

February 12, 2021

Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 [Japanese GAAP]

Listed company name:	Toyo Tanso Co., Ltd.
Stock exchange listing:	Tokyo Stock Exchange, 1st Section
Stock code:	5310
Website:	http://www.toyotanso.co.jp
Representative:	Naotaka Kondo, Representative Director, Chairman & President, CEO
Contact:	Shigeki Masuda, General Manager, Finance and Accounting Department
TEL:	81-6-6472-5811 (from overseas)
Scheduled date for ordinary general meeting of shareholders:	March 30, 2021
Scheduled date for dividend payment:	March 31, 2021
Scheduled date for submission of securities report:	March 31, 2021
Supplementary materials for financial summaries:	Yes
Financial results briefing:	Yes (for securities analysts and institutional investors)

1. Consolidated financial results for the fiscal year ended December 31, 2020

(From January 1, 2020 to December 31, 2020)

(1) Operating results

(Millions of yen, rounded down)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Fiscal year ended December 31, 2020	31,226	(14.2)	3,422	(33.9)	3,877	(25.5)	2,662	(9.6)
Fiscal year ended December 31, 2019	36,402	(11.5)	5,175	(26.2)	5,207	(26.2)	2,944	(40.0)

Note: Comprehensive income:
 Fiscal year ended December 31, 2020 2,901 million yen (6.4%)
 Fiscal year ended December 31, 2019 2,728 million yen (-23.8 %)

	Profit attributable to owners of parent per share (basic)	Profit attributable to owners of parent per share (diluted)	Return on Equity	Ordinary income/total assets	Operating income/net sales
	yen	yen	%	%	%
Fiscal year ended December 31, 2020	126.95	—	4.0	5.1	11.0
Fiscal year ended December 31, 2019	140.40	—	4.6	6.9	14.2

Reference: Equity in earnings of affiliates
 December 31, 2020 65 million yen
 December 31, 2019 66 million yen

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	yen
As of December 31, 2020	76,075	66,622	87.5	3,174.52
As of December 31, 2019	76,082	65,706	85.4	3,097.00

Reference: Shareholders' equity

December 31, 2020	66,578 million yen
December 31, 2019	64,952 million yen

(3) Cash flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended December 31, 2020	7,020	1,011	(2,099)	12,093
Fiscal year ended December 31, 2019	5,149	(4,017)	(1,372)	6,101

2. Dividends

(Millions of yen, rounded down)

	Dividends per share (yen)				Total dividends (Full year)	Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Year -end				
	yen	yen	yen	yen				
Year ended December 31, 2019	-	0.00	-	50.00	50.00	1,048	35.6	1.6
Year ended December 31, 2020	-	0.00	-	50.00	50.00	1,048	39.4	1.6
Year ending December 31, 2021 (Forecast)	-	0.00	-	50.00	50.00		41.9	

3. Consolidated results forecast for the fiscal year ending December 31, 2021

(From January 1, 2021 to December 31, 2021)

(Millions of yen, rounded down)

(Percentages indicate year-on-year changes.)

	Net sales	Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share	
	%	%	%	%	%	%	%	yen	
Six months ending June 30, 2021	15,800	1.8	1,600 (22.5)	1,600 (24.0)	1,100 (24.7)	1,100 (24.7)	1,100 (24.7)	52.45	
Fiscal year ending December 31, 2021	32,500	4.1	3,500 2.3	3,500 (9.7)	2,500 (6.1)	2,500 (6.1)	2,500 (6.1)	119.20	

*** 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) 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

(3) Number of shares outstanding (common stock)

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

As of December 31, 2020 20,992,588 shares

As of December 31, 2019 20,992,588 shares

2) Number of treasury shares at the end of period

As of December 31, 2020 19,848 shares

As of December 31, 2019 19,815 shares

3) Average number of shares during the period

Fiscal year ended December 31, 2020 20,972,752 shares

Fiscal year ended December 31, 2019 20,972,794 shares

Reference: SUMMARY OF NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated financial results for the fiscal year ended December 31, 2020

(From January 1, 2020 to December 31, 2020)

(1) Operating results

(Millions of yen, rounded down)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Fiscal year ended December 31, 2020	22,687	(14.8)	2,670	(35.5)	3,318	(32.4)	2,381	(29.1)
Fiscal year ended December 31, 2019	26,631	(10.1)	4,142	(8.3)	4,907	(13.1)	3,358	(16.7)

	Profit per share	Diluted profit per share
	yen	yen
Fiscal year ended December 31, 2020	113.55	-
Fiscal year ended December 31, 2019	160.12	-

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	yen
As of December 31, 2020	60,604	52,768	87.1	2,516.07
As of December 31, 2019	60,175	51,419	85.4	2,451.71

Reference: Shareholders' equity

December 31, 2020 52,768 million yen

December 31, 2019 51,419 million yen

*** The financial results report is not subject to audit procedures by a certified public accountant or an audit corporation.**

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

(We urge you to be cautious in relying on forward-looking statements.)

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 “(4) Forecasts” under “1. Overview of Business Results” on page 3 of the Attached Documents.

(How to acquire supplementary materials for financial summaries and information disclosed at our financial results briefing)

We are scheduled to hold a financial results briefing for securities analysts and institutional investors on February 17, 2021. The materials distributed at the briefing are scheduled to be disclosed on TDnet and our website on that same day.

○ Attached Documents

1. Overview of Business Results	2
(1) Overview of Business Results in the Fiscal Year Ended December 31, 2020	2
(2) Overview of Financial Position in the Fiscal Year Ended December 31, 2020	2
(3) Overview of Cash Flows in the Fiscal Year Ended December 31, 2020	3
(4) Forecasts	3
(5) Basic Policy for Profit Allocation and Dividends for the Fiscal Year Ended December 31, 2020 and the Fiscal Year Ending December 31, 2021	3
2. Composition of Corporate Group	4
3. Management Policy	5
(1) Basic Policies for the Management of the Company	5
(2) Target management indicators and Medium- to Long-Term Management Strategies and Issues to Address	5
4. Basic Approach to Selection of Accounting Standards	5
5. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	8
(3) Consolidated Statement of Changes in Equity	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to the Consolidated Financial Statements	13
(Notes regarding the premise of a going concern)	13
(Significant items that form the basis of preparations for consolidated financial statements)	13
(Additional Information)	15
(Consolidated statement of income)	16
(Segment information)	17
(Per share information)	20
(Significant subsequent events)	20
6. Others	21
(1) Orders and Sales by Product Category	21
(2) Overview	22

1. Overview of Business Results

(1) Overview of Business Results in the Fiscal Year Ended December 31, 2020

During the consolidated fiscal year under review, earnings improved somewhat in the fourth quarter but the Group's operating environment remained severe. Earnings were particularly weak in the second and third quarters due to softness in transportation equipment-related areas, such as automotive and aircraft applications, and other industries amid a slowdown in economic activity due to the spread of the COVID-19 pandemic and concerns about the impact of trade friction between the US and China.

In this environment, the Group devised a wide range of measures to minimize the impact of the stalled economy, while looking ahead to medium- and long-term growth after the end of the pandemic, and moving ahead with initiatives to reinforce high-value-added products, improve productivity, and develop new products and new businesses.

As a result, in the consolidated fiscal year under review, net sales were 31,226 million yen (down 14.2% year on year). On the income side, operating income fell 33.9% to 3,422 million yen, ordinary income fell 25.5% to 3,877 million yen, and profit attributable to owners of parent fell 9.6% to 2,662 million yen.

The overall performance of each business segment was as follows. (Please refer to "6. Others" for an overview of each product category.)

Japan

Sales of carbon products for mechanical applications were supported by favorable demand for pantograph sliders, but in the second half of the fiscal year demand for products such as bearings and sealing rings declined, and sales of semiconductor and LED applications and products for industrial furnaces, continuous casting, and other metallurgical applications fell sharply. As a result, net sales were 16,875 million yen (down 18.0% year on year), and operating income was 2,888 million yen (down 33.1% year on year).

United States

Sales of products for semiconductor applications fell sharply, and sales of products for EDM electrodes, continuous casting, and other metallurgical applications also declined. As a result, in the United States, net sales were 2,486 million yen (down 19.4% year on year), and operating income was 14 million yen (down 96.5% year on year).

Europe

Sales of products for industrial furnaces, EDM electrodes, and other metallurgical applications were weak. As a result, in Europe, net sales were 2,927 million yen (down 11.1% year on year), and operating income was 87 million yen (versus an operating loss of 251 million yen in the same period of the previous consolidated fiscal year).

Asia

Sales of carbon brush products rose year on year as demand increased in the second half of the fiscal year, but demand for LED and optical fiber applications, as well as for EDM electrodes and other metallurgical applications, fell steeply, and solar cell price competition intensified. As a result, net sales in Asia were 8,937 million yen (down 5.5% year on year), and operating income was 438 million yen (down 22.9% year on year).

(2) Overview of Financial Position in the Fiscal Year Ended December 31, 2020

Assets, Liabilities, and Net Assets

Total assets as of the end of the consolidated fiscal year under review decreased by 6 million yen from the end of the previous consolidated fiscal year. This was primarily because, although inventory rose by 259 million yen, property, plant and equipment increased by 3,574 million yen, and other current assets rose by 257 million yen due to an increase in consumption taxes receivable, cash and deposits fell by 4,466 million yen due to 2,999 million yen in securities purchases and other factors, and notes and accounts receivable - trade decreased by 2,805 million yen.

Total liabilities decreased by 922 million yen from the end of the previous consolidated fiscal year. This was primarily because other non-current liabilities rose by 215 million yen due to an increase in long-term lease obligations, however, notes and accounts payable - trade decreased by 97 million yen, electronically recorded obligations - operating decreased by 267 million yen, income taxes payable declined by 248 million yen, and other current liabilities decreased by 298 million yen due to a decrease in electronically recorded obligations - non-operating.

Total net assets increased by 915 million yen from the end of the previous consolidated fiscal year. This was primarily because, although non-controlling interests decreased by 709 million yen, retained earnings increased by 1,613 million yen.

(3) Overview of Cash Flows in the Fiscal Year Ended December 31, 2020

Cash and cash equivalents (hereinafter referred to as “funds”) as of December 31, 2020, increased by 5,992 million yen from the end of the previous consolidated fiscal year to 12,093 million yen.

(Cash Flows from Operating Activities)

Funds acquired by operating activities totaled 7,020 million yen, a 36.3% year-on-year increase. This was primarily because the decrease in funds due to income taxes paid of 1,142 million yen (a 33.9% year-on-year decrease), an increase in inventories of 229 million yen (a 73.2% decrease), a decrease in notes and accounts payable - trade of 328 million yen (a 59.8% decrease), and a decline of 515 million yen in other items due to a decrease in accrued consumption taxes (a 68.7% increase), was offset by an increase in funds due to profit before income taxes of 3,726 million yen (a 5.6% decrease), depreciation of 2,784 million yen (a 1.7% decrease), and a decrease in notes and accounts receivable - trade of 2,844 million yen (a 223.9% increase).

(Cash Flows from Investing Activities)

Funds acquired through investing activities totaled 1,011 million yen (compared to 4,017 million yen in funds used in the previous fiscal year). This was primarily due to a decrease in funds from payments into time deposits of 6,864 million yen (a 52.7% year-on-year decrease) and the purchase of property, plant and equipment of 6,190 million yen (an 88.4% increase), and an increase in funds from proceeds from withdrawals of time deposits of 14,356 million yen (a 2.9% increase).

(Cash Flows from Financing Activities)

Funds used in financing activities amounted to 2,099 million yen, a 53.0% year-on-year increase. This was primarily due to a decrease in funds, including 1,048 million yen in cash dividends paid (a 0.0% year-on-year increase) and 894 million yen in payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation.

(4) Forecasts

The outlook for business conditions in Japan and overseas remains uncertain due to concerns over the continuing impact of the COVID-19 pandemic and trade friction between the US and China. However, we expect solid demand, particularly for the electronics and automotive industries, due to a further acceleration in technological innovation associated with digital transformation and the shift to a carbon neutral world, which are poised to be the drivers of a structural shift in the economy in the wake of the pandemic. We expect a moderate recovery in demand mainly for semiconductor applications for the Group, although price competition for solar cells is likely to remain elevated.

Given these conditions, the Group has started to improve cost competitiveness by improving productivity as well as developing new products and enhancing high-value-added products to keep pace with technological innovation. We will continue to steadily capture business opportunities while earnestly addressing client needs.

Based on the above, we expect net sales of 32,500 million yen, 3,500 million yen in operating income, 3,500 million yen in ordinary income, and 2,500 million yen in profit attributable to owners of parent in the fiscal year ending December 31, 2021.

Our earnings forecasts assume exchange rates of 100 yen/US\$, 120 yen/EUR, and 15.0 yen/CNY.

(5) Basic Policy for Profit Allocation and Dividends for the Fiscal Year Ended December 31, 2020 and the Fiscal Year Ending December 31, 2021

(i) Basic Policy

Our basic policy for profit allocation is to make strategic investments in order to strengthen our competitiveness and enhance our value over the long term and return profits to shareholders in a continuous and stable fashion with due consideration of business results for the fiscal year, funding needs for the future expansion of our business operations, and consolidation of our business foundation. We intend to use internal reserves for capital expenditures for production facilities, development of new products, and investment in research and development.

(ii) Dividends for the Fiscal Year Ended December 31, 2020

Based on the aforementioned policy and our business results in the fiscal year under review, we plan to pay a dividend of 50 yen per share for the fiscal year ended December 31, 2020.

(iii) Dividends for the Fiscal Year Ending December 31, 2021

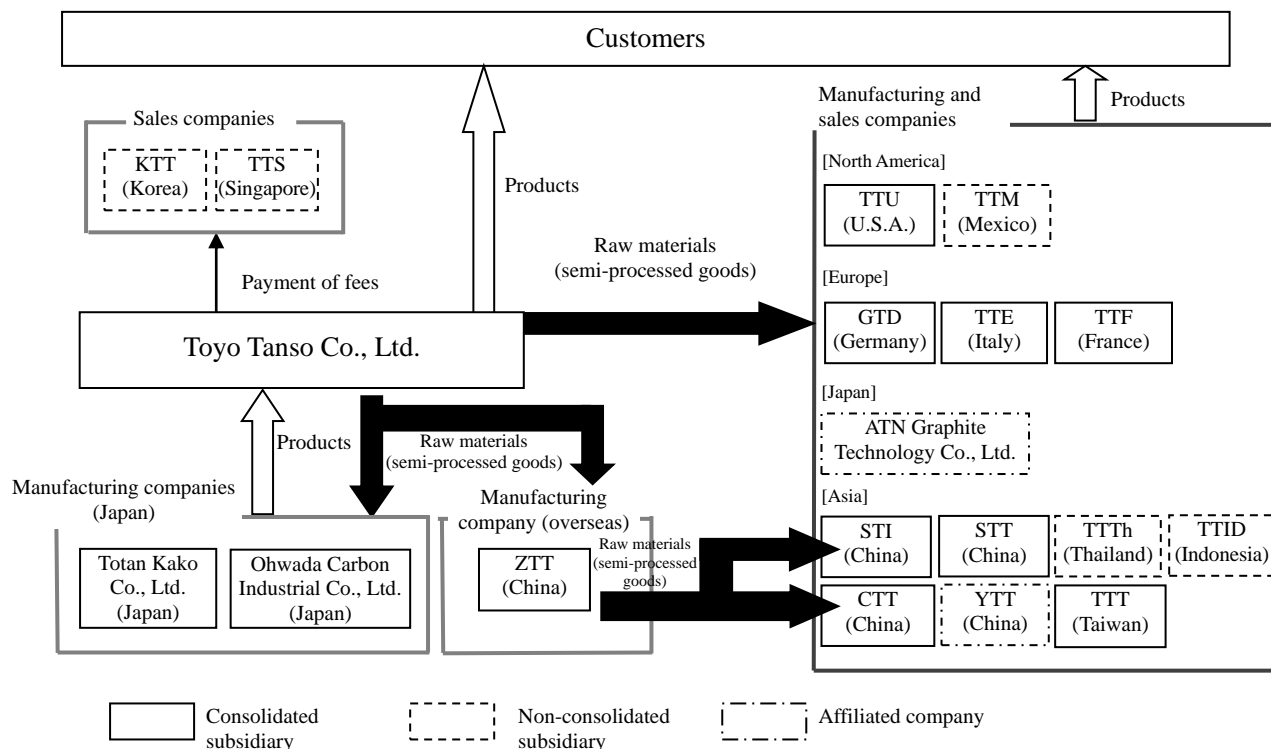
For the fiscal year ending December 31, 2021, we plan to pay a dividend of 50 yen per share in the interest of improving shareholder returns while also taking into account our capital investment plans aimed at future growth.

2. Composition of Corporate Group

The Toyo Tanso Group consists of Toyo Tanso Co., Ltd., eleven consolidated subsidiaries, including two domestic and nine foreign companies, five foreign non-consolidated subsidiaries, and two affiliated companies accounted for using the equity method (one domestic and one overseas).

[Business Flow Chart]

The business flow chart of the Toyo Tanso Group is as follows. Only major business relations are indicated in this chart.



The formal names of the companies represented by the acronyms used in the chart above are as follows:

Company name	(TTU) ... Toyo Tanso USA, Inc.
	(TTE) ... Toyo Tanso Europe S.p.A.
	(TTF) ... Toyo Tanso France S.A.
	(GTD) ... GTD Graphit Technologie GmbH
	(STT) ... Shanghai Toyo Tanso Co., Ltd.
	(STI) ... Shanghai Toyo Tanso Industrial Co., Ltd.
	(ZTT) ... Toyo Tanso (Zhejiang) Co., Ltd.
	(CTT) ... Chengdu Toyo Tanso Industrial Co., Ltd.
	(TTT) ... Toyo Tanso Taiwan Co., Ltd.
	(YTT) ... Shanghai Yongxin Toyo Tanso Co., Ltd.
	(KTT) ... Toyo Tanso Korea Co., Ltd.
	(TTTh) ... Toyo Tanso (Thailand) Co., Ltd.
	(TTS) ... Toyo Tanso Singapore Pte. Ltd.
	(TTM) ... Toyo Tanso Mexico, S.A. de C.V.
	(TTID) ... PT. Toyo Tanso Indonesia

3. Management Policy

(1) Basic Policies for the Management of the Company

The Group is dedicated to unlocking the potential of carbon to contribute to the world. We aim to serve as a company that gives back to society broadly by providing the highest quality and most advanced technology before anyone else and making people's lives more rich, without forgetting the pioneering spirit that seeks to create products never before seen—the spirit that has been with the Group since it was founded.

(2) Target management indicators and Medium- to Long-Term Management Strategies and Issues to Address

In the business environment surrounding the Group, we are facing intensifying competition associated with volatility in demand for our special graphite products and other mainstay products. Accordingly, we expect the intense competitive environment to persist over the medium to long term going forward. Meanwhile, as for the market environment, we expect an increase in new business opportunities due to technological innovation in the electronics field as well as in general industries such as the automotive industry. We are also aware of challenges faced internally by the Group involving propensities of our business structure particularly in terms of having an operating environment dependent on special graphite products, having an earnings structure affected by circumstances in the electronics market, and undertaking business expansion with a disproportionate emphasis toward Asia.

Our medium-term management plan promotes initiatives that involve shifting to higher-value-added products, enhancing and innovating product technologies, and reinforcing overseas expansion efforts, with the aims of building stable foundations of business that do not rely on specific markets and improving production efficiency to achieve a leap forward in the future. In so doing, we will transition away from our current business structure with the aims of building pillars of growth and enhancing the earnings platform, establishing a consistent portfolio, and making the leap to becoming a global company.

4. Basic Approach to Selection of Accounting Standards

The Group will prepare its consolidated financial statements in line with Japanese standards for the near term, given that these standards enable comparison of consolidated financial statements across fiscal periods and between companies.

We plan to respond appropriately to the adoption of international accounting standards, taking into account conditions in Japan and overseas.

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen, rounded down)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	18,099	13,632
Notes and accounts receivable - trade	14,195	11,389
Securities	—	2,999
Merchandise and finished goods	6,875	7,495
Work in process	5,505	5,454
Raw materials and supplies	3,036	2,725
Other	449	707
Allowance for doubtful accounts	(217)	(150)
Total current assets	47,943	44,253
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,507	21,505
Accumulated depreciation	(10,822)	(11,325)
Buildings and structures, net	8,685	10,180
Machinery, equipment and vehicles	48,537	49,846
Accumulated depreciation	(41,544)	(42,558)
Machinery, equipment and vehicles, net	6,992	7,287
Land	5,814	5,821
Construction in progress	2,007	3,414
Other	5,409	5,672
Accumulated depreciation	(4,035)	(3,928)
Other, net	1,373	1,744
Total property, plant and equipment	24,874	28,448
Intangible assets	224	198
Investments and other assets		
Investment securities	326	342
Deferred tax assets	1,271	1,114
Net defined benefit asset	420	531
Other	1,155	1,313
Allowance for doubtful accounts	(134)	(127)
Total investments and other assets	3,039	3,174
Total non-current assets	28,138	31,821
Total assets	76,082	76,075

(Millions of yen, rounded down)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,685	1,587
Electronically recorded obligations - operating	1,056	788
Short-term loans payable	227	215
Accounts payable - other	1,986	1,831
Income taxes payable	614	365
Provision for bonuses	398	379
Provision for directors' bonuses	31	20
Other	3,558	3,260
Total current liabilities	9,558	8,450
Non-current liabilities		
Long-term loans payable	68	39
Deferred tax liabilities	132	126
Net defined benefit liability	138	140
Asset retirement obligations	262	265
Other	214	430
Total non-current liabilities	817	1,003
Total liabilities	10,375	9,453
Net assets		
Shareholders' equity		
Capital stock	7,947	7,947
Capital surplus	9,789	9,609
Retained earnings	46,717	48,331
Treasury shares	(60)	(60)
Total shareholders' equity	64,394	65,828
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	114	131
Foreign currency translation adjustment	442	628
Remeasurements of defined benefit plans	1	(9)
Total accumulated other comprehensive income	558	749
Non-controlling interests	753	43
Total net assets	65,706	66,622
Total liabilities and net assets	76,082	76,075

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated statement of income)

(Millions of yen, rounded down)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	36,402	31,226
Cost of sales	24,340	21,705
Gross profit	12,061	9,521
Selling, general and administrative expenses	6,885	6,098
Operating income	5,175	3,422
Non-operating income		
Interest income	59	68
Dividend income	13	67
Share of profit of entities accounted for using equity method	66	65
Subsidies for employment adjustment	—	226
Revenue from sales of electric power	42	41
Income from compensation for damage	38	4
Contracted research income	32	—
Other	68	111
Total non-operating income	321	585
Non-operating expenses		
Interest expenses	8	11
Foreign exchange losses	191	81
Contracted research expenses	32	—
Other	56	36
Total non-operating expenses	289	130
Ordinary income	5,207	3,877
Extraordinary income		
Gain on sales of non-current assets	4	23
Subsidy income	9	24
Total extraordinary income	14	48
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	345	169
Loss on valuation of shares of subsidiaries and associates	—	14
Loss on liquidation of subsidiaries and associates	—	15
Impairment loss	* 930	—
Total extraordinary losses	1,276	198
Profit before income taxes	3,946	3,726
Income taxes - current	1,325	895
Income taxes - deferred	(371)	128
Total income taxes	953	1,024
Profit	2,992	2,702
Profit attributable to non-controlling interests	48	39
Profit attributable to owners of parent	2,944	2,662

(Consolidated statement of comprehensive income)

(Millions of yen, rounded down)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	2,992	2,702
Other comprehensive income		
Valuation difference on available-for-sale securities	10	17
Foreign currency translation adjustment	(418)	182
Remeasurements of defined benefit plans, net of tax	164	(10)
Share of other comprehensive income of entities accounted for using equity method	(19)	10
Total other comprehensive income	(264)	199
Comprehensive income	2,728	2,901
Comprehensive income attributable to		
Owners of parent	2,674	2,854
Non-controlling interests	53	47

(3) Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2019

(Millions of yen, rounded down)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,947	9,789	44,821	(59)	62,498
Changes of items during period					
Dividends of surplus			(1,048)		(1,048)
Profit attributable to owners of parent			2,944		2,944
Purchase of treasury shares				(0)	(0)
Additional purchase of shares of subsidiaries		—			—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,895	(0)	1,895
Balance at end of period	7,947	9,789	46,717	(60)	64,394

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	103	886	(162)	828	770	64,096
Changes of items during period						
Dividends of surplus						(1,048)
Profit attributable to owners of parent						2,944
Purchase of treasury shares						(0)
Additional purchase of shares of subsidiaries						—
Net changes of items other than shareholders' equity	10	(443)	163	(269)	(16)	(286)
Total changes of items during period	10	(443)	163	(269)	(16)	1,609
Balance at end of period	114	442	1	558	753	65,706

Fiscal year ended December 31, 2020

(Millions of yen, rounded down)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,947	9,789	46,717	(60)	64,394
Changes of items during period					
Dividends of surplus			(1,048)		(1,048)
Profit attributable to owners of parent			2,662		2,662
Purchase of treasury shares				(0)	(0)
Additional purchase of shares of subsidiaries		(179)			(179)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(179)	1,613	(0)	1,433
Balance at end of period	7,947	9,609	48,331	(60)	65,828

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	114	442	1	558	753	65,706
Changes of items during period						
Dividends of surplus						(1,048)
Profit attributable to owners of parent						2,662
Purchase of treasury shares						(0)
Additional purchase of shares of subsidiaries						(179)
Net changes of items other than shareholders' equity	17	185	(10)	191	(709)	(518)
Total changes of items during period	17	185	(10)	191	(709)	915
Balance at end of period	131	628	(9)	749	43	66,622

(4) Consolidated Statement of Cash Flows

(Millions of yen, rounded down)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	3,946	3,726
Depreciation	2,831	2,784
Impairment loss	930	—
Share of (profit) loss of entities accounted for using equity method	(66)	(65)
Increase (decrease) in net defined benefit asset or liability	112	(131)
Increase (decrease) in provision for bonuses	(157)	(20)
Increase (decrease) in provision for directors' bonuses	(1)	(11)
Increase (decrease) in allowance for doubtful accounts	(21)	(67)
Interest and dividend income	(72)	(136)
Interest expenses	8	11
Foreign exchange losses (gains)	35	12
Gain on sales of non-current assets	(4)	(23)
Loss (gain) on sales and retirement of non-current assets	345	169
Decrease (increase) in notes and accounts receivable - trade	878	2,844
Decrease (increase) in inventories	(855)	(229)
Increase (decrease) in notes and accounts payable - trade	(818)	(328)
Other, net	(305)	(515)
Subtotal	6,783	8,019
Interest and dividend income received	101	155
Interest expenses paid	(7)	(11)
Income taxes (paid) refund	(1,728)	(1,142)
Net cash provided by (used in) operating activities	5,149	7,020
Cash flows from investing activities		
Payments into time deposits	(14,524)	(6,864)
Proceeds from withdrawal of time deposits	13,951	14,356
Purchase of property, plant and equipment	(3,285)	(6,190)
Proceeds from sales of property, plant and equipment	14	44
Purchase of intangible assets	(111)	(86)
Other, net	(61)	(248)
Net cash provided by (used in) investing activities	(4,017)	1,011
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	49	(18)
Repayments of long-term loans payable	(247)	(30)
Repayments of finance lease obligations	(55)	(64)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,048)	(1,048)
Dividends paid to non-controlling interests	(70)	(42)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(894)
Net cash provided by (used in) financing activities	(1,372)	(2,099)
Effect of exchange rate change on cash and cash equivalents	(73)	59
Net increase (decrease) in cash and cash equivalents	(313)	5,992
Cash and cash equivalents at beginning of period	6,414	6,101
Cash and cash equivalents at end of period	6,101	12,093

(5) Notes to the Consolidated Financial Statements

(Notes regarding the premise of a going concern)

Not applicable.

(Significant items that form the basis of preparations for consolidated financial statements)

1. Items concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 11

Names of consolidated subsidiaries

Totan Kako Co., Ltd.
Ohwada Carbon Industrial Co., Ltd.
Toyo Tanso USA, Inc.
Toyo Tanso Europe S.p.A.
Toyo Tanso France S.A.
GTD Graphit Technologie GmbH
Shanghai Toyo Tanso Co., Ltd.
Shanghai Toyo Tanso Industrial Co., Ltd.
Toyo Tanso (Zhejiang) Co., Ltd.
Chengdu Toyo Tanso Industrial Co., Ltd.
Toyo Tanso Taiwan Co., Ltd.

(2) Names of non-consolidated subsidiaries

Non-consolidated subsidiaries

Toyo Tanso Korea Co., Ltd.
Toyo Tanso (Thailand) Co., Ltd.
Toyo Tanso Singapore Pte. Ltd.
Toyo Tanso Mexico, S.A. de C.V.
PT. Toyo Tanso Indonesia

(Reason for exclusion from the scope of consolidation)

Non-consolidated subsidiaries were not included in the scope of consolidation because their total assets, net sales, net income (loss; amount corresponding to equity), and retained earnings (amount corresponding to equity) do not have a material impact on the consolidated financial statements.

2. Items concerning the application of the equity method

(1) Number of affiliated companies accounted for using the equity method: 2

Significant affiliated companies accounted for using the equity method

ATN Graphite Technology Co., Ltd.
Shanghai Yongxin Toyo Tanso Co., Ltd.

Of the above, ATN Graphite Technology Co., Ltd. was newly established in the consolidated fiscal year under review and is therefore included in the scope of affiliated companies accounted for using the equity method.

(2) Because non-consolidated subsidiaries have very little impact on net income (loss; amount corresponding to equity) or retained earnings (amount corresponding to equity) and have no materiality overall, the equity method has not been applied to the investment account for these companies, and they have instead been valued at cost.

There are five non-consolidated subsidiaries to which the equity method has not been applied: Toyo Tanso Korea Co., Ltd., Toyo Tanso (Thailand) Co., Ltd., Toyo Tanso Singapore Pte. Ltd., Toyo Tanso Mexico, S.A. de C.V., and PT. Toyo Tanso Indonesia.

3. Items concerning the business years of subsidiaries

The closing date for all consolidated subsidiaries is in line with the consolidated closing date.

4. Items concerning accounting policies

(1) Valuation standards and method for significant assets

a. Securities

(a) Shares of subsidiaries and affiliates

Stated at cost using the moving average method

(b) Other securities

Securities with a readily determinable fair value

Stated at fair value based on market price on the consolidated closing date (valuation differences are treated through the partial direct net asset adjustment method and sales costs are calculated with the moving average method)

Securities without a readily determinable fair value

Stated at cost using the moving average method

b. Derivatives

Stated at fair value

c. Inventories

(a) Merchandise and raw materials

Mainly stated at cost using the moving average method

(The carrying amount on the balance sheet is reduced for decreases in profitability.)

(b) Finished goods, work in process, and semi-finished goods

Mainly stated at individual cost

(The carrying amount on the balance sheet is reduced for decreases in profitability.)

(c) Supplies

Mainly stated at cost based on the last purchase price

(The carrying amount on the balance sheet is reduced for decreases in profitability.)

(2) Depreciation method for significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

The straight-line method is used.

The main useful lives are as follows.

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: 4 to 9 years

b. Intangible assets (excluding leased assets)

The straight-line method is used. However, the straight-line method is used for software (in-house use) based on the in-house use period (five years).

c. Leased assets

Leased assets in financial lease transactions with transfer of ownership

We use the same depreciation method for non-current assets owned by the Company.

Leased assets in financial lease transactions without transfer of ownership

The straight-line method is applied for useful lives for the lease period, with a residual value of zero.

(3) Criteria for posting significant reserves

a. Allowance for doubtful accounts

To make allowance for losses on uncollectible accounts, the expected uncollectible amount is posted based on the loss ratio for general receivables and by individually examining the collectability of specific doubtful accounts.

b. Provision for bonuses

The Toyo Tanso Group posts the liability amount of expected payments for the current consolidated fiscal year to provide for bonuses paid to employees.

c. Provision for directors' bonuses

The Toyo Tanso Group posts the expected payment amount to provide for bonuses paid to directors.

(4) Accounting policies for retirement benefits

a. Attribution method for projected retirement benefits

The benefit formula method is used to attribute projected retirement benefits to periods until the fiscal year-end.

b. Amortization of actuarial differences and unrecognized prior service costs

Actuarial differences are treated as a lump-sum expense in the following consolidated fiscal year.

c. Adoption of simplified methods for small-scale companies

Some consolidated companies adopt a simplified method in which the amount paid for voluntary termination is posted as retirement benefit obligations when calculating net defined benefit liabilities and retirement benefit expenses.

(5) Standards for converting significant foreign currency-denominated assets and liabilities to Japanese yen

Foreign currency-denominated receivables and payables are converted to yen at the spot exchange rate on the consolidated closing date and the translation adjustment is treated as a profit or loss. The assets and liabilities of overseas subsidiaries are converted to yen at the spot exchange rate on the consolidated closing date, and revenue and expenses are converted to yen at the average annual exchange rate. Translation differences are then posted as part of non-controlling interests and foreign currency translation adjustment in net assets.

(6) Scope of funds contained within the consolidated statement of cash flows

Cash on hand, deposits that can be withdrawn at any time, and short-term investments with high liquidity that can easily be converted to cash and have maturities within three months of acquisition that are exposed to only a minimal price fluctuation risk are posted.

(7) Other material items relating to the preparation of the consolidated financial statements

Accounting treatment for consumption taxes

The tax-excluded method is used.

(Additional Information)

(Accounting estimates taking into account the impact of COVID-19)

It is difficult to reasonably estimate the impact of COVID-19 at this point in time because it is uncertain how the virus will spread or when it will be brought under control.

In these conditions, based on the information available when the financial statements were created, the Group has assumed that the impact of the spread of COVID-19 will continue for a certain period of time and, based on this, has made estimates for recovering deferred tax assets and the impairment of fixed assets. As a result, the Group has concluded that there will be no significant impact on accounting estimates at the end of the current fiscal year.

However, it is highly uncertain how a further spread or prolongation of the pandemic would impact economic activity, meaning that it could impact the Group's financial status, business results, and cash flow in the future.

(Consolidated statement of income)

* Impairment loss

Previous consolidated fiscal year (From January 1, 2019 to December 31, 2019)

The Group posted impairment losses on the following assets in the previous consolidated fiscal year.

(i) Assets for which impairment losses were recognized

(Millions of yen, rounded down)

Use	Type	Name of Company	Location	Impairment loss
Business assets	Buildings and structures	GTD Graphit Technologie GmbH	Langgöns, Germany	930
	Machinery, equipment and vehicles			
	Construction in progress			
	Property, plant and equipment (other)			

(ii) Reasons for recognition of impairment losses

As recovery of invested capital could no longer be expected due to decline in profitability, we concluded it was difficult to execute the initial business plan and accordingly recognized an impairment loss.

(iii) Impairment loss amounts and amounts by type of primary non-current assets

Buildings and structures:	10 million yen
Machinery, equipment and vehicles:	811 million yen
Construction in progress:	16 million yen
Property, plant and equipment (other):	92 million yen

(iv) Grouping method

The Company groups its assets into the smallest unit that generates cash flow independently and for which income and expenditure can be continuously ascertained.

(v) Method for calculating recoverable amount

Recoverable amounts are calculated based on their net realizable values. Net realizable values are measured by appraisal values based on real estate appraisal.

Current consolidated fiscal year (from January 1, 2020 to December 31, 2020)

Not applicable.

(Segment information)

[Segment information]

1. Reportable Segments

The reportable segments of the Toyo Tanso Group are business components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to decide on the allocation of management resources and evaluate performance.

The Company primarily engages in the manufacture and sale of carbon products, in Japan through Toyo Tanso and domestic subsidiaries, and abroad through overseas subsidiaries based in the United States, Europe, and Asia. All overseas subsidiaries are independently managed companies. They conduct business by formulating their own comprehensive regional strategies for the products they handle.

For this reason, our business is composed of segments that are based on region-based production and sales frameworks, and is categorized into the four reportable segments of Japan, United States, Europe, and Asia.

2. Calculation methods of net sales, profits, losses, assets, and other items by reportable segment

The accounting methods of reportable segments are by and large the same as those described in “Significant items that form the basis of preparations for consolidated financial statements.”

Profits of reportable segments are recorded on an operating income basis.

Inter-segment sales are based on prices in arms-length transactions.

3. Information on net sales, profits, losses, assets, and other items by reportable segment

Previous consolidated fiscal year (From January 1, 2019 to December 31, 2019)

(Millions of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Net sales							
(1) Sales to unaffiliated customers	20,568	3,084	3,291	9,457	36,402	—	36,402
(2) Inter-segment sales or transfers	6,092	231	1	204	6,530	(6,530)	—
Total	26,661	3,315	3,293	9,662	42,932	(6,530)	36,402
Segment profit (loss)	4,318	403	(251)	569	5,039	135	5,175
Segment assets	65,198	2,453	3,369	16,405	87,426	(11,344)	76,082
Other items							
(1) Depreciation	2,196	61	269	304	2,831	—	2,831
(2) Increase in property, plant and equipment and intangible assets	4,118	114	250	520	5,005	—	5,005

(Notes) 1. The adjusted amounts are as follows:

- (1) Adjusted segment profit (loss) mainly takes into account the elimination of inter-segment transactions and unrealized income.
 - (2) Adjusted segment assets mainly take into account the elimination of inter-segment transactions and unrealized income.
2. Segment profit (loss) has been adjusted to reflect the operating income recorded in the consolidated statement of income.

Current consolidated fiscal year (From January 1, 2020 to December 31, 2020)

(Millions of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Net sales							
(1) Sales to unaffiliated customers	16,875	2,486	2,927	8,937	31,226	—	31,226
(2) Inter-segment sales or transfers	5,843	72	—	128	6,043	(6,043)	—
Total	22,718	2,558	2,927	9,066	37,270	(6,043)	31,226
Segment profit (loss)	2,888	14	(87)	438	3,254	168	3,422
Segment assets	65,657	2,191	3,061	17,333	88,243	(12,167)	76,075
Other items							
(1) Depreciation	2,260	72	130	321	2,784	—	2,784
(2) Increases in tangible and intangible fixed assets	5,620	97	116	541	6,375	—	6,375

(Notes) 1. The adjusted amounts are as follows:

- (1) Adjusted segment profit (loss) mainly takes into account the elimination of inter-segment transactions and unrealized income.
 - (2) Adjusted segment assets mainly take into account the elimination of inter-segment transactions and unrealized income.
2. Segment profit (loss) has been adjusted to reflect the operating income recorded in the consolidated statement of income.

[Related information]

Previous consolidated fiscal year (From January 1, 2019 to December 31, 2019)

1. Information by product and service

This information has been omitted because the entire business of the Company and its subsidiaries falls under the single business category of carbon product-related business.

2. Information by region

(1) Net sales

(Millions of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Net sales	16,458	3,503	3,307	12,949	8,886	182	36,402
Composition (%)	45.2	9.6	9.1	35.6	24.4	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 are listed below.

- (1) North America: United States
- (2) Europe: France, Germany, Italy
- (3) Asia: China, Taiwan, South Korea

(2) Property, plant and equipment

(Millions of yen, rounded down)

	Japan	United States	Europe	Asia		Total
				Asia (including China)	China only	
	19,577	373	1,248	3,674	2,931	24,874

3. Information by major customer

This information has been omitted because we do not have any unaffiliated customers that have accounted for more than 10% of sales in the consolidated statement of income.

Current consolidated fiscal year (From January 1, 2020 to December 31, 2020)

1. Information by product and service

This information has been omitted because the entire business of the Company and its subsidiaries falls under the single business category of carbon product-related business.

2. Information by region

(1) Net sales

(Millions of yen, rounded down)

	Japan	North America	Europe	Asia		Rest of world	Total
				Asia (including China)	China only		
Sales	13,450	2,905	2,804	11,900	8,304	165	31,226
Composition (%)	43.1	9.3	9.0	38.1	26.6	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 are listed below.

(1) North America: United States

(2) Europe: France, Germany, Italy

(3) Asia: China, Taiwan, South Korea

(2) Property, plant and equipment

(Millions of yen, rounded down)

	Japan	United States	Europe	Asia		Total
				Asia (including China)	China only	
	22,852	377	1,252	3,965	3,244	28,448

3. Information by major customer

This information has been omitted because we do not have any unaffiliated customers that have accounted for more than 10% of sales in the consolidated statement of income.

[Information on impairment loss for non-current assets by reportable segment]

Previous consolidated fiscal year (From January 1, 2019 to December 31, 2019)

(Millions of yen, rounded down)

	Japan	United States	Europe	Asia	Total
Impairment loss	-	-	930	-	930

Current consolidated fiscal year (From January 1, 2020 to December 31, 2020)

(Millions of yen, rounded down)

	Japan	United States	Europe	Asia	Total
Impairment loss	-	-	-	-	-

[Information on the amortization of goodwill and unamortized balance by reportable segment]

Previous consolidated fiscal year (From January 1, 2019 to December 31, 2019)

Not applicable.

Current consolidated fiscal year (From January 1, 2020 to December 31, 2020)

Not applicable.

[Information on gain on bargain purchase by reportable segment]

Previous consolidated fiscal year (From January 1, 2019 to December 31, 2019)

Not applicable.

Current consolidated fiscal year (From January 1, 2020 to December 31, 2020)

Not applicable.

(Per share information)

	From January 1, 2019 to December 31, 2019	From January 1, 2020 to December 31, 2020
Net assets per share	3,097.00 yen	3,174.52 yen
Profit attributable to owners of parent per share (basic)	140.40 yen	126.95 yen

(Notes) 1. Profit attributable to owners of parent per share (diluted) is not noted, as there are no residual shares outstanding.

2. The basis for calculating profit attributable to owners of parent per share (basic) and profit attributable to owners of parent per share (diluted) is outlined below.

	From January 1, 2019 to December 31, 2019	From January 1, 2020 to December 31, 2020
Profit attributable to owners of parent per share (basic)		
Profit attributable to owners of parent (millions of yen)	2,944	2,662
Amount not attributed to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common shares (millions of yen)	2,944	2,662
Average number of common shares during the period (shares)	20,972,794	20,972,752

(Significant subsequent events)

Not applicable.

6. Others

(1) Orders and Sales by Product Category

i. Orders

(Unit: millions of yen)

Products	Year ended December 31, 2019					Year ended December 31, 2020				
	1Q	2Q	3Q	4Q	Fiscal year total	1Q	2Q	3Q	4Q	Fiscal year total
Special graphite products	3,671	3,505	3,200	3,305	13,683	3,458	2,838	2,819	3,352	12,468
Carbon products for general industries*2 (for mechanical applications)	976	1,023	928	928	3,857	1,129	834	760	884	3,609
Carbon products for general industries (for electrical applications)	1,126	1,130	1,053	1,186	4,496	1,076	852	1,501	1,674	5,105
Compound materials and other products	2,487	1,994	1,680	1,919	8,082	1,769	1,544	1,818	2,060	7,191
Total	8,262	7,654	6,863	7,339	30,120	7,433	6,070	6,900	7,972	28,376

(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 general carbon products (carbon for mechanical applications) includes orders that have not been officially confirmed.

ii. Outstanding orders

(Unit: millions of yen)

Products	Year ended December 31, 2019				Year ended December 31, 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Special graphite products	3,177	2,859	2,510	2,279	2,437	2,115	1,904	2,134
Carbon products for general industries*2 (for mechanical applications)	770	823	829	781	905	789	701	745
Carbon products for general industries (for electrical applications)	848	827	741	780	900	707	932	1,188
Compound materials and other products	4,029	3,540	2,829	2,442	2,284	1,884	1,854	1,841
Total	8,826	8,050	6,910	6,283	6,527	5,496	5,393	5,909

(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 general carbon products (carbon for mechanical applications) includes orders that have not been officially confirmed.

iii. Sales performance by product category

(Unit: millions of yen)

Products	Year ended December 31, 2019					Year ended December 31, 2020				
	1Q	2Q	3Q	4Q	Fiscal year total	1Q	2Q	3Q	4Q	Fiscal year total
Special graphite products	4,227	4,300	3,993	3,895	16,417	3,650	3,455	3,348	3,452	13,907
[Electronics applications]	1,440	1,540	1,502	1,474	5,958	1,351	1,305	1,281	1,328	5,266
[General industries applications]	2,308	2,275	2,090	2,052	8,726	1,880	1,664	1,654	1,824	7,024
[Others]	478	484	400	368	1,732	418	485	412	299	1,616
Carbon products for general industries (for mechanical applications)	960	998	952	1,009	3,921	1,032	977	875	879	3,763
Carbon products for general industries (for electrical applications)	1,128	1,141	1,121	1,136	4,527	945	1,040	1,256	1,459	4,701
Compound materials and other products	2,756	2,429	2,384	2,312	9,883	1,929	1,959	1,862	2,084	7,835
[3 major products]	2,347	2,041	1,973	2,007	8,370	1,675	1,684	1,615	1,768	6,743
[Other products]	408	387	411	305	1,513	253	274	247	316	1,092
Related goods	614	584	273	179	1,652	338	184	262	232	1,017
Total	9,686	9,455	8,726	8,533	36,402	7,897	7,616	7,605	8,107	31,226

(2) Overview

Special graphite products

In electronics applications, sales of products for composite semiconductor applications remained flat year on year, but sales of products for single-crystal silicon manufacturing applications weakened and price competition for solar cell applications heated up in China. As a result, sales fell 11.6% year on year.

In general industries applications, demand for products for EDM electrodes, continuous casting, and industrial furnaces was weak, especially in the second and third quarters, due to the impact of the sluggish market for automobiles, aircraft, and other applications, and demand for optical fiber products in China also fell sharply. As a result, sales were down 19.5% over the previous fiscal year.

Due to these factors, sales of special graphite products overall were down 15.3% year on year.

Carbon products for general industries

Sales of carbon products for mechanical applications fell 4.0% over the previous fiscal year, because although solid demand for pantograph sliders provided support, demand for mainstay products such as bearings and seal materials declined in the second half.

Sales of carbon products for electrical applications rose 3.8% year on year, as a substantial increase in demand in the second half offset the downturn in the first half.

Due to these factors, sales of carbon products for general industries overall rose 0.2% over the previous fiscal year.

Compound materials and other products

Sales of SiC (silicon carbide)-coated graphite products fell sharply year on year due to soft demand for LED applications, although demand for semiconductor applications was solid. Sales of C/C composite products were far lower than the level recorded in the same period of the previous fiscal year, due to soft sales for all the applications (semiconductor, industrial furnace, and solar cell). Sales of graphite sheet products picked up in the fourth quarter due to a recovery in demand for automotive applications, but fell year on year due to lower demand for semiconductor and metallurgical applications.

Due to these factors, sales of the three major products fell 19.4% over the previous fiscal year, and sales of compound materials and other products declined 20.7% over the previous fiscal year.