

November 5, 2021

## Consolidated Financial Results for the Nine Months Ended September 30, 2021 [Japanese GAAP]

Listed company name:	<b>Toyo Tanso Co., Ltd.</b>
Stock exchange listing:	Tokyo Stock Exchange, 1st Section
Stock code:	5310
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Scheduled date for submission of quarterly report:	November 8, 2021
Scheduled date for dividend payment:	-
Supplementary materials for quarterly financial summaries:	No
Quarterly financial results briefing:	No

### 1. Consolidated financial results for the nine months ended September 30, 2021

(From January 1, 2021 to September 30, 2021)

#### (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 income		Ordinary income		Profit attributable to owners of parent	
		%		%		%		%
Nine months ended September 30, 2021	27,449	18.7	4,148	50.8	4,623	51.4	3,168	51.9
Nine months ended September 30, 2020	23,119	(17.0)	2,751	(37.4)	3,053	(29.1)	2,085	(33.6)

Note: Comprehensive income:  
 Nine months ended September 30, 2021 4,632 million yen; (131.6%)  
 Nine months ended September 30, 2020 2,000 million yen; (-11.2%)

	Profit attributable to owners of parent per share (basic)	Profit attributable to owners of parent per share (diluted)
	yen	yen
Nine months ended September 30, 2021	151.07	-
Nine months ended September 30, 2020	99.46	-

**(2) Financial position**

(Millions of yen, rounded down)

	Total assets	Net assets	Equity ratio
			%
As of September 30, 2021	79,834	70,203	87.9
As of December 31, 2020	76,075	66,622	87.5
Reference:	Shareholders' equity		
	September 30, 2021	70,154 million yen	
	December 31, 2020	66,578 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, 2020	–	0.00	–	50.00	50.00
Year ending December 31, 2021 (Actual)	–	0.00	–		
Year ending December 31, 2021 (Forecast)				50.00	50.00

Note: Revisions of projected dividends most recently announced: None

**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
Fiscal year ending December 31, 2021	36,500	16.9	5,600	63.6	6,000	54.7	4,200	57.7	200.26

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 stock)**

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

As of September 30, 2021 20,992,588 shares

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

2) Number of treasury stock at the end of period

As of September 30, 2021 20,028 shares

As of December 31, 2020 19,848 shares

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

Nine months ended September 30, 2021 20,972,694 shares

Nine months ended September 30, 2020 20,972,756 shares

**\* The quarterly financial results are not subject to quarterly review 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 “Explanation of Information Regarding Consolidated Earnings Forecasts and Other Projections” on page 3 of the Attached Documents.

○Attached Documents

<b>1. Qualitative Information Regarding Consolidated Results for the Nine Months under Review</b> .....	<b>2</b>
(1) Explanation Regarding Business Results .....	2
(2) Explanation Regarding Financial Position .....	3
(3) Explanation of Information Regarding Consolidated Earnings Forecasts and Other Projections	3
<b>2. Quarterly Consolidated Financial Statements and Important Notes</b> .....	<b>4</b>
(1) Quarterly consolidated balance sheets .....	4
(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income.....	6
(Quarterly consolidated statement of income) .....	6
(Quarterly consolidated statement of comprehensive income) .....	7
(3) Notes on quarterly consolidated financial statements.....	8
(Notes regarding the premise of a going concern) .....	8
(Notes if the amount of shareholders' equity has changed significantly) .....	8
(Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements).....	8
(Additional information).....	8
(Consolidated statement of income) .....	8
(Segment information) .....	9
<b>3. Supplementary Information</b> .....	<b>11</b>
(1) Orders and sales by product category.....	11
(2) Overview.....	12

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

### **(1) Explanation Regarding Business Results**

During the first three quarters of the consolidated fiscal year under review, signs of moderate recovery were visible in the economy, including improvements in corporate earnings and recovery in capital investment. At the same time, an uncertain outlook continued due to concerns over impacts of COVID-19 pandemic in some regions.

Looking at the business environment surrounding the Group, the transportation equipment-related market and the energy-related market faced concerns such as a decline in operations in the automobile industry due to semiconductor shortages and greater competition in the solar cell market. However, sales remained strong supported by upbeat demand in the semiconductor market.

In this environment, to steadily capture business opportunities while solidly addressing customer needs, the Group made improvements to cost competitiveness through productivity enhancements, and engaged in development and reinforcement of new and high value-added products able to keep pace with technological innovations.

As a result, in the nine months of the consolidated fiscal year under review, net sales were 27,449 million yen (up 18.7% year on year). On the income side, operating income rose 50.8 % to 4,148 million yen, ordinary income rose 51.4% to 4,623 million yen, and profit attributable to owners of parent stood at 3,168 million yen, up 51.9%.

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

#### **Japan**

In addition to strong demand for semiconductor applications which drove overall performance, sales of carbon products for mechanical applications remained solid while metallurgical applications such as products for continuous casting and industrial furnaces showed steady recovery. As a result, net sales in Japan were 13,958 million yen (up 12.6% year on year), and operating income was 3,124 million yen (up 41.0% year on year).

#### **United States**

Products for semiconductor, metallurgical, and other applications performed well overall, but sales of products for some applications were soft due to the impact of trade friction between the United States and China. As a result, in the United States, net sales were 1,951 million yen (up 0.4% year on year), and operating income was 55 million yen (up 82.3% year on year).

#### **Europe**

Sales of carbon brush products and products for metallurgical applications remained strong. As a result, in Europe, net sales were 2,435 million yen (up 5.5% year on year), and operating income was 129 million yen (up 522.6% year on year).

#### **Asia**

Sales of products for solar cell applications decreased slightly, whereas sales of value-added products made progress and products for semiconductor applications, EDM electrodes and other products for metallurgical applications, and carbon brush products all performed well in terms of sales. As a result, net sales in Asia were 9,103 million yen (up 40.7% year on year), and operating income was 806 million yen (up 128.3% year on year).

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

Total assets as of September 30, 2021 increased by 3,758 million yen from the end of the previous consolidated fiscal year. This was primarily because notes and accounts receivable - trade increased by 2,192 million yen and property, plant and equipment increased 1,530 million yen.

Total liabilities increased by 177 million yen from the end of the previous consolidated fiscal year. This primarily reflected a 513 million yen increase in notes and accounts payable - trade, a 290 million yen increase in income taxes payable, and a 505 million yen increase in provision for bonuses, despite a decrease of 1,249 million yen in other current liabilities due largely to a decrease in notes payable - facilities.

Total net assets increased by 3,581 million yen from the end of the previous consolidated fiscal year. This was primarily because retained earnings increased by 2,119 million yen and foreign currency translation adjustment increased by 1,421 million yen.

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

Consolidated forecasts for the year ending December 31, 2021 are unchanged from the figures announced on August 10, 2021.

## 2. Quarterly Consolidated Financial Statements and Important Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen, rounded down)

	As of December 31, 2020	As of September 30, 2021
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash and deposits	13,632	13,446
Notes and accounts receivable – trade	11,389	13,582
Securities	2,999	2,999
Merchandise and finished goods	7,495	7,500
Work in process	5,454	5,643
Raw materials and supplies	2,725	2,726
Other	707	459
Allowance for doubtful accounts	(150)	(117)
Total current assets	44,253	46,241
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,180	11,280
Machinery, equipment and vehicles, net	7,287	7,296
Land	5,821	5,870
Leased assets, net	786	970
Construction in progress	3,414	3,577
Other, net	958	983
Total property, plant and equipment	28,448	29,979
Intangible assets	198	256
Investments and other assets	3,174	3,357
Total non-current assets	31,821	33,593
<b>Total assets</b>	<b>76,075</b>	<b>79,834</b>

(Millions of yen, rounded down)

	As of December 31, 2020	As of September 30, 2021
	Amount	Amount
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	1,587	2,101
Electronically recorded obligations – operating	788	885
Short-term borrowings	215	182
Accounts payable–other	1,831	1,826
Income taxes payable	365	656
Provision for bonuses	379	885
Provision for directors’ bonuses	20	–
Other	3,260	2,010
Total current liabilities	8,450	8,547
Non-current liabilities		
Long-term borrowings	39	16
Net defined benefit liability	140	153
Asset retirement obligations	265	268
Other	556	645
Total non-current liabilities	1,003	1,083
<b>Total liabilities</b>	<b>9,453</b>	<b>9,631</b>
<b>Net assets</b>		
Shareholders’ equity		
Capital stock	7,947	7,947
Capital surplus	9,609	9,609
Retained earnings	48,331	50,451
Treasury shares	(60)	(60)
Total shareholders’ equity	65,828	67,947
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	131	159
Foreign currency translation adjustment	628	2,050
Remeasurements of defined benefit plans	(9)	(2)
Total accumulated other comprehensive income	749	2,207
Non-controlling interests	43	48
<b>Total net assets</b>	<b>66,622</b>	<b>70,203</b>
<b>Total liabilities and net assets</b>	<b>76,075</b>	<b>79,834</b>



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

(Quarterly consolidated statement of income)

Nine months ended September 30, 2020 and 2021

(Millions of yen, rounded down)

	Nine months ended September 30, 2020 Amount	Nine months ended September 30, 2021 Amount
Net sales	23,119	27,449
Cost of sales	15,909	18,454
Gross profit	7,209	8,994
Selling, general and administrative expenses	4,458	4,845
Operating income	2,751	4,148
Non-operating income		
Interest income	48	59
Dividend income	63	47
Foreign exchange gains	–	200
Share of profit of entities accounted for using equity method	43	56
Subsidies for employment adjustment	148	42
Other	118	125
Total non-operating income	422	531
Non-operating expenses		
Interest expenses	7	20
Foreign exchange losses	90	–
Depreciation	12	12
Contracted research expenses	–	13
Other	9	9
Total non-operating expenses	120	56
Ordinary income	3,053	4,623
Extraordinary income		
Gain on sales of non-current assets	21	2
Subsidy income	23	11
Total extraordinary income	44	14
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	101	109
Loss on liquidation of subsidiaries and associates	15	–
Total extraordinary losses	116	109
Profit before income taxes	2,981	4,528
Income taxes	856	1,167
Income taxes for prior periods	–	*189
Total income taxes	856	1,357
Profit	2,124	3,171
Profit attributable to non-controlling interests	38	3
Profit attributable to owners of parent	2,085	3,168

(Quarterly consolidated statement of comprehensive income)

Nine months ended September 30, 2020 and 2021

(Millions of yen, rounded down)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
	Amount	Amount
<b>Profit</b>	2,124	3,171
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	28
Foreign currency translation adjustment	(112)	1,357
Remeasurements of defined benefit plans, net of tax	(0)	7
Share of other comprehensive income of entities accounted for using equity method	(5)	68
Total other comprehensive income	(124)	1,461
Comprehensive income	2,000	4,632
Comprehensive income attributable to:		
Owners of parent	1,959	4,625
Non-controlling interests	40	7

### **(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 are reasonably estimated by applying tax effect accounting to estimated profit before income taxes for the consolidated fiscal year, including the third quarter of the consolidated fiscal year under review.

(Additional information)

No significant changes have been made to assumptions regarding the impacts of the COVID-19 pandemic described in "Additional information" in the securities report for the previous consolidated fiscal year.

(Consolidated statement of income)

\*Income taxes for prior periods

Following a tax audit conducted by the Osaka Regional Taxation Bureau regarding income taxes for the taxable years from the fiscal year ended December 2016 to the fiscal year ended December 2018, the Company recorded 189 million yen in income taxes for prior periods

(Segment information)

**I. Nine months ended September 30, 2020 (From January 1, 2020 to September 30, 2020)**

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

(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							
(1) Sales to unaffiliated customers	12,396	1,944	2,308	6,470	23,119	—	23,119
(2) Intersegment sales or transfers	4,312	66	—	103	4,483	(4,483)	—
Total	16,708	2,011	2,308	6,574	27,602	(4,483)	23,119
Segment profit	2,215	30	20	353	2,620	131	2,751

(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 income 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	9,896	2,274	2,173	8,669	6,004	105	23,119
Composition (%)	42.8	9.8	9.4	37.5	26.0	0.5	100.0

(Notes) 1. 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. Nine months ended September 30, 2021 (From January 1, 2021 to September 30, 2021)

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

(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							
(1) Sales to unaffiliated customers	13,958	1,951	2,435	9,103	27,449	—	27,449
(2) Intersegment sales or transfers	5,424	36	0	270	5,731	(5,731)	—
Total	19,383	1,987	2,435	9,374	33,180	(5,731)	27,449
Segment profit (loss)	3,124	55	129	806	4,116	32	4,148

(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 income 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	11,158	2,170	2,591	11,369	8,606	158	27,449
Composition (%)	40.7	7.9	9.4	41.4	31.4	0.6	100.0

(Notes) 1. 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, 2020						Year ending December 31, 2021			
	1Q	2Q	3Q	1Q-3Q	4Q	Fiscal year total	1Q	2Q	3Q	1Q-3Q
Special graphite products	3,458	2,838	2,819	9,115	3,352	12,468	4,319	4,630	4,540	13,489
Carbon products for general industries* <sup>2</sup> (for mechanical applications)	1,129	834	760	2,725	884	3,609	912	975	834	2,723
Carbon products for general industries (for electrical applications)	1,076	852	1,501	3,430	1,674	5,105	1,462	1,572	1,231	4,267
Compound materials and other products	1,769	1,544	1,818	5,131	2,060	7,191	2,466	2,618	3,104	8,188
Total	7,433	6,070	6,900	20,403	7,972	28,376	9,160	9,797	9,711	28,669

(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

(Millions of yen, rounded down)

Products	Year ended December 31, 2020				Year ending December 31, 2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Special graphite products	2,437	2,115	1,904	2,134	3,072	3,691	3,906
Carbon products for general industries* <sup>2</sup> (for mechanical applications)	905	789	701	745	760	828	779
Carbon products for general industries (for electrical applications)	900	707	932	1,188	1,275	1,349	1,174
Compound materials and other products	2,284	1,884	1,854	1,841	2,284	2,741	3,366
Total	6,527	5,496	5,393	5,909	7,393	8,611	9,227

(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 outstanding orders placed in this quarter.

\*2. Data for general carbon products for general industries (mechanical applications) includes orders that have not been officially confirmed.

iii. Sales performance by product category

(Millions of yen, rounded down)

Products		Year ended December 31, 2020					Year ending December 31, 2021				
		1Q	2Q	3Q	1Q-3Q	4Q	Fiscal year total	1Q	2Q	3Q	1Q-3Q
Special graphite products		3,650	3,455	3,348	10,455	3,452	13,907	3,588	4,296	4,627	12,512
	[Electronics applications]	1,351	1,305	1,281	3,937	1,328	5,266	1,359	1,741	1,874	4,975
	[General industries applications]	1,880	1,664	1,654	5,199	1,824	7,024	1,790	2,088	2,181	6,060
	[Others]	418	485	412	1,317	299	1,616	438	467	571	1,477
Carbon products for general industries (for mechanical applications)		1,032	977	875	2,884	879	3,763	927	945	906	2,780
Carbon products for general industries (for electrical applications)		945	1,040	1,256	3,242	1,459	4,701	1,423	1,506	1,407	4,338
Compound materials and other products		1,929	1,959	1,862	5,751	2,084	7,835	2,052	2,186	2,495	6,734
	[3 major products]	1,675	1,684	1,615	4,975	1,768	6,743	1,743	1,836	2,073	5,653
	[Other products]	253	274	247	776	316	1,092	308	350	421	1,080
Related goods		338	184	262	785	232	1,017	297	310	476	1,083
Total		7,897	7,616	7,605	23,119	8,107	31,226	8,288	9,246	9,913	27,449

**(2) Overview**

**Special graphite products**

In electronics applications, sales of products for single-crystal silicon manufacturing and products for compound semiconductor applications such as SiC (silicon carbide) semiconductors increased significantly, which, combined with demand for products for solar cell manufacturing applications in China as well as inquiries received in certain other regions of Asia, resulted in a small increase year on year. As a result, sales rose 26.3% over the previous fiscal year.

In general industries applications, sales of products for continuous casting and products for industrial furnaces remained strong, and sales of products for EDM electrodes were solid, resulting in a 16.6% increase year on year.

Due to these factors, sales of special graphite products overall were up 19.7% over the previous fiscal year.

**Carbon products for general industries**

In carbon products for mechanical applications, demand for pantograph sliders remained solid, as did demand for bearings and sealing rings despite the absence of the spot demand observed in the first half of the previous fiscal year, helping to limit the sales decline to 3.6% year on year.

Sales of carbon products for electrical applications increased by 33.8% year on year due to continued robust demand for compact motors for home appliances and electrical power tools.

Due to these factors, sales of carbon products for general industries overall rose 16.2% over the previous fiscal year.

#### Compound materials and other products

Sales of SiC (silicon carbide)-coated graphite products increased year on year, driven by a significant increase in sales of some applications for products for semiconductor applications as well as expanded demand for products for LED applications. Sales of C/C composite products increased year on year owing to solid demand for products for industrial furnaces and strong demand for products for semiconductor applications. Sales of graphite sheet products increased year on year owing to strong sales of products for automobile and semiconductor applications.

Due to these factors, sales of the three major products rose 13.6% over the previous year, and sales of compound materials and other products increased 17.1% over the previous year.