



Financial Results for Second Quarter of Fiscal Year Ending March 31, 2024 [Japanese GAAP] (Consolidated Data)

November 13, 2023

Company Name: Nikko Co., Ltd.

Stock Exchange Listing: Tokyo Stock Exchange

Stock Code: 6306

URL <http://www.nikko-net.co.jp>

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Scheduled date for filing the quarterly report: November 14, 2023

Scheduled date for cash
dividends:

December 5, 2023

Quarterly earnings supplementary explanatory materials:

Yes

Quarterly financial results briefing session:

Yes (for institutional investors, analysts, and
newspaper reporters)

(Amounts rounded down to the nearest million yen)

1. Consolidated Performance for Second Quarter of Fiscal Year Ending March 31, 2024 (April 1, 2023 - September 30, 2023)

(1) Consolidated Operating Results (cumulative) (% represents year-on-year change rate from the same period)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2023	16,982	(9.5)	269	(32.5)	455	(16.9)	348	33.9
Six months ended September 30, 2022	18,760	(1.3)	399	(58.8)	548	(50.4)	259	(70.0)

Note: Comprehensive income: Six months ended September 30, 2023 1,307 million yen (263.8%)
Six months ended September 30, 2022 359 million yen (-56.4%)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Six months ended September 30, 2023	9.09	-
Six months ended September 30, 2022	6.80	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of September 30, 2023	57,127	32,372	56.8	846.50
As of March 31, 2023	52,127	31,604	60.7	826.73

(Reference) Capital: As of September 30, 2023 32,445 million yen
As of March 31, 2023 31,644 million yen

2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2023	-	15.00	-	15.00	30.00
Fiscal year ending March 31, 2024	-	15.00	-	-	-
Fiscal year ending March 31, 2024 (forecasts)	-	-	-	15.00	30.00

(Note) Revision of previously announced dividend targets during this reporting period: None

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% represents year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	44,000	10.9	1,900	84.8	1,900	51.3	1,200	17.6	31.36

(Note) Revision of previously announced earnings forecasts during this reporting period: None

Notes

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

(2) Use of special accounting methods for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements

(i) Changes in accounting policy arising from revision of accounting standards, etc.: None

(ii) Changes in accounting policy other than those noted in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Shares issued (common stock)

(i) Number of shares issued at end of period (including treasury stock)

(ii) Number of shares held in treasury at end of period

(iii) Average number of shares outstanding during the period (quarter-to-date)

As of September 30, 2023	40,000,000 shares	As of March 31, 2023	40,000,000 shares
As of September 30, 2023	1,671,425 shares	As of March 31, 2023	1,723,305 shares
Six months ended September 30, 2023	38,296,475 shares	Six months ended September 30, 2022	38,245,157 shares

* This report is not subject to quarterly review procedures by certified public accountants or an auditing firm.

* Explanation of the appropriate use of earnings forecasts, and other special notes

(Cautionary statement with respect to forward-looking statements)

Any forecasts and forward-looking statements given herein are based on information available as of this report's publication and on certain assumptions that are deemed reasonable and these forecasts are not guarantees of future performance.

Actual results may differ significantly from forecasts due to various factors. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "1. Qualitative Information on Quarterly Results: (3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results" on page 2 in the accompanying materials.

(How to obtain quarterly earnings supplementary explanatory materials)

The Company is scheduled to post the quarterly earnings supplementary explanatory materials on its website on Monday, November 13, 2023.

The Company has scheduled a financial results briefing session (live streaming) for securities analysts on Tuesday, December 12, 2023.

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1. Qualitative Information on Quarterly Results

(1) Explanation About Operating Results

During the six months ended September 30, 2023, the U.S. continued to raise interest rates to counter inflation as prices kept rising, and the global economy witnessed a tug of war between curbing economic overheating and avoiding recession, with the end of interest rate hikes in sight. In Japan, despite the Bank of Japan's revision of the interest rate policy, price increases were spurred further by the depreciation in yen caused by the contrast between Japan's interest rate policy and that of the U.S. and Europe, significantly affecting people's daily lives. In addition, the economic slowdown and deceleration of growth in China are becoming apparent, resulting from factors such as concerns over debt default of a major real estate company.

Under such conditions, sales of foamed equipment, which reduces CO₂ emissions of asphalt plants, expanded and the maintenance business of concrete plants performed strongly in Japan, and there were some signs of recovery in investment for facility replacement by road pavement companies, who are the main users of asphalt plants. Nevertheless, the Group continued to be affected by the impact of the economic slowdown and deceleration of growth in China. As a result, consolidated net sales of the Nikko Group came to 16,982 million yen for the period under review (down 9.5% from the same period a year earlier). In terms of profits, consolidated operating income totaled 269 million yen (down 32.5% from the same period a year earlier) due to the impact of an increase in research and development towards decarbonization and development of global products as well as an increase in human capital investment. Consolidated ordinary income came to 455 million yen (down 16.9% from the same period a year earlier), while quarterly net income attributable to owners of parent totaled 348 million yen (up 33.9% from the same period a year earlier).

Results by segment are as follows.

<Asphalt Plant-Related Business>

Net sales of products in Japan increased compared with the same period a year earlier. Net sales of the maintenance business in Japan and overseas net sales decreased compared with the same period a year earlier. As a result, net sales of the business declined 17.7% to 7,114 million yen from the same period a year earlier. New orders received and order backlog in the period under review increased compared with a year earlier.

<Concrete Plant-Related Business>

Net sales of the maintenance business in Japan increased compared with the same period a year earlier. Net sales of products in Japan and overseas net sales declined compared with the same period a year earlier. As a result, net sales of the business declined 4.9% to 5,049 million yen from the same period a year earlier. New orders received and order backlog in the period under review increased compared with a year earlier.

<Environment- and Conveyor-Related Business>

Net sales of both environmental products and conveyor products increased compared with the same period a year earlier. As a result, net sales of the business increased 18.6% to 1,450 million yen from the same period a year earlier. New orders received in the period under review increased compared with a year earlier, while order backlog declined year on year.

<Other Business>

Net sales of hand tools increased from the same period a year earlier. Net sales of crushers and temporary construction materials declined compared with the same period a year earlier. As a result, net sales of the business declined 5.7% to 3,367 million yen from the same period a year earlier. New orders received and order backlog in the period under review increased compared with a year earlier.

(2) Explanation About Financial Position

Total assets at the end of the reporting period were 57,127 million yen, increasing 4,999 million yen from the end of the previous fiscal year.

Current assets came to 36,762 million yen, up 3,039 million yen from the end of the previous consolidated fiscal year. Main factors contributing to the change are increases of 2,995 million yen in cash and cash equivalents, 2,454 million yen in work in process, and 153 million yen in merchandise and finished goods as well as decreases of 1,002 million yen in accounts receivable-trade and 989 million yen in notes receivable-trade. Noncurrent assets came to 20,364 million yen, up 1,959 million yen from the end of the previous consolidated fiscal year. Main factors contributing to the change are increases of 1,196 million yen in investment securities and 894 million yen in property and equipment as well as a decline of 393 million yen in deferred tax assets.

Liabilities totaled 24,754 million yen, up 4,231 million yen from the end of the previous fiscal year. Main factors contributing to the change are increases of 2,503 million yen in long-term loans, 1,691 million yen in contract liabilities, and 268 million yen in electronically recorded obligations as well as a decline of 203 million yen in notes and accounts payable-trade.

Net assets came to 32,372 million yen, up 768 million yen from the end of the previous consolidated fiscal year.

Main factors contributing to the change are an increase of 852 million yen in valuation difference on available-for-sale securities and a decline of 225 million yen in retained earnings.

As a result, equity ratio dropped to 56.8% from 60.7% as of the end of the previous fiscal year.

(3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results

There is no change in the performance forecast for the year ending March 31, 2024 that was disclosed on August 10, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	10,317	13,313
Notes receivable-trade	2,357	1,367
Accounts receivable-trade	6,645	5,642
Electronically recorded monetary claims	2,233	2,020
Merchandise and finished goods	1,794	1,948
Work in process	7,423	9,878
Raw materials and supplies	1,657	1,643
Other	1,294	949
Allowance for doubtful accounts	(1)	(0)
Total current assets	33,723	36,762
Non-current assets		
Property and equipment		
Buildings and structures (net)	5,945	6,145
Land	3,878	4,208
Construction in progress	236	626
Other (net)	1,779	1,752
Total property, plant and equipment	11,839	12,733
Intangible assets		
Goodwill	130	212
Other	889	969
Total intangible assets	1,020	1,182
Investments and other assets		
Investment securities	3,488	4,684
Investments in capital	7	107
Long-term loans receivable	14	13
Deferred tax assets	981	588
Other	1,183	1,185
Allowance for doubtful accounts	(130)	(130)
Total investments and other assets	5,544	6,447
Total noncurrent assets	18,404	20,364
Total assets	52,127	57,127

(million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,012	2,809
Electronically recorded obligations	858	1,127
Accounts payable-factoring	2,355	2,248
Short-term loans payable	3,312	3,596
Income taxes payable	265	249
Accounts payable-other	644	502
Advances received	17	17
Contract liabilities	3,713	5,405
Provision for bonuses	417	465
Provision for directors' bonuses	76	40
Provision for loss on order received	172	74
Other	492	525
Total current liabilities	15,338	17,061
Long-term liabilities		
Long-term loans payable	2,449	4,953
Deferred tax liabilities	0	49
Provision for directors' retirement benefits	235	183
Retirement benefit-related liabilities	2,166	2,166
Other	333	340
Total noncurrent liabilities	5,184	7,693
Total liabilities	20,523	24,754
Net assets		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,934	7,946
Retained earnings	13,628	13,402
Treasury stock	(760)	(738)
Total shareholders' equity	29,999	29,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,177	2,030
Foreign currency translation adjustment	582	684
Deferred gains or losses on hedges	-	30
Accumulated retirement benefit-related adjustment	(115)	(108)
Total accumulated other comprehensive income	1,644	2,637
Non-controlling interests	(40)	(72)
Total net assets	31,604	32,372
Total liabilities and net assets	52,127	57,127

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Six months ended September 30, 2023)

(million yen)

	Six month ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Six month ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Net sales	18,760	16,982
Cost of sales	13,839	11,923
Gross profit	4,921	5,058
Selling, general and administrative expenses	4,521	4,788
Operating income	399	269
Non-operating income		
Interest income	1	8
Dividends income	73	99
Foreign exchange gains	83	97
Other	36	55
Total non-operating income	195	261
Non-operating expenses		
Interest expenses	35	59
Compensation for damage	4	12
Other	5	3
Total non-operating expenses	46	75
Ordinary income	548	455
Extraordinary income		
Gain on sales of investment securities	0	67
Gain on sale of non-current assets	-	2
Total extraordinary income	0	70
Extraordinary loss		
Loss due to the spread of COVID-19	23	-
Other	-	0
Total extraordinary loss	23	0
Quarterly income before income taxes	524	526
Income taxes-current	220	146
Income taxes-deferred	75	52
Total income taxes	295	199
Quarterly net income	229	327
Quarterly loss attributable to non-controlling interests	(30)	(21)
Quarterly net income attributable to owners of parent	259	348

(Consolidated Statements of Comprehensive Income)
(Six months ended September 30, 2023)

(million yen)

	Six month ended September 30, 2022 (from April 1, 2022 to September 30, 2022)	Six month ended September 30, 2023 (from April 1, 2023 to September 30, 2023)
Quarterly net income	229	327
Other comprehensive income		
Valuation difference on available-for-sale securities	(55)	852
Deferred gains or losses on hedges	-	30
Foreign currency translation adjustment	179	90
Retirement benefit-related adjustment	6	7
Total other comprehensive income	130	980
Quarterly comprehensive income	359	1,307
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	395	1,340
Quarterly comprehensive income attributable to non-controlling interests	(36)	(32)

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

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

Not applicable

(Use of special accounting methods for preparation of quarterly consolidated financial statements)

Not applicable

(Changes in Accounting Policy)

Not applicable