



Fiscal Year Ended March 31, 2021 Financial Results Briefing Session Materials

June 7, 2021

Nikko Co., Ltd.

(Tokyo Stock Exchange Code: 6306)

Masaru Tsuji, Representative Director and President

Hiroshi Fujii, Managing Director and General Manager, Administrative Division

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

Nikko President Masaru Tsuji will explain the progress made in the Medium-Term Management Plan and strengthening of governance, and Hiroshi Fujii, Managing Director and General Manager of Administrative Division, will explain the business results and the forecast for the current fiscal year.

FY 2019–2021**Review of Medium-Term Management Plan
and Action Plan****▶ P. 3-16****Shareholder Returns, Governance
Enhancement, Information Disclosure****▶ pp.18-20****FY 2019 Financial Results Briefing Materials****FY 2020 Financial Results****▶ pp.22-32****FY 2021 Outlook****▶ pp.34-36****Business Climate and Management Strategy****▶ pp.38-49****Reference Materials****▶ pp.51-54****Company Information****▶ pp.56-59**

*Last-digit of the figures of changes in this document may differ from those in the
Quarterly Securities Report due to the treatment of fractions less than unit

Basic Policy



Long-term (10-year) Basic Policy, looking into the future

Long-term Basic Policies	Results for FY 2019 (1st year)	Results for FY 2020 (2nd year)
1. Strengthen revenue base in Japan Improve profitability by boosting product appeal by raising the level of all divisions of sales, service, engineering, and manufacturing (Operating margin of 10%)	Operating margin in Japan FY 2018 4.5% -> FY 2019 6.0% (MS profit margin improved 2.1pt)	Operating margin in Japan FY 2019 6.0% -> FY 2020 6.5% (MS profit margin improved 0.2pt)
2. Establish overseas sales As a manufacturer, establish new overseas bases to promote Nikko products, one of the best ones in the world, in the ASEAN region (doubling overseas sales to 9.0 billion yen from the current 4.5 billion yen)	(Thailand) Feb. 2020: Established AP sales and maintenance company Nikko Asia (Thailand) Co., Ltd.	(Thailand) May 2020: Decided to establish an AP manufacturing company Nikko NilKhosol Co., Ltd. Oct. 2020: Nikko Asia (Thailand) Co., Ltd. began full-scale operations AP: received orders for 2 units
3. Promote new businesses (incl. M&As) Invest management resources in expansion of new businesses and develop new pillar products in the industrial and construction machinery fields (generating 10.0 billion yen in net sales from new businesses)	<ul style="list-style-type: none"> • Mobile plant business FY 2018 90 mil. yen -> FY 2019 500 mil. yen • Waterproof boards FY 2018 210 mil. yen -> FY 2019 810 mil. Yen 	<ul style="list-style-type: none"> • Mobile plant business FY 2019 500 mil. yen -> FY 2020 1,070 mil. yen • Waterproof boards FY 2019 810 mil. yen -> FY 2020 900 mil. Yen
4. Put work-style reform into practice Boost operation efficiency and significantly improve labor productivity (To centralize office work and utilize IoT and AI)	<ul style="list-style-type: none"> • Enhanced web conferencing system to enable quick information sharing without constraints of time and place • Identified the problems with telecommuting and dispersed working system • Dramatically improved production efficiency by introducing production facilities based on latest technology through investments in facility upgrade at manufacturing divisions (fiber laser, etc.) 	<ul style="list-style-type: none"> • Initiatives in FY 2019 are continuing • Remote maintenance contract rate End of Jan. 2020: 46% -> End of Aug.: 67% -> End of May: 73.8% • Prepared materials and movies for webinars (the maintenance division has shot 30 movies) (Began seminars in FY 2021)
5. Make ROE a KPI Aim to achieve a market capitalization of at least 50.0 billion yen and an ROE of at least 8% Also aim for a dividend payout ratio of at least 60% so as to enhance shareholder returns.	Market cap FY 2018-end 19.25 bil. yen -> FY 2019-end 24.36 bil. yen ROE FY 2018-end 4.4% -> FY 2019-end 5.2% Dividend payout ratio forecast for FY 2019 97.6%	Market cap FY 2020-end 29.24 bil. yen ROE FY 2020-end 6.8% Dividend payout ratio for FY 2020 60.5% Share buyback completed on Sept. 17 (treasury stock purchased: 616,700 shares or 399,960,700 yen)

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We launched the three-year Medium-Term Management Plan in 2019.

The year 2019 was our 100th anniversary. We formulated the Medium-Term Management Plan as part of the long-term 10-year basic policies that take the future image into account, and the current fiscal year is the final fiscal year of the medium-term plan.

I am going to explain it including the results for fiscal year 2019.

Review of the Long-term (10-year) Basic Policies

□ 1. Strengthen revenue base in Japan

Our plan is to achieve 10% in operating margin in 10 years.

In fiscal year 2019, the first fiscal year under the plan, operating income rose to 6% compared with 4.5% in fiscal year 2018 and we were able to push it up to 6.5% in fiscal year 2020.

□ 2. Establish overseas sales

We have been operating in China for 20 years and currently we are also focusing on the ASEAN region.

We aim to double overseas sales to 9.0 billion yen from the current 4.5 billion yen.

In 2019, we made a foray into the ASEAN region and established Nikko Asia (Thailand) Co., Ltd., a company that would serve as the base for AP sales and maintenance service, in order to grab a large market share. However, Japanese staff members were unable to go to Thailand due to the novel coronavirus pandemic, and they were able to start full-scale sales activities in Thailand only in October 2020. The company has received orders for two APs and is in the process of shipping. Though the start was delayed by half a year, we have had a good start. In Thailand also

, our sales activities are again a little sluggish due to the impact of the coronavirus and we have to endure the difficulties for the time being.

In June last year, we also established Nikko NilKhosol Co., Ltd., a local production subsidiary, and are building a plant.

☐3. Promote new businesses (including M&A)

We will invest management resources for expanding new businesses and nurture products that will become new pillars of the industrial and construction machinery fields.

We are aiming for 10.0 billion yen in net sales in this field in 10 years.

As we make efforts, there were two noteworthy developments.

Mobile Plant Business-related Nikko offers Kleemann crushers by Wirtgen Group, which has a world-class lineup of machinery for road construction. Sales of the products, which were short of 100 million yen three years ago, reached 500 million yen two years ago, and doubled to 1.07 billion yen in fiscal year 2020.

Another one is waterproof boards. They are in the limelight as a product necessary for coping with damages from flood disasters such as the recent guerilla rainstorms. Sales of waterproof boards, whose scale was 200 million yen in fiscal year 2018, rose to 810 million yen in fiscal year 2019 and to 900 million yen in fiscal year 2020, and they are still showing an upward trend.

☐4. Put work-style reform into practice

It is an attempt to improve our operational productivity and economic efficiency by centralizing administrative works and utilizing IoT and AI as we try to improve operating efficiency as well as productivity. It was very useful as an item for avoiding infection risks of the coronavirus.

We implemented measures such as telecommuting and dispersed working system as well as online conferences. In addition, the result shows that the improvement in productivity through a major capital investment in plant facilities has helped the work-style reform.

In the remote maintenance business, in which we manage customer plants from our center and provide maintenance, the sign-up rate, which was 46% in January 2020, grew to 67% by the end of August and to 74% as of the end of May this year, partly boosted by the impact of the coronavirus.

We will further enhance the contents and increase operations that can be done remotely. We will also enhance teaching materials such as movies for webinar workshops. Through these initiatives, we will improve the efficiency of workshops for customers and also our own operating efficiency.

☐5. Make ROE a KPI

We aim to achieve market capitalization of at least 50.0 billion yen and ROE of at least 8% in 10 years. Another one is the message to our shareholders. We aim for a dividend payout ratio of minimum 60% and will enhance shareholder returns. Our market capitalization, which was 19.25 billion yen as of the end of fiscal year 2018, increased to 24.3 billion yen at the end of 2019 and to 29.2 billion yen as of the end of fiscal year 2020.

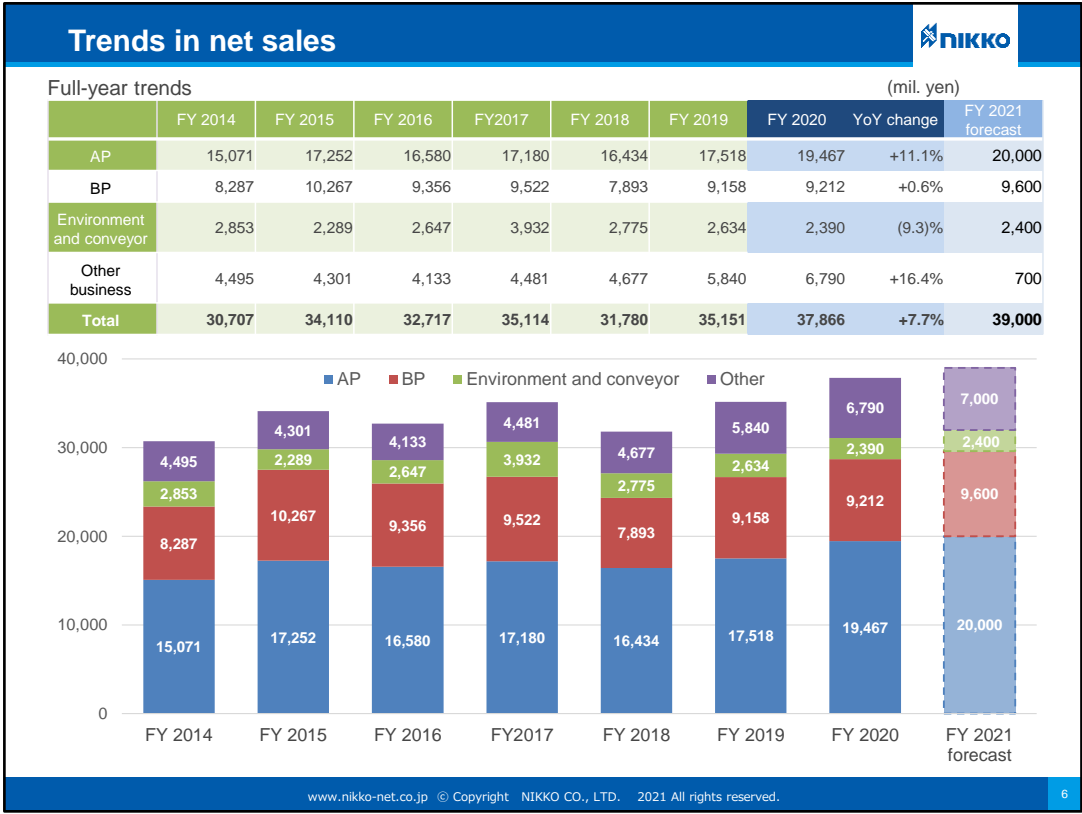
ROE has also been showing an increasing trend from 4% in 2018 to 5.2% as of the end of fiscal year 2019, and 6.8% at the end of fiscal year 2020.

Payout ratio in fiscal year 2019 was 97.6% including the 100th anniversary commemorative dividend and it was 60.5% in fiscal year 2020. We will make efforts to maintain the payout ratio of 60% or higher during the Medium-Term Management Plan period.



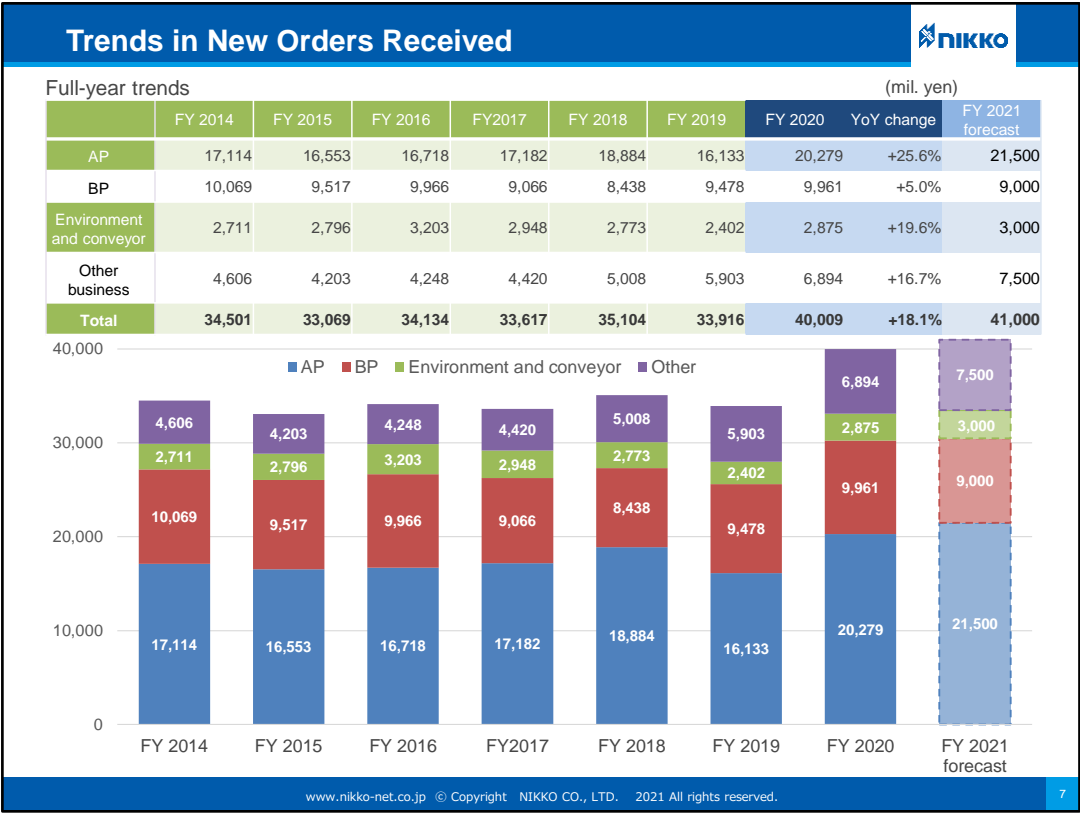
□ Net sales have achieved the numerical goal set forth by the medium-term plan and we believe that we have received passing marks, but our efforts with respect to operating income appeared to be insufficient.

However, this result (not achieving operating income goal) was not because we did nothing, as we were emphasizing on expansion of the business scale. We also made a large amount of capital investment, which resulted in this balance.



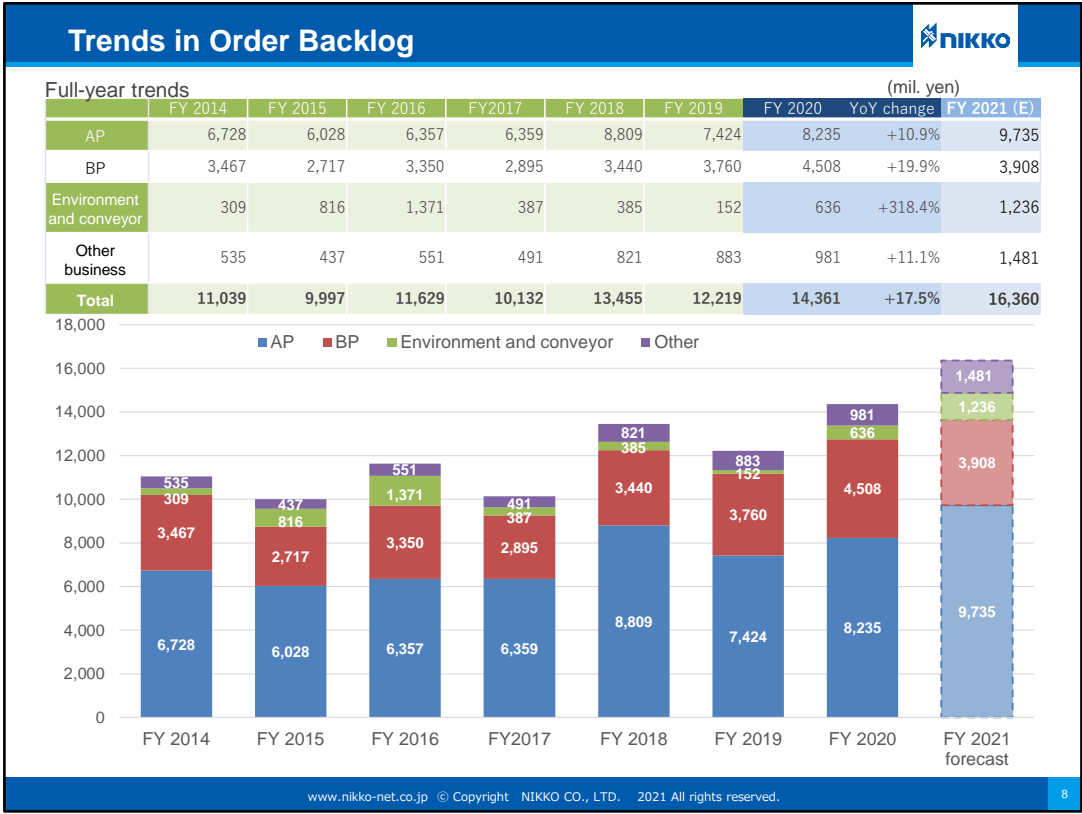
□Sales are showing a growing trend and we do not see any signs of a sudden decline in them.

We are again expecting to increase dividends in the current fiscal year.



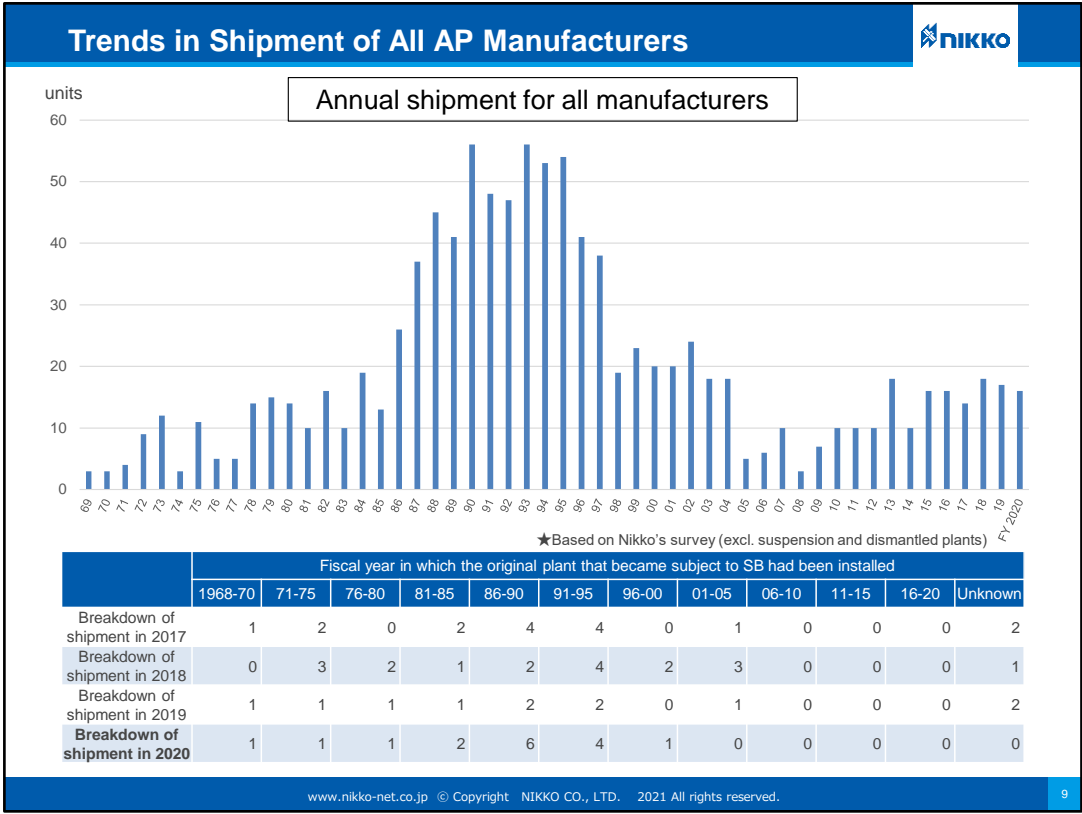
□Orders are a significant factor for estimating the future, as our products require a long period of time for sales and manufacture.

The order budget is growing and we expect the business scale also to continue growing.



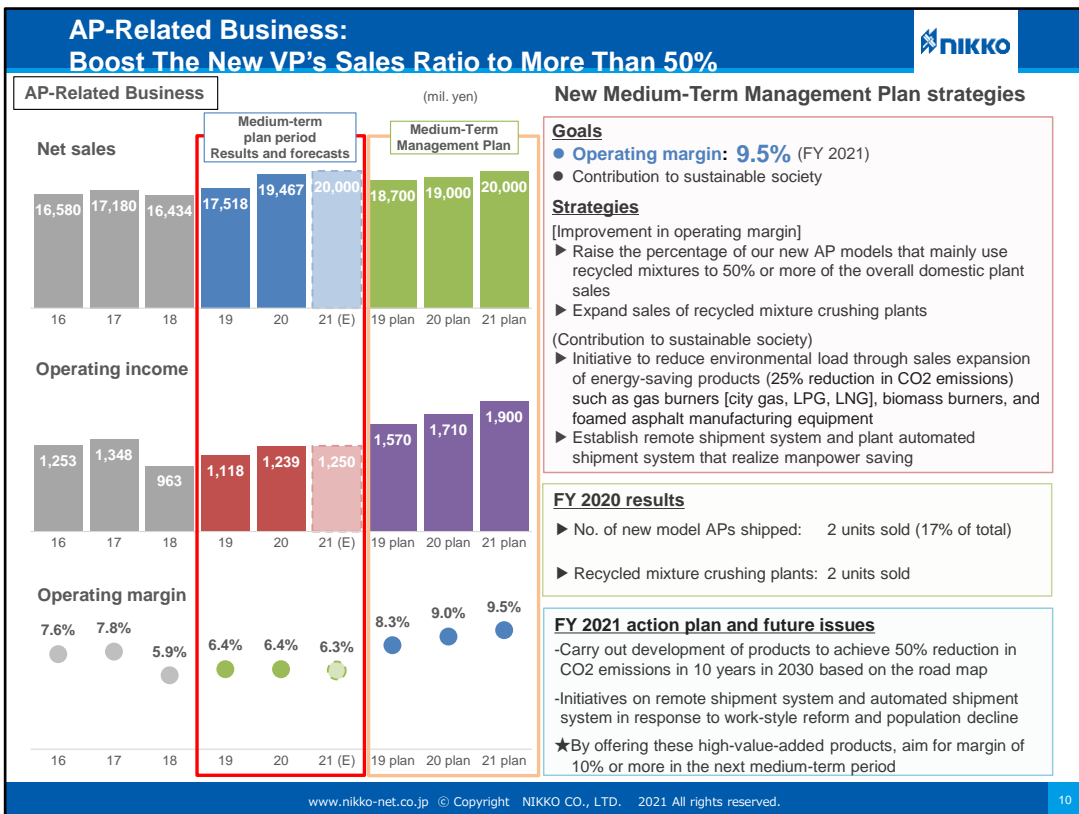
□Sales trend can be more or less estimated from the situation of the order backlog.

It was high in the previous fiscal year, and we are expecting the order backlog will further increase at the end of the current fiscal year.



□The AP shipment is lower compared with the peak but we have been maintaining a certain level for the past several years.

As for AP, sales of maintenance service are higher than those of the products.
Considering the situation where 60% of sales come from maintenance service, we believe that it is a satisfactory figure, as we have a 70% market share and are maintaining a certain level of sales.



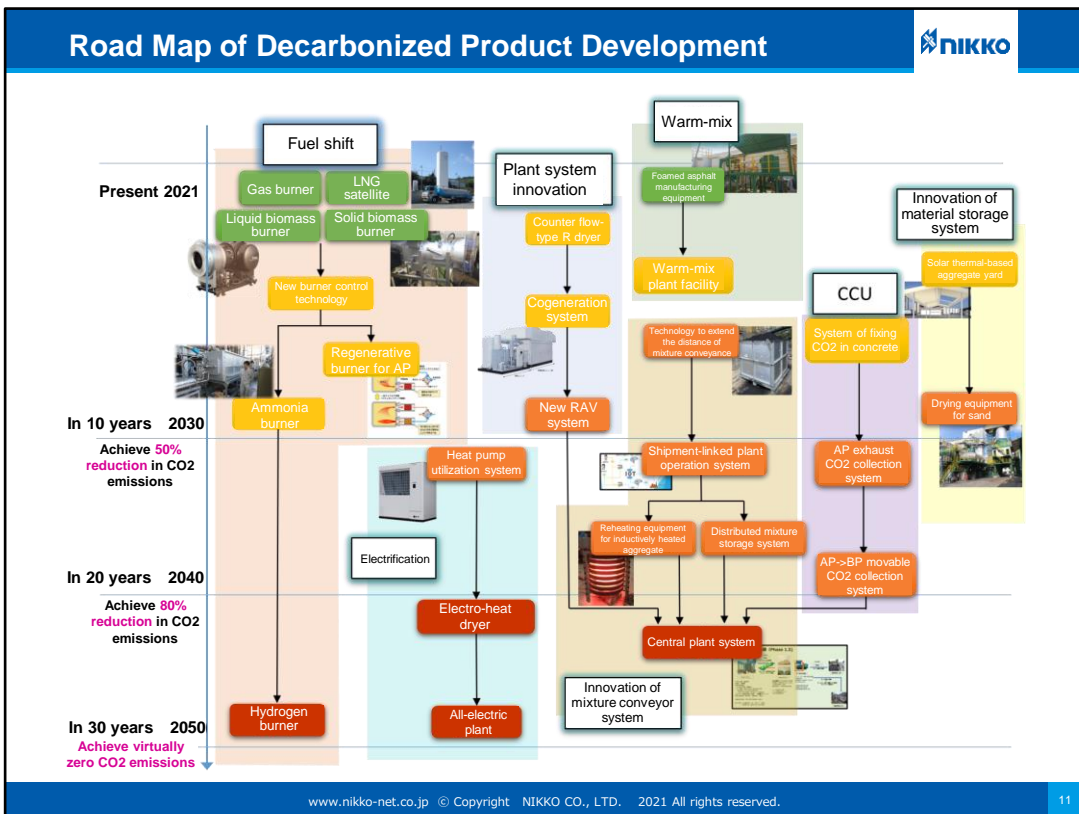
☐ We are concerned about the relatively low operating margin of the AP-related business and are implementing activities to improve it. The operating margin target is 9.5%.

☐ Strategies

We are selling a new asphalt plant model that is primarily for recycled materials and we want to replace the existing model with the new model as soon as possible.

The new AP model focuses on the convenience of customers as well as the productivity of Nikko, and it matches the latest market and gives us advantage over the competitors. Early replacement leads to improvement in our profits.

In addition to this, we are also working on plants that crush recycled mixture. Almost 100% of asphalt used for roads returns to roads, making it class act among recycled materials. For this reason, we will advance crushing of recycled mixture as a business in addition to plants emphasized on recycling.



❑ Road Map of Decarbonized Product Development

Amid global trends towards achieving carbon neutral, we need to do a lot more than reduction of CO₂ emissions through energy saving, and we are working to take the lead as much as we can for achieving carbon neutral through drastic development initiatives.

It is possible to change fuels and we may eventually use hydrogen or ammonia.

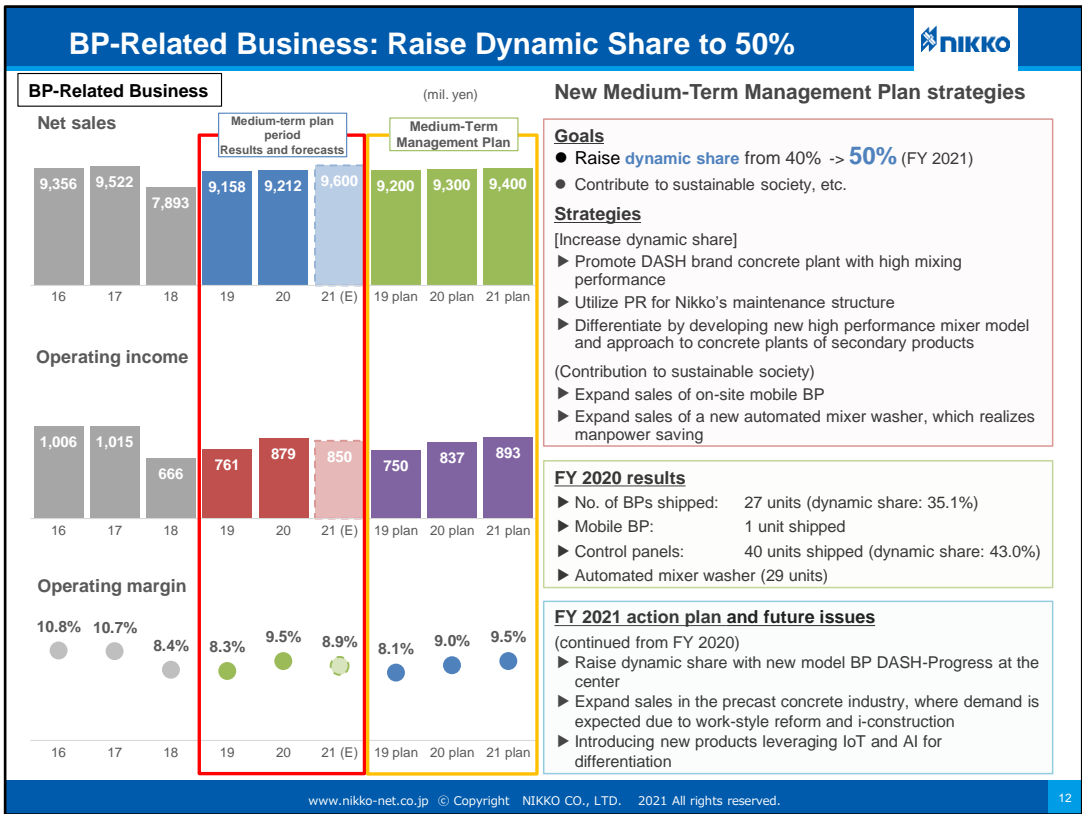
Currently, we have items such as biomass burners and satellite systems and are pushing ahead with the development of an ammonia burner.

We believe a hydrogen burner is not such a difficult theme, either. We should be able to develop one by the time hydrogen becomes cheap and it becomes ready for achieving carbon neutral.

We are of course considering various types including electro-heating, which uses electricity. We will advance carbon neutral initiatives by incorporating multiple technologies.

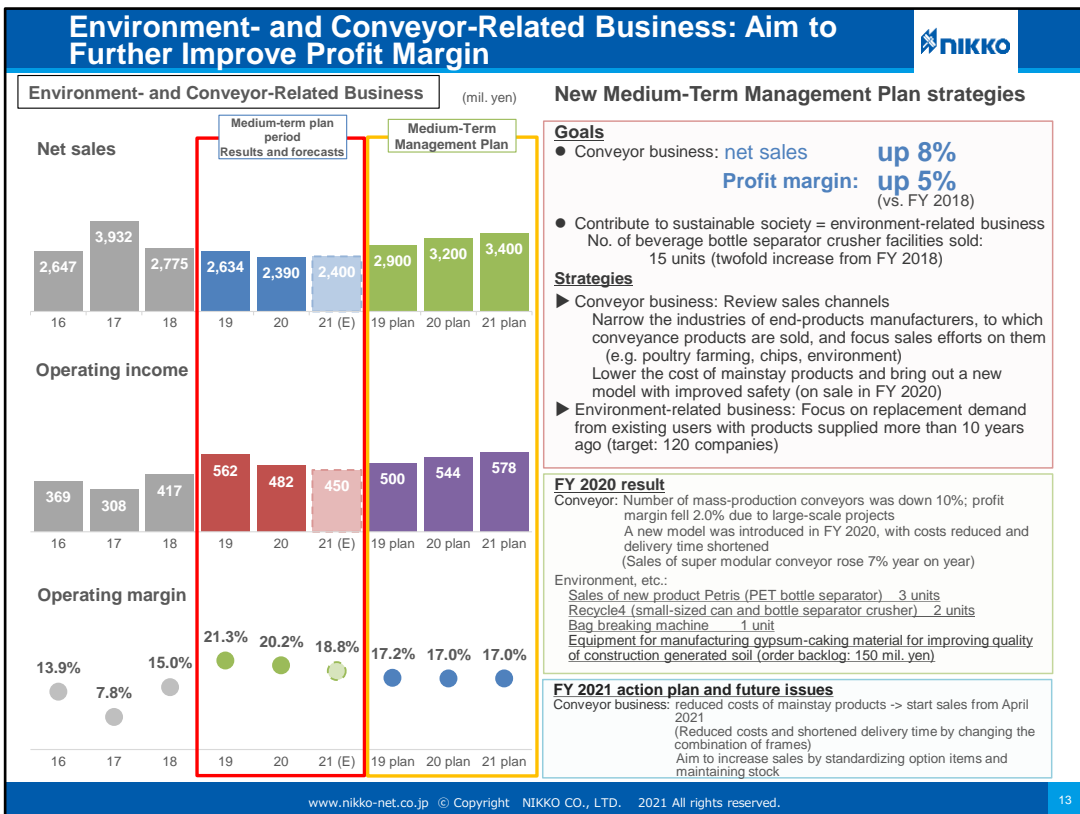
The goals are a 50% reduction in CO₂ emitted by asphalt plants, which are our customers, by 2030, an 80% reduction by 2040, and zero emissions by 2050. We have the technological background for achieving these goals.

We hope to introduce such technologies into the world at appropriate times.



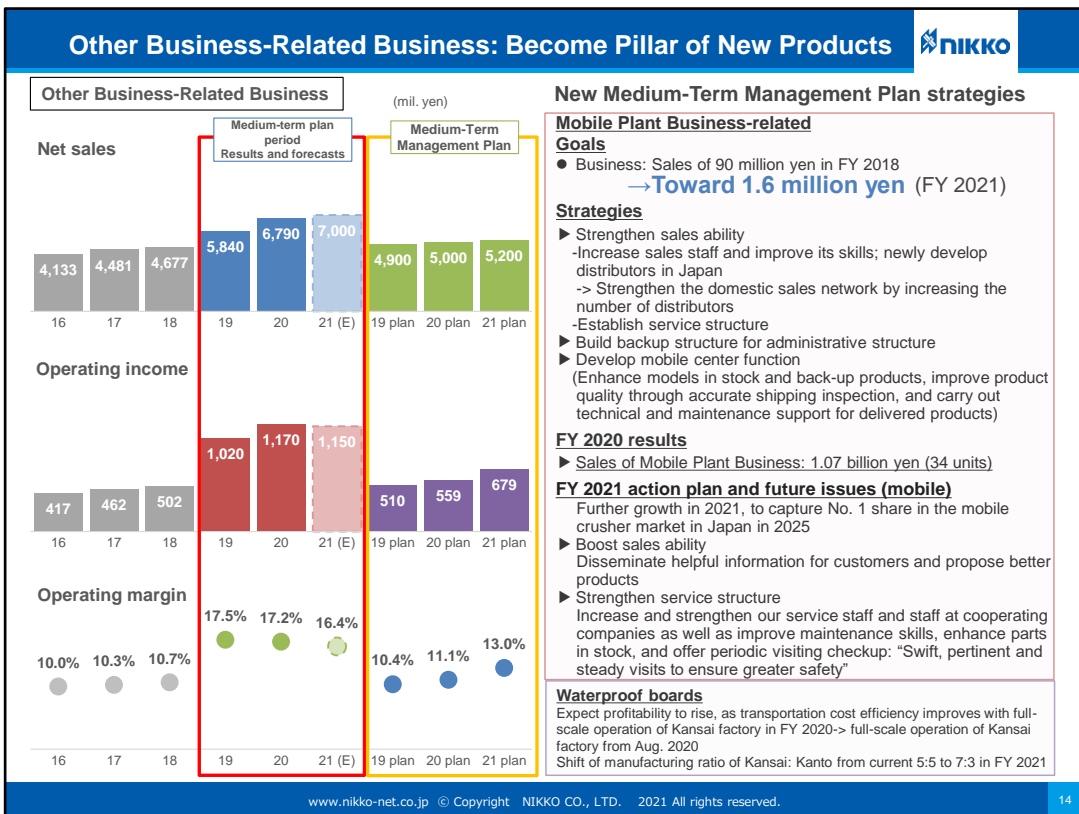
□The market of BP is roughly trisected by three companies.

We would like to raise our current dynamic market share of 40% to 50% so that we can become the leading manufacturer while securing a certain level of work volume.



□The conveyor-related business experienced slower growth, as it has more small-sized machinery and our sales activities were halted due to the impact of the coronavirus.

We would like to put it on an increasing and rising track as soon as possible.



□ For the other business in the medium-term plan, we list mobile plants and waterproof boards.

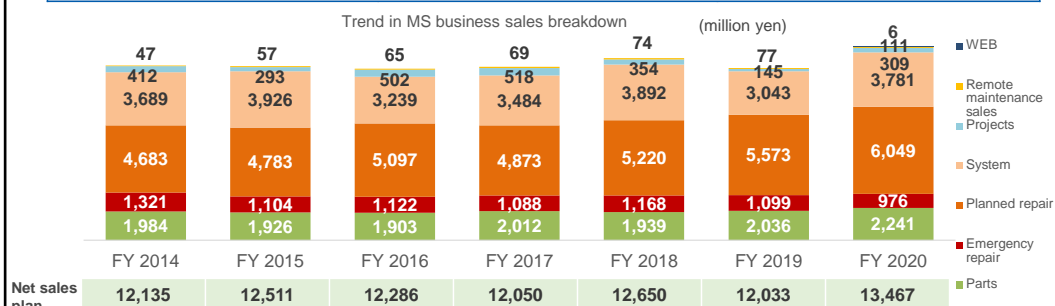
We achieved net sales of 1.0 billion yen in the previous fiscal year. For the current fiscal year, we are proceeding with a goal of 1.6 billion yen.

While we are carrying out our activities running forward by improving the system, enhancing the maintenance structure, and increasing personnel, our final goal is to become No. 1 in the industry in Japan.

Maintenance (MS) Business Segment



Initiatives under Medium-Term Management Plan	Progress as of the end of FY 2019	Progress as of the end of FY 2020
● Promote replacement with manpower- and maintenance-saving products	Prepare for operation of claim management system, diagnosis system, and chat tool system (To start in 2Q of FY 2021)	Realize electronic record of checkup results by standardizing the content of plant checkup Sharing of information improved labor productivity (A 30% reduction in checkup-related work load)
● Reform with IoT-based checking method such as wearable and sensors	Implementation inspection at engineering divisions and MS in 1Q of FY 2021 for improvement of usage frequency of wearable	Completed standardization of checkup tool (vibrometer, fiberscope, thickness meter, noise meter, leak tester, etc.)
● Build cloud system that advances NIKKO Contents Service	—	Shot 30 training movies for webinars and the member website to enhance the community website for Nikko and its users
● Increase Nikko fans by expanding Plant Training Center and technical training sessions	- FY 2018 AP: Twice (42 people), BP: Once (seven people) (no training in the latter half of the year due to the training center relocation) - FY 2019 AP: Five times (86 people), BP: Once (19 people)	Cancelled technical training sessions due to the impact of the novel coronavirus Carried out control panel operation training before plant delivery
● Strengthening of back-up structure by the Customer Support Center (CSC)	Two mid-career hires were added in February 2020. Continue to increase the number of employees	Completed the 10-person structure as planned by adding three people To respond in accordance with the load in the future



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It would not be too much to say that the maintenance business is our top mainstay product.

More than half of our construction machinery sales in Japan come from maintenance service and it has become our stock business. To raise operating efficiency (= profits), we are working on providing maintenance service with minimum labor by predicting failures.

This has a big advantage for both our customers and ourselves. We are taking initiatives to improve operating efficiency by avoiding major failures by incorporating prediction and preventive maintenance and increase profits.

International (China) Business Segment

Initiatives under Medium-Term Management Plan	Progress as of the end of FY 2019	Progress as of the end of FY 2020
<ul style="list-style-type: none"> Introduce newly developed models in the market as they become ready: Mixer 6t/B, size increase in RU, etc. 	Plan to exhibit midship-type AP at Bauma China 2020 Plan to introduce it to the market as early as 2021	<ul style="list-style-type: none"> Received orders for 4 units of midship-type AP (as of May 10, 2021) Complete development of Mixer 6t/B and size increase in RU in FY 2021 and plan to introduce them in the market in FY 2022
<ul style="list-style-type: none"> Differentiation through introduction of new environmental equipment 	Adopted lower-price and higher performance smoke and dust removal equipment than competitor's	←
<ul style="list-style-type: none"> Selected users based on shipment volume, number of years, and solvency, and started maintenance business in full scale (targeting large, stationary plants) 	—	<ul style="list-style-type: none"> In FY 2020, the frequency of visits to customers plummeted due to the impact of the coronavirus and some targets for FY2020 were carried over to FY 2021 or later
<ul style="list-style-type: none"> Improvement of plant functions Improvement of plant safety and ease of maintenance 	Continuing to improve plant functions, safety, and ease of maintenance with focus on users' opinions thereon	←
<ul style="list-style-type: none"> Initiatives for remote monitoring system (remote maintenance responses) Work on supplying 50 units of new model control panels for starting remote maintenance 	Delivered 1 unit of new model control panel Arvo for remote maintenance	Delivery of new control panel in FY 2020: none

□ International Business (China)

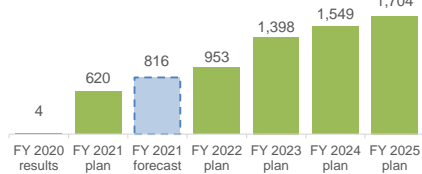
Last year, we had to halt the operation of plants in China for two months due to the impact of the coronavirus, but the business quickly turned around and the current market condition is that we are receiving work at a pace exceeding the level before the coronavirus pandemic.

We are implementing activities to grow market shares and increase sales scale by grasping the environmental measures and the needs in the Chinese market.

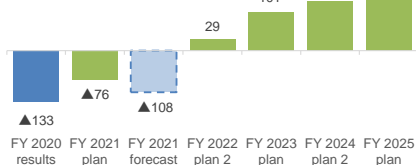
International (ASEAN) Business Segment

Initiatives under Medium-Term Management Plan	Progress as of the end of FY 2019	Progress as of the end of FY 2020
<ul style="list-style-type: none"> Aim to increase sales of the new product business and to enter the business of used products, parts, and maintenance to address target's needs 	Established a sales and maintenance company in Thailand	Oct. 2020: Nikko Asia (Thailand) Co., Ltd. began full-scale operations AP: Received orders for 2 units Began construction of a plant for AP manufacturing company Nikko Nilkholol

Sales plan (mil. yen)



Profit plan



International (ASEAN) Business

Five business policies

1. Expand new plant sales
2. Launch used plant business
3. Launch plant renewal business
4. Expand parts sales business
5. Launch maintenance service business

FY 2021 initial plan and forecast

Selected distributors and saw strong orders
However, the launch of the manufacturing plant has delayed and we will respond with exports from Japan for the time being, which will increase the loss amount compared with the plan

Progress

FY 2020 Full-scale launch delayed by five months due to the impact of the novel coronavirus (received orders for 2 units, 43.5 million THB)
FY 2021 Expects orders for 4 units for 308 million yen in June and July

□ International Business (ASEAN)

We formulated a business plan and made a start.

The advantage of establishing the local subsidiary was that the volume of information increased, and having the production base gave us a fixed goal of aiming for the entire ASEAN region from Thailand, and not just limited to Thailand.

We are also building sales agents locally. Sales efficiency has also improved by far and we feel that the business scale would also make significant progress.

FY 2019–2021

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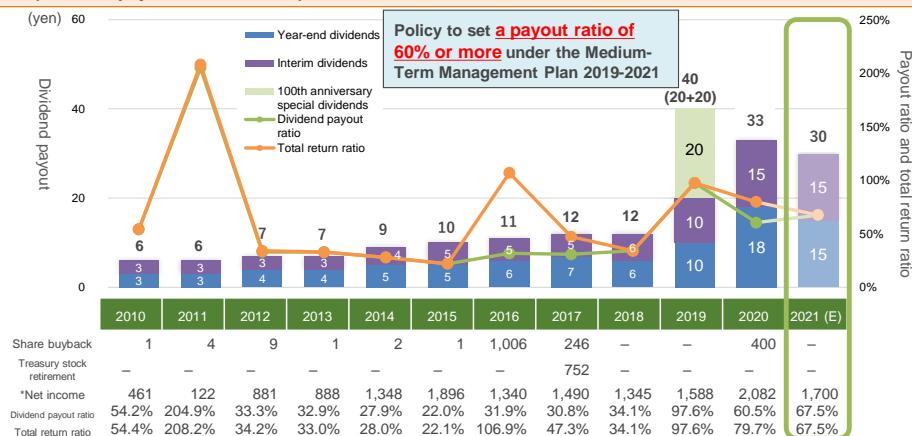
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Shareholder Returns



● Enhancement of shareholder returns

□ Forecast of 30.00 yen per share in dividend payment in FY 2021
(15.00 yen per share as interim dividends and 15.00 yen per share as year-end dividends)
(dividend payout ratio of 67.5%)



★The Company carried out a one-to-five split of its common stock effective on October 1, 2019, and the dividend figures have been adjusted to take the split into account.

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

✓ Purchase of treasury stock
Purchase completed on September 17, 2020
(treasury stock purchased: 616,700 shares, or 399,960,700 yen)

We were able to outperform in profits in the current account settlement, so we increased dividends by 3 yen per share to 33 yen per share in total to maintain the payout ratio of 60%.

For the current fiscal year, we expect to pay (interim dividend of) 15 yen per share and (year-end dividend of) 15 yen per share. Naturally we will respond flexibly to the situation if profits increase without limiting it to 15 yen per share.

Initiatives for Strengthening Governance



In a business environment where changes are occurring at an increasing speed, we will enhance corporate governance to build a strong management leadership that will take swift and bold decisions

February 12, 2021: Established the Nomination and Compensation Committee

We are to submit a proposal to raise the upper limit of the number of Directors and increase the number of Outside Directors at the Ordinary General Shareholders' Meeting in June 2021

	Name	Independence (Outside Directors only)	Company management, business operation	Industrial knowledge	Finance and accounting	Legal affairs, Compliance	Overseas experience	Sales exper- ience	ICT	Engineering experience	Administrative experience
	Takahisa Nishikawa		◎	◎						◎	
	Masaru Tsuji		◎	◎				◎	◎	◎	
	Hiroshi Fujii		◎		◎	◎	◎				
	Tomomi Nakayama		◎	◎				◎			
○	Minoru Tanaka		◎	◎				◎		◎	
	Noriaki Nagahara	●				◎					
	Tsutomu Yuasa	●	◎		◎				◎		
○	Masafumi Ishii	●				◎	◎				◎
○	Rika Saeki	●	◎						◎		

○ denotes candidates for new Directors

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□ Strengthening governance

We visualized the management balance using a skill matrix of the management members.

Considering the change of generation in the future, we will develop a system for ensuring continuity of management.

We aim to strike a good balance by using a common skill matrix for building governance that is widely acknowledged.

Nikko Corporate Report 2021 (plan)

[Vision]

- Purpose of Nikko Group
- Nikko Group's Corporate Philosophy
- Nikko Group's Origin and DNA
- CEO's Message (Corporate Philosophy and Long-Term Vision)
- Initiatives for Solving Social Issues and Centennial History of Nikko Group
- Nikko Group's Value Creation Process
- CFO's Message (Capital Policy and Capital Productivity Improvement)
- Risks and Opportunities
- Nikko Group in Figures (Financial and Nonfinancial Key Indices)

[Strategy]

- Medium-Term Management Plan— Progress Made and Issues toward Final Fiscal Year
- Topic 1: Maintenance Service Business to Aim for New Business Model
- Topic 2: Overseas and New Businesses to Lead Medium- to Long-term Growth
- Segment Highlights
 - For Continuous Growth (i) AP-Related Business in Japan
 - For Continuous Growth (ii) BP-Related Business in Japan
 - For Continuous Growth (iii) Environment- and Conveyor-Related Equipment Business
 - For Continuous Growth (iv) Other Business

[Sustainability]

- Promotion of Sustainability (Materiality)
- Response to Serious Disasters, Establishment of Recycling-Oriented Society, Co-Existence with Local Communities
- DX Solutions and Pursuit of Customer Satisfaction
- Foundation for Offering Values to Customers (Value Chain) "Research and Development, Design, Procurement, Manufacture, Construction Work, Maintenance Service, and Sales Activities"

- Value Chain and On-Site Capabilities (Voices of Managers)
- Customer Feedback
- Human Resource Strategy and Improvement in Productivity
- Roundtable Discussions by Mid-Career Hires (Diversity and Productivity)

[Carbon Neutral]

- Impact of Climate Changes on Business, Strategy, and Finance and Assessment thereof
- New Demand and Market Created by Climate Changes
- Road Map of Decarbonized Product Development

[Governance]

- Corporate Governance (Structure, Board of Directors, Board of Corporate Auditors, Nomination and Compensation Committee, Skill Matrix, Risk Management, Internal Control, Effectiveness of Board of Directors, Strategically Held Shares)
- Interviews with Outside Directors (Initiatives for and Issues on Strengthening Governance)
- Message from New Outside Director
- Executives

[Data]

- FY 2020 Business Summary and FY 2021 Outlook
- Financial Indicators of the Past 10 Years
- Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, and Consolidated Statements of Cash Flows for Past Two Years
- Stock information
- Company Overview and Offices and Sites
- Summary of subsidiaries

□Preparation of Integrated Report

In the Integrated Report for the current fiscal year, we will feature carbon neutral in a major way. We would like to prepare a booklet that explains our initiatives for achieving carbon neutral, which is one of the most important matters for a business.

Carbon neutral-related initiatives will lead to reorganization in many industries.

We would like to develop a business format that would enable us to lead from the front and one where we would not be forced out in the post reorganization era.

FY 2019–2021

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FY 2020 Performance Highlights (1)





-New orders received rose 18.1% year on year, order backlog increased 17.5% year on year
(increased in all business divisions compared with a year earlier)
 -> pp. 6-7 Strengthen revenue base in Japan
 -> p. 23 FY 2020 Performance Highlights (1)




-Net sales increased 7.7% year on year; operating income rose 12.1% year on year
 -> p. 21 FY 2020 Performance Highlights (1)



- Net sales of mobile plants doubled from 505 million yen (16 units) in FY 2019 -> 1,070 million yen (34 units) in FY 2020
 -> p. 30 Other Business



-Sales of maintenance service increased 11% from 12.0 billion yen in FY 2019 -> 13.4 billion yen in FY 2020
 -> p.45 Net Sales Level and Share of Maintenance Service Business



- Overseas business sales fell due to the impact of the novel coronavirus pandemic
 -> Thailand: Entry into the country and start of operations was delayed by 5 months (Oct.)
 Delay in the progress of the plan

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☐ There were many favorable things in the account settlement for fiscal year 2020.

The only thing we could not achieve among the things we had planned was our inability to carry out sales activities in the international business due to the impact of the novel coronavirus infection.

☐ There are four key points.

(i) Strong new orders received and order backlog, (ii) steady sales and operating income, (iii) a large increase in the lineup of mobile plants in the new business, and (iv) the favorable maintenance service business.

In the maintenance service business, we were unable to go past 13.0 billion yen in sales for some time, but sales reached 13.4 billion yen in fiscal year 2020, up 11% compared with a year earlier.

FY 2020 Performance Highlights (1)



Results compared with the previous year

- ▶ Sales: Sales of AP and BP products increased in Japan (up 1.34 billion yen); those of AP and BP maintenance service rose (up 1.37 billion yen); and those of other business increased (up 190 million yen); while exports declined (down 470 million yen); and conveyor-related business fell (down 340 million yen)
- ▶ Operating income: Increase was limited to 240 million yen due to SG&A expenses at the Thai subsidiary that started to arise in FY2020, sales decreases in environment and conveyor, and a decline in sales of crushers of the other business, etc.
- ▶ Ordinary income: Special dividend from Maeda Road Construction Co., Ltd. (up 340 million yen), and development subsidies (50 million yen).
- ▶ Orders: AP-related business (up 4.14 billion yen), BP-related business (up 480 million yen), environment- and conveyor-related business (up 470 million yen), and other business (up 990 million yen); up 6.09 billion yen in total
- ▶ Order backlog: AP-related business (up 810 million yen), BP-related business (up 740 million yen), environment- and conveyor-related business (up 480 million yen), and other business (up 90 million yen); up 2.14 billion yen in total

(mil. yen)

	FY 2019 results	FY 2020 results	YoY change (amount)	YoY change (%)	FY 2020 forecast
Net sales	35,151	37,866	+2,715	+7.7%	36,500
Operating income	2,053	2,302	+249	+12.1%	2,200
Operating margin	5.8%	6.0%	+0.2pt	—	6.0%
Ordinary income	2,142	2,973	+831	+38.8%	2,700
Net income attributable to owners of parent					
Net income	1,558	2,082	+524	+31.1%	1,850
New orders received	33,915	40,009	+6,094	+18.1%	38,600
Order backlog	12,219	14,361	+2,142	+17.5%	14,318
(yen)					
Exchange rate (EUR/JPY)	121.73	124.06	—	—	121.18
Exchange rate (RMB/JPY)	15.76	15.66	—	—	15.66

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Results for fiscal year 2020

□ Compared with the results for the previous fiscal year, the results for fiscal year 2020 were higher in all items. Net sales, operating income, operating margin, ordinary income, net income, and new orders received, which grew significantly. Along with order backlog, we exceeded last year's figures at all levels.

□ The forecast figures are in the far right column. In addition to the year-on-year growth in all items compared with the previous fiscal year, we were also able to clear the forecast figures in all levels.

There of course were various small points to note but all in all I feel they were very good figures.

FY 2020 Performance Highlights (2)



Results compared with the previous year

(mil. yen)

		FY 2019 results	FY 2020 results	YoY change (amount)	YoY change (%)	FY 2020 forecast
AP-related business	Net sales	17,518	19,467	+1,949	+11.1%	19,000
	Operating income	1,118	1,239	+121	+10.8%	1,250
	Operating margin	6.4%	6.4%	—	±0pt	6.6%
BP-Related Business	Net sales	9,158	9,212	+54	+0.6%	9,200
	Operating income	761	879	+118	+15.5%	850
	Operating margin	8.3%	9.5%	—	+1.2pt	8.7%
Environment- and Conveyor-Related Business	Net sales	2,634	2,390	(244)	(9.3)%	2,200
	Operating income	562	482	(80)	(14.2)%	400
	Operating margin	21.3%	20.2%	—	(1.1) pt	18.2%
Other business	Net sales	5,840	6,790	+950	+16.3%	6,100
	Operating income	1,020	1,170	+150	+14.7%	1,000
	Operating margin	17.5%	17.2%	—	(0.3) pt	16.3%
Corporate expenses		(1,409)	(1,469)	(60)	+4.3%	(1,300)

- ▶ Net sales of AP-related business: In Japan, net sales of products were up 30.1% from a year earlier Net sales of maintenance service were up 13.6% Overseas, exports declined 72.0% and net sales in China fell 3.5%
- ▶ Net sales of BP-related business: products were down 2.8% from a year earlier Net sales of maintenance service were up 6.5%
- ▶ Environment- and conveyor-related business: environmental products were down 24.5% from a year earlier
- Net sales of conveyor business fell 7.3% from a year earlier
- ▶ Other business: Net sales of mobile plants were up 111.8% from a year earlier (505 million yen -> 1,070 million yen)
Net sales of waterproof boards were up 6.2% (850 million -> 903 million)
Net sales of temporary construction materials were up 2.6% Net sales of crushers were down 23.4% Net sales of hand tools were up 2.9%

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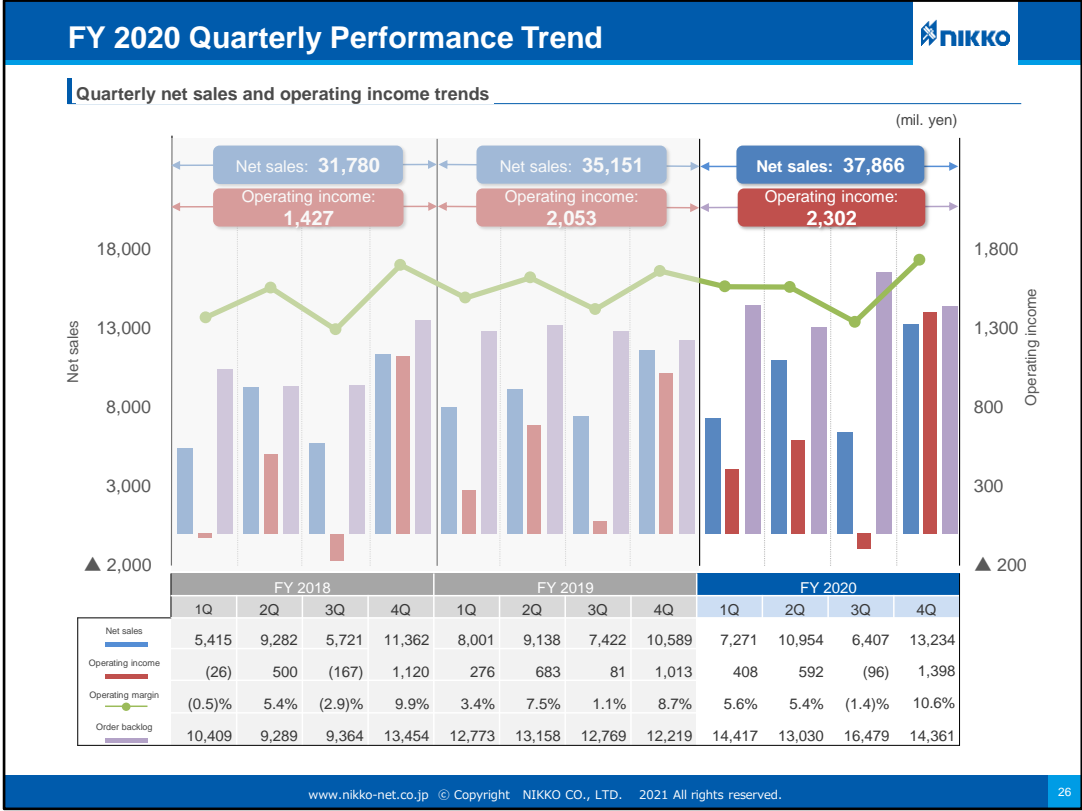
□ Among segments, only the conveyor and environment business, which appeared to be sluggish, underperformed the previous year's level.

However, the AP, BP, and other businesses outperformed the respective previous levels and also exceeded their budgets.

□ Regarding AP, the business, especially in Japan, was very strong and net sales of products increased 30% compared with last year. Net sales of maintenance service also increased 13.6% from a year ago.

As for BP, sales of products roughly remained unchanged, but sales of maintenance services increased 6.5%.

In the environment- and conveyor-related business, sales of environmental products regrettably fell 24% from a year earlier and those of conveyors declined 7%.



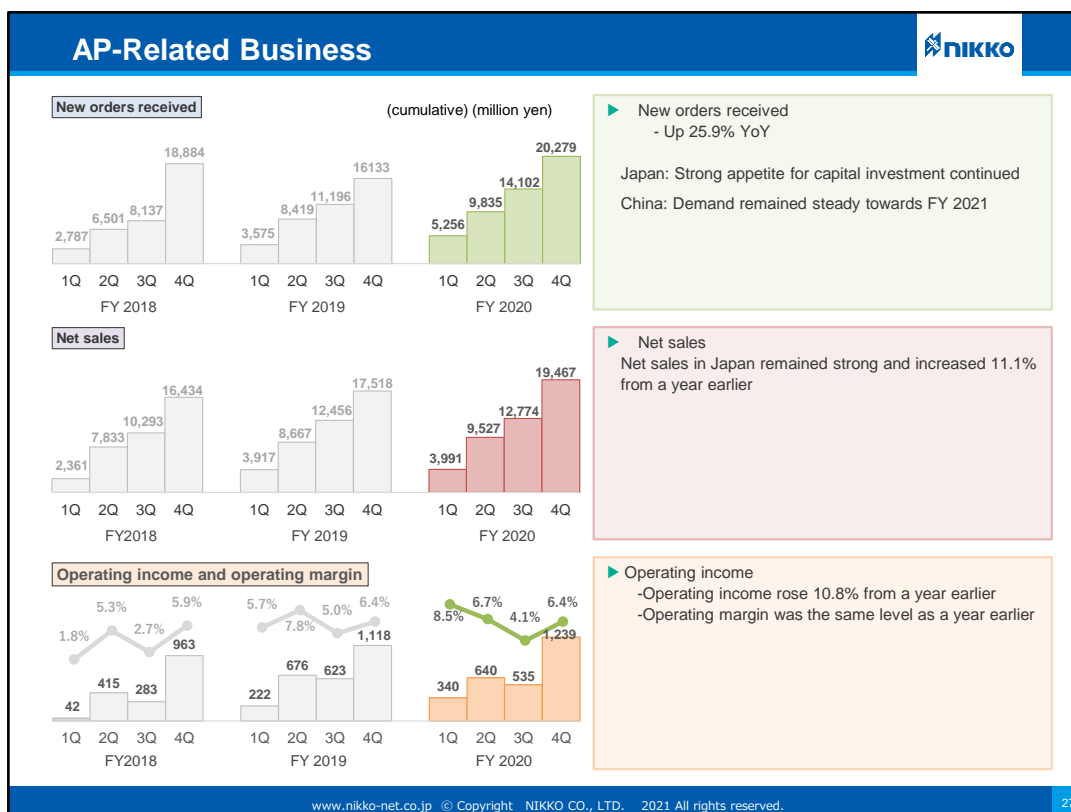
I am going to explain the quarterly changes in the results.
The slide shows net sales, operating income, and operating margin.

□The feature of fiscal year 2020 is that operating income grew notably in the fourth quarter.

□One thing we recognize as a management issue is the large quarterly fluctuations in sales and profits.

While sales and profits are results, the underlying issue for a manufacturer is that manufacturing is not necessarily being leveled out. In case of our company, figures in the first and third quarters tend to be low and sales tend to concentrate in the second and fourth quarters.

It would be difficult to level it out in one shot, but we will work to reduce major quarterly differences in company-wide efforts.



Next, I would like to review the results for each business.

☐ As for AP, sales are significantly growing, with new orders received increasing 25% from a year earlier.

☐ Operating margin was 6.4%, which was at the same level as the previous fiscal year. However, there was more than 100 million yen in operating loss in fiscal year 2020 related to the launch of the new business in Thailand.

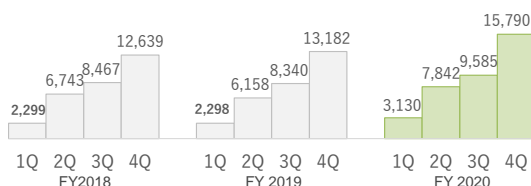
Taking into consideration the loss from the business in Thailand, the margin slightly improved from a year earlier.

AP-related business (Japan vs. overseas)



Domestic net sales

(cumulative) (million yen)



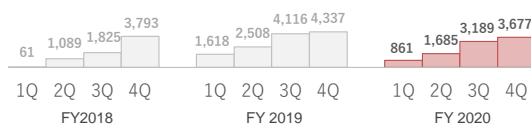
Japan

- Plant products increased 30.1% from a year earlier
- Maintenance service rose 13.6% from a year earlier

(Factors)

- With their strong performance, major road paving companies continued to have a keen appetite for capital investment

Overseas net sales



Overseas:

- Down 15.2% from a year earlier
- Exports declined 72.0% from a year earlier
- China: Down 3.5% from a year earlier due to the impact of the novel coronavirus

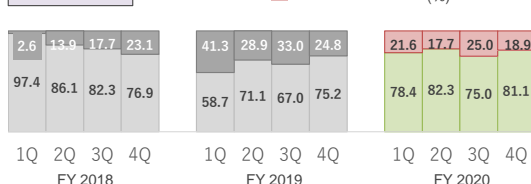
★ Despite activities being significantly restricted due to the impact of the novel coronavirus, we received orders in Thailand and Taiwan, where we have local subsidiaries

- Thailand: Received orders for two units (order backlog) in FY 2020, while sales activities stagnated due to restrictions on crossing borders between provinces and request for telecommuting

- Taiwan: Though still under the pandemic, we continued business negotiations and received orders for 2 units

Overseas ratio

Japan Overseas (%)



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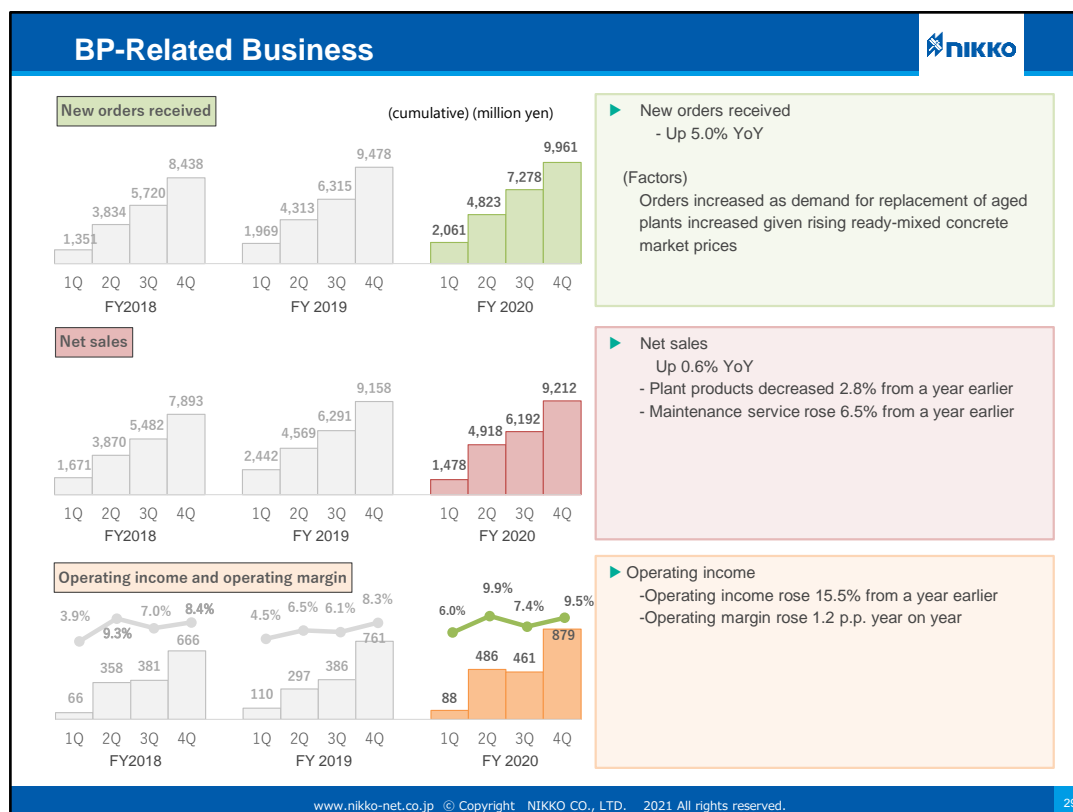
28

Continuing with AP, I will explain its sales in Japan and abroad.

☐ In fiscal year 2020, net sales in Japan were especially strong.

☐ Overseas, there was no major impact on China. However, exports declined significantly from a year earlier, as we were unable to carry out most of sales activities.

As a reference, the ratio of overseas sales was 24.8% in fiscal year 2019 but it was 18.9% in fiscal year 2020.



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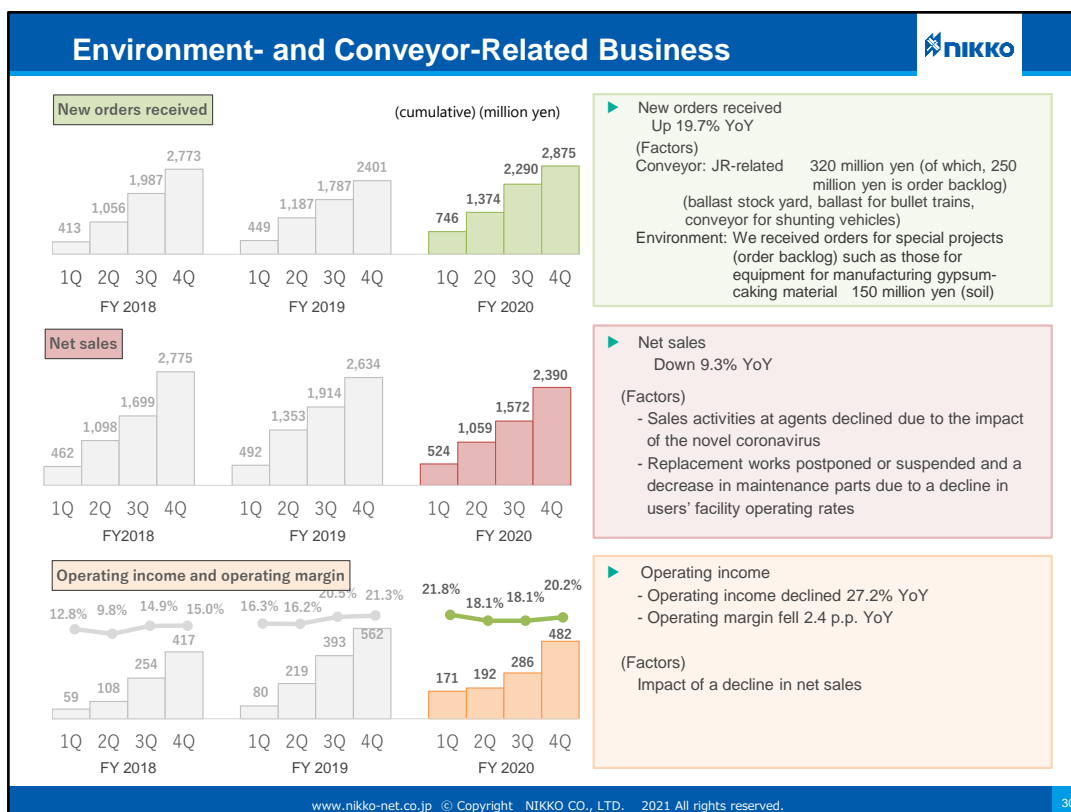
29

Next, I would like to discuss BP.

☐ Though slightly, both new orders received and net sales have been increasing.

We believe that it is a result of the business environment where the price of the ready-mixed concrete market continues to be steady or increase, business performance of our customers improve, and the customers make active capital investment because of this.

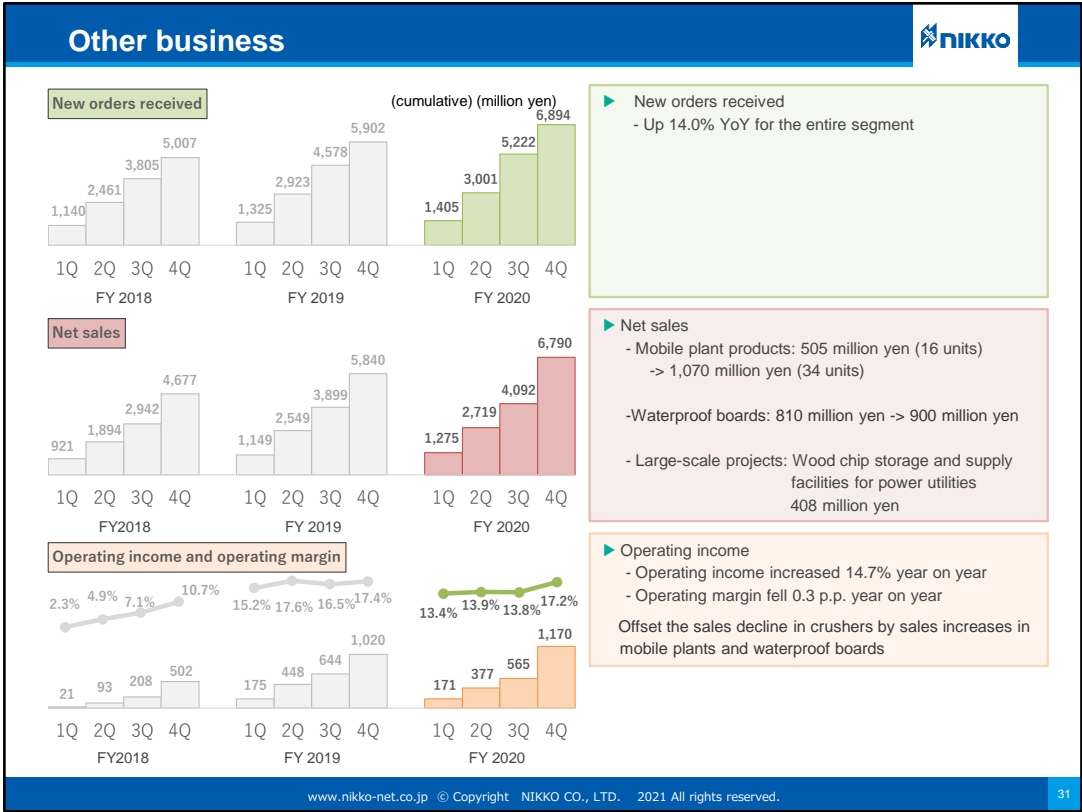
☐ Operating margin was 9.5% in fiscal year 2020 and it is an improvement of more than 1% compared with two years ago.



I am going to explain the environment- and conveyor-related business.

□ Orders were 2.875 billion yen, an increase from a year ago. Quite a lot of them remained as order backlog and unfortunately net sales fell from a year ago to 2.39 billion yen.

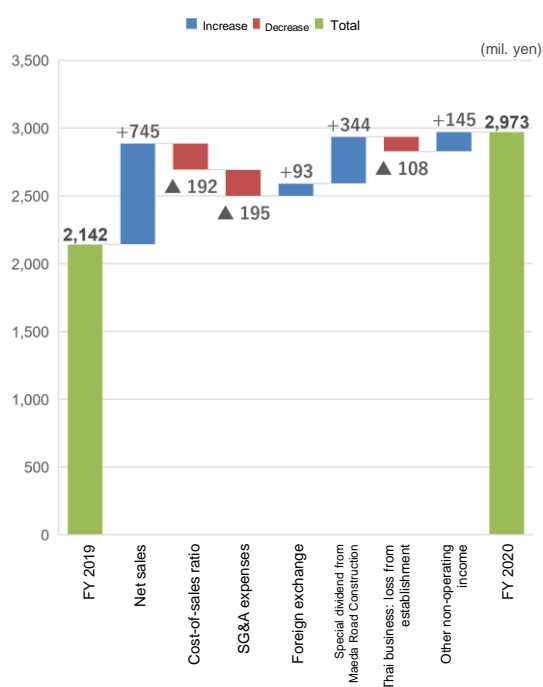
□ Operating margin markedly improved in fiscal year 2019 due to the impact of the price increase for conveyor-related products. It was 20.2% in fiscal year 2020, which is a slight decline from the previous year, but we were able to secure a profit margin of 20% or more.



I am going to explain the other business.

- Orders were strong led by mobile plants and waterproof boards. Net sales have also increased significantly.
- The business maintained a high profit margin at 17.2% thanks to the sales increase and the profit margin was not sacrificed.

Factor Analysis of Changes in Ordinary Income for FY 2020



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This is an analysis of the factors contributing to the changes in ordinary income in fiscal year 2020 compared with a year ago.

□ Compared with 2.142 billion yen in fiscal 2019, ordinary income increased more than 800 million yen to 2.973 billion yen. Factors with positive impact are shown in blue and those having a negative impact are in red.

□ Contribution from the profit from a 2.7 billion yen increase in net sales was the largest, which was 745 million yen.

□ Cost-of-sales ratio worsened slightly, as costs of outsourced processing and those of materials including steel rose.

□ Net sales increased and the actual amount of SG&A expenses also rose by 200 million yen.

□ Foreign exchange was positive at 93 million yen.

□ Something noteworthy in the account settlement for fiscal year 2020 was the special dividends of approx. 350 million yen from Maeda Road Construction.

□ In Thailand, we posted a loss from establishment of the business.

Balance Sheet Trends



(mil. yen)

		FY 2019	FY 2020	Change	Main factors in year-on-year change
Assets	Current assets	31,426	32,381	+954	Increase: Notes and accounts receivable-trade +628 million yen Inventories +322 million yen Raw materials and supplies +233 million yen Decline: Cash and cash equivalents (131) mil. yen Electronically recorded monetary claims (232) mil. yen
	Property and equipment	7,362	9,183	+1,820	Increase: Buildings and structures +343 million yen Machinery, equipment and vehicles +261 million yen
	Intangible assets	431	660	+229	Land +733 million yen Construction in progress +466 million yen
	Investments and other assets	6,456	6,472	+16	Investment securities +187 million yen Decline: Deferred tax assets (161) mil. yen
Total assets		45,677	48,697	+3,020	

Liabilities	Current liabilities	12,545	14,418	+1,873	Increase: Short-term loans payable +639 million yen Accounts payable-other +226 million yen Advances received +1,349 million yen Provision for bonuses +116 million yen Decline: Accounts payable-factoring (621) mil. yen
	Long-term liabilities	2,838	2,827	(11)	
Total net assets		30,293	31,451	+1,158	Increase: Retained earnings +734 million yen Valuation difference on available-for-sale securities +473 million yen Foreign currency translation adjustment +209 million yen Accumulated retirement benefit-related adjustment +120 million yen Decline: Purchase of treasury stock (385) mil. yen
Net assets per share (yen)		780.68	823.01	+42.33	

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The next is the balance sheet.

In our case, there had been no major changes in the balance sheet in the past.

☐ In fiscal year 2020, we greatly increased assets compared with fiscal year 2019.

This is the result of our active capital investment.

Current assets also increased slightly, and property and equipment and non-current assets together increased more than 2.0 billion yen.

☐ The largest investment is the investment in the Thai plant. In addition to it, we made quite active investments including that in machinery. Total assets increased 3.0 billion yen from the previous year.


☐ As for liabilities and net assets, liabilities rose 1.8 billion yen along with the increase in assets.

Both our AP and BP are produced to order. There is considerable time between the time we receive an order till we collect the payment from the customer.

In order to avoid cash burden on our side as much as possible, we started asking customers for AP projects, which are especially increasing in size recently, to pay a third of the cost in advance. Partly thanks to this impact, advances received increased 1.3 billion yen from a year earlier.

☐ Net assets increased 1.1 billion yen.

We carried out share buyback in fiscal year 2020 and this is showed in negative in terms of net assets.

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<small>*Last-digit of the figures of changes in this document may differ from those in the Quarterly Securities Report due to the treatment of fractions less than unit</small>		
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Next, let me discuss the outlook for fiscal year 2021.

FY 2021 Outlook (1)



(mil. yen)

	FY 2020 results			FY 2021 forecast			
	1H	2H	Full year	1H	2H	Full year	Year-on-year change
Net sales	18,225	19,641	37,866	19,000	20,000	39,000	+1,134 +3.0%
Operating income	1,000	1,302	2,302	1,100	1,200	2,300	(2) (0.1)%
Operating margin	5.5%	6.6%	6.0%	5.7%	6.0%	5.9%	(0.1) pt
Ordinary income	1,588	1,385	2,973	1,300	1,200	2,500	(473) (15.9)%
Net income attributable to owners of parent	1,099	983	2,082	850	850	1,700	(382) (18.3)%
Net income							
New orders received	19,036	20,973	40,009	20,500	20,500	41,000	+991 +2.5%
Order backlog	13,030	14,361	14,361	15,861	16,361	16,361	+2,000 +13.9%
(yen)							
Exchange rate (EUR/JPY)	121.65	126.48	124.06	—	—	135.00	—
Exchange rate (RMB/JPY)	15.19	16.12	15.66	—	—	16.00	—

- ▶ Sales of products in AP and BP to increase in Japan Sales of the international business to increase in China and exports
- ▶ Maintenance service to decline slightly both in AP and BP
- ▶ R&D expenses and depreciation and amortization to increase (370 million yen)

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In fiscal year 2021, we expect sales to increase but profits to be unchanged from the previous year.

Meanwhile, we are forecasting a decline in ordinary income and net income, as the special factors in fiscal year 2020 will not be repeated.

□ Net sales are expected to increase to 39.0 billion yen from 37.8 billion yen in the previous year. The order backlog at the beginning of the fiscal year was 2.0 billion yen more than the previous year, and net sales of 40.0 billion yen, 1.0 billion yen more, may be possible, but for the current fiscal year we forecast slight declines in orders and sales during the fiscal year. The reason is that sales of maintenance service are expected to fall slightly from a year earlier. For this reason, our forecast is that sales would not increase as much as the 2.0 billion yen rise in order backlog.

□ Originally, it would be natural to think that operating income would increase 300 million yen from the 1.1 billion yen rise in sales, but the biggest factor preventing profit from increasing is the large growth in R&D expenses. We plan to increase R&D expenses by approx. 300 million yen compared with the previous year. This is because our strategy is to proactively make investments in research and development for CO2 emission reduction as well as other purposes along with our growth strategy when our business performance is relatively favorable.

Depreciation and amortization will also increase about 70 million yen. The third factor is the significant increase in personnel expenses. For these reasons, sales will increase but operating income would be unchanged from the previous year.

Therefore, we are forecasting a slight decline in operating margin.

□ We expect the order environment to continue to be strong in the current fiscal year. New orders received are expected to be 41.0 billion yen, up 1.0 billion yen from a year earlier. As a result, order backlog at the end of the fiscal year is expected to be 16.3 billion yen, up 2.0 billion yen.

FY 2021 Outlook (2)



(mil. yen)

		FY 2019 results			FY 2020 results			FY 2021 plan			
		1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	Year-on-year change
AP-related business	Net sales	8,667	8,851	17,518	9,527	9,940	19,467	10,100	9,900	20,000	+533 +2.7%
	Operating income	676	442	1,118	640	599	1,239	680	570	1,250	+11 +0.1%
	Operating margin	7.8%	5.0%	6.4%	6.7%	6.0%	6.4%	6.7%	5.8%	6.3%	(0.1) pt
BP-Related Business	Net sales	4,569	4,589	9,158	4,918	4,294	9,212	5,170	4,430	9,600	+388 +4.2%
	Operating income	297	464	761	486	393	879	490	360	850	(29) (3.3)%
	Operating margin	6.5%	10.1%	8.3%	9.9%	9.1%	9.5%	9.5%	8.1%	8.9%	(0.6) pt
Environment-and Conveyor-Related Business	Net sales	1,353	1,281	2,634	1,059	1,331	2,390	1,190	1,210	2,400	+10 +0.0%
	Operating income	219	343	562	192	290	482	220	230	450	(32) (6.6)%
	Operating margin	16.2%	26.8%	21.3%	18.1%	21.7%	20.2%	18.5%	19.0%	18.8%	(1.4) pt
Other business	Net sales	2,549	3291	5,840	2,719	4,071	6,790	2,980	4,020	700	+210 +3.0%
	Operating income	448	572	1,020	377	793	1,170	590	560	1,150	(20) (1.7)%
	Operating margin	17.6%	17.4%	17.5%	13.9%	19.4%	17.2%	19.8%	13.9%	16.4%	(0.8) pt
Corporate expenses		(683)	(726)	(1,409)	(696)	(773)	(1,469)	(670)	(730)	(1,400)	(69)

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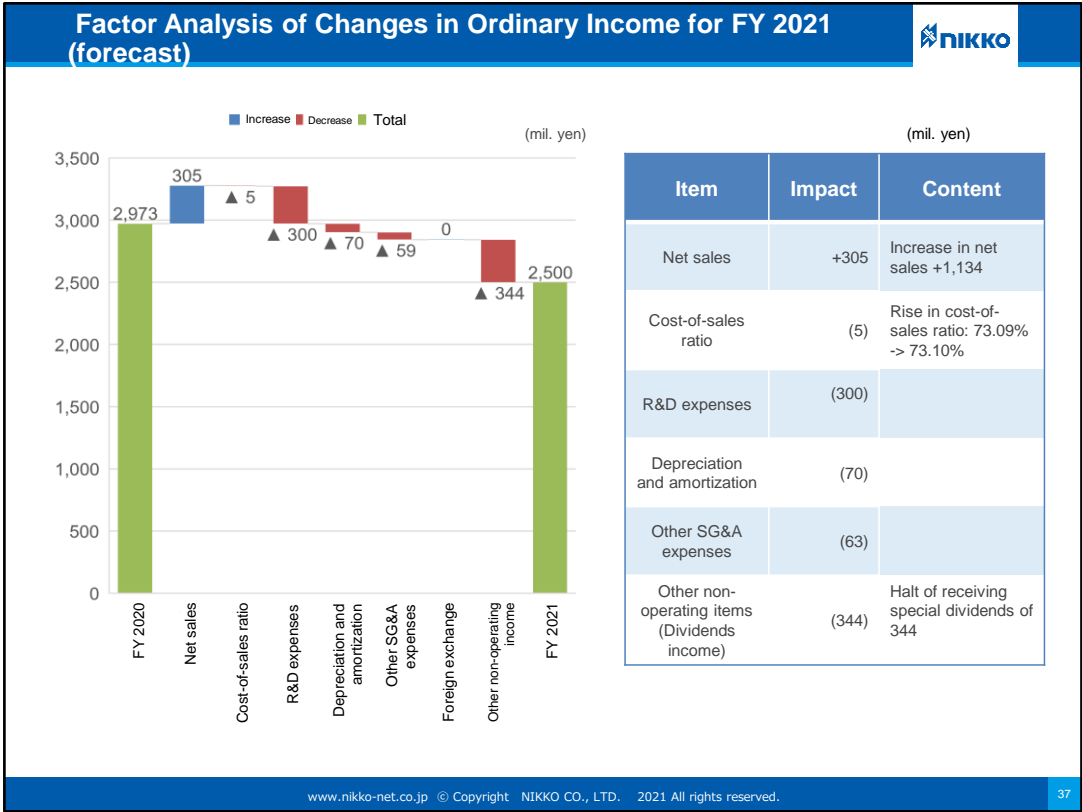
36

This is the outlook by segment.

□ There are no special factors regarding fiscal year 2021.

We forecast sales in almost all segments to exceed the levels in fiscal year 2020. Profits are expected to be unchanged or increase slightly.

We expect no segment to experience significant changes in the current fiscal year compared with the previous year.



This is an analysis of the factors contributing to the year-on-year changes in ordinary income in the current fiscal year.

□At the ordinary income level, we are expecting an approx. 500 million yen decline to 2.5 billion yen from 2.973 billion yen in fiscal year 2020.

□Here, the largest factor is the absence of special dividends, which we received from Maeda Road Construction in the previous fiscal year.

As I described earlier, R&D expenses and depreciation and amortization will increase and we also expect SG&A expenses to rise along with sales increase and personnel increase.

FY 2019–2021

Review of Medium-Term Management Plan
and Action Plan ▶ P. 3-16

Shareholder Returns, Governance
Enhancement, Information Disclosure ▶ pp.18-20

FY 2019 Financial Results Briefing Materials

FY 2020 Financial Results ▶ pp.22-32

FY 2021 Outlook ▶ pp.34-36

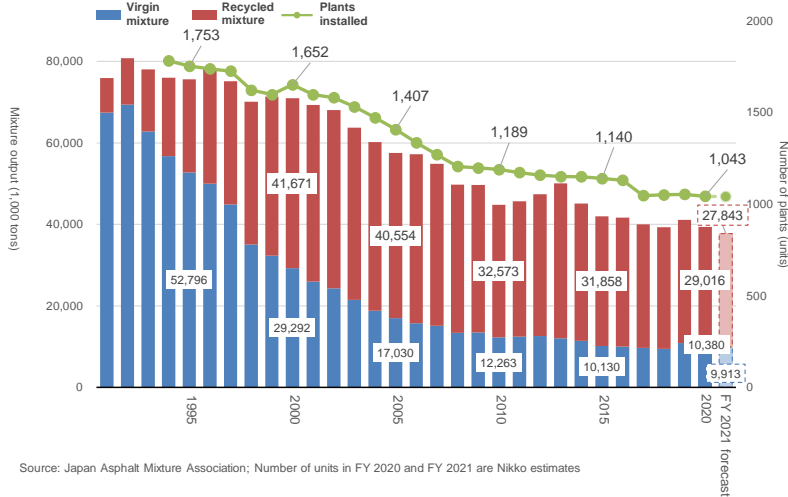
Business Climate and Management Strategy ▶ pp.38-49

Reference Materials ▶ pp.51-54

Company Information ▶ pp.56-59

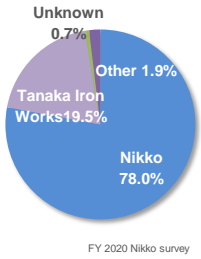
*Last-digit of the figures of changes in this document may differ from those in the
Quarterly Securities Report due to the treatment of fractions less than unit

Asphalt mixture output and number of asphalt plants installed



Source: Japan Asphalt Mixture Association; Number of units in FY 2020 and FY 2021 are Nikko estimates

AP steady-state share



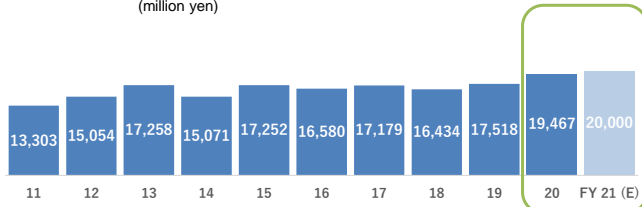
FY 2020 Nikko survey

- ▶ There are concerns over a reduction in public and private works due to the impact of the novel coronavirus infections for several years from now.
- ▶ Investment intention of road builders are still high and we expect the number of units to be delivered to increase year-on-year partly due to the projects continuing from the previous fiscal year.
- ▶ Shipment of mixture is expected to increase in the Osaka area in the future towards the 2025 World Exposition.

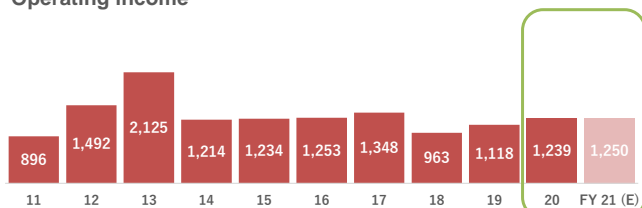
AP-Related Business Details and Strategy for the Future (1)

Net sales

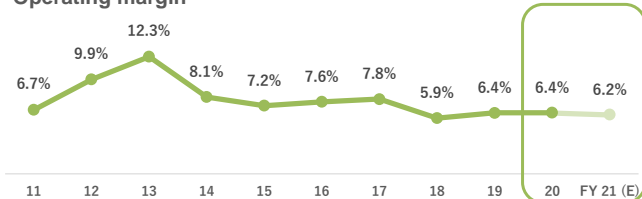
(million yen)



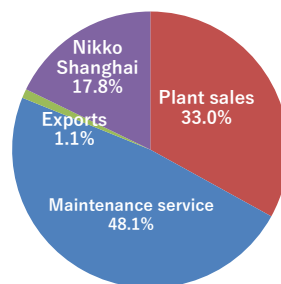
Operating income



Operating margin



Sales ratio of AP-related business



Net sales annual growth rate

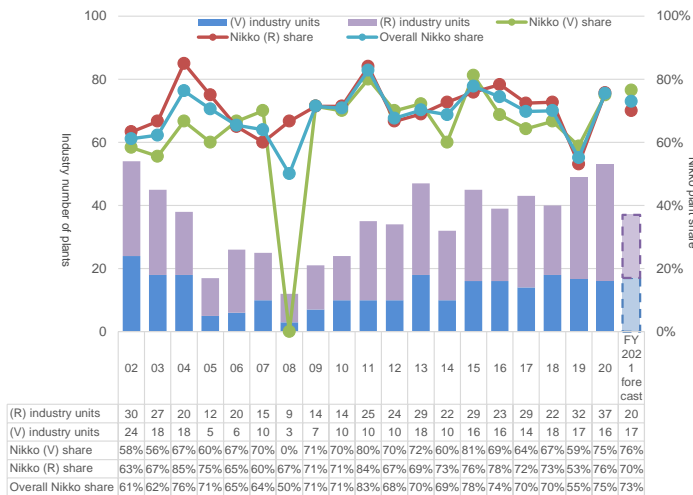
FY 2019 -> FY 2020 results

Plant sales	+ 30.1%
Maintenance service	+ 13.6%
Nikko Shanghai	(3.5)%
Exports	(72.0)%

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



AP demand and Nikko share



V: Virgin mixtures
R: Recycled materials

Source: Nikko

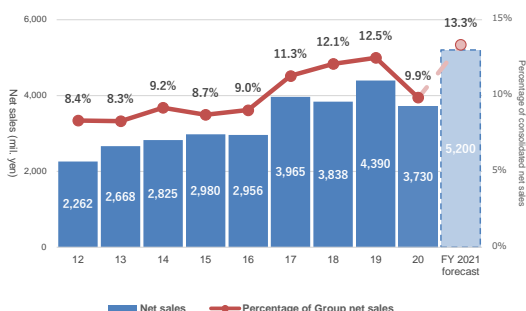
New product performance in AP-related business

	15	16	17	18	19	20	FY 2021 forecast
Number of VP units	0	1	2	2	4	2	4
Midship units	2	1	1	1	1	0	1
Crushing plant units	1	0	1	0	2	2	3

- ▶ Aim to complete development of VP-IV, an improved version of large model VP-II within FY 2021 so as to improve profit
- ▶ Aggressively work to reduce CO2 emissions toward 50% in 2030 and 0% in 2050

AP-Related Business Details and Strategy for the Future (3)

Nikko's overseas net sales and overseas sales ratio



Activities in the international divisions and exports will be significantly restricted due to the impact of the novel coronavirus

[China (Nikko Shanghai)]

Recovered steadily as the impact of the novel coronavirus subsided
In FY 2020, the number of shipment of virgin and recycling plants matched that of virgin plants

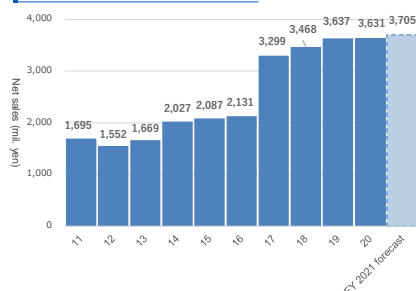
[Thailand]

The spread of novel coronavirus infections could lead to restrictions throughout the country, but we expect to receive orders for 4 units or more in FY 2021
Signed an agent contract with the largest asphalt distributor (Tipco Asphalt)
Plan to hold a new plant model exhibition at the new plant

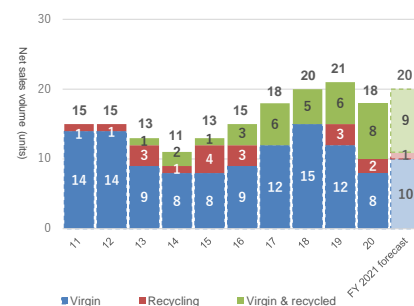
[Taiwan]

Though still under the pandemic, we continued business negotiations and received orders for 2 units

Nikko Shanghai net sales



Nikko Shanghai AP unit sales



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Finally, I would like to explain some points in the reference materials.
I would like to discuss the international business a little further.

This is Nikko's overseas net sales.

□ Our forecast for fiscal year 2021 is 5.2 billion yen.

The graphs on the right show Nikko Shanghai's figures. The sales estimate for Nikko Shanghai for the current fiscal year is 3.7 billion yen, which is a slight increase from a year earlier but not so different. There are two factors behind the increase. One is Thailand.

The other is exports. The order backlog at the end of the previous fiscal year includes two projects for Taiwan and we expect an increase from them.

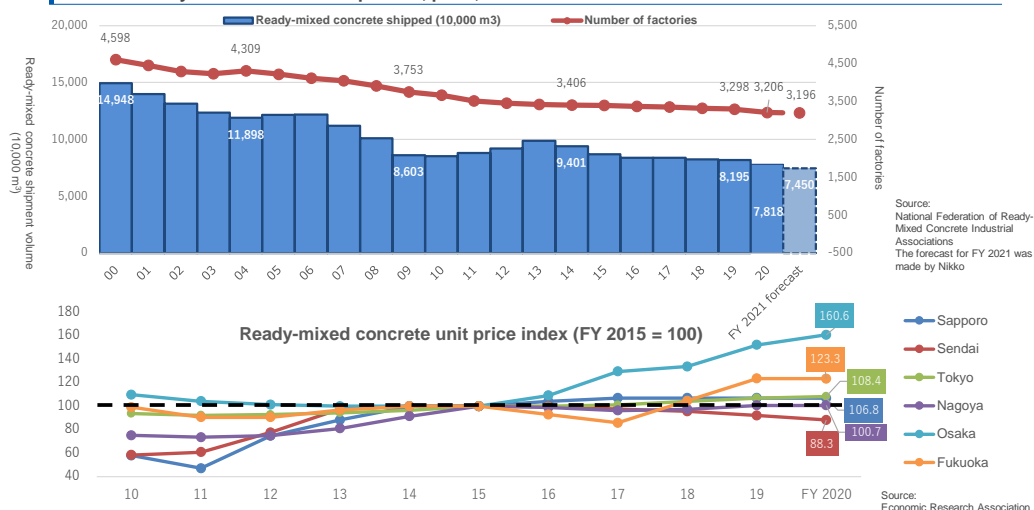
□ The right bottom graph shows some increases in plants for recycled materials in China.

In 2011, there was only one plant for recycled materials among the 15 plants we shipped.

In fiscal year 2021, however, a half of the 20 plants in total are for recycled materials with nine plants for both virgin and recycled materials and one for recycled materials alone.

In China, an increase in the ratio of plants for recycled materials means a very good business environment for us from the perspective of differentiation with local manufacturers.

Trends in ready-mixed concrete shipments, price, and factories

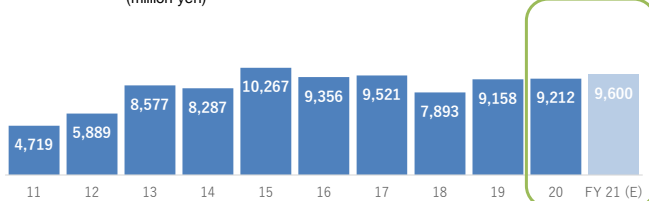


► FY 2019 saw a decline from the previous fiscal year despite the demand related to Hokuriku Shinkansen and restoration from natural disasters, as the construction works related to the Tokyo Olympic and Paralympic Games ended, and works delayed because of typhoon disasters and labor shortage

FY 2020 saw a decline from FY 2019 owing to significant reduction in capital investment primarily in Tokyo during the originally planned period for which the Olympic and Paralympic Games would have been held if they had not been postponed

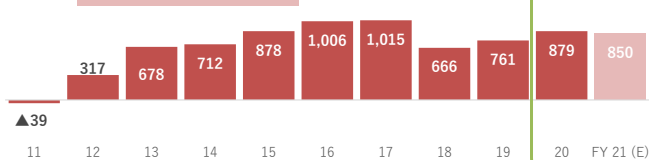
BP-Related Business Details and Strategy for the Future (1)

Net sales (million yen)

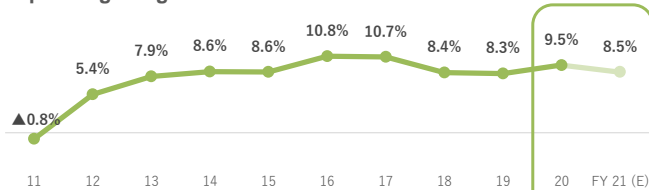


Operating income

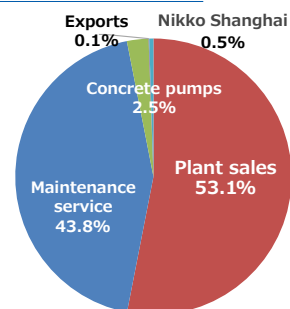
FY 2018 -> FY 2019 results



Operating margin



Sales ratio of BP-related business



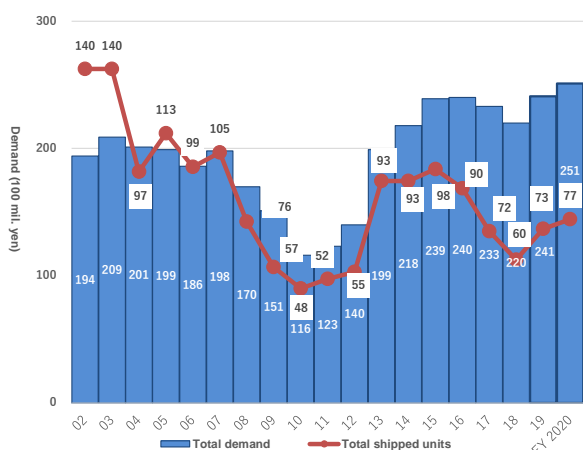
Net sales annual growth rate

FY 2019 -> FY 2020 results

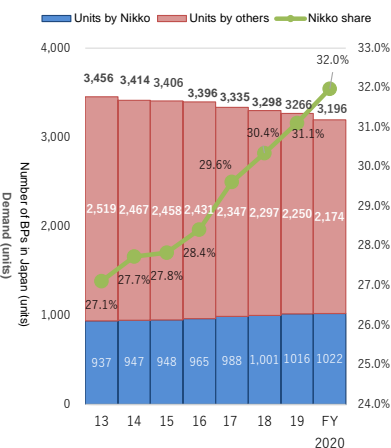
Plant sales	(2.8)%
Maintenance service	+6.5%
Concrete pumps	(17.2)%
Nikko Shanghai	(6.7)%
Exports	(1.4)%

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

Total BP demand (value and number of units)



BP steady-state share trends



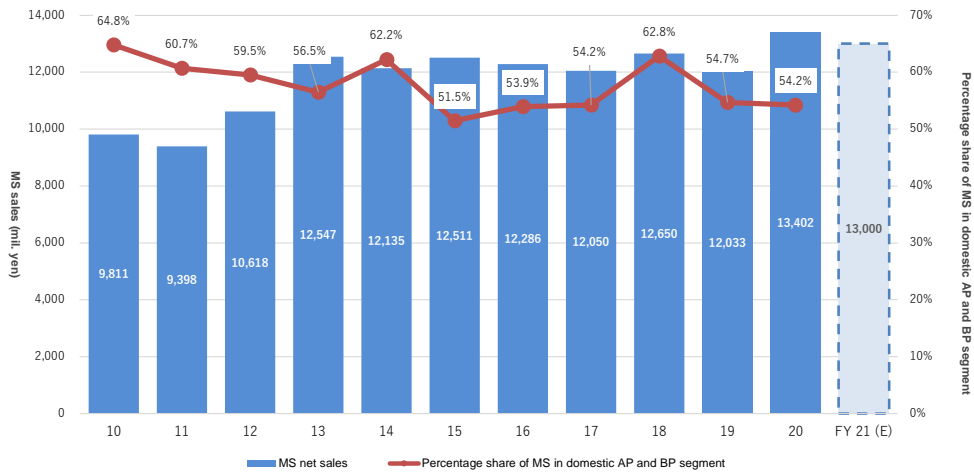
Source:
Japan Construction Equipment Manufacturers Association's BP Subcommittee
(Maintenance services included in demand amount)

- ▶ As for ready-mixed concrete in 2021, the demand for disaster recovery-related applications is expected to remain strong partly due to the five year extension of measures for disaster prevention and mitigation as well as for national resilience approved by the Cabinet in December 2020, while there are regions that will face a volume decline as special demand ends. Amid concerns over the impact of the novel coronavirus, ready-mixed concrete industrial associations around the country are expected to further step up measures against market shrink given demand decline and further rises in transportation and raw material costs
- ▶ 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



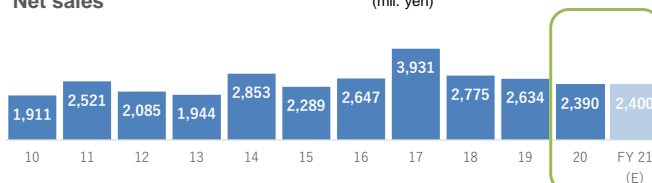
► Work to improve efficiency of maintenance service and further expand margins

Environment- and Conveyor-Related Business Outlook and Strategies

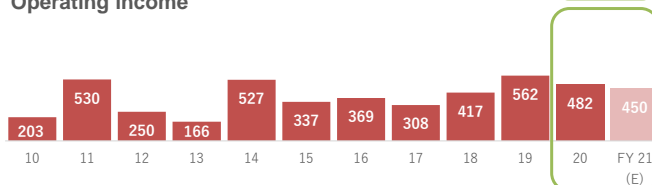


Net sales

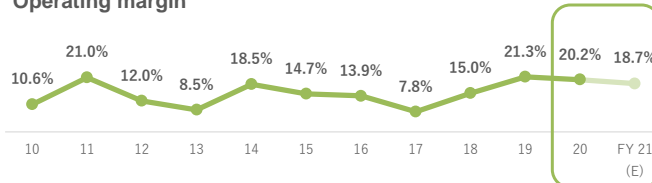
(mil. yen)



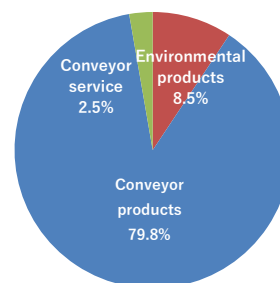
Operating income



Operating margin



Sales ratio of environment- and conveyor-related business



Net sales annual growth rate

FY 2019 -> FY 2020 results

Environmental products	(24.6)%
Conveyor products	(6.3)%
Conveyor service	(32.2)%

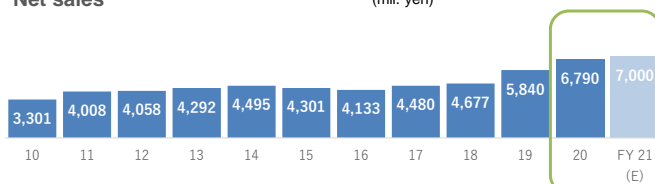
- Delay and reduction of plant capital investment are expected again in FY2021 due to the impact of the novel coronavirus
- Aim to boost sales and profit by responding to needs of customers by shortening product delivery time and building immediate delivery structure

Other Business Outlook and Strategies

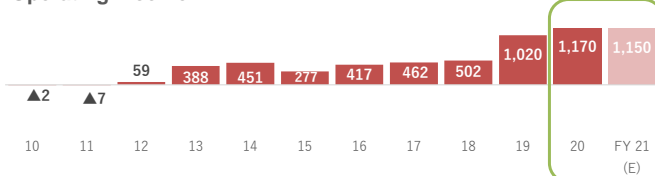


Net sales

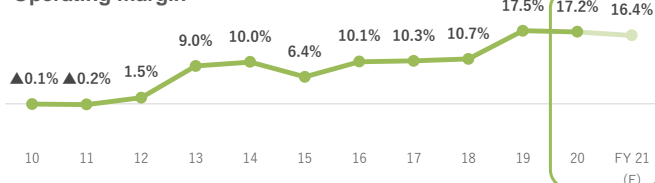
(mil. yen)



Operating income

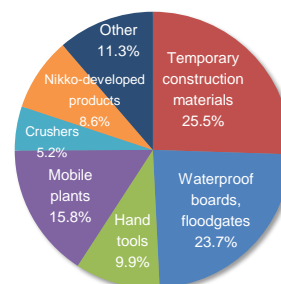


Operating margin



► Mobile plant business and waterproof boards are expected to grow continuing from the previous term

Other business sales



Net sales annual growth rate

FY 2019 -> FY 2020 results

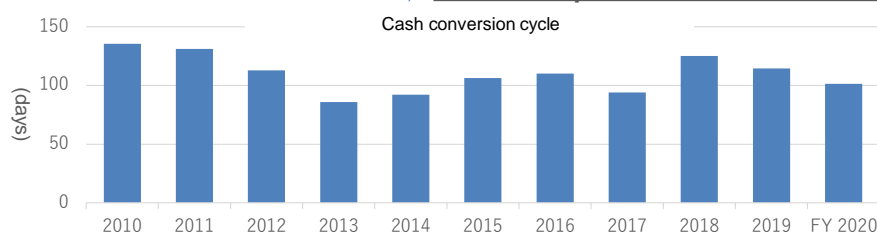
Temporary construction materials	+2.6%
Waterproof boards, floodgates	+20.1%
Hand tools	+2.9%
Mobile plants	+70.8%
Crushers	(23.5)%
Nikko-developed products	+141.0%
Other	(6.7)%

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

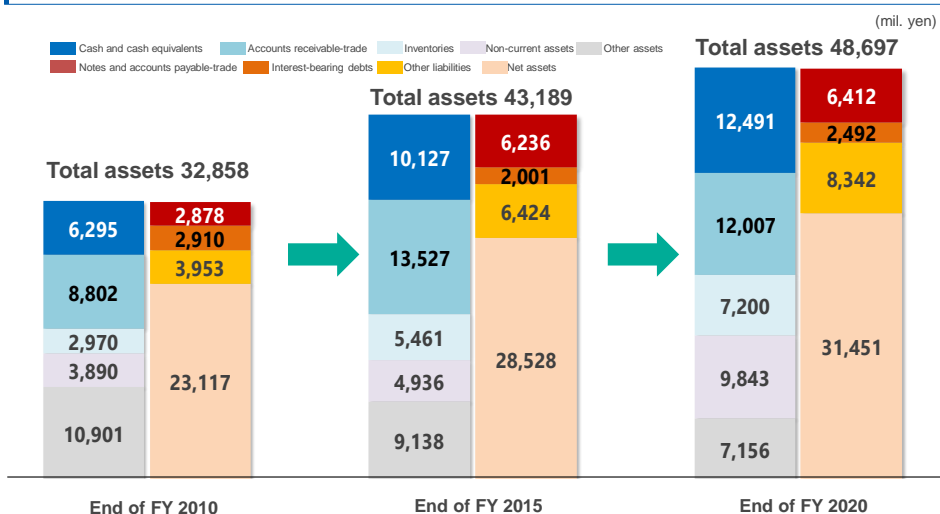
(i) Sell strategic shareholdings: about 2 bil. yen \Rightarrow **Sales results for FY 2019 and FY 2020: 1.2 bil. yen**

Status of reducing strategically-held shares (in mil. yen)					
	FY 2016	FY2017	FY2018	FY 2019	FY 2020
Number of issues	5	7	6	6	6
Amount sold	193	405	194	720	506
Book value	132	221	106	272	468
Sales gain	61	184	88	448	37

(ii) Improve CCC: about 3 bil. yen \Rightarrow **FY 2020 improvement results: 2.3 bil. yen**



Balance Sheet Trends



- ▶ We will continue with sale of strategic shareholdings.
- ▶ Aim to enhance shareholder returns (divided payout ratio of 60% or more, acquisition of treasury stock)

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Quarterly Securities Report due to the treatment of fractions less than unit

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



(mil. yen)

	FY 2018				FY 2019				FY 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	5,415	9,282	5,721	11,362	8,001	9,139	7,422	10,589	7,271	10,954	6,407	13,234
AP-related business	2,361	5,472	2,460	6,140	3,917	4,750	3,789	5,062	3,991	5,536	3,247	6,693
BP-related business	1,671	2,199	1,612	2,410	2,442	2,127	1,722	2,867	1,478	3,440	1,274	3,020
Environment- and conveyor-related business	462	636	601	1,075	492	861	561	720	524	535	513	818
Other Business	921	973	1,048	1,734	1,149	1,400	1,350	1,941	1,275	1,444	1,373	2,698
Operating income	(26)	500	(167)	1,120	276	683	81	1,013	408	592	(96)	1,398
AP-related business	42	373	(132)	680	222	454	(53)	495	340	300	(105)	704
BP-related business	66	292	23	285	110	187	89	375	88	398	(25)	418
Environment- and conveyor-related business	59	49	146	163	80	139	174	169	114	78	94	196
Other business	21	72	115	294	175	273	196	376	171	206	188	605
Corporate expenses	(216)	(286)	(318)	(302)	(313)	(370)	(322)	-404	(305)	(391)	(248)	-525
Ordinary income	87	508	(142)	1,123	361	673	129	979	979	609	(89)	1,474
Net income attributable to owners of parent	130	434	(2)	783	270	733	(33)	618	746	353	(133)	1,116
Cash flow from operating activities	(218)				3,809				2,784			
Cash flow from investing activities	(1,021)				(609)				(1,867)			
Total dividend	267	—	229	—	229	—	775	—	775	—	572	—
Share buyback	0				0				400			

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



(mil. yen)

New orders received (cumulative)	FY 2018				FY 2019				FY 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-related business	2,787	6,501	8,137	18,884	3,575	8,419	11,196	16,133	5,256	9,835	14,102	20,279
BP-related business	1,351	3,834	5,720	8,438	1,969	4,313	6,315	9,478	2,061	4,823	7,278	9,961
Environment- and conveyor-related business	413	1,056	1,987	2,773	449	1,187	1,787	2,401	746	1,374	2,290	2,875
Other	1,140	2,461	3,805	5,007	1,325	2,923	4,578	5,902	1,405	3,001	5,222	6,894
Total	5,693	13,854	19,650	35,103	7,320	16,843	23,877	33,915	9,469	19,036	28,893	40,009

End-of-term order backlog	FY 2018				FY 2019				FY 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-related business	6,784	5,027	4,203	8,809	8,466	8,561	7,548	7,424	8,688	7,732	8,751	8,235
BP-related business	2,575	2,858	3,132	3,440	2,967	3,184	3,464	3,760	4,342	3,665	4,845	4,508
Environment- and conveyor-related business	338	345	675	385	342	219	258	152	373	467	869	636
Other business	710	1,058	1,352	821	997	1,194	1,498	883	1,013	1,165	1,553	981
Total	10,409	9,289	9,364	13,455	12,773	13,158	12,769	12,219	14,417	13,030	16,479	14,361

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



(mil. yen)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Capital investment	292	335	844	815	877	1,261	550	1,889	1,483	2,748
Depreciation and amortization	432	389	395	422	487	482	472	508	611	677
R&D expenses	239	256	295	276	227	271	291	211	379	392

(persons, years old, or years)

Employees (consolidated):	775	763	767	796	803	797	807	799	838	861
Average age of employees (non-consolidated)	44.2	44.7	43.3	43.1	42.2	42.3	42.2	40.9	41.1	41.1
Average years of service (non-consolidated)	21.5	21.2	20	19.3	18.2	18.5	18.3	16.0	15.8	15.4
Female employees (non-consolidated)	28	31	31	33	39	42	42	45	51	55
Number of new-graduate hires (non-consolidated)	13	15	21	21	30	17	19	15	14	29
Number of female new-graduate hires (non-consolidated)	1	0	1	3	1	2	0	0	0	3
Percentage of female hires (non-consolidated)	7.6%	0%	4.7%	14.2%	3.3%	11.7%	0%	0%	0%	10.3
Number of foreign-national hires (non-consolidated)	1	0	6	0	0	0	1	1	0	1
Number of foreign-national employees (non-consolidated)	2	2	8	6	6	6	7	8	5	5
Foreign national employees (consolidated)	92	90	91	95	94	93	101	98	116	116
Overseas employees (consolidated)	92	90	91	95	92	91	101	98	123	121

New products for reducing environmental impact

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
New products	[Sand dryer] [High-temperature preheating burner]	[NTB-II burner]	[Newly designed bag filter]	[VP Series APs]	—	[Foamed asphalt manufacturing equipment]
Features reducing environmental impact	- Higher plant production efficiency - Energy saving	- Energy saving - Higher combustion efficiency in combustion range	- Space saving - Energy saving - Exhaust gas reduction - Low noise	- Preventing diffusion of recycled material odorous gas	—	- Support for manufacture of warm-mix asphalt

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Finally, I will explain the figures regarding the increase in capital investment.

Capital investment in fiscal year 2020 was 2.748 billion yen, which was higher than the not-so-small investment in fiscal years 2018 and 2019.

The amount of capital investment would not fall drastically in the current fiscal year but we are planning about 2.0 billion yen in investment, which is smaller than fiscal year 2020.

Along with this, depreciation and amortization has been increasing by several tens of millions of yen every year.

In fiscal year 2021, it is expected to increase a further 70 million yen from fiscal year 2020.

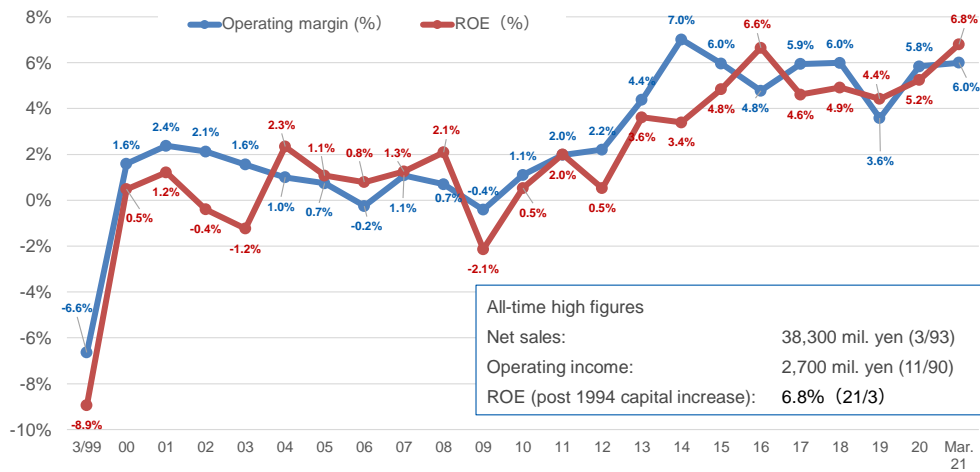
Also, R&D expenses have been in the latter half of 300 million yen since fiscal year 2019 and increasing every year. In the current fiscal year, we plan to add 300 million yen more to this.

After that are the numbers of consolidated employees and female employees.

Trend in Key Financial Data



Operating margin and ROE



All-time high figures
 Net sales: 38,300 mil. yen (3/93)
 Operating income: 2,700 mil. yen (11/90)
 ROE (post 1994 capital increase): 6.8% (21/3)

	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	Mar. 20	Mar. 21
Net sales	22,157	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
Operating income (loss)	352	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
Ordinary income	201	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
Net income (loss)	121	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

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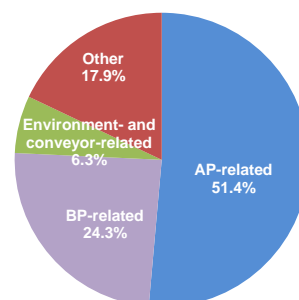
*Last-digit of the figures of changes in this document may differ from those in the
Quarterly Securities Report due to the treatment of fractions less than unit

Company Overview



Company name	Nikko Co., Ltd.	
Head office	1013-1, Eigashima, Okubo-cho, Akashi, Hyogo Prefecture	
Established	August 13, 1919	
Capital	9,197 million yen	(as of March 31, 2021)
Consolidated net sales	37,866 million yen	(FY 2020)
Consolidated operating income	2,302 million yen	(FY 2020)
Ratio of net sales outside Japan	13.4%	(FY 2019)
Subsidiaries	10 companies	(FY 2020)
Employees (consolidated)	861	(as of March 31, 2021)
Governance structure	Company with Board of Corporate Auditors Directors: 7, including 2 outside directors Corporate Auditors: 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

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	1993 Capital participation in Benninghoven (Germany)	1968 Ichiishi Kogyosho (M&A)
1951 Concrete mixers and winches	1938 Industrial machinery factory	1994 Nikko Baumaschinen (Germany)	1971 Nikko Electronics Co., Ltd. established
1956 Ready-mixed concrete plant	1968 Tokyo factory	1997 Taipei branch (Taiwan)	1983 Nikko Machinery Co., Ltd. established
1958 Asphalt plants	1994 Satte factory	2001 Nikko (Shanghai) Construction Machinery	1994 Tombo Industry Co., Ltd. established
1962 Telescopic steel props	2004 Shanghai Jiading factory	2010 Shangtui Chutian Construction Machinery	1995 Nikko Sec Co., Ltd. established
1963 Pipe scaffolding	2014 Kakogawa factory	2020 Nikko Asia (Thailand) Co., Ltd.	2002 Niigata Engineering (transfer of business)
1966 Conveyor system	2016 Fukusaki factory	2020 Nikko Nilkhol Co., Ltd. (Thailand)	2006 Mitsubishi Heavy Industries (transfer of business)
1983 Floodgates			2008 Maekawa Kogyosho (M&A)
2000 System for cleaning oil-polluted soil			
2001 Waste plastic treatment system			
2007 Concrete pumps			
2015 Crusher (import and sales)			



Nikko Group Business Vision

*N*からはじまる未来創造

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

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

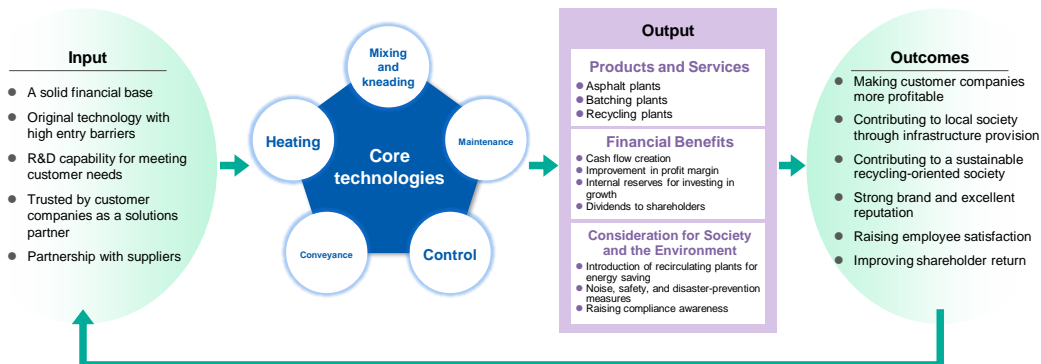
We will work to brush up on our core technologies in “heating,” “mixing,” “material handling” and “control” as we expand business.

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

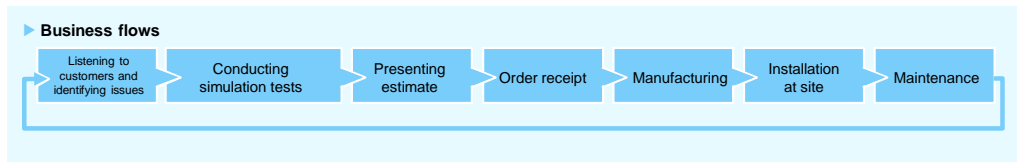
Representative Director and President

辻 勝

A century of providing machines that build cities. Contributing to the establishment of a recycling-oriented society.



FY 2021 forecast Net sales 39,000 million yen Operating margin 5.9%





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

(We can also arrange online meetings and meetings in Tokyo.)

Tel: +81-78-947-3141 E-mail: 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.