

Measures to Reinforce Foundation for Value Creation

Measures to Reinforce Foundation for Value Creation to Realize 2030 Vision

	Goals in 2030	Input (management resources)	Issues to be addressed (short, medium, and long term)
 R&D Kawamura, General Manager of R&D Center	- Full-scale installation of low-carbon and environmentally friendly products - Installation of automated products leveraging AI and IoT technologies - Product development contributing to all group companies - Ratio of net sales of new products 10%	- R&D expenses: 0.87 billion yen - Development division engineers: 35 - Sharing of product development resources across all Group companies - Joint development with customers and external organizations 4+α core technologies (drying, mixing and kneading, material handling, and control) + measurement	- Human resource development for transfer and expansion of core technologies - Short-term and medium- to long-term product development aimed at decarbonization - Development of core devices for expanding sales of environment-related plants - Appropriate distribution of development resources across Group companies - Improvement of development speed for increasing the amount of social implementation
 Sales and consultation Yamamoto, Manager	- Next-generation green solutions on offer - Teleoperation systems in place through digital innovation - Front runner in the plant industries across the ASEAN market - Engineering solution company	- Implementation of marketing intelligence - Organization and hiring for globalization - The markets of all Group companies and sales agent associations - Intellectual properties of all Group companies and affiliated companies	- Give shape to environmental and future-oriented technologies - Deepening of advisory for encouraging corporate transformation - Establishment of cross-border partnerships - Strategic expansion into the ASEAN market - Development of human resource architecture to respond to globalization and next generation needs
 Planning and designing Uehara, Manager	- Plant solution provider - Proposals that create values at both customers and society - Comprehensive support of remote operation, automation, saving manpower - Overseas expansion of global standard products	- Group of skilled engineers who respond to customer needs - Core technologies (mixing and kneading, heating, material handling, and control) - Accumulation of knowhow regarding plant design and technical bases - Cooperation structure with technical design partner companies	- Systematic human resource hiring, strengthening the knowledge of the workers through nurturing - Realization of mass production concept and improvement in production efficiency - Early introduction of new control panel and upgrade of functionalities towards automation - Enhancement of core standard products that respond to customer needs - Improvement of customer satisfaction in safety, manpower saving, and quality
 Procurement Kobayashi, Manager	- Achievement of both stable procurement and cost optimization - Information sharing with suppliers and favorable relationship of trust with them - Enhanced communication on purchasing with Nikko Group companies and generation of synergies	- Human resources and materials warehouse to build procurement base - Establishment of partnership with suppliers - Purchasing information of the entire Nikko Group	- Breaking away from the medium- to long-term risk of purchasing from a single supplier - Swift replacement in the case of a supplier going out of business or termination of parts production - Measures for optimum inventory management - Stabilization of purchasing operation and improvement of efficiency of operations that depend on personal knowledge or experience
 Manufacturing Yamada, General Manager	- Productivity up 10% - Promotion of flexible delivery of a wide variety of products in short delivery time - Achievement of both quality improvement and manufacturing cost reduction - Improved productivity of Thai subsidiary - Manufacturing collaboration within the Nikko Group and generation of synergies	- Major layout changes of machine processing and other operations - Introduction of third rebar processing machine and revamp of processing lines - New construction of an assembly and finishing factory (992m²) as well as strengthening of capacity of assembly, trial run, and inspection and production capacity of specialty products	- Ensuring appropriate overtime hours - Promoting engineers to acquire multiple skills and building flexible backup system - Enhancement of ability to handle high-mix low-volume production, exclusive products, and specialty products - Achievement of both quality improvement and manufacturing cost reduction - Instruction of manufacturing technologies for Thai subsidiary
 Construction work Noguchi, Section Manager	- Operation engineers (plan): 60 (up 10 from existing level) - Reinforcement of field management engineers and chief engineers for all sorts of plant installation work - Digitization of work plan, safety documents, etc. to enable a structure where anyone can handle them - Expand the coverage from the head office to east and west (from 2025 onwards)	- Operation engineers: 29 (up 5) including 9 field management engineers and 18 chief engineers - Contractors around the country - End-to-end structure from assembly to operation adjustment	- Actions for safe work and safety instruction - Identifying new contractors and collaboration with other departments - Easy-to-implement structure in the design and construction work stages - Reinforcement of personnel (field management engineers and chief engineers)
 Maintenance services Sone, Manager, Planning Department	- Plant management through asset management - Start of operation service - Global operation of customer support	- To establish a structure of 150 field service men and 30 front service men - Transfer of front office operation, strengthening of organization - Development of workplace safety and machinery management system	- Switch from after-incident maintenance to preemptive maintenance - Acquisition of on-site human resources [(i) 150 field service employees and 30 front service men], [(ii) 80 supervisors and their allotment to key bases], and [(iii) Reinforcement of contractors] - Reinforce maintenance parts supply network - Remote management of plant operation and utilization of operation data for prevention and prediction

	Measures (short, medium, and long term)		Progress, outlook		FY2024 evaluation	
▶	■ Establishment of a department dedicated to promoting succession of skills and human resource development (development support department) ■ Number of development personnel to be hired from FY 2025 to FY2027: 15 (new graduates and mid-career hires) ■ Active hiring of outstanding foreign human resources	■ Establishment of agile development method and improvement of development efficiency through its combination with the conventional method ■ Promotion of joint product development with Group companies (establishment of a development committee) ■ Redistribution of resources for acquiring new core technologies (measurement technology, crushing technology, etc.)	▶	■ FY2025 hiring plan: Three new graduates and two mid-career hires ■ Foreign engineers: Two ■ Development of skill succession system using generative AI and formulation of human resource development plan	■ Acquired basic technologies of next-generation fuel combustion such as renewable fuels, biomass fuels, hydrogen, and ammonia ■ In joint product development with Nikko Sec and Nikko Machinery	○
▶	■ Exclusive showcase of latest products ■ Marketing, development, and education that co-create values in collaboration with partners ■ Strengthening of product lineup and alliance support from global strategy divisions	■ Promotion of synergies with local Thai subsidiary by the ASEAN Business Strategy Office ■ Active hiring of human resources who will play the main role in the future ■ Strategic popularization of green products through industry collaboration	▶	■ A new product trade show scheduled in October 2025 ■ Establishment of collaborative structures with local partners in Thailand and Vietnam ■ A trade show for the ASEAN market held at the Thai factory ■ New development of environmental products adaptable to energy transition	■ Next-generation recycling technology reflecting the needs of ASEAN, currently under verification ■ Currently working on evolution of business models beyond the boundary of the existing framework in response to the changing market environment	○
▶	■ Number of engineers to be hired from FY2025 to FY2027: 40 ■ Increase in production bases based on a design that is not limited by location in Japan or abroad ■ Technological involvement in quality and productivity of manufacturing divisions ■ Shift to external contract-based design of standardized products such as standard conveyor design	■ Dedicated divisions to promote key initiatives related to quality, functional design, and control panels ■ Cooperation and creation of new synergies with technologies of various Group companies ■ Establishment of a group of competitive global products and overseas expansion	▶	■ FY2025 hiring plan: Eight new graduates (including three for the control field) and four mid-career hires ■ Introduction of education curriculum for young engineers that is unique to the Technology Department ■ Development of high-value-added standard plants based on new ideas	■ Strengthening of design quality organization and launch of a dedicated division for promoting function design ■ Inventory-taking of technologies at Group companies and implementation of information sharing ■ Sales promotion of DX-enabled new control panel and initiatives for function upgrade	○
▶	■ Promotion of adding new manufacturers and averting risks through distributed purchasing ■ Promotion of function-focused purchasing in cooperation with engineering divisions and sharing of purchasing information ■ Rebuilding the inventory management rules and optimization of long-term inventory ■ Promotion of succession of operations that depend on personal knowledge or experience and development of framework for DX of purchasing operations		▶	■ Grasping of current situation of suppliers by visiting them and continuation of dialogue ■ Creation of opportunities for improving overall quality and holding seminars ■ Reconsideration of the inventory management rules and linkage between business system and warehouse areas ■ Continued implementation of succession of operations in phased manner		○
▶	■ Expansion of production space through construction of factory buildings ■ Replacement of aged equipment, introduction of new equipment, and development of production equipment ■ Reconstruction of factory layout ■ Promoting engineers to acquire multiple skills ■ Utilization of foreign technical interns and advanced skills training		▶	■ Continuation of human resource rotation ■ Continuation of vitalization through appointment of young employees as group heads and leaders ■ Start of construction of a new assembly factory (to be completed in summer of 2026) ■ Mutual manufacturing collaborations with Nikko Machinery, Ube Kohki, and Matsuda Kiko		○
▶	■ Digitization of work plans and safety documents (conversion to online, and online work) ■ Easy-to-construct unit structure (design and cooperation), increasing the percentage of parts built in-house ■ Promotion of structural designs that facilitates safe work ■ Proactive negotiations with contractors throughout Japan (discovery of new contractors) ■ Improvement of safety management structures in the field (creating a structure with two or more field managers)		▶	■ Improvement of product finish, development of a mechanism for ensuring safe construction work ■ Initiatives for reviewing construction work processes that ensure safe construction work ■ Two new contractors. Continued efforts for discovering more contractors ■ Increase of 5 operation engineers (5 planned in 2025) ■ Creation of the eastern area in Kanto		△
▶	■ Predictive maintenance based on next-generation diagnosis, promotion of shift to next-generation preventative and predictive maintenance, and evolution of plants ■ Hiring, reduction of emergency repair, and improvement of efficiency through division of labor ■ Enhancement of production bases and utilization of external warehouses leveraging Group network ■ Starting actual operations at cooperating factories and refining the operations		▶	■ Concluded agreements with 9 AP users and 30 BP users. Expecting 20 contracts per year in the future ■ Plan to appoint employees who are in charge of area-based front office operations ■ Start of data monitor operation		○