

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

February 13, 2024

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

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Scheduled Date to Submit Quarterly Annual Securities Report:	February 13, 2024
Scheduled Date to Begin Dividend Payments:	—
Preparation of Supplementary Explanation Material for Quarterly Financial Results:	Yes
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 Third Quarter of Fiscal Year Ending March 31, 2024
(From April 1, 2023 to December 31, 2023)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
December 31, 2023	42,139	(19.2)	3,035	(59.5)	3,888	(53.1)
December 31, 2022	52,129	12.9	7,486	94.4	8,290	80.3

Notes: Comprehensive income

Nine-month period ended December 31, 2023: 4,942 million yen (25.9) %

Nine-month period ended December 31, 2022: 6,672 million yen 59.5 %

: 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, 2023	2,267	(60.6)	31.86	31.76
December 31, 2022	5,753	59.4	80.85	80.58

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
December 31, 2023	118,427	74,532	62.8	1,059.05
March 31, 2023	114,347	71,662	62.6	1,003.28

Reference: Shareholders' equity

As of December 31, 2023: 74,417 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
2024(Forecast)				9.50	19.00
2024	—	9.50	—		
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: 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 December 31, 2023:	73,501,425 shares
As of March 31, 2023:	73,501,425 shares

Number of treasury stock

As of December 31, 2023:	3,233,093 shares
As of March 31, 2023:	2,193,912 shares

Average number of shares outstanding at period-end

Nine-month period ended December 31, 2023:	71,186,479 shares
Nine-month period ended December 31, 2022:	71,162,037 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 (1,548,100 shares as of 3Q 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 (1,263,821 shares as of 3Q FY2024 and 1,385,377 shares as of 3Q 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, February 13, 2024. 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, 2023 and March 31, 2023

	Millions of yen	
ASSETS	December 31, 2023	March 31, 2023
Current Assets:		
Cash and deposits	20,258	18,848
Notes and accounts receivable-trade	13,700	17,272
Finished products	20,060	17,477
Work in process	12,396	11,882
Raw material	9,368	8,823
Others	2,615	2,329
Less: Allowance for doubtful accounts	(10)	(10)
Total current assets	78,388	76,624
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	10,182	9,849
Others	13,448	12,604
Total tangible fixed assets	23,630	22,453
Intangible fixed assets	1,141	1,056
Investments and other assets:		
Investment securities	10,847	9,113
Others	4,446	5,126
Less: Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	15,266	14,212
Total non-current assets	40,038	37,723
TOTAL ASSETS	118,427	114,347

	Millions of yen	
LIABILITIES	December 31, 2023	March 31, 2023
Current Liabilities:		
Notes and accounts payable-trade	8,212	11,595
Short-term borrowings	1,250	—
Current portion of bonds	5,000	—
Current portion of long-term borrowings	5,134	3,786
Income taxes payable	253	2,813
Allowance for directors' and corporate auditors' bonuses	54	92
Others	6,218	6,050
Total current liabilities	26,123	24,337
Non-Current Liabilities:		
Corporate bonds	5,000	10,000
Long-term borrowings	11,205	6,718
Net defined benefit liabilities	31	30
Provision for share-based remuneration for directors	159	110
Others	1,374	1,488
Total non-current liabilities	17,771	18,348
TOTAL LIABILITIES	43,895	42,685
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,886	12,886
Retained earnings	45,044	44,191
Treasury stock	(1,568)	(917)
Total shareholders' equity	65,895	65,693
Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	4,340	3,115
Deferred gains or losses on hedges	4	(2)
Foreign currency translation adjustments	4,203	2,761
Remeasurements of defined benefit plans	(25)	(27)
Total accumulated other comprehensive income	8,522	5,847
Subscription rights to shares	114	121
TOTAL NET ASSETS	74,532	71,662
TOTAL LIABILITIES AND NET ASSETS	118,427	114,347

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

Consolidated Statements of Income

For the nine-month period ended December 31, 2023 and 2022

	Millions of yen	
	December 31, 2023	December 31, 2022
Net Sales	42,139	52,129
Cost of Sales	27,891	33,391
Gross Profit	14,248	18,737
Selling, General and Administrative Expenses	11,212	11,251
Operating Profit	3,035	7,486
Non-Operating Income:		
Interest income	30	21
Dividend income	238	220
Foreign exchange gains	444	394
Others	250	274
	963	910
Non-Operating Expenses:		
Interest expenses	84	78
Others	27	27
	111	106
Ordinary Profit	3,888	8,290
Profit Before Income Taxes	3,888	8,290
Income Taxes	1,620	2,537
Profit	2,267	5,753
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	2,267	5,753

Consolidated Statements of Comprehensive Income

For the nine-month period ended December 31, 2023 and 2022

	Millions of yen	
	December 31, 2023	December 31, 2022
Profit	2,267	5,753
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	1,224	(328)
Deferred gains or losses on hedges	6	—
Foreign currency translation adjustments	1,441	1,313
Remeasurements of defined benefit plans	1	(64)
Total Other Comprehensive Income	2,674	919
Comprehensive Income	4,942	6,672
Breakdown:		
Comprehensive income attributable to owners of the parent	4,942	6,672
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 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 third quarter of the fiscal year under review increased ¥564 million while operating income, ordinary income, and income before income taxes each decreased by a similar amount.