

First Half of the Fiscal Year Ending
March 31, 2025

Financial and Business Briefings

December 3, 2024

TODA KOGYO CORP.
Representative Director
Tsuneaki Kubo

Fine particles for a fine future.



- | Overview of the Strategies for the Medium-term Management Plan “Vision2026”
- | Report on the Consolidated Financial Results for the First Half of FY2024
- | Forecast of Full-year Consolidated Financial Results for FY2024

Overview of the Strategies for the Medium-term Management Plan “Vision2026”

Our Vision

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 Vision for FY2030.



Vision2023 FY2023 Result

Operating profit margin	0.4%
ROE	-24%
Equity ratio	26%
CO ₂ emissions (Domestic·Scope1+2)	25,059t <small>*Equivalent to a 72% reduction compared to FY2013</small>

Vision2026
FY2026 Plan

Operating profit margin	5%
ROE	11%
Equity ratio	29%
CO ₂ emissions (Domestic·Scope1+2)	26,500t <small>*Equivalent to a 70% reduction compared to FY2013</small>

Ideal Vision

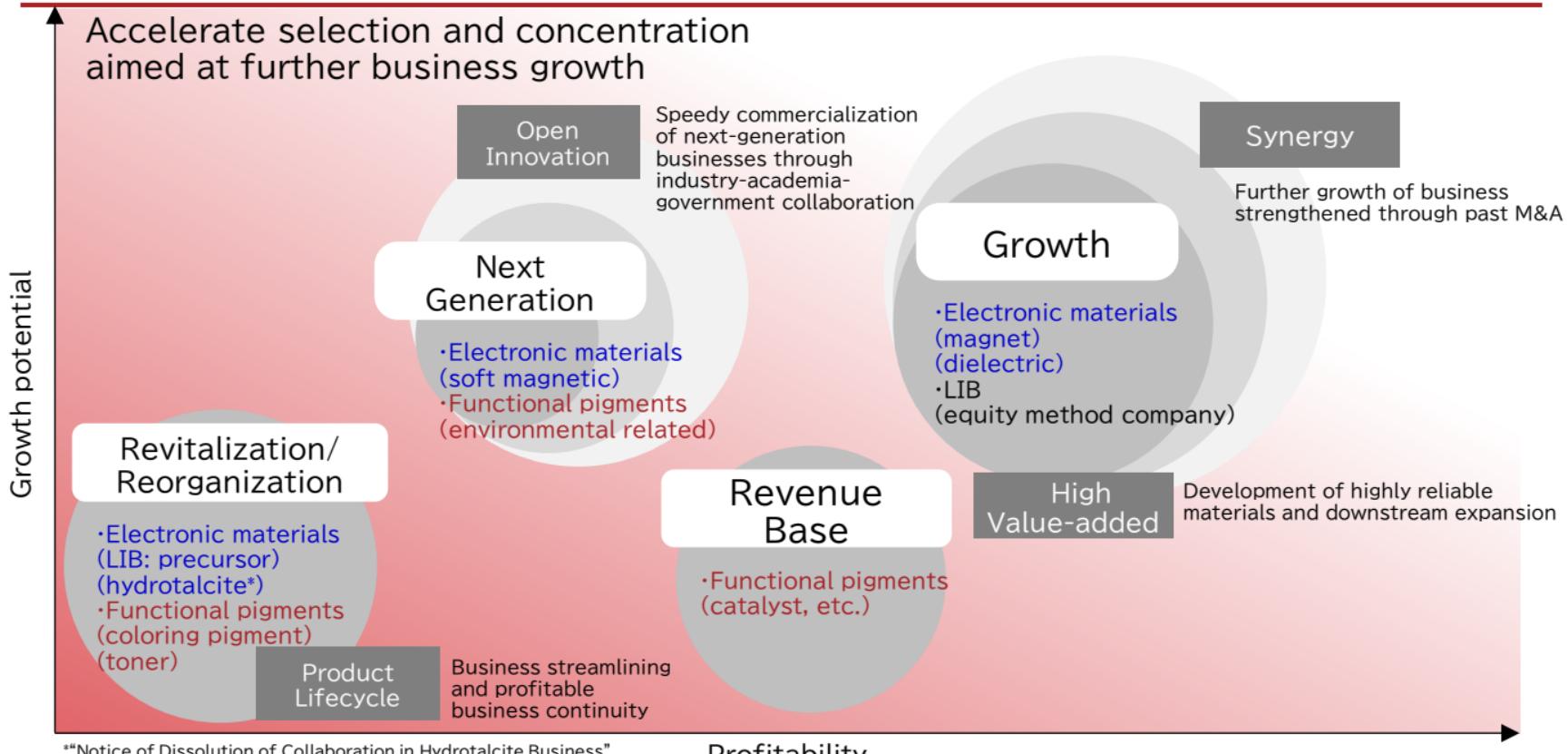
FY2030 Goal (Materiality KPIs)

Operating profit margin	8% or more
ROE	10% or more
Equity ratio	40% or more
CO ₂ emissions (Domestic·Scope1+2)	22,000t or less <small>*Equivalent to a 75% reduction compared to FY2013</small>

Mission
“Strengthen Our Business Portfolio Management”

*CO₂ emissions FY2023: about 89,000 tons

Strengthen Business Portfolio Management



Concept of Medium-term Management Plan “Vision2026”

We will promote our business portfolio management strongly to realize our Vision for FY2030.

Mission : “Strengthen Our Business Portfolio Management”
~ Business growth through accelerated selection and concentration ~

1 Business Strategies

Electronic materials segment		Functional pigments segment	
High Value-added	Development of highly reliable materials and downstream expansion	Product Lifecycle	Business streamlining and profitable business continuity
Synergy	Further growth of business strengthened through past M&A	Open Innovation	Speedy commercialization of next-generation businesses through industry-academia-government collaboration
Magnet	Dielectric	Soft magnetic	LIB
Pigment	Environment related		

2 Financial Strategies Operate business with an awareness of a stable financial base and capital efficiency

KPIs: operating profit margin, ROE, equity ratio, cash conversion cycle

3 Human Capital Strategies Strengthen succession plans for key divisions, develop the careers of women and minorities, and foster human capital to promote DX

KPIs: promoting next-generation managers, educational costs per person

Report on the Consolidated Financial Results for the First Half of FY2024

Consolidated Financial Results for the First Half of FY2024 Cause Analysis

- Demand for magnet, dielectric, and soft magnetic materials has been strong. Revenue increased due to the consolidation of TODA ISU CORPORATION (hereafter, "TIC")* as a subsidiary.
- Due to the slowdown in growth in the EV market, the performances of our consolidated subsidiary and associates accounted for using the equity method that manufacture materials for lithium ion batteries (LIB) have decelerated, resulting in a decrease in profitability.

	FY2023 H1	FY2024 H1	Year on year
Net sales	126	145	+18
Operating profit	(0.1)	(2.6)	(2.5)
Ordinary profit	9.7	(2.6)	(12.3)
Profit	8.0	(8.7)	(16.8)

Foreign exchange sensitivity
(during the period of Vision2026)

Impact of a 1 Yen Depreciation
·Net sales: Approx. an increase of 0.1 billion yen
·Operating profit: Approx. an increase of 0.01 billion yen

FY2026 Goal		Operating profit margin	(0.1%)	(1.8%)	(1.7%)
5% or more	Operating profit margin	(0.1%)	(1.8%)	(1.7%)	
11% or more	ROE	4.8%	(6.2%)	(11.0%)	
29% or more	Equity ratio	32.5%	25.8%	(6.7%)	

(*)"Notice Regarding Change in Name of Subsidiary Company" Announced on November 26, 2024:
TIC was changed its company name to TODA materials Inc. on January 1, 2025.

Overview by Material for the First Half of FY2024

Billions of yen

PPM	Materials	FY2023 H1		FY2024 H1		YoY		Applications	Results of H1
		Net Sales	Operating profit margin	Net sales	Operating profit margin	Net sales	Operating profit margin		
Growth	Magnet materials	57	4%	64	6%	+6	+2 points	Motor and sensor parts for home appliances and automobiles	- Strong demands for materials in automobiles. - Solid financial results of the consolidated subsidiaries in China.
	Dielectric materials	4	(7%)	7	2%	+2	+10 points	MLCC for smartphone and EV	- Demand recovery. Growing in the AI server sector.
	Materials for LIB (cathode materials)						LIB for EV		- Struggling to grow due to the slowdown in the growth of the EV market.
Revenue Base	Catalyst and others	6	6%	8	11%	+1	+5 points	•Catalysts for the synthesis for petrochemical products •Friction materials •Recording materials •Catalysts to promote total incineration •Environmental purification	- Performing well.
	Soft magnetic materials	3	(59%)	29	(1%)	+26	+57 points	Inductive device	- Increase in revenue and profit due to the conversion TIC as a consolidated subsidiary.
Next Generation	Environmental related materials (under development)						•CO ₂ free high-concentration hydrogen and CNT manufacture •CO ₂ separation and recovery		- Progressing smoothly in accordance with NEDO's plan.
	Materials for LIB (precursor)	12	23%	1	(302%)	(11)	(325 points)	LIB for EV	- Slowdown in the growth of the EV market and slowdown in demand due to the end of the product lifecycle.
Revitalization/ Reorganization	Hydrotalcite	6	(20%)	4	(29%)	(2)	(9 points)	PVC stabilizers	- Dissolution of collaboration.
	Coloring pigment-toner materials	36	(7%)	32	(9%)	(4)	(2 points)	•Coloring of road surfaces and buildings •Printers and copying machines	- Although product pricing optimization action and cost reductions were implemented, a decrease in revenue occurred due to the delayed recovery of demand.

* Segment: Electronic Materials Business Functional Pigments Business

Forecast of Full-year Consolidated Financial Results for FY2024

Forecast of Full-Year Consolidated Financial Results for FY2024

- Pushing on our business portfolio management, without reducing investment for growth as well as research and development.
- Restructuring of group companies related to materials for LIB and accelerating the reinforcement of TODA KOGYO (non-consolidate).

Billions of yen

(*)Announcement value as of November 11, 2024.

Year on year

	FY2023 Results	FY2024 Forecasts*	Year on year FY24-FY23
Net sales	262	295	+32
Operating profit	1.1	(1.0)	(2.1)
Ordinary profit	11.6	(4.0)	(15.6)
Profit	(35.8)	(13.0)	+22.8
FY2026 Goal			
5% or more KPI	Operating profit margin (%)	0.4	(0.3)
			(0.7)

Comparison of the H1 and H2 of FY2024

FY2024 H1 results	FY2024 H2 forecasts*	Comparison H2-H1
145	149	+4
(2.6)	1.6	+4.3
(2.6)	(1.3)	+1.3
(8.7)	(4.2)	+4.5
(1.8)	1.1	+2.9

Initiatives in Business Portfolio Management [Growth] Category

Business Strategies

Synergy

Further growth of business strengthened through past M&A

High Value-added

Development of highly reliable materials and downstream expansion



Growth

Revitalization/
Reorganization

Revenue Base

Business Portfolio Management

Forecasts of the Full-Year Consolidated Financial Results

Billions of yen

Segment	Materials	FY2023		FY2024 Forecast		Applications	Current Situation and Future Initiatives
		Net sales	Operating profit margin	Net sales	Operating profit margin		
Electronic Materials Business	Magnet materials	118	8%	125	8%	Motor and sensor parts for home appliances and automobiles	<ul style="list-style-type: none"> - Expansion of production capacity for rare-earth magnetic compounds (From 700t to 900t in FY 2025). - Building of a new plant for molded products. - Development of next-generation new materials (utilizing NanoTerasu).
Electronic Materials Business	Dielectric materials	10	(12%)	15	7%	MLCC for smartphone and EV	<ul style="list-style-type: none"> - Development and manufacturing of specialized nanoparticles. - Supply in dispersion utilizing the characteristics of wet synthesis methods. Commercialization ongoing smoothly.
Electronic Materials Business	Materials for LIB (cathode materials)	Implemented at associates accounted for using the equity method		LIB for EV		<ul style="list-style-type: none"> - Strengthening efforts to expand sales channels. - Capacity enhancement ongoing, to be completed within FY2024. 	

Initiatives in Business Portfolio Management [Revenue Base] Category

Business Strategies

High Value-added

Development of highly reliable materials and downstream expansion



Business Portfolio Management

Forecasts of the Full-Year Consolidated Financial Results

Billions of yen

Segment	Materials	FY2023		FY2024 Forecast		Applications	Current Situation and Future Initiatives
		Net sales	Operating profit margin	Net sales	Operating profit margin		
Functional Pigments Business	Catalyst and others	11	7%	15	6%	 <ul style="list-style-type: none">•Catalysts for the synthesis for petrochemical products•Friction materials•Recording materials•Catalysts to promote total incineration•Environmental purification	<ul style="list-style-type: none">- Maintaining quality superiority.- Product pricing optimization and cost reduction activities.

Initiatives in Business Portfolio Management [Revitalization/ Reorganization] Category

Business Strategies

Product Lifecycle

Business streamlining and
profitable business continuity



Business Portfolio Management

Forecasts of the Full-Year Consolidated Financial Results

Billions of yen

Segment	Materials	FY2023		FY2024 Forecast		Applications	Current Situation and Future Initiatives
		Net sales	Operating profit margin	Net sales	Operating profit margin		
Electronic Materials Business	Materials for LIB (precursor)	36	16%	2	(314%)	LIB for EV	<ul style="list-style-type: none"> - Monitor market trends. - Explore next-generation themes and seek for collaborations with partners.
Electronic Materials Business	Hydrotalcite	11	(25%)	8	(21%)	PVC stabilizers	<ul style="list-style-type: none"> - Transition of applications from PVC stabilizers to high-value-added fields such as semiconductors and healthcare.
Functional Pigments Business	Coloring pigment·toner materials	69	(10%)	68	(7%)	<ul style="list-style-type: none"> ·Coloring of road surfaces and buildings ·Printers and copying machines 	<ul style="list-style-type: none"> - Product pricing optimization activities, cost reductions. - Expand sales of new products domestically and internationally. - Aim to transform the portfolio towards environmental-related materials.

Initiatives in Business Portfolio Management [Next Generation] Category

Business Strategies

Synergy

Further growth of business strengthened through past M&A

Open Innovation

Speedy commercialization of next-generation businesses through industry-academia-government collaboration



Forecasts of the Full-Year Consolidated Financial Results

Billions of yen

Segment	Materials	FY2023		FY2024 Forecast		Applications	Current Situation and Future Initiatives
		Net sales	Operating profit	Net sales	Operating profit		
Electronic Materials Business	Soft magnetic materials	5	(60%)	60	0%	Inductive device	<ul style="list-style-type: none">- One-stop provision of soft magnetic metal materials.- Collaboration with consolidated subsidiary TIC.- Promotion of noise suppression parts development.
Functional Pigments Business	Environmental related materials (under development)	Research and Development Phase		Planned for commercialization from FY2027 onwards		<ul style="list-style-type: none">·CO₂ free high-concentration hydrogen and CNT manufacture·CO₂ separation and recovery	<ul style="list-style-type: none">- Aim to achieve hydrogen production costs (target: 30 yen/Nm³ or less) and CO₂ capture costs (target: in the 2,000-yen range per ton of CO₂).

Topics: Initiative in Environmental Related Materials (Under Development)

Build Supply Chains of Local CO₂ Free Hydrogen utilized Unharnessed Natural Gas

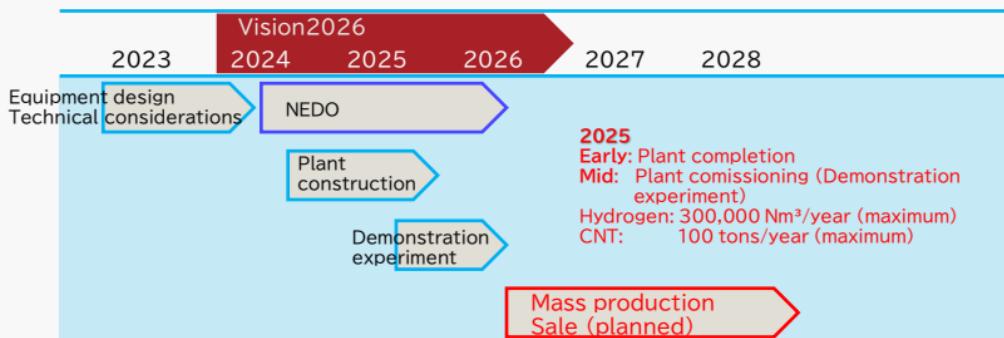
Overview Producing inexpensive, high-purity carbon-neutral hydrogen (99.99% or more) based on DMR method, and building a local supply chain of CO₂ free hydrogen in Toyotomi Town by utilizing unharnessed natural gas produced from hot springs effectively.



Progress



Image of the Plant





Trying to connect with each other and combine our abilities as we attempt to create new possibilities that bring hope to the future.

Supporting life and society through nanotechnology.

Fine particles for a fine future

Note: The figures contained in this document such as business forecasts have been calculated based on judgments and assumptions in light of currently available information. Due to the inherent uncertainty in judgments and assumptions as well as the possibility of fluctuations due to future business operations and changes in domestic and international circumstances, actual business performance may differ significantly from the forecast figures.

In addition, sales figures for each material that constitutes our business segments are disclosed voluntarily and have not been audited, thus please understand that they are for reference purposes only.