

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 8, 2022

Company name: NIPPON CARBIDE INDUSTRIES CO.,INC.
 Stock exchange listing: Tokyo
 Stock code: 4064 URL <https://www.carbide.co.jp/>
 Representative: President Takahisa Sugiyama
 Director
 Executive Officer
 Inquiries: General Manager Yuichi Yokota TEL 03-5462-8224
 Corporate Planning Department
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 6, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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	%
Six months ended September 30, 2022	23,313	1.1	1,069	(38.9)	1,740	(10.0)	1,367	20.3
Six months ended September 30, 2021	23,059	18.7	1,749	259.3	1,934	239.5	1,136	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	145.62		-	
Six months ended September 30, 2021	127.13		127.00	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	66,088	35,482	50.9
As of March 31, 2022	64,546	32,049	47.0

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 March 31, 2022	-	25.00	-	30.00	55.00
Year ending March 31, 2023	-	30.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	35.00	65.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	47,000	(0.0)	2,000	(37.4)	2,700	(33.4)	1,700	(11.9)	181.00

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: Yes
- (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: Yes
- 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, 2022	9,406,826 shares	As of March 31, 2022	9,394,029 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	7,139 shares	As of March 31, 2022	7,081 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	9,392,414 shares	Six months ended September 30, 2021	8,940,452 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	11,376	11,723
Notes and accounts receivable - trade, and contract assets	14,773	13,583
Merchandise and finished goods	4,341	5,148
Work in process	1,743	2,099
Raw materials and supplies	3,088	3,607
Other	1,337	1,048
Allowance for doubtful accounts	(72)	(111)
Total current assets	36,588	37,099
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,919	6,669
Machinery, equipment and vehicles, net	3,734	4,125
Land	11,414	11,527
Other, net	2,751	3,528
Total property, plant and equipment	24,820	25,850
Intangible assets	776	778
Investments and other assets		
Other	2,429	2,430
Allowance for doubtful accounts	(69)	(69)
Total investments and other assets	2,360	2,360
Total non-current assets	27,957	28,989
Total assets	64,546	66,088

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,464	7,382
Short-term borrowings	6,871	7,131
Income taxes payable	584	311
Provision for bonuses	585	636
Provision for bonuses for directors (and other officers)	35	14
Other	3,048	2,878
Total current liabilities	18,591	18,355
Non-current liabilities		
Long-term borrowings	7,098	5,322
Retirement benefit liability	3,634	3,775
Provision for retirement benefits for directors (and other officers)	35	28
Deferred tax liabilities for land revaluation	2,636	2,636
Other	500	487
Total non-current liabilities	13,905	12,250
Total liabilities	32,496	30,606
Net assets		
Shareholders' equity		
Share capital	7,780	7,789
Capital surplus	3,150	3,159
Retained earnings	12,627	13,713
Treasury shares	(12)	(12)
Total shareholders' equity	23,546	24,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	303	268
Deferred gains or losses on hedges	0	(0)
Revaluation reserve for land	5,856	5,856
Foreign currency translation adjustment	828	3,051
Remeasurements of defined benefit plans	(215)	(202)
Total accumulated other comprehensive income	6,772	8,973
Non-controlling interests	1,731	1,859
Total net assets	32,049	35,482
Total liabilities and net assets	64,546	66,088

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	23,059	23,313
Cost of sales	15,829	16,482
Gross profit	7,230	6,830
Selling, general and administrative expenses	5,481	5,761
Operating profit	1,749	1,069
Non-operating income		
Interest income	51	60
Dividend income	31	34
Foreign exchange gains	115	532
Other	165	173
Total non-operating income	364	801
Non-operating expenses		
Interest expenses	62	48
Electricity sale expenses	33	34
Other	82	47
Total non-operating expenses	179	130
Ordinary profit	1,934	1,740
Extraordinary losses		
Loss on retirement of non-current assets	–	19
Loss on sale of investment securities	24	–
Loss on valuation of investment securities	–	61
Impairment losses	260	–
Total extraordinary losses	285	80
Profit before income taxes	1,648	1,659
Income taxes - current	424	325
Income taxes - deferred	1	(88)
Total income taxes	426	237
Profit	1,221	1,422
Profit attributable to non-controlling interests	85	54
Profit attributable to owners of parent	1,136	1,367

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,221	1,422
Other comprehensive income		
Valuation difference on available-for-sale securities	(14)	(15)
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	841	2,329
Remeasurements of defined benefit plans, net of tax	11	14
Total other comprehensive income	840	2,328
Comprehensive income	2,062	3,750
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,961	3,568
Comprehensive income attributable to non-controlling interests	101	181

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,648	1,659
Depreciation	1,005	1,013
Impairment losses	260	–
Increase (decrease) in retirement benefit liability	43	53
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(18)	(6)
Increase (decrease) in provision for bonuses	24	44
Increase (decrease) in provision for bonuses for directors (and other officers)	(21)	(21)
Increase (decrease) in allowance for doubtful accounts	24	31
Interest and dividend income	(83)	(95)
Interest expenses	62	48
Loss on retirement of non-current assets	–	19
Loss (gain) on sale of investment securities	24	–
Loss (gain) on valuation of investment securities	–	61
Decrease (increase) in trade receivables	(249)	1,728
Decrease (increase) in inventories	(358)	(911)
Increase (decrease) in trade payables	604	(485)
Other, net	(823)	(135)
Subtotal	2,144	3,004
Interest and dividends received	99	122
Interest paid	(62)	(47)
Income taxes paid	(373)	(625)
Net cash provided by (used in) operating activities	1,807	2,453
Cash flows from investing activities		
Payments into time deposits	(307)	(481)
Proceeds from withdrawal of time deposits	517	385
Purchase of property, plant and equipment	(1,072)	(1,447)
Proceeds from sale of property, plant and equipment	2	12
Purchase of investment securities and others	(2)	(0)
Proceeds from sales of investment securities and others	63	–
Other, net	(26)	(9)
Net cash provided by (used in) investing activities	(825)	(1,540)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	558	719
Proceeds from long-term borrowings	3,900	–
Repayments of long-term borrowings	(1,771)	(2,235)
Dividends paid	(351)	(281)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	477	–
Other, net	(89)	(89)
Net cash provided by (used in) financing activities	2,724	(1,887)
Effect of exchange rate change on cash and cash equivalents	392	1,122
Net increase (decrease) in cash and cash equivalents	4,099	147
Cash and cash equivalents at beginning of period	12,402	10,838
Cash and cash equivalents at end of period	16,501	10,986