Representative Director, President and CEO
辻 勝
Masaru Tsuji

The Nikko Group, in addition to its 2030 Vision and the Medium-Term Management Plan starting in FY 2022, established the Nikko Corporate Identity, which shows the path to be taken by the Group going forward.
We asked Mr. Tsuji about the strategic points in realizing the 2030 Vision, utilization of management resources for such, initiatives in sustainability management including ESG, and stakeholder engagement based on what the Nikko Group aspires to be as embodied in the Corporate Identity.

"Update the social infrastructure by leveraging engineering that is one step ahead of others."

We will strengthen human capital for achieving the mission.

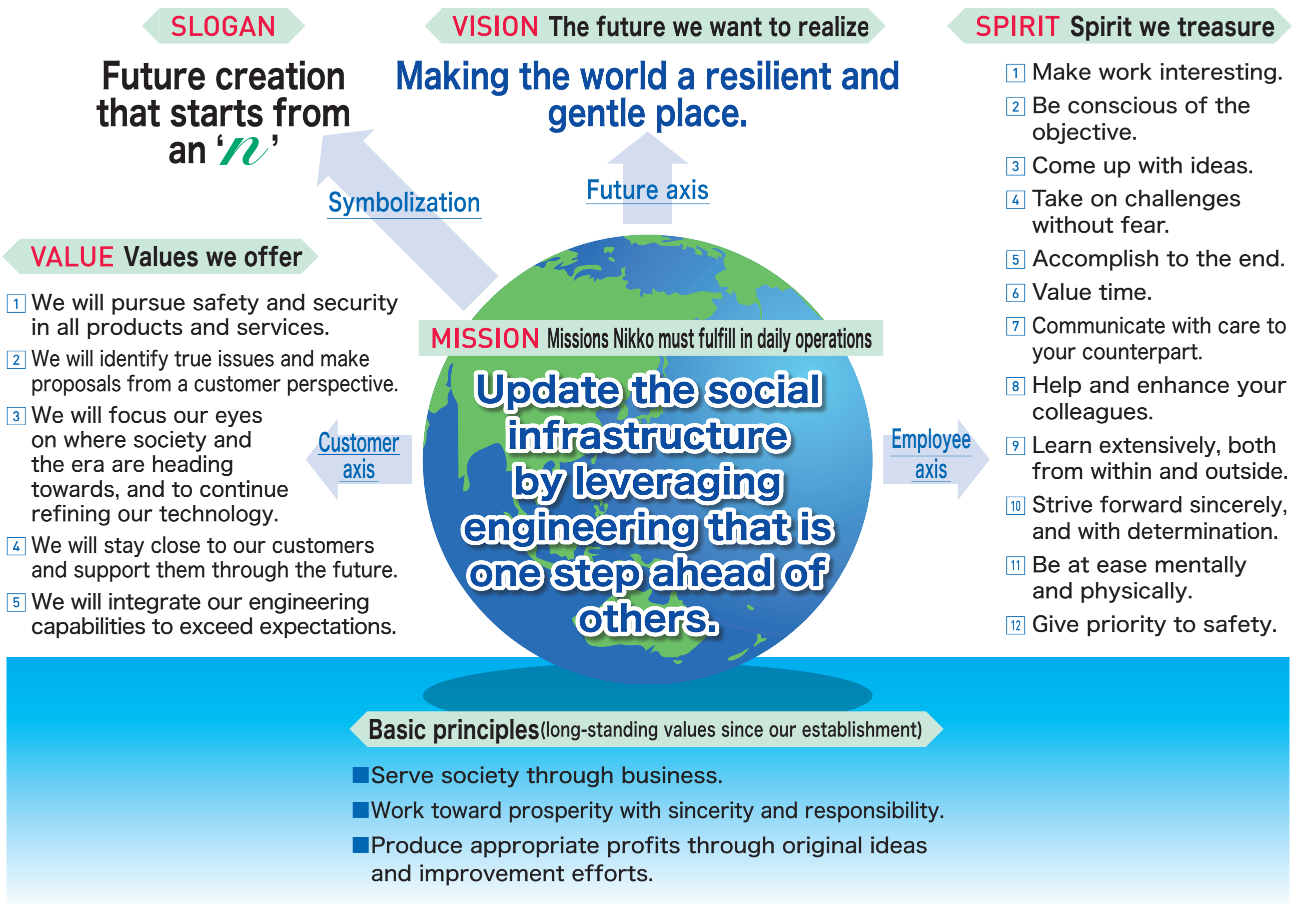
Session 1. What we aspire to be in terms of Corporate Identity

Nikko Group recently defined its Corporate Identity. First of all, please explain the thoughts that were put into the mission, which is also the Group's raison d'être of "Update the social infrastructure by leveraging engineering that is one step ahead of others," and your thoughts on how you will link together the company, its employees, and society.

We started formulating the Nikko Group's Corporate Identity from February this year under the Nikko Mirai Project.
In doing so, we sought participation from employees around the country and more than 10 candidates responded, from young employees to those in the manager class, and we formed a working group (WG) made up of 12 members going beyond the boundaries of position, gender, and department. The WG is made up of members with high aspirations and they interacted many times to exchange various views on matters such as "Why does the Nikko Group exist?"
During the process, they had the opportunity to speak with Mr. Kishi, a former president of the Group in addition to myself, for about two hours regarding the history of Nikko that has been passed down and things that should not be changed. Mr. Kishi is one of the former presidents who had the greatest impact on me, and the ideal person whom I aspired to be. He had been responsible for driving forward sales and service divisions, and the WG members gained inspiration listening to him speaking about his management that did not forget to go on the offensive including the struggles in new businesses. The members leveraged that inspiration in creating the Corporate Identity.
And the mission thus formulated was **"Update the social infrastructure by leveraging engineering that is one step ahead of others."**
As a top manufacturer, Nikko has been offering new products by polishing technologies that were ahead of its time and the industry. So, the words "engineering that is one step ahead of others" was incorporated to show that we would like to remain like that in the future, as well as showing our desire to compete with a technology-based comprehensive ability. Further, we deliberately used the word "update," instead of a static-sounding word, in order to incorporate the intention to change the social foundation of the future through engineering.
My role here was to be involved with the project as an observer, while respecting the independence of the WG. The mission statement that was developed reveals a forward-looking stance, and I think it is quite good.
Generally, internal meetings are held with members from the same department most of the time, but this time around I felt there were many members who were meeting for the first time. Since we designed the process in a workshop format so that all members share their ideas without fail, there were times when their views clashed. Nevertheless, I could feel that they grew in various aspects, which led to the birth of a team mindset over the course of wrapping up the discussions among the employees from different positions. From a comment by a female employee in charge of public relations who participated in the project, it appears that she felt that the aspirations of the company have not been shared much among the employees.
With the formulation of the Corporate Identity, I believe we have carried out the groundwork to unify the awareness of the employees and share our goal.

Nikko's company motto, although universal in nature, has a different take compared to the Corporate Identity. The objective of the formulation of the Corporate Identity is to make use of expressions that reflect the present and work it into the banner that shows the direction of the company to the employees. We also set up opportunities to gain feedback from other employees during the formulation, and there were many who opined that it had a positive effect that was different from the previous image.
This should not end with the Corporate Identity just being posted throughout the company walls; instead, what is important going forward is to instill it in all of the employees by incorporating video production and system design.
"Making the world a resilient and gentle place." is the new **vision** of the future that we want to realize. If the employees understand the Corporate Identity including the vision, and if we can clearly explain it to the customers and have their understanding, then we can expect this to spread much deeper.

● Nikko's Corporate Identity



It is clear that you carried out various new initiatives for drafting the Corporate Identity. Next, what kind of values specifically are you thinking of generating from the mission, based on the basic philosophy of Nikko Group?

The basic philosophy of the Nikko Group is the spirit of the Company Motto to "Serve society through business," "Work toward prosperity with sincerity and responsibility," and "Produce appropriate profits through original ideas and improvement efforts," and these values will remain unchanged.
There are five **values** that are derived from the mission, and they are promises we make to the customer. The first one is "We will pursue safety and security in all products and services," and it shows our intention to pursue safety as a major premise. The second one "We will identify true issues and make proposals from a customer perspective," promises that we will be in the customer's shoes when we are conducting sales activities. The third is "We will focus our eyes on where society and the era are heading and continue refining our technology," which refers to the handling of new technologies such as **carbon neutral (CN)**, and in order to realize such, I believe it is important to make investments in and utilize human capital. The fourth one, which is "We will stay close to our customers and support them through the future," expresses our attitude to support the customer forever by providing maintenance and other services. The last one, "We will integrate our engineering capabilities to exceed expectations" is our pledge that we will provide solutions that go beyond the expectations of the customers by combining the aforementioned promises with the Company's strength.
There are two companies we are competing with in the domestic market for **the asphalt plant (AP)** business, which is our mainstay business, and three companies in **the batching plant (BP)** business. It is necessary to develop and offer what customers are seeking as early as possible and ahead from our competition to ensure value improvement. In order to achieve that, I feel that we should never stop new development, and if anything, we should increase our speed. In the future, we are also thinking of jointly developing with our customers a theme that translates to the workstyle reform of Nikko.
We have come up with 12 **Spirit** items that should be treasured by the employees. While it is not imperative for the employees to satisfy all 12 **Spirit** items, it is necessary that they try to keep in mind as many of them as possible. Our **Spirit** includes old-fashioned spiritualism which includes new values such as "Make work interesting," but at the same time has items that were inherited from the Nikko DNA such as "Take on challenges without fear" and "Strive forward sincerely, and with determination."
The corporate culture cultivated by Nikko is to act straightforward, be honest, and not to run away from and lie to the customer.
This is something that happened quite a while back ago. A sales representative at that time apparently put together an inordinately profitable business proposal. When he came to know of the scheme, Mr. Higashida, the then president, became furious and told the employee to "never do anything to deceive the customer," and made him rework the contract with appropriate pricing, and deliberately slashed the profits.
Nikko does not run away from difficult projects requested by customers, but instead takes on the challenge and sees it through to the end. That is also our corporate culture. We will continue to treasure this in the future.
What we want to realize in the future vision, is **"Making the world a resilient and gentle place,"** where the word "world" denotes foraying into overseas markets, and leveraging the high infrastructure quality standards of Japan in the growing markets (ASEAN) of the world. Russia's invasion of Ukraine happened during the project and we were once again reminded of the importance of infrastructure and urban development. A "Resilient and gentle place," is urban development that enriches lives, as well as us being conscious of how we can help people around the world at the foundations of their lives, in addition to increasing environmental measures. We anticipated the arrival of an era where a product's value is determined by its eco-friendliness, and we will focus our product development on safety and environment (see p. 1).

Based on Nikko's corporate culture, leveraging value and spirit is imperative for realizing the future vision.

Session 2. Achievements and issues of the previous Medium-Term Management Plan

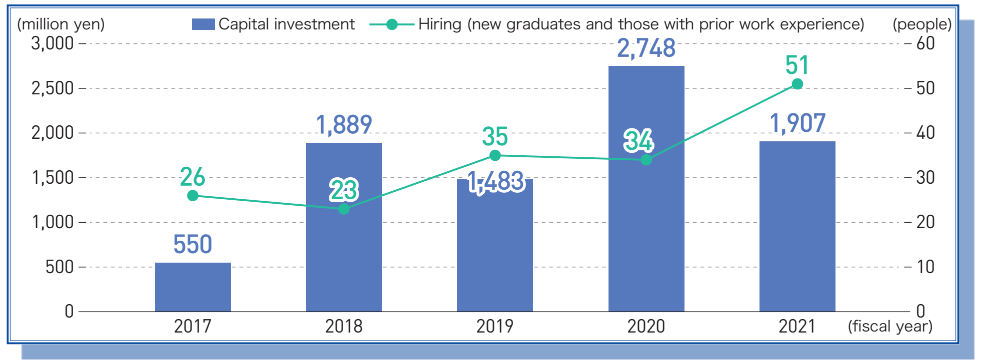
The previous Medium-Term Management Plan was completed in FY 2021 and while achieving the net sales target, we were unable to meet the operating income target. The slump in profit in FY 2021 appears to have been significant. But if we take that into account, could you tell us about the achievements of the previous plan and the issues the Group faced, and also how we will overcome those issues?

Net sales for FY 2021 achieved the previous Medium-Term Management Plan target of 38.0 billion yen, reaching 38.8 billion yen. By business segments, net sales in BP-related and other businesses exceeded the medium-term plan targets, but they underperformed in AP-related and environment- and conveyor-related businesses. As for business environment, though asphalt mixture and concrete shipment volume showed a slight declining trend, the strong appetite for investment of AP and BP users continued given the disaster prevention and mitigation plans, as well as the Plan for Building National Resilience. In the AP-related business, the demand for upgrading the plants that were rebuilt during the bubble economy era plateaued, while the overseas business recovered in FY 2021 despite being affected by COVID-19 in FY 2020.

Further, as part of the promotion of new businesses, we acquired the industrial machinery manufacturer Ube Kohki, headquartered in Yamaguchi Prefecture, through M&A and made it a subsidiary in FY 2021.

The achievements during the previous medium-term plan period are the following three points that would link to the next growth: (1) vitalization of capital investment including the establishment of new overseas subsidiaries, (2) increased hiring of personnel, and (3) implementation of M&As. Project promotion also resulted in the improvements of skill and motivation, as well as clarifying the objective. Looking at the medium- to long-term expansion of overseas business led by ASEAN, the near-term order situation is strong with us establishing a local sales and manufacturing subsidiary in Thailand. Among new businesses, mobile crushers and waterproof boards grew rapidly. In the BP-related business, Nikko's domestic dynamic share for FY 2021 exceeded 40% in both net sales and number of units shipped, coming close to the medium-term plan target of 50% share in units shipped. We were also able to expand the sales of service maintenance better than expected. In terms of company-wide achievement, we improved productivity through workstyle reform including promotion of remote working and introduction of IT tools.

● Trends in capital investment and hiring (new graduates and those with prior work experience)



Meanwhile, issues remain in terms of profit. Operating income in FY 2021 came to 2.05 billion yen, below the 3.0 billion-yen target under the previous Medium-Term Management Plan. By business, the BP-related, environment- and conveyor-related, and other businesses exceeded the target, while the AP-related business significantly underperformed. The reasons behind the AP-related business not meeting the target include the occurrence of unprofitable projects in addition to the rising cost of raw materials, which affected it more significantly than the other businesses. We have been reflecting the rise in prices of raw materials in the quotation from the beginning of FY 2021, but their contribution to the financial performance was limited. We also carried out salary revision (a uniform increase of 30,000 yen for union members) as part of investment in human resources.

While our domestic share in AP is high at about 70%, we were unable to show any overwhelming superiority with our comprehensive ability including product and service. It triggered a price war with competitors, which is a point of introspection. Given this experience, we established a specialized organization for marketing on January 1 this year. We will work on improving product service by enhancing the study of customer requirements and products of competitors. Besides these, the restrictions on movement due to the COVID-19 pandemic affected the overseas and new business fields, and we had a plant shutdown (about two months) in China around the time the COVID-19 pandemic started in 2020 as well as the lockdown in Shanghai (about two months) in 2022, and a seven-month delay in the completion of the manufacturing base of the Thai subsidiary due to travel restrictions. Furthermore, the fact that we advanced the schedule of decarbonization-related development, aiming for full-fledged response to CN, was also a factor behind the increase in expenses.

Among these issues, some no longer have any impact and some have already been addressed. However, the upfront investment for responding to CN will continue for a while. Schedules were changed due to many factors and we had to make investments upfront, but we plan to promote the medium- to long-term management goals without changing them. Going forward, we will not only strengthen the body, which has become large, but also the internal organs (see p. 23).

Session 3. Strategy related to the 2030 Vision and the new Medium-Term Management Plan

The Group formulated the 2030 Vision as "The top manufacturer of plant facilities and environmental products underpinned by advanced technology and customers' management partner through operation and maintenance service," with net sales target of 60.0 billion yen and operating income target of 6.0 billion yen. Please elaborate on your recognition of the business environment in the new medium-term plan and the strategy there.

First of all, regarding business environment recognition, there is a time lag in the AP-related business in passing on the steep rise in cost caused by the increase in prices of crude oil and other materials to road pavement companies, who are our customers, and we are seeing negative impact on the financial results as well as suppression and postponement of capital investment. In our case, there is also the rise in prices of supplies and prolongation of the delivery period, so, in addition to actively maintaining stock, we are addressing this by seeking the customers' understanding regarding a leveling of the delivery time and the passing of increased costs to the selling prices. At the same time, our guess is that capital investment by the road pavement companies will be sluggish not only in FY 2022 but also in FY 2023. In the case of BP, the ready-mix concrete industry as a whole is pushing cost pass-through on to the products and there is no sense of deceleration in inquiries at present. We therefore feel that capital investment will stay strong (see pp. 39, 41).

Nikko has a 70% market share in the domestic AP market, and it also has a top market share of more than 40% in the BP market.

The construction of the new plant in Thailand was delayed due to the COVID-19 pandemic, but we held the opening ceremony in March 2022 and the plant has started full-fledged operations. Nikko's used machines have the top share in the AP market in Thailand, with more than 250 units in operation currently. We have officially concluded a distributor agreement with TIPCO, the top supplier of asphalt raw materials in Thailand, and we will capture without fail the expected replacement demand for the ageing used AP machines manufactured by Nikko, aiming for early business expansion. We are receiving inquiries primarily for parts in business negotiations aimed at Russia, but since its invasion of Ukraine we have stopped business negotiations. We cannot predict when the invasion will end, but we hope to contribute to Ukraine's recovery through AP and BP (see p. 29).

There is steady investment in roads in China on the back of measures stimulating internal demand, and Nikko Shanghai's work volume is also increasing. The work volume has more or less doubled compared to five years ago. The level of technology also has improved, with recycling and other technologies at almost the same level as Japan's. Our policy, even now with the robust AP market, is to handle the increase in demand through outsourcing without expanding the production facility of Nikko Shanghai's own factory. Labor cost in China also has more or less doubled compared to 10 years ago. At the same time, China faces medium- to long-term risks such as the worsening of US-China

Nikko NilKhosol Co., Ltd. in Thailand

relations and the Taiwan issue. Though our strategy differs from the major competitors in Europe in the AP business and pursuing expansion of local plants, we will carry out management taking the risks into account. The technological level of local Chinese competitors is also improving, and there is a possibility of a change in the current composition where three companies (two European companies and Nikko) compete in the high-end market. The markets other than the high-end market, though they enjoy high volume, have high credit risk, and there is no change to our policy of not entering these markets.

In new businesses, mobile crushers of the mobile plant (MP) business had great success, and Nikko is continuing to expand its market share. Cumulative units sold have exceeded 110 units, and when counting smaller models, we are looking at annual sales of 40 units. In the medium term, we expect an increase in parts sales, which is a stock business, and therefore we will be pursuing enhancing parts stock and establishing a service structure (see p. 30).

In the 2030 Vision, the Company has revised upward its net sales target from 50.0 billion yen to 60.0 billion yen. Please explain the background and the important points to achieve that target.

When we drafted the previous Medium-Term Management Plan in 2019, the 2030 Vision was closer to a concept. As time passed, management consultants also got involved as we promoted a business administration project to prepare a more accurate medium-term management plan. As a result of that, and based on the performance for the three-year period, we revised upward the 50.0 billion yen net sales target for FY 2030 we set forth in 2019 to 60.0 billion yen. At the same time, we brought forward the 50.0 billion yen target by six years to FY 2024, the final year of the current medium-term plan (see p. 5).

We were able to carry out capital investment for future growth in the previous medium-term plan, led by manufacturing capital. While we will continue to make high level investments in the future, in the current medium-term plan our focus will be on enhancing human capital by increasing the personnel count and improving their skills. We are planning to increase the employee count by 145 for Nikko on a non-consolidated basis in the current medium-term plan period (against an increase of 69 during the previous plan period). Of this, 59 people will be AP-related and 20 will be BP-related, and we will also increase the number of development and mobile plant employees. We will also more than double the investment in R&D, which is intellectual capital, to 2.53 billion yen (1.19 billion yen in the previous medium-term plan). This will include not only the development of new environment-friendly products, but also support for remote operations and automation, system development, and IT investment. In capital investment, we are also considering a structure that will bring together cooperating companies, with Nikko at the center, to prepare for future supply chain risks (see p. 25).

I believe that it will be necessary to review the functioning of the head office plant in the near future. For example, by collaborating with overseas manufacturing subsidiaries and cooperating companies, the head office plant can primarily be involved in assembly, among other scenarios.

By business, we are anticipating an improvement in the profitability of the AP-related business and growth in the other business, which includes Ube Kohki, which has been made a subsidiary, as well as new businesses. Domestic AP-related business will leverage its high technological capabilities as the top manufacturer to ensure decarbonization, remote operations and automation technology to provide plant operation support to customers more than ever. Also, as the top manufacturer in Japan, the BP-related business has in sight to acquire the domestic dynamic share of 50%, and will carry out the comprehensive management of ready-mix concrete plants and product development to meet the high quality requirement of pre-cast concrete plants (see pp. 39, 41).

The key to the AP and BP strategy is the reformation of the maintenance service business, and in addition to streamlining the current operations, we will pursue the spread of subscription and other new services. Net sales of the maintenance service business for FY 2024 are planned to be 13.0 billion yen, which is more or less the same as those of FY 2021, but we aim to improve profitability. **Maintenance service will be considered as asset management (management of customer assets with prevention and maintenance at its core)**, and we will rebuild (segmentation, division of labor, and integration) the service business structure by carrying out remote maintenance with smaller numbers of people or without people. The reason why the net sales of the maintenance service business are flat is because we are placing importance on pursuing profitability by proceeding with improving the constitution within operational reform. It will be necessary to make significant changes to the division of roles of the business in these three years (see p. 28).

This medium-term plan is positioned as the internal investment phase to achieve the 2030 Vision. On top of having significant increases led by human and intellectual capital, we are also going ahead with the establishment of systems, processes, and precision such as the spread of new services and system development, with also a focus towards 2030.

The new medium-term plan is the phase to make internal investment for 2030. We will then move on to the business expansion phase starting from FY 2025.

● Three systems of education and training

Position-based training
(Ability development training corresponding to position)

New hire training
New manager training
Training according to year of joining company
Training based on personnel evaluation feedback
Career design training

Objective-based training
(Learning opportunities and assistance programs aimed at improving specific skills)

Support program for acquiring special skills, IT certifications
Support program for gaining language skills (TOEIC score improvement; target score: 820)
(In-house English language class, online English learning, external English language schools)

Autonomous and elective training
(Face-to-face, online seminars)

(Course details)
Business IT skills (macro, programming)
Business writing
Communication skills
People management skills
Presentation skills
Accounting, tax
Self-coaching

Amount invested in personnel training and training hours (total for FY 2021): ¥12,847,000 and 3,204 hours (only for major programs)

Regarding the utilization of management capital for raising the ability to generate cash flows in the future, which management capital does the Group lack upon achieving 2030 Vision, and how do you plan to strengthen that?

For achieving the 2030 Vision, it is imperative that we bolster and utilize human capital, which is the management capital that we lack the most. There are various ways to do that such as securing diversity, and raising the employees' skills and is not just limited to increasing hiring. So, first of all we have to think of how we will leverage the current employees to strengthen such. We also need to develop more women-friendly workplaces. We are currently reviewing our personnel system including these factors, and plan to enact it on April 1, 2023. The new personnel system carries out evaluations based on the level of performance, and if that mechanism is implemented further, it will raise the motivation of talented employees, which is expected to strengthen human capital. We are breaking away from the seniority system, and we will also allow employees to skip grades (job position). We will also review the existing old-style allowance system, link it with the new personnel system and distribute that capital to where it will lead to the Company's growth. We are also considering diverse

workstyles such as side job and second job system as well as an open recruitment system (see pp. 35, 65).
To be specific, we are lacking human capital the most in the maintenance service business.
The workload is high here, and since it also accounts for the highest share in net sales of Nikko Group, this is the most important challenge in achieving 2030 Vision. To that end, we need to change the business from a maintenance service to one where we manage the customers' assets. We are aiming for a win-win system where we not only respond to the emergency repair demands of customers but also offer customers a steady operation of plants, while we earn asset management revenue. For that purpose, we will build a business model that will level the maintenance service business work.
This also requires streamlining operations. The operations carried out by the maintenance staff not only require the knowledge of machinery and maintenance techniques, but also negotiations skills and spontaneity. On top of these, it involves numerous management items such as safety, process, credit, ordering, billing, and sales, and it will take more than 20 years to gain proficiency in all operations. We hope to also get some outside help and develop an outstanding system to streamline operations. Also, instead of recruiting maintenance staff, if can we hire a staff for system and data management, it will provide immediate firepower. We will restore the maintenance service business from its overflowing condition right now to what it should be, and set the net sales target for the business at 13.0 billion yen in the new medium-term plan. Along with modifying the harsh business details, we will also pursue streamlining by carrying out segmentation and reconstruction of the contents, after taking into consideration the operation's specialization. Through this we can expect to utilize and strengthen human capital. We have been blessed with high sales in the maintenance service business. Going forward, we will be focusing on data analysis, IoT, and DX, by combining the utilization of intellectual capital of IT and sensors along with human capital (see p. 61).
We also need to strengthen intellectual capital. Though we have installed development and testing devices inside the company, it is not possible to recreate the field experience inside a company. We hope Nikko will get an opportunity to make investments and operate the plant along with its customers. That is because the situation is different between the testing device and the site. Gaining actual experience in plant operation would enable the development of better plants, and the staff will be able to carry out plant management while being an engineer. Furthermore, we hope to be able to carry out development along with customers as equal partners at the business level (see p. 36).

What are the important ESG issues for improving sustainability? What kind of strategies and figures do you have in mind regarding environment (E) including realization of CN? Please explain along with the sustainability initiatives in governance (G).

We have listed CN-related initiatives for the environment (E). We have presented our decarbonization road map for asphalt mixture plants towards 2050 to customers. Nikko aims to achieve 4.0 billion yen in net sales of decarbonization-related products in FY 2030 (1.2 billion yen in the FY 2022 plan). Environment has not only AP- and BP-related themes but also company-wide themes, and we will also focus on the environmental recycling business, which is a new field. The target is urban mines. We consider recycling equipment for waste consumer electronics, construction waste, and waste materials generated at each manufacturing factory as a pillar of our business. In recycling construction waste materials, major business opportunities exist for treatment systems for plasterboards, soil contamination, and waste soil from dredging, and this is a field where we can contribute to society. We will expand our track record of recycling system for batteries, which are going to increase as we go forward. Maekawa Kogyosho, a subsidiary, has received requests for processing solar panels, and we also expect demand for recycling processing in the future. Nevertheless, cross-business initiatives are necessary for environmental recycling and we need to rebuild the teams that are working on it (see pp. 49, 51).
In governance (G), we established the Nomination and Remuneration Committee after announcing that we would list our shares on the Prime Market of Tokyo Stock Exchange. As for the composition of the board of directors, it has four outside directors including one female director, which satisfies the new Corporate Governance Code. We need to build a board structure and acquire the skills that are suitable for improving medium- to long-term business sustainability. Until now, there were times where I felt that the agenda items were adopted depending on the sensitivities of the times. In the future, however, we will need effectiveness of governance adapted to sustainability. It is also important to work on nurturing directors and officers' successors, including the president (see p. 73).

Session 4. Stakeholder engagement-related initiatives

In order to achieve the 2030 Vision and raise the corporate value, it is necessary to win the trust of the stakeholders by cooperating with them. What kind of engagement do you think is necessary in the future for this?

Nikko's corporate philosophy has been customer first over a long period of time. To solve social issues, it is necessary to build a relationship of trust through repeated engagement with the stakeholders, including customers, and share the same goal (interest) with them. Going forward, it is also important that we connect in fields that go beyond existing boundaries.
In terms of engagement with employees, we need to create opportunities for female employees to participate actively, which has been an issue, and make progress in diversity and inclusion so as to solve matters that are likely to grow into issues in the future. On April 1, 2022, we uniformly raised the salary of employees, and along with the new personnel system to be introduced in the next fiscal year, we will also aim to instill our corporate identity.
We would like to discuss our initiatives for achieving growth with our shareholders and investors by engaging with them through business results briefings, individual meetings and other means, while offering shareholder benefits and conducting questionnaire surveys by keeping in mind the payout ratio (dividends) they expect from us.
We will drive forward collaboration with customers and suppliers by working together on new challenges (joint development) and identifying themes that will lead to a mutual work style reform.
We would like to step up to a phase that is different from where we are at the moment by incorporating the viewpoints of sales and technology in the conversation (see p. 67).

Finally, please give us a message including a review of your tenure from the time you were appointed president to the present, as well as the corporate value that you consider important, and your responsibilities being in top management.

I took office as president on April 1, 2019, the same year that Nikko marked its 100th anniversary. At that time, we built the Techno Center on the west side of the head office building and consolidated our technology divisions there. That building is now running at full capacity as the number of engineers increased.
As the scale of our business grew, our impact (contribution) to society also increased, magnifying our corporate responsibility and raison d'être. In recent years, our employees have also started feeling the growth of the company, and we will aim for 60.0 billion yen in net sales in 2030 with the 40.0 billion yen as a waypoint. If the scale of the company grows further, the number of Nikko Group employees is also expected to grow significantly from the current 1,300.
The most important matter upon considering corporate value, I believe, is continuity and it is my role to take that responsibility. Nikko is not an owner-operated company and the term of office of the president is also fixed to a certain extent, and it is my duty to create a mechanism for continued growth during this period. I would like to ensure a passing of the baton on to the next chief executive so that the company continues to move in the growth trajectory.
It is necessary to also improve the earning power to raise the corporate value in capital markets. Rather than simply increasing the volume of existing business, what is important here is operational reforms. For example, we need operational reforms that lead to the enhancement of earning power such as next-generation preventative and predictive maintenance services through asset management and developing designs that are convenient for maintenance and manufacturing. In operational reforms, we would like to offer valuations that are satisfactory to the employees by accepting higher costs when it is necessary (see p. 21).
We look forward to the continuous support from our stakeholders. We will strive to deliver management that lives up to their expectations.

We will aim for the same goal as our stakeholders in order to improve our corporate value.