

Creating future lifestyles  
through sustainable business

**NIKKE**  
Group



Nikke Group Integrated Report  
2024

# Creating future lifestyles through sustainable business

## Continually tackling challenges

In the Nikke Group, our corporate philosophy is to meet every challenge with passion and pride as a corporate group that is gentle and warm toward people and the planet. We strive to put this into practice as we aim to be a company that creates future lifestyles by operating a variety of businesses that encompass all stages of life. In fiscal 2024, we embarked on our 3rd medium-term management plan (fiscal 2024 to 2026), a culmination of the RN 130 (Renewal Nikke 130) Vision. The Nikke Group will continue to work as one in tackling new challenges and pursuing sustainable management so that we can be a vibrant company that creates future lifestyles.

### Corporate philosophy

The Nikke Group will meet every challenge with passion and pride as a corporate group that is gentle and warm toward people and the planet.

### Group vision

Turning an eye toward undeveloped fields, the Nikke Group will make bold efforts for the development and provision of highly functional products and the best services for communities, aiming to be company creating future lifestyles.

### Corporate principles

- Aspire to be a vigorous corporate group in which all employees of the Group have a “can-do” attitude and can grow.
- Create new markets with unique products and services derived from the voice of the customer, and research and development.
- Always look to the future and maintain a global point of view, and contribute to the development of our customers and society worldwide.
- In order to continue winning in many markets, reform and/or develop our business by widely seeking human resources and integrating various kinds of knowledge.
- Aim to achieve sustained growth and improve our corporate value in the medium to long term, by building durable relationships of trust with a broad range of stakeholders, including our customers, shareholders, employees, business partners, and local communities.



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#### Editorial policy:

In addition to financial information including business results and strategy, this report is edited with the intention of informing shareholders, investors, and other stakeholders of Nikke Group's nonfinancial information such as ESG topics.

#### Period covered:

Fiscal 2023 (December 1, 2022 to November 30, 2023)

#### Organizations covered:

Nikke Group initiatives and the activities of each group company

#### Scope of environmental reporting:

• Nikke mills: 2 locations (Innami Mill, Gifu Mill) • Offices: 6 locations • Domestic group companies: 10 companies (Ambic Co., Ltd. [now F&A Nonwovens Corporation]; Gosen Co., Ltd.; Kanaya Knit Co., Ltd.; Bisyuu Wool Co., Ltd.; Taisei Keori Co., Ltd.; Tsukineko Co., Ltd.; Nikke-Okoshi Dyeing Co., Ltd.; Hokuren Co., Ltd.; Fuji Corporation [now F&A Nonwovens Corporation]; Nikke Machine Manufacturing Corporation); • Shopping centers: 2 locations (Nikke Parktown, Nikke Colton Plaza)

#### Note:

Figures may differ from the data reported in the previous fiscal year, as data prior to the reporting year has been reviewed and revised in accordance with the companies covered in this report. Furthermore, figures may differ from those reported in the previous fiscal year due to rounding off.

#### Disclaimer:

This report contains forward-looking statements on Nikke and Nikke Group. Such forward-looking statements are based on information available at the time and may differ from the results of our future business activities.

# Our story

## The Nikke Group's story is one of value transformation

From textiles to industrial machinery and materials, commercial facility operations, and e-commerce. Behind the diverse businesses of the Nikke Group is a history of continuously accepting challenges. One of the Nikke Group's strength is its distinctive sustainable management model, which is based on a management policy that combines proactiveness and reliability to stay abreast of changing times, continually transforming know-how and experience into new value for society.

### 1896

#### Founding

About 130 years ago, in 1896, Seibei Kawanishi founded Japan Wool Textile Co., Ltd. out of concern that Japan was so reliant on imports to meet the increasing demand for woolen fabrics that accompanied the country's economic growth. This small, local woolen company dispatched engineers to Europe and made other then-groundbreaking efforts that would solidify Nikke's foundation as a woolen company. And, from there, our textile business expanded.



Looms

#### Textile & Clothing Materials

Developing, manufacturing, and selling advanced materials and hybrid materials and products derived from wool



#### Founder Seibei Kawanishi

Entrepreneur Seibei Kawanishi (1865–1947) foresaw the future potential of the woolen textile business and recruited a group of Kobe businessmen to establish Japan Wool Textile in 1896. He built up Nikke into a leading company in the wool industry. He also put his significant skills to use in launching various businesses to form the Kawanishi Zaibatsu conglomerate.

### 1960-

#### Strengthening school uniforms

We strengthened our sales structure for school uniforms. We offered school uniforms that students would be happy to wear, such as the Nikke School Suit new standard school uniform and the blazer-centered Nikke Young Star in the Ivy League style.



#### Industrial Machinery & Materials

Developing, manufacturing, and selling products, equipment, and other items for a broad range of fields, including automotive and environmental

#### Human & Future Development

Providing services and developing real estate for community-friendly urban development

#### Consumer Goods & Services

Leveraging our trading company functions to offer sales and logistics services both inside and outside the Group

### 1980-

#### Diversifying from the textile business Entering the commercial facility management business

Diversification began in earnest during a downturn in the textile industry. As part of a business transformation that utilized former factory sites, Nikke Parktown opened on the site of the former Kakogawa Mill in 1984, and Nikke Colton Plaza opened on the site of the former Nakayama Mill in 1988.



Nikke Parktown (Kakogawa, Hyogo Prefecture)



Nikke Colton Plaza (Ichikawa, Chiba Prefecture)

### 2000-

#### Expanding through M&A

We have used M&A-driven business expansion to develop our Group as a whole. We also aim to revitalize our organization by incorporating growth areas into our Group.



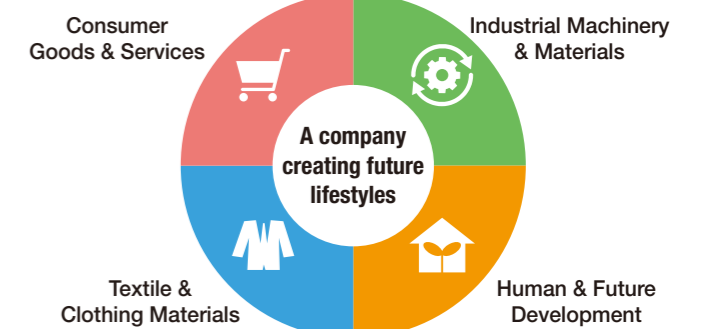
#### Continually tackling new challenges to be a company that creates future lifestyles

We prioritize allocation of resources to growth businesses, new businesses, and streamlining (energy conservation, labor reduction, automation), expand overseas business, and improve capital efficiency, while also creating synergies within and between business divisions. The entire Nikke Group will continue tackling new challenges to be a vibrant company that creates future lifestyles.

### 2016

#### Becoming a company that creates future lifestyles

We formulated a new medium- to long-term vision, the RN130 (Renewal Nikke 130) Vision. We set our sights on fields where there was untapped potential, taking on the challenge of developing and providing highly functional products and the best services for communities so that we can realize our ambition of being a company creating future lifestyles for a more prosperous tomorrow.



### 2008



#### Six-division system—from Japan Wool Textile to Nikke

As the company transformed from a textile company into a business conglomerate, we started using "Nikke" as our company monicker. We adopted a six-division system consisting of Textile & Clothing Materials, Materials, Engineering, Real Estate, Community Services, and Distribution Services to maximize group synergy.

### 2012

#### Four-division system

We reorganized our previous six-division system into a four-division system: Textile & Clothing Materials, Industrial Machinery & Materials, Human & Future Development, and Consumer Goods & Services. We increased our business agility and efficiency and, thereby, improved our overall group strength.



### 2018

#### Entering the medical field

In order to advance into the field of life sciences, Nikke Medical Co., Ltd. (now Kyoto Medical Planning Co., Ltd.) was established as a company specializing in medical supplies. We are working on the development of a variety of processed textile products that can be used in the field of life sciences, including regenerative medicine.



Genocel® gelatin fiber substrate for cell cultures



Nikke Group Representative  
The Japan Wool Textile Co., Ltd.  
President and Representative Director  
Chief Executive Officer

**Yutaka Nagaoka**

**We will strive for further growth using the earnings foundation and human resources that are the Nikke Group's strengths.**

Revenue increased from the previous fiscal year and operating income hit a second consecutive record high for the fiscal year ended November 2023. We will strive for further growth toward our 130th anniversary using the Nikke Group's earnings foundation and human resources.

### Conditions in the Fiscal Year Ended November 2023

With operating income hitting a fresh high, arrangements have been made toward the 130th anniversary of the company's founding.

Operating income for FY2023 hit a record high for the second consecutive year. We think this is because we strengthened the earnings foundation to constantly record operating income of more than 10 billion yen amid a rise in resource and energy prices and the yen's ongoing depreciation. I visited many business bases and group companies and talked with people there during the two years since I became the Nikke Group representative, which has once again made me aware that there are many competent, skilled, and motivated workers in the Group. In FY2026, Nikke will mark the 130th anniversary of its founding. We have established the CF 140 Vision (Create the Future 140 Vision) Committee to newly set a corporate image, direction, and business strategy to be pursued by the Nikke Group over the next 10 years to achieve further growth and expansion of the Group using that earnings foundation and human resources. The Nikke Group will continue to take on challenges to be a company creating future lifestyles.

### RN (Renewal Nikke) 130 Vision

Summary of the results of the 2nd Medium-term Management Plan and strategies under the 3rd Medium-term Management Plan

The key to the new Medium-term Management Plan is accelerating growth investment and other strategies as the final phase of the RN 130 Vision.

Summary of the results of the 2nd Medium-term Management Plan (fiscal year ended November 2021 through fiscal year ended November 2023) under the RN 130 Vision

Although the target was not reached, operating income hit a fresh high

Since the start of FY2021, the 2nd Medium-term Management Plan under the RN 130 Vision has been implemented amid the COVID-19 pandemic. After that, our external environment changed dramatically due to Russia's invasion of Ukraine, deteriorated relations between the United States and China, the

rise in energy and resource prices, the ongoing depreciation of the yen, and other reasons. Steering during the three years was particularly difficult.

### Highlights of the Fiscal Year Ended November 2023

Revenue increased year-on-year and operating income hit a second consecutive record high for the fiscal year ended November 2023

		Year-on-year
Sales	113.49 billion yen	4.1% ↑
Operating income	11.01 billion yen	2.9% ↑
Ordinary income	11.63 billion yen	▲0.7% ↓
Net income attributable to owners of parent	7.64 billion yen	4.9% ↑
ROE	7.0%	0.0% →

In that business environment, although the results for FY2023 did not reach the initial target sales, operating income, and net income under the plan, the 7% ROE target was achieved throughout the three years. The goal of surpassing the highest operating income recorded for FY2019 was achieved for FY2022 and FY2023, and the record-breaking growth has continued for two consecutive fiscal years.

I believe our success in achieving these results is entirely attributable to the fact that the four business divisions and approximately 60 group companies in the Nikke Group work on businesses using their respective strengths to build complementary relationships. The Consumer Goods & Services business, which successfully captured stay-at-home demand during the COVID-19 pandemic, significantly grew in FY2021. In FY2022, there was an increase in profits from the Textile & Clothing Materials business, where sales of textiles for overseas markets expanded, capturing a shift to a weaker yen, and from the Industrial Machinery & Materials business, where synergy was seen between Ambic Co., Ltd. ("Ambic") and Fuji Corporation ("Fuji Corp."), which joined the group in 2021. In FY2023, the Human & Future Development business performed well in the shopping center business. Also, it contributed to

revenue with gains obtained from the disposal of inefficient real estate while flexibly reviewing its business portfolio. Moreover, the Textile & Clothing Materials business, which has been trying to increase productivity, also secured a second consecutive high-profit level. Such a well-balanced complementary relationship, which increases profits as a whole, despite ups and downs in each fiscal year or business, is the core element of the Nikke Group's resilience (flexibility to face challenging situations).

**Strategies under the 3rd Medium-term Management Plan (fiscal year ending November 2024 through fiscal year ending November 2026) under the RN 130 Vision**

**Accelerate the four key strategies as the final phase of the RN 130 Vision**

The 3rd Medium-term Management Plan under the RN 130 Vision is a plan, as the final phase of the RN 130 Vision, to newly recognize what to do in the future and work toward the "vision for the future" each business and each person created at the time of the development of the Vision. Accordingly, although amendments will be made based on changes in the business environment, the basic point is, like the 2nd Medium-term Management Plan, to accelerate the four key strategies: (i) prioritize allocation of resources to growth businesses, new businesses, and streamlining; (ii) expand overseas business; (iii) improve capital efficiency; and (iv) create synergy through reorganization within and among business divisions.

**Key Strategy | 1**  
**Prioritize allocation of resources to growth businesses, new businesses, and streamlining**

A lack of growth of the third thickest pillar after the domestic uniform business and the shopping center and real estate development business, and a need to strengthen the supply chain amid increasing geopolitical risks are recognized as challenges to the allocation of resources to growth businesses, new businesses, and streamlining.

The 2nd Medium-term Management Plan projected an investment of 45 billion yen as a combined growth investment limit for capital investment and M&As. However, growth investment resulted in merely 24 billion yen, as there was a delay in procuring materials and equipment due to the COVID-19 pandemic, and some investments were intentionally avoided after scrutiny based on ROIC and other investment criteria.

The 3rd Medium-term Management Plan reflects our intention to facilitate growth investment more actively while maintaining financial soundness and projects an investment of approximately 50 billion yen. The following three investments remain key to the strategy: investment in product development, streamlining, and energy-saving equipment; investment in expanding our customer base; and investment in human resources.

The Textile & Clothing Materials business will strive to further increase margins by enhancing productivity and strengthening the production value chain. In FY2023, we continued making intensified capital investments, including

installing an additional production line of Breeza®, an eco-friendly innovative spun yarn. We will further invest in streamlining and enhancing productivity and actively invest in equipment and human resources to create new products. The production system has been developed to share information with our partner trading and apparel companies and enhance productivity through digitalization. This system has already been partially functioning since the end of last year and will be completed by the end of this fiscal year.

The Industrial Machinery & Materials business regards its nonwoven fabric business as a growth business, which should become the third pillar of the Nikke Group. Ambic and Fuji Corp., engaging in manufacturing and supplying nonwoven fabric and felt, integrated their businesses on December 1, 2023, and started as F&A Nonwovens Corporation ("FANS"). With a highly competitive product portfolio that integrates the strengths of the two companies, FANS will strive to be a company that can satisfy our customers' needs more extensively. FANS has manufacturing subsidiaries in China, Indonesia, Vietnam, and other countries. Last year, it decided to make growth investments in those Indonesian and Vietnamese bases, where further development is expected. FANS will maintain a large volume of supplies in broad fields, including automotive, information equipment, construction materials, and consumer goods, and expand the scale and type of business.

To improve profitability by enhancing the value of our owned real estate, the Human & Future Development business will proceed with projects, such as the reconstruction of the Tokyo Building, which will be completed in early 2025, and the large-scale retrofitting work of the Kobe Head Office Building.

Based on investment criteria, we will also rebalance the portfolio by newly acquiring profitable real estate and disposing of inefficient real estate. The Nikke Colton Plaza in Ichikawa, Chiba Prefecture, has performed well since its renovation in October 2022. Continued investment in the shopping center business will further enhance customers' convenience and make shopping much more exciting.

The Consumer Goods & Services business is the business division to which the Group's fabless manufacturing and e-commerce retail companies belong. Additionally, we will acquire companies with a great affinity for its current business through M&As and establish an SPA value chain within the division, aiming for higher profitability. In the distribution and retail industry, an increase in logistics costs due to amended regulations and difficulty finding suitable workers is a major management issue. We will work on reducing relevant costs by establishing new logistics bases, including partnerships with external logistics service providers.



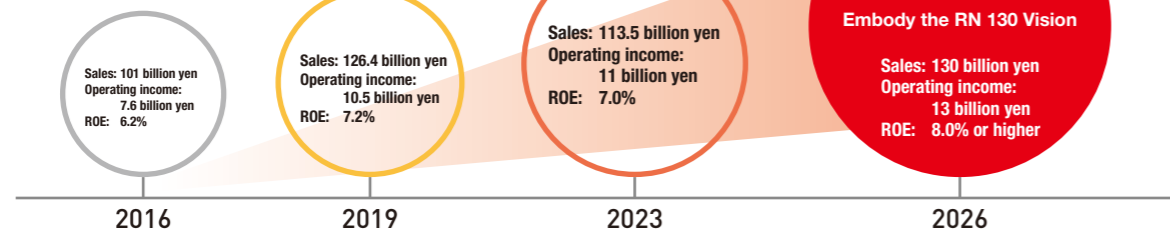
**Positioning of the 3rd Medium-term Management Plan (FY2024–FY2026)**

Medium- to Long-term Nikke Group RN 130 Vision

**Newly set a direction, corporate image, and business strategy to be pursued by the Nikke Group over the next 10 years, striving to enhance corporate value in the medium to long run.**

Become a corporate group with sales of **200 billion yen**

Mark the **130th anniversary of the company's founding**  
Embody the RN 130 Vision



**1st Medium-term Management Plan**

Regarded as Phase 1 to embody the vision. Nurtured the seeds in each business field, getting the ball rolling.

**2nd Medium-term Management Plan**

Regarded as the three years to speed up toward the RN 130. Steadily improved business performance while keeping an eye on the impact of the pandemic and smashed the highest sales profit record set in 2019.

**3rd Medium-term Management Plan**

Embody the vision of a company creating future lifestyles developed by each business. Steadily take measures to achieve higher growth than the preceding fiscal year and strive to break the highest sales and profits records.

**Make 3 Investments to Implement Key Strategies Successfully**

- Investment in product development, streamlining, and energy-saving equipment
- Investment in expanding our customer base
- Investment in human resources

**1 Prioritize allocation of resources to growth businesses, new businesses, and streamlining (energy-saving, manpower-saving, automation)**

- Textile & Clothing Materials**: Foster growth drivers (overseas textiles, knit products); strengthen production (energy-saving, manpower-saving, automation); enhance productivity by digitalizing the value chain; strengthen the production value chain (strengthen domestic production and hedge risks)
- Industrial Machinery & Materials**: Further expand sales of automotive products (products for EVs) and green products (ADMIREX® high-performance filter). Enhance the profitability of the nonwoven fabric business (Ambic and Fuji Corp. were integrated and started as a new company, F&A Nonwovens Corporation). Further expand the overseas business (capital investment in overseas bases, expanded overseas sales); fully launch a recycling business (used clothing)
- Human & Future Development**: Advance the real estate development business (reconstruction of the Tokyo Building, retrofitting of the Kobe Building, development of the unused land in Ichinomiya, the land in Itami and the south side of the Colton Plaza, and more). Improve customer satisfaction and asset value by renovating commercial facilities and owned real estate; review unprofitable real estate. Strengthen the operation system of the lifestyle support business
- Consumer Goods & Services**: Strengthen the e-commerce business (respond to rising commodity prices and fiercer competition, further expand the overseas e-commerce and product lineup). Establish an SPA value chain; establish logistics bases
- Medical-related**: Launch new products and expand their sales (such as Pawdre® bioabsorbable sheet); venture into the field of regenerative medicine

**2 Expand overseas business**

- Rebuild the production system to strengthen domestic production, taking into account geopolitical risks; expand sales in overseas markets
- The Textile & Clothing Materials business will expand the textile and knit product business
- The Consumer Goods & Services business will work on cross-border e-commerce
- The Industrial Machinery & Materials business will expand the overseas business (expanded sales of ADMIREX® and HIMELON®, capital investment in overseas bases)

**3 Improve capital efficiency**

- Redevelop, re-redevelop, and dispose of unprofitable real estate
- Ensure the selection and concentration of businesses and carry out structural improvement, withdrawal, separation, and reallocation of investments

**4 Create synergy through reorganization within and among business divisions**

**Key Strategy | 2**

**Expand overseas business**

Overseas business expansion under the 2nd Medium-term Management Plan did not progress as expected due to the COVID-19 pandemic. We recognize that we are facing the task of developing a new strategy.

The Textile & Clothing Materials business has an integrated value chain from spinning to the whole cloth in Japan. The yen exchange rate is weaker today, which we can say may be used as an advantage to create a good opportunity to expand exports to overseas markets. Last year, Nikke Textile Co., Ltd. held a solo exhibition in Paris under the theme of “Nikke Authentic Gabardine,” attracting many visitors, mainly from high-end apparel companies. We are looking to establish bases in Paris and other parts of Europe. We will also review initiatives to expand the school uniform market in China and expand textile sales to, for example, local emerging apparel companies.

In the Industrial Machinery & Materials business, FANS will utilize the Asian production and marketing networks established by Ambic and Fuji Corp., respectively. EMI Corporation, a trading company dealing in industrial equipment and materials, will overcome the impact of the pandemic and fully demonstrate its sales and marketing capabilities in overseas markets, thereby expanding its distribution channels to all parts of Asia, including China and Southeast Asia, and also to Europe, and the United States.

The Consumer Goods & Services business regards

e-commerce as a pillar of its strategy. As the items handled by the business include many seasonal products, such as blankets and neck coolers, we are looking to launch overseas sales by establishing a cross-border e-commerce system for the southern hemisphere through major e-commerce service providers and creating other systems.

**Key Strategy | 3**

**Improve capital efficiency**

In March 2023, the Tokyo Stock Exchange requested that all listed companies on the Prime and Standard markets take action to implement management that is conscious of cost of capital and stock price. Since then, I have felt ever-increasing expectations from the market for enhancing corporate and stock values. I recognize that I am responsible for implementing the strategy steadily to achieve the ROE target of 8% for FY2026 under the 3rd Medium-term Management Plan. In FY2023, we held 32 meetings with investors and analysts, a significant increase from 18 meetings in the previous fiscal year. We will continue to make every effort to communicate with markets to get an understanding of Nikke’s value creation process from them, which I believe will lead to putting an end to the P/B ratio of less than 1x. For this, we will strive to disclose sufficient information and work on strengthening corporate governance to gain more trust. We will conduct business while keeping in mind that communication with shareholders and investors is a key issue.



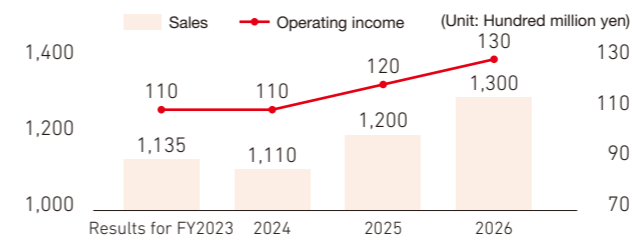
**Key Strategy | 4**

**Create synergy through reorganization within and among business divisions**

Collaboration and synergy effects among group companies have already achieved success with FANS in the Industrial Machinery & Materials business. However, much potential remains, mainly in overseas markets.

Last year, Interior Office One Inc. (“Interior Office One”) became a group company in the Consumer Goods & Services business. Interior Office One has planned and launched many self-developed products, mainly beds, mattresses, and bedding. It runs an e-commerce business using its website and major e-commerce platforms. The company has great e-commerce know-how, as shown by the fact that sales of beds on its website, Neruconciierge Neruco, reached the top in Japan, surpassing those made by major furniture sales companies on their websites. Interior Office One and the Nikke Group’s other furniture wholesaler, Miyako Corporation, has strengthened collaboration in the B2C business. In this way, by combining advantageous business models with the Group’s products, much more synergistic effects will be generated.

(Unit: Million yen)	2nd Medium-term Management Plan	3rd Medium-term Management Plan (FY2024–FY2026)			3-year growth rate compared to FY2023
	FY2023	FY2024	FY2025	FY2026	
	Results	Plan	Plan	Plan	
Sales	113,497	111,000	120,000	130,000	114.5%
Operating income	11,016	11,000	12,000	13,000	118.0%
(%)	9.7%	9.9%	10.0%	10.0%	
Net income attributable to owners of parent	7,643	7,700	7,800	8,800	115.1%
ROE	7.0%			Target of 8%	



- As the final phase of the RN 130 Vision, we will open our eyes to uncultivated fields, take on the challenge of developing and providing highly functional products and best services for communities, and strive to embody the vision of a company creating future lifestyles developed by each business.
- Although sales will shrink due to the reorganization of businesses, the goal for the initial year of the Medium-term Management Plan (FY2024) is to achieve the previous fiscal year’s profit level by enhancing profitability.
- We will steadily achieve higher growth than the preceding fiscal year, and the goal is to break the highest sales and profits records for the final year of the Medium-term Management Plan. Moreover, we will facilitate management that is conscious of the profitability of equity and strive to achieve the ROE target of 8% and P/B ratio greater than 1x.

**New Growth Fields**

**The medical business should become the fifth business.**

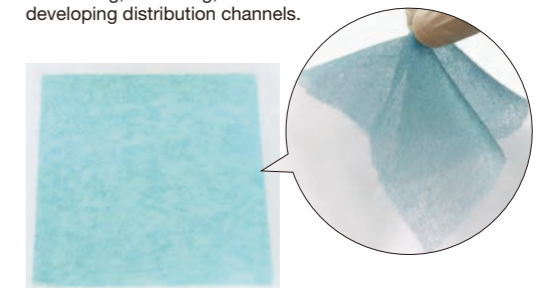
The medical business should become the fifth business after the current four businesses. In June 2023, Kyoto Medical Planning Co., Ltd. (“Kyoto Medical Planning”), a wholly owned subsidiary of Nikke, obtained approval for its self-developed medical product, Pawdre® absorbable suture reinforcement material. This product, produced by special processing, is an elastic and flexible sheet-type tissue reinforcement material suitable for the body. It prevents bleeding or air leakage from the suture line at the time of surgical procedure, such as sealing the resection plane of lung, liver or tongue cancer or the location of pneumothorax. There is no need to remove it, as it is naturally absorbed into the body approximately 15 weeks after the procedure. It does not remain in the body as a foreign object, significantly reducing patients’ mental and physical burden. The Nikke Group sets “Improve health and comfort” as one of the material issues to achieve well-being (physically, mentally, and socially good condition). Taking advantage of our textile technology, we have developed medical products to reduce the burden on the body, such as Pawdre®, and products to support regenerative medicine and drug development research, such as Genocel® culture substrate. We successfully obtained approval for these products, and their production system has been gradually established. In order to increase the number of customers for these products, Kyoto

**Obtained approval of Pawdre® PGA sheet**

Kyoto Medical Planning obtained approval for the Pawdre® PGA sheet from the Japanese Ministry of Health, Labor and Welfare on June 22, 2023.

Pawdre® is an absorbable suture reinforcement material that uses polyglycolic acid (PGA). The product, produced by special processing, is an elastic and flexible sheet-type tissue reinforcement material suitable for the body. This is best suited for reinforcement of the suture line or fragile tissues, such as to seal the resection plane of lung, liver, or tongue cancer or the location of pneumothorax, and is widely used by medical institutions.

We will promote sales of Pawdre®, using synergy in the medical business between the Nikke R&D Center, which will conduct research and development, and Kyoto Medical Planning, which will carry out the work of making applications for approval and perform other important functions such as manufacturing, distributing, marketing, and developing distribution channels.



Medical Planning established its Tokyo office in FY2024. The medical business has a great affinity for the corporate philosophy of the Nikke Group—“Gentle and warm toward people and the planet”—and we will strive to make it grow, looking to M&As as an option.

In addition, the Future Creation Department established in December 2022 has a mission to freely explore potential needs and look for the seeds of new technologies and services and, with an eye to the future of Nikke, develop and propose new businesses conforming to the Group’s vision and contributing to the SDGs. Although this requires finding unprecedented things and is a highly difficult task, the department proceeded with research in the past year, keeping an eye out for many fields. The second year began, and the department finally got ready to start. This year, it will narrow the focus and delve into the fields with a potential for commercialization. I hope its members will think from a wider perspective and bravely take on challenges with the mindset of creating the future of the company themselves. I expect some seeds of new businesses will grow by the time the new medium- to long-term vision starts toward the 140th anniversary year.

**How the Nikke Group Should Be**

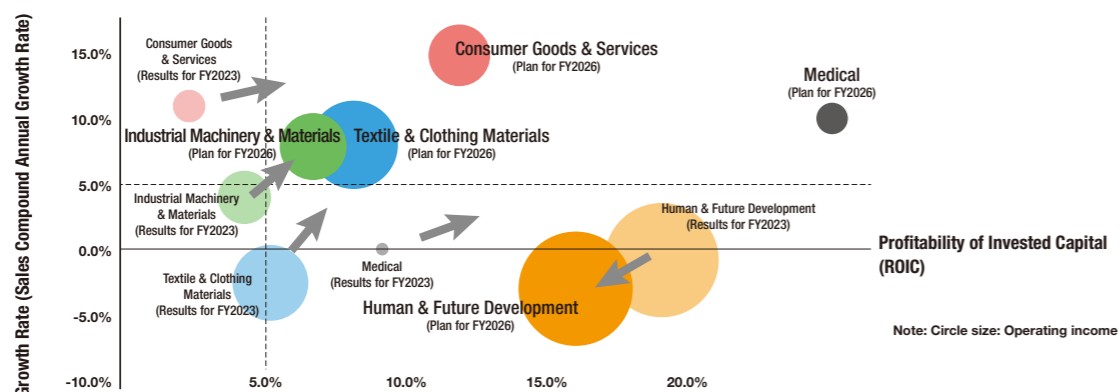
**Our human resources are the source that enables us to continue to take on challenges to be a company creating future lifestyles.**

For now, businesses will face a situation where high geopolitical risks are unlikely to be eliminated, and resource and energy prices will remain high. The external environment will continue to change significantly in the long run. As a reduction in the working-age population is unavoidable due to the progression of an aging population with a low birthrate, we must continually take measures against a shrinking domestic market and difficulty finding suitable workers. Companies are expected to take increasingly more responsibility for climate change and other environmental issues and respecting human rights in the supply chain. In the technical aspect, AI and other digital technologies are evolving astonishingly fast, which may fundamentally change how business is done. However, we will establish a solid foundation for the Nikke Group with an unflinching resolve: “No matter what happens, we will go this way.” What is most important for this is human resources.



**Business Portfolio**

**Cash flow created by the Textile & Clothing Materials business and the Human & Future Development business will be appropriated for investments in businesses and M&As to make a new business grow into a pillar.**



- The Textile & Clothing Materials business will enhance efficiency further and strive to increase its sales.
- The Industrial Machinery & Materials business will aim to strengthen the nonwoven fabric business and expand sales of automotive and green products.
- The Human & Future Development business will face a decrease in sales due to the reorganization of businesses, but will increase asset value and resultantly the amount of profits.
- The Consumer Goods & Services business will aim to enhance profitability and use M&A to expand product lineups.
- The Medical business will aim to expand developed product sales, enhancing profitability.

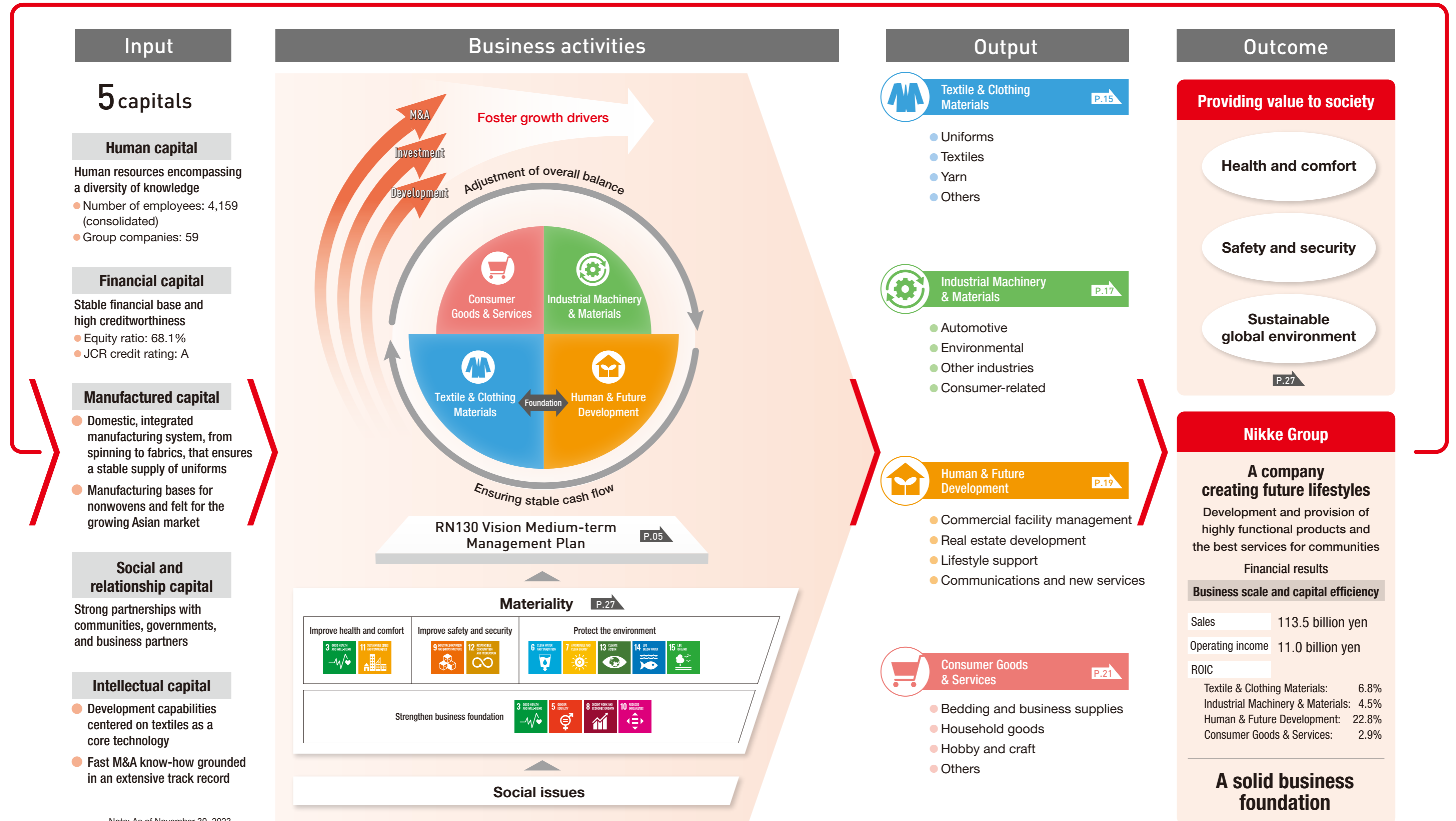
An organization where all Nikke Group members actively try new things and compete in each market is my ideal. The Nikke Group has a dozen domestic factories, many service locations and stores, and over 4,000 employees. Since becoming the president, I have visited many business locations and group companies and talked with people there. It has once again made me aware that there are many competent, skilled, and motivated workers in the Group. I am confident that this will be a great advantage in the future. In order to secure valuable workers, each group company must be an attractive company that can reveal a growing trend. For this purpose, the management team, including me, is entrusted with creating an environment where every employee can express their spirit of challenge and engage in their work with confidence and pride. If they conduct day-to-day work with the mindset of spontaneously and actively taking on challenges instead of just doing given tasks, they will be happy, and the company will also be able to grow. I hope our employees will achieve something in the Nikke Group that they can proudly say, “I did it.” We will provide motivated workers with all possible support regardless of gender or nationality, and will spare no effort to invest in developing human resources through education and training.

In December 2026, Nikke will mark the 130th anniversary of its founding. Therefore, we have established the CF 140 Vision Committee, a project to question the Nikke Group’s vision anew over the next ten 10 years, bringing together the members shouldering the next generation chosen from all companies and business divisions. I believe that in a rapidly changing environment, all we can do to grow further and expand toward the 140th anniversary year is to continue taking on challenges to be a company creating future lifestyles. For this, we will spend one year rethinking the company’s raison d’être and what direction the Nikke Group will take in the future, that is, our purpose and vision. Based on the outcome, I have a responsibility to create an environment where each business division will drive its business growth to be a company creating future lifestyles and to provide a compass to guide our employees to go forward, sharing the same mindset. I want to announce it in a timely manner as the next medium- to long-term vision and show how the Nikke Group will contribute to society and make our stakeholders and employees happy.

# Value Creation Process

Maintaining a focus on social issues while capitalizing on the strengths of our business foundation to achieve the vision for the Nikke Group

The Nikke Group will meet every challenge with passion and pride as a corporate group that is gentle and warm toward people and the planet



Note: As of November 30, 2023



# Textile & Clothing Materials



Refining our proprietary technologies and transforming our supply chain so that we can grow our business on a global scale while also helping respond to society's need for a circular economy

Managing Executive Officer  
General Manager of Textile & Clothing Materials Division  
**Yoshiyasu Kaneda**

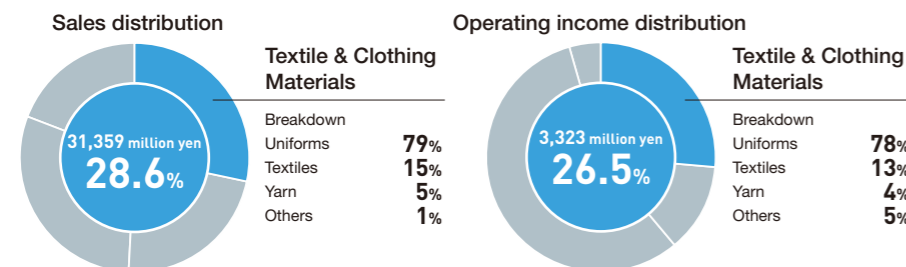
Business overview	Development, manufacture, and sale of high-performance materials and products primarily for clothing use	
Key policies	<ul style="list-style-type: none"> <li>Maximizing domestic profit</li> <li>Maximizing overseas growth</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen our marketing capabilities to enhance the value of the Nikke brand</li> <li>Establish the world's best manufacturing platform by honing our unique technological capabilities, thus becoming more competitive</li> <li>Expand global business (textile and knit products business)</li> <li>Construct a process for recycling clothing into clothing</li> </ul>

Results of the 3rd year of the 2nd medium-term management plan (fiscal year ended November 2023) (Unit: Million yen)

	1st year		2nd year		3rd year (final year)			
	Fiscal year ended November 2021		Fiscal year ended November 2022		Fiscal year ended November 2023			
	Medium-term plan	Results	Medium-term plan	Results	Medium-term plan	Results	Difference	Evaluation
Sales	32,000	29,872	34,500	29,735	36,700	31,359	(5,341)	↘
Operating income	2,700	2,749	3,200	3,234	3,650	3,323	(327)	↘
Operating margin	8.4%	9.2%	9.3%	10.9%	9.9%	10.6%	0.7 points	↗

### Performance by business segment for the fiscal year ended November 2023

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjustment divisions (3,755 million yen). Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjustment amount (-1,536 million yen).



### Changes in ROIC (return on invested capital)

	FY2019	FY2020	FY2021	FY2022	FY2023 (fiscal year ended November)
ROIC	5.1%	4.8%	6.1%	7.0%	6.8%

### Main products and services

- Uniforms
  - Uniform materials for schools
  - Uniform materials for private companies
  - Uniform materials for government offices
- Textiles
  - Clothing materials
- Yarn
  - Yarn sales

### Business appeal points

In recent years, the rise in environmental awareness has put the spotlight on wool, a natural and eco-friendly material. Its functionality is being recognized even in the sports and innerwear markets, which have traditionally been dominated by synthetic fibers. Our proprietary technology has overcome the problem of wool's weaknesses, resulting in NIKKE AXIO®, which has received high praise from renowned global brands. Our textiles, which offer a unique texture not found in Europe, have also garnered significant support. Consequently, sales of wool materials for general apparel in fiscal 2023 saw a substantial growth of 25% compared to the previous year. Moving forward, we will continue to focus on expanding our presence in overseas markets and further growing our business.



### Results for the fiscal year ended November 2023 and initiatives for the future

#### Key initiatives

- Expand global business**  
We will further refine our unique and differentiated products (knitwear, woven fabrics, and finished goods) while enhancing the brand presence of Nikke to expand our global business.
- Build the world's leading manufacturing platform**  
We will further develop our proprietary yarns, which are our strength. We will also actively invest in energy-saving, labor-saving, and automation technologies and pursue digital transformation (DX) to connect industry supply chains, thereby establishing a highly efficient and waste-free manufacturing value chain.
- Expand the uniform business**  
In response to the shrinking domestic uniform business, we will enhance profitability by thoroughly optimizing our business processes and strengthening our garment supply system.

#### Business advantage

The competitive advantage of our Textile & Clothing Materials Division lies in an integrated supply chain, which spans from raw material procurement and material (yarn) development to the delivery of finished garments, all within the Nikke Group. In particular, our material development capabilities and responsiveness to customer demands are key differentiators from our competitors. Another advantage we enjoy is that having a consistent supply chain within the Group allows us to adapt flexibly to changes in the business environment and societal demands. Our ability to recycle clothes into clothes and thus contribute to meeting society's need for a circular economy is testament to our strengths. Moving forward, we will continue to work alongside society and consumers, striving for further technological advancements and supply chain transformation to achieve the future we envision.

#### Risks and opportunities

In the medium to long term, we recognize the structural risk posed by the declining birthrate and shrinking workforce in Japan, which is leading to a contraction of the uniform market. Additionally, we face the risk of cost increases due to a weakening yen, rising labor expenses, and geopolitical factors driving up energy costs. However, there is a growing awareness of the need to reduce environmental impact as part of the SDGs, leading to a renewed appreciation for the functionality of natural materials like wool. There is increasing interest in using wool for sportswear and innerwear, clothing worn close to the skin. These markets represent significant opportunities not only domestically but also internationally. For our division, which offers a range of differentiated products through proprietary technologies, this presents a substantial growth opportunity.

# Industrial Machinery & Materials



Pursuing new business, expansion of overseas sales, increased profits in the nonwovens business, and further group company structural improvements

Director and Managing Executive Officer  
General Manager of Industrial Machinery & Materials Division

**Kuniaki Hihara**

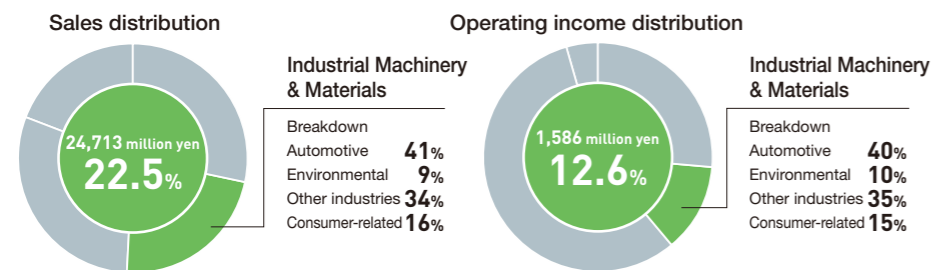
<b>Business overview</b>	Provision of products, materials, technologies, and services for automotive, environmental, other industrial, and consumer-related fields
<b>Key policies</b>	<ul style="list-style-type: none"> <li>Expand profits primarily in the automotive and environmental business</li> <li>Expand overseas sales</li> <li>Expand profits in the nonwoven fabric business Merge Ambic and Fuji Corp. to start a new company, F&amp;A Nonwovens Corporation</li> <li>Full-scale entry into the used clothing recycling business as our third pillar</li> <li>Pursue further structural improvements in each business</li> </ul>

## Results of the 3rd year of the 2nd medium-term management plan (fiscal year ended November 2023) (Unit: Million yen)

	1st year		2nd year		3rd year (final year)			
	Fiscal year ended November 2021		Fiscal year ended November 2022		Fiscal year ended November 2023			
	Medium-term plan	Results	Medium-term plan	Results	Medium-term plan	Results	Difference	Evaluation
Sales	22,000	20,390	24,000	23,853	27,200	24,713	(2,487)	↘
Operating income	1,200	1,235	1,550	1,952	2,150	1,586	(564)	↘
Operating margin	5.5%	6.1%	6.5%	8.2%	7.9%	6.4%	(1.5 points)	↘

## Performance by business segment for the fiscal year ended November 2023

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjustment divisions (3,755 million yen). Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjustment amount (-1,536 million yen).



## Changes in ROIC (return on invested capital)

	FY2019	FY2020	FY2021	FY2022	FY2023 (fiscal year ended November)
ROIC	7.7%	3.5%	3.6%	5.8%	4.5%

## Main products and services

- Automotive**
  - FA equipment
  - Interior materials and cushioning (nonwoven fabric)
  - Thread for airbags and seatbelts
  - Motor binding materials
- Environmental**
  - Filters (nonwoven fabric)
- Other industries**
  - OA and home appliance materials
  - Semiconductor-related and imaging equipment
  - Carpets for homes, offices, and trade shows
- Consumer-related**
  - Racket sports related
  - Fishing related
  - Materials for musical instruments

## Business appeal points

Regarding dust collector filters, since launching Japan's first needle-punched felt for filter bags onto the market, we have expanded our lineup to include a range of products that use a variety of fibers, and even offer value-added processed products. Of note, ADMIREX® is our own high-grade product that uses the world's finest class of PTFE fibers.

HIMELON® is a low-VOC nonwoven fabric that complies with the RoHS Directive and the VOC regulations of major automobile manufacturers, with chemicals like halogen compounds and formaldehyde intentionally being not used, so that it complies with environmental regulations. Its adoption has been particularly widespread in the fields of audio, home appliances, automobiles, and office equipment, being used for such applications as cushioning packing, dust prevention, and light blocking.

For office automation components, we can produce special shapes tailored to customer needs for laser printer and copier toner seals and inkjet printer waste ink absorbers. Our materials are used for a range of purposes, including sealing, cleaning, absorbing, and coating.



## Results for the fiscal year ended November 2023 and initiatives for the future

### Key initiatives

**Strengthen overseas sales capabilities and adapt to local sourcing policies of overseas companies**

Despite fluctuations in the Chinese economy, we continue to seek growth in overseas markets and are looking at expanding our business in Southeast Asia, where the geopolitical risk is relatively low and we can make effective use of our existing bases of operation, and in India, where further development is expected in the future.

**Enter the used clothing recycling business**

Advancements in textile resource circulation systems are expected in the future. Thus, we are aiming to automate the foreign matter removal process of the recycling process, which is a bottleneck in the value chain, and, thereby contribute to society while developing new sources of revenue.

**Explore high-quality M&A projects**

With the aim of strengthening the competitiveness of our automotive and semiconductor-related business, we will identify high-quality projects for which we will consider M&A.

**Optimize and expand manufacturing bases**

With the launch of F&A Nonwovens Corporation, we will optimize our domestic manufacturing bases and improve productivity, while also investing in expanding production capacity at our manufacturing bases in Southeast Asia (Indonesia, Vietnam, Thailand), where there is expected growth for each of our group companies.

### Business advantage

In the Industrial Machinery & Materials Division, we have established a key policy of expanding profits primarily in the automotive and environmental fields, whose markets are expected to grow due to strong demand from society. Each group company has a research and development department, and we have in place a structure that enables us to develop competitive products tailored to each market's needs with regard to use versatility, durability, functionality, and environmental friendliness. In addition to maintaining production bases in Japan, we have also expanded into China and the ASEAN region to build a value chain capable of quickly delivering high-quality, low-cost products. We are also a trading company, with sales strength not only in Japan but also overseas.

### Risks and opportunities

In overseas markets, we recognize the risks stemming from economic uncertainty in China, local companies moving towards greater selectivity in their procurement sources, and reduced sales due to customers transferring their production or allocating their bases of operation to other countries. In the Japanese market, we recognize the risks of rising costs due to a weak yen and soaring raw material and energy prices. At the same time, however, we are working to capture new sales opportunities for high-performance incinerator filters because of stronger environmental regulations in China, as well as for our businesses in the ASEAN region, where, in addition to China, we have a growing number of production bases. Additionally, we have launched a used clothing recycling business in Japan and will contribute to addressing environmental issues through the development and sale of recycled materials and new products made from recycled materials.

# Human & Future Development

Recognizing that the foundation of business is the success of our employees, and building up our business based on real estate rather than each business creating their own strategies



Director and Managing Executive Officer  
General Manager of Human & Future Development Division  
**Yoshiro Kawamura**

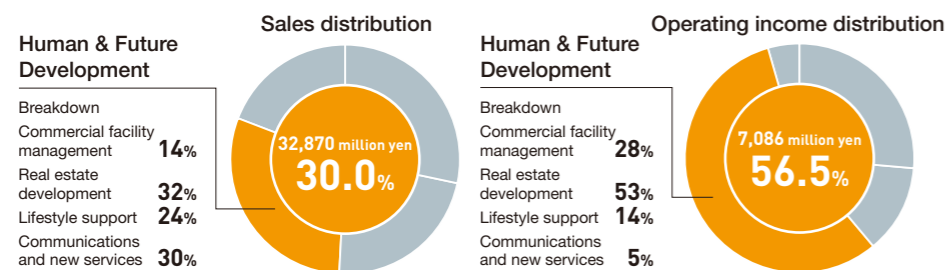
<b>Business overview</b>	Provision of products and services that meet local needs through regional development encompassing stores to entire communities; development of real estate
<b>Key policies</b>	<ul style="list-style-type: none"> <li>Pursue customer satisfaction and employee satisfaction to provide products and services as the undisputed regional No.1</li> <li>Strengthen interaction within business divisions to expand options for community and regional development</li> <li>Strive to maximize the profits of Nikke Group-owned assets and maximize asset value</li> <li>Emphasize talent development and have employees demonstrate thoughtful action as professionals in each field</li> </ul>

**Results of the 3rd year of the 2nd medium-term management plan (fiscal year ended November 2023)** (Unit: Million yen)

	1st year		2nd year		3rd year (final year)			
	Fiscal year ended November 2021		Fiscal year ended November 2022		Fiscal year ended November 2023			
	Medium-term plan	Results	Medium-term plan	Results	Medium-term plan	Results	Difference	Evaluation
Sales	33,000	34,059	34,000	34,938	37,400	32,870	(4,530)	↘
Operating income	5,700	6,115	6,000	6,151	6,650	7,086	436	↗
Operating margin	17.3%	18.0%	17.7%	17.6%	17.8%	21.6%	3.8 points	↗

**Performance by business segment for the fiscal year ended November 2023**

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjustment divisions (3,755 million yen). Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjustment amount (-1,536 million yen).



**Changes in ROIC (return on invested capital)**

	FY2019	FY2020	FY2021	FY2022	FY2023 (fiscal year ended November)
ROIC	17.8%	13.3%	16.1%	16.6%	22.8%

**Main products and services**

- Commercial facility management
  - Shopping centers
- Real estate development
  - Real estate leasing
  - Sales of solar energy
  - Construction business
- Lifestyle support
  - Childcare and after-school childcare
  - Nursing care
  - Sports related
- Communications and new services
  - Communications

**Business appeal points**

Mainly in areas connected with Nikke, we are engaged in community-based urban development through the operation of various facilities, including large shopping centers, nursing care facilities, sports facilities and, in recent years, licensed daycare centers and bilingual kindergartens. In our real estate business, we are strengthening the interconnection between our different facilities through development that takes the SDGs and other factors into consideration, and we operate our business with the aim of achieving synergistic growth. We are confident that by providing a wide range of services that contribute to healthier and more comfortable lives for people will win the continued support of the local community, which will lead to greater growth.



**Results for the fiscal year ended November 2023 and initiatives for the future**

**Key initiatives**

Change the Life Value Services Department to reflect changing social issues and values

It is essential that we respond to the following social issues and environmental changes.  
 (1) Market expansion of the wellness industry and diversification of sports-related needs  
 (2) Elimination of nursing care businesses due to labor shortages while demand increases due to population aging  
 (3) Disappearance of daycare waiting lists due to declining birthrates  
 (4) Increasing need for after-school childcare due to women entering the workforce

Strengthen human resources and organizational capabilities in preparation for acquisition of a third shopping center and expansion into related businesses

We aim to further strengthen our overall shopping center business by leveraging the shopping center management know-how we have cultivated at Nikke Colton Plaza and Nikke Parktown to pursue management, sales promotion, and building management for a third shopping center.

Undertake steady and early implementation of large-scale redevelopment projects and maximize asset value through replacement of income property

The core of our real estate business centers on maximizing profits and the asset value of company-owned properties. However, when it comes to income property, our aim is to expand the entire business by purchasing and replacing assets with the goal of commercializing them.

**Business advantage**

"We have an essential role to play in society and business that we need to maintain. For this, we will need to keep our company growing, and that growth is built on people." This is the basic philosophy of the Human & Future Development Division. It is important, therefore, that the people at every level and in every context, be it business management, strategic planning/implementation or job execution, are themselves growing through the activities they perform. It is important that they adopt a responsible, customer-oriented perspective in their work, making sure to demonstrate thoughtful action. Our approach to business relies on the constant pursuit of customer and employee satisfaction, providing products and services that make us the regional No. 1.

**Risks and opportunities**

Our division is concerned about soaring energy costs for large shopping centers and other facilities. We are also mindful of the risk of rising costs due to increasing construction material prices. There is finally a steady rebound in the number of visitors to our various facilities after the decline caused by the pandemic. We will continue to work to provide ever more customers with comfortable and safe services. At the same time, we see the increasing demand for sustainability in real estate development as an opportunity. With the reconstruction of the Nikke Tokyo Building, which is scheduled for completion in 2025, our goal is to obtain ZEB Ready certification and to create an environmentally friendly office space. We will continue to develop high-added-value real estate moving forward.

# Consumer Goods & Services

Discovering and developing new businesses with an open mindset, and building an SPA value chain that encompasses everything from planning and manufacture to sales



Executive Officer  
General Manager of Consumer Goods & Services Division  
**Hiroshi Fujii**

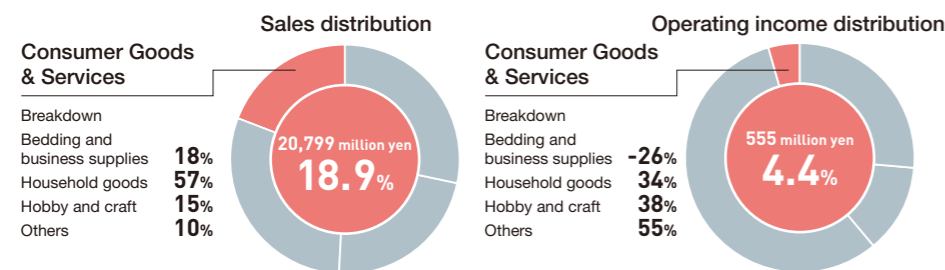
<b>Business overview</b>	Development of products and services without fixation on existing business fields; pioneering of new businesses Maximizing our trading company functions to propose and realize strengthened foundations for sales, e-commerce, and logistics both inside and outside the Nikke Group
<b>Key policies</b>	<ul style="list-style-type: none"> <li>Discover and develop new businesses with an open mindset, and actively enter different industry fields without being restricted by existing business frameworks</li> <li>Aim to become an SPA business entity that plans, manufactures, and sells services essential to people's lives</li> </ul>

### Results of the 3rd year of the 2nd medium-term management plan (fiscal year ended November 2023) (Unit: Million yen)

	1st year		2nd year		3rd year (final year)			
	Fiscal year ended November 2021		Fiscal year ended November 2022		Fiscal year ended November 2023			
	Medium-term plan	Results	Medium-term plan	Results	Medium-term plan	Results	Difference	Evaluation
Sales	17,000	18,685	17,500	16,802	20,700	20,799	99	↗
Operating income	1,100	1,410	1,250	953	1,550	555	[995]	↘
Operating margin	6.5%	7.6%	7.2%	5.7%	7.5%	2.7%	[4.8 points]	↘

### Performance by business segment for the fiscal year ended November 2023

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjustment divisions (3,755 million yen).  
Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjustment amount (-1,536 million yen).



### Changes in ROIC (return on invested capital)

	FY2019	FY2020	FY2021	FY2022	FY2023 (fiscal year ended November)
ROIC	7.1%	6.8%	10.1%	5.5%	2.9%

### Main products and services

- Bedding and business supplies
  - Bedding
  - Airline blankets
  - Disaster supply blankets
- Household goods
  - Lifestyle appliances and miscellaneous goods
  - Goods for 100-yen shops
  - Furniture
  - Privacy filters for tablets and laptops
- Hobby and craft
  - Stamping ink and stamps
  - Equestrian equipment
  - Knitting yarn
- Others
  - Container sales
  - Insurance agency

### Business appeal points

Our division includes companies like Nikke Shoji Co., Ltd., which sells a range of business supplies and leisure and hobby goods; AQUA Inc., which plans and sells various goods, such as interior goods; Thanko, Inc., which creates fun and useful home appliances; Interior Office One Inc., which is one of Japan's largest e-commerce shops specializing in beds and bedding, and which sells mainly in-house planned products; and Miyako Corporation, which has distribution know-how for home furnishing brands from all over the world. These companies use their own marketing knowledge to deliver highly functional and convenient products and services directly to customers.

In addition, we have group companies with high market share in niche markets. Each of these companies is competitive across a wide range of fields. They include Tsukineko Co., Ltd., which manufactures and sells ink products; Kodomonokao Co., Ltd., which designs and sells stamps; Horsy International Co., Ltd., which sells equestrian equipment; and ID Create Inc., a vendor of LCD protective films.



### Results for the fiscal year ended November 2023 and initiatives for the future

#### Key initiatives

##### Expand sales channels overseas

In addition to selling our group companies' products through our own sales channels, we also sell these products in overseas markets through e-commerce platforms and distributors in various countries. We are also aiming to develop new markets in the Middle East, Africa, and elsewhere.

##### Share e-commerce personnel and expertise within the division

Through e-commerce, we will open new markets for our group companies' products and services and build an SPA value chain. We will also leverage new marketing techniques that make full use of social media to enhance sales capabilities and boost profitability in our business domains.

##### Use M&A to build an intra-divisional SPA value chain

Through M&A, we will acquire fabless manufacturers and e-commerce retailers, as well as personnel, and add them to our existing businesses, thereby incorporating the SPA business model across the entire division.

##### Build new logistics bases for each business segment

As the rate of e-commerce increases, it is becoming increasingly urgent that we create a new logistics system. Additionally, to reduce logistics costs and promote efficient operations, we will study what methods are best, including pursuing partnerships with external logistics companies.

#### Business advantage

The mission of the Consumer Goods & Services Division is to deliver the products and services that customers need in their daily lives, and to do so in the most optimal way. We work every day to develop, innovate, and improve products and services that will meet this standard. Our focus has been on increasing the rate of e-commerce in bedding and business supplies, household goods, hobby and craft, and other fields, centered on the three group companies of AQUA, Miyako, and Interior Office One (which became a part of the Nikke Group last year). In addition, through Interior Office One and Thanko (which joined the Group in 2022), we will advance further upstream while acquiring and expanding sales channels.

#### Risks and opportunities

We recognize that the global increase in the cost of raw materials, increased procurement costs due to a weak yen, and rising advertising and logistics costs in the increasingly competitive e-commerce business all represent business risks for our division. Additionally, we view the supply chain disruptions caused by the pandemic and international conflicts to be major risks. At the same time, however, we believe that by fully leveraging our trading company functions, and by adapting quickly and flexibly to current conditions, unconstrained by the existing business framework, we can develop new markets while securing sales opportunities.

## Message from the CFO

**Accelerate future growth by using a financial strategy focusing on improving capital efficiency through risk analysis and ensuring growth potential.**



Director and Managing Executive Officer  
Director of Corporate Strategy Center

**Takehiro Okamoto**

**Results for the fiscal year ended November 2023, the final year of the Medium-term Management Plan**

**Diversification of the four businesses promoted the strengthening of the complementary relationship to strike a revenue balance, enhancing management stability.**

We set targets for the fiscal year ended November 2023, the final year of the 2nd Medium-term Management Plan under the medium- to long-term RN 130 Vision at: sales of at least 127 billion yen; operating income of at least 11.5 billion yen; net income attributable to owners of parent of at least 7.8 billion yen; and ROE of at least 7%. These targets were not achieved, except ROE, as sales resulted in 113.5 billion yen; operating income 11 billion yen; ordinary income 11.6 billion yen; net income attributable to owners of parent 7.6 billion yen; and ROE 7%. These results are due to the impact of the COVID-19 pandemic, the review of our business portfolio, the rise in raw material prices and energy and logistics costs caused by the depreciation of the yen, and other reasons. However, operating income of paramount importance hit a fresh high for the

second consecutive year. I believe we have moved toward establishing a strong earnings foundation.

This outcome is attributable to the Textile & Clothing Materials business (whose operating income increased 2.8% year-on-year), where items were narrowed down to ones with high margins and the manufacturing section saved manpower and enhanced efficiency, and to the Human & Future Development business (whose operating income increased 15.2% year-on-year), where the profitability of owned real estate was enhanced, and inefficient assets were reduced. Conversely, the Industrial Machinery & Materials business (whose operating income decreased 18.7% year-on-year) experienced a delay in starting the full-scale operation at the facility to produce high-performance filters in China, in which we had invested. However, it completed the business integration of Ambic and Fuji Corp., and laid out the groundwork to make the nonwoven fabric and felt business grow into a pillar to yield significant profits in the future. The Consumer Goods & Services business (whose operating income decreased 41.8% year-on-year) faced a difficult situation in terms of profit due to fiercer competition in the e-commerce market, the rise in purchase prices, logistics costs,

advertising, and other expenses. However, it acquired three e-commerce companies through M&As and took other measures, which provided a road map for increasing profit in the future. We analyzed that under the 2nd Medium-term Management Plan, the diversification of the four businesses promoted strengthening the complementary relationship to strike a revenue balance, enhancing stability against market fluctuations.

**Financial condition from the viewpoint of increasing capital efficiency**

**Although the capital efficiency varies across the four businesses, it has been moving toward steady improvement, in addition to improved financial soundness.**

Financial soundness has improved in terms of financial affairs, with an equity ratio of 68.1% and net cash of a little less than 20 billion yen. On the other hand, we have faced a continued need to improve capital efficiency, and we have been striving to improve it by using operating margin, ROE, ROIC, and CCC (cash conversion cycle)\*1 as management indicators.

Operating margin increased from 8.6% for FY2020, before the start of the 2nd Medium-term Management Plan, to 9.7% for the final year of the Medium-term Management Plan. Notably, the Human & Future Development business increased it from 17.2% to 21.6% by taking measures such as the redevelopment, re-redevelopment, and sale of unprofitable real estate, and the Textile & Clothing Materials business increased it from 7.1% to 10.6% by ensuring manpower-saving and higher efficiency in the manufacturing section and reducing unprofitable items.

ROIC of each business division for the previous fiscal year was 6.8% from the Textile & Clothing Materials business (up 2.0% from FY2020), 22.8% from the Human & Future Development business (up 9.5% from FY2020), 4.5% from the Industrial Machinery & Materials business (up 1.0% from FY2020), and 2.9% from the Consumer Goods & Services business (down 3.9% from FY2020). Although the results vary

across the four divisions, the overall ROIC improved and resulted in 5.9% (up 1.5% from FY2020).

ROEs for the past five fiscal years were at levels higher than 7%, and capital efficiency has steadily improved. By steadily implementing the growth strategy of the 3rd Medium-term Management Plan to achieve the ROE target of 8%, we will strive to achieve the target capital efficiency as early as possible.

By contrast, CCC of 163 days is 13 days longer than the previous fiscal year. This was caused by strategic stock building in the Textile & Clothing Materials business, where it takes almost one year from purchase to the collection of sales proceeds. We have been working to create a better cash flow by improving commercial distribution and enhance efficiency by using digital transformation to visualize the process from purchasing raw materials to managing production, stock, and sales.

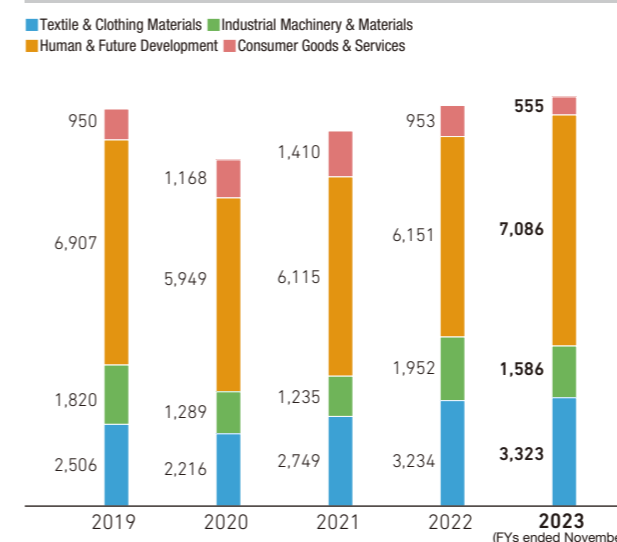
**Financial strategy to focus on improving capital efficiency and ensuring growth potential**

**We set the target ROIC at 5%–8% for the time being, considering the capital efficiency of the four businesses.**

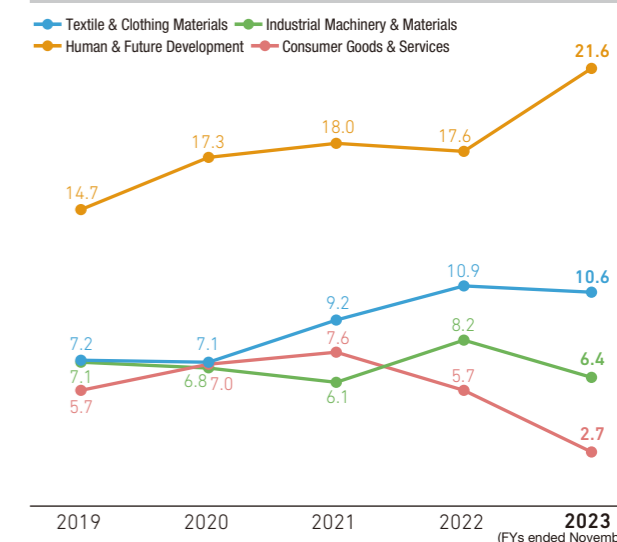
We regard improving capital efficiency and ensuring growth potential as key issues, and under the 3rd Medium-term Management Plan (FY2024–FY2026), we will enhance profitability by making growth investments to reach 8% or higher ROEs. We set growth investment limits as follows: approximately 29 billion yen for capital and R&D investments and approximately 20 billion yen for M&As and alliance investments, totaling approximately 50 billion yen. This allows us to strike a balance between internally induced growth and externally induced growth. Our financing plan is as follows: 39 billion yen from operating cash flow over the three years of the Medium-term Management Plan and 20 billion yen from bonds and borrowings. We will maintain the credit rating of A for bonds, which we use as a financial discipline guide. We use ROIC as a criterion for investment by devising a calculation

\*1 CCC: Abbreviation for cash conversion cycle, which means a certain number of days from the input of money to the collection of money. The lower the value, the higher the efficiency. [Formula] CCC = Days Inventory Outstanding + Days Sales Outstanding – Days Payable Outstanding

**Operating income by segment (million yen)**



**Operating margin by segment (%)**



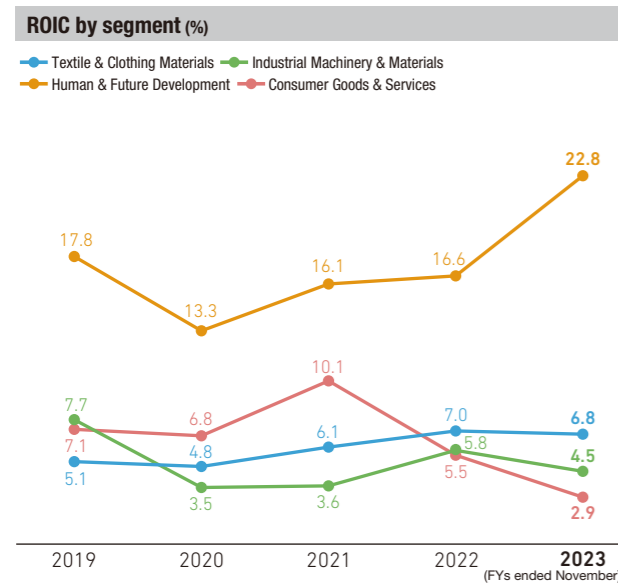
method and set it at a minimum of 5% and a target of 8% for both capital investment and M&A investment. Investors ask us that our ROIC values seem to have been set low. One of the reasons is the difference in capital efficiency across the four businesses of our company, depending on the characteristics of each business, and we intend not to change those values for the time being.

As an investment target, we are looking at the nonwoven fabric and felt business of the Industrial Machinery & Materials business, and we intend to make it grow into the third thickest pillar after the domestic uniform business and real estate business. The Human & Future Development business will invest in the development of real estate such as the south side of the Nikke Colton Plaza, the old site of the Nikke Ichinomiya Office, the old site of the former Fuji Corp. Itami Plant, and the old site of company housing, and the Textile & Clothing Materials business will invest in the plant equipment for manpower-saving and higher efficiency. The Consumer Goods & Services business will invest in projects related to the e-commerce business.

**Financial risks such as exchange rate, capital investment, M&A, investment securities**

**Determination of financial risks depending on economic trends and business environment is an unavoidable management issue.**

The revenue of the uniform business, one of our main businesses, is significantly affected by the prices of raw materials and exchange rates, as it imports wool tops, a raw material, from abroad. Therefore, we try to purchase raw materials from more than one supplier and globally procure them to stabilize procurement. We hedge exchange rate risk mainly by making a forward exchange contract, and we make a three-year forward exchange contract only for raw materials for uniforms, whose sales volumes and unit prices are particularly stable. We successfully controlled the settlement rate at 130 JPY/USD last fiscal year. As for the fiscal year ending November 2024, we must bear in mind the impact of rising



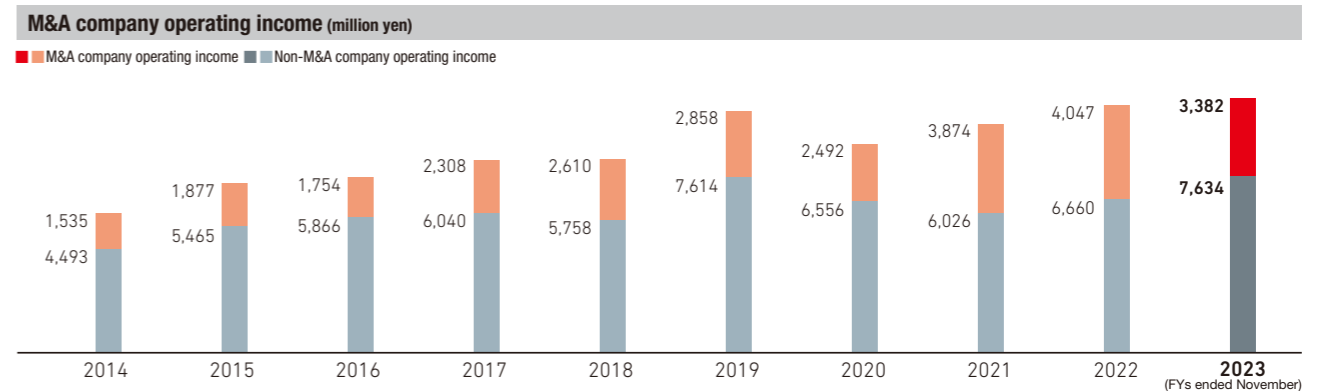
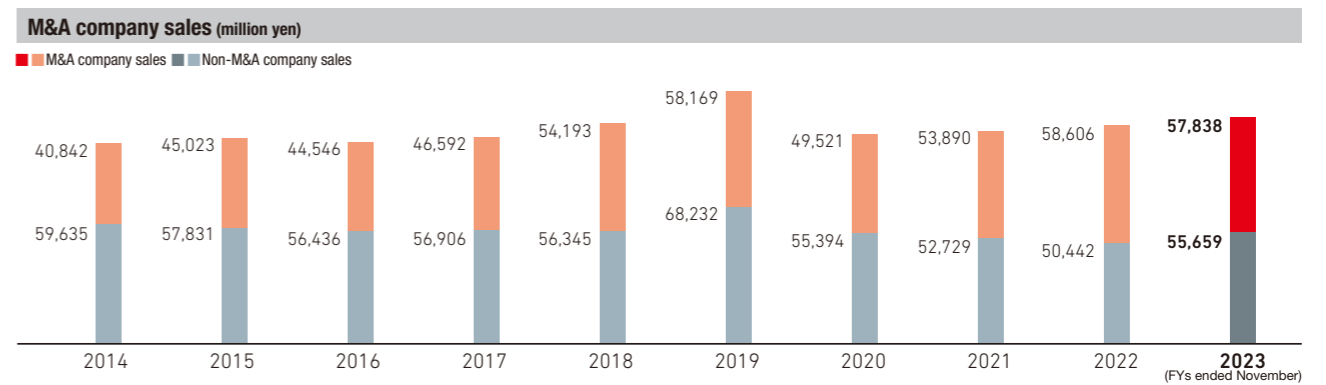
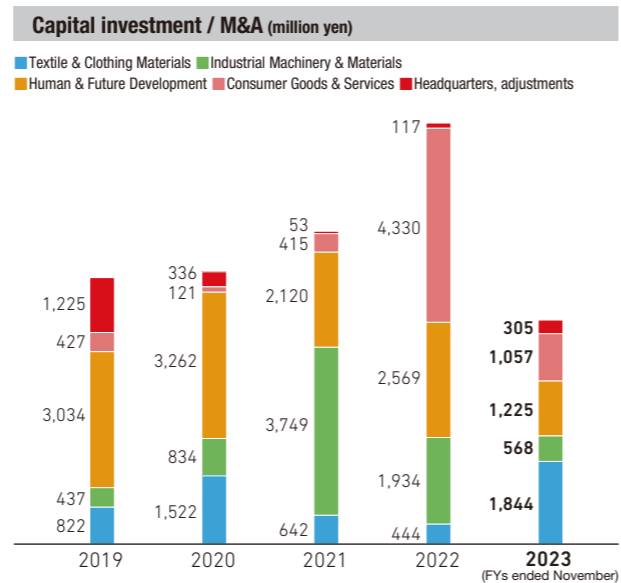
commodity prices, unstable exchange rate fluctuations, the situation in the Middle East, concerns about the future of the Chinese economy, and other factors.

We also have to consider the future impairment risk involved in capital investment, acquisition through M&As, and the holding of investment securities. As for capital investment, we thoroughly check the effect of investment and the appropriateness of the number of years as a time period for collection at the time of investment. As for M&As, we thoroughly estimate synergistic effects and post-acquisition profit at the time of acquisition. We also make it a condition that the assessed value of goodwill is set at not more than five times the target company's operating income to curb the rising acquisition prices. The balance of investment securities at the end of the previous fiscal year was 22.4 billion yen, a year-on-year increase of 0.4 billion yen. The main reason is the increase in unrealized gains due to buoyancy in the stock market. Pursuant to the 2nd Medium-term Management Plan, we reduced 42 brands of cross-held shares by 2.2 billion yen (on a book-value basis). Should the stock market drop 50%, our equity ratio will be maintained at 66%, and its financial impact will be insignificant. However, the existence of "silent shareholders" under the pretext of being a stable shareholder may, from the viewpoint of governance, lead to the risk of inappropriate management or management that is contrary to the interests of other general shareholders. We will continue to handle the reduction of cross-shareholdings carefully.

**Future business outlook and returns to shareholders**

**Although revenue and profit should decrease for the fiscal year ending November 2024, we will strive to achieve the goals by proceeding with investments under the 3rd Medium-term Management Plan.**

The performance for the fiscal year ending November 2024, the initial year of the 3rd Medium-term Management Plan should have decreased revenue due to the Human & Future Development business's downsizing of the franchise business and mobile phone sales business and the existence of



proceeds from real estate sales in the previous fiscal year. However, we expect the same level of profit as the previous fiscal year for reasons such as increased overseas textile sales in the Textile & Clothing Materials business, the business integration effect of Ambic and Fuji Corp. in the Industrial Machinery & Materials business, and the M&A effect of the e-commerce business of the Consumer Goods & Services business. The 3rd Medium-term Management Plan focuses on growth investment and prioritizes the allocation of resources to the following three: (i) investment in product development, streamlining, and energy-saving equipment, (ii) investment in expanding our customer base, and (iii) investment in human resources. For the final fiscal year ending November 2026, the Plan projects sales of 130 billion yen; operating income of 13 billion yen (operating margin of 10%); net income attributable to owners of parent of 8.8 billion yen; and ROE of 8% or higher. If these targets are achieved, sales and profit will reach the highest values, and the most important key to making this happen is the progress of investments. As M&A transactions particularly require time to negotiate terms, we keep five or six transactions under specific review at all times.

Dividends to shareholders for the previous fiscal year marked the fifth consecutive increase. Pursuant to the 2nd Medium-term Management Plan, we acquired 4.83 million shares of treasury stock (6.1% of the issued shares) and retired 10.2 million shares. Under the 3rd Medium-term Management Plan, we will gradually increase the dividend payout ratio based on a stable dividend policy from the current standard ratio of 30% to 35%, scheduled for the fiscal year ending November 2026, the final year of the Medium-term Management Plan.

**Measures against the P/B ratio of less than 1x**

**Under the new Medium-term Management Plan, we will emphasize communication with investors and strive to disclose sufficient information, such as descriptions of the stability and sustainability of revenue streams.**

We made growth investments, acquired treasury stock, increased dividend distribution, and took other dividend-related measures under the 2nd Medium-term Management Plan. Our P/B ratio resultantly increased to 0.9x, which is still less than 1x. This may be partly due to the stock market assuming a higher cost of capital than our 7% ROE. Pursuant to the 3rd Medium-term Management Plan, we will work toward sustained growth through equipment and R&D investment, investment in human resources and M&A investment, and reviewing our business portfolio, and we will strive to achieve an 8% or higher ROE for the final year.

On the other hand, we have uniform and real estate businesses with stable profitability and competitiveness, and we recognize that considering these businesses, the cost of equity and the weighted average cost of capital (WACC\*) are about 5% and 4%, respectively. There is a gap from the 7% or higher cost of capital assumed by the market, and we need to narrow it. For this, we emphasize communication with investors and will strive to disclose sufficient information, such as descriptions of the stability and sustainability of revenue streams, and will also work on strengthening corporate governance to gain more trust.

\*2 WACC: WACC is a typical calculation method of the cost of capital and refers to the weighted average of the cost of borrowings and the cost of equity financing. WACC is an abbreviation for Weighted Average Cost of Capital, which represents how much it costs to raise one yen of money.

# Nikke Group Materialities

## Materiality identification process

### STEP 1 Identifying items for consideration

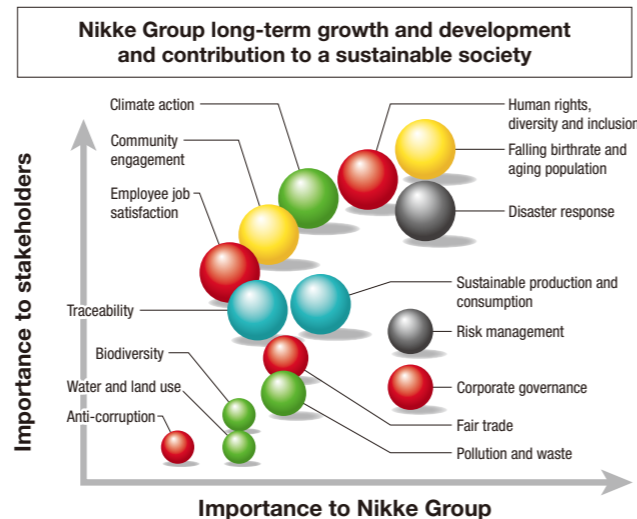
We referred to the GRI Standards and ESG rating agencies' survey items and other criteria when identifying items for consideration as important social issues for the Nikke Group and stakeholders.

### STEP 2 Evaluation of importance (priority)

In conjunction with the formulation of the RN130 Vision 3rd medium-term management plan (fiscal 2024–2026), which is the culmination of the medium- to long-term Nikke Group RN130 Vision, we evaluated the importance (priority) of the items for consideration.

### STEP 3 Deliberation and approval at the Nikke Group Management Conference

Following deliberation at the Nikke Group Management Conference, four issues were identified as materialities: "Improve health and comfort," "Improve safety and security," "Protect the environment," and "Strengthen business foundation."



## Recognizing issues

In fiscal 2023, the Sustainability Committee sought to further enhance our environmental and human rights-related efforts. With regard to the environment, we received a report of the Scope 3 figures for The Japan Wool Textile Co., Ltd. for fiscal 2022, which were then reported to the Board of Directors in August 2023 and added to the scope of TCFD disclosure. We also responded to the CDP's 2023 Climate Change Questionnaire, and the score published in February 2024 showed that we had improved from last year's "B-" to a "B," receiving a "Management" level rating. Furthermore, we have begun taking part in the CDP's Water Security Questionnaire.

With regard to human rights, the committee discussed, in light of global trends since the adoption of the Guiding Principles on Business and Human Rights by the United Nations Human Rights Council, what priority areas and issues the Nikke Group

should focus on addressing. Based on the committee's discussions, we formulated and publicly announced the Nikke Group Human Rights Policy in August 2023 and the Nikke Group Declaration of Responsible Corporate Conduct in September 2023.

It is essential for the continued growth of the Nikke Group that we fulfill our responsibilities to the global environment and to society. Towards this end, we will continue to pursue initiatives centered on the activities of the Sustainability Committee.



Chair of the Sustainability Committee  
Director and Managing Executive Officer  
Director of Corporate Strategy Center  
**Takehiro Okamoto**

Social issues and needs	Materiality	Response	Main actions	Results in FY2023	Responsible departments	Related SDGs
<ul style="list-style-type: none"> <li>Addressing the falling birthrate and aging population</li> <li>Achieving wellbeing</li> </ul>	<b>Improve health and comfort</b> Support for a comfortable life	<ul style="list-style-type: none"> <li>Contribute to revitalizing the local area and to creating a more convenient urban environment by providing a range of community-based, comprehensive services based in shopping centers</li> <li>Help people to balance their work with childcare/nursing care responsibilities and, thereby, contribute to improving their quality of life by operating nursing care and childcare facilities that meet the needs of users</li> <li>Utilize textile-related technology to develop medical devices that put less strain on the body, as well as cell culture substrates that facilitate regenerative medicine and drug discovery research, to thereby contribute to improvement in people's health and quality of life</li> </ul>	<ul style="list-style-type: none"> <li>Hosting of community-friendly activities (events)</li> <li>Hosting of the open-air Craft in Action exhibition</li> <li>Operation of the Nikke Nursing Village comprehensive nursing care facility</li> <li>Operation of licensed nursery centers, after-school day care centers, and bilingual kindergartens</li> <li>Development, manufacture, and sales of medical devices that use bioabsorbable materials as a core technology</li> <li>Development, manufacture, and sales of cell culture scaffolding materials utilizing fiber technology that contributes to iPS cell research and other endeavors</li> </ul>	<ul style="list-style-type: none"> <li>Held <b>70</b> community-friendly events at shopping centers</li> <li>Hosted the 21st open-air Craft in Action exhibition</li> <li>Operated <b>31</b> nursing care facilities (as of November 30, 2023)</li> <li>Operated <b>7</b> childcare facilities (as of November 30, 2023)</li> <li>Started sales of Pawdre® absorbable suture reinforcement material to hospitals across Japan</li> <li>Started specific clinical research, in collaboration with Ehime University, aimed at improving the treatment of facial paralysis using the Genocel® cell culture scaffold</li> </ul>	Human & Future Development Human & Future Development Medical-related	
<ul style="list-style-type: none"> <li>Ensuring product safety</li> <li>Stable supply of high-quality products</li> </ul>	<b>Improve safety and security</b> Value chain management	<ul style="list-style-type: none"> <li>Undertake ongoing review and strengthening of our quality control system to provide satisfying products to customers</li> <li>Ensure the safety of the products we provide to customers by establishing a system that enables identification of the origin and quality of raw materials</li> <li>Provide a stable and ongoing supply of products by optimizing the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a quality control system based on the ISO 9001 management system</li> <li>Supply of products approved by third-party evaluation organizations in Japan</li> <li>Construction of a system that allows traceability of raw materials to finished products</li> <li>Construction of a digital technology-driven, global production management system</li> <li>Diversification of raw material sourcing methods in consideration of geopolitical risks</li> <li>Improvement of production efficiency through alliances with apparel companies</li> </ul>	<ul style="list-style-type: none"> <li><b>5</b> companies and <b>22</b> bases certified for ISO 9001 (as of November 30, 2023)*1</li> <li>Undertook ongoing review of the quality control system</li> <li>Obtained Responsible Wool Standard (RWS)*2 certification of wool raw materials used by Nikke Textile Co., Ltd. and Qingdao Nikke Fabric Co., Ltd.</li> <li>Nikke Textile obtained OEKO-TEX® Standard 100*3 certification</li> <li>Innami Mill obtained due diligence evaluation from SMETA (Sedex Members Ethical Trade Audit)*4</li> <li>Introduced new production control system at Gifu Mill and Innami Mill</li> <li>Collaborated with apparel companies to carry out planned production of school uniforms to ensure smooth supply during peak periods</li> </ul>	Textile & Clothing Materials Industrial Machinery & Materials Consumer Goods & Services Textile & Clothing Materials Textile & Clothing Materials	
<ul style="list-style-type: none"> <li>Climate action</li> <li>Addressing energy issues</li> <li>Moving away from mass production and mass consumption</li> </ul>	<b>Protect the environment</b> Contribute to a sustainable global environment	<ul style="list-style-type: none"> <li>Contribute to reducing environmental impact by researching, developing, and selling environmentally friendly products</li> <li>Contribute to a circular economy by reusing products and using recycled materials</li> <li>Provide renewable, clean energy through solar power generation</li> <li>Undertake ongoing review and strengthening of our environmental protection system in recognition of the fact that protecting the global environment is our most important management issue</li> <li>Carry out energy conservation measures in each business</li> </ul>	<ul style="list-style-type: none"> <li>Manufacture and sale of ADMIREX®, a high-performance filter bag that collects harmful substances in the air</li> <li>Manufacture and sale of textile materials using an innovative spun yarn, Breeza®, which reduces the release of microplastics by approximately 75% at the time of being worn or washed</li> <li>Research and commercialization of fiber technology using biomass materials</li> <li>Research and commercialization of fiber-making technology using marine biodegradable materials</li> <li>Establishment and utilization of recycled carbon fiber nonwoven fabric manufacturing technology</li> <li>Recycling used uniforms through the Eco-ship and Eco-network projects</li> <li>Establishing a system to recycle clothing into clothing</li> <li>Utilization of recycled synthetic fibers</li> <li>Contribution to the maintenance and strengthening of the textile product resource circulation system</li> <li>Provision of renewable energy through solar power generation at Nikke Machinaka Power Plants and other facilities</li> <li>Establishment of an environmental conservation system based on the ISO 14001 management system</li> <li>Active and continuous investment in energy-saving equipment</li> </ul>	<ul style="list-style-type: none"> <li>Achieved sales volume of 65,402 m<sup>2</sup> for ADMIREX® high-performance filter bags</li> <li>Achieved uniform material sales volume of <b>3,759</b> rolls of Breeza®, an innovative spun yarn</li> <li>Made progress on development of tennis strings made from biomass</li> <li>Participated in the Cabinet Office's Moonshot Project Goal 4 project by Gunma University titled "Research and Development of Marine Biodegradable Plastics with a Degradation Initiation Switch Function" and made progress on developing ocean-biodegradable fishing lines</li> <li>In collaboration with JAXA, made progress on research into continuous production of 100% recycled carbon fiber nonwoven fabric</li> <li>Reused <b>87,762</b> kg of worn uniforms (total weight of uniforms collected)</li> <li>Percentage of recycled yarn used in synthetic textile manufacturing was <b>47.9%</b></li> <li><b>300</b> tons of raw material produced by recycling used clothing*5</li> <li><b>8,000</b> disaster preparedness blankets were reused*6</li> <li><b>26,619</b> MWh generated from solar power</li> <li><b>6</b> companies and <b>13</b> bases certified for ISO 14001 (as of November 30, 2023)*1</li> <li>Invested in energy-saving equipment at factories and switched to LED lighting at each business base</li> </ul>	Industrial Machinery & Materials Textile & Clothing Materials Research and Development Center Textile & Clothing Materials Industrial Machinery & Materials Consumer Goods & Services Human & Future Development Textile & Clothing Materials Industrial Machinery & Materials Consumer Goods & Services Nikke Group	
<ul style="list-style-type: none"> <li>Ensuring thorough compliance</li> <li>Respect for human rights</li> <li>Promoting diversity and inclusion</li> <li>Health and productivity management</li> </ul>	<b>Strengthen business foundation</b>	<ul style="list-style-type: none"> <li>Put in place effective governance and take the initiative in disseminating and ingraining the Nikke Group Corporate Code of Ethics throughout the Nikke Group in recognition of the important role that practicing corporate ethics has for the Nikke Group</li> <li>In accordance with the UN Guiding Principles on Business and Human Rights, support and respect internationally recognized human rights agreements and labor standards, strive to foster mutual understanding and respect so that no one is treated unfairly on the basis of race, sex, religion, gender identity, or disability, and strive to build a corporate group that is trusted by society</li> <li>Seek out a wide range of human resources to bring together a diversity of knowledge that leads to business innovation</li> <li>Aim to be a vibrant and energetic company and strive to maintain and improve the health of our employees (Nikke Health Declaration)</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of compliance training</li> <li>Reading through the Nikke Group Corporate Ethics Handbook</li> <li>Formulation, announcement, and internal dissemination of our human rights policy</li> <li>Development of human rights due diligence initiatives</li> <li>Announcement of the Nikke Group Declaration of Responsible Corporate Conduct</li> <li>Employment unbiased by age, gender, race, ethnicity, etc.; creation and operation of a raise and promotion system</li> <li>Support for balancing child rearing with work through the development of childcare leave and childcare reduced working hours systems that go beyond what is required by law</li> <li>Abolition of employment type-based working conditions/disparities</li> <li>Prevention of workplace accidents through thorough risk assessment and safety education</li> <li>Application of the results of stress check, working hours, and annual paid leave utilization analyses to the improvement of work environments</li> <li>Conducting health promotion seminars and other events</li> </ul>	<ul style="list-style-type: none"> <li>Held training on harassment, antitrust law, contracts, and compliance for approx. <b>160</b> executives, managers, and general employees</li> <li>Published the Nikke Group Human Rights Policy (August 2023) and Nikke Group Declaration of Responsible Corporate Conduct (September 2023)</li> <li>Created an in-house foundation for fulfilling our responsibilities to respect human rights, and encouraged direct business partners in the supply chain of our products to take similar measures</li> <li>(Results at The Japan Wool Textile Co., Ltd.)</li> <li>Implemented a reduced working hours system for childcare (up to the end of 6th grade), which goes beyond what is required by law</li> <li>Had an <b>85.7%</b> usage rate among male employees for childcare leave</li> <li>Percentage of women among managers was <b>8.5%</b></li> <li>Had a gender wage gap of <b>56.5%</b></li> <li>Established an external consultation desk to provide access to medical information websites and post-illness care</li> <li>Promoted collaborative health in cooperation with the health insurance association, and held stress checks</li> <li>Carried out activities to secure certification as a 2024 Health &amp; Productivity Management Outstanding Organization; <b>8</b> companies certified as of March 31, 2024</li> </ul>	Nikke Group	

\*1 Includes The Japan Wool Textile Co., Ltd.

\*2 RWS is an international certification standard that certifies that wool raw materials are managed responsibly throughout all manufacturing processes, from raw wool to the final product.

\*3 OEKO-TEX® Standard 100 certifies, at the world's highest safety level, that textile-related materials and products do not contain harmful chemicals.

\*4 SMETA is an audit scheme designed to improve the level of corporate ethics in global supply chains.

\*5 In 2025, Nikke will install new equipment to increase production of recycled wool fiber to approx. 10 times the current annual production volume.

\*6 Used blankets undergo cleaning and repackaging.

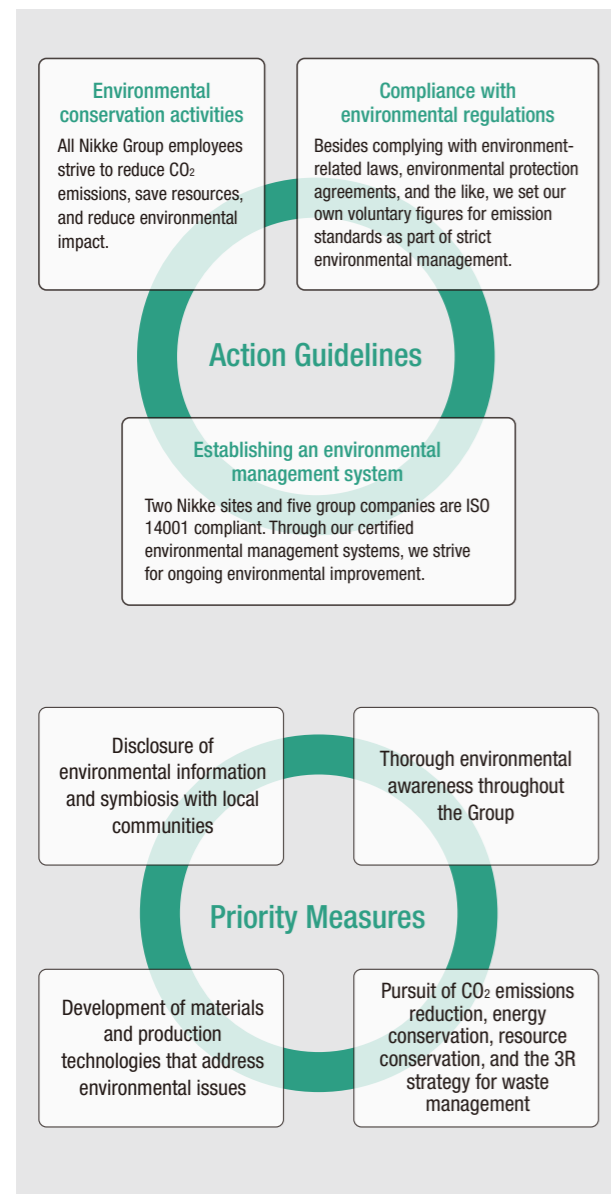
# Disclosures Based on the TCFD Recommendations

In November 2022, the Nikke Group announced its support for the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). We are redoubling our focus on tackling climate change and pursuing ongoing expansion of information disclosure. Moving forward, the Nikke Group is working to reduce Scope 1 and Scope 2 CO<sub>2</sub> emissions by 50%, compared with fiscal 2018 levels, by fiscal 2030. We also have a goal to be carbon neutral by fiscal 2050 and are exploring all options that will help us to achieve this. Efforts include reducing energy consumption, such as by updating factory production equipment, utilizing existing, as well as installing new, solar power generation equipment, and expanding green energy procurement.



## Climate change action policy

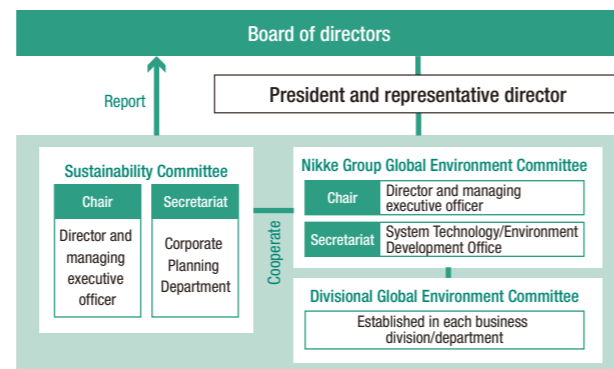
We consider global environmental conservation to be of utmost importance and have therefore created three action guidelines and four priority measures to address it. All Group employees work proactively in all areas to protect the environment.



## Governance

The Sustainability Committee analyses risks and opportunities and works together with the Nikke Group Global Environment Committee and the Divisional Global Environment Committee to put into practice a concrete plan of action.

### Governance organization chart



## Strategy

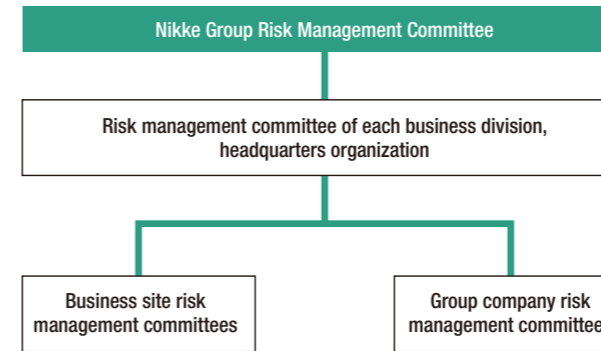
Each of the 1.5°C and 4°C scenarios is envisioned for each area of business. In addition to pursuing a circular economy for wool material, we analyze migration risks, physical risks, and opportunities. Among the opportunities we are considering is in-house utilization of solar power generation facilities that we own nationwide.



## Risk management

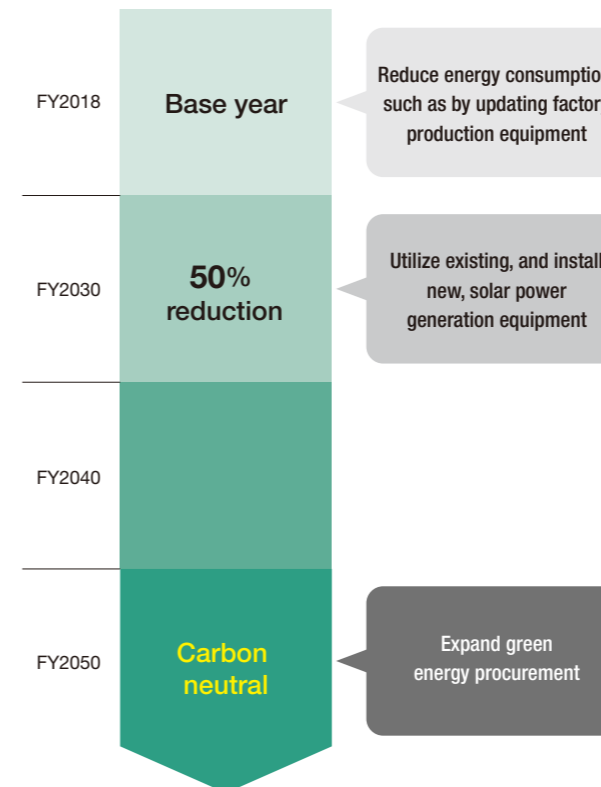
The Nikke Group Risk Management Committee has been established directly under the president and representative director. Through this committee, a shared awareness of comprehensive risks, which includes climate-related risks, is fostered among the entire Group. Regular reviews of the risk management system are also carried out.

### Nikke Group Risk Management Committee organization chart



## Indicators and targets

We are working to reduce Scope 1 and Scope 2 CO<sub>2</sub> emissions by 50%, compared with fiscal 2018 levels, by fiscal 2030. We are also considering all options that will enable us to achieve carbon neutrality by fiscal 2050.



## CO<sub>2</sub> consolidated emissions (Scope 1, 2)\*1

In our Industrial Machinery & Materials business, the inclusion of Fuji Corporation as a consolidated subsidiary has meant that its results are included in the consolidated emissions results from fiscal 2022 onward, thus increasing the total relative to the base year.

Our Human & Future Development business saw a decrease compared to the base year due to a decline in the number of stores after business restructuring.

For the Nikke Group as a whole, despite an increase in the emission factor of electric power companies, emissions are steadily decreasing due to reduced energy consumption through energy-saving, streamlining, and other such investments, as well as efforts such as purchasing renewable energy electricity.

We will continue to steadily reduce emissions by investing in, upgrading, and improving energy-efficient equipment, as well as utilizing solar power generation equipment, with the aim of achieving a 50% reduction by fiscal 2030.

(Unit: t-CO <sub>2</sub> /year)	FY2018 (base year*2)	FY2023 results
Textile & Clothing Materials	33,593	17,650
Industrial Machinery & Materials	9,544	10,547
Human & Future Development	11,100	7,387
Consumer Goods & Services	441	365
Others	20	138
<b>Total</b>	<b>54,698</b>	<b>36,087</b>

Percentage change -34.0%

## CO<sub>2</sub> emissions [The Japan Wool Textile Co., Ltd.] (Scope 3)\*1

Starting in fiscal 2022, we began compiling data for the major business locations (manufacturing sites, commercial facilities, rental facilities, etc.) of The Japan Wool Textile Co., Ltd. in six categories that we believe have a significant impact on Scope 3. We will continue to work to expand the number of businesses and categories we target.

(Unit: t-CO <sub>2</sub> /year)	FY2023 results
<b>Total*3</b>	<b>40,154</b>

\*1 Scope 1: Direct greenhouse gas emissions by the company itself (fuel combustion, industrial processes)  
 Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies  
 Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies connected with the activities of the company)  
 \*2 Fiscal 2018 has been established as the base year, which was when Scope 1 and 2 data aggregation for all consolidated company sites began.  
 \*3 Categories 1 (purchased goods and services), 2 (capital goods), 3 (fuel- and energy-related activities), 4 (upstream transportation and distribution), 5 (waste generated in operations), and 13 (downstream leased assets) are tallied.

## Environmental conservation activity flow





# Environmental Initiatives

The Nikke Group considers global environmental conservation to be of utmost importance. We pursue environmental conservation activities across all areas of our business, from research and development, manufacturing, and technology to sales and distribution.

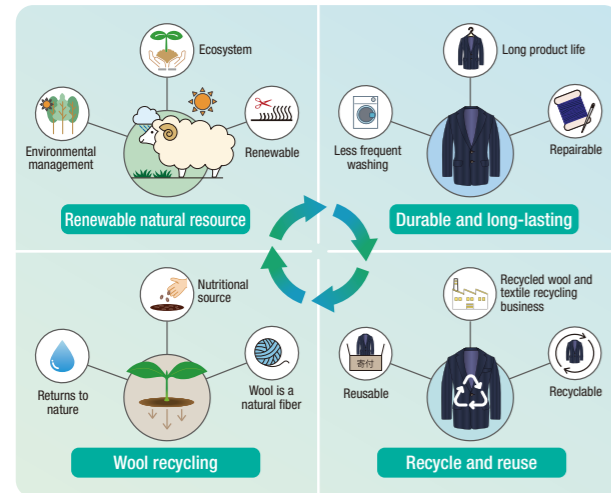
## Wine made from grapes fertilized with Lanarin, a high-quality, 100% wool organic fertilizer

The Textile & Clothing Materials Division is pursuing a true circular economy of wool (efforts for a zero-waste, recycling-oriented society) as one of its SDG activities. As part of this, the short wool and other unusable clippings sheared from the sheep each year at the Rokkosan Pasture in Kobe are collected and used to make Lanarin, a high-quality, 100% wool organic fertilizer (not for sale).

Lanarin contains nitrogen, which is an important component of fertilizer, as well as 18 different amino acids. Cultivation testing using Lanarin is currently underway at the Rokkosan Pasture to investigate its fertilizing effects.

In addition, the Kobe Winery, in which Nikke participates as part of the ownership system, is using Lanarin to fertilize grape vines. From these, Nikke employees hand-pick grapes that are used to produce wine, with our NIKKE Wool Wine 2022 (red, medium-bodied; Cabernet Sauvignon) now ready for release.

### A true and sustainable circular economy of wool



Lanarin organic fertilizer made from sheep's wool



Hand-picking grapes fertilized with Lanarin



NIKKE Wool Wine 2022

## Expansion of spinning machinery at the Gifu Mill for Breeza®, an innovative spun yarn

The Textile & Clothing Materials Division has set for itself an SDGs vision of "Weaving for the future" and is focusing on the SDGs in all its activities, including people- and eco-friendly product development. Additionally, we have made expanding sales of yarn spun using our unique technology as one of our business strategy pillars.

In order to increase production of Breeza®, an eco-friendly innovative spun yarn, we have added additional Breeza® spinning machines at our Gifu Mill (Kakamigahara, Gifu Prefecture), with full-scale operations beginning in November 2023. Approximately 300 million yen was invested in total, and maximum production capacity has been increased from the previous 60 tons per year to 180 tons per year.

Breeza® is a ground-breaking, eco-friendly spun yarn as it reduces energy consumption by approximately 55% on a CO<sub>2</sub>-equivalent basis compared with our conventional products, and also reduces the release of microplastics by approximately 75% during wear and washing. In 2018, we introduced testing equipment and, after making numerous improvements, succeeded in mass-producing the yarn using our unique spinning technology. We are already selling it primarily for use in our flagship business of school uniforms.

As the trend towards the SDGs becomes ever more established, and environmental considerations become an increasingly important factor in clothing procurement and purchasing, we have determined that demand can be expected to expand in many markets, not only fabrics for school uniforms but also fabrics for corporate uniforms, knit products, and others. We have therefore significantly increased our production capacity. Breeza® spinning technology is also the basis of our circular school uniform initiative, for which we have begun demonstration testing. Komaba Gakuen High School (Setagaya Ward, Tokyo) received uniforms from 79 students of the 2022 graduating class and recycled them into some of the blazers to be worn by approximately 650 new students in school year 2024.

Based on the results of the pilot project, we are currently preparing to commercialize the system for school and business uniforms.



Cyclone spin manufacturing method

Nikke's unique spinning technique that uses rotating air currents to evenly intertwine wool with other fibers, such as fine polyester, into yarn. (Patent no. 6303077)

## Forest conservation donation in response to customer feedback

In the Consumer Goods & Services Division, Interior Office One Inc. has been donating to forest conservation projects since May 2020. The underlying idea is to, from the perspective of the SDGs, contribute to growing trees that will become the main material used in furniture. The company donates 100 yen for each review posted by a customer. This donation program is also being used as sales promotion to encourage more reviews from customers who have purchased products.

The donation recipient is More Trees, a forest conservation organization founded by the late Ryuichi Sakamoto. Since the start of the program to the present (April 2024), over 44,000 reviews have been received, for a cumulative donation total of around 4.4 million yen. Donations are used for the development of the More Trees forests and for reforestation activities. We will continue to seek out more customer feedback and keep contributing to forest conservation.

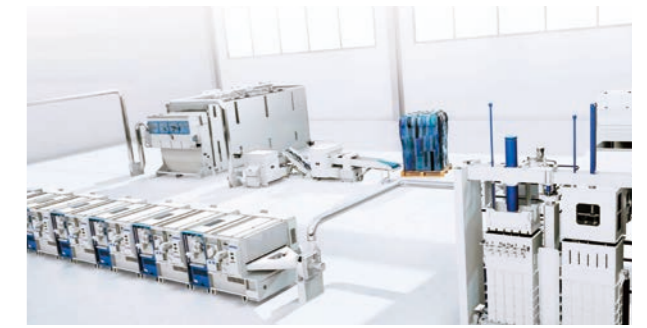


moreTrees® More Trees forests

## Introducing new equipment to streamline the used clothing recycling process

In the Industrial Machinery & Materials Division, F&A Nonwovens Corporation (FANS) is planning to increase production of fiber by recycling used clothing. New equipment that will make recycling more efficient will begin full-scale operation around January 2025, increasing production volume by about 10 times the current level. Up until now, the process of removing foreign objects such as buttons and zippers during recycling had to be done by hand, limiting the amount of material that could be processed, but this new equipment will automate the foreign object removal process.

It is estimated that the new clothing supply in Japan in fiscal 2022 was approximately 798,000 tons, of which about 90%, or roughly 731,000 tons, was discarded by households or businesses after use. We are now able to process about 4% of the approximately 127,000 tons used in industrial materials and other areas.



Equipment to be introduced (image)

## Providing renewable energy via solar power business

Since fiscal 2012, the Human & Future Development Division has been selling electricity via Nikke Machinaka Power Plants, balancing land utilization with environmental conservation. The Akashi Tsuchiyama Nikke Machinaka Power Plant located on the site of a former golf course in Inami Town, Kako District, Hyogo Prefecture began operation in October 2013. We will further develop renewable energy hubs like this.



### Nikke Machinaka Power Plants across Japan

Annual power generation:

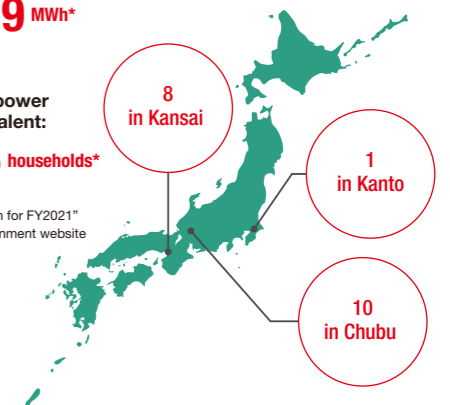
Approx. **26,619 MWh\***

\*Fiscal 2023 total

Annual household power consumption equivalent:

Approx. **6,376 households\***

\*Calculation based on "Household Energy Situation for FY2021" on the Ministry of the Environment website



# Human Resource Strategy

We are pursuing continuous growth and increased corporate value through human capital management to create an employee-friendly work environment and to support the growth of our employees.



Executive Officer, Corporate Strategy Center,  
General Manager of the Human Resource Department

## Yasushi Kurusu

The Nikke Group developed a medium- to long-term vision, which we have worked towards over 15 years since 2008, all the while adapting our business to various changes in the domestic and international environment. Fundamental to all of this has been an awareness that human resources are our most important management asset, and, under the slogan “a company where people grow,” we are working to develop an environment where employees can feel secure and work to their full potential.

### Actions to support the growth of human resources

#### Human resource principles

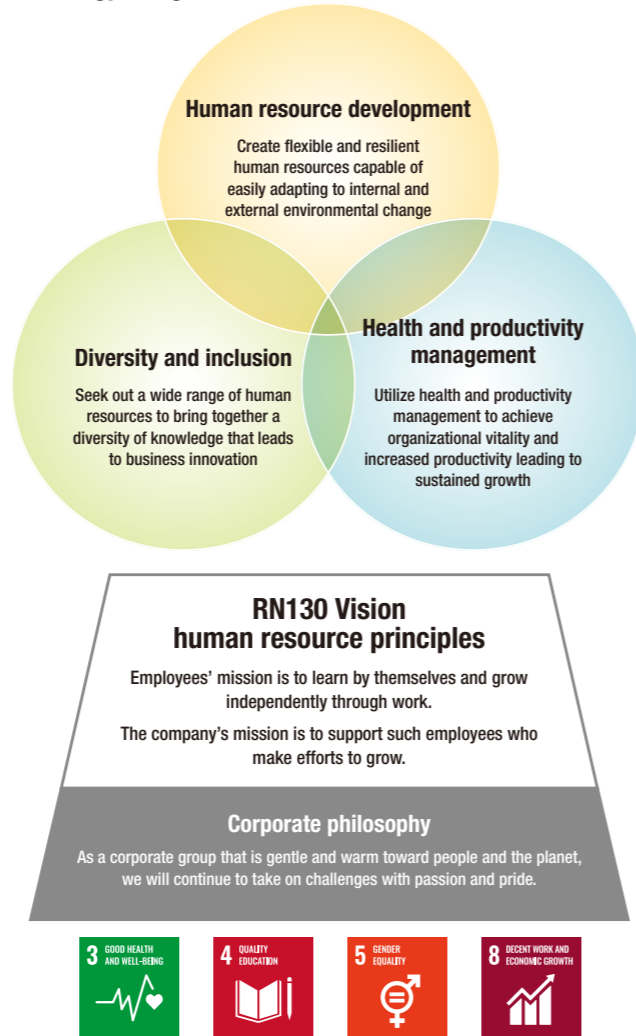
In 2008, we established our human resource principles, which are focused on the growth of our human resources.

**Employees' mission is to learn by themselves and grow independently through work.**

**The company's mission is to support such employees who make efforts to grow.**

We consider the realization of these principles to be a top priority and are implementing a variety of measures to achieve it.

#### Management strategy and human resource strategy integration



#### (1) Human resource development

With regard to human resource development, we have established a training system for all Nikke Group employees. We define the necessary core skills for employees to be thinking skills and interpersonal skills and provide rank-specific training. Individuals who will play key roles in the Group take next-generation manager training (VOC training), which helps them to hone their strategies so that they can work on continuous improvements in corporate value. This training has been conducted for over 10 years and has produced more than 130 graduates in total. These people are active in key positions within the Group, including as presidents, directors, executive officers, and department managers.

In addition, we run a business leader development program for employees in their 20s and 30s. We create strong business professionals by having employees attend business school, where they will engage in debate and discussion with people outside the Group and compete against others with different modes of thinking. This program has been ongoing for six years and has produced around 50 talented individuals so far. Our rank-specific training has employees participate on a voluntary basis, thereby fostering their autonomous growth.

#### Nikke Group rank-specific education system

Rank	Core skills		Special skills	Self-enlightenment
	Thinking skills	Interpersonal skills		
Department managers and office managers (executive candidates)	Next-generation manager training (VOC training)			
Section chiefs and chiefs (department manager candidates)		New manager training		
Leaders (management candidates)	1. Solving well-defined problems 2. Leadership that brings out motivation and competence of subordinates	Leader training		
Mid-level (leader candidates)	Business leader development program		E-learning (financial accounting, legal affairs, labor, compliance, etc.)	E-learning
	1. Problem solving with hypothetical thinking 2. Facilitation that brings out wisdom and motivation	Strengthening skills to get people involved		
	1. Basics of logical thinking 2. Persuasive communication	Tutor training Advocacy improvement training		
3rd year employees		3rd year training		
2nd year employees		2nd year training		
New employees	New employee training			

Legend:   Rank-specific training

#### (2) Health and productivity management\*

You cannot hope to improve organizational vitality and productivity if employees are not physically and mentally healthy. We have introduced a medical information site to improve health literacy, established an external consultation desk to discuss post-diagnosis illness and lifestyle concerns, promoted collaborative health in conjunction with the health insurance association, and introduced stress tests. We are also pursuing Group-wide certification as a Health & Productivity Management Outstanding Organization and currently have eight companies that have been certified in 2024.

\*See p.35

#### (3) Diversity, equity, and inclusion (DE&I)

By welcoming diversity of employee nationality, gender, culture, and values, and by providing an environment that offers a wide range of opportunities for both new graduates and mid-career hires, we are creating new value adapted to increasing globalization and changing customer needs. We are also anticipating the coming era in which the value that people place on work style is becoming increasingly diverse by initiating efforts to foster greater participation among all employees. With the aim of creating an environment where both men and women can continue working while raising children, we have established leave systems that exceed the requirements of the law, such as a system of reduced working hours for childcare (up to the end of sixth grade). We also promote childcare leave for male employees (85.71% usage rate in fiscal 2023\*). Furthermore, in 2009, we extended the retirement age to 65. We are also creating an environment where employees can work with peace of mind by introducing a nursing care leave system and operating a region-specific career-track system. Starting this fiscal year, we are launching a dedicated department to accelerate our efforts to adapt to the ever-changing environment and values by, for example, investigating flexible work arrangement and leave systems that respect work-life balance, hiring more elderly and disabled people, and expanding employee benefits and services. We are working to expand all of these activities throughout the entire Group.

I believe that the Nikke Group's ability to generate value for customers in the future depends on its employees. We will provide new value to society through the development of high-performance products and the provision of regional No. 1 service. Working toward the goals set for fiscal 2026, the final year of the RN130 Vision, the Nikke Group will accelerate its move to sustainable management so that it can be a company that creates future lifestyles.



Group Manager, DE&I Group,  
Human Resource Department,  
Corporate Strategy Center  
**Ikuko Sumi**

#### Indicators and targets

The following indicators are used for our policy on human resource development, including ensuring the diversity of human resources, and for our policy on improving the internal environment. The results and targets for each are also shown below.

The Japan Wool Textile Co., Ltd.		
Indicator	Results (fiscal 2023)*	Targets (fiscal 2026)
Percentage of women among managers (%)	8.5	15.0
Childcare leave usage rate for male employees (%)	85.7	90.0
Gender wage gap (all workers) (%)	56.5	70.0

\*Regarding the results listed under human capital, the "Percentage of women among managers" is as of September 30, 2023, and the results for the other indicators are from October 1, 2022 to September 30, 2023.

# Health and Productivity Management

At Nikke, we believe that what is most important for our employees is that they be in good physical and mental health. That is why we actively promote health and productivity management as a way to revitalize the organization and improve productivity.



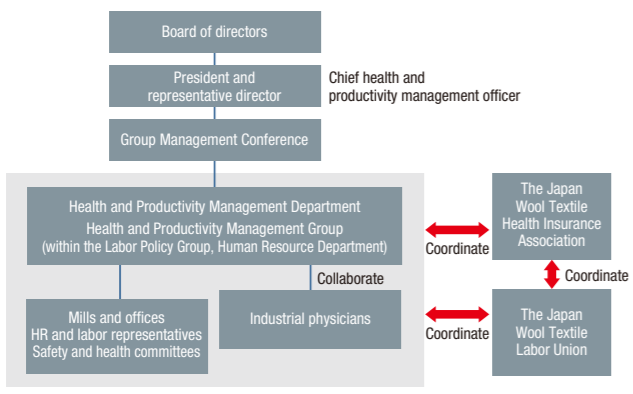
**Nikke Health Declaration**

We aim to be a vibrant and energetic company and strive to maintain and improve the health of our employees.

June 1, 2023  
The Japan Wool Textile Co., Ltd.  
President and Representative Director  
**Yutaka Nagaoka**

**Organization chart**

The president serves as the chief health and productivity management officer. The Health and Productivity Management Department works to promote employee health in cooperation with the safety and health committees, HR and labor representatives, and industrial physicians at each mill and office, the health insurance association, and the labor union.



- Priorities**
- We adhere to a corporate code of ethics that prioritizes safety and health in all our business operations, from research and development to manufacture and sales services, so that we can provide a workplace environment in which employees can carry out their work in a healthy state of mind and body.
- (1) We strive to prevent workplace accidents through thorough risk assessment and safety education.
  - (2) We analyze the results of stress checks and review working hours and annual paid leave taken to find ways to make improvements for the sake of creating a rewarding, employee-friendly workplace environment that is conducive to both physical and mental health.
  - (3) We promote the health of our employees by increasing opportunities for exercise and by taking measures to improve eating habits.
  - (4) We hold health promotion events and seminars that foster organizational revitalization and improved productivity.

**Key indicators**

The Japan Wool Textile Co., Ltd.

Health issues	Results				Fiscal 2024 target	
	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023		
<b>Safety</b>	Number of workplace accidents (not accompanied by lost worktime) (cases)	2	2	5	5	0
	Number of workplace accidents (lost worktime) (cases)	0	0	0	0	0
<b>Health management</b>	Regular checkup attendance rate (%)	100.0	100.0	100.0	100.0	100.0
	Stress check participation rate (%)	81.1	84.5	81.4	91.2	92.0
<b>Productivity</b>	Overtime per person (monthly average) (hours)	6.5	4.3	6.0	7.2	6.0
	Production per person (year-on-year) (%)	102.0	105.0	106.0	105.0	105.0
	Performance evaluation points (year-on-year) (%)	98.8	102.3	100.2	102.7	101.0
<b>Workplace environment</b>	Turnover rate of new employees within three years of joining the company (%)	12.9	8.9	6.8	2.7	5.0
	Annual paid leave usage rate (%)	52.7	57.2	68.4	66.5	70.0

**Main actions**

**Safety and health**

Every fiscal year, the Nikke Group formulates an occupational safety and health plan, which covers the following seven items to prevent workplace accidents: (1) reduction of risk level; (2) raising safety awareness; (3) thorough implementation of the 5S practice; (4) review of standard operations; (5) hazard prediction activities; (6) thorough implementation of safety education; and (7) traffic safety education. Recognizing that a safe and healthy work environment for employees is an important responsibility of the Nikke Group and the first and foremost step in improving product quality, we share information on all Group workplace accidents with our mills and offices to prevent any recurrence of similar accidents.

**Support for balancing work with medical treatment**

We have introduced a welfare system that provides support both before and when employees become ill, reducing anxiety when employees get sick. We are also working to create an environment where employees can feel secure and work to their full potential.

**Nikke Group's vision**

Improve health literacy

Premorbid support  
Cancer-related medical information site

Support for balancing work with medical treatment

Postmorbid support  
Hatch Healthcare cancer consultation

We are enhancing our employee benefits to reduce Nikke Group employees' anxiety when they get sick and to create an environment where employees can feel secure and work to their full potential.

**Checkup results analysis-based disease prevention measures**

By analyzing the results of checkups, we identify employee health issues and work to improve them.

With a view to preventing the disease from worsening in the medium to long term, we work with our health insurance association to provide detailed lifestyle advice to each person who is eligible for specific health guidance.

Recent analyses have revealed that there are issues with blood pressure, blood sugar, and liver function. We are therefore focusing on increasing opportunities for exercise and improving dietary habits.

**Health promotion seminars**

We hold seminars on topics we have identified as health issues. Recent topics have included exercise, sleep, quitting

smoking, and female hormones. In a post-event survey, 98.6% of participants said they found the seminar useful.



**Increasing exercise opportunities**

Each Nikkei Group company holds walking events that make use of health apps and other means. We are working to improve internal communication and increase opportunities for exercise.

**Kakogawa Marathon**

With the aim of contributing to the promotion of health and sports among the citizens of Kakogawa, where Nikke was founded, we have been a part of the Kakogawa Marathon as a special corporate sponsor since the first race was run in 1990. Many Nikke Group employees have participated in the event.



**Club activities**

We are working to improve internal communication through club activities. We therefore help subsidize a portion of activity costs.



## Relationship with Society

With the aim of becoming a company that creates future lifestyles, we view how we interact with our stakeholders as an important management issue and, thus, pursue sustainable management that brings new value to society.

### Relationship with customers

#### Stable product supply and quality control system

The Nikke Group has established the Nikke Group PLP Committee to ensure and verify the safety of products based on the Declaration on Product Safety and Guidelines on Product Safety Measures. We also established divisional PLP committees for each division to lead safety activities. In addition, we have established and maintain manufacturing and inspection processes and a quality assurance system. These are used to inspect and verify the compliance of our product manufacturing and sales processes with various laws and standards so that the quality of our products is upheld.

### Relationship with business partners

#### Compliance with business partners

The Corporate Code of Conduct of Nikke Group includes the code of conduct for domestic and overseas business transactions, code of conduct for relationships with domestic and overseas business partners, and code of conduct for compliance with the Antimonopoly Act. We describe our products and services to our business partners in a sincere way to prohibit any acts in violation of laws and business ethics, such as bribery, unfairly restrained competition, and fictitious transactions. We also ensure that procurement of goods and services necessary for business activities is done from an equal and fair standpoint with our business partners. In our business partner selection criteria, we maintain an open-door policy in order to achieve efficient procurement, provide equal business opportunities, and make fair judgments based on price, quality, delivery, safety, and environmental friendliness.

### Nikke Group human rights policy

The importance of corporate efforts to respect human rights grows year by year. In order to clarify our position on human rights in what we do, the Nikkei Group established its human rights policy in August 2023.\*

Human rights are rights that all people are born with, and respect for human rights is an essential value shared by all humanity. In accordance with the UN Guiding Principles on Business and Human Rights, we support and respect internationally recognized human rights agreements and labor standards, strive to foster mutual understanding and respect

so that no one is treated unfairly on the basis of race, sex, religion, gender identity, or disability, and strive to build a corporate group that is trusted by society.

*Note: For more information, please see the "Nikke Group Human Rights Policy" on our website.*



### Declaration of Responsible Corporate Conduct

Based on our understanding of the Guidelines on Respecting Human Rights in Responsible Supply Chains, published by the Japanese Ministry of Economy, Trade and Industry in September 2022, and the Guideline for Responsible Business Conduct for the Textile and Clothing Industry of Japan, created by the Japan Textile Federation, the Nikke Group released its Declaration of Responsible Corporate Conduct in September 2023.\*

In accordance with these guidelines, we will conduct responsible business operations together with the cooperation of our direct and indirect business partners in our supply chain.

*Note: For more information, please see the "Declaration of Responsible Corporate Conduct" on our website.*



### Nikke Group CSR procurement guidelines

For a company to grow and develop on an ongoing basis, it is essential that it gains the trust of its stakeholders, including customers, business partners, employees, society, and shareholders. We believe that the foundation of this trust is demonstrating integrity in management toward stakeholders and ethical conduct that goes beyond compliance with laws and regulations.

Because we believe that such efforts cannot be completed through the efforts of the Nikke Group alone and that the understanding and cooperation of our suppliers is also essential, we formulated the CSR Procurement Guidelines in March 2024.\*

*Note: For more information, please see the "Nikke Group CSR Procurement Guidelines" on our website.*



## Stakeholder Engagement

We are using dialogue with shareholders and other stakeholders as part of our efforts to achieve sustained growth and improve corporate value over the medium to long term.

### Relationship with shareholders and investors

#### Policy on constructive dialogue with shareholders

Through dialogue with shareholders, we strive to achieve sustained growth and improve our corporate value over the medium to long term.

Dialogue with shareholders is handled primarily by the IR department (General/Legal Affairs and PR Department) in cooperation with other relevant departments. Directors, executive officers, and other management also participate in this dialogue as necessary. In addition to discussing the most recent financial results and business outlook, the participants exchange opinions on a range of topics, including growth strategies (progress in growth drivers), efforts to improve capital efficiency, governance, shareholder returns, and capital policies.

In fiscal 2023, we held financial results briefings for institutional investors, analysts, and media representatives in January and July. We also held 32 individual IR meetings. The details of the January and July financial results briefings are published on our website.

Opinions received through dialogue with shareholders are compiled by the IR department and appropriately fed back to management at the Nikke Group Management Conference and the board of directors.

#### Measures to achieve management focused on cost of capital and stock price

Operating income continues to exceed 10 billion yen, and we are making progress in building a stable earnings base. Our operating margin has improved to nearly 10%, and our ROE has consistently been at 7%.

Reflecting the stability of our business, we recognize that cost of shareholder equity is approximately 5% and weighted average cost of capital (WACC) is about 4%. We expect these

to rise in light of the future interest rate environment. PBR has risen to around 0.9 but is still below 1. While we recognize that the Nikke Group's ROE and ROIC exceed the cost of shareholder equity and WACC, we will pursue management that is focused on an even greater return on capital, with the aim of achieving an ROE of 8% and a PBR of more than 1.

*Note: For more information, please see the Nikke Group RN130 Vision 3rd medium-term management plan (FY2024–2026).*



#### General meeting of shareholders

In order to ensure shareholders have sufficient time to properly exercise their rights, we send notice of our general meeting of shareholders three weeks beforehand. In conjunction with this, we endeavor to put in place a shareholder-friendly environment, such as by allowing voting via the Internet, introducing an electronic voting platform for institutional investors, and providing a partial English translation of the notice of convocation of the general meeting of shareholders. In addition, the details of the general meeting of shareholders are made public on our website.

#### Shareholder returns

Our basic policy is to increase dividends in line with profit levels, and we will gradually raise our dividend payout ratio from the current target of 30%, aiming for 35% in the final year of our 3rd medium-term management plan (2026). Additionally, we will flexibly acquire treasury stock in response to the progress of investments to enhance comprehensive shareholder returns.

### Dividend payout ratios and total return ratios (%)

\*Total return ratio = (Total dividends + Total share buybacks) ÷ Net income

	November 2014	November 2015	November 2016	November 2017	November 2018	November 2019	November 2020	November 2021	November 2022	November 2023
Dividend payout ratio (%)	38.2	32.2	32.4	30.8	30.4	29.0	27.4	24.3	29.8	30.4
Total return ratio* (%)	38.5	74.5	32.5	30.8	51.1	29.0	42.0	24.3	70.5	61.6

# Corporate Governance

We are meeting the expectations of stakeholders and improving corporate value through innovations in organizational governance that streamline management and increase transparency.

## Corporate Governance System

### Institutional Design

The Nikke Group has chosen a company with an audit and supervisory board as its institutional design based on the Companies Act, in which the board of directors and the audit and supervisory board supervise and monitor execution of business. We have also established an advisory board to complement the functions of the board of directors. Through these institutional forms, we have created a system for monitoring management to improve our corporate value in the medium to long term and a system for selecting the most suitable managers.

### Structure of the Board of Directors

The Board of Directors consists of eight directors (including three outside directors), who are balanced in terms of knowledge, experience, and capabilities and have diversified backgrounds. We ensure that more than one third of the board members are outside directors so that we can expect advice from various perspectives and strengthen the board's supervisory function. In addition, we hold a liaison meeting between outside directors and Audit and Supervisory Board members twice a year as a place for exchanging information and sharing awareness to revitalize the Board of Directors.

In order to strengthen the supervisory function of the Board of Directors by separating management and supervision, the chairman of the board has been a non-representative chairman.

### Structure of the Audit and Supervisory Board

The Audit and Supervisory Board consists of four people, including two highly independent outside members. The Audit and Supervisory Board members visit each division and group company and interviews the division manager and the group company president about business and risks.

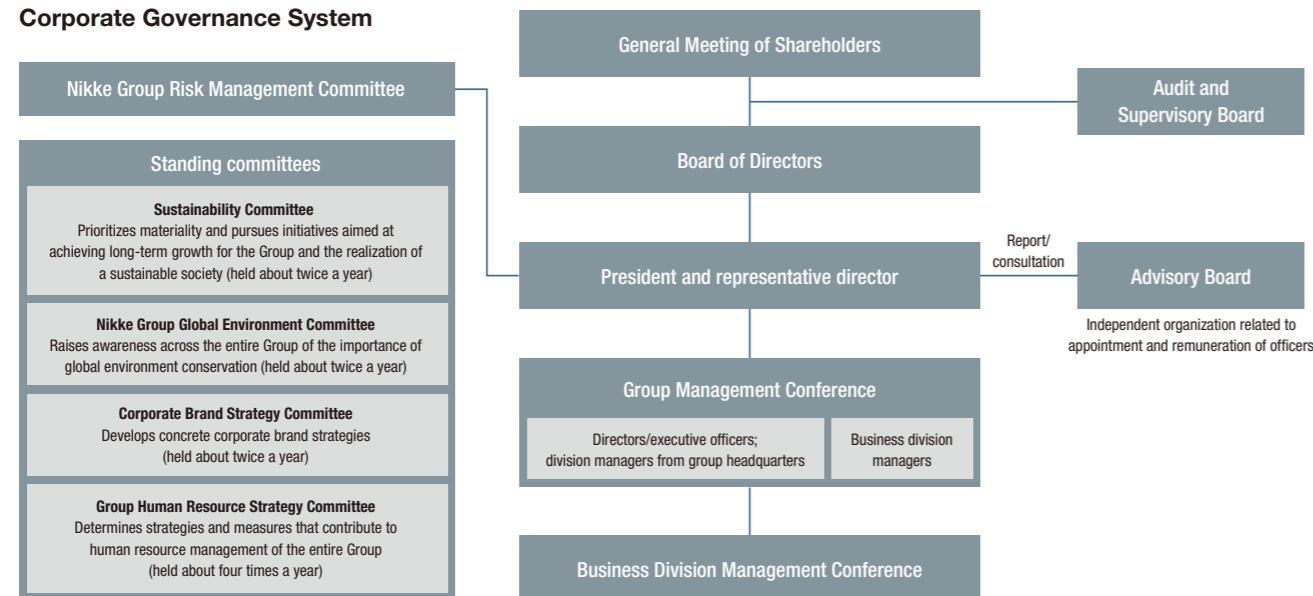
### Group Management Conference

The Group Management Conference consists of executive officers, Audit and Supervisory Board members, division managers, and division managers from group headquarters. It holds meetings twice or more per month to enable the chief executive officer to efficiently make important decisions regarding business execution by discussing each matter from various angles.

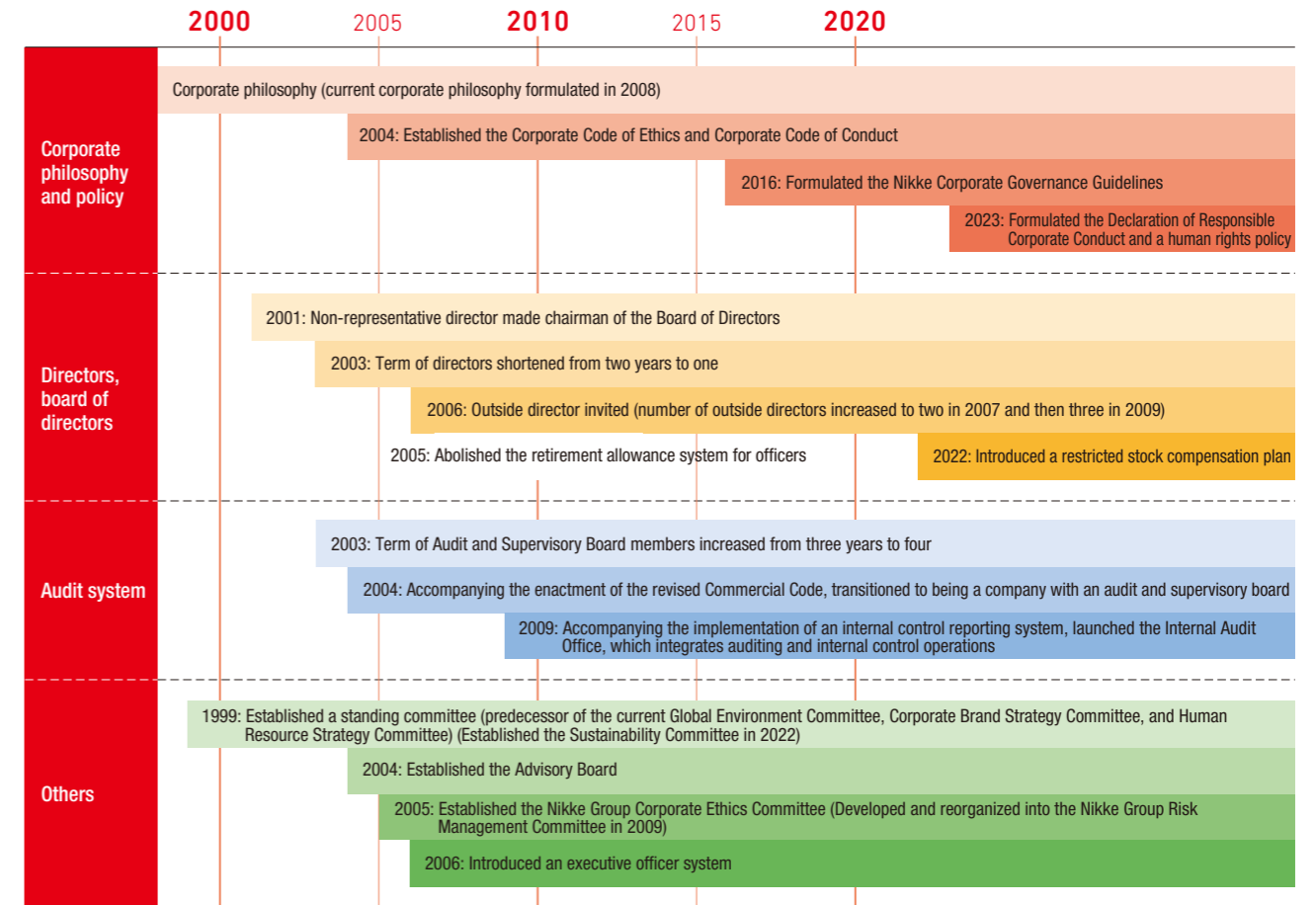
### Advisory Board

To strengthen the system for monitoring management and the system for selecting the most suitable managers, the Nikke Group has established the Advisory Board, which functions as an appointment and remuneration committee and holds regular meetings twice a year. The Advisory Board, which is comprised of no more than five members, at least half of which are independent and external, receives reports regarding the appointment and remuneration of officers and matters that are essential to company management from the chief executive officer and provides advice.

### Corporate Governance System



### Corporate Governance Initiatives



### Status of Cross-Holdings

#### Policy on Holdings

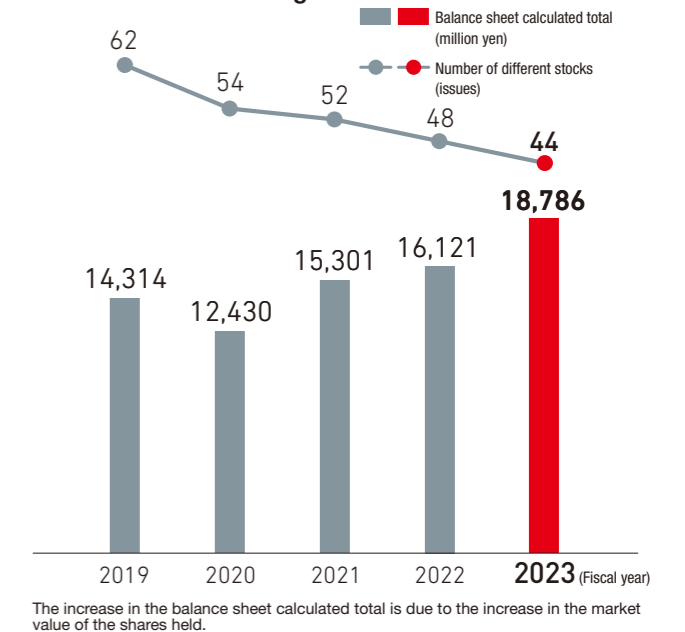
Regarding share cross-holdings, we disclose these in our securities report as well as conduct an annual review during which the Board of Directors considers a number of questions about each stock held, including the purpose for holding it and whether the risks and benefits of holding it justify the capital cost.

Based on the results of this review, we sold off 42 of our cross-holdings during the three-year period of the Nikke Group RN130 2nd medium-term management plan, which represents a book value reduction of 2.24 billion yen.

#### Exercise of Voting Rights

With regard to the exercise of our voting rights for share cross-holdings, this is done when we have separately investigated and, when necessary, talked with the issuing company in question to determine that the exercise of such rights will contribute to an increase in the medium-to-long-term corporate value of said company.

### Status of Cross-Holdings



## Reasons for Officer Appointment

In order to build an effective governance system focused on sustainable growth, we appoint directors and Audit and Supervisory Board members who possess extensive business experience and wide-ranging expertise and knowledge. Each director's and Audit and Supervisory Board member's skills and activities are provided below.

**Kazuya Tomita** Chairman and Chairman of Board of Directors

As chairman of the Board of Directors, Tomita performed appropriate management supervision and, while presiding over meetings of the board, strived to ensure effective management of proceedings from a position of neutrality. Also, as the former president, he has been involved in overall management for many years, including promoting the Nikke Group RN130 Vision. He possesses a wealth of experience, for which he has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value.

**Yutaka Nagaoka** President and Representative Director Chief Executive Officer

As president and representative director, Nagaoka performed appropriate management supervision and decision-making on important matters and helped move forward the second phase of the Nikke Group RN130 Vision, i.e., the second medium-term management plan, to achieve a third consecutive period of increased sales and operating income, with operating income being the highest it has ever been. For these and other reasons, Nagaoka has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value.

**Kuniaki Hihara** Director and Managing Executive Officer General Manager of Industrial Machinery & Materials Division

As a director, Hihara performed appropriate management supervision and decision-making on important matters. As a managing executive officer, he served as the general manager of the Industrial Machinery & Materials Division, where he focused on automobile- and environment-related growth industries, expanded overseas business, and facilitated expansion of nonwovens business. Also, as chair of the Corporate Brand Strategy Committee, he oversaw the creation of a concrete corporate brand strategy. For these and other reasons, Hihara has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value.

**Yoshiro Kawamura** Director and Managing Executive Officer General Manager of Human & Future Development Division

As a director, Kawamura performed appropriate management supervision and decision-making on important matters. As a managing executive officer, he was the general manager of the Human & Future Development Division, where he carried out aggressive investment, such as in Tokyo Building redevelopment, selection and concentration of unprofitable businesses, and business restructuring. Also, as chair of the Nikke Group Global Environment Committee, he promoted the importance of global environmental conservation and worked to raise awareness across the entire Group. For these and other reasons, Kawamura has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value.

**Takehiro Okamoto** Director and Managing Executive Officer Director of Corporate Strategy Center

As a director, Okamoto performed appropriate management supervision and decision-making on important matters. As a managing executive officer, he oversaw the Corporate Strategy Center as director, formulating and promoting corporate strategy, shaping corporate governance, facilitating overall Group financial affairs, human resources, IR, and M&A strategy, and furthering the medical-related business. Also, as chair of the Sustainability Committee, he furthered efforts aimed at the long-term growth of the Group and the realization of a sustainable society. For these and other reasons, Okamoto has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value.

**Yasuhiro Wakamatsu** Outside director (independent director)

Wakamatsu has experience in management at other companies, along with proven results and ample experience in the warehouse-related industry, which he draws upon while serving in an independent supervisory role among the Board of Directors. Also, as an external member of the Advisory Board, he has been actively involved in improving Group corporate governance. For these and other reasons, Wakamatsu has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value.

**Seishi Miyajima** Outside director (independent director)

Miyajima has experience in management at other companies, along with proven results and ample experience in the real estate industry, which he draws upon while serving in an independent supervisory role among the Board of Directors. Also, as an outside member of the Advisory Board, he has been actively involved in improving Group corporate governance. For these and other reasons, Miyajima has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value and supervising Group management.

**Yukihiko Kato** Outside director (independent director)

Kato has experience in management at other companies, along with proven results and ample experience in the automotive-related industry, which he draws upon while serving in an independent supervisory role focused on achieving sustained improvement in the Nikke Group's corporate value and supervising Group management. He has been deemed an appropriate appointment for improving corporate governance of the Group.

**Kazuhiro Ohashi** Audit and Supervisory Board member

As an executive officer, Ohashi focused on the launch of medical-related business. With his broad range of experience in the Nikke Group in the fields of production and research and development, he has a great deal of insight into Nikke Group business. He also has group company management experience. For these reasons, Ohashi is deemed an appropriate appointment for ensuring good corporate health.

**Hiroshi Fujiwara** Audit and Supervisory Board member

As an executive officer, Fujiwara promotes the Group's financial, accounting, and tax strategies and has a broad range of experience, which includes the Textile & Clothing Materials business and the Human & Future Development business, that gives him considerable knowledge of the Group's businesses. He also has experience serving as an audit and supervisory board member for group companies. For these reasons, Fujiwara is deemed an appropriate appointment for ensuring good corporate health.

**Michiko Uehara** Outside Audit and Supervisory Board member (independent director)

As a highly skilled attorney, Uehara draws upon a wealth of experience to carry out independent and objective audits that help ensure corporate health. She is thus judged to be an appropriate appointment who can contribute to improved corporate governance as an outside Audit and Supervisory Board member.

**Junichi Kato** Outside Audit and Supervisory Board member (independent director)

Based on his experience as a certified public accountant well-versed in finance, accounting, and taxation, Kato conducts independent and objective audits that help ensure corporate health. He is thus judged to be an appropriate appointment who can contribute to improved corporate governance as an outside Audit and Supervisory Board member.

## Officers' Skills Matrix

Name	Kazuya Tomita	Yutaka Nagaoka	Kuniaki Hihara	Yoshiro Kawamura	Takehiro Okamoto
Position	Chairman and Chairman of Board of Directors	President and Representative Director Chief Executive Officer	Director and Managing Executive Officer General Manager of Industrial Machinery & Materials Division	Director and Managing Executive Officer General Manager of Human & Future Development Division	Director and Managing Executive Officer Director of Corporate Strategy Center
Skills	Corporate management	●	●	●	●
	Sales	●		●	●
	Engineering/R&D		●		
	Finance/accounting	●			●
	HR/labor	●	●		●
	Legal/risk management	●			●
	Sustainability				●
	M&A	●			●
Business experience at Nikke	Global experience		●	●	
	Textile & Clothing Materials	●	●	●	
	Industrial Machinery & Materials		●	●	●
	Human & Future Development	●	●	●	●
	Consumer Goods & Services	●	●		●

Name	Yasuhiro Wakamatsu	Seishi Miyajima	Yukihiko Kato	Kazuhiro Ohashi	Hiroshi Fujiwara	Michiko Uehara	Junichi Kato
Position	Outside Director (independent director)	Outside Director (independent director)	Outside Director (independent director)	Full-time Audit and Supervisory Board member	Full-time Audit and Supervisory Board member	Outside Audit and Supervisory Board member (independent director)	Outside Audit and Supervisory Board member (independent director)
Skills	Corporate management	●	●	●	●		
	Sales	●	●				
	Engineering/R&D			●	●		
	Finance/accounting					●	●
	HR/labor		●	●			●
	Legal/risk management	●		●		●	●
	Sustainability						
	M&A					●	
Business experience at Nikke	Global experience	●					
	Textile & Clothing Materials				●	●	
	Industrial Machinery & Materials				●		
	Human & Future Development					●	
Consumer Goods & Services							

The following are the descriptions of the listed skills.

Corporate management	Has experience managing a business, including group companies, and has knowledge of company management
Sales	Has experience in sales, marketing, and brand strategy
Engineering/R&D	Has experience in production technology, quality control, and research and development
Finance/accounting	Has specialized knowledge in finance, accounting, capital policy, taxation, etc.
HR/labor	Has knowledge of human capital management, including human resource management, labor management, and human rights
Legal/risk management	Has specialized knowledge in legal affairs, intellectual property, risk management, etc.
Sustainability	Has insights into various issues surrounding sustainability, as well as possesses experience and specialized knowledge as someone who has overseen ESG activities
M&A	Has experience in formulating and executing strategies for M&A, business alliances, etc.
Global experience	Has experience working overseas and in global sales activities

### Notes

- 1: Prior to their appointment as Audit and Supervisory Board members, Kazuhiro Ohashi served as a Nikke executive officer for nine years, and Hiroshi Fujiwara served as a Nikke executive officer for four years.
- 2: Yasuhiro Wakamatsu, Seishi Miyajima, and Yukihiko Kato are outside directors as defined under Article 2, Paragraph 15 of the Companies Act. Michiko Uehara and Junichi Kato are outside Audit & Supervisory Board members as defined under Article 2, Paragraph 16 of the Companies Act.
- 3: The above list is not an exhaustive list of all of the knowledge and experience possessed by each individual.

### Evaluation of the Effectiveness of the Board of Directors

With respect to the evaluation of the effectiveness of the Board of Directors in fiscal 2023, we conducted a self-evaluation on the composition, content of discussions, and methods of operation of the Board of Directors by distributing questionnaires to directors and Audit and Supervisory Board members. As a result of analyzing the self-evaluation and organizing the issues at the Board of Directors, it was confirmed that the self-evaluation of our Board of Directors was high overall.

The liaison meeting between outside directors and Audit and Supervisory Board members, which is held regularly to facilitate information and awareness-sharing with independent outside directors, has been well-received for its effectiveness. In addition, the assessment of the overall composition of the Board of Directors has improved. Meanwhile, we recognize the

continuing need for more well-balanced proceedings that align with the agenda. We will refer to these evaluation results as we continue working to enhance the efficacy of the Board of Directors and strengthen our corporate governance.

### Matters Discussed and Reported at Board of Directors Meetings

As a general rule, the Board of Directors meets once a month to make decisions on various matters, such as matters prescribed by law and the articles of incorporation or important investment and loan matters. It also receives reports on, and oversees the status of, operations of the different businesses and group companies. The board also facilitates and oversees corporate strategy, including the approval and progress management of group planning, such as medium-term management plans and fiscal year plans, and the drafting and progress management of important investments.

#### Matters discussed and reported at Board of Directors meetings (fiscal 2023)

<b>Management strategy related</b>	Medium-term management plan formulation and progress management / single-year management plan formulation and progress management / financial plan formulation and cash flow management / financial results and performance management / group company financial results and performance management / M&A-related matters / business restructuring / investment progress management / management focused on cost of capital and stock price / etc.
<b>Governance</b>	Personnel changes for directors, Audit and Supervisory Board members, executive officers, and important division managers / Advisory Board appointment / decision-making regarding officer remuneration, share-based remuneration, etc. / D&O insurance and liability limitation agreements with outside directors / Audit and Supervisory Board auditing policies and planning / internal control audit planning / accounting auditor audit planning / verification and sale of cross-shareholdings / Board of Directors effectiveness evaluation / establishment and revision of important rules and regulations / sustainability-related matters / etc.
<b>Investment and loans</b>	Important investments (production facilities, commercial facilities, real estate development, etc.) / core system investments / investment planning and results comparison / etc.
<b>Shareholder related</b>	Shareholder status / shareholder returns (dividend policy, treasury stock acquisition and cancellation) / general meeting of shareholders operating policy and results summarization / etc.

### Remuneration of Directors

The Board of Directors determines the amount of remuneration for directors within the range of the total amount approved by a resolution of the general meeting of shareholders. However, prior to making the decision, the Advisory Board, which consists of internal and external members, is consulted on the matter to ensure objective and transparent procedures, and the appropriateness and reasonableness of remuneration through deliberation.

The remuneration system for directors was revised in fiscal 2022 to introduce restricted stock compensation. This revision, aimed at all directors who are not outside directors, and at executive officers who are not directors, is intended to incentivize efforts to achieve sustained increases in corporate

value, as well as to further facilitate alignment with shareholder interests. As a result, the amount of remuneration for inside directors consists of a fixed remuneration, which is a standard amount based on job title, annual performance-linked remuneration, business result-linked remuneration related to the progress and achievement of the medium-term management plan, and share-based remuneration, which utilizes allocation of shares. All of this is paid at a ratio of 5:2:1:2 as a standard. Also, the amount of remuneration for the chairman of the Board of Directors consists of a fixed remuneration and share-based remuneration, which are paid at a ratio of 8:2. The amount of remuneration for outside directors and Audit and Supervisory Board members is limited to a fixed remuneration, which is not linked to business results of the company in view of their roles and independence.

#### Total amount of remuneration, etc. (Results for the fiscal year ended November 2023)

	Total amount of remuneration, etc.	Total amount of remuneration by type			Number of eligible executives
		Basic remuneration (fixed remuneration)	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
<b>Directors (of which, outside directors)</b>	226 million yen (18 million yen)	148 million yen (18 million yen)	45 million yen (—)	32 million yen (—)	8 (3)
<b>Audit and Supervisory Board members (of which, outside Audit and Supervisory Board members)</b>	49 million yen (12 million yen)	49 million yen (12 million yen)	— (—)	— (—)	5 (2)

• Total remuneration includes an anticipated 20 million yen directors' bonus for the fiscal year.  
 • Non-monetary remuneration, etc., is the amount recorded as expenses for the fiscal year under review based on the restricted stock compensation plan.  
 • The maximum amount of remuneration for directors and Audit and Supervisory Board members was revised at the 189th Ordinary General Meeting of Shareholders held on February 26, 2020, with an annual remuneration of up to 300 million yen for directors (of which, up to 24 million yen for outside directors) and an annual remuneration of up to 80 million yen for Audit and Supervisory Board members (of which, up to 16 million yen for outside Audit and Supervisory Board members). Also, at the Ordinary General Meeting of Shareholders held on February 25, 2022, a remuneration framework separate from that above was approved to set aside up to 50 million yen and 100,000 shares of Nikke common stock per year as monetary claims used for funding restricted stock compensation for directors (excluding outside directors).  
 ▶ For details, please see page 57 of the Notice of the 193rd Annual General Meeting of Shareholders. This information can also be found at <https://www.nikke.co.jp/investor/data/>.

## Compliance and Risk Management

### Risk Recognition

The Nikke Group has established the Group Risk Management Committee to identify the risks recognized by the Group and strengthen the risk management system for preventing the risks and minimizing losses.

#### Business risks

- Declining business results, business withdrawal of important business partners, etc.
- Business reorganization, and improvement of business structure
- Significant drop in stock prices, fluctuations in exchange rates, etc.
- Product defects, etc.
- Purchase of raw materials
- Overseas business development
- Disasters, spread of serious infectious diseases, etc.
- Impairment losses on fixed assets
- Information security risks

Note: For details see pages 25 and 26 of the 193rd Securities Report.

### Risk Management System

Through audits by the Audit and Supervisory Board and the Internal Audit Department and Group Risk Management Committee meetings held twice a year, the Nikke Group aims to improve comprehensive group-wide recognition and sharing of the risks and conducts regular reviews on the risk management system. Business divisions and group companies also hold Risk Management Committee meetings to understand the risks unique to each business.

#### Structure of Nikke Group Risk Management Committee



### Protection of Whistleblowers

The Nikke Group has established a whistleblower contact desk for reporting illegal activities and activities that violate the Corporate Code of Ethics. We have informed employees about this contact desk via the Corporate Ethics Handbook and the company intranet.

This whistleblower contact desk can be accessed via two routes, the Audit and Supervisory Board and the Internal Audit Office. The system is designed so that report confidentiality is strictly maintained. There were seven reports received in fiscal 2023.

### Handling of Information

#### Respect for Intellectual Property

On December 1, 2008, the Nikke Group established the Environment/Intellectual Property Control Office (currently, System Technology/Environment Development Office). By establishing a system that supervises the management of intellectual property owned by the entire Nikke Group, we strive to make effective use of and defend the patents owned by the Group. In addition to handling the conclusion of non-disclosure agreements for joint research projects and inventions that have been created, we are working to ensure that intellectual property outside the Group is also thoroughly respected. At the Nikke Group, intellectual property created by employees related to their work are evaluated and treated based on the rules for handling employee inventions, which is an incentive system for inventions.

#### Protection of Personal Information

The Nikke Group recognizes that information is an important asset for continuing its business and believes that properly handling and protecting personal information is its social responsibility. Having established the Nikke Group Privacy Policy and Nikke Group Personal Information Protection Regulations in 2005 and built a management system based on these, we conscientiously manage personal information to ensure that it is handled appropriately. We also implement awareness-raising activities regularly through the Nikke Group Corporate Ethics Handbook, internal newsletters, and e-learning.

**Nikke Officers** (As of February 22, 2024)



**Kazuya Tomita**

Chairman and Chairman of Board of Directors  
 Date of birth: April 3, 1959; 64 years old  
 Years in office: 11  
 Number of shares held: 99 thousand  
 Attendance at Board of Directors meeting (previous term): 12/12 meetings

Apr. 1984 Joined Nikke  
 Feb. 2007 Manager of Community Service Business Group  
 Dec. 2008 General manager of Community Service Business  
 Feb. 2009 Executive officer, general manager of Community Service Business  
 Dec. 2011 Executive officer, general manager of Community Service Business, general manager of Management Department, and general manager of Communication/New Service Department  
 Dec. 2012 Managing executive officer, general manager of Human & Future Development Division, general manager of Consumer Business Division, general manager of Management Department, and general manager of Communication/New Service Department  
 Feb. 2013 Director, managing executive officer, general manager of Human & Future Development Division, general manager of Consumer Business Division, general manager of Management Department, and general manager of Communication/New Service Department  
 Jun. 2014 Director and managing executive officer, director of Corporate Strategy Center  
 Feb. 2016 President and chief executive officer  
 Feb. 2022 Chairman of the Board of Directors, chairman (current position)



**Yutaka Nagaoka**

President and Representative Director  
 Chief Executive Officer  
 Date of birth: September 7, 1961; 62 years old  
 Years in office: 4  
 Number of shares held: 53 thousand  
 Attendance at Board of Directors meetings (previous term): 12/12 meetings

Apr. 1984 Joined Nikke  
 Dec. 2008 General manager of Gifu Mill, Textile & Clothing Materials Division  
 Dec. 2010 General manager of Innami Mill, Textile & Clothing Materials Division  
 Feb. 2012 General manager of Textile & Clothing Materials Division (in charge of special missions for overseas business)  
 Feb. 2014 General manager of Gifu Mill, Textile & Clothing Materials Division  
 Sep. 2015 President and chief executive officer of Nikke Machine Manufacturing Corp.  
 Feb. 2018 Executive officer; president and chief executive officer of Nikke Machine Manufacturing Corp.  
 Feb. 2020 Director and managing executive officer, general manager of Human & Future Development Division  
 Feb. 2021 Director and managing executive officer, general manager of Human & Future Development Division, and general manager of Development Division  
 Feb. 2022 President and chief executive officer (current position)



**Seishi Miyajima**

Outside Director (independent director)  
 Date of birth: January 11, 1960; 64 years old  
 Years in office: 2  
 Number of shares held: –  
 Attendance at Board of Directors meetings (previous term): 12/12 meetings

Apr. 1983 Joined Nomura Real Estate Development Co., Ltd.  
 Jun. 2001 General manager of Corporate Sales Department, Nomura Real Estate Development  
 Jun. 2006 Director and deputy general manager of Corporate Company, Nomura Real Estate Development  
 Apr. 2009 Director, managing executive officer, and general manager of Corporate Company, Nomura Real Estate Development  
 Apr. 2012 Representative director, senior executive officer, and general manager of Corporate Company, Nomura Real Estate Development  
 May 2012 Executive officer and head of Property Brokerage & CRE Business Unit, Nomura Real Estate Holdings, Inc.  
 Apr. 2013 President and chief executive officer of Nomura Real Estate Urban Net Co., Ltd.  
 Apr. 2016 Chairman of Nomura Real Estate Urban Net  
 Jun. 2018 Director, executive vice president, and executive officer of Shinnihon Corporation  
 Feb. 2022 Outside director of Nikke (current position)



**Yukihiro Kato**

Outside Director (independent director)  
 Date of birth: January 3, 1959; 65 years old  
 Years in office: – (newly appointed)  
 Number of shares held: –  
 Attendance at Board of Directors meetings (previous term): –/– meetings

Apr. 1984 Joined Nippon Denso Co., Ltd. (currently Denso Corporation)  
 Jan. 2005 General manager of IC Technology Department II, Denso  
 Jun. 2010 Managing executive officer of Denso  
 Apr. 2017 Senior managing executive officer of Denso  
 Jun. 2019 President and chief executive officer of Denso Ten Limited  
 May 2023 President and chief executive officer of Yukiya ConCon Limited (current position)  
 Aug. 2023 Outside director of Japan Process Development Co., Ltd. (current position)  
 Feb. 2024 Outside director of Nikke (current position)



**Kuniaki Hihara**

Director and Managing Executive Officer  
 General Manager of Industrial Machinery & Materials Division  
 Date of birth: May 7, 1957; 66 years old  
 Years in office: 6  
 Number of shares held: 43 thousand  
 Attendance at Board of Directors meetings (previous term): 12/12 meetings

Apr. 2011 Joined Nikke  
 Jul. 2012 General manager of Sales Department III, Textile & Clothing Materials Division  
 Oct. 2013 President of Nikke (Thailand) Co., Ltd.  
 Dec. 2014 General manager of Nikke (Shanghai) Management Co., Ltd.  
 Jun. 2015 President of Nankai Nikke (Malaysia) Sdn. Bhd.  
 Feb. 2016 President and chief executive officer of Ambic Co., Ltd. (currently F&A Nonwovens Corporation)  
 Feb. 2018 Director and managing executive officer, general manager of Industrial Machinery & Materials Division (current position)  
 Jun. 2018 Outside director of Ashimori Industry Co., Ltd.  
 Jun. 2020 President and chief executive officer of Fuji Corporation  
 Feb. 2022 Chairman of Ambic (currently F&A Nonwovens Corporation) (current position)



**Yoshiro Kawamura**

Director and Managing Executive Officer  
 General Manager of Human & Future Development Division  
 Date of birth: November 15, 1960; 63 years old  
 Years in office: 5  
 Number of shares held: 41 thousand shares  
 Attendance at Board of Directors meetings (previous term): 12/12 meetings

Apr. 1983 Joined Nikke  
 Dec. 2005 General manager of Jiangyin Nikke Worsted Spinning Co., Ltd. and general manager of Jiangyin Nikke Dyeing Co., Ltd.  
 Dec. 2008 General manager of Research and Development Office II, Research and Development Center  
 May 2010 General manager of Engineering Division  
 Feb. 2013 President and chief executive officer of Nikke Machine Manufacturing Corp.  
 Sep. 2015 General manager of Manufacturing Control Department, Textile & Clothing Materials Division  
 Feb. 2016 Executive officer, general manager of Manufacturing Control Department, Textile & Clothing Materials Division  
 Jun. 2017 Executive officer, general manager of Manufacturing Control Department, Textile & Clothing Materials Division, and general manager of Fabric Business  
 Feb. 2019 Director and managing executive officer, general manager of Textile & Clothing Materials Division  
 Feb. 2022 Director and managing executive officer, general manager of Human & Future Development Division (current position)



**Kazuhiro Ohashi**

Audit and Supervisory Board member  
 Date of birth: February 18, 1958; 66 years old  
 Years in office: 1  
 Number of shares held: 28 thousand shares  
 Attendance at Board of Directors meetings (previous term): 10/10 meetings  
 Attendance at Audit and Supervisory Board meetings (previous term): 10/10 meetings

Apr. 1982 Joined Nikke  
 Dec. 2008 Research and Development Center No. 1 Research and Development Office manager  
 Feb. 2012 Textile & Clothing Materials Division Innami Mill manager  
 Dec. 2013 Gosen Co., Ltd. director and managing executive officer  
 Feb. 2017 Executive officer; Research and Development Center director  
 Apr. 2018 Executive officer; Research and Development Center director; Textile & Clothing Materials No. 1 and No. 2 Development Office manager  
 Dec. 2018 Executive officer; Research and Development Center director; Materials and Technology Development Office manager; Nikke Medical Co., Ltd. president  
 Apr. 2019 Executive officer; Kyoto Medical Planning Co., Ltd. president; Nikke Medical president  
 Feb. 2023 Full-time Audit and Supervisory Board member (current position)



**Hiroshi Fujiwara**

Audit and Supervisory Board member  
 Date of birth: September 29, 1963; 60 years old  
 Years in office: – (newly appointed)  
 Number of shares held: 21 thousand shares  
 Attendance at Board of Directors meetings (previous term): –/– meetings  
 Attendance at Audit and Supervisory Board meetings (previous term): –/– meetings

Apr. 1986 Joined Nikke  
 Feb. 2011 General manager of Management Department and manager of Finance Section, Textile & Clothing Materials Division  
 Feb. 2013 General manager of Management Department, Textile & Clothing Materials Division  
 Mar. 2013 Head of the Finance & Accounting Department, Corporate Strategy Center  
 Feb. 2020 Executive officer and head of the Finance & Accounting Department, Corporate Strategy Center  
 Feb. 2024 Full-time Audit and Supervisory Board member (current position)



**Takehiro Okamoto**

Director and Managing Executive Officer  
 Director of Corporate Strategy Center  
 Date of birth: June 9, 1961; 62 years old  
 Years in office: 2  
 Number of shares held: 37 thousand shares  
 Attendance at Board of Directors meetings (previous term): 12/12 meetings

Aug. 2005 Joined Nikke  
 Dec. 2008 Head of the Finance & Accounting Department, Corporate Strategy Center  
 Mar. 2013 General manager of Management Department, Industrial Machinery & Materials Division  
 Dec. 2014 Head of the Business Research & Planning Department, Corporate Strategy Center  
 Feb. 2016 Executive officer and head of the Business Research & Planning Department, Corporate Strategy Center  
 Jun. 2019 Managing executive officer, director of Corporate Strategy Center  
 Jun. 2021 Outside director of Kawanishi Warehouse Co., Ltd.  
 Feb. 2022 Director and managing executive officer, director of Corporate Strategy Center (current position)



**Yasuhiro Wakamatsu**

Outside Director (independent director)  
 Date of birth: August 6, 1954; 69 years old  
 Years in office: 2  
 Number of shares held: –  
 Attendance at Board of Directors meetings (previous term): 12/12 meetings

Apr. 1977 Joined Kawanishi Warehouse Co., Ltd.  
 Jun. 2006 Director and general manager of Kobe Branch, Kawanishi Warehouse  
 Apr. 2011 Director of Kawanishi Warehouse  
 Jun. 2011 Director and general manager of International Department, Kawanishi Warehouse  
 Jun. 2011 Managing director, deputy general manager of Sales Division, and general manager of International Department, Kawanishi Warehouse  
 Apr. 2013 Managing director and deputy general manager of Sales Division, Kawanishi Warehouse  
 Jun. 2013 President, chief executive officer, and general manager of Sales Division, Kawanishi Warehouse  
 Sep. 2015 President and chief executive officer of Kawanishi Warehouse  
 Apr. 2021 Chairman of Kawanishi Warehouse (current position)  
 Feb. 2022 Outside director of Nikke (current position)



**Michiko Uehara**

Outside Audit and Supervisory Board member (independent director)  
 Date of birth: December 24, 1949; 74 years old  
 Years in office: 7  
 Number of shares held: –  
 Attendance at Board of Directors meetings (previous term): 12/12 meetings  
 Attendance at Audit and Supervisory Board meetings (previous term): 13/13 meetings

Apr. 1976 Assistant judge, Kobe District Court  
 Apr. 1979 Assistant judge, Amagasaki Branch, Kobe District Court  
 Apr. 1982 Assistant judge, Osaka District Court  
 Apr. 1986 Judge, Fukuoka District Court  
 May 1989 Registered as attorney at law, joined The Miyake Joint Partnership Law Office (currently Miyake & Partners)  
 Mar. 1992 Established Uehara Joint Partnership Law Office (current position)  
 Feb. 2015 Nikke Audit and Supervisory Board member alternate  
 Jun. 2016 Outside Audit and Supervisory Board member of Sumitomo Electric Industries, Ltd. (current position)  
 Feb. 2017 Outside Audit and Supervisory Board member of Nikke (current position)  
 Jun. 2022 Outside director of Sekisui Kasei Co., Ltd. (current position)



**Junichi Kato**

Outside Audit and Supervisory Board member (independent director)  
 Date of birth: January 26, 1962; 62 years old  
 Years in office: – (newly appointed)  
 Number of shares held: –  
 Attendance at Board of Directors meetings (previous term): –/– meetings  
 Attendance at Audit and Supervisory Board meetings (previous term): –/– meetings

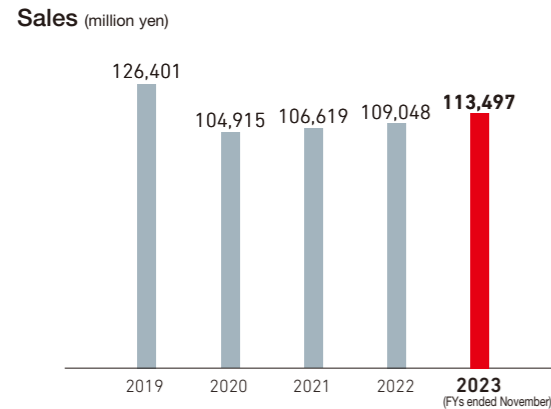
Oct. 1994 Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC)  
 Jan. 1998 Joined Setsuo Hashimoto Certified Public Accountant Office (currently Junichi Kato Certified Public Accountant Office) (current position)  
 Apr. 1999 Registered as certified public accountant  
 Jul. 1999 Registered as licensed tax accountant  
 Jun. 2005 Established Tax Corporation Sincere; representative partner (current position)  
 Feb. 2017 Nikke Audit and Supervisory Board member alternate  
 Feb. 2024 Outside Audit and Supervisory Board member of Nikke (current position)



## Changes in Significant Financial Data (Over 11 Years)

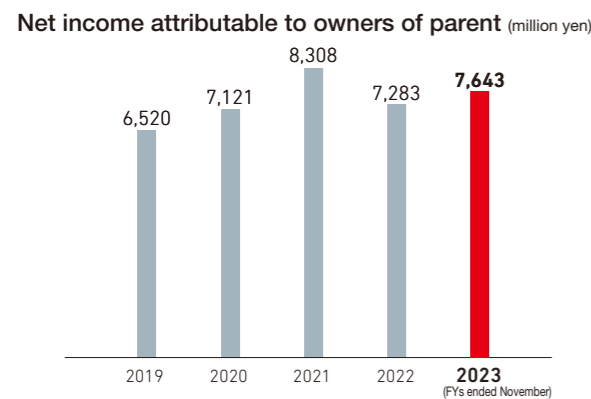
	FY ended Nov. 2013	FY ended Nov. 2014	FY ended Nov. 2015	FY ended Nov. 2016	FY ended Nov. 2017	FY ended Nov. 2018	FY ended Nov. 2019	FY ended Nov. 2020	FY ended Nov. 2021	FY ended Nov. 2022	FY ended Nov. 2023
<b>Consolidated Profit/Loss</b>											
Sales (million yen)	97,677	100,477	102,854	100,982	103,498	110,538	126,401	104,915	106,619	109,048	113,497
Operating income (million yen)	5,596	6,028	7,342	7,620	8,348	8,368	10,472	9,048	9,900	10,707	11,016
Ordinary income (million yen)	6,023	6,635	7,799	7,649	9,089	9,128	11,165	12,655	9,784	11,715	11,634
Net income attributable to owners of parent (million yen)	3,346	3,572	4,690	5,002	5,270	5,274	6,520	7,121	8,308	7,283	7,643
<b>Consolidated Financial Standing</b>											
Net assets (million yen)	77,485	79,442	81,807	82,155	89,067	89,195	93,344	95,714	104,620	107,734	114,135
Total assets (million yen)	132,931	133,938	132,749	130,635	140,202	141,644	148,707	147,172	163,632	163,384	166,129
Interest-bearing liabilities (million yen)	20,678	17,748	16,879	15,413	16,742	18,139	17,476	20,771	21,082	19,279	14,674
<b>Consolidated Free Cash Flow</b>											
Cash flow from operating activities (million yen)	6,180	12,146	6,845	9,514	9,206	5,812	13,694	11,315	12,404	9,449	8,995
Cash flow from investing activities (million yen)	(10,104)	(4,061)	(2,324)	(6,590)	(6,695)	(2,933)	(3,143)	(6,225)	(2,093)	(6,878)	990
Cash flow from financing activities (million yen)	2,158	(5,334)	(4,909)	(3,361)	(743)	(1,483)	(2,923)	(359)	(1,483)	(9,498)	(9,767)
Free cash flow (million yen)	(3,924)	8,085	4,521	2,924	2,511	2,879	10,551	5,090	10,311	2,571	9,985
Balance of cash and cash equivalents at year's end (million yen)	11,986	14,923	14,686	14,265	15,951	17,425	25,013	29,927	41,052	34,363	35,292
<b>Per Share Information</b>											
Net assets per share (yen)	1,010.83	1,036.09	1,096.44	1,101.87	1,194.34	1,212.69	1,264.35	1,310.05	1,398.04	1,508.32	1,638.62
Net profit per share (yen)	44.16	47.15	62.17	67.88	71.52	72.26	89.70	98.57	115.07	100.54	108.55
Dividends (yen)	18	18	20	22	22	22	26	27	28	30	33
Price-to-earnings ratio (PER) (x)	17.19	16.25	15.02	11.79	13.87	12.72	11.85	10.71	7.31	10.03	11.93
Dividend payout ratio (%)	40.8	38.2	32.2	32.4	30.8	30.4	29.0	27.4	24.3	29.8	30.4
Highest stock price (yen)	873	816	1,042	949	1,054	1,205	1,115	1,153	1,072	1,114	1,422
Lowest stock price (yen)	549	680	737	664	766	840	727	706	834	829	911
<b>Financial Data</b>											
Operating margin (%)	5.7	6.0	7.1	7.5	8.1	7.6	8.3	8.6	9.3	9.8	9.7
Equity ratio (%)	57.6	58.6	60.9	62.2	62.8	62.2	61.8	63.8	62.9	65.3	68.1
Return on equity (ROE) (%)	4.6	4.6	5.9	6.2	6.2	6.0	7.2	7.7	8.4	7.0	7.0
Capital investment (million yen)	6,804	6,127	3,066	5,966	6,063	3,227	3,865	3,562	3,525	4,652	3,447
Depreciation (million yen)	3,383	3,671	3,564	3,490	3,681	3,780	3,580	3,669	3,669	3,869	3,868

## Changes in Financial Data in Graphs



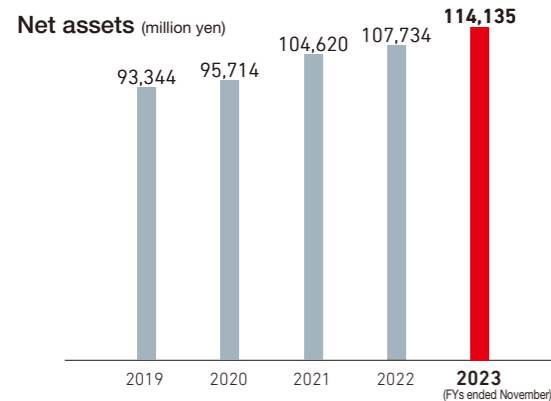
**Sales up 4.1% YoY**

Sales for the fiscal year ended November 2023 increased 4.1% YoY to 113,497 million yen. In addition to strong performance for the Textile & Clothing Materials business, the contribution of Thanko and Interior Office One to the consolidated results since the start of the fiscal year helped in achieving increased sales.



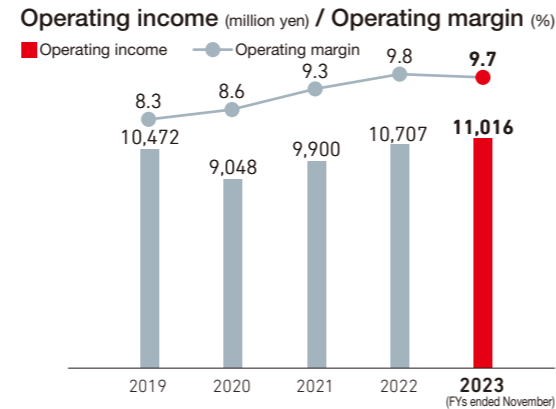
**Net income attributable to owners of parent up 4.9% YoY**

Net income attributable to owners of parent increased 4.9% YoY to 7,643 million yen.



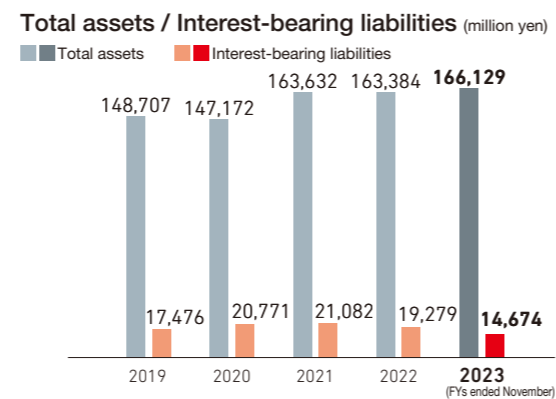
**Net assets up 6,401 million yen YoY**

Net assets increased 6,401 million yen YoY to 114,135 million yen due to recorded net income and an increase in unrealized gains on other securities in line with a rise in stock prices, less the acquisition of treasury shares (2,399 million yen).



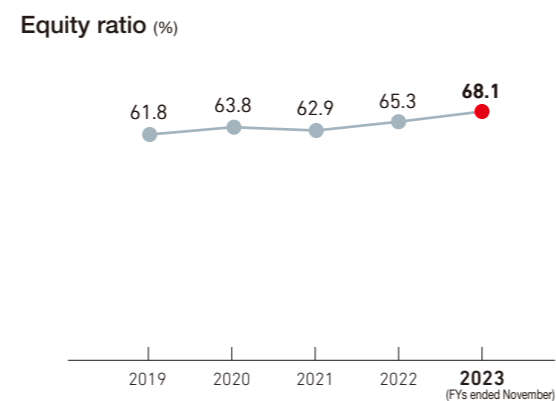
**Operating income up 2.9% YoY; operating margin down 0.1 points YoY**

Operating income increased 2.9% YoY to 11,016 million yen. Although impacted by rising procurement costs due to the weak yen and soaring energy and logistics costs, the Human & Future Development business performed well, and we achieved a new record high for the second consecutive year thanks to streamlining production of clothing and textiles (improving profitability) and optimizing operations.



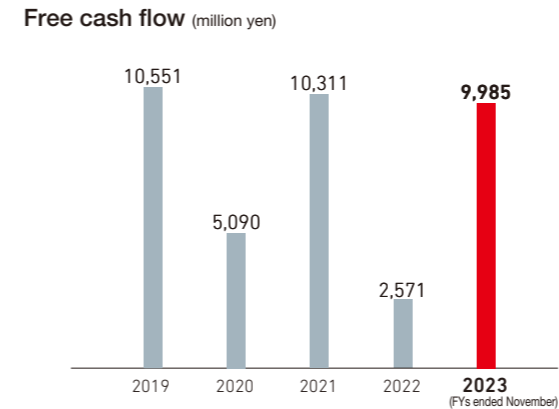
**Total assets up 2,745 million yen YoY; interest-bearing liabilities down 4,605 million yen YoY**

Total assets increased 2,745 million yen YoY to 166,129 million yen, while interest-bearing liabilities decreased 4,605 million yen YoY to 14,674 million yen due to such factors as a decrease in short-term borrowings of 3,754 million yen.



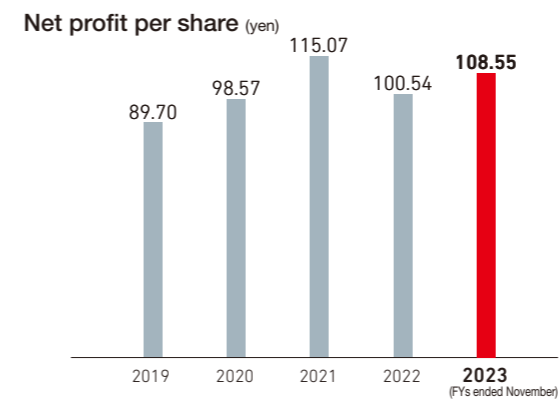
**Equity ratio up 2.8 points YoY**

The equity ratio increased 2.8 points YoY to 68.1%.



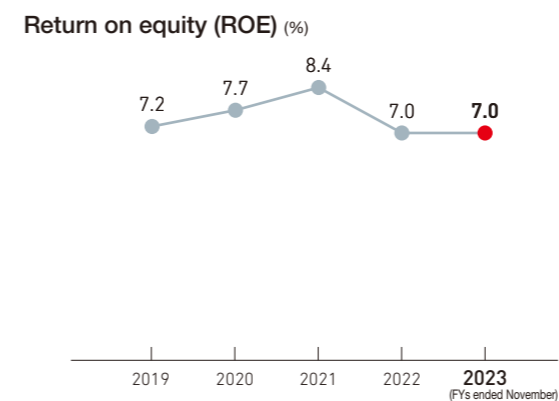
**Free cash flow up 7,414 million yen YoY**

Operating cash flow was 8,995 million yen, while investment cash flow was 990 million yen, resulting in a 7,414 million yen YoY increase that put the free cash flow at 9,985 million yen for the period.



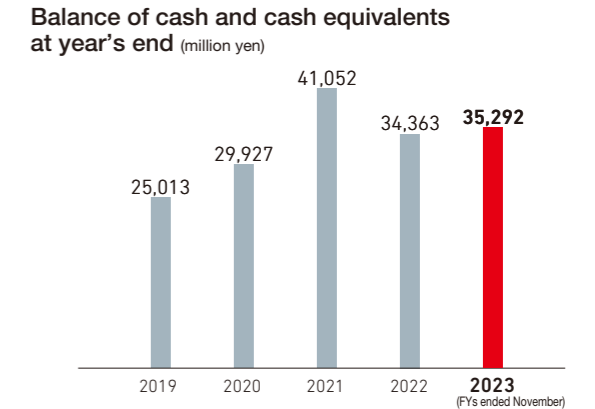
**Net profit per share up 8.01 yen YoY**

Net profit per share increased by 8.01 yen YoY to 108.55 yen. We consider this a key business indicator.



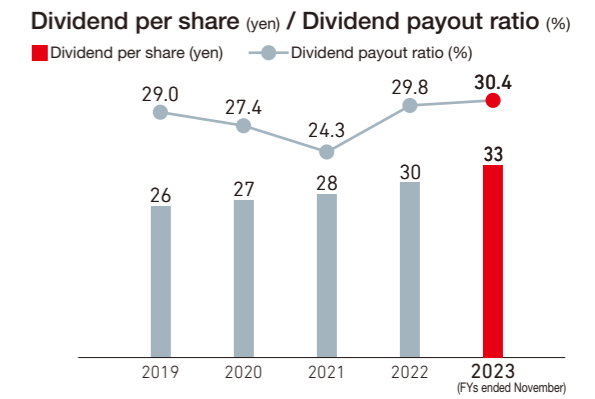
**ROE changed ±0.0 points YoY**

ROE was 7.0%, unchanged from the previous fiscal year. While it has exceeded 7.0% since the fiscal year ended November 2019, we will work to further improve capital efficiency and develop our business structure so that we can continuously achieve an ROE of 8.0% or more.



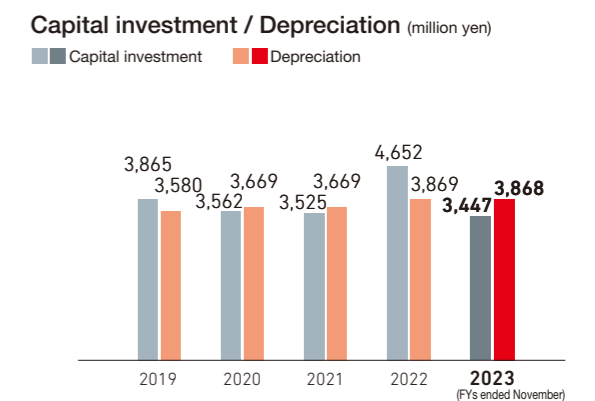
**Balance of cash and cash equivalents at fiscal year's end up 929 million yen YoY**

The balance of cash and cash equivalents at year's end increased 929 million yen YoY to 35,292 million yen.



**Dividend per share up 3 yen YoY; dividend payout ratio up 0.6 points YoY**

Dividend per share increased 3 yen from last year to 33 yen. Dividend payout ratio increased 0.6 points from last year to 30.4%. For the fiscal year ending November 2024, we anticipate a further increase of 3 yen, bringing the dividend per share to 36 yen.



**Capital investment down 1,205 million yen YoY; depreciation down 1 million yen YoY**

Capital investment decreased by 1,205 million yen YoY to 3,447 million yen due to such factors as construction delays caused by delayed deliveries of semiconductor parts. Depreciation decreased by 1 million yen YoY to 3,868 million yen.

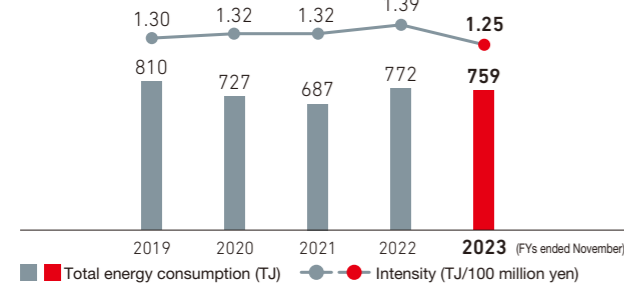
Overview of Nonfinancial Data (ESG)

# Environment

Note: A three-year target is used, with 2020 as the benchmark.

## Total energy consumption

(Nikke Group domestic production bases + Nikke offices + shopping centers)

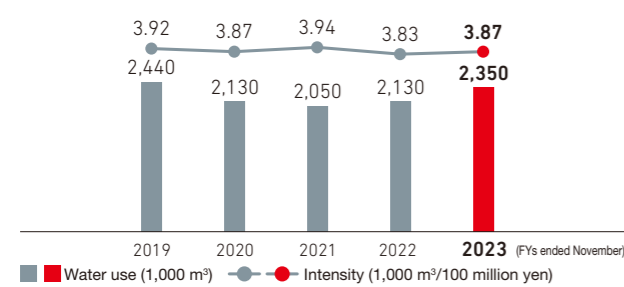


**Intensity-based target for reducing total energy consumption set at "97% or less compared to fiscal 2020 by fiscal 2023," and this target was achieved at 94.7%**

Total energy consumption rose as a result of Fuji Corp. being made a consolidated subsidiary in fiscal 2021, but this increase was curbed as a result of energy-saving measures taken by each company, such as introducing energy-saving equipment, improving production efficiency, implementing planned production, and reducing air conditioning power consumption. We will continue to actively introduce equipment and various measures to reduce energy consumption.

## Water resource use and intensity

(Nikke mills + domestic group companies + shopping centers)

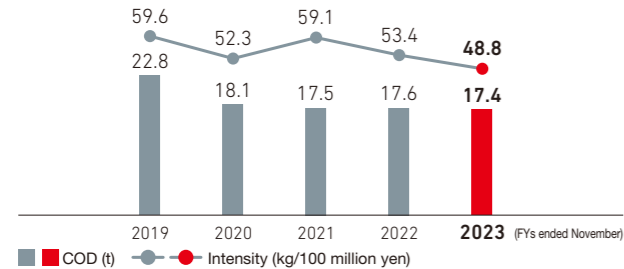


**Each business location sets reduction targets for water use and is working to conserve water**

We use tap water, industrial water, and groundwater for production. Although we are working to reduce water use by introducing water-saving production equipment and inspecting and repairing piping systems, water use increased due to the impact of the recovery from the pandemic, while intensity remained the same. We will continue to work to reduce our water usage by recycling water and strengthening inspections and repairs of our piping systems.

## Wastewater management (water pollution discharge: COD load)

(Nikke mills + domestic group companies)

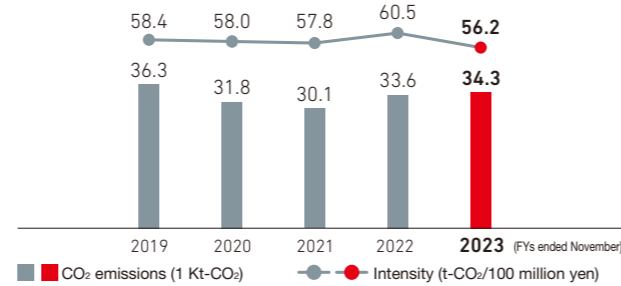


**Wastewater management is carried out such that wastewater stays below the discharge standards set by relevant laws and environmental agreements. COD load intensity in fiscal 2023 was 93.3% compared to fiscal 2020.**

Factory wastewater is released into rivers and other public bodies of water after having the environmental load, e.g., COD load, reduced at our own wastewater treatment facilities or public wastewater treatment plants. In addition to conducting regular and reliable maintenance, each factory conducts daily managed operations, has established extra wastewater standards, performs regular wastewater quality analysis, and takes other steps to manage wastewater levels below those stipulated by relevant laws, regulations, and environmental agreements.

## CO<sub>2</sub> emissions

(Nikke Group domestic production bases + Nikke offices + shopping centers)



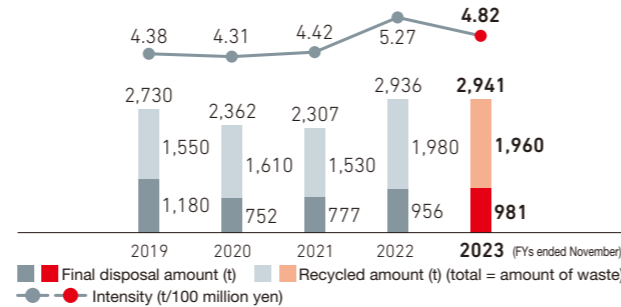
Note: The CO<sub>2</sub> emission factor for the fiscal year ended November 2021 was used to calculate the results for the fiscal year ended November 2022 because the CO<sub>2</sub> emission factor for the fiscal year ended November 2022 had not been announced.

**Intensity-based target for reducing CO<sub>2</sub> set at "97% or less compared to fiscal 2020 by fiscal 2023," and this target was achieved at 96.9%**

CO<sub>2</sub> emissions are greatly affected by energy consumption and the CO<sub>2</sub> emission factor. Although we were able to curb the increase in total energy consumption, CO<sub>2</sub> emissions increased due to a worsening of the CO<sub>2</sub> emission factor for electricity. Meanwhile, by purchasing renewable electricity, CO<sub>2</sub> emissions have been reduced by 972 t-CO<sub>2</sub>. We will continue to increase our purchases of renewable electricity and reduce CO<sub>2</sub> emissions through the use of solar power.

## Amount of waste, recycled amount, final disposal amount

(Nikke mills + domestic group companies + shopping centers)



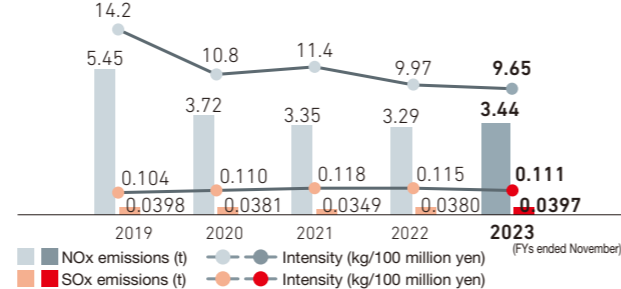
Note: Due to changes in the method of calculating waste at some business locations, we are reviewing the figures going back to fiscal 2019.

**Intensity-based target for reducing the amount of waste set at "97% or less compared to fiscal 2020 by fiscal 2023," but this target was not achieved, with the result being 112%**

As a result of including new group companies since fiscal 2022, waste has increased more than sales has increased, resulting in the target being missed by a large margin. We will continue to pursue waste sorting and recycling in all of our plants and offices.

## Air quality management (SO<sub>x</sub> and NO<sub>x</sub> emissions)

(Nikke mills + domestic group companies)



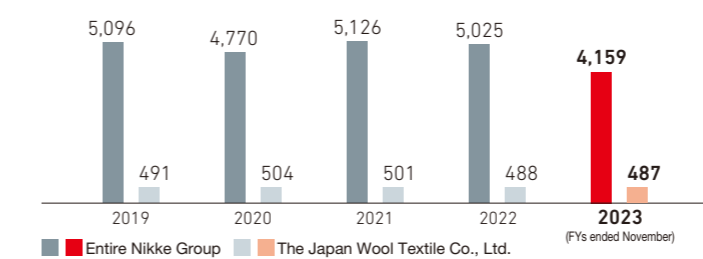
**Air quality management is carried out such that emission levels stay below the discharge standards set by relevant laws and environmental agreements. NO<sub>x</sub> emissions intensity in fiscal 2023 was 89.4% compared to fiscal 2020.**

SO<sub>x</sub> and NO<sub>x</sub> emissions are contained in boiler exhaust gas, with SO<sub>x</sub> emissions, in particular, being attributable to boiler fuel. The Japan Wool Textile Co., Ltd. and F&A Nonwovens Corporation use natural gas and other such fuels to power their boilers, resulting in zero SO<sub>x</sub> emissions. In addition to conducting regular and reliable maintenance, each factory conducts daily managed operations and performs regular exhaust gas analysis to manage emission levels below those stipulated by relevant laws, regulations, and environmental agreements.

# Social

## Number of employees

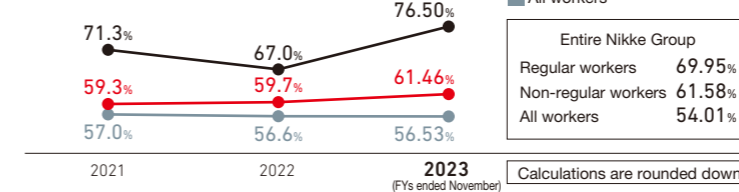
(entire Nikke Group / The Japan Wool Textile Co., Ltd.) (As of November 30, 2023)



Note: The main reason for the YoY decrease was the sale of shares in Nikke Audio Service and Development Co., Ltd., a Nikke consolidated subsidiary, during the consolidated fiscal year under review. We therefore excluded this subsidiary from consolidated accounting.

## Gender wage gap

(entire Nikke Group / The Japan Wool Textile Co., Ltd.) (As of November 30, 2023)



The Japan Wool Textile Co., Ltd.

Regular workers  
Non-regular workers  
All workers

Entire Nikke Group	
Regular workers	69.95%
Non-regular workers	61.58%
All workers	54.01%

Calculations are rounded down

## Number of mid-career hires

Entire Nikke Group The Japan Wool Textile Co., Ltd.

170 people 10 people

## Number of new graduate hires

Entire Nikke Group The Japan Wool Textile Co., Ltd.

34 people 12 people

## Childcare leave\* usage rate

Entire Nikke Group The Japan Wool Textile Co., Ltd.

Men: 55.3% Men: 85.7%  
Women: 100% Women: 100%

\* Legal requirement: 1 year of age (2 years of age in specific cases)  
The Japan Wool Textile Co., Ltd.: 1 year after maternity leave (2 years of age in specific cases or until the end of the fiscal year in which the child turns 1)

## Average annual paid leave usage rate

The Japan Wool Textile Co., Ltd.

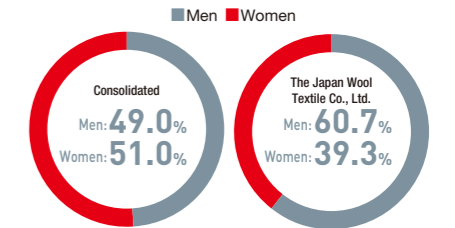
66.5%

## Average age of employees

Entire Nikke Group The Japan Wool Textile Co., Ltd.

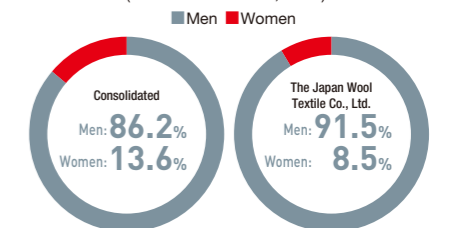
47.1 years old 46.2 years old

## Ratio of men and female employees



Note: Includes full-time employees, semi-full-time employees, part-time employees, and loaned employees.

## Ratio of men and female managers

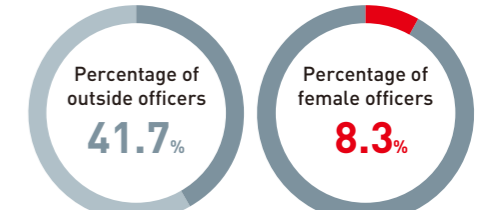


# Governance

## Structure of the Board of Directors and Audit and Supervisory Board



The total number of outside officers in the Nikke Group for the fiscal year ended November 2023 was five, of which one was a woman. The percentage of female officers is 8.3%.



**Company Overview** (As of November 30, 2023)

Company name (short form)	Nikke
Official company name	The Japan Wool Textile Co., Ltd.
Headquarters	3-3-10 Kawaramachi, Chuo-ku, Osaka 541-0048, Japan
Date of foundation	December 3, 1896
Capital	6,465 million yen
No. of employees	4,159 (consolidated); 487 (non-consolidated)
Listed on	Tokyo Stock Exchange Prime Market
Representative	Yutaka Nagaoka Nikke Group President and Representative Director, Chief Executive Officer

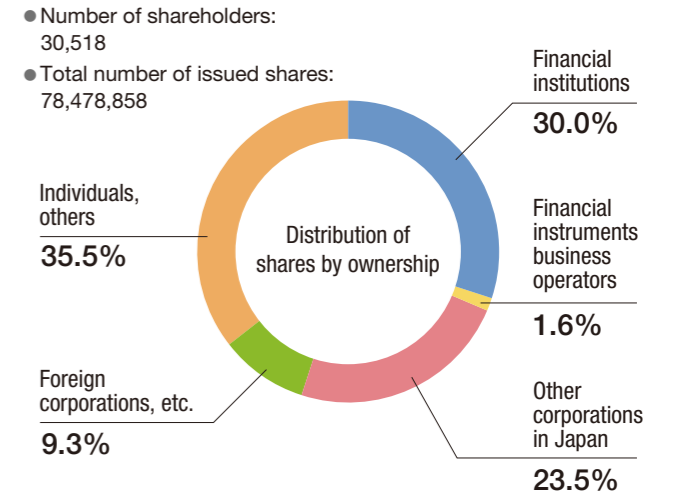


**Status of major shareholders** (As of November 30, 2023)

Shareholder	Number of shares held (thousand shares)
The Master Trust Bank of Japan, Ltd. (trust account)	6,939
Sumitomo Mitsui Banking Corporation	3,253
Mizuho Bank, Ltd.	3,198
Nisshinbo Holdings Inc.	2,763
Takenaka Corporation	2,000
Custody Bank of Japan, Ltd. (trust account)	1,979
MUFG Bank, Ltd.	1,814
Nippon Life Insurance Company	1,808
Nikke Employee Stock Ownership Association	1,686
Sumitomo Realty & Development Co., Ltd.	1,400

Note: 9,427,728 treasury shares that we own are not included in the above table.

**Status of shares** (As of November 30, 2023)



**Business Locations** (As of June 1, 2024)



**Nikke's Major Business Bases**

- Nikke Osaka Headquarters, Osaka Office
- Nikke Nagoya Liaison Office
- Nikke Ichinomiya Office
- Nikke Parktown
- Nikke Kobe Head Office
- Nikke Kyushu Liaison Office
- Nikke Gifu Mill
- Nikke Colton Plaza
- Tokyo Branch Office, Tokyo Office
- Nikke Innami Mill
- Nikke Textile Design and Creation Center
- Nikke Horse-Riding Club



**Textile & Clothing Materials**

- Nakahiro Corporation: Sales of school and business uniform materials and products
- Akatsuki Shoji Co., Ltd.: Sales of school uniform materials and products
- Satoh Sangyo Co., Ltd.: Sales of business uniforms
- Nikke Textile Co., Ltd.: Design and sales of yarn and textiles
- Daiichi Orimono Co., Ltd.: Development, manufacture, design, and sales of ultra-high-density fabric
- Taisei Keori Co., Ltd.: Manufacture of wool textiles
- Bisyuu Wool Co., Ltd.: Processing of twisted yarn
- Nikke Okoshi Dyeing Co., Ltd.: Yarn dyeing
- Kanaya Knit Co., Ltd.: Manufacture of knit products
- Nikke Logistics Co., Ltd.: General logistics-related operations
- Tsuyakin Inc.: Dyeing, treatment, and finishing; design, manufacture, and sales of sewn products and knit materials
- Kyu-Tech Co., Ltd.: Sewing of school uniforms
- Qingdao Nikke Fabric Co., Ltd.: Manufacture of wool textiles
- Qingdao Nikke Fabric Co., Ltd. Shanghai Branch: Sales of wool textiles



**Industrial Machinery & Materials**

- F&A Nonwovens Corporation: Manufacture and sales of nonwovens and felt
- F&A Nonwovens (Jiangyin) Corporation: Manufacture of felt and high-performance filter material
- FANS (Shanghai) Trading Corporation: Sales of felt and high-performance filter material
- FANS Precision (Hong Kong) Co., Ltd.: Sales of nonwovens and felt
- Fuji Corp. Precision Products (Shenzhen) Co., Ltd.: Manufacture and processing of nonwovens and felt
- PT FANS Industry Indonesia: Manufacture of nonwovens and felt
- FANS Precision Corporation: Processing of nonwovens and felt
- FANS Precision (Thailand) Co., Ltd.: Processing of nonwovens and felt
- FANS Precision Vietnam Co., Ltd.: Processing of nonwovens and felt
- Nikke Machine Manufacturing Corporation: Manufacture and sales of industrial machinery
- Gosen Co., Ltd.: Manufacture and sales of sporting equipment, fishing line, and industrial-use materials
- Shanghai Gosen Seichu Co., Ltd.: Manufacture of EV motor binding strings
- Gosen (Thailand) Co., Ltd.: Manufacture and processing of thread for automotive materials
- Hokuren Co., Ltd.: Cheese dyeing and winding of synthetic and natural fibers
- EMI Corporation: Import and export of industrial materials, plant equipment, etc
- EMI (Xiamen) Corporation: Sales of Japan-related products in China
- EMI (Xiamen) Corporation Kunshan Branch: Sales of Japan-related products in China
- Kankyo Techno Co., Ltd.: Processing and sales of filter bags and air filters
- Nikke (Thailand) Co., Ltd.: Operational support for group companies in Asia

**Others**

- Kyoto Medical Planning Co., Ltd.: Development, manufacture, and sales of medical equipment
- Nikke (Shanghai) Management Co., Ltd.: Support for bases in China



**Human & Future Development**

- Nikke Town Partners Co., Ltd.: Shopping center management and operations consignment
- Nikke Real Estate Co., Ltd.: Construction, real estate transactions, building management, security
- Cosmo Maintenance Co., Ltd.: Comprehensive support for building maintenance
- Keihan Electrical Co., Ltd.: Planning, design, and construction of power equipment and facilities
- Nakata Construction Inc.: Design and construction of buildings
- Nikke Wellness Co., Ltd.: Sports-related business
- Nikke Care Service Co., Ltd.: Nursing care business
- Pamco Inc.: Nursing care business
- Scuderia Co., Ltd.: Nursing care business, support for children with developmental disabilities
- Nikke Life Co., Ltd.: Operation of licensed nursery centers, after-school day care centers, and bilingual kindergartens
- Nikke Nursery Co., Ltd.: Operation of licensed nursery centers



**Consumer Goods & Services**

- Nikke Shoji Co., Ltd.: Design and sales of daily necessities, leisure and hobby-related goods, and other products
- Tsukineko Co., Ltd.: Design, manufacture, and sales of ink pads
- Kodomonokao Co., Ltd.: Design and sales of stamp-related products
- Miyako Corporation: Import/export, wholesale, and retail of furniture and interior goods
- AQUA Inc.: Online retail and wholesale of designer appliances, interior goods, and bedding
- Thanko, Inc.: Design, manufacture, wholesale, and sales of home appliances
- Nitto Family Co., Ltd.: Aflac insurance agency
- ID Create Inc.: OEM/ODM of LCD protective film
- Horsy International Co., Ltd.: Import and sales of horse-riding gear and goods
- Interior Office One Inc.: Design, development, and sales of furniture and interior goods

General/Legal Affairs and PR Department, Nikke Corporate Strategy Center

Inquiries

[https://www.nikke.co.jp/contact\\_english/](https://www.nikke.co.jp/contact_english/)

Access using the QR code and submit your inquiry using the dedicated form.



We will ask for your contact information and direct your comments or questions to the appropriate department. Please note that you may not receive a reply on the same day.