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February 9, 2024

Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)



Company name: Nippon Carbon Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5302
 URL: <https://www.carbon.co.jp>
 Representative: Representative Director, CEO Takafumi Miyashita
 Inquiries: General Manager of Business Control Div. Hiroshi Fujikawa
 Telephone: +81-3-6891-3730
 Scheduled date of annual general meeting of shareholders: March 28, 2024
 Scheduled date to commence dividend payments: March 29, 2024
 Scheduled date to file annual securities report: March 28, 2024
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2024)

(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	%
Fiscal year ended December 31, 2023	37,867	5.8	6,573	37.2	7,115	41.1	4,050	26.8
December 31, 2022	35,799	13.4	4,791	29.3	5,042	13.7	3,194	17.0

Note: Comprehensive income For the fiscal year ended December 31, 2023: ¥6,854 million [107.1%]
 For the fiscal year ended December 31, 2022: ¥3,309 million [(6.3)%]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2023	366.75	—	8.5	9.3	17.4
December 31, 2022	289.24	—	7.1	6.9	13.4

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended December 31, 2023: ¥146 million
 For the fiscal year ended December 31, 2022: ¥79 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	78,466	57,681	63.0	4,478.09
December 31, 2022	74,181	53,210	61.4	4,125.77

Reference: Equity
 As of December 31, 2023: ¥49,455 million
 As of December 31, 2022: ¥45,562 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	3,189	(4,426)	(2,614)	14,382
December 31, 2022	5,798	(1,601)	(3,777)	18,177

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2022	Yen —	Yen 100.00	Yen —	Yen 100.00	Yen 200.00	Millions of yen 2,208	% 69.1	% 4.9
Fiscal year ended December 31, 2023	—	100.00	—	100.00	200.00	2,208	54.5	4.6
Fiscal year ending December 31, 2024 (Forecast)	—	100.00	—	100.00	200.00		53.9	

3. Consolidated financial result forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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
First half	20,000	10.5	3,000	(5.4)	3,100	(9.2)	1,700	(13.2)	153.93
Full year	43,000	13.6	7,100	8.0	7,200	1.2	4,100	1.2	371.23

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (3) Number of issued shares (common shares)
- (i) Total number of issued shares at the end of the period (including treasury shares)
- | | |
|-------------------------|-------------------|
| As of December 31, 2023 | 11,832,504 shares |
| As of December 31, 2022 | 11,832,504 shares |
- (ii) Number of treasury shares at the end of the period
- | | |
|-------------------------|----------------|
| As of December 31, 2023 | 788,617 shares |
| As of December 31, 2022 | 789,018 shares |
- (iii) Average number of shares outstanding during the period
- | | |
|-------------------------------------|-------------------|
| Fiscal year ended December 31, 2023 | 11,044,237 shares |
| Fiscal year ended December 31, 2022 | 11,043,677 shares |

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	23,592	7.3	3,831	32.6	4,708	40.9	3,253	29.4
December 31, 2022	21,979	11.2	2,890	18.4	3,342	8.0	2,514	19.6

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	294.62	—
December 31, 2022	227.70	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	55,829	42,924	76.9	3,886.70
December 31, 2022	52,820	39,955	75.6	3,618.00

Reference: Equity

As of December 31, 2023:	¥42,924 million
As of December 31, 2022:	¥39,955 million

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	18,322	14,527
Notes and accounts receivable - trade, and contract assets	11,922	13,581
Merchandise and finished goods	8,661	10,760
Work in process	4,408	4,555
Raw materials and supplies	3,447	3,545
Income taxes refund receivable	16	—
Other	781	459
Allowance for doubtful accounts	(14)	(12)
Total current assets	47,546	47,416
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,494	17,608
Accumulated depreciation and impairment	(10,677)	(11,146)
Buildings and structures, net	6,817	6,462
Machinery and equipment	48,024	49,318
Accumulated depreciation and impairment	(39,629)	(41,059)
Machinery and equipment, net	8,394	8,259
Vehicles, tools, furniture and fixtures	3,558	3,803
Accumulated depreciation and impairment	(3,018)	(3,225)
Vehicles, tools, furniture and fixtures, net	540	578
Land	3,553	3,565
Construction in progress	197	732
Total property, plant and equipment	19,502	19,599
Intangible assets	240	215
Investments and other assets		
Investment securities	4,566	8,667
Deferred tax assets	434	514
Other	1,893	2,057
Allowance for doubtful accounts	(2)	(3)
Total investments and other assets	6,892	11,235
Total non-current assets	26,635	31,049
Total assets	74,181	78,466

(Millions of yen)

	As of December 31, 2022	As of December 31, 20283
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,416	4,926
Short-term borrowings	8,892	8,576
Accrued expenses	579	635
Income taxes payable	1,271	1,410
Advances received	801	454
Provision for bonuses	223	236
Provision for bonuses for directors (and other officers)	74	72
Provision for loss on orders received	0	—
Other	1,915	1,609
Total current liabilities	19,175	17,923
Non-current liabilities		
Long-term borrowings	200	278
Deferred tax liabilities	274	1,254
Retirement benefit liability	784	766
Provision for retirement benefits for directors (and other officers)	19	32
Provision for share awards for directors (and other officers)	85	104
Provision for environmental measures	0	0
Asset retirement obligations	62	62
Other	369	361
Total non-current liabilities	1,795	2,861
Total liabilities	20,971	20,784
Net assets		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,858	7,858
Retained earnings	30,744	32,586
Treasury shares	(2,012)	(2,012)
Total shareholders' equity	43,992	45,835
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,493	3,421
Deferred gains or losses on hedges	—	(1)
Foreign currency translation adjustment	170	258
Remeasurements of defined benefit plans	(93)	(57)
Total accumulated other comprehensive income	1,570	3,620
Non-controlling interests	7,647	8,226
Total net assets	53,210	57,681
Total liabilities and net assets	74,181	78,466

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	35,799	37,867
Cost of sales	25,950	26,016
Gross profit	9,849	11,850
Selling, general and administrative expenses	5,058	5,276
Operating profit	4,791	6,573
Non-operating income		
Interest income	1	3
Dividend income	130	176
Foreign exchange gains	250	227
Share of profit of entities accounted for using equity method	79	146
Insurance claim income	223	185
Other	155	140
Total non-operating income	840	879
Non-operating expenses		
Interest expenses	52	44
Loss on retirement of non-current assets	156	87
Depreciation of inactive non-current assets	146	146
Loss on disaster	78	—
Other	155	59
Total non-operating expenses	589	337
Ordinary profit	5,042	7,115
Extraordinary income		
Gain on sale of investment securities	183	22
Total extraordinary income	183	22
Extraordinary losses		
Loss on fire	—	158
Total extraordinary losses	—	158
Profit before income taxes	5,225	6,979
Income taxes - current	1,812	2,197
Income taxes - deferred	(232)	34
Total income taxes	1,579	2,232
Profit	3,646	4,747
Profit attributable to non-controlling interests	451	696
Profit attributable to owners of parent	3,194	4,050

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	3,646	4,747
Other comprehensive income		
Valuation difference on available-for-sale securities	(377)	1,930
Deferred gains or losses on hedges	—	(1)
Foreign currency translation adjustment	74	141
Remeasurements of defined benefit plans, net of tax	(33)	36
Total other comprehensive income	(336)	2,107
Comprehensive income	3,309	6,854
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,831	6,101
Comprehensive income attributable to non-controlling interests	478	753

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2022 (from January 1, 2022 to 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	Deferred gains or losses on hedges	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

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,402	7,858	30,744	(2,012)	43,992
Changes during period					
Dividends of surplus			(2,208)		(2,208)
Profit attributable to owners of parent			4,050		4,050
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				4	4
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	1,841	0	1,842
Balance at end of period	7,402	7,858	32,586	(2,012)	45,835

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,493	—	170	(93)	1,570	7,647	53,210
Changes during period							
Dividends of surplus					—		(2,208)
Profit attributable to owners of parent					—		4,050
Purchase of treasury shares					—		(3)
Disposal of treasury shares					—		4
Net changes in items other than shareholders' equity	1,927	(1)	87	36	2,050	579	2,629
Total changes during period	1,927	(1)	87	36	2,050	579	4,471
Balance at end of period	3,421	(1)	258	(57)	3,620	8,226	57,681

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,225	6,979
Depreciation	2,484	2,666
Increase (decrease) in retirement benefit liability	(40)	35
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(36)	13
Interest and dividend income	(131)	(180)
Insurance claim income	(223)	(185)
Interest expenses	52	44
Share of loss (profit) of entities accounted for using equity method	(79)	(146)
Loss (gain) on sale of investment securities	(183)	(22)
Loss on disaster	78	—
Loss on fire	—	158
Loss on retirement of non-current assets	156	87
Decrease (increase) in trade receivables, and contract assets	(273)	(1,578)
Decrease (increase) in inventories	(1,083)	(2,243)
Increase (decrease) in trade payables	1,509	(499)
Increase (decrease) in accrued expenses	63	(103)
Increase (decrease) in accounts payable - other	(209)	92
Increase (decrease) in advances received	248	(346)
Decrease (increase) in accounts receivable - other	(205)	357
Other, net	(396)	(217)
Subtotal	6,955	4,910
Interest and dividends received	166	221
Interest paid	(52)	(45)
Income taxes refund	29	24
Income taxes paid	(1,604)	(2,119)
Proceeds from insurance income	304	197
Net cash provided by (used in) operating activities	5,798	3,189
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,775)	(3,056)
Purchase of intangible assets	(67)	(55)
Purchase of investment securities	(6)	(1,343)
Proceeds from sale of investment securities	247	28
Net cash provided by (used in) investing activities	(1,601)	(4,426)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(300)	800
Proceeds from long-term borrowings	100	300
Repayments of long-term borrowings	(1,275)	(1,337)
Net decrease (increase) in treasury shares	(0)	0
Dividends paid	(2,206)	(2,203)
Dividends paid to non-controlling interests	(94)	(174)
Net cash provided by (used in) financing activities	(3,777)	(2,614)
Effect of exchange rate change on cash and cash equivalents	37	57
Net increase (decrease) in cash and cash equivalents	456	(3,794)
Cash and cash equivalents at beginning of period	17,720	18,177
Cash and cash equivalents at end of period	18,177	14,382