

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

August 9, 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 : August 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 Three Months Ended June 30, 2023 (April 1, 2023 - June 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	%
Three months ended June 30, 2023	3,298	4.0	(269)	-	(243)	-	(259)	-
Three months ended June 30, 2022	3,171	12.6	(53)	-	(11)	-	(25)	-

Note: Comprehensive income (Millions of yen) : June 30, 2023 : (246) (-%) June 30, 2022 : (21) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June. 30, 2023	(11.12)	-
Three months ended June. 30, 2022	(1.08)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	9,112	305	3.4	13.11
Year ended Mar. 31, 2023	9,246	552	6.0	23.70

Reference: Shareholders' equity (Millions of yen) : June 30, 2023: 305 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	-				
Year ending Mar. 31, 2024 (forecast)		0.00	-	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

June 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

June 30, 2023 :	864,739 shares	Mar. 31, 2023 :	864,680 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Three months ended June 30, 2023:	23,307,294 shares	Three months ended June 30, 2022:	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.

\*Appropriate use of business forecasts, other special items

Please refer to the first quarter report of the 99th Fiscal Period to be submitted on August 10, 2023 for the outlook of business results and financial condition.

This report is based on EDINET (Electronic Disclosure System on Disclosure Documents of Securities Reports etc. under the Financial Instruments and Exchange Act) Please refer to (<http://disclosure.edinet-fsa.go.jp/>)

Consolidated quarterly Financial Statements

(1) Consolidated Balance Sheet

	FY03/2023 (As of Mar.31,2023)	(Millions of yen) FY03/2024 (As of June.30,2023)
<b>Assets</b>		
Current assets		
Cash and deposits	1,086	1,270
Notes and accounts receivable - trade, and contract assets	2,339	1,903
Merchandise and finished goods	1,412	1,527
Work in process	601	584
Costs on uncompleted construction contracts	343	414
Raw materials and supplies	506	507
Other	68	47
Allowance for doubtful accounts	(5)	(5)
<u>Total current assets</u>	<u>6,354</u>	<u>6,248</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,043	7,051
Accumulated depreciation	(5,784)	(5,819)
<u>Buildings and structures, net</u>	<u>1,259</u>	<u>1,232</u>
Machinery, equipment and vehicles	4,359	4,353
Accumulated depreciation	(4,068)	(4,075)
<u>Machinery, equipment and vehicles, net</u>	<u>291</u>	<u>277</u>
Tools, furniture and fixtures	1,211	1,225
Accumulated depreciation	(1,117)	(1,132)
<u>Tools, furniture and fixtures, net</u>	<u>93</u>	<u>93</u>
Land	702	702
Lease assets	215	215
Accumulated depreciation	(105)	(117)
<u>Lease assets, net</u>	<u>110</u>	<u>97</u>
Construction in progress	172	206
<u>Total property, plant and equipment</u>	<u>2,628</u>	<u>2,610</u>
Intangible assets	48	46
Investments and other assets		
Investment securities	113	106
Other	104	103
Allowance for doubtful accounts	(3)	(3)
<u>Total investments and other assets</u>	<u>214</u>	<u>205</u>
<u>Total noncurrent assets</u>	<u>2,892</u>	<u>2,863</u>
<u>Total assets</u>	<u>9,246</u>	<u>9,112</u>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,992	2,942
Short-term loans payable	2,050	2,050
Current portion of bonds payable	40	40
Current portion of long-term loans payable	95	95
Lease obligations	56	52
Income taxes payable	37	17
Provision for bonuses	213	132
Provision for product warranties	56	56
Other	1,254	1,571
<u>Total current liabilities</u>	<u>6,795</u>	<u>6,957</u>
Noncurrent liabilities		
Bonds payable	60	60
Long-term loans payable	294	266
Lease obligations	64	56
Deferred tax liabilities	3	3
Provision for directors' retirement benefits	78	75
Net defined benefit liability	1,284	1,275
Other	113	112
<u>Total noncurrent liabilities</u>	<u>1,898</u>	<u>1,849</u>
<u>Total liabilities</u>	<u>8,694</u>	<u>8,806</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(4,087)	(4,347)
Treasury stock	(338)	(338)
<u>Total shareholders' equity</u>	<u>628</u>	<u>369</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(87)	(72)
Remeasurements of defined benefit plans	10	8
<u>Total accumulated other comprehensive income</u>	<u>(76)</u>	<u>(63)</u>
<u>Total net assets</u>	<u>552</u>	<u>305</u>
<u>Total liabilities and net assets</u>	<u>9,246</u>	<u>9,112</u>

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

Consolidated quarterly statements of income

	FY03/2023 (Apr.1, 2022-June 30,2022)	(Millions of yen) FY03/2024 (Apr.1, 2023-June 30,2023)
Net sales	3,171	3,298
Cost of sales	2,231	2,447
Gross profit	940	850
Selling, general and administrative expenses	993	1,119
Operating loss	(53)	(269)
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	1	2
Foreign exchange gains	40	20
Other	8	13
Total non-operating income	51	36
Non-operating expenses		
Interest expenses	5	5
Other	4	5
Total non-operating expenses	9	10
Ordinary loss	(11)	(243)
Extraordinary Income		
Gain on sales of noncurrent assets	—	1
Total extraordinary Income	—	1
Extraordinary loss		
Loss on retirement of noncurrent assets	8	0
Loss on valuation of investment securities	—	12
Total extraordinary losses	8	12
Loss before income taxes	(19)	(253)
Income taxes-current	5	5
Income taxes-deferred	(0)	(0)
Total income taxes	5	5
Profit (loss)	(25)	(259)
Profit (loss) attributable to owners of parent	(25)	(259)

Consolidated quarterly statements of comprehensive income

	FY03/2023 (Apr.1, 2022-June 30,2022)	(Millions of yen) FY03/2024 (Apr.1, 2023-June 30,2023)
Profit (loss)	(25)	(259)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	3	12
Remeasurements of defined benefit plans, net of tax	(3)	(1)
Share of other comprehensive income of entities accounted for using equity method	4	1
Other comprehensive income	3	12
Comprehensive income	(21)	(246)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(21)	(246)
Comprehensive income attributable to non-controlling interests	—	—

**[Consolidated Segment Information]**

Three Months ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(Millions of yen, rounded down)

	Functional Ceramics Product	Tabletop	Housing & Environmental Equipment	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	678	333	467	0	1,480	-	1,480
Goods and services transferred over time (Note 4)	-	-	1,690	-	1,690	-	1,690
Revenue from contracts with customers	678	333	2,158	0	3,171	-	3,171
Other revenue(Note 5)	-	0	-	-	0	-	0
Sales to Outside Customers	678	333	2,158	0	3,171	-	3,171
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	678	333	2,158	0	3,171	-	3,171
Segment profit (loss) (Operating income (loss))	78	(26)	91	(4)	139	(193)	(53)

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 193 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.

Three Months ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(Millions of yen, rounded down)

	Functional Ceramics Product	Tabletop	Housing & Environmental Equipment	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	579	417	435	0	1,433	-	1,433
Goods and services transferred over time (Note 4)	-	-	1,865	-	1,865	-	1,865
Revenue from contracts with customers	579	417	2,301	0	3,298	-	3,298
Other revenue(Note 5)	-	0	-	-	0	-	0
Sales to Outside Customers	579	417	2,301	0	3,298	-	3,298
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	579	417	2,301	0	3,298	-	3,298
Segment profit (loss) (Operating income (loss))	(11)	(18)	(30)	(1)	(61)	(207)	(269)

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

Note: 2. Segment loss adjustment of 207 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.