

Results Briefing of (FY2022)

Mid-Term Management Plan

「Challenge2024 Rolling Plan 2023」



Carlit Holdings

CODE : 4275 TSE Prime Market

- Financial Highlights of FY2022

- Full-Year Plan for FY2023

CFO Yachi Toshifumi

- Mid-Term Management Plan

「Challenge2024 Rolling Plan 2023」

CEO Kaneko Hirofumi

Financial Highlights of FY2022

Consolidated Performance

(Million yen)	FY2021 Results	FY2022 Results	Year of Year change
			Rate of change
Net sales	33,894	36,008	+2,114 +6.2%
Direct cost of sales	25,246	27,321	+2,075 +8.2%
Distribution cost and administrative expense	6,140	6,046	△94 △1.5%
Operating profit	2,506	2,640	+133 +5.3%
Ordinary profit	2,742	2,910	+168 +6.1%
Net profit	2,336	2,246	△89 △3.8%

Extraordinary income :gain on the sale of investment securities (424)
 Extraordinary losses :loss on the sale of shares of subsidiaries (82)

Consolidated Performance by Business Segments 信頼と限りなき挑戦 Carlit Holdings

(Million yen)	Net Sales			Operating Profit		
	FY2021 Results	FY2022 Results	Change	FY2021 Results	FY2022 Results	Change
Chemical products	16,950	17,896	+945	1,172	1,294	+121
Bottling	4,360	4,774	+413	218	151	△66
Industrial materials	9,313	9,741	+427	654	700	+46
Engineering service	4,173	4,203	+29	892	651	△240
Subtotal	34,798	36,615	+1,816	2,937	2,798	△138
Total	33,894	36,008	+2,114	2,506	2,640	+133

Explanations of Products ①

【Chemical products】

Industrial explosives	↘	Industrial explosives experienced both a decrease in sales due to the withdraw from unprofitable manufacturing locations and a decrease in profit due to surging costs for raw materials and energy.
Automotive emergency flares	↘	Automotive emergency flares saw an increase in sales for new vehicles. In terms of replacements for automobile inspections, sales increased due to an increase in sales of emergency flares with glass-breaking function in response to torrential rain disasters and from customers' improved safety awareness. However, profit decreased due to surging costs for raw materials.
Highway signal flares	↗	Sales and profit increased for signal flares for highway use due to the recovery in traffic volume and increased demand for construction regulation, and maintaining fair prices.
Raw materials for fireworks	↗	Raw materials for fireworks enjoyed increases in sales and profit with the partial return of fireworks displays.
Space industry	—	In the space industry, we continue to engage in the joint development of solid propellants with our customers. We manufactured a propellant and completed its delivery to the launch site in preparation for the first rocket blast-off.
Material assessment service	↘	Although sales of both safety evaluation testing and secondary batteries testing increased due to active development of batteries, profit experienced a decrease due to surging electric power prices.
Sodium chlorate	↗	Sodium chlorate (for pulp bleaching) sales and profit increased due to maintaining fair prices.
Ammonium perchlorate	↗	Despite the impacts of sky-high raw material prices and energy costs, ammonium perchlorate (the raw material in propellants for rockets and defense missiles) sales and profit increased due to growth in sales for rocket propellant applications.
Perchloric acid	↘	Perchloric acid sales and profit decreased on sluggish overseas demand.
Electrodes	↗	Electrodes saw increases in both sales and profit due to maintaining fair prices and new orders for plating applications.
Electronic materials	↘	Electronic materials experienced increased sales of electrolytes for electric double-layer capacitors. However, sales and profit decreased due to the decline in demand for PCs, the impact of the China lockdown and power restrictions.
Functional materials	↘	Functional materials experienced increased sales of near-infrared absorbing dyes due to growing demand for authentication sensors and other products. However, sales and profit decreased due to the sluggish of smartphone and flat panel display markets.
Ceramic materials	↗	We enjoyed increased sales and profit due to market share expansion and new sales expansion by maintaining fair prices.

Explanations of Products ②

【Bottling】

PET	↘	PET experienced increased sales due to a recovery in demand and orders for new products. Profit was dented by soaring energy costs.
Cans	↘	Cans experienced decreased sales due to the decline in sales of coffee for vending machines.
Others	↗	Others saw increased sales due to orders for new products.

【Industrial materials】

Silicon wafers	↘	Sales and profit declined due to weak demand stemming from China lockdown and the added impact of rising energy costs We continued to focus on development and sales of high-value-added products, such as microelectromechanical systems (MEMS) and high-flatness wafers used in various sensors and microphones
Anchors for refractories	↗	Anchors for refractories experienced increased sales and profit due to strong sales of our mainstay anchors and retainers centered on demand from urban garbage incineration.
Various metal spring and pressed product	↗	For various metal spring and pressed products, profit and sales increased due to continued strong demand of construction machinery.

【Engineering services】

Engineering & construction work	↘	For engineering & construction work, sales and profit decreased due to the decline in highly profitable projects.
Industrial paint and painting work	↗	Industrial paint and painting work experienced increased sales and profit due to favorable market conditions.
Structural design	↘	Profit in structural design declined due to fewer high-margin projects and heated up market competition.

Full Year Plan for FY2023

FY2023 Plan

(Million yen)		FY 2022 Results	FY 2023 Plan	Change	Rate of change
Net sales	1 st half	17,586	18,000	+414	+2.4%
	Full year	36,008	38,000	+1,992	+5.5%
Operating profit	1 st half	1,104	800	△304	△27.5%
	Full year	2,640	2,700	+60	+2.3%
Ordinary profit	1 st half	1,287	900	△387	△30.1%
	Full year	2,910	2,900	△10	△0.4%
Net profit	1 st half	951	750	△201	△21.1%
	Full year	2,246	2,300	+54	+2.4%
Dividend per share	Per share	20 Yen	20 Yen	—	—

※1st half is cumulative total

Plans by Business Segments

Business segments were changed for portfolio management.

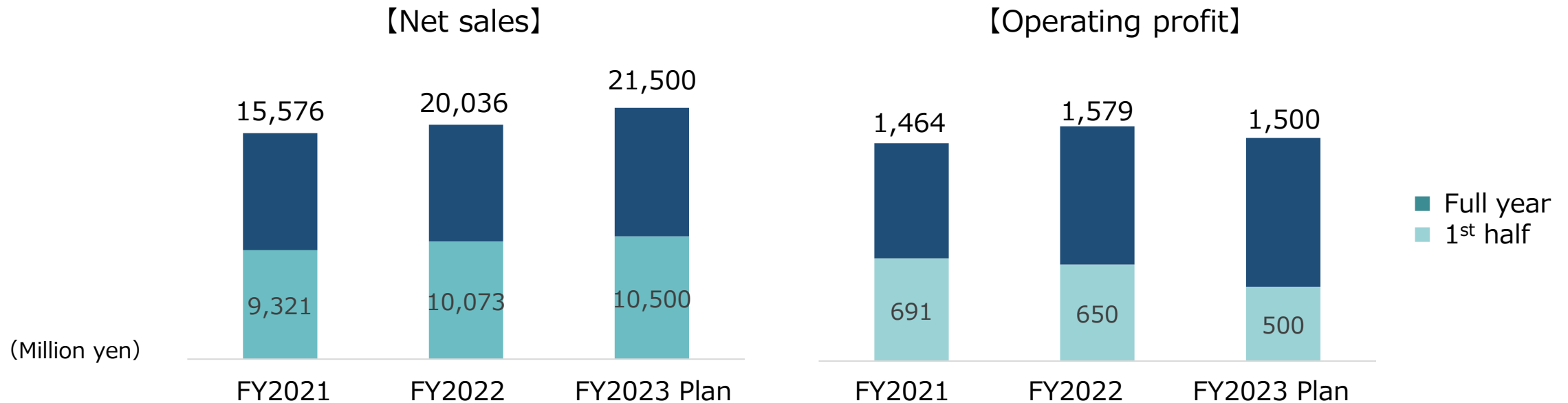
(Million yen)

	Net Sales			Operating Profit		
	FY2022 Results	FY2023 Plan	Change	FY2022 Results	FY2023 Plan	Change
Chemical products	20,036	21,500	+1,464	1,579	1,500	△79
Bottling	4,774	4,800	+26	151	240	+89
Metal working	7,601	7,300	△301	415	450	+35
Engineering service	4,203	5,000	+797	651	700	+49
Subtotal	36,615	38,600	+1,985	2,798	2,890	+92
Total	36,008	38,000	+1,992	2,640	2,700	+60

Plans by former Business Segments

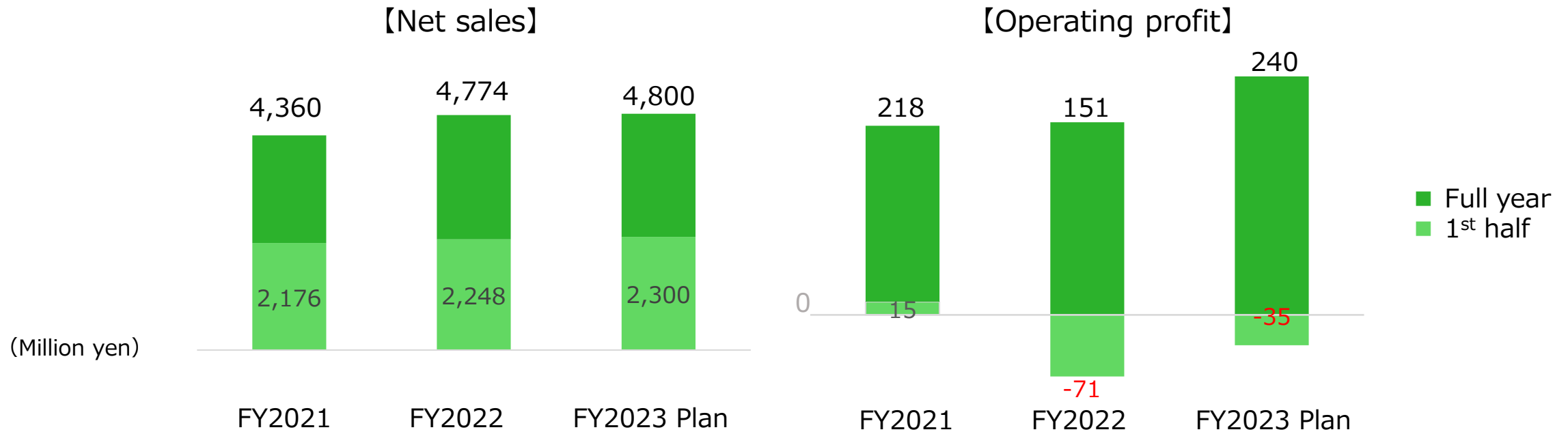
(Million yen)	Net Sales			Operating Profit		
	FY2022 Results	FY2023 Plan	Change	FY2022 Results	FY2023 Plan	Change
Chemical products	17,896	19,000	+1,104	1,294	1,300	+6
Bottling	4,774	4,800	+26	151	240	+89
Industrial materials	9,741	9,800	+59	700	650	△50
Engineering service	4,203	5,000	+797	651	700	+49
Subtotal	36,615	38,600	+1,985	2,798	2,890	+92
Total	36,008	38,000	+1,992	2,640	2,700	+60

Chemical Products Business



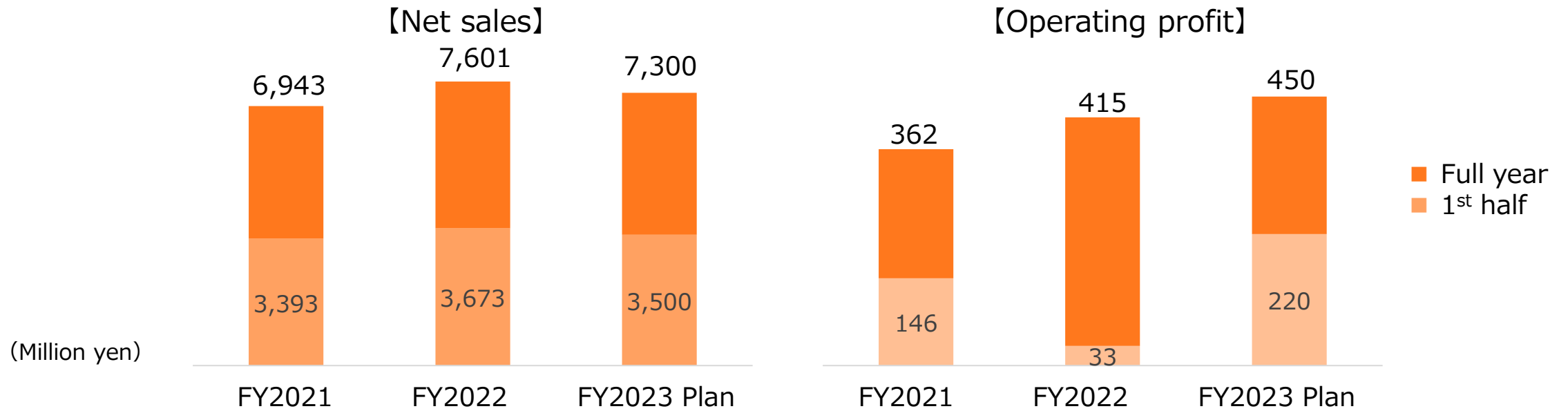
In the chemical products business segment, despite weakening demand for electronic equipment materials owing to impacts from the Chinese economy, we expect economic growth in Japan to drive brisk sales of products for automotive applications and basic chemical products.

Bottling Business



In the bottling business segment, high prices and the slowdown of overseas economic being downside factors, but we forecast sales and profit growth on the back of increased domestic consumption of beverages due to a recovery in inbound tourist demand.

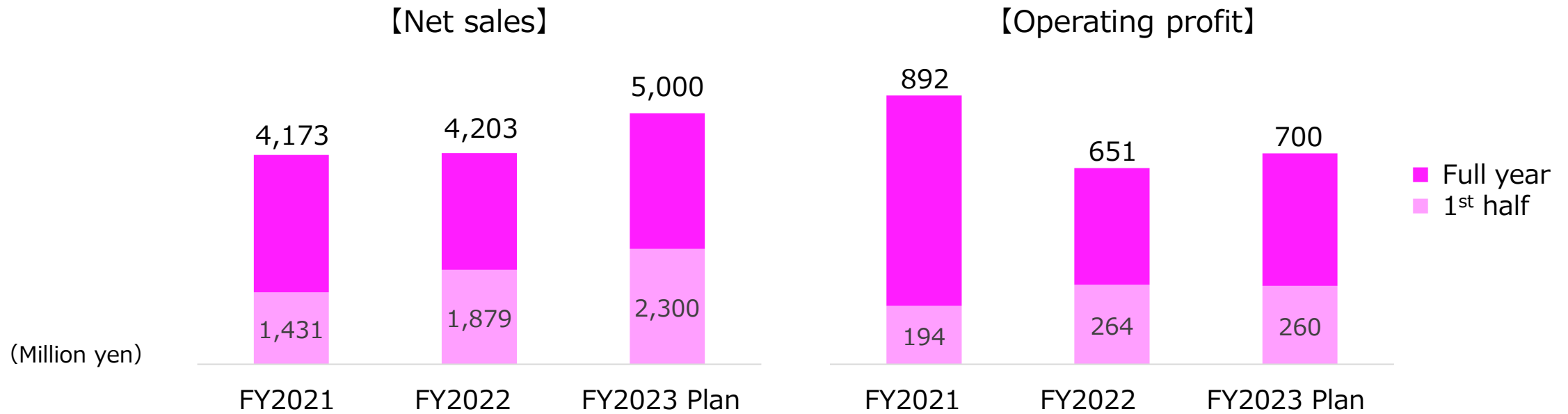
Metal Working Business



In FY2022, demand was strong for vehicles, construction machinery, and urban garbage incineration.

In FY2023, we forecast solid results in line with the fortunes of the Japanese economy.

Engineering Service Business



As in FY2022, profit ratio is expected to decline due to the continuing trend of an increasingly competitive environment, but we forecast solid results in line with the fortunes of the Japanese economy.

Mid-Term Management Plan **C**hallenge 2024

Rolling Plan 2023

Review of Business Environment: Changes in the Environment

◆ Changes in the external environment that occurred from 2022 to date

Social and Economic Environment

- ✓ Prolonged impact on domestic and international economic activity by COVID-19 Variants
- ✓ Destabilization of the global situation due to prolonged Russian invasion of Ukraine

Requests for Listed Companies

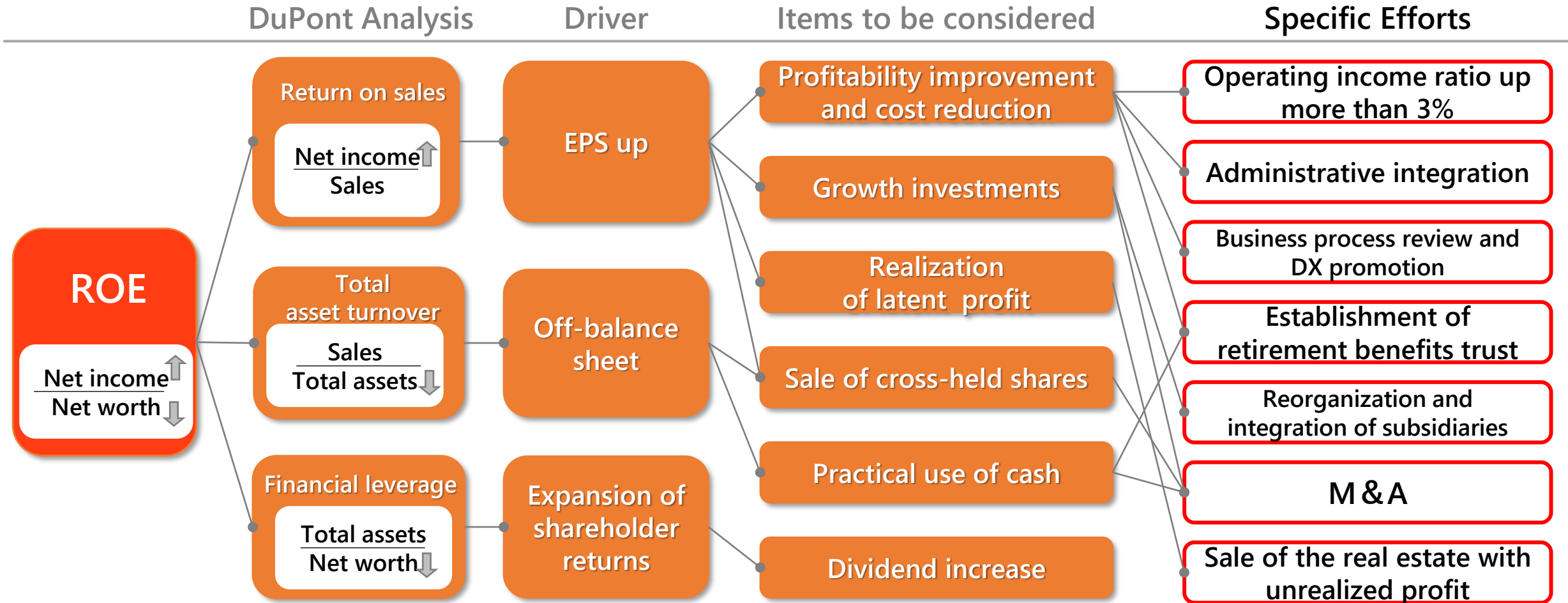
- ✓ Requests to improve return on Capital and Market Valuation for the purpose of increasing PBR
- ✓ Efforts for achieving SDGs by 2030 and advancing ESG Management

- **The severe Environmental Changes both domestically and internationally had a Significant Impact on our Business**

→ **However, no change in our goal to “become a strong Carlit Group” by strengthening our foundation.**

Concepts and Efforts for Improving ROE

- ◆ Improving ROE is the starting point and crucial to enhance PBR
- ◆ Systematic implementation of specific actions based on a medium- to long-term value creation story



Concepts and Efforts for Improving PER

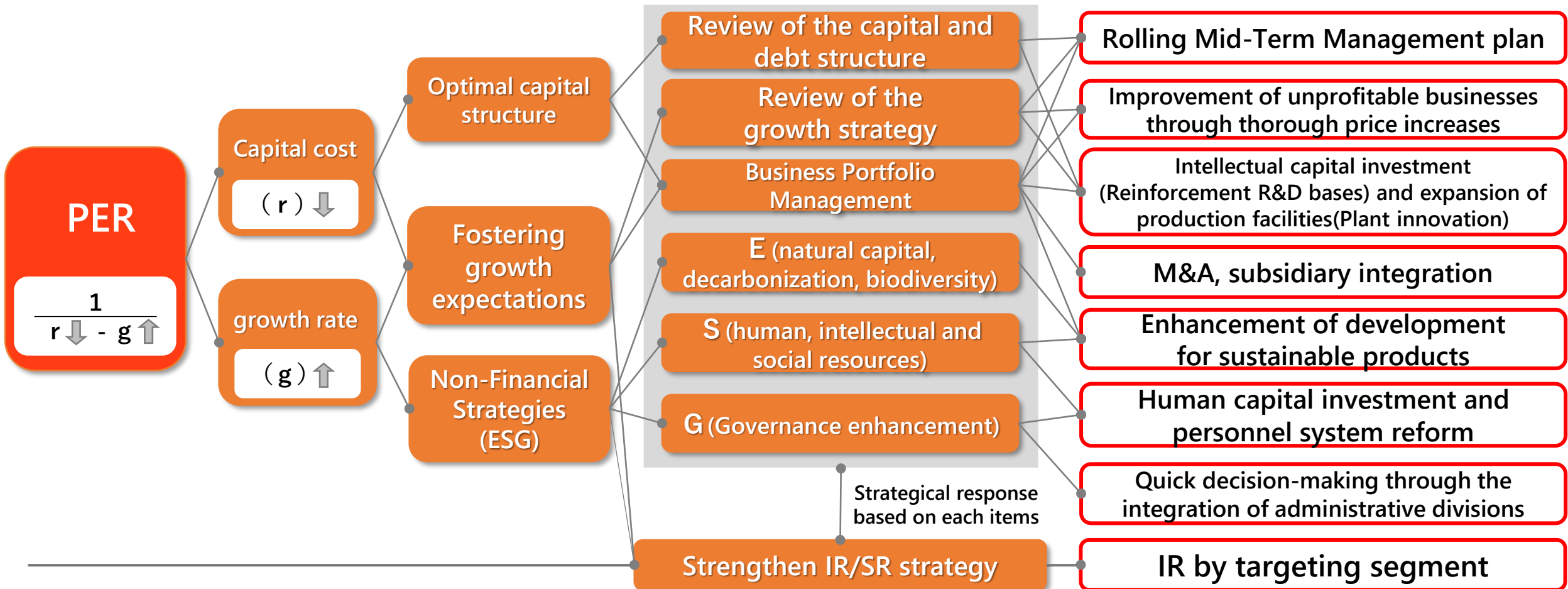
- ◆ Improving PER, the expected value of profit growth, is also important to enhance PBR
- ◆ The key for improving PER is to reduce the cost of capital through both financial and non-financial efforts, in addition to formulating and implementing growth strategies

Elements

Driver

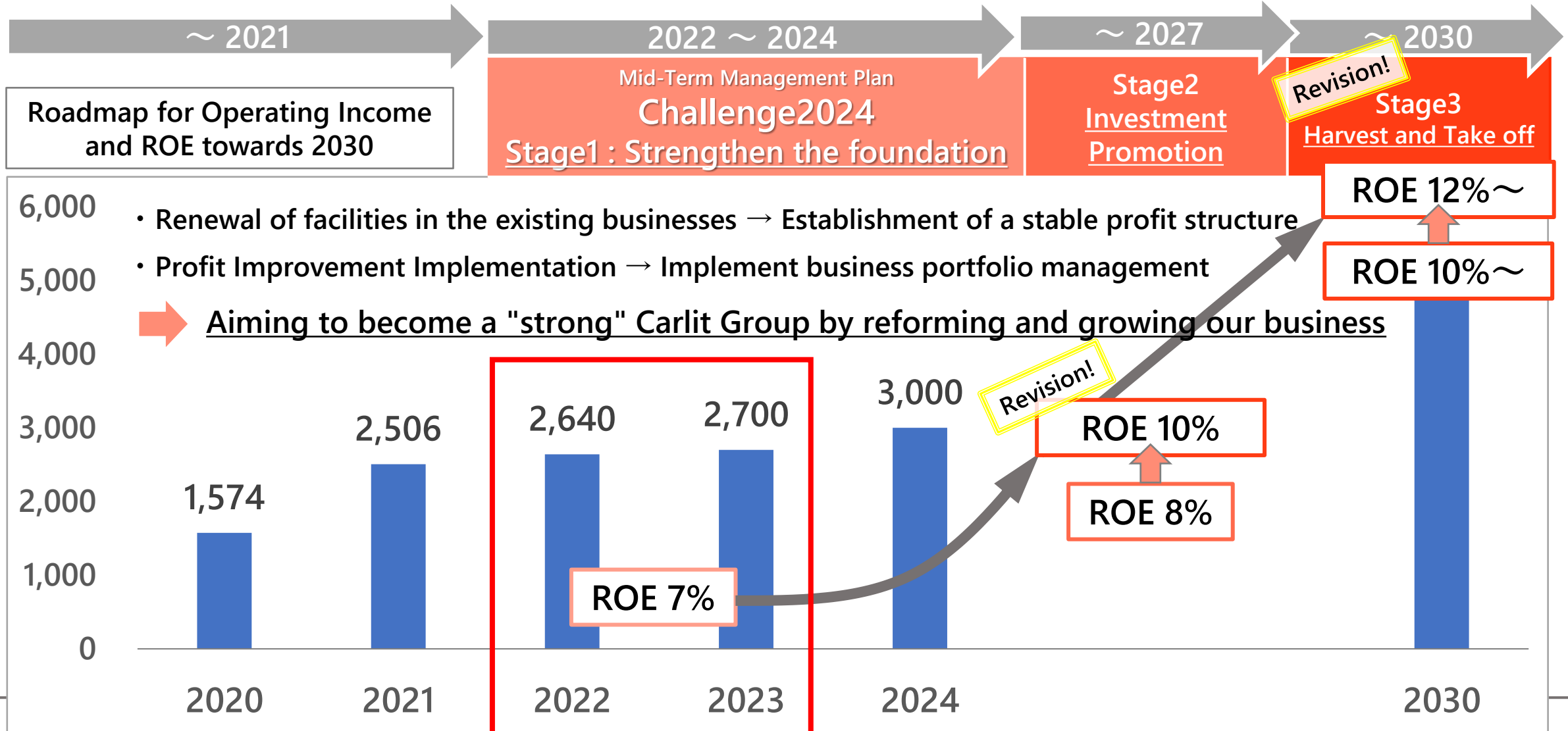
Items for Consideration

Specific Efforts



Positioning of FY22-23 towards Vision for 2030

◆ Updated ROE targets in the roadmap



The 3% is divided into 3 parts.

- ◆ Aiming for Carlit Group operating income ratio from 7% to 10%

Group Management Policy for FY2023

Realization of operating margin of 3% or more through "Reform and Growth"
to achieve the mid-term management plan "Challenge 2024 "

✓ Update theme 1

Acceleration of Value Creation

Stabilizing earnings and improving profitability

Promotion of non-core asset liquidation

Investment in focus and develop areas

+1%

✓ Update theme 2

Advancement of ESG management

Improvement of human capital management

Efforts to decarbonize

Shareholder return

+1%

Human capital investment (return to employees)

+1%

In the Rolling Plan 2023, The increased 3% profit will be provided in 3 equal parts

信 頼 と 限 り な き 挑 戦

For Confidence and Infinite Challenges



無 限 の 可 能 性 を カ タ チ に

Giving Shape to Infinite Possibilities