

“Create the future with *n*”



# Fiscal Year 2022 (Ending March 31, 2023) 3rd Quarter Financial Results Briefing Session Materials

Tokyo Stock Exchange Code: 6306

**Nikko Co., Ltd.**

Hiroshi Fujii, Senior Managing Director

March 3, 2023

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

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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 2022 3Q Performance Highlights (1)



### FY 2022 9-month results

3Q (Apr-Dec)	Results	YoY change (amount)	YoY change (%)
Net sales	27,129	(36)	(0.1%)
Operating income	367	(660)	(64.2%)
Quarterly net income attributable to owners of parent	224	(659)	(74.6%)
New orders received	29,217	+1,071	+3.8%

- ▶ Sales of AP-related business: Sales of both products and maintenance services in Japan declined from a year earlier. Sales of the segment declined slightly by 2.1% as sales in China greatly grew reflecting the resumption of works that had been delayed.
- ▶ Sales of BP-related business: Sales of products significantly fell, while those of maintenance services increased. Sales of the segment declined 8.7%. However, sales are concentrating on 4Q in FY 2022 and they are expected to be at about the same level as FY 2021 for the full year.
- ▶ New orders received in the other business increased by a big margin of 44.8% year on year due to incorporation of orders at Ube Kohki. In total, new orders received rose 3.8% year on year (up 7.8% for the other business and down 2.3% overall when orders received by Ube Kohki were excluded).

### Business climate

#### AP-related business

FY 2022 3Q (Apr-Dec)	Results (10,000 tons)	YoY change
Mixture output	2,721	(4.8%)
Virgin mixture	697	(7.2%)
Recycled mixture	2,023	(4.0%)

Share of recycled mixture 74.4%

Source: Japan Asphalt Mixture Association

#### BP-related business

FY 2022 3Q (Apr-Dec)	Results (10,000 m <sup>3</sup> )	YoY change
Ready-mixed concrete shipment	2,015	(3.5%)

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

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### □ Here are the highlights of the financial results.

In the current fiscal year, sales were about the same level as the previous year and profits declined significantly.

We revised down the forecasts in September and the third-quarter figures were pretty much in line with the forecasts.

The following two major factors contributed to profit decline compared with last year.

- As we had been explaining since the results briefing for the first quarter, the prices of iron and other raw material continue to rise.
- A factor that we did not anticipate at the beginning of the fiscal year was the reduction in capital investments by road pavement companies, who are our customers, and this has been affecting the services of AP-related business in particular.

## FY 2022 3Q Performance Highlights (2)

Net sales in China (Nikko Shanghai) increased 63.2% in 3Q (Oct–Dec) as works that were stagnant due to COVID-19 resumed.  
→ p. 12 AP-related Business

3Q (9-month) orders rose 1.07 bil. yen year on year (including 1.7 bil. yen in orders for Ube Kohki)  
Order backlog also accumulated.  
→ p. 9 Trends in New Orders Received and p. 10 Trends in Order Backlog

The number of mobile plants sold fell by 1 unit compared with the same period a year earlier, but net sales increased from 0.95 bil. yen to 1.11 bil. yen.  
→ p. 16 Other Business

Net sales of BP-related business declined and operating income also fell along with it. Even so, order backlog has accumulated significantly.  
→ p. 14 BP-related Business and p. 10 Trends in Order Backlog as of the End of 3Q

- In the AP-related business, road pavement companies in Japan generally have been keeping capital investment in check due to the rise in asphalt prices.
- Net sales of plants and maintenance services declined significantly.
- In Thailand, both net income and new orders fell short of the budget.

→ p. 12 AP-related Business, p. 13 AP-related Business (Japan vs. Overseas)

Net sales of waterproof boards fell due to postponement and delay of construction works reflecting soaring construction material costs.  
They declined to 300 mil. yen from 660 mil. yen in the same period a year earlier.  
→ p. 16 Other Business

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This shows positive points and not-so-positive points of the business performance.

#### Positive points

- In China, factories were unable to operate for quite some time at the beginning of the fiscal year due to the impact of COVID-19, but it subsequently recovered well and the figures were markedly better compared with the previous fiscal year. The figure for the Oct-Dec period in particular grew 63% compared with last year.
- New orders received in the nine months were 1,070 million yen more compared with last year and order backlog also accumulated.
- In the mobile plant division, which is one of our growth businesses and divisions, the number of units sold fell by 1 unit from the previous fiscal year but sales grew smoothly.
- Ube Kohki, which joined the Group through M&A, also posted sales in line with the plan and it recorded profits as expected.
- Sales of the BP-related business declined through the third quarter and operating income fell along with it, but its sales are concentrated on the fourth quarter. Order backlog has accumulated as of the end of third quarter and we are expecting full-year results in line with last year.

#### Not-so-positive points

- Regarding AP, road pavement companies, which are our customers, reduced capital investment due to the increase in asphalt price, and sales of maintenance services, which have high profitability, declined drastically. Nevertheless, maintenance cannot be postponed for long, and we believe that the investment that was delayed would be implemented from the next fiscal year on.
- Sales of the waterproof boards business, which we position as a priority and growth businesses along with mobile plants, halved through the third quarter of the current fiscal year due to postponements of construction works caused by surging construction material prices.



## FY 2023 Outlook at Present



- Expecting record order backlog of 18.7 bil. yen as of the end of the current fiscal year (up 2.2 bil. yen compared with the end of FY 2021). Expects both net sales and profits to increase.
- Profits had been under pressure from surging steel prices in the past two years but it appears that the price has peaked and we assume there are no material cost factors putting downward pressure on profits.
- By segment, both sales and profits of the AP-related business are expected to increase as the business in Japan is expected to grow significantly, while we expect the BP-related business to remain unchanged.
- Overseas, the business in China is expected to perform solidly. The business in Thailand, on the other hand, would require some time before it turns profitable.
- Foamed asphalt devices, an environmentally friendly AP product, has been growing steadily and we expect 52 units to be sold in FY 2023 (19 units expected in FY 2022) with sales of 930 mil. yen (300 mil. yen expected in FY 2022).

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This is the outlook for the next fiscal year, FY 2023, at present.

- Order backlog as of the end of the current fiscal year is expected to be 18.7 billion yen, which is up 2.2 billion yen from the previous fiscal year, and a record. We are expecting both sales and profits to increase in the next fiscal year.
- Rising steel prices, which has been a factor putting downward pressure on profits in the past two years, have begun showing signs of peaking since last summer. Prices of motors and electric parts continue to rise but we expect the price of steel, which is the main raw material, would not rise more than a certain level in the next fiscal year and the soaring raw material prices would not become a factor putting pressure on profits.
- By segment, we expect the domestic AP-related business to significantly grow in the next fiscal year.  
BP, at the very least, is expected to be unchanged, and we feel it will do better in the next fiscal year compared with the current fiscal year.
- Overseas, we expect China to perform solidly. On the other hand, our business in Thailand of the ASEAN business, on which we have been focusing, is unfortunately expected to post a loss in the current fiscal year. It is partly due to the delay of more than a year in starting the business caused by the impact of COVID-19, and we estimate it would take a little more time than we had initially expected before it turns profitable.
- Among environmentally friendly products whose research and development we have been emphasizing, sales of the foamed asphalt device for manufacturing warm-mix asphalt have been growing greatly. We are expecting sales of approx. 20 units and 300 million yen in the current fiscal year, and we are expecting sales to triple to 52 units and approx. 930 million yen in the next fiscal year.

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## FY 2022 3Q Performance Highlights (1)



### YoY change of results

- ▶ Net sales: AP-related business (down 280 mil. yen), BP-related business (down 630 mil. yen), environment- and conveyor-related business (down 50 mil. yen), other business (up 930 mil. yen; down 170 mil. yen excluding Ube Kohki)
- ▶ Operating income: Declined due to a rise in cost-of-sales ratio, increases in R&D expenses and personnel expenses, higher SG&A expenses at Ube Kohki and NIC
- ▶ Ordinary income: Decreased due to the decline in operating income
- ▶ New orders: AP-related business (down 370 mil. yen), BP-related business (down 520 mil. yen), environment- and conveyor-related business (down 100 mil. yen), other business (up 2,060 mil. yen; up 350 mil. yen excluding Ube Kohki)
- ▶ Order backlog: AP-related business (down 590 mil. yen), BP-related business (up 1,360 mil. yen), environment- and conveyor-related business (down 70 mil. yen), other business (up 2,520 mil. yen, up 440 mil. yen excluding Ube Kohki)

	FY 2021		3Q actual	YoY change	FY 2022			Full-year forecast	4Q forecast
	3Q actual	3Q (9-month) actual			3Q (9-month) actual	YoY change	Full-year forecast Progress		
Net sales	8,157	27,165	8,369	+2.6%	27,129	(36) (0.1%)	64.6%	42,000	14,871
Operating income	59	1,027	(32)	(91) (0.4%)	367	(660) (64.3%)	21.6%	1,700	1,333
Operating margin	0.7%	3.8%	(0.4%)	(1.1 pp)	1.4%	(2.4 pp)	—	4.0%	9.0%
Ordinary income	89	1,194	(19)	(108) (0.2%)	529	(665) (55.7%)	28.6%	1,850	1,321
Net income attributable to owners of parent	16	883	(35)	(51) +109.4%	224	(659) (74.6%)	18.7%	1,200	976
New orders received	9,344	28,146	10,268	+9.9%	29,217	+1,071 +3.8%	66.1%	44,210	14,993
Order backlog	15,342	15,342	18,560	+3,218 +21.0%	18,560	+3,218 +21.0%	—	18,700	18,700

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This table puts together sales, operating income, ordinary income, new orders, and order backlog.

The forecast figures for the fourth quarter are in the far right and we currently think we can more or less achieve 14.8 billion yen in net sales and 1.3 billion yen in operating income.

FY 2022 3Q Performance Highlights (2)

(million yen)

		FY 2021			FY 2022				
		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	4,176	13,365	18,328	4,433	+257 +6.2%	13,085	(280) (2.1%)	20,000
	Operating income	(61)	327	562	107	+168 (275.4%)	239	(88) (26.9%)	550
	Operating margin	(1.5%)	2.4%	3.1%	2.4%	+3.9 pp (360)	1.8%	(0.6 pp) (635)	2.8%
BP-related business	Net sales	1,690	7,279	10,840	1,330	(21.3%) (56)	6,644	(8.7%) (160)	10,500
	Operating income	58	667	1,123	2	(96.6%)	507	(24.0%)	1,050
	Operating margin	3.4%	9.2%	10.4%	0.2%	(3.2 pp)	7.6%	(1.6 pp)	10.0%
Environment- and conveyor-related business	Net sales	614	2,195	3,018	916	+302 +49.2%	2,138	(57) (2.6%)	2,500
	Operating income	136	379	588	82	(39.7%)	318	(61) (16.1%)	500
	Operating margin	22.1%	17.3%	19.5%	9.0%	(13.1 pp)	14.9%	(2.4 pp)	20.0%
Other business	Net sales	1,678	4,325	6,660	1,688	+10 +0.6%	5,259	+934 +21.6%	9,000
	Operating income	306	623	1,073	163	(143) (46.7%)	416	(207) (33.2%)	1,100
	Operating margin	18.2%	14.4%	16.1%	9.7%	(8.5 pp)	7.9%	(6.5 pp)	12.2%

▶ Net sales of AP-related business: Net sales of products in Japan were down 22.2% YoY and maintenance services fell 9.7%, while overseas net sales rose 23.4%

▶ Net sales of BP-related business: Net sales of plant products declined 21.8% YoY and maintenance services rose 7.1%

▶ Environment- and conveyor-related business: Net sales of environmental products were down 10.6% YoY and those of conveyor products were in line with a year earlier

▶ Net sales of other business: Net sales of mobile plants rose 19.2% YoY, waterproof boards fell 54.5%, temporary construction materials declined 4.8%, crushers increased 19.5%, hand tools rose 5.7%, and 1,110 mil. yen in net sales from Ube Kohki were newly incorporated

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This is an explanation of each segment.

- Sales of the AP-related business in the third quarter alone were 4,433 million yen with operating income of 107 million yen. The business in China was strong. While the segment had operating loss of 61 million yen in the same period a year earlier, it posted a profit in the current fiscal year.

For full year, it is expected to post 20,000 million yen in sales and 550 million yen in operating income. The nine-month figures are 13,000 million yen in sales and 239 million yen in operating income. We need to make up the differences in the fourth quarter.

In the fourth quarter last year, we had sales of 5,000 million yen and operating income of 250 million yen, and we are expecting the figures to be better in the current fiscal year than last year, but we probably need a little more to reach the full-year forecasts of 20,000 million yen in sales and 550 million yen in operating income.

- The results of the BP-related business for the third quarter alone (three months) were 1,330 million yen in sales and 2 million yen in operating income, which are worse than last year in terms of sales, profit, and profitability. However, sales of BP products are concentrated on the fourth quarter in the current fiscal year. The estimate for the fourth quarter is the difference with the 10,500 million yen in full-year sales forecast and 1,050 million yen in full-year operating income forecast and the cumulative results till the third quarter, and the figures are in our sight and we may exceed them.
- In the environment- and conveyor-related business, the third quarter results (three months) were 916 million yen, up year-on-year, while profits declined compared to the previous year. Last year, there were environmental-related products with high profitability in the same period of time but we do not have them in the current fiscal year and profitability was lower compared with last year.

Compared with the 2,500 million yen full-year sales forecast and 500 million yen full-year operating income forecast, we had 2,100 million yen in sales and 318 million yen in operating income through the third quarter, so we expect to exceed the sales forecast. For operating income, we expect to arrive more or less at the forecast figure.

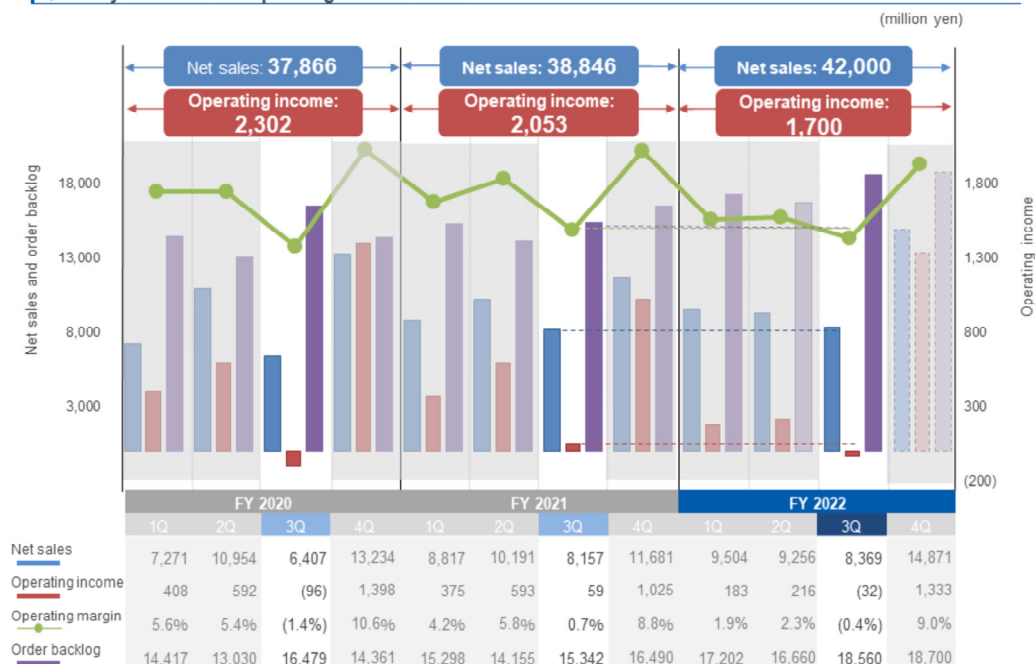
- In the other business, the third quarter results (three months) were 1,688 million yen in sales and 163 million yen in operating income. Sales were in line with last year but operating income roughly halved. The largest factor was the decline in the sales of waterproof boards. Profitability of the waterproof boards is high and the impact of that decline resulted in a fall in profit.

The full-year forecasts are 9,000 million yen and 1,100 million yen in operating income. To achieve the full-year forecasts, we need approx. 4,000 million yen in sales and approx. 700 million yen in operating income in the fourth quarter. Sales and profits of Ube Kohki, which was added to consolidated accounting from the current fiscal year, concentrate on the fourth quarter and that will be added to the fourth quarter results. Sales of floodgates related to public works are usually concentrated on the fourth quarter. When adding these, we still have to make some more efforts in terms of both sales and profits at present, but we are not expecting a significant shortfall.

## FY 2022 Quarterly Performance Trend



Quarterly net sales and operating income trends

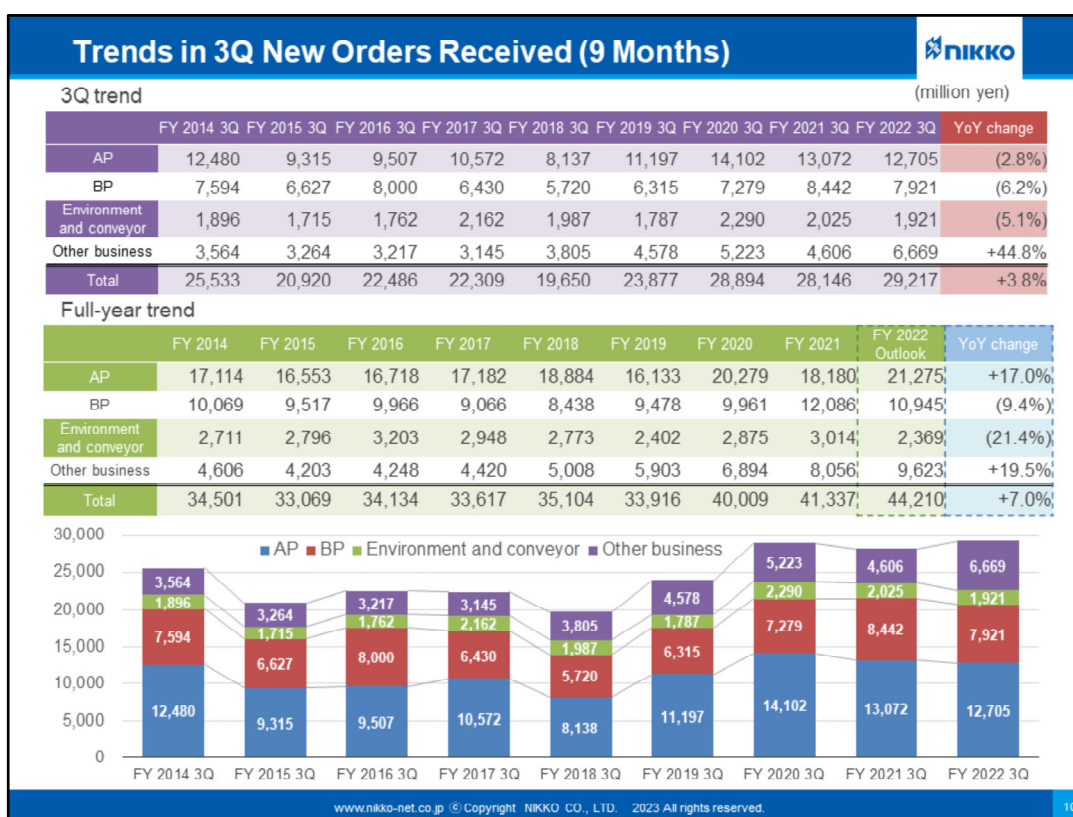


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Let's see the possibility of achieving the fourth quarter figures based on the quarterly trend in business performance.

In the current fiscal year, we will need 14,800 million yen in sales and 1,300 million yen in operating income in the fourth quarter. In the same period a year earlier, sales were 11,600 million yen and operating income was 1,000 million yen, and two years ago it was 13,200 million yen in sales and 1,300 million yen in operating income. If we can achieve sales and profit that are at similar levels with FY 2020, we will be able to achieve the full-year forecast figures for the current fiscal year. In the current fiscal year, Ube Kohki will add approx. 1,000 million yen in sales and 100 million yen in operating profit for the fourth quarter alone, so we believe that we will be able to land the full-year figures close to the forecast figures.



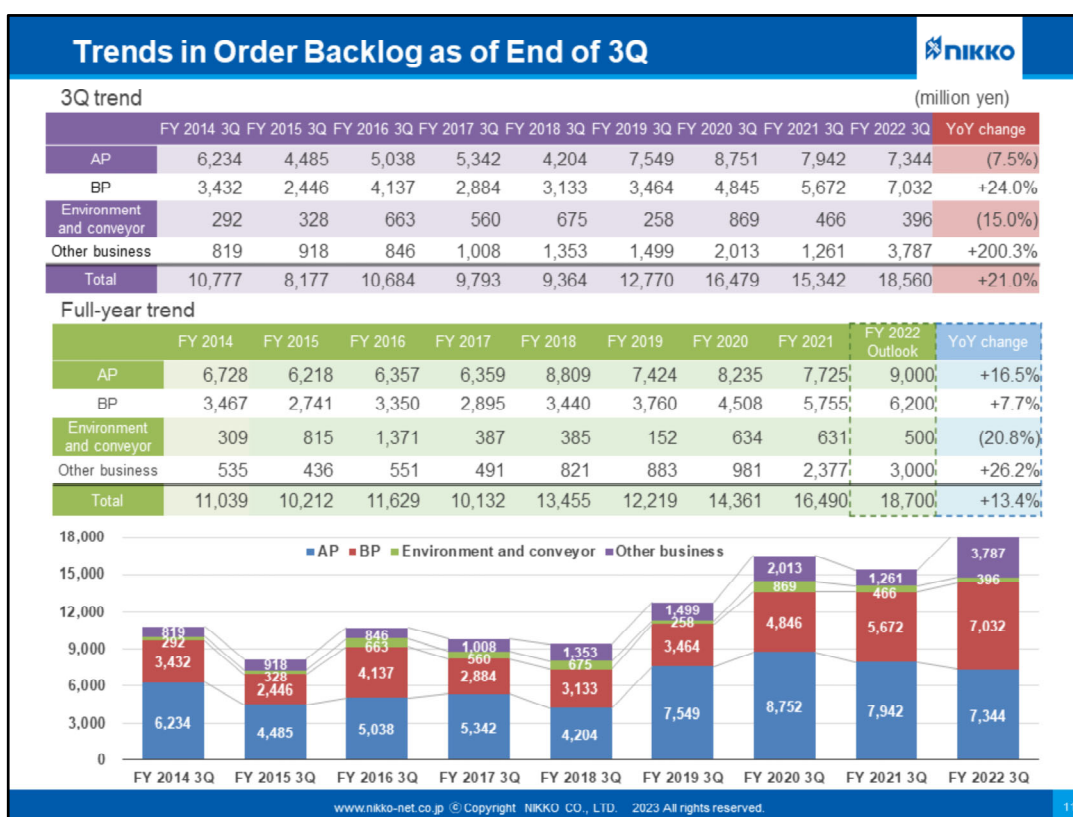
- ☐ Let's compare the new order figure for the first nine months of the current fiscal year with the past eight years.

The new orders received through the third quarter was 29,217 million yen and it was a record. The figure includes Ube Kohki, but even when it is excluded, it has grown significantly since FY2020.

The full-year estimate for the current fiscal year is 44,210 million yen. Until the third quarter, the portion exceeding last year's level was at about 1,000 million yen, but we are expecting a large-scale order for AP in the fourth quarter and the full-year order figure for AP is expected to increase by about 3,000 million yen from last year to 22,100 million yen.

In the meantime, the figure for BP was high last year and it is going to decline to 10,900 million yen in the current fiscal year, but this is better than the figures in the past. We are expecting 2,300 million yen in the environment- and conveyor-related business and 9,600 million yen in the other business.





Order backlog as of the end of the fiscal year, which is important for estimating the figures for the next fiscal year, is shown in the bottom table and we will explain the estimate for order backlog as of the end of March.

Order backlog for the AP-related business is expected to be 9,000 million yen, that for the BP-related business 6,200 million yen, that for the environment- and conveyor-related 500 million yen, and that for the other business 3,000 million yen. In total, we are expecting 18,700 million yen.

The order backlog as of the end of the third quarter of FY 2022 was 18,560 million yen. Sales will increase significantly in the three months of the fourth quarter and order backlog will decline in return. However, we are still expecting a high figure for order backlog at the end of the current fiscal year, as domestic orders for AP will grow greatly. Based on these, we are expecting to start the next fiscal year with a high figure.

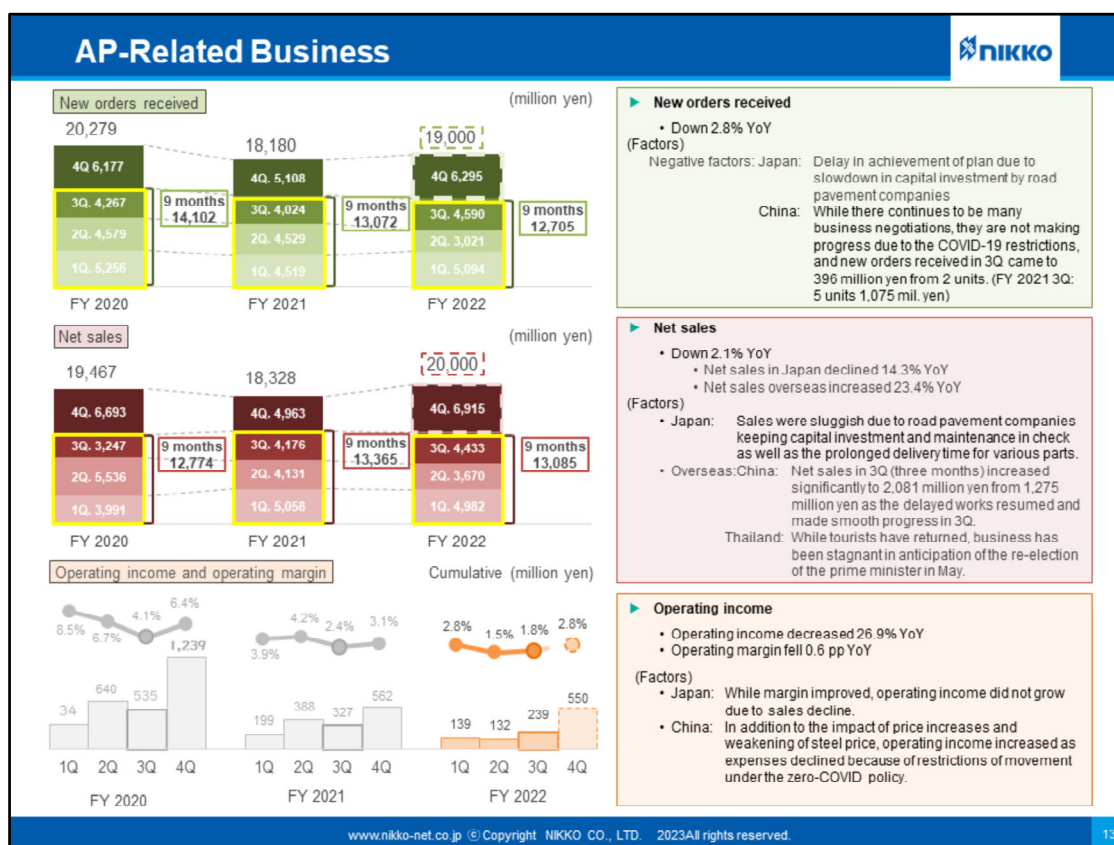
## Trends in 3Q (9-Month) New Orders, Sales, Operating Income by Segment



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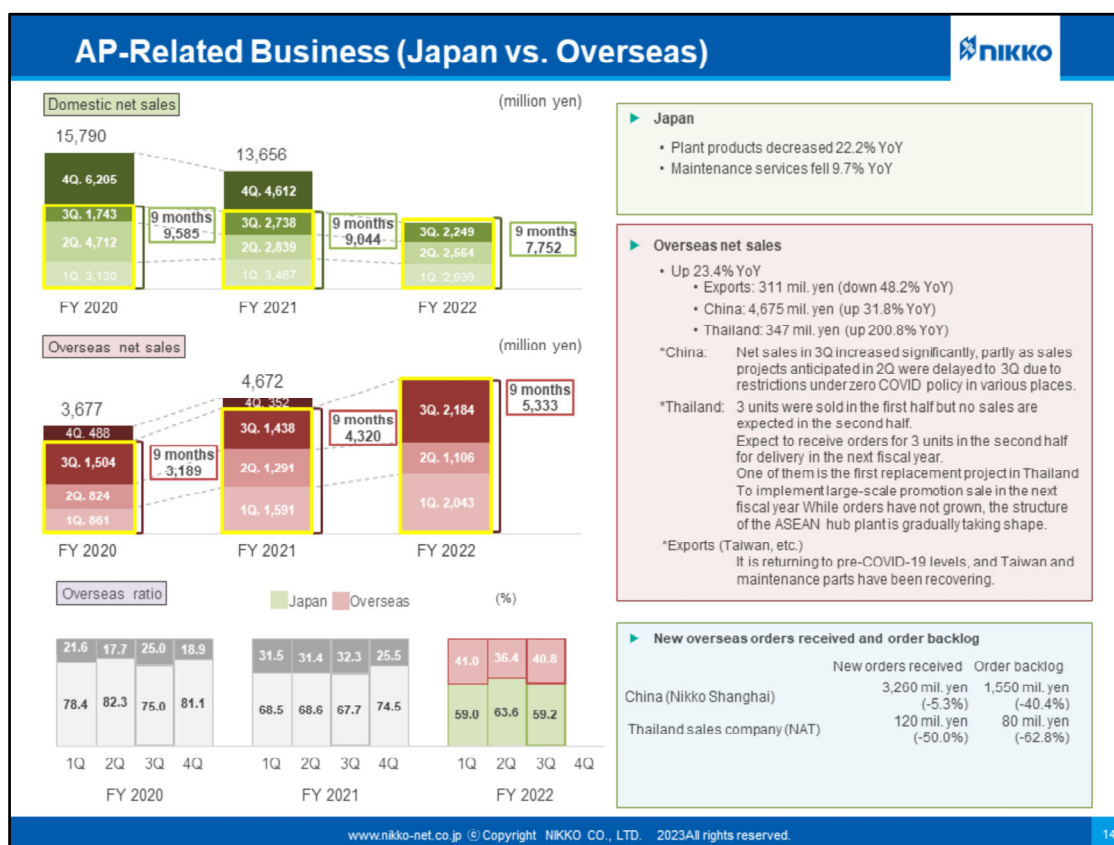
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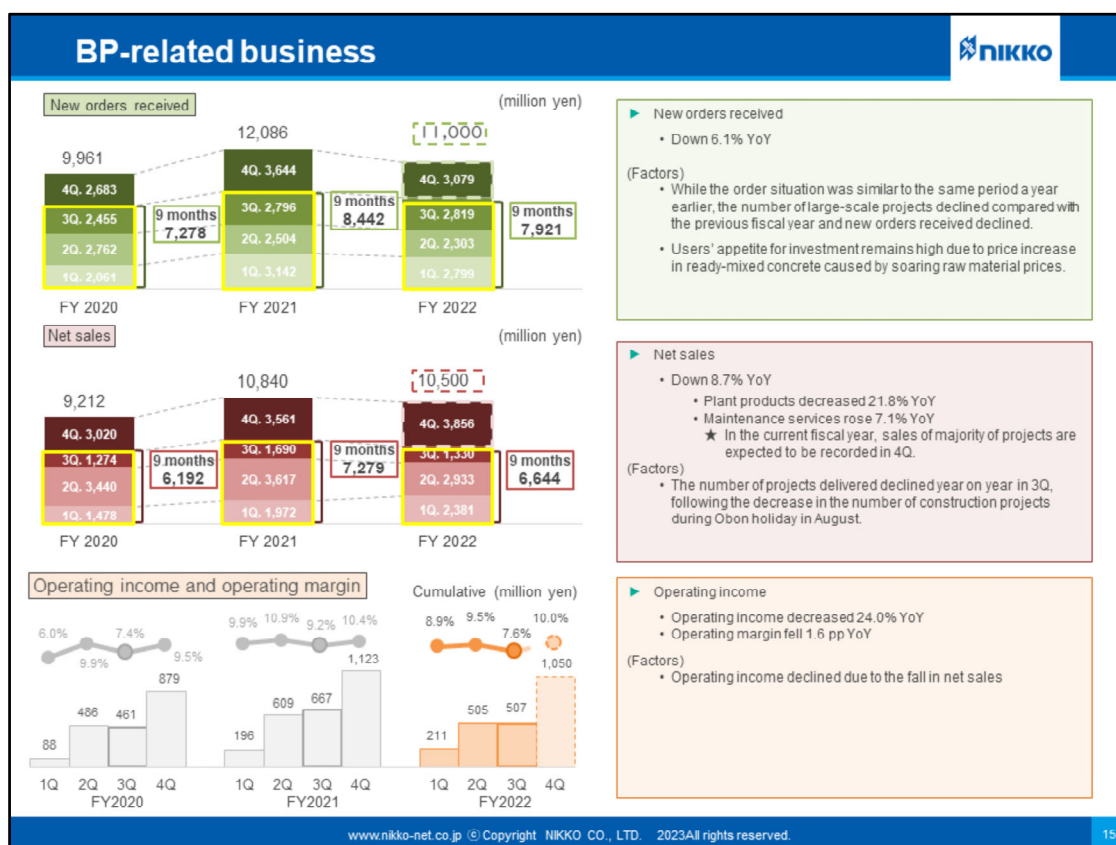
### The situation of the AP-related business

- We had new orders worth 12,700 million yen in total for the first nine months of the current fiscal year and are expecting 19,000 million yen in new orders for the full year. Orders for services declined through the third quarter as capital investment by road pavement companies in Japan slowed. In the fourth quarter, we are expecting to see growth in orders for large-scale products, whose sales will be recorded from the next fiscal year onwards.
- Net sales in the first nine months of the current fiscal year were 13,085 million yen, which are slightly lower than last year. The largest factor is the slowdown in sales of maintenance services in Japan.
- Regarding overseas, the business in China posted high figure in the third figure. Meanwhile, although tourism has returned in Thailand, the situation continues to stagnate in general and it has been slower than our plan.
- In terms of profits, the figure until the third quarter was 239 million yen and profit margin was 1.8%, underperforming last year, when figures were not good either.



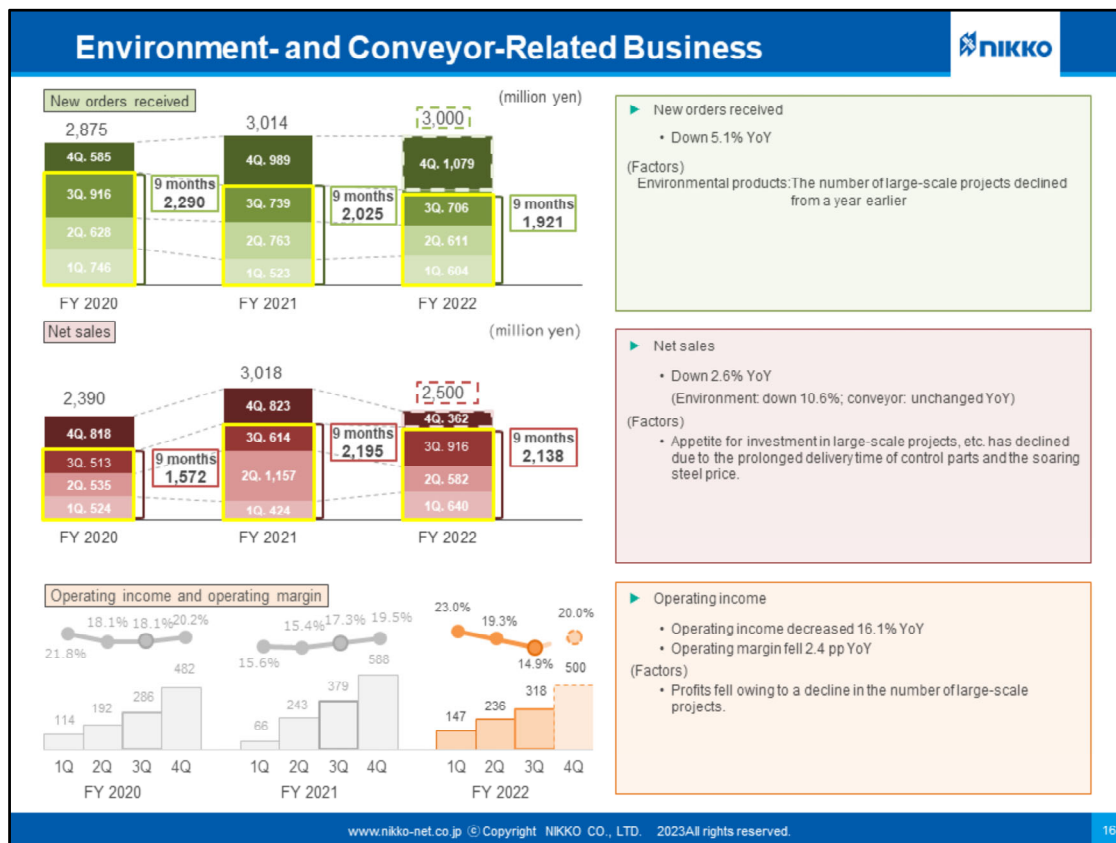
I will explain the situation in Japan and overseas separately.

- Net sales of AP in Japan were 7,700 million yen for the first nine months and they declined approx. 1,300 million yen from last year. Sales of both products and maintenance services fell.
- Overseas net sales have been continuously and steadily rising from 3,100 million yen in FY 2020, 4,300 million yen in the previous fiscal year, and 5,300 million yen in the current fiscal year.  
The breakdown of the 5,300 million yen through the third quarter of the current fiscal year is 311 million yen in exports and 4,675 million yen in China, which is up 31% from last year. They were 347 million yen in Thailand. In terms of rate, it was up 200% but it has been unfortunately stagnating compared with the figures in the plan. Among exports, those for Taiwan were strong in the current fiscal year.
- Regarding the overseas sales ratio of the AP-related business, 59% were Japan and 40% overseas until the third quarter of the current fiscal year. The growth in sales in China has been contributing particularly.
- As for order backlog, Nikko Shanghai in China declined compared with the same period a year earlier. It halved in Thailand compared with last year.



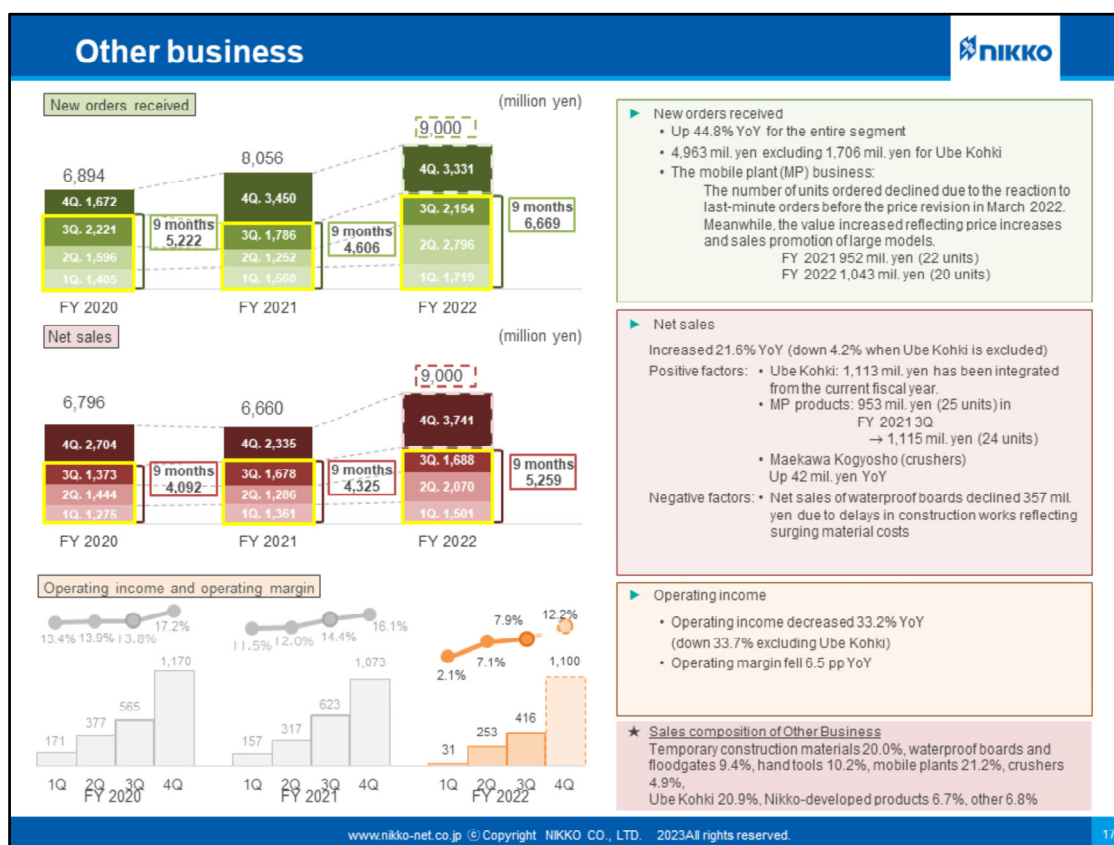
### The situation of the BP-related business

- Order backlog was 7,900 million yen through the third quarter, which was 500 million yen lower than last year. There were fewer large-scale projects compared with last year but the price of ready-mixed concrete continues to increase and appetite for capital investment is thought to continue to be at a high level.
- Net sales came to 6,644 million yen for the first nine months of the current fiscal year similar to new orders, but order backlog has accumulated as of the end of the third quarter and sales are expected to grow significantly in the fourth quarter.



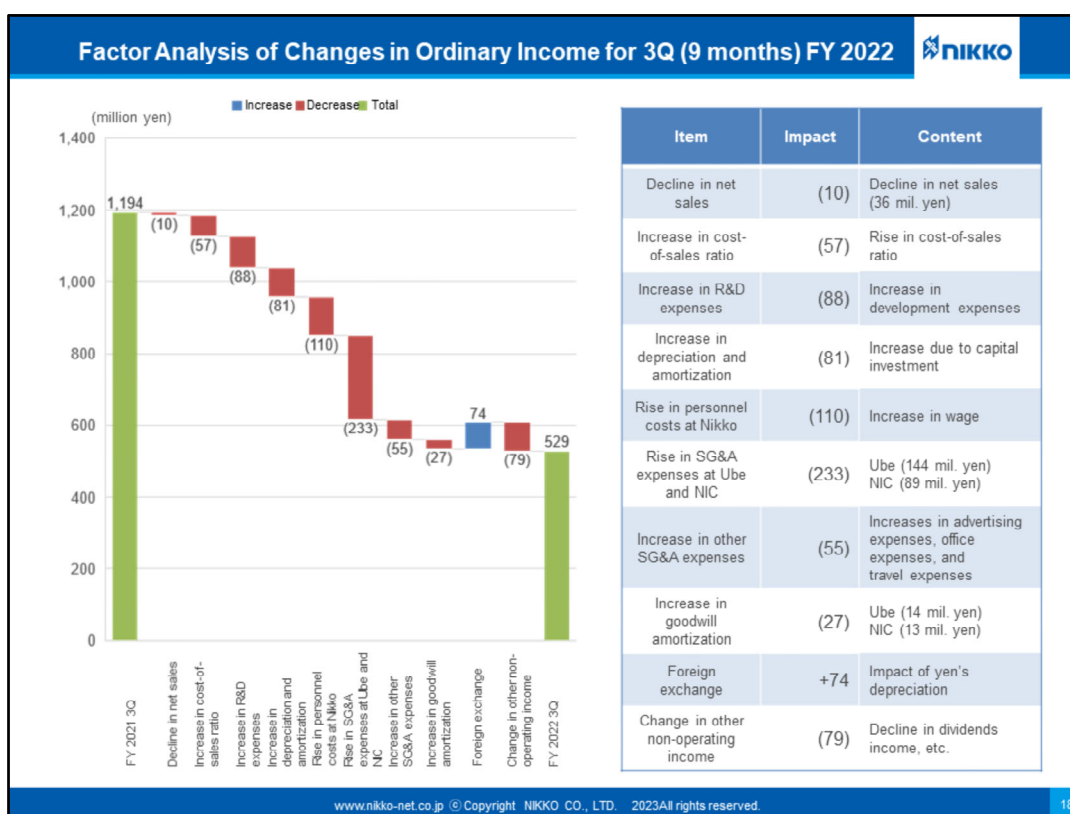
The situation of the environment- and conveyor-related business

- New orders received came to 1,921 million yen, which is about the same level as last year, but the number of large-sized orders for environmental products has declined in the current fiscal year compared with the previous fiscal year.
- Net sales were roughly in line with last year.



### The situation of the other business

- Orders totaled 6,669 million yen and they increased from last year. While they include 1,700 million yen for Ube Kohki, they still grew from last year even after excluding Ube Kohki's portion, posting 4,900 million yen. The number of units being ordered in the mobile plant business declined in reaction to last-minute demand before the price revision in March last year.
- Net sales came to 5,259 million yen, a drastic increase over last year, which was mainly due to the impact of Ube Kohki. The rest was roughly unchanged.
- The segment has been struggling in terms of profits as sales of waterproof boards have been slow in the current fiscal year.



The analysis of factors contributing to the changes in ordinary income  
In the current fiscal year, ordinary income for the first nine months came to 529 million yen, which is down by about 665 million yen from the 1,194 million yen for the same period a year earlier.

The slight impact from the fall in net sales was a factor in the decline, but cost-of-sales ratio continued to rise. R&D expenses and depreciation and amortization increased as we continue with growth investment.

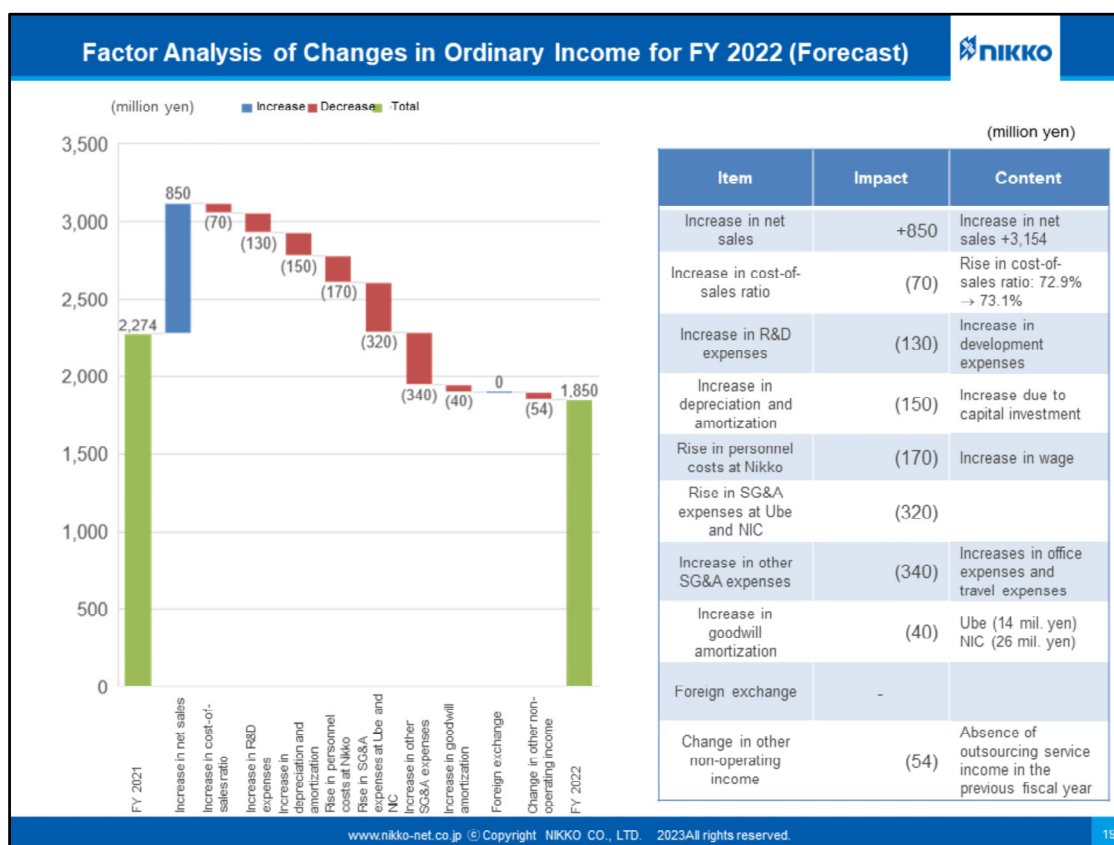
Nikko's personnel costs increased more than 100 million yen partly because the number of employees rose and wages also increased. We are currently investing in people for the growth of the company.

Sales and administrative expenses expanded drastically from last year because Ube Kohki was added to consolidated accounting in the current fiscal year and NIC, the manufacturing subsidiary in Thailand, also was practically added to consolidated accounting from the current fiscal year.

Travel and transportation expenses and advertising expenses among other sales and administrative expenses also rose, as COVID-19 subsided.

Goodwill amortization also increased 27 million yen.






The analysis of the factors contributing to the changes in the full-year ordinary income

It was 2,274 million yen last year and is 1,850 million yen for the current year, though we expect to recover some compared with the third quarter. When compared with last year, we expect it to decline 424 million yen.

Sales are expected to increase 3,100 million yen. The largest factor is that BP's sales in Japan will increase.

On the other hand, cost-of-sales ratio will increase and R&D expenses, depreciation and amortization, personnel costs, and sales and administrative costs at NIC and Ube Kohki will increase further in the fourth quarter. We also expect sales and administrative costs and goodwill amortization to increase.

Balance Sheet Trends



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(million yen)

		End of FY 2021	FY 2022 3Q	Change	Main factors in year-on-year change
Assets	Current assets	34,127	33,927	(200)	Increase: Electronically recorded monetary claims +152 mil. yen Merchandise and finished goods +1,339 mil. yen Work in process +1,806 mil. yen Other business +663 mil. yen Decrease: Cash and cash equivalents (1,518 mil. yen) Accounts receivable-trade (2,459 mil. yen) Raw materials and supplies (183 mil. yen)
	Property and equipment	10,669	11,419	+750	
	Intangible assets	1,036	1,088	+51	Increase: Buildings and structures +136 mil. yen Land +259 mil. yen Other business +139 mil. yen Construction in progress +362 mil. yen Decline: Deferred tax assets (139 mil. yen)
	Investments and other assets	6,246	6,192	(54)	
	Total assets	52,079	52,627	+547	
Liabilities	Current liabilities	15,774	16,291	+516	Increase: Electronically recorded monetary obligations +295 mil. yen Short-term loans payable +751 mil. yen Contract liabilities +745 mil. yen Long-term loans payable +896 mil. yen Decrease: Notes and accounts payable-trade (305 mil. yen)
	Long-term liabilities	4,254	5,185	+931	Income taxes payable (327 mil. yen) Accounts payable-other (278 mil. yen) Provision for bonuses (309 mil. yen)
	Total net assets	32,050	31,150	(899)	Decrease: Retained earnings (923 mil. yen)
Net assets per share (yen)		837.22	813.77	-23.45	

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### Changes in the balance sheet

Total assets increased 547 million yen, or about 1%. While current assets have decreased, property and equipment rose 750 million yen. Property and equipment increased, as we are proactively making investments including those in Thailand.

Regarding liabilities, current liabilities and non-current liabilities increased 500 million yen and 900 million yen partly due to seasonal factors. Meanwhile, net assets declined 899 million yen compared with the end of the previous fiscal year. As the level of net assets at the end of the third quarter was low, it is currently about -900 million yen when considering outflow of dividends. As a result, net assets per share came to 813 yen a of the end of December 2022.



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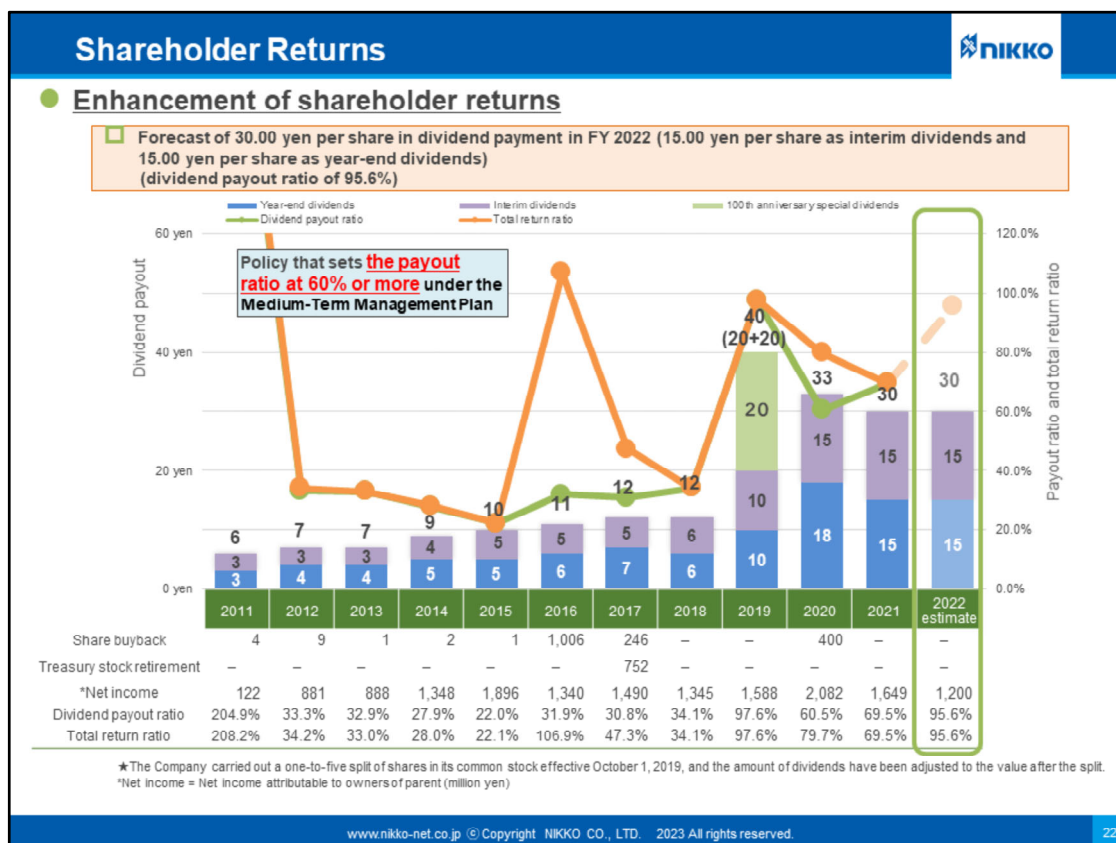
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### Policy of shareholder returns

The current fiscal year is the first fiscal year of the Medium-Term Management Plan. We position these three years as the stage for growth and it is our policy to maintain a dividend payout ratio of 60% or higher regarding shareholder returns. For the current fiscal year, we are struggling in the profit aspect and so far expect 1,200 million yen in net income. Regarding dividends, there is no change in our policy to maintain 30 yen per share in annual dividends similar to FY 2021. With dividend of 30 yen per share, payout ratio is 95.6%, which is almost 100%.

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



(million yen)

		FY 2020				FY 2021				FY 2022			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales		7,271	10,954	6,407	13,234	8,817	10,191	8,157	11,681	9,504	9,256	8,369	
	AP-related business	3,991	5,536	3,247	6,693	5,058	4,131	4,176	4,963	4,982	3,670	4,433	
	BP-related business	1,478	3,440	1,274	3,020	1,972	3,617	1,690	3,561	2,381	2,933	1,330	
	Environment- and conveyor-related business	524	535	513	818	424	1,157	614	823	640	582	916	
	Other business	1,275	1,444	1,373	2,698	1,361	1,286	1,678	2,335	1,501	2,070	1,688	
Operating income		408	592	(96)	1,398	375	593	59	1,026	183	216	(71)	
	AP-related business	340	300	(105)	704	199	189	(61)	235	139	-7	107	
	BP-related business	88	398	(25)	418	196	413	58	456	211	294	2	
	Environment- and conveyor-related business	114	78	94	196	66	177	136	209	147	89	82	
	Other business	171	206	188	605	157	160	306	450	31	222	163	
Corporate expenses		(305)	(391)	(248)	(525)	(244)	(345)	(382)	(322)	(345)	(382)	(388)	
Ordinary income		979	609	(89)	1,474	519	586	89	1,079	326	222	(56)	
Net income attributable to owners of parent		746	353	(133)	1,116	378	489	838	(59)	140	119	(61)	
Cash flow from operating activities		2,784				2,224				-			
Cash flow from investing activities		(1,867)				(2,165)				-			
Total dividend		775	-	572	-	683	-	573	-	574	-	574	
Share buyback		400				0				-			

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



(million yen)

New orders received (cumulative)	FY 2020				FY 2021				FY 2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-related business	5,256	9,835	14,102	20,279	4,519	9,048	13,072	18,180	5,094	8,115	12,705	
BP-related business	2,061	4,823	7,278	9,961	3,142	5,646	8,442	12,086	2,799	5,102	7,921	
Environment- and conveyor-related business	746	1,374	2,290	2,875	523	1,286	2,025	3,014	604	1,215	1,921	
Other business	1,405	3,001	5,222	6,894	1,568	2,820	4,606	8,056	1,719	4,515	6,669	
<b>Total</b>	<b>9,469</b>	<b>19,036</b>	<b>28,893</b>	<b>40,009</b>	<b>9,753</b>	<b>18,802</b>	<b>28,146</b>	<b>41,337</b>	<b>10,217</b>	<b>18,949</b>	<b>29,217</b>	

End-of-term order backlog	FY 2020				FY 2021				FY 2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-related business	8,688	7,732	8,751	8,235	7,696	8,094	7,942	7,725	7,837	7,188	7,344	
BP-related business	4,342	3,665	4,845	4,508	5,678	4,565	5,672	5,755	6,173	5,544	7,032	
Environment- and conveyor-related business	373	467	869	636	734	341	466	631	596	606	396	
Other business	1,013	1,165	2,013	981	1,187	1,154	1,261	2,377	2,595	3,321	3,787	
<b>Total</b>	<b>14,417</b>	<b>13,030</b>	<b>16,479</b>	<b>14,361</b>	<b>15,298</b>	<b>14,155</b>	<b>15,342</b>	<b>16,490</b>	<b>17,202</b>	<b>16,660</b>	<b>18,560</b>	

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



(million 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

(persons, years old, or years)

Number of employees (consolidated)	763	767	796	803	797	807	799	838	861	1,038
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

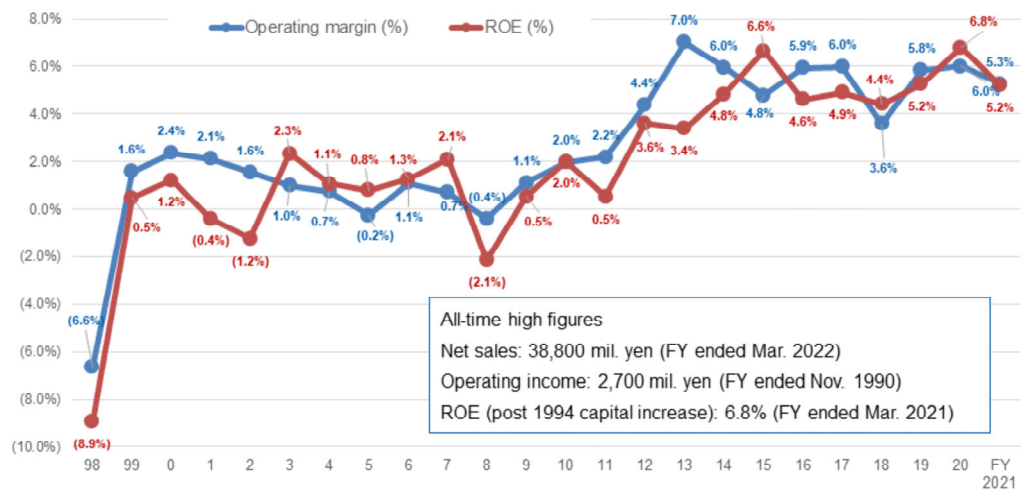
### New products for reducing environmental impact

	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"> <li>Higher plant production efficiency</li> <li>Energy saving</li> </ul>	<ul style="list-style-type: none"> <li>Energy saving</li> <li>Higher combustion efficiency in combustion range</li> </ul>	<ul style="list-style-type: none"> <li>Space saving</li> <li>Energy saving</li> <li>Exhaust gas reduction</li> <li>Low noise</li> </ul>	<ul style="list-style-type: none"> <li>Preventing diffusion of recycled material odorous gas</li> </ul>	—	<ul style="list-style-type: none"> <li>Support for manufacture of warm-mix asphalt</li> </ul>	<ul style="list-style-type: none"> <li>Aimed at burning powdered biomass fuels</li> <li>Reduce CO<sub>2</sub> emissions from burners</li> </ul>

## Trend in Key Financial Data



### Operating margin and ROE



(million yen)

	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	24,884	22,175	25,035	25,942	23,856	23,971	23,803	24,553	27,087	32,073	30,707	34,110	32,717	35,114	31,780	35,151	37,888	38,848
Operating income (loss)	352	538	492	379	248	185	(55)	271	189	(98)	285	470	541	1,188	2,249	1,832	1,829	1,944	2,103	1,427	2,053	2,302	2,053
Ordinary income	201	848	684	688	492	537	350	899	545	482	899	812	821	1,108	1,982	1,582	1,848	1,993	2,239	1,578	2,142	2,973	2,274
Net income (loss)	121	298	(93)	(284)	587	285	203	315	513	(499)	124	481	122	881	885	1,348	1,895	1,340	1,490	1,345	1,588	2,082	1,849

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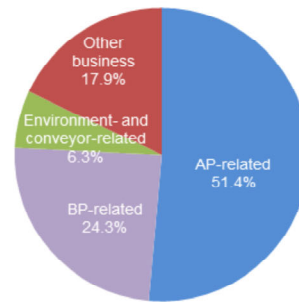


## Company Overview



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, 2021)
Consolidated net sales	37,866 mil. yen (Fiscal year ended March 31, 2021)
Consolidated operating income	2,302 mil. yen (Fiscal year ended March 31, 2021)
Ratio of net sales outside Japan	9.9% (Fiscal year ended March 31, 2021)
Subsidiaries	10 companies (Fiscal year ended March 31, 2021)
Number of employees (consolidated)	861 (as of March 31, 2021)
Governance structure:	Company with Board of Corporate Auditors Directors: 7, of which 2 are outside directors Audit & Supervisory Board Members: 4, including 3 outside auditors (as of March 31, 2021)

Net sales breakdown by business segment (FY 2020)



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



### Management Philosophy

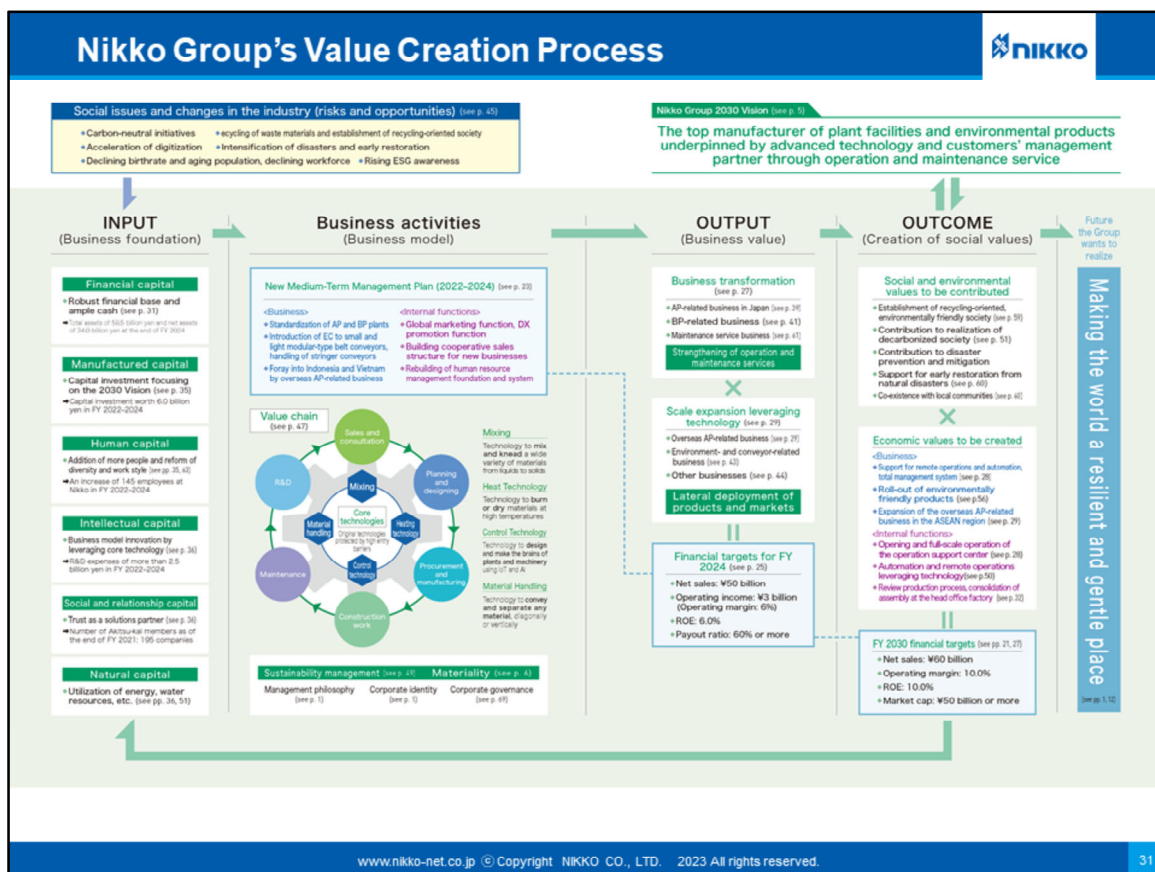
Adopting a "Customer-First Policy," the Nikko Group provides customers with truly satisfactory products and services, while continually promoting self-reform aimed at winning broad trust and fulfilling our mission as a solutions partner evolving with customers.

Representative Director and President

辻 勝

# Business Segments





## Nikko Group's Value Creation Process

We would like to consider social issues, changes in the industry, and risks as opportunities and take actions. I believe that we are living in an era where we have no choice but to withdraw from the industry if we are not able to address social issues. We would like to work on the issues with a positive attitude and link it towards business expansion.

We aim to raise our business value by giving concrete shape to business activities and establishing and executing the business model, and move on to achieve the financial targets of 50.0 billion yen in net sales, 3.0 billion yen in operating income, 6% in operating margin, 6% in ROE, and 60% or higher in dividend payout ratio in 2024.

Furthermore, we aim to raise our corporate value within society, which is a present-day requirement, and become a company that contributes to both the environment and society while pursuing various themes, while realizing 60.0 billion yen in net sales, 10% in operating margin, 10% in ROE, and 50.0 billion yen in market cap in 2030.

## 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)	1967 Nikko Kosan Co., Ltd. established
1951 Concrete mixers and winches	1938 Industrial machinery factory	1997 Taipei branch (Taiwan)	1968 Ichiishi Kogyosho (M&A)
1956 Ready-mixed concrete plant	1968 Tokyo factory	2001 Nikko (Shanghai) Construction Machinery	1971 Nikko Electronics Co., Ltd. established
1958 Asphalt plants	1994 Satte factory	2020 Nikko Asia (Thailand) Co., Ltd.	1983 Nikko Machinery Co., Ltd. established
1962 Telescopic steel props	2004 Shanghai Jiading factory	2020 Nikko Nilkhol Co., Ltd. (Thailand)	1994 Tombo Industry Co., Ltd. established
1963 Pipe scaffolding	2014 Kakogawa factory		1995 Nikko Sec Co., Ltd. established
1966 Conveyor system	2016 Fukusaki factory		2002 Niigata Engineering (transfer of business)
1983 Floodgates			2006 Mitsubishi Heavy Industries, Ltd. (transfer of business)
2000 System for cleaning oil-polluted soil			2008 Maekawa Kogyosho Co., Ltd. (M&A)
2001 Waste plastic treatment system			
2007 Concrete pumps			
2015 Crusher (import and sales)			



## Nikko Group Business Vision

*n* から始まる未来創造

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

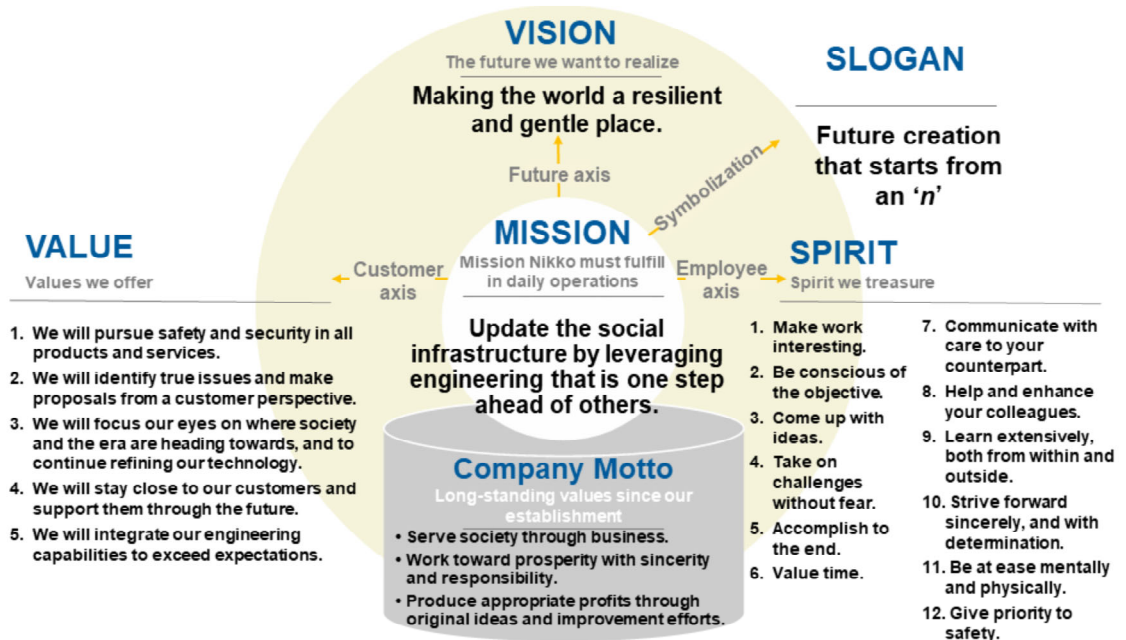
We aim to expand our overseas business and become the top manufacturer in the Asian market.

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

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

Representative Director and President

辻 勝





**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.**

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

**Tel: +81-78-947-3141    E-mail: [IR-nikko@nikko-net.co.jp](mailto: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.