

**NIPPON THOMPSON CO., LTD.**

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

August 9, 2023

**Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending March 31, 2024**  
**<Japanese GAAP>**

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Scheduled Date to Submit Quarterly Annual Securities Report:	August 9, 2023
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, 2024**  
**(From April 1, 2023 to June 30, 2023)**

**(1) Results of Consolidated Operations**

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
<b>June 30, 2023</b>	<b>14,595</b>	<b>(12.9)</b>	<b>1,041</b>	<b>(44.4)</b>	<b>1,718</b>	<b>(46.5)</b>
June 30, 2022	16,760	14.2	1,872	124.5	3,215	219.3

Notes: Comprehensive income

Three-month period ended June 30, 2023: 3,818 million yen 19.2 %

Three-month period ended June 30, 2022: 3,202 million yen 179.6 %

: 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)
<b>June 30, 2023</b>	<b>1,209</b>	<b>(43.5)</b>	<b>16.95</b>	<b>16.90</b>
June 30, 2022	2,139	81.5	30.11	29.99

## (2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>June 30, 2023</b>	<b>119,271</b>	<b>74,769</b>	<b>62.6</b>	<b>1,046.15</b>
March 31, 2023	114,347	71,662	62.6	1,003.28

Reference: Shareholders' equity

As of June 30, 2023: 74,655 million yen

As of March 31, 2023: 71,541 million yen

## 2. Dividends

(Yen)					
Dividends per share					
Base date	June 30	September 30	December 31	March 31	Full Fiscal Year
<b>2024(Forecast)</b>		<b>9.50</b>	—	<b>9.50</b>	<b>19.00</b>
<b>2024</b>	—				
2023	—	9.00	—	10.00	19.00

Note: Change in dividend projection None

## 3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2024

(Millions of yen)						
	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Year ending March 31, 2024	62,000	(9.2)	6,500	(31.3)	6,700	(36.1)
Six-month period ending September 30, 2023	29,800	(13.2)	2,700	(37.8)	2,800	(54.0)

  

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Year ending March 31, 2024	4,500	(39.8)	62.99
Six-month period ending September 30, 2023	1,800	(57.1)	25.31

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.

: Changes from forecasts most recently announced: 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: | None |
| Changes other than those in above:  | None |
| Changes in accounting estimates:  | Yes  |
| 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, 2023:	73,501,425 shares
As of March 31, 2023:	73,501,425 shares
Number of treasury stock	
As of June 30, 2023:	2,139,392 shares
As of March 31, 2023:	2,193,912 shares
Average number of shares outstanding at period-end	
Three-month period ended June 30, 2023:	71,350,020 shares
Three-month period ended June 30, 2022:	71,066,392 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 (1,207,900 shares as of 1Q FY 2024 and 1,250,000 shares as of March 31, 2023). 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 (1,219,966 shares as of 1Q FY 2024 and 1,460,633 shares as of 1Q FY 2023).

**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 9, 2023. 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, 2023 and March 31, 2023

ASSETS	Millions of yen	
	June 30, 2023	March 31, 2023
Current Assets:		
Cash and deposits	23,126	18,848
Notes and accounts receivable-trade	15,508	17,272
Finished products	18,751	17,477
Work in process	12,443	11,882
Raw material	8,896	8,823
Others	1,526	2,329
Less: Allowance for doubtful accounts	(11)	(10)
Total current assets	<u>80,242</u>	<u>76,624</u>
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	9,976	9,849
Others	12,656	12,604
Total tangible fixed assets	<u>22,632</u>	<u>22,453</u>
Intangible fixed assets	1,075	1,056
Investments and other assets:		
Investment securities	10,518	9,113
Others	4,829	5,126
Less: Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	<u>15,321</u>	<u>14,212</u>
Total non-current assets	<u>39,029</u>	<u>37,723</u>
 TOTAL ASSETS	 <u>119,271</u>	 <u>114,347</u>

	Millions of yen	
LIABILITIES	<b>June 30, 2023</b>	March 31, 2023
Current Liabilities:		
Notes and accounts payable-trade	10,560	11,595
Current portion of long-term borrowings	4,678	3,786
Income taxes payable	812	2,813
Allowance for directors' and corporate auditors' bonuses	18	92
Others	7,105	6,050
Total current liabilities	<u>23,175</u>	<u>24,337</u>
Non-Current Liabilities:		
Corporate bonds	10,000	10,000
Long-term borrowings	9,624	6,718
Net defined benefit liabilities	31	30
Provision for share-based remuneration for directors	115	110
Others	1,554	1,488
Total non-current liabilities	<u>21,326</u>	<u>18,348</u>
TOTAL LIABILITIES	<u>44,501</u>	<u>42,685</u>
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,886	12,886
Retained earnings	44,676	44,191
Treasury stock	(896)	(917)
Total shareholders' equity	<u>66,199</u>	<u>65,693</u>
Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	4,100	3,115
Deferred gains or losses on hedges	(1)	(2)
Foreign currency translation adjustments	4,384	2,761
Remeasurements of defined benefit plans	(27)	(27)
Total accumulated other comprehensive income	<u>8,455</u>	<u>5,847</u>
Subscription rights to shares	<u>114</u>	<u>121</u>
TOTAL NET ASSETS	<u>74,769</u>	<u>71,662</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>119,271</u></u>	<u><u>114,347</u></u>

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

**Consolidated Statements of Income**

For the three-month period ended June 30, 2023 and 2022

	Millions of yen	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Net Sales	14,595	16,760
Cost of Sales	9,763	11,232
Gross Profit	<u>4,832</u>	<u>5,527</u>
Selling, General and Administrative Expenses	<u>3,791</u>	<u>3,655</u>
Operating Profit	1,041	1,872
Non-Operating Income:		
Interest income	9	10
Dividend income	140	131
Foreign exchange gains	498	1,120
Others	69	118
	<u>717</u>	<u>1,379</u>
Non-Operating Expenses:		
Interest expenses	23	24
Others	16	12
	<u>39</u>	<u>37</u>
Ordinary Profit	1,718	3,215
Profit Before Income Taxes	1,718	3,215
Income Taxes	508	1,075
Profit	<u>1,209</u>	<u>2,139</u>
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	<u>1,209</u>	<u>2,139</u>

## Consolidated Statements of Comprehensive Income

For the three-month period ended June 30, 2023 and 2022

	Millions of yen	
	<b>June 30, 2023</b>	June 30, 2022
Profit	<b>1,209</b>	2,139
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	<b>985</b>	(522)
Deferred gains or losses on hedges	<b>0</b>	—
Foreign currency translation adjustments	<b>1,622</b>	1,607
Remeasurements of defined benefit plans	<b>(0)</b>	(22)
Total Other Comprehensive Income	<b>2,608</b>	1,062
Comprehensive Income	<b>3,818</b>	3,202
Breakdown:		
Comprehensive income attributable to owners of parent	<b>3,818</b>	3,202
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 estimates**

Evaluation of Inventory Assets

To determine the value of inventory assets, the Company formulates evaluation rates based on the inventory storage periods for each product, as well as past sales and consumption records. Based on these rates, the value of stagnant inventory is written down accordingly.

Five years have passed since a mission-critical system was introduced in the 69th fiscal period, so we conducted a survey based on accumulated detailed data to reassess the status of any stagnation within categories of inventory, categories of products, and multiple categories of standards and special types. We also conducted a study of the future consumption probability in light of past sales and consumption conditions. In line with the current status, we revised the evaluation rates for stagnation. From the first quarter of the fiscal year under review, stagnant inventory is now written down based on the new evaluation rates to more appropriately reflect the declining profitability related to inventory assets in the financial position and operating results.

As a result, in comparison with previous methods, cost of sales in the first quarter of the fiscal year under review increased ¥172 million while operating income, ordinary income, and income before income taxes each decreased by a similar amount.