



Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP] (Consolidated Data)

May 14, 2020

Company Name: Nikko Co., Ltd.	Stock Exchange Listing: Tokyo Stock Exchange
Stock Code: 6306	URL: http://www.nikko-net.co.jp
Representative: Representative Director and President	Masaru Tsuji
For inquiries: Managing Director and General Manager of the Financial Division	Hiroshi Fujii Telephone: +81-78-947-3141
Scheduled date of the Annual General Meeting of Shareholders: June 25, 2020	Scheduled date for cash dividends: June 26, 2020
Scheduled date for filing the annual securities report: June 26, 2020	
Full-year earnings supplementary explanatory materials: Yes	
Financial results briefing session: Yes	Yes (for securities analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(1) Consolidated Operating Results

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended March 31, 2020	35,151	10.6	2,053	43.9	2,142	35.9	1,588	18.1
Fiscal year ended March 31, 2019	31,780	(9.5)	1,427	(32.2)	1,576	(29.6)	1,345	(9.7)

Note: Comprehensive income:	Fiscal year ended March 31, 2020	592 million yen (-2.6%)	Fiscal year ended March 31, 2019	607 million yen (-67.4%)
-----------------------------	----------------------------------	-------------------------	----------------------------------	--------------------------

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Net sales operating margin
	yen	yen	%	%	%
Fiscal year ended March 31, 2020	41.17	—	5.2	4.8	5.8
Fiscal year ended March 31, 2019	35.12	—	4.4	3.5	4.5

The Company carried out a one-to-five split of its common stock effective on October 1, 2019. 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
Fiscal year ended March 31, 2020	45,677	30,293	66.3	780.68
Fiscal year ended March 31, 2019	43,969	30,414	69.2	793.76

(Reference) Capital:	Fiscal year ended March 31, 2020	30,267 million yen	Fiscal year ended March 31, 2019	30,414 million yen
----------------------	----------------------------------	--------------------	----------------------------------	--------------------

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2020	3,839	(639)	(868)	12,575
Fiscal year ended March 31, 2019	(218)	(1,021)	(526)	10,300

2. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Rate of total dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2019	–	30.00	–	30.00	60.00	459	34.2	1.5
Fiscal year ended March 31, 2020	–	100.00	–	20.00	–	1,550	97.6	5.1
Fiscal year ending March 31, 2021 (Forecast)	–	15.00	–	15.00	30.00		62.6	

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 Ended 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		per share Net income
	million yen	%	million yen	%	million yen	%	million 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

* Notes

(1) Changes in important subsidiaries during the period under review (changes in specific subsidiaries which involve changes in the scope of consolidation): None

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

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

(Note) Please refer to (5) Notes to Consolidated Financial Statements (Changes in Accounting Policy) of 3.

Consolidated Financial Statements and Notes to the Statements on page 15 of Accompanying Material for details.

(3) Shares issued (common stock)

(i) Number of shares issued at end of period (including treasury stock)	Fiscal year ended March 31, 2020	40,000,000 shares	Fiscal year ended March 31, 2019	8,000,000 shares
(ii) Number of shares held in treasury at end of period	Fiscal year ended March 31, 2020	1,229,230 shares	Fiscal year ended March 31, 2019	336,569 shares
(iii) Average number of shares outstanding during the period	Fiscal year ended March 31, 2020	38,589,549 shares	Fiscal year ended March 31, 2019	7,661,642 shares

* This report is exempt from audit procedures by certified public accountant or 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) Overview of Operating Results for Fiscal Year Ended March 31, 2020 in 1. Overview of Operating Results, etc. on page 2 in the accompanying materials.

(How to obtain the earnings supplementary explanatory materials and the date of the financial results briefing session)
The Company is scheduled to post the earnings supplementary explanatory materials on its website on Thursday, May 14, 2020.

The Company has scheduled a financial results briefing session (conference call) on Tuesday, June 2, 2020.

○Accompanying Material – Table of Contents

1.	Overview of Operating Results, etc.	5
(1)	Overview of Operating Results for Fiscal Year Ended March 31, 2020	5
(2)	Overview of Financial Conditions for Fiscal Year Ended March 31, 2020	7
(3)	Basic Policy Concerning Profit Distribution and Dividends for the Current Term and Next Term	9
(4)	Risks Associated with Business, etc.....	9
2.	Status of the Nikko Corporate Group.....	10
3.	Basic Approach to the Selection of Accounting Standards	12
4.	Consolidated Financial Statements and Notes to the Statements	13
(1)	Consolidated Balance Sheets	13
(2)	Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	15
	(Consolidated Statements of Income)	15
	(Consolidated Statements of Comprehensive Income)	16
(3)	Consolidated Statements of Changes in Equity	17
(4)	Consolidated Statements of Cash Flows.....	19
(5)	Notes to Consolidated Financial Statements.....	20
	(Going Concern Assumption)	20
	(Changes in Accounting Policy).....	20
	(Change in the method of presentation)	20
	(Segment Information).....	21
	(Per Share Information).....	25
	(Significant Subsequent Events).....	25
5.	Other	26

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for Fiscal Year Ended March 31, 2020

(i) Operating Results for Fiscal Year Ended March 31, 2020

During the fiscal year under review, Japanese as well as global economy remained strong in general until the arrival of the novel coronavirus infection. The economic climate, however, changed completely once it became a pandemic. After the coronavirus infection spread, economic activities in Japan and elsewhere slowed down significantly and the economic growth rates are expected to remain largely negative in the future. It is also not possible to foresee when the economic activities in Japan and abroad would get back to normal.

Under such circumstances, however, the construction-related industry, to which the Nikko Group is closely related, so far has not felt much direct impact and has performed steadily. Going forward, the impact on the construction-related industry on the whole is expected to continue to be small, but the Company will monitor the future investment trend of its customers more closely than ever.

In August 2019, the Company formulated and announced the New Medium-Term Management Plan from fiscal year 2019 to 2021. In the formulation of the New Medium-Term Management Plan, we first painted a vision of what the Nikko Group wants to be in 10 years and then set numerical targets that need to be achieved in the first three years. In particular, we aim to achieve net sales of 50.0 billion yen, 1.5 times the current level, in 10 years, and we set the targets for the final fiscal year of the New Medium-Term Management Plan as 38.0 billion yen in net sales and 3.0 billion yen in operating income. The New Medium-Term Management Plan has five long-term Basic Policies. Specifically, they are to improve profit margin in Japan to 10% by strengthening the domestic revenue base, double overseas sales from 4.5 billion yen by establishing business bases in the ASEAN region, promote new businesses, build a pillar with new products in the industrial and construction machinery fields and generate 10.0 billion yen in net sales of the new businesses, significantly improve labor productivity through work-style reform of centralization of office work and utilization of IoT and AI, and set forth ROE as the KPI and achieve 8% or higher in ROE and simultaneously enhance returns to shareholders. With these five basic policy items at the center, we will strengthen corporate governance and put into practice business management that is highly transparent and vibrant.

As for the Company's operating results for the period under review, net sales of the Asphalt Plant-Related Business, the Company's mainstay business, increased in Japan compared with the previous year. This was primarily attributable to the steady orders for road-related public projects nationwide as well as the accumulated order backlog in the latter half of the previous fiscal year in reaction to the operation suspension for a certain period of time following the exposure of antitrust law violations by a major road builder a year before that. Further, net sales of the Concrete Plant-Related Business rose compared with a year earlier, as the initial order backlog was higher than the level a year ago.

Overseas, net sales of the Asphalt Plant-Related Business in China exceeded the level of the previous fiscal year, when net sales had grown significantly on the back of the government's proactive infrastructure investment policy and tightening of environmental regulations. In overseas markets other than China, sales in Taiwan grew strongly but they made little progress in the ASEAN market, which the Company positions as a strategic market. As a result of these business activities, Nikko Group's consolidated operating results are as follows.

Net sales for the period under review increased 10.6% to 35,151 million yen compared with a year earlier, as sales at the Asphalt Plant-Related Business, Concrete Plant-Related Business, and Other Business increased while those of Environment- and Conveyor-related Business declined.

In terms of profits, consolidated operating income increased 43.9% from a year earlier to 2,053 million yen, reflecting the sales growth and improvement in cost-of-sales ratio. Consolidated ordinary income rose 35.9% compared with a year earlier to 2,142 million yen and net income attributable to owners of parent increased 18.1% from a year earlier to 1,588 million yen.

Overview of operating results by segment is as follows.

<Asphalt Plant-Related Business>

Net sales of the Asphalt Plant-Related Business in Japan rose 4.2% compared with a year earlier, as net sales of products increased despite a decline in sales of the maintenance business. Overseas net sales rose 14.2% compared with a year earlier, as both those in China and exports increased from a year earlier. As a result, net sales of the business rose 6.5% from a year earlier to 17,518 million yen. New orders received and order backlog in the period under review declined compared with a year earlier.

<Concrete Plant-Related Business>

Net sales of the Concrete Plant-Related Business rose 16.0% compared with a year earlier to 9,158 million yen, as net sales of both products and maintenance business increased from a year earlier. New orders received and order backlog in the period under review increased compared with a year earlier.

<Environment- and Conveyor-Related Business>

Net sales of environmental products declined 31.9% compared with a year earlier. Net sales of conveyor products were roughly at the same level as the previous year. As a result, net sales of the business declined 5.0% from a year earlier to 2,634 million yen. New orders received and order backlog in the period under review declined compared with a year earlier.

<Other Business Such as Temporary Construction Materials and Hand Tools>

Net sales of temporary construction materials rose 11.5% compared with a year earlier. Net sales of hand tools declined 4.3% compared with a year earlier. Net sales of crushers rose 4.7% compared with a year earlier. Net sales of other businesses increased 48.9% compared with a year earlier as the mobile business and waterproof board business grew significantly. As a result, net sales of the business rose 24.8% from a year earlier to 5,840 million yen. New orders received and order backlog in the period under review increased.

Net sales by business segment (comparison with the previous fiscal year)

		Asphalt Plant-Related Business	Concrete Plant-Related Business	Environment- and Conveyor-Related Business	Other Business	Total
Fiscal year ended March 31, 2020	Net sales (mil. yen)	17,518	9,158	2,634	5,840	35,151
	Share (%)	49.8	26.1	7.5	16.6	100
Fiscal year ended March 31, 2019	Net sales (mil. yen)	16,434	7,893	2,775	4,677	31,780
	Share (%)	51.7	24.8	8.7	14.7	100

Note: 1. Net sales are rounded down to the nearest million yen.

2. Shares are rounded to the first decimal place.

(ii) Future Outlook

The impact of the coronavirus pandemic is expected to be relatively small on the construction-related business, which is the Nikko Group's business domain, compared with other industrial business. In addition, once the coronavirus pandemic ends, the public construction investment is expected to grow as part of economic measures.

Overseas, on the other hand, infrastructure investment continues to be active in China, the mainstay market, and the market environment such as further tightening of environmental regulations and the full-fledged start of the use of recycled mixture, where the Company can leverage the technological edge it has developed in Japan, is expected to continue for the time being. In the ASEAN region, which the Company expects to be the future growth market, it will proactively explore the market through Nikko Asia (Thailand) Co., Ltd. established in Thailand.

For the fiscal year ending March 31, 2021, the Company expects to achieve consolidated net sales of 36,500 million yen, operating income of 2,200 million yen, ordinary income of 2,700 million yen and net income attributable to owners of parent of 1,850 million yen.

We aim to further enhance shareholder returns and information disclosure.

(2) Overview of Financial Conditions for Fiscal Year Ended March 31, 2020

(i) Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year (March 31, 2020) amounted to 45,677 million yen, an increase of 1,707 million yen from the end of the previous fiscal year.

Current assets came to 31,426 million yen, increasing 2,036 million yen from the end of the last consolidated fiscal year. Main changes include an increase of 2,275 million yen in cash and cash equivalents, an increase of 619 million yen in inventories, a decline of 829 million yen in notes and accounts receivable-trade, and a 209 million yen in consumption taxes receivable.

Non-current assets came to 14,250 million yen, decreasing 328 million yen from the end of the last consolidated fiscal year. Factors contributing to the change include an increase of 279 million yen in buildings and structures, an increase of 208 million yen in machinery, equipment and vehicles, an increase of 255 million yen in land, an increase of 377 million yen in deferred tax assets, and a decrease of 1,634 million yen in investment securities. Liabilities totaled 15,383 million yen, increasing 1,829 million yen from the end of the last consolidated fiscal year. The increase was due mainly to an increase of 238 million yen in electronically recorded obligations, accounts payable-factoring increasing 1,036 million yen, and an increase of 205 million yen in income taxes payable, and respective decreases of 92 million yen in accounts payable-other and 92 million yen in deferred tax liabilities.

Net assets came to 30,293 million yen, decreasing 121 million yen from the end of the last consolidated fiscal year. Factors contributing to the change include an increase from recording of 1,588 million yen in net income attributable to owners of parent, a decrease of 891 million yen in valuation difference on available-for-sale securities and a decline from payment of 1,005 million yen in dividends.

As a result, equity ratio came to 66.3%, down from 69.2% at the end of the previous fiscal year.

(ii) Cash Flows

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Change
Cash flows from operating activities (million yen)	3,839	(218)	4,058
Cash flows from investing activities (million yen)	(639)	(1,021)	382
Cash flows from financing activities (million yen)	(868)	(526)	(342)
Effect of exchange rate changes on cash and cash equivalents (million yen)	(55)	(43)	(12)
Net increase (decrease) in cash and cash equivalents (million yen)	2,275	(1,810)	4,086
Cash and cash equivalents at beginning of year (million yen)	10,300	12,110	(1,810)
Cash and cash equivalents at end of year (million yen)	12,575	10,300	2,275

Cash provided by operating activities totaled 3,839 million yen (compared with 218 million yen in cash used in operating activities in the previous fiscal year). Major items in cash flow from operating activities include 2,440 million yen in net income before income taxes and 611 million yen in depreciation and amortization as well as 373 million yen in gain on sale and valuation of investment securities, 687 million yen in increase in inventories, 1,317 million yen in increase in notes and accounts payable-trade, and 769 million yen in income taxes paid. Cash used in investing activities totaled 639 million yen (compared with 1,021 million yen in cash used in investing activities in the previous fiscal year). Major items in cash flow from investing activities include 772 million yen in proceeds from sales and redemption of investment securities as well as 1,393 million yen in purchase of property, plant and equipment and intangible assets.

Cash used in financing activities totaled 868 million yen (compared with 526 million yen in cash used in financing activities in the previous fiscal year). Major items in cash flow from financing activities include 1,002 million yen in cash dividends paid.

As a result, consolidated cash and cash equivalents at the end of the fiscal year under review increased by 2,275 million yen from the end of the previous fiscal year to 12,575 million yen.

Changes in cash flow-related indicators

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Equity ratio (%)	64.7	67.5	69.2	66.3
Return on equity based on market value (%)	34.8	40.2	42.0	51.7
Cash flow to interest-bearing debt (years)	0.4	6.6	-	2.5
Interest coverage ratio (times)	105.6	6.5	-	82.4

Notes: Return on equity: Total equity/Total assets

Return on equity based on market value: Market valuation/Total assets

Cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest expenses

* All indicators are calculated based on consolidated figures.

* Market valuation is calculated by multiplying the number of shares issued at end of period (excluding treasury stock) with the closing stock price of the period.

Cash flows from operating activities in the Consolidated Statements of Cash Flows are used for operating cash flow. Interest-bearing debt includes all liabilities recorded on the Consolidated Balance Sheets on which interest is paid. Interest paid in the Consolidated Statements of Cash Flows is used for Interest expenses.

(3) Basic Policy Concerning Profit Distribution and Dividends for the Current Term and Next Term

The Company identifies the return of profits to shareholders as an important management goal, and in principle, pays dividends continuously by taking into account the business performance in the period. It is the Company's basic policy to strive to strengthen its management foundation and enhance corporate value to meet the shareholders' expectations and make decisions on return of profits from a comprehensive perspective including enhancement of internal reserves.

The Company expects to propose dividends of 20.00 yen per share at the 157th Ordinary General Shareholders' Meeting scheduled on June 25, 2020.

For the next fiscal year, the Company plans annual dividend of 30.00 yen per share (dividend payout ratio of 62.6%), consisting of interim and year-end dividends of 15.00 yen per share each, in accordance with the policy of the current Medium-Term Management Plan to raise the dividend payout ratio to 60% or higher.

(4) Risks Associated with Business, etc.

- Changes in the market environment

Reduction of public investment decline in construction investment in Japan lead to a significant fall in demand for asphalt and concrete plants (hereinafter referred to as the "plants"), which potentially affects the Company's business performance.

- Changes in product prices

Changes in product prices occur due to various factors including short-term demand changes, shortage of specific parts and raw materials, unstable economic situation, revision to import restrictions, revision to foreign exchange control law, and intensifying competition. If such situations occur in the mainstay markets where the Company operates business, it would affect price fluctuations, which in turn affects the Company's business performance.

- Fluctuation in foreign exchange rates

The Company exports plants and plant parts from Japan to multiple countries and has sales in currencies other than the Japanese yen. In addition, the stronger yen works to the disadvantage of the Company's sales when competing for orders. Fluctuation in foreign exchange rate affects the Company's operating results, financial standings and competitiveness.

- Environmental restrictions regarding plants and other restrictions

Exhaust gas, fuel consumption, noise and safety regarding plants and production facilities are widely restricted. These restrictions are subject to revisions and in many cases the restrictions get tightened. Costs for complying with these restrictions potentially affect the Company's business activities in a significant way.

- Protection of intellectual properties

Over many years, the Company has been owning a number of patents and trademarks regarding the products it manufactures and has been acquiring their rights. These patents and trademarks are important for the Company's businesses and their importance remains the same in the future. If a situation arises where such intellectual properties cannot be protected extensively or the Company's intellectual property rights are infringed illegally, the Company's business activities may be affected.

- Investment

The Company makes investment in several countries. If such investment is affected by changes in the management environment in the counterpart country, the Company's business, financial standings and operating results may be affected.

- Impact of disaster, war, terror attack, strike, etc.

The Company operates business outside Japan, and if a natural disaster, disease, war, terror attack, strike, etc. occurs in such a place overseas, it could lead to delay or suspension of production, sales, offering of service and collection of accounts receivable. If such a situation prolongs, it may affect the Company's business, financial standing and operating results.

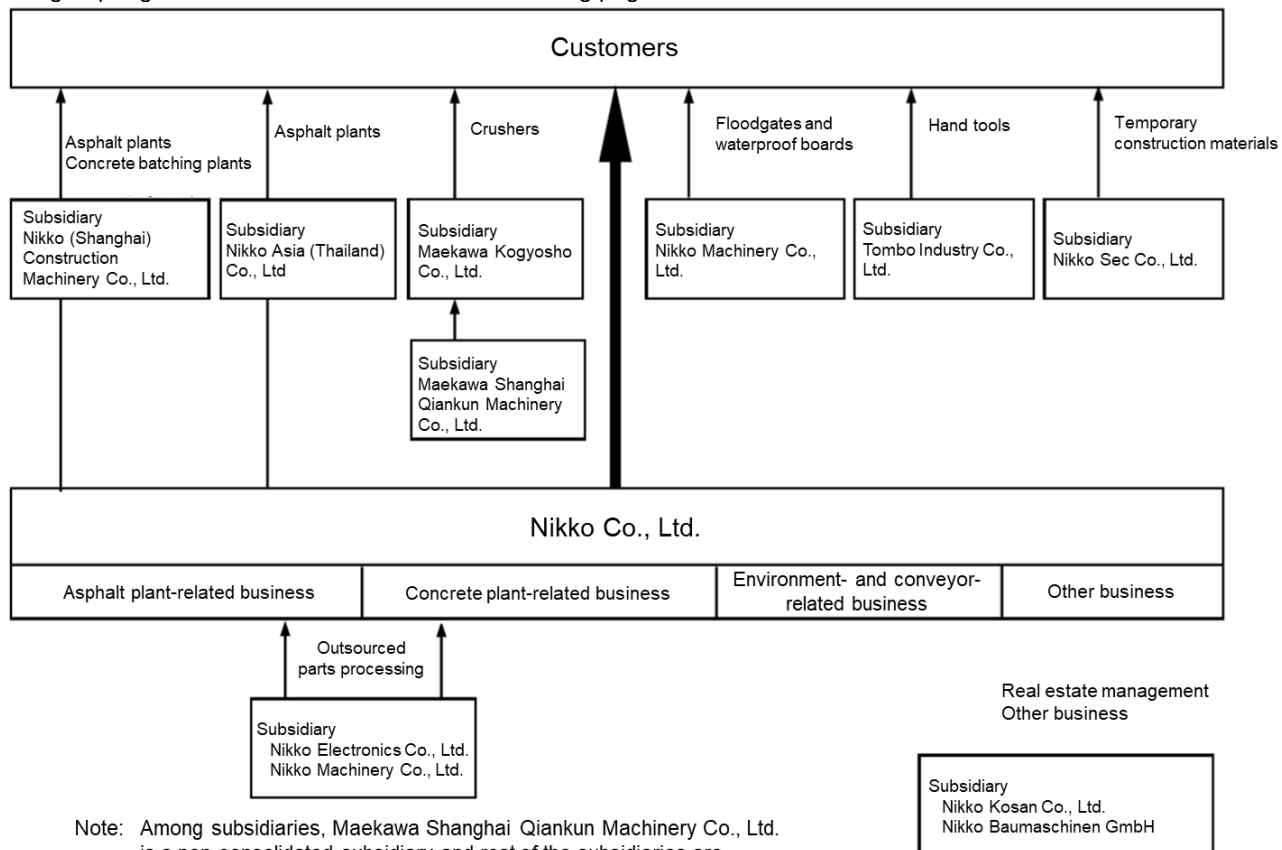
2. Status of the Nikko Corporate Group

The Nikko corporate group consists of the Company and nine subsidiaries. The principal business of Nikko Group is manufacture and distribution of asphalt plants, concrete plants and environment- and conveyor machinery, and it is also engaged in real estate leasing and sales of housing renovation, etc.

In the segment information by type of business, the asphalt plant business is classified as the Asphalt Plant-Related Business, concrete plant business as the Concrete Plant-Related Business, the environment and conveyor business as the Environment- and Conveyor-Related Business and the other business including temporary construction materials and hand tools as the Other Business.

Category	Main products	Main companies
Asphalt Plant-Related Business	Asphalt plants Recycling plants Mixture silos Electronic control devices, plant management system	Nikko Co., Ltd. Nikko Electronics Co., Ltd. Nikko Machinery Co., Ltd. Nikko (Shanghai) Construction Machinery Co., Ltd. Nikko Asia (Thailand) Co., Ltd.
Concrete Plant-Related Business	Concrete plants Compact concrete plants Concrete pumps Electronic control devices, plant management system Concrete manufacturing plant facilities, etc.	Nikko Co., Ltd. Nikko Electronics Co., Ltd. Nikko Machinery Co., Ltd. Nikko (Shanghai) Construction Machinery Co., Ltd.
Environment- and Conveyor-Related Business	Belt conveyors, conveyors for facilities, beverage container recycling plants Soil remediation plant, plastic recycling plant	Nikko Co., Ltd.
Other business	Pipe scaffoldings, steel gangplanks, pipe supports Temporary aluminum staircases Shovels, spades Small-sized concrete mixers, mortar mixers Sluices, waterproof boards, crushers Real estate leasing, construction machinery product leasing Sales of housing renovation	Nikko Co., Ltd. Nikko Machinery Co., Ltd. Tombo Industry Co., Ltd. Nikko Sec Co., Ltd. Nikko Kosan Co., Ltd. Maekawa Kogyosho Co., Ltd. Maekawa Shanghai Qiankun Machinery Co., Ltd. Nikko Baumaschinen GmbH

The group organizational chart is shown in the following page.



3. Basic Approach to the Selection of Accounting Standards

The Nikko Group plans to continue applying the Japanese accounting standards for the time being taking into consideration availability of periodical comparison of its consolidated financial statements and availability of comparison among other companies.

It plans to respond appropriately to the application of the International Financial Reporting Standards (IFRS) by taking into consideration the situation in Japan and overseas.

4. Consolidated Financial Statements and Notes to the Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and cash equivalents	10,347	12,622
Notes and accounts receivable-trade	10,731	9,902
Electronically recorded monetary claims	1,628	1,709
Merchandise and finished goods	1,190	935
Work in process and partly-finished construction	3,903	4,473
Raw materials and supplies	933	1,237
Consumption taxes receivable	209	-
Other business	453	560
Allowance for doubtful accounts	(7)	(14)
Total current assets	29,390	31,426
Non-current assets		
Property and equipment		
Buildings and structures (net)	3,216	3,495
Machinery, equipment and vehicles (net)	609	817
Tools, furniture and fixtures (net)	361	353
Land	2,216	2,472
Lease assets (net)	-	2
Right-of-use assets (net)	-	68
Construction in progress	102	152
Total property, plant and equipment	6,507	7,362
Intangible assets		
Other business	418	431
Total intangible assets	418	431
Investments and other assets		
Investment securities	5,976	4,341
Investments in capital	11	11
Long-term loans receivable	6	12
Deferred tax assets	576	953
Other business	1,234	1,287
Allowance for doubtful accounts	(152)	(150)
Total investments and other assets	7,652	6,456
Total noncurrent assets	14,578	14,250
Total assets	43,969	45,677

(million yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,270	2,430
Electronically recorded obligations	938	1,176
Accounts payable-factoring	2,391	3,427
Short-term loans payable	1,532	1,548
Income taxes payable	421	627
Accounts payable-other	630	538
Provision for bonuses	412	415
Provision for directors' bonuses	52	65
Provision for loss on order received	35	54
Other business	2,095	2,260
Total current liabilities	10,781	12,545
Long-term liabilities		
Long-term loans payable	186	239
Deferred tax liabilities	98	5
Provision for directors' retirement benefits	135	145
Retirement benefit-related liabilities	2,010	2,089
Other business	342	358
Total noncurrent liabilities	2,773	2,838
Total liabilities	13,554	15,383
Net assets		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,808	7,918
Retained earnings	12,049	12,632
Treasury stock	(576)	(420)
Total shareholders' equity	28,478	29,328
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,010	1,119
Foreign currency translation adjustment	163	55
Accumulated retirement benefit-related adjustment	(238)	(235)
Total accumulated other comprehensive income	1,935	939
Non-controlling interests	-	25
Total net assets	30,414	30,293
Total liabilities and net assets	43,969	45,677

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(million yen)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Net sales	31,780	35,151
Cost of sales	23,485	25,512
Gross profit	8,295	9,639
Selling, general and administrative expenses	6,868	7,585
Operating income	1,427	2,053
Non-operating income		
Interest income	2	2
Dividends income	157	139
Insurance income	7	31
Other business	75	63
Total non-operating income	243	236
Non-operating expenses		
Interest expenses	40	46
Loss on sales of securities	3	-
Loss on disposal of noncurrent assets	2	22
Foreign exchange losses	7	36
Compensation for damage	30	24
Other business	8	18
Total non-operating expenses	93	147
Ordinary income	1,576	2,142
Extraordinary income		
Gain on sales of investment securities	409	468
Gain on sales of noncurrent assets	-	23
Insurance proceeds from disaster	-	53
Total extraordinary income	409	545
Extraordinary loss		
100 anniversary program cost	-	119
Loss on sales of investment securities	-	19
Loss on valuation of investment securities	-	76
Loss on disaster	8	-
Loss on valuation of investments in capital	44	-
Impairment loss	-	32
Total extraordinary loss	53	247
Income before income taxes	1,933	2,440
Income taxes-current	651	969
Income taxes-deferred	(63)	(117)
Total income taxes	587	852
Net income	1,345	1,588
Net income attributable to owners of parent	1,345	1,588

(Consolidated Statements of Comprehensive Income)

(million yen)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Net income	1,345	1,588
Other comprehensive income		
Valuation difference on available-for-sale securities	(638)	(891)
Foreign currency translation adjustment	(125)	(108)
Retirement benefit-related adjustment	26	3
Total other comprehensive income	(737)	(996)
Comprehensive income	607	592
(Breakdown)		
Comprehensive income attributable to owners of the parent	607	592
Comprehensive income attributable to non-controlling interests	—	0

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	9,197	7,802	11,201	(588)	27,612
Changes during term					
Cash dividends			(497)		(497)
Net income attributable to owners of parent			1,345		1,345
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		6		13	19
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	6	847	12	865
Balance at end of term	9,197	7,808	12,049	(576)	28,478

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated retirement benefit-related adjustment	Total accumulated other comprehensive income		
Balance at beginning of term	2,648	289	(264)	2,673	-	30,286
Changes during term						
Cash dividends						(497)
Net income attributable to owners of parent						1,345
Purchase of treasury stock						(0)
Disposal of treasury stock						19
Net changes of items other than shareholders' equity	(638)	(125)	26	(737)	-	(737)
Total changes of items during the period	(638)	(125)	26	(737)	-	128
Balance at end of term	2,010	163	(238)	1,935	-	30,414

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	9,197	7,808	12,049	(576)	28,478
Changes during term					
Cash dividends			(1,005)		(1,005)
Net income attributable to owners of parent			1,588		1,588
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		109		156	266
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	109	583	156	849
Balance at end of term	9,197	7,918	12,632	(420)	29,328

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated retirement benefit-related adjustment	Total accumulated other comprehensive income		
Balance at beginning of term	2,010	163	(238)	1,935	-	30,414
Changes during term						
Cash dividends						(1,005)
Net income attributable to owners of parent						1,588
Purchase of treasury stock						(0)
Disposal of treasury stock						266
Net changes of items other than shareholders' equity	(891)	(108)	3	(996)	25	(971)
Total changes of items during the period	(891)	(108)	3	(996)	25	(121)
Balance at end of term	1,119	55	(235)	939	25	30,293

(4) Consolidated Statements of Cash Flows

(million yen)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Income before income taxes	1,933	2,440
Depreciation and amortization	508	611
Impairment loss	–	32
Increase (decrease) in allowance for doubtful accounts	7	5
Increase (decrease) in retirement benefit-related adjustment	16	82
Increase (decrease) in provision for directors' retirement benefits	14	10
Interest and dividends income	(159)	(141)
Interest expenses	40	46
Foreign exchange losses (gains)	(1)	15
Loss (gain) on sales and valuation of investment securities	(405)	(373)
Loss on valuation of investments in capital	44	–
Loss (gain) on sales of property, plant and equipment	–	(23)
Decrease (increase) in notes and accounts receivable-trade	95	686
Decrease (increase) in inventories	(991)	(687)
Increase (decrease) in notes and accounts payable-trade	(1,008)	1,317
Insurance proceeds from disaster	–	(53)
Other business	73	491
Subtotal	168	4,460
Interest and dividends income received	160	141
Interest expenses paid	(39)	(46)
Proceeds from insurance income from disaster	–	53
Income taxes paid	(507)	(769)
Cash flows from operating activities	(218)	3,839
Cash flows from investing activities		
Payments into time deposits	(47)	(47)
Proceeds from withdrawal of time deposits	47	47
Purchase of investment securities	(11)	(11)
Proceeds from sales and redemption of investment securities	834	772
Purchase of property, plant and equipment and intangible assets	(1,849)	(1,393)
Payments of loans receivable	(1)	(8)
Collection of loans receivable	0	2
Other business	5	–
Cash flows from investing activities	(1,021)	(639)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	83	45
Proceeds from long-term loans payable	–	100
Repayment of long-term loans payable	(112)	(36)
Purchase of treasury stock	(0)	(0)
Proceeds from stock issuance to non-controlling shareholders	–	25
Repayments of finance lease obligations	–	(0)
Cash dividends paid	(496)	(1,002)
Cash flows from financing activities	(526)	(868)
Effect of exchange rate changes on cash and cash equivalents	(43)	(55)
Net increase (decrease) in cash and cash equivalents	(1,810)	2,275
Cash and cash equivalents at beginning of year	12,110	10,300
Cash and cash equivalents at end of year	10,300	12,575

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Changes in Accounting Policy)

The Company's subsidiaries that adopt the International Financial Reporting Standards are applying IFRS 16 Leases (hereinafter referred to as "IFRS 16") from the current fiscal year. As a result, a lessee, in principle, records all leases as assets and liabilities on the balance sheet. In accordance with the transitional measure of the application of IFRS 16, the subsidiaries recognized the cumulative impact of the change in the accounting policy on the application start date. The subsidiaries also transferred part of assets that had been included in investments and other assets to right-of-use assets. As a result, right-of-use assets of property and equipment increased 68 million yen, other in current liabilities 5 million yen, and other in long-term liabilities 5 million yen while other in investments and other assets decreased 57 million yen in the consolidated balance sheet for the current fiscal year. The impact of the change in the accounting policy on income in the current fiscal year is negligible.

(Change in the method of presentation)

From the current fiscal year, the Company is independently recording accounts payable-factoring, which used to be included in accounts payable-other of current liabilities, to improve clarity.

To reflect this change in the method of presentation, the Company reclassified the financial statements for the previous accounting period.

As a result, the 3,022 million yen of accounts payable-other in current liabilities in the balance sheet for the previous fiscal year was reclassified as the 2,391 million yen in accounts payable-factoring and the 630 million yen in accounts payable-other.

(Segment Information)

[Segment Information]

1. Overview of reportable segment

The Company's reportable segments are components of the Nikko Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The Company formulates comprehensive strategy for products and services in Japan and overseas and implements business activities.

The Company, therefore, classifies its operations into three reportable segments of Asphalt Plant-Related Business, Concrete Plant-Related Business and Environment- and Conveyor-Related Business.

The Asphalt Plant-Related Business produces asphalt mixing plants, recycling plants, etc. The Concrete Plant-Related Business produces concrete batching plants, concrete pumps, etc. The Environment- and Conveyor-Related Business produces environmental and recycling plants, various types of conveyor systems, etc.

2. Calculation of net sales, income/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in the reportable business segments are roughly in accordance with the Significant Matters Serving as a Basis for the Presentation of Consolidated Financial Statements.

Reportable segment income is based on operating income.

Intersegment sales or transfers are based on market price.

3. Net sales, income/loss, assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(million yen)

	Reportable segment				Other business (note)	Total
	Asphalt Plant-Related Business	Concrete Plant-Related Business	Environment- and Conveyor-Related Business	Total		
Net sales						
Sales to outside customers	16,434	7,893	2,775	27,103	4,677	31,780
Inter-segment sales and transfers	-	-	41	41	191	233
Total	16,434	7,893	2,816	27,144	4,869	32,014
Segment income	963	666	417	2,047	502	2,550
Segment assets	13,858	5,440	1,446	20,745	7,593	28,339
Other items						
Depreciation and amortization	116	72	9	198	136	334
Increase (decrease) in tangible and intangible assets	219	155	1	376	466	843

Note: Other is a business segment that is not included in reportable segments and includes temporary construction materials, hand tool business and floodgate business.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(million yen)

	Reportable segment				Other business (note)	Total
	Asphalt Plant-Related Business	Concrete Plant-Related Business	Environment- and Conveyor-Related Business	Total		
Net sales						
Sales to outside customers	17,518	9,158	2,634	29,311	5,840	35,151
Inter-segment sales and transfers	-	-	25	25	106	131
Total	17,518	9,158	2,660	29,336	5,946	35,282
Segment income	1,118	761	562	2,442	1,020	3,462
Segment assets	14,121	5,281	1,454	20,857	8,956	29,814
Other items						
Depreciation and amortization	155	83	8	247	164	411
Increase (decrease) in tangible and intangible assets	336	227	0	563	686	1,250

Note: Other is a business segment that is not included in reportable segments and includes temporary construction materials, hand tool business and floodgate business.

4. Difference between reportable segment total and consolidated financial statement amounts and main factors in the difference (related to difference adjustment)

(million yen)

Net sales	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Reportable segment total	27,144	29,336
Net sales for Other	4,869	5,946
Elimination of intersegment transaction	(233)	(131)
Net sales in consolidated financial statements	31,780	35,151

(million yen)

Earnings	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Reportable segment total	2,047	2,442
Earnings for Other	502	1,020
Elimination of intersegment transaction	–	–
Corporate expenses (note)	(1,122)	(1,409)
Operating income in consolidated financial statements	1,427	2,053

Note: Corporate expenses are expenses of planning and administrative divisions of the Company that are not attributable to reportable segments.

(million yen)

Assets	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Reportable segment total	20,745	20,857
Assets in Other	7,593	8,956
Corporate assets (note)	15,630	15,862
Total assets in consolidated financial statements	43,969	45,677

Note: Assets in Other include surplus funds, funds for long-term investment and assets associated with administrative divisions and other assets of the Company that are not attributable to reportable segments.

(million yen)

Other items	Reportable segment total		Other business		Adjustment (note)		Amount in consolidated financial statements	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Depreciation and amortization	198	247	136	164	174	199	508	611
Increase (decrease) in tangible and intangible assets	376	563	466	686	1,148	121	1,991	1,372

Note: The adjustments for increase in tangible fixed assets and intangible fixed assets are capital investment related to the planning and administrative divisions of the Company.

[Related Information]

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

1. Information by product and service

The categories of products and services are omitted as they are the same as the reportable segments.

2. Information by region

(1) Net sales

(million yen)

Japan	China	Other	Total
27,941	3,357	481	31,780

(Note) Net sales are categorized by country or region based on the locations of the customers.

(2) Property and equipment

The amount of property and equipment located in Japan is omitted as it accounted for more than 90% of the property and equipment on the balance sheet.

3. Information by major customer

Sales to outside customers are omitted because net sales to no customer account for 10% or more of net sales on the consolidated statement of income.

Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

1. Information by product and service

The categories of products and services are omitted as they are the same as the reportable segments.

2. Information by region

(1) Net sales

(million yen)

Japan	China	Other	Total
30,429	3,637	1,083	35,151

(Note) Net sales are categorized by country or region based on the locations of the customers.

(2) Property and equipment

The amount of property and equipment located in Japan is omitted as it accounted for more than 90% of the property and equipment on the balance sheet.

3. Information by major customer

Sales to outside customers are omitted because net sales to no customer account for 10% or more of net sales on the consolidated statement of income.

(Per Share Information)

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Net assets per share	793.76 yen	780.68 yen
Net income per share	35.12 yen	41.17 yen

Note: The calculation base for profit for the period per share is as follows:

	Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)
Net income per share		
Net income attributable to owners of parent (million yen)	1,345	1,588
Amount not attributable to common stockholders (million yen)	–	–
Net income attributable to common stock of owners of parent (million yen)	1,345	1,588
Average number of shares outstanding during the term (shares)	38,308,210	38,589,549

The Company carried out a one-to-five split of its common stock effective on October 1, 2019. Net assets per share and net income per share are calculated based on the assumption that the stock split was executed at the beginning of the previous fiscal year.

Diluted net income per share is not described, as dilutive shares do not exist.

(Significant Subsequent Events)

Not applicable

5. Other

(1) Changes in Officers

(i) Changes in Representative Directors

Not applicable

(ii) Changes in Other Officers

- New executive officers

Kazuhiro Yamada, Executive Officer, Manufacturing Division Head Office Plant Manager, and General Manager of Manufacturing Technology Office and Quality Assurance Office [A1]

(iii) Expected date of changes

June 25, 2020

(2) Other

Not applicable