

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

February 12, 2020

Consolidated Financial Report
for the Nine-Month Period Ended December 31, 2019
<Japanese GAAP>

Representative: Shigeki Miyachi, President and Representative Director

For further information contact: Kesaaki Ushikoshi, General Manager of Accounting Department

Telephone: +81-3-3448-5824

Scheduled Date to Submit Quarterly Annual Securities Report: February 12, 2020

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 off to eliminate amounts less than one million yen.

1. Consolidated Operating Performance for the Nine-month Period Ended December 31, 2019
(From April 1, 2019 to December 31, 2019)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
December 31, 2019	36,384	(16.4)	1,156	(67.6)	1,191	(68.5)
December 31, 2018	43,545	8.6	3,566	167.0	3,786	163.5

Note: Comprehensive income

Nine-month period ended December 31, 2019: 496 million yen (10.0) %

Nine-month period ended December 31, 2018: 551 million yen (83.5) %

: 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, 2019	474	(82.1)	6.61	6.58
December 31, 2018	2,648	98.2	37.00	36.91

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
December 31, 2019	102,918	59,832	57.9	828.85
March 31, 2019	101,468	60,195	59.1	837.24

Reference: Shareholders' equity

As of December 31, 2019:	59,575 million yen
As of March 31, 2019:	59,987 million yen

2. Dividends

(Yen)					
Dividends per share					
Base date	June 30	September 30	December 31	March 31	Full Fiscal Year
2020(Forecast)				7.50	15.00
2020	—	7.50	—		
2019	—	7.50	—	7.50	15.00

Note: Change in the current three-month period ended December 31, 2019, to dividend forecast: None

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2020

(Millions of yen)						
	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Year ending March 31, 2020	48,500	(15.8)	2,000	(59.0)	1,800	(66.2)

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Year ending March 31, 2020	600	(83.9)	8.36

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 December 31, 2019, 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 December 31, 2019:	73,501,425 shares
As of March 31, 2019:	73,501,425 shares

Number of treasury stock

As of December 31, 2019:	1,623,624 shares
As of March 31, 2019:	1,851,802 shares

Average number of shares outstanding at period-end

Nine-month period ended December 31, 2019:	71,770,122 shares
Nine-month period ended December 31, 2018:	71,562,164 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 160,600 shares as of December 31, 2019 and 358,500 shares as of March 31, 2019. In addition, treasury stock held by the ESOP trust is excluded from the calculation of the average number of shares outstanding at period-end, as is other treasury stock. The number of shares excluded from said calculation totaled 265,388 shares for the nine-month period ended December 31, 2019 and 438,788 shares for the nine-month period ended December 31, 2018.

These consolidated financial statements 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 12, 2020. 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, 2019 and March 31, 2019

	Millions of yen	
ASSETS	December 31, 2019	March 31, 2019
Current Assets:		
Cash and deposits	14,872	17,023
Notes and accounts receivable-trade	11,788	15,455
Finished products	16,793	14,461
Material in process	11,293	9,667
Raw material	6,343	5,642
Others	2,026	1,389
Less: Allowance for doubtful accounts	(18)	(19)
Total current assets	63,099	63,619
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	11,290	9,767
Others	13,589	12,663
Total tangible fixed assets	24,879	22,430
Intangible fixed assets	2,174	2,566
Investments and other assets:		
Investment securities	8,901	8,385
Others	3,912	4,515
Less: Allowance for doubtful accounts	(49)	(49)
Total investments and other assets	12,765	12,851
Total non-current assets	39,818	37,848
TOTAL ASSETS	102,918	101,468

	Millions of yen	
LIABILITIES	December 31, 2019	March 31, 2019
Current Liabilities:		
Notes and accounts payable-trade	9,544	11,438
Short-term loans payable	1,200	—
Current portion of long-term loans payable	3,622	3,179
Income taxes payable	107	1,747
Allowance for directors' and corporate auditors' bonuses	54	60
Others	4,403	5,713
Total current liabilities	18,933	22,138
Non-Current Liabilities:		
Corporate bond	15,000	10,000
Long-term loans payable	7,999	8,317
Net defined benefit liabilities	13	13
Others	1,138	803
Total non-current liabilities	24,152	19,134
TOTAL LIABILITIES	43,085	41,273
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,875	12,875
Retained earnings	35,648	36,253
Treasury stock	(862)	(1,048)
Total shareholders' equity	57,195	57,614
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	2,891	2,568
Deferred gains or losses on hedges	(2)	(0)
Foreign currency translation adjustments	(459)	(162)
Remeasurements of defined benefit plans	(49)	(32)
Total accumulated other comprehensive income	2,380	2,373
Subscription rights to shares	148	114
Non-controlling interests	108	93
TOTAL NET ASSETS	59,832	60,195
TOTAL LIABILITIES AND NET ASSETS	102,918	101,468

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

Consolidated Statements of Income

For the nine-month period ended December 31, 2019 and 2018

	Millions of yen	
	December 31, 2019	December 31, 2018
Net Sales	36,384	43,545
Cost of Sales	24,812	29,863
Gross Profit	11,572	13,681
Selling, General and Administrative Expenses	10,416	10,114
Operating Profit	1,156	3,566
Non-Operating Income:		
Interest income	12	13
Dividend income	192	208
Insurance Income	122	44
Others	228	203
	556	469
Non-Operating Expenses:		
Interest expenses	71	65
Sales discounts	42	126
Foreign exchange loss	338	—
Others	69	56
	521	249
Ordinary Profit	1,191	3,786
Extraordinary Income:		
Gain on sales of investment securities	52	—
	52	—
Extraordinary Losses:		
Impairment loss	—	142
Loss on valuation of investment securities	—	70
	—	212
Profit Before Income Taxes	1,244	3,573
Income Taxes	758	914
Profit	485	2,659
Profit attributable to non-controlling interests	11	11
Profit attributable to owners of parent	474	2,648

Consolidated Statements of Comprehensive Income

For the nine-month period ended December 31, 2019 and 2018

	Millions of yen	
	December 31, 2019	December 31, 2018
Profit	485	2,659
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	323	(2,164)
Deferred gains or losses on hedges	(2)	1
Foreign currency translation adjustments	(292)	118
Remeasurements of defined benefit plans	(16)	(62)
Total Other Comprehensive Income	11	(2,107)
Comprehensive Income	496	551
Breakdown:		
Comprehensive income attributable to owners of the parent	481	540
Comprehensive income attributable to non-controlling interests	15	11

(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

Parts of consolidated overseas subsidiaries adopted IFRS 16 "Leases" from April 1, 2019 and recognize all leases as a lessee in principle as assets and liabilities on the balance sheets. In adopting the accounting standards, in accordance with the transitional treatment, the Group recognizes the cumulative effect of initially applying the accounting standards at the date of initial application.

As a result, others included in tangible fixed assets, others included in current liabilities, and others included in long-term liabilities at the end of the current third quarter increased by ¥419 million, ¥27 million, and ¥391 million, respectively. The effects of these revisions on the quarterly consolidated statements of income for the current third quarter are immaterial.