

Consolidated Financial Results for the Three Months of Fiscal Year Ending March 31, 2020 <under Japanese GAAP>

August 8, 2019

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 : August 9, 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 Three Months Ended June 30, 2019 (April 1, 2019 - June 30, 2019)

(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, 2019	2,878	(13.3)	(98)	-	(99)	-	(105)	-
Three months ended June 30, 2018	3,321	11.7	(27)	-	(5)	-	(10)	-

Note: Comprehensive income (Millions of yen) : June 30, 2019 : (99) (-%) June 30, 2018 : (6) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June. 30, 2019	(4.51)	-
Three months ended June. 30, 2018	(0.46)	-

(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, 2019	9,389	1,179	12.6	50.59
Year ended Mar. 31, 2019	9,462	1,278	13.5	54.86

Reference: Shareholders' equity (Millions of yen) : June 30, 2019: 1,179 Mar. 31, 2019: 1,278

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, 2019	-	0.00	-	0.00	0.00
Year ending Mar. 31, 2020	-				
Year ending Mar. 31, 2020 (forecast)		0.00	-	0.00	0.00

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

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 FY2019" in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2019" disclosed on May 9, 2019.

※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, 2019 :	24,172,000 shares	Mar. 31, 2019 :	24,172,000 shares
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2) Number of treasury stock at the end of the period

June 30, 2019 :	864,262 shares	Mar. 31, 2019 :	864,232 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Three months ended June 30, 2019 :	23,307,739 shares	Three months ended June 30, 2018 :	23,307,851 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 95th Fiscal Period to be submitted on August 9, 2019 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

	FY03/2019 (As of Mar.31,2019)	(Millions of yen) FY03/2020 (As of June 30,2019)
Assets		
Current assets		
Cash and deposits	1,406	1,368
Notes and accounts receivable-trade	1,839	1,532
Merchandise and finished goods	1,145	1,274
Work in process	627	720
Costs on uncompleted construction contracts	466	582
Raw materials and supplies	270	293
Other	85	55
Allowance for doubtful accounts	(2)	(2)
Total current assets	5,838	5,826
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,862	6,878
Accumulated depreciation	(5,240)	(5,280)
Buildings and structures, net	1,621	1,597
Machinery, equipment and vehicles	4,515	4,524
Accumulated depreciation	(4,110)	(4,137)
Machinery, equipment and vehicles, net	404	386
Tools, furniture and fixtures	1,182	1,184
Accumulated depreciation	(1,109)	(1,116)
Tools, furniture and fixtures, net	72	68
Land	1,121	1,121
Lease assets	125	125
Accumulated depreciation	(12)	(18)
Lease assets, net	112	106
Construction in progress	25	22
Total property, plant and equipment	3,358	3,301
Intangible assets	57	53
Investments and other assets		
Investment securities	110	110
Other	99	99
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	207	208
Total noncurrent assets	3,623	3,563
Total assets	9,462	9,389
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,498	2,564
Short-term loans payable	2,350	2,350
Current portion of long-term loans payable	114	89
Lease obligations	26	26
Income taxes payable	51	17
Provision for bonuses	170	64
Provision for product warranties	130	122
Other	1,219	1,400
Total current liabilities	6,561	6,635
Noncurrent liabilities		
Long-term loans payable	76	66
Lease obligations	86	80
Deferred tax liabilities	5	5
Provision for directors' retirement benefits	44	38
Net defined benefit liability	1,282	1,258
Other	126	126
Total noncurrent liabilities	1,622	1,575
Total liabilities	8,183	8,210
Net assets		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,312)	(3,417)
Treasury stock	(338)	(338)
Total shareholders' equity	1,404	1,298
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(105)	(104)
Remeasurements of defined benefit plans	(20)	(16)
Total accumulated other comprehensive income	(125)	(119)
Total net assets	1,278	1,179
Total liabilities and net assets	9,462	9,389

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

Consolidated quarterly statements of income

	FY03/2019 (Apr.1, 2018-June 30,2018)	(Millions of yen) FY03/2020 (Apr.1, 2019-June 30,2019)
Net sales	3,321	2,878
Cost of sales	2,335	2,030
Gross profit	985	848
Selling, general and administrative expenses	1,012	946
Operating income (loss)	(27)	(98)
Non-operating income		
Interest income	0	0
Gain on sales of wastes	5	9
Foreign exchange gains	16	—
Other	12	7
Total non-operating income	34	16
Non-operating expenses		
Interest expenses	6	5
Share of loss of entities accounted for using equity method	—	0
Foreign exchange loss	—	8
Other	6	4
Total non-operating expenses	12	18
Ordinary loss	(5)	(99)
Loss before income taxes	(5)	(99)
Income taxes-current	5	5
Income taxes-deferred	(0)	(0)
Total income taxes	5	5
Profit (loss)	(10)	(105)
Profit (loss) attributable to owners of parent	(10)	(105)

Consolidated quarterly statements of comprehensive income

	FY03/2019 (Apr.1, 2018-June 30,2018)	(Millions of yen) FY03/2020 (Apr.1, 2019-June 30,2019)
Profit (loss)	(10)	(105)
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	4	4
Share of other comprehensive income of entities accounted for using equity method	—	0
Other comprehensive income	3	5
Comprehensive income	(6)	(99)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(6)	(99)
Comprehensive income attributable to non-controlling interests	—	—

[Consolidated Segment Information]

Three Months ended June 30, 2018 (April 1, 2018 – June 30, 2018)

(Millions of yen, rounded down)

	Functional Ceramics Product	Housing & Environmental Equipment	Tabletop	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements (Note 3)
Net sales							
Sales to Outside Customers	778	2,001	530	11	3,321	-	3,321
Intersegment sales or Transfers	-	-	-	3	3	(3)	-
Total	778	2,001	530	15	3,325	(3)	3,321
Segment profit (loss) (Operating income (loss))	150	18	(52)	(1)	114	(141)	(27)

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

Note: 2. Segment income adjustment of 141 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.

Three Months ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(Millions of yen, rounded down)

	Functional Ceramics Product	Housing & Environmental Equipment	Tabletop	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements (Note 3)
Net sales							
Sales to Outside Customers	590	1,910	363	13	2,878	-	2,878
Intersegment sales or Transfers	-	-	-	4	4	(4)	-
Total	590	1,910	363	17	2,883	(4)	2,878
Segment profit (loss) (Operating income (loss))	63	33	(49)	(0)	46	(145)	(98)

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

Note: 2. Segment income adjustment of 145 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.