

Item 7. Financial Statements and Financial
Highlights for Open-End Management Investment
Companies.

ANNUAL FINANCIAL STATEMENTS
AND OTHER INFORMATION

October 31, 2025

NICHOLAS II, INC.

CONSISTENCY *in a world of change*



Financial Highlights Class I (NCTWX)

For a share outstanding throughout each period

	One Month	Years Ended September 30,				
	Ended 10/31/2025*	2025	2024	2023	2022	2021
NET ASSET VALUE,						
BEGINNING OF PERIOD	\$ 33.51	\$ 35.26	\$ 29.22	\$ 26.69	\$ 35.98	\$ 28.68
INCOME (LOSS) FROM INVESTMENT OPERATIONS						
Net investment income ⁽¹⁾	—	.03	.09	.11	.05	.05
Net gain (loss) on securities (realized and unrealized)	<u>(.72)</u>	<u>(.05)</u>	<u>6.19</u>	<u>3.50</u>	<u>(5.90)</u>	<u>8.45</u>
Total from investment operations	<u>(.72)</u>	<u>(.02)</u>	<u>6.28</u>	<u>3.61</u>	<u>(5.85)</u>	<u>8.50</u>
LESS DISTRIBUTIONS						
From net investment income ..	—	(.06)	(.12)	(.06)	(.05)	(.05)
From net capital gain	—	(1.67)	(.12)	(1.02)	(3.39)	(1.15)
Total distributions	<u>—</u>	<u>(1.73)</u>	<u>(.24)</u>	<u>(1.08)</u>	<u>(3.44)</u>	<u>(1.20)</u>
NET ASSET VALUE,						
END OF PERIOD	<u>\$ 32.79</u>	<u>\$ 33.51</u>	<u>\$ 35.26</u>	<u>\$ 29.22</u>	<u>\$ 26.69</u>	<u>\$ 35.98</u>
TOTAL RETURN	(2.15)% ⁽²⁾	(.07)%	21.54%	13.83%	(18.51)%	30.26%
SUPPLEMENTAL DATA						
Net assets, end of period (millions)	\$ 932.7	\$ 962.9	\$1,041.6	\$ 882.4	\$ 798.8	\$1,031.3
Ratio of expenses to average net assets .....	.61% ⁽³⁾	.59%	.59%	.60%	.59%	.59%
Ratio of net investment income (loss) to average net assets	(.08)% ⁽³⁾	.09%	.27%	.39%	.15%	.15%
Portfolio turnover rate .....	.32% ⁽²⁾	14.25%	9.52%	6.26%	15.76%	19.57%

⁽¹⁾ Computed based on average shares outstanding.

⁽²⁾ Not annualized.

⁽³⁾ Annualized.

* The Fund changed its fiscal year end to October 31 during the period. The period is from October 1, 2025 to October 31, 2025.

The accompanying notes to financial statements are an integral part of these highlights.

Financial Highlights Class N (NNTWX)

For a share outstanding throughout each period

	One Month	Years Ended September 30,				
	Ended 10/31/2025*	2025	2024	2023	2022	2021
NET ASSET VALUE,						
BEGINNING OF PERIOD	\$ 32.06	\$ 33.89	\$ 28.16	\$ 25.82	\$ 34.97	\$ 27.94
INCOME (LOSS) FROM INVESTMENT OPERATIONS						
Net investment income (loss) ⁽¹⁾ ..	(.01)	(.07)	(.01)	.03	(.05)	(.05)
Net gain (loss) on securities (realized and unrealized)	<u>(.69)</u>	<u>(.05)</u>	<u>5.96</u>	<u>3.38</u>	<u>(5.71)</u>	<u>8.23</u>
Total from investment operations	<u>(.70)</u>	<u>(.12)</u>	<u>5.95</u>	<u>3.41</u>	<u>(5.76)</u>	<u>8.18</u>
LESS DISTRIBUTIONS						
From net investment income ..	—	(.04)	(.10)	(.05)	—	—
From net capital gain	—	<u>(1.67)</u>	<u>(.12)</u>	<u>(1.02)</u>	<u>(3.39)</u>	<u>(1.15)</u>
Total distributions	—	<u>(1.71)</u>	<u>(.22)</u>	<u>(1.07)</u>	<u>(3.39)</u>	<u>(1.15)</u>
NET ASSET VALUE,						
END OF PERIOD	<u>\$ 31.36</u>	<u>\$ 32.06</u>	<u>\$ 33.89</u>	<u>\$ 28.16</u>	<u>\$ 25.82</u>	<u>\$ 34.97</u>
TOTAL RETURN	(2.18)% ⁽²⁾	(.40)%	21.18%	13.49%	(18.75)%	29.85%
SUPPLEMENTAL DATA						
Net assets, end of period (millions)	\$ 67.1	\$ 70.0	\$ 80.6	\$ 72.5	\$ 70.1	\$ 95.6
Ratio of expenses to average net assets .....	.92% ⁽³⁾	.90%	.90%	.91%	.89%	.89%
Ratio of net investment income (loss) to average net assets	(.40)% ⁽³⁾	(.22)%	(.05)%	.08%	(.16)%	(.15)%
Portfolio turnover rate .....	.32% ⁽²⁾	14.25%	9.52%	6.26%	15.76%	19.57%

⁽¹⁾ Computed based on average shares outstanding.

⁽²⁾ Not annualized.

⁽³⁾ Annualized.

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The accompanying notes to financial statements are an integral part of these highlights.

Schedule of Investments

October 31, 2025

Shares or Principal Amount		Value
COMMON STOCKS — 98.08%		
Communication Services - Media & Entertainment — 0.88%		
175,865	Trade Desk, Inc. Class A*	\$ 8,842,492
Consumer Discretionary - Consumer Discretionary Distribution & Retail — 6.42%		
46,070	Burlington Stores, Inc.*	12,604,291
242,770	O'Reilly Automotive, Inc.*	22,927,199
36,740	Ulta Beauty Inc.*	19,100,391
49,433	Williams-Sonoma, Inc.	9,606,809
		<u>64,238,690</u>
Consumer Discretionary - Consumer Durables & Apparel — 0.98%		
114,696	SharkNinja, Inc.*	9,806,508
Consumer Discretionary - Consumer Services — 7.31%		
347,585	Chipotle Mexican Grill, Inc.*	11,014,969
32,870	Domino's Pizza, Inc.	13,097,380
39,485	Hilton Worldwide Holdings Inc.	10,146,066
218,900	Service Corporation International	18,280,339
159,165	Viking Holdings Ltd*	9,685,190
50,366	Wingstop Inc.	10,910,787
		<u>73,134,731</u>
Consumer Staples - Consumer Staples Distribution & Retail — 1.78%		
201,469	BJ's Wholesale Club Holdings, Inc.*	17,781,654
Consumer Staples - Food, Beverage & Tobacco — 0.50%		
80,750	Lamb Weston Holdings, Inc.	4,984,698
Financials - Banks — 0.85%		
149,690	Webster Financial Corporation	8,538,318
Financials - Financial Services — 6.66%		
70,110	Corpay, Inc.*	18,253,139
54,544	Jack Henry & Associates, Inc.	8,123,783
29,897	Morningstar, Inc.	6,347,133
89,385	Northern Trust Corporation	11,501,168

The accompanying notes to financial statements are an integral part of this schedule.

Schedule of Investments (continued)

October 31, 2025

Shares or Principal Amount		Value
COMMON STOCKS — 98.08% (continued)		
Financials - Financial Services — 6.66% (continued)		
103,884	Raymond James Financial, Inc.	\$ 16,483,274
85,010	Shift4 Payments, Inc.*	5,874,191
		<u>66,582,688</u>
Health Care - Health Care Equipment & Services — 9.19%		
168,900	Cooper Companies, Inc.*	11,807,799
227,260	Globus Medical Inc Class A*	13,724,231
166,295	Hologic, Inc.*	12,290,863
63,580	ResMed Inc.	15,696,630
77,075	STERIS plc	18,166,578
69,445	Veeva Systems Inc Class A*	20,222,384
		<u>91,908,485</u>
Health Care - Pharmaceuticals, Biotechnology & Life Sciences — 8.09%		
275,234	Bio-Techne Corporation	17,221,391
74,838	IQVIA Holdings Inc*	16,199,433
14,964	Mettler-Toledo International Inc.*	21,193,364
141,650	Revvity, Inc.	13,257,024
515,270	Stevanato Group SpA	12,995,109
		<u>80,866,321</u>
Industrials - Capital Goods — 12.17%		
193,010	A. O. Smith Corporation	12,736,730
113,045	AMETEK, Inc.	22,847,525
122,577	Fastenal Company	5,044,044
238,700	Fortive Corp.	12,016,158
92,468	IDEX Corporation	15,854,563
49,458	L3Harris Technologies Inc	14,298,308
6,484	Lennox International Inc.	3,274,420
77,500	Nordson Corporation	17,976,125
86,358	Westinghouse Air Brake Technologies Corporation	17,655,030
		<u>121,702,903</u>
Industrials - Commercial & Professional Services — 10.62%		
79,825	Broadridge Financial Solutions, Inc.	17,593,430
98,875	Paylocity Holding Corp.*	13,968,071
146,233	RB Global, Inc.	14,509,238
50,956	Republic Services, Inc.	10,611,077
252,068	TransUnion	20,462,880

The accompanying notes to financial statements are an integral part of this schedule.

Schedule of Investments (continued)

October 31, 2025

Shares or Principal Amount		Value
COMMON STOCKS — 98.08% (continued)		
Industrials - Commercial & Professional Services — 10.62% (continued)		
78,305	Verisk Analytics Inc	\$ 17,130,002
70,757	Waste Connections, Inc.	11,864,534
		<u>106,139,232</u>
Industrials - Transportation — 1.33%		
94,415	Old Dominion Freight Line, Inc.	<u>13,257,754</u>
Information Technology - Semiconductors & Semiconductor Equipment — 4.29%		
265,609	Lattice Semiconductor Corporation*	19,378,833
244,380	Microchip Technology Incorporated	15,254,200
105,635	Skyworks Solutions, Inc.	8,209,952
		<u>42,842,985</u>
Information Technology - Software & Services — 16.04%		
12,426	CrowdStrike Holdings, Inc. Class A*	6,747,442
438,343	Dynatrace, Inc.*	22,167,006
199,429	Elastic NV*	17,793,055
7,739	Fair Isaac Corporation*	12,843,103
36,194	Gartner, Inc.*	8,988,418
59,684	Monday.com Ltd.*	12,249,544
41,439	MongoDB, Inc.*	14,910,581
170,346	Okta, Inc. Class A*	15,591,769
118,985	PTC Inc.*	23,623,282
76,735	Zscaler, Inc.*	25,410,028
		<u>160,324,228</u>
Information Technology - Technology Hardware & Equipment — 3.88%		
98,195	CDW Corporation	15,649,337
43,904	Teledyne Technologies Incorporated*	23,129,505
		<u>38,778,842</u>
Materials - Materials — 3.34%		
78,580	AptarGroup, Inc.	9,116,066
83,801	Vulcan Materials Company	24,260,390
		<u>33,376,456</u>

The accompanying notes to financial statements are an integral part of this schedule.

Schedule of Investments (continued)

October 31, 2025

Shares or Principal Amount		Value
COMMON STOCKS — 98.08% (continued)		
Real Estate - Real Estate Management & Development — 3.75%		
150,645	CBRE Group, Inc. Class A*	\$ 22,962,817
211,706	CoStar Group, Inc.*	14,567,490
		<u>37,530,307</u>
	TOTAL COMMON STOCKS	
	(cost \$563,997,800)	<u>980,637,292</u>
SHORT-TERM INVESTMENTS — 1.96%		
Money Market Deposit Account — 0.61%		
\$ 6,048,262	U.S. Bank Money Market, 3.70%	<u>6,048,262</u>
Money Market Fund — 1.35%		
13,500,000	First American Money Market Funds Government Obligations Fund - X Class, 7-day net yield, 3.987%	<u>13,500,000</u>
	TOTAL SHORT-TERM INVESTMENTS	
	(cost \$19,548,262)	<u>19,548,262</u>
	TOTAL INVESTMENTS	
	(cost \$583,546,062) — 100.04%	<u>1,000,185,554</u>
	LIABILITIES, NET OF OTHER ASSETS — (0.04)%	<u>(365,355)</u>
	TOTAL NET ASSETS	
	(basis of percentages disclosed above) — 100%	<u>\$ 999,820,199</u>

* Non-income producing security.

The accompanying notes to financial statements are an integral part of this schedule.

Statement of Assets and Liabilities

October 31, 2025

ASSETS

Investments in securities at value (cost \$583,546,062)	\$ 1,000,185,554
Receivables	
Dividend and interest	298,479
Capital stock subscription	70,753
Total receivables	<u>369,232</u>
Other	22,097
Total assets	<u>1,000,576,883</u>

LIABILITIES

Payables	
Due to adviser	
Management fee	448,716
Accounting and administration fee	14,317
Total due to adviser	<u>463,033</u>
Capital stock redemption	192,405
12b-1 and servicing fee	26,626
Other payable and accrued expense	74,620
Total liabilities	<u>756,684</u>
Total net assets	<u>\$ 999,820,199</u>

NET ASSETS CONSIST OF

Paid in capital	\$ 474,086,326
Accumulated distributable earnings	525,733,873
Total net assets	<u>\$ 999,820,199</u>

CLASS I

Net assets	\$ 932,676,769
Shares outstanding	28,442,406
NET ASSET VALUE PER SHARE (\$.01 par value, 125,000,000 shares authorized), offering price and redemption price	<u>\$32.79</u>

CLASS N

Net assets	\$ 67,143,430
Shares outstanding	2,140,782
NET ASSET VALUE PER SHARE (\$.01 par value, 75,000,000 shares authorized), offering price and redemption price	<u>\$31.36</u>

The accompanying notes to financial statements are an integral part of this statement.

Statements of Operations

For the one month ended October 31, 2025 and the year ended September 30, 2025

	One Month Ended 10/31/2025 (*)	Year Ended 9/30/2025
INCOME		
Dividend (net of foreign taxes of \$0 and \$75,529, respectively)	\$ 368,882	\$ 6,333,227
Interest	88,956	947,905
Total income	<u>457,838</u>	<u>7,281,132</u>
EXPENSES		
Management fee	448,716	5,541,359
Audit and tax fees	26,250	38,431
Transfer agent fees	14,453	186,373
Administration services	14,317	177,090
12b-1 fees - Class N	13,489	173,298
Accounting & pricing services	8,661	104,455
Printing	6,966	33,137
Servicing fees - Class N	4,692	60,277
Custodian fees	4,373	53,774
Insurance	3,630	43,059
Registration fees	1,752	63,199
Legal fees	914	14,174
Postage and mailing	424	26,357
Directors' fees	—	25,695
Other operating expenses	939	18,941
Total expenses	<u>549,576</u>	<u>6,559,619</u>
Net investment income (loss)	<u>(91,738)</u>	<u>721,513</u>
NET REALIZED GAIN ON INVESTMENTS	<u>2,048,550</u>	<u>129,216,287</u>
CHANGE IN NET UNREALIZED APPRECIATION/ DEPRECIATION ON INVESTMENTS	<u>(23,901,213)</u>	<u>(131,117,343)</u>
Net realized and unrealized gain (loss) on investments	<u>(21,852,663)</u>	<u>(1,901,056)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ (21,944,401)</u>	<u>\$ (1,179,543)</u>

(*) The Fund changed its fiscal year end to October 31 during the period. The period is from October 1, 2025 to October 31, 2025.

The accompanying notes to financial statements are an integral part of this statement.

Statements of Changes in Net Assets

For the one month ended October 31, 2025 and the years ended September 30, 2025 and September 30, 2024

	One Month Ended 10/31/2025 (*)	Year Ended 9/30/2025	Year Ended 9/30/2024
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS			
Net investment income (loss)	\$ (91,738)	\$ 721,513	\$ 2,636,440
Net realized gain on investments	2,048,550	129,216,287	38,382,905
Change in net unrealized appreciation/depreciation on investments	<u>(23,901,213)</u>	<u>(131,117,343)</u>	<u>162,082,517</u>
Net increase (decrease) in net assets resulting from operations	<u>(21,944,401)</u>	<u>(1,179,543)</u>	<u>203,101,862</u>
DISTRIBUTIONS TO SHAREHOLDERS FROM			
Investment operations - Class I	—	(50,630,302)	(7,079,407)
Investment operations - Class N	—	(3,944,420)	(555,387)
Total distributions	<u>—</u>	<u>(54,574,722)</u>	<u>(7,634,794)</u>
CAPITAL SHARE TRANSACTIONS			
Proceeds from shares issued - Class I (28,570, 349,125, and 808,852 shares, respectively)	951,751	11,882,388	26,619,902
Reinvestment of distributions - Class I (0, 1,122,740 and 194,620 shares, respectively)	—	37,791,421	6,399,104
Cost of shares redeemed - Class I (321,275, 2,274,539 and 1,668,887 shares, respectively)	(10,700,079)	(76,853,847)	(54,993,731)
Proceeds from shares issued - Class N (946, 66,778 and 110,866 shares, respectively)	30,084	2,164,515	3,583,219
Reinvestment of distributions - Class N (0, 121,134 and 17,368 shares, respectively)	—	3,910,221	550,042

The accompanying notes to financial statements are an integral part of these statements.

Statements of Changes in Net Assets (continued)

For the one month ended October 31, 2025 and the years ended September 30, 2025 and September 30, 2024

	One Month Ended 10/31/2025 (*)	Year Ended 9/30/2025	Year Ended 9/30/2024
CAPITAL SHARE TRANSACTIONS (continued)			
Cost of shares redeemed - Class N (43,159, 383,493 and 326,112 shares, respectively)	\$ (1,375,260)	\$ (12,482,980)	\$ (10,405,825)
Change in net assets derived from capital share transactions	(11,093,504)	(33,588,282)	(28,247,289)
Total increase (decrease) in net assets	(33,037,905)	(89,342,547)	167,219,779
NET ASSETS			
Beginning of period	1,032,858,104	1,122,200,651	954,980,872
End of period	<u>\$ 999,820,199</u>	<u>\$ 1,032,858,104</u>	<u>\$ 1,122,200,651</u>

(*) The Fund changed its fiscal year end to October 31 during the period. The period is from October 1, 2025 to October 31, 2025.

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

October 31, 2025

(1) Summary of Significant Accounting Policies —

Nicholas II, Inc. (the “Fund”) is organized as a Maryland corporation and is registered as an open-end, diversified management investment company under the Investment Company Act of 1940, as amended. The primary objective of the Fund is long-term growth.

Change in Fiscal and Tax Year Ends: On February 10, 2025, the Fund’s Board of Directors approved that the Fund’s fiscal and tax year ends be changed from September 30 to October 31.

The following is a summary of the significant accounting policies of the Fund:

- (a) Equity securities traded on a stock exchange will ordinarily be valued on the basis of the last sale price on the date of valuation on the securities principal exchange, or if in the absence of any sale on that day, the closing bid price. For securities principally traded on the NASDAQ market, the Fund uses the NASDAQ Official Closing Price. Investments in shares of open-end mutual funds, including money market funds, are valued at their daily closing net asset value. Debt securities, excluding short-term investments, are valued at their current evaluated bid price as determined by an independent pricing service, which generates evaluations on the basis of dealer quotes for normal institutional-sized trading units, issuer analysis, bond market activity and various other factors. Short-term investments are valued using evaluated bid prices. Securities for which market quotations may not be readily available are valued at their fair value as determined in good faith by procedures adopted by the Board of Directors. The Board of Directors has delegated fair value responsibilities to Nicholas Company, Inc., the Fund’s adviser. The Fund did not maintain any positions in derivative instruments or engage in hedging activities during the period. Investment transactions for financial statement purposes are recorded on trade date.

In accordance with Accounting Standards Codification (“ASC”) 820-10, “Fair Value Measurement” (“ASC 820-10”), fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820-10 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value such as a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the

Notes to Financial Statements (continued)

October 31, 2025

asset or liability based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 - quoted prices in active markets for identical investments

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, benchmark yields, bids, offers, transactions, spreads and other relationships observed in the markets among market securities, underlying equity of the issuer, proprietary pricing models, credit risk, etc.)

Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of October 31, 2025 in valuing the Fund's investments carried at value:

Valuation Inputs	Investments in Securities
Level 1 –	
Common Stocks ⁽¹⁾	\$ 980,637,292
Money Market Deposit Account	6,048,262
Money Market Fund	13,500,000
Level 2 –	
None	—
Level 3 –	
None	—
Total	<u>\$ 1,000,185,554</u>

(1) See Schedule of Investments for further detail by industry.

The Fund did not hold any Level 3 investments during the period.

- (b) Net realized gain (loss) on portfolio securities was computed on the basis of specific identification.
- (c) Dividend income is recorded on the ex-dividend date, and interest income is recognized on an accrual basis. Non-cash dividends, if any, are recorded at value on date of distribution. Generally, discounts and premiums on long-term debt security purchases, if any, are amortized over the expected lives of the respective securities using the effective yield method.

Investment income, net capital gains (losses) and all expenses incurred by the Fund are allocated based on the relative net assets of each class, except for 12b-1

Notes to Financial Statements (continued)

October 31, 2025

fees and shareholder servicing fees and certain other fees and expenses related to one class of shares.

Class N shares are subject to a 0.25% 12b-1 fee and a 0.10% servicing fee, as described in its prospectus. During the period, the 12b-1 fee was 0.23% and the service fee was 0.08%. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains and losses are allocated daily to each class of shares based upon the relative net asset value of outstanding shares.

- (d) Provision has not been made for federal income taxes or excise taxes since the Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all net investment income and net realized capital gains on sales of investments to its shareholders and otherwise comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies.
- (e) Dividends and distributions paid to shareholders are recorded on the ex-dividend date. Distributions from net investment income are generally declared and paid at least annually. Distributions of net realized capital gain, if any, are declared and paid at least annually.

The amount of distributions from net investment income and net realized capital gain are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles (“U.S. GAAP”) for financial reporting purposes. Financial reporting records are adjusted for permanent book-to-tax differences to reflect tax character. These reclassifications have no effect on net assets or net asset value per share. At October 31, 2025, reclassifications were recorded to increase undistributed ordinary income by \$91,738, and decrease paid in capital by \$91,738.

The tax character of distributions paid during the one month ended October 31, 2025 and the years ended September 30, 2025 and September 30, 2024, was as follows:

	10/31/2025	09/30/2025	09/30/2024
Distributions paid from:			
Ordinary income	\$ —	\$ 1,913,770	\$ 3,679,901
Long-term capital gain	—	52,660,952	3,954,893
Total distributions paid	<u>\$ —</u>	<u>\$ 54,574,722</u>	<u>\$ 7,634,794</u>

Notes to Financial Statements (continued)

October 31, 2025

As of October 31, 2025, investment cost for federal tax purposes was \$583,546,062 and the tax basis components of net assets were as follows:

Unrealized appreciation	\$ 447,883,841
Unrealized depreciation	<u>(31,244,349)</u>
Net unrealized appreciation	<u>416,639,492</u>
Undistributed ordinary income	528,219
Accumulated undistributed net realized capital gains	108,566,159
Other accumulated gain/(loss)	3
Paid in capital	<u>474,086,326</u>
Net assets	<u>\$ 999,820,199</u>

There were no differences between U.S. GAAP financial statement and tax-basis cost.

The Fund had no material uncertain tax positions and has not recorded a liability for unrecognized tax benefits as of October 31, 2025. Also, the Fund recognized no interest and penalties related to uncertain tax benefits during the period ended October 31, 2025. At October 31, 2025, the fiscal years 2022 through 2025 remain open to examination in the Fund's major tax jurisdictions.

- (f) The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board ("FASB") ASC 946, "Financial Services - Investment Companies." U.S. GAAP guidance requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.
- (g) In the normal course of business the Fund enters into contracts that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund that have not yet occurred. Based on experience, the Fund expects the risk of loss to be remote.
- (h) In connection with the preparation of the Fund's financial statements, management evaluated subsequent events after the date of the Statement of Assets and Liabilities of October 31, 2025. There have been no material subsequent events since October 31, 2025 that would require adjustment to or additional disclosure in these financial statements.

(2) Related Parties —

- (a) Investment Adviser and Management Agreement —

The Fund has an agreement with Nicholas Company, Inc. (with whom certain officers and directors of the Fund are affiliated) (the "Adviser") to serve as investment adviser and manager. Under the terms of the agreement, a monthly fee is paid to the Adviser based on an annualized fee of 0.75% of the average net asset value up to and including \$50 million, 0.60% of the average net asset value over \$50 million up to and including \$100 million and 0.50% of the average net asset value in excess of \$100 million.

Notes to Financial Statements (continued)

October 31, 2025

The Adviser may be paid for accounting and administration services rendered by its personnel, subject to the following guidelines: (i) up to five basis points, on an annual basis, of the average net asset value of the Fund up to and including \$2 billion and up to three basis points, on an annual basis, of the average net asset value of the Fund greater than \$2 billion, based on the average net asset value of the Fund as determined by valuations made at the close of each business day of each month, and (ii) where the preceding calculation results in an annual payment of less than \$50,000, the Adviser, in its discretion, may charge the Fund up to \$50,000 for such services.

(b) Legal Counsel —

A director of the Adviser is affiliated with a law firm that provides services to the Fund. The Fund incurred expenses of \$456 for the period ended October 31, 2025 for legal services rendered by this law firm.

(3) Investment Transactions —

For the period ended October 31, 2025, the cost of purchases and the proceeds from sales of investment securities, other than short-term obligations, aggregated \$6,513,681 and \$3,206,425, respectively.

(4) Operating Segments —

The Fund has adopted FASB Accounting Standards Update 2023-07, Segment Reporting (“Topic 280”) - Improvements to Reportable Segment Disclosures. The standard impacts financial statement disclosures only and does not affect the Fund’s financial position or the results of its operations. An operating segment is defined in Topic 280 as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity’s chief operating decision maker (“CODM”) to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. The management committee of the Fund’s adviser acts as the Fund’s CODM. The Fund represents a single operating segment, as the CODM monitors the operating results of the Fund as a whole and the Fund’s long-term strategic asset allocation is pre-determined in accordance with the terms of its prospectus, based on a defined investment strategy which is executed by the Fund’s portfolio managers. The financial information in the form of the Fund’s portfolio investments, total returns, expense ratios and changes in net assets (i.e., changes in net assets resulting from operations, subscriptions and redemptions), which are used by the CODM to assess the segment’s performance versus the Fund’s comparative benchmarks and to make resource allocation decisions for the Fund’s single segment, is consistent with that presented within the Fund’s financial statements. Segment assets are reflected on the accompanying statement of assets and liabilities as “total assets” and significant segment expenses are listed on the accompanying statement of operations.

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Nicholas II, Inc.

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Nicholas II, Inc. (the “Fund”), including the schedule of investments, as of October 31, 2025, the related statements of operations, statements of changes in net assets, financial highlights for the periods indicated in the table below, and the related notes (collectively referred to as the “financial statements and financial highlights”). In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of October 31, 2025, and the results of its operations, the changes in its net assets, and the financial highlights for the periods listed in the table below in conformity with accounting principles generally accepted in the United States of America.

Fund	Statements of Operations	Statements of Changes in Net Assets	Financial Highlights
Nicholas II, Inc.	For the period from October 1, 2025 through October 31, 2025 and for the year ended September 30, 2025	For the period from October 1, 2025 through October 31, 2025 and for the years ended September 30, 2025 and 2024	For the period from October 1, 2025 through October 31, 2025 and for the years ended September 30, 2025, 2024, 2023, 2022 and 2021

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Report of Independent Registered Public Accounting Firm (continued)

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of October 31, 2025, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP
Milwaukee, Wisconsin
December 22, 2025

We have served as the Company's auditor since 1977.

Approval of Investment Advisory Contract

(unaudited)

A discussion of the Approval by the Board of Directors of the Fund's Investment Advisory Contract can be found in the Fund's Semiannual Financial Statements and Other Information dated March 31, 2025.

Information on Proxy Voting

(unaudited)

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, without charge, upon request by calling 800-544-6547 or 414-276-0535. It also appears in the Fund's Statement of Additional Information, which can be found on the SEC's website, www.sec.gov. A record of how the Fund voted its proxies for the most recent twelve-month period ended June 30, also is available on the Fund's website, www.nicholasfunds.com, and the SEC's website, www.sec.gov.

Nicholas Funds Services Offered

(unaudited)

- IRAs
 - Traditional
 - SEP
 - Roth
 - SIMPLE
- Coverdell Education Savings Accounts
- Automatic Investment Plan
- Direct Deposit of Dividend and Capital Gain Distributions
- Systematic Withdrawal Plan
- Monthly Automatic Exchange between Funds
- Telephone Purchase and Redemption
- Telephone Exchange
- 24-hour Automated Account Information (800-544-6547)
- 24-hour Internet Account Access (www.nicholasfunds.com)

Please call a shareholder representative for further information on the above services or with any other questions you may have regarding the Nicholas Funds.

Directors and Officers

DAVID O. NICHOLAS, President and Director

JOHN A. HAUSER, Director

DAVID P. PELISEK, Director

JULIE M. VAN CLEAVE, Director

BRIAN J. JANOWSKI, Senior Vice President

JENNIFER R. KLOEHN, Senior Vice President,
Treasurer and Chief Compliance Officer

LAWRENCE J. PAVELEC, Senior Vice President and Secretary

JEFFREY J. STRONG, Senior Vice President

Investment Adviser

NICHOLAS COMPANY, INC.

Milwaukee, Wisconsin

www.nicholasfunds.com

414-276-0535 or 800-544-6547

Accountant

Dividend Disbursing Agent

Transfer Agent

U.S. BANCORP FUND SERVICES, LLC

Milwaukee, Wisconsin

414-276-0535 or 800-544-6547

Distributor

QUASAR DISTRIBUTORS, LLC

Portland, Maine

Custodian

U.S. BANK N.A.

Milwaukee, Wisconsin

Independent Registered Public Accounting Firm

DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin

Counsel

MICHAEL BEST & FRIEDRICH LLP

Milwaukee, Wisconsin

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contain this and other important information about the investment company, and they may be obtained by calling 1-800-544-6547 or visiting www.nicholasfunds.com. Please read the prospectus carefully before investing.

Item 8. Changes in and Disagreements with Accountants for Open-End Management Investment Companies.

There have been no such changes in or disagreements with accountants as contemplated by Item 304 of Regulation S-K.

Item 9. Proxy Disclosures for Open-End Management Investment Companies.

Not applicable for this reporting period.

Item 10. Remuneration Paid to Directors, Officers, and Others of Open-End Management Investment Companies.

The remuneration paid to directors, officers, and others is disclosed in the Statement of Operations included under Item 7.(a) Financial Statements and Financial Highlights for Open-End Management Investment Companies of this Report.

Item 11. Statement Regarding Basis for Approval of Investment Advisory Contract.

The basis for approval of the investment advisory contract is included under Item 7.(a) Financial Statements and Financial Highlights for Open-End Management Investment Companies of this Report.