

# **Consolidated Financial Results Second Quarter, 2025**

July 11, 2025  
TSE Prime Market 3201

# Highlights

Compared to the same period last year, net sales increased, and both operating profit and ordinary profit grew. However, net income attributable to owners of the parent decreased due to an increase in corporate taxes and other factors.

NET Sales: **58.61** billion yen (Year-on-year +9.3%)

Operating Profit: **4.92** billion yen (Year-on-year +5.4%)

Ordinary Profit: **5.46** billion yen (Year-on-year +7.9%)

Profit attributable to  
owners of parent: **3.54** billion yen (Year-on-year - 3.6%)

# 1 .Consolidated Financial Statements for 2025 Q1-2





# Summary (2025 Q1-2)

The Industrial Machinery & Materials business and the Consumer Goods and Services business have both performed well, leading to an increase in revenue, operating profit, and ordinary profit.

(Unit: million yen)	Actual			Year-on-year		2025.1.10 forecast progress
	FY2023 Q1-2	FY2024 Q1-2	FY2025 Q1-2	Change	%	progress
<u>NET Sales</u>	54,548	53,608	<b>58,612</b>	5,004	9.3%	45.8%
<u>Operating Profit</u>	4,570	4,668	<b>4,920</b>	252	5.4%	41.0%
<u>Operating margin</u>	8.4%	8.7%	<b>8.4%</b>	-0.3%	-	-
<u>Ordinary Profit</u>	4,810	5,062	<b>5,461</b>	399	7.9%	44.0%
<u>Extraordinary Gains and Losses</u>	137	-48	<b>-148</b>	-101	-	-
<u>Profit attributable to owners of parent</u>	3,313	3,674	<b>3,543</b>	-131	-3.6%	41.7%



# Segment Results

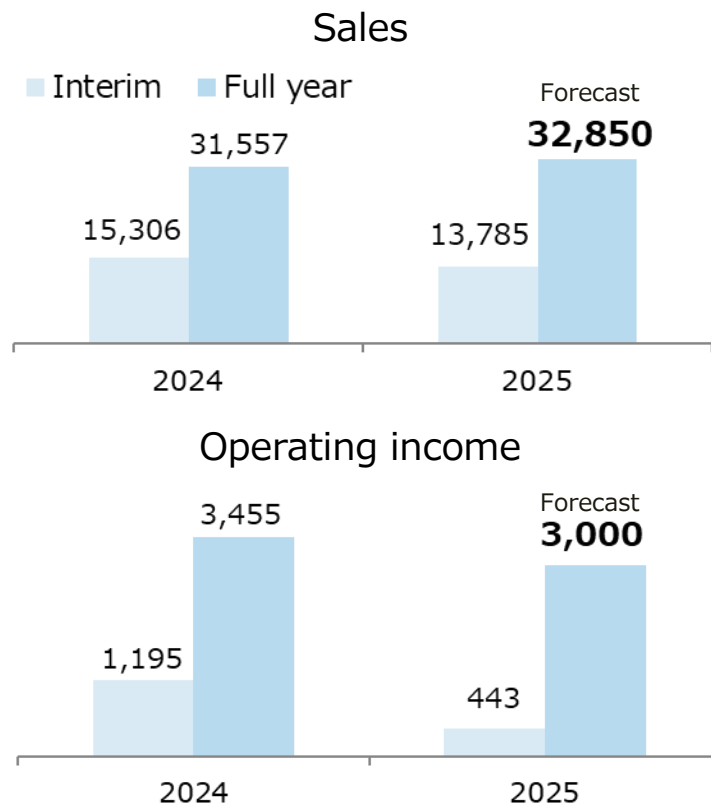
		Actual		Year-on-year	
		2024 Q1-2	2025 Q1-2	Change	%
(Unit: million yen)					
Textile & Clothing Materials	Net Sales	15,306	<b>13,785</b>	-1,521	-9.9%
	Operating Profit	1,195	<b>443</b>	-752	-62.9%
	Operating margin	7.8%	<b>3.2%</b>	-4.6%	-
Industrial Machinery & Materials	Net Sales	12,173	<b>17,587</b>	5,414	44.5%
	Operating Profit	438	<b>1,206</b>	768	175.3%
	Operating margin	3.6%	<b>6.9%</b>	3.3%	-
Human & Future Development	Net Sales	12,703	<b>13,096</b>	393	3.1%
	Operating Profit	3,387	<b>3,357</b>	-30	-0.9%
	Operating margin	26.7%	<b>25.6%</b>	-1.1%	-
Consumer Goods & Services	Net Sales	11,369	<b>12,147</b>	778	6.8%
	Operating Profit	426	<b>583</b>	157	36.9%
	Operating margin	3.7%	<b>4.8%</b>	1.1%	-
Others	Net Sales	2,056	<b>1,995</b>	-61	-3.0%
	Operating Profit	-779	<b>-669</b>	110	-
TOTAL	Net Sales	53,608	<b>58,612</b>	5,004	9.3%
	Operating Profit	4,668	<b>4,920</b>	252	5.4%
	Operating margin	8.7%	<b>8.4%</b>	-0.3%	-



# Textile & Clothing Materials

Net Sales 13,785 YoY -9.9%  
Operating Profit 443 YoY -62.9%

Unit: million yen



- ✓ Uniform materials for schools experienced a decrease in sales due to excess inventory among buyers.
- ✓ Uniform materials for government offices saw decreased sales for police uniforms but increased sales for fire department uniforms.
- ✓ Uniform materials for private companies saw an increase in sales.
- ✓ Clothing materials experienced decreased domestic sales, but sales increased with growth in Europe and the United States.
- ✓ In the yarn sector, yarn sales were down, but sales related to knits were up.

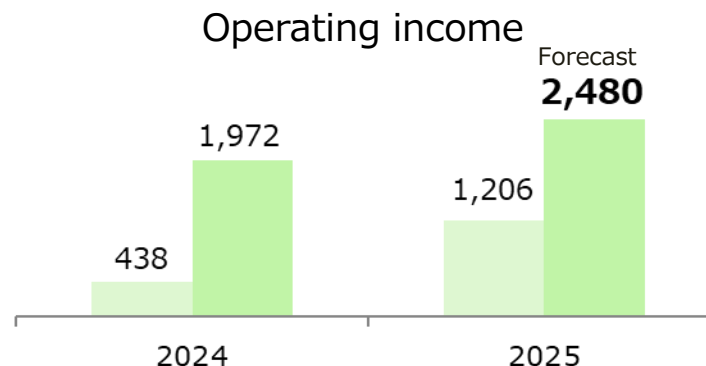
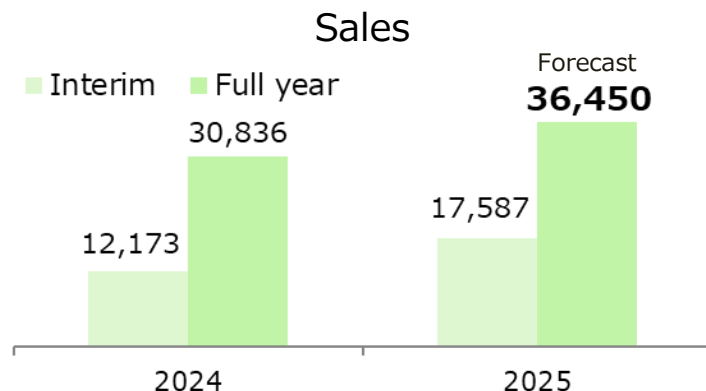


# Industrial Machinery & Materials



Net Sales 17,587 YoY +44.5%  
Operating Profit 1,206 YoY +175.3%

Unit: million yen



- ✓ Sales of non-woven fabrics for vehicles increased, driven by the integration of Kureha Tech into the group.
- ✓ The FA (Factory Automation) business experienced a decrease in revenue from manufacturing lines for automotive electronics due to customers' restrained capital investment, but profit increased thanks to high-margin projects.
- ✓ Environmental and energy-related materials saw increased sales, supported by contributions from Kankyotech.
- ✓ The racket sports sector saw increased sales due to favorable reception of new products.
- ✓ Sales in the consumer-related field increased, aided by the integration of Kureha Tech into the group.

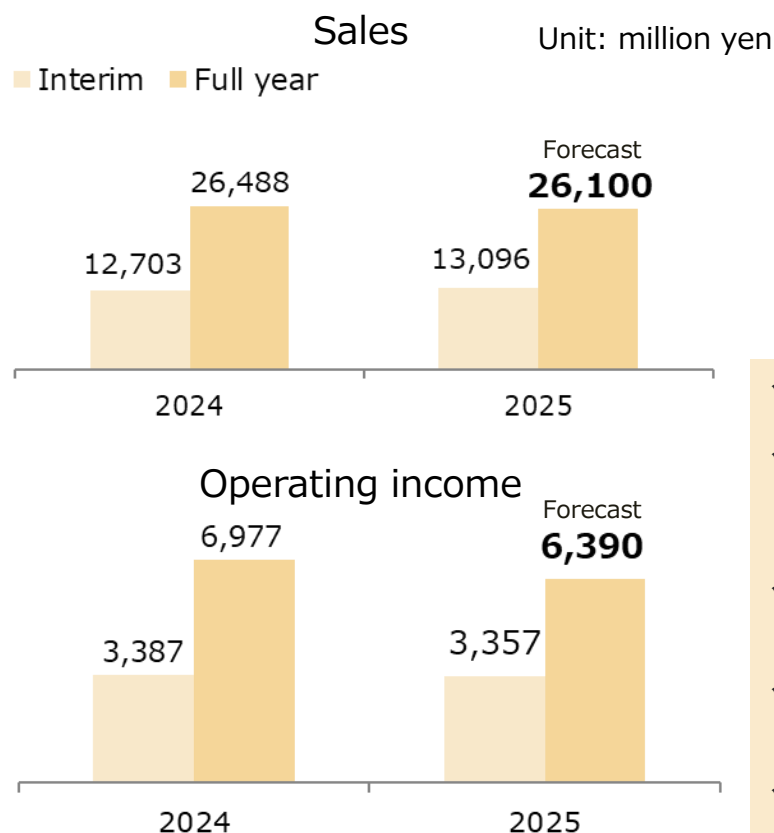




# Human & Future Development



Net Sales 13,096 YoY +3.1%  
Operating Profit 3,357 YoY -0.9%



- ✓ Sales from commercial facility management were on par with the same period last year.
- ✓ Real estate leasing experienced increased sales, although profits decreased due to upfront expenses related to the completion of YAESUDORI FIL TERRASSE (redevelopment of the former Nikke Tokyo Building).
- ✓ In the construction-related sector, project orders progressed with sales exceeding those of the same period last year, but profits declined due to rising material and labor costs.
- ✓ Sales from childcare-related activities were on par with the same period last year, while nursing care-related activities saw an increase in sales.
- ✓ The sports sector experienced increased sales, particularly with growth in tennis schools in the metropolitan area.

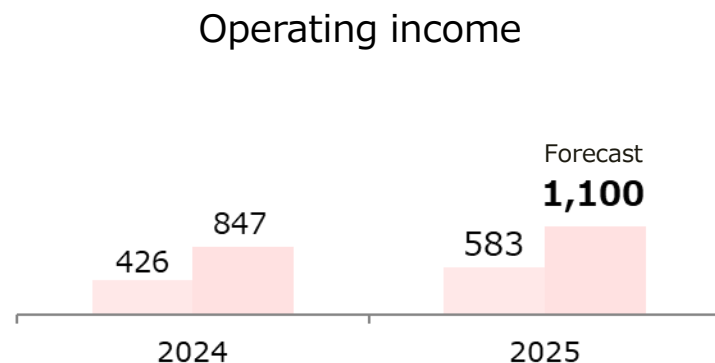
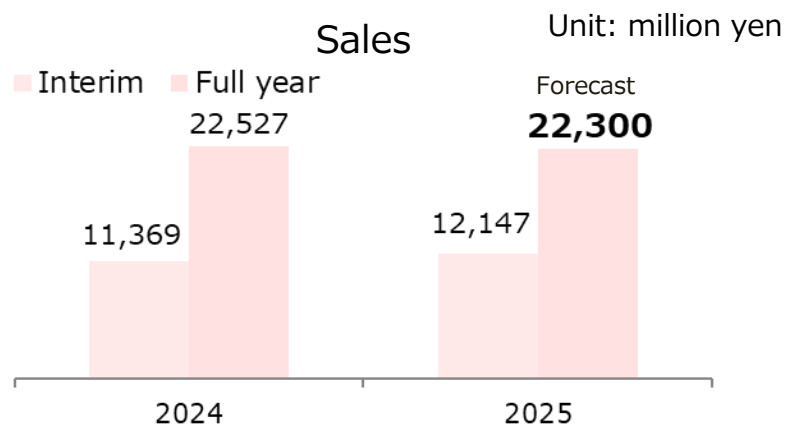




# Consumer Goods & Services



Net Sales 12,147 YoY + 6.8%  
Operating Profit 583 YoY + 36.9%



- ✓ Sales of bedding decreased. Business supplies, including airline blankets and disaster blankets, saw increased sales.
- ✓ Furniture sales decreased as new product growth underperformed expectations.
- ✓ Sales of lifestyle appliances were on par with the same period last year.
- ✓ Sales in film-related products increased.
- ✓ Stamp sales increased, supported by successful new products. Sales of stamping ink also increased.
- ✓ Sales of horse riding goods remained consistent with the same period last year.
- ✓ Container sales increased, driven by a rise in orders.

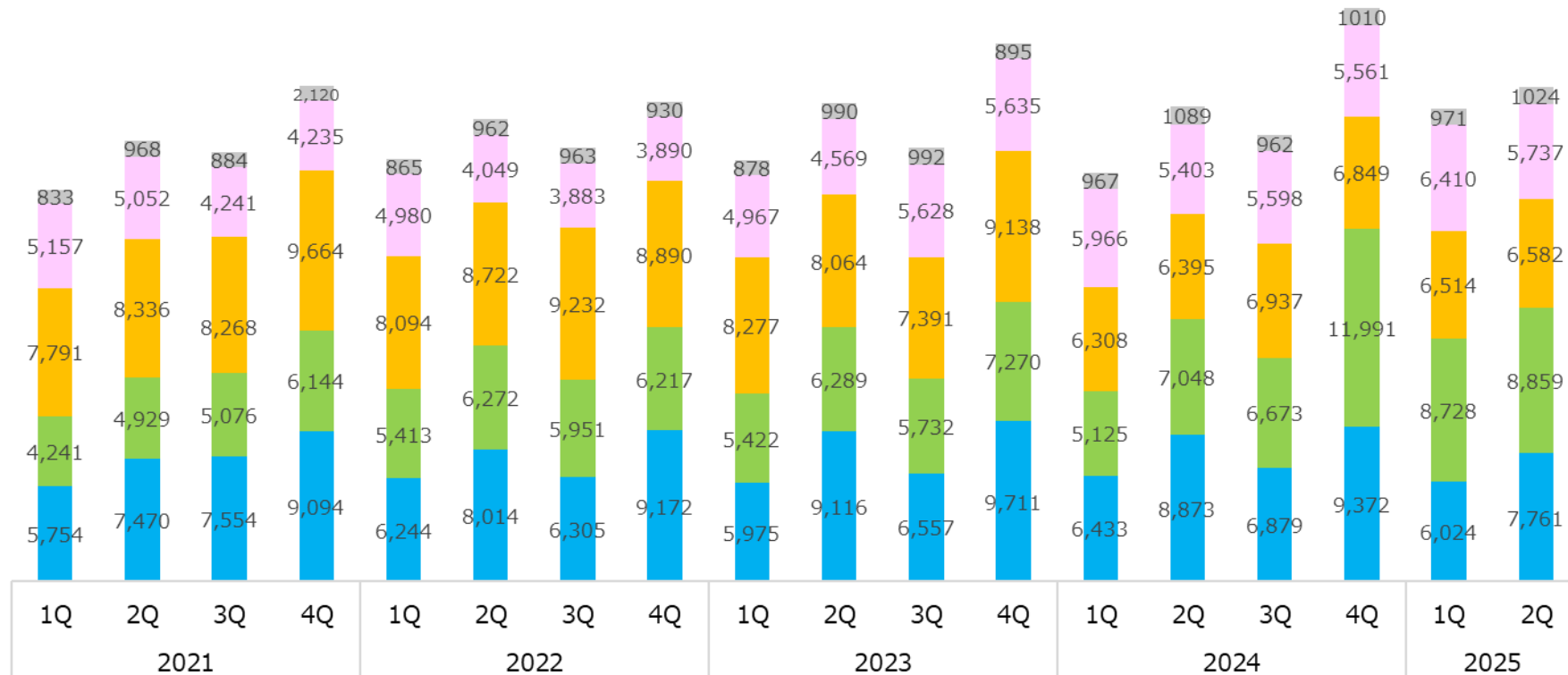


# Quarterly Sales Trends by Segment

## Quarterly Trends in Consolidated Net Sales

Unit: million yen

- Textile & Clothing Materials
- Industrial Machinery & Materials
- Human & Future Development
- Consumer Goods & Services
- Others

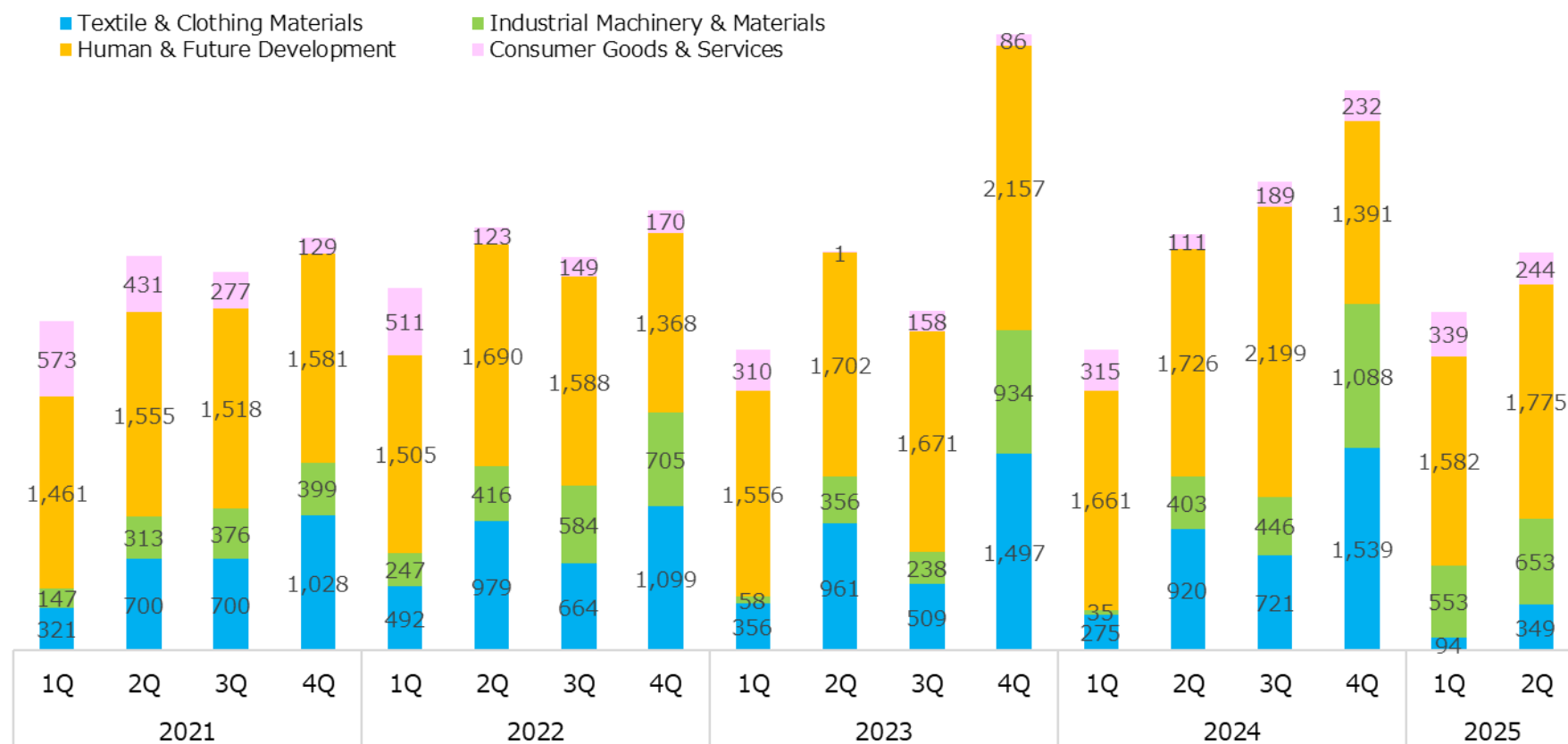




# Quarterly Trends in Operating Profit by Segment

## Quarterly Trends in Consolidated Operating Profit

Unit: million yen



※Excluding Other and Adjustment Amounts



# Consolidated Balance Sheet/Cash Flow Statement

(Unit: million yen)

Consolidated Balance Sheet	End-Nov. 2024	End-Nov. 2025	Change (Y/Y)
Current assets	97,295	96,318	-977
Property, plant and equipment	82,639	85,537	2,898
Total assets	179,935	181,855	1,920
Current liabilities	38,203	34,980	-3,222
Long-term liabilities	18,001	21,037	3,036
Total Liabilities	56,205	56,018	-187
Shareholders' equity	110,632	112,551	1,919
Accumulated other comprehensive income	12,167	12,775	608
Noncontrolling interests	930	510	-420
Net assets	123,730	125,837	2,107
Consolidated Cash Flow Statement	FY2024 Q1-2 Actual	FY2025 Q1-2 Actual	Change (Y/Y)
Cash flow from operating activities	6,121	6,848	727
Cash flow from investing activities	-3,755	-3,619	136
Cash flow from financing activities	241	429	188
Balance of cash and cash equivalents at year's end	37,952	37,015	-937

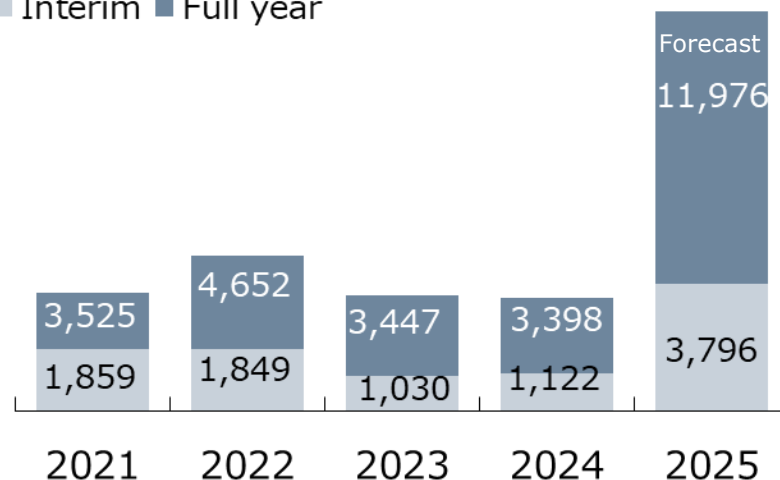


# Capital investment/Depreciation expense

(Unit: million yen)

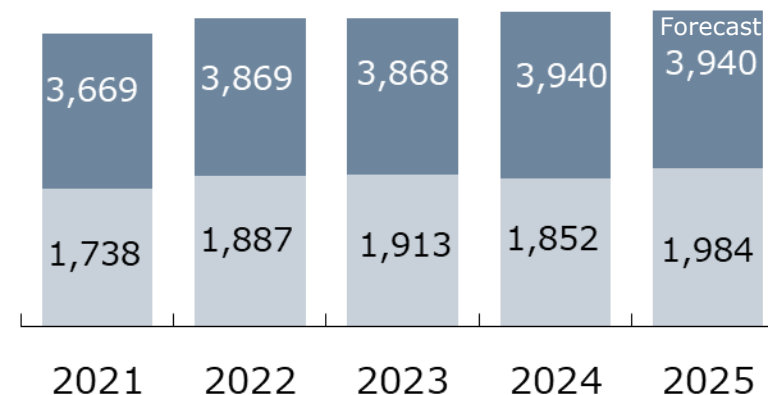
## Capital investment

■ Interim ■ Full year



## Depreciation expense

■ Interim ■ Full year



- ✓ For the fiscal year 2025, we plan approximately 11.9 billion yen in capital investments, with around 3.8 billion yen executed in the second quarter.
- ✓ Regarding the acquisition of income-generating real estate, we will carefully evaluate its investment efficiency before considering implementation.

TOPIX



## 01 Completion of YAESUDORI FIL TERRASSE

We are steadily implementing real estate redevelopment to further enhance profitability.

The "YAESUDORI FIL TERRASSE," which was under construction on the site of the former Nikke Tokyo Building (1-chome, Hatchobori, Chuo-ku, Tokyo), was completed on January 31, 2025. Initiated as a joint project with Sumitomo Corporation (headquartered in Chiyoda-ku, Tokyo), the construction began in 2023 and, after approximately two years, resulted in a 12-story office building with a standard floor area of approximately 178 tsubo. The building offers an environmentally friendly office space where workers can feel comfortable and secure, while also aiming to further enhance the profitability of our Human & Future Development business.





TOPIX



## 02 Introduction of Recycled Fiber Production Equipment from Used Clothing

Implemented approximately 500 million yen in capital investment, with operations commencing in June

F&A Nonwovens Co., Ltd. (FANS) has installed new equipment at its Ishioka Plant (Ishioka City, Ibaraki Prefecture) to automatically remove foreign materials, such as buttons and zippers, from used clothing without manual intervention. The investment amount is approximately 500 million yen. Starting operations in June 2025, FANS aims to increase its reclaimed fiber production tenfold, reaching 300 tons per month.



As the establishment of resource recycling systems in society is expected to advance further, automating the foreign material removal process, a bottleneck in the reclamation process, will allow FANS to leverage its strengths and product development capabilities. This initiative contributes to solving environmental issues and aims to establish a new business pillar through the recycling business.



TOPIX



## 03 Decision on Matters Related to Share Buyback

### Aim to Improve Capital Efficiency and Maximize Corporate and Shareholder Value

NIKKEI hereby announces that its Board of Directors, at a meeting held on May 15, 2025, resolved matters pertaining to the acquisition of treasury stock, pursuant to Article 156 of the Company Law as applied pursuant to Article 165, Paragraph 3 of the said Law.

#### Details of matters relating to the acquisition

(1) Type of shares to be acquired	Common stock of the Company
(2) Total number of shares to be acquired	2,000,000 shares (maximum) Ratio to total number of shares issued and outstanding (excluding treasury stock) 2.90
(3) Total acquisition cost of shares	3,200,000,000 yen (maximum)
(4) Acquisition period	June 2, 2025 - November 21, 2025
(5) Method of acquisition	Market purchases, including off-the-counter share repurchase transactions (ToSTNeT-3)

## 2 .Forecast for FY2025





# Recognition of the business environment

Textile & Clothing Materials	<ul style="list-style-type: none"> <li>• In Japan, the declining birthrate is expected to result in a decrease of over 30% in the student population in the next decade or so.</li> <li>• Conversely, the global apparel market is anticipated to grow, making it essential to focus on expanding into overseas markets.</li> <li>• Amidst the declining conditions of domestic wool textile production areas, the Nikke Group needs to leverage its integrated domestic production capabilities to restructure its value chain.</li> <li>• Environmentally friendly materials and the circular economy of textile products that contribute to achieving a sustainable society, as well as embracing diversity, will become key strategic components in our business strategy.</li> </ul>
Industrial Machinery & Materials	<ul style="list-style-type: none"> <li>• The automotive sector is influenced by U.S. tariff policies and market conditions in China.</li> <li>• The environmental sector is experiencing a global expansion of business opportunities due to the strengthening of environmental regulations.</li> <li>• The home appliance and office automation (OA) sectors anticipate growth in overseas markets.</li> <li>• The expansion of markets that are mindful of the SDGs, such as the recycling business, is expected.</li> </ul>
Human & Future Development	<ul style="list-style-type: none"> <li>• Shopping centers are well-rooted in their communities and are performing steadily. In the real estate development sector, there is increasing interest in properties with enhanced asset value, such as high-environmental-performance office buildings certified as ZEB Ready.</li> <li>• In the lifestyle support sector, while the nursing care market continues to expand, there is a need to develop operational methods and services that anticipate a shortage of nursing personnel.</li> </ul>
Consumer Goods & Services	<ul style="list-style-type: none"> <li>• The e-commerce market is expected to continue growing due to its convenience.</li> <li>• However, competition is intensifying due to borderless market dynamics, with direct entries from overseas players, such as those from China, and direct sales by manufacturers. Additionally, the prolonged depreciation of the yen is leading to continued increases in procurement and logistics costs, alongside a persistent upward trend in advertising expenses.</li> </ul>



# FY2025 Full-year Forecast

Although the second-quarter results have remained generally steady, we are revising down our forecasts for net sales and profits due to the current conditions in the Textile & Clothing Materials business.

(Unit: million yen)	Actual		Forecast		Year-on-year	
	FY2023	FY 2024	FY 2025		Change	%
			2025.1.10	2025.7.11		
<u>NET Sales</u>	113,497	115,438	128,000	121,700	6,262	5.4%
<u>Operating Profit</u>	11,016	11,640	12,000	11,300	-340	-2.9%
<u>Operating margin</u>	9.7%	10.1%	9.4%	9.3%	-0.8%	-
<u>Ordinary Profit</u>	11,634	12,098	12,400	12,000	-98	-0.8%
<u>Profit attributable to owners of parent</u>	7,643	8,970	8,500	8,000	-970	-10.8%



# 2025 performance forecast by segment

(Unit: million yen)		Actual		Forecast		Year-on-year	
		2023	2024	2025		Change	%
				2025.1.10	2025.7.11		
Textile & Clothing Materials	Net Sales	31,359	31,557	34,800	32,850	1,293	4.1%
	Operating Profit	3,323	3,455	3,700	3,000	-455	-13.2%
	Operating margin	10.6%	10.9%	10.6%	9.1%	-1.8%	-
Industrial Machinery & Materials	Net Sales	24,713	30,836	39,000	36,450	5,614	18.2%
	Operating Profit	1,586	1,972	2,480	2,480	508	25.8%
	Operating margin	6.4%	6.4%	6.4%	6.8%	0.4%	-
Human & Future Development	Net Sales	32,870	26,488	27,000	26,100	-388	-1.5%
	Operating Profit	7,086	6,977	6,390	6,390	-587	-8.4%
	Operating margin	21.6%	26.3%	23.7%	24.5%	-1.8%	-
Consumer Goods & Services	Net Sales	20,799	22,527	23,200	22,300	-227	-1.0%
	Operating Profit	555	847	1,200	1,100	253	29.9%
	Operating margin	2.7%	3.8%	5.2%	4.9%	1.1%	-
Others	Net Sales	3,755	4,028	4,000	4,000	-28	-0.7%
	Operating Profit	-1,536	-1,611	-1,770	-1,670	-59	-
TOTAL	Net Sales	113,497	115,438	128,000	121,700	6,262	5.4%
	Operating Profit	11,016	11,640	12,000	11,300	-340	-2.9%
	Operating margin	9.7%	10.1%	9.4%	9.3%	-0.8%	-



# 2025 performance forecast change factors

## Main factors of increase/decrease (compared to previous period)

### Textile & Clothing Materials

- Decrease in sales of uniforms for schools (reason for downward revision of sales and profit compared to initial performance forecast).
- Increase in orders for business uniforms.

### Industrial Machinery & Materials

- Expansion of the non-woven fabrics and felt business (full-year consolidation contribution from Kankyo techno and Kureha Tech).
- Streamlining of manufacturing and sales operations with Kankyo techno and Kureha Tech.
- Decrease in orders for the FA business (reason for downward revision of sales compared to initial performance forecast).

### Human & Future Development

- Sale of properties intended for sale in the previous fiscal year, resulting in a decrease in profit compared to the previous year.
- Reduction in the communications and new services sector.

### Consumer Goods & Services

- Expansion of container sales.
- Improvement in profitability through an increased ratio of in-house planned products.
- Decrease in sales of bedding and lifestyle appliances (reason for downward revision of sales and profit compared to initial performance forecast).

### Others

- 【Others】
- Adjustments, reserve funds, etc. are expected.

### **3. Action to Implement Management that is Conscious of Cost of Capital and Stock Price**





# Action to Implement Management that is Conscious of the Cost of Capital and the Stock Price



Strengthening profit generation	Improved asset efficiency	Strengthening of capital policy	Strengthen IR
<ul style="list-style-type: none"> <li>Promote and achieve the RN130 third medium-term management.</li> </ul>	<ul style="list-style-type: none"> <li>Further efficiency gains in property holdings (redevelopment and disposal of unprofitable properties)</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening shareholder returns</li> </ul>	<ul style="list-style-type: none"> <li>We aim to strengthen dialogue so that stakeholders can increase their understanding and trust in the Nikke Group</li> </ul>
<ul style="list-style-type: none"> <li>Optimise the business portfolio (investment in growth businesses, review of unprofitable businesses).</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of inactive assets (liquidation of policy shares that are no longer meaningful to hold)</li> </ul>	<ul style="list-style-type: none"> <li>The dividend payout ratio will be gradually rounded up from the current target of 30%, aiming for 35% in the final year of the Third Medium-Term Plan.</li> </ul>	<ul style="list-style-type: none"> <li>We explain M&amp;A strategies and business diversification strategies, and communicate the growth story of the Nikke Group.</li> </ul>
	<ul style="list-style-type: none"> <li>Continue to use ROIC as an indicator as an investment criterion. (target 8%, minimum 5%)</li> </ul>	<ul style="list-style-type: none"> <li>Using DOE as an indicator, we aim for 2.5% by 2026.</li> </ul>	<ul style="list-style-type: none"> <li>Promote expansion and sophistication of information disclosure (e.g. support for IR materials in English)</li> </ul>
		<ul style="list-style-type: none"> <li>Flexible share buy-backs in light of the progress of investments, to enhance overall shareholder returns.</li> </ul>	

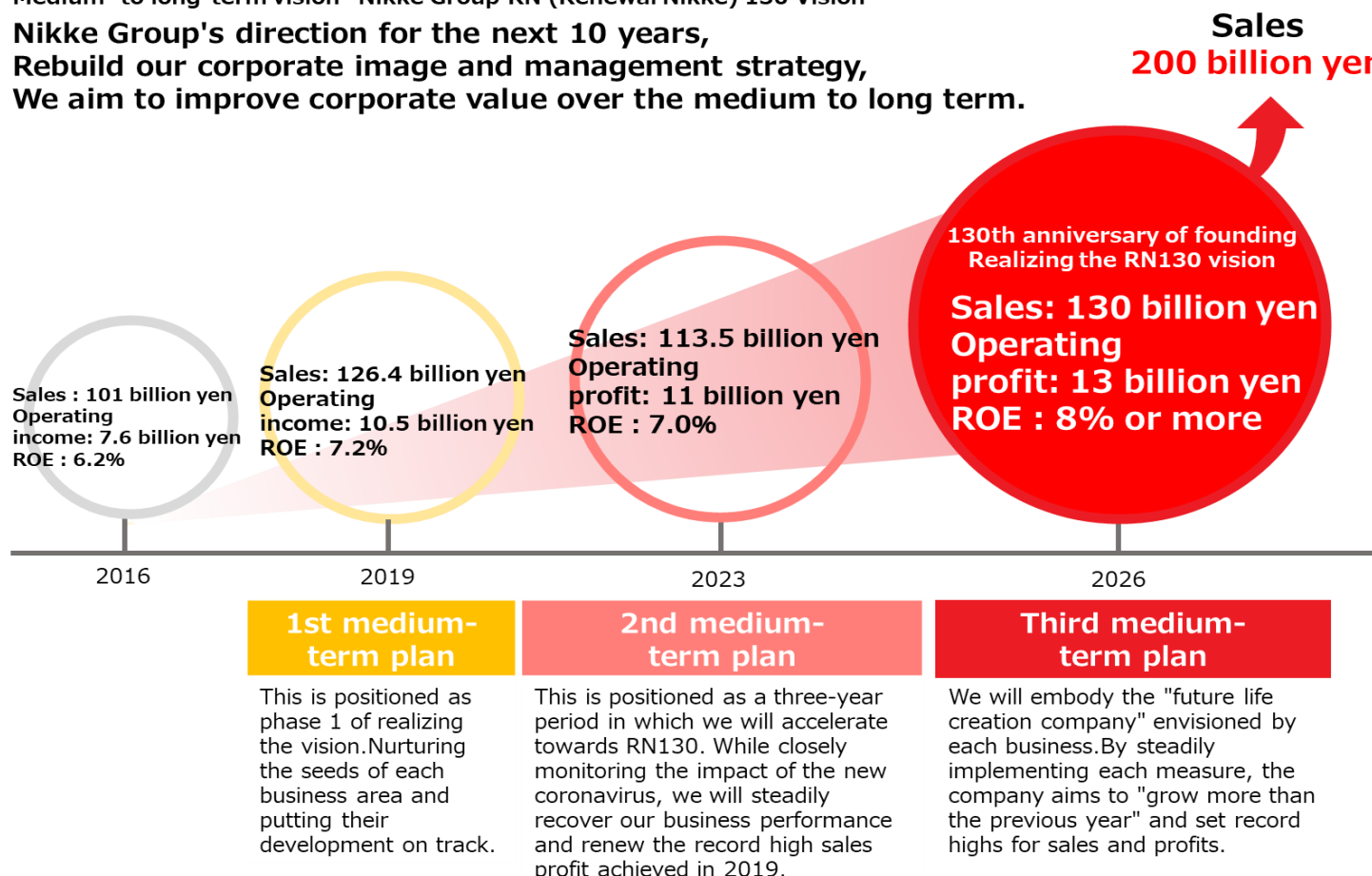
Promote management with an awareness of return on capital, The company aims to achieve an **ROE target of 8%** and a **P/B ratio of more than 1x**.



# Positioning of RN130 3rd medium-term plan

Medium- to long-term vision "Nikke Group RN (Renewal Nikke) 130 Vision"

**Nikke Group's direction for the next 10 years,  
Rebuild our corporate image and management strategy,  
We aim to improve corporate value over the medium to long term.**



✓ We are currently formulating our mid- to long-term vision for the next decade, titled "**CF (Create Future) 140 Vision.**"



## Progress of the RN130 3rd medium-term plan

In the fiscal year 2024, we achieved our planned targets for net sales, operating profit, and other profits. For the fiscal year 2025, although projections indicate performance may fall below the mid-term plan, we are steadily executing all initiatives.

### RN130 third medium-term management (2024~2026)

	2024		2025			2026
	Medium-Term Management Plan	<b>CLEAR</b> Actual	Medium-Term Management Plan	2025.1.10 Forecast	2025.7.11 Forecast	Medium-Term Management Plan
(Unit: million yen)						
<u>NET Sales</u>	111,000	115,438	120,000	128,000	121,700	130,000
<u>Operating Profit</u>	11,000	11,640	12,000	12,000	11,300	13,000
<u>Operating margin</u>	9.9%	10.1%	10.0%	9.4%	9.3%	10.0%
<u>Ordinary Profit</u>	11,600	12,098	12,400	12,400	12,000	13,400
<u>Profit attributable to owners of parent</u>	7,700	8,970	7,800	8,500	8,000	8,800
<u>Return on equity</u>	—	7.6%	—	—	—	8.0%以上

# Progress of the RN130 3rd medium-term plan by Segment



		RN130 third medium-term management (2024~2026)					
		2024		2025			2026
		Medium-Term Management Plan	Actual	Medium-Term Management Plan	2025.1.10 Forecast	2025.7.11 Forecast	Medium-Term Management Plan
(Unit: million yen)							
Textile & Clothing Materials	Net Sales	32,500	31,557	35,500	34,800	32,850	39,500
	Operating Profit	3,450	3,455	3,700	3,700	3,000	4,300
	Operating margin	10.6%	10.9%	10.4%	10.6%	9.1%	10.9%
Industrial Machinery & Materials	Net Sales	26,000	30,836	29,000	39,000	36,450	31,000
	Operating Profit	1,850	1,972	2,100	2,480	2,480	2,550
	Operating margin	7.1%	6.4%	7.2%	6.4%	6.8%	8.2%
Human & Future Development	Net Sales	26,000	26,488	26,500	27,000	26,100	30,000
	Operating Profit	6,200	6,977	6,250	6,390	6,390	7,200
	Operating margin	23.8%	26.3%	23.6%	23.7%	24.5%	24.0%
Consumer Goods & Services	Net Sales	24,500	22,527	26,000	23,200	22,300	31,500
	Operating Profit	1,350	847	1,750	1,200	1,100	2,000
	Operating margin	5.5%	3.8%	6.7%	5.2%	4.9%	6.3%
Others	Net Sales	2,000	4,028	3,000	4,000	4,000	-2,000
	Operating Profit	-1,850	-1,611	-1,800	-1,770	-1,670	-3,050
TOTAL	Net Sales	111,000	115,438	120,000	128,000	121,700	130,000
	Operating Profit	11,000	11,640	12,000	12,000	11,300	13,000
	Operating margin	9.9%	10.1%	10.0%	9.4%	9.3%	10.0%



# Growth Story of the Nikke Group

## Cultivation of the Third Pillar (Growth Drivers)

### Industrial Machinery & Materials

We position the non-woven fabrics and felt business as a future growth driver and aim to cultivate it as the third pillar of our business, following school uniforms and real estate leasing & SC management.

## Further Strengthening the Profitability of Our Stable Foundation

### Textile & Clothing Materials

We will further enhance profitability through manufacturing rationalization by investing in labor-saving and automation equipment.

### Human & Future Development

We will further enhance profitability through real estate redevelopment and the downsizing of unprofitable businesses.

## Development of New Sales Channels

### Textile & Clothing Materials

We will continue to sell textile fabrics and other materials to high-end apparel brands overseas.

### Consumer Goods & Services

We are focusing on accumulating expertise in the e-commerce business and securing and developing digital talent. This will enable the Nikke Group to distribute its diverse range of products and services through various sales channels in the future.

## M&A to Support Growth

**We will continue to actively and carefully pursue M&A, which has significantly contributed to the growth of the Nikke Group.**



# Enhancing Profit Generation

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## Growth Drivers

- 1.Strengthening the Non-woven Fabrics and Felt Business
- 2.Expanding Overseas Sales and Strengthening Domestic Manufacturing
- 3.Promotion of Real Estate Development Business
- 4.Strengthening the E-commerce Business
- 5.Implementation of Strategic M&A



# ① Strengthening the Non-woven Fabrics and Felt Business

## Past Initiatives to Strengthen the Non-woven Fabrics and Felt Business

2020/5 Entered into a capital and business alliance agreement between Nikke・Ambic and Fujiko, acquiring 30.7% of the shares.

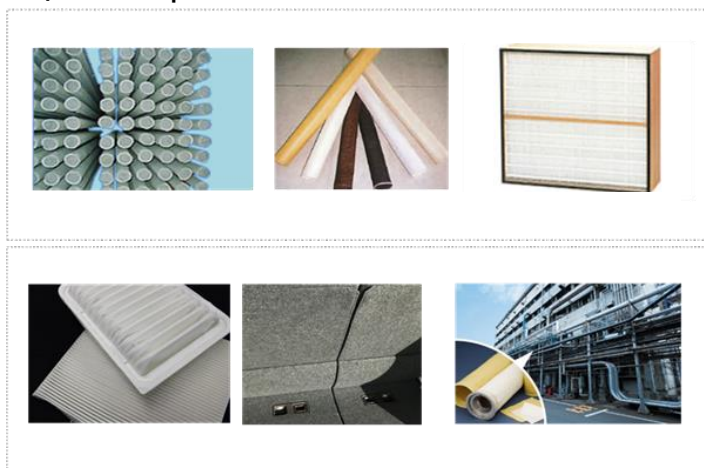
2021/1 Closed the Fujiko Tatebayashi Plant and transferred production to Ambic.

2021/9 Nikke made Fujiko a wholly-owned subsidiary.

2023/12 Ambic and Fujiko underwent a management integration.

2024/4 Acquisition of Shares in Toyobo Kankyo techno ※1

2024/8 Acquisition of Shares in Kureha Tech



The post-merger integration (PMI) of Kankyo techno and Kureha Tech is progressing smoothly according to plan and is contributing to profits from the current fiscal year.

### Purpose of the Management Integration between Ambic and Fujiko

- ① Concentrate and efficiently allocate management resources.
- ② Optimize sales, manufacturing, research and development, and overseas locations to reconstruct the value chain.
- ③ Strengthen the management foundation through unified management, among other objectives.

### Key Non-woven Fabrics and Felt Products



※ 1 As of April 17, 2024, Toyobo Kankyo techno Co., Ltd. has changed its name to Kankyo techno Co., Ltd.



# ① Strengthening the Non-woven Fabrics and Felt Business

## Target Markets

- The target areas for our company are industrial materials sectors such as automotive and environment-related fields, where market growth is anticipated.
- We do not position general-purpose hygiene materials (such as masks), which are susceptible to price competition, as our focus areas.

### Non-woven Fabrics and Felt Markets

Hygiene Materials (such as masks and diapers)

#### Target Markets

#### Automotive and Environment-related Fields



Filters for Dust Collectors



Recycled Fibers from Used Clothing



Interior Materials for Automobiles

## Competitive Advantage

### Enhancing Competitiveness through Sales Expansion

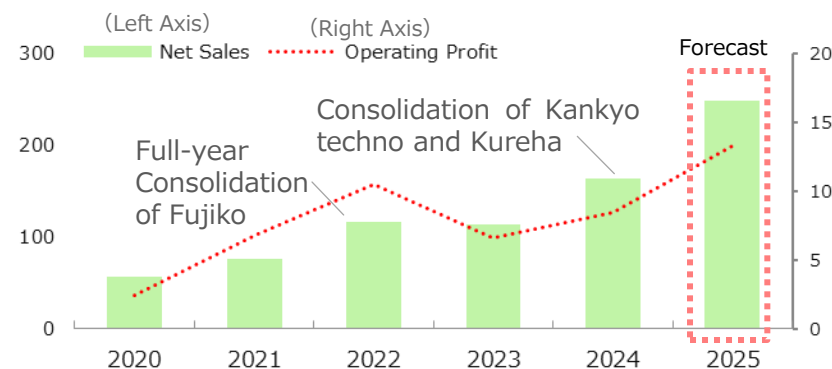
By incorporating Kureha into our group in August 2024, the sales scale of our non-woven fabrics and felt business will reach approximately 20 billion yen, making us the second-largest market share holder in Japan.※ 1

### Utilizing Global Manufacturing and Sales Bases

With the addition of Kankyo techno and Kureha Tech to our group, we will expand our manufacturing and sales bases in China, ASEAN, and North America. This will enable us to respond to diverse business developments tailored to customer needs.

## Performance of the Non-woven Fabrics and Felt Business

(Unit: 100 million yen)



We aim to develop the non-woven fabrics and felt business into the "third pillar" of the Nikke Group, following school uniforms and real estate development.

## ② Expanding Overseas Sales and Strengthening Domestic Manufacturing



### Overseas Target Markets

- Strengthening Sales of Textile Fabrics for High-end Brands in the Overseas Apparel Markets (Europe and Asia)

The unique manufacturing methods of Nikke, which result in a robust texture and excellent tailoring, serve as differentiating factors from textile manufacturers in Europe and Asia.



We aim to achieve an overseas sales ratio of approximately 13-15% by the final year of our mid-term plan in 2026 (current ratio: approximately 7-8%).

### Key Initiatives

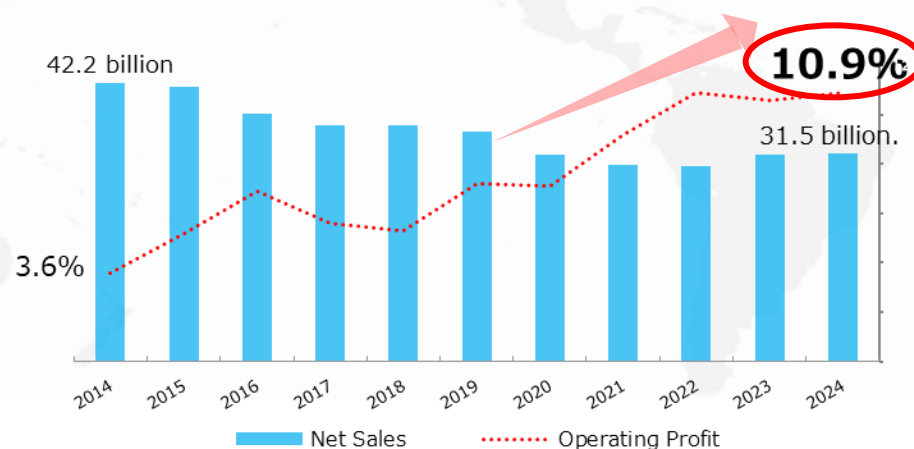
- Enhancing Awareness through Promotions such as Exhibiting at Trade Shows



We will continue to enhance our domestic manufacturing capabilities and profitability, while steadily implementing measures to expand our overseas business.

### Further strengthening of domestic manufacturing capabilities and profitability

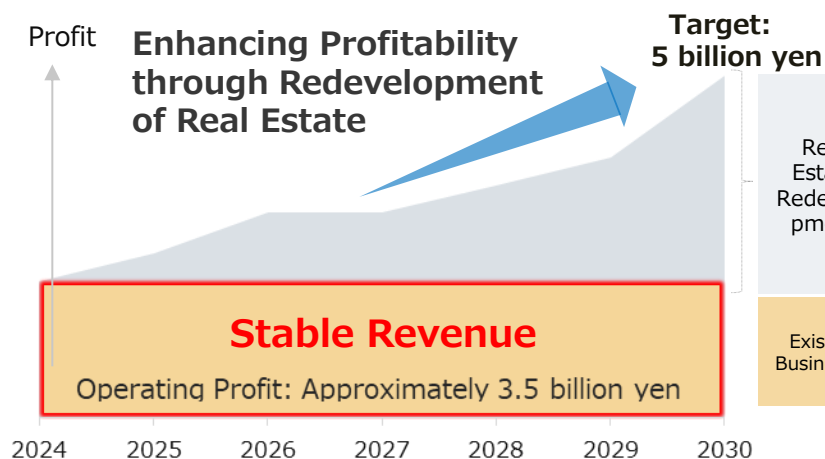
- Strengthening manufacturing capabilities and profitability through investments in labor-saving, energy-saving, and automation equipment, as well as the utilization of digital technologies to streamline production.





### ③Promotion of Real Estate Development Business

Redevelopment Projects	Location	Revenue Contribution	Progress Schedule (Planned)		
			2024	2025	2026
Tokyo Building	Tokyo	Large	Construction Period → Completed		
Kobe Head Office Building	Hyogo	Small	Construction Period → Completed		
Ichinomiya Plant	Aichi	Medium	Construction Period → Completed		
Shukugawa Company Housing Development	Hyogo	Small	Construction Period →		
South Side of Nikke Colton Plaza	Chiba	Large	Development Plan Review →		
Former Fujiko Itami Plant	Hyogo	Large	Development Plan Review →		



Real Estate Redevelopment

- Tokyo Building
- Kobe Head Office Building
- Ichinomiya Plant
- Shukugawa Company Housing Development
- South Side of Nikke Colton Plaza
- Former Fujiko Itami Plant, etc.

Existing Businesses

- Real Estate Leasing Income
- Sales of Solar Energy Income



The Nikke Tokyo Building (YAESUDORI FIL TERRASSE ) was completed in January 2025. Tenant recruitment is progressing as planned, and for fiscal year 2026, when it is expected to fully contribute to revenue, we anticipate an occupancy rate of 100%.

## ④ Strengthening the E-commerce Business

### Initiatives for Developing New Sales Channels



Aiming to Build an Optimal Value Chain for the Future

### Enhancing the Profitability of the E-commerce Business

#### ① Further Strengthening of Planning, Development, and Sales Capabilities

We will further strengthen planning, development, and sales capabilities by promoting the sharing of human resources, systems, and know-how.

#### ② Expanding the Product Lineup

We will promote the expanded distribution of the diverse range of products and services offered by the Nikke Group through various sales channels.

#### ③ Streamlining Logistics

We will reduce costs by streamlining logistics operations.



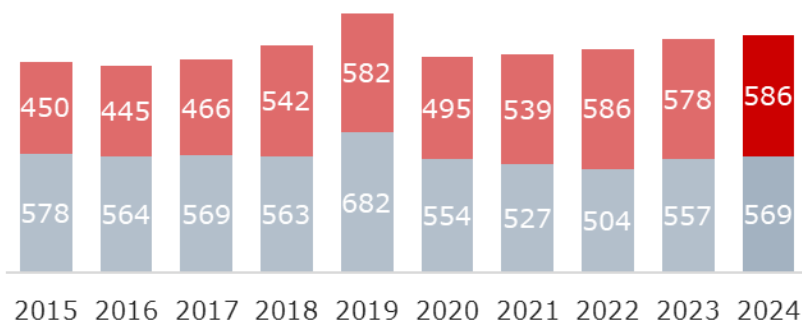
We aim to construct an optimal value chain to explore new sales channels for the future, while also working to improve profitability through the development of original, in-house products.



## ⑤ Implementation of Strategic M&A

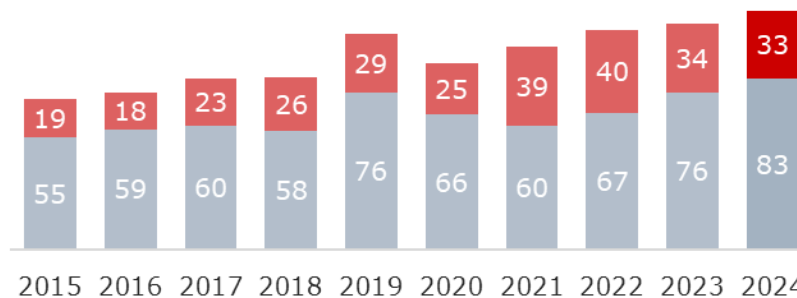
### Contribution of M&A to Performance

Sales



Operating income

(Unit: 100 million yen)



### Basic M&A Strategy

- Streamlining Management and Expanding Business Areas
  - Effective Utilization of Human Resources
  - Establishing Disciplined Investment Criteria
- ROIC: Target 8% (Minimum 5%)**



### Progressive Utilization of M&A

#### Effective Utilization of Real Estate

Leveraging the real estate business expertise of the Human & Future Development division, we will effectively utilize the real estate assets acquired through M&A.

**Synergy with Human & Future Development Business**

Progress on the Third Medium-Term Management Plan (with a budget frame of 20 billion yen) is proceeding smoothly, and we are currently evaluating several M&A opportunities for fiscal year 2025.





# Business Portfolio Review

In the Human & Future Development business, the portfolio was reviewed in fiscal year 2024, leading to a reduction in the communications and new services sector. This direction will not change in fiscal year 2025.

## Human & Future Development: Sub-Segment Composition Ratio

<2023>

Communications and  
New Services

30%

Sales  
Revenue

Communications and  
New Services

5%

Operating  
Profit

<2024>

Communications and  
New Services

10%

Sales  
Revenue

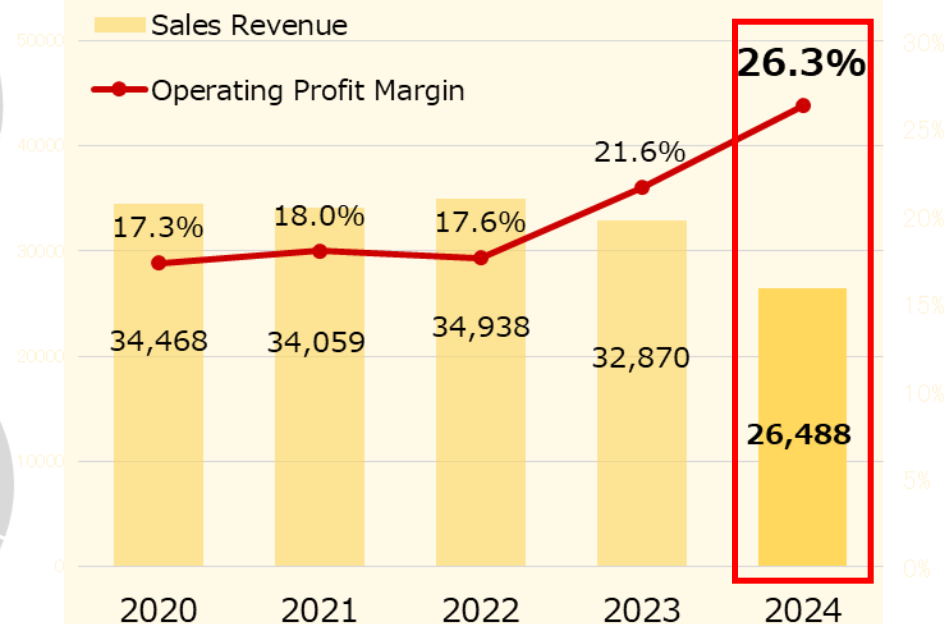
Communications and  
New Services

2%

Operating  
Profit

## Human & Future Development Performance Trends

(Unit: Million Yen)



- ✓ In the communications sector (mobile phones), competition has intensified in recent years, leading to a continuous decline in profitability, which has prompted us to downsize the business.



# Improving Asset Efficiency

## ■ Strengthening the Utilization of Owned Real Estate

- Completion of YAESUDORI FIL TERRASSE (formerly Nikke Tokyo Building)
- Commenced land leasing of idle areas at the Ichinomiya Plant (Aichi Prefecture)
- Completed seismic retrofitting of the Nikke Kobe Building (Hyogo Prefecture) and began promoting tenant occupancy
- Initiated development of the Shukugawa Company Housing (Hyogo Prefecture) with plans to convert it into rental apartments
- Sold real estate with diminished strategic significance



## ■ Reduction of Cross-Shareholdings

- The Board of Directors continuously examines whether the purpose of holding, as well as the benefits and risks associated with holding, justify the capital costs.
- In the fiscal year 2024, we reduced our holdings by 6 stocks, and over the past 5 years, we have reduced a total of 57 stocks (including partial sales).

## ■ Execution of Growth Investments

- We will steadily execute investments using ROIC as a criterion (target 8%, minimum 5%).
- In the fiscal year 2024, we executed 2 M&A transactions and made growth investments (to improve profitability) in rationalization and equipment.



M&A Executed in Fiscal Year 2024: 2 Cases







# Strengthening Capital Policy

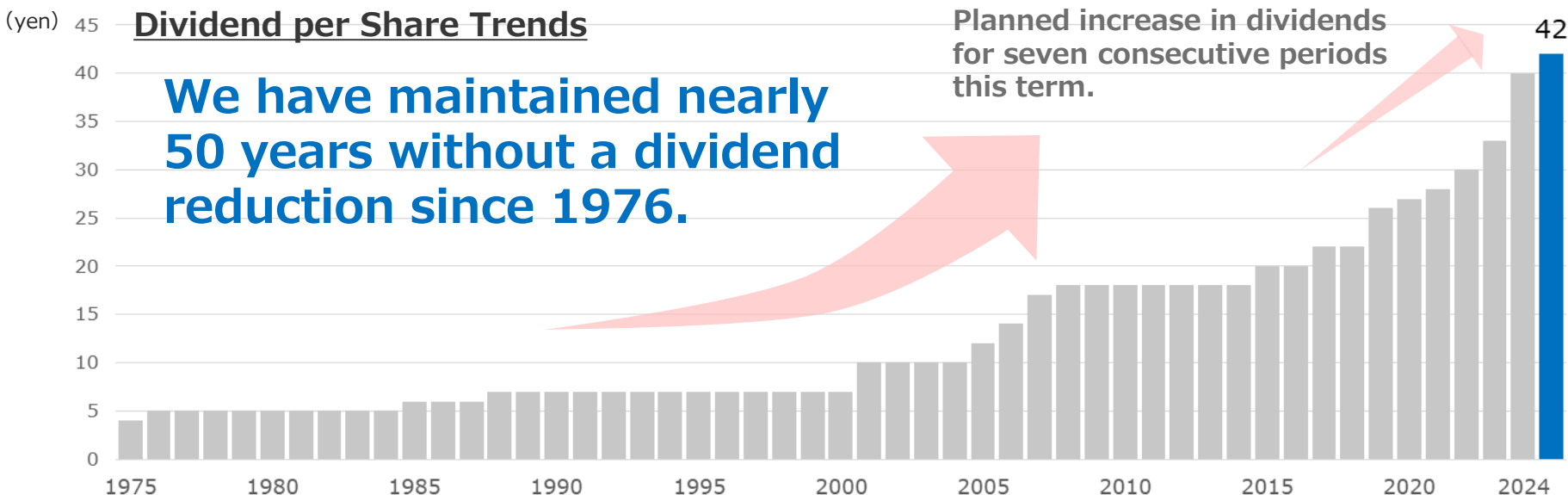
## ■ We aim to expand shareholder returns based on a "progressive dividend" policy, ensuring no reduction in dividends.

- For the fiscal year ending November 2025, we plan to increase the dividend by 2 yen, resulting in an annual dividend of 42 yen per share.
- In the final fiscal year of the medium-term plan, ending November 2026, we aim for a dividend payout ratio of 35% and a DOE of 2.5%.
- Decision to Acquire Up to 2 Million Shares of Treasury Stock (representing 2.90% of the total number of shares outstanding, excluding treasury stock)

※Announced on January 10, 2025

### Review of Shareholder Return Policy

Incorporating investor feedback, we have added a progressive dividend and a DOE target of 2.5% to our policy.





# Strengthening IR (Investor Relations)

Through dialogue with shareholders and investors, we strive for sustainable growth and the enhancement of corporate value over the medium to long term.

## ■ Enhancement of Information Disclosure

- Disclosure of Earnings Presentation Videos and Q&A Summaries
- Disclosure of English Materials
- Disclosure of Materiality Identification, and Implementation Results
- Disclosure of Videos and Presentation Materials for Individual Investor Briefings
- Disclosure of Shareholders' Meeting Videos, etc.
- Establishment of a Dedicated IR Department, etc.



## ■ Status of Dialogue Initiatives

- Dialogue with shareholders and investors is managed collaboratively by the Finance and Accounting Department, Corporate Planning Department, and General Affairs, Legal, and Public Relations Department.
- In the fiscal year 2024, we conducted approximately 40 IR and SR meetings combined, and held one briefing session for individual investors.
- The insights and issues identified through these dialogues are shared in meetings with each business division, group management meetings, and board meetings. This information is used as a reference for management decisions that consider capital costs and stock prices.

## Key Themes and Areas of Interest in Dialogue

Future Growth Drivers, Business Diversification (Conglomerate), M&A Strategy, Capital Policy (Shareholder Returns) Cash Allocation, Human Capital Management (Investment in Human Resources), Overall Governance (Anti-takeover Measures, Cross-shareholdings), etc.



# Strengthening IR (Investor Relations)

## ■ Specific Examples of Dialogue with Shareholders and Investors

Questions	Our Responses and Policies
<b>Q. What will be the main growth driver in the future?</b>	We are particularly focused on the non-woven fabrics and felt business. In 2021, we integrated Fujiko, and in 2024, we added Kankyo techno and Kureha Tech, which were subsidiaries of Toyobo Group, to our group. The sales of our non-woven fabrics and felt business are expected to increase from approximately 5.6 billion yen in 2020 to about 25 billion yen in 2025, elevating us to the second-largest market share in the industry. Additionally, although Fujiko had been experiencing a loss for three consecutive years until 2021, it turned profitable the year after joining our group and has since made significant contributions to our earnings. We aim to maximize sales and profits by enhancing competitiveness through scale expansion, leveraging global manufacturing and sales bases, and improving efficiency through production integration.
<b>Q. What specific initiatives are being undertaken to achieve a PBR of 1?</b>	While profit growth remains a priority, we also recognize the importance of improving the efficiency of our assets and capital. To this end, we have implemented a strategy of selection and concentration. In recent years, this has involved exiting from telecommunications and franchise businesses where profitability had declined, and selling real estate that has low profit margins and is difficult to redevelop. Additionally, we have consistently repurchased our own shares, taking external conditions into account. We are committed to increasing profits and enhancing the efficiency of our capital and assets. Furthermore, we understand the importance of raising awareness about our company, and we are actively working to strengthen our information dissemination and investor relations efforts.



# Strengthening IR (Investor Relations)

## ■ Specific Examples of Dialogue with Shareholders and Investors

Questions	Our Responses and Policies
<b>Q. What are the distinguishing features of your M&amp;A strategy?</b>	Since the mid-1990s, we have expanded our business domains and secured talent through M&A. Currently, approximately 50% of sales and 26% of operating profit are from companies that joined the Nikke Group via M&A since 1995, significantly contributing to our growth. We now receive information on a substantial number of M&A opportunities, with a dedicated department constantly reviewing around 400 cases. From these, we carefully select opportunities that meet our investment criteria (ROIC: target of 8%, minimum of 5%) and align with our vision. Despite being proactive, we actually conduct only about 1-2 M&A deals per year, reflecting our cautious approach to M&A.
<b>Q. What is your approach to cash allocation during the period of the Phase 3 Medium-Term Management Plan?</b>	To implement our fundamental strategy, which includes three types of investments—1) investment in product development, rationalization, and energy-saving equipment, 2) investment for expanding our customer base, and 3) investment in human resources—we have allocated a growth investment budget of approximately 50 billion yen. We plan to raise funds through the issuance of corporate bonds as needed. However, if an opportunity does not meet our investment criteria, we will not proceed forcefully. In terms of shareholder returns, we aim for stable dividends (with no reduction for nearly 50 years) and are targeting a dividend payout ratio of 35% by fiscal year 2026. Additionally, based on the progress of investments, we plan to conduct agile share buybacks.
<b>Q. What is your approach to the continued implementation of takeover defense measures?</b>	買 We believe that the final decision on whether to accept a purchase proposal should be entrusted to our shareholders. Our approach is aimed at ensuring that shareholders have sufficient information and time to make an informed decision regarding any purchase proposals, and it is not intended for the management to protect their own interests. Additionally, in accordance with the guidelines set by the Ministry of Economy, Trade and Industry, we have established strict procedures for implementing countermeasures, ensuring that the decision-making process is not subject to the arbitrary discretion of the Board of Directors.

## 4 .Reference Materials (About the Nikke Group)





## Business Areas and Services of the Nikke Group

Sales Composition	Business Areas	Within Segments	Key Products and Services Offered
Textile & Clothing Materials 24%	<ul style="list-style-type: none"> <li>■ Uniforms</li> <li>■ Textiles</li> <li>■ Yarn</li> <li>■ Others</li> </ul>	78% 16% 6% 1%	<u>Uniform materials for schools/Uniform materials for private companies/Uniform materials for government</u> <u>Clothing materials</u> <u>Yarn sales</u> -
Industrial Machinery & Materials 31%	<ul style="list-style-type: none"> <li>■ Automotive</li> <li>■ Environmental</li> <li>■ Other industries</li> <li>■ Consumer-related</li> </ul>	49% 23% 17% 11%	<u>FA /Interior materials and cushioning/Thread for airbags and seat</u> <u>Filters (nonwoven fabric)</u> <u>OA and home appliance materials/Semiconductor-related and imaging equipment/Carpets for homes, offices, and trade shows</u> <u>Racket sports related/Fishing related/Materials for musical instruments</u>
Human & Future Development 23%	<ul style="list-style-type: none"> <li>■ Commercial facility management</li> <li>■ Real estate development</li> <li>■ Lifestyle support</li> <li>■ Communications and new services</li> </ul>	21% 37% 31% 11%	<u>Shopping centers</u> <u>Real estate leasing/Sales of solar energy/Construction business</u> <u>Childcare and after-school childcare/Nursing care/Sports related</u> <u>Communications</u>
Consumer Goods & Services 22%	<ul style="list-style-type: none"> <li>■ Bedding and business supplies</li> <li>■ Household goods</li> <li>■ Hobby and craft</li> <li>■ Others</li> </ul>	18% 51% 14% 16%	<u>Bedding/Airline blankets/Disaster supply blankets</u> <u>Lifestyle appliances and miscellaneous goods/Goods for 100-yen shops/Furniture/Privacy filters for tablets and laptops</u> <u>Stamping ink and stamps/Equestrian equipment/Knitting yarn</u> <u>Container sales/Insurance agency</u>

※The sales composition and sales composition within segments are based on the actual results for the second quarter of the fiscal year ending November 2025.

※The sales composition is calculated based on the total company sales, excluding sales of 1,995 million yen from other and adjustment segments.

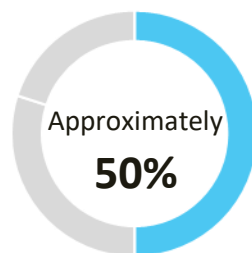


# Features of the Textile & Clothing Materials Business

## The sale of fabrics for school uniforms is a core business.

Approximately 50% of the sales in the Textile & Clothing Materials business are related to school uniforms.

### Sales Composition



Sales Related to  
School Uniforms

School uniforms are repeat products, so they are not influenced by trends, allowing us to expect stable demand.

### Business Advantages

- ✓ **Strong Manufacturing Capability.**
- ✓ **An integrated supply system where the supply chain is completed within the group.**

School uniforms must be ready in time for entrance ceremonies, and the color consistency of uniforms must be maintained from the first to the third year. The production of blazer-style uniforms, which often use natural wool as a raw material, requires particularly advanced techniques.

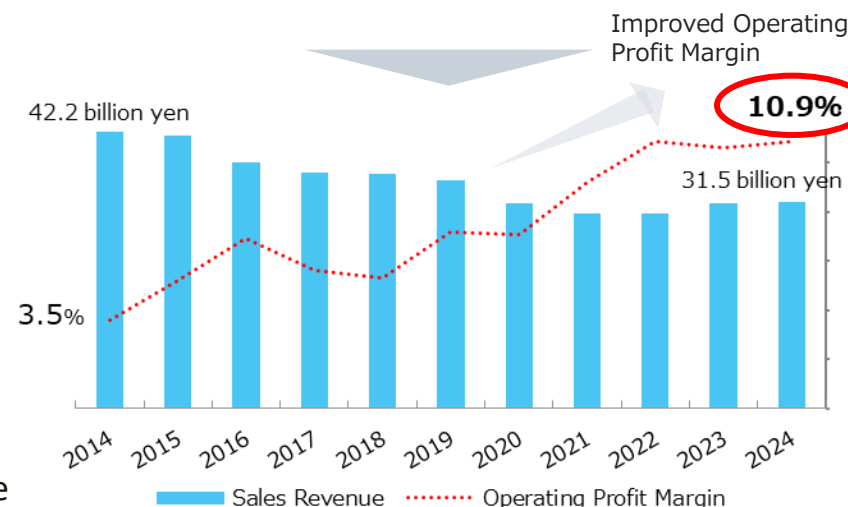


Fabric for Junior High and High School Uniforms  
Approximately **50-60%※1** market share

## Continuously improving profitability

In the Textile & Clothing Materials business, we actively work on revising our product lineup and reducing manufacturing costs, thereby continuously improving profitability.

- **Reduction in sales of general-purpose items (textiles and yarn)**
- **Review of manufacturing and sales systems (production consolidation and sales integration)**
- **Manufacturing rationalization through energy-saving, labor-saving, and automation initiatives**



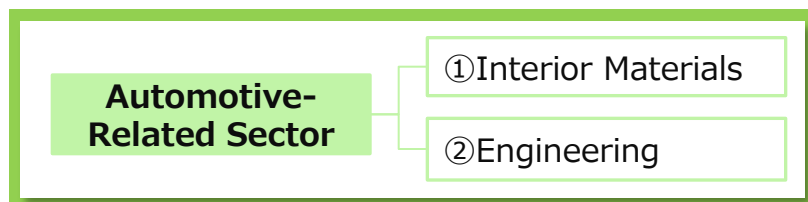
※ 1 Estimates by our company (particularly high market share in blazer-style school uniforms)





## Features of the Industrial Machinery & Materials Business

**Sales in the automotive-related sector are the largest.**



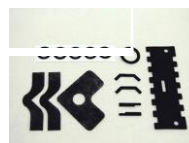
The automotive-related sector is broadly divided into interior materials and engineering-related categories.

### ①Interior Materials Related: Felt, Non-Woven Fabrics, Yarn

Thread for Airbags



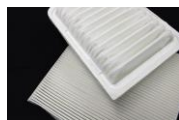
Thread for Seatbelts



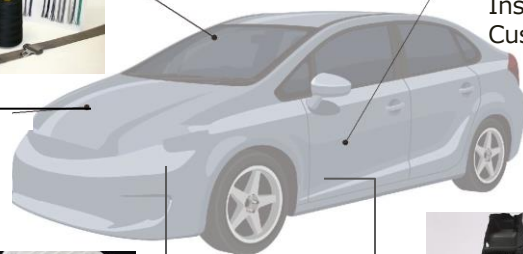
Insulation and  
Cushioning Materials



Motor Binding  
Yarn



Automotive Filters



Floor Carpets

Fiscal Year 2024



**Automotive-  
Related Sector  
43%**

### ②Engineering : FA (Factory Automation)



Over 100 Design Engineers



Over 80 Manufacturing Engineers

**We offer custom-made production systems, providing comprehensive support from planning equipment specifications for production lines to design, manufacturing, on-site commissioning, and after-sales service.**

**Technicians responsible for the maintenance and repair of textile factories began the engineering business in the 1970s.**



## Features of the Human & Future Development Business

### Ensuring Stable Cash Flow through Recurring Revenue Streams.

Approximately 80% of the operating profit from the Human & Future Development business comes from rental income from tenants in commercial facilities and real estate leasing income from office buildings and land.

#### Company-operated Commercial Facilities



**Nikke Colton Plaza**

Location: 1-1-1 Onitaka, Ichikawa City,  
Chiba Prefecture  
Established: November 25, 1988  
Land Area: Approximately 43,000 tsubo  
Retail Space: 71,000 square meters



**Nikke Parktown**

Location: 173-1 Jikemachi, Kakogawa-  
cho, Kakogawa City, Hyogo Prefecture  
Established: February 8, 1984  
Land Area: Approximately 22,100 tsubo  
Retail Space: 42,000 square meters

#### Pursuing Stability and Profitability Improvement

By reassessing the utilization of owned real estate and enhancing its added value, we strive to secure stable income while working to improve profitability.



Solar Energy Sales Facility  
(Hyogo Prefecture)

#### Change of Use

Golf  
Course

**Solar Energy  
Sales Facility**

Additionally, properties with decreased profitability or those in remote locations that present management challenges are sold as circumstances dictate.

**Sales  
Record**

2019 : 1cace  
2023 : 3caces  
2024 : 1cace

- The company operates two commercial facilities: Nikke Colton Plaza and Nikke Parktown.
- In the areas surrounding these commercial facilities, we are deploying a range of community-oriented services such as sports, nursing care, and childcare.
- By operating each service in-house, we enhance added value and improve profitability.

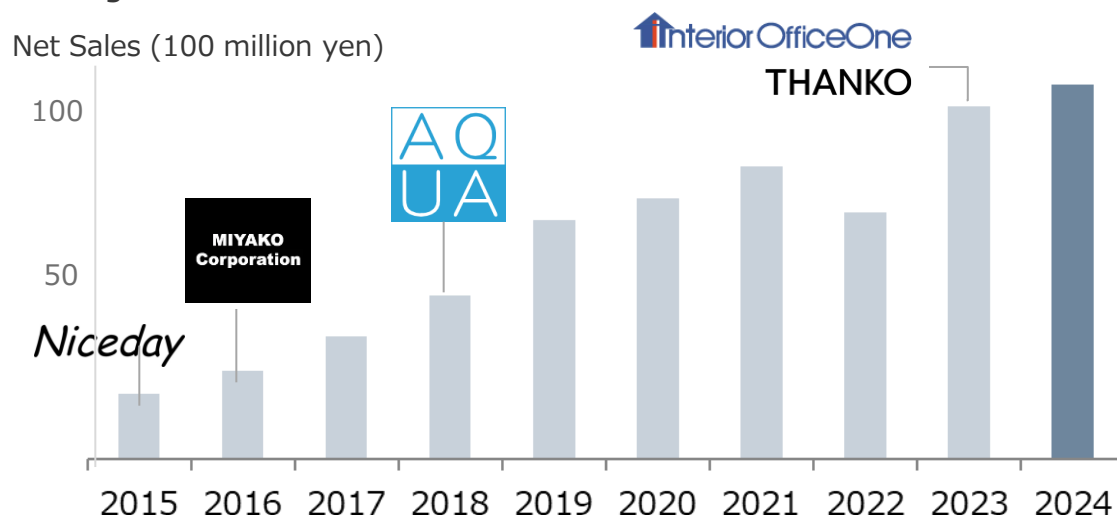


## Features of the Consumer Goods & Services Business

### Over 50% of Sales from E-commerce-related Activities

In the Consumer Goods and Services Division, we offer a wide range of products and services. Companies with significant e-commerce sales account for more than half of the total revenue.

Estimated Revenue Trends for Companies with Significant E-commerce Sales



※ Niceday Co., Ltd., which was merged with AQUA Co., Ltd. in 2022.

### Key E-commerce Products Handled by the Nikke Group



Bedding



Furniture



Kitchenware



Lifestyle Appliances



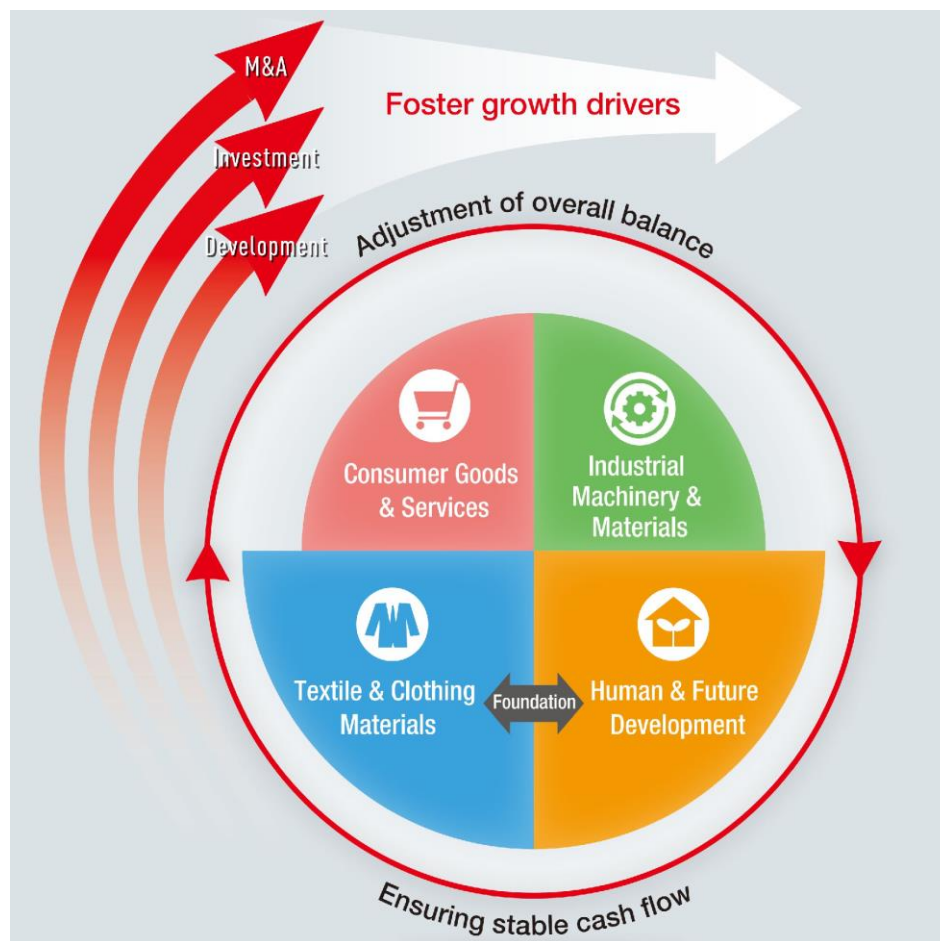
Neck Coolers



Bed

2In 2023, with the addition of Sanko and Interior Office One to our group, we further expanded our pool of human resources knowledgeable in e-commerce sales and our range of e-commerce-related products.

# Strengths of the Four-Business Structure



## Business Portfolio Strategy

By leveraging the cash flow generated from the stable revenue base of the Textile & Clothing Materials' uniform business and the Human & Future Development's real estate development and commercial facility management business, we will make growth investments (such as M&A) in sectors like Industrial Machinery & Materials and Consumer Goods and Services that can swiftly seize business opportunities.



# Performance by Segment (5-Year Trends)

(Unit: million yen)		2020/11	2021/11	2022/11	2023/11	2024/11
Textile & Clothing Materials	Net Sales	31,399	29,872	29,735	31,359	31,557
	Operating Profit	2,216	2,749	3,234	3,323	3,455
	Operating margin	7.1%	9.2%	10.9%	10.6%	10.9%
	ROIC	4.8%	6.1%	7.0%	6.8%	6.5%
Industrial Machinery & Materials	Net Sales	19,057	20,390	23,853	24,713	30,836
	Operating Profit	1,289	1,235	1,952	1,586	1,972
	Operating margin	6.8%	6.1%	8.2%	6.4%	6.4%
	ROIC	3.5%	3.6%	5.8%	4.5%	4.9%
Human & Future Development	Net Sales	34,468	34,059	34,938	32,870	26,488
	Operating Profit	5,949	6,115	6,151	7,086	6,977
	Operating margin	17.3%	18.0%	17.6%	21.6%	26.3%
	ROIC	13.3%	16.1%	16.6%	22.8%	20.1%
Consumer Goods & Services	Net Sales	16,783	18,685	16,802	20,799	22,527
	Operating Profit	1,168	1,410	953	555	847
	Operating margin	7.0%	7.6%	5.7%	2.7%	3.8%
	ROIC	6.8%	10.1%	5.5%	2.9%	4.6%
Others	Net Sales	3,205	3,612	3,720	3,755	4,028
	Operating Profit	-1,574	-1,610	-1,584	-1,536	-1,611
TOTAL	Net Sales	104,915	106,619	109,048	113,497	115,438
	Operating Profit	9,048	9,900	10,707	11,016	11,640
	Operating margin	8.6%	9.3%	9.8%	9.7%	10.1%
	ROIC	4.4%	6.1%	5.5%	5.9%	6.7%





# Capital Policy and Shareholder Returns

## Basic concept

- ✓ The company is oriented towards a balance between growth investment and stable shareholder returns.
- ✓ Investment in growth will be actively implemented from the perspective of increasing medium- and long-term corporate value, including investment in research and development, mergers and acquisitions, capital expenditure and human capital.

## Shareholder Return policy

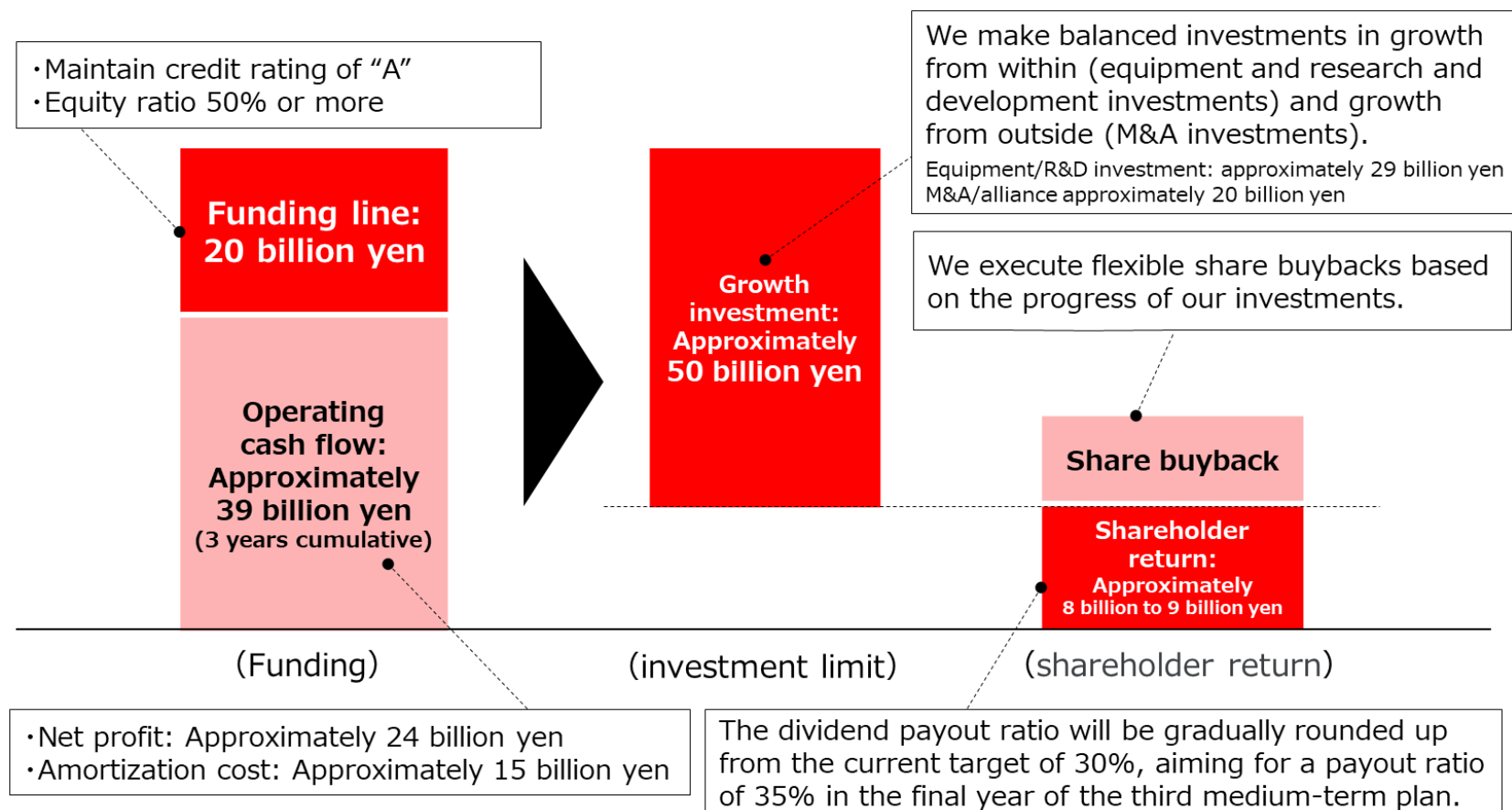
- ✓ We will adhere to a "progressive dividend" policy that does not reduce dividends.
- ✓ Regarding the dividend payout ratio, we aim to gradually increase it from the current benchmark of 30% to 35% by the final year of the third mid-term plan.
- ✓ We will use DOE (dividend on equity ratio) as an indicator, targeting 2.5% by the final year of the third mid-term plan.
- ✓ Taking into account the progress of investments, we will conduct flexible share buybacks to enhance comprehensive shareholder returns.



# Cash Allocation

## Balance between growth investment and financial investment

We will raise the necessary funds while maintaining financial soundness and expand growth investments and shareholder returns.







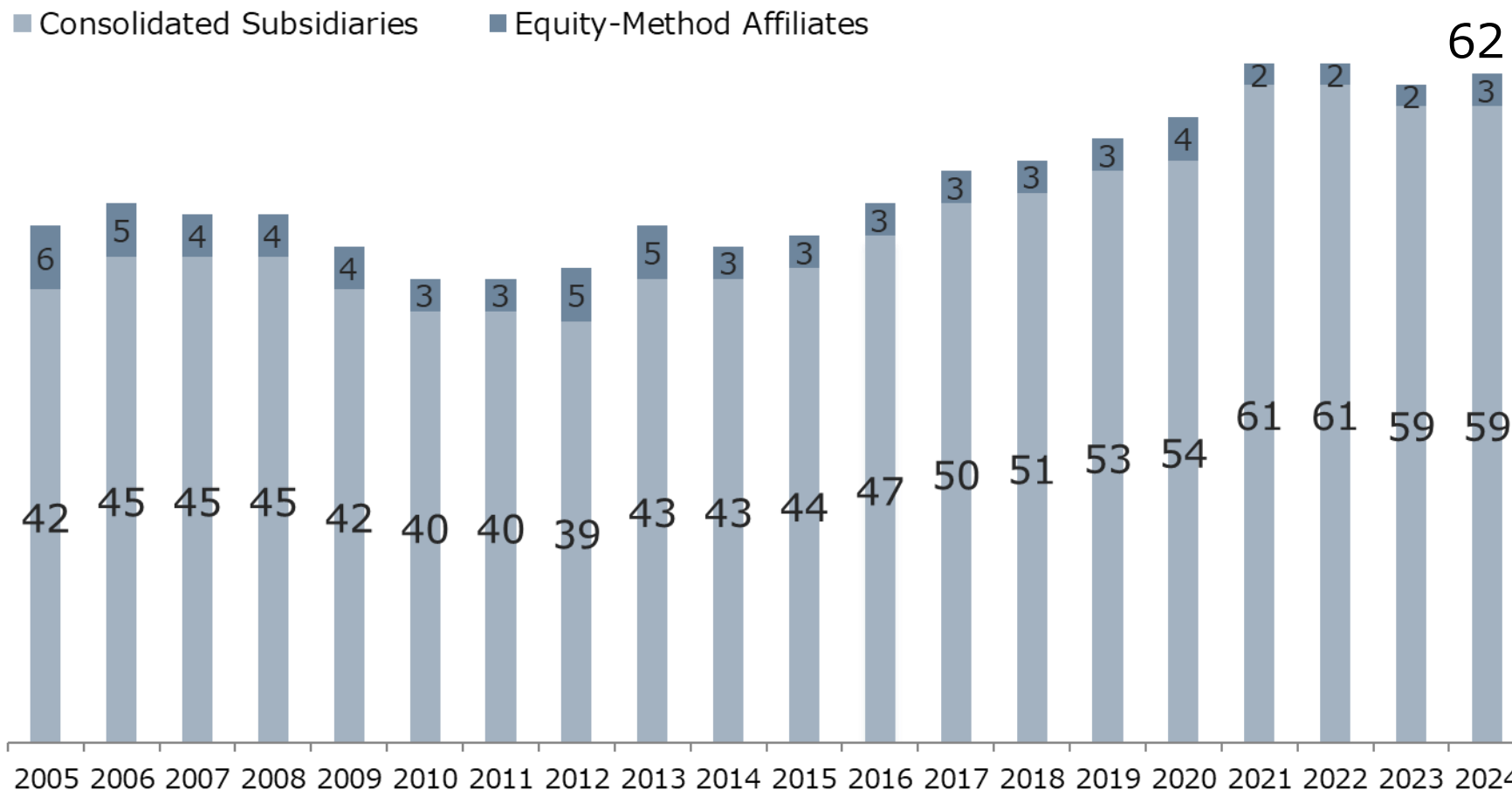
# Nikke Group Materialities



Social issues and needs	Materiality	Response	Main actions
<ul style="list-style-type: none"> <li>● Addressing the falling birthrate and aging population</li> <li>● Achieving wellbeing</li> </ul>	Improve health and comfort Support for a comfortable life	<ul style="list-style-type: none"> <li>• Contribute to revitalizing the local area and to creating a more convenient urban environment by providing a range of community-based, comprehensive services based in shopping centers</li> <li>• Help people to balance their work with childcare/nursing care responsibilities and, thereby, contribute to improving their quality of life by operating nursing care and childcare facilities that meet the needs of users</li> <li>• Utilize textile-related technology to develop medical devices that put less strain on the body, as well as cell culture substrates that facilitate regenerative medicine and drug discovery research, to thereby contribute to improvement in people's health and quality of life</li> </ul>	<ul style="list-style-type: none"> <li>• Hosting of community-friendly activities (events)</li> <li>• Hosting of the open-air Craft in Action exhibition</li> <li>• Operation of the Nikke Nursing Village comprehensive nursing care facility</li> <li>• Operation of licensed nursery centers, after-school day care centers, and bilingual kindergartens</li> <li>• Development, manufacture, and sales of medical devices that use bioabsorbable materials as a core technology</li> <li>• Development, manufacture, and sales of cell culture scaffolding materials utilizing fiber technology that contributes to iPS cell research and other endeavors</li> </ul>
<ul style="list-style-type: none"> <li>● Ensuring product safety</li> <li>● Stable supply of high-quality products</li> </ul>	Improve safety and security Value chain management	<ul style="list-style-type: none"> <li>• Undertake ongoing review and strengthening of our quality control system to provide satisfying products to customers</li> <li>• Ensure the safety of the products we provide to customers by establishing a system that enables identification of the origin and quality of raw materials</li> <li>• Provide a stable and ongoing supply of products by optimizing the value chain</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of a quality control system based on the ISO 9001 management system</li> <li>• Supply of products approved by third-party evaluation organizations in Japan</li> <li>• Construction of a system that allows traceability of raw materials to finished products</li> </ul>
<ul style="list-style-type: none"> <li>● Climate action</li> <li>● Addressing energy issues</li> <li>● Moving away from mass production and mass consumption</li> </ul>	Protect the environment Contribute to a sustainable global environment	<ul style="list-style-type: none"> <li>• Contribute to reducing environmental impact by researching, developing, and selling environmentally friendly products</li> <li>• Contribute to a circular economy by reusing products and using recycled materials</li> <li>• Provide renewable, clean energy through solar power generation</li> <li>• Undertake ongoing review and strengthening of our environmental protection system in recognition of the fact that protecting the global environment is our most important management issue</li> <li>• Carry out energy conservation measures in each business</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacture and sale of ADMIREX®, a high-performance filter bag that collects harmful substances in the air</li> <li>• Manufacture and sale of textile materials using an innovative spun yarn, Breeze®, which reduces the release of microplastics by approximately 75% at the time of being worn or washed</li> <li>• Research and commercialization of fiber technology using biomass materials</li> <li>• Research and commercialization of fiber-making technology using marine biodegradable materials</li> <li>• Establishment and utilization of recycled carbon fiber nonwoven fabric manufacturing technology</li> <li>• Recycling used uniforms through the Eco-ship and Eco-network projects</li> <li>• Establishing a system to recycle clothing into clothing</li> <li>• Utilization of recycled synthetic fibers</li> <li>• Contribution to the maintenance and strengthening of the textile product resource circulation system</li> <li>• Provision of renewable energy through solar power generation at Nikke Machinaka Power Plants and other facilities</li> <li>• Establishment of an environmental conservation system based on the ISO 14001 management system</li> <li>• Active and continuous investment in energy-saving equipment</li> </ul>
<ul style="list-style-type: none"> <li>● Ensuring thorough compliance</li> <li>● Respect for human rights</li> <li>● Promoting diversity and inclusion</li> <li>● Health and productivity management</li> </ul>	Strengthen business foundation	<ul style="list-style-type: none"> <li>• Put in place effective governance and take the initiative in disseminating and ingraining the Nikke Group Corporate Code of Ethics throughout the Nikke Group in recognition of the important role that practicing corporate ethics has for the Nikke Group</li> <li>• In accordance with the UN Guiding Principles on Business and Human Rights, support and respect internationally recognized human rights agreements and labor standards, strive to foster mutual understanding and respect so that no one is treated unfairly on the basis of race, sex, religion, gender identity, or disability, and strive to build a corporate group that is trusted by society</li> <li>• Seek out a wide range of human resources to bring together a diversity of knowledge that leads to business innovation</li> <li>• Aim to be a vibrant and energetic company and strive to maintain and improve the health of our employees (Nikke Health Declaration)</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of compliance training</li> <li>• Reading through the Nikke Group Corporate Ethics Handbook</li> <li>• Formulation, announcement, and internal dissemination of our human rights policy</li> <li>• Development of human rights due diligence initiatives</li> <li>• Announcement of the Nikke Group Declaration of Responsible Corporate Conduct</li> <li>• Employment unbiased by age, gender, race, ethnicity, etc.; creation and operation of a raise and promotion system</li> <li>• Support for balancing child rearing with work through the development of childcare leave and childcare reduced working hours systems that go beyond what is required by law</li> <li>• Abolition of employment type-based working conditions/disparities</li> <li>• Prevention of workplace accidents through thorough risk assessment and safety education</li> <li>• Application of the results of stress check, working hours, and annual paid leave utilization analyses to the improvement of work environments</li> <li>• Conducting health promotion seminars and other events</li> </ul>



## Trends in the Number of Consolidated Companies in the Nikke Group

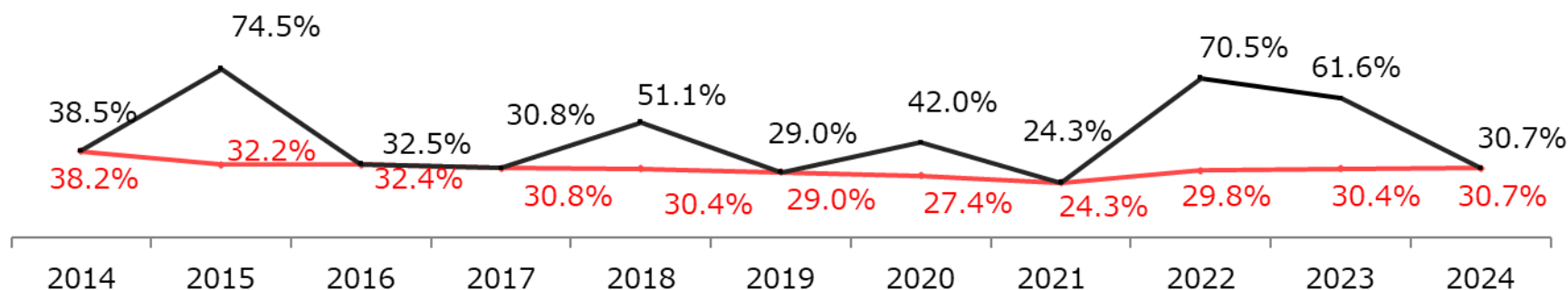


※Number of Nikke Group companies as of the end of November each year

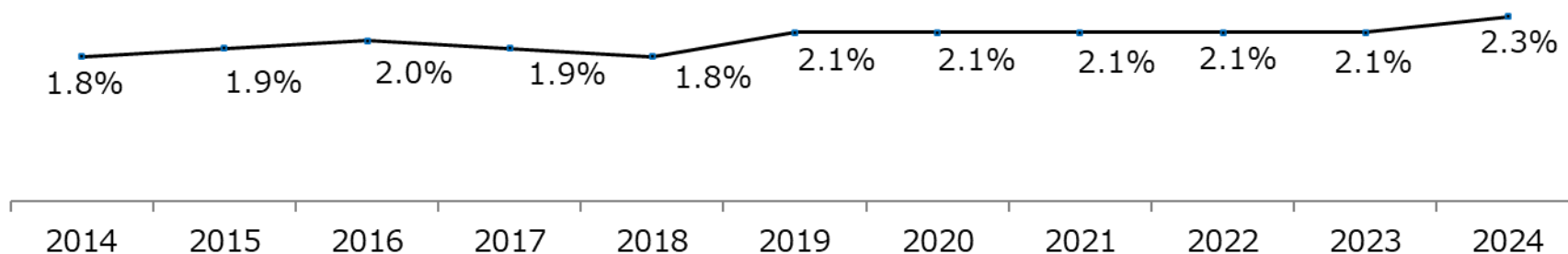


# Dividend Indicator

— Dividend Payout Ratio — Total Return Ratio



— DOE



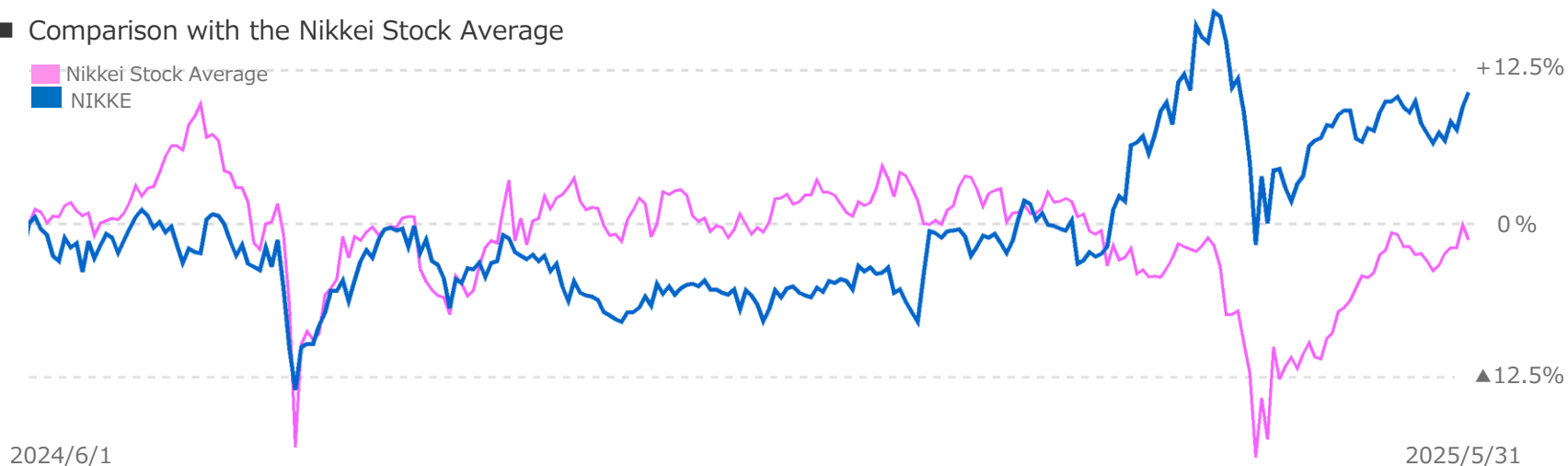


# Stock Price Chart (2024/6/1~2025/5/31)

## ■ Our Company Stock Price Chart



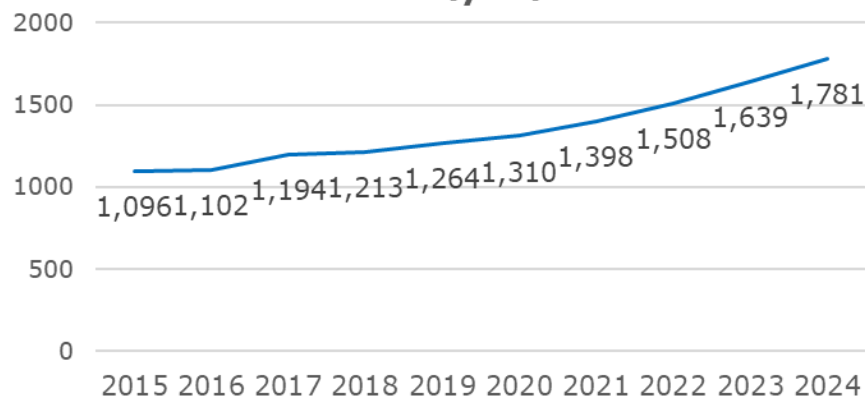
## ■ Comparison with the Nikkei Stock Average



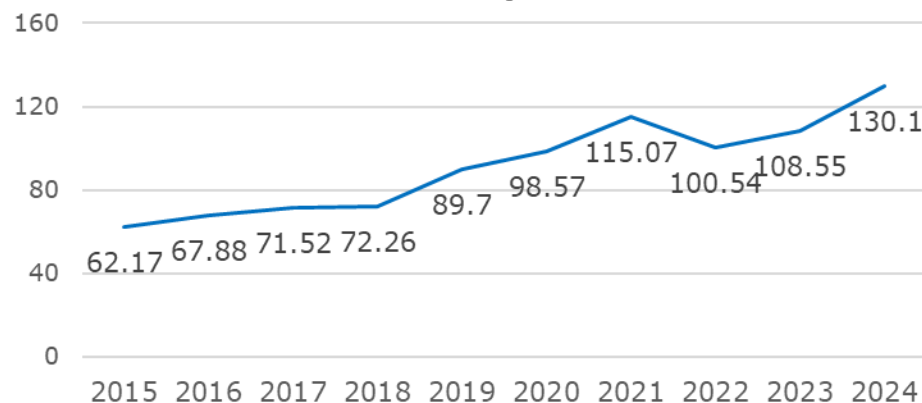


# ※Key Management Indicators①

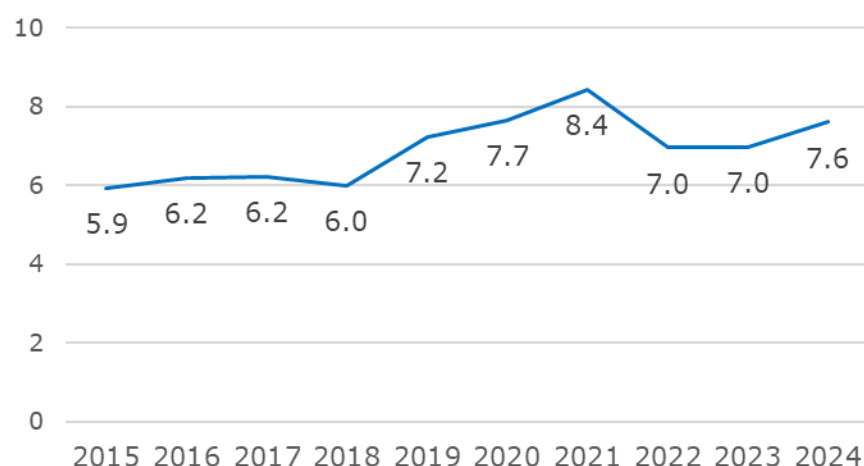
### BPS (yen)



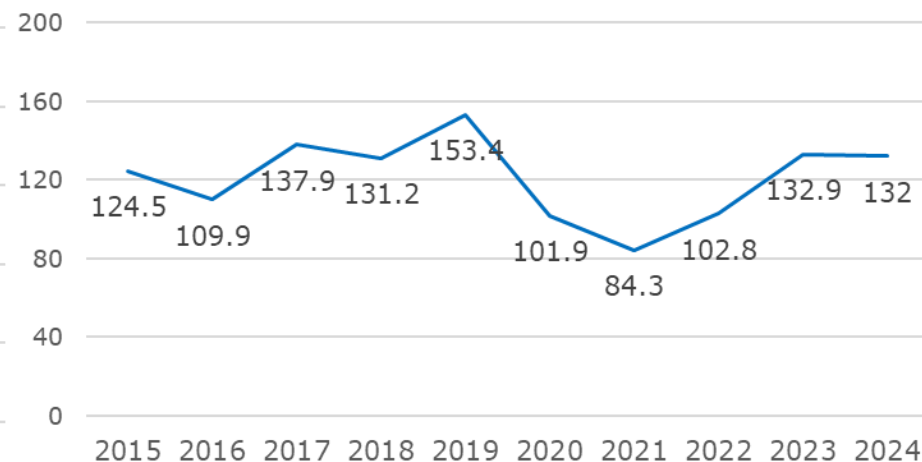
### EPS (yen)



### ROE (%)



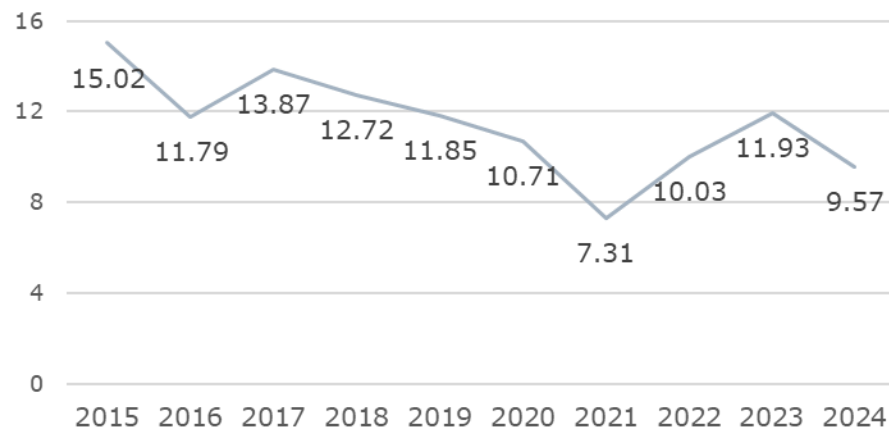
### TSR (%)



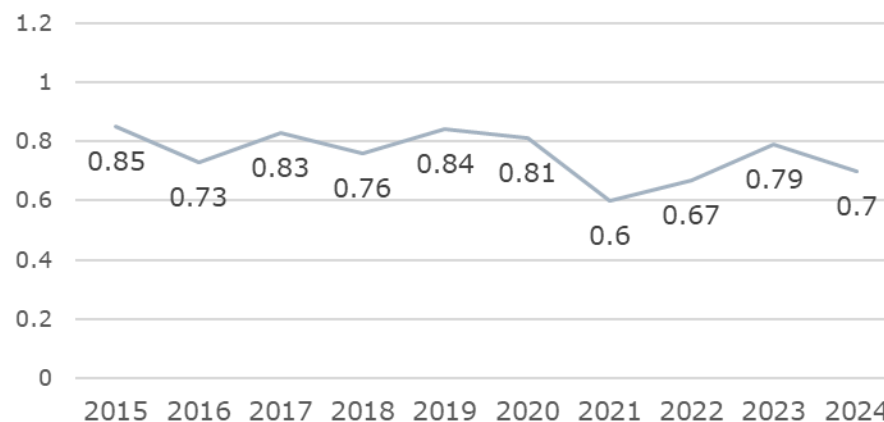


# ※Key Management Indicators②

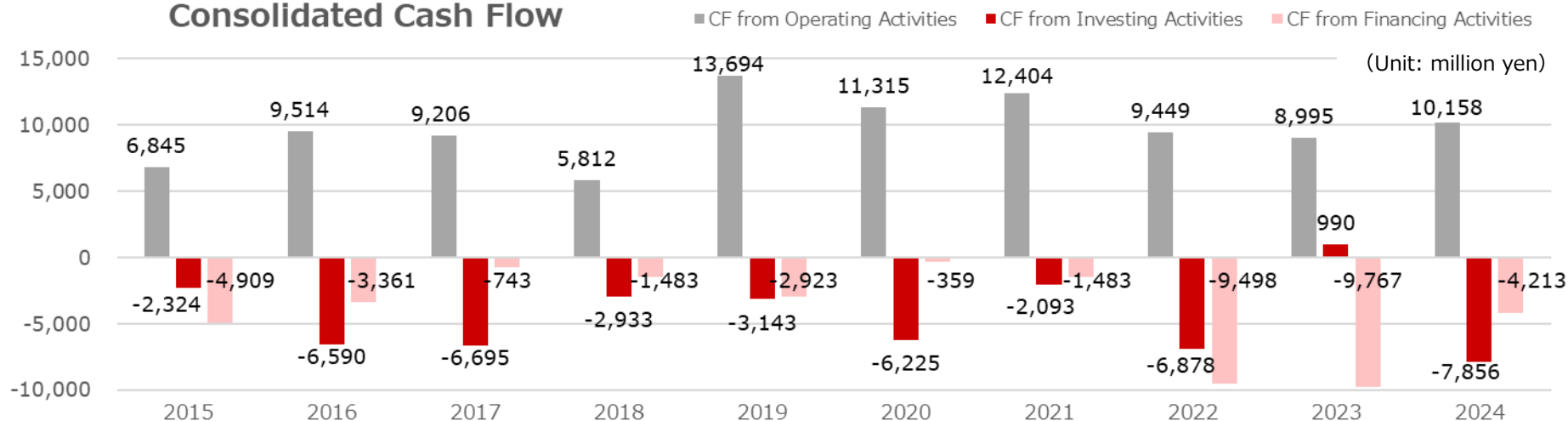
PER



PBR



Consolidated Cash Flow

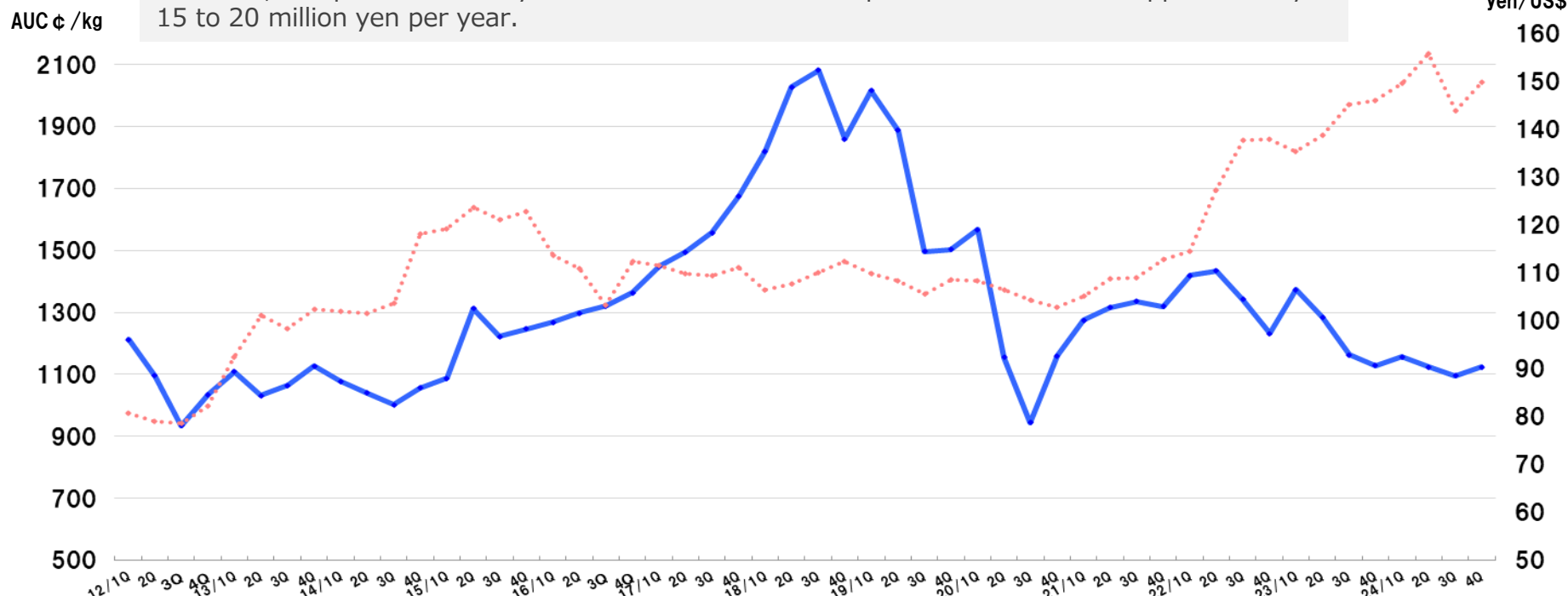




## ※Trends in Wool Raw Material Prices and Foreign Exchange Rates

**EMI (Australian Wool Eastern Market Price Indicator)****(Reference) Impact of Exchange Rates**

- In the Textile & Clothing Materials business, we import approximately 15 to 20 million USD worth of wool annually, which is our primary raw material.
- Due to forward exchange contracts and maintaining a certain level of inventory, current exchange rate fluctuations do not directly impact our financial performance for this fiscal year. However, a depreciation of 1 yen results in an increase in procurement costs of approximately 15 to 20 million yen per year.







Regarding the handling of this material

Statements regarding performance forecasts, forecasts, business plans, etc. in this material have been prepared based on information available as of the date of this financial results announcement, and do not guarantee future performance.