

Medium-Term Business Plan “Next Stage 2026”

Year ending September 30, 2024 - Year ending September 30, 2026



NISHIO HOLDINGS CO., LTD.

1 "Vision 2023" Targets

- Accelerate expansions of M&A focusing on overseas.
- Advancing research on "Logistics Innovation" and "The Power of Temporary Construction" to evolve the rental business with an eye to the future.

2 "Vision 2023" Outcome

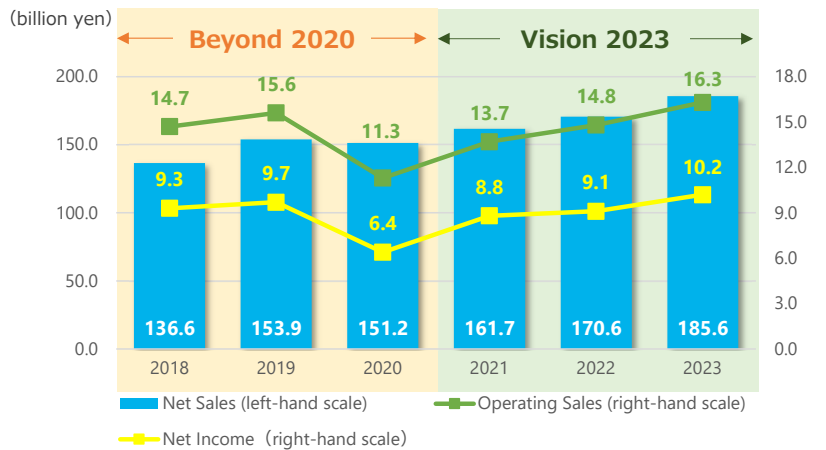
- M&A did not proceed, but overseas business remained steady.
- "Logistics Innovation" and "The Power of Temporary Construction" started demonstration tests.
- Shifted to a holding company structure to speed up management decision-making in business development.

Vision 2023 Numerical Targets and Achievements

	Targets	Achievements
Net sales	190.0	185.6
Operating profits	19.0	16.3
EBITDA	57.0	53.1

(billion yen)

Net Sales, Operating Income and Net Income of Vision 2023



2 "Next Stage 2026" Outline

1 Evolving the Rental Business into a New Growth Industry

- Integration of domestic construction machinery rental business and peripheral businesses.



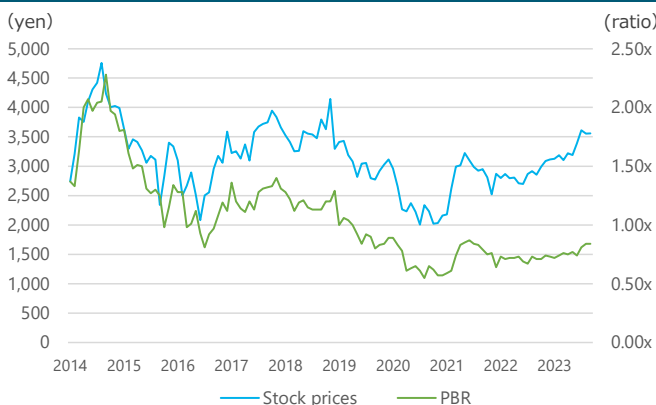
Construction machinery rental business + transportation and logistics business
 Construction machinery rental business + event business

- Strengthen competitiveness of domestic construction equipment rental business. Contribute to productivity improvement in the construction industry by leveraging
- Promote M&A overseas with high growth potential.

2 Promotion of Sustainability Management

- Supporting the establishment of wooden module business and carbon neutrality at construction sites.

Stock Prices and PBR Trends



Sales Strategy


Construction Logistics

Domestic construction machinery rental business
 Integration of peripheral businesses

Power of Temporary Construction

Net Sales

220.0 billion yen

 increase +34.4 billion yen

Of which, 21.4 billion yen increase
in growth strategies (1) to (4)
(compared with September 2023)

Operating Profit

19.0 billion yen

EBITDA (Growth Indicator)

57.3 billion yen

ROI (Efficiency Indicators)

Maintain 23.2%

Cost of Capital
(Efficiency Indicators)

Maintain 7.09%

*ROI (return on investment of rental asset) = amount of rental income / acquisition price of rental asset

Example: When a rental asset with an acquisition price of 1,000,000 yen earns 200,000 yen in rental income per year, the return on investment is 200,000 yen per year / 1,000,000 yen x 100 = 20% per year

*Capital cost is our estimate

4 Towards PBR Improvement 

Causes of PBR stagnation

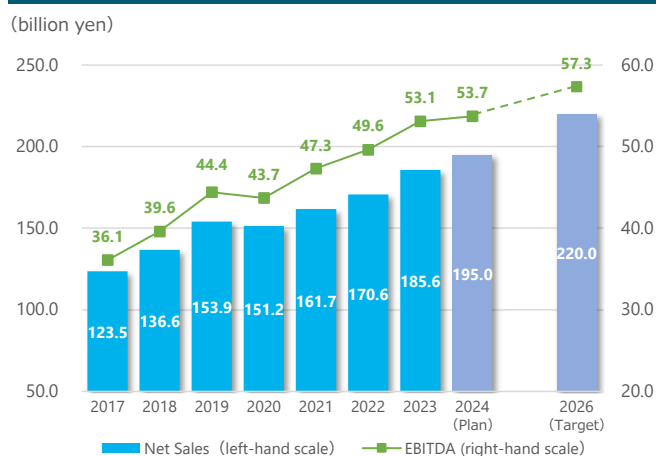
There is an urgent need to restore confidence
in the medium- to long-term growth potential of
our core business (domestic construction
equipment rental business)

PBR improvement

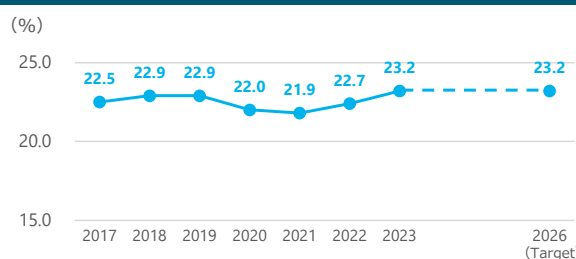
- ① Evolving the rental business into a new growth industry
- ② Key indicators
 - Growth potential Emphasis on EBITDA
 - Efficiency Focus on ROI in daily sales activities
 - Considering M&A and business withdrawal: Emphasis on Capital cost

* However, when considering efficiency, consider it from a broader perspective, including the long-term ripple effects of the project.

Net Sales and Change in EBITDA

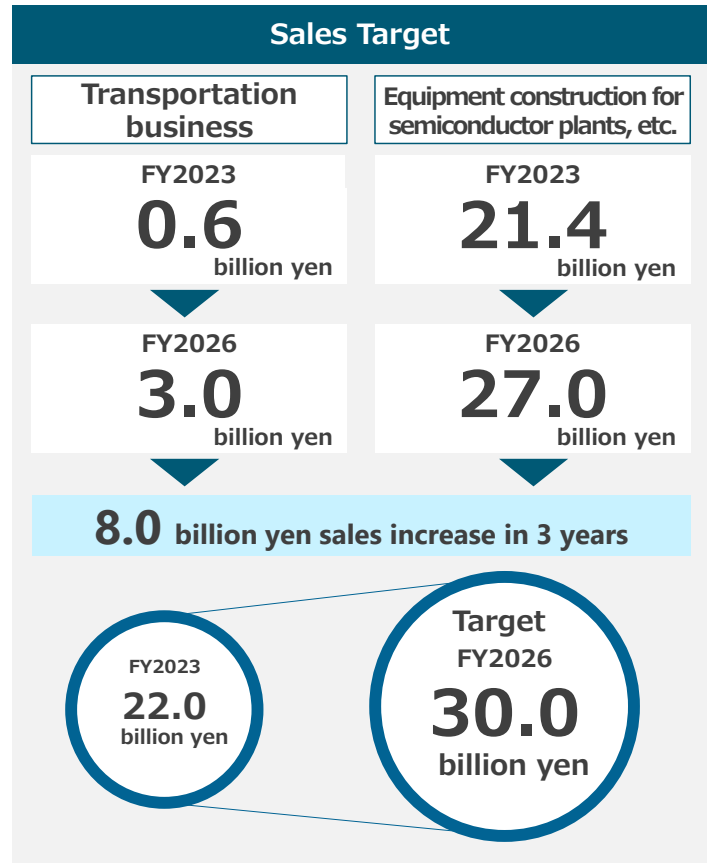
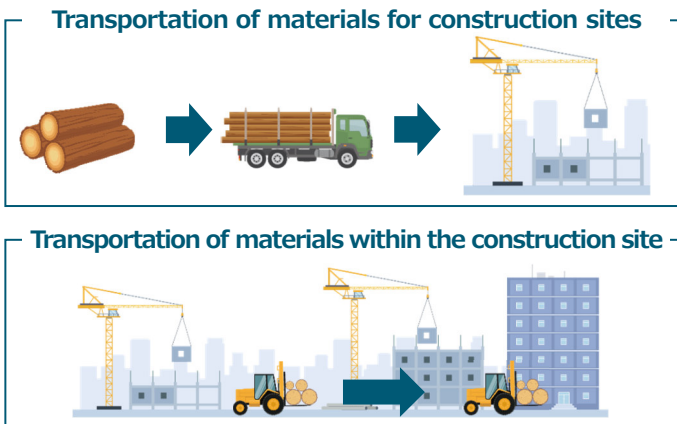


Change in ROI

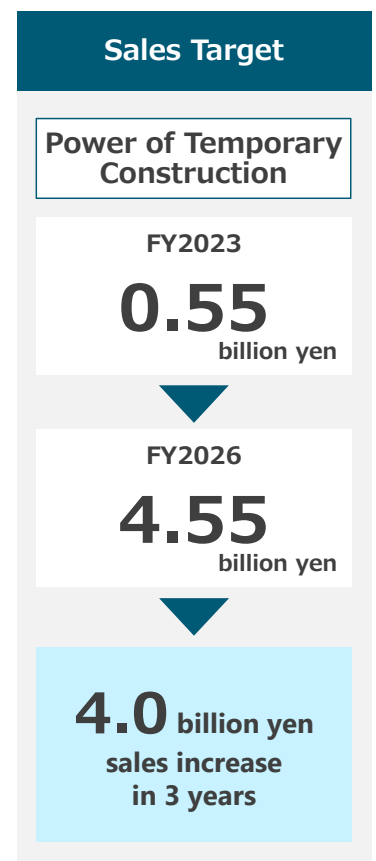


- 1 Aiming to commercialize "last one mile" transportation of materials for construction sites and material transportation within construction sites
- 2 Increase logistics capacity and expand orders for large sites such as semiconductor factories

Utilize rental machinery for transportation and hauling.



- 1 Temporary support for provisional land use and community liveliness
- 2 Strengthen working relationships with major construction companies and developers through early involvement in urban redevelopment



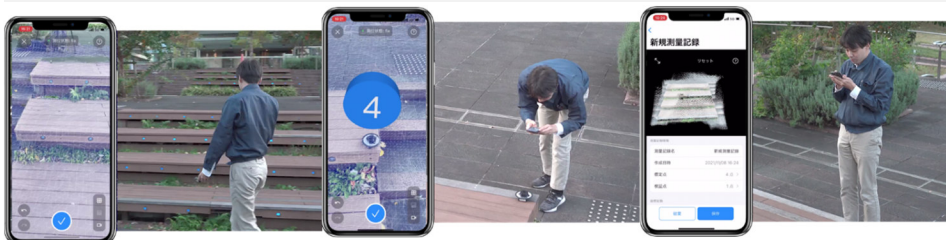
1 PicoCELA, a wireless mesh LAN system, is positioned as an infrastructure for construction sites and various solutions are provided based on it

Example: Contributing to on-site digitalization through the development of a Wi-Fi environment



2 Deepening DX utilization in specific fields such as offshore civil engineering, ground improvement, and tunnel excavation

Example: GeoScan survey of the ground



Sales Target

Construction DX

FY2023
8.6
billion yen

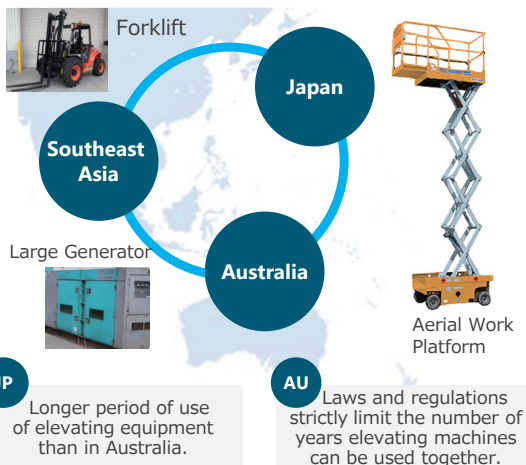
FY2026
12.0
billion yen

3.4 billion yen
sales increase
in 3 years

1 Deeply cultivating areas of expertise such as forklifts, AWP (aerial work platform), large generators, etc.

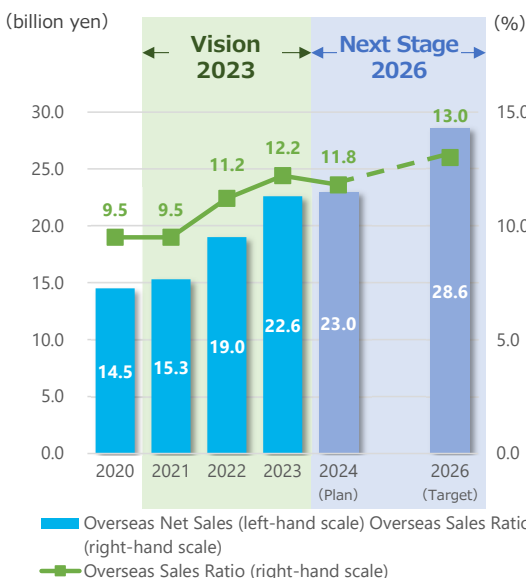
2 To conduct about two M&A overseas.

Leveraging “market differentiation”



Utilizing a global logistics network spanning Japan, Southeast Asia, and Oceania, determine the most efficient deployment and management of rental assets based on “differences.”

Overseas sales



Sales Target

Existing Companies’ Sales + M&A Companies’ Sales

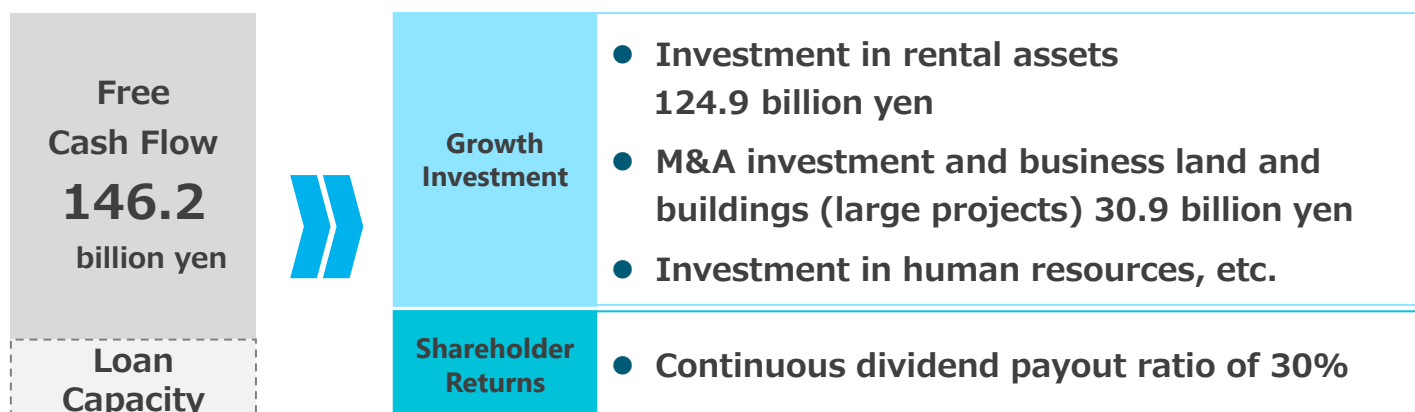
FY2023
22.6
billion yen

FY2026
28.6
billion yen

6.0 billion yen
sales increase
in 3 years

1 Cash Allocation (FY2024 to FY2026)

- **Prioritize growth investment** to revitalize as a new growth industry.
- For investment in growth, emphasis will be placed on **capital cost and other efficiency factors**. **Long-term ripple effects will also be considered**.
- **Emphasize stability** in shareholder returns. **Dialogue with shareholders and investors will also be emphasized**.



10 Financial Strategy and Shareholder Returns

1 Financial Strategy “3 Indicators” continued

Indicator	As of 2023 September
Equity ratio	At least 50% 44.8%
Interest-bearing debt to monthly sales ratio(*1)	No more than 6.5 months 6.0 months
Cash and deposits to monthly sales ratio(*2)	At least 1.5 months 2.8 months

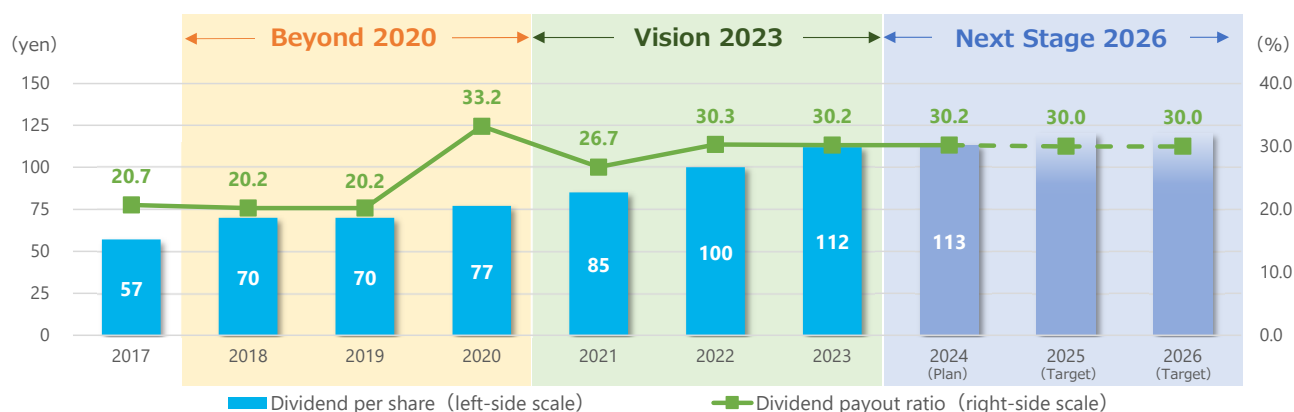
About the three “Indicators”

In order to maintain financial safety and soundness, we have established certain voluntary rules for the “three indicators.”

*1 Interest-bearing debt to monthly sales ratio = Interest-bearing debt ÷ (Monthly sales ÷ 12 months)

*2 Cash and deposits to monthly sales ratio = (Cash + Deposit + Short-term investment securities) ÷ (Annual Sales ÷ 12 months)

2 Payout ratio of 30% continued



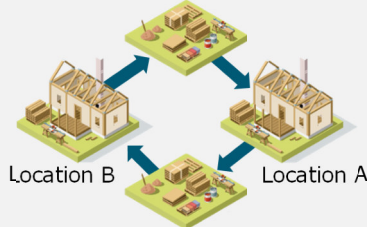
Promotion of Sustainability Management

- As stated in our corporate policy, “Our group works to improve society as a pioneer of rental services for all fields”, we will continue to fulfill our mission to contribute to solving social issues through a sustainable rental business.
- Consideration of TCFD-based disclosure during the term of this mid-term management.

Further evolution of the rental business to promote a transition to decarbonization

Specific Efforts ① – Power of Temporary Construction

- Contributing to the reduction of CO₂ emissions through wooden modules, a sustainable and convertible temporary construction
- Full use of Nishio's comprehensive strengths to win orders for the 2025 Osaka/Kansai Expo, which will focus on achieving the SDGs
- Assumed to be reused as structural material after use



Specific Efforts ② – Electrification of construction equipment

- Further promote the transition to a decarbonized economy by electrifying construction equipment (target 250 pieces of equipment in 3 years)
- Focus on infrastructure development to promote the spread of electric construction equipment, such as increasing on-site recharging facilities (target of 100 pieces of equipment in 3 years)



Sales Target

③ **Wooden Pavilion**
1.7 billion yen

Pavilion BC	2 points
Corporate Pavilion Auxiliary Facilities	1 point
Pavilion A (target)	3 to 4 points



① **Construction machines**
1.2 billion yen

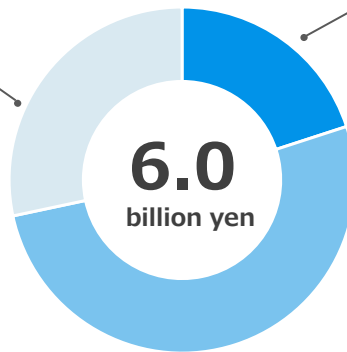


② **Events** **3.1 billion yen**

Mobility Hub

Train	▶ Bus
Private Automobile	▶ Bus
Private Automobile	▶ Flying Car

Equipment for onsite events



Creating liveliness at transfer points such as above

Establishment of “R&D International Exchange Center” in Sakishima

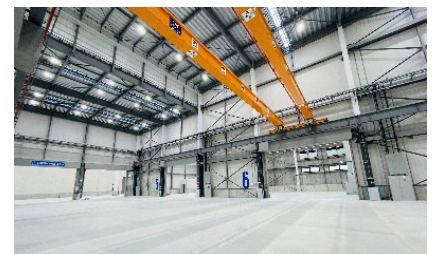
Demonstration of new technology that will serve as a legacy for the Expo.
“CLT Wood Reuse Technology” “Practical Hydrogen EV Technology”



R&D International Exchange Center Building A



R&D International Exchange Center Building B



R&D International Exchange Center Building B
Wood Logistics Center

Point 1

Construction Machines

Building a "company-to-company" relationship with general contractors, interior decorating companies, and major local construction companies by taking the opportunity of participating in constructing the wooden pavilion.



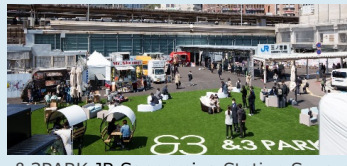
Point 2

Events

Acquiring knowledge on how to create liveliness in provisional land use and park use.



MIDORI office
(Umekita Exterior Garden Square)



&3PARK JR Sannomiya Station Square

Point 3

Wooden Pavilions

Wooden Modules established as a new business field

- Business support for CLT lumber secondary processing plant
- Development of reuse technology for CLT lumber



Wooden Module
"Kibaco"

To gain a reputation as a
"company that takes risks and takes on new business challenges"

Cautionary Statement Regarding Forward-Looking Statements

This material was not prepared for the purpose of soliciting investments.

Forward-looking statements in this document, such as forecasts, plans, and prospects, are based on information available to the Company at the time this document was prepared and on the Company's judgment that such statements are reasonable.

Such statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, including changes in economic conditions, market and competitive environments, domestic and international regulations, and accounting standards and practices. Actual results may differ materially from those discussed in the forward-looking statements due to these factors.

November 10, 2023

NISHIO HOLDINGS CO., LTD.

President's Office [IR]

<https://nishio-grp.co.jp/>

TEL 06-6251-7302

FAX 06-6252-0285

E-MAIL ir@nishio-grp.co.jp