

## Consolidated Financial Results for the Financial Period Ended December 2018 (IFRS)

Company name: NIKKISO CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 6376  
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Scheduled date of General Meeting of Shareholders: March 28, 2019  
 Schedule date of commencement of dividend payment: March 11, 2019  
 Scheduled date for filing of securities report: March 29, 2019  
 Supplementary documents for quarterly results: Yes  
 Financial results briefing: Yes

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Financial Period ended in December 2018 (January 1, 2018 - December 31, 2018)

#### (1) Consolidated Results of Operations

Consolidated Results of Operations

	Revenue		Operating profit		Profit before tax		Profit for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Financial period ended in December 2018	165,326	17.3	10,302	18.2	9,741	17.2	7,595	43.2
Financial period ended in December 2017	140,912	8.4	8,718	7.4	8,310	22.2	5,304	7.8

	Profit for the year attributable to owners of the company		Total amount of comprehensive income	
	Million yen	%	Million yen	%
Financial period ended in December 2018	7,448	43.7	3,111	(69.8)
Financial period ended in December 2017	5,182	6.1	10,311	265.9

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Return on asset (ROA)	Revenue operating margin
	Yen	Yen	%	%	%
Financial period ended in December 2018	104.63	97.09	9.8	3.9	6.2
Financial period ended in December 2017	72.82	63.97	7.3	3.9	6.2

(Reference) Profit and loss from investment accounted for using equity method: Financial period ended in December 2018 266 million yen

Financial period ended in December 2017 210 million yen

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the company	Equity ratio	Equity attributable to owners of the company per share
	Million yen	Million yen	Million yen	%	Yen
Financial period ended in December 2018	249,788	78,338	76,624	30.7	1,074.83
Financial period ended in December 2017	244,692	76,787	75,051	30.7	1,053.16

#### (3) Consolidated Cash Flow Information

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from (used in) financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Financial period ended in December 2018	14,076	(12,218)	(5,771)	29,269
Financial period ended in December 2017	4,915	(48,058)	51,015	34,095

## 2. Dividend Conditions

	Dividends					Total Value of Dividends (Total)	Dividend Payout Ratio (Consolidated)	Dividend on equity attributable to owners of parent (Consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	Term-end	Total			
Financial period ended in December 2017	Yen -	Yen 8.00	Yen -	Yen 8.00	Yen 16.00	Million yen 1,139	% 22.0	% 1.6
Financial period ended in December 2018	-	8.00	-	10.00	18.00	1,281	17.2	1.7
Financial period ending in December 2019(Forecast)	-	10.00	-	10.00	20.00		18.3	

## 3. Consolidated Financial Results Forecast for the Financial Period ending in December 2019 (January 1, 2019 - December 31, 2019)

(percentages represent year-over-year change)

	Revenue		Operating profit		Profit before tax		Profit for the year attributable to owners of the company		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
The second quarter (cumulative)	80,500	6.5	3,100	(2.1)	3,000	8.6	2,000	(1.7)	28.09
Annual	172,000	4.0	11,000	6.8	10,600	8.8	7,800	4.7	109.57

### \* Note

#### (1) Important changes in subsidiaries during the period

(change of specific subsidiaries in accordance with changes in the scope of consolidation)

Newly included: None, Excluded: None

#### (2) Application of particular accounts procedures to the preparation of consolidated financial statements

- |   |      |
|---|------|
| (i) Changes in accounting policies required by IFRSs: | Yes  |
| (ii) Changes other than (i) in accounting methods:    | None |
| (iii) Changes in accounting estimates:                | None |

#### (3) Number of ordinary shares issued

- |  |                   |
|--|-------------------|
| (i) Number of shares issued as of term-end (including treasury shares) |                   |
| As of December 31, 2018  | 74,286,464 shares |
| As of December 31, 2017  | 74,286,464 shares |
| (ii) Treasury shares as of term-end                                    |                   |
| As of December 31, 2018  | 3,098,991 shares  |
| As of December 31, 2017  | 3,098,489 shares  |
| (iii) Average number of shares outstanding                             |                   |
| Financial period ended in December 2017                                | 71,187,800 shares |
| Financial period ended in December 2018                                | 71,177,273 shares |

\* Immediate report of financial results is out of the scope of audit.

\* Disclaimer regarding forward-looking information including appropriate use of forecast financial results

The forecast statements shown in these materials are based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and other results may differ from these forecast figures due to various factors.

### 3. Consolidated Financial Statements and Important Notes

#### (1) Consolidated Statement of Financial Position

(Unit: million yen)

	End of consolidated FY2017 (December 31, 2017)	End of consolidated FY2018 (as of December 31, 2018)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	34,095	29,269
Trade and other receivables	50,434	54,077
Other short-term financial assets	1,698	1,107
Inventories	30,363	33,297
Income tax refund receivable	359	186
Other current assets	2,152	3,403
<b>Total current assets</b>	<b>119,103</b>	<b>121,342</b>
Non-current assets		
Property, plant and equipment	38,454	44,920
Goodwill and Intangible assets	67,792	64,255
Investments accounted for using the equity method	1,198	1,299
Long-term financial assets	15,354	13,825
Deferred tax assets	1,913	2,735
Other non-current assets	875	1,409
<b>Total non-current assets</b>	<b>125,588</b>	<b>128,446</b>
<b>Total assets</b>	<b>244,692</b>	<b>249,788</b>

(Unit: million yen)

	End of consolidated FY2017 (as of December 31, 2017)	End of consolidated FY2018 (as of December 31, 2018)
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and short-term borrowings	76,975	40,056
Trade and other payables	22,624	27,380
Other short-term financial liabilities	573	626
Income tax payable	1,237	1,977
Provisions	1,513	1,347
Other current liabilities	11,006	15,658
Total current liabilities	113,930	87,045
Non-current liabilities		
Bonds and long-term borrowings	45,553	76,996
Other long-term financial liabilities	569	1,050
Net defined benefit liabilities	3,287	3,217
Provisions	176	213
Deferred tax liabilities	4,269	2,807
Other non-current liabilities	117	118
Total non-current liabilities	53,974	84,404
Total liabilities	167,905	171,450
Equity		
Share capital	6,544	6,544
Capital surplus	11,099	11,069
Treasury shares	(2,543)	(2,544)
Other components of equity	6,268	1,851
Retained earnings	53,682	59,703
Equity attributable to owners of the company	75,051	76,624
Non-controlling interests	1,736	1,714
Total equity	76,787	78,338
Total liabilities and equity	244,692	249,788

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Profit or Loss)

(Unit: million yen)

	FY2017 (From January 1, 2017 to December 31, 2017)	FY2018 (From January 1, 2018 to December 31, 2018)
Revenue	140,912	165,326
Cost of sales	(92,304)	(108,349)
Gross profit	48,608	56,977
Selling, general and administrative expense	(42,218)	(47,123)
Other income	2,554	805
Other expenses	(227)	(356)
Operating profit	8,718	10,302
Financial income	493	528
Financial costs	(1,112)	(1,355)
Share of profit of associates and joint venture accounted for using the equity method	210	266
Profit before tax	8,310	9,741
Income tax expense	(3,005)	(2,146)
Profit for the year	5,304	7,595
Profit for the year attributable to:		
Owners of the company	5,182	7,448
Non-controlling interests	121	146
Profit for the year	5,304	7,595
Earnings per share		
Basic (Yen)	72.82	104.63
Diluted (Yen)	63.97	97.09

## (Consolidated Statement of Comprehensive Income)

(Unit: million yen)

	FY2017 (From January 1, 2017 to December 31, 2017)	FY2018 (From January 1, 2018 to December 31, 2018)
Profit for the year	5,304	7,595
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,674	(1,207)
Remeasurement of defined benefit pension plans	(70)	(39)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	0	3
Total	1,603	(1,244)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	3,357	(2,885)
Gain (loss) on cash flow hedges	14	(294)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	31	(59)
Total	3,403	(3,239)
Other comprehensive income, net of tax	5,007	(4,483)
Total comprehensive income for the year	10,311	3,111
Total comprehensive income for the year attributable to:		
Owners of the company	9,717	2,991
Non-controlling interests	593	119
Total comprehensive income for the year	10,311	3,111

## Statement of Changes in Equity

(Unit: million yen)

	Equity attributable to owners of parent					
	Capital stock	Share premium	Treasury shares	Other components of equity		
				Financial assets measured through other comprehensive income	Remeasurement of defined benefit plans	Exchange difference of foreign operations
Balance as of January 1, 2017	6,544	11,103	(2,578)	3,754	—	(1,798)
Profit for the year						
Other comprehensive income				1,674	(70)	2,917
Total comprehensive income for the year	—	—	—	1,674	(70)	2,917
Purchase of treasury shares			(0)			
Disposal of treasury shares		3	35			
Dividend						
Description of share-based payment arrangement		(7)				
Transfer to retained earnings					70	
Total amount of transactions with owners	—	(3)	34	—	70	—
Balance as of December 31, 2017	6,544	11,099	(2,543)	5,428	—	1,118
Adjustment resulting from changing an accounting policy						
Balance as of January 1, 2018	6,544	11,099	(2,543)	5,428	—	1,118
Profit for the year						
Other comprehensive income				-1,204	-39	-2,918
Total comprehensive income for the year	-	-	-	-1,204	-39	-2,918
Purchase of treasury shares			-0			
Disposal of treasury shares		0	0			
Dividends						
Description of share-based payment arrangement		30				
Changes in ownership interests in a subsidiary		-61				
Transfer to retained earnings					39	
Total transactions with owners	-	-30	-0	-	39	-
Balance as of December 31, 2018	6,544	11,069	-2,544	4,223	-	-1,800

(Unit: million yen)

	Equity attributable to owners of parent				Non-controlling interests	Net assets
	Other components of equity		Retained earnings	Total		
	Cash flow hedges loss	Total				
Balance as of January 1, 2017	(292)	1,662	49,709	66,441	1,222	67,664
Profit for the year			5,182	5,182	121	5,304
Other comprehensive income	14	4,535		4,535	471	5,007
Total comprehensive income for the year	14	4,535	5,182	9,717	593	10,311
Purchase of treasury shares				(0)		(0)
Disposal of treasury shares				38		38
Retirement of treasury shares						
Dividend			(1,138)	(1,138)	(80)	(1,219)
share-based payment				(7)		(7)
Transfer to retained earnings		70	(70)	—		—
Total transactions with owners	—	70	(1,209)	(1,108)	(80)	(1,188)
Balance as of December 31, 2017	(278)	6,268	53,682	75,051	1,736	76,787
Adjustment resulting from changing an accounting policy			(248)	(248)		(248)
Balance as of January 1, 2018	(278)	6,268	53,433	74,802	1,736	76,538
Profit for the year			7,448	7,448	146	7,595
Other comprehensive income	(294)	(4,456)		(4,456)	(26)	(4,483)
Total comprehensive income for the year	(294)	(4,456)	7,448	2,991	119	3,111
Purchase of treasury shares				(0)		(0)
Disposal of treasury shares				0		0
Dividends			(1,139)	(1,139)	(136)	(1,275)
Description of share-based payment arrangement				30		30
Changes in ownership interests in a subsidiary				(61)	(4)	(66)
Transfer to retained earnings		39	(39)	—		—
Total transactions with owners	—	39	(1,178)	(1,170)	(141)	(1,311)
Balance as of December 31, 2018	(572)	1,851	59,703	76,624	1,714	78,338



## (4) Consolidated Cash Flow Statement

(Unit: million yen)

	FY2017 (From January 1, 2017 to December 31, 2017)	FY2018 (From January 1, 2018 to December 31, 2018)
<b>Cash flows from operating activities</b>		
Profit before tax	8,310	9,741
Depreciation and amortization	5,246	6,335
Interest and dividend income	(350)	(357)
Interest expense	856	1,074
Exchange difference	612	(59)
Share of profit of associates and joint venture accounted for using equity method	(210)	(266)
Gains on sale and disposal of property, plant and equipment	(1,191)	77
(Decrease) in trade and other receivables	(5,375)	(4,791)
Increase (Decrease) in inventories	2,094	(3,661)
(Decrease) increase in trade and other payables	(1,921)	5,469
(Decrease) in net defined benefit liabilities	(470)	(91)
Other	2,098	4,359
Subtotal	9,696	17,830
Interest and dividends received	441	422
Interest paid	(688)	(1,014)
Income taxes paid	(4,534)	(3,162)
Net cash generated by operating activities	4,915	14,076
<b>Cash flows from investing activities</b>		
Payments into time deposits	(467)	(420)
Proceeds from withdrawal of time deposits	839	370
Purchase of property, plant and equipment	(5,604)	(11,959)
Proceeds from sales of property, plant and equipment	1,703	627
Purchase of intangible assets	(508)	(909)
Proceeds from sales of intangible assets	9	70
Purchase of equity instruments	(1,734)	-
Payments for acquisition of subsidiaries	(42,299)	-
Payments made for short-term loans receivable	(6)	(9)
Proceeds from collection of short-term loans receivable	11	10
Payments of made for long-term loans receivable	(1)	(0)
Net cash used in investing activities	(48,058)	(12,218)

(Unit: million yen)

	FY2017 (From January 1, 2017 to December 31, 2017)	FY2018 (From January 1, 2018 to December 31, 2018)
Cash flows from financing activities		
Proceeds from short-term borrowings	53,118	29,778
Repayments of short-term borrowings	(13,296)	(49,055)
Repayments of finance lease obligations	(75)	(71)
Proceeds from long-term borrowings	16,886	40,700
Repayment of long-term borrowings	(4,398)	(25,769)
Payments for purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury stock	-	0
Dividends paid	(1,138)	(1,139)
Dividends paid to non-controlling interests	(80)	(136)
Payments for acquisition of interests in subsidiaries from non-controlling interests	-	(76)
Net cash generated by/ used in financing activities	51,015	(5,771)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	302	(911)
Increase (decrease) in cash and cash equivalents	8,175	(4,825)
Cash and cash equivalents at the beginning of the year	25,919	34,095
Cash and cash equivalents at the end of the year	34,095	29,269