TOYO Corporation

(TSE Prime: 8151)

Presentation for financial results for Q1 FY9/25

February 12, 2025

TOYO Corporation

Quest for Precision

1. **Financial results for Q1 FY9/25**
2. **Orders & order backlog**
3. **Full-year forecast for FY9/25**
4. **Recent initiatives to enhance corporate value**
5. **Shareholder returns**

©TOYO Corporation

1. Financial results for Q1 FY9/25

©TOYO Corporation

Key highlights for Q1 FY9/25

Net sales: -10.4% YoY

Segments incl. Sustainable Energy, ICT / Information Security saw growth, but sales fell short of the previous FY, which saw contributions from large AD/ADAS testing system orders for the US

OP: -¥914mn YoY

Booked operating loss of ¥182mn, a sharp decline YoY due to a decline in gross margin and lower overseas sales, as well as increased SG&A costs

Earnings for the quarter largely in line with plan given volumes in Q1 are typically low due to seasonal factors

In full FY9/25, we expect to book a large testing system order in H2 so sales and profit growth in H2 likely to be greater than in a typical year

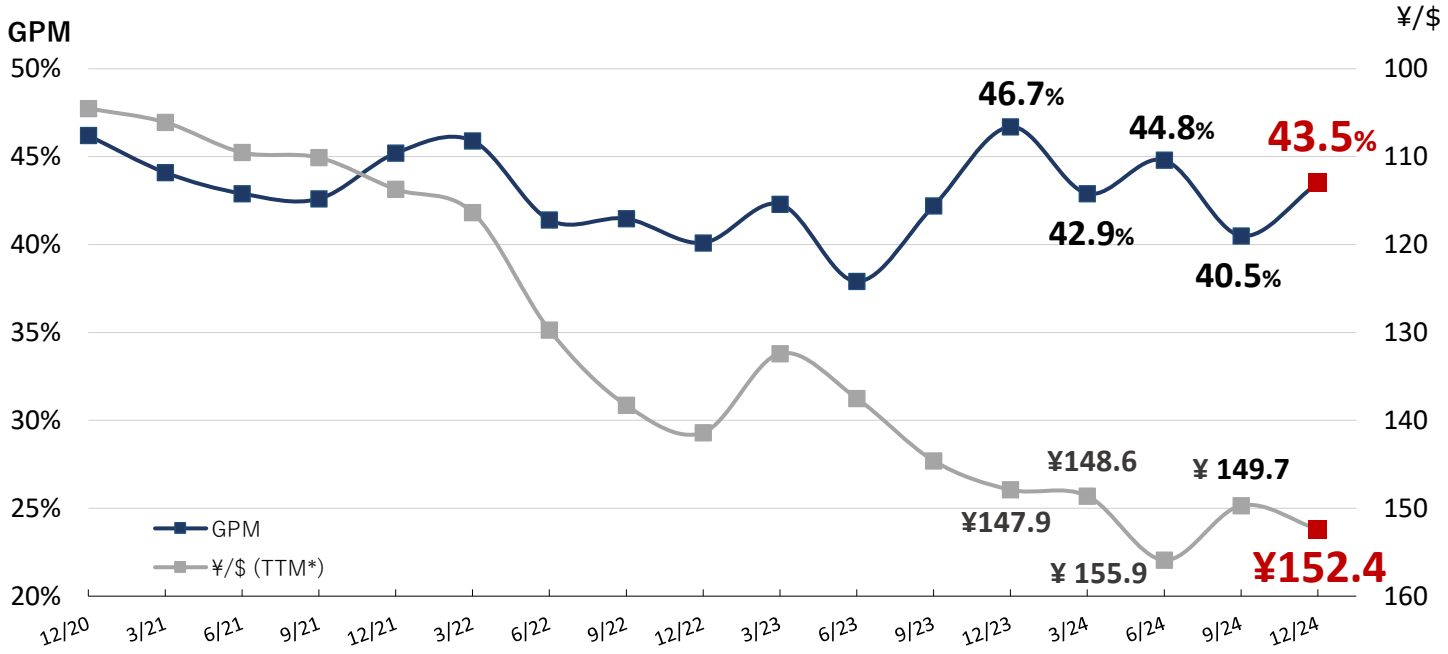
(¥mn)	Q1 FY9/23 Actual	Q1 FY9/24 Actual	Q1 FY9/25 Actual	YoY	
				(amount)	(%)
Net sales	5,512	6,944	6,223	-721	-10.4%
Operating profit	-169	732	-182	-914	–
OPM	-3.1%	10.5%	-2.9%	-13.4ppt	–
Ordinary profit	-266	670	-87	-757	–
Profit attributable to owners of parent	-187	657	-134	-791	–

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

Forex and gross profit margins

Q1 FY9/25 GPM was 43.5%

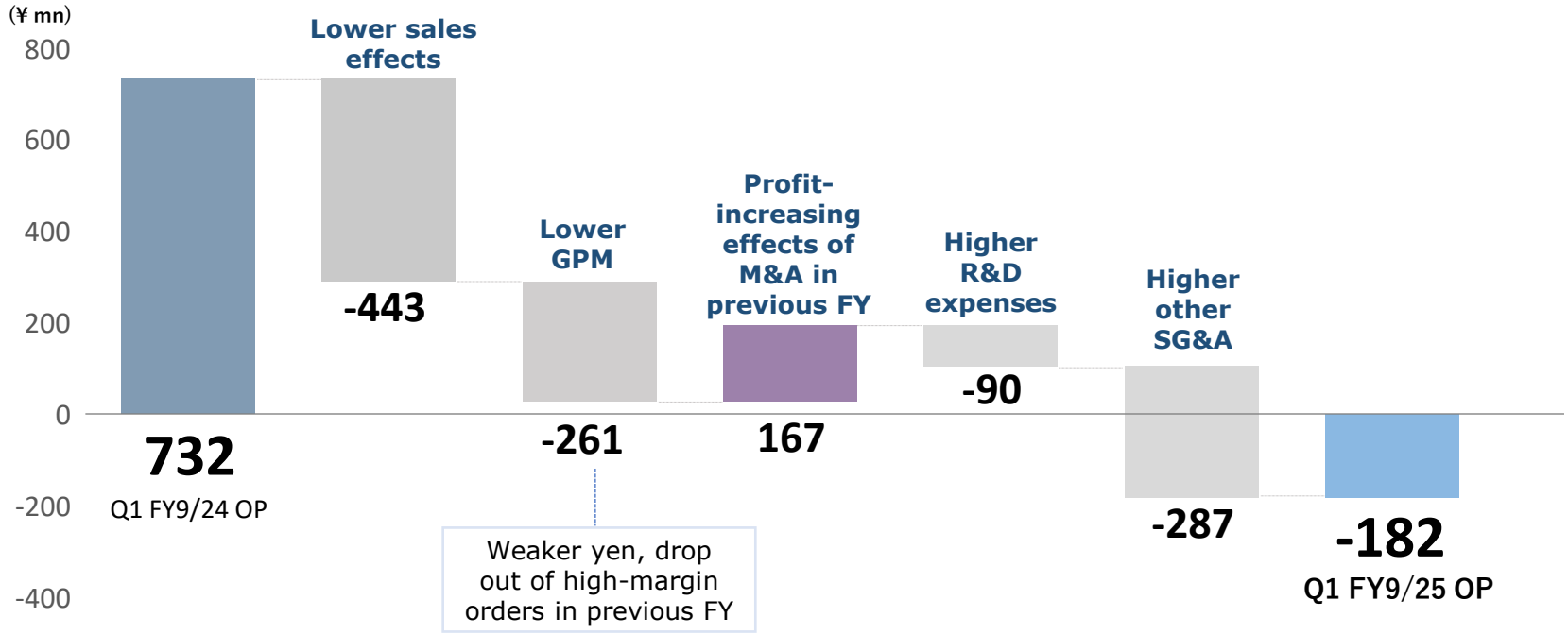
GPM rose 3.0ppt QoQ despite further yen depreciation



*3-month average forex rate

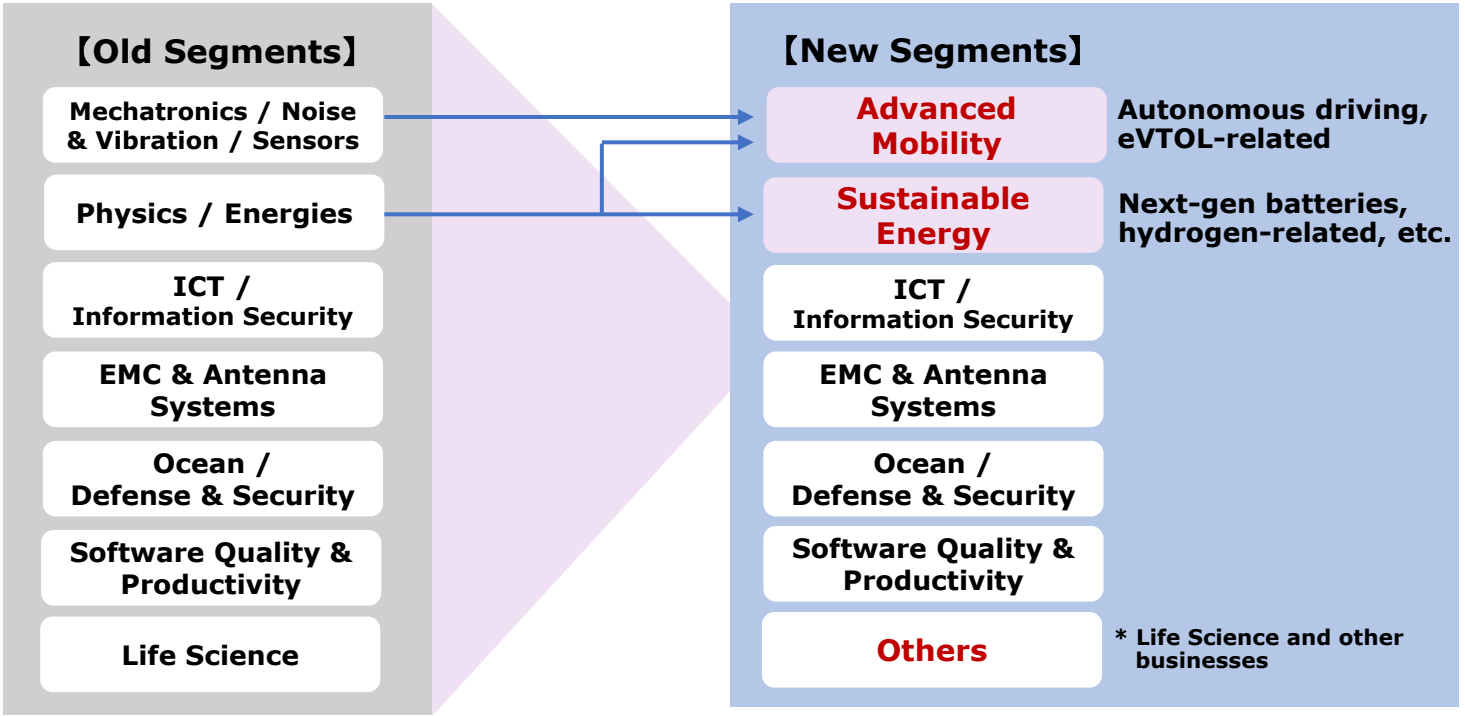
Operating profit YoY variance

OP fell YoY due to lower sales and declining GPM



Reorganization of Business Portfolio

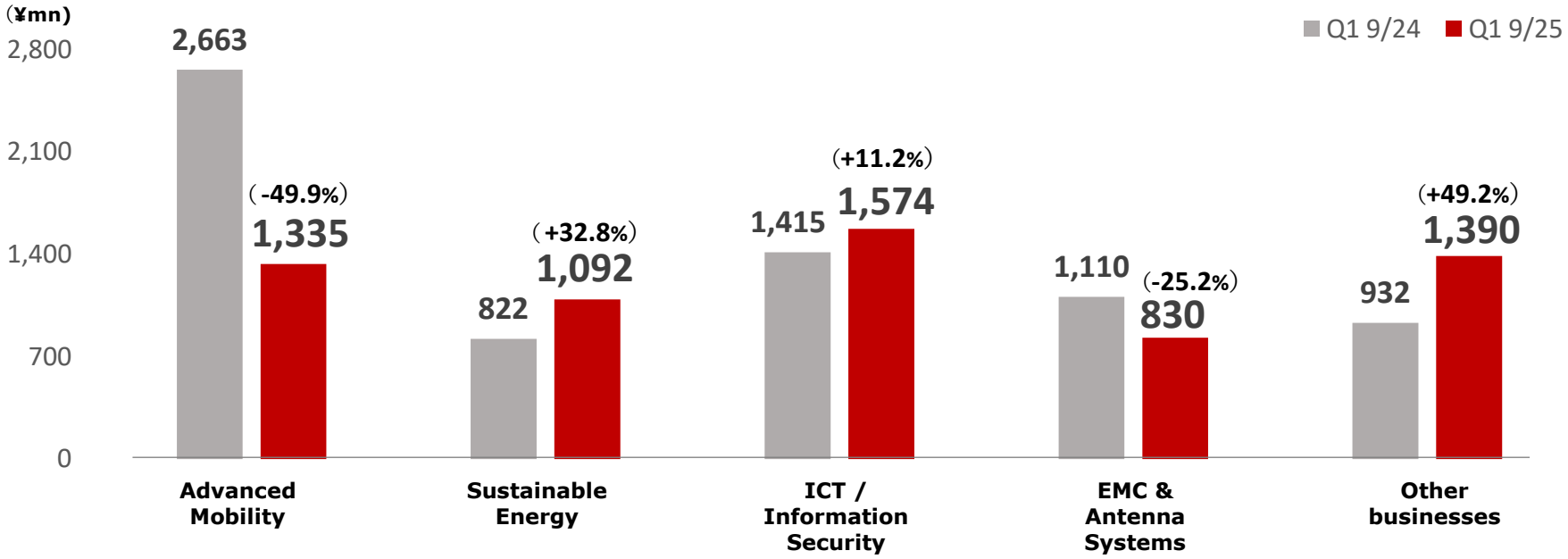
We have reorganized parts of our business divisions to maximize our strategies for each target market. The following segment names have been changed to reflect and clarify the business content



©TOYO Corporation

Summary: Net sales by segment

Solid performance in most segments, other than Advanced Mobility



*Note: Other businesses include Ocean / Defense & Security, Software Quality & Productivity, and Others

Analysis: Net sales and profit by segment

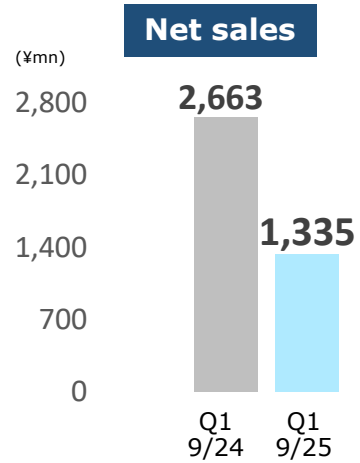
Advanced Mobility

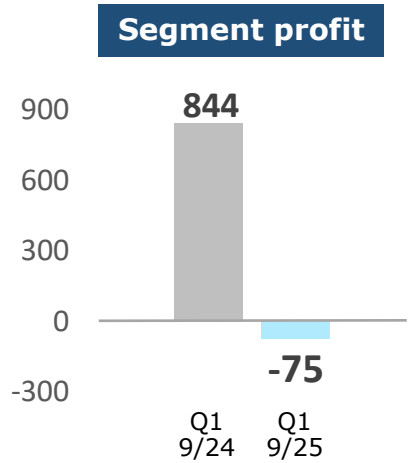
(¥mn)	Q1 FY9/24 Actual	Q1 FY9/25 Actual	YoY	
			Change	%
Net sales	2,663	1,335	-1,328	-49.9%
Segment profit	844	-75	-919	–



Notes

- High growth in Q1 FY9/24 due to booking of sales from a large project used for ViLS（Vehicle in the Loop Simulation: an evaluation and testing method integrating real-world vehicles and simulated environments) for AD/ADAS development. We expect to book sales from a similar project in H2 FY9/25
- Segment profit fell sharply due to decline in sales





©TOYO Corporation

TOYO Corporation
Quest for Precision

Analysis: Net sales and profit by segment

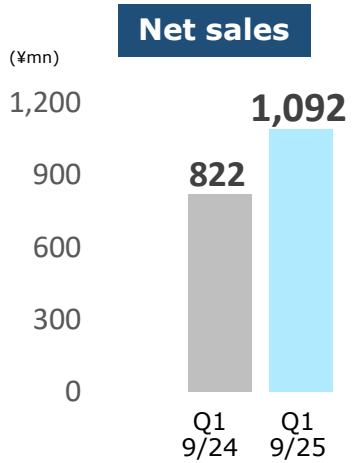
Sustainable Energy

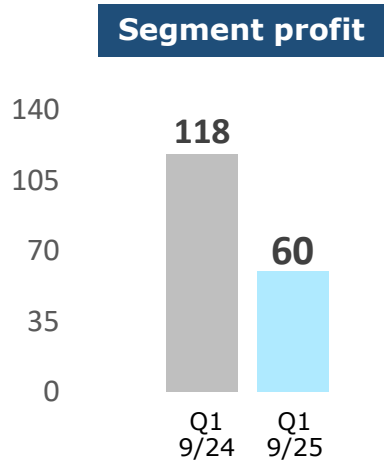
(¥mn)	Q1 FY9/24 Actual	Q1 FY9/25 Actual	YoY	
			Change	%
Net sales	822	1,092	+270	+32.8%
Segment profit	118	60	-58	-49.0%



Notes

- Sales rose due to ongoing tailwinds from government support for solid state battery and hydrogen technologies
- Segment profits declined due to rising procurement costs from the weaker yen, higher SG&A costs following acquisitions and a rise in headcount





Analysis: Net sales and profit by segment

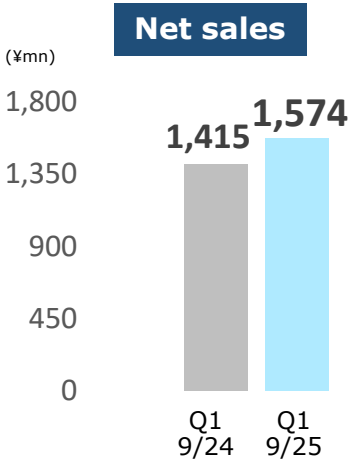
ICT / Information security

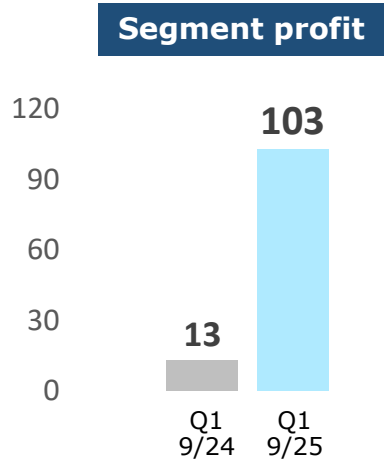
(¥mn)	Q1 FY9/24 Actual	Q1 FY9/25 Actual	YoY	
			Change	%
Net sales	1,415	1,574	+159	+11.2%
Segment profit	13	103	+90	+646.0%



Notes

- ICT saw growth due to steady progress in mobile mapping system inspections and network performance testing for large communications carriers. Information Security sales fell as booking of sales for some projects was delayed
- Increased sales and optimization of human resources led to growth in segment profits





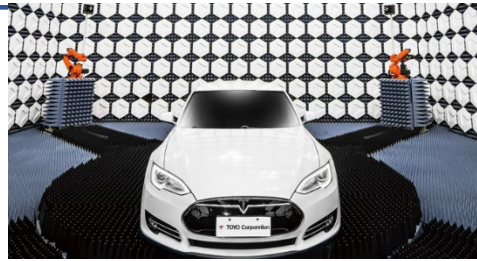
©TOYO Corporation

TOYO Corporation
Quest for Precision

Analysis: Net sales and profit by segment

EMC & Antenna Systems

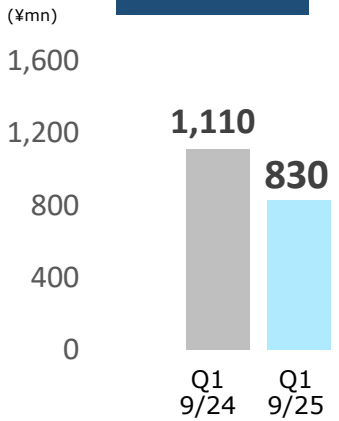
(¥mn)	Q1 FY9/24 Actual	Q1 FY9/25 Actual	YoY	
			Change	%
Net sales	1,110	830	-280	-25.2%
Segment profit	100	-149	-249	–



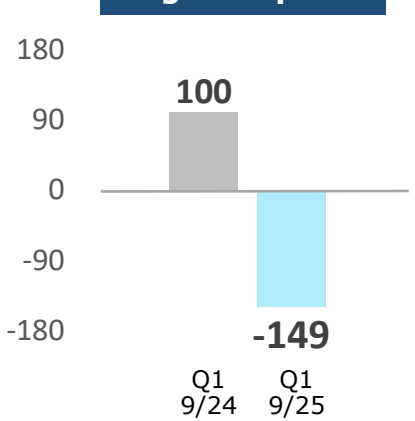
Notes

- Sales fell YoY due to delayed delivery for several projects including a delay for a customer in the completion of construction of anechoic chamber (bookings for all inspections expected in H2)
- In addition to a decline in sales, a segment loss was booked due to costs associated with new product development

Net sales



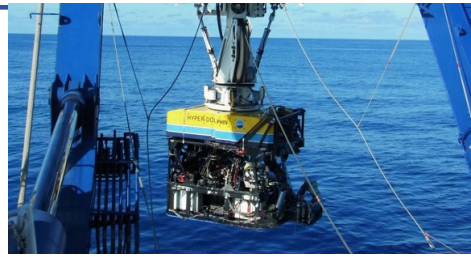
Segment profit



Analysis: Net sales and profit by segment

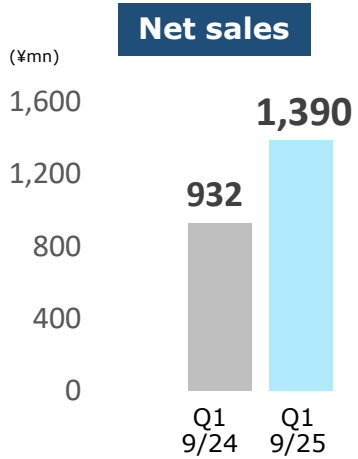
Other businesses (Ocean / Defense & Security, Software Quality & Productivity, and Others)

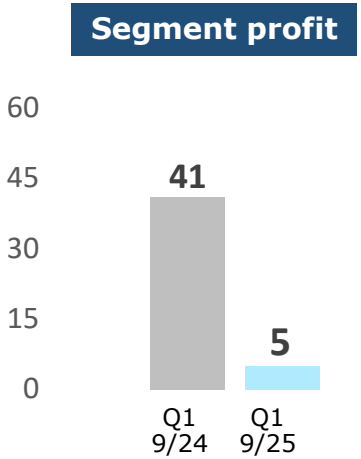
(¥mn)	Q1 FY9/24 Actual	Q1 FY9/25 Actual	YoY	
			Change	%
Net sales	932	1,390	+458	+49.2%
Segment profit	41	5	-36	-86.3%



Notes

- Ocean / Defense & Security sales rose due to solid sales to both private and public sectors. Orders grew sharply, and an operating loss was booked due to an increase in SG&A costs as headcount rose in preparation for business expansion
- In Software Quality & Productivity, static analysis tool license sales recovered and recurring revenues were solid, but increased SG&A from a rise in headcount for new business expansion dragged profits down YoY





©TOYO Corporation

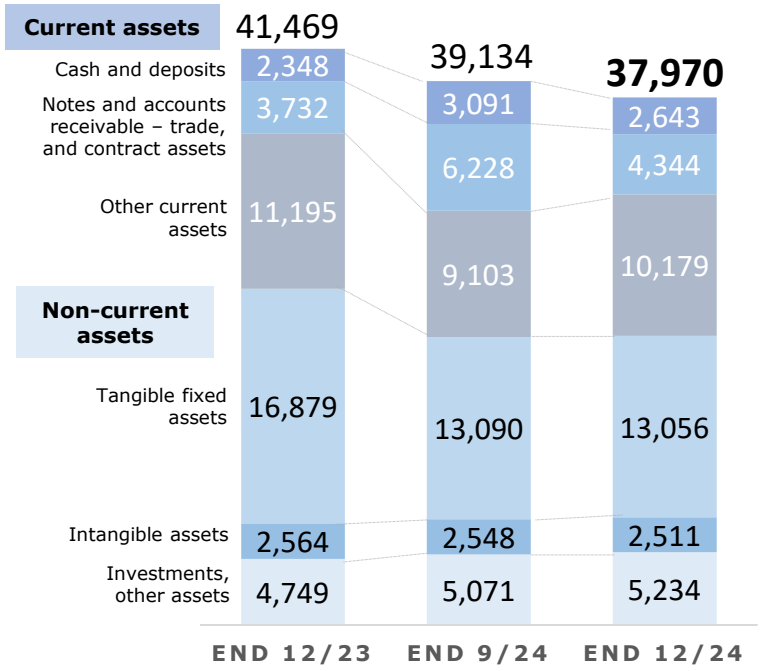
TOYO Corporation
Quest for Precision

Consolidated balance sheet: Major items

Assets

Current assets: Increase in merchandise and finished goods, decrease in notes and accounts receivable, contract assets

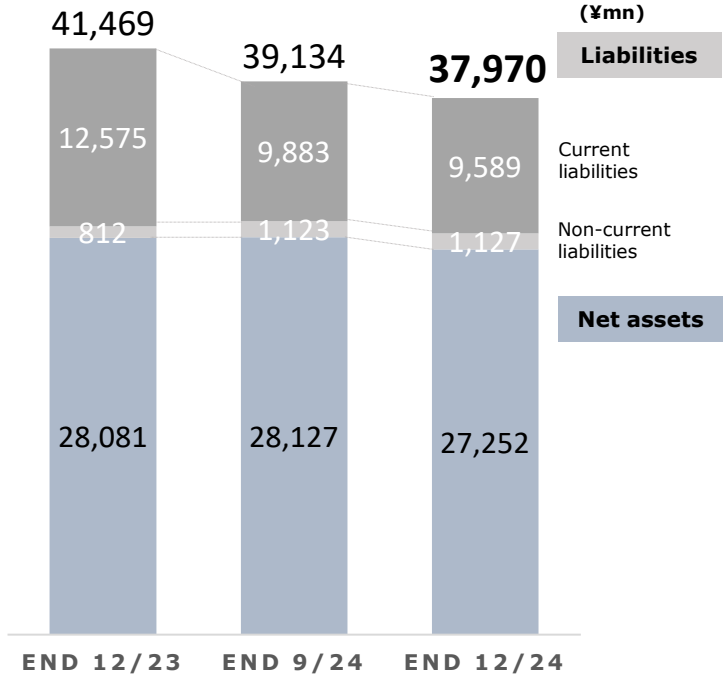
Non-current assets: increase in investment securities



Liabilities and net assets

Liabilities: Increase in notes and accounts payable, decrease in provision for bonuses

Net assets: Decrease in retained earnings



2. Orders & order backlog

©TOYO Corporation

Overview of new orders and order backlog

New orders: +¥4,422mn YoY

・**Significant YoY growth** owing to **the booking of a record-sized order*** in the Ocean / Defense & Security segment, and order growth in the EMC / Antenna & Systems and Advanced Mobility segments

Order backlog: +¥3,747mn YoY

・Order backlog rose due to order growth in segments such as Ocean / Defense & Security and Advanced Mobility

(¥mn)	Q1 FY9/24 Actual	Q4 FY9/24 Actual	Q1 FY9/25 Actual	YoY	
				Change	%
New orders	7,570	9,029	11,992	+4,422	+58.4%
Order backlog	19,095	17,032	22,842	+3,747	+19.6%

*To be elucidated upon at the Q2 FY9/25 results briefing

Orders & order backlog by segment

(¥mn)		Q1 FY9/24 Actual	Q1 FY9/25 Actual	YoY change	YoY %	Notes
Advanced Mobility	Orders	2,014	2,608	+594	+29.5%	• Orders for solid for noise & vibration measurement and aerospace-related products, and robust for EV charging-related products
	Backlog	4,925	6,092	+1,167	+23.7%	• Order backlog rose due to order growth. Expect large AD/ADAS project orders to grow further going forward
Sustainable Energy	Orders	1,500	1,783	+283	+18.9%	• Orders were up due to large orders incl. for solid-state batteries, fuel cells, and water electrolysis evaluation equipment
	Backlog	3,497	2,803	-694	-19.8%	• Q1 order backlog lower thanks to reduction in backlog at the start of the year following progress in booking sales in FY9/24.
ICT / Information Security	Orders	1,678	1,942	+264	+15.7%	• In addition to large orders from major carriers in the ICT field, orders for our in-house developed high speed packet capture / analysis system and Information Security orders were also solid
	Backlog	3,310	4,104	+794	+24.0%	• The order backlog went up in tandem with increased orders, mainly in ICT

©TOYO Corporation

Orders & order backlog by segment

(¥mn)		Q1 FY9/24 Actual	Q1 FY9/25 Actual	YoY change	YoY %	Notes
EMC & Antenna Systems	Orders	791	1,693	+902	+113.9%	• Orders rose sharply due to orders taken from multiple projects pushed back from the previous fiscal year
	Backlog	2,838	3,456	+618	+21.8%	• Increased orders led to growth of the order backlog
Others	Orders	1,584	3,964	+2,380	+150.2%	• In the Ocean / Defense & Security segment, both orders and the backlog increased significantly due to securing a record-sized order
	Backlog	4,524	6,384	+1,860	+41.1%	• In the Software Quality & Productivity segment, order levels were flat YoY
(Ocean / Defense & Security)	Orders	733	3,354	+2,621	+357.5%	
	Backlog	2,145	5,250	+3,105	+144.7%	

3. Full-year forecast for FY9/25

©TOYO Corporation

Full-year forecast for FY9/25

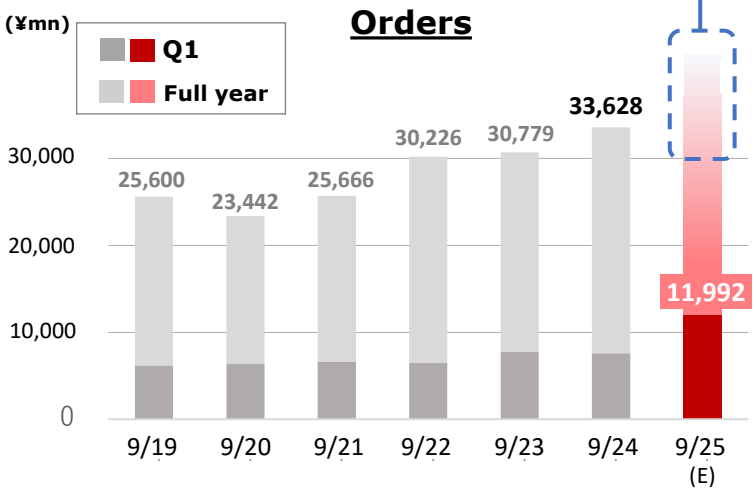
Full-year forecast maintained

Q1 progress in line. For full-year, expect larger growth in 2H vs typical year

Earnings declined YoY due to a lower order backlog at the year-start, and growth investments in first year of the medium-term management plan. However, expect sales and profit around the high levels of recent years

(¥mn)	FY9/24 Actual	FY9/25 Forecast	YoY	
			Change	%
Net sales	35,042	33,000	-2,042	-5.8%
Operating profit	3,366	2,400	-966	-28.7%
OPM	9.6%	7.3%	-2.3ppt	–
Ordinary profit	3,375	2,400	-975	-28.9%
Profit attributable to owners of parent	2,522	1,750	-772	-30.6%

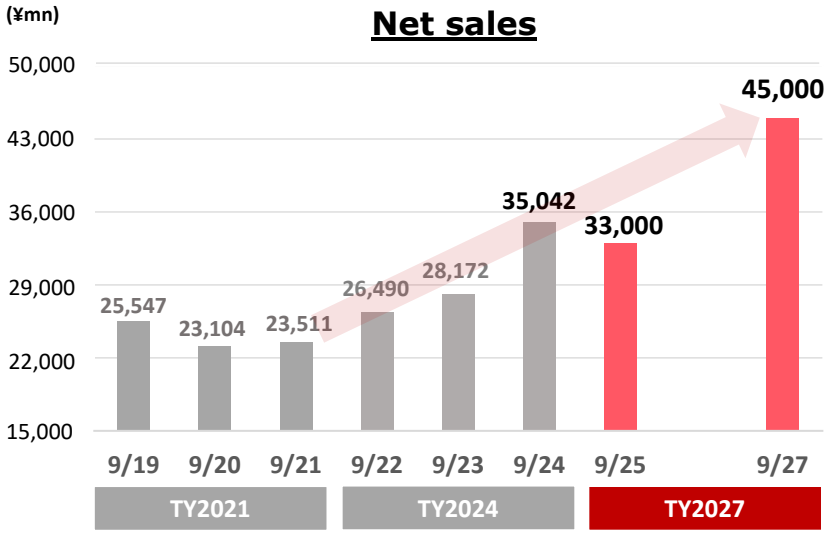
Won large order in Q1. Expect solid orders going forward, and sharp order growth YoY

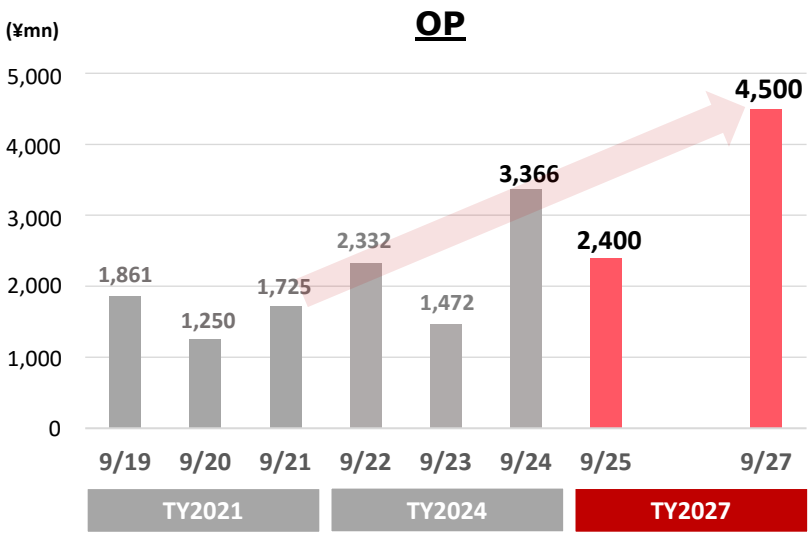


Medium- to long-term outlook

Start of "TY2027" new medium-term management plan from FY9/25. Expect further growth in FY9/27

- Growth trend remains unchanged. In TY2027, we will accelerate growth through promotion of various business strategies and aim to achieve **sales of ¥45bn and OP of ¥4.5bn**





4. Recent initiatives to enhance corporate value

©TOYO Corporation

Recent initiatives to enhance corporate value

Oil Particle Counter "PI-1000" sales launch

Others segment

- **On Nov 2024 started sales of oil particle counter PI-1000, our in-house developed product which can measure particles in lubricating oil used in all industrial machine types**
- **The product measures particles in lubricating oil caused by machine wear over long periods of time in order to optimize maintenance timing and predictive maintenance, resulting in labor savings and an extended life of industrial infrastructure**

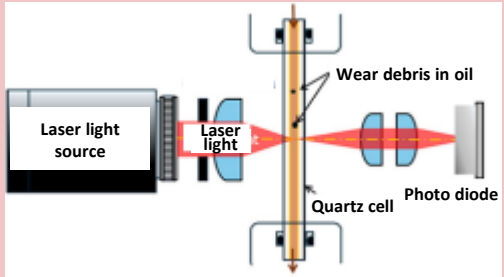
  Possible targets
  - **Automobiles, trains**
  - **Wind / thermal power generators**
  - **Water gates for hydro-power plants**
  - **All oil lubrication devices**

- **Going forward, we plan to sell the product and offer a measurement data analysis service, and to suggest appropriate solutions based the results data obtained**



Oil Particle Counter PI-1000

Conceptual diagram of PI-1000 particle counter



Deploys laser shielding method effective in measurement of fine particles. Unique de-aerating device (patent pending) removes detection errors caused by bubbles, enabling highly precise measurement down to the level of several microns

5. Shareholder returns

©TOYO Corporation

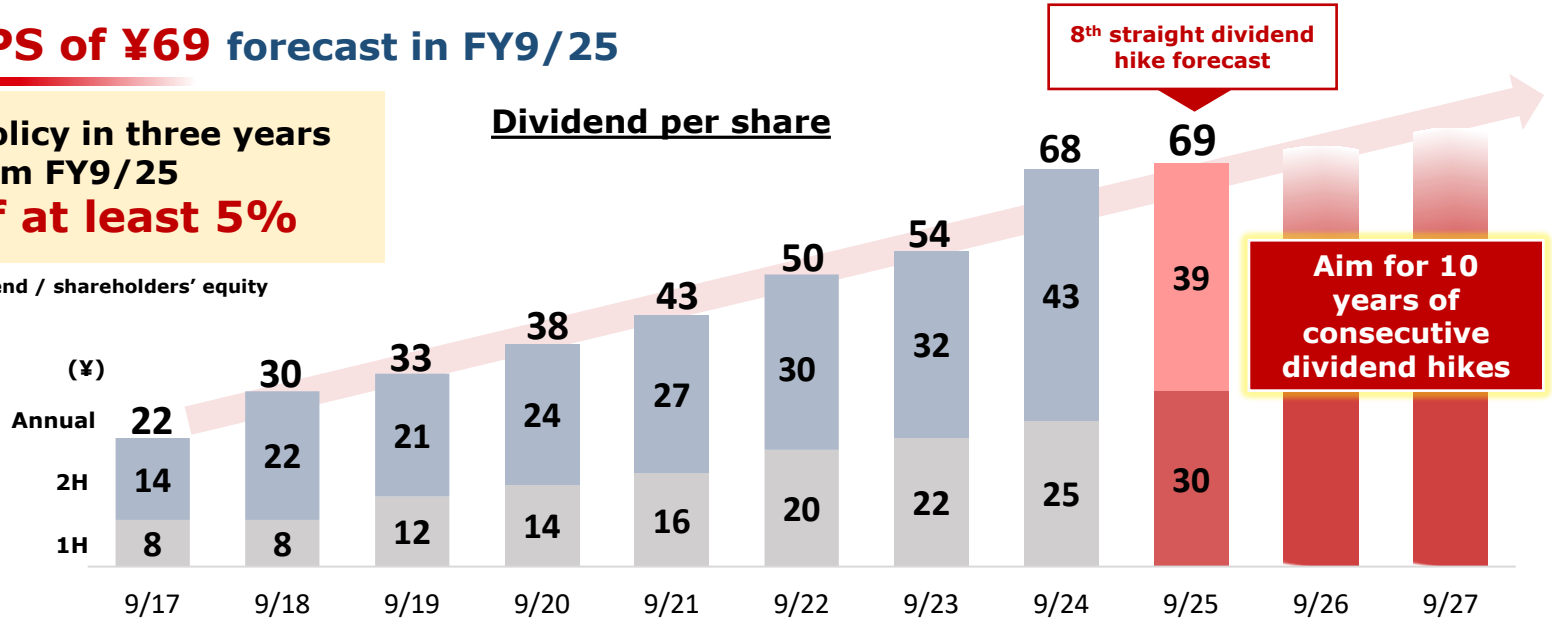
Shareholder Returns

Record DPS of ¥69 forecast in FY9/25

Dividend policy in three years from FY9/25
DOE*of at least 5%

*DOE = Annual dividend / shareholders' equity

Dividend per share



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

	Period	Type	Quantity	Value (¥)
Recent buybacks	8 Aug 2024 – 3 Oct 2024	Ordinary shares	936,600	1,499,926,293

IR News Alerts

https://www.toyo.co.jp/english/ir/mail-magazine/

Click here for IR news alert registration

We send IR information by e-mail in a timely manner.
Please be sure to register.

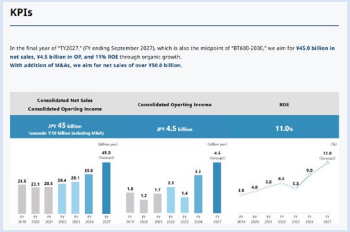
IR Website

Medium Term Management Plan: New plan now online

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

https://www.toyo.co.jp/english/ir/management/plan/





The data and future forecasts disclosed in this document are based on judgments made as of the date of publication of this document and available information, and are subject to change for a variety of reasons, including changes in economic conditions and market trends. Accordingly, this document is not a guarantee of the achievement of the stated targets, forecasts, or of future performance.

Contact Information:
Corporate Planning Division, TOYO Corporation
toyo-ir@toyo.co.jp

TOYO Corporation
Quest for Precision