

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)

February 8, 2019

Company name: NIKKON Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9072 URL <http://www.nikkon-hd.co.jp>
 Representative: President & Representative Director Masakatsu Kuroiwa
 Director, Executive Officer, and General
 Inquiries: Manager of Accounting Department Yasunori Matsuda TEL 03-3541-5330
 Scheduled date to file Quarterly Securities Report: February 13, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2018	147,557	5.2	14,662	2.1	15,889	1.4	10,791	(4.1)
Nine months ended December 31, 2017	140,296	5.0	14,356	6.3	15,677	8.4	11,250	13.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2018	161.09	160.50
Nine months ended December 31, 2017	166.49	165.94

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	284,211	182,067	63.9
As of March 31, 2018	286,013	182,627	63.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	30.00	–	35.00	65.00
Year ending March 31, 2019	–	32.00	–		
Year ending March 31, 2019 (Forecast)				33.00	65.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	195,000	3.8	19,500	2.6	21,200	2.3	14,600	0.4	218.51

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2018	68,239,892 shares	As of March 31, 2018	68,239,892 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	1,943,424 shares	As of March 31, 2018	856,202 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2018	66,989,929 shares	Nine months ended December 31, 2017	67,574,996 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	17,755	17,125
Notes and accounts receivable - trade	33,032	32,952
Electronically recorded monetary claims - operating	3,249	3,652
Securities	14,105	7,166
Merchandise and finished goods	4	7
Raw materials and supplies	366	530
Other	4,102	4,412
Allowance for doubtful accounts	(10)	(13)
Total current assets	72,606	65,834
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	73,694	77,870
Machinery, equipment and vehicles, net	8,649	7,744
Tools, furniture and fixtures, net	1,293	1,286
Land	88,717	91,209
Leased assets, net	368	289
Construction in progress	3,005	7,704
Total property, plant and equipment	175,727	186,103
Intangible assets	1,918	1,890
Investments and other assets		
Investment securities	27,760	21,922
Long-term loans receivable	129	557
Deferred tax assets	3,090	3,085
Other	4,864	4,902
Allowance for doubtful accounts	(84)	(84)
Total investments and other assets	35,760	30,382
Total non-current assets	213,406	218,376
Total assets	286,013	284,211

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,573	11,289
Electronically recorded obligations - operating	3,962	4,488
Short-term loans payable	3,800	3,950
Current portion of bonds	10,000	—
Lease obligations	118	116
Income taxes payable	3,379	1,791
Provision for bonuses	3,627	1,886
Provision for directors' bonuses	186	150
Notes payable - facilities	383	1,342
Electronically recorded obligations - non-operating	863	7,459
Other	14,918	13,891
Total current liabilities	52,813	46,366
Non-current liabilities		
Bonds payable	10,000	20,000
Long-term loans payable	26,200	23,598
Lease obligations	284	200
Deferred tax liabilities	6,633	4,863
Net defined benefit liability	5,113	5,067
Provision for directors' retirement benefits	276	287
Other	2,063	1,759
Total non-current liabilities	50,572	55,777
Total liabilities	103,385	102,143
Net assets		
Shareholders' equity		
Capital stock	11,316	11,316
Capital surplus	12,332	12,332
Retained earnings	148,112	154,395
Treasury shares	(1,716)	(4,766)
Total shareholders' equity	170,044	173,278
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,437	9,250
Foreign currency translation adjustment	(777)	(583)
Remeasurements of defined benefit plans	(603)	(433)
Total accumulated other comprehensive income	12,056	8,232
Share acquisition rights	321	354
Non-controlling interests	204	201
Total net assets	182,627	182,067
Total liabilities and net assets	286,013	284,211

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	140,296	147,557
Cost of sales	119,061	125,631
Gross profit	21,235	21,926
Selling, general and administrative expenses	6,878	7,263
Operating profit	14,356	14,662
Non-operating income		
Interest income	60	79
Dividend income	447	493
Rent income	73	62
Share of profit of entities accounted for using equity method	440	461
Foreign exchange gains	59	—
Miscellaneous income	467	385
Total non-operating income	1,549	1,482
Non-operating expenses		
Interest expenses	151	126
Foreign exchange losses	—	15
Bond issuance cost	—	52
Miscellaneous expenses	77	61
Total non-operating expenses	229	255
Ordinary profit	15,677	15,889
Extraordinary income		
Gain on sales of non-current assets	446	70
Gain on revision of retirement benefit plan	189	—
Total extraordinary income	635	70
Extraordinary losses		
Loss on sales of non-current assets	3	45
Loss on retirement of non-current assets	54	89
Loss on sales of investment securities	0	—
Impairment loss	0	0
Total extraordinary losses	57	135
Profit before income taxes	16,255	15,824
Income taxes	4,996	5,027
Profit	11,258	10,796
Profit attributable to non-controlling interests	7	5
Profit attributable to owners of parent	11,250	10,791

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	11,258	10,796
Other comprehensive income		
Valuation difference on available-for-sale securities	3,047	(4,187)
Foreign currency translation adjustment	521	227
Remeasurements of defined benefit plans, net of tax	299	169
Share of other comprehensive income of entities accounted for using equity method	5	(34)
Total other comprehensive income	3,874	(3,825)
Comprehensive income	15,132	6,971
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,134	6,967
Comprehensive income attributable to non-controlling interests	(1)	4