

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

August 10, 2021

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2022
<Japanese GAAP>

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Scheduled Date to Submit Quarterly Annual Securities Report:	August 10, 2021
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, 2022
(From April 1, 2021 to June 30, 2021)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
June 30, 2021	14,673	38.2	834	—	1,006	—
June 30, 2020	10,615	(19.9)	(186)	—	(182)	—

Note: Comprehensive income

Three-month period ended June 30, 2021: 1,145 million yen 172.7%

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

: 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	1,178	—	16.63	16.56
June 30, 2020	4	(99.1)	0.06	0.06

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
June 30, 2021	105,693	60,290	56.9	848.28
March 31, 2021	100,946	59,425	58.7	836.43

Reference: Shareholders' equity

As of June 30, 2021: 60,145 million yen

As of March 31, 2021: 59,276 million yen

2. Dividends

(Yen)					
Dividends per share					
Base date	June 30	September 30	December 31	March 31	Full Fiscal Year
2022(Forecast)		5.50	—	5.50	11.00
2022	—				
2021	—	4.00	—	4.00	8.00

Note: Change in the current three-month period ended March 31, 2021, to dividend forecast: None

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2022

(Millions of yen)						
	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Six-month period ending September 30, 2021	27,000	33.3	1,300	—	1,400	—
Year ending March 31, 2022	56,000	26.3	3,500	—	3,700	—

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Six-month period ending September 30, 2021	1,500	—	21.14
Year ending March 31, 2022	3,100	—	43.66

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, 2021, to consolidated operating performance forecast: None

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:	Yes
Changes other than those in above:	None
Changes in accounting estimates:	None
Restatements:	None

Note: For further details, please refer on page 8.

(4) Number of shares issued (Common stock)

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

As of June 30, 2021: 73,501,425 shares

As of March 31, 2021: 73,501,425 shares

Number of treasury stock

As of June 30, 2021: 2,598,555 shares

As of March 31, 2021: 2,632,602 shares

Average number of shares outstanding at period-end

Three-month period ended June 30, 2021: 70,893,984 shares

Three-month period ended June 30, 2020: 71,946,323 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 (1,609,200 shares as of 1Q FY 2022 and 1,636,800 shares as of March 31, 2021). 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 (1,618,099 shares as of 1Q FY 2022 and 91,800 shares as of 1Q FY 2021).

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 10, 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 June 30, 2021 and March 31, 2021

ASSETS	Millions of yen	
	June 30, 2021	March 31, 2021
Current Assets:		
Cash and deposits	19,513	15,489
Notes and accounts receivable-trade	15,280	13,533
Finished products	13,457	14,517
Material in process	11,206	10,576
Raw material	6,201	6,391
Others	1,020	1,413
Less: Allowance for doubtful accounts	(7)	(7)
Total current assets	<u>66,672</u>	<u>61,914</u>
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	11,336	11,608
Others	12,995	12,917
Total tangible fixed assets	<u>24,332</u>	<u>24,526</u>
Intangible fixed assets	1,620	1,702
Investments and other assets:		
Investment securities	9,317	9,619
Others	3,801	3,234
Less: Allowance for doubtful accounts	(51)	(51)
Total investments and other assets	<u>13,067</u>	<u>12,803</u>
Total non-current assets	<u>39,020</u>	<u>39,032</u>
 TOTAL ASSETS	 <u>105,693</u>	 <u>100,946</u>

	Millions of yen	
LIABILITIES	June 30, 2021	March 31, 2021
Current Liabilities:		
Notes and accounts payable-trade	9,591	7,773
Short-term borrowings	—	1,200
Current portion of bonds	5,000	10,000
Current portion of long-term borrowings	5,203	5,047
Income taxes payable	704	398
Allowance for directors' and corporate auditors' bonuses	18	55
Others	4,649	3,930
Total current liabilities	25,166	28,405
Non-Current Liabilities:		
Corporate bonds	10,000	5,000
Long-term borrowings	8,880	6,803
Net defined benefit liabilities	19	19
Provision for share-based remuneration for directors	46	37
Others	1,289	1,255
Total non-current liabilities	20,235	13,115
TOTAL LIABILITIES	45,402	41,521
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,886	12,886
Retained earnings	35,360	34,471
Treasury stock	(1,074)	(1,087)
Total shareholders' equity	56,705	55,803
Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	3,203	3,424
Foreign currency translation adjustments	145	(50)
Remeasurements of defined benefit plans	91	99
Total accumulated other comprehensive income	3,440	3,473
Subscription rights to shares	144	148
TOTAL NET ASSETS	60,290	59,425
TOTAL LIABILITIES AND NET ASSETS	105,693	100,946

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

Consolidated Statements of Income

For the three-month period ended June 30, 2021 and 2020

	Millions of yen	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Net Sales	14,673	10,615
Cost of Sales	10,594	7,730
Gross Profit	<u>4,079</u>	<u>2,884</u>
Selling, General and Administrative Expenses	<u>3,245</u>	<u>3,071</u>
Operating Profit (Loss)	834	(186)
Non-Operating Income:		
Interest income	4	2
Dividend income	85	80
Foreign exchange gains	67	—
Insurance income	26	6
Others	74	57
	<u>259</u>	<u>147</u>
Non-Operating Expenses:		
Interest expenses	32	29
Sales discounts	—	11
Foreign exchange losses	—	65
Bond issuance costs	32	—
Others	21	35
	<u>86</u>	<u>143</u>
Ordinary Profit (Loss)	1,006	(182)
Extraordinary Income:		
Gain on sales of investment securities	—	4
	<u>—</u>	<u>4</u>
Profit (Loss) Before Income Taxes	1,006	(178)
Income Taxes	(171)	(182)
Profit	<u>1,178</u>	<u>4</u>
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	<u>1,178</u>	<u>4</u>

Consolidated Statements of Comprehensive Income

For the three-month period ended June 30, 2021 and 2020

	Millions of yen	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Profit	1,178	4
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	(220)	497
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustments	195	(103)
Remeasurements of defined benefit plans	(8)	22
Total Other Comprehensive Income	<u>(33)</u>	<u>415</u>
Comprehensive Income	<u>1,145</u>	<u>420</u>
Breakdown:		
Comprehensive income attributable to owners of parent	1,145	420
Comprehensive income attributable to non-controlling interests	—	—

(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.

(6) Changes in accounting policies

Adoption of Accounting Standard for Revenue Recognition

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the fiscal year under review, and recognizes revenue for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is transferred to the customer.

As a result of this adoption, expenses (other than payments for individual goods or services) included in sales promotion expenses, which previously had been recorded as selling, general and administrative expenses, and sales discounts, which previously had been recorded as operating expenses, are processed under net sales as decreases in transaction prices.

The adoption of the Accounting Standard for Revenue Recognition is subject to the transitional treatment provided for in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. This has had no impact on the balance of retained earnings as of April 1, 2021.

The effects of these revisions on the quarterly consolidated statements of income for the current first quarter are immaterial.

Adoption of Accounting Standard for Fair Value Measurement

The Company has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) from the beginning of the first quarter of the fiscal year under review. The Company has prospectively adopted new accounting policies based on the Accounting Standard for Fair Value Measurement in accordance with the transition provisions in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). These changes have no impact on quarterly financial statements.