

Consolidated Financial Results for the Three Months of Fiscal Year Ending March 31, 2022 <under Japanese GAAP>

August 6, 2021

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 6, 2021
 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, 2021 (April 1, 2021 - June 30, 2021)

(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, 2021	2,816	12.0	(171)	-	(92)	-	(99)	-
Three months ended June 30, 2020	2,514	(12.7)	(238)	-	(230)	-	(235)	-

Note: Comprehensive income (Millions of yen) : June 30, 2021 : (97) (-%) June 30, 2020 : (233) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June. 30, 2021	(4.25)	-
Three months ended June. 30, 2020	(10.12)	-

(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, 2021	9,027	724	8.0	31.08
Year ended Mar. 31, 2021	9,003	772	8.6	33.16

Reference: Shareholders' equity (Millions of yen) : June 30, 2021: 724 Mar. 31, 2021: 772

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, 2021	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2022	-				
Year ending Mar. 31, 2022 (forecast)		0.00	-	0.00	0.00

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

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 FY2021" in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2021" disclosed on May 13, 2021.

※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 : Yes
- 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, 2021 :	24,172,000 shares	Mar. 31, 2021 :	24,172,000 shares
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2) Number of treasury stock at the end of the period

June 30, 2021 :	864,592 shares	Mar. 31, 2021 :	864,592 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Three months ended June 30, 2021:	23,307,408 shares	Three months ended June 30, 2020:	23,307,490 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 97th Fiscal Period to be submitted on August 6, 2021 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

	FY03/2021 (As of Mar.31,2021)	(Millions of yen) FY03/2022 (As of June.30,2021)
Assets		
Current assets		
Cash and deposits	1,320	1,510
Notes and accounts receivable-trade	1,778	—
Notes and accounts receivable - trade, and contract assets	—	1,680
Merchandise and finished goods	1,352	1,417
Work in process	547	556
Costs on uncompleted construction contracts	414	285
Raw materials and supplies	287	300
Other	85	81
Allowance for doubtful accounts	(5)	(5)
Total current assets	5,780	5,825
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,889	6,880
Accumulated depreciation	(5,522)	(5,547)
Buildings and structures, net	1,367	1,333
Machinery, equipment and vehicles	4,324	4,368
Accumulated depreciation	(4,018)	(4,041)
Machinery, equipment and vehicles, net	305	326
Tools, furniture and fixtures	1,131	1,145
Accumulated depreciation	(1,079)	(1,087)
Tools, furniture and fixtures, net	51	57
Land	955	955
Lease assets	393	393
Accumulated depreciation	(149)	(183)
Lease assets, net	243	209
Construction in progress	78	72
Total property, plant and equipment	3,002	2,954
Intangible assets	38	45
Investments and other assets		
Investment securities	91	97
Other	93	107
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	181	202
Total noncurrent assets	3,222	3,202
Total assets	9,003	9,027
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,420	2,383
Short-term loans payable	2,255	2,255
Current portion of bonds payable	40	40
Current portion of long-term loans payable	99	99
Lease obligations	140	141
Income taxes payable	41	18
Provision for bonuses	169	84
Provision for product warranties	70	70
Other	938	1,214
Total current liabilities	6,175	6,308
Noncurrent liabilities		
Bonds payable	140	140
Long-term loans payable	340	315
Lease obligations	110	74
Deferred tax liabilities	4	3
Provision for directors' retirement benefits	57	59
Net defined benefit liability	1,288	1,290
Other	114	111
Total noncurrent liabilities	2,054	1,995
Total liabilities	8,230	8,303
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,873)	(3,923)
Treasury stock	(338)	(338)
Total shareholders' equity	842	792
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(106)	(103)
Remeasurements of defined benefit plans	36	34
Total accumulated other comprehensive income	(70)	(68)
Total net assets	772	724
Total liabilities and net assets	9,003	9,027

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

Consolidated quarterly statements of income

	FY03/2021 (Apr.1, 2020-June 30,2020)	(Millions of yen) FY03/2022 (Apr.1, 2021-June 30,2021)
Net sales	2,514	2,816
Cost of sales	1,834	2,026
Gross profit	680	790
Selling, general and administrative expenses	918	961
Operating loss	(238)	(171)
Non-operating income		
Interest income	0	0
Dividend income	0	61
Share of profit of entities accounted for using equity method	—	2
Other	19	24
Total non-operating income	19	89
Non-operating expenses		
Interest expenses	4	6
Sales discounts	1	2
Share of loss of entities accounted for using equity method	1	—
Other	3	1
Total non-operating expenses	11	10
Ordinary loss	(230)	(92)
Extraordinary Income		
Gain on sales of noncurrent assets	—	0
Total extraordinary Income	—	0
Extraordinary loss		
Loss on retirement of noncurrent assets	—	2
Total extraordinary losses	—	2
Loss before income taxes	(230)	(93)
Income taxes-current	5	5
Income taxes-deferred	(0)	(0)
Total income taxes	5	5
Profit (loss)	(235)	(99)
Profit (loss) attributable to owners of parent	(235)	(99)

Consolidated quarterly statements of comprehensive income

	FY03/2021 (Apr.1, 2020-June 30,2020)	(Millions of yen) FY03/2022 (Apr.1, 2021-June 30,2021)
Profit (loss)	(235)	(99)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	0	5
Remeasurements of defined benefit plans, net of tax	5	(1)
Share of other comprehensive income of entities accounted for using equity method	(3)	(2)
Other comprehensive income	2	1
Comprehensive income	(233)	(97)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(233)	(97)
Comprehensive income attributable to non-controlling interests	—	—

[Consolidated Segment Information]

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.

Three Months ended June 30, 2021 (April 1, 2021 – June 30, 2021)

(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						
Goods and services transferred at a point in time	461	575	217	1,254	-	1,254
Goods and services transferred over time (Note 3)	1,561	-	-	1,561	-	1,561
Revenue from contracts with customers	2,023	575	217	2,816	-	2,816
Sales to Outside Customers	2,023	575	217	2,816	-	2,816
Intersegment sales or Transfers	-	-	-	-	-	-
Total	2,023	575	217	2,816	-	2,816
Segment profit (loss) (Operating income (loss))	87	21	(108)	0	(171)	(171)

Note: 1. Segment income adjustment of 171 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.

Note: 3. Goods and services transferred over time in the Housing Environment Equipment Business include goods and services that were applied alternative treatments and were then recognized as revenue when performance obligations were fully satisfied.

2. Change in reportable segments

As described in “Changes in accounting policy”, the accounting standard for revenue recognition was applied from the beginning of the first quarter consolidated accounting period, and the accounting method for revenue recognition was changed. Accordingly, the method for calculating profits or losses for our business segments is also changed.

As a result of this change, sales of the “Residential Environmental Equipment Business” for the first quarter of the current consolidated cumulative period increased by 42 million yen and segment profit increased by 11 million yen compared to the conventional method.