

Translation

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

August 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: August 10, 2022
 Scheduled date to commence dividend payments: September 7, 2022
 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 six months ended June 30, 2022 (from January 1, 2022 to June 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	%
Six months ended June 30, 2022	18,376	26.4	2,864	101.1	3,088	105.6	1,885	112.0
Six months ended June 30, 2021	14,543	6.1	1,424	(36.7)	1,502	(31.1)	889	(24.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	170.77		-	
Six months ended June 30, 2021	80.49		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	73,973	53,165	61.7	4,130.36
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 six months ended June 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 June 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 June 30, 2022	788,763 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)

Six months ended June 30, 2022	11,043,756 shares	Six months ended June 30, 2021	11,053,476 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	17,865	17,765
Notes and accounts receivable - trade	11,592	–
Notes and accounts receivable - trade, and contract assets	–	12,802
Merchandise and finished goods	7,896	8,539
Work in process	4,595	3,960
Raw materials and supplies	2,886	3,316
Other	585	858
Allowance for doubtful accounts	(22)	(25)
Total current assets	45,399	47,216
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,407	17,445
Accumulated depreciation and impairment	(10,230)	(10,491)
Buildings and structures, net	7,177	6,954
Machinery and equipment	47,249	47,676
Accumulated depreciation and impairment	(39,053)	(39,812)
Machinery and equipment, net	8,195	7,864
Vehicles, tools, furniture and fixtures	3,392	3,483
Accumulated depreciation and impairment	(2,927)	(3,013)
Vehicles, tools, furniture and fixtures, net	464	469
Land	3,544	3,564
Construction in progress	132	298
Total property, plant and equipment	19,515	19,152
Intangible assets	264	251
Investments and other assets		
Investment securities	5,172	4,840
Deferred tax assets	378	419
Other	1,964	2,095
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	7,513	7,353
Total non-current assets	27,292	26,757
Total assets	72,692	73,973

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,900	4,894
Short-term borrowings	9,180	9,142
Accrued expenses	516	693
Income taxes payable	1,038	1,032
Provision for bonuses	208	500
Provision for bonuses for directors (and other officers)	59	31
Provision for loss on order received	–	0
Other	2,123	1,893
Total current liabilities	17,027	18,189
Non-current liabilities		
Long-term borrowings	1,387	790
Deferred tax liabilities	633	502
Retirement benefit liability	776	754
Provision for retirement benefits for directors (and other officers)	55	17
Provision for share awards for directors (and other officers)	89	94
Provision for environmental measures	28	28
Asset retirement obligations	62	62
Other	373	368
Total non-current liabilities	3,407	2,618
Total liabilities	20,434	20,808
Net assets		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,857	7,858
Retained earnings	29,805	30,540
Treasury shares	(2,011)	(2,011)
Total shareholders' equity	43,054	43,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,868	1,640
Foreign currency translation adjustment	124	238
Remeasurements of defined benefit plans	(59)	(54)
Total accumulated other comprehensive income	1,932	1,824
Non-controlling interests	7,270	7,551
Total net assets	52,257	53,165
Total liabilities and net assets	72,692	73,973

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	14,543	18,376
Cost of sales	11,093	12,946
Gross profit	3,449	5,429
Selling, general and administrative expenses	2,025	2,565
Operating profit	1,424	2,864
Non-operating income		
Dividend income	51	65
Foreign exchange gains	89	272
Share of profit of entities accounted for using equity method	–	41
Other	75	59
Total non-operating income	216	439
Non-operating expenses		
Interest expenses	31	26
Share of loss of entities accounted for using equity method	1	–
Loss on retirement of non-current assets	0	10
Depreciation of inactive non-current assets	74	74
Loss on disaster	9	79
Other	20	24
Total non-operating expenses	138	215
Ordinary profit	1,502	3,088
Extraordinary income		
Gain on sale of investment securities	179	–
Total extraordinary income	179	–
Extraordinary losses		
Factory transfer expenses	84	–
Total extraordinary losses	84	–
Profit before income taxes	1,596	3,088
Income taxes - current	568	966
Income taxes - deferred	46	(67)
Total income taxes	614	898
Profit	981	2,189
Profit attributable to non-controlling interests	92	303
Profit attributable to owners of parent	889	1,885

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	981	2,189
Other comprehensive income		
Valuation difference on available-for-sale securities	207	(231)
Foreign currency translation adjustment	36	193
Remeasurements of defined benefit plans, net of tax	6	5
Total other comprehensive income	251	(32)
Comprehensive income	1,233	2,156
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,152	1,781
Comprehensive income attributable to non-controlling interests	80	374

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,596	3,088
Depreciation	1,132	1,212
Increase (decrease) in retirement benefit liability	0	(22)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	(38)
Interest and dividend income	(52)	(66)
Increase(decrease) in provision for plant relocation related expense	(159)	–
Loss (gain) on sale of investment securities	(179)	–
Loss on retirement of non-current assets	0	10
Loss on disaster	9	79
Interest expenses	31	27
Share of loss (profit) of entities accounted for using equity method	1	(41)
Decrease (increase) in trade receivables	(678)	–
Decrease (increase) in trade receivables, and contract assets	–	(1,089)
Decrease (increase) in inventories	1,518	(310)
Decrease (increase) in accounts receivable - other	275	(116)
Increase (decrease) in trade payables	(300)	977
Increase (decrease) in accounts payable - other	(40)	(145)
Increase (decrease) in accrued expenses	139	103
Other, net	(62)	(118)
Subtotal	3,232	3,548
Interest and dividends received	52	66
Interest paid	(29)	(27)
Income taxes refund	1,326	29
Income taxes paid	(484)	(939)
Proceeds from insurance income	20	–
Net cash provided by (used in) operating activities	4,117	2,677
Cash flows from investing activities		
Purchase of property, plant and equipment	(989)	(980)
Purchase of intangible assets	(10)	(33)
Purchase of investment securities	(2)	(2)
Proceeds from sale of investment securities	544	–
Net cash provided by (used in) investing activities	(458)	(1,016)
Cash flows from financing activities		
Repayments of long-term borrowings	(635)	(635)
Net decrease (increase) in treasury shares	(97)	0
Dividends paid	(1,104)	(1,102)
Dividends paid to non-controlling interests	(37)	(94)
Net cash provided by (used in) financing activities	(1,874)	(1,831)
Effect of exchange rate change on cash and cash equivalents	50	71
Net increase (decrease) in cash and cash equivalents	1,834	(99)
Cash and cash equivalents at beginning of period	14,455	17,720
Cash and cash equivalents at end of period	16,290	17,620