

TODA KOGYO CORP.

Integrated Report 2025

Fine particles for a fine future.



Disclosure System

We have organized our disclosure system in consideration of the convenience of stakeholders.
For the TODA Group's value creation narratives, please refer to the Integrated Report.
For an overview and details of the TODA Group, please refer to the relevant webpages on our website.

Overview of the TODA Group

Short movie

TODA KOGYO CORP. | Business Introduction Video on YouTube (November 30, 2023)



Value Creation Narratives

Integrated Report



Management Plan

Medium-term Management Plan



Investor Presentations



Finance

Securities Report (Japanese Only)



Short-Term Financial Statements



ESG

ESG BOOK



Corporate Governance



This report provides hyperlinks to relevant pages and outside websites.



See CONTENTS



See the relevant webpage



See an outside website

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.

About the cover

Artwork entitled: Bounty of the Sea
Created by: Yumeji



TODA KOGYO CORP. (hereinafter, "TODA") sponsors Paralymp Art, a project for participation of artists with disabilities in society and for their economic independence. As an official partner, the Group supports Paralymp artists.





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TODA KOGYO CORP. Integrated Report 2025

Editorial policy

The purpose of this report is to plainly inform stakeholders of the value created for the TODA Group’s continuous growth, its strengths that enable it to create value and other matters. It features the TODA Group’s history, corporate culture and stance on manufacturing in addition to its management strategies and achievements.

Period covered: FY2024 (April 2024 to March 2025)
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section 01 Purpose

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

Throughout Toda's 200-year history, we have always believed in the infinite potential contained in small particles. With the technology that we have mastered over a great many years and our passion to never give up, we will use the power of fine particle to respond to the challenges of the future and support a diverse and evolving society.



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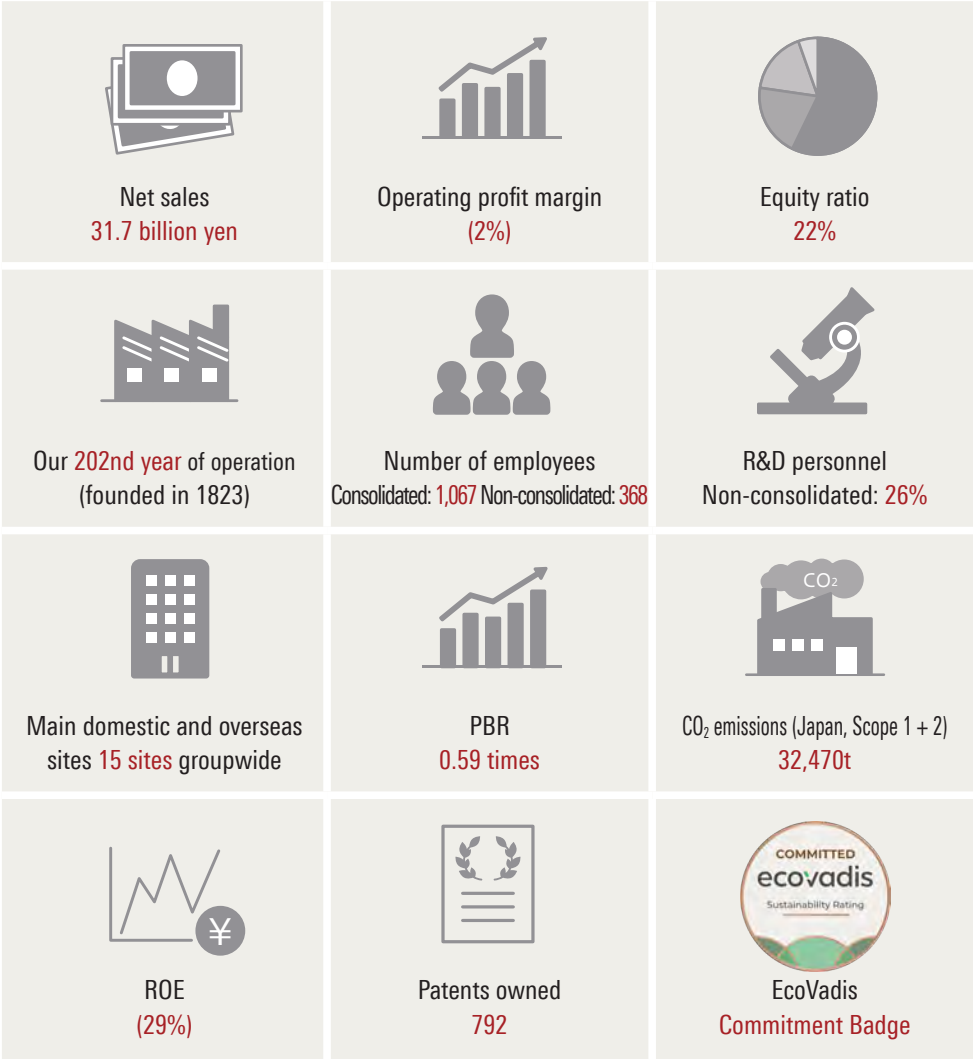
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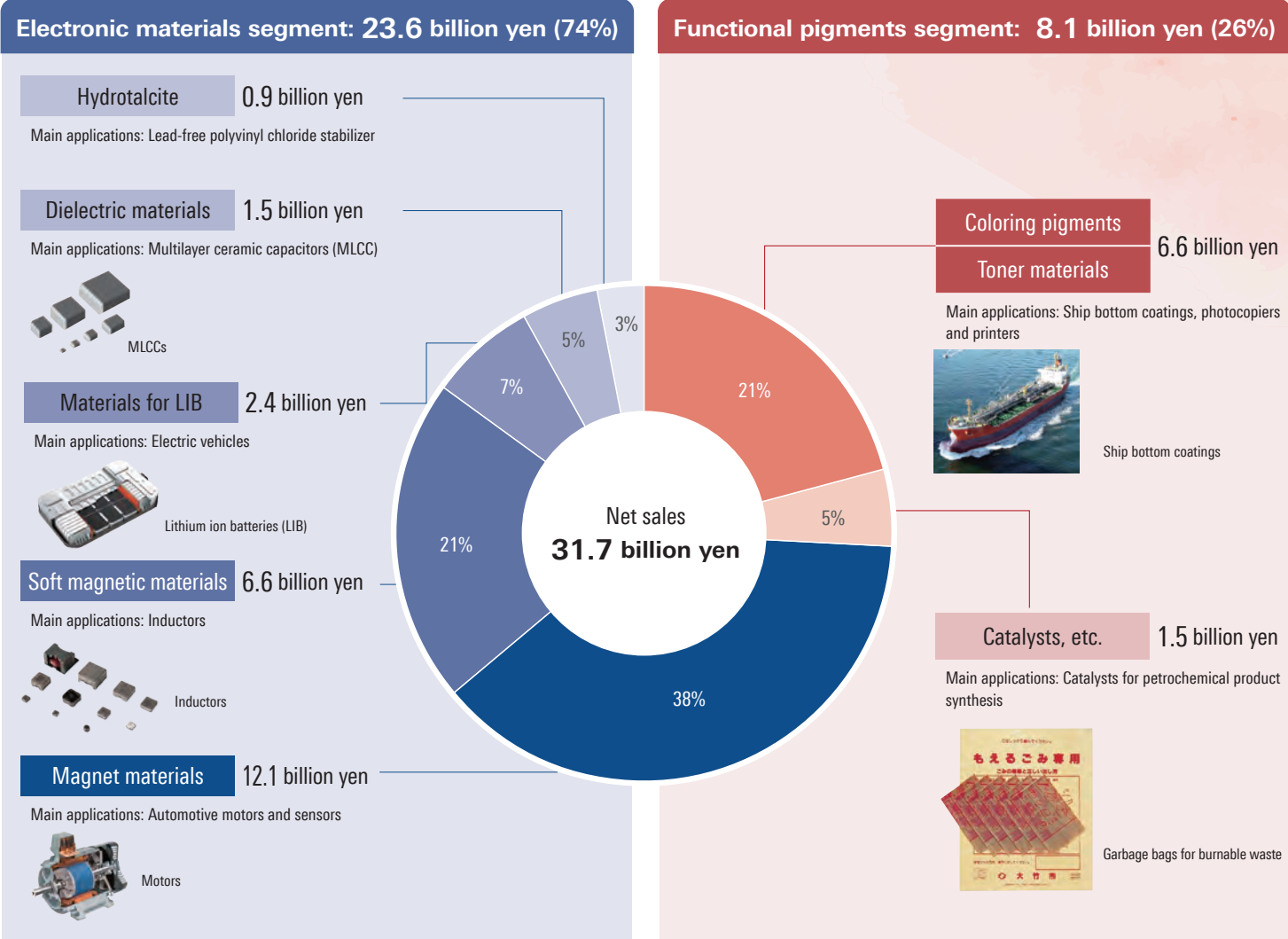
TODA Group Overview

TODA was founded in 1823 as a manufacturer of Bengala, a red pigment that is essential for the painting of building materials and ceramics. Since that time, in addition to pigments, we have been supplying the world's leading companies with materials and parts that leverage the properties of various inorganic materials such as magnetic materials, dielectric materials and soft magnetic materials. Our product development is always driven by customer needs. We collaborate closely with customers to develop advanced solutions that meet evolving market needs.

At a Glance (As of March 31, 2025, Consolidated)



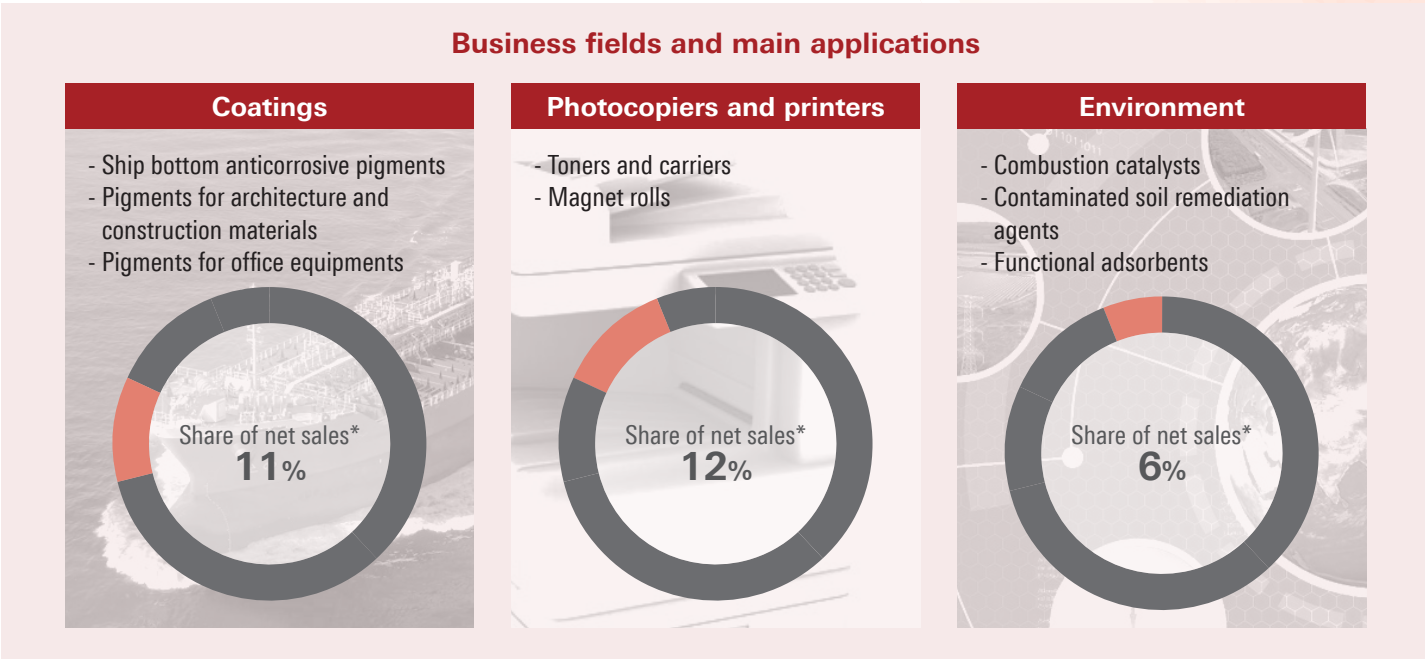
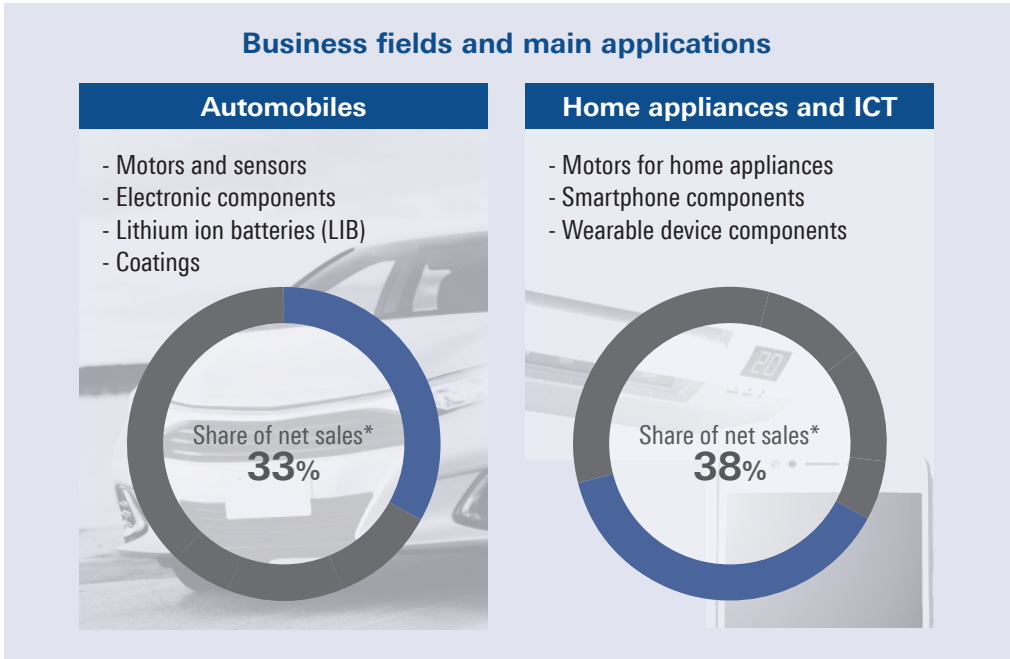
Fiscal 2024 consolidated net sales (breakdown by material type)



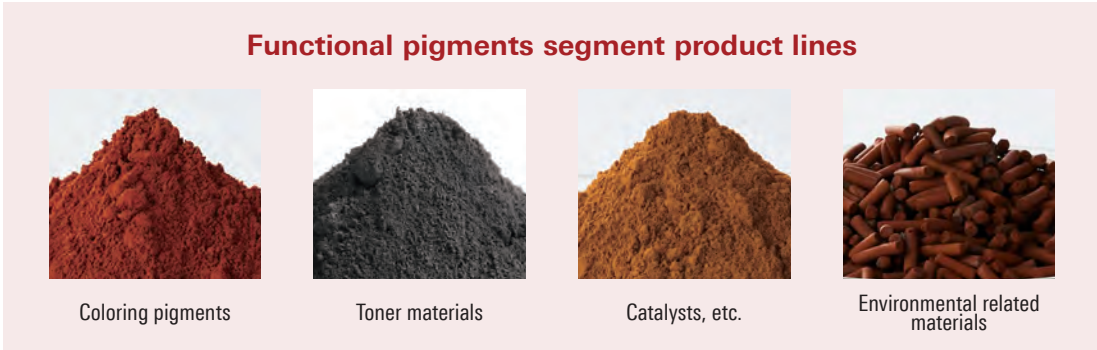
TODA Group’s Business

The materials produced by the TODA Group are used in five markets, namely automobiles, home appliances and communication devices, coatings, photocopiers and printers, and the environment. The electronic materials segment deals chiefly with materials for automobiles and ICT equipment. The markets for these products are expected to grow further. The functional pigments segment deals with iron oxide and other materials.

Business fields and material product lines



* Percentage of total consolidated net sales in fiscal 2024







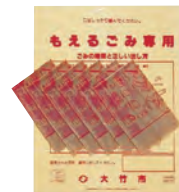
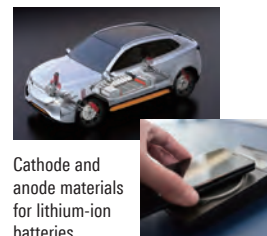
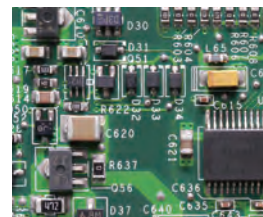


History Begins with Bengala

The TODA Group'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 ceramics 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.

Trend in the Group's net sales



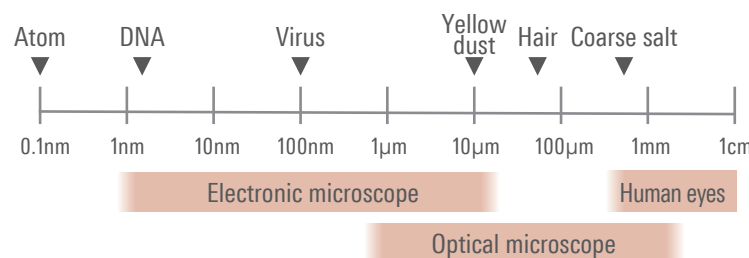
1823	1933	1960s	1970s	1980s	1990s	2000s	From 2010		
Founding Seikinsha, TODA's predecessor, was established in Nishiebara, Shitsuki District (now known as Ibara City), Okayama Prefecture. Operations began as a family business industrially manufacturing Bengala, a pigment with a long history of use.	Date of incorporation With the shift from a cottage industry to modern industry, in 1933 TODA KOGYO CORP. was established in Hiroshima City for the purpose of manufacturing and selling Bengala.	Development of the wet synthesis method To deal with the issue of sulfur dioxide released during the manufacturing of iron oxide, the wet synthesis method was developed. This method, which does not produce sulfur dioxide, enables the manufacturing of high-quality iron oxides by controlling synthesis conditions.	Period of prosperity for magnetic recording materials Enabling the manufacturing of fine and uniform particles through the wet synthesis method. The technology was applied to magnetic recording materials for audiotape and videotapes. TODA established a solid position in the global market for magnetic iron oxides.	Entry into the markets for photocopier and printer materials, and bonded magnet materials As materials for photocopiers and printers, we began manufacturing magnetite for magnetic toner, and began production of magnetic powder for bonded ferrite as a new business development for ferrite magnets.	Taking on the challenge of environmental issues TODA took on the challenge of new fields utilizing nanotechnology. As a solution to environmental issues using iron oxide, we developed activated iron oxide (TIC®), which controls the release of dioxins during waste incineration.	Expansion to non-ferrous materials We accelerated the development of inorganic compounds other than iron oxide. We began the development of battery materials and dielectric materials (barium titanate).	Business expansion through alliances with business partners For the further growth of the Electronic materials segment, in 2015 we established an alliance with BASF, and launched a broad alliance with TDK in 2019.		
 Coloring for building materials and ceramics	 Ship bottom coatings		 Magnetic recording	 Magnetic tickets	 Toners and carriers	 Motors for home appliances	 Garbage bags for burnable waste	 Cathode and anode materials for lithium-ion batteries	 Multilayer ceramic capacitors (MLCC)
Evolution of technologies									
Dry synthesis method		Dry synthesis method → Wet synthesis method			Ferrous materials → Composite materials		Ferrous materials + Non-ferrous materials		

Technology Cultivated over Two Centuries

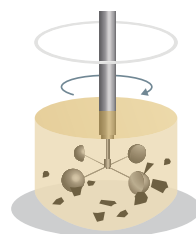
Roles of fine particles

The sizes of the fine particles we handle range from several nanometers to tens of micrometers. 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.

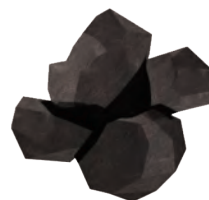


Wet synthesis method



This is a method to synthesize fine particles through chemical reactions in a solution liquid. Type, shape, size, distribution, surface structure, and other fine particle features can be controlled by optimizing reaction conditions such as temperature, pH, and substance concentration in the solution liquid.

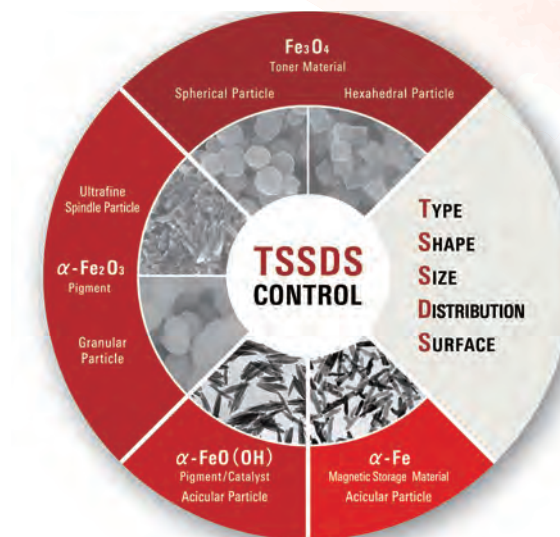
Dry synthesis method



This is a method to synthesize substances within particles or between particles through chemical reactions. As the substances are manufactured by mixing and sintering raw materials, the particles with the desired type can be obtained with a high yield. Depending on the application, the particles obtained are then milled into fine particles.

TSSDS CONTROL

At TODA, 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.



Refining



Increase purity by removing impurities

Sintering



Cause particles to react at high temperatures to obtain target particles

Pulverization



Reduce the particle size

De-agglomeration



Break down agglomerated particles

Surface modification



Add functions to the particle surface

Dispersion



Achieve homogeneous dispersion of particles in solvent

Paint formulation



Optimize viscosity and color from particles and a solvent

Granulation



Create granules by adding a resin or other binder to particles

Composite



Produce resin pellets by kneading powders and resin

Sheet casting



Make powders into sheets with various thicknesses

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**Building a reliable revenue base despite challenging financial results
Toward a more robust management structure through strengthened business portfolio management**

Tsuneaki Kubo

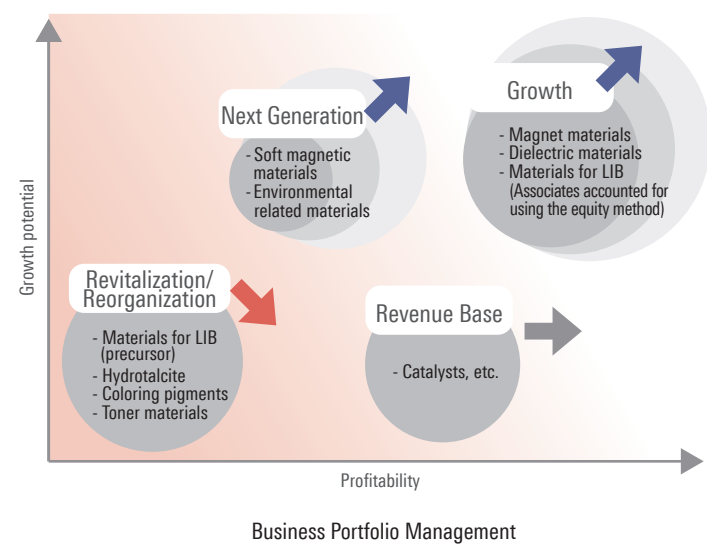
Representative Director
President and CEO

TOP MESSAGE

The TODA Group has been providing a wide range of inorganic materials that meet the needs of the times since its founding in 1823. A red pigment known as Bengala, the origin of our business, was an essential coloring pigment for construction materials and ceramics at the time of our founding. And today, we support society by supplying magnetic materials, dielectric materials, soft magnetic materials and other materials in the growing fields of mobility, AI and the environment. The key to the TODA Group having continued to operate for more than two centuries lies in its establishment of proprietary technologies for manufacturing iron oxide, the raw material used to produce Bengala. Looking ahead, we will continue to refine wet synthesis and other fine particle synthesis technologies in greater depth, contributing to society by providing the materials to meet the needs of the times.

Navigating challenging results in the first year from the launch of Vision2026

To achieve its Ideal Vision for fiscal 2030, the TODA Group is in the process



of implementing Vision2026, a three-year medium-term management plan beginning fiscal 2024. We are repositioning each business for profitability and growth potential, and engaging in a process of selection and concentration for business growth under our most important stated mission: strengthening business portfolio management.

We have also set management targets under Vision2026. In relation to our targeted operating profit margin of 2%, ROE of 6% and equity ratio of 26%, in fiscal 2024 we recorded an operating profit margin of negative 2%, ROE of negative 29% and equity ratio of 22%.

Despite having pledged to achieve these targets with a strong resolve when Vision2026 was formulated, we encountered challenging results in the first year of the plan, for which I feel a deep sense of responsibility. Internally, there were even suggestions to revise our targets given the gap between our targets and actual results. However, profitability has steadily recovered as a result of business portfolio management, and we have made the decision to leave the targets as-is and devote even more efforts to achieving them.

Vision2026 Management Targets			
Fiscal year	FY2024 target	FY2024 result	FY2026 target
Operating profit margin	2%	(2%)	5%
ROE	6%	(29%)	11%
Equity ratio	26%	22%	29%
CO ₂ emissions (Domestic Scope 1 + 2)	28,500t Equivalent to a 68% reduction compared to FY2013	32,470t Equivalent to a 64% reduction compared to FY2013	26,500t Equivalent to a 70% reduction compared to FY2013

Focusing all our strengths on achieving Vision2026





TOP MESSAGE

Regarding fiscal 2024 as a transition period to regaining profitability

Looking at our financial results for fiscal 2024, consolidated net sales totaled 31.7 billion yen, our operating loss was 600 million yen, our ordinary loss was 1.4 billion yen, and we posted a loss attributable to owners of parent of 3.6 billion yen. Despite a year-on-year increase in net sales, both operating profit and ordinary profit recorded significant declines year over year.

Investments of management resources in Growth and the Next Generation were key factors behind the increase in net sales. As one example, the Korea-based TODA materials Inc. (hereafter, “TDMI”), which had previously been an associate accounted for using the equity method, was made a consolidated subsidiary, thereby strengthening business coordination. As a result, sales of soft magnetic materials saw significant growth, contributing to consolidated net sales.

However, there were two main factors behind the decline in operating profit.

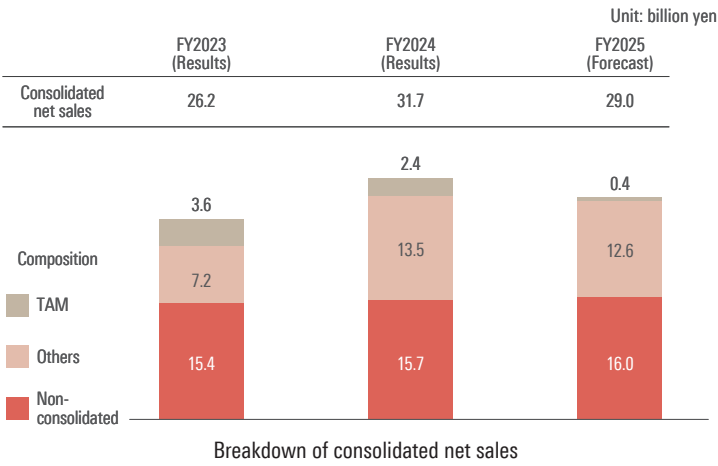
TDMI Corporate Profile	
Name	TODA materials Inc.
Location	236 Munmakgongdan-Gil, Munmak-Eup, Wonju-Si, Gangwon State, Korea
Representative	Hwang Youngkyun, Representative Director
Capital	34.3 billion KRW
Established	February 20, 2008
Net sales	Approx. 6 billion yen
Business	<div>Manufacturing and sales of soft magnetic materials and parts</div> <div>   </div> <div>Soft magnetic metal powders Inductors</div>

The first factor was that profit recovery at TODA at the non-consolidated level (not including consolidated subsidiaries) was insufficient. A decline in demand for functional pigments and soaring raw material and energy prices factored into the decline in profitability.

Secondly, sales of precursor materials for lithium ion batteries (hereafter, “LIB”) contracted more than expected. LIB precursor materials are manufactured by the TODA Group’s Canadian subsidiary Toda Advanced Materials Inc. (hereafter, “TAM”), and have mainly been provided as EV materials for Europe. TAM’s stable net sales have long supported the TODA Group, but in recent years, orders have dropped off steeply due to automobile model changes, reducing profitability.

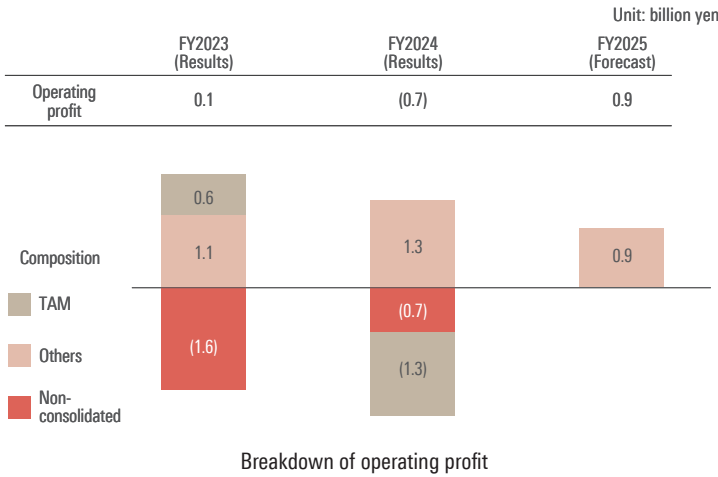
Under Vision2026, we positioned both businesses as being in the Revitalization/Reorganization business and have been directing activities aimed at improvements.

On a non-consolidated basis, we have worked on areas including product pricing optimization action and expense reductions, set the target of shortening the cash conversion cycle in particular, and strived to optimize inventory reductions. As a result, operating profit on a non-consolidated basis improved 900 million yen year on year, while consolidated inventory was reduced by 3.9 billion yen over the same period. Cash flows from operating activities have



also steadily recovered, and we are working to transition to a more robust management structure, using the capital gained from the streamlining of working capital.

In the TAM business, amid declining demand, we spent considerable time reviewing and discussing a range of options, including expanding sales to new customers, the prospects of collaboration with partners, and future synergies through continued business operations. Ultimately, at its meeting in March 2025, the Board of Directors resolved to dissolve and liquidate TAM. While I believe the resolution was the right decision from the perspective of halting further losses, in the financial results for fiscal 2024, we recorded an extraordinary loss of approximately 1.1 billion yen as expenses expected to be incurred in relation to the dissolution and related procedures. We reflect with regret not having made this decision earlier, before losses had accumulated to this point. We also feel a deep sense of responsibility for not having been able to appropriately acknowledge the dedication of the employees who devoted themselves in the belief that operations could continue despite the business contracting. So that these reflections do not go to waste, we will review our analysis tools and decision-making criteria, and make every effort to balance quality and speed in our analyses of management conditions and decision-making processes.



TOP MESSAGE

The key to achieving our management targets is the development of products for mobility, AI and the environment



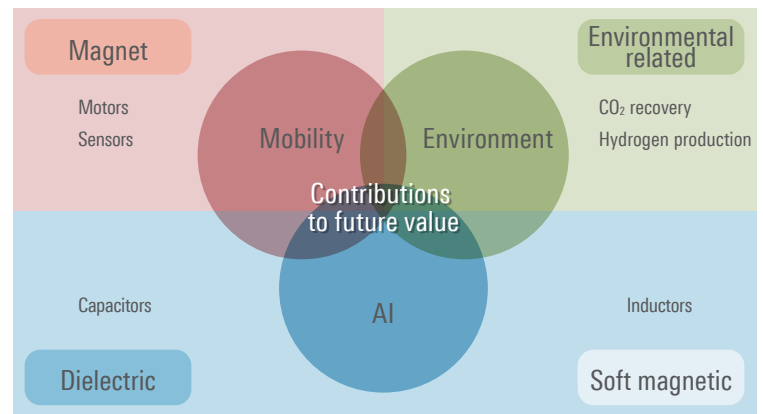
In implementing its most important mission of Vision2026, strengthening business portfolio management, the TODA Group is advancing efforts to develop products for mobility, AI and the environment, which it considers growth fields.

Demand for magnetic materials is expected to expand for use in motors and sensors in the EV market, and we provide these materials in various forms, from powders to compounds and molded products, to meet customer needs. In the area of molded products, the mold design and injection molding technologies possessed by our Chinese subsidiary have contributed to earnings, and we are looking to further expand them across the Group.

Dielectric materials are used in multi-layer ceramic capacitors (hereafter, “MLCCs”), which are essential for the mobility and AI sectors. We will expand our business fields from powders to dispersions* in response to market needs.

These magnetic materials and dielectric materials face market expansion along with intensifying competition. We will closely watch the gap between the growth rates of the market and TODA, and continue to invest the management resources necessary to secure competitiveness and build barriers to entry.

* An even dispersion of powder in a solvent. This enables a balance between shortened processes and improved quality.



Growth fields and product ranges

Soft magnetic materials are mainly used in inductors. By stepping up coordination with TDMI, which contributed to increased sales in fiscal 2024, we will reliably capture demand from the steadily growing inductor market in an effort to expand the business.

In the area of environmental related materials, we have started to see results from development and demonstration testing through collaboration between industry, academia and government. We have conducted demonstration testing of systems to recover carbon dioxide and systems that produce hydrogen from methane gas, and have made progress in obtaining the data needed for commercialization. Over the duration of Vision2026, these environmental related materials are not expected to contribute significantly to earnings, but I believe they will do so further into the future.

We are currently devoting all our strengths to optimizing the businesses categorized for Revitalization/Reorganization in our business portfolio. In addition to the dissolution and liquidation of TAM, as noted earlier, we have also dissolved our collaboration with Sakai Chemical Industry Co., Ltd. in the field of hydrotalcite, and are now seeking the adoption of our products in other markets including healthcare and semiconductors. In the area of toner and coloring pigments, we have been working to consolidate our product range and implement product pricing optimization action to reflect the market trend of declining demand. This has yielded tangible results.

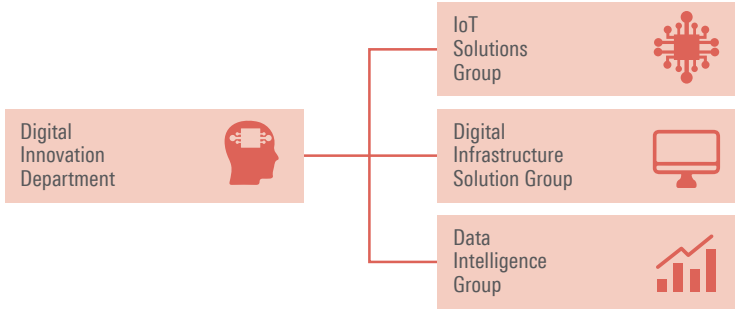
In fiscal 2025, scale of sales generated by the TODA Group will temporarily decline due to the restructuring of these businesses targeted for Revitalization/Reorganization. We will restructure our systems and facilities to reflect this scale of sales and aim to achieve the management targets set out in Vision2026.

TOP MESSAGE

Human capital strategy × DX strategy: Developing an organization playing a core role in transformation

Since fiscal 2024, the Human Capital Development Committee, which comprises internal directors and members of the Personnel & General Affairs Department, has been meeting regularly to coordinate on management strategy and human capital strategy. Given the fast-changing business environment, in the future we will need personnel who can correctly recognize the current situation, question it, and won't hesitate to change it. At the same time, the TODA Group aspires to be an organization that embraces challenges. These aspirations are at the foundation of organizational development for the TODA Group as a company built upon technology. This message will be repeatedly communicated to employees and we will have those in leadership positions always keep them in mind.

We are also developing an environment to cultivate human capital equipped to drive the implementation of DX. We have newly established the Digital Innovation Department as the department responsible for DX implementation. By establishing a dedicated DX implementation department, we hope to create a framework to acquire digital skills at both the individual and organizational levels, to pass on that accumulated know-how as explicit knowledge, and to utilize it in every aspect of our operations. DX is essential to realizing our Ideal Vision, and I expect that the members of the Digital Innovation Department will be a major driving force at the core of TODA's transformation.



Dedicated DX implementation department

The newly established Digital Innovation Department has a clear mandate. In the short-term, that is to introduce new core information systems and develop more sophisticated operations. In terms of developing more sophisticated management operations, we will integrate each of the systems, such as production control, HR management and accounting, which were previously used separately for each business process. Migrating to the new system will not only streamline operations and reduce labor needs, but also facilitate value chain analysis using data that is integrated from inventory control through to sales. In terms of developing more sophisticated manufacturing operations, we will introduce automated processing and AI support for the manufacturing expertise supported by experienced workers, with the aim of reducing employee workloads, eliminating individual dependency, and facilitating the transfer of knowledge and skills.

In the medium-term, we will combine digital tools with TODA's own technologies, leading to the formulation of technology strategies and business creation.

Extending co-creation capability: Three goals we hope to achieve

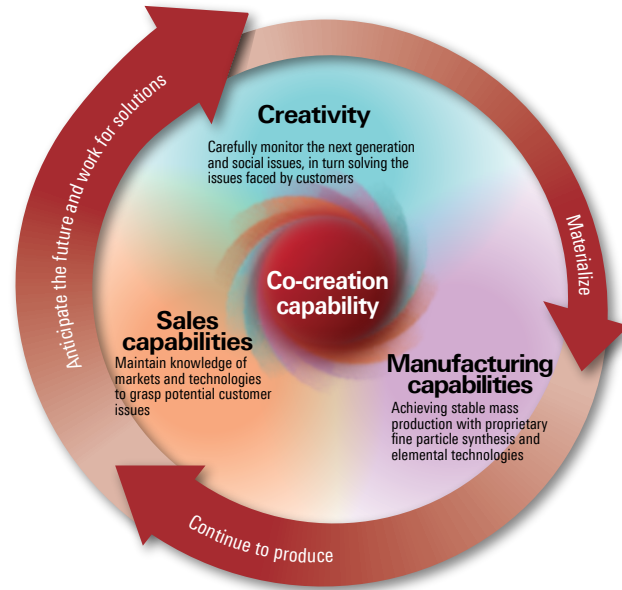
At the TODA Group, we describe our strength as our co-creation capability, which is the ability to integrate creativity, manufacturing capabilities and sales capabilities. This is the ability to turn continuously refined technologies into value, the ability to link theories of natural science with the real world, and the ability to launch new products with customers and business partners.

In developing products, the TODA Group engages in extensive dialogue with customers, verifying how customers will use the TODA Group's products, and what challenges customers face. The TODA Group also wants to understand how our products are experienced, not only by our direct customers, but also their end customers. In addition, after we have released a product, we want to continue dialogue with customers, making ongoing improvements.

Continually operating to the same high standards as our customers, and continuing to meet those standards, are what drives the competitiveness of our products. We are sought after for new value creation and new development, by customers who recognize our advanced technological capabilities, regardless of whether they operate in growth or mature markets. I believe this is precisely the result of our co-creation capability.

Going forward, the TODA Group will extend this co-creation capability to accomplish the following three objectives.

1. Building a recycling-oriented society
2. Switching to high value-added products and small-lot production
3. Creating materials that represent game-changers for society



The Strength of the TODA Group: Co-creation capability



TOP MESSAGE

1. Building a recycling-oriented society

While the worldwide population continues to climb and our living standards keep improving, the resources that can be extracted from nature are finite. This imbalance is causing future uncertainty and conflicts between nations. To attain sustainable levels of social activity, it is essential that we utilize untapped resources and waste.

Leveraging TODA's technological expertise, the TODA Group has been turning iron-containing industrial waste and by-products from other industries into its own raw materials, creating valuable materials. Continuing to play a part in a recycling-oriented society with these technological capabilities is both our mission and strength. By extending our co-creation capability, we hope to become a company that is able to provide economically feasible solutions to the issues of waste, its recovery and utilization throughout the supply chain.

2. Switching to high value-added products and small-lot production

In the material and chemical industry of which TODA is a part, large capital investment is often a barrier to market entry. The general structure of this industry is that companies reduce costs by producing in large quantities, requiring large facilities.

By shifting away from this approach and gaining expertise in the design of plants that require minimal initial investment, we want to transform into an organization that can generate profits even through small lot production. To develop cost competitiveness, we will demonstrate comprehensive capabilities in facility design, including low-cost equipment procurement, IoT utilization, process shortening, energy recovery, and cost reductions during business expansion, conversion and withdrawal. As the number of employees who have been successful overseas is also on the rise, I think this is achievable if we can effectively bring together strengths from both inside and outside the Group.

3. Creating materials that represent game-changers for society

The golden age of magnetic recording materials for audio and video tapes were supported by our facility design and mass production technologies. In today's world with its constant model changes, there are limits to how well we can compete using our existing facilities and technologies.

At the same time, we can now access and utilize a range of cutting-edge technologies through cooperation between industry, academia and government, such as NanoTerasu, as well as through open innovation. As an environment where new materials can be created even without significant capital outlays is forming, I believe "the discovery of a world-first material related to iron" is no longer a dream.

* A next-generation synchrotron radiation facility on the campus of Tohoku University (Sendai). The facility houses a massive microscope capable of clearly visualizing the properties of materials at the nano-level using synchrotron radiation.



Exterior of NanoTerasu (image courtesy of Tohoku University)

Striving to regain profitability and meet the expectations of stakeholders

Since I assumed the position of President and CEO in June 2024, engaging in dialogue with a wide range of stakeholders has given me a renewed appreciation for how the TODA Group is supported by its many stakeholders. In particular, our shareholders and investors have not only offered harsh feedback and recommendations, but also shared their expectations and provided encouragement. While this is deeply gratifying, at the same time I feel a deep sense of remorse over our recent financial results and this continued period of no dividends. To meet your expectations, we will devote all our energies to regaining profitability and achieving sustainable growth, with the strengthening of business portfolio management playing an integral role.

Pooling our technology and human capital, we will continue to be a unique manufacturing company that is needed by society. I am certain that a bright future is in store for the TODA Group. We extend our heartfelt appreciation for your ongoing understanding and support, which continue to be the foundation of our growth and progress.



Medium-term Management Plan Vision2026

Overview of medium-term management plan Vision2026

The TODA Group has formulated and is currently implementing Vision2026, its medium-term management plan which runs three years from fiscal 2024 (fiscal year ending March 2025) to fiscal 2026 (fiscal year ending March 2027), aiming to attain its Ideal Vision for fiscal 2030, which was set as one of the Group's materialities.

In formulating Vision2026, we selected four of the materiality management targets—operating profit margin, ROE, equity ratio and CO₂ emissions—as management targets, and set target values for each fiscal year.



TODA website, Materiality

Period covered	FY2021 to FY2023	FY2024 to FY2026	To FY2030
Positioning			
Final year	FY2023 results	FY2026 targets	FY2030 targets
Operating profit margin	0.4%	5%	8% or more
ROE	(24%)	11%	10% or more
Equity ratio	26%	29%	40% or more
CO ₂ emissions (Domestic Scope 1 + 2)	25,059t Equivalent to a 72% reduction compared to FY2013*	26,500t Equivalent to a 70% reduction compared to FY2013*	22,000t or less Equivalent to a 75% reduction compared to FY2013*

* CO₂ emissions in fiscal 2013: Approx. 89,000t

Overview of our Ideal Vision and medium-term vision

Concept of medium-term management plan Vision2026

Under Vision2026, we are advancing initiatives to strengthen business portfolio management, which we set as our mission for achieving the plan. We formulated medium-term business plan Vision2023, the previous plan which ran for three years from fiscal 2021 to fiscal 2023, and worked on business growth and structural transformation over this period. However, we decided to strengthen business portfolio management further, understanding that continued improvement of corporate value is essential for achieving the Ideal Vision. We aim to achieve the plan by clarifying the positioning of each material in our operating segments in terms of profitability and growth potential in order to map out strategies.

Three strategies for accelerating selection and concentration

Based on its mission to “strengthen our business portfolio management,” the TODA Group aims to achieve business growth by accelerating selection and concentration.

To support this initiative, we formulated a financial strategy and a human capital strategy in addition to a business strategy. We recognize the importance of further enhancing coordination in terms of finance and human capital in the optimization of our business portfolio.

We will aim to achieve the plan by organically integrating these three strategies, that is, (1) business strategy, (2) financial strategy, and (3) human capital strategy.

Mission

“Strengthen Our Business Portfolio Management”
—Business growth through accelerated selection and concentration—

1 Business Strategy

- Clarify the positioning of each material from the perspective of profitability and growth potential
- Formulate a strategy and implement a three-year plan

Segment	Material	Positioning			
		Growth	Revenue Base	Next Generation	Revitalization/ Reorganization
Electronic materials	Magnet materials	●			
	Dielectric materials	●			
	Soft magnetic materials			●	
	Materials for LIB (associates accounted for using the equity method)	●			
	Materials for LIB (precursor)				●
Functional pigments	Hydrotalcite				●
	Coloring pigments and toner materials				●
	Catalysts, etc.		●		
	Environmental related materials (development)			●	

2 Financial Strategy

- Operate business with an awareness of a stable financial base and capital efficiency

Message from the Department Manager of the Corporate Planning Department

3 Human Capital Strategy

- Strengthen succession plans for key divisions
- Develop the careers of women and minorities
- Foster human capital to promote DX implementation

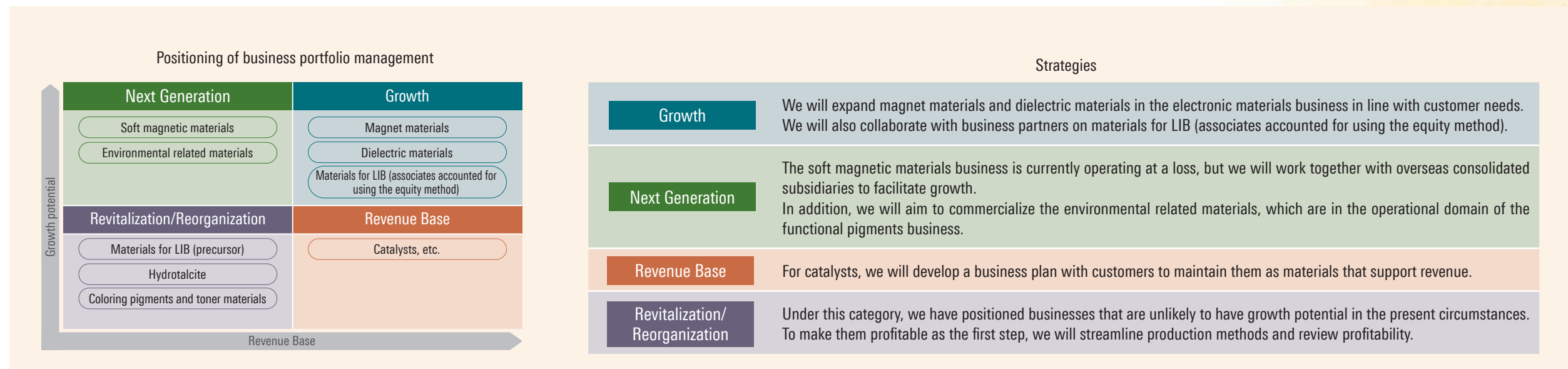
Message from the General Manager of the Corporate Administration Division



Medium-term Management Plan Vision2026

Business portfolio management initiatives

We have clarified the positioning of each material in terms of profitability and growth potential and are implementing a three-year plan.



Progress made in fiscal 2024

In fiscal 2024, the first year of Vision2026, we recorded net sales of 31.7 billion yen, a 20.7% year-on-year increase.

However, on the profit side, our financial results were unfavorable, with an operating loss of 600 million yen, an ordinary loss of 1.4 billion yen, and a loss attributable to owners of parent amounting to 3.6 billion yen.

Although the business performed solidly overall, due to a slowdown in growth of the EV market, sales and profit from related materials declined significantly, leading to the posting of an extraordinary loss.

As a result, profit declined considerably in the consolidated business results, and we failed to meet the management targets laid out in Vision2026.

In fiscal 2025, which is the mid-way point of Vision2026, we expect the

business environment to remain uncertain, given the rising uncertainty surrounding the global economy driven by trends in US trade policy along with rising prices and interest rates.

Despite operating under these management conditions, the TODA Group will further accelerate its selection and concentration initiatives aimed at achieving its Ideal Vision for fiscal 2030 and meeting the management targets set in Vision2026, with the aim of realizing sustainable growth through strengthened business portfolio management.

	FY2023	FY2024 (Results)	FY2025 (Forecasts)	FY2026 (Targets)	
Net sales	26.2	31.7	29.0	38.5	
Operating profit	0.1	(0.6)	0.9	1.9	
Ordinary profit	1.2	(1.4)	0.6	3.1	
Profit	(3.6)	(3.6)	0.2	2.2	
					FY2024 management targets
Operating profit margin	0.4%	(2.0%)	3.1%	5.0%	2%
ROE	(24%)	(29%)	2%	11%	6%
Equity ratio	26%	22%	23%	29%	26%
CO ₂ emissions	25,059t	32,470t	27,500t	26,500t	28,500t or less



Medium-term Management Plan Vision2026

Review of fiscal 2024

Looking at consolidated business results for fiscal 2024, despite posting an increase in net sales, operating profit declined, resulting in higher sales combined with a decline in profits.

In our business portfolio, the businesses classified as “growth,” “revenue base” and “next generation” all recorded increased sales and profits. This is due to the conversion of equity-method associates into consolidated subsidiaries and success in steadily capturing strong demand, in addition to the ongoing investment of management resources.

However, materials classified as “revitalization/reorganization” suffered declines in sales and profits. Among these materials, precursors for LIB saw a rapid decrease in orders due to slowing growth in the EV market, and we were

forced to post a significant decline in profit as a result. In addition, coloring pigments, toner materials and hydrotalcite were also affected by a decline in demand and sharply rising raw material and energy prices. Despite reducing the losses by a certain degree through revenue improvement efforts, we were not able to move these businesses into the black.

As a result, the sluggish performance of the materials under revitalization/reorganization had an impact on overall business results, leading to the posting of an operating loss.

[1] Main factor behind increased in sales: turning businesses under “next generation” into subsidiaries

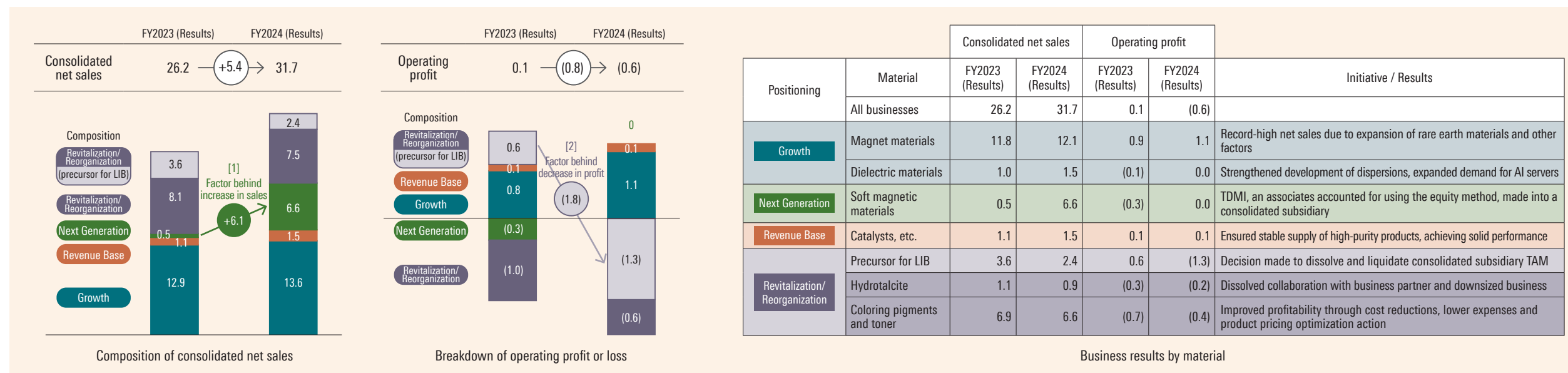
In soft magnetic materials, which are positioned as “next generation,” in fiscal 2024 we turned the South Korea-based TODA materials Inc. (hereafter, “TDMI”),

an associate accounted for using the equity method that manufactures and sells the material, into a consolidated subsidiary. The consolidation increased sales by 6.1 billion yen year on year, greatly contributing to the growth of the business.

[2] Main factor behind decrease in profit: dissolution of a business under “revitalization/reorganization”

The Canada-based Toda Advanced Materials Inc. (hereafter, “TAM”), which handled the production and sale of precursors for LIB and was classified under “revitalization/ reorganization,” reported an operating loss against the backdrop of slowing growth in the EV market. As there were no prospects for a short-term market recovery, TODA decided to dissolve and liquidate TAM, and related costs were also recorded. As a result, profit declined by 1.8 billion yen.

Progress of business portfolio management (unit: billion yen)



Medium-term Management Plan Vision2026

Fiscal 2025 outlook

Considering the economic outlook for fiscal 2025, due to the impact of ongoing inflation and rising interest rates on consumption, combined with the impact on the global economy from US trade policies, we expect the business environment to remain uncertain.

Operating under these conditions, we project a decrease in net sales and increase in profits in the consolidated results for fiscal 2025.

The decrease on the sales side will be due to a loss of 2.1 billion yen resulting from the dissolution and liquidation of TAM, the LIB precursor production company that was positioned as a “revitalization/reorganization” business. Meanwhile, the increase in operating profit will be due to the improvement effects associated with

that same dissolution and liquidation, amounting to 1.2 billion yen. In addition, we expect profitability to improve thanks to the solid performance from other materials.

The TODA Group will work to expand its business by solving emerging customer issues with the materials it positions in the “growth” category. For those in the “revitalization/reorganization” category, we aim to improve profitability by rationalizing production methods and reviewing financial viability.

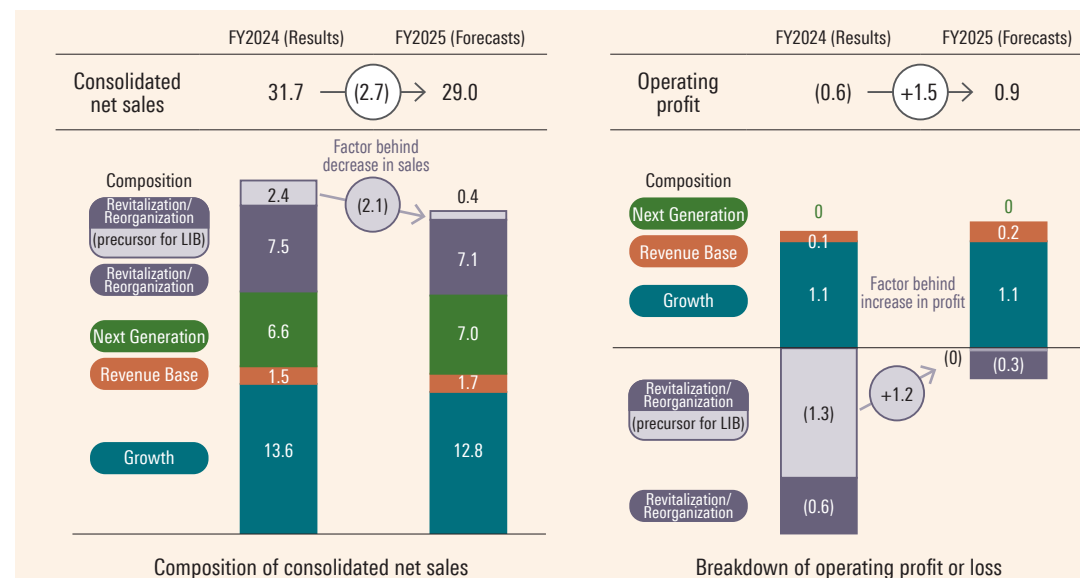
In addition, even if we fall far short of the target values for net sales set out in Vision2026, we will aim to maintain operating profit margin, one of the management targets, at a level of 5% or more.

The TODA Group will continue to accelerate its selection and concentration initiatives aimed at achieving its Ideal Vision for fiscal 2030 and meeting the

management targets set in Vision2026, striving to realize business growth through strengthened business portfolio management.

In particular, we expect to expand the magnetic materials and dielectric materials businesses that fall under the “growth” category, and will also drive the business expansion of soft magnetic materials, under “next generation.” Further, we aim to achieve commercialization at an early stage through the intensive investment of management resources in environmental related materials.

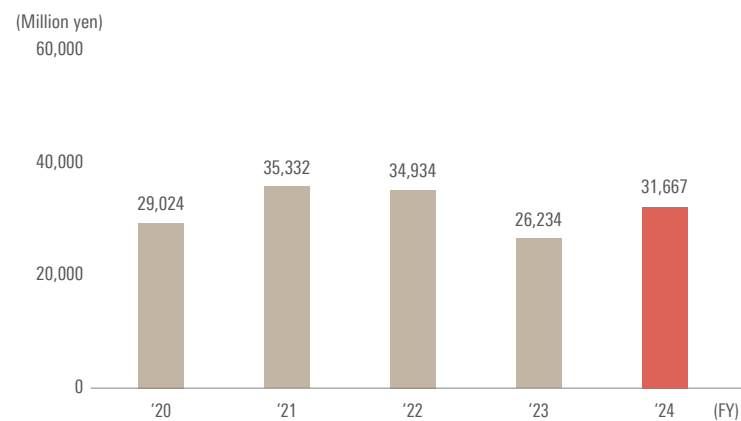
Progress of business portfolio management (unit: billion yen)



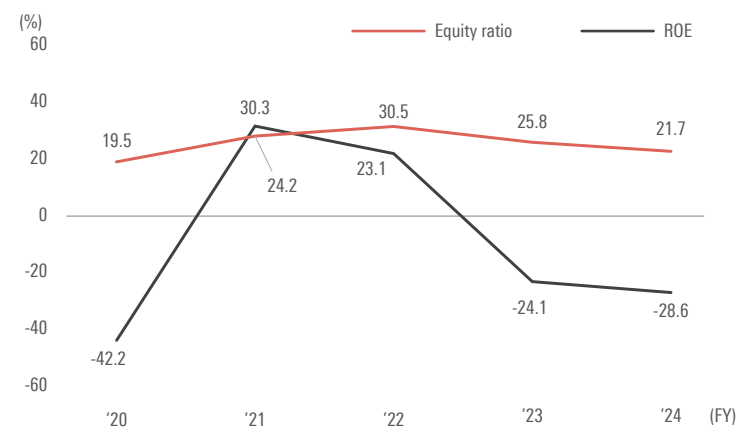
Positioning	Material	Consolidated net sales		Operating profit		Initiative
		FY2024 (Results)	FY2025 (Forecasts)	FY2024 (Results)	FY2025 (Forecasts)	
	All businesses	31.7	29.0	(0.6)	0.9	
Growth	Magnet materials	12.1	11.1	1.1	1.1	Maintain profit by strengthening the development of high-magnetic-force and high-heat-resistant materials
	Dielectric materials	1.5	1.7	0.0	(0.1)	Launch the mass production process for dispersions and step up development investment
Next Generation	Soft magnetic materials	6.6	7.0	0.0	0.0	Collaborate with TDMI on business expansion focusing on metal materials
Revenue Base	Catalysts, etc.	1.5	1.7	0.1	0.2	Maintain profitability by ensuring stable supply
Revitalization/Reorganization	Precursor for LIB	2.4	0.4	(1.3)	(0.0)	Continue with TAM dissolution and liquidation procedures
	Hydrotalcite	0.9	0.4	(0.2)	(0.2)	Strengthen revenue improvement activities by expanding into new areas
	Coloring pigments and toner	6.6	6.6	(0.4)	(0.1)	Drive rationalization activities including cost reductions and lower expenses

Forecast business results by material

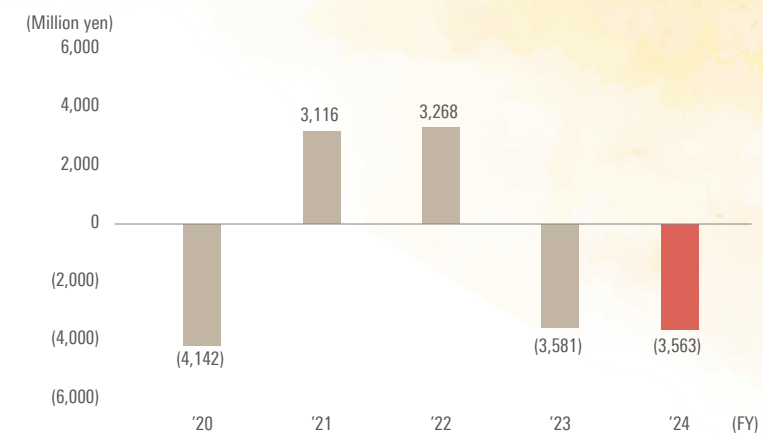
Financial Highlights (Consolidated)



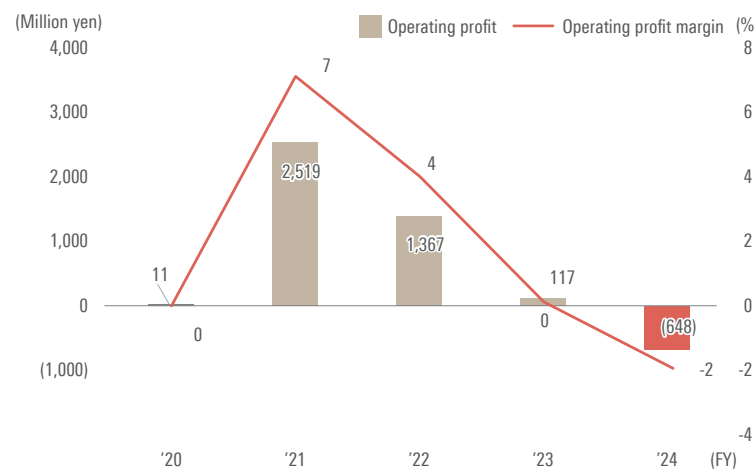
Net sales



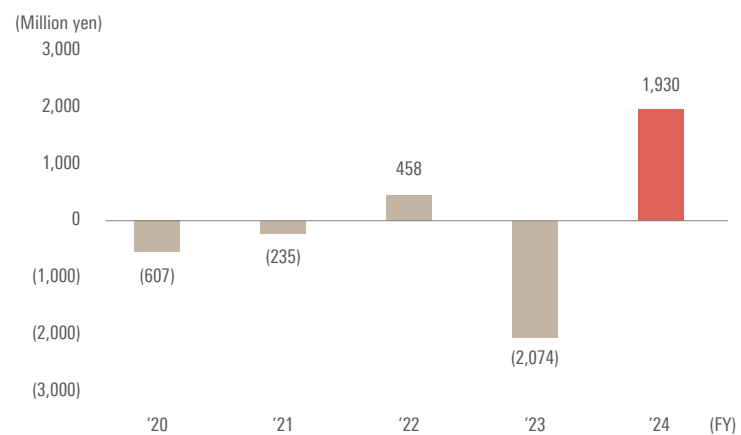
Equity ratio/ROE



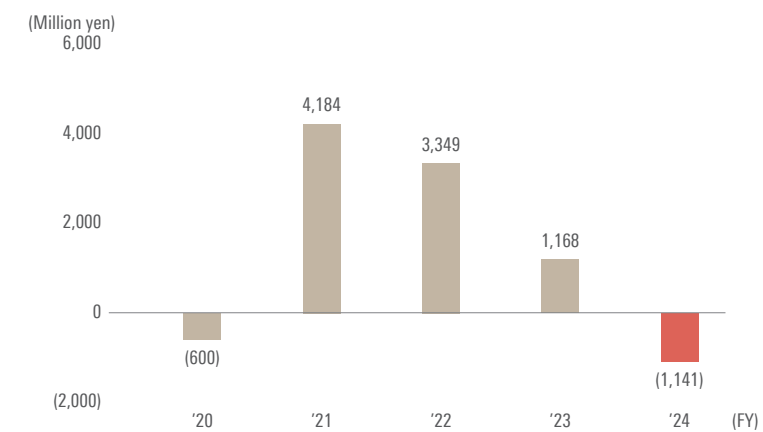
Profit attributable to owners of parent



Operating profit/Operating profit margin



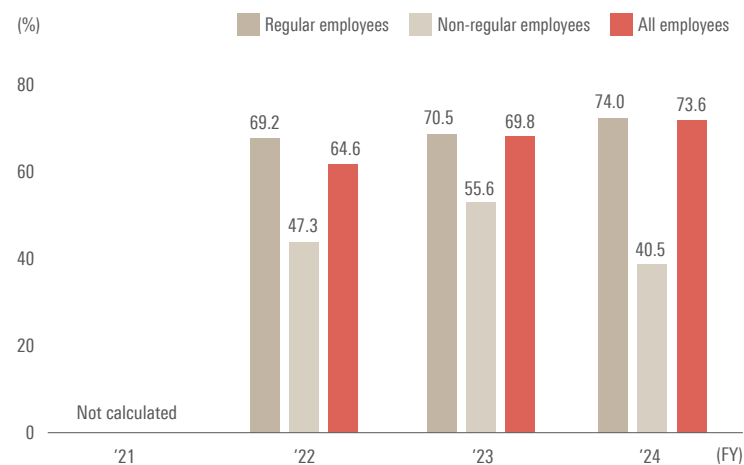
Free cash flow



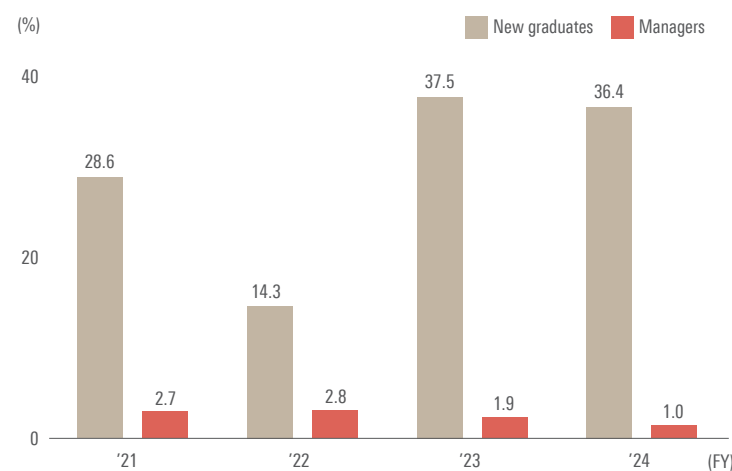
Ordinary profit



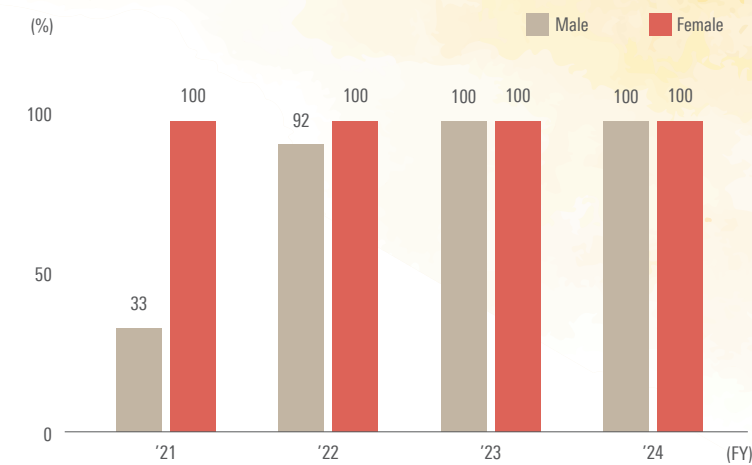
Non-financial Highlights (Non-consolidated)



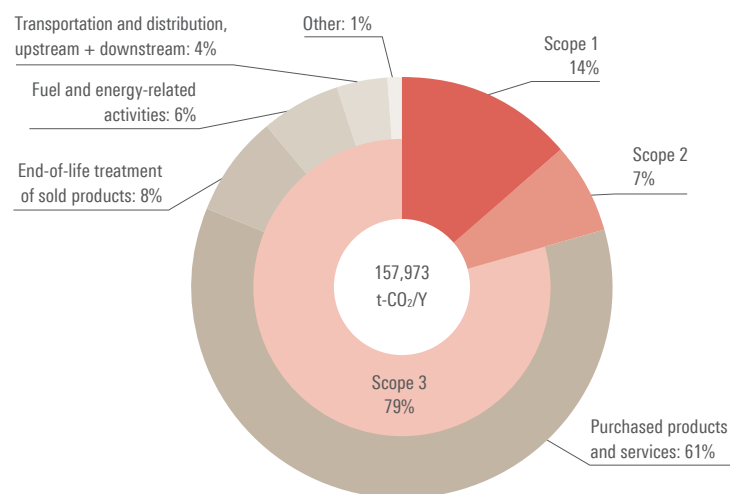
Gender wage gap



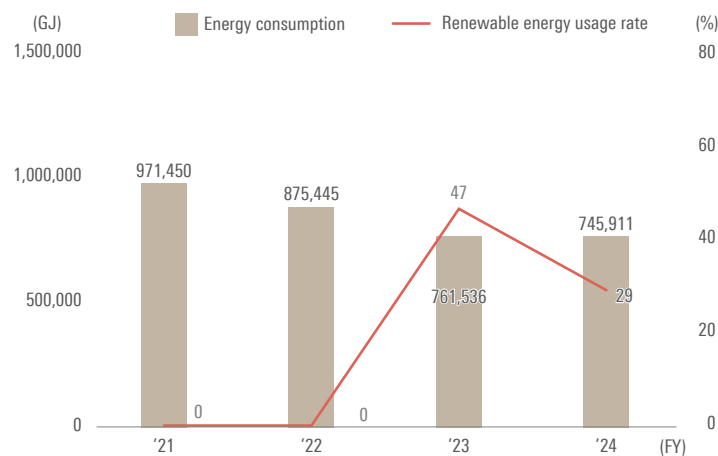
Ratio of female employees (new graduates / managers)



Percentage of eligible employees taking childcare leave or leave for childcare purposes



GHG emissions (Japan, fiscal 2024)



Energy consumption and renewable energy usage rate

External evaluations

	FY2021	FY2022	FY2023	FY2024
CDP	Climate change		C	C
	Water security		—	C
EcoVadis	2022 ecovadis Sustainability Rating		2023 ecovadis Sustainability Rating	2024 ecovadis Sustainability Rating
	BRONZE		SILVER Top 15%	COMMITTED

