

**NIPPON THOMPSON CO., LTD.**

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

November 13, 2023

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

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Scheduled Date to Submit Quarterly Annual Securities Report:

November 13, 2023

Scheduled Date to Begin Dividend Payments:

December 11, 2023

Preparation of Supplementary Explanation Material for Quarterly Financial Results:

Yes

Holding of Presentation Meeting for Quarterly Financial Results:

Yes (Targeted at institutional investors  
and analysts)

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

**1. Consolidated Operating Performance for the Second Quarter of Fiscal Year Ending March 31, 2024**  
**(From April 1, 2023 to September 30, 2023)**

**(1) Results of Consolidated Operations**

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
<b>September 30, 2023</b>	<b>28,481</b>	<b>(17.1)</b>	<b>2,040</b>	<b>(53.0)</b>	<b>3,007</b>	<b>(50.6)</b>
September 30, 2022	34,340	14.1	4,340	92.3	6,084	140.1

Notes: Comprehensive income

Six-month period ended September 30, 2023: 4,798 million yen (17.9) %

Six-month period ended September 30, 2022: 5,846 million yen 131.6 %

: 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>September 30, 2023</b>	<b>1,586</b>	<b>(62.2)</b>	<b>22.23</b>	<b>22.16</b>
September 30, 2022	4,195	93.2	58.98	58.78

## (2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>September 30, 2023</b>	<b>119,133</b>	<b>75,776</b>	<b>63.5</b>	<b>1,059.21</b>
March 31, 2023	114,347	71,662	62.6	1,003.28

Reference: Shareholders' equity

As of September 30, 2023: 75,661 million yen

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

## 2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
<b>2024(Forecast)</b>			—	<b>9.50</b>	<b>19.00</b>
<b>2024</b>	—	<b>9.50</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	55,500	(18.7)	3,500	(63.0)	4,700	(55.2)

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Year ending March 31, 2024	2,800	(62.5)	39.56

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: 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 13.
- (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 13.

- (4) Number of shares issued (Common stock)

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

As of September 30, 2023:	73,501,425 shares
As of March 31, 2023:	73,501,425 shares

Number of treasury stock

As of September 30, 2023:	2,068,968 shares
As of March 31, 2023:	2,193,912 shares

Average number of shares outstanding at period-end

Six-month period ended September 30, 2023:	71,387,353 shares
Six-month period ended September 30, 2022:	71,126,620 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 (1,137,400 shares as of 2Q FY2024 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 (1,182,566 shares as of 2Q FY2024 and 1,415,699 shares as of 2Q FY2023).

**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, November 13, 2023. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections. For performance forecasts, please refer on pages 6.

## 5. Operating Results and Financial Position

### (1) Analysis of Operating Results

In the six-month period ended September 30, 2023, although activities continued to return to normal from the pandemic-era restrictions and signs of a gradual recovery emerged, the outlook remained unclear due in part to the risk of an economic deceleration caused by global inflation and ongoing financial tightening measures..

Under these circumstances, The Group has taken various measures with the aim of achieving stable profit and growth from a medium- to long-term perspective as outlined in “IKO Medium-term Business Plan 2023~Deepening, Expanding, Embracing Change~.” In addition, we focused on promoting sustainable management, such as by signing on to the U.N. Global Compact.

From a sales perspective, the Group participated in exhibitions at home and abroad. We also worked hard to cultivate demand while engraining the IKO brand in markets by proactively utilizing digital tools to promote sales and striving to enhance communication with customers.

In terms of product development, we newly developed Short Stud Type Cam Followers, which require as much as 34% less space in terms of total length for mounting compared with standard products, releasing the new product line for sale in October.

From a production standpoint, the Group restructured its production departments in Japan into function-specific organizations for Needle Roller Bearings and Linear Motion Rolling Guides. Through this, we achieved faster decision making by clarifying roles as we strove to enhance production efficiency, establish supply systems, and enhance quality.

Turning to the Group’s operational results, net sales in the Japanese market decreased amid slowing demand for electronics-related devices, including mounting equipment, and products for retail sale. In the North American region, net sales decreased amid slowing demand for electronics-related devices and general industrial machinery, including precision machinery and various types of medical equipment. In the European region, although demand for machine tools and products for retail sale stagnated, net sales increased due in part to higher demand for general industrial machinery and the effects of yen depreciation. In China, net sales decreased due to such factors as stagnation in the real estate market and anemic domestic and overseas demand. Other regions, comprising mainly Singapore, Taiwan, and South Korea, also saw declines in net sales.

As a result, consolidated net sales for the six-month period under review totaled ¥28,481 million, down 17.1% year on year. On the earnings front, due mainly to decreased revenue and production, operating profit came to ¥2,040 million, down 53.0% year on year, and ordinary profit came to ¥3,007 million, down 50.6% year on year. Profit attributable to owners of the parent amounted to ¥1,586 million, down 62.2% year on year.

In addition, the value of Needle Roller Bearings and Linear Motion Rolling Guides produced during the six-month period under review, totaled ¥26,206 million, down 21.1% year on year (based on average sales prices). The value of orders placed for these products and Machine Components amounted to ¥22,092 million, down 37.1% year on year.

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components on an integrated basis, disclosure of segment information has been omitted. Sales of Needle Roller Bearings and Linear Motion Rolling Guides totaled ¥25,406 million, 18.1% decrease compared with the corresponding period of the previous fiscal year. Sales of Machine Components decline 7.2% to ¥3,075 million.

### Business Segment Information

	Six-month period ended September 30, 2023		Six-month period ended September 30, 2022		Change	
	Millions of Yen	Component percentages	Millions of Yen	Component percentages	Millions of Yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	25,406	89.2	31,027	90.4	△5,620	△18.1
Machine Components	3,075	10.8	3,313	9.6	△238	△7.2
Total net sales	28,481	100.0	34,340	100.0	△5,859	△17.1

### (2) Summary of Financial Position

Total assets as of September 30, 2023, totaled ¥119,133 million, an increase of ¥4,785 million compared with the end of the previous fiscal year. This mainly comprised increases in cash and deposits of ¥3,231 million, inventories of ¥3,564 million and investment securities of ¥1,444 as well as decrease in notes and accounts receivable-trade of ¥2,659 million and deferred tax assets of ¥848 million.

Total liabilities amounted to ¥43,356 million, an increase of ¥671 million compared with the end of the previous fiscal year. This mainly comprised increases in accounts payable - other of ¥537 million and long-term borrowings of ¥3,667 million as well as decrease in notes and accounts payable-trade of ¥1,898 million and income taxes payable of ¥1,597 million.

Total net assets amounted to ¥75,776 million, an increase of ¥4,114 million compared with the end of the previous fiscal year. This mainly comprised an increases in retained earnings of ¥861 million, valuation difference on available-for-sale securities of ¥1,012 million and foreign currency translation adjustments of ¥2,196 million.

### Cash Flows

Cash and cash equivalents as of September 30, 2023 totaled ¥21,820 million, an increase of ¥3,226 million compared with the end of the previous fiscal year.

#### Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥990 million, a decrease of ¥1,046 million at the corresponding period of the previous fiscal year. The major inflows were profit before income taxes of ¥3,007 million, depreciation and amortization of ¥1,652 million and decrease in trade receivables of ¥2,987 million, while the major outflows were increase in inventories of ¥1,985 million, decrease in trade payables of ¥2,200 million and income taxes paid of ¥2,484 million.

#### Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥1,252 million, an increase of ¥62 million at the corresponding period of the previous fiscal year. This result was payments for purchase of property, plant and equipment of ¥1,063million.

### ***Cash Flows from Financing Activities***

Net cash provided by financing activities was ¥2,874 million. This was outflow of ¥661 million at the corresponding period of the previous fiscal year. The major inflow was proceeds from long-term borrowings of ¥5,600 million, while the major outflows were net decrease in repayments of long-term borrowings of ¥1,932 million and cash dividends paid of ¥726 million.

### **(3) Outlook**

Looking to the future, the Group expects continued adjustments in domestic and overseas demand against a backdrop of concern regarding stagnation in the Chinese economy as well as soaring material costs and energy prices due to global financial tightening and the prolongation of the Ukraine situation.

In light of these conditions and the results of the first half of the fiscal year, the Group is forecasting consolidated net sales of ¥55,500 million, operating profit of ¥3,500 million, ordinary profit of ¥4,700 million and profit attributable to owners of the parent of ¥2,800 million for the year ending March 31, 2024.

## 6. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

As of September 30, 2023 and March 31, 2023

	Millions of yen	
ASSETS	September 30, 2023	March 31, 2023
Current Assets:		
Cash and deposits	22,080	18,848
Notes and accounts receivable-trade	14,613	17,272
Finished products	19,828	17,477
Work in process	12,736	11,882
Raw material	9,183	8,823
Others	1,539	2,329
Less: Allowance for doubtful accounts	(11)	(10)
Total current assets	79,970	76,624
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	10,222	9,849
Others	12,884	12,604
Total tangible fixed assets	23,107	22,453
Intangible fixed assets	1,101	1,056
Investments and other assets:		
Investment securities	10,557	9,113
Others	4,423	5,126
Less: Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	14,954	14,212
Total non-current assets	39,162	37,723
TOTAL ASSETS	119,133	114,347

Millions of yen

LIABILITIES	<u>September 30, 2023</u>	<u>March 31, 2023</u>
Current Liabilities:		
Notes and accounts payable-trade	9,696	11,595
Current portion of long-term borrowings	4,668	3,786
Income taxes payable	1,215	2,813
Allowance for directors' and corporate auditors' bonuses	36	92
Others	6,610	6,050
Total current liabilities	<u>22,227</u>	<u>24,337</u>
Non-Current Liabilities:		
Corporate bonds	10,000	10,000
Long-term borrowings	9,503	6,718
Net defined benefit liabilities	32	30
Provision for share-based remuneration for directors	126	110
Others	1,466	1,488
Total non-current liabilities	<u>21,129</u>	<u>18,348</u>
TOTAL LIABILITIES	<u>43,356</u>	<u>42,685</u>
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,886	12,886
Retained earnings	45,052	44,191
Treasury stock	(869)	(917)
Total shareholders' equity	<u>66,603</u>	<u>65,693</u>
Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	4,127	3,115
Deferred gains or losses on hedges	—	(2)
Foreign currency translation adjustments	4,958	2,761
Remeasurements of defined benefit plans	(26)	(27)
Total accumulated other comprehensive income	<u>9,058</u>	<u>5,847</u>
Subscription rights to shares	114	121
TOTAL NET ASSETS	<u>75,776</u>	<u>71,662</u>
TOTAL LIABILITIES AND NET ASSETS	<u>119,133</u>	<u>114,347</u>



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

**Consolidated Statements of Income**

For the six-month period ended September 30, 2023 and 2022

	Millions of yen	
	<b>September 30, 2023</b>	September 30, 2022
Net Sales	<b>28,481</b>	34,340
Cost of Sales	<b>18,966</b>	22,553
Gross Profit	<b>9,514</b>	11,787
Selling, General and Administrative Expenses	<b>7,474</b>	7,446
Operating Profit	<b>2,040</b>	4,340
Non-Operating Income:		
Interest income	<b>21</b>	13
Dividend income	<b>155</b>	147
Foreign exchange gains	<b>722</b>	1,444
Others	<b>142</b>	207
	<b>1,043</b>	1,813
Non-Operating Expenses:		
Interest expenses	<b>52</b>	52
Others	<b>23</b>	17
	<b>76</b>	69
Ordinary Profit	<b>3,007</b>	6,084
Profit Before Income Taxes	<b>3,007</b>	6,084
Income Taxes	<b>1,420</b>	1,889
Profit	<b>1,586</b>	4,195
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	<b>1,586</b>	4,195

## Consolidated Statements of Comprehensive Income

For the six-month period ended September 30, 2023 and 2022

	Millions of yen	
	<b>September 30, 2023</b>	September 30, 2022
Profit	1,586	4,195
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	1,012	(761)
Deferred gains or losses on hedges	2	—
Foreign currency translation adjustments	2,196	2,457
Remeasurements of defined benefit plans	0	(44)
Total Other Comprehensive Income	<u>3,211</u>	<u>1,651</u>
Comprehensive Income	<u>4,798</u>	<u>5,846</u>
Breakdown:		
Comprehensive income attributable to owners of the parent	4,798	5,846
Comprehensive income attributable to non-controlling interests	—	—

### (3) Consolidated Statements of Cash Flows

For the six-month period ended September 30, 2023 and 2022

	Millions of yen	
	<b>September 30, 2023</b>	September 30, 2022
Cash Flows from Operating Activities:		
Profit before Income Taxes	3,007	6,084
Depreciation and amortization	1,652	1,785
Increase (Decrease) in account reserve	(55)	(50)
Increase (Decrease) in net defined benefit liabilities	(32)	(36)
Interest and dividend income	(177)	(161)
Interest expenses	52	52
Foreign exchange losses (gains)	(395)	(922)
Loss on retirement of fixed assets	5	1
Decrease (Increase) in trade receivables	2,987	(1,631)
Decrease (Increase) in inventories	(1,985)	(1,320)
Increase (Decrease) in trade payables	(2,200)	(537)
Increase (Decrease) in accrued expenses	(249)	191
Others-net	738	691
Subtotal	3,346	4,147
Interest and dividend income received	177	161
Interest expenses paid	(49)	(65)
Income taxes paid	(2,484)	(2,205)
Net cash provided by (used in) operating activities	990	2,037

Millions of yen

	<b>September 30, 2023</b>	September 30, 2022
Cash Flows from Investing Activities:		
Payments for purchase of property, plant and equipment	<b>(1,063)</b>	(973)
Payments for purchase of intangible assets	<b>(92)</b>	(18)
Others-net	<b>(96)</b>	(198)
Net cash provided by (used in) investing activities	<b>(1,252)</b>	(1,190)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term borrowings	—	(2,200)
Proceeds from long-term borrowings	<b>5,600</b>	4,000
Repayments of long-term borrowings	<b>(1,932)</b>	(1,837)
Cash dividends paid	<b>(726)</b>	(505)
Payments for purchase of treasury stock	<b>(0)</b>	(0)
Others-net	<b>(65)</b>	(118)
Net cash provided by (used in) financing activities	<b>2,874</b>	(661)
Effect of exchange rate change on cash and cash equivalents	<b>613</b>	976
Net increase (decrease) in cash and cash equivalents	<b>3,226</b>	1,162
Cash and cash equivalents at beginning of year	<b>18,593</b>	17,847
Cash and cash equivalents at end of period	<b>21,820</b>	19,009

**(4) Notes on the Premise of a Going Concern**

There are no applicable articles.

**(5) Notes on the Statement of Changes in Consolidated Shareholders' Equity**

There are no applicable articles.

**(6) 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 second quarter, and multiplying profit before income taxes by said estimated effective tax rate.

**(7) 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 second quarter of the fiscal year under review increased ¥359 million while operating income, ordinary income, and income before income taxes each decreased by a similar amount.