



Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP] (Consolidated Data)

May 14, 2021

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/General Manager of Administrative Division	Hiroshi Fujii TEL:078-947-3141
Scheduled date of Ordinary General Shareholders' Meeting: June 24, 2021	Scheduled date for cash dividends: June 25, 2021
Scheduled date for filing the annual securities report: June 25, 2021	
Full-year earnings supplementary explanatory materials:	Yes
Financial results briefing session:	Yes (for analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2021 (April 1, 2020 - March 31, 2021)

(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, 2021	37,866	7.7	2,302	12.1	2,973	38.8	2,082	31.1
Fiscal year ended March 31, 2020	35,151	10.6	2,053	43.9	2,142	35.9	1,588	18.1

Note: Comprehensive income:	Fiscal year ended March 31, 2021	2,885 million yen 387.2%)	Fiscal year ended March 31, 2020	592 million yen (-2.6%)
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	Net income per share	Diluted net income per share	Return on equity	Ordinary profit to total assets	Operating margin
	yen	yen	%	%	%
Fiscal year ended March 31, 2021	54.31	–	6.8	6.3	6.1
Fiscal year ended March 31, 2020	41.17	–	5.2	4.8	5.8

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
As of March 31, 2021	48,697	31,451	64.5	823.01
As of March 31, 2020	45,677	30,293	66.3	780.68

(Reference) Capital: As of March 31, 2021 31,427 million yen As of March 31, 2020 30,267 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, 2021	2,784	(1,867)	(1,129)	12,444
Fiscal year ended March 31, 2020	3,809	(609)	(868)	12,575

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, 2020	–	100.00	–	20.00	–	1,550	97.6	5.1
Fiscal year ended March 31, 2021	–	15.00	–	18.00	33.00	1,260	60.5	4.1
Fiscal year ending March 31, 2022 (Forecasts)	–	15.00	–	15.00	30.00		67.4	

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, 2022 (April 1, 2021 - March 31, 2022)

(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 per share attributable to owners of parent		per share Net income
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2Q (first half)	19,000	4.3	1,100	10.0	1,300	(18.1)	850	(22.7)	22.16
Full year	39,000	3.0	2,300	(0.1)	2,500	(15.9)	1,700	(18.3)	44.33

*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)	As of March 31, 2021	40,000,000 shares	As of March 31, 2020	40,000,000 shares
(ii) Number of shares held in treasury at end of period	As of March 31, 2021	1,814,260 shares	As of March 31, 2020	1,229,230 shares
(iii) Average number of shares outstanding during the period	As of March 31, 2021	38,349,338 shares	As of March 31, 2020	38,589,549 shares

* This report is exempt from audit 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) Overview of Operating Results for Fiscal Year Ended March 31, 2021 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 Friday, May 14, 2021.

The Company has scheduled a financial results briefing session (live streaming) for analysts on Monday, June 7, 2021.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for Fiscal Year Ended March 31, 2021

(i) Operating Results for Fiscal Year Ended March 31, 2021

During the fiscal year under review, the Japanese as well as global economies were unable to avoid a significant slowdown due to the impact of the lockdown imposed by various countries in response to the spread of the novel coronavirus infections and the state of emergency declared by Japan as a measure to prevent the spread of the infections. While expectations grow for the pandemic to subside with the spread of vaccination and for a recovery in economic activities, the outlook continues to be unclear given the concerns over the resurgence of the infections with coronavirus variants.

Under such circumstances, however, the construction-related industry, to which the Nikko Group is closely related, so far has not been much affected directly in Japan and has performed steadily. The Company expects the impact on the Japanese construction-related industry to continue to be small.

In the current fiscal year, which is the second year of the three-year Medium-Term Management Plan, net sales totaled 37,800 million yen exceeding the target of 36,500 million yen, while operating income came to 2,300 million yen, lower than the target of 2,600 million yen. Compared with the net sales target of 38,000 million yen and operating income target of 3,000 million yen for the final fiscal year, the Company expects net sales of 39,000 million yen and operating income of 2,300 million yen, and the profitability remains as an issue. In particular, while the Japanese market share of the Company's mainstay Asphalt Plant-Related Business is high at 70%, the operating margin of the business for the current fiscal year remained largely unchanged from a year earlier at 6.4%, the lowest of all segments. At the same time, net sales have been exceeding the target thanks to more-than-expected growth of sales in new businesses such as mobile plants and waterproof boards as well as an increase in sales of the maintenance service business in Japan. Moreover, the Company has been steadily taking measures to achieve the Long-term Basic Policies formulated in the previous fiscal year, namely, to (i) improve profit margin in Japan to 10% by strengthening the domestic revenue base, (ii) double overseas sales from 4.5 billion yen by establishing business bases in the ASEAN region, (iii) 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, (iv) significantly improve labor productivity through work-style reform of centralization of office work and utilization of IoT and AI, and (v) set forth ROE as the KPI and achieve 8% or higher in ROE and simultaneously enhance returns to shareholders.

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. The increase is thanks to continued strong appetite for capital investment supported by robust performance by large road paving companies. Further, net sales of the Concrete Plant-Related Business rose compared with a year earlier. This was due to an increase in demand for replacement of aged plants given rising ready-mixed concrete market price. Overseas, net sales declined as a result of sales activities becoming restricted significantly in markets other than China. Also, the decline in net sales of the Asphalt Plant-Related Business in China remained small thanks to the early containment of the novel coronavirus infections.

As a result of these business activities, Nikko Group's consolidated operating results are as follows.

Net sales for the period under review increased 7.7% to 37,866 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 12.1% from a year earlier to 2,302 million yen, reflecting the sales growth. Consolidated ordinary income rose 38.8% compared with a year earlier to 2,973 million yen and net income attributable to owners of parent increased 31.1% from a year earlier to 2,082 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 19.8% compared with a year earlier to 15,790 million yen, as net sales of both products and maintenance business increased from a year earlier.

Overseas net sales fell 15.2% compared with a year earlier, as both sales in China and exports declined from a year earlier. As a result, net sales of the business rose 11.1% from a year earlier to 19,467 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 the Concrete Plant-Related Business rose 0.6% compared with a year earlier to 9,212 million yen, as net sales of maintenance business increased from a year earlier, offsetting a decline in those of products. 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 24.6% compared with a year earlier. Net sales of conveyor products declined 7.3% compared with a year earlier. As a result, net sales of the business declined 9.3% from a year earlier

to 2,390 million yen. New orders received and order backlog in the period under review increased compared with a year earlier.

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

Net sales of temporary construction materials rose 2.6% compared with a year earlier. Net sales of hand tools increased 2.9% compared with a year earlier. Net sales of crushers fell 23.5% compared with a year earlier. Net sales of other businesses increased 33.0% compared with a year earlier as the mobile business and waterproof board business grew significantly. As a result, net sales of the business rose 16.4% from a year earlier to 6,796 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, 2021	Net sales (mil. yen)	19,467	9,212	2,390	6,796	37,866
	Share (%)	51.4	24.3	6.3	18.0	100
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

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. 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 growing popularity 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 develop the market through Nikko Asia (Thailand) Co., Ltd. in Thailand.

For the fiscal year ending March 31, 2022, the Company expects to achieve consolidated net sales of 39,000 million yen, operating income of 2,300 million yen, ordinary income of 2,500 million yen, and net income attributable to owners of parent of 1,700 million yen.

(2) Overview of Financial Conditions for Fiscal Year Ended March 31, 2021

(i) Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year (March 31, 2021) amounted to 48,697 million yen, an increase of 3,020 million yen from the end of the previous fiscal year.

Current assets came to 32,381 million yen, increasing 954 million yen from the end of the last consolidated fiscal year. Main changes include an increase of 628 million yen in notes and accounts receivable-trade, an increase of 555 million yen in inventories, a decline of 131 million yen in cash and cash equivalents, and a 232 million yen decline in electronically recorded monetary claims.

Noncurrent assets came to 16,315 million yen, up 2,065 million yen from the end of the previous consolidated fiscal year. Factors contributing to the change include an increase of 343 million yen in buildings and structures, an increase of 261 million yen in machinery, equipment and vehicles, an increase of 733 million yen in land, an increase of 466 million yen in construction in progress, and a decrease of 161 million yen in deferred tax assets. Liabilities totaled 17,246 million yen, increasing 1,862 million yen from the end of the last consolidated fiscal year.

The increase was due mainly to an increase of 639 million yen in short-term loans, an increase of 226 million in accounts payable, an increase of 1,349 million yen in advances received, a decrease of 161 million yen in electronically recorded obligations, and a decrease of 621 million yen in accounts payable-factoring.

Net assets came to 31,451 million yen, increasing 1,158 million yen from the end of the last consolidated fiscal year. Factors contributing to the change include an increase from recording of 2,082 million yen in income attributable to owners of parent, an increase in valuation difference on available-for-sale securities of 473 million yen, a decrease due to dividend payment of 1,348 million yen, and a decline from payment of 400 million yen for purchase of treasury stock.

As a result, equity ratio dropped to 64.5% from 66.3% at the end of the previous fiscal year.

(ii) Cash Flows

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Change
Cash flow from operating activities (mil. yen)	2,784	3,809	(1,025)
Cash flow from investing activities (mil. yen)	(1,867)	(609)	(1,257)
Cash flows from financing activities (million yen)	(1,129)	(868)	(260)
Effect of exchange rate changes on cash and cash equivalents (million yen)	80	(55)	136
Net increase (decrease) in cash and cash equivalents (million yen)	(131)	2,275	(2,407)
Cash and cash equivalents at beginning of year (million yen)	12,575	10,300	2,275
Cash and cash equivalents at end of year (million yen)	12,444	12,575	(131)

Cash provided by operating activities totaled 2,784 million yen (compared with 3,809 million yen in cash provided by operating activities in the previous fiscal year). Major items in cash flow from operating activities include 3,045 million yen in net income before income taxes, 677 million yen in depreciation and amortization, 548 million yen in interest and dividends income received, and 1,281 million yen in advances received as well as 72 million yen in gain on sales and valuation of investment securities, 359 million yen in increase in inventories, 627 million yen in decrease in notes and accounts payable-trade, and 1,105 million yen in income taxes paid.

Cash used in investing activities totaled 1,867 million yen (compared with 609 million yen in cash used in investing activities in the previous fiscal year). Major items in cash flow from investing activities include 579 million yen in proceeds from sales and redemption of investment securities as well as 2,414 million yen in purchase of property, plant and equipment and intangible assets.

Cash used in financing activities totaled 1,129 million yen (compared with 868 million yen in cash used in financing activities in the previous fiscal year). Major items in cash flow from financing activities include 1,345 million yen in cash dividends paid.

As a result, consolidated cash and cash equivalents at the end of the fiscal year under review decreased by 131 million yen from the end of the previous fiscal year to 12,444 million yen.

Changes in cash flow-related indicators

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity ratio (%)	67.5	69.2	66.3	64.5
Return on equity based on market value (%)	40.2	42.0	51.7	57.3
Cash flow to interest-bearing debt (years)	6.6	-	2.5	0.9
Interest coverage ratio (times)	6.5	-	82.4	75.2

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 18.00 yen per share at the 158th Ordinary General Shareholders' Meeting scheduled on June 24, 2021.
 For the next fiscal year, the Company plans annual dividend of 30.00 yen per share (dividend payout ratio of 67.4%), consisting of interim and year-end dividends of 15.00 yen per share each.
- (4) **Risks Associated with Business, etc.**
- (1) **Risks associated with the Asphalt Plant-Related Business in Japan**
- <Risk of insufficient differentiation with competitors>
 The asphalt plant market in Japan is an oligopoly where the Company and two other competing companies account for almost 100% of the market. The Company's market share is more than 70% and its positioning as the top manufacturer has not changed for years. To maintain the overwhelming position of the top manufacturer into the future, the Company has been differentiating itself from others by refining its product development capability and retaining and strengthening a meticulous maintenance service system. However, there is a possibility that the appeal of this differentiation for customers becomes weak if the Company is unable to engage in sufficient product development or if competitors develop meticulous maintenance systems that compare favorably with the Company's system.
- <Risks of foreign manufacturers entering the Japanese market>
 In recent years, no foreign manufacturer has entered the asphalt plant market in Japan, but Chinese and Korean manufacturers have been gradually acquiring technical strengths and may be planning to enter the Japanese market. While it would not be easy for foreign manufacturers to enter the Japanese market without sufficient maintenance structures, there is a possibility that they would seriously consider entering the Japanese market when the growth in their respective market has stalled. If foreign manufacturers join the Japanese market, the competition among manufacturers may intensify.
- <Risks of the Company's technology innovation being too slow to respond to environmental restrictions>
 If environmental restrictions on fossil fuels such as A fuel oil, fuel for combustion equipment of asphalt plants, as well as gas become stricter, the existing technology will become obsolete and require innovation. The Company has been working on development of combustion equipment-related technology assuming that environmental restrictions would become stricter in the future, and there is a possibility that its technology innovation will not be able to keep pace with the faster-than-expected speed of the tightening of restrictions.
- <Risks of shrinking market due to reorganization of the road paving industry>
 Two major road paving companies signed an agreement on capital and business tie-up and this might accelerate the reorganization in the road pavement industry. If industrial reorganization results in further consolidation of asphalt plants, the market may shrink.
- (2) **Risks associated with the overseas business**
- <Risks of intensifying competition in the high-end asphalt plant market in China>
 The Company has secured a certain position in the high-end model category in the asphalt plant market in China and has been steadily recording sales and profit every year. So far, the competitors in the high-end market are two European companies in addition to one or two top Chinese manufacturers, and competition has been mild. However, Chinese companies in general have been gaining technical strength and the competition may intensify if many Chinese manufacturers enter the high-end market in the future.
- <Risks of failing to achieve sales plan in the ASEAN market>
 As part of its growth strategy, the Company, in fiscal year 2020, established a manufacturing subsidiary in Thailand and decided to make investments exceeding 1 billion yen in the plant. The premise of the investment is that the Company can sell its asphalt plants steadily in Thailand and other ASEAN countries. However, if the Company's plants do not gain enough support from customers in the ASEAN countries including Thailand and the Company cannot sell the planned number of plants, the manufacturing plant would record losses, running a risk of impairment of the plant.
- (3) **Risks associated with reduction in budget for public investment**
 In the past, when political power shifted to the Democratic Party of Japan from the Liberal Democratic Party, "from concrete to people" became the former's slogan and many of the Company's customers began curbing capital investment. As a result, the Company's sales declined significantly. If, in the future, a political party with a policy aimed at controlling public investment replaces the Liberal Democratic Party government, the Company's customers may start curbing investments in a similar manner as when the administration changed to the Democratic Party of Japan last time.

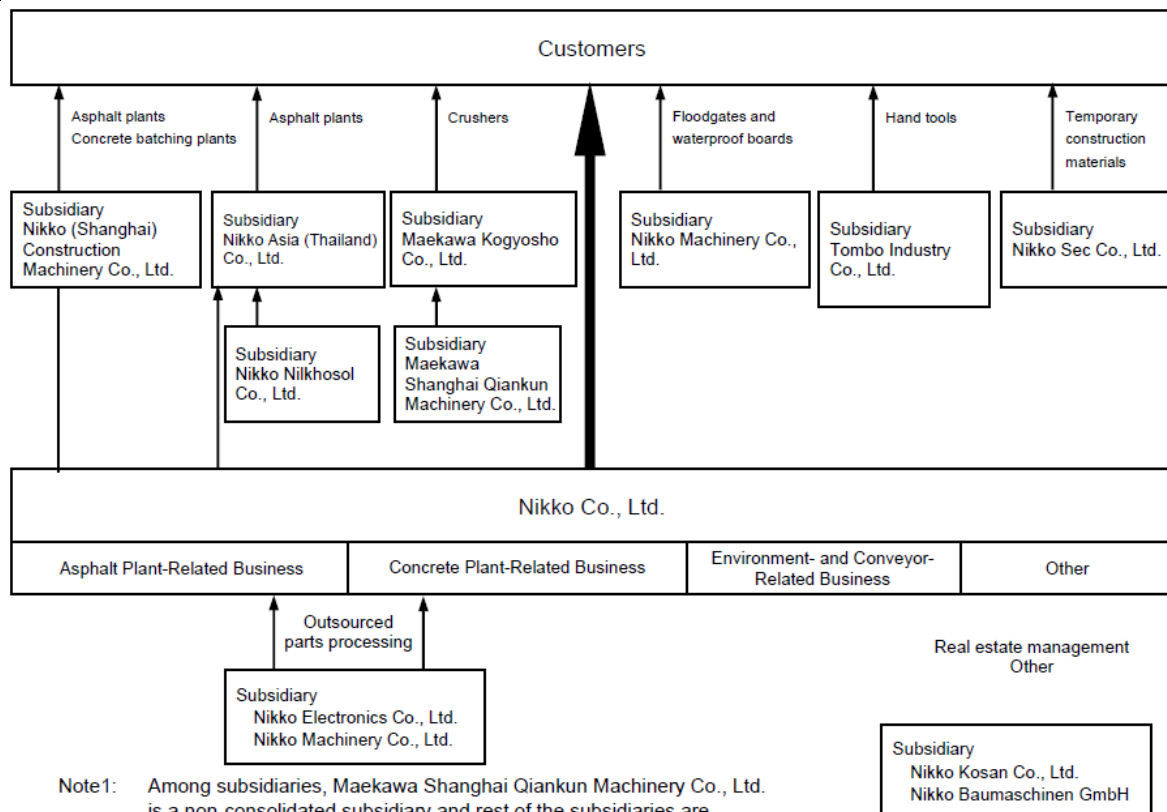
2. Status of the Nikko Corporate Group

The Nikko corporate group consists of the Company and 10 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. Nikko Nilkhosol 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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	12,622	12,491
Notes and accounts receivable-trade	9,902	10,530
Electronically recorded monetary claims	1,709	1,477
Merchandise and finished goods	935	1,494
Work in process and partly-finished construction	4,473	4,236
Raw materials and supplies	1,237	1,470
Other	560	685
Allowance for doubtful accounts	(14)	(5)
Total current assets	31,426	32,381
Non-current assets		
Property and equipment		
Buildings and structures (net)	3,495	3,839
Machinery, equipment and vehicles (net)	817	1,078
Tools, furniture and fixtures (net)	353	365
Land	2,472	3,205
Lease assets (net)	2	2
Right-of-use assets (net)	68	71
Construction in progress	152	619
Total property, plant and equipment	7,362	9,183
Intangible assets		
Other	431	660
Total intangible assets	431	660
Investments and other assets		
Investment securities	4,341	4,528
Investments in capital	11	11
Long-term loans receivable	12	11
Deferred tax assets	953	792
Other	1,287	1,259
Allowance for doubtful accounts	(150)	(131)
Total investments and other assets	6,456	6,472
Total noncurrent assets	14,250	16,315
Total assets	45,677	48,697

(million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,430	2,591
Electronically recorded obligations	1,176	1,015
Accounts payable-factoring	3,427	2,806
Short-term loans payable	1,548	2,188
Income taxes payable	627	586
Accounts payable-other	538	765
Advances received	1,600	2,949
Provision for bonuses	415	531
Provision for directors' bonuses	65	76
Provision for loss on order received	54	126
Other	659	782
Total current liabilities	12,545	14,418
Long-term liabilities		
Long-term loans payable	239	304
Deferred tax liabilities	5	5
Provision for directors' retirement benefits	145	170
Retirement benefit-related liabilities	2,089	1,995
Other	358	351
Total noncurrent liabilities	2,838	2,827
Total liabilities	15,383	17,246
Net assets		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,918	7,926
Retained earnings	12,632	13,366
Treasury stock	(420)	(805)
Total shareholders' equity	29,328	29,685
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	1,592
Foreign currency translation adjustment	55	264
Accumulated retirement benefit-related adjustment	(235)	(114)
Total accumulated other comprehensive income	939	1,742
Non-controlling interests	25	24
Total net assets	30,293	31,451
Total liabilities and net assets	45,677	48,697

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

(million yen)

	Fiscal year ended March 31, 2020 (from April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020, to March 31, 2021)
Net sales	35,151	37,866
Cost of sales	25,512	27,675
Gross profit	9,639	10,191
Selling, general and administrative expenses	7,585	7,889
Operating income	2,053	2,302
Non-operating income		
Interest income	2	2
Dividends income	139	546
Insurance income	31	30
Foreign exchange gains	-	56
Other	63	164
Total non-operating income	236	800
Non-operating expenses		
Interest expenses	46	37
Loss on disposal of noncurrent assets	22	12
Foreign exchange losses	36	-
Compensation for damage	24	64
Other	18	15
Total non-operating expenses	147	129
Ordinary income	2,142	2,973
Extraordinary income		
Gain on sales of investment securities	468	152
Gain on sales of noncurrent assets	23	-
Insurance proceeds from disaster	53	-
Total extraordinary income	545	152
Extraordinary loss		
100 anniversary program cost	119	-
Loss on sales of investment securities	19	69
Loss on valuation of investment securities	76	10
Impairment loss	32	-
Total extraordinary loss	247	79
Income before income taxes	2,440	3,045
Income taxes-current	969	1,057
Income taxes-deferred	(117)	(94)
Total income taxes	852	963
Net income	1,588	2,082
Net income attributable to owners of parent	1,588	2,082

(Consolidated Statements of Comprehensive Income)

(mil. yen)

	Fiscal year ended March 31, 2020 (from April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020, to March 31, 2021)
Net income	1,588	2,082
Other comprehensive income		
Valuation difference on available-for-sale securities	(891)	473
Foreign currency translation adjustment	(108)	209
Retirement benefit-related adjustment	3	120
Total other comprehensive income	(996)	802
Comprehensive income	592	2,885
(Breakdown)		
Comprehensive income attributable to owners of the parent	591	2,884
Comprehensive income attributable to non-controlling interests	0	1

(3) Consolidated Statements of Changes in Equity

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

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	9,197	7,918	12,632	(420)	29,328
Changes during term					
Cash dividends			(1,348)		(1,348)
Net income attributable to owners of parent			2,082		2,082
Purchase of treasury stock				(400)	(400)
Disposal of treasury stock		7		14	22
Net changes of items other than shareholders' equity					
Total changes of items during the period		7	734	(385)	356
Balance at end of term	9,197	7,926	13,366	(805)	29,685

	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	1,119	55	(235)	939	25	30,293
Changes during term						
Cash dividends						(1,348)
Net income attributable to owners of parent						2,082
Purchase of treasury stock						(400)
Disposal of treasury stock						22
Net changes of items other than shareholders' equity	473	209	120	802	(1)	801
Total changes of items during the period	473	209	120	802	(1)	1,158
Balance at end of term	1,592	264	(114)	1,742	24	31,451

(4) Consolidated Statements of Cash Flows

(million yen)

	Fiscal year ended March 31, 2020 (from April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020, to March 31, 2021)
Cash flows from operating activities		
Income before income taxes	2,440	3,045
Depreciation and amortization	611	677
Impairment loss	32	-
Increase (decrease) in allowance for doubtful accounts	5	(27)
Increase (decrease) in retirement benefit-related adjustment	82	80
Increase (decrease) in provision for directors' retirement benefits	10	24
Interest and dividends income	(141)	(548)
Interest expenses	46	37
Foreign exchange losses (gains)	15	(19)
Loss (gain) on sales and valuation of investment securities	(373)	(72)
Loss (gain) on sales of property, plant and equipment	(23)	-
Decrease (increase) in notes and accounts receivable-trade	686	(300)
Decrease (increase) in inventories	(687)	(359)
Increase (decrease) in notes and accounts payable-trade	1,317	(627)
Increase (decrease) in advances received	(42)	1,281
Insurance proceeds from disaster	(53)	-
Other	504	187
Subtotal	4,430	3,377
Interest and dividends income received	141	548
Interest expenses paid	(46)	(37)
Proceeds from insurance income from disaster	53	-
Income taxes paid	(769)	(1,105)
Cash flows from operating activities	3,809	2,784
Cash flows from investing activities		
Payments into time deposits	(47)	(47)
Proceeds from withdrawal of time deposits	47	47
Purchase of investment securities	(11)	(14)
Proceeds from sales and redemption of investment securities	772	579
Purchase of property, plant and equipment and intangible assets	(1,392)	(2,414)
Proceeds from sales of property, plant and equipment	28	-
Payments of loans receivable	(8)	(2)
Collection of loans receivable	2	2
Other	-	(18)
Cash flows from investing activities	(609)	(1,867)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	45	550
Proceeds from long-term loans payable	100	140
Repayment of long-term loans payable	(36)	(70)
Purchase of treasury stock	(0)	(402)
Proceeds from stock issuance to non-controlling shareholders	25	-
Repayments of finance lease obligations	(0)	(0)
Cash dividends paid	(1,002)	(1,345)
Cash flows from financing activities	(868)	(1,129)
Effect of exchange rate changes on cash and cash equivalents	(55)	80
Net increase (decrease) in cash and cash equivalents	2,275	(131)
Cash and cash equivalents at beginning of year	10,300	12,575
Cash and cash equivalents at end of year	12,575	12,444

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Changes in Accounting Policy)

Not applicable

(Change in the method of presentation)

(Consolidated Balance Sheets)

From the current fiscal year, the Company independently records advances received, which used to be included in other of current liabilities, to improve clarity. To reflect this change in the method of presentation, the Company has reclassified the financial statements for the previous accounting period.

As a result, the 2,260 million yen of other in current liabilities in the balance sheet for the previous fiscal year has been reclassified as 1,600 million yen in advances received and 659 million yen in other.

(Consolidated Statements of Cash Flows)

From the current fiscal year, the Company independently records increase (decrease) in advances received, which used to be included in other of cash flows from operating activities, to improve clarity. To reflect this change in the method of presentation, the Company has reclassified the financial statements for the previous accounting period.

As a result, the 462 million yen of other in cash flows from operating activities in the consolidated cash flow statement for the previous fiscal year has been reclassified as (42 million yen) in increase (decrease) in advances received and 504 million yen in 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. and provides maintenance services. The Concrete Plant-Related Business produces concrete batching plants, etc. and provides maintenance services. 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, 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, and other items by reportable segment

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

(mil. 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	473	255	3	732	686	1,418

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

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(mil. 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	19,467	9,212	2,390	31,070	6,796	37,866
Inter-segment sales and transfers	-	-	17	17	104	121
Total	19,467	9,212	2,408	31,088	6,900	37,988
Segment income	1,239	879	482	2,601	1,170	3,771
Segment assets	16,181	5,835	1,228	23,244	9,336	32,581
Other items						
Depreciation and amortization	205	102	9	317	191	508
Increase (decrease) in tangible and intangible assets	1,571	460	47	2,078	461	2,540

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

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

(mil. yen)

Net sales	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Reportable segment total	29,336	31,088
Net sales for Other	5,946	6,900
Elimination of intersegment transaction	(131)	(121)
Net sales in consolidated financial statements	35,151	37,866

(mil. yen)

Earnings	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Reportable segment total	2,442	2,601
Earnings for Other	1,020	1,170
Elimination of intersegment transaction	–	–
Corporate expenses (note)	(1,409)	(1,469)
Operating income in consolidated financial statements	2,053	2,302

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, 2020	Fiscal year ended March 31, 2021
Reportable segment total	20,857	23,244
Assets in Other	8,956	9,336
Corporate assets (note)	15,862	16,116
Total assets in consolidated financial statements	45,677	48,697

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

(mil. yen)

Other items	Reportable segment total		Other business		Adjustment (note)		Amount in consolidated financial statements	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Depreciation and amortization	247	317	164	191	199	168	611	677
Increase (decrease) in tangible and intangible assets	732	2,078	686	461	133	208	1,551	2,748

Note: The adjustments for increase in property, plant and equipment and intangible assets are capital investment related to the planning and administrative divisions of the Company.

[Related Information]

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

(mil. 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.

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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

(mil. yen)			
Japan	China	Other	Total
34,130	3,509	226	37,866

(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.

[Information regarding impairment of non-current assets by reportable segment]

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

(mil. yen)

	Asphalt Plant-Related Business	Concrete Plant-Related Business	Environment- and conveyor-related business	Other	Corporate/elimination	Total
Impairment loss	15	10	–	6	–	32

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

Not applicable

[Information regarding the amount of goodwill amortization and the balance of unamortized goodwill by reportable segment]

Not applicable

[Information regarding gain on bargain purchase by reportable segment]

Not applicable

(Per Share Information)

	Fiscal year ended March 31, 2020 (from April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020, to March 31, 2021)
Net assets per share	780.68 yen	823.01 yen
Net income per share	41.17 yen	54.31 yen

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.

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

	Fiscal year ended March 31, 2020 (from April 1, 2019, to March 31, 2020)	Fiscal year ended March 31, 2021 (from April 1, 2020, to March 31, 2021)
Net income per share		
Net income attributable to owners of parent (in million yen)	1,588	2,082
Amount not attributable to common stockholders (million yen)	–	–
Net income attributable to common stock of owners of parent (million yen)	1,588	2,082
Average number of shares outstanding during the term (shares)	38,589,549	38,349,338

(Significant Subsequent Events)
Not applicable

5. Other Information

(1) Changes in Officers

(i) Changes in Representative Directors

Representative Director to retire

Takahisa Nishikawa, Representative Director and Chairman

Nishikawa is scheduled to assume the post of Director and Chairman without the right of representation.

(ii) Expected date of retirement

June 24, 2021

(iii) Changes in Other Officers

• Directors to be promoted

Hiroshi Fujii, Senior Managing Director, General Manager, Administrative Division,
security export control in-charge
(currently Managing Director, General Manager, Administrative Division,
security export control in-charge)

• Candidates for Directors

Minoru Tanaka, Director, Manager, Service Planning Department
(currently Senior Executive Officer, Manager, Service Planning Department)

Masafumi Ishii, Outside Director

Rika Saeki, Outside Director
(currently Representative Director, Usystem Co., Ltd.)

• Directors to retire

Hiroyuki Sakurai, Managing Director (Chairman, Nikko (Shanghai) Construction Machinery Co., Ltd.;
full time)

Toshifumi Kinugasa, Director (Representative Director and President, Tombo Industry Co., Ltd.; full time)

• Executive Officers to be promoted

Masao Natori, Senior Executive Officer, General Manager, General Affairs Department, Manager,
Cost Management Department, director of a first-class registered architect's office
(currently, Executive Officer, Manager, General Affairs Department, Manager,
Cost Management Department, director of a first-class registered architect's office)

Morie Okaaki, Senior Executive Officer, Manager, Industrial Machinery Sales Management
Department
(currently Executive Officer, Manager, Industrial Machinery Sales Management
Department)

• New Executive Officers

Koichi Kawakami, Executive Officer, Manager, President's Office, Manager, Quality Assurance Office

Toyokazu Uehara, Executive Officer, Manager, Technology Management Department,
Technology Division

Katsuhiro Kawamura, Executive Officer, Manager, Development Department, Technology Division

(iv) Expected date of changes

June 24, 2021

(2) Other

Not applicable