

Consolidated Financial Results for the Nine Months of Fiscal Year Ending March 31, 2019 <under Japanese GAAP>

February 7, 2019

Company name : NIKKO COMPANY
 ID number : 5343 Stock listing : Nagoya Stock Exchange Second Section
 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 8, 2019
 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, 2018 (April 1, 2018 - December 31, 2018)

(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, 2018	10,117	1.5	(23)	-	12	(86.3)	(0)	-
Nine months ended December 31, 2017	9,971	4.6	78	2.3	91	2.1	69	74.3

Note: Comprehensive income (Millions of yen) : December 31, 2018 : 13((86.4)%) December 31, 2017 : 96 (76.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2018	(0.00)	-
Nine months ended December 31, 2017	3.00	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2018	9,365	1,072	11.5	46.01
Year ended Mar. 31, 2018	9,466	1,059	11.2	45.44

Reference: Shareholders' equity (Millions of yen) : December 31, 2018: 1,072 Mar. 31, 2018: 1,059

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, 2018	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2019	-	0.00	-		
Year ending Mar. 31, 2019 (forecast)				0.00	0.00

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 - March 31, 2019)

The NIKKO Group will no longer disclose its projected consolidated results for periods starting from that ending in March 2019. Details of this decision are described in “3. Projected Consolidated Results for FY2018” in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2018” disclosed on May 10, 2018. In addition, as of the release date of this financial report, the official name of the caucus referred to as the “Diet Members Caucus for Discussing a New Form of Capitalism (temporary name)” in the above-mentioned document has been decided as the “Diet Members Caucus for Seeking Public Interest Capitalism.”

※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, 2018	:24,172,000 shares	Mar. 31, 2018	: 24,172,000 shares
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2) Number of treasury stock at the end of the period

December 31, 2018	: 864,149 shares	Mar. 31, 2018	: 864,148 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Nine months ended December 31, 2018	: 23,307,851 shares	Nine months ended December 31, 2017	: 23,311,509 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)	
	FY03/2018	FY03/2019
	(As of Mar.31,2018)	(As of Dec.31,2018)
Assets		
Current assets		
Cash and deposits	1,098	1,302
Notes and accounts receivable-trade	2,192	1,733
Merchandise and finished goods	1,273	1,200
Work in process	581	586
Costs on uncompleted construction contracts	432	610
Raw materials and supplies	264	284
Other	57	88
Allowance for doubtful accounts	(5)	(4)
Total current assets	5,893	5,802
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,811	6,838
Accumulated depreciation	(5,085)	(5,207)
Buildings and structures, net	1,726	1,631
Machinery, equipment and vehicles	4,509	4,700
Accumulated depreciation	(4,184)	(4,275)
Machinery, equipment and vehicles, net	325	424
Tools, furniture and fixtures	1,237	1,269
Accumulated depreciation	(1,145)	(1,183)
Tools, furniture and fixtures, net	91	86
Land	1,121	1,121
Lease assets	99	79
Accumulated depreciation	(85)	(49)
Lease assets, net	13	29
Construction in progress	65	54
Total property, plant and equipment	3,344	3,347
Intangible assets		
Lease assets	0	—
Other	70	60
Total intangible assets	71	60
Investments and other assets		
Investment securities	56	55
Other	103	100
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	157	154
Total noncurrent assets	3,573	3,562
Total assets	9,466	9,365
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,679	2,499
Short-term loans payable	2,400	2,400
Current portion of long-term loans payable	159	139
Lease obligations	12	8
Income taxes payable	88	19
Provision for bonuses	121	85
Provision for product warranties	170	170
Other	1,140	1,384
Total current liabilities	6,772	6,707
Noncurrent liabilities		
Long-term loans payable	191	86
Lease obligations	1	20
Deferred tax liabilities	5	5
Provision for directors' retirement benefits	34	41
Net defined benefit liability	1,282	1,308
Other	119	121
Total noncurrent liabilities	1,634	1,585
Total liabilities	8,407	8,292
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,492)	(3,492)
Treasury stock	(338)	(338)
Total shareholders' equity	1,224	1,224
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(111)	(112)
Remeasurements of defined benefit plans	(54)	(39)
Total accumulated other comprehensive income	(165)	(151)
Total net assets	1,059	1,072
Total liabilities and net assets	9,466	9,365

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

Consolidated quarterly statements of income

	(Millions of yen)	
	FY03/2018	FY03/2019
	(Apr.1, 2017-Dec.31,2017)	(Apr.1, 2018-Dec.31,2018)
Net sales	9,971	10,117
Cost of sales	7,022	7,191
Gross profit	2,949	2,926
Selling, general and administrative expenses	2,871	2,949
Operating income (loss)	78	(23)
Non-operating income		
Interest income	0	0
Gain on sales of wastes	13	15
Foreign exchange gains	6	21
Other	32	33
Total non-operating income	53	69
Non-operating expenses		
Interest expenses	21	18
Sales discounts	9	9
Other	9	6
Total non-operating expenses	39	34
Ordinary income (loss)	91	12
Extraordinary Income		
Gain on sales of noncurrent assets	1	—
Gain on sales of shares of subsidiaries and associates	—	3
Total extraordinary Income	1	3
Extraordinary loss		
Loss on retirement of noncurrent assets	0	—
Total extraordinary losses	0	—
Loss before income taxes	92	15
Income taxes-current	22	16
Income taxes-deferred	(0)	(0)
Total income taxes	22	15
Profit (loss)	69	(0)
Profit (loss) attributable to owners of parent	69	(0)

Consolidated quarterly statements of comprehensive income

	(Millions of yen)	
	FY03/2018	FY03/2019
	(Apr.1, 2017-Dec.31,2017)	(Apr.1, 2018-Dec.31,2018)
Profit (loss)	69	(0)
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	(0)	(1)
Remeasurements of defined benefit plans, net of tax	26	14
Other comprehensive income	27	13
Comprehensive income	96	13
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	96	13
Comprehensive income attributable to non-controlling interests	—	—