

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2020 (Based on Japanese GAAP)

February 10, 2021

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  
 Inquiries: General Manager of Business Control Div. Hiroshi Fujikawa TEL 03-6891-3730  
 Scheduled date of ordinary general meeting of shareholders: March 26, 2021  
 Scheduled date to file Securities Report: March 26, 2021  
 Scheduled date to commence dividend payments: March 29, 2021  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(1) Consolidated operating results

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	%
Year ended December 31, 2020	26,802	(40.3)	3,015	(79.7)	3,587	(76.2)	1,810	(81.3)
Year ended December 31, 2019	44,931	(6.4)	14,827	(9.6)	15,106	(8.5)	9,700	(5.8)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2020	163.64	–	4.1	4.8	11.3
Year ended December 31, 2019	876.81	–	23.8	19.9	33.0

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	70,930	50,998	62.2	3,989.30
As of December 31, 2019	77,939	51,654	57.9	4,080.33

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2020	3,876	(4,716)	(2,412)	14,455
Year ended December 31, 2019	4,792	(3,693)	(2,996)	17,707

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2019	–	100.00	–	100.00	200.00	2,212	22.8	5.4
Year ended December 31, 2020		100.00		100.00	200.00	2,212	122.2	5.0
Year ending December 31, 2021 (Forecast)		100.00		100.00	200.00		110.7	

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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, 2021	14,000	2.1	1,100	(51.1)	1,200	(45.4)	700	(40.4)	63.26
Full year	30,000	11.9	3,300	9.5	3,600	0.4	2,000	10.5	180.73

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of December 31, 2020	11,832,504 shares	As of December 31, 2019	11,832,504 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	766,371 shares	As of December 31, 2019	769,438 shares
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Average number of shares during the period

Year ended December 31, 2020	11,065,281 shares	Year ended December 31, 2019	11,063,324 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	17,852	14,600
Notes and accounts receivable - trade	14,010	9,228
Merchandise and finished goods	9,153	9,366
Work in process	4,829	4,524
Raw materials and supplies	4,220	3,469
Income taxes receivable	–	1,350
Other	562	509
Allowance for doubtful accounts	(20)	(20)
Total current assets	50,607	43,028
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,680	17,227
Accumulated depreciation and impairment loss	(9,536)	(9,806)
Buildings and structures, net	7,144	7,420
Machinery and equipment	44,008	45,516
Accumulated depreciation and impairment loss	(37,232)	(37,778)
Machinery and equipment, net	6,775	7,737
Vehicles, tools, furniture and fixtures	3,264	3,293
Accumulated depreciation and impairment loss	(2,708)	(2,810)
Vehicles, tools, furniture and fixtures, net	555	483
Land	3,523	3,524
Construction in progress	821	968
Total property, plant and equipment	18,820	20,135
Intangible assets	160	198
Investments and other assets		
Investment securities	6,044	5,026
Deferred tax assets	371	334
Other	1,946	2,209
Allowance for doubtful accounts	(10)	(2)
Total investments and other assets	8,351	7,567
Total non-current assets	27,332	27,902
Total assets	77,939	70,930

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,821	3,321
Short-term borrowings	8,390	9,425
Accrued expenses	1,118	587
Income taxes payable	1,995	466
Provision for bonuses	214	146
Provision for bonuses for directors (and other officers)	96	43
Provision for loss on order received	–	13
Provision for plant relocation related expense	317	159
Other	2,770	1,418
Total current liabilities	20,725	15,580
Non-current liabilities		
Long-term borrowings	3,637	2,562
Deferred tax liabilities	569	422
Retirement benefit liability	757	771
Provision for retirement benefits for directors (and other officers)	43	52
Provision for share-based remuneration for directors (and other officers)	70	70
Provision for environmental measures	28	28
Asset retirement obligations	62	62
Other	390	380
Total non-current liabilities	5,559	4,351
<b>Total liabilities</b>	<b>26,284</b>	<b>19,931</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,857	7,857
Retained earnings	29,689	29,287
Treasury shares	(1,921)	(1,913)
Total shareholders' equity	43,028	42,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,129	1,542
Foreign currency translation adjustment	49	53
Remeasurements of defined benefit plans	(66)	(84)
Total accumulated other comprehensive income	2,112	1,511
Non-controlling interests	6,513	6,852
<b>Total net assets</b>	<b>51,654</b>	<b>50,998</b>
<b>Total liabilities and net assets</b>	<b>77,939</b>	<b>70,930</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	44,931	26,802
Cost of sales	24,703	19,673
Gross profit	20,228	7,129
Selling, general and administrative expenses	5,401	4,113
Operating profit	14,827	3,015
Non-operating income		
Interest income	2	1
Dividend income	121	119
Foreign exchange gains	–	31
Subsidy income	169	2
Compensation income	–	150
Insurance claim income	475	796
Other	185	72
Total non-operating income	953	1,174
Non-operating expenses		
Interest expenses	80	68
Foreign exchange losses	18	–
Loss on retirement of non-current assets	265	181
Share of loss of entities accounted for using equity method	15	113
Depreciation of inactive non-current assets	120	148
Other	174	90
Total non-operating expenses	674	602
Ordinary profit	15,106	3,587
Extraordinary income		
Gain on sales of investment securities	–	62
Total extraordinary income	–	62
Extraordinary losses		
Loss on fire	655	249
Provision for plant relocation related expense	–	139
Total extraordinary losses	655	389
Profit before income taxes	14,450	3,260
Income taxes - current	4,177	797
Income taxes - deferred	123	182
Total income taxes	4,300	980
Profit	10,150	2,280
Profit attributable to non-controlling interests	449	469
Profit attributable to owners of parent	9,700	1,810

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	10,150	2,280
Other comprehensive income		
Valuation difference on available-for-sale securities	549	(590)
Deferred gains or losses on hedges	(6)	–
Foreign currency translation adjustment	10	9
Remeasurements of defined benefit plans, net of tax	11	(17)
Total other comprehensive income	564	(599)
Comprehensive income	10,714	1,681
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,261	1,209
Comprehensive income attributable to non-controlling interests	452	471

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

(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	21,646	(1,924)	34,982
Changes during period					
Dividends of surplus			(1,657)		(1,657)
Profit attributable to owners of parent			9,700		9,700
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				4	4
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	8,043	2	8,046
Balance at end of period	7,402	7,857	29,689	(1,921)	43,028

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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		
Balance at beginning of period	1,584	6	42	(77)	1,556	6,195	42,734
Changes during period							
Dividends of surplus					–		(1,657)
Profit attributable to owners of parent					–		9,700
Purchase of treasury shares					–		(1)
Disposal of treasury shares					–		4
Net changes in items other than shareholders' equity	544	(6)	6	11	555	317	873
Total changes during period	544	(6)	6	11	555	317	8,919
Balance at end of period	2,129	–	49	(66)	2,112	6,513	51,654

Fiscal year ended December 31, 2020

(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	29,689	(1,921)	43,028
Changes during period					
Dividends of surplus			(2,212)		(2,212)
Profit attributable to owners of parent			1,810		1,810
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				11	11
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	(402)	8	(393)
Balance at end of period	7,402	7,857	29,287	(1,913)	42,634

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,129	49	(66)	2,112	6,513	51,654
Changes during period						
Dividends of surplus				–		(2,212)
Profit attributable to owners of parent				–		1,810
Purchase of treasury shares				–		(2)
Disposal of treasury shares				–		11
Net changes in items other than shareholders' equity	(587)	3	(17)	(601)	339	(261)
Total changes during period	(587)	3	(17)	(601)	339	(655)
Balance at end of period	1,542	53	(84)	1,511	6,852	50,998



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	14,450	3,260
Depreciation	1,847	2,193
Increase (decrease) in retirement benefit liability	(127)	13
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	9
Increase(decrease) in provision for plant relocation related expense	(222)	(150)
Interest and dividend income	(123)	(120)
Insurance claim income	(475)	(796)
Interest expenses	80	68
Share of loss (profit) of entities accounted for using equity method	15	113
Loss (gain) on sales of investment securities	–	(62)
Loss on fire	655	249
Loss on retirement of non-current assets	265	181
Decrease (increase) in trade receivables	1,264	4,786
Decrease (increase) in inventories	(3,699)	849
Increase (decrease) in trade payables	(1,571)	(2,500)
Increase (decrease) in accrued expenses	(135)	(627)
Increase (decrease) in accounts payable - other	(271)	(77)
Decrease (increase) in accounts receivable - other	(277)	53
Other, net	(534)	(770)
Subtotal	11,145	6,673
Interest and dividends received	123	120
Interest paid	(80)	(68)
Income taxes refund	–	21
Income taxes paid	(6,870)	(3,667)
Proceeds from insurance income	475	796
Net cash provided by (used in) operating activities	4,792	3,876
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,664)	(4,763)
Purchase of intangible assets	(21)	(110)
Purchase of investment securities	(6)	(5)
Proceeds from sales of investment securities	–	163
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(3,693)	(4,716)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	1,000
Proceeds from long-term borrowings	–	200
Repayments of long-term borrowings	(1,192)	(1,240)
Net decrease (increase) in treasury shares	(1)	(2)
Dividends paid	(1,661)	(2,223)
Dividends paid to non-controlling interests	(140)	(147)
Net cash provided by (used in) financing activities	(2,996)	(2,412)
Effect of exchange rate change on cash and cash equivalents	1	1
Net increase (decrease) in cash and cash equivalents	(1,895)	(3,251)
Cash and cash equivalents at beginning of period	19,602	17,707
Cash and cash equivalents at end of period	17,707	14,455