

August 9, 2022

Consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]

Listed company name:	Toyo Tanso Co., Ltd.
Stock exchange listing:	Tokyo Stock Exchange
Stock code:	5310
Website:	https://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 submission of quarterly report:	August 10, 2022
Scheduled date for dividend payment:	-
Supplementary materials for quarterly financial summaries:	Yes
Quarterly financial results briefing:	Yes (for securities analysts and institutional investors)

1. Consolidated financial results for the six months ended June 30, 2022

(From January 1, 2022 to June 30, 2022)

(1) Operating results (cumulative total)

(Millions of yen, rounded down)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
		%		%		%		%
Six months ended June 30, 2022	20,293	15.7	3,039	28.4	3,705	33.3	2,564	40.6
Six months ended June 30, 2021	17,535	13.0	2,366	14.7	2,779	32.0	1,824	24.8

Note:	Comprehensive income:	
	Six months ended June 30, 2022	5,019 million yen (62.6%)
	Six months ended June 30, 2021	3,087 million yen (181.3%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Six months ended June 30, 2022	122.29	-
Six months ended June 30, 2021	86.98	-

(2) Financial position

(Millions of yen, rounded down)

	Total assets	Net assets	Equity ratio
			%
As of June 30, 2022	87,847	76,012	86.5
As of December 31, 2021	83,655	72,256	86.3
Reference:	Shareholders' equity:		
	June 30, 2022	75,958 million yen	
	December 31, 2021	72,204 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, 2021	-	0.00	-	60.00	60.00
Year ending December 31, 2022 (Actual)	-	0.00			
Year ending December 31, 2022 (Forecast)			-	70.00	70.00

Note: Revisions of projected dividends most recently announced: None

3. Consolidated results forecast for the fiscal year ending December 31, 2022

(From January 1, 2022 to December 31, 2022)

(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, 2022	43,000	14.0	7,300	28.8	7,600	21.3	5,300	18.7	252.71

Note: Revisions of consolidated forecasts most recently announced: Yes

For details, please refer to "Notification of Differences between Consolidated Earnings Forecasts for First Half of Fiscal Year and Actual Results, and Revisions to Consolidated Earnings Forecasts for Fiscal Year" issued on August 9, 2022.

*** 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 9 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.: Yes

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

3) Changes in accounting estimates: None

4) Restatements: None

(Note) For details, please refer to “Changes in accounting policies” on page 9 of the Attached Documents.

(4) Number of shares outstanding (common shares)

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

As of June 30, 2022 20,992,588 shares

As of December 31, 2021 20,992,588 shares

2) Number of treasury shares at the end of period

As of June 30, 2022 20,078 shares

As of December 31, 2021 20,028 shares

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

Six months ended June 30, 2022 20,972,546 shares

Six months ended June 30, 2021 20,972,725 shares

*** This summary report is 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. 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.

(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 August 17, 2022. The materials distributed at the briefing are scheduled to be disclosed on TDnet and our website on that same day.

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

(1) Explanation Regarding Business Results

During the first half of the consolidated fiscal year under review, signs of recovery were visible domestically and in overseas economies, mainly in developed countries. However, an uncertain outlook continued due to factors including soaring resource prices and supply chain disruptions caused by the tense situation in Ukraine and constrained economic activity in China, as well as the stalling of economic recovery in some regions due to the acceleration of inflation in a number of countries.

Looking at the business environment surrounding the Group, in mobility applications, semiconductor shortages and supply constraints are affecting operations in the automobile industry. In energy applications, operations in the Chinese solar cell market remained weak due to factors including soaring raw material prices. In electronics applications, however, the semiconductor market remained robust against the backdrop of strong demand.

In this environment, to achieve the management targets of the new Medium-term Management Plan that we announced in February 2022, the Group advanced business development that agilely captured change in the external environment. While improving cost competitiveness through productivity enhancements, undertaking development and reinforcement of new and high value-added products that are able to keep pace with technological innovations, and while otherwise solidly addressing customer needs, we advanced business in a way that steadily captured business opportunities. In addition, we advanced initiatives aimed at securing and maintaining profitability in order to mitigate the effects of soaring raw fuel prices.

As a result, in the first half of the consolidated fiscal year under review, net sales were 20,293 million yen (up 15.7% year on year). On the income side, operating profit rose 28.4% to 3,039 million yen, ordinary profit rose 33.3% to 3,705 million yen, and profit attributable to owners of parent was 2,564 million yen, up 40.6%.

This was due to the rapid depreciation of the yen as well as firm demand for semiconductors and other applications, despite the effects of temporary suspension of operations associated with restrictions on movements at affiliated companies in China.

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

Japan

Sales of products for semiconductor applications increased considerably year on year, supported by strong demand. Sales of products for industrial furnace applications and products for metallurgical applications overall, including products for EDM electrodes, remained strong. Sales of carbon products for mechanical applications also remained robust. As a result, net sales in Japan were 10,658 million yen (up 20.9% year on year), and operating profit was 2,824 million yen (up 46.4% year on year).

United States

Sales of products for semiconductor applications were strong. Sales of products for industrial furnace applications, products for continuous casting, and other products for metallurgical applications increased significantly. As a result, in the United States, net sales were 1,501 million yen (up 20.1% year on year), and operating profit was 36 million yen (up 284.3% year on year).

Europe

Although demand for carbon brush products softened, sales of products for metallurgical applications remained strong and sales of products for semiconductor applications increased. As a result, in Europe, net sales were 1,890 million yen (up 13.5% year on year), and there was an operating profit of 94 million yen (up 5.2% year on year).

Asia

Sales of carbon brush products declined from the high level of the same period in the previous year, and sales of products for solar cell applications declined. Despite this, sales of products for semiconductor applications, industrial furnace applications, and other metallurgical applications remained strong. As a result, in Asia, despite a considerable impact from the temporary suspension of operations at affiliated companies in China, net sales were 6,241 million yen (up 7.6% year on year) and operating profit was 547 million yen (up 31.5% year on year).

(2) Explanation Regarding Financial Position

As of June 30, 2022, total assets increased by 4,192 million yen from the end of the previous consolidated fiscal year. This was primarily because, notes and accounts receivable – trade increased by 1,174 million yen, inventories increased by 1,957 million yen, property, plant and equipment increased by 558 million yen, and investments and other assets increased by 630 million yen.

Total liabilities increased by 436 million yen from the end of the previous consolidated fiscal year. This was primarily because, although accounts payable – other decreased by 348 million yen, notes and accounts payable – trade increased by 798 million yen.

Total net assets increased by 3,756 million yen from the end of the previous consolidated fiscal year. This was primarily because retained earnings increased by 1,306 million yen and foreign currency translation adjustment increased by 2,483 million yen.

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

Based on the results of the first half of the consolidated fiscal year under review, the Group has revised its consolidated full-year forecasts for the fiscal year ending in December 2022, released on February 14, 2022.

For details, please refer to “Notification of Differences between Consolidated Earnings Forecasts for First Half of Fiscal Year and Actual Results, and Revisions to Consolidated Earnings Forecasts for Fiscal Year” issued on August 9, 2022.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheets

(Millions of yen, rounded down)

	As of December 31, 2021	As of June 30, 2022
	Amount	Amount
Assets		
Current assets		
Cash and deposits	15,364	15,358
Notes and accounts receivable – trade	14,198	15,373
Securities	2,999	2,999
Merchandise and finished goods	7,477	7,985
Work in process	5,722	7,055
Raw materials and supplies	2,823	2,940
Other	526	418
Allowance for doubtful accounts	(103)	(109)
Total current assets	49,009	52,021
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,229	11,371
Machinery, equipment and vehicles, net	9,289	10,177
Land	5,891	5,968
Leased assets, net	1,233	1,256
Construction in progress	2,181	1,450
Other, net	1,221	1,380
Total property, plant and equipment	31,046	31,604
Intangible assets	283	275
Investments and other assets	3,316	3,946
Total non-current assets	34,645	35,826
Total assets	83,655	87,847

(Millions of yen, rounded down)

	As of December 31, 2021	As of June 30, 2022
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable – trade	2,225	3,024
Electronically recorded obligations – operating	968	1,061
Short-term borrowings	191	219
Accounts payable – other	2,041	1,693
Income taxes payable	852	1,021
Provision for bonuses	602	469
Provision for directors’ bonuses	29	—
Other	3,233	3,150
Total current liabilities	10,145	10,641
Non-current liabilities		
Long-term borrowings	8	—
Net defined benefit liability	150	172
Asset retirement obligations	269	271
Other	825	750
Total non-current liabilities	1,252	1,194
Total liabilities	11,398	11,835
Net assets		
Shareholders’ equity		
Capital stock	7,947	7,947
Capital surplus	9,609	9,609
Retained earnings	51,748	53,055
Treasury shares	(60)	(60)
Total shareholders’ equity	69,245	70,551
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	159	106
Foreign currency translation adjustment	2,833	5,316
Remeasurements of defined benefit plans	(33)	(16)
Total accumulated other comprehensive income	2,959	5,406
Non-controlling interests	52	54
Total net assets	72,256	76,012
Total liabilities and net assets	83,655	87,847

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

(Quarterly consolidated statements of income)

Six months ended June 30, 2021 and 2022

(Millions of yen, rounded down)

	Six months ended June 30, 2021 Amount	Six months ended June 30, 2022 Amount
Net sales	17,535	20,293
Cost of sales	11,987	13,781
Gross profit	5,548	6,511
Selling, general and administrative expenses	3,181	3,471
Operating income	2,366	3,039
Non-operating income		
Interest income	39	43
Dividend income	6	26
Foreign exchange gains	220	522
Share of profit of entities accounted for using equity method	51	20
Subsidies for employment adjustment	42	—
Other	92	93
Total non-operating income	452	707
Non-operating expenses		
Interest expenses	14	18
Depreciation	8	8
Contracted research expenses	8	9
Other	9	4
Total non-operating expenses	40	41
Ordinary income	2,779	3,705
Extraordinary income		
Gain on sales of non-current assets	2	4
Gain on sale of investment securities	—	1
Subsidy income	10	15
Total extraordinary income	12	21
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	61	58
Loss on suspension of operations	—	84*2
Total extraordinary losses	61	143
Profit before income taxes	2,730	3,582
Income taxes	714	1,015
Income taxes for prior periods	189*1	—
Total income taxes	903	1,015
Profit	1,826	2,566
Profit attributable to non-controlling interests	2	1
Profit attributable to owners of parent	1,824	2,564

(Quarterly consolidated statement of comprehensive income)

Six months ended June 30, 2021 and 2022

(Millions of yen, rounded down)

	Six months ended June 30, 2021 Amount	Six months ended June 30, 2022 Amount
Profit	1,826	2,566
Other comprehensive income		
Valuation difference on available-for-sale securities	11	(52)
Foreign currency translation adjustment	1,184	2,369
Remeasurements of defined benefit plans, net of tax	4	16
Share of other comprehensive income of entities accounted for using equity method	59	119
Total other comprehensive income	1,260	2,453
Comprehensive income	3,087	5,019
Comprehensive income attributable to:		
Owners of parent	3,081	5,012
Non-controlling interests	5	7

(3) Consolidated statements of cash flows

(Millions of yen, rounded down)

	Six months ended June 30, 2021 Amount	Six months ended June 30, 2022 Amount
Cash flows from operating activities		
Profit before income taxes	2,730	3,582
Depreciation	1,494	1,528
Share of (profit) loss of entities accounted for using equity method	(51)	(20)
Increase (decrease) in net defined benefit asset or liability	(39)	(26)
Increase (decrease) in provision for bonuses	(22)	(158)
Increase (decrease) in provision for directors' bonuses	(20)	(29)
Increase (decrease) in allowance for doubtful accounts	(32)	(8)
Interest and dividend income	(45)	(70)
Interest expenses	14	18
Foreign exchange losses (gains)	(169)	(477)
Loss (gain) on sales of non-current assets	(2)	(3)
Loss on retirement of non-current assets	61	58
Decrease (increase) in notes and accounts receivable - trade	(702)	(300)
Decrease (increase) in inventories	230	(1,097)
Increase (decrease) in notes and accounts payable - trade	267	389
Other	411	544
Subtotal	4,122	3,929
Interest and dividend income received	45	77
Interest expenses paid	(13)	(19)
Income taxes paid	(585)	(955)
Net cash provided by (used in) operating activities	3,568	3,032
Cash flows from investing activities		
Payments into time deposits	(3,707)	(4,910)
Proceeds from withdrawal of time deposits	3,084	5,123
Purchase of property, plant and equipment	(2,651)	(2,325)
Proceeds from sales of property, plant and equipment	2	5
Purchase of intangible assets	(42)	(46)
Purchase of shares of subsidiaries and associates	–	(269)
Other	(48)	(66)
Net cash provided by (used in) investing activities	(3,362)	(2,489)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(39)	17
Repayments of long-term borrowings	(16)	(16)
Repayments of finance lease obligations	(68)	(79)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,047)	(1,258)
Dividends paid to non-controlling interests	(2)	(4)
Net cash provided by (used in) financing activities	(1,174)	(1,342)
Effect of exchange rate change on cash and cash equivalents	330	599
Net increase (decrease) in cash and cash equivalents	(638)	(199)
Cash and cash equivalents at beginning of period	12,093	12,470
Cash and cash equivalents at end of period	11,455	12,270

(4) 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.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition and related guidance)

The Group began applying the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereafter "Accounting Standard for Revenue Recognition") from the beginning of the first quarter of the consolidated fiscal year under review. Accordingly, revenue is recognized at a point in time when control of promised goods or services is transferred to customers, at the amount that is expected to be received in exchange for the goods or services.

Through the application of this, while revenue for some export sales has been recognized on a shipping basis, the Group has changed to the method of recognizing revenue at the time that risk exposure is transferred to the customer, based on terms of trade prescribed by Incoterms, etc.

Regarding the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment set forth in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter of the consolidated fiscal year under review has been added to or subtracted from retained earnings at the beginning of the first quarter of the consolidated fiscal year under review, and the new accounting policy has been applied to the opening balance at the start of this three-month period. There is no impact on the balance at the beginning of the period.

Also, there is no impact on the quarterly consolidated financial statements during the first half of the consolidated fiscal year under review.

Furthermore, as permitted by the transitional treatment set forth in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), disaggregated information on revenue from contracts with customers during the first half of the previous consolidated fiscal year has not been disclosed.

(Application of accounting standard for fair value measurement and related guidance)

The Group began applying the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Accounting Standard for Fair Value Measurement" and related guidance from the beginning of the first quarter of the consolidated fiscal year under review. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement and related guidance will be applied into the future. This will have no impact on the quarterly consolidated financial statements.

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

(Tax expense calculations)

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

*1. Income taxes for prior periods

Six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

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.

Six months under review (from January 1, 2022 to June 30, 2022)

Not applicable.

*2. Losses due to suspension of operations

Six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

Not applicable.

Six months under review (from January 1, 2022 to June 30, 2022)

At Shanghai Toyo Tanso Co., Ltd. and Shanghai Toyo Tanso Industrial Co., Ltd., in accordance with local government demands related to curbing the spread of the COVID-19 contagion, personnel expenses and depreciation for the period during which operations were suspended at some production bases were recorded as extraordinary losses.

(Segment information)

I. Six months ended June 30, 2021 (From January 1, 2021 to June 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	8,816	1,250	1,665	5,802	17,535	—	17,535
(2) Intersegment sales or transfers	3,600	31	0	65	3,697	(3,697)	—
Total	12,417	1,281	1,665	5,868	21,233	(3,697)	17,535
Segment profit (loss)	1,929	9	89	416	2,444	(77)	2,366

(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	7,144	1,405	1,672	7,215	5,467	97	17,535
Composition (%)	40.7	8.0	9.5	41.2	31.2	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

II. Six months ended June 30, 2022 (From January 1, 2022 to June 30, 2022)

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

(Millions of yen, rounded down)

	Reportable segments					Adjusted amount (Note) 1	Amount recorded in the consolidated quarterly income statement (Note) 2
	Japan	United States	Europe	Asia	Total		
Net sales							
Goods transferred at a point in time	10,658	1,501	1,890	6,241	20,293	—	20,293
Goods transferred over time	—	—	—	—	—	—	—
Revenue from contracts with customers	10,658	1,501	1,890	6,241	20,293	—	20,293
Sales to unaffiliated customers	10,658	1,501	1,890	6,241	20,293	—	20,293
Intersegment sales or transfers	3,636	11	—	54	3,703	(3,703)	—
Total	14,294	1,513	1,890	6,296	23,996	(3,703)	20,293
Segment profit (loss)	2,824	36	94	547	3,502	(463)	3,039

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

2. Segment profit (loss) has been adjusted to reflect the operating 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	8,555	1,641	1,938	8,082	5,917	74	20,293
Composition (%)	42.1	8.1	9.6	39.8	29.2	0.4	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. Matters concerning changes in reportable segments, etc.

As described in “Notes (Changes in accounting policies),” the “Accounting Standard for Revenue Recognition” was applied from the first quarter of the consolidated fiscal year under review. As the accounting method for recognition of revenue has changed, methods for the calculation of profit or loss in business segments has similarly changed.

3. Supplementary Information

(1) Orders and sales by product category

i. Orders

(Millions of yen, rounded down)

Products	Year ended December 31, 2021						Year ending December 31, 2022		
	1Q	2Q	1H	3Q	4Q	Fiscal year total	1Q	2Q	1H
Special graphite products	4,319	4,630	8,949	4,540	4,881	18,371	4,638	5,286	9,924
Carbon products for general industries* ² (for mechanical applications)	912	975	1,888	834	928	3,651	951	1,044	1,995
Carbon products for general industries (for electrical applications)	1,462	1,572	3,035	1,231	1,472	5,739	1,083	1,175	2,259
Compound materials and other products	2,466	2,618	5,084	3,104	3,573	11,762	3,034	3,092	6,127
Total	9,160	9,797	18,957	9,711	10,856	39,525	9,708	10,599	20,307

(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, 2021				Year ending December 31, 2022	
	1Q	2Q	3Q	4Q	1Q	2Q
Special graphite products	3,072	3,691	3,906	4,533	5,249	6,215
Carbon products for general industries* ² (for mechanical applications)	760	828	779	775	830	979
Carbon products for general industries (for electrical applications)	1,275	1,349	1,174	1,229	993	1,108
Compound materials and other products	2,284	2,741	3,366	4,400	4,854	5,255
Total	7,393	8,611	9,227	10,938	11,927	13,559

(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

(Millions of yen, rounded down)

Products	Year ended December 31, 2021						Year ending December 31, 2022		
	1Q	2Q	1H	3Q	4Q	Fiscal year total	1Q	2Q	1H
Special graphite products	3,588	4,296	7,884	4,627	4,630	17,143	4,340	4,801	9,142
[Electronics applications]	1,359	1,741	3,100	1,874	1,776	6,751	1,612	1,878	3,491
[General industries applications]	1,790	2,088	3,878	2,181	2,317	8,377	2,187	2,284	4,472
[Others]	438	467	905	571	536	2,013	540	638	1,179
Carbon products for general industries (for mechanical applications)	927	945	1,873	906	958	3,738	926	933	1,859
Carbon products for general industries (for electrical applications)	1,423	1,506	2,930	1,407	1,388	5,727	1,371	1,092	2,464
Compound materials and other products	2,052	2,186	4,238	2,495	2,571	9,306	2,656	2,770	5,426
[3 major products]	1,743	1,836	3,579	2,073	2,155	7,808	2,241	2,328	4,570
[Other products]	308	350	659	421	416	1,497	414	441	856
Related goods	297	310	607	476	735	1,819	611	789	1,400
Total	8,288	9,246	17,535	9,913	10,285	37,734	9,906	10,386	20,293

(2) Overview

Special graphite products

In electronics applications, sales of products for solar cell manufacturing applications declined due to factors including operational decline in the market. Despite this, sales of products for single-crystal silicon manufacturing and products for compound semiconductor manufacturing applications, including for SiC (silicon carbide) semiconductors, increased significantly, resulting in an increase of 12.6% year on year.

In general industrial applications, sales of products for continuous casting, products for industrial furnaces, and other products for metallurgical applications, as well as products for EDM electrodes, increased significantly, resulting in an increase of 15.3% year on year.

Due to these factors, sales of special graphite products overall were up 16.0% over the previous year.

Carbon products for general industries

In carbon products for mechanical applications, demand for our mainstay bearings, sealing rings, etc. remained solid. Sales maintained the level of the previous year, declining by 0.7 % year on year.

In carbon products for electrical applications, demand for compact motors for home appliances and power tools showed increasing signs of adjustment from the second quarter of the fiscal year under review due to the slowdown of stay-at-home demand and the suspension of operations at affiliated companies in China. As a result of these and other factors, sales fell by 15.9% from the record first-half sales achieved in the same period in the previous fiscal year.

Due to these factors, sales of carbon products for general industries overall fell 10.0% over the previous fiscal year.

Compound materials and other products

Sales of SiC (silicon carbide)-coated graphite products significantly increased year on year due to considerable growth in sales for Si (silicon) and SiC (silicon carbide) semiconductors. Sales of C/C composite products increased year on year due to factors including strong demand for products for industrial furnace applications and semiconductor applications. Sales of graphite sheet products increased year on year due to strong sales for semiconductor applications and metallurgical applications.

Due to these factors, sales of the three major products rose 27.7% over the previous year, and sales of

compound materials and other products increased 28.0% over the previous year.