

May 9, 2017

Notice on revising the Earnings Forecast

Based on the recent business trend, we have revised our consolidated earnings forecast, which was announced on February 9, 2017.

1. Revision of the Earnings Forecast

(1) 1st Half of fiscal year 2017 (January 1 to June 30, 2017)

	Net sales	Operating income	Ordinary income	Quarterly Net income/(loss) attributable to the owners of the parent company	Net income per share (EPS)
	JPY In Millions	JPY in Millions	JPY in Millions	JPY in Millions	JPY
Previous forecast (A)	43,000	1,800	2,300	4,200	19.70
Revised forecast (B)	47,000	3,100	3,500	4,700	22.05
Difference (B-A)	4,000	1,300	1,200	500	—
Differed rate (%)	9.3	72.2	52.2	11.9	—
Year on Year Results (1 st Half 2016)	44,872	(80)	(235)	(5,900)	(27.68)

(2) Full fiscal year 2017 (from January 1 to December 31, 2017)

	Net sales	Operating income	Ordinary income	Quarterly Net income/(loss) attributable to the owners of the parent company	Net income per share (EPS)
	JPY in Millions	JPY in Millions	JPY in Millions	JPY in Millions	JPY
Previous forecast (A)	89,000	5,200	6,100	7,000	32.84
Revised forecast (B)	95,000	6,700	7,800	8,200	38.47
Difference (B-A)	6,000	1,500	1,700	1,200	—
Differed rate (%)	6.7	28.8	27.9	17.1	—
Year on Year Results (Full Year 2016)	88,580	1,131	1,702	(7,929)	(37.20)

2. Reason for revision

(1) 1st Half 2017

Sales are expected to increase over the previous forecast due to the higher sales volume and prices in Carbon Black business. Operating income is expected to exceed previous forecasts due to the higher sales in Carbon Black business and further cost reduction in Graphite Electrodes division. Ordinary

income and quarterly net income attributable to the parent company are also now respectively expected to surpass the former forecasts for the same reason.

(2) Full year 2017

Based on revision of the earnings forecast for the first six months 2017, the previous forecasts for the sales, operating income, ordinary income and net income (loss) attributable to the parent company will be revised.

The above-mentioned earnings forecasts are based on the information currently available to the Company and certain assumptions judged to be reasonable. Note that actual performance may significantly differ due to various factors.

End of notice

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