

Consolidated Financial Results for the Nine Months of Fiscal Year Ending March 31, 2023 <under Japanese GAAP>

February 9, 2023

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, 2023
 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, 2022 (April 1, 2022 - December 31, 2022)

(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, 2022	10,315	11.0	(32)	-	2	-	(22)	-
Nine months ended December 31, 2021	9,295	14.6	(135)	-	(49)	-	(63)	-

Note: Comprehensive income (Millions of yen) : December 31, 2022 : (20) (-%) December 31, 2021 : (64) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2022	(0.95)	-
Nine months ended December 31, 2021	(2.72)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	9,257	708	7.7
Year ended Mar. 31, 2022	8,708	729	8.4

Reference: Shareholders' equity (Millions of yen) : December 31, 2022: 708 Mar. 31, 2022: 729

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, 2022	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2023	-	0.00	-		
Year ending Mar. 31, 2023 (forecast)				0.00	0.00

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

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 FY2022" in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2022" disclosed on May 12, 2022.

※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

December 31, 2022	: 24,172,000 shares	Mar. 31, 2022	: 24,172,000 shares
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2) Number of treasury stock at the end of the period

December 31, 2022	: 864,654 shares	Mar. 31, 2022	: 864,592 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Nine months ended December 31, 2022	: 23,307,385 shares	Nine months ended December 31, 2021	: 23,307,408 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)

	FY03/2022 (As of Mar.31,2022)	FY03/2023 (As of Dec.31,2022)
Assets		
Current assets		
Cash and deposits	974	1,141
Notes and accounts receivable - trade, and contract assets	2,059	1,921
Merchandise and finished goods	1,340	1,362
Work in process	669	640
Costs on uncompleted construction contracts	230	467
Raw materials and supplies	366	470
Other	51	114
Allowance for doubtful accounts	(9)	(4)
Total current assets	5,683	6,112
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,934	7,000
Accumulated depreciation	(5,666)	(5,759)
Buildings and structures, net	1,268	1,240
Machinery, equipment and vehicles	4,380	4,461
Accumulated depreciation	(4,087)	(4,161)
Machinery, equipment and vehicles, net	292	300
Tools, furniture and fixtures	1,185	1,229
Accumulated depreciation	(1,096)	(1,130)
Tools, furniture and fixtures, net	89	99
Land	955	955
Lease assets	393	241
Accumulated depreciation	(288)	(141)
Lease assets, net	105	100
Construction in progress	62	186
Total property, plant and equipment	2,772	2,882
Intangible assets	41	44
Investments and other assets		
Investment securities	99	117
Other	113	103
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	210	217
Total noncurrent assets	3,024	3,144
Total assets	8,708	9,257
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,487	2,796
Short-term loans payable	2,200	2,200
Current portion of bonds	40	40
Current portion of long-term loans payable	99	84
Lease obligations	70	38
Income taxes payable	55	17
Provision for bonuses	168	106
Provision for product warranties	62	62
Other	919	1,351
Total current liabilities	6,102	6,697
Noncurrent liabilities		
Bonds payable	100	80
Long-term loans payable	240	193
Lease obligations	39	66
Deferred tax liabilities	3	3
Provision for directors' retirement benefits	67	75
Net defined benefit liability	1,315	1,319
Other	109	112
Total noncurrent liabilities	1,876	1,851
Total liabilities	7,979	8,548
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,910)	(3,932)
Treasury stock	(338)	(338)
Total shareholders' equity	806	784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(99)	(86)
Remeasurements of defined benefit plans	21	10
Total accumulated other comprehensive income	(76)	(75)
Total net assets	729	708
Total liabilities and net assets	8,708	9,257

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

Consolidated quarterly statements of income

	(Millions of yen)	
	FY03/2022	FY03/2023
	(Apr.1, 2021-Dec.31,2021)	(Apr.1, 2022-Dec.31,2022)
Net sales	9,295	10,315
Cost of sales	6,556	7,292
Gross profit	2,739	3,022
Selling, general and administrative expenses	2,875	3,055
Operating loss	(135)	(32)
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	3	3
Foreign exchange gains	22	29
Other	90	31
Total non-operating income	116	64
Non-operating expenses		
Interest expenses	18	16
Other	11	12
Total non-operating expenses	29	29
Ordinary income (loss)	(49)	2
Extraordinary Income		
Gain on sales of noncurrent assets	4	—
Total extraordinary Income	4	—
Extraordinary losses		
Loss on retirement of noncurrent assets	2	8
Total extraordinary losses	2	8
Loss before income taxes	(47)	(5)
Income taxes-current	16	16
Income taxes-deferred	(0)	(0)
Total income taxes	15	16
Profit (loss)	(63)	(22)
Profit (loss) attributable to owners of parent	(63)	(22)

Consolidated quarterly statements of comprehensive income

	(Millions of yen)	
	FY03/2022	FY03/2023
	(Apr.1, 2021-Dec.31,2021)	(Apr.1, 2022-Dec.31,2022)
Profit (loss)	(63)	(22)
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	(5)	(11)
Share of other comprehensive income of entities accounted for using equity method	3	12
Other comprehensive income	(0)	1
Comprehensive income	(64)	(20)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(64)	(20)
Comprehensive income attributable to non-controlling interests	—	—

[Consolidated Segment Information]

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.

Nine Months ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(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							
Goods and services transferred at a point in time	1,387	2,129	1,262	1	4,780	-	4,780
Goods and services transferred over time (Note 4)	5,534	-	-	-	5,534	-	5,534
Revenue from contracts with customers	6,922	2,129	1,262	1	10,315	-	10,315
Other revenue(Note 5)	-	-	0	-	0	-	0
Sales to Outside Customers	6,922	2,129	1,262	1	10,315	-	10,315
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	6,922	2,129	1,262	1	10,315	-	10,315
Segment profit (loss) (Operating income (loss))	364	223	(16)	(11)	560	(593)	(32)

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

Note: 2. Segment income adjustment of 593 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.

Note: 4. 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: 5. Other revenue is income based on accounting standards for leasing transactions.

2. Change in reportable segments

Starting from the current first quarter of the consolidated accounting period and based on the start of sales of BONEARTH®, which is the world's first fertilizer made from disposed bone china, we have separated the business as an independent business segment (New Business) intended to promote a circular economy. Therefore, our business segments, which were originally the "Housing Environmental Equipment Business", "Functional Ceramics Product Business", and "Tabletop Business", are now the "Housing Environmental Equipment Business", "Functional Ceramics Product Business", "Tabletop Business", and "New Business". Regarding the "New Business", it is categorized as "Other" since its importance in terms of volume is low.