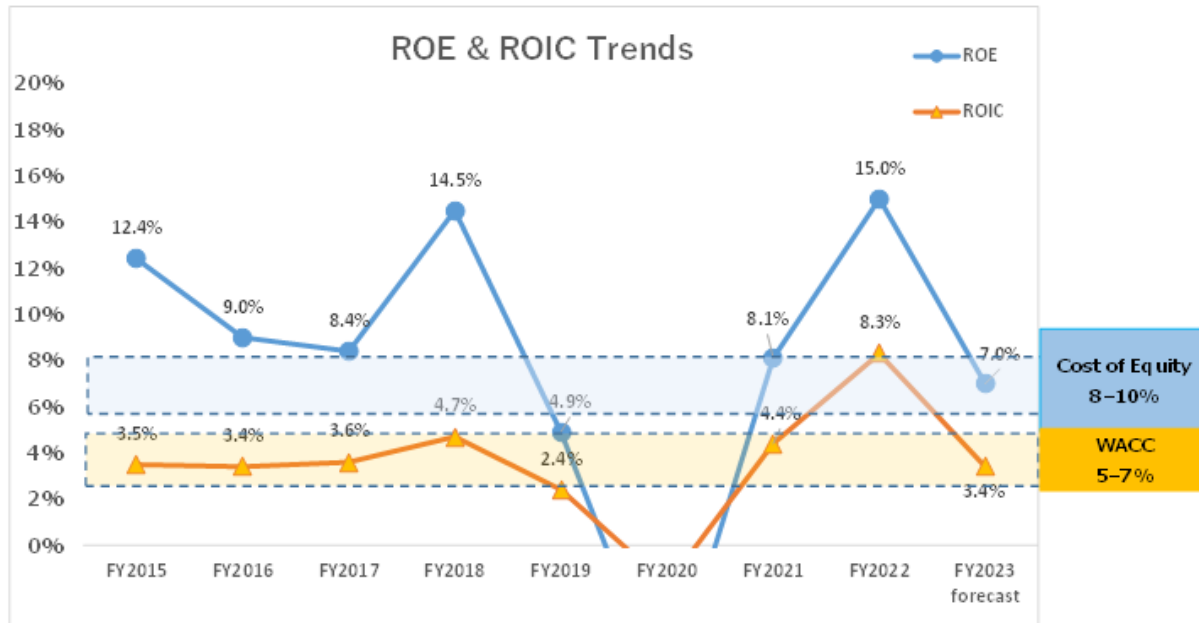
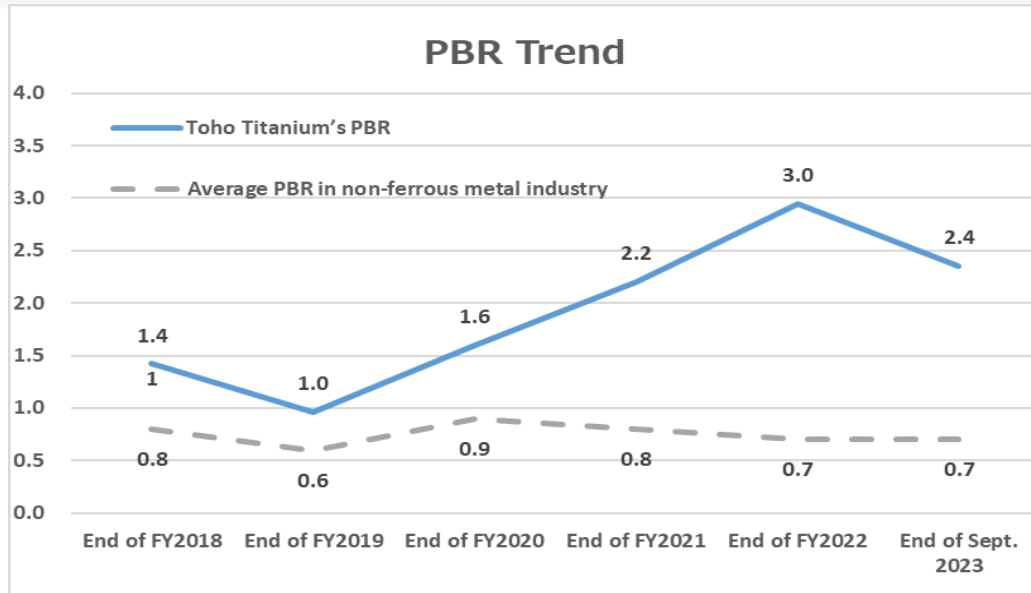


# **Action to Implement Management That is Conscious of Cost of Capital and Stock Price**

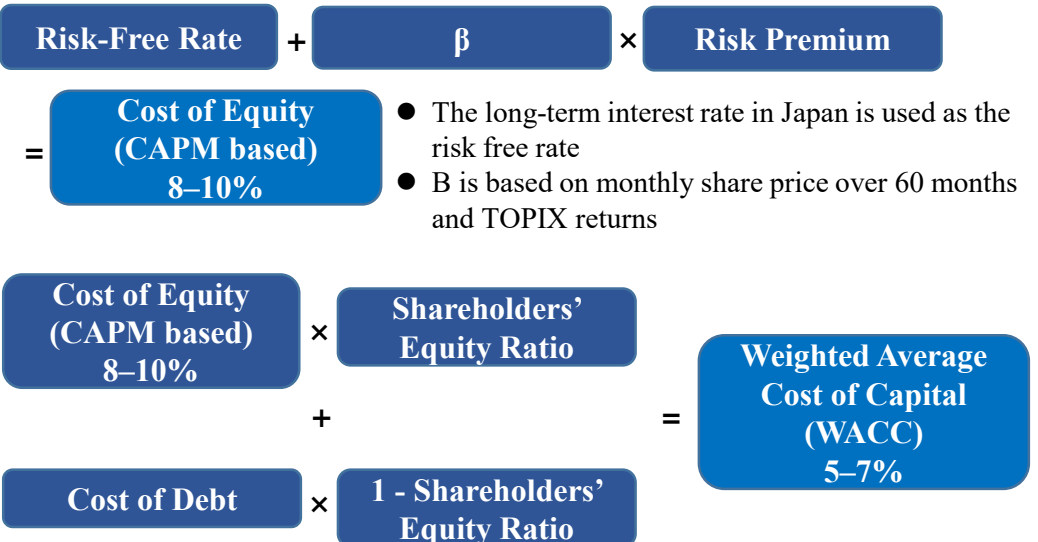
March 13, 2024

# Analysis of Current Situation (PBR/Profitability and Cost of Capital)



- ◆ Our PBR has remained stable above 1.0x.
- ◆ Our performance is highly volatile due to significant impact of demand fluctuations, raw material prices, etc. As a result, we have not been able to achieve a stable and sustainable profitability (ROE/ROIC) that exceeds the cost of capital (Cost of Equity/WACC).
- ◆ In particular, ROIC has not exceeded WACC except in FY2022.

### Cost of Capital Assumptions



From the perspective of strengthening business operations conscious of capital efficiency, we introduced “ROIC” as a management indicator, aiming to secure a stable “ROIC” that exceeds “WACC.”

	FY2025 Target	FY2030 Vision
ROIC	7.0% or more	10.0% or more

## Initiatives to Improve ROIC

### 1. Earnings expansion, profit margin improvement

- Work to achieve our vision for each business by 2030 and implement business-specific measures for expanding earnings and improving profit margin

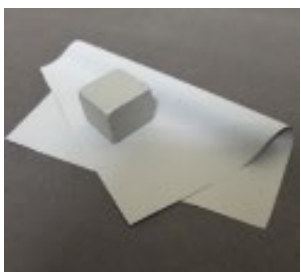
### 2. Effective utilization of assets

- Reduce inventory assets
- Execute capital expenditure effectively

# Vision by Business in 2030

\*Announced on May 8, 2023

Net sales of around ¥10 billion



WEBTi

New businesses

Top in global sales share of titanium sponge for aircraft  
Ordinary income margin of 10% or more

Titanium metal



Net sales: ¥170 billion  
(¥80.3 billion in FY2022)

Ordinary income: ¥25 billion  
(¥10.5 billion in FY2022)

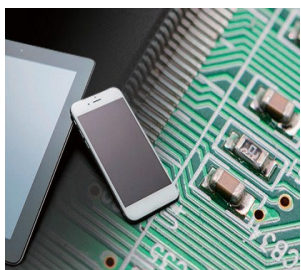


Chemicals

Top 3 in global sales share of PP catalysts  
Ordinary income margin of 20% or more

Catalysts

Top in domestic sales share of nickel powder  
Ordinary income margin of 15% or more



# Business-Specific Measures for Expanding Earnings and Improving Profit Margin

\*Announced on May 8, 2023

## Titanium metal

- ◆ Optimization of titanium sponge price levels
- ◆ Increase processing margin due to increased production of titanium ingots
- ◆ Increase capacity through partial improvement of titanium sponge equipment (Wakamatsu/Chigasaki Plant)
- ◆ Consider the construction of a new plant that can ensure profitability
- ◆ 30% improvement in labor productivity

## Catalysts

- ◆ Improvement of production technology at the Kurobe and Chigasaki Plants (approx. 40% increase compared to current production capacity)
- ◆ Increase production capacity by constructing a new plant (approx. 30% increase compared to current production capacity)
- ◆ Aggressive market development by enhancing catalysts performance
- ◆ 30% improvement in labor productivity

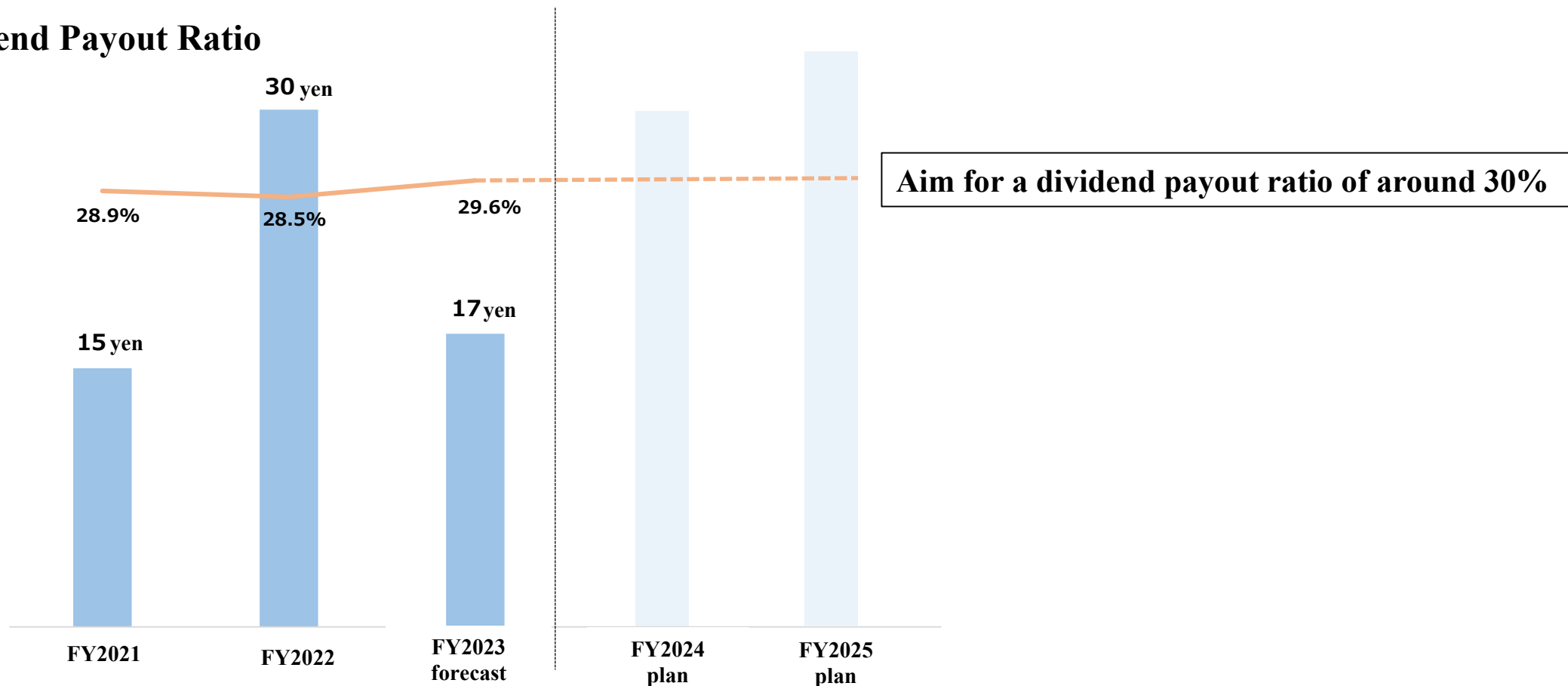
## Chemicals

- ◆ Increase production capacity by starting operation at the fifth plant (approx. 40% increase compared to current production capacity at total completion)
- ◆ Create concrete plans for expansion investments in the next fiscal year (approx. 30% increase compared to current production capacity)
- ◆ 30% improvement in labor productivity

## New businesses

- ◆ Expansion of the WEBTi business
- ◆ Creation of more new businesses

## (1) Dividend Payout Ratio



\*Excluding commemorative dividend on 70th anniversary of the company's founding (3 yen) in FY2023

## (2) Officer Compensation System

Consider introducing a compensation system that is conscious of not only the short-term performance, but also the medium to long-term performance (Restricted stock unit, etc.)

# CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This material contains “forward-looking statements” related to future events, such as our expectations on future business and financial performance and financial conditions, which reflect the management’s views and assumptions derived from information that is currently available and are subject to risk and uncertainties. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this material, words such as "believe," "estimate," "expect," "intend," "may," "plan," "project," “target,” “will,” or "would" and similar expressions, as they relate to Toho, are intended as forward-looking statements.

Many factors could cause the actual results, performance, or achievements to be materially different from any future performance or achievements that may be expressed or implied by such forward-looking statements, including, among others,

- changes in general economic and business conditions,
- the state of the regulatory environment or political situation,
- changes in currency exchange rates and interest rates,

introduction of competing products by other companies, lack of acceptance of new products by Toho's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy, and various other factors, both referenced and not referenced in this material. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. Toho does not intend or assume any obligation to update these forward-looking statements.