



Financial Results for Second Quarter of Fiscal Year Ending March 31, 2022 [Japanese GAAP] (Consolidated Data)

November 11, 2021

Company Name: Nikko Co., Ltd.	Stock Exchange Listing: Tokyo Stock Exchange
Stock Code: 6306	URL http://www.nikko-net.co.jp
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Scheduled date for filing the quarterly report: November 12, 2021	Scheduled date for cash dividends: December 6, 2021
Quarterly earnings supplementary explanatory materials:	Yes
Quarterly financial results briefing session:	Yes (for institutional investors, analysts and newspaper reporters)

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for Second Quarter of Fiscal Year Ending March 31, 2022 (April 1, 2021 - September 30, 2021)

(1) Consolidated Operating Results (cumulative) (% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2021	19,008	4.3	968	(3).1	1,105	(30).4	867	(21).0
Six months ended September 30, 2020	18,225	6.3	1,000	4.2	1,588	53.5	1,099	9.6

Note: Comprehensive income: Six months ended September 30, 2021: 824 million yen (-35.2%)
Six months ended September 30, 2020: 1,272 million yen (231.1%)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Six months ended September 30, 2021	22.72	-
Six months ended September 30, 2020	28.54	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Six months ended September 30, 2021	48,762	31,674	64.8	824.88
As of March 31, 2021	48,697	31,451	64.5	823.01

(Reference) Capital: Six months ended September 30, 2021 31,604 million yen
Fiscal year ended March 31, 2021: 31,427 million yen

2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2021	-	15.00	-	18.00	33.00
Fiscal year ending March 31, 2022	-	15.00			
Fiscal year ending March 31, 2022 (Forecasts)			-	15.00	30.00

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

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	39,000	3.0	2,300	(0.1)	2,500	(15).9	1,700	(18.3)	44.33

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

Notes

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

Newly added companies: None (Company names: -) / Excluded companies: None (Company names: -)

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

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

(i) Changes in accounting policy arising from revision of accounting standards, etc.: None

(ii) Changes in accounting policy other than those noted in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Shares issued (common stock)

(i) Number of shares issued at end of period (including treasury stock)	2Q of fiscal year ending March 31, 2022	40,000,000 shares	Fiscal year ended March 31, 2021	40,000,000 shares
(ii) Number of shares held in treasury at end of period	2Q of fiscal year ending March 31, 2022	1,771,460 shares	Fiscal year ended March 31, 2021	1,814,260 shares
(iii) Average number of shares outstanding during the period (quarter-to-date)	2Q of fiscal year ending March 31, 2022	38,204,073 shares	2Q of fiscal year ended March 31, 2021	38,512,603 shares

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

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

Any forecasts and forward-looking statements given herein are based on information available as of this report's publication and on certain assumptions that are deemed reasonable and these forecasts are not guarantees of future performance.

Actual results may differ significantly from forecasts due to various factors. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "1. Qualitative Information on Quarterly Results: (3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results" on page 2 in the accompanying materials.

(How to obtain quarterly earnings supplementary explanatory materials)

The Company is scheduled to post the quarterly earnings supplementary explanatory materials on its website on Thursday, November 11, 2021.

The Company has scheduled a financial results briefing session (live streaming) for securities analysts on Thursday, December 2, 2021.

Accompanying Material – Table of Contents

1. Qualitative Information on Quarterly Results	5
(1) Explanation About Operating Results	5
(2) Explanation About Financial Position	5
(3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheet	6
(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	8
Quarterly Consolidated Statement of Income	
Six Months Ended September 30, 2019	8
Quarterly Consolidated Statements of Comprehensive Income	
Six Months Ended September 30, 2019	9
(3) Notes to Quarterly Consolidated Financial Statements	10
(Going Concern Assumption)	10
(Notes on significant changes in the amount of shareholders' equity)	10
(Use of special accounting methods for preparation of quarterly consolidated financial statements)	10
(Changes in Accounting Policy)	10
(Additional Information)	10

1. Qualitative Information on Quarterly Results

(1) Explanation About Operating Results

During the six months ended September 30, 2021, the situation continued to be unclear, as it repeatedly fluctuated between good to bad and back, reflecting the spread and containment of COVID-19, while the government either canceled or re-issued the state of emergency multiple times. At the same time, the global economy has began moving towards normalization on the back of making progress in vaccinations against the infection, but is being forced to face newer issues including rising prices in resources and materials caused by supply restrictions, the tightening of logistics, and labor shortages.

Under such circumstances, with relatively small direct impact from COVID-19, the Nikko Group posted consolidated net sales of 19,008 million yen (up 4.3% from the same period a year earlier) in the six months under review.

In terms of profits, consolidated operating income totaled 968 million yen (down 3.1% from the same period a year earlier) due to an increase in research and development costs for realizing a decarbonized society, price hikes in raw materials led by steel, and an increase in personnel costs. Consolidated ordinary income came to 1,105 million yen (down 30.4% from the same period a year earlier) due to large scale special dividends recorded in the same period of the previous year, while quarterly net income attributable to owners of parent was 867 million yen (down 21.0% from the same period a year earlier).

Results by segment are as follows.

<Asphalt Plant-Related Business>

Sales of both products and the maintenance business in Japan decreased compared with the previous period. Overseas net sales increased compared with the previous period. As a result, net sales of the business declined 3.5% to 9,189 million yen from the same period a year earlier. New orders received in the period under review decreased compared with a year earlier, while order backlog increased year on year.

<Concrete Plant-Related Business>

Sales of both products and the maintenance business in Japan increased compared with the previous period. As a result, net sales of the business increased 13.6% to 5,589 million yen from the same period 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 both environmental products and conveyer products increased compared with the same period a year earlier. As a result, net sales of the business increased 49.3% to 1,581 million yen from the same period a year earlier. New orders received and order backlog in the period under review declined compared with a year earlier.

<Other Business>

Net sales of hand tools and mobile plant business increased compared with the same period a year earlier. Net sales of temporary construction materials declined compared with the same period a year earlier. As a result, net sales of the business declined 2.7% to 2,647 million yen from the same period a year earlier. New orders received and order backlog in the period under review declined compared with a year earlier.

(2) Explanation About Financial Position

Total assets at the end of the reporting period were 48,762 million yen, increasing 64 million yen from the end of the previous fiscal year.

Current assets were to 32,082 million yen, declining 299 million yen from the end of the last consolidated fiscal year. Main factors contributing to the change are increases of 827 million yen in cash and cash equivalents, 486 million yen in merchandise and finished goods, and 759 million yen in work in process and partly-finished construction as well as decreases of 2,163 million yen in notes and accounts receivable-trade and 360 million yen in electronically recorded monetary claims. Noncurrent assets came to 16,680 million yen, up 364 million yen from the end of the previous consolidated fiscal year. Factors contributing to the change include an increase of 481 million yen in buildings and structures, 113 million yen in goodwill, and an increase of 78 million yen in other as well as a decline of 342 million yen in investment securities.

Liabilities totaled 17,087 million yen, decreasing 158 million yen from the end of the last consolidated fiscal year. Factors contributing to the change include contract liabilities (advances received till the previous fiscal year) rising 698 million yen and short-term loans payable rising 373 million yen as well as notes and accounts payable-trade decreasing 315 million yen, income taxes payable declining 110 million yen, accounts payable-other declining 342 million yen, and other current liabilities declining 354 million yen.

Net assets came to 31,674 million yen, up 223 million yen from the end of the previous fiscal year. Factors contributing to the change include an increase from recording of 867 million yen in net income attributable to owners of parent, an increase of 32 million yen from disposal of treasury stock, and a decline of 687 million yen from payment of dividends.

As a result, equity ratio rose to 64.8% from 64.5% as of the end of the previous fiscal year.

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

There is no change in the performance forecast for the year ending March 31, 2022 that was disclosed on May 14, 2021.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(mil. yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	12,491	13,318
Notes and accounts receivable-trade	10,530	8,367
Electronically recorded monetary claims	1,477	1,116
Merchandise and finished goods	1,494	1,981
Work in process and partly-finished construction	4,236	4,996
Raw materials and supplies	1,470	1,431
Other business	685	872
Allowance for doubtful accounts	(5)	(1)
Total current assets	32,381	32,082
Non-current assets		
Property and equipment	9,183	9,770
Intangible assets	660	809
Investments and other assets		
Investment securities	4,528	4,186
Investments in capital	11	11
Long-term loans receivable	11	6
Deferred tax assets	792	810
Other business	1,259	1,215
Allowance for doubtful accounts	(131)	(130)
Total investments and other assets	6,472	6,099
Total noncurrent assets	16,315	16,680
Total assets	48,697	48,762

(mil. yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,591	2,275
Electronically recorded obligations	1,015	958
Accounts payable-factoring	2,806	2,927
Short-term loans payable	2,188	2,561
Income taxes payable	586	476
Accounts payable-other	765	422
Advances received	2,949	17
Contract liabilities	-	3,648
Provision for bonuses	531	455
Provision for directors' bonuses	76	31
Provision for loss on order received	126	83
Other business	782	427
Total current liabilities	14,418	14,285
Long-term liabilities		
Long-term loans payable	304	282
Deferred tax liabilities	5	2
Provision for directors' retirement benefits	170	143
Retirement benefit-related liabilities	1,995	2,029
Other business	351	344
Total noncurrent liabilities	2,827	2,801
Total liabilities	17,246	17,087
Net assets		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,926	7,945
Retained earnings	13,366	13,547
Treasury stock	(805)	(784)
Total shareholders' equity	29,685	29,905
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,592	1,510
Foreign currency translation adjustment	264	298
Accumulated retirement benefit-related adjustment	(114)	(110)
Total accumulated other comprehensive income	1,742	1,698
Non-controlling interests	24	70
Total net assets	31,451	31,674
Total liabilities and net assets	48,697	48,762

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First Six Months of Fiscal Year)

(Mil. yen)

	Six Months Ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Six Months Ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Net sales	18,225	19,008
Cost of sales	13,441	13,999
Gross profit	4,783	5,009
Selling, general and administrative expenses	3,783	4,040
Operating income	1,000	968
Non-operating income		
Interest income	1	1
Dividends income	518	97
Foreign exchange gains	28	-
Outsourcing service income	49	49
Other business	40	39
Total non-operating income	639	187
Non-operating expenses		
Interest expenses	18	24
Loss on disposal of noncurrent assets	7	0
Foreign exchange losses	-	6
Compensation for damage	10	7
Other business	14	12
Total non-operating expenses	50	50
Ordinary income	1,588	1,105
Extraordinary income		
Gain on sales of investment securities	86	237
Total extraordinary income	86	237
Extraordinary loss		
Loss on sales of investment securities	1	0
Total extraordinary loss	1	0
Quarterly income before income taxes	1,672	1,342
Income taxes-current	612	458
Income taxes-deferred	(38)	15
Total income taxes	573	474
Quarterly net income	1,099	867
Quarterly net income attributable to owners of parent	1,099	867

(Quarterly Consolidated Statements of Comprehensive Income)
(First Six Months of Fiscal Year)

(Mil. yen)

	Six Months Ended September 30, 2020 (from April 1, 2020 to September 30, 2020)	Six Months Ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
Quarterly net income	1,099	867
Other comprehensive income		
Valuation difference on available-for-sale securities	123	(81)
Foreign currency translation adjustment	41	34
Retirement benefit-related adjustment	8	3
Total other comprehensive income	173	(43)
Quarterly comprehensive income	1,272	824
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	1,272	819
Quarterly comprehensive income attributable to non-controlling interests	(0)	4

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

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

Not applicable

(Use of special accounting methods for preparation of quarterly consolidated financial statements)

Not applicable

(Changes in Accounting Policy)

(Application of the Accounting Standard for Revenue Recognition)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020.) and other standards from the beginning of the first quarter under review. The Company now recognizes revenue as the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer.

The application of the said accounting standard does not affect the quarterly consolidated financial statement.

As the Company applied the Accounting Standard for Revenue Recognition, "advances received," which was recorded as current liabilities in the consolidated balance sheet for the previous fiscal year, shall be included under "advances received" and "contract liabilities" from the first quarter of the current fiscal year. In accordance with the transitional treatment prescribed by Article 89-2 of the Accounting Standard for Revenue Recognition, the Company did not reclassify the figures for the previous fiscal year using the new description method. Furthermore, in accordance with the transitional treatment prescribed in Article 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Company did not describe the information that broke down the profits resulting from the contracts with customers in the second quarter of the previous fiscal year.

(Application of the Accounting Standard for Fair Value Measurement)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the first quarter under review. In accordance with the transitional treatments prescribed in Article 19 of the Accounting Standard for Fair Value Measurement and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company plans to apply the new accounting policies prescribed in the Accounting Standard for Fair Value Measurement and other standards through the future.

The application of the said accounting standard does not affect the quarterly consolidated financial statement.

(Additional Information)

Not applicable