

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

February 9, 2022

Company name : NIKKO COMPANY  
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section  
 URL : <http://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 : February 10, 2022  
 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 Nine Months Ended December 31, 2021 (April 1, 2021 - December 31, 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	%
Nine months ended December 31, 2021	9,295	14.6	(135)	-	(49)	-	(63)	-
Nine months ended December 31, 2020	8,114	(16.2)	(603)	-	(502)	-	(519)	-

Note: Comprehensive income (Millions of yen) : December 31, 2021 : (64) (-%) December 31, 2020 : (504) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2021	(2.72)	-
Nine months ended December 31, 2020	(22.28)	-

Note: Revenue recognition accounting standards, etc. have been applied from the beginning of the first quarter consolidated accounting period, and the figures for the third quarter of the fiscal year ending March 2022 are the figures after applying the accounting standards.

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	8,846	757	8.6	32.49
Year ended Mar. 31, 2021	9,003	772	8.6	33.16

Reference: Shareholders' equity (Millions of yen) : December 31, 2021: 757 Mar. 31, 2021: 772

Note: Revenue recognition accounting standards, etc. have been applied from the beginning of the first quarter consolidated accounting period, and the figures for the third quarter of the fiscal year ending March 2022 are the figures after applying the accounting standards.

### 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	-	0.00	-		
Year ending Mar. 31, 2022 (forecast)				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 2019. 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

December 31, 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

December 31, 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)

Nine months ended December 31, 2021	: 23,307,408 shares	Nine months ended December 31, 2020	: 23,307,446 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

	FY03/2021 (As of Mar.31,2021)	(Millions of yen) FY03/2022 (As of Dec.31,2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,320	1,147
Notes and accounts receivable-trade	1,778	—
Notes and accounts receivable - trade, and contract assets	—	1,912
Merchandise and finished goods	1,352	1,386
Work in process	547	554
Costs on uncompleted construction contracts	414	358
Raw materials and supplies	287	347
Other	85	76
Allowance for doubtful accounts	(5)	(5)
<b>Total current assets</b>	<b>5,780</b>	<b>5,778</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,889	6,922
Accumulated depreciation	(5,522)	(5,626)
<b>Buildings and structures, net</b>	<b>1,367</b>	<b>1,296</b>
Machinery, equipment and vehicles	4,324	4,383
Accumulated depreciation	(4,018)	(4,089)
<b>Machinery, equipment and vehicles, net</b>	<b>305</b>	<b>294</b>
Tools, furniture and fixtures	1,131	1,158
Accumulated depreciation	(1,079)	(1,090)
<b>Tools, furniture and fixtures, net</b>	<b>51</b>	<b>67</b>
Land	955	955
Lease assets	393	393
Accumulated depreciation	(149)	(253)
<b>Lease assets, net</b>	<b>243</b>	<b>139</b>
Construction in progress	78	69
<b>Total property, plant and equipment</b>	<b>3,002</b>	<b>2,822</b>
Intangible assets	38	41
Investments and other assets		
Investment securities	91	98
Other	93	107
Allowance for doubtful accounts	(2)	(2)
<b>Total investments and other assets</b>	<b>181</b>	<b>203</b>
<b>Total noncurrent assets</b>	<b>3,222</b>	<b>3,067</b>
<b>Total assets</b>	<b>9,003</b>	<b>8,846</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,420	2,501
Short-term loans payable	2,255	2,250
Current portion of bonds	40	40
Current portion of long-term loans payable	99	99
Lease obligations	140	96
Income taxes payable	41	32
Provision for bonuses	169	84
Provision for product warranties	70	70
Other	938	987
<b>Total current liabilities</b>	<b>6,175</b>	<b>6,162</b>
Noncurrent liabilities		
Bonds payable	140	120
Long-term loans payable	340	278
Lease obligations	110	49
Deferred tax liabilities	4	3
Provision for directors' retirement benefits	57	65
Net defined benefit liability	1,288	1,299
Other	114	110
<b>Total noncurrent liabilities</b>	<b>2,054</b>	<b>1,926</b>
<b>Total liabilities</b>	<b>8,230</b>	<b>8,088</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,873)	(3,887)
Treasury stock	(338)	(338)
<b>Total shareholders' equity</b>	<b>842</b>	<b>828</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(106)	(102)
Remeasurements of defined benefit plans	36	31
<b>Total accumulated other comprehensive income</b>	<b>(70)</b>	<b>(71)</b>
<b>Total net assets</b>	<b>772</b>	<b>757</b>
<b>Total liabilities and net assets</b>	<b>9,003</b>	<b>8,846</b>

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

Consolidated quarterly statements of income

	(Millions of yen)	
	FY03/2021	FY03/2022
	(Apr. 1, 2020-Dec.31,2020)	(Apr. 1, 2021-Dec.31,2021)
Net sales	8,114	9,295
Cost of sales	6,004	6,556
Gross profit	2,109	2,739
Selling, general and administrative expenses	2,713	2,875
Operating loss	(603)	(135)
Non-operating income		
Interest income	0	0
Dividend income	0	61
Share of profit of entities accounted for using equity method	0	3
Other	141	51
Total non-operating income	141	116
Non-operating expenses		
Interest expenses	15	18
Foreign exchange losses	10	—
Other	14	11
Total non-operating expenses	41	29
Ordinary loss	(502)	(49)
Extraordinary Income		
Gain on sales of noncurrent assets	—	4
Total extraordinary Income	—	4
Extraordinary losses		
Loss on sales of noncurrent assets	0	—
Loss on retirement of noncurrent assets	0	2
Total extraordinary losses	0	2
Loss before income taxes	(503)	(47)
Income taxes-current	16	16
Income taxes-deferred	(0)	(0)
Total income taxes	15	15
Profit (loss)	(519)	(63)
Profit (loss) attributable to owners of parent	(519)	(63)

Consolidated quarterly statements of comprehensive income

	(Millions of yen)	
	FY03/2021	FY03/2022
	(Apr. 1, 2020-Dec.31,2020)	(Apr. 1, 2021-Dec.31,2021)
Profit (loss)	(519)	(63)
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	16	(5)
Share of other comprehensive income of entities accounted for using equity method	(2)	3
Other comprehensive income	14	(0)
Comprehensive income	(504)	(64)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(504)	(64)
Comprehensive income attributable to non-controlling interests	—	—

**[Consolidated Segment Information]**

Nine Months ended December 31, 2020 (April 1, 2020 – December 31, 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	6,015	1,347	751	8,114	-	8,114
Intersegment sales or Transfers	-	-	-	-	-	-
Total	6,015	1,347	751	8,114	-	8,114
Segment profit (loss) (Operating income (loss))	197	(54)	(308)	(165)	(438)	(603)

Note: 1. Segment income adjustment of 438 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.

Nine Months ended December 31, 2021 (April 1, 2021 – December 31, 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	1,341	1,905	911	4,158	-	4,158
Goods and services transferred over time(Note 3)	5,137	-	-	5,137	-	5,137
Revenue from contracts with customers	6,478	1,905	911	9,295	-	9,295
Other revenue(Note 4)	-	-	0	0	-	0
Sales to Outside Customers	6,478	1,905	911	9,295	-	9,295
Intersegment sales or Transfers	-	-	-	-	-	-
Total	6,478	1,905	911	9,295	-	9,295
Segment profit (loss) (Operating income (loss))	429	164	(205)	389	(525)	(135)

Note: 1. Segment income adjustment of 525 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.

Note: 4. Other revenue is income based on accounting standards for leasing transactions.

**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 “Housing Environmental Equipment Business” for the third quarter of the current consolidated cumulative period increased by 127 million yen and segment profit increased by 31 million yen compared to the conventional method. Sales of the “Functional Ceramics Product Business” for the second quarter of the current consolidated cumulative period increased by 36 million yen and segment profit increased by 32 million yen compared to the conventional method.

Sales of the “Tabletop Business” for the second quarter of the current consolidated cumulative period decreased by 2 million yen and segment loss decreased by 11 million yen compared to the conventional method.