



Nikko Co., Ltd.

Financial Results Briefing

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

September 5, 2025

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

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



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Kawakami: Hello everyone. This is Kawakami from Nikko Co., Ltd. Thank you very much for joining us today for the financial results briefing for the first quarter of the fiscal year ending March 2026.

I will now explain the financial results. After that, we hope to receive as many questions as possible from everyone and exchange opinions.

Thank you very much.

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As for today's flow, I would like to begin by explaining the contents of the first quarter, and then I would like to introduce some topics that we have prepared for this meeting.

FY2025 1Q Business Environment



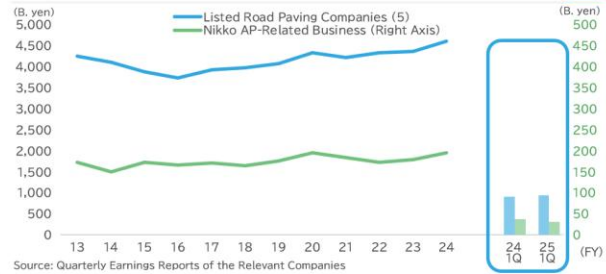
FY2025 1Q Results

(million yen)

1Q (Apr. – Jun.)	Results	YoY	YoY Change
Net Sales	8,294	(1,555)	(15.8 %)
Operating Income	(54)	(516)	(111.7 %)
Quarterly Net Income Attributable to Owners of Parent	(61)	(398)	(118.1 %)
Order Intake	10,404	(3,635)	(25.9 %)

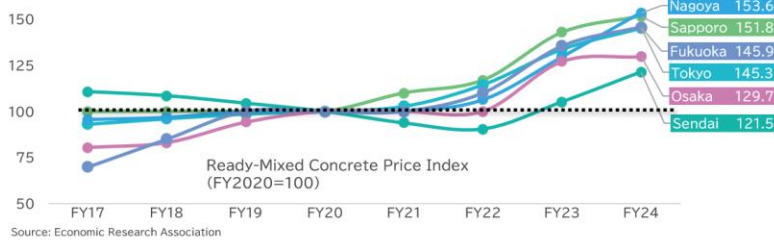
Listed Road Paving Companies (5) Sales Trend

(AP)



Ready-Mixed Concrete Price Index in Major Cities

(BP)



◆ AP-Related Business:

- Sales of 5 listed road paving companies are recovering.
- Profit recovery varies by company.
- Overseas operations (China) remain unstable.

◆ BP-Related Business:

- Ready-mix concrete shipment volume continue to decline.
- Although production costs are rising, prices remain stable, and users maintain strong interest in capital investment.

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Let me begin by explaining the business environment for the first quarter from a numerical standpoint.

Sales for the first quarter of this fiscal year were 8.2 billion yen, a decrease of 1.555 billion yen compared to the same period last year. Unfortunately, operating income also resulted in a loss of 54 million yen.

Order intake were extremely strong in the previous fiscal year, accumulating more than usual, but have generally returned to normal levels this fiscal year. Orders received totaled 10.4 billion yen, a decrease of 3.6 billion yen from the previous year. Nevertheless, the high level of over 10 billion yen was maintained.

Next, I would like to discuss the external environment surrounding our company. This graph shows the sales trends of the five major road paving companies. As you can see, there is a certain degree of correlation with our company's performance. Not only are sales increasing, but major road companies are also generally able to secure profits. Looking at the first quarter financial results, although none of the companies saw a significant increase in profits, the order environment is extremely favorable, and we believe this trend is promising for our company as well.

The following section shows the unit price index for ready-mixed concrete. It presents the trend up to fiscal year 2024, with fiscal year 2020 set as the baseline at 100. Ready-mixed concrete is a material used in large quantities, and its unit price trends are closely linked to investment appetite for facilities, making it a key point of attention.

As shown, there has been a steady increase up to fiscal year 2024. Even in the Tohoku area, there were concerns that demand had peaked and would decline, but the level remains high at approximately 121% compared to fiscal year 2020. We expect this steady trend to continue in the current fiscal year (2025), and our company also holds a certain level of expectation.



BP-Related Business: Although there was a gap to 2Q and decrease in order intake, the effect of passing on prices by users led to a strong year-on-year increase in demand for plant products and maintenance services.

▶p.10 BP-Related Business



Environment- and Conveyor-Related Business: Both order intake and net sales increased.

▶p.11 Environment- and Conveyor-Related Business



AP-Related Business: Domestic order intake increased.
Net sales decreased due to postponement of subsidy projects to 2Q and beyond.

▶pp.8-9 AP-Related Business, AP-Related Business (Domestic vs. Overseas)



Crusher-Related Business: Both order intake and net sales decreased

▶p.12-13 Former Other Business (Crusher + Contract-Based Manufacturing + Other Business), Other Business (New Segmentation)

Now, let's explain the actual numbers. As you can see from the icon on the slide, the BP-Related Business and the environmental and conveying business segments performed well.

On the other hand, challenges remain in the AP-related business. There are multiple factors both domestically and internationally, but the domestic market lacks momentum, and the overseas situation continues to be severe.

With regard to crusher-related products, the market itself continues to be active, but the conversion to our net sales has been slow in the first quarter.

FY2025 1Q Performance Highlights ②



- ◆ Net sales: AP -0.6 B. yen; BP +0.2 B. yen; Env. & Conveying +20 mil. yen; Crusher -0.3 B. yen; Contract Manufacturing -0.8 B. yen; Other +0.1 B. yen.
- ◆ Operating Income: Decline due to AP project delays and loss of major contract-based manufacturing orders.
- ◆ Order Intake: AP -0.9 B. yen; BP -1.5 B. yen; Env. & Conveying +0.2 B. yen; Crusher -59 mil. yen; Contract Manufacturing -1.0 B. yen; Other -0.2 B. yen.
- ◆ Order Backlog: AP -0.2 B. yen; BP -0.7 B. yen; Env. & Conveying +0.7 B. yen; Crusher -0.2 B. yen; Contract Manufacturing -0.6 B. yen; Other -0.1 B. yen.

(million yen)	1Q Results	FY2024		FY2025			1H Forecast	FY Forecast
		1H Results	FY Results	1Q Results	YoY Change	FY Forecast Progress Rate		
Net Sales	9,849	22,634	49,162	8,294	(1,555) (15.8%)	16.3%	22,700	51,000
Operating Income	462	1,280	2,766	(54)	(516) (111.7%)	(1.8%)	1,150	3,000
Operating Margin	4.7%	5.7%	5.6%	(0.7%)	(5.4pp)	—	5.1%	5.9%
Ordinary Income	625	1,468	3,071	68	(557) (89.1%)	2.2%	1,250	3,100
Quarterly Net Income Attributable to Owners of Parent	337	881	2,009	(61)	(398) (118.1%)	(3.1%)	800	2,000
Order Intake	14,039	26,889	49,617	10,404	(3,635) (25.9%)	19.6%	26,600	53,200
Order Backlog	26,560	26,626	22,826	25,150	(1,410) (5.3%)	—	26,726	25,026

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Next, I will explain the breakdown of sales by business segment.

The asphalt plant (AP) business decreased by 659 million yen compared to the compared to the same period of the previous fiscal year., and crusher-related business also decreased by 360 million yen.

The contract-based manufacturing business saw a large decrease of 872 million yen, and this is where the overall decline was pushed down. Details will be explained later.

On the other hand, the BP business saw an increase of 208 million yen.

The environment- and conveyor-related business maintained its solidity, rising just 21 million yen yet exceeding the level of the same period last fiscal year.

In terms of net sales and order backlogs, the AP business weakened in the first quarter.

Although the situation regarding crushers remains challenging, the company plans to recover by introducing new products.

FY2025 1Q Performance Highlights ③



(million yen)		FY2024			FY2025				
		1Q Results	1H Results	FY Results	1Q Results	YoY Change	FY Forecast Progress Rate	1H Forecast	FY Forecast
AP-Related Business	Net Sales	3,746	8,979	19,480	3,087	- 659 - 17.6 %	15.8 %	8,500	19,500
	Operating Income	179	498	976	(123)	- 302 - 168.8 %	—	500	1,000
	Operating Margin	4.8 %	5.5 %	5.0 %	(4.0 %)	- 8.8 pp	—	5.9 %	5.1 %
BP-Related Business	Net Sales	2,217	6,142	14,266	2,425	+ 208 + 9.4 %	16.4 %	7,500	14,800
	Operating Income	241	748	1,724	277	+ 36 + 14.9 %	14.6 %	1,000	1,900
	Operating Margin	10.9 %	12.2 %	12.1 %	11.4 %	+ 0.5 pp	—	13.3 %	12.8 %
Environment- and Conveyor-Related Business	Net Sales	772	1,433	3,254	793	+ 21 + 2.7 %	19.3 %	1,700	4,100
	Operating Income	162	326	847	211	+ 49 + 30.3 %	24.8 %	350	850
	Operating Margin	21.0 %	22.7 %	26.0 %	26.6 %	+ 5.6 pp	—	20.6 %	20.7 %
Crusher-Related Business	Net Sales	640	1,313	2,256	280	- 360 - 56.3 %	9.3 %	900	3,000
	Operating Income	54	96	40	(61)	- 115 - 213.0 %	—	0	150
	Operating Margin	8.4 %	7.3 %	1.8 %	(21.8 %)	- 30.2 pp	—	0.1 %	5.0 %
Contract-Based Manufacturing Business	Net Sales	1,550	2,593	4,802	678	- 872 - 56.3 %	18.8 %	1,700	3,600
	Operating Income	229	369	645	99	- 130 - 56.8 %	24.8 %	180	400
	Operating Margin	14.8 %	14.2 %	13.4 %	14.6 %	- 0.2 pp	—	10.6 %	11.1 %
Other Business	Net Sales	922	2,171	5,101	1,028	+ 106 + 11.5 %	17.1 %	2,400	6,000
	Operating Income	37	226	716	50	+ 13 + 35.1 %	5.6 %	220	900
	Operating Margin	4.0 %	10.4 %	14.0 %	4.9 %	+ 0.9 pp	—	9.2 %	15.0 %

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First, I will explain the sales of the contract-based manufacturing business, using the figures on the left side of the slide.

Net sales were 1.55 billion yen in the previous period (FY2024 1Q).

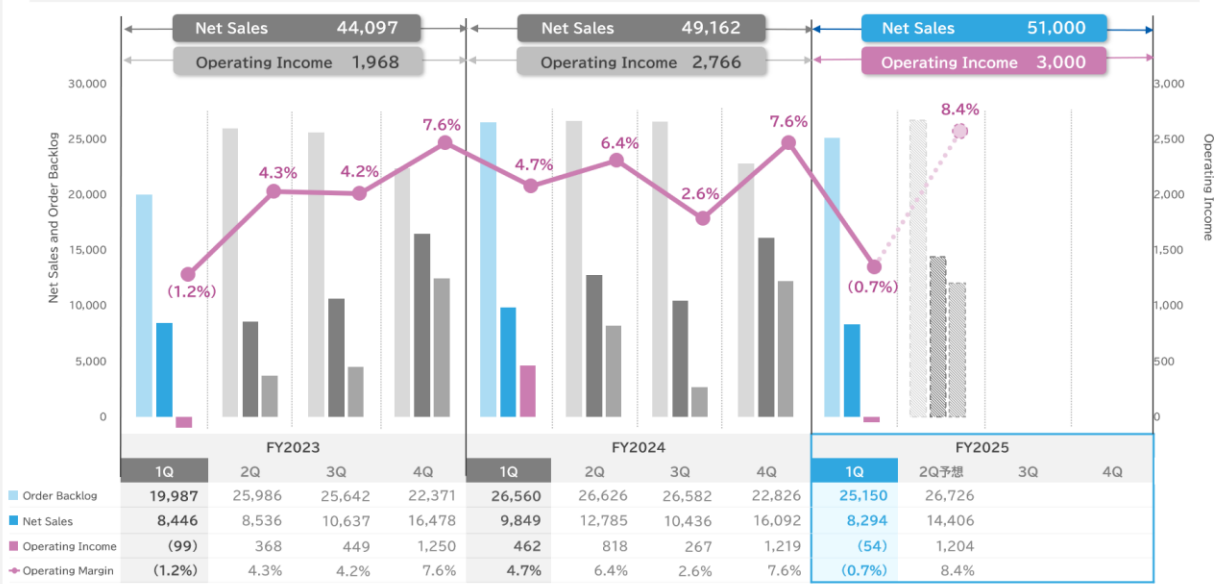
Net sales this fiscal year were 678 million yen, down 872 million yen from the previous fiscal year. However, in the previous year, Ube Kohki's temporary joint venture projects were recorded in a lump sum, which temporarily boosted net sales. With those factors no longer present, this fiscal year's figure reflects a reactionary decrease.

In addition to Ube Kohki, Matsuda Kiko, which joined the group through M&A last year, is also steadily accumulating order intake, and we believe that the current situation is generally within the expected range.

FY2025 Quarterly Performance Trends



Quarterly Net Sales and Operating Income Trends



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Here are the graphs for each quarter. Our forecast for this fiscal year is 51 billion yen in net sales and 3 billion yen in operating income, but as we explained, the first quarter got off to a rather slow start.

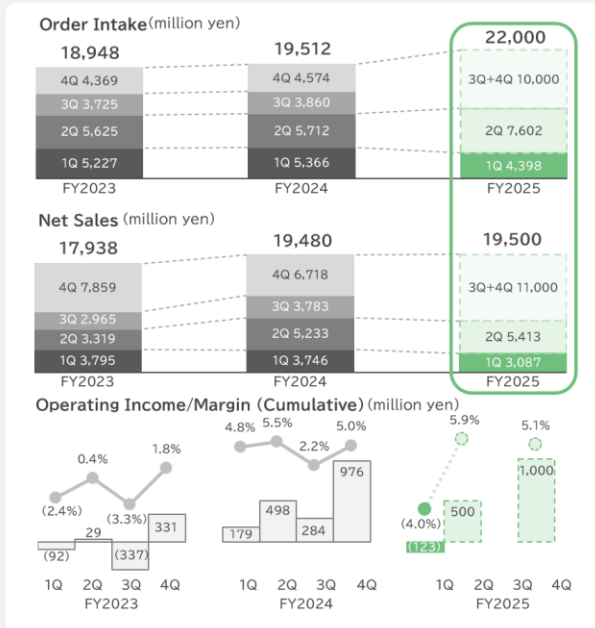
The trends in the second and third quarters, as well as for the full year, will be key points. It is true that our performance in the first quarter was weaker than expected. However, it is characteristic of our industry that sales are recorded in March at the end of the fiscal year, and orders become more active in the third and fourth quarters. For this reason, it is often the case that the first quarter starts off sluggishly.

This fiscal year began at a level similar to fiscal year 2023 in the leftmost graph. The key difference is the order backlog, which continues to rise. While the first quarter figure may appear lower than that of fiscal year 2024, the previous year's backlog was inflated by strong order intake in the second half of fiscal year 2023. Excluding that effect, the order backlog is steadily accumulating this year.

This point is consistent with the market environment I explained earlier, and it is a situation that allows for considerable expectations going forward. However, there will inevitably be some discrepancies in the timing of order intake, so based on that premise, I would like you to understand that we are currently maintaining a relatively high order backlog.



AP-Related Business



Order Intake <Down 18.0% YoY>
 Positive factors: [Domestic] Increase driven by maintenance, major renewal projects, and subsidy-supported replacements.
 Negative factors: [Overseas] Highway construction boosted demand for temporary plants, but delays in fixed plant negotiations led to a decline.
 China: Thailand: Decline due to aggressive low-price competition from Chinese manufacturers.

Net Sales <Down 17.6% YoY>
 Positive factors: [Domestic] Maintenance services remain strong.
 [Overseas] Thailand: Delivered one ACE 2 strategic model, up from the same period last year (Apr-Jun 2024).
 Negative factors: [Domestic] Small-scale modification projects dominate, resulting in a 69% YoY decrease. Local users actively replacing equipment via subsidies; sales mainly expected from 2Q onward.
 [Overseas] Export: Parts sales strong, but product sales have leveled off. Significant YoY decline due to consolidation timing change.

Operating Income
 Positive factors: [Overseas] Export: Higher profits driven by parts sales
 Thailand: Working to lower breakeven point through fixed-cost reduction.
 Negative factors: [Domestic] Partial replacement projects dominate; major replacements expected from 2Q, causing profit decline.
 [Overseas] Significant drop due to consolidation timing change.

FY2025 Business Outlook
 [Domestic] Road paving firms face higher maintenance costs from aging equipment; Subsidies and decarbonization investments support steady orders, sales, and profits.
 [Overseas] Export: Taiwan remains strong, with sales stable on parts shipments; Income margins fell on large Taiwan projects, but orders are set to rise on stronger demand from Vietnam.
 China: Infrastructure spending drives recovery in equipment investment; fixed plant sales face tough competition, but highway project orders are strong; new products under development.
 Thailand: Launched ACE130 mid-size plant bundled with advanced recycling systems to boost competitiveness; ACE160 large models in pipeline, with sales focus on Vietnam.

* Figures for overseas subsidiaries (Shanghai, NAT, GMT) reflect Jan-Mar 2025 cumulative results (end-March data). © 2025 NIKKO CO., LTD. 8

Let me explain the details for each segment. First, regarding our main business segment, the AP-related business.

The AP business is broadly divided into domestic operations (plant sales and maintenance) and overseas operations in China and the ASEAN region.

Regarding domestic plant sales, although inquiries remain active and future prospects are promising, the current progress of order intake has not been satisfactory. As a result, net sales have been affected by delays, and we were unable to achieve sufficient results. On the other hand, maintenance demand has remained steady in line with overall market trends. This applies not only to asphalt plants but also to batcher plants (BP), with maintenance sales progressing smoothly. Therefore, we hope that the recovery of plant sales will catch up with this solid foundation in the future.

Next, let's move on to overseas markets. Regarding China, there are signs that the market has started to bottom out. However, the figures have also been affected by a change in the timing of overseas business consolidation since last year, and the results recorded in our April–June period actually reflect the January–March 2025 results for both China and Thailand. In China, orders tend to decline particularly during the January–March period, which includes the Lunar New Year, while in Thailand, the order environment remains challenging due to aggressive competition from Chinese manufacturers. As a result, the contribution from overseas operations was limited this time.

Due in part to government economic stimulus measures in China, highway construction remains robust, and our asphalt plants for highways—project-use asphalt plants—are on a recovery trend. However, price competition for stationary plants intended for factories remains intense. Nevertheless, we believe that overall market conditions are improving compared to the low levels seen last year and the year before, and we continue to focus on increasing sales and reducing costs.

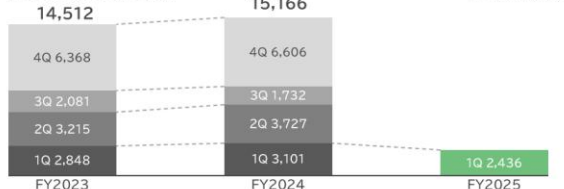
Regarding Thailand, while public projects as a whole are experiencing stagnation, our company has launched the new plant series "ACE" into the market. ACE is a strategic model that achieves both cost reduction and enhanced functionality, and it has already received a certain level of recognition. Moving forward, we aim to further promote its adoption and regain momentum. In addition, larger ACE models are being developed for major users in Thailand as well as for the Vietnamese market. In particular, in Vietnam, the 160 model is positioned as our main product, and we intend to focus on expanding its adoption.



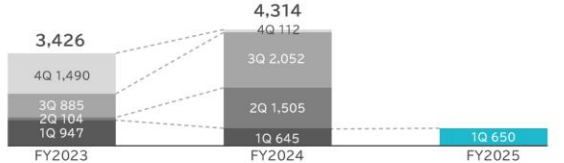
AP-Related Business (Domestic vs. Overseas)



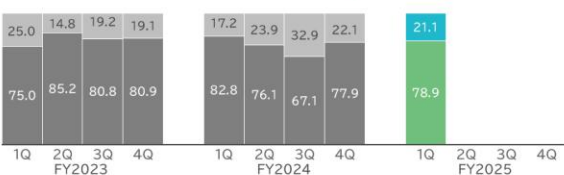
Domestic Net Sales (million yen)



Overseas Net Sales



Domestic Overseas Ratio (Cumulative) (%)



Domestic Net Sales <Up 21.4% YoY>

- Plant products: Down 69.0% YoY
- Maintenance: Up 4.5% YoY

Overseas <Up 0.8% YoY>

- Export: Up 217.0% YoY (from 70 million yen to 222 million yen)
One unit delivered to Vietnam.
Orders declined due to Chinese competition in Taiwan, but expansion efforts for future Vietnam projects are underway.
- ★ *Figures for overseas subsidiaries (Shanghai, NAT, GMT) reflect Jan-Mar 2025 cumulative results (end-March data).*
- China: Down 50.8% YoY (from 553 million yen to 272 million yen)
Highway plant orders supported by government stimulus, but overall demand remains weak.
In addition to cost reductions, we aim to secure sales and incomes by differentiating through the launch of new plants.
- Thailand: Up 779.7% YoY (from 17 million yen to 154 million yen)
Rising demand for recycling equipment driven by ACE plant deliveries and Thailand's national policy promoting recycled asphalt use.
Efforts underway to lower breakeven through fixed-cost reductions.

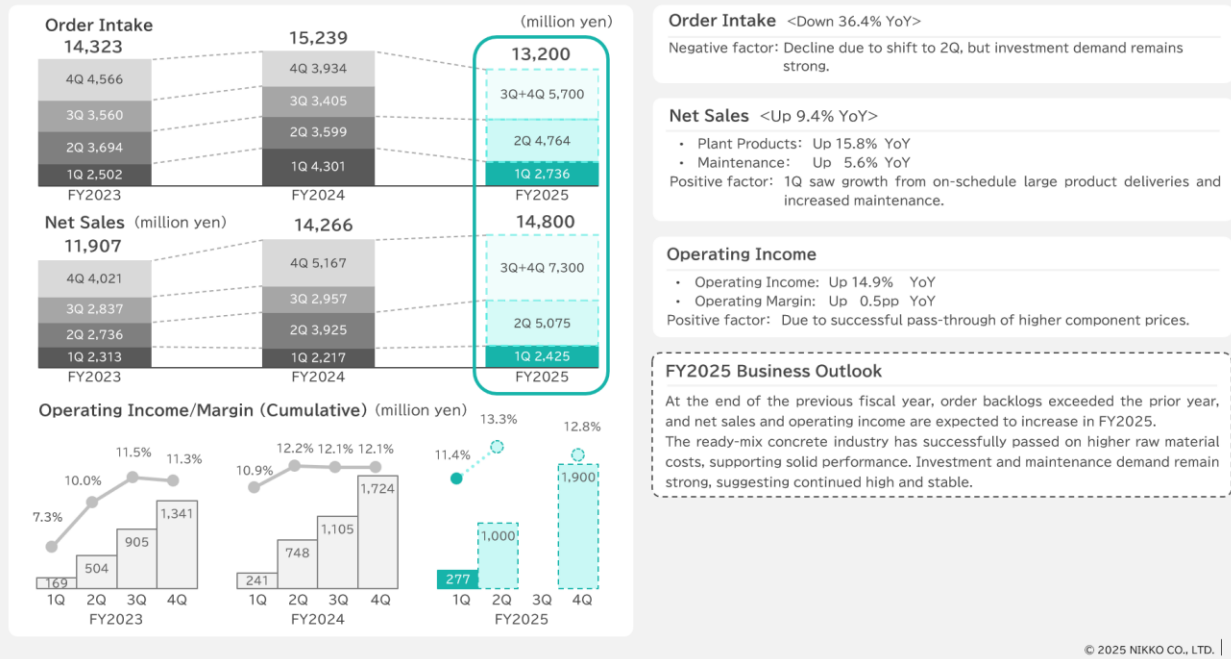
Overseas Order Intake / Order Backlog

	Order Intake	Order Backlog
China (Nikko Shanghai)	6.7億円 (-59.1%)	25.2億円 (-28.3%)
Thailand	1.0億円 (-58.1%)	1.3億円 (-84.1%)
Export (External sales figures: Taiwan, Vietnam, component parts)	0.8億円 (-48.1%)	2.8億円 (-20.0%)

Regarding the domestic situation, as indicated by the figures, there has been a 21% overall decrease. However, the maintenance business continues to perform steadily positive, and we expect this trend to continue in the near term.

Regarding the plant business, as we have explained since last year, there has been support in the form of subsidies aimed at promoting energy conservation and mechanization. As a result, demand and orders are expected to increase. However, for the first quarter, this effect has not yet been fully reflected in the figures, and unfortunately, there has been a decrease of approximately 70% compared to the previous year.

However, regarding the plant business, we believe that it will enter a recovery phase in the future, so we would like you to consider this as a temporary situation.



Next, I will explain about BP-related businesses. As mentioned earlier, the unit price of ready-mixed concrete has been steadily rising. On the other hand, material costs are also increasing, so not all of the price increase translates directly into industry profits. However, price pass-through has been progressing relatively smoothly. We have heard that price negotiations are also underway for fiscal 2025, and we believe that these developments will lead to an expansion in demand.

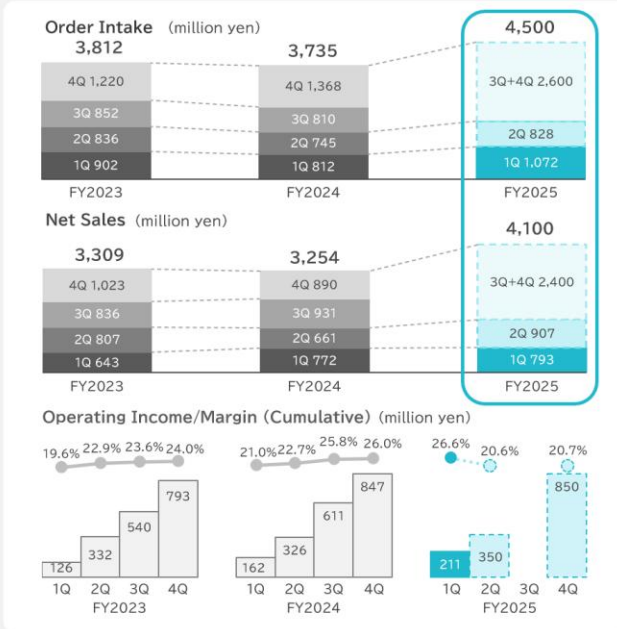
Regarding 1Q, although there appears to be a slight decrease compared to the previous fiscal year, which saw strong orders, the level remains generally consistent with the typical trend when compared to fiscal year 2023 level shown here. We expect orders to accumulate toward the end of the period.

On the other hand, some may question whether steady performance alone is sufficient, so I would like to outline the risk factors. In both the AP and BP businesses, plant installation requires foundation work, which involves large-scale civil engineering construction. Normally, this cost is borne by the customer: our company provides the blueprints, and the customer commissions a civil engineering contractor to carry out the work.

However, there are cases where customers cannot arrange the foundation work, or where construction is significantly delayed. The current schedule delays are due to such factors. Our plants are consistently manufactured at our main factory in Akashi, Hyogo Prefecture, so delays in our own processes are limited. Since foundation work must be outsourced to external contractors, delays may still occur due to factors such as inclement weather. As a result, even if orders accumulate, sales may not be recorded in the current period and could be carried over to the next. We believe this may also impact the sales outlook for the current period.

Accordingly, our company is thoroughly managing the entire process for asphalt plants and batcher plants, striving to secure sales and stabilize performance by rescheduling, coordinating with customers, and making efforts to deliver ahead of schedule.

Environment- and Conveyor-Related Business



Order Intake <Up 32.0% YoY>
 Positive factor: Environment: Orders for railway ballast replacement equipment and industrial waste recycling systems remain steady and progressing well.

Net Sales <Up 2.7% YoY>
 Positive factor: Environment: Progressing above plan.
 Conveyor: Progressing roughly as planned.

Operating Income
 • Operating income: +30.2% YoY
 • Operating margin: + 5.6 pp YoY
 Positive factor: Environment: Progressing roughly as planned.
 Conveyor: Driven by increased projects.

FY2025 Business Outlook

Environment:

- Delivered three SL coating units; multiple inquiries received.
- Railway ballast replacement equipment: one delivery (approx. 400 mil. yen) scheduled for FY2025, one order (approx. 400 mil. yen) for FY2026, with one project per year expected through FY2029.
- Secured order for a large-scale recycling system (approx. 300 mil. yen) from the private sector.
- Growing inquiries for soil improvement and soil fluidized treatment plant/facility driven by road collapse and landslide countermeasures.

Conveyor: Large projects are increasing, and full-year sales are expected to meet plan.

Regarding our environment- and conveyor business, as mentioned earlier, they continue to perform steadily. I would like to highlight the SL coating equipment described in the lower section. This equipment applies asphalt to concrete piles and other structures to reduce underground friction, enhancing earthquake resistance and resilience against ground subsidence. Leveraging our traditional strength in handling asphalt, this equipment benefits from our expertise. Inquiries for the equipment remain strong, contributing positively to our business.

In the conveyor field, we provide ballast replacement equipment for the railway sector. Ballast—the gravel around railroad ties—becomes worn and rounded over time, requiring large-scale replacement. Our equipment is a vehicle-mounted belt conveyor that efficiently collects used ballast while simultaneously supplying new ballast, using large conveyors and scrapers.

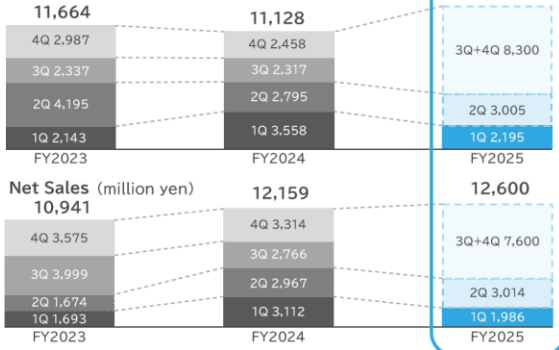
Regarding this large-scale facility, multiple projects will continue in fiscal years 2025, 2026, and 2029, and new orders and sales are also expected to be recorded from this fiscal year, indicating strong business performance. Accordingly, an increase in profits can also be anticipated.



Former Other Business (Crusher + Contract-Based + Other Business)



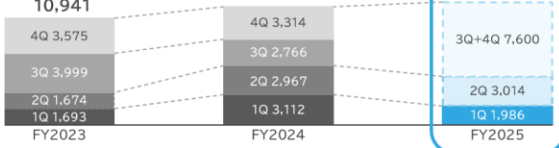
Order Intake (million yen)



Order Intake

• Crusher-Related Business	-15.6% YoY
• Contract-Based Manufacturing Business	-58.6% YoY
• Other Business	15.7% YoY

Net Sales (million yen)



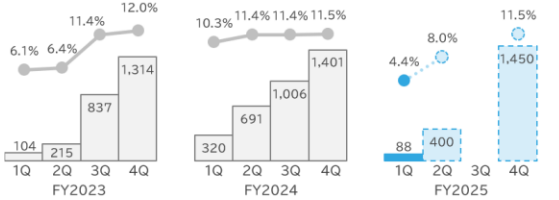
Net Sales

• Crusher-Related Business	-56.3% YoY
• Contract-Based Manufacturing Business	-56.3% YoY
• Other Business	+11.5% YoY

Operating Income

• Crusher-Related Business	-213.0% YoY
• Contract-Based Manufacturing Business	-56.8% YoY
• Other Business	+35.1% YoY

Operating Income/Margin (Cumulative) (million yen)



FY2025 Business Outlook

Crusher-Related Business (Mobile Plants):

Domestic demand remains strong, with efforts focused on strengthening sales and maintenance capabilities and securing early orders. Inquiries for the new mobile soil improvement plant are increasing.

Contract-Based Manufacturing Business:

Orders and sales are set to fall from last year's large projects but remain slightly above FY2023's result. While overall market sentiment is weak, small-scale projects requiring special specifications or short delivery times are plentiful, supporting stable to improved margins.

Other Business:

Labor shortages and rising material costs delay projects, but solid public investment and rental price hikes support a gradual recovery in demand. Inquiries for labor- and cost-saving equipment are also increasing.

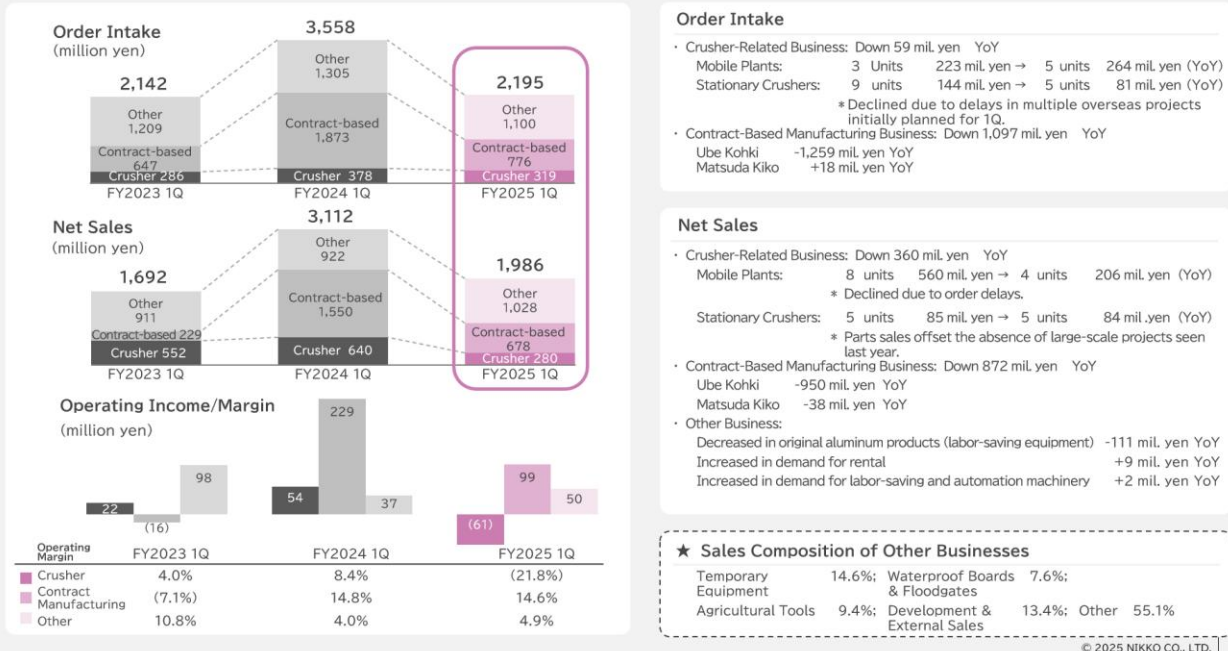
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Next, regarding segment classification, there is a category called "Former Other Business," which may be unclear, so I would like to provide additional explanation. The former "Other Business" have been further subdivided, separating areas such as crusher-related operations and contract-based manufacturing operations. This segmentation has been in place since last fiscal year, so figures may differ slightly from previous years. In this material, explanations are provided based on the new classification. As shown in the lower section, information has been organized into crusher, contract-based manufacturing, and other business.

Overall, negative figures are noticeable, but as I mentioned earlier, this is not the case for crushers. Regarding contract-based manufacturing, as I touched on previously, last fiscal year saw a temporary increase in sales due to large-scale JV projects. The reaction to this was reflected in the current period, resulting in a decrease, but this is not a particular concern, and order intake is generally progressing steadily as usual. In that sense, we view overall progress as being roughly in line with the budget.

Although both order intake and net sales appeared negative as a result, contract-based manufacturing is progressing at the expected level. On the other hand, we believe that further improvement is needed for crushers, so we are currently strengthening our sales activities.

Other Business (New Segmentation)



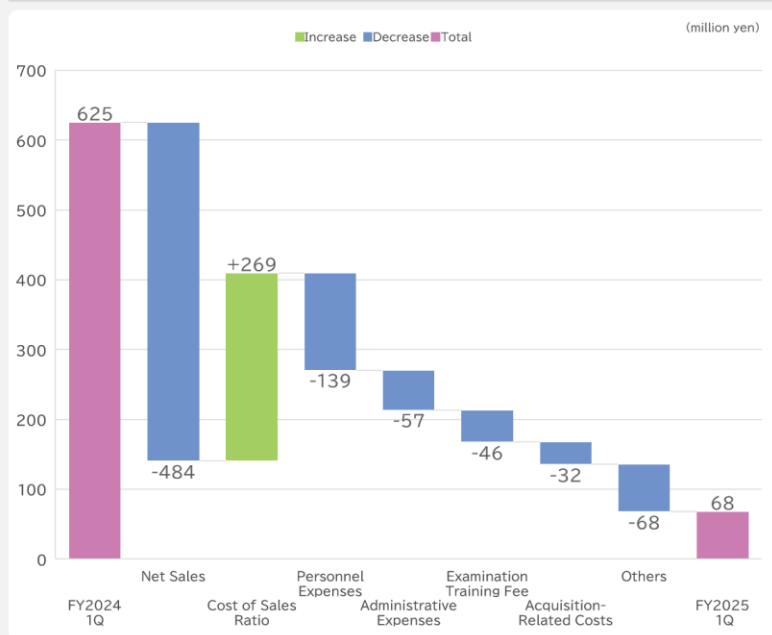
Regarding the new segment classifications, we are aggregating the data by separating it into crushers and contract-based manufacturing. I will provide a more detailed breakdown of these categories.

Regarding crushers, we mainly import mobile plants manufactured by Germany's KLEEMANN, handling mobile crushers. On the other hand, stationary crushers are special machines mainly designed for processing extremely hard rare metals, produced by Maekawa Kogyo. Our company manages these two types separately.

While there are not zero projects in any field, the market currently appears somewhat calmer, partly as a reaction to the particularly strong performance of mobile plants last year and the year before. However, the number of orders has increased from three units last year to five units this year, indicating steady growth.

Regarding sales, unfortunately, overall performance remained sluggish in the first quarter; however, we expect a recovery in sales along with orders in the second and third quarters.

FY2025 1Q Analysis of Factors Affecting Changes in Ordinary Income



Factors	Impact	Details
Net Sales	-484	Decrease in Net Sales -1,555 mil. yen
Cost of Sales Ratio	+269	Improvement in Cost of Sales Ratio (Except Personnel Expenses)
Personnel Expenses	-139	Increase in number of employees and base-pay
Administrative Expenses	-57	Increases in System usage fees
Examination Training Fee	-46	Increase in Development costs
Acquisition-Related Costs	-32	Acquisition of Nikko Fujiwara Electric.
Others	-68	Increase in depreciation expenses -17 Rental expenses -10 Travel and Transportation Expenses -10 Etc.

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Please see the bar graph showing the factors contributing to operating income.

Last year's first quarter started off extremely well, ultimately achieving record-high sales and operating profit. On the other hand, in the first quarter of this fiscal year, both sales and profit declined.

However, due to cost reduction and an increase in sales prices, the cost-to-sales ratio has improved, resulting in a positive impact of approximately 269 million yen.

On the other hand, personnel expenses became a negative factor of approximately 139 million yen due to base salary increases and an increase in staff. In addition, administrative-related costs, ongoing new product development expenses, acquisition-related costs for Fujiwara Electric (now Nikko Fujiwara Electric), which was acquired through M&A last fiscal year, as well as an increase in depreciation expenses, also had a negative impact.

As a result of these factors, ordinary income for the first quarter was limited to 68 million yen, which is about one-tenth of the level recorded in the same period last year.

On the other hand, improvements in the cost-to-sales ratio are expected to be reflected in selling prices throughout the year, and we have high expectations for the future.



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

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We will summarize the factors affecting the increase or decrease in ordinary profit for the full fiscal year. Earlier, we explained the results for the first quarter, but on a full-year basis, we expect to ultimately reach approximately 3.1 billion yen.

Regarding the cost of sales ratio, it temporarily became a negative factor in the first quarter due to the impact of decreased sales. However, we believe that the effects of price improvements and cost reductions will be realized throughout the full year, ultimately contributing positively.

The above is the overview of the first quarter.

INFORMATION

Event Dates
2025.10.20 MON - 10.31 FRI
 *Please direct your participation inquiries to your sales representative.

Venue
NIKKO CO., LTD. HEAD OFFICE FACTORY
 1013-1 Eigashima, Okubo, Akashi, Hyogo 674-8585, Japan
 TEL: +81-78-947-3131 FAX: +81-78-947-3638

NIKKO GROUP
 NEW PRODUCTS EXHIBITION
 2025
 10.20 MON. - 10.31 FRI.

SUSTAINABLE DEVELOPMENT GOALS

Map details:
 ■ JR Okubo Str. Approx. 20 min walk
 ■ Sanyo Eigashima Str. ... Approx. 10 min walk
 ■ JR Nishi Akashi Str. Approx. 15 min by taxi

Concept : NIKKO EXPO 2025
 ~Creating a Future Society Beyond Today~

Dates : 20/10 MON - 31/10 FRI

Venue : Nikko Co., Ltd.
 Akashi Head Office Factory

Asphalt, Concrete's Concept Models
 & Mobile Plants



New Mixers & Burner Models



Decarbonization & DX Initiatives

Changing the subject a little here, I would like to introduce you to our new product exhibition.

Our company is scheduled to hold the "Nikko Messe 2025" from Monday, October 20 to Friday, October 31 this year.

At the Nikko Messe, rather than simply showcasing general exhibits, we present concept models and new products, providing key customers with the opportunity to experience the latest technologies through actual machines, thereby facilitating business negotiations. In addition, the exhibition offers visitors a chance to experience our vision for the next five to ten years, including next-generation initiatives utilizing DX and AI.

There was a time when construction machinery exhibitions flourished at venues such as Makuhari Messe and Harumi, but since 2000, large-scale exhibitions have become less frequent. Our asphalt plants and batcher plants are large in scale and require extensive foundation work, making it difficult to install them at typical exhibition venues. Therefore, we set up a venue within our factory premises and hold exhibitions every three to four years, inviting selected customers to view the latest features and technologies.

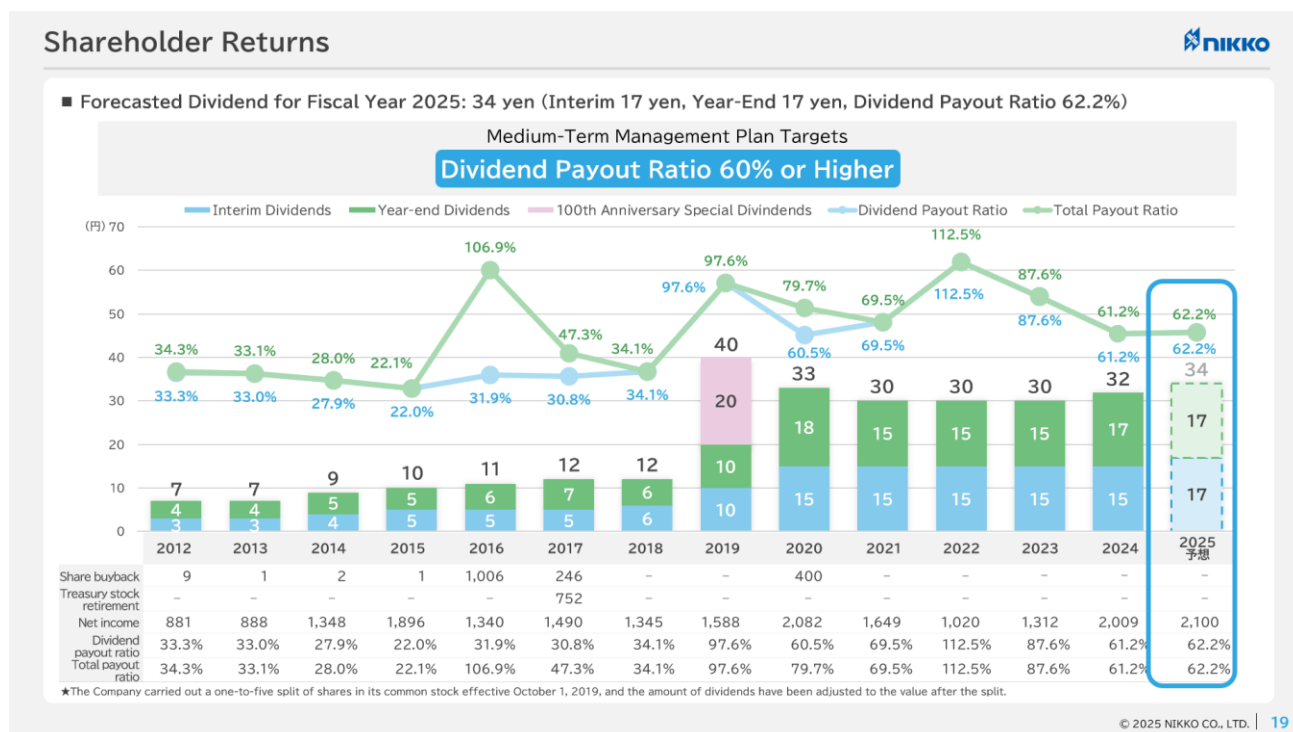
This year, 2025, marks the year of the Nikko Messe. The event aims not only to boost sales for this fiscal year but also to stimulate demand and expand orders across the entire period of the medium-term management plan. We hope you look forward to it.

We have summarized the overview here, while also creating this document based on the brochures distributed to our customers. At the exhibition, you will see concept models of asphalt and ready-mixed concrete plants, plants using new technologies, and actual mobile plant machines from the Akashi Plant. In addition, new developments for mixing equipment and burners for asphalt plants will be introduced.

We are also preparing so that visitors can experience firsthand not only the catalog descriptions of our DX initiatives and AI-powered foreign object removal functions, but also their actual operation. We hope to make this exhibition a starting point for our company's next stage of growth.

I am by no means expressing wishful thinking. I am fully aware that first-quarter results have been somewhat sluggish. However, this situation is not expected to persist throughout the fiscal year, and

we are implementing specific measures for improvement. Supplementary materials have also been attached today to help explain this, and I would appreciate your review.



Last, I would like to address shareholder returns.

Regarding our shareholder return policy, specifically dividends, as stated in our medium-term management plan, we are firmly maintaining our original policy at this time. For the fiscal year 2025, we plan to pay an interim dividend of 17 yen, a year-end dividend of 17 yen, and a total annual dividend of 34 yen. We will reliably return profits to our shareholders based on the earnings of the current fiscal year.

We hope you will continue to look forward to our performance trends in and after the second quarter.

That concludes my explanation.

Q&A

[Q]: Despite a first-quarter operating loss, the stock price is on an upward trend. How do you analyze this? Have there been any changes in the investor base or the content of the questions?

[A]: We are very grateful for the steady performance of our stock price, and we regard it as the result of your continued support.

We believe that a certain number of investors understand the seasonality of our business performance. Typically, the first quarter starts off gradually, and we understand that there is a growing recognition that earnings accumulate from the second to the fourth quarter in comparison to the full-year plan.

Amid rising social demand for addressing infrastructure aging, there is strong interest in infrastructure-related stocks. Since our company is also engaged in related fields, we believe that we are benefiting from favorable sector supply-demand conditions.

Regarding the investor base, in addition to the traditional long-term domestic institutional investors, there is an impression that there has been a slight increase in contact with investors who place importance on thematic investment. The questions we receive are also increasingly focused on topics related to capital efficiency and sustainable growth, such as "the degree of execution of the medium-term plan," "the quality and outlook of order intake," and "drivers for improving ROE," rather than short-term profits.

On the other hand, our challenges are clear. The key is to steadily raise ROE through the reliable execution of the initiatives promised in our medium-term management plan, and first and foremost, to clearly demonstrate an accumulation of orders and earnings from the second and third quarters onward. We believe that reliably achieving these goals will be crucial to further enhancing our stock valuation.

[Q]: How much of the deviation occurred in the BP business on a monetary basis?

[A]: We received a question regarding the scale of delays in the BP business, but we would like to refrain from disclosing specific figures.

On a project basis, delays have occurred in two to three renewal projects. As mentioned earlier, this is due not only to overall construction delays but also to some parts of our own construction progress being slower than expected. As a result, two to three renewal projects have been pushed back to the next fiscal year or later. We appreciate your understanding of this point.

[Q]: Are there any differences between the first quarter results and the company's plan?

[A]: To be frank, we believe that it is difficult to say that our company has had a smooth start. Allow me to explain the details.

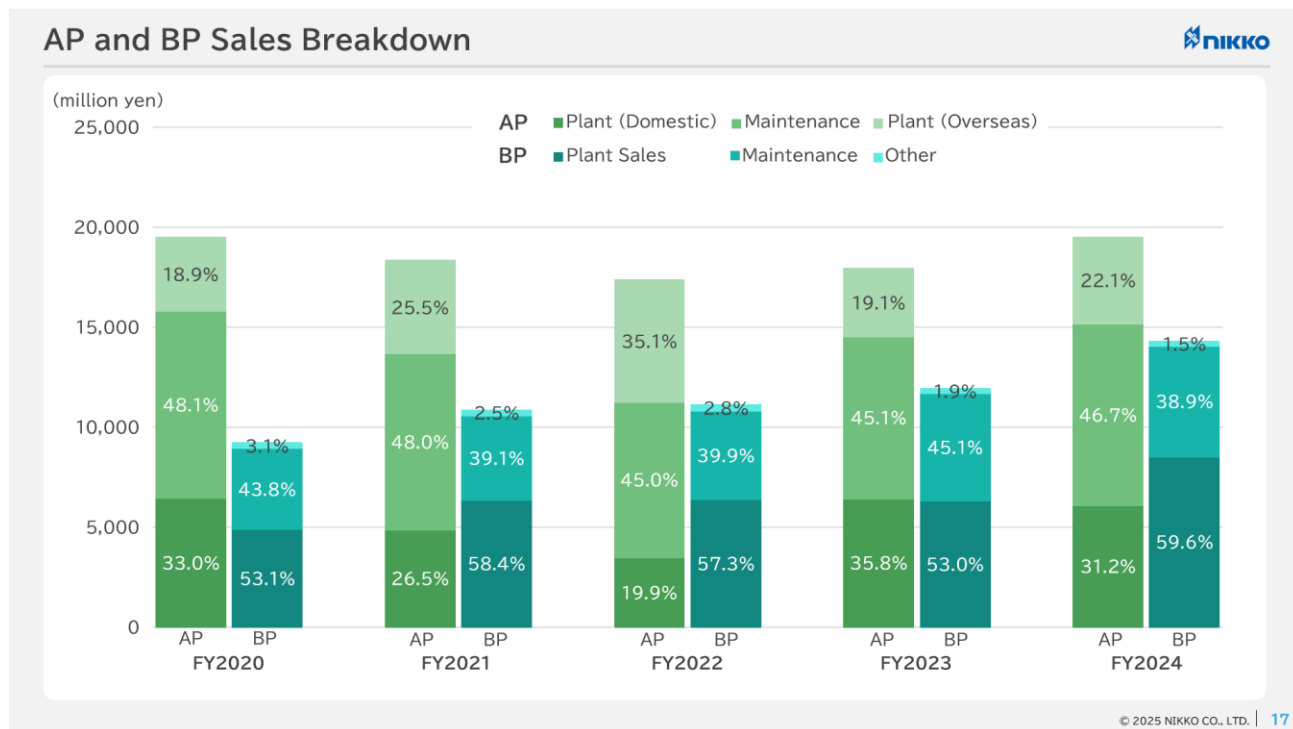
Regarding our asphalt plant business, which is our core business and positioned as the most important area for strengthening profitability in our medium-term management plan, there are three main areas: plant product sales, maintenance, and overseas operations (China and ASEAN). Among these, maintenance has been performing steadily and exceeding the plan, but domestic plant sales and overseas operations have fallen short of the budget.

Regarding crushers, especially mobile plants, the market itself is not shrinking but remains steady. However, due to the rapid growth our company has experienced in recent years, we believe we are currently in a temporary plateau phase. In the past, we have achieved results thanks to strong interest from customers in German products and our support, but going forward, the challenge will be how to gain trust among customers who are not yet familiar with our company and in markets that are cautious about imported machinery.

In the presence of existing competitors, we recognize that it is extremely important for our company to actively promote the quality of our products and our maintenance system in order to differentiate ourselves. We consider this to be a major challenge at present.

The above is an explanation based on our impressions of the situation in the first quarter.

[Q]: What is the current percentage of maintenance sales distribution?



[A]: Please take a look at this graph. Explaining the 2024 data from the bottom up, domestic sales of plant products account for 31.2%, maintenance above that accounts for 46.7%, and overseas sales make up 22.1%.

On the other hand, for batcher plants and concrete plants, the product ratio is relatively high, with products accounting for 59.6% and maintenance making up 38.9%.

Approximately 60% of the total sales come from maintenance services for domestic asphalt plants and batcher plants.

[Q]: Is there a possibility that customers are postponing orders in anticipation of the Nikko Messe? Could you please explain this along with any past examples?

[A]: Thank you for your question. As we approach large-scale exhibitions, there are customers who prefer to "wait until after the exhibition to make a contract." On the other hand, there are also cases where we conduct sales activities to encourage orders before the exhibition. We always strive to maintain a balance between these two approaches.

Sales representatives also have some uncertainty in this regard, but in reality, they are generally proceeding with activities in the direction of "inviting customers to exhibitions, having them view the actual equipment, and then leading to contracts."

There are some concerns that "orders may increase only until the exhibition." However, our products are not all items that need to be seen in person like plant equipment. We also handle small-scale renovation projects and other products, and for such cases, we conduct sales activities and PR separately from exhibitions. We would like you to understand that for the second and third quarters, we are also steadily promoting sales in areas other than exhibitions.

[Q]: In the analysis of changes in ordinary profit, it was explained that the cost ratio in the first quarter included price revisions, resulting in a positive impact of 270 million yen. On the other hand, for the full fiscal year, the impact is limited to 570 million yen. Considering seasonality, one might expect an impact of around 1.3 billion yen. What assumptions have been factored in?

[A]: First of all, when sales decrease, there are certain limits to cost reduction and lowering production costs.

Regarding the effects of the price revision, the figures reflected here are not for the mainstay asphalt plants or batcher plants, but rather for a combination of various products such as portable conveyors and imported crushers.

In particular, for asphalt plants, there are cases where negotiations span over two years, and delivery may take place more than a year after the order is received. In such cases, the price conditions at the time of delivery will be applied. Therefore, for orders received and delivered within the current fiscal year, the effects of price revisions will be reflected directly. However, for long-term projects, due to ongoing inflationary trends, there are some cases where we cannot avoid anticipating a negative impact. As a result of these calculations, the full-year effect is not expected to reach the scale you pointed out, and our current forecast is approximately 570 million yen.

Of course, if there are changes in delivery schedules or project combinations, there is a possibility that the positive contribution could increase significantly. Furthermore, if we are able to achieve our sales targets as planned, we believe that the risk of a negative impact will be minimal. On the contrary, we anticipate the possibility of an upward swing in the positive direction.

[Q]: Is there any bias by fiscal year when it comes to maintenance?

[A]: Thank you for your question. Regarding maintenance, there are differences in the content between asphalt plants and batcher plants, and as a result, there may be imbalances from year to year.

In our case, maintenance encompasses a wide range of activities, not only repairs in the event of breakdowns, but also measures aimed at energy saving and labor reduction, as well as the replacement of small units that make up the equipment. As a result, the costs vary widely, ranging from small-scale projects costing several hundred thousand yen to large-scale projects that can reach up to 10 million yen, depending on the situation. Consequently, there are years when the focus is on large-scale, time-consuming projects, while in other years, the main activities may consist of a series of parts replacements and minor repairs.

In the case of asphalt plants, since they are facilities that handle heat and require pollution control measures, investments in upgrades are made cautiously and on a certain scale. On the other hand, for concrete plants (batcher plants), the focus is mainly on replacing consumables and implementing energy-saving and labor-saving measures. As a result, profitability is relatively high, but the sales scale tends to be smaller compared to the maintenance of asphalt plants.

Therefore, although there are some fluctuations depending on the fiscal year, overall, we have continued to achieve stable increases in both revenue and profit. Looking ahead, we believe that the environment will continue to support demand for projects such as addressing labor shortages, renewing plants constructed during the bubble era, and large-scale repairs.

[Q]: Regarding the AP subsidy, what kind of schedule should we expect for it to contribute to your company's performance?

[A]: We have generally started to see positive effects on orders since around the year before last. We believe that the impact of the subsidies will lead to increased orders in the year before last, this year, and next year, respectively.

The actual sales, that is, the reflection in plant deliveries, are expected to occur mainly from the next fiscal year onward. Projects received two years ago first go through approval of application procedures, followed by groundwork, and finally proceed to delivery. Based on this process, we expect that projects from two years ago will contribute to our performance from the latter half of this year through next year, while projects from this year will begin contributing from the middle of next year through the following year. We would appreciate your understanding of this schedule.

[Q]: By the way, how much was the effect of the sales price revision in the first quarter? How much is factored in for the full year?

[A]: I'm sorry, but I do not have the specific figures on hand and cannot answer immediately. However, regarding the price revision, in addition to the impact of inflation, we have factored in our own personnel expenses, base salary increases, and the increased labor costs due to additional hiring. We have also reflected in the prices the rising labor costs of our partner companies responsible for manufacturing and maintenance.

As a result, we are not pursuing excessive profits but rather raising prices by approximately 5% to 10% as an appropriate level that reflects costs. The timing of these adjustments may vary depending on the nature of the business or service.

[Q]: Is it possible for investors and the media to visit the Messe?

[A]: There are safety concerns, but institutional investors and members of the media who wish to visit are requested to contact us by email.

[Q]: Please tell us about the progress in the development of asphalt equipped with burners that use hydrogen converted from ammonia as fuel.

[A]: Thank you very much for your highly specialized question.

Utilizing hydrogen directly as a fuel is one of the ideal methods from an environmental perspective; however, as you may know, hydrogen faces challenges in terms of distribution and storage. In particular, the temperature required for liquefaction is extremely low, making handling difficult.

In contrast, ammonia is being decomposed using equipment called crackers, and the system is being tested to supply the hydrogen obtained from this process to burners. Currently, the process is being advanced through repeated small-scale tests, and moving forward, we plan to collaborate with customers to first implement the system in experimental plants, and subsequently aim to expand its use to commercial plants.

Regarding the progress, please understand that there are no particular delays and that everything is proceeding smoothly as planned.

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