Nikko Co., Ltd.

Financial Results Briefing

Third Quarter of the Fiscal Year 2025

(Ending March 31, 2026)

March 13, 2026

Event Overview

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Third Quarter of the Fiscal Year 2025 (Ending March 31, 2026)

Date: March 13, 2026

Speaker: Koichi Kawakami, Director and Director of Administrative Division
(hereafter, referred to as Kawakami)

Website: https: //www.nikko-net.co.jp/

Video URL: https: //www.youtube.com/watch?v=FXUqhwQKBLQ

Corporate Report: https: //www.nikko-net.co.jp/ir/library/corporate-report.html

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Contents

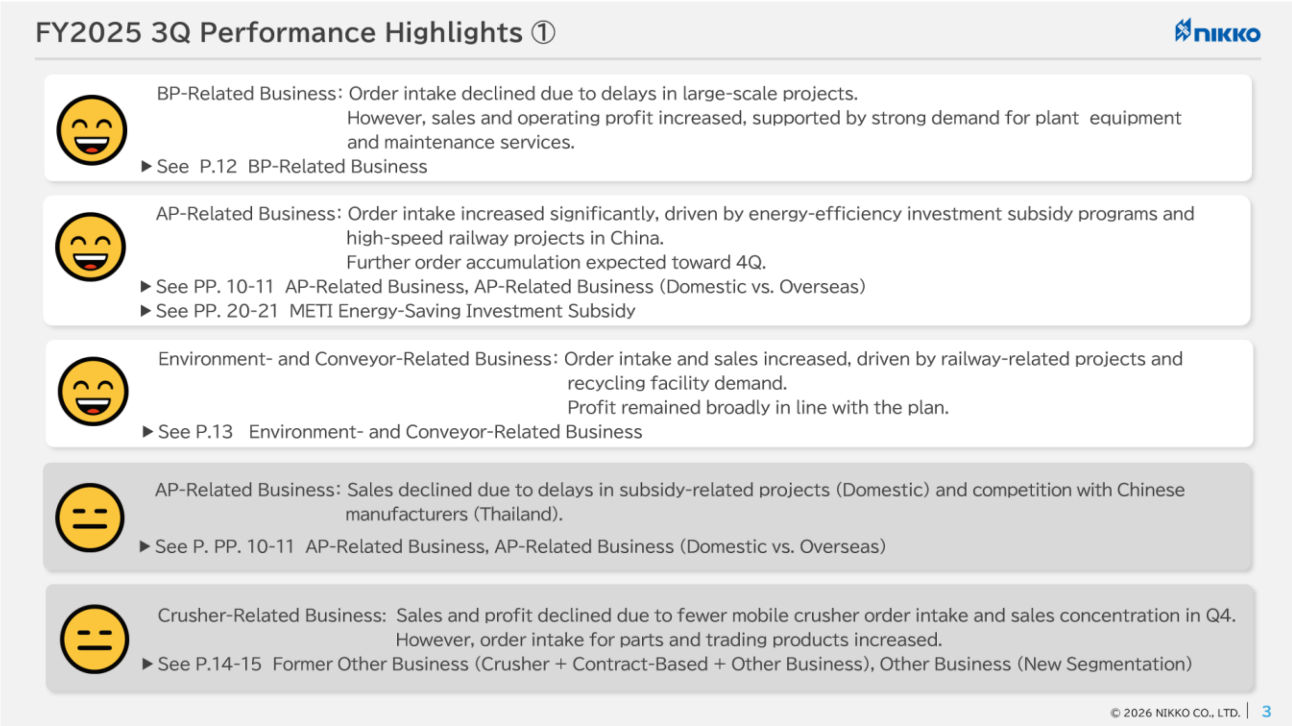
* The last digit of the figures of changes in this document may differ from those in the Quarterly Report due to the treatment of fractions less than unit.

Kawakami: Thank you very much for attending today. I am Kawakami from Nikko Co., Ltd.. I will explain the financial results for the third quarter of the fiscal year ending March 2026, as well as topics and shareholder returns.

The first and second quarters got off to a somewhat slow start, but in the latter half, our performance finally began to gain momentum. Considering how things may develop toward the end of the fiscal year, I will now explain the situation in the third quarter.

This time, we have prepared several topics for the presentation. First, our company has set the goal of "achieving management with an awareness of capital cost and stock price." I will report on our initiatives and current status toward this goal.

Furthermore, I will once again explain the "Subsidy for Promoting Energy-Saving Investments and Supporting Demand Structure Transformation" related to asphalt plants, which is gaining momentum in the latter half of the year. In addition, I would like to report on our policy regarding shareholder returns.



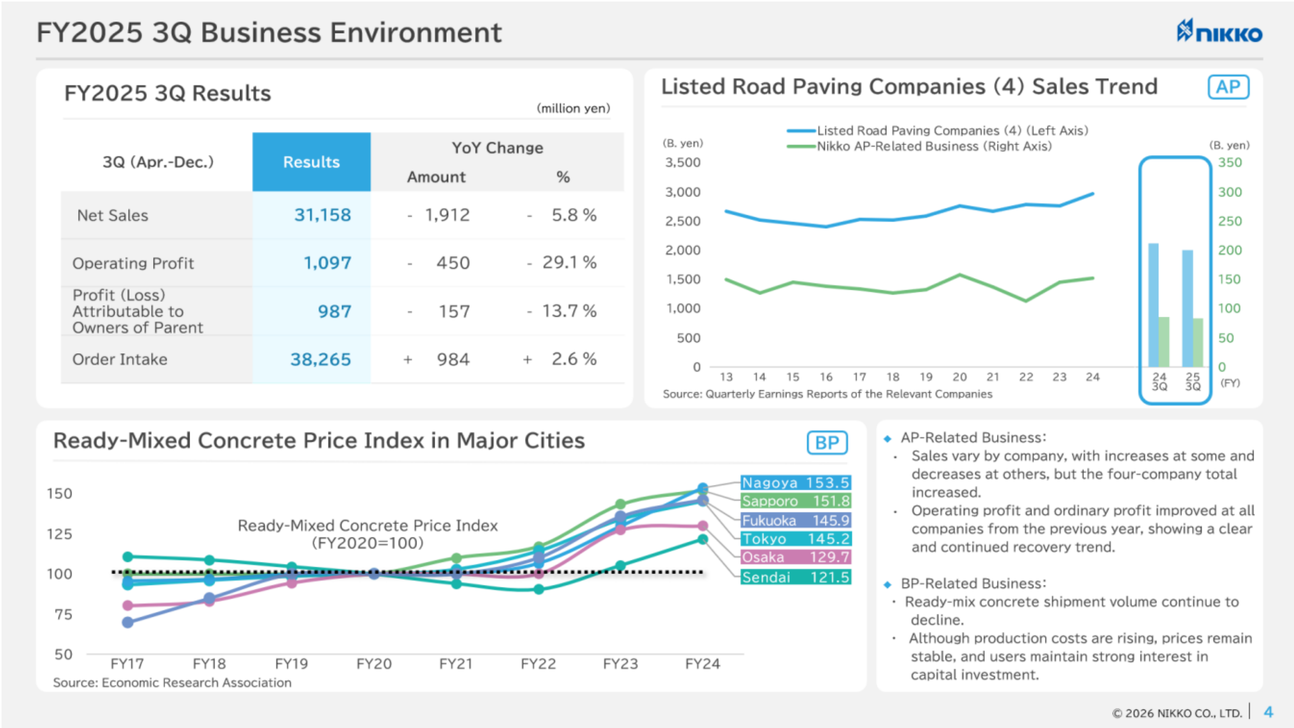
First, regarding our in-house exhibition, "NIKKO Messe," which was held in October 2025, we invited many VIP customers, and as I mentioned in the second quarter report, it was a great success. In addition to the effects of this exhibition, the AP segment has also benefited from subsidies, and order intake activities are currently very active.

Regarding the BP-related business, although there was a slight delay in the timing of some large projects, which caused the third quarter figures to appear somewhat weak, overall, BP-related business significantly drove both sales and profits.

Regarding AP-related business, order activity has become extremely active, partly due to the impact of the subsidies mentioned earlier. As of the third quarter, sales have not yet reached the initial plan, but we are seeing a very positive outlook for the fourth quarter and the next fiscal year.

For the Environment- and Conveyor-related business segment, our core products continue to perform well. In addition, order intake and sales for large-scale special projects, such as railway equipment and recycling-related facilities, also remain strong.

While there are still some areas that have not yet reached the initially anticipated levels as of the third quarter, we would like to emphasize that order intake activity remains strong and the outlook for the fourth quarter and beyond continues to be favorable.



3Q (Apr.-Dec.)	Results	YoY Change Amount	%
Net Sales	31,158	- 1,912	- 5.8 %
Operating Profit	1,097	- 450	- 29.1 %
Profit (Loss) Attributable to Owners of Parent	987	- 157	- 13.7 %
Order Intake	38,265	+ 984	+ 2.6 %

Next, I will explain the business environment for the third quarter.

Sales amounted to 31.1 billion yen, and operating profit was approximately 1.1 billion yen. Overall, as shown on the right side of the slide, most items decreased compared to the same period of the previous year. On the other hand, order intake reached 38.2 billion yen, an increase of 980 million yen year-on-year. The momentum in order intake remains strong.

Regarding the graph on the right, the upper section shows the sales trends of listed road construction companies, while the lower section illustrates the price index trends for ready-mixed concrete.

Currently, there are some concerns regarding the rise in crude oil prices, as well as asphalt prices which are directly linked to crude oil, due in part to the impact of attacks on Iran by the United States and Israel.

However, given our current situation, we believe that the positive effects of the "NIKKO Messe" (exhibition) we hosted, the impact of subsidies, and the strong capital investment in the ready-mixed concrete industry have more than offset these factors, and we expect to maintain favorable business performance going forward.

FY2025 3Q Performance Highlights ②

NIKKO

- Net sales: **AP** -1.5 B. yen; **BP** +1.2 B. yen; **Env. & Conveyor** +0.4 B. yen; **Crusher** -0.6 B. yen; **Contract Manufacturing** -1.6 B. yen; **Other** +0.2 B. yen.
- Operating Profit: Decline due to AP project delays and loss of major contract-based manufacturing orders.
- Order Intake: **AP** +2.6 B. yen; **BP** -1.3 B. yen; **Env. & Conveyor** +0.6 B. yen; **Crusher** +0.2 B. yen; **Contract Manufacturing** -1.5 B. yen; **Other** +0.3 B. yen.
- Order Backlog: **AP** +4.2 B. yen; **BP** -1.6 B. yen; **Env. & Conveyor** +0.7 B. yen; **Crusher** +0.3 B. yen; **Contract Manufacturing** -0.2 B. yen; **Other** +0.2 B. yen.

	FY2024		FY2025					
(million yen)	3Q Results	9 Months Results	3Q Results	YoY Change	9 Months Results	YoY Change	FY Forecast Progress Rate	FY Forecast
Net Sales	10,436	33,070	10,042	- 394 - 3.8%	31,158	- 1,912 - 5.8%	61.1%	51,000
Operating Profit	267	1,547	329	+ 62 + 23.2%	1,097	- 450 - 29.1%	36.6%	3,000
Operating Margin	2.6 %	4.7 %	3.3 %	+ 0.7pp	3.5 %	- 1.2pp	—	5.9 %
Ordinary Profit	403	1,871	481	+ 78 + 19.4%	1,391	- 480 - 25.7%	44.9%	3,100
Profit (Loss) Attributable to Owners of Parent	263	1,144	293	+ 30 + 11.4%	987	- 157 - 13.7%	47.0%	2,100
Order Intake	10,392	37,281	13,329	+ 2,937 + 28.3%	38,265	+ 984 + 2.6%	59.3%	64,500
Order Backlog	26,582	26,582	30,148	+ 3,566 + 13.4%	30,148	+ 3,566 + 13.4%	—	36,326

I will explain the situation for each segment in detail later.

In this document, all figures—net sales, operating profit, ordinary profit, and quarterly net profit—have decreased compared to the same period of the previous year, which may give the impression of somewhat challenging results.

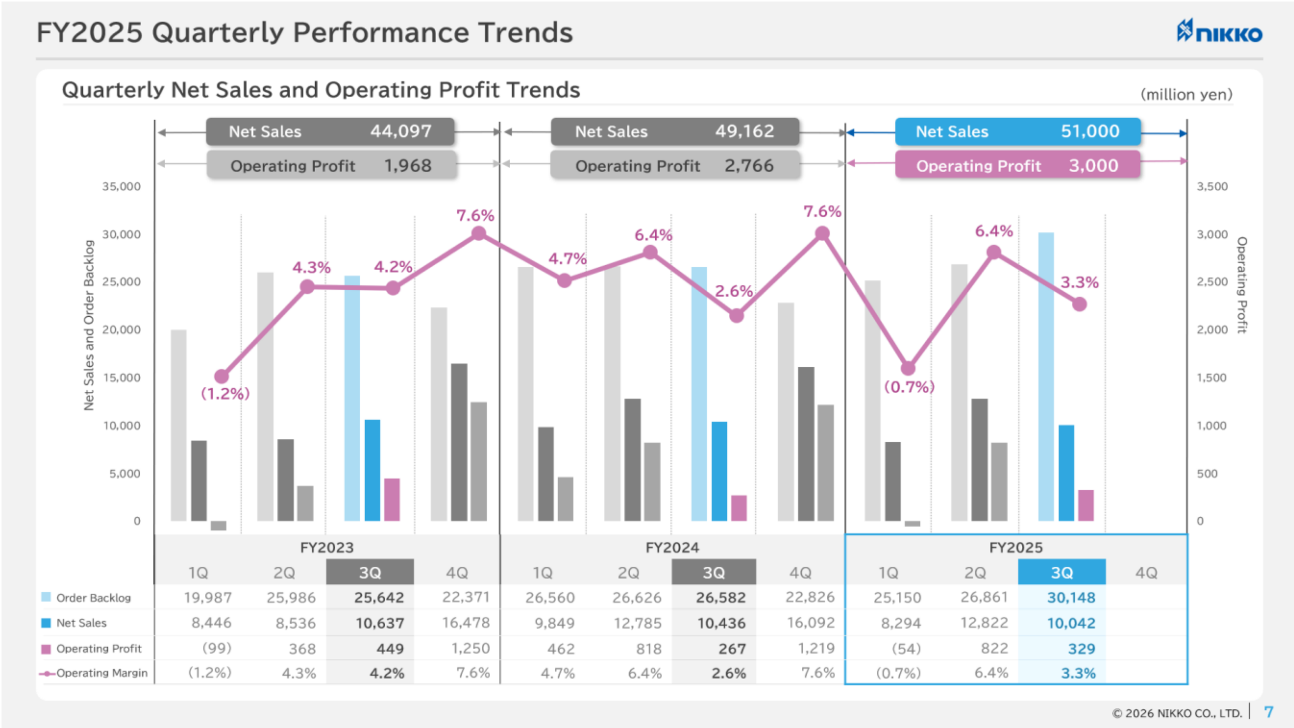
On the other hand, I would like you to take a look at the order intake and order backlog listed below. Since the beginning of the third quarter, we have finally started to see momentum in orders, and at present, we are beginning to see signs of movement toward the future.

NIKKO

FY2025 3Q Performance Highlights ③

(million yen)		FY2024 3Q Results	FY2024 9 Months Results	FY2024 FY Results	FY2025 3Q Results	FY2025 YoY Change	FY2025 9 Months Results	FY2025 YoY Change	FY2025 FY Forecast
AP-Related Business	Net Sales	3,783	12,762	19,480	3,441	- 342 - 9.0 %	11,234	- 1,528 - 12.0 %	20,500
	Operating Profit	(214)	284	976	(85)	+ 129 —	5	- 279 - 98.2 %	1,000
	Operating Margin	(5.7 %)	2.2 %	5.0 %	(2.5 %)	+ 3.2 pp	0.1 %	- 2.1 pp	4.9 %
BP-Related Business	Net Sales	2,957	9,099	14,266	3,240	+ 283 + 9.6 %	10,330	+ 1,231 + 13.5 %	14,500
	Operating Profit	357	1,105	1,724	442	+ 85 + 23.8 %	1,395	+ 290 + 26.2 %	1,900
	Operating Margin	12.1 %	12.1 %	12.1 %	13.6 %	+ 1.5 pp	13.5 %	+ 1.4 pp	13.1 %
Environment- and Conveyor-Related Business	Net Sales	931	2,364	3,254	1,017	+ 86 + 9.2 %	2,769	+ 405 + 17.1 %	4,300
	Operating Profit	285	611	847	364	+ 79 + 27.7 %	686	+ 75 + 12.3 %	900
	Operating Margin	30.6 %	25.8 %	26.0 %	35.8 %	+ 5.2 pp	24.8 %	- 1.0 pp	20.9 %
Crusher-Related Business	Net Sales	293	1,606	2,256	425	+ 132 + 45.1 %	978	- 628 - 39.1 %	2,400
	Operating Profit	(92)	4	40	(12)	+ 80 —	(67)	- 71 —	50
	Operating Margin	(31.4 %)	0.2 %	1.8 %	(2.8 %)	+ 28.6 pp	(6.9 %)	- 7.1 pp	2.1 %
Contract-Based Manufacturing Business	Net Sales	1,300	3,893	4,802	498	- 802 - 61.7 %	2,212	- 1,681 - 43.2 %	3,150
	Operating Profit	241	610	645	46	- 195 - 80.9 %	297	- 313 - 51.3 %	460
	Operating Margin	18.5 %	15.7 %	13.4 %	9.2 %	- 9.3 pp	13.4 %	- 2.3 pp	14.6 %
Other Business	Net Sales	1,173	3,344	5,101	1,422	+ 249 + 21.2 %	3,634	+ 290 + 8.7 %	6,150
	Operating Profit	166	392	716	132	- 34 - 20.5 %	273	- 119 - 30.4 %	800
	Operating Margin	14.2 %	11.7 %	14.0 %	9.3 %	- 4.9 pp	7.5 %	- 4.2 pp	13.0 %

Here are the figures for each segment.



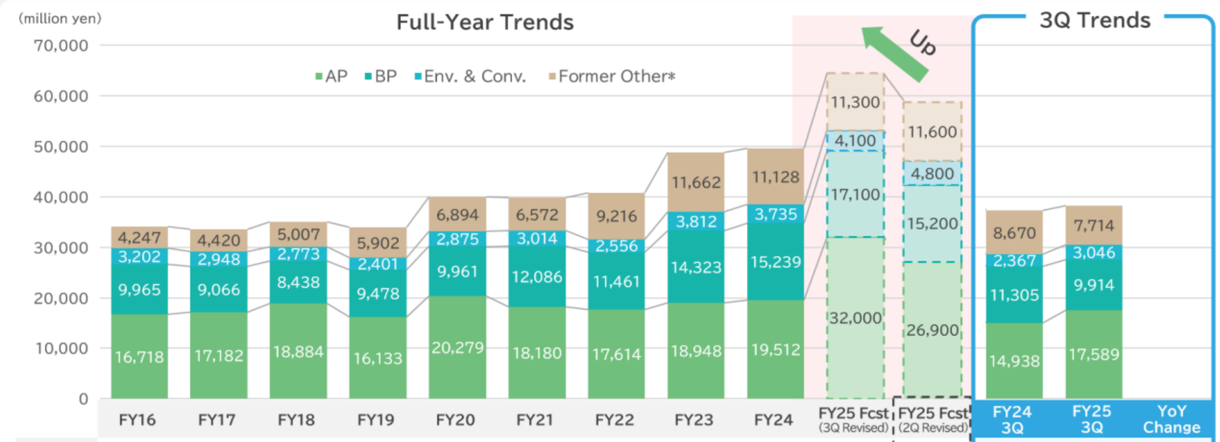
	FY2023				FY2024				FY2025			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Order Backlog	19,987	25,986	25,642	22,371	26,560	26,626	26,582	22,826	25,150	26,861	30,148	
Net Sales	8,446	8,536	10,637	16,478	9,849	12,785	10,436	16,092	8,294	12,822	10,042	
Operating Profit	(99)	368	449	1,250	462	818	267	1,219	(54)	822	329	
Operating Margin	(1.2%)	4.3%	4.2%	7.6%	4.7%	6.4%	2.6%	7.6%	(0.7%)	6.4%	3.3%	

This shows the quarterly performance trends. The rightmost side of the graph represents the current quarter, the left side of that shows the previous quarter, and the one further to the left indicates the quarter before last.

The light blue area represents the third quarter, and as indicated by the pale blue section for order intake, you can see that they have been growing very steadily.

On the other hand, as indicated in dark blue, sales have finally caught up to last year’s level. Considering that the current backlog of orders will be recorded as sales going forward, we are optimistic about the outlook for the fourth quarter.

Order Intake Trends (Cumulative)



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Fcst (3Q Revised)	FY25 Fcst (2Q Revised)	FY24 3Q	FY25 3Q	YoY Change
AP	16,718	17,182	18,884	16,133	20,279	18,180	17,614	18,948	19,512	32,000	26,900	14,938	17,589	-17.7%
BP	9,965	9,066	8,438	9,478	9,961	12,086	11,461	14,323	15,239	17,100	15,200	11,305	9,914	-12.3%
Env.& Conv.	3,202	2,948	2,773	2,401	2,875	3,014	2,556	3,812	3,735	4,100	4,800	2,367	3,046	+28.7%
Former Other*	4,247	4,420	5,007	5,902	6,894	6,572	9,216	11,662	11,128	11,300	11,600	8,670	7,714	-11.0%
Total	34,134	33,616	35,103	33,915	40,009	39,853	40,849	48,749	49,617	64,500	58,500	37,281	38,265	+2.6%

* 'Former Other' category includes the crusher business, contract-based manufacturing business, and other business.

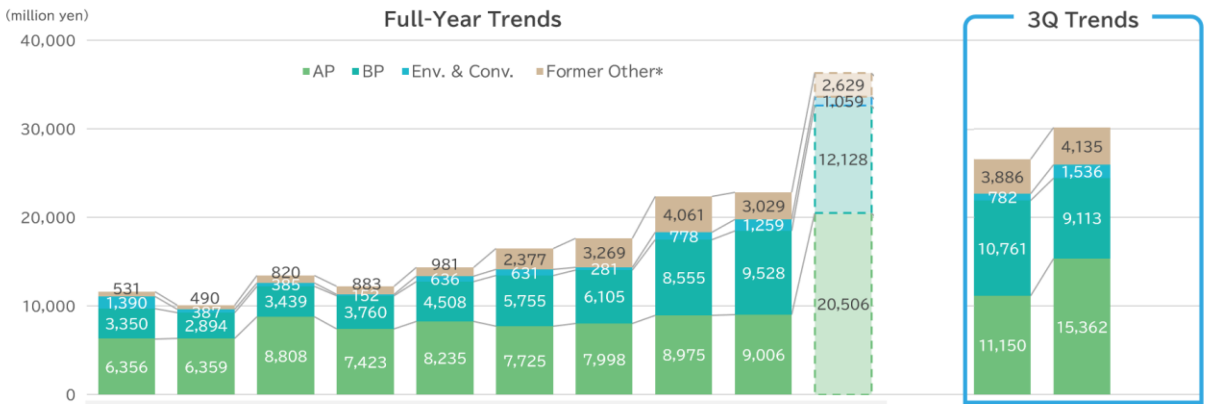
This document serves as the basis for my confident explanation of the current situation.

The fourth graph from the right shows "up," which shows how it has changed from the assumption at the initial of fiscal year. Order intake has exceeded initial expectations and is projected to be approximately 64.5 billion yen. Although it is a somewhat surprising level, business negotiations are currently very active.

Please also refer to the trends through the third quarter shown on the right. As indicated by the comparison between third-quarter results and the full-year figures on the left, order intake typically increases from the third quarter to the fourth quarter.

As the order intake is subsequently recorded as sales, there is generally a tendency for the order backlog to decrease toward the end of the fiscal period.

End-of-period Order Backlog Trends



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Forecast	FY24 3Q	FY25 3Q	YoY Change
AP	6,356	6,359	8,808	7,423	8,235	7,725	7,998	8,975	9,006	20,506	11,150	15,362	+37.8%
BP	3,350	2,894	3,439	3,760	4,508	5,755	6,105	8,555	9,528	12,128	10,761	9,113	-15.3%
Env.& Conv.	1,390	387	385	152	636	631	281	778	1,259	1,059	782	1,536	+96.4%
Former Other*	531	490	820	883	981	2,377	3,269	4,061	3,029	2,629	3,886	4,135	+6.4%
Total	11,629	10,132	13,454	12,219	14,361	16,490	17,656	22,371	22,826	36,326	26,582	30,148	+13.4%

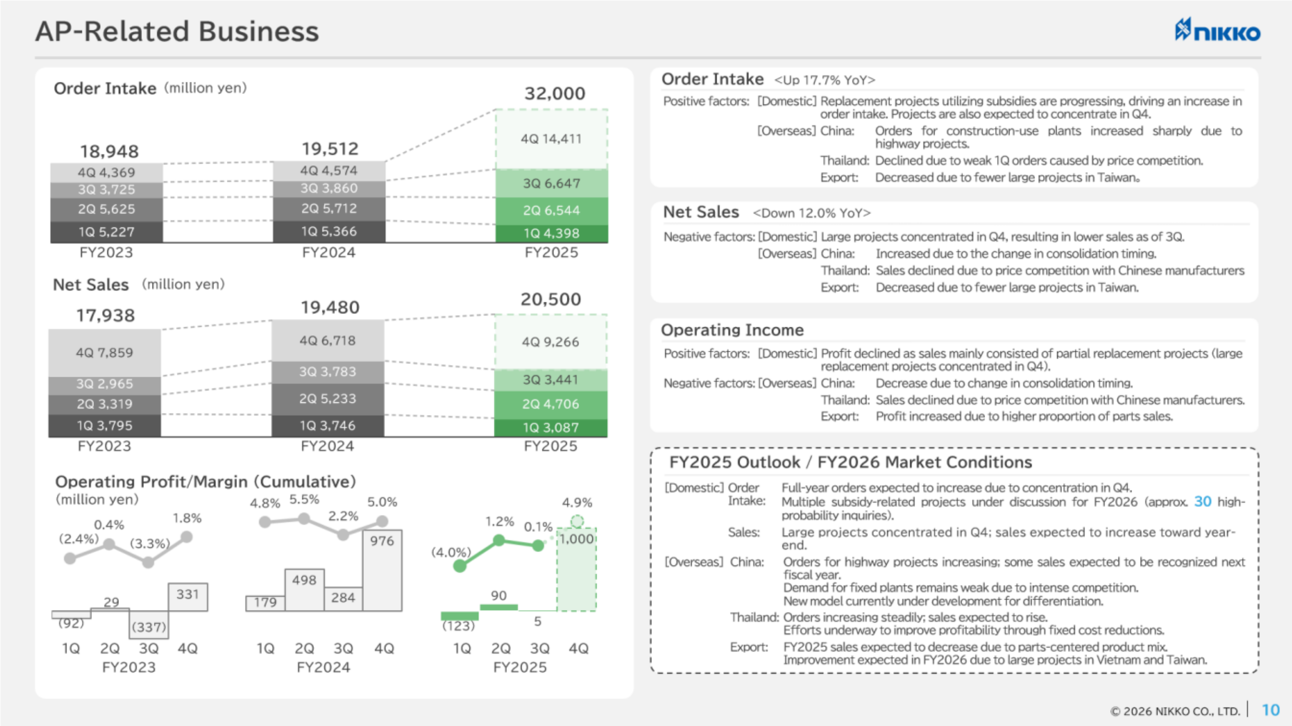
* 'Former Other' category includes the crusher business, contract-based manufacturing business, and other business.

The following page provides additional information regarding the previously mentioned content.

The graph on the right shows the figures for the third quarter, and the graph on the left shows the figures for the year-end period. Generally, order backlog tends to decrease slightly toward the end of the fiscal year.

However, for this fiscal year, the order backlog is expected to accumulate further toward year-end. In other words, even if net sales is realized to a certain extent in the fourth quarter, order intake will accumulate more than that, and the order backlog is expected to increase further.

This kind of development is a situation that has rarely been seen before. Against the backdrop of such a favorable order environment, we would like you to understand that, as of the third quarter, we are already experiencing conditions that suggest continued strong performance in the next fiscal year and beyond.



Let's take a look at each segment.

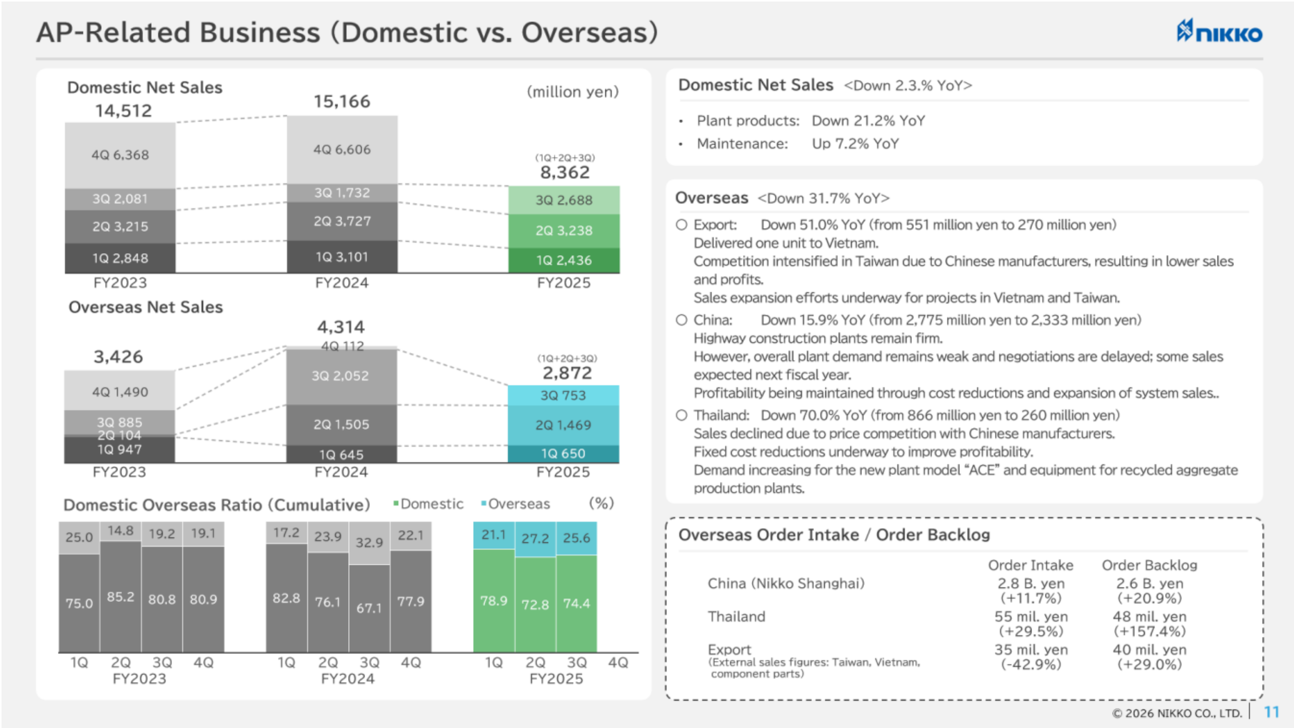
The AP segment consists of domestic business in Japan, export business from Japan, and overseas business. The overseas business includes local subsidiaries in Shanghai, China, and in Thailand.

As I mentioned earlier, in addition to the positive effects of our in-house exhibition "NIKKO Messe," the impact of grants and subsidies has also contributed to a significant increase in order activity in the domestic market. Overall, we are experiencing highly favorable conditions.

Regarding China, in the first half of the year, up until around July, government-led fixed asset investments were actively carried out, and both orders and sales were extremely strong, partly due to the effects of economic stimulus measures. However, in the second half, as government investment activities slowed down, both orders and sales temporarily declined.

However, as government investments are scheduled to resume, we are currently seeing an increase in inquiries in Shanghai. Overall, we believe the situation remains generally steady throughout the year and is in line with our initial expectations.

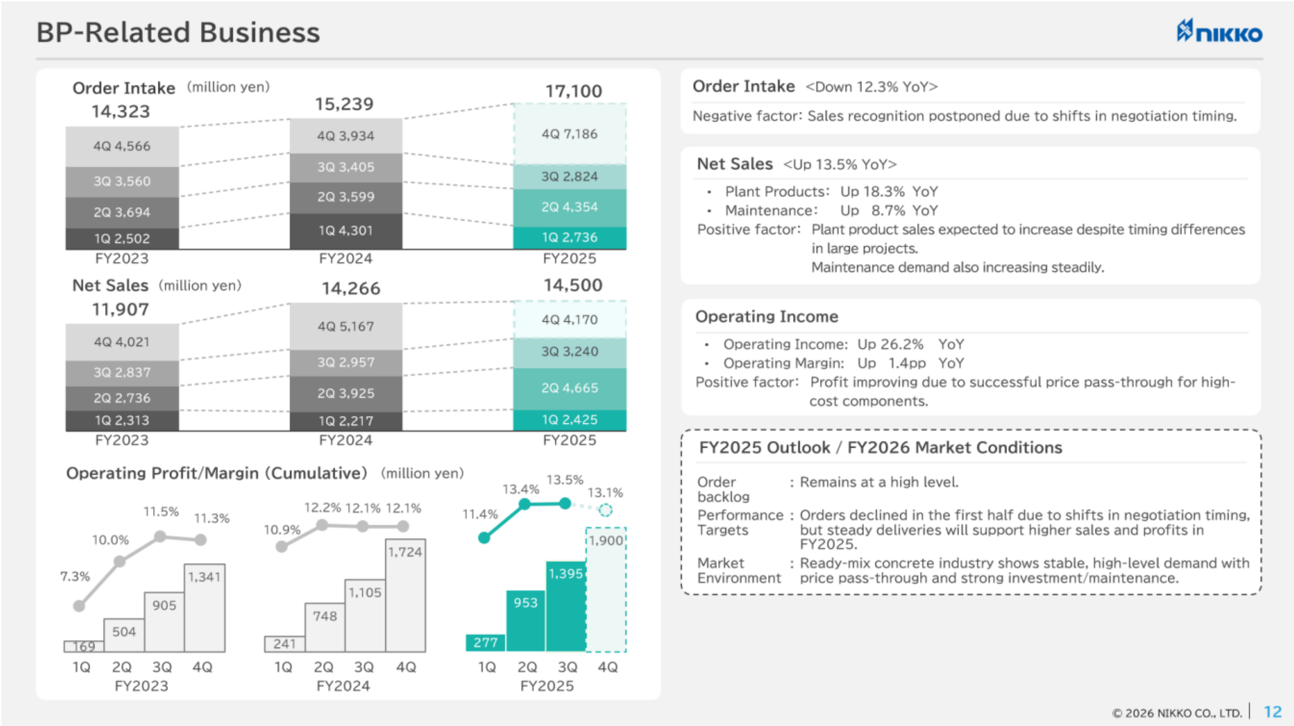
Our Thai subsidiary continues to be heavily impacted by price competition with Chinese manufacturers, resulting in a somewhat weaker performance compared to our initial plans. However, despite this environment, we have strengthened our sales activities, and order intake is gradually increasing. Regarding inventory, which was a concern, we are beginning to see a declining trend, and we have seen some improvement as of the third quarter. We believe we can expect a rebound in the next fiscal year.



This document provides a reorganized summary of the information we explained earlier.

Looking at the third quarter alone, domestic net sales have not yet reached last year's levels. However, order activity is very active, and there is great potential for the future.

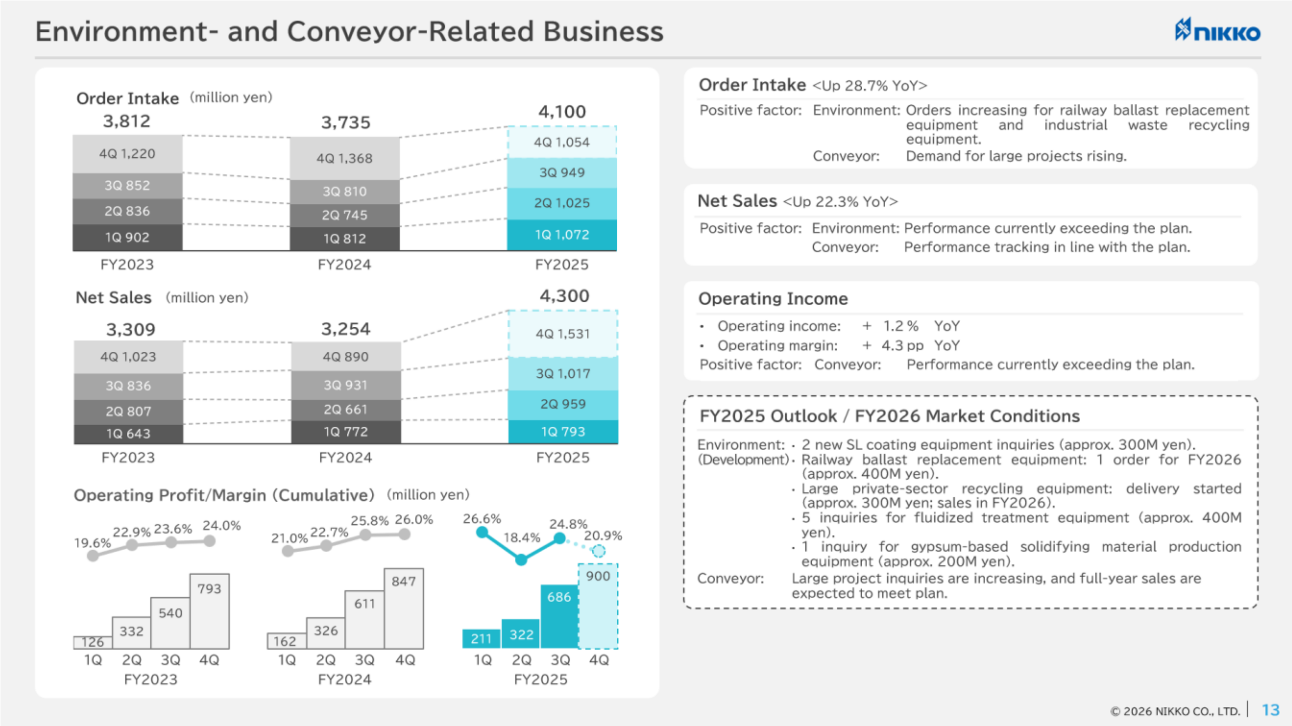
While overseas net sales are not currently showing significant growth, we believe that we are gradually emerging from the extremely difficult situation we faced in Thailand in particular. We are also struggling to cope with the tough competitive environment with other manufacturers, but we believe that we are gradually seeing signs of overcoming the situation.



Next, I will explain about BP-related business. The ready-mixed concrete business has been performing very well, with sales remaining at a high level in the third quarter. Operating profit has also been firmly secured, resulting in favorable figures.

On the other hand, looking at the third quarter alone, orders have slightly decreased. In addition, the order backlog has also declined somewhat as contracted projects have been recorded as sales.

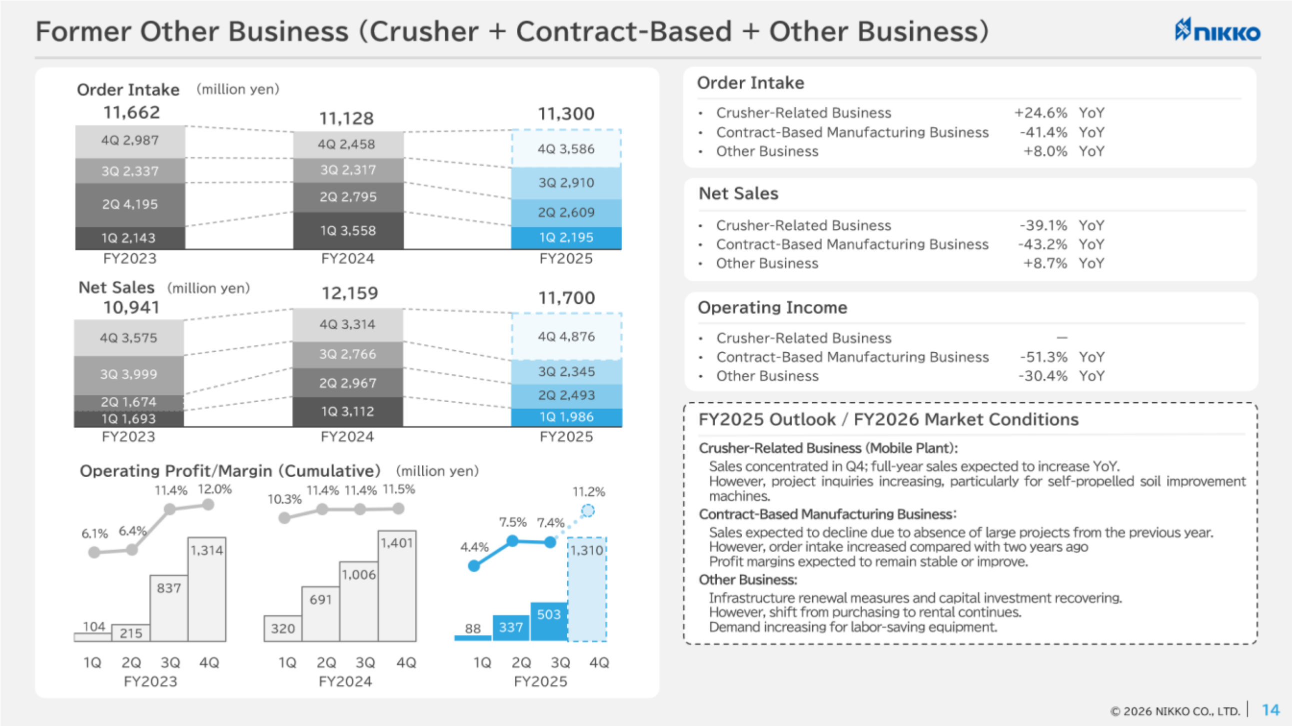
However, investment appetite for facilities in the ready-mixed concrete industry remains extremely strong. With order-taking activities becoming more active toward the fourth quarter, we expect a surge in orders toward the end of the fiscal year.



Next, I will explain the environment- and conveyor-related business segment.

Sales in this segment, as with the BP-related business, continue to show steady growth, driven primarily by our mainstay products such as portable conveyors.

Furthermore, this term has seen an overall upward trend, as we have also recorded orders and sales from large-scale special projects in addition to our regular business. This has created a very encouraging situation for our company.



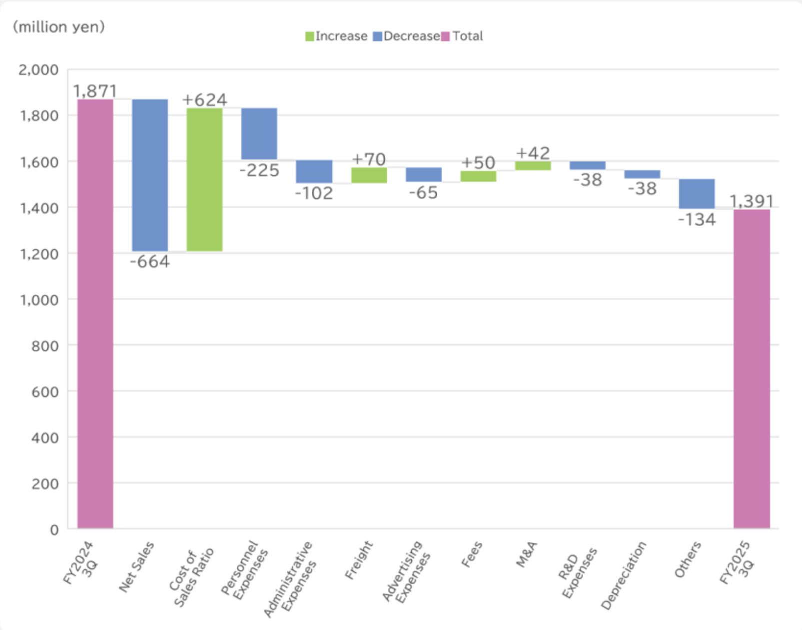
Next, I will explain the other business segment.

Regarding this segment, there have been various developments in each business, making it difficult to describe the overall trend in a uniform manner. I will now explain the situation for each category.

First, regarding our mobile-related business (crusher). Although the first and second quarters remained challenging, we are now seeing a gradual recovery in orders. As a result, we believe that we may be able to make up for the shortfall from the third to the fourth quarter. However, due to factors such as exchange rate fluctuations, the burden of import costs continues to be significant.

On the other hand, sales in the contract manufacturing business have decreased this fiscal year due to the absence of a large project that was present in the previous fiscal year. However, excluding the impact of this large project, performance has generally progressed as planned. The business remains stable, and we believe that, as we enter the fourth quarter, we are on track to achieve our year-end targets.

FY2025 3Q Analysis of Factors Affecting Changes in Ordinary Profit



(million yen)

Factors	Impact	Details
Net Sales	-664	Decrease in Net Sales -2,225 mil. yen.
Cost of Sales Ratio	+624	Improvement in Cost of Sales Ratio (Except Personnel Expenses). 59.34%→56.98%
Personnel Expenses	-225	Increase in number of employees and base-pay.
Administrative Expenses	-102	Increases in System usage fees.
Freight	+70	Decline in sales and shipments.
Advertising Expenses	-65	NIKKO MESSE
Fees	+50	Decrease in consulting fees.
M&A	+42	Nikko Fujiwara Electric (P/L included from FY25 July)
R&D Expenses	-38	Increase in development expenses.
Depreciation	-38	Increase in capital investment.
Others	-134	Dividend income +48 Taxes and dues -34 Acquisition-related expenses -32 Foreign exchange gains -33 Loss on disposal of fixed assets -29 Rental expenses -24 Etc.

 | 16

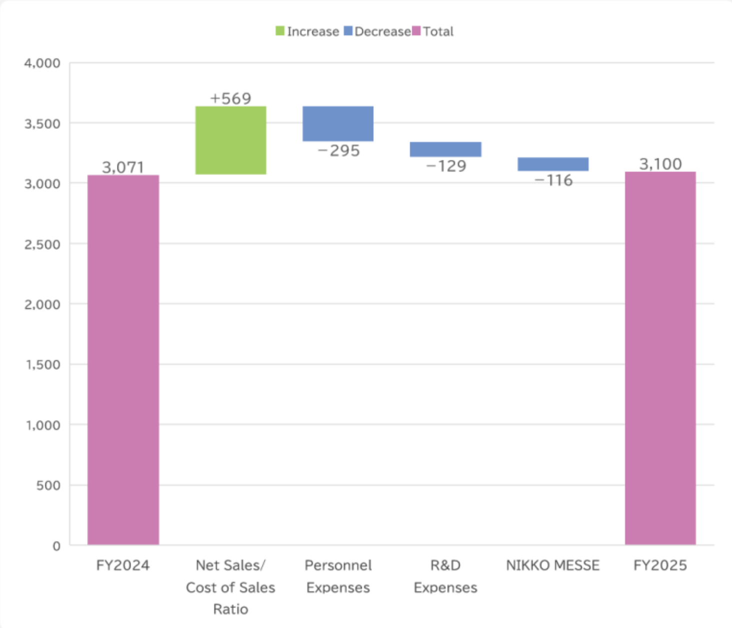
Next, I will explain the analysis of business performance factors. This shows the factors behind the increase and decrease in ordinary profit for the third quarter.

Sales have decreased compared to the previous fiscal year, which has been a negative factor. On the other hand, efforts such as reviewing sales prices and reducing costs have resulted in an improvement of approximately 600 million yen, partially offsetting the decline.

Regarding personnel expenses, this has been a negative factor, primarily due to our investments in human capital. We are actively recruiting both new graduates and mid-career professionals, and we are also implementing measures to return value to our employees, such as base salary increases. As a result, these upfront investments have led to a negative impact of approximately 200 million yen.

In addition, while various positive and negative factors have overlapped, certain results have been achieved, partly due to the effects of exhibitions. As a result, although these efforts have not fully offset the decline in sales, ordinary profit for the third quarter amounted to 1,391 million yen.

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

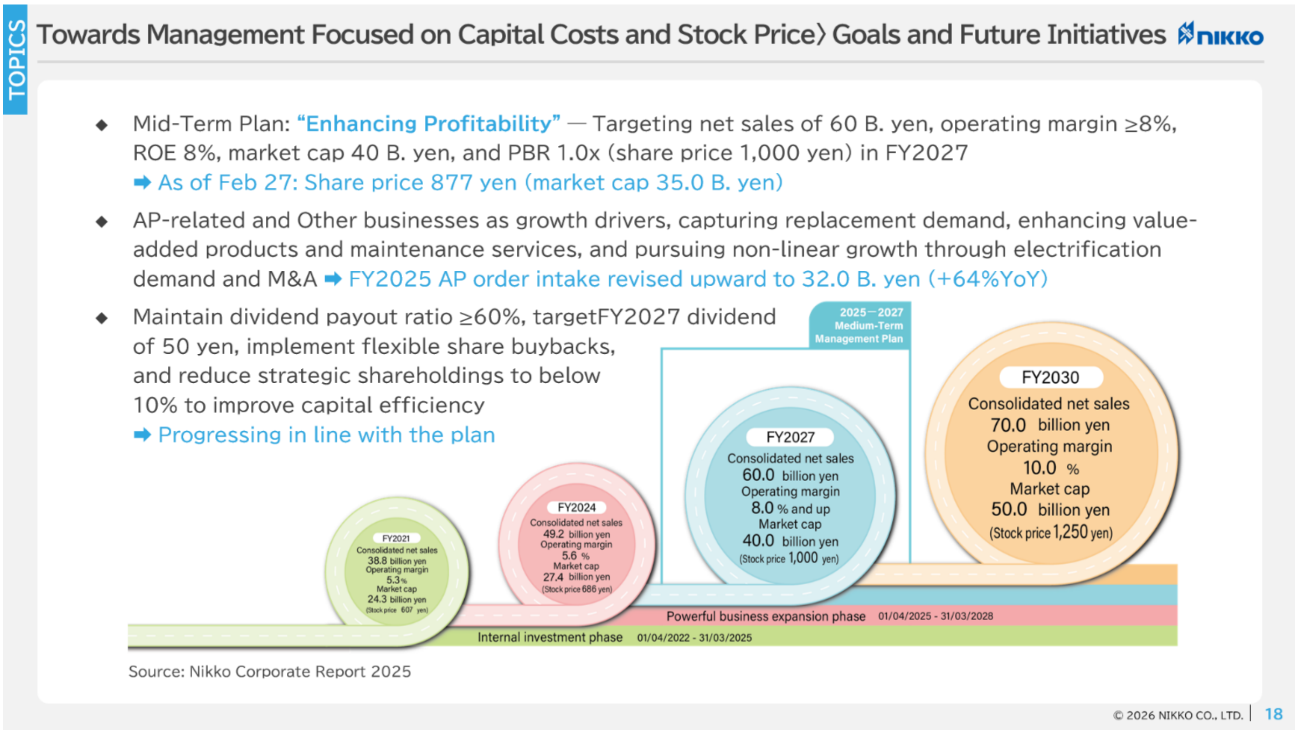


(million yen)

Items	Impact	Content
Net Sales/ Cost of Sales Ratio	+569	Increase in Net Sales; Improvement in Cost Ratio (Excluding Labor Costs)
Personnel Expenses	-295	Increases in Wages and Bonuses
R&D Expenses	-129	Increase in Development costs
NIKKO MESSE	-116	Organizing an exhibition

Considering the factors explained earlier, we expect sales to grow toward the fourth quarter. As a result, in addition to increased sales, we believe that the effects of initiatives such as improved sales prices and greater efficiency will ultimately enable us to achieve results that surpass those of the previous year.

The above is an overview of our third quarter financial results. In summary, while orders were extremely strong in the third quarter, sales have not yet reached our initial targets at this point, partly due to the slow start in the first and second quarters.

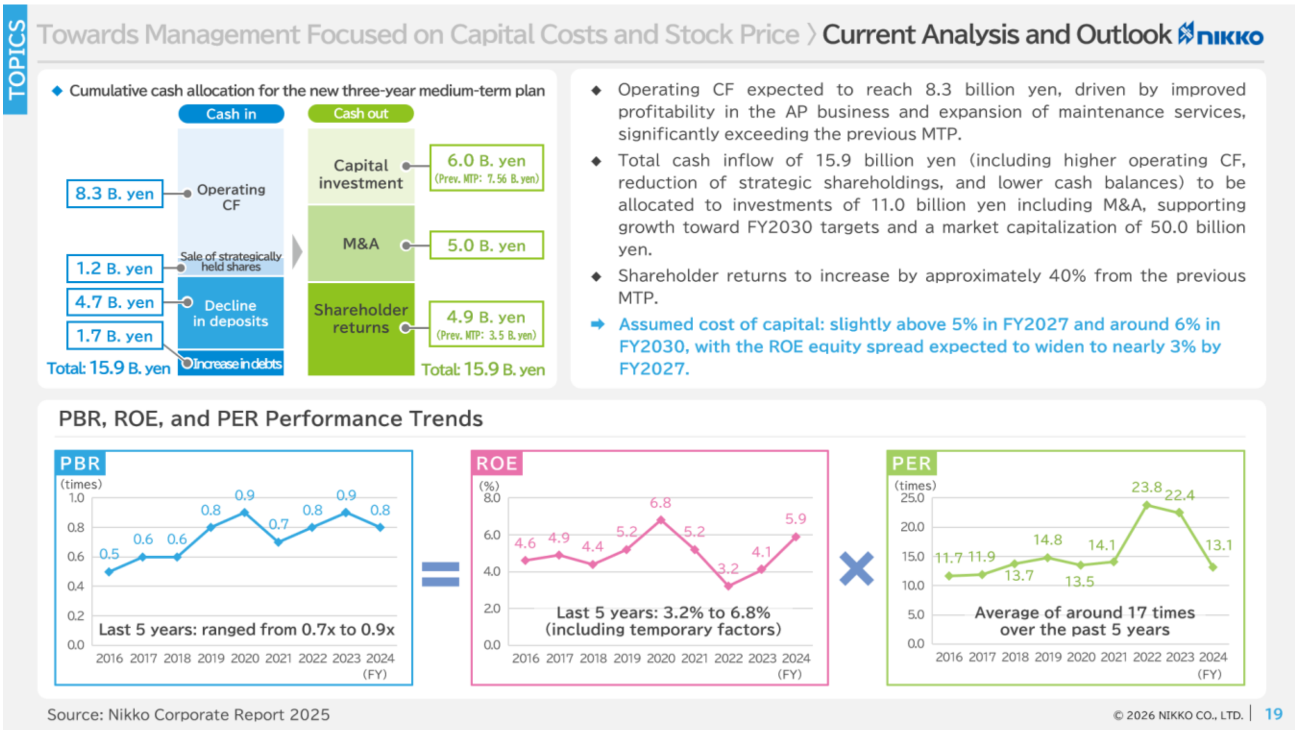


Next, I would like to give you an update on our efforts to achieve management that is mindful of the cost of capital and stock prices.

Our new medium-term management plan begins this fiscal year. The plan focuses on enhancing profitability, with targets set for the third year, fiscal 2027, including net sales of 60 billion yen, an operating profit margin of over 8%, ROE of 8%, and a market capitalization of 40 billion yen. In addition, we aim for a share price level of 1,000 yen per share and a PBR of 1.0.

As for the stock price situation since the third quarter, as of February, the stock price reached 877 yen, and the market capitalization recovered to around 35 billion yen, showing movement toward our target. On the other hand, due to factors such as the current international situation, there have been times when the stock price has fallen to around 800 yen. We believe that, along with future business progress, the stock price will also recover.

Regarding shareholder returns, we will continue our policy of maintaining a dividend payout ratio of 60% or higher. Our target for fiscal year 2027 is a dividend of 50 yen per share. In addition, we will implement various measures, including share buybacks. Through these initiatives, we aim to improve capital efficiency and meet the expectations of our shareholders.



This document illustrates how our company generates cash and how we intend to utilize it. Clarifying this approach has served as the starting point for our current medium-term management plan.

We will first focus on improving profitability and aim to expand operating cash flow. In addition to shareholder returns, we plan to allocate the cash flow generated to investments in M&A, production facilities, and human capital. We are planning a total investment of approximately 11 billion yen, which will serve as a financial resource for achieving our "NIKKO VISION" for fiscal 2030. We are currently proceeding with initiatives in line with this policy.

Next, regarding our assumptions for the cost of capital. When we initially formulated this medium-term management plan, we estimated our cost of capital to be roughly in the 4% range. However, due to factors such as recent inflation, we now anticipate that it may exceed 5% in fiscal year 2027 and surpass 6% in fiscal year 2030.

Taking these circumstances into account, we are steadily implementing our plan with the aim of securing an equity spread of approximately 3%—the difference between ROE and capital cost—in fiscal year 2027, which is the final year of our medium-term management plan.

TOPICS

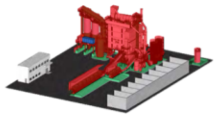
METI Energy-Saving Investment Subsidy ①

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

(I) Factory / Plant

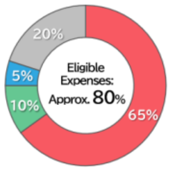
		① Advanced Category	② General Category	③ SME Investment Promotion Category
Requirements	Projects Pre-Screened and Approved for Advanced Equipment / Systems • New Asphalt Plant “Value Pack” • Heat-Tech System in Asphalt Plants		Custom or High-Efficiency Equipment • Designed and manufactured to meet the 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 2/3	Within 1/2	Within 1/2
	Large Enterprises	: Within 1/2	Within 1/3	Not eligible
Maximum Subsidy Amount For Non-Fossil Fuel Applications (shown in parentheses)	【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)

Eligible Expenses



Excluded from Subsidy

※1: Cubicles for non-plant use.
※2: Offices/Stockyards.
※3: Demolition costs
※4: Security cameras, lighting, etc.



Excluded from Subsidy

※Subsidy-excluded expenses include demolition costs, offices, and stockyards.
※The proportion may vary due to different factors; for reference only.

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

 | 20

As explained during the previous 2Q briefing, I would like to once again provide an overview of the energy-saving subsidy from the Ministry of Economy, Trade and Industry, which is currently a major driver of demand in the asphalt plant segment.

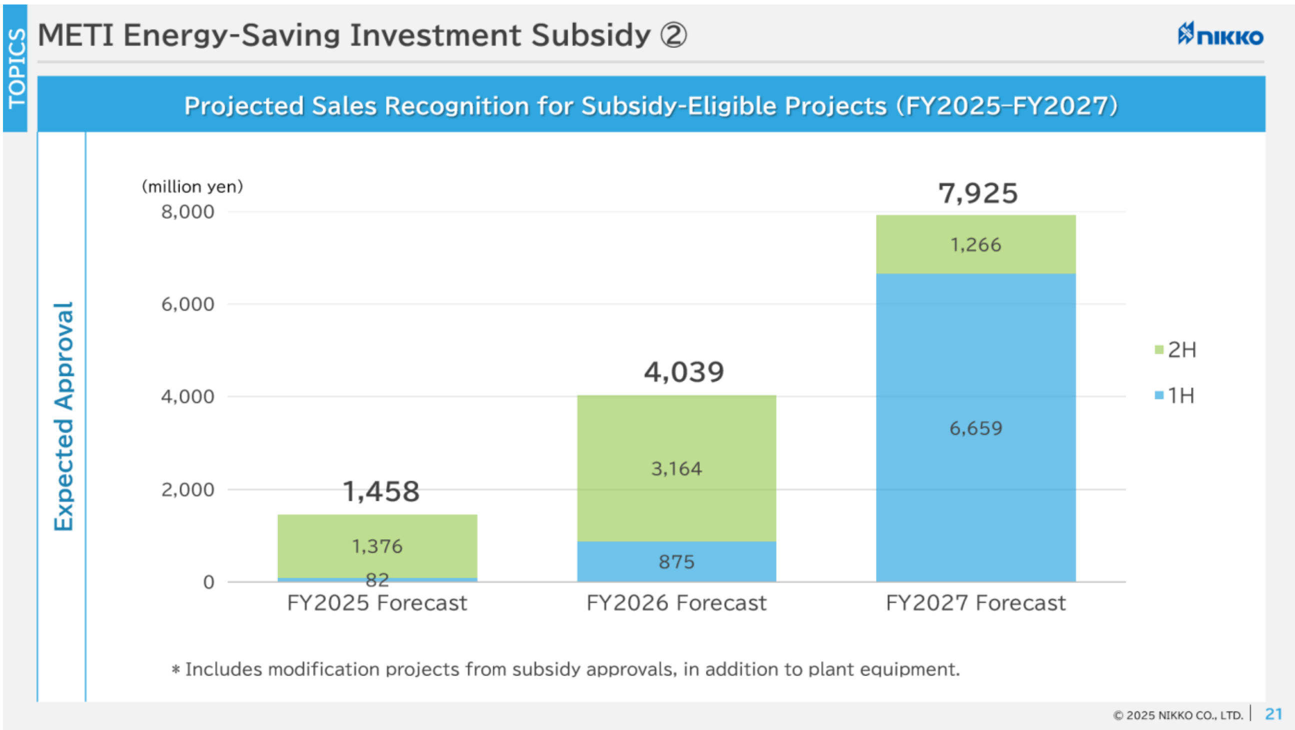
The subject of this release is our asphalt plant "Value Pack" series. In addition, the "Heattech System," which combines an energy-saving burner and dust collection equipment as an assembly component, is also included. This Heattech System has been certified as eligible for the advanced category under the subsidy program.

As a result, as stated below, subsidies of up to two-thirds for small and medium-sized enterprises and up to one-half for large enterprises are provided. This has significantly strengthened support for the renewal of aging equipment.

Furthermore, the scope of this subsidy is shown in the diagram on the right. The main part of our asphalt plant is shown in red in the diagram, and this part is 100% eligible for the subsidy.

Furthermore, the scope of subsidies also covers related areas that require updates or modifications to existing facilities, such as civil engineering works and large-scale machinery installations. As a result, there is strong motivation among paving companies to utilize this program to advance their equipment upgrades.

As I have mentioned several times, I believe that the opportunity for customers to see the actual machine at the exhibition "NIKKO Messe" held in October has also contributed to the current active order situation.



This document summarizes our current outlook as of the third quarter, in anticipation of questions regarding the expected sales contribution from energy-saving subsidies.

Regarding this energy-saving subsidy, sales of approximately 1.4 billion yen are expected for the fiscal year 2025 (the current period). In addition, order acquisition activities are ongoing, and there is potential for further increases in the future.

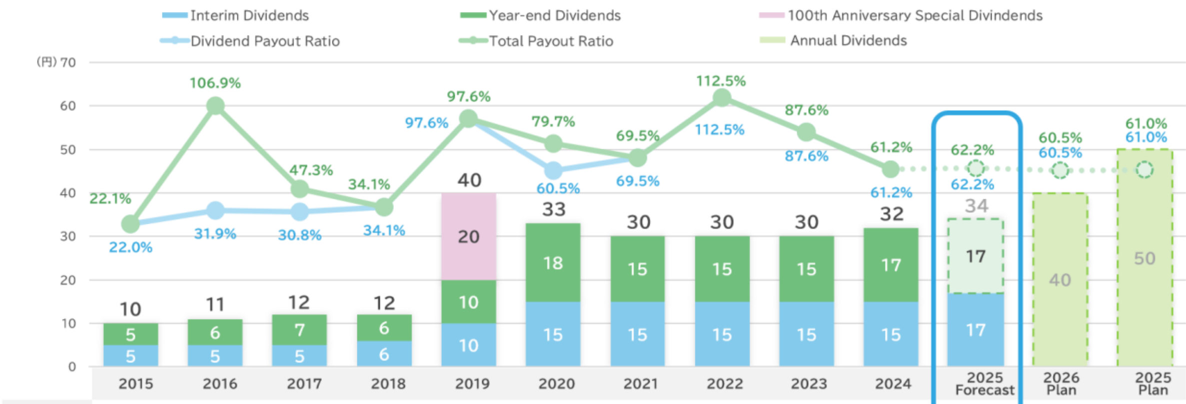
At present, the figures for fiscal years 2026 and 2027 are projections; however, it is expected that the scale will reach approximately 4 billion yen in fiscal year 2026 and approximately 8 billion yen in fiscal year 2027.

We believe that there is potential for further increases in orders in the future. Riding this favorable momentum, we aim to achieve our performance targets for the current fiscal year and to make steady progress toward accomplishing our medium-term management plan for the coming years.

Shareholder Returns

■ Forecasted Dividend for Fiscal Year 2025: 34 yen (Interim 17 yen, Year-End 17 yen, Dividend Payout Ratio 62.2%)

Medium-Term Management Plan Targets **Dividend Payout Ratio 60% or Higher**



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Forecast	2026 Plan	2025 Plan
Share buyback	1	1,006	246	–	–	400	–	–	–	–	–	–	–
Treasury stock retirement	–	–	752	–	–	–	–	–	–	–	–	–	–
Net Profit	1,896	1,340	1,490	1,345	1,588	2,082	1,649	1,020	1,312	2,009	2,100	2,500	3,100
Dividend payout ratio	22.0%	31.9%	30.8%	34.1%	97.6%	60.5%	69.5%	112.5%	87.6%	61.2%	62.2%	60.5%	61.0%
Total payout ratio	22.1%	106.9%	47.3%	34.1%	97.6%	79.7%	69.5%	112.5%	87.6%	61.2%	62.2%	60.5%	61.0%

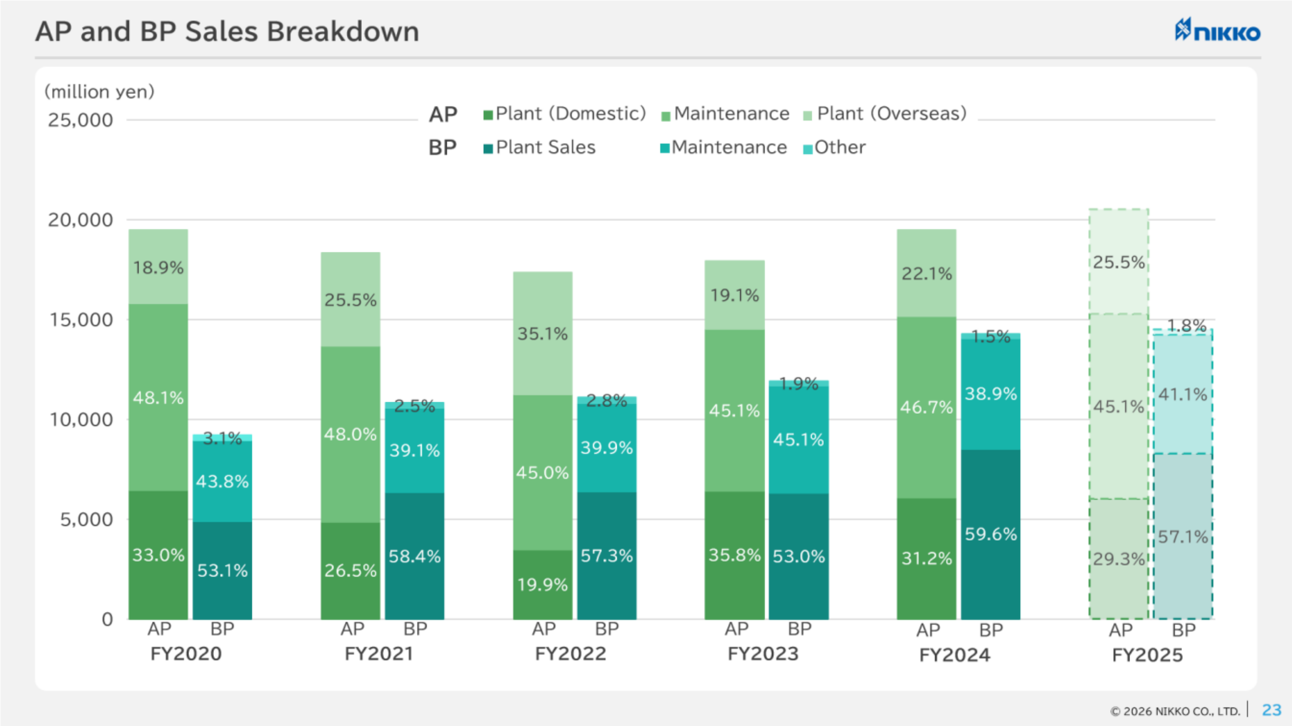
★The Company carried out a one-to-five split of shares in its common stock effective October 1, 2019, and the amount of dividends have been adjusted to the value after the split.

Lastly, I would like to explain our shareholder return policy as one of the key topics.

For this fiscal year, an interim dividend of 17 yen per share has already been paid. The year-end dividend is also planned to be 17 yen per share, bringing the total annual dividend to 34 yen per share.

We also plan to maintain dividend levels for fiscal years 2026 and 2027 as indicated in the materials. By leveraging the favorable business environment mentioned earlier, we will work steadily toward achieving our medium-term management plan to ensure these shareholder returns are realized.

We will continue to make every effort so that we can report the achievement of our medium-term management plan to all of you in the future.



This is a reference material. The areas highlighted in light color on the right side indicate the sales performance of the AP Segment and the BP Segment for this term.

As a breakdown, for the asphalt plant segment, sales from the maintenance business—which is currently an important source of revenue—are included in the AP section, in addition to domestic and overseas operations. Similarly, sales from the maintenance business are also included in the BP section.

Overall, BP is expected to finish at roughly the same level as the previous year. On the other hand, we anticipate that AP will end the fiscal year at a level exceeding that of the previous year.

NIKKO

Balance Sheet Trends

(million yen)		FY2024	FY2025 1H	Change	Main Factors
Assets	Current Assets	40,126	36,440	- 3,686	Increase: Merchandise and finished goods +2,664 mil. yen Work in progress +2,308 mil. yen Other current assets +735 mil. yen Decrease: Cash and deposits -4,691 mil. yen Accounts receivable-trade -4,384 mil. yen Notes receivable-trade -383 mil. yen
	Tangible Assets	15,305	15,963	+ 657	Increase: Investment securities +2,240 mil. yen Property, plant and equipment +657 mil. yen
	Intangible Assets	1,198	1,197	- 1	
	Investments and Other Assets	7,094	9,267	+ 2,173	
Total Assets		63,725	62,868	- 857	
Liabilities	Current Liabilities	21,515	19,086	- 2,429	Increase: Contract liabilities +1,443 mil. yen Deferred tax liabilities +804 mil. yen Provision for loss on orders received +134 mil. yen Decrease: Short-term borrowings -1,793 mil. yen Accounts payable-factoring -765 mil. yen Income taxes payable -640 mil. yen
	Long-term Liabilities	7,649	8,158	+ 509	
Total Net Assets		34,560	35,623	+ 1,063	Increase: Valuation difference on available-for-sale securities +1,532 mil. yen Decrease: Retained earnings -321 mil. yen Foreign currency translation adjustment. -225 mil. yen
Earning per share (yen)		897.73	924.15	+ 26.42	

 24

Regarding the balance sheet, we have organized it on the right side, including the factors for increases and decreases, so please review it later.

There are some items that have decreased in line with sales progress, as well as those related to projects for the next fiscal year and beyond. Additionally, work-in-progress has increased in response to projects scheduled to be recorded as sales in the fourth quarter. However, there have been no significant overall fluctuations, and the situation is generally in line with our plans.

This concludes my presentation on the financial results. Thank you for your attention.

Q&A

[Q]: How long is the subsidy effect expected to last?

[A]: Thank you for your question. I understand why this is a point of concern. I am also very concerned about it.

In our view, the effects will undoubtedly continue until at least 2027. Furthermore, there is no specific end date set for this subsidy. We believe it will likely conclude based on certain limits and the government budget. From order placement to delivery, the typical timeframe is approximately one and a half to two years. Therefore, we expect that not only during this current medium-term management plan, but also in the subsequent medium-term management plan, favorable conditions will continue for the asphalt plant segment.

I believe this also reflects the fact that, over the past several decades, the renewal of asphalt plants has not progressed as quickly as desired within the industry. Rather than viewing this pessimistically, I feel that we are finally seeing moves toward renewal, and that the industry as a whole is beginning to shift toward greater energy efficiency and cost reduction.

[Q]: I believe orders for AP are performing extremely well. While you have explained their contribution to sales, what level of operating profit margin are you expecting from the projects you have secured?

[A]: Thank you for your question. This is likely one of the points that everyone is most interested in.

As a matter of concern, we are considering the extent to which cost-push inflation may progress. However, since this is a project with a very long time span, it is currently quite difficult to make accurate projections.

Amid these circumstances, our company, led by the president, is also reviewing our pricing. We are thoroughly committed to clearly explaining appropriate prices to our customers and ensuring that they understand the value of our products before entering into any agreements.

Regarding this fiscal year, some may view that profit margins have not yet sufficiently improved, as deliveries are mainly centered on contract projects received in the previous and the year before last. On the other hand, for maintenance services, we have gained understanding of price increases and our initiatives, which have contributed to raising the profit margin of the AP segment.

From the next fiscal year onward, we expect to see progress in the delivery of projects received under new contract terms, as well as tangible results from our efforts to improve profit margins in maintenance services. As a result, we anticipate a significant improvement in overall profit margins.

Ideally, we are setting BP's operating profit in the third quarter as one of our targets. However, since this segment also includes overseas operations such as those in Thailand and China, it may take some time to fully understand the comparison at a simple level.

Taking these factors into consideration, we are ultimately working toward achieving a profit margin in the AP segment that is on par with that of BP.

[Q]: AP is expecting a significant increase in sales from the next fiscal year to the following year due to the impact of energy-saving subsidies. What is your outlook on profits?

[A]: As I mentioned earlier, to reiterate, our target is to achieve the level of BP's operating profit in the third quarter.

However, when looking at the segment as a whole, there is a possibility that results may be somewhat weighed down depending on the extent to which negative factors such as the challenging economic situation in China and struggles in the Thai business impact performance.

Considering that point, we believe that the fiscal year 2027 is likely to show promising results in terms of profitability as well.

[Q]: Considering the subsidies available until 2027, how much of the industry's plants do you expect will be renewed?

[A]: Currently, there are approximately 800 to 900 asphalt plants in operation nationwide. Among them, the number of cases actually eligible for subsidies is currently around 10 per year, if any.

On the other hand, it is also true that there are still many plants that require updates.

In addition to plants in urban areas, road paving is also necessary as a public investment in regions with small populations. Therefore, there are paving companies, so-called asphalt plants, that play a role in these areas; however, in some of these plants, equipment updates have not yet progressed even at this point in time.

In the future, we expect that approximately 800 factories, including these types of factories, will be updated in succession.

[Q]: Please tell us about the long-term plan for the Thai factory. Is there a plan to make profits positive?

[A]: Thank you for your tough question. Of course, we do have plans to become profitable.

I have been explaining since the initial stage of this fiscal year ending March 2026, but in the 2025 fiscal year, excess inventory occurred due to partially misjudging demand in the previous year. In addition, affected by the economic downturn in China, Chinese domestic manufacturers, mainly those in southern China, advanced into the ASEAN region all at once. With these factors overlapping, the local subsidiary in Thailand faced a very difficult situation at the start of the 2025 fiscal year.

Regarding this point, there were some errors in management judgment concerning demand assessment, but we are currently responding by leveraging the superiority of our products. Our products are of high quality, we are able to maintain a high level of shipping capacity, and they also excel in environmental performance. The challenge lies in pricing, so we are making certain concessions on price, working to reduce costs to compete with Chinese manufacturers, and promoting sales of our inventory through sales efforts.

Certain effects are appearing in 2025 fiscal year, but there is still some inventory remaining. We expect to be able to clear up the inventory in the next period.

After that, we plan to introduce new models with strategic functions in addition to further cost reductions. The design has already been completed, and construction of the test plant is also underway. We plan to bring these to market.

Given these circumstances, we believe that fiscal year 2026 will be a major turning point. This has not changed from what we have explained since initial. In 2027, we are working hard to make the next term a crucial period so that we can deliver good news to everyone.

[Q]: Although there is a subsidy system, I believe there was also a surge in crude oil prices in 2022. How does the rise in crude oil prices affect your business? For example, are there any specific impacts such as delivery postponements? Please provide details.

[A]: Regarding this point, as of now, there have not been any specific cases at our company. Therefore, it is difficult to present a clear assumption, but based on past cases, we believe that the likelihood of an economic downturn severe enough to cause contracts to be canceled later is not very high.

In addition, this subsidy program is intended by the government to cover a relatively wide range of recipients. Compared to the past, it is now possible to update equipment with only about one-third or half of the previous personal expense, so it is being seen as a major opportunity for equipment renewal.

Furthermore, our plant, which was presented at the exhibition, is also equipped with features that reduce maintenance costs in the long term and lower overall management costs. Therefore, we believe that there is little likelihood of a significant change in the timing.

Rather, the focus going forward is on how long the high crude oil prices will continue. If crude oil prices rise, the price of asphalt produced from it will naturally be affected as well.

For example, in BP, the rise in cement prices is a similar factor, and these are very important cost factors. On the other hand, in the case of public works, when it is clear that costs are rising, there is a system in which the corresponding price increase is approved by the government.

However, regarding private sector demand, since the ordering parties also have budget constraints, I believe there will be situations where price negotiations will be challenging.

That said, even if such a situation were to occur, we currently believe that the likelihood of our plant demand or existing contracts being nullified, or deliveries being canceled, is not high.

[Q]: Please tell us about the outlook for next fiscal year's performance. Please also share your outlook for consolidated net sales and consolidated operating profit, as well as whether there is a possibility of exceeding the numerical targets of the medium-term management plan.

[A]: At this stage, we are refraining from making an official announcement, so we would appreciate it if you could consider next term to be in line with the level assumed in the medium-term management plan.

However, regarding the content, especially the improvement of revenue capability, which our company, starting from the president, is strongly committed to, we would like to somehow exceed the targets of the medium-term management plan.

Currently, we are in the process of formulating the budget for the next fiscal year during the fourth quarter, and regarding revenue capability, we are working with the aim of exceeding the targets of the medium-term management plan.

[Q]: The business performance in the first half of this fiscal year was sluggish, but how about the first half of the next fiscal year? Is there a possibility that operating profit could fall below this fiscal year’s first half level?

[A]: Thank you for your concern.

In particular, the first and second quarters got off to a slow start. Not just for the company as a whole, but also from my own position in charge of finance, I was very concerned. As a result, I reflect that my explanations to everyone may have been somewhat cautious so as not to raise expectations too much.

However, since the third quarter, order intake activities and net sales have both been progressing steadily. At this point, we do not have a pessimistic outlook regarding the figures.

However, from my position, there are also some concerns, so I cannot say that everything is going smoothly.

One is a timing shift. The issues of labor shortage and workforce problems have not been resolved. As a company, we are working to quickly identify project delays and, for projects where delivery timing can be adjusted, to minimize the impact on net sales by rearranging production processes and construction schedules. However, there are inevitably aspects of this timing shift issue that cannot be avoided.

Another factor is the current geopolitical risk. There is a possibility that conflicts may expand in various parts of the world, and in that case, if companies refrain from capital investment, it could also affect the investment environment in Japan.

These points are causes for concern, but at present the business is progressing steadily, so we hope you will continue to have high expectations for the coming fiscal year and beyond.

[Q]: This is a detailed question, but with energy-saving subsidies, the subsidy rate differs between small and medium-sized enterprises and large companies. Is it easier for small and medium-sized enterprises to secure profits? Also, please tell us about the order intake ratio of small and medium-sized enterprises in subsidy projects.

[A]: As you pointed out, in the case of small and medium-sized enterprises, a subsidy of two-thirds is provided, so it may seem advantageous. However, the actual situation with our customers is not that easy. Our company continues to make efforts to secure contracts at appropriate prices by providing careful explanations.

On the other hand, inflationary trends have recently led to rising costs across the board, including personnel expenses. However, we have developed highly efficient equipment that more than offsets these increases. As customers have had the opportunity to see these capabilities at exhibitions and other events, we believe downward pressure on pricing has eased compared to before.

Therefore, at this point, neither small nor large companies have a particular advantage, and although we are facing tough price negotiations, our strengths are being recognized and leading to contracts.

Regarding the order intake composition, we believe that the ratio between large companies and small and medium-sized enterprises is roughly half and half. Of course, there may be some differences depending on the timing. For example, large companies often own renewal projects for large plants in urban areas, and when renewal projects for plants with high shipment volumes in metropolitan areas arise, the ratio of large companies may increase accordingly.

If there are no such cases, please understand that the contract size is generally about the same.

[Q]: Your company has been strengthening its ESG management, but if there have been any recent changes regarding the workplace atmosphere, ease of working on-site, environmental initiatives, or governance, please let us know.

[A]: Thank you very much for your question. The fact that we have received such a question makes us feel that you have an interest in our company, and we are very grateful for that.

What we value most as a company is investment in human capital. We position this as the foundation that supports Nikko's business and have made investment in people our top priority. We intend to continue this approach without change in the future.

As one of these initiatives, we are currently actively recruiting foreign personnel. Looking ahead to further globalization in the future, it is of course important for Japanese employees to learn English, but in addition to that, we believe it is also important to bring in people who can communicate directly as native speakers.

By hiring people who are studying in Japan, those who want to work for Japanese companies, and especially those who are eager to work at Nikko, we can bring not only high expertise but also a global mindset into our company. In addition, the willingness and spirit to take on new environments alone are also considered important values for our company. Against this background, the proportion of foreign employees has been increasing year by year, and we see this as a very positive trend.

On the other hand, as a concern, regardless of whether it is directly related to ESG, there has been an increase in industrial accidents along with the increase in workload. This is an issue that affects not only our employees but also the members of partner companies who cooperate during plant installation work. In our company, we work together with partner companies during plant construction to build asphalt plants, ready-mixed concrete plants, batching plants.

However, the effects of the labor shortage are also evident here. In addition to the decrease in experienced workers, the aging of those with extensive experience is progressing. As a result, there are cases where accidents occur in situations where they normally would be unlikely to happen.

For this reason, our company has positioned accident prevention measures as the highest priority issue and is working to strengthen these measures and improve our organizational structure.

Other than that, since work is quite busy, some employees may look a little tired, but overall, I feel that everyone is working energetically. As management, we would like to continue our efforts to pass on Nikko's positive corporate culture to the next generation.

[Q]: AP is expected to perform well for the time being due to the tailwind of subsidies, but what is the outlook for BP? Is the demand for equipment renewal expected to continue beyond the next fiscal year?

[A]: Thank you very much. I will also explain about the important BP. As for BP, the situation continues to be very strong at present.

Earlier, I explained that there are generally about 800 to 900 asphalt plant (AP) units operating nationwide, but about 3,500 to 3,800 batching plant (BP) units are operating nationwide.

This is due more to differences in demand structure than to differences between AP and BP. Both have private demand and public infrastructure demand, but ready-mixed concrete and asphalt have restrictions on the transportable distance. Generally, about 90 minutes is considered the transportable range.

Among them, ready-mixed concrete is in high demand within the range that can be transported in 90 minutes, and is used for various purposes such as building construction, road repair, and bridges. Due to this difference in total demand, there are about 3,500 to 3,800 ready-mixed concrete plants.

The demand for capital investment and equipment renewal is extremely strong, and the renewal of plants built during the bubble period is still ongoing. Therefore, as long as the current unit price level and demand environment continue, the demand for the renewal of ready-mixed concrete plants is expected to continue for the time being.

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.