

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2017 (Based on Japanese GAAP)

October 30, 2017

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 03-6862-6110  
 Scheduled date to file Quarterly Securities Report: November 10, 2017  
 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, 2017 (from January 1, 2017 to September 30, 2017)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2017	19,351	17.3	1,373	–	1,444	–	995	–
Nine months ended September 30, 2016	16,503	(22.5)	(972)	–	(1,049)	–	(1,286)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2017	89.91		–	
Nine months ended September 30, 2016	(116.04)		–	

#### (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, 2017	54,907	31,289	46.8	2,328.15
As of December 31, 2016	53,895	30,810	47.2	2,293.67

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2016	–	0.00	–	5.00	5.00
Year ending December 31, 2017	–	0.00	–		
Year ending December 31, 2017 (Forecast)				50.00	–

### 3. Forecast of consolidated financial results for the year ending December 31, 2017 (from January 1, 2017 to December 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	26,700	16.6	1,300	–	1,400	–	1,200	–	108.66

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2017  
(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, 2017	11,832,504 shares	As of December 31, 2016	11,832,504 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	788,501 shares	As of December 31, 2016	741,944 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, 2017	11,067,416 shares	Nine months ended September 30, 2016	11,090,859 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	10,553	11,656
Notes and accounts receivable - trade	6,991	8,853
Merchandise and finished goods	5,852	5,636
Work in process	3,761	3,736
Raw materials and supplies	1,757	1,593
Other	1,487	499
Allowance for doubtful accounts	(4)	(1)
Total current assets	30,400	31,975
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,249	15,530
Accumulated depreciation and impairment loss	(9,037)	(9,228)
Buildings and structures, net	5,212	6,302
Machinery and equipment	38,444	41,497
Accumulated depreciation and impairment loss	(35,835)	(36,422)
Machinery and equipment, net	2,609	5,074
Vehicles, tools, furniture and fixtures	2,803	2,884
Accumulated depreciation and impairment loss	(2,575)	(2,631)
Vehicles, tools, furniture and fixtures, net	228	252
Land	3,514	3,518
Construction in progress	3,925	3
Total property, plant and equipment	15,490	15,151
Intangible assets	152	168
Investments and other assets		
Investment securities	5,904	5,781
Other	1,982	1,848
Allowance for doubtful accounts	(36)	(16)
Total investments and other assets	7,851	7,612
Total non-current assets	23,495	22,932
Total assets	53,895	54,907

(Millions of yen)

	As of December 31, 2016	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,124	3,932
Short-term loans payable	7,843	8,134
Income taxes payable	177	237
Provision for bonuses	111	264
Provision for directors' bonuses	13	14
Other	1,919	1,313
Total current liabilities	13,189	13,896
Non-current liabilities		
Long-term loans payable	7,095	7,050
Net defined benefit liability	1,256	1,079
Provision for directors' retirement benefits	80	85
Provision For Management Board Incentive Plan Trust	–	15
Provision for environmental measures	22	20
Asset retirement obligations	73	73
Other	1,366	1,396
Total non-current liabilities	9,895	9,721
Total liabilities	23,085	23,618
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,402	7,402
Capital surplus	7,800	7,800
Retained earnings	10,226	10,672
Treasury shares	(1,825)	(1,966)
Total shareholders' equity	23,604	23,909
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,904	1,894
Foreign currency translation adjustment	16	(3)
Remeasurements of defined benefit plans	(87)	(87)
Total accumulated other comprehensive income	1,833	1,802
Non-controlling interests	5,372	5,577
Total net assets	30,810	31,289
Total liabilities and net assets	53,895	54,907

**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, 2016	Nine months ended September 30, 2017
Net sales	16,503	19,351
Cost of sales	14,951	15,256
Gross profit	1,552	4,094
Selling, general and administrative expenses	2,525	2,720
Operating income (loss)	(972)	1,373
Non-operating income		
Dividend income	55	73
Foreign exchange gains	–	82
Gain on insurance adjustment	108	6
Other	56	112
Total non-operating income	220	275
Non-operating expenses		
Interest expenses	63	67
Foreign exchange losses	91	–
Share of loss of entities accounted for using equity method	95	98
Other	47	39
Total non-operating expenses	297	204
Ordinary income (loss)	(1,049)	1,444
Extraordinary income		
Compensation income	173	–
Total extraordinary income	173	–
Profit (loss) before income taxes	(876)	1,444
Income taxes - current	211	219
Income taxes - deferred	107	(36)
Total income taxes	318	183
Profit (loss)	(1,194)	1,260
Profit attributable to non-controlling interests	92	265
Profit (loss) attributable to owners of parent	(1,286)	995

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

(Millions of yen)

	Nine months ended September 30, 2016	Nine months ended September 30, 2017
Profit (loss)	(1,194)	1,260
Other comprehensive income		
Valuation difference on available-for-sale securities	(625)	(6)
Foreign currency translation adjustment	(133)	(33)
Remeasurements of defined benefit plans, net of tax	13	(0)
Total other comprehensive income	(745)	(40)
Comprehensive income	(1,940)	1,220
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,970)	965
Comprehensive income attributable to non-controlling interests	29	255