

February 14, 2022

Attention: All concerned parties

Toyo Tanso Co., Ltd.

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(Stock Exchange Code: 5310, 1st Section, Tokyo Stock Exchange)

Notice Regarding the Formulation of a New Medium-term Management Plan

Toyo Tanso Co., Ltd. has formulated a medium-term management plan covering the five-year period from FYE Dec. 2022 to FYE Dec. 2026 (January 1, 2022 – December 31, 2026), and hereby provides notification of the below.

Particulars

1. Background to the formulation of a new medium-term management plan

In February 2018, the Toyo Tanso Group formulated a medium-term management plan, with 2022 as its final year, that has built upon the strengthened business foundation created by the structural reforms undertaken from fiscal 2016 in order to steer the Group toward further growth by strengthening competitiveness in existing areas of business and expanding into new fields of business, and by working to strengthen governance including Group companies. As a result, even in an economic downturn we have managed to achieve consistent results, with an earnings platform capable of generating steady profits, the fostering of businesses that can serve as new drivers of growth, and the establishment of a structure for sustainability management. However, the economic downturn caused by the spread of COVID-19, and the impacts of supply chain disruptions caused by trade frictions between the United States and China, neither of which could have been foreseen when the plan was formulated, have led to the continuation of a severe business environment that has put in jeopardy the achievement of targets for net sales, operating income, and ROE in the period to December 2022, the final fiscal year of the plan.

The current business environment, while on the one hand seen as a continuing situation of uncertainty and instability, has also given rise to changes in industrial structures and lifestyles, with rapid development of digital societies and recycling-based societies. In Toyo Tanso Group's expansion markets as well, in the general industries applications, starting with the electronics sector and the automotive industry, the appearance of new needs and the advancement of technological innovations are expected to lead to the creation and expansion of business opportunities.

At the Toyo Tanso Group, we position these changes to the environment as opportunities, and are determined to target major growth by nimbly grasping such trends and providing high-value-added technologies and products globally to meet the demands and needs of changing, more sophisticated markets. Taking current circumstances into account, we decided to take this occasion to formulate a new five-year medium-term management plan, with fiscal 2022 as its first fiscal year.

Trends, forecasts, and targets for the medium-term management plan (FYE Dec. 2018 – FYE Dec. 2022)

	FYE Dec. 2018	FYE Dec. 2019	FYE Dec. 2020	FYE Dec. 2021	FYE Dec. 2022 (forecast)	FYE Dec. 2022 (target)
Net sales	¥41.1 billion*	¥36.4 billion	¥31.2 billion	¥37.7 billion	¥42.0 billion	¥50.0 billion
Operating income	¥7.0 billion	¥5.1 billion	¥3.4 billion	¥5.6 billion	¥7.0 billion	¥8.0 billion
ROE	8.0%	4.6%	4.0%	6.4%	6.7%	8.0%

*Net sales for the fiscal year ended December 31, 2018, include 3.2 billion yen in net sales for China's high-temperature reactor-pebble-bed modules (HTR-PM).

2. Summary of new medium-term management plan

(1) Direction

“Growth x value expansion”

Viewing changes in the environment as opportunities, and aiming for further growth as well as expansion of company value and societal value.

(2) Company policies

- Become a global company
- For the world, for society
- Become a strong company

(3) Strategy

- 1) Comprehensive global expansion and establishment of advantage in high-growth/high-added-value businesses.
- 2) Sustainable growth and increased competitiveness in core businesses / established businesses.
- 3) Greatly expand on-site capabilities through process innovations, labor savings / energy savings.
- 4) Aggressively and strategically drive investment (including M&A)
- 5) Solidify governance structure and business foundation on a global basis
- 6) Contribute to the environment and society through business (expansion of ESG-compliant products, etc.)
- 7) Strengthen development of global human resources to support these strategies

(4) Management targets

	FYE Dec. 2026 (target)
Net sales	¥54.5 billion
Operating income	¥11.0 billion
ROE	9.0%

(5) Net sales targets by product/application

(Unit: Yen, billions)	FYE Dec. 2021	FYE Dec. 2026 (target)	Average annual growth rate
Special graphite products	17.1	25.9	8.6%
Carbon products for general industries (for mechanical applications)	3.7	5.6	8.5%
Carbon products for general industries (for electrical applications)	5.7	6.7	3.2%
Compound materials [3 major products]	7.8	14.5	13.2%
Other*	3.3	1.8	(11.5)%
Total	37.7	54.5	7.6%

* “Other” includes “compound materials and other products [other products]” and “related goods.”

(6) Capital investment

To solidify the foundation for executing our growth strategy, including global enhancement of production capabilities in high-value-added businesses, strengthening the competitiveness of core businesses/established businesses, labor savings/energy savings, and process innovations, we plan to make capital investments totaling 37 billion yen in the period from FYE Dec. 2022 to FYE Dec. 2026 (January 1, 2022 – December 31, 2026).

(7) Dividend policy

Against a backdrop of continuous growth in earnings, we aim for steady increases in the dividend while maintaining a balance between profit return and growth-focused capital investment.

Note: The above forecasts are based on the information available when these materials were released, and actual results may differ from these forecasts due to various factors.

Please direct inquiries regarding the current situation to:

<p>Toyo Tanso Co., Ltd. Publicity & Investor Relations E-mail: info@toyotanso.co.jp</p>
