

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Based on Japanese GAAP)

November 10, 2022

Company name: Nippon Carbon Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5302 URL <https://www.carbon.co.jp>
 Representative: President and Representative Director Takafumi Miyashita
 Inquiries: General Manager of Business Control Div. Hiroshi Fujikawa TEL 03-6891-3730
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2022	26,683	19.9	4,332	97.1	4,685	95.6	2,951	103.3
Nine months ended September 30, 2021	22,258	14.6	2,197	(3.5)	2,395	(15.5)	1,451	(0.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	267.23		–	
Nine months ended September 30, 2021	131.34		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	73,400	53,223	62.2	4,131.67
As of December 31, 2021	72,692	52,257	61.9	4,073.56

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2021	–	100.00	–	100.00	200.00
Year ending December 31, 2022	–	100.00	–		
Year ending December 31, 2022 (Forecast)				100.00	200.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	35,800	13.4	4,900	32.2	5,000	12.8	3,100	13.6	280.57

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	11,832,504 shares	As of December 31, 2021	11,832,504 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	788,893 shares	As of December 31, 2021	788,766 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2022	11,043,730 shares	Nine months ended September 30, 2021	11,050,601 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	17,865	17,676
Notes and accounts receivable - trade	11,592	–
Notes and accounts receivable - trade, and contract assets	–	11,773
Merchandise and finished goods	7,896	9,393
Work in process	4,595	4,228
Raw materials and supplies	2,886	3,060
Other	585	639
Allowance for doubtful accounts	(22)	(25)
Total current assets	45,399	46,747
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,407	17,480
Accumulated depreciation and impairment	(10,230)	(10,615)
Buildings and structures, net	7,177	6,865
Machinery and equipment	47,249	47,899
Accumulated depreciation and impairment	(39,053)	(40,179)
Machinery and equipment, net	8,195	7,720
Vehicles, tools, furniture and fixtures	3,392	3,552
Accumulated depreciation and impairment	(2,927)	(3,067)
Vehicles, tools, furniture and fixtures, net	464	484
Land	3,544	3,563
Construction in progress	132	212
Total property, plant and equipment	19,515	18,846
Intangible assets	264	251
Investments and other assets		
Investment securities	5,172	4,921
Deferred tax assets	378	461
Other	1,964	2,173
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	7,513	7,554
Total non-current assets	27,292	26,652
Total assets	72,692	73,400

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,900	4,694
Short-term borrowings	9,180	9,125
Accrued expenses	516	502
Income taxes payable	1,038	898
Provision for bonuses	208	471
Provision for bonuses for directors (and other officers)	59	54
Provision for loss on order received	–	2
Other	2,123	1,656
Total current liabilities	17,027	17,404
Non-current liabilities		
Long-term borrowings	1,387	850
Deferred tax liabilities	633	578
Retirement benefit liability	776	758
Provision for retirement benefits for directors (and other officers)	55	20
Provision for share awards for directors (and other officers)	89	102
Provision for environmental measures	28	28
Asset retirement obligations	62	62
Other	373	370
Total non-current liabilities	3,407	2,771
Total liabilities	20,434	20,176
Net assets		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,857	7,858
Retained earnings	29,805	30,501
Treasury shares	(2,011)	(2,012)
Total shareholders' equity	43,054	43,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,868	1,700
Foreign currency translation adjustment	124	229
Remeasurements of defined benefit plans	(59)	(51)
Total accumulated other comprehensive income	1,932	1,878
Non-controlling interests	7,270	7,594
Total net assets	52,257	53,223
Total liabilities and net assets	72,692	73,400

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	22,258	26,683
Cost of sales	16,990	18,612
Gross profit	5,267	8,071
Selling, general and administrative expenses	3,069	3,739
Operating profit	2,197	4,332
Non-operating income		
Dividend income	53	67
Foreign exchange gains	100	332
Share of profit of entities accounted for using equity method	9	66
Insurance claim income	191	98
Other	92	86
Total non-operating income	447	652
Non-operating expenses		
Interest expenses	45	39
Loss on retirement of non-current assets	2	29
Depreciation of inactive non-current assets	112	111
Loss on disaster	59	76
Other	29	40
Total non-operating expenses	249	298
Ordinary profit	2,395	4,685
Extraordinary income		
Gain on sale of investment securities	179	–
Total extraordinary income	179	–
Extraordinary losses		
Fire loss	102	–
Factory transfer expenses	84	–
Total extraordinary losses	187	–
Profit before income taxes	2,387	4,685
Income taxes - current	825	1,442
Income taxes - deferred	(12)	(62)
Total income taxes	813	1,380
Profit	1,573	3,305
Profit attributable to non-controlling interests	122	354
Profit attributable to owners of parent	1,451	2,951

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	1,573	3,305
Other comprehensive income		
Valuation difference on available-for-sale securities	455	(171)
Foreign currency translation adjustment	63	170
Remeasurements of defined benefit plans, net of tax	10	8
Total other comprehensive income	528	7
Comprehensive income	2,102	3,312
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,956	2,896
Comprehensive income attributable to non-controlling interests	145	415