

Translation

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Company name: TODA KOGYO CORP.
 Name of representative: Tsuneaki Kubo,
 Representative Director
 (Securities code: 4100;
 Standard Market)
 Inquiries: Atsushi Tomokawa,
 Department Manager of Corporate
 Planning Department
 (Telephone: +81-82-577-0055)

**Notice Regarding Recording of Non-Operating Expenses,
 Differences Between Forecast and Actual Results for the Second Quarter of FY2026,
 and Revisions of Full-Year Consolidated Financial Forecast**

TODA KOGYO CORP. (hereinafter, the “Company”) hereby announces that non-operating expenses will be recorded in the second quarter (first half) of the fiscal year ending March 31, 2026, as described below.

In addition, as there is a difference between the forecast for the second quarter (first half) of the fiscal year ending March 31, 2026, announced on May 15, 2025, and the actual results disclosed today, and in light of recent trends in business performance, the Company has decided to revise its forecast of consolidated financial results for the year ending March 31, 2026.

1. Recording of Non-Operating Expenses

In the second quarter (first half), the Company recorded share of loss of entities accounted for using equity method of 628 million yen as non-operating expenses, due to the recognition of losses at associates accounted for using the equity method.

2. Differences Between Forecast and Actual Results for the Second Quarter of the Fiscal Year Ending March 31, 2026 (April 1, 2025 – September 30, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous Forecast (A)	Millions of yen 14,000	Millions of yen 300	Millions of yen 0	Millions of yen (300)	Yen (51.90)
Actual Results (B)	14,309	599	18	(108)	(18.71)
Increase/Decrease (B - A)	309	299	18	192	—
Rate of Change (%)	2.2	99.7	—	—	—
(Reference) Results for the Previous Fiscal Year (the second quarter of fiscal year ending March 31, 2025)	14,508	(267)	(266)	(879)	(152.24)

3. Revision of Full-Year Consolidated Financial Forecast of the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous Forecast (A)	Millions of yen 29,000	Millions of yen 900	Millions of yen 600	Millions of yen 200	Yen 34.60
Revised Forecast (B)	28,500	1,000	(300)	(700)	(121.08)
Increase/Decrease (B - A)	(500)	100	(900)	(900)	—
Rate of Change (%)	(1.7)	11.1	—	—	—
(Reference) Results for the Previous Fiscal Year (fiscal year ending March 31, 2025)	31,667	(648)	(1,411)	(3,563)	(616.44)

4. Reasons for Difference and Revision of Earnings Forecast

Difference between the consolidated financial forecast and actual results for the second quarter (first half)

Net sales exceeded the initial forecast due to strong demand for dielectric materials and other materials, as well as the positive effects of product pricing optimization activities.

In terms of profit, operating profit surpassed the initial forecast owing to increased net sales combined with the effects of cost reductions and overhead cost reductions. Non-operating income and expenses were negatively impacted by sluggish revenues from associates accounted for using the equity method, which are engaged in the manufacture of lithium ion battery (LIB) materials. However, ordinary profit and profit attributable to owners of parent also exceeded the initial forecast as a result of higher operating profit.

Revision of full-year consolidated financial forecast

As for net sales, although demand for dielectric materials continued to be strong as in the first half of the fiscal year, demand for materials, mainly soft magnetic materials, is expected to decline more than initially forecast due to intensified competition in China.

In terms of profit, although net sales are expected to decrease, operating profit is expected to exceed the initial forecast due to the effects of product pricing optimization activities, cost reductions, and overhead cost reductions. On the other hand, regarding non-operating income and expenses, ordinary profit and profit attributable to owners of parent are expected to fall below the initial forecast, as revenues from associates accounted for using the equity method, which are engaged in the manufacture of lithium ion battery (LIB) materials are likely to remain sluggish, similar to the first half of the fiscal year.

Based on the above, the Company has revised its full-year consolidated financial forecast as shown in the table above.

(Note) The above forecasts are based on information available as of the date of this announcement and may differ from actual results due to various factors going forward.