



Financial Results for Second Quarter of Fiscal Year Ending March 31, 2025

[Japanese GAAP] (Consolidated Data)

November 13, 2024

Company Name: Nikko Co., Ltd.

Stock Exchange Listing: Tokyo Stock Exchange

Stock Code: 6306

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

Representative: Director and President

Masaru Tsuji

For inquiries: Director and Vice President &
General Manager of Administrative Division

Hiroshi Fujii

Tel: +81-78-947-3141

Scheduled Date for Filing the Quarterly Report:

November 14, 2024

Scheduled Date for Cash Dividends:

December 5, 2024

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, 2025 (April 1, 2024 – September 30, 2024)

(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, 2024	22,634	33.3	1,280	374.9	1,468	222.4	881	153.1
Six months ended September 30, 2023	16,982	(9.5)	269	(32.5)	455	(16.9)	348	33.9

Note: Comprehensive income: Six months ended September 30, 2024 825 million yen (36.9%)
Six months ended September 30, 2023 1,307 million yen (263.8%)

	Quarterly Net Income Per Share	Diluted Quarterly Net Income Per Share
	yen	yen
Six months ended September 30, 2024	22.97	–
Six months ended September 30, 2023	9.09	–

(2) Consolidated Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	million yen	million yen	%	yen
As of September 30, 2024	63,995	33,388	52.2	867.47
As of March 31, 2024	62,229	33,086	53.1	861.74

Reference: Capital: As of September 30, 2024 33,387 million yen
As of March 31, 2024 33,028 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, 2024	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2025	–	15.00	–	–	–
Fiscal year ending March 31, 2025 (forecasts)	–	–	–	17.00	32.00

Note: Revision of previously announced dividend targets during this reporting period: Yes

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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
Full year	48,000	8.8	2,700	37.1	2,900	35.2	2,000	52.4	52.20

Note: Revision of previously announced earnings forecasts during this reporting period: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the reporting period: None

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

(3) Changes in accounting policy, 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) Issued Shares (Common Stock)

(i) Number of issued shares at period-end (including treasury shares)	As of September 30, 2024	40,000,000 shares	As of September 30, 2024	40,000,000 shares
(ii) Number of treasury shares at period-end	As of September 30, 2024	1,511,421 shares	As of September 30, 2024	1,671,626 shares
(iii) Average number of shares outstanding (quarter-to-date)	Six months ended September 30, 2024	38,367,546 shares	Six months ended September 30, 2024	38,296,475 shares

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

* Explanation of the Appropriate Use of Earnings Forecasts and Other Special Notes
(Cautionary Statement Regarding Forward-Looking Statements)

Any forecasts and forward-looking statements included in this report are based on information available at the time of this report's publication and certain assumptions considered reasonable. These forecasts are not guarantees of future performance, and actual results may vary significantly due to a variety of factors. For further details on the assumptions underlying these forecasts and other notice regarding 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 3 of the accompanying materials.

(How to Obtain Quarterly Earnings Supplementary Explanatory Materials)

Supplementary materials for the financial results will be posted on the Company's home page on Wednesday, November 13, 2024 (English version published on Tuesday, November 26, 2024).

The Company plans to hold an analyst briefing (live-streamed) on Monday, December 9, 2024.

Accompanying Material – Table of Contents

1. Qualitative Information on Quarterly Results	2
(1) Explanation About Operating Results	2
(2) Explanation About Financial Position.....	3
(3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results.....	3
2. Quarterly Consolidated Financial Statements and Notes	4
(1) Quarterly Consolidated Balance Sheet.....	4
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income....	6
(i) Quarterly Consolidated Statement of Income	6
Six Months Ended September 30, 2024	6
(ii) Quarterly Consolidated Statements of Comprehensive Income.....	7
Six Months Ended September 30, 2024	7
(3) Notes to Quarterly Consolidated Financial Statements	8
Note on Going Concern Assumption	8
Note on Significant Changes in the Amount of Shareholders' Equity.....	8
Notes on Segment Information and Other Disclosures	8

1. Qualitative Information on Quarterly Results

(1) Explanation About Operating Results

During the interim period, the global economy grew moderately, but challenges like China's real estate slump, geopolitical risks in regions like the Middle East, and high inflation in some areas weighed on growth. Japan's economy improved gradually, but rising prices limited purchasing power and consumer sentiment, while political uncertainty clouded the outlook.

In this context, capital investment demand from road paving companies, the main customers of our asphalt plant-related business, has recovered. In the ready-mixed concrete industry, cost increases were largely reflected in prices, driving strong performance and steady investment demand. As a result, consolidated net sales rose 33.3% year-on-year to 22,634 million yen. On the profit side, consolidated operating profit surged 374.9% year-on-year to 1,280 million yen, driven by higher sales and progress in reflecting cost increases, such as raw material prices, in selling prices. Consolidated ordinary profit grew 222.4% year-on-year to 1,468 million yen and profit attributable to owners of the parent increased 153.1% year-on-year to 881 million yen.

Results by segment are as follows.

- Asphalt Plant-Related Business

Sales in the domestic products and maintenance segment increased year-on-year, while overseas sales also grew compared to the same period last year. As a result, sales in this business rose 26.2% year-on-year to 8,979 million yen. During the interim consolidated accounting period, orders received increased year-on-year, while the order backlog decreased compared to the same period last year.

- Concrete Plant-Related Business

Sales in the domestic products and maintenance segment increased year-on-year, resulting in a 21.6% rise in total business sales to 6,142 million yen. During the interim consolidated accounting period, both orders received and order backlog increased compared to the same period last year.

- Environment and Conveyor-Related Business

Sales of conveyor products increased year-on-year, while sales of environmental products decreased compared to the same period last year. As a result, total business sales decreased 1.2% year-on-year to 1,433 million yen. During the interim consolidated accounting period, orders received decreased year-on-year, while the order backlog increased compared to the same period last year.

- Crusher-Related Business

Sales in this segment increased year-on-year, resulting in a 21.9% rise to 1,313 million yen. During the interim consolidated accounting period, both order intake and order backlog decreased compared to the same period last year.

- Contract-Based Manufacturing Business

Sales of contract-based manufacturing products increased year-on-year, resulting in a 601.8% rise to 2,593 million yen. During the interim consolidated accounting period, order intake increased year-on-year, while the order backlog decreased compared to the same period last year.

- Other Business

Sales of temporary equipment increased year-on-year, while sales of agricultural and construction tools decreased compared to the same period last year. As a result, total business sales rose 13.1% year-on-year to 2,171 million yen. During the interim consolidated accounting period, both order intake and order backlog decreased compared to the same period last year.

(2) Explanation About Financial Position

As of the end of the first quarter, total assets amounted to 63,995 million yen, an increase of 1,766 million yen compared to the end of the previous fiscal year.

Assets

- **Current Assets:** Current assets were 41,132 million yen, up 98 million yen from the end of the previous fiscal year. This increase is primarily due to rises in work in progress by 1,483 million yen, merchandise and finished goods by 696 million yen, cash and deposits by 284 million yen. However, accounts receivable–trade decreased by 2,342 million yen, and electronically recorded monetary claims declined by 143 million yen.
- **Non-Current Assets:** Non-current assets totaled 22,863 million yen, an increase of 1,667 million yen compared to the end of the previous fiscal year. This was mainly due to increases in property, plant and equipment by 1,632 million yen, software in progress by 69 million yen, while investment securities decreased by 47 million yen.

Liabilities

- **Total Liabilities:** Total liabilities reached 30,607 million yen, an increase of 1,464 million yen compared to the previous fiscal year-end. Key factors included increases in contract liabilities by 2,247 million yen and long-term borrowings by 368 million yen. On the other hand, there was a decrease in income taxes payable by 318 million yen.

Equity

- **Net Assets:** Net assets were 33,388 million yen, up 31 million yen from the previous fiscal year-end. The main factors were an increase in retained earnings by 306 million yen and a decrease in non-controlling interests by 57 million yen.
- **Equity Ratio:** As a result, the equity ratio decreased to 52.2% from 53.1% at the end of the previous fiscal year

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

Please refer to the notice titled 'Notice of Revisions of Earnings and Dividends Forecasts' originally published on November 13, 2024 (English version published on November 26, 2024), for details regarding the full-year earnings forecast for the fiscal year ending March 31, 2025.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	15,551	15,835
Notes receivable–trade	1,773	1,688
Accounts receivable–trade	8,975	6,632
Electronically recorded monetary claims	2,419	2,276
Merchandise and finished goods	1,631	2,328
Work in process	8,323	9,807
Raw materials and supplies	1,695	1,625
Forward exchange contracts	30	6
Other	633	932
Allowance for doubtful accounts	(1)	(0)
Total current assets	41,033	41,132
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,175	7,991
Machinery, equipment and vehicles, net	1,199	1,318
Tools, furniture and fixtures, net	514	563
Land	4,204	4,562
Leased assets, net	0	–
Right-of-use assets, net	75	94
Construction in progress	1,078	348
Total property, plant and equipment	13,247	14,880
Intangible assets		
Goodwill	196	180
Other	1,011	1,025
Total intangible assets	1,208	1,206
Investments and other assets		
Investment securities	5,248	5,201
Investments in capital	107	107
Long-term loans receivable	13	10
Deferred tax assets	549	583
Other	951	1,004
Allowance for doubtful accounts	(130)	(129)
Total investments and other assets	6,740	6,776
Total non-current assets	21,196	22,863
Total assets	62,229	63,995

(million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable–trade	3,256	3,613
Electronically recorded obligations	1,296	1,276
Accounts payable–factoring	2,868	2,936
Short-term loans borrowings	6,166	6,104
Income taxes payable	965	444
Accounts payable–other	700	1,459
Advances received	17	17
Contract liabilities	4,625	7,463
Provision for bonuses	610	188
Provision for directors' bonuses	98	27
Provision for loss on order received	82	67
Other	1,054	515
Total current liabilities	21,743	24,114
Non-current liabilities		
Long-term borrowings	4,550	4,919
Deferred tax liabilities	170	181
Provision for retirement benefits for directors	206	115
Retirement benefit liability	2,140	2,263
Other	330	412
Total non-current liabilities	7,399	7,892
Total liabilities	29,143	30,607
Net assets		
Shareholders' equity		
Share capital	9,197	9,197
Capital surplus	7,787	7,804
Retained earnings	13,791	14,097
Treasury shares	(738)	(667)
Total shareholders' equity	30,038	30,432
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,335	2,303
Foreign currency translation adjustment	696	761
Deferred gains or losses on hedges	21	4
Accumulated retirement benefit-related adjustment	(62)	(114)
Total valuation and translation adjustments	2,990	2,955
Non-controlling interests	57	0
Total net assets	33,086	33,388
Total liabilities and net assets	62,229	63,995

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

(i) Quarterly Consolidated Statement of Income

Six Months Ended September 30, 2024

(million yen)

	Six months ended September 30, 2023 (Apr. 1, 2023 – Sep. 30, 2023)	Six months ended September 30, 2024 (Apr. 1, 2024 – Sep. 30, 2024)
Net sales	16,982	22,634
Cost of sales	11,923	15,957
Gross profit	5,058	6,676
Selling, general and administrative expenses	4,788	5,396
Operating income	269	1,280
Non-operating income		
Interest income	8	2
Dividends income	99	118
Foreign exchange gains	97	81
Other	55	65
Total non-operating income	261	268
Non-operating expenses		
Interest expenses	59	47
Compensation for damage	12	20
Other	3	12
Total non-operating expenses	75	80
Ordinary income	455	1,468
Extraordinary income		
Gain on sales of investment securities	67	13
Gain on sale of non-current assets	2	1
Total extraordinary income	70	15
Extraordinary loss		
Loss on sale of investment securities	–	0
Other	0	–
Total extraordinary loss	0	0
Quarterly income before income taxes	526	1,483
Income taxes - current	146	578
Income taxes - deferred	52	26
Total income taxes	199	604
Quarterly net income	327	879
Quarterly loss attributable to non-controlling interests	(21)	(1)
Quarterly net income attributable to owners of parent	348	881

(ii) Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30, 2024

(million yen)

	Six months ended September 30, 2023 (Apr. 1, 2023 – Sep. 30, 2023)	Six months ended September 30, 2024 (Apr. 1, 2024 – Sep. 30, 2024)
Quarterly net income	327	879
Other comprehensive income		
Valuation difference on available-for-sale securities	852	(32)
Deferred gains or losses on hedges	30	(16)
Foreign currency translation adjustment	90	47
Retirement benefit-related adjustment	7	(51)
Total other comprehensive income	980	(53)
Quarterly comprehensive income	1,307	825
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	1,340	845
Quarterly comprehensive income attributable to non-controlling interests	(32)	(19)

(3) Notes to Quarterly Consolidated Financial Statements

Note on Going Concern Assumption

There are no relevant matters to report.

Note on Significant Changes in the Amount of Shareholders' Equity

There are no relevant matters to report.

Notes on Segment Information and Other Disclosures

[Segment Information]

(i) Second Quarter Consolidated Cumulative Period for the Previous Year (April 1, 2023 – September 30, 2023)

a. Information on Sales and Profit or Loss by Reportable Segment

(million yen)

	Reportable segments						Other business (Note)	Total
	Asphalt plant-related business	Concrete plant-related business	Environment and conveyor-related business	Crusher-related business	Contract-based manufacturing business	Total		
Net sales								
Sales to external customers	7,114	5,049	1,450	1,078	369	15,062	1,919	16,982
Inter-segment sales or transfers	–	–	9	–	–	9	79	89
Total	7,114	5,049	1,459	1,078	369	15,072	1,998	17,071
Segment profit/loss	29	504	332	56	(32)	890	191	1,082

Note: The "Other business" category includes business segments that are not classified as reportable segments. It comprises the construction machinery business, hand tool business, and waterproof board business.

- b. The difference between the total amount of profit or loss for the reportable segments and the amount recorded in the quarterly consolidated statement of income, as well as the main components of this difference (items related to reconciliation)

(million yen)

Profit/Loss	Amount
Total of reportable segments	890
Profit for "Other" category	191
Corporate expenses (Note)	(812)
Operating Loss in the Quarterly Consolidated Income Statement	269

Note: Corporate expenses primarily consist of costs associated with department such as planning and management that are not attributable to the reportable segments.

(ii) Second Quarter Consolidated Cumulative Period (April 1, 2024 – September 30, 2024)

a. Information on Sales and Profit or Loss by Reportable Segment

(million yen)

	Reportable segments						Other business (Note)	Total
	Asphalt plant-related business	Concrete plant-related business	Environment and conveyor-related business	Crusher-related business	Contract-based manufacturing business	Total		
Net sales								
Sales to external customers	8,979	6,142	1,433	1,313	2,593	20,462	2,171	22,634
Inter-segment sales or transfers	–	–	1	–	–	1	66	67
Total	8,979	6,142	1,434	1,313	2,593	20,463	2,238	22,702
Segment profit/loss	498	748	326	96	369	2,039	226	2,266

Note: The "Other business" category includes business segments that are not classified as reportable segments. It comprises the construction machinery business, hand tool business, and waterproof board business.

- b. The difference between the total amount of profit or loss for the reportable segments and the amount recorded in the quarterly consolidated statement of income, as well as the main components of this difference (items related to reconciliation)

(million yen)

Profit/Loss	Amount
Total of reportable segments	2,039
Profit for "Other" category	226
Corporate expenses (Note)	(985)
Operating income in the quarterly consolidated income statement	1,280

Note: Corporate expenses primarily consist of costs associated with departments such as planning and management, that are not attributable to the reportable segments.

c. Changes in Reportable Segments

Starting from the third quarter of the previous fiscal year, the "Crusher-Related Business" and "Contract-Based Manufacturing Business," previously grouped under "Other Business" have been separately disclosed as reportable segments due to their increased significance.

For reference, the segment information for the previous interim consolidated period has been adjusted to reflect this new classification.