

June 2, 2020

## **FY 2019 Results Briefing: Gist of Questions and Answers Session**

### **1. How would the relationship between Maeda Road Construction and Nikko change now that Maeda, a Nikko's customer, has become a subsidiary of Maeda Corporation?**

-> To be honest, it is unclear what the impact of Maeda Road Construction becoming a Maeda Corporation subsidiary would be in the long term. Currently, it is difficult to have communications with the management of Maeda Road Construction because of the novel coronavirus and we have not had direct discussions. According to the information from our sales, the capital investment plan is being implemented without any changes, and we believe there won't be any significant impact in the current term. In the long term, we will communicate with them to confirm the policy and respond to it.

### **2. How do you plan to improve the margin of AP in the long term?**

-> We are developing new models and upgrading existing models to improve the margin of AP. Since about three years ago, we have repeatedly made drastic upgrading of the existing models to better suit the current situation of asphalt mixture in Japan, where recycled materials are used in more than half of the cases. Moreover, we are paying attention not only to manufacturing cost of product itself but also to local assembly costs to improve our productivity and cost competitiveness, and are in the midst of boldly steering towards unit-type products, a higher portion of which are manufactured within the company. We are currently driving forward the development of a mechanism in which our profitability increases if the adoption rate of these products with higher competitiveness rises significantly.

Note: This summary of the question and answer session was created in part to provide the information to those who did not attend the results briefing. Please note that parts of the text have been edited to improve clarity and enhance understanding.

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