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February 9, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)



C	Nimmer Cashen Ca. Ital					
Company name:	Nippon Carbon Co., Ltd.					
Listing:	Tokyo Stock Exchange					
Securities code:	5302					
URL:	https://www.carbon.co.jp					
Representative:	Representative Director, CEO Takafumi M	Iiyashita				
Inquiries:	General Manager of Business Control Div	. Hiroshi Fujikawa				
Telephone:	+81-3-6891-3730					
Scheduled date of a	annual general meeting of shareholders:	March 28, 2024				
Scheduled date to c	commence dividend payments:	March 29, 2024				
Scheduled date to file annual securities report: March 28, 2024						
Preparation of supp	Preparation of supplementary material on financial results: None					
Holding of financia	al results briefing:	None				

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales	5	Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	37,867	5.8	6,573	37.2	7,115	41.1	4,050	26.8
December 31, 2022	35,799	13.4	4,791	29.3	5,042	13.7	3,194	17.0

For the fiscal year ended December 31, 2023: Note: Comprehensive income For the fiscal year ended December 31, 2022:

¥6,854 million [107.1%] ¥3,309 million [(6.3)%]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2023	366.75	_	8.5	9.3	17.4
December 31, 2022	289.24		7.1	6.9	13.4

Share of profit (loss) of entities accounted for using equity method Reference: ¥146 million For the fiscal year ended December 31, 2023: For the fiscal year ended December 31, 2022:

¥79 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	78,466	57,681	63.0	4,478.09
December 31, 2022	74,181	53,210	61.4	4,125.77

Reference: Equity

As of December 31, 2022:

¥49,455 million ¥45,562 million

As of December 31, 2023:

(3) Consolidated cash flows

	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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	3,189	(4,426)	(2,614)	14,382
December 31, 2022	5,798	(1,601)	(3,777)	18,177

2. Cash dividends

		Annua	l dividends pe	er share		Total cash		Ratio of
	1st quarter- end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total	dividends (Total)	Payout ratio (Consolidated)	dividends to net assets (Consolidated)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2022	-	100.00	_	100.00	200.00	2,208	69.1	4.9
Fiscal year ended December 31, 2023	_	100.00	_	100.00	200.00	2,208	54.5	4.6
Fiscal year ending December 31, 2024 (Forecast)	_	100.00	_	100.00	200.00		53.9	

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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
First half	20,000	10.5	3,000	(5.4)	3,100	(9.2)	1,700	(13.2)	153.93
Full year	43,000	13.6	7,100	8.0	7,200	1.2	4,100	1.2	371.23

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (3) Number of issued shares (common shares)

(i)	Total number of issued shares at the end of the period (including treasury shares)	
	As of December 31, 2023	11,832,504 shares
	As of December 31, 2022	11,832,504 shares
(ii)	Number of treasury shares at the end of the period	
	As of December 31, 2023	788,617 shares
	As of December 31, 2022	789,018 shares
(iii)	Average number of shares outstanding during the period	
	Fiscal year ended December 31, 2023	11,044,237 shares
	Fiscal year ended December 31, 2022	11,043,677 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)								
	Net sales	Vet sales Operating profit		Ordinary profit		Profit		
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	23,592	7.3	3,831	32.6	4,708	40.9	3,253	29.4
December 31, 2022	21,979	11.2	2,890	18.4	3,342	8.0	2,514	19.6

	Earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2023	294.62	—
December 31, 2022	227.70	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	55,829	42,924	76.9	3,886.70
December 31, 2022	52,820	39,955	75.6	3,618.00

Reference: Equity

 As of December 31, 2023:
 ¥42,92

 As of December 31, 2022:
 ¥39,95

¥42,924 million ¥39,955 million

<u>3. Consolidated Financial Statements and Principal Notes</u> (1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	18,322	14,527
Notes and accounts receivable - trade, and contract assets	11,922	13,581
Merchandise and finished goods	8,661	10,760
Work in process	4,408	4,555
Raw materials and supplies	3,447	3,545
Income taxes refund receivable	16	—
Other	781	459
Allowance for doubtful accounts	(14)	(12
Total current assets	47,546	47,416
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,494	17,608
Accumulated depreciation and impairment	(10,677)	(11,146
Buildings and structures, net	6,817	6,462
Machinery and equipment	48,024	49,318
Accumulated depreciation and impairment	(39,629)	(41,059
Machinery and equipment, net	8,394	8,259
Vehicles, tools, furniture and fixtures	3,558	3,803
Accumulated depreciation and impairment	(3,018)	(3,225
Vehicles, tools, furniture and fixtures, net	540	578
Land	3,553	3,565
Construction in progress	197	732
Total property, plant and equipment	19,502	19,599
Intangible assets	240	215
Investments and other assets		
Investment securities	4,566	8,667
Deferred tax assets	434	514
Other	1,893	2,057
Allowance for doubtful accounts	(2)	(3
Total investments and other assets	6,892	11,235
Total non-current assets	26,635	31,049
Total assets	74,181	78,466

(Millions of yen)

Current liabilities4,9Notes and accounts payable - trade5,4164,9Short-term borrowings8,8928,5Accrued expenses5796Income taxes payable1,2711,4Advances received8014Provision for bonuses2232Provision for bonuses for directors (and other officers)747Provision for loss on orders received00Other1,9151,6Total current liabilities2741,2Long-term borrowings2002Deferred tax liabilities2741,2Retirement benefit liability7847Provision for share awards for directors (and other officers)19Provision for renvironmental measures0Asset retirement obligations62Other3693Total non-current liabilities1,7952,8Total non-current liabilities1,7952,8Total non-current liabilities20,97120,7Vet assets30,074432,5Total shareholders' equity43,99245,8Share capital7,4027,4Accumulated other comprehensive income1,4933,4Deferred gains or losses on hedgesProseign or losses on bedgesProseign or losses on hedgesProseign or losses on hedgesProseign or losses on hedgesProseign or losses on hedges-		As of December 31, 2022	As of December 31, 20283
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Asset retirement obligations62Other3693Total non-current liabilities1,7952,8Total non-current liabilities20,97120,7Vet assets20,97120,7Share capital7,4027,4Capital surplus7,8587,8Retained earnings30,74432,5Treasury shares(2,012)(2,0Total shareholders' equity43,99245,8Accumulated other comprehensive incomeValuation difference on available-for-sale securities1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6		85	104
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Total liabilities20,97120,7Net assetsShareholders' equityShare capital7,4027,4Capital surplus7,8587,8Retained earnings30,74432,5Treasury shares(2,012)(2,0Total shareholders' equity43,99245,8Accumulated other comprehensive income1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Other		361
Net assetsShareholders' equityShare capital7,402Capital surplus7,858Retained earnings30,74430,74432,5Treasury shares(2,012)Total shareholders' equity43,992Accumulated other comprehensive income1,493Valuation difference on available-for-sale securities1,493Deferred gains or losses on hedges-Foreign currency translation adjustment170Remeasurements of defined benefit plans(93)Total accumulated other comprehensive income1,570Non-controlling interests7,647Total net assets53,210State53,210	Total non-current liabilities	1,795	2,861
Shareholders' equityShare capital7,4027,44Capital surplus7,8587,8Retained earnings30,74432,5Treasury shares(2,012)(2,0Total shareholders' equity43,99245,8Accumulated other comprehensive income1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)((Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Total liabilities	20,971	20,784
Share capital7,4027,4Capital surplus7,8587,8Retained earnings30,74432,5Treasury shares(2,012)(2,0Total shareholders' equity43,99245,8Accumulated other comprehensive income1,4933,4Valuation difference on available-for-sale securities1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Net assets		
Capital surplus7,8587,8Retained earnings30,74432,5Treasury shares(2,012)(2,0Total shareholders' equity43,99245,8Accumulated other comprehensive income1,4933,4Valuation difference on available-for-sale securities1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Shareholders' equity		
Retained earnings30,74432,5Treasury shares(2,012)(2,0Total shareholders' equity43,99245,8Accumulated other comprehensive income1,4933,4Valuation difference on available-for-sale securities1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Share capital	7,402	7,402
Treasury shares(2,012)(2,0Total shareholders' equity43,99245,8Accumulated other comprehensive income1,4933,4Valuation difference on available-for-sale securities1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Capital surplus	7,858	7,858
Total shareholders' equity43,99245,8Accumulated other comprehensive income1,4933,4Valuation difference on available-for-sale securities1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Retained earnings	30,744	32,586
Accumulated other comprehensive incomeValuation difference on available-for-sale securities1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Treasury shares	(2,012)	(2,012)
Valuation difference on available-for-sale securities1,4933,4Deferred gains or losses on hedgesForeign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Total shareholders' equity	43,992	45,835
Deferred gains or losses on hedges-Foreign currency translation adjustment170Remeasurements of defined benefit plans(93)Total accumulated other comprehensive income1,570Non-controlling interests7,647Total net assets53,210	Accumulated other comprehensive income		
Foreign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Valuation difference on available-for-sale securities	1,493	3,421
Foreign currency translation adjustment1702Remeasurements of defined benefit plans(93)(Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Deferred gains or losses on hedges	—	(1)
Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6		170	258
Total accumulated other comprehensive income1,5703,6Non-controlling interests7,6478,2Total net assets53,21057,6	Remeasurements of defined benefit plans	(93)	(57)
Non-controlling interests7,6478,2Total net assets53,21057,6	Total accumulated other comprehensive income	1,570	3,620
Total net assets 53,210 57,6		-	8,226
	-		57,681
Total liabilities and net assets 74,181 78,4	Total liabilities and net assets	74,181	78,466

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	35,799	37,867
Cost of sales	25,950	26,016
Gross profit	9,849	11,850
Selling, general and administrative expenses	5,058	5,276
Operating profit	4,791	6,573
Non-operating income	,	· · · · · · · · · · · · · · · · · · ·
Interest income	1	3
Dividend income	130	176
Foreign exchange gains	250	227
Share of profit of entities accounted for using equity method	79	146
Insurance claim income	223	185
Other	155	140
Total non-operating income	840	879
Non-operating expenses		
Interest expenses	52	44
Loss on retirement of non-current assets	156	87
Depreciation of inactive non-current assets	146	146
Loss on disaster	78	—
Other	155	59
Total non-operating expenses	589	337
Ordinary profit	5,042	7,115
Extraordinary income		
Gain on sale of investment securities	183	22
Total extraordinary income	183	22
Extraordinary losses		
Loss on fire	_	158
Total extraordinary losses	—	158
Profit before income taxes	5,225	6,979
Income taxes - current	1,812	2,197
Income taxes - deferred	(232)	34
Total income taxes	1,579	2,232
Profit	3,646	4,747
Profit attributable to non-controlling interests	451	696
Profit attributable to owners of parent	3,194	4,050

Consolidated Statements of Comprehensive Income

		(Millions of yen)
	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	3,646	4,747
Other comprehensive income		
Valuation difference on available-for-sale securities	(377)	1,930
Deferred gains or losses on hedges	—	(1)
Foreign currency translation adjustment	74	141
Remeasurements of defined benefit plans, net of tax	(33)	36
Total other comprehensive income	(336)	2,107
Comprehensive income	3,309	6,854
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,831	6,101
Comprehensive income attributable to non-controlling interests	478	753

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	7,402	7,857	29,805	(2,011)	43,054		
Cumulative effects of changes in accounting policies			(46)		(46)		
Restated balance	7,402	7,857	29,759	(2,011)	43,007		
Changes during period							
Dividends of surplus			(2,208)		(2,208)		
Profit attributable to owners of parent			3,194		3,194		
Purchase of treasury shares				(1)	(1)		
Disposal of treasury shares		0		0	0		
Net changes in items other than shareholders' equity					_		
Total changes during period	_	0	985	(0)	984		
Balance at end of period	7,402	7,858	30,744	(2,012)	43,992		

		Accumulate	ed other compre	hensive income			
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
Balance at beginning of period	1,868	_	124	(59)	1,932	7,270	52,257
Cumulative effects of changes in accounting policies							(46)
Restated balance	1,868	—	124	(59)	1,932	7,270	52,211
Changes during period							
Dividends of surplus					_		(2,208)
Profit attributable to owners of parent					_		3,194
Purchase of treasury shares							(1)
Disposal of treasury shares							0
Net changes in items other than shareholders' equity	(374)	_	45	(33)	(362)	376	13
Total changes during period	(374)	—	45	(33)	(362)	376	998
Balance at end of period	1,493	_	170	(93)	1,570	7,647	53,210

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

		Shareholders' equity					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of period	7,402	7,858	30,744	(2,012)	43,992		
Changes during period							
Dividends of surplus			(2,208)		(2,208)		
Profit attributable to owners of parent			4,050		4,050		
Purchase of treasury shares				(3)	(3)		
Disposal of treasury shares				4	4		
Net changes in items other than shareholders' equity					_		
Total changes during period	_	-	1,841	0	1,842		
Balance at end of period	7,402	7,858	32,586	(2,012)	45,835		

		Accumulat	ed other compre	hensive income			
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
Balance at beginning of period	1,493	_	170	(93)	1,570	7,647	53,210
Changes during period							
Dividends of surplus					_		(2,208)
Profit attributable to owners of parent					_		4,050
Purchase of treasury shares					_		(3)
Disposal of treasury shares							4
Net changes in items other than shareholders' equity	1,927	(1)	87	36	2,050	579	2,629
Total changes during period	1,927	(1)	87	36	2,050	579	4,471
Balance at end of period	3,421	(1)	258	(57)	3,620	8,226	57,681

(4) Consolidated Statements of Cash Flows

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
ash flows from operating activities		
Profit before income taxes	5,225	6,979
Depreciation	2,484	2,666
Increase (decrease) in retirement benefit liability	(40)	35
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(36)	13
Interest and dividend income	(131)	(180)
Insurance claim income	(131)	(180)
Interest expenses	52	(183)
Share of loss (profit) of entities accounted for using equity method	(79)	(146)
Loss (gain) on sale of investment securities	(183)	(22)
Loss on disaster		(22)
Loss on fire	78	1.50
	_	158
Loss on retirement of non-current assets	156	87
Decrease (increase) in trade receivables, and contract assets	(273)	(1,578)
Decrease (increase) in inventories	(1,083)	(2,243)
Increase (decrease) in trade payables	1,509	(499)
Increase (decrease) in accrued expenses	63	(103)
Increase (decrease) in accounts payable - other	(209)	92
Increase (decrease) in advances received	248	(346)
Decrease (increase) in accounts receivable - other	(205)	357
Other, net	(396)	(217)
Subtotal	6,955	4,910
Interest and dividends received	166	221
Interest paid	(52)	(45)
Income taxes refund	29	24
Income taxes paid Proceeds from insurance income	(1,604)	(2,119)
Net cash provided by (used in) operating activities	304	197
Cash flows from investing activities	5,798	3,189
Purchase of property, plant and equipment	(1.775)	(2.050)
Purchase of intangible assets	(1,775)	(3,056)
Purchase of investment securities	(67)	(55)
Proceeds from sale of investment securities	(6) 247	(1,343)
Net cash provided by (used in) investing activities	(1,601)	(4,426)
Cash flows from financing activities	(1,001)	(4,420)
Net increase (decrease) in short-term borrowings	(300)	800
Proceeds from long-term borrowings	100	300
Repayments of long-term borrowings	(1,275)	(1,337)
Net decrease (increase) in treasury shares	(1,275) (0)	(1,557)
Dividends paid	(2,206)	(2,203)
Dividends paid to non-controlling interests	(2,200)	(174)
Net cash provided by (used in) financing activities	(3,777)	(2,614)
Effect of exchange rate change on cash and cash equivalents	37	57
Net increase (decrease) in cash and cash equivalents	456	(3,794)
Cash and cash equivalents at beginning of period	17,720	18,177
Cash and cash equivalents at end of period	18,177	14,382