



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

November 5, 2020

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 Scheduled date for filing the quarterly report: November 13, 2020 Scheduled date for cash dividends: December 7, 2020
 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, 2021 (April 1, 2020 - September 30, 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 | % |
| Six months ended September 30, 2020 | 18,225 | 6.3 | 1,000 | 4.2 | 1,588 | 53.5 | 1,099 | 9.6 |
| Six months ended September 30, 2019 | 17,140 | 16.6 | 959 | 102.3 | 1,034 | 73.6 | 1,003 | 77.8 |

Note: Comprehensive income: Six months ended September 30, 2020: 1,272 million yen (231.1%)
 Six months ended September 30, 2019: 384 million yen (-17.8%)

| | Quarterly net income per share | Diluted quarterly net income per share |
|-------------------------------------|--------------------------------|--|
| | yen | yen |
| Six months ended September 30, 2020 | 28.54 | — |
| Six months ended September 30, 2019 | 26.12 | — |

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 |
| Six months ended September 30, 2020 | 45,885 | 30,413 | 66.2 | 795.75 |
| Fiscal year ended March 31, 2020 | 45,677 | 30,293 | 66.3 | 780.68 |

(Reference) Capital: Six months ended September 30, 2020: 30,387 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 | | Net income per share |
|-----------|-------------|-----|------------------|-----|-----------------|------|---|------|----------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | 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) | 2Q of fiscal year ending March 31, 2021 | 40,000,000 shares | Fiscal year ended March 31, 2020 | 40,000,000 shares |
| (ii) Number of shares held in treasury at end of period | 2Q of fiscal year ending March 31, 2021 | 1,812,630 shares | Fiscal year ended March 31, 2020 | 1,229,230 shares |
| (iii) Average number of shares outstanding during the period (quarter-to-date) | 2Q of fiscal year ending March 31, 2021 | 38,512,603 shares | 2Q of fiscal year ended March 31, 2020 | 38,407,295 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 5, 2020.

The Company has scheduled a financial results briefing session (conference call) for securities analysts on Thursday, November 26, 2020.

Accompanying Material - Table of Contents

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1. Qualitative Information on Quarterly Results

(1) Explanation About Operating Results

During the six months ended September 30, 2020, global economy environment remained severe due to the impact of the novel coronavirus infection. Economic activities gradually resumed after the state of emergency was lifted, and a recovery in economy is anticipated. Nevertheless, there has been no significant decline in the number of infected patients and the situation continues to be unpredictable.

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 following the government's declaration of the state of emergency.

In spite of such circumstances, sales increased at the Nikko Group as those of the Asphalt Plant-Related Business and Concrete Plant-Related Business in Japan grew, while overseas sales declined due to the impact of the spread of the novel coronavirus infection.

In the six months ended September 30, 2020, consolidated net sales increased 6.3% from a year earlier to 18,225 million yen. Consolidated operating income totaled 1,000 million yen, up 4.2% year-on-year, consolidated ordinary income totaled 1,588 million yen, up 53.5% year-on-year, and quarterly net income attributable to owners of parent reached 1,099 million yen, up 9.6% year-on-year. Operating income on sales declined 0.1 percentage points compared with the same period a year earlier to 5.5%. Consolidated new orders received in the six months under review increased 13.0% year-on-year to 19,036 million yen. This is attributable to the continued strong performances in Japan by the Asphalt Plant-Related Business and Concrete Plant-Related Business as well as a gradual recovery in orders in China.

Results by segment are as follows.

<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 9.9% to 9,527 million yen from the same period a year earlier. New orders received in the period under review increased compared with a year earlier, while order backlog declined 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 7.6% to 4,918 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 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 21.8% to 1,059 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.

<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 6.7% to 2,719 million yen from the same period a year earlier. New orders received in the period under review increased compared with a year earlier, while order backlog declined year on year.

(2) Explanation About Financial Position

Total assets at the end of the reporting period was 45,885 million yen, increasing 208 million yen from the end of the last consolidated fiscal year.

Current assets came to 30,569 million yen, declining 857 million yen from the end of the last consolidated fiscal year. Main factors contributing to the decline are declines of 93 million yen in electronically recorded monetary claims, 439 million yen in inventories, and 111 million yen in other, while cash and cash equivalents rose 1,046 million yen and notes and accounts receivable-trade increased 456 million yen. Noncurrent assets came to 15,316 million yen, up 1,066 million yen from the end of the previous consolidated fiscal year. Factors contributing to the change include an increase of 132 million yen in buildings and structures, an increase of 111 million yen in machinery, equipment and vehicles, an increase of 567 million yen in land, and an increase of 157 million yen in investment securities as well as a decrease of 43 million yen in other.

Liabilities totaled 15,472 million yen, increasing 88 million yen from the end of the last consolidated fiscal year. The increase was due mainly to increases of 196 million yen in electronically recorded obligations, 335 million yen in short-term loans payable, and 522 million yen in other, while notes and accounts payable-trade declined 295 million yen and accounts payable-factoring fell 633 million yen.

Net assets came to 30,413 million yen, up 120 million yen from the end of the previous fiscal year. Factors contributing to the change include an increase from recording of 1,099 million yen in net income attributable to owners of parent, a decline from payment of 775 million yen in dividends, and a decrease of 385 million yen due to purchase and disposal of treasury stock.

As a result, equity ratio declined to 66.2% 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 September 30, 2020 |
|--|----------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 12,622 | 11,576 |
| Notes and accounts receivable-trade | 9,902 | 9,445 |
| Electronically recorded monetary claims | 1,709 | 1,802 |
| Merchandise and finished goods | 935 | 1,091 |
| Work in process and partly-finished construction | 4,473 | 4,590 |
| Raw materials and supplies | 1,237 | 1,404 |
| Other | 560 | 671 |
| Allowance for doubtful accounts | (14) | (13) |
| Total current assets | 31,426 | 30,569 |
| Non-current assets | | |
| Property and equipment | 7,362 | 8,295 |
| Intangible assets | 431 | 471 |
| Investments and other assets | | |
| Investment securities | 4,341 | 4,499 |
| Investments in capital | 11 | 11 |
| Long-term loans receivable | 12 | 11 |
| Deferred tax assets | 953 | 934 |
| Other | 1,287 | 1,243 |
| Allowance for doubtful accounts | (150) | (149) |
| Total investments and other assets | 6,456 | 6,549 |
| Total noncurrent assets | 14,250 | 15,316 |
| Total assets | 45,677 | 45,885 |

(mil. yen)

| | As of March 31, 2020 | As of September 30, 2020 |
|---|----------------------|--------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 2,430 | 2,135 |
| Electronically recorded obligations | 1,176 | 1,373 |
| Accounts payable-factoring | 3,427 | 2,794 |
| Short-term loans payable | 1,548 | 1,884 |
| Income taxes payable | 627 | 552 |
| Accounts payable-other | 538 | 419 |
| Provision for bonuses | 415 | 468 |
| Provision for directors' bonuses | 65 | 8 |
| Provision for loss on order received | 54 | 114 |
| Other business | 2,260 | 2,782 |
| Total current liabilities | 12,545 | 12,533 |
| Long-term liabilities | | |
| Long-term loans payable | 239 | 326 |
| Deferred tax liabilities | 5 | 5 |
| Provision for directors' retirement benefits | 145 | 157 |
| Retirement benefit-related liabilities | 2,089 | 2,099 |
| Other business | 358 | 350 |
| Total noncurrent liabilities | 2,838 | 2,939 |
| Total liabilities | 15,383 | 15,472 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 9,197 | 9,197 |
| Capital surplus | 7,918 | 7,926 |
| Retained earnings | 12,632 | 12,956 |
| Treasury stock | (420) | (805) |
| Total shareholders' equity | 29,328 | 29,274 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,119 | 1,243 |
| Foreign currency translation adjustment | 55 | 96 |
| Accumulated retirement benefit-related adjustment | (235) | (226) |
| Total accumulated other comprehensive income | 939 | 1,112 |
| Non-controlling interests | 25 | 25 |
| Total net assets | 30,293 | 30,413 |
| Total liabilities and net assets | 45,677 | 45,885 |

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
Six Months Ended September 30, 2020

(mil. yen)

| | Six Months Ended September 30, 2019 (from April 1, 2019, to September 30, 2019) | Six Months Ended September 30, 2020 (from April 1, 2020, to September 30, 2020) |
|---|--|--|
| Net sales | 17,140 | 18,225 |
| Cost of sales | 12,414 | 13,441 |
| Gross profit | 4,725 | 4,783 |
| Selling, general and administrative expenses | 3,766 | 3,783 |
| Operating income | 959 | 1,000 |
| Non-operating income | | |
| Interest income | 1 | 1 |
| Dividends income | 108 | 518 |
| Foreign exchange gains | - | 28 |
| Other business | 29 | 90 |
| Total non-operating income | 138 | 639 |
| Non-operating expenses | | |
| Interest expenses | 26 | 18 |
| Loss on disposal of noncurrent assets | 0 | 7 |
| Foreign exchange losses | 28 | - |
| Compensation for damage | 4 | 10 |
| Other business | 4 | 14 |
| Total non-operating expenses | 63 | 50 |
| Ordinary income | 1,034 | 1,588 |
| Extraordinary income | | |
| Gain on sales of investment securities | 454 | 86 |
| Total extraordinary income | 454 | 86 |
| Extraordinary loss | | |
| Loss on sales of investment securities | 4 | 1 |
| Total extraordinary loss | 4 | 1 |
| Quarterly income before income taxes | 1,484 | 1,672 |
| Income taxes-current | 552 | 612 |
| Income taxes-deferred | (70) | (38) |
| Total income taxes | 481 | 573 |
| Quarterly net income | 1,003 | 1,099 |
| Quarterly net income attributable to owners of parent | 1,003 | 1,099 |

(Consolidated Statements of Comprehensive Income)
Six Months Ended September 30, 2020

(mil. yen)

| | Six Months Ended September 30, 2019 (from April 1, 2019, to September 30, 2019) | Six Months Ended September 30, 2020 (from April 1, 2020, to September 30, 2020) |
|--|--|--|
| Quarterly net income | 1,003 | 1,099 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (485) | 123 |
| Foreign currency translation adjustment | (140) | 41 |
| Retirement benefit-related adjustment | 7 | 8 |
| Total other comprehensive income | (618) | 173 |
| Quarterly comprehensive income | 384 | 1,272 |
| (Breakdown) | | |
| Quarterly comprehensive income attributable to owners of parent | 384 | 1,272 |
| 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 six 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