



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

February 10, 2022

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: February 14, 2022	Scheduled date for cash dividends: –
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 Third Quarter of Fiscal Year Ending March 31, 2022 (April 1, 2021 - December 31, 2021)

(1) Consolidated Operating Results (cumulative) (% represents year-on-year change rate from the same period)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2021	27,165	10.3	1,027	13.5	1,194	(20.3)	883	(8.6)
Nine months ended December 31, 2020	24,632	0.3	904	(13.1)	1,499	28.9	966	(0.4)

Note: Comprehensive income: Nine months ended December 31, 2021: 899 million yen (-29.6%)
 Nine months ended December 31, 2020 1,277 million yen (79.4%)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Nine months ended December 31, 2021	23.13	–
Nine months ended December 31, 2020	25.16	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Nine months ended December 31, 2021	49,348	31,175	63.1	813.93
As of March 31, 2021	48,697	31,451	64.5	823.01

(Reference) Capital: Nine months ended December 31, 2021: 31,114 million yen
 As of 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.: Yes

(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)

(ii) Number of shares held in treasury at end of period

(iii) Average number of shares outstanding during the period (quarter-to-date)

Nine months ended December 31, 2021	40,000,000 shares	Fiscal year ended March 31, 2021	40,000,000 shares
Nine months ended December 31, 2021	1,772,535 shares	Fiscal year ended March 31, 2021	1,814,260 shares
Nine months ended December 31, 2021	38,211,943 shares	Nine months ended December 31, 2020	38,403,859 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, February 10, 2022.

The Company has scheduled a financial results briefing session (live streaming) for securities analysts on Wednesday, March 2, 2022.

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1. Qualitative Information on Quarterly Results

(1) Explanation About Operating Results

During the nine months ended December 31, 2021, while the global economy showed a recovery trend, prices continued to increase due to rising prices of crude oil and other resources, supply constraints, and tight logistics amid continued restrictions on economic activities due to the COVID-19 pandemic. Businesses are being forced to take increasingly difficult decisions also due to factors such as discussions in the U.S. of scaling back of monetary easing and interest rate hikes taking inflation into account.

Under such circumstances, with relatively small direct impact from COVID-19, the Nikko Group posted consolidated net sales of 27,165 million yen (up 10.3% from the same period a year earlier) in the nine months under review.

In terms of profits, consolidated operating income totaled 1,027 million yen (up 13.5% from the same period a year earlier), while consolidated ordinary income came to 1,194 million yen (down 20.3% from the same period a year earlier) due to large scale special dividends recorded in the same period of the previous year. Quarterly net income attributable to owners of parent was 883 million yen (down 8.5% from the same period a year earlier).

Operating results by segment are as follows.

(i) Asphalt Plant-Related Business

Net sales of both products and the maintenance business in Japan decreased compared with the same period a year earlier. Overseas net sales increased compared with the same period a year earlier. As a result, net sales of the business increased 4.6% to 13,365 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.

(ii) Concrete Plant-Related Business

Net sales of both products and the maintenance business in Japan increased compared with the same period a year earlier. As a result, net sales of the business increased 17.5% to 7,279 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.

(iii) Environment- and Conveyor-Related Business

Net sales of both environmental products and conveyor products increased compared with the same period a year earlier. As a result, net sales of the business increased 39.6% to 2,195 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.

(iv) 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 increased 5.7% to 4,325 million yen from the same period a year earlier. New orders received in the period under review increased compared with a year earlier. Order backlog declined compared with the same period a year earlier.

(2) Explanation About Financial Position

Total assets at the end of the reporting period were 49,348 million yen, increasing 650 million yen from the end of the previous fiscal year.

Current assets were to 32,321 million yen, declining 60 million yen from the end of the last consolidated fiscal year. Main factors contributing to the change are increases of 2,453 million yen in work in process, 235 million yen in electronically recorded monetary claims, and 196 million yen in cash and cash equivalents as well as a decrease of 3,501 million yen in notes and accounts receivable-trade. Noncurrent assets came to 17,027 million yen, up 711 million yen from the end of the previous consolidated fiscal year. Factors contributing to the change include increases of 1,053 million yen in buildings and structures, 194 million yen in land, and 115 million yen in goodwill as well as declines of 488 million yen in construction in progress and 151 million yen in investment securities.

Liabilities totaled 18,173 million yen, up 927 million yen from the end of the previous fiscal year. Factors contributing to the change include contract liabilities (advances received till the previous fiscal year) rising 885 million yen, accounts payable-factoring rising 696 million yen, and short-term loans payable rising 628 million yen, while income taxes payable, provision for bonuses, and accounts payable-other declining 542 million yen, 370 million yen, and 257 million yen, respectively.

Net assets came to 31,175 million yen, decreasing 276 million yen from the end of the last consolidated fiscal year. Factors contributing to the change include an increase from recording of 883 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 1,260 million yen from payment of dividends.

As a result, equity ratio dropped to 63.1% 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 December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	12,491	12,687
Notes and accounts receivable-trade	10,530	7,029
Electronically recorded monetary claims	1,477	1,712
Merchandise and finished goods	1,494	1,585
Work in process	4,236	6,689
Raw materials and supplies	1,470	1,521
Other business	685	1,094
Allowance for doubtful accounts	(5)	(0)
Total current assets	32,381	32,321
Non-current assets		
Property and equipment	9,183	9,993
Intangible assets	660	889
Investments and other assets		
Investment securities	4,528	4,377
Investments in capital	11	11
Long-term loans receivable	11	7
Deferred tax assets	792	722
Other business	1,259	1,156
Allowance for doubtful accounts	(131)	(130)
Total investments and other assets	6,472	6,144
Total noncurrent assets	16,315	17,027
Total assets	48,697	49,348

(mil. yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,591	2,488
Electronically recorded obligations	1,015	1,179
Accounts payable-factoring	2,806	3,502
Short-term loans payable	2,188	2,817
Income taxes payable	586	44
Accounts payable-other	765	507
Advances received	2,949	17
Contract liabilities	-	3,851
Provision for bonuses	531	160
Provision for directors' bonuses	76	47
Provision for loss on order received	126	39
Other business	782	621
Total current liabilities	14,418	15,276
Long-term liabilities		
Long-term loans payable	304	355
Deferred tax liabilities	5	2
Provision for directors' retirement benefits	170	151
Retirement benefit-related liabilities	1,995	2,046
Other business	351	341
Total noncurrent liabilities	2,827	2,896
Total liabilities	17,246	18,173
Net assets		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,926	7,945
Retained earnings	13,366	12,990
Treasury stock	(805)	(784)
Total shareholders' equity	29,685	29,348
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,592	1,491
Foreign currency translation adjustment	264	383
Accumulated retirement benefit-related adjustment	(114)	(108)
Total accumulated other comprehensive income	1,742	1,766
Non-controlling interests	24	60
Total net assets	31,451	31,175
Total liabilities and net assets	48,697	49,348

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Nine Months Ended December 31, 2021)

(mil. yen)

	Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)
Net sales	24,632	27,165
Cost of sales	18,025	19,894
Gross profit	6,607	7,271
Selling, general and administrative expenses	5,703	6,244
Operating income	904	1,027
Non-operating income		
Interest income	1	1
Dividends income	542	120
Foreign exchange gains	22	13
Other business	136	115
Total non-operating income	704	250
Non-operating expenses		
Interest expenses	28	35
Loss on disposal of noncurrent assets	8	0
Compensation for damage	60	7
Expenses for dismantling and removal	-	24
Other business	12	15
Total non-operating expenses	109	83
Ordinary income	1,499	1,194
Extraordinary income		
Gain on sales of investment securities	89	255
Total extraordinary income	89	255
Extraordinary loss		
Loss on valuation of investment securities	64	22
Loss on sales of investment securities	3	0
Total extraordinary loss	68	23
Quarterly income before income taxes	1,520	1,425
Income taxes-current	551	437
Income taxes-deferred	2	112
Total income taxes	553	550
Quarterly net income	966	875
Quarterly loss attributable to non-controlling interests	-	(8)
Quarterly net income attributable to owners of parent	966	883

(Quarterly Consolidated Statements of Comprehensive Income)

(Nine Months Ended December 31, 2021)

(mil. yen)

	Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)
Quarterly net income	966	875
Other comprehensive income		
Valuation difference on available-for-sale securities	202	(100)
Foreign currency translation adjustment	95	118
Retirement benefit-related adjustment	13	5
Total other comprehensive income	310	23
Quarterly comprehensive income	1,277	899
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	1,277	905
Quarterly comprehensive income attributable to non-controlling interests	(0)	(5)

(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 third 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