

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2019 (Based on Japanese GAAP)

November 8, 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: November 8, 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 nine months ended September 30, 2019 (from January 1, 2019 to September 30, 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	%
Nine months ended September 30, 2019	33,695	2.0	11,847	15.2	11,536	12.2	7,582	15.6
Nine months ended September 30, 2018	33,033	70.7	10,285	648.7	10,284	612.2	6,560	559.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2019	685.37	–
Nine months ended September 30, 2018	594.05	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2019	74,114	48,997	57.6	3,862.04
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	–	100.00	–		
Year ending December 31, 2019 (Forecast)				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
Full year	49,700	3.5	15,900	(3.1)	15,600	(5.5)	10,300	0.1	931.03

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 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 September 30, 2019	11,832,504 shares	As of December 31, 2018	11,832,504 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	769,203 shares	As of December 31, 2018	770,233 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2019	11,063,368 shares	Nine months ended September 30, 2018	11,043,869 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2018	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	19,747	17,118
Notes and accounts receivable - trade	15,270	12,316
Merchandise and finished goods	6,889	9,419
Work in process	4,351	4,908
Raw materials and supplies	3,255	4,019
Other	415	465
Allowance for doubtful accounts	(20)	(19)
Total current assets	49,908	48,228
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,502	16,025
Accumulated depreciation and impairment loss	(9,300)	(9,493)
Buildings and structures, net	6,202	6,532
Machinery and equipment	41,826	43,867
Accumulated depreciation and impairment loss	(36,859)	(37,498)
Machinery and equipment, net	4,966	6,369
Vehicles, tools, furniture and fixtures	3,084	3,224
Accumulated depreciation and impairment loss	(2,665)	(2,796)
Vehicles, tools, furniture and fixtures, net	418	428
Land	3,516	3,516
Construction in progress	1,087	1,048
Total property, plant and equipment	16,192	17,895
Intangible assets	202	160
Investments and other assets		
Investment securities	5,390	5,672
Deferred tax assets	402	512
Other	1,510	1,654
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	7,295	7,829
Total non-current assets	23,689	25,886
Total assets	73,598	74,114

(Millions of yen)

	As of December 31, 2018	As of September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,392	5,451
Short-term loans payable	8,381	8,390
Accrued expenses	728	866
Income taxes payable	4,841	1,250
Provision for bonuses	193	537
Provision for directors' bonuses	125	86
Provision for plant relocation related expense	539	459
Other	2,144	2,168
Total current liabilities	24,346	19,209
Non-current liabilities		
Long-term loans payable	4,867	4,205
Deferred tax liabilities	229	363
Net defined benefit liability	847	745
Provision for directors' retirement benefits	39	46
Provision For Management Board Incentive Plan Trust	50	64
Provision for environmental measures	28	28
Asset retirement obligations	62	62
Other	391	391
Total non-current liabilities	6,517	5,907
Total liabilities	30,863	25,116
Net assets		
Shareholders' equity		
Capital stock	7,402	7,402
Capital surplus	7,857	7,857
Retained earnings	21,646	27,571
Treasury shares	(1,924)	(1,921)
Total shareholders' equity	34,982	40,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,584	1,858
Deferred gains or losses on hedges	6	(0)
Foreign currency translation adjustment	42	5
Remeasurements of defined benefit plans	(77)	(47)
Total accumulated other comprehensive income	1,556	1,815
Non-controlling interests	6,195	6,270
Total net assets	42,734	48,997
Total liabilities and net assets	73,598	74,114

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Net sales	33,033	33,695
Cost of sales	18,992	17,775
Gross profit	14,041	15,919
Selling, general and administrative expenses	3,755	4,072
Operating profit	10,285	11,847
Non-operating income		
Dividend income	68	69
Insurance income	–	94
Share of profit of entities accounted for using equity method	17	–
Foreign exchange gains	56	–
Other	121	111
Total non-operating income	264	275
Non-operating expenses		
Interest expenses	66	61
Foreign exchange losses	–	42
Share of loss of entities accounted for using equity method	–	25
Loss on retirement of non-current assets	114	206
Other	84	250
Total non-operating expenses	265	586
Ordinary profit	10,284	11,536
Extraordinary losses		
Fire loss	275	435
Total extraordinary losses	275	435
Profit before income taxes	10,008	11,100
Income taxes - current	2,755	3,397
Income taxes - deferred	402	(111)
Total income taxes	3,157	3,285
Profit	6,851	7,814
Profit attributable to non-controlling interests	290	232
Profit attributable to owners of parent	6,560	7,582

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2018	Nine months ended September 30, 2019
Profit	6,851	7,814
Other comprehensive income		
Valuation difference on available-for-sale securities	(336)	274
Deferred gains or losses on hedges	(2)	(6)
Foreign currency translation adjustment	96	(55)
Remeasurements of defined benefit plans, net of tax	21	30
Total other comprehensive income	(220)	242
Comprehensive income	6,631	8,056
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,305	7,841
Comprehensive income attributable to non-controlling interests	325	215