

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

(URL: <http://www.ikont.co.jp/eg/>)

February 12, 2019

Consolidated Financial Report
for the Nine-Month Period Ended December 31, 2018
<Japanese GAAP>

Representative: Shigeki Miyachi, President and Representative Director

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Scheduled Date to Submit Quarterly Annual Securities Report:	February 12, 2019
Scheduled Date to Begin Dividend Payments:	—
Preparation of Supplementary Explanation Material for Quarterly Financial Results:	None
Holding of Presentation Meeting for Quarterly Financial Results:	None

Figures have been rounded off to eliminate amounts less than one million yen.

1. Consolidated Operating Performance for the Nine-Month Period Ended December 31, 2018
(From April 1, 2018 to December 31, 2018)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary Profit	Percentage change
December 31, 2018	43,545	8.6	3,566	167.0	3,786	163.5
December 31, 2017	40,107	25.3	1,335	112.9	1,436	139.7

Note: Comprehensive income

Nine-month period ended December 31, 2018: 551 million yen (83.5) %

Nine-month period ended December 31, 2017: 3,345 million yen 395.6 %

: Percentage change for net sales, operating profit, ordinary profit, and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)	Diluted earnings per share (Yen)
December 31, 2018	2,648	98.2	37.00	36.91
December 31, 2017	1,335	—	18.57	18.54

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
December 31, 2018	99,679	59,033	59.0	821.46
March 31, 2018	98,493	59,666	60.1	828.26

Reference: Shareholders' equity

As of December 31, 2018: 58,840million yen

As of March 31, 2018: 59,217 million yen

2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
2019(Forecast)				7.50	15.00
2019	—	7.50	—		
2018	—	6.50	—	6.50	13.00

Note: Change in the current three-month period ended December 31, 2018, to dividend forecast: None

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2019

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Year ending March 31, 2019	57,000	3.2	4,700	77.4	4,900	104.4

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Year ending March 31, 2019	3,300	96.6	46.10

Notes: Percentage change for net sales, operating profit, ordinary profit and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

: Change in the current three-month period ended December 31, 2018, to consolidated operating performance forecast: Yes

4. Others

- (1) Changes in the state of significant subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None
- (2) Application of the special accounting methods for the presentation of the quarterly consolidated financial statements: Yes
Note: For further details, please refer on page 8.

- (3) Changes in accounting principles and accounting estimates, and restatements
- | | |
|---|------|
| Changes in accounting principles arising from revision of accounting standards: | None |
| Changes other than those in above: | None |
| Changes in accounting estimates: | None |
| Restatements: | None |

- (4) Number of shares issued (Common stock)

Number of shares outstanding at period-end (Including treasury stock)

As of December 31, 2018:	73,501,425 shares
As of March 31, 2018:	73,501,425 shares

Number of treasury stock

As of December 31, 2018:	1,872,106 shares
As of March 31, 2018:	2,005,532 shares

Average number of shares outstanding at period-end

Nine-month period ended December 31, 2018:	71,562,164 shares
Nine-month period ended December 31, 2017:	71,918,722 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 379,200 shares as of December 31, 2018 and 480,100 shares as of March 31, 2018. In addition, treasury stock held by the ESOP trust is excluded from the calculation of the average number of shares outstanding at period-end, as is other treasury stock. The number of shares excluded from said calculation totaled 438,788 shares for the nine-month period ended December 31, 2018 and 57,488 shares for the nine-month period ended December 31, 2017.

These consolidated financial statements are not subject to quarterly review by auditors

Explanations or Other Items Pertaining to Appropriate use of Operating Performance Forecasts

Performance forecasts presented herein are based on information available to the Nippon Thompson Group (the "Group") as of the date of this document, February 12, 2019. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of December 31, 2018 and March 31, 2018

ASSETS	Millions of yen	
	December 31, 2018	March 31, 2018
Current Assets:		
Cash and deposits	15,019	18,104
Notes and accounts receivable-trade	15,323	16,373
Securities	3,299	—
Finished products	13,559	11,734
Material in process	9,392	8,713
Raw material	5,285	5,095
Others	1,164	1,301
Less: Allowance for doubtful accounts	(35)	(25)
Total current assets	<u>63,007</u>	<u>61,296</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	9,622	9,700
Others	11,892	10,613
Total tangible fixed assets	<u>21,515</u>	<u>20,313</u>
Intangible fixed assets	2,704	2,956
Investments and other assets:		
Investment securities	7,975	11,119
Others	4,524	2,856
Less: Allowance for doubtful accounts	(48)	(48)
Total investments and other assets	<u>12,451</u>	<u>13,927</u>
Total fixed assets	<u>36,671</u>	<u>37,196</u>
 TOTAL ASSETS	 <u>99,679</u>	 <u>98,493</u>

LIABILITIES	Millions of yen	
	December 31, 2018	March 31, 2018
Current Liabilities:		
Notes and accounts payable-trade	11,331	10,939
Current portion of long-term loans payable	3,289	2,778
Income taxes payable	1,347	479
Allowance for directors' and corporate auditors' bonuses	45	60
Others	5,148	5,319
Total current liabilities	21,162	19,577
Long-Term Liabilities:		
Corporate bond	10,000	10,000
Long-term loans payable	8,852	8,516
Net defined benefit liabilities	15	15
Others	614	717
Total long-term liabilities	19,483	19,249
TOTAL LIABILITIES	40,645	38,827
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,875	12,887
Retained earnings	35,183	33,544
Treasury stock	(1,066)	(1,169)
Total shareholders' equity	56,526	54,795
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	2,285	4,450
Deferred gains or losses on hedges	2	0
Foreign currency translation adjustments	(36)	(154)
Remeasurements of defined benefit plans	62	125
Total accumulated other comprehensive income	2,314	4,422
Subscription rights to shares	114	76
Non-controlling interests	78	372
TOTAL NET ASSETS	59,033	59,666
TOTAL LIABILITIES AND NET ASSETS	99,679	98,493

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

For the nine-month period ended December 31, 2018 and 2017

	Millions of yen	
	December 31, 2018	December 31, 2017
Net Sales	43,545	40,107
Cost of Sales	29,863	28,842
Gross Profit	13,681	11,264
Selling, General and Administrative Expenses	10,114	9,928
Operating Profit	3,566	1,335
Non-Operating Income:		
Interest income	13	9
Dividend income	208	168
Others	248	240
	469	418
Non-Operating Expenses:		
Interest expenses	65	101
Sales discounts	126	176
Others	56	38
	249	317
Ordinary Profit	3,786	1,436
Extraordinary income:		
Gain on sales of fixed assets	0	36
Compensation for transfer	—	250
	0	286
Extraordinary Losses:		
Impairment loss	142	—
Loss on valuation of investment securities	70	—
	212	—
Profit before Income Taxes	3,573	1,723
Income Taxes	914	383
Profit	2,659	1,339
Profit attributable to non-controlling interests	11	4
Profit attributable to owners of parent	2,648	1,335

Consolidated Statements of Comprehensive Income

For the nine-month period ended December 31, 2018 and 2017

	Millions of yen	
	<u>December 31, 2018</u>	<u>December 31, 2016</u>
Profit	2,659	1,339
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	(2,164)	1,470
Deferred gains or losses on hedges	1	(9)
Foreign currency translation adjustments	118	480
Remeasurements of defined benefit plans	(62)	63
Total Other Comprehensive Income	<u>(2,107)</u>	<u>2,005</u>
Comprehensive Income	<u>551</u>	<u>3,345</u>
Breakdown:		
Comprehensive income attributable to owners of the parent	540	3,339
Comprehensive income attributable to non-controlling interests	11	6

(3) Notes on the Premise of a Going Concern

There are no applicable articles.

(4) Notes on the Statement of Changes in Consolidated Shareholders' Equity

There are no applicable articles.

(5) Application of the special accounting methods for the presentation of the quarterly consolidated financial statements

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of deferred tax accounting on profit before income taxes in the current consolidated fiscal year, including the third quarter, and multiplying profit before income taxes by said estimated effective tax rate.

(6) Additional Information

The Group has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement NO. 28 on February 16, 2018), etc. from the beginning of the first quarter of the fiscal year under review. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.