

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2019
(Based on Japanese GAAP)**

August 9, 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: August 9, 2019
 Scheduled date to commence dividend payments: August 27, 2019
 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, 2019 (from January 1, 2019 to June 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	%
Six months ended June 30, 2019	23,917	20.8	8,885	58.9	8,637	52.0	5,612	50.4
Six months ended June 30, 2018	19,804	65.4	5,592	1,095.6	5,681	899.3	3,730	971.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2019	507.34	—
Six months ended June 30, 2018	337.82	—

(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, 2019	75,783	48,168	55.3	3,785.56
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 six months ended June 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 June 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 June 30, 2019	769,159 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)

Six months ended June 30, 2019	11,062,988 shares	Six months ended June 30, 2018	11,043,735 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2018	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	19,747	18,646
Notes and accounts receivable - trade	15,270	14,310
Merchandise and finished goods	6,889	8,658
Work in process	4,351	4,864
Raw materials and supplies	3,255	4,038
Other	415	419
Allowance for doubtful accounts	(20)	(20)
Total current assets	49,908	50,918
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,502	15,783
Accumulated depreciation and impairment loss	(9,300)	(9,401)
Buildings and structures, net	6,202	6,382
Machinery and equipment	41,826	43,340
Accumulated depreciation and impairment loss	(36,859)	(37,260)
Machinery and equipment, net	4,966	6,079
Vehicles, tools, furniture and fixtures	3,084	3,181
Accumulated depreciation and impairment loss	(2,665)	(2,751)
Vehicles, tools, furniture and fixtures, net	418	430
Land	3,516	3,510
Construction in progress	1,087	686
Total property, plant and equipment	16,192	17,090
Intangible assets	202	176
Investments and other assets		
Investment securities	5,390	5,703
Deferred tax assets	402	371
Other	1,510	1,532
Allowance for doubtful accounts	(8)	(9)
Total investments and other assets	7,295	7,597
Total non-current assets	23,689	24,864
Total assets	73,598	75,783

(Millions of yen)

	As of December 31, 2018	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,392	6,526
Short-term loans payable	8,381	8,410
Accrued expenses	728	1,285
Income taxes payable	4,841	3,014
Provision for bonuses	193	263
Provision for directors' bonuses	125	57
Provision for plant relocation related expense	539	466
Other	2,144	1,682
Total current liabilities	24,346	21,706
Non-current liabilities		
Long-term loans payable	4,867	4,252
Deferred tax liabilities	229	291
Net defined benefit liability	847	778
Provision for directors' retirement benefits	39	43
Provision For Management Board Incentive Plan Trust	50	57
Provision for environmental measures	28	28
Asset retirement obligations	62	62
Other	391	394
Total non-current liabilities	6,517	5,907
Total liabilities	30,863	27,614
Net assets		
Shareholders' equity		
Capital stock	7,402	7,402
Capital surplus	7,857	7,857
Retained earnings	21,646	26,708
Treasury shares	(1,924)	(1,921)
Total shareholders' equity	34,982	40,047
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,584	1,871
Deferred gains or losses on hedges	6	4
Foreign currency translation adjustment	42	11
Remeasurements of defined benefit plans	(77)	(53)
Total accumulated other comprehensive income	1,556	1,833
Non-controlling interests	6,195	6,287
Total net assets	42,734	48,168
Total liabilities and net assets	73,598	75,783

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, 2018	Six months ended June 30, 2019
Net sales	19,804	23,917
Cost of sales	11,831	12,215
Gross profit	7,972	11,702
Selling, general and administrative expenses	2,380	2,816
Operating profit	5,592	8,885
Non-operating income		
Dividend income	66	67
Share of profit of entities accounted for using equity method	30	–
Foreign exchange gains	13	–
Other	77	134
Total non-operating income	187	202
Non-operating expenses		
Interest expenses	44	43
Share of loss of entities accounted for using equity method	–	28
Foreign exchange losses	–	19
Loss on retirement of non-current assets	15	159
Other	38	200
Total non-operating expenses	98	450
Ordinary profit	5,681	8,637
Profit before income taxes	5,681	8,637
Income taxes - current	1,326	2,819
Income taxes - deferred	405	(46)
Total income taxes	1,731	2,773
Profit	3,949	5,863
Profit attributable to non-controlling interests	218	251
Profit attributable to owners of parent	3,730	5,612

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Profit	3,949	5,863
Other comprehensive income		
Valuation difference on available-for-sale securities	(412)	287
Deferred gains or losses on hedges	–	(1)
Foreign currency translation adjustment	61	(51)
Remeasurements of defined benefit plans, net of tax	14	23
Total other comprehensive income	(336)	257
Comprehensive income	3,613	6,121
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,370	5,889
Comprehensive income attributable to non-controlling interests	242	232

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	5,681	8,637
Depreciation	752	895
Increase (decrease) in net defined benefit liability	(150)	(50)
Increase (decrease) in provision for directors' retirement benefits	(39)	3
Interest and dividend income	(66)	(68)
Increase(decrease) in provision for plant relocation related expense	–	(73)
Loss on retirement of non-current assets	15	159
Interest expenses	44	43
Share of loss (profit) of entities accounted for using equity method	(30)	28
Decrease (increase) in notes and accounts receivable - trade	(2,393)	941
Decrease (increase) in inventories	(1,550)	(3,089)
Increase (decrease) in notes and accounts payable - trade	1,595	(861)
Increase (decrease) in accrued expenses	360	557
Increase (decrease) in accounts payable - other	27	(283)
Decrease (increase) in accounts receivable - other	213	(15)
Other, net	284	(390)
Subtotal	4,744	6,432
Interest and dividend income received	67	68
Interest expenses paid	(44)	(43)
Income taxes refund	5	–
Income taxes paid	(338)	(4,503)
Proceeds from insurance income	3	46
Net cash provided by (used in) operating activities	4,437	2,001
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,109)	(1,850)
Purchase of intangible assets	(13)	(5)
Purchase of investment securities	(3)	(2)
Proceeds from sales of investment securities	5	–
Other, net	18	(0)
Net cash provided by (used in) investing activities	(1,101)	(1,859)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(110)	60
Repayments of long-term loans payable	(550)	(597)
Net decrease (increase) in treasury shares	0	(1)
Cash dividends paid	(550)	(554)
Dividends paid to non-controlling interests	(120)	(140)
Net cash provided by (used in) financing activities	(1,331)	(1,232)
Effect of exchange rate change on cash and cash equivalents	(3)	(10)
Net increase (decrease) in cash and cash equivalents	2,000	(1,100)
Cash and cash equivalents at beginning of period	11,441	19,602
Cash and cash equivalents at end of period	13,442	18,501