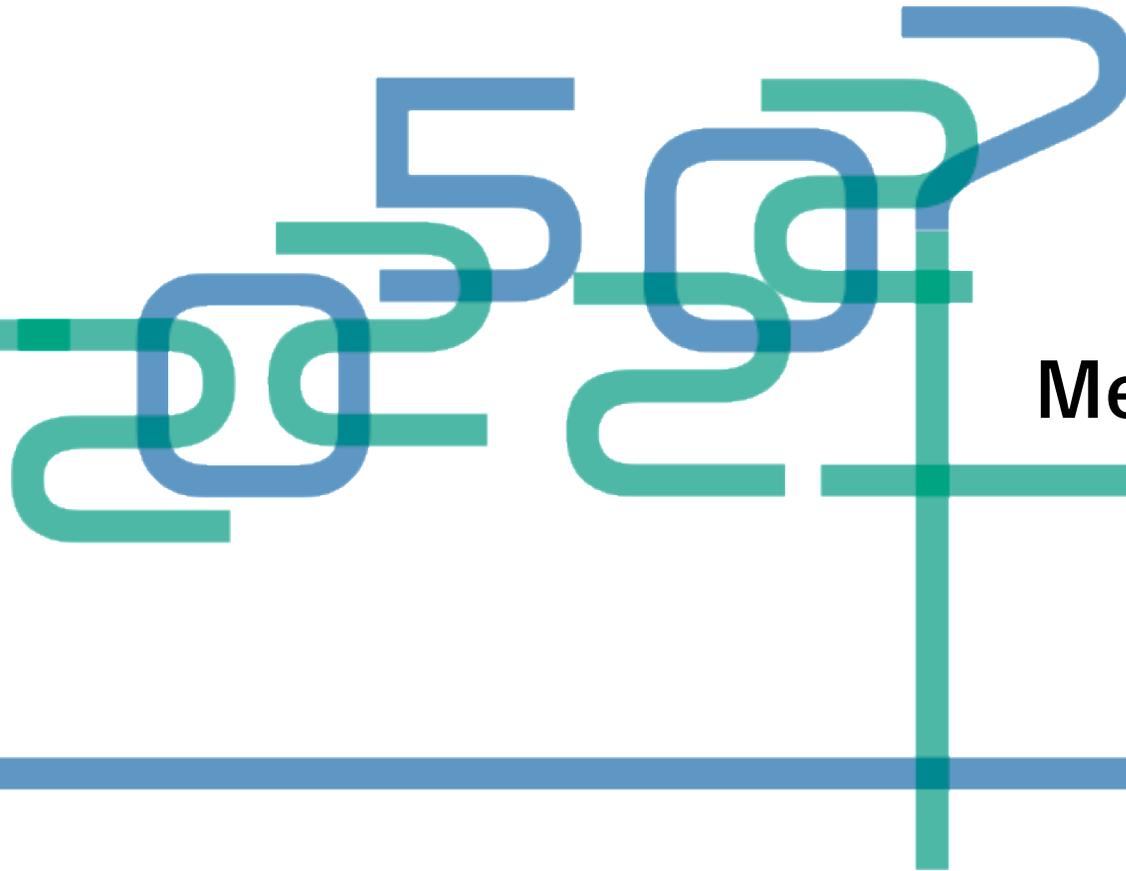




“Create the future with *n*”

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Medium-Term Management Plan

FY2025–FY2027

TSE Code: 6306
Tomomi Nakayama,
Representative Director and President

President Nakayama's Self-Introduction and Greeting

Thought on the 2023 Vision

My name is Tomomi Nakayama, and I became President and CEO of NIKKO from April 1, 2025. Since celebrating our 100th anniversary in August 2019, NIKKO has achieved significant growth over the past six years by actively investing in facilities and strengthening our human capital. As a result, our sales have increased by about 1.5 times, and our total number of employees has also grown by 1.5 times. In addition, the percentage of foreign employees has risen to over 20%, helping us build a strong foundation for our next stage of growth.

In March 2022, we announced our 2030 Vision, which describes the future we aim for as a group:

“To be a top manufacturer of plant equipment and environmental products backed by advanced technology, and a trusted business partner to our customers through operational and maintenance services.”

Our mission is: “Updating social infrastructure with state-of-art engineering.”

The future we want to create is: “Creating robust, people-friendly cities around the world”

I feel that this vision is steadily becoming a part of our company culture.



Tomomi Nakayama

Representative Director and President

Profile

4/1982	Joined Nikko Co., Ltd. Worked at offices in Hokkaido, Tohoku, Tokyo, and Kyushu.	4/2019	Director of Business Division
		6/2019	Director
4/2006	Manager, AP Sales Department	6/2022	Managing Director
1/2011	Senior Manager of Chubu Branch	6/2024	Executive Managing Director
7/2013	General Manager of AP Sales Management Department	4/2025	Representative Director and President
6/2015	Executive Officer		

Development of the Medium-Term Management Plan 2025–2027

In the construction industry, our valued customers are facing a serious labor shortage, making it essential to improve efficiency in plant operations and on-site work. NIKKO is committed to offering solutions such as remote operation and automation of plants to help reduce labor needs and contribute to the maintenance and development of infrastructure. We also recognize the importance of reducing CO₂ emissions, as it is estimated that about 70% of CO₂ emissions from asphalt plants in Japan come from NIKKO's equipment. Although we achieved record financial results in fiscal year 2024, we fell slightly short of our previous mid-term targets of 50 billion yen in sales and 3 billion yen in operating profit, with market capitalization increasing by only 13%. Our new mid-term plan for 2025–2027 focuses on strengthening profitability and enhancing corporate value. We aim to achieve 60 billion yen in sales, an operating profit margin of over 8%, and a market capitalization of 40 billion yen (share price of 1,000 yen) by 2027. We will continue to engage in active dialogue with our shareholders and investors, and we appreciate your continued support.

Key Messages

Evaluation of Previous Medium-Term Management Plan:

Although we fell slightly short of our numerical targets due to a challenging external environment, we implemented growth initiatives and proactive shareholder returns aimed at realizing our Vision for 2030.

Goals of the New Medium-term Plan:

With a focus on enhancing profitability, we are targeting consolidated net sales of 60 billion yen, an operating profit margin of over 8%, ROE of 8%, and a market capitalization of 40 billion yen (equivalent to a share price of 1,000 yen).

Positioning of the New Medium-term Plan:

The previous plan was positioned as an “internal investment phase,” during which we focused on building the foundation for our 2030 Vision through investments in human resources, organizational structure, processes, and systems. The new plan is positioned as a “robust business expansion phase,” with the next three years dedicated to achieving consecutive record-high results, recovering investments, improving profitability, and building our target business portfolio.

Share Price and Shareholder Returns:

We aim to achieve ROE of 8% in the final year of the plan, and to realize a share price of 1,000 yen, based on a PER of 13 times and an expected PBR of 1. We will maintain a dividend payout ratio of over 60%, with annual dividends per share planned at 34 yen for FY2025 (an increase of 2 yen from the previous year), 40 yen for FY2026, and 50 yen for FY2027 (corresponding to a dividend yield of 7.2% based on the closing price on June 9).

Review of the Previous Medium-Term Management Plan 2022–2024: Quantitative Results

Although the results for the previous medium-term plan fell short of targets, we achieved all-time record sales and operating profit, and implemented proactive shareholder returns.

Operating Results

(million yen)

	FY2022 Results	FY2023 Results	FY2024 Results ①	FY2024 Mid-term Plan ②	Plan vs. Actual ①-②	Evaluation	Review
Order Intake	40,849	48,749	49,617	—	—		Both order intake and net sales showed steady growth; however, results fell slightly short of the plan due to a slowdown in the Asian market and delayed recovery in the domestic AP business. Although we worked to revise sales prices, operating profit was affected by proactive investments in human resources and underperformance at our Asian subsidiaries.
Net Sales	39,665	44,097	49,162	50,000	-838		
Operating Income	1,028	1,968	2,766	3,000	-234		
Operating Margin	2.6%	4.5%	5.6%	6.0%	-0.4pt		
Profit	1,020	1,312	2,009	2,100	-91		

Capital Strategy / Shareholder Returns

ROE	3.2%	4.0%	5.8%	6.2%	-0.4pt		Although ROE fell slightly short of the target, we achieved our shareholder return goal, with the three-year average dividend payout ratio reaching 87%, meeting our target of 60% or higher.
Equity Ratio	60.7%	53.1%	54.2%	—	—		
Debt-to-Equity Ratio (times)	0.18	0.32	0.30	—	—		
Dividend Payout Ratio	112.6%	87.6%	61.3%	63.5%	-0.4pt		
Total Payout Ratio	112.6%	87.6%	61.3%	63.5%	-0.4pt		
Share Buyback	0	0	0	—	—		
Sale of Cross-shareholdings	4	13	130	—	—		

Review of the Previous Medium-Term Management Plan 2022–2024: Quantitative Results

Long-term Policy Toward FY2030	Initiatives Implemented During the Previous Medium-term Plan (Internal Investment Phase)
Strengthening Domestic Earnings Base	<ul style="list-style-type: none"> Maintenance service operations transferred; front office operations introduced at 9 domestic locations (as of April 2025) Workforce expansion (net increase of 123 employees at Nikko Corporation) Expanded SFA application areas (service and quality management) Equipment installation and factory reorganization (continuing in FY2025) Strengthened quality department (establishment of Design Quality Management Section)
Establishing Overseas Sales	<ul style="list-style-type: none"> Collaboration between Okinawa Branch and Taiwan (AP, BP) Establishment of ASEAN Business Strategy Office Introduction of new AP model to the Chinese market Development of new AP model for the ASEAN market
Promoting New Businesses (Mobile)	<ul style="list-style-type: none"> Establishment of Mobile Plant Maintenance Services Model change for Mobix soil improvement machine Release of Mobile Plant Maintenance Manual (NM-LINK)
Workstyle Reform	<ul style="list-style-type: none"> Introduction of Hourly annual paid leave and Staggered working hours system Introduction of a New personnel system Four consecutive years of salary increases
*Entry into New Growth Areas	Completed two M&A transactions (Matsuda Kiko, Nishinohon Real Estate)

Review of the Previous Medium-term Plan Period (million yen)

Key Items	FY2022	FY2023	FY2024
1.Strengthening Domestic Earnings Base (Domestic Operating Profit Margin)	2.6%	4.5%	5.6%
2.Establishing Overseas Sales (Expansion of Overseas Sales)	6,154	3,467	4,326
3.Promotion of New Businesses (including M&A) (Mobile Plant Business)	1,795	2,907	1,896
4.2030 Market Capitalization Target (Over 50 billion yen)	24,280	25,360	27,440
FY2024 ROE Target (6.2%)	3.2%	4.1%	5.9%

Entry into New Business Areas through M&A

(million yen)	FY2021	FY2022	FY2023	FY2024
M&A Track Record	Ube Kohki (Contract-based Manufacturing)		Matsuda Kiko (Contract-based Manufacturing)	Nishinohon Real Estate (Real Estate)

(million yen)		FY2021	FY2022	FY2023	FY2024
Contract-based Manufacturing	Net Sales	-	2,216	3,072	4,802
	Operating Income	-	156	270	645
Crusher-Related	Net Sales	-	2,217	3,198	2,256
	Operating Income	-	175	274	40
Other	Net Sales	6,660	3,891	4,862	5,101
	Operating Income	1,073	711	769	716
Total	Net Sales	6,660	8,324	11,132	12,339
	Operating Income	1,073	1,042	1,313	1,401

Segment Performance of the Previous Medium-term Plan (FY2022–FY2024)

(million yen)		FY2024 Results①	FY2024 Mid-term Plan ②	Plan vs. Actual ①-②	Evaluation	Review
AP-Related Business	Net Sales	19,480	23,000	-3,520		In Japan, the MS business remained stable, but capital investment by road paving companies was limited due to rising raw material costs. In China, demand showed signs of recovery, leading to higher revenue and a return to profitability in FY2024. In Thailand, although sales are recovering, the business has been slow to move out of the red.
	Operating Income	977	1,600	-623		
	Operating Margin	5.0%	7.0%	-2.0pt		
BP-Related Business	Net Sales	14,266	10,800	3,466		In the ready-mixed concrete industry, our customers have been able to pass increased costs, such as higher raw material prices, onto their selling prices. As a result of improved business performance, there has been a trend toward more active capital investment.
	Operating Income	1,724	1,050	674		
	Operating Margin	12.1%	9.7%	+2.4pt		
Environment- and Conveyor- Related Business	Net Sales	3,254	2,700	554		Stricter recycling regulations for waste plastics have led to strong demand for conveyors from recycling companies. In addition to securing large orders, such as those for the Osaka-Kansai Expo, raising product prices has also contributed to improved results.
	Operating Income	847	550	297		
	Operating Margin	26.0%	20.4%	+5.6pt		
Other Business	Net Sales	12,159	13,500	-1,341		Starting in FY2024, we divided the "Other Business" category into three segments—Crusher-Related Business, Contract-Based Manufacturing Business, and Other Business—to improve business transparency.
	Operating Income	1,402	1,300	102		
	Operating Margin	11.5%	9.6%	+1.9pt		
(Crusher-Related Business)	Net Sales	2,256	—			Although the weaker yen has increased procurement costs for imported equipment, we are working to strengthen profitability by expanding into new domestic customers and fields, and by focusing on maintenance services supported by a higher number of units delivered. We are also actively seeking to capture demand related to Ukraine's reconstruction.
	Operating Income	40	—			
	Operating Margin	1.8%	—			
(Contract-Based Manufacturing Business)	Net Sales	4,802	—			Ube Kohki Co., Ltd. and Matsuda Kiko Co., Ltd., which joined the Nikko Group through M&A, have contributed to business expansion. Going forward, we will strengthen collaboration among these three companies, including Nikko, to further improve profitability and achieve stable growth.
	Operating Income	646	—			
	Operating Margin	13.5%	—			
(Other Business)	Net Sales	5,101	—			Steady business growth continues in the waterproof boards and floodgates, temporary equipment, and rental and renovation segments. By further strengthening our focus on disaster prevention and mitigation, we aim to enhance profitability and achieve stable growth across these businesses.
	Operating Income	716	—			
	Operating Margin	14.0%	—			

The 2030 Vision

NIKKO Group

To be a top manufacturer of plant equipment and environmental products backed by advanced technology, and a trusted business partner to our customers through operational and maintenance services.

Business Transformation

- Domestic AP-Related Business
- Domestic BP-Related Business
- Maintenance Service Business

Strengthening Operation and Maintenance Services



Scaling Up Through Technology

- Overseas AP-Related Business
- Environment- and Conveyor-Related Business
- MP, Contract Manufacturing, and Business Development

Horizontal expansion of products and markets

FY2035 Numerical Targets

Net Sales **70** mil. yen

Operating Margin **10.0%**

Market Capitalization **50** bil. yen
(Share Price: 1,250 yen)



Creating robust, people-friendly cities around the world.

Positioning of the New Medium-term Management Plan (FY2025–FY2027)

To achieve our 2030 Vision, we will unite as a group to **create new value** and pursue **business expansion**.

Medium-term Management Plan (2025-2027)



Sustainability Management

The Relationship between Materiality and Sustainability, KPIs, and Contributing SDGs

	Materiality	Contributing SDGs	What the Group aspired to be and how it is related	KPI	Results for the FY2022–FY2024 Medium-term Management Plan Period
社会のサステナビリティ	Realization of carbon neutrality	 	About 70% of CO2 emissions from mixture plants in Japan (approx. 1.15 million tons a year) is estimated to be emitted by Nikko plants. While it will become a major risk if Nikko is late to respond to this, the Group believes that it also offers opportunities from various aspects including low carbon mixture manufacturing equipment and fuel transition, as it is also an important social issue.	<ul style="list-style-type: none"> ● CO₂ Emissions (Scope 1, 2 & 3) FY2030: 650,000 tons (50% reduction compared to FY2013) FY2050: Net zero ● Sales of Decarbonization/Low-carbon Related Products: FY2030: 2.7 bil. yen 	<ul style="list-style-type: none"> ● CO₂ Emissions :763,885 tons (42% reduction compared to FY2013) ● Sales of Decarbonization/Low-carbon Related Products: 1.2 bil. yen (FY2023) ● Expansion of sales for medium-temperature asphalt mixture production equipment ● Development of hydrogen-fueled burners and expansion into general industrial fields ● Successful demonstration of on-site hydrogen utilization converted from ammonia
	Establishment of recycling-oriented society		The four core technologies Nikko owns are indispensable for the establishment of the recycling-oriented society to come. We will further expand recycling of civil engineering materials through recycling facilities for asphalt paving materials and concrete waste, which have already been contributing considerably to material recycling, and offer machinery that enables the higher quality recycling required in the future.	<ul style="list-style-type: none"> ● Expansion of the market for gypsum board recycling equipment ● Expansion of the market for concrete sludge recycling equipment 	<ul style="list-style-type: none"> ● Delivery of waste gypsum recycling plants ● Delivery of concrete sludge recycling plants ● Improvement and implementation of self-propelled soil improvement machines
目エのサステナビリティ	Creation of new customer values	  	In its 2030 Vision, Nikko Group aims to become a “customers’ management partner through operation and maintenance service.” The Group will not only improve customer satisfaction by leveraging DX and AI but also pursue subscription contracts of maintenance service.	<ul style="list-style-type: none"> ● Creating new value through DX ● Expanding plant management services through asset management 	<ul style="list-style-type: none"> ● Deployment of a DX total management platform for concrete production ● Deployment of subscription-based services ● Development and implementation of AI-powered image sorting machines ● Mobile Plant Information Integration App (NM-LINK) Released
	Human resource development and improvement in job satisfaction	 	The importance of leveraging human capital increases further upon solving material matters. For Nikko to achieve the 2030 Vision, it is necessary to have human resources based on diversity and inclusion, and improving motivation by nurturing them, as well as improving their work-life balance and well-being also assuming importance.	FY2030 <ul style="list-style-type: none"> ● Percentage of female managers: 7% ● Training hours and expenses per employee: 10 hours, 50,000 yen ● Childcare leave utilization rate: 100% for women, 75% for men ● Turnover rate within three years of joining: 7% 	<ul style="list-style-type: none"> ● Percentage of female managers: 1% (FY2024) ● Training hours and expenses per employee: 15.3 hours, 88,000 yen ● Childcare leave utilization rate: 100% for women, 61.9% for men (FY2024) ● Turnover rate within three years of joining: 15.6%

Basic Policy of the New Medium-term Management Plan

Theme of the Medium-term Management Plan

Enhancing profitability!

Enhance earning power and maximize corporate value.

This will lead to increased profitability and sales.

"Strive for creative improvements and secure appropriate profits."

Targets:

- 1 Quality improvement
- 2 Technology improvement
- 3 Service improvement
- 4 Maximizing human performance

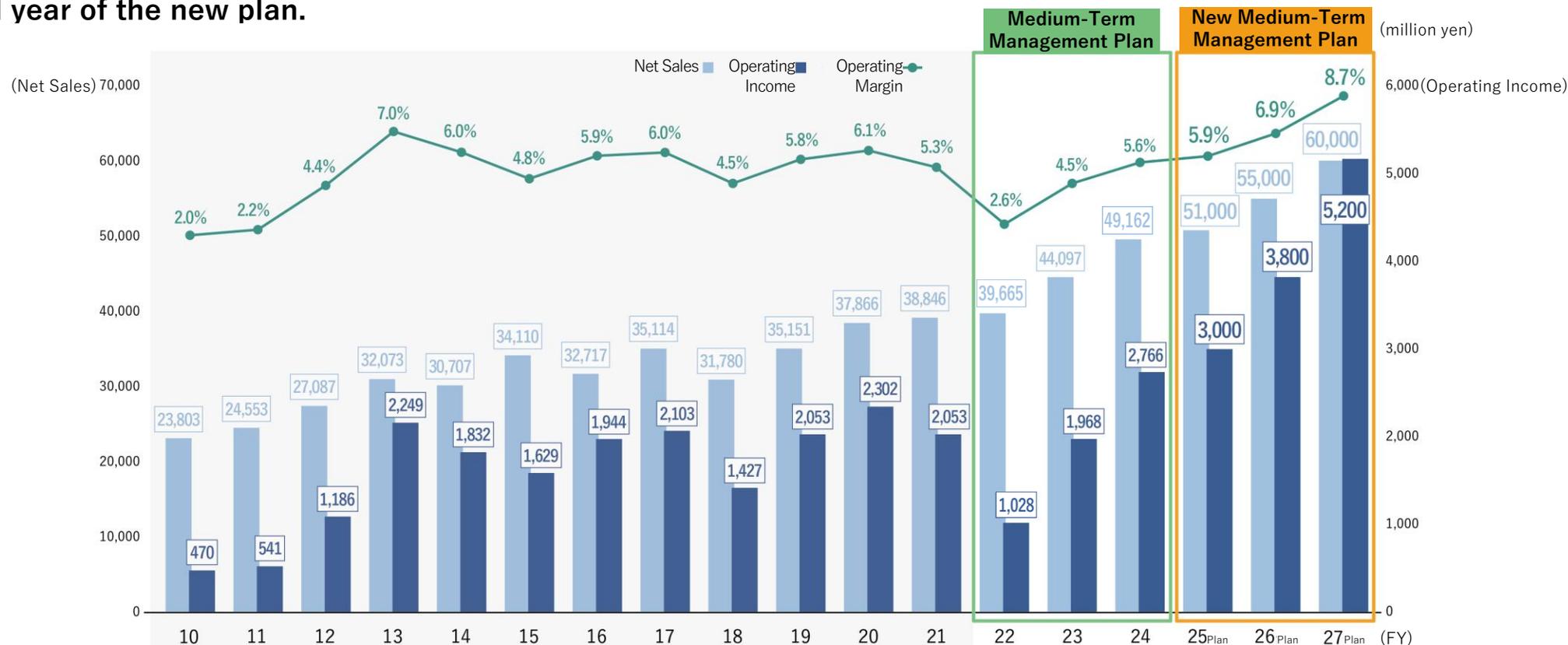
The Six Key Pillars of the New Medium-term Management Plan

The new medium-term plan sets out six key pillars, with strategies for each segment tied to both financial and non-financial impacts.

The Six Key Pillars	Strategy for Execution	Related Segments	Expected Financial and Non-financial Impact
1. Establishment of a sustainable profit structure	<ul style="list-style-type: none"> Improving profit margins through strengthened pricing policies and high value-added proposals Promoting preventive maintenance and securing stable revenue through expansion of subscription-based services Company-wide cost improvement through manufacturing and sales efficiency 	AP, BP	Expansion of sales Improvement of profitability
2. Contribution to an environmental and recycling-oriented society	<ul style="list-style-type: none"> Development of innovative environmental products such as AI sorting machines and lithium battery removal equipment Advancement of conveying, crushing, and sorting systems for waste recycling Social implementation of environmental projects in collaboration with local governments and private companies 	Environment- and Conveyor	Expansion of sales
3. Acceleration of global expansion, with a focus on the ASEAN region	<ul style="list-style-type: none"> Enhancement of global bases centered on ASEAN, China, and Taiwan Establishment of product supply, technical support, and service systems tailored to each country's market needs Establishment of responsible procurement and quality standards as a global company 	AP	Expansion of sales
4. Product evolution and quality improvement	<ul style="list-style-type: none"> Product development centered on automation, labor-saving, and remote support Quality improvement through utilization of quality manuals and trouble databases Providing products and services that support customer safety, security, and satisfaction 	Company-wide	Improvement of profitability
5. Human resource development and service quality improvement through co-creation with partners	<ul style="list-style-type: none"> Strengthening recruitment and development of young talent and skills transfer programs Supply chain stabilization through co-development and safety support with partner companies Development of workplace environments that support diverse working styles 	Company-wide	Improvement of workplace comfort and job satisfaction
6. Management transparency and strengthening of governance	<ul style="list-style-type: none"> Information visualization and rapid management decision-making through utilization of ERP systems Pursuit of overall optimization through collaboration with group companies Construction of management foundations emphasizing sustainability 	Company-wide	Enhancement of sustainability

Three-year Medium-Term Management Plan Performance Forecast

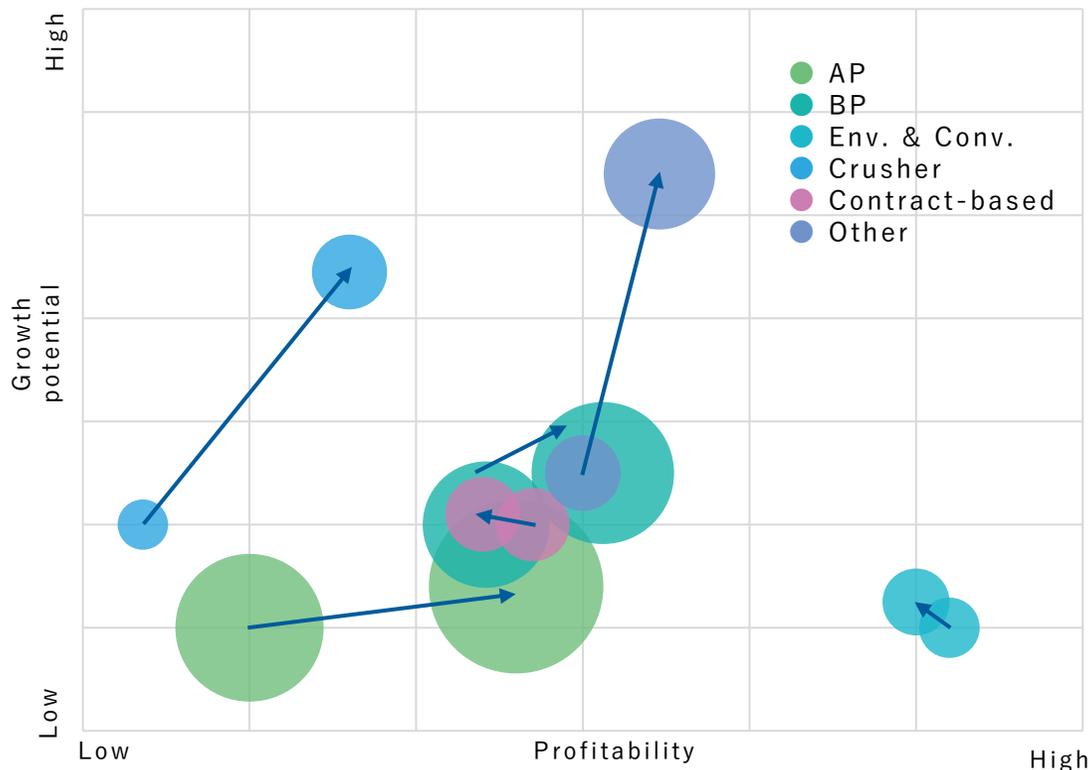
- In fiscal year 2024, the final year of the previous medium-term plan, we achieved record-high net sales, operating profit, and ordinary profit.
- Aiming for our 2030 Vision (70 bil. yen in sales, 50 bil. yen in market cap), we target 60 bil. yen in sales, 5.2 bil. yen in operating profit (over 8% margin), 8% ROE, and 40 bil. yen in market cap (1,000 yen share price) in fiscal year 2027, the final year of the new plan.



Target Business Portfolio and Strategy

To achieve our 2030 targets of 70 billion yen in sales and 7 billion yen in operating profit, we will expand and improve profitability in existing domestic businesses through transformation, scale up overseas and new businesses using our unique technologies, and pursue new growth through M&A and partnerships.

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	

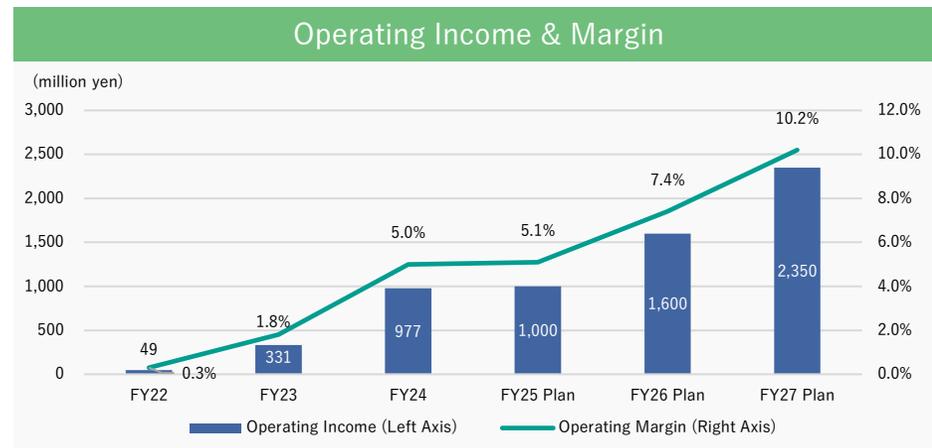
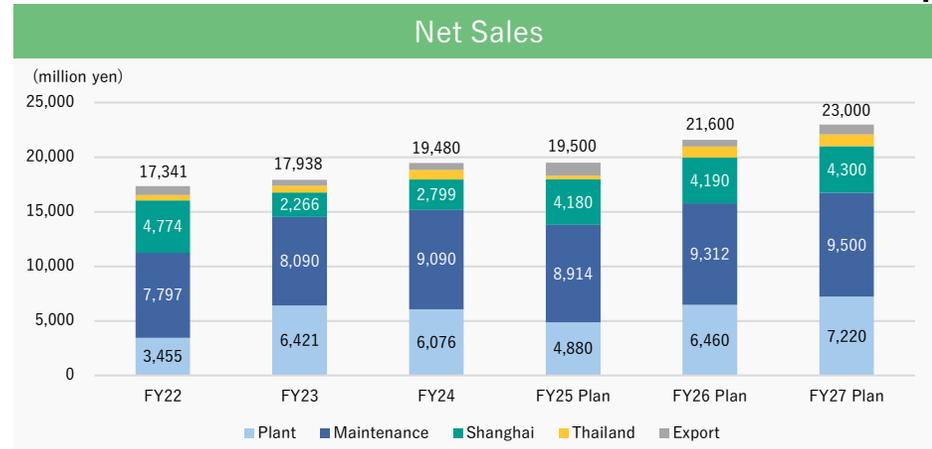
Segment-specific Performance Targets

We aim to enhance profitability across all segments and achieve consecutive record-high performance results.

(million yen)		FY2024 Results	FY2025 Plan	FY2026 Plan	FY2027 Plan	Assumptions and Initiatives During the New Medium-Term Plan Period
AP-Related Business	Net Sales	19,480	19,500	21,600	23,000	<ul style="list-style-type: none"> Domestic market expects a recovery in capital investment, driven by improved performance of road companies. Expecting visible demand for asphalt plant upgrades through the use of energy-saving subsidies Operating profit will be driven by both revenue growth and improved earnings from overseas subsidiaries.
	Operating Income	976	1,000	1,600	2,350	
	Operating Margin	5.0%	5.1%	7.4%	10.2%	
BP-Related Business	Net Sales	14,266	14,800	15,300	15,300	<ul style="list-style-type: none"> Ready-mixed concrete prices are expected to remain high, with customers continuing to invest in upgrades, leading to sustained high sales and operating profit.
	Operating Income	1,724	1,900	2,000	2,000	
	Operating Margin	12.1%	12.8%	13.1%	13.1%	
Environment- and Conveyor-Related Business	Net Sales	3,254	4,100	3,300	3,500	<ul style="list-style-type: none"> Following projects for the Osaka-Kansai Expo, new demand is anticipated from IR-related projects. Aiming to improve operational efficiency by focusing on profitability and updating core systems.
	Operating Income	847	850	730	800	
	Operating Margin	26.0%	20.7%	22.1%	22.9%	
Other Business	Net Sales	2,256	3,000	3,700	4,300	<ul style="list-style-type: none"> Business expansion will be pursued through the growth of sales channels. The lineup of in-house developed products will be strengthened. Profitability will be improved by expanding maintenance service sales.
	Operating Income	40	150	220	300	
	Operating Margin	1.8%	5.0%	5.9%	7.0%	
(Crusher-Related Business)	Net Sales	4,802	3,600	3,800	4,200	<ul style="list-style-type: none"> Profitability will be maintained and improved through new customer acquisition, workforce expansion, and increased equipment capacity.
	Operating Income	645	400	450	500	
	Operating Margin	13.5%	11.1%	11.8%	11.9%	
(Contract-Based Manufacturing Business)	Net Sales	5,101	6,000	7,300	9,700	<ul style="list-style-type: none"> Continued revenue and profit growth are expected, with expanded sales channels and production/sales bases, focusing on disaster prevention and mitigation themes.
	Operating Income	716	900	1,100	1,650	
	Operating Margin	14.0%	15.0%	15.1%	17.0%	
	Adjustments	-2,183	-2,200	-2,300	-2,400	
Consolidated Net Sales		49,162	51,000	55,000	60,000	<ul style="list-style-type: none"> The company aims for consecutive record-high consolidated sales and operating profit.
Consolidated Operating Income		2,766	3,000	3,800	5,200	
Operating Margin		5.6%	5.9%	6.9%	8.7%	

AP-Related Business Strategy

As a leading company in asphalt plants ① Support for Decarbonization ② Support for Remote Operation and Automation
 ③ Promotion of Plant Upgrades through Subsidies ④ Building an Organizational Structure for ASEAN Market Expansion



Business Opportunities

- Expanding demand for differentiated products that contribute to customers' decarbonization efforts
- Increasing demand for remote and automated plants in response to labor shortages and workstyle reforms
- Emerging replacement demand driven by energy-saving needs supported by energy-saving subsidies
- Growing demand associated with road development and recycling needs in the ASEAN market
- Emergence of new customer needs, such as subscription-based services

Challenges

- Shrinking domestic market
- Labor shortages, including in the supply chain
- Entry of overseas competitors
- Market launch of similar products by competing companies

TOPICS New Product

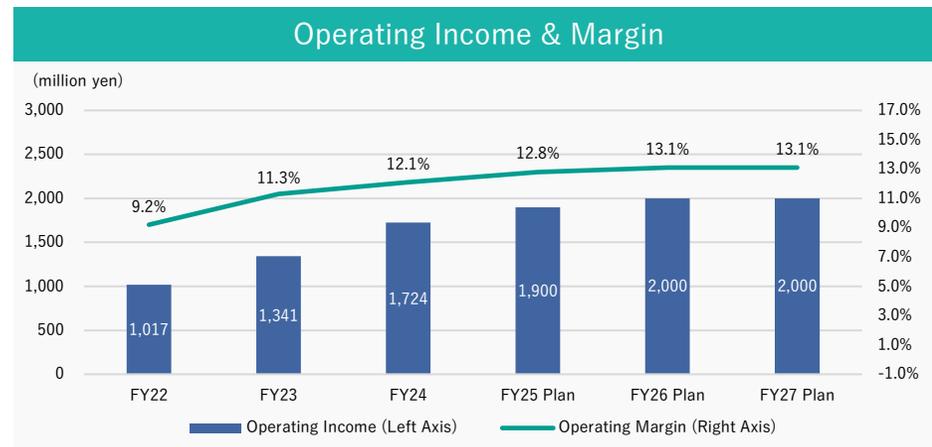
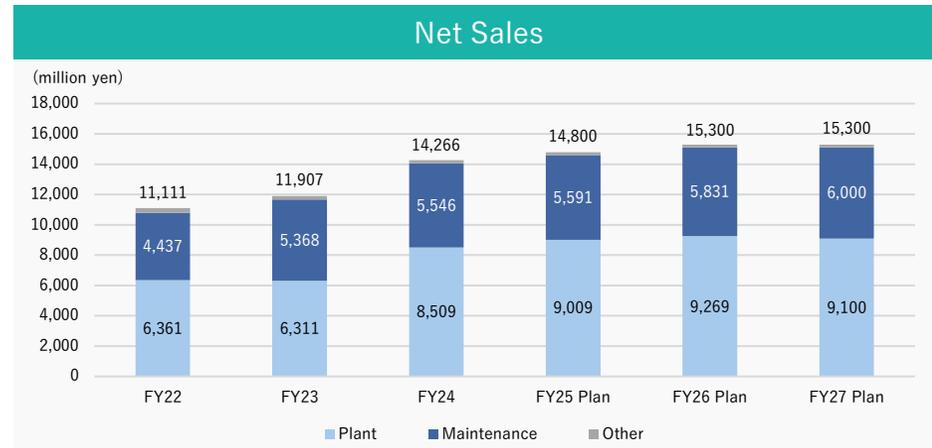
Energy-Saving Subsidy-Eligible Asphalt Plant VP IV (Kawaguchi Ascon)

Business Strategy

- Existing Businesses (Domestic)**
 - Promote plant replacement proposals utilizing subsidies
 - Advance and accelerate the development and early market launch of decarbonization-related products
 - Expand offerings to include peripheral plant equipment
- Growth Strategy (Overseas)**
 - Expand sales of models for ASEAN markets (ACE series)
 - Strengthen the penetration of Japanese recycling technologies in ASEAN
 - Broaden sales coverage to neighboring countries in the ASEAN region
- Maintenance Services Expansion**
 - Improve organizational capabilities and efficiency through division of labor
 - Strengthen operation and maintenance services

BP-Related Business Strategy

As a top manufacturer of batcher plants ① Data Management & Analysis via In-house Control Panels ② Plant Operational Support Services ③ Mobile Plant Deployment for Concrete Factory Consolidation



Business Opportunities

- Progress in precast construction materials (expanding demand for in-factory equipment)
- Strengthening decarbonization initiatives that capture CO₂
- Expanding market share (currently relatively low compared to AP)
- Emerging new customer needs such as subscription-based maintenance
- Growing demand for mobile plants due to market contraction and disaster response needs

Challenges

- Gradual decline in domestic concrete shipments
- Price competition with rival companies
- High in-house production ratio leading to a heavy fixed cost burden

TOPICS

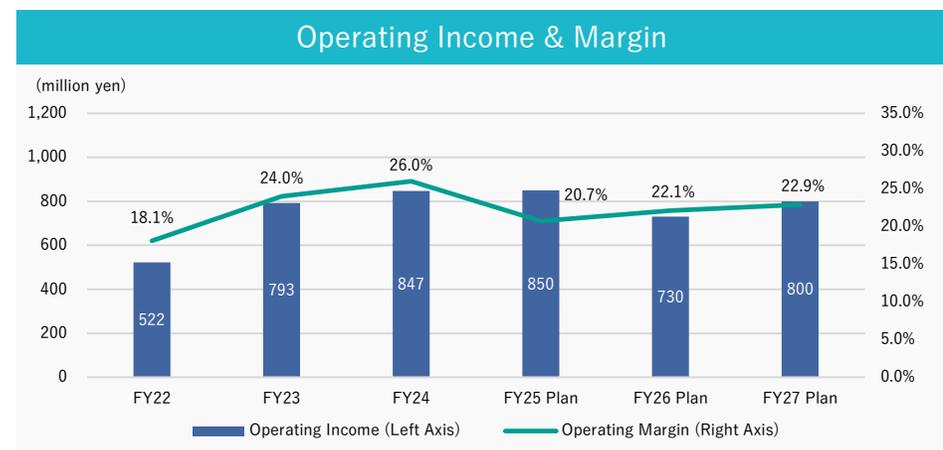
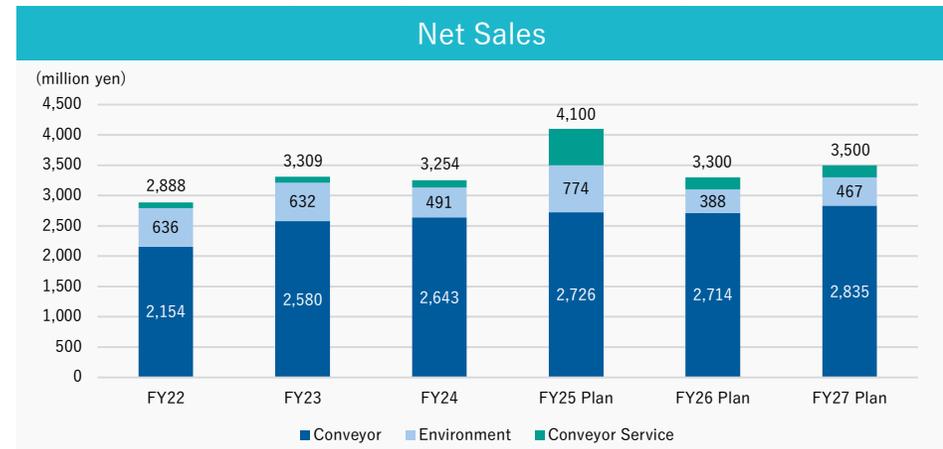
The Japanese government plans to inspect and renew 5,000 kilometers of aging sewer pipelines by fiscal year 2030. (Source: Nikkei, May 29, 2025)

Business Strategy

- Existing Businesses (Domestic)**
 - Development of DASH-REXA, combining reliability and advanced functionality
 - New mixer with enhanced kneading performance and mechanical safety
 - Integration of peripheral plant equipment
- Growth Strategy (Overseas)**
 - Promotion of Mobile BP for disaster recovery and liquefied soil treatment
 - Acceleration of Carbon Recycle initiatives
 - Plant operation optimization via DX Total Management System
- Maintenance Services Expansion**
 - Expansion of maintenance services through increased order share
 - Strengthening operation and maintenance services

Environment- and Conveyor-Related Business Strategy

Key Themes: ① Modularization and customization of portable conveyors ② Strengthening customer relationships through web-based services
 ③ Engineering proposals for conveyor lines ④ Market launch of environmental products using DX technology



Business Opportunities

- Strengthening various recycling regulations for waste plastics, solar panels, and lithium batteries (driving increased demand for recycling equipment)
- Entering the high-rigidity stringer conveyor market, which has a large market size
- Increasing market share
- Creating sales synergies with crusher-related and contract manufacturing businesses

Challenges

- Shortage of human resources
- Calcination technology in environmental business
- Intensifying competition
- Rising transportation costs (though price increases can be passed on)

TOPICS New Product

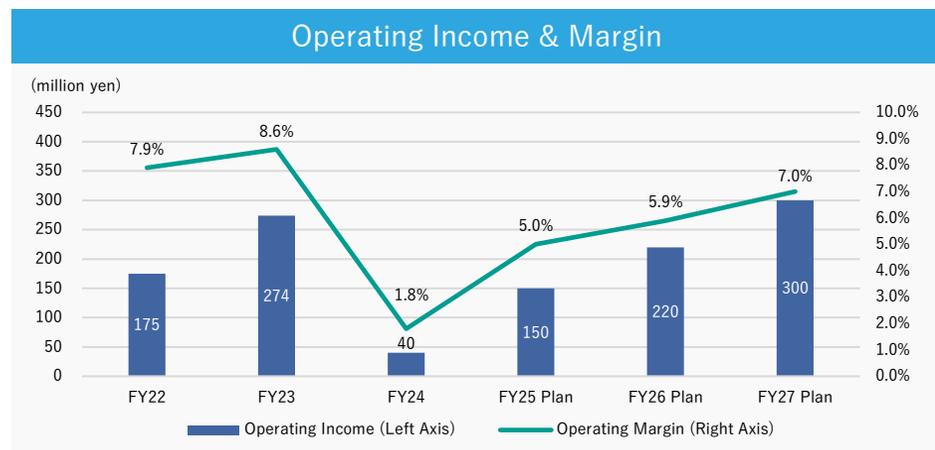
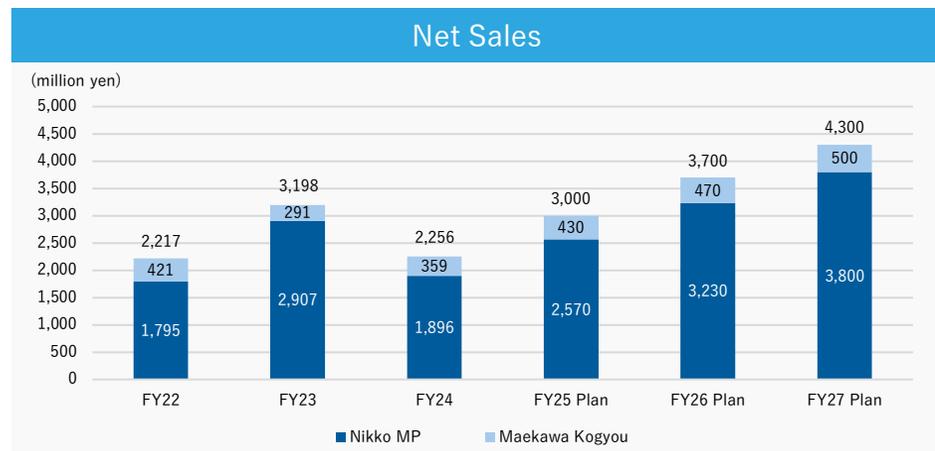
Integrated Horizontal and Inclined Super Modular Conveyor

Business Strategy

- Existing Businesses**
 - Expanding sales channels through online sales of portable conveyors
 - Strengthen outreach to set makers and recycling companies
 - Enhance engineering sales of conveyors and related solutions
- Development Areas**
 - Establish AI sorting technology using DX
 - Expand peripheral equipment for recycling
 - Strengthen collaboration with recycling-related companies
- Overseas Expansion**
 - Approach Japanese engineering companies

Crusher-Related Business Strategy

Key Themes: ① Expand mobile plant sales and strengthen profitability ② Enhance product lineup
③ Reinforce sales structure and promote maintenance business



Business Opportunities

- Rising Demand for Shift from Stationary to Mobile Crushers
- Expansion of Adoption in Large-Scale Facilities (e.g., Steel Mills)
- Overseas Market Development Leveraging Exports to Ukraine
- Improved Price Competitiveness Due to Yen Appreciation
- Rental Industry Expanding Mobile Crusher Offerings
- Sales Expansion to AP and BP Customers (Synergy Effects)
- Maintenance Demand Growth with Cumulative Sales Volume
- Profit Growth through Expansion of In-House Developed Product Lineup
- Market Share Expansion

Challenges

- KLEEMANN products are imported from Germany, so yen depreciation is a negative factor
- Competition intensifies as the market expands
Need to train more maintenance personnel

TOPICS New Product

Electric-Hydraulic Hybrid Driven Self-Propelled Soil Stabilizer Mobix-Eco•Eco

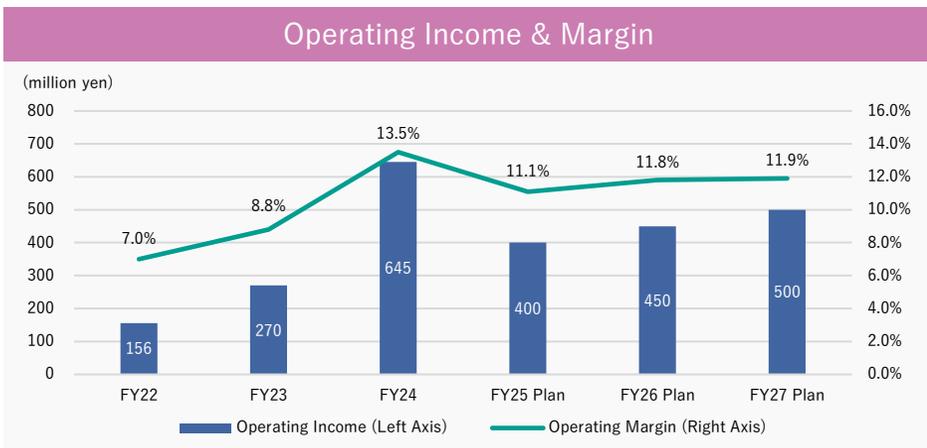
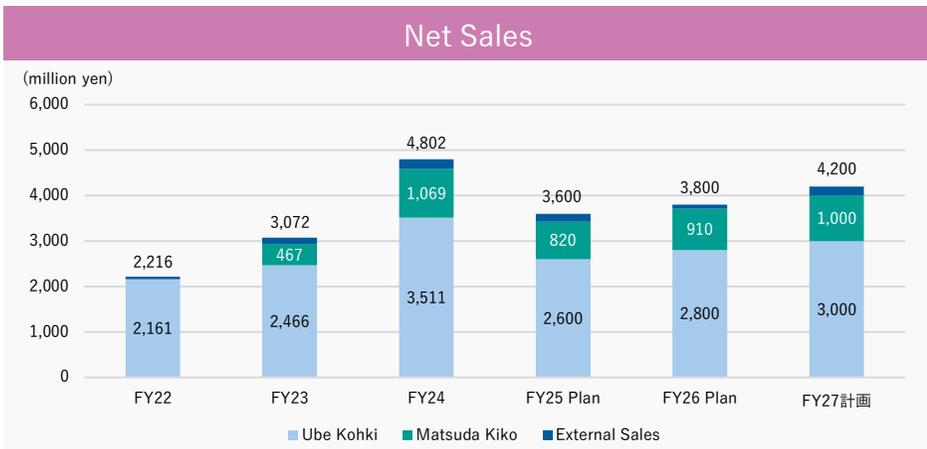


Business Strategy

- Existing Businesses**
 - Strengthen sales capabilities and partnerships with sales agents.
 - Intensify sales efforts targeting AP users, mining, and steel industries.
 - Promote rental business expansion.
- Growth Business**
 - Expand sales of the Mobix/Eco mobile soil stabilizer
 - Establish regular inspection and maintenance contract business
- MS Business**
 - Increase inventory of spare parts
 - Utilize the "NM-LINK" maintenance app

Contract-Based Manufacturing Business Strategy

Key Themes: ① Creating Mutual Synergies Among Nikko, Ube Kohki, and Matsuda Kiko
 ② Transitioning from a Contracting Business to Pursue Higher Growth and Profitability



Business Opportunities

- Increased Business Opportunities from Competitor Downsizing
- Acquisition of New Projects through Product and Development Synergies within the Nikko Group
- Rising Demand for Construction and Investment in Hydrogen, Ammonia, and Related Facilities

Challenges

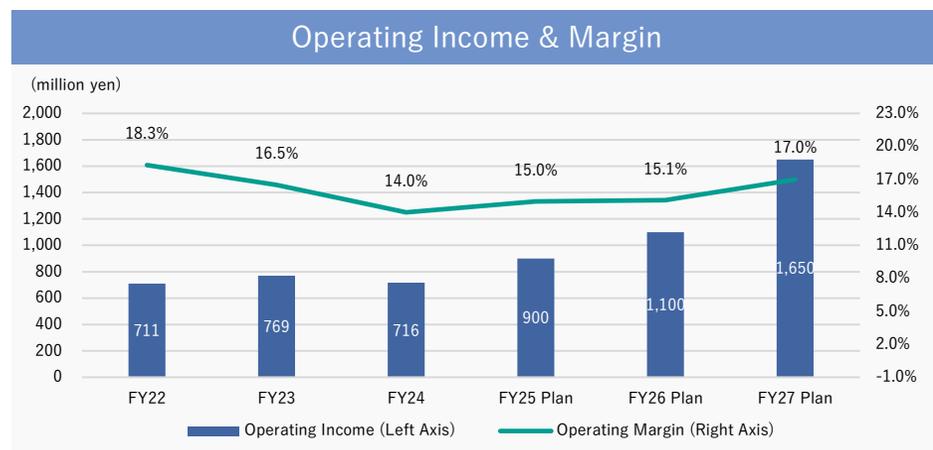
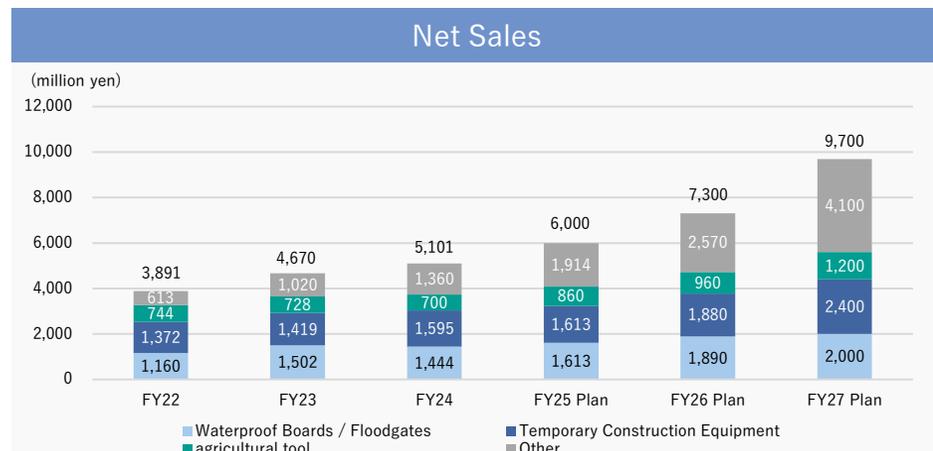
- Both companies have strong QCD (Quality, Cost, Delivery) and quality inspection capabilities.
- Ube Koki can produce niche products like gas storage tanks and solar lighting in-house.
- Ube Koki operates nationwide and has a partner factory in Dalian, China.
- Matsuda Kiko excels in can manufacturing, welding, and quick delivery.

Business Strategy

- 1 Ube Kohki** ● Strengthen workforce and invest in factory equipment
- 2 Masuda Koki** ● Invest in equipment and promote digital transformation (DX)
- 3 Synergy Effect** ● Enhance collaboration, focusing on Nikko's external sales division

Other Business Strategy — Waterproof Boards, Floodgates, Temporary Construction Equipment, Agricultural Tool

Key Themes: ① High Market Share and Differentiated Technology in Niche Markets ② Strong In-House Product Development Capabilities
③ Ensuring Stable Growth and High Profitability



Business Opportunities

- Rising Demand for Flood Barriers and Temporary Equipment for Natural Disasters
- Replacement Demand for Electric Road Marking Material Melters
- Growing Demand for Sluice Gate Repair and Upgrades Under National Resilience Policy
- Expanding Need for Automation in Temporary Equipment Maintenance Due to Labor Shortages
- Increased Demand for User-Friendly Temporary Equipment at Construction Sites

Challenges

- Strong product development capabilities and high market share, with an average operating profit margin of 13.5% over the past five years
- Asphalt kneader mixer (Nekkaki) differentiated by proprietary technology.
- Unique, highly workable temporary equipment recognized in the market, maintaining a 13.3% average operating profit margin over the past five years
- In-house design and manufacturing of inspection devices, stacking (palletizer), and cleaning equipment for construction materials

Business Strategy

- Waterproof Boards / Floodgates**
 - Approach New Sales Channels
- Temporary Construction Equipment**
 - Build a New Manufacturing and Shipping Facility in Western Japan; Expand Rental Business
 - Expand Product Lineup for Scaffolding System Solutions
- M&A**
 - Active M&A in related fields

Human Resources Strategy

To realize our vision, “Creating robust, people-friendly cities around the world,” the Nikko Group will focus on developing talent defined as “people who drive future reforms,” “people who take on challenges without fear of failure,” and “people who respect and collaborate with diverse colleagues.” In particular, we will prioritize cultivating proactive individuals who autonomously pursue reform and challenges. We will set key themes and initiatives, along with KGIs and KPIs, to guide these efforts.

	Priority Theme	Key Initiatives	KGI	KPI
Strengthen Talent Acquisition	Strengthen recruitment across all departments to ensure a talent pool sufficient to achieve our vision.	<ul style="list-style-type: none"> Develop recruitment plans by attribute (annual hiring numbers: new graduates, mid-career). Implement measures to increase applicants by attribute, such as science/engineering talent and women. 	<ul style="list-style-type: none"> Number of hires by 2030 (total and by category) 	<ul style="list-style-type: none"> Number of Applicants Final Interview Arrival Rate Number of Final Interviewees Number of Job Offers Application Rate Number of Hires
Develop Autonomous Talent	Increase the number of More employees take initiative and serve as leaders in each department.	<ul style="list-style-type: none"> Extract the most important elements for realizing the management vision from “innovation actions,” “external networking actions,” and “career development actions,” and consider and implement measures to encourage specific employee behaviors. 	<ul style="list-style-type: none"> Proactive talent score 	<ul style="list-style-type: none"> Number of Shared Success Stories Participation in External Networking Events (Training) Number of Actual Job Rotations
Cultivate Global Talent	Strengthen the development of global talent to drive overseas business growth and ensure stable staffing at all international locations.	<ul style="list-style-type: none"> Establish and implement recruitment and development programs for global talent Foster an organizational culture that considers career development from a global perspective 	<ul style="list-style-type: none"> Number of global talent 	<ul style="list-style-type: none"> Number of Foreign Hires Ratio of Employees Seeking Global Career Development Number of Overseas Trainees Dispatched / Number of Employees with Overseas Work Experience Number of Participants in Global Talent Development Programs
Promote DE&I	Each employee embraces diversity, recognizes one another, and leverages diverse abilities to achieve the vision, driving organizational and talent growth.	<ul style="list-style-type: none"> Consider and implement measures to promote the recruitment, development, and retention of female employees Rebuild recruitment channels for foreign nationals and strengthen post-hire support systems Build an organizational foundation where each employee with disabilities can demonstrate diverse abilities and excel in their areas of strength 	<ul style="list-style-type: none"> Ratio of female employees; ratio of female managers Number of foreign nationals in management positions Employment rate of people with disabilities 	<ul style="list-style-type: none"> Participation Rate in Female Management Training for Managers Participation Rate in In-house Seminars for Developing Female Managers Ratio of Employees Who Wish to Become Managers If Given the Opportunity Female Hiring Ratio and Ratio of Female Management Candidates Creation of Communication Opportunities Among Foreign Employees Implementation Rate of Cross-cultural Understanding Themes in New Employee Training Three-year Retention Rate for Foreign Employees Implementation Rate of Interviews with Employees with Disabilities Number of Study Sessions Held for Supervisors

B/S Strategy

- Set a target ROE of 8% for the final year of the medium-term plan (FY2027).
- Plan to reduce policy shareholdings to below 10% of net assets over the medium term.
- Aim for net assets of 36 billion yen and maintain a capital adequacy ratio of 50% or higher in FY2027, while ensuring efficient balance sheet management.

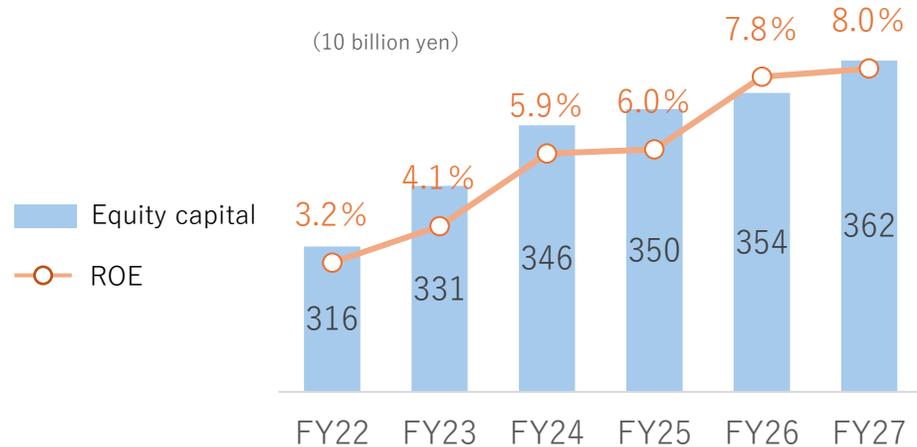


Maintaining a Level Above the Cost of Shareholders' Equity

ROE

FY27 **8.0%**

FY24 **5.9%**

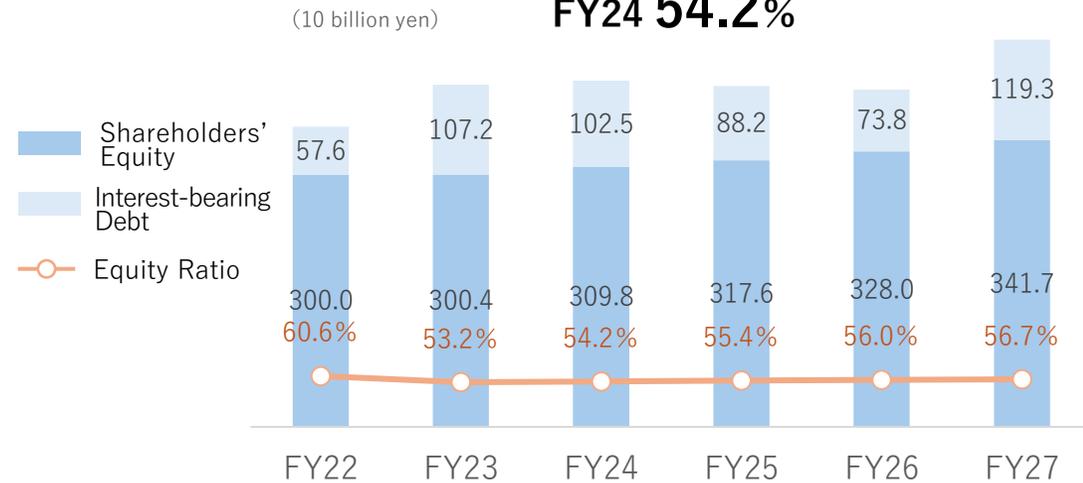


Effectively utilize interest-bearing debt while maintaining financial soundness

Equity Ratio

FY27 **50%以上**

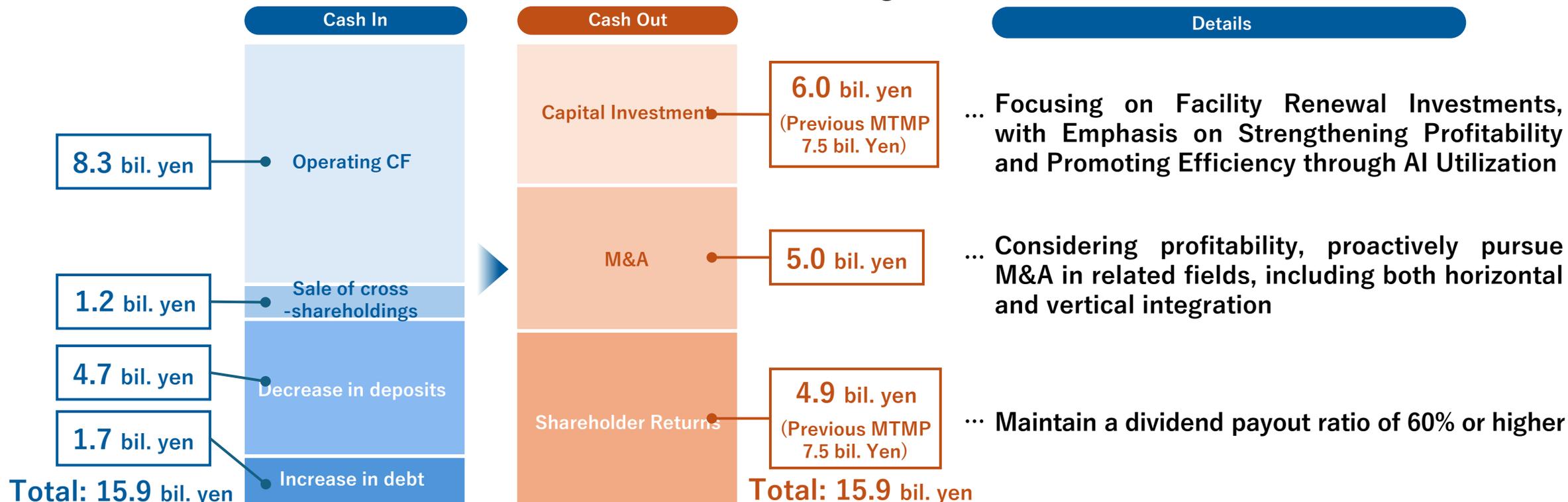
FY24 **54.2%**



Cash Allocation

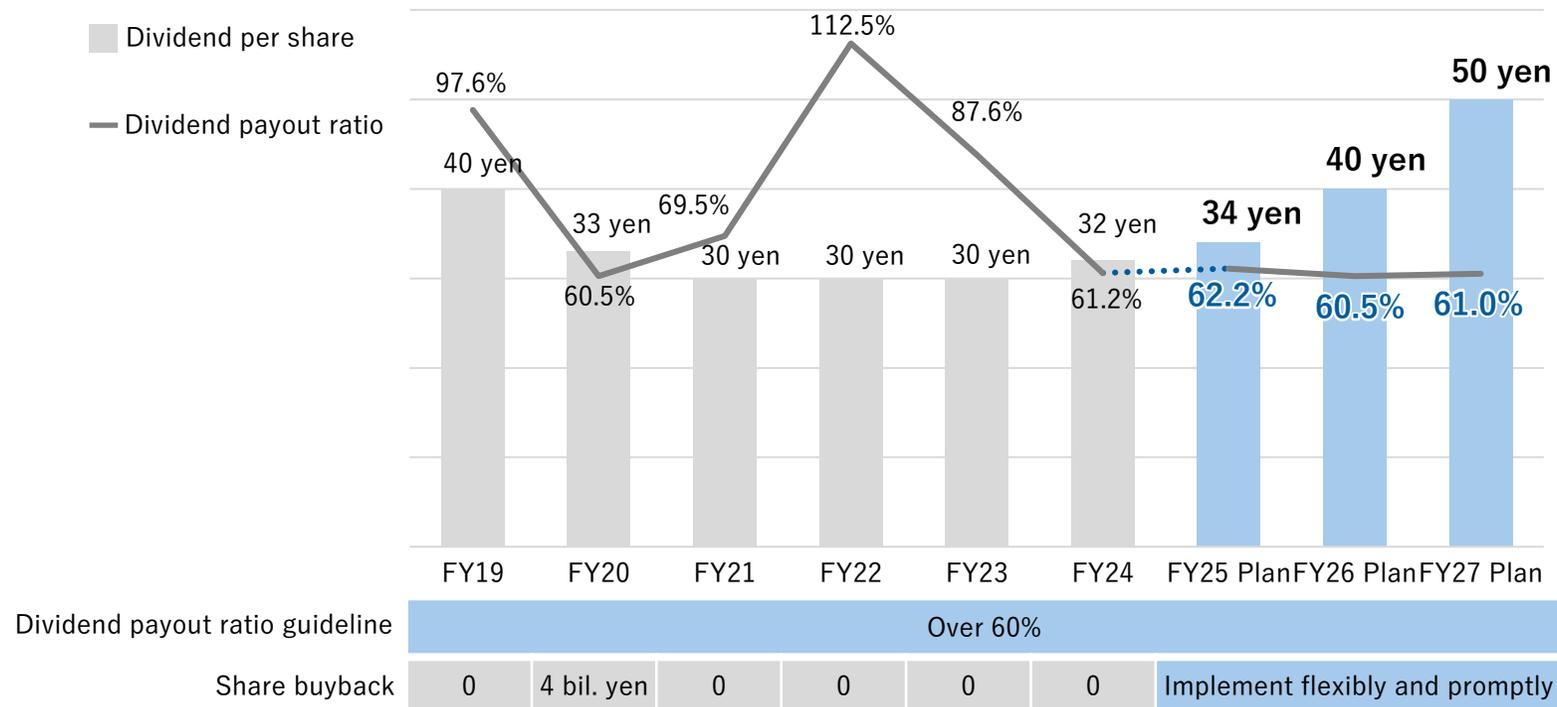
Assuming total cash inflows of about 16 billion yen over the three years of the new medium-term plan, the company will allocate 6 billion yen to capital investment for strengthening profitability, 5 billion yen to M&A, and continue a dividend payout ratio of 60% or higher. The total planned dividend payout is 4.9 billion yen, an increase of 1.4 billion yen from the previous plan's three-year total of 3.5 billion yen.

Three-Year Cumulative Cash Allocation in the New Medium-Term Management Plan



Shareholder Return Policy: FY2027 Dividend Plan of 50 yen per Share

- Maintain a Dividend Payout Ratio of 60% or Higher
- Strive to enhance shareholder returns, including considering share buybacks to improve capital efficiency
- Plan a total dividend payout of 4.9 billion yen over the three years of the new medium-term plan (up from 3.5 billion yen in the previous plan)
- Plan to increase the annual dividend per share to 34 yen in FY2025 (up 2 yen from the previous year, totaling 1.3 billion yen), 40 yen in FY2026, and 50 yen in FY2027

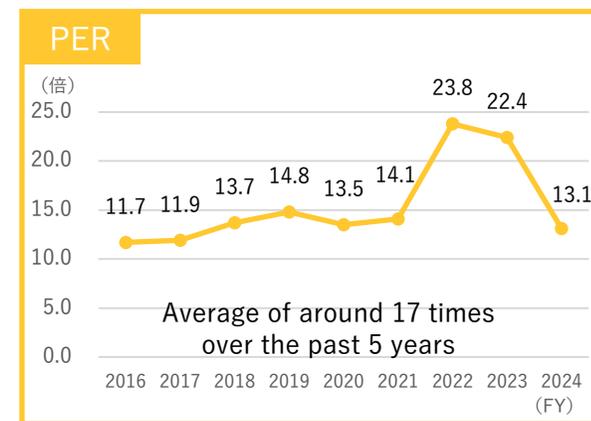
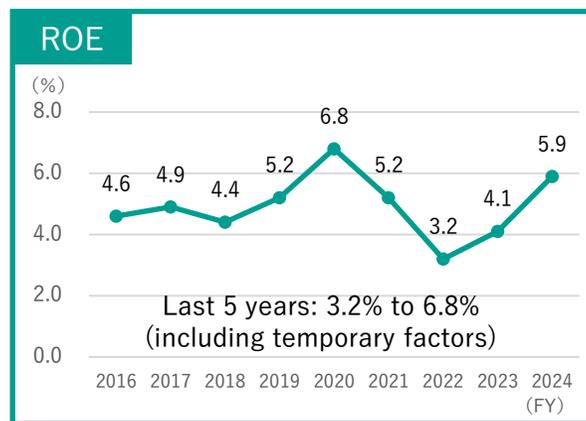


Achieving the Target Market Capitalization

To consistently keep PBR above 1x, we will maximize operating profit, invest for growth with a focus on our 5% capital cost, maintain a dividend payout ratio of 60% or higher, and flexibly buy back shares, targeting a FY2027 market cap of 40 billion yen and ROE of 8%.

Management Focused on Capital Cost and Share Price: Current Analysis and Outlook

PBRとROE、PERの推移



Source: Nikko Corporate Report 2024

Trends Over the Past 5 Years

- ◆ PBR (Price-to-Book Ratio): Ranged from 0.7x to 0.9x
- ◆ PER (Price-to-Earnings Ratio): Averaged around 17x
- ◆ ROE (Return on Equity): Ranged from 3.2% to 6.8%

To improve the PBR in the medium term, it is necessary to enhance ROE.

To achieve a **PBR of 1** with a **PER of 13**,
an **ROE of over 6%** is required.

ROE (FY2024 Results) 5.8%