

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

Company name: Nippon Carbon Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5302
 URL: <https://www.carbon.co.jp>
 Representative: Representative Director, CEO Takafumi Miyashita
 Inquiries: General Manager of Business Control Div. Hiroshi Fujikawa
 TEL: +81-3-6891-3730
 Scheduled date to file Quarterly Securities Report: November 10, 2023
 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, 2023 (from January 1, 2023 to September 30, 2023)

(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, 2023	26,840	0.6	4,298	(0.8)	4,598	(1.9)	2,631	(10.8)
Nine months ended September 30, 2022	26,683	19.9	4,332	97.1	4,685	95.6	2,951	103.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2023	238.26	—
Nine months ended September 30, 2022	267.23	—

(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, 2023	76,809	56,133	62.7	4,363.32
As of December 31, 2022	74,181	53,210	61.4	4,125.77

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2022	—	100.00	—	100.00	200.00
Year ending December 31, 2023	—	100.00	—		
Year ending December 31, 2023 (Forecast)				100.00	200.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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	37,500	4.7	5,400	12.7	5,700	13.0	3,200	0.2	289.74

4. Notes

(1) Changes in significant subsidiaries during the nine months ended September 30, 2023

(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, 2023: 11,832,504 shares As of December 31, 2022: 11,832,504 shares

Number of treasury shares at the end of the period

As of September 30, 2023: 788,400 shares As of December 31, 2022: 789,018 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2023: 11,044,332 shares Nine months ended September 30, 2022: 11,043,730 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	18,322	14,567
Notes and accounts receivable - trade, and contract assets	11,922	11,467
Merchandise and finished goods	8,661	10,659
Work in process	4,408	4,873
Raw materials and supplies	3,447	3,731
Income taxes refund receivable	16	—
Other	781	495
Allowance for doubtful accounts	(14)	(18)
Total current assets	47,546	45,777
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,494	17,617
Accumulated depreciation and impairment	(10,677)	(11,059)
Buildings and structures, net	6,817	6,558
Machinery and equipment	48,024	48,638
Accumulated depreciation and impairment	(39,629)	(40,811)
Machinery and equipment, net	8,394	7,826
Vehicles, tools, furniture and fixtures	3,558	3,751
Accumulated depreciation and impairment	(3,018)	(3,174)
Vehicles, tools, furniture and fixtures, net	540	576
Land	3,553	3,566
Construction in progress	197	944
Total property, plant and equipment	19,502	19,471
Intangible assets	240	215
Investments and other assets		
Investment securities	4,566	8,808
Deferred tax assets	434	531
Other	1,893	2,008
Allowance for doubtful accounts	(2)	(3)
Total investments and other assets	6,892	11,345
Total non-current assets	26,635	31,032
Total assets	74,181	76,809

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,416	4,853
Short-term borrowings	8,892	8,806
Accrued expenses	579	743
Income taxes payable	1,271	614
Advances received	801	788
Provision for bonuses	223	484
Provision for bonuses for directors (and other officers)	74	51
Provision for loss on orders received	0	7
Other	1,915	1,391
Total current liabilities	19,175	17,741
Non-current liabilities		
Long-term borrowings	200	319
Deferred tax liabilities	274	1,248
Retirement benefit liability	784	810
Provision for retirement benefits for directors (and other officers)	19	29
Provision for share awards for directors (and other officers)	85	99
Provision for environmental measures	0	0
Asset retirement obligations	62	62
Other	369	363
Total non-current liabilities	1,795	2,934
Total liabilities	20,971	20,676
Net assets		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,858	7,858
Retained earnings	30,744	31,167
Treasury shares	(2,012)	(2,011)
Total shareholders' equity	43,992	44,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,493	3,592
Foreign currency translation adjustment	170	262
Remeasurements of defined benefit plans	(93)	(83)
Total accumulated other comprehensive income	1,570	3,771
Non-controlling interests	7,647	7,944
Total net assets	53,210	56,133
Total liabilities and net assets	74,181	76,809

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, 2022	Nine months ended September 30, 2023
Net sales	26,683	26,840
Cost of sales	18,612	18,703
Gross profit	8,071	8,137
Selling, general and administrative expenses	3,739	3,838
Operating profit	4,332	4,298
Non-operating income		
Dividend income	67	95
Foreign exchange gains	332	254
Share of profit of entities accounted for using equity method	66	96
Insurance claim income	98	4
Other	86	110
Total non-operating income	652	562
Non-operating expenses		
Interest expenses	39	32
Loss on retirement of non-current assets	29	69
Depreciation of inactive non-current assets	111	109
Loss on disaster	76	—
Other	40	50
Total non-operating expenses	298	262
Ordinary profit	4,685	4,598
Extraordinary losses		
Loss on fire	—	154
Total extraordinary losses	—	154
Profit before income taxes	4,685	4,444
Income taxes - current	1,442	1,451
Income taxes - deferred	(62)	(53)
Total income taxes	1,380	1,398
Profit	3,305	3,045
Profit attributable to non-controlling interests	354	414
Profit attributable to owners of parent	2,951	2,631

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	3,305	3,045
Other comprehensive income		
Valuation difference on available-for-sale securities	(171)	2,100
Foreign currency translation adjustment	170	148
Remeasurements of defined benefit plans, net of tax	8	10
Total other comprehensive income	7	2,258
Comprehensive income	3,312	5,304
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,896	4,833
Comprehensive income attributable to non-controlling interests	415	471