



# **Fiscal Year 2023 (Ended March 31, 2024) Financial Results Briefing Session Materials**

**June 17, 2024**

**Nikko Co., Ltd.**

**Tokyo Stock Exchange Code: 6306**

**Masaru Tsuji, Representative Director and President**

**Hiroshi Fujii, Director and Vice President**

## 2nd Year Progress Report of FY 2022-2024 Medium-Term Management Plan

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

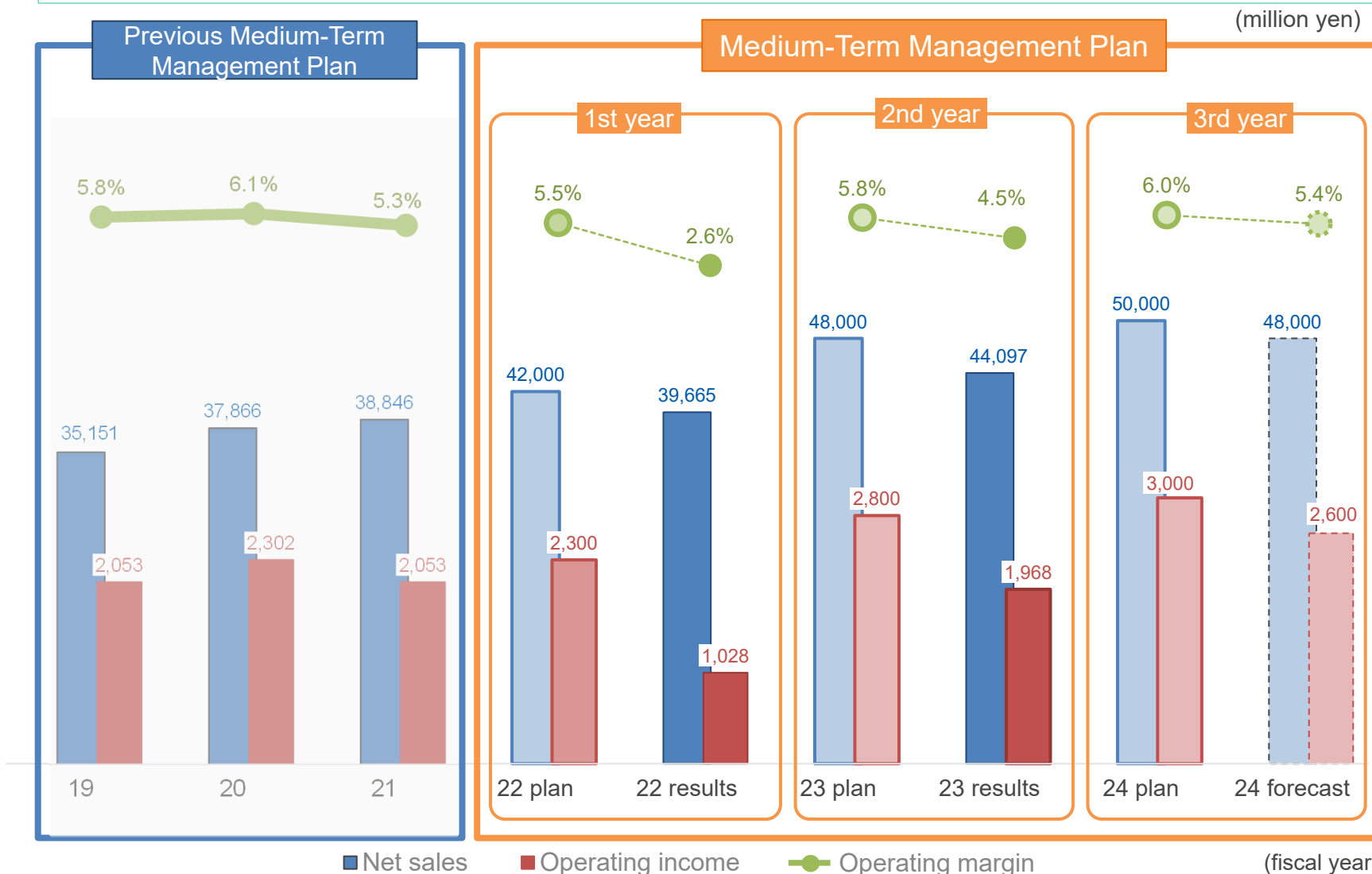


# **2nd Year Progress Report of FY 2022-2024 Medium- Term Management Plan**

# Numerical Plan for Medium-Term Management Plan Sales and Operating Income Plan



In FY 2023, the second year of the Medium-Term Management Plan, sales were on a rising trend even though they fell short of the target due to factors such as persistent high prices of steel and other raw materials, slowdown of the Chinese economy, and delay in the start-up of the Thai business. While it is difficult to achieve the profit target for the current fiscal year, which is the final fiscal year of the plan, achievement of the 50.0 billion yen sales target is in sight (order backlog at the beginning of fiscal year: up 4.7 billion yen vs. FY 2023).

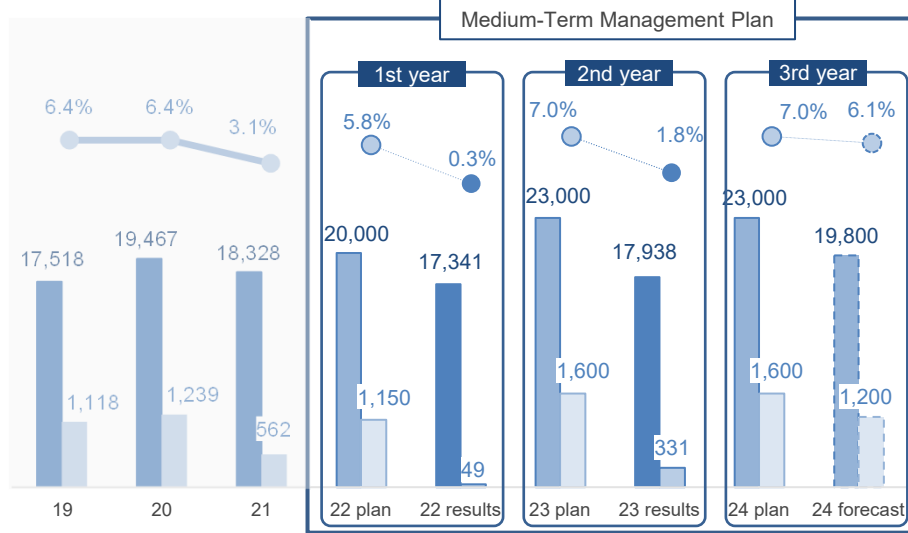


# Numerical Plan for Medium-Term Management Plan Sales and Operating Income Plan

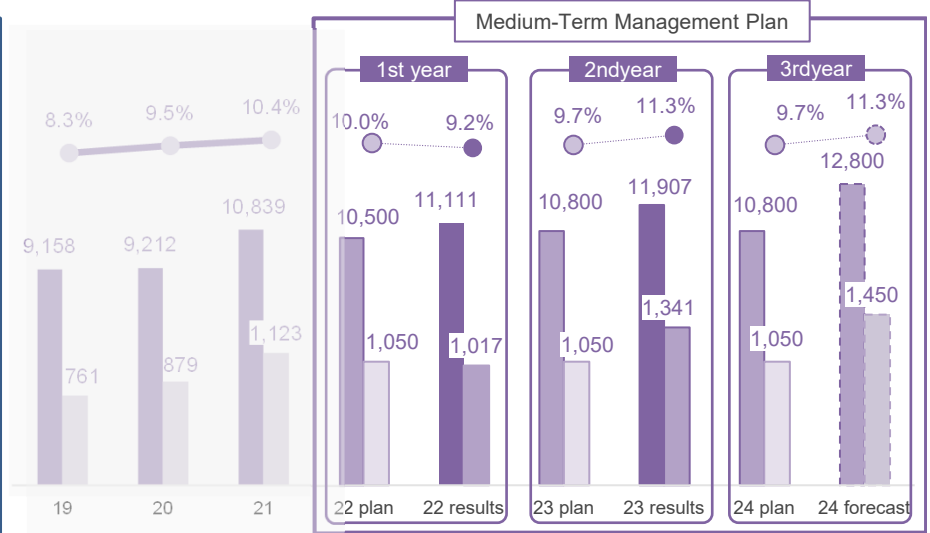


(million yen)

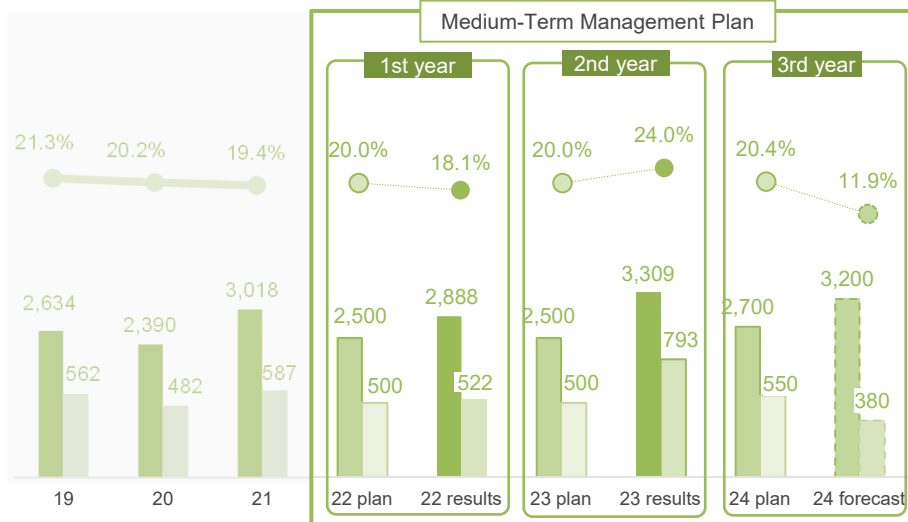
## AP-related business



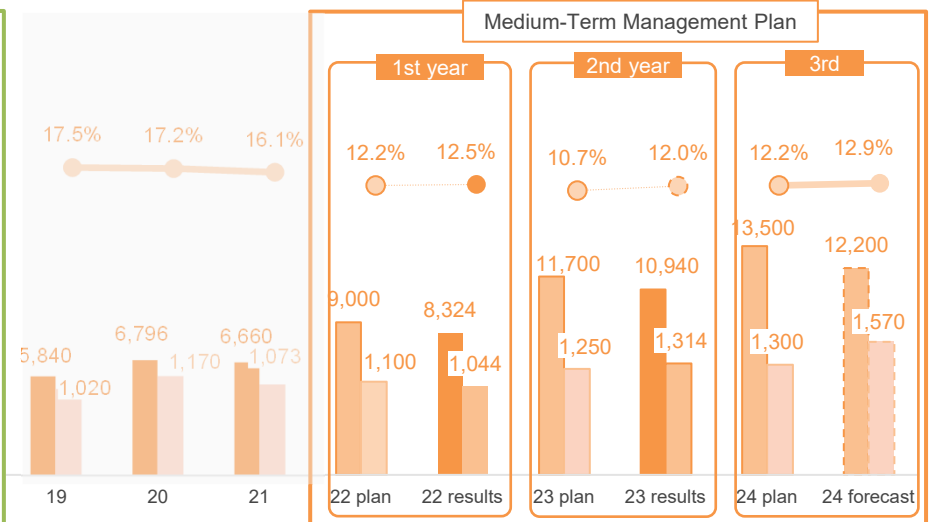
## BP-related business



## Environment- and conveyor-related business



## Other business






Net sales Operating income Operating margin

# Numerical Plan for Medium-Term Management Plan Growth Investment



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

Item	Investment (cumulative for three years)		
<p><b>Human resource enhancement</b></p> 	<p><b>Nikko non-consolidated up 145 (up 69)</b></p>	<p><b>FY 2022 – FY 2024 Three-year plan</b></p> <ul style="list-style-type: none"> <li>● AP-related business field 59</li> <li>● BP-related business field 20</li> <li>● Environment and conveyor field 12</li> <li>● Overseas 6</li> <li>● Development 12</li> <li>● Mobile plants 11</li> <li>● Other 25</li> </ul>	<p><b>FY 2022 – FY 2023 Results</b></p> <ul style="list-style-type: none"> <li>● AP-related business field</li> <li>● BP-related business field</li> <li>● Environment and conveyor field</li> <li>● Overseas</li> <li>● Development</li> <li>● Mobile plants</li> <li>● Other</li> </ul> <p style="text-align: right;">} up 86</p>
<p><b>R&amp;D</b></p> 	<p><b>2.53 bil. yen (1.19 bil. yen)</b></p>	<ul style="list-style-type: none"> <li>● AP-related business field <ul style="list-style-type: none"> <li>■ Environmentally friendly products</li> <li>■ Remote and automated support</li> </ul> </li> <li>● BP-related business field <ul style="list-style-type: none"> <li>■ Plant support center</li> <li>■ Product improvement</li> <li>■ System development</li> </ul> </li> <li>● Environment and conveyor field <ul style="list-style-type: none"> <li>■ Product development</li> <li>■ Investment in IT incl. EC</li> </ul> </li> <li>● Overseas <ul style="list-style-type: none"> <li>■ Development of standard models</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● AP-related business field (including overseas)</li> <li>● BP-related business field</li> <li>● Environment and conveyor field</li> <li>● Other business</li> </ul> <p style="text-align: right;">} 1.18 bil. yen</p>
<p><b>Capital investment</b></p> 	<p><b>6.0 bil. yen (6.3 bil. yen)</b></p>	<ul style="list-style-type: none"> <li>◆ Construction of a new factory in Hyogo Prefecture (0.5 bil. yen)</li> <li>◆ Construction of a development and testing center (1.0 bil. yen)</li> </ul>	<ul style="list-style-type: none"> <li>● AP-related business (FY 2022 Shanghai, Thailand, etc.) Machinery, equipment</li> <li>● (FY 2022) Construction of warehouses for AP- and BP-related businesses (FY 2023) Construction of new factories, machinery, equipment (FY 2022, FY 2023) Software, etc.</li> <li>● Other business</li> </ul> <p style="text-align: right;">Total of 4.52 bil. yen</p>

■ The new Medium-Term Management Plan (2022–2024) is a time period in which we build the structure, processes, and systems toward 2030

## Medium-Term Management Plan (2022–2024)

Business	<ul style="list-style-type: none"> <li>✓ Standardization of AP, BP plants</li> <li>✓ Sell portable belt conveyor using EC, offer channel conveyors</li> <li>✓ Entry of overseas AP business into Indonesia and Vietnam</li> </ul>
Internal functions	<ul style="list-style-type: none"> <li>✓ Global marketing, DX promotion</li> <li>✓ Build cooperative sales structure for new businesses</li> <li>✓ Rebuild human resource management foundation and systems</li> </ul>

**FY 2021**  
**Net sales 38.8 billion yen**  
**Operating margin 5.3%**

**Internal investment phase**

**Develop structures, processes, and systems that form the foundation for the 10 year vision in the three years of the medium-term plan**  
**Promote testing of new services and development of systems with focus on the subsequent 10 years**

**2024**  
**Net sales 50.0 billion yen**  
**Operating margin 6.0%**

**Business expansion phase**

- Introduce new services and systems in Japan
- Establish new revenue base in overseas markets
- Introduce technology, rebuild production structure

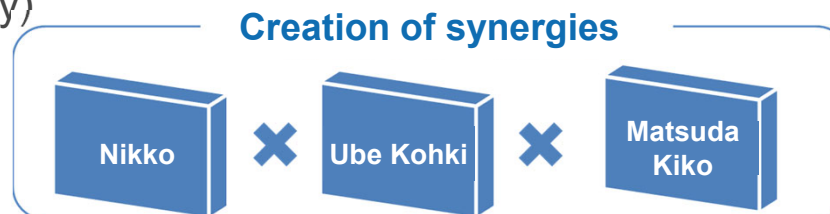
Business	<ul style="list-style-type: none"> <li>✓ Remote and automated support, comprehensive management system</li> <li>✓ Full-fledged expansion of environmentally friendly products</li> <li>✓ Expansion in ASEAN</li> </ul>
Internal functions	<ul style="list-style-type: none"> <li>✓ Open and start full operation of a management support center</li> <li>✓ Automated and remote operations using technology</li> <li>✓ Review production process and the Head Office Plant to focus on assembly</li> </ul>

**2030**  
**Net sales 60.0 billion yen**  
**Operating margin 10.0%**

- March 2022: Ube Kohki Co., Ltd. (main business: sheet metal processing and assembly for plants)
- July 2023: Matsuda Kiko, K.K. (main business: manufacture and assembly of various plants and industrial machinery)

Made them into subsidiaries through acquisition of all shares



Aim: Expansion of contract-based manufacturing business and improvement of insourcing rate

**\*Ube Kohki Co., Ltd.**

**Business:** Design, manufacture, and construction work of gas holders  
 Manufacture and installation of various types of plant equipment and industrial machinery  
 Development, manufacture, and sales of solar-related products

**Main customers:** Major manufacturers, plant engineering companies, etc.

**Strengths:** Primarily centered on its own gas holders, Ube Kohki boasts a network of subcontractors manufacturing and installing tanks and other large-sized sheet metal products as well as supplying products to customers throughout Japan

**\*Matsuda Kiko, K.K.**

**Business:** Manufacture and assembly of various plants and industrial machinery

**Main customers:** Major plant engineering companies, environment-related machinery manufacturers, etc.

**Strengths:** Has the ability to carry out, in an integrated manner, processes from laser beam cutting to secondary processing, sheet metal welding, assembly, trial run, and inspection  
 Expert manufacturing skills, high quality, and high-level inspection system  
 Flexible delivery setting, high level of trust from customers, and excellent track record



## ● FY 2022 Formulated Nikko Group CI

<b>MISSION</b> Mission Nikko must fulfill in daily operations	Update the social infrastructure by leveraging engineering that is one step ahead of others.
<b>VISION</b> The future we want to realize	Making the world a resilient and gentle place.
<b>VALUE</b> Values we offer	Set forth 5 values
<b>SPIRIT</b> Spirit we treasure	Set forth 12 spirits

## ● Human capital enhancement

- Along with increasing 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: 5% pay increase

FY 2024: 5.03% 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

### ★ Grant 100 shares to all employees to commemorate achievement of 40.0 billion yen in sales (plan)

## ● New personnel system

Purpose: Promote growth and active participation of human resources who support realization of Vision

Content: Clarified employee treatment reflecting employees' duties and roles  
System being administered in such a way as to enable each employee to independently choose their career paths

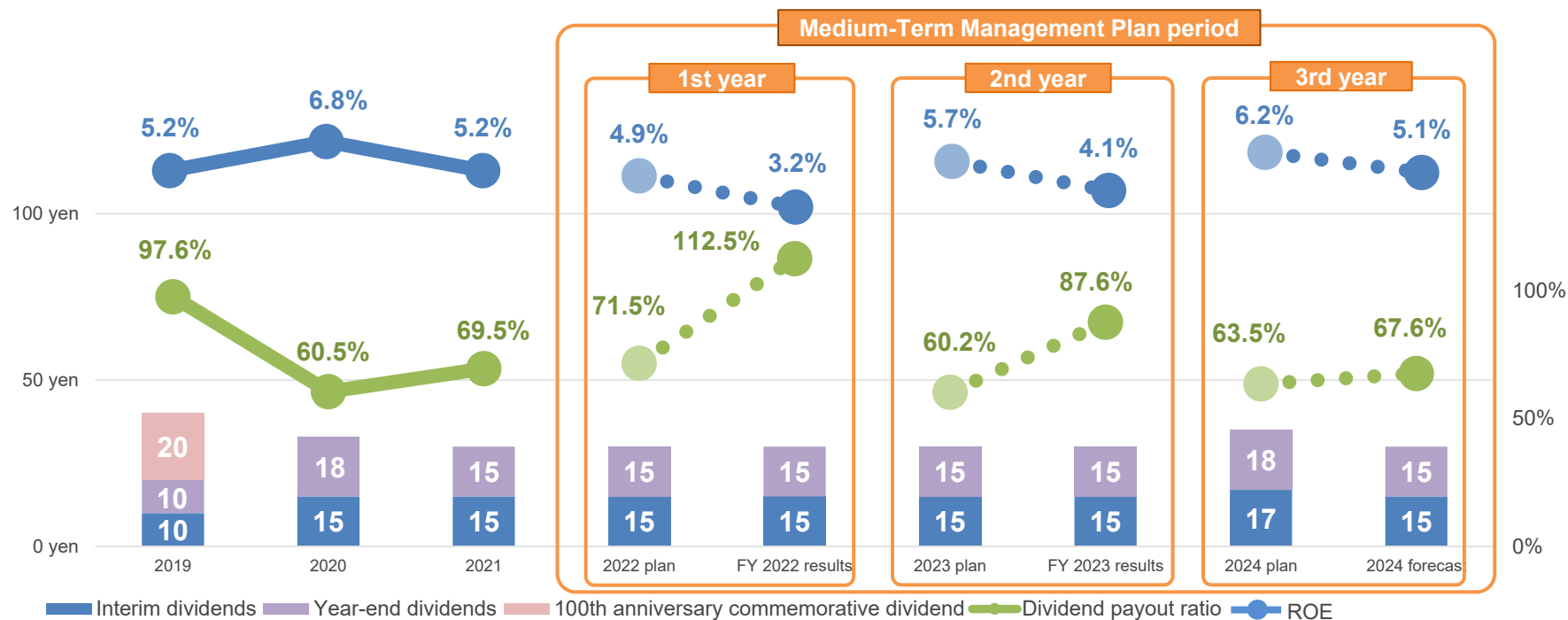
# Medium-Term Management Plan Shareholder Returns



(million yen)

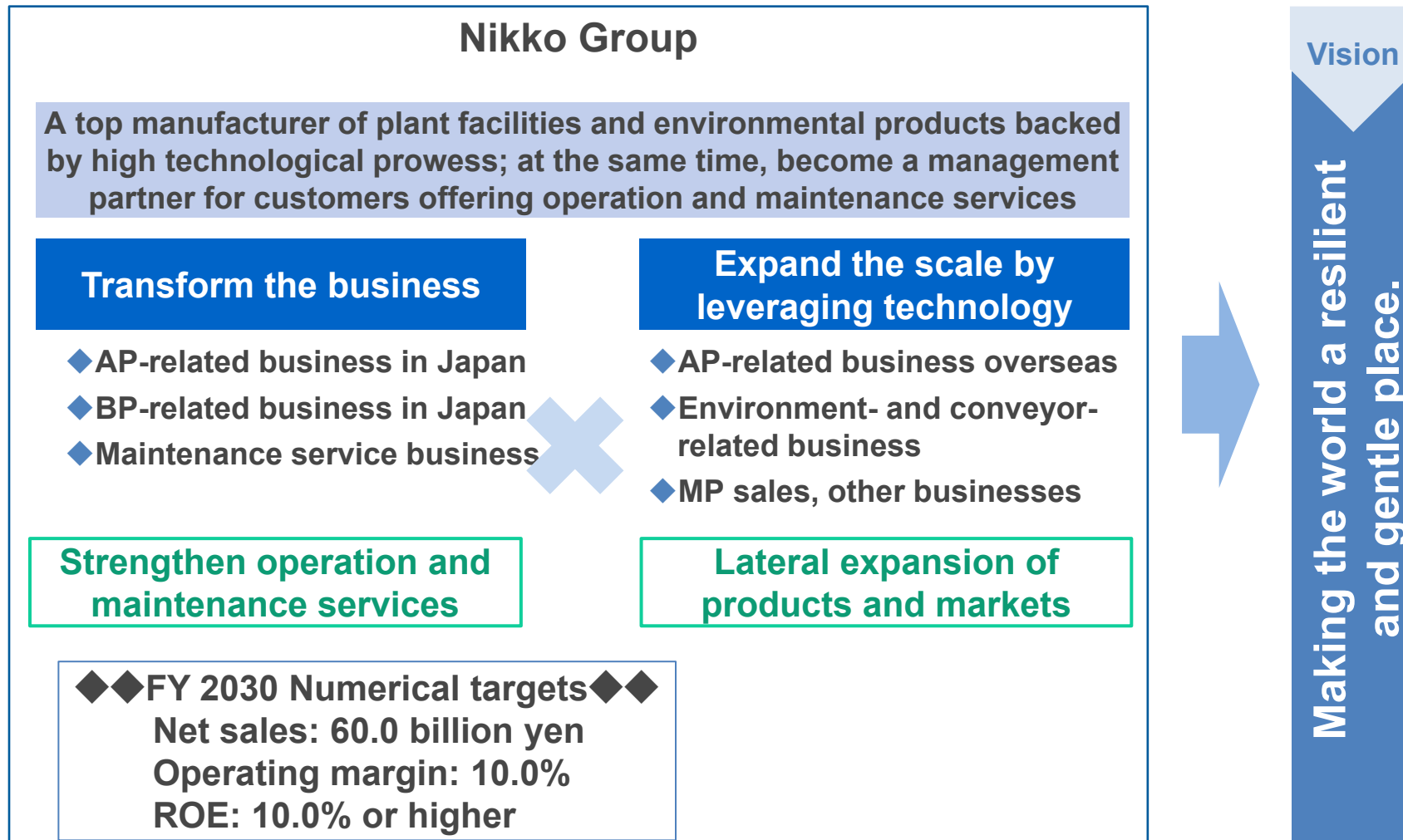
	Previous Medium-Term Management Plan			Medium-Term Management Plan					
	FY 2019 results	FY 2020 results	FY 2021 results	FY 2022 plan	FY 2022 results	FY 2023 plan	FY 2023 results	FY 2024 plan	FY 2024 forecast
Sales	35,151	37,866	38,846	42,000	39,665	48,000	44,097	50,000	48,000
Operating income	2,053	2,302	2,053	2,300	1,028	2,800	1,968	3,000	2,600
Net income attributable to owners of parent	1,588	2,082	1,649	1,600	1,020	1,900	1,312	2,100	1,700
Dividend per share (yen)	40	33	30	30	30	30	30	35	30
Total dividend	1,550	1,260	1,146	1,144	1,147	1,144	1,149	1,334	1,149
Dividend payout ratio	97.6%	60.5%	69.5%	71.5%	112.5%	60.2%	87.6%	63.5%	67.6%
Net assets	30,293	31,451	32,050	32,506	31,604	33,262	33,086	34,028	33,637
ROE	5.2%	6.8%	5.2%	4.9%	3.2%	5.7%	4.1%	6.2%	5.1%

## Dividend payout ratio of 60% or higher



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

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



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

## AP in Japan

- ✓ Develop environmental products by leveraging the development capability as a top manufacturer
- ✓ As a solution partner, support the plant operation of customers

## BP

- ✓ Carry out comprehensive management of ready-mixed concrete plants
- ✓ Develop products that satisfy the industry's high quality requirements of precast concrete

## AP overseas

- ✓ Design and launch standard model products that are competitive in overseas markets
- ✓ Build an organizational structure for expansion into the ASEAN market

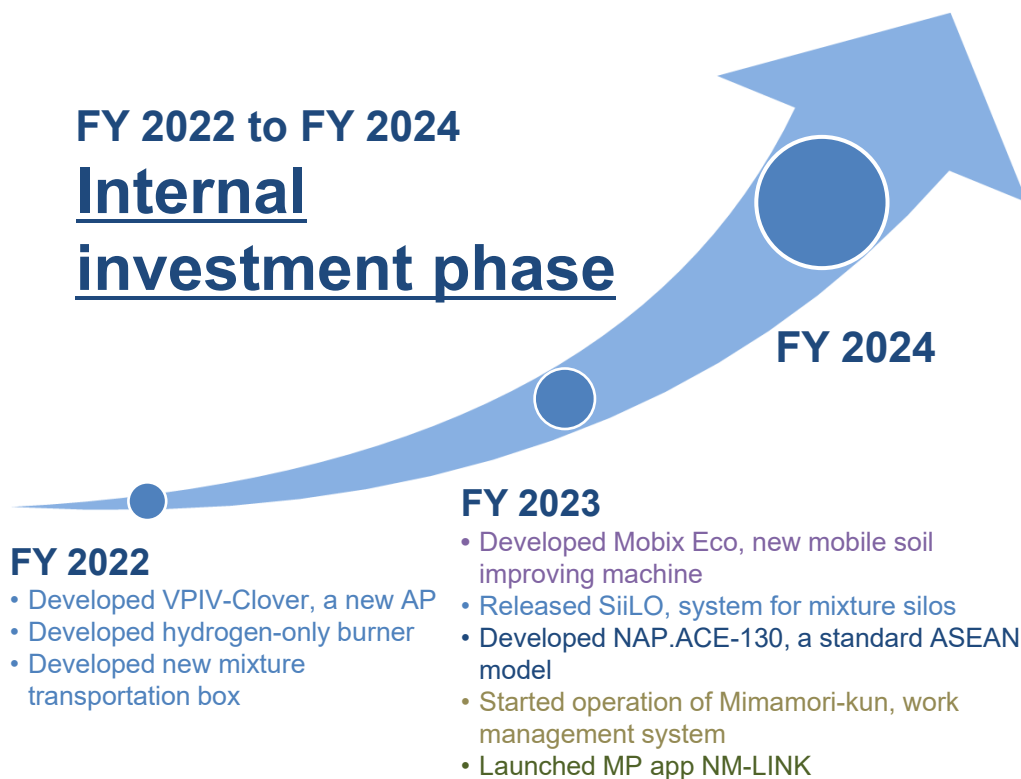
## Conveyors

- ✓ Offer convenience and efficiency that goes beyond the manufacturer's framework by leveraging the engineering of conveyor line, while realizing short delivery time and low price through further modularization
- ✓ Develop web-based services and design structure and build a foundation for delivering new products and services

## ◆ Medium-Term Management Plan items implemented and achieved

FY 2025-

Into dynamic business expansion phase



### ■ Main items implemented in FY 2022 and FY 2023

FY 2022	FY 2023
<ul style="list-style-type: none"> <li>• Formulation of management philosophy</li> <li>• Establishment of ASEAN Business Strategy Office</li> </ul>	<ul style="list-style-type: none"> <li>• Start of implementation of new personnel system</li> <li>• Matsuda Kiko joins Nikko Group</li> <li>• Start of transfer of service divisions to sales force</li> </ul>
<b>FY 2022 and FY 2023 Common</b> <ul style="list-style-type: none"> <li>• Major personnel increase for business expansion *Number of Nikko employees 861 in April 2021 ⇒ 1,117 in March 2024</li> <li>• Drastic organizational changes aimed at solving issues</li> <li>• Increased rate of standardization in plant design E.g. VP series Rate of standardization: 30% or less ⇒ achieved 70% (FY 2023)</li> </ul>	

AP business in Japan BP business AP business overseas Mobile plant business  
MS business Growth investment and enhancement of internal functions

### Domestic Asphalt Plant-Related Business

A management partner for customers, through operating plants by leveraging the strong product appeal of the plant manufacturer

#### ✓ Support for decarbonization

✓ Remote and automated support



- We will leverage our high technological prowess as the top manufacturer and
  - Establish technology for decarbonization as well as remote and automated operation
  - Support customers' plant operation more than ever

### 1. Support for decarbonization

Medium-term goal (FY 2022 – FY 2024)	FY 2022 – FY 2023 Progress	Progress in the Plan				
Develop low-carbon mixture manufacturing system	<ul style="list-style-type: none"> <li>• <u>Foamed equipment</u></li> </ul>	◎				
	<table border="1"> <tr> <td>FY 2022</td> <td>Orders: 40 units; sales: 19 units</td> </tr> <tr> <td>FY 2023</td> <td>Orders: 44 units; sales: 55 units</td> </tr> </table>	FY 2022	Orders: 40 units; sales: 19 units	FY 2023	Orders: 44 units; sales: 55 units	
	FY 2022	Orders: 40 units; sales: 19 units				
FY 2023	Orders: 44 units; sales: 55 units					
<ul style="list-style-type: none"> <li>• Developed VPIV-Clover, a new AP (FY 2022)</li> </ul>	◎					
Develop combustion technology for decarbonized fuels	<ul style="list-style-type: none"> <li>• Developed hydrogen burner</li> </ul>	◎				
	<table border="1"> <tr> <td>FY 2022</td> <td>Completed test run of mixture manufacturing Hydrogen-only burner, which can also be co-fired with city gas</td> </tr> </table>	FY 2022	Completed test run of mixture manufacturing Hydrogen-only burner, which can also be co-fired with city gas			
	FY 2022	Completed test run of mixture manufacturing Hydrogen-only burner, which can also be co-fired with city gas				
<ul style="list-style-type: none"> <li>• Ammonia burner</li> </ul>	○					
Offer combustion technology for biomass and gas	<table border="1"> <tr> <td>FY 2022 – FY 2023</td> <td>Carried out LNG-ammonia combustion test at the company Some issues with usage of AP also emerged and we started discussing actions</td> </tr> </table>	FY 2022 – FY 2023	Carried out LNG-ammonia combustion test at the company Some issues with usage of AP also emerged and we started discussing actions			
	FY 2022 – FY 2023	Carried out LNG-ammonia combustion test at the company Some issues with usage of AP also emerged and we started discussing actions				
<table border="1"> <tr> <td>FY 2023 – FY 2025</td> <td>Started selling burner that burns recycled oil Plan to supply burner that burns pulverized coal Also driving forward development of other fuels</td> </tr> </table>	FY 2023 – FY 2025	Started selling burner that burns recycled oil Plan to supply burner that burns pulverized coal Also driving forward development of other fuels	◎			
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## Domestic Asphalt Plant-Related Business

A management partner for customers, through operating plants by leveraging the strong product appeal of the plant manufacturer

### ✓ Support for decarbonization

✓ Remote and automated support



- We will leverage our high technological prowess as the top manufacturer and
  - Establish technology for decarbonization as well as remote and automated operation
  - Support customers' plant operation more than ever

## 1. Support for decarbonization

Medium-term goal (FY 2022 – FY 2024)	FY 2022 – FY 2023 Progress		Progress in the Plan
Other	FY 2023	<p><b>VP series selected for advanced equipment subsidy by the Ministry of Economy, Trade and Industry*</b></p> <p>The new AP model Value Pack was selected for the subsidy program of the Energy-Saving Investment Promotion &amp; Demand Structure Transformation Support Project under the FY2023 supplementary budget.</p> <p><b><u>As much as 1.5 billion yen in subsidy is available for introducing a VP series plant</u></b></p> <p>Upon introducing VP series, up to two thirds of design, facility, and installation work expenses will be covered by subsidies for SMEs and up to half for large companies. *1</p> <p><a href="https://prtimes.jp/main/html/rd/p/000000045.000081441.html">https://prtimes.jp/main/html/rd/p/000000045.000081441.html</a></p>	

\*1 In the range of 1 mil. yen/fiscal year to 1.5 bil. yen/fiscal year (2.0 bil. yen/fiscal year for non-fossil fuel)

The VP series is a plant series that combines asphalt plant and recycling facility, which were separate facilities till then, given the increased circulation of recycled asphalt mixture. It is a next-generation plant with improved safety and environmental friendliness whose compact design helps in curbing energy consumption.

### Domestic Asphalt Plant-Related Business

A management partner for customers, through operating plants by leveraging the strong product appeal as the plant manufacturer

- ✓ Support for decarbonization
- ✓ **Remote and automated support**



- We will leverage our high technological prowess as the top manufacturer and
  - Establish technology for decarbonization as well as remote and automated operation
  - Support customers' plant operation more than ever

### 2. Remote and automated support

Medium-term goal (FY 2022–FY 2024)	FY 2022 – FY 2023 Progress		Progress in the Plan
Offer partially remote shipment system	FY 2023	Released SiILO, remote shipment system for mixture silos	◎
	Considering refining and incorporating it as a standard based on requests for improvement from users		
Remote and automated support of plant operations	FY 2022 – FY 2023	Identified issues and risks and completed listing up most (around 95%) of facilities and equipment required for automatic operations.	○
		Aim to start it in the next medium-term plan including establishment of an operation center, as it requires a subscription contract at the time of replacement (SB) as well as personnel with experience of operating plants	△
Accumulate plant operation data based on expansion of the number of contracts for maintenance service subscription	By FY 2023	We have concluded nine contracts Further proposals in progress	△



### Concrete plant-related business

A top manufacturer by far as well as an environmentally friendly manufacturer that implements total management of ready-mixed concrete plants

- ✓ Comprehensive concrete plant management system
- ✓ Plant support center
- ✓ Mobile plants
- ✓ Environmentally friendly products



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

#### 1. Development and expansion of in-house control panels

Medium-term goal (FY 2022 – FY 2024)	FY 2022 – FY 2023 Progress		Progress in the Plan
Promote standardization of plants by increasing control panel developed in-house and accumulating plant operation information of customers	FY 2023	Formulated Nikko Open Platform Concept that manage all data related to concrete manufacturing in a comprehensive manner Built DX plant management system Completed prototype of waste water treatment package => Start expanding sales in 2024  FY 2025: Start working towards minor upgrade of control panel Concrete initiatives for standardizing plants	○
Introduce service to support operation of customer plants	Total through FY 2023	Concluded 28 subscription contracts	○
	FY 2024	Developed DX facility ledger functions for expanding the functions of DX plant operations (material management and overall plant monitoring)	○

### Concrete plant-related business

A top manufacturer by far as well as an environmentally friendly manufacturer that implements total management of ready-mixed concrete plants

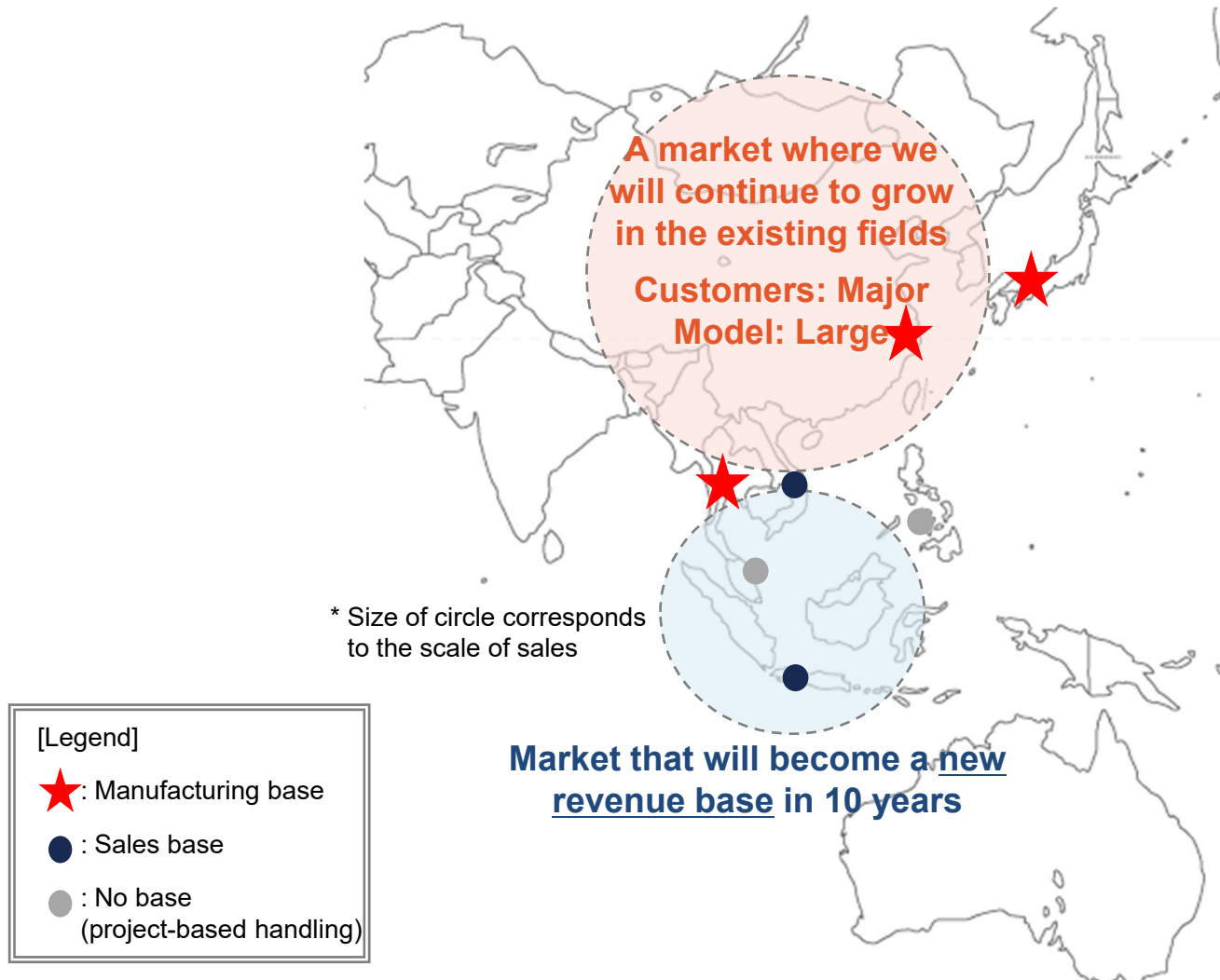
- ✓ Comprehensive concrete plant management system
- ✓ Plant support center
- ✓ **Mobile plants**
- ✓ **Environmentally friendly products**



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

Medium-term goal (FY 2022 – FY 2024)	FY 2022 – FY 2023 Progress		Progress in the Plan
Expand mobile plants into areas which are no longer reachable due to consolidation of plants	FY 2022	Delivered to users of precast concrete for projects We are obtaining sales leads for disaster restoration and special concrete demand FY 2024 Budgeted one unit Started considering design, mixer shape, ancillary equipment, etc. corresponding to usages for further sales expansion	△
Develop and expand products in response to customers' environmental needs such as CO2 emissions reduction	FY 2022	Constructed a demonstration plant by participating in a GI fund project for the development of manufacturing technology for concrete, etc. using CO <sub>2</sub> , started research on methods to reduce electric power consumption in concrete manufacturing	○
	FY 2022 – FY 2023	Proposed manufacturing equipment such as Eco Tankaru to precast concrete users Delivered equipment for two projects and received inquiries for 12 projects	◎
	FY 2022 – FY 2023	Established cooperative structure with Mitsubishi Corporation for introduction of Carbon Cure technology (Canada) Concluded contracts for one ready-mixed plant and one precast concrete plan Received multiple inquiries	○

- Design and launch standard model products that are competitive also in overseas markets
- Build a sales and production structure for expansion into the ASEAN market

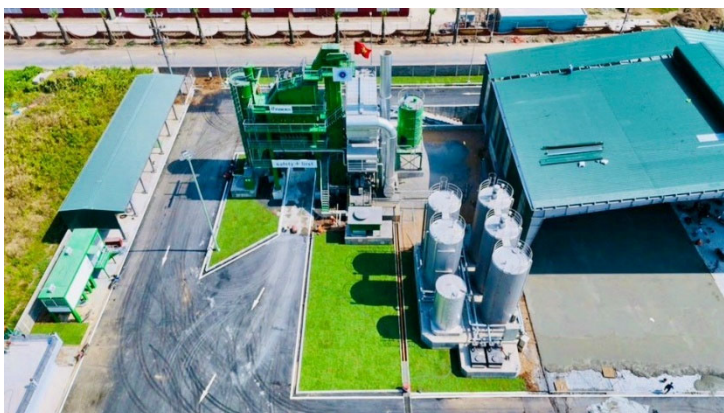


## Overseas Asphalt Plant-Related Business

Global asphalt plant manufacturer

### ✓ Expansion in ASEAN

✓ Global standard products



- Early start-up of the Thailand production base
- Establishment of sales structures in Indonesia and Vietnam

### 1. Develop a structure for entering into new markets

Medium-term goal (FY 2022–FY 2024)	FY 2022 – FY 2023 Progress		Progress in the Plan
Newly enter the Indonesian and Vietnamese markets	FY 2023	Concluded a distributor agreement with a construction machinery dealer (VITRAC) in Vietnam	○
	FY 2023	Sold one AP made in China (Vietnam) In business negotiations for one AP made in Thailand (Vietnam)	△
	We will decide on distributors in Indonesia by observing the trend in the ASEAN market		
Establish cooperation structures with local distributors	FY 2023	Carried out sales promotion with a Thai agent and orders increased from four units in FY 2022 to 10 units FY 2023 Continue to promote sales also in FY 2024  [FY 2024 estimates] Expected sales: 1,771 million yen Expected orders: 17 units Expected sales: 21 units Expected orders remaining at the end of the fiscal year: four units	◎

### Overseas Asphalt Plant-Related Business

Global asphalt plant manufacturer

- ✓ Expansion in ASEAN
- ✓ Global standard products



- • Early start-up of the Thailand production base
- Establishment of sales structures in Indonesia and Vietnam

### 2. Design plants standardized for overseas

Medium-term goal (FY 2022 – FY 2024)	FY 2022 – FY 2023 Progress		Progress in the Plan
Design standardized plants that are cost competitive and catering to the needs of overseas markets through the introduction of local supplies, etc.	FY 2023	Developed a standard ASEAN model, NAP.ACE-130 and received an order ▶ Plan to deliver it in FY 2024	◎

#### The standard ASEAN model NAP.ACE-130

We reviewed the design and seismic standards from the perspective of global standards and reduced costs of the model by designing the frame anew and downgrading the parts used.

Regarding the plant layout, we took into account the local location for development, leading to a compact layout that can also address future recycling demand.

We used local manufacturers for supplies and enabled local procurement.



# **FY 2023 Financial Results and FY 2024 Outlook**

# FY 2023 Performance Highlights (1)



## FY 2023 results

(million yen)

	Results	YoY change (amount)	YoY change (%)
Net sales	44,097	+4,432	+11.2%
Operating income	1,968	+940	+91.4%
Net income attributable to owners of parent	1,312	+292	+28.6%
New orders received	48,749	+7,900	+19.3%

- ▶ Net sales of AP-related business: Net sales of the overall business increased as 3.4% year on year as plant sales increased 85.8% and maintenance services rose 3.8% in Japan reflecting a recovery trend, even as sales of the overseas business declined significantly to 43.7% of the previous fiscal year.
- ▶ Net sales of BP-related business: Increased 7.2% year on year as product sales in Japan were at a similar level as the previous fiscal year while those of maintenance services increased.
- ▶ Net sales of other business: Sales of the crusher-related business led by mobile products rose 44.2% year on year and the contract-based manufacturing business rose 38.6% as M&A expanded the business and we split the other business into the crusher-related business, contract-based manufacturing business, and other business.

## Business climate

### AP-related business

FY 2023 (Apr. 2023 – Mar. 2024)	Results (10,000 tons)	YoY change
Mixture output	3,449	(6.1%)
Virgin mixture	830	(9.4%)
Recycled mixture	2,619	(5.0%)

Share of recycled mixture 75.9%

Source: Japan Asphalt Mixture Association

### BP-related business

FY 2023 (Apr. 2023 – Mar. 2024)	Results (10,000 m <sup>3</sup> )	YoY change
Ready-mixed concrete shipment	7,018	(5.7%)

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



AP-related business (Japan): Recovering trend in capital investment as profitability of road pavement companies improved.  
Plant sales increased 85.8% year on year, maintenance sales rose 3.8%  
⇒ p. 37 AP-Related Business



AP-related business (Thailand): Sales of recycling plants increased triggered by sales promotion activities  
⇒ p. 37 AP-Related Business, p. 38 AP-Related Business (Japan vs. Overseas)



BP-related business : Projects continued to increase throughout the fiscal year thanks to the stable market  
Profits increased as net sales of maintenance services grew on the back of market share expansion  
⇒ p. 39 BP-Related Business, p. 50 BP-Related Business Climate and Outlook



Other business: Special demand of Ukraine restoration in the crusher-related business and expansion of sales base  
Sales increased from M&A in the contract-based manufacturing business



New orders and order backlog continued to remain flat  
⇒ p. 34 Trends in New Orders Received (Cumulative) and p. 35 Trends in Year-End Order Backlog



Down 52.5% year on year in China due to worsening of the economy including real estate  
⇒ p. 37 AP-Related Business, p. 38 AP-Related Business (Japan vs. Overseas),  
p. 49 AP-Related Business Details and Strategy for the Future (2)





Record figures are expected for both new orders received and sales.  
⇒ p. 30 FY 2024 Outlook (1), p. 34 Trends in New Orders Received (Cumulative),  
p. 61 Trend in Key Financial Data



AP-related business (Japan): Capital investment and facility maintenance costs, which were stagnant, are expected to recover as profits at road pavement companies improve. Sales and operating income are expected to recover along with expansion of investment for decarbonization  
⇒ pp. 31–32 FY 2024 Outlook (2), p. 37 AP-Related Business



BP-related business: Positive order backlog year on year. Cost increases have been passed on appropriately in the ready-mixed concrete plant market and stable demand is expected to continue reflecting stable market  
⇒ pp. 31–32 FY 2024 Outlook (2), p. 39 BP-Related Business



Crusher-related business: Ukraine-related special demand fell off, and both sales and profits of the mobile plant business are expected to decline.  
However, the sales base is expected to expand reflecting replacement of ageing facilities in Japan, expansion of facilities, and maintenance service for existing customers  
⇒ pp. 31–32 FY 2024 Outlook (2), p. 41 Other Business



Contract-based manufacturing business: Both sales and profits are expected to grow on the back of strong orders in FY 2023 and high order backlog level at the beginning of FY 2024.  
New orders are expected to increase slightly compared with a year ago, when the order level was high, and sales and profits are likely to grow as various plant projects, which have been postponed, get implemented  
⇒ pp. 31–32 FY 2024 Outlook (2), p. 41 Other Business



AP-related business (China): The initial order backlog of the AP-related business in China was up 70.9% from the end of the previous fiscal year and sales are expected to increase. However, orders are likely to be at a similar level to the previous year

⇒ p. 37 AP-Related Business, p. 49 AP-Related Business Details and Strategy for the Future (2)

# FY 2023 Performance Highlights (1)



## Results in comparison with the previous fiscal year

- ▶ Net sales: AP-related business (up 590 mil. yen), BP-related business (up 790 mil. yen), environment- and conveyor-related business (up 420 mil. yen), other business (up 2,610 mil. yen)
- ▶ Operating income: Net sales of the AP-related business in Japan recovered gradually reflecting an improvement in capital investment demand by road pavement companies. Ordinary income increased thanks to Matsuda Koki, which joined the Group in M&A, in the contract-based manufacturing business and special demand for Ukraine restoration assistance in the crusher-related business
- ▶ Ordinary income: Increased reflecting the rise in operating income
- ▶ Orders: AP-related business (up 1,330 mil. yen), BP-related business (up 2,860 mil. yen), environment- and conveyor-related business (up 1,250 mil. yen), other business (up 2,440 mil. yen)
- ▶ Order backlog: AP-related business (up 970 mil. yen), BP-related business (up 2,450 mil. yen), environment- and conveyor-related business (up 490 mil. yen), other business (up 790 mil. yen)

(million yen)

	FY 2022 results	FY 2023 forecast	FY 2023 results	YoY change (amount)	YoY change (%)
Net sales	39,665	44,000	44,097	+4,432	+11.2%
Operating income	1,028	1,900	1,968	+940	+91.4%
Operating margin	2.6%	4.3%	4.5%	–	+1.9pt
Ordinary income	1,255	1,900	2,144	+889	+70.8%
Net income attributable to owners of parent	1,020	1,200	1,312	+292	+28.6%
New orders received	40,849	43,038	48,749	+7,900	+19.3%
Order backlog	17,656	16,694	22,371	+4,715	+26.7%

## FY 2023 Performance Highlights (2)



(million yen)

		FY 2022 results	FY 2023 forecast	FY 2023 results	YoY change (amount)	YoY change (%)
AP-related business	Net sales	17,341	18,000	17,938	+597	+3.4%
	Operating income	49	150	331	+282	+575.5%
	Operating margin	0.3%	0.8%	1.8%	–	+1.5pt
BP-related business	Net sales	11,111	12,200	11,907	+796	+7.2%
	Operating income	1,017	1,350	1,341	+324	+31.9%
	Operating margin	9.2%	11.1%	11.3%	–	+2.1pt
Environment- and conveyor-related business	Net sales	2,888	3,100	3,309	+421	+14.6%
	Operating income	522	700	793	+271	+51.9%
	Operating margin	18.1%	22.6%	24.0%	–	+5.9pt
Other business (breakdown in the following page)	Net sales	8,324	10,700	10,940	+2,617	+31.4%
	Operating income	1,044	1,350	1,314	+270	+25.9%
	Operating margin	12.5%	12.6%	12.0%	–	(0.5 pp)

- ▶ Net sales of AP-related business: Net sales of products in Japan were up 85.8% YoY and those of maintenance services increased 3.8%, while overseas net sales declined 43.7%
- ▶ Net sales of BP-related business: Net sales of plant products fell 0.8% YoY while maintenance services rose 21.0%
- ▶ Environment- and conveyor-related business: Net sales of the environmental products fell 0.7% YoY and those of conveyors rose 19.8%

# FY 2023 Performance Highlights (★ Breakdown of Other Business)



(million yen)

		FY 2022 results	FY 2023 forecast	FY 2023 results	YoY change (amount)	YoY change (%)
Crusher-related business	Net sales	2,217	3,550	3,198	+981	+44.2%
	Operating income	175	350	274	+99	+56.6%
	Operating margin	7.9%	9.9%	8.6%	–	+0.7pt
Contract-based manufacturing business	Net sales	2,216	3,000	3,072	+856	+38.6%
	Operating income	156	300	270	+114	+73.0%
	Operating margin	7.0%	10.0%	8.8%	–	+1.7pt
Other business	Net sales	3,891	4,150	4,670	+779	+20.0%
	Operating income	711	700	769	+58	+8.2%
	Operating margin	18.3%	16.9%	16.5%	–	(1.8 pp)

- ▶ Net sales of crusher-related business: Up 44.2% YoY
- ▶ Net sales of contract-based manufacturing business: Up 38.6% YoY
- ▶ Net sales of other business: Up 20.0% YoY

# FY 2024 Outlook (1)



(million yen)

	1H			2H			Full year		
	FY 2023 results	FY 2024 forecast	YoY change	FY 2023 results	FY 2024 forecast	YoY change	FY 2023 results	FY 2024 forecast	YoY change
<b>Net sales</b>	16,982	23,000	+6,018 +35.4%	27,115	25,000	(2,115) (7.8%)	44,097	48,000	+3,903 +8.9%
<b>Operating income</b>	269	1,300	+1,031 +383.3%	1,699	1,300	(399) (23.5%)	1,968	2,600	+632 +32.1%
<b>Operating margin</b>	1.6%	5.7%	+4.1pt	6.3%	5.2%	(1.1 pp)	4.5%	5.4%	+0.9pt
<b>Ordinary income</b>	455	1,300	+845 +185.7%	1,689	1,300	(389) (23.0%)	2,144	2,600	+456 +21.3%
<b>Net income attributable to owners of parent</b>	348	850	+502 +144.3%	964	850	(114) (11.8%)	1,312	1,700	+388 +29.6%
<b>New orders received</b>	25,128	21,500	(3,628) (14.4%)	23,621	23,750	+129 +0.5%	48,749	45,250	(3,499) (7.1%)
<b>Order backlog</b>	25,986	24,008	(1,978) (7.6%)	22,371	20,500	(1,871) (8.3%)	22,371	20,500	(1,871) (8.4%)

# FY 2024 Outlook (2)



(million yen)

		FY 2023 results	1H FY 2024 forecast	YoY change	FY 2023 results	2H FY 2024 forecast	YoY change	FY 2023 results	Full year FY 2024 forecast	YoY change
AP-related business	Net sales	7,114	10,000	+2,886 +40.6%	10,824	9,800	(1,024) (9.5%)	17,938	19,800	+1,862 +10.4%
	Operating income	29	880	+851 +2,934.5%	302	320	+18 +6.0%	331	1,200	+869 +262.5%
	Operating margin	0.4%	8.8%	+8.4pt	2.8%	3.3%	+0.5pt	1.8%	6.1%	+4.3pt
BP-related business	Net sales	5,049	6,300	+1,251 +24.8%	6,858	6,500	(358) (5.2%)	11,907	12,800	+893 +7.5%
	Operating income	504	750	+246 +48.8%	837	700	(137) (16.4%)	1,341	1,450	+109 +8.1%
	Operating margin	10.0%	11.9%	+1.9pt	12.2%	10.8%	(1.4 pp)	11.3%	11.3%	+0.0pt
Environment - and conveyor-related business	Net sales	1,450	1,400	(50) (3.4%)	1,859	1,800	(59) (3.2%)	3,309	3,200	(109) (3.3%)
	Operating income	332	140	(192) (57.8%)	461	240	(221) (47.9%)	793	380	(413) (52.1%)
	Operating margin	22.9%	10.0%	(12.9 pp)	24.8%	13.3%	(11.5 pp)	24.0%	11.9%	(12.1 pp)
Other business (breakdown in the following page)	Net sales	3,367	5,300	+1,933 +57.4%	7,573	6,900	(673) (8.9%)	10,940	12,200	+1,260 +11.5%
	Operating income	215	530	+315 +146.5%	1,098	1,040	(58) (5.3%)	1,314	1,570	+256 +19.5%
	Operating margin	6.4%	10.0%	+3.6pt	14.5%	15.1%	+0.6pt	12.0%	12.9%	+0.4pt

- ▶ AP-related business: Net sales and profits are expected to recover owing to improvement in capital investment and maintenance costs as earnings of road pavement companies improve and as decarbonization-related investment rise
- ▶ BP-related business: Both sales and profits are expected to increase as the market stabilizes thanks to spread of higher prices of ready-mixed concrete
- ▶ Environment- and conveyor-related business: There are many large-scale projects such as the World Expo in Osaka, IR-related projects, and liquification treatment plants.  
Orders, sales, profits, etc. are expected to recover. Orders for conveyor-related projects have been strong

# FY 2024 Outlook (2)



(million yen)

		1H			2H			Full year		
		FY 2023 results	FY 2024 forecast	YoY change	FY 2023 results	FY 2024 forecast	YoY change	FY 2023 results	FY 2024 forecast	YoY change
Crusher-related business	Net sales	1,078	1,800	+722 +67.0%	2,120	1,100	(1,020) (48.1%)	3,198	2,900	(298) (9.3%)
	Operating income	56	180	+124 +221.4%	218	20	(198) (90.8%)	274	200	(74) (27.0%)
	Operating margin	5.2%	10.0%	+4.8pt	10.3%	1.8%	(8.5 pp)	8.6%	6.9%	(1.7 pp)
Contract-based manufacturing business	Net sales	369	1,000	+631 +171.0%	2,703	2,300	(403) (14.9%)	3,072	3,300	+228 +7.4%
	Operating income	(32)	60	+92 +287.5%	302	220	(82) (27.2%)	270	280	+10 +3.7%
	Operating margin	(8.7%)	6.0%	+14.7pt	11.2%	9.6%	(1.6 pp)	8.8%	8.5%	(0.3 pp)
Other business	Net sales	1,919	2,500	+581 +30.3%	2,751	3,500	+749 +27.2%	4,670	6,000	+1,330 +28.5%
	Operating income	191	290	+99 +51.8%	578	800	+222 +38.4%	769	1,090	+321 +41.7%
	Operating margin	10.0%	11.6%	+1.6pt	21.0%	22.9%	+1.9pt	16.5%	18.2%	+1.7pt

► Crusher-related business:

[Mobile plants] Sales and profits are expected to decline as special export demand ends. Domestic demand is expected to be firm thanks to replacement due to ageing of the facilities and facility expansion

[Maekawa] Sales and profits are expected to grow reflecting strong orders primarily of recycling products

► Contract-based manufacturing business: Sales and profits are expected to increase given strong orders in FY 2023 and high level of order backlog at the end of the fiscal year against the backdrop of high manufacturing skills

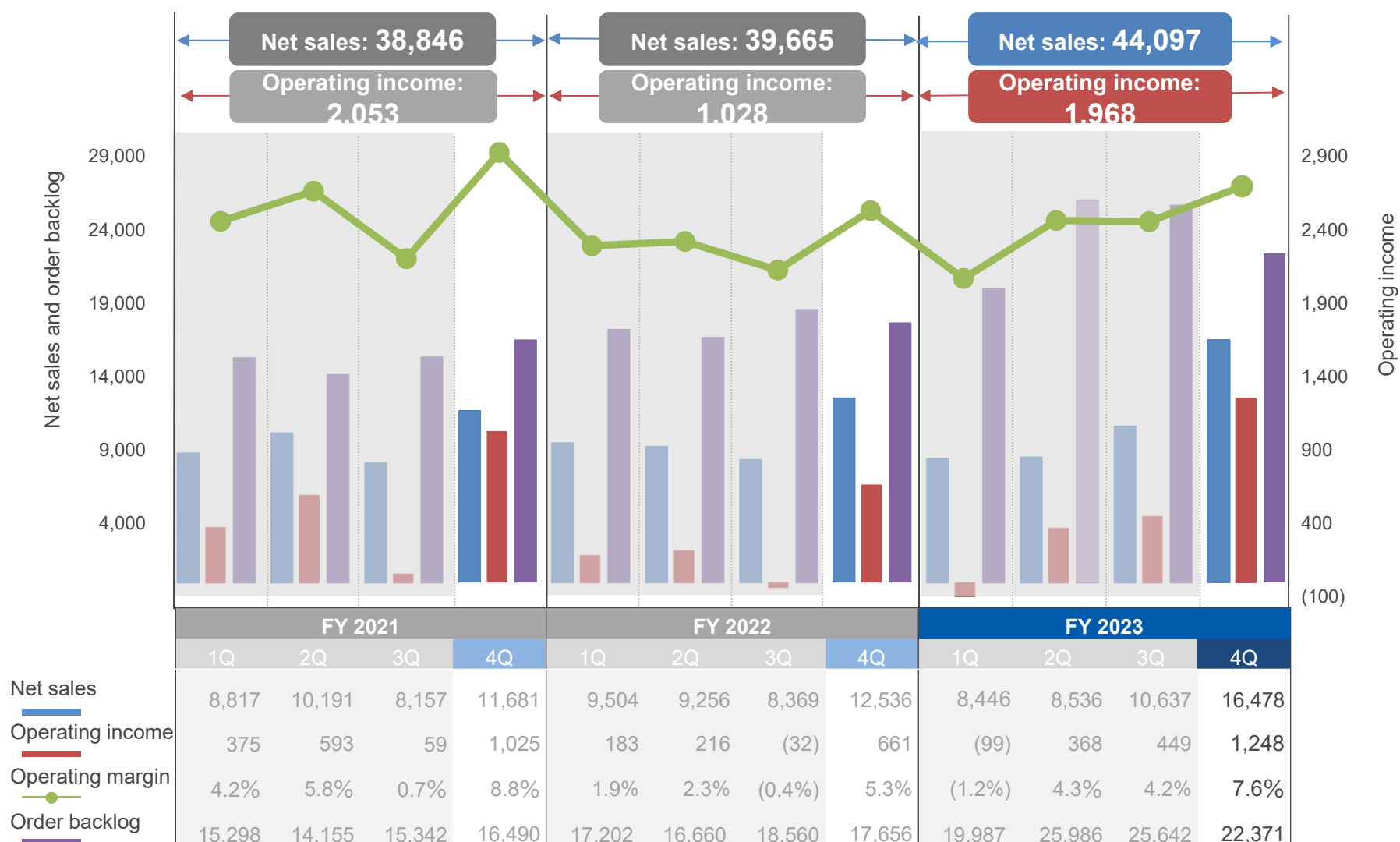


# FY 2023 Quarterly Performance Trend



## Quarterly net sales and operating income trends

(million yen)



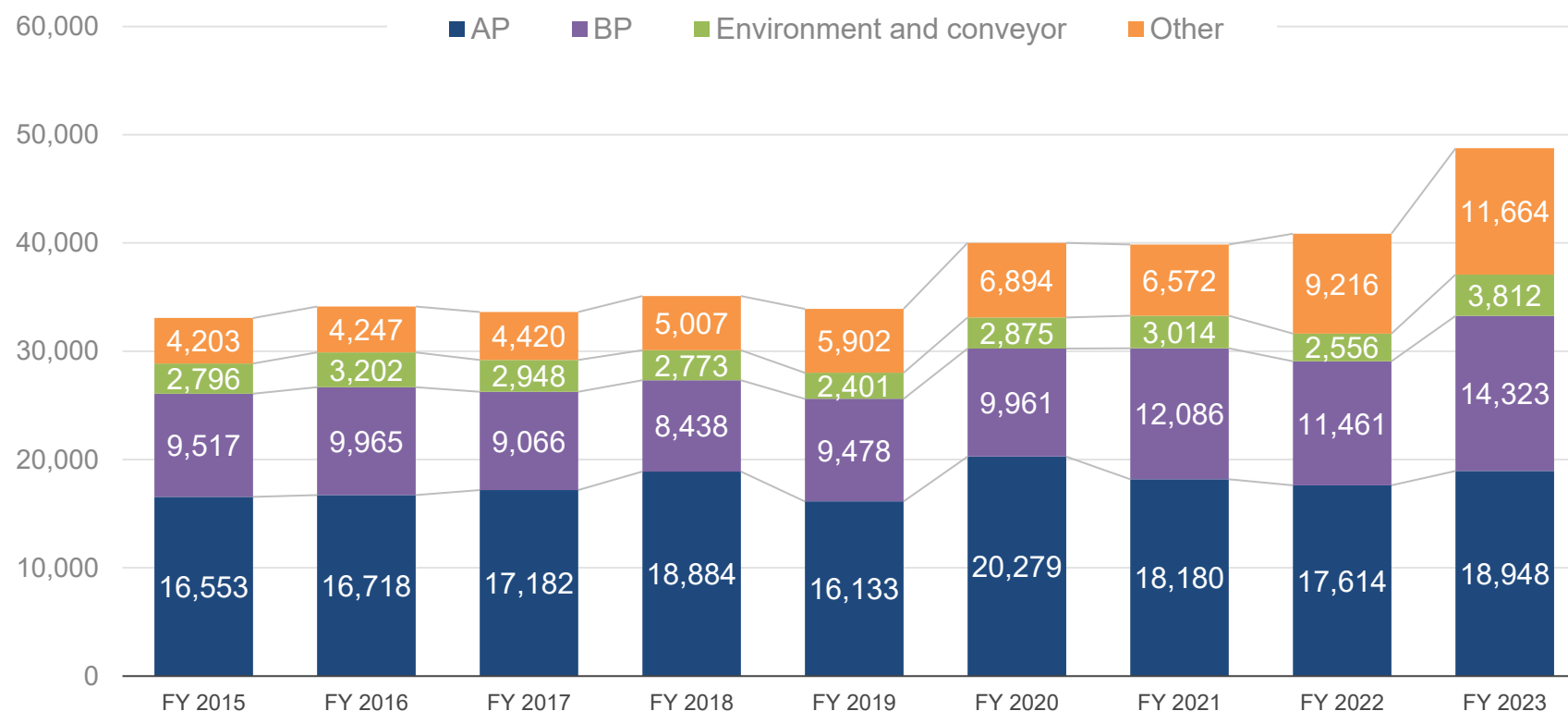
# Trends in New Orders Received (Cumulative)



Full-year trend

(million yen)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YoY change
AP	16,553	16,718	17,182	18,884	16,133	20,279	18,180	17,614	18,948	+7.6%
BP	9,517	9,965	9,066	8,438	9,478	9,961	12,086	11,461	14,323	+25.0%
Environment and conveyor	2,796	3,202	2,948	2,773	2,401	2,875	3,014	2,556	3,812	+49.2%
Other	4,203	4,247	4,420	5,007	5,902	6,894	6,572	9,216	11,664	+26.5%
<b>Total</b>	<b>33,069</b>	<b>34,134</b>	<b>33,616</b>	<b>35,103</b>	<b>33,915</b>	<b>40,009</b>	<b>39,853</b>	<b>40,849</b>	<b>48,749</b>	<b>+19.3%</b>



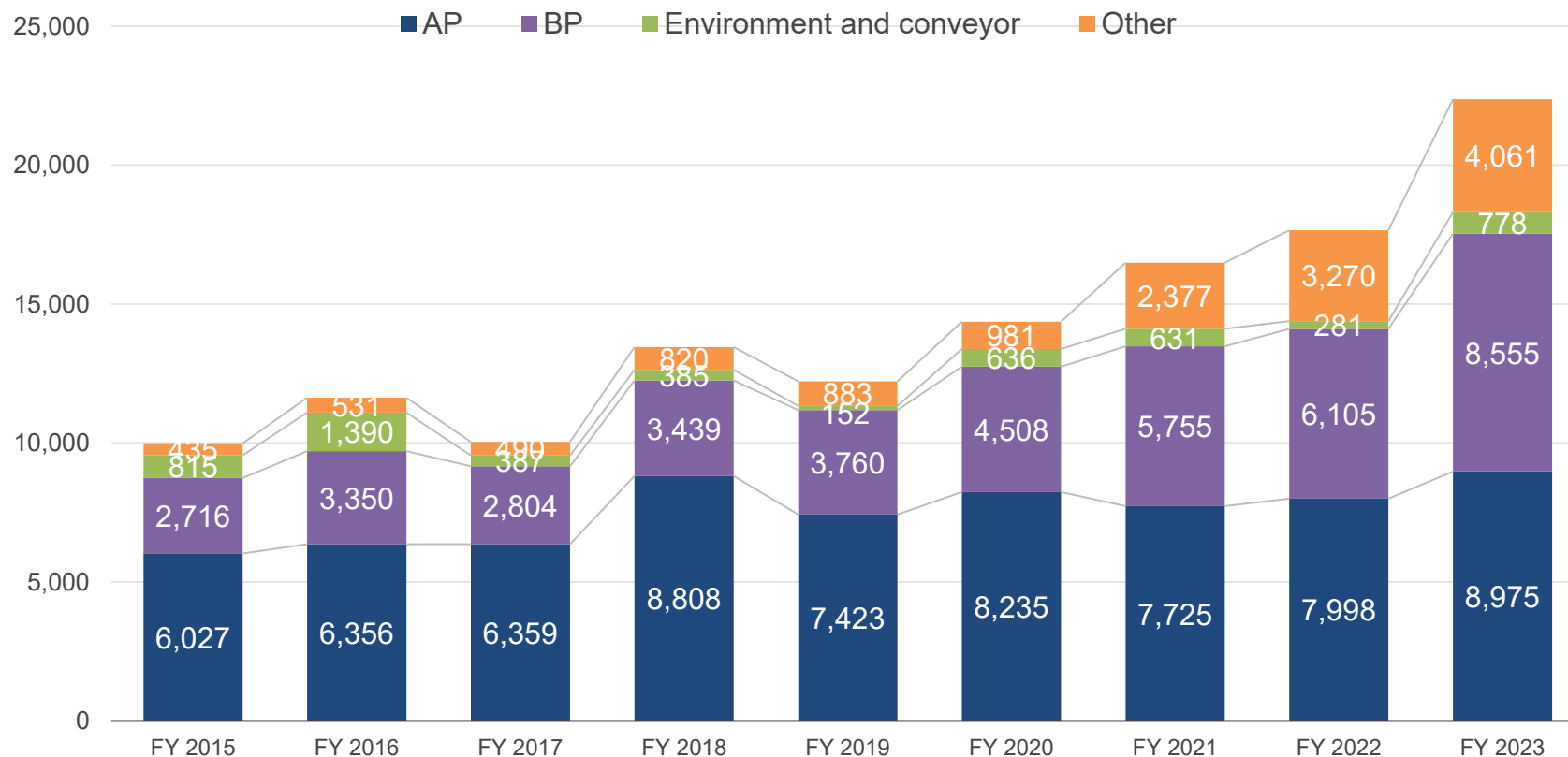
# Trends in Year-End Order Backlog



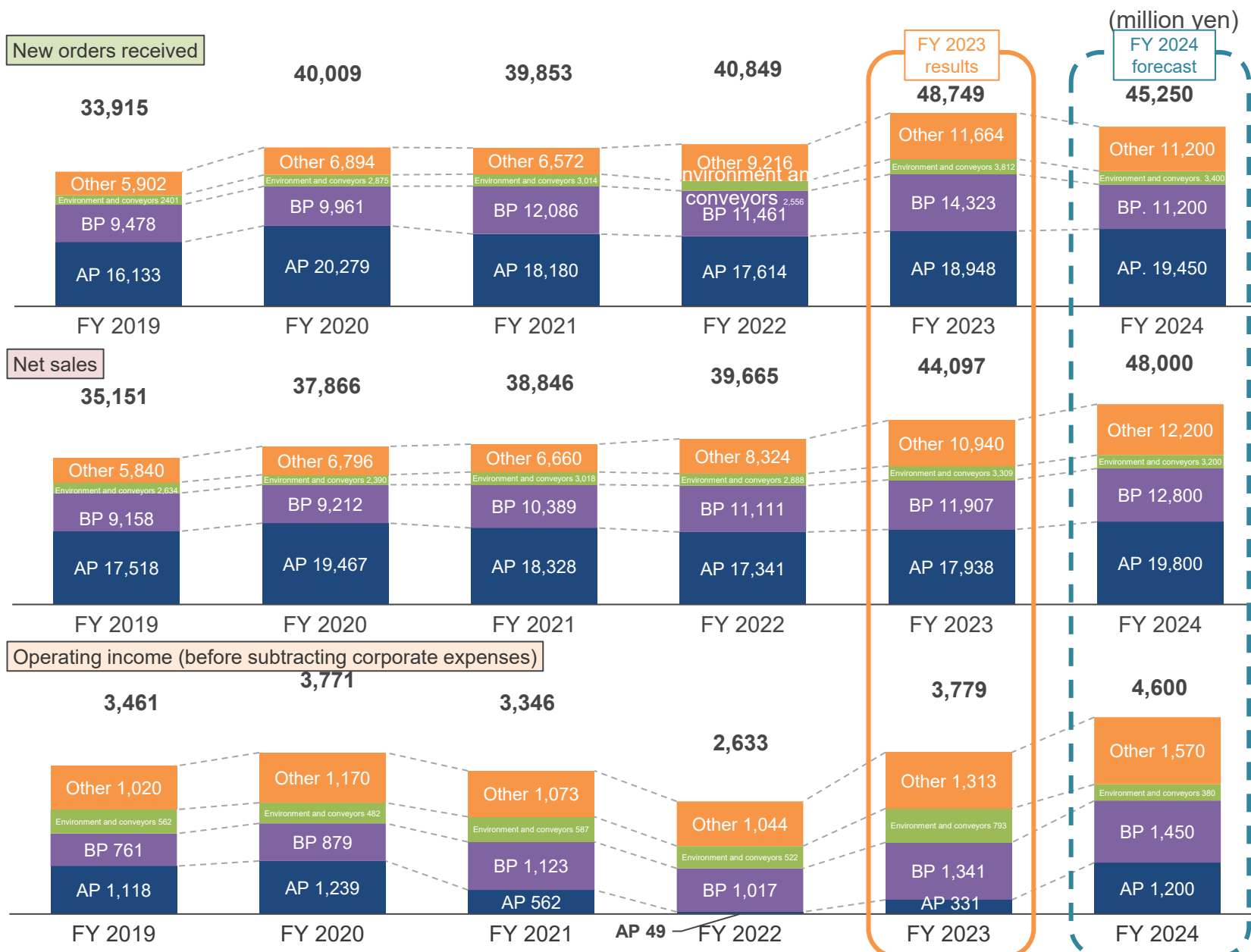
Full-year trend

(million yen)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	YoY change
AP	6,027	6,356	6,359	8,808	7,423	8,235	7,725	7,998	8,975	+12.2%
BP	2,716	3,350	2,894	3,439	3,760	4,508	5,755	6,105	8,555	+40.1%
Environment and conveyor	815	1,390	387	385	152	636	631	281	778	+176.5%
Other	435	531	490	820	883	981	2,377	3,270	4,061	+24.1%
<b>Total</b>	<b>9,997</b>	<b>11,629</b>	<b>10,132</b>	<b>13,454</b>	<b>12,219</b>	<b>14,361</b>	<b>16,490</b>	<b>17,656</b>	<b>22,371</b>	<b>+26.7%</b>



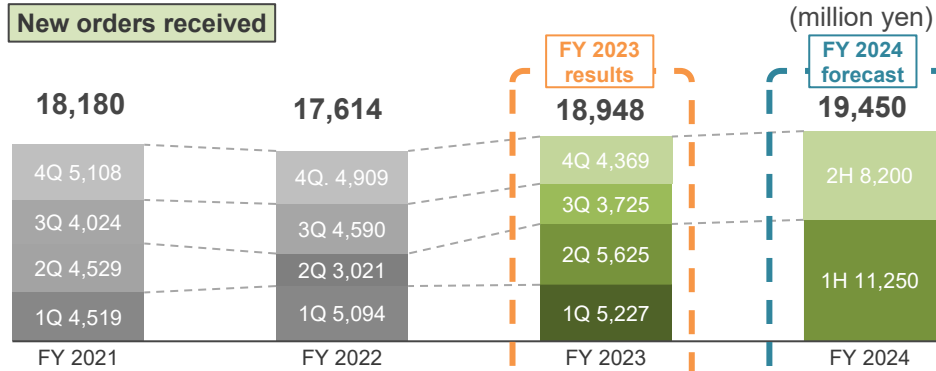
# Trends in New Orders, Sales, Operating Income by Segment



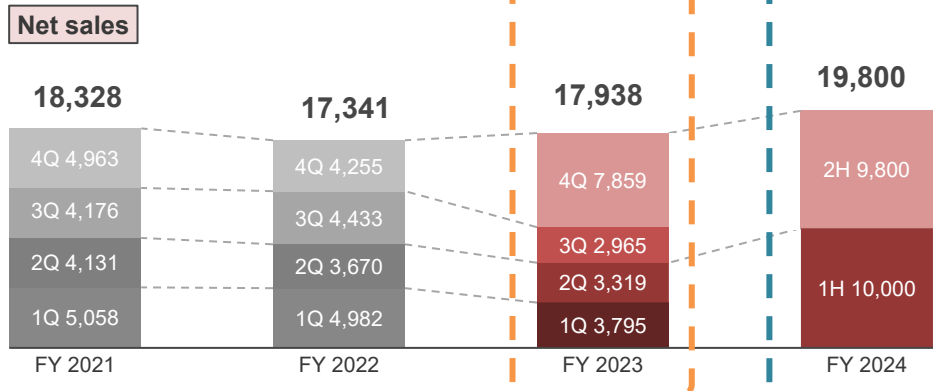
# AP-related business



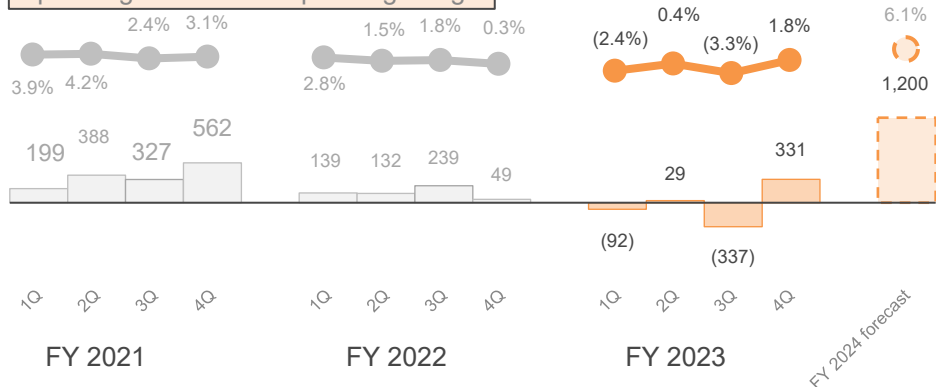
## New orders received



## Net sales



## Operating income and operating margin



## New orders received

**Positive factors:** [Japan] As earnings of road pavement companies improved, capital investment that had been stagnant showed a recovery trend  
 [Thailand] Demand increased as recycling demand got vitalized

**Negative factors:** [China] Demand declined considerably. Although Zero Covid policy was lifted, it appears to take long for the economy to recover partly due to the impact of real estate recession

## Net sales

**Positive factors:** [Japan] As earnings of road pavement companies improved, signs of recovery emerged in capital investment and maintenance expenses, which had earlier been held back  
 [Thailand] Sales of recycling plants increased triggered by sales promotion activities

**Negative factors:** [China] Sales declined significantly as demand for plants rapidly decreased due to the completion of a cycle of large-scale road works coupled with the uncertainties in outlook

## Operating income

**Positive factors:** [Japan] Decarbonization-related investment including foamed asphalt equipment increased, resulting in higher profits

**Negative factors:** [China] Posted operating loss due to the large decline in sales caused by a fall in demand and the postponement of purchases  
 [Thailand] Capital investment in plants and personnel costs increased

## FY 2024 estimates

[Japan] Capital investment and maintenance expenses are expected to recover reflecting improvement in earnings of road pavement companies. Sales and profits are expected to recover as decarbonization-related investment expands

[China] Demand recovery appears to take time although there are some signs of bottoming out thanks to the government's economic measures

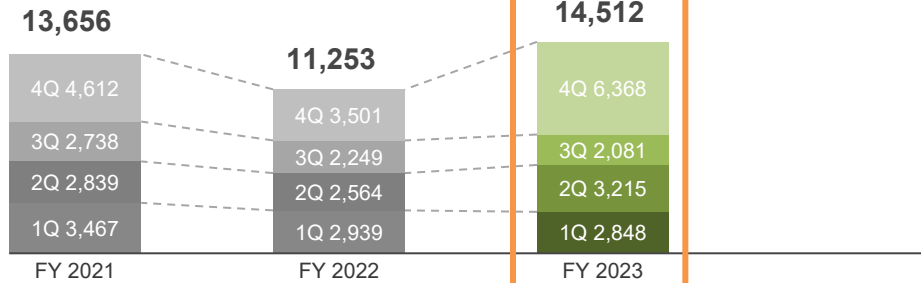
[Thailand] Expecting a rise in operating margin with launch of new model plants incorporating ASEAN needs along with demand expansion for recycling plants

# AP-Related Business (Japan vs. Overseas)

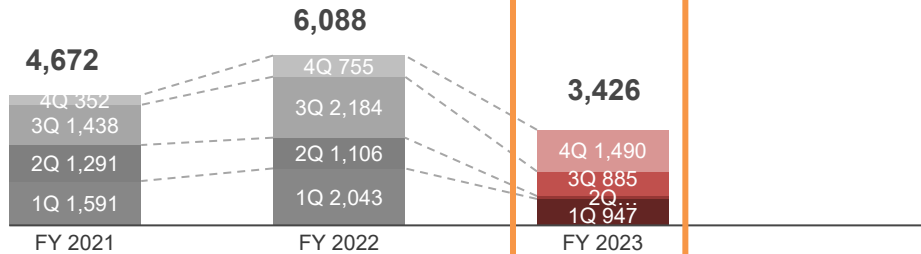


## Domestic net sales

(million yen)

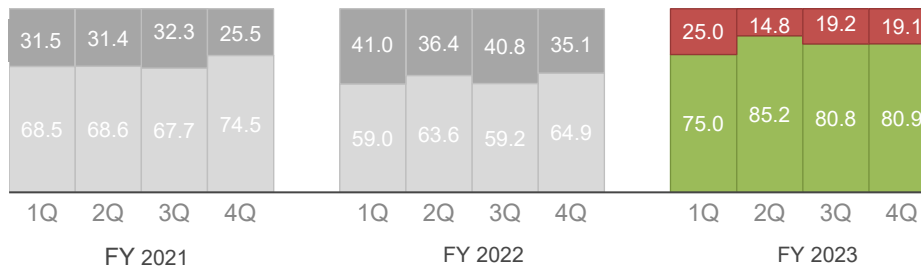


## Overseas net sales



## Overseas ratio

■ Japan ■ Overseas (%)



### Domestic net sales

- Up 29.0% YoY
- Plant products increased 85.8% from a year earlier
- Maintenance service rose 3.8% from a year earlier

### Overseas net sales

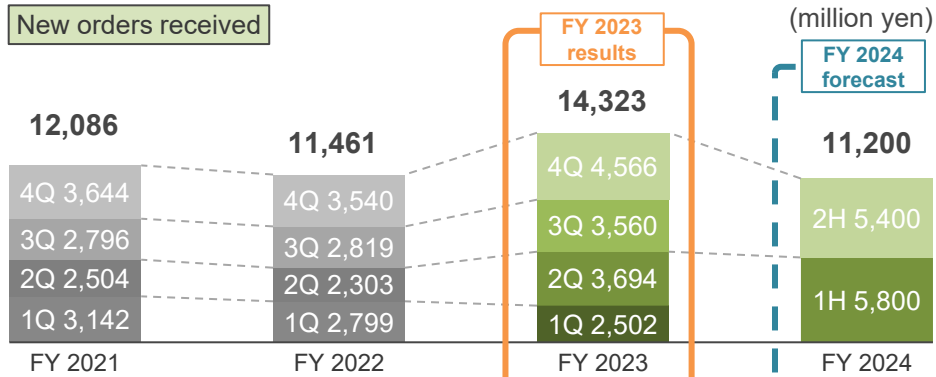
- Down 43.7% YoY
  - [Exports] Down 28.8% YoY
  - [China] Down 52.5% YoY
  - [Thailand] Up 14.7% YoY
- China
  - The number of business negotiations is showing a recovery trend thanks to the economic measures by the government, but competition is intense and new purchases are being delayed as there are not many large-scale highway projects
  - Sales have been stagnant for products for stationary plants due to delays in approval, etc.
- Thailand
  - The Thai Department of Highways set forth recycled mixture machinery standards and demand for recycling plants has started in earnest. Major road pavement companies in various areas have begun introducing them
- Exports (Taiwan, overseas operations)
  - Exports to Taiwan have been firm while parts sales have declined

### New overseas orders received and order backlog

	New orders	Order backlog
China (Nikko Shanghai)	3,500 mil. yen (up 12.3%)	1,430 mil. yen (up 70.9%)
Thailand sales company (NAT/NIC)	2,140 mil. yen	1,090 mil. yen
Exports	810 mil. yen	440 mil. yen

\* The figure for exports is calculated by subtracting China, Thailand, and parts from overseas sales

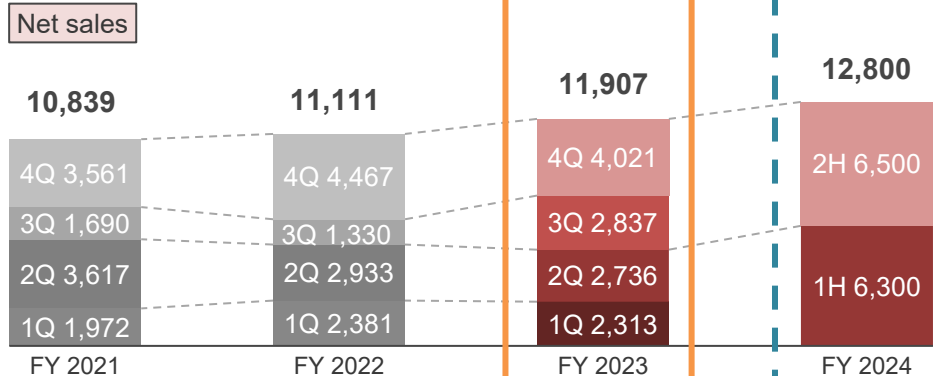
## New orders received



### New orders received

Positive factors: While volume of ready-mixed concrete declined, investment appetite of users continue to be high given stable market resulting from spread of an increase in ready-mixed concrete price

## Net sales



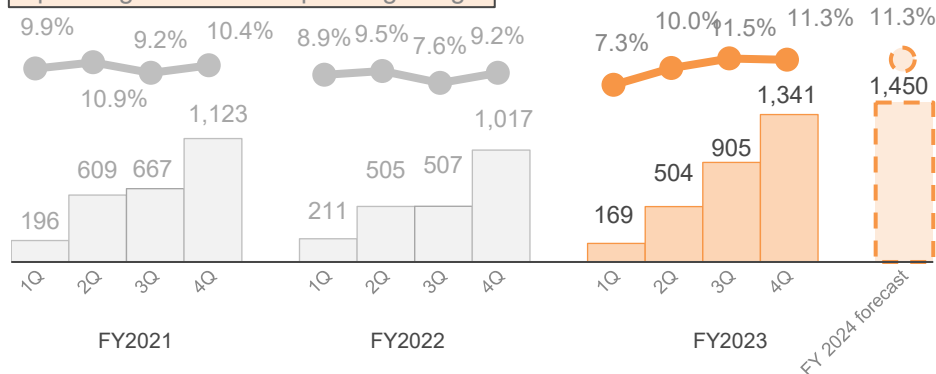
### Net sales

Positive factors: Projects continued to increase throughout the fiscal year thanks to the stable market

### Operating income

Positive factors: Operating margin increased as passing on of high raw material prices to selling prices gradually progressed

## Operating income and operating margin



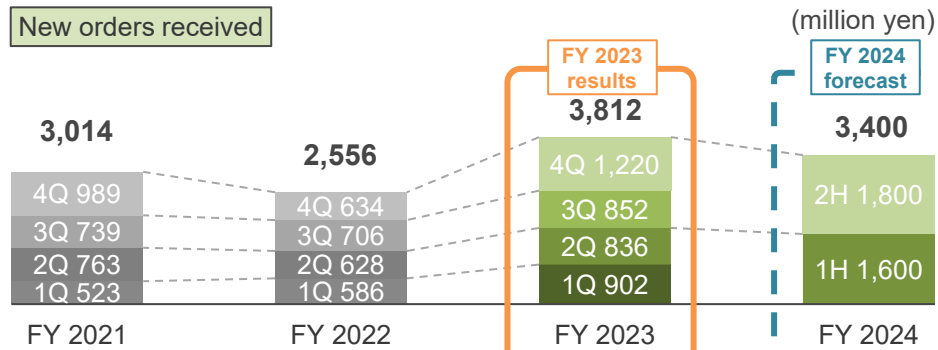
### FY 2024 estimates

While ready-mixed shipment volume is expected to decline with each passing year, the market of ready-mixed concrete industry has stabilized with cost increases in electric power, raw materials, and transportation costs being appropriately passed on to selling prices. Stable capital investment demand is expected to continue

# Environment- and conveyor-related business



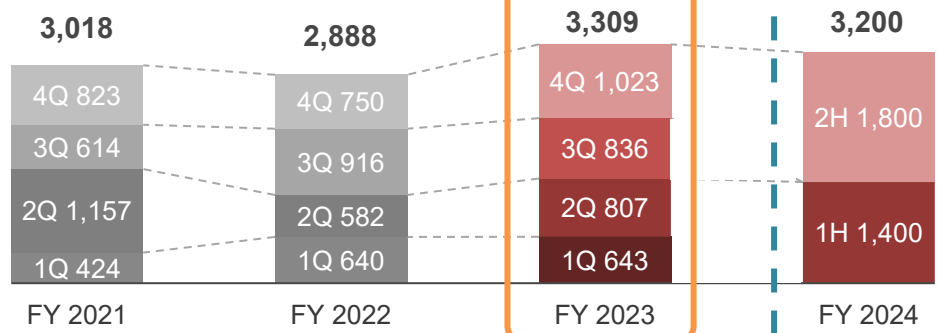
## New orders received



### ► New orders received

Positive factors: An increase in the number of environmental projects  
Large-scale projects increased as we received an order for NBS hopper for railways

## Net sales



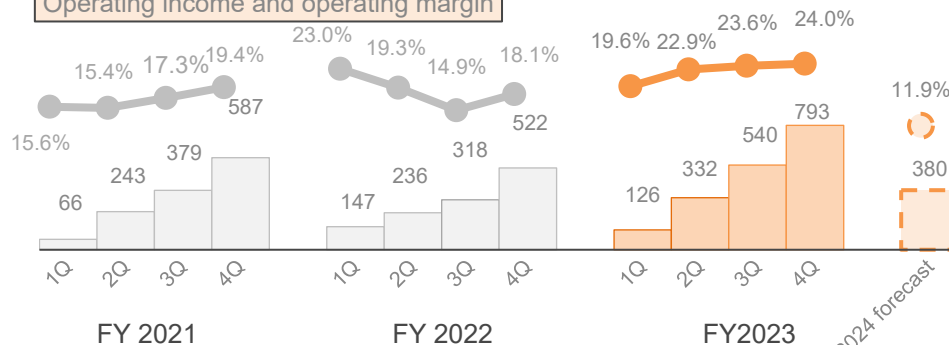
### ► Net sales

Positive factors: Six units of equipment for disposal of removed soil related to World Expo in Osaka and treatment of contaminated soil in Fukushima and sales of environmentally friendly burners co-firing pulverized coal and heavy oil

### ► Operating income

Positive factors: Operating income increased due to continued firm sales of conveyors and sales of similar environmental models

## Operating income and operating margin

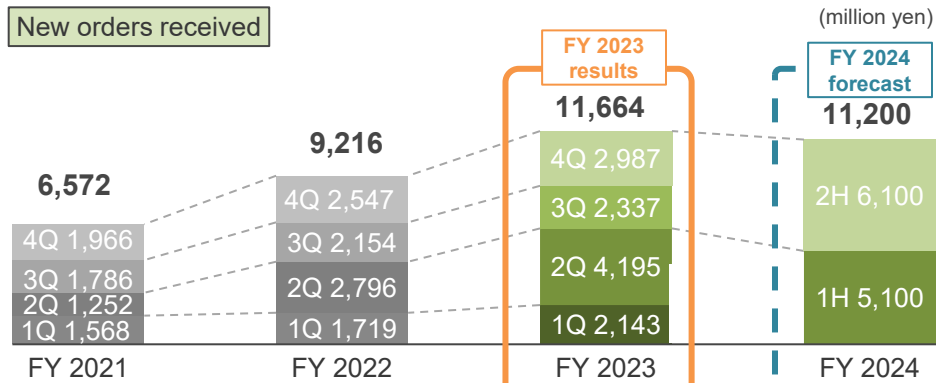


### FY 2024 estimates

Sales are expected to continue increasing thanks to firm sales of conveyors  
Sales and profits of the environmental business will settle as World Expo-related projects end



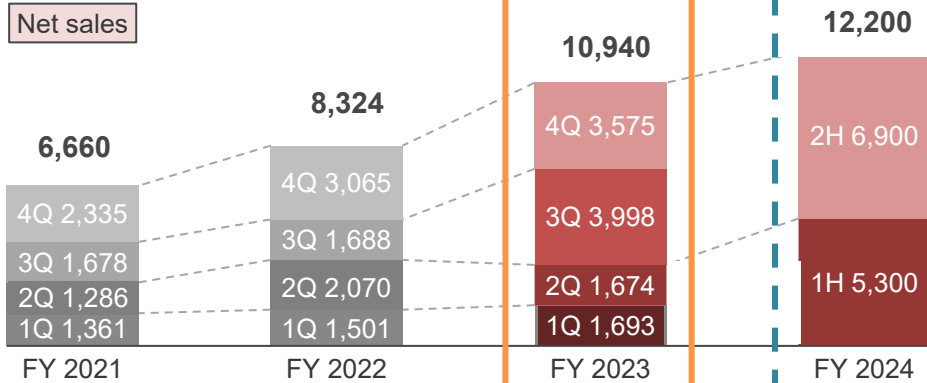
## New orders received



### New orders received

- Crusher-related business: Up 45.3% YoY
- Contract-based manufacturing business: Up 42.2% YoY
- Other business: Up 7.2% YoY

## Net sales



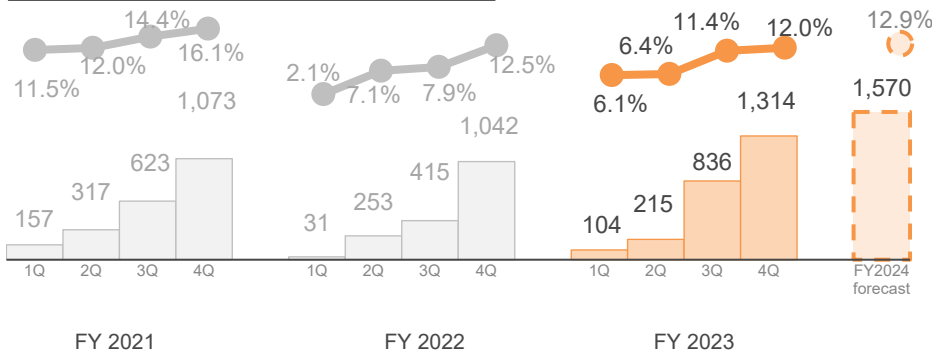
### Net sales

- Crusher-related business: Up 44.2% YoY
- Contract-based manufacturing business: Up 38.6% YoY
- Other business: Up 20.0% YoY

### Operating income

- Crusher-related business: Up 56.6% YoY
- Contract-based manufacturing business: Up 73.1% YoY
- Other business: Up 8.2% YoY

## Operating income and operating margin

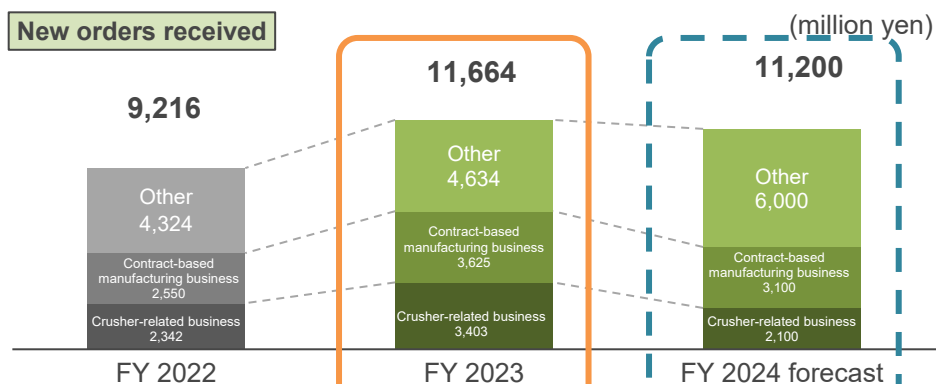


### FY 2024 estimates

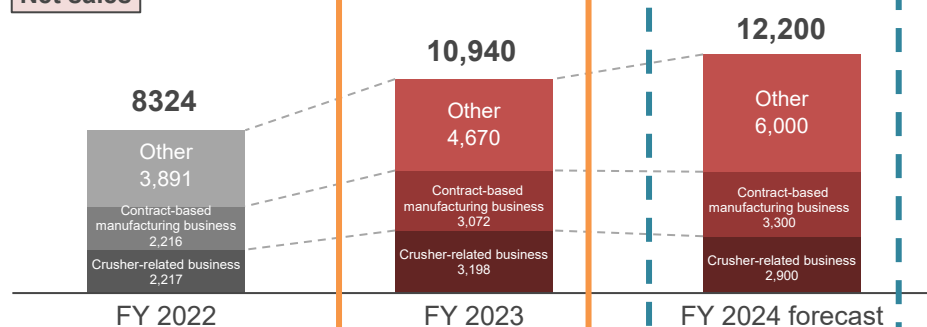
- Crusher-related business:
  - [Mobile plants] Net sales are expected to increase as we expand sales to new customers and enhance product lineup including soil improving machine, and profits are expected to expand owing to maintenance services (excluding special demand related Ukraine) for the products that are already in the market through sales expansion
  - [Maekawa] Expecting both sales and profits to increase as the number of orders increases through utilization of the new test center and cooperation with industrial machinery sales department
- Contract-based manufacturing business: Orders are expected to slightly increase from FY 2023, when the order level was high, and net sales and operating income are expected to rise as various plant projects that had been postponed are implemented

# Other Business (New Categorization of Segments)

## New orders received

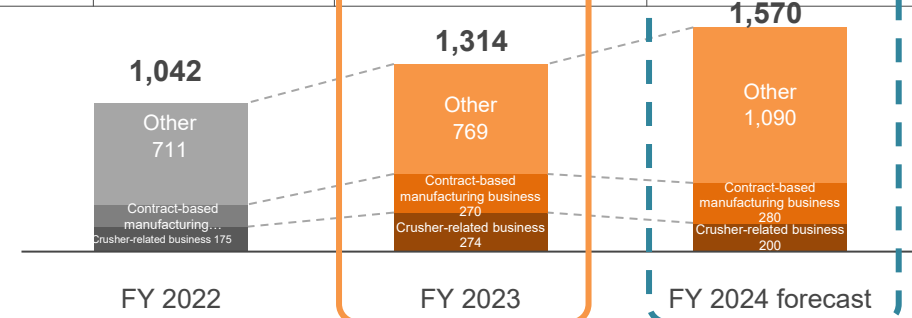


## Net sales



## Operating income and operating margin

Segment	FY 2022 (%)	FY 2023 (%)	FY 2024 forecast (%)
Other	18.3%	16.5%	18.2%
Contract-based manufacturing	7.0%	8.8%	8.5%
Crushers	7.9%	8.6%	6.9%



### ▶ New orders received

#### ○ Crusher-related business

Up 1,061 mil. yen YoY

[Mobile plants]

36 units worth 1,990 mil. yen a year earlier  
→ 46 units worth 3,081 mil. yen

[Stationary crushers]

17 units worth 126.3 mil. yen a year earlier  
→ 22 units worth 209.1 mil. yen

[Mobile plants]

Inquiries in Japan primarily led by KLEEMANN products continued to increase along with inquiries regarding new products

[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 water treatment and environmental products and orders grew

### ▶ Net sales

#### ○ Crusher-related business

Up 981 mil. yen YoY

[Mobile plants]

37 units worth 1,795 mil. yen a year earlier  
→ 47 units worth 2,896 mil. yen

[Stationary crushers]

23 units worth 250.2 mil. yen a year earlier  
→ 15 units in 123.7 mil. yen

[Mobile plants]

Inquiries in Japan continued to increase; special export demand for ODA to Ukraine

[Stationary crushers] Sales declined due to slow orders from sales during the fiscal year and lack of large-sized projects

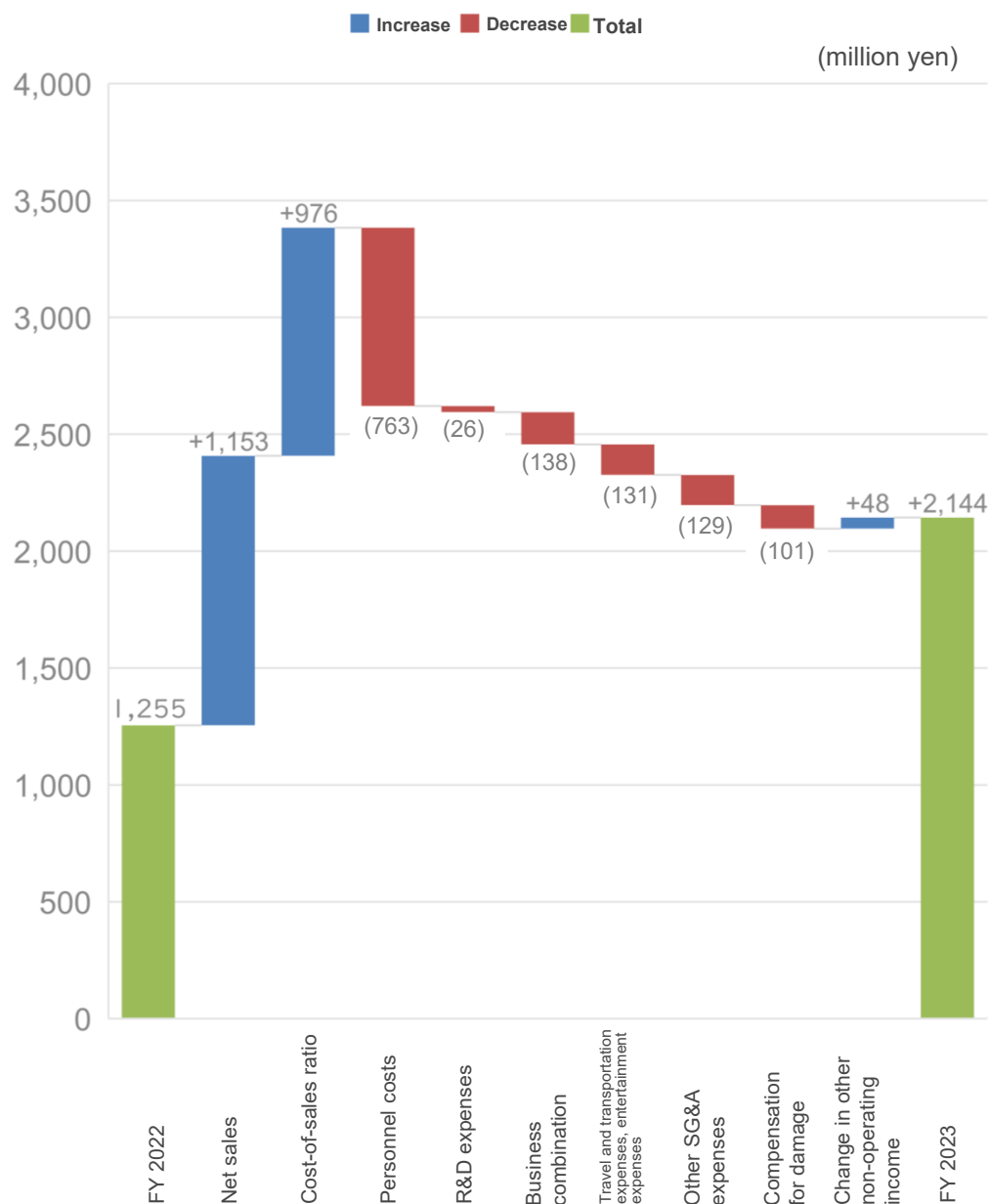
#### ○ Contract-based manufacturing business

[Ube Kohki] Up 305 mil. yen YoY

[Matsuda Kiko] Recorded 467 mil. yen since Sept. of the current fiscal year

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

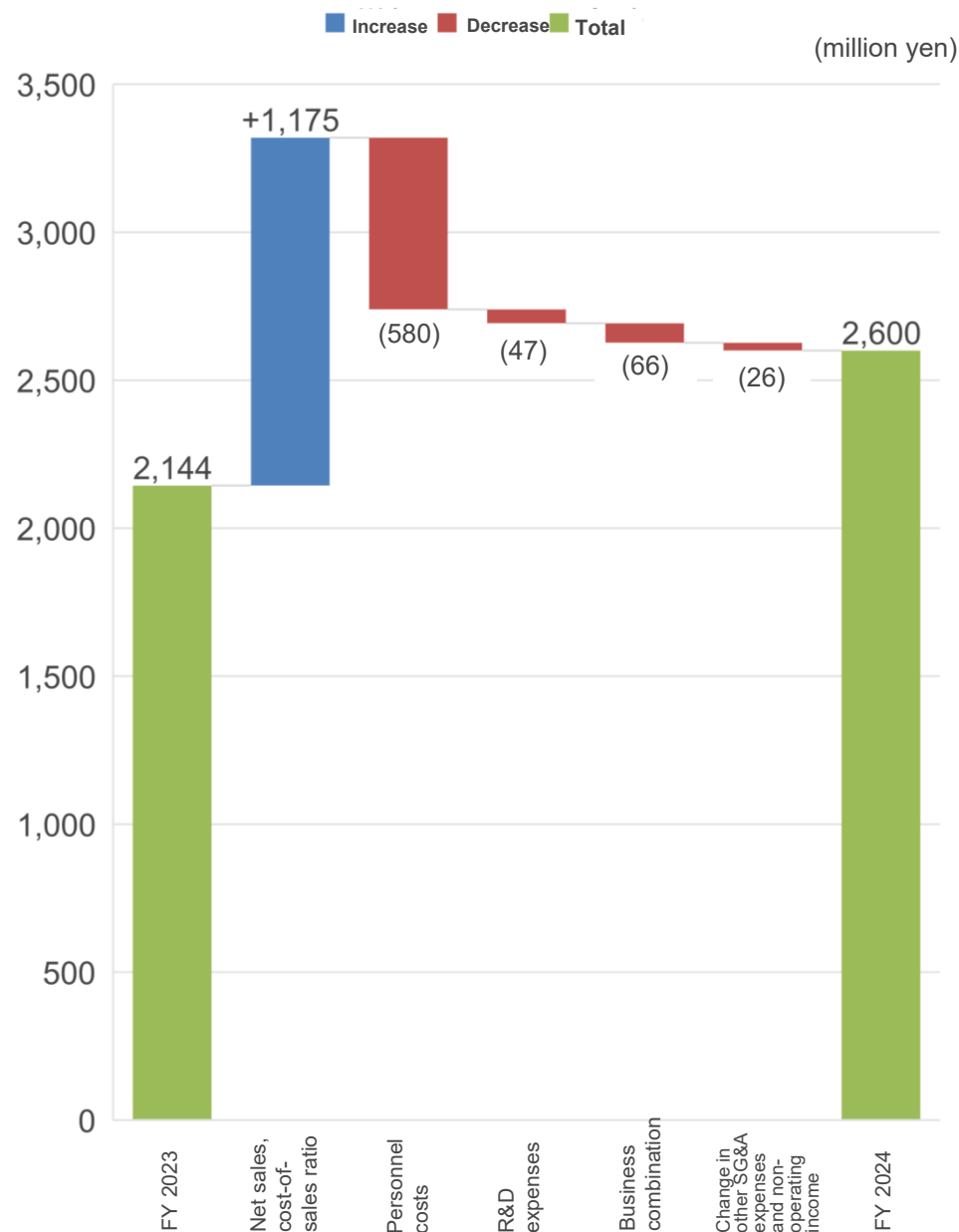
# Factor Analysis of Changes in Ordinary Income for FY 2023



(million yen)

Item	Impact	Content
Net sales	+1,153	Increase in net sales 4,432 mil. yen
Cost-of-sales ratio	+976	Improvement in cost-of-sales ratio (excluding labor costs) 74.0%→72.5%
Personnel costs	(763)	Increases in number of employees and base pay
R&D expenses	(26)	Increase in development expenses
Business combination	(138)	SG&A expenses of Matsuda Kiko and expenses related to share acquisition
Travel and transportation expenses, entertainment expenses	(131)	End of the pandemic, increases in business travels and entertaining
Other SG&A expenses	(129)	Increases in office expenses, etc.
Compensation for damage	(101)	Increase in compensation for damage
Change in other non-operating income	+48	

# Factor Analysis of Changes in Ordinary Income for FY 2024 (Forecast)



(million yen)

Item	Impact	Content
Net sales, cost-of-sales ratio	+1,175	Increase in net sales 3,903 million yen
Personnel costs	(580)	Increase in wage (240) Increase in number of employees (300) Sales 40.0 bil. RS (40)
R&D expenses	(47)	Increase in development expenses
Business combination	(66)	Include Nishinihon Fudosan in income statement from the 162nd business year
Change in other SG&A expenses and non-operating income	(26)	

# Balance Sheet Trends



(million yen)

		End of FY 2022	End of FY 2023	Change	Main factors in year-on-year change
<b>Assets</b>	Current assets	33,723	41,033	+7,310	Increase: Cash and cash equivalents +5,234 mil. yen Accounts receivable-trade +2,330 mil. yen Work in process +900 mil. yen Electronically recorded monetary claims +186 mil. yen Decrease: Other (646 mil. yen) Notes receivable-trade (584 mil. yen) Merchandise and finished goods (163 mil. yen)
	Property and equipment	11,839	13,247	+1,408	Increase: Investment securities +1,760 mil. yen Construction in progress +842 mil. yen Land +326 mil. yen Buildings and structures +230 mil. yen Decrease: Deferred tax assets (432 mil. yen) Other intangible assets (76 mil. yen)
	Intangible assets	1,020	1,208	+188	
	Investments and other assets	5,544	6,740	+1,196	
	<b>Total assets</b>	<b>52,127</b>	<b>62,229</b>	<b>+10,102</b>	
<b>Liabilities</b>	Current liabilities	15,338	21,743	+6,405	Increase: Short-term loans payable +2,854 mil. yen Long-term loans payable +2,101 mil. yen Contract liabilities +912 mil. yen Income taxes payable +700 mil. yen Accounts payable-factoring +513 mil. yen Notes and accounts payable-trade +244 mil. yen Decrease: Provision for loss on order received (90 mil. yen)
	Long-term liabilities	5,184	7,399	+2,215	
<b>Total net assets</b>		<b>31,604</b>	<b>33,086</b>	<b>+1,482</b>	Increase: Valuation difference on available-for-sale securities +1,158 mil. yen Retained earnings +163 mil. yen
<b>Net assets per share (yen)</b>		<b>826.73</b>	<b>861.74</b>	<b>+35.01</b>	

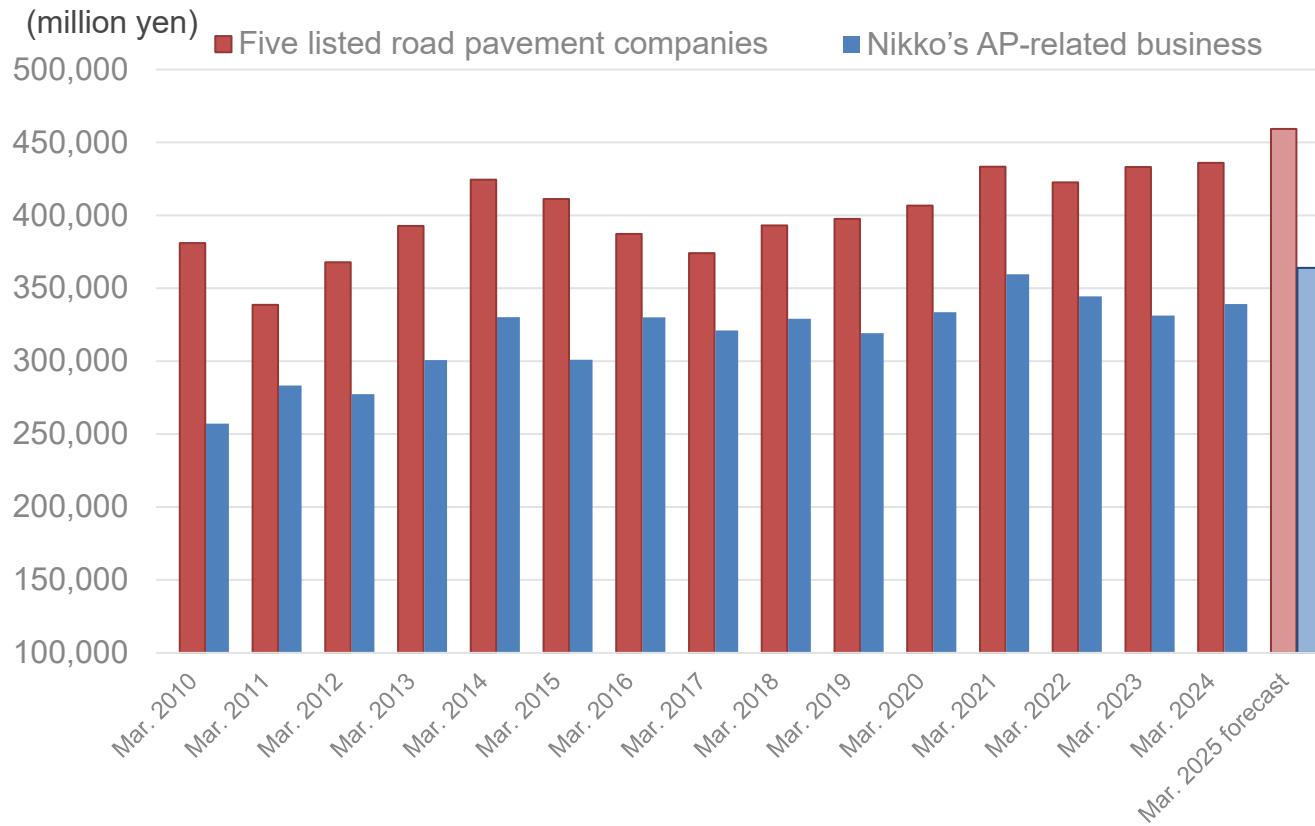


# **Business Climate and Management Strategy**

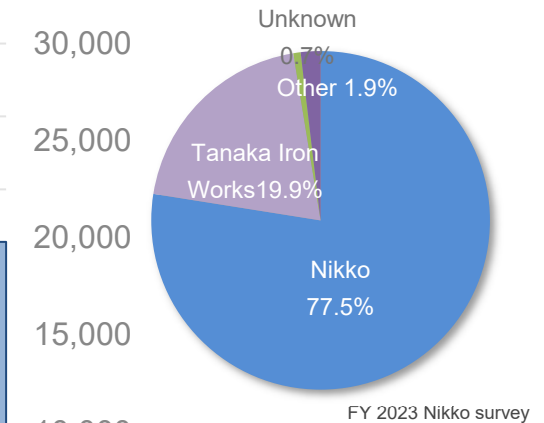
# AP-Related Business Climate and Outlook



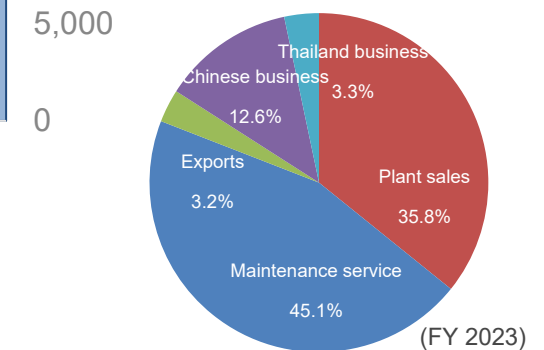
Sales trends of listed road pavement companies (total for five companies) and Nikko's AP-related business



AP steady-state share



Sales ratio of AP-related business

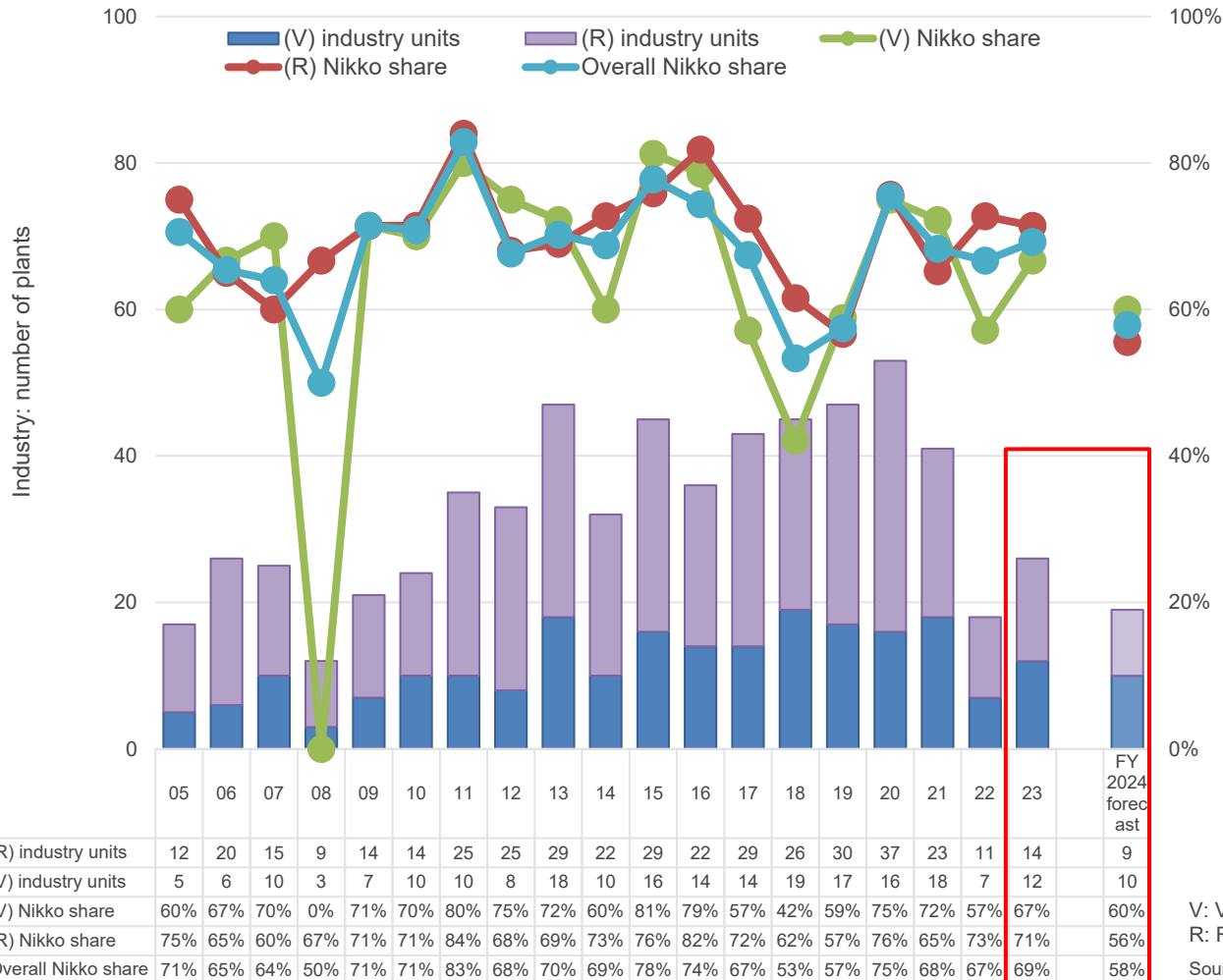


- ▶ The industry has been pursuing price increase of asphalt mixture and business performance of the industry as a whole is expected to improve gradually
- ▶ There is latent demand for replacing aged facilities and appetite for capital investment is expected to recover along with an improvement in business performance of the industry as a whole
- ▶ Inquiries for decarbonization-related products has been increasing and the Group is placing hope on continued growth of such products.

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



## AP demand and Nikko share



## New product performance in AP-related business

	18	19	20	21	22	FY 2023
Number of new model APs (VP and MBD)	3	5	2	3	2	5
Number of crushing plants	0	2	2	1	1	1
Number of decarbonization-related products	3	2	2	9	19	55

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

V: Virgin mixtures  
R: Recycled materials  
Source: Nikko

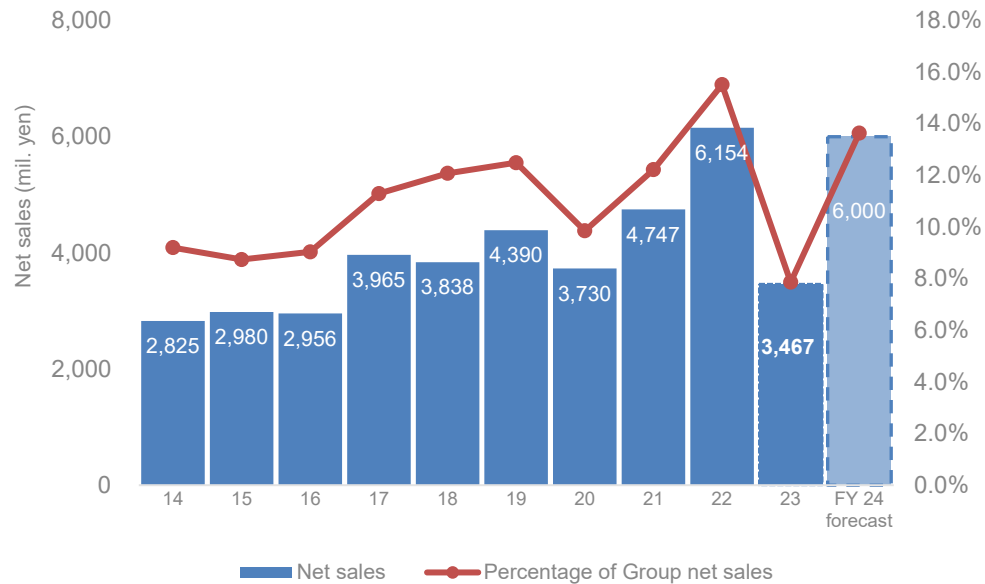
- ▶ Aim to improve profits by expanding sales of standardized asphalt plants and VP series (large-sized model VP-IV and standard model VP-III)
- ▶ Strengthen decarbonization-related products and aim to reduce CO2 emissions from 50% in 2030 to 0% in 2050



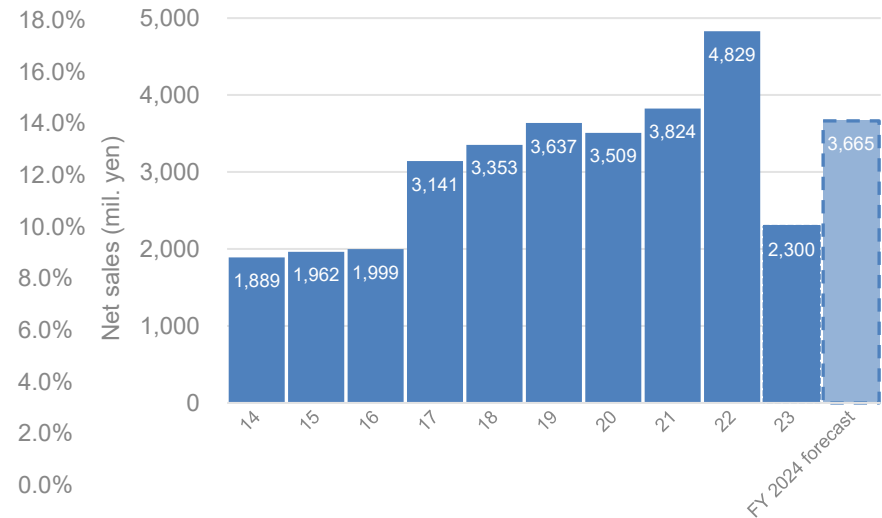
# AP-Related Business Details and Strategy for the Future (2)



## Nikko's overseas net sales and overseas sales ratio



## Nikko Shanghai net sales



### [China (Nikko Shanghai)]

While it is hard to judge because of the huge size and complex nature of the Chinese market, construction related industry appears to be greatly affected by the financial situation of the real estate industry and regional governments, and we are facing intense competition with local manufacturers again this fiscal year. We will secure a certain volume of sales through sales expansion of new models as we work on cost reduction.

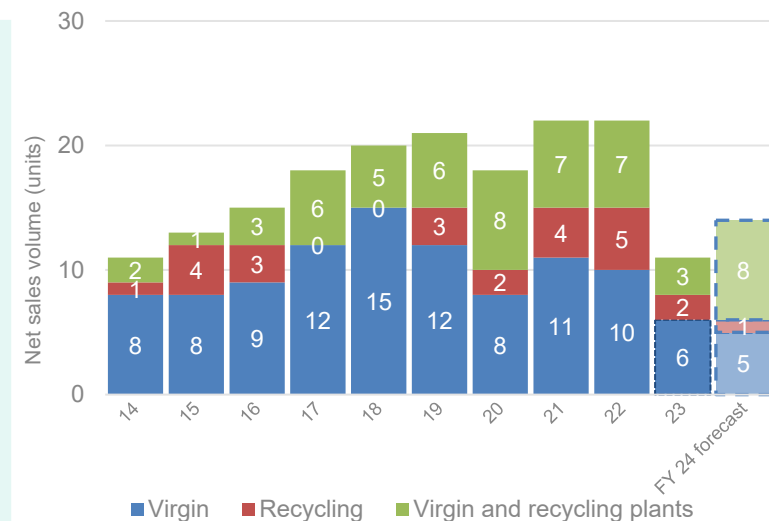
### [Thailand]

Budget is expected to focus on maintenance works for existing roads and expansion works for existing roads, airports, etc. The Department of Highways (DOH) announced the specifications for recycle mixture plants, and there has been an increase in inquiries from major mixture plant operators aiming to become pioneers in recycled mixture. The volume of mixture is high in the northeastern and eastern regions of the country and demand in the northeastern area is expected to continue in the next fiscal year and onwards.

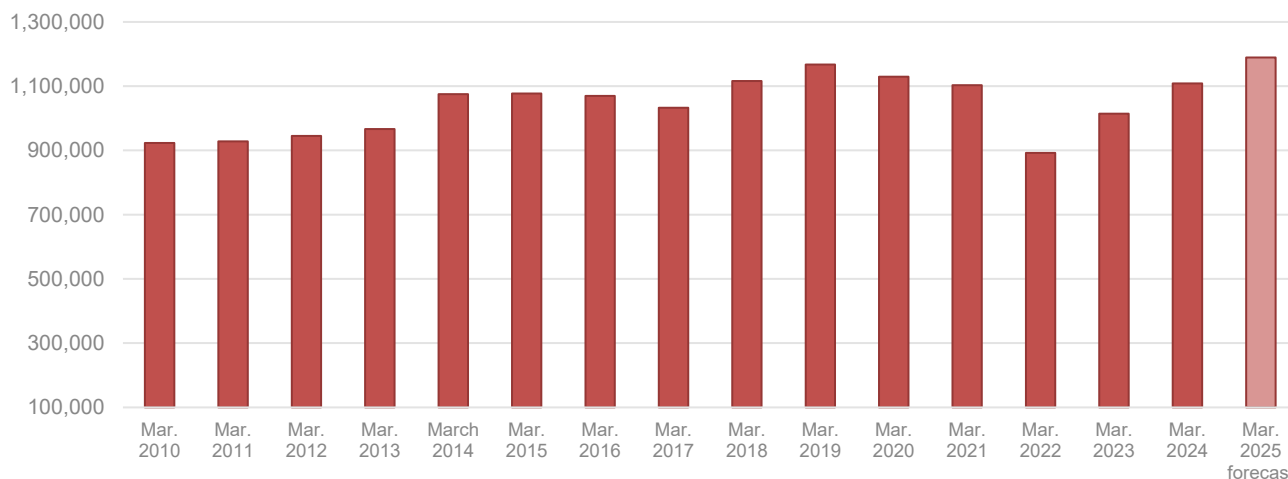
### [Taiwan, exports]

In Taiwan, business negotiations for parts and for partial replacement are expected to continue and we will strengthen our MS structure.

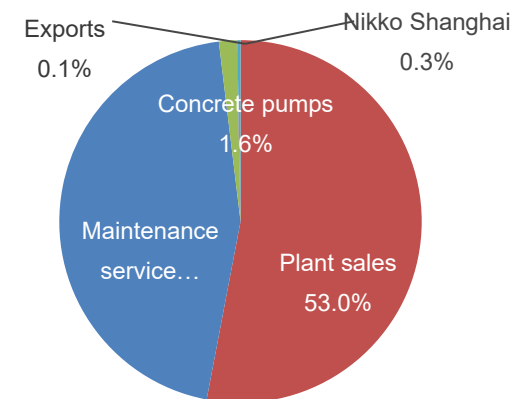
## Nikko Shanghai AP unit sales



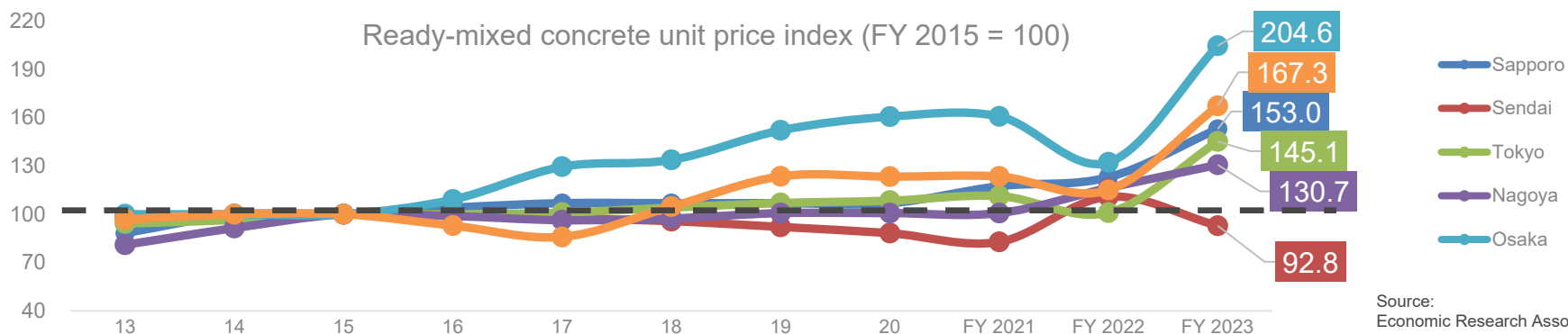
Trend in sales of listed cement manufacturers (total of two companies)



Sales ratio of BP-related business



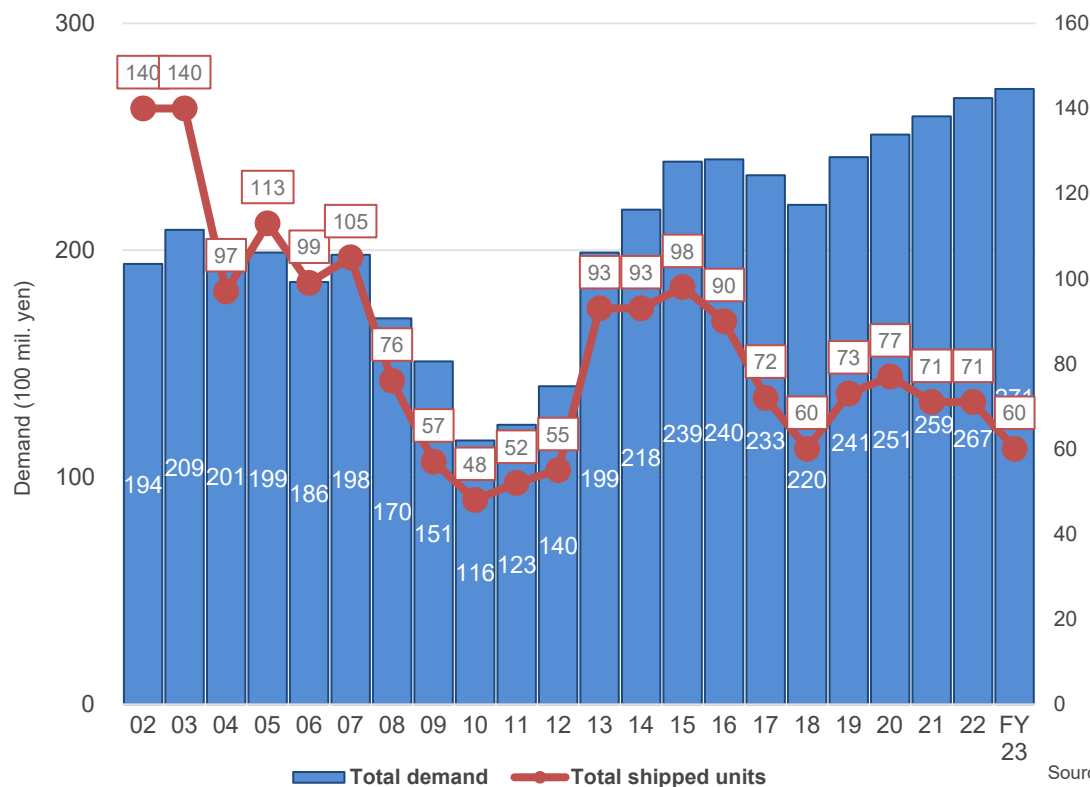
Ready-mixed concrete unit price index (FY 2015 = 100)



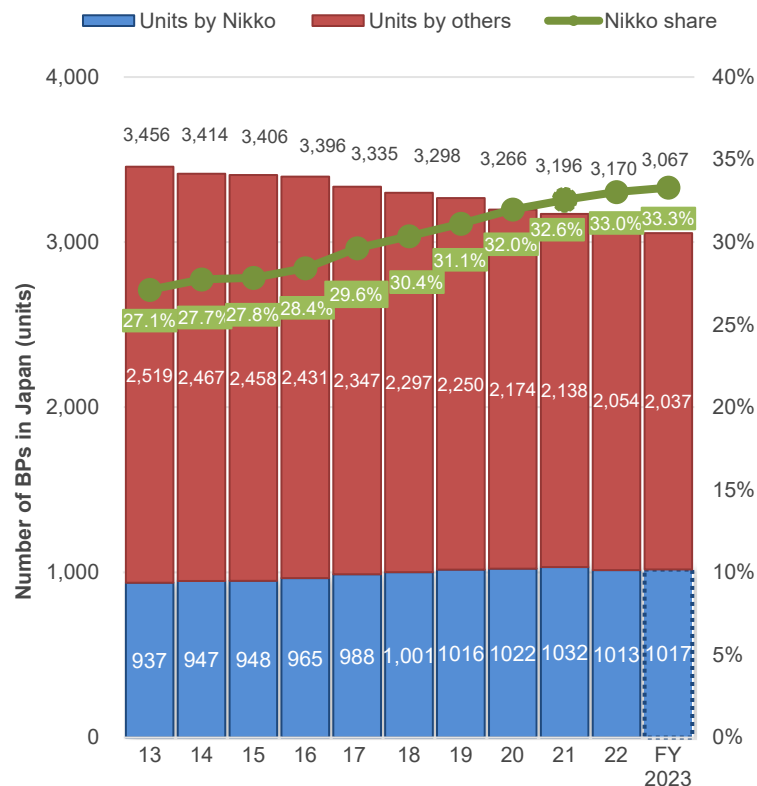
Source: Economic Research Association

► Ready-mixed concrete shipment in Japan was 70.18 million m<sup>3</sup> in FY 2023 according to National Federation Ready-Mixed Concrete Industrial Associations, which was below the level a year earlier. Both private demand and public demand have been stagnant and are yet to recover. Under such circumstances, the ready-mixed concrete industry adequately passed on the increases in costs of electricity, raw materials, and transportation to the selling prices in the market despite the decline in the number of ready-mixed concrete plants reflecting the downward trend in shipment volume, and price of ready mixed concrete price has been stable

### Total BP demand (value and number of units)



### BP steady-state share trends



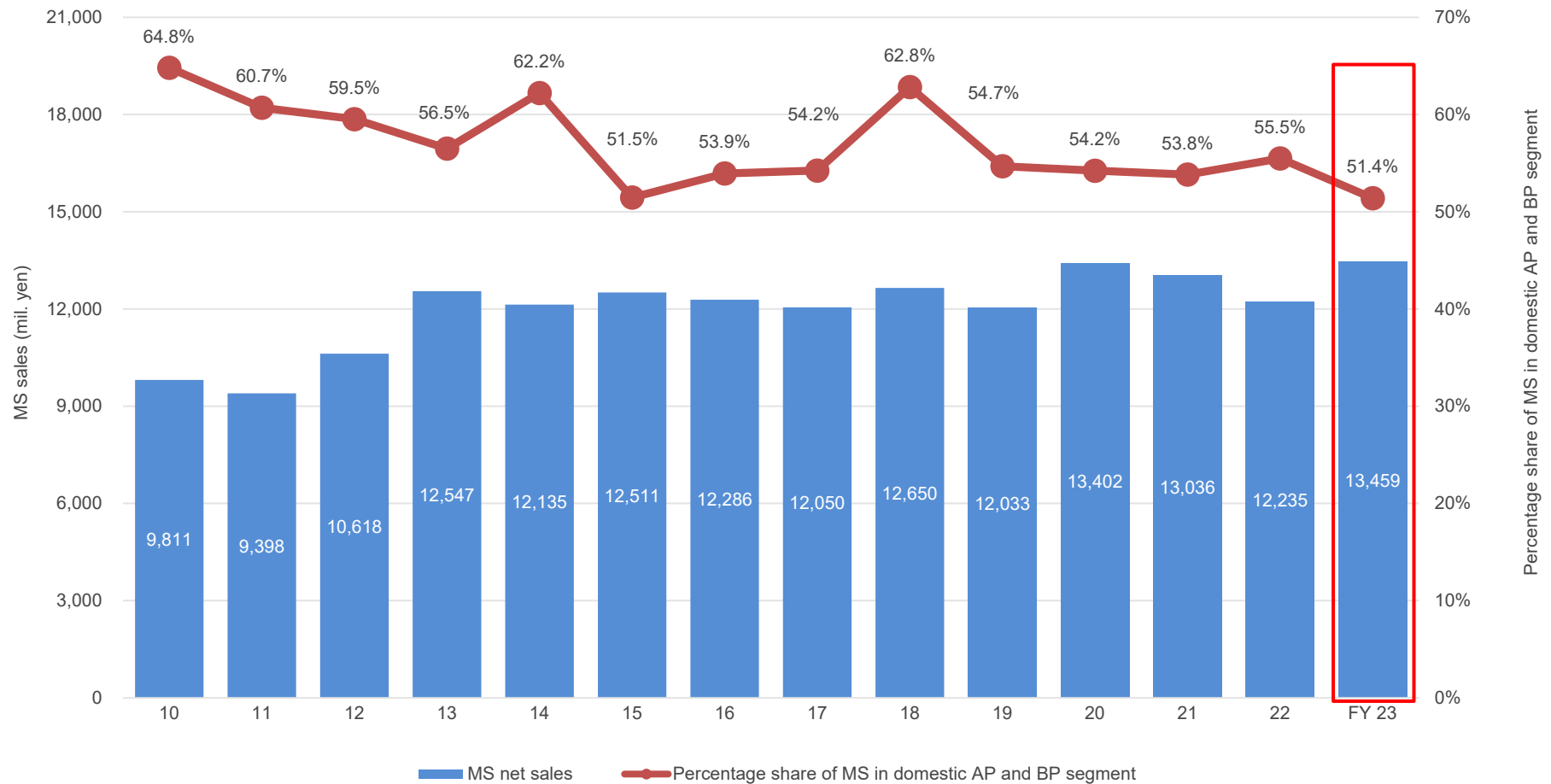
Source: Japan Construction Equipment Manufacturers Association's BP Subcommittee (Maintenance services included in demand amount)

- ▶ Total demand related to concrete plants has increased for five consecutive years, reaching 27.1 billion yen in FY 2023 with the delivery of 60 units. For the current fiscal year, demand of a similar level as FY 2023 is expected.
- ▶ Increase market share by launching new differentiated products to meet new demand, which arises from sales expansion to precast industry, where demand continues to grow, as well as from ready-mixed concrete industry consolidation.

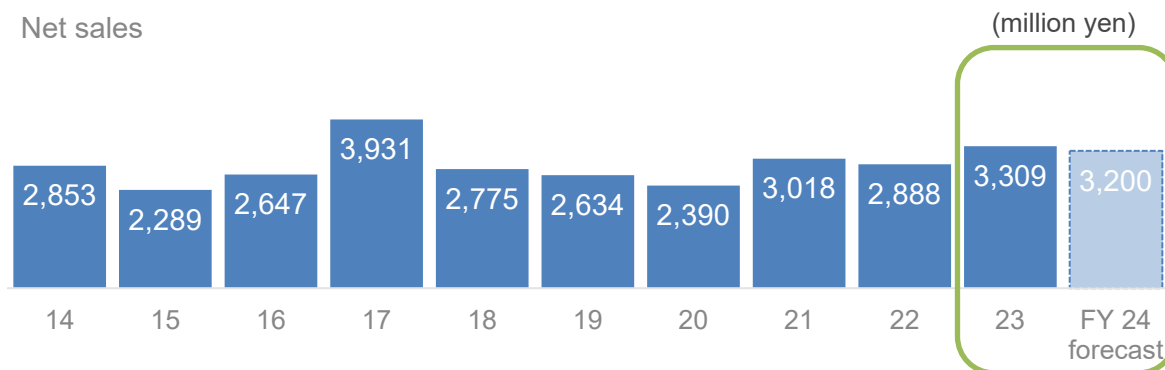
# Maintenance Service Business Net Sales Level and Share



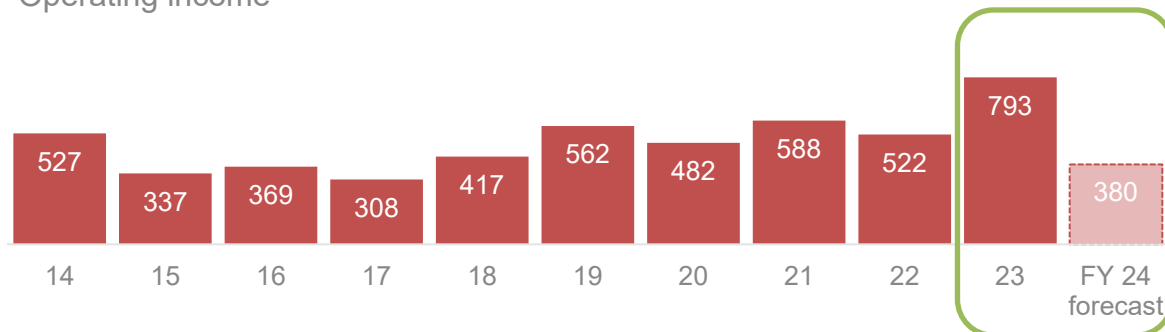
## AP and BP maintenance service: Net sales level and share



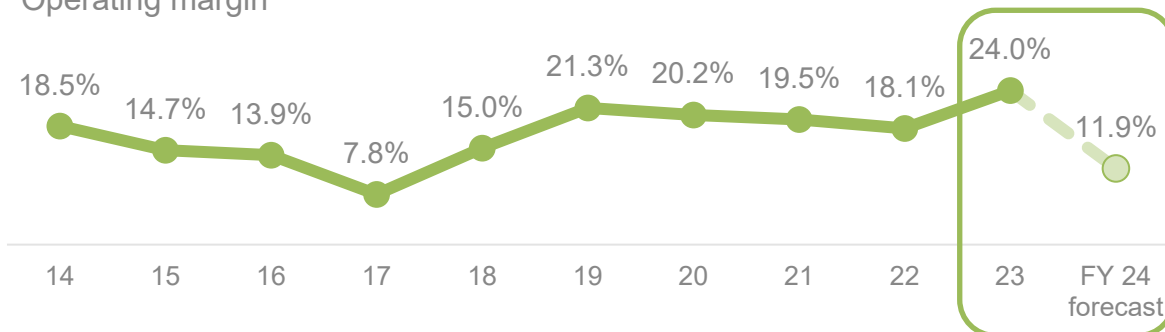
Net sales



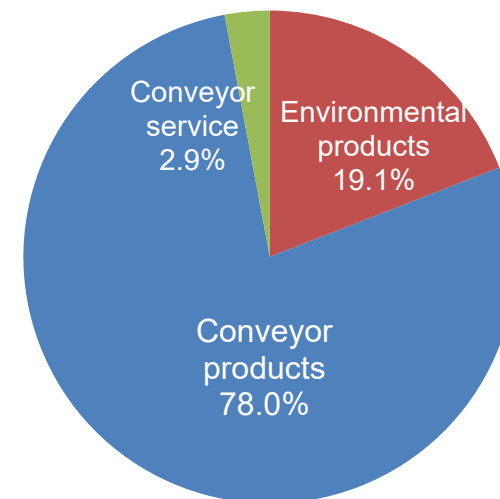
Operating income



Operating margin



Sales ratio of environment- and conveyor-related business

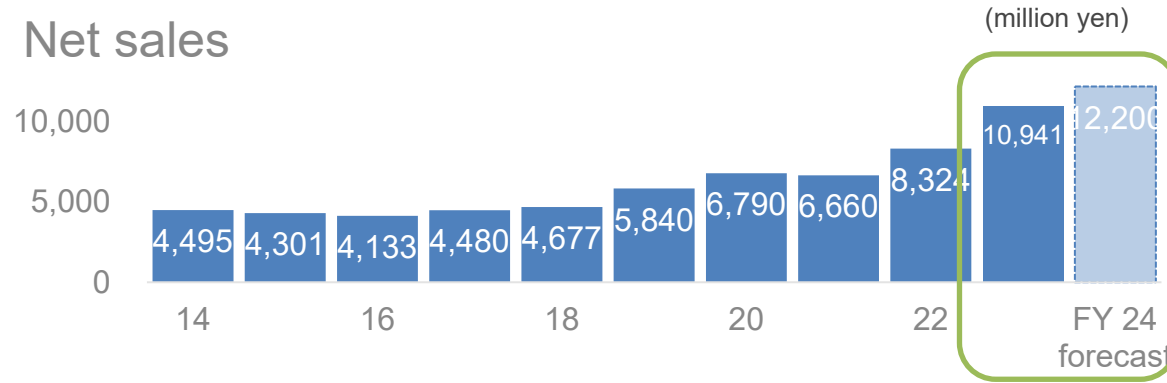


Net sales annual growth rate

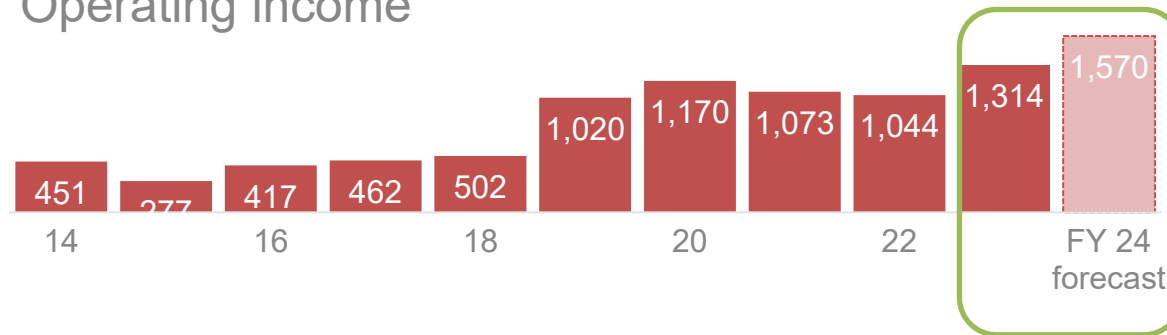
**FY 2022 → FY 2023 results**

Environmental products	(0.7%)
Conveyor products	+19.8%
Conveyor service	(0.9%)

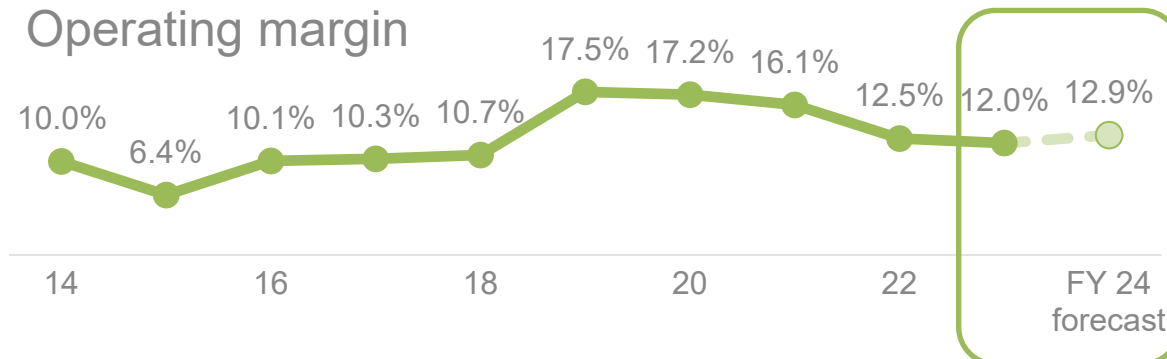
## Net sales



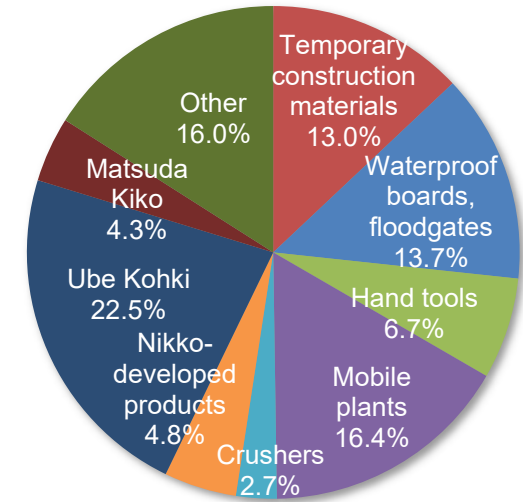
## Operating income



## Operating margin



## Other business sales



## Net sales annual growth rate

### FY 2022 → FY 2023 results

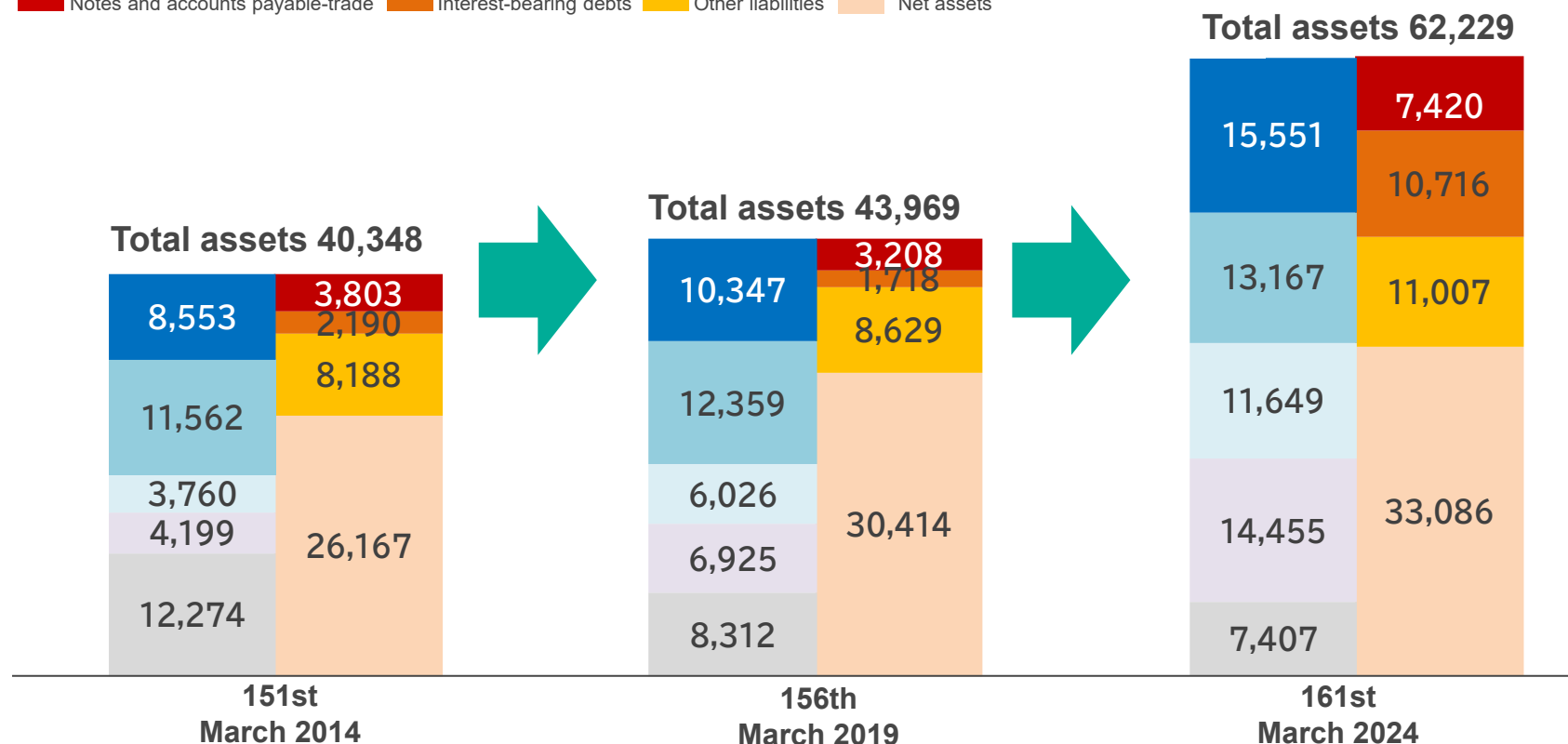
Temporary construction materials	+3.4%
Waterproof boards, floodgates	+29.4%
Hand tools	(2.1%)
Mobile plants	+61.9%
Crushers	(30.9%)
Nikko-developed products	(5.9%)
Ube Kohki	+14.1%

Sales of Matsuda Kiko were incorporated from FY 2023

## Balance sheet trends

(million yen)

■ Cash and cash equivalents  
 ■ Accounts receivable-trade  
 ■ Inventories  
 ■ Non-current assets  
 ■ Other assets  
■ Notes and accounts payable-trade  
 ■ Interest-bearing debts  
 ■ Other liabilities  
 ■ Net assets



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



# Reference Materials



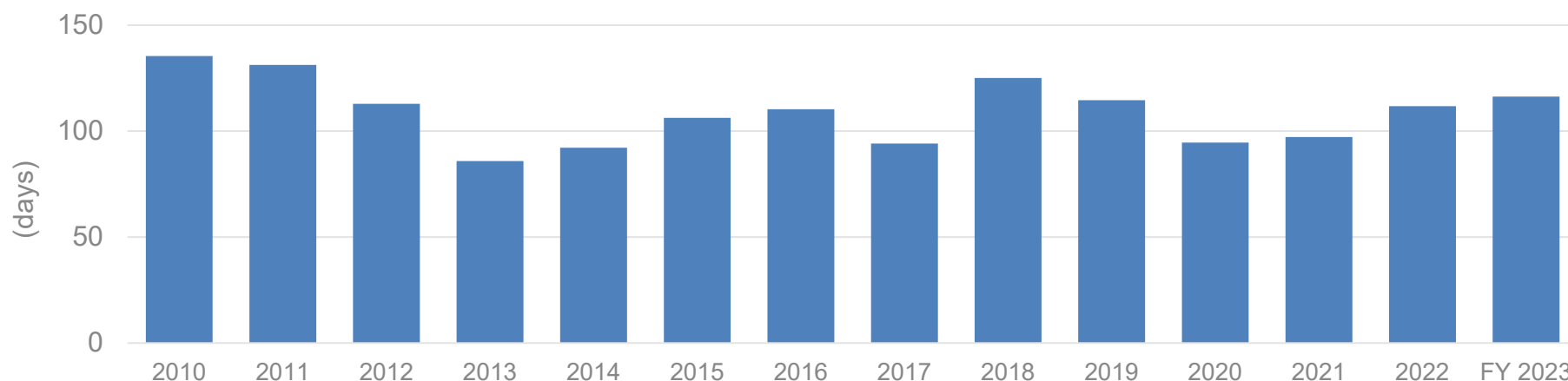
	AP-Related Business	BP-Related Business	Environment- and Conveyor-Related Business	Other Business																																																																																																																
<b>Business description</b>	<p><b>Main products</b></p> <ul style="list-style-type: none"> <li>Asphalt plants</li> <li>Recycling plants</li> <li>Crushing plants</li> <li>Mixture silos</li> <li>Electronic control devices, plant management system</li> </ul> <p><b>VP IV</b> Latest high-end model AP, primarily for recycling</p> <p><b>ABD</b> Made-to-order AP models that can handle diverse needs</p> <p><b>CBD</b> Global model AP for Thailand and Southeast Asia markets</p>	<p><b>Main products</b></p> <ul style="list-style-type: none"> <li>Concrete plants</li> <li>Mobile concrete plants</li> <li>Concrete pumps</li> <li>Electronic control devices, plant management system</li> <li>Concrete product manufacturing plant facilities, etc.</li> </ul> <p><b>ONZEMIX-T50</b> Mobile BP</p> <p><b>DASH-H275EvoV 220R-ADV</b> Ultra-strong concrete plants</p> <p><b>DASH-225Pro 065ITBF</b> Large-scale precast concrete plant</p>	<p><b>Main products</b></p> <ul style="list-style-type: none"> <li>Belt conveyors, conveyors for facilities, beverage container recycling plants</li> <li>Soil remediation plant, plastic recycling plant</li> </ul> <p><b>Portable conveyor</b> Conveyor using pipe frames whose lengths can be adjusted in increments of 10cm</p> <p><b>A plaster-based solidification material manufacturing facility</b> It manufactures gypsum hemihydrate by drying gypsum powder. The facility manufactures solidification material by blending with cement and lime.</p> <p><b>Stringer conveyors</b> High-quality conveyors with superior cost performance through modularized body and options</p>	<p><b>Main products</b></p> <ul style="list-style-type: none"> <li>Pipe scaffoldings, steel gangplanks</li> <li>Temporary aluminum staircases</li> <li>Shovels, spades</li> <li>Small-sized concrete mixers, mortar mixers</li> <li>Flocculants, waterproof boards, crushers</li> <li>Real estate leasing, construction machinery product leasing</li> <li>Sales of housing renovation</li> </ul> <p><b>Hammer crusher</b> Particle size can be adjusted with grate size and the desired particle size can be obtained with a single crushing</p> <p><b>Waterproof board</b> Waterproof boards, which are effective against water damage (internal flooding) caused by global warming</p> <p><b>Mobile plant</b> One set of crusher line (crushers, screens, belt conveyors, etc.)</p>																																																																																																																
<b>FY 2022 business breakdown</b>	<p>Sales composition of plant sales in Japan significantly 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 6.9 pp and the Thailand business rose 2.0 pp.</p> <p>The business 3.0%</p> <p>Plant sales 19.9%</p> <p>Chinese business 27.5%</p> <p>Vaintenance service 45.0%</p> <p>Exports 4.8%</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 pumps 2.2%</p> <p>Nikko Shanghai 0.5%</p> <p>Exports 0.1%</p> <p>Vaintenance service 39.9%</p> <p>Plant sales 57.3%</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 service 3.4%</p> <p>Environmental products 22.0%</p> <p>Conveyor products 74.6%</p>	<p>Ube Kishi joined the segment, accounting for 26.0 pp, while the composition of other businesses fell. Among these, the composition of waterproof boards and flocculants fell 10.2 pp due to postponement of construction projects caused by soaring material prices, and that of temporary construction materials also declined 6.4 pp.</p> <p>Nikko-developed products 6.3%</p> <p>Other 1.8%</p> <p>Temporarily construction materials 6.5%</p> <p>Use Kishi 26.0%</p> <p>Waterproof boards/flocculants 10.2%</p> <p>Crushers 6.1%</p> <p>Mobile plants 21.6%</p> <p>Hand tools 8.9%</p>																																																																																																																
<b>Net sales and operating income by segment (million yen)</b>	<table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Net sales</th> <th>Operating income</th> <th>Operating margin</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>16,434</td> <td>963</td> <td>5.8%</td> </tr> <tr> <td>2019</td> <td>17,518</td> <td>1,118</td> <td>6.4%</td> </tr> <tr> <td>2020</td> <td>19,447</td> <td>1,239</td> <td>6.4%</td> </tr> <tr> <td>2021</td> <td>18,323</td> <td>562</td> <td>3.1%</td> </tr> <tr> <td>2022</td> <td>17,341</td> <td>49</td> <td>0.3%</td> </tr> <tr> <td>2023 (estimate)</td> <td>19,500</td> <td>600</td> <td>3.1%</td> </tr> </tbody> </table> <p>In FY 2022, net sales of plant products in Japan and those of MS declined significantly by 29% and 11%, respectively, while overseas net sales rose 30%. 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	Net sales	Operating income	Operating margin	2018	16,434	963	5.8%	2019	17,518	1,118	6.4%	2020	19,447	1,239	6.4%	2021	18,323	562	3.1%	2022	17,341	49	0.3%	2023 (estimate)	19,500	600	3.1%	<table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Net sales</th> <th>Operating income</th> <th>Operating margin</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>7,893</td> <td>666</td> <td>8.4%</td> </tr> <tr> <td>2019</td> <td>9,158</td> <td>761</td> <td>8.3%</td> </tr> <tr> <td>2020</td> <td>9,212</td> <td>879</td> <td>9.5%</td> </tr> <tr> <td>2021</td> <td>10,840</td> <td>1,123</td> <td>10.4%</td> </tr> <tr> <td>2022</td> <td>11,111</td> <td>1,017</td> <td>9.2%</td> </tr> <tr> <td>2023 (estimate)</td> <td>11,500</td> <td>1,200</td> <td>10.4%</td> </tr> </tbody> </table> <p>In FY 2022, net sales slightly increased reflecting a continued increase in projects thanks to the solid ready-mixed 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	Net sales	Operating income	Operating margin	2018	7,893	666	8.4%	2019	9,158	761	8.3%	2020	9,212	879	9.5%	2021	10,840	1,123	10.4%	2022	11,111	1,017	9.2%	2023 (estimate)	11,500	1,200	10.4%	<table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Net sales</th> <th>Operating income</th> <th>Operating margin</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>2,775</td> <td>417</td> <td>15.0%</td> </tr> <tr> <td>2019</td> <td>2,634</td> <td>562</td> <td>21.3%</td> </tr> <tr> <td>2020</td> <td>2,390</td> <td>482</td> <td>20.2%</td> </tr> <tr> <td>2021</td> <td>3,018</td> <td>588</td> <td>19.5%</td> </tr> <tr> <td>2022</td> <td>2,888</td> <td>522</td> <td>18.1%</td> </tr> <tr> <td>2023 (estimate)</td> <td>3,000</td> <td>500</td> <td>16.7%</td> </tr> </tbody> </table> <p>In FY 2022, net sales declined due to lack of large-scale orders like in FY 2021 despite sales of coke drying system, etc. in the environmental business. Operating income declined owing to sales decline. In FY 2023, the segment expects sales 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	Net sales	Operating income	Operating margin	2018	2,775	417	15.0%	2019	2,634	562	21.3%	2020	2,390	482	20.2%	2021	3,018	588	19.5%	2022	2,888	522	18.1%	2023 (estimate)	3,000	500	16.7%	<table border="1"> <thead> <tr> <th>Fiscal year</th> <th>Net sales</th> <th>Operating income</th> <th>Operating margin</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>4,677</td> <td>502</td> <td>10.7%</td> </tr> <tr> <td>2019</td> <td>5,840</td> <td>1,020</td> <td>17.5%</td> </tr> <tr> <td>2020</td> <td>6,790</td> <td>1,170</td> <td>17.2%</td> </tr> <tr> <td>2021</td> <td>6,660</td> <td>1,073</td> <td>16.1%</td> </tr> <tr> <td>2022</td> <td>8,324</td> <td>1,044</td> <td>12.5%</td> </tr> <tr> <td>2023 (estimate)</td> <td>10,000</td> <td>1,250</td> <td>12.5%</td> </tr> </tbody> </table> <p>In FY 2022, Ube Kishi contributed 2.16 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 highly profitable businesses. The segment expects both sales and profits to increase in FY 2023.</p>	Fiscal year	Net sales	Operating income	Operating margin	2018	4,677	502	10.7%	2019	5,840	1,020	17.5%	2020	6,790	1,170	17.2%	2021	6,660	1,073	16.1%	2022	8,324	1,044	12.5%	2023 (estimate)	10,000	1,250	12.5%
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<b>Market share (based on Nikko's survey)</b>	<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%.</p> <p>Nikko share 60.0%</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>Nikko share 33.0%</p>	<p>In FY 2022, demand for portable conveyor totaled 4,000 units, down 300 units compared with FY 2021. Nikko's share rose 2 pp to 62%.</p> <p>Portable conveyor (Nikko share) 62.0%</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> <p>Mobile crushers and screens 20.1%</p>																																																																																																																

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

(i) Sale of strategic shareholdings: about 2 bil. yen  $\Rightarrow$  **Sales results for the period from FY 2019 to FY 2023: 2.3 bil. yen**

Status of reducing strategically-held shares (in mil. yen)								
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Number of issues sold completely	5	7	6	6	6	4	0	2
Amount sold in the period	193	405	194	720	506	691	371	13
Book value	132	221	106	272	468	376	192	10
Sales gain	61	184	88	448	37	314	178	3

(ii) Efforts to improve CCC  $\Rightarrow$  **FY 2023: A negative impact of 0.5 bil. yen**



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



(million yen)

	FY 2021				FY 2022				FY 2023			
	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	16,478
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	7,859
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	4,021
Environment- and conveyor-related business	424	1,157	614	823	640	582	916	750	643	807	836	1,023
Other business	1,361	1,286	1,678	2,335	1,501	2,070	1,688	3,065	1,693	1,674	3,999	3,575
Operating income	375	593	59	1,026	183	216	(32)	661	(99)	368	449	1,250
AP-related business	199	189	(61)	235	139	(7)	107	(190)	(92)	121	(366)	668
BP-related business	196	413	58	456	211	294	2	510	169	335	401	436
Environment- and conveyor-related business	66	177	136	209	147	89	82	204	126	206	208	253
Other business	157	160	306	450	31	222	163	628	104	111	622	477
Corporate expenses	(244)	(345)	(382)	(322)	(345)	(382)	(388)	(490)	(407)	(405)	(415)	(584)
Ordinary income	519	586	89	1,079	326	222	(19)	726	67	388	520	1,169
Net income attributable to owners of parent	378	489	16	766	140	119	(35)	796	27	321	246	718
Cash flow from operating activities	2,224				(1,644)				4,332			
Cash flow from investing activities	(2,165)				(1,226)				(2,333)			
Total dividend	687	–	573	–	573	–	574	–	574	–	574	–
Share buyback	0				0				–			

# 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	FY 2023
Capital investment	844	815	877	1,261	550	1,889	1,483	2,748	1,907	2,214	2,308
Depreciation and amortization	395	422	487	482	472	508	611	677	759	990	1,023
R&D expenses	295	276	227	271	291	211	379	392	449	576	603

(persons, years old, or years)

Number of employees (consolidated)	767	796	803	797	807	799	838	861	1,038	1,064	1,117
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	39.7
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	14.0
Female employees (non-consolidated)	31	33	39	42	42	45	51	55	59	69	79
Number of new-graduate hires (non-consolidated)	21	21	30	17	19	15	14	13	29	32	32
Number of female new-graduate hires (non-consolidated)	1	3	1	2	0	0	0	0	3	6	6
Percentage of female hires (non-consolidated)	4.7%	14.2%	3.3%	11.7%	0%	0%	0%	0%	10.3%	18.8%	18.8%
Number of foreign-national hires (non-consolidated)	6	0	0	0	1	1	0	1	0	8	9
Number of foreign-national employees (non-consolidated)	8	6	6	6	7	8	5	5	6	13	21
Foreign national employees (consolidated)	91	95	94	93	101	98	116	116	194	205	225
Overseas employees (consolidated)	91	95	92	91	101	98	123	121	197	214	212

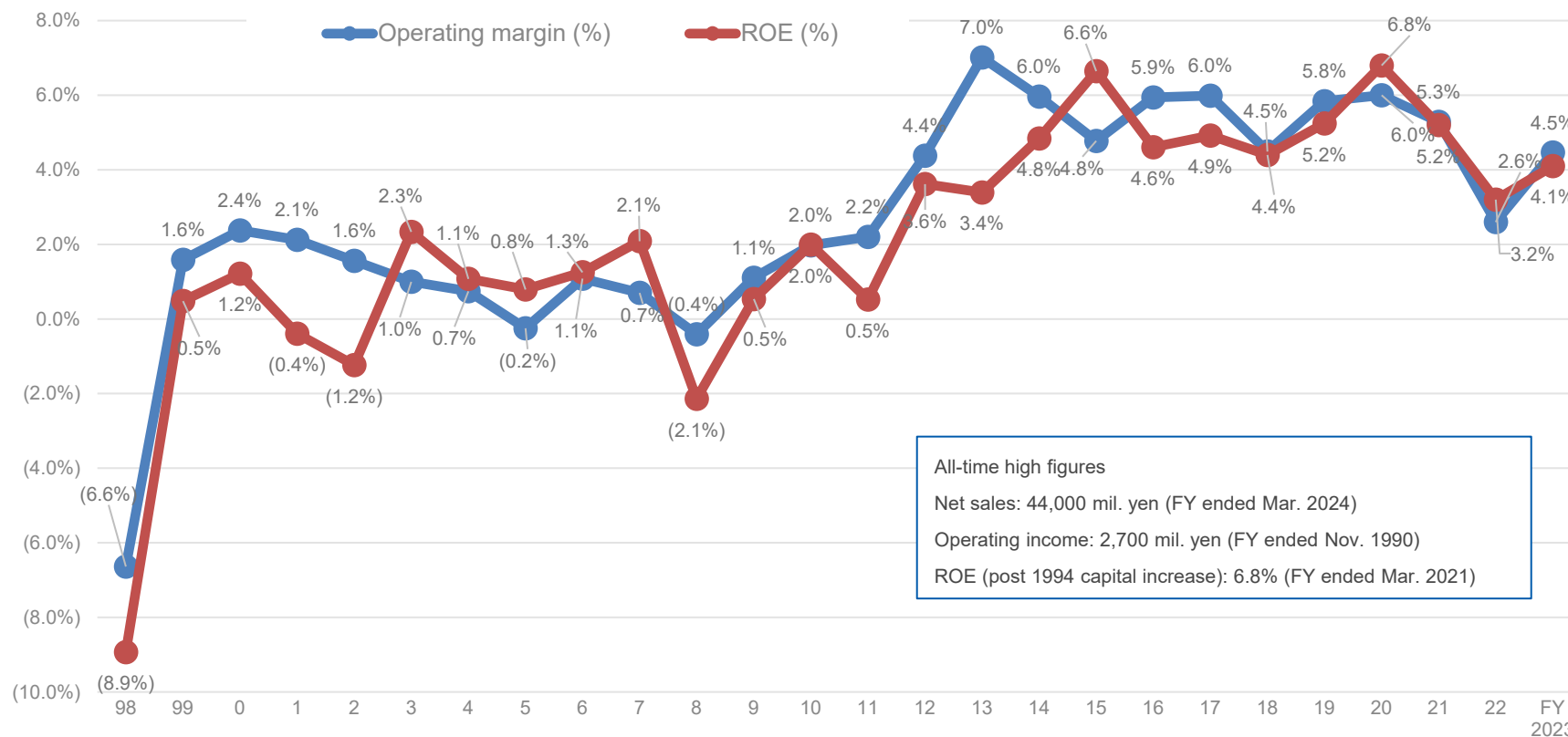
## New products for reducing environmental impact

	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] [Hydrogen 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</li> <li>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 CO2 emissions from burners</li> <li>Hydrogen-only burner, which can also be co-fired with city gas</li> </ul>

# Trend in Key Financial Data



## Operating margin and ROE



All-time high figures  
 Net sales: 44,000 mil. yen (FY ended Mar. 2024)  
 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	22	FY 2023
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	44,097
Operating income (loss)	536	492	379	248	185	(55)	271	189	(98)	265	470	541	1,186	2,249	1,832	1,629	1,944	2,103	1,427	2,053	2,302	2,053	1,028	1,968
Ordinary income	846	664	688	492	537	350	699	545	482	899	812	621	1,108	1,982	1,582	1,648	1,993	2,239	1,576	2,142	2,973	2,274	1,255	2,144
Net income (loss)	298	(93)	(284)	567	265	203	315	513	(499)	124	461	122	881	888	1,348	1,896	1,340	1,490	1,345	1,588	2,082	1,649	1,020	1,312



**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.**

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**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.