

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended December 31, 2021 (Based on Japanese GAAP)

February 10, 2022

Company name: Nippon Carbon Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5302 URL <https://www.carbon.co.jp>
 Representative: Representative Director, CEO Takafumi Miyashita
 Inquiries: General Manager of Business Control Dept. Hiroshi Fujikawa TEL 03-6891-3730
 Scheduled date of ordinary general meeting of shareholders: March 29, 2022
 Scheduled date to file Securities Report: March 29, 2022
 Scheduled date to commence dividend payments: March 30, 2022
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Consolidated operating results

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	%
Year ended December 31, 2021	31,578	17.8	3,706	22.9	4,434	23.6	2,729	50.7
Year ended December 31, 2020	26,802	(40.3)	3,015	(79.7)	3,587	(76.2)	1,810	(81.3)

Note: Comprehensive income Year ended December 31, 2021: ¥3,532 million [110.1%]
 Year ended December 31, 2020: ¥1,681 million [(84.3)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2021	247.00	–	6.1	6.2	11.7
Year ended December 31, 2020	163.64	–	4.1	4.8	11.3

Reference: Share of profit (loss) of entities accounted for using equity method
 Year ended December 31, 2021: ¥42 million
 Year ended December 31, 2020: ¥(113) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	72,692	52,257	61.9	4,073.56
As of December 31, 2020	70,930	50,998	62.2	3,989.30

Reference: Equity
 As of December 31, 2021: ¥44,987 million
 As of December 31, 2020: ¥44,146 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2021	7,551	△608	(3,762)	17,720
Year ended December 31, 2020	3,853	(4,716)	(2,389)	14,455

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2020	–	100.00	–	100.00	200.00	2,213	122.2	5.0
Year ended December 31, 2021	–	100.00	–	100.00	200.00	2,208	81.0	5.0
Year ending December 31, 2022 (Forecast)	–	100.00	–	100.00	200.00			

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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, 2022	17,200	18.3	2,300	61.5	2,400	59.8	1,500	68.6	135.76
Full year	35,800	13.4	4,900	32.2	5,000	12.8	3,100	13.6	280.57

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	11,832,504 shares	As of December 31, 2020	11,832,504 shares
-------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2021	788,766 shares	As of December 31, 2020	766,371 shares
-------------------------	----------------	-------------------------	----------------

Average number of shares during the period

Year ended December 31, 2021	11,049,029 shares	Year ended December 31, 2020	11,065,281 shares
------------------------------	-------------------	------------------------------	-------------------

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

Forward-looking statements provided in this document, including financial forecasts, are based on the information currently available to the Company and certain assumptions considered reasonable. Actual financial results may differ substantially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	14,600	17,865
Notes and accounts receivable - trade	9,228	11,592
Merchandise and finished goods	9,366	7,896
Work in process	4,524	4,595
Raw materials and supplies	3,469	2,886
Income taxes receivable	1,350	–
Other	509	585
Allowance for doubtful accounts	(20)	(22)
Total current assets	43,028	45,399
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,227	17,407
Accumulated depreciation and impairment	(9,806)	(10,230)
Buildings and structures, net	7,420	7,177
Machinery and equipment	45,516	47,249
Accumulated depreciation and impairment	(37,778)	(39,053)
Machinery and equipment, net	7,737	8,195
Vehicles, tools, furniture and fixtures	3,293	3,392
Accumulated depreciation and impairment	(2,810)	(2,927)
Vehicles, tools, furniture and fixtures, net	483	464
Land	3,524	3,544
Construction in progress	968	132
Total property, plant and equipment	20,135	19,515
Intangible assets	198	264
Investments and other assets		
Investment securities	5,026	5,172
Deferred tax assets	334	378
Other	2,209	1,964
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	7,567	7,513
Total non-current assets	27,902	27,292
Total assets	70,930	72,692

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,321	3,900
Short-term borrowings	9,425	9,180
Accrued expenses	587	516
Income taxes payable	466	1,038
Provision for bonuses	146	208
Provision for bonuses for directors (and other officers)	43	59
Provision for loss on order received	13	–
Provision for plant relocation related expense	159	–
Other	1,418	2,123
Total current liabilities	15,580	17,027
Non-current liabilities		
Long-term borrowings	2,562	1,387
Deferred tax liabilities	422	633
Retirement benefit liability	771	776
Provision for retirement benefits for directors (and other officers)	52	55
Provision for share awards for directors (and other officers)	70	89
Provision for environmental measures	28	28
Asset retirement obligations	62	62
Other	380	373
Total non-current liabilities	4,351	3,407
Total liabilities	19,931	20,434
Net assets		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,857	7,857
Retained earnings	29,287	29,805
Treasury shares	(1,913)	(2,011)
Total shareholders' equity	42,634	43,054
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,542	1,868
Foreign currency translation adjustment	53	124
Remeasurements of defined benefit plans	(84)	(59)
Total accumulated other comprehensive income	1,511	1,932
Non-controlling interests	6,852	7,270
Total net assets	50,998	52,257
Total liabilities and net assets	70,930	72,692

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	26,802	31,578
Cost of sales	19,673	23,539
Gross profit	7,129	8,038
Selling, general and administrative expenses	4,113	4,332
Operating profit	3,015	3,706
Non-operating income		
Interest income	1	4
Dividend income	119	99
Foreign exchange gains	31	146
Share of profit of entities accounted for using equity method	–	42
Subsidy income	2	2
Compensation income	150	366
Insurance claim income	796	208
Other	72	221
Total non-operating income	1,174	1,092
Non-operating expenses		
Interest expenses	68	61
Loss on retirement of non-current assets	181	20
Share of loss of entities accounted for using equity method	113	–
Depreciation of inactive non-current assets	148	149
Loss on disaster	48	59
Other	42	72
Total non-operating expenses	602	363
Ordinary profit	3,587	4,434
Extraordinary income		
Gain on sale of investment securities	62	179
Total extraordinary income	62	179
Extraordinary losses		
Loss on fire	249	97
Plant relocation related expense	139	84
Total extraordinary losses	389	182
Profit before income taxes	3,260	4,431
Income taxes - current	797	1,362
Income taxes - deferred	182	7
Total income taxes	980	1,370
Profit	2,280	3,060
Profit attributable to non-controlling interests	469	331
Profit attributable to owners of parent	1,810	2,729

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	2,280	3,060
Other comprehensive income		
Valuation difference on available-for-sale securities	(590)	332
Foreign currency translation adjustment	9	114
Remeasurements of defined benefit plans, net of tax	(17)	24
Total other comprehensive income	(599)	471
Comprehensive income	1,681	3,532
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,209	3,157
Comprehensive income attributable to non-controlling interests	471	375

Consolidated statements of changes in equity

Fiscal year ended December 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,402	7,857	29,689	(1,921)	43,028
Changes during period					
Dividends of surplus			(2,212)		(2,212)
Profit attributable to owners of parent			1,810		1,810
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				11	11
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(402)	8	(393)
Balance at end of period	7,402	7,857	29,287	(1,913)	42,634

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,129	49	(66)	2,112	6,513	51,654
Changes during period						
Dividends of surplus				-		(2,212)
Profit attributable to owners of parent				-		1,810
Purchase of treasury shares				-		(2)
Disposal of treasury shares				-		11
Net changes in items other than shareholders' equity	(587)	3	(17)	(601)	339	(261)
Total changes during period	(587)	3	(17)	(601)	339	(655)
Balance at end of period	1,542	53	(84)	1,511	6,852	50,998

Fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,402	7,857	29,287	(1,913)	42,634
Changes during period					
Dividends of surplus			(2,211)		(2,211)
Profit attributable to owners of parent			2,729		2,729
Purchase of treasury shares				(98)	(98)
Disposal of treasury shares					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	518	(98)	419
Balance at end of period	7,402	7,857	29,805	(2,011)	43,054

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,542	53	(84)	1,511	6,852	50,998
Changes during period						
Dividends of surplus				-		(2,211)
Profit attributable to owners of parent				-		2,729
Purchase of treasury shares				-		(98)
Disposal of treasury shares				-		-
Net changes in items other than shareholders' equity	325	71	24	421	417	839
Total changes during period	325	71	24	421	417	1,259
Balance at end of period	1,868	124	(59)	1,932	7,270	52,257

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,260	4,431
Depreciation	2,193	2,385
Increase (decrease) in retirement benefit liability	(12)	29
Increase (decrease) in provision for retirement benefits for directors (and other officers)	9	2
Increase (decrease) in provision for plant relocation related expense	(158)	(159)
Interest and dividend income	(119)	(103)
Insurance claim income	(796)	(208)
Compensation income	(150)	(366)
Interest expenses	68	61
Share of loss (profit) of entities accounted for using equity method	113	(42)
Loss (gain) on sale of investment securities	(62)	(179)
Loss on fire	249	97
Loss on retirement of non-current assets	181	20
Decrease (increase) in trade receivables	4,786	(2,302)
Decrease (increase) in inventories	849	2,050
Increase (decrease) in trade payables	(2,500)	535
Increase (decrease) in accrued expenses	(627)	(71)
Increase (decrease) in accounts payable - other	(85)	(19)
Decrease (increase) in accounts receivable - other	53	(90)
Other, net	(750)	362
Subtotal	6,500	6,434
Interest and dividends received	120	103
Interest paid	(68)	(59)
Income taxes refund	21	1,340
Income taxes paid	(3,667)	(842)
Proceeds from insurance income	796	208
Proceeds from compensation	150	366
Net cash provided by (used in) operating activities	3,853	7,551
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,763)	(1,528)
Purchase of intangible assets	(110)	(117)
Purchase of investment securities	(5)	(6)
Proceeds from sale of investment securities	163	544
Decrease (increase) in time deposits	-	500
Other, net	(0)	-
Net cash provided by (used in) investing activities	(4,716)	(608)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	(250)
Proceeds from long-term borrowings	200	100
Repayments of long-term borrowings	(1,240)	(1,270)
Net decrease (increase) in treasury shares	(2)	(98)
Dividends paid	(2,214)	(2,206)
Dividends paid to non-controlling interests	(132)	(37)
Net cash provided by (used in) financing activities	(2,389)	(3,762)
Effect of exchange rate change on cash and cash equivalents	1	84
Net increase (decrease) in cash and cash equivalents	(3,251)	3,264
Cash and cash equivalents at beginning of period	17,707	14,455
Cash and cash equivalents at end of period	14,455	17,720