



## Financial Results for First Quarter of Fiscal Year Ending March 31, 2022

### [Japanese GAAP] (Consolidated Data)

August 6, 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>
Representative:	Representative Director and President		Masaru Tsuji
For inquiries:	Managing Director and General Manager of the Financial Division	Hiroshi Fujii	TEL: +81-78-947-3141
Scheduled date for filing the quarterly report:	August 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 First Quarter of Fiscal Year Ending March 31, 2022 (April 1, 2021 - June 30, 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	%
Three months ended June 30, 2021	8,817	21.3	375	(8.1)	519	(47.0)	378	(49.3)
Three months ended June 30, 2020	7,271	(9.1)	408	47.9	979	170.7	746	176.3

Note: Comprehensive income: Three months ended June 30, 2021 343 million yen (-63.0%)  
Three months ended June 30, 2020 928 million yen (-%)

	Quarterly net income per share	Diluted quarterly net income per share	
		Quarterly net income	yen
Three months ended June 30, 2021	9.91	—	yen
Three months ended June 30, 2020	19.29	—	yen

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Three months ended June 30, 2021	48,744	31,109	63.8	813.40
Fiscal year ended March 31, 2021	48,697	31,451	64.5	823.01

(Reference) Capital: Three months ended June 30, 2021 31,083 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
Fiscal year ended March 31, 2021	yen —	yen 15.00	yen —	yen 18.00	yen 33.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecasts)		15.00	—	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)

(Percentages indicate year-on-year changes from full fiscal year and first quarter of the previous fiscal year, respectively)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		per share Net income
2Q (first half)	million yen 19,000	% 4.3	million yen 1,100	% 10.0	million yen 1,300	% (18.1)	million yen 850	% (22.7)	yen 22.16
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

Note: Please refer to (Changes in Accounting Policy) on page 7 in the Accompanying Material for details.

(4) Shares issued (common stock)

(i) Number of shares issued at end of period (including treasury stock)	As of June 30, 2021	40,000,000 shares	As of March 31, 2021	40,000,000 shares
(iii) Average number of shares outstanding during the period (quarter-to-date)	As of June 30, 2021	1,817,260 shares	As of March 31, 2021	1,814,260 shares
	As of June 30, 2021	38,183,407 shares	As of June 30, 2020	38,704,370 shares

\* This quarterly 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, August 6, 2021.

The Company has scheduled a financial results briefing session (conference call) for securities analysts on Wednesday, August 25, 2021.

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## 1. Qualitative Information on Quarterly Results

### (1) Explanation About Operating Results

During the three months ended June 30, 2021, the economic environment continued to be severe in Tokyo and other major cities of Japan that are still under a state of emergency due to COVID-19. Globally, the situation is unclear with mixed situations: some regions and countries continue to face difficult situations similar to Japan, while other countries are witnessing increased economic activities with rising resources and materials as well as making progress in vaccinations due to anticipation of a post-COVID-19 world with concerns of rising inflation. Under such circumstances, with relatively small direct impact from COVID-19, the Nikko Group posted strong performance led by the Asphalt Plant-Related Business and Concrete Plant-Related Business, resulting in consolidated net sales of 8,817 million yen (up 21.3% from the same period a year earlier) in the quarter under review. In terms of profits, consolidated operating income totaled 375 million yen (down 8.1% from the same period a year earlier) due to an increase in research and development costs towards initiatives for reducing the environmental burden and realizing a decarbonized society. Consolidated ordinary income came to 519 million yen (down 47.0% from the same period a year earlier) due to large scale special dividends recorded in the same quarter of the previous year, while quarterly net income attributable to owners of parent was 378 million yen (down 49.3% from the same period a year earlier).

Results by segment are as follows.

#### <Asphalt Plant-Related Business>

Net sales of both products and the maintenance business in Japan increased compared with the previous period. Overseas net sales increased compared with the previous period. As a result, net sales of the business rose 26.7% from the previous period to 5,058 million yen. New orders received and order backlog in the period under review declined compared with a year earlier.

#### <Concrete Plant-Related Business>

Net sales of products in Japan and overseas and those of the maintenance business in Japan increased from the previous period. As a result, net sales of the business rose 33.4% from the previous period to 1,972 million yen. New orders received and order backlog in the period under review increased compared with a year earlier.

#### <Environment- and Conveyor-Related Business>

Sales of environmental products increased from the previous period, but those of conveyer products decreased from the previous period. As a result, net sales of the business declined 19.1% from the previous period to 424 million yen. New orders received in the period under review decreased compared with a year earlier, while order backlog increased year on year.

#### <Other Business>

Net sales of hand tools and waterproof boards increased from the previous period. As a result, net sales of the business increased 6.7% to 1,361 million yen. 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 48,744 million yen, up 46 million yen from the end of the previous fiscal year.

Current assets were 32,500 million yen, up 118 million yen from the end of the previous fiscal year. Main factors contributing to the change are decrease of 2,378 million yen in notes and accounts receivable-trade, and increase of 959 million yen in work in process and partly-finished construction, 707 million yen in electronically recorded monetary claims, 408 million yen in cash and cash equivalents, and 262 million yen in merchandise and finished goods. Non-current assets came to 16,243 million yen, decreasing 72 million yen from the end of the last consolidated fiscal year. This was due mainly to investment securities decreasing 141 million and a 42 million yen increase in property and equipment.

Liabilities totaled 17,634 million yen, up 388 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 1,205 million yen and accounts payable-other rising 318 million yen, while provision for bonuses, income taxes payable, electronically recorded obligations, and other current liabilities declining 409 million yen, 329 million yen, 149 million yen, and 128 million yen, respectively.

Net assets came to 31,109 million yen, decreasing 341 million yen from the end of the last consolidated fiscal year. Factors contributing to the change include retained earnings declining 308 million yen and valuation difference on available-for-sale securities decreasing 52 million yen.

As a result, equity ratio fell to 63.8% from 64.5% at 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

(million yen)

	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	12,491	12,899
Notes and accounts receivable-trade	10,530	8,152
Electronically recorded monetary claims	1,477	2,185
Merchandise and finished goods	1,494	1,757
Work in process and partly-finished construction	4,236	5,196
Raw materials and supplies	1,470	1,523
Other business	685	786
Allowance for doubtful accounts	(5)	(1)
Total current assets	<u>32,381</u>	<u>32,500</u>
<b>Non-current assets</b>		
Property and equipment	9,183	9,225
Intangible assets	660	658
Investments and other assets		
Investment securities	4,528	4,387
Investments in capital	11	11
Long-term loans receivable	11	10
Deferred tax assets	792	847
Other business	1,259	1,233
Allowance for doubtful accounts	(131)	(131)
Total investments and other assets	<u>6,472</u>	<u>6,360</u>
Total non-current assets	<u>16,315</u>	<u>16,243</u>
Total assets	<u>48,697</u>	<u>48,744</u>

(million yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	2,591	2,490
Electronically recorded obligations	1,015	865
Accounts payable-factoring	2,806	2,933
Short-term loans payable	2,188	2,203
Income taxes payable	586	257
Accounts payable-other	765	1,083
Advances received	2,949	-
Contract liabilities	-	4,155
Provision for bonuses	531	121
Provision for directors' bonuses	76	15
Provision for loss on order received	126	74
Other business	782	653
<b>Total current liabilities</b>	<b>14,418</b>	<b>14,853</b>
<b>Long-term liabilities</b>		
Long-term loans payable	304	293
Deferred tax liabilities	5	2
Provision for directors' retirement benefits	170	136
Retirement benefit-related liabilities	1,995	2,002
Other business	351	346
<b>Total noncurrent liabilities</b>	<b>2,827</b>	<b>2,781</b>
<b>Total liabilities</b>	<b>17,246</b>	<b>17,634</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	9,197	9,197
Capital surplus	7,926	7,926
Retained earnings	13,366	13,058
Treasury stock	(805)	(805)
<b>Total shareholders' equity</b>	<b>29,685</b>	<b>29,376</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,592	1,539
Foreign currency translation adjustment	264	280
Accumulated retirement benefit-related adjustment	(114)	(112)
<b>Total accumulated other comprehensive income</b>	<b>1,742</b>	<b>1,707</b>
<b>Non-controlling interests</b>	<b>24</b>	<b>25</b>
<b>Total net assets</b>	<b>31,451</b>	<b>31,109</b>
<b>Total liabilities and net assets</b>	<b>48,697</b>	<b>48,744</b>

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
 (Quarterly Consolidated Statement of Income)

(Three Months Ended June 30, 2020)

(million yen)

	Three Months Ended June 30, 2020 (from April 1, 2020, to June 30, 2020)	Three Months Ended June 30, 2021 (from April 1, 2021, to June 30, 2021)
Net sales	7,271	8,817
Cost of sales	5,060	6,449
Gross profit	2,210	2,367
Selling, general and administrative expenses	1,802	1,992
Operating income	408	375
Non-operating income		
Interest income	0	0
Dividends income	516	94
Foreign exchange gains	19	17
Outsourcing service income	49	49
Other business	10	11
Total non-operating income	596	173
Non-operating expenses		
Interest expenses	6	13
Compensation for damage	8	7
Other business	9	8
Total non-operating expenses	24	29
Ordinary income	979	519
Extraordinary income		
Gain on sales of investment securities	86	66
Total extraordinary income	86	66
Extraordinary loss		
Loss on sales of investment securities	1	0
Total extraordinary loss	1	0
Quarterly income before income taxes	1,064	586
Income taxes-current	393	244
Income taxes-deferred	(75)	(37)
Total income taxes	317	207
Quarterly net income	746	378
Quarterly net income attributable to owners of parent	746	378

(Consolidated Statements of Comprehensive Income)

(Three Months Ended June 30, 2020)

(million yen)

	Three Months Ended June 30, 2020 (from April 1, 2020, to June 30, 2020)	Three Months Ended June 30, 2021 (from April 1, 2021, to June 30, 2021)
Quarterly net income	746	378
Other comprehensive income		
Valuation difference on available-for-sale securities	177	(52)
Foreign currency translation adjustment	0	16
Retirement benefit-related adjustment	4	1
Total other comprehensive income	181	(34)
Quarterly comprehensive income	928	343
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	928	342
Quarterly comprehensive income attributable to non-controlling interests	0	1

(3) Notes to Quarterly Consolidated Financial Statements  
(Going Concern Assumption)

Not applicable

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

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 "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 first 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