

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended December 31, 2022  
(Based on Japanese GAAP)**

February 10, 2023

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 Div. Hiroshi Fujikawa TEL 03-6891-3730  
 Scheduled date of ordinary general meeting of shareholders: March 29, 2023  
 Scheduled date to file Securities Report: March 29, 2023  
 Scheduled date to commence dividend payments: March 30, 2023  
 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, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	35,799	13.4	4,791	29.3	5,042	13.7	3,194	17.0
Year ended December 31, 2021	31,578	17.8	3,706	22.9	4,434	23.6	2,729	50.7

Note: Comprehensive income Year ended December 31, 2022: ¥3,309 million [(6.3)%  
 Year ended December 31, 2021: ¥3,532 million [110.1%]

	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, 2022	289.24	–	7.1	6.9	13.4
Year ended December 31, 2021	247.00	–	6.1	6.2	11.7

Reference: Share of profit (loss) of entities accounted for using equity method  
 Year ended December 31, 2022: ¥79 million  
 Year ended December 31, 2021: ¥42 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, 2022	74,181	53,210	61.4	4,125.77
As of December 31, 2021	72,692	52,257	61.9	4,073.56

Reference: Equity  
 As of December 31, 2022: ¥45,562 million  
 As of December 31, 2021: ¥44,987 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, 2022	5,798	(1,601)	(3,777)	18,177
Year ended December 31, 2021	7,551	(608)	(3,762)	17,720

## 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, 2021	–	100.00	–	100.00	200.00	2,208	81.0	5.0
Year ended December 31, 2022	–	100.00	–	100.00	200.00	2,208	69.1	4.9
Year ending December 31, 2023 (Forecast)	–	100.00	–	100.00	200.00		129.9	

## 3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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, 2023	18,700	1.8	1,600	(44.1)	1,800	(41.7)	1,000	(46.9)	90.55
Full year	38,900	8.7	3,000	(37.4)	3,300	(34.5)	1,700	(46.8)	153.93

## 4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2022

(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: Yes

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, 2022	11,832,504 shares	As of December 31, 2021	11,832,504 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	789,018 shares	As of December 31, 2021	788,766 shares
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Average number of shares during the period

Year ended December 31, 2022	11,043,677 shares	Year ended December 31, 2021	11,049,029 shares
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\* 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, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	17,865	18,322
Notes and accounts receivable - trade	11,592	-
Notes and accounts receivable - trade, and contract assets	-	11,922
Merchandise and finished goods	7,896	8,661
Work in process	4,595	4,408
Raw materials and supplies	2,886	3,447
Income taxes refund receivable	-	16
Other	585	781
Allowance for doubtful accounts	(22)	(14)
Total current assets	45,399	47,546
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,407	17,494
Accumulated depreciation and impairment	(10,230)	(10,677)
Buildings and structures, net	7,177	6,817
Machinery and equipment	47,249	48,024
Accumulated depreciation and impairment	(39,053)	(39,629)
Machinery and equipment, net	8,195	8,394
Vehicles, tools, furniture and fixtures	3,392	3,558
Accumulated depreciation and impairment	(2,927)	(3,018)
Vehicles, tools, furniture and fixtures, net	464	540
Land	3,544	3,553
Construction in progress	132	197
Total property, plant and equipment	19,515	19,502
Intangible assets	264	240
Investments and other assets		
Investment securities	5,172	4,566
Deferred tax assets	378	434
Other	1,964	1,893
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	7,513	6,892
Total non-current assets	27,292	26,635
<b>Total assets</b>	<b>72,692</b>	<b>74,181</b>

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,900	5,416
Short-term borrowings	9,180	8,892
Accrued expenses	516	579
Income taxes payable	1,038	1,271
Advances received	552	801
Provision for bonuses	208	223
Provision for bonuses for directors (and other officers)	59	74
Provision for loss on orders received	–	0
Other	1,571	1,915
Total current liabilities	17,027	19,175
Non-current liabilities		
Long-term borrowings	1,387	200
Deferred tax liabilities	633	274
Retirement benefit liability	776	784
Provision for retirement benefits for directors (and other officers)	55	19
Provision for share awards for directors (and other officers)	89	85
Provision for environmental measures	28	0
Asset retirement obligations	62	62
Other	373	369
Total non-current liabilities	3,407	1,795
Total liabilities	20,434	20,971
Net assets		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,857	7,858
Retained earnings	29,805	30,744
Treasury shares	(2,011)	(2,012)
Total shareholders' equity	43,054	43,992
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,868	1,493
Foreign currency translation adjustment	124	170
Remeasurements of defined benefit plans	(59)	(93)
Total accumulated other comprehensive income	1,932	1,570
Non-controlling interests	7,270	7,647
Total net assets	52,257	53,210
Total liabilities and net assets	72,692	74,181

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

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	31,578	35,799
Cost of sales	23,539	25,950
Gross profit	8,038	9,849
Selling, general and administrative expenses	4,332	5,058
Operating profit	3,706	4,791
Non-operating income		
Interest income	4	1
Dividend income	99	130
Foreign exchange gains	146	250
Share of profit of entities accounted for using equity method	42	79
Subsidy income	2	–
Compensation income	366	–
Insurance claim income	208	223
Other	221	155
Total non-operating income	1,092	840
Non-operating expenses		
Interest expenses	61	52
Loss on retirement of non-current assets	20	156
Depreciation of inactive non-current assets	149	146
Loss on disaster	59	78
Other	72	155
Total non-operating expenses	363	589
Ordinary profit	4,434	5,042
Extraordinary income		
Gain on sale of investment securities	179	183
Total extraordinary income	179	183
Extraordinary losses		
Loss on fire	97	–
Plant relocation related expense	84	–
Total extraordinary losses	182	–
Profit before income taxes	4,431	5,225
Income taxes - current	1,362	1,812
Income taxes - deferred	7	(232)
Total income taxes	1,370	1,579
Profit	3,060	3,646
Profit attributable to non-controlling interests	331	451
Profit attributable to owners of parent	2,729	3,194

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	3,060	3,646
Other comprehensive income		
Valuation difference on available-for-sale securities	332	(377)
Foreign currency translation adjustment	114	74
Remeasurements of defined benefit plans, net of tax	24	(33)
Total other comprehensive income	471	(336)
Comprehensive income	3,532	3,309
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,157	2,831
Comprehensive income attributable to non-controlling interests	375	478

## Consolidated statements of changes in equity

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
Cumulative effects of changes in accounting policies					–
Restated balance	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
Cumulative effects of changes in accounting policies				–		–
Restated balance	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

Fiscal year ended December 31, 2022

(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	29,805	(2,011)	43,054
Cumulative effects of changes in accounting policies			(46)		(46)
Restated balance	7,402	7,857	29,759	(2,011)	43,007
Changes during period					
Dividends of surplus			(2,208)		(2,208)
Profit attributable to owners of parent			3,194		3,194
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					-
Total changes during period	-	0	985	(0)	984
Balance at end of period	7,402	7,858	30,744	(2,012)	43,992

	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	1,868	124	(59)	1,932	7,270	52,257
Cumulative effects of changes in accounting policies				-		(46)
Restated balance	1,868	124	(59)	1,932	7,270	52,211
Changes during period						
Dividends of surplus				-		(2,208)
Profit attributable to owners of parent				-		3,194
Purchase of treasury shares				-		(1)
Disposal of treasury shares				-		0
Net changes in items other than shareholders' equity	(374)	45	(33)	(362)	376	13
Total changes during period	(374)	45	(33)	(362)	376	998
Balance at end of period	1,493	170	(93)	1,570	7,647	53,210



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,431	5,225
Depreciation	2,385	2,484
Increase (decrease) in retirement benefit liability	29	(40)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	2	(36)
Increase (decrease) in provision for plant relocation related expense	(159)	–
Interest and dividend income	(103)	(131)
Insurance claim income	(208)	(223)
Compensation income	(366)	–
Interest expenses	61	52
Share of loss (profit) of entities accounted for using equity method	(42)	(79)
Loss (gain) on sale of investment securities	(179)	(183)
Loss on disaster	59	78
Loss on fire	97	–
Loss on retirement of non-current assets	20	156
Decrease (increase) in trade receivables	(2,302)	–
Decrease (increase) in trade receivables, and contract assets	–	(273)
Decrease (increase) in inventories	2,050	(1,083)
Increase (decrease) in trade payables	535	1,509
Increase (decrease) in accrued expenses	(71)	63
Increase (decrease) in accounts payable - other	(19)	(209)
Increase (decrease) in advances received	418	248
Decrease (increase) in accounts receivable - other	(90)	(205)
Other, net	(115)	(396)
<b>Subtotal</b>	<b>6,434</b>	<b>6,955</b>
Interest and dividends received	103	166
Interest paid	(59)	(52)
Income taxes refund	1,340	29
Income taxes paid	(842)	(1,604)
Proceeds from insurance income	208	304
Proceeds from compensation	366	–
<b>Net cash provided by (used in) operating activities</b>	<b>7,551</b>	<b>5,798</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,528)	(1,775)
Purchase of intangible assets	(117)	(67)
Purchase of investment securities	(6)	(6)
Proceeds from sale of investment securities	544	247
Decrease (increase) in time deposits	500	–
<b>Net cash provided by (used in) investing activities</b>	<b>(608)</b>	<b>(1,601)</b>

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(250)	(300)
Proceeds from long-term borrowings	100	100
Repayments of long-term borrowings	(1,270)	(1,275)
Net decrease (increase) in treasury shares	(98)	(0)
Dividends paid	(2,206)	(2,206)
Dividends paid to non-controlling interests	(37)	(94)
Net cash provided by (used in) financing activities	(3,762)	(3,777)
Effect of exchange rate change on cash and cash equivalents	84	37
Net increase (decrease) in cash and cash equivalents	3,264	456
Cash and cash equivalents at beginning of period	14,455	17,720
Cash and cash equivalents at end of period	17,720	18,177