

“Create the future with *n*”



Fiscal Year 2023 (Ending March 31, 2024) 3rd Quarter Financial Results Briefing Session Materials

Tokyo Stock Exchange Code: 6306

Nikko Co., Ltd.

Hiroshi Fujii, Representative
Director and Vice President

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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.

FY 2023 3Q Performance Highlights (1)



FY 2023 9-month results

(million yen)

3Q (Apr–Dec)	Results	YoY change (amount)	YoY change (%)
Net sales	27,619	+490	+1.8%
Operating income	718	+351	+95.6%
Quarterly net income attributable to owners of parent	594	+370	+165.0%
New orders received	35,605	+6,388	+21.9%

- ▶ Sales of AP-related business: Sales of products in Japan increased significantly by 24.4% from a year earlier, while those of maintenance services declined 4.5%. Overseas sales fell 63.7%. Sales of the overall segment declined 23.0%.
- ▶ Sales of BP-related business: Sales of both products and maintenance services grew considerably from a year earlier. Sales of the overall segment increased 18.7%.
- ▶ New orders received: Up 14.7% at the AP-related business, up 23.1% at the BP-related business, up 34.8% at the environment- and conveyor-related business, up 70.0% at the crusher business, up 59.0% at the contract-based manufacturing business, and up 1.5% at the other business, rising from a year earlier at all businesses.

Business climate

AP-related business

FY 2023 3Q (Apr–Dec)	Results (10,000 tons)	YoY change
Mixture output	2,579	(5.2%)
Virgin mixture	631	(9.4%)
Recycled mixture	1,947	(3.8%)

Share of recycled mixture 75.5%

Source: Japan Asphalt Mixture Association

BP-related business

FY 2023 3Q (Apr–Dec)	Results (10,000m ³)	YoY change
Ready-mixed concrete shipment	5,424	(5.1%)

Source: ZENNAMA (National Federation of Ready-Mixed Concrete Industrial Associations and National Federation of Ready-Mixed Concrete Cooperatives Association)

In the results for the third quarter, we achieved significant increases in profit compared with the previous fiscal year. Nevertheless, profit has declined compared to the fiscal year before last and we are in a tough situation. We will strive to improve profitability in the future.

FY 2023 3Q Performance Highlights (1)



YoY change of results

- ▶ Net sales: AP-related business (down 3,000 mil. yen), BP-related business (up 1,240 mil. yen), environment- and conveyor-related business (up 140 mil. yen), other business (up 2,100 mil. yen [crushers: up 1,370 mil. yen, contract-based manufacturing: up 530 mil. yen, other: up 190 mil. yen])
- ▶ Operating income: Rose owing to increased profit at the BP-related business, crusher business, and contract-based manufacturing business, despite the decline in the overseas division of the AP-related business.
- ▶ New orders received: AP-related business (up 1,870 mil. yen), BP-related business (up 1,830 mil. yen), environment- and conveyor-related business (up 670 mil. yen), other business (up 2,010 mil. yen [crushers: up 940 mil. yen, contract-based manufacturing: up 1,020 mil. yen, other: up 50 mil. yen])
- ▶ Order backlog: AP-related business (up 5,150 mil. yen), BP-related business (up 940 mil. yen), environment- and conveyor-related business (up 190 mil. yen), other business (up 790 mil. yen [crushers: down 310 mil. yen, contract-based manufacturing: up 820 mil. yen, other: up 290 mil. yen])

	FY 2022		FY 2023					(million yen)
	3Q actual	3Q (9-month) actual	3Q actual	YoY change	3Q (9-month) actual	YoY change	Progress in full year forecast	Full-year forecast
Net sales	8,369	27,129	10,637	+27.1%	27,619	+1.8%	62.8%	44,000
Operating income	(32)	367	449	+481	718	+95.6%	37.8%	1,900
Operating margin	(0.4%)	1.4%	4.2%	+4.6pt	2.6%	+1.2pt	—	4.3%
Ordinary income	(19)	529	520	+539	975	+84.3%	51.3%	1,900
Net income attributable to owners of parent	(35)	224	246	+281	594	+165.2%	49.5%	1,200
New orders received	10,268	29,217	10,477	+209	35,605	+6,388 +21.9%	82.7%	43,038
Order backlog	18,560	18,560	25,642	+7,082 +38.2%	25,642	+7,082 +38.2%	—	16,694

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The rate of progress for the full year as of the end of the third quarter is shown here. The rate of progress of net sales is 62.7%, that of operating income is 37.7%, that of profit is 49.5%, and that of new orders received us 82.7%. The progress through the third quarter is in line with the plan, and especially in the current fiscal year, sales will be concentrated in the fourth quarter. Orders increased 6.3 billion yen year on year. While output of asphalt mixture and ready-mixed concrete is showing a declining trend, appetite for capital investment is high due to stable ready-mixed concrete price. The business in Japan is reasonably good but China has slowed down and the Thailand business continues to be in the red. The figures for the overseas business are worse than expected.

FY 2023 3Q Performance Highlights (2)



AP-related business: Even as both orders and sales of the overseas division fell from a year earlier, earnings at customers in Japan were showing a recovery trend and they were gradually implementing capital investment. While sales declined 23% year on year, orders for both products and maintenance services in Japan exceeded the same period a year earlier, resulting in an increase of 14.7% for the AP-related business overall.
→ p. 11 AP-Related Business



BP-related business: The ready-mixed concrete market remained stable and both orders and product sales continued to increase. Sales of maintenance service also grew as market share expanded.
→ p. 13 BP-related Business



Crusher business: Orders for mobile plants increased 70% and their sales doubled year on year on the back of increasing inquiries in Japan and the ODA projects for Ukraine.
→ p. 16 Other Business (New Categorization of Segments)



Contract-based manufacturing business: Orders at Matsuda Kiko, which joined the Group in September 2023, and Ube Kohki, which joined in 2022, grew rapidly. Sales rose and profit increased significantly
→ p. 16 Other Business (New Categorization of Segments)



Environment- and conveyor-related business: Orders for the environmental business were in line with the same period a year earlier, while sales fell. Overall orders, sales, and profit of the business increased, as customers accepted the price increase and we received two large-scale orders (sales from one of them will be recorded in the next fiscal year) in the conveyor business.
→ p. 14 Environment- and Conveyor-Related Business



Overseas business: While there were some signs that the sharp decline in demand was bottoming out reflecting the economic measures taken by China, the outlook remains unclear.
→ p. 11 AP-Related Business, p. 12 AP-Related Business (Japan vs. Overseas)

I have already talked about this quite a bit. These are the highlights of the results.

The AP-related business in Japan is doing well but the business overseas is facing a worse-than-expected situation. On the other hand, our BP-related business expanded its market share and its maintenance service sales have also been increasing. In particular, the crusher and contract-based manufacturing businesses have been strong and they are contributing to increased sales and profits. The environment- and conveyor-related business also has been posting strong profits.

The businesses in China and Thailand continue to face tough situations but we are expecting their profitability to improve in the next fiscal year. Orders in Japan have been good and we are expecting both sales and profits to rise in the next fiscal year. We are expecting higher profits and higher sales overall in the next fiscal year.

FY 2023 3Q Performance Highlights (2)



(million yen)

		FY 2022			FY 2023				
		3Q actual	3Q (9-month) actual	Full year actual	3Q actual	YoY change	3Q (9-month) actual	YoY change	Full-year forecast
AP-related business	Net sales	4,433	13,085	17,341	2,965	(1,468) (33.1%)	10,080	(3,005) (23.0%)	18,000
	Operating income	107	239	49	(366)	(473)	(337)	(576)	150
	Operating margin	2.4%	1.8%	0.3%	–	–	–	–	0.8%
BP-related business	Net sales	1,330	6,644	11,111	2,837	+1,507 +113.3%	7,886	+1,242 +18.7%	12,200
	Operating income	2	507	1017	401	+399 +19950.0%	905	+398 +78.5%	1,350
	Operating margin	0.2%	7.6%	9.2%	14.1%	+14.0pt	11.5%	+3.8pt	11.1%
Environment- and conveyor-related business	Net sales	916	2,138	2,888	836	(80) (8.7%)	2,286	+148 +6.9%	3,100
	Operating income	82	318	522	208	+126 +153.7%	540	+222 +69.8%	700
	Operating margin	9.0%	14.9%	18.1%	24.9%	+15.9pt	23.6%	+8.7pt	22.6%
Other business (see the next page for breakdown)	Net sales	1,688	5,259	8,325	3,999	+2,311 +136.9%	7,366	+2,107 +40.1%	10,700
	Operating income	163	416	1042	622	+459 +281.6%	837	+421 +101.2%	1,350
	Operating margin	9.7%	7.9%	12.5%	15.6%	+5.9pt	11.4%	+3.5pt	12.6%

- ▶ Net sales of AP-related business: Net sales of products in Japan were up 24.4% YoY and maintenance services fell 4.5%, while overseas net sales declined 63.7%
- ▶ Net sales of BP-related business: Net sales of plant products rose 20.7% YoY and maintenance services increased 20.5%
- ▶ Environment- and conveyor-related business: Net sales of environmental products were down 25.8% YoY while those of conveyor products rose 16.1%
- ▶ Net sales of other business: Up 40.1% YoY (see the segment information in the following page)

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In the account settlement for the third quarter, the mainstay AP-related business regrettably posted a loss. The overseas business in particular posted a large loss, which was too big to be offset by the profits in Japan. In the full-year forecast, operating income of the AP-related business is expected to be 150 million yen with approx. 8,000 million yen in sales and approx. 500 million yen in profit for the fourth quarter.

On the other hand, the BP-related business is strong and sales are up about 20% year on year, while profit grew and almost doubled. Operating margin also has been robust and the full-year profit forecast is 1,350 million yen.

In the environment- and conveyor-related business, profit is expected to increase reflecting conveyor-related price increases and full-year profit is forecast to be 700 million yen. Both sales and profit also grew at the other business and it expects 10,700 million yen in sales and 1,350 million yen in operating income.

FY 2023 3Q Performance Highlights (★ Breakdown of Other Business)



(million yen)

		FY 2022			FY 2023		FY 2023		Full-year forecast
		3Q actual	3Q (9-month) actual	Full year actual	3Q actual	YoY change	3Q (9-month) actual	YoY change	
Crusher business	Net sales	366	1,371	2,217	1,667	+1,301 +355.5%	2,745	+1,374 +100.2%	3,550
	Operating income	(12)	35	175	244	+256 —	300	+265 +757.1%	350
	Operating margin	(3.3%)	2.6%	7.9%	14.6%	+17.9pt	10.9%	+8.4pt	9.9%
Contract-based manufacturing	Net sales	286	1,128	2,216	1,297	+1,011 +353.5%	1,667	+539 +47.8%	3,000
	Operating income	(11)	10	156	239	+250 —	207	+197 +1970.0%	300
	Operating margin	(3.8%)	0.9%	7.0%	18.4%	+22.3pt	12.4%	+11.5pt	10.0%
Other	Net sales	1,035	2,760	3,892	1,034	(1) (0.1%)	2,953	+193 +7.0%	4,150
	Operating income	186	370	711	138	(48) (25.8%)	329	(41) (11.1%)	700
	Operating margin	18.0%	13.4%	18.3%	13.3%	(4.6pt)	11.1%	(2.3pt)	16.9%

- ▶ Net sales of crusher business: Up 100.2% YoY (mobile plants: up 103.4%, Maekawa Kogyosho: down 10.9%)
- ▶ Net sales of contract-based manufacturing business: Up 47.8% YoY
- ▶ Other: Up 7.0% YoY

The figures for the two businesses that have been carved out of the other business are as follows.

Sales of the crusher business were 2,700 million yen and operating income was 300 million yen. Compared with a year earlier, sales and profit have been growing smoothly.

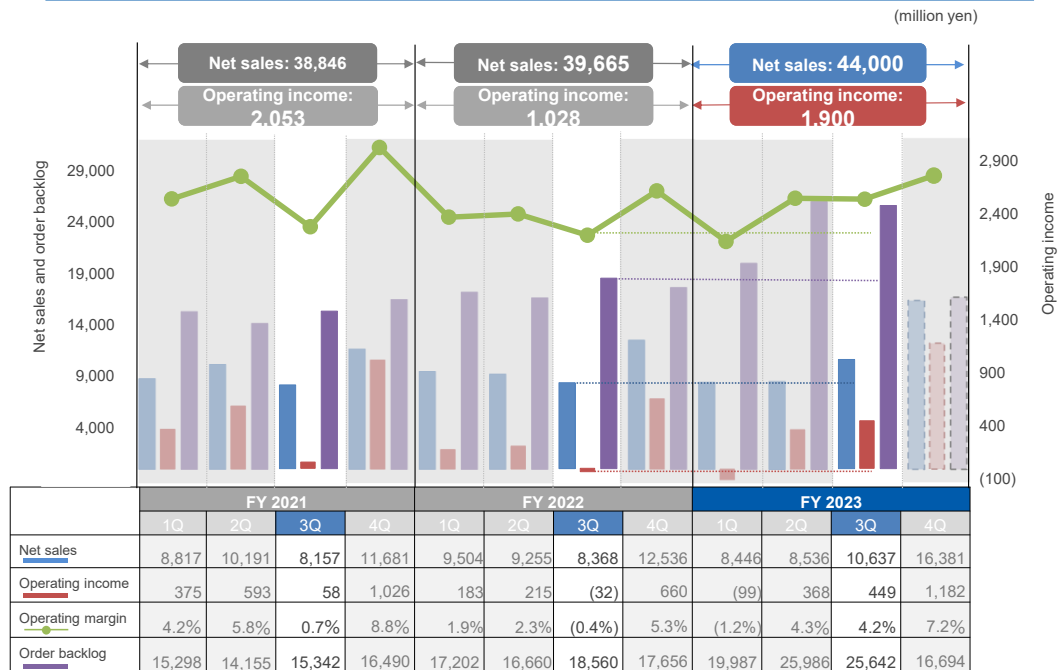
The contract-based manufacturing business had 1,667 million yen in sales and 207 million yen in profit for the current fiscal year. In particular, the consolidation of Matsuda Kiko has significantly contributed to profits.

Sales of the other business, after these businesses were separated, were 2,900 million yen with operating income of 329 million. Sales grew marginally compared to a year earlier, but profits have fallen slightly.

FY 2023 Quarterly Performance Trend



Quarterly net sales and operating income trends



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The trend per quarterly business performance is as described below.

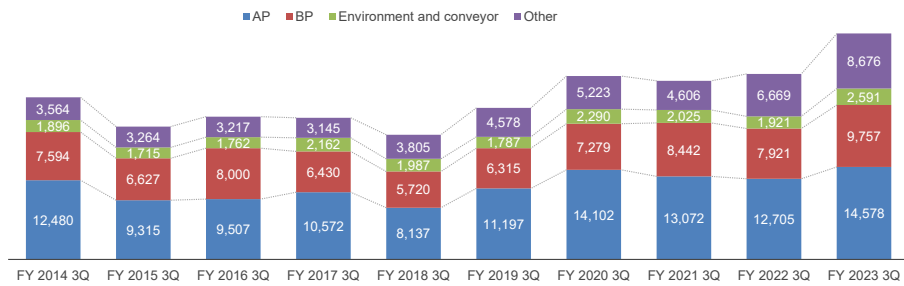
As of the end of the third quarter, the rate of progress has been tepid compared with the full-year forecast, but the full-year outlook is favorable. Sales for the fourth quarter are expected to be 16,300 million yen, which will be a significant increase compared with the 12,500 million yen for the previous year and the 11,600 million yen for the year before. Specifically, sales of AP and BP are expected to grow significantly. We are expecting 1,182 million yen in profit, which is almost double that of last year. However, the overall profitability has declined slightly to 7.2% compared with 8.8% two years ago.

Trends in 3Q New Orders Received (9 Months)



3Q trend (9 months)										(million yen)	
	FY 2014 3Q	FY 2015 3Q	FY 2016 3Q	FY 2017 3Q	FY 2018 3Q	FY 2019 3Q	FY 2020 3Q	FY 2021 3Q	FY 2022 3Q	FY 2023 3Q	YoY change
AP	12,480	9,315	9,507	10,572	8,137	11,197	14,102	13,072	12,705	14,578	+14.7%
BP	7,594	6,627	8,000	6,430	5,720	6,315	7,279	8,442	7,921	9,757	+23.2%
Environment and conveyor	1,896	1,715	1,762	2,162	1,987	1,787	2,290	2,025	1,921	2,591	+34.9%
Other	3,564	3,264	3,217	3,145	3,805	4,578	5,223	4,606	6,669	8,676	+30.1%
Total	25,533	20,920	22,486	22,309	19,650	23,877	28,894	28,146	29,217	35,602	+21.9%

Full-year trend										YoY change	
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 full-year forecast	
AP	17,114	16,553	16,718	17,182	18,884	16,133	20,279	18,180	17,614	18,149	+3.0%
BP	10,069	9,517	9,966	9,066	8,438	9,478	9,961	12,086	11,461	11,228	(2.0%)
Environment and conveyor	2,711	2,796	3,203	2,948	2,773	2,402	2,875	3,014	2,556	2,872	+12.4%
Other	4,606	4,203	4,248	4,420	5,008	5,903	6,894	8,056	9,216	10,789	+17.1%
Total	34,501	33,069	34,134	33,617	35,104	33,916	40,009	41,337	40,847	43,038	+5.4%



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This table and graph show the trend of new orders received. The table on the top is the results through the third quarter of the current fiscal year and the one in the bottom is the full-year forecast and estimate for the current fiscal year. Compared with 10 years ago, we can see that new orders received increased by approx. 10 billion yen. It is apparent that orders for the other business in particular have increased.

Trends in Order Backlog as of End of 3Q



Trends at the end of 3Q

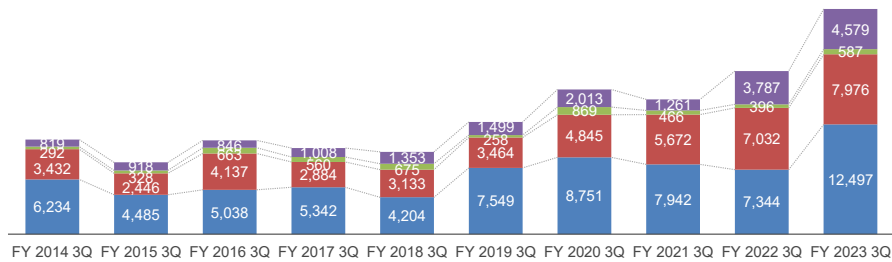
(million yen)

	FY 2014 3Q	FY 2015 3Q	FY 2016 3Q	FY 2017 3Q	FY 2018 3Q	FY 2019 3Q	FY 2020 3Q	FY 2021 3Q	FY 2022 3Q	FY 2023 3Q	YoY change
AP	6,234	4,485	5,038	5,342	4,204	7,549	8,751	7,942	7,344	12,497	+70.2%
BP	3,432	2,446	4,137	2,884	3,133	3,464	4,845	5,672	7,032	7,976	+13.4%
Environment and conveyor	292	328	663	560	675	258	869	466	396	587	+48.2%
Other	819	918	846	1,008	1,353	1,499	2,013	1,261	3,787	4,579	+20.9%
Total	10,777	8,177	10,684	9,793	9,364	12,770	16,479	15,342	18,560	25,639	+38.1%

Trends at the end of fiscal year

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
AP	6,728	6,218	6,357	6,359	8,809	7,424	8,235	7,725	7,998
BP	3,467	2,741	3,350	2,895	3,440	3,760	4,508	5,755	6,105
Environment and conveyor	309	815	1,371	387	385	152	636	631	182
Other	535	436	551	491	821	883	981	2,377	3,369
Total	11,039	10,212	11,629	10,132	13,455	12,219	14,361	16,490	17,656

■ AP ■ BP ■ Environment and conveyor ■ Other



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This table and graph show the trend in order backlog. The figure for the current fiscal year does not include the forecast for the end of fiscal year, and order backlog as of the third quarter was 25.6 billion yen, which is a very high level. Considering that last year's order backlog was 18.5 billion yen, it increased by approx. 7 billion yen. Based on this, you can see that sales for the fourth quarter will likely rise a lot more than last year.

AP-Related Business



New orders received

(million yen)

18,180		17,614		18,149	
4Q 5,108	4Q 4,909	4Q 3,571	3Q 3,795	2Q 5,556	1Q 5,227
3Q 4,024	3Q 4,590	2Q 3,021	1Q 5,094		
2Q 4,529					
1Q 4,519					
FY 2021		FY 2022		FY 2023	

New orders received

·Up 14.7% YoY

(Factors)

Positive factors: [Japan] Profitability of the industry is showing a recovery trend and companies are moving toward implementing capital investment which they had postponed earlier
 [Thailand] Orders increased thanks to the promotion sales strategy
 Exports: Strong, led by Taiwan
 Negative factors: [China] While there are some signs that the sharp decline in demand was bottoming out reflecting the economic measures taken by the government, the outlook remains unclear. Recovery is likely to take time

Net sales

18,328		17,341		18,000	
4Q 4,963	4Q 4,255	4Q 7,921	3Q 2,965	2Q 3,319	1Q 3,795
3Q 4,176	3Q 4,433				
2Q 4,131	2Q 3,670				
1Q 5,058	1Q 4,982				
FY 2021		FY 2022		FY 2023	

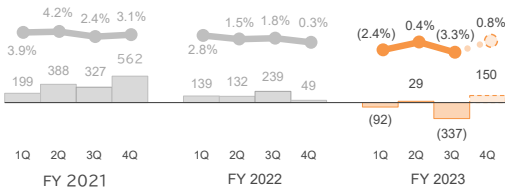
Net sales

·Down 23.0% YoY

Positive factors:

[Japan] Sales of foamed equipment for reducing CO2 emissions have been strong (43 units)
 Up 24.4% YoY
 [Exports] Up 2.0% YoY. Taiwan has been solid. One unit for Vietnam.
 Negative factors:
 [Overseas (China)] Businesses are taking a cautious approach to capital investment due to the completion of a cycle of large-scale road works coupled with the uncertain outlook

Operating income and operating margin (cumulative)



Operating income

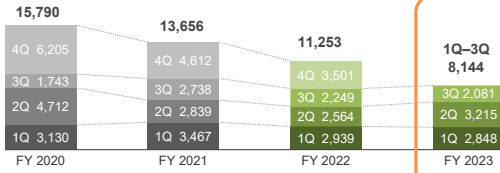
Negative factors:

·[Japan] Sales are concentrated in the fourth quarter
 Passing on the soaring raw material prices to selling prices is still halfway
 ·[China] Posted operating loss due to a significant decline in sales caused by a fall in demand and delays in purchase in addition to intensified selling-price competition
 ·[Thailand] Investment for improving factory facilities and measures for reducing costs are in progress
 ·[Taiwan] Passing on of soaring raw material prices is still halfway

AP-Related Business (Japan vs. Overseas)



Domestic net sales (million yen)



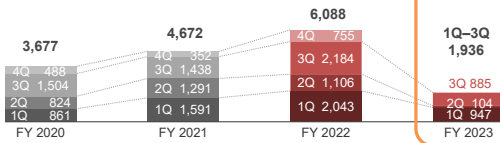
Japan

- Up 5.1% YoY
- Plant products rose 24.4% YoY
- Maintenance services fell 4.5% YoY

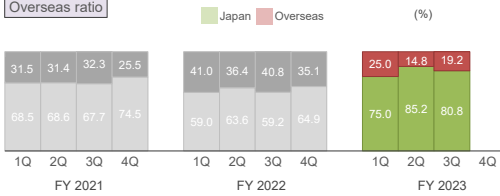
Overseas

- Down 63.7% YoY
- Exports: Up 2.0% YoY
- China: Down 70.0% YoY
- Thailand: Down 38.3% YoY
- China
 - Orders in the first half did not grow after the Chinese New Year in February due to a sudden decline in plant demand, and net sales in the third quarter significantly declined
- Thailand
 - We were expecting no sales in the first half and sales of 8 units (including recycling plants) in the second half, whereas it ended up in sales of 2 units in the third quarter and 4 units in the fourth quarter with 2 units being delayed to the next fiscal year.
 - Orders increased in the second half triggered by a promotional sale plan
- Exports (China and ASEAN other than Thailand)
 - Taiwan: Performed strongly
 - Vietnam: Sole agent Vitrac received the order for the first machine and delivered it

Overseas net sales



Overseas ratio (%)



New overseas orders received and order backlog

(New orders received are vs. the same period a year earlier and order backlog is vs. the end of FY 2022)

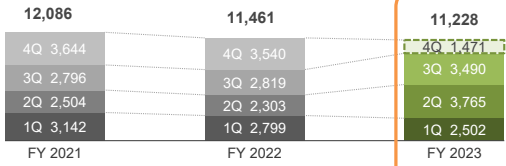
	New orders receive	Order backlog
China (Nikko Shanghai)	2,610 mil. yen (-35.3%)	2,320 mil. yen (+53.3%)
Thailand	1,140 mil. yen (up 820.4%)	980 mil. yen (up 1,007.0%)
Exports [other than China and Thailand]	800 mil. yen	680 mil. yen

BP-Related Business



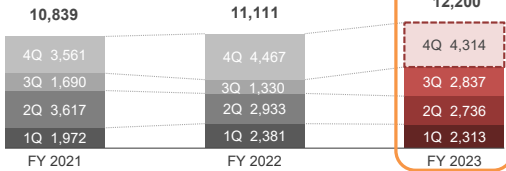
New orders received

(million yen)



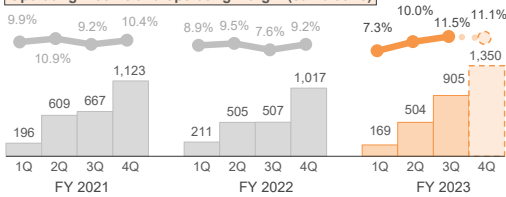
▶ New orders received
 ·Up 23.1% YoY
 (Factors)
 Positive factors: Orders received increased as the market stabilized

Net sales



▶ Net sales
 ·Up 18.7% YoY
 ·Domestic plant products increased 20.7% YoY
 ·Domestic maintenance services rose 20.5% YoY
 (Factors)
 Delivery of large-scale projects and maintenance work increased

Operating income and operating margin (cumulative)

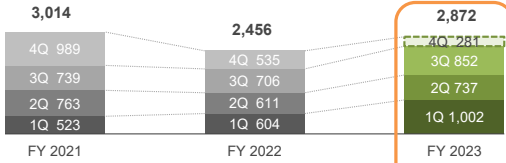


▶ Operating income
 ·Operating income: increased 78.5% YoY
 ·Operating margin rose 3.9 pp YoY
 (Factors)
 ·Operating income rose as net sales increased
 ·Profit margin improved, as planned production brought down costs

Environment- and Conveyor-Related Business

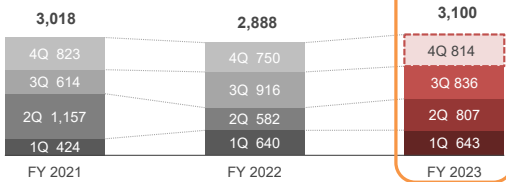


New orders received (million yen)



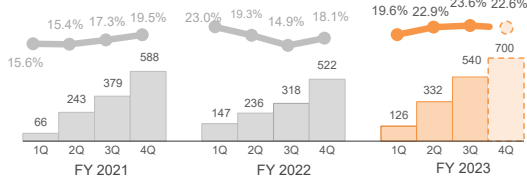
► **New orders received**
Up 34.8% YoY
(Factors)
Positive factors: Owing to price increases and large-scale orders in the conveyor division

Net sales



► **Net sales**
Up 6.9% YoY
(Environment: down 25.8%; conveyor: up 16.1%)
(Factors)
Positive factors: Owing to price increases and large-scale orders in the conveyor division
Negative factors: Absence of a major project vs. last year, when there was a large-scale environmental project

Operating income and operating margin (cumulative)



► **Operating income**
-Operating income increased 69.8% YoY
-Operating margin rose 8.7 pp YoY
(Factors)
Positive factors: The amount of profit increased reflecting price increases in the conveyor business, and sales of large-scale projects

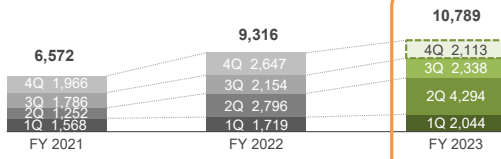
IR- and World Expo-related projects
Environmental business: Four business negotiations for equipment for disposal of removed soil for the World Expo in Osaka and IR-related projects

Other business



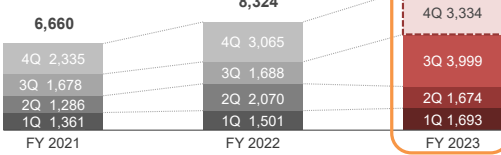
New orders received

(million yen)



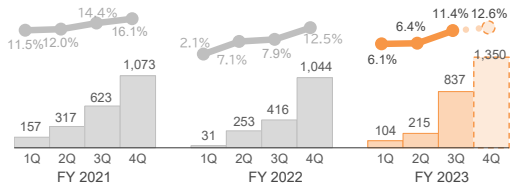
▶ New orders received
 ·Up 30.1% YoY for the entire segment

Net sales



▶ Net sales
 ·Up 40.1% YoY for the entire segment

Operating income and operating margin



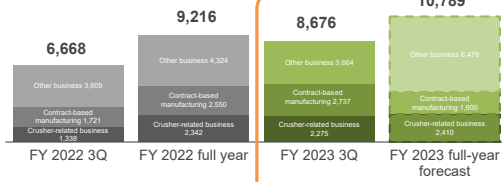
▶ Operating income
 ·Operating income increased 101.2% YoY
 ·Operating margin rose 3.5 pp YoY

See the next page for details

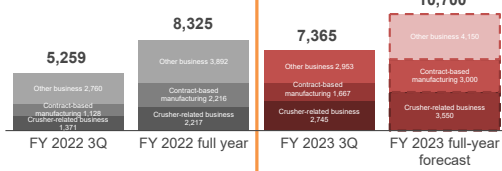
Other Business (New Categorization of Segments)



New orders received (million yen)

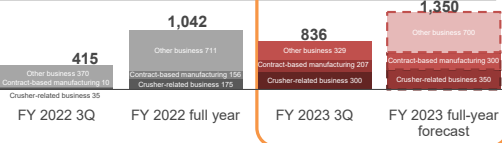


Net sales (million yen)



Operating income and operating margin (million yen)

	FY 2022 3Q	FY 2022 full year	FY 2023 3Q	FY 2023 full-year forecast
Other	13.4%	18.3%	11.1%	16.9%
Contract-based manufacturing	0.9%	7.0%	12.4%	10.0%
Crushers	2.6%	7.8%	10.9%	9.9%



▶ New orders received

- Crusher business
 - Up 937 mil. yen YoY
 - Mobile plants: 20 units worth 1,043 mil. yen in the same period a year earlier
 - 41 units worth 2,082 mil. yen
 - Stationary crushers: 12 units worth 239 mil. yen in the same period a year earlier
 - 16 units worth 282 mil. yen
- Mobile plants: Continued to receive inquiries in Japan primarily led by KLEEMANN products
 - Special export demand for Ukraine due to ODA projects
- Stationary crushers: Orders increased thanks to strong inquiries for the next fiscal year
- Contract-based manufacturing business
 - Ube Kohki: Up 451 mil. yen YoY
 - Matsuda Kiko: Recorded 491 million yen since Sept. of the current fiscal year

Inquiries to both Ube Kohki and Matsuda Kiko increased led by environmental products and orders grew

▶ Net sales

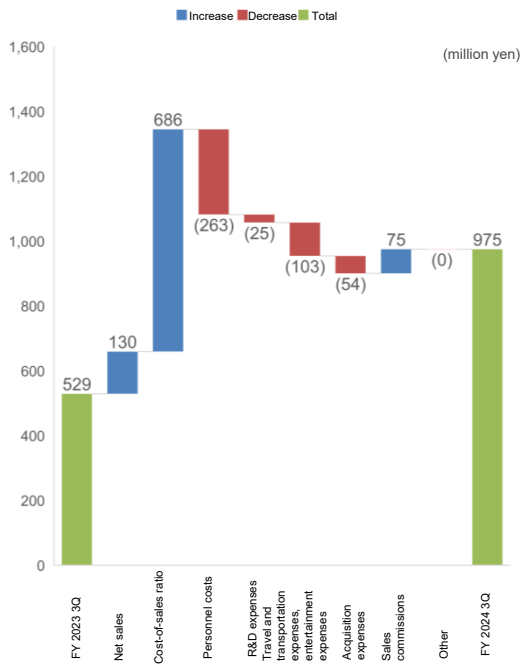
- Crusher business
 - Up 1,374 mil. yen YoY
 - Mobile plants: 24 units worth 1,237 mil. yen in the same period a year earlier
 - 40 units for 2,516 mil. yen
 - Stationary crushers: 12 units worth 264 mil. yen in the same period a year earlier
 - 12 units for 246 mil. yen
- Mobile plants: Inquiries in Japan continued to increase; special export demand for ODA to Ukraine
- Stationary crushers: Sales declined reflecting lower sales of large-sized and high-end models
- Contract-based manufacturing business
 - Ube Kohki: Up 166 mil. yen YoY
 - Matsuda Kiko: Added 308 mil. yen starting from the current fiscal year (Sept.–Dec.)

Sales increased YoY reflecting high order backlog at the beginning of the fiscal year

▶ Operating income

- Operating income (YoY): Crushers up 757.1%, contract-based manufacturing up 1,970.0%, other down 11.1%
- Operating margin (YoY): Crushers up 8.4 pp, contract-based manufacturing up 11.5 pp, other down 2.3 pp

Analysis of Factors Contributing to Changes in Ordinary Income in 3Q FY 2023

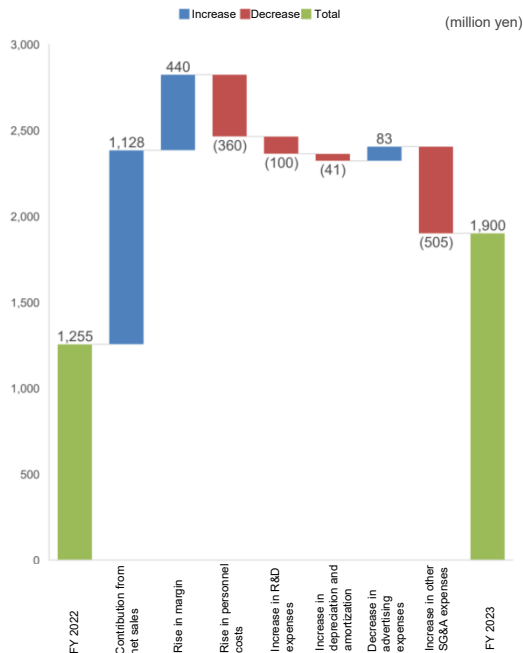


Item	Impact	Content
Contribution from net sales	+130	Increase in net sales 490 mil. yen
Cost-of-sales ratio	+686	Improvement in cost-of-sales ratio 73.4%→71.0%
Personnel costs	(263)	Increases in number of employees and base pay
R&D expenses	(25)	Increase in development expenses
Travel and transportation expenses, entertainment expenses	(103)	End of the pandemic, increases in business travels and entertaining
Acquisition expenses	(54)	Expenses related to acquisition of Matsuda Kiko shares
Sales commissions	+75	A decline in sales commissions in Shanghai (93 mil. yen)
Other	(0)	An increase in dividends income +36 An increase in interest expenses -28

Page 17 is the analysis of factors contributing to the changes in ordinary income.

When comparing the nine months through to the third quarter in the previous and current fiscal year, ordinary income has almost doubled. The impact from sales increase is 130 million yen and the most significant factor was an improvement in cost-of-sales ratio, which rose by about 2.4 pp. At the same time, investment in human resources, R&D expenses, capital investment, and depreciation have increased, affecting profit negatively.

Factor Analysis of Changes in Ordinary Income for FY 2023 (Forecast)



Item	Impact	Content
Contribution from net sales	+1,128	Increase in net sales +3,154
Rise in margin	+440	1% improvement from price increase
Rise in personnel costs	(360)	Increase in wage (200) Increase in number of employees (160)
R&D expenses	(100)	
Depreciation and amortization	(41)	
Decrease in advertising expenses	+83	Absence of Nikko Messe portion seen in FY 2022
Increase in other SG&A expenses	(505)	

While the impact of improving the profit margin was 686 million yen in the analysis of factors contributing to the changes for full year, the improvement in gross profit margin is limited to 440 million yen on a full-year basis due to low-profitability asphalt plant projects in Japan. The sales increase has an impact exceeding 1 billion yen on profit, but increases in personnel costs, R&D expenses, and depreciation and amortization are negative factors.

Balance Sheet Trends				NIKKO	
(million yen)					
		End of FY 2022	FY 2023 3Q	Change	Main factors in year-on-year change
Assets	Current assets	33,723	38,883	+5,159	Increase: Cash and cash equivalents +3,173 mil. yen Merchandise and finished goods +1,111 mil. yen Work in process +2,764 mil. yen Decrease: Notes and accounts receivable-trade (1,478 mil. yen) Other (277 mil. yen)
	Property and equipment	11,839	13,230	+1,391	Increase: Buildings and structures +125 mil. yen Tools, furniture and fixtures +102 mil. yen Land +319 mil. yen Construction in progress +959 mil. yen Software in progress +168 mil. yen Investment securities +1,350 mil. yen Decrease: Machinery, equipment and vehicles (108 mil. yen)
	Intangible assets	1,020	1,193	+173	Deferred tax assets (425 mil. yen) Other (235 mil. yen)
	Investments and other assets	5,544	6,332	+788	Increase: Notes and accounts payable-trade +565 mil. yen Electronically recorded obligations +393 mil. yen Accounts payable-factoring +362 mil. yen Short-term loans payable +740 mil. yen Contract liabilities +2,521 mil. yen Other +266 mil. yen Long-term loans payable +2,414 mil. yen Deferred tax liabilities +126 mil. yen Decrease: Provision for bonuses (240 mil. yen)
Total assets		52,127	59,640	+7,513	Increase: Valuation difference on available-for-sale securities +955 mil. yen Decrease: Retained earnings (554 mil. yen)
Liabilities	Current liabilities	15,338	19,886	+4,547	
	Long-term liabilities	5,184	7,717	+2,532	
Total net assets		31,604	32,036	+432	
Net assets per share (yen)		826.73			

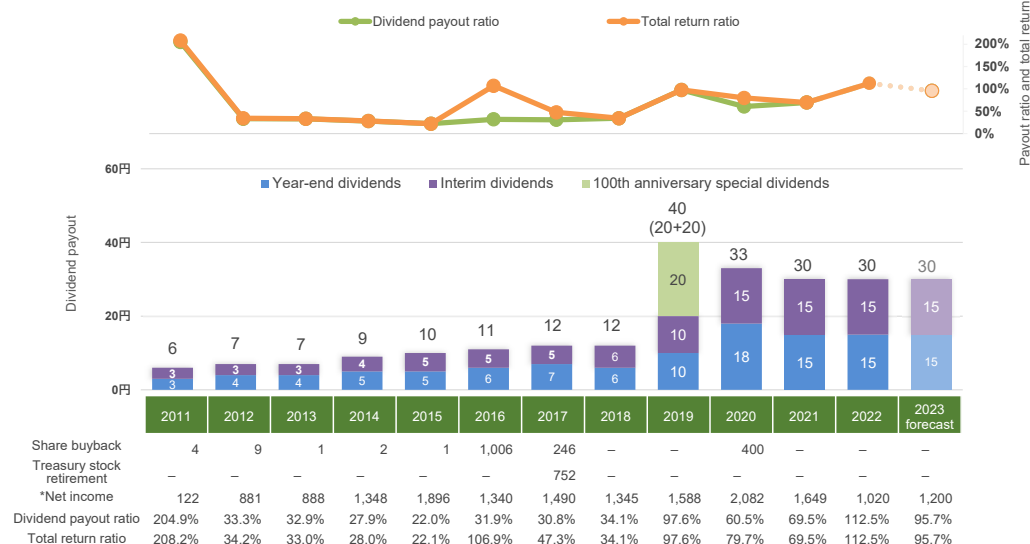
On the balance sheet, total assets increased 7,500 million yen from the end of the previous fiscal year and net income rose 430 million yen. However, equity ratio declined slightly.

Shareholder Returns



Forecast of 30.00 yen per share in dividend payment in FY 2023 (15.00 yen per share as interim dividends and 15.00 yen per share as year-end dividends, and payout ratio of 95.7%)

Policy that sets **the payout ratio at 60% or more** under the Medium-Term Management Plan



Share buyback	4	9	1	2	1	1,006	246	-	-	400	-	-	-
Treasury stock retirement	-	-	-	-	-	-	752	-	-	-	-	-	-
*Net income	122	881	888	1,348	1,896	1,340	1,490	1,345	1,588	2,082	1,649	1,020	1,200
Dividend payout ratio	204.9%	33.3%	32.9%	27.9%	22.0%	31.9%	30.8%	34.1%	97.6%	60.5%	69.5%	112.5%	95.7%
Total return ratio	208.2%	34.2%	33.0%	28.0%	22.1%	106.9%	47.3%	34.1%	97.6%	79.7%	69.5%	112.5%	95.7%

★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.
*Net income = Net income attributable to owners of parent (million yen)

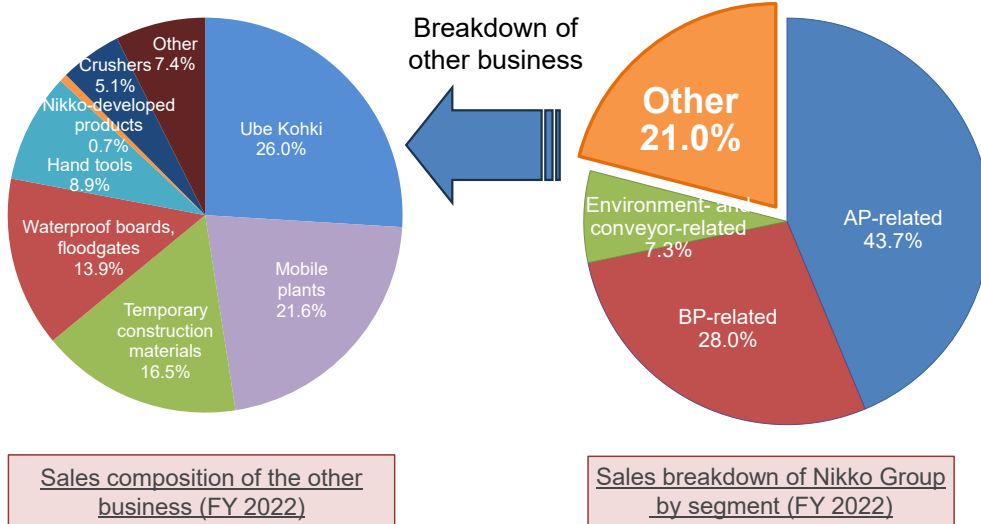
Next is shareholder returns.

In the Medium-Term Management Plan, we have set forth a policy to maintain dividend payout ratio of 60% or higher. In the previous fiscal year, profit was lower than dividends and payout ratio exceeded 100%. The payout ratio is again expected to exceed 90% in the current fiscal year, and we are planning to pay a dividend of 30 yen per share as announced at the beginning of the fiscal year.

Topics (1): Other Business (Growth Fields)



Nikko positions businesses other than the three business segments (other business) as growth fields and is striving to grow them into mainstay businesses in the future



From here on, we will look at the topics. This is about the other business.

At Nikko, AP used to account for around 50% and BP around 25%, and the remaining 25% was the conveyor/environment and other businesses. However, the ratio of the other business has grown and the share of BP is also expanding. The ratio of BP is nearing 30% and the ratio of AP-related sales has declined to 43%. The other business's 21% includes Ube Kohki, which we purchased, and sales of mobile crushers and other products increased considerably.

Topics (1): Other Business (Growth Fields: Business Breakdown) 

Crusher-related business

Mobile plants Nikko

KLEEMANN crushers Mobile soil improving machine Mobix

Crushers
Maekawa Kogyosho



Contract-based manufacturing business

Processed sheet metal products
Ube Kohki, Matsuda Kiko, Nikko



Nikko-developed products Nikko



Gypsum-based solidification material manufacturing facilities, etc.

Waterproof boards, floodgates
Nikko Machinery Co., Ltd.



Hand tools
Tombo Industry Co., Ltd.



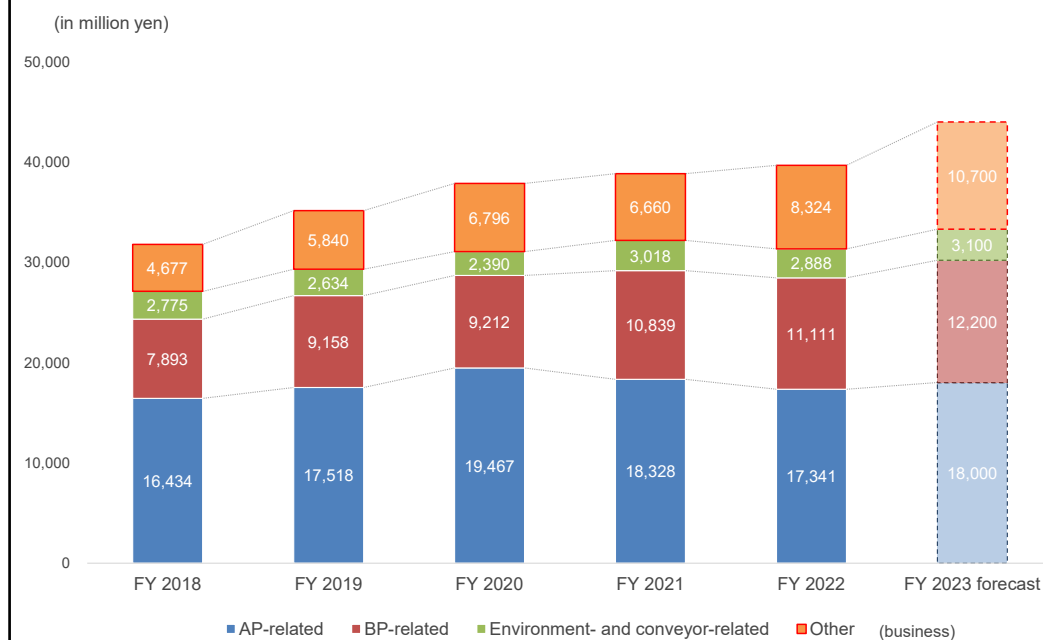
Temporary construction materials
Nikko Sec Co., Ltd.



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This shows businesses that are in the growth field on a graph, making it easy to understand.

Topics (1): Other Business (Sales Trend by Segment)



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23

This is sales trend by segment. The bottom is AP, one above that is BP, and the one above that is environment/conveyors, with the one on top being other.

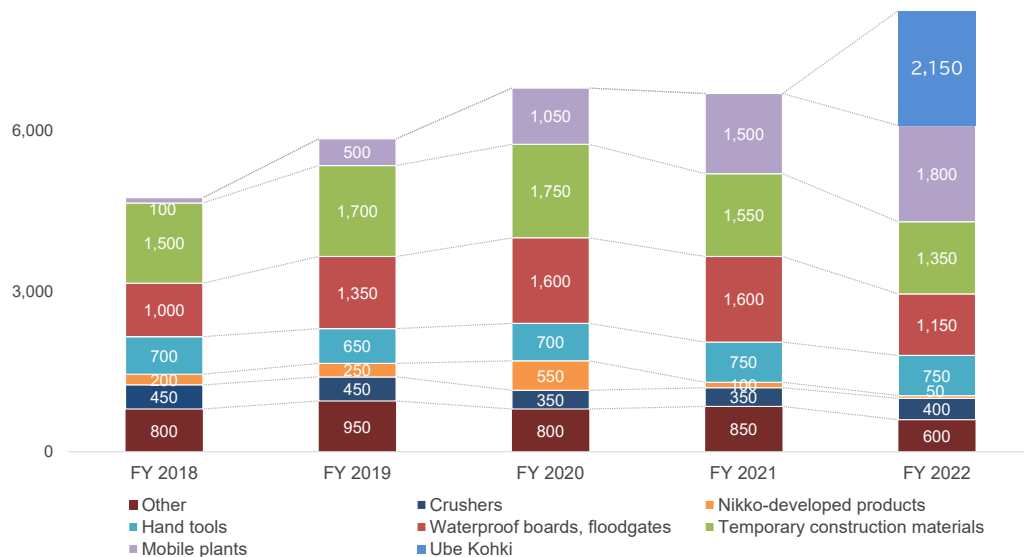
Sales of the other business are expected to exceed 10 billion yen in the current fiscal year. Comparing the five years since FY 2018, sales grew in all segments and the businesses have been continuing to grow in a balanced manner.

Topics (1): Other Business (Sales Trend of Segment)



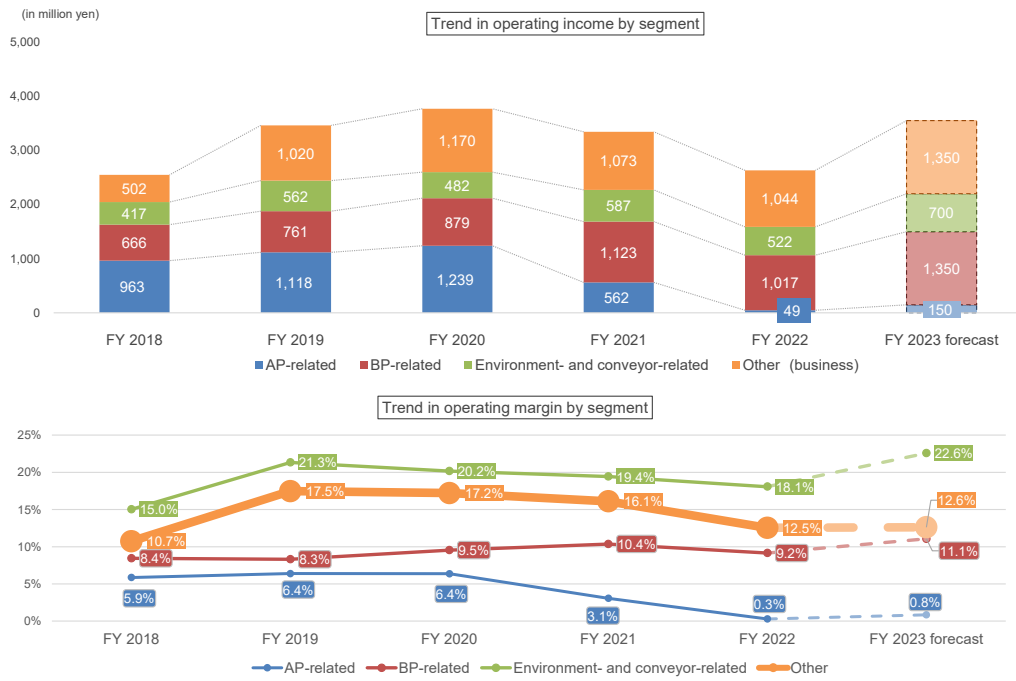
(in million yen)
9,000

Sales trend of the other business



*Figures are rounded to the nearest 50 million yen

Topics (1): Other Business (Trend in Operating Income by Segment)

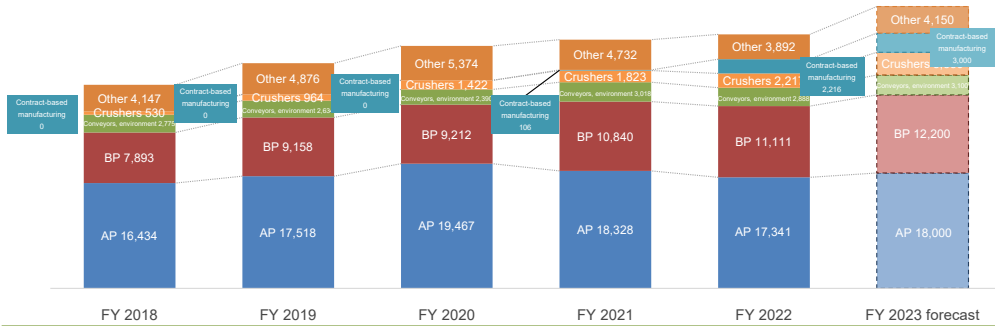


Topics (1): Other Business (Trend in Operating Income by New Segment)

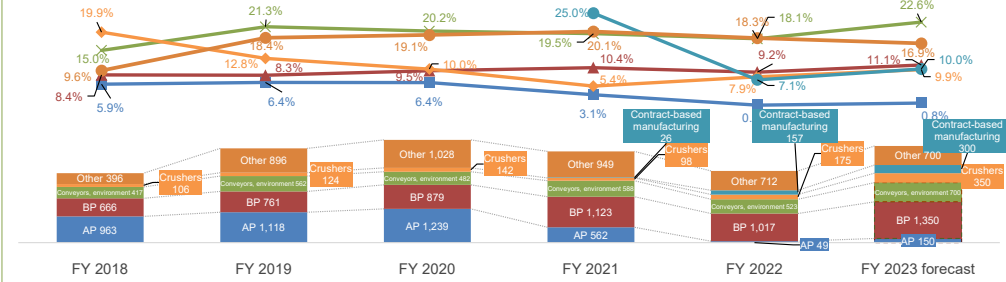


(in million yen)

Sales trend by segment



Trends in operating income and operating margin by segment



2030 Vision, Nikko Group's long-term management vision
Aims to achieve 60.0 billion yen in net sales, 10% in operating margin, 8% in ROE, and 50.0 billion yen in market cap in 2030

Medium-Term Management Plan (2022-2024) is positioned as the internal investment phase, a time period for building structures and processes towards 2030

Along with increasing and enhancing human resources, we are taking measures aimed at improving the stability of our employees' daily lives and their engagement

•**Three consecutive years of pay increase**

FY 2022: Across-the-board 30,000 yen pay increase

FY 2023: Average of 5% pay increase

FY 2024: Finalized a pay raise of 5.03% including monthly base pay and regular pay increase

•**Introduction of a system to award the company's shares to new employees, those eligible for continued service award, and high achieving employees**

•**Introduction of a new personnel system from April 2023**

Introduction of a new personnel evaluation system that enables promotion of young, capable employees to managerial positions

I am going to explain the recent pay raises. In FY 2022, we raised pay by around 10% across the board and implemented a pay increase of 5% in FY 2023. In the next fiscal year, we are planning to implement a 5.03% pay raise combining monthly wage and regular pay increase. Furthermore, we have introduced a system to grant shares in the company to all employees to raise their awareness as shareholders from the time they join the company and to encourage them to participate in management.

In April of last year, we carried out a major reform of the personnel system to remove seniority-based aspects and have been working to improve employee engagement.

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



(million yen)

	FY 21				FY 22				FY 23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	8,817	10,191	8,157	11,681	9,504	9,256	8,369	12,536	8,446	8,536	10,637	
AP-Related Business	5,058	4,131	4,176	4,963	4,982	3,670	4,433	4,256	3,795	3,319	2,965	
BP-Related Business	1,972	3,617	1,690	3,561	2,381	2,933	1,330	4,467	2,313	2,736	2,837	
Environment- and conveyor-related business	424	1,157	614	823	640	582	916	750	643	807	836	
Other business	1,361	1,286	1,678	2,335	1,501	2,070	1,688	3,065	1,693	1,674	3,999	
Operating income	375	593	59	1,026	183	216	(32)	661	(99)	368	449	
AP-Related Business	199	189	(61)	235	139	(7)	107	(190)	(92)	121	(366)	
BP-Related Business	196	413	58	456	211	294	2	510	169	335	401	
Environment- and conveyor-related business	66	177	136	209	147	89	82	204	126	206	208	
Other business	157	160	306	450	31	222	163	628	104	111	622	
Corporate expenses	(244)	(345)	(382)	(322)	(345)	(382)	(388)	(490)	(407)	(405)	(415)	
Ordinary income	519	586	89	1,079	326	222	(19)	726	67	388	520	
Net income attributable to owners of parent	378	489	16	766	140	119	(35)	796	27	321	246	
Cash flow from operating activities	2,224				(1,644)				-			
Cash flow from investing activities	(2,165)				(1,226)				-			
Total dividend	687	-	573	-	573	-	574	-	574	-	574	-
Share buyback	0				0				-			

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



(million yen)

New orders received (cumulative)	FY21				FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-Related Business	4,519	9,048	13,072	18,180	5,094	8,115	12,705	17,614	5,227	10,853	14,578	
BP-Related Business	3,142	5,646	8,442	12,086	2,799	5,102	7,921	11,461	2,502	6,267	9,757	
Environment- and conveyor-related business	523	1,286	2,025	3,014	604	1,215	1,921	2,456	1,002	1,739	2,591	
Other	1,568	2,820	4,606	6,572	1,719	4,515	6,669	9,316	2,044	6,338	8,676	
Total	9,753	18,802	28,146	39,853	10,217	18,949	29,217	40,849	10,777	25,197	35,602	

End-of-term order backlog	FY21				FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-Related Business	7,696	8,094	7,942	7,725	7,837	7,188	7,344	7,998	9,430	11,666	12,497	
BP-Related Business	5,678	4,565	5,672	5,755	6,173	5,544	7,032	6,105	6,295	7,456	7,976	
Environment- and conveyor-related business	734	341	466	631	596	606	396	182	540	570	587	
Other	1,187	1,154	1,261	2,377	2,595	3,321	3,787	3,369	3,720	6,292	4,579	
Total	15,298	14,155	15,342	16,490	17,202	16,660	18,560	17,656	19,987	25,986	25,642	

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



(million yen)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Capital investment	844	815	877	1,261	550	1,889	1,483	2,748	1,907	2,214
Depreciation and amortization	395	422	487	482	472	508	611	677	759	990
R&D expenses	295	276	227	271	291	211	379	392	449	576

(persons, years old, or years)

Number of employees (consolidated)	767	796	803	797	807	799	838	861	1,038	1,064
Average age of employees (non-consolidated)	43.3	43.1	42.2	42.3	42.2	40.9	41.1	41.1	40.8	40.3
Average years of service (non-consolidated)	20	19.3	18.2	18.5	18.3	16.0	15.8	15.4	15.3	14.7
Female employees (non-consolidated)	31	33	39	42	42	45	51	55	59	69
Number of new-graduate hires (non-consolidated)	21	21	30	17	19	15	14	13	29	32
Number of female new-graduate hires (non-consolidated)	1	3	1	2	0	0	0	0	3	6
Percentage of female hires (non-consolidated)	4.7%	14.2%	3.3%	11.7%	0%	0%	0%	0%	10.3%	18.8%
Number of foreign-national hires (non-consolidated)	6	0	0	0	1	1	0	1	0	8
Number of foreign-national employees (non-consolidated)	8	6	6	6	7	8	5	5	6	13
Foreign national employees (consolidated)	91	95	94	93	101	98	116	116	194	205
Overseas employees (consolidated)	91	95	92	91	101	98	123	121	197	214

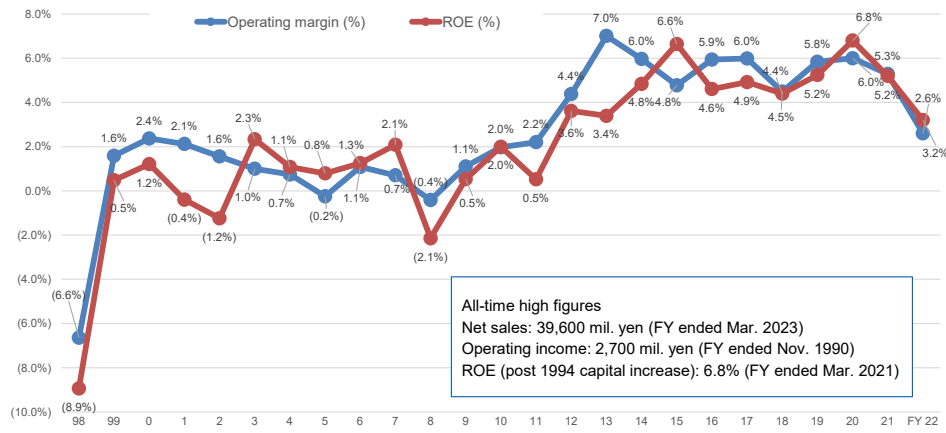
New products for reducing environmental impact

	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: 39,600 mil. yen (FY ended Mar. 2023)
 Operating income: 2,700 mil. yen (FY ended Nov. 1990)
 ROE (post 1994 capital increase): 6.8% (FY ended Mar. 2021)

(million yen)

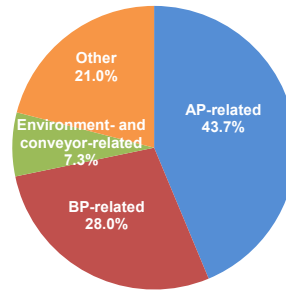
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	FY 22
Net sales	22,595	23,170	24,307	24,812	24,864	22,175	25,035	26,942	23,856	23,971	23,803	24,553	27,087	32,073	30,707	34,110	32,717	35,114	31,780	35,151	37,866	38,846	39,665
Operating income (loss)	536	492	379	245	185	(55)	271	189	(98)	265	470	541	1,108	2,249	1,832	1,629	1,944	2,103	1,427	2,053	2,302	2,053	1,028
Ordinary income	846	664	688	492	537	350	699	545	482	699	812	621	1,108	1,982	1,582	1,648	1,993	2,239	1,576	2,142	2,973	2,274	1,255
Net income (loss)	298	(83)	(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	1,020

Company Overview



Company 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, 2023)
Consolidated net sales	39,665 mil. yen	(FY 2022)
Consolidated operating income	1,028 mil. yen	(FY 2022)
Ratio of net sales outside Japan	14.7%	(FY 2022)
Subsidiaries	11社	(FY 2022)
Number of employees (consolidated)	1,064	(as of March 31, 2023)
Governance structure:	Company with Audit & Supervisory Board Directors: 9, of which 4 are outside directors Audit & Supervisory Board Members: 4, including 3 outside auditors (as of March 31, 2023)	

Net sales breakdown by business segment (FY 2022)



* AP: Asphalt plant
BP: Batching plant (concrete)



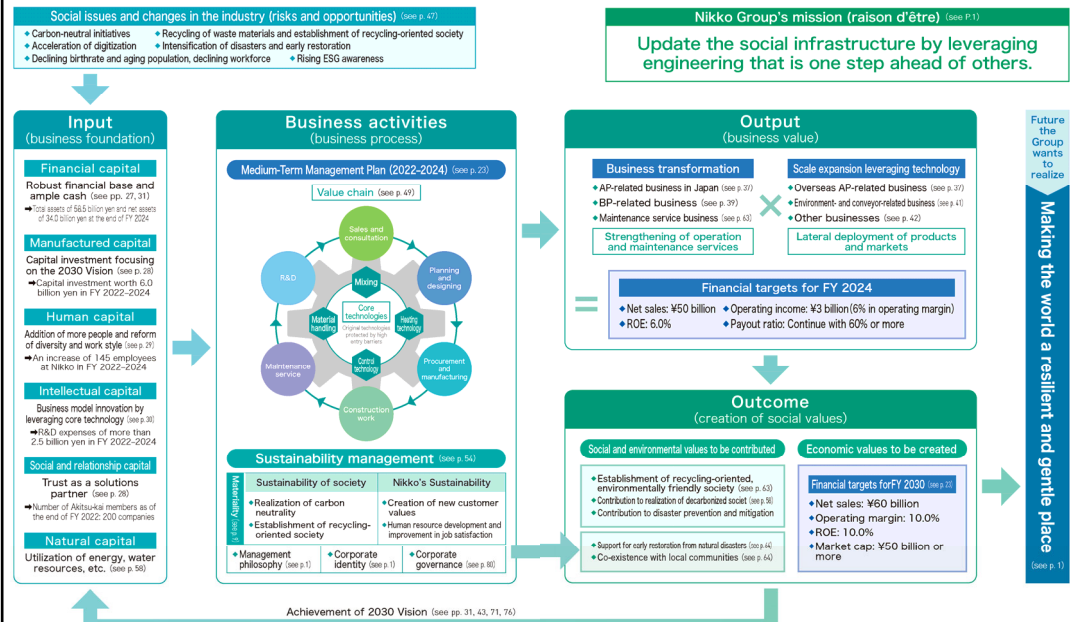
Management Philosophy

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

高橋 隆典

Process of Value Creation



Business Segments



AP-Related Business	BP-Related Business	Environment- and Conveyor-Related Business	MOBIL	Other Business																																																																																																															
<p>Main products</p> <ul style="list-style-type: none"> Asphalt plants Recycling plants Crushing plants Mixture silos Electronic control devices, plant management system <p>ABD Narrow-body AP models that can handle diverse needs.</p> <p>VP IV Latest high-end model AP, primarily for recycling.</p> <p>CBD Global model AP for Thailand and Southeast Asia markets.</p>	<p>Main products</p> <ul style="list-style-type: none"> Concrete plants Mobile concrete plants Concrete pumps Electronic control devices, plant management system Concrete product manufacturing plant facilities, etc. <p>ONZEMIX-T50 Mobile BP</p> <p>DASH-H275Evov Z20R-ADV Ultra-strong concrete plants</p> <p>DASH-Q225Pro O6S1BF Large-scale precast concrete plant</p>	<p>Main products</p> <ul style="list-style-type: none"> Belt conveyors, conveyors for facilities, coverage container recycling plants Soil remediation plant, plastic recycling plant <p>Portable conveyor Conveyor using pipe frame whose length can be adjusted in increments of 100m.</p> <p>Stringer conveyors High-quality conveyors with load of 20t per 10m and through flow at 60 t/hour and options.</p> <p>A plastic-based solidification material manufacturing facility Manufactures gypsum hemihydrate by drying gypsum powder. The facility manufactures solidation material by blending with cement and lime.</p>	<p>Main products</p> <ul style="list-style-type: none"> Pipe scaffolding, steel girders Removable aluminum staircases Showcases, appliances Small-sized concrete mixers, mortar mixers Footcages, water-proof boards, crushers Real estate leasing, construction machinery product leasing Sales of housing renovation <p>Hammer crusher Series can be equipped with grates and the selected particles can be retained with a granularity.</p> <p>Waterproof board Waterproof boards, which are effective against water damage (internal flooding) caused by global warming.</p>																																																																																																																
<p>FY 2022 business overview</p> <p>Sales composition of plant sales in Japan (90% plant sales) declined 6.6 pp compared to FY 2021 and that of MS also fell 3.0 pp. On the other hand, that of the Chinese business increased 6.8 pp and the Thailand business rose 2.0 pp.</p> <p>The business 30%</p> <p>China business 17%</p> <p>Thailand 13%</p> <p>Vietnam service 4%</p> <p>Exports 4.6%</p>	<p>FY 2022 business overview</p> <p>Sales composition of plant sales declined 1.1 pp compared with FY 2021, while that of MS rose 0.8 pp.</p> <p>Concrete plants 2.6%</p> <p>Mobile plants 23%</p> <p>Exports 0.1%</p> <p>Vietnam service 25%</p> <p>Plant sales 57.2%</p>	<p>FY 2022 business overview</p> <p>Sales composition of environmental products fell 1.6 pp as the number of large-scale projects declined compared with FY 2021, while that of conveyor products rose 1.5 pp reflecting solid demand, despite sales decline.</p> <p>Conveyor services 3.4%</p> <p>Environmental products 22.3%</p> <p>Conveyor products 74.6%</p>	<p>FY 2022 business overview</p> <p>Like the prior segment, accounting for 26.0 pp, while the composition of core businesses. Among them, the composition of waterproof boards and footcages fell 10.2 pp due to postponement of construction orders caused by soaring material prices and that of temporary construction materials declined 6.1 pp.</p> <p>Waterproof board 2.4%</p> <p>Hammer crusher 1.8%</p> <p>Mobile plant 21.6%</p> <p>Hand tools 8.3%</p>																																																																																																																
<p>Net sales and operating income by segment (million yen)</p> <table border="1"> <tr><th>Fiscal year</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2022est</th></tr> <tr><td>Net sales</td><td>16,234</td><td>17,518</td><td>19,447</td><td>18,323</td><td>17,341</td><td>19,500</td></tr> <tr><td>Operating income</td><td>843</td><td>1,118</td><td>1,229</td><td>542</td><td>474</td><td>600</td></tr> <tr><td>Operating margin</td><td>5.9%</td><td>6.4%</td><td>6.4%</td><td>3.1%</td><td>2.8%</td><td>3.1%</td></tr> </table> <p>In FY 2022, net sales of plant products in Japan and those of MS declined slightly only by 2.6% and 1.1%, respectively, while overseas net sales rose 20%. Operating income declined greatly due to high raw material costs and loss in Thailand. The segment expects a recovery of 600 million yen in operating income in FY 2023.</p>	Fiscal year	2018	2019	2020	2021	2022	2022est	Net sales	16,234	17,518	19,447	18,323	17,341	19,500	Operating income	843	1,118	1,229	542	474	600	Operating margin	5.9%	6.4%	6.4%	3.1%	2.8%	3.1%	<p>Net sales and operating income by segment (million yen)</p> <table border="1"> <tr><th>Fiscal year</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2022est</th></tr> <tr><td>Net sales</td><td>7,800</td><td>9,158</td><td>9,232</td><td>10,840</td><td>11,111</td><td>11,500</td></tr> <tr><td>Operating income</td><td>454</td><td>741</td><td>879</td><td>1,123</td><td>1,017</td><td>1,200</td></tr> <tr><td>Operating margin</td><td>8.4%</td><td>8.3%</td><td>9.5%</td><td>10.4%</td><td>9.2%</td><td>10.4%</td></tr> </table> <p>In FY 2022, net sales slightly increased reflecting a continuous increase in projects thanks to the solid residential concrete market. Operating income declined due to the presence of low-profit margin projects among unit products. For FY 2023, the segment is expecting growth in both sales and profits, partly thanks to order backlog.</p>	Fiscal year	2018	2019	2020	2021	2022	2022est	Net sales	7,800	9,158	9,232	10,840	11,111	11,500	Operating income	454	741	879	1,123	1,017	1,200	Operating margin	8.4%	8.3%	9.5%	10.4%	9.2%	10.4%	<p>Net sales and operating income by segment (million yen)</p> <table border="1"> <tr><th>Fiscal year</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2022est</th></tr> <tr><td>Net sales</td><td>2,275</td><td>2,634</td><td>2,390</td><td>3,018</td><td>2,888</td><td>3,000</td></tr> <tr><td>Operating income</td><td>417</td><td>562</td><td>482</td><td>588</td><td>522</td><td>500</td></tr> <tr><td>Operating margin</td><td>18.0%</td><td>21.3%</td><td>20.2%</td><td>19.5%</td><td>18.1%</td><td>16.7%</td></tr> </table> <p>In FY 2022, net sales declined due to lack of large-scale orders like in FY 2021 despite sales of core drying system, etc. In the environmental business, operating income declined due to sales decline. In FY 2023, the segment expects to increase from business negotiations related to the World Expo 2025 Osaka, Kansai, in the environmental business while operating income is likely to decline slightly.</p>	Fiscal year	2018	2019	2020	2021	2022	2022est	Net sales	2,275	2,634	2,390	3,018	2,888	3,000	Operating income	417	562	482	588	522	500	Operating margin	18.0%	21.3%	20.2%	19.5%	18.1%	16.7%	<p>Net sales and operating income by segment (million yen)</p> <table border="1"> <tr><th>Fiscal year</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2022est</th></tr> <tr><td>Net sales</td><td>4,677</td><td>5,840</td><td>6,790</td><td>6,640</td><td>8,324</td><td>10,000</td></tr> <tr><td>Operating income</td><td>402</td><td>1,000</td><td>1,170</td><td>1,073</td><td>1,044</td><td>1,250</td></tr> <tr><td>Operating margin</td><td>10.7%</td><td>17.1%</td><td>17.2%</td><td>16.1%</td><td>12.5%</td><td>12.5%</td></tr> </table> <p>In FY 2022, like the prior segment, accounting for 2.6 billion yen. Among existing products, sales of mobile products increased, while those of waterproof boards and temporary construction materials fell. Operating income slightly declined due to poor performance of the high-profitable businesses. The segment expects both sales and profits to increase in FY 2023.</p>	Fiscal year	2018	2019	2020	2021	2022	2022est	Net sales	4,677	5,840	6,790	6,640	8,324	10,000	Operating income	402	1,000	1,170	1,073	1,044	1,250	Operating margin	10.7%	17.1%	17.2%	16.1%	12.5%	12.5%
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<p>Market share (based on plant sales)</p> <p>The AP demand in Japan was 20 units in FY 2022, down 22 units from FY 2021. Nikko's dynamic share fell 9 pp to 60.0%.</p>	<p>Market share (based on plant sales)</p> <p>The BP demand was unchanged at 71 units in FY 2022, but Nikko's steady-state share increased 0.6 pp to 33.0% from FY 2021.</p>	<p>Market share (based on plant sales)</p> <p>In FY 2022, demand for portable conveyors totaled 4,000 units, down 300 units compared with FY 2021. Nikko's share rose 2 pp to 62%.</p>	<p>Market share (based on plant sales)</p> <p>In FY 2022, demand for mobile crushers and screens was 154 units, down six units from FY 2021. Nikko's share fell 1.2 pp to 20.1%.</p>																																																																																																																

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, Ltd. (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			2023 Matsuda Kiko (M&A)
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



Update the social infrastructure by leveraging engineering that is one step ahead of others.

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

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

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

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- 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.