TOYO Corporation

(TSE Prime: 8151)

Presentation for financial results for fiscal year ended FY9/24

November 13, 2024

TOYO Corporation

Quest for Precision

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1. **Financial results for fiscal year ended FY9/24**
2. **Orders & order backlog**
3. **Full-year forecast for FY9/25**
4. **Recent initiatives to enhance corporate value**
5. **Shareholder returns**
6. **Realizing management conscious of cost of capital and stock price**

1. Financial results for fiscal year ended FY9/24

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Key highlights for fiscal year ended FY9/24

Net sales: +24.4% YoY

・Almost all segments saw growth, partly thanks to projects carried over from the previous year. **All-time high** sales recorded

OP: +128.6%YoY

・Sharp YoY increase on **top line growth**, changes in the sales mix and **higher gross margins** from large, high-margin projects

ROE: +3.7ppt YoY

・ROE rose to **9.0%** thanks to growth in net income

Dividend: +¥14 YoY

・¥1 higher than the previous forecast

(¥bn)	FY9/23 Actual	FY9/24 Actual	YoY	
			(amount)	(%)
Net sales	28.17	35.04	+6.87	+24.4%
Operating profit	1.47	3.36	+1.89	+128.6%
OPM	5.2%	9.6%	+4.4ppt	–
Ordinary profit	1.80	3.37	+1.57	+87.4%
Profit attributable to owners of parent	1.53	2.52	+0.99	+64.4%
ROE	5.3%	9.0%	+3.7ppt	–
DPS(¥)	54.0	68.0	+14.0	+25.9%

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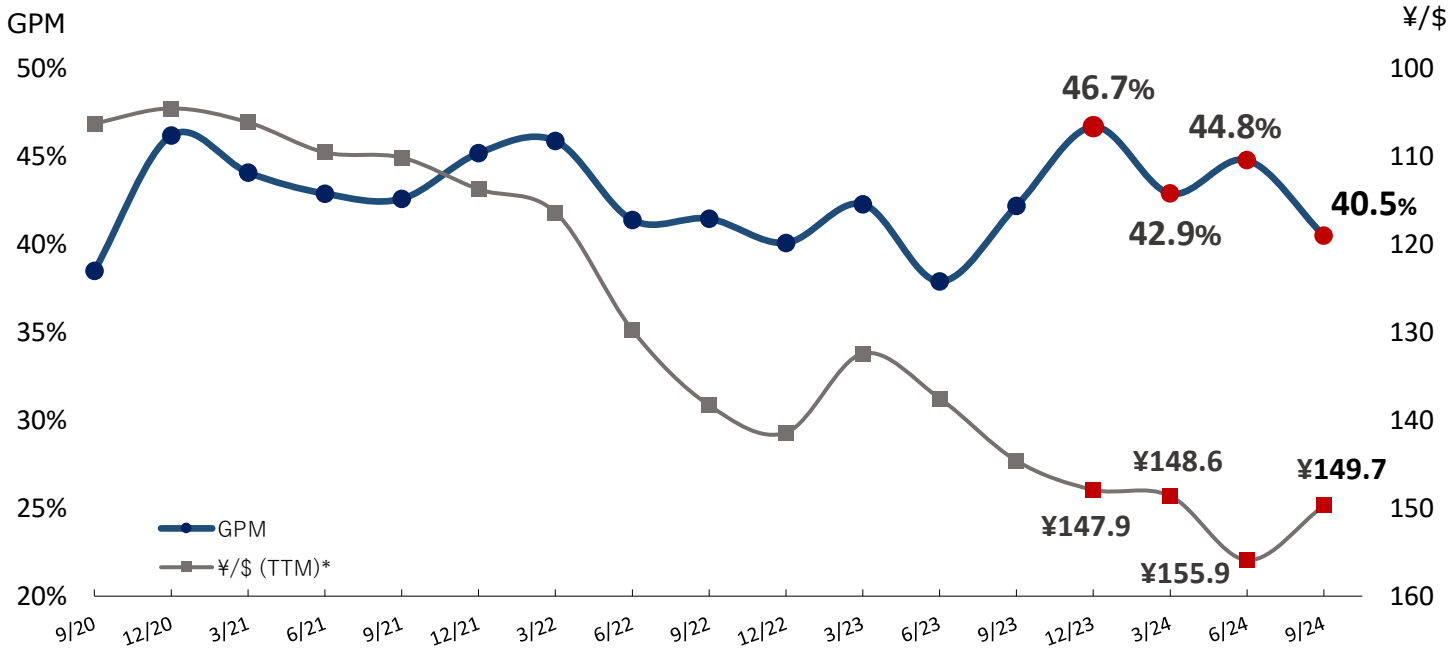
Forex and gross profit margins

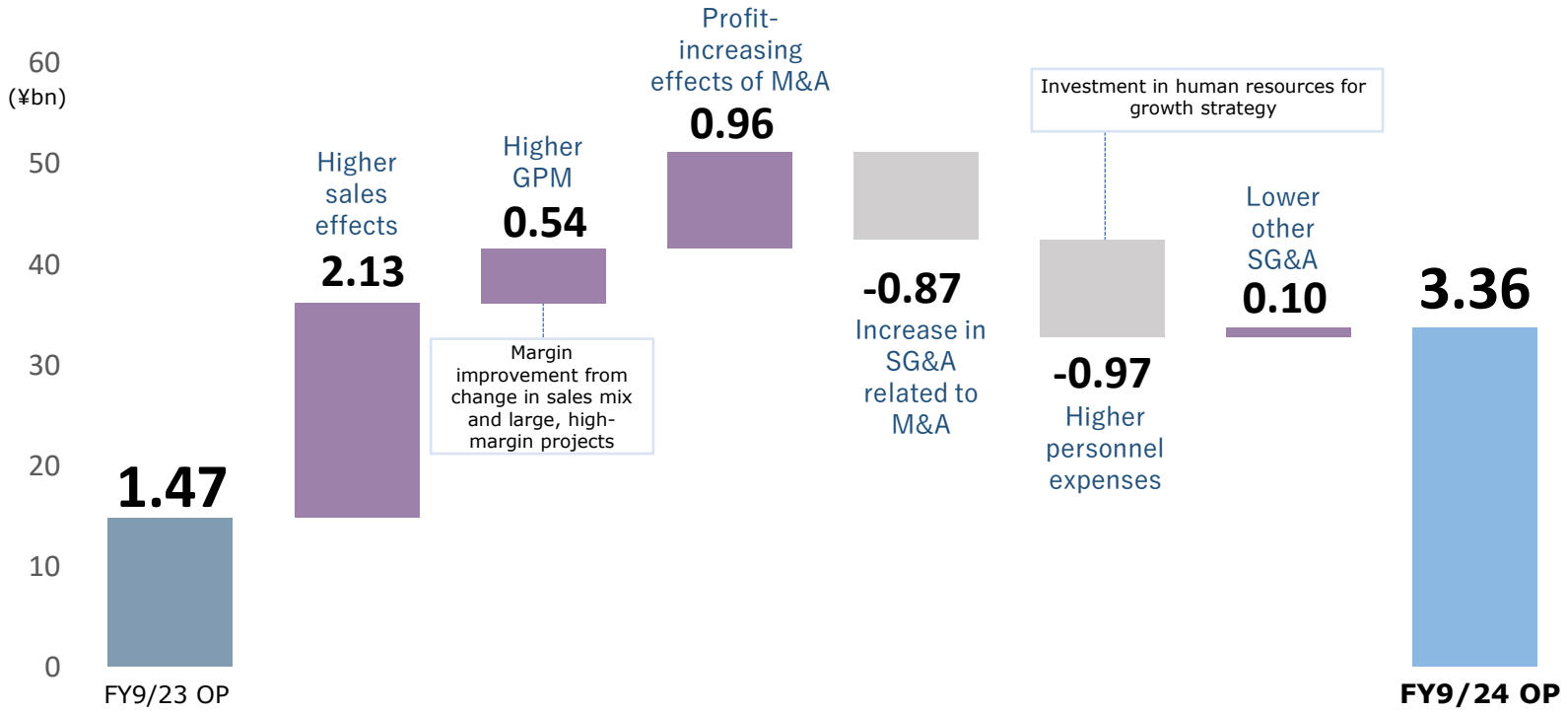
Full-year cumulative GPM rose by 2.3ppt YoY (41.0% to 43.3%)
Although Q4 GPM fell on a rise in low margin projects, it remained above 40%



*3-month average forex rate

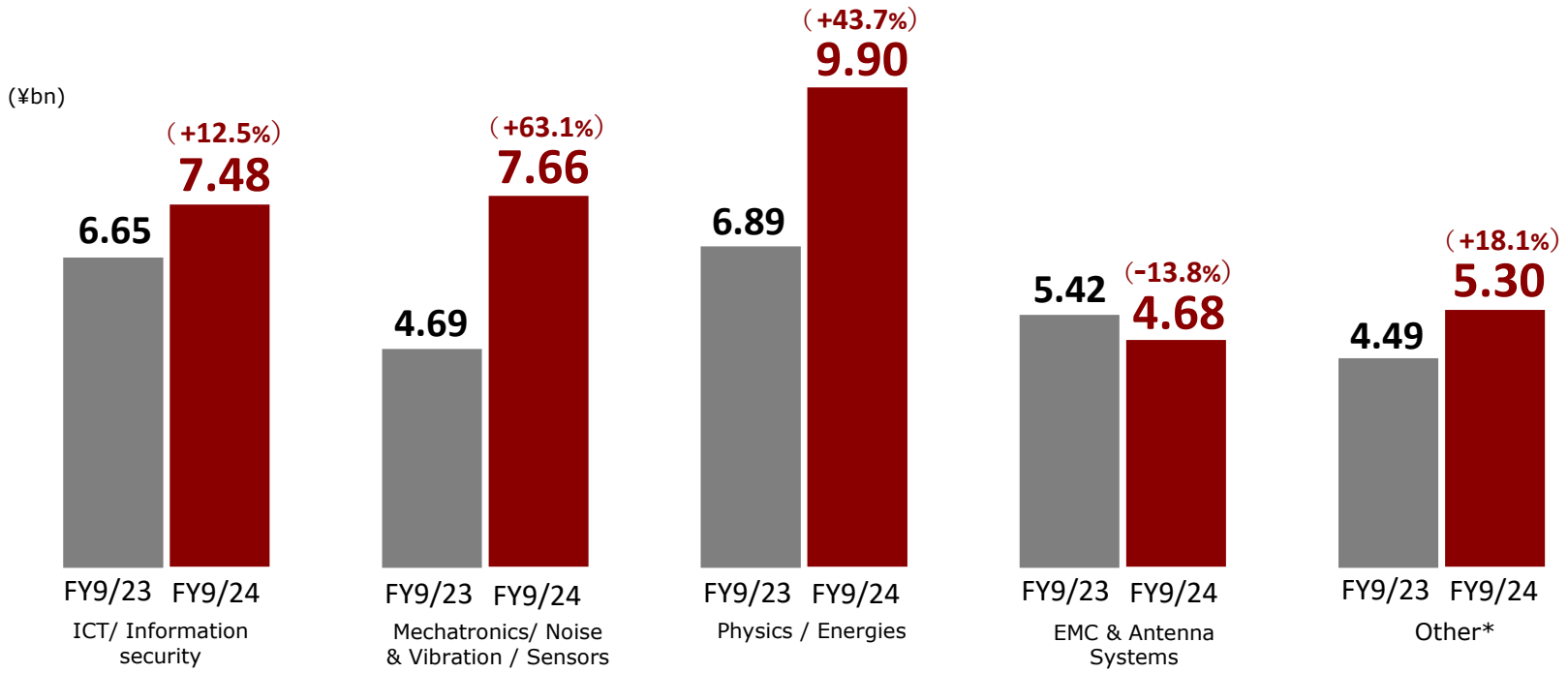
Operating profit YoY variance

Sharp rise in full-year OP due to sales growth effects, higher GPM



Net sales by segment

All segments posted sharp YoY growth (ex EMC & Antenna Systems)



*Note: Other includes 3 segments: Ocean / Defense & Security, Software Quality & Productivity, and Life Science

Analysis: Net sales and profit by segment

(¥bn)		FY9/23 Actual	FY9/24 Actual	YoY change	YoY %	Notes
ICT/ Information Security	Net sales	6.65	7.48	+0.83	+12.5%	■Growth in network performance testing for major communications carriers in the ICT field and new business in mobile mapping systems ■Projects for service providers were solid in the cybersecurity field
	Segment profit	0.25	0.38	+0.13	+52.6%	
	Margin	3.8%	5.2%	+1.4ppt	-	
Mechatronics / Noise & Vibration / Sensors	Net sales	4.69	7.66	+2.97	+63.1%	■Large VILS (Evaluation and testing methods combining real vehicles and simulation environments) projects for AD/ADAS* development were booked in Japan and overseas and noise & vibration measurement equipment sales were solid ■Sharp rises in sales and profits, in part due to margin improvement following price revisions
	Segment profit	0.37	1.59	+1.22	+328.6%	
	Margin	7.9%	20.8%	+2.9ppt	-	
Physics / Energies	Net sales	6.89	9.90	+3.01	+43.7%	■Thanks to tailwinds from the Green Innovation Fund, which supports government-backed R&D aimed at decarbonization, sales of basic electrochemical measurement systems and battery charging measurement systems are extremely solid ■Significant sales and profit growth from delivery of an electric propulsion system evaluation bench for air mobility as a new measurement solution
	Segment profit	1.51	2.10	+0.59	+39.1%	
	Margin	21.9%	21.3%	-0.6ppt	-	
EMC & Antenna Systems	Net sales	5.42	4.68	-0.74	-13.8%	■Top-line boost from consolidation of Toyo EMC Engineering, but segment sales fell YoY from delayed booking of a large EMC system project in Japan and delays in sales of in-house developed products ■Segment profit fell due to decrease in sales
	Segment profit	0.27	0.23	-0.04	-13.4%	
	Margin	5.0%	5.1%	+0.1ppt	-	
Other	Net sales	4.49	5.30	+0.81	+18.1%	■In the Ocean / Defense & Security segment, sales rose YoY as steady progress was made in the order book due to large projects and steady progress in other projects, while profits also rose thanks to improved margins due to price revisions to adjust for the weaker yen ■In the Software Quality & Productivity segment, license sales of version control tools to game companies were brisk
	Segment profit	0.72	0.94	+0.22	+30.8%	
	Margin	16.0%	17.9%	+1.9ppt	-	

*AD＝Autonomous Driving, ADAS＝ Advanced Driver-Assistance Systems

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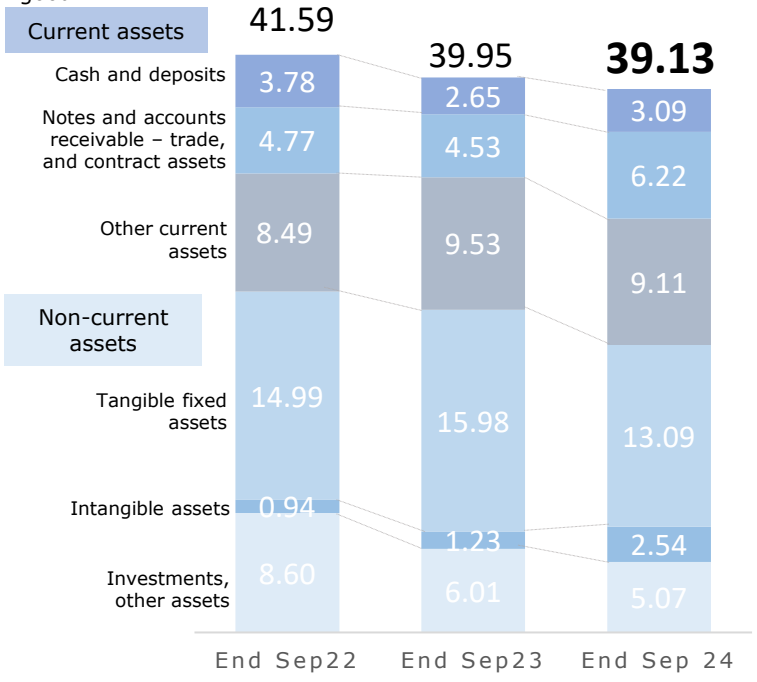
Consolidated balance sheet: Major items

Assets

■Current assets: Increase in notes and accounts receivables, contract assets

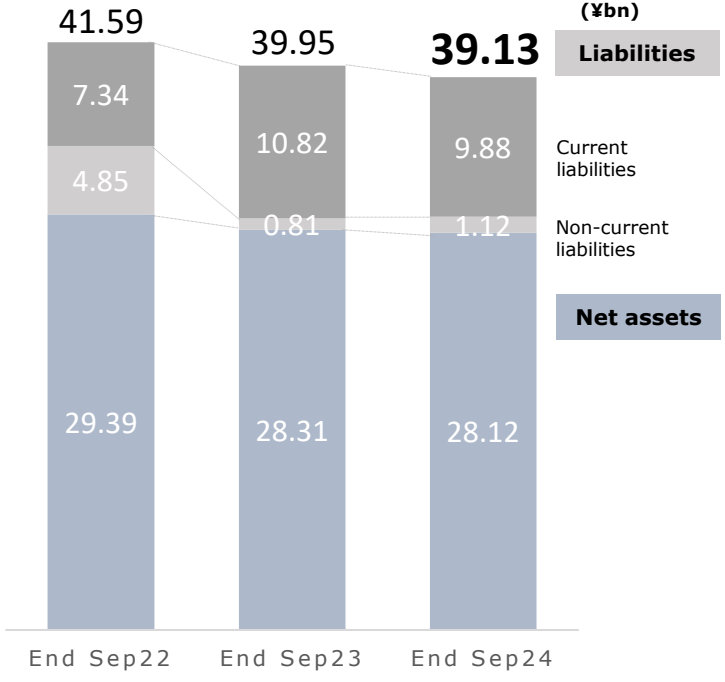
■Non-current assets: Decrease in land, buildings & structures (net), increase in goodwill



Liabilities and net assets

■Liabilities: Increase in short-term borrowings, decrease in advances received

■Net assets: Increase in retained earnings, decrease due to increase in treasury stock



2. Orders & order backlog

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Overview of new orders and order backlog

New orders

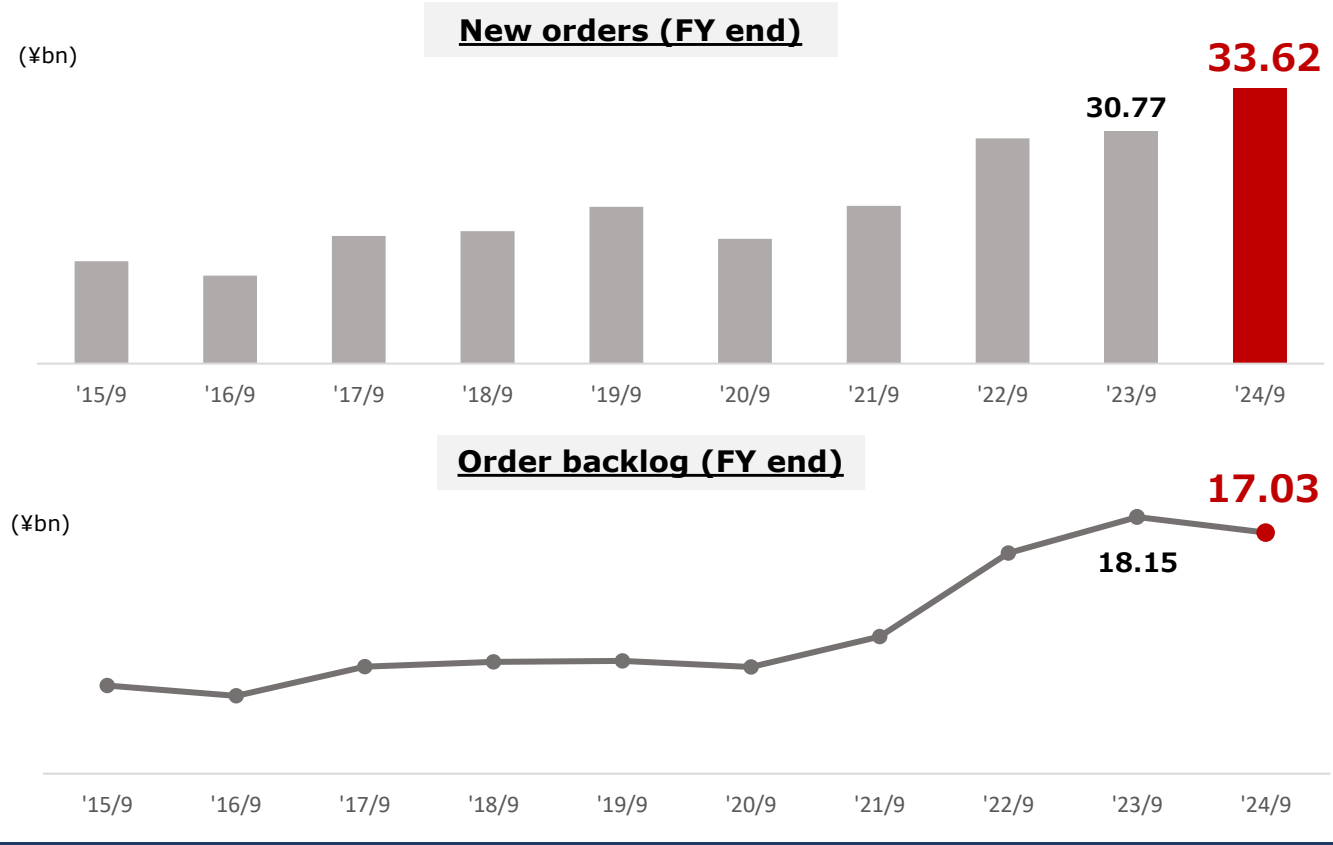
・New orders saw **steady growth** thanks to sharp order growth in the Mechatronics/ Noise & Vibration / Sensors segment, and order growth in the ICT/ Information security and the Ocean / Defense & Security segments

Order backlog

・Order backlog declined slightly YoY following progress in booking sales in the Physics / Energies segment and working through the backlog

(¥bn)	FY9/23 Actual	FY9/24 Actual	YoY	
			Change	%
New orders	30.77	33.62	+2.85	+9.3%
Order backlog	18.15	17.03	-1.12	-6.2%

Trends in new orders and the order backlog (FY-end)



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Orders & order backlog by segment

(¥bn)		FY9/23 Actual	FY9/24 Actual	YoY change	YoY %	Notes
ICT/ Information Security	Orders	7.05	8.17	+1.12	+15.9%	■In the ICT field, orders from major communications carriers and new business remained solid, while orders recovered for the in-house developed high speed packet capture/analysis system orders ■In the information security field, orders for service providers were brisk
	Backlog	3.05	3.74	+0.69	+22.8%	
Mechatronics / Noise & Vibration / Sensors	Orders	5.51	7.50	+1.99	+36.1%	■Orders grew due to new orders in Japan & overseas for products at subsidiary Rototest, as well as new demand for noise & vibration measurement related to automotive electrification ■Although new orders rose, the backlog only rose slightly thanks to progress in working through accumulated orders
	Backlog	3.32	3.45	+0.13	+3.9%	
Physics / Energies	Orders	9.04	7.89	-1.15	-12.7%	■Orders were steady for basic electrochemical measurement systems, but orders decreased vs. a very strong showing a year ago due to booking delays of several orders related to auto electrification ■The backlog fell due to a decrease in new orders and progress in working through the backlog
	Backlog	5.96	3.94	-2.02	-33.8%	
EMC & Antenna Systems	Orders	4.22	4.11	-0.11	-2.6%	■Orders declined slightly as many orders were pushed back to the next fiscal year
	Backlog	3.15	2.59	-0.56	-17.8%	■The backlog fell YoY due to fewer orders
Other	Orders	4.94	5.94	+1.00	+20.1%	■Orders in Ocean / Defense & Security were very firm, and also rose in Software Quality & Productivity and Life Science businesses ■The backlog grew on solid orders in Ocean / Defense & Security and the Software Quality & Productivity business
	Backlog	2.65	3.28	+0.63	+23.9%	

3. Full-year forecast for FY9/25

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Full-year forecast for FY9/25

Progress with new growth investments and reorganizing the business portfolio in order to achieve goals in "TY2027", the new medium-term management plan

FY9/24 saw a concentration of sales due to projects carried over from FY9/23 as well as solid progress in inspections for many projects. The order backlog had decreased as of the start of FY9/25

(¥bn)	FY9/23 Actual	FY9/24 Actual	FY9/25 Forecast	YoY	
				Change	%
Net sales	28.17	35.04	33.0	-2.04	-5.8%
Operating profit	1.47	3.36	2.40	-0.96	-28.7%
OPM	5.2%	9.6%	7.1%	-2.5ppt	–
Ordinary profit	1.80	3.37	2.40	-0.97	-28.9%
Profit attributable to owners of parent	1.53	2.52	1.75	-0.77	-30.6%

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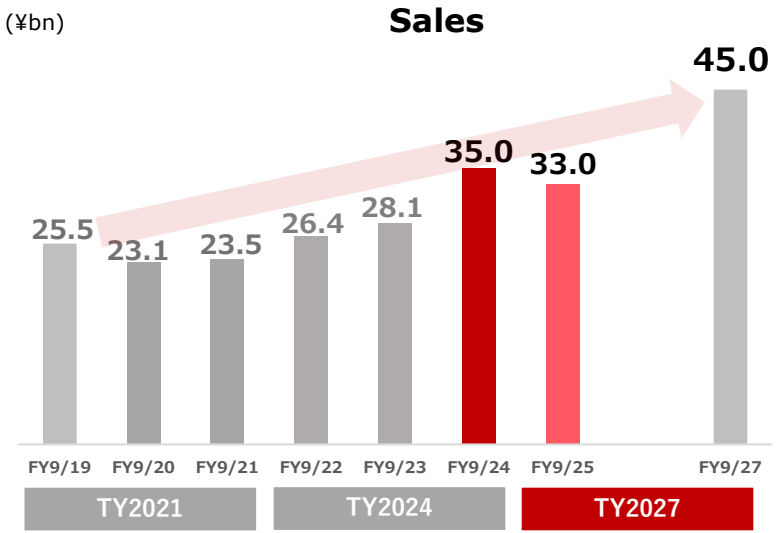
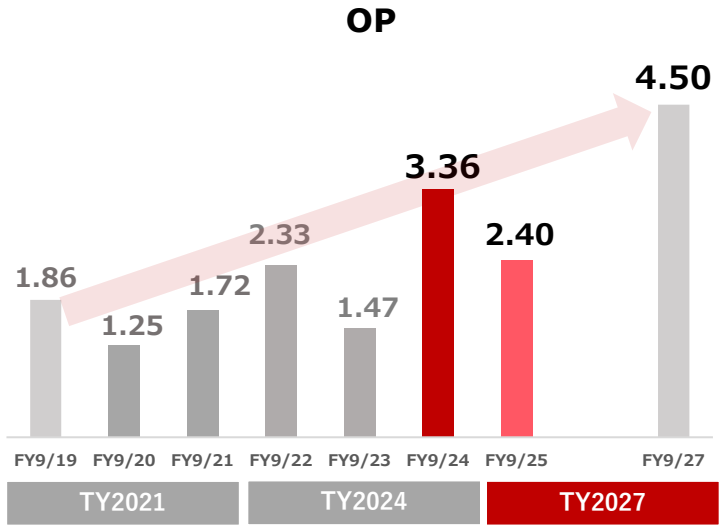
The medium- to long-term outlook

See further growth in FY9/27 from progress in new medium-term management plan "TY2027"

・We target **sales of 45bn and OP of 4.5bn** by promoting organic growth strategies





4. Recent initiatives to enhance corporate value

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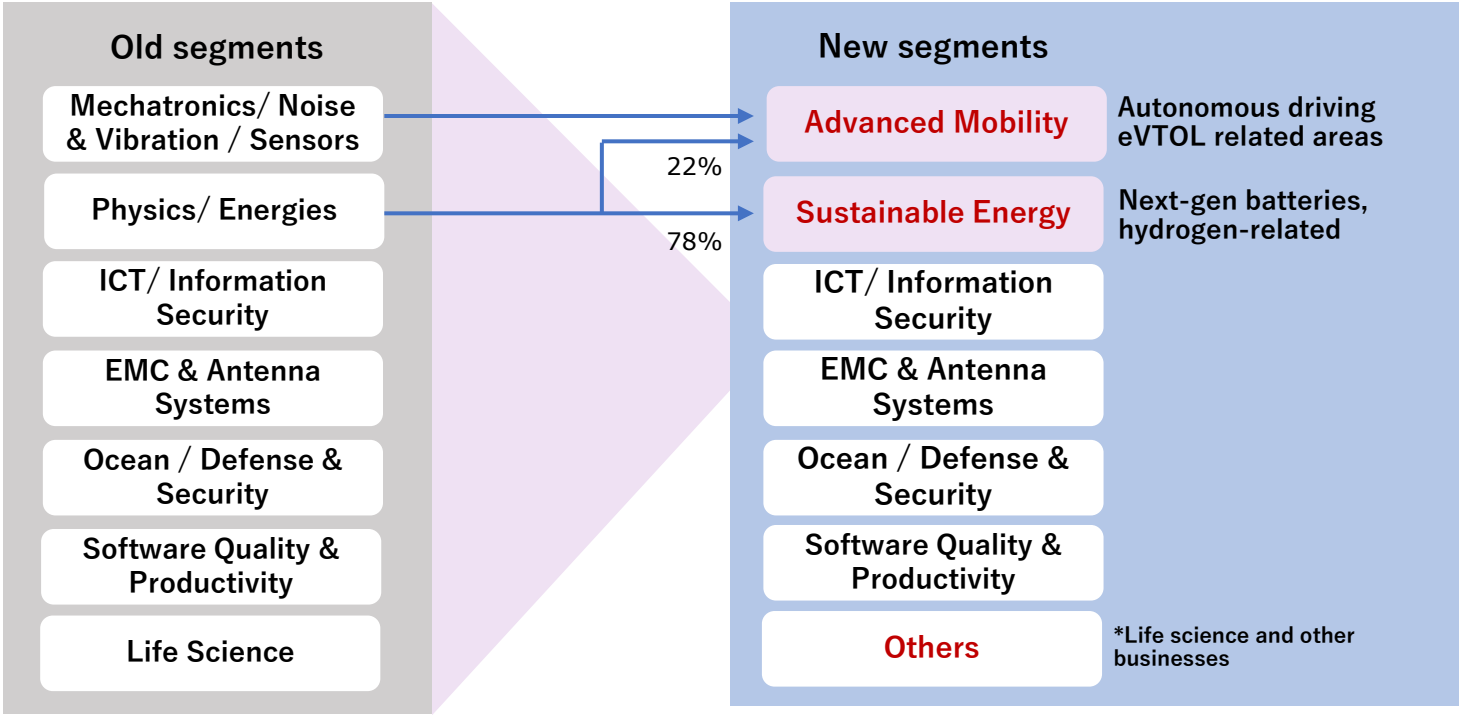
Reorganization of business portfolio

To maximize the business strategy for each target market, we will partially restructure the organization of the business divisions. We will also revise business segment names to better reflect the content of business done and make them easier to understand



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Expansion of Group and business line-up through share acquisition

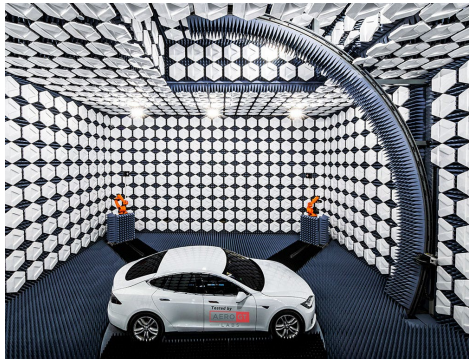
AeroGT Labs Corporation becomes a sub-subsidiary – acquisition of shares by our US subsidiary

EMC/Antenna systems

■In 2018, we signed a distribution agreement with General Test Systems Inc. (GTS), the industry's leading experts in **mobile terminals, antennas and OTA testing***1, and have been developing OTA measurement solutions

■ Our US subsidiary TOYOTech and GTS established a JV - AeroGT Labs Corporation (AeroGT) in 2022 with the aim of expanding OTA business in the **US automotive market**

■ AeroGT issued new shares in Sep 2024, with TOYOTech underwriting. **Given this took the shareholding in AeroGT over 50%, AeroGT entered into the scope of consolidation**. The aim is **to expand business in the intelligent connected car market**



OTA measurement solution



Dr. Yihong Qi from GTS won the Industrial Innovation Award at the IEEE AP-S*2 in July 2024. GTS technology is being highly evaluated in the US

*1 OTA testing: Over-The-Air testing evaluates performance of wireless communication environments

*2 IEEE AP-S: Antennas and Propagation Society at the US Institute of Electrical and Electronics engineers

Ref. URL : https://ssl4.eir-parts.net/doc/8151/ir_material7/237151/00.pdf

Initiatives in innovative measuring technology

Established the e-Mobility Measurement Division: Strengthening the measurement domain for electrification and eVTOL

Advanced Mobility

■Electric vertical take-off and landing (eVTOL) aircraft, also known as flying cars, are expected to become **new forms of air mobility**, and **government and private companies are working together** to promote development

■We are working on **ensuring safety and infrastructure development** by utilizing know-how and technology built up in **many measurement businesses** such as EV charging, electrical equipment tests, noise, vibration, ICT, EMC, software quality and productivity, and information security

■We have started offering new solutions such as the Electric Propulsion System Evaluation Bench (an eVTOL Iron Bird*)

■The e-Mobility Measurement Division was set up on 1 Oct 2024 to **strengthen the measurement field in electrification and eVTOL.** The aim is to contribute to **technological innovation as a single organization and to put to use in society**

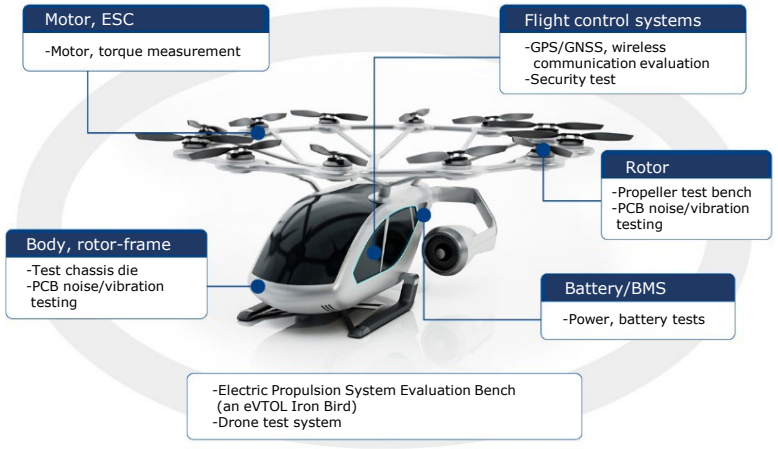


Image showing measurement technologies handled by TOYO Corporation in eVTOL development

*Iron Bird: An aircraft frame rig made from steel that is used to simulate flights to test the performance of the control system

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Sustainability initiatives

Continued inclusion in ESG index (FTSE Blossom Japan Sector Relative Index)

■We continue to be selected for inclusion as a constituent of the FTSE Blossom Japan Sector Relative Index, an investment index created by global index provider FTSE Russell that reflects the performance of **Japanese stocks in each sector that are relatively good at dealing with ESG (environmental, social, governance) issues**

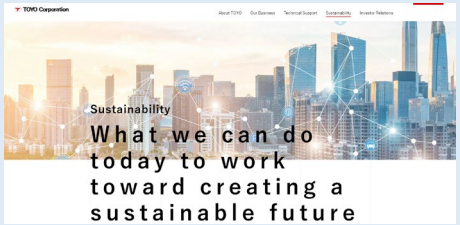
FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Index Series | LSEG

Secured 3rd party verification of GHG emissions

Enabling disclosure of more reliable and transparent data

■Our **GHG emission data** (Scope 1, 2, 3) for FY23 secured **3rd party verification** by JACO (Japan Audit and Certification Organization for Environment and Quality) in accordance with ISO 14064-3 and we **received a verification report**.



For details on our sustainability management, please see

https://www.toyo.co.jp/english/sustainability/

5. Shareholder returns

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Shareholder returns

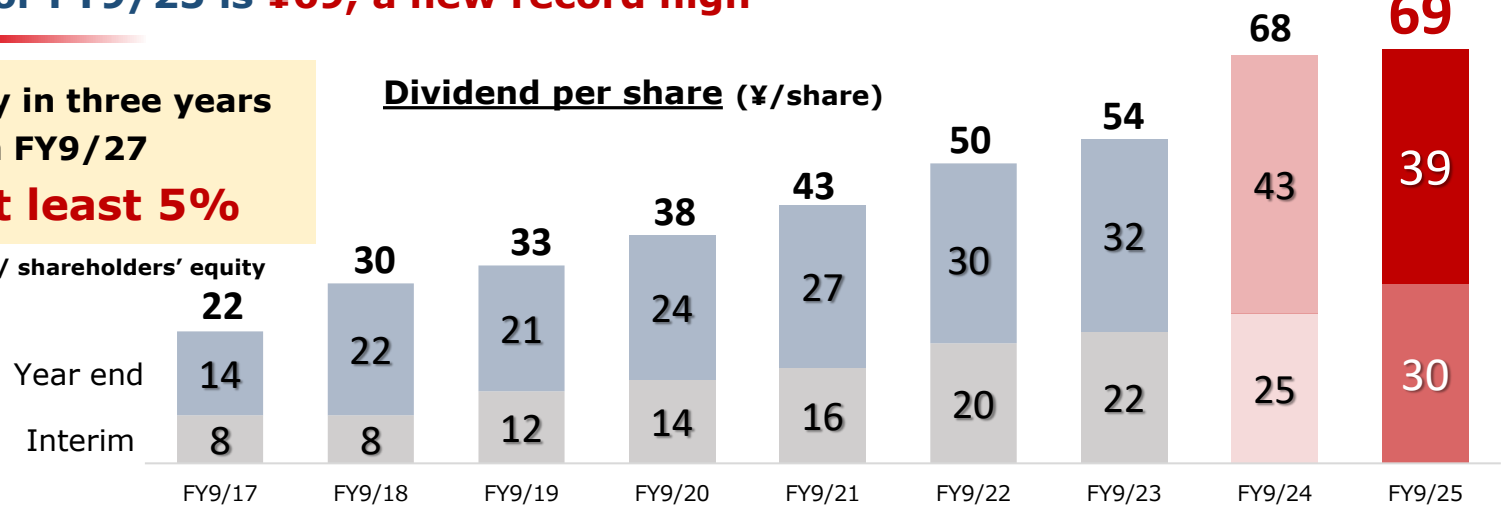
Established new dividend policy, aiming for continued dividend hikes in future
DPS forecast for FY9/25 is ¥69, a new record high

Dividend policy in three years through FY9/27

DOE*of at least 5%

*DOE = Annual dividend / shareholders' equity

Dividend per share (¥/share)



Share buybacks: Will continue to consider the balance with growth investments as appropriate

	Period	Share type	Number	Amount
Recent buybacks	8 Aug 2024 – 3 Oct 2024	Common stock	936,600	¥1,499,926,293

6. Realizing management conscious of cost of capital and stock price

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Review of this FY and targeted KPIs

Review of FY9/24

■ Achieved ROE of 8% or more (9.0%) due to earnings improvement

■PBR rose to 1.24x at end September 2024

We will continue to aim to achieve an ROE in excess of our cost of capital and aim to increase our share price and P/B ratio

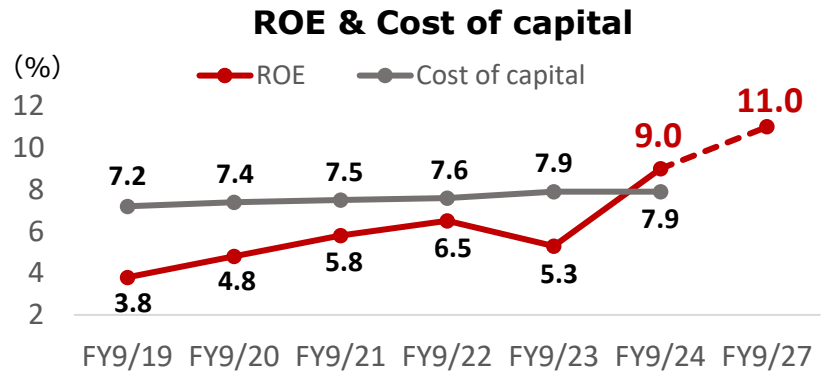
KPI for FY9/27

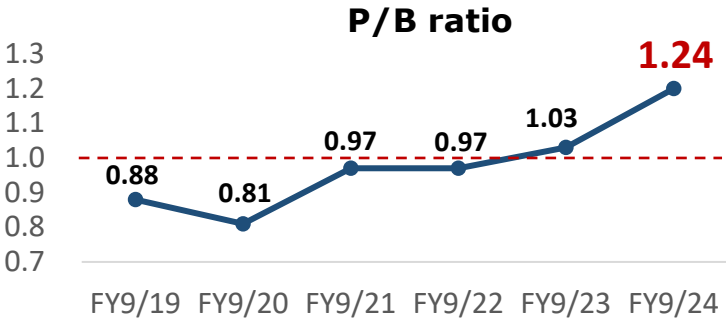
ROE 11%

■Earnings to improve from progress in new MTP “TY2027”

■ Improved capital efficiency and shareholder returns

■ Appropriate disclosure and improved dialogue with investors





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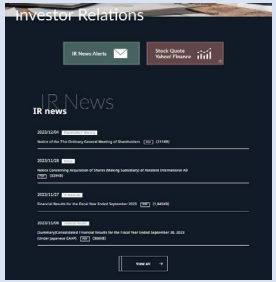

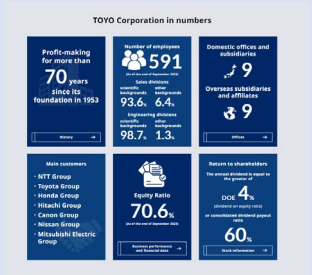

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