



## Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP] (Consolidated Data)

May 10, 2019

|                                                               |                               |                                                                          |                                              |
|---------------------------------------------------------------|-------------------------------|--------------------------------------------------------------------------|----------------------------------------------|
| 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                                 |
|                                                               |                               | Senior Managing Director and General Manager of the Finance Department   | Hiroshi Fuji                                 |
| For inquiries:                                                |                               |                                                                          | Telephone: +81-78-947-3141                   |
| Scheduled date of the Annual General Meeting of Shareholders: | June 21, 2019                 | Scheduled date for cash dividends:                                       | June 24, 2019                                |
| Scheduled date for filing the annual securities report:       | June 24, 2019                 |                                                                          |                                              |
| Full-year earnings supplementary explanatory materials:       | Yes                           |                                                                          |                                              |
| Financial results briefing session:                           | Yes (for securities analysts) |                                                                          |                                              |

(Amounts rounded down to the nearest million yen)

### 1. Consolidated Performance for the Fiscal Year Ended March 31, 2019 (April 1, 2018 - March 31, 2019)

#### (1) Consolidated Operating Results

(% represents year-on-year change)

|                                  | Net sales   |       | Operating income |        | Ordinary income |        | Net income attributable to owners of parent |       |
|----------------------------------|-------------|-------|------------------|--------|-----------------|--------|---------------------------------------------|-------|
|                                  | million yen | %     | million yen      | %      | million yen     | %      | million yen                                 | %     |
| Fiscal year ended March 31, 2019 | 31,780      | (9.5) | 1,427            | (32.2) | 1,576           | (29.6) | 1,345                                       | (9.7) |
| Fiscal year ended March 31, 2018 | 35,114      | 7.3   | 2,103            | 8.2    | 2,239           | 12.3   | 1,490                                       | 11.2  |

|       |                                  |                          |                                  |                           |
|-------|----------------------------------|--------------------------|----------------------------------|---------------------------|
| Note: | Fiscal year ended March 31, 2019 | 607 million yen (-67.4%) | Fiscal year ended March 31, 2018 | 1,866 million yen (-5.3%) |
|-------|----------------------------------|--------------------------|----------------------------------|---------------------------|

|                                  | Net income per share | Diluted net income per share | Return on equity | Ordinary profit to total assets | Net sales Operating margin |
|----------------------------------|----------------------|------------------------------|------------------|---------------------------------|----------------------------|
|                                  | yen                  | yen                          | %                | %                               | %                          |
| Fiscal year ended March 31, 2019 | 175.58               | –                            | 4.4              | 3.5                             | 4.5                        |
| Fiscal year ended March 31, 2018 | 193.77               | –                            | 5.0              | 5.0                             | 6.0                        |

#### (2) Consolidated Financial Position

|                                  | Total assets | Net assets  | Equity ratio | Net assets per share |
|----------------------------------|--------------|-------------|--------------|----------------------|
|                                  | million yen  | million yen | %            | yen                  |
| Fiscal year ended March 31, 2019 | 43,969       | 30,414      | 69.2         | 3,968.79             |
| Fiscal year ended March 31, 2018 | 44,876       | 30,286      | 67.5         | 3,955.78             |

|                      |                                  |                    |                                  |                    |
|----------------------|----------------------------------|--------------------|----------------------------------|--------------------|
| (Reference) Capital: | Fiscal year ended March 31, 2019 | 30,414 million yen | Fiscal year ended March 31, 2018 | 30,286 million yen |
|----------------------|----------------------------------|--------------------|----------------------------------|--------------------|

Note: Starting from the beginning of the current accounting period, the Company has applied the Partial Amendments to Accounting Standard for the Tax Effect Accounting (Accounting Board of Japan [ASBJ] Statement No. 28, February 16, 2018), and the figures for the previous accounting period have been revised by applying the said standard retroactively.

(3) Consolidated Cash Flows

|                                  | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------|
|                                  | million yen                          | million yen                          | million yen                          | million yen                                |
| Fiscal year ended March 31, 2019 | (218)                                | (1,021)                              | (526)                                | 10,300                                     |
| Fiscal year ended March 31, 2018 | 274                                  | 41                                   | (883)                                | 12,110                                     |

2. Dividends

|                                               | Annual dividends |           |           |          |        | Total dividend (Total) | Dividend payout ratio (consolidated) | Rate of total dividends to net assets (consolidated) |
|-----------------------------------------------|------------------|-----------|-----------|----------|--------|------------------------|--------------------------------------|------------------------------------------------------|
|                                               | End of 1Q        | End of 2Q | End of 3Q | Year-end | Total  |                        |                                      |                                                      |
|                                               | yen              | yen       | yen       | yen      | yen    | million yen            | %                                    | %                                                    |
| Fiscal year ended March 31, 2018              | –                | 25.00     | –         | 35.00    | 60.00  | 459                    | 30.8                                 | 1.5                                                  |
| Fiscal year ended March 31, 2019              | –                | 30.00     | –         | 30.00    | 60.00  | 459                    | 34.2                                 | 1.5                                                  |
| Fiscal year ending March 31, 2020 (Forecasts) | –                | 100.00    | –         | 100.00   | 200.00 |                        | 76.6                                 |                                                      |

Note: The dividend forecasts for the fiscal year ending March 31, 2020 include commemorative dividend for the Company's 100th anniversary of 100.00 yen per share consisting of 50.00 yen per share as interim dividend and 50.00 yen per share as year-end dividend.

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

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

|                 | 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                  |
| 2Q (first half) | 16,600      | 12.9 | 1,100            | 131.9 | 1,250           | 109.8 | 900                                         | 59.5 | 117.47               |
| Full year       | 35,700      | 12.3 | 2,300            | 61.2  | 2,500           | 58.5  | 2,000                                       | 48.7 | 261.04               |

\*Notes

- (1) Changes in important subsidiaries during the period under review (changes in specific subsidiaries which involve changes in the scope of consolidation): None
  
- (2) 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

(3) Shares issued (common stock)

|                                                                         |                                  |                  |                                  |                  |
|-------------------------------------------------------------------------|----------------------------------|------------------|----------------------------------|------------------|
| (i) Number of shares issued at end of period (including treasury stock) | Fiscal year ended March 31, 2019 | 8,000,000 shares | Fiscal year ended March 31, 2018 | 8,000,000 shares |
| (ii) Number of shares held in treasury at end of period                 | Fiscal year ended March 31, 2019 | 336,569 shares   | Fiscal year ended March 31, 2018 | 343,851 shares   |
| (iii) Average number of shares outstanding during the period            | Fiscal year ended March 31, 2019 | 7,661,642 shares | Fiscal year ended March 31, 2018 | 7,692,394 shares |

\* This report is exempt from audit procedures by certified public accountant or 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) Overview of Operating Results for Fiscal Year Ended March 31, 2019 in 1. Overview of Operating Results, etc. on page 2 in the accompanying materials.

(How to obtain the earnings supplementary explanatory materials and the date of the financial results briefing session)

The Company is scheduled to post the earnings supplementary explanatory materials on its website on Friday, May 10, 2019.

The Company has scheduled a financial results briefing session on Thursday, May 30, 2019.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for Fiscal Year Ended March 31, 2019

#### (i) Operating Results for Fiscal Year Ended March 31, 2019

During the fiscal year under review, the global economy remained strong reflecting continued favorable consumer spending and corporate earnings and strong stock market, in spite of the weakness in some U.S. economic indicators. At the same time, there has been a growing sense of a slowdown of the economy in Europe and the growth rate of the Chinese economy has decelerated, pointing to an economic downturn compared with the previous fiscal year. Moreover, the outlook for the global economy remained uncertain weighed by factors such as the outcome of the U.K.'s exit of EU and trade frictions between the U.S. and Japan, China and Europe. The Japanese economy has continued on its gradual recovery track, as corporate earnings and employment and income environment improved thanks to reflation measures by the government and Bank of Japan.

Under such circumstances, the construction-related industry, to which the Nikko Group is closely related, performed strongly as a whole in the period under review, as private construction investment significantly increased. There are various projects lined up from fiscal year 2019 onwards, and both public and private construction investment is expected to remain strong. Nevertheless, the construction-related industry continues to face chronic labor shortage and hike in raw material prices and the situation remains unpredictable.

Under such management environment, the Nikko Group strived to expand profits and enhance its corporate culture based on the basic policy of new product development, formulation of new sales strategy through reinforcement of sales strengths and bolstering of maintenance business, strengthening of overseas business and improvement of design and production technologies to boost product competitiveness under its corporate philosophy of customer first.

In Japan, net sales of the Asphalt Plant-Related Business, the Company's mainstay business, declined compared with the previous year. This was primarily attributable to the decline in shipment volume of asphalt mixture resulting from the slow orders for road-related public projects nationwide and the exposure of antitrust law violations by a major road builder and subsequent operation suspension for a certain period of time. Contrarily, new orders and order backlog of asphalt plants in the Asphalt Plant-Related Business increased significantly compared with a year earlier. This resulted from active replacement investment in large-scale asphalt mixture plants in urban areas and favorable rating for VP series, which the Company introduced as a strategic product to improve productivity of recycled mixture. Further, net sales of the Concrete Plant-Related Business declined compared with a year earlier, as the initial order backlog was lower than the level a year ago. New orders for the Concrete Plant-Related Business slightly fell compared with a year earlier, while order backlog increased. Users' appetite for capital investment continues to be strong, given the rise in the market price of ready-made concrete and large-scale projects starting from Tokyo Olympic and Paralympic Games followed by Osaka Expo and a series of redevelopment projects in the metropolitan areas. The order backlog increased as a large-scale project was delayed into the next fiscal year.

Overseas, net sales of the Asphalt Plant-Related Business in China exceeded the level of the previous fiscal year, when net sales had grown significantly on the back of the government's proactive infrastructure investment policy and tightening of environmental regulations. While the Company set forth the ASEAN region as its strategic market and unfolded intense activities, sales in the overseas markets other than China declined from a year earlier, as execution of budget was delayed in Thailand due to the impact of the general elections and there was a steep drop in the currency in Indonesia.

As a result of these business activities, Nikko Group's consolidated operating results are as follows.

Consolidated net sales for the period under review declined 9.5% to 31,780 million yen compared with a year earlier, as sales at the Asphalt Plant-Related Business, Concrete Plant-Related Business and Environment- and Conveyor-related Business fell.

In terms of profits, consolidated operating income declined 32.2% from a year earlier to 1,427 million yen, due to rise in costs of raw materials such as steel materials. Consolidated ordinary income fell 29.6% compared with a year earlier to 1,576 million yen and net income attributable to owners of parent declined 9.7% to 1,345 million yen.

Overview of operating results by segment is as follows.

<Asphalt Plant-Related Business>

Net sales of the Asphalt Plant-Related Business in Japan fell 5.0% compared with a year earlier, as net sales of products declined significantly despite an increase in sales of the maintenance business. Overseas net sales also declined 2.0% compared with a year earlier due to sales decline in ASEAN, while net sales in China increased. As a result, net sales of the business declined 4.3% from a year earlier to 16,434 million yen. Both new orders received and order backlog in the period under review increased compared with a year earlier.

<Concrete Plant-Related Business>

Net sales of the Concrete Plant-Related Business in Japan fell 17.1% compared with a year earlier to 7,893 million yen, as net sales of both products and maintenance business declined. While new orders received declined in the period under review compared with a year earlier, order backlog increased.

<Environment- and Conveyor-Related Business>

Net sales of environmental products declined 72.3% compared with the previous fiscal year, when there were sales from a large-scale project. Net sales of conveyor products were roughly at the same level as the previous year and down 0.8%. As a result, net sales of the business declined 29.4% from a year earlier to 2,775 million yen. Both new orders received and order backlog in the period under review declined from a year earlier.

<Other Business Such as Temporary Construction Materials and Hand Tools>

Net sales of temporary construction materials were roughly at the same level as the previous year and up 0.5%.

Net sales of hand tools declined 4.6% compared with a year earlier.

Net sales of crushers rose 6.4% compared with a year earlier. As a result, net sales of the business rose 4.3% from a year earlier to 4,677 million yen. Both new orders received and order backlog in the period under review increased compared with a year earlier.

Net sales by business segment (comparison with the previous fiscal year)

|                                  |                      | Asphalt Plant-Related Business | Concrete Plant-Related Business | Environment- and Conveyor-Related Business | Other Business | Total  |
|----------------------------------|----------------------|--------------------------------|---------------------------------|--------------------------------------------|----------------|--------|
| Fiscal year ended March 31, 2019 | Net sales (mil. yen) | 16,434                         | 7,893                           | 2,775                                      | 4,677          | 31,780 |
|                                  | Share (%)            | 51.7                           | 24.8                            | 8.7                                        | 14.7           | 100    |
| Fiscal year ended March 31, 2018 | Net sales (mil. yen) | 17,179                         | 9,521                           | 3,931                                      | 4,480          | 35,114 |
|                                  | Share (%)            | 48.9                           | 27.1                            | 11.2                                       | 12.8           | 100    |

Note: 1. Net sales are rounded down to the nearest million yen.

2. Shares are rounded to the first decimal place.

(ii) Future Outlook

The construction-related field, which is Nikko Group's business domain, is expecting various projects even after the Tokyo Olympic and Paralympic Games in 2020 and the Company expects both public and private construction investment to remain strong for the time being. However, issues such as chronic labor shortage and hike in raw material prices remain, which requires attention. Overseas, infrastructure investment continues to be active in China, the mainstay market, and the market environment such as further tightening of environmental regulations and the full-fledged start of the use of recycled mixture, where the Company can leverage the technological edge it has developed in Japan, is expected to continue for the time being. In the ASEAN region, which the Company envisages as the future growth market, it will start anew further market investigation and will consider development of products reflecting user requirements or establishment of business bases based on the result of the investigation.

For the fiscal year ending March 31, 2020, the Company expects to achieve consolidated net sales of 35,700 million yen, operating income of 2,300 million yen, ordinary income of 2,500 million yen and net income attributable to owners of parent of 2,000 million yen.

Moreover, the Company will further strive to enhance returns to its shareholders and to strengthen information disclosure.

Note: The above earnings forecasts are based on information available as of this report's publication and include considerable number of uncertain factors such as changes to industry conditions including demand trend and fluctuation of exchange rates. Actual results may differ significantly from the forecasts due to changes to various factors.

## (2) Overview of Financial Conditions for Fiscal Year Ended March 31, 2019

### (i) Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year (March 31, 2019) amounted to 43,969 million yen, a decrease of 906 million yen from the end of the previous fiscal year.

Current assets came to 29,390 million yen, down 1,088 million yen from the end of the previous fiscal year. Main changes include an increase of 900 million yen in inventories, an increase of 209 million yen in consumption tax receivable, a decrease of 1,810 million yen in cash and deposits, a decline of 199 million yen in securities and a decline of 179 million yen in notes and accounts receivable-trade.

Non-current assets came to 14,578 million yen, up 181 million yen from the end of the previous fiscal year. Factors contributing to the change include an increase of 882 million yen in buildings and structures and an increase of 255 million yen in land and a decrease of 1,090 million yen in investment securities.

Liabilities came to 13,554 million yen, down 1,035 million yen from the end of the previous fiscal year. Factors contributing to the change include an increase of 359 million yen in electronically recorded monetary claims, a decrease of 787 million yen in notes and accounts payable-trade, a decline of 395 million yen in accounts payable-other and a decline of 295 million yen in deferred tax liabilities.

Net assets came to 30,414 million yen, up 128 million yen from the end of the previous fiscal year. Factors contributing to the change include an increase from recording of 1,345 million yen in net income attributable to owners of parent, a decrease of 638 million yen in valuation difference on available-for-sale securities and a decline from payment of 497 million yen in dividends.

As a result, equity ratio rose to 69.2% from 67.5% as of the end of the previous fiscal year.

(ii) Cash Flows

|                                                                            | Fiscal year ended<br>March 31, 2019 | Fiscal year ended<br>March 31, 2018 | Change  |
|----------------------------------------------------------------------------|-------------------------------------|-------------------------------------|---------|
| Cash flows from operating activities (million yen)                         | (218)                               | 274                                 | (493)   |
| Cash flows from investing activities (million yen)                         | (1,021)                             | 41                                  | (1,063) |
| Cash flows from financing activities (million yen)                         | (526)                               | (883)                               | 356     |
| Effect of exchange rate changes on cash and cash equivalents (million yen) | (43)                                | 55                                  | (99)    |
| Net increase (decrease) in cash and cash equivalents (million yen)         | (1,810)                             | (511)                               | (1,298) |
| Cash and cash equivalents at beginning of year (million yen)               | 12,110                              | 12,622                              | (511)   |
| Cash and cash equivalents at end of year (million yen)                     | 10,300                              | 12,110                              | (1,810) |

Cash used in operating activities totaled 218 million yen (compared with 274 million yen in cash provided by operating activities in the previous fiscal year). Major items in cash flow from operating activities include 1,933 million yen in net income before income taxes and 508 million yen in depreciation and amortization as well as 405 million yen in gain on sale and valuation of investment securities, 991 million yen in increase in inventories, 1,008 million yen in decrease in notes and accounts payable-trade and 507 million yen in income taxes paid.

Cash used in investing activities totaled 1,021 million yen (compared with 41 million yen in cash provided by investing activities in the previous fiscal year). Major items in cash flow from investing activities include 834 million yen in proceeds from sales and redemption of investment securities as well as 1,849 million yen in purchase of property, plant and equipment and intangible assets.

Cash used in financing activities totaled 526 million yen (compared with 883 million yen in cash used in financing activities in the previous fiscal year). Major items in cash flow from financing activities include 112 million yen in repayment of long-term loans payable and 496 million yen in cash dividends paid.

As a result, consolidated cash and cash equivalents at the end of the fiscal year under review decreased by 1,810 million yen from the end of the previous fiscal year to 10,300 million yen.

Changes in cash flow-related indicators

|                                            | Fiscal year ended<br>March 31, 2016 | Fiscal year ended<br>March 31, 2017 | Fiscal year ended<br>March 31, 2018 | Fiscal year ended<br>March 31, 2019 |
|--------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Equity ratio (%)                           | 66.1                                | 64.7                                | 67.5                                | 69.2                                |
| Return on equity based on market value (%) | 33.3                                | 34.8                                | 40.2                                | 42.0                                |
| Cash flow to interest-bearing debt (years) | -                                   | 0.4                                 | 6.6                                 | -                                   |
| Interest coverage ratio (times)            | -                                   | 105.6                               | 6.5                                 | -                                   |

Notes: Return on equity: Total equity/Total assets

Return on equity based on market value: Market valuation/Total assets

Cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest expenses

\* All indicators are calculated based on consolidated figures.

\* Market valuation is calculated by multiplying the number of shares issued at end of period (excluding treasury stock) with the closing stock price of the period.

Cash flows from operating activities in the Consolidated Statements of Cash Flows are used for operating cash flow. Interest-bearing debt includes all liabilities recorded on the Consolidated Balance Sheets on which interest is paid. Interest paid in the Consolidated Statements of Cash Flows is used for Interest expenses.

(3) Basic Policy Concerning Profit Distribution and Dividends for the Current Term and Next Term

The Company identifies the return of profits to shareholders as an important management goal and in principle pays dividends continuously by taking into account the business performance in the period. It is the Company's basic policy to strive to strengthen its management foundation and enhance corporate value to meet the shareholders' expectations and make decisions on return of profits from a comprehensive perspective including enhancement of internal reserves.

The Company expects to propose dividends of 30.00 yen per share at the 156th Annual General Meeting Shareholders scheduled on June 21, 2019.

For the next fiscal year, the Company plans annual dividend of 200.00 yen per share, consisting of interim and year-end dividends of 100.00 yen per share each. The dividend forecasts for the fiscal year ending March 31, 2020 include commemorative dividend for the Company's 100th anniversary of 100.00 yen per share consisting of 50.00 yen per share as interim dividend and 50.00 yen per share as year-end dividend.

(4) Risks Associated with Business, etc.

- Changes in the market environment

Reduction of public investment decline in construction investment in Japan lead to a significant fall in demand for asphalt and concrete plants (hereinafter referred to as the "plants"), which potentially affects the Company's business performance.

- Changes in product prices

Changes in product prices occur due to various factors including short-term demand changes, shortage of specific parts and raw materials, unstable economic situation, revision to import restrictions, revision to foreign exchange control law, and intensifying competition. If such situations occur in the mainstay markets where the Company operates business, it would affect price fluctuations, which in turn affects the Company's business performance.

- Fluctuation in foreign exchange rates

The Company exports plants and plant parts from Japan to multiple countries and has sales in currencies other than the Japanese yen. In addition, the stronger yen works to the disadvantage of the Company's sales when competing for orders. Fluctuation in foreign exchange rate affects the Company's operating results, financial standings and competitiveness.

- Environmental restrictions regarding plants and other restrictions

Exhaust gas, fuel consumption, noise and safety regarding plants and production facilities are widely restricted. These restrictions are subject to revisions and in many cases the restrictions get tightened. Costs for complying with these restrictions potentially affect the Company's business activities in a significant way.

- Protection of intellectual properties

Over many years, the Company has been owning a number of patents and trademarks regarding the products it manufactures and has been acquiring their rights. These patents and trademarks are important for the Company's businesses and their importance remains the same in the future. If a situation arises where such intellectual properties cannot be protected extensively or the Company's intellectual property rights are infringed illegally, the Company's business activities may be affected.

- Investment

The Company makes investment in several countries. If such investment is affected by changes in the management environment in the counterpart country, the Company's business, financial standings and operating results may be affected.

- Impact of disaster, war, terror attack, strike, etc.

The Company operates business outside Japan, and if a natural disaster, disease, war, terror attack, strike, etc. occurs in such a place overseas, it could lead to delay or suspension of production, sales, offering of service and collection of accounts receivable. If such a situation prolongs, it may affect the Company's business, financial standing and operating results.

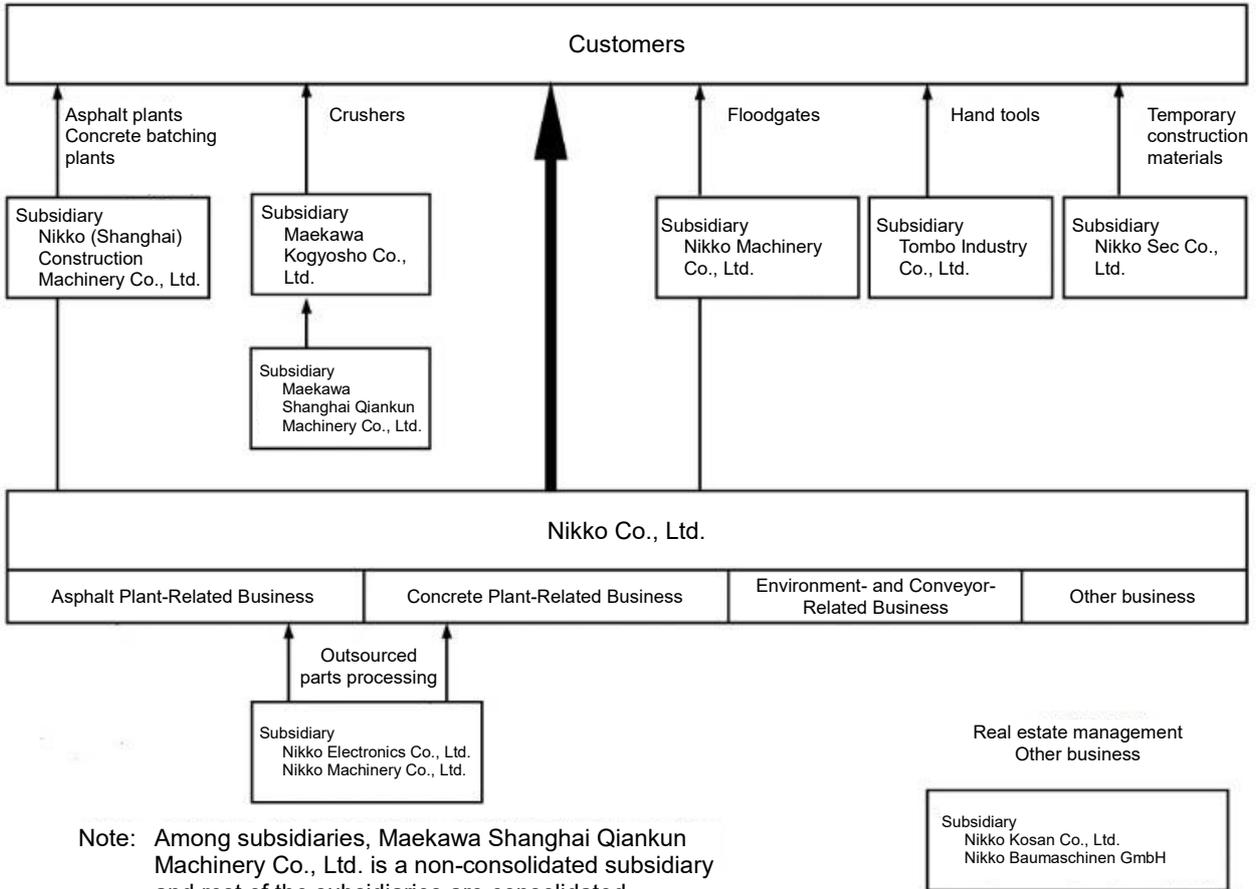
## 2. Status of the Nikko Corporate Group

The Nikko corporate group consists of the Company and nine subsidiaries. The principal business of Nikko Group is manufacture and distribution of asphalt plants, concrete plants and environment- and conveyor machinery, and it is also engaged in real estate leasing and sales of housing renovation, etc.

In the segment information by type of business, the asphalt plant business is classified as the Asphalt Plant-Related Business, concrete plant business as the Concrete Plant-Related Business, the environment and conveyor business as the Environment- and Conveyor-Related Business and the other business including temporary construction materials and hand tools as the Other Business.

| Category                                   | Main products                                                                                                                                                                                                                                                  | Main companies                                                                                                                                                                                                                    |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asphalt Plant-Related Business             | Asphalt plants<br>Recycling plants<br>Mixture silos<br>Electronic control devices, plant management system                                                                                                                                                     | Nikko Co., Ltd.<br>Nikko Electronics Co., Ltd.<br>Nikko Machinery Co., Ltd.<br>Nikko (Shanghai) Construction Machinery Co., Ltd.                                                                                                  |
| Concrete Plant-Related Business            | Concrete plants<br>Compact concrete plants<br>Concrete pumps<br>Electronic control devices, plant management system<br>Concrete manufacturing plant facilities, etc.                                                                                           | Nikko Co., Ltd.<br>Nikko Electronics Co., Ltd.<br>Nikko Machinery Co., Ltd.<br>Nikko (Shanghai) Construction Machinery Co., Ltd.                                                                                                  |
| Environment- and Conveyor-Related Business | Belt conveyors, conveyors for facilities, beverage container recycling plants<br>Soil remediation plant, plastic recycling plant                                                                                                                               | Nikko Co., Ltd.                                                                                                                                                                                                                   |
| Other business                             | Pipe scaffoldings, steel gangplanks, pipe supports<br>Temporary staircases<br>Shovels, spades<br>Small-sized concrete mixers, mortar mixers<br>Sluices, crushers<br>Real estate leasing, construction machinery product leasing<br>Sales of housing renovation | Nikko Co., Ltd.<br>Nikko Machinery Co., Ltd.<br>Tombo Industry Co., Ltd.<br>Nikko Sec Co., Ltd.<br>Nikko Kosan Co., Ltd.<br>Maekawa Kogyosho Co., Ltd.<br>Maekawa (Shanghai) Machine Trading Co., Ltd.<br>Nikko Baumaschinen GmbH |

The group organizational chart is shown in the following page.



### 3. Basic Approach to the Selection of Accounting Standards

The Nikko Group plans to continue applying the Japanese accounting standards for the time being taking into consideration availability of periodical comparison of its consolidated financial statements and availability of comparison among other companies.

It plans to respond appropriately to the application of the International Financial Reporting Standards (IFRS) by taking into consideration the situation in Japan and overseas.

#### 4. Consolidated Financial Statements and Notes to the Statements

##### (1) Consolidated Balance Sheets

(million yen)

|                                                  | Fiscal year ended<br>March 31, 2018 | Fiscal year ended<br>March 31, 2019 |
|--------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>Assets</b>                                    |                                     |                                     |
| Current assets                                   |                                     |                                     |
| Cash and cash equivalents                        | 12,157                              | 10,347                              |
| Notes and accounts receivable-trade              | 10,911                              | 10,731                              |
| Electronically recorded monetary claims          | 1,652                               | 1,628                               |
| Short-term investment securities                 | 199                                 | -                                   |
| Merchandise and finished goods                   | 649                                 | 1,190                               |
| Work in process and partly-finished construction | 3,335                               | 3,903                               |
| Raw materials and supplies                       | 1,142                               | 933                                 |
| Consumption taxes receivable                     | -                                   | 209                                 |
| Other business                                   | 433                                 | 453                                 |
| Allowance for doubtful accounts                  | (2)                                 | (7)                                 |
| Total current assets                             | 30,479                              | 29,390                              |
| Non-current assets                               |                                     |                                     |
| Property and equipment                           |                                     |                                     |
| Buildings and structures (net)                   | 2,334                               | 3,216                               |
| Machinery, equipment and vehicles (net)          | 478                                 | 609                                 |
| Tools, furniture and fixtures (net)              | 255                                 | 361                                 |
| Land                                             | 1,961                               | 2,216                               |
| Construction in progress                         | 252                                 | 102                                 |
| Total property, plant and equipment              | 5,281                               | 6,507                               |
| Intangible assets                                |                                     |                                     |
| Other business                                   | 318                                 | 418                                 |
| Total intangible assets                          | 318                                 | 418                                 |
| Investments and other assets                     |                                     |                                     |
| Investment securities                            | 7,067                               | 5,976                               |
| Investments in capital                           | 59                                  | 11                                  |
| Long-term loans receivable                       | 5                                   | 6                                   |
| Deferred tax assets                              | 584                                 | 576                                 |
| Other business                                   | 1,229                               | 1,234                               |
| Allowance for doubtful accounts                  | (149)                               | (152)                               |
| Total investments and other assets               | 8,797                               | 7,652                               |
| Total noncurrent assets                          | 14,396                              | 14,578                              |
| Total assets                                     | 44,876                              | 43,969                              |

(million yen)

|                                                       | Fiscal year ended<br>March 31, 2018 | Fiscal year ended<br>March 31, 2019 |
|-------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>Liabilities</b>                                    |                                     |                                     |
| Current liabilities                                   |                                     |                                     |
| Notes and accounts payable-trade                      | 3,058                               | 2,270                               |
| Electronically recorded obligations                   | 579                                 | 938                                 |
| Short-term loans payable                              | 1,583                               | 1,532                               |
| Income taxes payable                                  | 276                                 | 421                                 |
| Accounts payable-other                                | 3,417                               | 3,022                               |
| Provision for bonuses                                 | 497                                 | 412                                 |
| Provision for directors' bonuses                      | 49                                  | 52                                  |
| Provision for loss on order received                  | 26                                  | 35                                  |
| Other business                                        | 1,967                               | 2,095                               |
| Total current liabilities                             | 11,455                              | 10,781                              |
| Long-term liabilities                                 |                                     |                                     |
| Long-term loans payable                               | 216                                 | 186                                 |
| Deferred tax liabilities                              | 394                                 | 98                                  |
| Provision for directors' retirement benefits          | 120                                 | 135                                 |
| Retirement benefit-related liabilities                | 2,032                               | 2,010                               |
| Other business                                        | 371                                 | 342                                 |
| Total noncurrent liabilities                          | 3,134                               | 2,773                               |
| Total liabilities                                     | 14,590                              | 13,554                              |
| <b>Net assets</b>                                     |                                     |                                     |
| Shareholders' equity                                  |                                     |                                     |
| Capital stock                                         | 9,197                               | 9,197                               |
| Capital surplus                                       | 7,802                               | 7,808                               |
| Retained earnings                                     | 11,201                              | 12,049                              |
| Treasury stock                                        | (588)                               | (576)                               |
| Total shareholders' equity                            | 27,612                              | 28,478                              |
| Accumulated other comprehensive income                |                                     |                                     |
| Valuation difference on available-for-sale securities | 2,648                               | 2,010                               |
| Foreign currency translation adjustment               | 289                                 | 163                                 |
| Accumulated retirement benefit-related adjustment     | (264)                               | (238)                               |
| Total accumulated other comprehensive income          | 2,673                               | 1,935                               |
| Total net assets                                      | 30,286                              | 30,414                              |
| Total liabilities and net assets                      | 44,876                              | 43,969                              |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Consolidated Statements of Income)

(million yen)

|                                                  | Fiscal year ended<br>March 31, 2018<br>(from April 1, 2017 to<br>March 31, 2018) | Fiscal year ended<br>March 31, 2019<br>(from April 1, 2018 to<br>March 31, 2019) |
|--------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Net sales                                        | 35,114                                                                           | 31,780                                                                           |
| Cost of sales                                    | 26,301                                                                           | 23,485                                                                           |
| Gross profit                                     | 8,812                                                                            | 8,295                                                                            |
| Selling, general and administrative expenses     | 6,708                                                                            | 6,868                                                                            |
| Operating income                                 | 2,103                                                                            | 1,427                                                                            |
| Non-operating income                             |                                                                                  |                                                                                  |
| Interest income                                  | 5                                                                                | 2                                                                                |
| Dividends income                                 | 155                                                                              | 157                                                                              |
| Other business                                   | 72                                                                               | 83                                                                               |
| Total non-operating income                       | 233                                                                              | 243                                                                              |
| Non-operating expenses                           |                                                                                  |                                                                                  |
| Interest expenses                                | 42                                                                               | 40                                                                               |
| Loss on disposal of noncurrent assets            | 0                                                                                | 2                                                                                |
| Loss on sales of noncurrent assets               | 1                                                                                | -                                                                                |
| Foreign exchange losses                          | 6                                                                                | 7                                                                                |
| Compensation for damage                          | 17                                                                               | 30                                                                               |
| Soil investigation expenses                      | 14                                                                               | -                                                                                |
| Other business                                   | 15                                                                               | 12                                                                               |
| Total non-operating expenses                     | 98                                                                               | 93                                                                               |
| Ordinary income                                  | 2,239                                                                            | 1,576                                                                            |
| Extraordinary income                             |                                                                                  |                                                                                  |
| Gain on sales of investment securities           | 203                                                                              | 409                                                                              |
| State subsidy                                    | 36                                                                               | -                                                                                |
| Reversal of allowance for environmental measures | 39                                                                               | -                                                                                |
| Total extraordinary income                       | 279                                                                              | 409                                                                              |
| Extraordinary loss                               |                                                                                  |                                                                                  |
| Loss on sales of investment securities           | 0                                                                                | -                                                                                |
| Loss on disaster                                 | -                                                                                | 8                                                                                |
| Loss on reduction of noncurrent assets           | 36                                                                               | -                                                                                |
| Loss on valuation of investments in capital      | 181                                                                              | 44                                                                               |
| Total extraordinary loss                         | 218                                                                              | 53                                                                               |
| Income before income taxes                       | 2,299                                                                            | 1,933                                                                            |
| Income taxes-current                             | 627                                                                              | 651                                                                              |
| Income taxes-deferred                            | 182                                                                              | (63)                                                                             |
| Total income taxes                               | 809                                                                              | 587                                                                              |
| Net income                                       | 1,490                                                                            | 1,345                                                                            |
| Net income attributable to owners of parent      | 1,490                                                                            | 1,345                                                                            |

(Consolidated Statements of Comprehensive Income)

(million yen)

|                                                           | Fiscal year ended<br>March 31, 2018<br>(from April 1, 2017 to<br>March 31, 2018) | Fiscal year ended<br>March 31, 2019<br>(from April 1, 2018 to<br>March 31, 2019) |
|-----------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Net income                                                | 1,490                                                                            | 1,345                                                                            |
| Other comprehensive income                                |                                                                                  |                                                                                  |
| Valuation difference on available-for-sale securities     | 255                                                                              | (638)                                                                            |
| Foreign currency translation adjustment                   | 99                                                                               | (125)                                                                            |
| Retirement benefit-related adjustment                     | 22                                                                               | 26                                                                               |
| Total other comprehensive income                          | 376                                                                              | (737)                                                                            |
| Comprehensive income                                      | 1,866                                                                            | 607                                                                              |
| (Breakdown)                                               |                                                                                  |                                                                                  |
| Comprehensive income attributable to owners of the parent | 1,866                                                                            | 607                                                                              |

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(million yen)

|                                                      | Shareholders' equity |                 |                   |                |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                      | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of term                         | 9,197                | 7,808           | 10,881            | (1,095)        | 26,792                     |
| Changes during term                                  |                      |                 |                   |                |                            |
| Cash dividends                                       |                      |                 | (424)             |                | (424)                      |
| Net income attributable to owners of parent          |                      |                 | 1,490             |                | 1,490                      |
| Purchase of treasury stock                           |                      |                 |                   | (246)          | (246)                      |
| Disposal of treasury stock                           |                      |                 |                   | 0              | 0                          |
| Retirement of treasury stock                         |                      | (6)             | (746)             | 752            | -                          |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the period             | -                    | (6)             | 319               | 506            | 820                        |
| Balance at end of term                               | 9,197                | 7,802           | 11,201            | (588)          | 27,612                     |

|                                                      | Accumulated other comprehensive income                |                                         |                                                   |                                              | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|---------------------------------------------------|----------------------------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Accumulated retirement benefit-related adjustment | Total accumulated other comprehensive income |                  |
| Balance at beginning of term                         | 2,393                                                 | 190                                     | (286)                                             | 2,296                                        | 29,089           |
| Changes during term                                  |                                                       |                                         |                                                   |                                              |                  |
| Cash dividends                                       |                                                       |                                         |                                                   |                                              | (424)            |
| Net income attributable to owners of parent          |                                                       |                                         |                                                   |                                              | 1,490            |
| Purchase of treasury stock                           |                                                       |                                         |                                                   |                                              | (246)            |
| Disposal of treasury stock                           |                                                       |                                         |                                                   |                                              | 0                |
| Retirement of treasury stock                         |                                                       |                                         |                                                   |                                              | -                |
| Net changes of items other than shareholders' equity | 255                                                   | 99                                      | 22                                                | 376                                          | 376              |
| Total changes of items during the period             | 255                                                   | 99                                      | 22                                                | 376                                          | 1,196            |
| Balance at end of term                               | 2,648                                                 | 289                                     | (264)                                             | 2,673                                        | 30,286           |

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(million yen)

|                                                      | Shareholders' equity |                 |                   |                |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                      | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of term                         | 9,197                | 7,802           | 11,201            | (588)          | 27,612                     |
| Changes during term                                  |                      |                 |                   |                |                            |
| Cash dividends                                       |                      |                 | (497)             |                | (497)                      |
| Net income attributable to owners of parent          |                      |                 | 1,345             |                | 1,345                      |
| Purchase of treasury stock                           |                      |                 |                   | (0)            | (0)                        |
| Disposal of treasury stock                           |                      | 6               |                   | 13             | 19                         |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the period             | -                    | 6               | 847               | 12             | 865                        |
| Balance at end of term                               | 9,197                | 7,808           | 12,049            | (576)          | 28,478                     |

|                                                      | Accumulated other comprehensive income                |                                         |                                                   |                                              | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|---------------------------------------------------|----------------------------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Accumulated retirement benefit-related adjustment | Total accumulated other comprehensive income |                  |
| Balance at beginning of term                         | 2,648                                                 | 289                                     | (264)                                             | 2,673                                        | 30,286           |
| Changes during term                                  |                                                       |                                         |                                                   |                                              |                  |
| Cash dividends                                       |                                                       |                                         |                                                   |                                              | (497)            |
| Net income attributable to owners of parent          |                                                       |                                         |                                                   |                                              | 1,345            |
| Purchase of treasury stock                           |                                                       |                                         |                                                   |                                              | (0)              |
| Disposal of treasury stock                           |                                                       |                                         |                                                   |                                              | 19               |
| Net changes of items other than shareholders' equity | (638)                                                 | (125)                                   | 26                                                | (737)                                        | (737)            |
| Total changes of items during the period             | (638)                                                 | (125)                                   | 26                                                | (737)                                        | 128              |
| Balance at end of term                               | 2,010                                                 | 163                                     | (238)                                             | 1,935                                        | 30,414           |

## (4) Consolidated Statements of Cash Flows

(million yen)

|                                                                     | Fiscal year ended<br>March 31, 2018<br>(from April 1, 2017 to<br>March 31, 2018) | Fiscal year ended<br>March 31, 2019<br>(from April 1, 2018 to<br>March 31, 2019) |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| <b>Cash flows from operating activities</b>                         |                                                                                  |                                                                                  |
| Income before income taxes                                          | 2,299                                                                            | 1,933                                                                            |
| Depreciation and amortization                                       | 472                                                                              | 508                                                                              |
| Increase (decrease) in allowance for doubtful accounts              | (150)                                                                            | 7                                                                                |
| Increase (decrease) in allowance for environmental measures         | (171)                                                                            | –                                                                                |
| Increase (decrease) in retirement benefit-related adjustment        | (91)                                                                             | 16                                                                               |
| Increase (decrease) in provision for directors' retirement benefits | 6                                                                                | 14                                                                               |
| Interest and dividends income                                       | (160)                                                                            | (159)                                                                            |
| Interest expenses                                                   | 42                                                                               | 40                                                                               |
| Foreign exchange losses (gains)                                     | 0                                                                                | (1)                                                                              |
| Loss (gain) on sales and valuation of investment securities         | (203)                                                                            | (405)                                                                            |
| Loss on valuation of investments in capital                         | 181                                                                              | 44                                                                               |
| Loss (gain) on sales of property, plant and equipment               | 1                                                                                | –                                                                                |
| Decrease (increase) in notes and accounts receivable-trade          | (918)                                                                            | 95                                                                               |
| Decrease (increase) in inventories                                  | 291                                                                              | (991)                                                                            |
| Increase (decrease) in notes and accounts payable-trade             | (144)                                                                            | (1,008)                                                                          |
| Other business                                                      | (299)                                                                            | 73                                                                               |
| Subtotal                                                            | 1,156                                                                            | 168                                                                              |
| Interest and dividends income received                              | 161                                                                              | 160                                                                              |
| Interest expenses paid                                              | (41)                                                                             | (39)                                                                             |
| Income taxes paid                                                   | (1,001)                                                                          | (507)                                                                            |
| Cash flows from operating activities                                | 274                                                                              | (218)                                                                            |
| <b>Cash flows from investing activities</b>                         |                                                                                  |                                                                                  |
| Payments into time deposits                                         | (47)                                                                             | (47)                                                                             |
| Proceeds from withdrawal of time deposits                           | 47                                                                               | 47                                                                               |
| Purchase of investment securities                                   | (242)                                                                            | (11)                                                                             |
| Proceeds from sales and redemption of investment securities         | 844                                                                              | 834                                                                              |
| Purchase of property, plant and equipment and intangible assets     | (558)                                                                            | (1,849)                                                                          |
| Proceeds from sales of property, plant and equipment                | 16                                                                               | –                                                                                |
| Payments of loans receivable                                        | –                                                                                | (1)                                                                              |
| Collection of loans receivable                                      | 1                                                                                | 0                                                                                |
| Other business                                                      | (19)                                                                             | 5                                                                                |
| Cash flows from investing activities                                | 41                                                                               | (1,021)                                                                          |
| <b>Cash flows from financing activities</b>                         |                                                                                  |                                                                                  |
| Net increase (decrease) in short-term loans payable                 | (73)                                                                             | 83                                                                               |
| Proceeds from long-term loans payable                               | 30                                                                               | –                                                                                |
| Repayment of long-term loans payable                                | (170)                                                                            | (112)                                                                            |
| Purchase of treasury stock                                          | (246)                                                                            | (0)                                                                              |
| Proceeds from disposal of treasury stock                            | 0                                                                                | –                                                                                |
| Cash dividends paid                                                 | (423)                                                                            | (496)                                                                            |
| Cash flows from financing activities                                | (883)                                                                            | (526)                                                                            |
| Effect of exchange rate changes on cash and cash equivalents        | 55                                                                               | (43)                                                                             |
| Net increase (decrease) in cash and cash equivalents                | (511)                                                                            | (1,810)                                                                          |
| Cash and cash equivalents at beginning of year                      | 12,622                                                                           | 12,110                                                                           |
| Cash and cash equivalents at end of year                            | 12,110                                                                           | 10,300                                                                           |

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Changes in Accounting Policy)

Not applicable

(Change in the method of presentation)

(Changes due to the application of the Partial Amendments to Accounting Standard for the Tax Effect Accounting)

Starting from the beginning of the current accounting period, the Company has applied the Partial Amendments to Accounting Standard for the Tax Effect Accounting (Accounting Board of Japan [ASBJ] Statement No. 28, February 16, 2018), and deferred tax assets are presented in investments and other assets and deferred tax liabilities are presented in non-current liabilities.

As a result, 92 million yen of the 317 million yen in deferred tax assets under current assets in the previous fiscal year is included and presented in the 584 million yen in deferred tax assets under investments and other assets, and 225 million yen of the 317 million yen in deferred tax assets under current assets and 0 million yen in deferred tax liabilities under current liabilities are included and presented in the 394 million yen in deferred tax liabilities under noncurrent liabilities.

Deferred tax assets and deferred tax liabilities of the same taxable entity are offset and presented and total assets declined 225 million yen compared with the level before the change.

(Segment Information)

[Segment Information]

1. Overview of reportable segment

The Company's reportable segments are components of the Nikko Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The Company formulates comprehensive strategy for products and services in Japan and overseas and implements business activities.

The Company, therefore, classifies its operations into three reportable segments of Asphalt Plant-Related Business, Concrete Plant-Related Business and Environment- and Conveyor-Related Business.

The Asphalt Plant-Related Business produces asphalt mixing plants, recycling plants, etc. The Concrete Plant-Related Business produces concrete batching plants, concrete pumps, etc. The Environment- and Conveyor-Related Business produces environmental and recycling plants, various types of conveyor systems, etc.

2. Calculation of net sales, income/loss, assets, liabilities, and other items by reportable segment

Accounting methods applied in the reportable business segments are roughly in accordance with the Significant Matters Serving as a Basis for the Presentation of Consolidated Financial Statements.

Reportable segment income is based on operating income.

Intersegment sales or transfers are based on market price.

3. Net sales, income/loss, assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(million yen)

|                                                       | Reportable segment             |                                 |                                            |        | Other business (note) | Total  |
|-------------------------------------------------------|--------------------------------|---------------------------------|--------------------------------------------|--------|-----------------------|--------|
|                                                       | Asphalt Plant-Related Business | Concrete Plant-Related Business | Environment- and Conveyor-Related Business | Total  |                       |        |
| Net sales                                             |                                |                                 |                                            |        |                       |        |
| Sales to outside customers                            | 17,179                         | 9,521                           | 3,931                                      | 30,633 | 4,480                 | 35,114 |
| Inter-segment sales and transfers                     | –                              | –                               | 21                                         | 21     | 155                   | 176    |
| Total                                                 | 17,179                         | 9,521                           | 3,953                                      | 30,654 | 4,636                 | 35,290 |
| Segment income                                        | 1,348                          | 1,015                           | 308                                        | 2,672  | 462                   | 3,134  |
| Segment assets                                        | 13,585                         | 4,982                           | 1,381                                      | 19,948 | 6,977                 | 26,926 |
| Other items                                           |                                |                                 |                                            |        |                       |        |
| Depreciation and amortization                         | 106                            | 72                              | 8                                          | 187    | 135                   | 322    |
| Increase (decrease) in tangible and intangible assets | 29                             | 19                              | 13                                         | 63     | 163                   | 226    |

Note: Other is a business segment that is not included in reportable segments and includes temporary construction materials, hand tool business and floodgate business.

Fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(million yen)

|                                                       | Reportable segment             |                                 |                                            |        | Other business (note) | Total  |
|-------------------------------------------------------|--------------------------------|---------------------------------|--------------------------------------------|--------|-----------------------|--------|
|                                                       | Asphalt Plant-Related Business | Concrete Plant-Related Business | Environment- and Conveyor-Related Business | Total  |                       |        |
| Net sales                                             |                                |                                 |                                            |        |                       |        |
| Sales to outside customers                            | 16,434                         | 7,893                           | 2,775                                      | 27,103 | 4,677                 | 31,780 |
| Inter-segment sales and transfers                     | -                              | -                               | 41                                         | 41     | 191                   | 233    |
| Total                                                 | 16,434                         | 7,893                           | 2,816                                      | 27,144 | 4,869                 | 32,014 |
| Segment income                                        | 963                            | 666                             | 417                                        | 2,047  | 502                   | 2,550  |
| Segment assets                                        | 13,858                         | 5,440                           | 1,446                                      | 20,745 | 7,593                 | 28,339 |
| Other items                                           |                                |                                 |                                            |        |                       |        |
| Depreciation and amortization                         | 116                            | 72                              | 9                                          | 198    | 136                   | 334    |
| Increase (decrease) in tangible and intangible assets | 219                            | 155                             | 1                                          | 376    | 466                   | 843    |

Note: Other is a business segment that is not included in reportable segments and includes temporary construction materials, hand tool business and floodgate business.

4. Difference between reportable segment total and consolidated financial statement amounts and main factors in the difference (related to difference adjustment)

(million yen)

| Net sales                                      | Fiscal year ended<br>March 31, 2018 | Fiscal year ended<br>March 31, 2019 |
|------------------------------------------------|-------------------------------------|-------------------------------------|
| Reportable segment total                       | 30,654                              | 27,144                              |
| Net sales for Other                            | 4,636                               | 4,869                               |
| Elimination of intersegment transaction        | (176)                               | (233)                               |
| Net sales in consolidated financial statements | 35,114                              | 31,780                              |

(million yen)

| Earnings                                              | Fiscal year ended<br>March 31, 2018 | Fiscal year ended<br>March 31, 2019 |
|-------------------------------------------------------|-------------------------------------|-------------------------------------|
| Reportable segment total                              | 2,672                               | 2,047                               |
| Earnings for Other                                    | 462                                 | 502                                 |
| Elimination of intersegment transaction               | —                                   | —                                   |
| Corporate expenses (note)                             | (1,031)                             | (1,122)                             |
| Operating income in consolidated financial statements | 2,103                               | 1,427                               |

Note: Corporate expenses are expenses of planning and administrative divisions of the Company that are not attributable to reportable segments.

(million yen)

| Assets                                            | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 |
|---------------------------------------------------|----------------------------------|----------------------------------|
| Reportable segment total                          | 19,948                           | 20,745                           |
| Assets in Other                                   | 6,977                            | 7,593                            |
| Corporate assets (note)                           | 18,174                           | 15,630                           |
| Total assets in consolidated financial statements | 45,101                           | 43,969                           |

Note: Assets in Other include surplus funds, funds for long-term investment and assets associated with administrative divisions and other assets of the Company that are not attributable to reportable segments.

(million yen)

| Other items                                           | Reportable segment total         |                                  | Other business                   |                                  | Adjustment (note)                |                                  | Amount in consolidated financial statements |                                  |
|-------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|---------------------------------------------|----------------------------------|
|                                                       | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2018            | Fiscal year ended March 31, 2019 |
| Depreciation and amortization                         | 187                              | 198                              | 135                              | 136                              | 146                              | 174                              | 468                                         | 508                              |
| Increase (decrease) in tangible and intangible assets | 63                               | 376                              | 163                              | 466                              | 129                              | 1,148                            | 355                                         | 1,991                            |

Note: The adjustments for increase in tangible fixed assets and intangible fixed assets are capital investment related to the planning and administrative divisions of the Company.

## (Per Share Information)

| Fiscal year ended March 31, 2018<br>(from April 1, 2017 to March 31, 2018)      |              | Fiscal year ended March 31, 2019<br>(from April 1, 2018 to March 31, 2019)      |              |
|---------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------|--------------|
| Net assets per share                                                            | 3,955.78 yen | Net assets per share                                                            | 3,968.79 yen |
| Net income per share                                                            | 193.77 yen   | Net income per share                                                            | 175.58 yen   |
| Diluted net income per share is not described, as dilutive shares do not exist. |              | Diluted net income per share is not described, as dilutive shares do not exist. |              |

Note: The calculation base for profit for the period per share is as follows:

|                                                                           | Fiscal year ended March 31, 2018<br>(from April 1, 2017 to<br>March 31, 2018) | Fiscal year ended March 31, 2019<br>(from April 1, 2018 to<br>March 31, 2019) |
|---------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Net income per share                                                      |                                                                               |                                                                               |
| Net income attributable to owners of parent (million yen)                 | 1,490                                                                         | 1,345                                                                         |
| Amount not attributable to common stockholders (million yen)              | –                                                                             | –                                                                             |
| Net income attributable to common stock of owners of parent (million yen) | 1,490                                                                         | 1,345                                                                         |
| Average number of shares outstanding during the term (shares)             | 7,692,394                                                                     | 7,661,642                                                                     |

(Significant Subsequent Events)  
Not applicable

## 5. Other Information

### (1) Changes in Officers

#### (i) Changes in Representative Directors

Not applicable

#### (ii) Changes in Other Officers

- Candidates for new directors

Director: Tomomi Nakayama

Manager of Business Planning Department - Business Division and Manager of Asphalt Plant Overall Sales Department

(Currently Executive Officer, Manager of Business Planning Department - Business Division and Manager of Asphalt Plant Overall Sales Department)

- Candidates for new auditors

Outside Auditor: Shigeru Sadakari

(Currently Representative Director and President, Kobe Maintenance of Building Co., Ltd.)

Outside Auditor: Naoki Ota (Currently Auditor [Full-time], Nittoseiko Co., Ltd.)

Outside Auditor: Tsuyoshi Fukui (Currently Senior Manager, RSM Seiwa)

- Retiring auditors

Outside Auditor: Morio Kusunoki

Outside Auditor: Yoshiki Sugiyama

Outside Auditor: Nobuzumi Ido

- Executive managing officers to be promoted

Senior Executive Officer: Minoru Tanaka

Service Planning Department Manager

(Currently Executive Officer and Service Planning Department Manager)

- New executive officers

Executive Officer: Takeshi Sone

Kanto Branch Manager and Mobile Plant Business Department Manager

#### (iii) Expected date of changes

June 21, 2019

### (2) Other

Not applicable