

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

February 7, 2020

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 7, 2020  
 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, 2019 (April 1, 2019 - December 31, 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	%
Nine months ended December 31, 2019	9,687	(4.3)	12	-	61	393.3	63	-
Nine months ended December 31, 2018	10,117	1.5	(23)	-	12	(86.3)	(0)	-

Note: Comprehensive income (Millions of yen) : December 31, 2019 : 75(469.7%) December 31, 2018 : 13 ((86.4)%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2019	2.71	-
Nine months ended December 31, 2018	(0.00)	-

(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, 2019	9,809	1,353	13.8	58.08
Year ended Mar. 31, 2019	9,462	1,278	13.5	54.86

Reference: Shareholders' equity (Millions of yen) : December 31, 2019: 1,353 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	-	0.00	-		
Year ending Mar. 31, 2020 (forecast)				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

December 31, 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

December 31, 2019	: 864,510 shares	Mar. 31, 2019	: 864,232 shares
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3) Average number of shares issued during the period (cumulative; consolidated)

Nine months ended December 31, 2019	: 23,307,648 shares	Nine months ended December 31, 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.

Consolidated quarterly Financial Statements

(1) Consolidated Balance Sheet

	(Millions of yen)	
	FY03/2019	FY03/2020
	(As of Mar.31,2019)	(As of Dec.31,2019)
<b>Assets</b>		
Current assets		
Cash and deposits	1,406	1,146
Notes and accounts receivable-trade	1,839	2,014
Merchandise and finished goods	1,145	1,319
Work in process	627	879
Costs on uncompleted construction contracts	466	577
Raw materials and supplies	270	303
Other	85	85
Allowance for doubtful accounts	(2)	(2)
<b>Total current assets</b>	<b>5,838</b>	<b>6,324</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,862	6,894
Accumulated depreciation	(5,240)	(5,361)
<b>Buildings and structures, net</b>	<b>1,621</b>	<b>1,533</b>
Machinery, equipment and vehicles	4,515	4,554
Accumulated depreciation	(4,110)	(4,193)
<b>Machinery, equipment and vehicles, net</b>	<b>404</b>	<b>360</b>
Tools, furniture and fixtures	1,182	1,194
Accumulated depreciation	(1,109)	(1,130)
<b>Tools, furniture and fixtures, net</b>	<b>72</b>	<b>63</b>
Land	1,121	1,121
Lease assets	125	147
Accumulated depreciation	(12)	(32)
<b>Lease assets, net</b>	<b>112</b>	<b>114</b>
Construction in progress	25	44
<b>Total property, plant and equipment</b>	<b>3,358</b>	<b>3,237</b>
Intangible assets		
Lease assets	57	45
Other	0	0
<b>Total intangible assets</b>	<b>57</b>	<b>45</b>
Investments and other assets		
Investment securities	110	108
Other	99	96
Allowance for doubtful accounts	(1)	(2)
<b>Total investments and other assets</b>	<b>207</b>	<b>202</b>
<b>Total noncurrent assets</b>	<b>3,623</b>	<b>3,484</b>
<b>Total assets</b>	<b>9,462</b>	<b>9,809</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,498	2,697
Short-term loans payable	2,350	2,350
Current portion of long-term loans payable	114	39
Lease obligations	26	30
Income taxes payable	51	27
Provision for bonuses	170	63
Provision for product warranties	130	122
Other	1,219	1,565
<b>Total current liabilities</b>	<b>6,561</b>	<b>6,895</b>
Noncurrent liabilities		
Long-term loans payable	76	46
Lease obligations	86	83
Deferred tax liabilities	5	4
Provision for directors' retirement benefits	44	43
Net defined benefit liability	1,282	1,254
Other	126	127
<b>Total noncurrent liabilities</b>	<b>1,622</b>	<b>1,559</b>
<b>Total liabilities</b>	<b>8,183</b>	<b>8,455</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,470	3,470
Capital surplus	1,584	1,584
Retained earnings	(3,312)	(3,249)
Treasury stock	(338)	(338)
<b>Total shareholders' equity</b>	<b>1,404</b>	<b>1,467</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(105)	(106)
Remeasurements of defined benefit plans	(20)	(7)
<b>Total accumulated other comprehensive income</b>	<b>(125)</b>	<b>(113)</b>
<b>Total net assets</b>	<b>1,278</b>	<b>1,353</b>
<b>Total liabilities and net assets</b>	<b>9,462</b>	<b>9,809</b>

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

Consolidated quarterly statements of income

	FY03/2019 (Apr.1, 2018-Dec.31,2018)	(Millions of yen) FY03/2020 (Apr.1, 2019-Dec.31,2019)
Net sales	10,117	9,687
Cost of sales	7,191	6,842
<b>Gross profit</b>	<b>2,926</b>	<b>2,844</b>
Selling, general and administrative expenses	2,949	2,831
<b>Operating income (loss)</b>	<b>(23)</b>	<b>12</b>
Non-operating income		
Interest income	0	0
Gain on sales of wastes	15	22
Foreign exchange gains	21	1
Income from contribution to facilities	—	27
Other	33	27
<b>Total non-operating income</b>	<b>69</b>	<b>79</b>
Non-operating expenses		
Interest expenses	18	15
Sales discounts	9	8
Share of loss of entities accounted for using equity method	—	0
Other	6	6
<b>Total non-operating expenses</b>	<b>34</b>	<b>31</b>
<b>Ordinary income (loss)</b>	<b>12</b>	<b>61</b>
Extraordinary Income		
Gain on sales of noncurrent assets	—	3
Gain on sales of investment securities	—	17
Gain on sales of shares of subsidiaries and associates	3	—
<b>Total extraordinary Income</b>	<b>3</b>	<b>21</b>
<b>Loss before income taxes</b>	<b>15</b>	<b>83</b>
Income taxes-current	16	20
Income taxes-deferred	(0)	(0)
<b>Total income taxes</b>	<b>15</b>	<b>20</b>
<b>Profit (loss)</b>	<b>(0)</b>	<b>63</b>
	(0)	63
<b>Profit (loss) attributable to owners of parent</b>		

Consolidated quarterly statements of comprehensive income

	(Millions of yen) FY03/2019 (Apr.1, 2018-Dec.31,2018)	(Millions of yen) FY03/2020 (Apr.1, 2019-Dec.31,2019)
Profit (loss)	(0)	63
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	(1)	0
Remeasurements of defined benefit plans, net of tax	14	13
Share of other comprehensive income of entities accounted for using equity method	—	(1)
<b>Other comprehensive income</b>	<b>13</b>	<b>12</b>
<b>Comprehensive income</b>	<b>13</b>	<b>75</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	13	75
Comprehensive income attributable to non-controlling interests	—	—

**[Consolidated Segment Information]**

Nine Months ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Functional Ceramics Product	Tabletop	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements (Note 3)
Net sales							
Sales to Outside Customers	6,284	2,039	1,758	34	10,117	-	10,117
Intersegment sales or Transfers	-	-	-	11	11	(11)	-
Total	6,284	2,039	1,758	46	10,129	(11)	10,117
Segment profit (loss) (Operating income (loss))	219	286	(92)	(3)	411	(434)	(23)

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 434 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.

Nine Months ended December 31, 2019 (April 1, 2019 – December 31, 2019)

(Millions of yen, rounded down)

	Housing & Environmental Equipment	Functional Ceramics Product	Tabletop	Other (Note 1)	Segment total	Adjustment (Note 2)	Amounts on the consolidated financial statements (Note 3)
Net sales							
Sales to Outside Customers	6,538	1,799	1,335	13	9,687	-	9,687
Intersegment sales or Transfers	-	-	-	4	4	(4)	-
Total	6,538	1,799	1,335	17	9,691	(4)	9,687
Segment profit (loss) (Operating income (loss))	378	159	(97)	(0)	441	(428)	(12)

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

This is to inform that our foreign-based consolidated subsidiary company, NIKKO CERAMICS, INC., quitted the warehousing business on July 1, 2019.

Note: 2. Segment income adjustment of 428 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 income on the consolidated quarterly statements of income.