

## Consolidated Financial Results for the Three Months Ended March 31, 2024 [Japanese GAAP]

Listed company name:	<b>Toyo Tanso Co., Ltd.</b>
Stock exchange listing:	Tokyo Stock Exchange
Stock code:	5310
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Scheduled date for submission of quarterly report:	May 14, 2024
Scheduled date for dividend payment:	-
Supplementary materials for quarterly financial summaries:	No
Quarterly financial results briefing:	No

### 1. Consolidated financial results for the three months ended March 31, 2024

(From January 1, 2024 to March 31, 2024)

#### (1) Operating results (cumulative total)

(Millions of yen, rounded down)

(Percentages indicate changes from the same period in the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
Three months ended March 31, 2024	12,573	11.2	2,546	19.1	3,040	34.1	2,380	29.8
Three months ended March 31, 2023	11,304	14.1	2,137	42.3	2,266	27.1	1,833	52.4

Note: Comprehensive income:

Three months ended March 31, 2024	3,410 million yen (49.4%)
Three months ended March 31, 2023	2,283 million yen (-3.8%)

	Basic earnings per share (basic)		Basic earnings per share (diluted)	
		yen		yen
Three months ended March 31, 2024		113.51		-
Three months ended March 31, 2023		87.44		-

**(2) Financial position**

(Millions of yen, rounded down)

	Total assets	Net assets	Equity ratio
			%
As of March 31, 2024	97,723	85,628	87.6
As of December 31, 2023	96,612	84,524	87.4
Reference: Shareholders' equity			
March 31, 2024		85,573 million yen	
December 31, 2023		84,470 million yen	

**2. Dividends**

	Dividends per share (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total (Full year)
Year ended December 31, 2023	–	0.00	–	110.00	110.00
Year ending December 31, 2024 (Actual)	–				
Year ending December 31, 2024 (Forecast)		0.00	–	120.00	120.00

(Note) Revisions of projected dividends most recently announced: None

**3. Consolidated results forecast for the fiscal year ending December 31, 2024**

(From January 1, 2024 to December 31, 2024)

(Millions of yen, rounded down)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
		%		%		%		%	yen
Six months ending June 30, 2024	25,500	7.5	5,100	10.6	4,800	(10.1)	3,500	(15.2)	166.89
Fiscal year ending December 31, 2024	54,000	9.6	10,900	17.4	10,500	3.1	7,600	1.2	362.38

(Note) Revisions of consolidated forecasts most recently announced: None

**\* Others**

**(1) Changes in significant subsidiaries during the period under review**

(Changes in specified subsidiaries accompanying changes in scope of consolidation): None

New subsidiaries: \_\_\_ (name of company(ies))

Excluded subsidiaries: \_\_\_ (name of company(ies))

**(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: Yes**

(Note) For details, please refer to “Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements” on page 8 of the Attached Documents.

**(3) Changes in accounting policies and accounting estimates and restatements**

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

**(4) Number of shares outstanding (common shares)**

1) Number of shares outstanding and issued at the end of period (including treasury shares)

As of March 31, 2024 20,992,588 shares

As of December 31, 2023 20,992,588 shares

2) Number of treasury shares at the end of period

As of March 31, 2024 20,167 shares

As of December 31, 2023 20,167 shares

3) Average number of shares during the period (quarterly cumulative total)

Three months ended March 31, 2024 20,972,421 shares

Three months ended March 31, 2023 20,972,510 shares

**\* The quarterly financial results report is not subject to quarterly review conducted by a certified public accountant or an audit firm.**

**\* Disclaimer regarding appropriate use of forecasts and related points of note**

Forward-looking statements such as the earnings forecasts in this material are based on currently available information and certain assumptions deemed rational, and are not intended as a guarantee that these forecasts will be achieved. Accordingly, actual results may differ significantly from these forecasts due to various factors. For more information on the preconditions of the forecasts and on precautionary notes concerning the usage of these forecasts, please refer to “Explanation of Information Regarding Consolidated Earnings Forecasts and Other Projections” on page 3 of the Attached Documents.

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## 1. Qualitative Information Regarding Consolidated Results for the Three Months under Review

### (1) Explanation Regarding Business Results

During the first three months of the consolidated fiscal year under review, signs of recovery were visible in the global economy, although some regions were showing weakness. However, the outlook remained uncertain amid factors such as rising geopolitical risks around the Middle East in addition to concerns over an economic slowdown in Europe and the United States due to monetary tightening and the impact of export restrictions imposed by the United States and China.

Looking at the business environment surrounding the Group, in electronics applications, performance remained strong, supported by high demand for SiC semiconductor applications. Demand was solid in mobility applications, against the backdrop of steady operations in the automotive industry. Demand remained stable in general industries, supported by customers' steady capital investment.

In this environment, the Group worked to strengthen and develop high value-added products that can keep pace with technological innovations and to improve cost competitiveness through increased productivity, in order to achieve the management targets of the Medium-term Management Plan. Manufacturing, sales, and development departments worked together to accelerate the shift to high value-added products, responding to increasingly sophisticated customer needs and steadily capturing business opportunities. In addition, we advanced initiatives aimed at improving profitability through price pass-throughs and other measures to mitigate the impact of soaring costs for raw fuels and labor.

As a result, in the first three months of the consolidated fiscal year under review, net sales were 12,573 million yen (up 11.2% year on year). In terms of profits, due mainly to the exchange rate factor and increased marginal profit through such measures as price pass-ons and sales mix differences, operating profit was 2,546 million yen (up 19.1% year on year), ordinary profit was 3,040 million yen (up 34.1% year on year), and profit attributable to owners of parent was 2,380 million yen (up 29.8% year on year).

The overall performance of each business segment was as follows. (Please refer to “3. Supplementary Information” for an overview of each product category.)

#### Japan

Sales of products for semiconductor applications increased considerably year on year, supported mainly by strong demand for SiC semiconductor applications and reflecting solid sales of EDM electrodes and other products. As a result, in Japan, net sales were 6,849 million yen (up 15.6% year on year). Operating profit was 2,623 million yen (up 32.9% year on year).

#### United States

In addition to strong sales of products for semiconductor applications, sales of products for continuous casting and metallurgical application products for industrial furnaces were solid. As a result, in the United States, net sales were 1,040 million yen (up 13.7% year on year). Operating loss was 9 million yen (operating profit of 12 million yen in the previous fiscal year), mainly due to labor costs.

#### Europe

Sales of mainstay metallurgical applications were strong, while sales of semiconductor applications grew, and sales of carbon brush products exceeded the level of the same period of the previous year. As a result, in Europe, net sales were 1,441 million yen (up 14.1% year on year), and operating profit decreased by 75.7% year on year to 21 million yen, mainly due to labor costs.

#### Asia

In addition to firm demand for semiconductor applications, sales of carbon brush products for compact motors for home appliances recovered moderately. As a result, net sales were 3,241 million yen (up 1.3% year on year) and operating profit increased by 43.2% year on year to 237 million yen.

## **(2) Explanation Regarding Financial Position**

As of March 31, 2024, total assets increased by 1,110 million yen from the end of the previous consolidated fiscal year. This was primarily because, although cash and deposits decreased by 2,335 million yen, there was an increase of 353 million yen in notes and accounts receivable – trade, an increase of 1,220 million yen in inventories, an increase of 454 million yen in other current assets attributable partly to an increase in accounts receivable – other due to subsidy income, and an increase of 990 million yen in property, plant and equipment.

Total liabilities increased by 6 million yen from the end of the previous consolidated fiscal year. This was primarily because, although accounts payable – other decreased by 259 million yen and income taxes payable decreased by 501 million yen, provision for bonuses increased by 567 million yen and other current liabilities increased by 272 million yen due to factors including an increase in accrued expenses.

Total net assets increased by 1,103 million yen from the end of the previous consolidated fiscal year. This was primarily because retained earnings increased by 73 million yen and foreign currency translation adjustment increased by 965 million yen.

## **(3) Explanation of Information Regarding Consolidated Earnings Forecasts and Other Projections**

There are no changes to the consolidated earnings forecasts for the fiscal year ending December 31, 2024, released on February 14, 2024.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly consolidated balance sheets

(Millions of yen, rounded down)

	As of December 31, 2023	As of March 31, 2024
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash and deposits	15,132	12,797
Notes and accounts receivable – trade	17,494	17,848
Securities	2,999	2,999
Merchandise and finished goods	9,440	9,859
Work in process	8,145	8,411
Raw materials and supplies	4,220	4,757
Other	726	1,180
Allowance for doubtful accounts	(61)	(62)
Total current assets	58,099	57,792
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,706	10,849
Machinery, equipment and vehicles, net	11,087	11,225
Land	6,104	6,136
Leased assets, net	1,148	1,160
Construction in progress	3,104	3,637
Other, net	1,091	1,224
Total property, plant and equipment	33,243	34,233
Intangible assets	488	595
Investments and other assets	4,781	5,101
Total non-current assets	38,513	39,930
<b>Total assets</b>	<b>96,612</b>	<b>97,723</b>

(Millions of yen, rounded down)

	As of December 31, 2023	As of March 31, 2024
	Amount	Amount
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	2,718	2,639
Electronically recorded obligations – operating	831	889
Accounts payable - other	2,523	2,263
Income taxes payable	1,675	1,174
Provision for bonuses	772	1,340
Provision for bonuses for directors (and other officers)	32	–
Other	2,557	2,829
Total current liabilities	11,111	11,136
Non-current liabilities		
Retirement benefit liability	174	183
Asset retirement obligations	278	279
Other	523	496
Total non-current liabilities	976	958
<b>Total liabilities</b>	12,088	12,094
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,947	7,947
Capital surplus	9,609	9,609
Retained earnings	61,710	61,783
Treasury shares	(61)	(61)
Total shareholders' equity	79,206	79,279
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	222	283
Foreign currency translation adjustment	5,053	6,018
Remeasurements of defined benefit plans	(11)	(8)
Total accumulated other comprehensive income	5,264	6,293
Non-controlling interests	53	54
<b>Total net assets</b>	84,524	85,628
<b>Total liabilities and net assets</b>	96,612	97,723



**(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**

(Quarterly consolidated statements of income)

Three months ended March 31, 2023 and 2024

(Millions of yen, rounded down)

	Three months ended March 31, 2023 Amount	Three months ended March 31, 2024 Amount
Net sales	11,304	12,573
Cost of sales	7,275	7,878
Gross profit	4,029	4,695
Selling, general and administrative expenses	1,891	2,148
Operating profit	2,137	2,546
Non-operating income		
Interest income	21	20
Dividend income	0	0
Foreign exchange gains	64	377
Share of profit of entities accounted for using equity method	40	92
Other	18	15
Total non-operating income	144	506
Non-operating expenses		
Interest expenses	9	7
Depreciation	4	4
Other	2	1
Total non-operating expenses	16	12
Ordinary profit	2,266	3,040
Extraordinary income		
Gain on sales of non-current assets	0	0
Subsidy income	368	429
Total extraordinary income	368	429
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	9	31
Total extraordinary losses	9	31
Profit before income taxes	2,625	3,438
Income taxes	791	1,057
Profit	1,833	2,380
Profit (loss) attributable to non-controlling interests	(0)	(0)
Profit attributable to owners of parent	1,833	2,380

(Quarterly consolidated statement of comprehensive income)

Three months ended March 31, 2023 and 2024

(Millions of yen, rounded down)

	Three months ended March 31, 2023 Amount	Three months ended March 31, 2024 Amount
<b>Profit</b>	1,833	2,380
Other comprehensive income		
Valuation difference on available-for-sale securities	12	61
Foreign currency translation adjustment	393	905
Remeasurements of defined benefit plans, net of tax	21	2
Share of other comprehensive income of entities accounted for using equity method	22	61
Total other comprehensive income	449	1,030
Comprehensive income	2,283	3,410
Comprehensive income attributable to:		
Owners of parent	2,282	3,409
Non-controlling interests	0	1

### (3) Notes on quarterly consolidated financial statements

(Notes regarding the premise of a going concern)

Not applicable.

(Notes if the amount of shareholders' equity has changed significantly)

Not applicable.

(Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements)

(Tax expense calculations)

Tax expenses are calculated by multiplying profit before income taxes by an effective tax rate, which is reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the fiscal year, including the first quarter under review.

(Segment information)

#### I. Three months ended March 31, 2023 (From January 1, 2023 to March 31, 2023)

1. Information on net sales and the amount of profits (losses) by reportable segment and disaggregated information on revenue

(Millions of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated quarterly income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Net sales							
Goods transferred at a point in time	5,926	915	1,263	3,199	11,304	—	11,304
Goods transferred over time	—	—	—	—	—	—	—
Revenue from contracts with customers	5,926	915	1,263	3,199	11,304	—	11,304
Sales to unaffiliated customers	5,926	915	1,263	3,199	11,304	—	11,304
Intersegment sales or transfers	2,090	23	—	50	2,163	(2,163)	—
Total	8,016	938	1,263	3,250	13,468	(2,163)	11,304
Segment profit	1,973	12	88	165	2,240	(102)	2,137

(Notes) 1. Adjusted segment profit mainly takes into account the elimination of intersegment transactions and unrealized income.

2. Segment profit has been adjusted to reflect the operating profit recorded in the consolidated quarterly statement of income.

#### 2. Regional information

(Millions of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Net sales	5,041	944	1,323	3,962	2,999	31	11,304
Composition (%)	44.6	8.4	11.7	35.0	26.5	0.3	100.0

(Notes) 1. Net sales are based on the locations of our customers, and are categorized into the relevant country or region segment according to geographical proximity.

2. The major countries or regions included in each geographic segment (except Japan) are listed below.

(1) North America: United States

(2) Europe: France, Germany, Italy

(3) Asia: China, Taiwan, South Korea

## II. Three months under review (from January 1, 2024 to March 31, 2024)

### 1. Information on net sales and the amount of profits (losses) by reportable segment and disaggregated information on revenue

(Millions of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated quarterly income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Net sales							
Goods transferred at a point in time	6,849	1,040	1,441	3,241	12,573	—	12,573
Goods transferred over time	—	—	—	—	—	—	—
Revenue from contracts with customers	6,849	1,040	1,441	3,241	12,573	—	12,573
Sales to unaffiliated customers	6,849	1,040	1,441	3,241	12,573	—	12,573
Intersegment sales or transfers	2,184	23	—	26	2,233	(2,233)	—
Total	9,033	1,064	1,441	3,268	14,807	(2,233)	12,573
Segment profit (loss)	2,623	(9)	21	237	2,872	(326)	2,546

(Notes) 1. Adjusted segment profit (loss) mainly takes into account the elimination of intersegment transactions and unrealized income.

2. Segment profit (loss) has been adjusted to reflect the operating profit recorded in the consolidated quarterly statement of income.

### 2. Regional information

(Millions of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Net sales	5,785	1,057	1,454	4,215	3,052	60	12,573
Composition (%)	46.0	8.4	11.6	33.5	24.3	0.5	100.0

(Notes) 1. Net sales are based on the locations of our customers, and are categorized into the relevant country or region segment according to geographical proximity.

2. The major countries or regions included in each geographic segment (except Japan) are listed below.

(1) North America: United States

(2) Europe: France, Germany, Italy

(3) Asia: China, Taiwan, South Korea

### 3. Supplementary Information

#### (1) Orders and sales by product category

##### i. Orders

(Millions of yen, rounded down)

Products	Year ended December 31, 2023					Year ending December 31, 2024
	1Q	2Q	3Q	4Q	Fiscal year total	1Q
Special graphite products	5,738	6,244	5,091	5,451	22,526	5,726
Carbon products for general industries* <sup>2</sup> (for mechanical applications)	1,064	965	997	808	3,837	958
Carbon products for general industries (for electrical applications)	958	1,206	1,112	1,221	4,500	1,252
Compound materials and other products	3,393	3,848	3,834	4,063	15,140	4,070
Total	11,155	12,266	11,036	11,545	46,003	12,008

(Notes) 1. These orders were denominated in foreign currency prior to the previous quarter; discrepancies resulting from fluctuations in foreign exchange rates during the quarter under review are included in the figure for orders placed in this quarter.

\*2. Data for Carbon products for general industries (for mechanical applications) in the year ended December 31, 2023 includes orders that have not been officially confirmed.

##### ii. Outstanding orders

(Millions of yen, rounded down)

Products	Year ended December 31, 2023				Year ending December 31, 2024
	1Q	2Q	3Q	4Q	1Q
Special graphite products	7,197	7,887	7,401	7,084	7,539
Carbon products for general industries* <sup>2</sup> (for mechanical applications)	1,053	1,025	1,016	804	928
Carbon products for general industries (for electrical applications)	777	838	775	813	892
Compound materials and other products	6,949	7,260	7,908	7,926	8,076
Total	15,978	17,011	17,102	16,628	17,437

(Notes) 1. These orders were denominated in foreign currency prior to the previous quarter; discrepancies resulting from fluctuations in foreign exchange rates during the quarter under review are included in the figure for orders placed in this quarter.

\*2. Data for Carbon products for general industries (for mechanical applications) in the year ended December 31, 2023 includes orders that have not been officially confirmed.

iii. Sales performance by product category

(Unit: millions of yen)

Products	Year ended December 31, 2023					Year ending December 31, 2024
	1Q	2Q	3Q	4Q	Fiscal year total	1Q
Special graphite products	5,648	6,048	6,133	6,221	24,052	5,899
[Electronics applications]	2,429	2,510	2,693	2,951	10,585	2,735
[General industries applications]	2,588	2,797	2,816	2,640	10,843	2,625
[Others]	630	740	623	629	2,624	538
Carbon products for general industries (for mechanical applications)	993	1,023	1,036	1,062	4,116	865
Carbon products for general industries (for electrical applications)	957	1,145	1,169	1,185	4,457	1,199
Compound materials and other products	3,137	3,608	3,263	4,121	14,129	4,119
[3 major products]	2,702	3,100	2,793	3,620	12,215	3,607
[Other products]	435	507	469	501	1,913	512
Related goods	567	581	685	659	2,494	488
Total	11,304	12,407	12,288	13,250	49,251	12,573

**(2) Overview**

**Special graphite products**

In electronics applications, sales of products for single-crystal silicon manufacturing declined slightly but increased by 12.6% year on year, thanks to the substantial increase in sales of products for compound semiconductor manufacturing applications for SiC semiconductors.

In general industrial applications, sales of products for metallurgical applications including those for continuous casting and EDM electrodes remained solid, resulting in an increase of 1.4% year on year.

Due to these factors, sales of special graphite products overall were up 4.4% over the previous year.

**Carbon products for general industries**

In carbon products for mechanical applications, products such as sealing rings performed well, and pantograph sliders also remained firm. However, sales decreased by 12.9% year on year, due mainly to factors such as the completion of specific projects in the previous fiscal year.

In carbon products for electrical applications, as customer operations gradually returned to normal, sales of products for compact motors for home appliances recovered moderately, resulting in a 25.3% sales increase year on year.

Due to these factors, sales of carbon products for general industries overall rose 5.9% over the previous fiscal year.

**Compound materials and other products**

Sales of SiC (silicon carbide)-coated graphite products increased significantly year on year, mainly due to firm demand for Si (silicon) semiconductors, in addition to considerable growth in sales of SiC (silicon carbide) semiconductors. Sales of C/C composite products increased year on year due to solid sales of products for industrial furnace applications. Sales of graphite sheet products increased year on year due to solid sales of products for automobile applications,.

Due to these factors, sales of the three major products rose 33.5% over the previous year, and sales of compound materials and other products increased 31.3% over the previous year.