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Create the Future 140

Nikke Group Medium- to Long-Term Vision

CF140 Vision

January 15, 2026

NIKKE Group

NIKKE (THE JAPAN WOOL TEXTILE CO., LTD.)
Code number:3201(Tokyo Stock Exchange Prime Market)

I

Background to the Formulation of the Medium- to Long-Term Vision

Background to the Formulation of the Medium- to Long-Term Vision

It has been 10 years since the announcement of the RN (Renewal Nikke) 130 Vision, the Nikke Group's medium- to long-term vision. In that time, the business environment surrounding the Nikke Group has changed dramatically, with the level of uncertainty increasing even further.

In the midst of a rapidly changing business environment, the Nikke Group has made progress in improving the profitability of its existing businesses, expanding business through M&A, and building a foundation in which each business complements the others, with the result being current operating income consistently exceeding 10 billion yen and a significant improvement in profit margins. However, we recognize that growth in sales has been small and that the development of growth drivers has been delayed. Furthermore, although we have achieved results by positioning all businesses as "core businesses" and expanding and diversifying them, it has become difficult for people both inside and outside the Group to understand what it is that defines the Nikke Group. We also recognize that a lack of collaboration between business domains and the creation of synergistic effects is an issue.

While the business environment is expected to remain both challenging and changing, this is also a golden opportunity to forge a new path. Aiming to be a company that creates future lifestyles, the Nikke Group has returned to its roots and created the CF (Create the Future) 140 Vision medium- to long-term vision as a restructuring of itself in light of the following two points for its ideal vision for itself in 10 years' time.

The first is further clarification of what it is that all Nikke Group employees rely on. To increase our resilience and be able to respond flexibly to unexpected future environmental changes, we have evolved our corporate philosophy into one which is focused on PVV (purpose, vision, values). We aim to make all stakeholders, including our employees, happy by clarifying why we are in business, what kind of value we will create, and what challenge we will pursue. And, by instilling this in all Group employees, we will make our business more appealing and profitable.

The second point is a clarification about inter-business collaboration within the Nikke Group. By building a system for Group-wide action on each issue to ensure the sustained growth of the Nikke Group, we will create a Group in which each business takes on the challenge of becoming what it truly seeks to be, without compromising.

With this vision as our compass, the entire Group will come together to take on challenges with passion and pride, thereby overcoming an uncertain future and achieving sustained growth in our corporate value.

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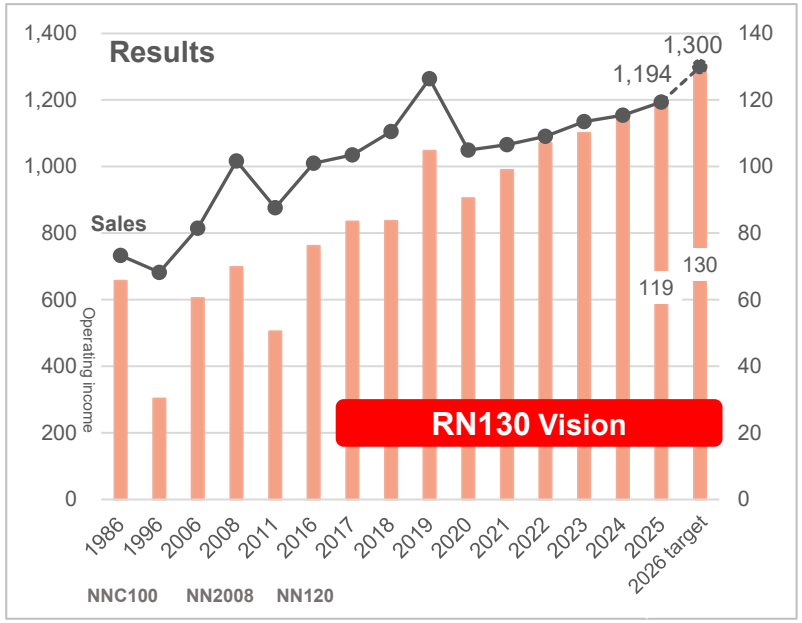
Summary of the Previous RN130 Medium- to Long-Term Vision



Achievements	Issues
● Improved productivity and labor savings in existing businesses	● Become a corporate group with sales of 200 billion yen
● Expanded business scale and acquired human resources through M&A	● Foster growth drivers (new businesses, overseas business, etc.)
● Established a complementary structure across four business domains (stabilizing profits)	● Research and development
● Reviewed business portfolio	● Invest in human resources
● Made structural improvements	● Improve ROE
● Increased asset value through development of real estate holdings	● Clarify the purpose of the Nikke Group
● Increased profitability (operating margin 10%)	● Collaboration between business domains and creating synergistic effects
● Made preparations for strengthening the nonwoven fabric business	

We have continued to see steady increases in sales and profits, achieving record highs, but we are still only halfway to becoming a corporate group with sales of 200 billion yen.

Although we have made progress in diversification and improved profitability through M&A, we recognize that we have lagged behind in developing growth drivers and fostering collaboration between business divisions.

While we will continue to focus on honing and growing each business, we also see this as a stage where we can combine the strengths of each. By leveraging the Nikke Group's distinctive advantages, we aim, through CF140, to become a corporate group that brings people together, as well as is chosen by them.

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II

Corporate Strategy Structure in the CF140 Vision

The Nikke Group's 130-Year History

For 130 years, the Nikke Group has continued to develop its textile business while also expanding into new fields and developing a diverse range of businesses characterized by "irodori."*

*Please refer to page 8.

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

1896
Founding

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 The 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 uniform business





1980–
Diversifying from the textile business; entering the commercial facility management business



Nikke Parktown (Kakogawa, Hyogo Prefecture)



Nikke Colton Plaza (Ichikawa, Chiba Prefecture)

2000–
M&As to support growth





2008
Adopting a six-division system and starting to use "Nikke" as our company moniker

2012
Adopting a four-division system



2018
Entering the medical field



Genocel® gelatin fiber substrate for cell cultures

2020–
Strengthening the nonwoven fabric business

2024–
Expanding the textile recycling project

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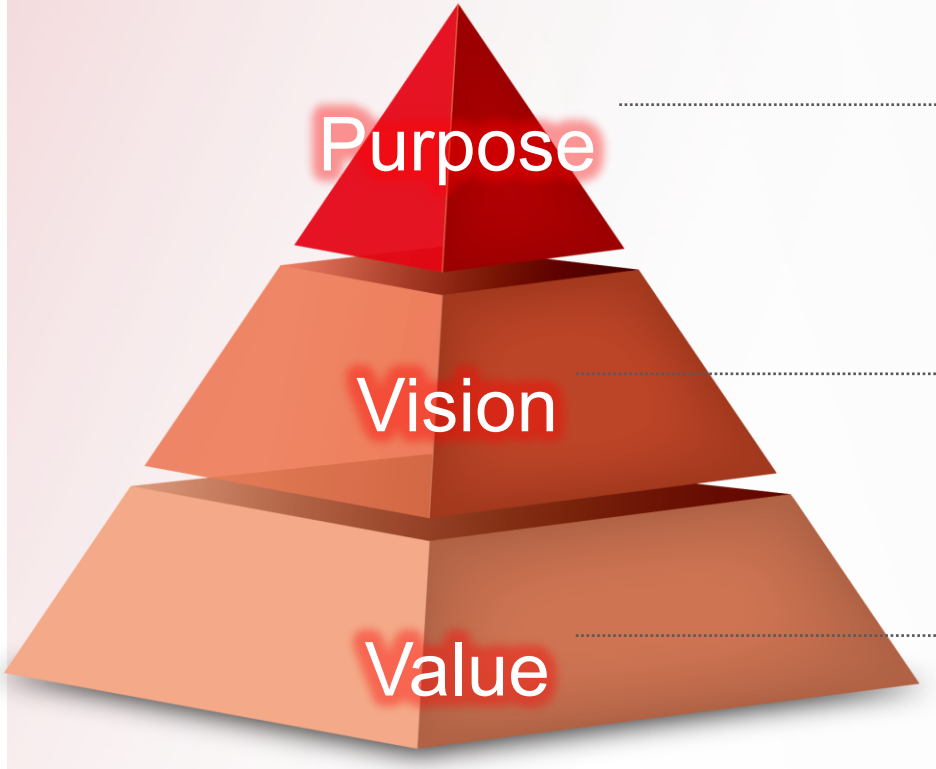
Nikke Group Corporate Philosophy Framework

Purpose

As a corporate group that is gentle and warm toward people and the planet, we will create “irodori” lifestyles.

In the CF140 Vision, we have restructured our purpose-centered corporate philosophy framework in order to clarify what it is that all Nikke Group employees rely on in aiming to make Nikke into a company that creates future lifestyles.



• Our reason for being • Why we do business	As a corporate group that is gentle and warm toward people and the planet, we will create “irodori” lifestyles.
• Our vision for ourselves • What value we will create	We aim to be a company that creates future lifestyles by providing high-performance products and high-quality services that embody outstanding technology and relentless innovation.
• Our values • Action guidelines that all employees can rely upon to realize our purpose and vision	• We contribute to the development of a sustainable society together with our global customers. • We engage in research and development of original products and services. • We maintain sincerity and high ethical standards and build relationships of trust with our diverse stakeholders. • We take on challenges with passion and pride to realize the vision we have for ourselves.

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About “irodori”

- “Irodori” is a Japanese word that represents the Nikke Group, which has its origins in wool textiles but is expanding into new fields and developing a diverse range of businesses.
- We aim to be a corporate group that creates “irodori” lifestyles across all aspects of people’s lives, from industrial infrastructure to daily necessities, health, and hobbies.
- “Irodori” implies adding color, diversity, fun, elegance, and splendor and also reflects the unique identity of each business.

Textile & Clothing Materials	A wide variety of materials and products (colors, patterns, textures, etc.)
Industrial Machinery & Materials	A variety of products that support industry
Human & Future Development	Childcare and sports (bright future), nursing care and sports (healthy, bright, and fun life), commercial facilities (glamor, fun)
Consumer Goods & Services	Diverse products and services
Medical related	Health, hope

- “Irodori” is one of the advantages of the Nikke Group, which is able to provide a wide variety of products and services. As each of our diverse businesses becomes stronger, we connect their strengths together.

“A company that creates future lifestyles”

- We aim to be a corporate group that creates future lifestyles by leveraging our Group’s advantages of outstanding technology grounded in long-standing tradition and new business development driven by innovation.
- A company that creates future lifestyles is one which delivers high-performance products and high-quality services, and this specific image of “a company that creates future lifestyles” is reflected in the vision for each business.

We take on challenges with passion and pride to realize the vision we have for ourselves.

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We aim to be a corporate group that creates “irodori” everywhere, from industrial infrastructure to daily necessities, health, and hobbies.



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Group Strategy: Basic Policy

Basic policy

We will put the Nikke Group in a uniquely advantaged position through our pursuit of outstanding technology and relentless innovation to deliver high-performance products and high-quality services.

1. We will expand our overseas business and use our development-related business to increase asset value.
2. We will further strengthen each business and will strengthen collaboration between business divisions in order to connect their strengths together.
3. As a foundation to support our business, we will strengthen our human resources investments, overseas bases, logistics bases, and sales channels (e.g., e-commerce) across business divisions.
4. We will tackle the challenge of becoming a corporate group that brings people together, as well as is chosen by them.

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Business domains

We believe that our four current business domains (Textile & Clothing Materials, Industrial Machinery & Materials, Human & Future Development, and Consumer Goods & Services) are the ones that can generate the most business value due to strategic alignment. As each business domain is still in the process of realizing the ideal of the RN130 Vision, we will continue to refine and grow each of them further. We will also continue to develop new businesses, such as those related to medical care.



Business domains and names are not fixed through the medium- to long-term vision but will instead be continually reviewed and revised as necessary from the perspective of the vision and strategy of each business domain, its progress, changes in the business environment and business content, and the value provided to customers.

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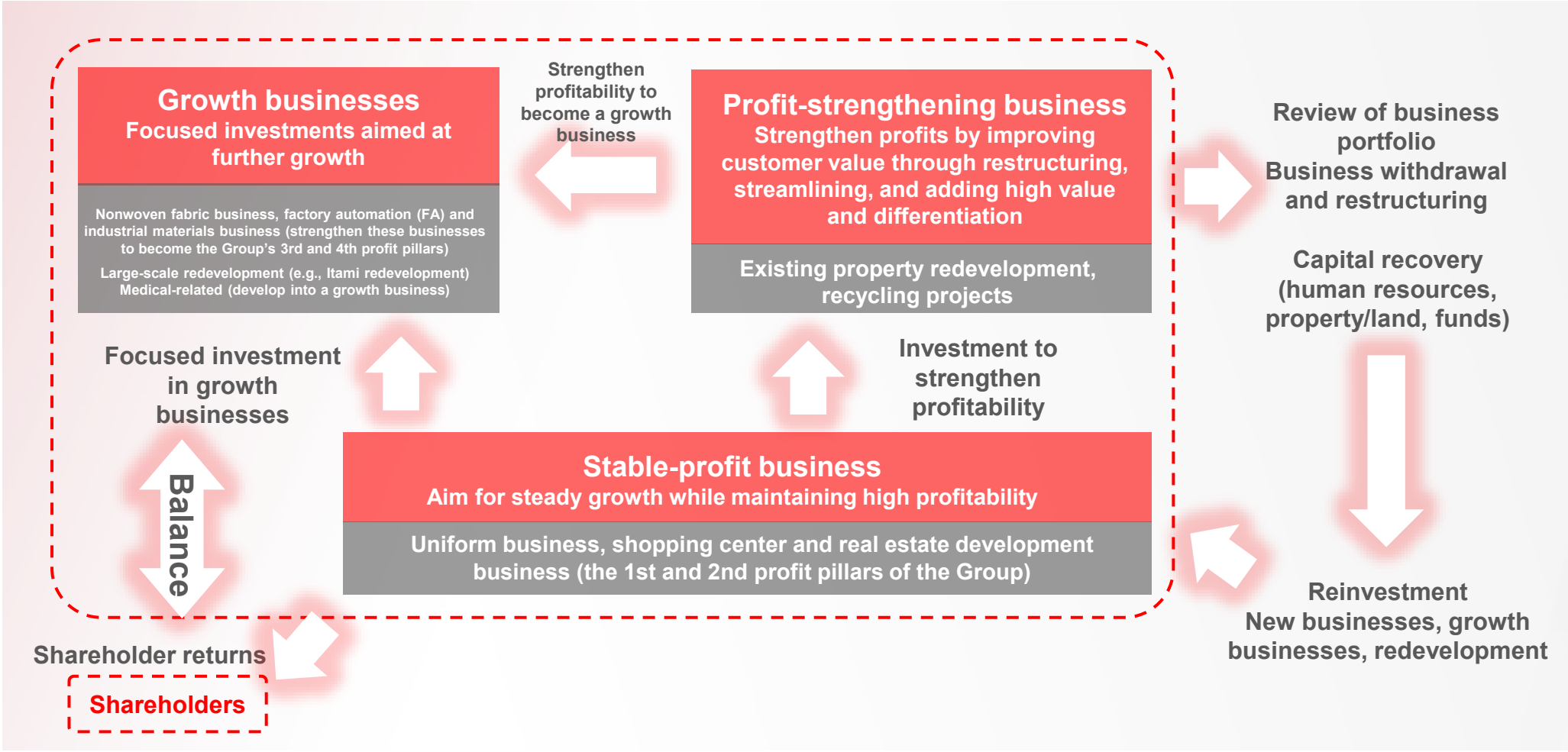
Building a business portfolio

We will assemble an optimal business portfolio by dividing each business domain and sub-segment into the following growth stages. With regard to the allocation of business resources, we aim to increase the value of the Group by prioritizing allocation to profitable businesses while taking into consideration the risks of concentrating resources in specific businesses.



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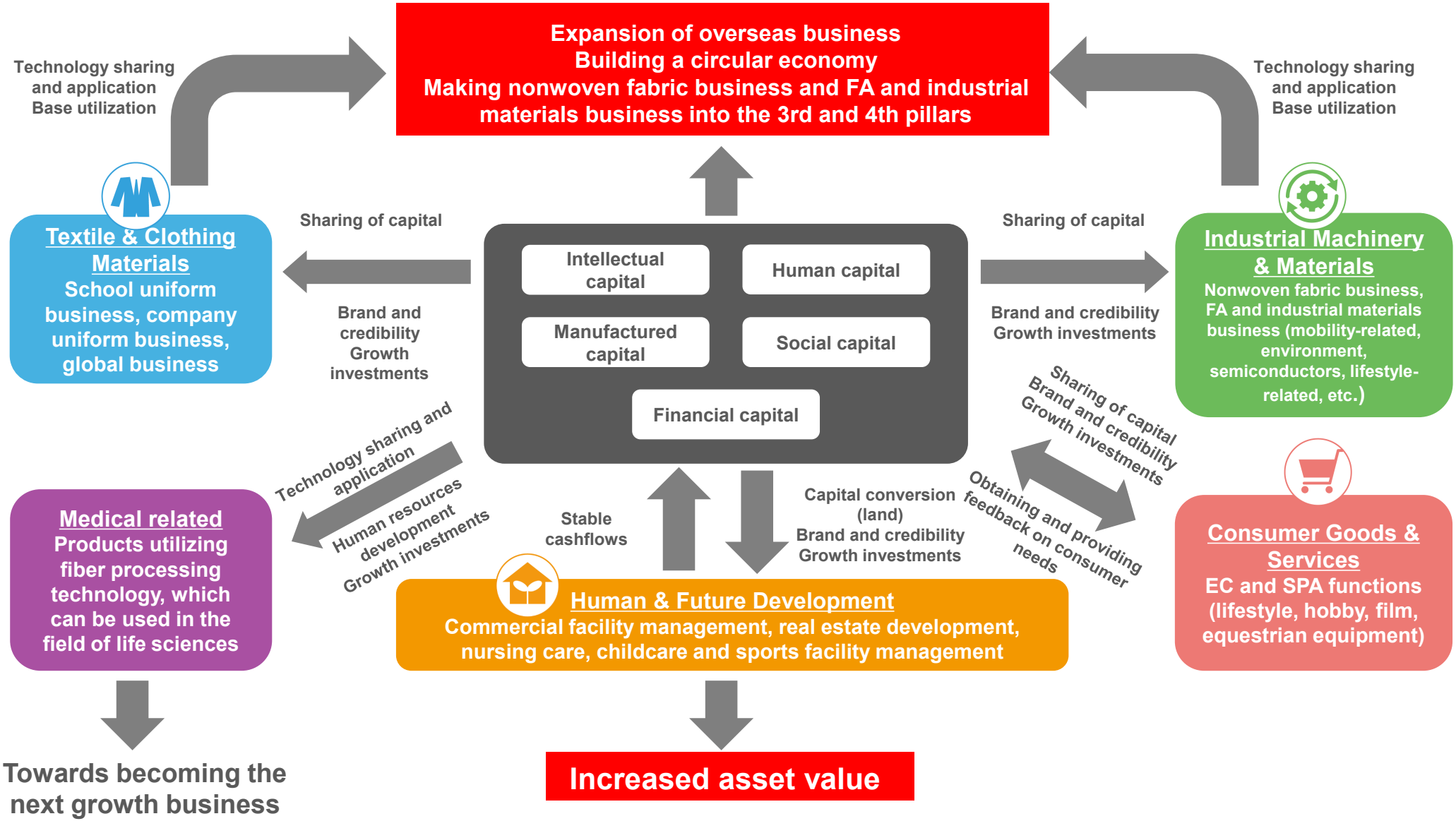
Group Strategy: Strengthening Group Synergy



We will allocate each capital to growth investments and share it within the Group, combining our strengths to tackle overlapping issues and common challenges.

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Addressing key company-wide issues via action across the Group

Purpose, Vision, Value (PVV)

Key company-wide issues and responses			Addressing issues via action across the Group
Human resources strategy	Active recruitment and environmental improvement Strategic human resources development for the future	Psychological safety improvement, diversity, ability development, empowerment, organizational structure optimization, career development support, engagement improvement	Textile & Clothing Materials / Industrial Machinery & Materials / Human & Future Development / Consumer Goods & Services / Medical related
R&D strategy	Ambidextrous research and development Solutions development Innovation development	Innovation through evolution of existing businesses Innovation through new business creation	
Environmental strategy	Accelerated efforts to reduce CO_2 emissions Realization of a circular economy Realization of a society in harmony with nature	50% reduction in CO_2 emissions by 2030 Carbon neutral by 2050 Implementation of circular recycling Response to TNFD (evaluation and disclosure)	
Overseas strategy	Strengthening of overseas human resources and sales channels Strengthening of the Nikke Group brand Establishment of bases and hiring of local personnel	Utilization of ready-to-use human resources and agents Renewal of company brochure and website Sharing of information and bases across the Group	
Distribution strategy	Clarification and maintenance of appropriate inventory Formulation and realization of a grand design Information sharing across the Group	Implementation of measures in each business (streamlining, cost reduction, service improvement) Awareness of cross-sectional collaboration across the entire Group	
Brand strategy	Implementation of branding activities by each business Company-wide branding focused on recruiting talent and supporting business strategies	Communication and ingraining of our purpose A sense of unity centered on people and the environment Stimulation of information dissemination within the Group	

Realization of our vision to be a company that creates future lifestyles
Become a corporate group that brings people together, as well as is chosen by them

Proper performance evaluation, an externally focused organizational structure, and stronger corporate governance

We will address key company-wide issues via action across the Group, transcending business boundaries.

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III

Strategies in Each Business Domain

Business Strategy: Textile & Clothing Materials

Description of business

Development, manufacture, and sale of high-performance materials and products utilizing fiber



School uniforms



NIKKE AXIO®



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

Purpose

Working with sincerity to make the world a more comfortable place

Vision

A globally recognized universal brand that brings comfort to people and the planet

Value

- **Commitment to authenticity (Sincerity)** — We are committed to authenticity, fueled by sincerity, commitment, and devotion
- **A focus on wants and needs (Market understanding)** — We look at our customers, the world, and ourselves, and do what only we can do
- **Creating harmony (Co-creation, coexistence)** — We care about others, value connections, and create harmony to generate synergy
- **Progressing every day (Challenge)** — We move forward, one small step at a time, supporting each other

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Business Strategy: Textile & Clothing Materials

Business strategy

- By creating products and experiences that capture the unseen needs of the market, we will contribute to the realization of a comfortable society and a prosperous, “irodori” future, and become a universal brand that delivers one-of-a-kind value.
- In our domestic business, we will actively transition from selling textiles to supplying final products by enhancing the value chain.
- In our global business, we will develop textiles, knit fabrics, and outdoor sports clothing for Europe, Asia, and North America and will sell those products, which are best suited to each region.
- By establishing a process for recycling clothing into clothing, along with an upcycling model, we will complete Nikke’s version of the circular economy model to realize a zero-waste manufacturing platform.

Specific business strategies

Maximize domestic profit and overseas growth

1. School uniforms

Maintain sales volume and increase profits despite the impact of a decline in student numbers in Japan
(Shift to supplying sewn products; establish a low-cost production system; increase awareness of Nikke and wool)

2. Business uniforms

Expand business scale by shifting to non-wool materials and sewn products, and by expanding rental and reuse functions
(Expand sales of Breeza® materials; increase OEM orders)

3. Global business

Build a value chain that takes into account the products that reach end users (Leverage synergy between wool and synthetic fibers; strengthen sales channels such as direct sales; implement proposal-based sales; expand sales in the outdoor sports market)

4. Manufacture

Install a worsted top-making line in our domestic mill to achieve improved quality, market differentiation in product development, and traceability; establish an integrated process from wool top-making to sewing

5. Research and development, marketing

Develop distinctive yarn; establish the WAONAS™ circular economy model

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Description of business

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



ADMIREX®



HIMELON®



Used clothing recycling facility



Badminton strings

Purpose

Hone our technical strength and drive to help build a sustainable future and contribute to society and the environment

Vision

Pursue genuine emotion and surprise, and provide innovative value to the world through outstanding manufacturing

Value

- We manufacture products with a focus on quality
- We challenge ourselves to create innovation accompanied by “irodori”
- We place importance social responsibility and ethics

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Business strategy

- We will develop and provide high-performance, high-value-added products and strive for sustained growth in businesses centered on mobility-related and environmental materials.
- To expand our business, we will build sales bases, production bases, and service networks overseas to increase profits.
- We will build a value chain within the Group, from non-woven fabric rolls to processed products, to improve the profitability of our nonwoven fabric business.
- We will work toward the realization of a circular economy through full-scale entry into the used clothing recycling business.
- We will review our value chain, including BCP, local production and consumption, and moving from outsourcing to in-house production due to aging of the external workforce, and will implement resilience management.

Specific business strategies

Pursue growth in mobility, the environment, and overseas markets

1. Nonwoven fabrics

- Expand profits to make the nonwoven fabric business the third pillar of the Nikke Group
- Restructure our domestic and overseas production systems and expand profits in the processed products business (Establish a “right product in the right place” production system and expand profits with “local production for local consumption” business)
- Expand construction and maintenance functions in addition to sewing functions

2. FA and industrial machinery

- Expand profits through the three pillars of automotive, batteries, and semiconductors
- Expand profits through sales of automation equipment and control devices, primarily for mobility

3. Racket sports related

- Expand market share by increasing badminton string production capacity

4. Expansion of overseas sales

- Expand nonwoven fabric processing and sales in North America
- Expand sales and production bases in Asia and ASEAN countries
- Expand overseas sales of badminton strings

5. Environment related

- Expand recycling facilities and develop upcycled products and applications
- Make the filter business profitable

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Business Strategy: Human & Future Development

Description of business

Provision of products and services and development of real estate — all of which are designed for all generations and contribute to the community


Yaesudori Fil Terrasse


Childcare business



Nikke Colton Plaza

Purpose

Look to the future and strive to enrich quality of life

Vision

Work closely with the local community to build a better future together

Value

- We provide places filled with smiles
- We provide communities where people can feel at ease
- We place importance on social responsibility and ethics

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Business strategy

- We will identify the latent needs of the local community and provide unique products and services that embody these needs to help realize a vibrant, prosperous, and happy future.
- We will focus on improving the efficiency of our real estate holdings and increasing their asset value.
- We will discover and develop new businesses that contribute to latent needs and the local community and will take on challenges in different industries.

Specific business strategies

Focus on improving the efficiency of our real estate holdings and increasing their asset value

1. Real estate

- Develop underutilized properties (e.g., Itami redevelopment)
- Increase the asset value of real estate holdings by redeveloping aging buildings and properties that have expired contracts
- Develop sites formerly occupied by aging buildings, company housing, etc.

2. Construction

- Improve profitability by strengthening each business of the Nikke Mirai Construction Group and streamlining operations

3. Shopping centers

- Increase profitability through effective renovations and tenant replacement at Nikke Colton Plaza and Nikke Parktown
- Expand shopping center-related business

4. Life value services

- Increase profits in the nursing care business (residential care, home care support, welfare equipment, etc.)
- Strengthen profitability in the sports business (utilize school management know-how, collaborate with schools and local governments, engage in new types of enterprise)
- Improve profitability in the childcare business

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Business Strategy: Consumer Goods & Services

Description of business

Planning and manufacture of products and services that add “irodori” to people’s lives, and provision of them to customers through optimal channels



Bedding



Stamps and ink



Equestrian equipment

Purpose

Based on the concept of comfort, convenience, safety, cleanliness, and health, develop and deliver “irodori’ products and services that are essential to daily life

Vision

Develop original, first-of-their-kind products that bring joy and “irodori” to customers’ lives

Value

Create new, valuable products and services that have customer satisfaction as the top priority

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Business Strategy: Consumer Goods & Services

Business strategy

- For the main products handled by our own businesses, we will complete everything within the Group, from planning and manufacturing (including fabless) to content production, advertising, and sales promotion, and we will build an SPA business entity that will expand the knowledge gained through B2C into B2B.
- We will strengthen e-commerce as a sales channel and work to expand overseas sales.
- With regard to logistics, the business division will centrally manage the warehouses and distribution networks currently dispersed among the various companies, thereby improving the quality of our services.

Specific business strategies

Plan and manufacture products that meet market needs and provide them through optimal channels

1. **Strengthening of existing businesses**
   In addition to planning and sales, move forward with the integration of dispersed logistics, businesses, and companies
2. **Construction of an SPA business entity**
   Build an SPA business entity within the Group that will capture customer feedback and market needs through the B2C channel and deliver products that utilize these to the wider world through the B2B channel, thereby acquiring a strong value chain and strengthening profitability
3. **Expansion of overseas sales**
   Strengthen sales by directly selling our original products and materials to large consumption and production areas, as well as by utilizing overseas e-commerce platforms and local distributors
4. **Sharing and optimizing of logistics bases**
   Reduce costs and improve service quality by consolidating logistics bases on a segment-by-segment basis and utilizing 3PL providers to drive optimization and efficiency

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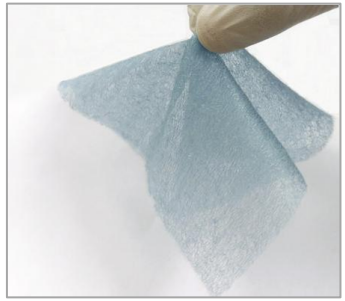
Business Strategy: Medical Related

Note: Medical-related business is currently classified as a growth business in the Group headquarters segment.
In CF140, we aim to expand the scale of the business and make it an independent business domain.

Description of business

- **Provision of high-quality products and services required in the medical field**
- **Development, manufacture, and sales of products utilizing fiber processing technology, which can be used in the field of life sciences, including regenerative medicine**


Genocel®


Pawdre®


Dome Port™

Purpose

Contribute to the development of medical care to create a more vibrant, “irodori” life for all people

Vision

Help to bring about a healthy and long-lived society

Value

Work closely with those on the front lines of medical care, supporting them through the creation and provision of value

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Business Strategy: Medical Related

Business strategy

- Business acceleration: To accelerate growth, we will pursue overseas expansion and collaboration with venture companies.
- We will design and provide products and services that facilitate medical care and, thereby, help bring about a healthy and long-lived society.
- We will contribute to the development of medical technology by meeting the needs of research institutions working to develop medical technology and solve problems, as well as by providing materials useful for research and other activities.
- We will provide economically rational products that are useful for hospital management.

Specific business strategies

Develop and expand sales of unique products utilizing the Nikke Group's fiber processing technology

1. Business acceleration

To accelerate growth, we will pursue overseas expansion and collaboration with venture companies.

2. Expanding sales of biocompatible materials

With biocompatible materials such as Genocel®, we aim to increase the product value for research applications by creating new value for our customers' research results and, thereby, become a niche market leader in the biomaterials field. In therapeutic applications, we will continue to release new products and become an essential corporate group for innovation in transforming the field of regenerative medicine into general medical care.

3. Diverse business development

The regenerative medicine field is a new market, and we will pursue it with a wide-ranging approach that makes use of four business models (1: sales of finished products of medical devices; 2: sales of medical components and materials; 3: sales of experimental reagents; and 4: sales of artificial tissues and organs to support drug discovery).

4. Contributing to medical practice and expanding market share by providing economically rational products

We will contribute to the realization of sustainable medical care by offering a wide range of high-quality products with excellent cost effectiveness. We will steadily gain market share by rolling out competitive products in overseas markets, particularly in Asia, where markets are expanding.

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IV

Demonstrating Comprehensive Group Strength

We will promote the CF140 human resources strategy in order to take on the challenge of achieving the ideal of CF140.

Ideal of CF140

A corporate group that brings people together, as well as is chosen by them

- **Active recruitment and environmental improvement**
- **Strategic human resources development for the future**

CF140 human resources strategy

1. Formulate human resources principles and vision for building the future, and promote group-wide sharing and solidarity
2. Promote open and active communication while ensuring psychological safety
3. Establish a culture that leverages diversity, and develop a strategic talent pool to lead the way in the future
4. Actively empower to enhance autonomy, and undertake flexible organizational design to maximize results
5. Provide career support focused on individual growth and challenges, and maximize engagement with the organization

Assessment of the business environment and current issues

- **Increasing difficulty in acquiring talent due to a declining birthrate, aging population, and significant decline in the working-age population**
- **Eliminating personnel shortages and imbalanced age distribution in all departments**
- **Improving personnel mobility within the Group and strengthening collaboration between departments**
- **Creating an environment that encourages taking on greater challenges**

CF140 human resources principles

- **We envision our ideal self and use challenges and learning to grow**
- **The Nikke Group provides an environment where diverse skills can be utilized and opportunities for growth**

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Human resources principles

We envision our ideal self and use challenges and learning to grow

The Nikke Group provides an environment where diverse skills can be utilized and opportunities for growth

Human resources vision

What is expected of a Nikke Group employee

1. Be someone who takes on challenges in order to grow
2. Be someone who has strong situational awareness and can adapt to changes in the environment
3. Be someone who can provide new value and invigorates the organization on an ongoing basis

Action plan

Active recruitment and environmental improvement

- Group-wide allocation of talent
- Actively hire global-minded human resources and foreign staff
- Establish an evaluation system that does not incorporate an overt fear of failure
- Conduct regular town hall meetings and open discussion forums
- Form cross-departmental working groups
- Promote Diversity, Equity and Inclusion
- Appoint Human Resource Business Partner

Strategic human resources development for the future

- Introduce a training program that emphasizes what-to-do thinking, long-term perspectives, and consensus-building skills
- Form teams and groups to support the taking on of challenges
- Strengthen the decision-making skills of middle management

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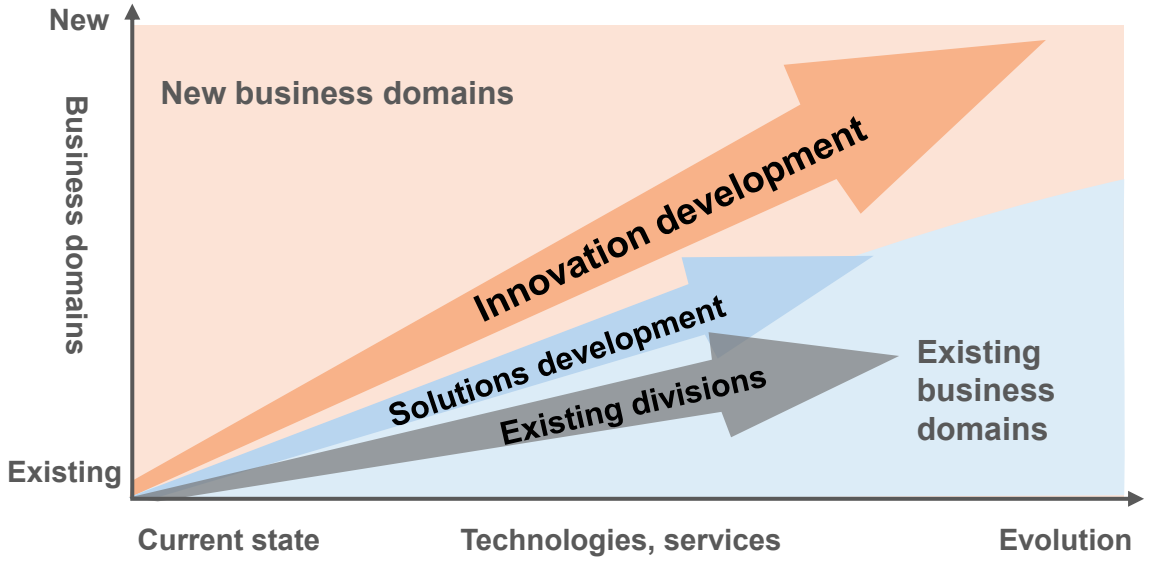
Ambidextrous research and development

By advancing business domain-specific growth and evolution alongside new business development, we will accelerate business transformation and drive sustained growth for the Nikke Group.

Solutions development	**Evolve existing businesses for future growth** (Transformation of existing business portfolios) We will identify future social issues and potential needs through dialogue between our R&D department and existing business divisions and will grow and evolve existing businesses through R&D aimed at solving these issues.
Innovation development	**Create new businesses that go beyond the framework of existing businesses** (Transformation of the Nikke Group's portfolio) We will keep our antenna tuned to social trends and will create new businesses through R&D aimed at the future we want to realize.



- Accelerate development by utilizing open innovation and investing in venture companies
- Pursue global research and development with an eye towards expanding into overseas markets
- Actively hire diverse human resources from both inside and outside the Nikke Group to build a highly creative organization

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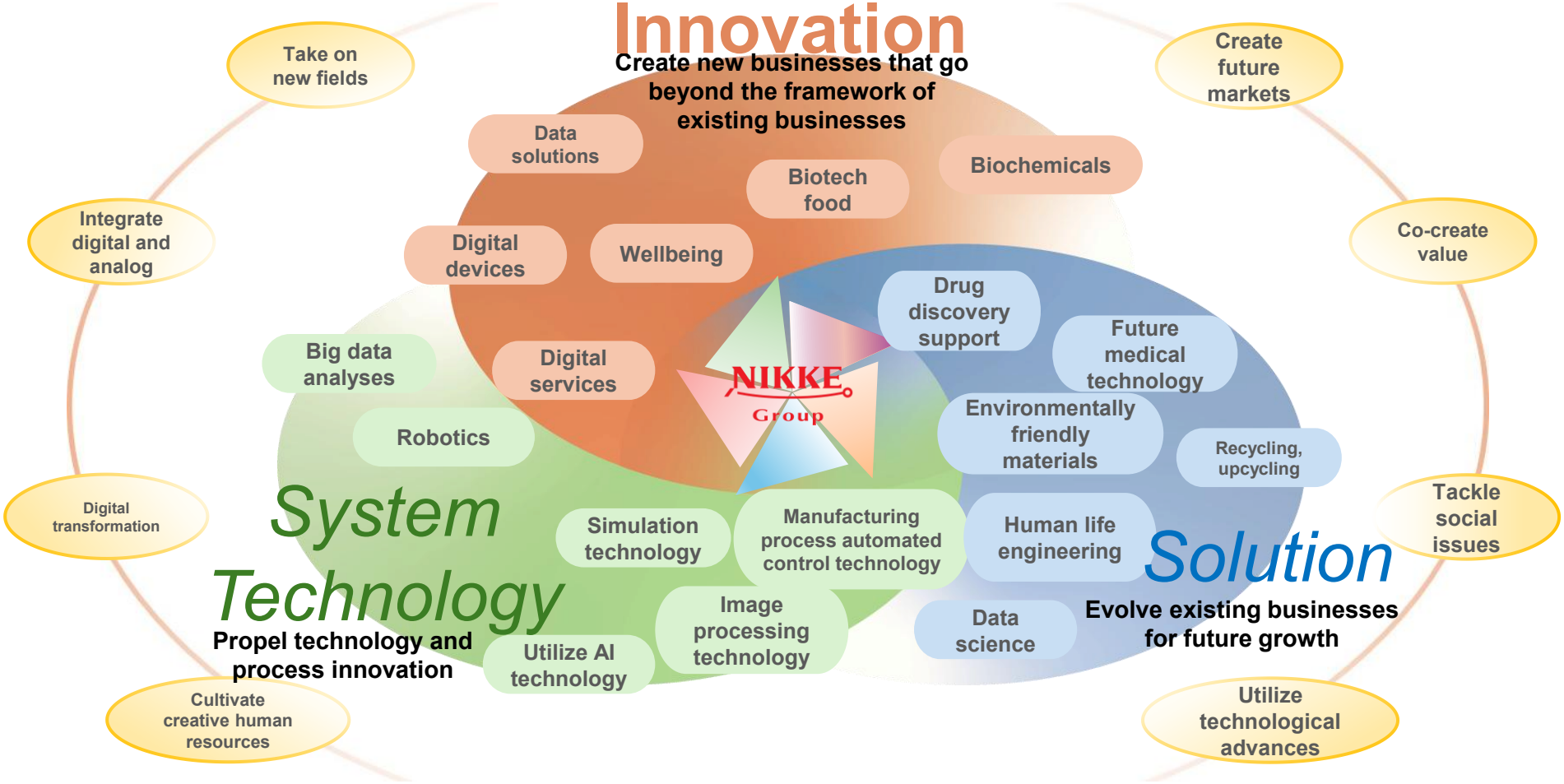
Research and development vision

Integrate diverse values and technologies and leverage creativity and innovation to design a prosperous future



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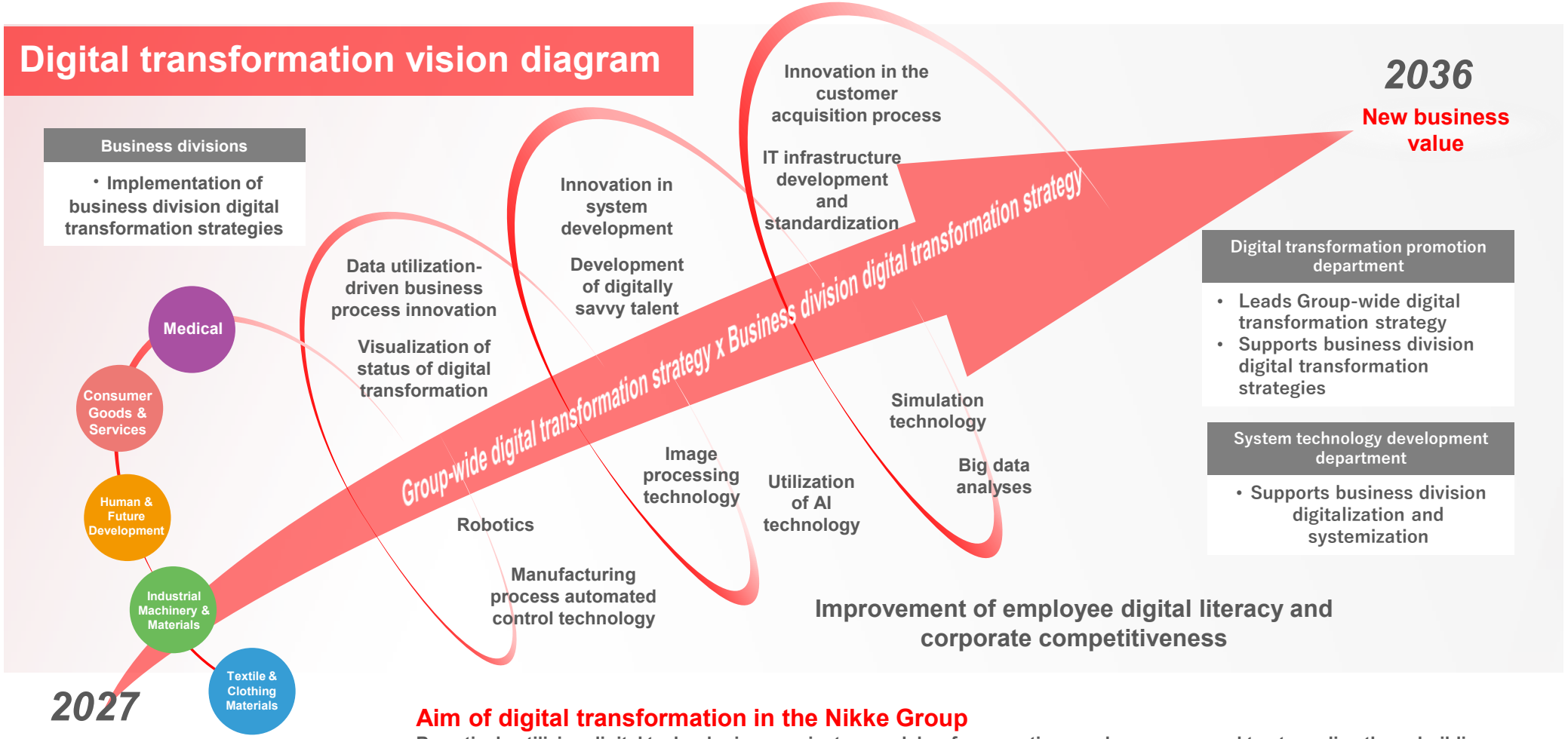
Digital transformation vision

Leverage evolving digital technologies to create new business value

Digital transformation vision diagram



Aim of digital transformation in the Nikke Group

By actively utilizing digital technologies, we aim to save labor for operations and processes and to streamline them, building a foundation that can flexibly respond to domestic labor shortages and overseas business expansion. In this way, we aim to create new business value and increase our corporate competitiveness.

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We prioritize environmental responsiveness as a source of increased corporate value and competitive advantage, and we are working to transition to a system that integrates environmental management into our business strategy. Under CF140, we will establish the foundation for environmental management and accelerate the implementation process.

Group environmental vision

We treat the well-being of the Earth as a core consideration when thinking of the future, and all our officers and employees work to realize a sustainable environment.

Environmental vision: Three pillars

1. Climate change
We aim to achieve carbon neutrality by reducing greenhouse gas emissions and utilizing green energy.

2. Resource circulation
We aim to help bring about a circular economy through the effective use and recycling of resources in our diverse businesses.

3. Coexistence with nature
Through business activities that take biodiversity and water resources into consideration, as well as through the development of environmentally friendly products, we aim to bring about a society that coexists with nature.



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Climate change

- Regarding CO_2 emissions, we aim to be carbon neutral by 2050.
- By realizing a sustainable business structure that maximizes the use of renewable energy and recycled resources over the CF140 period, we aim to achieve a 50% reduction* by 2030.
  *Compared to 2018

Resource circulation, coexistence with nature

- We will work on resource circulation across the entire Group, including implementing circular recycling through collaboration between the Industrial Machinery & Materials business and the Textile & Clothing Materials business.
- We will set targets for recycled material usage and recycling rates and will publicly share our progress.
- Through LCA/CFP calculations and analysis, we will identify and improve factors that hinder resource circulation throughout the supply chain.
- In line with the TNFD (Taskforce on Nature-related Financial Disclosures), we will evaluate and disclose the mutual impacts of our business activities on the natural environment and make ongoing improvements.



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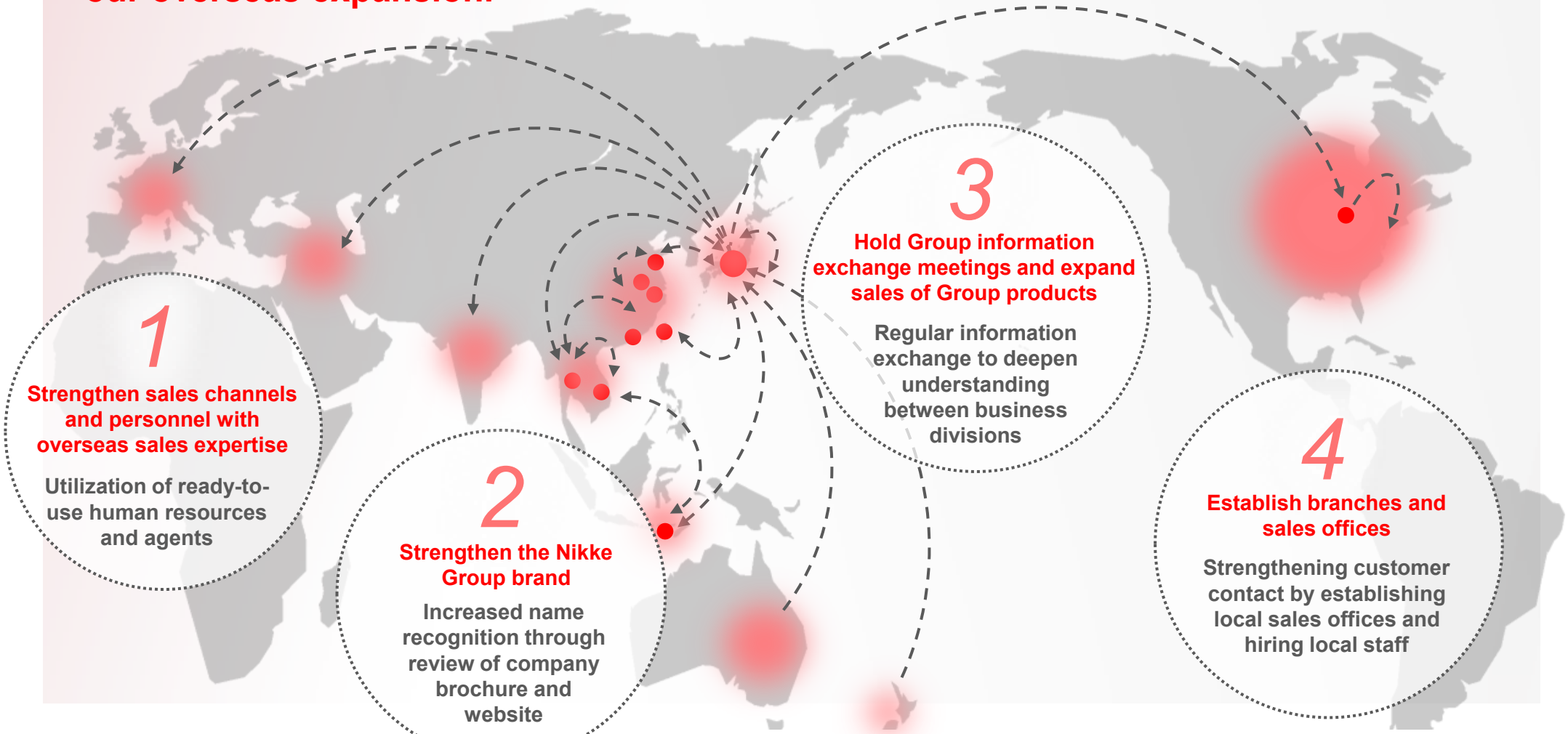
Amidst a declining domestic population and shrinking market, we believe that expanding our overseas business is essential for the sustained growth of the Nikke Group. We will implement cross-divisional measures to further accelerate our overseas expansion.



1
Strengthen sales channels and personnel with overseas sales expertise

Utilization of ready-to-use human resources and agents

2
Strengthen the Nikke Group brand

Increased name recognition through review of company brochure and website

3
Hold Group information exchange meetings and expand sales of Group products

Regular information exchange to deepen understanding between business divisions

4
Establish branches and sales offices

Strengthening customer contact by establishing local sales offices and hiring local staff

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Management indicators

- We will continue to use simple, easy-to-understand indicators and will develop them further.
- In order to address future personnel shortages, we will also emphasize labor productivity indicators.

○Profitability
Operating margin, ROE, ROIC

○Efficiency
CCC (cash conversion cycle: focus on accounts receivable, inventory, etc.)

○Growth potential
Sales, operating income, ordinary income, net income

○Productivity
Labor productivity index (set according to business characteristics)

Investment criteria

- We will continue to apply existing metrics (ROIC, goodwill payback period), while also making decisions based on multiple perspectives, including business-specific criteria and investment objectives.
- Exit decisions will cover both loss-making businesses and those with declining profitability or efficiency.

○Capital investment
ROIC target 8%, minimum 5%

○M&A investment
ROIC target 8%, minimum 5%
We make it a condition that the assessed value of goodwill is set at not more than five times the target company's operating income.

Note: Target rates will be reviewed in light of the business environment.

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Capital Policy, Shareholder Returns

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

Growth investments

R&D investment
M&A investment
Capital investment
Human resource investment...etc.

Shareholder returns

Sustained increase in dividend levels in line with profit levels
Comprehensive enhancement of shareholder returns, including share buybacks

Aiming for balance

- With regard to capital policy, we will aim to balance growth investments with stable shareholder returns.
- With regard to growth investments, we will actively invest in research and development, M&A, plant and equipment, and human resources from the perspective of improving corporate value over the medium to long term.
- With regard to shareholder returns, our basic policy is to continuously raise dividend levels in line with profit levels, and we will enhance comprehensive shareholder returns, including share buybacks.

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V

Nikke Group in 10 Years

CF140

The CF140 vision aims to improve medium- to long-term corporate value by redefining the direction, corporate identity, and business strategy that the Nikke Group will pursue over the next 10 years.

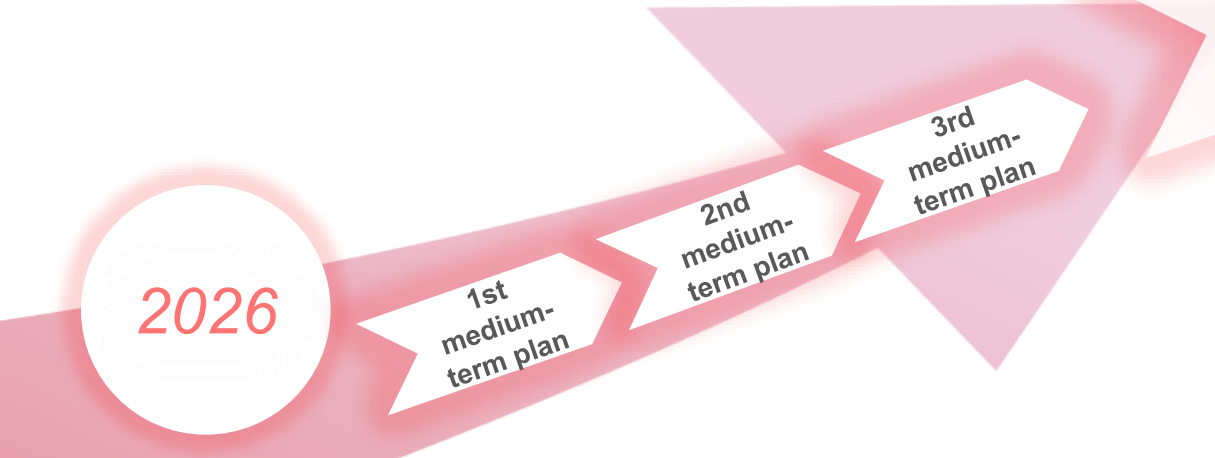
To realize this vision, we are working on the formulation of the CF140 1st medium-term business plan, positioned as phase 1 and starting in fiscal 2027.

2036

The Nikke Group is a diverse business entity unified by a desire to—as a company that creates future lifestyles—

become a corporate group that brings people together, as well as is chosen by them

Become a corporate group with sales of 200 billion yen



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Creating future lifestyles

NIKKE Group

The forecasts and business plans in this document are based on information available at the time of preparation and on what are considered reasonable expectations. As such, actual results may differ due to changes in the business environment surrounding the Nikke Group or other unpredictable factors.

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