

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

November 9, 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 : November 12, 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 Six Months Ended September 30, 2021 (April 1, 2021 - September 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	%
Six months ended September 30, 2021	6,003	11.9	(170)	-	(102)	-	(111)	-
Six months ended September 30, 2020	5,366	(16.2)	(419)	-	(339)	-	(349)	-

Note: Comprehensive income (Millions of yen) : September 30, 2021 : (111)(-%) September 30, 2020 : (340) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2021	(4.81)	-
Six months ended September 30, 2020	(15.00)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	8,782	709	8.1	30.46
Year ended Mar. 31, 2021	9,003	772	8.6	33.16

Reference: Shareholders' equity (Millions of yen) : September 30, 2021: 709 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	-	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
 

September 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
 

September 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)
 

Six months ended September 30, 2021	:	23,307,408 shares	Six months ended September 30, 2020	:	23,307,465 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)

	FY03/2021 (As of Mar.31,2021)	FY03/2022 (As of Sep 30,2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,320	981
Notes and accounts receivable-trade	1,778	—
Notes and accounts receivable - trade, and contract assets	—	2,007
Merchandise and finished goods	1,352	1,446
Work in process	547	525
Costs on uncompleted construction contracts	414	308
Raw materials and supplies	287	327
Other	85	76
Allowance for doubtful accounts	(5)	(5)
<b>Total current assets</b>	<b>5,780</b>	<b>5,666</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,889	6,887
Accumulated depreciation	(5,522)	(5,586)
Buildings and structures, net	1,367	1,300
Machinery, equipment and vehicles	4,324	4,374
Accumulated depreciation	(4,018)	(4,065)
Machinery, equipment and vehicles, net	305	308
Tools, furniture and fixtures	1,131	1,170
Accumulated depreciation	(1,079)	(1,096)
Tools, furniture and fixtures, net	51	73
Land	955	955
Lease assets	393	393
Accumulated depreciation	(149)	(218)
Lease assets, net	243	174
Construction in progress	78	56
<b>Total property, plant and equipment</b>	<b>3,002</b>	<b>2,868</b>
Intangible assets	38	42
Investments and other assets		
Investment securities	91	98
Other	93	108
Allowance for doubtful accounts	(2)	(2)
<b>Total investments and other assets</b>	<b>181</b>	<b>204</b>
<b>Total noncurrent assets</b>	<b>3,222</b>	<b>3,115</b>
<b>Total assets</b>	<b>9,003</b>	<b>8,782</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,420	2,342
Short-term loans payable	2,255	2,255
Current portion of bonds	40	40
Current portion of long-term loans payable	99	99
Lease obligations	140	120
Income taxes payable	41	38
Provision for bonuses	169	169
Provision for product warranties	70	70
Other	938	985
<b>Total current liabilities</b>	<b>6,175</b>	<b>6,122</b>
Noncurrent liabilities		
Bonds payable	140	120
Long-term loans payable	340	290
Lease obligations	110	59
Deferred tax liabilities	4	3
Provision for directors' retirement benefits	57	62
Net defined benefit liability	1,288	1,302
Other	114	111
<b>Total noncurrent liabilities</b>	<b>2,054</b>	<b>1,949</b>
<b>Total liabilities</b>	<b>8,230</b>	<b>8,072</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,873)	(3,936)
Treasury stock	(338)	(338)
<b>Total shareholders' equity</b>	<b>842</b>	<b>779</b>
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	33
<b>Total accumulated other comprehensive income</b>	<b>(70)</b>	<b>(70)</b>
<b>Total net assets</b>	<b>772</b>	<b>709</b>
<b>Total liabilities and net assets</b>	<b>9,003</b>	<b>8,782</b>

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

Consolidated quarterly statements of income

	FY03/2021 (Apr. 1, 2020-Sep 30,2020)	(Millions of yen) FY03/2022 (Apr. 1, 2021-Sep 30,2021)
Net sales	5,366	6,003
Cost of sales	4,003	4,259
Gross profit	1,363	1,743
Selling, general and administrative expenses	1,782	1,914
Operating loss	(419)	(170)
Non-operating income		
Interest income	0	0
Dividend income	0	61
Share of profit of entities accounted for using equity method	—	3
Other	107	23
Total non-operating income	107	88
Non-operating expenses		
Interest expenses	9	12
Share of loss of entities accounted for using equity method	0	—
Other	17	8
Total non-operating expenses	27	20
Ordinary loss	(339)	(102)
Extraordinary Income		
Gain on sales of noncurrent assets	—	4
Total extraordinary Income	—	4
Extraordinary loss		
Loss on retirement of noncurrent assets	—	2
Total extraordinary losses	—	2
Loss before income taxes	(339)	(101)
Income taxes-current	10	10
Income taxes-deferred	(0)	(0)
Total income taxes	10	10
Profit (loss)	(349)	(111)
Profit (loss) attributable to owners of parent	(349)	(111)

Consolidated quarterly statements of comprehensive income

	FY03/2021 (Apr. 1, 2020-Sep 30,2020)	(Millions of yen) FY03/2022 (Apr. 1, 2021-Sep 30,2021)
Profit (loss)	(349)	(111)
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	11	(3)
Share of other comprehensive income of entities accounted for using equity method	(2)	3
Other comprehensive income	9	0
Comprehensive income	(340)	(111)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(340)	(111)
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Cash Flows

	(Millions of yen) FY03/2021 (Apr.1, 2020-Sep.30,2020)	(Millions of yen) FY03/2022 (Apr.1, 2021-Sep.30,2021)
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes and minority interests	(339)	(101)
Depreciation and amortization	199	217
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for bonuses	(40)	0
Increase (decrease) in net defined benefit liability	30	10
Increase (decrease) in provision for product warranties	(4)	—
Interest and dividends income	(0)	(61)
Interest expenses	9	12
Foreign exchange losses (gains)	3	(0)
Share of profit of entities accounted for using equity method	0	(3)
Subsidy income	(76)	(3)
Loss (gain) on sales of property, plant and equipment	—	(4)
Loss on retirement of non-current assets	—	2
Decrease (increase) in notes and accounts receivable-trade	520	3
Decrease (increase) in inventories	47	(186)
Increase (decrease) in notes and accounts payable-trade	(576)	(77)
Other, net	(165)	68
<b>Subtotal</b>	<b>(390)</b>	<b>(123)</b>
Interest and dividends income received	0	61
Interest expenses paid	(9)	(12)
Income taxes paid	(13)	(11)
Income from contribution to facilities	2	—
Proceeds from subsidy income	51	3
<b>Net cash provided by (used in) operating activities</b>	<b>(358)</b>	<b>(82)</b>
<b>Net cash provided by (used in) investment activities</b>		
Payments into time deposits	(1)	(0)
Proceeds from withdrawal of time deposits	6	—
Purchase of property, plant and equipment	(154)	(94)
Proceeds from sales of property, plant and equipment	—	4
Other, net	(2)	(25)
<b>Net cash provided by (used in) investment activities</b>	<b>(151)</b>	<b>(115)</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	405	—
Repayment of long-term loans payable	(19)	(49)
Proceeds from issuance of bonds	196	—
Redemption of bonds	—	(20)
Proceeds from sales and leasebacks	214	—
Repayments of lease obligations	(47)	(70)
Purchase of treasury stock	(0)	—
<b>Net cash provided by (used in) financing activities</b>	<b>748</b>	<b>(140)</b>
Effect of exchange rate change on cash and cash equivalents	(0)	0
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>238</b>	<b>(338)</b>
Cash and cash equivalents at beginning of period	1,047	1,278
<b>Cash and cash equivalents at end of period</b>	<b>1,285</b>	<b>939</b>

**[Consolidated Segment Information]**

Six Months ended September 30, 2020 (April 1, 2020 – September 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	4,044	816	504	5,366	-	5,366
Intersegment sales or Transfers	-	-	-	-	-	-
Total	4,044	816	504	5,366	-	5,366
Segment profit (loss) (Operating income (loss))	128	(48)	(206)	(126)	(292)	(419)

Note: 1. Segment loss adjustment of 292 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.

Six Months ended September 30, 2021 (April 1, 2021 – September 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	887	1,224	504	2,616	-	2,616
Goods and services transferred over time(Note 3)	3,387	-	-	3,387	-	3,387
Revenue from contracts with customers	4,274	1,224	504	6,003	-	6,003
Other revenue(Note 4)	-	-	0	0	-	0
Sales to Outside Customers	4,274	1,224	504	6,003	-	6,003
Intersegment sales or Transfers	-	-	-	-	-	-
Total	4,274	1,224	504	6,003	-	6,003
Segment profit (loss) (Operating income (loss))	271	82	(178)	175	(346)	(170)

Note: 1. Segment income adjustment of 346 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 second quarter of the current consolidated cumulative period increased by 243 million yen and segment profit increased by 61 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 20 million yen and segment profit increased by 20 million yen compared to the conventional method.

Sales of the “Tabletop Business” for the second quarter of the current consolidated cumulative period increased by 8 million yen and segment loss decreased by 8 million yen compared to the conventional method.