# Other Business



## Nikko Machinery Co., Ltd.

We protect infrastructure and assets from intensifying natural disasters and aim to maintain high profitability while continuously expanding our business.

Representative Director and President **Akio Kataoka**

### What Nikko Machinery aspires to be

We will pursue optimum balance of the waterproof board, floodgate, construction machinery (design and manufacturing for the AP- and BP-related businesses), and technical planning (TP) businesses and realize stable growth. At the same time, we aim to maintain 10% or more in operating margin and improve it.

### Strategy for realizing the vision

We have been introducing mass production-type waterproof boards and disaster prevention-related demand continues to be strong due to an increase in flood damage. We can maintain the high profitability of floodgates as we pursue selective order intake leveraging the advantage of being one of the remaining companies. In the TP business, we will strengthen sales expansion of strategic products including thermo-melter with electric kettle , which is our unique product.

### Contribution to resolving materiality

There have been cases where waterproof boards are adopted and contribute to improvement of values of assets such as of condominiums. We also have been driving forward development of custom-made products and temporary sandbags reflecting disaster prevention needs. In the TP business also, we have embarked on the development of new products such as thermoplastic applicator , thus contributing to creation of new customer values.

## Nikko Sec Co., Ltd.

We will achieve stable growth through strengthening of equipment sales and rental service in response to customer requests in addition to sales expansion of streamlining machinery for equipment centers.

Representative Director and President **Koichi Kamada**

### What Nikko Sec aspires to be

We aim to realize stable sales growth through offering of equipment superior in safety and workability for construction sites and disaster afflicted areas and contributing to solution of various issues at equipment centers. We also plan to raise operating margin from current about 12% to around 15%.

### Strategy for realizing the vision

While strengthening prompt delivery not only for the civil engineering and construction industries but also in case of natural disasters, we will improve technological prowess by jointly creating products with the development divisions of parent Nikko and drive forward development of new products such as construction equipment in response to the requirements of the field and sorting equipment for the next-generation temporary construction equipment.

### Contribution to resolving materiality

With the tailwind generated by automation and energy-saving needs due to the manpower shortage at construction machinery centers of customers, we will contribute to creation of new customer value through strengthening and offering of equipment sorting system, cleaning system, and acceptance inspection system.

### Business opportunities

- Expansion of demand for waterproof boards and temporary construction equipment to respond to increasing natural disasters
- Demand for replacing gas-based kettles with electric ones for melting the white lining material used in road repair (6.0 to 7.0 billion yen in estimated demand)
- Increasing demand for repair and upgrade of floodgates following the policy on strengthening of national resilience
- Increasing need for automated facilities (sorting devices, etc.) for maintenance of temporary construction equipment given labor shortage
- Growing demand for highly workable temporary construction equipment against the backdrop of labor shortage at construction sites

### Assumptions and measures during the new medium-term plan

- Both net sales and operating income are likely to continue increasing under the disaster prevention and mitigation trend. At the same time, we will expand sales channels, production, and sales bases while strengthening development of new products.

**Medium-term plan targets for the other business** (million yen)

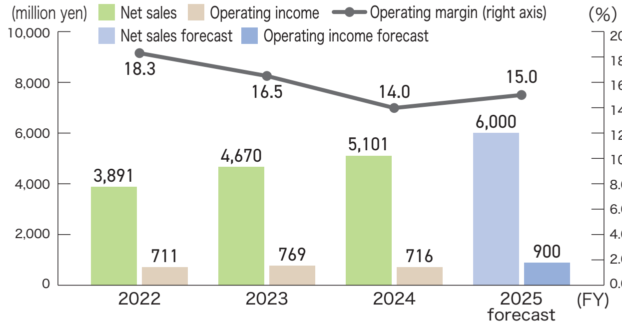
| | FY2024 results | FY2025 forecast | FY2026 plan | FY2027 plan |
|---|---|---|---|---|
| Net sales | 5,101 | 6,000 | 7,300 | 9,700 |
| Operating income | 716 | 900 | 1,100 | 1,650 |
| Operating margin | 14.0% | 15.0% | 15.1% | 17.0% |

*Operating income before corporate expenses

### Strengths

- High product development prowess and market share, with average operating margin of 13.5% over the past five years
- Asphalt kneader mixer differentiated by proprietary technology
- Temporary construction equipment is highly recognized for workability
- We internally design and manufacture acceptance inspection system for temporary construction equipment, cleaning equipment, and stacking systems (palletizers).

**Trend in other business performance**




### Business strategies

| | | |
|---|---|---|
| 1 | Waterproof boards, floodgates | Develop new sales channels, introduce new products |
| 2 | Temporary construction equipment | Build a new manufacturing and shipping facility in western Japan, expand rental business<br>Expand product lineup of scaffolding-related system |
| 3 | M&A | Actively pursue M&As in related fields |