November 11, 2026

Timely disclosure

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Notice Concerning Action to Realize Management Conscious of Cost of Capital and Stock Price (Update)

We hereby announce that we have analyzed and evaluated our current status and updated the progress of initiatives aimed at realizing management focused on cost of capital and stock price, in order to achieve sustainable growth and enhance medium- to long-term corporate value. For details, please refer to the attached document “Action to Realize Management Conscious of Cost of Capital and Stock Price (2026 Update).”

-End-

Attached document

Action to Realize Management Conscious of Cost of Capital and Stock Price (2026 Update)

November 11, 2026

TOYO Corporation

Quest for Precision

Current analysis

ROE improved in FY9/26 on higher revenues. Aiming to widen the spread further

Cost of equity

6.5–7.9%

Estimated using CAPM and inverse of PER as of end Sep 2026

ROE (FY9/26)

8.6%

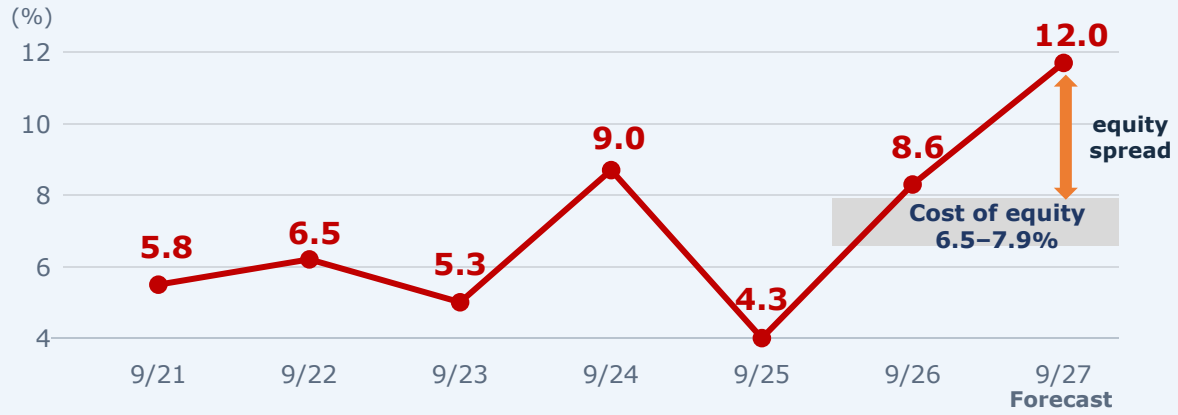
FY9/25 actual: 4.3%

PBR (Sep 2026)

1.39x

End Sep 2025: 1.23x

ROE trend and cost of equity



Factors behind changes

Cost of equity rose on higher bond yields, but **earnings growth lifted ROE above it** on steady progress through a high order backlog. Share price rose from ¥1,598 to ¥1,869 at year-end; **PBR also rose**

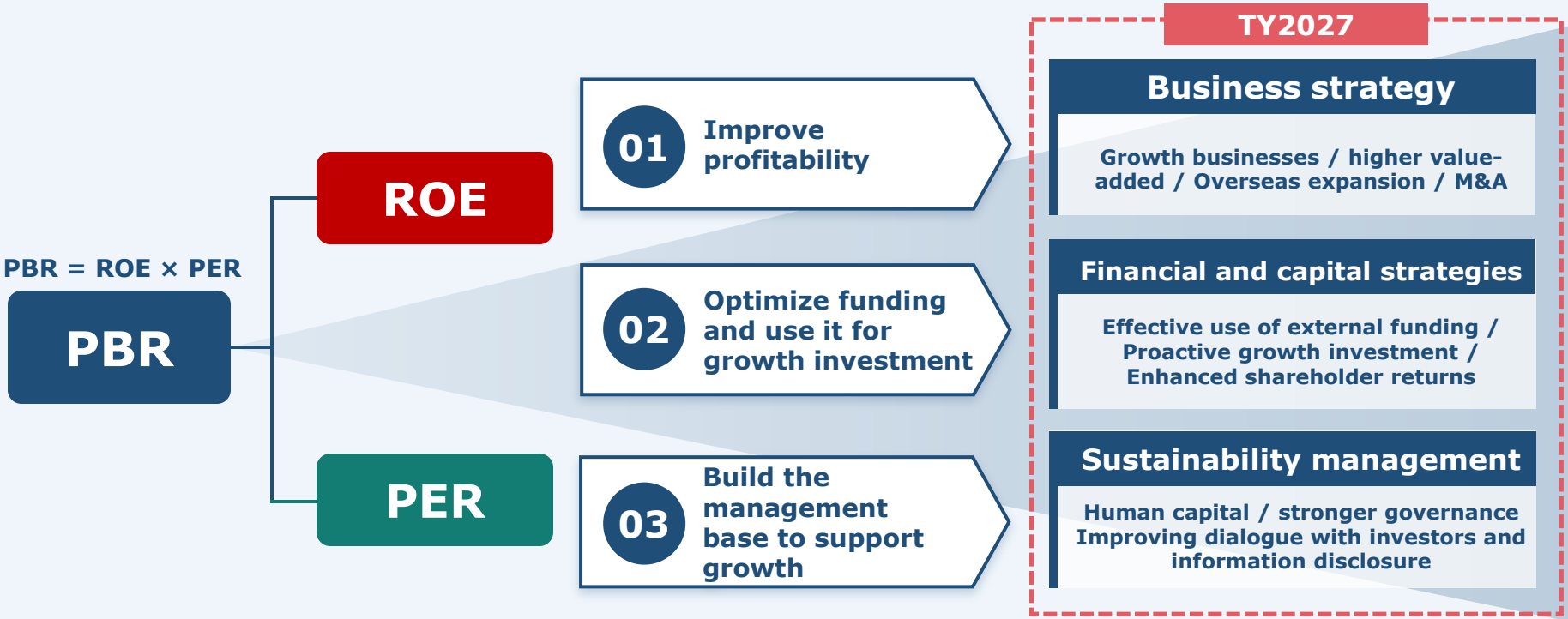
Issues identified

ROE is only ~0.7pt above the top of the cost of equity range. **Targeting ROE of 12.0% in FY9/27** via higher-value projects and capital efficiency

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Initiatives to improve PBR

Raising ROE and PER through the TY2027 plan to drive sustained PBR improvement



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Equity story for raising corporate value

Our ability to propose technical solutions drives a virtuous cycle of growth and capital allocation, raising corporate value

① Management resources

- Talent (90%+ of sales staff have science/engineering backgrounds)
- 150+ suppliers worldwide
- Proprietary solutions / R&D capability
- Strong financial base

② Value delivered

Sales staff with backgrounds in science and engineering accurately identify customer challenges and deliver unique value to customers' R&D teams through cutting-edge products and proprietary solutions

Virtuous cycle of growth and capital allocation

③ Business strategy to accelerate growth

- Defense, decarbonization, advanced mobility
- In-house-developed products, recurring business
- Overseas expansion
- New businesses (M&A, quantum, etc.)

④ Profit growth, capital allocation

- High profitability from high-value-added products
- Generate CF via working capital optimization
- Reinvest cash flow in growth and R&D
- Consecutive dividend increases; flexible share buybacks

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Long-term vision "BT600–2030"

FY9/30 targets

Sales ¥60.0bn +α

OP ¥7.5bn

ROE 15%

Medium-term plan "TY2027"

FY9/27 management targets

Sales ¥45.0bn +α

OP ¥4.5bn

ROE 11%

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TY2027 plan

TY2027 management KPIs and strategies

■Management KPIs (FY9/27)

Sales
¥45.0bn +α

Operating profit
¥4.5bn

ROE
11%

■ Business strategies

1. Focus business areas
2. Differentiation through value-added products
3. Expansion of overseas businesses
4. M&A and new businesses to accelerate growth strategy

■ Financial & capital strategies

■ Sustainability management

TY2027 progress

Management KPIs	FY9/25 (Year 1) Actual	FY9/26 (Year 2) Actual	FY9/27 (Final year) Forecast	Long-term vision BT600-2030
Sales	¥32.55bn	¥38.37bn	¥50.0bn	¥60.0bn +α
Operating profit	¥1.91bn	¥3.51bn	¥5.0bn	¥7.5bn
ROE	4.3%	8.6%	12.0%	15.0%

Business strategy – M&A and new businesses

M&A / new business

ALOKA

Radiation measurement equipment maker
Aloka becomes a subsidiary

- **Specialist maker of radiation measurement equipment** for government, local governments, medical and research institutions; high market shares and a **solid domestic position backed by technology and brand strength**
- Main products: environmental monitoring posts and RI monitors, plus maintenance services. **Stable demand expected, with business opportunities growing over the medium to long term**
- Becomes the Group's **largest subsidiary by business scale**; significant contribution to TY2027 goals of new businesses, proprietary products and recurring business, and overseas expansion
- Aim to leverage Group resources to expand Aloka products **overseas**, contribute to **next-generation radiation cancer treatment** and **develop new products for fusion power facilities**



Environmental monitoring posts that continuously monitor environmental radiation on and around nuclear facility sites



RI monitor systems for comprehensive management of environment, people and goods at facilities using radioisotopes (RI)

Location	Musashino-shi, Tokyo
Business	Manufacture, sale and maintenance of radiation measurement equipment
Share capital	¥100mn
Established	2021 (founded 1950)
Employees	252 (end Dec 2025)
Net sales	¥7,936mn (FY12/25)
Operating profit	¥948mn (FY12/25)
Acquisition price	To be disclosed after share acquisition

Business strategy – M&A and new businesses

New business

Decision to introduce two IQM quantum computers Installed at AIST's G-QuAT and Company R&D Center

- Decided to purchase superconducting quantum computer "IQM Radiance" from IQM (Finland) for installation at AIST's "G-QuAT*". **First installation at G-QuAT in Japan of a quantum computer funded by a private company.** Broad on-premises and cloud use, **mainly by Japanese companies and organizations, will be encouraged to create joint research and use cases**

- A second system, "IQM Spark," will be installed at the Company's R&D Center, **offering on-premises use** for talent training, algorithm demonstration and validation, and evaluation of components and related technologies

- **Both to start operating in spring 2027**. Two systems will support quantum technology from the "learn and try" stage to the "use" stage, **promoting its social implementation in Japan**

*G-QuAT: Global R&D Center for Business by Quantum-AI Technology



Exterior of G-QuAT



"IQM Radiance"



Image of installation at the Company's R&D Center



"IQM Spark"

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TOYO Corporation Quest for Precision

Business strategy – M&A, new businesses / Focus areas

New business

Joint research on quantum sensing* begun with national institute and its spin-off

- Started joint research with QST (National Institutes for Quantum Science and Technology) and its spin-off **Type-I Technologies on core technology for diamond quantum sensors**
- **Developing and demonstrating quantum sensors and sensing equipment** toward commercialization

*Quantum sensing: Technology using quantum-mechanical properties to measure minute physical quantities such as magnetic and electric fields, temperature and pressure. Highly accurate, it is a next-generation technology for fields such as semiconductor failure analysis, EV motor magnetic field evaluation, biotech/medical and defense/aerospace

Advanced Mobility

Large project delivered: in-house ROTOTEST® Energy™



Hub dynamometer "ROTOTEST® Energy™" made and sold by subsidiary Rototest.

Mounted on each drive wheel hub to measure vehicle power directly, enabling near-real-driving performance evaluation in the facility

(Photo courtesy of Futaba Industrial Co., Ltd.)

- Delivered in-house hub **dynamometer "ROTOTEST® Energy™"** to Futaba Industrial, an automotive parts developer
- Improves accuracy of exhaust system noise and vibration evaluation under real driving conditions
- Also promoting VILS* integrated systems built around this product**, contributing to more efficient, advanced automotive R&D**

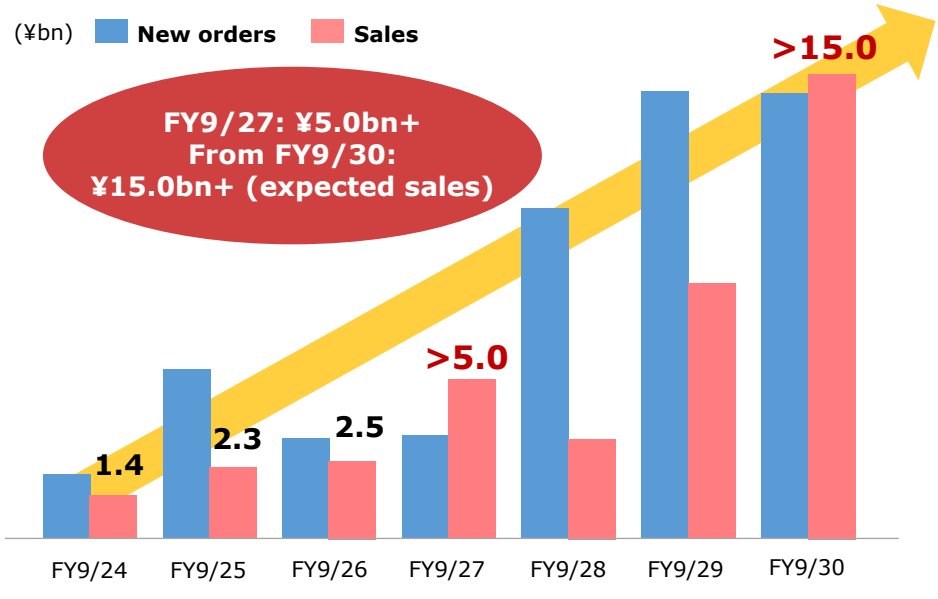
*VILS (Vehicle In the Loop Simulation): Technology linking real vehicles with simulation environments to evaluate and test performance under more realistic conditions

Business strategy – Focus business areas

Defense business

FY9/27 sales expected to exceed ¥5.0bn on large project bookings. Continued large project wins expected across multiple segments, making this a core business of the Company

Defense & Security new orders and sales

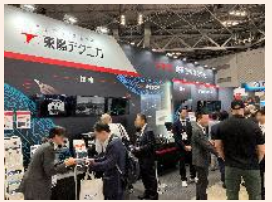


TOPIC

■Exhibited at SEECAT ’26

Many defense-sector visitors; business opportunities expanded

- Exhibited at SEECAT ’26 (Special Equipment Exhibition & Conference for Anti-Terrorism), Japan’s only counterterrorism-specialized exhibition, held from Wednesday, September 30
- Under the theme “**Port and Maritime Surveillance**,” presented **surveillance and exploration solutions** that protect safety at sea, underwater and in the air, including sensors, drones and systems for integrated monitoring
- Many defense-sector visitors will help expand future business opportunities, and TV and trade-magazine coverage raised the profile of the Company’s defense business



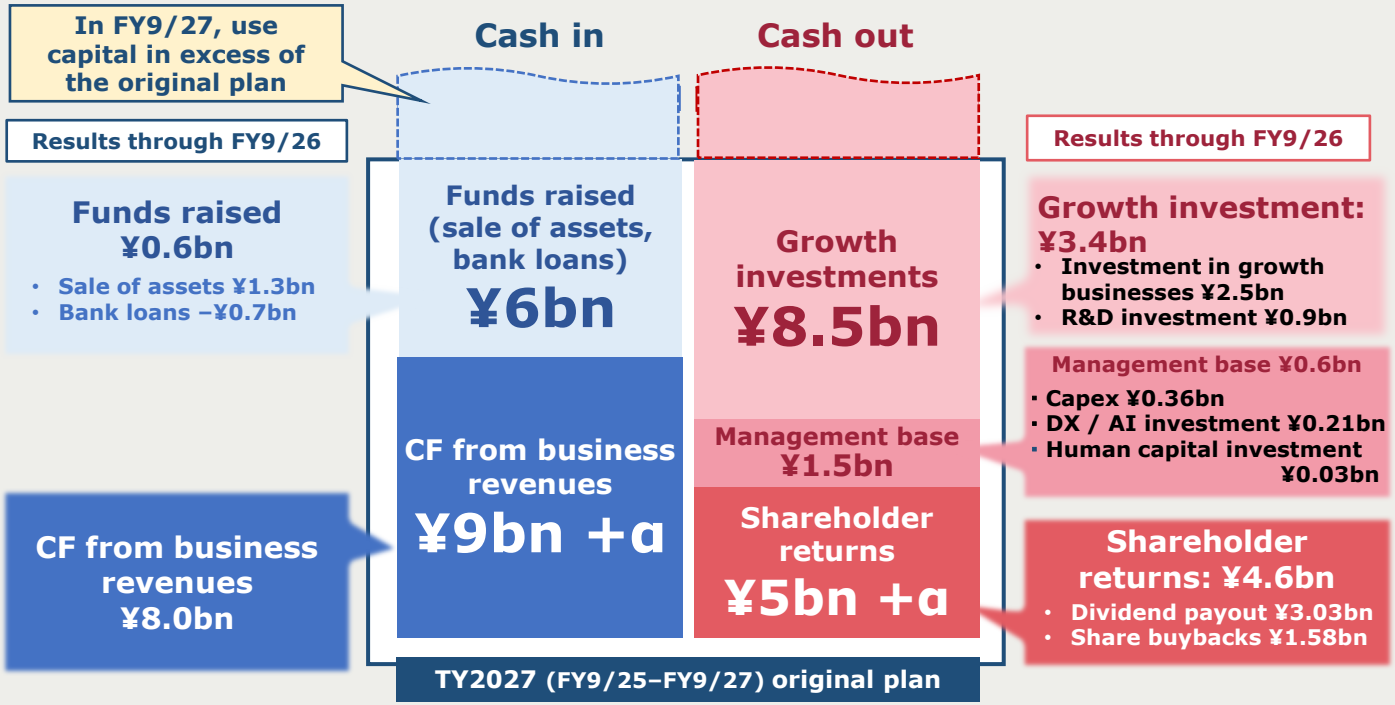
The Company’s booth, which drew many visitors

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Financial & capital strategies – Cash allocation

Prioritizing growth investment while strengthening foundations and returning to shareholders

- FY9/27 (final year): **use external funding for growth investment to raise capital efficiency**



Basic capital allocation policy

1 **Prioritize growth investment**
Assess profitability and strategic fit, allocate to M&A, growth businesses, R&D

2 **Strengthen management base**
Invest in people, facilities and DX / AI to strengthen the foundation that supports growth

3 **Dividends and flexible returns**
Continue stable dividend increases; treasury stock acquisitions balanced with growth investment

Target balance sheet approach

Policy of using external funding to actively pursue growth investment while maintaining financial soundness

Financial & capital strategies – Dividend policy

Dividend hikes continue; 10th straight hike planned for FY9/27

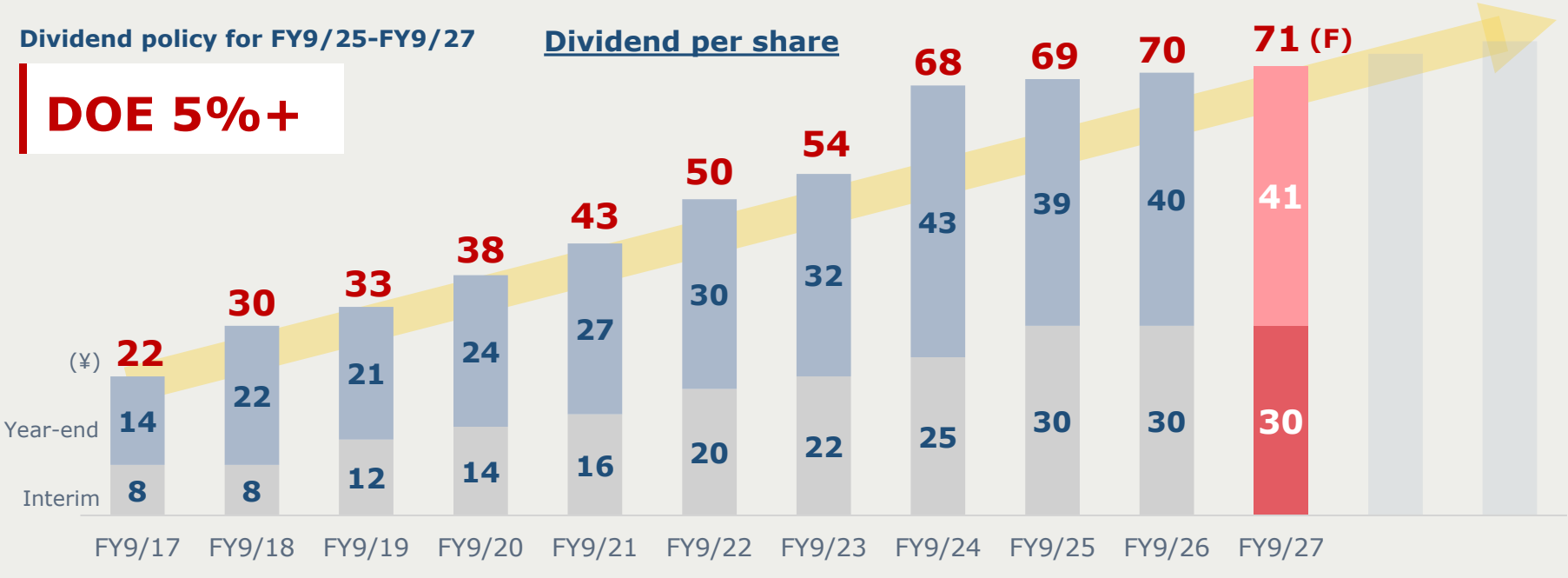
Forecast 10th straight dividend hike in FY9/27; aiming for further hikes thereafter

DOE introduced under TY2027 to pay stable dividends unaffected by single-year results

Dividend policy for FY9/25-FY9/27

DOE 5%+

Dividend per share



Financial & capital strategies – Treasury stock & benefits

Enhancing returns via flexible treasury stock acquisition and shareholder benefits

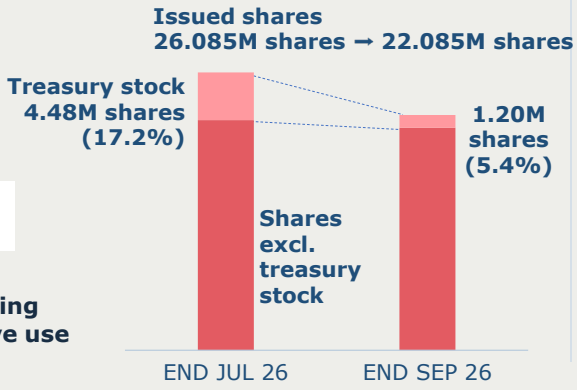
■ Treasury stock acquisition & cancellation

Acquired Aug 2026

0.73M shares | **Approx. ¥1.5bn**

Acquisition period: Aug 6-Aug 24
Total acquisition cost: ¥1,499,862,104

Issued shares and treasury stock ratio



Cancelled in Sep 2026

4.00M shares

Cancelled 15.33% of total issued shares, while retaining shares for internal incentive use over the next few years

■ Shareholder benefit program

Announced in May 2026

Shareholders holding 300+ shares at end-Sep each year receive Premium Yutai Club* points. 1 point is worth ¥1 and can be redeemed for about 5,000 types of benefit products







Shares held	Points granted
300-499	5,000
500-999	10,000
1,000+	15,000

*Premium Yutai Club: reg. trademark of Wills, Inc.

Sustainability Management

Linking human capital investment & stronger governance to sustainable growth in corporate value

■ Investment in human capital

Health & productivity management

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Health & Productivity Management Outstanding Org. 2026 (Large Enterprise), first time certified

- Health checkups and stress checks, with stronger follow-up
- Mental health measures; flu vaccination subsidies
- Flextime, telework and reduced hours

⇒ Improve employee health and productivity

Other sustainability initiatives

Climate change	Quantitative assessment and disclosure of financial impact of risks and opportunities
Supply chain	ESG survey extended to overseas suppliers
Human rights	Established human rights policy and conducted human rights due diligence
External ratings	CDP 2025 "Climate Change": B (3rd consecutive year) Selected for 2 FTSE JPX Blossom Japan indexes

■ Stronger governance

Separation of management and execution

- In Oct 2025, changed the executive structure to **separate management decision-making and oversight functions from business execution**

Sustainability metrics in executive pay

- **ESG-linked performance-based stock compensation plan introduced**
- GHG reduction results and external ESG ratings reflected in pay

Stronger oversight of management by outside directors

- Before Board meetings, executive and outside directors hold a meeting to exchange views and clarify issues on important matters

⇒ Enhance management transparency and credibility and lower cost of capital

Strengthening IR activities

Broadening contact with shareholders and investors and reflecting their feedback in management

IR meetings
1.9x FY9/25: 39 FY9/26: 73

Trading volume
4.8x Sep 2025 avg: 36K shares, Sep 2026 avg: 174K shares

Price (max)
1.4x End FY9/25: ¥1,598 FY9/26 ¥2,232 (high)

■ Major IR activities (FY9/26 results)

Activity	No.	Main respondents	Target audience and notes
IR meetings	73x	CEO, CFO, IR staff	Domestic and overseas institutional investors, analysts
Results briefings	2x	CEO, CFO, Exec. Officers	Domestic institutional investors, analysts, press organizations
IR briefing	2x	CEO, CFO	Individual investors
IR site	–	–	Timely disclosure and email alerts to domestic and overseas investors, analysts, etc.
Shareholder letter	2x	–	Annual web survey of shareholders
Sponsored research	4x	CEO and IR staff handle interviews	Domestic and overseas institutional investors, analysts, individual investors

■ Feedback received and response

Quarterly OP fluctuates widely, so it is hard to judge progress
→ **From Q1, quarterly OP trend and forecast added to results presentation**

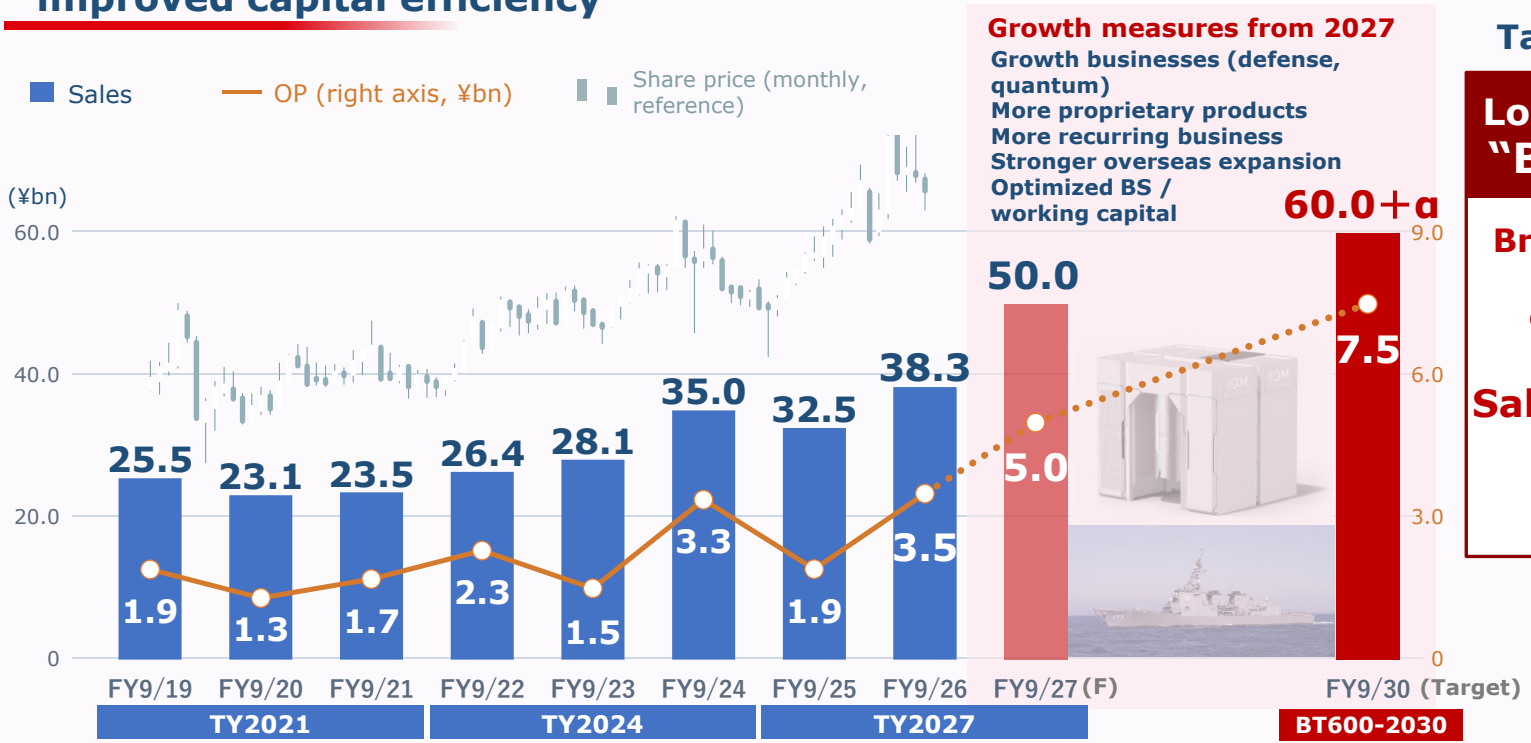
How certain is the sales outlook for the defense business?
→ **Defense order outlook added to presentation to support sales probability**

Are you considering acquiring and cancelling treasury stock?
→ **Treasury stock acquired and cancelled, considering capital efficiency, growth investment and share price**

Low liquidity deters investing
→ **Benefit program, active PR/IR boosted trading volume**

Raising corporate value in the long term

Further increasing corporate value through growth investment and improved capital efficiency



Growth measures from 2027

- Growth businesses (defense, quantum)
- More proprietary products
- More recurring business
- Stronger overseas expansion
- Optimized BS / working capital

Targets for 2030

Long-term vision "BT600-2030"

BreakThrough600
Challenge to exceed ¥60bn

Sales ¥60.0bn +α
OP ¥7.5bn
ROE15%

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"はかる"技術で未来を創る 東陽テクニカ

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.

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