

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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 of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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 March 31, 2023	44,008	(6.4)	1,261	(60.5)	1,902	(53.1)	332	(82.8)
Year ended March 31, 2022	47,003	11.3	3,192	33.7	4,055	42.2	1,930	(19.8)

	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 March 31, 2023	35.37	–	1.1	3.0	2.9
Year ended March 31, 2022	211.49	211.10	6.7	6.3	6.8

(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, 2023	61,838	33,086	50.5	3,322.62
As of March 31, 2022	64,546	32,049	47.0	3,229.86

(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 March 31, 2023	3,606	(2,147)	(3,215)	9,821
Year ended March 31, 2022	4,297	(2,360)	(4,210)	10,838

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 March 31, 2022	–	25.00	–	30.00	55.00	510	26.0	1.7
Year ended March 31, 2023	–	30.00	–	35.00	65.00	610	183.8	2.0
Year ending March 31, 2024 (Forecast)	–	30.00	–	35.00	65.00		43.6	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 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
Six months ending September 30, 2023	22,500	(3.5)	300	(71.9)	300	(82.8)	250	(81.7)	26.61
Full year	48,500	10.2	1,500	18.9	1,600	(15.9)	1,400	321.3	149.00

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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 March 31, 2023	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 March 31, 2023	7,168 shares	As of March 31, 2022	7,081 shares
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Average number of shares during the period

Year ended March 31, 2023	9,395,762 shares	Year ended March 31, 2022	9,126,987 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	11,376	10,906
Notes and accounts receivable - trade, and contract assets	14,773	12,211
Merchandise and finished goods	4,341	5,017
Work in process	1,743	1,884
Raw materials and supplies	3,088	3,053
Other	1,337	738
Allowance for doubtful accounts	(72)	(165)
Total current assets	36,588	33,645
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,621	21,548
Accumulated depreciation	(14,701)	(15,107)
Buildings and structures, net	6,919	6,441
Machinery, equipment and vehicles	32,235	33,899
Accumulated depreciation	(28,500)	(30,049)
Machinery, equipment and vehicles, net	3,734	3,850
Tools, furniture and fixtures	6,680	7,010
Accumulated depreciation	(5,597)	(6,009)
Tools, furniture and fixtures, net	1,083	1,001
Land	11,414	10,707
Leased assets	1,467	1,528
Accumulated depreciation	(950)	(1,088)
Leased assets, net	517	440
Construction in progress	1,150	3,144
Total property, plant and equipment	24,820	25,585
Intangible assets	776	708
Investments and other assets		
Investment securities	1,520	926
Deferred tax assets	571	698
Other	338	342
Allowance for doubtful accounts	(69)	(69)
Total investments and other assets	2,360	1,898
Total non-current assets	27,957	28,192
Total assets	64,546	61,838

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,464	5,912
Short-term borrowings	6,871	6,466
Income taxes payable	584	409
Provision for bonuses	585	612
Provision for bonuses for directors (and other officers)	35	31
Other	3,048	3,436
Total current liabilities	18,591	16,869
Non-current liabilities		
Long-term borrowings	7,098	4,994
Retirement benefit liability	3,634	3,715
Provision for retirement benefits for directors (and other officers)	35	18
Deferred tax liabilities for land revaluation	2,636	2,411
Other	500	742
Total non-current liabilities	13,905	11,882
Total liabilities	32,496	28,751
Net assets		
Shareholders' equity		
Share capital	7,780	7,789
Capital surplus	3,150	3,103
Retained earnings	12,627	12,909
Treasury shares	(12)	(12)
Total shareholders' equity	23,546	23,789
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	303	177
Deferred gains or losses on hedges	0	(0)
Revaluation reserve for land	5,856	5,342
Foreign currency translation adjustment	828	2,146
Remeasurements of defined benefit plans	(215)	(224)
Total accumulated other comprehensive income	6,772	7,441
Non-controlling interests	1,731	1,854
Total net assets	32,049	33,086
Total liabilities and net assets	64,546	61,838

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	47,003	44,008
Cost of sales	32,859	31,394
Gross profit	14,144	12,614
Selling, general and administrative expenses	10,951	11,352
Operating profit	3,192	1,261
Non-operating income		
Interest income	100	141
Dividend income	61	59
Share of profit of entities accounted for using equity method	25	9
Foreign exchange gains	681	448
Other	306	253
Total non-operating income	1,175	911
Non-operating expenses		
Interest expenses	114	80
Rental costs	72	50
Electricity sale expenses	68	69
Other	57	69
Total non-operating expenses	312	270
Ordinary profit	4,055	1,902
Extraordinary income		
Gain on sale of investment securities	–	75
Gain on liquidation of subsidiaries and associates	–	76
Total extraordinary income	–	151
Extraordinary losses		
Loss on retirement of non-current assets	165	27
Loss on sale of investment securities	36	–
Loss on valuation of investment securities	–	61
Impairment losses	763	744
Loss on withdrawal from business	462	–
Total extraordinary losses	1,428	832
Profit before income taxes	2,627	1,221
Income taxes - current	919	621
Income taxes for prior periods	–	177
Income taxes - deferred	(412)	15
Total income taxes	506	815
Profit	2,120	406
Profit attributable to non-controlling interests	189	73
Profit attributable to owners of parent	1,930	332

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,120	406
Other comprehensive income		
Valuation difference on available-for-sale securities	(41)	(105)
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	1,349	1,388
Remeasurements of defined benefit plans, net of tax	(7)	(5)
Total other comprehensive income	1,301	1,276
Comprehensive income	3,421	1,682
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,204	1,514
Comprehensive income attributable to non-controlling interests	216	167

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,407	2,778	10,873	(12)	21,047
Cumulative effects of changes in accounting policies			4		4
Restated balance	7,407	2,778	10,878	(12)	21,052
Changes during period					
Issuance of new shares	372	372			744
Dividends of surplus			(580)		(580)
Profit attributable to owners of parent			1,930		1,930
Reversal of revaluation reserve for land			399		399
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					-
Total changes during period	372	372	1,749	(0)	2,493
Balance at end of period	7,780	3,150	12,627	(12)	23,546

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	341	(1)	6,255	(491)	(206)	5,897	2	1,553	28,500
Cumulative effects of changes in accounting policies								7	11
Restated balance	341	(1)	6,255	(491)	(206)	5,897	2	1,560	28,512
Changes during period									
Issuance of new shares									744
Dividends of surplus									(580)
Profit attributable to owners of parent									1,930
Reversal of revaluation reserve for land									399
Purchase of treasury shares									(0)
Net changes in items other than shareholders' equity	(38)	1	(399)	1,319	(8)	874	(2)	170	1,042
Total changes during period	(38)	1	(399)	1,319	(8)	874	(2)	170	3,536
Balance at end of period	303	0	5,856	828	(215)	6,772	-	1,731	32,049

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,780	3,150	12,627	(12)	23,546
Changes during period					
Issuance of new shares	8	8			17
Dividends of surplus			(563)		(563)
Profit attributable to owners of parent			332		332
Reversal of revaluation reserve for land			513		513
Purchase of treasury shares				(0)	(0)
Decrease (increase) of capital surplus by change of share to consolidated subsidiary		(55)			(55)
Net changes in items other than shareholders' equity					-
Total changes during period	8	(47)	282	(0)	243
Balance at end of period	7,789	3,103	12,909	(12)	23,789

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	303	0	5,856	828	(215)	6,772	1,731	32,049
Changes during period								
Issuance of new shares								17
Dividends of surplus								(563)
Profit attributable to owners of parent								332
Reversal of revaluation reserve for land								513
Purchase of treasury shares								(0)
Decrease (increase) of capital surplus by change of share to consolidated subsidiary								(55)
Net changes in items other than shareholders' equity	(125)	(0)	(513)	1,318	(8)	669	123	793
Total changes during period	(125)	(0)	(513)	1,318	(8)	669	123	1,036
Balance at end of period	177	(0)	5,342	2,146	(224)	7,441	1,854	33,086

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,627	1,221
Depreciation	2,068	1,991
Impairment losses	763	744
Increase (decrease) in retirement benefit liability	48	4
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(12)	(16)
Increase (decrease) in provision for bonuses	23	21
Increase (decrease) in provision for bonuses for directors (and other officers)	0	(4)
Increase (decrease) in allowance for doubtful accounts	3	87
Interest and dividend income	(161)	(200)
Interest expenses	114	80
Foreign exchange losses (gains)	(176)	(180)
Share of loss (profit) of entities accounted for using equity method	(25)	(9)
Loss on retirement of non-current assets	165	27
Loss (gain) on valuation of investment securities	–	61
Loss (gain) on sale of investment securities	36	(75)
Loss on withdrawal from business	462	–
Decrease (increase) in trade receivables	146	2,906
Decrease (increase) in inventories	(1,088)	(278)
Increase (decrease) in trade payables	1,146	(1,837)
Other, net	(1,147)	(90)
Subtotal	4,995	4,455
Interest and dividends received	174	212
Interest paid	(114)	(79)
Income taxes paid	(758)	(981)
Net cash provided by (used in) operating activities	4,297	3,606
Cash flows from investing activities		
Payments into time deposits	(433)	(835)
Proceeds from withdrawal of time deposits	548	363
Purchase of property, plant and equipment	(2,541)	(2,143)
Proceeds from sale of property, plant and equipment	3	64
Purchase of investment securities	(3)	(0)
Proceeds from sale of investment securities	118	439
Loan advances	(4)	(1)
Proceeds from collection of loans receivable	4	3
Other, net	(52)	(38)
Net cash provided by (used in) investing activities	(2,360)	(2,147)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,502)	419
Proceeds from long-term borrowings	3,900	1,100
Repayments of long-term borrowings	(3,623)	(4,027)
Dividends paid	(580)	(563)
Repayments of lease liabilities	(91)	(75)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	742	–
Other, net	(54)	(68)
Net cash provided by (used in) financing activities	(4,210)	(3,215)
Effect of exchange rate change on cash and cash equivalents	709	740
Net increase (decrease) in cash and cash equivalents	(1,563)	(1,016)
Cash and cash equivalents at beginning of period	12,402	10,838
Cash and cash equivalents at end of period	10,838	9,821