



Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] (Consolidated Data)

May 15, 2024

Company Name: Nikko Co., Ltd. Stock Exchange Listing: Tokyo Stock Exchange
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 Scheduled date of Ordinary General Shareholders' Meeting: June 21, 2024 Scheduled date for cash dividends: June 24, 2024
 Scheduled date for filing the annual securities report: June 24, 2024
 Full-year earnings supplementary explanatory materials: Yes
 Financial results briefing session: Yes (for analysts)

(Amounts rounded down to the nearest million yen)

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

(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, 2024	44,097	11.2	1,968	91.5	2,144	70.8	1,312	28.6
Fiscal year ended March 31, 2023	39,665	2.1	1,028	(49.9)	1,255	(44.8)	1,020	(38.1)

Note: Comprehensive income: Fiscal year ended March 31, 2024 2,570 million yen (285.0%)
 Fiscal year ended March 31, 2023 667 million yen (-62.4%)

	Net income per share	Diluted net income per share	Return on equity	Return on assets	Operating margin
	yen	yen	%	%	%
Fiscal year ended March 31, 2024	34.25	-	4.1	3.8	4.5
Fiscal year ended March 31, 2023	26.67	-	3.2	2.4	2.6

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of March 31, 2024	62,229	33,086	53.1	861.74
As of March 31, 2023	52,127	31,604	60.7	826.73

(Reference) Capital: As of March 31, 2024 33,028 million yen
 As of March 31, 2023 31,644 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Term-end balance of cash and cash equivalents
	million yen	million yen	million yen	million yen
Fiscal year ended March 31, 2024	4,332	(2,333)	3,185	15,504
Fiscal year ended March 31, 2023	(1,644)	(1,226)	710	10,270

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, 2023	-	15.00	-	15.00	30.00	1,147	112.5	3.6
Fiscal year ended March 31, 2024	-	15.00	-	15.00	30.00	1,149	87.6	3.6
Fiscal year ending March 31, 2025 (forecasts)	-	15.00	-	15.00	30.00		67.6	

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
2Q (first half)	23,000	35.4	1,300	382.0	1,300	185.4	850	144.1	22.19
Full year	48,000	8.8	2,600	32.1	2,600	21.2	1,700	29.5	44.37

*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

(Note) Please refer to (5) Notes to Consolidated Financial Statements (Changes in Accounting Policy) of 4.

Consolidated Financial Statements and Notes to the Statements on page 17 of Accompanying Material for details.

(3) Shares issued (common stock)

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

As of March 31, 2024	40,000,000 shares	As of March 31, 2023	40,000,000 shares
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(ii) Number of shares held in treasury at end of period

As of March 31, 2024	1,671,626 shares	As of March 31, 2023	1,723,305 shares
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(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	38,312,466 shares	Fiscal year ended March 31, 2023	38,261,001 shares
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* This report is exempt from audit 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) Overview of Operating Results for Fiscal Year Ended March 31, 2024 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 Wednesday, May 15, 2024.

The Company has scheduled a financial results briefing session (live streaming) for securities analysts on Monday, June 17, 2024.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for Fiscal Year Ended March 31, 2024

(i) Operating Results for Fiscal Year Ended March 31, 2024

During the fiscal year under review, amid rising geopolitical risks including the start of conflict in the Middle East and the prolonged invasion of Ukraine by Russia, the U.S. economy remained solid even as the country maintained its monetary tightening policy. The economy decelerated further in Europe while the Chinese economy showed clear signs of recession led by the real estate industry. In Japan, labor shortage and the yen's depreciation exacerbated price increases, which is having a significant impact on the national economy.

In March 2022, the Company announced the 2030 Vision “the top manufacturer of plant facilities and environmental products underpinned by advanced technology and customers’ management partner through operation and maintenance service,” which presents what Nikko Group aspires to be in 2030, as well as the new three-year Medium-Term Management Plan (FY 2022–FY 2024) starting in FY 2022. The Group positioned the new medium-term plan period as the internal investment phase for building structures, processes, and systems towards the realization of the 2030 Vision and plans to actively make investment for market introduction of new products and services and strengthening the organizational capability required for achieving goals. As numerical goals, the Group aims for 50.0 billion yen in consolidated net sales and 3.0 billion yen in operating income (operating margin of 6.0%) in the final fiscal year. Further, it positioned the period from 2025 to 2030 as the business expansion phase with improved profitability in which the Group expects to succeed in full-fledged sales of environmentally friendly products for decarbonization, business area expansion into the ASEAN region, actualizing the impact of introduction of technologies such as automation and remote operations, and review of production process. In the 2030 Vision, the Group aims to achieve consolidated net sales of 60.0 billion yen and operating income of 6.0 billion yen (operating margin of 10%) as well as 50.0 billion yen in market cap, which is part of the Long-term Basic Policy (10 years).

In the fiscal year under review, sales of the Company's asphalt plant-related business in Japan increased due to the recovery in capital investment demand of road pavement companies, who are its main customers, as their business improved. The concrete plant-related business performed strongly as it has been successful in passing on the price increases in raw materials to selling prices in the ready-mixed concrete industry and appetite for capital investment continued to be firm. Sales of the environment- and conveyor-related business increased as the price increases in raw materials have been successfully passed on to selling prices. Sales of the crusher-related business rose owing to the restoration support project for Ukraine, while those of the contract-based manufacturing business grew thanks to contributions from Matsuda Kiko, K.K., which joined the Group in July through an M&A. In the other business, sales increased as the price increases in raw materials have been reflected on the selling prices and the market recovered.

Overseas, the Company's sales declined and it posted a loss in China due to the slump in the Chinese economy. In Thailand, where it continued to post a loss, new orders received and sales have greatly increased and the business is showing an improving trend.

As a result of these activities, the Nikko Group in the fiscal year under review posted consolidated net sales of 44,097 million yen (up 11.2% from a year earlier) and consolidated operating income of 1,968 million yen (up 91.5% from a year earlier). Consolidated ordinary income totaled 2,144 million yen (up 70.8% from a year earlier) and net income attributable to owners of parent came to 1,312 million yen (up 28.6% from a year earlier). The results of both net sales and profits fell short of the goals set forth by the three-year Medium-Term Management Plan, which were 48,000 million yen for consolidated net sales and 2,800 million yen for consolidated operating income.

Overview of operating results by segment is as follows.

Starting from the fiscal year ended March 31, 2024, the Company added the crusher-related business and contract-based manufacturing business, which were previously included in the “Other Business,” to its reportable segments as their quantitative importance increased. Accordingly, it carried out comparison and analysis for the fiscal year ended March 31, 2024, based on the new segments.

<Asphalt Plant-Related Business>

Net sales of the asphalt plant-related business increased 3.4% compared with a year earlier to 17,938 million yen. Order backlog rose by 12.2% compared with a year earlier to 8,975 million yen.

<Concrete Plant-Related Business>

Net sales of the concrete plant-related business increased 7.2% to 11,907 million yen from a year earlier. Order backlog also grew by 40.1% compared with a year earlier to 8,555 million yen.

<Environment- and Conveyor-Related Business>

Net sales of the environment- and conveyor-related business rose 14.6% from a year earlier to 3,309 million yen. Order backlog grew significantly by 176.8% compared with a year earlier to 778 million yen.

<Crusher-Related Business>

Net sales of the crusher-related business rose 44.3% from a year earlier to 3,198 million yen. Order backlog rose by 26.9% compared with a year earlier to 962 million yen.

<Contract-Based Manufacturing Business>

Net sales of the contract-based manufacturing business rose 38.6% from a year earlier to 3,072 million yen. Order backlog rose by 30.3% compared with a year earlier to 2,375 million yen.

<Other Business>

Net sales of the other business rose 20.0% from a year earlier to 4,670 million yen. Order backlog rose by 4.7% compared with a year earlier to 722 million yen.

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

		Asphalt Plant-Related Business	Concrete Plant-Related Business	Environment- and conveyor-related business	Crusher-Related Business	Contract-Based Manufacturing Business	Other Business	Total
Fiscal year ended March 31, 2024	Net sales (mil. yen)	17,938	11,907	3,309	3,198	3,072	4,670	44,097
	Share (%)	40.7	27.0	7.5	7.2	7.0	10.6	100
Fiscal year ended March 31, 2023	Net sales (mil. yen)	17,341	11,111	2,888	2,217	2,216	3,891	39,665
	Share (%)	43.7	28.0	7.3	5.6	5.6	9.8	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

Order backlog of the asphalt plant-related business in Japan has risen significantly given the situation where replacement demand continues for the plants built in the 1980s. Rising raw material prices and personnel costs are being passed on to selling prices in a wide range of industries. In the road pavement industry also, the higher crude oil price has been passed on to the selling price and companies have resumed making investments in maintenance services for existing facilities, which they had been holding off. Moreover, society's interest in environmentally friendly products has risen, reflecting the global requirements for decarbonization, and demand for such products have been expanding. The concrete plant-related business is also expected to perform steadily thanks to continued strong demand and large-scale projects.

Orders and net sales of the Thai business have been growing partly thanks to proactive support by the ASEAN Business Promotion Office in Japan and the business aims to turn profitable early on through improvement of plant productivity. In China, where the economy likely has bottomed and is expected to recover, the business environment is expected to remain difficult given the lingering impact of recession.

For the fiscal year ending March 31, 2025, the Company expects to achieve consolidated net sales of 48,000 million yen, operating income of 2,600 million yen, ordinary income of 2,600 million yen, and net income attributable to owners of parent of 1,700 million yen.

(2) Overview of Financial Conditions for Fiscal Year Ended March 31, 2024

(i) Assets, Liabilities, and Net Assets

Total assets at the end of the fiscal year (March 31, 2024) amounted to 62,229 million yen, an increase of 10,102 million yen from the end of the previous fiscal year.

Current assets came to 41,033 million yen, up 7,310 million yen from the end of the previous fiscal year. Main factors contributing to the change are increases of 5,233 million yen in cash and cash equivalents, 2,330 million yen in accounts receivable-trade, and 899 million yen in work in process as well as decreases of 584 million yen in notes receivable-trade and 162 million yen in merchandise and finished goods.

Noncurrent assets came to 21,196 million yen, up 2,792 million yen from the end of the previous consolidated fiscal year. Factors contributing to the change include increases of 1,760 million yen in investment securities, 842 million

yen in construction in progress, and 325 million yen in land as well as a decrease of 431 million yen in deferred tax assets.

Liabilities totaled 29,143 million yen, increasing 8,619 million yen from the end of the previous fiscal year. Main factors contributing to the change are increases of 2,853 million yen in short-term loans and 2,101 million yen in long-term loans as well as a decline of 89 million yen in provision for loss on construction contracts.

Net assets came to 33,086 million yen, up 1,482 million yen from the end of the previous fiscal year. Main factors contributing to the change are an increase of 1,157 million yen in valuation difference on available-for-sale securities and a decline of 147 million yen in capital surplus.

As a result, equity ratio fell to 53.1% from 60.7% at the end of the previous fiscal year.

(ii) Cash Flows

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Change
Cash flow from operating activities (million yen)	4,332	(1,644)	5,976
Cash flow from investing activities (million yen)	(2,333)	(1,226)	(1,107)
Cash flows from financing activities (million yen)	3,185	710	2,475
Effect of exchange rate changes on cash and cash equivalents (million yen)	48	41	6
Net increase (decrease) in cash and cash equivalents (million yen)	5,233	(2,118)	7,351
Cash and cash equivalents at beginning of year (million yen)	10,270	12,389	(2,118)
Cash and cash equivalents at end of year (million yen)	15,504	10,270	5,233

Cash provided by operating activities totaled 4,332 million yen (compared with 1,644 million yen in cash used in operating activities in the previous fiscal year). Major items in cash flow from operating activities include 2,231 million yen in net income before income taxes, 998 million yen in depreciation and amortization, 844 million yen in proceeds from an increase in contract liabilities as well as 1,770 million yen in expenditure due to an increase in trade receivables, 281 million yen in expenditure from an increase in inventories, and 309 million yen in income taxes paid.

Cash used in investing activities totaled 2,333 million yen (compared with 1,226 million yen in cash used in investing activities in the previous fiscal year). Major items in cash flow from investing activities include 111 million yen in proceeds from sales and redemption of investment securities as well as 2,321 million yen in purchase of property, plant and equipment and intangible assets.

Cash provided by financing activities totaled 3,185 million yen (compared with 710 million yen in cash provided by financing activities in the previous fiscal year). Major items in cash flow from financing activities include 2,081 million yen in proceeds from short-term loans payable and 3,740 million yen in proceeds from long-term loans payable as well as 1,488 million yen in repayment of long-term loans payable and 1,149 million yen in cash dividends paid.

As a result, consolidated cash and cash equivalents at the end of the fiscal year under review increased by 5,233 million yen from the end of the previous fiscal year to 15,504 million yen.

Changes in cash flow-related indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	64.5	61.5	60.7	53.1
Return on equity based on market value (%)	57.3	44.6	46.6	47.2
Cash flow to interest-bearing debt (years)	0.9	1.7	(3.5)	2.5
Interest coverage ratio (times)	75.2	44.1	(21.2)	36.1

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 15.00 yen per share at the 161st Ordinary General Shareholders' Meeting scheduled on June 21, 2024.

For the next fiscal year, the Company plans annual dividend of 30.00 yen per share (dividend payout ratio of 87.6%), consisting of interim and year-end dividends of 15.00 yen per share each.

(4) Risks Associated with Business, etc.

(i) Risks associated with the Asphalt Plant-Related Business in Japan

<Risk of insufficient differentiation with competitors>

The asphalt plant market in Japan is an oligopoly where the Company and another competing company account for almost 100% of the market. The Company's market share is more than 70% and its positioning as the top manufacturer has not changed for years. The Company will pursue differentiation by developing new products that contribute to realizing carbon-neutral society and CO₂ reduction and through business model reform of the maintenance service business as well as the offering of remote and automated support to secure our position as the overwhelming top manufacturer. However, there is a possibility that the appeal of this differentiation for customers becomes weak if the Company is unable to engage in sufficient product development or if other companies develop a meticulous maintenance system that compares favorably with the Company's system.

<Risks of foreign manufacturers entering the Japanese market>

In recent years, no foreign manufacturer has entered the asphalt plant market in Japan, but Chinese and Korean manufacturers have been gradually acquiring technical strengths and may be planning to enter the Japanese market. While it would not be easy for foreign manufacturers to enter the Japanese market without sufficient maintenance structures, there is a possibility that they would seriously consider entering the Japanese market when the growth in their respective market has stalled. If foreign manufacturers join the Japanese market, the competition among manufacturers may intensify.

<Risks of shrinking market due to reorganization of the road paving industry>

The organizational restructuring of major road paving companies has been gathering pace, which could lead to reorganization of the road paving industry in the future. If industrial reorganization results in further consolidation of asphalt plants, the market may shrink.

(ii) Risk associated with Nikko's technological innovation not catching up with the initiatives for reducing environmental burden

Asphalt plants primarily use fossil fuels as energy source. About 1.3 million tons a year of CO₂ is estimated to be emitted in Japan for manufacturing asphalt mixture, and 70% of the emissions are thought to be from Nikko-manufactured plants based on the market share. In close collaboration with road pavement companies, who are our customers, Nikko is working on early social implementation of technological innovations such as fuel efficiency improvement and shifting of heat source at asphalt plants (carbon-neutral fuels, electrical heating, etc.), improvement of transportation efficiency through innovation of mixture transportation method, collection of CO₂ emitted by asphalt plants, and CO₂ absorption using ready-mixed concrete. However, there is a possibility of our technological innovation not keeping pace if the global movement of reducing environmental burden advances faster than expected.

(iii) Risks associated with the overseas business

<Risks of intensifying competition in the high-end asphalt plant market in China>

The Company has secured a certain position in the high-end model category in the asphalt plant market in China

and has been steadily recording sales and profit every year. So far, the competitors in the high-end market are two European companies in addition to one or two top Chinese manufacturers, and competition has been mild. However, Chinese companies in general have been gaining technical strength and the competition may intensify if many Chinese manufacturers enter the high-end market in the future.

<Risks of failing to achieve sales plan in the ASEAN market>

As part of the growth strategy, we established a manufacturing subsidiary in Thailand in FY 2020 and invested more than 1.0 billion yen in the factory. The premise of this investment is that we can stably sell asphalt plants every year in Thailand and other ASEAN countries. However, if the Company's plants do not gain enough support from customers in the ASEAN countries including Thailand and the sales volume does not grow or the business continues to record losses due to a failure to improve productivity of its factory, it runs the risk of impairment of the factory.

(iv) Risks associated with reduction in budget for public investment

In the past, when political power shifted to the Democratic Party of Japan from the Liberal Democratic Party, "from concrete to people" became the former's slogan and many of the Company's customers began curbing capital investment. As a result, our sales declined significantly. In the future, if a party that holds up a policy to reduce public investment forms the government, our customers may shift to curb investment like they did during the previous Democratic Party of Japan regime.

(v) Risk regarding securing of human resources to engage in on-site operations

With our business model, we carry out the entire process from plant manufacture to installation on site and offering of maintenance service all in-house. In maintenance service, the Company has been promoting labor saving in maintenance operations utilizing IoT, etc., but recently it is becoming more difficult to recruit human resources to engage in on-site operations such as maintenance service workers and those engaging in construction work given the labor shortage. If we are unable to hire the required number of on-site workers, it may become difficult to maintain a competitive edge with our business model.

(vi) Risk associated with rising prices of materials, etc.

Concerns for price increases and inflation remain strong. If this situation continues, prices of materials, etc. that the Company purchases also would increase and the Company's earnings may deteriorate. Further, the Company's customers may postpone or suspend their capital investment plans due to the impact of price increases, which may cause the Company's net sales to decline.

(vii) Risk associated with increasing and intensifying regional conflicts

The rises in crude oil and other prices and the disruption in the global economy due to the impact of Russia's invasion of Ukraine and increasing regional conflicts in Middle East and elsewhere may impact capital investment plans, etc. of the Company's customers.

(viii) Risk associated with the fluctuation of foreign exchange market

The Company imports mainstay products of the mobile plant business from Europe and sells them. While the Company hedges risks related to foreign exchange fluctuations by purchasing foreign currencies in advance and using forward exchange contracts for importing, it may be exposed to the risk of foreign exchange rate fluctuation if it fails in such risk-hedges. If the yen depreciates further, it may reduce price competitiveness of the Company's products.

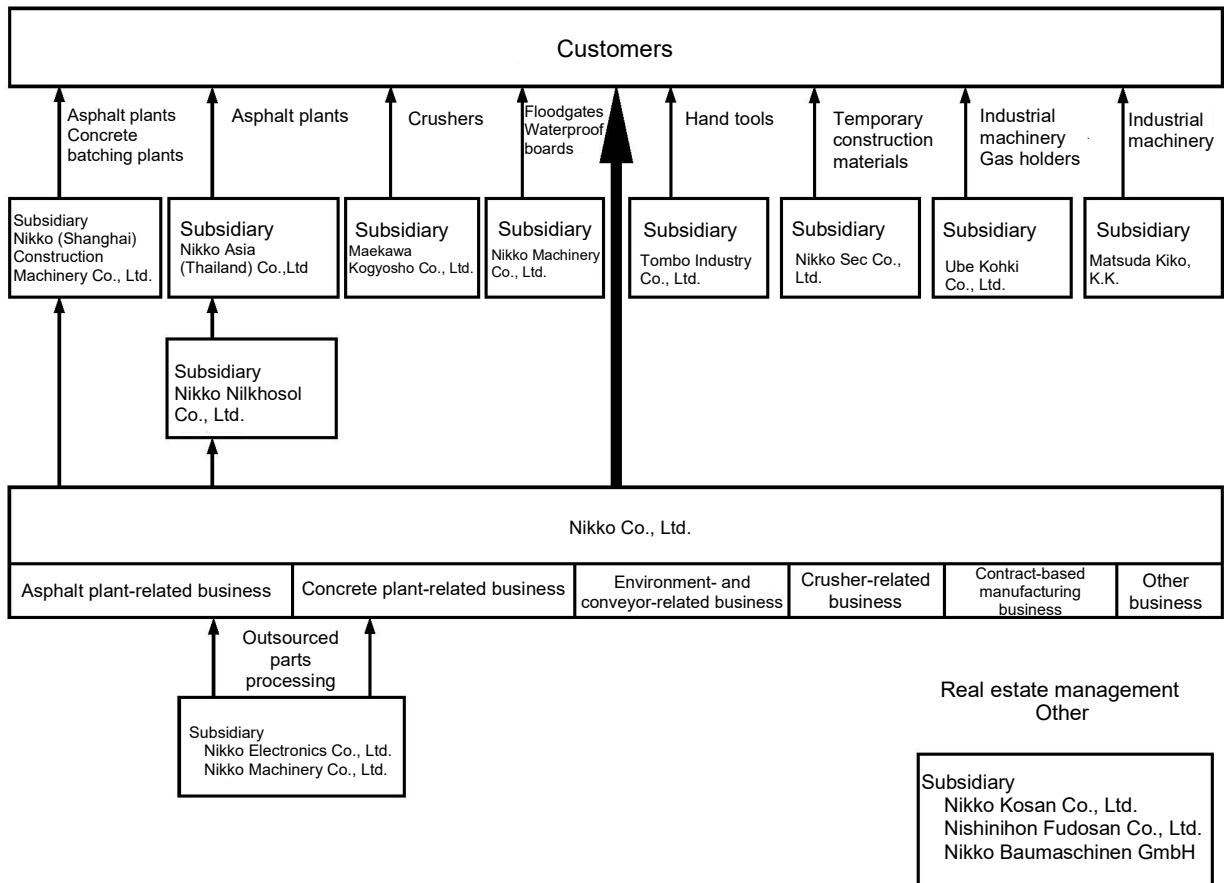
2. Status of the Nikko Corporate Group

The Nikko corporate group consists of the Company and 13 subsidiaries. The principal business of Nikko Group is manufacture and distribution of asphalt plants, concrete plants, environment and conveyor machinery, and crushers, and it is also engaged in contract-based manufacturing, 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, crusher business as the Crusher-Related Business, contract-based manufacturing business as the Contract-Based Manufacturing 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 Recycling plants Mixture silos Electronic control devices, plant management system	Nikko Co., Ltd. Nikko Electronics Co., Ltd. Nikko Machinery Co., Ltd. Nikko (Shanghai) Construction Machinery Co., Ltd. Nikko Asia (Thailand) Co.,Ltd. Nikko Nilkholol Co.,Ltd.
Concrete Plant-Related Business	Concrete plants Compact concrete plants Concrete pumps Electronic control devices, plant management system Concrete manufacturing plant facilities, etc.	Nikko Co., Ltd. Nikko Electronics Co., Ltd. Nikko Machinery Co., Ltd. Nikko (Shanghai) Construction Machinery Co., Ltd.
Environment- and conveyor-related business	Belt conveyors, conveyors for facilities, beverage container recycling plants Soil remediation plant, plastic recycling plant	Nikko Co., Ltd.
Crusher-Related Business	Crushers	Nikko Co., Ltd. Maekawa Kogyosho
Contract-Based Manufacturing Business	Industrial equipment, gas holders	Nikko Co., Ltd. Ube Kohki Co., Ltd. Matsuda Kiko, K.K.
Other Business	Pipe scaffoldings, steel gangplanks, pipe supports Temporary aluminum staircases Shovels, spades Small-sized concrete mixers, mortar mixers Floodgates and waterproof boards Real estate leasing, real estate sales, construction machinery product leasing Housing renovation and solar LED lights	Nikko Co., Ltd. Nikko Machinery Co., Ltd. Tombo Industry Co., Ltd. Nikko Sec Co., Ltd. Nikko Kosan Co., Ltd. Nishinohon Fudosan Co., Ltd. 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)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	10,317	15,551
Notes receivable-trade	2,357	1,773
Accounts receivable-trade	6,645	8,975
Electronically recorded monetary claims	2,233	2,419
Merchandise and finished goods	1,794	1,631
Work in process	7,423	8,323
Raw materials and supplies	1,657	1,695
Forward exchange contracts	14	30
Other	1,279	633
Allowance for doubtful accounts	(1)	(1)
Total current assets	33,723	41,033
Non-current assets		
Property and equipment		
Buildings and structures (net)	5,945	6,175
Machinery, equipment and vehicles (net)	1,292	1,199
Tools, furniture and fixtures (net)	405	514
Land	3,878	4,204
Lease assets (net)	0	0
Right-of-use assets (net)	81	75
Construction in progress	236	1,078
Total property, plant and equipment	11,839	13,247
Intangible assets		
Goodwill	130	196
Other	889	1,011
Total intangible assets	1,020	1,208
Investments and other assets		
Investment securities	3,488	5,248
Investments in capital	7	107
Long-term loans receivable	14	13
Deferred tax assets	981	549
Other	1,183	951
Allowance for doubtful accounts	(130)	(130)
Total investments and other assets	5,544	6,740
Total noncurrent assets	18,404	21,196
Total assets	52,127	62,229

(million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,012	3,256
Electronically recorded obligations	858	1,296
Accounts payable-factoring	2,355	2,868
Short-term loans payable	3,312	6,166
Income taxes payable	265	965
Accounts payable-other	644	700
Advances received	17	17
Contract liabilities	3,713	4,625
Provision for bonuses	417	610
Provision for directors' bonuses	76	98
Provision for loss on order received	172	82
Other	492	1,054
Total current liabilities	15,338	21,743
Long-term liabilities		
Long-term loans payable	2,449	4,550
Deferred tax liabilities	0	170
Provision for directors' retirement benefits	235	206
Retirement benefit-related liabilities	2,166	2,140
Other	333	330
Total noncurrent liabilities	5,184	7,399
Total liabilities	20,523	29,143
Net assets		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,934	7,787
Retained earnings	13,628	13,791
Treasury stock	(760)	(738)
Total shareholders' equity	29,999	30,038
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,177	2,335
Foreign currency translation adjustment	582	696
Deferred gains or losses on hedges	-	21
Accumulated retirement benefit-related adjustment	(115)	(62)
Total accumulated other comprehensive income	1,644	2,990
Non-controlling interests	(40)	57
Total net assets	31,604	33,086
Total liabilities and net assets	52,127	62,229

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

(million yen)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net sales	39,665	44,097
Cost of sales	29,348	31,992
Gross profit	10,317	12,105
Selling, general and administrative expenses	9,288	10,136
Operating income	1,028	1,968
Non-operating income		
Interest income	2	4
Dividends income	104	141
Foreign exchange gains	158	117
Surrender value of insurance policies	-	46
Other	64	106
Total non-operating income	330	416
Non-operating expenses		
Interest expenses	77	119
Compensation for damage	6	107
Other	18	12
Total non-operating expenses	102	240
Ordinary income	1,255	2,144
Extraordinary income		
Gain on sales of investment securities	564	68
Gain on sale of non-current assets	-	11
Gain on bargain purchase	-	7
Total extraordinary income	564	87
Extraordinary loss		
Loss due to the spread of COVID-19	23	-
Impairment loss	104	-
Loss on sale of non-current assets	-	0
Total extraordinary loss	127	0
Net income before income taxes	1,693	2,231
Income taxes-current	745	1,003
Income taxes-deferred	6	(16)
Total income taxes	751	987
Net income	941	1,244
Loss attributable to non-controlling interests	(78)	(68)
Net income attributable to owners of parent	1,020	1,312

(Consolidated Statements of Comprehensive Income)

(million yen)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net income	941	1,244
Other comprehensive income		
Valuation difference on available-for-sale securities	(275)	1,157
Foreign currency translation adjustment	13	94
Deferred gains or losses on hedges	-	21
Retirement benefit-related adjustment	(11)	52
Total other comprehensive income	(273)	1,326
Comprehensive income	667	2,570
(Breakdown)		
Comprehensive income attributable to owners of the parent	755	2,657
Comprehensive income attributable to non-controlling interests	(87)	(87)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	9,197	7,925	13,755	(784)	30,093
Changes during term					
Cash dividends			(1,147)		(1,147)
Net income attributable to owners of parent			1,020		1,020
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		9		23	33
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	9	(127)	23	(93)
Balance at end of term	9,197	7,934	13,628	(760)	29,999

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Accumulated retirement benefit-related adjustment	Total accumulated other comprehensive income		
Balance at beginning of term	1,453	560	-	(104)	1,910	46	32,050
Changes during term							
Cash dividends							(1,147)
Net income attributable to owners of parent							1,020
Purchase of treasury stock							(0)
Disposal of treasury stock							33
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes of items other than shareholders' equity	(275)	21	-	(11)	(265)	(87)	(352)
Total changes of items during the period	(275)	21	-	(11)	(265)	(87)	(446)
Balance at end of term	1,177	582	-	(115)	1,644	(40)	31,604

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of term	9,197	7,934	13,628	(760)	29,999
Changes during term					
Cash dividends			(1,149)		(1,149)
Net income attributable to owners of parent			1,312		1,312
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		11		22	34
Change in ownership interest of parent due to transactions with non-controlling interests		(158)			(158)
Net changes of items other than shareholders' equity					-
Total changes of items during the period	-	(147)	163	22	38
Balance at end of term	9,197	7,787	13,791	(738)	30,038

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Deferred gains or losses on hedges	Accumulated retirement benefit-related adjustment	Total accumulated other comprehensive income		
Balance at beginning of term	1,177	582	-	(115)	1,644	(40)	31,604
Changes during term							
Cash dividends							(1,149)
Net income attributable to owners of parent							1,312
Purchase of treasury stock							(0)
Disposal of treasury stock							34
Change in ownership interest of parent due to transactions with non-controlling interests							(158)
Net changes of items other than shareholders' equity	1,157	113	21	52	1,345	98	1,443
Total changes of items during the period	1,157	113	21	52	1,345	98	1,482
Balance at end of term	2,335	696	21	(62)	2,990	57	33,086

(4) Consolidated Statements of Cash Flows

(million yen)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Net income before income taxes	1,693	2,231
Depreciation and amortization	944	998
Amortization of goodwill	46	25
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in retirement benefit-related adjustment	22	7
Increase (decrease) in provision for directors' retirement benefits	52	(28)
Interest and dividends income	(107)	(145)
Interest expenses	77	119
Foreign exchange losses (gains)	(15)	(8)
Loss (gain) on sales and valuation of investment securities	(564)	(68)
Decrease (increase) in notes and accounts receivable-trade	(196)	(1,770)
Decrease (increase) in inventories	(1,156)	(281)
Increase (decrease) in notes and accounts payable-trade	(204)	527
Decrease (increase) in accounts payable - other	(463)	493
Increase (decrease) in accounts payable - other	(457)	456
Increase (decrease) in accrued consumption taxes	(5)	432
Impairment loss	104	-
Increase (decrease) in contract liabilities	(708)	844
Other	229	783
Subtotal	(709)	4,616
Interest and dividends income received	139	145
Interest expenses paid	(77)	(119)
Income taxes paid	(997)	(309)
Net cash provided by (used in) operating activities	(1,644)	4,332
Cash flows from investing activities		
Payments into time deposits	(47)	(47)
Proceeds from withdrawal of time deposits	47	47
Purchase of investment securities	(22)	(14)
Proceeds from sales and redemption of investment securities	1,002	111
Purchase of property, plant and equipment and intangible assets	(2,174)	(2,321)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(332)
Payments of loans receivable	(10)	(5)
Collection of loans receivable	5	8
Other	(26)	221
Net cash provided by (used in) investing activities	(1,226)	(2,333)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	968	2,081
Proceeds from long-term loans payable	1,084	3,740
Repayment of long-term loans payable	(187)	(1,488)
Purchase of treasury stock	(0)	(0)
Repayments of finance lease obligations	(7)	1
Cash dividends paid	(1,147)	(1,149)
Net cash provided by (used in) financing activities	710	3,185
Effect of exchange rate changes on cash and cash equivalents	41	48
Net increase (decrease) in cash and cash equivalents	(2,118)	5,233
Cash and cash equivalents at beginning of year	12,389	10,270
Cash and cash equivalents at end of year	10,270	15,504

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Changes in Accounting Policy)

Not applicable

(Change in the method of presentation)

Not applicable

(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 added the crusher-related business and contract-based manufacturing business, which were previously included in the "Other Business," to its reportable segments as their quantitative importance increased. Accordingly, it reported information regarding the amounts of net sales, profit / loss, assets, and other items for the fiscal year ended March 31, 2023, and the fiscal year ended March 31, 2024, based on the new segments.

The Company, therefore, classifies its operations into five reportable segments of Asphalt Plant-Related Business, Concrete Plant-Related Business, Environment- and Conveyor-Related Business, Crusher-Related Business, and Contract-Based Manufacturing Business.

The Asphalt Plant-Related Business produces asphalt mixing plants, recycling plants, etc. and provides maintenance services. The Concrete Plant-Related Business produces concrete batching plants, etc. and provides maintenance services. The Environment- and Conveyor-Related Business produces environmental and recycling plants, various types of conveyor systems, etc. The Crusher-Related Business produces and sells mobile crushers, jaw crushers, etc. The Contract-Based Manufacturing Business is engaged in the contract-based service of sheet metal processing, welding, assembly, etc.

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

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(million yen)

	Reportable segment						Other (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 outside customers	17,341	11,111	2,888	2,217	2,216	35,773	3,891	39,665
Inter-segment sales and transfers	-	-	8	-	-	8	250	258
Total	17,341	11,111	2,896	2,217	2,216	35,782	4,141	39,924
Segment income	49	1,017	522	175	156	1,921	711	2,633
Segment assets	16,934	6,507	1,815	3,098	2,592	30,948	7,607	38,555
Other items								
Depreciation and amortization	250	144	14	23	35	468	216	684
Amortization of goodwill	27	-	-	-	18	46	-	46
Impairment loss	104	-	-	-	-	104	-	104
Increase (decrease) in tangible and intangible assets	461	192	1	3	23	682	1,153	1,836

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

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(million yen)

	Reportable segment						Other (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 outside customers	17,938	11,907	3,309	3,198	3,072	39,427	4,670	44,097
Inter-segment sales and transfers	-	-	17	-	-	17	192	209
Total	17,938	11,907	3,326	3,198	3,072	39,444	4,862	44,307
Segment income	331	1,341	793	274	270	3,011	769	3,780
Segment assets	17,696	6,791	1,596	3,351	4,003	33,439	10,678	44,117
Other items								
Depreciation and amortization	275	116	11	16	60	481	254	735
Amortization of goodwill	-	-	-	-	25	25	-	25
Impairment loss	-	-	-	-	-	-	-	-
Increase (decrease) in tangible and intangible assets	453	156	2	299	67	980	1,202	2,183

Note: Other is a business segment that is not included in reportable segments and includes temporary construction material business, 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 March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	35,782	39,444
Net sales for Other	4,141	4,862
Elimination of intersegment transaction	(258)	(209)
Net sales in consolidated financial statements	39,665	44,097

(million yen)

Earnings	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	1,921	3,011
Earnings for Other	711	769
Elimination of intersegment transaction	-	-
Corporate expenses (note)	(1,605)	(1,811)
Operating income in consolidated financial statements	1,028	1,968

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, 2023	Fiscal year ended March 31, 2024
Reportable segment total	30,948	33,439
Assets in Other	7,607	10,678
Corporate assets (note)	13,571	18,112
Total assets in consolidated financial statements	52,127	62,229

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

(million yen)

Other items	Reportable segment total		Other		Adjustment (note)		Amount in consolidated financial statements	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Depreciation and amortization	468	481	216	254	259	262	944	998
Amortization of goodwill	46	25	-	-	-	-	46	25
Impairment loss	104	-	-	-	-	-	104	-
Increase (decrease) in tangible and intangible assets	682	980	1,153	1,202	378	124	2,214	2,308

Note: The adjustments for increase in property, plant and equipment and intangible assets are capital investment related to the planning and administrative divisions of the Company.

[Related Information]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

1. Information by product and service

The categories of products and services are omitted as they are the same as the reportable segments.

2. Information by region

(1) Net sales

(million yen)

Japan	China	Other	Total
34,061	4,829	775	39,665

(Note) Net sales are categorized by country or region based on the locations of the customers.

(2) Property and equipment

(million yen)

Japan	China	Thailand	Total
10,048	471	1,319	11,839

3. Information by major customer

Sales to outside customers are omitted because net sales to no customer account for 10% or more of net sales on the consolidated statement of income.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

The categories of products and services are omitted as they are the same as the reportable segments.

2. Information by region

(1) Net sales

(million yen)

Japan	China	Other	Total
40,657	2,300	1,139	44,097

(Note) Net sales are categorized by country or region based on the locations of the customers.

(2) Property and equipment

(million yen)

Japan	China	Thailand	Total
11,545	449	1,252	13,247

3. Information by major customer

Sales to outside customers are omitted because net sales to no customer account for 10% or more of net sales on the consolidated statement of income.

[Information regarding impairment of non-current assets by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

The Company has omitted description of impairment loss in this section, as it has disclosed the same information in Segment Information.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable

[Information regarding the amount of goodwill amortization and the balance of unamortized goodwill by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023) (million yen)

	Asphalt plant-related business	Concrete plant-related business	Environment- and conveyor-related business	Crusher-related business	Contract-based manufacturing business	Other (note)	Corporate/elimination	Total
Amortization for term	27	-	-	-	18	-	-	46
Balance at end of term	-	-	-	-	130	-	-	130

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

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) (million yen)

	Asphalt plant-related business	Concrete plant-related business	Environment- and conveyor-related business	Crusher-related business	Contract-based manufacturing business	Other (note)	Corporate/elimination	Total
Amortization for term	-	-	-	-	25	-	-	25
Balance at end of term	-	-	-	-	196	-	-	196

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

[Information regarding gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

Not applicable

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

In the other business, the Company purchased shares in Nishinihon Fudosan Co., Ltd. and recorded 7 million yen in gain on bargain purchase as extraordinary income. The gain on bargain purchase is extraordinary income and is not included in segment profit.

(Per Share Information)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net assets per share	826.73 yen	861.74 yen
Net income per share	26.67 yen	34.25 yen

Notes 1. Diluted net income per share is not described, as dilutive shares do not exist.

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

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net income per share		
Net income attributable to owners of parent (in million yen)	1,020	1,312
Amount not attributable to common stockholders (million yen)	-	-
Net income attributable to common stock of owners of parent (million yen)	1,020	1,312
Average number of shares outstanding during the term (shares)	38,261,001	38,312,466

(Significant Subsequent Events)

Not applicable

5. Other Information

(1) Changes in Officers

(i) Changes in Representative Directors

Not applicable

(ii) Changes in Other Officers

- Directors to be promoted

Tomomi Nakayama, Senior Managing Director, General Manager, Business Division, and Manager, Business Planning Department

(currently Managing Director, General Manager, Business Division, and Manager, Business Planning Department)

- Candidates for new Audit & Supervisory Board Members

Morie Okaaki, Full-time Audit & Supervisory Board Member (currently Senior Executive Officer and Internal Control in-charge)

- Audit & Supervisory Board Member to retire

Nobutaka Yasuda, Standing (Full-Time) Audit & Supervisory Board Member

- Executive Officers to be promoted

Toyokazu Uehara, Senior Executive Officer, Deputy General Manager, Technology Division, and Manager, Technology Management Department

(Currently Executive Officer, Manager, Technology Management Department, Technology Division)

- New Executive Officers to be appointed

Katsumasa Takenami, Executive Officer, Manager, Industrial Machinery Sales Management Department, Business Division

Toshimasa Miyake, Executive Officer, Manager, Asphalt Plant Sales Management Department, Business Division, Branch Manager, Taipei Branch, and Leader, Low Carbon Taskforce, CEO Office

Takashi Miki, Executive Officer, Deputy Manager, Technology Management Department, and Manager, Engineering Department, Technology Division

(iii) Expected date of changes

June 21, 2024

(2) Other

Not applicable