

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

November 5, 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 : November 6, 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 Six Months Ended September 30, 2020 (April 1, 2020 - September 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	%
Six months ended September 30, 2020	5,366	(16.2)	(419)	-	(339)	-	(349)	-
Six months ended September 30, 2019	6,402	(4.8)	(41)	-	(32)	-	(25)	-

Note: Comprehensive income (Millions of yen) : September 30, 2020 : (340)(-%) September 30, 2019 : (17) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2020	(15.00)	-
Six months ended September 30, 2019	(1.10)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	8,894	1,073	12.1	46.04
Year ended Mar. 31, 2020	9,254	1,413	15.3	60.66

Reference: Shareholders' equity (Millions of yen) : September 30, 2020: 1,073 Mar. 31, 2020: 1,413

2. Dividends

(Record date)	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2020	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2021	-	0.00			
Year ending Mar. 31, 2021 (forecast)			-	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 2019. 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

September 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

September 30, 2020	: 864,592 shares	Mar. 31, 2020	: 864,510 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Six months ended September 30, 2020	: 23,307,465 shares	Six months ended September 30, 2019	: 23,307,693 shares
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* Quarterly financial statements are not subject to a quarterly review by certified public accountants or an auditing company.

Consolidated quarterly Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	FY03/2020 (As of Mar.31,2020)	FY03/2021 (As of Sep 30,2020)
Assets		
Current assets		
Cash and deposits	1,103	1,335
Notes and accounts receivable-trade	1,937	1,415
Merchandise and finished goods	1,323	1,257
Work in process	561	585
Costs on uncompleted construction contracts	440	426
Raw materials and supplies	311	318
Other	46	95
Allowance for doubtful accounts	(4)	(6)
Total current assets	5,719	5,429
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,900	6,919
Accumulated depreciation	(5,393)	(5,474)
Buildings and structures, net	1,507	1,444
Machinery, equipment and vehicles	4,335	4,346
Accumulated depreciation	(3,994)	(4,040)
Machinery, equipment and vehicles, net	341	305
Tools, furniture and fixtures	1,145	1,154
Accumulated depreciation	(1,082)	(1,093)
Tools, furniture and fixtures, net	62	61
Land	1,121	1,121
Lease assets	146	380
Accumulated depreciation	(36)	(80)
Lease assets, net	109	299
Construction in progress	164	14
Total property, plant and equipment	3,306	3,247
Intangible assets	41	37
Investments and other assets		
Investment securities	92	89
Other	95	93
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	186	180
Total noncurrent assets	3,534	3,465
Total assets	9,254	8,894
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,506	1,929
Short-term loans payable	2,300	2,705
Current portion of bonds	—	40
Current portion of long-term loans payable	36	26
Lease obligations	31	136
Income taxes payable	42	39
Provision for bonuses	167	126
Provision for product warranties	90	86
Other	1,108	911
Total current liabilities	6,283	6,002
Noncurrent liabilities		
Bonds payable	—	160
Long-term loans payable	40	30
Lease obligations	78	163
Deferred tax liabilities	4	4
Provision for directors' retirement benefits	46	51
Net defined benefit liability	1,262	1,281
Other	125	128
Total noncurrent liabilities	1,556	1,818
Total liabilities	7,840	7,821
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,190)	(3,540)
Treasury stock	(338)	(338)
Total shareholders' equity	1,525	1,175
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	(104)	(107)
Remeasurements of defined benefit plans	(6)	4
Total accumulated other comprehensive income	(111)	(102)
Total net assets	1,413	1,073
Total liabilities and net assets	9,254	8,894

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

Consolidated quarterly statements of income

	FY03/2020 (Apr. 1, 2019-Sep 30,2019)	(Millions of yen) FY03/2021 (Apr. 1, 2020-Sep 30,2020)
Net sales	6,402	5,366
Cost of sales	4,553	4,003
Gross profit	1,849	1,363
Selling, general and administrative expenses	1,891	1,782
Operating loss	(41)	(419)
Non-operating income		
Interest income	0	0
Subsidy income	—	76
Other	35	30
Total non-operating income	35	107
Non-operating expenses		
Interest expenses	10	9
Share of loss of entities accounted for using equity method	1	0
Foreign exchange loss	5	6
Other	9	10
Total non-operating expenses	26	27
Ordinary income (loss)	(32)	(339)
Extraordinary Income		
Gain on sales of noncurrent assets	3	—
Gain on sales of investment securities	14	—
Total extraordinary Income	17	—
Loss before income taxes	(15)	(339)
Income taxes-current	10	10
Income taxes-deferred	(0)	(0)
Total income taxes	10	10
Profit (loss)	(25)	(349)
Profit (loss) attributable to owners of parent	(25)	(349)

Consolidated quarterly statements of comprehensive income

	FY03/2020 (Apr. 1, 2019-Sep 30,2019)	(Millions of yen) FY03/2021 (Apr. 1, 2020-Sep 30,2020)
Profit (loss)	(25)	(349)
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	9	11
Share of other comprehensive income of entities accounted for using equity method	(0)	(2)
Other comprehensive income	8	9
Comprehensive income	(17)	(340)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(17)	(340)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

	(Millions of yen) FY03/2020 (Apr.1, 2019-Sep.30,2019)	(Millions of yen) FY03/2021 (Apr.1, 2020-Sep.30,2020)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(15)	(339)
Depreciation and amortization	171	199
Increase (decrease) in allowance for doubtful accounts	0	1
Increase (decrease) in provision for bonuses	(42)	(40)
Increase (decrease) in net defined benefit liability	(17)	30
Increase (decrease) in provision for product warranties	(8)	(4)
Interest and dividends income	(0)	(0)
Interest expenses	10	9
Foreign exchange losses (gains)	4	3
Share of profit of entities accounted for using equity method	1	0
Subsidy income	—	(76)
Loss (gain) on sales of property, plant and equipment	(3)	—
Loss (gain) on sales of investment securities	(14)	—
Decrease (increase) in notes and accounts receivable-trade	60	520
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(0)	—
Decrease (increase) in inventories	(331)	47
Increase (decrease) in notes and accounts payable-trade	52	(576)
Other, net	(146)	(165)
Subtotal	(280)	(390)
Interest and dividends income received	0	0
Interest expenses paid	(10)	(9)
Income taxes paid	(23)	(13)
Income from contribution to facilities	—	2
Proceeds from subsidy income	—	51
Net cash provided by (used in) operating activities	(313)	(358)
Net cash provided by (used in) investment activities		
Payments into time deposits	(0)	(1)
Proceeds from withdrawal of time deposits	—	6
Purchase of property, plant and equipment	(124)	(154)
Proceeds from sales of property, plant and equipment	6	—
Proceeds from sales of investment securities	16	—
Other, net	(0)	(2)
Net cash provided by (used in) investment activities	(101)	(151)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	—	405
Repayment of long-term loans payable	(69)	(19)
Proceeds from issuance of bonds	—	196
Proceeds from sales and leasebacks	—	214
Repayments of lease obligations	(13)	(47)
Purchase of treasury stock	(0)	(0)
Net cash provided by (used in) financing activities	(83)	748
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(499)	238
Cash and cash equivalents at beginning of period	1,349	1,047
Cash and cash equivalents at end of period	850	1,285

[Consolidated Segment Information]

Six Months ended September 30, 2019 (April 1, 2019 – September 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	4,336	1,195	857	13	6,402	-	6,402
Intersegment sales or Transfers	-	-	-	4	4	(4)	-
Total	4,336	1,195	857	17	6,407	(4)	6,402
Segment profit (loss) (Operating income (loss))	227	100	(81)	(0)	247	(288)	(41)

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

Note: 2. Segment income adjustment of 288 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.

Six Months ended September 30, 2020 (April 1, 2020 – September 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	4,044	816	504	5,366	-	5,366
Intersegment sales or Transfers	-	-	-	-	-	-
Total	4,044	816	504	5,366	-	5,366
Segment profit (loss) (Operating income (loss))	128	(48)	(206)	(126)	(292)	(419)

Note: 1. Segment loss adjustment of 292 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.