

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2019 (Based on Japanese GAAP)

May 10, 2019

Company name: Nippon Carbon Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5302 URL <http://www.carbon.co.jp>
 Representative: President and Representative Director Takafumi Miyashita
 Corporate Officer and General Manager of
 Inquiries: Business Control Div. Koji Imai TEL 03-6891-3730
 Scheduled date to file Quarterly Securities Report: May 10, 2019
 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 three months ended March 31, 2019 (from January 1, 2019 to March 31, 2019)

(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 | % |
| Three months ended March 31, 2019 | 12,103 | 42.6 | 5,095 | 168.5 | 4,983 | 161.4 | 3,266 | 168.1 |
| Three months ended March 31, 2018 | 8,489 | 48.2 | 1,897 | – | 1,906 | – | 1,218 | – |

| | Earnings per share | Diluted earnings per share |
|-----------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Three months ended March 31, 2019 | 295.26 | – |
| Three months ended March 31, 2018 | 110.32 | – |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2019 | 72,983 | 45,474 | 53.8 | 3,547.87 |
| As of December 31, 2018 | 73,598 | 42,734 | 49.7 | 3,303.04 |

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, 2018 | – | 50.00 | – | 50.00 | 100.00 |
| Year ending December 31, 2019 | – | – | – | – | – |
| Year ending December 31, 2019 (Forecast) | – | 100.00 | – | 100.00 | 200.00 |

3. Forecast of consolidated financial results for the year ending December 31, 2019 (from January 1, 2019 to December 31, 2019)

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 |
| Six months ending June 30, 2019 | 28,100 | 41.9 | 10,500 | 87.8 | 10,400 | 83.1 | 7,000 | 87.7 | 632.78 |
| Full year | 56,500 | 17.7 | 19,700 | 20.1 | 19,600 | 18.7 | 13,100 | 27.3 | 1,184.21 |

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2019
(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 March 31, 2019 | 11,832,504 shares | As of December 31, 2018 | 11,832,504 shares |
|----------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|----------------|-------------------------|----------------|
| As of March 31, 2019 | 768,873 shares | As of December 31, 2018 | 770,233 shares |
|----------------------|----------------|-------------------------|----------------|

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

| | | | |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Three months ended March 31, 2019 | 11,062,601 shares | Three months ended March 31, 2018 | 11,043,444 shares |
|-----------------------------------|-------------------|-----------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of December 31, 2018 | As of March 31, 2019 |
|--|-------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 19,747 | 17,198 |
| Notes and accounts receivable - trade | 15,270 | 14,662 |
| Merchandise and finished goods | 6,889 | 8,228 |
| Work in process | 4,351 | 4,615 |
| Raw materials and supplies | 3,255 | 3,956 |
| Other | 415 | 374 |
| Allowance for doubtful accounts | (20) | (20) |
| Total current assets | 49,908 | 49,017 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 15,502 | 15,663 |
| Accumulated depreciation and impairment loss | (9,300) | (9,357) |
| Buildings and structures, net | 6,202 | 6,305 |
| Machinery and equipment | 41,826 | 42,888 |
| Accumulated depreciation and impairment loss | (36,859) | (37,105) |
| Machinery and equipment, net | 4,966 | 5,783 |
| Vehicles, tools, furniture and fixtures | 3,084 | 3,125 |
| Accumulated depreciation and impairment loss | (2,665) | (2,706) |
| Vehicles, tools, furniture and fixtures, net | 418 | 419 |
| Land | 3,516 | 3,516 |
| Construction in progress | 1,087 | 501 |
| Total property, plant and equipment | 16,192 | 16,526 |
| Intangible assets | 202 | 190 |
| Investments and other assets | | |
| Investment securities | 5,390 | 5,353 |
| Deferred tax assets | 402 | 401 |
| Other | 1,510 | 1,502 |
| Allowance for doubtful accounts | (8) | (8) |
| Total investments and other assets | 7,295 | 7,248 |
| Total non-current assets | 23,689 | 23,965 |
| Total assets | 73,598 | 72,983 |

(Millions of yen)

| | As of December 31, 2018 | As of March 31, 2019 |
|---|-------------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 7,392 | 7,371 |
| Short-term loans payable | 8,381 | 8,410 |
| Income taxes payable | 4,841 | 1,713 |
| Provision for bonuses | 193 | 442 |
| Provision for directors' bonuses | 125 | 28 |
| Provision for plant relocation related expense | 539 | 539 |
| Other | 2,872 | 2,549 |
| Total current liabilities | 24,346 | 21,055 |
| Non-current liabilities | | |
| Long-term loans payable | 4,867 | 4,820 |
| Deferred tax liabilities | 229 | 251 |
| Net defined benefit liability | 847 | 804 |
| Provision for directors' retirement benefits | 39 | 39 |
| Provision For Management Board Incentive Plan Trust | 50 | 51 |
| Provision for environmental measures | 28 | 28 |
| Asset retirement obligations | 62 | 62 |
| Other | 391 | 396 |
| Total non-current liabilities | 6,517 | 6,453 |
| Total liabilities | 30,863 | 27,509 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 7,402 | 7,402 |
| Capital surplus | 7,857 | 7,857 |
| Retained earnings | 21,646 | 24,359 |
| Treasury shares | (1,924) | (1,920) |
| Total shareholders' equity | 34,982 | 37,699 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,584 | 1,570 |
| Deferred gains or losses on hedges | 6 | 3 |
| Foreign currency translation adjustment | 42 | 39 |
| Remeasurements of defined benefit plans | (77) | (60) |
| Total accumulated other comprehensive income | 1,556 | 1,552 |
| Non-controlling interests | 6,195 | 6,221 |
| Total net assets | 42,734 | 45,474 |
| Total liabilities and net assets | 73,598 | 72,983 |

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

Consolidated statements of income (cumulative)

(Millions of yen)

| | Three months ended March 31, 2018 | Three months ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Net sales | 8,489 | 12,103 |
| Cost of sales | 5,467 | 5,659 |
| Gross profit | 3,022 | 6,444 |
| Selling, general and administrative expenses | 1,124 | 1,348 |
| Operating profit | 1,897 | 5,095 |
| Non-operating income | | |
| Rent income | 10 | 5 |
| Share of profit of entities accounted for using equity method | 17 | – |
| Other | 40 | 47 |
| Total non-operating income | 68 | 53 |
| Non-operating expenses | | |
| Interest expenses | 24 | 23 |
| Foreign exchange losses | 8 | 9 |
| Share of loss of entities accounted for using equity method | – | 23 |
| Loss on retirement of non-current assets | – | 53 |
| Other | 26 | 56 |
| Total non-operating expenses | 59 | 165 |
| Ordinary profit | 1,906 | 4,983 |
| Profit before income taxes | 1,906 | 4,983 |
| Income taxes - current | 283 | 1,532 |
| Income taxes - deferred | 241 | 20 |
| Total income taxes | 524 | 1,552 |
| Profit | 1,381 | 3,431 |
| Profit attributable to non-controlling interests | 163 | 165 |
| Profit attributable to owners of parent | 1,218 | 3,266 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Three months ended March 31, 2018 | Three months ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Profit | 1,381 | 3,431 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (380) | (13) |
| Deferred gains or losses on hedges | – | (2) |
| Foreign currency translation adjustment | (42) | (4) |
| Remeasurements of defined benefit plans, net of tax | 7 | 16 |
| Total other comprehensive income | (415) | (3) |
| Comprehensive income | 966 | 3,428 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 818 | 3,260 |
| Comprehensive income attributable to non-controlling interests | 147 | 167 |