



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

February 12, 2021

Company Name: Nikko Co., Ltd.	Stock Exchange Listing: Tokyo Stock Exchange
Stock Code: 6306	URL <a href="http://www.nikko-net.co.jp">http://www.nikko-net.co.jp</a>
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Scheduled date for filing the quarterly report: February 12, 2021	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, 2021 (April 1, 2020 - December 31, 2020)

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

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2020	24,632	0.3	904	(13.1)	1,499	28.9	966	(0.4)
Nine months ended December 31, 2019	24,562	20.3	1,040	238.0	1,163	156.5	970	72.5

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

Nine months ended December 31, 2019: 712 million yen (-%)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Nine months ended December 31, 2020	25.16	–
Nine months ended December 31, 2019	25.20	–

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

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Nine months ended December 31, 2020	46,444	29,844	64.2	780.90
Fiscal year ended March 31, 2020	45,677	30,293	66.3	780.68

(Reference) Capital: Nine months ended December 31, 2020: 29,819 million yen

Fiscal year ended March 31, 2020: 30,267 million yen

### 2. Dividends

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

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

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

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

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		per share
	million yen	%	million yen	%	million yen	%	million yen	%	Net income yen
Full year	36,500	3.8	2,200	7.1	2,700	26.0	1,850	16.4	47.94

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

\*Notes

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

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

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Shares issued (common stock)

(i) Number of shares outstanding at end of period (including treasury shares)

3Q of fiscal year ending March 31, 2021	40,000,000 shares	Fiscal year ended March 31, 2020	40,000,000 shares
3Q of fiscal year ending March 31, 2021	1,814,130 shares	Fiscal year ended March 31, 2020	1,229,230 shares
3Q of fiscal year ending March 31, 2021	38,403,859 shares	3Q of fiscal year ending March 31, 2020	38,529,031 shares

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

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

\* 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 Friday, February 12, 2021.

The Company has scheduled a financial results briefing session (live streaming) for securities analysts on Thursday, February 25, 2021.

o Accompanying Material – Table of Contents

1. Qualitative Information on Quarterly Results .....	2
(1) Explanation About Operating Results .....	2
(2) Explanation About Financial Position .....	2
(3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results .....	2
2. Quarterly Consolidated Financial Statements and Notes .....	3
(1) Quarterly Consolidated Balance Sheet .....	3
(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	5
Quarterly Consolidated Statement of Income	
Nine Months Ended December 31, 2020 .....	5
Quarterly Consolidated Statements of Comprehensive Income	
Nine Months Ended December 31, 2020 .....	6
(3) Notes to Quarterly Consolidated Financial Statements .....	7
(Going Concern Assumption) .....	7
(Notes on significant changes in the amount of shareholders' equity) .....	7
(Use of special accounting methods for preparation of quarterly consolidated financial statements) .....	7
(Changes in Accounting Policy) .....	7
(Additional Information) .....	7

## 1. Qualitative Information on Quarterly Results

### (1) Explanation About Operating Results

During the nine months ended December 31, 2020, global economy continued to be in a severe situation, shrinking significantly, due to the impact of the worldwide novel coronavirus pandemic. In January 2021, the government declared a state of emergency for the second time. However, the infection is again spreading intermittently as social and economic activities gather pace in stages, making it necessary to continue closely monitoring its impact to the domestic and overseas economy. The outlook is also expected to remain unclear for the time being.

The construction-related industry, which has strong relations to the Group, faced impacts such as discontinuation and postponement of work at construction sites and curbs on new investments reflecting concerns about the future. In spite of such circumstances, sales increased at the Nikko Group as those of the Asphalt Plant-Related Business and Other Business in Japan grew, while overseas sales declined due to the impact of the spread of the novel coronavirus infection.

In the nine months ended December 31, 2020, consolidated net sales increased 0.3% from a year earlier to 24,632 million yen. Consolidated operating income totaled 904 million yen, down 13.1% year-on-year, consolidated ordinary income totaled 1,499 million yen, up 28.9% year-on-year, and quarterly net income attributable to owners of parent reached 966 million yen, down 0.4% year-on-year.

Results by segment are as follows.

#### (i) Asphalt Plant-Related Business

While overseas sales declined year on year due to the impact of the novel coronavirus pandemic, the products and maintenance business in Japan grew compared with the same period a year earlier. As a result, net sales of the business increased 2.6% to 12,774 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.

#### (ii) Concrete Plant-Related Business

Sales of the maintenance business in Japan increased from the same period year-earlier, but sales of products in Japan decreased from the period a year earlier. As a result, net sales of the business declined 1.6% to 6,192 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 the environmental products and conveyor products declined compared with a year earlier due to the impact of the novel coronavirus pandemic. As a result, net sales of the business declined 17.8% to 1,572 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.

#### (iv) Other Business

Net sales of temporary construction materials and mobile plant business increased compared with the same period a year earlier. As a result, net sales of the business increased 5.0% to 4,092 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.

### (2) Explanation About Financial Position

Total assets at the end of the reporting period were 46,444 million yen, increasing 767 million yen from the end of the last consolidated fiscal year.

Current assets came to 30,779 million yen, declining 647 million yen from the end of the last consolidated fiscal year. Main factors contributing to the decline are declines of 376 million yen in electronically recorded monetary claims, 2,915 million yen in inventories respectively, while cash and cash equivalents declined 2,732 million yen and notes and accounts receivable-trade declined 1,419 million yen respectively. Noncurrent assets came to 15,665 million yen, up 1,415 million yen from the end of the previous consolidated fiscal year. Factors contributing to the change include an increase of 268 million yen in buildings and structures, an increase of 116 million yen in machinery, equipment and vehicles, an increase of 580 million yen in land, an increase of 338 million yen in construction in progress, and an increase of 102 million yen in investment securities.

Liabilities totaled 16,600 million yen, increasing 1,216 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, others increasing 1,202 million yen, and an increase of 488 million yen in long-term loans payable, and respective decreases of 485 million yen in accrued income taxes and 287 million yen in provision for bonuses.

Net assets came to 29,844 million yen, decreasing 448 million yen from the end of the last consolidated fiscal year. Factors contributing to the change include an increase from recording 966 million yen in net income attributable to owners of parent, an increase in valuation difference on available-for-sale securities of 202 million yen, and a decline from payment of 1,348 million yen in dividends, and decrease of 385 million due to purchase and disposal of treasury stock.

As a result, equity ratio declined to 64.2% from 66.3% 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, 2021 that was disclosed on May 14, 2020.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(mil. yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,622	9,890
Notes and accounts receivable-trade	9,902	8,482
Electronically recorded monetary claims	1,709	2,086
Merchandise and finished goods	935	2,675
Work in process and partly-finished construction	4,473	5,360
Raw materials and supplies	1,237	1,526
Other business	560	770
Allowance for doubtful accounts	(14)	(12)
<b>Total current assets</b>	<b>31,426</b>	<b>30,779</b>
Non-current assets		
Property and equipment	7,362	8,674
Intangible assets	431	538
Investments and other assets		
Investment securities	4,341	4,443
Investments in capital	11	11
Long-term loans receivable	12	10
Deferred tax assets	953	858
Other business	1,287	1,260
Allowance for doubtful accounts	(150)	(131)
<b>Total investments and other assets</b>	<b>6,456</b>	<b>6,452</b>
<b>Total noncurrent assets</b>	<b>14,250</b>	<b>15,665</b>
<b>Total assets</b>	<b>45,677</b>	<b>46,444</b>

(mil. yen)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,430	2,560
Electronically recorded obligations	1,176	1,415
Accounts payable-factoring	3,427	3,137
Short-term loans payable	1,548	1,626
Income taxes payable	627	141
Accounts payable-other	538	478
Provision for bonuses	415	127
Provision for directors' bonuses	65	31
Provision for loss on order received	54	244
Other business	2,260	3,462
<b>Total current liabilities</b>	<b>12,545</b>	<b>13,226</b>
Long-term liabilities		
Long-term loans payable	239	727
Deferred tax liabilities	5	5
Provision for directors' retirement benefits	145	163
Retirement benefit-related liabilities	2,089	2,128
Other business	358	347
<b>Total noncurrent liabilities</b>	<b>2,838</b>	<b>3,373</b>
<b>Total liabilities</b>	<b>15,383</b>	<b>16,600</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,918	7,926
Retained earnings	12,632	12,250
Treasury stock	(420)	(805)
<b>Total shareholders' equity</b>	<b>29,328</b>	<b>28,569</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,119	1,321
Foreign currency translation adjustment	55	150
Accumulated retirement benefit-related adjustment	(235)	(222)
<b>Total accumulated other comprehensive income</b>	<b>939</b>	<b>1,250</b>
Non-controlling interests	25	25
<b>Total net assets</b>	<b>30,293</b>	<b>29,844</b>
<b>Total liabilities and net assets</b>	<b>45,677</b>	<b>46,444</b>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
(Nine Months Ended December 31, 2020)

(mil. yen)

	Nine Months Ended December 31, 2019 (from April 1, 2019, to December 31, 2019)	Nine Months Ended December 31, 2020 (from April 1, 2020, to December 31, 2020)
Net sales	24,562	24,632
Cost of sales	17,933	18,025
Gross profit	6,628	6,607
Selling, general and administrative expenses	5,587	5,703
Operating income	1,040	904
Non-operating income		
Interest income	1	1
Dividends income	135	542
Foreign exchange gains	-	22
Other business	67	136
Total non-operating income	204	704
Non-operating expenses		
Interest expenses	34	28
Loss on disposal of noncurrent assets	1	8
Foreign exchange losses	20	-
Compensation for damage	7	60
Other business	19	12
Total non-operating expenses	81	109
Ordinary income	1,163	1,499
Extraordinary income		
Gain on sales of investment securities	454	89
Total extraordinary income	454	89
Extraordinary loss		
100 anniversary program cost	119	-
Valuation losses of investment securities	-	64
Loss on sales of investment securities	9	3
Total extraordinary loss	128	68
Quarterly income before income taxes	1,489	1,520
Income taxes-current	472	551
Income taxes-deferred	45	2
Total income taxes	518	553
Quarterly net income	970	966
Quarterly net income attributable to owners of parent	970	966



(Quarterly Consolidated Statements of Comprehensive Income)  
(Nine Months Ended December 31, 2020)

(mil. yen)

	Nine Months Ended December 31, 2019 (from April 1, 2019, to December 31, 2019)	Nine Months Ended December 31, 2020 (from April 1, 2020, to December 31, 2020)
Quarterly net income	970	966
Other comprehensive income		
Valuation difference on available-for-sale securities	(209)	202
Foreign currency translation adjustment	(60)	95
Retirement benefit-related adjustment	11	13
Total other comprehensive income	(258)	310
Quarterly comprehensive income	712	1,277
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	712	1,277
Quarterly comprehensive income attributable to non-controlling interests	-	(0)

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

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

The Company has purchased 616,700 shares in treasury stock, in accordance with the resolution by the Board of Directors Meeting held on May 22, 2020. It has disposed 35,800 shares of treasury stock as restricted stock compensation for the Company's directors. As a result, capital surplus and treasury stock increased 7 million yen and 385 million yen respectively during the nine months under review.

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

Not applicable

(Changes in Accounting Policy)

Not applicable

(Additional Information)

Not applicable