



## Financial Results for Third Quarter of Fiscal Year Ending March 31, 2020 [Japanese GAAP] (Consolidated Data)

February 12, 2020

Company Name: Nikko Co., Ltd. Stock Exchange Listing: Tokyo Stock Exchange  
 Stock Code: 6306 URL: <http://www.nikko-net.co.jp>  
 Representative: Representative Director and President Masaru Tsuji  
 For inquiries: Managing Director and General Manager of Hiroshi Fujii Telephone: +81-78-947-3141  
 the Financial Division  
 Scheduled date for filing the quarterly report: February 14, 2020 Scheduled date for cash dividends: -  
 Quarterly earnings supplementary Yes  
 explanatory materials:  
 Quarterly financial results briefing Yes (for institutional investors, analysts and newspaper reporters)  
 session:

(Amounts rounded down to the nearest million yen)

### 1. Consolidated Performance for Third Quarter of Fiscal Year Ending March 31, 2020 (April 1, 2019 - December 31, 2019) (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, 2019	24,562	20.3	1,040	238.0	1,163	156.5	970	72.5
Nine months ended December 31, 2018	20,418	(15.4)	307	(74.4)	453	(66.6)	562	(46.5)

(Note) Comprehensive income: Nine months ended December 31, 2019 712 million yen (-%) Nine months ended December 31, 2018 -175 million yen (-%)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Nine months ended December 31, 2019	25.20	-
Nine months ended December 31, 2018	14.69	-

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, 2019	44,433	30,387	68.4	783.75
Fiscal year ended March 31, 2019	43,969	30,414	69.2	793.76

(Reference) Capital: Nine months ended December 31, 2019 30,387 million yen Fiscal year ended March 31, 2019 30,414 million yen

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. 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, 2019	-	30.00	-	30.00	60.00
Fiscal year ending March 31, 2020	-	100.00	-	-	-
Fiscal year ending March 31, 2020 (forecast)	-	-	-	20.00	-

(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 target figure for the fiscal year ending March 31, 2020 (forecast) takes this stock split into account and “-” is entered for the total annual dividends. Note the change this time is due solely to the stock split and in effect does not change the initial year-end dividend target forecast of 100.00 yen per share.

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(% 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	35,700	12.3	2,300	61.2	2,500	58.5	2,000	48.7	52.21

(Note) Revision of previously announced earnings forecasts 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 net income per share target figure for full fiscal year ending March 31, 2020 takes this stock split into account. Note the change this time is due solely to the stock split and in effect does not change the initially forecast full-year net income target of 261.04 yen.

\*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, 2020:	40,000,000 shares	Fiscal year ended March 31, 2019	40,000,000 shares
(ii) Number of shares held in treasury at end of period	3Q of fiscal year ending March 31, 2020:	1,228,166 shares	Fiscal year ended March 31, 2019	1,682,845 shares
(iii) Average number of shares outstanding during the period	3Q of fiscal year ending March 31, 2020:	38,529,031 shares	3Q of fiscal year ended March 31, 2019	38,305,145 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 Wednesday, February 12, 2020.

## 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, 2019.....	5
Quarterly Consolidated Statements of Comprehensive Income	
Nine Months Ended December 31, 2019.....	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

The Japanese economy continued to recover at a gradual pace as overall corporate earnings remained at high levels, though slight weakness was seen mainly in the manufacturing industry. Labor and income environment also improved, amid sustained recovery in jobs environment and corporate earnings supported by measures taken by the government and the Bank of Japan. In Asia, the Chinese economy is expected to continue to slow down at a gradual pace for a foreseeable future, but, in time, the various measures the government has taken is expected take effect. Economic conditions in other areas of Asia have recovered at a gradual pace. Amid such circumstances, while the construction industry, which has a significant bearing on our group, remains stable, uncertainties remain as issues such as the rise in material and logistics costs and the risk of work delays due to labor shortage are yet to be solved.

In the nine months ended December 31, 2019, consolidated net sales increased 20.3% from a year earlier to 24,562 million yen. Consolidated operating income totaled 1,040 million yen, up 238.0% year-on-year, consolidated ordinary income totaled 1,163 million yen, up 156.5% year-on-year, and quarterly net income attributable to owners of parent reached 970 million yen, up 72.5% year on year.

For two of the overseas subsidiaries that settle accounts on December 31, including Nikko (Shanghai) Construction Machinery Co., Ltd., the Company has previously used financial statements dated December 31 and made necessary adjustments on important transactions that occurred from that date to the consolidated settlement date in order to better grasp the operational situation and disclose the quarterly consolidated financial statements.

However, from the first quarter of the current fiscal year, the Company introduced a method of settling provisional accounts on the consolidated settlement date on March 31 for these companies for consolidation.

Due to this change, for the reporting fiscal third quarter, accounts for the 12 months between January 1, 2019 and December 31, 2019 were consolidated.

Results by segment are as follows.

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

Net sales of products in Japan increased from the same period year-earlier, but net sales of the maintenance business decreased from the period a year earlier. Overseas net sales increased from the same period a year earlier, driven by increased exports and pushed up by the introduction in the first consolidated reporting quarter of the method of provisionally settling accounts of Nikko (Shanghai) Construction Machinery Co., Ltd. on the consolidated account settlement date. As a result, net sales of the business increased 21.0% to 12,456 million yen from the same period a year earlier.

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

Net sales of products increased from the same period a year earlier, as the level of order backlog at the beginning of the period was higher than the previous fiscal year. Net sales of the maintenance business increased from the same period a year ago. As a result, net sales of the business increased 14.8% to 6,291 million yen from the same period 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 12.7% to 1,914 million yen from the same period a year earlier.

#### (iv) Other Business

Net sales of temporary construction materials, crushers, and waterproof boards increased compared with the same period a year earlier. As a result, net sales of the business increased 32.5% to 3,899 million yen from the same period a year earlier.

### (2) Explanation About Financial Position

Total assets at the end of the reporting period was 44,433 million yen, increasing 463 million yen from the end of the previous consolidated fiscal year.

Current assets came to 29,616 million yen, increasing 225 million yen from the end of the previous consolidated fiscal year. Major factors contributing to these increases were cash and cash equivalents, and inventories increasing 1,746 million yen and 1,572 million yen respectively, and notes and accounts receivable-trade, and electronically recorded monetary claims decreasing 2,692 million yen and 250 million yen respectively. Noncurrent assets came to 14,816 million yen, up 238 million yen from the end of the previous consolidated fiscal year. This decrease resulted due mainly to property and equipment increasing 707 million yen and investment securities decreasing 535 million yen.

Liabilities totaled 14,045 million yen, increasing 490 million yen from the end of the previous consolidated fiscal year. The increase was due mainly to an increase of 417 million yen in electronically recorded obligations, accounts payable-factoring increasing 584 million yen, and respective decreases of 318 million yen in income taxes payable, 129 million yen in accounts payable-other and 274 million yen in provision for bonuses.

Net assets came to 30,387 million yen, down 26 million yen from the end of the previous consolidated fiscal year.

Major factors contributing to this change include an increase from booking 970 million yen in quarterly net income attributable to owners of parent, a decrease of 209 million yen in valuation difference on available-for-sale securities and a decrease from paying 1,005 million yen in dividends.

As a result, equity ratio dropped to 68.4% from 69.2% 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, 2020 that was disclosed on May 10, 2019.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(mil. yen)

	As of March 31, 2019	As of December 31, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	10,347	12,094
Notes and accounts receivable-trade	10,731	8,039
Electronically recorded monetary claims	1,628	1,378
Merchandise and finished goods	1,190	1,435
Work in process and partly-finished construction	3,903	4,988
Raw materials and supplies	933	1,176
Consumption taxes receivable	209	-
Other business	453	516
Allowance for doubtful accounts	(7)	(11)
Total current assets	29,390	29,616
Non-current assets		
Property and equipment	6,507	7,214
Intangible assets	418	387
Investments and other assets		
Investment securities	5,976	5,441
Investments in capital	11	11
Long-term loans receivable	6	11
Deferred tax assets	576	598
Other business	1,234	1,303
Allowance for doubtful accounts	(152)	(150)
Total investments and other assets	7,652	7,214
Total noncurrent assets	14,578	14,816
Total assets	43,969	44,433

(mil. yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,270	2,422
Electronically recorded obligations	938	1,356
Accounts payable-factoring	2,449	3,034
Short-term loans payable	1,532	1,483
Income taxes payable	421	103
Accounts payable-other	572	443
Provision for bonuses	412	138
Provision for directors' bonuses	52	9
Provision for loss on order received	35	45
Other business	2,095	2,089
<b>Total current liabilities</b>	<b>10,781</b>	<b>11,125</b>
Long-term liabilities		
Long-term loans payable	186	251
Deferred tax liabilities	98	97
Provision for directors' retirement benefits	135	140
Retirement benefit-related liabilities	2,010	2,061
Other business	342	369
<b>Total noncurrent liabilities</b>	<b>2,773</b>	<b>2,920</b>
<b>Total liabilities</b>	<b>13,554</b>	<b>14,045</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,808	7,918
Retained earnings	12,049	12,014
Treasury stock	(576)	(420)
<b>Total shareholders' equity</b>	<b>28,478</b>	<b>28,710</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,010	1,800
Foreign currency translation adjustment	163	103
Accumulated retirement benefit-related adjustment	(238)	(227)
<b>Total accumulated other comprehensive income</b>	<b>1,935</b>	<b>1,677</b>
<b>Total net assets</b>	<b>30,414</b>	<b>30,387</b>
<b>Total liabilities and net assets</b>	<b>43,969</b>	<b>44,433</b>

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
(Nine Months Ended December 31, 2019)

(mil. yen)

	Nine Months Ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	Nine Months Ended December 31, 2019 (from April 1, 2019 to December 31, 2019)
Net sales	20,418	24,562
Cost of sales	15,061	17,933
Gross profit	5,357	6,628
Selling, general and administrative expenses	5,049	5,587
Operating income	307	1,040
Non-operating income		
Interest income	2	1
Dividends income	151	135
Other business	50	67
Total non-operating income	204	204
Non-operating expenses		
Interest expenses	30	34
Foreign exchange losses	11	20
Compensation for damage	7	7
Other business	10	19
Total non-operating expenses	59	81
Ordinary income	453	1,163
Extraordinary income		
Gain on sales of investment securities	404	454
Total extraordinary income	404	454
Extraordinary loss		
100 anniversary program cost	-	119
Loss on valuation of investment securities	8	-
Loss on sales of investment securities	-	9
Loss on valuation of investments in capital	44	-
Total extraordinary loss	52	128
Quarterly income before income taxes	804	1,489
Income taxes-current	216	472
Income taxes-deferred	25	45
Total income taxes	241	518
Quarterly net income	562	970
Quarterly net income attributable to owners of parent	562	970



(Consolidated Statements of Comprehensive Income)  
(Nine Months Ended December 31, 2019)

(mil. yen)

	Nine Months Ended December 31, 2018 (from April 1, 2018 to December 31, 2018)	Nine Months Ended December 31, 2019 (from April 1, 2019 to December 31, 2019)
Quarterly net income	562	970
Other comprehensive income		
Valuation difference on available-for-sale securities	(668)	(209)
Foreign currency translation adjustment	(75)	(60)
Retirement benefit-related adjustment	5	11
Total other comprehensive income	(738)	(258)
Quarterly comprehensive income	(175)	712
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	(175)	712

(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)

Not applicable

(Additional Information)

Not applicable

(Significant Subsequent Events)

(Establishment of subsidiary)

The Company's Board of Directors resolved at a January 28, 2020 meeting to establish a subsidiary, whose details as follows.

(1) Purpose of establishment

Nikko, which has exported asphalt plants to Thailand, has decided to establish a subsidiary to better serve the needs in the Thai market and expand its operation in the country.

(2) Overview of subsidiary to be established

(i) Name:	Nikko Asia (Thailand) Co., Ltd. (provisional)	
(ii) Location:	Bangkok, Thailand	
(iii) Business description:	Sales and maintenance of asphalt plants	
(iv) Capital stock	THB15 million (about 55 million yen)	
(v) Date of establishment:	February 25, 2020 (provisional)	
(vi) Ownership ratios:	Nikko Co., Ltd.:	49%
	SBCS Co., Ltd.:	19%
	SMBC Management Service Co., Ltd.:	16%
	Bangkok MUFG Ltd.:	16%