Process of Value Creation

Nikko Group aims for sustainable growth through business activities conscious of materiality across the value chain by leveraging the assets it owns. We will achieve the vision and improve our corporate value through realization of the values (outcomes) created in this process.

Social issues and changes in the industry
(risks and opportunities) (see p.57)

- Carbon-neutral initiatives
- Recycling of waste materials and establishment of recycling-oriented society
- Acceleration of digitization
- Intensification of disasters and early restoration
- Declining birthrate and aging population, declining workforce
- Rising ESG awareness

Input
(business foundation)

Financial capital
Robust financial base and ample cash (see p.29)

Manufactured capital
Capital investment focusing on the 2030 Vision (see p.27)

Human capital
Addition of more people and reform of diversity and work style (see p.25)

Intellectual capital
Business model innovation by leveraging core technology (see p.26)

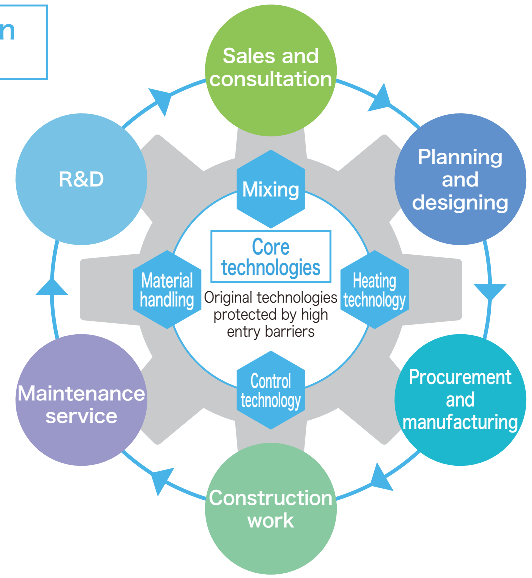
Social and relationship capital
Trust as a solutions partner (see p.28)

Natural capital
Utilization of energy, water resources, etc. (see p.28)

Business activities
(business process)

Medium-Term Management Plan (2022–2024) (see p.41)

Value chain
(see p.53)



Sustainability management (see p.60)

Materiality (see p.23)	Sustainability of society	Nikko's sustainability
	◆Realization of carbon neutrality ◆Establishment of recycling-oriented society	◆Creation of new customer values ◆Human resource development and improvement in job satisfaction

◆Management philosophy (see p.1) ◆Corporate identity (see p.1) ◆Corporate governance (see p.81)

Nikko Group's mission (raison d'être) Updating social infrastructure with state-of-the-art engineering.

Output
(business value)

Business transformation

- AP-related business in Japan (see p.45)
- BP-related business (see p.47)
- Maintenance service business (see p.70)

Strengthening of operation and maintenance services

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Scale expansion leveraging technology

- Overseas AP-related business (see p.45)
- Environment- and conveyor-related business (see p.49)
- Other business (see p.52)

Lateral expansion of products and markets

Outcome
(creation of social values)

Social and environmental values to be contributed

- Establishment of recycling-oriented, environmentally friendly society (see p.60)
- Contribution to realization of decarbonized society (see p.60)
- Contribution to disaster prevention and mitigation (see p.68)
- Growth and success of human resources who support realization of 2030 Vision (see p.72)

- Support for early restoration from natural disasters (see p.68)
- Co-existence with local communities (see p.69)

Economic values to be created

Financial targets for FY 2024

- Net sales ¥50.0 billion
- Operating income ¥3.0 billion (6% in operating margin)
- ROE 6.0%
- Dividend payout ratio Maintain 60% or higher

Financial targets for FY 2030

- Net sales ¥70.0 billion
- Operating margin 10.0%
- ROE 10.0%
- Market cap ¥50.0 billion

Achievement of 2030 Vision (see p.41)

Future the Group wants to realize
(see p.1)

Creating robust, people-friendly cities around the world.