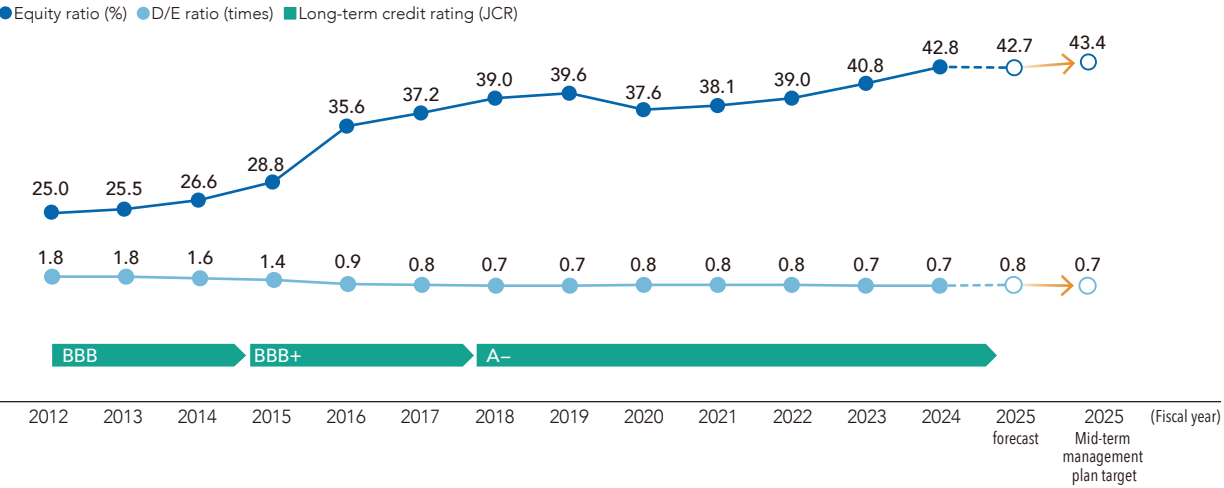


Financial Strategy

We are working to formulate a financial strategy that balances investments to achieve sustainable growth as a corporate group, the maintenance and improvement of the financial structure and other elements, while aiming to ensure stable shareholder returns.

Our Environment

During the ten years since we introduced the pure holding company system, we have proactively reinforced our financial foundation while also stably providing shareholder returns based on the cash flows created by increasing our earnings capacity through cooperation within the Group. The consolidated equity ratio was improved from 25.0% in FY2012 to 42.8% in FY2024, which is the most recent figure. In parallel with this, the D/E ratio has also improved, settling at below 1.0. While we have not presently issued bonds, etc., in Japan, our long-term credit rating has also improved, and is currently maintained at the A- level. During the 2023 mid-term management plan, we are aggressively investing in future growth with a focus on products for automobiles, transportation, semiconductors, and other fields, aiming to increase the equity ratio by enhancing business performance. Meanwhile, we understand that an immediate task that we face is promoting management with an awareness of investment efficiency that is even greater than before to increase shareholder returns while continuing to reinforce our financial foundation.



Basic Financial Policy

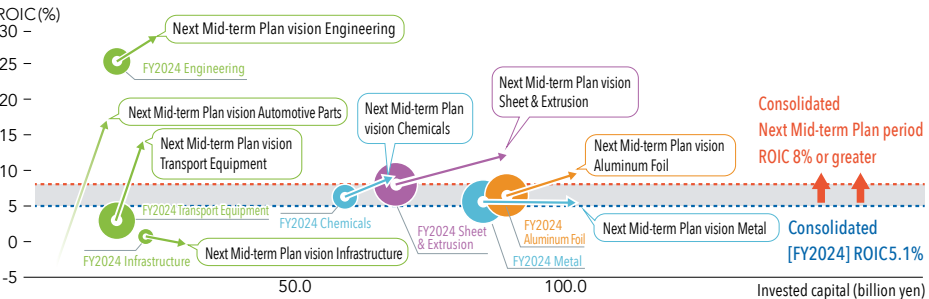
Our basic policy is to maintain and improve our financial standing while paying stable dividends in consideration of the balance between cash acquired from business activities and the use of the cash, and we consider a D/E ratio of 1.0 or below to be a rough guide as the financial discipline benchmark used for this purpose. As the investment efficiency indicator, we previously disclosed ROCE, but changed to ROIC as we transitioned to the business group structure. Going forward, we will promote invested capital management by business group to improve investment efficiency, aiming at ROIC of 8% or greater, a level exceeding WACC, in the next Mid-term management plan. In addition, generally, the payment of dividends is the method for providing shareholder returns. However, we use total payout ratio as the indicator so that we are able to flexibly choose various methods.

Regarding the 2023 mid-term management plan, our business was significantly affected by aluminum ingot and other raw material and fuel costs, exchange rates, and changes in the market environment, including automotive- and semiconductor-related fields. As a result, this fiscal year's performance and dividend are expected to fall short of the original FY2025 targets, but we will continue to expand revenues and shareholder returns.

	FY2023 results	FY2024 results	FY2025 forecasts	(billion yen)
Net sales	523.7	550.2	590.0	FY2025 targets in 2023 mid-term management plan
Operating profit	18.2	21.7	23.0	530.0
Ordinary profit	19.0	19.8	21.0	30.0
Profit attributable to owners of parent	9.9 ^{*2}	12.4	15.0	30.0
ROIC ^{*1}	4.9%	5.1%	5.5%	20.0
Dividend	50yen	70yen	80yen	ROCE 10.3%
				—

^{*1} Changed from previously used ROCE (Return on Capital Employed) to ROIC (Return on Invested Capital).
^{*2} The FY2023 profit result was revised from 9.0 billion yen reflecting changes in accounting policies, retroactively applying an adjustment of 0.9 billion yen to the FY2023 profit and retained earnings.

ROIC Management by Business Group



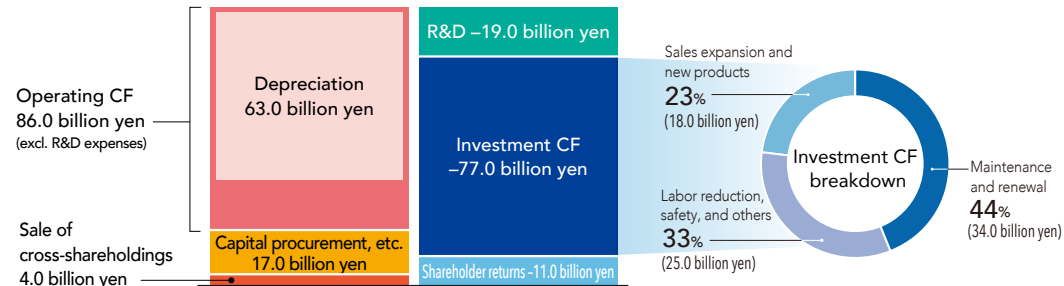
^{*} Bubble size indicates net sales scale.

Financial Strategy

Cash Allocation

Our policy is to use net cash provided by operating activities to provide stable dividends based on our policy. Under past mid-term management plans, we allocated cash in ways that attached importance to the improvement of our financial standing. However, since the 2019 mid-term management plan, under which a certain level of improvement was seen in our financial standing, we have proactively allocated cash to investments for continued growth. Recently, we have changed the timing of investments from what was initially planned, especially in sales expansion and new products, reflecting the slowdown of the automotive and semiconductor-related markets. However, we plan to continue aggressively investing at a level that far exceeds depreciation. We will also increase research and development expenses which are the source of our new future products, in addition to capital investments. If surplus funds are generated under these policies, we will use them to improve our financial standing, in activities such as the repayment of interest-bearing debt and the increase of our cash position. Further, if a promising large-scale investment project occurs, we will consider it flexibly on the condition that we maintain our financial discipline (D/E ratio at 1.0 or below) and long-term credit rating.

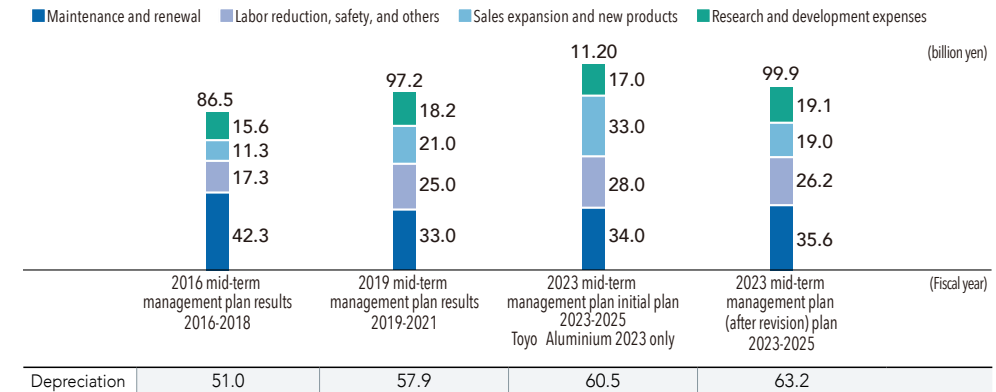
2023 Mid-term Management Plan: Cash Allocation (Total of FY2023–FY2024 Results and FY2025 Outlook)



* Includes FY2023–FY2025 results of Aluminum Foil Business Group (Toyo Aluminium)

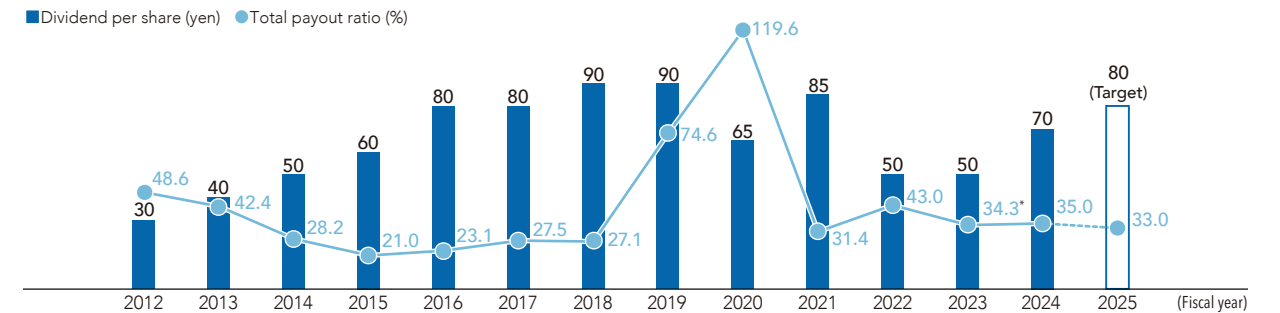
Item	2016 mid-term management plan	2019 mid-term management plan	2023 mid-term management plan	2023 mid-term management plan (after revision)
Operating CF	97.0	91.9	83.0	67.0
Shareholder returns	-15.5	-15.2	-12.0	-11.0
Reinforcing the financial foundation	-31.9	-3.3	14.0	17.0
Sale of cross-shareholdings				4.0
Capital investment CF	-49.6	-73.4	-85.0	-77.0
Depreciation	51.0	57.9	60.5	63.2
Research and development expenses	15.6	18.2	18.5	19.0

Amounts invested in construction and R&D



Shareholder Return Policy

Our basic shareholder return policy is to provide dividends to our shareholders by comprehensively considering the consolidated financial results and other factors from a medium- to long-term perspective while striving to strengthen our financial standing and management foundation. A total payout ratio of 30% or higher is the indicator for profit allocation, while we also consider balancing this with the investments needed to achieve sustainable growth. We select methods of returning profits to shareholders by comprehensively considering our cash position, equity ratio and other factors, aiming to sustainably and stably provide shareholder returns.



(Note) On October 1, 2020, we conducted a one-for-ten reverse stock split. Accordingly, the impact of the reverse stock split was considered for the amounts of dividend per share for FY2019 (fiscal year ended March 2020) and before.

* The financial results for the first half of FY2024 were retroactively corrected reflecting changes in accounting policies, and profit attributable to owners of parent for FY2023 was corrected from 9.0 billion yen to 9.9 billion yen. However, the total payout ratio for FY2023 indicated above was calculated based on profit before the correction.