

Nisshinbo Holdings Inc
Summary of Q&A Session at Financial Results Briefing for the Fiscal Year Ended December 31, 2025

This document summarizes the main questions and answers from the earnings briefing for institutional investors held on February 10, 2026.

<p>Q1 Regarding consolidated operating profit, it is projected to decrease from ¥26.4 billion in FY2025 to ¥21.0 billion. How does this break down by factor? For the Wireless and Communications business, even with increased sales, segment profit is expected to decline next fiscal year, leading to a lower segment profit margin. Are there factors other than exchange rates, such as cost factors, contributing to this margin decline?</p>	<p>A Although the real estate business is experiencing a significant profit decline, the profitability of the wireless and communications business has improved, and we expect to secure an operating profit of over 21 billion yen. The primary reasons for the wireless and communications business's profit decline in 2026 include changes in sales composition, such as a decrease in the high-margin water and river projects within the solutions business, and reduced sales in the marine systems business in Europe. Furthermore, as part of structural reforms in 2025, urgent cost-cutting measures were implemented. Having achieved the desired effects, investments and expenses that were restrained will be restored in 2026, with efforts made to exceed last year's levels.</p>
<p>Q2 What is the breakdown of the approximately ¥6 billion in extraordinary losses, and when will they be recorded by quarter? Does the ¥6 billion involve cash outflow? Also, regarding the early retirement program, how much will fixed costs be reduced?</p>	<p>A The major portion of the extraordinary loss stems from costs associated with the early retirement incentive program under the structural reform of the Micro Devices business. As this program is ongoing until June 2026, we refrain from disclosing detailed effects at this time.</p>
<p>Q3 What profit levels are expected from the real estate business in the next fiscal year and beyond?</p>	<p>A We project approximately ¥6.4 billion for 2026 and approximately ¥5.0 billion for 2027. After 2027, large-scale condominium sales will decrease, and profits from rental properties and similar sources are expected to be around ¥1.5 billion.</p>
<p>Q4 What are the competitive landscape and strengths of the "Total Wireless Engineering Company"?</p>	<p>A Regarding competition, the impression is that few companies today handle everything from products to on-site solutions. Our strengths lie in our advanced expertise in wireless communication technology, our support system extending to on-site operations, and our integrated approach from in-house manufacturing to solution provision.</p>
<p>Q5 Reforms have been implemented in the past. What were the reasons past reforms were insufficient, and how does this differ from the current approach?</p>	<p>A Considering significant historical shifts, past planning lacked logical design. We now prioritize designing logical profit-generating capabilities and conduct thorough reviews. Since assuming the presidency, I have strengthened logical thinking and focused on business analysis and blueprint creation.</p>
<p>Q6 What drove the upward revision of the 2025 wireless communications business operating profit from the initial forecast of ¥10 billion to ¥17.7 billion?</p>	<p>A The main reasons were increased demand for government and public sector renewals, budget increases for the defense business, and rising demand in shipbuilding and shipping-related sectors, leading to higher order intake.</p>
<p>Q7 With the new Takaichi administration, what is the outlook for this fiscal year and beyond, including defense business?</p>	<p>A We view the Defense Business as having favorable conditions. We anticipate increased demand, including in the Communications Equipment Business, and expect expansion into new areas.</p>
<p>Q8 Regarding the 2030 target of ¥300 billion for the Wireless and Communications business, it appears to show limited growth from current levels. While a CAGR of around 2-3% is likely anticipated, what are the outlooks for each sub-segment?</p>	<p>A We recognize the low sales growth rate. Given our past inability to reliably achieve plans, we will focus on fulfilling our commitments to you and earning your trust.</p>
<p>Q9 Please provide quantitative insights regarding the outlook for defense projects.</p>	<p>A Regarding the Defense business, due to its high level of confidentiality, we refrain from providing details, but we recognize it will grow steadily.</p>
<p>Q10 What percentage of the Wireless and Communications segment's sales comes from defense-related business?</p>	<p>A Based on FY2025 results, sales are approximately ¥40 billion.</p>
<p>Q11 What is the current status of development for high-power microwave devices?</p>	<p>A Microwave equipment is an area where results will emerge going forward, but we expect to record sales of several billion yen this year. Whether it becomes a sustainable business depends on the outcomes of R&D over the next few years.</p>
<p>Q12 Regarding the redesign of transformation and growth, what is the timeline for implementing structural reforms in wireless communications, microdevices, and materials (by when), and what is the expected scale of the anticipated effects?</p>	<p>A Regarding the Wireless and Communications business, we will now move into the execution phase, ultimately aiming to achieve sales of over ¥300 billion by 2030. The Micro Devices business is currently in a phase of rethinking and redesigning from scratch. For the Materials business, we will sequentially evaluate operations against the target of a 10%+ operating margin, though we have already completed withdrawals from several unprofitable businesses. We are currently designing how to selectively rebuild the materials side, which is highly demanded in the electronics field.</p>
<p>Q13 While a 10%+ operating profit margin is stated as the benchmark, will underperforming businesses be candidates for sale? Currently, most businesses do not meet the 10% operating profit margin. Is there a timeline for replacements?</p>	<p>A We are not considering a simple sale of businesses; our policy is to logically review all operations. While the wireless communications business has a higher likelihood of achieving a 10% operating margin, other businesses continue to face challenges. Achieving this requires logical and meticulous planning, and we will evaluate each business based on this approach.</p>
<p>Q14 This time, the stock price rose significantly at the timing of the upward revision disclosure. Could the timing of the information revision disclosure have been considered with regard to stock price volatility?</p>	<p>A Compared to the third-quarter landing forecast, there were significant fluctuations in operating profit and ordinary profit. We ask for your understanding that we disclosed appropriately based on the Tokyo Stock Exchange's disclosure rules.</p>
<p>Q15 What is the current status and effectiveness metrics of the Hi-MA platform?</p>	<p>A KOKUSAI DENKI Electric is leading the way, and we are currently applying this to Japan Radio. We are utilizing it not just as standalone platform sales but as a business foundation. Quantitative effect metrics will be examined going forward.</p>
<p>Q16 Regarding the Defense Business, how much demand from the public sector—which is harder to forecast long-term than civilian demand—is incorporated into the long-term plans for 2026 and 2030?</p>	<p>A While medium-to-long-term projections are challenging, we anticipate fluctuations based on the sustainability of budget increases and trends in consumable demand. We expect sales growth driven by budget increases to stabilize at some point and have incorporated this conservatively into the 2030 plan.</p>