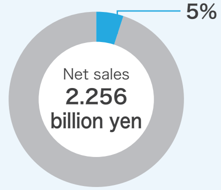
Crusher-related Business

We will reboot our sales power and aim for the top market share in Japan. We will also improve profitability by strengthening maintenance service sales and technology proposal-based sales.

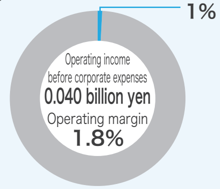
Director, Deputy Director of Business Division, General Manager of Service Strategy Department and Mobile Plant Business Department

Takeshi Sone

Net sales breakdown



Segment income breakdown



What the crusher-related business aspires to be

To achieve the goal of 5.0 billion yen in net sales and 0.8 billion yen in operating income in 2030, we will steadily execute business strategies for capturing the top market share in Japan at an early date. Beyond this goal, we aim to firmly establish our position as Nikko as a global company with an eye on full-fledged expansion in the overseas markets.

Strategy for realizing the vision

Based on the strengths of our products such as world's best fuel efficiency, excellent crushing performance, and high environmental performance, we will rebuild the sales structure and enhance the sales network to drive forward aggressive sales expansion to boost our market share. At the same time, we will stabilize business performance and improve profitability by increasing sales of Nikko-developed Mobix, acquiring new customers in collaboration with the AP- and BP-related businesses, and strengthening maintenance service sales.

Contribution to resolving materiality

We will achieve the establishment of a recycling-oriented society through contribution to recycling of concrete waste at demolition sites and slug and sludge of steel companies as well as sorting of soil and stumps.

Assumptions and measures during the new medium-term plan

- Expand business through development of sales channels
- Boost Nikko-developed product lines.
- Aim to improve profitability through expansion of maintenance service net sales.

Medium-term plan targets for the crusher-related business (million yen)

	FY2024 results	FY2025 forecast	FY2026 plan	FY2027 plan
Net sales	2,256	3,000	3,700	4,300
Operating income	40	150	220	300
Operating margin	1.8%	5.0%	5.9%	7.0%

*Operating income before corporate expenses

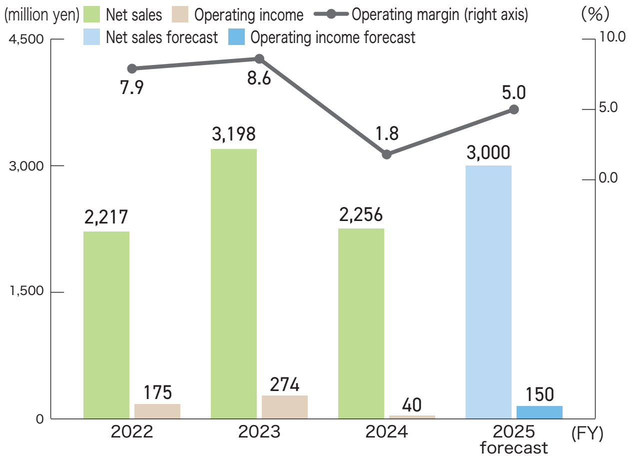
FY2024 financial results

The business results for FY2024 were roughly in line with the Company's forecast as we had major declines in both net sales and operating income. Order intake decreased 51.0% from the previous fiscal year to 1.7 billion yen, while net sales declined 29.5% to 2.3 billion yen and operating income fell by 85.4% to 0.04 billion yen (1.8% in operating margin). The reasons are absence of ODA projects compared to the previous fiscal year, a delay in inquired projects, and a decline in the market share due to aggressive sales campaigns by rival companies.

FY2025 performance forecast

For FY2025, we expect order intake to increase 139.8% from the previous fiscal year to 4.0 billion yen, net sales to grow 33.0% to 3.0 billion yen, and operating income to rise 275.0% to 0.15 billion yen (operating margin of 5.0%). We are expecting effects of the sales expansion of in-house developed products and highly profitable products through strengthening of sales structure as well as growth in net sales of maintenance services.

Trend in crusher-related business performance



Medium-Term Management Plan implementation strategy

Segment	Issues and goals	Strategic direction
Crusher-related Business	Sales growth Lateral expansion of the product market	Strengthen growth strategies for top-line expansion with improved profitability

Business opportunities

- Increase in demand for switch from stationary to mobile crusher
- Increasing adoption in steel mills, which is a large market
- Development of overseas market taking advantage of the exports to Ukraine
- Expanded use of mobile crusher by companies in the rental industry
- Increased sales to AP and BP customers (synergy effects)
- Capturing the maintenance service demand created by the increase in cumulative units sold
- Revenue growth from enhanced Nikko-developed product lineup

Issues

- Our main products are imported from Germany and depreciation of yen is a negative factor
- Intensified competition following market expansion
- Nurturing maintenance service personnel

Business strategies	
1 Existing business	Strengthen sales capabilities and partnerships with sales agents Intensify sales efforts targeting AP users and mining and steel industries Promote expansion of rental business
2 Growth business	Increase sales of mobile soil improver Mobix Eco Establish periodic inspection and contract-based maintenance business
3 MS business	Increase parts inventory Utilize maintenance app NM-LINK

Q&A with investors

Q. How much improvement can you expect in sales growth and operating margin?

A. Many of our products are imported and if the yen were to decline to 160 yen or lower against the euro, it would be difficult in terms of profitability. However, growth potential remains high and we are implementing a business strategy eyeing operating margin of 8 to 10%.