

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2018 (Based on Japanese GAAP)

November 7, 2018

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 7, 2018
 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, 2018 (from January 1, 2018 to September 30, 2018)

(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, 2018	33,033	70.7	10,285	648.7	10,284	612.2	6,560	559.3
Nine months ended September 30, 2017	19,351	17.3	1,373	–	1,444	–	995	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2018	594.05		–	
Nine months ended September 30, 2017	89.91		–	

(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, 2018	67,664	39,184	49.1	3,007.65
As of December 31, 2017	57,656	33,906	48.9	2,553.20

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, 2017	–	–	–	50.00	50.00
Year ending December 31, 2018	–	50.00	–	–	–
Year ending December 31, 2018 (Forecast)	–	–	–	50.00	100.00

3. Forecast of consolidated financial results for the year ending December 31, 2018 (from January 1, 2018 to December 31, 2018)

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	45,200	61.6	13,000	406.0	13,000	333.8	8,500	187.1	769.66

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2018
(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 September 30, 2018	11,832,504 shares	As of December 31, 2017	11,832,504 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	788,635 shares	As of December 31, 2017	788,847 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, 2018	11,043,869 shares	Nine months ended September 30, 2017	11,067,416 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	11,586	15,173
Notes and accounts receivable - trade	10,262	15,136
Merchandise and finished goods	5,508	6,616
Work in process	3,804	4,078
Raw materials and supplies	1,569	2,336
Deferred tax assets	642	498
Other	492	400
Allowance for doubtful accounts	(25)	(23)
Total current assets	33,840	44,217
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,572	15,746
Accumulated depreciation and impairment loss	(9,306)	(9,546)
Buildings and structures, net	6,265	6,199
Machinery and equipment	41,673	42,009
Accumulated depreciation and impairment loss	(36,576)	(36,989)
Machinery and equipment, net	5,097	5,020
Vehicles, tools, furniture and fixtures	2,917	3,082
Accumulated depreciation and impairment loss	(2,625)	(2,709)
Vehicles, tools, furniture and fixtures, net	291	372
Land	3,522	3,520
Construction in progress	113	308
Total property, plant and equipment	15,290	15,421
Intangible assets	198	214
Investments and other assets		
Investment securities	6,695	6,159
Deferred tax assets	146	124
Other	1,500	1,535
Allowance for doubtful accounts	(16)	(9)
Total investments and other assets	8,326	7,810
Total non-current assets	23,815	23,447
Total assets	57,656	67,664

(Millions of yen)

	As of December 31, 2017	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,349	6,500
Short-term loans payable	8,417	8,465
Income taxes payable	358	2,751
Provision for bonuses	135	330
Provision for directors' bonuses	69	78
Other	1,843	2,486
Total current liabilities	15,173	20,613
Non-current liabilities		
Long-term loans payable	5,977	5,417
Deferred tax liabilities	853	951
Net defined benefit liability	1,059	887
Provision for directors' retirement benefits	74	37
Provision For Management Board Incentive Plan Trust	23	42
Provision for environmental measures	65	63
Asset retirement obligations	73	73
Other	450	393
Total non-current liabilities	8,576	7,866
Total liabilities	23,750	28,479
Net assets		
Shareholders' equity		
Capital stock	7,402	7,402
Capital surplus	7,800	7,800
Retained earnings	12,638	17,911
Treasury shares	(1,967)	(1,969)
Total shareholders' equity	25,874	31,146
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,424	2,093
Foreign currency translation adjustment	4	63
Deferred gains or losses on hedges	–	(2)
Remeasurements of defined benefit plans	(106)	(84)
Total accumulated other comprehensive income	2,322	2,070
Non-controlling interests	5,709	5,968
Total net assets	33,906	39,184
Total liabilities and net assets	57,656	67,664

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, 2017	Nine months ended September 30, 2018
Net sales	19,351	33,033
Cost of sales	15,256	18,992
Gross profit	4,094	14,041
Selling, general and administrative expenses	2,720	3,755
Operating profit	1,373	10,285
Non-operating income		
Dividend income	73	68
Share of profit of entities accounted for using equity method	–	17
Foreign exchange gains	82	56
Gain on insurance adjustment	6	0
Other	112	121
Total non-operating income	275	264
Non-operating expenses		
Interest expenses	67	66
Share of loss of entities accounted for using equity method	98	–
Loss on retirement of non-current assets	12	114
Other	26	84
Total non-operating expenses	204	265
Ordinary profit	1,444	10,284
Extraordinary losses		
Fire loss	–	275
Total extraordinary losses	–	275
Profit before income taxes	1,444	10,008
Income taxes - current	219	2,755
Income taxes - deferred	(36)	402
Total income taxes	183	3,157
Profit	1,260	6,851
Profit attributable to non-controlling interests	265	290
Profit attributable to owners of parent	995	6,560

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2017	Nine months ended September 30, 2018
Profit	1,260	6,851
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	(336)
Foreign currency translation adjustment	(33)	96
Deferred gains or losses on hedges	–	(2)
Remeasurements of defined benefit plans, net of tax	(0)	21
Total other comprehensive income	(40)	(220)
Comprehensive income	1,220	6,631
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	965	6,305
Comprehensive income attributable to non-controlling interests	255	325