

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

February 12, 2021

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

Representative: Shigeki Miyachi, President and Representative Director

For further information contact: Kesaaki Ushikoshi, General Manager of Accounting Department

Telephone: +81-3-3448-5824

Scheduled Date to Submit Quarterly Annual Securities Report:	February 12, 2021
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 down to eliminate amounts less than one million yen.

1. Consolidated Operating Performance for the Nine-month Period Ended December 31, 2020
(From April 1, 2020 to December 31, 2020)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
December 31, 2020	31,062	(14.6)	(889)	—	(774)	—
December 31, 2019	36,384	(16.4)	1,156	(67.6)	1,191	(68.5)

Note: Comprehensive income

Nine-month period ended December 31, 2020: 785 million yen 58.1 %

Nine-month period ended December 31, 2019: 496 million yen (10.0) %

: 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, 2020	(438)	—	(6.13)	—
December 31, 2019	474	(82.1)	6.61	6.58

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
December 31, 2020	98,081	57,223	58.2	805.65
March 31, 2020	98,118	57,439	58.4	796.63

Reference: Shareholders' equity

As of December 31, 2020: 57,075 million yen

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

2. Dividends

(Yen)					
Dividends per share					
Base date	June 30	September 30	December 31	March 31	Full Fiscal Year
2021(Forecast)				4.00	8.00
2021	—	4.00	—		
2020	—	7.50	—	5.00	12.50

Note: Change in the current three-month period ended December 31, 2020, to dividend forecast: None

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
Year ending March 31, 2021	43,000	(9.4)	(700)	—	(500)	—

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Year ending March 31, 2021	(200)	—	(2.80)

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, 2020, 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, 2020:	73,501,425 shares
As of March 31, 2020:	73,501,425 shares
Number of treasury stock	
As of December 31, 2020:	2,657,905 shares
As of March 31, 2020:	1,584,793 shares
Average number of shares outstanding at period-end	
Nine-month period ended December 31, 2020:	71,445,321 shares
Nine-month period ended December 31, 2019:	71,770,122 shares

Note: The number of treasury stock as of the fiscal year-end includes Nippon Thompson shares held by the share-issuing trust account for executives and by the employee stock ownership plan (ESOP) trust account (1,662,300 shares as of 3Q FY2021 and 121,700 shares as of March 31, 2020). In the calculation of the average number of shares during the fiscal year (cumulative for the quarter), Nippon Thompson shares held by the share-issuing trust account for executives and the ESOP trust account are included in excluded treasury stock (852,644 shares as of 3Q FY2021 and 265,388 shares as of 3Q FY2020).

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, February 12, 2021. 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, 2020 and March 31, 2020

	Millions of yen	
ASSETS	December 31, 2020	March 31, 2020
Current Assets:		
Cash and deposits	14,694	12,924
Notes and accounts receivable-trade	11,165	11,671
Finished products	15,617	16,196
Material in process	10,383	11,122
Raw material	6,702	6,414
Others	1,154	2,624
Less: Allowance for doubtful accounts	(17)	(14)
Total current assets	59,699	60,940
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	11,532	11,500
Others	13,101	13,242
Total tangible fixed assets	24,634	24,742
Intangible fixed assets	1,786	2,107
Investments and other assets:		
Investment securities	8,749	6,708
Others	3,267	3,675
Less: Allowance for doubtful accounts	(56)	(56)
Total investments and other assets	11,960	10,328
Total non-current assets	38,381	37,178
TOTAL ASSETS	98,081	98,118

	Millions of yen	
LIABILITIES	December 31, 2020	March 31, 2020
Current Liabilities:		
Notes and accounts payable-trade	6,435	7,832
Short-term borrowings	1,200	1,200
Current portion of bonds	5,000	—
Current portion of long-term loans payable	4,398	4,130
Income taxes payable	141	225
Allowance for directors' and corporate auditors' bonuses	47	63
Provision for loss on guarantees	—	170
Others	3,929	4,132
Total current liabilities	21,151	17,754
Non-Current Liabilities:		
Corporate bond	10,000	15,000
Long-term loans payable	8,385	6,876
Net defined benefit liabilities	17	33
Others	1,303	1,014
Total non-current liabilities	19,706	22,924
TOTAL LIABILITIES	40,857	40,679
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,886	12,886
Retained earnings	33,817	34,988
Treasury stock	(1,097)	(828)
Total shareholders' equity	55,139	56,579
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	2,821	1,365
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustments	(792)	(494)
Remeasurements of defined benefit plans	(93)	(160)
Total accumulated other comprehensive income	1,935	711
Subscription rights to shares	148	148
TOTAL NET ASSETS	57,223	57,439
TOTAL LIABILITIES AND NET ASSETS	98,081	98,118

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

Consolidated Statements of Income

For the nine-month period ended December 31, 2020 and 2019

	Millions of yen	
	December 31, 2020	December 31, 2019
Net Sales	31,062	36,384
Cost of Sales	22,622	24,812
Gross Profit	8,440	11,572
Selling, General and Administrative Expenses	9,330	10,416
Operating Profit (Loss)	(889)	1,156
Non-Operating Income:		
Interest income	13	12
Dividend income	134	192
Insurance Income	87	122
Subsidies for employment adjustment	278	—
Others	187	228
	702	556
Non-Operating Expenses:		
Interest expenses	89	71
Sales discounts	33	42
Foreign exchange loss	215	338
Furlough expenses	193	—
Others	55	69
	587	521
Ordinary Profit (Loss)	(774)	1,191
Extraordinary Income:		
Gain on sales of investment securities	24	52
	24	52
Profit (Loss) Before Income Taxes	(749)	1,244
Income Taxes	(311)	758
Profit (Loss)	(438)	485
Profit (Loss) attributable to non-controlling interests	—	11
Profit (Loss) attributable to owners of parent	(438)	474

Consolidated Statements of Comprehensive Income

For the nine-month period ended December 31, 2020 and 2019

	Millions of yen	
	December 31, 2020	December 31, 2019
Profit(Loss)	(438)	485
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	1,455	323
Deferred gains or losses on hedges	(0)	(2)
Foreign currency translation adjustments	(298)	(292)
Remeasurements of defined benefit plans	66	(16)
Total Other Comprehensive Income	1,223	11
Comprehensive Income	785	496
Breakdown:		
Comprehensive income attributable to owners of the parent	785	481
Comprehensive income attributable to non-controlling interests	—	15

(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. 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.

(6) Additional Information

Accounting Estimates on the Impact of COVID-19

With the spread of COVID-19, although the Group was impacted by a decrease in net sales caused by lower orders and other factors, we made various accounting estimates assuming that the demand recovery trend that appeared in the third quarter would continue going forward.