

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (IFRS)

Company name: NIKKISO CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 6376  
 URL: <https://www.nikkiso.co.jp>  
 Representative: Toshihiko Kai, President & CEO  
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Scheduled date of General Meeting of Shareholders: March 27, 2020  
 Schedule date of commencement of dividend payment: March 10, 2020  
 Scheduled date for filling of securities report: March 30, 2020  
 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 Fiscal Year Ended December 31, 2019 (January 1, 2019 - December 31, 2019)

#### (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	%
FY 2019	165,780	0.3	12,466	21.0	11,381	16.8	7,035	(7.4)
FY 2018	165,326	17.3	10,302	18.2	9,741	17.2	7,595	43.2

	Profit for the year attributable to owners of the company		Total amount of comprehensive income	
	Million yen	%	Million yen	%
FY 2019	6,813	(8.5)	6,637	113.3
FY 2018	7,448	43.7	3,111	(69.8)

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Return on asset (ROA)	Revenue operating margin
	Yen	Yen	%	%	%
FY 2019	95.68	95.53	8.6	4.5	7.5
FY 2018	104.63	97.09	9.8	3.9	6.2

(Reference) Profit and loss from investment accounted for using equity method: Financial period ended in December 2019 (262) million yen  
 Financial period ended in December 2018 266 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
FY 2019	252,984	83,413	81,537	32.2	1,143.26
FY 2018	249,788	78,338	76,624	30.7	1,074.83

#### (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
FY 2019	11,996	(5,145)	(15,534)	20,303
FY 2018	14,076	(12,218)	(5,771)	29,269

### 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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2018	-	8.00	-	10.00	18.00	1,281	17.2	1.7
FY 2019	-	10.00	-	10.00	20.00	1,424	20.9	1.8

FY 2020(Forecast)	-	10.00	-	10.00	20.00		23.7	
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### 3. Consolidated Financial Results Forecast for the FY 2020 (January 1, 2020 - December 31, 2020)

(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)	84,000	6.4	4,000	12.4	3,500	16.7	2,300	20.7	32.30
Annual	174,000	5.0	11,000	(11.8)	10,000	(12.1)	6,000	(11.9)	84.26

#### \* 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, 2019  | 74,286,464 shares |
| As of December 31, 2018  | 74,286,464 shares |
| (ii) Treasury shares as of term-end                                    |                   |
| As of December 31, 2019  | 3,067,681 shares  |
| As of December 31, 2018  | 3,098,991 shares  |
| (iii) Average number of shares outstanding                             |                   |
| Financial period ended in December 2019                                | 71,211,129 shares |
| Financial period ended in December 2018                                | 71,187,800 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 FY2018 (December 31, 2018)	End of consolidated FY2019 (as of December 31, 2019)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	29,269	20,303
Trade and other receivables	54,077	53,256
Other short-term financial assets	1,107	468
Inventories	33,297	35,523
Income tax refund receivable	186	470
Other current assets	3,403	2,997
<b>Total current assets</b>	<b>121,342</b>	<b>113,020</b>
Non-current assets		
Property, plant and equipment	44,920	41,849
Goodwill and Intangible assets	64,255	61,105
Investments accounted for using the equity method	—	14,696
Investments accounted for using the equity method	1,299	2,947
Long-term financial assets	13,825	15,392
Deferred tax assets	2,735	3,315
Other non-current assets	1,409	657
<b>Total non-current assets</b>	<b>128,446</b>	<b>139,964</b>
<b>Total assets</b>	<b>249,788</b>	<b>252,984</b>

(Unit: million yen)

	End of consolidated FY2018 (as of December 31, 2018)	End of consolidated FY2019 (as of December 31, 2019)
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bonds and short-term borrowings	40,056	21,680
Trade and other payables	27,380	28,231
Lease liabilities	—	2,550
Other short-term financial liabilities	626	820
Income tax payable	1,977	869
Provisions	1,347	1,355
Other current liabilities	15,658	12,117
<b>Total current liabilities</b>	<b>87,045</b>	<b>67,625</b>
<b>Non-current liabilities</b>		
Bonds and long-term borrowings	76,996	83,050
Lease liabilities	—	11,830
Other long-term financial liabilities	1,050	949
Net defined benefit liabilities	3,217	3,315
Provisions	213	284
Deferred tax liabilities	2,807	2,399
Other non-current liabilities	118	115
<b>Total non-current liabilities</b>	<b>84,404</b>	<b>101,946</b>
<b>Total liabilities</b>	<b>171,450</b>	<b>169,571</b>
<b>Equity</b>		
Share capital	6,544	6,544
Capital surplus	11,069	11,001
Treasury shares	(2,544)	(2,519)
Other components of equity	1,851	1,447
Retained earnings	59,703	65,063
Equity attributable to owners of the company	76,624	81,537
Non-controlling interests	1,714	1,875
<b>Total equity</b>	<b>78,338</b>	<b>83,413</b>
<b>Total liabilities and equity</b>	<b>249,788</b>	<b>252,984</b>

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

(Unit: million yen)

	FY2018 (From January 1, 2018 to December 31, 2018)	FY2019 (From January 1, 2019 to December 31, 2019)
Revenue	165,326	165,780
Cost of sales	(108,349)	(110,997)
Gross profit	56,977	54,783
Selling, general and administrative expense	(47,123)	(43,917)
Other income	805	4,354
Other expenses	(356)	(2,753)
Operating profit	10,302	12,466
Financial income	528	523
Financial costs	(1,355)	(1,345)
Share of profit of associates and joint venture accounted for using the equity method	266	(262)
Profit before tax	9,741	11,381
Income tax expense	(2,146)	(4,345)
Profit for the year	7,595	7,035
Profit for the year attributable to:		
Owners of the company	7,448	6,813
Non-controlling interests	146	221
Profit for the year	7,595	7,035
Earnings per share		
Basic (Yen)	104.63	95.68
Diluted (Yen)	97.09	95.53

## (Consolidated Statement of Comprehensive Income)

(Unit: million yen)

	FY2018 (From January 1, 2018 to December 31, 2018)	FY2019 (From January 1, 2019 to December 31, 2019)
Profit for the year	7,595	7,035
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,207)	1,012
Remeasurement of defined benefit pension plans	(39)	(90)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	3	(2)
Total	(1,244)	919
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(2,885)	(1,201)
Gain (loss) on cash flow hedges	(294)	(105)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(59)	(9)
Total	(3,239)	(1,316)
Other comprehensive income, net of tax	(4,483)	(397)
Total comprehensive income for the year	3,111	6,637
Total comprehensive income for the year attributable to:		
Owners of the company	2,991	6,319
Non-controlling interests	119	318
Total comprehensive income for the year	3,111	6,637

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, 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			
Dividend						
Description of share-based payment arrangement		30				
Changes in interests in subsidiaries		(61)				
Transfer to retained earnings					39	
Total amount of transactions with owners	—	(30)	(0)	—	39	—
Balance as of December 31, 2018	6,544	11,069	(2,544)	4,223	—	(1,800)
Adjustment resulting from changing an accounting policy						
Balance as of January 1, 2019	6,544	11,069	(2,544)	4,223	—	(1,800)
Profit for the year						
Other comprehensive income				1,009	(90)	(1,307)
Total comprehensive income for the year	-	-	-	1,009	(90)	(1,307)
Purchase of treasury shares			(0)			
Disposal of treasury shares		1	26			
Dividends						
Description of share-based payment arrangement		5				
Changes in ownership interests in a subsidiary		(74)				
Transfer to retained earnings					90	
Total transactions with owners	-	(68)	25	-	90	-
Balance as of December 31, 2019	6,544	11,001	(2,519)	5,233	-	(3,108)

(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				
January 1, 2018	(278)	6,268	53,682	75,051	1,736	76,787
Impact of changes in accounting policies			(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
Dividend			(1,139)	(1,139)	(136)	(1,275)
share-based payment				30		30
Changes in interests in subsidiaries				(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
Adjustment resulting from changing an accounting policy			60	60		60
Balance as of January 1, 2019	(572)	1,851	59,764	76,684	1,714	78,399
Profit for the year			6,813	6,813	221	7,035
Other comprehensive income	(105)	(494)		(494)	96	(397)
Total comprehensive income for the year	(105)	(494)	6,813	6,319	318	6,637
Purchase of treasury shares				(0)		(0)
Disposal of treasury shares				27		27
Dividends			(1,424)	(1,424)	(139)	(1,563)
Description of share-based payment arrangement				5		5
Changes in ownership interests in a subsidiary				(74)	(18)	(93)
Transfer to retained earnings		90	(90)	—		—
Total transactions with owners	—	90	(1,514)	(1,466)	(157)	(1,624)
Balance as of December 31, 2019	(677)	1,447	65,063	81,537	1,875	83,413



## (4) Consolidated Cash Flow Statement

(Unit: million yen)

	FY2018 (From January 1, 2018 to December 31, 2018)	FY2019 (From January 1, 2019 to December 31, 2019)
<b>Cash flows from operating activities</b>		
Profit before tax	9,741	11,381
Depreciation and amortization	6,335	8,994
Impairment loss	—	2,249
Interest and dividend income	(357)	(394)
Interest expense	1,074	1,166
Exchange difference	(59)	49
Share of profit of associates and joint venture accounted for using equity method	(266)	262
Gains on sale and disposal of property, plant and equipment	77	49
Gain on sales of subsidiaries and affiliates	—	(2,414)
(Decrease) in trade and other receivables	(4,791)	(3,077)
Increase (Decrease) in inventories	(3,661)	(3,765)
(Decrease) increase in trade and other payables	5,469	3,827
(Decrease) in net defined benefit liabilities	(91)	(54)
Other	4,359	(714)
Subtotal	17,830	17,559
Interest and dividends received	422	483
Interest paid	(1,014)	(1,146)
Income taxes paid	(3,162)	(4,899)
<b>Net cash generated by operating activities</b>	<b>14,076</b>	<b>11,996</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(420)	(11)
Proceeds from withdrawal of time deposits	370	574
Purchase of property, plant and equipment	(11,959)	(5,699)
Proceeds from sales of property, plant and equipment	627	69
Purchase of intangible assets	(909)	(1,520)
Proceeds from sales of intangible assets	70	3
Purchase of equity instruments	-	(3,002)
Payments for acquisition of subsidiaries	-	4,309
Payments made for short-term loans receivable	(9)	(36)
Proceeds from collection of short-term loans receivable	10	68
Payments of made for long-term loans receivable	(0)	(0)
Other	-	100
<b>Net cash used in investing activities</b>	<b>(12,218)</b>	<b>(5,145)</b>

(Unit: million yen)

	FY2018 (From January 1, 2018 to December 31, 2018)	FY2019 (From January 1, 2019 to December 31, 2019)
Cash flows from financing activities		
Proceeds from short-term borrowings	29,778	22,942
Repayments of short-term borrowings	(49,055)	(47,534)
Repayments of finance lease obligations	(71)	(2,805)
Proceeds from long-term borrowings	40,700	20,000
Repayment of long-term borrowings	(25,769)	(6,480)
Payments for purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury stock	0	0
Dividends paid	(1,139)	(1,424)
Dividends paid to non-controlling interests	(136)	(139)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(76)	(93)
Net cash generated by/ used in financing activities	(5,771)	(15,534)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(911)	(282)
Increase (decrease) in cash and cash equivalents	(4,825)	(8,965)
Cash and cash equivalents at the beginning of the year	34,095	29,269
Cash and cash equivalents at the end of the year	29,269	20,303