
Nikke Group's Mid- to Long-Term Vision Renewal Nikke 130 (RN 130 Vision)

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It has been seven years since the Nikke Group started to work towards the realization of our Mid- to Long-Term Vision (New Nikke (NN) 120 Vision). Compared with the circumstances at the time of the formulation of the Vision, the level of uncertainty in the business environment surrounding the Group has further increased. Although the Group's consolidated sales, which had exceeded 100 billion yen at the time of the formulation of the NN 120 Vision, dropped to the 80 billion yen level once, they have since recovered to 100 billion yen, thanks to group-wide business efforts.

In this kind of business environment, every division and Group company has aimed to increase profits by modifying the substance of its business in various ways, responding to the market. However, the fact is that some areas of business are steadily expanding, but others, to our regret, are shrinking. Also, as for Nikke's business strategies and management systems, some work effectively, but others don't.

Considering this current kind of situation, the Nikke Group has formulated the Renewal of Nikke 130 (RN 130 Vision) as a Post-NN 120 Vision. This RN 130 Vision is to reestablish Nikke's direction, company image, and business strategies for the coming ten years, as the next target for our corporate philosophy, "Meeting every challenge with passion and pride," and consequently to improve our corporate value in the mid to long term.

■ External environment

Declining population in Japan,
declining birth rate and aging population
Variation in exchange rates
Substantial rise in raw material and energy costs
Japan's declining national power
Internet society, global competition
Shift from material consumption to experiential consumption

■ Internal environment

Maintaining and improving our technological strengths
Acquiring service capabilities
Strengthening synergies between various divisions
Necessity of restructuring our business framework
Strengthening relationships of trust with stakeholders



In the drastically changing business environment, we should *think, act, and change* on our own initiative, or else we will decay.



The Nikke Group has formulated a new mid- to long-term vision as the next target for our corporate philosophy, "Meeting every challenge with passion and pride."

As a compass to navigate the Nikke Group to the 120-year anniversary of the foundation of Nikke in 2016, the Vision clarified the direction which the Nikke Group should take and the image of what the Nikke Group should be.

We broke away from the emphasis on the demarcation between textile and non-textile operations and treated every business line as Nikke's "main business," to achieve growth and development.

“Continue to grow every year, even by just a little”



The Nikke Group has strengthened our profit bases by selecting and concentrating our business, transforming the substance of our business, and expanding our new businesses.

Consequently, Nikke has achieved increases in revenues and profits for six consecutive years.

On the other hand, we still have a long way to go in order to achieve the goals for each business line listed in the NN 120 Vision, and therefore, we decided to continue to incorporate these goals in the growth strategies in RN 130.

< 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.”

- Turning an eye on 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 a 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, which are spread all over the world.
- 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 sustainable growth and improve our corporate value in the mid 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.

<Key points of the Vision>

- The *challenge* is to *think, act, and change* on our own initiative.
- Our challenge is to make bold efforts for the expansion of all of our businesses into the global market.
- “‘Gentle and warm’ toward people and the planet” applies to any business of the Nikke Group. We think that this sense of “gentleness and warmth” is unique to the Japanese and it will serve as an advantage when entering into the global market.
- As the one and only method for the Nikke Group to survive and win amidst intensified competition, we consider the differentiation of our products and services to be the biggest challenge for the next ten years. To this end, we will spread the Voice of the Customer (VOC)* policy throughout the Group, which we suppose will contribute to the development of new products, services, and business.
- We will seek human resources who will play key roles to allow our diversified Group companies to continue winning in their own markets from inside and outside the Group (including those from overseas), and integrate a broad range of knowledge, to renovate and develop our business.

(※) The term “Voice of the Customer” (VOC) means, in our understanding, to continuously track and review the demands and views of customers, activities of competitors and new entrants, changes in markets, and other factors based on hypotheses in regard to business activities, to improve business performance.

- (1) Turn an eye to undeveloped fields and improve our skills and services so that we can establish a unique position in business and secure stable profits.
- (2) Classify business lines by growth stage and organize an optimum business portfolio. Management resources will be selectively allocated to highly profitable businesses, considering the risks of focusing on certain businesses and aiming to improve the value of the entire Group.

<Business to improve profitability>

Improve profitability through reorganization, operational efficiency, and the improvement of added value by adding high value and differentiation.

<Growth business>

Selectively invest for further growth.

<Stably profitable business>

Aim to grow steadily while maintaining high profits.

(1) Organizational system of the Nikke Group

The Group has adopted the Division Company System, consisting of four business lines (Textile & Clothing Materials, Industrial Machinery & Materials, Human & Future Development, and Consumer Goods & Services), in order to conduct business management with prompt responses.

(2) Business lines

The four current business lines are considered the most efficient grouping to create business value in terms of business strategies and bringing out synergies.

In each business, attempts will be made to strategize and develop the business based on VOC (Voice of the Customer), to shift our activities from simply *product-out* to *market-in*.



- We will promote cooperation between business lines as well as within each business line, and create synergistic effects.
- The management environment is changing every minute, and therefore we understand that business lines and strategies tailored to the environment cannot remain the same. We will conduct revisions and rearrangements of the business lines and revisions of business strategies, based on changes in the environment whenever necessary.



A. Business description:

- Development, manufacture, and sale of high-functional materials and products mainly for clothing.

B. Business strategies:

- To provide high-functional products that meet customers' needs in niche markets such as uniforms. We aim to achieve both steady growth and the improvement of profitability.
- To aim for the development of downstream businesses, while promoting eco-friendly manufacturing using one of the Group's strengths, the trust from our customers.
- To develop cutting-edge functional materials including components to promote aggressive global strategies.

- ① We will make efforts to develop advanced materials derived from wool and hybrid materials that precisely meet the needs of customers leveraging Nikke's technologies.
- ② We will ensure that the concept of VOC is thoroughly shared and utilized to drive development that meets customers' needs.
- ③ Each business line will improve profitability by strengthening our capabilities as a trading company and developing business downstream.
- ④ We will proactively promote the global spread of our uniforms and functional materials.



A. Business description:

- Development, manufacture, and sale of industrial components and consumer components.
- Design, manufacture, and sale of industrial machinery.
- Design, installation, and maintenance of environment, energy, and other kinds of systems.

B. Business strategies:

- To diversify our business in the field of industrial machinery and materials, which involves a broad range of participants, to create new added value, and to aim for sustainable growth.
- To make efforts to develop products and technologies that can be solutions in environment-, energy-, and medicine-related areas, in which various kinds of demand are growing, and to contribute to the establishment of a safe and comfortable environment.
- To expand our automobile-related business in developing countries and regions, by sharing and linking technologies, know-how, and information and cooperating within the Group, and to make this business a pillar for future profit.

- ① We will have our core businesses focused on niche areas and expand our sales channels in Southeast Asia, North America, and other regions, all of which are expected to grow.
- ② There are various products/services and trading processes among the Group's companies, and we will expand our business through cooperation such as sharing infrastructure, the co-development of technologies, personnel exchange, simplifying trading processes, sharing various kinds of information, and other activities.



A. Business description:

- Provision of products and services that meet local needs by developing bases from individual shops to the development of entire communities, and the development of real estate.

B. Business strategies:

- To grasp local needs, realize unique products and services to meet such needs, and create energetic, rich, and happy futures in many areas.
- To expand our development bases worldwide.
- To always pursue CS (customer satisfaction) and ES (employee satisfaction), and to continue to provide the best incomparable products and services in many areas.
- To maximize the profit gained through our own assets and the value of assets owned by the entire Group.

- ① We will recognize local needs and realize ways to satisfy them to create a future by providing energy, richness, and happiness to local residents' lives and hearts.
- ② We will strengthen mutual relationships within each head office and increase the number of choices regarding community development and base development.
- ③ We will take control of our assets across the Group and maximize our profits, leveraging the assets. Consequently, we will maximize the value of our assets.



A. Business description:

- Development of products/services, and the development of new businesses independent from existing business lines.
- Proposals to strengthen the infrastructure for sales and distribution for those inside/outside the Group by leveraging our capabilities as a trading company, and the realization of such proposals.

B. Business strategies:

- To enter different business segments and realize inter-industrial business in addition to the creation of new opportunities with existing business and its growth in order to increase profit.
- To develop products and services that precisely satisfy customers' needs with unrestricted ideas, and create new value and markets.
- To propose and realize capabilities for more competitive trading/distribution/sales for those inside/outside the Group by establishing a sales network that uses IT in a practical manner and by strengthening the infrastructure of the distribution system.

- ① We will discover and develop new business independent from the existing business framework with unrestricted ideas and aggressively enter different business segments.
- ② We aim to conduct business that broadly deals with projects that offer future potential and a high level of contributions to society in every area from upstream to downstream.

We will make efforts for our human resource strategies by establishing *human resource principles* and a *human resource vision* as follows based on the ideas of our corporate philosophy and corporate principles, which are fostering challengers who possess the abilities to *think, act, and change* on their own initiative.

<Human resource principles>

- The 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.

<Human resource vision>

① Meet every challenge

Human resources shall proactively work on setting goals and tasks, while boldly tackling and accomplishing them.

② Be highly capable of recognizing situations

Being highly capable of recognizing situations is the key to setting appropriate directions for bold efforts. Human resources shall find out what the biggest problem is using their broad view of the situation, extroverted thinking, and flexible understanding based on the internal and external environments, and recognize the roles that they are to play.

③ Be disciplined

Human resources shall consistently push forward toward the goals, disciplining themselves.

④ Have a great sense of ethics and be faithful

Human resources shall judge and act based on a sense of ethics, and respond to various issues faithfully and thoughtfully.

IV. Nikke Group in 10 Years

1. Sustainable growth

The Nikke Group aims to be a company that is valuable for all stakeholders, and believes that it is important to make steady efforts so as to *grow every year*.

For that purpose, we will set a goal for every division of the Group to create attractive businesses that represent a *company creating a future*, which is shown in our philosophy.