

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

August 7, 2020

Company name: NIKKON Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9072 URL <http://www.nikkon-hd.co.jp>
 Representative: President & Representative Director Masakatsu Kuroiwa
 Director, Executive Officer, and General Manager of Accounting Department
 Inquiries: Yasunori Matsuda TEL 03-3541-5330
 Scheduled date to file Quarterly Securities Report: August 7, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2020	40,970	(19.2)	2,839	(46.8)	3,196	(43.9)	1,974	(56.4)
Three months ended June 30, 2019	50,728	7.4	5,337	26.2	5,693	20.5	4,529	44.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	30.03	29.93
Three months ended June 30, 2019	68.50	68.25

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	294,388	194,712	66.0
As of March 31, 2020	297,489	193,296	64.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	38.00	–	38.00	76.00
Year ending March 31, 2021	–				
Year ending March 31, 2021 (Forecast)		33.00	–	33.00	66.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2020	90,000	(11.3)	7,000	(36.1)	7,600	(35.1)	5,200	(43.6)	79.11
Full year	200,000	0.2	20,000	(4.3)	21,300	(5.4)	14,500	(13.3)	220.59

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2020	68,239,892 shares	As of March 31, 2020	68,239,892 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2020	2,506,382 shares	As of March 31, 2020	2,506,382 shares
---------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	65,733,510 shares	Three months ended June 30, 2019	66,121,886 shares
----------------------------------	-------------------	----------------------------------	-------------------

Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	31,502	26,944
Notes and accounts receivable - trade	32,463	28,192
Electronically recorded monetary claims - operating	3,619	3,522
Securities	896	669
Merchandise and finished goods	3	8
Raw materials and supplies	452	419
Other	4,542	5,970
Allowance for doubtful accounts	(15)	(13)
Total current assets	73,464	65,713
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	86,829	87,695
Machinery, equipment and vehicles, net	8,122	9,056
Tools, furniture and fixtures, net	1,370	1,544
Land	94,000	95,038
Leased assets, net	187	161
Construction in progress	5,203	5,021
Total property, plant and equipment	195,714	198,519
Intangible assets	2,007	1,954
Investments and other assets		
Investment securities	17,483	19,297
Long-term loans receivable	803	765
Deferred tax assets	3,508	3,467
Other	4,575	4,742
Allowance for doubtful accounts	(67)	(70)
Total investments and other assets	26,303	28,201
Total non-current assets	224,024	228,675
Total assets	297,489	294,388

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,265	9,199
Electronically recorded obligations - operating	4,222	4,030
Short-term borrowings	3,869	3,866
Current portion of bonds payable	10,000	10,000
Lease obligations	104	94
Income taxes payable	4,217	1,294
Provision for bonuses	3,609	3,847
Provision for bonuses for directors (and other officers)	213	49
Notes payable - facilities	2,872	2,372
Electronically recorded obligations - non-operating	1,043	4,078
Other	13,055	11,278
Total current liabilities	54,474	50,112
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	18,746	17,881
Lease obligations	99	86
Deferred tax liabilities	3,967	4,572
Retirement benefit liability	5,218	5,359
Provision for retirement benefits for directors (and other officers)	384	372
Other	1,302	1,292
Total non-current liabilities	49,718	49,564
Total liabilities	104,193	99,676
Net assets		
Shareholders' equity		
Share capital	11,316	11,316
Capital surplus	12,332	12,332
Retained earnings	170,254	169,730
Treasury shares	(6,186)	(6,186)
Total shareholders' equity	187,716	187,192
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,948	8,309
Foreign currency translation adjustment	(1,520)	(1,000)
Remeasurements of defined benefit plans	(363)	(312)
Total accumulated other comprehensive income	5,064	6,997
Share acquisition rights	320	320
Non-controlling interests	194	201
Total net assets	193,296	194,712
Total liabilities and net assets	297,489	294,388

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	50,728	40,970
Cost of sales	42,789	35,763
Gross profit	7,939	5,206
Selling, general and administrative expenses	2,602	2,366
Operating profit	5,337	2,839
Non-operating income		
Interest income	32	23
Dividend income	255	221
Rental income	23	21
Share of profit of entities accounted for using equity method	95	21
Miscellaneous income	126	138
Total non-operating income	532	426
Non-operating expenses		
Interest expenses	47	47
Foreign exchange losses	116	10
Miscellaneous expenses	12	12
Total non-operating expenses	175	70
Ordinary profit	5,693	3,196
Extraordinary income		
Gain on sales of non-current assets	17	15
Gain on sales of investment securities	940	3
Total extraordinary income	958	19
Extraordinary losses		
Loss on valuation of investment securities	0	—
Loss on sales of non-current assets	8	0
Loss on retirement of non-current assets	2	0
Impairment loss	0	0
Total extraordinary losses	11	0
Profit before income taxes	6,641	3,215
Income taxes	2,109	1,244
Profit	4,531	1,971
Profit (loss) attributable to non-controlling interests	2	(2)
Profit attributable to owners of parent	4,529	1,974

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	4,531	1,971
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,581)	1,361
Foreign currency translation adjustment	(390)	544
Remeasurements of defined benefit plans, net of tax	63	50
Share of other comprehensive income of entities accounted for using equity method	(4)	(9)
Total other comprehensive income	(1,912)	1,946
Comprehensive income	2,619	3,918
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,617	3,906
Comprehensive income attributable to non-controlling interests	1	11