We will foster a corporate culture in which each and every employee can feel the growth of the Nikko Group and act autonomously. To this end, we will hone our maintenance service capabilities — a core strength of our business model — and enhance the visibility of our technologies that drive profitability.

Representative Director
and President

中山知巳

Tomomi Nakayama

■Career history

April 1982: Joined Nikko. Works at business offices in Hokkaido, Tohoku, Tokyo, and Kyushu.
April 2006: General Manager, AP Sales Department
January 2011: Senior Manager, Chubu Branch
July 2013: General Manager, AP Sales Management Department
June 2015: Executive Officer
April 2019: Director, Business Division
June 2019: Director
June 2022: Managing Director
June 2024: Executive Managing Director
April 2025: Representative Director and President

Session. 1
~Values, responsibilities, and mission of the top management

Q What is your impression of Nikko? What are its corporate culture and management philosophy features? What is your responsibility as top management?

I am Tomomi Nakayama, who was appointed Representative Director and President on April 1, 2025. More than 40 years have passed since I joined Nikko, and my impression has been that it is a sincere and straightforward company. The attitude of sincerely trying to respond to customers' requests is deeply rooted in the Company, and I feel it is something that personifies part of our corporate culture. We have many business relationships with major corporations in the construction and civil engineering industries, including road pavement companies, and have developed our business through relationships with limited industries like these. In this context, we have consistently pursued a user-first policy, which has probably nurtured such a corporate culture.
There are times when others consider this user-first attitude as being too close to customers. Some take it in a positive sense from a sales perspective. However, I sometimes wonder if we are being too accommodating. Simultaneously, I see our staff rush to customers and work to restore machinery with all their might even on weekends when they receive a call regarding machine trouble. I am always touched by this determination, and I am certain that these sincere actions are alive and well in Nikko's DNA.
Another distinctive aspect of our corporate culture is an emphasis on completing tasks in-house. The idea of undertaking as much work as possible internally without depending on external resources has taken root, and a philosophy of first taking on challenges independently in design and development has been passed down. The customer needs picked up by the sales division are precisely conveyed to design and development, which leads to the final product. The repetition of this spontaneous cycle is a major strength unique to Nikko in my view.
However, a culture of attempting to handle everything internally can at times impede the efficient use of time and human resources. I believe that we need to review this by focusing on selection and concentration from the manager's perspective. I am confident that I can correctly distinguish between what is truly essential and what is not based on my experience in the field outside the head office over the years. It is my responsibility as a manager and an important mission to achieve more sustainable growth for Nikko by optimizing its resources and incorporating new perspectives into the Company.

Q What activities are you planning to allot your time to in pursuing the mission?

For a start, I will increase the time spent visiting customers and sites in the year ahead. Until now, there were few opportunities for the President to go on field sales. Such occasions were often limited to courtesy visits for special order intakes or inauguration ceremonies. However, I would like to actively expand my external engagement, including social gatherings with branch members and opportunities to interact with customers.
If I accompany sales staff, it will make it easier for them to establish contact with customers whom they could not easily meet, create opportunities for conversation, and facilitate relationship building. It will also increase opportunities for me to talk to employees one on one, allowing me to convey my ideas and passion for the business. On the sales side, if I, as president, can provide convincing explanations on price and technology, it might prompt customers to come to a decision earlier than planned. Even if it does not result in an order intake immediately, we can produce results through the sales staff's thorough follow-up efforts. What is most important is to ensure that I clearly convey my message both internally and externally and create meaningful connections.

Q What are your thoughts on management that is conscious of capital cost and stock price?

The stock price is an assessment of a company, and I am keenly aware of it at all times. As long as the Tokyo Stock Exchange requires evaluation based on capital cost and market capitalization, we should follow the standards required by the capital market and make efforts to ensure that we are appropriately evaluated. We aim to boost our stock price beyond 1,000 yen by FY2027 and to ≥1,250 yen in FY2030. To this end, we must ensure that the market recognizes Nikko's growth potential.
I feel that there is much to learn from specialists in the financial and stock price-related fields. I would like to proactively seek the opinions of investors and securities analysts. I want to accurately convey Nikko's future vision and corporate values by repeatedly engaging in two-way dialogue with investors rather than answering questions unilaterally as in a media interview.
I would like to further increase such dialogue with investors, through which we share the corporate value and stock price rating with the capital markets, and steadily move closer to achieving our goals.

Session. 2
～Features of the business model and core competence

Q What are the business model and core competence of the Nikko Group? What initiatives do you plan to focus on for future business development?

The core technologies of the Nikko Group are mixing and kneading, heating, material handling, and control. The concept of the four core technologies is something we have been continuing with for almost 20 years. Among them, heating, which uses fire, is highly versatile and offers a large amount of room for future growth. However, objectively speaking, the biggest strength that differentiates us from other companies lies in our maintenance service capabilities. There are numerous production facility manufacturers, and winning a price war with products alone is not easy. However, Nikko has already established a nationwide setup to offer maintenance services and a mechanism to offer customers a sense of security. The quality of products is definitely important, but the sustainability and maintenance service structure of the manufacturer are major factors influencing the decisions of the management of our customers. Honing our maintenance service capabilities will increase the value of our core technologies, thereby directly boosting our profitability.

We will also establish the development test center, a long-held dream, during the current Medium-Term Management Plan period. It is important that we present something that is close to the actual outcome and is convincing to the customers so that they can adopt new technologies or products. Nevertheless, until now, customers had to try our products at their plants. Our own facilities did not offer much freedom either. Therefore, we were unable to conduct sufficient demonstration. In the future, we will develop an environment where our customers can visit and directly experience the outcome while operating the actual machinery. Technologies using fire, in particular, had a low degree of freedom in demos until now, but it is an area where we can deliver considerable value with the development test center. We will strengthen our ability to demonstrate our heating technologies, in addition to mixing and kneading technologies, so as to directly produce results in our business.

Furthermore, I feel that we have not been successful in fully instilling the perspective of operating as a group. Some subsidiaries, such as Nikko Electronics, have strong ties with the parent Nikko, but others have not been able to fully utilize the Company's resources. We would like to share development activities and sales channels within the Group and further strengthen our involvement with subsidiaries. It is easier for the parent Nikko to hire and retain human resources who engage in development. We will enhance the competitiveness of the entire Group by using such personnel to supplement the resources that are difficult for subsidiaries to hire and by sharing the subsidiaries' on-site information and customer needs. For example, Nikko will play a role in securing dedicated development staff for Nikko Machinery, which finds it difficult to have its own such staff because of its small size. We will create synergies with contract-based manufacturing companies, such as Ube Kohki and Matsuda Kiko, to pursue efficiency. We will position these initiatives as a medium-term theme and further improve group management effectiveness.

Q How do you plan to focus on the maintenance service business?

The maintenance service business is supported not only by our employees but also by our contractors. We have hundreds of contractors across the country, and we cannot offer maintenance services without these companies. However, with the aging of society in recent years, passing on skills has become difficult. We are deeply concerned that an increasing number of companies will be unable to maintain their organizational structure if the issue goes unaddressed.
Considering this situation, I want to develop a mechanism that enables us to offer work stably to those at the contractors. For example, we will have contractors' employees conduct servicing as part of various Nikko Group companies. This would level out the workload that tends to concentrate on weekends and enable us to attend to projects on weekdays. This will lead to the stabilization of management at contractors and eventually to the hiring and nurturing of young workers. Consequently, contractors will continue to survive, and we can ensure safety and pass on techniques. We would like to build a structure where our reliable contractors will perform high-quality servicing with due consideration to safety if a customer requests Nikko for maintenance services. This value should be shared throughout the Group. We will develop a structure that allows us to appropriately showcase this value by drawing up business plans with contractors and leveraging digital mechanisms to convince our customers of the value.

Session.3 ～Outcome and issues of the Medium-Term Management Plan and key areas of focus

Q How did you rate the previous Medium-Term Management Plan, which ended in FY2024?

The previous Medium-Term Management Plan was positioned as a plan for improving the business foundation and expanding revenue. The largest achievement of all is human capital investment. We enhanced our hiring efforts and personnel evaluation system. This grew individual employees' aspirations and led to an improvement across the entire organization. In the maintenance service business, we also drove forward work style reform and shifted from the existing multi-work style to a system based on the division of labor. Previously, one employee performed everything from estimate preparation and billing to on-site responses. Now that the roles are divided, the time spent by employees with customers has increased, leading to increased customer satisfaction. Particularly, service sales increased in the Osaka region, where the front office operations team is functioning well and is following up important customers more closely. This division of labor not only improves efficiency but also leads to increased contact with customers and has been remarkably contributing to the expansion of maintenance service revenue.

The results of the previous Medium-Term Management Plan as a whole were roughly in line with the plan from the quantitative aspect. However, we were unable to secure sufficient profitability in the overseas business, especially in Thailand and in the asphalt plant (AP)-related business, and this issue has been carried forward into the current medium-term plan. Excluding this, I can generally give high marks.

Q What fields should Nikko focus on in the 2025—2027 Medium-Term Management Plan?

The new Medium-Term Management Plan sets forth six key pillars: (1) Establishment of a sustainable profit structure; (2) Contribution to an environmental and recycling-oriented society; (3) Acceleration of global expansion, with a focus on the ASEAN region; (4) Product evolution and quality improvement; (5) Human resource development and service quality improvement through co-creation with partners; and (6) Management transparency and strengthening of governance. The premises of the business environment are that a high level of demand will continue for the batcher plant (BP)-related business and that the AP-related business will recover over the latter half of the period partly because of the effect of subsidies.

Technology is something that I want to focus on to achieve the pillars. Technology to maintain high quality and improve it further is imperative for raising profitability. Having technology is not enough. Rather, how we improve and convey the value of that technology is important. I realize that occasionally our superior technology is not sufficiently communicated to the market.

We, therefore, would like to drive forward technology visualization and develop a mechanism where our high quality will be appropriately recognized. More specifically, we will consider holding technology showcase events with limited themes at shorter intervals in addition to Nikko Messe, which is a large-scale trade show that we hold once in three years. For example, these events can focus on the ready-mixed concrete industry or a certain product category to limit the number of participants. This will enable us to accurately convey our technology to targeted customers. We would like to effectively communicate the value of technology to individual customers by addressing their needs—promoting quality-related technology to customers who value quality and production efficiency-related technology to customers who value cost performance.

The improvement of profitability is another key issue to be addressed in the new medium-term plan. An operating margin of 8.7% is an improvement of 3 pp compared with that of FY2024, and its achievement will lead to the 2030 Vision, which is the corporate value we envision. Several factors put pressure on profitability, such as an increase in outsourcing costs due to manpower shortage, inefficiency stemming from the large variety of products we offer, and broad-ranging development themes. We offer many variations of asphalt plants, which are the mainstay products of Nikko Group. This is because of our history of responding to each and every customer request. However, we need to integrate and standardize the products from now on to improve design and manufacturing efficiency and boost profitability. It is a major challenge for design and development,

but we cannot avoid addressing this issue if we are to improve profitability.
Moreover, improving the accuracy of demand forecasting and optimizing inventory management are important. Excess inventory strains operating cash flow and leads to a decline in return on invested capital, so it is necessary to precisely manage the supply-demand balance. Therefore, we will further strengthen data analysis and IT utilization. In the design and manufacturing floor, we must also shift our mindset from the conventional attitude of placing priority on supplying products to achieving customer satisfaction while securing profit. To this end, we will work on both reforming the mindset on the floor and developing a mechanism, and I will decisively demonstrate my leadership in this endeavor.

Q What are the concrete initiatives for the areas of focus and technological strategy?

Nikko Group has been developing its business primarily with infrastructure-related products, such as AP and BP. From now on, we will strengthen the maintenance service business and focus on new technology fields, such as remote monitoring and unmanned plant operation. For instance, the development of technologies that add new values to products is required. These include a remote monitoring system that allows customers to grasp operation status without being on site and an unmanned plant operation technology that enables operations to be automated. Measures to reduce CO_2 emissions are also an important theme for us. We will also consider the introduction of heating methods with lower environmental burden and alternative fuels, such as ammonia and hydrogen. These initiatives can be a means to differentiate us rather than becoming factors for cost increase, and are attracting interest from customers with each passing year.
In pursuing the development of these technologies, we must not only create something new but also have an in-depth understanding of how customers use our products in the field and what issues they face. To address this, we will strengthen the collaboration between sales and maintenance service divisions and create a structure to deliver the voices from the sites to the technology division without fail.
Nikko has been growing mainly through the make-to-order business in response to customer needs as a major business direction. Going forward, however, we must have the perspective of proactively creating markets. We will build a pillar that supports the next growth by capturing customers' issues in advance and offering solutions using technologies instead of waiting for the needs to emerge. We will achieve technology-centered sustainable growth by accurately grasping the voices of the market and customers.

Session.4 ~Sustainability initiatives and top management's commitment

Q What is your approach toward sustainability, and what are the future initiatives?

Themes that are unavoidable to sustainably grow corporate value are responses to sustainability and decarbonization. As a company that supports social infrastructure, Nikko bears the responsibility to earnestly strive to reduce environmental burden. As part of this, we are promoting development of carbon-neutral products and investment in facilities with high energy efficiency. In particular, we have already embarked on the development of environmentally friendly technologies, such as switching burner fuel to LNG and hydrogen and introducing energy-saving technologies, including heat pumps. Our vision is to increase sales of decarbonization- and low-carbon-related products to 3.3 billion yen in FY2030 compared with 0.8 billion yen in FY2024.
We are also promoting initiatives such as reducing energy use, introducing solar power generation, and switching to green electricity at business entities. These are not merely limited to cost reduction. Instead, we recognize them as important factors for avoiding regulatory risks in the future, securing the trust of customers, and bringing about a direct effect on our corporate value. We need to incorporate these sustainability initiatives in all fields across the company, such as technology development, products, and business operation, and establish them as the core of the management. As a company that contributes to a sustainable society, we would like to steadily implement future-oriented measures with our stakeholders.

Q What are your expectations on employees? How do you plan to develop the organizational culture?

I would like to develop a self-propelled corporate culture in which employees think and act independently. However, leaving the decision to the field is different from just letting them do whatever they like. It is important that we thoroughly share the policy first and then develop an environment where individual employees can make their own decisions and act with confidence. To achieve this, we must clarify our goal as a company and share it with all employees. The employees in the field will be at a loss if the direction we are taking remains vague. We will nurture an autonomous corporate culture by sharing the direction and leaving specific tasks to divisions and individuals.
In this process, it is indispensable that I, as the top management, clearly indicate what has priority. Especially when resources are limited, there is a risk of not achieving anything unless we specify the area we are focusing on. It is, therefore, important to share the priorities within the company and mobilize the power of all employees in the same direction. This requires a work environment where each employee can demonstrate their creativity.
Toward that end, we will emphasize energizing communications within the company and creating open workplaces. There will be no

autonomy or ingenuity if we do not have an environment where employees can freely express their views. I am certain that a corporate culture that fosters open dialogues irrespective of the age or title of the employee is essential for the Nikko Group's future growth.

Q In conclusion, please describe your determination with regarding future management.

In March 2022, the Nikko Group announced the 2030 Vision, which presents what the Group aspires to be—a top manufacturer of plant facilities and environmental products backed by high technological capability, and a business partner that supports customers through operation and maintenance service. It sets forth "updating social infrastructure with state-of-the-art engineering" as the mission and "creating robust, people-friendly cities around the world" as the future it wants to realize, and I feel that these are being instilled in our employees.

From now on, what is important for management is the ability to adapt to changes. We need to pursue business and organization concepts that are in tune with the new era, without being bound by conventional methods or past successful experiences. Nikko is a company with a history exceeding 100 years. However, instead of being content with the past, we must constantly ask ourselves how we can evolve for the next 100 years. I aim to create a self-propelling organization where we keep asking ourselves how Nikko can leverage its technology and insights and how it will contribute to society despite the remarkable changes in society and customer needs.

Contributions from each and every employee are imperative for fulfilling this objective. My vital role is to develop an environment where all employees will have a positive mindset of making Nikko better and continue taking on challenges. I am keenly aware of my responsibility as a management member to open the path to the Company's future. We will stay ahead of the times while valuing our tradition and build a Nikko Group that flexibly and boldly takes on challenges with our stakeholders.

We will pursue the ability to adapt to changes without being bound by conventional methods or successful past experiences.