



## Financial Results for First Quarter of Fiscal Year Ending March 31, 2021 [Japanese GAAP] (Consolidated Data)

August 6, 2020

Company Name: Nikko Co., Ltd.	Stock Exchange Listing: Tokyo Stock Exchange
Stock Code: 6306	URL: <a href="http://www.nikko-net.co.jp">http://www.nikko-net.co.jp</a>
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Scheduled date for filing the quarterly report: August 13, 2020	Scheduled date for cash dividends: -
Quarterly earnings supplementary explanatory materials: Yes	
Quarterly financial results briefing session: Yes (for institutional investors, securities analysts, and newspaper reporters)	

(Amounts rounded down to the nearest million yen)

### 1. Consolidated Performance for First Quarter of Fiscal Year Ending March 31, 2021 (April 1, 2020 - June 30, 2020)

#### (1) Consolidated Operating Results (cumulative)

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2020	7,271	(9.1)	408	47.9	979	170.7	746	176.3
Three months ended June 30, 2019	8,001	47.7	276	-	361	315.4	270	106.6

Note: Comprehensive income: Three months ended June 30, 2020: 928 million yen (-%)  
Three months ended June 30, 2019: 27 million yen (-%)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Three months ended June 30, 2020	19.29	-
Three months ended June 30, 2019	7.05	-

The Company carried out a one-to-five split of its common stock effective on October 1, 2019. Quarterly net income per share was calculated assuming that the split took place at the beginning of the previous fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Three months ended June 30, 2020	46,484	30,332	65.2	785.23
Fiscal year ended March 31, 2020	45,677	30,293	66.3	780.68

(Reference) Capital: Three months ended June 30, 2020: 30,306 million yen  
Fiscal year ended March 31, 2020: 30,267 million yen

## 2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2020	—	100.00	—	20.00	—
Fiscal year ending March 31, 2021	—				
Fiscal year ending March 31, 2021 (Forecast)		15.00	—	15.00	30.00

(Note) Revision of previously announced dividend targets during this reporting period: None

The Company carried out a one-to-five split of its common stock effective as of October 1, 2019. The year-end dividend figure for the fiscal year ended March 31, 2020 takes this stock split into account and “-” is entered for the total annual dividends. The dividends for the fiscal year ended March 31, 2020 include commemorative dividend for the Company's 100th anniversary consisting of 50.00 yen per share as interim dividend and 10.00 yen per share as year-end dividend.

## 3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

(Percentages indicate year-on-year changes from full fiscal year and first half of the previous fiscal year, respectively)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2Q (first half)	18,500	7.9	1,100	14.6	1,550	49.8	1,050	4.7	27.21
Full year	36,500	3.8	2,200	7.1	2,700	26.0	1,850	16.4	47.94

(Note) Revision of previously announced earnings forecasts during this reporting period: None

\* Notes

(1) Changes in important subsidiaries during the period under review (changes in specific subsidiaries which involve changes in the scope of consolidation): None  
 Newly added companies: None (Company names: —) / Excluded companies: None (Company names: —)

(2) Use of special accounting methods for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements

- (i) Changes in accounting policy arising from revision of accounting standards, etc.: None
- (ii) Changes in accounting policy other than those noted in (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatements: None

(4) Shares issued (common stock)

- (i) Number of shares outstanding at end of period (including treasury shares)
- (ii) Number of shares held in treasury at end of period
- (iii) Average number of shares outstanding during the period (quarter-to-date)

1Q of fiscal year ending March 31, 2021	40,000,000 shares	Fiscal year ended March 31, 2020	40,000,000 shares
1Q of fiscal year ending March 31, 2021	1,404,830 shares	Fiscal year ended March 31, 2020	1,229,230 shares
1Q of fiscal year ending March 31, 2021	38,704,370 shares	1Q of fiscal year ended March 31, 2020	38,589,549 shares

\* This quarterly report is not subject to quarterly review procedures by certified public accountants or an auditing firm.

\* Explanation of the appropriate use of earnings forecasts, and other special notes  
 (Cautionary statement with respect to forward-looking statements)

Any forecasts and forward-looking statements given herein are based on information available as of this report's publication and on certain assumptions that are deemed reasonable and these forecasts are not guarantees of future performance. Actual results may differ significantly from forecasts due to various factors. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "1. Qualitative Information on Quarterly Results: (3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results" on page 6 in the accompanying materials.

(How to obtain quarterly earnings supplementary explanatory materials)

The Company is scheduled to post the quarterly earnings supplementary explanatory materials on its website on Thursday, August 6, 2020.

The Company has scheduled a financial results briefing session (conference call) for securities analysts on Thursday, August 20, 2020.

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## 1. Qualitative Information on Quarterly Results

### (1) Explanation About Operating Results

During the three months ended June 30, 2020, economic environment in Japan and abroad remained severe due to the impact of the novel coronavirus infection (COVID-19).

In spite of such circumstances, the domestic construction-related industry, with which the Nikko Group has close relationship, was relatively less affected by the impact of COVID-19. The Nikko Group firmly pursued orders and saw an increase in orders received by approximately 30% in the first quarter compared with a year earlier. On the other hand, since exports declined and the plants in China were closed for a certain period of time, net sales were slightly affected in the form of some delays in delivery.

In the three months ended June 30, 2020, consolidated net sales were 7,271 million yen, down 9.1% from a year earlier. In terms of profits, consolidated operating income totaled 408 million yen, up 47.9% year-on-year, consolidated ordinary income totaled 979 million yen, up 170.7% year-on-year, and quarterly net income attributable to owners of parent reached 746 million yen, up 176.3% year-on-year. Operating income on sales increased 2.1 percentage points compared with the same period a year earlier to 5.6%.

Results by segment are as follows.

#### <Asphalt Plant-Related Business>

Net sales of both products and the maintenance business in Japan increased compared with the previous period. Overseas net sales declined compared with the previous period. As a result, net sales of the business rose 1.9% from the previous period to 3,991 million yen. New orders received and order backlog in the period under review increased compared with a year earlier.

#### <Concrete Plant-Related Business>

Net sales of products in Japan and overseas and those of the maintenance business in Japan declined from the previous period. As a result, net sales of the business declined 39.5% from the previous period to 1,478 million yen. New orders received and order backlog in the period under review increased compared with a year earlier.

#### <Environment- and Conveyor-Related Business>

Sales of conveyer products increased from the previous period, but those of environmental products decreased from the previous period. As a result, net sales of the business rose 6.5% from a year earlier to 524 million yen. New orders received and order backlog in the period under review increased compared with a year earlier.

#### <Other Business>

Net sales of temporary construction materials, hand tools, and crushers increased from the previous period. As a result, net sales of the business increased 11.0% to 1,275 million yen. New orders received and order backlog in the period under review increased compared with a year earlier.

(2) Explanation About Financial Position

Total assets at the end of the reporting period were 46,484 million yen, up 807 million yen from the end of the previous fiscal year.

Current assets were 31,641 million yen, up 214 million yen from the end of the previous fiscal year. Factors contributing to the change were inventories and other current assets increasing 1,645 million yen and 494 million yen, respectively, and cash and cash equivalents and notes and accounts receivable-trade decreasing 1,160 million yen and 957 million yen, respectively. Noncurrent assets were 14,843 million yen, up 593 million yen from the end of the previous fiscal year. This was due mainly to property and equipment and investment securities increasing 376 million yen and 234 million yen, respectively.

Liabilities totaled 16,152 million yen, up 768 million yen from the end of the previous fiscal year. Factors contributing to the change include accounts payable-other and other current liabilities rising 403 million yen and 1,444 million yen, respectively, and notes and accounts payable-trade, accounts payable-factoring, income taxes payable, and provision for bonuses falling 486 million yen, 270 million yen, 269 million yen, and 287 million yen, respectively.

Net assets were 30,332 million yen, up 38 million yen from the end of the previous fiscal year. Factors contributing to the change include net income attributable to owners of parent recording 746 million yen, an increase in valuation difference on available-for-sale securities of 177 million yen, and a decrease due to dividend payment of 775 million yen, and purchase of treasury stock of 114 million yen.

As a result, equity ratio fell to 65.2% from 66.3% at the end of the previous fiscal year.

(3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results

There is no change in the performance forecast for the year ending March 31, 2021 that was disclosed on May 14, 2020.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(mil. yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,622	11,462
Notes and accounts receivable-trade	9,902	8,944
Electronically recorded monetary claims	1,709	1,900
Merchandise and finished goods	935	2,737
Work in process and partly-finished construction	4,473	4,381
Raw materials and supplies	1,237	1,172
Other business	560	1,054
Allowance for doubtful accounts	(14)	(12)
<b>Total current assets</b>	<b>31,426</b>	<b>31,641</b>
Non-current assets		
Property and equipment	7,362	7,739
Intangible assets	431	427
Investments and other assets		
Investment securities	4,341	4,575
Investments in capital	11	11
Long-term loans receivable	12	11
Deferred tax assets	953	946
Other business	1,287	1,280
Allowance for doubtful accounts	(150)	(149)
<b>Total investments and other assets</b>	<b>6,456</b>	<b>6,676</b>
<b>Total noncurrent assets</b>	<b>14,250</b>	<b>14,843</b>
<b>Total assets</b>	<b>45,677</b>	<b>46,484</b>

(mil. yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,430	1,944
Electronically recorded obligations	1,176	1,188
Accounts payable-factoring	3,427	3,157
Short-term loans payable	1,548	1,636
Income taxes payable	627	357
Accounts payable-other	538	942
Provision for bonuses	415	127
Provision for directors' bonuses	65	4
Provision for loss on order received	54	129
Other business	2,260	3,704
Total current liabilities	12,545	13,192
Long-term liabilities		
Long-term loans payable	239	337
Deferred tax liabilities	5	5
Provision for directors' retirement benefits	145	151
Retirement benefit-related liabilities	2,089	2,112
Other business	358	352
Total noncurrent liabilities	2,838	2,960
Total liabilities	15,383	16,152
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,918	7,918
Retained earnings	12,632	12,603
Treasury stock	(420)	(534)
Total shareholders' equity	29,328	29,185
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	1,296
Foreign currency translation adjustment	55	55
Accumulated retirement benefit-related adjustment	(235)	(230)
Total accumulated other comprehensive income	939	1,121
Non-controlling interests	25	25
Total net assets	30,293	30,332
Total liabilities and net assets	45,677	46,484



(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
Three Months Ended June 30, 2020

(mil. yen)

	Three Months Ended June 30, 2019 (from April 1, 2019, to June 30, 2019)	Three Months Ended June 30, 2020 (from April 1, 2020, to June 30, 2020)
Net sales	8,001	7,271
Cost of sales	5,838	5,060
Gross profit	2,163	2,210
Selling, general and administrative expenses	1,886	1,802
Operating income	276	408
Non-operating income		
Interest income	0	0
Dividends income	105	516
Foreign exchange gains	-	19
Other business	17	59
Total non-operating income	123	596
Non-operating expenses		
Interest expenses	17	6
Foreign exchange losses	14	-
Compensation for damage	3	8
Other business	2	9
Total non-operating expenses	37	24
Ordinary income	361	979
Extraordinary income		
Gain on sales of investment securities	68	86
Total extraordinary income	68	86
Extraordinary loss		
Loss on sales of investment securities	-	1
Total extraordinary loss	-	1
Quarterly income before income taxes	430	1,064
Income taxes-current	246	393
Income taxes-deferred	(86)	(75)
Total income taxes	160	317
Quarterly net income	270	746
Quarterly net income attributable to owners of parent	270	746

(Consolidated Statements of Comprehensive Income)  
 Three Months Ended June 30, 2020

(mil. yen)

	Three Months Ended June 30, 2019 (from April 1, 2019, to June 30, 2019)	Three Months Ended June 30, 2020 (from April 1, 2020, to June 30, 2020)
Quarterly net income	270	746
Other comprehensive income		
Valuation difference on available-for-sale securities	(179)	177
Foreign currency translation adjustment	(66)	0
Retirement benefit-related adjustment	3	4
Total other comprehensive income	(242)	181
Quarterly comprehensive income	27	928
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	27	928
Quarterly comprehensive income attributable to non-controlling interests	-	0

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Notes on significant changes in the amount of shareholders' equity)

Not applicable

(Changes in Accounting Policy)

Not applicable

(Additional Information)

Not applicable