



# **TOYO Corporation**

**(TSE Prime: 8151)**

## **Presentation for financial results for Q2 FY9/25**

**May 14, 2025**



**TOYO Corporation**

Quest for Precision

- 1. Financial results for Q2 FY9/25**
- 2. Orders & order backlog**
- 3. Full-year forecast for FY9/25**
- 4. Recent initiatives to enhance corporate value**
- 5. Shareholder returns**

# **1. Financial results for Q2 FY9/25**

# Key highlights for Q2 FY9/25

(¥mn)	Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY	
			Change	%
Net sales	20,368	17,376	-2,992	-14.7%
Operating profit	3,323	1,396	-1,927	-58.0%
OPM	16.3%	8.0%	-8.3P	—
Ordinary profit	3,354	1,490	-1,864	-55.6%
Profit attributable to owners of parent	2,468	858	-1,610	-65.2%

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

## Net sales: -14.7% YoY

Although sales fell vs. the previous FY which saw contributions from domestic and international orders for large evaluation system for AD/ADAS development, the ICT / Information Security and Software Quality & Productivity segments were supported by solid demand, and the other core businesses were also generally in line with their initial plan

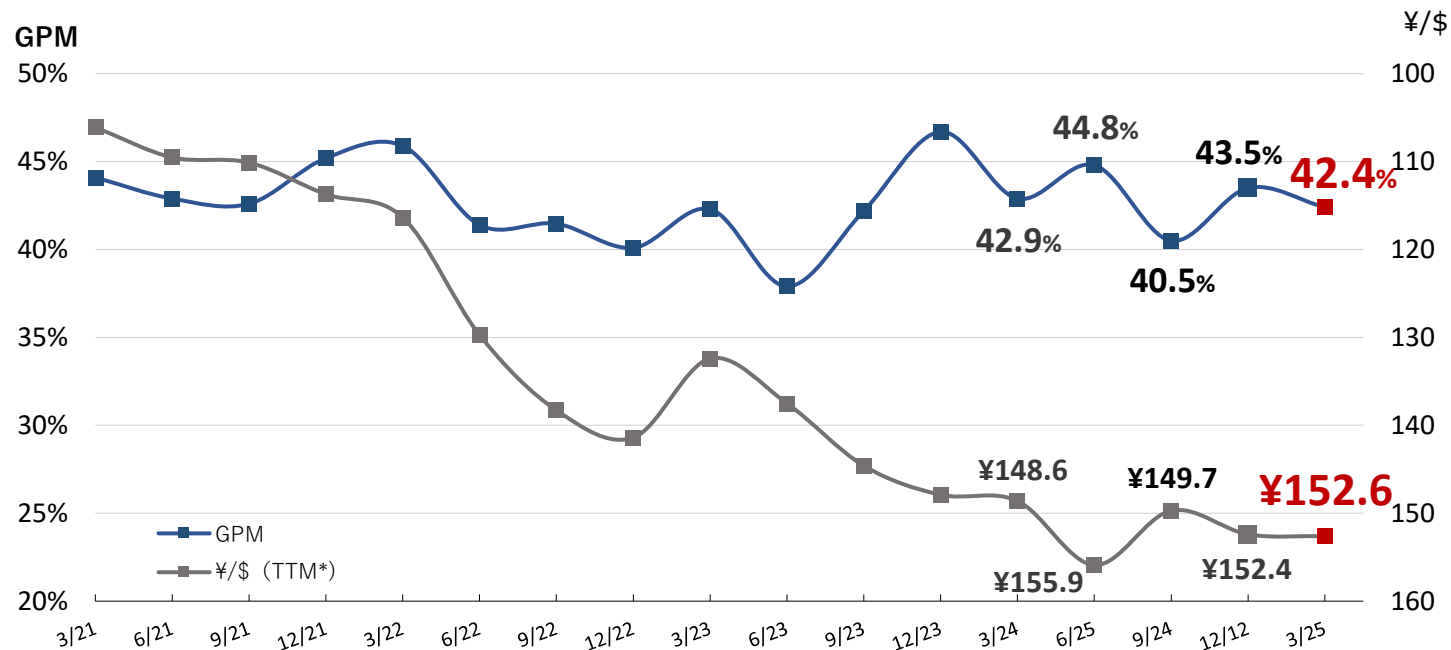
## OP: -58.0% YoY

OP fell due to lower sales, a decline in GPM from multiple large, low-margin orders, and increased R&D and other SG&A expenses, but **earnings progress was largely in line with expectations**

**We expect to book several large evaluation system orders for AD/ADAS development in the second half and therefore see higher sales and profit in H2 vs. a typical year**

# Forex and gross profit margins

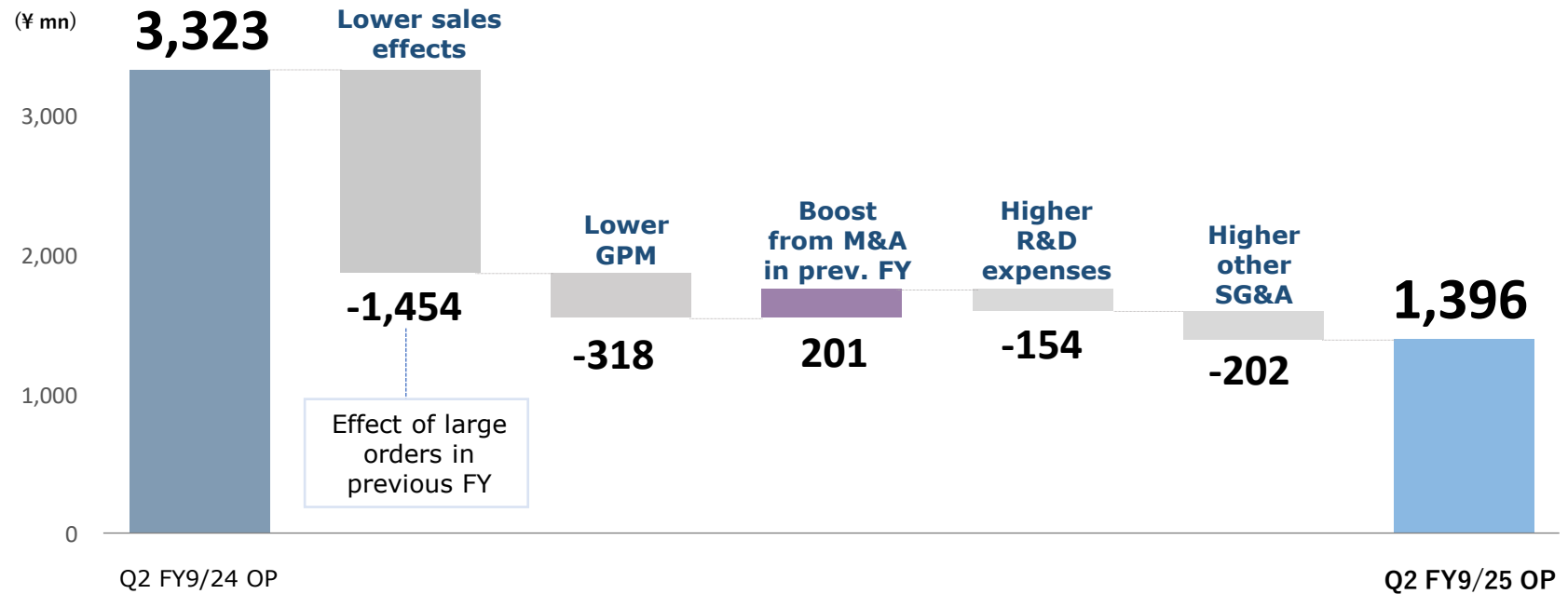
Q2 FY9/25 GPM fell to **42.4%** due to the impact of large, low-margin projects  
Cumulative first-half GPM was 42.8% (-1.4ppt YoY)



\*3-month average forex rate

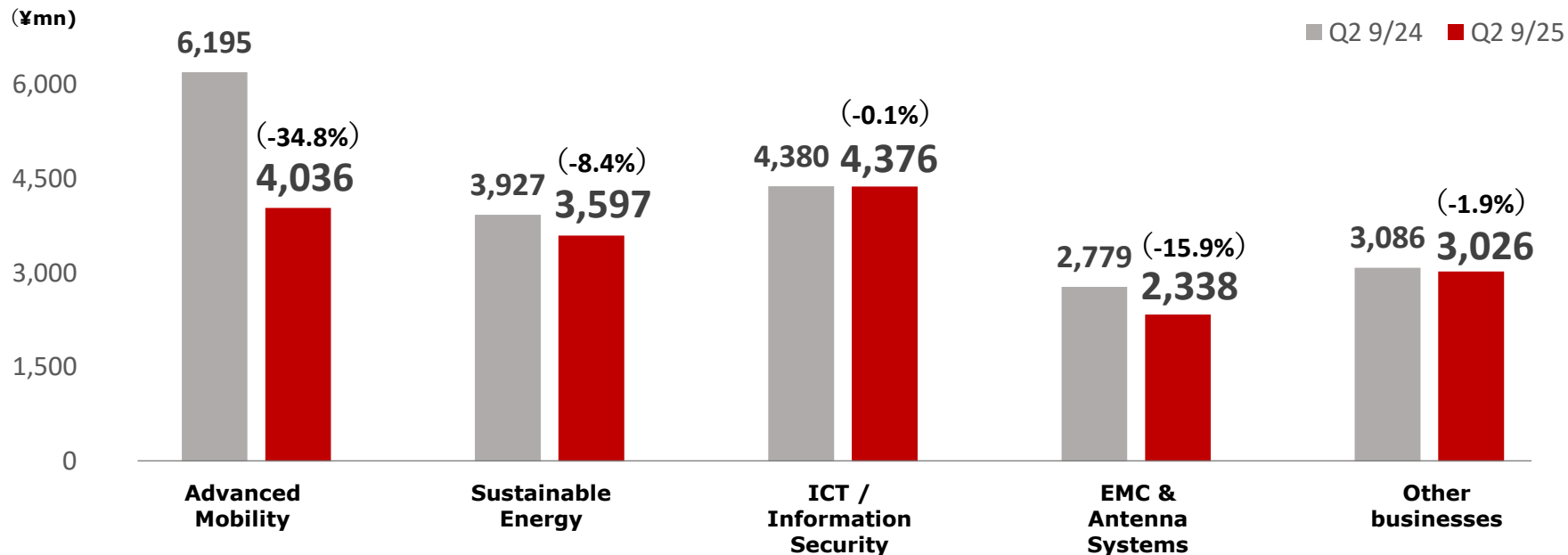
# Operating profit YoY variance

## OP fell YoY due to lower sales and declining GPM



# Summary: Net sales by segment

Sales below last year's high levels, but progressing largely in line with plan

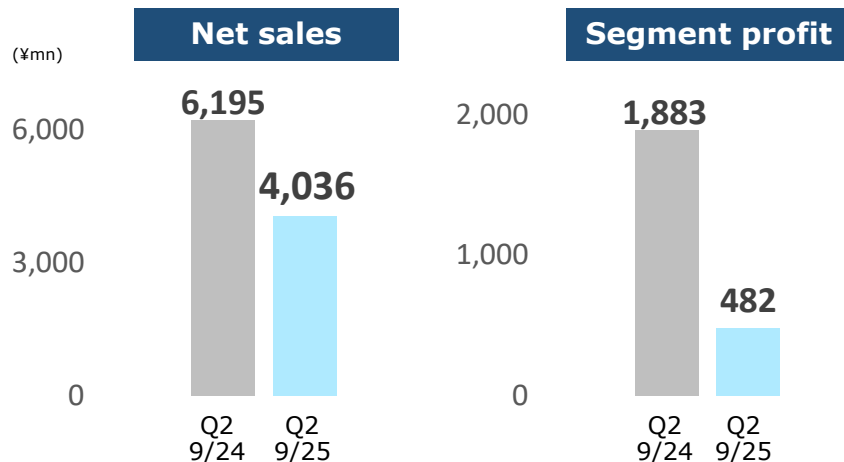


\*Note: Other businesses include Ocean / Defense & Security, Software Quality & Productivity, and Others

# Analysis: Net sales and profit by segment

## Advanced Mobility

(¥mn)	Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY	
			Change	%
Net sales	6,195	4,036	-2,159	-34.8%
Segment profit	1,883	482	-1,401	-74.4%



### Notes

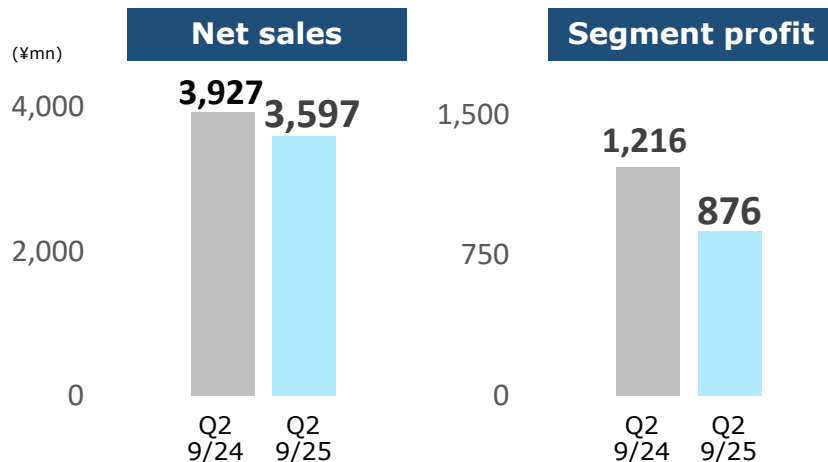
- While noise and vibration measurement, electrification-related products performed well, there were some large, low-margin projects, therefore sales and segment profit declined significantly compared to last year, which saw booking of international and domestic sales from large projects in ViLS (Vehicle in the Loop Simulation: an evaluation and testing method integrating real-world vehicles and simulated environments) for AD/ADAS development.
- We expect to book multiple large AD/ADAS orders in H2 and to be able to make up lost ground for the full year



# Analysis: Net sales and profit by segment

## Sustainable Energy

(¥mn)	Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY	
			Change	%
Net sales	3,927	3,597	-330	-8.4%
Segment profit	1,216	876	-340	-28.0%



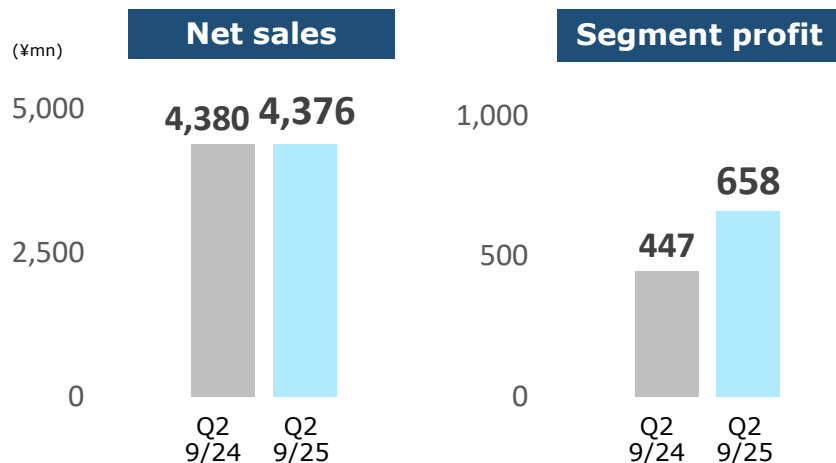
### Notes

- Sales of ultra low temperature sensors and magnetic field measurement systems were firm, and although falling short of the strong previous year, sales of electrochemical measuring systems were also above initial plan.
- In addition to lower sales, SG&A expense increases from investment in new business related to secondary batteries dragged down segment profits

# Analysis: Net sales and profit by segment

## ICT / Information security

(¥mn)	Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY	
			Change	%
Net sales	4,380	4,376	-4	-0.1%
Segment profit	447	658	+211	+47.0%



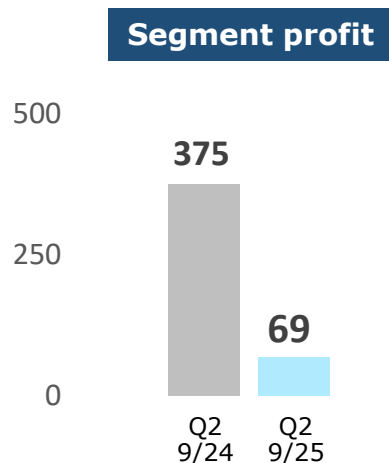
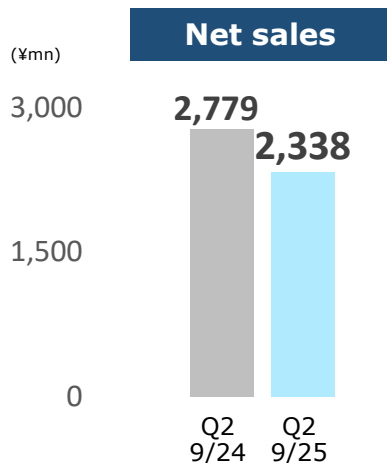
### Notes

- In ICT, despite a decline in sales of core network performance testing products for major communication carriers, proprietary large-capacity packet capture systems and other products grew, surpassing initial plan. In cybersecurity, service provider projects remained strong
- Improved sales mix and optimization of human resources in ICT led to improved profit margins

# Analysis: Net sales and profit by segment

## EMC & Antenna Systems

(¥mn)	Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY	
			Change	%
Net sales	2,779	2,338	-441	-15.9%
Segment profit	375	69	-306	-81.6%



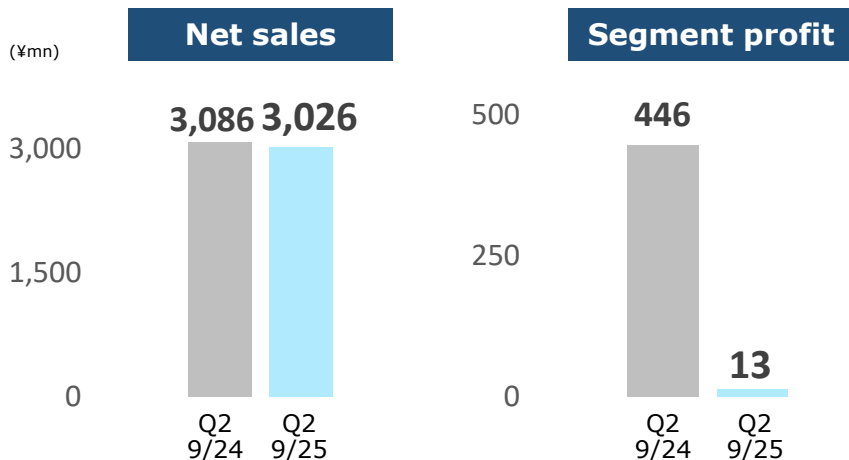
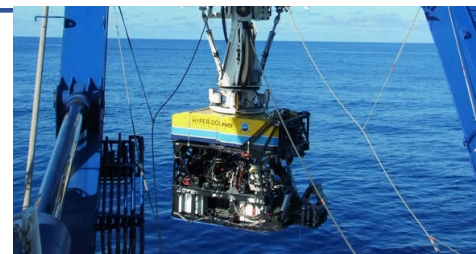
### Notes

- Sales fell YoY as the order backlog had declined at the start of the year
- Segment profit dropped sharply due to the booking of costs associated with new product development in addition to the impact of lower sales.

# Analysis: Net sales and profit by segment

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

(¥mn)	Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY	
			Change	%
Net sales	3,086	3,026	-60	-1.9%
Segment profit	446	13	-433	-97.0%



### Notes

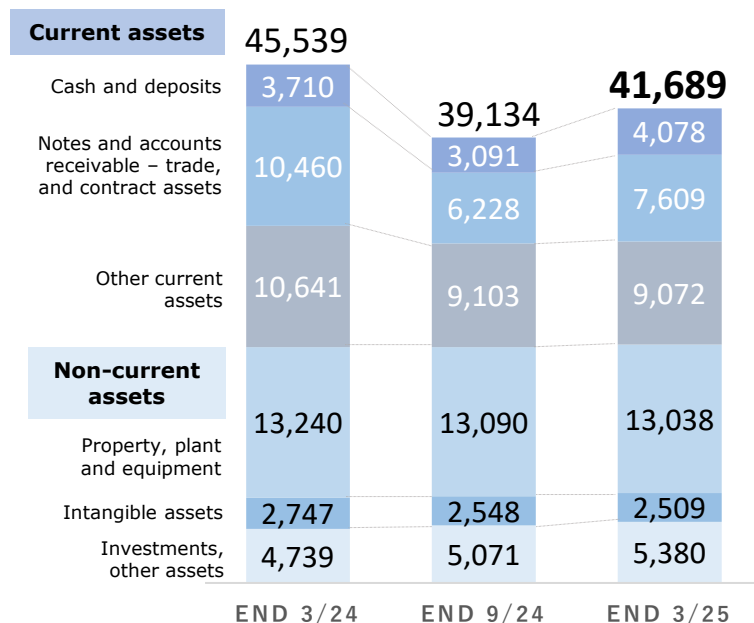
- Ocean / Defense & Security sales rose due to growth in infrared cameras and underwater communication devices. However, the segment posted a loss due to conservative upfront booking of some costs on large orders.
- In Software Quality & Productivity, sales grew due to solid sales to gaming and automotive-related firms. The impact of a markedly weak yen against the pound, and increased SG&A expenses from greater hiring for new business expansion weighed down segment profits

# Consolidated balance sheet: Major items

## Assets

Current assets: Increases in notes and accounts receivable – trade, and contract assets, and in cash and deposits; Decrease in securities

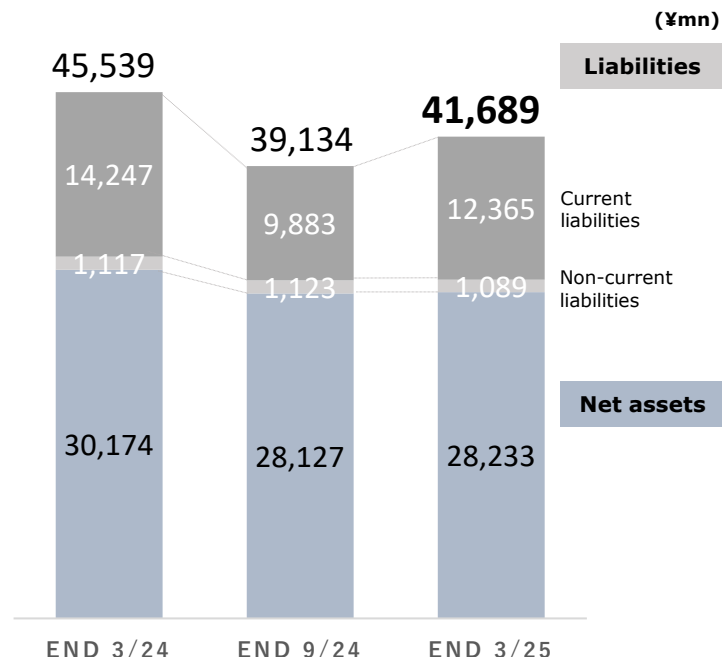
Non-current assets: Increase in investment securities



## Liabilities and net assets

Liabilities: Increases in short-term borrowings, and notes and accounts payable - trade; Decrease in other current liabilities

Net assets: Increases in foreign currency translation adjustment and deferred gains or losses on hedges



## 2. Orders & order backlog

# Overview of new orders and order backlog

**Solid progress with various growth strategies, order trends very positive**

**New orders: new record high of +¥24,135mn**

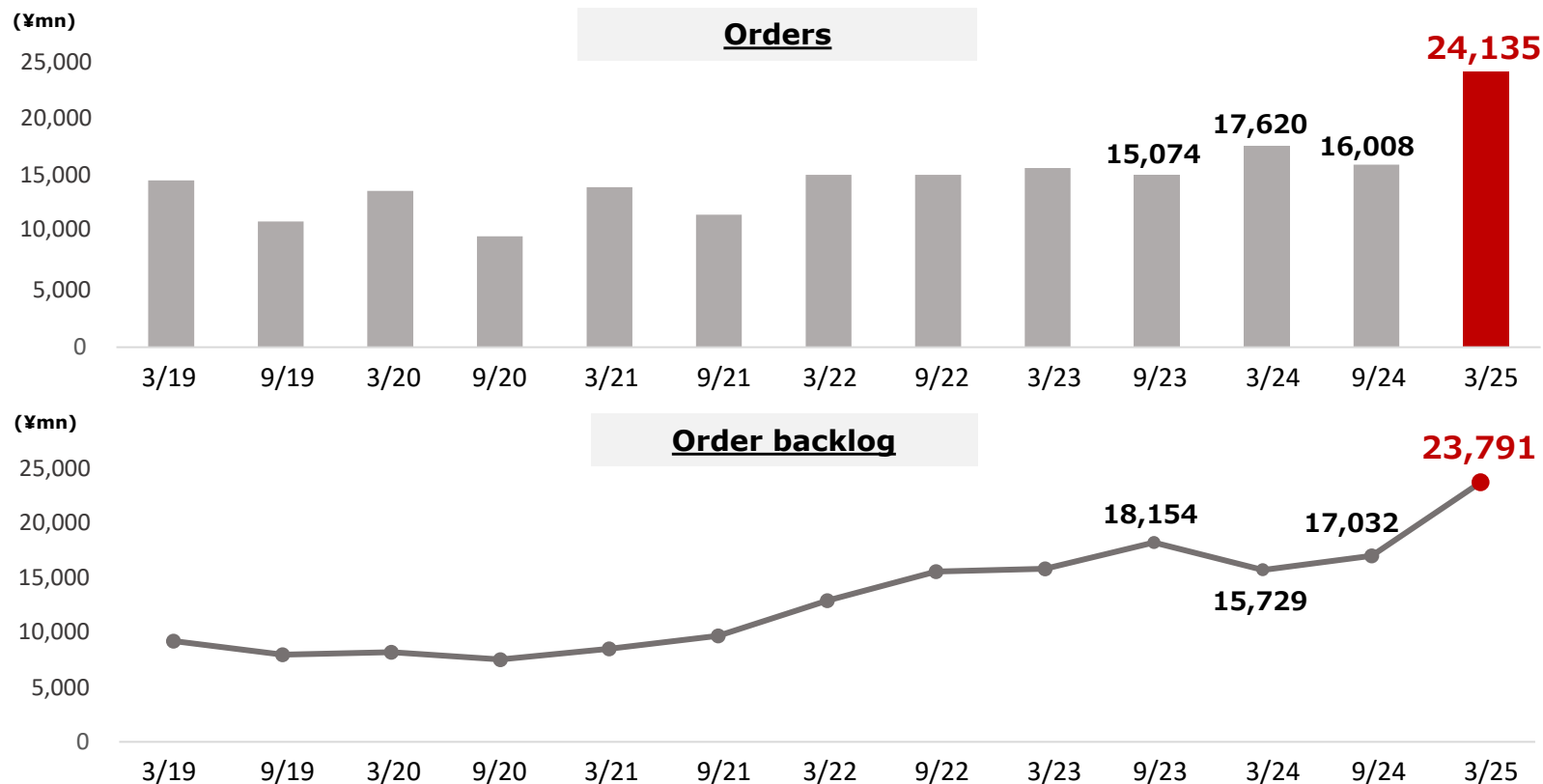
- **Significant YoY growth** owing to a multiple large project orders in the Ocean / Defense & Security segment, with orders mostly up across other business segments

**Order backlog: +¥8,062mn YoY**

- **Order backlog also rose substantially YoY** with even greater increases since Q1 in segments including Ocean / Defense & Security and Advanced Mobility

(¥mn)	Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY	
			Change	%
New orders	17,620	24,135	+6,515	+37.0%
Order backlog	15,729	23,791	+8,062	+51.3%

# Orders & order backlog - six-month trends





# Orders & order backlog by segment

(¥mn)		Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY		Notes
				change	%	
Advanced Mobility	Orders	5,051	5,612	+561	+11.1%	<ul style="list-style-type: none"> <li>• Orders strong for noise and vibration measurement products in the automotive, aerospace, and defense fields, and robust for EV charging and high-voltage electrical components</li> <li>• Order backlog rose significantly compared to the previous year, when large projects were booked. Expect further large AD/ADAS project order growth</li> </ul>
	Backlog	4,438	6,394	+1,956	+44.1%	
Sustainable Energy	Orders	2,848	3,214	+366	+12.9%	<ul style="list-style-type: none"> <li>• Orders were up YoY due to strong orders for fuel cell, water electrolysis evaluation equipment and other hydrogen-related products</li> <li>• Despite progress in converting the order backlog to sales, new orders helped maintain backlog level comparable to the last fiscal year</li> </ul>
	Backlog	1,766	1,730	-36	-2.0%	
ICT / Information Security	Orders	4,466	5,030	+564	+12.6%	<ul style="list-style-type: none"> <li>• In ICT, high speed packet capture / analysis system orders were solid, and cybersecurity-related orders were also strong</li> <li>• The order backlog rose in tandem with increased cybersecurity orders</li> </ul>
	Backlog	3,142	4,390	+1,248	+39.7%	

# Orders & order backlog by segment

(¥mn)		Q2 FY9/24 Actual	Q2 FY9/25 Actual	YoY		Notes
				change	%	
EMC & Antenna Systems	Orders	1,780	2,687	+907	+50.9%	• Orders received surged thanks to large orders from automotive OEMs and auto parts makers
	Backlog	2,157	2,942	+785	+36.4%	• Order backlog also increased in tandem with the rise in orders
Other businesses	Orders	3,472	7,589	+4,117	+118.5%	• In the Ocean / Defense & Security segment, both orders and the backlog increased due to securing multiple large projects
	Backlog	4,223	8,333	+4,110	+97.3%	• Orders and backlog in the Software Quality & Productivity segment were flat YoY
	Orders	1,401	5,035	+3,634	+259.2%	• Defense related orders secured, including surveillance ROVs* (¥2.7bn), totaling ¥4.7bn With additional orders expected on an ongoing basis, these are likely to become large in size in future
	Backlog	2,236	6,238	+4,002	+179.0%	

\*ROV (Remotely Operated Vehicle): an unmanned vehicle that carries out tasks and surveys underwater by remote operation

# **3. Full-year forecast for FY9/25**

# Full-year forecast for FY9/25

## Progress through Q2 generally in line. **Full-year forecast maintained**

- We plan for higher growth in H2 vs typical year, with multiple large ViLS-related orders expected in H2
- There are concerns that large orders to the U.S. may be delayed due to Trump administration policies, and we are closely monitoring the situation

(¥mn)	FY9/24 Actual			FY9/25 Actual/forecast			YoY	
	H1	H2	Full year	H1	H2 (forecast)	Full year (forecast)	Change	%
Net sales	20,368	14,674	35,042	17,376	15,624	33,000	-2,042	-5.8%
Operating profit	3,323	43	3,366	1,396	1,004	2,400	-966	-28.7%
OPM	16.3%	0.3%	9.6%	8.0%	6.4%	7.3%	-2.3P	—
Ordinary profit	3,354	21	3,375	1,490	910	2,400	-975	-28.9%
Profit attributable to owners of parent	2,468	54	2,522	858	892	1,750	-772	-30.6%

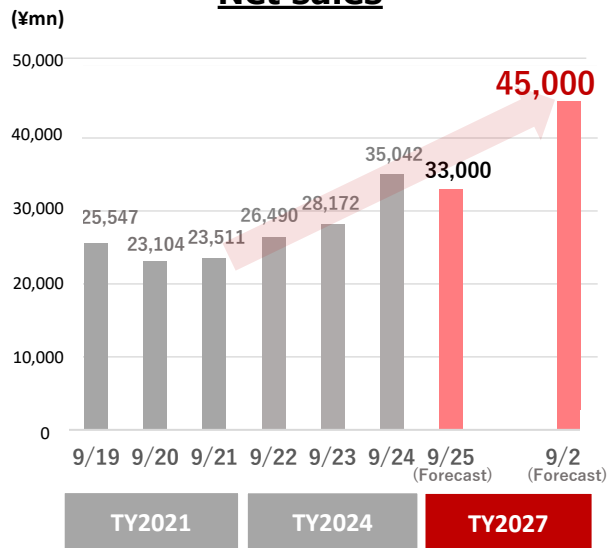
# Medium- to long-term outlook

**Advancing medium-term management plan "TY2027" with targets for sales of ¥45bn and OP of ¥4.5bn**

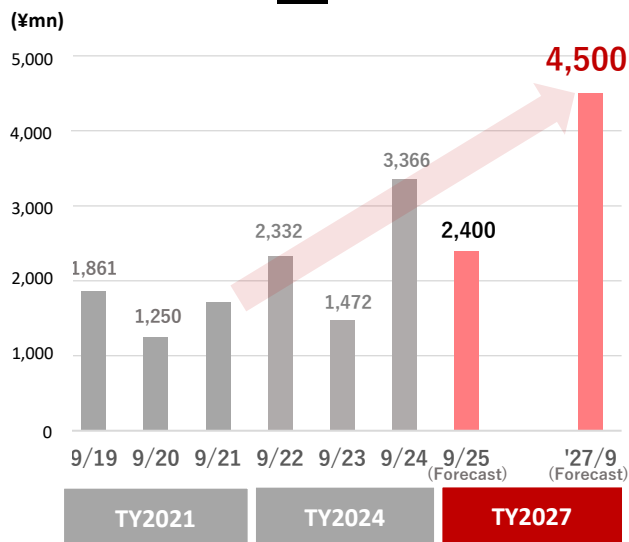
Despite an expected decline in sales and profit this FY, orders are robust and **are projected to significantly exceed last FY levels.**

We aim to achieve the "TY2027" plan management targets through even greater order growth.

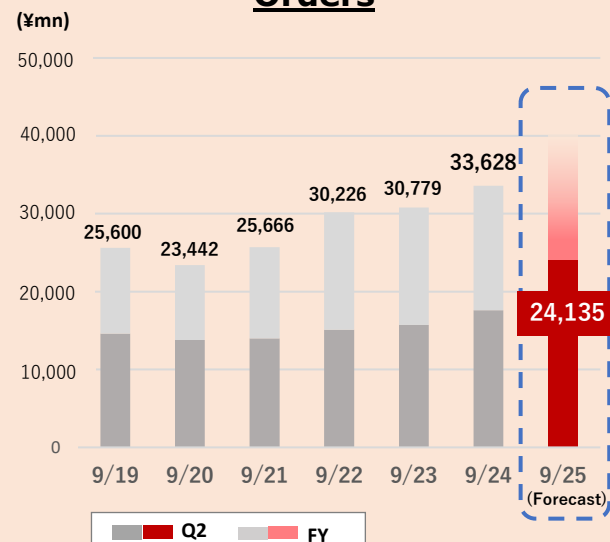
## Net sales



## OP



## Orders



# **4. Recent initiatives to enhance corporate value**

# Recent initiatives to enhance corporate value

## Advanced Mobility segment

### Supporting Evaluation Testing of eVTOL, "SKYDRIVE"

- We are supporting SkyDrive Inc., a company developing eVTOL, with **equipment construction and testing for aircraft safety and durability**
- SkyDrive Inc. is currently developing its aircraft to obtain type certification, and held a public test flight in February this year. A demo flight is scheduled for August at the recently-opened Expo 2025 Osaka, Kansai, Japan
- Not only are we offering our **electric propulsion system testing bench** and **durability wind tunnel facility**, but we are building a testing alliance with U.S. partner and working to develop proprietary test management tools to **advance the commercialization of test support services**



"SKYDRIVE" test flight (SD-05 Model) ©SkyDrive



**Our electric propulsion system testing bench** controls loads in coordination with a simulator, enabling various flight simulations on a test bench ©SkyDrive



**Our durability wind tunnel facility** simulates various loads imposed during flight to test rotor and motor endurance ©SkyDrive

# Recent initiatives to enhance corporate value

## Sustainability

### Seaweed Bed Restoration—Certified for J Blue Credit®

- In Shinkamigoto, Nagasaki Prefecture, measures have been taken to protect fishery resources, including controlling harmful marine species. In 2024, the Shinkamigoto Seaweed Bed Restoration & Conservation Organization was established with participation from the local community and private sector, including Toyo Corporation
- Proliferation of small brown algae has been confirmed in the area, and we are conducting **monitoring of the restoration** with other partners. As a result, the **organization above has acquired J Blue Credit® certification (a type of carbon credit)**
- The organization plans to broaden its activities in Shikamigoto to help expand CO<sub>2</sub> absorption sources. By contributing our expertise in ocean measurement technologies to the efforts of the organization, **we aim to establish quantitative and more accurate survey methods, thereby supporting the restoration and conservation of seaweed beds**

\*1 Carbon credits: A system that allows CO<sub>2</sub> emission reductions to be traded as credits

\*2 J Blue Credit®: A type of carbon credit quantifying blue carbon absorbed by marine ecosystems, administered/operated by the Japan Blue Economy Technology Research Association authorized by the Ministry of Land, Infrastructure, Transport and Tourism

※Official name of the certified activity: "Seaweed Bed Restoration and Conservation Activities in Kamigoto and Arikawa Districts of Shinkamigoto Town, Nagasaki Prefecture"



Our monitoring operations



Restored seaweed bed



# Recent initiatives to enhance corporate value

## Sustainability

### Signing the UN Global Compact

- On April 4, 2025, **we signed the United Nations Global Compact**, becoming a participating corporation in the world's largest sustainability initiative aimed at building a healthier global society through cooperation between the UN and private-sector organizations
- At the same time, we joined the **Global Compact Network Japan**, a local network comprising Japanese companies and organizations that have signed the Compact
- We endorse and comply with the **10 principles related to Human Rights, Labour, the Environment, and Anti-corruption**, and will further strengthen our efforts aligned with global standards to fulfill our role as a member of the global community



### Achieving a "B" score in the CDP2024 Climate Change Assessment

- In CDP's 2024 Climate Change assessment, **we received a "B" score for the second consecutive year**
- We are strengthening our efforts to address climate change by proposing and supporting the development of products that contribute to decarbonization, including the reduction of CO<sub>2</sub> emissions. Additionally, we are working to enhance our climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the efforts for which have been recognized in our CDP evaluation



\*CDP=Carbon Disclosure Project, a global non-profit organization

# 5. Shareholder returns

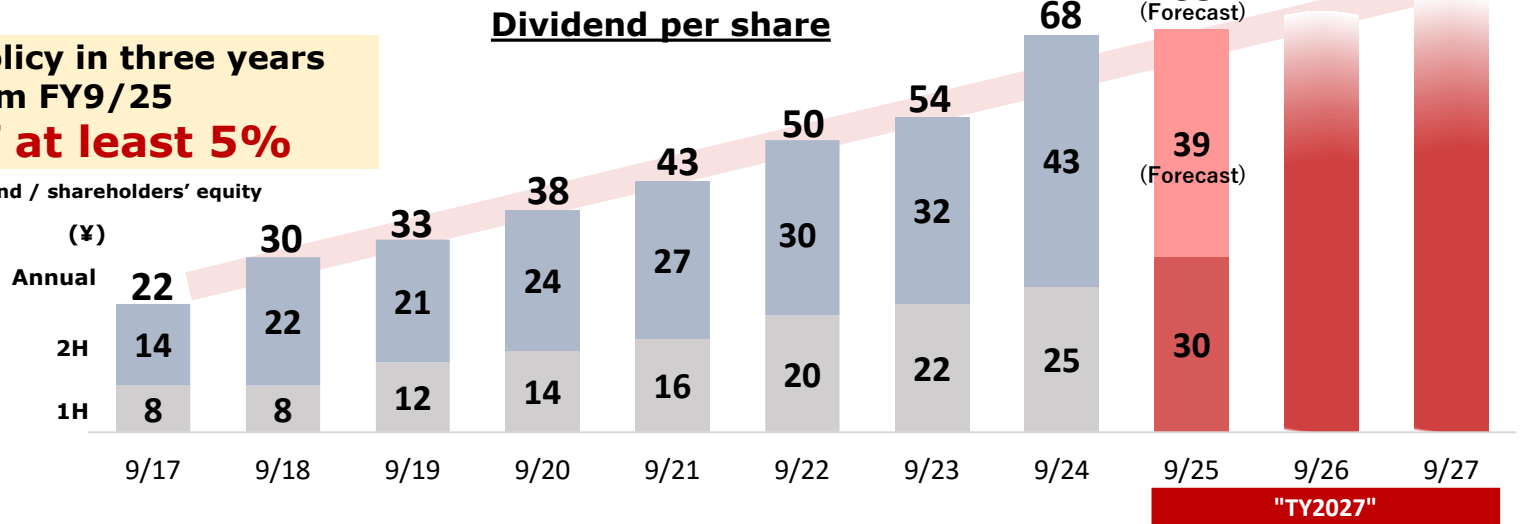
# Shareholder Returns

**FY9/25 interim dividend of ¥30 per share, expecting full-year DPS to reach a **record high**. Targeting 10 consecutive years of dividend hikes in "TY2027"**

**Dividend policy in three years from FY9/25**

**DOE\* of at least 5%**

\*DOE = Annual dividend / shareholders' equity



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

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

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

**Medium Term  
Management Plan:  
New plan now online**

## TOYO's Vision for 2030

### BreakThrough600

Challenge to exceed ¥60.0bn in net sales



## KPIs

In the final year of "BT2027" (FY ending September 2027), which is also the midpoint of "BT600-2030," we aim for ¥45.0 billion in net sales, ¥6.5 billion in OP, and 15% ROE through organic growth.  
With addition of M&A, we aim for net sales of over ¥50.0 billion.



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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