

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 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 to file Quarterly Securities Report: August 10, 2021  
 Scheduled date to commence dividend payments: September 8, 2021  
 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, 2021 (from January 1, 2021 to June 30, 2021)

(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, 2021	14,543	6.1	1,424	(36.7)	1,502	(31.1)	889	(24.3)
Six months ended June 30, 2020	13,710	(42.7)	2,248	(74.7)	2,178	(74.8)	1,174	(79.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	80.49	–
Six months ended June 30, 2020	106.18	–

(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, 2021	70,373	51,064	62.6	3,989.45
As of December 31, 2020	70,930	50,998	62.2	3,989.30

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, 2020	–	100.00	–	100.00	200.00
Year ending December 31, 2021	–	100.00	–	–	–
Year ending December 31, 2021 (Forecast)	–	–	–	100.00	200.00

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
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 six months ended June 30, 2021  
 (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: No
- 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, 2021	11,832,504 shares	As of December 31, 2020	11,832,504 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	788,534 shares	As of December 31, 2020	766,371 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, 2021	11,053,476 shares	Six months ended June 30, 2020	11,064,445 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,600	16,435
Notes and accounts receivable - trade	9,228	9,944
Merchandise and finished goods	9,366	8,182
Work in process	4,524	4,757
Raw materials and supplies	3,469	2,943
Income taxes receivable	1,350	2
Other	509	401
Allowance for doubtful accounts	(20)	(21)
<b>Total current assets</b>	<b>43,028</b>	<b>42,644</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	17,227	17,325
Accumulated depreciation and impairment loss	(9,806)	(10,043)
Buildings and structures, net	7,420	7,282
Machinery and equipment	45,516	46,936
Accumulated depreciation and impairment loss	(37,778)	(38,520)
Machinery and equipment, net	7,737	8,415
Vehicles, tools, furniture and fixtures	3,293	3,342
Accumulated depreciation and impairment loss	(2,810)	(2,894)
Vehicles, tools, furniture and fixtures, net	483	448
Land	3,524	3,536
Construction in progress	968	126
<b>Total property, plant and equipment</b>	<b>20,135</b>	<b>19,809</b>
Intangible assets	198	279
<b>Investments and other assets</b>		
Investment securities	5,026	4,976
Deferred tax assets	334	334
Other	2,209	2,332
Allowance for doubtful accounts	(2)	(2)
<b>Total investments and other assets</b>	<b>7,567</b>	<b>7,640</b>
<b>Total non-current assets</b>	<b>27,902</b>	<b>27,729</b>
<b>Total assets</b>	<b>70,930</b>	<b>70,373</b>

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,321	3,048
Short-term borrowings	9,425	9,415
Accrued expenses	587	726
Income taxes payable	466	569
Provision for bonuses	146	379
Provision for bonuses for directors (and other officers)	43	21
Provision for loss on order received	13	–
Provision for plant relocation related expense	159	–
Other	1,418	1,274
Total current liabilities	15,580	15,436
Non-current liabilities		
Long-term borrowings	2,562	1,937
Deferred tax liabilities	422	566
Retirement benefit liability	771	771
Provision for retirement benefits for directors (and other officers)	52	52
Provision for share-based remuneration for directors (and other officers)	70	77
Provision for environmental measures	28	28
Asset retirement obligations	62	62
Other	380	376
Total non-current liabilities	4,351	3,873
<b>Total liabilities</b>	<b>19,931</b>	<b>19,309</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,857	7,857
Retained earnings	29,287	29,070
Treasury shares	(1,913)	(2,010)
Total shareholders' equity	42,634	42,320
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,542	1,740
Foreign currency translation adjustment	53	75
Remeasurements of defined benefit plans	(84)	(77)
Total accumulated other comprehensive income	1,511	1,738
Non-controlling interests	6,852	7,004
<b>Total net assets</b>	<b>50,998</b>	<b>51,064</b>
<b>Total liabilities and net assets</b>	<b>70,930</b>	<b>70,373</b>

**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, 2020	Six months ended June 30, 2021
Net sales	13,710	14,543
Cost of sales	9,303	11,093
Gross profit	4,406	3,449
Selling, general and administrative expenses	2,157	2,025
Operating profit	2,248	1,424
Non-operating income		
Dividend income	69	51
Foreign exchange gains	–	89
Insurance claim income	68	–
Other	43	75
Total non-operating income	181	216
Non-operating expenses		
Interest expenses	35	31
Share of loss of entities accounted for using equity method	81	1
Foreign exchange losses	8	–
Loss on retirement of non-current assets	45	0
Depreciation of inactive non-current assets	72	74
Other	9	29
Total non-operating expenses	252	138
Ordinary profit	2,178	1,502
Extraordinary income		
Gain on sales of investment securities	20	179
Total extraordinary income	20	179
Extraordinary losses		
Loss on fire	247	–
Factory transfer expenses	–	84
Total extraordinary losses	247	84
Profit before income taxes	1,952	1,596
Income taxes - current	666	568
Income taxes - deferred	(26)	46
Total income taxes	640	614
Profit	1,311	981
Profit attributable to non-controlling interests	137	92
Profit attributable to owners of parent	1,174	889

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	1,311	981
Other comprehensive income		
Valuation difference on available-for-sale securities	(819)	207
Foreign currency translation adjustment	(4)	36
Remeasurements of defined benefit plans, net of tax	6	6
Total other comprehensive income	(817)	251
Comprehensive income	494	1,233
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	365	1,152
Comprehensive income attributable to non-controlling interests	129	80

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,952	1,596
Depreciation	1,050	1,132
Increase (decrease) in retirement benefit liability	21	0
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5	0
Interest and dividend income	(69)	(52)
Insurance claim income	(68)	–
Increase(decrease) in provision for plant relocation related expense	(169)	(159)
Loss (gain) on sales of investment securities	(20)	(179)
Loss on retirement of non-current assets	45	0
Loss on fire	247	–
Interest expenses	35	31
Share of loss (profit) of entities accounted for using equity method	81	1
Decrease (increase) in trade receivables	4,664	(678)
Decrease (increase) in inventories	(691)	1,518
Decrease (increase) in accounts receivable - other	128	275
Increase (decrease) in trade payables	(1,880)	(300)
Increase (decrease) in accounts payable - other	(179)	(40)
Increase (decrease) in accrued expenses	77	139
Other, net	(288)	(53)
Subtotal	4,939	3,232
Interest and dividends received	69	52
Interest paid	(35)	(29)
Income taxes refund	–	1,326
Income taxes paid	(1,751)	(484)
Proceeds from insurance income	78	20
Net cash provided by (used in) operating activities	3,301	4,117
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,992)	(989)
Purchase of intangible assets	(55)	(10)
Purchase of investment securities	(2)	(2)
Proceeds from sales of investment securities	31	544
Net cash provided by (used in) investing activities	(3,020)	(458)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	700	–
Repayments of long-term borrowings	(615)	(635)
Net decrease (increase) in treasury shares	(1)	(97)
Dividends paid	(1,106)	(1,104)
Dividends paid to non-controlling interests	(147)	(37)
Net cash provided by (used in) financing activities	(1,170)	(1,874)
Effect of exchange rate change on cash and cash equivalents	(1)	50
Net increase (decrease) in cash and cash equivalents	(890)	1,834
Cash and cash equivalents at beginning of period	17,707	14,455
Cash and cash equivalents at end of period	16,816	16,290