Contract-based Manufacturing-related Business

Ube Kohki Co., Ltd.

UBE KOHKI

Once the newly constructed second plant starts operations, we will strengthen human capital and organizational capability and aim for stable growth coupled with improvement in profitability.

Executive Officer, Senior Manager of Financial Department, Financial Management Department, Administrative Division
Representative Director and President, Ube Kohki Co., Ltd.
Haruhiro Ogawa

What Ube Kohki aspires to be

In pushing for the next growth stage, we will eliminate the bottlenecks while building an organizational structure that encourages employees to take on challenges unitedly. By doing so, we will improve profitability and raise the sales scale from the existing 2.0 to 2.5 billion yen to the 3.0 billion yen level in 2030.

Strategy for realizing the vision

As the new second plant starts operations, inspection and assembly processes will be improved and production capacity will be increased by 10 to 20%. We have been successfully acquiring new customers as our unique technological prowess backed by a design team gains recognition. Further, we aim to expand the scale of business by enhancing human capital mainly in sales.

Contribution to resolving materiality

We offer gas holders (tanks) for hydrogen and methane and will contribute to the realization of carbon neutrality. As a contract-based manufacturing company, we will also contribute to the creation of new customer values by responding to the diversifying customer needs.

Matsuda Kiko K.K.

株式会社 松田機工

We will promote business expansion that maintains high profitability by acquiring new customers, hiring and nurturing human resources, and strengthening production capacity.

Director, Director of Manufacturing Division and General Manager of Head Office Factory
President and Representative Director, Matsuda Kiko K.K.
Kazuhiro Yamada

What Matsuda Kiko aspires to be

Building on our end-to-end system (design, assembly, inspection, and installation) and the highly profitable manufacturing team with ample track record, we aim to raise our sales from the current 0.7 billion yen to the 1.0 billion yen level in 2030 and expand business while maintaining high profitability.

Strategy for realizing the vision

Net sales in FY2024 were at a record high thanks to multiple large-scale projects. We have begun construction work of the second plant and our production capacity will expand to the 1.0 billion yen scale. We will drive forward hiring and nurturing of managerial staff and acquire new customers. At the same time, we will collaborate with Ube Kohki and Nikko's external sales to maximize synergies in the Nikko Group.

Contribution to resolving materiality

In addition to realization of carbon neutrality through our projects for switching from blast furnaces to electric furnaces at steel manufacturers, we will also contribute to the creation of new customer values as we flexibly respond to customer needs by leveraging our unique strengths.

Business opportunities

- Increased business opportunities as competitors' businesses shrink
- Acquiring new projects through product and development synergies within the Nikko Group
- Increased demand for construction of various plants using hydrogen and methane as well as for related capital investment

Assumptions and measures during the new medium-term plan

- More competing companies will go out of business due to lack of successors.
- In addition to acquiring new customers, increase the number and quality of employees and facilities to maintain and increase profitability.

Medium-term plan targets for the contract-based manufacturing-related business (million yen)

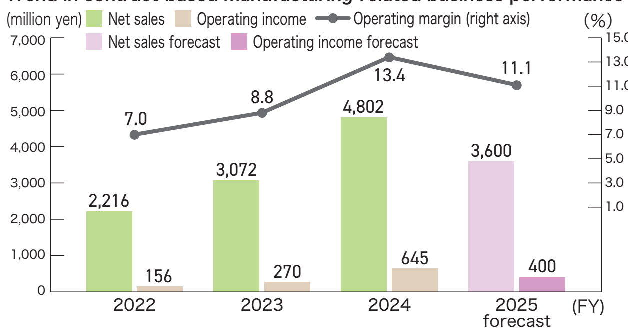
	FY2024 results	FY2025 forecast	FY2026 plan	FY2027 plan
Net sales	4,802	3,600	3,800	4,200
Operating income	645	400	450	500
Operating margin	13.4%	11.1%	11.8%	11.9%

*Operating income before corporate expenses

Strengths

- Both companies boast high comprehensive strengths in terms of quality, costs, and delivery time.
- Ube Kohki operates business across the country and has its own products such as gas holders and solar lighting in addition to contract-based manufacturing. It also has a cooperating factory in Dalian, China.
- Matsuda Kiko boasts high-level plate working and welding technologies and has capability to handle short delivery deadlines.

Trend in contract-based manufacturing-related business performance



Business strategies

1 Ube Kohki	Strengthen workforce and invest in factory facilities
2 Matsuda Kiko	Invest in facilities and promote DX of systems
3 Synergy effects	Strengthen collaboration mainly with Nikko's external sales

Net sales breakdown Segment income breakdown