

Toyo Tanso Co., Ltd.

Results for the Fiscal Year Ended December 31, 2020

**February 17, 2021
Toyo Tanso Co., Ltd.**

Summary of Results for the Fiscal Year Ended December 31, 2020

1. Results for the Fiscal Year Ended December 31, 2020

(Unit: Yen, millions)	FY2019	FY2020	
			Year-on-year change
Net sales	36,402	31,226	(5,175) / (14.2) %
Operating income	5,175	3,422	(1,753) / (33.9) %
(Ratio of operating income to net sales)	14.2%	11.0%	
Ordinary income	5,207	3,877	(1,330) / (25.5) %
(Ratio of ordinary income to net sales)	14.3%	12.4%	
Profit attributable to owners of parent	2,944	2,662	(281) / (9.6) %
Profit attributable to owners of parent per share (basic)	140.40 yen	126.95 yen	
Exchange rate	109.1 yen/\$ 122.1 yen/€ 15.8 yen/CNY	106.8 yen/\$ 121.8 yen/€ 15.5 yen/CNY	

■ Net sales

- With Q2 and Q3 as bottom, recovered slightly in Q4
- Exceeded the forecast of 30,000 million yen by a modest 4%

■ Operating income, ordinary income, profit

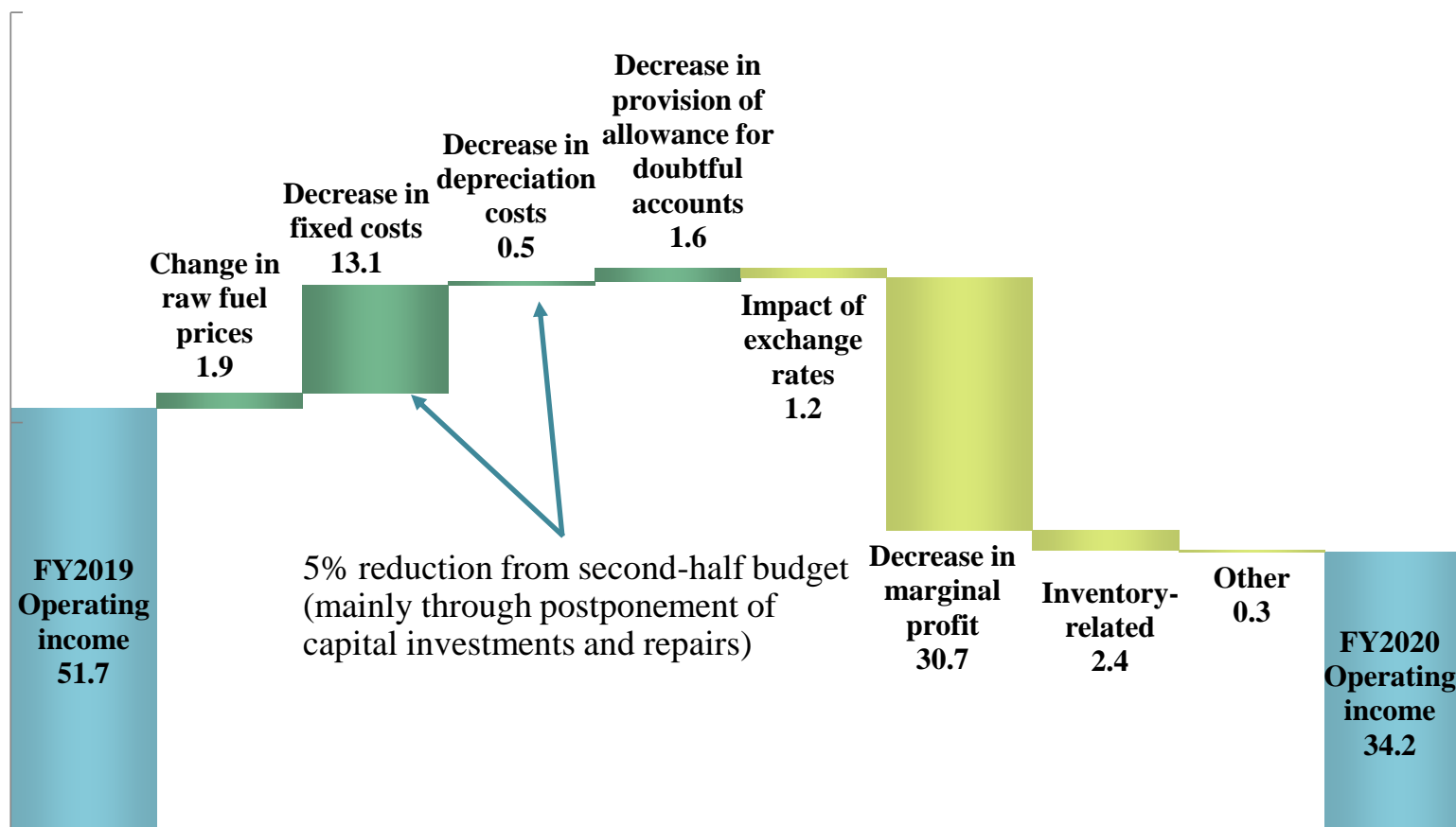
- Marginal profit decreased due to drop in sales
- 226 million yen in subsidies for employment adjustment recorded as non-operating income
- Operating and ordinary incomes exceeded the forecast of 3,200 million yen by 6% and 21%, respectively
- Profit also outperformed the forecast of 2,500 million yen by 6%

2. Factors Affecting Changes in Operating Income

(Results for the year ended December 31, 2019 vs. results for the year ended December 31, 2020)

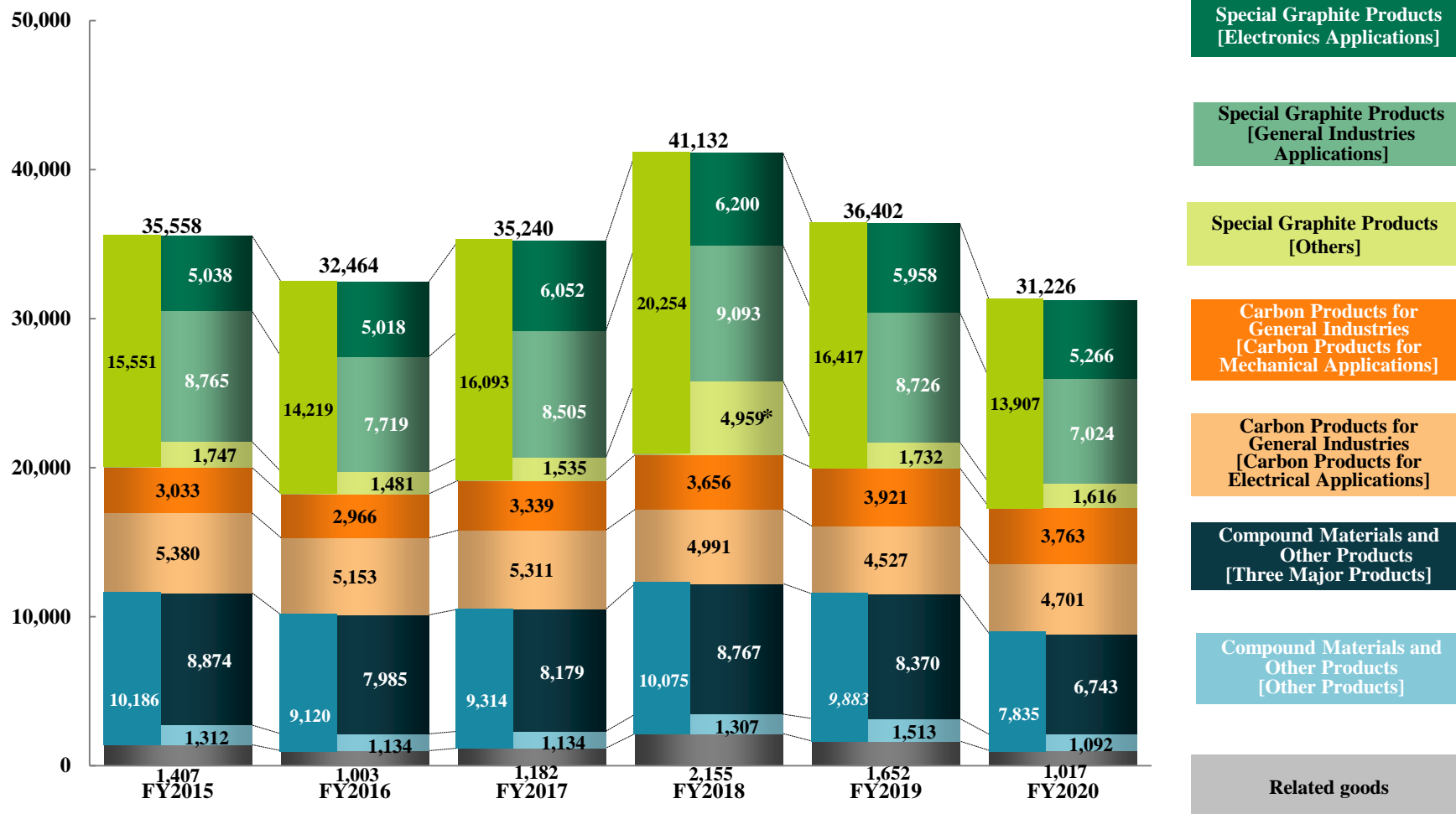
- ✓ Marginal profit decreased substantially, by 33.9% year on year, due to lower sales
- ✓ Increased cost-cutting efforts in the second half helped to achieve substantial reduction of fixed costs and depreciation

(Unit: Yen, 100 millions)



3. Net Sales by Product and Segment

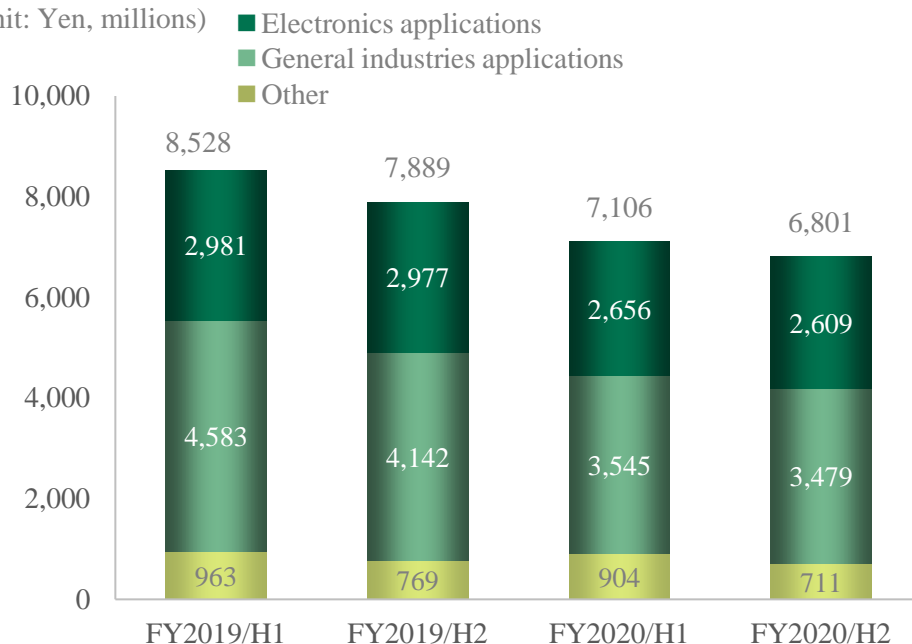
(Unit: Yen, millions)



* Net sales for special graphite products [others] for 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).

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

(Unit: Yen, millions)



[Electronics applications]

In applications for single-crystal silicon manufacturing, despite a rebound in Q4, net sales for the full year were weak in comparison with the strong performance of the previous fiscal year. This probably reflected in part customers' inventory situations.

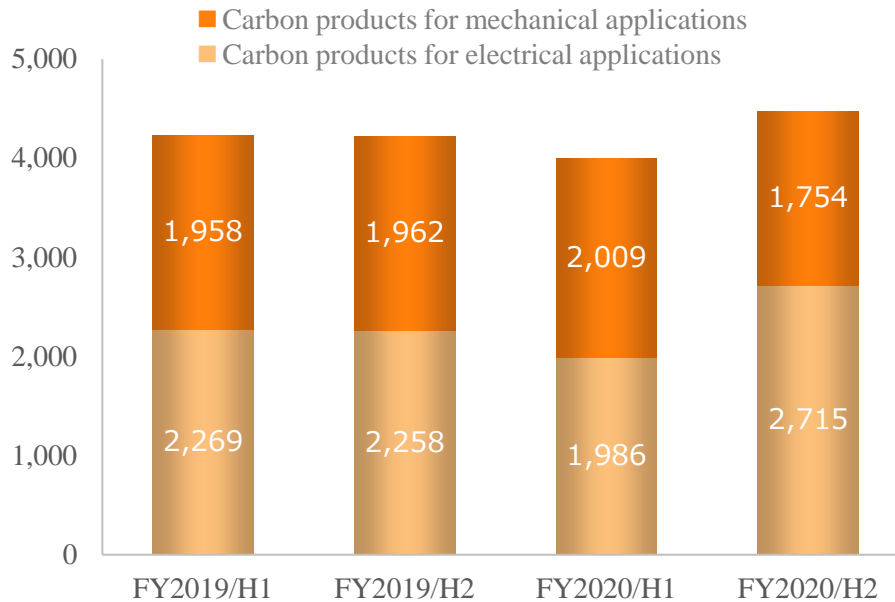
In solar cell applications, although the market was brisk, intensifying competition led to increased price pressure, a cause of deterioration in profitability.

[General industries applications]

Although Q4 saw some activities resuming in business involving applications for EDM electrodes and industrial furnaces mainly for automotive and aircraft applications, net sales decreased substantially due to the severe impact of COVID-19. Applications for continuous casting as well as optical fiber applications in China also struggled.

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

(Unit: Yen, millions)



[Carbon products for mechanical applications]

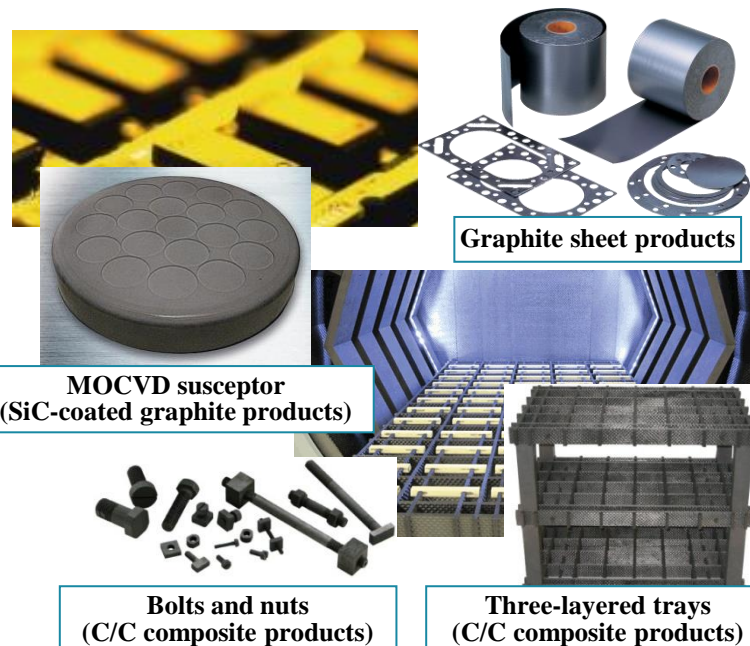
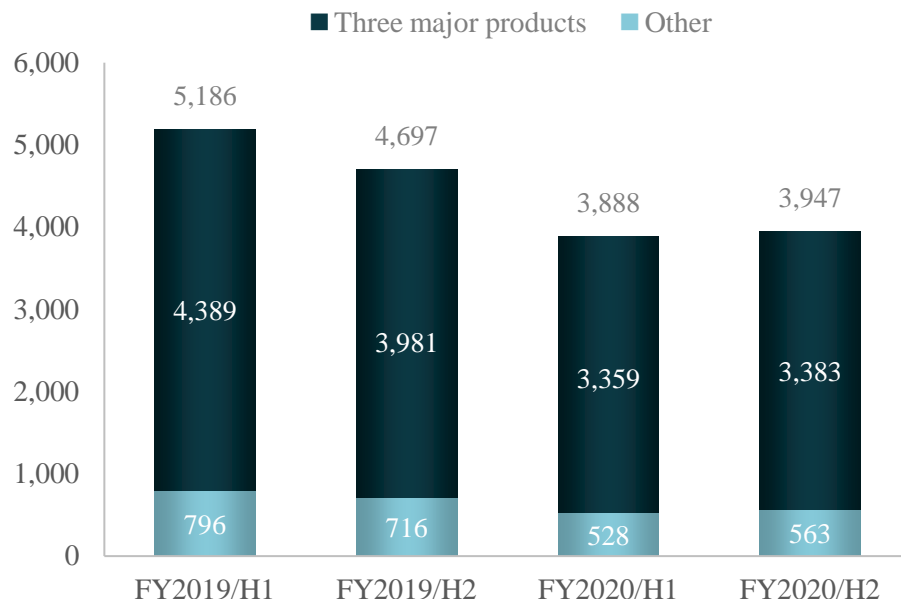
Although the segment was supported by robust sales of pantograph sliders throughout the year both in Japan and overseas, domestic sales of shaft bearings, sealing rings and other mainstay products declined in the second half after a strong first half, resulting in a slight year-on-year decrease for the full year.

[Carbon products for electrical applications]

Small-motor applications saw a significant increase in demand in the second half after a period of lackluster performance amid the trend toward use of brushless motors. This is probably a result of factors including increased stay-at-home demand for such products as power tools and home appliances, as well as moves to alternative production due to supply chain disruption in the US and Europe.

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

(Unit: Yen, millions)



[Three major products]

In the area of SiC-coated graphite products, despite solid results in Si semiconductor applications, net sales decreased significantly due to languishing performance of LED applications reflecting adjustments in China. With the completion of facility expansion work, the Company is focused on ensuring that it captures the opportunity offered by the expanded market, having embarked on acquisition of customer certifications since the start of 2021 and planning to roll out phase-in operations.

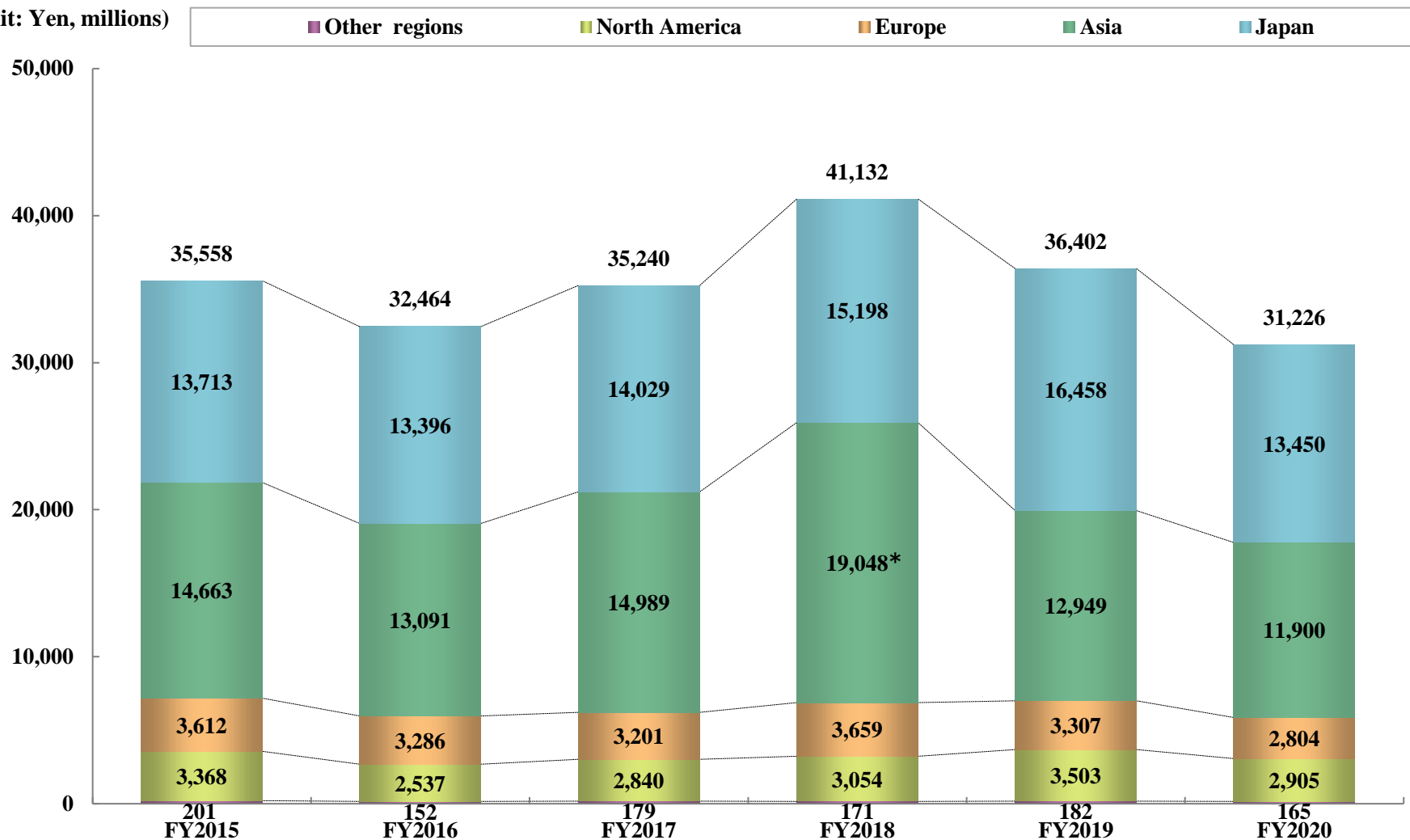
In the area of C/C composite products, semiconductor applications and industrial furnace applications both suffered lackluster results. In solar cell applications where single-crystal silicon has become the norm, use of C/C composite products for manufacture of polycrystal silicon diminished.

In the area of graphite sheet products, net sales fell slightly short of the previous fiscal year's level overall, although those for automotive use applications picked up modestly in Q4.

4. Sales by Region

✓ Net sales by region were down across the board, although firm results in China helped to keep the decrease in Asia to a single digit

(Unit: Yen, millions)



* Net sales in Asia for 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. Consolidated Balance Sheet and Statement of Cash Flows for the Fiscal Year Ended December 31, 2020

Consolidated Balance Sheet	(Unit: Yen, millions)		Consolidated Statement of Cash Flows	(Unit: Yen, millions)	
	December 31, 2019	December 31, 2020		FYE Dec. 2019	FYE Dec. 2020
Total assets	76,082	76,075	Cash and cash equivalents at beginning of period	6,414	6,101
Notes and accounts receivable - trade	14,195	11,389	Net increase (decrease) in cash and cash equivalents	(313)	5,992
Inventories	15,416	15,675	Cash and cash equivalents at end of period	6,101	12,093
Property, plant and equipment	24,874	28,448	Net cash provided by (used in) operating activities	5,149	7,020
Total liabilities and net assets	76,082	76,075	Net cash provided by (used in) investing activities	(4,017)	1,011
Interest-bearing liabilities	296	255	Net cash provided by (used in) financing activities	(1,372)	(2,099)
Capital stock	7,947	7,947			
Net assets	65,706	66,622			
Equity ratio	85.4%	87.5%			

Forecasts for the Fiscal Year Ending December 31, 2021

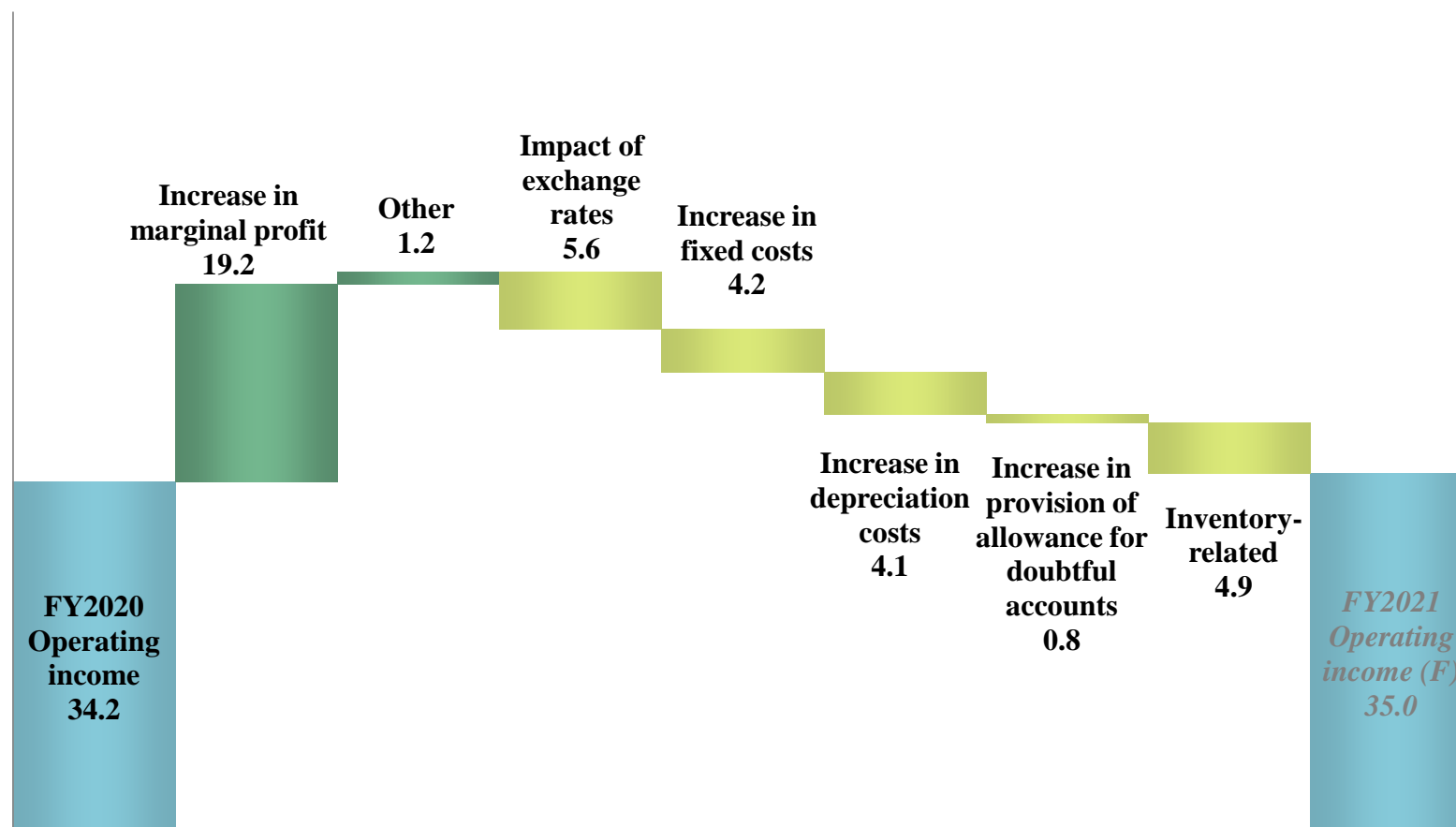
1. Forecasts for the Fiscal Year Ending December 31, 2021

(Unit: Yen, millions)	FY2020			FY2021 (F)				
		Breakdown			Breakdown		Year-on-year	
Net sales	31,226	H1	15,514	32,500	H1	15,800	+ 1,273 / + 4.1 %	
		H2	15,712		H2	16,700		
Operating income	3,422	H1	2,063	3,500	H1	1,600	+ 77 / + 2.3 %	
		H2	1,358		H2	1,900		
(Ratio of operating income to net sales)	11.0%			10.8%				
Ordinary income	3,877	H1	2,105	3,500	H1	1,600	(377) / (9.7) %	
		H2	1,771		H2	1,900		
(Ratio of ordinary income to net sales)	12.4%			10.8%				
Profit attributable to owners of parent	2,662	H1	1,461	2,500	H1	1,100	(162) / (6.1) %	
		H2	1,200		H2	1,400		
Profit attributable to owners of parent per share (basic)	126.95 yen	H1	69.69 yen	119.20 yen	H1	52.45 yen		
		H2	57.26 yen		H2	66.75 yen		
Exchange rate	106.8 yen/\$ 121.8 yen/€ 15.5 yen/CNY			100 yen/\$ 120 yen/€ 15 yen/CNY				

2. Factors Affecting Changes in Operating Income (fiscal year ended December 2020 vs. fiscal year ending December 2021)

- ✓ Marginal profit to increase with growth in sales, yet operating income to stay flat year on year due to increase in fixed costs such as personnel costs and R&D expenses

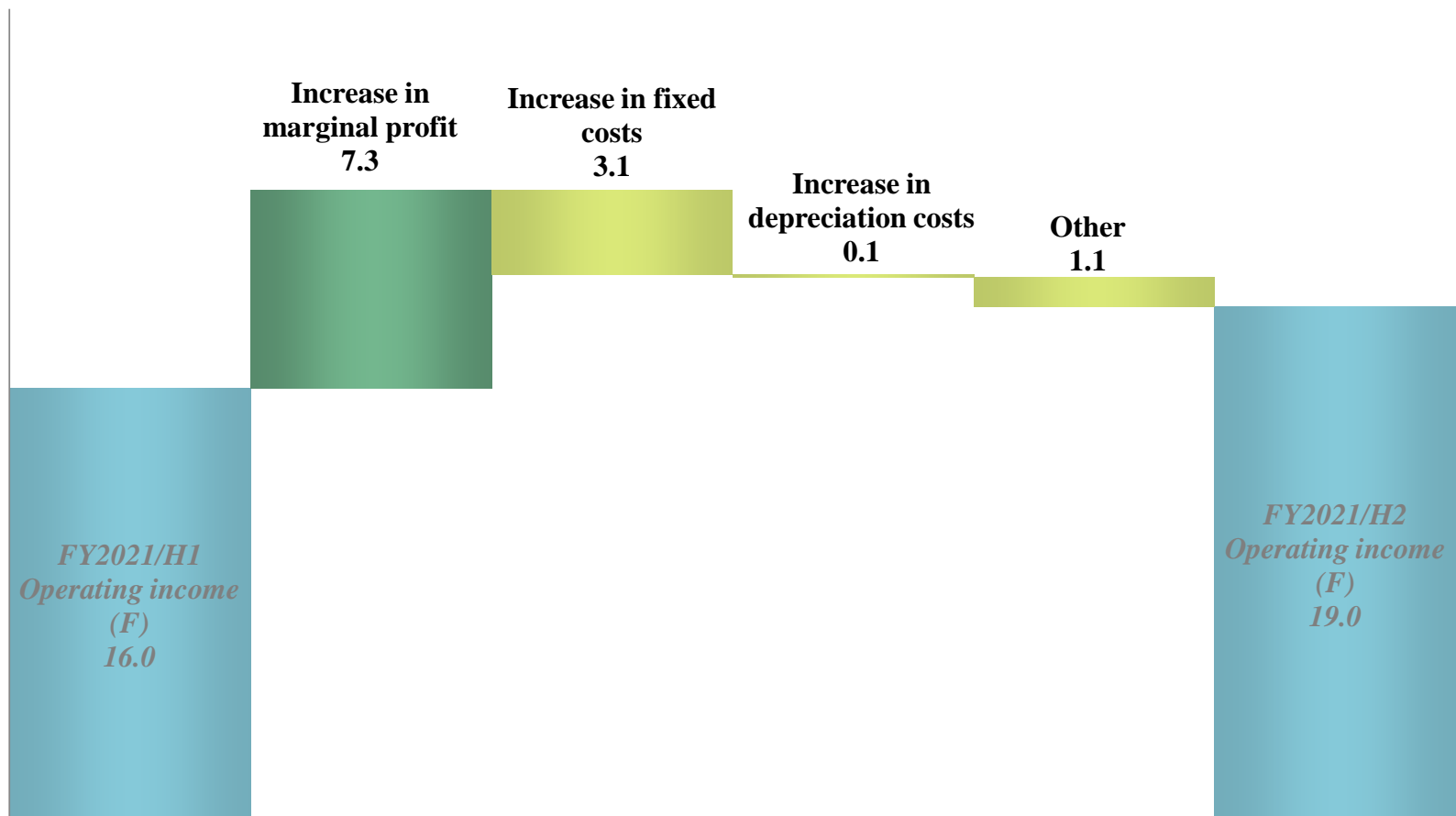
(Unit: Yen, 100 millions)



2. Factors Affecting Changes in Operating Income (first half vs. second half of fiscal year ending December 2021)

- ✓ Despite increase in fixed costs led by personnel costs, marginal profit ratio to improve as a result of changes in the product mix, leading to an approximately 2% income improvement in the second half

(Unit: Yen, 100 millions)



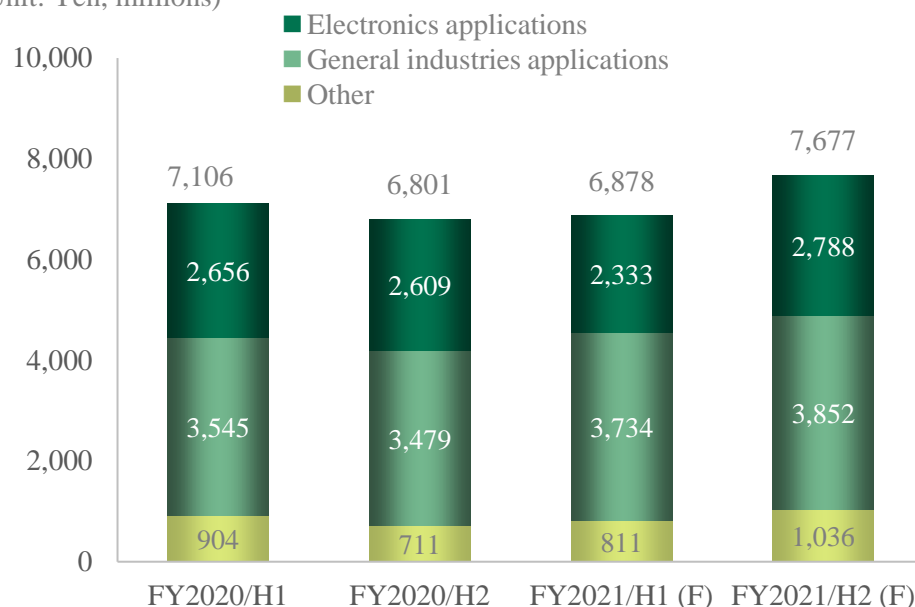
3. Net Sales by Product and Segment

Product and Segment	FY2020			FY2021(F) <small>Changes indicate year-on-year increases or decreases</small>					
	H1	H2	Total	H1	Changes (%)	H2	Changes (%)	Total	Changes (%)
Special Graphite Products	7,106	6,801	13,907	6,878	-3.2	7,677	+12.9	14,555	+4.7
Electronics Applications	2,656	2,609	5,266	2,333	-12.2	2,788	+6.8	5,121	-2.7
General Industries Applications	3,545	3,479	7,024	3,734	+5.3	3,852	+10.7	7,586	+8.0
Others	904	711	1,616	811	-10.3	1,036	+45.6	1,847	+14.3
Carbon Products for General Industries [Carbon Products for Mechanical Applications]	2,009	1,754	3,763	1,772	-11.8	1,797	+2.4	3,570	-5.1
Carbon Products for General Industries [Carbon Products for Electrical Applications]	1,986	2,715	4,701	2,534	+27.6	2,116	-22.1	4,650	-1.1
Compound Materials and Other Products	3,888	3,947	7,835	4,041	+3.9	4,577	+16.0	8,619	+10.0
Three Major Products	3,359	3,383	6,743	3,509	+4.4	3,998	+18.2	7,507	+11.3
Other Products	528	563	1,092	532	+0.6	579	+2.7	1,111	+1.7
Related goods	523	494	1,017	572	+9.5	531	+7.5	1,104	+8.5
Total	15,514	15,712	31,226	15,800	+1.8	16,700	+6.3	32,500	+4.1

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

Product and Segment	FY2020			FY2021(F) <small>Changes indicate year-on-year increases or decreases</small>					
	H1	H2	Total	H1	Changes (%)	H2	Changes (%)	Total	Changes (%)
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Others	904	711	1,616	811	-10.3	1,036	+45.6	1,847	+14.3

(Unit: Yen, millions)



[Electronics applications]

- In applications for single-crystal silicon manufacturing, a rising trend to continue from the first to the second half, supported by robust demand.
- Compound semiconductor applications are expected to show strong performance and exceed the previous fiscal year's level.
- In solar cell applications, net sales to plunge further in the first half. Despite a modest recovery in the second half, a significant decrease is projected for the full year. The Company will strive to break out of the situation through sale of value-added products and other initiatives.

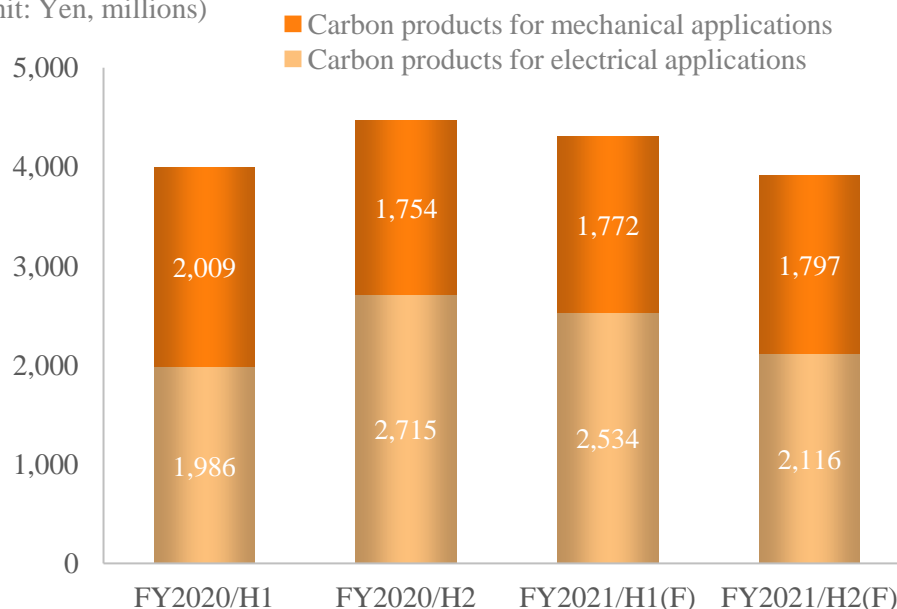
[General industries applications]

- In applications for EDM electrodes, despite a modest rise in the second half, full-year results to remain unchanged from the previous fiscal year.
- In metallurgical applications, recovery is expected in applications for industrial furnace and continuous casting.

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

Product and Segment	FY2020			FY2021(F)						Changes indicate year-on-year increases or decreases
	H1	H2	Total	H1	Changes (%)	H2	Changes (%)	Total	Changes (%)	
Carbon Products for General Industries [Carbon Products for Mechanical Applications]	2,009	1,754	3,763	1,772	-11.8	1,797	+2.4	3,570	-5.1	
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(Unit: Yen, millions)



[Carbon products for mechanical applications]

- In shaft bearings, sealing rings and other such products which enjoyed buoyant sales in the first half of FY2020 on the back of emergency demand, a stable trend returned in the second half which is likely to continue through FY2021.
- Demand for pantograph sliders to remain strong both in Japan and overseas.

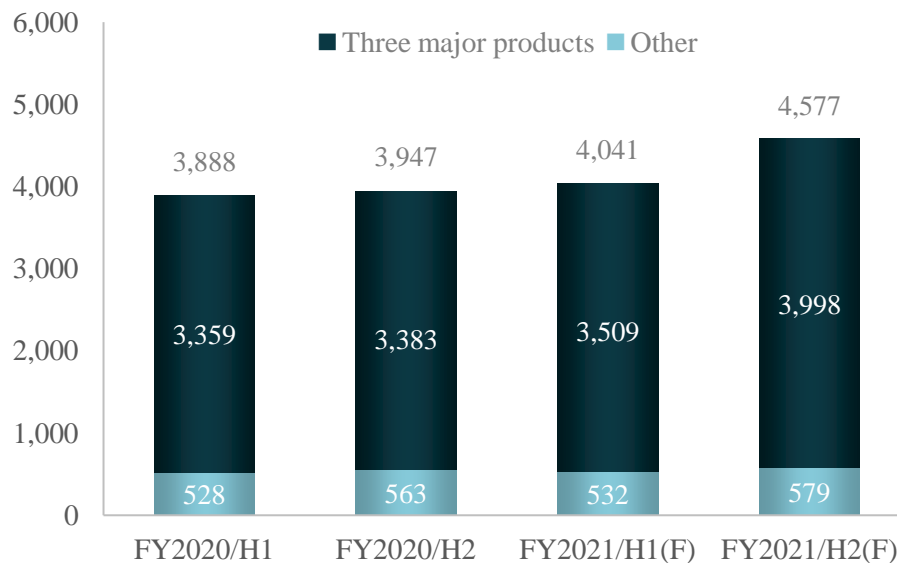
[Carbon products for electrical applications]

- In the area of small-motor applications for home appliances and power tools, COVID-19-related demand has peaked out in the second half of FY2020 and is gradually diminishing.
- Steady performance to continue in applications for large-sized motors, an area of focus, notwithstanding the relatively small sales volume.

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

Product and Segment	FY2020			FY2021 (F)						Changes indicate year-on-year increases or decreases
	H1	H2	Total	H1	Changes (%)	H2	Changes (%)	Total	Changes (%)	
Compound Materials and Other Products	3,888	3,947	7,835	4,041	+3.9	4,577	+16.0	8,619	+10.0	
Three Major Products	3,359	3,383	6,743	3,509	+4.4	3,998	+18.2	7,507	+11.3	
Other Products	528	563	1,092	532	+0.6	579	+2.7	1,111	+1.7	

(Unit: Yen, millions)



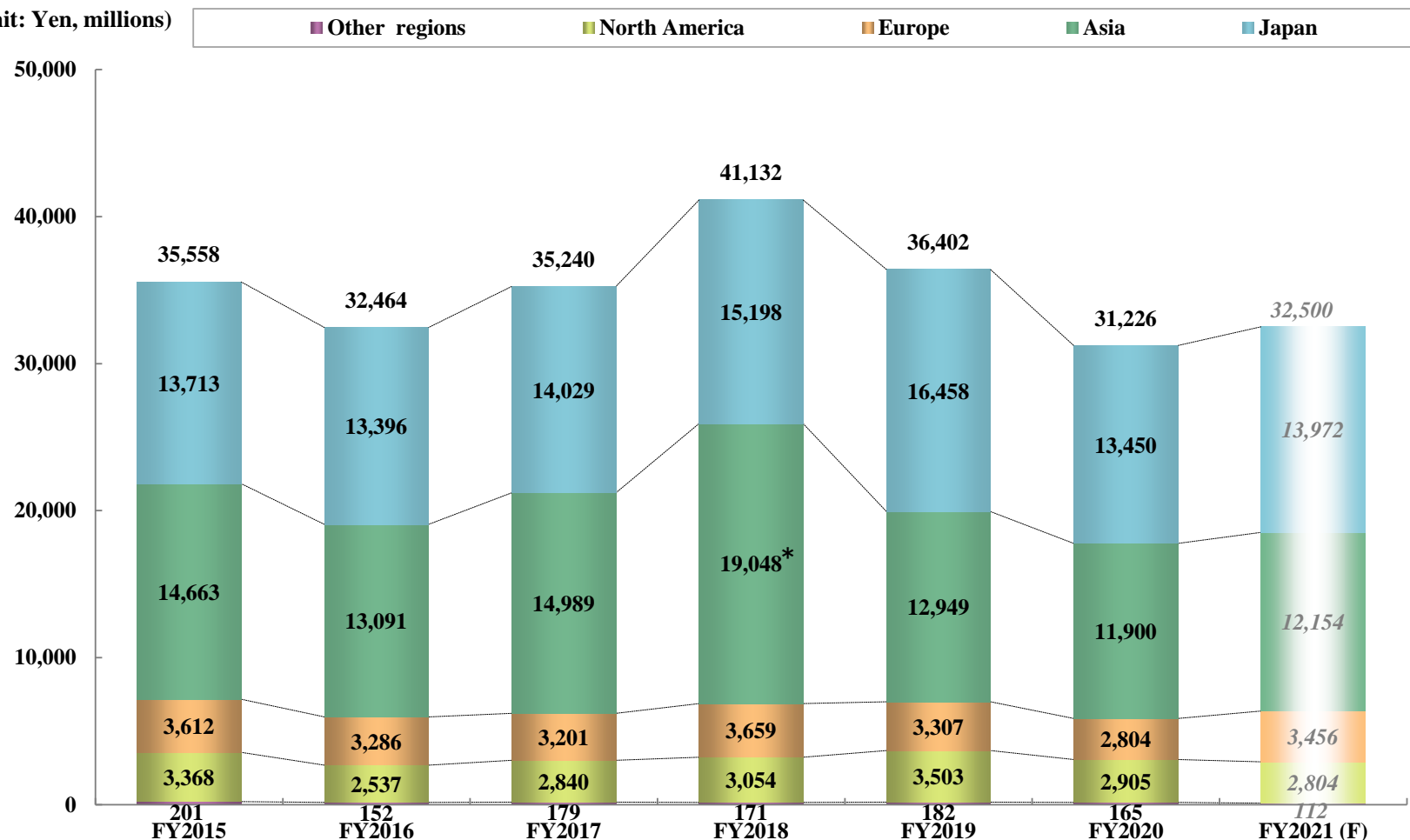
[Three major products]

- In the area of SiC-coated graphite products, a significant increase is expected in the second half, driven in particular by semiconductor applications.
- In the area of C/C composite products, semiconductor applications to show strong performance. Solar cell applications to record year-on-year gain with growth in demand for PECVD equipment applications.
- Sales of graphite sheet products to be generally sluggish and likely to fall below the previous fiscal year's level.

4. Sales by Region

✓ Growth in demand notably for metallurgical applications to drive sales recovery in Europe Steady sales also both in Japan and China

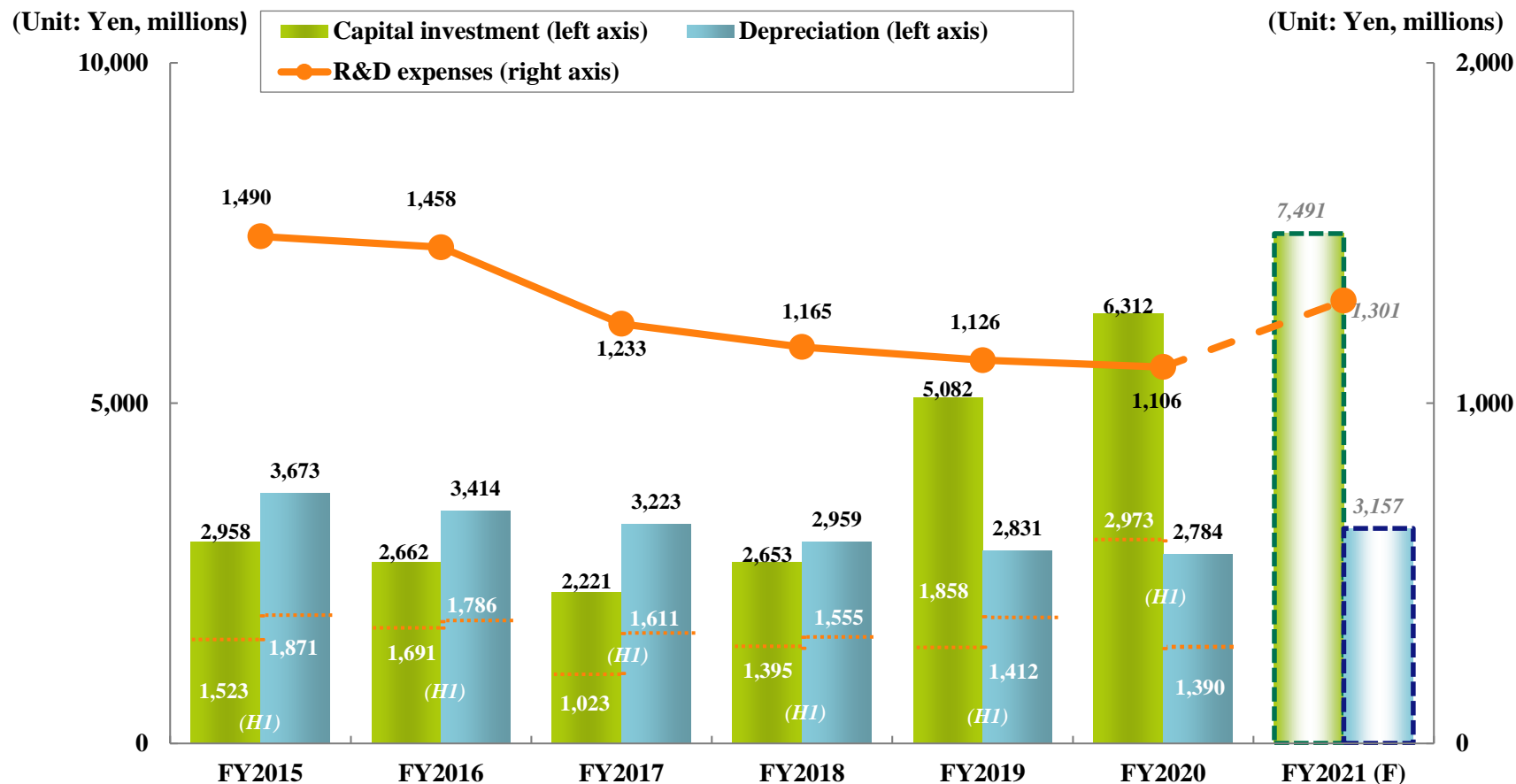
(Unit: Yen, millions)



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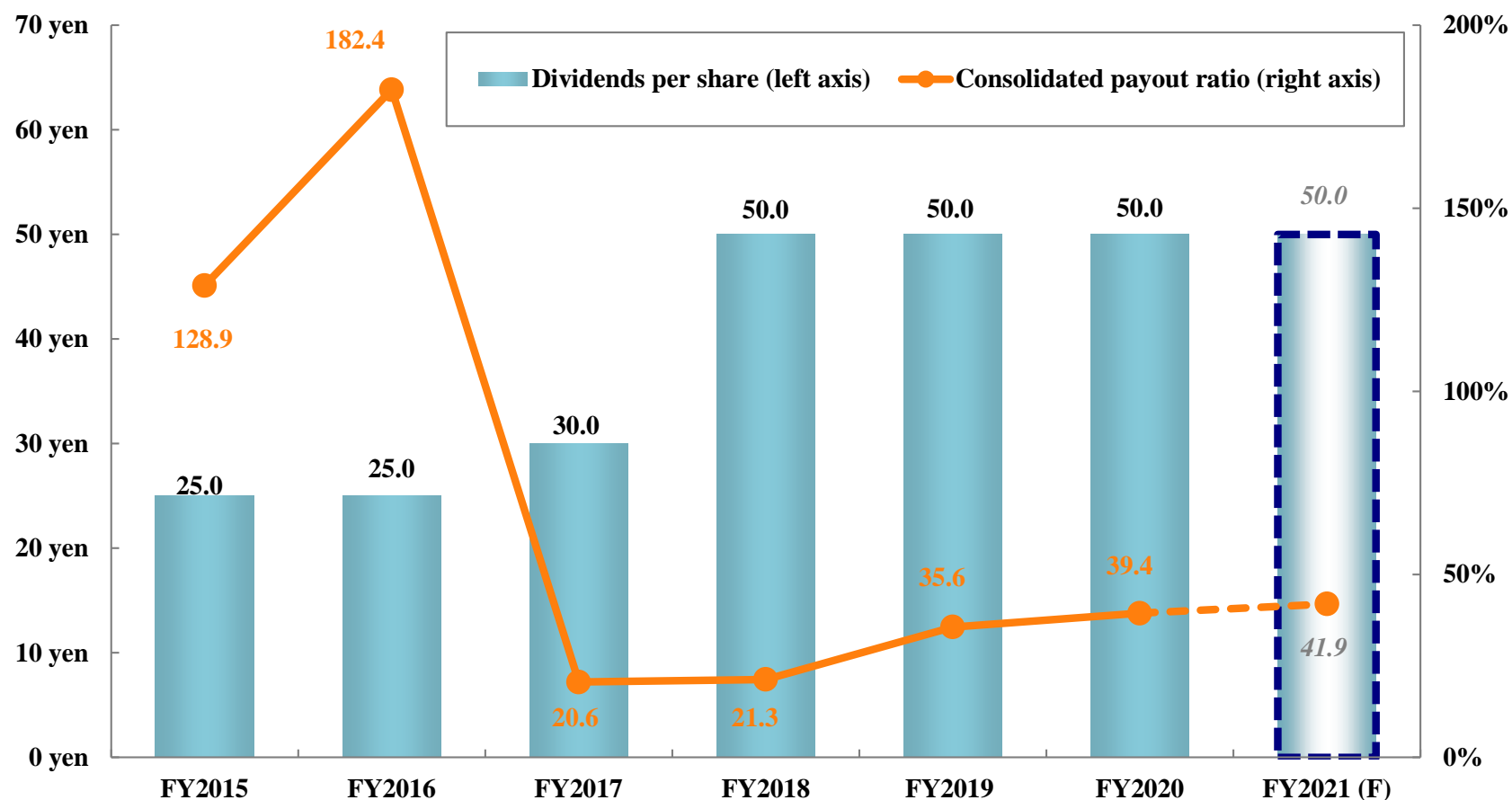
5. Capital Investment, Depreciation, and R&D Expenses

- ✓ Launched capital investment in FY2019 for achieving higher added value and productivity improvement
- However, in view of the business environment, investment in FY2020 was held down mostly by delaying the timing of investment



6. Dividend

✓ In light of income level and funding requirement, dividend to be kept at 50 yen in FY 2020 and FY2021



7. Business Activities for Helping to Achieve a Sustainable Society

Toyo Tanso will help seek solutions to social challenges by developing technologies that are closely aligned with its customers



SUSTAINABLE DEVELOPMENT GOALS

Toyo Tanso aims to help bring about achievement of the Sustainable Development Goals (SDGs).

Electronics

[Semiconductor]

Components for crystal growth
Components for wafer processing

[Electronic component]

Jigs for electronic component manufacturing



Energy

[Power generation]

Grounding brushes for power generators
Components for solar power generation
device manufacturing
Core components for next-generation
atomic reactor

[Electronic component]

Catalyst carriers



Mobility

[Trains]

Pantograph sliders

[Aircraft]

Engine parts manufacturing
(electrodes for EDM, jigs for heat processing)

[Automotive]

Carbon brushes for fuel pumps
Gaskets



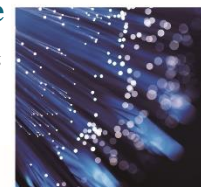
Social infrastructure

[Communications]

Components for optical fiber manufacturing
Components for cable manufacturing

[General industry]

Packing
Sealing ring bearings



Life science

[Medical care]

Target materials for CT devices
Analytical column filler

[Home appliances]

Components for LED manufacturing
Carbon brushes for cleaners
Components for compressors





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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