

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

February 9, 2024

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Main Market
 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 9, 2024
 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, 2023 (April 1, 2023 - December 31, 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	%
Nine months ended December 31, 2023	10,955	6.2	38	-	58	-	25	-
Nine months ended December 31, 2022	10,315	11.0	(32)	-	2	-	(22)	-

Note: Comprehensive income (Millions of yen) : December 31, 2023 : 36 (-%) December 31, 2022 : (20) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2023	1.09	-
Nine months ended December 31, 2022	(0.95)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	9,146	588	6.4
Year ended Mar. 31, 2023	9,246	552	6.0

Reference: Shareholders' equity (Millions of yen) : December 31, 2023: 588 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

December 31, 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

December 31, 2023	: 864,825 shares	Mar. 31, 2023	: 864,680 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Nine months ended December 31, 2023	: 23,307,235 shares	Nine months ended December 31, 2022	: 23,307,385 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 Dec.31,2023)
Assets		
Current assets		
Cash and deposits	1,086	1,115
Notes and accounts receivable - trade, and contract assets	2,339	2,133
Merchandise and finished goods	1,412	1,339
Work in process	601	509
Costs on uncompleted construction contracts	343	545
Raw materials and supplies	506	504
Other	68	124
Allowance for doubtful accounts	(5)	(5)
Total current assets	6,354	6,265
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,043	6,956
Accumulated depreciation	(5,784)	(5,726)
Buildings and structures, net	1,259	1,230
Machinery, equipment and vehicles	4,359	4,563
Accumulated depreciation	(4,068)	(4,114)
Machinery, equipment and vehicles, net	291	448
Tools, furniture and fixtures	1,211	1,234
Accumulated depreciation	(1,117)	(1,154)
Tools, furniture and fixtures, net	93	80
Land	702	702
Lease assets	215	250
Accumulated depreciation	(105)	(144)
Lease assets, net	110	106
Construction in progress	172	22
Total property, plant and equipment	2,628	2,591
Intangible assets	48	80
Investments and other assets		
Investment securities	113	115
Other	104	97
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	214	209
Total noncurrent assets	2,892	2,881
Total assets	9,246	9,146
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,992	2,930
Short-term loans payable	2,050	2,050
Current portion of bonds	40	40
Current portion of long-term loans payable	95	109
Lease obligations	56	67
Income taxes payable	37	28
Provision for bonuses	213	44
Provision for product warranties	56	56
Other	1,254	1,426
Total current liabilities	6,795	6,754
Noncurrent liabilities		
Bonds payable	60	40
Long-term loans payable	294	211
Lease obligations	64	82
Deferred tax liabilities	3	3
Provision for directors' retirement benefits	78	81
Net defined benefit liability	1,284	1,272
Other	113	112
Total noncurrent liabilities	1,898	1,804
Total liabilities	8,694	8,558
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(4,087)	(4,062)
Treasury stock	(338)	(338)
Total shareholders' equity	628	653
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(87)	(71)
Remeasurements of defined benefit plans	10	4
Total accumulated other comprehensive income	(76)	(65)
Total net assets	552	588
Total liabilities and net assets	9,246	9,146

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

Consolidated quarterly statements of income

	(Millions of yen)	
	FY03/2023	FY03/2024
	(Apr.1, 2022-Dec.31,2022)	(Apr.1, 2023-Dec.31,2023)
Net sales	10,315	10,955
Cost of sales	7,292	7,779
Gross profit	3,022	3,176
Selling, general and administrative expenses	3,055	3,137
Operating loss	(32)	38
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	3	4
Foreign exchange gains	29	13
Other	31	32
Total non-operating income	64	50
Non-operating expenses		
Interest expenses	16	16
Other	12	14
Total non-operating expenses	29	30
Ordinary income (loss)	2	58
Extraordinary Income		
Gain on sales of noncurrent assets	—	1
Total extraordinary Income	—	1
Extraordinary losses		
Loss on retirement of noncurrent assets	8	6
Loss on valuation of investment securities	—	12
Total extraordinary losses	8	18
Loss before income taxes	(5)	41
Income taxes-current	16	16
Income taxes-deferred	(0)	(0)
Total income taxes	16	15
Profit (loss)	(22)	25
Profit (loss) attributable to owners of parent	(22)	25

Consolidated quarterly statements of comprehensive income

	(Millions of yen)	
	FY03/2023	FY03/2024
	(Apr.1, 2022-Dec.31,2022)	(Apr.1, 2023-Dec.31,2023)
Profit (loss)	(22)	25
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(0)	7
Remeasurements of defined benefit plans, net of tax	(11)	(5)
Share of other comprehensive income of entities accounted for using equity method	12	9
Other comprehensive income	1	11
Comprehensive income	(20)	36
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(20)	36
Comprehensive income attributable to non-controlling interests	—	—

[Consolidated Segment Information]

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.

Nine Months ended December 31, 2023 (April 1, 2023 – December 31, 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	1,573	1,827	1,604	2	5,008	-	5,008
Goods and services transferred over time (Note 4)	5,947	-	-	-	5,947	-	5,947
Revenue from contracts with customers	7,521	1,827	1,604	2	10,955	-	10,955
Other revenue(Note 5)	-	-	0	-	0	-	0
Sales to Outside Customers	7,521	1,827	1,604	2	10,955	-	10,955
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	7,521	1,827	1,604	2	10,955	-	10,955
Segment profit (loss) (Operating income (loss))	407	123	108	(3)	635	(596)	38

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 596 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.