

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

Company name: NIKKON Holdings Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 9072 URL <https://www.nikon-hd.co.jp>
 Representative: President & Representative Director Masakatsu Kuroiwa
 Director, Managing Executive Officer, and
 Inquiries: Yasunori Matsuda TEL 03-3541-5330
 General Manager of Accounting Department
 Scheduled date to file Quarterly Securities Report: November 13, 2023
 Scheduled date to commence dividend payments: December 12, 2023
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	108,327	4.4	10,319	16.0	11,770	14.2	7,981	13.8
Six months ended September 30, 2022	103,751	9.7	8,895	(4.0)	10,303	3.5	7,010	7.2

Note: Comprehensive income Six months ended September 30, 2023 ¥15,117 million [77.5%]
 Six months ended September 30, 2022 ¥8,519 million [32.9%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	124.42	124.20
Six months ended September 30, 2022	108.06	107.80

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	384,044	240,267	62.4
As of March 31, 2023	360,748	229,399	63.4

Reference: Equity As of September 30, 2023 ¥239,778 million
 As of March 31, 2023 ¥228,873 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	48.00	–	51.00	99.00
Year ending March 31, 2024	–	50.00			
Year ending March 31, 2024 (Forecast)			–	50.00	100.00

Note: Revisions to the forecasts most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	230,000	8.5	22,000	12.4	23,500	6.2	16,000	0.5	249.31

Note: Revisions to the forecasts most recently announced: No

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
Note: For details, please refer to “Application of special accounting for preparing quarterly consolidated financial statements” of “2. Quarterly consolidated financial statements and significant notes thereto, (4) Notes to quarterly consolidated financial statements” on page 12 of the attached documents.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2023	65,739,892 shares	As of March 31, 2023	65,739,892 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	1,819,993 shares	As of March 31, 2023	1,563,591 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	64,150,283 shares	Six months ended September 30, 2022	64,878,030 shares
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Note: The number of treasury shares at the end of the period and the number of treasury shares excluded from the calculation of the average number of shares outstanding during the period include treasury shares of the Company held by a trust whose beneficiaries are Directors (26,900 shares as of September 30, 2023, 26,900 shares as of September 30, 2022).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

Forward-looking statements, including financial results forecasts stated in these materials, are based on information currently available to the Company and certain assumptions deemed reasonable. Actual financial and other results may differ substantially from the statements herein due to various factors.

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1. Qualitative information regarding results for the six months

(1) Explanation of operating results

In the first six months of the fiscal year ending March 31, 2024, the Japanese economy was on a path of gradual recovery, including the normalization of socioeconomic activities after COVID-19 was downgraded to a Class 5 Infectious Disease and a reduction in the impact of parts shortages in the manufacturing industry. However, the outlook for the economy remains uncertain due to such factors as prolonged geopolitical risks surrounding the situation in Ukraine and the ongoing depreciation of the yen.

In the logistics industry, the severe business situation has continued due to a chronic labor shortage and measures to address the 2024 problem.

Under these circumstances, the Group's consolidated sales for the six months ended September 30, 2023 were 108,327 million yen, up 4.4% from the same period of the previous fiscal year, mainly due to a recovery in business volume.

Operating profit was 10,319 million yen, up 16.0% from the same period of the previous fiscal year, due to the effects of sales increase and efficiency improvement of operations.

Ordinary profit was 11,770 million yen, up 14.2% from the same period of the previous fiscal year.

Profit attributable to owners of parent was 7,981 million yen, up 13.8% from the same period of the previous fiscal year.

Business results by segment are as follows.

1) Transportation business

Sales were 48,539 million yen, up 2.8% from the same period of the previous fiscal year, mainly due to a recovery in the volume of cargo handled. Operating profit was 2,580 million yen, up 20.2% from the same period of the previous fiscal year, due to the effects of higher sales and efficiency improvement of transportation.

2) Warehousing business

Sales were 19,352 million yen, up 3.5% from the same period of the previous fiscal year, due to an increase in the volume of cargo stored, which is the result of our ongoing efforts in Japan and overseas to establish or expand warehouses. Operating profit was 4,409 million yen, up 2.7% from the same period of the previous fiscal year, mainly due to the effect of higher sales.

3) Packaging business

Sales were 26,333 million yen, up 10.3% from the same period of the previous fiscal year, mainly due to a recovery in business volume. Operating profit was 1,490 million yen, up 34.6% from the same period of the previous fiscal year, mainly due to improved work efficiency.

4) Testing business

Sales were 10,791 million yen, up 5.8% from the same period of the previous fiscal year, mainly due to a recovery in business volume. Operating profit was 1,472 million yen, up 78.4% from the same period of the previous fiscal year, due to the effect of higher sales and efficiency improvement of operations.

(2) Explanation of financial position

1) Assets

Current assets at the end of the second quarter of the fiscal year ending March 31, 2024 totaled 93,510 million yen, an increase of 10,483 million yen from the end of the previous fiscal year. This increase mainly came from increases of 5,921 million yen in cash and deposits, 2,443 million yen in electronically recorded monetary claims - operating and 2,882 million yen in securities. Non-current assets totaled 290,534 million yen, an increase of 12,812 million yen from the end of the previous fiscal year. The increase mainly came from an increase of 5,924 million yen in property, plant and equipment mainly due to the acquisition of warehouses in Miyoshi Town, Saitama Prefecture and Koga City, Ibaraki Prefecture, and an increase of 6,969 million yen in investment securities due to the market valuation.

As a result, total assets were 384,044 million yen, an increase of 23,296 million yen from the end of the previous fiscal year.

2) Liabilities

Current liabilities at the end of the quarter under review totaled 60,867 million yen, an increase of 2,508 million yen from the end of the previous fiscal year. The increase mainly came from increases of 10,000 million yen in current portion of bonds payable, due to transfers from non-current liabilities, and 3,043 million yen in electronically recorded obligations - non-operating, partially offset by a decrease of 11,126 million yen in short-term borrowings due to repayment. Non-current liabilities totaled 82,909 million yen, an increase of 9,918 million yen from the end of the previous fiscal year. The increase mainly came from increases of 17,986 million yen in long-term borrowings and 2,005 million yen in deferred tax liabilities, partially offset by a decrease of 10,000 million yen in bonds payable due to transfers to current liabilities.

As a result, total liabilities were 143,777 million yen, an increase of 12,427 million yen from the end of the previous fiscal year.

3) Net assets

Net assets at the end of the quarter under review were 240,267 million yen, an increase of 10,868 million yen from the end of the previous fiscal year. The increase mainly came from increases of 4,670 million yen in retained earnings, 4,812 million yen in valuation difference on available-for-sale securities and 2,282 million yen in foreign currency translation adjustment. Factors for decrease were an increase of 880 million yen in treasury shares.

As a result, the equity ratio at the end of the period under review was 62.4% (63.4% at the end of the previous fiscal year).

4) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the quarter under review were 47,367 million yen, an

increase of 7,907 million yen from the end of the previous fiscal year.

The following is the status and factors of each of the cash flow categories during the fiscal year under review.

(Cash flows from operating activities)

Net cash provided by operating activities was 15,458 million yen, an increase of 2,865 million yen from the same period of the previous fiscal year. Major factors having a positive impact on cash flow from operating activities included increases of 1,564 million yen in profit before income taxes and 2,786 million yen in cash flows from increase (decrease) in other liabilities. Major factors having a negative impact on cash flow from operating activities were an increase of 1,750 million yen in decrease (increase) in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was 10,883 million yen, a decrease of 1,654 million yen from the same period of the previous fiscal year. This decrease mainly came from a decrease of 2,790 million yen in purchase of property, plant and equipment, partially offset by an increase of 1,079 million yen in payments into time deposits.

(Cash flows from financing activities)

Net cash provided by financing activities was 2,509 million yen, a decrease of 1,552 million yen from the same period of the previous fiscal year. Major factors having a positive impact on cash flow from financing activities included an increase of 10,000 million yen in proceeds from long-term borrowings and a decrease of 1,690 million yen in purchase of treasury shares, while there were increases of 12,228 million yen in repayments of long-term borrowings and 980 million yen in dividends paid.

(3) Explanation of forward-looking statements, including forecasts of consolidated financial results

As for the forecast of consolidated financial results, there is no change to the forecasts announced on May 12, 2023.

The forecasts are based on information available to the Company on the announcement date of this material, and actual financial results may differ from the statements herein due to various factors.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	40,221	46,143
Notes and accounts receivable - trade	33,408	32,058
Electronically recorded monetary claims - operating	3,647	6,091
Securities	265	3,147
Raw materials and supplies	562	641
Other	4,935	5,446
Allowance for doubtful accounts	(14)	(19)
Total current assets	83,026	93,510
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	110,320	116,587
Machinery, equipment and vehicles, net	7,545	8,582
Tools, furniture and fixtures, net	1,771	1,733
Land	116,849	117,237
Leased assets, net	146	114
Construction in progress	6,037	4,340
Total property, plant and equipment	242,671	248,595
Intangible assets	2,368	2,444
Investments and other assets		
Investment securities	22,248	29,217
Long-term loans receivable	388	321
Deferred tax assets	3,603	3,576
Other	6,469	6,406
Allowance for doubtful accounts	(28)	(28)
Total investments and other assets	32,681	39,493
Total non-current assets	277,721	290,534
Total assets	360,748	384,044

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,240	10,738
Electronically recorded obligations - operating	6,682	7,458
Short-term borrowings	13,151	2,024
Current portion of bonds payable	–	10,000
Lease liabilities	60	36
Income taxes payable	4,467	3,621
Provision for bonuses	3,930	4,218
Provision for bonuses for directors (and other officers)	213	108
Notes payable - facilities	99	102
Electronically recorded obligations - non-operating	4,299	7,342
Other	14,215	15,215
Total current liabilities	58,358	60,867
Non-current liabilities		
Bonds payable	50,000	40,000
Long-term borrowings	10,059	28,045
Lease liabilities	81	85
Deferred tax liabilities	5,481	7,487
Retirement benefit liability	5,399	5,398
Provision for retirement benefits for directors (and other officers)	454	431
Other	1,501	1,444
Other provisions	13	16
Total non-current liabilities	72,990	82,909
Total liabilities	131,349	143,777
Net assets		
Shareholders' equity		
Share capital	11,316	11,316
Capital surplus	12,332	12,332
Retained earnings	194,873	199,544
Treasury shares	(3,596)	(4,477)
Total shareholders' equity	214,926	218,715
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,423	15,236
Foreign currency translation adjustment	3,490	5,773
Remeasurements of defined benefit plans	32	52
Total accumulated other comprehensive income	13,947	21,062
Share acquisition rights	210	161
Non-controlling interests	314	327
Total net assets	229,399	240,267
Total liabilities and net assets	360,748	384,044

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	103,751	108,327
Cost of sales	89,156	92,179
Gross profit	14,595	16,147
Selling, general and administrative expenses	5,699	5,828
Operating profit	8,895	10,319
Non-operating income		
Interest income	43	100
Dividend income	338	349
Rental income	37	36
Share of profit of entities accounted for using equity method	262	310
Foreign exchange gains	584	294
Miscellaneous income	295	519
Total non-operating income	1,561	1,611
Non-operating expenses		
Interest expenses	104	123
Miscellaneous expenses	48	36
Total non-operating expenses	153	159
Ordinary profit	10,303	11,770
Extraordinary income		
Gain on sale of non-current assets	30	35
Total extraordinary income	30	35
Extraordinary losses		
Loss on sale of non-current assets	3	3
Loss on retirement of non-current assets	101	9
Total extraordinary losses	104	12
Profit before income taxes	10,229	11,794
Income taxes	3,235	3,803
Profit	6,994	7,991
Profit (loss) attributable to non-controlling interests	(16)	9
Profit attributable to owners of parent	7,010	7,981

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	6,994	7,991
Other comprehensive income		
Valuation difference on available-for-sale securities	(981)	4,812
Foreign currency translation adjustment	2,310	2,193
Remeasurements of defined benefit plans, net of tax	57	20
Share of other comprehensive income of entities accounted for using equity method	137	100
Total other comprehensive income	1,524	7,126
Comprehensive income	8,519	15,117
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,521	15,096
Comprehensive income attributable to non-controlling interests	(2)	20

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	10,229	11,794
Depreciation	5,847	5,809
Increase (decrease) in provision for bonuses	112	275
Increase (decrease) in provision for bonuses for directors (and other officers)	(88)	(104)
Increase (decrease) in allowance for doubtful accounts	21	3
Increase (decrease) in retirement benefit liability	115	(5)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(30)	(22)
Interest and dividend income	(382)	(450)
Interest expenses	104	123
Share of loss (profit) of entities accounted for using equity method	(262)	(310)
Loss (gain) on sale of non-current assets	(27)	(32)
Decrease (increase) in trade receivables	1,132	(618)
Decrease (increase) in other assets	110	866
Increase (decrease) in trade payables	36	273
Increase (decrease) in other liabilities	(960)	1,826
Other, net	(484)	(542)
Subtotal	15,473	18,886
Interest and dividends received	512	980
Interest paid	(104)	(119)
Income taxes paid	(3,287)	(4,288)
Net cash provided by (used in) operating activities	12,593	15,458
Cash flows from investing activities		
Payments into time deposits	(649)	(1,728)
Proceeds from withdrawal of time deposits	995	801
Proceeds from sale of securities	365	144
Purchase of property, plant and equipment	(12,745)	(9,954)
Proceeds from sale of property, plant and equipment	33	32
Purchase of intangible assets	(420)	(214)
Purchase of investment securities	(14)	(15)
Proceeds from sale of investment securities	4	–
Loan advances	(7)	(7)
Proceeds from collection of loans receivable	74	69
Other, net	(176)	(10)
Net cash provided by (used in) investing activities	(12,538)	(10,883)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	10,000	20,000
Repayments of long-term borrowings	(911)	(13,139)
Purchase of treasury shares	(2,657)	(967)
Proceeds from sale of treasury shares	0	0
Dividends paid	(2,294)	(3,274)
Dividends paid to non-controlling interests	(5)	(7)
Other, net	(69)	(101)
Net cash provided by (used in) financing activities	4,062	2,509
Effect of exchange rate change on cash and cash equivalents	792	822
Net increase (decrease) in cash and cash equivalents	4,909	7,907
Cash and cash equivalents at beginning of period	29,157	39,460
Cash and cash equivalents at end of period	34,067	47,367

(4) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

No such events occurred.

(Application of special accounting for preparing quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by multiplying profit before income taxes for the quarter by the estimated effective tax rate. The Company rationally estimates effective tax rate based on projected profit before income taxes during the fiscal year, including the quarter under review, after applying tax effect accounting.

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

The Company acquired 293,900 treasury shares for 967 million yen based on a resolution of the Board of Directors meeting held on August 4, 2023.

(Changes in accounting policies)

No such events occurred.

(Segment information, etc.)

Segment information

I. Six months ended September 30, 2022

1. Information regarding net sales and profit or loss by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Transportation business	Warehousing business	Packaging business	Testing business	Total		
Net sales							
Automobiles	12,598	4,646	9,957	9,886	37,089	325	37,414
Automotive parts	11,053	5,051	4,756	247	21,108	1,102	22,211
Housing	7,824	1,699	3,934	–	13,458	88	13,547
Agricultural machinery	2,468	781	459	13	3,723	53	3,777
Food and beverages	935	1,207	387	–	2,530	33	2,564
Newspapers and publications	2,290	0	–	–	2,290	–	2,290
Others	10,050	4,998	4,377	50	19,478	1,590	21,069
Revenue from contracts with customers	47,220	18,386	23,874	10,198	99,679	3,194	102,874
Other revenue	–	305	–	–	305	571	877
Sales to external customers	47,220	18,691	23,874	10,198	99,985	3,766	103,751
Intersegment sales or transfers	193	144	162	9	510	1,565	2,075
Total	47,414	18,836	24,036	10,208	100,495	5,331	105,827
Segment profit	2,145	4,293	1,107	825	8,372	636	9,008

Note: The “Others” category consists of businesses that are not included in reportable segments. It includes the customs clearance business and automobile repair business, etc.

2. Differences between total amounts of profit or loss for reportable segments and amounts in the consolidated statements of income and main details of these differences

(Matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	8,372
Profit in the “Others” category	636
Other adjustments (Note)	(113)
Operating profit in the consolidated statements of income	8,895

Note: Other adjustments is the difference resulting from the elimination of operating and non-operating transactions.

3. Information regarding impairment losses on non-current assets and goodwill, etc. for each reportable segment

Information is omitted because of immateriality.

II. Six months ended September 30, 2023

1. Information regarding net sales and profit or loss by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segments					Others (Note)	Total
	Transportation business	Warehousing business	Packaging business	Testing business	Total		
Net sales							
Automobiles	15,223	4,836	11,866	10,390	42,317	285	42,603
Automotive parts	10,275	4,833	5,212	256	20,578	678	21,256
Housing	7,700	1,804	4,116	–	13,621	87	13,709
Agricultural machinery	2,336	837	492	29	3,695	55	3,751
Food and beverages	946	1,366	395	–	2,709	33	2,742
Newspapers and publications	2,316	0	0	–	2,316	–	2,316
Others	9,739	5,368	4,250	115	19,474	1,599	21,074
Revenue from contracts with customers	48,539	19,048	26,333	10,791	104,713	2,740	107,454
Other revenue	–	304	–	–	304	568	873
Sales to external customers	48,539	19,352	26,333	10,791	105,017	3,309	108,327
Intersegment sales or transfers	163	155	142	4	466	1,309	1,775
Total	48,702	19,508	26,476	10,796	105,484	4,618	110,103
Segment profit	2,580	4,409	1,490	1,472	9,952	492	10,444

Note: The “Others” category consists of businesses that are not included in reportable segments. It includes the customs clearance business and automobile repair business, etc.

2. Differences between total amounts of profit or loss for reportable segments and amounts in the consolidated statements of income and main details of these differences

(Matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	9,952
Profit in the “Others” category	492
Other adjustments (Note)	(125)
Operating profit in the consolidated statements of income	10,319

Note: Other adjustments is the difference resulting from the elimination of operating and non-operating transactions.

3. Information regarding impairment losses on non-current assets and goodwill, etc. for each reportable segment
Information is omitted because of immateriality.