

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2020 (Based on Japanese GAAP)

May 11, 2020

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: May 11, 2020
 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 three months ended March 31, 2020 (from January 1, 2020 to March 31, 2020)

(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	%
Three months ended March 31, 2020	6,249	(48.4)	1,120	(78.0)	1,108	(77.8)	485	(85.1)
Three months ended March 31, 2019	12,103	42.6	5,095	168.5	4,983	161.4	3,266	168.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2020	43.88	–
Three months ended March 31, 2019	295.26	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	72,687	49,914	59.8	3,929.89
As of December 31, 2019	77,939	51,654	57.9	4,080.33

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, 2019	–	100.00	–	100.00	200.00
Year ending December 31, 2020	–				
Year ending December 31, 2020 (Forecast)		100.00	–	100.00	200.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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
Six months ending June 30, 2020	14,700	(38.5)	2,400	(73.0)	2,200	(74.5)	1,400	(75.1)	126.55
Full year	31,700	(29.4)	4,600	(69.0)	4,100	(72.9)	2,800	(71.1)	253.10

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2020
(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 March 31, 2020	11,832,504 shares	As of December 31, 2019	11,832,504 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	769,735 shares	As of December 31, 2019	769,438 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2020	11,062,904 shares	Three months ended March 31, 2019	11,062,601 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	17,852	16,663
Notes and accounts receivable - trade	14,010	9,766
Merchandise and finished goods	9,153	10,002
Work in process	4,829	4,901
Raw materials and supplies	4,220	4,326
Other	562	351
Allowance for doubtful accounts	(20)	(23)
Total current assets	50,607	45,989
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,680	16,758
Accumulated depreciation and impairment loss	(9,536)	(9,637)
Buildings and structures, net	7,144	7,121
Machinery and equipment	44,008	44,531
Accumulated depreciation and impairment loss	(37,232)	(37,407)
Machinery and equipment, net	6,775	7,123
Vehicles, tools, furniture and fixtures	3,264	3,283
Accumulated depreciation and impairment loss	(2,708)	(2,743)
Vehicles, tools, furniture and fixtures, net	555	540
Land	3,523	3,520
Construction in progress	821	1,262
Total property, plant and equipment	18,820	19,567
Intangible assets	160	188
Investments and other assets		
Investment securities	6,044	4,518
Deferred tax assets	371	405
Other	1,946	2,024
Allowance for doubtful accounts	(10)	(7)
Total investments and other assets	8,351	6,942
Total non-current assets	27,332	26,698
Total assets	77,939	72,687

(Millions of yen)

	As of December 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,821	4,618
Short-term borrowings	8,390	8,590
Accrued expenses	1,118	1,209
Income taxes payable	1,995	317
Provision for bonuses	214	479
Provision for bonuses for directors (and other officers)	96	15
Provision for plant relocation related expense	317	290
Other	2,770	2,216
Total current liabilities	20,725	17,737
Non-current liabilities		
Long-term borrowings	3,637	3,590
Deferred tax liabilities	569	107
Retirement benefit liability	757	743
Provision for retirement benefits for directors (and other officers)	43	46
Provision for share-based remuneration for directors (and other officers)	70	69
Provision for environmental measures	28	28
Asset retirement obligations	62	62
Other	390	386
Total non-current liabilities	5,559	5,034
Total liabilities	26,284	22,772
Net assets		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,857	7,857
Retained earnings	29,689	29,068
Treasury shares	(1,921)	(1,923)
Total shareholders' equity	43,028	42,406
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,129	1,099
Foreign currency translation adjustment	49	32
Remeasurements of defined benefit plans	(66)	(63)
Total accumulated other comprehensive income	2,112	1,069
Non-controlling interests	6,513	6,439
Total net assets	51,654	49,914
Total liabilities and net assets	77,939	72,687

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	12,103	6,249
Cost of sales	5,659	4,093
Gross profit	6,444	2,156
Selling, general and administrative expenses	1,348	1,035
Operating profit	5,095	1,120
Non-operating income		
Rental income	5	6
Insurance claim income	6	63
Other	41	41
Total non-operating income	53	111
Non-operating expenses		
Interest expenses	23	17
Foreign exchange losses	9	16
Share of loss of entities accounted for using equity method	23	31
Loss on retirement of non-current assets	53	5
Other	56	52
Total non-operating expenses	165	123
Ordinary profit	4,983	1,108
Extraordinary losses		
Loss on fire	—	247
Total extraordinary losses	—	247
Profit before income taxes	4,983	861
Income taxes - current	1,532	319
Income taxes - deferred	20	(17)
Total income taxes	1,552	302
Profit	3,431	559
Profit attributable to non-controlling interests	165	74
Profit attributable to owners of parent	3,266	485

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit	3,431	559
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	(1,036)
Deferred gains or losses on hedges	(2)	–
Foreign currency translation adjustment	(4)	(25)
Remeasurements of defined benefit plans, net of tax	16	3
Total other comprehensive income	(3)	(1,059)
Comprehensive income	3,428	(499)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,260	(555)
Comprehensive income attributable to non-controlling interests	167	56