

Consolidated Financial Results for the Three Months of Fiscal Year Ending March 31, 2021 <under Japanese GAAP>

August 7, 2020

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section
 URL : <https://www.nikko-company.co.jp/>
 Representative : Akiko Mitani, Chief Executive Officer
 Contact : Kazuya Nunokawa, Chief Financial Officer (Phone: +81-76-276-2121)
 Scheduled date to submit Securities Report : August 7, 2020
 Scheduled date to begin dividend payments : -
 Preparation of supplementary materials for financial results : None
 Holding of financial results meeting : None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 - June 30, 2020)

(1) Consolidated operating results (Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2020	2,514	(12.7)	(238)	-	(230)	-	(235)	-
Three months ended June 30, 2019	2,878	(13.3)	(98)	-	(99)	-	(105)	-

Note: Comprehensive income (Millions of yen) : June 30, 2020 : (233) (-%) June 30, 2019 : (99) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June. 30, 2020	(10.12)	-
Three months ended June. 30, 2019	(4.51)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2020	8,919	1,180	13.2	50.64
Year ended Mar. 31, 2020	9,254	1,413	15.3	60.66

Reference: Shareholders' equity (Millions of yen) : June 30, 2020: 1,180 Mar. 31, 2020: 1,413

2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
Year ended Mar. 31, 2020	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2021	-				
Year ending Mar. 31, 2021 (forecast)		0.00	-	0.00	0.00

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

The NIKKO Group will no longer disclose its projected consolidated results for periods starting from that ending in March 2020. Details of the decision are described in "3. Projected Consolidated Results for FY2020" in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2020" disclosed on May 12, 2020.

※Notes

(1) Changes in major subsidiaries during the period : None

(2) Application of special accounting methods for quarterly consolidated financial statements : None

(3) Changes in accounting policies, changes in accounting estimates, or restatement

- 1) Changes in accounting policies due to changes in consolidated accounting methods : None
- 2) Changes other than 1) above : None
- 3) Changes in accounting estimates : None
- 4) Restatement : None

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period

June 30, 2020 :	24,172,000 shares	Mar. 31, 2020 :	24,172,000 shares
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2) Number of treasury stock at the end of the period

June 30, 2020 :	864,510 shares	Mar. 31, 2020 :	864,510 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Three months ended June 30, 2020 :	23,307,490 shares	Three months ended June 30, 2019 :	23,307,739 shares
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* Quarterly financial statements are not subject to a quarterly review by certified public accountants or an auditing company.

*Appropriate use of business forecasts, other special items

Please refer to the first quarter report of the 96th Fiscal Period to be submitted on August 7, 2020 for the outlook of business results and financial condition.

This report is based on EDINET (Electronic Disclosure System on Disclosure Documents of Securities Reports etc. under the Financial Instruments and Exchange Act) Please refer to (<http://disclosure.edinet-fsa.go.jp/>)

Consolidated quarterly Financial Statements

(1) Consolidated Balance Sheet

	(Millions of yen)	
	FY03/2020	FY03/2021
	(As of Mar.31,2020)	(As of June.30,2020)
Assets		
Current assets		
Cash and deposits	1,103	1,077
Notes and accounts receivable-trade	1,937	1,315
Merchandise and finished goods	1,323	1,339
Work in process	561	594
Costs on uncompleted construction contracts	440	523
Raw materials and supplies	311	362
Other	46	154
Allowance for doubtful accounts	(4)	(5)
Total current assets	5,719	5,362
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,900	6,901
Accumulated depreciation	(5,393)	(5,433)
Buildings and structures, net	1,507	1,467
Machinery, equipment and vehicles	4,335	4,337
Accumulated depreciation	(3,994)	(4,017)
Machinery, equipment and vehicles, net	341	319
Tools, furniture and fixtures	1,145	1,147
Accumulated depreciation	(1,082)	(1,088)
Tools, furniture and fixtures, net	62	58
Land	1,121	1,121
Lease assets	146	290
Accumulated depreciation	(36)	(50)
Lease assets, net	109	240
Construction in progress	164	128
Total property, plant and equipment	3,306	3,335
Intangible assets	41	40
Investments and other assets		
Investment securities	92	88
Other	95	94
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	186	180
Total noncurrent assets	3,534	3,556
Total assets	9,254	8,919
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,506	2,131
Short-term loans payable	2,300	2,305
Current portion of long-term loans payable	36	31
Lease obligations	31	91
Income taxes payable	42	20
Provision for bonuses	167	105
Provision for product warranties	90	86
Other	1,108	1,334
Total current liabilities	6,283	6,107
Noncurrent liabilities		
Long-term loans payable	40	35
Lease obligations	78	153
Deferred tax liabilities	4	4
Provision for directors' retirement benefits	46	49
Net defined benefit liability	1,262	1,263
Other	125	126
Total noncurrent liabilities	1,556	1,631
Total liabilities	7,840	7,738
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,190)	(3,426)
Treasury stock	(338)	(338)
Total shareholders' equity	1,525	1,289
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	(104)	(108)
Remeasurements of defined benefit plans	(6)	(0)
Total accumulated other comprehensive income	(111)	(109)
Total net assets	1,413	1,180
Total liabilities and net assets	9,254	8,919

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

Consolidated quarterly statements of income

	FY03/2020 (Apr. 1, 2019-June 30, 2019)	(Millions of yen) FY03/2021 (Apr. 1, 2020-June 30, 2020)
Net sales	2,878	2,514
Cost of sales	2,030	1,834
Gross profit	848	680
Selling, general and administrative expenses	946	918
Operating income (loss)	(98)	(238)
Non-operating income		
Interest income	0	0
Gain on sales of wastes	9	11
Other	7	7
Total non-operating income	16	19
Non-operating expenses		
Interest expenses	5	4
Share of loss of entities accounted for using equity method	0	1
Other	12	5
Total non-operating expenses	18	11
Ordinary loss	(99)	(230)
Loss before income taxes	(99)	(230)
Income taxes-current	5	5
Income taxes-deferred	(0)	(0)
Total income taxes	5	5
Profit (loss)	(105)	(235)
Profit (loss) attributable to owners of parent	(105)	(235)

Consolidated quarterly statements of comprehensive income

	FY03/2020 (Apr. 1, 2019-June 30, 2019)	(Millions of yen) FY03/2021 (Apr. 1, 2020-June 30, 2020)
Profit (loss)	(105)	(235)
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	0
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	4	5
Share of other comprehensive income of entities accounted for using equity method	0	(3)
Other comprehensive income	5	2
Comprehensive income	(99)	(233)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(99)	(233)
Comprehensive income attributable to non-controlling interests	—	—

[Consolidated Segment Information]

Three Months ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Functional Ceramics Product	Tabletop	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements (Note 3)
Net sales							
Sales to Outside Customers	1,910	590	363	13	2,878	-	2,878
Intersegment sales or Transfers	-	-	-	4	4	(4)	-
Total	1,910	590	363	17	2,883	(4)	2,878
Segment profit (loss) (Operating income (loss))	33	63	(49)	(0)	46	(145)	(98)

Note: 1. The category "Other" is warehouse business which is a business segment not included in the reportable segments.

This is to inform that our foreign-based consolidated subsidiary company, NIKKO CERAMICS, INC., quitted the warehousing business on July 1, 2019.

Note: 2. Segment income adjustment of 145 million yen consists of expenses related to departments that do not belong to the reportable segments.

Note: 3. Segment profits and losses are adjusted with Operating loss on the consolidated quarterly statements of income.

Three Months ended June 30, 2020 (April 1, 2020 – June 30, 2020)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Functional Ceramics Product	Tabletop	Segment total	Adjustment (Note 1)	Amounts on the consolidated financial statements (Note 2)
Net sales						
Sales to Outside Customers	1,874	407	232	2,514	-	2,514
Intersegment sales or Transfers	-	-	-	-	-	-
Total	1,874	407	232	2,514	-	2,514
Segment profit (loss) (Operating income (loss))	(1)	(12)	(76)	(89)	(148)	(238)

Note: 1. Segment income adjustment of 148 million yen consists of expenses related to departments that do not belong to the reportable segments.

Note: 2. Segment profits and losses are adjusted with Operating loss on the consolidated quarterly statements of income.

2. Change in reportable segments

In accordance with the discontinuation in the previous consolidated fiscal year of the warehouse business, the "Other" category, which was comprised by the warehouse business, is also discontinued starting from this first quarter of the cumulative quarterly consolidated fiscal period.