NIKKE
Group







Nikke Group Integrated Report 2025



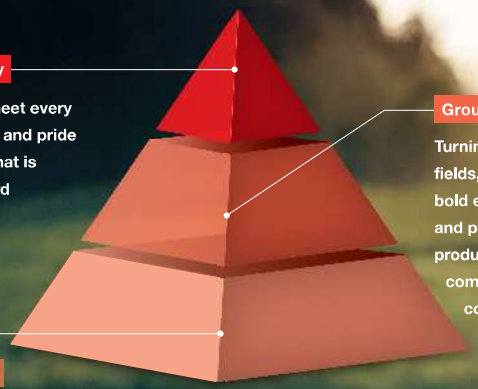
NIKKE
Group

The Nikke Group is accelerating its efforts to be a company that creates future lifestyles.

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 an array of businesses spanning various aspects of life.

Driven by this passionate corporate spirit, the 3rd medium-term management plan launched last year achieved significant results in its first year. This fiscal year marks an important halfway point as we head toward our 130th anniversary in 2026, and we see it as a time to further accelerate our progress.

As we more fully realize the vision of what it means to be a "company that creates future lifestyles," we will work together as a single group to achieve our goals and make progress toward the ideal image outlined in our next medium- to long-term vision, CF (Create the Future) 140.



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.

CONTENTS

Value Creation Story
03–04 Value Creation History
05–06 Value Creation Process
07–12 Message from the CEO

Value Creation Strategy
13–16 Message from the CFO
17–24 Business Strategy
25–26 Human Resource Strategy

Foundation for Value Creation
27–28 Nikke Group Materialities
29–32 Outside Directors' Roundtable
33–38 Corporate Governance
39–40 Health and Productivity Management
41–42 Stakeholder Engagement
43 Disclosures Based on the TCFD Recommendations
44 Environmental Initiatives
45–46 Nikke Officers

Data
47–52 Financial Data / Overview of Nonfinancial Data (ESG)
53–54 Company Overview / Business Locations

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 the Nikke Group's nonfinancial information such as ESG topics.

Period covered: Fiscal 2024 (December 1, 2023 to November 30, 2024)

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: 9 companies (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.; 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 the 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.

The Nikke Group's ongoing journey embracing challenges

Since its founding, the Nikke Group has developed its businesses with a core focus on textiles while continuously responding to environmental changes and expanding into new fields.
Today, the Group is evolving as a company that creates future lifestyles, bringing new value to society through four main business segments (Textile & Clothing Materials, Industrial Machinery & Materials, Human & Future Development, and Consumer Goods & Services) as well as a medical business.

Textile & Clothing Materials
Developing, manufacturing, and selling advanced materials and hybrid materials and products derived from wool

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

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

Become a corporate group with sales of 200 billion yen

By strengthening growth businesses such as nonwoven fabrics, expanding into new businesses and overseas markets, and implementing strategic M&As, the Nikke Group is striving to achieve 200 billion yen in sales.

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



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.





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– M&As to support growth



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. Strategic M&As have significantly contributed to the Nikke Group's growth, and we will continue to actively and carefully pursue this strategy going forward.

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 moniker. 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.



Cancoca™ gelatin fiber substrate for cell cultures

2020– Venturing into growth fields and new business domains

The Future Creation Department, which was established in 2022, is leading innovation and aiming to cultivate new businesses. In addition, a new laboratory building at the Nikke Research & Development Center (located at the Imami Mill) began full-scale operations in 2024. We're advancing development in fields such as medical applications and environmentally responsible materials.

2024– Expansion of the textile recycling project

In the Textile & Clothing Materials business, we launched WAONAS, the first project in Japan to recover wool-blend clothing, return it to raw material form, and regenerate it into garments from yarn. In the Industrial Machinery & Materials business, we introduced equipment that automatically removes foreign objects such as buttons and zippers in the process of recycling used clothing, with the aim of increasing production of recycled fibers.

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

Input

Human capital

Human resources encompassing a diversity of knowledge
- Number of employees: 4,499
- Group companies: 59
- Next-generation manager training: 12 sessions for 140 people

Financial capital

Stable financial base and investments for growth
- Equity ratio: 68.2%
- JCR credit rating: A
- Growth investment budget (facilities, R&D, and M&As): Approx. 50 billion yen

Manufactured capital

Production sites that create products to meet social needs
- Manufacturing bases: 45

Social and relationship capital

Strong partnerships with communities, governments, and business partners

Connections with local communities
- Nursing care, sports, childcare, commercial, and other facilities: 79

Intellectual capital

Development capabilities leveraging core technologies
- Number of patents: 128

Know-how for quick M&As grounded in an extensive track record
- M&As over the past 5 years: 8 deals (2 deals in FY2024)

Note: As of November 30, 2024

Business activities

M&A
Investment
Development

Foster growth drivers



RN130 Vision Medium-Term Management Plan P.08

Materiality P.27



Social issues P.27

Output

Textile & Clothing Materials

Development, manufacture, and sale of high-performance materials and products primarily for clothing use

P.17

Industrial Machinery & Materials

Development, manufacture, and sale of products, materials, technologies, and services for automotive, environmental, other industrial, and lifestyle-related fields

P.19

Human & Future Development

Provision of products and services that meet local needs through regional development encompassing stores to entire communities; development of real estate

P.21

Consumer Goods & Services

Development of products and services without fixation on existing business fields; pioneering of new businesses

Maximizing our trading company functions to realize strengthened foundations for sales, e-commerce, and logistics both inside and outside the Nikke Group

P.23

Outcome

Providing value to society

Health and comfort
Safety and security
Sustainable global environment

P.27

Nikke Group

A company creating future lifestyles

Development and provision of highly functional products and the best services for communities

Strong financial strength

Business scale and capital efficiency

Sales	115.4 billion yen
Operating income	11.6 billion yen
ROIC	
Textile & Clothing Materials:	6.5%
Industrial Machinery & Materials:	4.9%
Human & Future Development:	20.1%
Consumer Goods & Services:	4.6%

A solid business foundation

Message from the CEO



We aim to achieve sustained growth by becoming an attractive company that brings people together and is chosen by people.

Sales and profits rose for the fourth consecutive fiscal year in the fiscal year ended November 2024. In particular, in terms of profit, operating income achieved a record high for the third consecutive fiscal year, while net income also reached a new record high. Amid rising domestic costs, including energy costs, and growing political and economic uncertainty worldwide, the Nikke Group continues to grow with the aim of becoming a company that creates lifestyles for the future even in the face of ongoing business challenges.

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

RN (Renewal Nikke) 130 Vision 3rd Medium-Term Management Plan

The 3rd Medium-Term Management Plan is nearing its completion, and will mark the final phase of the RN130 Vision that moves us toward our desired state.

RN130 Vision 3rd Medium-Term Management Plan Overview of the first fiscal year (the fiscal year ended November 2024)

The RN130 Vision 3rd Medium-Term Management Plan represents the final phase of the RN130 Vision and serves as a comprehensive plan for achieving our desired state envisioned for each division and individual at the time of formulation of the Vision. For fiscal 2026, the final year of the Medium-Term Management Plan, we have set targets of 130 billion yen in sales and 13 billion yen in operating income. These targets have been established with the belief that the Nikke Group's strong business foundation and capable human resources make them achievable.

In the fiscal year ended November 2024, the first year of the Medium-Term Management Plan, we achieved satisfactory results, with sales and profits increasing for the fourth consecutive fiscal year, operating income reaching record highs for the third consecutive fiscal year, and net income also setting a new record high. However, in addition to solely focusing on achieving our targets, we believed that it was even more important to clearly indicate the direction of growth for the second and third years in pursuit of the Medium-Term Management Plan's targets. In that sense, we believe that this fiscal year has demonstrated solid results.

Highlights of the Fiscal Year Ended November 2024

Sales and operating income growth for the fourth consecutive year; records for both operating income and net income attributable to owners of parent

		Year-on-year
Sales	115.43 billion yen	1.7% ↑
Operating income	\Record high/ 11.64 billion yen	5.7% ↑
Ordinary income	12.09 billion yen	4.0% ↑
Net income attributable to owners of parent	\Record high/ 8.97 billion yen	17.4% ↑
ROE	7.6%	0.6% ↑

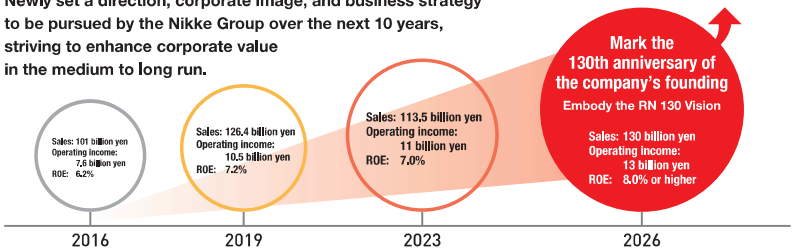
First, the Textile & Clothing Materials business recorded an operating margin of more than 10% for the third consecutive fiscal year. Although the depreciation of the yen and soaring energy costs have exerted upward pressure on costs, we have maintained high profitability thanks to improved productivity from years of investment in energy- and labor-saving equipment, such as manufacturing equipment for Breeza® eco-friendly spun yarn,

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**



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.

as well as from the effects of price increases we implemented in April of last year for uniform fabrics and knitwear products.

In the Industrial Machinery & Materials business, we have welcomed two new companies, Kureha Ltd. ("Kureha") and Kankyo Techno Co., Ltd. ("Kankyo Techno"), into our Group. As a result, sales in the nonwoven fabric business are expected to increase from just over 10 billion yen in fiscal 2023 to 25 billion yen in fiscal 2025, giving the company the second largest share in Japan's market for industrial nonwoven fabrics and felts manufactured using needle punch and chemical bond methods. Within the Nikke Group, sales for the Industrial Machinery & Materials business as a whole in fiscal 2025 are projected to reach 39 billion yen, making it the largest among the four businesses, and by improving profitability in the future, the nonwoven fabric business is expected to grow into the third earnings pillar of the Nikke Group.

In the Human & Future Development business, we have undertaken a review of our business portfolio. The telecommunications and new services business, which have overseen mobile phone distributors and restaurant franchisees, contracted due to significant changes in the business environment stemming from stricter regulations on mobile phone discounts. However, the core shopping center business and real estate leasing businesses remained strong. The operating margin in fiscal 2024 was 26.3%, an increase of 4.7 percentage points from the previous year, significantly contributing to the Nikke Group's first consolidated operating margin to exceed 10%.

In the Consumer Goods & Services business, despite facing headwinds in the business environment, such as the depreciation of the yen and intensified competition in the e-commerce business, sales and profits increased year on year due to business development that seized opportunities, such as sales of disaster preparedness stockpiles and containers for rental space businesses, and the business is gradually recovering from the difficult conditions that followed the end of the COVID-19 pandemic.

Despite these changes in the business environment, we have managed to secure solid profits in each business according to the situation, and at the same time, we have boldly restructured our business portfolio from a medium- to long-term perspective. As a result, the Nikke Group has grown even stronger, and we feel that the outlook for achieving the targets of the RN130 Vision 3rd Medium-Term Management Plan are now within reach.

Environmental initiatives

We engage in environmental conservation activities across various fields in order to realize a sustainable world.

Contributing to environmental conservation through specific activities in each business field

The Nikke Group has long considered the preservation of the



global environment its highest management priority and has been engaged in environmental preservation activities across various fields from research and development to manufacturing, technology, sales, and distribution. In recent years, we have promoted information disclosure and implemented specific measures through various new frameworks.

In this Integrated Report, we disclose materiality issues, linking them to relevant SDGs initiatives and outlining how we intend to contribute to the realization of a sustainable world.

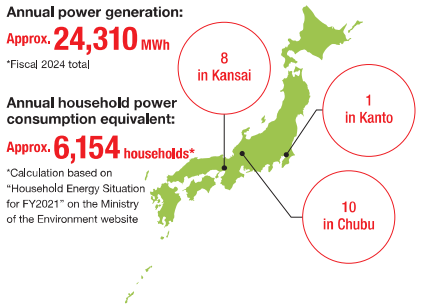
With regard to climate change, we have declared our support for the TCFD recommendations and are implementing concrete measures to reduce total CO_2 emissions by 50% from fiscal 2018 levels by fiscal 2030. We have responded to the CDP's Climate Change Questionnaire regarding the progress on our efforts and received a "B" rating ("Management" level) for both fiscal 2024 and 2025. As part of our concrete efforts to reduce emissions, we are constantly working to improve energy conservation and efficiency in our manufacturing processes, while also promoting the introduction of green energy, such as concluding corporate PPA agreements with Eneos Renewable Energy Corporation and the Kansai Electric Power Co., Inc.

Another key initiative is the development of a resource recycling system for textile products. *The Interim Report on the Promotion of Sustainability in the Textile Industry*, published by the Ministry of Economy, Trade and Industry in June 2024, outlined a roadmap for establishing a resource recycling system and achieving appropriate production and consumption in fiscal 2040. In Europe, where this theme originated, the EU enacted the Ecodesign for Sustainable Products Regulation in July 2024, bringing clothing under regulatory oversight. This has led to significant changes in the business environment, including a ban on the disposal of unsold products.

However, we do not regard the tightening of regulations and changes in societal and market dynamics surrounding environmental issues merely as "problems that must be addressed," but rather as business opportunities.

In the Human & Future Development business, we have installed solar power systems and sold electricity on sites of our former facilities called Nikke Machinaka Power Plants since 2012. To date, this electricity sales initiative has expanded to 19 locations nationwide. The amount of renewable energy supplied is sufficient to meet the annual electricity consumption of more

Nikke Machinaka Power Plants across Japan



than 6,000 average households. In the real estate development business, beginning with the acquisition of ZEB Ready certification for Yaesudori Fil Terrasse, an office building completed in January 2025, we plan to increase the added value of our assets by supplying high-quality, environmentally friendly properties, including rental properties that meet ZEH standards.

As part of our growth strategy for the Textile & Clothing Materials business, we are expanding into overseas markets. In addition, the EU Ecodesign Regulation includes requirements on the usage rate of recycled materials. The technology to recycle wool, a natural fiber, into yarn from collected clothing is technically challenging; however, we have developed our own technology and have already completed demonstration testing through a collaborative project with Komaba Gakuen High School (Setagaya Ward, Tokyo). With this unique technology at its core, we launched the WAONAS garment collection and recycling project. We believe these efforts and products will be an advantage in competing with European wool manufacturers.

In the Industrial Machinery & Materials business, we have made capital investments to automate the manual removal of foreign materials, which was a roadblock in the garment recycling process, and commenced full-scale facility operations in 2025. This is expected to boost production capacity tenfold and will serve as an engine of the resource recycling system for textiles in Japan.

Growth strategy

Making the nonwoven fabric business the third earnings pillar through synergies among Group companies.

Significant benefits in terms of both establishing new sales bases and improving production efficiency

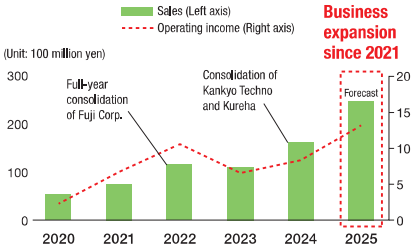
The first growth strategy is to strengthen the nonwoven fabric business. The Nikke Group welcomed Kankyo Techno and Kureha into our Group in April and August 2024, respectively, by acquiring all their shares.

Kureha is a manufacturer of industrial staple fiber nonwoven fabrics, with strengths in air filters and air conditioning filters used in automobile engine compartments. Its product expertise differs from that of F&A Nonwovens Corporation ("FANS"), and it has offices in the United States, Taiwan, and other regions where we did not previously have business hubs. Meanwhile, since we and Kureha share many similarities in manufacturing technology, we believe both companies can achieve synergies in terms of both expanding our customer base and improving productivity.

Kankyo Techno is a company that specializes in the sewing and processing of nonwoven fabrics. We expect that Kankyo Techno's processing of raw material rolls manufactured by FANS and Kureha will increase added value and significantly improve the profitability of the Nikke Group's nonwoven fabric business.

By realizing these synergies and improving added value, we aim to increase the operating margin of the nonwoven fabric business from around 5% to around 8%. As already mentioned, by integrating the two companies into our Group, sales in the nonwoven fabric business are expected to reach approximately 25 billion yen. If the business generates operating income of 2 billion yen, it can be said that it will be worthy of being called the third earnings pillar of the Nikke Group.

Nonwoven Fabric Business Results



Developing sales strategies tailored to each region and strengthening overseas hubs to expand markets

The second growth strategy is to expand overseas business. The overseas sales ratio of the Textile & Clothing Materials business is currently less than 10%; however, we aim to raise it to approximately 15% for the time being. At present, we remain dependent on local markets and customer trends and have yet to achieve a sustainable growth trajectory; however, we are gradually seeing positive results through consistent sales activities such as holding a solo exhibition in Paris and participating in an exhibition in Shanghai. In addition to building a business model that complies with environmental regulations, we are focusing on product proposals tailored to each region and customer segment, such as high-brand products in Europe, functional-material-based products for the middle class in the United States, and partnerships with emerging brands and influencers in China. We also plan to rebrand to better target overseas markets.

The overseas sales ratio for the Industrial Machinery & Materials business is approximately 30%, and it is not expected to change significantly by the end of the 3rd Medium-Term Management Plan. However, we expect an increase in overseas sales as the scale of the nonwoven fabric business expands. FANS has maintained a longstanding presence in China, Indonesia, Thailand, and Vietnam, with very few competitors having hubs in Southeast Asia in particular, and one of its strengths has been its superior customer support capabilities. The addition of Kureha's hubs in the United States and Taiwan will further strengthen its advantages.

Kankyo Techno has the technology to manufacture filters containing glass fibers, which are difficult to process. We expect to see demand for filters from plants in Southeast Asia and therefore plan to strengthen partnerships with plant manufacturers, with the aim of expanding our business into the Indian market in the future.

Management strategies from a medium- to long-term perspective

We will actively invest in growth sectors to develop the fourth and fifth pillars of our earnings structure, including the medical business.

The basic strategy of the Nikke Group is to improve corporate value by investing the cash generated by its core earnings sources, namely, the uniform business of the Textile & Clothing Materials business and the real estate development business of the Human & Future Development business, into growth businesses and new fields. In order to continue this cycle of improving corporate value, we first need to expand our cash flow generating base.

In the Textile & Clothing Materials business, the decline in Japan's working-age population has made it increasingly difficult to recruit human resources. Since my appointment as president, I have invested in energy conservation and rationalization as one of three investments. It is necessary to maintain and strengthen production capacity even in the face of declining manpower by further investing in labor-saving and efficiency improvements, and by promoting DX (digital transformation) in business processes other than production lines. In the textile industry, many business operators are struggling to continue operations due to the aging of their managers and employees, as well as the absence of successors, raising the possibility of industry-wide restructuring over the medium- to long-term. We aim to maintain a stable supply system by strengthening cooperation with other companies across the entire supply chain.

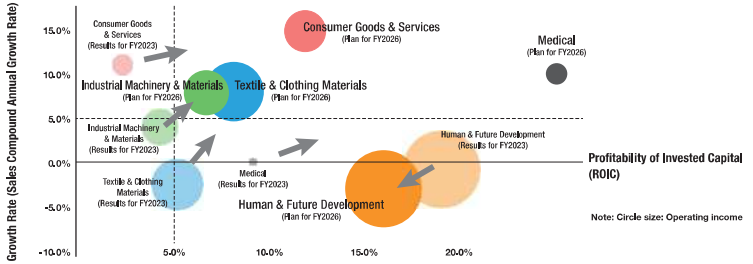
In the real estate development business, we will promote development and redevelopment of properties owned by the company to further improve asset value. We have set a target to increase operating income in the real estate leasing business from around 3.5 billion yen at present to 5 billion yen by 2030. Achieving this target is expected to further solidify our earnings base.

Meanwhile, in terms of investment in growth businesses and new fields, as already mentioned, the nonwoven fabric business is expected to become the third earnings pillar. However, we need to develop candidates for the fourth and fifth pillars, such as the medical business. Therefore, we will carefully consider business plans and proactively engage in investment, including M&As.

I also recognize that it is management's responsibility to operate with an awareness of capital costs and stock prices. The target for the final year of the RN130 Vision 3rd Medium-Term Management Plan is an ROE of 8%; however, in light of the recent rise in the overall target for the TSE Prime Market, we will reconsider the targets for the next period of the CF (Create the Future) 140 Vision. Our shareholder return policy is based on a progressive dividend approach, while also taking into account such factors as investment progress, share liquidity, and balance with our financial base. We also consider the flexible purchase of our own shares as an option. We aim to achieve an overall shareholder return exceeding one times our price-to-book ratio.

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.

Conclusion

The Nikke Group will continue to grow as it adapts to changing environments.

As Nikke prepares to celebrate its 130th anniversary in 2026 since its foundation, we are working to formulate the CF140 Vision, which will chart our course for growth over the next 10 years. Last year, we discussed the framework of the Vision, and this year, we have continued to advance our deliberations and formulation by establishing dedicated committees in each field. We plan to announce the results in January 2026 and explain where the Nikke Group aims to be by the end of the next decade.

When considering the business environment over the next 10 years, an aging society and a declining birthrate are inevitable challenges. Our business will be significantly impacted in terms of both market conditions and from manufacturing and logistics systems. For example, in the school uniform business of the Textile & Clothing Materials business, the number of first-year junior high school students wearing school uniforms is expected to decline from approximately 1 million today to around 800,000 over the next 10 years. Last year, the number of new births was approximately 720,000, and the rate of decline is accelerating. It remains difficult to predict whether this trend can be halted. In light of this reality, we are considering how to increase our market share, how to build a highly efficient value chain that does not rely too heavily on human resources, and how to expand into new markets, including overseas. In other business domains, we are also working to formulate business strategies that anticipate shifts in market conditions and customer demand.

However, we understand that the business environment is always subject to unexpected changes. It has been three years since I assumed the position of president in February 2022. At the time of my appointment, the pandemic was in full swing, and the day before I took on my position, Russia invaded Ukraine. On the economic front, deteriorating conditions in China's real estate market and economic downturn had already become evident. Inflation accelerated globally, and in Japan, a significant depreciation of the yen also led to soaring prices. The situation marked a clear departure from the prolonged period of deflation. Many of these situations would have been difficult to predict 10 years ago; however, the Nikke Group has continued to grow steadily and strengthen its profitability, thanks to the wisdom and ingenuity of its market-oriented employees, even in the face of unforeseeable changes in the business environment.

This has been made possible by our stable earnings base, namely, the uniform business and real estate development business, alongside a well-balanced business portfolio comprising the Industrial Machinery & Materials business and the Consumer Goods & Services business that enable us to quickly seize business opportunities, both of which have demonstrated adaptability to changes in the business environment. In addition, we believe that our strong financial base reflected in a high equity ratio and zero net interest-bearing debt has provided peace of mind to our stakeholders and enabled us to concentrate on forward-looking business operations. I am confident that by maintaining these strengths while balancing improvements in capital efficiency and improving the Nikke Group's resilience, we will achieve sustained growth as an attractive company that brings people together and is chosen by people, even during times of great uncertainty.



Message from the CSO

We aim to achieve further growth across the entire Group, placing the highest priority on expanding our business domains through aggressive M&As and capital investment in growth businesses.



Director and Managing Executive Officer
Chief Strategy Officer
Takehiro Okamoto

Roles of the Corporate Strategy Center

Centralizing information in the Corporate Strategy Center to make decisions quickly and accurately

The Corporate Strategy Center oversees the Business Research & Planning Department, Finance & Accounting Department, Human Resource Department, General and Legal Affairs & Public Relations Department, Digital Promotion Department (responsible for DX [digital transformation]), and the Business Development Department (responsible for M&As, others). Its operations include strategic planning and implementation of short- and medium-term management plans for the entire Group, finance, accounting, taxation, recruiting, personnel, labor, DE&I, general affairs, legal, public relations, IR, DX, planning and promotion of M&As, and business development.

Until about 15 years ago, two departments played central roles, that is, one handling finance and the other handling human resources and general affairs as the central function of the Headquarters. With the establishment of the Corporate Strategy Center, information has been centralized, enabling faster and more balanced decision-making.

The challenge lies in the fact that the chief strategy officer must fulfill opposing roles—promoting planning initiatives and applying necessary restraints. For example, the chief strategy officer also serves as CFO. While responsible for planning and promoting M&As, he/she concurrently evaluates financing and other considerations from a financial perspective in his/her role as CFO. At present, this challenge is mitigated through repeated information sharing and discussions between the director of the Corporate Strategy Center, the president, and division chief operating officers.

Having both the corporate function and the administrative center function, while implementing efficient strategies in cooperation with business departments

The duties of the Corporate Strategy Center's functions are as described above, with its functions divided into corporate function and administrative center function. The corporate function includes formulating business strategies for the entire Group, developing strategic measures, and assisting business departments in strategy implementation. Meanwhile, the administrative center function includes performing tasks that benefit from consolidation, supporting back-office operations, and providing specialized services, all aimed at centralization, cost reduction, and quality improvement. In-house lawyers and specialists in M&As, public relations, and IR are positioned at the Nikke Headquarters, where they work to promote group-wide policies and address issues. At present, DX and IT staff are assigned to approximately half of our Group subsidiaries.

However, we plan to consolidate these roles within the Digital Promotion Department of the Corporate Strategy Center as this approach will improve efficiency and raise operational standards.

Business strategy

Aiming to optimize our business portfolio by expanding growth businesses into a stable earnings base

Our current business portfolio includes four core businesses, along with a medical business that utilizes our textile technology. The real estate business of the Human & Future Development business and the uniform business of the Textile & Clothing Materials business provide stable earnings bases. We aim to achieve steady, group-wide growth by positioning the nonwoven fabric business in the Industrial Machinery & Materials business, the e-commerce business in the Consumer Goods & Services business, and the medical business as growth businesses.

Our strength in the real estate business lies not only in developing and leasing our owned real estate, but also in operating our own tenants, such as shopping centers, golf driving ranges, indoor tennis facilities, and nursing care and childcare services, which allows us to generate high profitability. However, as continual replacement with more competitive businesses is essential, we scaled back our mobile phone sales and franchise operations in fiscal 2023.

The uniform business, another stable earnings base, faces a shrinking market. While other industry players are considering withdrawing from the business due to the population decline and a declining birthrate, we are working to expand our market share, as well as improve profitability by streamlining operations and implementing labor-saving measures at production plants.

We also aim to expand the nonwoven fabric business of the Industrial Machinery & Materials business, which is a growth business, as the third stable earnings base. The Nikke Group does not target general-purpose sanitary materials (face masks, diapers, others), where price competition is intense. Instead, we target industrial material fields, including those used in automobiles and environment-related materials, where market growth is expected. As a result of the M&As of three companies (Fuji Corporation, Kankyo Techno, and Kureha), we have expanded our manufacturing and sales hubs across China, ASEAN, and North America. Consequently, our sales volume rose to approximately 25 billion yen, ranking us second in domestic market share. Going forward, we will aim to generate synergies as soon as possible to improve profitability.

In the medical business, current sales stand at just around 4 billion yen. We aim to grow this to around 10 billion yen by expanding sales of Pawdre®, a PGA sheet product planned and developed in-house, and upgrade this segment to become our fifth business department.

Financial strategy

Striving to improve capital profitability by targeting a dividend payout ratio of 35% and DOE of 2.5%

The price-to-book ratio (PBR), calculated using the current stock price, is 0.8—below the benchmark value of 1. The stock price equivalent to a PBR of 1 is approximately 1,800 yen. Further improvement is needed in view of unrealized gains on real estate holdings.

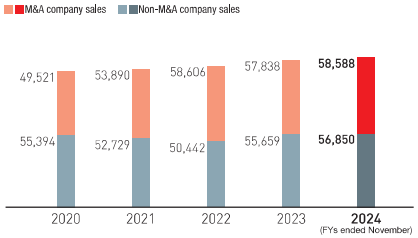
Specifically, we need to (1) improve return on equity (ROE), (2) increase earnings through growth investments, (3) engage in investor relations, and (4) implement capital policies. As part of our efforts to improve ROE, we have been redeveloping or selling real estate holdings with declining competitiveness, as well as selling strategic shareholdings that have lost value. Over the past five years, we sold 57 strategic shareholdings, totaling approximately 2.9 billion yen on a book value basis. In addition, we have been using return on invested capital (ROIC) as an investment criterion from an early stage, with a target of keeping it at 8% and a minimum threshold of 5%, to raise awareness of internal capital efficiency.

To boost earnings through growth investment, we believe it is important to carry out growth investment capped at approximately 50 billion yen as outlined in the Medium-Term Management Plan. Last year, that is, the first year of the 3rd Medium-Term Management Plan, we conducted two M&A transactions; however, capital and R&D investment fell behind schedule at approximately 50% of the plan. As rationalization, labor-saving, and DX investment in the Textile & Clothing Materials business are important for improving capital efficiency, we will accelerate turnaround measures.

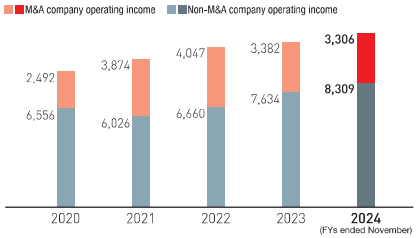
As part of our IR activities, we increased the frequency of meetings with institutional investors, including foreign investors and analysts. Last year, we held approximately 40 meetings with these stakeholders. In addition, we held an online seminar for individual investors in collaboration with securities companies, attracting approximately 1,700 participants. We will continue to communicate the Nikke Group's business strengths and stability, as well as growth strategies through meetings.

As part of our capital policy, we aim to achieve a dividend payout ratio of 35% and a dividend of equity ratio (DOE) of 2.5% in the final year of the 3rd Medium-Term Management Plan. Additionally, the company has not cut its dividend in nearly 50 years. To make this clear, we have declared a progressive

M&A company sales (million yen)



M&A company operating income (million yen)



dividend approach. In addition, we will acquire our own shares flexibly, based on the progress of growth investments, and strive to improve overall shareholder returns.

Growth investment

Achieving group-wide growth by strategic M&As with the aim of streamlining management and expanding business domains

Under the 3rd Medium-Term Management Plan, we plan to allocate total growth investment capped at approximately 50 billion yen, comprising around 29 billion yen for capital and R&D investment and around 20 billion yen for M&As and alliances. The objective is to make investments that balance internal and external growth.

Capital and R&D investment includes investment in manufacturing rationalization and labor-saving and investment in DX in the Textile & Clothing Materials business, introduction of recycling equipment in the Industrial Machinery & Materials business and nonwoven fabric equipment in Indonesia, and real estate development and acquisition of profit-making real estate in the Human & Future Development business.

The company's business strategy for M&A investment is to secure market share and generate profits in niche markets. Our M&A investments target projects that will drive expansion of the nonwoven fabric business and facilitate entry into new trade areas for the uniform business. After an M&A, we will implement Nikke-style internal controls within the acquired company; however, the business operations and management will remain under the leadership of those originally in that company. M&A is often described as a way to buy time. But at the same time, a major advantage is that it allows for bringing together human resources with valuable know-how and skills into the Group.

Investing in human resources is one of the most important management priorities, and creating an environment where diverse human resources can thrive

Human resources are the most important capital that supports a company's sustained growth.

The Nikke Group considers human capital investment to be one of its most important management priorities, and we are actively working to create an environment where diverse talent can maximize their abilities. Specifically, we are implementing a wide range of measures, including actively hiring outside experts with a global perspective, implementing selective training and rank-specific training to develop the next generation of managers, establishing specialized teams to promote DE&I, introducing a flexible work system to support work-life balance, and promoting group-wide healthy corporate management.

The Nikke Group manages the capital efficiency of each business department based on ROIC. We recognize that a future challenge is to quantitatively assess the effectiveness of initiatives implemented in the area of human resources.

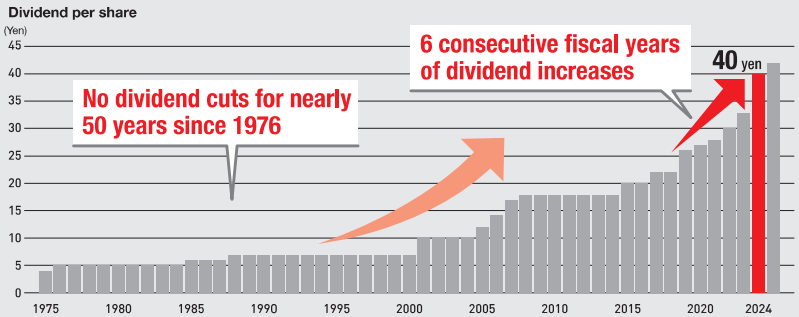
Believing that building a business and organization that utilizes DX is essential, and a new core system in progress

In the Textile & Clothing Materials business, we have operated core systems on mainframes for many years. However, recognizing the necessity to transform our operations, organizations and business models using IT and DX, we have been working on rebuilding our core systems for about the past three years. Although we are slightly behind schedule, we are progressing toward the final confirmation stage in preparation for full-scale operation. The key is to integrate the systems of the three manufacturing hubs, namely, the Innami Mill, Gifu Mill, and Ichinomiya Plant, and to visualize the entire supply chain, from raw materials and parts procurement to shipping, sales, and inventory management, enabling the market and manufacturing sites to quickly share information and make accurate management decisions.

Shareholder returns based on a progressive dividend policy with no dividend cuts

- For the fiscal year ended November 2024, the dividend was **increased by 7 yen to 40 yen per share** (for the fiscal year ending November 2025, a **further 2 yen increase to 42 yen** is planned).
- The final year of the current medium-term management plan (fiscal year ending November 2026) targets a dividend payout ratio of 35% and a DOE of 2.5%.

Revision of shareholder return policy: Based on investor feedback, a **progressive dividend policy** and a **DOE target of 2.5%** have been added to the basic policy.



Strengthening profitability through strategic M&A

Basic strategy for M&A

- Streamlining management and expanding business domains
- Effective use of human resources
- Establishing disciplined investment criteria

...and more

Synergy with the Human & Future Development business

Sophisticated use of M&A A new monetization business model

Effective use of real estate

Leveraging the real estate expertise of the Human & Future Development business to actively utilize real estate held by companies acquired through M&As

Examples

Fuji Corp. acquired through M&A	Consolidated production through business integration	Redevelopment of former factory sites
Negative goodwill recorded	Profitability at Fuji Corp., which had posted three consecutive years of losses, through streamlined manufacturing	Further monetization using expertise from the Human & Future Development business

Two M&A deals executed in fiscal 2024, with steady progress toward our 20 billion yen budget target under the 3rd medium-term management plan

Risk management

Aiming to improve corporate value by strengthening governance in order to recognize and minimize various risks

The Nikke Group now comprises more than 60 group companies due to aggressive M&As, and improving corporate value by strengthening governance has become an important theme.

To strengthen corporate governance, we have implemented measures from an early stage such as appointing independent outside directors to comprise more than one-third of its Board of Directors and ensuring that the chairman does not hold representative authority. In addition, we have established an advisory board, the majority of whom are independent outside directors and positioned under the Board of Directors, to provide advice on remuneration paid to directors for their appointment as well as on other important matters raised by the president. We are improving transparency by establishing a monitoring and evaluation system that integrates external perspectives.

With regard to internal control across the entire Group, the Internal Audit Department, which operates under the direct supervision of the president, has been established, and conducts internal control audits across the entire Group throughout the year. Since rule violations and compliance violations, which can lead to scandals and misconduct, are occasionally pointed out, we strive not only to establish internal controls but also to ensure that audits verify whether those controls are truly functioning.

Conclusion

Towards achieving final year targets of the 3rd Medium-Term Management Plan

In fiscal 2024, the first year of the 3rd Medium-Term Management Plan, we achieved our targets for sales, operating income, and other income items each listed on the income statement. We are off to a good start, marking the fourth consecutive fiscal year of increases in both sales and income.

In the Textile & Clothing Materials business, productivity improvements show moderate progress, as improvement through digitalization of the value chain has been somewhat behind schedule, although this has been offset by progress in developing overseas textiles and knitwear products.

In the Industrial Machinery & Materials business, we carried out two M&A transactions and are beginning to see a path forward in developing the nonwoven fabric business into the third earnings pillar.

In the Human & Future Development business, we sold our mobile phone sales and franchise businesses, which had become less profitable, while advancing redevelopment initiatives such as the redevelopment of our Tokyo building, the renovation of our Kobe building, and the development of the former Shukugawa company residence site.

In the Consumer Goods & Services business, although we remain committed to strengthening our e-commerce business, we are struggling due to intensifying competition, rising advertising expenses, procurement costs, and logistics costs. As a result, a strategic turnaround is needed.

In the medical business, sales of Pawdre®, a PGA sheet product, have been slow to expand; however, this has been offset by increased sales of purchased products and the launch of new products.

While progress remains slow in certain areas, overall our business is progressing smoothly. We will continue to make three investments to achieve our targets: (1) in product development, rationalization, and energy-saving equipment; (2) in customer expansion; and (3) in human resources.

Roles and aspirations as CSO

The CEO presents overall management policies, while the CSO is responsible for planning, implementing, and supervising overall strategies, managing risks, and creating and coordinating synergies among business departments.

As the CSO, I will always work closely with the CEO to share the information I have gathered so that we can make prompt management decisions.

Furthermore, strategies and measures will be most effective if all business departments agree on them, so I will pursue overall optimization by improving information sharing and communication with business departments.

Textile & Clothing Materials

To realize a circular economy, we will further advance our technologies and transform our supply chain in an effort to expand sales in line with our basic policy of maximizing domestic profit and overseas growth.



Director and Managing Executive Officer
Chief Operating Officer of
Textile & Clothing Materials Division
Yoshiyasu Kaneda

Key policies | **Maximize domestic profit, maximize overseas growth**

- Strengthen our marketing capabilities to enhance the value of the Nikke brand
- Establish the world's best manufacturing platform by honing our unique technological capabilities, thus becoming more competitive
- Expand global business (textile and knit products business)
- Construct a process for recycling clothing into clothing

Results of the 1st year of the 3rd medium-term management plan (fiscal year ended November 2024)

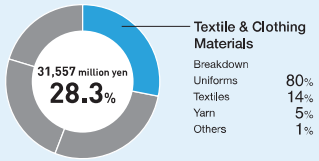
(Unit: Million yen)

	1st year Fiscal year ended November 2024				2nd year Fiscal year ending November 2025		3rd year (final year) Fiscal year ending November 2026
	Medium-term plan	Results	Difference	Evaluation	Medium-term plan	Forecast	Medium-term plan
Sales	32,500	31,557	(943)	↘	35,500	34,800	39,500
Operating income	3,450	3,455	5	↗	3,700	3,700	4,300
Operating margin	10.6%	10.9%	0.3 points	↗	10.4%	10.6%	10.9%

Performance by business segment for the fiscal year ended November 2024

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjusted sales (4,028 million yen).
Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjusted amount (–1,611 million yen).

Sales distribution

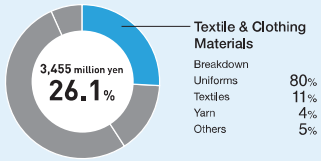


Textile & Clothing Materials

Breakdown

Uniforms	80%
Textiles	14%
Yarn	5%
Others	1%

Operating income distribution



Textile & Clothing Materials

Breakdown

Uniforms	80%
Textiles	11%
Yarn	4%
Others	5%

(Fiscal year ended November)

Changes in ROIC (return on invested capital)		2020	2021	2022	2023	2024
	ROIC	4.8%	6.1%	7.0%	6.8%	6.5%

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



School uniforms



NIKKE AXIO®

Main Strengths

The advantage of our Textile & Clothing Materials business 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.

In recent years, rising environmental awareness has put the spotlight on wool, our primary raw material, which is 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 domestic outdoor brands and outdoor enthusiasts. Our textiles, which offer a unique texture not found in Europe, have also garnered significant support.

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.



Pop-up store featuring the merino wool specialty brand NIKKE 1896



Boosting awareness of the Nikke brand by exhibiting at the Mt. Fuji 100 Expo

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. Meanwhile, the global apparel market is exhibiting a trend towards recovery, and we believe that focusing on overseas markets is essential.

Amid heightened geopolitical risks, rising labor costs, and a weaker yen, there's a growing need to restructure the value chain, particularly in production regions in Japan where decline continues to deepen.

However, there is a growing awareness of the need to reduce environmental impacts as part of the SDGs and other efforts to conserve the environment, 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. In the school uniform sector, adoption of girls' slacks and unisex blazers is surging due to growing awareness of, and respect for, LGBTQ students and recognition of student diversity and individuality. We are responding to these social trends.

Growth Strategy

The Textile & Clothing Materials business is based on a fundamental policy of maximizing domestic profit and maximizing overseas growth.

With regard to maximizing domestic profit, the school uniform business will focus on expanding sales through initiatives such as building an environmentally friendly circular uniform system using recycled wool, strengthening the development of solid-colored products to boost productivity while meeting rising demand for patterns (which are characterized by smaller production lots), and expanding our offerings of sewn products. In the business uniform sector, we will work to develop products not limited to wool, expand our offerings of sewn products, expand our service scope through item-level product management functions, and develop special materials and products. In the yarn business, we will strengthen promotion of knit products and knitted fabrics for outdoor sports.

With regard to maximizing overseas growth, the clothing materials business will leverage expertise in men's wool fabrics cultivated in Japan to expand into the markets of Europe, the United States, and Asia. In the Chinese fashion e-commerce market, we will work to boost orders by effectively utilizing the Nikke Group's domestic and international business resources. In the yarn business, as in Japan, we will promote knit products that prioritize comfort using our patented specialty-structured functional yarns.

Business Strategy

Industrial Machinery & Materials

We're enhancing overseas production capacity and sales capabilities while expanding business and developing new markets. With demand expected to grow in environment-related business, we're pursuing full-scale entry into recycling.



Managing Executive Officer
Chief Operating Officer of
Industrial Machinery & Materials Division
Hiroyuki Kondo

Key policies

- Expand profits primarily in the automotive and environmental business
- Expand overseas sales
- Expand profits in the nonwoven fabric business
  (Ambic and Fuji Corp. merged to form a new company, F&A Nonwovens Corporation)
- Full-scale entry into recycling (recycling fiber from used clothing) as our third pillar
- Pursue further structural improvements in each business

Results of the 1st year of the 3rd medium-term management plan (fiscal year ended November 2024)

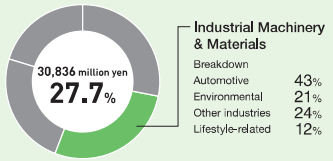
(Unit: Million yen)

	1st year Fiscal year ended November 2024				2nd year Fiscal year ending November 2025		3rd year (final year) Fiscal year ending November 2026
	Medium-term plan	Results	Difference	Evaluation	Medium-term plan	Forecast	Medium-term plan
Sales	26,000	30,836	4,836	↗	29,000	39,000	31,000
Operating income	1,850	1,972	122	↗	2,100	2,480	2,550
Operating margin	7.1%	6.4%	(0.7 points)	↘	7.2%	6.4%	8.2%

Performance by business segment for the fiscal year ended November 2024

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjusted sales (4,028 million yen).
Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjusted amount (–1,611 million yen).

Sales distribution

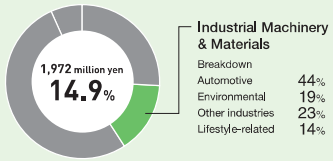


Industrial Machinery & Materials

Breakdown

Automotive	43%
Environmental	21%
Other industries	24%
Lifestyle-related	12%

Operating income distribution



Industrial Machinery & Materials

Breakdown

Automotive	44%
Environmental	19%
Other industries	23%
Lifestyle-related	14%

(Fiscal year ended November)

Changes in ROIC (return on invested capital)	2020	2021	2022	2023	2024
ROIC	3.5%	3.6%	5.8%	4.5%	4.9%

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
Lifestyle-related	● Racket sports related ● Fishing related ● Materials for musical instruments ● Medical nonwoven fabric



Automotive filters



Fishing line

Main Strengths

A key policy of the Industrial Machinery & Materials Division is to expand profits primarily in the automotive and environmental fields, whose markets are expected to grow. Group companies have R&D departments, which enable development of differentiated products. These products are competitive in terms of durability, functionality, environmental friendliness, and versatility. Our group has expanded manufacturing facilities to China, ASEAN countries, and North America to build a value chain capable of quickly delivering high-quality, low-cost products. In addition, one of our group companies specializes in trading in order to support export of our products.



ADMIREX®



HIMELON®

Risks and Opportunities

We recognize the following risks.
1. Overseas, uncertainty in the Chinese market and customers transferring their production to other countries.
2. Domestically, rising costs due to a weak yen and soaring raw material and energy prices.

We see the following opportunities.
1. Tightening environmental regulations in global markets will open up new business for our high-performance incinerator filters.
2. In 2025, we plan to launch mass production in our recycled fiber/material business in Japan. This will contribute to solving environmental problems through the development and sale of recycled materials and new products made from recycled fiber.

Growth Strategy

Our group will work to strengthen overseas sales capabilities and adapt to local sourcing policies. Besides effectively utilizing existing overseas bases, we will pursue growth in promising markets.

In the recycled fiber/material business, the bottleneck was the labor-intensive task of removing foreign objects. We succeeded in solving this problem by developing an automated removal system. This know-how is helping us in our efforts to grow fiber recycling into a core business.

With regard to optimizing and expanding our manufacturing bases, we will work to streamline our domestic production system and improve productivity, including the facilities of newly joined group companies Kankyo Techno Co., Ltd. and Kureha Ltd., while also expanding production capacity at our bases in the growing ASEAN region.

Our group will consider a merger or acquisition if we find a promising company that can enhance our competitiveness in the automotive and semiconductor-related industry.



Used clothing recycling facility

Human & Future Development

We aim to enrich lives by creating cheerful spaces and comforting communities.
We've also positioned the redevelopment of owned properties as a growth strategy for increasing operating income.

Key policies

- Pursue customer satisfaction and employee satisfaction to provide products and services as the undisputed regional No.1
- Strengthen interaction within divisions to expand options for community and regional development
- Strive to maximize the profits of Nikke Group-owned assets and maximize asset value
- Emphasize talent development and have employees demonstrate thoughtful action as professionals in each field



Director and Managing Executive Officer
Chief Operating Officer of
Human & Future Development Division
Yoshiro Kawamura

Results of the 1st year of the 3rd medium-term management plan (fiscal year ended November 2024)

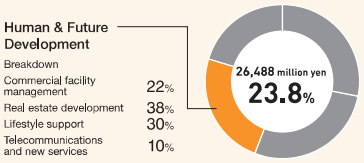
(Unit: Million yen)

	1st year Fiscal year ended November 2024				2nd year Fiscal year ending November 2025		3rd year (final year) Fiscal year ending November 2026
	Medium-term plan	Results	Difference	Evaluation	Medium-term plan	Forecast	Medium-term plan
Sales	26,000	26,488	488	↗	26,500	27,000	30,000
Operating income	6,200	6,977	777	↗	6,250	6,390	7,200
Operating margin	23.8%	26.3%	2.5 points	↗	23.6%	23.7%	24.0%

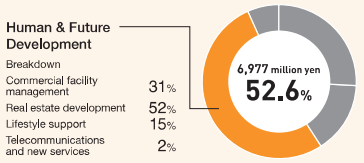
Performance by business segment for the fiscal year ended November 2024

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjusted sales (4,028 million yen).
Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjusted amount (–1,611 million yen).

Sales distribution



Operating income distribution



(Fiscal year ended November)

Changes in ROIC (return on invested capital)		2020	2021	2022	2023	2024
	ROIC	13.3%	16.1%	16.6%	22.8%	20.1%

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
Telecommunications and new services	● Daycare business



Daycare business



Nikke Colton Plaza

Main Strengths

"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 business. 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. With a constant focus on the future, we aim to create cheerful places and comforting communities that enrich life.



Nursing care business



Tennis schools



Bilingual kindergartens

Risks and Opportunities

We recognize rising costs, caused by soaring energy and construction material prices, as a risk in the development of complex services at community-based shopping centers and in projects centered on owned properties. In the nursing care business, although market growth is expected, we recognize the potential risk of operational challenges due to difficulties in securing workers. The number of visitors and users at our facilities has recovered as the pandemic has subsided, and we will continue to develop even higher-quality services. Meanwhile, in our real estate development business, we view growing demand for sustainability as an opportunity. At Yaesudori Fil Terrasse, completed in January 2025, we earned ZEB Ready certification and successfully created an environmentally friendly office space. We will continue to develop high-added-value real estate moving forward.

Growth Strategy

We've positioned the redevelopment and re-redevelopment of owned properties as a growth strategy and are working to increase the current operating income of approximately 3.5 billion yen from the real estate leasing business to around 5 billion yen in the future. Specifically, we plan to increase profits from real estate development by advancing multiple projects, including the start of leasing of idle land at the Ichinomiya Plant, seismic retrofitting of the Kobe Head Office Building, the completion of the Tokyo building (Yaesudori Fil Terrasse), and the development of the Shukugawa company housing site (SEAVE Shukugawa). Although a specific use has not yet been determined for the former Fuji Corporation Itami plant site, we have begun dialog with the local government for potential use, soil contamination surveys, and preparations for the demolition of existing buildings, with a target opening in 2029. When making development investments, we continue to strictly manage profitability by verifying ROIC based on market value and strive to enhance asset value.





Yaesudori Fil Terrasse

Consumer Goods & Services

We're building an SPA business structure to respond precisely to consumer needs. In e-commerce, we aim to boost profitability by building an optimal value chain with a view to developing new sales channels.



Executive Officer
Chief Operating Officer of
Consumer Goods & Services Division
Hiroshi Fujii

Key policies

- Discover and develop new businesses with an open mindset, and actively enter different industry fields without being restricted by existing business frameworks
- Aim to become an SPA business entity that plans, manufactures, and sells services essential to people's lives

Results of the 1st year of the 3rd medium-term management plan (fiscal year ended November 2024)

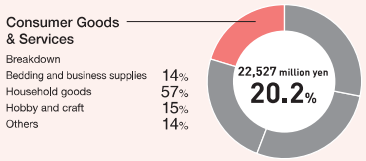
(Unit: Million yen)

	1st year Fiscal year ended November 2024				2nd year Fiscal year ending November 2025		3rd year (final year) Fiscal year ending November 2026
	Medium-term plan	Results	Difference	Evaluation	Medium-term plan	Forecast	Medium-term plan
Sales	24,500	22,527	(1,973)	↘	26,000	23,200	31,500
Operating income	1,350	847	(503)	↘	1,750	1,200	2,000
Operating margin	5.5%	3.8%	(1.7 points)	↘	6.7%	5.2%	6.3%

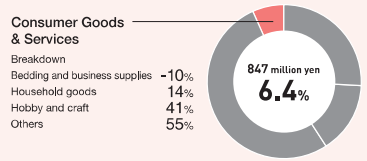
Performance by business segment for the fiscal year ended November 2024

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjusted sales (4,028 million yen).
Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjusted amount (–1,611 million yen).

Sales distribution



Operating income distribution



(Fiscal year ended November)

Changes in ROIC (return on invested capital)		2020	2021	2022	2023	2024
	ROIC	6.8%	10.1%	5.5%	2.9%	4.6%

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 sale ● Insurance agency



Stamps and ink



Bedding

Main Strengths

The mission of the Consumer Goods & Services business is to deliver the products and services that customers need in their daily lives, and to do so in the most optimal way. To achieve this goal, we are working to develop, redesign, and improve products and services by thinking outside the box, while establishing an SPA business structure that will allow us to accomplish all operations ranging from planning and development to material procurement and manufacturing, logistics, advertising and promotion, and sales within the Group. This approach will enable us to respond quickly to consumer needs, achieve efficient sales without waste or excess, and contribute to reducing environmental impacts.

In addition, we will drive the Nikke Group's e-commerce business by further strengthening online sales capabilities as we expand our line of products and sales channels. At the same time, we're also considering how to integrate and streamline our logistics operations.



Equestrian equipment



Neck cooler

Risks and Opportunities

We recognize that the global increase in the cost of raw materials, increased procurement costs due to a weak yen, rising advertising and logistics costs in the e-commerce business, and supply chain disruptions caused by international conflicts to be ongoing risks.

While the e-commerce business continues to expand due to the convenience it provides, competition is increasing with the entry of overseas players as a result of borderless markets and direct sales by manufacturers.

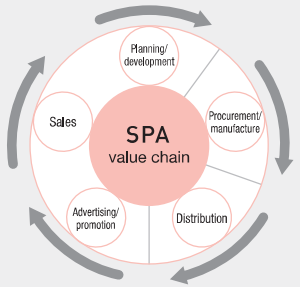
Despite this challenging environment, we will continue to build our SPA business structure to respond meticulously to consumer needs and secure sales opportunities while exploring new markets.

Growth Strategy

In the e-commerce business, we will work to strengthen profitability by building an optimal value chain for exploring new sales channels and developing original in-house products as part of the SPA business structure. Specifically, we plan to implement the following three initiatives.

First, we will share personnel, systems, and expertise among the four companies focused on e-commerce sales (AQUA Inc., Interior Office One Inc., Miyako Corporation, and Thanko Inc.) to further strengthen our planning, development, and sales capabilities. Second, we will expand our line of products to include a wide range of products and services offered by the Nikke Group and sell them via e-commerce. Third, we will improve efficiency by consolidating logistics operations.

Initiatives for developing new sales channels



Building an optimal value chain for the future

Human Resource Strategy

We're working to build a dynamic talent portfolio and be an organization where diverse talent drives innovation in order to achieve ongoing enhancement of corporate value.



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 16 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. In addition, amid an increasingly complex environment, we've decided to revamp our personnel system with the goal of quantitatively assessing and optimally allocating and securing the talent needed in each business area to advance our business strategy. In particular, we plan to update our talent management system to incorporate a focus on building a dynamic talent portfolio.

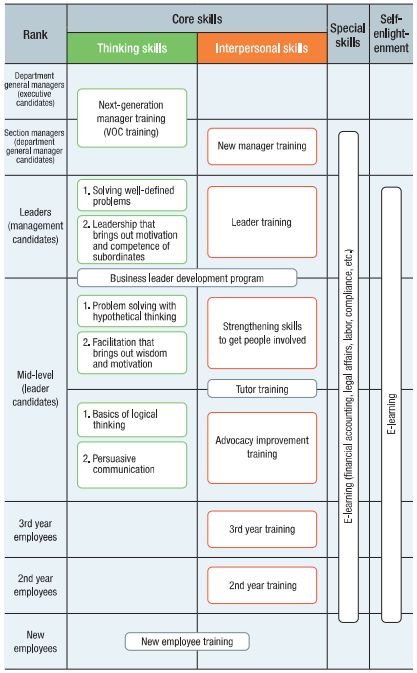
(1) Human resource development

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



A rank-specific training session

Nikke Group rank-specific education system



continuous improvements in corporate value. This training has been conducted for over 10 years and has produced more than 140 graduates in total. These people are active in key positions within the Group, including as presidents, directors, executive officers, and business department general 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 seven years and has produced around 50 talented individuals. Our rank-specific training has employees participate on a voluntary basis, thereby fostering their autonomous growth.

(2) 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 (The Japan Wool Textile Co., Ltd. usage rate in fiscal 2024*: 60.0%).

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. Last fiscal year, we launched 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.



Learning about DE&I



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

● Main actions in fiscal 2024

We hold an annual labor seminar for labor management personnel across the Group. This fiscal year, the seminar was held on the theme of the 2025 revisions to childcare and nursing care laws and the Nikke Group's DE&I initiatives. In the post-event questionnaire, many respondents commented that it was the first time they had learned the meaning and concept of DE&I. We will continue working to expand awareness across the Group.

This fiscal year we will take specific action to lay the foundation for a work environment where all employees can thrive more broadly. For example, we will regularly hold training sessions and workshops that foster respect for employee diversity and plan events to promote a culture of DE&I within the organization. Through these efforts, we seek to create an environment where each employee can maximize their abilities.

Additionally, we will accelerate individual initiatives to help achieve our fiscal 2026 targets. Specifically, we're building a mechanism to actively gather employee feedback and promptly bring it to bear in the form of improvements

Through these initiatives, the Nikke Group aims to provide an environment in which all employees can work with peace of mind and to realize sustainable growth..

● 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 2024)*	Targets (fiscal 2026)
Ptaercentage of women among managers (%)	8.6	15.0
Childcare leave usage rate for male employees (%)	60.0	90.0
Gender wage gap (all workers) (%)	58.3	70.0

*Regarding the results, the "Percentage of women among managers" is as of September 30, 2024, and the results for the other indicators are from October 1, 2022 to September 30, 2024.

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.

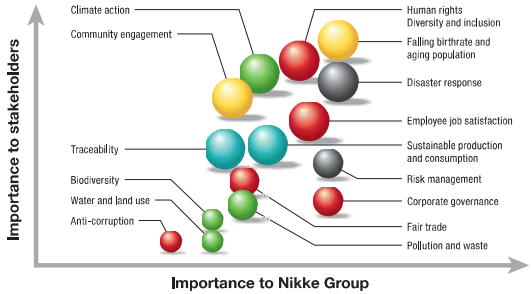
STEP 2
Evaluation of importance (priority)

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."

Nikke Group long-term growth and development and contribution to a sustainable society



Social issues and needs	Materiality	Response	Main actions	Results in FY2024	Responsible departments	Related SDGs
● Addressing the falling birthrate and aging population ● Achieving wellbeing	Improve health and comfort Support for a comfortable life	・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	・Hosting of community-friendly activities (events) ・Hosting of the open-air Craft in Action exhibition	・Held **104** community-friendly events (including those for children and seniors) at shopping centers ・Hosted the 22nd open-air Craft in Action exhibition	Human & Future Development	
		・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	・Operation of the Nikke Nursing Village comprehensive nursing care facility ・Operation of licensed nursery centers, after-school day care centers, and bilingual kindergartens	・Operated **29** nursing care facilities (as of November 30, 2024) ・Operated 7 childcare facilities (as of November 30, 2024)	Human & Future Development	
		・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	・Development, manufacture, and sales of medical devices that use bioabsorbable materials as a core technology ・Development, manufacture, and sales of cell culture scaffolding materials utilizing fiber technology that contributes to iPS cell research and other endeavors ・Provision of high-quality, low-price medical devices	・Expanded sales of Pawdre® absorbable suture reinforcement material to hospitals across Japan ・Started sales of Genocel® Cardio Plate, a drug safety evaluation substrate for cardiomyocytes utilizing Genocel® cell culture scaffold technology ・Expanded sales of SPO_2 sensors (generic medical device)	Medical-related	
● Ensuring product safety ● Stable supply of high-quality products	Improve safety and security Value chain management	・Undertake ongoing review and strengthening of our quality control system to provide satisfying products to customers	・Establishment of a quality control system based on the ISO 9001 management system	・**7 companies and 33 bases** certified for ISO 9001 (as of November 30, 2024; consolidated subsidiaries)*1	Textile & Clothing Materials / Industrial Machinery & Materials	
			・Establishment of a quality control system based on the ISO 13485 (medical devices) management system	・**1 company and 2 bases** certified for ISO 13485 (as of November 30, 2024)	Medical-related	
			・Supply of products approved by third-party evaluation organizations in Japan	・Undertook ongoing review of the quality control system	Consumer Goods & Services	
		・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	・Construction of a system that allows traceability of raw materials to finished products	・Obtained RWS (Responsible Wool Standard)*2 certification of wool raw materials used by Gifu Mill; **3 bases** certified for RWS (as of November 30, 2024)*2 ・**1 base** certified for OEKO-TEX® Standard 100 (as of November 30, 2024)*3 ・**1 base** obtained due diligence evaluation from SMETA (Sedex Members Ethical Trade Audit) (as of November 30, 2024)*4 ・Innami Mill joined ZDHC (Zero Discharge of Hazardous Chemicals); ZDHC membership: 1 base (as of November 30, 2024)*5	Textile & Clothing Materials	
		・Provide a stable and ongoing supply of products by optimizing the value chain	・Construction of a digital technology-driven, global production management system ・Diversification of raw material sourcing methods in consideration of geopolitical risks ・Improvement of production efficiency through alliances with apparel companies	・Started operation of Adaplus production control system at Innami Mill	Textile & Clothing Materials	
● Climate action ● Addressing energy issues ● Moving away from mass production and mass consumption	Protect the environment Contribute to a sustainable global environment	・Contribute to reducing environmental impact by researching, developing, and selling environmentally friendly products	・Manufacture and sale of ADMIREX®, a high-performance filter bag that collects harmful substances in the air	・Achieved sales volume of **36,000 m²** for ADMIREX® high-performance filter bags	Industrial Machinery & Materials	
			・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	・Achieved uniform material sales volume of **4,897 rolls** of Breeza®, an innovative spun yarn ・Developed biomass-based materials, such as Bio Breeza, Plabina, and PLA material	Textile & Clothing Materials	
			・Research and commercialization of fiber technology using biomass materials ・Research and commercialization of fiber-making technology using marine biodegradable materials ・Establishment and utilization of recycled carbon fiber nonwoven fabric manufacturing technology	・Continued participation 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 established fiberization technology for a mixture of enzymes and biodegradable resin. Continued research to enhance marine biodegradability of fishing lines ・In collaboration with JAXA, made progress on research into continuous production of 100% recycled carbon fiber nonwoven fabric. Almost established continuous production technology extending to the nonwoven stage. Research underway on continuous production methods for prepregs, the precursor to molded resin products	Research & Development Center	
		・Contribute to a circular economy by reusing products and using recycled materials	・Recycling used uniforms through the Eco-ship and Eco-network projects ・Establishing a system to recycle clothing into clothing ・Utilization of recycled synthetic fibers	・Reused **167,378 kg** of worn uniforms (total weight of uniforms collected) ・Percentage of recycled yarn used in synthetic textile manufacturing was **50.6%** ・Launched WAONAS, a recycling project aiming for zero waste by collecting and recycling used wool clothing into new garments (October 2024)	Textile & Clothing Materials	
			・Contribution to the maintenance and strengthening of the textile product resource circulation system	・**300 tons** of raw material produced by recycling used clothing*6	Industrial Machinery & Materials	
				・**16,700** disaster preparedness blankets reused*7 ・Sold beds made of cypress wood from forest thinning, loft beds made of waste oil palms and cypress wood from forest thinning, and comforters made from recycled plastic bottles and recycled polyester materials	Consumer Goods & Services	
		・Provide renewable, clean energy through solar power generation and use that energy	・Provision of renewable energy through solar power generation at Nikke Machinaka Power Plants and other facilities	・**24,310 MWh** generated from solar power	Human & Future Development	
		・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	・Establishment of environmental conservation targets and management of results	・Divisional Global Environment Committees at locations such as the head office and factories set environmental goals and managed results. The Nikke Group Global Environment Committee, which meets twice a year, followed up on the Group's overall plans and results and formulated strategy	Nikke Group	
		・Carry out energy conservation measures in each business	・Reduction of CO_2 emissions through the purchase of renewable electricity ・Active and continuous investment in energy-saving equipment: switching to energy-saving equipment	・Avoided CO_2 emissions through renewable electricity purchases (introduction of corporate PPA): **100.8 tons** (phased in starting July 2024) ・Invested in energy-saving equipment at factories and switched to LED lighting at each business base: switched to energy-saving equipment	Nikke Group	
● Ensuring thorough compliance ● Respect for human rights ● Promoting diversity and inclusion ● Health and productivity management	Strengthen business foundation	・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	・Implementation of compliance training ・Reading through the Nikke Group Corporate Ethics Handbook	・Held training on harassment, antitrust law, contracts, and compliance for approx. **110** executives, managers, and general employees	Nikke Group	
		・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	・Formulation, announcement, and internal dissemination of our human rights policy ・Development of human rights due diligence initiatives ・Announcement of the Nikke Group Declaration of Responsible Corporate Conduct	・Reviewed METI's "Guidelines on Respecting Human Rights in Responsible Supply Chains" through the Sustainability Committee and confirmed that responses will be tailored to the situation of each business		
		・Seek out a wide range of human resources to bring together a diversity of knowledge that leads to business innovation	・Employment unbiased by age, gender, race, ethnicity, etc.; creation and operation of a raise and promotion system ・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 ・Abolition of employment type-based working conditions/disparities	(Results at The Japan Wool Textile Co., Ltd.) ・Implemented a reduced working hours system for childcare (**up to the end of 6th grade**), which goes beyond what is required by law ・**60.0%** childcare leave usage rate among male employees ・Percentage of women among managers **8.6%** ・Gender wage gap **58.3%** ・Made changes to the personnel system (abolished general skilled positions and transitioned to comprehensive positions)		
		・Aim to be a vibrant and energetic company and strive to maintain and improve the health of our employees (Nikke Health Declaration)	・Prevention of workplace accidents through thorough risk assessment and safety education ・Application of the results of stress check, working hours, and annual paid leave utilization analyses to the improvement of work environments ・Conducting health promotion seminars and other events	・Established an external consultation desk to provide access to medical information websites and post-illness care ・Promoted collaborative health in cooperation with the health insurance association, and held stress checks ・Carried out activities to secure certification as a **2025 Health & Productivity Management Outstanding Organization; 13 companies certified** as of March 31, 2025		

*1 FANS, Gosen, and Kureha are each counted as a single company, including their subsidiaries.
*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 ZDHC is a non-profit organization working to eliminate hazardous chemical discharges in the textile and leather industries.
*6 In 2025, Nikke will install new equipment to increase production of recycled wool fiber to approx. 10 times the current annual production volume.
*7 Used blankets undergo cleaning and repackaging.

Roundtable Discussion with Outside Directors



Steady progress towards realizing the RN130 Vision Entering a new phase for the next decade

Three outside directors shared their candid views on topics including enhancing the effectiveness of the Board of Directors, the role of outside directors, and the challenges and expectations surrounding the realization of the RN130 Vision.

Corporate culture of the Nikke Group

First, what are your impressions of the Nikke Group's corporate culture?

Wakamatsu: Nikke shares the same founder as Kawanishi Warehouse Co., Ltd., where I serve as chairman, and I sense a very similar corporate culture. It is characterized by extreme prudence and sincerity. Despite the overall contraction of Japan's textile industry, Nikke has created and successfully leveraged new growth drivers, securing over 100 billion yen in sales and more than 10 billion yen in operating income. This demonstrates that the Nikke Group has placed itself on a solid growth trajectory. While this prudence remains a hallmark, the company has recently begun targeting niche areas through M&As, contributing to increased revenue and profit. Compared to the past, M&A strategies are now more synergy-focused, and I expect this will lead to even greater growth potential moving forward.

Kato: Although I'm only in my second year as an outside director, I've seen many companies in my career as a management consultant, and Nikke's prudent management reflects its over 100-year history.

As Mr. Wakamatsu mentioned, the company has skillfully shifted from textiles into new business models. Through agile M&A activity, the Nikke Group has grown to encompass over 60 companies. So far, I think the business transitions have been well executed. That said, I believe we are now entering a phase where it is essential to dig deeper into each initiative.

Listening to reports, I feel there's room to further analyze outcomes after running through the PDCA cycle, reflect, and aim higher. Even in the face of setbacks, Nikke should strive to create value by thoroughly examining the causes and trying again.

Miyajima: Mr. Wakamatsu and I are both in our fourth year as outside directors. I also sense the earnestness and diligence of Nikke's employees, who have supported the company's nearly 130-year history by working together across departments. Looking at how the management team, particularly those in administrative roles who are closely involved with us, run the Board of Directors, I see a strong organizational foundation and a practiced eye for detail.

In terms of business operations, the Textile & Clothing Materials segment is operating against the backdrop of a shrinking domestic market. However, Nikke has proactively developed a five-segment portfolio, adding the Medical segment to its four existing businesses. M&As have played a central role in this, and so far, that approach has worked well. However, going forward, I believe that even greater efforts will be needed to achieve strategic growth.

Effectiveness of the Board of Directors

How would you describe the atmosphere of Board of Directors meetings? Could you also share your views on the Board's effectiveness?

Wakamatsu: Compared to when Mr. Miyajima and I were first appointed, the number of comments made by Board members has increased significantly. Both Mr. Miyajima and I make a point of speaking up at every meeting, and I believe discussions have become much more active.

Miyajima: I agree. In particular, since Mr. Kato joined us last year, discussions have become even more lively, and the Board has been energized.



Outside director
Yasuhiro Wakamatsu

Mr. Wakamatsu joined Kawanishi Warehouse Co., Ltd. in 1977. He became the chairman of that company after serving as a managing director, Sales Division deputy general manager, International Department general manager, CEO, and Sales Division general manager. He has a successful track record and extensive experience in the warehouse industry. He became an outside director of Nikke in February 2022. He's also an external member of the Advisory Board.

Kato: Yes, my impression is that everyone now engages in discussion in a relaxed manner. I think this shift toward a more open and comfortable atmosphere is a positive development.

Miyajima: One thing I've requested at Board meetings is to see operations on the ground before we make decisions. Since we're a manufacturing company, I'd like to understand not only the production sites, but also locations involved in the Human & Future Development segment, including nursing homes, childcare centers, and commercial facilities. It's difficult to make informed decisions based solely on written materials. Recently, we've been receiving supporting materials and thorough explanations in advance, which is very helpful.

Ideally, I'd also like to understand what kinds of discussions, evaluations, or considerations have taken place before a proposal is submitted for resolution, so that we can take that context into account during deliberations.

Kato: I completely agree. Knowing the background of a proposal helps greatly in understanding and assessing it.

Miyajima: I've noticed that inside directors may speak less during Board meetings, perhaps because they've already discussed the issues during management conferences and reached consensus beforehand. However, because directors are responsible for considering the company as a whole, I believe all directors, both inside and outside, should engage in deeper discussions at the Board level on important resolutions.

Wakamatsu: In terms of enhancing transparency in the Board's decision-making process, given that Nikke is a company with over 100 billion yen in sales, I think it's time to consider strengthening the advisory board function and establishing nomination and compensation committees.

Kato: Yes, it would be helpful to understand the rationale behind personnel selections, as one example. Ultimately, transparency boils down to how easily stakeholders can understand the reasoning behind key decisions.

Role of outside directors and governance evaluation

What do you believe shareholders expect from outside directors? Also, how would you evaluate the current governance structure?

Wakamatsu: I believe the primary expectation for outside directors is to strengthen governance. Since I'm involved in the logistics industry, I sometimes visit operational sites. What particularly concerns me is that the governance of newly acquired group companies via M&As tends to be somewhat weaker compared to the standards of the Nikke Group. This poses a potential future risk, so I intend to keep a close eye on it.

In addition to governance, I hope the specialized expertise of outside directors can contribute to Nikke's development. The current medium-term management plan includes strategies such as expanding e-commerce and logistics, which are areas I am closely watching. Given the so-called 2024 problem, logistics is no longer simply a matter of cost reductions but a critical challenge for business operations.

Kato: Strengthening governance is, of course, the core duty of outside directors. But I think shareholders also expect us to monitor whether top management is detecting early warning signs when a company begins to drift in the wrong direction and taking appropriate action.

Today, DX (digital transformation) is a crucial issue for all companies. While Nikke itself is progressing, it seems some of the 60-plus group companies lack even the foundation for DX. In my previous role as a CEO, I led DX efforts myself, and I believe providing support in that area may be one of my responsibilities.

Miyajima: The greatest concern for shareholders, especially institutional and foreign investors, is whether a company's value will increase over the medium to long term. This "medium to long term" is a key phrase. Whether it's discussions at the Board level, the promotion of DX, or specific business or investment projects, the question is whether management is approaching these from a medium- to long-term perspective with a clear strategy. I believe outside directors are expected to evaluate these matters from a slightly more objective and detached viewpoint. Executive officers, who are in charge of operations, naturally tend to focus on boosting this term's figures. So it's our role as outside directors to assess whether Nikke's actions are not short-sighted but aligned with its medium- to long-term strategic direction.



Outside director
Seishi Miyajima

Mr. Miyajima joined Nomura Real Estate Development Co., Ltd. in 1983. He served as representative director and senior executive officer of that company and as an executive officer of Nomura Real Estate Holdings, Inc.; as president and CEO and later as chairman of Nomura Real Estate Urban Net Co., Ltd.; and as director, executive vice president, and executive officer of Shinnihon Corporation. He has a successful track record and extensive experience in the real estate industry. He became an outside director of Nikke in February 2022. He's also an external member of the Advisory Board.

Risk management system

How would you evaluate Nikke's risk management system?

Wakamatsu: I believe there's room to further heighten Nikke's sensitivity toward risk management. For example, it would be beneficial to deepen understanding of hazard maps and improve safety measures such as how inventory is stored. With the increasing likelihood of a Nankai Trough megathrust earthquake, we must not simply resign ourselves to thinking, "It couldn't be helped" in the event of a disaster. Strengthening inter-worksite communication networks and similar measures should be discussed more thoroughly.

Kato: Risks span a wide range of potential hazards, from security and product quality to compliance and reputational damage. What's important is to prevent future risks in advance, and I consider that to be nearly synonymous with risk management. As with the earlier discussion on PDCA, the key is how deeply we investigate the root causes during the "Check" phase and how we respond to them. It's through solid preventive measures that a company earns trust.

Miyajima: As both of you have mentioned, Nikke has expanded its group network over the years through M&As. Of course, this is part of the Nikke Group's broader strategy. However, it's also true that individual business departments have had significant influence in the selection of acquisition targets, which has led to some variability in corporate culture and levels of compliance awareness. We believe that in order to grow each business, there must also be a strong horizontal governance thread running through them. That's essential for effective risk management across the entire Group.

Evaluation of the RN130 Vision

The RN130 Vision has entered its final phase, and the third medium-term management plan is now underway.
How would you assess progress so far?

Wakamatsu: Group-wide, Nikke achieved its planned levels of sales and profits again last year, so I believe the RN130 Vision is, at this point, being fully achieved. Of course, if we look more closely, there are areas that haven't been met, and improving those will be a future challenge. But overall, I recognize that Nikke will bring the plan to fruition by the final year in 2026.

Kato: My understanding is that the results so far are fairly good, but what matters is how those results are analyzed. Was performance due to favorable external conditions, or was it the result of the company's own efforts? I hope careful analysis will be used to shape the next set of policies and strategies.

Miyajima: The RN130 Vision faced setbacks during the pandemic in 2020 and 2021, but overall, I believe Nikke has done very well to come this far.

About 10 years ago, there was a strong sense of crisis that the status quo could no longer be maintained, and I think the reform initiated then was well-founded. The RN130 Vision reflects a clear intent to rebuild what needed to be rebuilt and aim even higher. I would say it has reached a sufficient level of realization.

As for the next medium- to long-term plan, it may be worth reconsidering whether to continue with three-year phases. Large-scale investments, such as new warehouse construction, can take more than three years. So, for a more concrete medium-term plan, I think a five-year structure might be more suitable.

Expectations for the future of the Nikke Group

From the perspectives of continuous growth and enhanced governance, what are your expectations for President Nagaoka and the Nikke Group going forward?

Wakamatsu: Looking ahead to the next 10 years after the RN130 Vision, Nikke has set a bold target of 200 billion yen in sales. I hope President Nagaoka will pursue that goal with determination. When it comes to making that vision concrete, I also think it would be beneficial to draw more upon the diverse expertise of outside directors.

Kato: The next 10-year medium- to long-term vision is currently being formulated, and the most important factor in achieving it will be the leadership of senior management—that is, the ability to rally and lead employees. That leadership will ultimately show in the company's performance.

For continuous growth, it's also essential to develop leadership in the next generation, and that will require proper training and education.

Miyajima: What matters most to a company is growing strategically, especially growing profits. That's why we lay out a 10-year vision as a kind of dream or aspiration.

President Nagaoka brings a wealth of experience and a well-balanced approach to leadership, but it's not possible for one excellent executive alone to keep delivering profits indefinitely. As Mr. Kato just said, we expect the company to nurture future leaders, people with the passion and drive to say, "The future is in my hands."



Outside director
Yukihiro Kato

Mr. Kato joined Nippon Denso Co., Ltd. (now Denso Corporation) in 1984. He served as a managing executive officers and senior managing executive officer of that company and later as president and CEO of Denso Ten Limited. He has a successful track record and extensive experience in the automotive industry. In 2023, he founded Yukiya ConCon Limited, of which he currently serves as president and CEO. He became an outside director of Nikke in February 2024. He's also an external member of the Advisory Board.



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 director since 2001.

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.

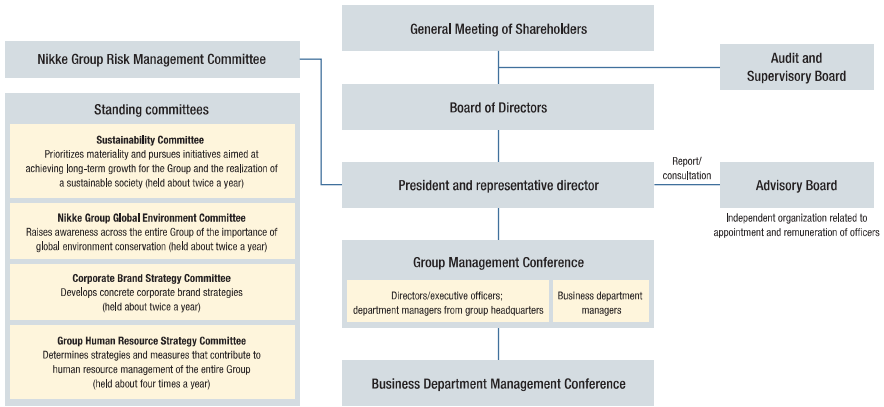
Group Management Conference

The Group Management Conference consists of executive officers, Audit and Supervisory Board members, department managers, and department 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.

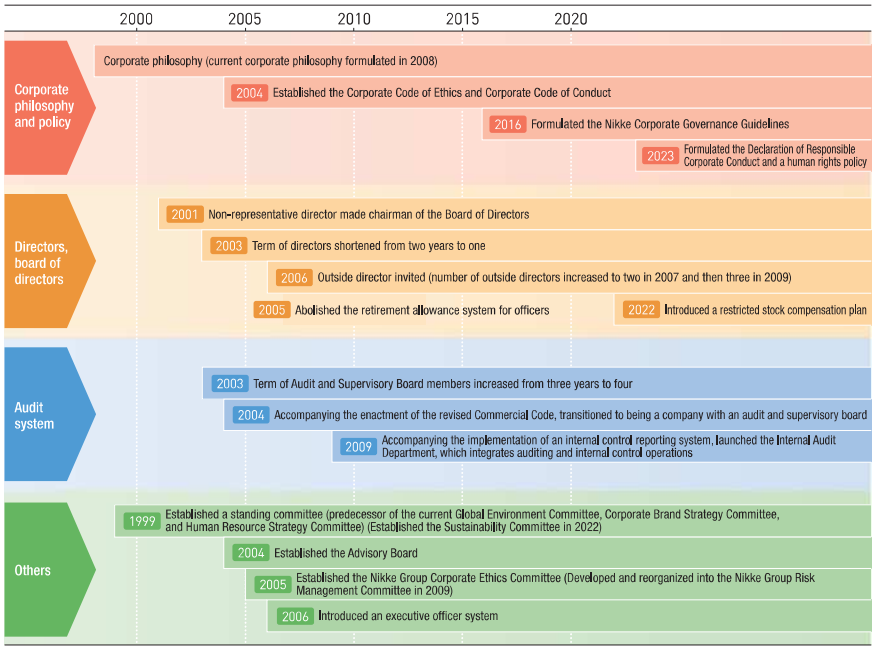
Advisory Board

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

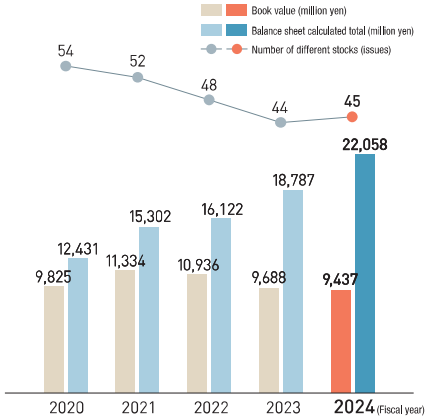
Regarding share cross-holdings, we disclose these in our securities report as well as conduct an annual review during which the Board of Directors considers a number of questions about each stock held, including the purpose for holding it and whether the risks and benefits of holding it justify the capital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

Based on the results of this review, we sold 57 stocks (including partial sales), totaling approximately 2.9 billion yen on a book value basis, over the past five years.

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 (The Japan Wool Textile Co., Ltd.)



Note: 1. The increase in the balance sheet calculated total is due to the increase in the market value of the shares held.
2. Due to organizational restructuring, the number of holdings increased in fiscal 2024.

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 of the 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. He formulated the RN130 3rd medium-term management plan, the final phase in achieving the Nikke Group RN130 Vision. In fiscal 2024, the first year of the plan, Nikke achieved its fourth consecutive year of increased revenue and operating income, and both operating income and net income attributable to owners of parent reached record highs. For these reasons, Nagaoka has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value.

Yoshiro Kawamura
Director and Managing Executive Officer
Chief Operating Officer 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 chief operating officer of the Human & Future Development Division, where he carried out aggressive investment, such as in Tokyo Building redevelopment, selection and concentration of businesses, and streamlining of asset efficiency. 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
Chief Strategy Officer

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 chief strategy officer, 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.

Yoshiyasu Kaneda
Director and Managing Executive Officer
Chief Operating Officer of Textile & Clothing Materials Division

As a managing executive officer and chief operating officer of the Textile & Clothing Materials Division, Kaneda worked to maximize profitability in domestic operations and expand overseas business, thereby enhancing the earning power of the Textile & Clothing Materials segment. In addition, as chair of the Group Human Resource Strategy Committee, he has promoted HR strategies and initiatives that support group-wide talent management. For these reasons, Kaneda 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-related 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.

Yukihiro 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 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, Kato has been deemed an appropriate appointment for achieving sustained improvement in the Nikke Group's corporate value and supervising Group management.

Hiroshi Fujiwara
Full-time 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.

Yoshiko Matsumoto
Full-time Audit and
Supervisory Board member

Matsumoto has a broad range of experience in the admin operations of each business segment, which gives her considerable knowledge of the Group's businesses. She also has experience with the Group's finance, accounting, and internal controls teams. For these reasons, Matsumoto 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	Yoshiro Kawamura	Takehiro Okamoto	Yoshiyasu Kaneda
	Position	Chairman of the Board of Directors	President and Representative Director Chief Executive Officer	Director and Managing Executive Officer Chief Operating Officer of Human & Future Development Division	Director and Managing Executive Officer Chief Strategy Officer	Director and Managing Executive Officer Chief Operating Officer of Textile & Clothing Materials Division
Skills	Corporate management	●	●	●		●
	Sales	●			●	●
	Engineering/R&D		●	●		
	Finance/accounting	●			●	
	HR/labor	●	●		●	●
	Legal/risk management	●			●	
	Sustainability			●	●	
	M&A	●			●	
	Global experience		●	●		●
Business experience and fields	Textile & Clothing Materials	●	●	●		●
	Industrial Machinery & Materials		●	●	●	
	Human & Future Development	●	●	●	●	
	Consumer Goods & Services	●	●	●		

	Name	Yasuhiro Wakamatsu	Seishi Miyajima	Yukihiro Kato	Hiroshi Fujiwara	Yoshiko Matsumoto	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				●			
	Global experience	●				●		
Business experience and fields	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

Note 1: Prior to his appointment as Audit and Supervisory Board member, Hiroshi Fujiwara served as a Nikke executive officer for four years.
Note 2: Yasuhiro Wakamatsu, Seishi Miyajima, and Yukihiro 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.
Note 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 2024, 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 2024)

Management strategy related	Medium- to long-term vision formulation / 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.
Governance	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-holdings / Board of Directors effectiveness evaluation / establishment and revision of important rules and regulations / sustainability-related matters / etc.
Investment and loans	Important investments (production facilities, commercial facilities, real estate development, etc.) / core system investments / investment planning and results comparison
Shareholder related	Shareholder status / shareholder returns (dividend policy, treasury stock acquisition and cancellation) / general meeting of shareholders operating policy and results summarization / response policy on large-scale purchases of company shares

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 2024)

	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.	
Directors (of which, outside directors)	231 million yen (18 million yen)	148 million yen (18 million yen)	50 million yen (—)	33 million yen (—)	9 (4)
Audit and Supervisory Board members (of which, outside Audit and Supervisory Board members)	49 million yen (12 million yen)	49 million yen (12 million yen)	— (—)	— (—)	6 (3)

- Total remuneration includes an anticipated 27 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, see pp. 36–37 of the Notice of the 194th Annual General Meeting of Shareholders. This information can 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 pp. 25–27 of the 194th 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 departments 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 Department. The system is designed so that report confidentiality is strictly maintained. There were five reports received in fiscal 2024.

Handling of Information

Respect for Intellectual Property

On December 1, 2008, the Nikke Group established the Environment/Intellectual Property Control Office (currently, System Technology & Environmental Development Department). 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.

Health and Productivity Management

In 2023, Nikke established the Nikke Health Declaration. To achieve this, it is essential that every Nikke employee 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.

Certified as a 2025 Health & Productivity Management Outstanding Organization

Nikke Health Declaration

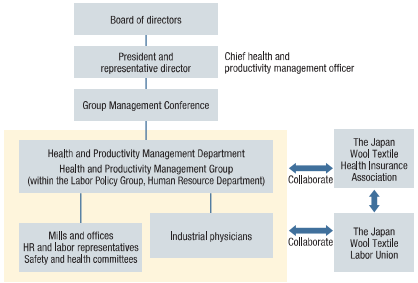
We aim to be a vibrant and energetic company and strive to maintain and improve the health of our employees.

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 indicators	Results			Fiscal 2025 target
	Fiscal 2022	Fiscal 2023	Fiscal 2024	
Number of workplace accidents (not accompanied by lost worktime) (cases)	6	5	3	0
Number of workplace accidents (lost worktime) (cases)	0	0	0	0
Regular checkup attendance rate (%)	100.0	100.0	100.0	100.0
Stress check participation rate (%)	81.4	91.2	91.4	92.0
Overtime per person (monthly average) (hours)	6.0	7.2	7.7	6.0
Absenteeism (percentage of employees frequently absent from work) (%)	3.5	1.7	2.0	1.0
Turnover rate of new employees within three years of joining the company (%)	6.8	2.7	6.1	5.0
Annual paid leave usage rate (%)	68.4	66.3	66.0	70.0

Main Actions

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 and creating an environment where employees can feel secure and work to their full potential.

Nikke Group's vision

Improve health literacy × Support for balancing work with medical treatment

Premorbid support	Postmorbid support
Cancer-related medical information site	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

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 health issues identified through analyses of checkup results at the head office and two plants. In a post-event survey, 86.6% of participants said they were "satisfied" or "somewhat satisfied" with the seminars.





Use of health apps

Apps encourage employees to exercise by allowing them to set and track simple health targets for each day.

Walking events using health apps

We hold walking events that make use of health apps to improve internal communication and increase opportunities for exercise.

Health Care Day held

As part of efforts to improve the working environment, a no-overtime day is held once a month at each workplace.

Personal days off

Employees are encouraged to take days off for things like birthdays and anniversaries. This gets them to use more of their annual paid leave and contributes to their health.

Health Management Office established

The office is staffed by specialists in health counseling and consultation with the goal of helping employees stay physically and mentally fit.

Nikke Mental and Physical Hotline

Nikke management and the company health insurance union cooperate to offer employees external health consultation.

Actively participating in the 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 employees have participated in the event.

Certified as Health & Productivity Management Outstanding Organizations (Nikke Group companies)

- The Japan Wool Textile Co., Ltd.
- Nakahiro Corporation
- Satoh Sangyo Co., Ltd.
- F&A Nonwovens Corporation
- Gosen Co., Ltd.
- Nikke Machine Manufacturing Corporation
- EMI Corporation
- Kankyo Techno Co., Ltd.
- Nikke Shoji Co., Ltd.
- Nitto Family Co., Ltd.
- Thanko, Inc.
- Interior Office One Inc.
- AQUA Inc.

Stakeholder Engagement

With the aim of being a company that creates future lifestyles, we view how we interact with our shareholders and other stakeholders as an important management issue. We strive to achieve sustained growth and improve corporate value over the medium to long term and pursue sustainable management that brings new value to society.

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 and Legal Affairs & Public Relations 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 2024, we held financial results briefings for institutional investors, analysts, and media representatives in January and July. We also held approximately 40 individual IR/SR meetings, as well as an information session for private investors in November. The details of the January, July, and November sessions are published on our website.

Insights and issues obtained through dialogue with shareholders are compiled by the IR department (General and Legal Affairs & Public Relations Department) and shared with management through meetings with business departments, the Nikke Group Management Conference, and the board of directors, which use them as references for business practices that are conscious of capital costs and stock price.

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 recently exceeded 10%, and our ROE has consistently been at 7% or more.

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. The PBR has remained in the 0.7 to 0.8 range, continuing to stay 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 return on capital, with the aim of achieving an ROE of 8% and a PBR of more than 1.

Note: For the latest initiatives toward management focused on cost of capital and stock price, please refer to the "Consolidated Financial Results for the Year Ended November 30, 2024."

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

Excluding commemorative dividends, our basic policy is to maintain a progressive dividend without reductions. We will gradually raise our dividend payout ratio from the current target of 30%, aiming for 35% in the final year of our RN130 3rd medium-term management plan (2026). In addition, we use DOE (dividend on equity) as a performance indicator, with a target of 2.5% by 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

	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	FY ended Nov. 2024
Dividend payout ratio (%)	32.2	32.4	30.8	30.4	29.0	27.4	24.3	29.8	30.4	30.7
Total return ratio* (%)	74.5	32.5	30.8	51.1	29.0	42.0	24.3	70.5	61.6	30.7

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.

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 Guidelines 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.

**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.*

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

Relationship with Employees

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.

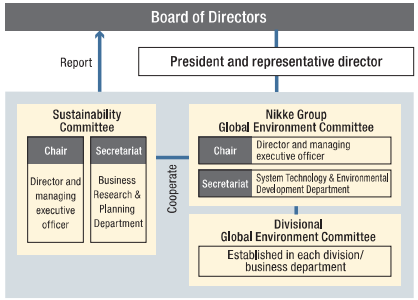
**For more information, please see the "Nikke Group Human Rights Policy" on our website.*

Disclosures Based on the TCFD Recommendations

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. In addition, we aim to achieve continuous growth and contribute to society through the development of environmentally friendly office buildings and rental housing and the textile recycling project.

1.5°C scenario

Rising energy and materials costs, along with a greater cost burden stemming from environmental measures and carbon taxes, will have a corresponding impact on the Textile & Clothing Materials Division, Industrial Machinery & Materials Division, and Human & Future Development Division. There is also the possibility of increased costs due to the need to develop new materials and restructure the supply chain.

4°C scenario

As storm and flood damage grow in severity, there is the possibility that some factories and commercial facilities will be affected, resulting in losses due to shutdown, as well as recovery costs. Also, problems such as droughts in raw wool-producing regions could interfere with procurement.

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.

Indicators and Targets

We are working to reduce Scope 1 and Scope 2 CO_2 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_2 consolidated emissions (Scopes 1 and 2)

In the Textile & Clothing Materials business, emissions fell 41.2% compared to the base year, partly due to the exclusion of Jiangyin Nikke Worsted Spinning Co., Ltd. from consolidated results following a divestment of equity interest in fiscal 2019. 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 downsizing of the communications and franchise businesses. For the Nikke Group as a whole, despite an increase in the emission factor of electric power companies, we're actively working toward our goal of a 50% reduction in emissions by fiscal 2030. We aim to achieve this through measures such as replacing production equipment with energy-efficient and streamlined systems, expanding and using solar power systems, and procuring renewable electricity.

(Unit: t-CO_2/year)	FY2018 (base year*1)	FY2024 results
Textile & Clothing Materials	33,593	19,738
Industrial Machinery & Materials	9,544	10,718
Human & Future Development	11,100	8,229
Consumer Goods & Services	441	433
Others	20	175
Total	54,698	39,292

Percentage change −28.1%

CO_2 emissions [The Japan Wool Textile Co., Ltd.] (Scope 3)

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_2/year)	FY2024 results
Total*2	42,955

*1 Fiscal 2018 has been established as the base year, which was when Scope 1 and 2 data aggregation for all consolidated company sites began.
*2 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 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.

Textile Recycling Project

Nikke has set out to build a resource recycling system for textile products as one of its core sustainability themes. With this vision in mind, we're implementing a textile recycling project centered on two key initiatives: WAONAS and used clothing recycling.

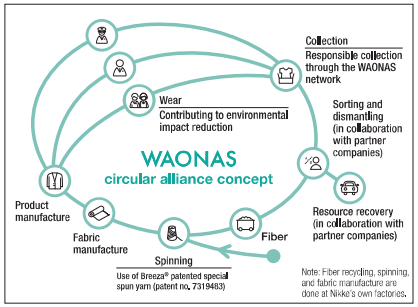
One of the critical environmental challenges we currently face is the increase in waste resulting from mass production and consumption. Clothing is no exception, with approximately 470,000 tons of garments discarded annually in Japan alone. Moreover, the EU's Ecodesign for Sustainable Products Regulation has come into force, and in Japan, the Ministry of Economy, Trade and Industry has issued an interim report on the promotion of sustainability in the textile industry. These developments reflect growing calls for reductions in textile waste and greater resource recovery.

In response to these societal trends, Nikke is leveraging its long-standing technologies and expertise in textiles to strengthen initiatives that promote reuse and recycling, while minimizing resource waste.

Launch of WAONAS clothing collection and recycling project

WAONAS is Japan's first environmentally conscious initiative to collect used wool-blend garments, return them to raw material form, and regenerate them into clothing from yarn once again. Until now, collected garments were recycled into materials for automotive interiors and other applications. With WAONAS, we're building a closed-loop system that will bring clothing back to clothing. Our goal is to sell 100,000 uniforms made from regenerated wool fiber by 2030.

To improve clothing collection and processing routes and create a more efficient system for resource recovery from the large volume of apparel currently being discarded, we're seeking wide-ranging partners—from suppliers to end-users—to help realize the WAONAS vision together.



Streamlining the used clothing recycling process

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. In the Industrial Machinery & Materials business, F&A Nonwovens Corporation (FANS) has automated the foreign object removal process to improve the efficiency of recycling operations as it plans to increase production of fiber by recycling used clothing. This initiative will increase the current output of reclaimed fiber by approximately tenfold.

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 introduced (image)

Corporate PPA Agreement with ERE and Kansai Electric Power

Nikke has entered into a corporate PPA* with Eneos Renewable Energy Corporation (ERE) and the Kansai Electric Power Co., Inc. Supply of power under the agreement began in July 2024.

As the power generator, ERE supplies electricity from multiple low-voltage solar power plants located in the Kansai region, with a combined capacity of approximately 1.5 MW, to Kansai Electric Power. Kansai Electric Power, as the retail electricity provider, in turn supplies this electricity to Nikke. By using this electricity at seven of its facilities, Nikke expects to reduce CO_2 emissions by approximately 1,400 t-CO_2 annually. The Nikke Group will continue to explore all available options, not only expanding its procurement of green electricity, but also upgrading factory production equipment, reducing energy consumption, and utilizing and installing solar power systems.



*PPA: Power purchase agreement. A direct contract between an electric power producer and a company (consumer) for the sale and purchase of electricity.

Nikke Officers

(As of February 21, 2025)



Kazuya Tomita

Chairman of the Board of Directors
Date of birth: April 3, 1959; 65 years old
Years in office: 12
Number of shares held: 104 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 Department
Feb. 2009 Executive officer, general manager of Community Service Business Department
Dec. 2011 Executive officer, general manager of Community Service Business Department, general manager of Administration Department, and general manager of Telecommunications & New Service Department
Dec. 2012 Managing executive officer, chief operating officer of Human & Future Development Division, chief operating officer of Consumer Business Division, general manager of Administration Department, and general manager of Telecommunications & New Service Department
Feb. 2013 Director, managing executive officer, chief operating officer of Human & Future Development Division, chief operating officer of Consumer Business Division, general manager of Administration Department, and general manager of Telecommunications & New Service Department
Jun. 2014 Director and managing executive officer, chief strategy officer
Feb. 2016 President and chief executive officer
Feb. 2022 Chairman of the Board of Directors, chairman
Feb. 2025 Chairman of the Board of Directors (current position)



Yutaka Nagaoka

President and Representative Director
Chief Executive Officer
Date of birth: September 7, 1961; 63 years old
Years in office: 5
Number of shares held: 60 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 Imami 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
Feb. 2020 Director and managing executive officer, chief operating officer of Human & Future Development Division
Feb. 2021 Director and managing executive officer, chief operating officer of Human & Future Development Division, and general manager of Development Department
Feb. 2022 President and chief executive officer (current position)



Seishi Miyajima

Outside Director (independent director)
Date of birth: January 11, 1960; 65 years old
Years in office: 3
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; 66 years old
Years in office: 1
Number of shares held: –
Attendance at Board of Directors meetings (previous term): 10/10 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)



Yoshiro Kawamura

Director and Managing Executive Officer
Chief Operating Officer of Human & Future Development Division
Date of birth: November 15, 1960; 64 years old
Years in office: 6
Number of shares held: 45 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 & Development Office II, Research & Development Center
May 2010 Deputy manager of Engineering Department
Feb. 2013 President and chief executive officer of Nikke Machine Manufacturing Corp.
Sep. 2015 General manager of Manufacturing Management Department, Textile & Clothing Materials Division
Feb. 2016 Executive officer, general manager of Manufacturing Management Department, Textile & Clothing Materials Division
Jun. 2017 Executive officer; general manager of Manufacturing Management Department and general manager of Fabric Business Department, Textile & Clothing Materials Division
Feb. 2019 Director and managing executive officer, chief operating officer of Textile & Clothing Materials Division
Feb. 2022 Director and managing executive officer, chief operating officer of Human & Future Development Division (current position)



Takehiro Okamoto

Director and Managing Executive Officer
Chief Strategy Officer
Date of birth: June 9, 1961; 63 years old
Years in office: 3
Number of shares held: 41 thousand shares
Attendance at Board of Directors meetings (previous term): 12/12 meetings

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



Hiroshi Fujiwara

Audit and Supervisory Board member
Date of birth: September 29, 1963; 61 years old
Years in office: 1
Number of shares held: 22 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. 1986 Joined Nikke
Feb. 2011 General manager of Administration Department and manager of Finance Section, Textile & Clothing Materials Division
Feb. 2013 General manager of Administration Department, Textile & Clothing Materials Division
Mar. 2013 General manager of Finance & Accounting Department, Corporate Strategy Center
Feb. 2020 Executive officer and general manager of Finance & Accounting Department, Corporate Strategy Center
Feb. 2024 Full-time Audit and Supervisory Board member (current position)



Yoshiko Matsumoto

Audit and Supervisory Board member
Date of birth: November 15, 1966; 58 years old
Years in office: – (newly appointed)
Number of shares held: 22 thousand shares
Attendance at Board of Directors meetings (previous term): –/– meetings
Attendance at Audit and Supervisory Board meetings (previous term): –/– meetings

Apr. 1989 Joined Nikke
Feb. 2020 General manager of Audit Department, and general manager of Internal Audit Department
Apr. 2020 General manager of Internal Audit Department
Dec. 2021 General manager of General and Legal Affairs & Public Relations Department, Corporate Strategy Center
Feb. 2024 General manager of Administration Department, Consumer Goods & Services Division
Feb. 2025 Full-time Audit and Supervisory Board member (current position)



Yoshiyasu Kaneda

Director and Managing Executive Officer
Chief Operating Officer of Textile & Clothing Materials Division
Date of birth: January 11, 1965; 60 years old
Years in office: – (newly appointed)
Number of shares held: 32 thousand shares
Attendance at Board of Directors meetings (previous term): –/– meetings

Apr. 1987 Joined Nikke
Feb. 2010 General manager of First Sales Department, Textile & Clothing Materials Division
Apr. 2014 General manager of Uniform Business Department and general manager of School Uniform Sales Department, Textile & Clothing Materials Division
Feb. 2015 President and chief executive officer of Nakahiro Corporation
Apr. 2018 General manager in charge of special missions for global business, Uniform Business Department, Textile & Clothing Materials Division, and on loan to Nikke (Shanghai) Management Co., Ltd.
Jan. 2019 General manager in charge of special missions for global business, Uniform Business Department, Textile & Clothing Materials Division, and general manager of Qingdao Nikke Fabric Co., Ltd. Shanghai Branch
Feb. 2019 Executive officer; general manager of Sales Management Department, Textile & Clothing Materials Division, and general manager of Qingdao Nikke Fabric Co., Ltd. Shanghai Branch
Dec. 2021 Executive officer; general manager of Sales Management Department and general manager of Uniform Sales Department, Textile & Clothing Materials Division
Feb. 2022 Managing executive officer; chief operating officer of Textile & Clothing Materials Division, general manager of Sales Management Department, and general manager of Uniform Sales Department
Oct. 2024 Managing executive officer; chief operating officer of Textile & Clothing Materials Division, general manager of Sales Management Department, general manager of Uniform Sales Department, and general manager of Sales Promotion Department (current position)
Feb. 2025 Director and managing executive officer, chief operating officer of Textile & Clothing Materials Division (current position)



Yasuhiro Wakamatsu

Outside Director (independent director)
Date of birth: August 6, 1954; 70 years old
Years in office: 3
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; 75 years old
Years in office: 8
Number of shares held: –
Attendance at Board of Directors meetings (previous term): 12/12 meetings
Attendance at Audit and Supervisory Board meetings (previous term): 12/12 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; 63 years old
Years in office: 1
Number of shares held: –
Attendance at Board of Directors meetings (previous term): 10/10 meetings
Attendance at Audit and Supervisory Board meetings (previous term): 10/10 meetings

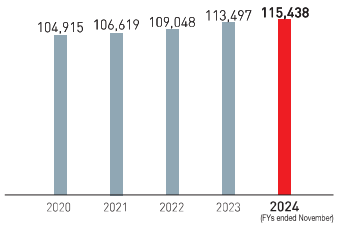
Oct. 1994 Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC)
Jan. 1998 Joined Setsuo Hashimoto Certified Public Accountant Office (currently Junichi Kato Certified Public Accountant Office) (current position)
Apr. 1999 Registered as certified public accountant
Jul. 1999 Registered as 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. 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	FY ended Nov. 2024
Consolidated Profit/Loss											
Sales (million yen)	100,477	102,854	100,982	103,498	110,538	126,401	104,915	106,619	109,048	113,497	**115,438**
Operating income (million yen)	6,028	7,342	7,620	8,348	8,368	10,472	9,048	9,900	10,707	11,016	**11,640**
Ordinary income (million yen)	6,635	7,799	7,649	9,089	9,128	11,165	12,655	9,784	11,715	11,634	**12,098**
Net income attributable to owners of parent (million yen)	3,572	4,690	5,002	5,270	5,274	6,520	7,121	8,308	7,283	7,643	**8,970**
Consolidated Financial Standing											
Net assets (million yen)	79,442	81,807	82,155	89,067	89,195	93,344	95,714	104,620	107,734	114,135	**123,730**
Total assets (million yen)	133,938	132,749	130,635	140,202	141,644	148,707	147,172	163,632	163,384	166,129	**179,935**
Interest-bearing liabilities (million yen)	17,748	16,879	15,413	16,742	18,139	17,476	20,771	21,082	19,279	14,674	**13,098**
Consolidated Free Cash Flow											
Cash flow from operating activities (million yen)	12,146	6,845	9,514	9,206	5,812	13,694	11,315	12,404	9,449	8,995	**10,158**
Cash flow from investing activities (million yen)	(4,061)	(2,324)	(6,590)	(6,695)	(2,933)	(3,143)	(6,225)	(2,093)	(6,878)	990	**(7,856)**
Cash flow from financing activities (million yen)	(5,334)	(4,909)	(3,361)	(743)	(1,483)	(2,923)	(359)	(1,483)	(9,498)	(9,767)	**(4,213)**
Free cash flow (million yen)	8,085	4,521	2,924	2,511	2,879	10,551	5,090	10,311	2,571	9,985	**2,302**
Balance of cash and cash equivalents at year's end (million yen)	14,923	14,686	14,265	15,951	17,425	25,013	29,927	41,052	34,363	35,292	**33,419**
Per Share Information											
Net assets per share (yen)	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	**1,780.73**
Net profit per share (yen)	47.15	62.17	67.88	71.52	72.26	89.70	98.57	115.07	100.54	108.55	**130.10**
Dividends (yen)	18	20	22	22	22	26	27	28	30	33	**40**
Price-to-earnings ratio (PER) (x)	16.25	15.02	11.79	13.87	12.72	11.85	10.71	7.31	10.03	11.93	**9.57**
Dividend payout ratio (%)	38.2	32.2	32.4	30.8	30.4	29.0	27.4	24.3	29.8	30.4	**30.7**
Highest stock price (yen)	816	1,042	949	1,054	1,205	1,115	1,153	1,072	1,114	1,422	**1,496**
Lowest stock price (yen)	680	737	664	766	840	727	706	834	829	911	**1,119**
Financial Data											
Operating margin (%)	6.0	7.1	7.5	8.1	7.6	8.3	8.6	9.3	9.8	9.7	**10.1**
Equity ratio (%)	58.6	60.9	62.2	62.8	62.2	61.8	63.8	62.9	65.3	68.1	**68.2**
Return on equity (ROE) (%)	4.6	5.9	6.2	6.2	6.0	7.2	7.7	8.4	7.0	7.0	**7.6**
Capital investment (million yen)	6,127	3,066	5,966	6,063	3,227	3,865	3,562	3,525	4,652	3,447	**3,398**
Depreciation (million yen)	3,671	3,564	3,490	3,681	3,780	3,580	3,669	3,669	3,869	3,868	**3,906**

Changes in Financial Data in Graphs

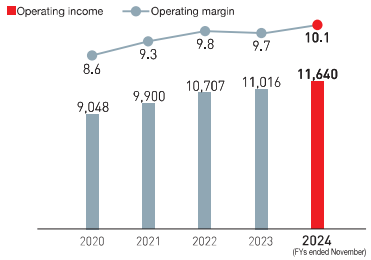
Sales (million yen)



Sales up 1.7% YoY

Sales for the fiscal year ended November 2024 increased 1.7% YoY to 115,438 million yen. Although the telecommunications and new services segment of the Human & Future Development business was downsized this fiscal year in consideration of profitability and business risks, newly acquired subsidiaries contributed to performance, resulting in revenue growth for the fourth consecutive year.

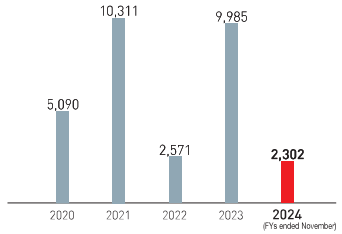
Operating income (million yen) / Operating margin (%)



Operating income up 5.7% YoY; operating margin up 0.4 points YoY to exceed 10%

Operating income increased 5.7% YoY to 11,640 million yen. This growth was driven by strong sales of factory automation equipment in the Industrial Machinery & Materials business, the sale of real estate in the Human & Future Development business, and the positive contribution of newly acquired subsidiaries. Profit growth continued for the fourth consecutive year, with record-high earnings for the third consecutive year. The improved business portfolio also contributed to an operating margin of over 10%.

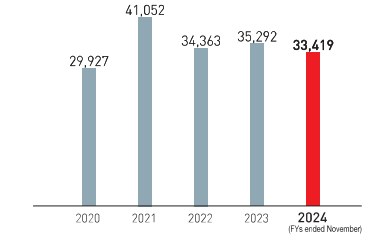
Free cash flow (million yen)



Free cash flow down 7,683 million yen YoY

Operating cash flow was 10,158 million yen, while investment cash flow was minus 7,856 million yen, resulting in a 7,683 million yen YoY decrease that put the free cash flow at 2,302 million yen for the period. As part of growth investment, we completed two M&As in the Industrial Machinery & Materials business.

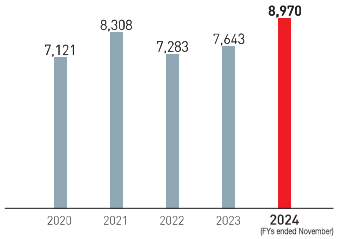
Balance of cash and cash equivalents at year's end (million yen)



Balance of cash and cash equivalents at fiscal year's end down 1,873 million yen YoY

The balance of cash and cash equivalents at year's end decreased 1,873 million yen YoY to 33,419 million yen.

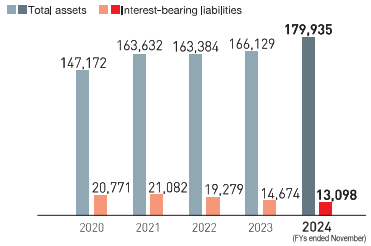
Net income attributable to owners of parent (million yen)



Net income attributable to owners of parent up 17.4% YoY

Net income attributable to owners of parent increased 17.4% YoY to 8,970 million yen, setting a new record.

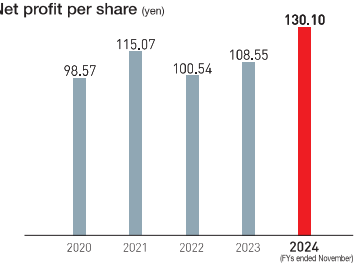
Total assets / Interest-bearing liabilities (million yen)



Total assets up 13,805 million yen YoY; interest-bearing liabilities down 1,576 million yen YoY

Total assets increased 13,805 million yen YoY to 179,935 million yen, while interest-bearing liabilities decreased 1,576 million yen YoY to 13,098 million yen.

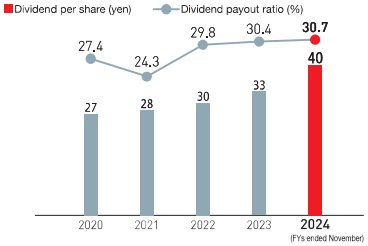
Net profit per share (yen)



Net profit per share up 21.55 yen YoY

Net profit per share increased by 21.55 yen YoY to 130.10 yen.

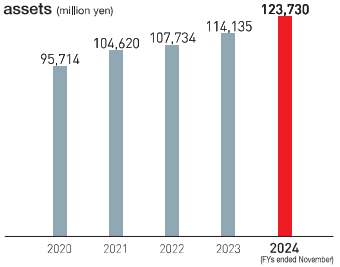
Dividend per share (yen) / Dividend payout ratio (%)



Dividend per share up 7 yen YoY; dividend payout ratio up 0.3 points YoY

The annual dividend per share increased by 7 yen from the previous year to 40 yen, marking the sixth consecutive year of dividend growth. Dividend payout ratio increased 0.3 points from last year to 30.7%. For the fiscal year ending November 2025, we anticipate a further increase of 2 yen, bringing the dividend per share to 42 yen.

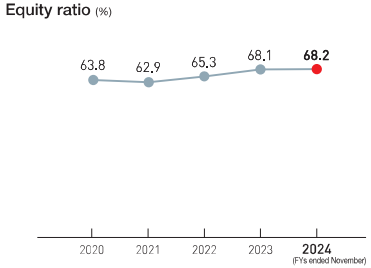
Net assets (million yen)



Net assets up 9,594 million yen YoY

Net assets increased 9,594 million yen YoY to 123,730 million yen.

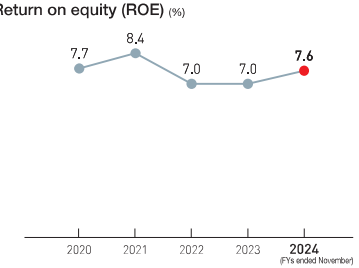
Equity ratio (%)



Equity ratio up 0.1 points YoY

The equity ratio increased 0.1 points YoY to 68.2%.

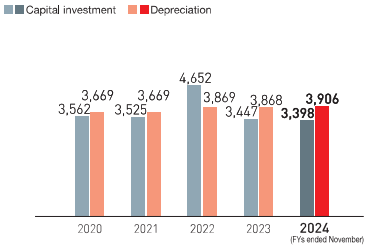
Return on equity (ROE) (%)



ROE up 0.6 points YoY

ROE increased 0.6 points YoY to 7.6%. While it has consistently 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.

Capital investment / Depreciation (million yen)



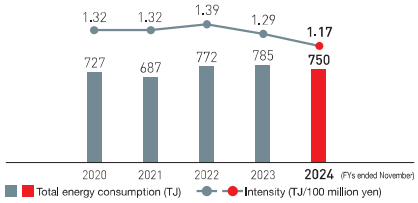
Capital investment down 49 million yen YoY; depreciation up 38 million yen YoY

Capital investment decreased by 49 million yen YoY to 3,398 million yen. We made capital investments with a focus on production streamlining in the Textile & Clothing Materials business and for nonwoven-related facilities in the Industrial Machinery & Materials business. Depreciation increased by 38 million yen YoY to 3,906 million yen.

Overview of Nonfinancial Data (ESG)

Environment

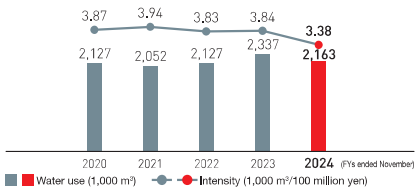
Total energy consumption
(Nikke mills + domestic group companies + shopping centers)



We are working to reduce energy consumption in line with the Energy Conservation Act target of reducing energy intensity by 1% per year on a five-year average

Although power consumption for air conditioning increased due to extreme heat, efforts like introducing energy-saving equipment, improving production efficiency, and implementing planned production helped reduce overall energy usage. We will continue to actively introduce equipment and various measures to reduce energy consumption.

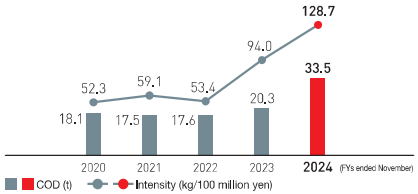
Water resource use and intensity
(Nikke mills + domestic group companies + shopping centers)



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. We are reducing water usage by introducing water-saving production equipment, recycling cooling water, and inspecting and upgrading piping systems. We will continue to reuse water and enhance our facilities.

Wastewater management (water pollution discharge: COD load)
(Nikke mills + domestic group companies)

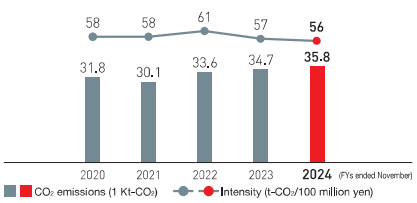


Note: Due to the replacement of flow meters by the City of Ichinomiya's Water and Sewerage Department (formerly the Bisai Regional Public Sewerage System), reported wastewater volume has increased.

Wastewater management is carried out such that wastewater stays below the discharge standards set by relevant laws and environmental agreements

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 the Water Pollution Prevention Act and other relevant laws, regulations, and environmental agreements.

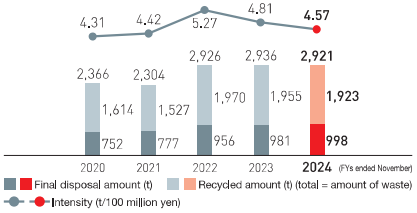
CO_2 emissions
(Nikke mills + domestic group companies + shopping centers)



Failed to achieve fiscal 2024 target of reducing total CO_2 emissions to 97% or less of the previous year, with a result of 103%

CO_2 emissions are greatly affected by energy consumption and the CO_2 emission factor. Although we were able to curb total energy consumption, electricity-derived CO_2 emissions increased due to a worsening of the CO_2 emission factors of Kansai Electric Power and Chubu Electric Power. That said, the purchase of renewable electricity and the signing of a corporate PPA contributed to a reduction of 1,032 t-CO_2 per year. We will continue to increase our purchases of renewable electricity, use more solar power, and take other CO_2 reduction measures.

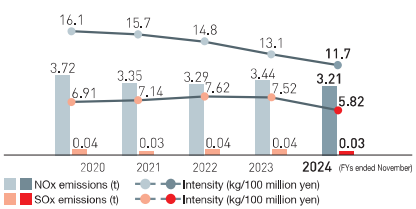
Amount of waste, recycled amount, final disposal amount
(Nikke mills + domestic group companies + shopping centers)



The fiscal 2024 target was keeping total waste generation to 99% or less of the previous year's level, but the result was 99.5%, falling short of the target

We're working to properly process waste and convert recyclable materials into valuable resources through waste separation. A significant portion of waste, particularly that generated at shopping centers, is subject to final disposal. We're actively developing systems and frameworks to reduce this waste at the source.

Air quality management (SOx and NOx emissions)
(Nikke mills + domestic group companies)



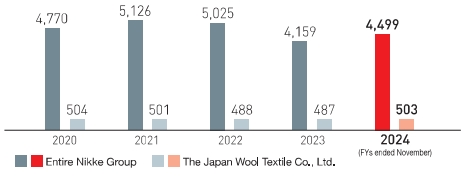
Note: As we revised the aggregation method for sales used in calculating intensity indicators, past data has been restated retroactively to fiscal 2020.

Both total emissions and intensity decreased compared to the previous fiscal year

SOx emissions are primarily generated from the use of heavy oil and other fuels in boilers. However, since many Nikke Group factories use natural gas, SOx emissions remain at a low level. 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 the Air Pollution Control Act and environmental agreements.

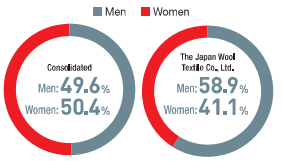
Social

Number of employees
(entire Nikke Group / The Japan Wool Textile Co., Ltd.) (As of November 30, 2024)



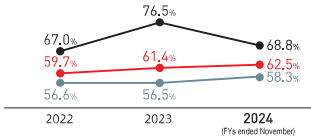
Note: The main reason for the decrease for the fiscal year ended November 2023 was the sale of shares in Nikke Audeo Service and Development Co., Ltd., a Nikke consolidated subsidiary. We therefore excluded this subsidiary from consolidated accounting.

Ratio of male and female employees
(As of September 30, 2024)



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

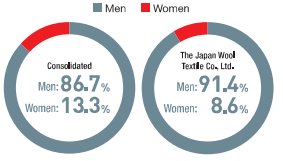
Gender wage gap
(entire Nikke Group / The Japan Wool Textile Co., Ltd.)
(As of September 30, 2024)



Entire Nikke Group	
Regular workers	69.2%
Non-regular workers	66.2%
All workers	53.6%

Calculations are rounded down

Ratio of male and female managers
(As of September 30, 2024)



Number of mid-career hires

Entire Nikke Group	The Japan Wool Textile Co., Ltd.
191 people	10 people

Number of new graduate hires

Entire Nikke Group	The Japan Wool Textile Co., Ltd.
28 people	12 people

Number of employees with disabilities

Entire Nikke Group	The Japan Wool Textile Co., Ltd.
78 people	17 people

Childcare leave* usage rate

Entire Nikke Group	The Japan Wool Textile Co., Ltd.
Men: 50.0%	Men: 60.0%
Women: 100.0%	Women: 100.0%

*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)

Number of employees who took nursing care leave*

Entire Nikke Group	The Japan Wool Textile Co., Ltd.
4 people	0 people

*Legal requirement: 93 days
The Japan Wool Textile Co., Ltd.: 6 months for those with less than 5 years of service; 1 year for those with 5 years of service or longer

Average annual paid leave usage rate

The Japan Wool Textile Co., Ltd.
59.1%

Average age of employees

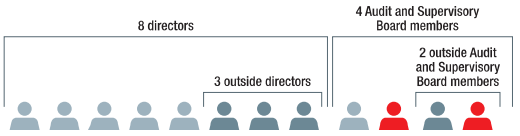
Entire Nikke Group	The Japan Wool Textile Co., Ltd.
47.0 years old	45.8 years old

Average length of service of employees

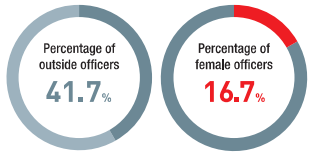
Entire Nikke Group	The Japan Wool Textile Co., Ltd.
11.6 years	16.5 years

Governance

Structure of the Board of Directors and Audit and Supervisory Board



The total number of outside officers in the Nikke Group as of February 21, 2025 was five, of which one was a woman. The percentage of female officers is 16.7%.



Company Overview

(As of November 30, 2024)

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	4,499 (consolidated); 503 (non-consolidated)
Listed on	Tokyo Stock Exchange Prime Market
Representative	Yutaka Nagaoka Nikke Group representative The Japan Wool Textile Co., Ltd. President and Representative Director, Chief Executive Officer



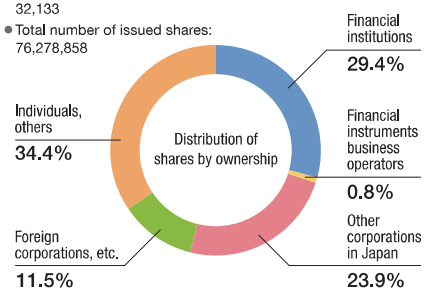
Status of major shareholders (As of November 30, 2024)

Shareholder	Number of shares held (thousand shares)
The Master Trust Bank of Japan, Ltd. (trust account)	6,694
Sumitomo Mitsui Banking Corporation	3,198
Mizuho Bank, Ltd.	2,800
Nisshinbo Holdings Inc.	2,763
Takenaka Corporation	2,000
MUFG Bank, Ltd.	1,814
Nippon Life Insurance Company	1,808
Custody Bank of Japan, Ltd. (trust account)	1,724
Nikke Employee Stock Ownership Association	1,628
Nikke Kyoei-kai	1,408

Note: 7,318,656 treasury shares that we own are not included in the above table.

Status of shares (As of November 30, 2024)

- Number of shareholders: 32,133
- Total number of issued shares: 76,278,858



Business Locations

(As of November 30, 2024)

Nikke's Major Business Bases

- Osaka Headquarters, Osaka Office
- Kobe Head Office
- Tokyo Branch Office, Tokyo Office
- Nagoya Liaison Office
- Kyushu Liaison Office
- Innami Mill
- Ichinomiya Plant
- Gifu Mill
- Textile Design and Creation Center
- Nikke Parktown
- Nikke Colton Plaza
- 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
    - FANS Precision (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
- Kureha Ltd.: Manufacture and sales of nonwovens
  - Ritto Tech Co., Ltd.: Processing of nonwovens
  - Nikke Kureha America Co., Ltd.: Processing of nonwovens
  - Kureha Thailand Co., Ltd.: Manufacture and sales of nonwovens
  - Taiwan Kureha Co., Ltd.: Manufacture and sales of nonwovens
- Kankyo Techno Co., Ltd.: Manufacture and sales of filter bags, sales of air filters
- 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
  - 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, machinery, equipment, parts, etc.
  - EMI (Xiamen) Corporation: Sales of Japan-related products in China
    - EMI (Xiamen) Corporation Kunshan Branch: Sales of Japan-related products in China
- 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 Mirai Construction 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
- 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.: Sales of bedding, knitting yarn, horse-riding gear and goods, and 'easy-order' suits
- Tsukineko Co., Ltd.: Design, manufacture, and sales of ink pads
- Kodomonokao Co., Ltd.: Design and sales of stamp-related products
- Miyako Corporation: Sales of furniture, home décor goods, daily items, and other goods
- AQUA Inc.: Online retail and wholesale of designer appliances, home décor 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 home décor goods

General and Legal Affairs & Public Relations Department, Nikke Corporate Strategy Center

Inquiries

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.