

Toyo Tanso Co., Ltd.

Results for the First Half of the Fiscal Year Ending December 31, 2022

August 17, 2022
Toyo Tanso Co., Ltd.

Summary of Results for the First Half of the Fiscal Year Ending December 31, 2022

1. Results for the First Half of the Fiscal Year Ending December 31, 2022

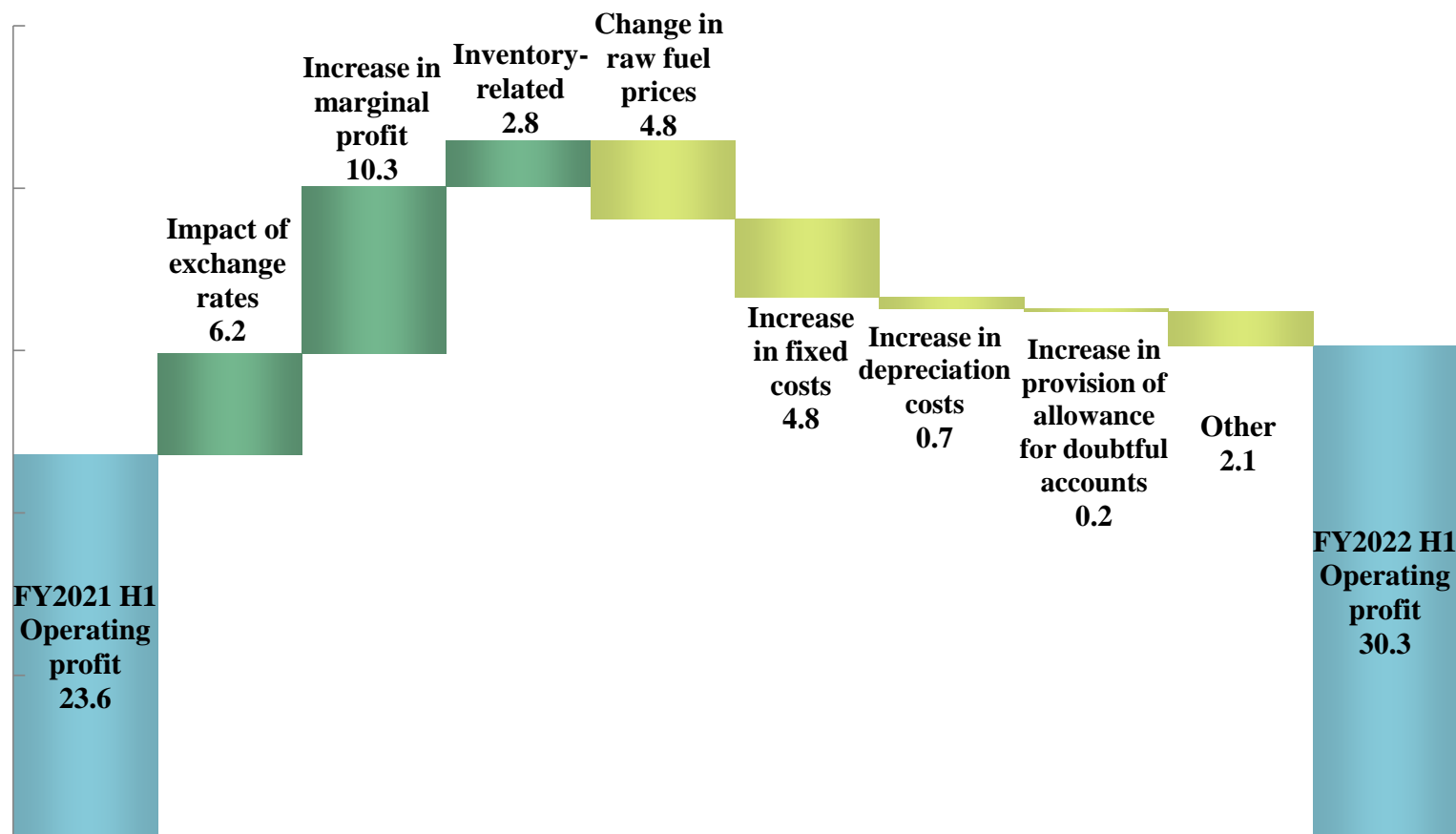
	FY2021 H1	FY2022 H1			
		(F)	(A)	Year-on-year change	Versus forecasts
(Unit: Yen, millions)					
Net sales	17,535	20,000	20,293	+ 2,757 / + 15.7 %	+ 293 / + 1.5 %
Operating profit	2,366	2,800	3,039	+ 672 / + 28.4 %	+ 239 / + 8.5 %
(Ratio of operating profit to net sales)	13.5%	14.0%	15.0%		
Ordinary profit	2,779	2,700	3,705	+ 925 / + 33.3 %	+ 1,005 / + 37.2 %
(Ratio of ordinary profit to net sales)	15.9%	13.5%	18.3%		
Profit attributable to owners of parent	1,824	2,000	2,564	+ 740 / + 40.6 %	+ 564 / + 28.2 %
Basic earnings per share (yen)	86.98	95.36	122.29		
Exchange rate	107.7 yen/\$ 129.8 yen/€ 16.6 yen/CNY	112 yen/\$ 126 yen/€ 17.5 yen/CNY	122.9 yen/\$ 134.3 yen/€ 18.9 yen/CNY		

2. Factors Affecting Changes in Operating Profit

(first half of fiscal year ended December 2021 vs. first half of fiscal year ending December 2022)

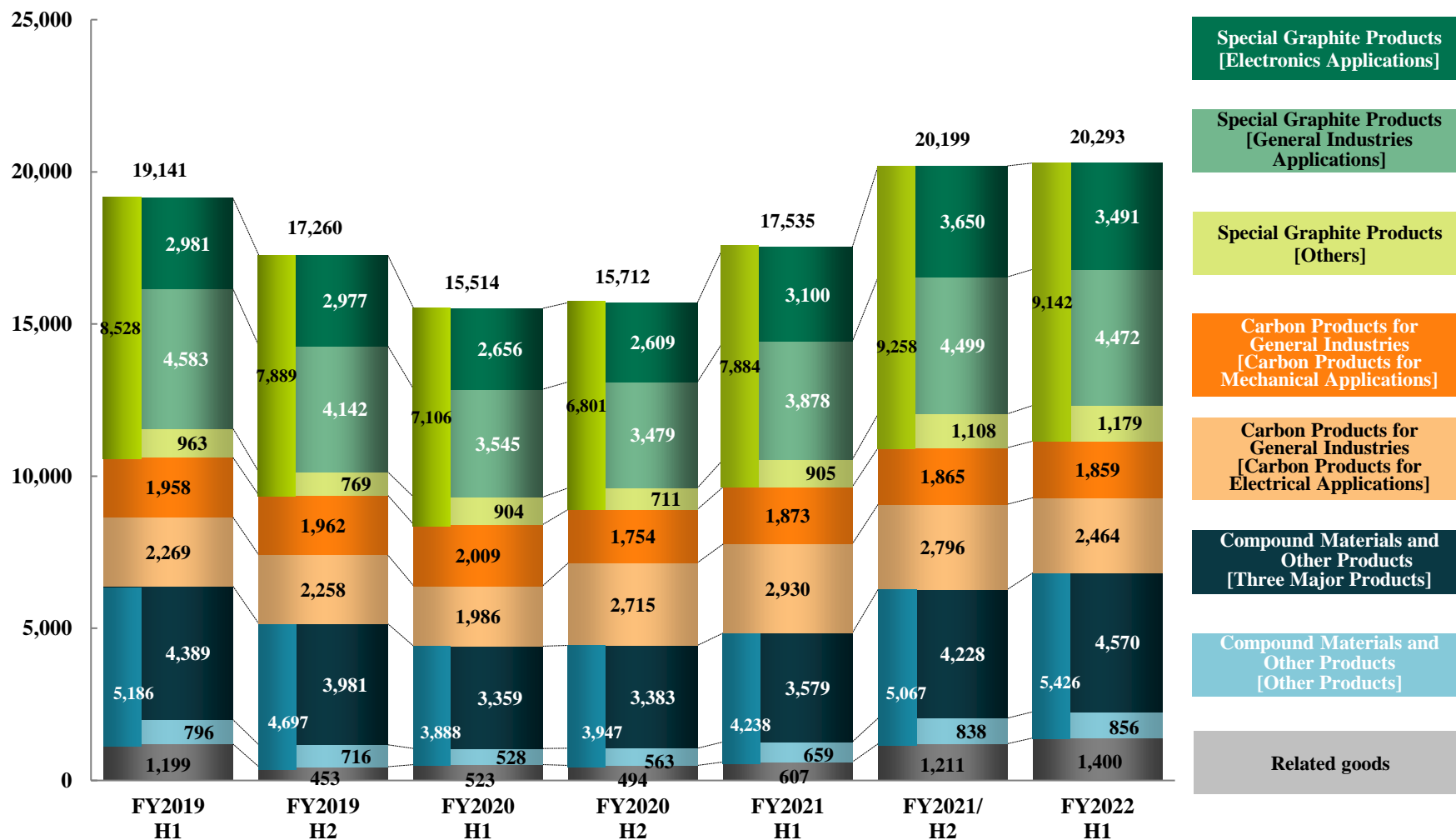
✓ Sales growth and forex impact drive 28.4% rise despite higher resource prices and personnel costs

(Unit: Yen, 100 millions)



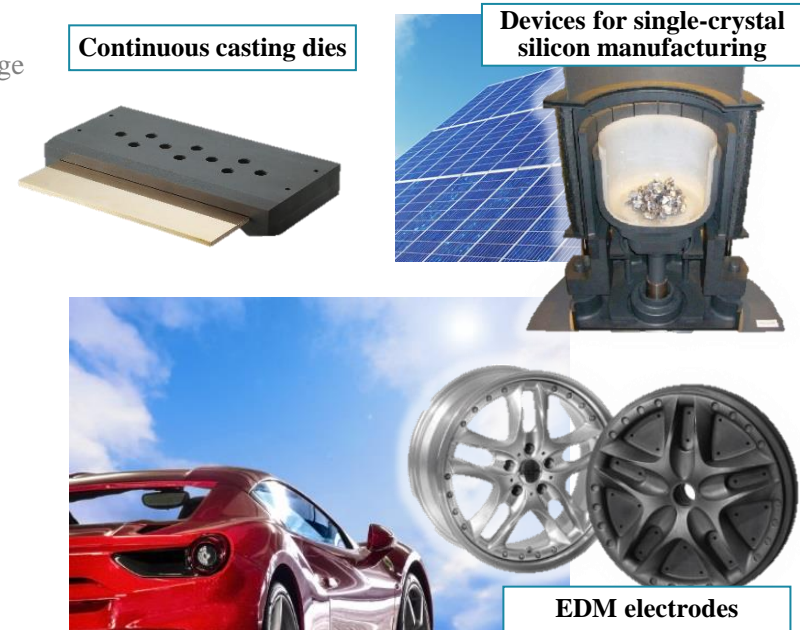
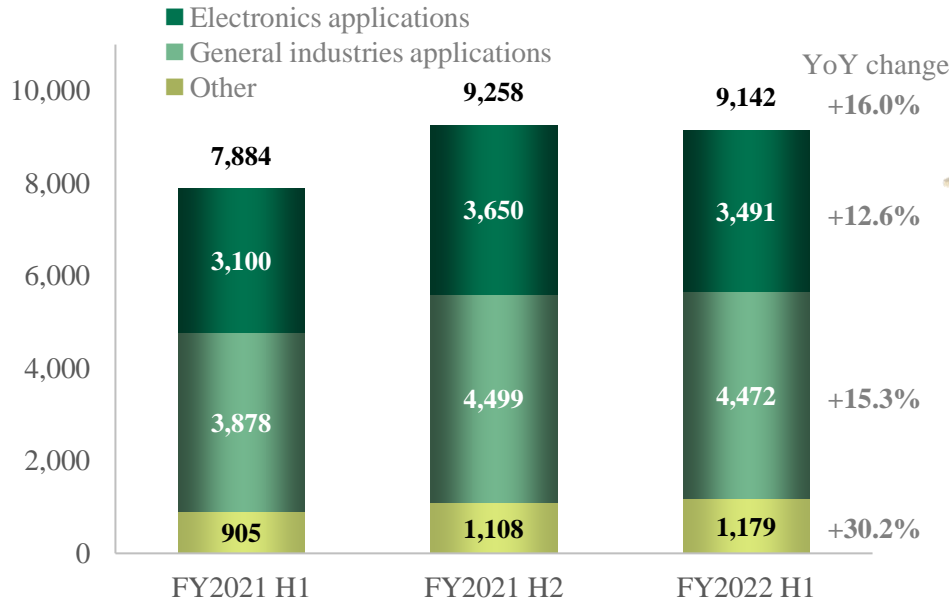
3. Net Sales by Product and Segment

(Unit: Yen, millions)



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

(Unit: Yen, millions)



[Electronics applications]

Sales for solar cell manufacturing applications were sharply below prior-year levels and the target due to market conditions (operating rates at Chinese solar cell manufacturers declined due to soaring raw materials prices and other factors) and the company's own strategies (selecting orders for high-added-value projects).

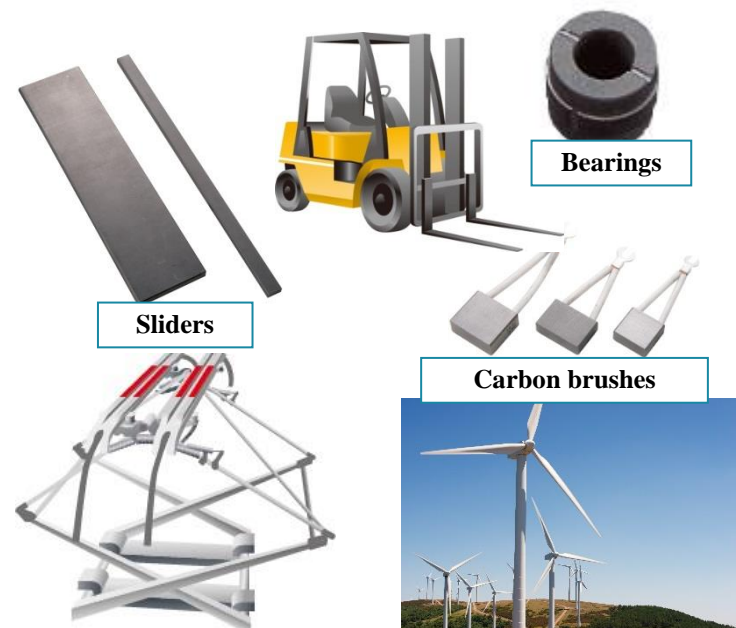
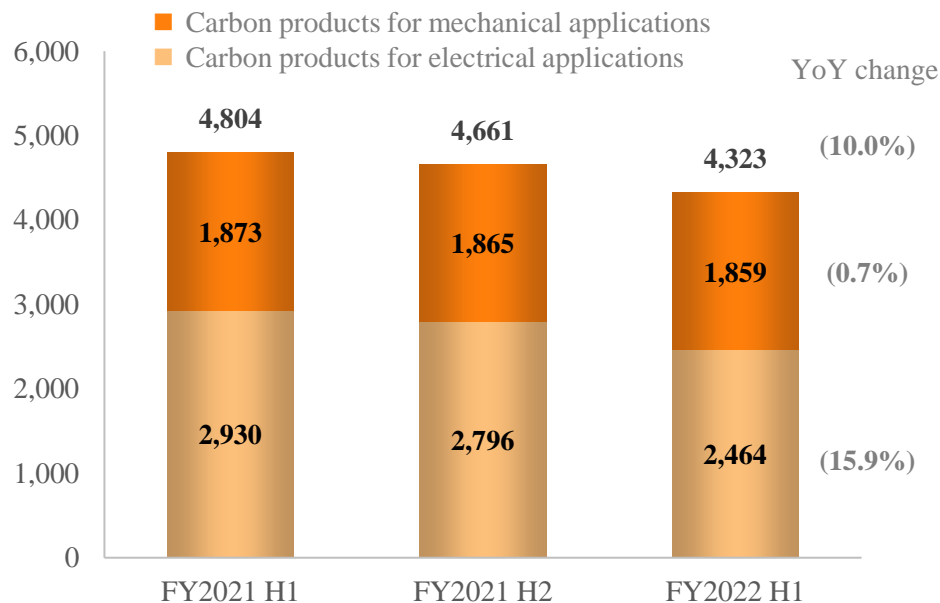
However, inquiries for compound semiconductor manufacturing applications centered on SiC single-crystal silicon manufacturing applications and single-crystal silicon manufacturing were strong, with sales rising sharply YoY for both. As a result, the weighting of solar cell manufacturing applications declined, and the presence of compound semiconductor manufacturing applications rose.

[General industries applications]

Sales progressed smoothly overall. In metallurgical applications, sales of continuous casting and industrial furnace applications rose strongly YoY, and EDM electrode applications were also solid.

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

(Unit: Yen, millions)



[Carbon products for mechanical applications]

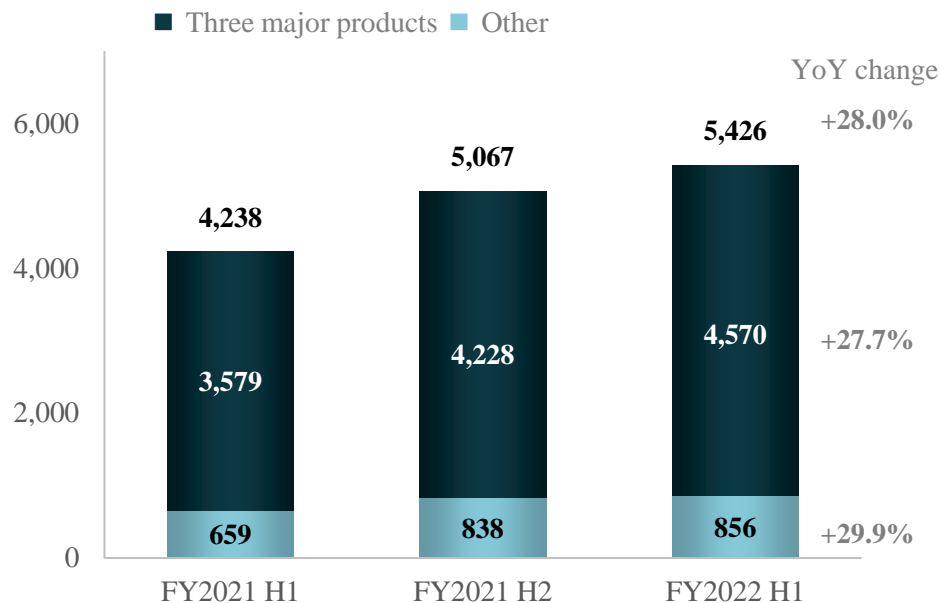
Sales came in flat YoY supported by stable demand for bearings and sealing rings.

[Carbon products for electrical applications]

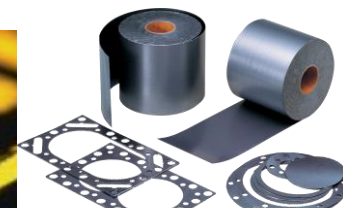
Sales of carbon brushes, which reached a record high in H1 FY2021, fell sharply amid growing signs of an adjustment in demand centered on home appliances and power tools from Q2 due to factors such as the slowdown of stay-at-home demand and suspended operations at Chinese affiliates.

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

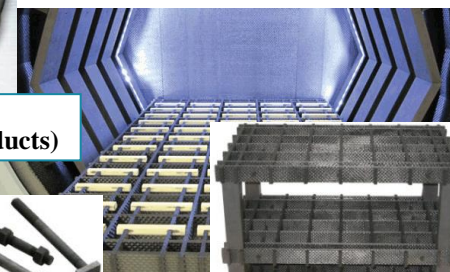
(Unit: Yen, millions)



**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]

Sales of SiC coated graphite products rose strongly for silicon and SiC semiconductor applications, reaching a record high for a half. Facility expansion completed in 2021 also gradually contributed.

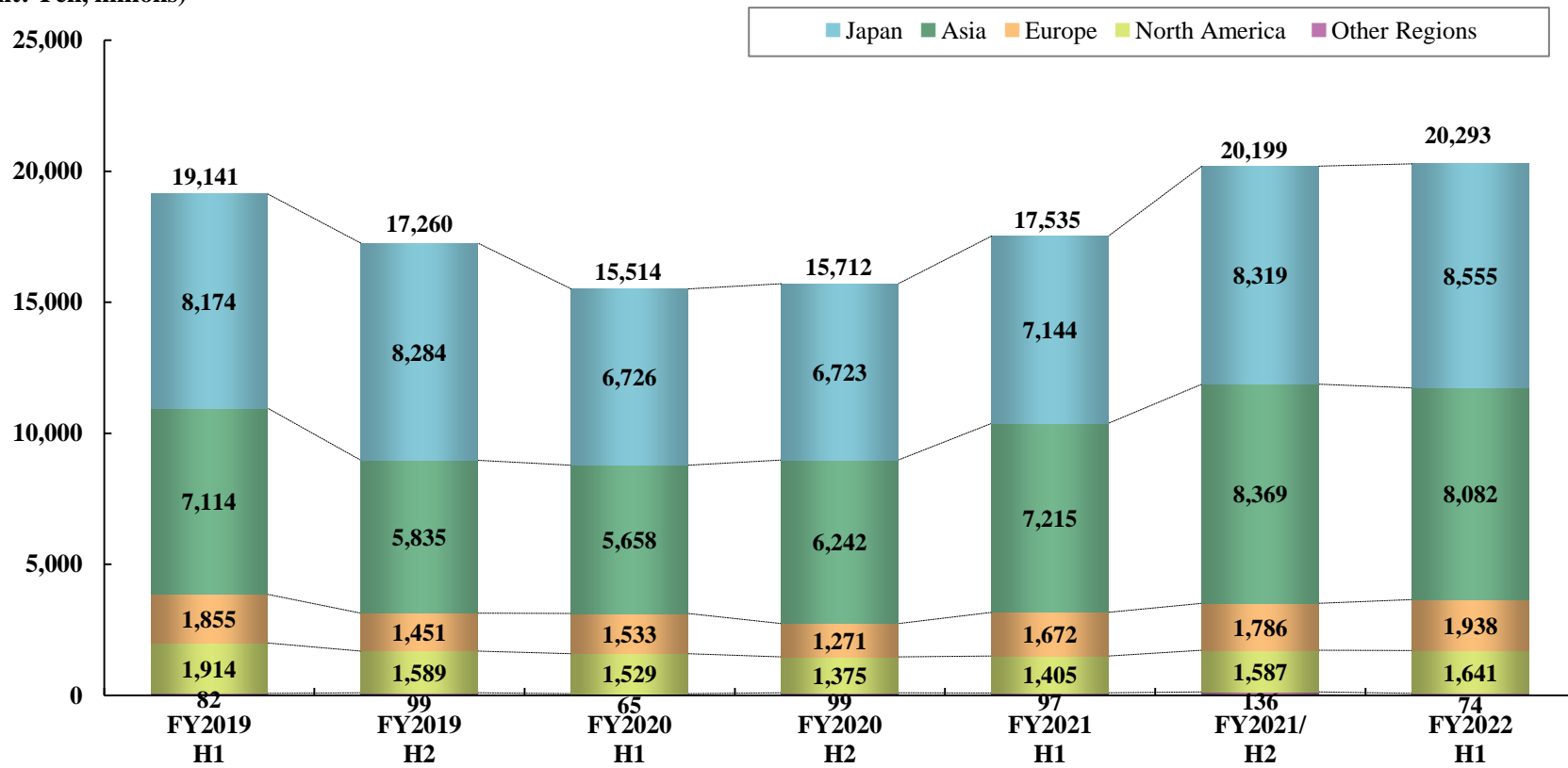
Sales of C/C composite products for industrial furnaces were strong thanks to sales promotions, as were those for semiconductor applications due to strong market demand. Sales for solar cell applications rose YoY despite low volumes.

Sales of graphite sheet products were supported by strong demand for semiconductor and metallurgical applications, which offset weakness in automotive applications.

4. Sales by Region

✓ Sales up YoY in all regions on firm orders and forex effects, despite suspension of operations at affiliated companies in China due to lockdowns

(Unit: Yen, millions)



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

Consolidated Balance Sheet	(Unit: Yen, millions)			Consolidated Statement of Cash Flow	(Unit: Yen, millions)	
	Jun. 30, 2021	Dec. 31, 2021	Jun. 30, 2022		FY2021 H1	FY2022 H1
Total assets	78,917	83,655	87,847	Cash and cash equivalents at beginning of period	12,093	12,470
Notes and accounts receivable – trade	12,498	14,198	15,373	Net increase (decrease) in cash and cash equivalents	(638)	(199)
Inventories	15,776	16,023	17,981	Cash and cash equivalents at end of period	11,455	12,270
Property, plant and equipment	29,853	31,046	31,604	Net cash provided by operating activities	3,568	3,032
Total liabilities and net assets	78,917	83,655	87,847	Net cash provided by (used in) investing activities	(3,362)	(2,489)
Interest-bearing liabilities	209	199	219	Net cash provided by (used in) financing activities	(1,174)	(1,342)
Share capital	7,947	7,947	7,947			
Net assets	68,657	72,256	76,012			
Equity ratio	86.9%	86.3%	86.5%			

Forecasts for the Fiscal Year Ending December 31, 2022

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

	FY2021			FY2022					
	(Unit: Yen, millions)	Breakdown		Previous forecast*	Current forecast	Breakdown		YoY	Versus previous forecast
Net sales		37,734	H1			17,535	42,000		
	H2		20,199	H2 (F)	22,706				
Operating profit	5,666	H1	2,366	7,000	7,300	H1 (A)	3,039	+ 1,633 / + 28.8 %	+ 300 / + 4.3 %
		H2	3,299			H2 (F)	4,260		
(Ratio of operating profit to net sales)	15.0%			16.7%	17.0%				
Ordinary profit	6,264	H1	2,779	6,900	7,600	H1 (A)	3,705	+ 1,335 / + 21.3 %	+ 700 / + 10.1 %
		H2	3,485			H2 (F)	3,894		
(Ratio of ordinary profit to net sales)	16.6%			16.4%	17.7%				
Profit attributable to owners of parent	4,465	H1	1,824	5,000	5,300	H1 (A)	2,564	+ 834 / + 18.7 %	+ 300 / + 6.0 %
		H2	2,641			H2 (F)	2,735		
Basic earnings per share (yen)	212.94	H1	86.98	238.41	252.71	H1 (A)	122.29		
		H2	125.96			H2 (F)	130.42		
ROE	6.4%			6.7%	7.0%				
Exchange rate	109.8 yen/\$ 129.9 yen/€ 17.0 yen/CNY			(Exchange rate assumptions for H2)					
				112 yen/\$	128 yen/\$				
				126 yen/€	133 yen/€				
				17.5 yen/CNY	19.0 yen/CNY				

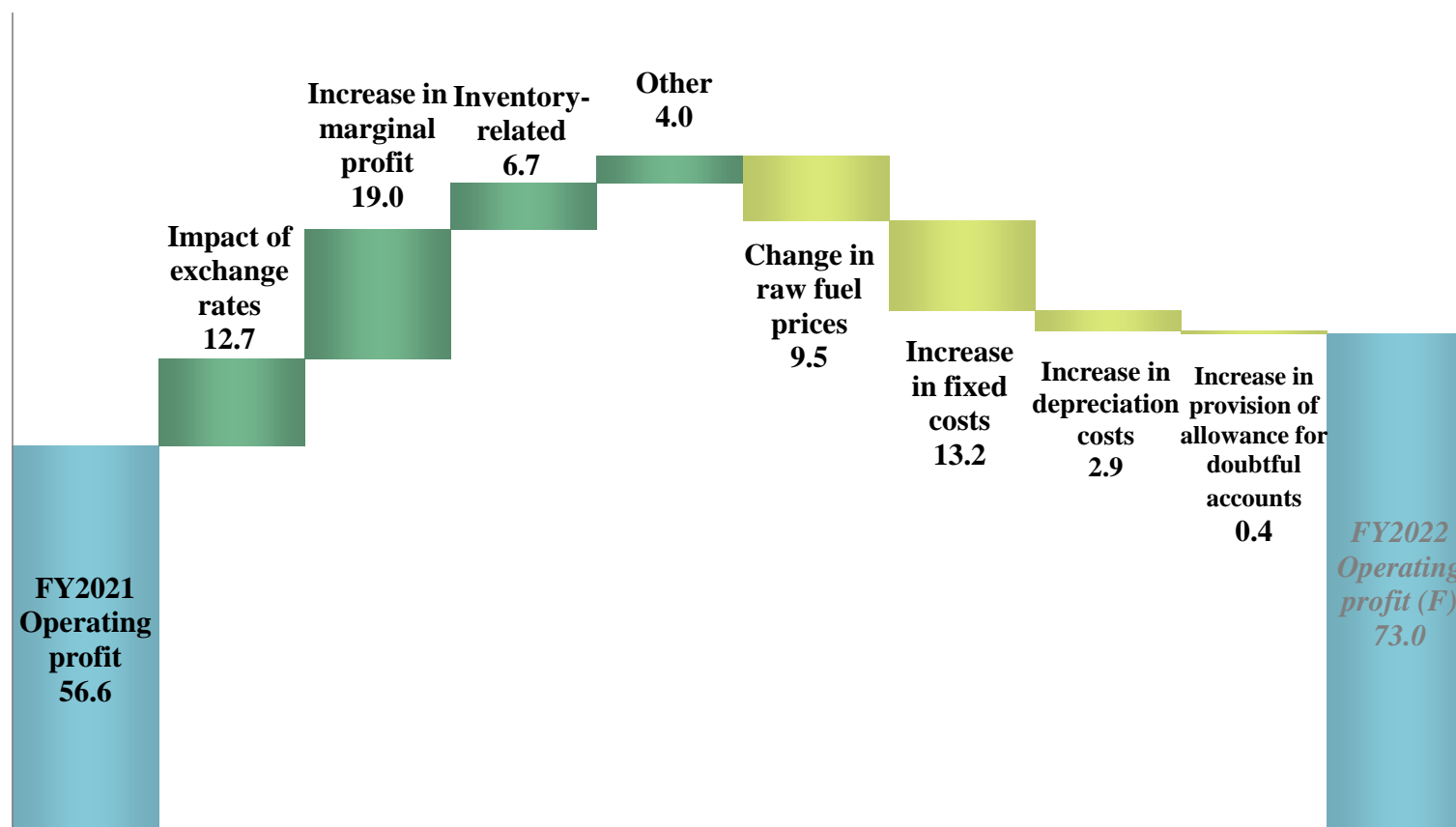
*Announced on Feb.14, 2022

2. Factors Affecting Changes in Operating Profit

(fiscal year ended December 2021 vs. fiscal year ending December 2022)

✓ Expecting operating profit to rise 28.8% YoY due to marginal profit growth on higher sales and forex factors, despite the impact of high resource costs, soaring personnel costs, and higher depreciation

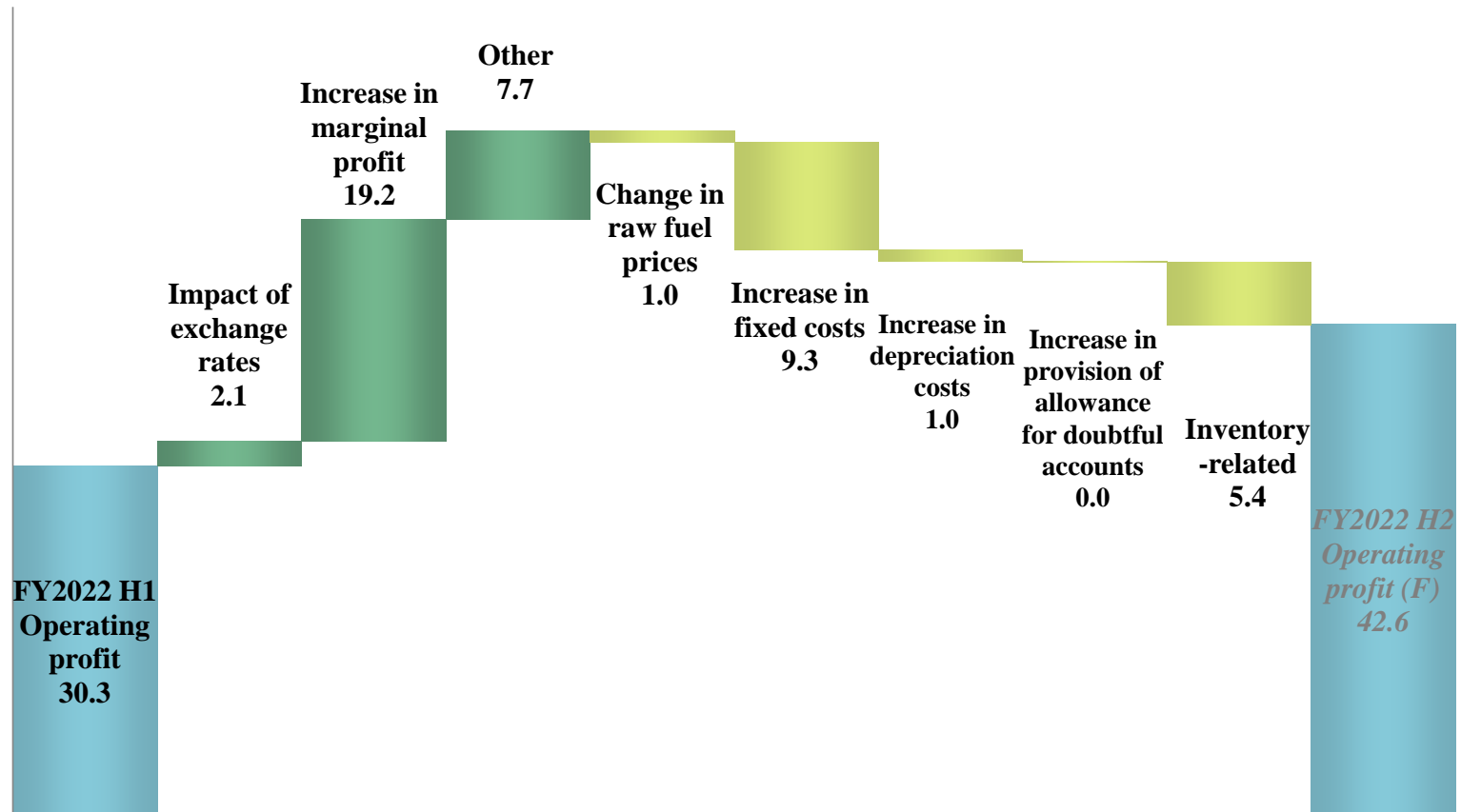
(Unit: Yen, 100 millions)



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

✓ Higher marginal profit on sales growth and other factors drives 40.2% growth despite rise in fixed costs led by personnel costs

(Unit: Yen, 100 millions)



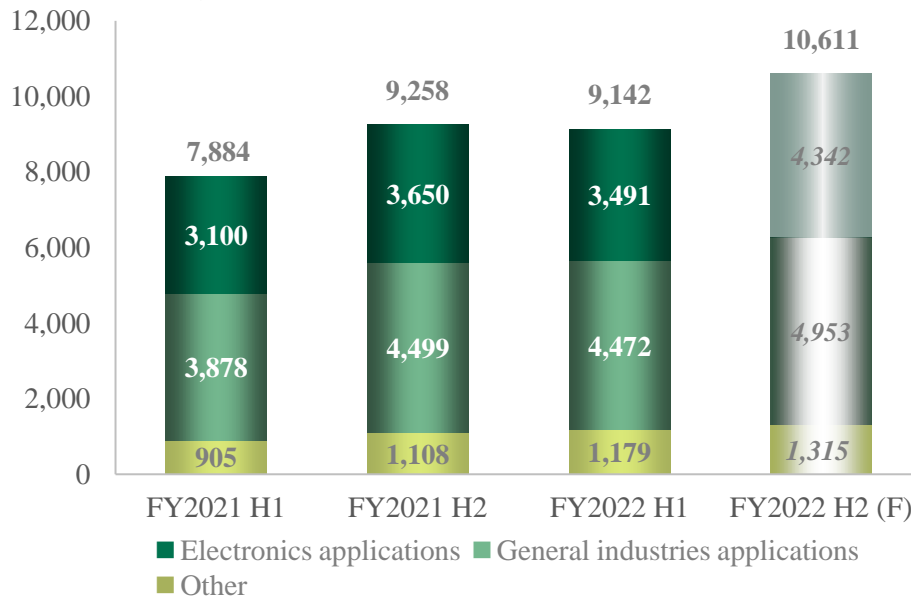
3. Net Sales by Product and Segment

Product and Segment (Unit: Yen, millions)	FY2021			FY2022				Changes indicate YoY increases or decreases	
	H1	H2	Full year	H1	Changes	H2 (F)	Changes	Full year	Changes
Special Graphite Products	7,884	9,258	17,143	9,142	+16.0%	10,611	+14.6%	19,754	+15.2%
Electronics Applications	3,100	3,650	6,751	3,491	+12.6%	4,342	+19.0%	7,833	+16.0%
General Industries Applications	3,878	4,499	8,377	4,472	+15.3%	4,953	+10.1%	9,425	+12.5%
Others	905	1,108	2,013	1,179	+30.2%	1,315	+18.7%	2,494	+23.9%
Carbon Products for General Industries [Carbon Products for Electrical Applications]	1,873	1,865	3,738	1,859	(0.7%)	1,833	(1.7%)	3,693	(1.2%)
Carbon Products for General Industries [Carbon Products for Electrical Applications]	2,930	2,796	5,727	2,464	(15.9%)	2,540	(9.2%)	5,004	(12.6%)
Compound Materials and Other Products	4,238	5,067	9,306	5,426	+28.0%	6,124	+20.9%	11,550	+24.1%
Three Major Products	3,579	4,228	7,808	4,570	+27.7%	5,302	+25.4%	9,872	+26.4%
Other Products	659	838	1,497	856	+29.9%	822	(1.9%)	1,678	+12.1%
Related goods	607	1,211	1,819	1,400	+130.4%	1,596	+31.8%	2,996	+64.7%
Total	17,535	20,199	37,734	20,293	+15.7%	22,706	+12.4%	43,000	+14.0%

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

Product and Segment (Unit: Yen, millions)	FY2021			FY2022			Changes indicate YoY increases or decreases		
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(Unit: Yen, millions)



[Electronics applications]

- Demand for single-crystal silicon manufacturing applications remains strong, with further growth expected in H2.
- Demand for compound semiconductor manufacturing applications is also strong, with the scale of sales approaching that of single-crystal silicon manufacturing.
- Continued focus on selecting orders for solar cell manufacturing applications. Preferentially allocating production capacity to high-added-value projects including other uses due to tight supply–demand for graphite.

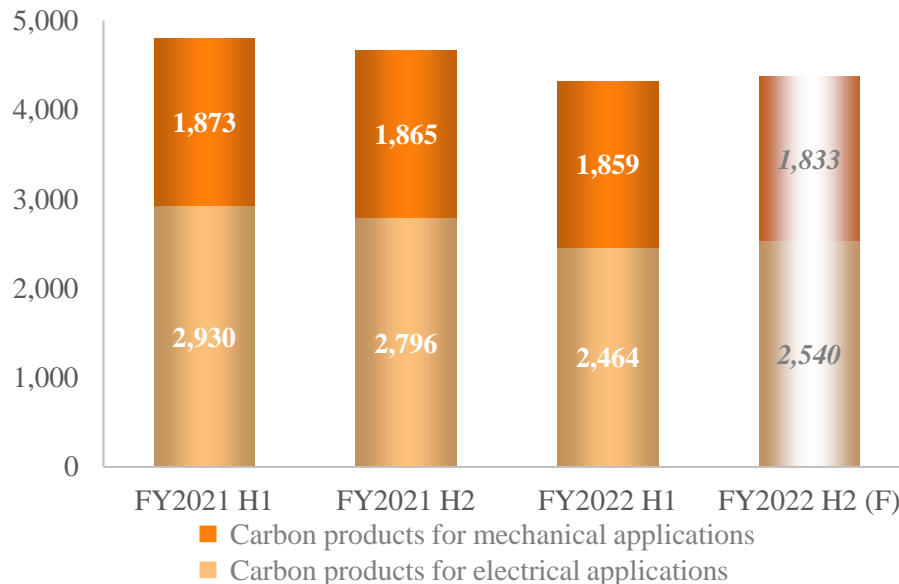
[General industries applications]

- Expecting record-high sales for EDM electrodes and metallurgical applications such as industrial furnaces and continuous casting applications due to continued strong demand.

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

Product and Segment (Unit: Yen, millions)	FY2021			FY2022				Changes indicate YoY increases or decreases	
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Carbon Products for General Industries [Carbon Products for Mechanical Applications]	1,873	1,865	3,738	1,859	(0.7%)	1,833	(1.7%)	3,693	(1.2%)
Carbon Products for General Industries [Carbon Products for Electrical Applications]	2,930	2,796	5,727	2,464	(15.9%)	2,540	(9.2%)	5,004	(12.6%)

(Unit: Yen, millions)



[Carbon products for mechanical applications]

- Sales of bearings and sealing rings to remain stable from H2 onward.

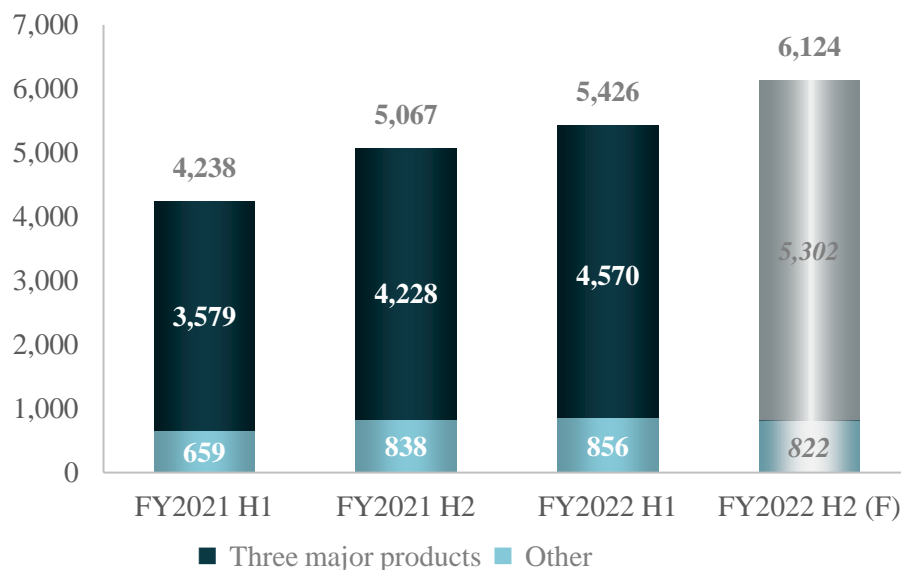
[Carbon products for electrical applications]

- Expecting a YoY decline in sales, as demand for small motors for home appliances and power tools has been hurt by dropping off of stay-at-home demand and supply chain disruptions in China, and due to an expected slowdown in consumer spending in Europe, where the economy is stalling.

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

Product and Segment (Unit: Yen, millions)	FY2021			FY2022				Changes indicate YoY increases or decreases	
	H1	H2	Full year	H1	Changes	H2 (F)	Changes	Full year	Changes
Compound materials and other products	4,238	5,067	9,306	5,426	+28.0%	6,124	+20.9%	11,550	+24.1%
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(Unit: Yen, millions)



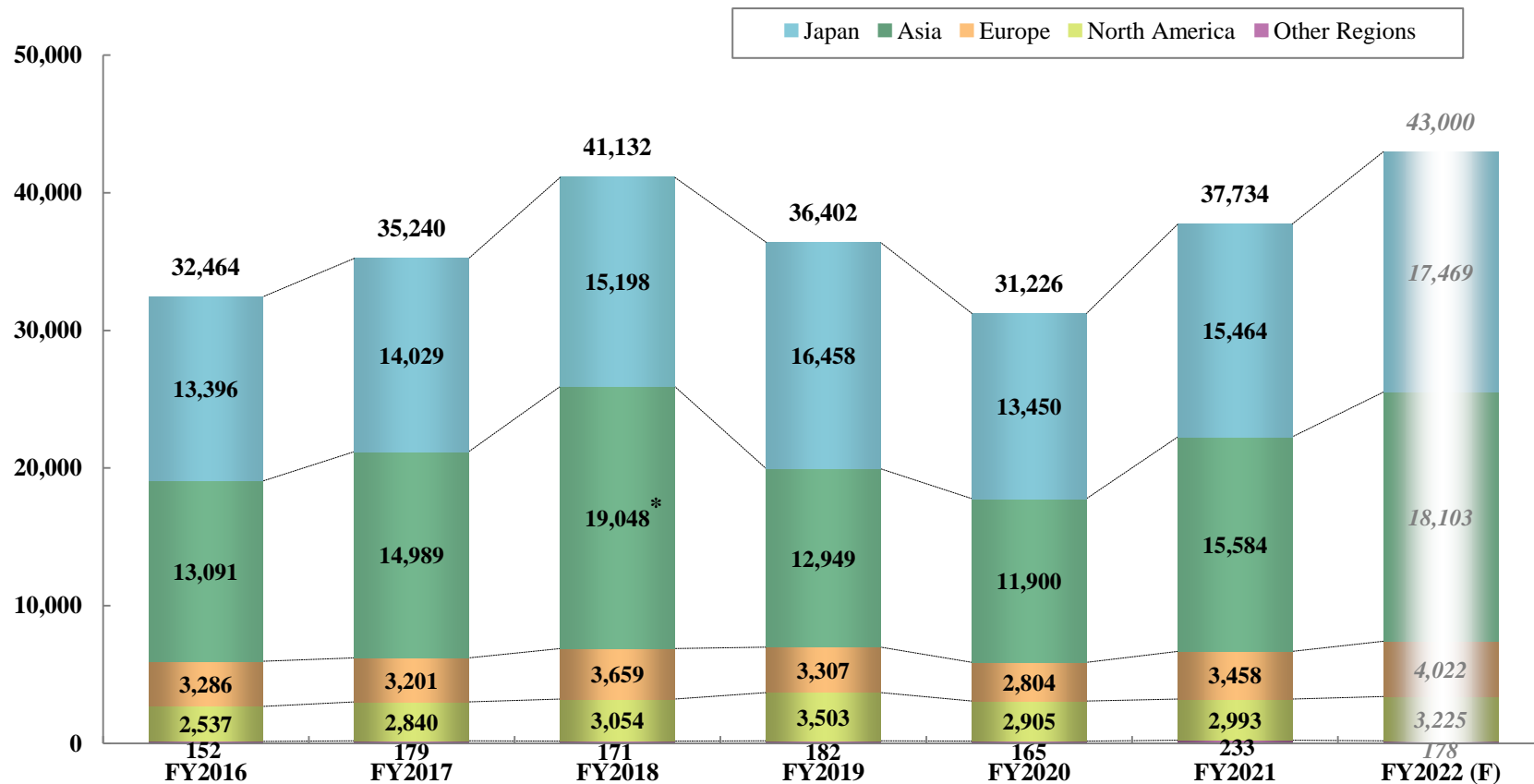
[Three major products]

- In the area of SiC-coated graphite products, we expect to make full use of increased capacity to respond to strong demand. Growth for SiC semiconductor applications is particularly notable, and we expect continued strong growth over the medium term.
- Sales of C/C composite products to rise sharply thanks to strong demand for semiconductor, solar cell, and industrial furnace applications.
- In graphite sheet products, strong demand for semiconductor and metallurgical applications to offset decline for automotive applications.

4. Sales by Region

✓ Strong in all regions, with particularly large YoY rise in Japan and Asia

(Unit: Yen, millions)



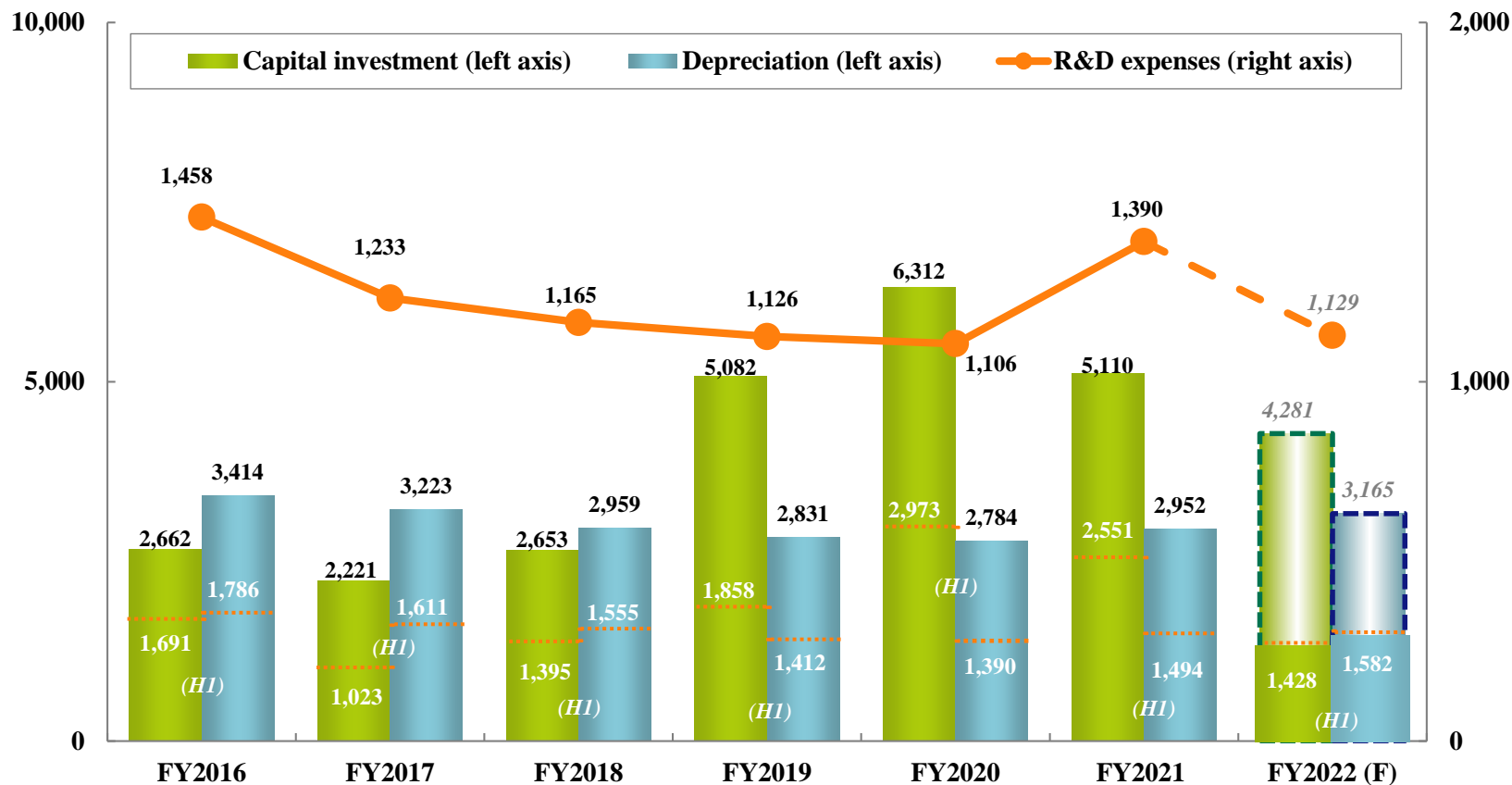
* Net sales in Asia for the first half of the fiscal year ended December 31, 2018, include 3,204 million yen in net sales for China's high-temperature reactor-pebble-bed modules (HTR-PM).

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

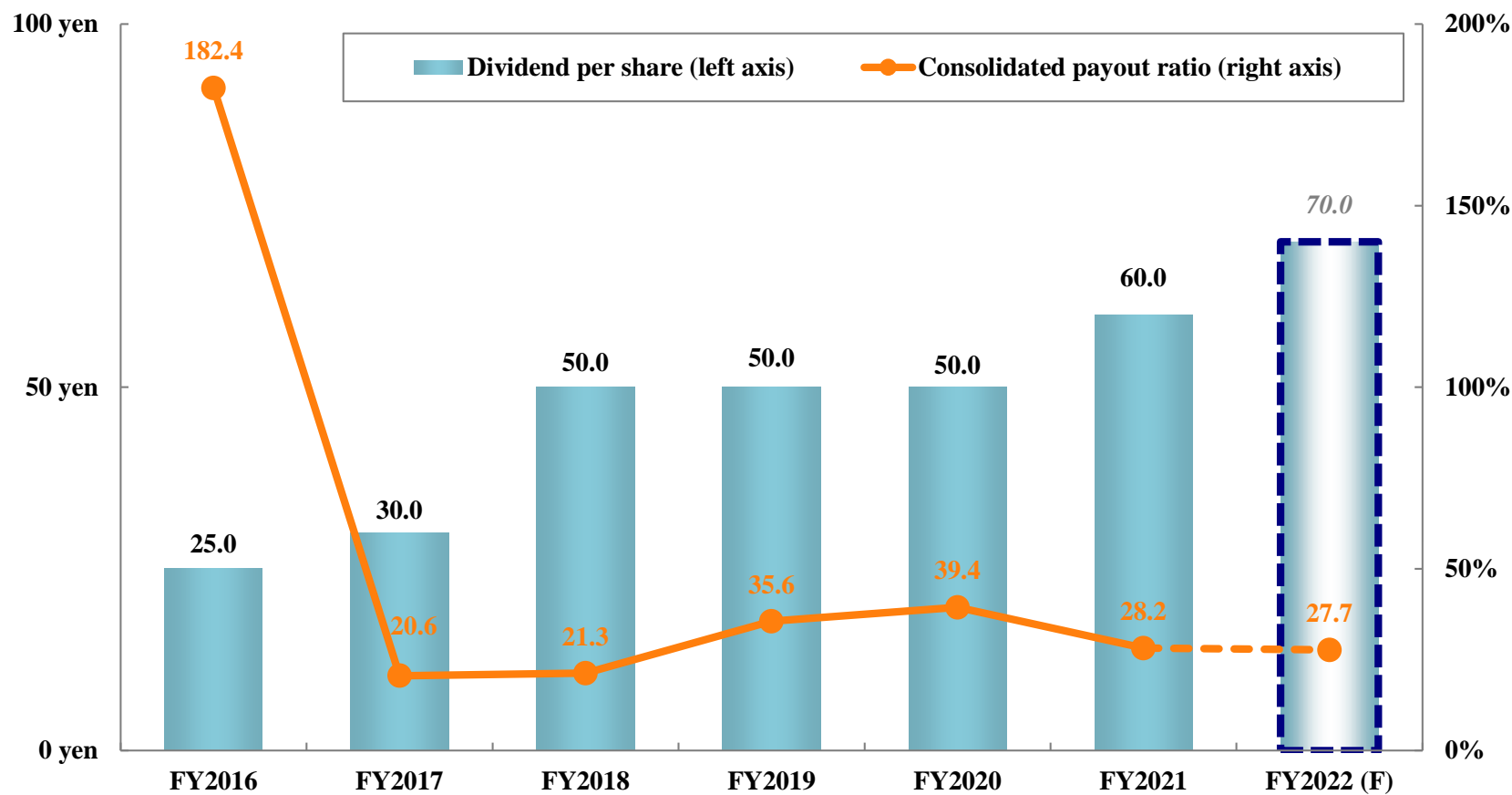
✓ Slightly less capital investment than initially planned, but investments aimed at increasing added value and improving productivity progressing steadily at Group companies

(Unit: Yen, millions)

(Unit: Yen, millions)



✓ Dividends for FY2022 will be decided after assessing income level and funding requirements for investment and other items



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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