

Toyo Tanso Co., Ltd.

Results for the Fiscal Year Ended December 31, 2021

February 2022
Toyo Tanso Co., Ltd.

Summary of Results for the Fiscal Year Ended December 31, 2021

1. Results for the Fiscal Year Ended December 31, 2021

	FY2020	FY2021			
(Unit: Yen, millions)	(A)	(A)	(F)*	Year-on-year change	Compared to forecast
Net sales	31,226	37,734	36,500	+ 6,507 / + 20.8 %	+ 1,234 / + 3.4 %
Operating income	3,422	5,666	5,600	+ 2,243 / + 65.6 %	+ 66 / + 1.2 %
(Ratio of operating income to net sales)	11.0%	15.0%	15.3%		
Ordinary income	3,877	6,264	6,000	+ 2,387 / + 61.6 %	+ 264 / + 4.4 %
(Ratio of ordinary income to net sales)	12.4%	16.6%	16.4%		
Profit attributable to owners of parent	2,662	4,465	4,200	+ 1,803 / + 67.7 %	+ 265 / + 6.3 %
Profit attributable to owners of parent per share (basic)	126.95 yen	212.94 yen	200.26 yen		
ROE	4.0%	6.4%	—		
Exchange rate	106.8 yen/\$ 121.8 yen/€ 15.5 yen/CNY	109.8 yen/\$ 129.9 yen/€ 17.0 yen/CNY	105 yen/\$ 128 yen/€ 16.5 yen/CNY		

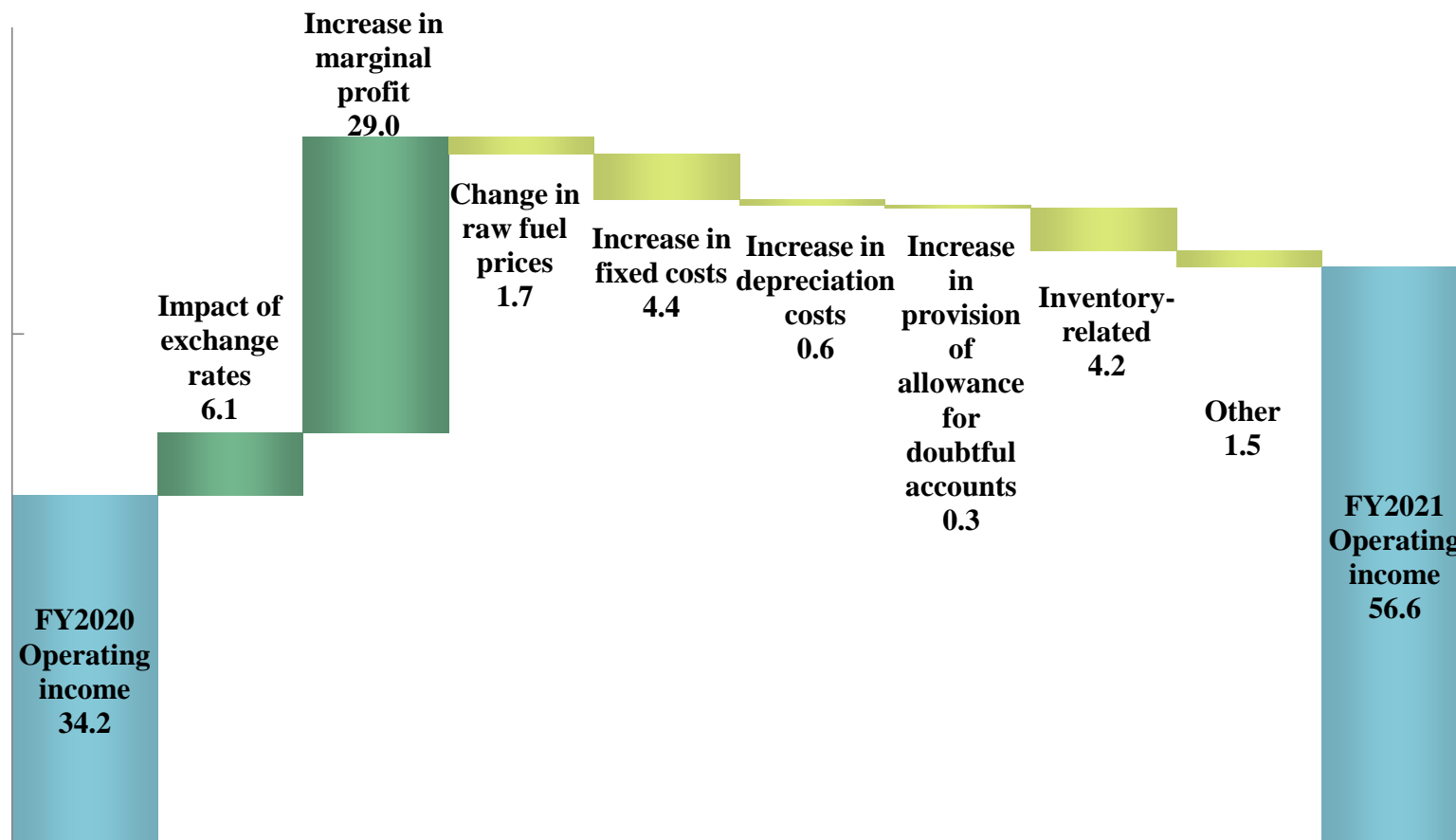
*Announced on August 10, 2021

2. Factors Affecting Changes in Operating Income

(Results for the year ended December 31, 2020 vs. results for the year ended December 31, 2021)

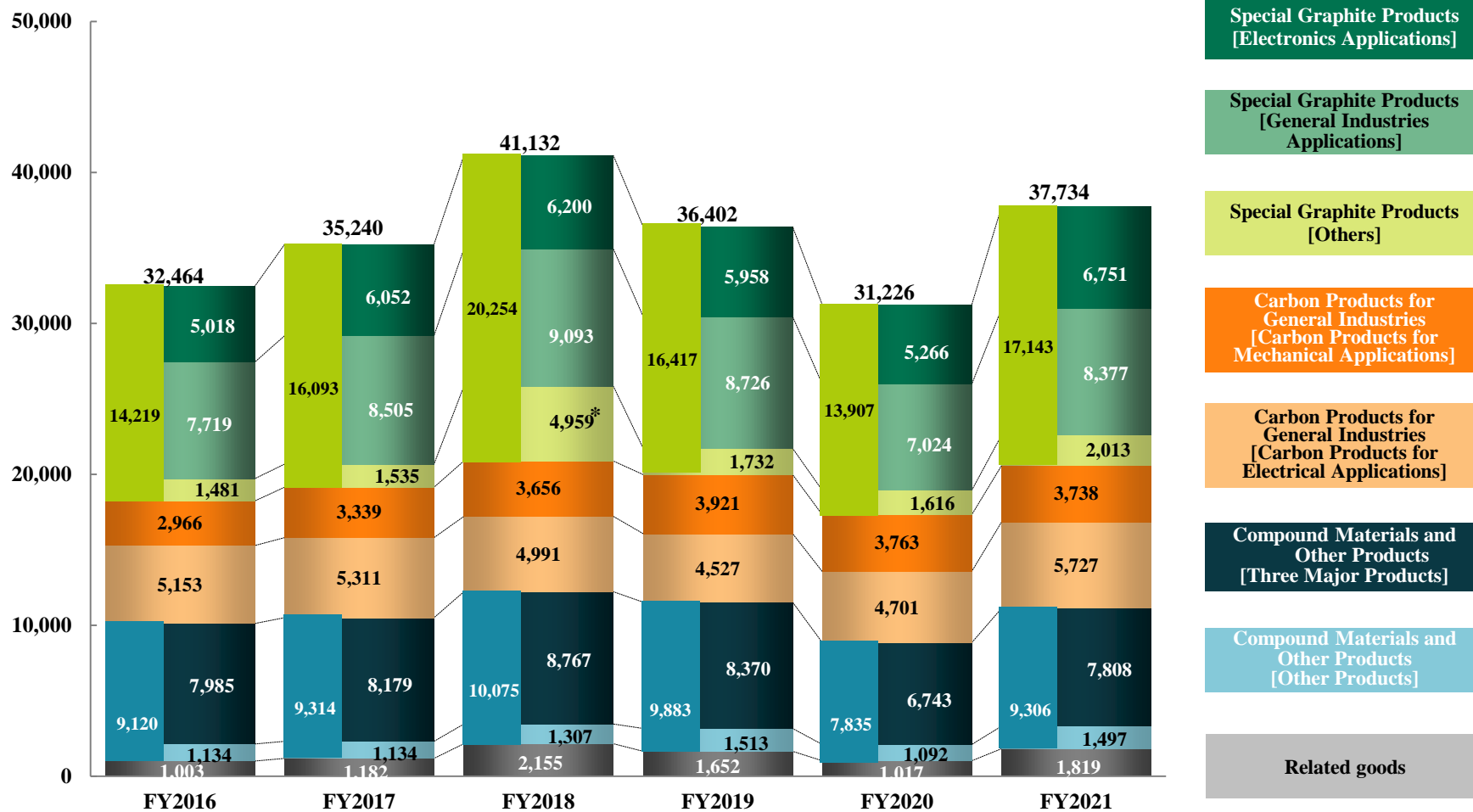
- ✓ Significant profit growth of 65.6% YoY with marginal profit increase due to higher sales
 - ✓ Higher fixed costs due to an increase in personnel costs and the posting of one-off experiment and research expenses
- The impact of higher resource costs became apparent during H2

(Unit: Yen, 100 millions)



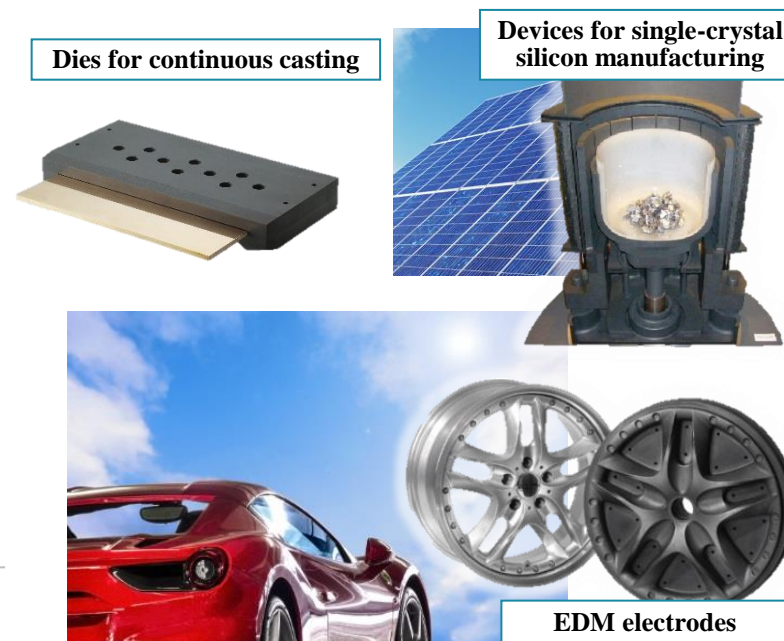
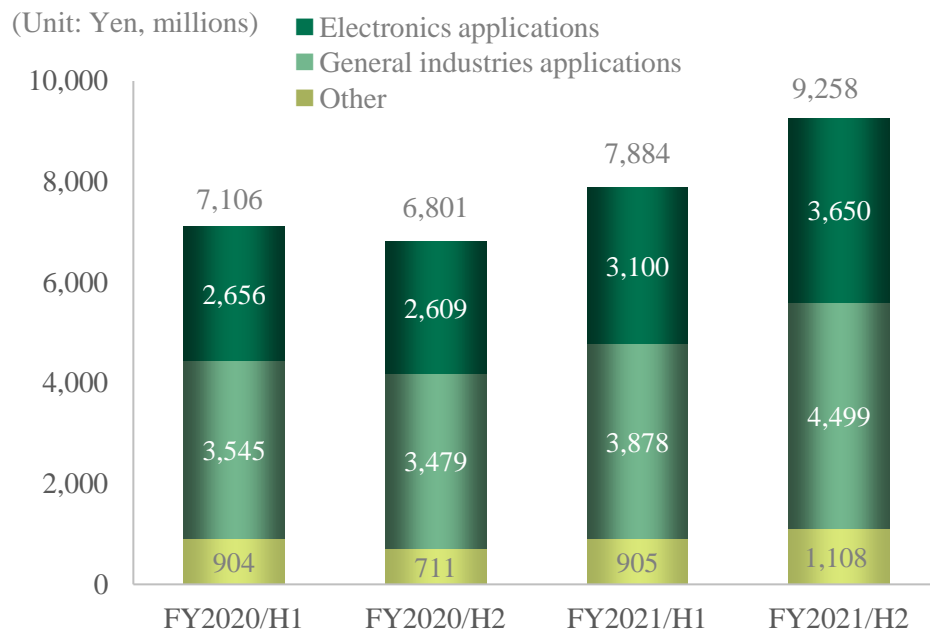
3. Net Sales by Product and Segment

(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



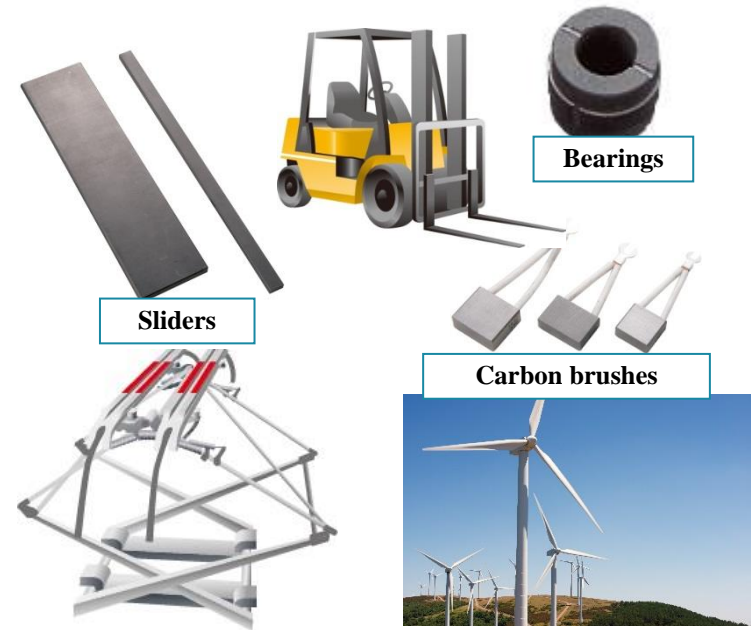
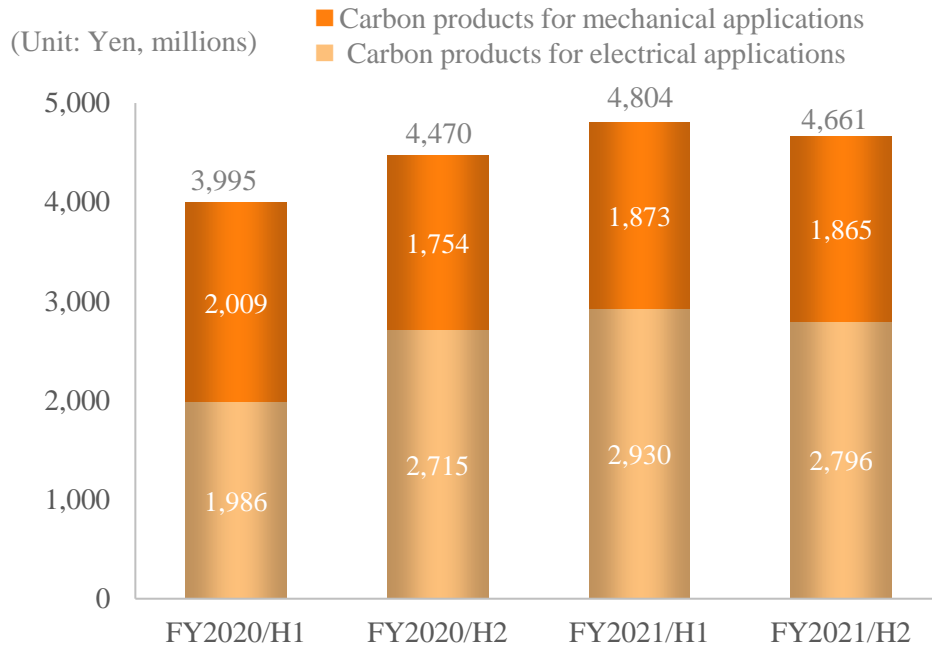
[Electronics applications]

Demand for single-crystal silicon manufacturing applications started strongly from Q1 and progressively increased through Q4, while demand for compound semiconductor applications was also high, as the SiC semiconductor market picked up, and the highest sales ever were recorded for both applications. Sales for solar cell manufacturing applications were solid, with progressive sales of value-added products in China, and inquiries from some other regions in Asia.

[General industries applications]

Demand for continuous casting and industrial furnaces rose significantly YoY, as demand for semiconductors remained high and operations at automotive and other face-to-face industries recovered, despite some impact from the re-expansion of COVID-19. Sales of EDM electrodes were also solid.

3. Net Sales by Product and Segment: Carbon Products for General Industries **TOYO TANSO** Inspiration for Innovation



[Carbon products for mechanical applications]

Sales of products such as bearings and sealing rings fell YoY in H1 in FY2021 due to a pullback from extraordinary demand, but remained at a stable level, with little change YoY. Demand for pantograph sliders also remained steady.

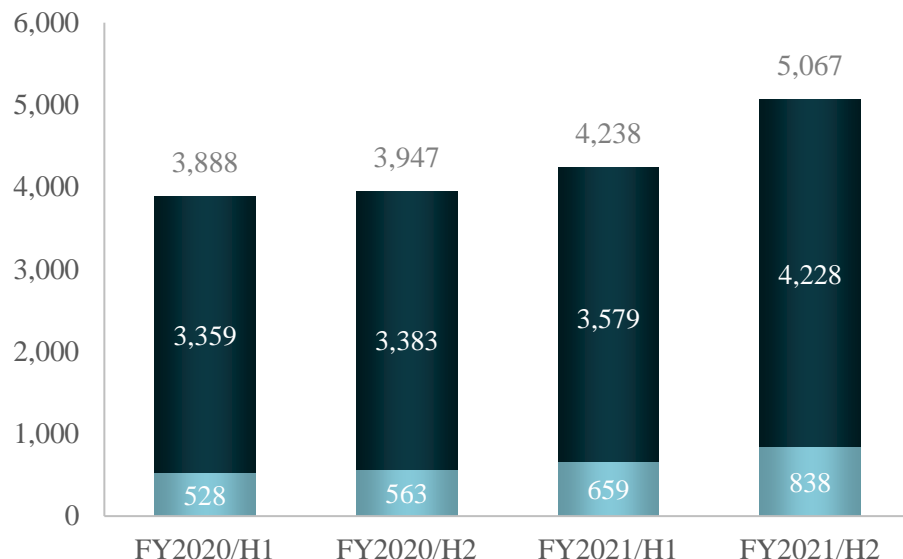
[Carbon products for electrical applications]

Demand for small-motor applications driven by stay-at-home demand for home appliances and electrical power tools was expected to tone-down during H2, but remained high through H1 and H2. Full-year sales were the highest ever recorded.

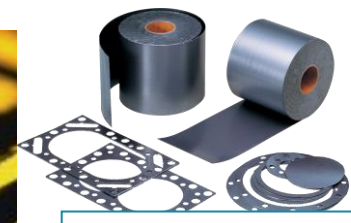
3. Net Sales by Product and Segment: Compound Materials and Other Products

(Unit: Yen, millions)

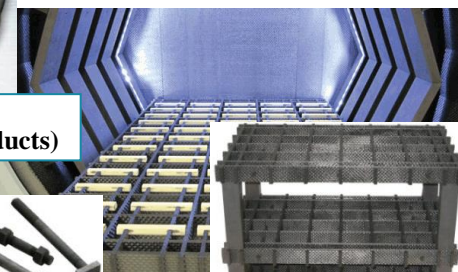
■ Three major products ■ Other



**MOCVD susceptor
(SiC-coated graphite products)**



Graphite sheet products



**Three-layered trays
(C/C composite products)**



**Bolts and nuts
(C/C composite products)**

[Three major products]

Demand for SiC-coated graphite products was strong, with both silicon/SiC semiconductor applications and LED applications robust. Sales of SiC semiconductor applications in particular saw astounding growth, as the market picked up.

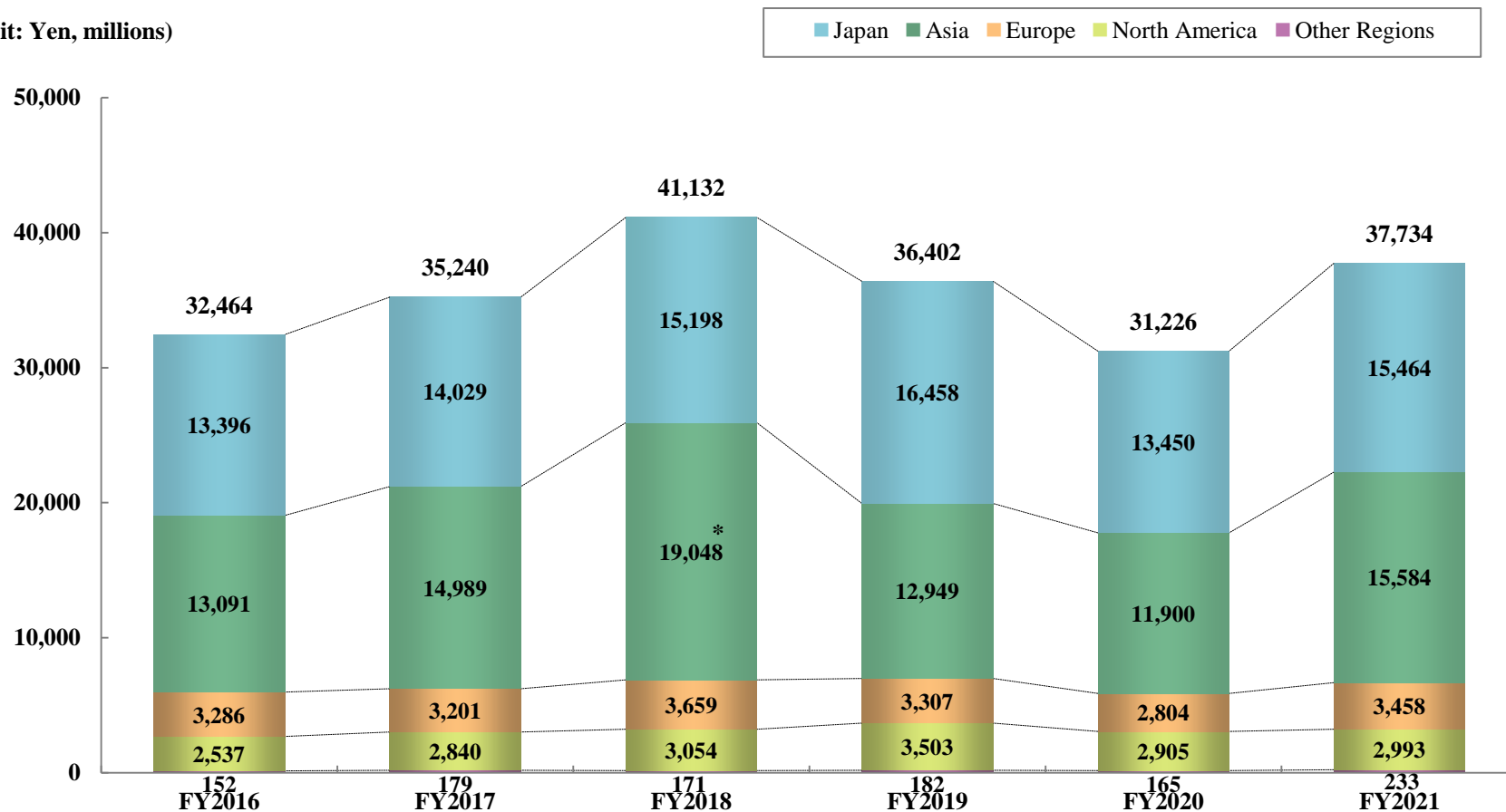
In the area of C/C composite products, semiconductor applications were upbeat. Industrial furnace applications are recovering, albeit gradually, with demand being generated by factors such as the resumption of furnace maintenance at some furnace users. In the area of solar cell applications, sales of components for PECVD were solid.

In the area of graphite sheet products, demand increased for semiconductor and automotive applications, among others.

4. Sales by Region

✓ Sales recovered smoothly in all regions, with a good performance in Asia led by steep YoY growth in China

(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, 2021

Consolidated Balance Sheet	(Unit: Yen, millions)		Consolidated Statement of Cash Flows	(Unit: Yen, millions)	
	December 31, 2020	December 31, 2021		FY2020	FY2021
Total assets	76,075	83,655	Cash and cash equivalents at beginning of period	6,101	12,093
Notes and accounts receivable - trade	11,389	14,198	Net increase (decrease) in cash and cash equivalents	5,992	376
Inventories	15,675	16,023	Cash and cash equivalents at end of period	12,093	12,470
Property, plant and equipment	28,448	31,046	Net cash provided by (used in) operating activities	7,020	7,328
Total liabilities and net assets	76,075	83,655	Net cash provided by (used in) investing activities	1,011	(6,252)
Interest-bearing liabilities	255	199	Net cash provided by (used in) financing activities	(2,099)	(1,261)
Capital stock	7,947	7,947			
Net assets	66,622	72,256			
Equity ratio	87.5%	86.3%			

Forecasts for the Fiscal Year Ending December 31, 2022

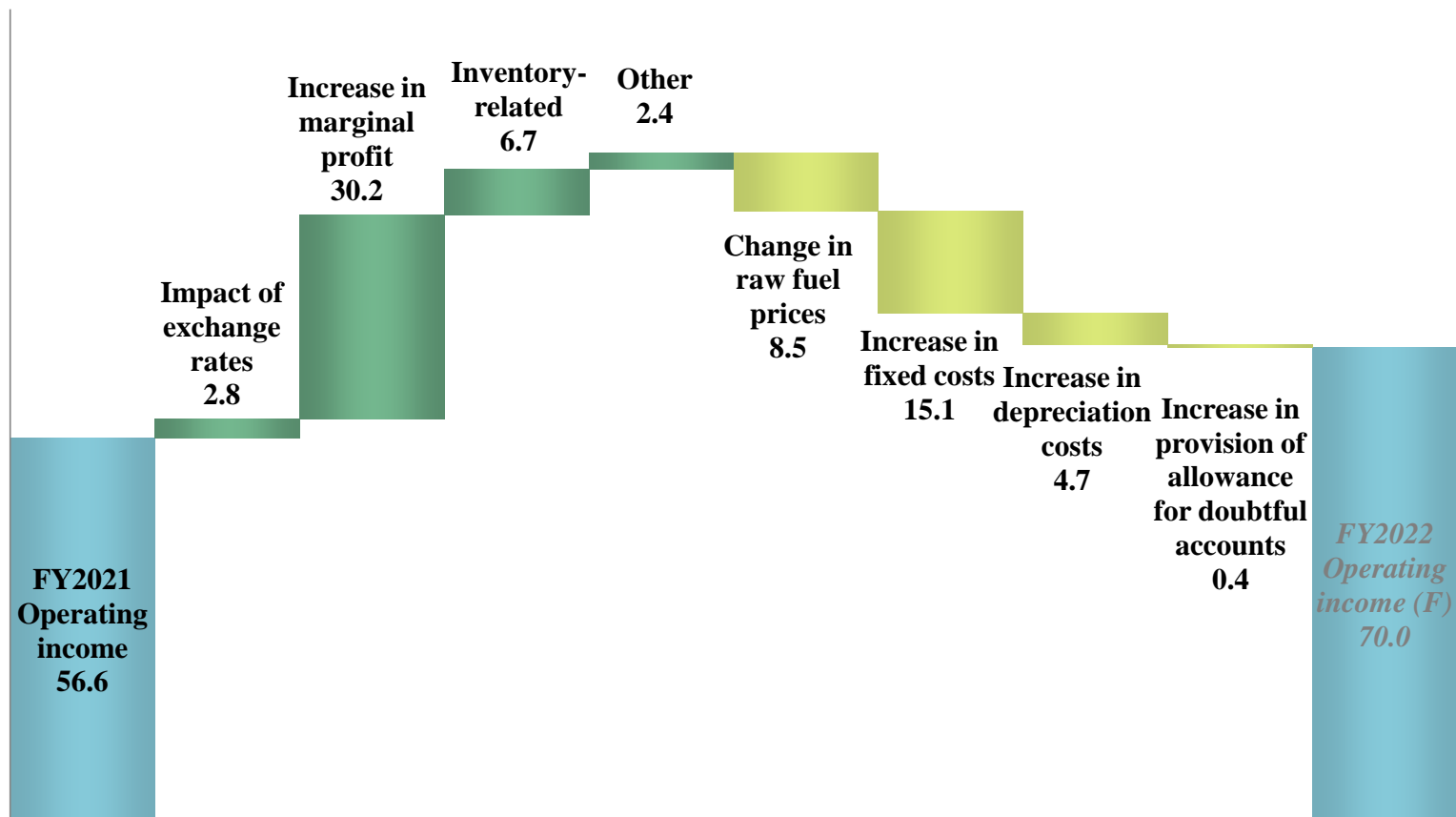
1. Forecasts for the Fiscal Year Ending December 31, 2022

(Unit: Yen, millions)	FY2021			FY2022 (F)			
		Breakdown			Breakdown		Year-on-year
Net sales	37,734	H1	17,535	42,000	H1	20,000	+ 4,265 / + 11.3 %
		H2	20,199		H2	22,000	
Operating income	5,666	H1	2,366	7,000	H1	2,800	+ 1,333 / + 23.5 %
		H2	3,299		H2	4,200	
(Ratio of operating income to net sales)	15.0%			16.7%			
Ordinary income	6,264	H1	2,779	6,900	H1	2,700	+ 635 / + 10.1 %
		H2	3,485		H2	4,200	
(Ratio of ordinary income to net sales)	16.6%			16.4%			
Profit attributable to owners of parent	4,465	H1	1,824	5,000	H1	2,000	+ 534 / + 12.0 %
		H2	2,641		H2	3,000	
Profit attributable to owners of parent per share (basic)	212.94 yen	H1	86.98 yen	238.41 yen	H1	95.36 yen	
		H2	125.95 yen		H2	143.04 yen	
ROE	6.4%			6.7%			
Exchange rate	109.8 yen/\$ 129.9 yen/€ 17.0 yen/CNY			112 yen/\$ 126 yen/€ 17.5 yen/CNY			

2. Factors Affecting Changes in Operating Income (fiscal year ended December 2021 vs. fiscal year ending December 2022)

- ✓ Expecting operating income to rise 23.5% YoY, as higher sales and product mix improvement drive marginal profit growth, despite the impact of high resource costs, soaring personnel costs and higher depreciation

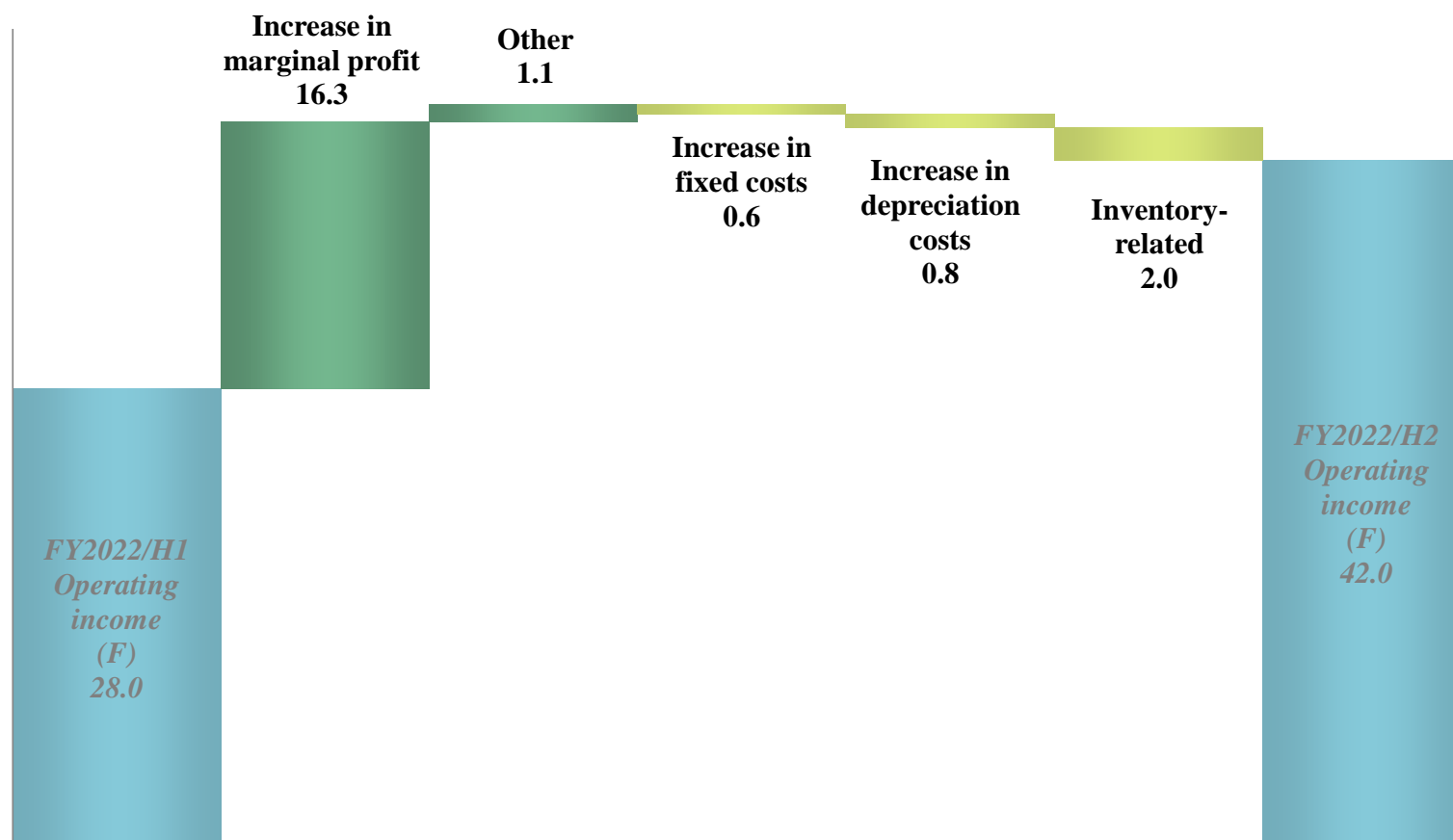
(Unit: Yen, millions)



2. Factors Affecting Changes in Operating Income (first half vs. second half of fiscal year ending December 2022)

- ✓ Improved profit levels in H2 with marginal profit growth due to higher sales and selling prices that incorporate cost hikes in raw fuels

(Unit: Yen, 100 millions)



3. Net Sales by Product and Segment

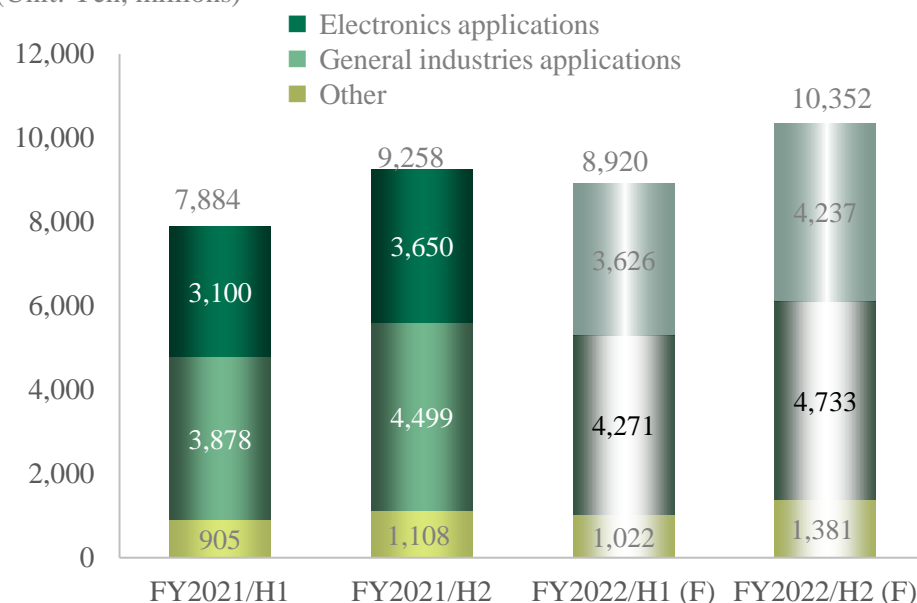
Product and Segment	FY2021			FY2022 (F)					
	H1	H2	Full year	H1	Changes (%)	H2	Changes (%)	Full year	Changes (%)
Special Graphite Products	7,884	9,258	17,143	8,920	+13.1%	10,352	+11.8%	19,272	+12.4%
Electronics Applications	3,100	3,650	6,751	3,626	+17.0%	4,237	+16.1%	7,864	+16.5%
General Industries Applications	3,878	4,499	8,377	4,271	+10.1%	4,733	+5.2%	9,004	+7.5%
Others	905	1,108	2,013	1,022	+12.9%	1,381	+24.6%	2,403	+19.4%
Carbon Products for General Industries [Carbon Products for Mechanical Applications]	1,873	1,865	3,738	1,786	-4.6%	1,925	+3.2%	3,711	-0.7%
Carbon Products for General Industries [Carbon Products for Electrical Applications]	2,930	2,796	5,727	2,626	-10.4%	2,782	-0.5%	5,408	-5.6%
Compound Materials and Other Products	4,238	5,067	9,306	5,475	+29.2%	5,937	+17.2%	11,413	+22.6%
Three Major Products	3,579	4,228	7,808	4,843	+35.3%	5,231	+23.7%	10,074	+29.0%
Other Products	659	838	1,497	631	-4.2%	706	-15.7%	1,338	-10.6%
Related goods	607	1,211	1,819	1,191	+96.1%	1,002	-17.3%	2,193	+20.6%
Total	17,535	20,199	37,734	20,000	+14.1%	22,000	+8.9%	42,000	+11.3%

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

Product and Segment	FY2021			FY2022 (F)					
	H1	H2	Full year	H1	Changes (%)	H2	Changes (%)	Full year	Changes (%)
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Others	905	1,108	2,013	1,022	+12.9%	1,381	+24.6%	2,403	+19.4%

Changes indicate year-on-year increases or decreases

(Unit: Yen, millions)



[Electronics applications]

- Demand for single-crystal silicon manufacturing applications is expected to remain strong, and demand for compound semiconductor applications will also further increase. Robust demand is also expected for solar cell manufacturing applications.

[General industries applications]

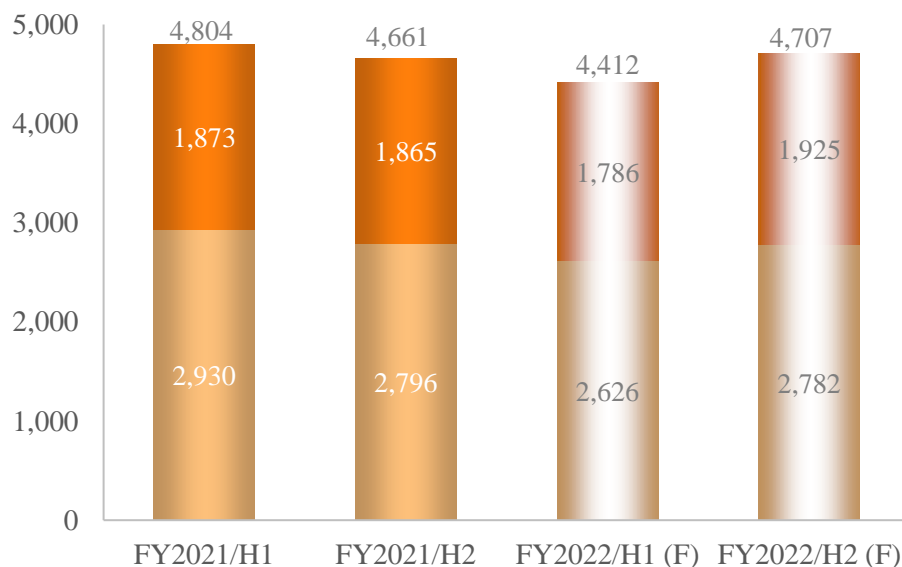
- Steady demand is also anticipated for EDM electrode applications and metallurgical applications such as industrial furnaces and continuous casting applications.

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

Product and Segment	FY2021			FY2022 (F)					
	H1	H2	Full year	H1	Changes (%)	H2	Changes (%)	Full year	Changes (%)
Carbon Products for General Industries [Carbon Products for Mechanical Applications]	1,873	1,865	3,738	1,786	-4.6%	1,925	+3.2%	3,711	-0.7%
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Changes indicate year-on-year increases or decreases

(Unit: Yen, millions) ■ Carbon products for mechanical applications
■ Carbon products for electrical applications



[Carbon products for mechanical applications]

- Sales of bearings, sealing rings, etc. are expected to be stable, even if there are slight ups and downs.
- Sales of pantograph sliders will also be solid.

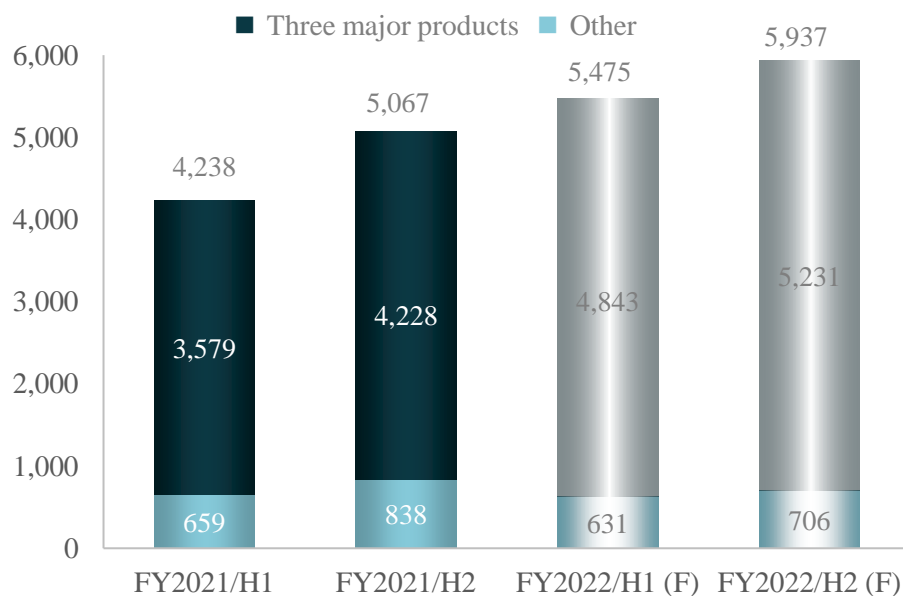
[Carbon products for electrical applications]

- Demand is expected to settle down somewhat, but high demand for small motors for home appliances and electrical power tools is anticipated to continue.
- We will also focus on expanding sales of large motors for industrial machinery.

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

Product and Segment	FY2021			FY2022 (F)					
	H1	H2	Full year	H1	Changes (%)	H2	Changes (%)	Full year	Changes (%)
Compound Materials and Other Products	4,238	5,067	9,306	5,475	+29.2%	5,937	+17.2%	11,413	+22.6%
Three Major Products	3,579	4,228	7,808	4,843	+35.3%	5,231	+23.7%	10,074	+29.0%
Other Products	659	838	1,497	631	-4.2%	706	-15.7%	1,338	-10.6%

(Unit: Yen, millions)



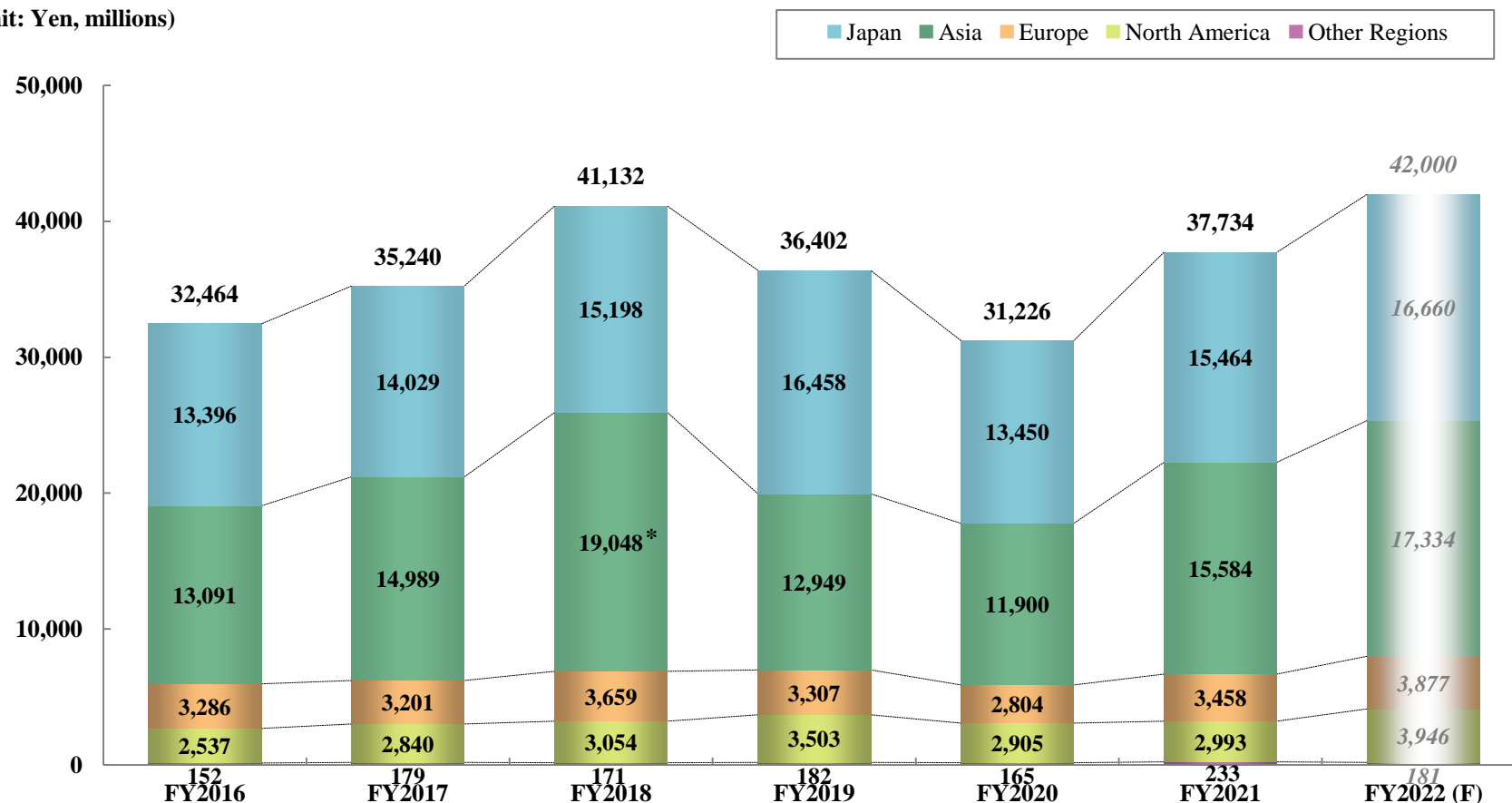
[Three major products]

- In the area of SiC-coated graphite products, we expect further growth in demand for semiconductor and LED applications. We will make full use of the enhanced capacity completed in FY2021 to work through the backlog of orders.
- Sales of C/C composite products will be strong for all three applications (semiconductors, solar cells, and industrial furnaces).
- Sales of graphite sheet products will be solid across automotive, semiconductor, and metallurgical applications.

4. Sales by Region

✓ We expect the robust performance to continue in Japan and China, and high growth in Europe and North America as well.

(Unit: Yen, millions)



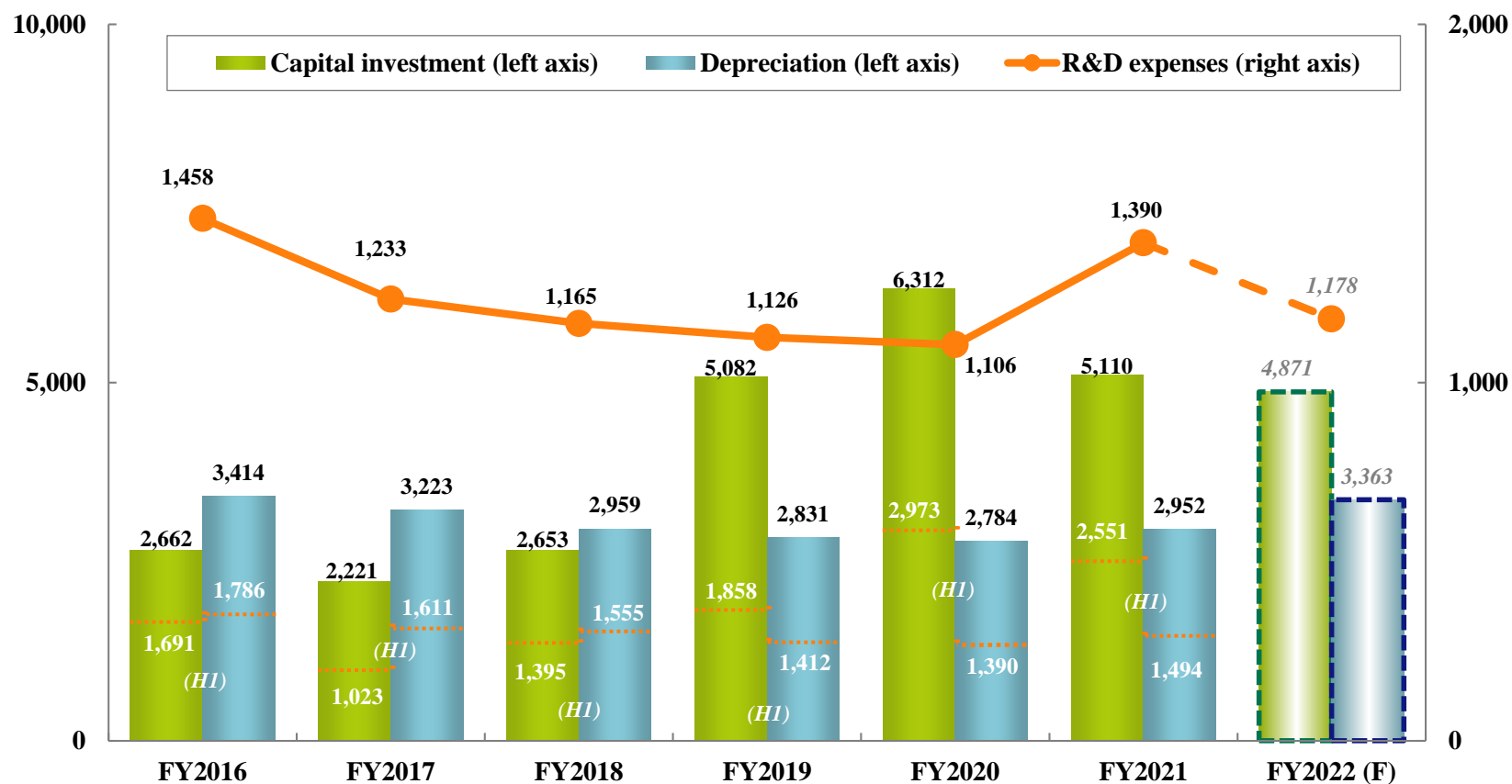
* Net sales in Asia for FY2018, include 3,204 million yen in net sales for China's high-temperature reactor-pebble-bed modules (HTR-PM).

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

- ✓ Fell below plan in FY2021, mainly due to revisions to the timing of capital investments
- ✓ Capital investment aimed at enhancing added value and improving productivity will continue in FY2022

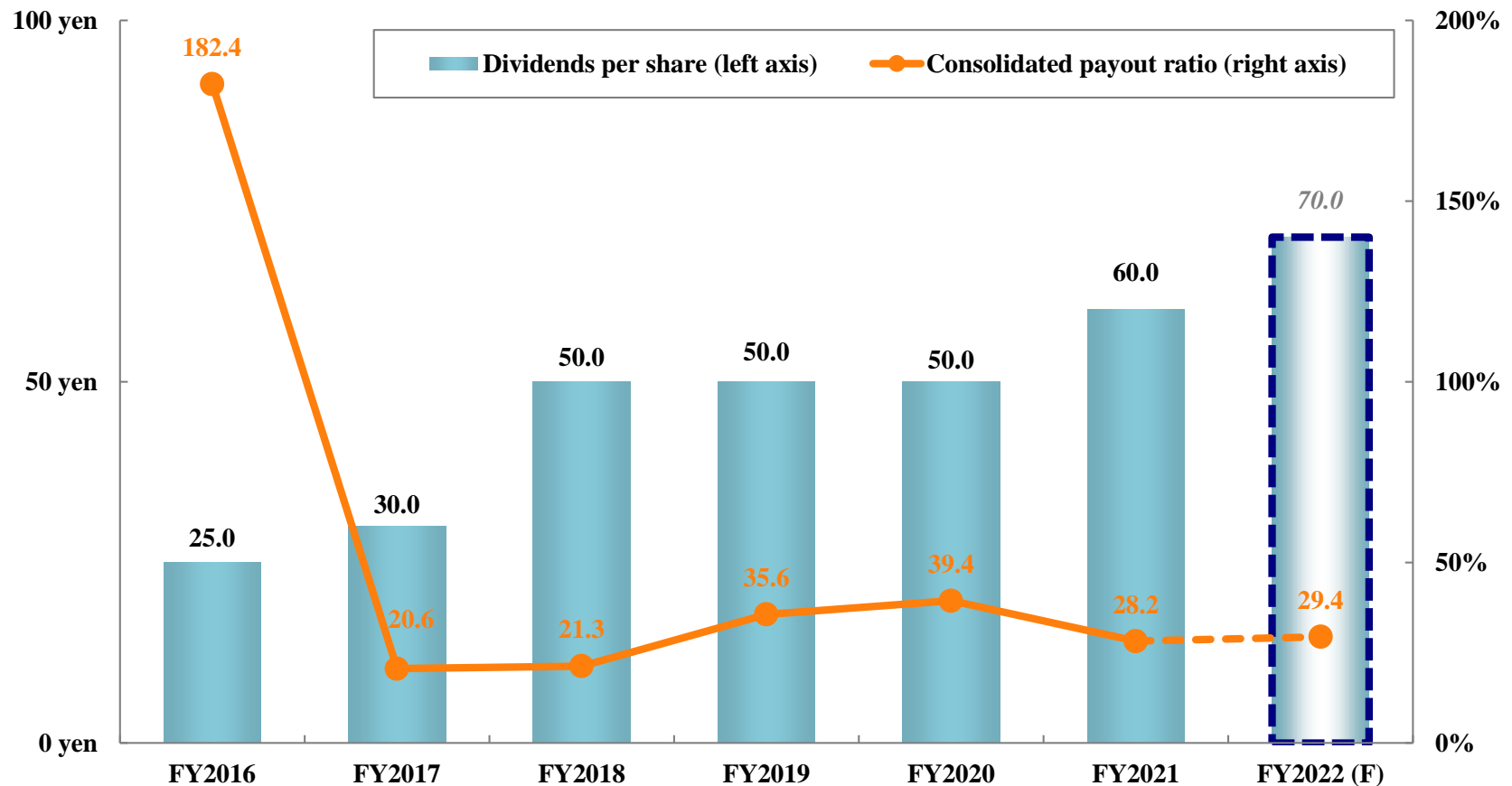
(Unit: Yen, millions)

(Unit: Yen, millions)



6. Dividend

- ✓ We have decided to increase the dividend for FY2021 by 10 yen YoY and compared to the initial plan.
We plan another 10 yen increase for the dividend for FY2022.



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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