




Nikko Co., Ltd.

**Financial Results and
Medium-Term Management Plan
Progress Briefing**

Fiscal Year 2025
(Ended March 31, 2026)

June 12, 2026

Event Overview

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Speaker	Tomomi Nakayama, President and Representative Director (hereafter, referred to as Nakayama) Koichi Kawakami, Managing Director and Director of Administrative & Finance Division (hereafter, referred to as Kawakami)
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Nakayama: Good morning. My name is Nakayama, President and Representative Director of NIKKO Co., Ltd. Today, I would like to explain the progress of our Medium-Term Management Plan, as well as reflect on the year since I assumed the position of president in April last year.

Introduction: Looking Back on 1st Year as President and Future Initiatives to Enhance Corporate Value

**FY2025: Broadly Achieved Targets — First Year of the Medium-Term Plan
Showing Signs of Growth**

- Over the first year as President, we have actively advanced a wide range of initiatives, including strengthening our business model, reforming HR systems, promoting DX, developing young talent, establishing overseas manufacturing sites, and improving quality and manufacturing capabilities through initiatives such as the “Quality Top Patrol” and “Monozukuri Contest.”
- From the second year onward, we will further deepen these initiatives while pursuing capital allocation and balance sheet optimization. We will also work to maximize Group company performance, reorganize our portfolio based on ROIC, and strengthen communication with stakeholders and institutional investors.
- These efforts are aligned with the Medium-Term Management Plan (FY2025–FY2027), which focuses on improving quality, technology, services, and human resource performance. We will continue to demonstrate leadership to enhance corporate value, with “Enhancing Profitability” as the key theme.

Looking back on my first year as president, I believe we have made a smooth start, progressing in line with the assumptions of our Medium-Term Management Plan.

Over the first year, we have implemented a variety of initiatives, including ongoing improvements to our daily operations.

In terms of our business model, we have been working to transform our core maintenance service business, which is one of our strengths, while also promoting initiatives that lead to business transformation, such as expanding the use of outsourced manufacturing in addition to our traditional in-house production system.

We also focused on improving quality by strengthening quality patrols, reorganizing our structure, and holding roundtable discussions with young technical leaders.

The aim of these initiatives is to foster a shared awareness among all employees to enhance quality and deliver better products to our customers.

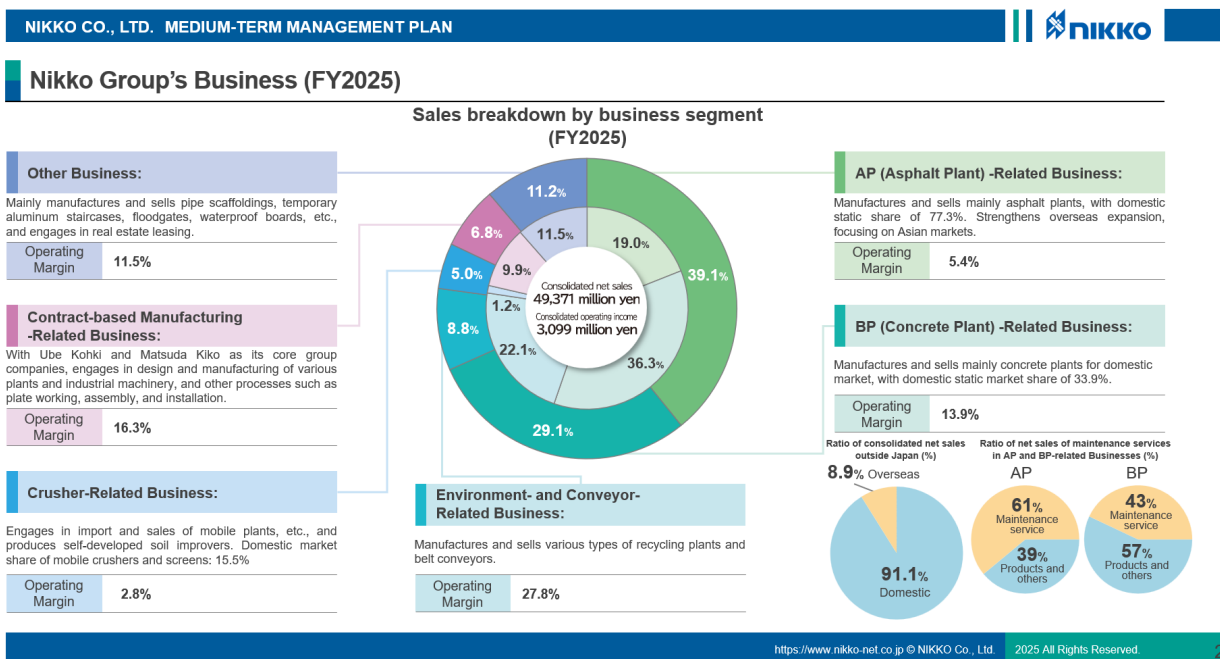
One of the key initiatives during my first year as president was to strengthen the framework in which all employees work together toward the same goal in manufacturing.

From the second year onward, while continuing to focus on quality improvement, we will further enhance the overall performance of the company. As part of this effort, we will streamline our business portfolio based on ROIC direction and continuously communicate our status and initiatives to our stakeholders and investors.

These initiatives are all linked to the fundamental policies of our Medium-Term Management Plan: improving quality, advancing technology, enhancing service quality, and maximizing human resource performance. Through these efforts, we will achieve our main theme of strengthening profitability.

First, we would like each employee to share the direction our company is aiming for and to spread throughout the organization the awareness that their own work contributes to enhancing corporate value.

While firmly instilling this awareness throughout the company, we will work together as a unified organization to enhance our corporate value.



Next, I will explain the business structure of the Nikko Group. As shown in the central pie chart, consolidated net sales for fiscal year 2025 were 49.371 billion yen, and operating profit was 3.099 billion yen, approximately 3.1 billion yen.

Looking at the breakdown by business segment, the outer ring of the pie chart represents net sales, while the inner ring shows operating profit. In terms of net sales, the AP-Related Business accounts for approximately 40%.

The AP-Related Business accounts for approximately 40%, the Concrete Batching Plant-Related Business for about 30%, and the Environment- and Conveyor-Related Business for around 9%, with these three main businesses comprising about 80% of total sales.

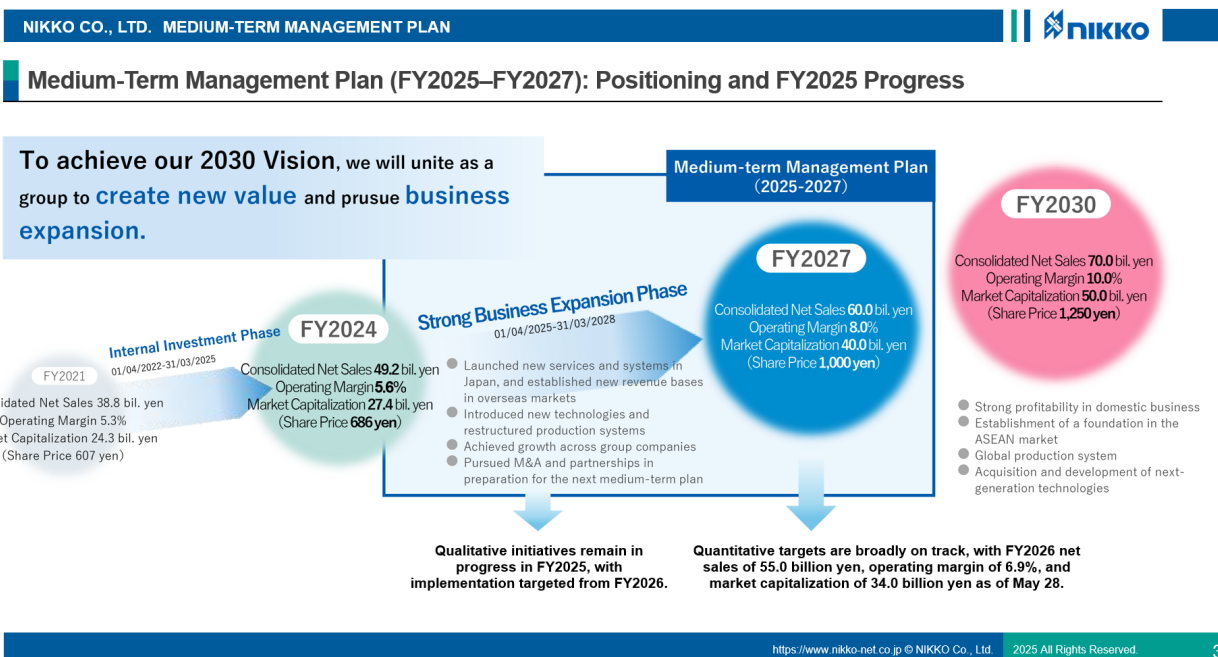
On the other hand, looking at our profits structure clearly reveals our challenges. The AP-Related Business, which accounts for the largest portion of net sales, does not account for 20% of profits, remaining at a low level compared to its net sales contribution.

The Concrete Batching Plant-Related Business is performing steadily, accounting for 36% of total profit. In addition, the Environment- and Conveyor-Related Business is also highly profitable, representing 22% of total profit.

Overall, it is important to review the profitability of each business while monitoring the balance between the sales composition ratio and profit composition ratio of the three main businesses.

When we look at the Other Business, Contract-Based Manufacturing Business, and Crusher-Related Business together, Crusher-Related Business is facing a difficult situation in terms of profits. On the other hand, Contract-Based Manufacturing Business is making a significant contribution to profits.

The issue is clear. The profit ratio of the AP-Related Business is low, and there is significant room for improvement. We recognize that improving the profitability of this business will lead to overall profit improvement for the group.



Next, I would like to provide an overview of our Medium-Term Management Plan. We have designated the three-year period from fiscal year 2025 to fiscal year 2027 as our business expansion phase.

During this period, we aim to further enhance both our business scale and profitability.

By the final year of FY2027, we aim to achieve net sales of 60 billion yen and an operating profit margin of 8%. In addition, we will work to secure profits and enhance corporate value, setting a share price of 1,000 yen as one of our targets.

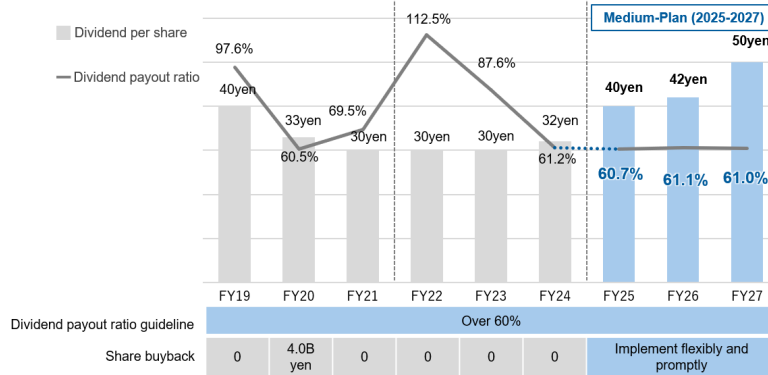
As noted in small print at the bottom of the document, our targets for fiscal year 2026 are net sales of 55 billion yen and an operating margin of 6.9%. At the end of May, our market capitalization stood at 34 billion yen.

The sales target of 55 billion yen for fiscal year 2026 is in line with the assumptions of the Medium-Term Management Plan, aiming for sales of 60 billion yen in fiscal year 2027.

In that sense, we recognize that the Medium-Term Management Plan is progressing as planned.

Shareholder Return Policy: Planned Dividend of 50 yen per Share in FY2027

- Maintain a dividend payout ratio of **60% or higher**.
- Strengthen shareholder returns through flexible share buybacks, while improving capital efficiency.
- Cumulative dividends under the medium-term plan are expected to total **49 yen**, compared with **35 yen** under the previous medium-term plan.
- The initial dividend plan under the medium-term plan was **34 yen in FY2025**, **40 yen in FY2026**, and **50 yen in FY2027**. The FY2025 dividend has been increased to **40 yen**, FY2026 has been raised to **42 yen**, and FY2027 remains planned at **50 yen**.



Next, I will explain our shareholder return policy. Our company is committed to maintaining a dividend payout ratio of 60% or higher.

The materials also include actual results for the previous and prior fiscal years. While the total dividend payout for the previous fiscal year was approximately 3.5 billion yen, we plan to significantly increase this amount to 4.9 billion yen for the current fiscal year.

We will work to improve our profitability to ensure the steady execution of this plan.

From the perspective of capital efficiency and ROIC, we will also consider share buybacks as an option for shareholder returns when determining where to allocate capital.

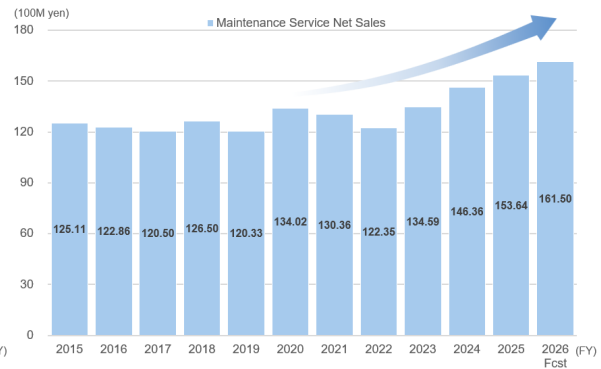
Progress in the First Year of the Medium-Term Plan and Key Takeaways Going Forward

- In the first year of the Medium-Term Management Plan (FY2025–FY2027), net sales fell short of the target, while operating profit and below exceeded the plan.
- Order backlog at the end of FY2025 reached **33.4 billion yen**, up **46% year on year**, providing strong momentum for the second year of the plan.
- The maintenance service business, one of the Company’s strengths, contributed not only to sales growth but also significantly to profitability.

Order Backlog Trend



Net Sales of Maintenance Service Business



Note: The "Former Other Businesses" category includes the Crusher-related Business, Contract-Based Manufacturing Business, and Other business.

Next, I will explain the progress made in the first year of our Medium-Term Management Plan and our outlook for the future. As shown in the graph, order intake in the previous fiscal year were extremely strong.

The order backlog at the end of fiscal year 2025 reached 33.4 billion yen, marking an unprecedentedly large backlog as we enter fiscal year 2026. This represents a significant increase of 46% compared to the same period of the previous year.

On the other hand, net sales slightly fell short of the Medium-Term Plan. However, operating profit was able to meet the target.

We believe this is the result of steadily advancing our initiatives aimed at improving profitability.

Among them, the profit contribution from maintenance services is particularly significant.

As shown in the previous graph, approximately 70% of our sales come from the AP-Related Business and the batching plant-related business. Of these, maintenance services account for about 60% of the AP-Related Business and about 30% of the batching plant-related business.

A significant portion of our business is supported by maintenance services, and the profit trends of this segment have a substantial impact on the overall performance of the Group.

There are also not many factors of concern for the next fiscal year, and we are progressing in a way that allows us to maintain the current situation.

Six Key Pillars and FY2025 Progress under the Medium-Term Management Plan

Set six key pillars and execute strategies linked to business strategies and financial / non-financial impact in each segment.

Six Key Pillars	Strategies for Execution	Related Segments	Expected Financial / Non-Financial Impact	Progress
1. Establish a Sustainable Profit Structure	<ul style="list-style-type: none"> Strengthen profitability through pricing policies and higher value-added proposals. Secure stable earnings by promoting and expanding the subscription-based plant maintenance business. Improve Group-wide cost structure through greater efficiency in manufacturing and sales. 	AP, BP	Expansion of net sales; improved profitability	AP In progress BP On track
2. Contribution to an Environmental / Recycling Society	<ul style="list-style-type: none"> Develop next-generation environmental products using AI sorting and robotic technologies. Advance conveyance, crushing, and sorting systems for waste resource recycling. Promote social implementation of environmental businesses through collaboration with local governments and private companies. 	Env. & Conv., Contract-based Manufacturing	Expansion of net sales	On track
3. Accelerate Global Expansion, Mainly in ASEAN	<ul style="list-style-type: none"> Strengthen asphalt plant manufacturing and sales bases in ASEAN, China, and Taiwan. Build product supply, technical support, and service systems suited to each country's market needs. Establish responsible procurement and quality standards as a global company. 	AP	Expansion of net sales	In progress Acceleration needed
4. Product Evolution and Quality Improvement	<ul style="list-style-type: none"> Develop products focused on automation, labor savings, and remote support. Improve quality by utilizing quality manuals and trouble databases. Provide products and services that support customer safety, security, and satisfaction. 	Company-wide	Improved profitability	On track In progress
5. Improve Service Quality through Human Resource Development and Partner Collaboration	<ul style="list-style-type: none"> Strengthen training programs for young talent and human resource development. Stabilize the supply chain through joint training and safety support with partner companies. Create a workplace environment that supports diverse workstyles. 	Company-wide	Improved employee engagement and job satisfaction	On track In progress
6. Strengthen Management Transparency and Governance	<ul style="list-style-type: none"> Advance management decisions based on ERP and other management visualization tools. Pursue Group-wide optimization through collaboration with Group companies. Build a management foundation focused on sustainability. 	Company-wide	Improved sustainability	On track In progress

Next, I will explain the progress of the six key pillars outlined in our Medium-Term Management Plan. The progress status is indicated by sun and cloud icons, and overall, there are more sun icons, showing that many items are progressing smoothly.

Regarding the establishment of a sustainable profit structure, we have marked the AP-Related Business with a cloud symbol.

However, the challenges toward improving profitability are very clear.

As I explained earlier, enhancing the profitability of the AP-Related Business will lead to improved earnings for the entire group. How we achieve this improvement will be a key issue going forward.

The third key point, which is closely related to this issue, is the acceleration of global expansion with a focus on ASEAN. This area is also marked as cloudy. Our overseas business mainly centers on asphalt plant products.

There are challenges regarding profitability, particularly in ASEAN countries such as Thailand and Vietnam, and profitability in China is also not as high as it is domestically.

Establishing a sustainable profit structure will depend on how much we can enhance the profitability of our overseas operations, including those in ASEAN.

Regarding product evolution and quality improvement, we recognize that progress is being made in various areas, including standardization, manual development, service quality improvement, and product quality improvement.

Fifth is improving service quality through employee development and co-creation with partners. We are working to strengthen our collaboration with partner companies while also focusing on recruiting and developing young talent.

In the past, our training focused primarily on the so-called "learn by watching" approach, but we are now developing manuals and other tools to support the development of independent young talent.

There are still some areas under development, but we believe that the necessary frameworks are progressing smoothly.

Regarding management transparency and governance, we are promoting the visualization of information through the use of ERP systems and other tools to facilitate prompt management decisions. We believe that progress in this area is proceeding smoothly.

Next, I will explain the performance of each segment.

NIKKO CO., LTD. MEDIUM-TERM MANAGEMENT PLAN

AP-related, BP-related, and Environment & Conveyance-related Businesses

Leverage the strengths of each business to achieve sustainable growth and enhance corporate value.

AP-Related Business	BP-Related Business	Env. & Conv.-Related Business																																																												
<p>Performance Assessment</p> <ul style="list-style-type: none"> FY2025 results cleared the medium-term operating profit plan, but FY2026 is expected to fall short of the plan. Domestic order intake improved by 5.0 billion yen from FY2025 results to the FY2026 forecast. Going forward, a favorable business environment is expected, driven by subsidy-related projects. Maintenance sales remain firm, with FY2025 sales exceeding the medium-term plan by 1.2 billion yen. Overseas business remained challenging. <p>Strategy Assessment</p> <ul style="list-style-type: none"> Domestic: Maintain steady performance by leveraging mixed-fuel burner technology and the VP Series while capturing energy-saving subsidies. Overseas: In Thailand, inquiries are increasing as lifecycle cost proposals help counter price competition from Chinese manufacturers. In Shanghai, a Taiwan market entry plan is underway, and the earnings base remains firm. In Vietnam, inquiries are increasing through active sales activities. <p>Issues and Additional Measures</p> <ul style="list-style-type: none"> Domestic: Establish next-generation products after the end of energy-saving subsidies. Also develop remote and labor-saving products. Overseas: Strengthen strategies to improve profitability, as maintenance demand is limited. Review long-term overseas strategy. 	<p>Performance Assessment</p> <ul style="list-style-type: none"> FY2025 results cleared the medium-term targets for order intake, net sales, and operating profit. The business benefited from steady equipment investment and maintenance demand, and 300 million yen of concrete drying equipment projects contributed to higher sales. FY2026 forecast exceeds FY2025 by 700 million yen in net sales and is expected to achieve the final-year medium-term operating profit target ahead of schedule. <p>Strategy Assessment</p> <ul style="list-style-type: none"> Promote plant standardization and develop measures to improve production capacity and delivery response. Accelerate DX strategies and implementation for labor-saving and automation, including equipment management and operational support. Commercialize CN-related businesses and CCU materials manufacturing equipment, while realizing visible CO₂ reduction and social implementation. <p>Issues and Additional Measures</p> <ul style="list-style-type: none"> Expand maintenance opportunities and improve customer satisfaction through share acquisition and M&A. Ensure thorough process management through enhanced basic planning, front-loading activities, information sharing, and proper production order control to deliver manufactured products at the right time. 	<p>Performance Assessment</p> <ul style="list-style-type: none"> FY2025 results exceeded the medium-term targets for both net sales and operating profit. Environmental products remained firm, supported by industrial waste treatment and drying equipment. The Company will continue proposing integrated systems including conveyance. FY2026 forecast is conservative due to fewer large projects, but operating profit is expected to remain in line with the medium-term plan. The Company aims to exceed the medium-term target through reliable technical proposals. <p>Strategy Assessment</p> <ul style="list-style-type: none"> Assess full-line coverage from AI sorting to crushing, classification, and conveyance. Explore business development and M&A in Environment & Conveyance. Build capabilities to meet rising demand for solar panel recycling systems. <p>Issues and Additional Measures</p> <ul style="list-style-type: none"> Secure production space, storage capacity, personnel, and partner companies for larger projects. Strengthen external partnerships to complement in-house technologies. Accelerate hiring, including mid-career recruitment, to support business expansion. 																																																												
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First, regarding the AP-Related Business. In terms of the major theme of improving profitability, the biggest challenge is how to rebuild our overseas operations.

Regarding the domestic market, energy-saving subsidies are providing a significant tailwind. We expect these subsidies to remain available to a certain extent through fiscal years 2027 and 2028, serving as a major support factor for our domestic business.

I will explain the specific figures later, but accurately identifying trends in decarbonization-related products and turning them into marketable offerings will be a key priority moving forward.

Regarding overseas markets, the challenges are how far we can advance cost reductions and how we can compete with the aggressive pricing strategies of Chinese manufacturers. We believe that steady improvements in these areas will lead to increased profitability.

Next, regarding the BP-Related Business. Both sales and profits have exceeded the figures set in the Medium-Term Plan.

Order backlog has also increased by 3 billion yen compared to the plan, and we are maintaining a robust order backlog.

In the ready-mixed concrete industry, the profit environment is improving, and there continues to be a strong willingness to invest in equipment.

Based on the current status of inquiries, we have clear visibility into our customers' long-term equipment plans for the next three to four years, and we expect this trend to continue.

On the other hand, as overall volume increases, the conventional production system may not be able to keep up with supply, and annual production capacity could become a constraint even if we aim to expand our market share.

Therefore, we will promote the standardization of our plants to incorporate customer needs, and enhance our overall supply capacity through advance production, production at group companies, and utilization of external production.

Furthermore, the concrete industry is continuing its efforts toward decarbonization, and our company is also participating in these efforts.

In the concrete sector, adsorption capabilities play a crucial role in CO₂ reduction. By promoting these technologies, we aim to differentiate ourselves from competitors, enhance peace of mind through comprehensive maintenance, and ultimately improve our reputation and market share.

To ensure that we do not miss opportunities to expand our market share due to delivery constraints, we will pursue innovation in both manufacturing and design, aiming to achieve our planned goals.

Next, we have our Environment- and Conveyor-Related Business. Conveyor sector is very stable, and we can expect a certain level of volume annually.

In recent years, however, there has been renewed attention on recycling and the utilization of urban mines. Traditionally, waste was collected, reduced in volume, and partially exported overseas, but there is now a growing movement to circulate resources generated in cities domestically. Amid increasing awareness of the risks associated with dependence on foreign sources, the government is also moving toward promoting the use of urban mines.

Against this backdrop, demand for services in the environmental recycling sector has increased significantly.

In addition to advancing sorting technologies utilizing AI, our company is also working on measures to prevent the inclusion of lithium-ion batteries. Since lithium-ion batteries pose significant challenges during the crushing and sorting processes, it is crucial to determine how to remove them.

Through various environmental exhibitions and events, we communicate to our customers that our company offers proposals not only for conveyor belts but also for peripheral equipment. By acting as a coordinator for the machinery our customers are considering introducing, and by proposing and implementing solutions that include peripheral equipment, we are working to expand the scale of our projects.

Rather than simply selling individual products as we have done in the past, we now need the ability to propose solutions that combine multiple devices. Therefore, how to develop personnel with these proposal skills is a major challenge for the future.

In addition to human resource development, we believe that by establishing a collaborative framework—including product manufacturing and securing storage space for finished products within our group companies—we can further expand this field.

Crusher-related, Contract Manufacturing-related, and Other Businesses

Leverage each business's strengths to drive sustainable growth and enhance corporate value.

Crusher-Related Business

Performance Assessment

- In FY2025, Maekawa Industrial Machinery, which handles stationary crushers, remained on track despite a tough competitive environment, but did not achieve the medium-term target.
- Sales collaboration with other businesses progressed, and inquiries increased in new areas such as industrial recycling.
- Product shipments for equipment package projects and parts sales remained firm.
- In FY2026, operating profit is expected to secure the level set in the medium-term plan.

Strategy Assessment

- Strengthen proposals for environmentally friendly models, including the new MR100, and increase inquiries for recycled sand models such as Mobix Eco.
- Upgrade the maintenance support tool NM-Link to promote proactive maintenance management and business development.
- Domestic maintenance revenue is steadily increasing as deliveries expand.

Issues and Additional Measures

- Strengthen PR to acquire new customers in less price-sensitive fields, such as steel-related companies, and improve profitability.

Contract-based Manufacturing-Related Business

Performance Assessment

- The order environment remained strong, and proactive capital investment at the Second Plant supported earnings.
- Profitability improved as higher material costs were reflected in order prices.
- FY2026 forecast has been revised upward from the medium-term plan.

Strategy Assessment

Ube Kohki

- Expand contract manufacturing in a broad range of industries, including chemicals, semiconductors, water treatment, steel, and environmental recycling.
- Promote production leveling through manufacturing collaboration among the three Group companies, while improving productivity and expanding the business.

Matsuda Kiko

- Improve productivity through new equipment investment and system DX.
- Expand the business through the effects of capex and development of new customers.

Issues and Additional Measures

- Expand stable earnings by developing new customers and increasing orders from a broader range of industries.
- Strengthen sales capabilities and secure and develop talent for technology transfer and business expansion.

Other Business

Performance Assessment

- FY2025 fell short of the medium-term target, and FY2026 is also expected to remain below target.

Nikko Machinery

- Results fell short due to lower floodgate sales, loss of large water-related projects, and higher material costs. TP sales increased, and construction equipment profitability improved.

Nikko SEC

- Sales declined due to delayed construction projects and lower utilization by rental companies. CMS orders increased, but results remained below the medium-term target.

Strategy Assessment

Nikko Machinery

- Introduce consulting services from FY2027 to develop new floodgate sales channels. Formulate and execute action plans. TP-related expansion is broadly on track.

Nikko SEC

- Develop new products based on on-site needs in cooperation with the rental division.
- Expand rationalization equipment and strengthen development capabilities.

Issues and Additional Measures

Nikko Machinery

- Hire experienced water-related personnel and develop young talent. Reorganize the floodgate design team. Review pricing to reflect higher material costs.

Nikko SEC

- Accelerate safety equipment development and start e-commerce sales.

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	2,448	3,000	2,700	4,300
Operating Profit	69	150	220	300
Operating Margin	2.8%	5.0%	8.1%	7.0%

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	3,339	3,600	3,450	4,200
Operating Profit	543	400	490	500
Operating Margin	16.3%	11.1%	14.2%	11.9%

	FY25 Results	FY25 Forecast	FY26 Forecast	FY27 MT Plan
Net Sales	5,522	6,000	6,650	9,700
Operating Profit	637	900	870	1,650
Operating Margin	11.5%	15.0%	13.1%	17.0%

Next, I will explain the Crusher-Related Business, Contract-Based Manufacturing Business, and Other Business. As shown in the pie chart at the beginning, the Crusher-Related Business is currently struggling in terms of profitability.

Maekawa Kogyosho, which handles stationary crushers, achieved growth in its business performance, but did not reach the figures set in its Medium-Term Plan.

Furthermore, although the mobile crushing machine business is large in scale, it has also not reached the figures set forth in the Medium-Term Plan.

In terms of future developments, we will capture new demand in the field of self-propelled machinery. Specifically, there has been a recent increase in demand to replace stationary crushers used in asphalt plants with mobile machines.

We have established strong relationships with our customers through our asphalt plant business, and we aim to further expand this area.

We also have a soil improvement machine called Mobix. This is not an imported machine but our own product, and demand for it is very strong.

In construction work, soil is often transported offsite as part of the process. Traditionally, this soil was sometimes treated as waste and used for landfill. However, there is now a growing trend to improve and utilize soil as a valuable resource.

The opportunities for Mobix to play an active role are expanding. As it is both our own product and is developed in-house, we will continue to make efforts to further expand its sales.

In our Contract-Based Manufacturing Business, two Group companies—Ube Kohki and Matsuda Kiko—play a central role. This business involves manufacturing products on a contract basis for major heavy machinery manufacturers, and order intake remains challenging.

However, by focusing on improving our ability to meet tight deadlines and enhancing product quality, we have managed to maintain a steady business performance.

As shown at the bottom of the document, we are maintaining high profits margins and expect this trend to continue.

We will also need to outsource part of the manufacturing of asphalt plants and batcher plants within the NIKKO Group. By having these two companies take on this foundational role, we aim to expand the overall order volume for the Group.

Other Business are mainly handled by Nikko Machinery and Nikko SEC. Nikko Machinery significantly underperformed its plans for both floodgates and waterproof panels.

Nikko SEC's rental business was doing well, but product sales struggled. Looking at fiscal year 2025, both companies were in a difficult situation.

On the strategic front, we are driving transformation for Nikko Machinery's flood barrier products by exploring new sales channels, utilizing external consultants to support this initiative. By fiscal year 2027, we aim to streamline our product lineup and customer base, thereby expanding our flood barrier business.

The TP-related items listed here pertain to projects involving the white lines painted on roads. Currently, road marking contractors use propane gas to melt the paint, but there is a growing trend toward replacing this with electric melting equipment. We believe this is an important change from the perspective of safety and CO₂ reduction.

We also offer options to transition kneader vehicles and line laying machines from gas-powered to electric models.

Nikko SEC plans to establish a new equipment center in fiscal year 2026. This will strengthen its leasing business in the Kansai area and allow it to maintain inventory, aiming to expand sales in Western Japan.

Toward an Environmental and Recycling-Oriented Society

Performance Assessment

AP

- Sales of liquid biomass burners and formed asphalt equipment remained strong.
- Sales of other medium-temperature mixture-related equipment and pre-drying equipment also increased.
- FY2025 net sales progressed at 159% of the medium-term target.

Strategy Assessment

AP

- Continued combustion tests and technology development using next-generation fuels, as well as joint testing for medium- and low-temperature technologies.
- Related sales are expected to increase in the next medium-term plan toward FY2030.

Issues and Additional Measures

AP

- Decarbonization-related product sales remain strong, but fixed biomass burners have few inquiries and no sales, despite product development being completed.
- Successful examples of customer tests are needed to address challenges such as stable solid fuel supply and quality of mixture products using solid fuel.
- Enhancing research facilities is a key issue for further decarbonization-related development.

Net Sales Trend of Environmental Contribution Products

FY25 Result	0.4B yen
FY26 Forecast	0.5B yen
FY30 Target	2.7B yen

Env. & Conv.-Related Business

- Demand is expanding for plastic recycling, air separation compression, and labor-saving equipment. Unit sales remained firm, and system proposal opportunities increased. Strengthening capabilities to convert system opportunities into orders.

Env. & Conv.-Related Business

- Continued development of high-precision AI sorting using image analysis technology, addressing lithium-ion battery contamination and improving recycling accuracy.
- Developing solution-oriented products, including recycling plant proposals combining crushing, conveyance, and sorting equipment, and space-saving horizontal conveyors.

Env. & Conv.-Related Business

- Need to accelerate technology development and respond to intensifying competition.
- Strengthen initiatives in AI/DX, maintenance services, and Group collaboration.



Accelerating Global Expansion, Mainly in ASEAN

Performance Assessment

AP

- Overseas business remained challenging overall.
- In Taiwan, major projects slowed down, and the strategy is under review.
- In Shanghai, profitability remained firm despite a weak order environment.
- In Vietnam, orders are being generated through active sales activities.

Strategy Assessment

- In Thailand, lifecycle cost proposals are helping counter price competition from Chinese manufacturers, leading to an increase in inquiries.
- The Shanghai business is preparing to enter the Taiwan market.
- In Vietnam, inquiries are increasing through active sales efforts.

Issues and Additional Measures

- Maintenance demand is limited, making profitability improvement a key issue. Reviewing long-term strategies, including related measures.

Next, I would like to explain our efforts toward building an environmentally sustainable society.

From a business performance perspective, addressing CO₂ emissions reduction is a key priority in our AP-Related Business. Sales of liquid biomass burners and foaming equipment—which adds water to asphalt mix to create foam—continue to perform well.

We are also making progress on the development of medium-temperature asphalt mixing technology. While asphalt mixtures are typically supplied at high temperatures, reducing the temperature at which they are delivered to construction sites can help cut CO₂ emissions. Even for asphalt mixtures procured by the Ministry of Land, Infrastructure, Transport and Tourism, there is a growing trend toward shifting from high-temperature to medium-temperature mixture.

We are also engaged in the sales of components and equipment that promote medium-temperature asphalt production, such as formed devices and additional equipment for existing asphalt plants.

In our Environment- and Conveyor-Related Business, plastic recycling is a key focus. In the past, plastics for which recycling costs were not justified were often compacted and exported overseas as raw materials, but the trend is now shifting toward domestic consumption and recycling. We believe that steadily capitalizing on this trend will lead to future business opportunities.

As a strategic initiative, the asphalt plant business is continuously conducting combustion tests and developing combustion technologies for next-generation fuels. In preparation for 2030, we are also making arrangements for dedicated test centers and other facilities to further advance these efforts.

As for our business challenges, while we have identified solid biomass burners as one of our decarbonization-related product, we have not yet generated net sales because the number of business negotiations is currently low and fuel procurement is difficult.

We believe it is necessary to explore ways to accommodate solid biomass fuels that are easier to distribute and obtain in the future. To that end, it is important to establish an environment that supports development, such as test centers.

In the Environment- and Conveyor sectors, there remains a continuing need for AI-based sorting and measures to prevent the contamination of lithium-ion batteries, so we will continue to develop and propose solutions.

We will also continue to make proposals not only for individual equipment such as crushers and conveyors, but also for combinations of these systems, as well as for peripheral products related to conveyors.

The challenge lies in development speed. We believe that how quickly we can make proposals regarding the selection of lithium-ion batteries and other aspects is crucial.

Next, I will explain the acceleration of our global expansion, with a focus on ASEAN. The challenge is clear: how to reduce costs. Of particular importance are purchased items, and we are now making a significant shift from sourcing mainly from Thailand and Japan to sourcing from China.

It is an unavoidable challenge in competing with Chinese companies, and we will pursue differentiation while reducing costs.

Regarding Taiwan, it has never been a large market, with the maximum scale for asphalt plants being around two to three units per year. Currently, major projects have reached a lull. On the other hand, a Japanese-made batcher plant is scheduled for delivery in fiscal year 2026, and the contract has already been finalized.

In Taiwan, building collapses due to earthquakes and other factors have increased interest in high-quality ready-mixed concrete. This is driven by a need to produce high-quality ready-mixed concrete using Japanese-made batching plant.

Until now, the Taiwanese market has been dominated by asphalt plant, but we believe that sales channels for batching plant will expand in the future.

Regarding the Chinese market, including Shanghai, although the situation is not optimistic, we are maintaining a solid market size of approximately 4 to 5 billion yen. In China, there is a shift from mobile to stationary asphalt plants, and stationary plants are precisely our area of expertise.

Considering the life cycle cost, Japanese products are highly regarded for their superiority. We will continue to emphasize this point.

We are also actively promoting our sales activities in Vietnam. At this stage, we are focusing on increasing our delivery track record and expanding the recognition of Japanese products. Currently, we are in the process of laying the groundwork for future growth.

In Thailand, the price competition from Chinese manufacturers is extremely fierce. In response, we will lower overall costs by increasing the proportion of Chinese-made parts we use.

Also, while the low initial installation costs of Chinese competitors tend to attract attention, plants are facilities that are used over the long term, such as five or ten years. Currently, the number of customers who have been using our plants for five or six years since delivery is increasing.

Quantifying these achievements, we are now able to present in Thailand the fact that Japanese-made plants have fewer breakdowns and require fewer consumable parts as advantages in terms of lifecycle cost. We will further expand this sales approach from fiscal year 2026 onward.

In overseas markets, the system of requesting maintenance from manufacturers, as is common in Japan, has not been fully established. There is a culture of repairing machines themselves and creating what they need on their own, so the demand for maintenance has been limited.

However, in China, the number of requests to Nikko is increasing due to a labor shortage. In Thailand, too, workers on construction sites are relying on labor from overseas, such as Cambodia.

Therefore, there is a growing need to request advanced maintenance from manufacturers in order to improve the quality of maintenance.

From now on, we will promote the effectiveness of our maintenance services from the perspective of lifecycle cost.

NIKKO CO., LTD. MEDIUM-TERM MANAGEMENT PLAN

Supplement: Current Status of AP Subsidy Use and Future Net Sales Outlook

Subsidy for Asphalt Plant Upgrade — Energy-Saving Investment & Demand Structure Support —

(I) Factory / Plant				
	① Advanced Category	② General Category	③ SME Investment Promotion Category	
Requirements	Projects Pre-Screened and Approved for Advanced Equipment / Systems • New Asphalt Plant "Value Pack" • Heat-Tech System in Asphalt Plants	Custom or High-Efficiency Equipment • Designed and manufactured to meet the business's specifications and intended use * Can be combined with standard equipment		
Energy-Saving Effect Requirements	○ Energy-Saving Rate +Non-Fossil Ratio Increase Over 30%	Over 10%	Over 7%	
	○ Energy-Saving Amt +Non-Fossil Amount Over 1,000kl	Over 700kl	Over 500kl	
	○ Energy Efficiency Improvement Rate Over 15%	Over 7%	Over 5%	
Eligible Expenses	Design / Machinery / Construction Costs			
Subsidy Rate	SME : Within 23	Within 12	Within 12	
	Large Enterprises : Within 12	Within 13	Not eligible	
Maximum Subsidy Amount <small>For Non-Fossil Fuel Applications (shown in parentheses)</small>	[Max] 1.5B yen (2.0B yen) per fiscal year [Min] 1M yen per fiscal year (excl. first year)	[Max] 1.5B yen/FY (2.0B yen/FY) [Min] 1M yen per FY (excl. first year)	[Max] 1.5B yen/FY (2.0B yen/FY) [Min] 1M yen per FY (excl. first year)	

Source: Sustainable Open Innovation Initiative (SII), FY2024 Supplementary Budget: Subsidy Program for Energy Conservation and Non-Fossil Energy Transition

AP-Related Business Results and Subsidy-Eligible Project Ratio

Note: Includes modification projects under subsidy approval, in addition to plant equipment.

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Next, I will briefly explain the current status of subsidies related to asphalt plants.

There are three subsidy categories for asphalt plants: the Advanced Category, General Category, and SME Investment Promotion Category.

The key point is the subsidy rate. Under the Advanced Category, subsidies cover up to two-thirds for SMEs and up to one-half for large enterprises.

The subsidy cap is 1.5 billion yen. Eligible costs include not only the asphalt plant itself, but also foundation work for installation and electrical equipment required for operation. For SMEs, the subsidy rate of up to two-thirds is particularly significant.

With this level of support, many customers are considering replacement at this timing, and we are receiving many inquiries.

The graph on the right shows this trend. The blue stacked bars represent net sales in the AP-Related Business, based on the Medium-Term Plan figures.

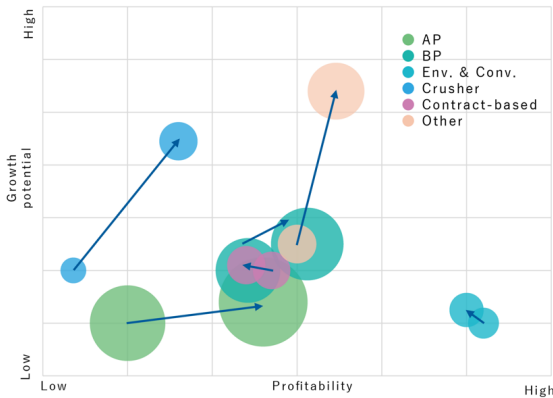
The subsidy-eligible net sales ratio was 7.6% in FY2025, but based on current inquiries and order status, it is expected to rise to 34.5% in FY2027.

In value terms, this is expected to reach around 8.0 billion yen, meaning that subsidy-related projects will account for a large portion of product sales. This shows how strong a tailwind the subsidy program has become.

FY2025 Progress Toward the Target Business Portfolio for 2030

- AP profitability is improving steadily, despite continued losses in the Thailand business, supported by higher product gross margin and stronger maintenance services.
- BP continues to expand its market share. The product standardization ratio has risen to approximately 20%, creating potential for outperformance.
- Overall, business portfolio reform toward 2030 is progressing well.

Target Business Portfolio for 2030



Segment-specific Issues, Goals, and Strategic Direction

Segments	Issues/ Goals	Strategic Direction
AP-Related Business	Profitability	With domestic demand expected to recover, aiming to double the operating profit margin compared to FY2024.
	Business Transformation	
BP-Related Business	Sales Growth	Enhance profitability in a continued favorable business environment
	Business Transformation	
Environment- and Conveyor-Related Business	Sales Growth / Profitability	Aim to maintain a highly profitable structure through improved operational efficiency
	Business Transformation	
Crusher-Related Business	Sales Growth	Strengthen growth strategies for top-line expansion with improved profitability
	Product Market Lateral Expansion	
Contract-Based Manufacturing Business	Sales Growth	Aim for stable growth and securing double-digit operating margins
	Product Market Lateral Expansion	
Other Business	Sales Growth	Achieve sales growth while maintaining high profitability
	Product Market Lateral Expansion	
Maintenance Service	Operation and Maintenance Services	Labor-saving services such as remote management
	Business Transformation	Operation and maintenance services
New Growth Areas	M&A	Exploring new growth areas
	Partnership	

Next, I will explain the business portfolio we aim to achieve by 2030. The size of each circle indicates business scale, showing that the AP-Related Business and BP-Related Business are our core businesses.

The most important element here is maintenance services. Steady growth in this area will also support expansion of the BP business and contribute to higher profitability.

On the other hand, a major issue in the AP-Related Business is overseas operations, particularly losses in Thailand. In Thailand, we are working to reduce fixed costs, including consolidating the two local subsidiaries into one.

We will also improve productivity and reduce costs. By increasing parts procurement from China, we aim to improve profitability.

For Other Businesses, shown as a large circle in the chart, we see growth potential. In practice, M&A is expected to be an important element in this area.

By combining these initiatives, we will move forward with business portfolio reform in a more clearly defined manner.

From here, Kawakami will explain the financial section.

Kawakami: I am Kawakami from the Administrative & Finance Division. I will continue the presentation from here.

President Nakayama has explained mainly the progress of the Medium-Term Management Plan. I will now explain the financial aspects from a slightly different perspective.

Portfolio Management Based on Business Stage and ROIC

- The Company operates multiple businesses with different business characteristics and stages, making it difficult to determine strategic direction based solely on absolute ROIC levels.
- Therefore, the business portfolio has been reorganized using business stage and direction of ROIC improvement as key axes.
- To reflect actual management practices, the core AP-related and BP-related businesses are treated as one unit, and the overall portfolio is managed across five business segments.

Segment	ROIC	Business Stage	Assessment Comment
AP + BP-Related Business (Integrated Core Business)	11.2%	Core Area	Core business foundation. Large capital investment and significant room for ROIC improvement through higher profitability.
Env. & Conv.-Related Business	65.5%	High-Efficiency Area	Mature area maintaining high ROIC. Improve company-wide capital efficiency.
Crusher-Related Business	2.09%	Growth Area / Launch Phase	Significant room for sales growth in the launch phase. Largest potential for ROIC improvement.
Contract-based Manufacturing Business	11.8%	Stable Area	Stable earnings. ROIC can be further raised through profitability and asset efficiency improvements.
Other Business	5.39%	Improvement Potential Area	ROIC below the medium-term level. Profitability and asset efficiency improvement are key themes.

Note: Segment assets used in the reportable segment information of the financial results for the fiscal year ended March 31, 2026 are used for this analysis.

First, in the past, we have not placed ROIC at the center of our explanations.

However, investors are increasingly asking for explanations of capital efficiency and investment efficiency. We believe it is important to show, with figures, what Nikko aims to change and what results it is achieving.

Therefore, we have organized our approach by segment and business stage, and will explain how the Group views its portfolio.

Our core businesses are the AP-Related Business and BP-Related Business. We also have the Environment- and Conveyor-Related Business as a high-efficiency business that drives ROIC.

The Crusher-Related Business currently faces challenges, but it has growth potential and significant room for sales expansion. We will implement the necessary measures.

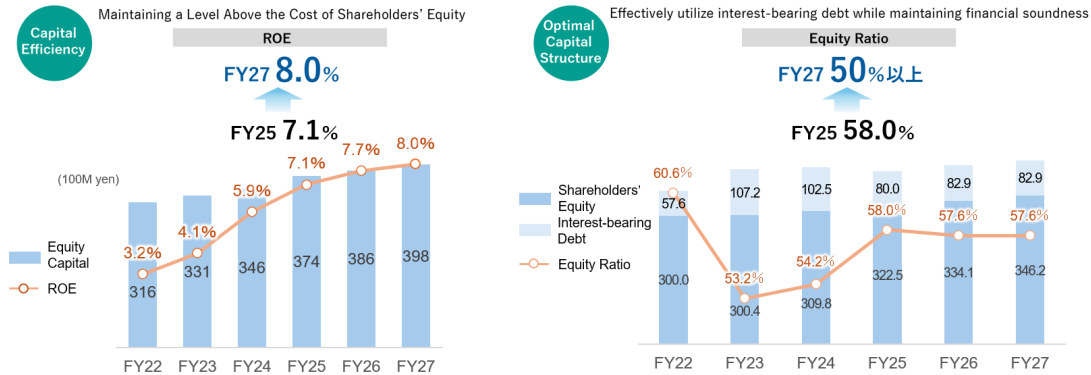
The Contract-Based Manufacturing Business is a manufacturing business centered on the two companies added through M&A. It is an important business that generates cash for the Group, and we aim to develop it as a stable area that can maintain high profitability.

Other Businesses have room for improvement. ROIC is currently below the medium level, but we aim to improve profitability and asset efficiency so that these businesses contribute to Group growth.

We will continue to report progress on this matter on a regular basis.

B/S Strategy and FY2025 Progress

- Clarified capital allocation policy and set the target ROE at 8%, above the cost of capital, for the final year of the Medium-Term Management Plan (FY2027).
- Strategic shareholdings are planned to be reduced to 10% or less of net assets over the medium term. Cash and deposits are expected to be around 12.5 billion yen, equivalent to approximately 2.5 months of monthly sales, at the end of FY2027.
- In FY2025, equity increased versus plan due to a 9.95 billion yen increase in valuation difference on available-for-sale securities and other factors. However, ROE was 7.1%, above the first-year plan of 6%, with the cost of equity at 5.89%.



Next, I will explain the balance sheet. As the first year of the Medium-Term Management Plan, progress has been broadly in line with the plan, as President Nakayama explained earlier.

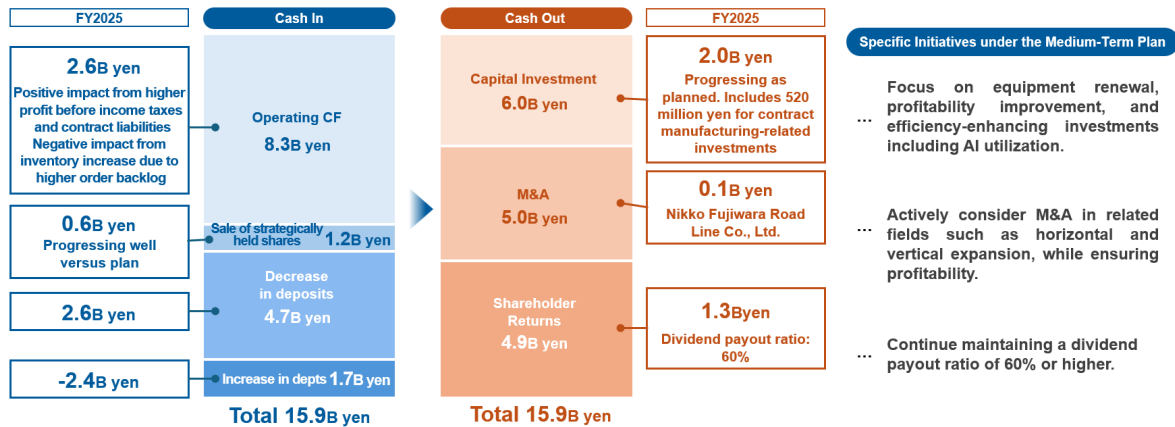
I will explain ROE later in the B/S section. Although assets increased, operating profit also improved, and ROE remained above the initially assumed level of 6%.

For FY2027, we will aim to achieve the medium-term target of 8%.

FY2025 Progress in Cash Allocation

- Cumulative cash inflow under the three-year medium-term plan is expected to be approximately 16.0 billion yen. In FY2025, operating cash flow, capital investment, and shareholder returns are progressing in line with the plan.

Cumulative cash allocation for the three-year medium-term plan



Next, I will explain cash allocation. In the first year of the Medium-Term Management Plan, operating cash flow was in line with, or slightly above, the plan, supported by solid operating profit.

However, as explained in the third quarter, some projects shifted beyond the fiscal year-end in March, which had a partial impact.

As a result, projects that had not yet been recognized as sales were recorded as inventories, which pushed down cash flow. Given the characteristics of the plant business, however, we consider this to be within an unavoidable range.

For debt, the Medium-Term Plan had assumed an increase, but debt decreased in FY2025. With interest rates now rising, we partially repaid mainly short-term borrowings in FY2025 to limit cash outflow, while maintaining flexibility to use debt when needed.

Our policy remains unchanged: we will continue to consider financing, including debt, depending on the status of M&A and capital investment.

Closing: Strengthening Board Oversight to Enhance Corporate Value

- Position capital allocation policy as a key management priority, with the Board overseeing the balance among investment, shareholder returns, and financial soundness.
- Through these oversight areas, strengthen governance to improve capital efficiency and maximize corporate value.

Board Oversight Areas

Oversight Area	Role of the Board	Key Review Points
Review of Capital Allocation Policy	Confirm alignment with the Medium-Term Management Plan every quarter	Securing returns above the cost of capital; balance among investment, shareholder returns, and financial soundness
Review of Investment Projects	Review the appropriateness of major investments	ROIC-based suitability; strategic alignment; risk assessment
Monitoring of Cash and Leverage	Oversee maintenance of financial soundness	Appropriate level of liquidity on hand
Regular Review of Business Portfolio	Oversee strategic direction by business stage	Progress in growth, core, and high-efficiency areas; improvement in capital efficiency
Decision Process for Withdrawal / Downsizing	Oversee optimization of non-core businesses	Review from a capital efficiency perspective; appropriateness of options including divestiture
Monitoring of Capital Policy	Oversee appropriateness of shareholder return policy	Stable dividend policy, etc.

Next, I will explain the Board oversight structure for enhancing corporate value. The Company aims not simply to expand in scale, but to become a stronger company and continue growing toward the realization of its vision.

At the same time, from a financial perspective, financial discipline is also important. It is necessary to balance growth with financial soundness, and we have reorganized the Board's oversight areas accordingly.

First is capital allocation. As explained earlier in the segment discussion, it is important for the Board to further manage and oversee whether investments and capital allocation are being carried out in line with this policy and whether returns exceed invested capital.

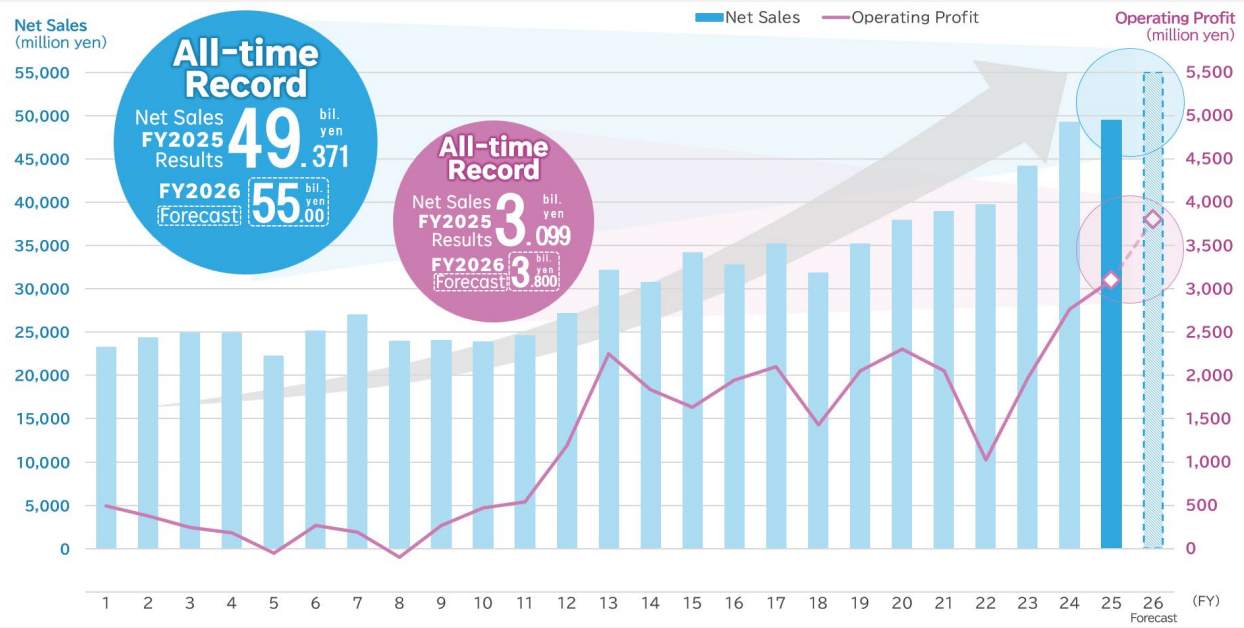
To do so, we must carefully review investment projects and, when necessary, make decisions that include downsizing or withdrawal.

We will focus on allocating capital to areas with stronger growth potential and generating returns that meet your expectations.

The Board will also firmly manage and oversee business portfolio reviews, regular reviews, and capital policy confirmation.

Together with President Nakayama's explanation, I have added comments on the first year of the Medium-Term Management Plan. Overall, we believe progress in the first year has been generally favorable.

Net Sales and Operating Profit Trends



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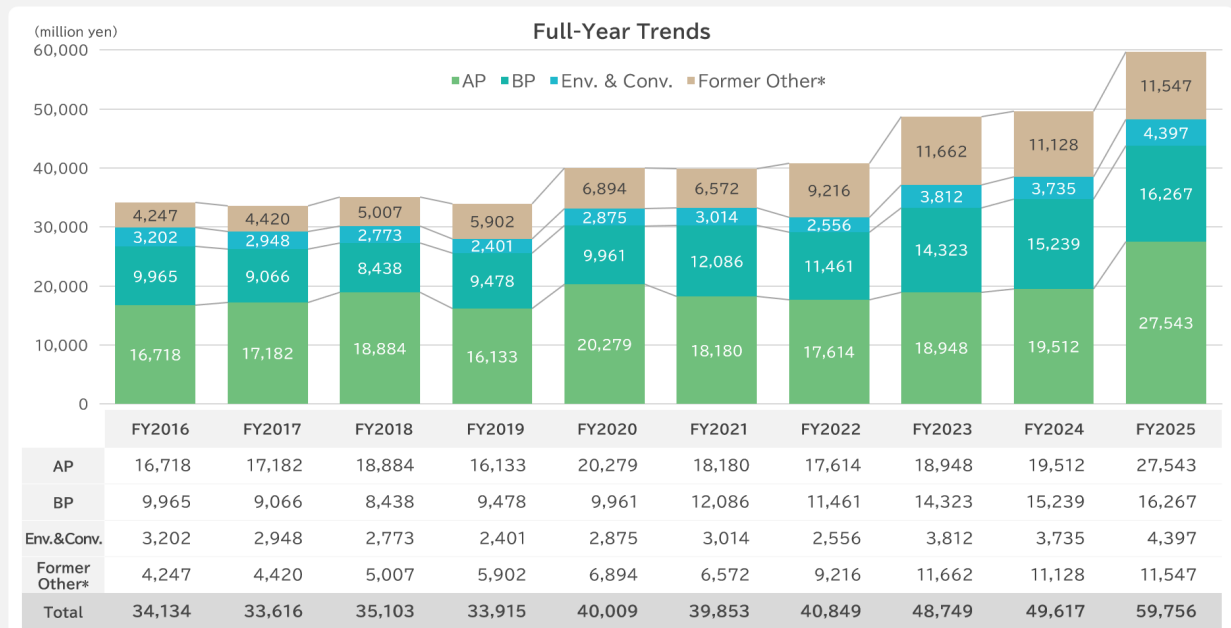
Net sales reached a record high, but fell short of the Medium-Term Plan, which remains an issue. In terms of profit, however, we achieved operating profit of 3.0 billion yen, giving us confidence toward the 3.8 billion yen target for the second year.

Until now, operating profit had often fallen just short of the target, but this time we were able to exceed the announced figure. We hope you will also look forward to the second year of the Medium-Term Management Plan.

President Nakayama has already explained each business segment, so I will not repeat that section.



Order Intake Trends (Cumulative)



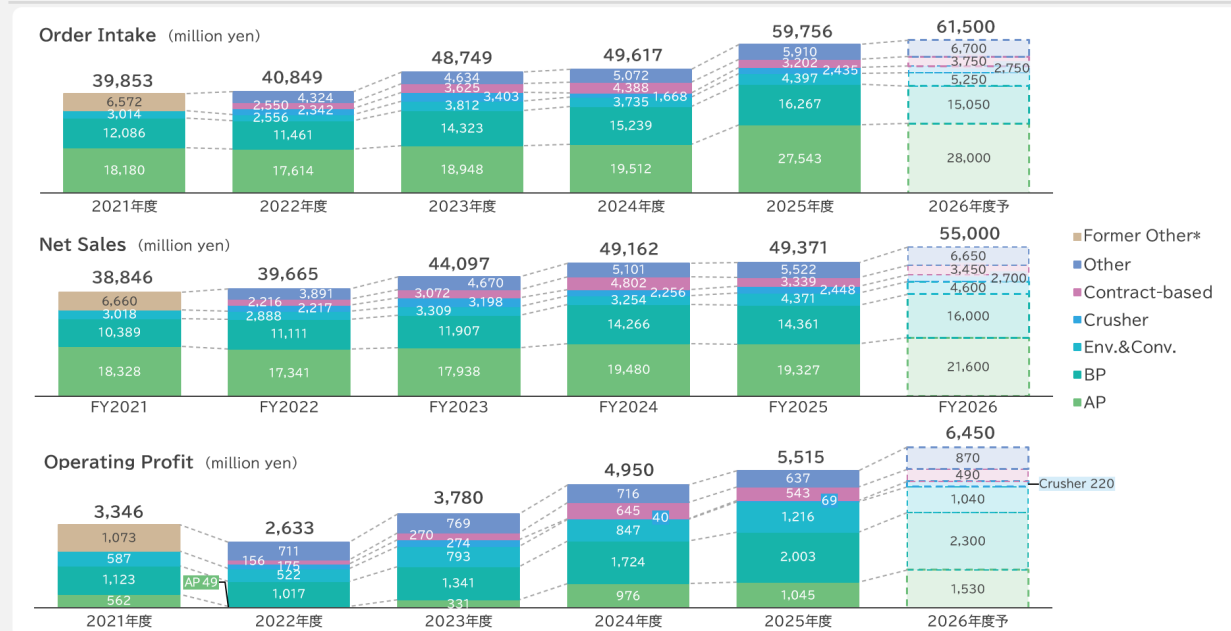
* 'Former Other' category includes the Crusher-Related business, Contract-Based Manufacturing Business, and Other Business.

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As President Nakayama mentioned, order backlog is very strong, with subsidies providing a tailwind for asphalt plants. This is a major positive factor for the Company.

The BP business also remains firm. Overall, we believe these factors will support future performance, particularly net sales and profit.

Order Intake, Net Sales, Operating Profit by Segment



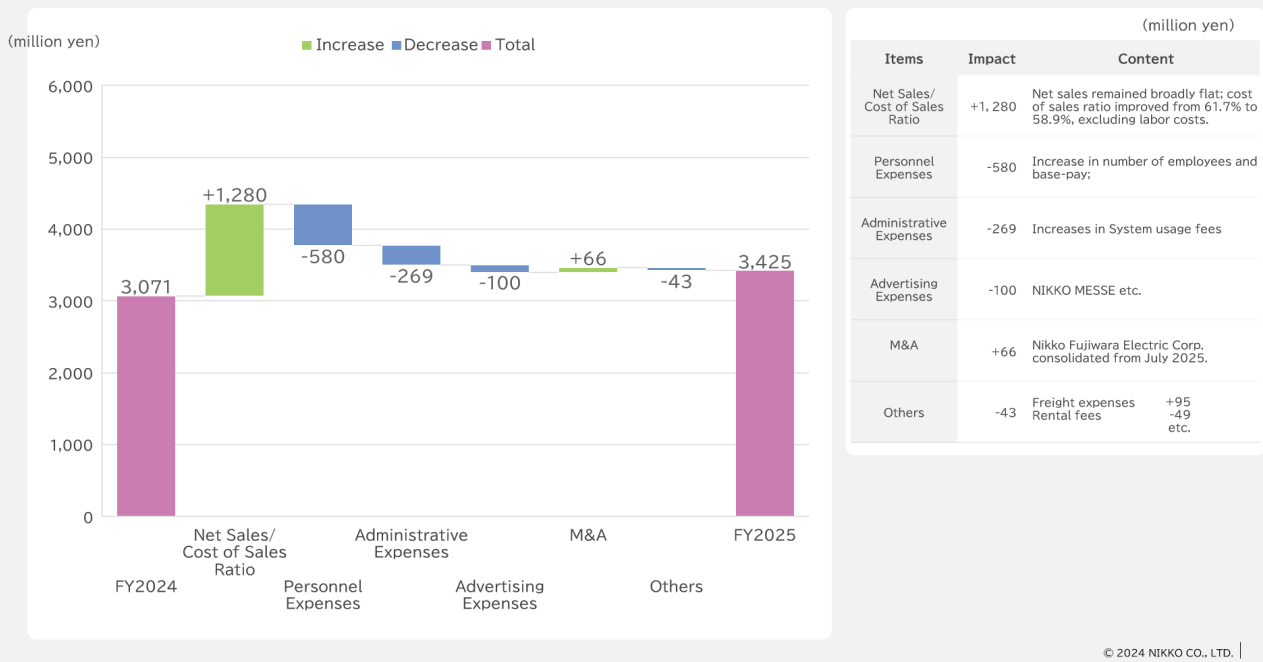
* 'Former Other' category includes the Crusher-Related business, Contract-Based Manufacturing Business, and Other Business.

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The AP-Related Business and BP-Related Business by segment overlap with President Nakayama's earlier explanation, so I will not repeat them.



FY2025 Full-Year Analysis of Factors Affecting Changes in Ordinary Profit

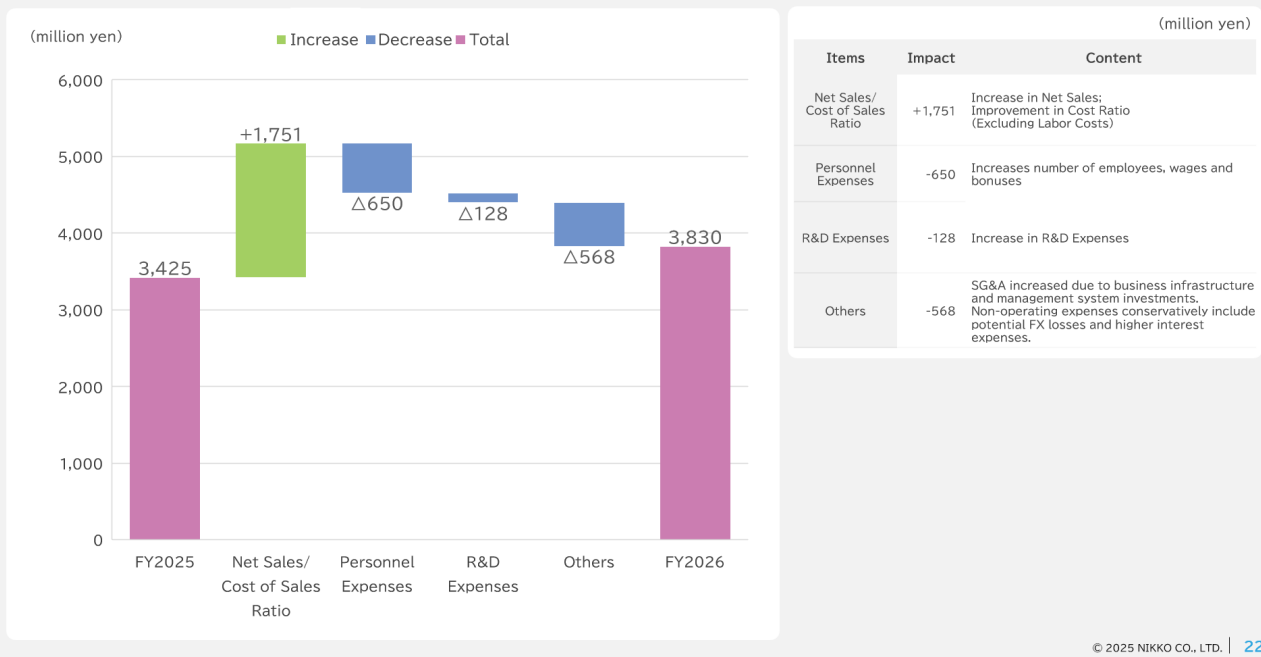


Next, I will explain profitability, focusing on the factors affecting the change in full-year ordinary profit for FY2025.

Higher net sales and an improved cost of sales ratio had a positive impact of 1.2 billion yen. On the other hand, personnel expenses had a negative impact of 580 million yen due to investment in human capital and base pay increases. As a result, ordinary profit increased by approximately 400 million yen in FY2025.

Although exhibition-related expenses were incurred, the exhibition was highly successful and supported the overall Medium-Term Management Plan, creating positive momentum going forward.

FY2026 Full-Year Analysis of Factors Affecting Changes in Ordinary Profit (Forecast)



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For the FY2026 forecast, we also expect higher net sales and an improved cost of sales ratio. The improvement reflects both cost reductions in manufacturing and appropriate pass-through to selling prices with customer understanding.

These effects are gradually becoming visible, and we expect a positive impact of around 1.7 billion yen in FY2026.

At the same time, personnel expenses are expected to remain a negative factor, as we will continue investing in human capital throughout the Medium-Term Plan period.

Taking these factors into account, we expect profit to increase by approximately 400 million yen again in FY2026, following FY2025, and have incorporated operating profit of 3.8 billion yen into the year-end forecast. We will work to achieve this target.

Balance Sheet Trends



(million yen)		End of FY2024	FY2025	Change	Main Factors
Assets	Current Assets	40,126	38,927	- 1,199	Increase: Merchandise and finished goods +2,080 mil. yen Electronically recorded monetary claims +512 mil. yen Decrease: Cash and deposits -2,553 mil. yen Notes receivable-trade -828 mil. yen Accounts receivable-trade -633 mil. yen
	Tangible Assets	15,305	16,107	+ 802	
	Intangible Assets	1,198	1,090	- 108	Increase: Investment securities +1,329 mil. yen Buildings and structures +435 mil. yen Construction in progress +241 mil. yen Decrease: Deferred tax assets -183 mil. yen
	Investments and Other Assets	7,094	8,317	+ 1,223	
Total Assets		63,725	64,443	+ 718	
Liabilities	Current Liabilities	21,515	20,609	- 906	Increase: Contract liabilities +1,219 mil. yen Provision for loss on liquidation of subsidiaries and associates +402 mil. yen Notes and accounts payable-trade +289 mil. yen Decrease: Short-term borrowings -1,755 mil. yen Accounts payable-factoring -889 mil. yen Retirement benefit liability -601 mil. yen
	Long-term Liabilities	7,649	6,424	- 1,225	
Total Net Assets		34,560	37,409	+ 2,849	Increase: Retained earnings +1,227 mil. yen Valuation difference on available-for-sale securities +990 mil. yen Remeasurements of defined benefit plans +411 mil. yen Foreign currency translation adjustment +175 mil. yen
Net assets per share (yen)		897.73	970.51	+ 72.78	

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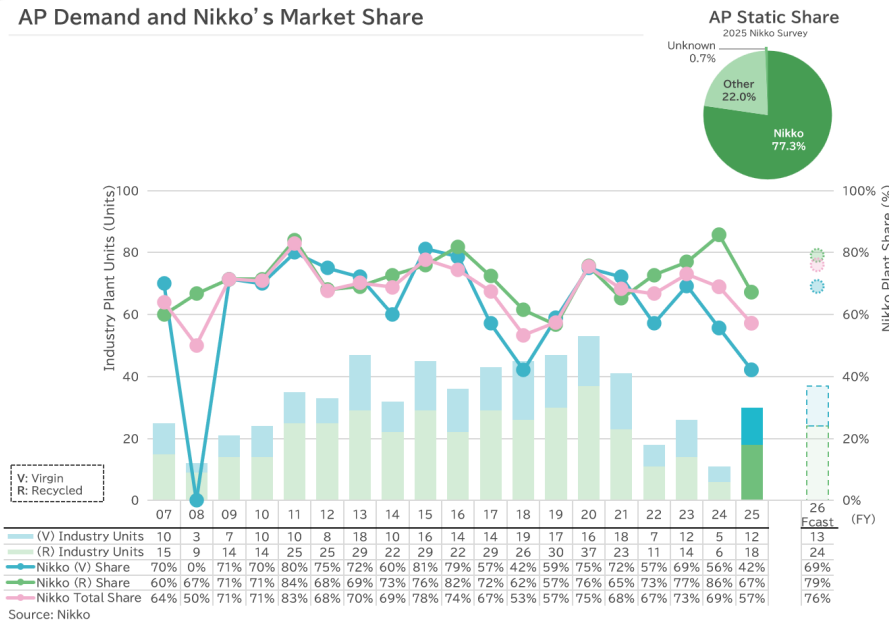
Next, the balance sheet. As explained earlier, inventories were affected by timing shifts at the end of March. We refer to this as in-transit backlog.

Some projects had already been shipped but had not yet been recognized as sales at the end of March. Although we worked to reduce assets, this item increased and was recorded as a positive factor of 2.1 billion yen.

AP Details and Future Strategy ①



AP Demand and Nikko's Market Share

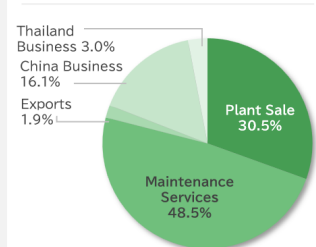


AP Business New Product Performance

	FY 20	21	22	23	24	25
New AP Units (VP/MBD)	2	3	2	5	2	3
Crusher Plant Units	2	1	1	1	0	0
Decarb-Related Product Units	2	9	19	55	15	19

* Decarb-Related Products (Foamed Equipment, Biomass Burner, etc.)

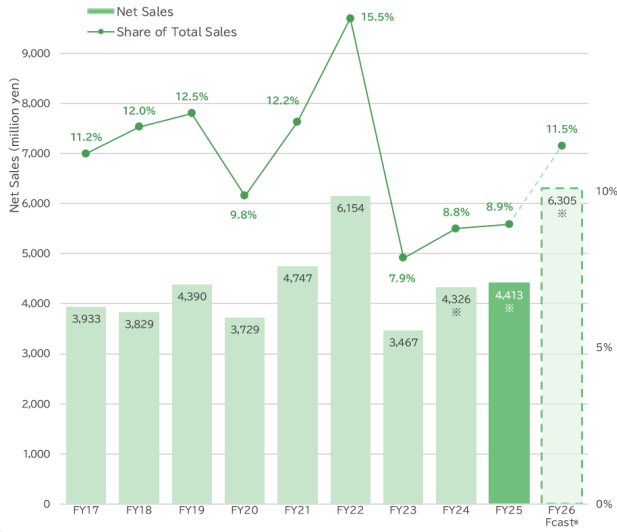
AP Sales Breakdown (FY26)



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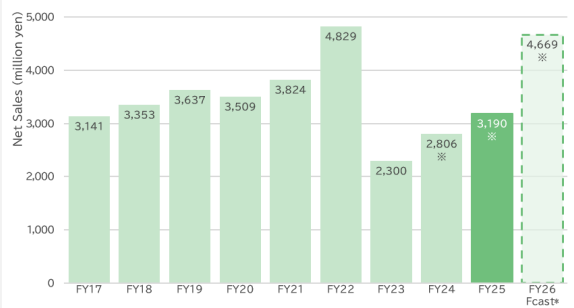


Nikko's Overseas Sales and Sales Ratio

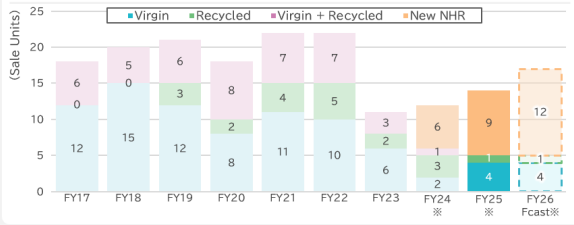


* From FY2025, the 4 overseas subsidiaries will be consolidated on a January-December basis. Until FY2023, consolidation was April-March. FY2024 reflects nine months (April-December).

Nikko Shanghai Net Sales



Nikko Shanghai AP Units Sales



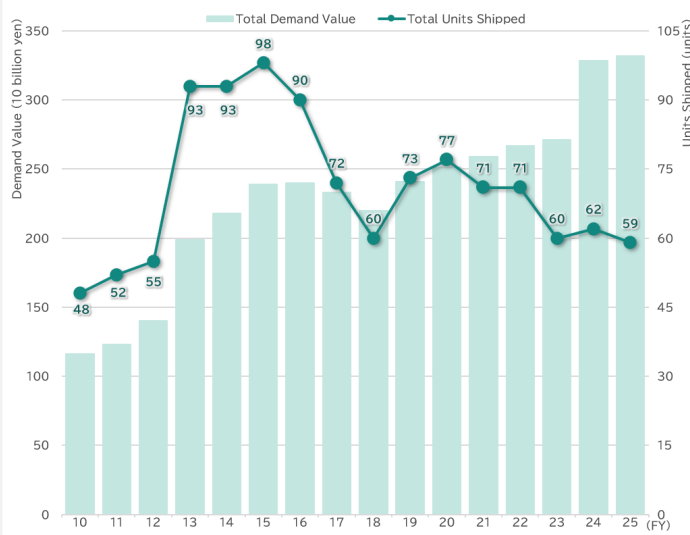
The asphalt plant business remains firm, and we believe there is room for upside in the FY2026 forecast.

This reflects a combination of higher unit prices for individual products and increased maintenance service sales, making it difficult to assess on a simple linear basis.

In Japan, profitability is steadily improving, and this is reflected in both higher net sales and an improved cost of sales ratio.

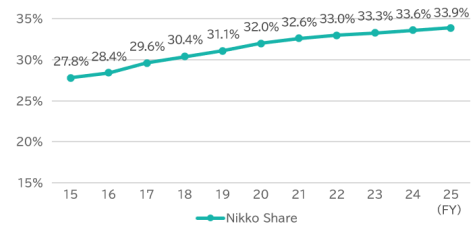
BP Business Share and Sales Composition

Total BP Demand Value, Units Shipped

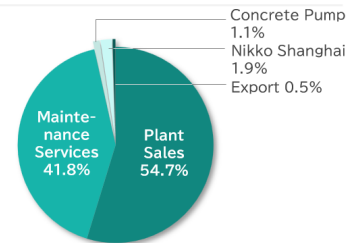


Source: Japan Construction Equipment Manufacturers Association (BP Committee)
(Demand value includes Maintenance services)

Nikko BP Static Market Share



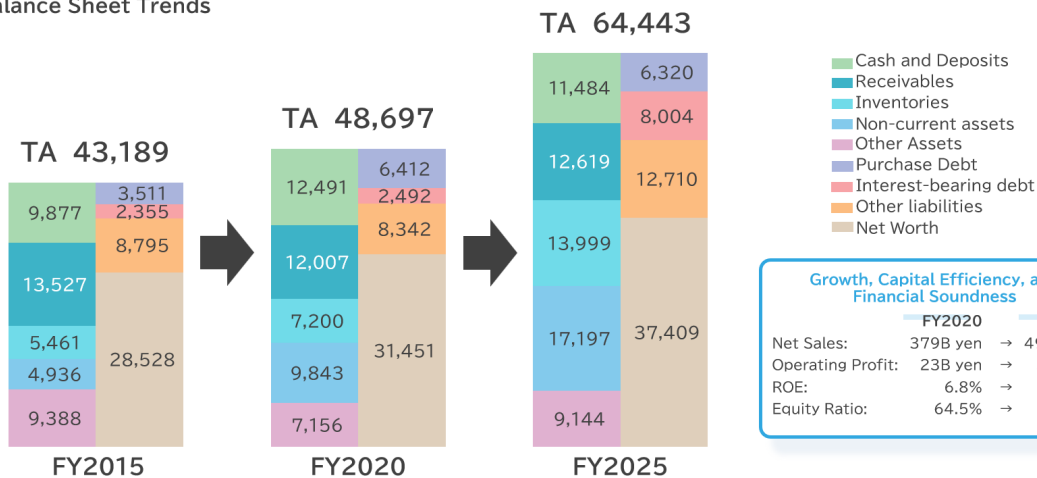
BP Sales Distribution (FY25)



I will omit the explanation of the BP business, as it overlaps with the earlier discussion.

Financial Strategy

Balance Sheet Trends



Growth, Capital Efficiency, and Financial Soundness

	FY2020	FY2025
Net Sales:	379B yen	494B yen
Operating Profit:	23B yen	31B yen
ROE:	6.8%	7.1%
Equity Ratio:	64.5%	58.0%

- ▶ Continue reducing strategic shareholdings to enhance capital efficiency.
- ▶ Balance growth investments and shareholder returns while maintaining a payout ratio of 60% or higher.

As supplementary information on our financial strategy, this chart shows the changes over the past 10 years from FY2015.

Total assets were 43.1 billion yen in FY2015 and increased to 64.4 billion yen in FY2025. Compared with FY2020, total assets are now approximately 1.5 times larger.

On the other hand, in terms of whether the Company's scale has truly expanded, net sales in FY2025 were about 1.3 times the FY2015 level, and we recognize that further efforts are needed.

However, looking at the trend in net assets, we have not simply expanded assets without discipline.

We will continue to use assets efficiently overall and respond flexibly, including share buybacks when appropriate. We are not satisfied with the current situation.

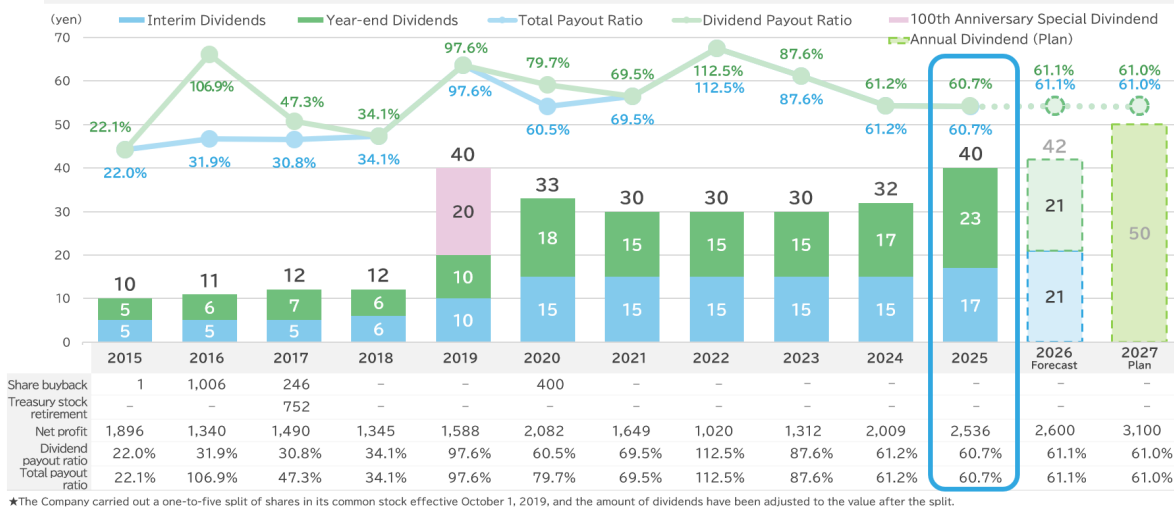
We will continue working to improve asset efficiency while optimizing the level of cash and deposits.

Shareholder Returns



■ Forecasted Dividend for Fiscal Year 2026: 42 yen (Interim 21 yen, Year-End 21 yen, Dividend Payout Ratio 61.1%)

We will maintain a stable shareholder return policy, with a **dividend payout ratio of 60% or higher**, while focusing on capital efficiency and medium- to long-term corporate value enhancement.



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President Nakayama has also explained our shareholder return policy. The initial dividend plan for FY2025 was an interim dividend of 17 yen and a year-end dividend of 17 yen, for an annual dividend of 34 yen. As we secured solid operating profit, we set the year-end dividend at 23 yen and the annual dividend at 40 yen, based on our policy of maintaining a dividend payout ratio of 60% or higher.

For FY2026, we plan to raise the annual dividend from the initial plan of 40 yen to 42 yen. We hope you will continue to have expectations for our progress.

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



(million yen)	FY2023				FY2024年度				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	8,446	8,536	10,637	16,478	9,849	12,785	10,436	16,092	8,294	12,822	10,042	18,213
AP-Related Business	3,795	3,319	2,965	7,859	3,746	5,233	3,783	6,718	3,087	4,706	3,441	8,093
BP-Related Business	2,313	2,736	2,837	4,021	2,217	3,925	2,957	5,167	2,425	4,665	3,240	4,031
Environment and Conveyor-Related Business	643	807	836	1,023	772	661	931	890	793	959	1,017	1,602
Crusher-Related Business	552	526	1,667	453	640	673	293	650	280	273	425	1,470
Contract-Based Manufacturing Business	229	140	1,297	1,406	1,550	1,043	1,300	909	678	1,036	498	1,127
Other Business	911	1,008	1,034	1,717	922	1,249	1,173	1,757	1,028	1,184	1,422	1,888
Operating Profit	(99)	368	449	1,250	462	818	267	1,219	(54)	822	329	2,002
AP-Related Business	(92)	121	(366)	668	179	319	(214)	692	(123)	213	(85)	1,040
BP-Related Business	169	335	401	436	241	507	357	619	277	676	442	608
Environment and Conveyor-Related Business	126	206	208	253	162	164	285	236	211	111	364	530
Crusher-Related Business	22	34	244	(26)	54	42	(92)	36	(61)	6	(12)	136
Contract-Based Manufacturing Business	(16)	(16)	239	63	229	140	241	35	99	152	46	246
Other Business	98	93	138	440	37	189	166	324	50	91	132	364
AP-Related Business	(407)	(405)	(415)	(584)	(442)	(543)	(476)	(722)	(508)	(428)	(557)	(922)
Ordinary Profit	67	388	520	1,169	625	843	403	1,200	68	842	481	2,034
Net Profit Attributable to Owners of Parent	27	321	246	718	337	544	263	865	(61)	755	293	1,549
Operating Cash Flow		4,332				2,994				2,592		
Investing Cash Flow		(2,333)				(2,805)				(1,428)		
Total Dividend	574	-	574	-	574	-	577	-	654	-	655	-
Share Buyback												

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Cash flow is generally progressing in line with the plan. On the other hand, investment-related expenditures have been somewhat lower.

As we flexibly executed M&A and debt repayment, total cash outflow appears smaller. However, this is not necessarily the desired state, so we will continue to proceed in line with the plan.

Please refer to the materials for details.

Trends in Order Intake and Order Backlog by Business Segments (Cumulative)



Order Intake (Cumulative) (million yen)	FY2023				FY2024				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-Related Business	5,227	10,853	14,578	18,948	5,366	11,078	14,938	19,512	4,398	10,942	17,589	27,543
BP-Related Business	2,502	6,197	9,757	14,323	4,301	7,900	11,305	15,239	2,736	7,090	9,914	16,267
Crusher-Related Business	902	1,738	2,591	3,812	812	1,557	2,367	3,735	1,072	2,097	3,046	4,397
Contract-Based Manufacturing Business	286	1,881	2,275	3,403	378	944	1,162	1,668	319	651	1,448	2,435
Environment and Conveyor-Related Business	647	1,739	2,737	3,625	1,873	2,839	3,730	4,388	776	1,598	2,184	3,202
Other Business	1,209	2,717	3,664	4,634	1,305	2,568	3,778	5,072	1,100	2,555	4,082	5,910
Total	10,777	25,128	35,605	48,749	14,039	26,889	37,281	49,617	10,404	24,936	38,265	59,756

End-of-term Order Backlog (million yen)	FY2023				FY2024				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AP-Related Business	9,430	11,666	12,497	8,975	10,595	11,073	11,150	9,006	10,318	12,156	15,362	17,222
BP-Related Business	6,295	7,456	7,976	8,555	10,639	10,313	10,761	9,528	9,840	9,529	9,113	11,434
Crusher-Related Business	540	570	587	778	818	903	782	1,259	1,538	1,604	1,536	1,286
Contract-Based Manufacturing Business	491	1,561	287	962	701	593	518	374	413	472	845	361
Environment and Conveyor-Related Business	2,241	3,194	2,892	2,375	2,699	2,621	2,212	1,961	2,059	1,845	1,933	1,824
Other Business	987	1,539	1,400	722	1,106	1,119	1,156	694	981	1,252	1,357	1,297
Total	19,987	25,986	25,642	22,371	26,560	26,626	26,582	22,826	25,150	26,861	30,148	33,426

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Finally, I will briefly explain non-financial items, which we often omit in our annual briefings.

In our industry, recruiting female employees is not always easy.

At the same time, we believe the active participation of female employees is very important for bringing new ideas, revitalizing the organization, and supporting growth. Applications and hiring are currently firm, and the number of female employees is increasing overall.

The average age of employees is also gradually decreasing. Around 2015 and 2016, it was close to 42 to 43 years old, but continued hiring brought it below 40 in FY2023. It may fall below 39 in FY2026, and we believe the Company as a whole is becoming younger.

As explained, the fiscal year ended March 31, 2026 produced solid results. We hope you will also look forward to the current fiscal year.

That concludes my explanation.

Q&A

[Q]: The Crusher-Related Business is expected to see a sharp improvement in profitability from the second half of the fiscal year ending March 31, 2027, with the margin exceeding 12%. What is the background to this? Is expansion of Mobix sales a major factor?

[A]: Thank you for your question. The biggest factor is the growing weight of Mobix, a machine manufactured by Nikko. Your understanding is correct.

[Q]: What are the factors behind the significant increase in net sales and profit expected in Other Businesses this fiscal year?

[A]: Kawakami will answer. Other Businesses are mainly handled by Nikko SEC, Nikko Machinery, and Tombo Industry. In the previous fiscal year, Nikko SEC, for example, was in a period when demand was temporarily weak.

For example, in rental, demand for rental equipment increases when customers carry out large-scale periodic repairs. Sales also increase when replacement or renewal timing arrives, but the previous fiscal year was a lull between such periods. One factor this year is the recovery in Nikko SEC's performance.

For Nikko Machinery, sales of flood barriers increase when water-related disasters occur, but inquiries tend to settle down after a certain period. In addition, recent labor shortages caused schedule delays among general contractors, our main customers, resulting in delivery timing shifts in the previous fiscal year.

As these projects delayed from the previous fiscal year recover this fiscal year, net sales and profit are expected to show a large increase on the surface.

[Q]: Please explain the sustainability of orders in the AP-Related and BP-Related Businesses. Is order intake expected to peak this fiscal year, or is it likely to increase again next fiscal year?

[A]: Thank you for your question. We believe the current conditions for both AP and BP will continue for some time.

For AP, the Energy-Saving Investment Promotion and Demand Structure Transformation Subsidy Program, or energy-saving subsidy, is a major factor. We expect favorable conditions to continue. In terms of order intake value, it is difficult to say whether the peak will be in FY2027 or FY2028.

For BP, I am not sure whether 'peak' is the right expression, but we expect the current order volume to continue during the Medium-Term Plan period. Looking at the ready-mixed concrete market and the profitability of ready-mixed concrete manufacturers, their willingness to invest in equipment remains strong.

The number of inquiries does not immediately translate into contracts, but we are receiving many consultations on plant renewal plans over three- to five-year periods. In other words, there are still many potential customers, and we expect this situation to continue for some time.

That said, we currently deliver around 25 large plants per year, and delivering at a pace of two units per month is not easy.

Therefore, to further increase order intake and the number of orders, we must also expand production capacity. As there are limits to what Nikko's own plants can handle, we will utilize outsourced manufacturing and production within the Group to support higher order volume.

[Q]: I would like you to place greater emphasis on ROE. The balance sheet appears somewhat too strong. Would it be difficult to achieve ROE of 10% ahead of schedule by controlling equity?

[A]: Kawakami will answer. Rather than placing only a little more emphasis on ROE, I personally want to place much stronger emphasis on ROE. I do not want to sound as if I am making excuses by providing various explanations, so we fully recognize ROE as a truly important target indicator. The Medium-Term Plan sets a target of 8%, but from a finance perspective, we want to show investors even better figures if possible.

As you pointed out, one possible approach is to control equity in various ways, such as setting a certain upper limit for equity itself. First, we will make sure to achieve 8%, and then work toward achieving 10% as early as possible. Thank you.

[Q]: Are there any specific businesses that you are considering withdrawing from or downsizing?

[A]: We are reviewing this matter. However, at this point, we are not yet able to report any specific business by name.

[Q]: Thank you for the very clear materials and explanation. Some of my questions overlap with others, but I would like to ask four points.

While maintaining an equity ratio of 50% or higher and a D/E ratio of around 0.3 times, the Company appears to have financial capacity. How do you view the optimal capital structure, and the room for growth investment and shareholder returns using leverage?

[A]: I will answer. Thank you for your many questions. We take this as a sign of your interest in the Group.

The Company originally had an equity ratio of 60%, and before that, over 70%. Since then, we have adjusted the overall balance through two approaches: using equity more efficiently and using debt appropriately.

However, in the plant business, timing shifts occur, and there are aspects that require us to hold a certain level of cash. Therefore, we have managed the business while balancing financial soundness and capital efficiency.

At the same time, as you pointed out, we believe further review is needed regarding the balance between investment using leverage and overall equity. We have begun operating with the view that the equity ratio may be lowered to some extent, from the previous level of around 60% to a guide of 50% or higher. We aim to optimize the overall balance during the Medium-Term Plan period.

[Q]: My second question is about AP. As the President explained, competition with Chinese manufacturers and others is extremely intense in ASEAN, and pursuing scale could lead to price competition. You mentioned improving profitability in each region by importing from China, but is there a risk that higher sales could come with lower margins and reduce the profitability of the AP market overall? Please also explain your ideal scale and margin for overseas sales within the Company as a whole.

[A]: Nakayama will answer. There is some truth to your point. The overseas sales ratio is currently just under 10%, at around 9%. As an overall image, Shanghai is approximately 5.0 billion yen, and ASEAN plus Taiwan is around 2.0 billion yen. Together with about 20.0 billion yen in Japan, these make up the AP-Related Business. Going forward, we first aim for sales volume of around 5.0 billion yen in ASEAN.

Although we refer to ASEAN as a whole, most sales are currently in Thailand. Vietnam, as mentioned earlier, is still in the seeding phase. We also see Indonesia as a major market.

For Indonesia, it may be difficult to serve the market only from our current base in Thailand, so we need to consider approaches including partnerships.

In terms of profit, Thailand is currently in a very difficult position. There are issues in manufacturing and [inaudible], but we will improve these areas. At the same time, we are not being heavily pressured by the processing cost of steel materials.

Therefore, by shifting materials currently procured from Thailand or Japan to procurement from China, we have set specific targets, such as reducing manufacturing costs from 100 million yen to 80 million yen. Because we will proceed in this way, we do not believe it will pressure the overall profit margin.

[Q]: My third question is about the Crusher-Related Business. I understand from the materials that KLEEMANN products are imported from Germany, which is difficult due to the weak yen and strong euro, and that securing talent is also an issue.

The sales scale appears small and profitability low. If management decided to withdraw from this business, would there be any negative impact on the AP and BP businesses? Also, to the extent possible, could you share any criteria for withdrawal based on past exits?

[A]: As you pointed out, KLEEMANN products account for a very high proportion of the Crusher-Related Business, and since they are imported from Germany, the current weak yen and strong euro create a difficult environment. Also, it has not been long since we began working on this business in earnest, and developing human resources takes time.

Unlike the machinery we have traditionally handled, this field includes many areas we had not been deeply involved in before, such as hydraulic equipment and self-propelled functions. Therefore, we are not specifically considering withdrawal at this point.

Our lineup also includes Mobix, a soil improvement machine. By increasing the share of such in-house products, we believe this business can grow further.

We cannot discuss specific businesses we have exited in the past here. If we were to withdraw from the Crusher-Related Business, we cannot say there would be zero impact on the AP and BP businesses because this is a BtoB industry. However, we do not believe it would have a significant negative impact on our core business image. Rather, we are currently working to expand the use of KLEEMANN products in asphalt plants, and similar opportunities may exist in ready-mixed concrete.

Ready-mixed concrete manufacturers generate waste concrete. There is demand to crush and recycle this material, and we are beginning to propose solutions through our sales channels. We would like to expand in this area going forward.

[Q]: My fourth question is about your shareholder composition. Individual investors account for an overwhelmingly large share, around half of total shareholders. According to the integrated report, individual meetings with institutional investors are also limited to about 10 per year. What initiatives are you considering to increase communication with institutional investors?

Also, the market may pay attention if you can conduct share buybacks flexibly, but there were no buybacks from FY2022 to FY2024. Please explain your specific thinking on trigger levels, such as share price, PBR, and capital efficiency.

[A]: Kawakami will answer. First, regarding individual investors, we have introduced shareholder benefit programs and other measures to increase the number of shareholders. We believe these efforts have produced certain results.

Our first step was to have as many people as possible learn about Nikko, deepen their understanding, and increase the number of investors who have expectations for Nikko's growth. As a result, the number of individual shareholders has increased.

Going forward, we need to move this to the second stage by further improving shareholder benefits and disclosure for those who want to understand Nikko more deeply and support the Company.

The third stage is to increase dialogue with institutional investors. The number of individual meetings is stated as around 10 per year, but including smaller meetings, the actual number is slightly higher. Going forward, we will use both IR and public relations to actively increase opportunities for institutional investors to see and understand the Company.

Regarding share buybacks, recent market conditions suggest that even if share buybacks temporarily raise the share price, it tends to settle back to a level based on underlying fundamentals.

However, this does not mean the Company will not conduct share buybacks. We will comprehensively consider PBR, share price, capital efficiency, and market conditions at the time. If we determine that share buybacks are the most effective measure at the optimal timing, we would like to implement them flexibly.

I cannot state a specific timing here, but please understand that we are not negative on share buybacks. Our policy is to implement them flexibly when necessary.

[Q]: Expectations are rising for the recovery of the AP business, which had been an issue. How confident are you in achieving the Company-wide performance targets for the final year of the Medium-Term Plan? It seems to me that confidence is above 80%. What is your view?

[A]: Thank you. We feel that we are gaining considerable traction. The Medium-Term Plan has now progressed close to its midpoint, and as mentioned earlier, we have a large order backlog toward FY2026.

Not all current orders will be recognized as sales in FY2026; we have also received orders for projects scheduled for delivery in FY2027. In that sense, visibility into future periods has become much clearer. At this point, we do not believe there is a need to make a major revision to the Medium-Term Plan.

It is difficult to quantify this as 80%, but we do recognize that the targets are now well within reach.

[Q]: In the previous fiscal year, investors were concerned about downward revision risk at each quarterly result. Will this fiscal year show a similar pattern? Also, could the lack of visibility be improved, for example by changing the fiscal year-end to December to reduce this risk?

[A]: Kawakami will answer. As you pointed out, large changes in the way performance appears each quarter are not desirable for investors or for the Company.

This time, as part of the progress update on the Medium-Term Plan, President Nakayama also explained order intake and order backlog. Since our performance fluctuates to some extent by quarter, we will make efforts to disclose as much information as possible to help reduce investors' concerns.

Regarding the suggestion of changing the fiscal year-end, when I was in charge of corporate planning around 2005, the sales ratio was high in Q1 and Q2, and those quarters fluctuated significantly. By contrast, Q3 and Q4 sales were relatively low, making it difficult to rely on the second half.

Since then, conditions have changed due to trends in our customers' industries and the overall shift of construction projects toward later timing.

Currently, performance tends to peak in Q3 and Q4. Therefore, it is difficult to say simply which fiscal year-end would make performance easiest to understand.

In addition, when consolidating overseas subsidiaries, we want to present figures as accurately as possible. At this point, we believe a March year-end remains appropriate, and we ask for your understanding.

[End]

Note: This script is provided to offer information to those who did not attend the financial results briefing. Please be aware that some parts of the content have been added or modified to enhance clarity.