

Toyo Tanso Co., Ltd.

***Results for the Fiscal Year Ended
December 31, 2023***

**February 20, 2024
Toyo Tanso Co., Ltd.**

Summary of Results for the Fiscal Year Ended December 31, 2023

1. Results for the Fiscal Year Ended December 31, 2023

	FY2022	FY2023			
	(A)	(A)	(F)*	Year-on-year change	Compared to forecast
(Unit: Yen, millions)					
Net sales	43,774	49,251	48,500	+ 5,477 / + 12.5 %	+ 751 / + 1.5 %
Operating profit	6,667	9,283	8,500	+ 2,615 / + 39.2 %	+ 783 / + 9.2 %
(Ratio of operating profit to net sales)	15.2%	18.8%	17.5%		
Ordinary profit	7,369	10,182	9,300	+ 2,813 / + 38.2 %	+ 882 / + 9.5 %
(Ratio of ordinary profit to net sales)	16.8%	20.7%	19.2%		
Profit attributable to owners of parent	5,181	7,506	7,000	+ 2,324 / + 44.9 %	+ 506 / + 7.2 %
Basic earnings per share	247.08 yen	357.91 yen	333.77 yen		
ROE	6.9%	9.3%	8.8%		
Exchange rate	131.5 yen/\$ 138.1 yen/€ 19.5 yen/CNY	140.6 yen/\$ 152.0 yen/€ 19.8 yen/CNY	133 yen/\$ 146 yen/€ 19 yen/CNY		

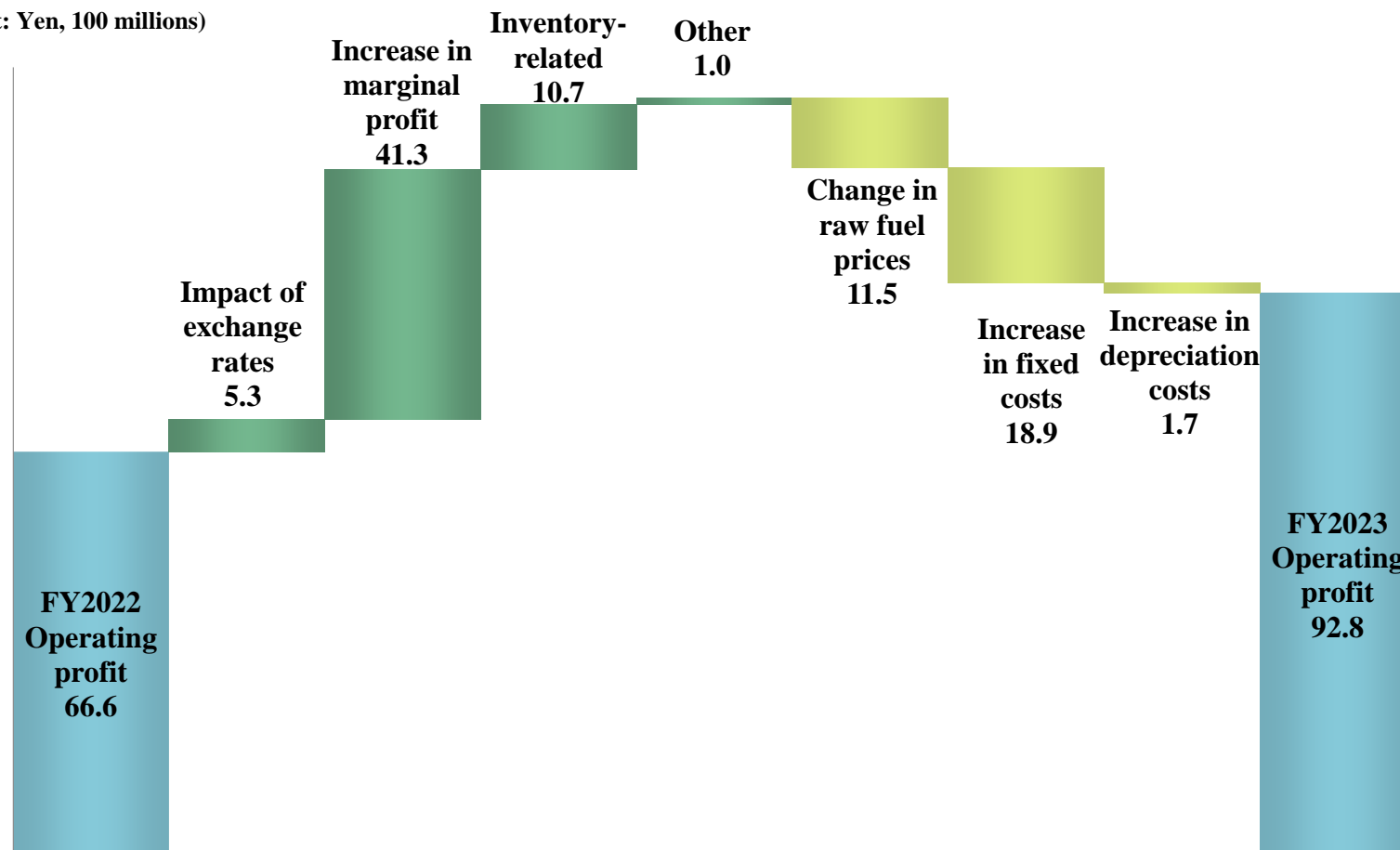
* Announced on August 9, 2023
Exchange rate assumptions for H2

2. Factors Affecting Changes in Operating Profit

(Results for the year ended December 31, 2022 vs. results for the year ended December 31, 2023)

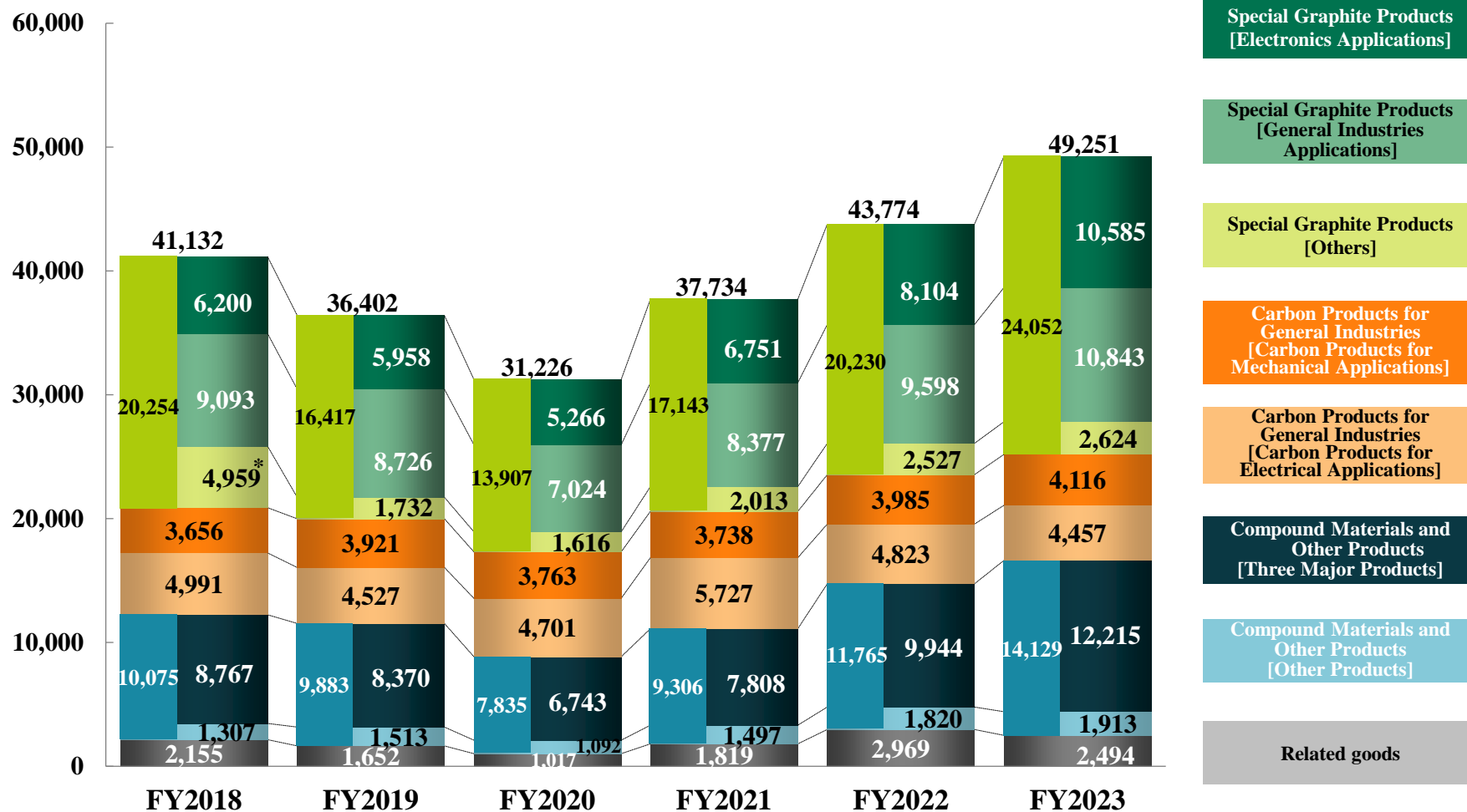
- ✓ Achieved a significant increase of 39.2% in operating profit due to an increase in marginal profit (volumes, product mix, and price pass-on), despite increases in fixed costs (mainly personnel expenses)
Offset the impact of soaring raw fuel prices through price pass-on

(Unit: Yen, 100 millions)



3. Net Sales by Product and Segment

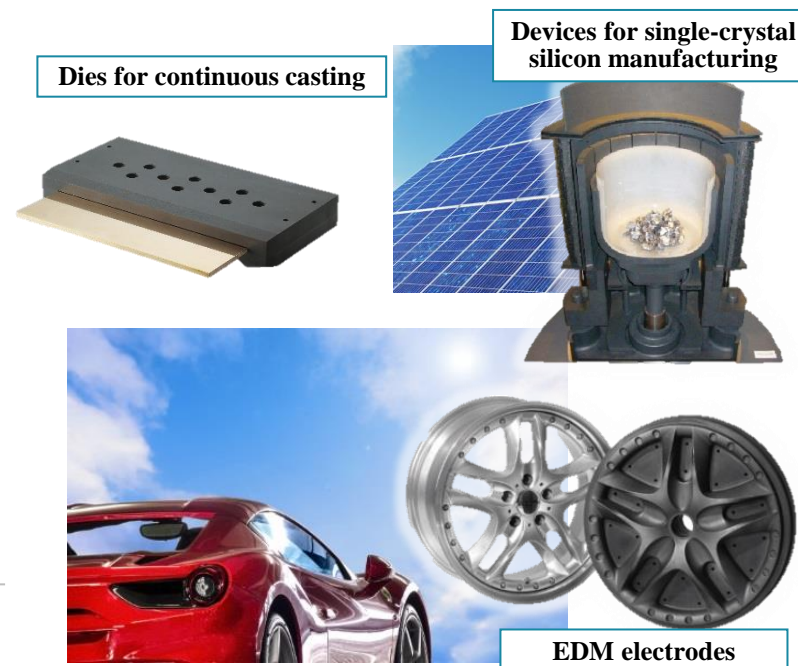
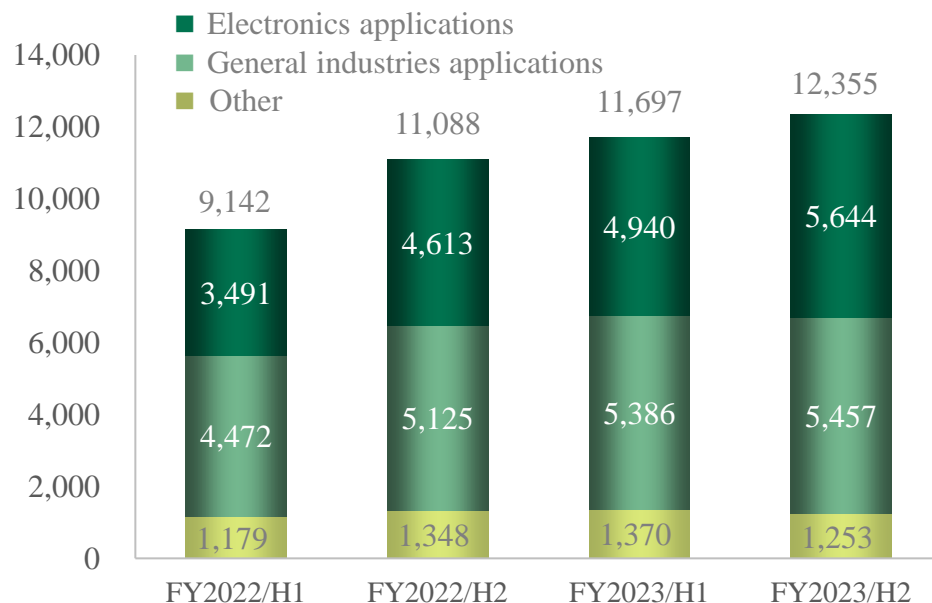
(Unit: Yen, millions)



* 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]

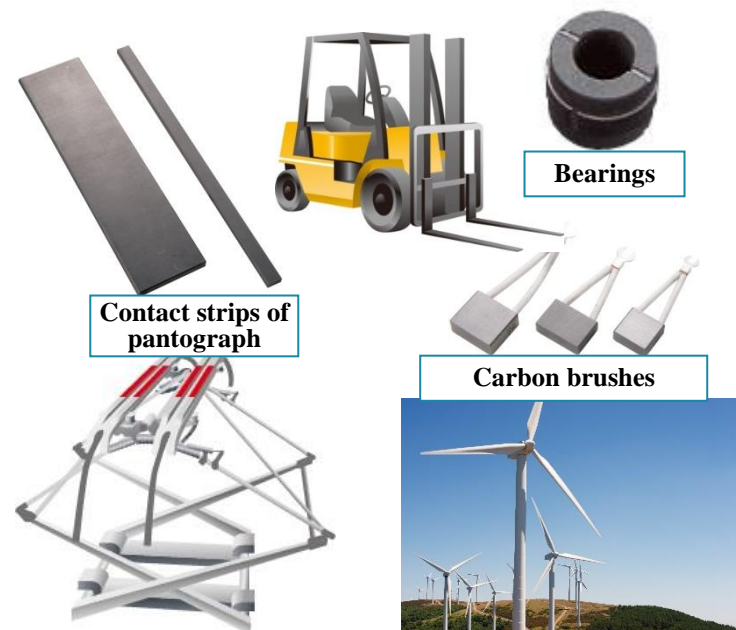
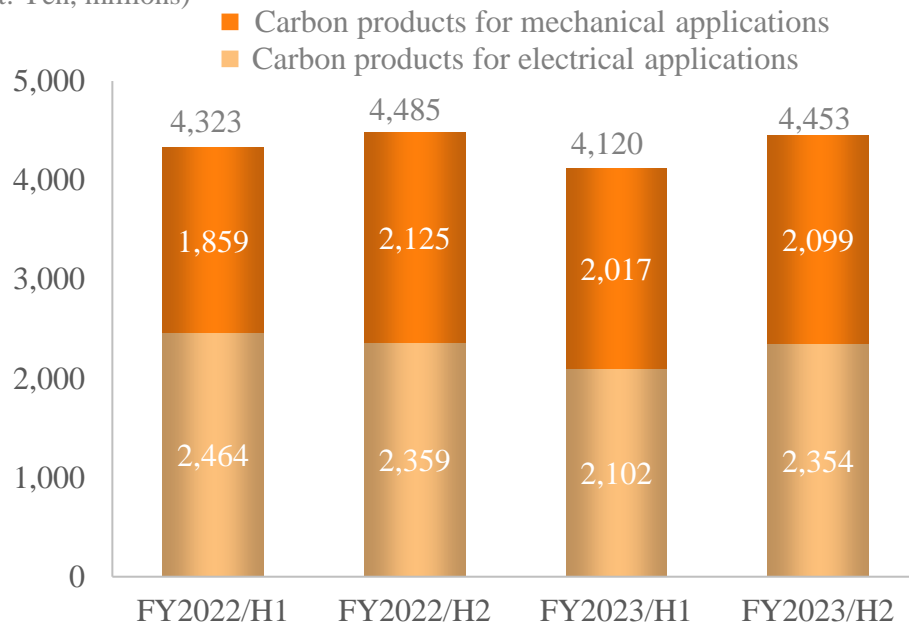
Sales of products for single-crystal silicon manufacturing applications increased year on year, driven by a significant increase in the first half of the fiscal year, despite a slight decline in the second half. Sales of products for compound semiconductor manufacturing applications increased on the back of continuing strong demand, mainly for SiC semiconductors. As a result, sales for both applications reached record highs for the third consecutive fiscal year. Sales of products for solar cell manufacturing applications increased year on year thanks to firm demand, despite selective order acceptance focusing on value-added products.

[General industries applications]

Products for metallurgical applications such as continuous casting applications and industrial furnace applications, as well as EDM electrode applications, performed solidly, driven by factors such as the recovery of operations in automotive industries and steady capital investment.

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, and contact strips of pantograph sliders increased year on year on firm demand.

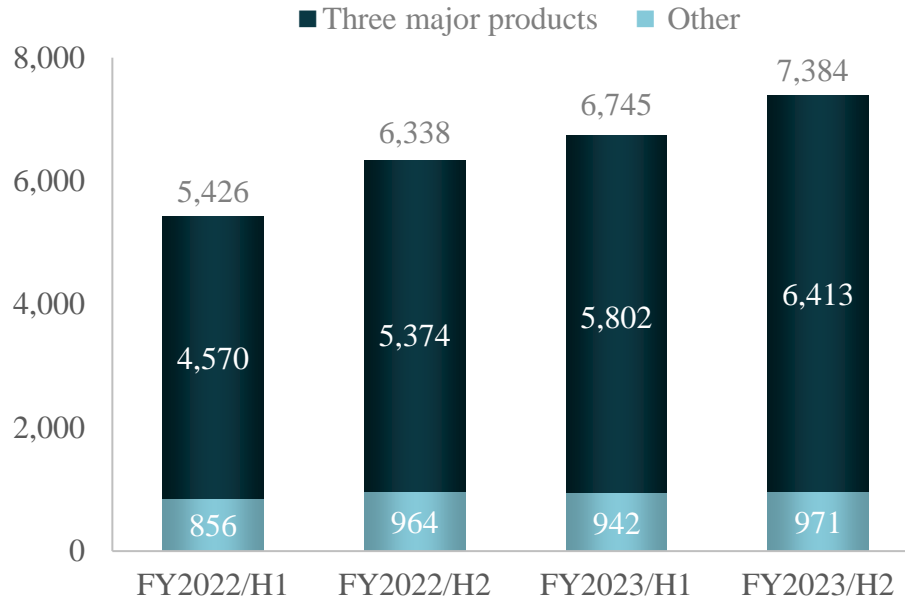
[Carbon products for electrical applications]

Demand for small-motor applications for home appliances and power tools remained flat due to production adjustments by customers.

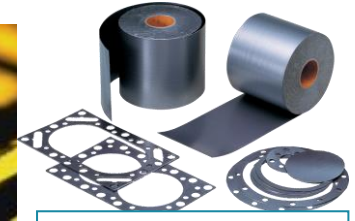
Steady progress was made in opening up new large-motor applications due to recognition of the high quality of our products. Although sales volume is still small, adoption is progressing for industrial machinery including wind power generation.

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

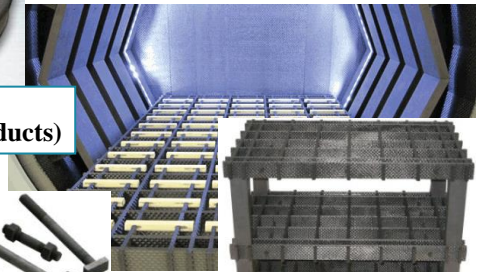
(Unit: Yen, millions)



**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]

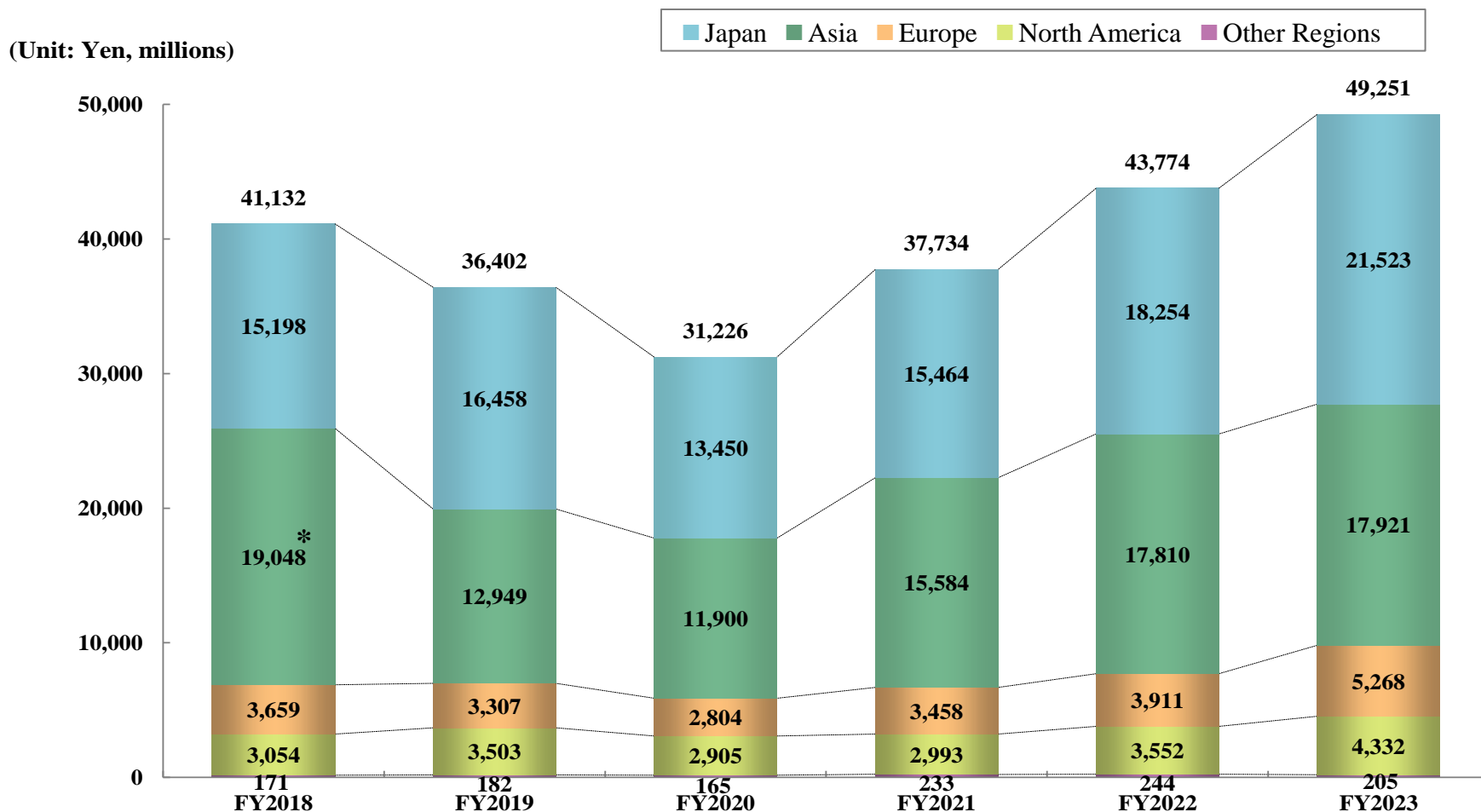
Sales of SiC-coated graphite products increased dramatically for SiC epitaxial applications. Sales for Si epitaxial applications were also solid. Although sales for LED applications remained low, the allocation of resources to products for booming semiconductor applications led to a significant increase in sales of these products, reaching the highest level ever.

Sales of C/C composite products increased year on year on the back of rising demand for industrial furnace applications.

Sales of graphite sheet products were little changed year on year, with firm demand for automotive, semiconductor, and metallurgical applications.

4. Sales by Region

- ✓ Sales in Japan, Europe, and North America increased steadily, supported by demand for semiconductor and metallurgical applications. In Asia, despite adjustments for carbon for electrical applications and in some regions, sales for other applications were generally solid.



* 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, 2023

Consolidated Balance Sheet	(Unit: Yen, millions)		Consolidated Statement of Cash Flow	(Unit: Yen, millions)	
	December 31, 2022	December 31, 2023		FY2022	FY2023
Total assets	89,432	96,612	Cash and cash equivalents at beginning of period	12,470	11,773
Notes and accounts receivable – trade	16,606	17,494	Net increase (decrease) in cash and cash equivalents	(696)	1,828
Inventories	18,416	21,806	Cash and cash equivalents at end of period	11,773	13,601
Property, plant and equipment	31,138	33,243	Net cash provided by operating activities	5,625	6,216
Total liabilities and net assets	89,432	96,612	Net cash provided by (used in) investing activities	(5,253)	(2,693)
Interest-bearing liabilities	285	-	Net cash provided by (used in) financing activities	(1,388)	(1,970)
Share capital	7,947	7,947			
Net assets	77,200	84,524			
Equity ratio	86.3%	87.4%			

Forecasts for the Fiscal Year Ending December 31, 2024

1. Forecasts for the Fiscal Year Ending December 31, 2024

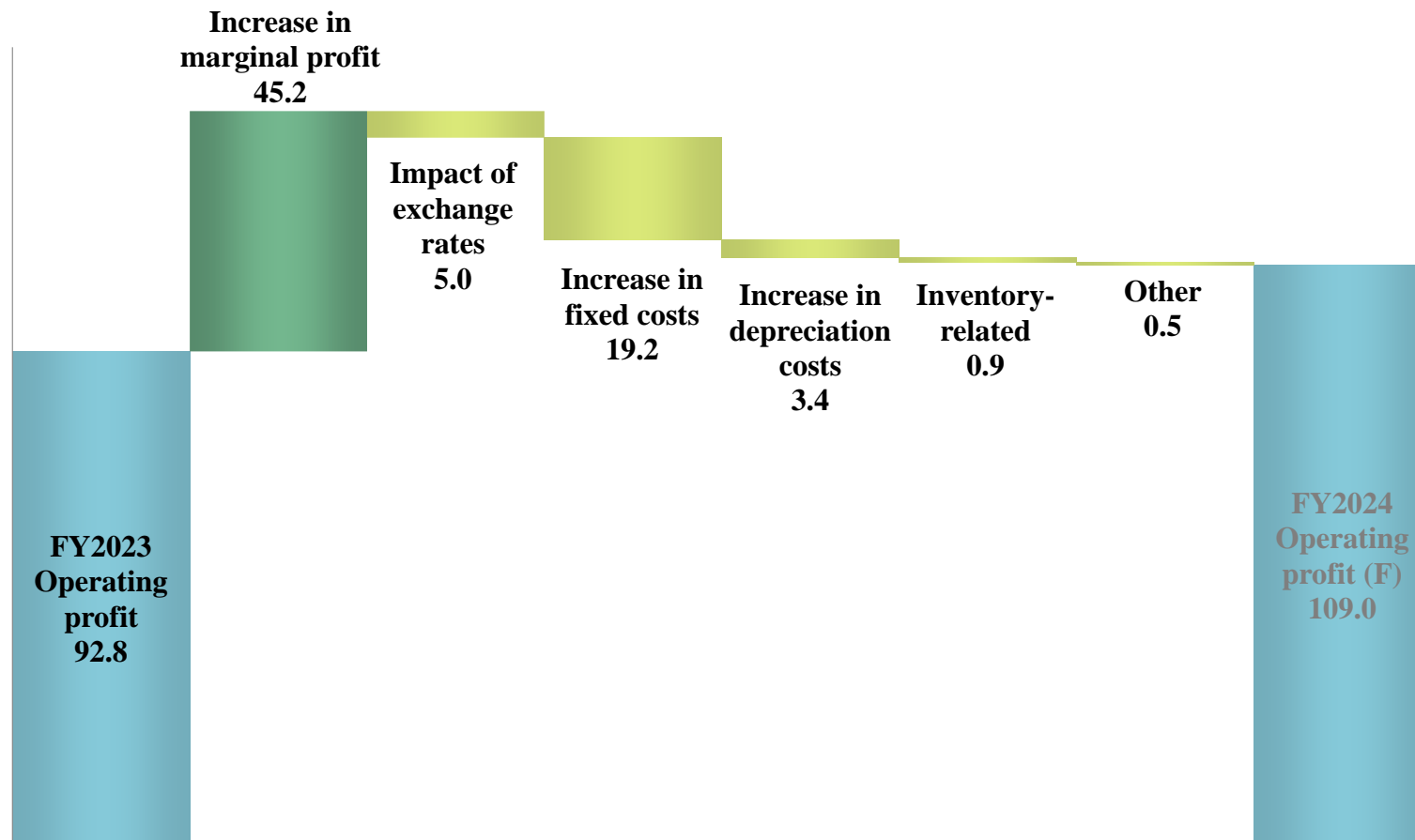
	FY2023			FY2024 (F)			
		Breakdown			Breakdown		Year on year
Net sales	49,251	H1	23,712	54,000	H1	25,500	+ 4,748 / + 9.6 %
		H2	25,539		H2	28,500	
Operating profit	9,283	H1	4,610	10,900	H1	5,100	+ 1,616 / + 17.4 %
		H2	4,672		H2	5,800	
(Ratio of operating profit to net sales)	18.8%			20.2%			
Ordinary profit	10,182	H1	5,338	10,500	H1	4,800	+ 317 / + 3.1 %
		H2	4,844		H2	5,700	
(Ratio of ordinary profit to net sales)	20.7%			19.4%			
Profit attributable to owners of parent	7,506	H1	4,128	7,600	H1	3,500	+ 93 / + 1.2 %
		H2	3,377		H2	4,100	
Basic earnings per share	357.91 yen	H1	196.85 yen	362.38 yen	H1	166.89 yen	
		H2	161.06 yen		H2	195.49 yen	
ROE	9.3%			8.7%			
Exchange rate	140.6 yen/\$ 152.0 yen/€ 19.8 yen/CNY			135 yen/\$ 149 yen/€ 19 yen/CNY			

2. Factors Affecting Changes in Operating Profit

(fiscal year ended December 2023 vs. fiscal year ending December 2024)

- ✓ Although personnel expenses and other fixed costs continue to trend upward, together with depreciation, operating profit is expected to reach the 10-billion-yen mark, with an increase in marginal profit due to volumes and product mix differences.

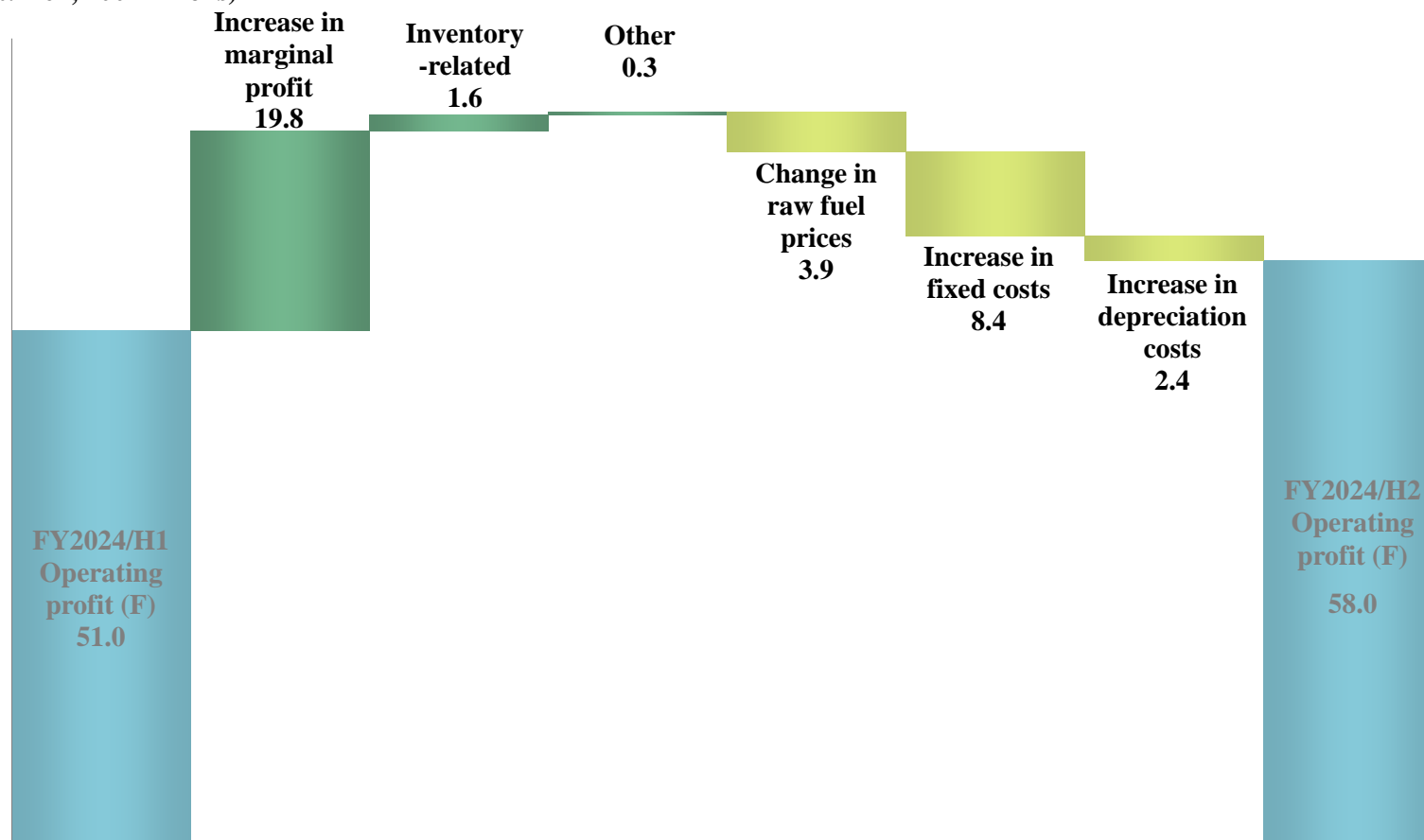
(Unit: Yen, 100 millions)



2. Factors Affecting Changes in Operating Profit (first half vs. second half of fiscal year ending December 2024)

- ✓ Operating profit to increase, as the rise in marginal profit offsets the increases in fixed costs, raw fuel prices, and depreciation.

(Unit: Yen, 100 millions)



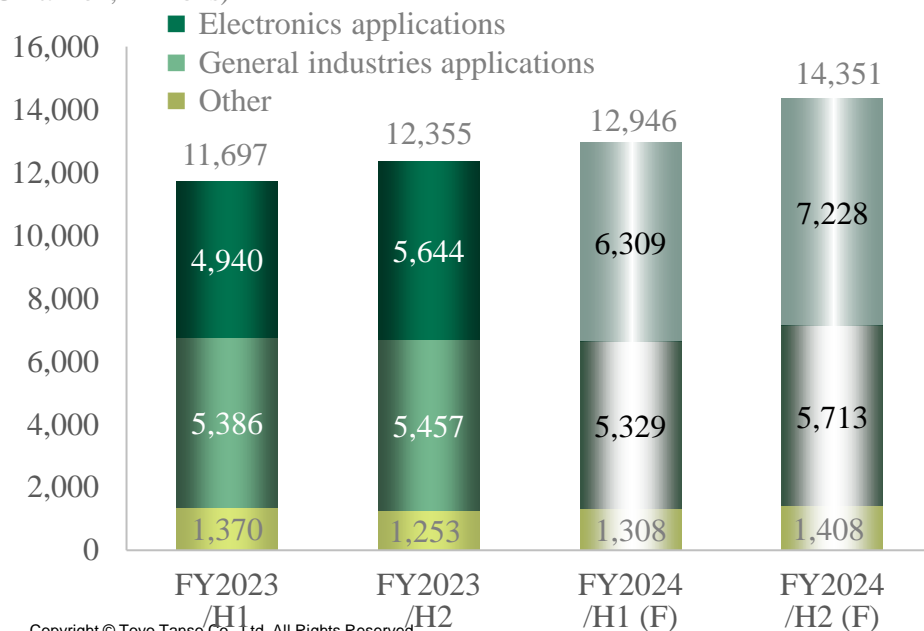
3. Net Sales by Product and Segment

Product and Segment (Unit: Yen, millions)	FY2023			FY2024 (F)					
	H1	H2	Full year	H1	Changes	H2	Changes	Full year	Changes
Special Graphite Products	11,697	12,355	24,052	12,946	+10.7%	14,351	+16.1%	27,297	+13.5%
Electronics Applications	4,940	5,644	10,585	6,309	+27.7%	7,228	+28.1%	13,538	+27.9%
General Industries Applications	5,386	5,457	10,843	5,329	-1.1%	5,713	+4.7%	11,043	+1.8%
Others	1,370	1,253	2,624	1,308	-4.6%	1,408	+12.3%	2,716	+3.5%
Carbon Products for General Industries [Carbon Products for Mechanical Applications]	2,017	2,099	4,116	1,724	-14.5%	1,785	-14.9%	3,510	-14.7%
Carbon Products for General Industries [Carbon Products for Electrical Applications]	2,102	2,354	4,457	2,509	+19.3%	2,584	+9.8%	5,094	+14.3%
Compound Materials and Other Products	6,745	7,384	14,129	7,711	+14.3%	8,881	+20.3%	16,592	+17.4%
Three Major Products	5,802	6,413	12,215	6,769	+16.7%	7,790	+21.5%	14,559	+19.2%
Other Products	942	971	1,913	941	-0.1%	1,091	+12.4%	2,033	+6.2%
Related goods	1,149	1,345	2,494	607	-47.1%	897	-33.3%	1,505	-39.7%
Total	23,712	25,539	49,251	25,500	+7.5%	28,500	+11.6%	54,000	+9.6%

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

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(Unit: Yen, millions)



[Electronics applications]

- Sales of single-crystal silicon manufacturing applications will be sluggish during the first half but gradually recover from the second half onward. Strong demand will continue for compound semiconductor manufacturing applications for SiC semiconductors. We will focus resources on semiconductor applications and further narrow down solar cell manufacturing applications.

[General industries applications]

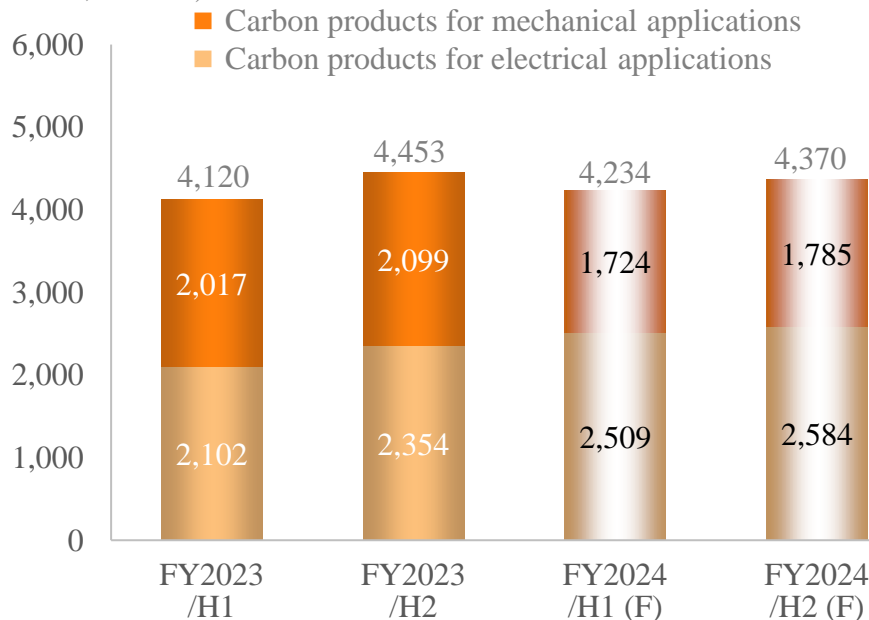
- Our focus on sales of value-added products for EDM electrode applications will mean a year-on-year decline, but sales for metallurgical applications such as industrial furnace and continuous casting applications will increase year on year. As a result, sales for general industries applications will remain at a high level overall.

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

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Changes indicate year-on-year increases or decreases

(Unit: Yen, millions)



[Carbon products for mechanical applications]

- We will terminate specific projects in view of factors such as profitability. As a result, sales will decrease year on year, but sales of other products such as bearings and sealing rings will be stable. We will progressively develop new applications that are both profitable and promising.

[Carbon products for electrical applications]

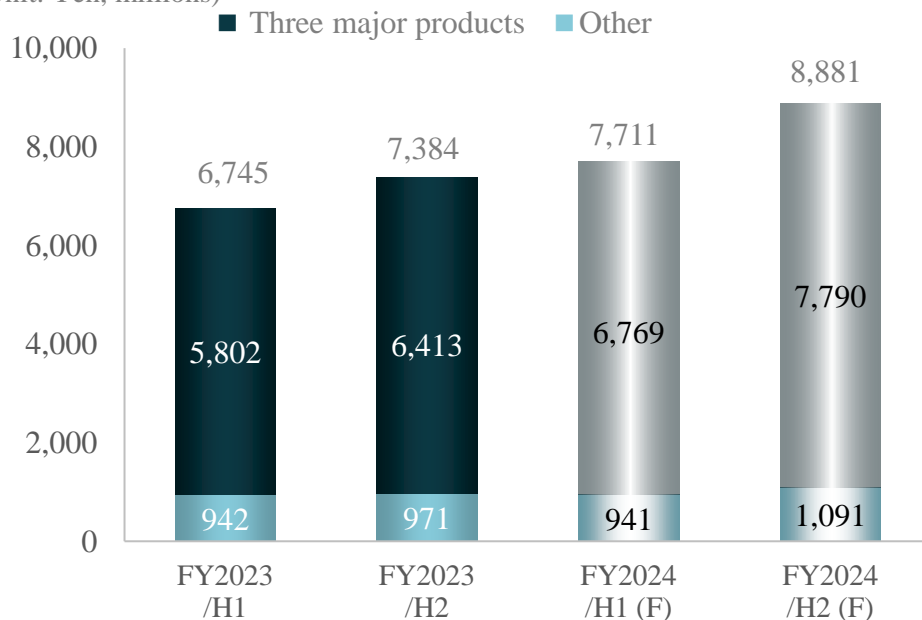
- Small-motor applications for home appliances and power tools have bottomed out and will gradually recover.
- Although volumes will remain small for large-motor applications for industrial machinery, we are progressively opening up new applications. We will continue to capture these sales.

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

Product and Segment (Unit: Yen, millions)	FY2023			FY2024(F)					
	H1	H2	Full year	H1	Changes	H2	Changes	Full year	Changes
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(Unit: Yen, millions)



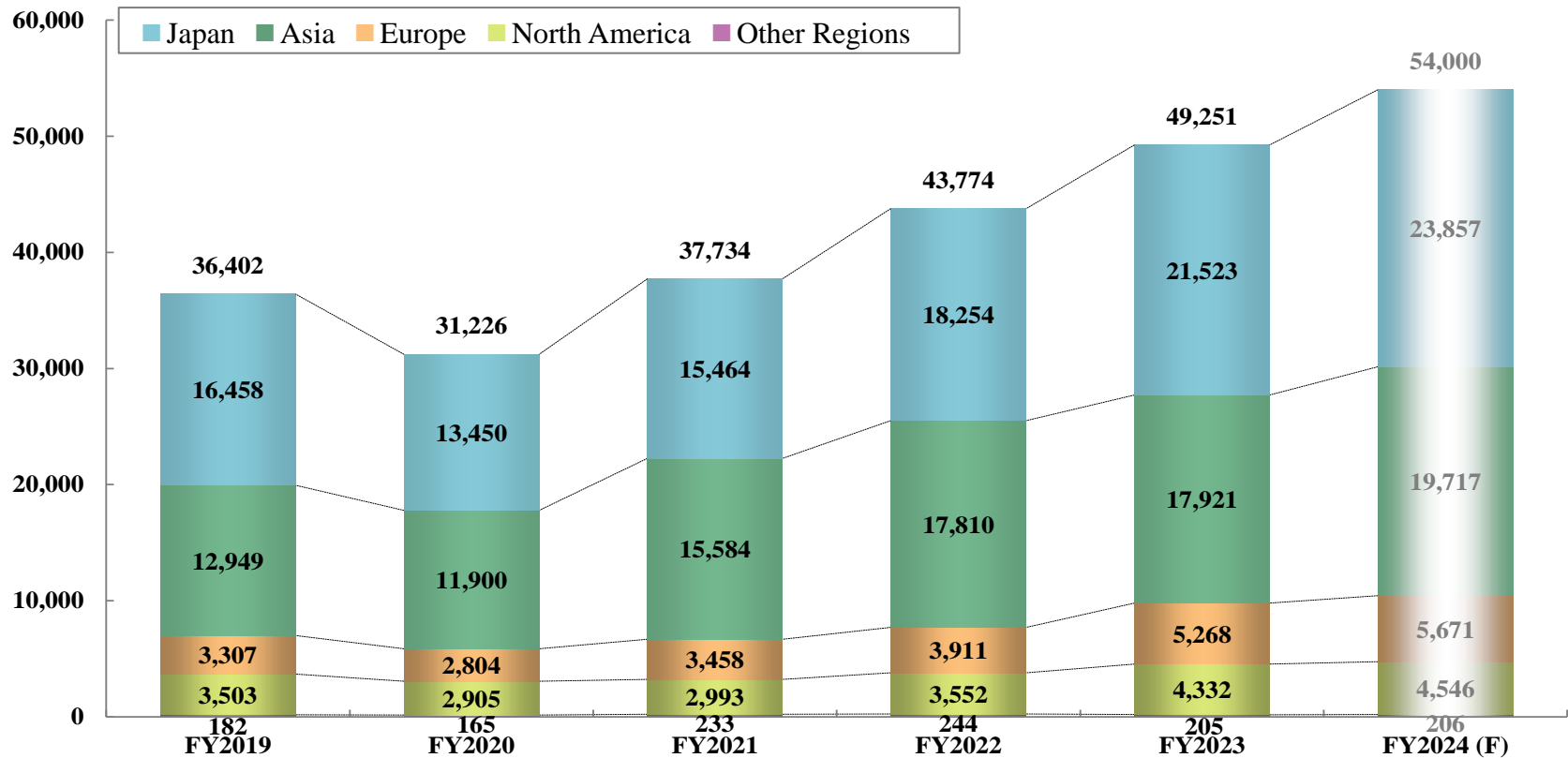
[Three major products]

- For SiC-coated graphite products, demand is expected to increase for SiC epitaxial applications. Demand for Si epitaxial applications will gradually recover from the second half onward, while demand for LED applications is expected to bottom out and begin to recover.
- C/C composite products are expected to perform solidly, with performance of industrial furnace and solar cell manufacturing applications at the previous year's level, despite an adjustment in demand for semiconductor applications.
- Demand for graphite sheet products is expected to remain solid, as in the previous year, for automotive, semiconductor, and metallurgical applications.

4. Sales by Region

✓ In addition to rising demand for semiconductor applications, a recovery in demand for carbon products for electrical applications in Asia is forecast to drive an increase in sales in all regions.

(Unit: Yen, millions)

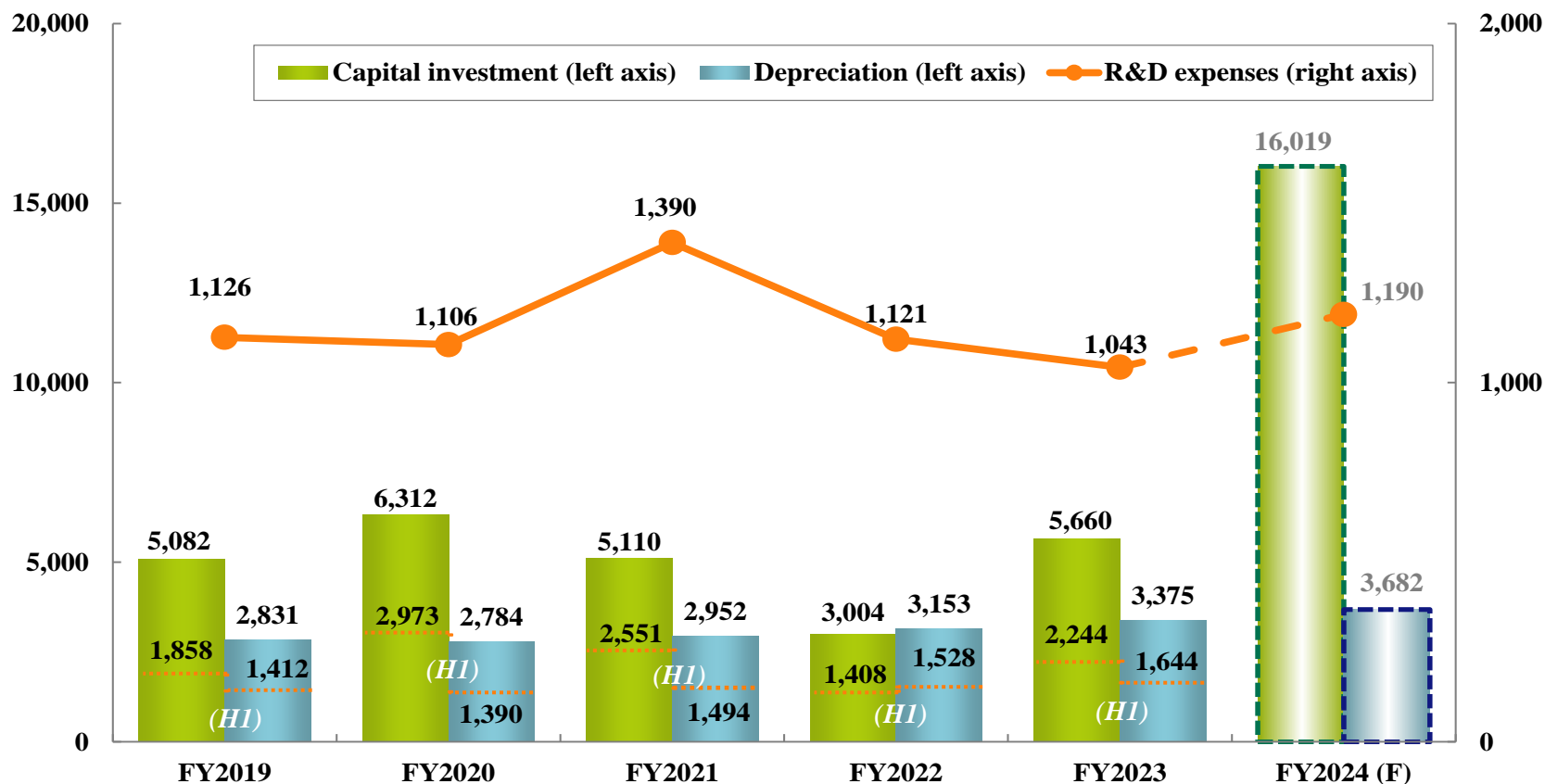


5. Capital Investment, Depreciation, and R&D Expenses

✓ Capital investment is expected to triple in FY2024, with expanding investment in enhancing our competitiveness.

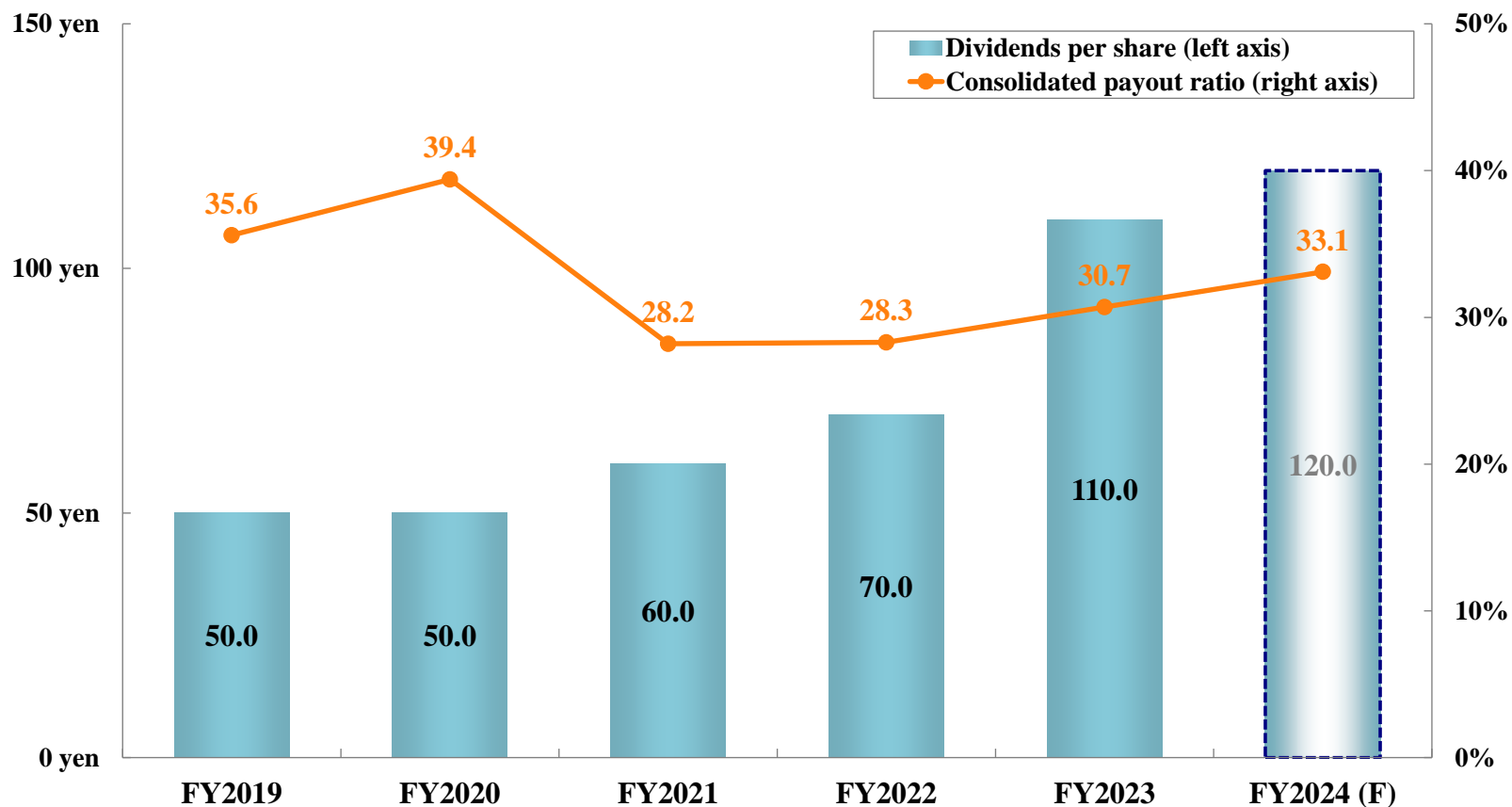
(Unit: Yen, millions)

(Unit: Yen, millions)



6. Dividend

- ✓ We have set a standard for the dividend payout ratio of 30% or more under our shareholder returns policy. As a result, we plan a 40-yen year-on-year increase in dividends for FY2023 and a further 10-yen increase in FY2024.



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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