

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

August 7, 2020

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2021
<Japanese GAAP>

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Scheduled Date to Submit Quarterly Annual Securities Report: August 7, 2020

Expected Date of Payment for Dividends: —

Preparation of Supplementary Explanation Material for Quarterly Financial Results: None

Holding of Presentation Meeting for Quarterly Financial Results: None

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

1. Consolidated Operating Performance for the First Quarter of Fiscal Year Ending March 31, 2021
(From April 1, 2020 to June 30, 2020)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
June 30, 2020	10,615	(19.9)	(186)	—	(182)	—
June 30, 2019	13,256	(12.6)	809	(39.6)	653	(57.7)

Note: Comprehensive income

Three-month period ended June 30, 2020: 420 million yen 383.7%

Three-month period ended June 30, 2019: 86 million yen (86.2)%

: 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)
June 30, 2020	4	(99.1)	0.06	0.06
June 30, 2019	486	(58.8)	6.79	6.77

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
June 30, 2020	102,828	57,538	55.8	797.51
March 31, 2020	98,118	57,439	58.4	796.63

Reference: Shareholders' equity

As of June 30, 2020: 57,390 million yen

As of March 31, 2020: 57,291 million yen

2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
2021(Forecast)		4.00	—	—	—
2021	—				
2020	—	7.50	—	5.00	12.50

Notes: The year-end dividend forecast for the fiscal year ended 31 March 2021 has not been determined.

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2021

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Six-month period ending September 30, 2020	20,200	(20.6)	(400)	—	(380)	—

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Six-month period ending September 30, 2020	(180)	—	(2.52)

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 June 30, 2020, to consolidated operating performance forecast: Yes

: Forecast of full-year consolidated operating performance is undetermined because it is difficult to reasonably calculate the impact of the novel coronavirus pandemic at this time. We will announce it as soon as it becomes possible to disclose the operating performance forecast.

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 June 30, 2020: 73,501,425 shares

As of March 31, 2020: 73,501,425 shares

Number of treasury stock

As of June 30, 2020: 1,539,937 shares

As of March 31, 2020: 1,584,793 shares

Average number of shares outstanding at period-end

Three-month period ended June 30, 2020: 71,946,323 shares

Three-month period ended June 30, 2019: 71,691,946 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 76,500 shares as of June 30, 2020 and 121,700 shares as of March 31, 2020. 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 91,800 shares for the three-month period ended June 30, 2020 and 337,466 shares for the three-month period ended June 30, 2019.

These consolidated financial report 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, August 7, 2020. 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 June 30, 2020 and March 31, 2020

ASSETS	Millions of yen	
	June 30, 2020	March 31, 2020
Current Assets:		
Cash and deposits	16,979	12,924
Notes and accounts receivable-trade	11,715	11,671
Finished products	16,312	16,196
Material in process	11,067	11,122
Raw material	6,551	6,414
Others	2,056	2,624
Less: Allowance for doubtful accounts	(15)	(14)
Total current assets	<u>64,668</u>	<u>60,940</u>
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	11,554	11,500
Others	13,500	13,242
Total tangible fixed assets	<u>25,055</u>	<u>24,742</u>
Intangible fixed assets	2,001	2,107
Investments and other assets:		
Investment securities	7,400	6,708
Others	3,757	3,675
Less: Allowance for doubtful accounts	(55)	(56)
Total investments and other assets	<u>11,101</u>	<u>10,328</u>
Total non-current assets	<u>38,159</u>	<u>37,178</u>
 TOTAL ASSETS	 <u>102,828</u>	 <u>98,118</u>

LIABILITIES	Millions of yen	
	June 30, 2020	March 31, 2020
Current Liabilities:		
Notes and accounts payable-trade	7,624	7,832
Short-term borrowings	1,200	1,200
Current portion of bonds	5,000	—
Current portion of long-term loans payable	5,144	4,130
Income taxes payable	157	225
Allowance for directors' and corporate auditors' bonuses	15	63
Provision for loss on guarantees	170	170
Others	4,935	4,132
Total current liabilities	24,248	17,754
Non-Current Liabilities:		
Corporate bonds	10,000	15,000
Long-term loans payable	9,646	6,876
Net defined benefit liabilities	23	33
Others	1,371	1,014
Total non-current liabilities	21,041	22,924
TOTAL LIABILITIES	45,289	40,679
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,886	12,886
Retained earnings	34,632	34,988
Treasury stock	(789)	(828)
Total shareholders' equity	56,263	56,579
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	1,862	1,365
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustments	(597)	(494)
Remeasurements of defined benefit plans	(137)	(160)
Total accumulated other comprehensive income	1,127	711
Subscription rights to shares	148	148
TOTAL NET ASSETS	57,538	57,439
TOTAL LIABILITIES AND NET ASSETS	102,828	98,118

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

Consolidated Statements of Income

For the first quarter ended June 30, 2020 and 2019

	Millions of yen	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Net Sales	10,615	13,256
Cost of Sales	<u>7,730</u>	<u>8,983</u>
Gross Profit	<u>2,884</u>	<u>4,273</u>
Selling, General and Administrative Expenses	<u>3,071</u>	<u>3,463</u>
Operating Profit (Loss)	(186)	809
Non-Operating Income:		
Interest income	2	2
Dividend income	80	113
Insurance income	6	62
Others	<u>57</u>	<u>90</u>
	<u>147</u>	<u>268</u>
Non-Operating Expenses:		
Interest expenses	29	21
Sales discounts	11	15
Foreign exchange loss	65	376
Others	<u>35</u>	<u>10</u>
	<u>143</u>	<u>424</u>
Ordinary Profit (Loss)	(182)	653
Extraordinary Income:		
Gain on sales of investment securities	4	—
	<u>4</u>	<u>—</u>
Profit (Loss) Before Income Taxes	(178)	653
Income Taxes	<u>(182)</u>	<u>161</u>
Profit	<u>4</u>	<u>491</u>
Profit attributable to non-controlling interests	<u>—</u>	<u>5</u>
Profit attributable to owners of parent	<u>4</u>	<u>486</u>

Consolidated Statements of Comprehensive Income

For the first quarter ended June 30, 2020 and 2019

	Millions of yen	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Profit	4	491
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	497	(203)
Deferred gains or losses on hedges	(0)	1
Foreign currency translation adjustments	(103)	(197)
Remeasurements of defined benefit plans	22	(5)
Total Other Comprehensive Income	<u>415</u>	<u>(405)</u>
Comprehensive Income	<u>420</u>	<u>86</u>
Breakdown:		
Comprehensive income attributable to owners of parent	420	81
Comprehensive income attributable to non-controlling interests	-	5

(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 first quarter, and multiplying profit before income taxes by said estimated effective tax rate. However, in cases where tax expenses calculations using the estimated effective tax rate produce results that are notably unreasonable, tax expenses are calculated by multiplying profit (loss) before income taxes by the statutory tax rate, with consideration given to the recoverability of deferred tax assets.