



Fiscal Year Ended March 31, 2022

Financial Results Briefing Session Materials

June 10, 2022

Nikko Co., Ltd.

Tokyo Stock Exchange Code: 6306

Masaru Tsuji, Representative Director and President

Hiroshi Fujii, Senior Managing Director



FY 2022-2024 Medium-Term Management Plan

- In this briefing session material, AP denotes asphalt plants in our business, and BP, concrete plants.

FY 2022-2024 Medium-Term Management Plan**Summary of Previous Medium-Term****Management Plan**

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Review of Previous Medium-Term Plan Period of Long-term (10-year) Basic Policy, Looking into the Future



Long-term Basic Policies	Previous Medium-Term Management Plan Period		
	Results for FY 2019 (1st year)	Results for FY 2020 (2nd year)	Results for FY 2021 (3rd year)
1. Strengthen revenue base in Japan Improve profitability (10% in operating margin) by boosting product appeal by raising the level of all divisions of sales, service, engineering, and manufacturing.	Operating margin in Japan FY 2018 4.5% → FY 2019 6.0%	Operating margin in Japan FY 2019 6.0% → FY 2020 6.5%	Operating margin in Japan FY 2020 6.5% → FY 2021 5.3%
2. Establish overseas sales As a manufacturer, establish new overseas bases to promote Nikko products, one of the best in the world, in the ASEAN region (doubling overseas net sales to 9.0 billion yen from the current 4.5 billion yen)	Overseas net sales: 4,390 mil. yen Feb. 2020 AP sales and maintenance company Established Nikko Asia (Thailand) Co., Ltd.	Overseas net sales: 3,730 mil. yen (Sales declined due to the impact of COVID-19) Oct. 2020: Nikko Asia (Thailand) Co., Ltd. began full-scale operations Received orders for 2 APs	Overseas net sales: 4,740 mil. yen (estimate) Signed an agent agreement with TIPCO Asphalt, Thailand's top company in asphalt manufacturing and sales Thailand factory completed in FY 2021
3. Promote new businesses (incl. M&As) Invest management resources in expansion of new businesses and develop new pillar products in the industrial and construction machinery fields (Create 10.0 billion yen in net sales from new businesses)	Mobile plant business FY 2018 90 mil. yen → FY 2019 500 mil. yen Waterproof boards FY 2018 210 mil. yen → FY 2019 810 mil. yen	Mobile plant business FY 2020 1,070 mil. yen Waterproof boards FY 2020 900 mil. yen	Mobile plant business FY 2021 1,440 mil. yen Waterproof boards FY 2021 1,010 mil. yen M&A Mar. 1 M&A of Ube Kohki Co., Ltd.
4. Put work-style reform into practice Boost operation efficiency and significantly improve labor productivity (To centralize office work and utilize IoT and AI)	<ul style="list-style-type: none"> Enhanced web conferencing system to enable quick information sharing without constraints of time and place Identified the problems with telecommuting and a dispersed working system Dramatically improved production efficiency by introducing production facilities based on latest technology at manufacturing divisions (fiber laser, etc.) 	<ul style="list-style-type: none"> Continuing with FY 2019 initiatives Remote maintenance contract rate End of Jan. 2020: 46% → End of Aug.: 67% → End of May 2021: 73.8% Prepared materials and movies for webinars (the maintenance division has shot 30 movies) 	<ul style="list-style-type: none"> Continuing with FY 2019 initiatives Remote maintenance contract rate 76.1% as of the end of March 2022 Flat rate remote maintenance Received 13 orders
5. Make ROE a KPI Aim to achieve a market capitalization of at least 50.0 billion yen and an ROE of at least 8%. Aim for a dividend payout ratio of 60% or higher and enhance returns to shareholders	Market cap FY 2018-end 19.25 bil. yen → FY 2019-end 24.36 bil. yen ROE FY 2018-end 4.4% → FY 2019-end 5.2% FY 2019 dividend payout ratio 97.6%	Market cap FY 2020-end 29.24 bil. yen ROE FY 2020-end 6.8% FY 2020 dividend payout ratio 60.5% Share buyback completed on Sept. 17 (treasury stock purchased: 616,700 shares or 399,960,700 yen)	Market cap FY 2021-end 24.28 bil. yen ROE FY 2021-end 5.2% FY 2021 dividend payout ratio 69.5%

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I would like to explain the Medium-Term Management Plan.

We formulated the medium-term plan with focus on the long-term prospects in 10 years. There are roughly five basic points.

The first point is to strengthen the revenue base in Japan. We aim to achieve an operating margin of 10% in 10 years. Looking back at the past three years, it was 6.0% in FY 2019, the first year, and 6.5% in FY 2020. It fell to 5.3% in the third year, the previous fiscal year, which was disappointing. I will explain the reasons afterwards.

The second point is to establish overseas sales, in other words to establish overseas markets with an eye on growth.

We ultimately started off with a plan to double overseas sales from 4.5 billion yen to 9.0 billion yen. In the initial fiscal year, we achieved about 4.4 billion yen, while in the second year sales fell to 3.7 billion yen given the significant impact of COVID-19. Although sales slightly improved to 4.7 billion yen in the third year reflecting the recovery from COVID-19, they still ended up falling short compared with the target.

The third point is to promote new businesses. The goal is to grow new businesses into major pillars through means including M&As and we started by aiming for a business scale of 10.0 billion yen in 10 years. The two businesses of mobile plants and waterproof boards grew greatly, and compared with the approx. 0.3 billion yen in sales before the medium-term plan began, sales grew to 1.3 billion yen in the first fiscal year, to 2.0 billion yen in the second year, and 2.5 billion yen to the third year, posting satisfactory growth.

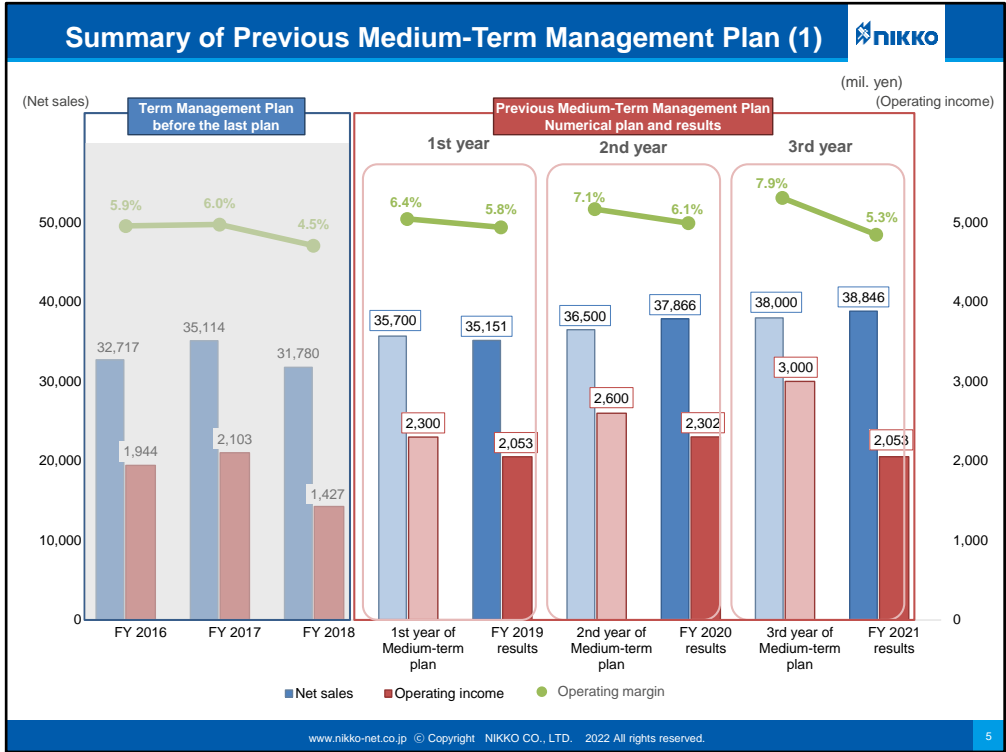
The fourth point is to put work-style reform into practice. We would like to try out a business development wherein our work-style reforms inspire work-style reforms at our customers. We drove it forward by implementing concrete items such as the centralization of office work, IoT, and utilization of AI, which would lead to improvements in operating efficiency. Partly because of COVID-19, online meetings became common place. Telecommuting and dispersed working systems are becoming established.

We plan to continue promoting the working system regardless of COVID-19.

In this initiative, development of the remote maintenance business in the maintenance service field could be seen in the figures. We were able to raise the ratio of customers signing up for remote maintenance service, which initially was about 46%, to the current 76.1%. Another major item is the flat rate maintenance service, an initiative that benefits both our customers and us by improving the operation efficiency of the maintenance service.

We set aside a one-year assessment period for deciding the core of the flat rate maintenance business. When there is trouble at a plant, which is a manufacturing facility, what is important for the customer is restoring it as soon as possible. More important than just raising the speed of response through remote maintenance service, we are currently working on an initiative that, in the future, would enable us to take measures before something breaks down or fails. If we can develop a technology that eliminates failure and keep the plants running, we can sign contracts at more inexpensive rates than the existing rates with customers for flat rate maintenance service. This way, we can have a maintenance system that enables us to replace parts at optimum timings based on judgments from our plant monitoring so that the plant will not fail, instead of starting our work after a customer's facility fails and causes trouble. It will improve both our operating efficiency and customers' maintenance costs, and we believe we have reached a stage where we can shift to this system while increasing the number of customers. We have recognized it as an item where we succeeded in delivering a certain level of results.

The final item is setting forth ROE as KPI. We have started with the targets of 50.0 billion yen in market cap and 8% in ROE in 10 years. In the initiative to strengthen shareholder returns by aiming for a dividend payout ratio of 60% or more, we feel that we were able to make good on our promise to a certain extent, as the ratio for the first year was 97.6% including the 100th anniversary commemorative dividend, 60.5% in the second year, and 69.5% in the third year. However, the market cap is evaluation by the shareholders, and the current situation is such that we need to put more efforts or the shareholders will not value us highly, so we consider this as a point we need to reflect upon.



□ The overall trend shows that sales scale and business scale have been rising also when compared to earlier figures. We feel a sense of achievement regarding sales, which denotes the business scale, of having been able to generate a certain level of success.

Nevertheless, profits did not reach the target and we would like to work on it as a major task and recover it through continuous initiatives from now on.

Business Climate

While shipment volume of asphalt mixture and concrete in Japan continued on a slight declining trend, users continue to have appetite for investments thanks to the government's new five-year, 15 trillion yen plan of measures for disaster prevention/mitigation and national resilience, which started in FY 2021 AP remained in a state of plateau, given the replacement demand for plants built during the economic bubble period

Overseas business was significantly affected by COVID-19, but recovered in the final fiscal year We established a sales and maintenance subsidiary and a manufacturing subsidiary in Thailand for full expansion into the ASEAN market

Review of the previous Medium-Term Management Plan

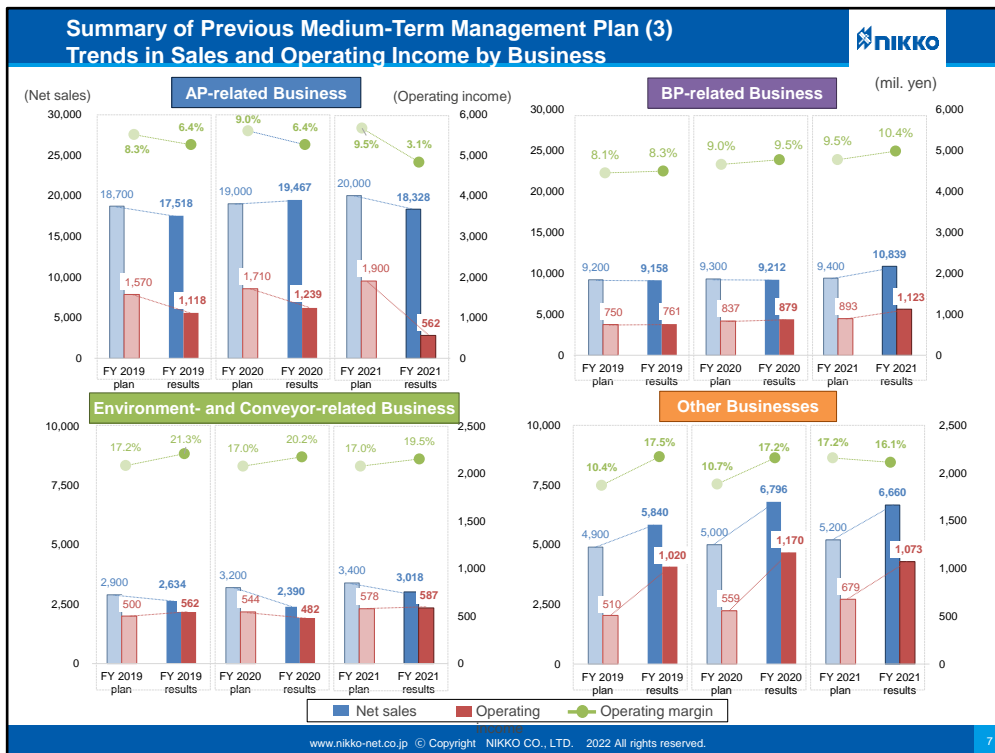
- ▶ Sales:
 - Overseas AP and the route sales of the conveyor business for the first two years did not reach the targets due to the impact of COVID-19
 - Mobile plants and waterproof boards, which are new businesses, grew significantly
- ▶ Profits: Profit, mainly of AP, missed the target by a large margin due to the sharp rise in raw material costs and unprofitable projects
This was offset by the planned production of BP given the strong demand as well as mobile plants and waterproof boards
→From the beginning of the final fiscal year, we passed on the rise in raw material prices to the quotes starting with the newly received orders
- ▶ Promotion of new businesses: In the final fiscal year, we added a manufacturing, sales, and installation company to the group through M&A

- While the business environment has not changed so much, the Japanese government has been implementing measures for disaster prevention and mitigation as well as for increasing national resilience under a five-year plan worth 15 trillion yen from 2021. We recognize this as a tailwind situation for us. Among our products, demand for replacing the AP and BP built during the economic bubble era due to ageing has been continuing.

While the Japanese business was not so significantly affected by COVID-19, new businesses and overseas business were greatly impacted as movement became restricted. However, in the third and final year of the medium-term plan, we were able to take actions, though small, and we were able to make a start that would enable some recovery.

We described the review of the previous fiscal year in the bottom part, and the impact of COVID-19 became a major factor in lowering the figures for route sales in the conveyor business field.

- Fields that include new businesses, whose main business products are mobile plants and crushers, made good progress. Waterproof boards, which are disaster prevention products, also saw significant growth, with products for responding to guerilla rainstorms, etc. becoming popular. As for profits, the raw material price hike has been an extreme negative factor in all aspects. Setting aside price increases, one issue that has been a negative factor for us is the prolonged delivery time of supplies, which makes planning more difficult in our business plan. We are naturally taking the unprecedented measure of having proactive inventory practices.
- Other than that, there is one positive action, which is one of the reasons that reduced profits to some extent. We have been vigorously making capital investment to increase operating efficiency. There are reasons such as the robust investments we made for production facilities of factories to improve productivity as well as investment for development. We were consistently looking for partners for the purpose of M&As to promote new businesses, and we were able to acquire a company called Ube Kohki at the end of March this year. It is a partner which will play a major role in the new fields as well as for Nikko-developed products and environment- and recycling-related fields.



These are the graphs illustrating our business areas.

- The Other Businesses soared, and this is because the waterproof board and mobile plant businesses thrived, as I have mentioned earlier.
- The large shortfall came from the slump in the AP-related Business, which is our largest business segment. The scale of sales did not decline significantly, but there were many overlapping negative factors with respect to profits. Every year we receive questions as to why the business cannot generate profits even though it has a 70% market share. We have been carrying out activities to verify projects that are major negative factors in order to avoid them. More than that, we have been earnestly pursuing drastic reduction in costs, improved operating efficiency, and development of products that attract customers with their performance rather than cost. So, we intend to push forward so that things will move towards improvement from the next fiscal year onwards without fail.

FY 2022-2024 Medium-Term Management Plan

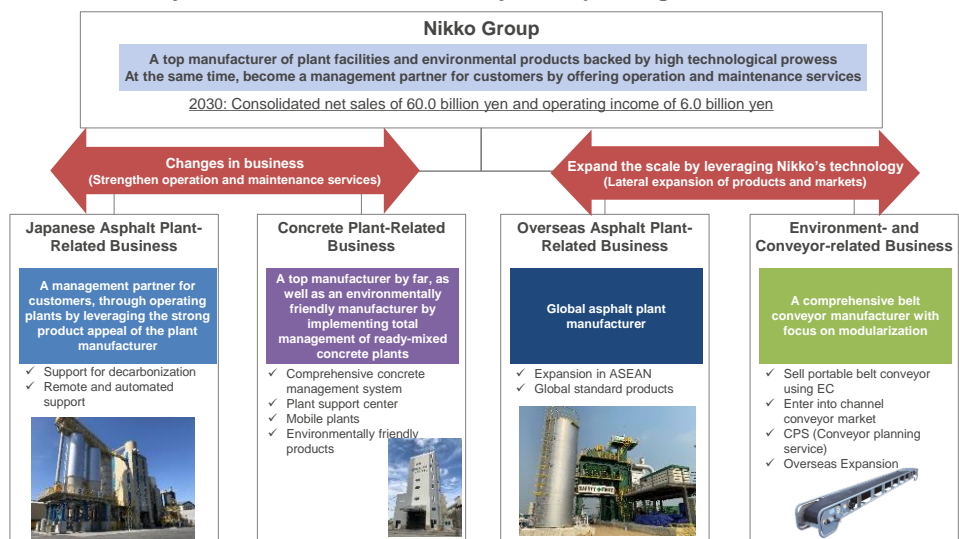
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- Maintain and strengthen the Nikko brand, which boasts technological prowess and product appeal as a manufacturer, and expand our service business to achieve 60.0 billion yen in net sales and 6.0 billion yen in operating income in 2030



- This time around, we revised the targets of the long-term vision upwards, for 10 years from now in 2030, to 60.0 billion yen in net sales and 6.0 billion yen in operating income. When the previous Medium-Term Management Plan started, the targets for 2030 were 50.0 billion yen in net sales and 4.0 billion yen in operating income. In that sense, we believe that our activities during the previous medium-term plan in fact exceeded what was envisioned in the long-term vision.

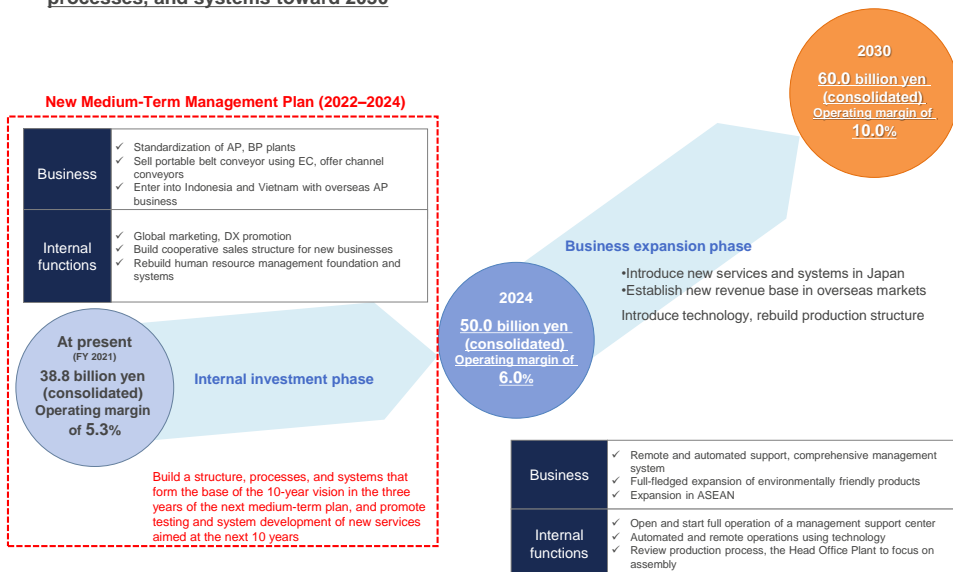
 - Among the four businesses shown in this page, the business area in which we need to work the hardest for achieving carbon neutrality is the AP segment. Its main fuel is heavy oil, which is a fossil fuel, and more than a million tons of CO₂ a year is currently being emitted by APs in Japan. The reality is that our APs, which account for 70% of the market, are emitting a million tons of CO₂. We have been earnestly pushing forward with development and employment for activities to bring it to zero in 2050 and we very much would like to bridge this to activities so that such additional values of AP will be recognized by customers.

 - One more thing, although it says remote and automated support, the ultimate need of customers is an unmanned plant. While we believe it is physically possible at this point given the present progress in IT, we will require technology of a slightly higher order to ensure safety and maintain stable production. So, we hope to be able to explain these activities as early as possible in the medium term.
- Other than that, we are considering various activities such as environmental measures for concrete plants and development of global strategic models for overseas.

Position of New Medium-Term Management Plan



- **The new Medium-Term Management Plan is a time period in which we build a structure, processes, and systems toward 2030**



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- Regarding the positioning of the new Medium-Term Management Plan, we will proceed with the goals of 50.0 billion yen in consolidated net sales and operating margin of 6% for the final fiscal year of 2024, compared with the long-term targets of 60.0 billion yen in net sales and operating margin of 10.0% for 2030.
- In the previous medium-term plan, we achieved the net sales target but could not reach our profit target. Our direction is to grow the body of our business large, and then strengthen our organs and repeat that process to build a strong and sound body.
- We established departments which we did not have before. We have established the Global Marketing Team, the DX Business Team, and the Low Carbon Task Force within the CEO's Office. We started up these new departments to ensure our direction in the genres that will be required in the future and we plan to further strengthen them.

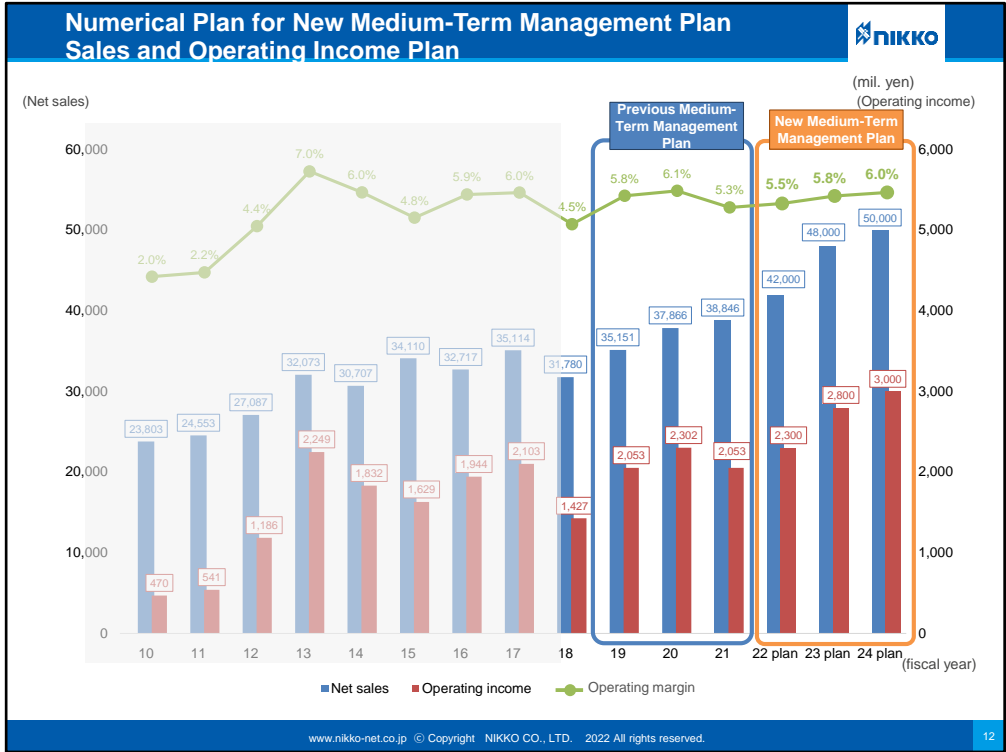
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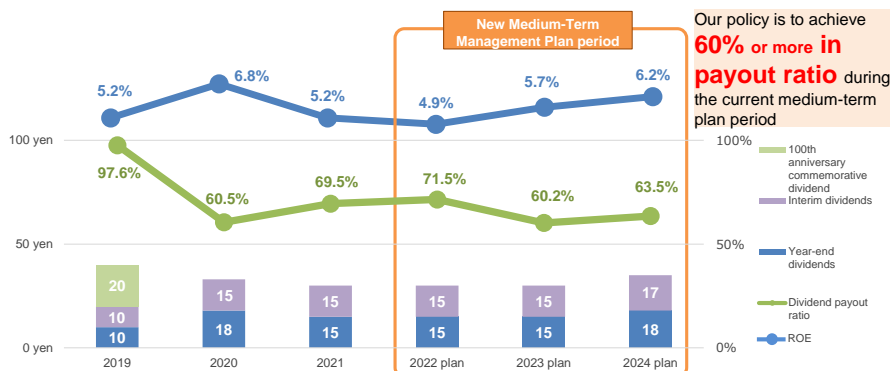
□ Please look at this graph comprehensively as a whole. We will steadily increase the business scale and strive to grow profits as well.

Numerical Plan for New Medium-Term Management Plan Shareholder Returns



(mil. yen)

	Previous Medium-Term Management Plan			New Medium-Term Management Plan		
	FY 2019 results	FY 2020 results	FY 2021 results	FY 2022 plan	FY 2023 plan	FY 2024 plan
Sales	35,151	37,866	38,846	42,000	48,000	50,000
Operating income	2,053	2,302	2,053	2,300	2,800	3,000
Net income attributable to owners of parent	1,588	2,082	1,649	1,600	1,900	2,100
Dividend per share (yen)	40	33	30	30	30	35
Total dividend	1,550	1,260	1,146	1,144	1,144	1,334
Dividend payout ratio	97.6%	60.5%	69.5%	71.5%	60.2%	63.5%
Net assets	30,293	31,451	32,050	32,506	33,262	34,028
ROE	5.2%	6.8%	5.2%	4.9%	5.7%	6.2%



★The Company carried out a one-to-five split of shares in its common stock effective October 1, 2019, and the amount of dividends have been adjusted to the value after the split

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- I would like to explain the numerical plan of the new Medium-Term Management Plan as well as shareholder returns.
In the previous medium-term plan period, we worked towards the goal of ensuring 60% or more in dividend payout ratio. Additionally, for the new medium-term plan period, we will continue with the theme of a secure payout ratio of 60% or more, and we will strive to enable shareholder returns that exceed dividends of 30 yen per share a year, which is the current base.

Numerical Plan for New Medium-Term Management Plan Growth Investment

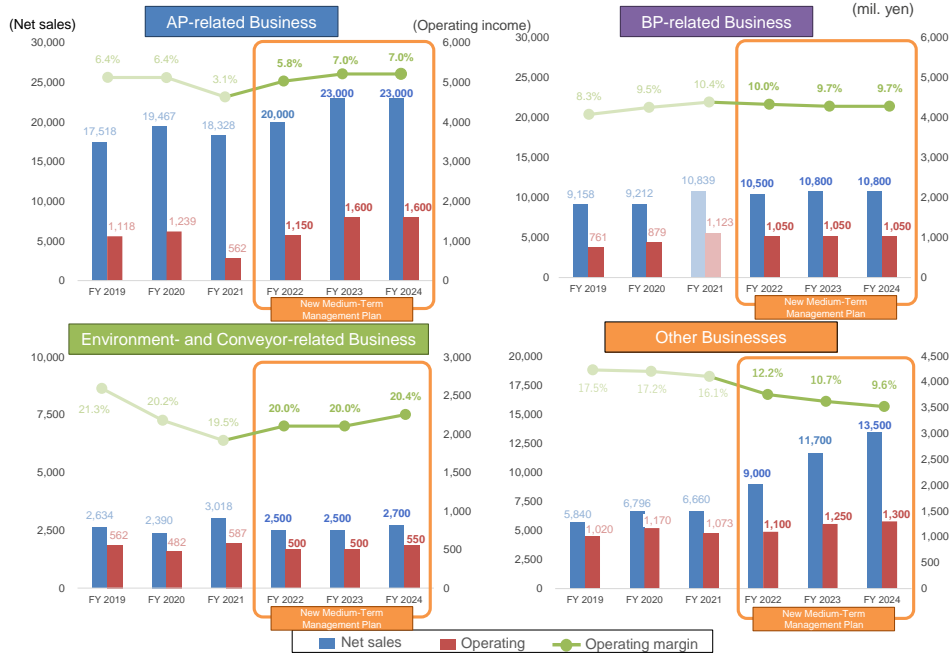


Item	Investment (three years)	
Human resource enhancement 	Nikko non-consolidated up 145 (up 69)	<ul style="list-style-type: none"> ● AP-related business field 59 people ● BP-related business field 20 people ● Environment and conveyor field 12 people ● Overseas 6 people ● Development 12 people ● Mobile plants 11 people ● Other 25 people
R&D 	2.53 bil. yen (1.19 bil. yen)	<ul style="list-style-type: none"> ● AP-related business field ● BP-related business field ● Environment and conveyor field ● Overseas ■ New environmentally friendly products ■ Remote and automated support ■ Management support center ■ Product improvement ■ System development ■ Product development ■ Investment in IT incl. EC ■ Development of standard models
Capital investment 	6.0 bil. yen (6.3 bil. yen)	<ul style="list-style-type: none"> ◆ Build a new factory in Hyogo Prefecture (0.5 bil. yen) ◆ Build a development and testing center (1.0 bil. yen)

* The figures in parentheses denote the previous Medium-Term Management Plan

- I am going to explain growth investment, which is a major item for achieving the long-term goals and the medium-term plan.
- Regarding the strengthening of human resources, we added 69 people during the previous medium-term and are planning to add 145 more people during the next three years of the current medium-term plan.
- We will also increase R&D expenses in a similar manner and plan to continuously make capital investment.
Each division worked on the new Medium-Term Management Plan for more than a year. We believe that these are necessary items and conditions for coming up with the figures that show the outline of investment for management growth required for achieving the goal. We are also planning to report them as indicators.

Numerical Plan for New Medium-Term Management Plan Sales and Operating Income Plan by Division



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■ For each businesses, we will actively invest in launch of new products and services for business structure reform under the 2030 vision and in enhancing necessary organizational abilities

AP in Japan	<ul style="list-style-type: none"> ✓ Develop environmental products by leveraging the development capability as a top manufacturer ✓ As a solution partner, support the plant operation of customers
BP	<ul style="list-style-type: none"> ✓ Carry out a comprehensive management of ready-mixed concrete plants ✓ Develop products that satisfy the high quality requirements of precast concrete
AP overseas	<ul style="list-style-type: none"> ✓ Design and launch standard model products that are competitive also in overseas markets ✓ Build an organizational structure for expansion into the ASEAN market
Conveyors	<ul style="list-style-type: none"> ✓ Offer convenience and efficiency that goes beyond the manufacturer's framework by leveraging the engineering of conveyor line, while realizing short delivery time and low price through modularization ✓ Develop web-based services and design structure and build a foundation for delivering new products and services

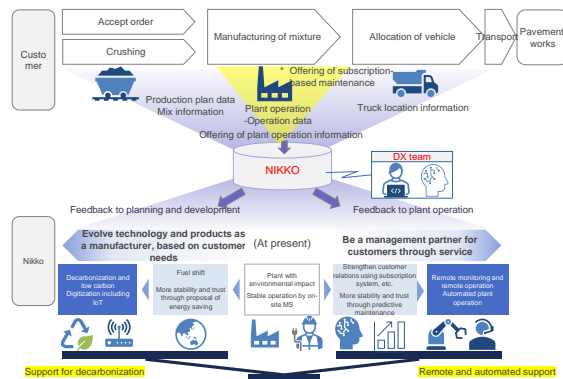
■ Leverage the high technological prowess as a top manufacturer, establish technologies for decarbonization, remote control, and automation and support customers' plant operation more than ever

1. Support for decarbonization

- Develop low-carbon mixture manufacturing system
- Develop combustion technology for decarbonized fuels
- Offer combustion technology for biomass and gas

2. Remote and automated support

- Offer partially remote shipment system
- Build remote control and automation technology
- Accumulate plant operation data based on expansion of the number of contracts for maintenance service subscription

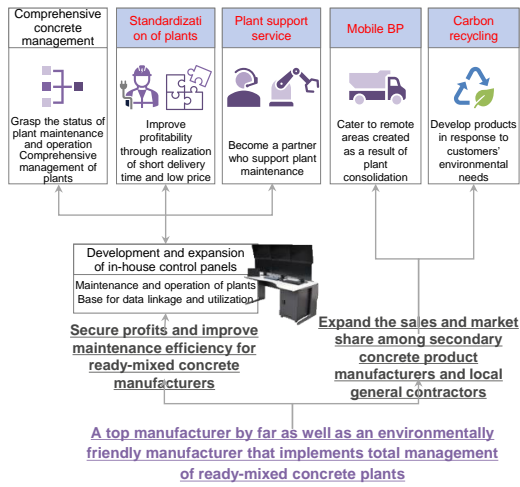


Become a one and only manufacturer with both technological prowess and service capabilities!

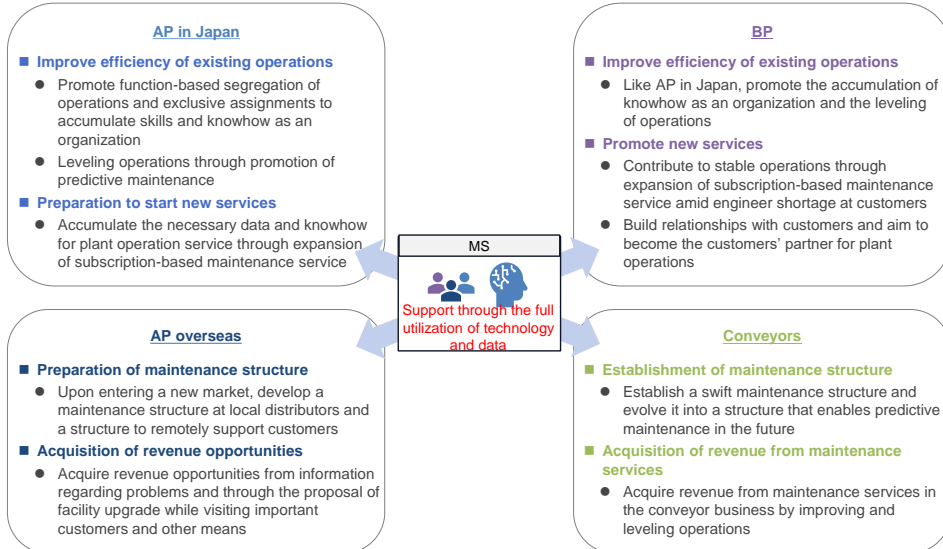
■ Aim to become a top manufacturer by offering a comprehensive management of ready-mixed concrete plants and by developing products that cater to the high quality requirements of precast concrete as well as being an environmentally friendly manufacturer

1. Development and expansion of in-house control panels
 - Promote standardization of plants by increasing control panel developed in-house and accumulating plant operation information of customers
 - Introduce service to support operation of customer plants

2. Expansion into developing fields
 - Expand mobile plants into areas which are no longer reachable due to consolidation of plants
 - Develop and expand products in response to customers' environmental needs such as CO2 emissions reduction



■ Aim to become the management partner of customers, and to become indispensable for their plant operations by improving the efficiency of existing operations through the leveraging of technology and data as well as supporting their plant operations.



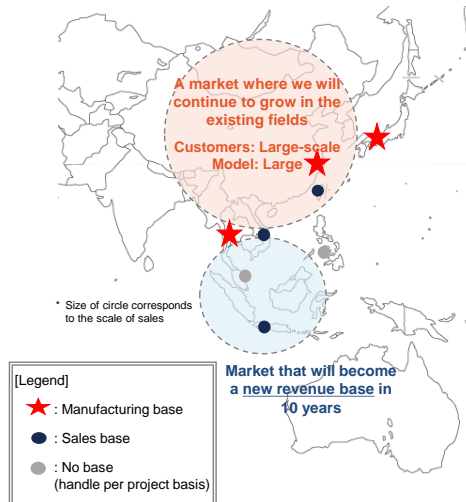
■ Start up the Thailand production base early on and establish sales structure in Indonesia and Vietnam

1. Design plants standardized for overseas

- Start a marketing team to grasp the needs in each country
- Design standardized plants that are cost competitive and catering to the needs in overseas markets through the introduction of supplies, etc.

2. Develop a structure for entering into new markets

- During the period of the new medium-term plan, we will newly enter the Indonesian and Vietnamese markets
- Strengthen production capacity in China and Thailand to cover the entire ASEAN region
- Establish cooperation structures with local distributors



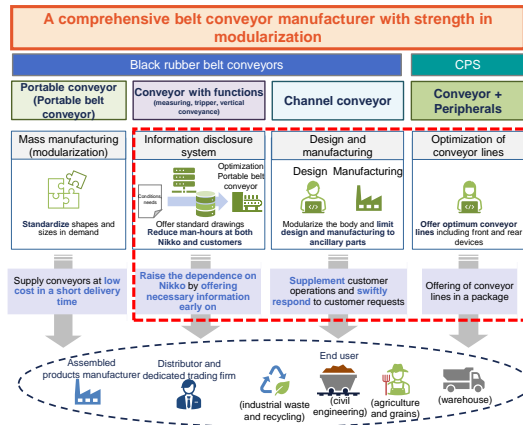
■ While realizing short delivery time and low price through modularization, become a design and manufacturer that offers conveyor lines in a package

1. Modularization of portable conveyors

- Establish a unique position where "high price products are delivered in a short time" through modularization and a design and manufacturing that reflects customization needs
- Strengthen relationship with customers by utilizing web-based service

2. Offering of conveyor lines in a package

- Offer modularized channel conveyors in a short delivery time at low price
- Contribute to user convenience and efficiency through engineering related to conveyor system



■ **Capture top sales share and strengthen profitability**

Mobile plant = mobile crushers, belt conveyors, soil improving machine

Advantages: easy installation, can be used quickly, easy to move to desired location, sales channels for used machines

1. **For business stabilization**

- Build sales network, establish and promote rental service
- Promote maintenance business

2. **Develop new products and proposed products**

- Research market and customer needs
- In-house development of products and promote their sales within and outside Japan

Create new best-selling products

Imported devices		Nikko products
Mobile crushers and screens	Mobile belt conveyor	Mobile soil improving machine



Mobile crusher, screen, and soil improving machine market

199 units Data by Japan Construction Equipment Manufacturers Association

➔ FY 2024: To capture 50% market share and become No.1 in sales share

Strengthen performance, ability for technology proposals, and maintenance support capability

Expand profitability



Fiscal Year Ended March 31, 2022 Financial Results

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FY 2021 Performance Highlights (1)
NIKKO




• **Net sales: Up 2.6% year on year, posting a record high**
 → p. 27 FY 2021 Performance Highlights (1)
 → p. 61 Trend in Key Financial Data




• **Order backlog: Up 14.8% year on year (up 4.4% excl. 1,484 million yen in order backlog of Ube Kohki)**
 → p. 27 FY 2021 Performance Highlights (1)
 → p. 56 Trends in New Orders Received and Order Backlog per Business Segment (Cumulative)



• **Net sales of overseas business (AP + BP): Up 27.3% year on year; overseas sales ratio: Up +2.3%**
 → p. 45 AP-Related Business Details and Strategy for the Future (3)



• **AP-related business: Operating income fell 54.6% year on year as we were unable to absorb the impacts of the decline in net sales of AP in Japan and due to the increase in supply prices and steel prices, as well as the increase in personnel costs and raw material prices in China**
 → p. 28 FY 2021 Performance Highlights (2)
 → p. 30 AP-related Business
 → p. 31 AP-related Business (Japan vs. Overseas)



• **Net sales declined 5.9% year on year due to the AP-related business in Japan, temporary suspension of business negotiations due to changes in organization and structures of customers, and pressure on profits at customers due to sharp increase in prices of raw materials such as asphalt**
 → p. 28 FY 2021 Performance Highlights (2)

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This is regarding the financial results for FY 2021.

- AP struggled. Meanwhile, BP performed very strongly. Net sales were a record high. Net sales in 1993 were the highest until now. So, we were able to set a new record in net sales for the first time in about 30 years. The record for operating income was 2.7 billion yen in 1990, and the level in FY 2021 is still about 700 million yen short.
- We recognize that in the FY 2021 financial results, the price increases in raw materials including steel were even greater than what we had initially assumed. The negative impact of price increases on profits were 336 million yen.
- Order backlog rose 14.8% year on year. This includes about 1.5 billion yen in order backlog of Ube Kohki, which joined the Nikko Group on March 1, and even with this excluded, it is still up 4.4%. In the previous fiscal year, we achieved record sales, and we have started the current fiscal year with sufficient order backlog for achieving even higher sales.
- Regarding the overseas business, sales declined slightly in FY 2020 due to the impact of COVID-19, but totaled 4.7 billion yen in FY 2021, which was a record high for the overseas business. Sales in China grew along with exports to Taiwan. In FY 2021, our Thailand operations began, and though small, we posted some sales. Meanwhile, the AP-related business in Japan remained lackluster and is as described here.

FY 2021 Performance Highlights (1)



- ▶ Sales: AP products in Japan (down 1,570 million yen), BP products (up 1,440 million yen), China (up 310 million yen), exports (up 510 million yen), Thailand (up 180 million yen), environment (up 490 million yen), conveyor (up 130 million yen), other business (down 130 million yen), maintenance services (down 360 million yen)
- ▶ Operating income: Declined due to costs of starting the Thailand subsidiary's business and an increase in selling, general and administrative expenses including R&D expenses
- ▶ Ordinary income: Declined due to the absence of special dividend (340 million yen) from Maeda Road Construction Co., Ltd.
- ▶ Orders: AP-related business (down 2,100 million yen), BP-related business (up 2,120 million yen), environment- and conveyor-related business (up 130 million yen), other business (down 320 million yen), total (down 150 million yen)
- ▶ Order backlog: AP-related business (down 510 million yen), BP-related business (up 1,240 million yen), environment- and conveyor-related business (roughly unchanged), other business (up 1,390 million yen), total (up 2,120 million yen)

(mil. yen)

	FY 2020 results	FY 2021 Results	YoY change (amount)	YoY change (%)	FY 2021 forecast
Net sales	37,866	38,846	+980	+2.6%	39,000
Operating income	2,302	2,053	(249)	(10.8)%	2,300
Operating margin	6.0%	5.3%	–	(0.7) pt	5.9%
Ordinary income	2,973	2,274	(699)	(23.5)%	2,500
Net income attributable to owners of parent	2,082	1,649	(433)	(20.8)%	1,700
New orders received	40,009	39,852	(157)	(0.0)%	38,800
Order backlog	14,361	16,490	+2,129	+14.8%	14,161

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- These are the highlights of the financial results with sales, profits, and order backlog figures at the bottom. I will not explain in detail because I would be repeating myself, but sales grew. Profits declined due to the significant impact of increasing raw material prices. New orders received during the fiscal year was slightly down but almost at a level equivalent to the previous year. The order backlog shows that we can start from a launch pad at a higher level than the previous year.

FY 2021 Performance Highlights (2)



Results compared with the previous year

(mil. yen)

		FY 2020 results	FY 2021 results	YoY change (amount)	YoY change (%)	FY 2021 forecast
AP-related Business	Net sales	19,467	18,328	(1,139)	(5.9)%	19,000
	Operating income	1,239	562	(677)	(54.6)%	1,250
	Operating margin	6.4%	3.1%	(3.3) pt	—	6.6%
BP-related Business	Net sales	9,212	10,839	+1,627	+17.7%	9,200
	Operating income	879	1,123	+244	+27.8%	850
	Operating margin	9.5%	10.4%	+0.9 pt	—	8.7%
Environment- and conveyor-related business	Net sales	2,390	3,018	+628	+26.3%	2,200
	Operating income	482	588	+105	+21.7%	400
	Operating margin	20.2%	19.5%	(0.7) pt	—	18.2%
Other business	Net sales	6,796	6,660	(136)	(2.0)%	6,100
	Operating income	1,170	1,073	(97)	(8.3)%	1,000
	Operating margin	17.2%	16.1%	(1.1) pt	—	16.3%
Corporate expenses		(1,469)	(1,293)	(176)	(12.0)%	(1,300)

- ▶ Net sales of AP-related business: In Japan, net sales of products fell 24.5% from a year earlier. Net sales of maintenance service also declined 6.0%. Overseas net sales: Exports were up 235.3%, net sales in China up 9.1%, and those in Thailand up 4,405.9% (up 187 million yen)
- ▶ Net sales of BP-related business: Net sales of products increased 29.5% from a year earlier. Net sales of maintenance service rose 4.8%
- ▶ Environment- and conveyor-related business: Net sales of environmental products were up 219.3% from a year earlier. Net sales of conveyor business rose 6.3% from a year earlier
- ▶ Other business: Net sales of mobile plants were up 35.3% from a year earlier (1,070 million yen → 1,448 million yen). Net sales of waterproof boards were up 12.0% (903 million → 1,011 million). Net sales of temporary construction materials were down 12.0%. Net sales of crushers were down 3.9%. Net sales of hand tools were up 7.8%

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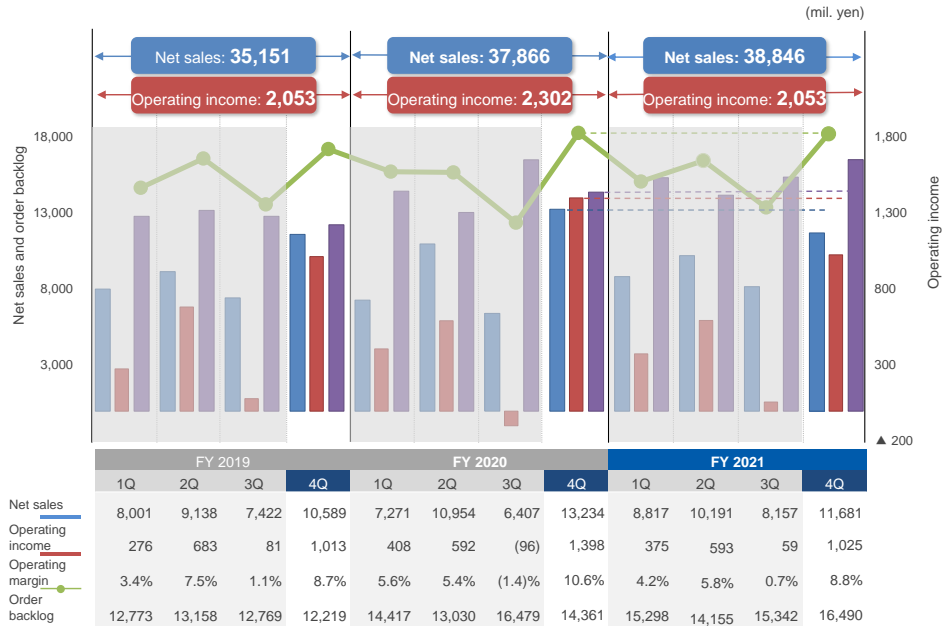
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- Now, we will look at the segments.
- AP's sales result for FY 2021 declined 1.1 billion yen from the previous year. Operating income became roughly half. Meanwhile, sales of BP increased 1.6 billion yen and operating income also rose 240 million yen. The business performed very strongly. Sales of the environment- and conveyor-related business reached 3.0 billion yen after a long time. Factors include moderate environment-related sales in FY 2021, as well as the growth in conveyors. In the Other Business, mobile plants and waterproof boards, which are growth businesses, grew more or less in line with the plan, but sales of scaffoldings and temporary construction materials fell considerably in FY 2021. Also, sales of crushers declined slightly from the previous year.

FY 2021 Quarterly Performance Trend



Quarterly net sales and operating income trends

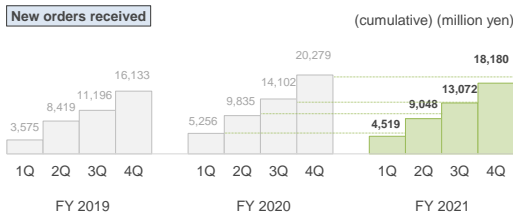


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- These bar graphs show the quarterly trends of sales and operating income for three years through FY 2021. In FY 2020, we posted a loss in the third quarter, but in FY 2021 we posted operating income in all four quarters without posting any losses.

In the meantime, we recorded strong sales and profits in the fourth quarter of FY 2020, while those in FY 2021 were in line with regular years.



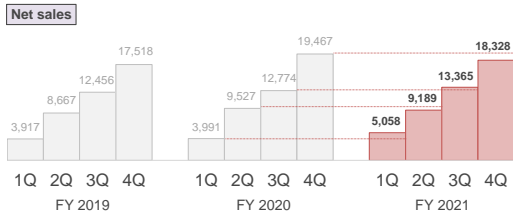
New orders received

•Down 10.4% YoY

(Factors)

Positive factors: Strong orders overseas (China) 8 units in 3Q and 6 units in 4Q

Negative factors: Declined due to delays in major projects in Japan
Hesitation in capital investment due to cost increase



Net sales

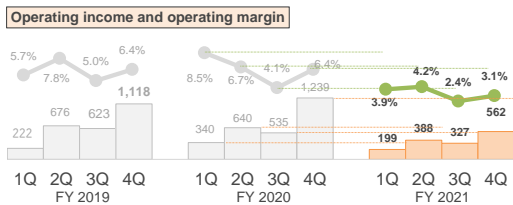
•Down 5.9% YoY

•Net sales in Japan declined 13.5% YoY
•Net sales overseas increased 27.1% YoY

(Factors)

•Japan: Sales were delayed due to prolonged delivery time of various parts

•Overseas: In China, net sales recovered to pre-COVID-19 levels and sales were strong
In Thailand, number of tourists visiting are showing a recovery trend, while the number of infected people increased due to the "living with COVID-19" policy



Operating income

•Operating income fell 54.6% from a year earlier
•Operating margin fell 3.3 pt YoY

(Factors)

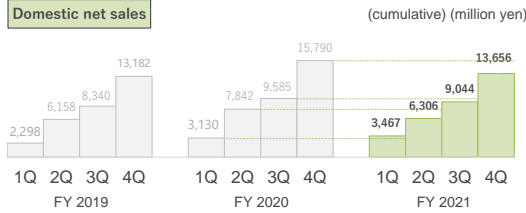
•Japan: Impact of sudden rise in steel and supply prices
•China: Steel price and personnel cost rose

- New orders for AP declined 10% year on year. Those for overseas increased, while those in Japan fell. Price of asphalt soared due to the fuel price hike, and road pavement companies in Japan, who are our users, have been facing severe financial results. This also probably has had a little impact. There have been some cases where capital investment plans were slightly postponed in FY 2021. Additionally, crude oil price continues to remain high in the current fiscal year, and it is possible that there will be at least some impact on capital investment by road pavement companies, who are our users.
- Net sales declined 5.9% year on year. Like orders, net sales in Japan declined while overseas net sales rose. In particular, sales in China recovered to levels before COVID-19. Operating income declined significantly by 54.6% year on year. As I said before, the soaring raw material prices both in Japan and China are giving significant negative impacts on profits.

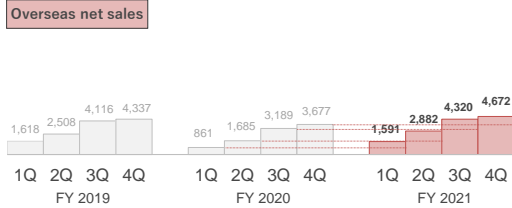
AP-related Business (Japan vs. Overseas)



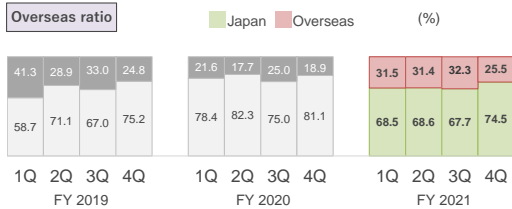
Domestic net sales



Overseas net sales



Overseas ratio



Japan

- Plant products declined 24.5% from a year earlier
- Maintenance service fell 6.0% from a year earlier

Overseas

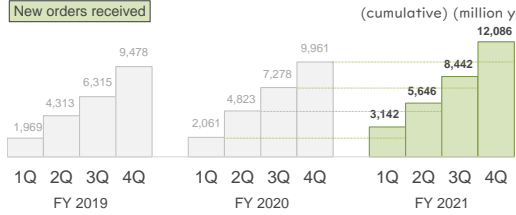
- Up 27.1% YoY
 - Exports: Up 235.3% YoY
 - China: Up 9.1% YoY
 - Thailand: Up 4,405.9% (up 187 mil. yen)
- *China
 - Sales increased from a year earlier thanks to an increase in demand for large-sized plants
 - Profits significantly declined due to steep hikes in raw material costs such as steel price and rising personnel costs
- *Thailand
 - Sold 1 unit in 1H and 1 unit in 2H
 - Order backlog of 3 units for the next fiscal year
 - Held an opening ceremony for the local manufacturing subsidiary plant in March and began operation
- *Exports (Taiwan, overseas operations)
 - It is returning to pre-COVID-19 levels, and Taiwan, Thailand, and maintenance parts have been strong

New overseas orders received and order backlog

	New orders	Order backlog
China (Nikko Shanghai)	4,270 mil. yen (up 10.5%)	3,140 mil. yen (up 11.1%)
Thailand sales company (NAT)	260 mil. yen	240 mil. yen
Thailand manufacturing company (NIC)	20 mil. yen	0 mil. yen
Exports	650 mil. yen	270 mil. yen

- Sales of plant products in Japan fell 24.5% year on year, while those of maintenance services also fell 6%. Overseas net sales increased 27.1% and exports rose 235% year on year. The large figure is because there were almost no exports the year before. Though it is not mentioned here, we have suspended our business related to Russia. In the previous fiscal year, sales of parts to Russia were 23 million yen. The impact from halting the business is more or less negligible.

New orders received



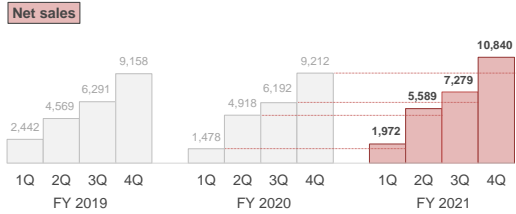
New orders received

• Up 21.3% YoY

(Factors)

While ready-mixed concrete shipment declined due to the end of disaster restoration works and delays in works due to the impact of COVID-19, the investment appetite of users continues to be high thanks to stability in the market

Net sales



Net sales

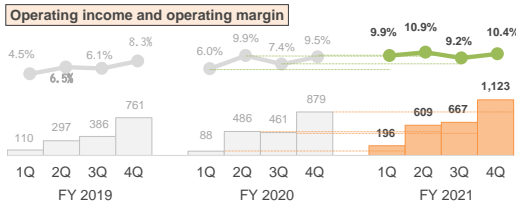
• Up 17.7% YoY

- Plant products increased 29.5% from a year earlier
- Maintenance service rose 4.8% from a year earlier

(Factors)

• The number of projects continued to increase in new year works of 4Q

Operating income and operating margin



Operating income

- Operating income rose 27.8% from a year earlier
- Operating margin rose 0.9 pt YoY

(Factors)

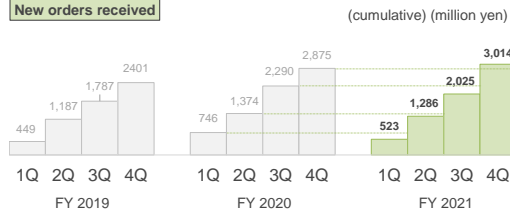
• Operating income rose as net sales increased
 • Profit margin improved, as planned production brought down costs

- Compared to AP, BP performed very strongly in the previous fiscal year. New orders received increased 21.3% year on year. Customers and the entire industry had relatively robust appetite for capital investment, and new orders grew significantly as we further increased our market share and sales also rose 17.7%. Naturally, operating income also increased 27.8% compared with a year earlier.

Environment- and Conveyor-related Business



New orders received



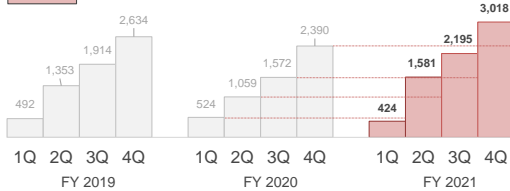
New orders received

Up 4.8% YoY

(Factors)

JR West: Rotating conveyor for bullet train ballast 64 mil. yen
 Dryer for coke for iron making 228 mil. yen

Net sales



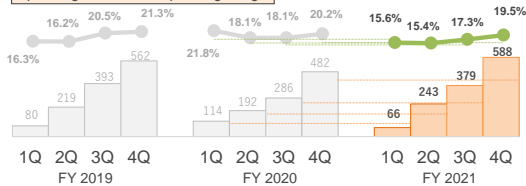
Net sales

Up 26.3% YoY

(Factors)

JR West: Rotating conveyor for bullet train ballast 64 mil. yen
 Turbine mixer for glass making 28 mil. yen
 Beverage bottle separator crusher facility: 4 units
 Bag breaking machine 2 units

Operating income and operating margin



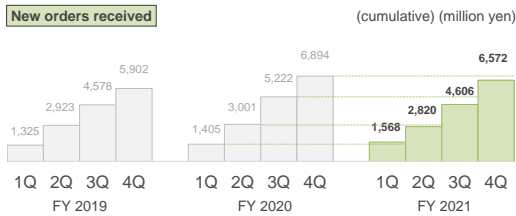
Operating income

- Operating income rose 21.7% from a year earlier
- Operating margin fell 0.7 pt YoY

(Factors)

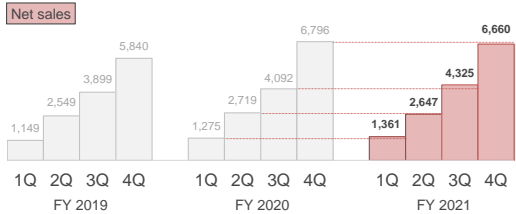
- Profit increase from sales expansion
- Impact of price increases from 3Q in the conveyor business

- This is the environment- and conveyor-related business. New orders received increased about 5% compared with a year earlier. Those of both conveyors and environment-related products grew. In particular, orders for environment-related products performed strongly. Net sales also increased, up 26.3% year on year. As sales increased, operating income also rose 21.7%.



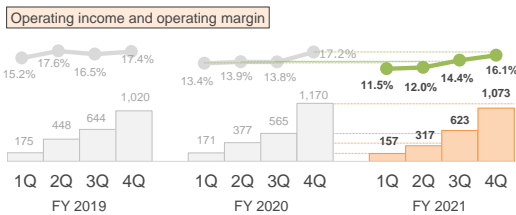
New orders received

- Down 4.7% YoY for the entire segment
- The mobile plant (MP) business expanded steadily
FY 2020 1,110 mil. yen (35 units)
FY 2021 1,890 mil. yen (44 units)



Net sales

- Down 2.0% YoY
- Positive factors:
- MP products: 1,070 mil. yen (34 units) in the previous fiscal year → 1,448 mil. yen (37 units)
 - Waterproof boards were up 108 mil. yen YoY
- Negative factors:
- Temporary construction materials declined 12.0%
 - The purchase appetite of temporary construction material rental companies have declined, owing to price hike in steel materials



Operating income

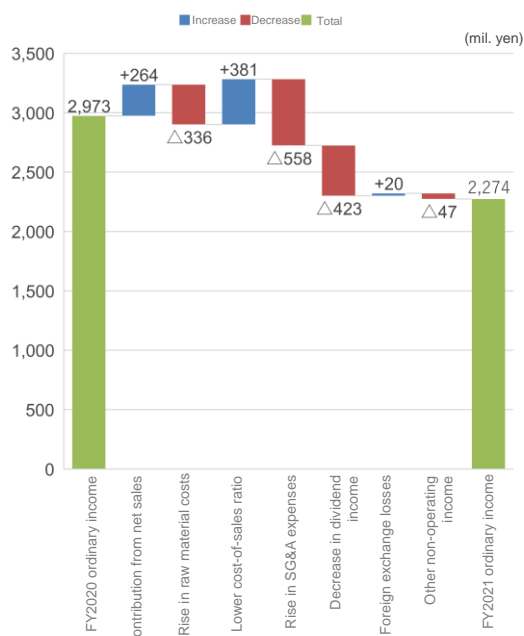
- Operating income fell 8.3% year on year
- Operating margin fell 1.1 pt year on year

★ Sales composition of Other Business (FY 2021)

Temporary construction materials 22.9%, waterproof boards and floodgates 24.1%, hand tools 10.9%, mobile plants 21.7%, crushers 5.1%, Nikko-developed products 10.9%, other 4.2%

- This is the other segment. New orders received for the segment as a whole declined 4.7% year on year. Net sales also declined 2.0% year on year. From the current fiscal year, Ube Kohki has been included in the other segment and we are expecting annual sales of about 2.0 billion yen and operating income of 0.1 billion yen.

Factor Analysis of Changes in Ordinary Income for FY 2021



Item	Impact	Content
Contribution from net sales	+264	Increase in net sales +979
Rise in raw material costs	-336	Steel +251 Copper wire +57 Supplies +28
Lower cost-of-sales ratio	+381	Reduction of cost-of-sales ratio excl. the rise in raw material costs: 73.09% → 72.10%
Rise in SG&A expenses	-558	Rise in personnel costs +143 M&A related +76 Rise in experiment and research expense +57
Dividends income	-423	Absence of special dividends -344

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- This is the analysis of factors contributing to the changes in ordinary income.
- Ordinary income for FY 2020 was 2.973 billion yen and 2.273 billion yen for FY 2021. The factors contributing to profit increase are shown in blue. By contrast, the factors that contributed negatively are shown in red.
- Profit contribution from the about 1.0 billion yen sales increase was 264 million yen, negative effect of the soaring raw material costs was 336 million yen, the impact of improvement in cost-of-sales ratio mainly targeting outsourcing costs was 381 million yen, and the negative impact from the increase in sales and administrative expenses was 558 million yen. The negative impact of the decline in dividends income was 423 million yen. It decreased because in FY 2020 there was the special factor where we received special dividends from Maeda Road Construction. Foreign exchange-related profits were up 20 million yen compared with a year earlier. Other non-operating income were down 47 million yen.

Balance Sheet Trends



(mil. yen)

		FY 2020	FY 2021	Change	Main factors in year-on-year change
Assets	Current assets	32,381	34,127	1,746	Increase: Inventory assets +2,230 mil. yen Raw materials and supplies +225 mil. yen Electronically recorded monetary claims +116 mil. yen Decrease: Notes and accounts receivable-trade (1,092) mil. yen
	Property and equipment	9,183	10,669	+1,485	Increase: Buildings and structures +1,387 mil. yen Machinery, equipment and vehicles +177 mil. yen
	Intangible assets	660	1,036	+375	Land +371 mil. yen
	Investments and other assets	6,472	6,246	(225)	Decline: Construction in progress (484) mil. yen Investment securities (192) mil. yen
	Total assets	48,697	52,079	+3,381	
Liabilities	Current liabilities	14,418	15,774	+1,355	Increase: Notes and accounts payable-trade +540 mil. yen Contract liabilities +4,405 mil. yen Decreases: Electronically recorded obligations (146) mil. yen Accounts payable-other (100) mil. yen Advances received (2,932) mil. yen
	Long-term liabilities	2,827	4,254	+1,427	Increase: Retained earnings +388 mil. yen Foreign currency translation adjustment +296 mil. yen Decline: Valuation difference on available-for-sale securities (139) mil. yen
Total net assets		31,451	32,050	+598	
Net assets per share (yen)		823.01	837.22	+14.21	

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- This shows the balance sheet trends.
- As we acquired Ube Kohki as of March 1, the balance sheet as of the end of FY 2021 consolidates Ube Kohki's balance sheet. Net assets increased 1.3 billion yen partly due to this.
Net assets increased 98 million yen.

FY 2022-2024 Medium-Term Management Plan

Summary of Previous Medium-Term Management Plan	▶ pp. 3–7
Policy of New Medium-Term Management Plan	▶ pp. 8–10
Numerical Plan for New Medium-Term Management Plan	▶ pp. 11–15
Business Strategies	▶ pp. 16–23

FY 2021 Financial Results

FY 2021 Results	▶ pp. 25–36
FY 2022 Outlook	▶ pp. 37–40
Business Climate and Management Strategy	▶ pp. 41–53
Reference Materials	▶ pp. 54–61
Company Information	▶ pp. 62–67

* The last digit of the figures of changes in this document may differ from those in the Quarterly Report due to the treatment of fractions less than unit.

FY 2022 Outlook (1)



(mil. yen)

	FY 2021 results			FY 2022 forecast			
	1H	2H	Full year	1H	2H	Full year	Year-on-year change
Net sales	19,008	19,838	38,846	20,000	22,000	42,000	+3,154 +8.1%
Operating income	968	1,085	2,053	1,000	1,300	2,300	+247 +12.0%
Operating margin	5.1%	6.0%	5.3%	5.0%	6.0%	5.5%	0.2 pt +227
Ordinary income	1,105	1,168	2,273	1,150	1,350	2,500	+10.0%
Net income attributable to owners of parent	867	782	1,649	700	900	1,600	(49) (3.0)%
New orders received	18,802	22,198	41,337	23,000	23,000	46,000	+4,663 +11.3%
Order backlog	14,155	16,361	16,490	19,361	20,361	20,361	+3,871 +23.5%

- ▶ In AP, sales of products in Japan will decline, while those of overseas business such as in China and exports will increase
- ▶ Sales of maintenance service are expected to be in line with the previous fiscal year
- ▶ R&D expenses and depreciation and amortization to increase (342 million yen)

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- This is the consolidated outlook for FY 2022.
- We expect net sales of 42.0 billion yen for the full year, which is a planned increase of 3.1 billion yen. The contribution of Ube Kohki is expected to be 2.0 billion yen and the portion attributed to the existing Nikko is expected to be 1.1 billion yen. We expect 2.3 billion yen in operating income, 2.5 billion yen in ordinary income, and 1.6 billion yen in net income. Net orders received during the period is planned at 46.0 billion yen and we expect 20.3 billion yen in order backlog.

FY 2022 Outlook (2)



(mil. yen)

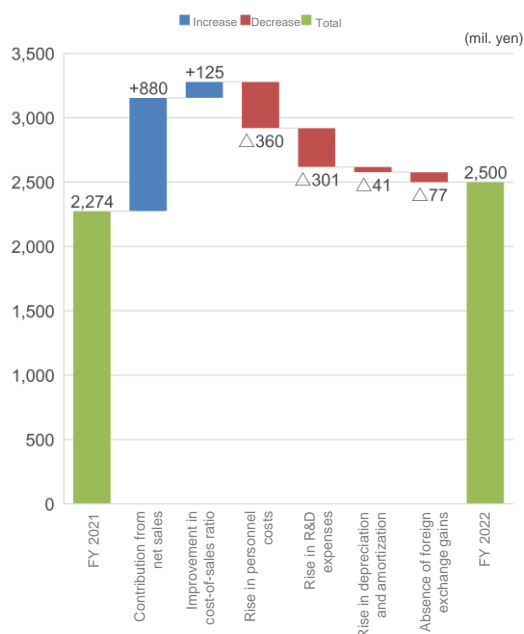
		FY 2020 results			FY 2021 results			FY 2022 forecast			
		1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	Year-on-year change
AP-related business	Net sales	9,527	9,940	19,467	9,189	9,139	18,328	9,520	10,480	20,000	+1,672 +9.1%
	Operating income	640	599	1,239	388	174	562	500	650	1,150	+588 +104.6%
	Operating margin	6.7%	6.0%	6.4%	4.2%	1.9%	3.1%	5.3%	6.2%	5.8%	+2.7 pt
BP-related Business	Net sales	4,918	4,294	9,212	5,589	5,251	10,840	5,000	5,500	10,500	(340) (3.1%)
	Operating income	486	393	879	609	514	1,123	460	590	1,050	(73) (6.5%)
	Operating margin	9.9%	9.1%	9.5%	10.9%	9.8%	10.4%	9.2%	10.7%	10.0%	(0.4) pp
Environment- and Conveyor-related Business	Net sales	1,059	1,331	2,390	1,581	1,437	3,018	1,190	1,310	2,500	(518) (17.2%)
	Operating income	192	290	482	243	345	588	220	280	500	(88) (15.0%)
	Operating margin	18.1%	21.7%	20.2%	15.4%	24.0%	19.5%	18.5%	21.4%	20.0%	+0.5 pt
Other business	Net sales	2,719	4,071	6,790	2,647	4,013	6,660	4,280	4,720	9,000	+2,340 +35.1%
	Operating income	377	793	1,170	317	756	1,073	480	620	1,100	+27 +2.5%
	Operating margin	13.9%	19.4%	17.2%	12.0%	18.8%	16.1%	11.2%	13.1%	12.2%	(3.9) pt
Corporate expenses		(696)	(773)	(1,469)	(589)	(704)	(1,293)	(650)	(850)	(1,500)	+16.0%

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- We expect a 1.6 billion yen increase in sales of AP for the current fiscal year to 20.0 billion yen. Sales of Nikko Shanghai in China are expected to increase 600 million yen. Sales in Thailand, which is now fully operational, are expected to increase 600 million yen compared with a year earlier. We are expecting a total increase of 1.2 billion yen in overseas sales. The difference is the sales increase in Japan. Operating income is expected to be 1.15 billion yen and operating margin is 5.8%, so the forecast is still short of the 6.4% operating margin in FY 2020. Looking at the current fiscal year, the Chinese business struggled in FY 2021 in terms of profits as we could not raise prices corresponding to the soaring raw material prices. Sales of the projects for which we received orders in FY 2021 will be recorded in the current fiscal year and we made sure to accept those orders at raised prices. For the current fiscal year, profits of the Chinese business will improve by 200 million yen compared with the previous fiscal year as per our plan. If you look at profits of the AP products in Japan in FY 2021, projects with tougher prospects for profitability became concentrated due to our strategy. There will be almost no projects like these in FY 2022 and we expect profits in Japan to also improve. In Thailand, we expect 270 million yen in loss again for the current fiscal year. There was a 250 million yen deficit in Thailand in FY 2021. It is still in the start-up phase and we assume it will continue with losses for about two more years.
- As for BP, we expect 10.0 billion yen in sales, 1.05 billion yen in operating income, and a profit margin of 10%. It continues to be strong in FY 2022 and the order backlog at the beginning of the fiscal year was at a very high level, so we expect it to reach a level similar to FY 2021.
- We budgeted sales of the environment- and conveyor-related business to decrease from a year earlier. There is absence of order backlog of a major environment-related project at the beginning of the fiscal year and this has been discounted.
- Sales of the other businesses are expected to be 9.0 billion yen, up 2.3 billion yen from a year earlier, and operating income to be 1.8 billion yen. As I mentioned before, we expect 2.0 billion yen in sales and 100 million yen in operating income from Ube Kohki.

Factor Analysis of Changes in Ordinary Income for FY 2022 (Forecast)



Item	Impact	Content
Contribution from net sales	+880	Increase in net sales +3,154
Improvement in cost-of-sales ratio	+125	Improvement of 0.29% in reduction of cost-of-sales ratio
Rise in personnel costs	(360)	An increase in wage (200) An increase in number of employees (160)
R&D expenses	(301)	
Depreciation and amortization	(41)	
Absence of foreign exchange gains	(77)	Euro (67)

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□ This is the forecast of the analysis of the factors contributing to the changes in ordinary income for FY 2022.

□ We expect 2.5 billion yen in ordinary income. It was 2,274 million yen in FY 2021, so it is an increase of about 250 million yen. The breakdown is: an impact of 880 million yen from the 3.1 billion yen in net sales increase, and 125 million yen from the improvement in cost-of-sales ratio. Meanwhile, there will be a negative impact of 360 million yen from the rise in personnel costs. The negative impact from the increase in wage is 200 million yen and that from the increase in the number of personnel is 160 million yen. R&D expenses will increase about 300 million yen. The impact of the increase in depreciation and amortization is expected to be 41 million yen. We are assuming an impact of 77 million yen from the absence of foreign exchange gains in the previous fiscal year.

FY 2022-2024 Medium-Term Management Plan

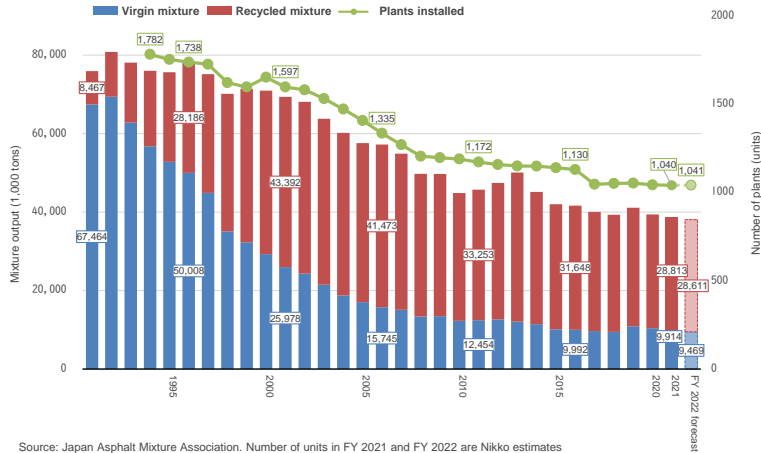
Summary of Previous Medium-Term Management Plan	▶ pp. 3–7
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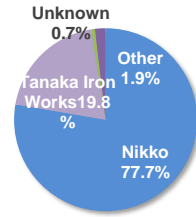
* The last digit of the figures of changes in this document may differ from those in the Quarterly Report due to the treatment of fractions less than unit.

Asphalt mixture output and number of asphalt plants installed



Source: Japan Asphalt Mixture Association. Number of units in FY 2021 and FY 2022 are Nikko estimates

AP steady-state share



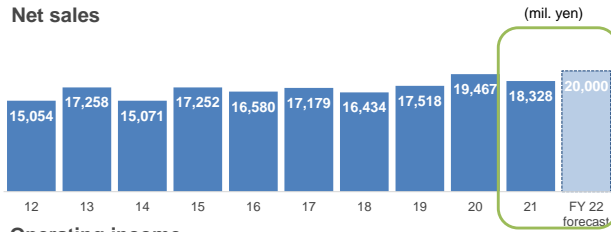
FY 2021 Nikko survey

- ▶ Prices of asphalt, the raw material, and heavy oil, which is the fuel, soared reflecting the recent sudden rise in the crude oil price and profits are on a declining trend for the industry as a whole. Concerns regarding deteriorating appetite for capital investment
- ▶ Shipment of mixture is expected to increase in the Osaka area in the future as the 2025 World Exposition approaches
- ▶ We expect decarbonization-related products to grow

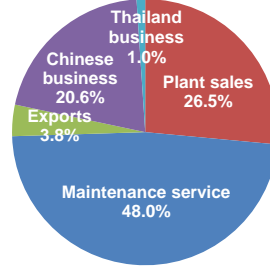
AP-Related Business Details and Strategy for the Future (1)



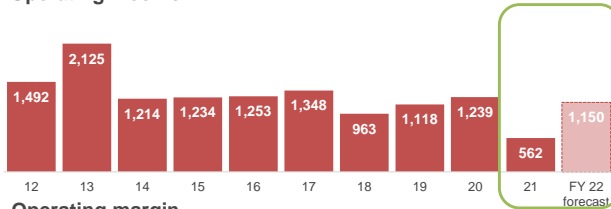
Net sales



Sales ratio of AP-related business



Operating income

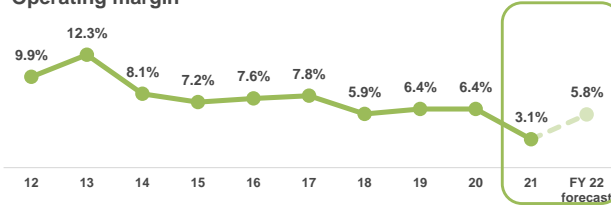


Net sales annual growth rate

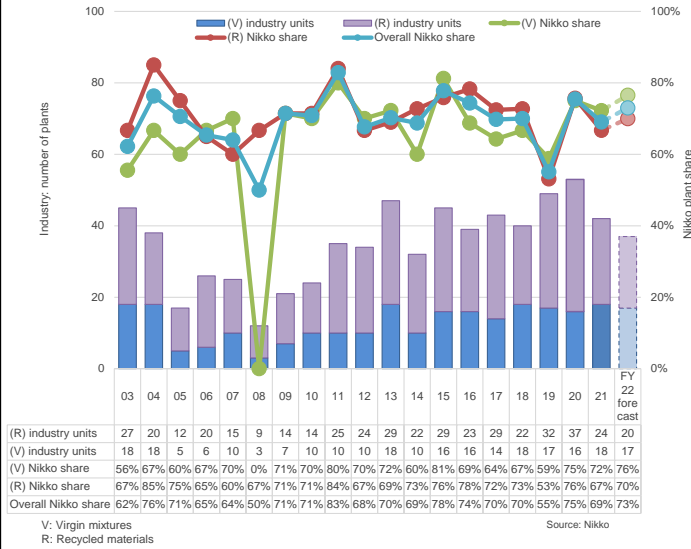
FY 2020 → FY 2021 results

Plant sales	(24.5)%
Maintenance service	(6.0)%
Chinese business	+9.1%
Exports	+235.3%
Thailand business	+4,306.9%

Operating margin



AP demand and Nikko share



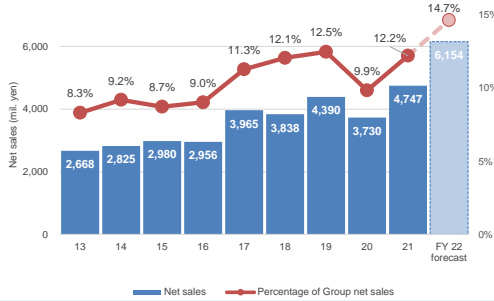
New product performance in AP-related business

	16	17	18	19	20	FY 21
Number of new model APs (VP and MBD)	2	3	3	5	2	3
Number of crushing plants	0	1	0	2	2	1
Number of decarbonization-related products	0	0	3	2	2	9

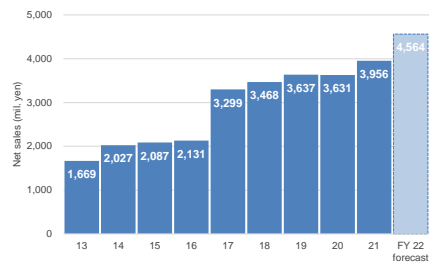
★Decarbonization-related products (Foamed asphalt device, biomass burner, etc.)

- ▶ Introduce VP-IV, an improved version of large model VP-II, in FY 2022 so as to improve profit
- ▶ Strengthen decarbonization-related products and aim for CO2 of 50% in 2030 -> 0% in 2050

Nikko's overseas net sales and overseas sales ratio



Nikko Shanghai net sales



The overseas division and exports are showing a recovery trend from the impact of the novel coronavirus

[China (Nikko Shanghai)]

In 2021, COVID-19 infection, which was showing a declining trend, began expanding in various areas from March

While demand was high, the business stagnated due to the prolonged lockdown in Shanghai. Concern over sales decline

[Thailand]

Budget is expected to focus on maintenance works and expansion works for existing roads. Large-scale works have been postponed to the year after next and beyond and the number of such works may increase from 2023

We estimate mixture volume to be high in the north and northeastern areas, which will be the main target from the next year onwards

Started production at the new factory in March

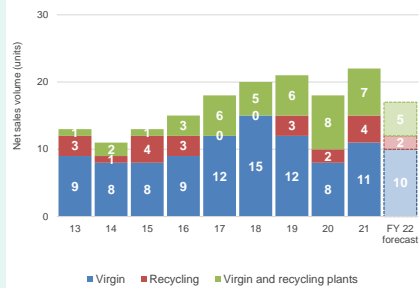
[Taiwan]

Employees have been dispatched, and sales activities have started. Conversion, maintenance, orders for plants

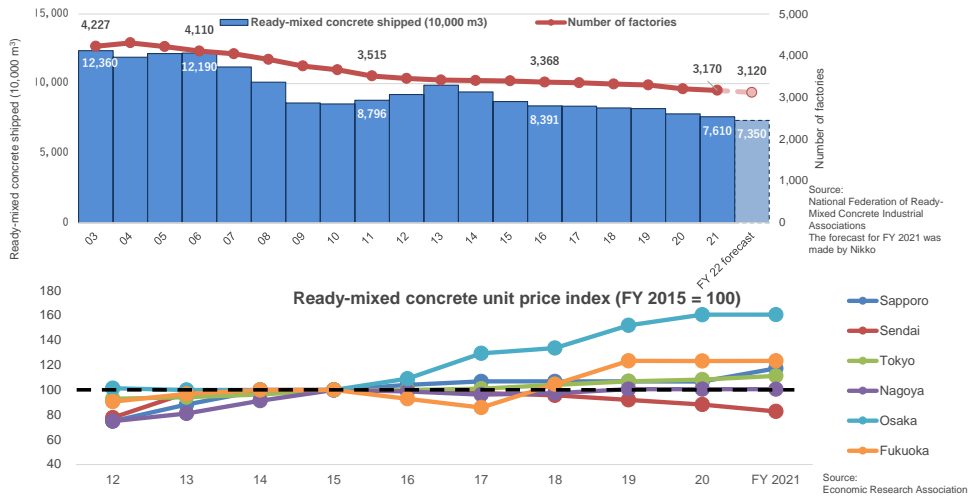
[Russia]

Business negotiations as well as parts supply have stopped

Nikko Shanghai AP unit sales



Trends in ready-mixed concrete shipments, price, and number of factories



▶ Nationwide ready-mixed concrete shipment in FY 2021 was 76.10 million m³, which is 2.7% less than FY 2020, the lowest since peaking out in FY 1990

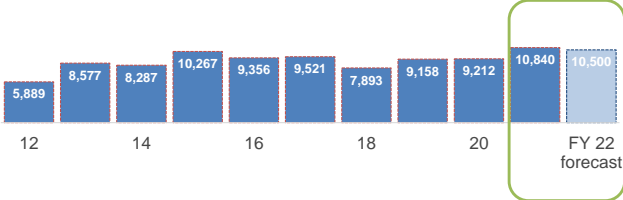
In some regions, there were special demand from the Olympic Games and development of bullet train service and expressways and restoration from large-scale disasters, but all in all it has not recovered from the slump partly due to the impact of COVID-19. However, private-sector demand, which has been suppressed by COVID-19, is showing signs of recovery nationwide

BP-Related Business Details and Strategy for the Future (1)

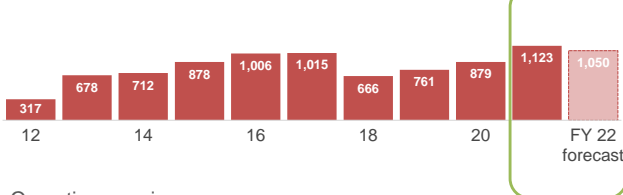


Net sales

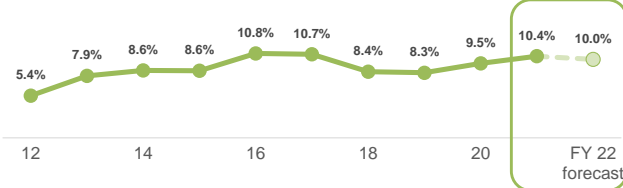
(million yen)



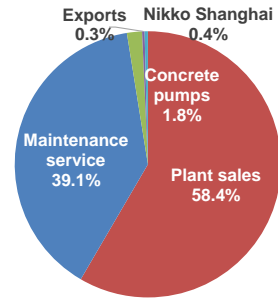
Operating income



Operating margin



Sales ratio of BP-related business

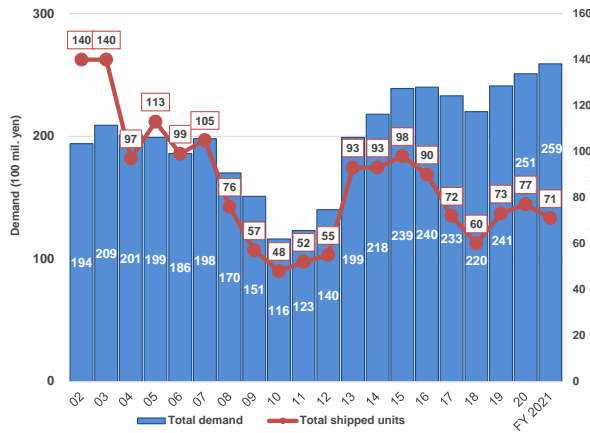


Net sales annual growth rate

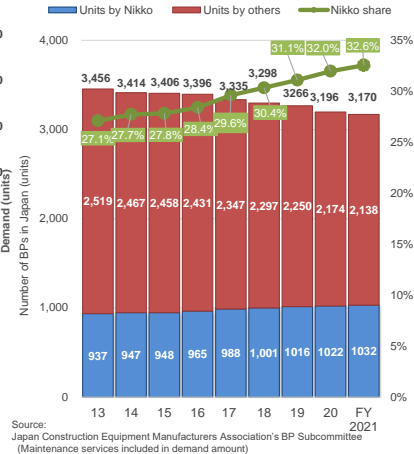
FY 2020 → FY 2021 results

Plant sales	+29.5%
Maintenance service	+4.8%
Concrete pumps	(14.5)%
Nikko Shanghai	(3.9)%
Exports	+355.6%

Total BP demand (value and number of units)

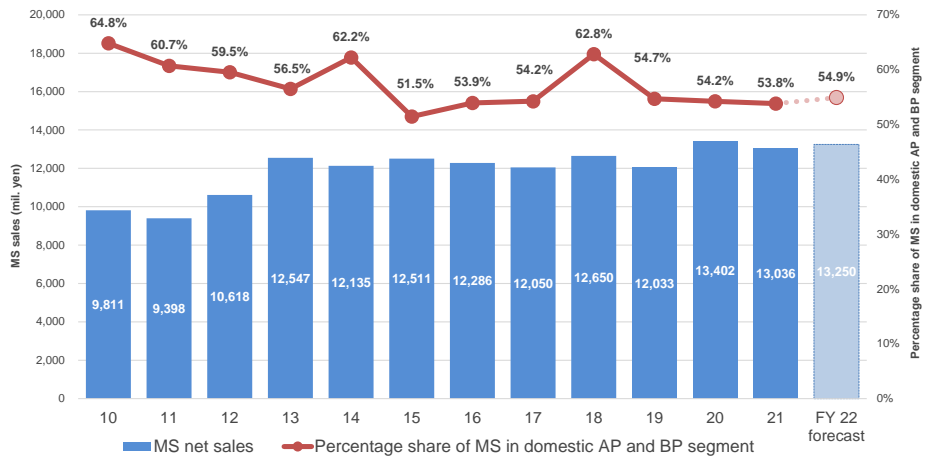


BP steady-state share trends



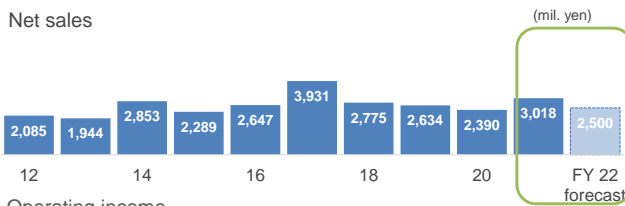
- ▶ Ready-mixed concrete shipments in FY 2022 is expected to be 73.50 million m3. While private-sector demand is gradually recovering led by redevelopment in Tokyo Metropolitan area, it marked a record low for the fourth consecutive year. Costs of raw materials, personnel, and transportation have risen and we expect ready-mixed concrete cooperative societies in various regions to carry out unprecedented levels of price increase to ensure future business continuation of members.
- ▶ Increase market share by launching new differentiated products to meet new demand, which arises from sales expansion to precast industry, where demand continues to grow, as well as from ready-mixed concrete industry consolidation.

AP and BP maintenance service: Net Sales Level and Share

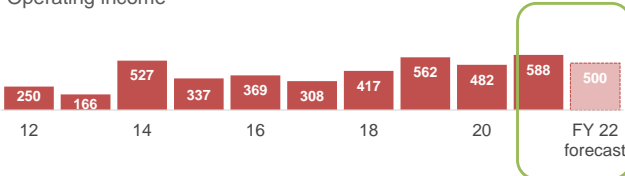


▶ Work on further improvement of efficiency through new measures such as flat-rate maintenance services as well as stable operation of customer plants

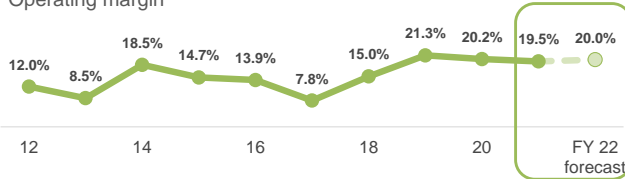
Net sales



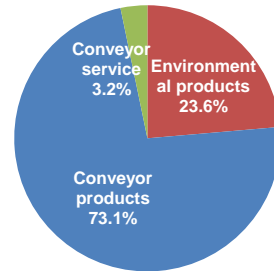
Operating income



Operating margin



Sales ratio of environment- and conveyor-related business



Net sales annual growth rate

FY 2020 → FY 2021 results

Environmental products	+219.4%
Conveyor products	+5.0%
Conveyor service	+50.1%

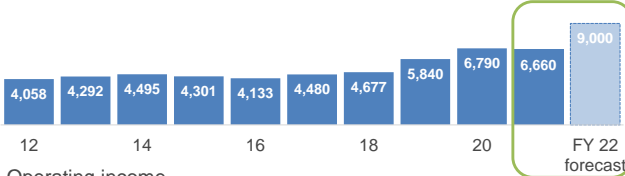
- ▶ Delay is expected in plant capital investment in FY2022 due to the impact of COVID-19 and prolonged delivery time of control-related devices
- ▶ In the conveyor business, we are planning for improved business performance by responding to customer needs by shortening delivery time of products and introducing new products

Other Business Outlook and Strategies

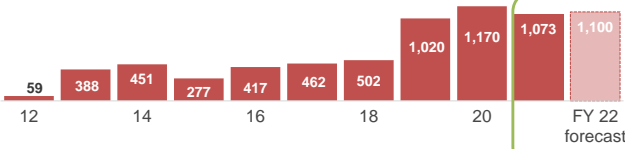


Net sales

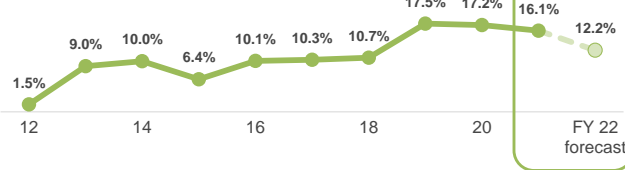
(mil. yen)



Operating income

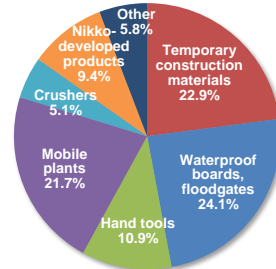


Operating margin



▶ Mobile plant business and waterproof boards are expected to grow continuing from the previous term

Other business sales



Net sales annual growth rate

FY 2020 → FY 2021 results

Temporary construction materials	(26.2)%
Waterproof boards, floodgates	(0.3)%
Hand tools	+7.8%
Mobile plants	+35.3%
Crushers	(3.9)%
Nikko-developed products	+11.6%
Other	(44.7)%

To liquidate assets worth approx. 5 bil. yen (as of the end of FY 2018) lying dormant on the balance sheet into cash

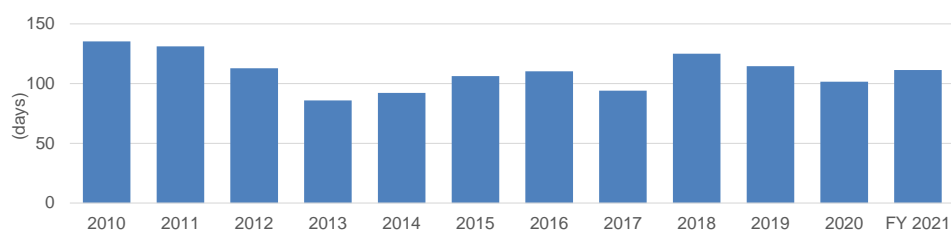
(i) Sell strategic shareholdings:
about 2 bil. yen

⇒ Sales results for the period from FY 2019
to FY 2021: 1.9 bil. yen

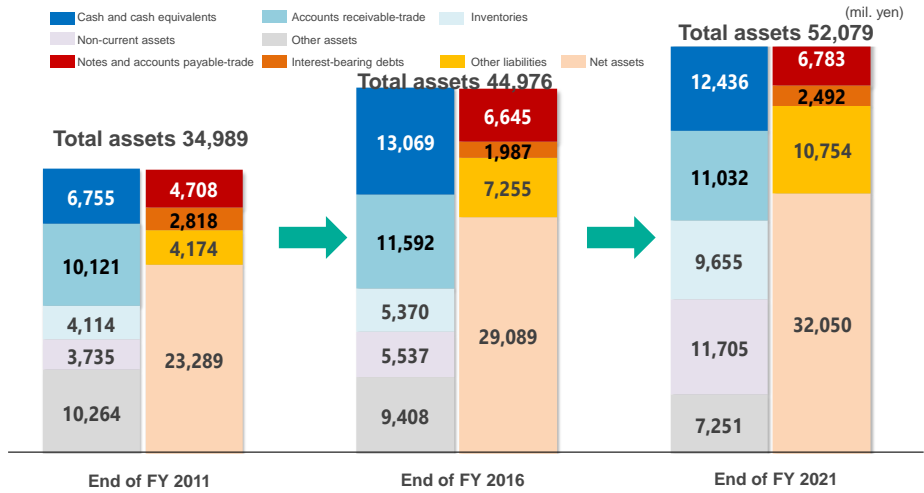
Status of reducing strategically-held shares (in mil. yen)						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of issues sold completely	5	7	6	6	6	4
Amount sold	193	405	194	720	506	691
Book value	132	221	106	272	468	376
Sales gain	61	184	88	448	37	314

(ii) Improve CCC: about 3 bil. yen

⇒ FY 2021 improvement results: 1.4 bil. yen



Balance Sheet Trends



- ▶ We will continue with sale of strategic shareholdings.
- ▶ Aim to enhance shareholder returns (to continue with divided payout ratio of 60% or more during the current medium-term plan)

FY 2022-2024 Medium-Term Management Plan

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Trends in Net Sales, Profit, Cash Flows, and Other Indicators



(mil. yen)

	FY 2019				FY 2020				FY 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	8,001	9,139	7,422	10,589	7,271	10,954	6,407	13,234	8,817	10,191	8,157	11,681
AP-related Business	3,917	4,750	3,789	5,062	3,991	5,536	3,247	6,693	5,058	4,131	4,176	4,963
BP-related Business	2,442	2,127	1,722	2,867	1,478	3,440	1,274	3,020	1,972	3,617	1,690	3,561
Environment- and Conveyor-related Business	492	861	561	720	524	535	513	818	424	1,157	614	823
Other business	1,149	1,400	1,350	1,941	1,275	1,444	1,373	2,698	1,361	1,286	1,678	2,335
Operating income	276	683	81	1,013	408	592	(96)	1,398	375	593	59	1,026
AP-related Business	222	454	(53)	495	340	300	(105)	704	199	189	(61)	235
BP-related Business	110	187	89	375	88	398	(25)	418	196	413	58	456
Environment- and Conveyor-related Business	80	139	174	169	114	78	94	196	66	177	136	209
Other business	175	273	196	376	171	206	188	605	157	160	306	450
Corporate expenses	(313)	(370)	(322)	(404)	(305)	(391)	(248)	(525)	(244)	(345)	(382)	(322)
Ordinary income	361	673	129	979	979	609	(89)	1,474	519	586	89	1,079
Net income attributable to owners of parent	270	733	(33)	618	746	353	(133)	1,116	378	489	838	(59)
Cash flow from operating activities	3,809				2,784				2,224			
Cash flow from investing activities	(609)				(1,867)				(2,165)			
Total dividend	229	–	775	–	775	–	572	–	683	–	573	–
Share buyback	0				400				0			

Trends in New Orders Received and Order Backlog per Business Segment (Cumulative)



(mil. yen)

New orders received (cumulative)	FY 2019				FY 2020				FY 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-related business	3,575	8,419	11,196	16,133	5,256	9,835	14,102	20,279	4,519	9,048	13,072	18,180
BP-related Business	1,969	4,313	6,315	9,478	2,061	4,823	7,278	9,961	3,142	5,646	8,442	12,086
Environment- and Conveyor-related Business	449	1,187	1,787	2,401	746	1,374	2,290	2,875	523	1,286	2,025	3,014
Other	1,325	2,923	4,578	5,902	1,405	3,001	5,222	6,894	1,568	2,820	4,606	6,572
Total	7,320	16,843	23,877	33,915	9,469	19,036	28,893	40,009	9,753	18,802	28,146	39,852

End-of-term order backlog	FY 2019				FY 2020				FY 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-related business	8,466	8,561	7,548	7,424	8,688	7,732	8,751	8,235	7,696	8,094	7,942	7,725
BP-related Business	2,967	3,184	3,464	3,760	4,342	3,665	4,845	4,508	5,678	4,565	5,672	5,755
Environment- and Conveyor-related Business	342	219	258	152	373	467	869	636	734	341	466	631
Other	997	1,194	1,498	883	1,013	1,165	1,553	981	1,187	1,154	1,261	2,377
Total	12,773	13,158	12,769	12,219	14,417	13,030	16,479	14,361	15,298	14,155	15,342	16,490

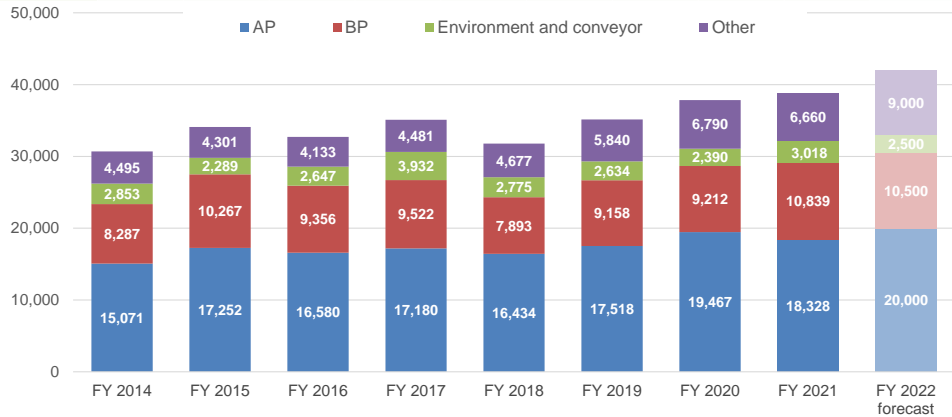
Trends in net sales



Full-year trend

(million yen)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 forecast	Vs FY 2021
AP	15,071	17,252	16,580	17,180	16,434	17,518	19,467	18,328	20,000	+9.1%
BP	8,287	10,267	9,356	9,522	7,893	9,158	9,212	10,839	10,500	(3.1)%
Environment and conveyor	2,853	2,289	2,647	3,932	2,775	2,634	2,390	3,018	2,500	(17.2)%
Other	4,495	4,301	4,133	4,481	4,677	5,840	6,790	6,660	9,000	+35.1%
Total	30,707	34,110	32,717	35,114	31,780	35,151	37,866	38,846	42,000	+8.1%



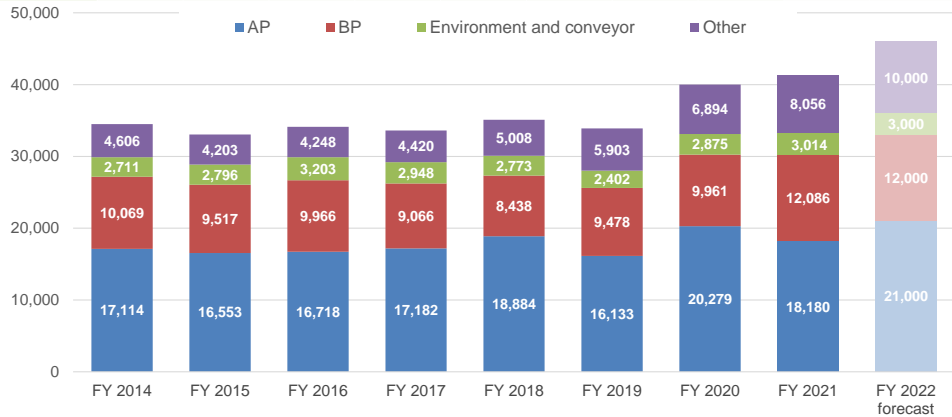
Trends in New Orders Received



Full-year trend

(mil. yen)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 forecast	Vs FY 2021
AP	17,114	16,553	16,718	17,182	18,884	16,133	20,279	18,180	21,000	+15.5%
BP	10,069	9,517	9,966	9,066	8,438	9,478	9,961	12,086	12,000	(0.7)%
Environment and conveyor	2,711	2,796	3,203	2,948	2,773	2,402	2,875	3,014	3,000	(0.5)%
Other	4,606	4,203	4,248	4,420	5,008	5,903	6,894	6,572	10,000	+24.1%
Total	34,501	33,069	34,134	33,617	35,104	33,916	40,009	39,852	46,000	+11.3%



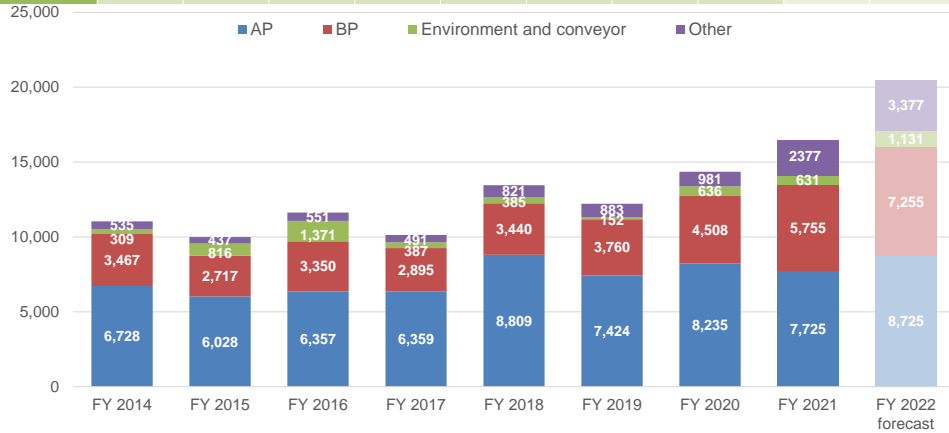
Trends in Order Backlog



Full-year trend

(mil. yen)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 forecast	Vs FY 2021
AP	6,728	6,028	6,357	6,359	8,809	7,424	8,235	7,725	8,725	+12.9%
BP	3,467	2,717	3,350	2,895	3,440	3,760	4,508	5,755	7,255	+26.1%
Environment and conveyor	309	816	1,371	387	385	152	636	631	1,131	+79.2%
Other	535	437	551	491	821	883	981	2,377	3,377	+42.1%
Total	11,039	9,997	11,629	10,132	13,455	12,219	14,361	16,490	20,488	+24.3%



Trends in Capital Investment, Depreciation and Amortization, R&D Expenses, and Nonfinancial Data



(mil. yen)

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Capital investment	335	844	815	877	1,261	550	1,889	1,483	2,748	1,907
Depreciation and amortization	389	395	422	487	482	472	508	611	677	759
R&D expenses	256	295	276	227	271	291	211	379	392	449

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Number of employees (consolidated)	763	767	796	803	797	807	799	808	811	813
Average age of employees (non-consolidated)	44.7	43.3	43.1	42.2	42.3	42.2	40.9	41.1	41.1	40.8
Average years of service (non-consolidated)	21.2	20	19.3	18.2	18.5	18.3	16.0	15.8	15.4	15.3
Female employees (non-consolidated)	31	31	33	39	42	42	45	51	55	59
Number of new-graduate hires (non-consolidated)	15	21	21	30	17	19	15	14	29	32
Number of female new-graduate hires (non-consolidated)	0	1	3	1	2	0	0	0	3	6
Percentage of female hires (non-consolidated)	0%	4.7%	14.2%	3.3%	11.7%	0%	0%	0%	10.3%	18.8%
Number of foreign-national hires (non-consolidated)	0	6	0	0	0	1	1	0	1	0
Number of foreign-national employees (non-consolidated)	2	8	6	6	6	7	8	5	5	6
Foreign national employees (consolidated)	90	91	95	94	93	101	98	116	116	194
Overseas employees (consolidated)	90	91	95	92	91	101	98	123	121	197

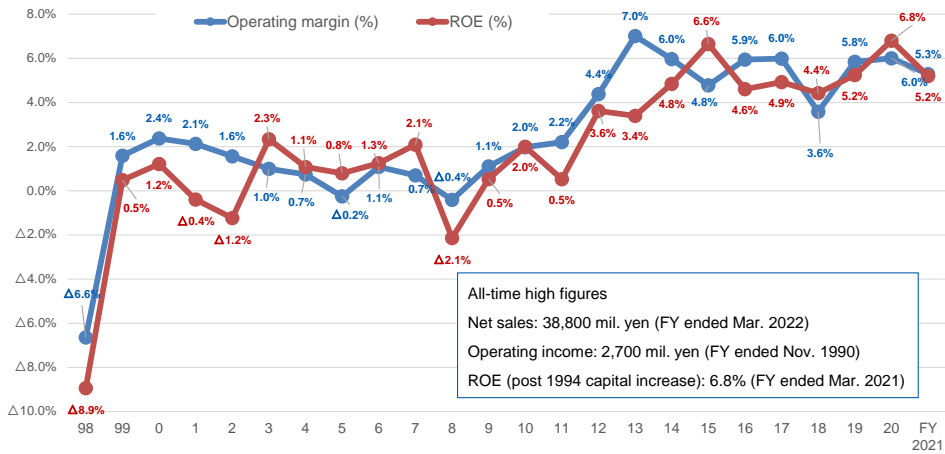
New products for reducing environmental impact

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2022
New products	[Sand dryer] [High-temperature preheating burner]	[NTB-II burner]	[Newly designed bag filter]	[VP Series APs]	—	[Foamed asphalt manufacturing equipment]	[Powdered fuel burner]
Features reducing environmental impact	<ul style="list-style-type: none"> Higher plant production efficiency Energy saving 	<ul style="list-style-type: none"> Energy saving Higher combustion efficiency in combustion range 	<ul style="list-style-type: none"> Space saving Energy saving Exhaust gas reduction Low noise 	<ul style="list-style-type: none"> Preventing diffusion of recycled material odorous gas 	—	<ul style="list-style-type: none"> Support for manufacture of warm-mix asphalt 	<ul style="list-style-type: none"> Aimed at burning powdered biomass fuels Reduce CO2 emissions from burners

Trend in Key Financial Data



Operating margin and ROE



All-time high figures
 Net sales: 38,800 mil. yen (FY ended Mar. 2022)
 Operating income: 2,700 mil. yen (FY ended Nov. 1990)
 ROE (post 1994 capital increase): 6.8% (FY ended Mar. 2021)

	99	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	FY 2021
Net sales	22,157	22,595	23,170	24,307	24,812	24,864	22,175	25,035	26,942	23,856	23,971	23,803	24,553	27,087	32,073	30,707	34,110	32,717	35,114	31,780	35,151	37,866	38,946
Operating income (loss)	352	536	492	379	248	185	(55)	271	189	(98)	265	470	541	1,186	2,249	1,832	1,629	1,944	2,103	1,427	2,053	2,302	2,053
Ordinary income	201	846	664	688	492	537	350	699	545	482	899	812	621	1,108	1,982	1,582	1,648	1,993	2,239	1,576	2,142	2,973	2,274
Net income (loss)	121	298	(93)	(284)	567	265	203	315	513	(499)	124	461	122	881	888	1,348	1,896	1,340	1,490	1,345	1,588	2,082	1,649

FY 2022-2024 Medium-Term Management Plan

Summary of Previous Medium-Term Management Plan	▶ pp. 3–7
Policy of New Medium-Term Management Plan	▶ pp. 8–10
Numerical Plan for New Medium-Term Management Plan	▶ pp. 11–15
Business Strategies	▶ pp. 16–23

FY 2021 Financial Results

FY 2021 Results	▶ pp. 25–36
FY 2022 Outlook	▶ pp. 37–40
Business Climate and Management Strategy	▶ pp. 41–53
Reference Materials	▶ pp. 54–61
Company Information	▶ pp. 62–67

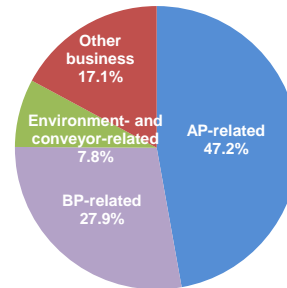
* The last digit of the figures of changes in this document may differ from those in the Quarterly Report due to the treatment of fractions less than unit.

Company Overview



Japanese name	Nikko Co., Ltd.	
Head office	1013-1, Eigashima, Okubo-cho, Akashi, Hyogo Prefecture	
Established	August 13, 1919	
Capital	9,197 mil. yen	(as of March 31, 2022)
Consolidated net sales	38,846 mil. yen	(FY 2021)
Consolidated operating income	2,053 mil. yen	(FY 2021)
Ratio of net sales outside Japan	12.2%	(FY 2021)
Subsidiaries	12 companies	(FY 2021)
Number of employees (consolidated)	1,038	(as of March 31, 2022)
Governance structure:	Company with Audit & Supervisory Board Directors: 9, of which 4 are outside directors Audit & Supervisory Board Member: 4, including 3 outside auditors (as of March 31, 2022)	

Net sales breakdown by business segment (FY 2021)



* AP: Asphalt plant
BP: (Concrete) batching plant



Management Philosophy

Adopting a "Customer-First Policy," the Nikko Group provides customers with truly satisfactory products and services, while continually promoting self-reform aimed at winning broad trust and fulfilling our mission as a solutions partner evolving with customers.

Representative Director and President 田 谷 隆 幸

Business Segments



AP-related business



Main products: ● Asphalt plants ● Recycling plants ● Crushing plants ● Mixture silos
● Electronic control devices, plant management system



Asphalt plants (MBD)

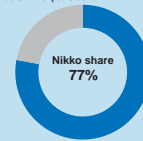


New model asphalt plant (VP-II)



Crushing plant

Market share (based on Nikko's survey)



BP-related business



Main products: ● Concrete batching plants ● Compact concrete batching plant ● Concrete pumps
● Electronic control devices, plant management system ● Plant facilities for concrete product production, etc.



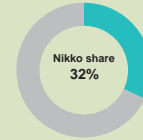
DASH-Hyper mixer



BP integrated management system (Cyber Advance)



DASH-H275RA V-TRIU batching plant



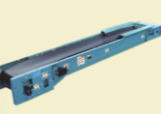
Environment- and conveyor-related business



Main products: ● Belt conveyors, conveyors for facilities, beverage container recycling plants
● Oil-polluted soil cleaning plant, plastic recycling plant



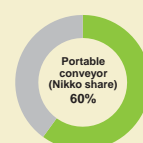
Modular belt conveyor



Super modular conveyor



Compact crusher (Choiwaru-no-jaw)



Other businesses



Main products: ● Pipe scaffoldings, steel gangplanks, pipe supports ● Temporary aluminum staircases ● Shovels, spades, mortar mixers
● Floodgates, waterproof boards, crushers ● Real estate leasing, construction machinery product leasing ● Sales of housing renovation, etc.



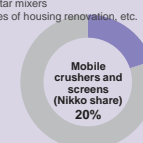
Mobile crushers



Roll breaker



Waterproof boards



History



Products	Production Sites	Overseas Expansion	Group Expansion in Japan (including acquisitions and transfer of business)
1919 Established TOMBO brand farming tools	1919 Head Office Plant	1994 Nikko Baumaschinen (Germany)	1968 Ichiishi Kogyosho (M&A)
1951 Concrete mixers and winches	1938 Industrial machinery factory	1997 Taipei branch (Taiwan)	1971 Nikko Electronics Co., Ltd. established
1956 Ready-mixed concrete plant	1968 Tokyo factory	2001 Nikko (Shanghai) Construction Machinery	1983 Nikko Machinery Co., Ltd. established
1958 Asphalt plants	1994 Satte factory	2020 Nikko Asia (Thailand) Co., Ltd.	1994 Tombo Industry Co., Ltd. established
1962 Telescopic steel props	2004 Shanghai Jiading factory	2020 Nikko Nilkhosol Co., Ltd. (Thailand)	1995 Nikko Sec Co., Ltd. established
1963 Pipe scaffolding	2014 Kakogawa factory		2002 Niigata Engineering (transfer of business)
1966 Conveyor system	2016 Fukusaki factory		2006 Mitsubishi Heavy Industries (transfer of business)
1983 Floodgates			2008 Maekawa Kogyosho (M&A)
2000 System for cleaning oil-polluted soil			2022 Ube Kohki (M&A)
2001 Waste plastic treatment system			
2007 Concrete pumps			
2015 Crusher (import and sales)			



Nikko Group Business Vision

*n*からはじまる未来創造

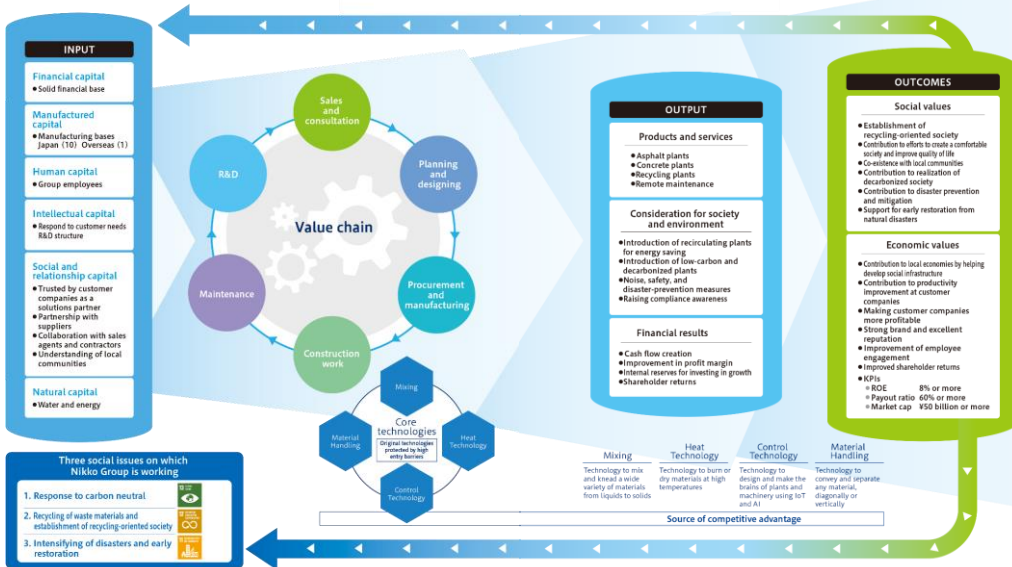
We strive to remain the leading company of asphalt and batching plants.

We aim to expand our overseas business and become the top manufacturer in the Asian market.

We will work to brush up on our core technologies in “heating,” “mixing,” “material handling” and “control” as we expand business.

We will strive to remain a future-creating company ready to contribute to society.

Representative Director and President **辻 勝**





Please feel free to contact us if you desire a meeting or have other requests

(Online meetings and meetings in Tokyo also can be arranged.)

Tel: +81-78-947-3141 E-mail: IR-nikko@nikko-net.co.jp

Contact: Hachiken, Finance Department, Nikko Co., Ltd.

- Future projections and other forward-looking statements in this material were prepared based on information currently available to the management.
- These statements contain risks and uncertainties, such as changes in performance outlook due to the financial situation for the Company in Japan and abroad, industry trends, product demand and supply, advances in new technology, and other factors. Accordingly, investment decisions should not be made based only on the forward-looking statements in this material.
- Note also that forward-looking statements in this material are subject to change without prior notice, except where procedures are required by law.