

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

February 14, 2022

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

Representative: Shigeki Miyachi, President and Representative Director

For further information contact: Takanori Kojima, General Manager of Accounting Department

Telephone: +81-3-3448-5824

Scheduled Date to Submit Quarterly Annual Securities Report:	February 14, 2022
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, 2021
(From April 1, 2021 to December 31, 2021)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
December 31, 2021	46,184	48.7	3,850	—	4,596	—
December 31, 2020	31,062	(14.6)	(889)	—	(774)	—

Note: Comprehensive income

Nine-month period ended December 31, 2021: 4,183 million yen 432.7 %

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

Note: 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, 2021	3,609	—	50.88	50.69
December 31, 2020	(438)	—	(6.13)	—

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
December 31, 2021	109,299	62,935	57.4	884.24
March 31, 2021	100,946	59,425	58.7	836.43

Reference: Shareholders' equity

As of December 31, 2021: 62,790 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)				7.00	13.00
2022	—	6.00	—		
2021	—	4.00	—	4.00	8.00

Note: Change in the current three-month period ended December 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
Year ending March 31, 2022	62,000	39.8	5,500	—	6,300	—

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Year ending March 31, 2022	4,600	—	64.82

Note: 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.

Note: Change in the current three-month period ended December 31, 2021, 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: 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 December 31, 2021:	73,501,425 shares
As of March 31, 2021:	73,501,425 shares

Number of treasury stock

As of December 31, 2021:	2,491,110 shares
As of March 31, 2021:	2,632,602 shares

Average number of shares outstanding at period-end

Nine-month period ended December 31, 2021:	70,941,910 shares
Nine-month period ended December 31, 2020:	71,445,321 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 (1,501,500 shares as of 3Q FY2022 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 (1,570,043 shares as of 3Q FY2022 and 852,644 shares as of 3Q FY2021).

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 14, 2022. 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, 2021 and March 31, 2021

	Millions of yen	
ASSETS	December 31, 2021	March 31, 2021
Current Assets:		
Cash and deposits	19,567	15,489
Notes and accounts receivable-trade	17,350	13,533
Finished products	13,597	14,517
Material in process	12,241	10,576
Raw material	6,299	6,391
Others	1,236	1,413
Less: Allowance for doubtful accounts	(7)	(7)
Total current assets	70,286	61,914
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	10,900	11,608
Others	13,003	12,917
Total tangible fixed assets	23,904	24,526
Intangible fixed assets	1,485	1,702
Investments and other assets:		
Investment securities	9,582	9,619
Others	4,091	3,234
Less: Allowance for doubtful accounts	(50)	(51)
Total investments and other assets	13,623	12,803
Total non-current assets	39,013	39,032
TOTAL ASSETS	109,299	100,946

	Millions of yen	
LIABILITIES	December 31, 2021	March 31, 2021
Current Liabilities:		
Notes and accounts payable-trade	11,954	7,773
Short-term borrowings	—	1,200
Current portion of bonds	5,000	10,000
Current portion of long-term borrowings	4,925	5,047
Income taxes payable	1,650	398
Allowance for directors' and corporate auditors' bonuses	54	55
Others	4,339	3,930
Total current liabilities	27,924	28,405
Non-Current Liabilities:		
Corporate bonds	10,000	5,000
Long-term borrowings	7,040	6,803
Net defined benefit liabilities	19	19
Provision for share-based remuneration for directors	68	37
Others	1,310	1,255
Total non-current liabilities	18,440	13,115
TOTAL LIABILITIES	46,364	41,521
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,886	12,886
Retained earnings	37,356	34,471
Treasury stock	(1,033)	(1,087)
Total shareholders' equity	58,742	55,803
Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	3,404	3,424
Foreign currency translation adjustments	567	(50)
Remeasurements of defined benefit plans	75	99
Total accumulated other comprehensive income	4,047	3,473
Subscription rights to shares	144	148
TOTAL NET ASSETS	62,935	59,425
TOTAL LIABILITIES AND NET ASSETS	109,299	100,946

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

Consolidated Statements of Income

For the nine-month period ended December 31, 2021 and 2020

	Millions of yen	
	December 31, 2021	December 31, 2020
Net Sales	46,184	31,062
Cost of Sales	32,360	22,622
Gross Profit	13,824	8,440
Selling, General and Administrative Expenses	9,973	9,330
Operating Profit (Loss)	3,850	(889)
Non-Operating Income:		
Interest income	19	13
Dividend income	156	134
Foreign exchange gains	504	—
Subsidies for employment adjustment	—	278
Others	245	275
	926	702
Non-Operating Expenses:		
Interest expenses	93	89
Sales discounts	—	33
Foreign exchange losses	—	215
Bond issuance costs	32	—
Furlough expenses	—	193
Others	54	55
	180	587
Ordinary Profit (Loss)	4,596	(774)
Extraordinary Income:		
Gain on sales of investment securities	14	24
	14	24
Profit (Loss) Before Income Taxes	4,611	(749)
Income Taxes	1,001	(311)
Profit (Loss)	3,609	(438)
Profit (Loss) attributable to non-controlling interests	—	—
Profit (Loss) attributable to owners of parent	3,609	(438)

Consolidated Statements of Comprehensive Income

For the nine-month period ended December 31, 2021 and 2020

	Millions of yen	
	December 31, 2021	December 31, 2020
Profit(Loss)	3,609	(438)
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	(19)	1,455
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustments	618	(298)
Remeasurements of defined benefit plans	(24)	66
Total Other Comprehensive Income	574	1,223
Comprehensive Income	4,183	785
Breakdown:		
Comprehensive income attributable to owners of the parent	4,183	785
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 third 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 third 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.