

Toyo Tanso Co., Ltd.

***Results for the Fiscal Year Ended
December 31, 2022***

**February 2023
Toyo Tanso Co., Ltd.**

Summary of Results for the Fiscal Year Ended December 31, 2022

1. Results for the Fiscal Year Ended December 31, 2022

	FY2021	FY2022			
	(A)	(A)	(F)*	Year-on-year change	Compared to forecast
(Unit: Yen, millions)					
Net sales	37,734	43,774	43,000	+ 6,039 / + 16.0 %	+ 774 / + 1.8 %
Operating profit	5,666	6,667	7,300	+ 1,001 / + 17.7 %	- 632 / - 8.7 %
(Ratio of operating profit to net sales)	15.0%	15.2%	17.0%		
Ordinary profit	6,264	7,369	7,600	+ 1,104 / + 17.6 %	- 230 / - 3.0 %
(Ratio of ordinary profit to net sales)	16.6%	16.8%	17.7%		
Profit attributable to owners of parent	4,465	5,181	5,300	+ 715 / + 16.0 %	- 118 / - 2.2 %
Basic earnings per share	212.94 yen	247.08 yen	252.71 yen		
ROE	6.4%	6.9%	7.0%		
Exchange rate	109.8 yen/\$ 129.9 yen/€ 17.0 yen/CNY	131.5 yen/\$ 138.1 yen/€ 19.5 yen/CNY	128 yen/\$ 133 yen/€ 19 yen/CNY		

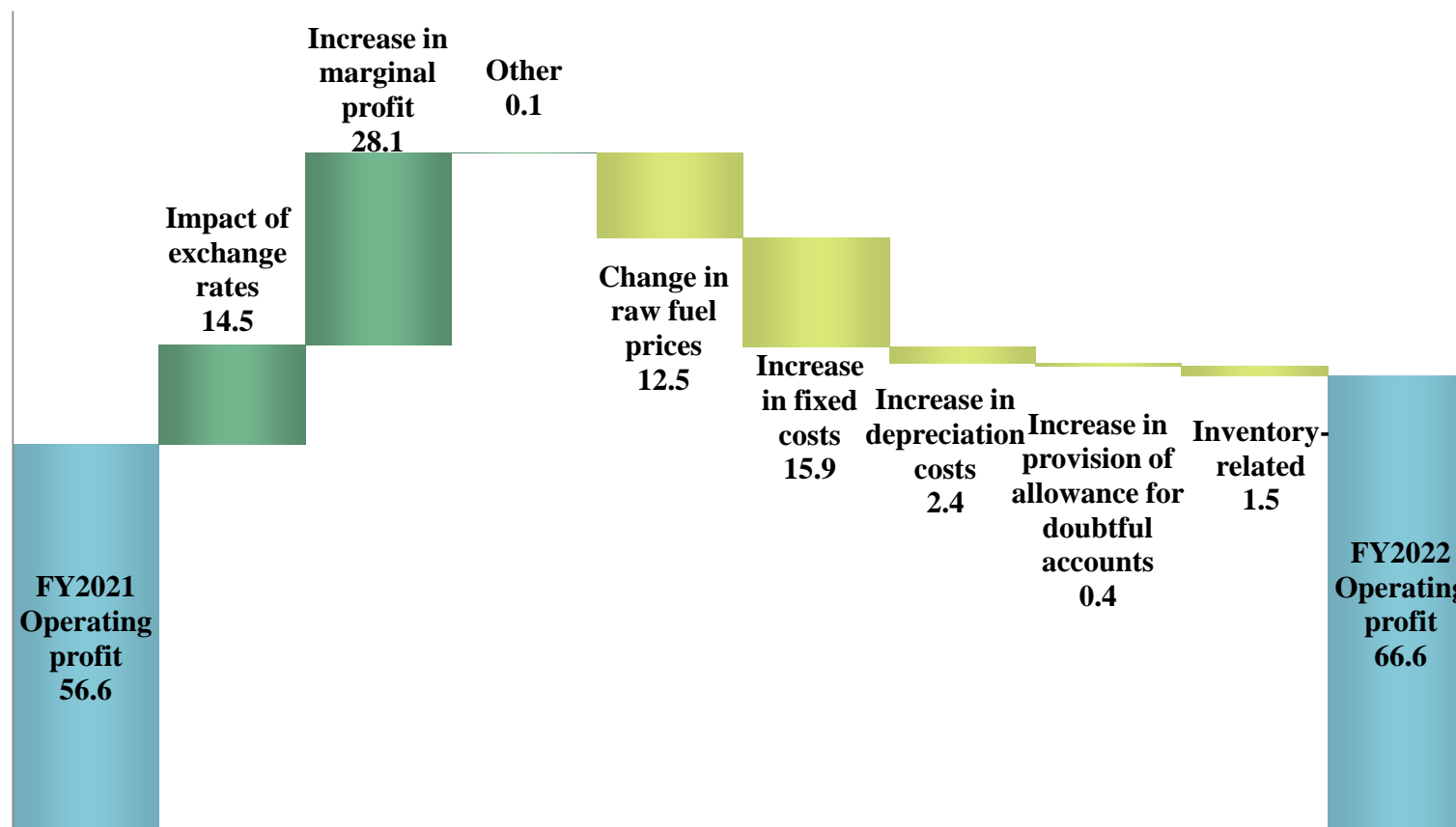
* Announced on August 9, 2022

2. Factors Affecting Changes in Operating Profit

(Results for the year ended December 31, 2021 vs. results for the year ended December 31, 2022)

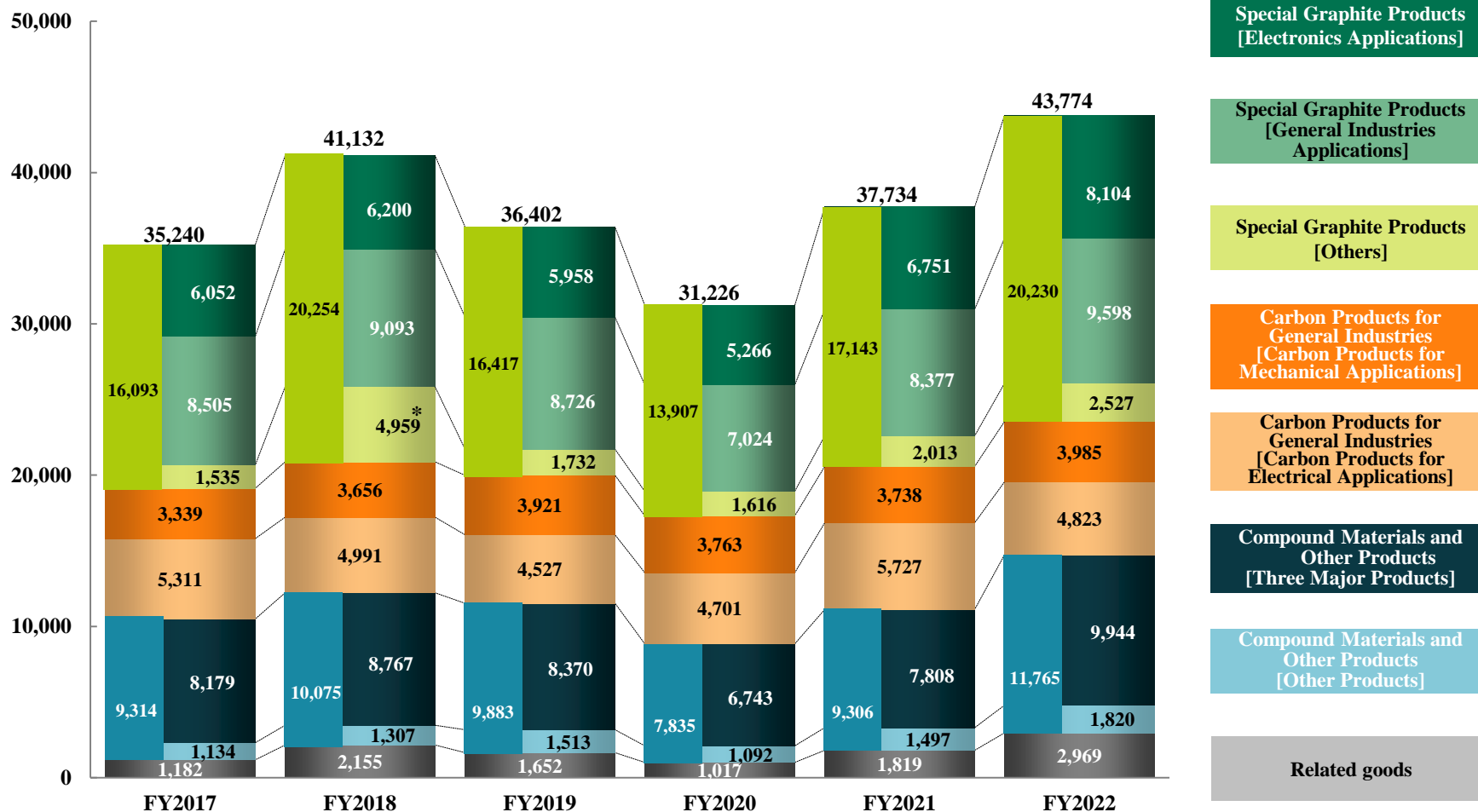
- ✓ Increased by 17.7% year on year, as an increase in marginal profit (volumes, product mix, and price pass-on) and the effect of a weaker yen overcame unexpected downward pressure from a significant rise in the price of raw materials and fixed costs (personnel expenses) and the posting of unrealized profit on inventories

(Unit: Yen, 100 millions)



3. Net Sales by Product and Segment

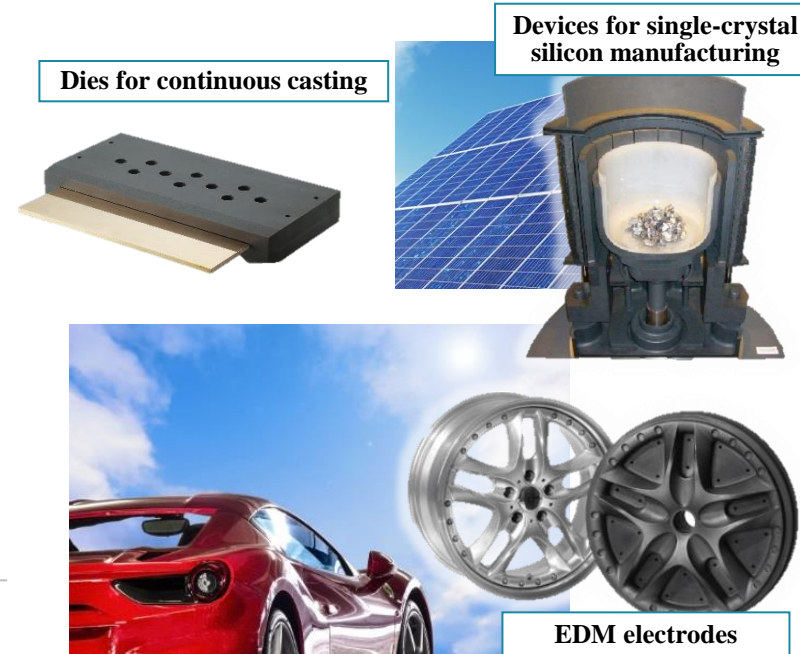
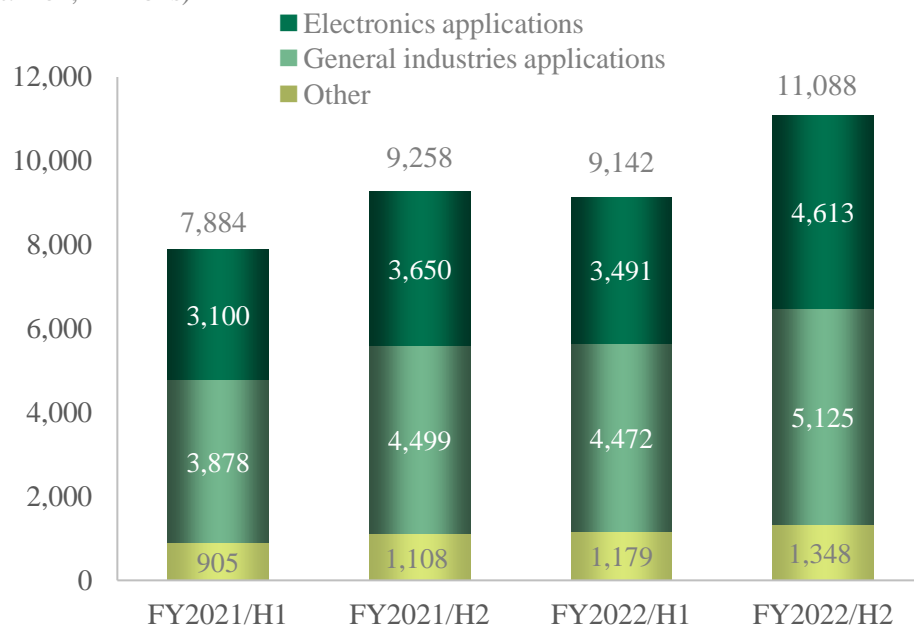
(Unit: Yen, millions)



* Net sales for special graphite products [others] for FY2018, include 3,204 million yen in net sales for China's high-temperature reactor-pebble-bed modules (HTR-PM).

3. Net Sales by Product and Segment: Special Graphite Products

(Unit: Yen, millions)



[Electronics applications]

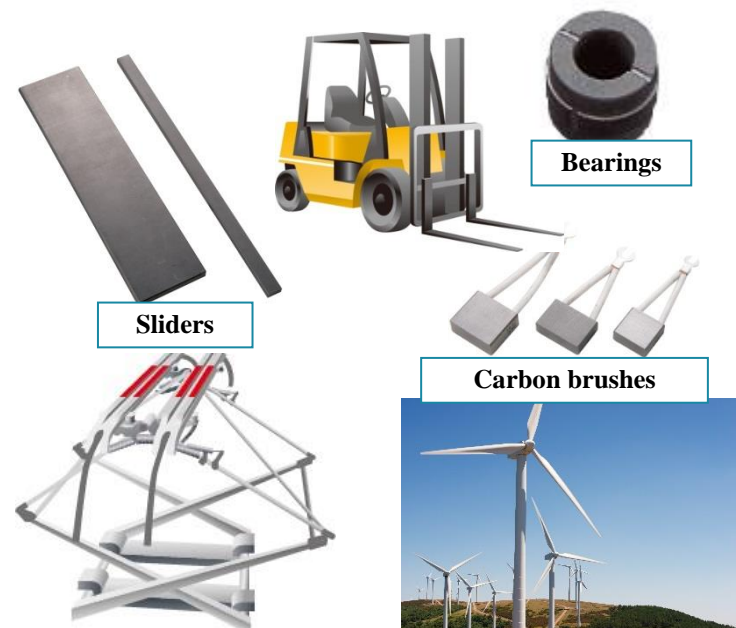
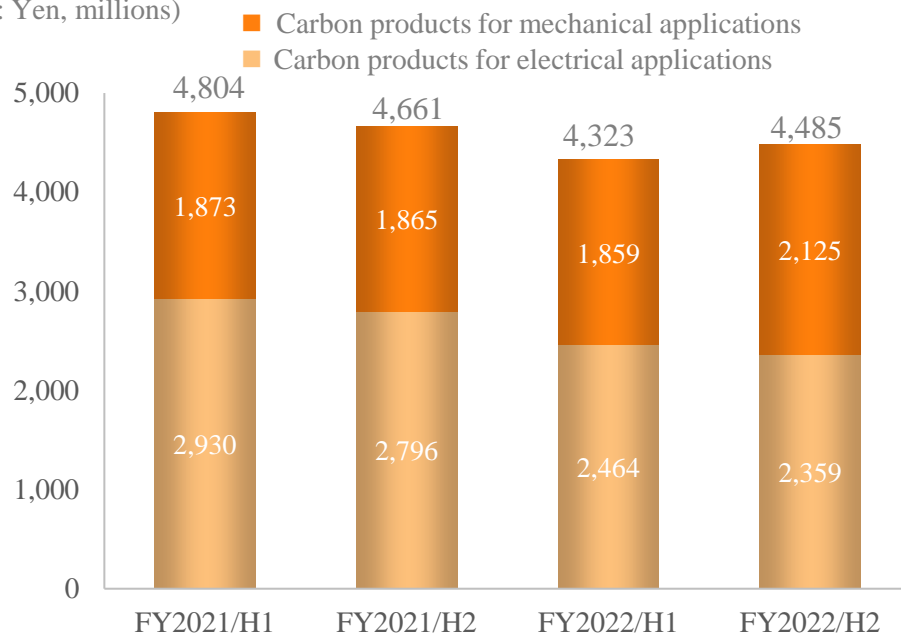
Exceeded last year's record-high sales for both single-crystal silicon manufacturing applications and compound semiconductor manufacturing applications on the back of a further rise in demand in the second half. We have achieved certain results in solar cell manufacturing applications with our focus on selling high-added-value products, without pursuing volume.

[General industries applications]

Although automobile-related industries are taking time to return to normal operations, demand for continuous casting applications and industrial furnace applications increased significantly year on year against the backdrop of factors such as high operating rates and an upturn in capital investment in the semiconductor industry. EDM electrode applications also performed solidly.

3. Net Sales by Product and Segment: Carbon Products for General Industries

(Unit: Yen, millions)



[Carbon products for mechanical applications]

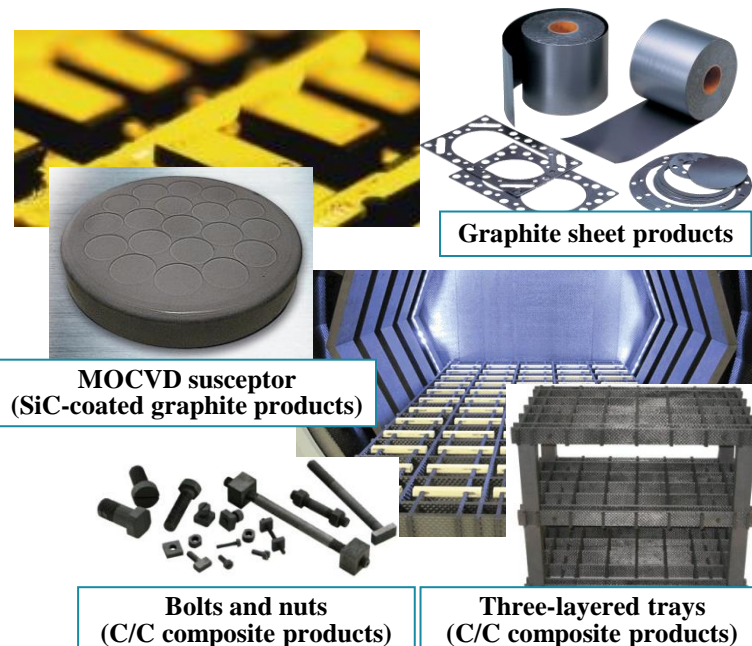
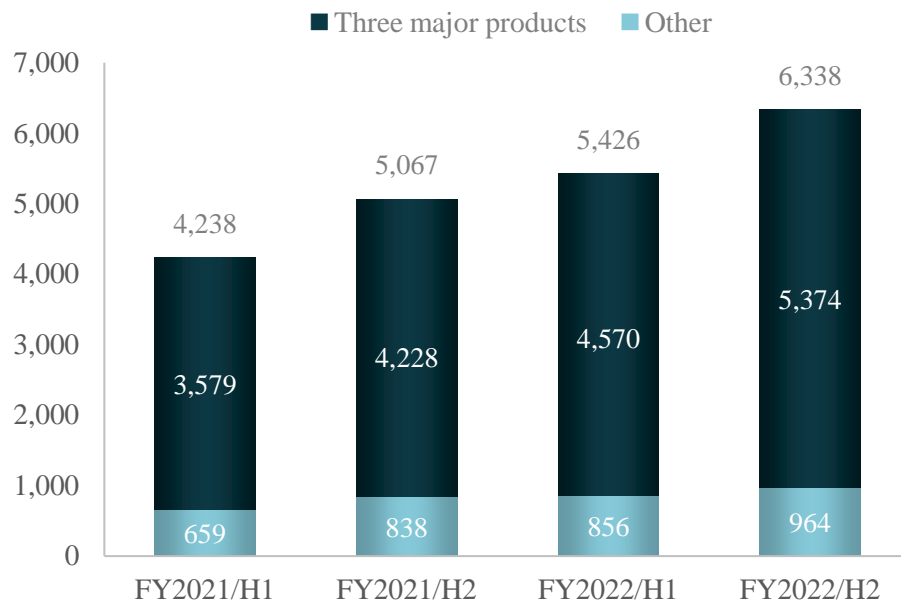
Sales of bearings, sealing rings, etc. increased year on year, performing solidly both in Japan and overseas. Steady demand also continued for pantograph sliders.

[Carbon products for electrical applications]

Demand for small motor applications for home appliances and power tools dropped off compared to the record highs seen in the previous fiscal year due to the absence of stay-at-home demand and factors such as the slowdown in demand due to economic stagnation in Europe.

3. Net Sales by Product and Segment: Compound Materials and Other Products

(Unit: Yen, millions)



[Three major products]

SiC-coated graphite products achieved strong results, substantially exceeding the previous year's levels for silicon and SiC epitaxial applications. SiC semiconductor applications in particular grew significantly. The main Chinese and other Asian markets for LED applications entered a correction phase.

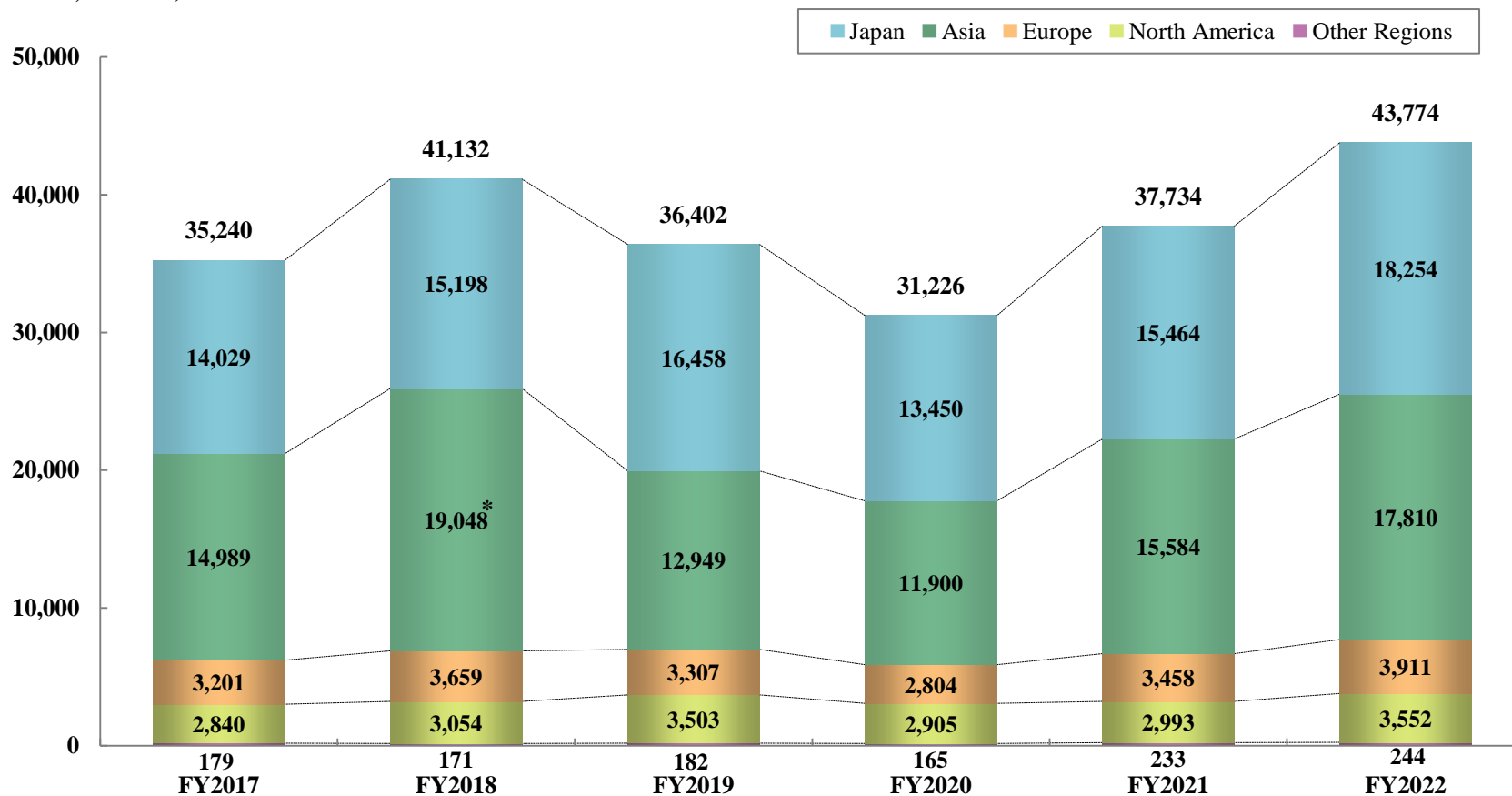
Sales of C/C composite products increased significantly year on year for both industrial furnace applications and semiconductor applications, due to the effect of sales promotions and in the context of strong market demand, respectively. Although sales for solar cell applications did not achieve the volumes of the other two applications, they grew year on year due to steady demand for PECVD parts and materials.

Sales of graphite sheet products increased year on year, with robust demand for semiconductor and metallurgical applications, despite a downturn in automotive applications.

4. Sales by Region

✓ Positive results in China, despite the impact of the zero-COVID policy.
Other regions all grew steadily

(Unit: Yen, millions)



* Net sales in Asia for FY2018, include 3,204 million yen in net sales for China's high-temperature reactor-pebble-bed modules (HTR-PM).

5. Consolidated Balance Sheet and Statement of Cash Flows for the Fiscal Year Ended December 31, 2022

(Unit: Yen, millions)

(Unit: Yen, millions)

Consolidated Balance Sheet	December 31, 2021	December 31, 2022
Total assets	83,655	89,432
Notes and accounts receivable – trade	14,198	16,606
Inventories	16,023	18,416
Property, plant and equipment	31,046	31,138
Total liabilities and net assets	83,655	89,432
Interest-bearing liabilities	199	285
Share capital	7,947	7,947
Net assets	72,256	77,200
Equity ratio	86.3%	86.3%

Consolidated Statement of Cash Flow	FY2021	FY2022
Cash and cash equivalents at beginning of period	12,093	12,470
Net increase (decrease) in cash and cash equivalents	376	(696)
Cash and cash equivalents at end of period	12,470	11,773
Net cash provided by operating activities	7,328	5,625
Net cash provided by (used in) investing activities	(6,252)	(5,253)
Net cash provided by (used in) financing activities	(1,261)	(1,388)

Forecasts for the Fiscal Year Ending December 31, 2023

1. Forecasts for the Fiscal Year Ending December 31, 2023

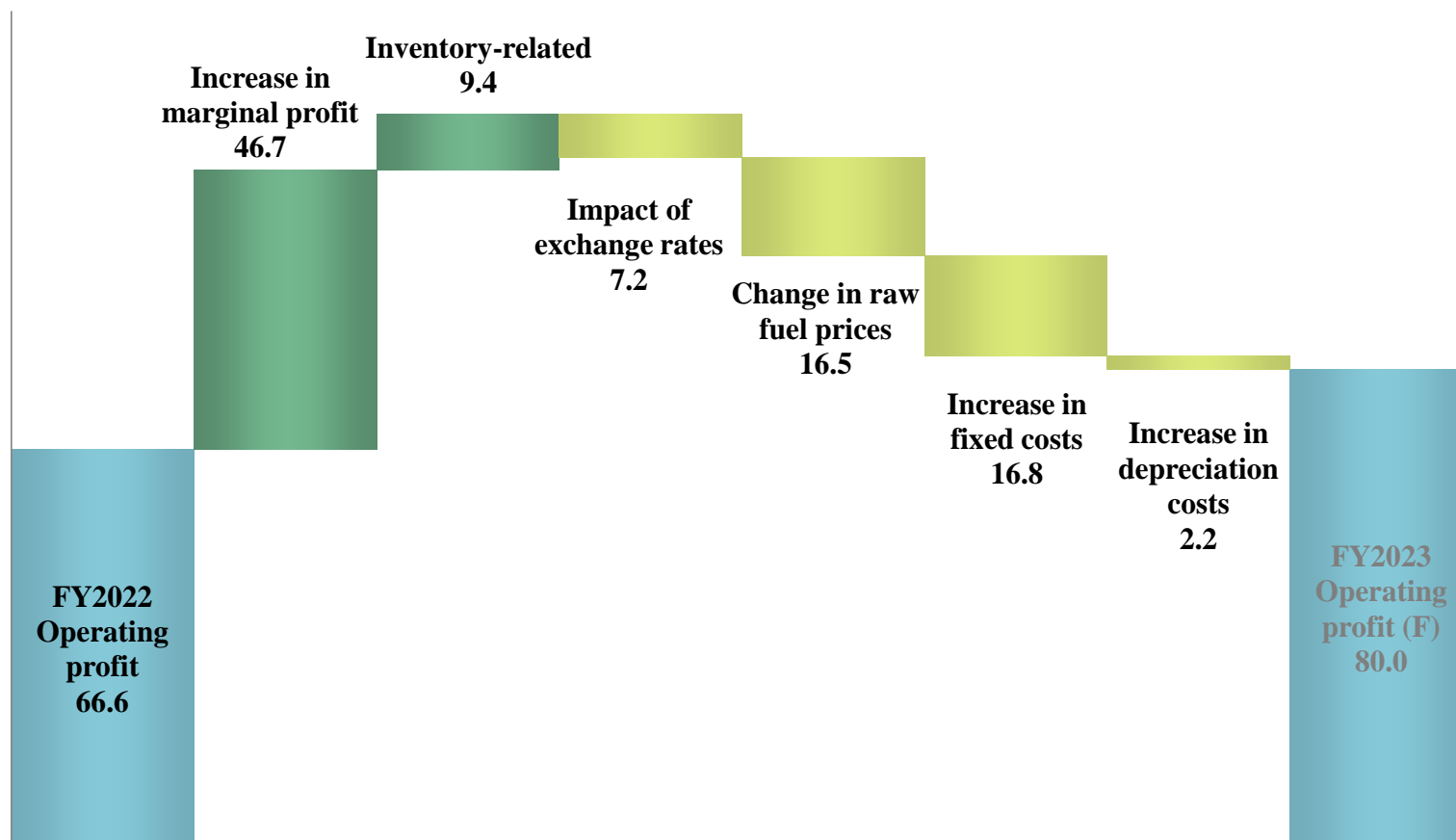
	FY2022			FY2023 (F)			
		Breakdown			Breakdown		Year on year
(Unit: Yen, millions)							
Net sales	43,774	H1	20,293	47,000	H1	23,000	+ 3,225 / + 7.4 %
		H2	23,481		H2	24,000	
Operating profit	6,667	H1	3,039	8,000	H1	3,800	+ 1,332 / + 20.0 %
		H2	3,628		H2	4,200	
(Ratio of operating profit to net sales)	15.2%			17.0%			
Ordinary profit	7,369	H1	3,705	8,000	H1	3,800	+ 630 / + 8.6 %
		H2	3,664		H2	4,200	
(Ratio of ordinary profit to net sales)	16.8%			17.0%			
Profit attributable to owners of parent	5,181	H1	2,564	5,500	H1	2,600	+ 318 / + 6.1 %
		H2	2,617		H2	2,900	
Basic earnings per share	247.08 yen	H1	122.29 yen	262.25 yen	H1	123.97 yen	
		H2	124.79 yen		H2	138.28 yen	
ROE	6.9%			6.9%			
Exchange rate	131.5 yen/\$ 138.1 yen/€ 19.5 yen/CNY			124 yen/\$ 136 yen/€ 18 yen/CNY			

2. Factors Affecting Changes in Operating Profit

(fiscal year ended December 2022 vs. fiscal year ending December 2023)

- ✓ Operating profit to increase by 20.0% due to an increase in marginal profit (volumes, price pass-on, and product mix), despite the impact of a weaker yen and an increase in the price of raw materials, fixed costs (mainly personnel expenses), and yen depreciation. The unrealized profit on inventories that depressed profit in the FY2022 will boost profit in FY2023

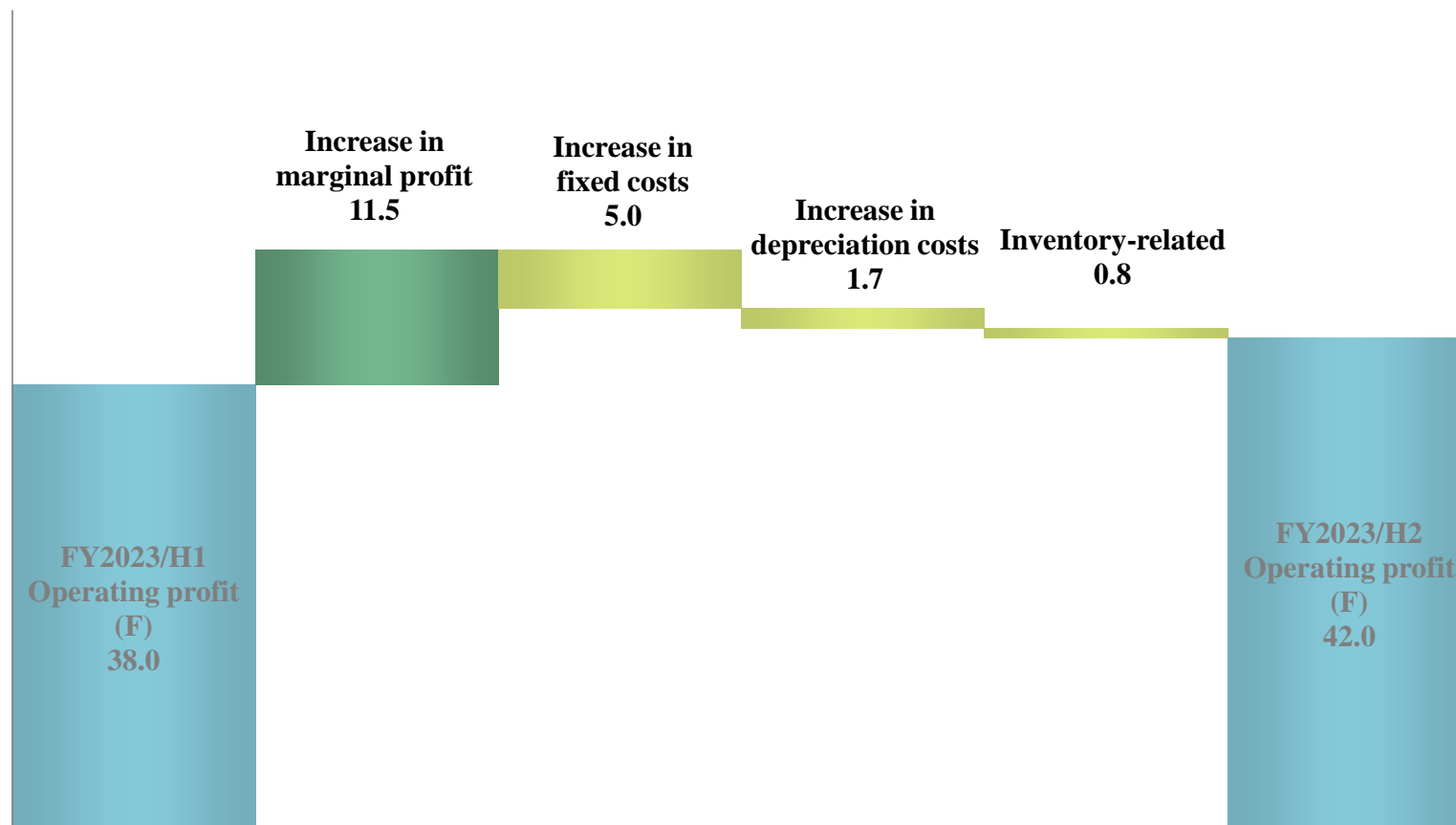
(Unit: Yen, 100 millions)



2. Factors Affecting Changes in Operating Profit (first half vs. second half of fiscal year ending December 2023)

- ✓ The level of profit is expected to rise in the second half with the increase in marginal profit due to the effects of price pass-on and product mix

(Unit: Yen, 100 millions)



3. Net Sales by Product and Segment

Product and Segment	FY2022			FY2023 (F)					
	H1	H2	Full year	H1	Changes (%)	H2	Changes (%)	Full year	Changes (%)
Special Graphite Products	9,142	11,088	20,230	10,662	+16.6%	11,386	+2.7%	22,048	+9.0%
Electronics Applications	3,491	4,613	8,104	4,599	+31.8%	5,075	+10.0%	9,675	+19.4%
General Industries Applications	4,472	5,125	9,598	4,879	+9.1%	5,088	-0.7%	9,968	+3.9%
Others	1,179	1,348	2,527	1,182	+0.3%	1,222	-9.4%	2,404	-4.9%
Carbon Products for General Industries [Carbon Products for Mechanical Applications]	1,859	2,125	3,985	2,078	+11.8%	2,134	+0.4%	4,213	+5.7%
Carbon Products for General Industries [Carbon Products for Electrical Applications]	2,464	2,359	4,823	2,426	-1.5%	2,578	+9.3%	5,005	+3.8%
Compound Materials and Other Products	5,426	6,338	11,765	6,345	+16.9%	7,110	+12.2%	13,455	+14.4%
Three Major Products	4,570	5,374	9,944	5,532	+21.1%	6,172	+14.8%	11,705	+17.7%
Other Products	856	964	1,820	812	-5.1%	937	-2.7%	1,750	-3.9%
Related goods	1,400	1,568	2,969	1,486	+6.1%	790	-49.6%	2,276	-23.3%
Total	20,293	23,481	43,774	23,000	+13.3%	24,000	+2.2%	47,000	+7.4%

Changes indicate year-on-year increases or decreases

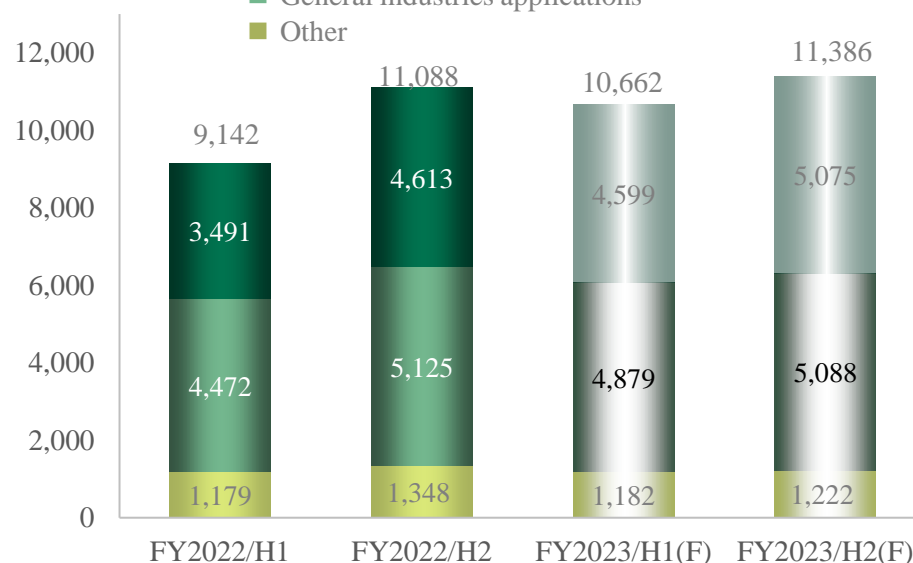
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(Unit: Yen, millions)

- Electronics applications
- General industries applications
- Other



[Electronics applications]

- Strong demand will continue for both single-crystal silicon manufacturing applications and compound semiconductor manufacturing applications. For solar cell manufacturing applications, we will prioritize high added-value applications and further refine our target market.

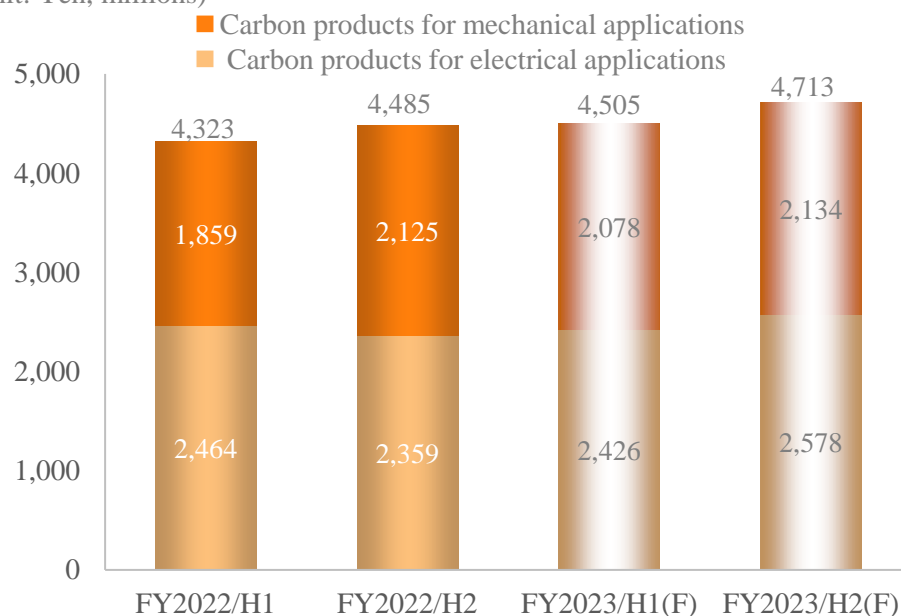
[General industries applications]

- We expect to build on our FY2022 results for metallurgical applications such as industrial furnace applications and continuous casting applications, with solid sales for EDM electrode applications as well.

3. Net Sales by Product and Segment: Carbon Products for General Industries

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(Unit: Yen, millions)



[Carbon products for mechanical applications]

- Sales of bearings, sealing rings, etc. are expected to remain stable at FY2022 levels, despite some fluctuations.
- Stable demand is also anticipated for pantograph sliders.

[Carbon products for electrical applications]

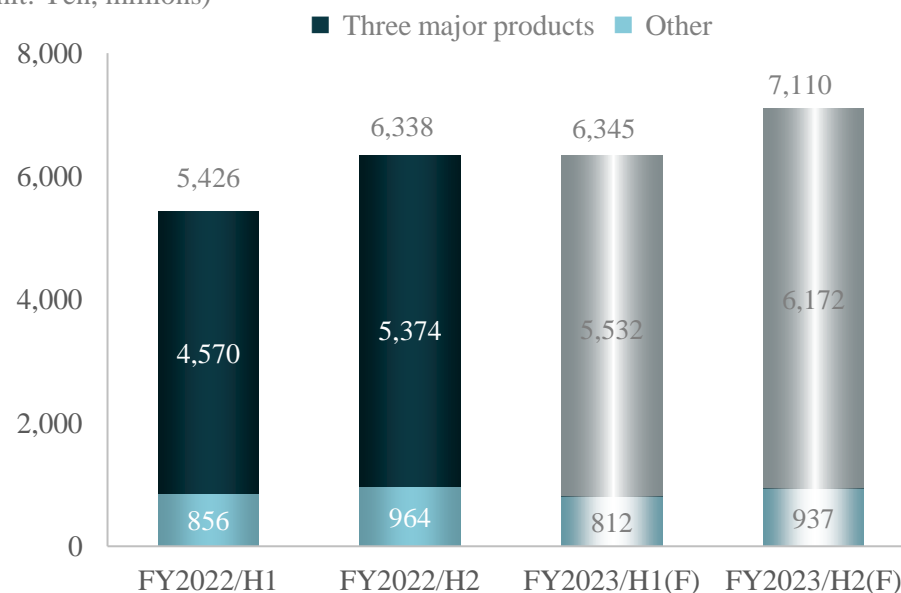
- The correction in demand for small motor applications for home appliances and power tools is expected to continue, at least through the first half, with a gradual recovery from the second half onwards.
- Although volumes will remain small for large motor applications for industrial machinery, we are progressively opening-up new applications. We will continue to capture these sales.

3. Net Sales by Product and Segment: Compound Materials and Other Products

Product and Segment	FY2022			FY2023 (F)					
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(Unit: Yen, millions)



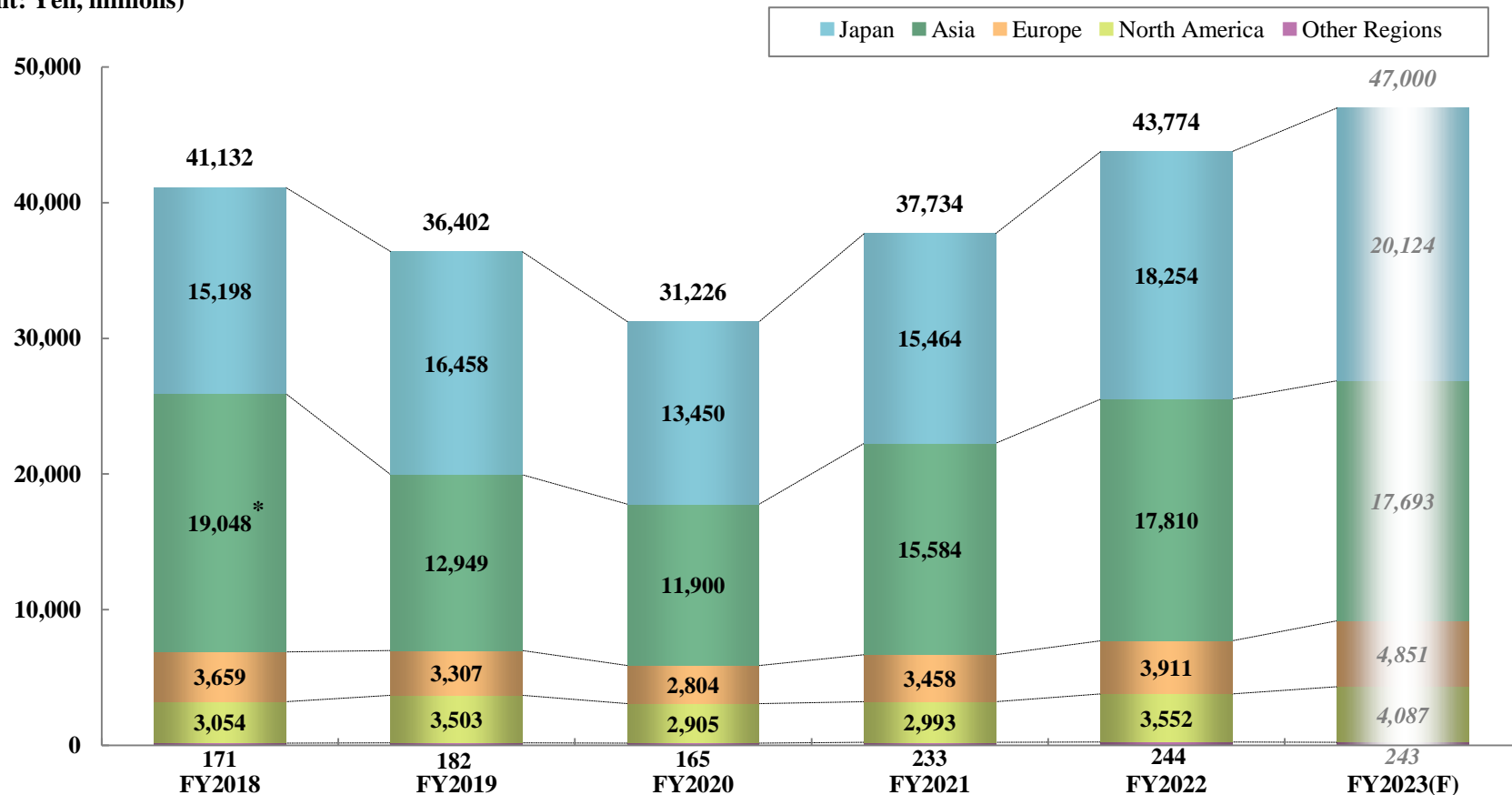
[Three major products]

- For SiC-coated graphite products, demand is expected to remain strong for silicon and SiC epitaxial applications, and we will address the high levels of demand through advance operation of part of the increased capacity in which we are investing. A recovery in LED applications is expected from the second half onwards.
- Sales of C/C composite products are expected to remain strong, with industrial furnace applications, semiconductor applications, and solar cell applications all on a par with FY2022.
- For graphite sheet products, although the downturn in sales of automotive applications is expected to continue, strong sales are anticipated for semiconductor and metallurgical applications, on a par with FY2022.

4. Sales by Region

✓ We will work to optimize capacity within the Group and meet high demand in each region

(Unit: Yen, millions)



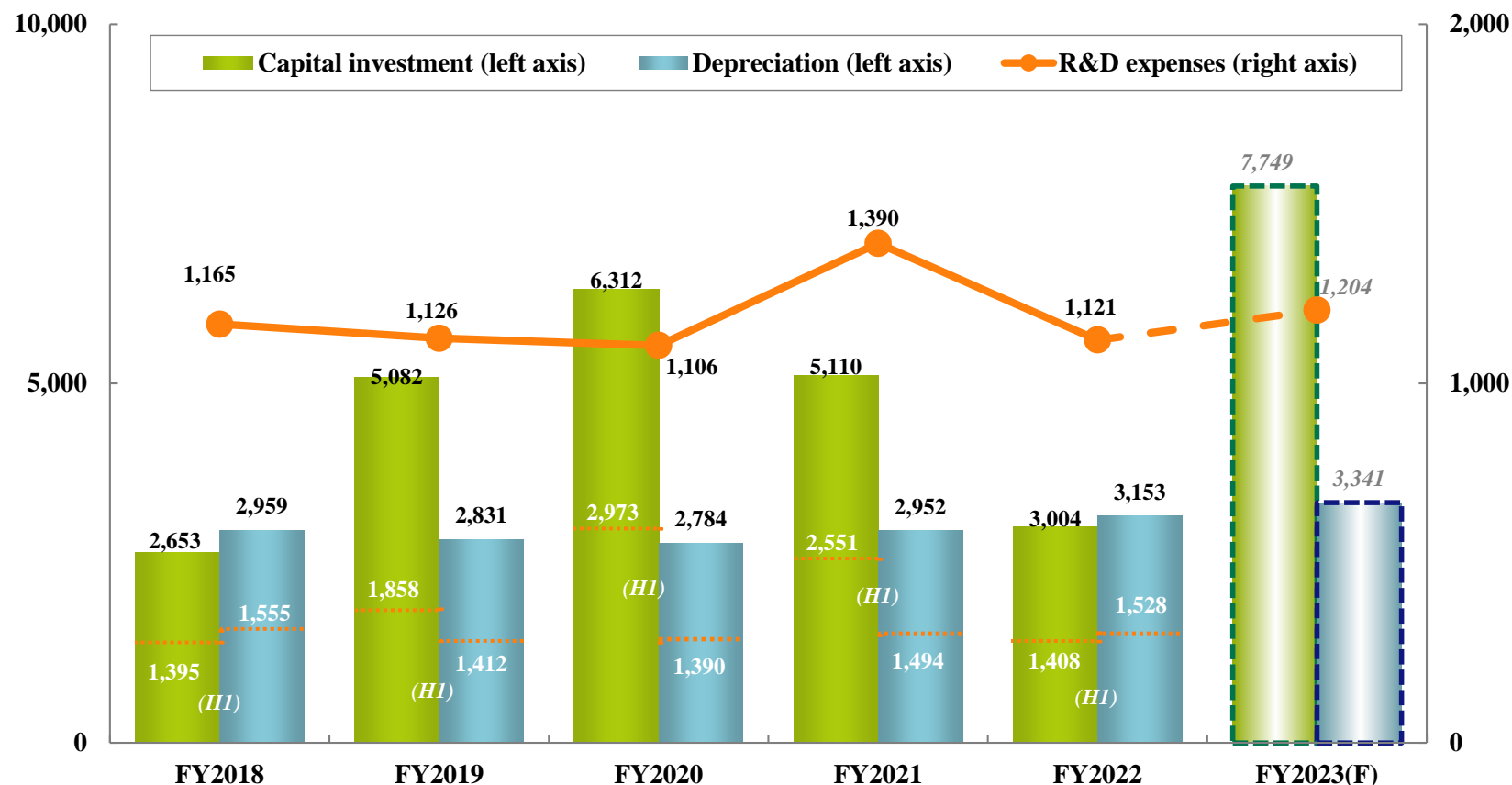
* Net sales in Asia for FY2018, include 3,204 million yen in net sales for China's high-temperature reactor-pebble-bed modules (HTR-PM).

5. Capital Investment, Depreciation, and R&D Expenses

✓ Although capital investment in FY2022 fell significantly below the plan, due to factors such as revisions to the timing of implementation, we plan for more than double this level of investment in FY2023, focusing on boosting capacity

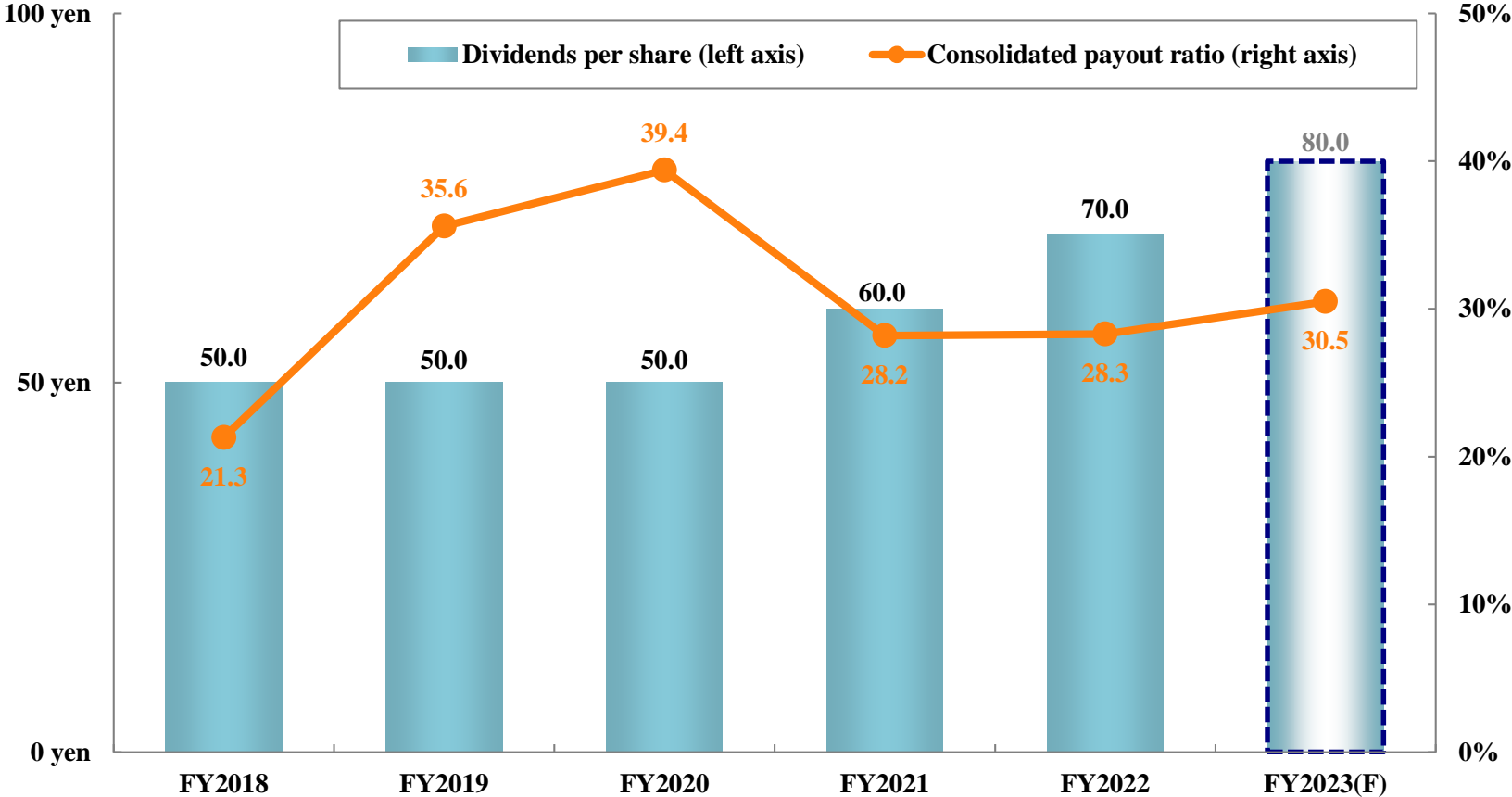
(Unit: Yen, millions)

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6. Dividend

✓ Dividend increase of 10 yen in both FY2022 and FY2023 (forecast)



TOYO TANSO

Inspiration for Innovation

Note: This presentation contains “forward-looking statements” and forecasts of business results. These statements are not historical facts but instead represent the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond the Company’s control. It is possible that the Company’s actual results may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements.

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