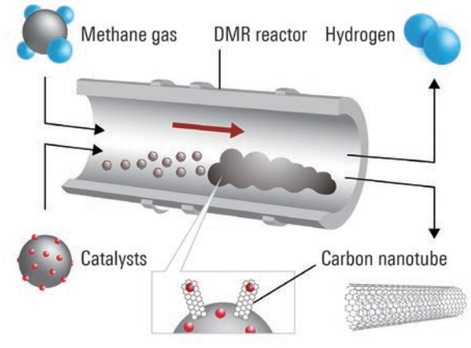


Business Outline

At TODA KOGYO, we focus on the catalyst function of iron oxide and have developed environmental related materials with functions including dioxin control and the resolution of volatile organic compounds (VOC).

Climate change, also called the "climate crisis," has today become a major social issue that none of us can avoid. Applying fine particle synthesis technology, we are working principally on two development themes in the field of CO_2 control, which attracts particular attention.

One is CO_2 solid sorbent: separation and capture technologies. The other is the generation of CO_2-free high-concentration hydrogen technologies for effective utilization of unharnessed natural gas. For both development themes, we are developing systems with our partners at the same time as developing materials, aiming for early social implementation.



Direct methane reforming process, a technology that enables the efficient manufacture of CO_2-free hydrogen (Direct Methane Reforming)

External Environment

Opportunities

Japan has declared its intention to achieve carbon neutrality by 2050 and plans to introduce growth-oriented carbon pricing to achieve this goal.

To achieve carbon neutrality, it is important to not only control CO_2 generation but also capture CO_2 and make use of it as a resource. To make effective use of CO_2 as a resource, we need to reduce the cost of separating and capturing CO_2 significantly. The Ministry of Economy, Trade and Industry of Japan encourages the development of new CO_2 separation and capture technologies and has set a target of reducing the separation and capture cost to less than 2,000 yen/t-CO_2[*1]. We participate in the Green Innovation Fund and are moving forward with the development of CO_2 solid sorbent under an industry-academia-government collaboration.

In addition, energy conversion is important for achieving carbon neutrality. Above all, investment in hydrogen infrastructure is necessary. Japan plans to increase hydrogen supply to 3,000,000 t/year by 2030 and to 20,000,000 t/year by 2050. At the same time, it plans to reduce the hydrogen supply cost to 30 yen/Nm^3 by 2030[*2]. We are driving the development of a technology for manufacturing CO_2-free hydrogen from surplus methane as the raw material.

Risks

A delay in the introduction of environmental regulations and a relaxation of the level of environmental regulations may result in a reduction of decarbonization-related investment in the overall industry and the shrinking of the decarbonization market, among other consequences.

*1 NEDO website page entitled "Development of Technology for CO_2 Separation, Capture, etc."

*2 Agency for Natural Resources and Energy, Torimaku Kokunaigai Jousei-to Suiso Seisaku-no Genjo-ni Tsuite (domestic and overseas situations and current status of hydrogen policy), August 2023

Our Strengths

Knowledge and expertise related to iron oxide and manufacturing equipment

We have been accumulating extensive knowledge and expertise based on wet synthesis technologies. Harnessing this expertise and our manufacturing equipment, we have developed inorganic CO_2 solid sorbent.

This CO_2 solid sorbent absorbs CO_2 at room temperature and discharges CO_2 when heated to a temperature of around 100 degrees Celsius. Made primarily from affordable sodium and iron, it is a sustainable material with a low raw material procurement risk. In addition, it is less odiferous and more resistant to oxidation degradation than organic CO_2 sorbent.

CO_2 solid sorbent (Molded material)

CO_2-free hydrogen manufacturing technology

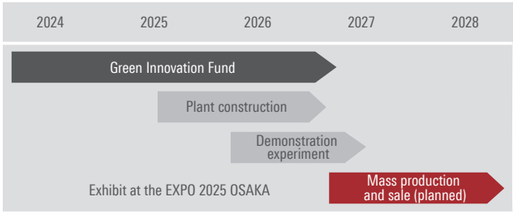
The direct methane reforming using our unique iron oxide-based catalyst enables efficient manufacturing of CO_2-free hydrogen. We have improved the catalytic performance of the iron oxide-based catalyst by highly dispersing iron at the atomic level in particles of around 200 nanometers. In addition, carbon nanotubes, which are generated at the same time as CO_2-free hydrogen, can be highly dispersed in various solvents. They can therefore be used in diverse fields, mainly including use for electrical conductivity.

Business Plan

Development of a revolutionary CO_2 separation and capture technology

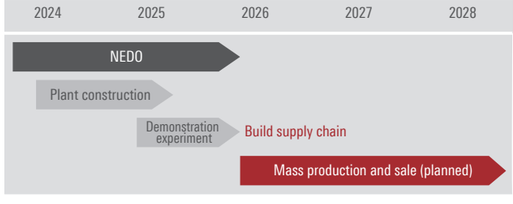
TODA KOGYO is in charge of material development and improving the CO_2 solid sorbent's CO_2 capture performance and handleability, aiming to reduce the CO_2 separation and capture cost to less than 2,000 yen/t-CO_2.

In the commercialization, Air Water Inc. is in charge of system design and production of a capture device equipped with CO_2 solid sorbent. We aim to have the system introduced for small- to medium-sized boilers and exhaust gas equipment of plants in 2027.



Building a supply chain of CO_2-free hydrogen

We will manufacture CO_2-free hydrogen that is highly affordable, (30 yen/Nm^3or below) high-purity (99.99% or higher) CO_2-free hydrogen by applying the direct methane reforming process and using unharnessed natural gas associated with hot springs in Toyotomi Town, Teshio-gun, Hokkaido. We will provide CO_2-free hydrogen to companies near the facility, aiming to build a supply chain of CO_2-free hydrogen.



Materiality

In 2023, the TODA KOGYO Group identified materialities. We will aim to achieve sustainability at corporate, societal and global environmental levels through the integrated management of our Management Principle, Purpose, Management Policy, medium-term management plan, and materiality.

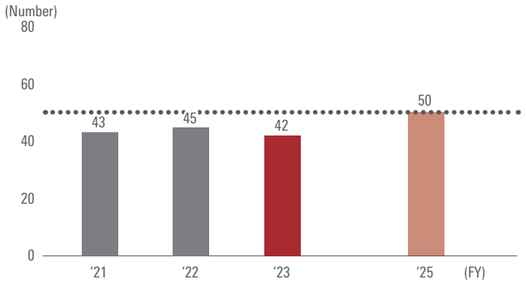
The ten materialities that we have identified have been organized based on the four management policy items and three items of social value.
The materialities of TODA KOGYO serve not only to mitigate risks in our business activities but also as metrics of medium- and long-term management and human capital strategy. They also function as a guidepost for daily decision-making by all employees.

Management Policy (Our Vision)	Value We Bring to Society	Materialities	Details	Related SDGs	Initiatives Aimed at Achievement	Indicator	Year of Achievement	Target	FY2022	FY2023
We will establish a management foundation as a "Manufacturing Company" that can contribute to society and will continue to grow and develop even 100 years after its establishment.	We will refine our only-one technologies and continue to offer products and solutions that have high added value.	Contributing to future society through innovative fine particle synthesis technologies	Product Innovation	P. 39	7, 9, 12, 13, 17	Accelerate open innovation	Number of collaborative themes pursued with companies and universities	2025	At least 50 per year	45 per year	42 per year
						Creation of new products and technologies that contribute to the environment	Ratio of environmentally friendly/harmonious developed products	2030	70% or more	38%	37%
						Strengthening of intellectual property strategy	Number of applications	2030	At least 50 per year	20 per year	15 per year
			Process Innovation	P. 40	7, 9, 12, 13	Switching to new manufacturing methods	Number of projects commercialized	2030	3 or more	—	0
						Toughening of infrastructure and facilities	Amount invested in toughening infrastructure and facilities	2026	4.5 billion yen	0.4 billion yen	1.0 billion yen
						Circular economy	Commercialization of battery material recycling	2030	Commercialization	—	Under development
			Value-driven Marketing	P. 41	8, 12	Branding that utilizes our strengths	Number of press releases (cumulative)	2030	16 or more	3	3
							Marginal profit rate (consolidated)	—	50% or more	37.8%	43.3%
						Cultivate global market	Percentage of overseas sales (consolidated)	2030	70% or more	59.7%	48.5%
						Swift coordination between manufacturing, development and sales	—	—	—	—	—
	We will become a company that is essential on a global level and increase the corporate value of the Group.	Building a sustainable supply chain	Stable Supply	P. 43	3, 9, 12, 16	Pursuit of zero qualify defects	Number of defects occurring	2030	10 per year or less	28 per year	24 per year
						Pursuit of zero serious accidents	Occupational accident rate	2030	1.20 or less	1.39	3.47
						Stable procurement	Excellent supplier ratio	2030	85% or more	74%	64%
			Climate Change	P. 47	6, 7, 12, 13, 14, 15	Encourage carbon neutrality	GHG emissions (Japan, Scope 1 and 2)	2030	22,000t per year or less	41,067t per year	25,059t per year
							Specific energy consumption reduction rate (in Japan, vs. 2013 base year)	2030	At least 17%	18%	24%
							Renewable energy usage rate (Japan)	2030	At least 17%	0%	47%
						Repurposing and effective utilization of resources	Industrial waste reduction rate (in Japan, vs. 2013 base year)	2030	25% or more	19%	37%
							Conversion of crude raw materials and by-products into raw materials	2030	3 or more	0	0
			Financial Base	P. 49	8	Optimization of the business portfolio	Stabilization of ROE (consolidated)	—	10% or more	23.1%	-24.1%
						Improved cashflow	Operating profit ratio (consolidated)	2030	8% or more	3.9%	0.4%
							Equity ratio (consolidated)	2030	40% or more	30.5%	25.8%
	We will seek the happiness of our employees and their families and will be a company that is constantly trusted by our stakeholders.	Being a better corporate citizen and a better social institution	DE&I	P. 51	3, 5, 10, 16	Workplace development that unlocks people's potential	Ratio of female employees	2030	25% or more	17.1%	17.2%
							Ratio of female managers	2030	10% or more	2.8%	1.9%
							Rate of childcare leave and leave for childcare purposes taken by eligible male employees	2030	95% or more	92%	100%
						Development of a workplace environment enabling employees to display creativity	Improvement of employee engagement	—	Start of measurements in 2023	—	4.66/7 points
			Personnel Development	P. 55	4, 8	Human resource development supporting a company built upon technology	Cost of education per person (consolidated, base year: 2022)	2030	30,000 yen per person	19,800 yen per person	21,783 yen per person
							Number of participants selected for next-generation management candidate training	—	6 or more per year	—	6 per year
			Governance	P. 57	8, 10, 12, 16	Improved transparency and effectiveness of Board of Directors	Improved analysis and functioning through ongoing evaluations of effectiveness	—	—	—	—
						Strengthening compliance	Number of serious legal or regulatory violations	—	Zero violations	0	0
			Information Management	P. 61	9, 16	Strengthening information security of the Group	Incident identification within 24 hours and expanded scope of response	2030	Consolidated subsidiaries	Japan	2 out of 9 overseas companies
						Improved information literacy Group-wide	Number of digitalization projects led by user departments (cumulative)	2030	250	17	38

Product Innovation

Accelerate open innovation (materiality indicator)

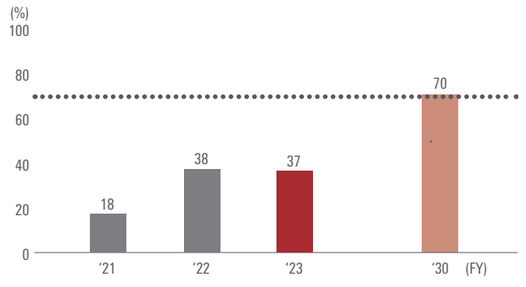
At the TODA KOGYO Group, we advance open innovation not only through our relationships with customers and universities but also by using inquiries from exhibitions and press releases. We have set the target of increasing the number of themes of collaborations with companies and universities to at least 50 in 2025 in our materialities. The number was 42 in 2023. In 2024, we signed a joint research agreement with Tohoku University and launched research and development by utilizing NanoTerasu, the 3GeV synchrotron radiation facility. Moving forward, we will use knowledge and achievements from this collaboration to accelerate new product development.



Number of collaborative themes pursued with companies and universities

Creation of new products and technologies that contribute to the environment (materiality indicator)

We assess the direct impact on the internal operation and indirect impact on customers and markets of the item being developed at the initial stage of development using the environmental assessment checklist. We have set a target of increasing the ratio of environmentally friendly/harmonious developed products to 70% or more by 2030 in our materialities. Moving forward, we will accelerate actions towards carbon neutrality of the electronic materials business, aiming to create new products and technologies which contribute to the environment.



Ratio of environmentally friendly/harmonious developed products

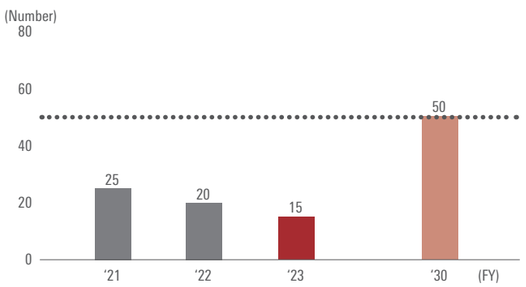
Strengthening of intellectual property strategy

The TODA KOGYO Group understands that intellectual property is a significant asset for corporate activities. It therefore encourages activities relevant to intellectual property and endeavors to ensure that it is protected and utilized properly. The R&D department and the intellectual property department maintain close ties and carry out activities related to intellectual properties, aiming to maximize our corporate value.

Number of applications (materiality indicator)

We believe that, to maintain and expand our business, we need to develop technologies that enable us to solve customers' issues, ahead of other companies, and secure intellectual property rights. To link the achievements from development efforts to multilateral patent applications, we have set a target of increasing the annual number of patent applications to 50 by 2030 in our materialities.

In fiscal 2023, we focused our efforts on patent applications related to soft magnetic materials, environmental related materials, and dielectric materials, which we position as growth fields. We filed 15 patent applications.



Number of applications

Intellectual property activities for enhancing corporate value

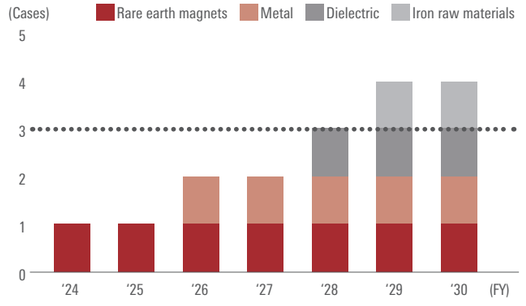
Moving forward, we will step up our training on intellectual property for development personnel, so as to develop human resources who will create more inventions in new product development activities. We will aim to secure high-quality rights. We will also create patent maps to visualize and share patent-related information. By analyzing the patent maps, we will clarify the positions of our own intellectual property and technologies as well as those of other companies and work to build a portfolio of intellectual property that will be necessary for our business activities into the future.

Process Innovation

Switching to new manufacturing methods (materiality indicator)

We are working to help build a sustainable society, create value, and increase our competitiveness by switching to new manufacturing methods.

1. Switching of iron material manufacturing method
   The stable procurement of raw materials is an important task in the iron oxide business, which we have operated since our founding. During the 1940s and 1950s, we succeeded in switching the raw material from the previous iron sulfide to iron sulfate. We have been recycling effluent (pickling solutions used for steel plates) from steel manufacturers into iron sulfate, thus also contributing to reducing waste. We will continue working to establish purification technologies, which convert iron-containing industrial waste into valuables, so as to ensure stable raw material procurement while also contributing to the environment.
2. Switching of the method of manufacturing dielectric materials.
   For dielectric materials, which we position as a future growth business, the development of cost-competitive, high-quality next-generation products is an important task. By switching to a new manufacturing method, we will increase the ratio of alkali used as the raw material and combine it with our technology for removing impurities, aiming to reduce the environmental impact and complete next-generation products.
3. Switching of the method of manufacturing metal materials
   Metal powders with fine particles and sharp distribution are needed for responding to the reduced size and higher precision of electronic components. To fulfill these property requirements, we aim to establish a technology for the fine particle reduction method, a manufacturing method that will replace the conventional heat reduction treatment.
4. Switching of the method of manufacturing rare-earth magnetic materials
   Rare earth magnets are magnet materials that are expected to see high rates of growth. Continued improvements in the operating rate and labor-saving are future tasks. We will approach these tasks by switching from the existing manual batch process to a serial process applying robots and others.



Themes of switching to new manufacturing methods: Commercialization plan

Toughening of infrastructure and facilities (materiality indicator)

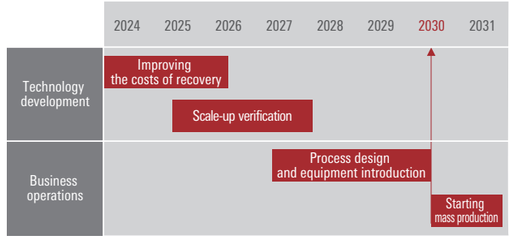
In light of technological advances, we are making our production infrastructure and equipment more resilient. Making considerations mainly from the viewpoints of energy efficiency and productivity, we are working to evolve our production sites to make them more friendly to the environment and employees. We plan to invest a total of 4.5 billion yen from fiscal 2022 to fiscal 2026 at our main plants in Japan. As of the end of fiscal 2023, we invested approx. 1.0 billion yen (completed investments). Key initiatives are as follows:

- Introduction of thermal control systems as highly energy-efficient equipment
- Replacement of process control computers with the latest models
- Establishment of production sites with considerations for safety and workability

In fiscal 2023, we completed investments at a rate of approx. 22% of the total, which was certainly not according to the plan. Initiatives to make infrastructure and equipment resilient are important in supporting manufacturing. We will therefore continue to pursue initiatives flexibly by also considering the external environment.

Circular economy (materiality indicator)

Rapid progress is being made in the spread of EVs, which is an initiative to reduce greenhouse gas emissions as a cause of global warming. We aim to contribute to the shift to a circular economy by finding practical application for technologies for recycling LIB used in EVs and other equipment. We have started to develop a technology for recovering lithium and succeeded in recycling it into a battery material. We will hone this technology further, aiming to commercialize recycling of battery materials by 2030.



Roadmap of commercialization of battery material recycling

Value-driven Marketing

In 2023, the TODA KOGYO Group identified value-driven marketing as one of its materialities, so as to continue providing high value-added products and solutions.

For the Group, being value-driven means leveraging its cultivated technologies and its ability to provide solutions in building businesses with a focus on products and services that cater to market needs and help solve customers' problems. Market needs and customer problems have been changing significantly, mainly due to the increasing global population, decarbonization, aging of populations in developed countries, and the pros and cons of AI technologies. We believe that the value we should pay attention to is high reliability, lower environmental impact, and the power of materials including fine particles. At the TODA KOGYO Group, we have been responding to these changes in value by honing our technologies and engaging in marketing activities for finding market needs and customers' problems.

Branding That Utilizes Our Strengths

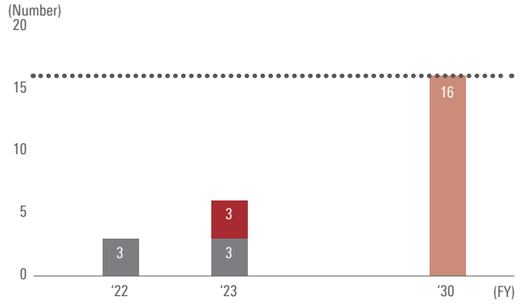
Number of press releases (materiality indicator)

At the TODA KOGYO Group, we are working on branding to make ourselves known to markets and customers. As a relevant materiality indicator, we have set a target of increasing the cumulative number of press releases about products and technologies to 16 or more by 2030.

In fiscal 2023, we published the following three press releases. We will remain proactive in delivering information via press releases, website, booths at exhibitions, and more.

- Commencement of Shipment of Samples of the TES Series Flexible Ferrite Sheets for Electromagnetic Field Shields (May 24, 2023)
- Adopted "Build Supply Chains of Local CO_2 Free Hydrogen Utilizing Unharnessed Natural Gas in Toyotomi Town, Hokkaido" as a NEDO Project for Development of Technologies for Realizing a Hydrogen Society (August 8, 2023)
- Tottori University and TODA KOGYO Jointly Develop an Innovative Sodium Ion Battery Using Iron Oxide (Sodium Ferrite) for Cathode and Anode (March 25, 2024)

* These releases are provided in Japanese only.



Number of press releases (cumulative)

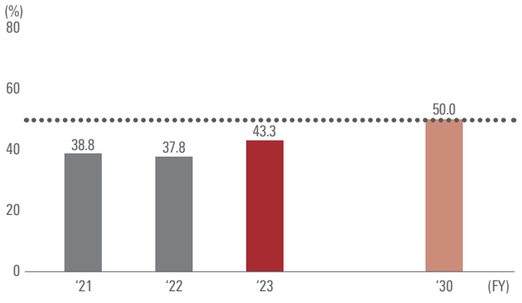
Marginal profit rate (materiality indicator)

To provide high added value, the Group has strengthened its businesses through M&A and streamlining. It is also organizing its businesses through business portfolio management. As a relevant materiality indicator, we have set a target of increasing consolidated marginal profit rate to 50% or more by 2030.

In fiscal 2023, the consolidated marginal profit rate was 43.3%, up from 37.8% for the previous fiscal year. Major factors for the increase are the sale of, or downsizing at, overseas consolidated subsidiaries whose marginal profit rate had declined.

In 2021, we closed the Busan factory of TODA FERRITE KOREA CO., LTD.*, a ferrite manufacturer in Korea, and decided to dissolve TODA MAGNET (SHENZHEN) CO., LTD., a rubber magnet manufacturer in China. And in 2022, we transferred our equity stake in Toda United Industrial (Zhejiang) Co., Ltd., a pigment manufacturer in China. We will continue this approach of selection and concentration through business portfolio management, aiming to increase the marginal profit rate.

* TODA FERRITE KOREA CO., LTD. was renamed Toda Korea Seoul Co., Ltd. in 2022.



Consolidated marginal profit rate

Cultivate Global Market

While the Japanese market has been contracting due to a population decline reflecting the falling birthrate and the aging population, markets in other Asian countries have been expanding. We are cultivating markets globally, aiming to build a supply chain for providing value to markets which are expected to grow, meeting demand for local production for local consumption, and addressing geopolitical risks. We are driving marketing activities for cultivating markets with a global framework, which includes not only our bases in Japan but also sales offices in Germany, China, and Korea. We are also taking steps to increase sales from overseas businesses through the expansion of existing overseas production bases and M&A.

In recent years, we acquired the following two companies through M&A.

Jiangmen & Partner's Magnetic Product Co., Ltd. in China, which we made our consolidated subsidiary in 2021, is a company specializing in molded magnets, with sales of around 3.0 billion yen. Its quality control capability is highly valued mainly by customers in the European market who manufacture motors and sensors.

TODA ISU CORPORATION in Korea, which we made our consolidated subsidiary in 2023, specializes in soft ferrite materials and parts and has sales of around 5.0 billion yen. It focuses mainly on exporting ferrite materials and parts used in electronic products and anechoic chambers. This company will be an important production base in our efforts to expand the business of soft magnetic materials.

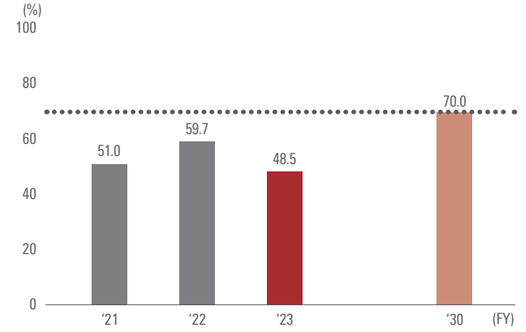
P. 25 Business Strategies Magnet Materials
P. 31 Business Strategies Soft Magnetic Materials

Percentage of overseas sales (materiality indicator)

As a materiality indicator related to overseas market cultivation, we have set a target of increasing the percentage of overseas sales to 70% or more by 2030.

In fiscal 2023, the percentage of overseas sales declined significantly year on year, to 48.5%. Major factors for the decrease were the sale of Toda United Industrial (Zhejiang) Co., Ltd. and a decline in net sales at Toda Advanced Materials Inc., a manufacturer of precursors for LIB cathode materials. Under Vision2026 medium-term management plan, we position the LIB precursor business as one needing revitalization and reorganization, so we will look for the next theme and drive streamlining of the business.

P. 29 Business Strategies Battery Materials

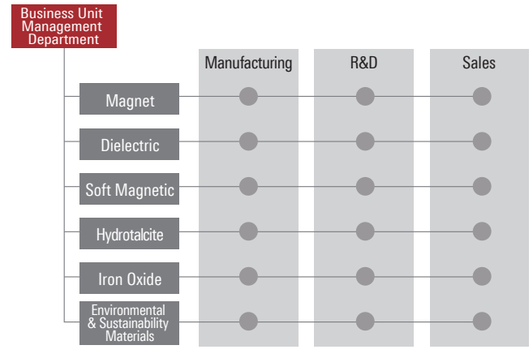


Consolidated percentage of overseas sales

Swift Coordination Between Manufacturing, Development and Sales

We believe that the source of our competitive advantages is our co-creation ability, which integrates our manufacturing capabilities, creativity, and sales capabilities. We attach importance to co-creation ability in our value-driven marketing activities as well. We focus on prompt cooperation between our manufacturing, development, and sales departments.

We have adopted a functional organizational structure in light of our size and the cost-efficiency of operating organizations. While our functional organizational structure facilitates the formation of a consensus and total optimization, it has a challenge in cooperation between departments and responding to changes specific to each business. We have consequently established the Business Unit Management Department, which manages activities in each business, so as to further strengthen cooperation between departments and respond flexibly to changes specific to each business. The activities of senior personnel in each business from the Business Unit Management Department include coordination of and support for cooperation, decision-making, and reporting to management. Through these business operations by the Business Unit Management Department, we will seek prompt cooperation between the manufacturing, R&D, and sales departments and enhance the ability of co-creation.



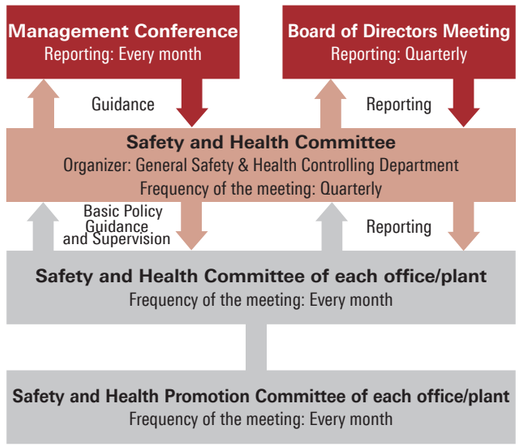
Structure of the business unit management department

Pursuit of Zero Serious Accidents

Overview of occupational safety and health

The TODA KOGYO Group gives top priority to the safety and health of its workers. We will enhance workplace environments to ensure that our staff can keep working safely and with peace of mind. At the same time, we also carry out personnel development.

We cooperate with individual offices and plants in activities related to safety and health of the overall Group, mainly via the Central Safety and Health Committee.



Framework for managing safety and health activities

Targets and results

To evaluate the effectiveness of our safety and health activities, we have set KPIs for multiple items. In fiscal 2023, we could not achieve the target frequency rate of occupational accidents, but we achieved targets for the other items.

Major KPIs

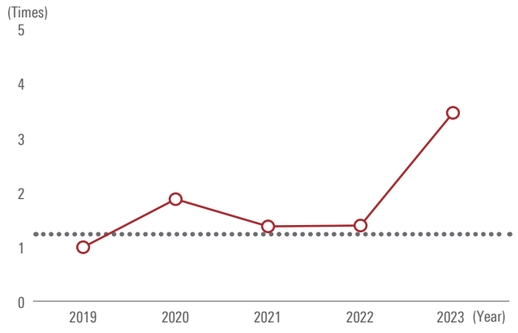
Items	Target	FY2023 result	
Occupational accident rate	1.20 or less	×	3.47
Severity rate of occupational accidents	0.10 or less	○	0.07
Percentage of employees who receive general health checkups	100%	○	100%
Percentage of employees who receive special health checkups	100%	○	100%
Percentage of employees undergoing stress checks	98.5% or more	○	98.8%
Percentage of employees with high stress levels	15% or less	○	11.0%
General health risks	100 or less	○	93

Occupational accident rate (materiality indicator)

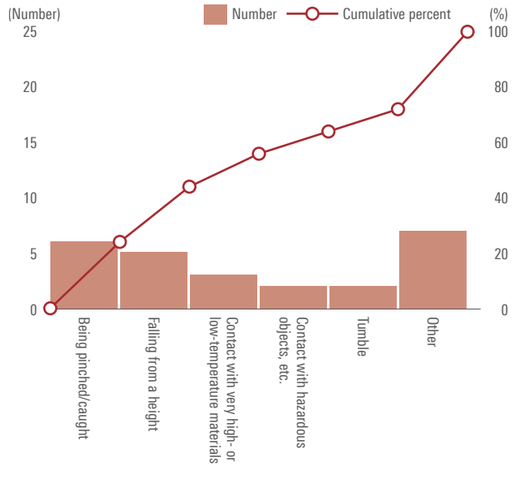
As a materiality related to safety and health activities, we have set a target of decreasing the frequency rate of occupational accidents to 1.20 or less by 2030.

In 2023, the frequency rate of occupational accidents was at its highest for the past five years, reflecting an increase in the number of minor accidents accompanied by lost work time. To reliably achieve the target by 2030, we need to take intensive action against high-level accidents accompanied by lost work time, such as being pinched or caught and falling from a height.

We will continue to drive risk assessment, hazard prediction activities, and the setup of signs that are common across the Group, aiming for zero serious accidents.



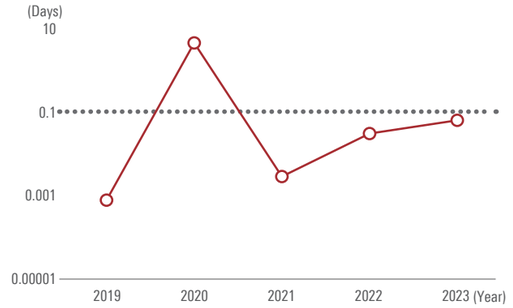
Occupational accident rate



Number of lost-time injuries (last 10 years)

Severity rate of occupational accidents

The severity rate of occupational accidents was higher than usual, reflecting the frequency rate of such accidents. However, we were able to achieve the target value of 0.10 or less because of a high ratio of accidents accompanied by lost work time with a relatively low level of severity with lost work time of one to three days.



Severity rate of occupational accidents

Training

In accordance with the Industrial Safety and Health Act, we support the acquisition of various qualifications and provide various types of training related to operations needing special training.

In fiscal 2023, we gave special training and training for acquiring qualifications internally at the Otake Plant. The training was given by persons qualified as either an Industrial Safety Consultant or an Industrial Health Consultant. We will continue to develop next-generation safety and health leaders.

Internal training (excerpt)

Details of training	Training site
Safety and health training for new employees and mid-career recruited	Head office
Training for acquiring various qualifications (laser, safety manager, etc.)	Otake
Handling of high-pressure gas	Onoda
Handling of organic solvents	Okayama
About heat stroke	All business sites
Lectures on health	All business sites

Management of chemical substances

We manage chemicals at the same time as operating the ISO 45001 and ISO 14001 systems. In addition, we have joined the Japan Chemical Industry Association and are running responsible care activities as well. Through these activities, we engage in a range of initiatives related to chemical management.

Regarding laws and regulations, the Industrial Safety and Health Act was amended in 2022 and new chemicals regulations came into force. In line with the intent of these regulations, we are shifting from legally compliant management to autonomous management, with which we identify and address risks on our own. In fiscal 2023, as part of the autonomous management activities, we conducted a fit test and selected the optimal respiratory protective device for preventing exposure to welding fumes.

The number of chemical substances subject to risk assessment has been increasing each year. To encourage understanding of chemical substances among employees and ensure their safety, we have put up simplified SDSs, which indicate the harms and hazards of chemical substances in an easy-to-understand manner, at sites where employees handle chemical substances ranging from raw materials to final products.


簡易SDS 現場表示用 Ver.1
工程: MRCP' 場所: 3F 作業の種類: 投入作業
CAS No. 1317-61-9, 1309-37-1 作成日: 1/17/2024
MAT-203PE（酸化鉄）
Triiron tetraoxide(Fe_3O_4), Ferric oxide(Fe_2O_3)
消防法非該当
人体に及ぼす作用
危険有害性情報
H370 臓器の障害（呼吸器）
H372 長期にわたる、または半白暴露による臓器の障害（呼吸器系）
注意喚起語: 警告
取扱上の注意
*内容物取扱時の追加保護具:
保護メガネ ゴム手袋 防塵マスク
①粉塵が拡散しないよう局所排気装置を使う。
②保護具を着用する。
③汚染された作業着を作業場から持ち出さない。
④取扱い後は手を良く洗う。
緊急時の対応
緊急連絡先：大竹事業所 守衛：XXX-XXX-XXX
漏出時の措置
人体に対する注意事項 関係者以外の立入り禁止し、適切な保護具着用して暴露を防止。
環境に対する注意事項 環境への放出を避ける。
除去方法 可能な限り密閉容器に回収して廃棄する。
火災時の措置
消火剤 周辺火災に適応した消火剤
使用不可の消火剤 棒状注水（拡散防止）
特有の消火方法 なし
応急処置
緊急連絡先：大竹事業所 守衛：XXX-XXX-XXX
目に入った場合: 流水で15分以上、洗い流した後、必要に応じて眼科医に受診。
皮膚に付着した場合: 多量の水と石鹸で洗い流す。必要に応じて医師の診断を受ける。
吸入した場合: 新鮮な空気のある場所に移動し、休息させる。
飲み込んだ場合: 直ちに水で口をすすぎ、必要に応じて医師の診断を受ける。
その他:
廃棄上の注意
化学物質 廃棄物処理法の許可を受けた業者に処理を委託する。
汚染容器等 同上
引用SDS No. MAT-203PE SDS-JP 230203

A simplified SDS put up at work sites

Quality Assurance

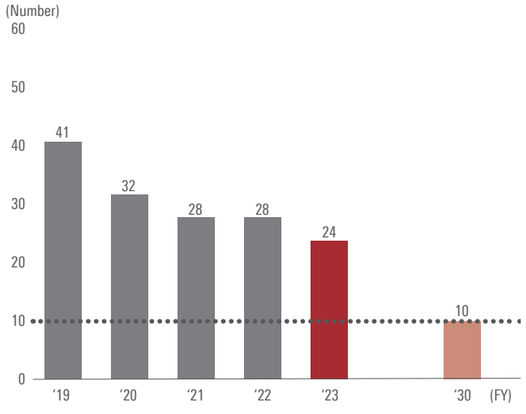
Quality assurance structure

The TODA KOGYO Group implements responsible quality management in accordance with the ISO 9001 and ISO 14001 series of standards, aiming for zero quality defects (complaints and out-of-control processes). We see complaints from customers and internal quality incidents as opportunities for improvement and carry out improvement activities under the initiative of the Quality Assurance Committee. To swiftly respond to customer requests, the Quality Assurance Committee centrally manages complaint information for the entire Group and supports the quality-related activities of individual facilities. The Quality Assurance Department, which implements the decisions of the Quality Assurance Committee, is independent from the sales, development, and manufacturing departments so that it can make decisions from the company-wide perspective.

Number of defects occurring (materiality indicator)

As materialities related to quality assurance activities, we have set a target of reducing the number of defects to ten or below by 2030.

The number of defects that occurred in fiscal 2023 was 24, the lowest number since fiscal 2019. We believe that this is thanks to the effect of activities for preventing recurrence, which we implemented based on root cause analysis. While the number of defects has been declining, there is a large gap with the target. We therefore need to introduce new methods and make steady efforts. In fiscal 2024, we will raise the level of standard operations as we strive to achieve further improvement.



Number of defects occurring

Product Safety and Customers' Health

Policy on product safety and customers' health

At the TODA KOGYO Group, we have set zero product-related accidents and a rate of response to customer inquiries at 100% as targets under our policy on product safety and customers' health.

Policy on product safety and customers' health

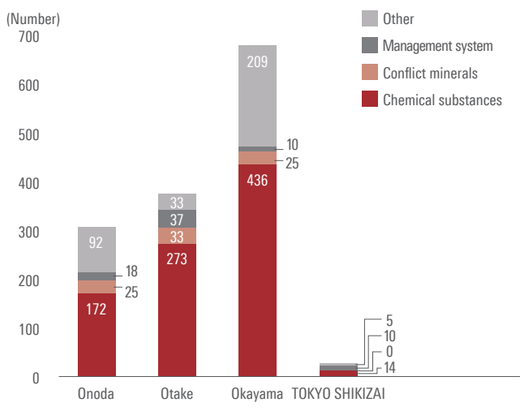
Strive to ensure product safety by developing products with safety, health, and environmental considerations and providing information in response to changing needs.

Priority initiatives

1. Comply with and monitor laws and regulations in Japan and other countries.
2. Begin to manage hazard and toxicity information of chemical substances in the product design phase.
3. Provide customers with product safety information proactively and collect information from them.
4. Build a framework for responding to emergencies.
5. Provide employees with training on laws, regulations, and internal rules related to product safety.

Provision of product-related information

To permit customers to use our products safely with a sense of security, we try to respond promptly and carefully to inquiries about the presence or absence of hazardous substances contained in our products, content of such substances, conflict minerals, management system, and, BCP, among others.



Number of inquiries received in FY2023

Stable Procurement

The TODA KOGYO Group shares the global values in the areas of human rights, labor, environment, and anti-corruption that are specified in the United Nations Global Compact. We endeavor to construct a responsible global supply chain to increase its sustainability. We have formulated the Procurement Code of Conduct in accordance with our Compliance Code of Conduct and internal rules.

TODA KOGYO website
Sustainable Procurement

Supply chain management

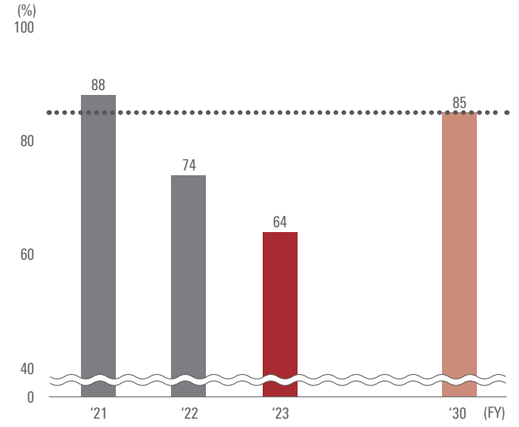
To conduct sustainable procurement, we ask our suppliers to make assessments using a check sheet. We distribute the CSR Self-Check Sheet (prepared in Japanese, English and Chinese) to our major suppliers and ask them to answer survey items on the sheet to confirm their strengths and improvements. In addition, we revise the CSR Self-Check Sheet every year to respond to changes in customer requirements and society.

We designate suppliers with a total score exceeding 85% in this survey as excellent suppliers. We commend suppliers who have achieved especially high scores and contributed to the Group's business and society. To have more suppliers designated as excellent suppliers, we regularly hold a session for explaining our policy and initiatives and support our suppliers through information provision and dialogues.

Excellent supplier ratio (materiality indicator)

As a materiality related to procurement activities, we have set a target of increasing the percentage of excellent suppliers to 85% or more by 2030. In recent years, the percentage of excellent suppliers has been declining because we have raised the level of requirements about the environment, human rights, business continuity plan, and others for the purpose of visualizing business risks.

We ask suppliers with low scores to improve their management systems. We conduct on-site and document audits as necessary to share issues with suppliers and collaborate with them to solve the issues.



Excellent supplier ratio

Requests to Our Suppliers

Reduction of quality inconsistencies

Specific manufacturing sites of TODA KOGYO have acquired IATF 16949 certification. IATF 16949 is a specialized standard for the automobile sector. This standard requires the development of a quality management system for preventing defects, reducing inconsistencies and waste, and making continuous improvements. We also ask suppliers to establish quality management systems and carry out quality assurance activities for fulfilling the above requirements. We also ask them to make similar requests of their suppliers.

Water resource management

Demand for water as a scarce resource is growing, mainly due to global warming and economic development and population growth in developing countries, and water shortages are regarded as one of the risks faced by the entire world.

At the TODA KOGYO Group, we will work together with local communities and stakeholders to use water sustainably. Water resources are indispensable to our manufacturing activities. They are also risk factors such as resource depletion and flooding. We therefore ask our suppliers to identify and address water risks at the same time as managing wastewater and making efficient use of water.

Environmental Vision

Revising environmental vision

In 2023, the TODA KOGYO Group revised its Environmental Vision, including its Environmental Policy and Environmental Code of Conduct. The revised Environmental Vision includes five pillars of environmental management that constitute the core of activities, with "Conserving water resources" having been added as a new pillar. We also revised the content and targets of each item. As a chemical manufacturer, we will step up our efforts further to reduce the environment impact.

Five pillars of environmental management

- Conserving biodiversity
- Reduction of greenhouse gas emissions
- Conserving water resources
- Providing products and technologies that are in harmony with the environment
- Acting to form a recycling-oriented society

TODA KOGYO website
Environmental Vision

Company-wide education

Reflecting the revision of the Environmental Vision, we provided officers and employees with training on biodiversity and water resources.

We structured the content of the training with awareness of the relationships of biodiversity and water resources with corporate activities, instead of limiting it to what is good for society. Answers to the questionnaire, which was conducted after the training, included risks related to TODA KOGYO and proposed initiatives.

Environmental training in FY2023

Theme		Biodiversity	Water Resources
Attendance rate		93%	91%
Details		What is biodiversity?	What is water stress?
		Biodiversity crisis	Comparison of water stress between Japan and the world
		Risks for economic activities	Virtual water
		About Nature Positive	Water risks faced by companies and their response
		Importance of contributing through businesses	Current water-related information disclosures

Encourage Carbon Neutrality

Expression of support for the TCFD recommendations

In July 2023, the TODA KOGYO Group declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Moving forward, we will steadily implement initiatives to reduce GHG emissions and assess climate change risks and opportunities based on scenario analysis recommended by TCFD. We will also enhance in stages our information disclosures related to governance, strategy, risk management, and metrics and targets.

P. 67 Fact Data TCFD-related data

TODA KOGYO website
Disclosing TCFD Information

Climate change (materiality indicator)

The TODA KOGYO Group defines climate change as one of its materialities and seeks a world where warming is limited to 1.5°C. We have set high reduction targets that conform to the recommendations in the IPCC's Sixth Assessment Report. We are saving and creating energy to achieve the targets.

Targets (in Japan for 2030 in comparison with the 2013 levels)

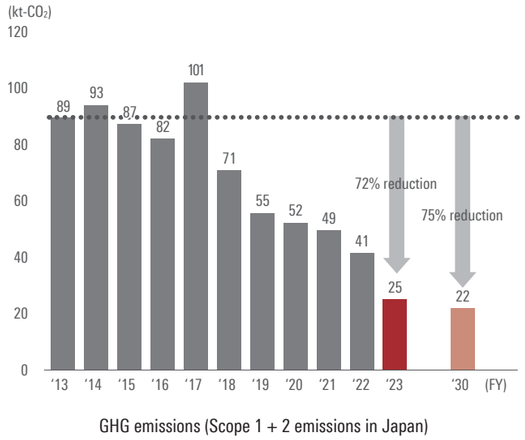
- Reducing Scope 1 + 2 GHG emissions by 75% (total emissions: 22,000 t-CO_2)
- Reducing GHG emissions per unit of net sales by 70%
- Increasing use of renewable energy by at least 17%

In fiscal 2023, we made two investment decisions in accordance with internal carbon pricing rules.

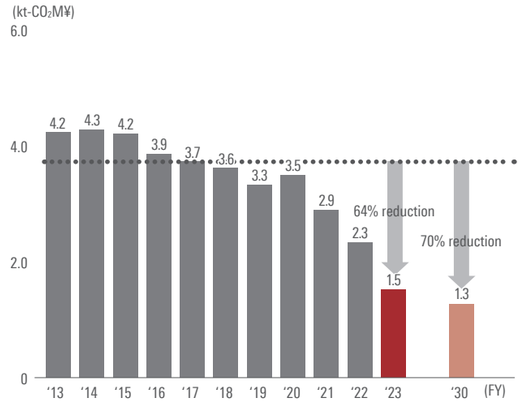
One was for switching to electricity from 100% renewable energy sources. We switched to electricity from 100% renewable energy sources at each of our three major production sites in Japan and reduced annual GHG emissions by approx. 12,800 t.

The other investment was for introducing solar carports to the Otake Creative R&D Center. The carports are planned to be completed in the spring of 2025 and are expected to reduce annual GHG emissions by approx. 50 t. We will take this project as an opportunity to verify the rationality of energy creation and leverage it in preparing an energy plan in the future in accordance with the business plan.

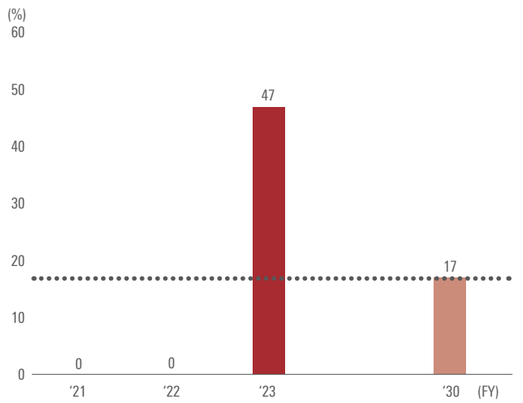
Moving forward, our initiatives will include creating a climate transition plan and calculating GHG emissions from our overseas consolidated subsidiaries.



GHG emissions (Scope 1 + 2 emissions in Japan)



GHG emissions per unit of net sales (Scope 1 + 2 emissions in Japan)



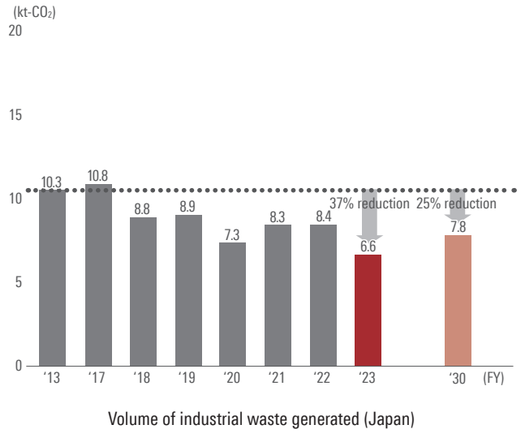
Renewable energy usage rate (Japan)

Repurposing and Effective Utilization of Resources

Industrial waste reduction rate (materiality indicator)

At the TODA KOGYO Group, we are pursuing a comprehensive reduce-reuse-recycle initiative, known as 3R, aiming to build a recycling-oriented society. We have set a target of reducing industrial waste in Japan by 25% compared to the fiscal 2013 level by 2030, so as to reduce the environmental impact of our overall business activities.

While the amount of generated waste has been decreasing, it seems to have bottomed out a few years ago. We will expand initiatives to recycle waste and reduce its volume by drying, compressing, or otherwise processing it, as we seek to reduce waste further.



Volume of industrial waste generated (Japan)

Conversion of crude raw materials and by-products into raw materials (materiality indicator)

The procurement of raw materials from natural resources is constrained by the cost of refining and environmental impact (resource depletion, energy consumption, etc.). Based on our commitment to contributing to sustainable development, we are honing our technologies for using crude raw materials and by-products, conventionally seen as difficult to use, as raw materials, aiming to commercialize at least three projects by fiscal 2030.

One example is a plan to manufacture CO_2-free hydrogen and carbon nanotubes using a direct methane reforming process (DMR process) by using the unharnessed natural gas that is flowing in Toyotomi Town, Hokkaido. Our proprietary catalyst technology is applied in this project. In addition, we are developing technologies for using iron-containing compounds and aluminum-containing compounds, which are treated as industrial waste, as raw materials, aiming to acquire cost-competitiveness at the same time as contributing to the environment.

We have identified financial base as a materiality. This reflects our belief that, for earning the trust of all stakeholders in an environment of volatility, uncertainty, complexity and ambiguity (VUCA), it is essential to ensure sustainable revenue and maintain sound financial capital. We have also set specific initiatives and indicators and targets to improve the effectiveness. We are working mainly on optimization business portfolio management and cash flow improvement.

Optimization of the Business Portfolio

For optimizing business portfolio management, we are generating synergy from M&A and streamlining with product lifecycle under the Vision2026 medium-term management plan.

Synergy from M&A

While consolidated operating profit margin has been declining since fiscal 2021, reflecting a decline in non-consolidated operating profit, the financial results of consolidated subsidiaries have been growing on the whole. Under the Vision2023, the previous medium-term business plan, we acquired three companies, among other measures, for business portfolio optimization.

M&A implemented during the period of Vision2023

Subsidiary	Impact	When it affected PL	Impact on net saled	
			FY2022	FY2023
Jiangmen & Partner's Magnetic Product Co., Ltd	Incorporated	Q3 of FY2021	2.4	2.9
TODA ISU CORPORATION	Incorporated	FY2024	—	—
Toda United Industrial (Zhejiang) Co., Ltd.	Excluded	Q4 of FY2022	5.3	—

* Unit: Billion yen. Converted into yen based on the average exchange rate for the period. After elimination of intra-Group transactions.

Streamlining with product lifecycle

Non-consolidated operating profit margin for fiscal 2023 declined to -10%, and initiatives for improving profitability have been insufficient.

We will conduct a PPM analysis of major businesses and products with an awareness of profitability to carry out selection and concentration of businesses and products, aiming to build a structure that generates stable revenue.

Specifically, deficits were posted mainly for functional pigments, which resulted in the posting of a large amount of impairment losses in fiscal 2023. Moving forward, we will streamline pigments with declining profitability and invest capital in environmental related materials, whose market is expected to expand.

Improvement in Cash Flows

The cumulative total amount of consolidated free cash flow for the last ten years was 2.5 billion yen. However, the cumulative total amount of non-consolidated free cash flow was -4.2 billion yen, and non-consolidated borrowings increased by 5.6 billion yen.

There are two major factors for the negative value for the cumulative total amount of non-consolidated free cash flow. First, we conducted M&A aggressively, as described above. The other factor is an increase in inventory, which resulted from a misjudgment about changes in market conditions.

Moving forward, we will implement three key measures to improve the non-consolidated free cash flow:

1. Introducing global cash management
2. Shortening the working capital turnover period by setting a KPI, aiming to improve cash flow from operating activities.
3. Conducting rigorous business investment screening using NPV, so as to improve cash flow from financing activities

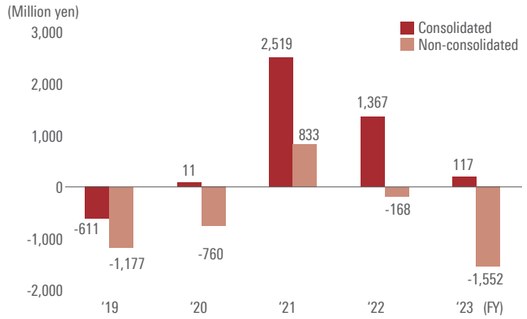
P. 63 Fact Data Key Financial Data for 11 Years

Management That is Conscious of the Cost of Capital and Stock Price

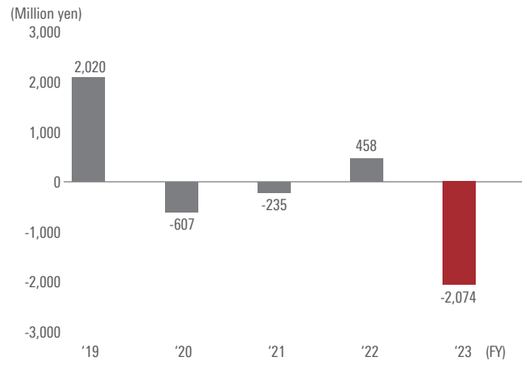
PBR exceeded 1.0, with the level of stock price having exceeded net asset per share, reflecting strong financial results. Unfortunately, however, PBR has been below 1.0 since fiscal 2022, partly because we could not achieve the previous medium-term business plan.

Moving forward, we will bolster profitability and steadily improve our financial results during the period of Vision2026. We believe that, for improving PBR, we need to not only improve profitability but also have our initiatives understood by shareholders and investors. We will consequently enhance the provision of information about management that is conscious of the cost of capital, sustainability initiatives, and other aspects.

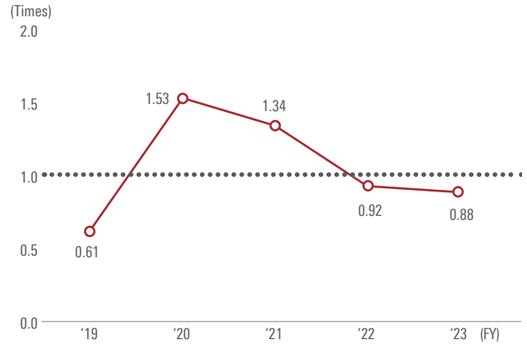
Indicators related to financial base



Trends in consolidated and non-consolidated operating profit

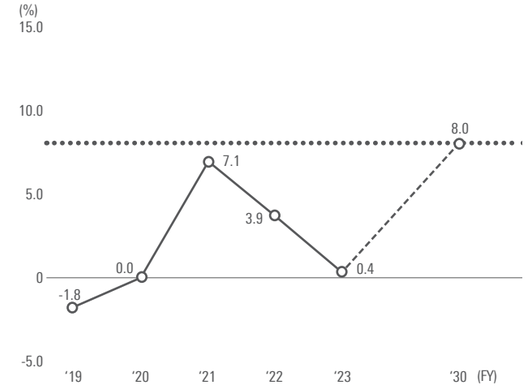


Trends in free cash flow

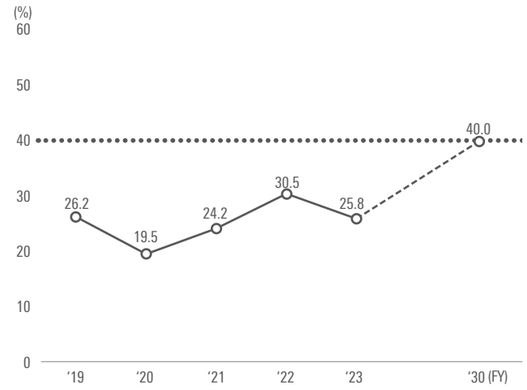


Trends in PBR

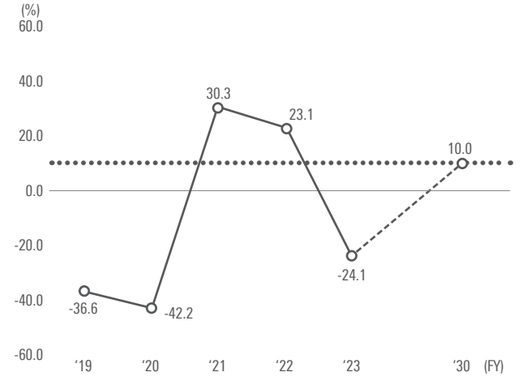
Materiality indicators



Consolidated Operating profit ratio



Consolidated Equity ratio



Consolidated ROE

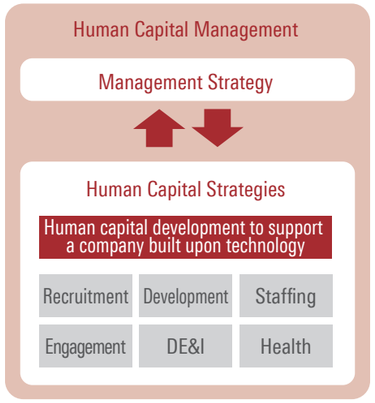
Human Capital Management

Basic stance

At the TODA KOGYO Group, we implement human capital strategies integrated with management strategies based on our belief that human capital plays the key role in business development. We will develop the human capital needed to support a company built upon technology by working on six measures: recruitment, development, staffing, engagement, DE&I, and health.

P. 55 Materiality Personnel Development

Relationship between management strategies and human capital strategies



Initiatives under Vision2026, the medium-term management plan

We will advance the following three initiatives under the medium-term management plan.

One is to strengthen succession plans for key divisions. We link management strategies with human capital strategies by holding meetings of the human capital development committee that consists of Executive Officers. At the meetings, we select candidate successors for core positions in management and business and formulate a plan to provide them with the necessary personal development.

The second measure is to develop the careers of women and minorities. The ratio of female employees at TODA KOGYO is currently below 20%. Moving forward, we will expand the scope of application of shorter working hours as a measure to build a comfortable working environment, so that female employees can enjoy further opportunities for active participation in the workplace. We will also provide an external consultation service, which will be ready to provide career counselling services. To develop female managers, we will utilize external educational institutions for female leadership training and other measures. With these initiatives, we will provide an environment that will facilitate the career development of women and minorities and will seek greater diversity within the overall organization.

The third measure is to develop human capital who will accelerate DX. At a time of labor shortages, DX is essential for reliably improving production efficiency. We seek to turn the implementation of DX into projects to drive the introduction of RPA, AI, and other technologies that help create new businesses and improve productivity.

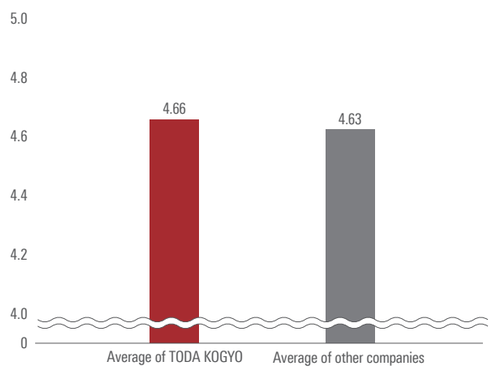
Improvement of employee engagement (materiality indicator)

We have made developing a workplace environment that enables employees to display creativity as our materiality initiative and have made employee engagement as a materiality indicator related to the workplace climate.

In fiscal 2023, we conducted an engagement survey of employees in Japan. As a result, the average score of TODA KOGYO was on a par with or slightly higher than the average scores of other companies for all items. Trends in scores for individual items, including motivation to work, feeling of personal development, support from superiors, and human relationships, were almost on a par with those of other companies. We have therefore concluded that there is no significant issue.

However, a detailed analysis of each department led us to identify some items needing support or improvement. To leverage this survey result for workplace improvement, we held a session for dialogues between an external facilitator and our employees in managerial positions. In this dialogue, we accepted the survey results as they really were and discussed the future operation of the Group and organizational cooperation.

We will continue to conduct engagement surveys to identify factors that hamper creativity and motivation and make improvements, aiming to improve employee engagement.



Average score in the engagement survey

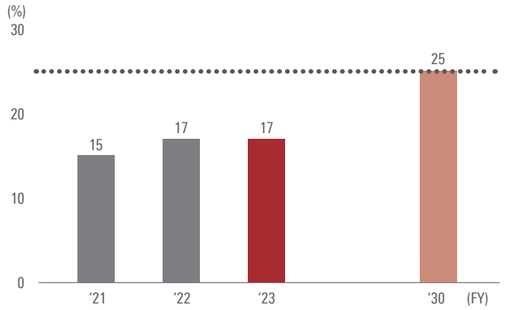
Promotion of Diversity

Ratio of female employees (materiality indicator)

We have set workplace development that unlocks people's potential as our materiality initiative. As a materiality indicator, we have set a target of increasing the ratio of female employees to 25% or more by fiscal 2030.

In fiscal 2023, we set a target of increasing the ratio of female employees among new graduates to 40%. However, its impact on all companies was small, and the ratio of female employees remained almost flat at 17%.

Moving forward, we will strive to build a comfortable work environment for women, aiming to increase the ratio of female employees in regular recruitment and mid-career recruitment.



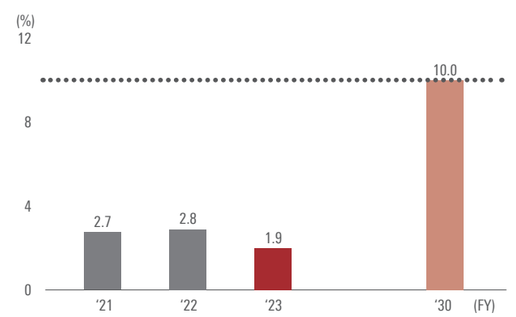
Ratio of female employees

Ratio of female managers (materiality indicator)

As a materiality indicator, we have set a target of increasing the ratio of women among managers to 10% or more by fiscal 2030.

In fiscal 2023, the ratio of women among managers declined, partly reflecting mandatory retirement.

Moving forward, we will facilitate the promotion of women to managerial positions through initiatives including the provision of career counseling and female leadership training.



Ratio of female managers

Rate of childcare leave and leave for childcare purposes taken by eligible male employees (materiality indicator)

As a materiality indicator, we have set a target of increasing the rate of childcare leave and leave for childcare purposes taken by eligible male employees to 95% or more by fiscal 2030.

In fiscal 2023, we gave explanations to eligible male employees and their superiors to deepen their understanding of the internal systems and achieved 100%.

We will continue to give explanations individually and implement awareness-raising activities across the Group, thus building an environment that facilitates acquisition of the leave by eligible male employees.

Rate of childcare leave and leave for childcare purposes taken by eligible male employees

	FY2021 result	FY2022 result	FY2023 result
Number of employees entitled to childcare leave	6	12	8
Number of employees taking childcare leave	2	11	8
Rate of acquisition (target: 95%)	33%	92%	100%

Interview with an Employee

Solving employees' problems by listening to them and providing consultations

Pawinee Tadjarern
Toda Kogyo Asia (Thailand) Co., Ltd.
Manager of Personnel & General Affairs Section

I have never felt that being a woman is an obstacle to management. Nor do I think that gender determines the quality of leadership. In the first place, the diversity of an organization in terms of gender and other attributes broadens and deepens thoughts and perspectives. It is said that a willingness to listen to others facilitates good communications with members and strengthens the cohesiveness of a team. I will also strive to leverage this mental attitude in management to make contributions.

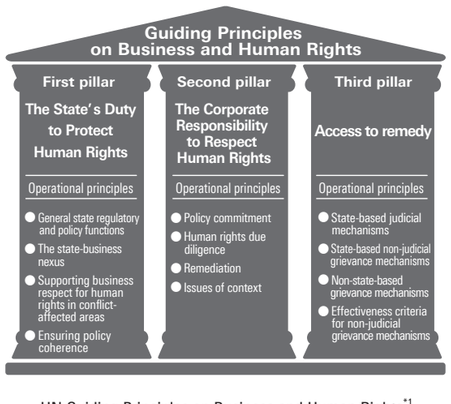
Finally, I spend fulfilling days working as a member of the TODA KOGYO Group thanks to TODA members and all of our stakeholders. I would also like to continue growing together with my colleagues.

Respect for Human Rights

Basic stance

The TODA KOGYO Group always respects fundamental human rights. We support and respect the United Nations International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

We have established the TODA KOGYO Group Human Rights Policy based on the Guiding Principles on Business and Human Rights adopted by the United Nations.



UN Guiding Principles on Business and Human Rights[*1]

This policy was established and disclosed based on a resolution of the Board of Directors that was passed in April 2023. This policy applies to all officers and employees of the TODA KOGYO Group. We will also ask all our business partners and other parties linked to our business, products, and services to support and comply with the policy.

TODA KOGYO website
Respect for Human Rights

*1 Source: Ministry of Foreign Affairs of Japan, Business-to Jinken to ha? Business-to Jinken-ni kansuru shido gensoku (What are business and human rights? Guiding principles on business and human rights), March 2020

Training and awareness-raising activities related to human rights

At the TODA KOGYO Group, we regularly provide both officers and employees with opportunities to receive training on business and human rights to raise their awareness.

For officers, we hold study sessions featuring outside experts to deepen their understanding of business and human rights, keep up with the latest trends, and strengthen their commitment to initiatives to respect human rights, among other purposes. In the study session held in April 2023, they checked the external environment about business and human rights-related trends in Japan and other countries and the actions that companies are expected to take. They also discussed the content of the Human Rights Policy. In the study session held in January 2024, they reviewed the Group's initiatives and deepened their understanding of details of initiatives on human rights due diligence.

For employees, we hold study sessions by inviting outside experts that are designed to deepen their understanding about the basics of business and human rights and how to engage with them as people in charge of actual operations. In the workshop for Senior Managers and Managers held in October 2023, Mr. Hiroshi Ishida, the Executive Director of CRT[*2] Japan, was invited to give a lecture, and the participants deepened their understanding of the global trends related to business and human rights.

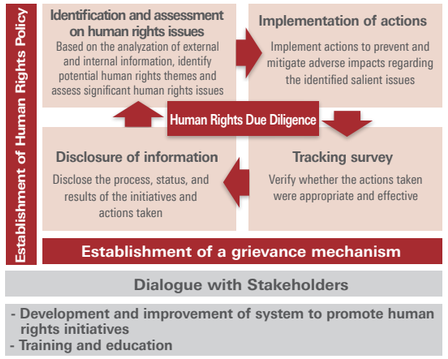
*2 CRT: Caux Round Table

Human Rights Due Diligence

Basic stance

Human rights due diligence is an ongoing process through which business enterprises mitigate the risk of human rights abuses. The TODA KOGYO Group's initiatives on human rights due diligence follow the approach described in the United Nations Guiding Principles on Business and Human Rights.

Specifically, we strive to improve their effectiveness by continuing to implement processes, including identifying adverse human rights impacts with which we may be involved (Step 1), preventing and mitigating the identified impacts by checking their reality and then addressing them appropriately (Step 2), tracking the status of implementation and results of initiatives to address the impacts (Step 3), and disclosing the progress and results of the initiatives (Step 4).



Cycle of human rights due diligence

Identifying human rights themes

At the TODA KOGYO Group, we identify potential human rights themes of concern by organizing and analyzing information from both external and internal perspectives.

We analyze information from an external perspective by organizing information about each site of the Group and the raw materials we procure, using a survey sheet. We identified potential human rights themes through a desktop survey based on objective data, in which we collected information from international organizations, NGOs, government organizations, and research institutes, as well as the knowledge of outside experts, and checked the pieces of information and knowledge against each other.

We analyze information from an internal perspective by organizing it through workshops on actual business activities. In the workshop held in October 2023, the head and persons in charge of practical operations from each department identified potential human rights themes of concern in the aspect of operations in the Group's value chain.

Based on the results of identifying human rights themes from both external and internal perspectives and the opinions of outside experts, we identified potential human rights themes that are likely to have significant adverse impacts on society.

Human Rights Themes of Potential Concern

- Migrant workers at domestic manufacturing sites
- Workers at overseas manufacturing sites
- Conflict minerals (Responsible sourcing of minerals)
- Workers at suppliers of raw materials and other materials and subcontractors
- 2024 Problem in Logistics
- Inappropriate use and disposal of products by customers and end consumers

A workshop on human rights due diligence

Future Initiatives

Moving forward, we will consider themes to address on a priority basis among human rights risks that were identified through risk assessment, thus implementing assessments of human rights issues (impact assessments). We check the presence or absence of human rights abuses and potential human rights abuses through direct dialogues with rights holders. Where adverse impacts on human rights or the potential for such impacts have been confirmed, we will take measures such as preventing and mitigating them. We track the effectiveness of the measures that have been taken. The TODA KOGYO Group will institute these human rights due diligence processes repeatedly and will disclose the progress and results of its initiatives.

The target of risk assessment in fiscal 2024 is migrant workers at domestic manufacturing sites, which is one of the potential human rights themes. We plan to conduct a fact-finding survey, including interviews with foreign technical intern trainees, together with CRT Japan and Tokio Marine dR Co., Ltd. as third-party organizations.

Further, the International Conference on Business and Human Rights Conference in Tokyo will be held in October 2024, hosted by CRT Japan. Renowned overseas experts on business and human rights will be invited to this conference to discuss global trends and pressing business and human rights themes. We plan to report the status of our initiatives on respect for human rights at this conference. We will have our current status assessed by overseas experts and receive specific advice on our future actions. By publicly releasing information about what we report in this conference, we will demonstrate corporate accountability and ensure transparency, while at the same time building relationships of trust with external stakeholders.

Category	Items	Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Human Rights Due Diligence	(1) Risk assessment (impact assessment)	■	■		
	(2) Implementation of measures		■	■	
	(3) Evaluation of effectiveness			■	■
	(4) Information disclosure			■	■
Stakeholder engagement	Dialogue with outside experts			■	
Remedy	Establishment of a grievance mechanism		■	■	■

FY2024 schedule

Personnel Development Policy

Founded on the basis of the spirit of technology, we are currently using technologies that have been cultivated over 200 years.

We have established our purpose, which says "We transform the potential of fine particles into new possibilities for our world." The performance, functions, and applications of our fine particle synthesis technology and products, which we have been cultivating since our foundation, have the potential for further development. We believe that our employees, who have inherited this technology and who have been refining it, also have infinite potential, just as fine particles do. We will improve our workplace environment and support employees in their capability development, so as to leverage technology that has been cultivated for 200 years for what we do now and continue our attempts to create new value as hope in the future.

To improve the workplace environment, we are taking initiatives such as introducing a work-from-home system and building a framework for mental healthcare. To develop the capabilities of employees, we provide them with opportunities to improve their expertise, such as grade-specific training provided to all employees and the development of selected personnel as management candidates.

Ideal human resource image

The TODA KOGYO Group seeks people who have a positive impact on those around them by taking the initiative and setting an example. We have identified four specific elements: basic stance, technology-oriented mindset, organization-oriented mindset, and dignity.

Four specific elements of the people we seek

Basic stance: Demonstrating leadership based on one's role

People who are highly motivated, have flexibility and independence, and take on challenges for self-actualization, customers, and the Group's growth

Technology-oriented mindset: Supporting the spirit of a company built upon technology and making constant efforts in personal improvement

People who possess a high level of expertise and create added value by devising creative measures

Organization-oriented mindset: Helping and developing each other

People who attach importance to communication and who work through organizational cooperation based on an understanding of diverse values

Dignity: Constant cultivation of character

People who possess a high sense of ethics and who can act with dignity as businesspeople

Human Capital Strategies

At the TODA KOGYO Group, we bring together the wisdom of diverse employees to create and manufacture products and services which satisfy customers. It is people who support a company built upon technology. As such, improving the workplace environment is important for allowing employees to achieve personal development and demonstrate their capabilities.

We take the following six measures to drive initiatives we set under the Vision2026 medium-term management plan, that is, to strengthen succession plans for key divisions, develop the careers of women and minorities, and foster human capital to promote DX.

Six measures

1. Recruitment: Acquiring advanced and specialized human resources

- Enhancing internship, university visits, and company briefing sessions
- Promoting referral recruitment and re-employment
- Enhancing onboarding programs

2. Development: Developing advanced and specialized human resources

- Grade-specific training provided to all employees
- Development of selected personnel as management candidates
- Development of specialized human resources

3. Staffing: Strengthening succession planning

- Survey for determining needed personnel, assignment of right people in the right jobs
- Personnel rotation made from the perspective of human capital development

4. Engagement: Creating a comfortable workplace environment

- Revisions to personnel systems
- Encouraging employees to work from home and eligible male employees to take childcare leave
- Diversity management, harassment training

5. DE&I: Building a workplace environment which facilitates the demonstration of capabilities

- Introducing systems that cater to diversity
- Unconscious bias training
- Establishing an external helpdesk
- Internal fact-finding survey on health problems specific to women

6. Health: Building a workplace environment where employees can work safely with a sense of security

- Constructing a company-wide cross-organizational mental health care structure
- Introducing a health management system

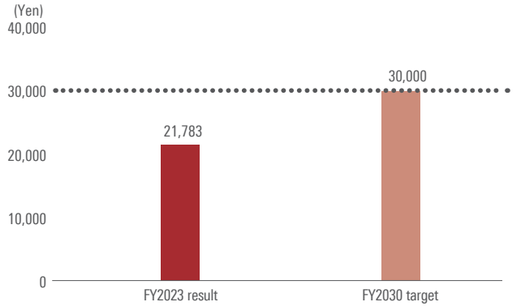
Training Programs

The TODA KOGYO Group has introduced training programs. The programs include grade-specific training, training for selected personnel, global training, and training focused on specific issues. The training is provided to appropriate human resources at appropriate time in accordance with the purpose.

Cost of education per person (materiality indicator)

As a materiality indicator related to educational activities, we have set a target of increasing the cost of education per person to 30,000 yen or more.

In fiscal 2023, we invited external lecturers to provide training on self-care and superiors' care, among other topics, as a mental healthcare initiative. The cost was 21,738 yen, which was higher than the 19,800 yen for the previous fiscal year. We will continue to add and renew training programs in accordance with needs.



Cost of education per person

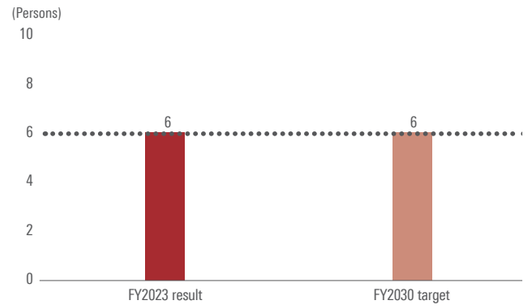
Next-generation management candidate selection training (materiality indicator)

For a company or business to continue to grow and maintain its competitiveness, it is essential to allocate appropriate personnel to key positions that support the growth and maintenance of competitiveness. It is necessary to form groups of candidates in multiple grades so that there will constantly exist successors to those positions.

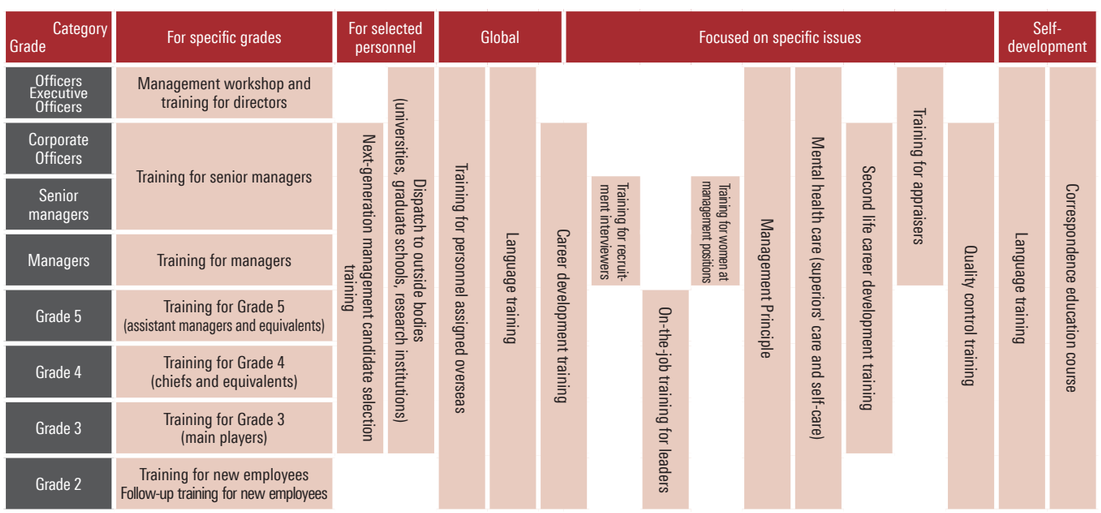
As a materiality indicator related to the development of candidates for successors, we have set a target of keeping the number of participants selected for next-generation management candidate training at 6 or more per year.

In fiscal 2023, we had selected senior managers receive external training aimed at acquiring management skills systematically and obtaining a Group-wide management perspective.

Moving forward, we will provide training for selected personnel in lower grades as well, thus building a pipeline of successors to key positions.



Number of participants in candidate selection training for the next-generation of management



Training system diagram

Corporate Governance

Basic stance

Aware that fulfilling its social responsibility as better citizens and as a better corporate citizen is a significant role, the TODA KOGYO Group continues to base its business management on its Management Principle and its Management Policy, aspiring to achieve sound and continuous development towards the future. We will comply with relevant laws and ordinances, internal regulations and rules on the basis of the spirit of compliance. Our leaders will take the initiative to set examples and ensure that they are followed within the Company and known to companies in the Group and to business partners. In addition, we will not enter into any relationships with anti-social forces or groups.

We will enhance the Board of Directors' function of monitoring business execution to ensure transparency in management. We will also seek to establish agile corporate governance that can swiftly respond to changes in circumstances. In addition, we will determine the principles set out below and endeavor to implement them for the purpose of equally protecting the rights and interests of shareholders and other stakeholders through the proper disclosure of information.

- We will endeavor to protect shareholders' rights.
- We will endeavor to ensure equality among shareholders.
- We will endeavor to build smooth relationships with non-shareholding stakeholders.
- We will endeavor to ensure information disclosure and transparency.
- We will endeavor to enhance supervision of management in a bid to ensure accountability to shareholders.

Board of Directors

At TODA KOGYO, the Board of Directors is a decision-making body for important business execution. It also supervises business execution. The Board of Directors is chaired by the Representative Director and consists of ten members in total, with the other members being five Directors (excluding Directors who are Audit and Supervisory Committee Members) and four Directors who are Audit and Supervisory Committee Members. The four independent Outside Directors make up at least one third of the total members of the Board. That strengthens the independence of the Board of Directors and management transparency. The Board of Directors meets regularly at least once a month to discuss important matters and to make quick and appropriate decisions.

P. 73 Fact Data Governance Data

10 Directors (9 men and 1 woman)			
	Number of Directors (excluding Directors who are Audit and Supervisory Committee Members)	Number of Directors who are Audit and Supervisory Committee Members	Total
Internal	4	1	5
Outside	2	3	5
(Independent Outside Director)	(1)	(3)	(4)

Composition of the Board of Directors

Executive officers system

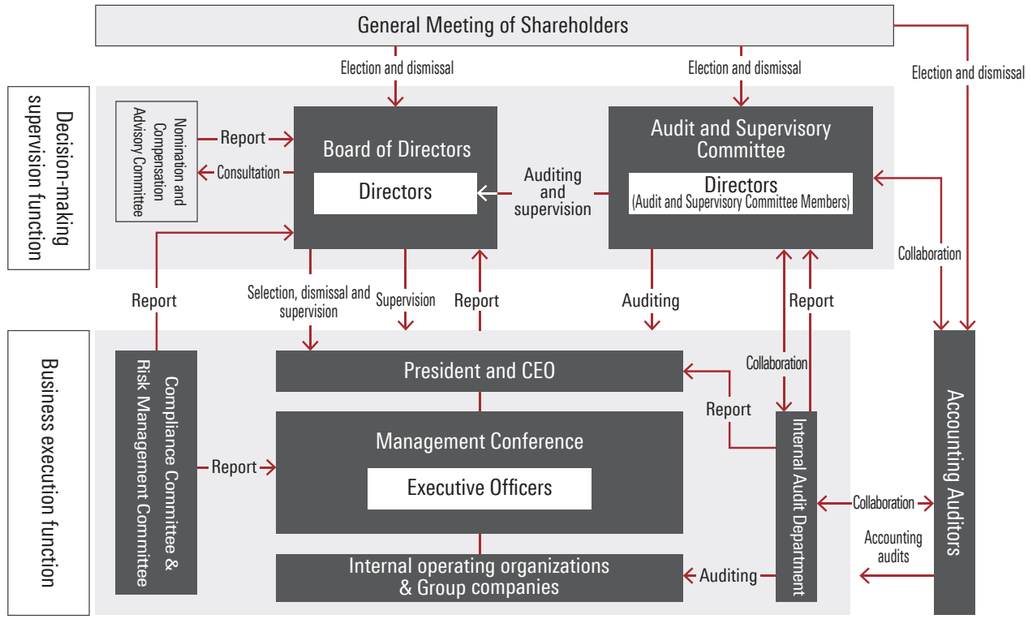
TODA KOGYO has an executive officers system. This system is intended to separate decision-making on management policies and on important business execution from day-to-day business operations. That in turn helps to strengthen the supervisory function and the business execution function. The Management Conference holds monthly meetings for understanding the status of business execution at individual operating divisions. Directors and Executive Officers attend the meetings to report and discuss business policies, business plans, their implementation of separate operating divisions as well as any problems they are facing.

Nomination and compensation advisory committee

The Nomination and Compensation Advisory Committee has been set up as a voluntary advisory body to the Board of Directors. It is intended to increase the fairness, transparency and objectivity of procedures for the nomination and compensation of Directors and Executive Officers and to enhance corporate governance. This committee consists of five members. They are Kazuya Uraisami, independent Outside Director, chairing the committee, three independent Outside Directors, and the Representative Director. In answer to consultations from the Board of Directors, the committee discusses the election and dismissal of Directors and Executive Officers and matters related to compensation for them, among others, and submits reports to the Board of Directors.

Auditing and supervision

The Audit and Supervisory Committee Members and the accounting auditors hold regular meetings. They collaborate with each other through briefings on auditing plans, explanations about matters that accounting auditors should report to the Audit and Supervisory Committee Members, reports and reviews related to summaries of quarterly financial results, and reports providing auditing summaries. They also meet as needed to provide information and exchange views on matters necessary to the auditing process. They thus strive to make auditing more appropriate and reliable and to strengthen their collaboration. The Audit and Supervisory Committee and the Internal Audit Department regularly exchange information with each other on the building, implementation and evaluation of the internal control system.



Corporate governance system

Evaluations of the effectiveness of the board of directors

We conduct self-evaluations and analyses of the effectiveness of the Board of Directors, seeking to improve its functions and ultimately increase corporate value.

To evaluate the effectiveness of the overall Board of Directors, we conduct questionnaires of all Directors on issues such as whether the Board of Directors is operated effectively. In fiscal 2023, analysis, discussion, and evaluations were carried out at a regular meeting of Board of Directors that took place in March 2024. According to answers to the questionnaire, evaluations were largely positive. Regarding sustainability and risk management that were raised as issues in fiscal 2022, reforms have made progress, and we believe that the effectiveness of the Board of Directors as a whole is ensured. On the other hand, the answers also included an opinion that discussions about the overall Group's management strategies and management issues should be enhanced further from medium- and long-term perspectives. We thus shared issues to address to improve the Board of Directors' functions further and to invigorate discussions by the Board.

Going forward, based on these evaluations of effectiveness, we will respond promptly after sufficient consideration of issues and continue to engage in initiatives to enhance the Board of Directors' functions.

TODA KOGYO website
Corporate Governance

Internal control

At the TODA KOGYO Group, the President and CEO, all relevant officers and employees practice internal control by developing the right environment, so as to drive governance and compliance initiatives effectively.

In the development and practice of internal control, importance is attached to dialogues with Audit and Supervisory Committee Members and the Internal Audit Department. The Internal Audit Department evaluates the management including management of Group companies and departments of head office in terms of development and operation of internal regulations and the status of implementation of risk management and compliance initiatives, from a company-wide perspective, and provides feedback. For those who work in the front lines of manufacturing, sales, and other operations, the department regularly examines important control measures in work processes, then evaluates onsite whether the measures are developed and implemented appropriately, and gives feedback. In work sites, the department also gives advice from the viewpoint of improving the operational efficiency.

The repetition of these evaluation and feedback instills internal control in the Group's management and operations and leads to the enhancement of governance.

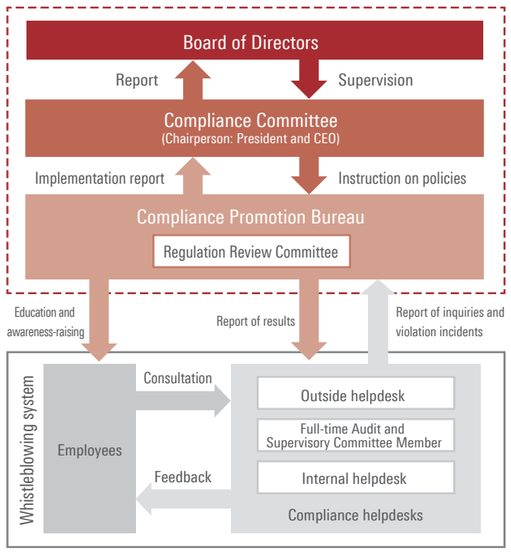
Compliance

Basic stance

The TODA KOGYO Group is working to maintain and improve compliance on the basis of its Code of Conduct, according to which every employee should behave with a high sense of ethics as a sincere and fair corporate citizen.

Management system

To promote and manage compliance initiatives in a companywide manner, we have established the Compliance Promotion Bureau under the Compliance Committee (Chairperson: President and CEO) and implement oversight and management. The Board of Directors confirms the status of action through reports received from the Compliance Committee, and makes decisions and supervises the development of the necessary systems and schemes. The Compliance Promotion Bureau is overseen by the Executive Officer in charge of compliance and consists of members of the administrative team from the head office and members from other offices and plants.



Compliance management system

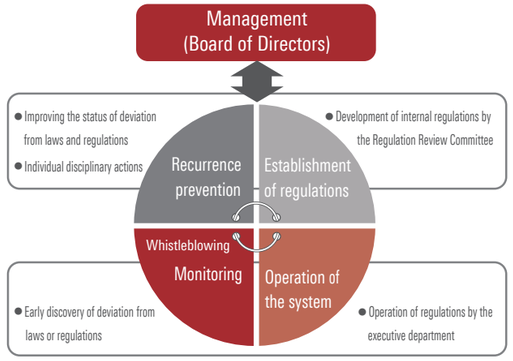
Operation

We set up an opportunity for consultations once a month to enable the Compliance Promotion Bureau to engage in more effective, flexible activities. The activities of the Compliance Promotion Bureau are reported to management as necessary in our efforts to ensure effective supervision related to compliance operations.

In addition, we believe that the ethics of each individual employee and the internal regulations that are behavioral standards are important for ensuring compliance.

We regularly provide compliance training to all officers and employees to help develop their ethics. We also provide harassment training to increase their understanding of human rights.

The Regulation Review Committee at the head office establishes internal regulations by reflecting necessary social rules and making adjustments to prevent contradictions between regulations.



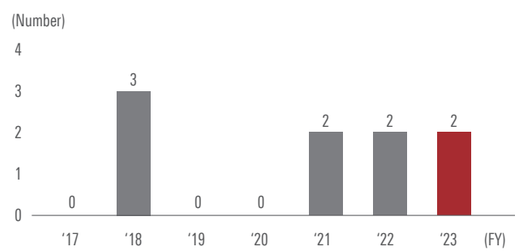
Cycle of establishing and maintaining compliance

Number of serious legal or regulatory violations (materiality indicator)

We have set "strengthening compliance" as a governance initiative. It is one of our materialities and we are implementing initiatives with the goal of achieving zero serious legal or regulatory violations. No serious legal or regulatory violation has occurred in recent years.

Number of matters regarding which the compliance helpdesks were contacted

The number of matters regarding which the compliance helpdesks were contacted in the past seven years is as shown in the graph below. The number has remained flat since fiscal 2021, when we enhanced external helpdesks. We will inform employees of the system to raise their awareness to encourage them to use the system.



Number of matters regarding which the compliance helpdesks were contacted

Risk Management

Risk management system

At the TODA KOGYO Group, we have set up the Risk Management Committee to appropriately address risks which may seriously affect our corporate activities. Chaired by the Representative Director, the Risk Management Committee is composed of Executive Officers and full-time Audit and Supervisory Committee Members. It formulates risk management policies and discusses specific measures from a Group-wide and cross-organizational perspective. The Risk Management Committee has specified a responsible department for each one of the 14 types of risks managed by the Group: safety, quality, disaster, social infrastructure and facilities, climate change, legal affairs, information security, procurement, sales, finance and accounting, management and public relations, intellectual property, overseas safety, and labor affairs. The Risk Management Department has been established as an organization providing operational support to the Risk Management Committee. The Risk Management Department also supports the department responsible for each type of risk in assessing and addressing the risk.

Risk management activities

The Group practices risk management in compliance with ISO 31000.

We analyze risks from a comprehensive, multilateral perspective as described below to increase resilience and identify new risks.

- Risk map based on frequency and severity
- Categorization (ESG, TCFD, and business risks)
- Risk level classification (five levels)
- Classification of risks by type and cause
- Relationships with our strengths and weaknesses, threats to us, and our opportunities

Topic on activities

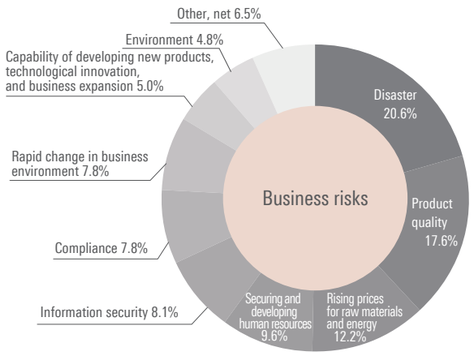
In fiscal 2023, the Group implemented digital transformation (DX) of risk management. The DX has enabled even more multilateral, quicker risk analyses than before. As an example of what we analyzed, we introduce business risks.

Among risk types, it was disaster that accounted for the largest proportion. This reflects the growing seriousness of climate change in recent years. Disaster is followed by product quality. This reflects an increase in sites that have acquired the IATF 16949 certification. We raised the required level of quality management, which enabled us to newly identify risks that had been invisible before.

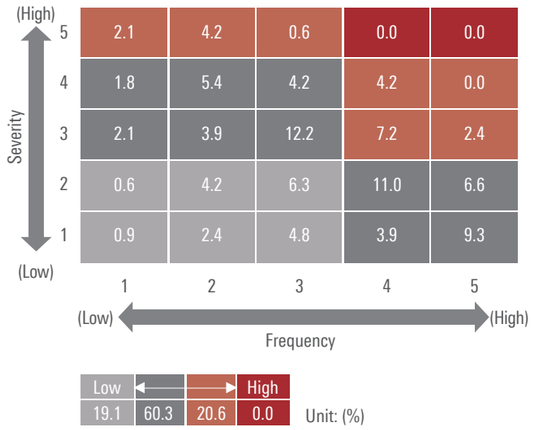
No urgent and significant risk was found on the risk map. Risks with low frequency and severity levels account for 80% of the total. Against the 2024 problems in logistics that attracted attention in society, we optimized logistics bases and transportation efficiency and succeeded in lowering their severity level on this risk map.

As a result of the above analyses of risk types and risk map, we have judged that the category of business risks has been managed appropriately.

We will continue to improve risk management and protect the value provided by our internal and external stakeholders.



Types of business risks (beginning of FY2024)

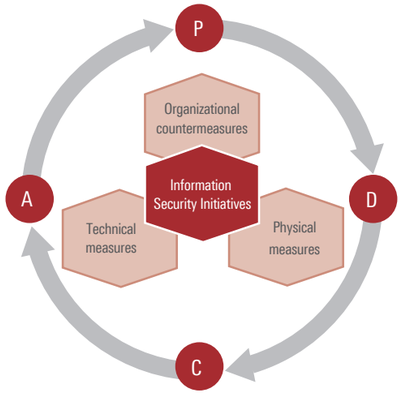


Risk map of business risks (beginning of FY2024)

Materiality Information Management

Information Security Policy

The TODA KOGYO Group pushes forward with activities to manage information security by recognizing safe, reliable information management as a key management issue to properly and efficiently share and utilize all of its information assets related to its business activities.



PDCA cycle of information security measures

Information Security Initiatives

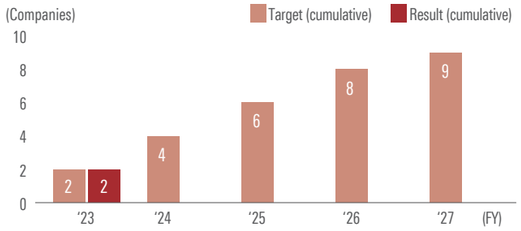
At the TODA KOGYO Group, we take initiatives to minimize cybersecurity risks while taking full advantage of advances in information technologies.

In fiscal 2023, we conducted a self-check of our security measures based on the cybersecurity guidelines. We thus reconfirmed our security issues and formulated a specific plan on countermeasures. Moving forward, we will surely implement those countermeasures. At present, we are focusing on organizational countermeasures and technical measures and implementing various initiatives, including provision of training on handling of incidents, enhancement of security training, regular review of information security regulations, and cybersecurity month.

Enhancing the security measures of overseas subsidiaries (materiality indicator)

The TODA KOGYO Group aims to ensure by fiscal 2030 that incidents including ones at overseas subsidiaries are identified and addressed. The Group is also enhancing security at overseas subsidiaries. In fiscal 2023, we took the initiative for two overseas subsidiaries as planned. In fiscal 2024, we will newly introduce security measures at two overseas subsidiaries to steadily improve security.

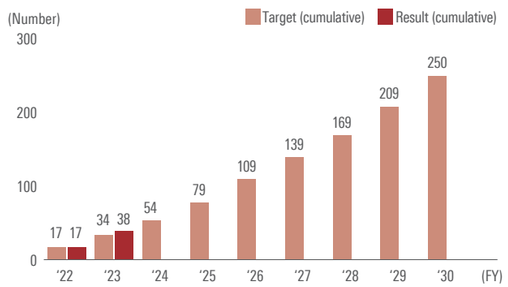
Security policies for overseas subsidiaries (on an individual company basis)



Security plan for overseas subsidiaries

Number of digitalization projects led by user departments (materiality indicator)

At the TODA KOGYO Group, we've been advancing projects to have user departments themselves improve and streamline operations by using digital tools, aiming to increase the cumulative total number of such projects to 250 by fiscal 2030. In fiscal 2023, there were 21 projects, including introduction of cloud systems and automation of operations using digital tools. Going forward, we will further expand the use to encourage citizen development.



Number of digitalization projects led by user departments

Dialogues with Shareholders and Investors

Policy on Dialogues

We have dialogues with our shareholders and investors in accordance with the following policy, based on our understanding that their understanding and support are essential for our sustainable growth and medium- to long-term enhancement of our corporate value.

- To build long-term relationships of trust with our shareholders and invertors, we will disclose accurate information fairly and impartially and have constructive dialogues with them.
- We will set up an IR department to have dialogues with our shareholders and investors.
- We will report content of the dialogues to the Board of Directors.
- We will not provide insider information in the dialogues.

Main Activities

The Corporate Planning Department is responsible for our IR department. At this department, sections in charge of public relations, finance and accounting, CSR and the environment, and others cooperate in activities related to the dialogues.

The IR department also reports the content of dialogues with shareholders and investors to Directors and management at least every quarter, and the Board of Directors holds discussions on enhancing corporate value.

Information Disclosure

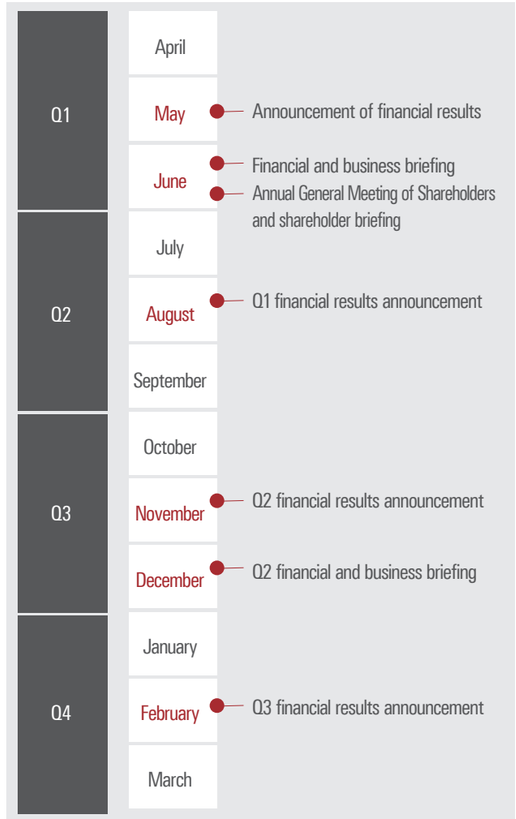
We disclose information with the full understanding that appropriate, timely disclosures of corporate information form the basis of a sound securities market.

We have established Corporate Governance Principles and Compliance Code of Conduct to stipulate how we should disclose information to each stakeholder. We will enhance our internal systems to ensure prompt, accurate, fair and impartial disclosures of corporate information by maintaining the perspective of shareholders and investors at all times.

Our website has an Investor Relations page, where we disclose financial results, notices of the Annual General Meetings of Shareholders, and other information in Japanese and English. After a financial or business briefing, we publish the material used in the session and a video of the session. We take these and other initiatives in our efforts to ensure fair and impartial information disclosures.

Result of dialogues

	FY2021	FY2022	FY2023
Individual meetings with analysts and institutional investors	51	52	17
Financial and business briefings for institutional investors	2	2	2
IR events for individual investors	0	1	2
Briefings for shareholders	1	1	1
Briefings on medium-term business plan	1	0	0



Activity calendar

TODA KOGYO website
Investor Relations

Fact Data Key Financial Data for 11 Years

[Consolidated]	Unit	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24
Profit and loss status												
Net sales	million yen	31,645	34,045	28,510	27,889	32,781	34,354	33,147	29,024	35,332	34,934	26,234
Operating profit	million yen	(801)	912	1,051	(151)	1,370	299	(611)	11	2,519	1,367	117
Ordinary profit	million yen	(409)	963	(1,440)	(1,116)	1,195	412	(1,307)	(600)	4,184	3,349	1,168
Profit attributable to owners of parent	million yen	(1,739)	559	(6,865)	(2,926)	981	(0)	(5,285)	(4,142)	3,116	3,268	(3,581)
Comprehensive income	million yen	(602)	1,923	(7,574)	(3,025)	1,708	(691)	(5,681)	(3,195)	4,810	4,089	(1,866)
Financial position												
Net assets	million yen	27,132	29,334	21,297	18,029	19,542	18,408	12,590	9,375	13,958	16,559	14,525
Total assets	million yen	61,192	60,524	49,334	46,356	47,918	48,262	43,870	41,783	51,292	52,016	53,714
Equity ratio	%	42.8	46.5	41.1	36.7	38.4	36.1	26.2	19.5	24.2	30.5	25.8
Cash flows												
Cash flows from operating activities	million yen	1,467	1,794	(18)	2,100	1,652	128	2,259	612	903	833	(645)
Cash flows from investing activities	million yen	(1,821)	2,129	(150)	(2,694)	(226)	(1,747)	(239)	(1,219)	(1,138)	(375)	(1,429)
Free cash flow	million yen	(354)	3,923	(168)	(594)	1,426	(1,619)	2,020	(607)	(235)	458	(2,074)
Cash flows from financing activities	million yen	(2,597)	(3,497)	(1,131)	(474)	(1,962)	1,146	(120)	1,416	913	187	1,184
Cash and cash equivalents at end of period	million yen	5,787	6,405	6,028	4,824	4,328	3,760	5,542	6,492	7,527	8,476	7,943
Information per share												
Net assets per share	yen	4,547.06	4,889.34	3,519.11	2,954.46	3,194.17	3,021.81	1,997.25	1,411.60	2,155.82	2,744.37	2,399.20
Earnings per share	yen	(301.85)	97.13	(1,192.10)	(508.13)	170.43	(0.08)	(917.09)	(718.76)	540.59	566.50	(620.00)
Other indicators												
Return on equity (ROE)	%	(6.5)	2.1	(28.4)	(15.7)	5.5	(0.0)	(36.6)	(42.2)	30.3	23.1	(24.1)
Number of employees	persons	932	883	905	1,188	1,186	1,206	1,188	1,208	1303	846	1,112

[Non-consolidated]		FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24
Profit and loss status												
Net sales	million yen	25,535	27,379	20,607	19,408	24,740	23,841	20,957	17,284	17,033	16,636	15,431
Operating profit	million yen	(549)	616	384	78	1,720	(19)	(1,177)	(760)	833	(168)	(1,552)
Ordinary profit	million yen	48	1,142	(2,054)	405	1,776	217	(1,601)	(650)	1,231	194	(75)
Profit	million yen	(1,670)	(23)	(5,867)	(3,815)	699	(351)	(4,544)	(3,541)	1,598	1,319	(5,228)
Financial position												
Net assets	million yen	24,936	25,694	19,193	15,291	16,046	15,289	10,503	7,556	9,022	10,416	5,910
Total assets	million yen	55,474	53,276	43,303	40,054	40,339	41,533	36,549	35,299	38,647	41,446	37,350
Equity ratio	%	45.0	48.2	44.3	38.1	39.7	36.7	28.6	21.2	23.1	24.9	15.6
Other indicators												
Number of employees	persons	396	349	348	344	343	352	351	348	374	374	377

* We switched to a new revenue recognition standard in April 2021.

* Effective on October 1, 2017, we conducted a 1-for-10 consolidation of stocks.
Net assets per share and earnings per share were calculated by assuming that the above consolidation of stocks was conducted at the beginning of the fiscal year ended March 2014.

Financial Summary for Fiscal 2023

Consolidated balance sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	8,476	8,164
Notes and accounts receivable - trade	7,607	8,712
Merchandise and finished goods	4,581	4,662
Work in process	2,018	2,476
Raw materials and supplies	3,654	4,718
Other	2,136	1,587
Allowance for doubtful accounts	(9)	(11)
Total current assets	28,465	30,309
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,975	1,583
Machinery, equipment and vehicles, net	1,687	1,686
Land	6,326	4,887
Construction in progress	1,019	210
Other, net	508	492
Total property, plant and equipment	11,515	8,860
Intangible assets		
Goodwill	2,355	2,497
Other	133	13
Total intangible assets	2,489	2,510
Investments and other assets		
Investment securities	2,709	3,290
Investments in capital of subsidiaries and associates	6,300	8,016
Long-term loans receivable	5	4
Retirement benefit asset	369	553
Other	164	170
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	9,545	12,033
Total non-current assets	23,550	23,404
Total assets	52,016	53,714
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,712	3,507
Short-term borrowings	7,686	9,113
Current portion of long-term borrowings	4,012	4,712
Income taxes payable	230	148
Provision for bonuses	345	314
Other	1,616	3,832
Total current liabilities	17,604	21,629
Non-current liabilities		
Long-term borrowings	14,031	13,490
Long-term accounts payable - other	469	112
Retirement benefit liability	1,896	2,342
Deferred tax liabilities	985	1,427
Other	468	186
Total non-current liabilities	17,852	17,559
Total liabilities	35,456	39,189
Net assets		
Shareholders' equity		
Share capital	7,477	7,477
Capital surplus	4,288	4,306
Retained earnings	3,155	(425)
Treasury shares	(1,468)	(1,447)
Total shareholders' equity	13,453	9,910
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	688	1,389
Foreign currency translation adjustment	1,368	2,016
Remeasurements of defined benefit plans	332	543
Total accumulated other comprehensive income	2,389	3,950
Share acquisition rights	86	97
Non-controlling interests	630	567
Total net assets	16,559	14,525
Total liabilities and net assets	52,016	53,714

Consolidated statements of income

(Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	34,934	26,234
Cost of sales	27,477	20,368
Gross profit	7,457	5,865
Selling, general and administrative expenses		
Freight-out	813	417
Employees' salaries and allowances	1,403	1,338
Provision for bonuses	104	77
Retirement benefit expenses	95	102
Depreciation	150	112
Research and development expenses	1,315	1,514
Other	2,207	2,185
Total selling, general and administrative expenses	6,090	5,748
Operating profit	1,367	117
Non-operating income		
Interest income	45	70
Dividend income	58	64
Rental income	39	40
Foreign exchange gains	224	447
Share of profit of entities accounted for using equity method	1,704	673
Miscellaneous income	200	106
Total non-operating income	2,273	1,403
Non-operating expenses		
Interest expenses	265	321
Miscellaneous losses	25	30
Total non-operating expenses	291	352
Ordinary profit	3,349	1,168
Extraordinary income		
Gain on disposal of non-current assets	4	17
Gain on change in equity	60	—
Gain on sale of investments in capital of subsidiaries and associates	933	—
Gain on liquidation of subsidiaries and associates	52	—
Gain on sale of investment securities	—	76
Gain on step acquisitions	—	475
National subsidies	32	23
Compensation income	54	187
Reversal of provision for environmental measures	74	—
Total extraordinary income	1,212	780
Extraordinary losses		
Loss on disposal of non-current assets	95	64
Loss on tax purpose reduction entry of non-current assets	7	—
Impairment losses	35	4,869
Compensation expenses	76	—
Other	—	0
Total extraordinary losses	214	4,934
Profit (loss) before income taxes	4,347	(2,985)
Income taxes - current	546	345
Income taxes - deferred	36	133
Total income taxes	582	479
Profit (loss)	3,765	(3,464)
Profit attributable to non-controlling interests	496	116
Profit (loss) attributable to owners of parent	3,268	(3,581)

Cash flows

(Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	4,347	(2,985)
Depreciation	685	802
Impairment losses	35	4,869
Amortization of goodwill	315	383
Increase (decrease) in provision for environmental measures	(74)	—
Increase (decrease) in provision for loss on factory closings	(12)	—
Increase (decrease) in provision and allowance	52	(29)
Decrease (increase) in retirement benefit asset	(11)	10
Increase (decrease) in retirement benefit liability	(119)	(147)
Interest and dividend income	(103)	(135)
Interest expenses	265	321
Loss (gain) on sales of investment in capital of subsidiaries and associates	(933)	—
Foreign exchange losses (gains)	(112)	(364)
Share of loss (profit) of entities accounted for using equity method	(1,704)	(673)
Loss (gain) on change in equity	(60)	—
Loss (gain) on step acquisitions	—	(475)
Loss (gain) on disposal of non-current assets	90	47
Decrease (increase) in trade receivables	1,375	(122)
Decrease (increase) in inventories	(1,547)	(84)
Increase (decrease) in trade payables	(164)	(819)
Subsidy income	(32)	(23)
Compensation expenses	76	—
Gain on liquidation of subsidiaries and associates	(52)	—
Other, net	(876)	(793)
Subtotal	1,438	(221)
Payments of retirement benefits for directors (and other officers)	(7)	—
Income taxes refund (paid)	(597)	(423)
Net cash provided by (used in) operating activities	833	(645)
Net cash provided by (used in) investing activities		
Interest and dividends received	104	212
Proceeds from the sale of investments in capital of subsidiaries and associates resulting in change in scope of consolidation	731	—
Payments for investments in shares of subsidiaries and associates	—	(1,015)
Purchase of property, plant and equipment	(1,738)	(1,381)
Proceeds from sale of property, plant and equipment	4	17
Purchase of intangible assets	(32)	(88)
Net decrease (increase) in time deposits	(62)	(219)
Proceeds from collection of loans receivable	681	1,020
Subsidies received	32	23
Proceeds from refund of leasehold and guarantee deposits	2	—
Other, net	(99)	2
Net cash provided by (used in) investing activities	(375)	(1,429)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(664)	389
Proceeds from long-term borrowings	5,730	4,560
Repayments of long-term loans payable and others	(3,746)	(4,402)
Interest paid	(265)	(321)
Proceeds from sale of treasury shares	0	10
Purchase of treasury shares	(2)	(0)
Dividends paid to non-controlling interests	(20)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(814)	(777)
Proceeds from other financial liabilities	—	1,852
Repayments of other financial liabilities	—	(80)
Other, net	(29)	(44)
Net cash provided by (used in) financing activities	187	1,184
Effect of exchange rate change on cash and cash equivalents	303	285
Net increase (decrease) in cash and cash equivalents	949	(604)
Cash and cash equivalents at beginning of period	7,527	8,476
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	71
Cash and cash equivalents at end of period	8,476	7,943

Strategies

Main business risks and opportunities

Category	Type	Impact on our business activities	Time span	Evaluation
Transition risks (1.5°C/2°C)	Policies and legal restrictions	Higher tax burden due to carbon pricing (carbon tax, emissions trading, etc.)	Medium to long term	Medium
	Technology	Increased capital investment due to the switchover to low-carbonization equipment and low-carbon processes	Medium to long term	Medium
	Market	Increased raw material and energy procurement costs	Medium to long term	Medium
		Reduced demand for toner due to the restricted use of copying machines and printers	Medium to long term	Medium
	Reputation	Loss of reputation among customers and investors in the case of insufficient efforts in response to climate change being recognized	Medium to long term	Medium
Physical risks (4°C)	Acute	Damage to buildings and equipment due to natural disasters	Medium to long term	Large
		Reduced plant utilization rates due to supply chain disruptions	Medium to long term	Medium
	Chronic	Increased investments in coastal business site due to rising sea levels	Long-term	Large
Opportunities	Products and services	Higher demand for plastic magnets, barium titanate and parts for wireless power supplies due to the expansion of the EV market	Medium to long term	Large
	Market	Increased demand for CO_2 solid sorbent materials associated with expansion of the CCUS market	Medium to long term	Large
		Increasing demand for the supply of hydrogen and carbon nanotubes through the direct methane reforming process	Medium to long term	Medium

Indicator and targets

Fiscal 2030 targets and results

Indicator	Base year	FY2030 targets	FY2023 results
Scope 1 + Scope 2 GHG emissions	2013 (89,283 t-CO_2)	75% reduction (22,000 t-CO_2)	72% reduction (25,059 t-CO_2)
	2019 (55,341 t-CO_2)	60% reduction (Same as above)	55% reduction (Same as above)
GHG emissions based on net sales	2013 (4.2 t-CO_2/million yen)	70% reduction (1.3 t-CO_2/million yen)	64% reduction (1.5 t-CO_2/million yen)
Use of renewable energy	0%	At least 17%	47%

* Sites in Japan only (overseas sites not included) * Scope 3 target has yet to be set.

Scope 3 emissions (in Japan, fiscal 2023)

Category	Items	t-CO_2	Calculated sites	Method for obtaining emission factor	Remarks
1	Purchased products and services	98,722	TODA KOGYO TOKYO SHIKIZAI	IDEA v2.3	Expenses subject to calculation were at least the top 90% of procurement amounts
2	Capital goods	5,423	TODA KOGYO	Ministry of the Environment Database of Emissions Unit Values Version 3.4	—
3	Upstream fuel procured	10,746	TODA KOGYO TOKYO SHIKIZAI	IDEA v2.3 Ministry of the Environment Database of Emissions Unit Values Version 3.4	—
4	Transportation and distribution (Upstream)	6,455	TODA KOGYO Onoda Plant Otake Plant Okayama Plant TOKYO SHIKIZAI	Ministry of the Environment Database of Emissions Unit Values Version 3.4	At least the top 90% by procurement volume was subject to calculation.
5	Waste generated by operations	258	Onoda Plant Otake Plant Okayama Plant TOKYO SHIKIZAI	IDEA v2.3 Ministry of the Environment Database of Emissions Unit Values Version 3.4	Only production sites were subject to calculation. (Hiroshima Head Office and Tokyo Office were excluded)
6	Business travel	246	TODA KOGYO	IDEA v2.3 Ministry of the Environment Database of Emissions Unit Values Version 3.4	—
7	Employee commute	334	TODA KOGYO TOKYO SHIKIZAI Toda Fine Tech	IDEA v2.3	—
8	Leased assets (Upstream)	Not applicable	—	—	—
9	Transportation and distribution (Downstream)	1,490	Onoda Plant Otake Plant Okayama Plant	Ministry of the Environment Database of Emissions Unit Values Version 3.4	Expanded estimate based on emissions of business partners with a high volume of transactions
10	Processing of sold products	Not applicable	—	—	—
11	Use of sold products	Not applicable	—	—	—
12	End-of-life treatment of sold products	14,056	TODA KOGYO TOKYO SHIKIZAI	IDEA v2.3 Ministry of the Environment Database of Emissions Unit Values Version 3.4	—
13	Leased assets (Downstream)	Not applicable	—	—	—
14	Franchises	Not applicable	—	—	—
15	Investment	Not applicable	—	—	—
—	Other (arbitrary)	Not applicable	—	—	—
	Total	137,731	—	—	—

Energy

	Unit	FY2021	FY2022	FY2023
Total in Japan	GJ	971,450	875,445	761,536
Onoda Plant	GJ	617,655	555,323	486,852
Otake Plant	GJ	312,201	280,675	244,095
Okayama Plant	GJ	18,812	18,525	15,332
TOKYO SHIKIZAI	GJ	21,920	20,483	14,843
Hiroshima Head Office	GJ	216	210	201
Tokyo Office	GJ	645	229	213
Procurement - LPG	t	2,013	1,654	1,799
Procurement - Heavy oil A	kL	1,495	3,153	2,598
Procurement - Kerosene	kL	955	825	755
Procurement - Light oil	kL	58	53	44
Procurement - Gasoline	kL	1	1	1
Procurement - Power	MWh	48,804	44,895	41,624
Power from fossil energy sources	MWh	48,804	44,895	462
Power from renewable energy sources	MWh	0	0	41,162
Procurement - Steam	GJ	294,304	196,645	155,107
Procurement - Cold water	GJ	163	0	0
Use rate of renewable energy	%	0	0	47

Water resources

	Unit	FY2021	FY2022	FY2023
Total water consumption	ML	558	658	693
Onoda Plant	ML	358	472	557
Otake Plant	ML	137	136	94
Okayama Plant	ML	63	50	42
TOKYO SHIKIZAI	ML	0	0	0
Total water intake	ML	2,353	2,190	2,096
Water intake source - Clean water	ML	77	78	89
Water intake source - Industrial water	ML	2,151	2,010	1,916
Water intake source - River water	ML	124	103	92
Water intake source - Groundwater	ML	0	0	0
Total wastewater volume	ML	1,795	1,532	1,403
Discharge destination - Sea	ML	1,618	1,384	1,252
Discharge destination - Rivers	ML	66	57	54
Discharge destination -Urban wastewater systems	ML	111	92	96

Waste

	Unit	FY2021	FY2022	FY2023
Industrial waste emissions	t	8,381	8,432	6,576
Onoda Plant	t	5,716	5,899	4,490
Otake Plant	t	2,492	2,380	1,933
Okayama Plant	t	100	89	101
TOKYO SHIKIZAI	t	73	64	52
Amount recycled	t	5,586	6,857	4,899
Amount landfilled outside the premises	t	2,795	1,575	1,676
Amount landfilled on the premises of our plants	t	0	0	0
Recycling rate	%	67	81	75

Transfer and release of substances subject to PRTR system

	Unit	FY2021	FY2022	FY2023
Atmospheric emissions	kg	11,611	10,401	5,825
Toluene	kg	9,291	9,000	4,800
Xylene	kg	2,160	1,158	820
Methylnaphthalene	kg	81	176	146
1,2,4-Trimethylbenzene	kg	78	66	58
Boron compounds	kg	1.0	1.0	1.1
Emissions to water	kg	7,682	6,318	4,324
Boron compounds	kg	7,366	4,400	4,100
Manganese and its compounds	kg	21	64	153
Water-soluble copper salts	kg	0	0	46
Nickel compounds	kg	144	0	20
Zinc water-soluble compounds	kg	151	6	5
Aluminum compounds (water-soluble salts)	kg	0	1,849	0
Transfer	kg	79,289	82,470	37,741
Nickel compounds	kg	50,568	49,860	21,889
Manganese and its compounds	kg	25,219	28,563	14,752
Xylene	kg	0.2	0.2	0.2
Chromium and trivalent chromium compounds	kg	103	82	370
Bisphenol A	kg	0	0	240
Cobalt and its compounds	kg	2,917	3,407	180
Boron compounds	kg	166	140	130
4,4'-Diaminodiphenyl methane	kg	0	0	110
Vanadium compounds	kg	15	85	70
Toluene	kg	0.0	0.0	0.3
4,4'-Isopropylidenediphenol	kg	206	210	0
4,4'-Methylenedianiline	kg	93	95	0
Aluminum compounds (water-soluble salts)	kg	0	28	0

Consolidated

	Unit	FY2021	FY2022	FY2023
Number of employees	persons	1,303	846	1,112
Japan	persons	558	550	549
China	persons	683	237	238
Korea	persons	1	3	267
Thailand	persons	25	24	23
North America	persons	32	28	31
Europe	persons	4	4	4
Ratio of males	%	77	78	77
Ratio of females	%	23	22	23
Number of non-regular employees	persons	16	14	46
Ratio of non-regular employees	%	1.23	1.65	4.14
Average age	years	42.9	43.0	43.1
Male	years	44.0	43.8	44.1
Female	years	40.3	40.1	40.5
Average duration of continued service	years	10.7	13.9	15.1
Male	years	12.6	15.4	16.9
Female	years	6.1	8.5	10.0
Cost of education and training	million yen	—	16.8	24.2
Average annual training cost per person	yen	—	19,800	21,783
Number of occupational accidents	cases	11	19	12
Accidents without lost workdays	cases	7	13	3
Accidents accompanied by lost worktime	cases	4	6	9
Japan	cases	9	15	9
China	cases	2	4	3
Korea	cases	0	0	0
Thailand	cases	0	0	0
North America	cases	0	0	0
Europe	cases	0	0	0
Number of serious accidents	cases	0	1	2

Non-consolidated

	Unit	FY2021	FY2022	FY2023
Number of employees	persons	374	374	377
Ratio of males	%	84.6	82.9	82.8
Ratio of females	%	15.4	17.1	17.2
Average age	years	47.2	47.3	47.1
Male	years	48.7	48.8	48.7
Female	years	39.7	39.8	39.5
Average duration of continued service	years	20.1	20.2	19.9
Male	years	21.9	21.8	21.6
Female	years	11.1	12.0	11.7
Number of new graduates recruited	persons	7	7	8
Ratio of males	%	71.4	85.7	62.5
Ratio of females	%	28.6	14.3	37.5
Number of mid-career recruited	persons	5	11	13
Ratio of males	%	80	91	84.6
Ratio of females	%	20	9	15.4
Labor union membership rate	%	50.0	47.6	46.9
Turnover (voluntary retirement only)	%	3.1	3.2	2.1
Ratio of those who retire within three years included in the above	%	7.3	10.0	5.1
Number of employees who took childcare leave	persons	4	15	9
Ratio of males	%	50.0	80.0	88.0
Ratio of females	%	50.0	20.0	12.0
Ratio of employees who returned to work after childcare leave	%	100.0	100.0	100.0
Ratio of childcare leave taken by eligible men	%	33.0	92.0	100.0
Average length of annual paid leave taken	days	13.0	12.5	14.0
Ratio of employees who took paid leave	%	65.2	61.1	74.2
Monthly average overtime work	hours	10.30	8.19	10.00
Average wages	thousand yen	—	6,694	6,444
Male	thousand yen	—	7,173	6,812
Female	thousand yen	—	4,637	4,752
Ratio of women at management positions	%	2.7	2.8	1.9
Ratio of women in positions at the level of assistant managers	%	—	17.1	19.3
Ratio of employees with disabled	%	2.45	2.94	2.41
Cost of education and training	million yen	—	14.8	20.4
Average annual training cost per person	yen	—	39,654	54,166
Response rate of employee engagement surveys	%	—	—	91.3
Average score of employee engagement surveys	points	—	—	4.66/7.00

Officers

	Unit	FY2019	FY2020	FY2021	FY2022*2	FY2023
Number of Directors*1 (excluding Audit and Supervisory Committee Members who are Outside Directors)	persons	7	7	7	5	6
Male	persons	7	7	7	5	5
Female	persons	0	0	0	0	1
Outside Directors (excluding Audit and Supervisory Committee Members who are Outside Directors)	persons	3	3	3	3	2
Ratio of females	%	0	0	0	0	17
Number of Corporate Auditors*1 (including Audit and Supervisory Committee Members)	persons	4	4	4	4	4
Male	persons	4	4	4	4	4
Female	persons	0	0	0	0	0
Outside Corporate Auditors (including Audit and Supervisory Committee Members who are Outside Directors)	persons	3	3	3	3	3
Ratio of females	%	0	0	0	0	0
Number of Executive Officers*1		8	10	10	10	10
Male	persons	8	10	10	10	10
Female	persons	0	0	0	0	0
Non-Japanese	persons	0	1	1	1	1
Ratio of females	%	0	0	0	0	0
Board of Directors Number of meetings	meetings	18	18	18	17	20
Outside Director attendance rate	%	96	100	100	100	100
Outside Corporate Auditor attendance rate (including Audit and Supervisory Committee Members who are Outside Directors)	%	96	100	100	100	100
Board of Corporate Auditors (including Audit and Supervisory Committee) Number of meetings	meetings	8	10	8	8	4
Outside Corporate Auditor attendance rate (including Audit and Supervisory Committee Members who are Outside Directors)	%	100	96	100	96	100

* 1 Number of those who were assigned based on resolutions passed at the annual general meeting of shareholders (Directors and Corporate Auditors) held each fiscal year or at meetings of the Board of Directors (Executive Officers) held thereafter
* 2 Following a resolution at the 89th Annual General Meeting of Shareholders on June 28, 2022, TODA KOGYO transitioned to being a company with an audit and supervisory committee.

Changes in compensation for officers (total amount)

	Unit	FY2019	FY2020	FY2021	FY2022*	FY2023
Directors (excluding Audit and Supervisory Committee Members) (Outside Directors included in the above)	million yen	120 (12)	110 (14)	105 (14)	114 (14)	99 (10)
Directors (Audit and Supervisory Committee Members) (Outside Directors included in the above)	million yen	—	—	—	17 (10)	22 (14)
Corporate Auditors (Outside Corporate Auditors included in the above)	million yen	18 (10)	18 (10)	18 (10)	4 (2)	—

* Following a resolution at the 89th Annual General Meeting of Shareholders on June 28, 2022, TODA KOGYO transitioned to being a company with an audit and supervisory committee.

Corporate ethics

	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of serious incidents related to TODA KOGYO's Compliance Code of Conduct	cases	0	0	0	0	0
Number of matters regarding which the compliance helpdesks were contacted	cases	0	0	2	2	2

Stock and shareholder information

Basic stock information (as of March 31, 2024)	
Securities Code	4100
Stock Exchange Market	Tokyo Stock Exchange
Fiscal year	April 1 to March 31 of the following year
Annual General Meeting of Shareholders	June of each year
Record date	Annual General Meeting of Shareholders March 31 of each year
	Year-end dividend March 31 of each year
	Interim dividend September 30 of each year
Total number of authorized shares	19,300,000 shares
Total number of issued shares	6,099,192 shares
Number of shareholders	6,173
Share unit number	100 shares
Shareholder register administrator	Sumitomo Mitsui Trust Bank, Limited

Major shareholders (as of March 31, 2024)	Number of shares held (thousand shares)	Shareholding ratio (%)
TDK Corporation	1,260	21.8
The Master Trust Bank of Japan, Ltd. (trust account)	440	7.6
The Hiroshima Bank, Ltd.	217	3.8
Custody Bank of Japan, Ltd. (portion entrusted with Sumitomo Mitsui Trust Bank under a saishintaku (re-trust) arrangement for the retirement benefit trust account of TDK Corporation)	199	3.5
Koji Tsutsumi	198	3.4
Yukiko Takahashi	102	1.8
CREDIT SUISSE AG	97	1.7
UBS AG SINGAPORE	78	1.4
Yoshiki Yokota	58	1.0
Meiji Yasuda Life Insurance Company	58	1.0

* 1 In addition to the above, there are 321,000 shares of treasury stock that we own.
* 2 Shareholding ratio was calculated by excluding treasury stock.

Directors (As of September 30, 2024)

Tsuneaki Kubo
Representative Director
President and CEO

Apr. 1988 Joined the Company
Mar. 2009 General Manager of ZHEJIANG TODA DMEGC MAGNETICS CO., LTD.
Jun. 2012 General Manager of TODA MAGNET (SHENZHEN) CO., LTD.
Apr. 2018 Corporate Officer of the Company
Oct. 2018 General Manager of Production Division, General Manager of Onoda Plant, and Department Manager of Procurement & Logistics Department
Jun. 2019 Executive Officer
Apr. 2021 General Manager of Core Business Division and in charge of Procurement & Logistics Department (current position)
Jun. 2021 Director
Jun. 2022 Managing Executive Officer
Oct. 2022 General Manager of Production Division (current position)
Jun. 2023 Senior Managing Executive Officer and in charge of Production Technology Division (current position)
Jun. 2024 Representative Director and President and Chief Executive Officer (current position)
Jul. 2024 Department Manager of General Safety & Health Controlling Department (current position)

Shigeru Takaragi
Director, Chairman and
Executive Officer

Apr. 1984 Joined the Company
May 2007 General Manager of Otake Plant
Jul. 2007 Executive Officer
Apr. 2012 Representative Director of TODA ISU CORPORATION
Apr. 2013 Senior Managing Executive Officer of the Company
Jun. 2013 Vice President and Director
Oct. 2013 Vice President and Representative Director
Jun. 2014 President and Representative Director
Jun. 2019 Representative Director, President and Chief Executive Officer
Jun. 2024 Director, Chairman and Executive Officer (current position)

Dai Matsuoka
Director and
Senior Managing Executive
Officer

Apr. 1991 Joined TDK Corporation
Jan. 2016 Manager, Advanced Agriculture Development Group, New Business Promotion Center
Jul. 2016 General Manager, Technology HQ
Jun. 2017 Corporate Officer and General Manager of Technology and Intellectual Property HQ
Jun. 2019 Outside Director of the Company
Apr. 2021 Corporate Officer of TDK Corporation
Chief Officer of Quality, Safety & Environment
Apr. 2023 Director and Managing Executive Officer of the Company
General Manager of Research & Development Division (current position)
Jun. 2024 Director and Senior Managing Executive Officer (current position)
Jul. 2024 In charge of Intellectual Property Group (current position)

Atsushi Tomokawa
Director and Managing
Executive Officer

Apr. 1995 Joined the Company
Apr. 2015 General Manager of Business Promotion Department, Global Fine Material Business Division
Apr. 2018 Corporate Officer
Jul. 2018 General Manager of Global Fine Material Business Division
Apr. 2019 Department Manager of Corporate Planning Department (current position)
Jun. 2019 Executive Officer
Jun. 2022 Managing Executive Officer (current position) and in charge of Sales Division (current position)
Jun. 2024 Director (current position)
Jul. 2024 In charge of Business Unit Management Department (current position)

Shuichi Hashiyama
Outside Director

Apr. 1990 Joined TDK Corporation
Apr. 2019 General Manager, Energy Systems Business Group, Energy Solutions Business Company
Apr. 2021 Corporate Officer (current position)
Deputy General Manager, Corporate Strategy HQ
General Manager of Corporate Planning Group
Apr. 2022 General Manager of Corporate Strategy HQ (current position)
Jun. 2023 Outside Director of the Company (current position)

Reiko Sodeno
Outside Director

Mar. 1996 Graduated from the Department of Sanitary Engineering, Kyoto University (currently Undergraduate School of Civil, Environmental and Resources Engineering, Kyoto University)
Apr. 1997 Joined Environment Agency (currently Ministry of the Environment)
Jul. 2004 Completed MPhil in Environmental Policy, Department of Land Economy, University of Cambridge, U.K.
Aug. 2009 Seconded to Ministry of Foreign Affairs
Aug. 2010 Deputy Director of Policy and Coordination Division, Global Environment Bureau, Ministry of the Environment
Apr. 2015 Associate Professor, Faculty of Environment and Information Studies, Keio University
Mar. 2018 Doctorate in Global Environmental Studies, Graduate School of Global Environmental Studies, Kyoto University
Apr. 2018 Professor, Planning Architecture and Environmental Systems, Faculty of Systems Engineering and Science, Shibaura Institute of Technology (current position)
Jun. 2024 Outside Director of the Company (current position)

Kazumi Okimoto
Director (full-time Audit and
Supervisory Committee
Member)

Apr. 1983 Joined the Hiroshima Bank, Ltd.
Apr. 2013 Secondment from the Hiroshima Bank, Ltd.
Executive Officer and Group Leader of Finance and Accounting, Corporate Administration Division of the Company
Apr. 2015 Joined the Company General Manager of Finance and Accounting Department, Corporate Administration Division
Apr. 2016 Corporate Officer
Apr. 2017 Deputy Department Manager of Corporate Planning Department
Apr. 2019 General Manager of Onoda Plant
Apr. 2020 General Manager of Otake Plant
Jun. 2020 Executive Officer
Apr. 2021 General Manager of Production Division
Jun. 2021 Division Manager of Human Capital Development Department, Production Division
Jun. 2022 Chief Risk Officer and Internal Control Officer
Nov. 2022 President and Representative Director of Toda Fine Tech Inc.
Jun. 2024 Director who is an Audit and Supervisory Committee Member of the Company (current position)

Shinsuke Hasegawa
Outside Director (Audit and
Supervisory Committee
Member)

Oct. 1989 Joined Arthur Andersen LLC (currently KPMG AZSA LLC)
Apr. 2001 Joined Nomura Securities Co., Ltd.
Aug. 2005 Joined Morgan Stanley Japan Securities (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
Dec. 2008 Representative of Hasegawa CPA Office (current position)
Mar. 2014 Outside Auditor of Hinokiya Group Co., Ltd. (current position)
Jun. 2017 Outside Corporate Auditor of the Company
Jun. 2022 Outside Director who is an Audit and Supervisory Committee Member (current position)

Koji Kanazawa
Outside Director (Audit and
Supervisory Committee
Member)

Oct. 2004 Joined Chuo Sogo Law Office, P.C.
Nov. 2012 Joined Rodyk & Davidson LLP (currently Dentons Rodyk)
Aug. 2013 Admitted to the New York State Bar
Jan. 2014 Deputy Director of Supervisory Coordination Division, Supervisory Bureau, Financial Services Agency
Jan. 2016 Partner of Chuo Sogo Law Office, P.C. (current position)
Jun. 2018 Outside Corporate Auditor of the Company
Jun. 2018 Outside Corporate Auditor of Rakuten General Insurance Co., Ltd. (current position)
Jun. 2022 Outside Director who is an Audit and Supervisory Committee Member of the Company (current position)

Kazuya Uraisami
Outside Director (Audit and
Supervisory Committee
Member)

Apr. 1981 Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Dec. 1993 General Manager of Credit Department of Union Bank of Switzerland (currently UBS) and other positions
May 1997 General Manager of Credit Department of Merrill Lynch Securities Co., Ltd. and other positions
Feb. 2005 General Manager of Head Office Financial Evolution Planning and Promotion Division of SANYO Electric Co., Ltd. and other positions
Jun. 2011 President of MBK Co., Ltd. and other positions
May 2013 Executive Vice President of Kameichi Co., Ltd.
May 2014 Senior Managing Director of Asahi Techno Plant Co., Ltd.
Mar. 2018 Representative of Marginal LLC (current position)
Jun. 2020 Outside Corporate Auditor of the Company
Jun. 2022 Outside Director who is an Audit and Supervisory Committee Member (current position)

Directors' Skills Matrix

TODA KOGYO has formulated Vision2026, its medium-term management plan to be implemented from fiscal 2024 to fiscal 2026, aiming to achieve the Ideal Vision for fiscal 2030 that was formulated in materialities. Under this plan, we will execute our business strategy, financial strategy, and human capital strategy and further strengthen our business portfolio management to enhance our corporate value.

The Board of Directors has positioned it as an important duty to provide fair, equitable, appropriate advice and supervision toward our sustainable growth and the improvement of our corporate value over the medium and long terms. We have specified the following ten skills as skills that the Board of Directors should be equipped with to help achieve the medium-term management plan.

	Corporate/ Business Management	Internationality Global Experience	Production Procurement	Quality Control	Technology R&D	Sales Marketing	Finance/ Accounting	Legal Compliance	Personnel Labor Relations Human Resource Development	ESG	Assigned area at the Company, significant concurrent positions, qualifications, etc.
Tsuneaki Kubo Representative Director	●	●	●		●	●					President and CEO (Overall management, Production Division)
Shigeru Takaragi Director	●	●	●		●	●			●	●	Chairman and Executive Officer (Support for management)
Dai Matsuoka Director		●	●	●	●					●	Senior Managing Executive Officer (Research & Development Division, Intellectual Property Group)
Atsushi Tomokawa Director	●					●	●	●		●	Managing Executive Officer (Corporate Planning Department, Sales Division)
Shuichi Hashiyama Outside Director (Outside)	●	●			●	●				●	Corporate Officer of TDK Corporation
Reiko Sodeno Outside Director (Outside, Independent)		●			●					●	Professor, Shibaura Institute of Technology
Kazumi Okimoto Director who is an Audit and Supervisory Committee Member (full-time)	●		●	●			●		●		Full-time Audit and Supervisory Committee Member
Shinsuke Hasegawa Outside Director who is an Audit and Supervisory Committee Member (Outside, Independent)	●	●					●				Certified public accountant
Koji Kanazawa Outside Director who is an Audit and Supervisory Committee Member (Outside, Independent)	●	●						●		●	Attorney
Kazuya Uraisami Outside Director who is an Audit and Supervisory Committee Member (Outside, Independent)	●	●					●		●	●	Representative, Marginal LLC

Executive Officers (As of September 30, 2024)

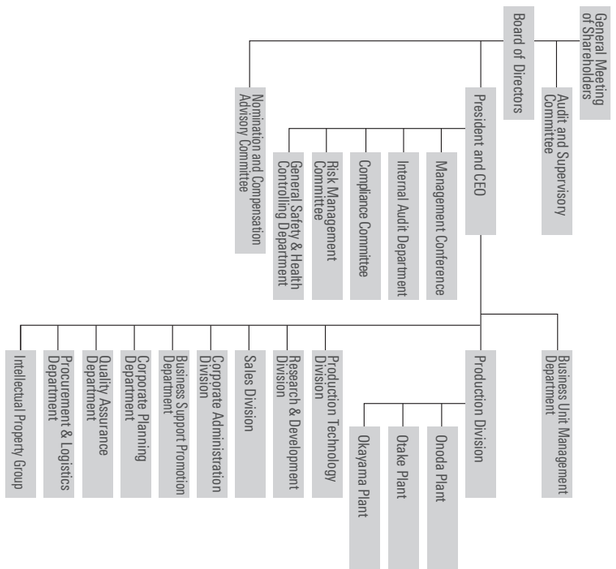
Chairman and Executive Officer	Shigeru Takaragi	
President and CEO	Tsuneaki Kubo	General Manager of Production Division
Senior Managing Executive Officer	Dai Matsuoka	General Manager of Research & Development Division
Managing Executive Officer	Atsushi Tomokawa	Department Manager of Corporate Planning Department
	Mitsunori Nagase	President of Toda Advanced Materials Inc.
	Tetsuo Tsurui	Representative Director of TODA ISU CORPORATION
	Koso Aoki	General Manager of Corporate Administration Division
	Hwang Youngkyun	General Manager of Korea Business Department Representative Director of TODA ISU CORPORATION
Executive Officer	Minoru Ohsugi	China Business Department in charge. Chairman and General Manager of Jiangmen & Partner's Magnetic Product Co., Ltd
	Kazuyoshi Kawato	Sales General Manager General Manager of Tokyo Office

Company Information

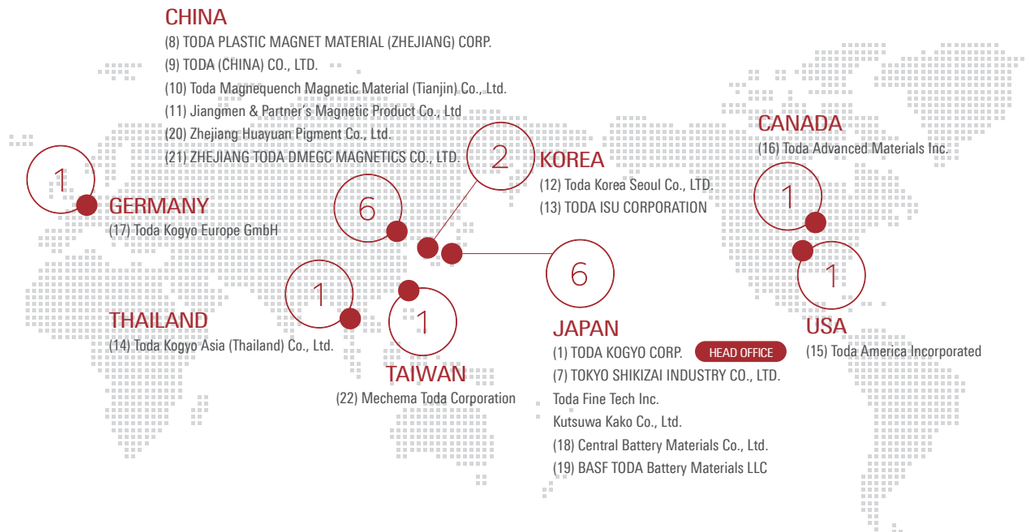
Corporate Profile (As of March 31, 2024)

Company Name:	TODA KOGYO CORP.
Head Office Location:	1-23 Kyobashi-cho, Minami-ku, Hiroshima
Founding:	1823
Date of Incorporation:	November 30, 1933
Share Capital:	7,477 million yen
Number of Employees:	377 (non-consolidated), 1,112 (consolidated)

Organization Chart (As of September 30, 2024)



Offices and Plants



TODA KOGYO Group Information

	Company Name	Location	Business	Since	Number of Employees	ISO Certifications ISO9001	ISO14001	ISO45001	IATF16949
Consolidated	(1) TODA KOGYO Head Office	Minami-ku, Hiroshima		1933	33				
	(2) Onoda Plant	Sanyo-Onoda, Yamaguchi	Manufacturing of functional pigments, dielectric materials, and others	1959	99	●	●	●	
	(3) Otake Plant	Otake, Hiroshima	Manufacturing of magnet materials and functional pigments	1984	51	●	●	●	●
	(4) Otake Creative R&D Center	Otake, Hiroshima	R&D and marketing	1991	83	●	●	●	●
	(5) Okayama Plant	Kita-ku, Okayama	Manufacturing of inorganic pigments	1954	27	●	●		
	(6) TODA KOGYO Tokyo Office	Minato-ku, Tokyo	Marketing and sales		30				
	(7) TOKYO SHIKIZAI INDUSTRY CO., LTD.	Itabashi-ku, Tokyo	Manufacturing and sales of organic pigments	2008	26				
	(8) TODA PLASTIC MAGNET MATERIAL (ZHEJIANG) CORP.	Zhejiang, China	Manufacturing and sales of ferrite magnetic compounds and others	2003	41	●	●		●
	(9) TODA (CHINA) CO., LTD.	Shanghai, China	Marketing and sales in Asia		6				
	(10) Toda Magnequench Magnetic Material (Tianjin) Co., Ltd.	Tianjin, China	Manufacturing and sales of rare earth magnetic compounds and others	2007	49	●	●		
	(11) Jiangmen & Partner's Magnetic Product Co., Ltd	Guangdong, China	Manufacturing and sales of injection molded magnets and others	2021	142		●		●
	(12) Toda Korea Seoul Co., LTD.	Anyang, Gyeonggi, South Korea	Marketing and sales in Korea		2				
	(13) TODA ISU CORPORATION	Wonju, Gangwon, South Korea	Manufacturing and sales of magnetic materials	2008	265	●	●		●
	(14) Toda Kogyo Asia (Thailand) Co., Ltd.	Ayutthaya, Thailand	Manufacturing and sales of magnetic compounds and others, and import and sales of pigments	2016	23	●	●		
	(15) Toda America Incorporated	United States			—				
	(16) Toda Advanced Materials Inc.	Ontario, Canada	Manufacturing and sales of LIB cathode material precursors	2007	31	●	●		
	(17) Toda Kogyo Europe GmbH	Düsseldorf, Germany	Marketing and sales in Europe		4				
Subject to equity method	(18) Central Battery Materials Co., Ltd.	Sakai, Osaka	Manufacturing and sales of LIB cathode material precursors	2011	—	●	●		
	(19) BASF TODA Battery Materials LLC	Sanyo-Onoda, Yamaguchi	Manufacturing and sales of LIB cathode materials	2015	—	●	●		
	(20) Zhejiang Huayuan Pigment Co., Ltd.	Zhejiang, China	Manufacturing and sales of inorganic pigments	2003	—	●	●		
	(21) ZHEJIANG TODA DMEGC MAGNETICS CO., LTD	Zhejiang, China	Manufacturing and sales of bonded ferrite materials	2004	—	●	●		
	(22) Mechema Toda Corporation	Taoyuan, Taiwan	Manufacturing and sales of raw materials of chemical products	2013	—				

Editorial Policy

In 2024, we began to publish the Integrated Report instead of the CSR Report.

With this report, our aim is to convey to our stakeholders the value we create toward sustainable growth and our strengths that enable value creation, among other information, in a way that is easier to understand. In addition to management strategies and financial figures such as financial results, we have included our history, corporate culture, and approach to manufacturing in this report.

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This report was created mainly by editorial members of the Corporate Planning Department in cooperation with all other departments of the company.