

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024
<under Japanese GAAP>

May 10, 2024

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, Managing Officer (Phone: +81-76-276-2121)
 Scheduled date of general meeting of shareholders : June 21, 2024
 Scheduled date to submit Securities Report : June 24, 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 Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(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	%
FY ended Mar. 31, 2024	14,719	5.2	147	-	188	-	145	-
FY ended Mar. 31, 2023	13,992	11.2	(210)	-	(169)	-	(177)	-

Note: Comprehensive income (Millions of yen) : Mar. 31, 2024 : 164 (-%) Mar. 31, 2023 : (176) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY ended Mar. 31, 2024	6.22	-	22.9	2.1	1.0
FY ended Mar. 31, 2023	(7.61)	-	(27.7)	(1.9)	(1.5)

Reference: Equity in earnings of affiliates (Millions of yen) : Mar. 31, 2024 : 3 Mar. 31, 2023 : 2

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2024	9,119	716	7.9	30.74
As of Mar. 31, 2023	9,246	552	6.0	23.70

Reference: Shareholders' equity (Millions of yen) : Mar. 31, 2024: 716 Mar. 31, 2023: 552

(2) Consolidated cash flow position

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investment activities	Financing activities	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended Mar. 31, 2024	643	(475)	(234)	983
FY ended Mar. 31, 2023	293	(1)	(182)	1,044

2. Dividends

(Record date)	Dividend per share					Total dividends (annual)	Payout ratio (consolidated)	Dividend on Equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended Mar. 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Year ended Mar. 31, 2024	-	0.00	-	0.00	0.00	-	-	-
Year ending Mar. 31, 2025 (forecast)	-	0.00	-	0.00	0.00		-	

3. Projected Consolidated Results for FY2025 (April 1, 2024 to March 31, 2025)

Based on our awareness that “a company is a public entity of society,” one of our important management goals is to be a company that aims to create a society that prioritizes business operations based on a long-term perspective instead of short-term profit. Accordingly, we embrace the philosophy of public interest capitalism which is a concept that suggests that a company should deliver profits to its shareholders as a result of enhancing the company value by contributing to all people and organizations with the same interests including its employees, customers, suppliers, local communities, and the Earth.

Concerns have been raised that, due to the nature of the relevant systems, programs, and rules (business customs), the disclosure of quarterly financial results and/or projected results may have multiple adverse effects. This includes the occurrence of an excessive focus on short-term financial results and immediate stock price fluctuations and the narrowing of the investors’ speculative view when making investment decisions.

This in turn hinders R&D investments, equipment investments, and employee development activities by a company based on a long-term perspective, and results in a company’s negligence of its roles as a public entity, i.e., negligence of social contribution activities such as sharing the company’s profits with employees, customers, business partners, and local communities.

As an attempt to address these concerns, a proposal to abolish the projected results form in financial briefs was presented in the Future Investment Strategy 2017 (Cabinet Office, Government of Japan). This proposal was adopted in February 2017.

Taking these viewpoints into consideration, while the Nikko Group has been disclosing projected consolidated results for each fiscal year up to FY2017, the Group recognizes the purpose and the significance of the revision made by the Japanese Government in February 2017 and has decided to embrace the revision starting from FY2018, from which the Group has stopped disclosing its projected consolidated results.

※Notes

(1) Changes in major subsidiaries during the period : None

(2) 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

(3) Number of shares outstanding (common shares)

- 1) Number of shares outstanding (including treasury stock) at the end of the period

	Mar. 31, 2024 : 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

	Mar. 31, 2024 : 864,826 shares	Mar. 31, 2023 : 864,680 shares
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- 3) Average number of shares over period

	Mar. 31, 2024 : 23,307,220 shares	Mar. 31, 2023 : 23,307,374 shares
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(Reference) Non-consolidated financial results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(1) Non-consolidated operating results (Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended Mar. 31, 2024	14,484	5.0	47	-	87	-	37	-
FY ended Mar. 31, 2023	13,800	10.6	(309)	-	(271)	-	(281)	-

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended Mar. 31, 2024	1.62	-
FY ended Mar. 31, 2023	(12.09)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2024	10,512	378	3.6	16.23
As of Mar. 31, 2023	10,755	339	3.2	14.57

Reference: Shareholders' equity (Millions of yen) : Mar.31, 2024: 378 Mar.31, 2023: 339

*The financial statements is outside the scope of audit by Certified Public Accountants or Audit corporation.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

	FY03/2023 (As of Mar.31,2023)	(Millions of yen) FY03/2024 (As of Mar.31,2024)
Assets		
Current assets		
Cash and deposits	1,086	1,024
Notes and accounts receivable-trade	—	—
Notes and accounts receivable - trade, and contract assets	2,339	2,298
Merchandise and finished goods	1,412	1,396
Work in process	601	612
Costs on uncompleted construction contracts	343	388
Raw materials and supplies	506	497
Other	68	70
Allowance for doubtful accounts	(5)	(6)
Total current assets	6,354	6,280
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,043	6,941
Accumulated depreciation	(5,784)	(5,748)
Buildings and structures, net	1,259	1,193
Machinery, equipment and vehicles	4,359	4,553
Accumulated depreciation	(4,068)	(4,128)
Machinery, equipment and vehicles, net	291	425
Tools, furniture and fixtures	1,211	1,233
Accumulated depreciation	(1,117)	(1,170)
Tools, furniture and fixtures, net	93	63
Land	702	702
Lease assets	215	158
Accumulated depreciation	(105)	(70)
Lease assets, net	110	88
Construction in progress	172	16
Total property, plant and equipment	2,628	2,488
Intangible assets	48	110
Investments and other assets		
Investment securities	113	113
Other	104	129
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	214	240
Total noncurrent assets	2,892	2,839
Total assets	9,246	9,119
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,992	2,796
Short-term loans payable	2,050	2,000
Current portion of bonds	40	40
Current portion of long-term loans payable	95	124
Lease obligations	56	64
Income taxes payable	37	51
Contract liabilities	634	762
Provision for bonuses	213	88
Provision for product warranties	56	52
Other	619	664
Total current liabilities	6,795	6,644
Noncurrent liabilities		
Bonds payable	60	20
Long-term loans payable	294	170
Lease obligations	64	97
Deferred tax liabilities	3	3
Provision for directors' retirement benefits	78	84
Net defined benefit liability	1,284	1,268
Other	113	114
Total noncurrent liabilities	1,898	1,759
Total liabilities	8,694	8,403
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(4,087)	(3,942)
Treasury stock	(338)	(338)
Total shareholders' equity	628	773
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	1
Foreign currency translation adjustment	(87)	(57)
Remeasurements of defined benefit plans	10	(1)
Total accumulated other comprehensive income	(76)	(57)
Total net assets	552	716
Total liabilities and net assets	9,246	9,119

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

Consolidated statements of income

	(Millions of yen)	
	FY03/2023	FY03/2024
	(Apr. 1, 2022-Mar.31,2023)	(Apr. 1, 2023-Mar.31,2024)
Net sales	13,992	14,719
Cost of sales	10,080	10,368
Gross profit	3,911	4,350
Selling, general and administrative expenses	4,122	4,202
Operating loss	(210)	147
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	2	3
Rent income	12	10
Foreign exchange gains	32	31
Other	31	35
Total non-operating income	78	81
Non-operating expenses		
Interest expenses	21	21
Loss on sales of notes payable	4	6
Loss on transfer of accounts receivable	6	6
Other	5	6
Total non-operating expenses	37	40
Ordinary loss	(169)	188
Extraordinary Income		
Gain on sales of noncurrent assets	22	1
Total extraordinary Income	22	1
Extraordinary loss		
Loss on retirement of noncurrent assets	8	11
Loss on valuation of investment securities	—	12
Total extraordinary losses	8	23
Income before income taxes and minority interests	(155)	166
Income taxes-current	21	22
Income taxes-deferred	(0)	(0)
Total income taxes	21	21
Profit	(177)	145
Profit (loss) attributable to owners of parent	(177)	145

Consolidated statements of comprehensive income

	(Millions of yen)	
	FY03/2023	FY03/2024
	(Apr. 1, 2022-Mar.31,2023)	(Apr. 1, 2023-Mar.31,2024)
Profit	(177)	145
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	0	22
Remeasurements of defined benefit plans, net of tax	(11)	(11)
Share of other comprehensive income of entities accounted for using equity method	10	7
Other comprehensive income	0	19
Comprehensive income	(176)	164
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(176)	164
Comprehensive income attributable to non-controlling interests	—	—

(3)Consolidated Statements of changes in equity

FY03/2023 (Apr.1, 2022-Mar. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,470	1,584	(3,910)	(338)	806
Changes of items during the period					
Profit (loss) attributable to owners of parent			(177)		(177)
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	(177)	(0)	(177)
Balance at the end of current period	3,470	1,584	(4,087)	(338)	628

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income	
Balance at the beginning of current period	0	(99)	21	(76)	729
Changes of items during the period					
Profit (loss) attributable to owners of parent					(177)
Purchase of treasury stock					(0)
Net changes of items other than shareholders' equity	0	11	(11)	0	0
Total changes of items during the period	0	11	(11)	0	(177)
Balance at the end of current period	0	(87)	10	(76)	552

FY03/2024 (Apr.1, 2023-Mar. 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,470	1,584	(4,087)	(338)	628
Changes of items during the period					
Profit (loss) attributable to owners of parent			145		145
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	145	(0)	145
Balance at the end of current period	3,470	1,584	(3,942)	(338)	773

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Accumulated other comprehensive income	
Balance at the beginning of current period	0	(87)	10	(76)	552
Changes of items during the period					
Profit (loss) attributable to owners of parent					145
Purchase of treasury stock					(0)
Net changes of items other than shareholders' equity	0	29	(11)	19	19
Total changes of items during the period	0	29	(11)	19	164
Balance at the end of current period	1	(57)	(1)	(57)	716

(4) Consolidated Statements of Cash Flows

	(Millions of yen) FY03/2023 (Apr.1, 2022-Mar.31,2023)	(Millions of yen) FY03/2024 (Apr.1, 2023-Mar.31,2024)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(155)	166
Depreciation and amortization	405	406
Increase (decrease) in allowance for doubtful accounts	(3)	0
Increase (decrease) in provision for bonuses	45	(125)
Increase (decrease) in net defined benefit liability	(42)	(26)
Increase (decrease) in provision for product warranties	(6)	(4)
Interest and dividends income	(0)	(0)
Interest expenses	21	21
Foreign exchange losses (gains)	(11)	(3)
Share of profit of entities accounted for using equity method	(2)	(3)
Subsidy income	(0)	—
Loss (gain) on valuation of investment securities	—	12
Loss (gain) on sales of non-current assets	(22)	(1)
Loss on retirement of noncurrent assets	8	11
Decrease (increase) in notes and accounts receivable-trade	(270)	59
Decrease (increase) in inventories	(255)	(27)
Increase (decrease) in notes and accounts payable-trade	504	(195)
Other, net	135	382
Subtotal	<u>349</u>	<u>673</u>
Interest and dividends income received	1	0
Interest expenses paid	(21)	(21)
Income taxes paid	(37)	(9)
Proceeds from subsidy income	0	—
Net cash provided by (used in) operating activities	<u>293</u>	<u>643</u>
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	(296)	(452)
Proceeds from sales of property, plant and equipment	275	6
Other, net	19	(30)
Net cash provided by (used in) investment activities	<u>(1)</u>	<u>(475)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(150)	(50)
Proceeds from long-term loans payable	150	—
Repayment of long-term loans payable	(99)	(95)
Redemption of bonds	(40)	(40)
Proceeds from sales and leasebacks	25	24
Repayments of lease obligations	(67)	(73)
Purchase of treasury stock	(0)	(0)
Net cash provided by (used in) financing activities	<u>(182)</u>	<u>(234)</u>
Effect of exchange rate change on cash and cash equivalents	3	5
Net increase (decrease) in cash and cash equivalents	<u>112</u>	<u>(61)</u>
Cash and cash equivalents at beginning of period	932	1,044
Cash and cash equivalents at end of period	<u>1,044</u>	<u>983</u>

[Segment Information]

1. Overview of reportable segments

Segments used for financial reporting are the Nikko Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has established business divisions that comprise of the company and its subsidiaries and affiliates, and each division conducts business in line with the comprehensive strategies they have devised for products, merchandise and services in both domestic and overseas markets.

Therefore, the Group consists of segments by products, merchandise and services on the basis of the business divisions, and the "Housing & Environmental equipment", "Tabletop" and "Functional Ceramics Product" are three reportable segments.

Industry Segment	Major Products
Housing & Environmental Equipment	Septic tanks, Garbage disposal systems, System baths, Other FRP items, Water treatment facilities, Multi-function interior boards
Tabletop	Fine bone china, Fine vitrified china, Fine porcelain, Oven ware
Functional Ceramics Product	Alumina substrates, LTCC substrates, Dielectric ceramics

2. Information related to net sales and profit or loss for each reportable segment

FY03/2023(Apr. 1, 2022 - Mar. 31, 2023)

	Housing & Environmental Equipment	Tabletop	Functional Ceramics Product	Other (Note 1)	Segment total	Adjustment (Note2)	Amounts on the consolidated financial statements (Note3)
Net sales							
Goods and services transferred at a point in time	1,817	1,626	2,683	1	6,128	-	6,128
Goods and services transferred over time(Note 4)	7,863	-	-	-	7,863	-	7,863
Revenue from contracts with customers	9,680	1,626	2,683	1	13,992	-	13,992
Other revenue(Note 5)	-	0	-	-	0	-	0
Sales to Outside Customers	9,680	1,626	2,683	1	13,992	-	13,992
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	9,680	1,626	2,683	1	13,992	-	13,992
Segment profit (loss) (Operating income (loss))	496	(106)	224	(15)	599	(810)	(210)
Segment assets	3,586	2,142	2,009	6	7,745	1,500	9,246
Other Items							
Depreciation and Amortization	155	78	122	0	357	48	405
Investment to affiliates accounted for by the equity method	-	80	-	-	80	-	80
Increase in Property, plant and equipment and Intangible assets	221	29	243	1	496	39	536

(Millions of yen, rounded down)

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

Note:2. Below is a description of adjustments.

- (1) Segment income adjustment of (810) million yen consists of expenses related to departments that do not belong to the reportable segments.
- (2) Segment assets adjustment of 1,500 million yen includes assets that do not belong to the reportable segments. The assets consists of mainly surplus funds (cash and cash equivalents), long-term investment funds (investment securities).
- (3) Depreciation and Amortization adjustment of 48 million yen consists of Depreciation and Amortization related to departments that do not belong to the reportable segments.
- (4) Increase in Property, plant and equipment and Intangible assets adjustment of 39 million yen consists of capital investments associated with departments that do not belong to the reportable segments.

Note:3. Segment profit and loss is adjusted for operating loss in the consolidated income statement.

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

FY03/2024(Apr. 1, 2023 - Mar. 31, 2024)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Tabletop	Functional Ceramics Product	Other (Note 1)	Segment total	Adjustment (Note2)	Amounts on the consolidated financial statements (Note3)
Net sales							
Goods and services transferred at a point in time	2,059	2,102	2,400	3	6,565	-	6,565
Goods and services transferred over time(Note 4)	8,153	-	-	-	8,153	-	8,153
Revenue from contracts with customers	10,213	2,102	2,400	3	14,719	-	14,719
Other revenue(Note 5)	-	0	-	-	0	-	0
Sales to Outside Customers	10,213	2,102	2,400	3	14,719	-	14,719
Intersegment sales or Transfers	-	-	-	-	-	-	-
Total	10,213	2,102	2,400	3	14,719	-	14,719
Segment profit (loss) (Operating income (loss))	614	168	166	(5)	944	(796)	147
Segment assets	3,463	2,115	2,109	4	7,693	1,426	9,119
Other Items							
Depreciation and Amortization	144	77	143	0	366	39	406
Investment to affiliates accounted for by the equity method	-	91	-	-	91	-	91
Increase in Property, plant and equipment and Intangible assets	119	49	165	-	334	20	354

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

Note:2. Below is a description of adjustments.

- (1) Segment income adjustment of (796) million yen consists of expenses related to departments that do not belong to the reportable segments.
- (2) Segment assets adjustment of 1,426 million yen includes assets that do not belong to the reportable segments. The assets consists of mainly surplus funds (cash and cash equivalents), long-term investment funds (investment securities).
- (3) Depreciation and Amortization adjustment of 39 million yen consists of Depreciation and Amortization related to departments that do not belong to the reportable segments.
- (4) Increase in Property, plant and equipment and Intangible assets adjustment of 20 million yen consists of capital investments associated with departments that do not belong to the reportable segments.

Note:3. Segment profit and loss is adjusted for operating loss in the consolidated income statement.

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