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Inspiration for Innovation

Toyo Tanso Co., Ltd.

Results for the First Half of the Fiscal Year Ending December 31, 2026

August 20, 2026
Toyo Tanso Co., Ltd.

Summary of Results for the First Half of the Fiscal Year Ending December 31, 2026

1. Results for the First Half of the Fiscal Year Ending December 31, 2026

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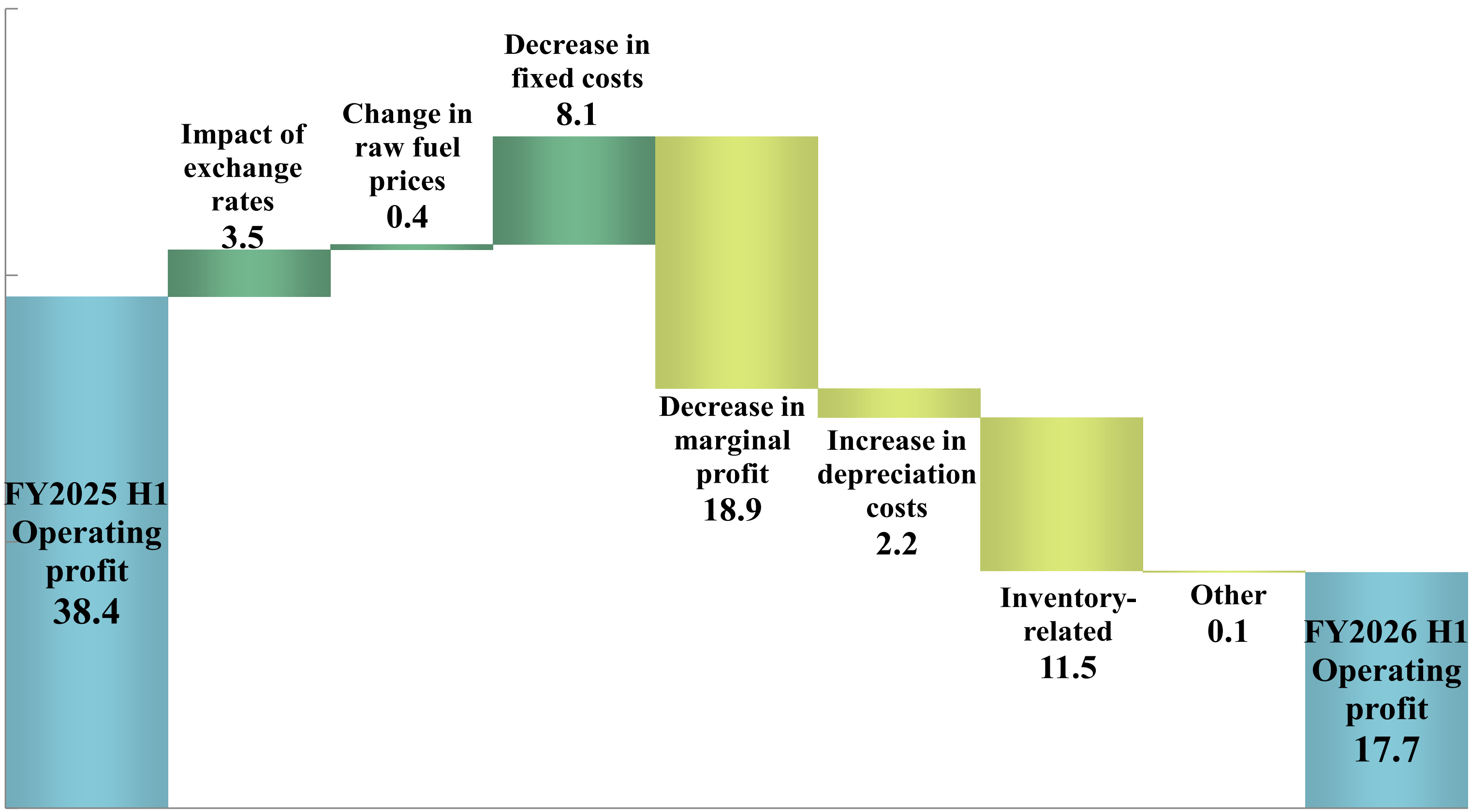
(Unit: Yen, millions)	FY2025 H1	FY2026 H1 (F)	FY2026 H1 (A)	Year-on-year change	Versus forecasts
Net sales	22,980	22,500	22,370	(609) / (2.7) %	(129) / (0.6) %
Operating profit	3,840	2,600	1,778	(2,062) / (53.7) %	(821) / (31.6) %
(Ratio of operating profit to net sales)	16.7%	11.6%	7.9%		
Ordinary profit	3,789	2,500	2,229	(1,560) / (41.2) %	(270) / (10.8) %
(Ratio of ordinary profit to net sales)	16.5%	11.1%	10.0%		
Profit attributable to owners of parent	2,681	2,300	1,677	(1,003) / (37.4) %	(622) / (27.1) %
Basic earnings per share	127.85 yen	109.67 yen	80.00 yen		
Exchange rate	148.6 yen/\$ 162.2 yen/€ 20.5 yen/CNY	145 yen/\$ 176 yen/€ 20 yen/CNY	158.2 yen/\$ 184.5 yen/€ 23.1 yen/CNY		

2. Factors Affecting Changes in Operating Profit

(first half of fiscal year ended December 2025 vs. first half of fiscal year ending December 2026)

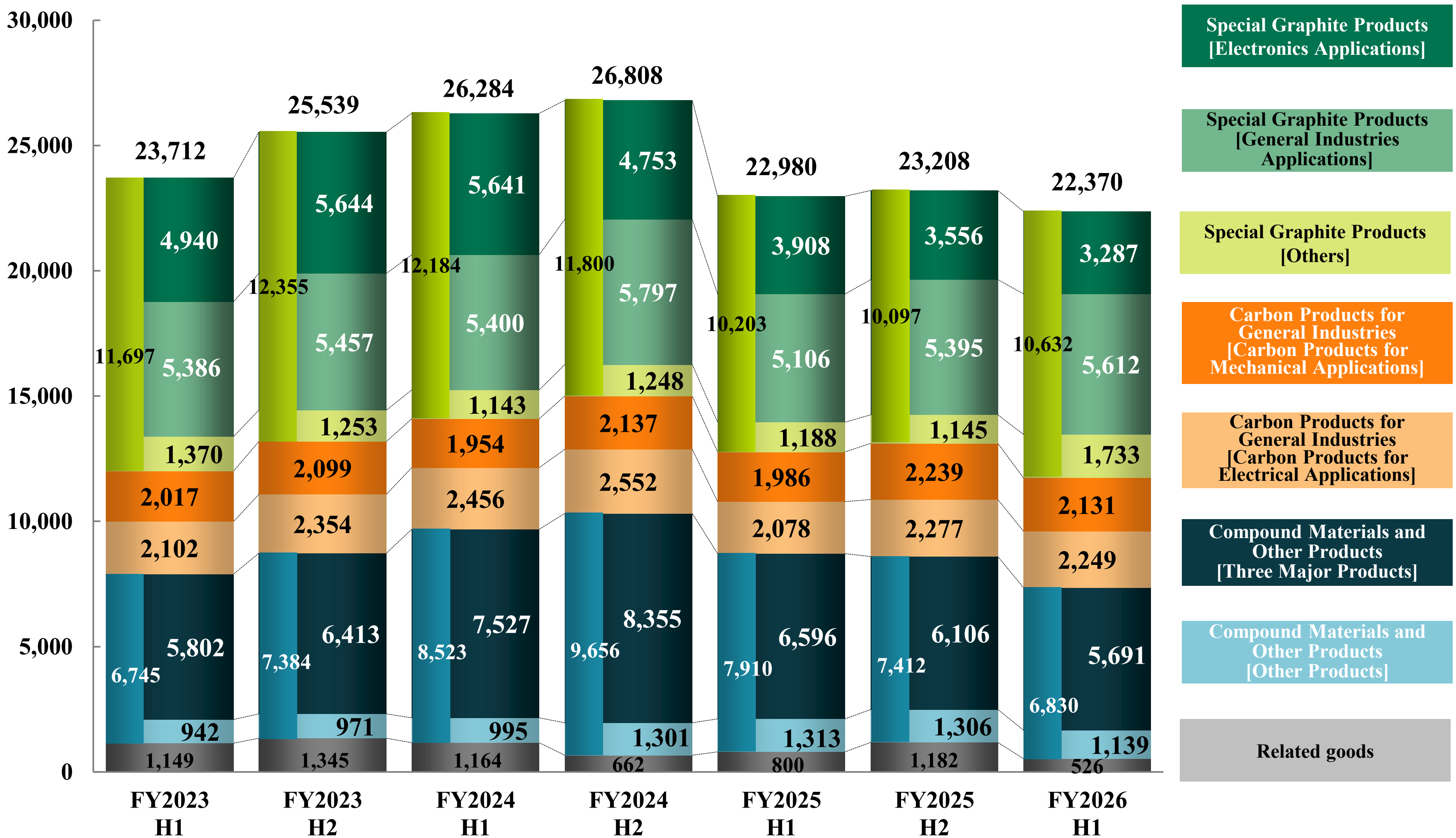
✓ **Operating profit declined by 53.7%, mainly due to a decrease in marginal profit resulting from the changes in the sales mix and the recognition of unrealized profit in inventory.**

(Unit: Yen, 100 millions)



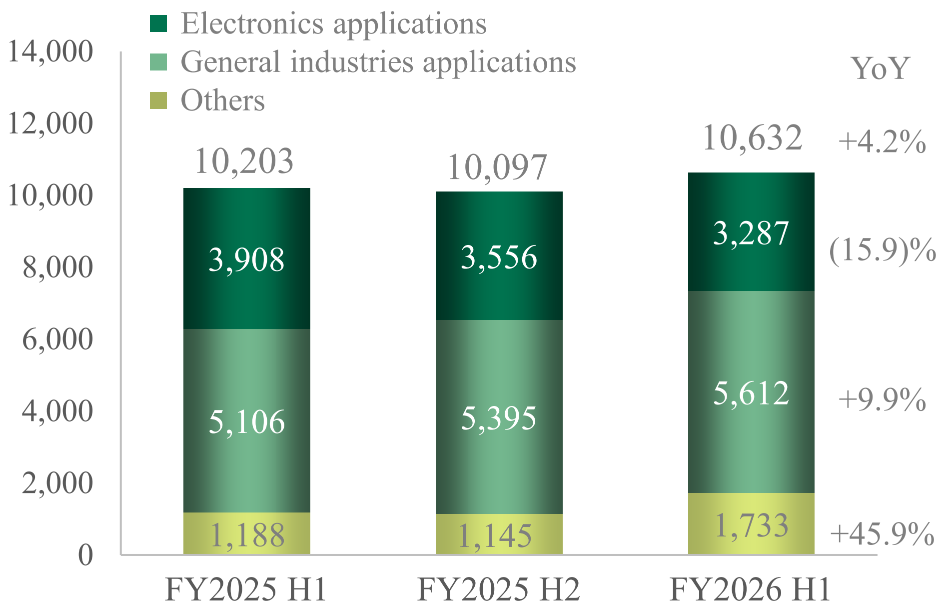
3. Net Sales by Product and Segment

(Unit: Yen, millions)



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

(Unit: Yen, millions)



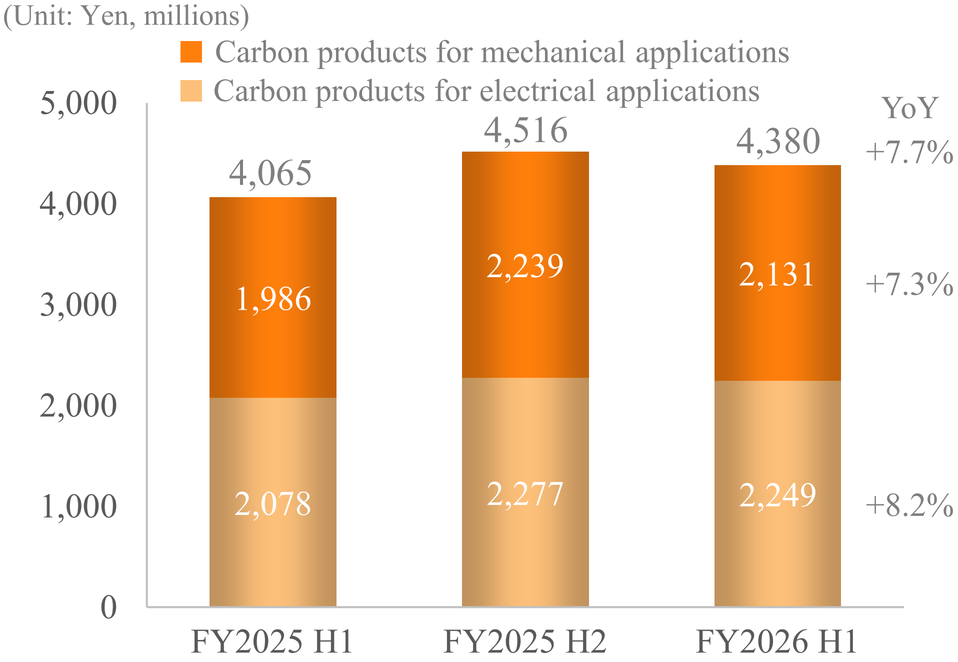
[Electronics applications]

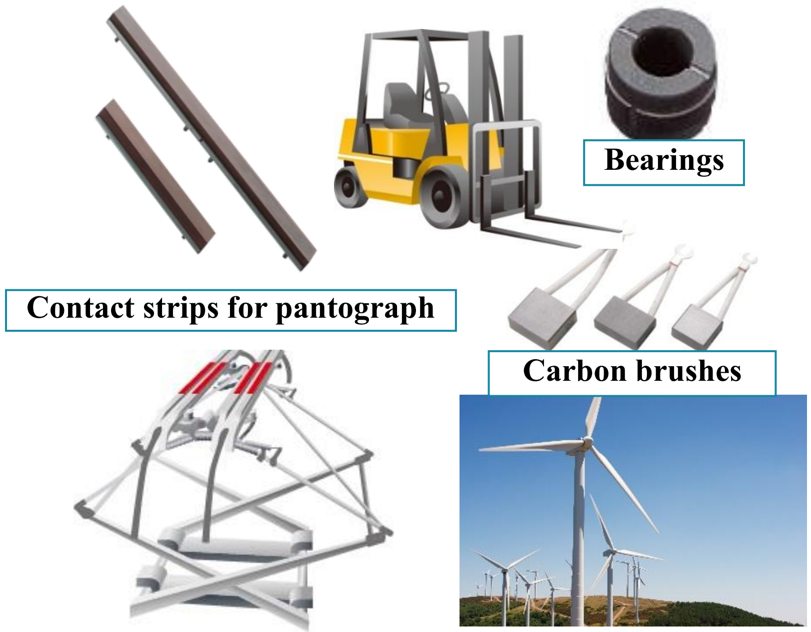
- Sales decreased year on year due to a substantial decline in sales of parts for semiconductor device manufacturing, as well as a slight decline in products for compound semiconductor manufacturing applications for SiC semiconductors and single-crystal silicon manufacturing applications due mainly to continuing wafer inventory adjustments.

[General industries applications]

- Sales increased year on year due to solid sales of products for metallurgical applications, including those for continuous casting and industrial furnaces, against the backdrop of robust operating levels in the automotive industry and robust corporate capital investment.

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





[Carbon products for mechanical applications]

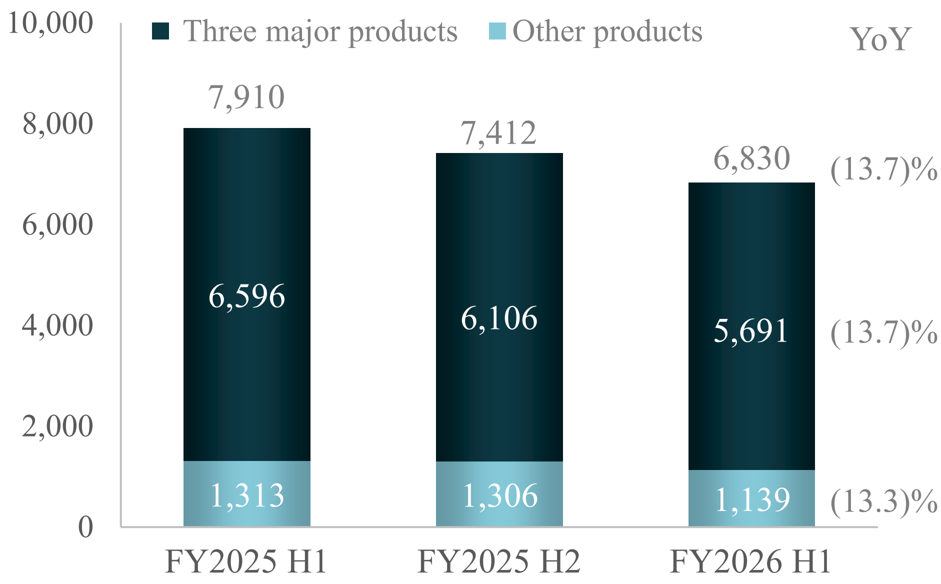
- Sales of sealing rings and bearings were solid, driving a year-on-year increase.

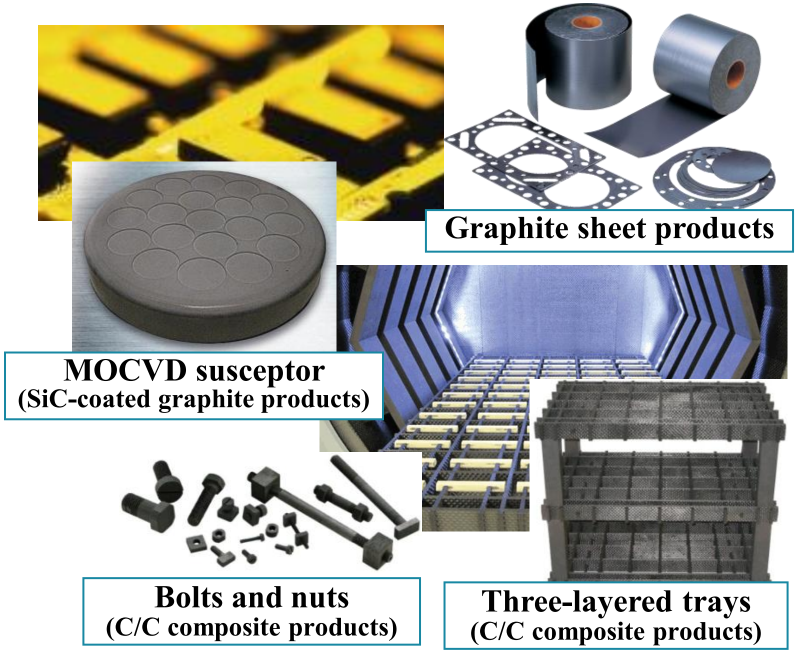
[Carbon products for electrical applications]

- Sales increased year on year due to higher demand for products for compact motors for home appliances and power tools and solid demand for large motors.

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

(Unit: Yen, millions)





[Three major products]

- Sales of SiC-coated graphite products decreased year on year. Despite robust demand for Si epitaxial applications, mainly for cutting-edge products for generative AI, advance sales recorded in the previous fiscal year weighed on sales in the first half, in addition to a substantial decline in demand for SiC epitaxial applications.
- Sales of C/C composite products increased year on year due to solid demand for industrial furnace applications and semiconductor applications.
- Sales of graphite sheet products increased year on year due to an increase in automotive and metallurgical applications, despite weak sales for semiconductor applications.

4. Sales by Region

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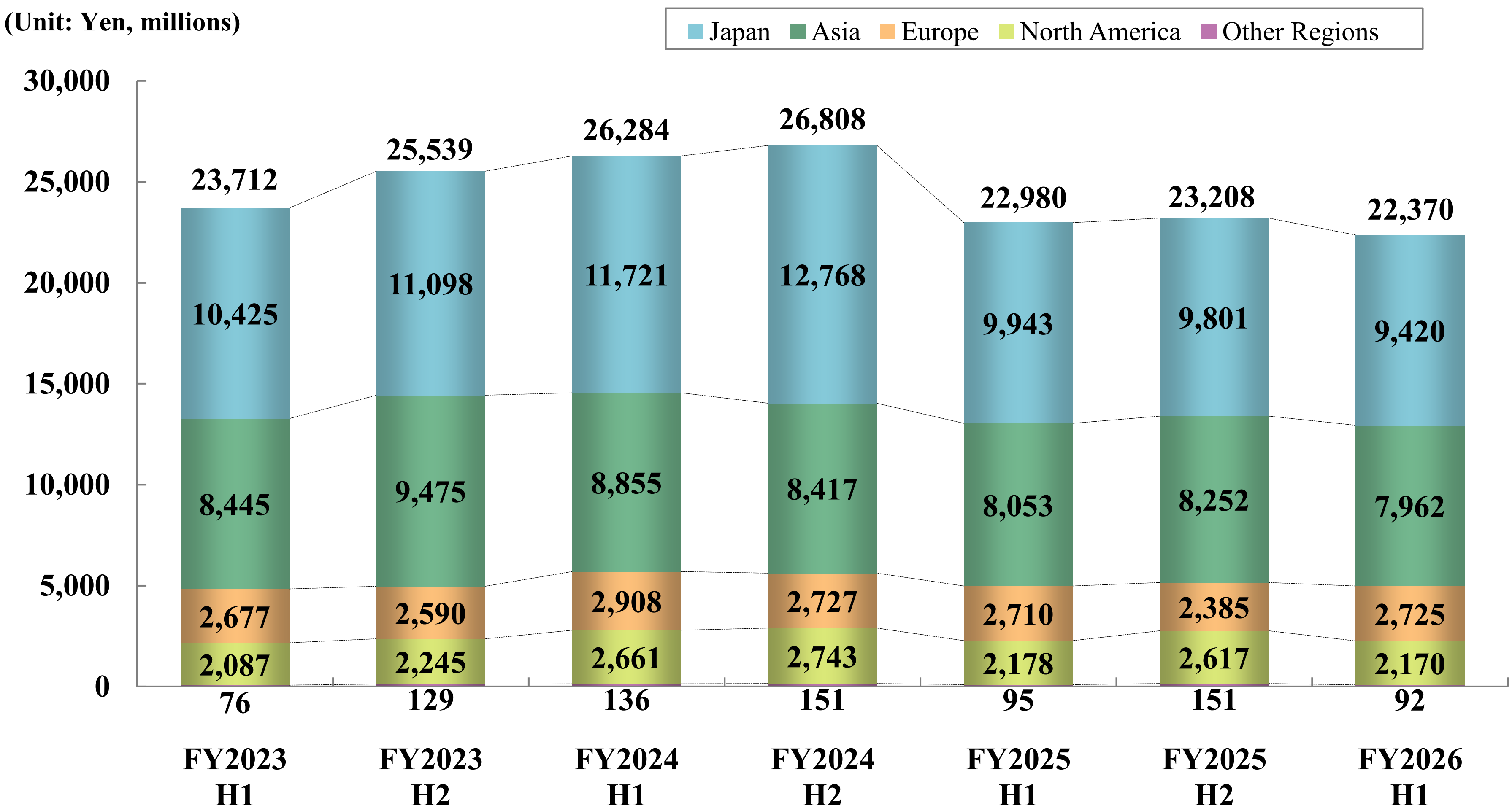
✓ **Net sales in Japan and Asia decreased year on year, mainly due to a decline in sales for semiconductor applications.**



5. Consolidated Balance Sheet and Statement of Cash Flows for the First Half of the Fiscal Year Ending December 31, 2026

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(Unit: Yen, millions)

Consolidated Balance Sheet	June 30, 2025	Dec. 31, 2025	June 30, 2026
Total assets	109,622	117,916	119,594
Notes and accounts receivable – trade	15,033	15,945	15,604
Inventories	28,847	30,195	30,995
Property, plant and equipment	45,448	48,101	49,290
Total liabilities and net assets	109,622	117,916	119,594
Interest-bearing liabilities	3,612	5,676	5,331
Share capital	7,947	7,947	7,947
Net assets	92,473	97,551	97,623
Equity ratio	84.3%	82.7%	81.6%

(Unit: Yen, millions)

Consolidated Statement of Cash Flow	FY2025 H1	FY2026 H1
Cash and cash equivalents at beginning of period	14,652	12,069
Net increase (decrease) in cash and cash equivalents	(4,699)	6
Cash and cash equivalents at end of period	9,953	12,076
Net cash provided by operating activities	2,809	7,974
Net cash provided by (used in) investing activities	(7,826)	(4,873)
Net cash provided by (used in) financing activities	456	(3,456)

Forecasts for the Fiscal Year Ending December 31, 2026

1. Assumptions Underlying the Forecast for the Fiscal Year Ending December 2026

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■ Market environment in semiconductor-related applications

- Demand is expected to expand across a wide range of AI-related fields (GPUs, memory, power semiconductors, etc.).
- Demand for EVs is on a gradual recovery trend due to the impact of rising energy prices.

▷ Si semiconductor applications

- A full-scale recovery is expected from the second half of the fiscal year, as initially anticipated, with the completion of the current cycle of wafer inventory adjustments.
- Orders for single-crystal silicon manufacturing applications (special graphite products for electronics applications) and for Si epitaxial applications (SiC-coated graphite products of compound materials) have gradually recovered since the first quarter of the fiscal year.

▷ SiC semiconductor applications

- Going forward, the market is expected to gradually recover due to the recovery in EV demand and increased demand for AI data centers.
- A very moderate improvement trend is apparent in our levels of orders received, mainly for SiC epitaxial applications (SiC-coated graphite products of compound materials).

■ Impacts from Middle East situation

- In response to rising manufacturing costs and other expenses caused by increasing fuel prices, we plan to implement a price revision effective for orders received from October 2026.

▶ Forecast for the fiscal year ending December 31, 2026

- Earnings forecast left unchanged — significant improvement in marginal profit expected, but uncertainties remain in raw material and fuel prices, foreign exchange rates, etc.
- Sales plan by product and segment reorganized — reflecting first-half results and recent demand trends.

2. Forecasts for the Fiscal Year Ending December 31, 2026

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(Unit: Yen, millions)	FY2025	Breakdown		FY2026 Forecast	Breakdown		YoY	
Net sales	46,189	H1	22,980	49,000	H1 (A)	22,370	+2,810 /	+6.1 %
		H2	23,208		H2 (F)	26,629		
Operating profit	6,759	H1	3,840	6,200	H1 (A)	1,778	(559) /	(8.3) %
		H2	2,918		H2 (F)	4,421		
(Ratio of operating profit to net sales)	14.6%			12.7%				
Ordinary profit	8,091	H1	3,789	6,000	H1 (A)	2,229	(2,091) /	(25.8) %
		H2	4,301		H2 (F)	3,770		
(Ratio of ordinary profit to net sales)	17.5%			12.2%				
Profit attributable to owners of parent	5,464	H1	2,681	5,000	H1 (A)	1,677	(464) /	(8.5) %
		H2	2,783		H2 (F)	3,322		
Basic earnings per share	260.58 yen	H1	127.85 yen	238.41 yen	H1 (A)	80.00 yen		
		H2	132.73yen		H2 (F)	158.41 yen		
ROE	5.7%			5.1%				
Exchange rate	149.7 yen/$ 169.0 yen/€ 20.8 yen/CNY			(Assumptions for H2) 145 yen/$ 176 yen/€ 20 yen/CNY				

3. Factors Affecting Changes in Operating Profit (fiscal year ended December 2025 vs. fiscal year ending December 2026)

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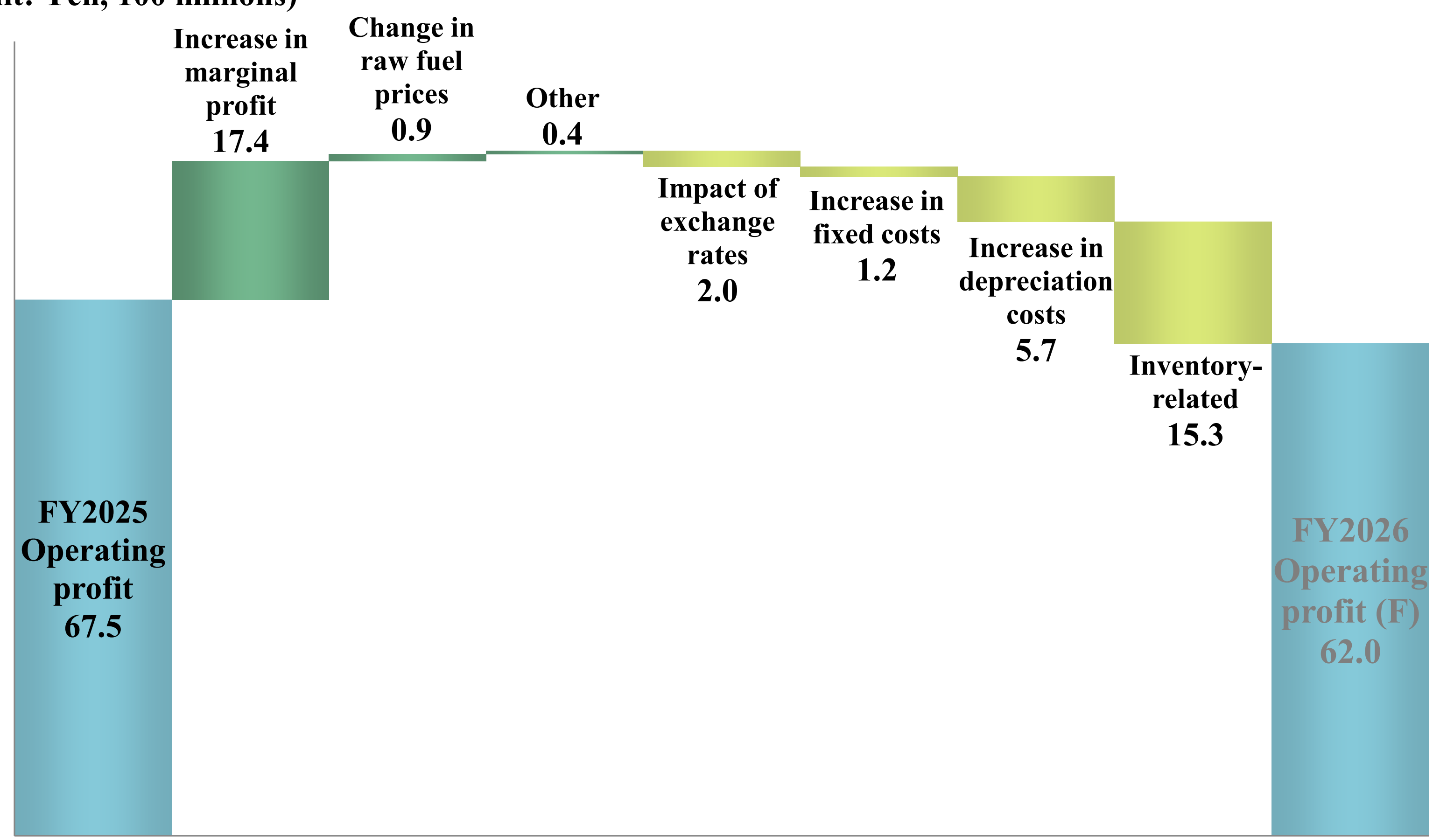
✓ **Operating profit is forecast to decline by 8.3% due to an increase in depreciation and the impact of inventories, despite a rise in marginal profit associated with the increase in sales.**

(Unit: Yen, 100 millions)



3. Factors Affecting Changes in Operating Profit
(first half vs. second half of fiscal year ending December 2026)

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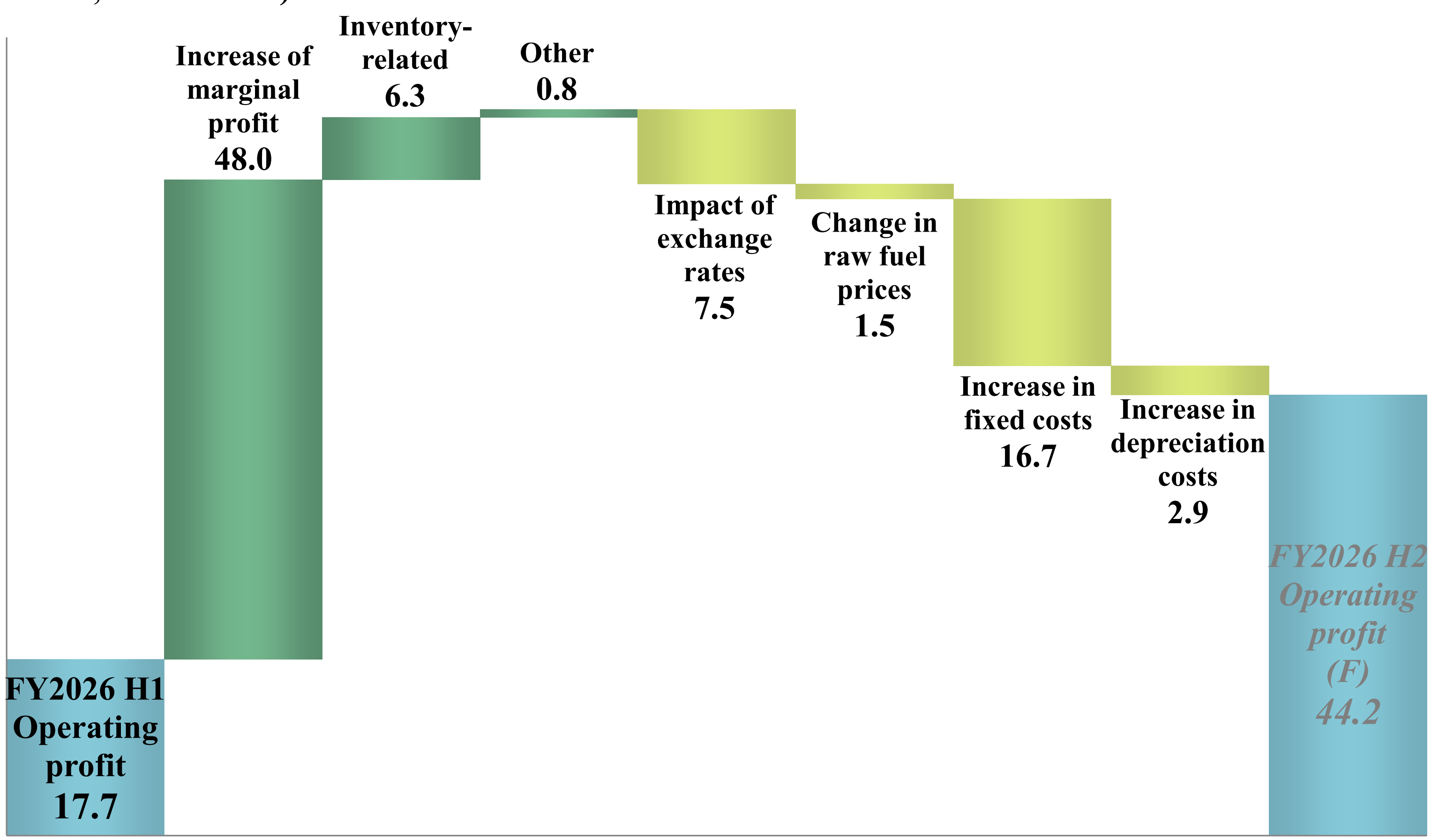
✓ **Operating profit expected to recover substantially**
— marginal profit up on higher volumes and an improved product mix accompanying the recovery in demand for semiconductor applications

(Unit: Yen, 100 millions)



4. Net Sales by Product and Segment

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Product and Segment (Unit: Yen, millions)	FY2025			FY2026								
	H1	H2	Full year	H1	YoY	Vs. initial forecast	H2 (F)	YoY	Vs. initial forecast	Full year (F)	YoY	Vs. initial forecast
Special Graphite Products	10,203	10,097	**20,300**	10,632	+4.2%	(7.4)%	12,911	+27.9%	+1.9%	**23,544**	+16.0%	(2.5)%
Electronics Applications	3,908	3,556	**7,465**	3,287	(15.9)%	(22.5)%	4,728	+33.0%	(8.1)%	**8,016**	+7.4%	(14.6)%
General Industries Applications	5,106	5,395	**10,501**	5,612	+9.9%	(3.3)%	6,536	+21.1%	+6.1%	**12,148**	+15.7%	+1.5%
Others	1,188	1,145	**2,333**	1,733	+45.9%	+20.6%	1,646	+43.7%	+20.5%	**3,379**	+44.8%	+20.6%
Carbon products for General Industries [Carbon Products for Mechanical Applications]	1,986	2,239	**4,226**	2,131	+7.3%	+10.5%	2,261	+1.0%	+5.0%	**4,392**	+3.9%	+7.6%
Carbon Products for General Industries [Carbon Products for Electrical Applications]	2,078	2,277	**4,356**	2,249	+8.2%	+2.9%	2,281	+0.2%	(0.6)%	**4,530**	+4.0%	+1.1%
Compound Materials and Other Products	7,910	7,412	**15,322**	6,830	(13.7)%	+7.1%	8,555	+15.4%	(1.1)%	**15,385**	+0.4%	+2.4%
Three Major Products	6,596	6,106	**12,702**	5,691	(13.7)%	+6.2%	7,306	+19.7%	(1.9)%	**12,997**	+2.3%	+1.5%
Other Products	1,313	1,306	**2,619**	1,139	(13.3)%	+11.7%	1,248	(4.4)%	+3.3%	**2,387**	(8.9)%	+7.2%
Related goods	800	1,182	**1,983**	526	(34.2)%	(0.1)%	619	(47.6)%	(14.1)%	**1,146**	(42.2)%	(8.2)%
Total	**22,980**	**23,208**	**46,189**	**22,370**	**(2.7)%**	**(0.6)%**	**26,629**	**+14.7%**	**+0.5%**	**49,000**	**+6.1%**	**0.0%**

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

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Product and Segment (Unit: Yen, millions)	FY2025			FY2026								
	H1	H2	Full year	H1	YoY	Vs. initial forecast	H2 (F)	YoY	Vs. initial forecast	Full year (F)	YoY	Vs. initial forecast
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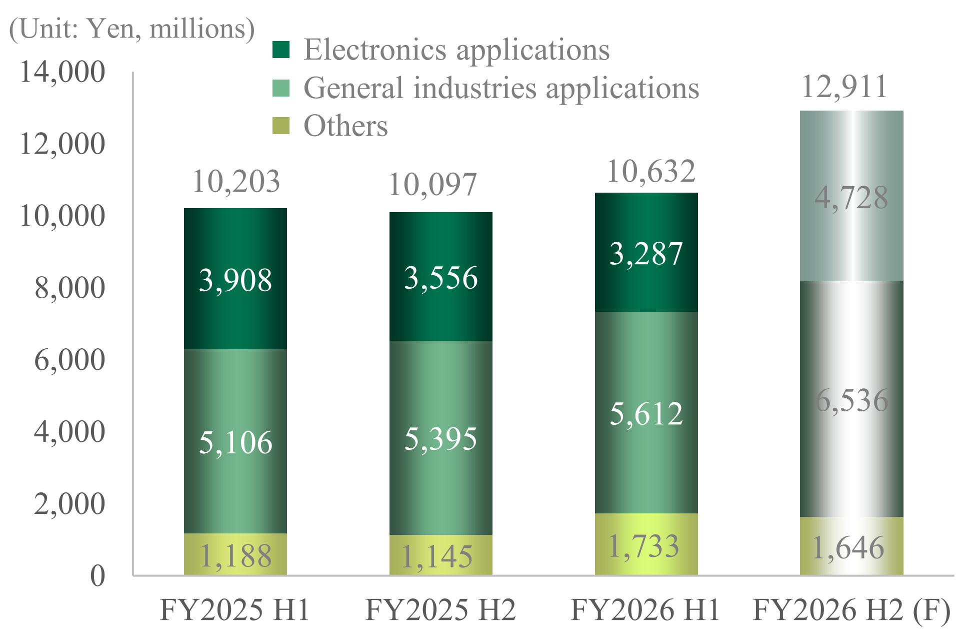

[Electronics applications]

- A full-scale recovery is expected in products for single-crystal silicon manufacturing applications from the second half of the fiscal year, as initially anticipated.
- The market correction is expected to continue throughout this fiscal year for compound semiconductor manufacturing applications for SiC semiconductors.
- The downward revision for electronics applications is mainly due to sluggish demand for parts for semiconductor device manufacturing.

[General industries applications]

- Sales are forecast to increase year on year amid continued firm demand for applications such as industrial furnaces and continuous casting.

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

Product and Segment (Unit: Yen, millions)	FY2025			FY2026								
	H1	H2	Full year	H1	YoY	Vs. initial forecast	H2 (F)	YoY	Vs. initial forecast	Full year (F)	YoY	Vs. initial forecast
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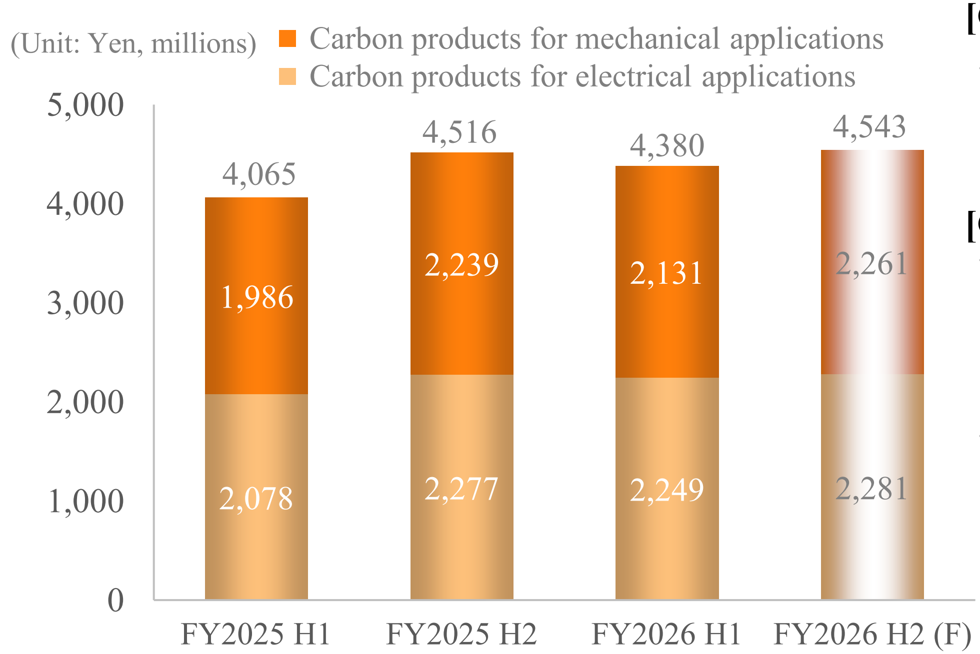

[Carbon products for mechanical applications]

- A robust and generally stable level of demand is forecast for bearings, sealing rings, and contact strips for pantograph sliders.

[Carbon products for electrical applications]

- No major change is expected in market conditions for compact motors for home appliances and power tools, and sales are expected to be on par with the previous fiscal year.
- We have strengthened our sales structure for large-motor applications, including renewable energy applications such as wind power generation and industrial machinery applications, and we will proceed to develop new markets.

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

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Product and Segment (Unit: Yen, millions)	FY2025			FY2026								
	H1	H2	Full year	H1	YoY	Vs. initial forecast	H2 (F)	YoY	Vs. initial forecast	Full year (F)	YoY	Vs. initial forecast
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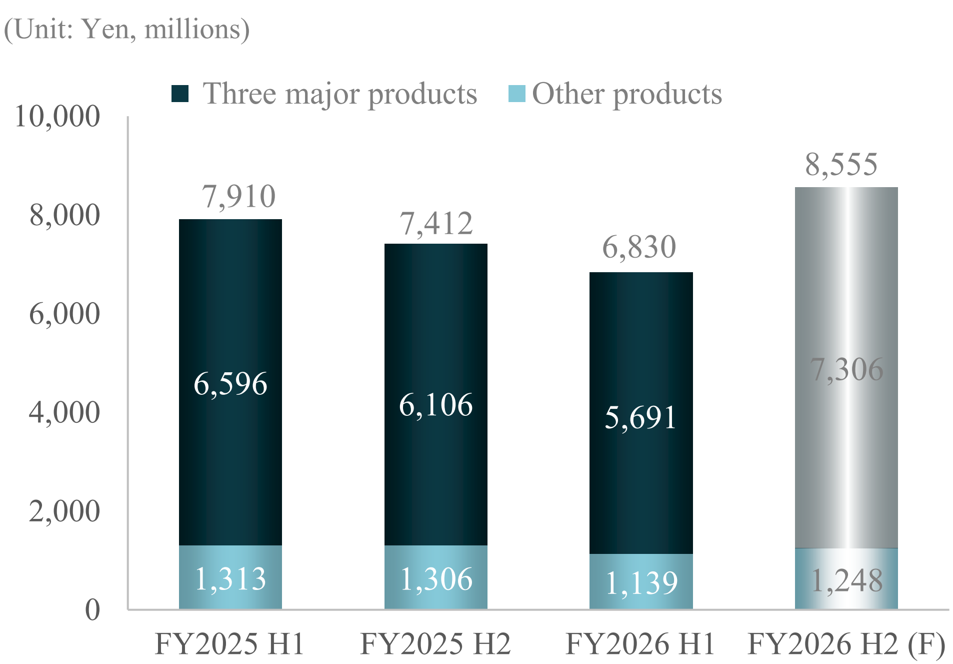

[Three major products]

- Steady demand is expected to continue for Si epitaxial applications. For SiC epitaxial applications, although signs of market recovery are beginning to appear, demand remains at a low level, and a year-on-year decline in demand is expected for SiC-coated graphite products overall.
- Sales of C/C composite products are expected to increase year on year, with strong demand forecast for both industrial furnace applications and semiconductor applications.
- Sales of graphite sheet products are expected to increase year on year, with an increase in sales for metallurgical applications, as well as steady demand for semiconductor and automotive applications.

5. Sales by Region

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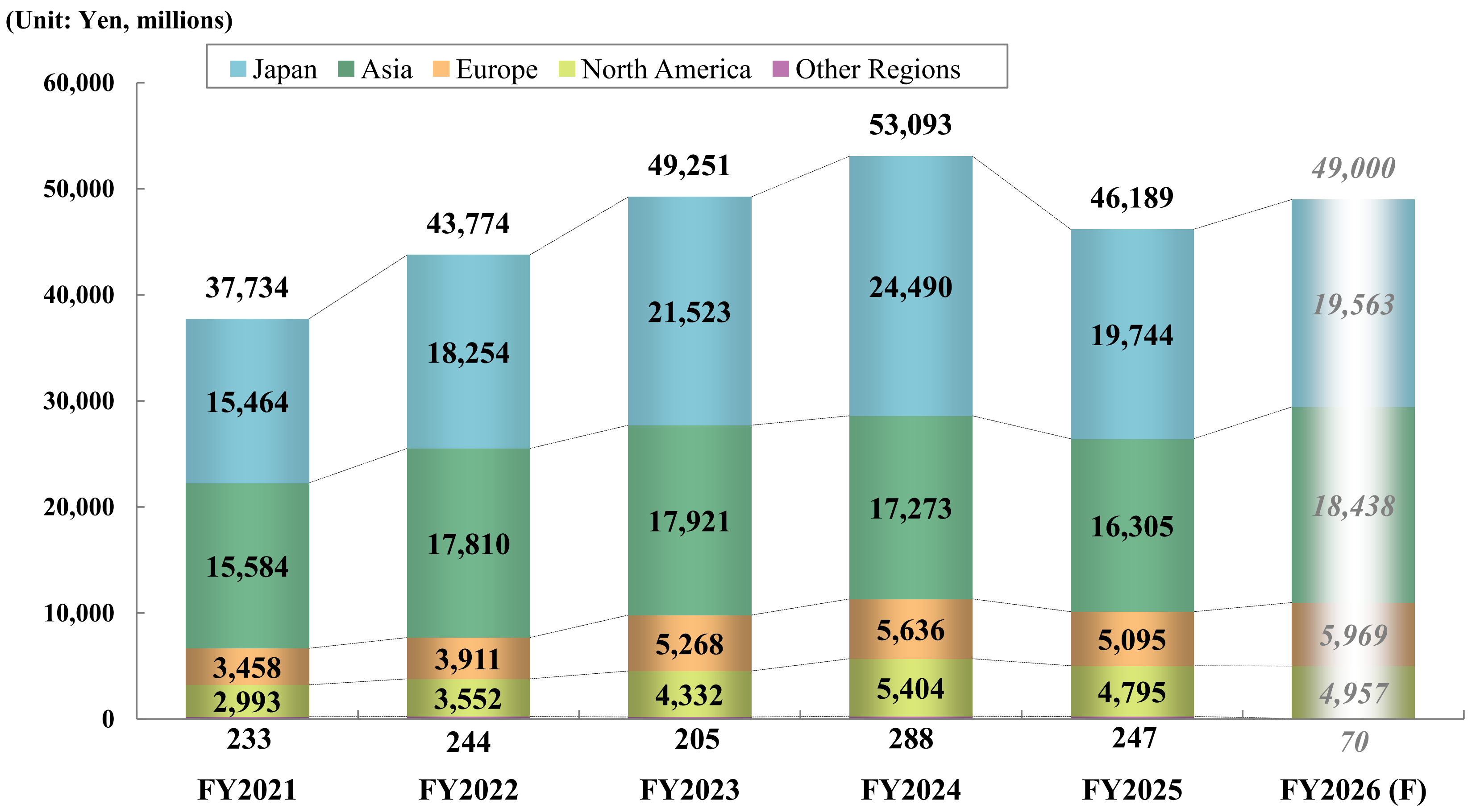
✓ **Demand is expected to recover, primarily in Asia and Europe.**



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

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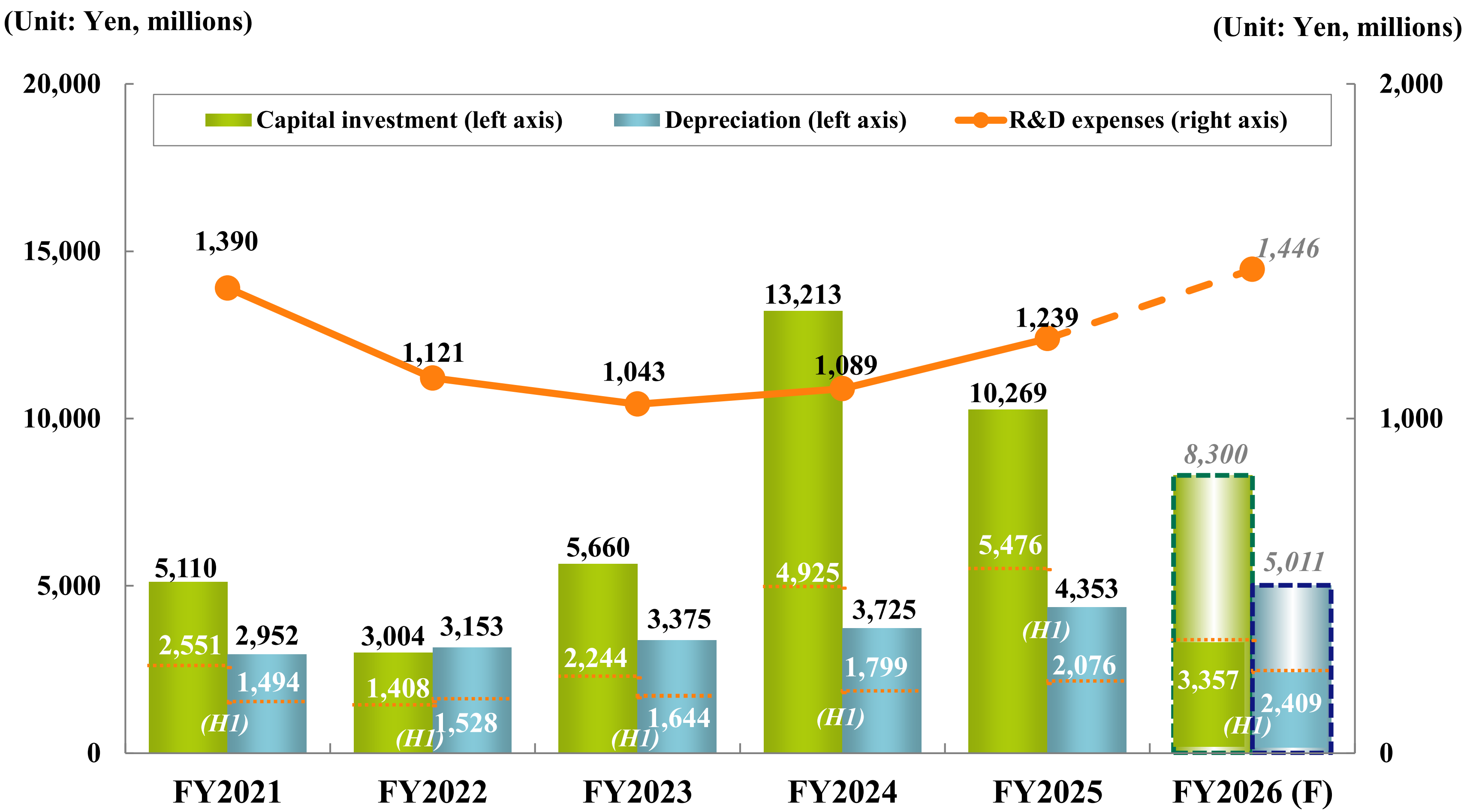
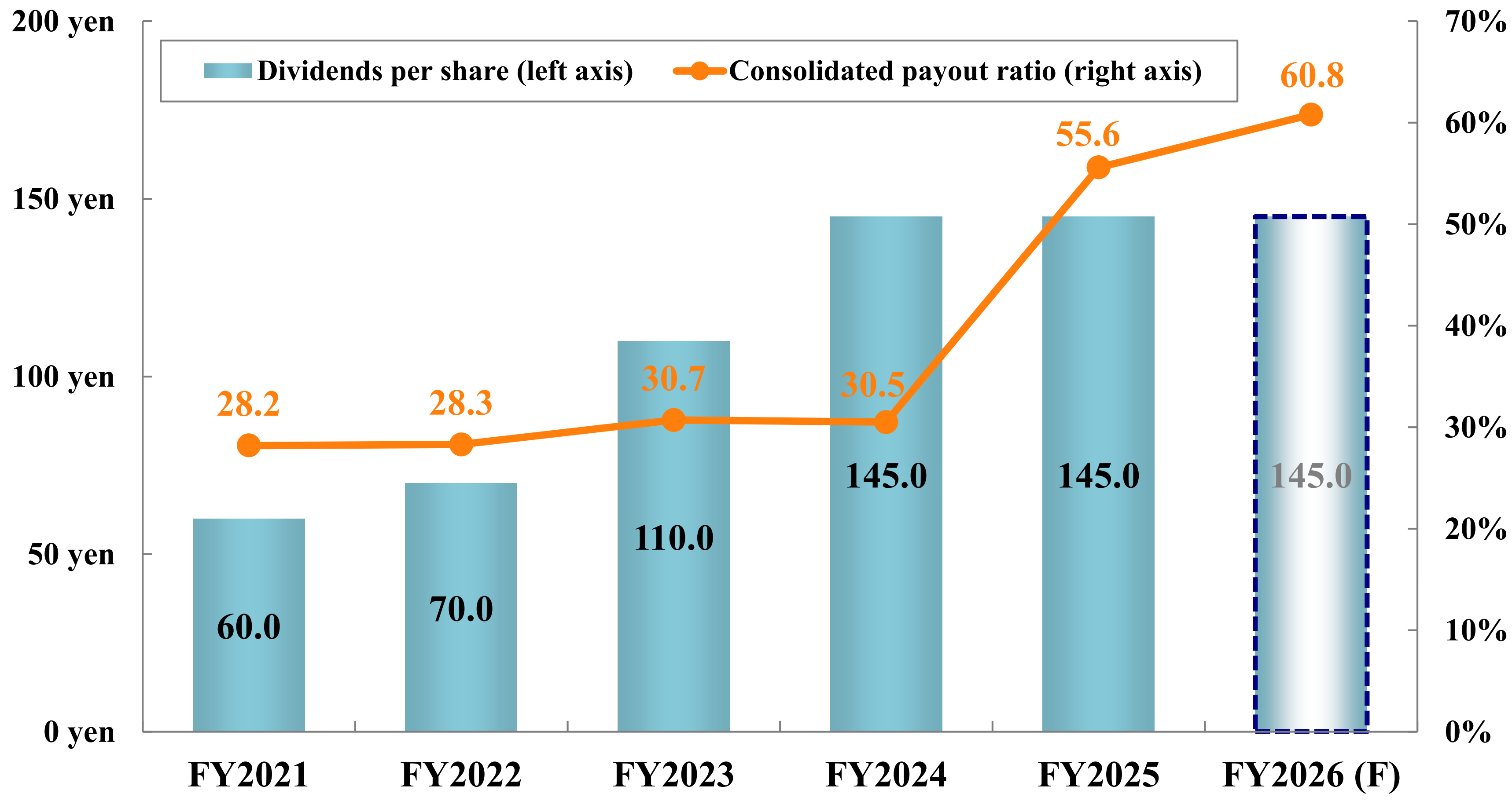
✓ **Capital investment, including purification and SiC/TaC coatings, is generally progressing as planned.**



7. Dividend

✓ We will maintain the same level of dividend as in FY2025, focusing on stability. As a result, the payout ratio will rise to 60.8%, significantly exceeding the benchmark level of 40%.



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