

Consolidated Financial Results for the Six Months of Fiscal Year Ending March 31, 2024 <under Japanese GAAP>

November 8, 2023

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Main Market
 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 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 Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)

(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, 2023	6,903	1.5	(204)	-	(172)	-	(198)	-
Six months ended September 30, 2022	6,802	13.3	14	-	91	-	57	-

Note: Comprehensive income (Millions of yen) : September 30, 2023 : (176) (-%) September 30, 2022 : 69(-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2023	(8.53)	-
Six months ended September 30, 2022	2.47	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	9,038	375	4.2
Year ended Mar. 31, 2023	9,246	552	6.0

Reference: Shareholders' equity (Millions of yen) : September 30, 2023: 375 Mar. 31, 2023: 552

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, 2023	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2024	-	0.00			
Year ending Mar. 31, 2024 (forecast)			-	0.00	0.00

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

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 FY2023” in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” disclosed on May 12, 2023.

※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, 2023	:24,172,000 shares		Mar. 31, 2023		: 24,172,000 shares
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 - 2) Number of treasury stock at the end of the period

	September 30, 2023	: 864,824 shares		Mar. 31, 2023		: 864,680 shares
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 - 3) Average number of shares issued during the period (cumulative; consolidated)

	Six months ended September 30, 2023	: 23,307,265 shares		Six months ended September 30, 2022		: 23,307,405 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)

	FY03/2023 (As of Mar.31,2023)	FY03/2024 (As of Sep 30,2023)
Assets		
Current assets		
Cash and deposits	1,086	694
Notes and accounts receivable - trade, and contract assets	2,339	2,256
Merchandise and finished goods	1,412	1,480
Work in process	601	519
Costs on uncompleted construction contracts	343	473
Raw materials and supplies	506	504
Other	68	160
Allowance for doubtful accounts	(5)	(5)
Total current assets	6,354	6,083
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,043	6,918
Accumulated depreciation	(5,784)	(5,693)
Buildings and structures, net	1,259	1,224
Machinery, equipment and vehicles	4,359	4,478
Accumulated depreciation	(4,068)	(4,078)
Machinery, equipment and vehicles, net	291	399
Tools, furniture and fixtures	1,211	1,226
Accumulated depreciation	(1,117)	(1,137)
Tools, furniture and fixtures, net	93	88
Land	702	702
Lease assets	215	238
Accumulated depreciation	(105)	(131)
Lease assets, net	110	107
Construction in progress	172	134
Total property, plant and equipment	2,628	2,658
Intangible assets	48	83
Investments and other assets		
Investment securities	113	112
Other	104	104
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	214	212
Total noncurrent assets	2,892	2,954
Total assets	9,246	9,038
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,992	2,828
Short-term loans payable	2,050	2,050
Current portion of bonds	40	40
Current portion of long-term loans payable	95	124
Lease obligations	56	68
Income taxes payable	37	35
Provision for bonuses	213	88
Provision for product warranties	56	56
Other	1,254	1,551
Total current liabilities	6,795	6,841
Noncurrent liabilities		
Bonds payable	60	40
Long-term loans payable	294	225
Lease obligations	64	86
Deferred tax liabilities	3	3
Provision for directors' retirement benefits	78	78
Net defined benefit liability	1,284	1,273
Other	113	114
Total noncurrent liabilities	1,898	1,821
Total liabilities	8,694	8,662
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(4,087)	(4,286)
Treasury stock	(338)	(338)
Total shareholders' equity	628	429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	1
Foreign currency translation adjustment	(87)	(61)
Remeasurements of defined benefit plans	10	6
Total accumulated other comprehensive income	(76)	(53)
Total net assets	552	375
Total liabilities and net assets	9,246	9,038

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

Consolidated quarterly statements of income

(Millions of yen)

FY03/2024

FY03/2023

(Apr. 1, 2022-Sep 30, 2022)

(Apr. 1, 2023-Sep 30, 2023)

Net sales	6,802	6,903
Cost of sales	4,773	5,002
Gross profit	2,028	1,900
Selling, general and administrative expenses	2,013	2,105
Operating income (loss)	14	(204)
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	3	2
Foreign exchange gains	70	28
Other	22	20
Total non-operating income	96	51
Non-operating expenses		
Interest expenses	10	10
Other	8	9
Total non-operating expenses	19	20
Ordinary income (loss)	91	(172)
Extraordinary Income		
Gain on sales of noncurrent assets	—	1
Total extraordinary Income	—	1
Extraordinary loss		
Loss on retirement of noncurrent assets	8	4
Loss on valuation of investment securities	—	12
Total extraordinary losses	8	16
Profit (loss) before income taxes	83	(188)
Income taxes-current	26	10
Income taxes-deferred	(0)	(0)
Total income taxes	26	10
Profit (loss)	57	(198)
Profit (loss) attributable to owners of parent	57	(198)

Consolidated quarterly statements of comprehensive income

(Millions of yen)

FY03/2024

FY03/2023

(Apr. 1, 2022-Sep 30, 2022)

(Apr. 1, 2023-Sep 30, 2023)

Profit (loss)	57	(198)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	8	18
Remeasurements of defined benefit plans, net of tax	(7)	(3)
Share of other comprehensive income of entities accounted for using equity method	10	6
Other comprehensive income	12	22
Comprehensive income	69	(176)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	69	(176)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

	(Millions of yen) FY03/2023 (Apr.1, 2022-Sep.30,2022)	(Millions of yen) FY03/2024 (Apr.1, 2023-Sep.30,2023)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	83	(188)
Depreciation and amortization	199	184
Increase (decrease) in allowance for doubtful accounts	(6)	0
Increase (decrease) in provision for bonuses	44	(125)
Increase (decrease) in net defined benefit liability	(9)	(14)
Interest and dividends income	(0)	(0)
Interest expenses	10	10
Foreign exchange losses (gains)	(22)	(2)
Share of profit of entities accounted for using equity method	(3)	(2)
Loss (gain) on valuation of investment securities	—	12
Loss (gain) on sales of property, plant and equipment	—	(1)
Loss on retirement of non-current assets	8	4
Decrease (increase) in notes and accounts receivable-trade	(84)	97
Decrease (increase) in inventories	(191)	(111)
Increase (decrease) in notes and accounts payable-trade	213	(163)
Other, net	108	210
Subtotal	352	(89)
Interest and dividends income received	1	0
Interest expenses paid	(10)	(10)
Income taxes paid	(26)	(9)
Proceeds from subsidy income	0	—
Net cash provided by (used in) operating activities	316	(108)
Net cash provided by (used in) investment activities		
Payments into time deposits	(0)	(0)
Proceeds from withdrawal of time deposits	—	1
Purchase of property, plant and equipment	(141)	(221)
Proceeds from sales of property, plant and equipment	—	0
Other, net	22	(2)
Net cash provided by (used in) investment activities	(119)	(222)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(49)	(40)
Redemption of bonds	(20)	(20)
Proceeds from sales and leasebacks	—	24
Repayments of lease obligations	(41)	(28)
Purchase of treasury stock	(0)	(0)
Net cash provided by (used in) financing activities	(111)	(64)
Effect of exchange rate change on cash and cash equivalents	8	5
Net increase (decrease) in cash and cash equivalents	95	(390)
Cash and cash equivalents at beginning of period	932	1,044
Cash and cash equivalents at end of period	1,027	653

[Consolidated Segment Information]

Six Months ended September 30, 2022 (April 1, 2022 – September 30, 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	919	1,442	787	0	3,150	-	3,150
Goods and services transferred over time (Note 4)	3,652	-	-	-	3,652	-	3,652
Revenue from contracts with customers	4,571	1,442	787	0	6,802	-	6,802
Other revenue(Note 5)	-	-	0	-	0	-	0
Sales to Outside Customers	4,571	1,442	787	0	6,802	-	6,802
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	4,571	1,442	787	0	6,802	-	6,802
Segment profit (loss) (Operating income (loss))	263	172	(21)	(7)	406	(391)	14

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 391 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 income 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.

Six Months ended September 30, 2023 (April 1, 2023 – September 30, 2023)

(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	1,020	1,208	893	1	3,124	-	3,124
Goods and services transferred over time (Note 4)	3,779	-	-	-	3,779	-	3,779
Revenue from contracts with customers	4,800	1,208	893	1	6,903	-	6,903
Other revenue(Note 5)	-	-	0	-	0	-	0
Sales to Outside Customers	4,800	1,208	893	1	6,903	-	6,903
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	4,800	1,208	893	1	6,903	-	6,903
Segment profit (loss) (Operating income (loss))	162	64	(22)	(2)	201	(405)	(204)

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 405 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.