Consolidated Financial Results Second Quarter, 2026

July 15, 2026

TSE Prime Market 3201

Second Quarter Highlights for the Fiscal Year Ending November 2026

NIKKE Group

Net sales increased year on year, and all profit lines below operating profit also improved year on year.

Net sales:	¥59.71 billion (up 1.9% year on year)
Operating profit:	¥5.59 billion (up 13.6% year on year)
Ordinary profit:	¥6.15 billion (up 12.8% year on year)
Profit attributable to owners of parent:	¥4.51 billion (up 27.4% year on year)

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1. Results for the Second Quarter of FY2026

Overview of Consolidated Results

(Unit: million yen)	Actual		Year-on-year		2026.7.15 forecast progress
	FY2025 Q2	FY2026 Q2	Change	%	progress
Net sales	58,612	**59,710**	1,098	1.9%	**45.9%**
Operating profit	4,920	**5,590**	670	13.6%	**43.0%**
Operating margin	8.4%	**9.4%**	1.0pt	-	**-**
Ordinary profit	5,461	**6,158**	697	12.8%	**46.0%**
Extraordinary Gains and Losses	-148	**603**	752	-	**-**
Profit attributable to owners of parent	3,543	**4,512**	969	27.4%	**47.5%**

- ✓ Net sales increased, mainly reflecting the consolidation of Kako Technos into the Industrial Machinery & Materials business from the beginning of the fiscal year.
- ✓ Operating profit rose despite the continued impact of excess inventories of school uniforms in distribution channels in the Textile & Clothing Materials business, due to the consolidation effect of Kako Technos and the full-scale earnings contribution from Yaesu-dori Fil Terrace in the Human & Future Development business.

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Segment Results

(Unit: million yen)

		Actual		Year-on-year	
		FY2025 Q2	FY2026 Q2	Change	%
Textile & Clothing Materials	Net Sales	13,785	**13,682**	-103	-0.7%
	Operating Profit	443	**280**	-163	-36.8%
	Operating margin	3.2%	**2.0%**	-1.2pt	-
Industrial Machinery & Materials	Net Sales	17,587	**19,623**	2,036	11.6%
	Operating Profit	1,206	**1,458**	252	20.9%
	Operating margin	6.9%	**7.4%**	0.6pt	-
Human & Future Development	Net Sales	13,096	**12,882**	-214	-1.6%
	Operating Profit	3,357	**3,878**	521	15.5%
	Operating margin	25.6%	**30.1%**	4.5pt	-
Consumer Goods & Services	Net Sales	12,147	**11,198**	-949	-7.8%
	Operating Profit	583	**560**	-23	-3.8%
	Operating margin	4.8%	**5.0%**	0.2pt	-
Others	Net Sales	1,995	**2,323**	328	16.4%
	Operating Profit	-669	**-588**	81	-
TOTAL	Net Sales	58,612	**59,710**	1,098	1.9%
	Operating Profit	4,920	**5,590**	670	13.6%
	Operating margin	8.4%	**9.4%**	1.0pt	-

Textile & Clothing Materials

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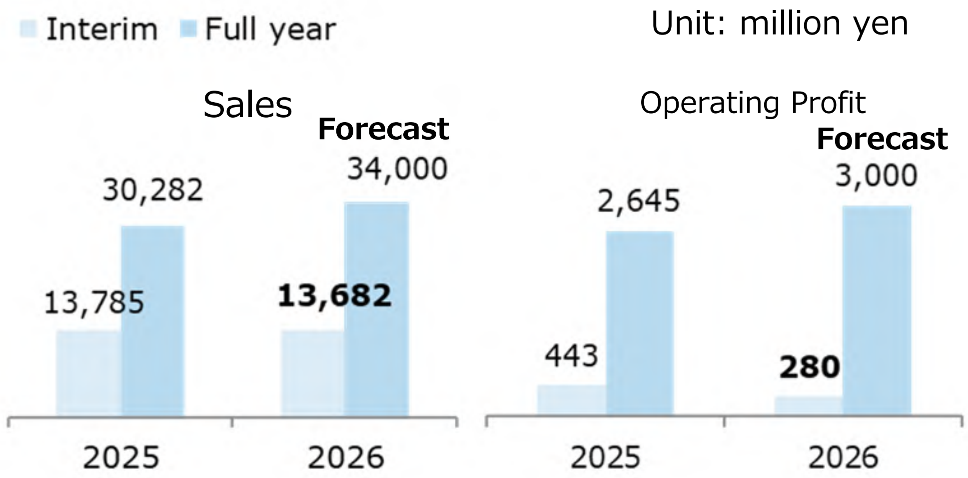
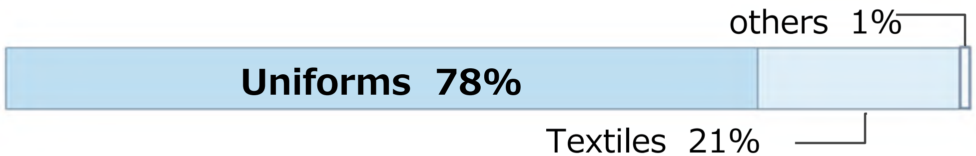
Net Sales 13,682 YoY −0.7%

Operating Profit 280 YoY −36.8%



Sales Composition by Subsegment



Uniforms: Uniform materials for schools, uniform materials for private companies, uniform materials for government offices

Textiles: Clothing materials, knit products, yarn sales and knitted fabrics

- ✓ Sales of uniform materials for schools decreased due to continued excess inventories in distribution channels from the previous fiscal year.
- ✓ Sales of uniform materials for government offices increased, supported by steady demand from police agencies and strong demand from other government offices.
- ✓ Sales of uniform materials for private companies increased, reflecting several large contracts.
- ✓ Sales of clothing materials declined in Japan, but exports to Europe and the United States grew, resulting in higher overall sales.
- ✓ Yarn sales and knitted fabrics recorded lower sales, while sales of finished products increased.

Industrial Machinery & Materials

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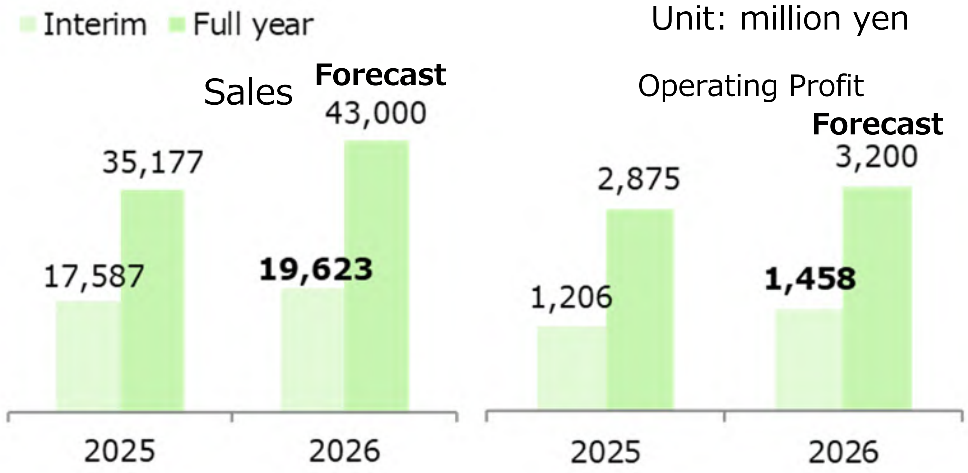
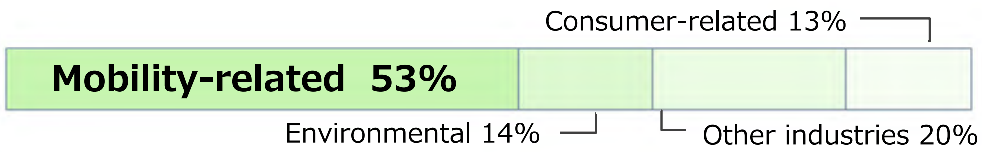
Net Sales 19,623 YoY +11.6%

Operating Profit 1,458 YoY +20.9%



Sales Composition by Subsegment



Mobility-related : FA equipment (for in-vehicle electrical components, etc.) / materials for vehicles / control equipment for railway applications

Environmental : Filter-related materials

Other industries : OA materials and materials for home appliances / semiconductor-related products

Consumer-related : Racket sports related / fishing related / materials for musical instruments / hygiene materials

- ✓ In mobility-related operations, sales in the FA equipment business were roughly in line with the same period of the previous year. Sales of non-woven fabrics and other materials for vehicles increased. Sales of thread for airbags and related products also rose, supported by more inquiries from customers. In addition, Kako Technos, which was newly consolidated from this fiscal year, contributed to mobility-related earnings.
- ✓ In the Environmental field, sales declined due to sluggish demand for filters.
- ✓ Sales of OA materials and other industrial materials decreased, while sales of semiconductor-related equipment and image inspection equipment increased.
- ✓ Racket sports related products performed steadily.

Human & Future Development

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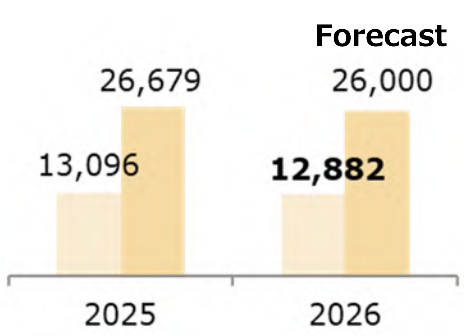
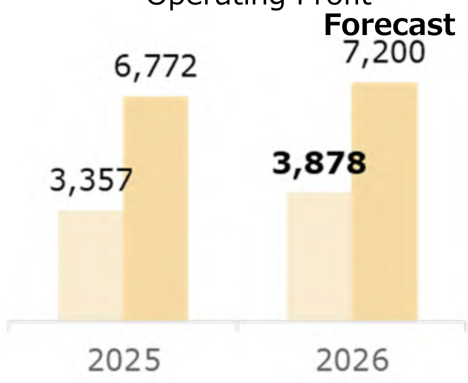
Net Sales 12,882 YoY **−1.6%**

Operating Profit 3,878 YoY **+15.5%**

Unit: million yen





Sales Composition by Subsegment

Real estate development 37% | Commercial facility management 21% | Lifestyle support 31% | Communications and new services 11%

Real estate development: Real estate leasing, sales of solar energy, construction business

Commercial facility management: Commercial facility management

Lifestyle support: Childcare, nursing care, sports related

Communications and new services: Communications (mobile phones)

- ✓ Sales in Commercial facility management decreased due to changes in contract arrangements with certain tenants.
- ✓ In Real estate leasing, sales increased, supported by earnings contributions from YAESUDORI FIL TERRASSE.
- ✓ In the construction business, sales increased as projects were completed as planned, despite continued rises in construction material and labor costs.
- ✓ Sales in Childcare decreased due to the closure of certain facilities, while nursing care revenue was roughly in line with the same period of the previous year.
- ✓ In the Communications and new services field, we exited the business in April 2026 in light of profitability and business risk considerations.

Consumer Goods & Services

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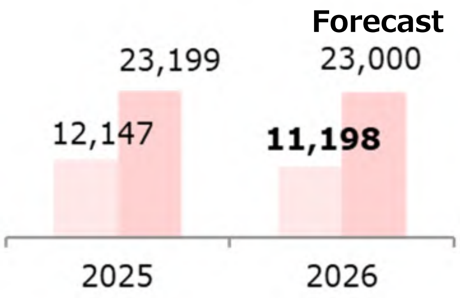
Net Sales 11,198 YoY **−7.8%**

Operating Profit 560 YoY **−3.8%**

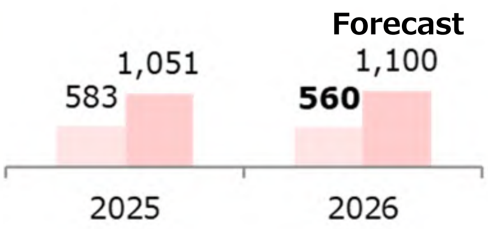
Interim

Unit: million yen

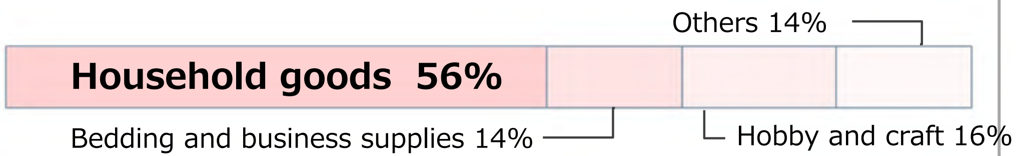
Sales



Operating Profit



Sales Composition by Subsegment



Bedding and business supplies : Bedding/Airline blankets/Disaster supply blankets

Household goods : Lifestyle appliances and miscellaneous goods/Goods for 100-yen shops/Furniture/Privacy filters for tablets and laptops

Hobby and craft : Stamping ink and stamps/Equestrian equipment/Knitting yarn

Others : Container sales/Insurance agency

- ✓ Sales of Bedding decreased as we continued to streamline and downsize unprofitable products.
- ✓ Sales of Lifestyle appliances exceeded the same period of the previous year, supported by successful seasonal sales campaigns.
- ✓ In film-related products, sales increased, driven by strong demand for films used in school tablets and game consoles.
- ✓ Sales of stamps declined as core products underperformed, and sales of stamping ink also decreased due to weak domestic demand.
- ✓ Sales of horse riding goods increased, partly reflecting the impact of price revisions.
- ✓ In Container sales, lower order volumes led to a decline in sales.

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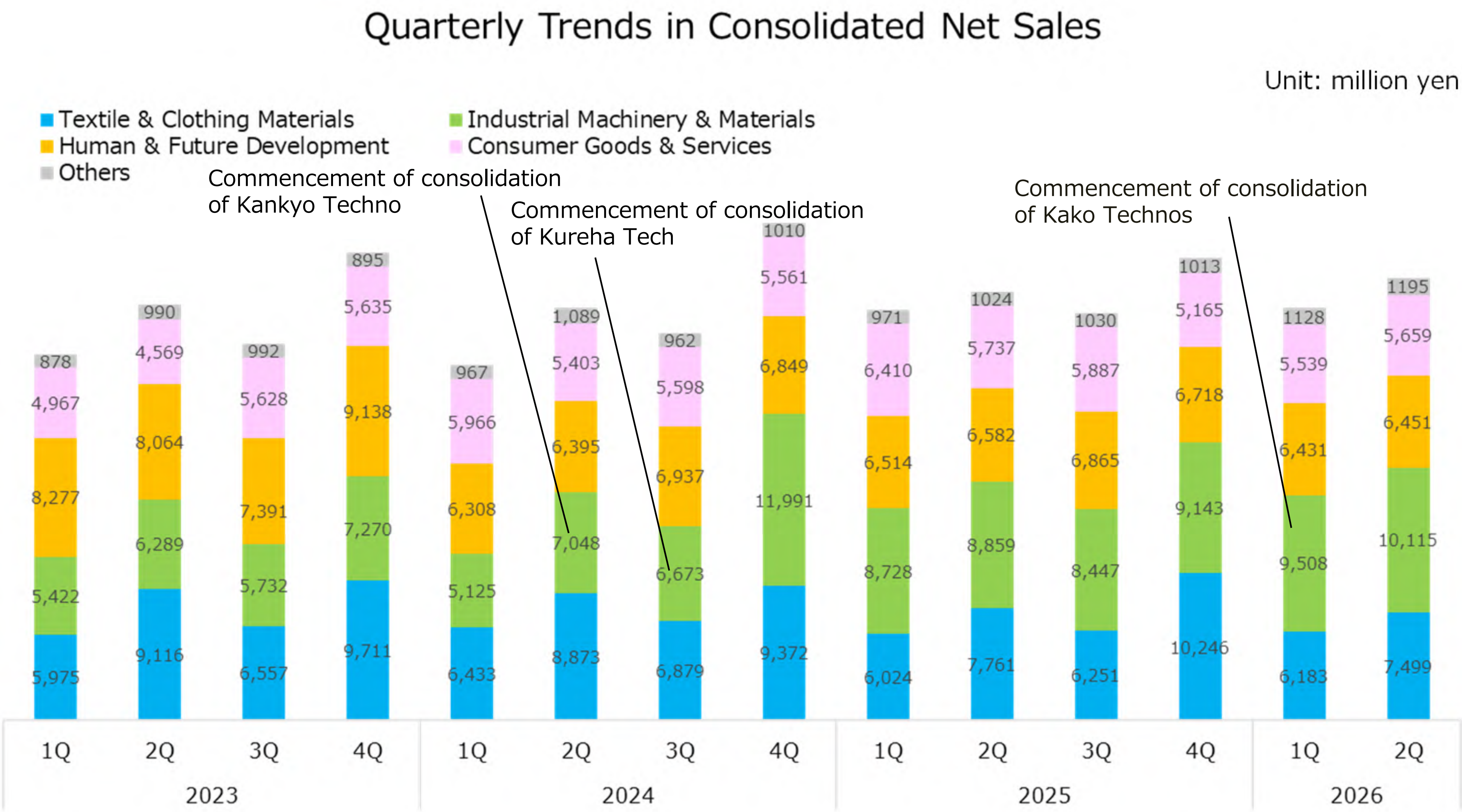
Quarterly Sales Trends by Segment



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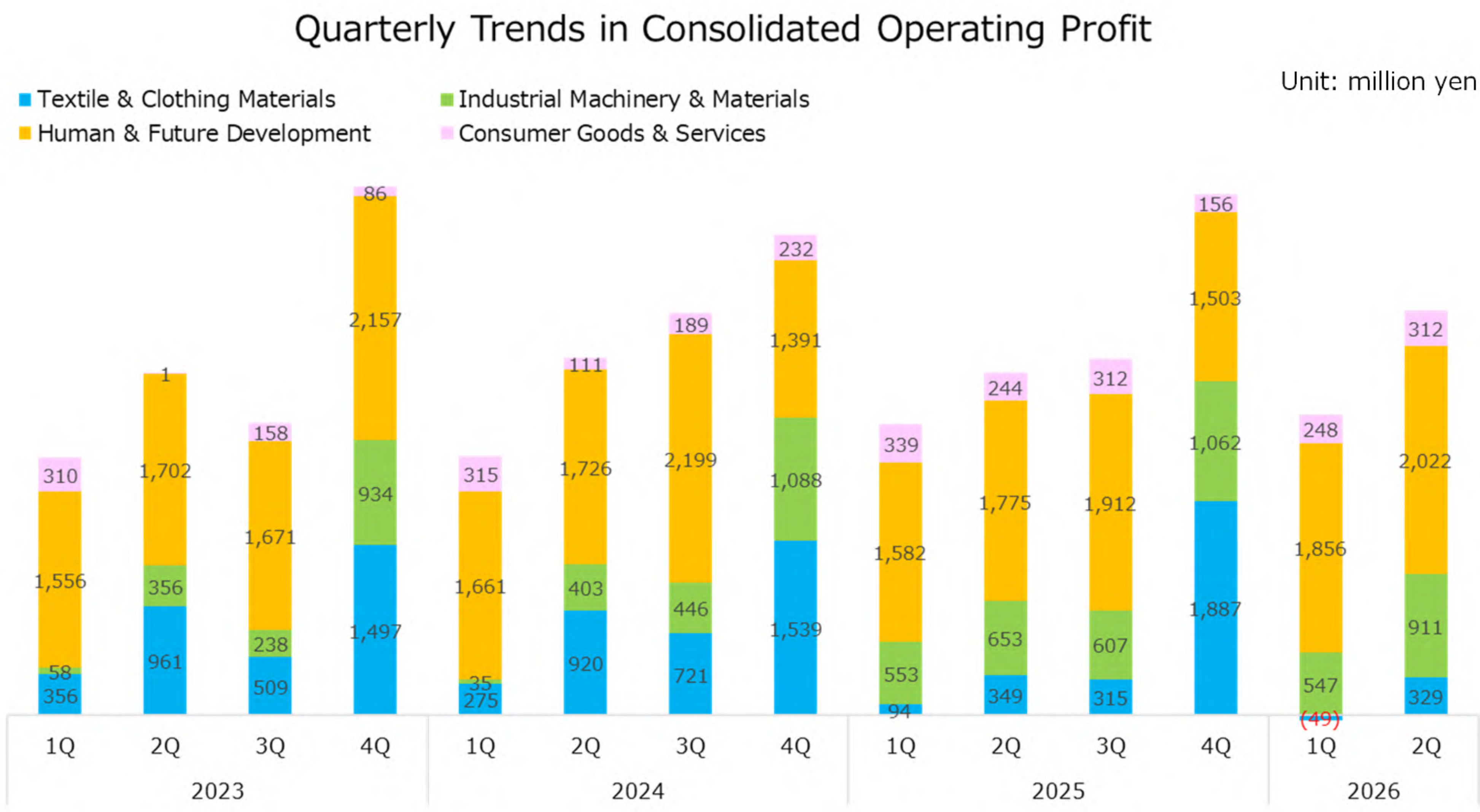
Quarterly Trends in Operating Profit by Segment



※Excluding Other and Adjustment Amounts

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Consolidated Balance Sheet／Cash Flow Statement

(Unit: million yen)

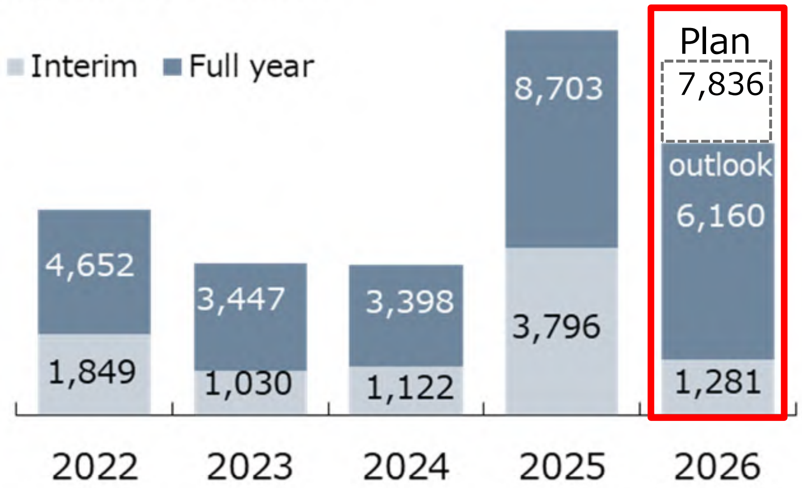
Consolidated Balance Sheet	End-Nov. 2025	End-May. 2026 2Q	Change
Current assets	92,689	91,517	-1,172
Non-current assets	97,067	103,809	6,742
Total assets	189,756	195,326	5,570
Current liabilities	35,433	34,472	-961
Long-term liabilities	22,170	25,183	3,013
Total Liabilities	57,603	59,655	2,051
Shareholders’ equity	113,712	112,464	-1,248
Accumulated other comprehensive income	17,942	22,933	4,991
Noncontrolling interests	498	274	-224
Net assets	132,152	135,671	3,518

Consolidated Cash Flow Statement	FY2025 2Q	FY2026 2Q	Change
Cash flow from operating activities	6,848	9,690	2,842
Cash flow from investing activities	-3,619	-2,741	877
Cash flow from financing activities	429	-5,529	-5,959
Cash and cash equivalents at end of period	37,015	34,116	-2,898

Capital investment／Depreciation expense

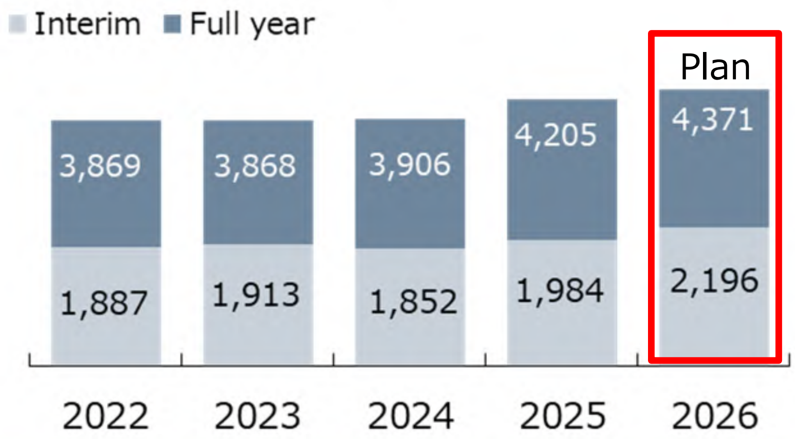
Capital investment

(Unit: million yen)



Depreciation expense

(Unit: million yen)



FY2026 Capital Investment Outlook

Major Capital Investments	Plan	Outlook
Real estate redevelopment-related	about ¥1.32 billion	about ¥1.32 billion
Textile & Clothing Materials reclaimed fiber and spinning equipment (NEDO-related)	about ¥0.83 billion	about ¥0.59 billion
Core system for the Textile & Clothing Materials business	about ¥0.57 billion	about ¥0.68 billion
Non-woven fabrics and felt-related equipment	about ¥1.81 billion	about ¥1.28 billion

- ✓ For FY2026, we initially planned capital investments of approximately ¥7.8 billion. Actual investments totaled about ¥1.3 billion through the second quarter, and full-year investments are now expected to be around ¥6.2 billion.
- ✓ We undertake capital investments only after carefully assessing whether they meet our investment efficiency criteria. Large projects, such as real estate redevelopment, are progressing largely in line with plan.

Key Initiative 1

Establishing a Top-Making Process at the Gifu Plant

NIKKE Group

Strengthening competitiveness in overseas markets through a fully integrated production system in Japan **Scheduled start of operation: March 2027**

We have decided to introduce a top-making process*1 at the Nikke Gifu Plant (Kakamigahara City, Gifu Prefecture) with the aim of maximizing product value and enhancing the international competitiveness of Japan's wool textile industry in overseas markets.

■ Background and Key Issues: Supply Chain Review

・Mitigate risks associated with overseas procurement of raw materials. We currently depen wool tops, which are essential for spinning.
・Respond to rising global standards. There is an urgent need to strengthen compliance wit traceability, human rights, and environmental protection.

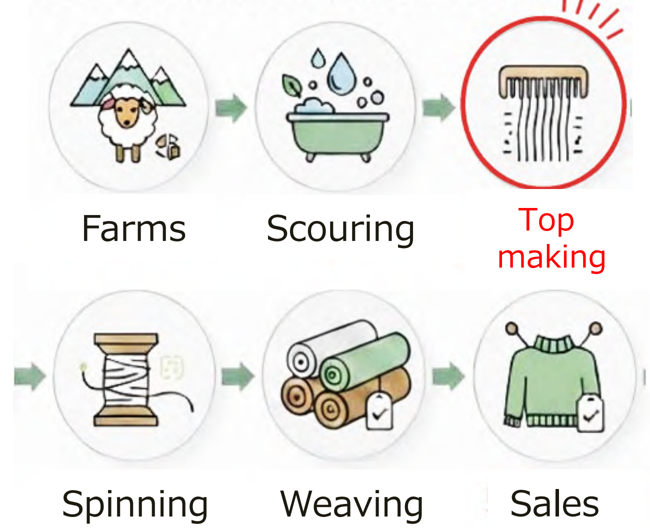
■ Objectives of building an integrated domestic production system

Strengthen competitiveness through high-quality Japan-made wool
・Reduce the risk of raw material deterioration caused by moisture fluctuations during overseas transportation.
・Supply high-quality products to overseas markets, including Europe, by using premium wool tops.

Enhance traceability
・Procure raw wool from designated farms by wool type, enabling farm-level traceability.
・Wash wool only at designated plants in Australia and New Zealand that meet our quality standards.

Reduce environmental impact through state-of-the-art equipment
・We expect to reduce CO_2 emissions by approximately 20%*2 through the introduction of the latest machinery and equipment.

Wool Textile Production Process

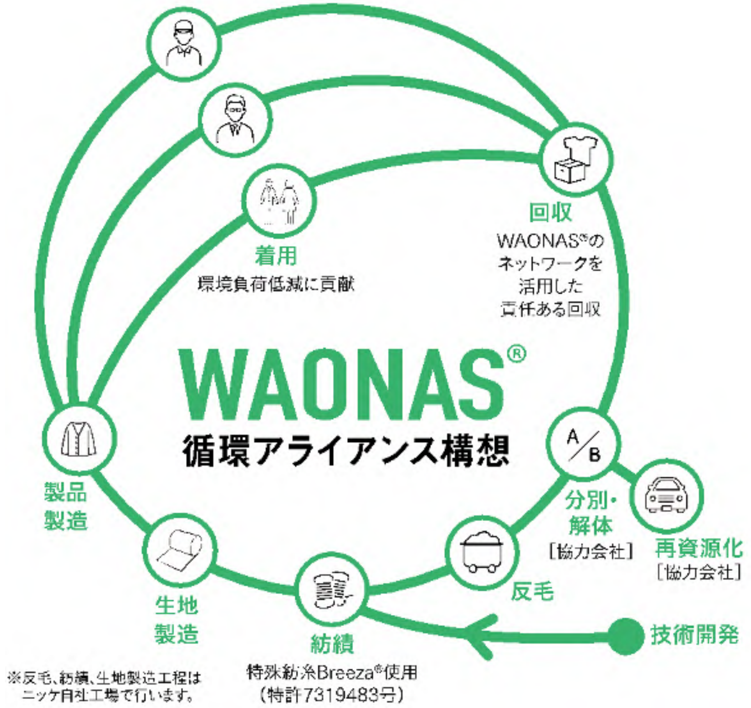


*1 "Top-making process" refers to the preparatory stage in which raw wool is combed mechanically to align the fibers and produce high-quality wool tops, which serve as the base material for spinning yarn.
*2 Compared with the period when we previously produced wool tops domestically at our company.

Key Initiative 2

Promoting the WAONAS Circular Project

Through collaboration with municipalities, schools, and infrastructure companies, we are accelerating "clothes-to-clothes" recycling of wool-blend garments under the WAONAS circular project. By doing so, we aim to contribute in concrete ways to decarbonization and the realization of a circular society from both regional and industrial perspectives.



WAONAS – New initiatives

Partnership with Kasuga City, Fukuoka Prefecture

春日市 Kasuga City × NIKKE Group

In partnership with Kasuga City, we are gradually promoting the collection and recycling of used uniforms from public junior high schools. Collection is scheduled to begin in March 2026, followed by a phased transition to new uniforms from April 2027.

Partnership with the Keisei Group

KEISEI GROUP × NIKKE Group

In partnership with the Keisei Group, we are also gradually promoting the collection and recycling of used uniforms. Recycled raw materials will be partially used in new uniforms for four of the Group's bus operating companies.

【WAONAS Circular Alliance Concept】

This business concept seeks to co-create clothing circulation by collecting used garments from companies, schools, and other organizations, and leveraging the cooperation of Nikke and other Group companies involved in distribution and manufacturing. By building a circular network, we aim to diversify and mitigate risks related to fluctuations in collection volumes and quality, while advancing stable, high-quality recycling initiatives through technology sharing.

2.Forecast for FY2026

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Recognition of the business environment

Textile & Clothing Materials	・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. ・Conversely, the global apparel market is anticipated to grow, making it essential to focus on expanding into overseas markets. ・Amidst the declining conditions of domestic wool textile production clusters, the Nikke Group needs to leverage its integrated domestic production capabilities to restructure its value chain. ・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. ・There is a risk that developments in the Middle East could lead to sharp increases in certain raw material prices and higher energy costs.
Industrial Machinery & Materials	・The automotive sector is influenced by U.S. tariff policies and market conditions in China. ・The environmental sector is experiencing a global expansion of business opportunities due to the strengthening of environmental regulations. ・The home appliance and office automation (OA) sectors anticipate growth in overseas markets. ・The expansion of sustainability-conscious markets, such as the recycling business, is expected. ・There is a risk that developments in the Middle East could lead to sharp increases in certain raw material prices and higher energy costs.
Human & Future Development	・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. ・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. ・There is a risk that Middle East developments could result in higher prices and procurement difficulties for construction materials, potentially causing delays in construction projects.
Consumer Goods & Services	・The e-commerce market is expected to continue growing due to its convenience. ・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. ・There is a risk that developments in the Middle East could trigger sharp price increases in certain purchased products.

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Impact of Developments in the Middle East

Although there is a risk of being affected by higher raw material and energy costs, we estimate that the impact on operating profit for the current fiscal year will be limited to an approximately ¥150 million reduction.

	Major Expected Impacts	Key Measures	Estimated Impact on Earnings for the Current Fiscal Year *
Textile & Clothing Materials	・Sharp increases in polyester prices, a key raw material for uniform fabrics ・Higher logistics costs at factories, increases in dyestuff and chemical prices, energy costs, and auxiliary materials, etc.	・Early procurement of raw materials ・Cost reduction through manufacturing rationalization and promotion of energy-saving and labor-saving initiatives ・Passing cost increases on to product prices, etc.	**Minus ¥20 million**
Industrial Machinery & Materials	・Sharp increases in polyester prices, a key raw material for non-woven fabrics and felt ・Higher logistics costs at factories, increases in dyestuff and chemical prices, energy costs, and auxiliary materials, etc.	・Early procurement of raw materials ・Cost reduction through manufacturing rationalization and promotion of energy-saving and labor-saving initiatives ・Passing cost increases on to product prices, etc.	**Minus ¥70 million**
Human & Future Development	・Rising prices and procurement difficulties for construction materials, leading to delays in construction projects ・Higher utility (electricity and fuel) costs at various facilities, etc.	・Early ordering of construction materials and adjustment of construction schedules ・Price negotiations with business partners, etc.	**Minus ¥10 million**
Consumer Goods & Services	・Sharp price increases in certain purchased products ・Declines in sales due to consumers refraining from purchases of non-essential, non-urgent goods, etc.	・Early ordering ・Passing cost increases on to product prices, etc.	**Minus ¥50 million**

※ Approximate impact amount already reflected in the operating profit forecast for the current fiscal year.

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FY2026 Full-year Forecast

(Unit: million yen)	Actual	Forecast	Year-on-year	
	FY 2025	FY 2026	Change	%
Net sales	119,377	**130,000**	10,623	8.9%
Operating profit	11,913	**13,000**	1,087	9.1%
Operating margin	10.0%	**10.0%**	0.0pt	-
Ordinary profit	12,967	**13,400**	433	3.3%
Profit attributable to owners of parent	9,090	**9,500**	410	4.5%

- ✓ For FY2026, we are maintaining our full-year consolidated forecast in line with the initial earnings forecast and expect increases in both net sales and profit.
- ✓ At the segment level, we have revised down operating profit forecasts for the Textile & Clothing Materials business and the consumer goods and services business, reflecting the current business environment, while revising up operating profit for the Industrial Machinery & Materials business, where operations continue to trend steadily.

FY2026 Forecast by Segment

(Unit: million yen)

Segment	Item	Actual FY 2025	Forecast FY 2026 2026.1.15	Forecast FY 2026 2026.7.15	Year-on-year Change	Year-on-year %
Textile & Clothing Materials	Net Sales	30,282	34,000	**34,000**	3,718	12.3%
	Operating Profit	2,645	3,400	**3,000**	355	13.4%
	Operating margin	8.7%	10.0%	**8.8%**	0.1pt	-
Industrial Machinery & Materials	Net Sales	35,177	43,000	**43,000**	7,823	22.2%
	Operating Profit	2,875	3,000	**3,200**	325	11.3%
	Operating margin	8.2%	7.0%	**7.4%**	-0.8pt	-
Human & Future Development	Net Sales	26,679	26,000	**26,000**	-679	-2.5%
	Operating Profit	6,772	7,200	**7,200**	428	6.3%
	Operating margin	25.4%	27.7%	**27.7%**	2.3pt	-
Consumer Goods & Services	Net Sales	23,199	23,000	**23,000**	-199	-0.9%
	Operating Profit	1,051	1,200	**1,100**	49	4.7%
	Operating margin	4.5%	5.2%	**4.8%**	0.3pt	-
Others	Net Sales	4,038	4,000	**4,000**	-38	-0.9%
	Operating Profit	-1,432	-1,800	**-1,500**	-68	-
TOTAL	Net Sales	119,377	130,000	**130,000**	10,623	8.9%
	Operating Profit	11,913	13,000	**13,000**	1,087	9.1%
	Operating margin	10.0%	10.0%	**10.0%**	0.0pt	-

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Key Factors Behind the FY2026 Forecast

		Main factors of increase/decrease (compared to previous period)
Textile & Clothing Materials	Net Sales **+3,718** Operating Profit **+355**	・Increase in orders for business uniforms ・Higher overseas sales of textiles and knit products
Industrial Machinery & Materials	Net Sales **+7,823** Operating Profit **+325**	・Expansion of overseas sales in the non-woven fabrics and felt businesses, and promotion of streamlining initiatives ・Full-year contribution from the consolidation of Kako Technos Co., Ltd.
Human & Future Development	Net Sales **-679** Operating Profit **+428**	・Full-scale earnings contributions from real estate redevelopment projects ・Withdrawal from the communications business and downsizing of the after-school childcare business
Consumer Goods & Services	Net Sales **-199** Operating Profit **+49**	・Downsizing unprofitable businesses and products ・Improving profitability through various efficiency measures
Others	Net Sales **-38** Operating Profit **-68**	【Others】 ・Adjustments, reserve funds, etc. are expected.

3. Initiatives for Management Focused on Cost of Capital and Share Price

Initiatives for Management Focused on Cost of Capital and Share Price

NIKKE Group

Recognition of Current Challenges

In addition to strengthening our earning power, we recognize that key challenges are to thoroughly embed ROIC-focused management, to optimize our balance sheet in light of the accumulation of net assets, and to advance capital policies that place equal emphasis on growth investment and shareholder returns.

Strengthening profit generation

- Promote and achieve the RN130 third medium-term management.
- Optimise the business portfolio (investment in growth businesses, review of unprofitable businesses).

Improved asset efficiency

- Further efficiency gains in property holdings (redevelopment and disposal of unprofitable properties)
- Reduction of inactive assets (liquidation of policy shares that are no longer meaningful to hold)
- Continue to use ROIC as an indicator as an investment criterion. (target 8%, minimum 5%)

Strengthening of capital policy

- Strengthening shareholder returns
- 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.
- Using DOE as an indicator, we aim for 2.5% by 2026.
- Flexible share buy-backs in light of the progress of investments, to enhance overall shareholder returns.

Strengthen IR

- We aim to strengthen dialogue so that stakeholders can increase their understanding and trust in the Nikke Group
- We explain M&A strategies and business diversification strategies, and communicate the growth story of the Nikke Group.
- Promote expansion and sophistication of information disclosure (e.g. support for IR materials in English)

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.

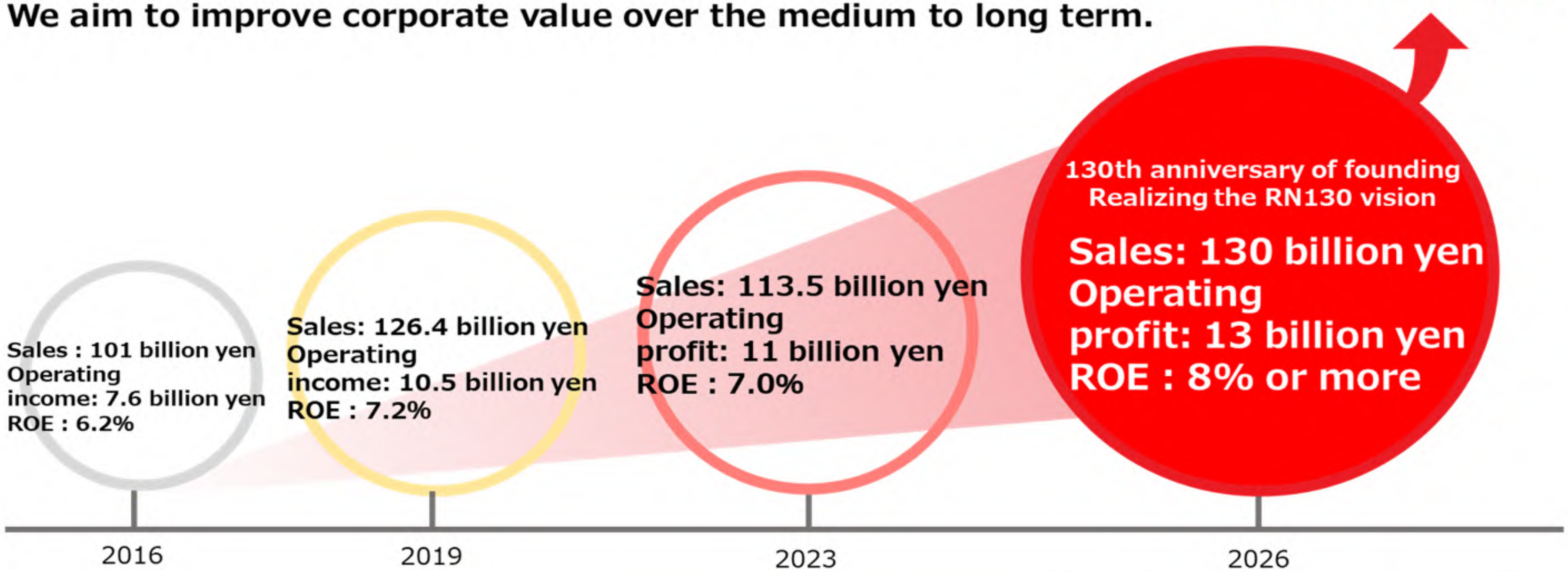
NIKKE Group

Medium- to Long-Term Vision: RN130 Vision

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.

Sales
200 billion yen



1st medium-term plan	2nd medium-term plan	Third medium-term plan
This is positioned as phase 1 of realizing the vision.Nurturing the seeds of each business area and putting their development on track.	This is positioned as a three-year period in which we will accelerate towards RN130. While closely monitoring the impact of the new coronavirus, we will steadily recover our business performance and renew the record high sales profit achieved in 2019.	We will embody the "future life creation company" envisioned by each business.By steadily implementing each measure, the company aims to "grow more than the previous year" and set record highs for sales and profits.

Progress of the RN130 3rd medium-term plan

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(Unit: million yen)	Third RN130 Medium-Term Management Plan (2024–2026)					
	2024		2025		2026	
	Medium-Term Management Plan	Actual	Medium-Term Management Plan	Actual	Medium-Term Management Plan	**2026.7.15 Forecast**
Net Sales	111,000	115,438	120,000	119,377	130,000	**130,000**
Operating Profit	11,000	11,640	12,000	11,913	13,000	**13,000**
Operating margin	9.9%	10.1%	10.0%	10.0%	10.0%	**10.0%**
Ordinary Profit	11,600	12,098	12,400	12,967	13,400	**13,400**
Profit attributable to owners of parent	7,700	8,970	7,800	9,090	8,800	**9,500**
Return on equity	–	7.6%	–	7.1%	8% or more	**–**

- ✓ In fiscal 2025, we maintained profit growth and achieved our targets for ordinary profit and profit attributable to owners of parent.
- ✓ In fiscal 2026, the final year of the medium-term plan, we aim to deliver further growth in sales and profit, improve capital efficiency, and strengthen the foundation for our next stage of growth.

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

(Unit: million yen)

		RN130 third medium-term management (2024~2026)					
		2024/11		2025/11		2026/11	
		Medium-Term Management Plan	Actual	Medium-Term Management Plan	Actual	Medium-Term Management Plan	2026.7.15 Forecast
Textile & Clothing Materials	Net Sales	32,500	31,557	35,500	30,282	39,500	**34,000**
	Operating Profit	3,450	3,455	3,700	2,645	4,300	**3,000**
	Operating margin	10.6%	10.9%	10.4%	8.7%	10.9%	**8.8%**
Industrial Machinery & Materials	Net Sales	26,000	30,836	29,000	35,177	31,000	**43,000**
	Operating Profit	1,850	1,972	2,100	2,875	2,550	**3,200**
	Operating margin	7.1%	6.4%	7.2%	8.2%	8.2%	**7.4%**
Human & Future Development	Net Sales	26,000	26,488	26,500	26,679	30,000	**26,000**
	Operating Profit	6,200	6,977	6,250	6,772	7,200	**7,200**
	Operating margin	23.8%	26.3%	23.6%	25.4%	24.0%	**27.7%**
Consumer Goods & Services	Net Sales	24,500	22,527	26,000	23,199	31,500	**23,000**
	Operating Profit	1,350	847	1,750	1,051	2,000	**1,100**
	Operating margin	5.5%	3.8%	6.7%	4.5%	6.3%	**4.8%**
Others	Net Sales	2,000	4,028	3,000	4,038	-2,000	**4,000**
	Operating Profit	-1,850	-1,611	-1,800	-1,432	-3,050	**-1,500**
TOTAL	Net Sales	111,000	115,438	120,000	119,377	130,000	**130,000**
	Operating Profit	11,000	11,640	12,000	11,913	13,000	**13,000**
	Operating margin	9.9%	10.1%	10.0%	10.0%	10.0%	**10.0%**

Growth Story of the Nikke Group

NIKKE Group

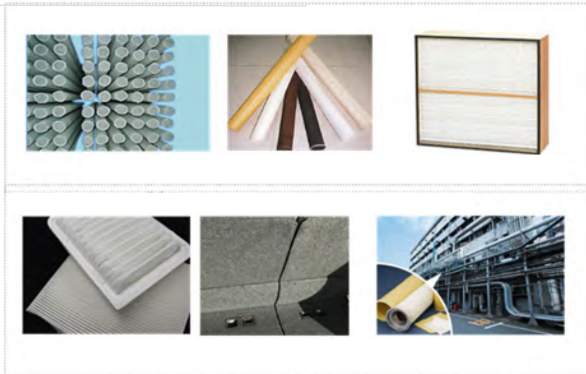
Cultivating growth drivers	**Industrial Machinery & Materials** We position the non-woven fabrics and felt business and the FA equipment business as future growth drivers, and will develop them into our third and fourth core earnings pillars, following the uniform business and the real estate development business.
Further enhancing the profitability of our stable business foundation	**Textile & Clothing Materials** We will further enhance profitability through manufacturing rationalization, including capital investment in labor-saving and automation equipment. **Human & Future Development** We will also strengthen profitability through real estate redevelopment and the downsizing of unprofitable businesses.
Developing overseas sales channels	**Textile & Clothing Materials** We will expand sales of textile fabrics and other materials to high-end and mid-range brands overseas. **Consumer Goods & Services** We will utilize e-commerce as a sales channel to expand our overseas sales.
Building new businesses	**We will build new business models that contribute to solving social issues such as environmental challenges.**
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.**

Growth Strategy Industrial Machinery & Materials

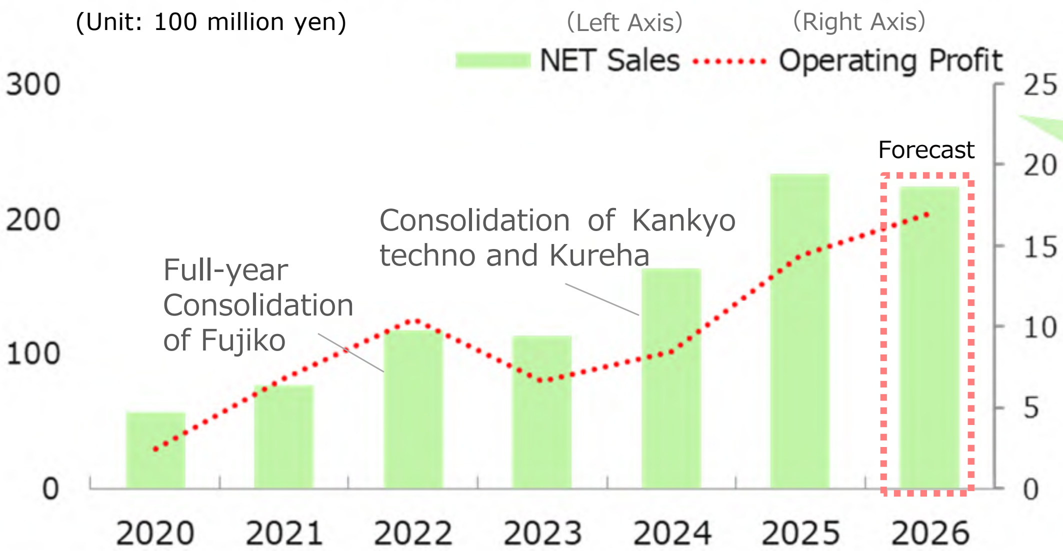
Strengthening the Non-woven Fabrics and Felt Business

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	Transferred production from Fujiko 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



Performance trends of the non-woven fabrics and felt business



In the non-woven fabrics and felt business, net sales increased to approximately four times and operating profit to approximately six times their 2020 levels by 2025.

Before joining our group, former Fujiko had recorded net losses for three consecutive fiscal years, but returned to profitability in 2022 through production consolidation with Ambic and the integration of sales bases. We will apply the same know-how to Kankyo Techno and Kureha Tech to achieve further rationalization from 2025 onward.

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

Growth Strategy

Industrial Machinery & Materials
Strengthening the Non-woven Fabrics and Felt Business

NIKKE Group

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.

Competitive Advantage

- **Enhancing Competitiveness through Sales Expansion**
  By incorporating Kureha Tech into our group in August 2024, sales of our non-woven fabrics and felt business will reach approximately 23 billion yen, making us the No. 2 player in Japan by market share.※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.

Growth Strategy Going Forward

- **Expanding sales of automotive interior materials in North America**
  Leveraging North American base, we will expand sales of automotive interior materials.
- **Strengthening our production and sales structure in Vietnam and Indonesia**
  By expanding production facilities and relocating/expanding plants, we will improve both production capacity and productivity, and aim to increase orders through optimal production of the right products in the right locations.

➡ In 2023, we relocated and expanded our plant in Vietnam, and in 2025 we reinforced our manufacturing lines in Indonesia.

We will expand overseas sales, focusing primarily on North America and ASEAN markets.

We have positioned the expansion of overseas sales as a key priority and will steadily implement related initiatives while carefully monitoring the business environment.

※1 Market Share of Non-woven Fabrics and Felt Produced by Needle Punch and Chemical Bond Methods (according to our research)

Growth Strategy

Industrial Machinery & Materials
Strengthening the Equipment Business (FA Equipment and Machinery)

NIKKE Group

Expanding our business domain through the integration of Kako Technos into the Group

Nikke Group's equipment (FA equipment and machinery) business

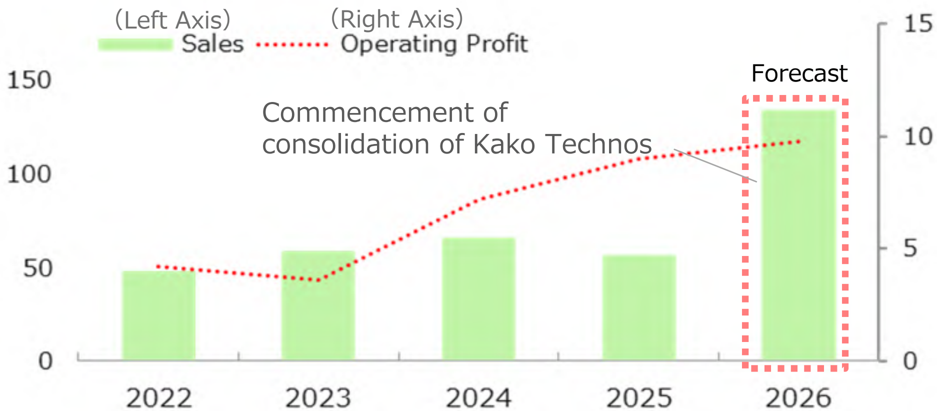
NKS: Core business is FA equipment, focusing mainly on manufacturing and inspection equipment for in-vehicle electrical components, parts and sensors, secondary batteries, and semiconductors.

KAKO 株式会社カコテクノス: A manufacturer of control equipment that provides integrated services from design and parts procurement through assembly and testing/inspection. Its main products are brake systems for railway vehicles.

Brake systems for railway vehicles are installed on trains operated by over 90% of railway companies in Japan, and account for approximately 50% of domestic production.

Performance trends

(Unit: 100 million yen)



Target Markets

- Our primary target domains are the "automotive (in-vehicle)," "battery," and "semiconductor" fields, where we expect solid market growth.
- With the addition of Kako Technos to the Group, we are newly incorporating the "railway" field into our business domain.

Synergies with Kako Technos

- **Human resource support, exchange, and sharing of manufacturing know-how**
  We will leverage personnel support from the Nikke Group and share design and manufacturing know-how with Nikke Machinery Works.
- **Enhancement of production capacity**
  By utilizing the Nikke Group's financial strength, we will be able to expand production capacity (capital investment) in line with future demand trends.
- **Expansion into new fields beyond railways**
  By strengthening collaboration with Nikke Machinery Works, we will explore entry into new business domains beyond the railway sector.

✓ Post-merger integration (PMI) for Kako Technos is progressing largely in line with plan and is expected to contribute to earnings in the current fiscal year.

Growth Strategy

Textile & Clothing Materials
Expansion of overseas sales and strengthening of domestic manufacturing

Overseas target markets

■ European apparel market

・We will expand sales of textile fabrics and other materials to high-end and mid-market apparel brands overseas.

The firm hand and superior tailoring appearance of our fabrics are among the key factors that differentiate us from textile manufacturers in Europe and Asia.

・We will increase customer touchpoints by holding solo exhibitions in Paris and hiring local personnel.

Nikke's first solo exhibition in Paris

Further strengthening domestic manufacturing capabilities and profitability

■ We will strengthen our manufacturing capabilities and profitability by rationalizing production through capital investment in labor-saving, energy-saving, and automation equipment, as well as by leveraging digital technologies.

Optimization of personnel allocation ➡

・Improve profitability in Textile & Clothing Materials
・Leverage human resources in the Industrial Machinery & Materials business and other areas

■ **New Top-Making Process at Gifu Plant**

We have restructured our procurement system for wool tops, which had previously relied on overseas sourcing, and established a supply framework for high-quality "Japan-made wool." Scheduled to begin operation in March 2027

Objectives of Building a Domestic Production System

・Reduce the risk of raw material deterioration and stabilize quality
・**Enhance traceability and improve transparency in procurement**
・Cut CO_2 emissions by approximately 20% through the introduction of state-of-the-art equipment ※

✓ By introducing a new top-making process at the Nikke Gifu Plant, we aim to enhance product value and strengthen our competitiveness in overseas markets.

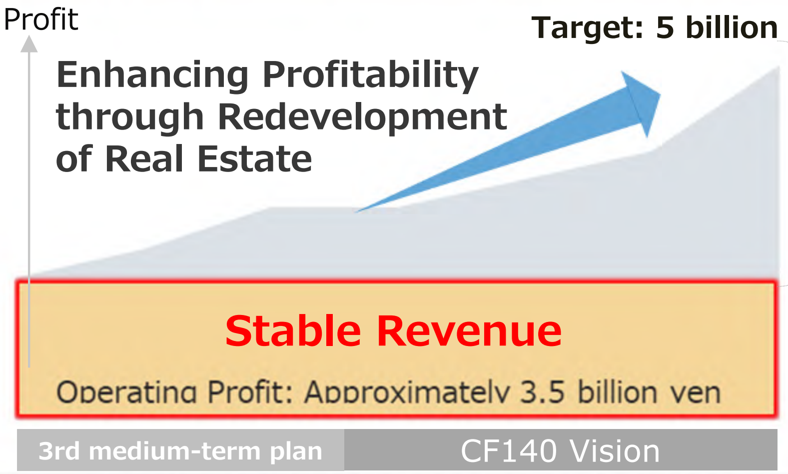
※ Compared with the period when we previously produced wool tops domestically.

Growth Strategy Human & Future Development

Progress of Real Estate Redevelopment

NIKKE Group

Redevelopment Projects	Location	Revenue Contribution	Progress Schedule (Planned) 2025 / 2026 / 2027
YAESUDORI FIL TERRASSE	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 → Completed
Kakogawa Company Housing Development (Phase 1)	Hyogo	Medium	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	YAESUDORI FIL TERRASSE Kobe Head Office Building Ichinomiya Plant Shukugawa Company Housing Development Kakogawa Company Housing Development (Phase 1) South Side of Nikke Colton Plaza Former Fujiko Itami Plant, etc.
Existing Businesses	Real Estate Leasing Income Sales of Solar Energy Income

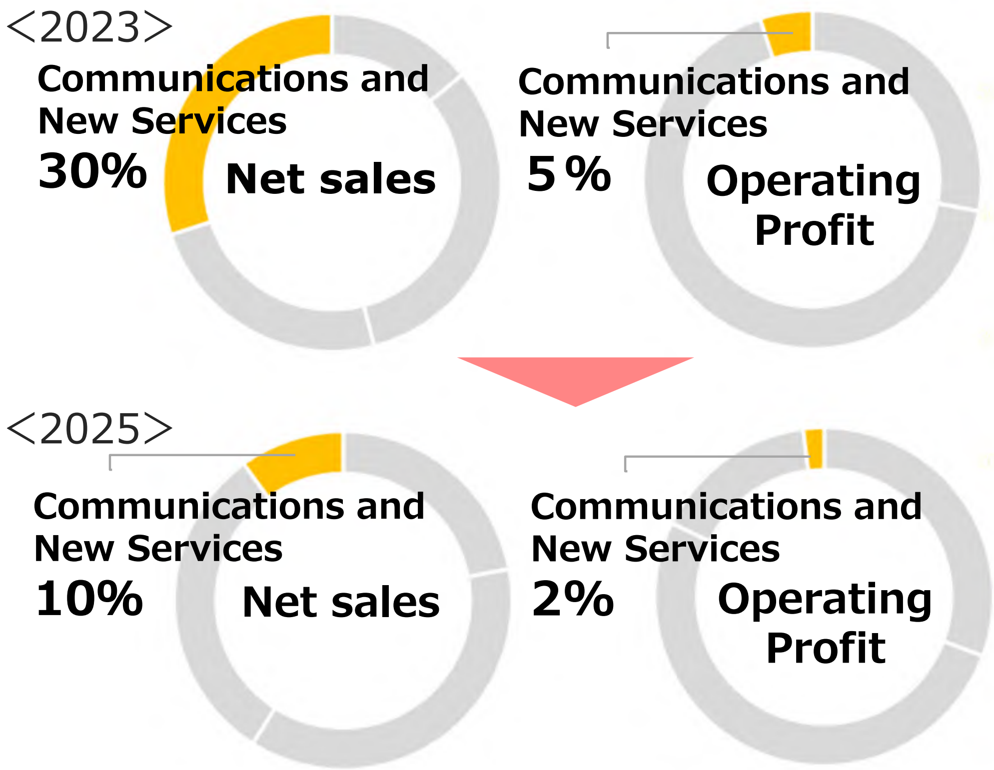
From FY2026, YAESUDORI FIL TERRASSE will make a full-year earnings contribution , with all tenant spaces already fully occupied.

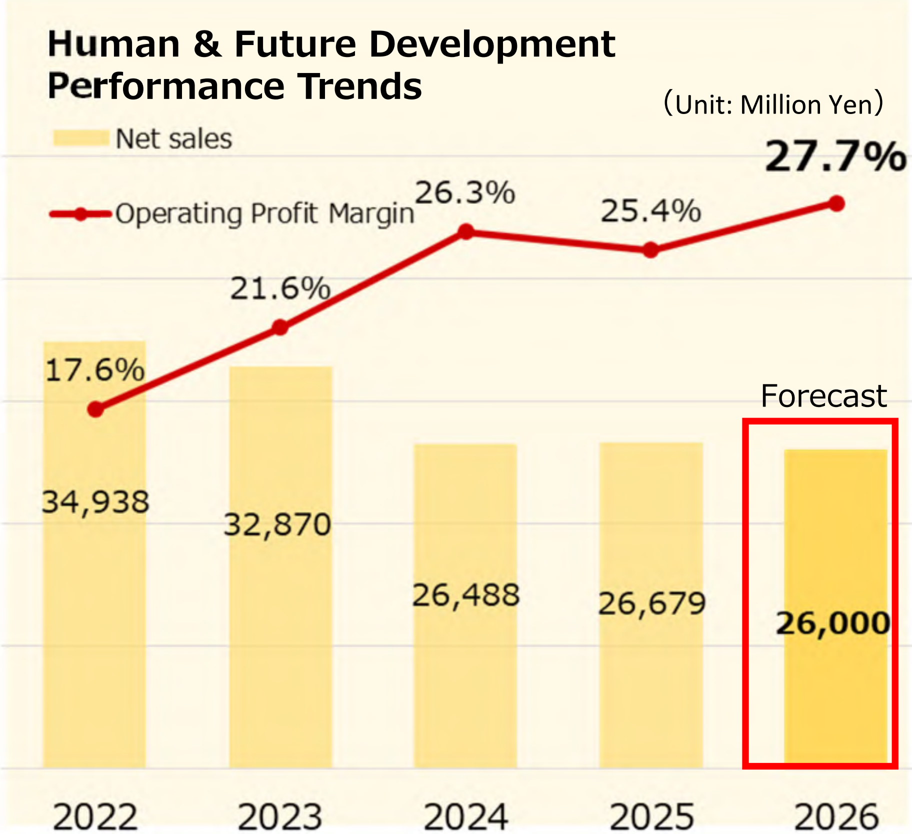
Growth Strategy Human & Future Development

Business Portfolio Review

In the Human & Future Development business, we completely exited the Communications and new services field in April, having gradually scaled it down since 2024 from the standpoint of profitability and other factors.

Human & Future Development: Sub-Segment Composition Ratio



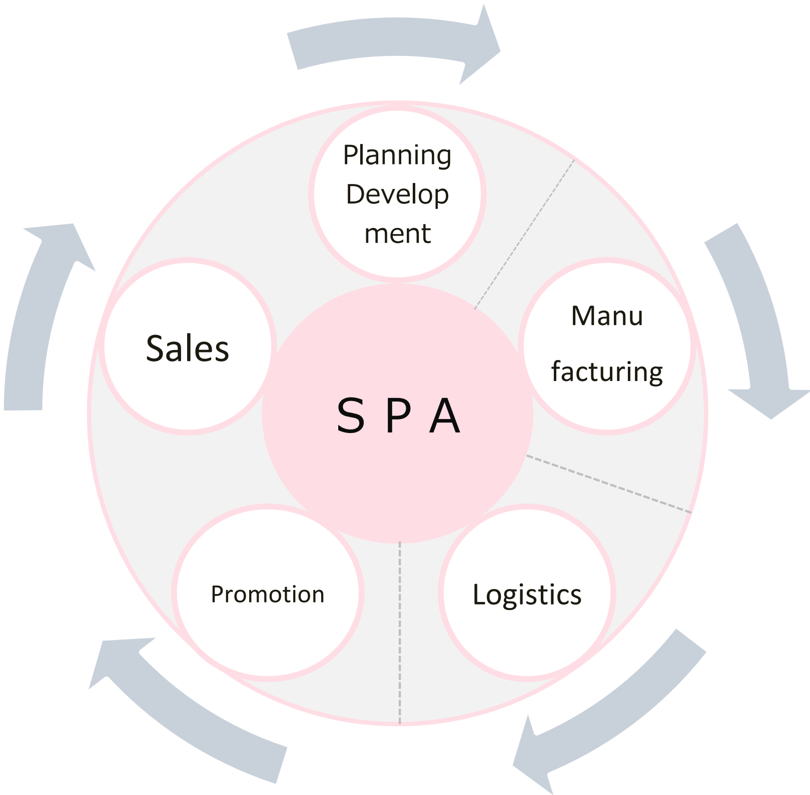


✓ For FY2026, we expect profitability in this segment to improve, driven by the withdrawal from Communications and new services and by contributions from real estate redevelopment and other initiatives.

Growth Strategy Consumer Goods & Services

Development of new sales channels

Initiatives to develop new sales channels



Aiming to build an optimal value chain for the future

Initiatives to strengthen profitability

①Business grouping

We are grouping the 11 companies under the consumer goods and services business into five clusters according to business content, and promoting integrated management through the consolidation of decision-making bodies, joint procurement, and collaborative product development.

②Strengthening e-commerce capabilities

For the four companies whose main business is e-commerce—Miyako Shoji, AQUA, Sanko, and Interior Office One—we will enhance our planning, development, and sales capabilities by sharing human resources, systems, and know-how.

③Streamlining Logistics

We will reduce costs by streamlining logistics operations.

We aim to build an optimal value chain to develop new sales channels, including overseas markets and e-commerce, while improving profitability through business grouping and the development of original in-house products.

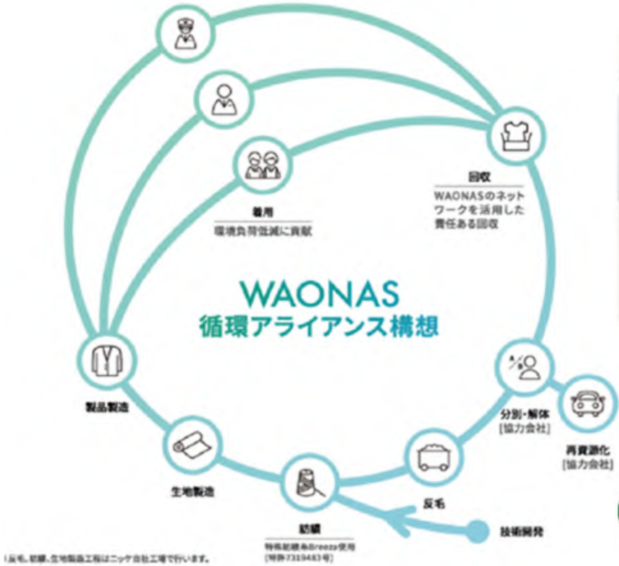
Growth Strategy

Initiatives to realize a sustainable society

NIKKE Group

We aim to help address environmental and other social issues by building new business models that will drive our next stage of growth.

We have launched WAONAS, a circular "clothes-to-clothes" project.



KEISEI GROUP

春日市 Kasuga City

We have launched WAONAS, a circular "clothes-to-clothes" project that collects and recycles unused wool garments with the aim of achieving zero waste, and we are promoting the establishment of a resource circulation system.

Initiatives to recycle used clothing into reclaimed fiber

By automating the process of removing foreign materials such as zippers and buttons from used clothing, we are helping to address key challenges in building a resource circulation system for textile products.

Realizing fiber-to-fiber resource circulation

Six textile-related companies*1 have established a consortium to realize fiber-to-fiber resource circulation. This project was selected through NEDO's public call for proposals under the "Bio-manufacturing Revolution Promotion Project."

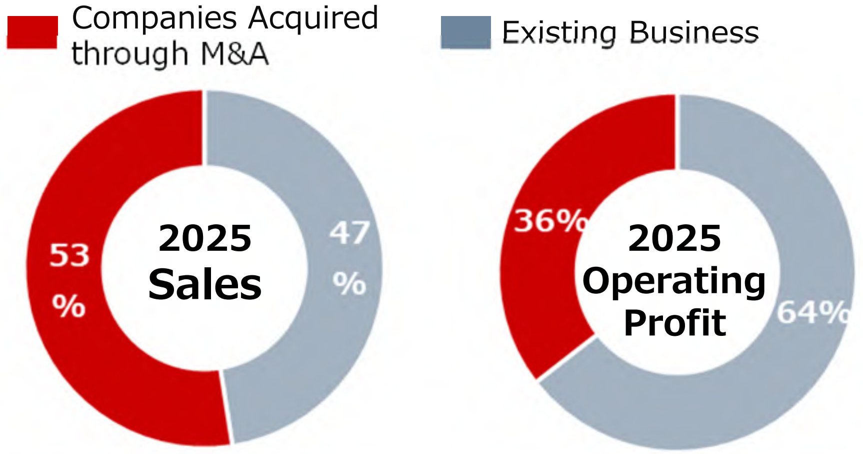
✓ The WAONAS circular project has launched new partnerships with the Keisei Group and Kasuga City in Fukuoka Prefecture.

Growth Strategy

Execution of strategic M&A

NIKKE Group

Contribution of M&A to Earnings



M&A track record (past five years)

2021.9	Fujiko
2022.11	THANKO
2023.6	Interior Office One
2024.4	Kankyo techno
2024.8	Kureha Tech
2025.10	Kako Technos

Basic M&A Strategy

Investment Criteria

ROIC : Target 8% (Minimum 5%)

We conduct thorough earnings forecasts for target companies and impose a condition that the amount of goodwill be limited to the equivalent of no more than five years of operating profit, thereby curbing excessive acquisition prices.

- **Expanding business domains**
  Target fields with high affinity to existing businesses to broaden our product lineup and enhance our value chain
- **Acquiring talent**
  Secure personnel with specialized knowledge and technical expertise
- **Strengthening earning power**
  Leverage the know-how accumulated through many years of M&A and the comprehensive capabilities of the Nikke Group to promote various rationalization initiatives

✓ In FY2026, we will continue to carefully review multiple M&A opportunities, assessing potential synergies, growth prospects, and investment efficiency.

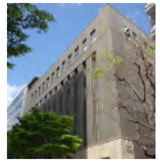
※1 Targeting companies that have joined the Nikke Group through M&A since 1995.

NIKKE Group

Improving Asset Efficiency

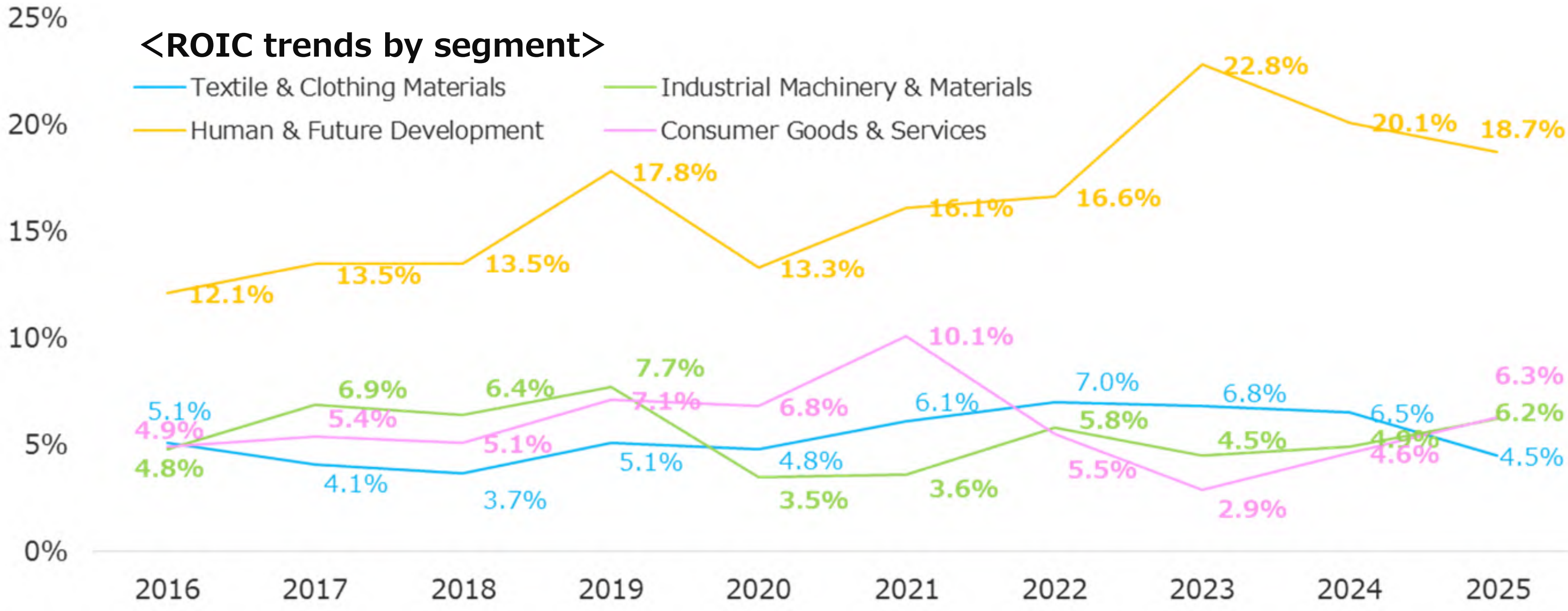
■ Strengthening the Utilization of Owned Real Estate

- 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
- Completion of development of the Shukugawa company housing (Hyogo Prefecture)
- Commencement of development on the former company housing site in Kakogawa, Hyogo Prefecture
- Maintaining and enhancing customer traffic at Nikke Colton Plaza following its renewal, etc.



■ Disciplined investment execution

Investment criteria: ROIC – target 8%, minimum threshold 5%



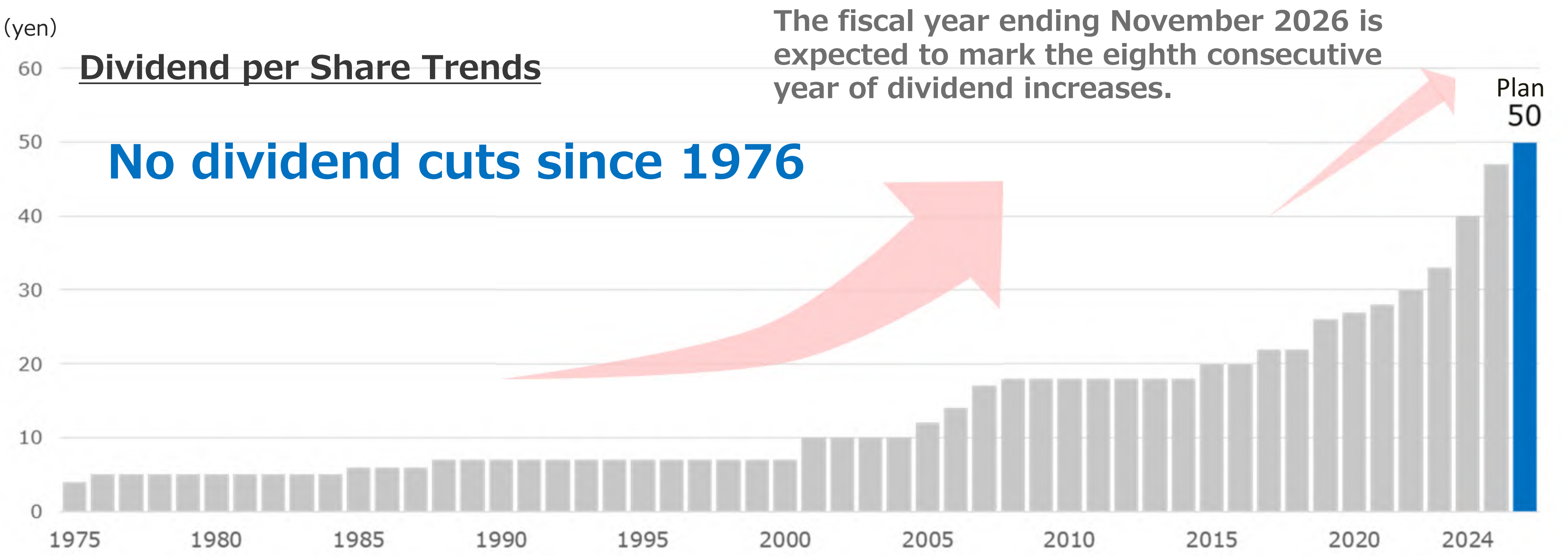
Strengthening Capital Policy

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

・For the fiscal year ending November 2026, we plan to increase the annual dividend by ¥3 from the previous year to ¥50 per share.
・In March 2026, we conducted a share buyback of 2 million shares, equivalent to 2.98% of the total number of shares issued*.
・Our targets for the final year of the medium-term plan, the fiscal year ending November 2026, are a dividend payout ratio of 35% and a DOE (dividend on equity ratio) of 2.5%. Both targets were achieved ahead of schedule in the fiscal year ending November 2025.

※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.



※The percentage of the total number of issued shares, excluding treasury shares.

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 identified material issues and progress on related initiatives
- 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 2025, we conducted approximately 49 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.

NIKKE Group

Specific Examples of Dialogue with Shareholders and Investors

Questions	Our Responses and Policies
Q. What are the distinctive features of your M&A strategy?	Our objectives are to expand our business domains, secure talent, and strengthen our earning power. Currently, companies that have joined the Nikke Group through M&A*1 account for approximately 53% of net sales and about 36% of operating profit. Leveraging our track record, many proposals are brought to us, and we are continuously reviewing around 400 potential deals. From among these, we execute only one to two carefully selected transactions per year. A distinguishing feature of our approach is that we actively pursue M&A while maintaining strict discipline, using ROIC as a key investment criterion. We are highly mindful of not overpaying for acquisitions.
Q. What is your approach to shareholder return policy?	Since our founding, we have placed strong emphasis on maintaining stable dividends, and we have not reduced our dividend even once in the 50 years since 1976, following the oil shock. At the same time, at the current level of shareholder returns, our net assets continue to accumulate year by year, and improving capital efficiency remains a challenge. We are aware that our current target levels are by no means high, and we are continuing internal discussions on what would constitute an appropriate level of shareholder returns.
Q. What is your policy and approach for the real estate business?	Our real estate business originated from the redevelopment of former Textile & Clothing Materials factory sites. Rather than limiting ourselves to simple leasing, we have enhanced added value by directly operating commercial facilities, nursing care and childcare facilities, sports facilities, and other properties.Today, approximately 80% of operating profit in the Human & Future Development business comes from tenant income at commercial facilities and rental income from office buildings and other real estate.In recent years, we have also been leveraging our real estate know-how to redevelop idle land owned by companies that have joined the Group through M&A, thereby further expanding our real estate-related operations.
Q. What are the factors behind the decline in profit in the Textile & Clothing Materials business in fiscal 2025?	The main reason is sluggish sales of school uniforms. In recent years, there has been a rapid increase in model changes to school uniforms that take LGBTQ considerations into account, and, in addition, about three years ago some cases arose where school uniforms were not delivered in time for entrance ceremonies. Against this backdrop, inventories built up across the entire distribution chain, leading to a decline in sales. As a result, production volume also decreased, which worsened manufacturing efficiency and caused profit margins to deteriorate. The impact of inventory adjustments in the distribution channel is expected to continue into fiscal 2026.
Q. What is the impact of developments in the Middle East?	Although there is a risk of being affected by rising raw material and energy costs, we expect the impact on FY2026 results to be limited to around ¥150 million at the operating profit level, thanks to measures such as early procurement of raw materials, manufacturing rationalization, cost reductions through energy-saving and labor-saving initiatives, and passing cost increases on to selling prices.

4.Reference Materials
(About the Nikke Group)

4. Reference Materials – About the Nikke Group

- Business Domains and Services
- Characteristics of Each Business
- Strengths of Our Four-Business Structure
- Segment Results (Five-Year Trends)
- Capital Policy and Shareholder Return Policy
- Cash Allocation under the Third Medium-Term Management Plan
- Materialities
- Trends in Number of Consolidated Subsidiaries
- Dividend Indicators
- Stock Price Chart
- Key Management Indicators (Ten-Year Trends)
- Trends in Wool Raw Material Prices and Foreign Exchange Rates

NIKKE Group

Business Domains and Services

Sales Composition	Business Areas	Within Segments	Key Products and Services Offered
Textile & Clothing Materials 24%	■ Uniforms	78%	Uniform materials for schools / uniform materials for private companies / uniform materials for government offices
	■ Textiles	21%	Clothing materials / knit products / yarn sales/knitted fabrics
	■ Others	1%	Others
Industrial Machinery & Materials 34%	■ Mobility-related	53%	FA equipment (for in-vehicle electrical components, etc.) / materials for vehicles / control equipment for railway applications
	■ Environmental	14%	Filter-related materials
	■ Other industries	20%	OA materials and materials for home appliances / semiconductor-related products
	■ Consumer-related	13%	Racket sports related / fishing related / materials for musical instruments / hygiene materials
Human & Future Development 22%	■ Commercial facility management	21%	Shopping centers
	■ Real estate development	37%	Real estate leasing/Sales of solar energy/Construction business
	■ Lifestyle support	31%	Childcare and after-school childcare/Nursing care/Sports related
	■ Communications and new services	11%	Communications
Consumer Goods & Services 20%	■ Bedding and business supplies	14%	Bedding/Airline blankets/Disaster supply blankets
	■ Household goods	56%	Lifestyle appliances and miscellaneous goods/Goods for 100-yen shops/Furniture/Privacy filters for tablets and laptops
	■ Hobby and craft	16%	Stamping ink and stamps/Equestrian equipment/Knitting yarn
	■ Others	14%	Container sales/Insurance agency

※Sales composition and intra-segment sales composition are based on actual results for the second quarter of the fiscal year ending November 2026.
※Sales composition is calculated based on consolidated net sales excluding ¥2.323 billion in sales from “Others” and adjustment segments.

NIKKE Group

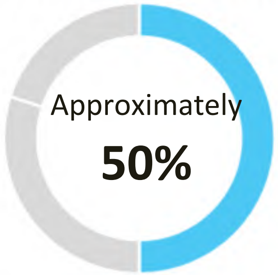
Features of the Textile & Clothing Materials Business

✓ We hold the No. 1 market share in uniform fabrics for junior high and high schools, and have achieved high profitability through relentless efforts to improve productivity.

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

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

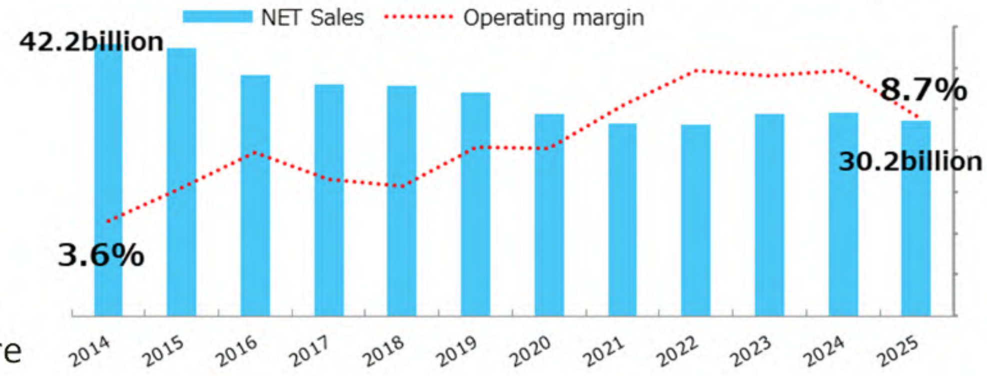
Approximately **50-60%**※1 market share

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

Performance trends of the Textile & Clothing Materials business



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

NIKKE Group

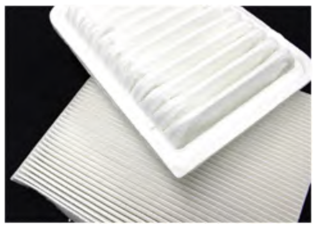
Features of the Industrial Machinery & Materials Business

✓ Business expansion driven by proprietary technologies in non-woven fabrics, felt, and FA (factory automation)

Non-woven fabrics and felt products: primarily industrial materials used for automobiles, environmental applications, and OA equipment.

the No. 2 player in Japan by market share

Automotive



We supply a wide range of products for applications such as interior and exterior materials and filters.

Environmental

OA equipment

FA business: Manufacturing and sales of FA equipment

Consumer-related: Racket sports, fishing thread, etc.

※Market share in the non-woven fabrics and felt market using needle-punch and chemical-bonding production methods (Nikke estimate)

Features of the Human & Future Development Business

✓ A stable source of earnings and cash flow that underpins the growth of the Nikke Group.

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

Commercial facility management: We directly operate two shopping centers, Nikke Colton Plaza and Nikke Parktown.

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

Real estate development-related: Real estate leasing, construction business, and other activities.

Examples of Owned Real Estate

We will further improve profitability by redeveloping owned real estate.

Lifestyle support: Nursing care, childcare, and sports-related businesses.

Around our commercial facilities, we are developing a multifaceted range of community-aligned services, including nursing care, childcare, and sports-related businesses.

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Features of the Consumer Goods & Services Business

✓ We are expanding our operations by grouping together, through M&A, companies that handle distinctive consumer-related products.

Bedding and business supplies: Bedding, business-use supplies, disaster relief blankets, etc.

Nikke Shoji

AQUA

Hobby and craft: Stamps, stamping ink, horse riding goods, etc.

TSUKINEKO

KODOMO NO KAO

HORSY INTERNATIONAL CO.,LTD.

Lifestyle appliances and miscellaneous goods: Lifestyle appliances, miscellaneous goods, furniture and bedding, etc.

THANKO

InteriorOfficeOne

MIYAKO Corporation

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.

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Segment Results (5-Year Trends)

	(Unit: million yen)	2021/11	2022/11	2023/11	2024/11	2025/11
Textile & Clothing Materials	Net Sales	29,872	29,735	31,359	31,557	30,282
	Operating Profit	2,749	3,234	3,323	3,455	2,645
	Operating margin	9.2%	10.9%	10.6%	10.9%	8.7%
	ROIC	6.1%	7.0%	6.8%	6.5%	4.5%
Industrial Machinery & Materials	Net Sales	20,390	23,853	24,713	30,836	35,177
	Operating Profit	1,235	1,952	1,586	1,972	2,875
	Operating margin	6.1%	8.2%	6.4%	6.4%	8.2%
	ROIC	3.6%	5.8%	4.5%	4.9%	6.2%
Human & Future Development	Net Sales	34,059	34,938	32,870	26,488	26,679
	Operating Profit	6,115	6,151	7,086	6,977	6,772
	Operating margin	18.0%	17.6%	21.6%	26.3%	25.4%
	ROIC	16.1%	16.6%	22.8%	20.1%	18.7%
Consumer Goods & Services	Net Sales	18,685	16,802	20,799	22,527	23,199
	Operating Profit	1,410	953	555	847	1,051
	Operating margin	7.6%	5.7%	2.7%	3.8%	4.5%
	ROIC	10.1%	5.5%	2.9%	4.6%	6.3%
Others	Net Sales	3,612	3,720	3,755	4,028	4,038
	Operating Profit	-1,610	-1,584	-1,536	-1,611	-1,432
TOTAL	Net Sales	106,619	109,048	113,497	115,438	119,377
	Operating Profit	9,900	10,707	11,016	11,640	11,913
	Operating margin	9.3%	9.8%	9.7%	10.1%	10.0%
	ROIC	6.1%	5.5%	5.9%	6.7%	5.6%

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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.

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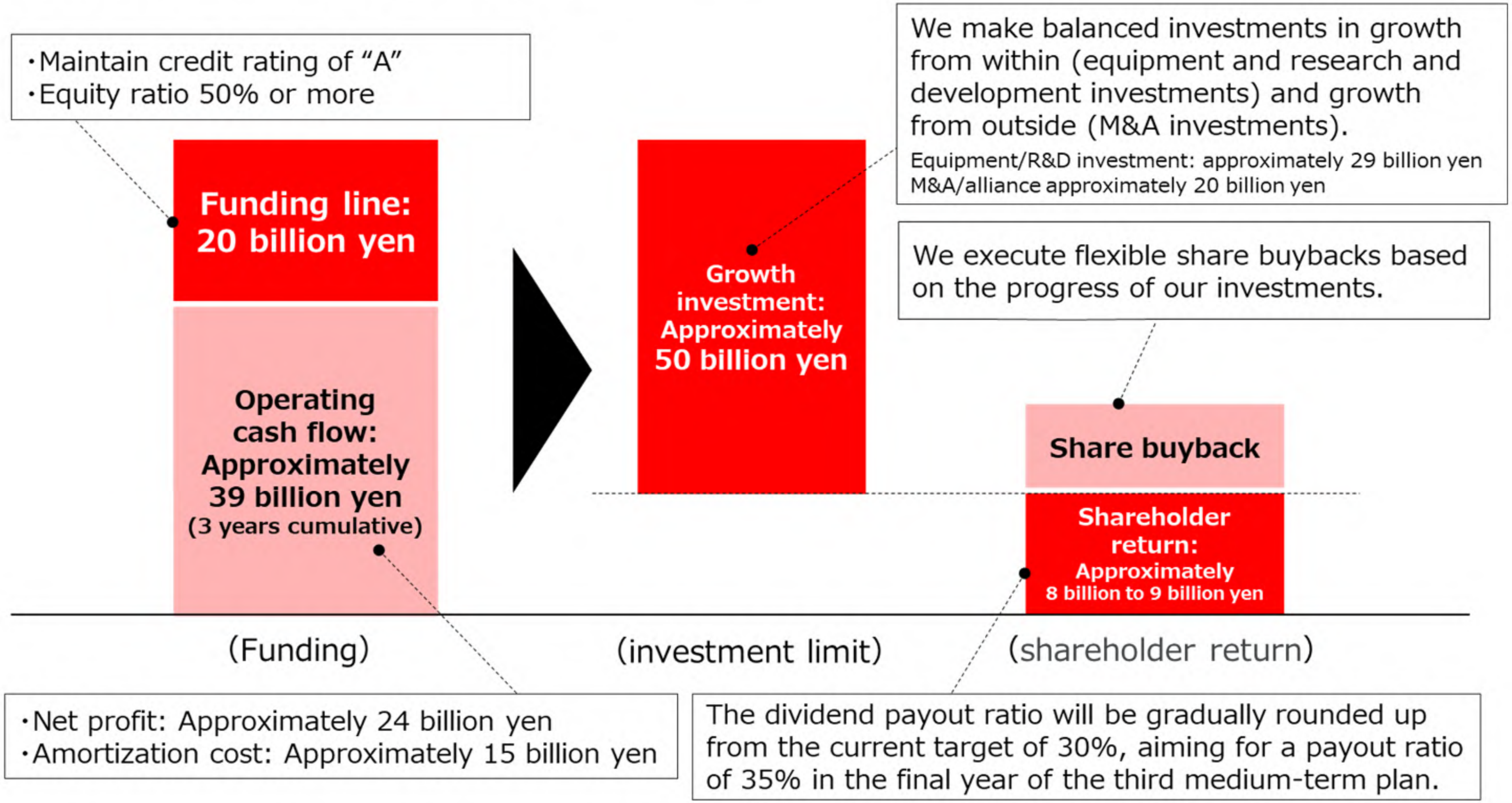
Cash Allocation

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

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Social issues and needs	Materiality	Response	Main actions
● Addressing the falling birthrate and aging population ● Achieving wellbeing	Improve health and comfort Support for a comfortable life	・Contribute to revitalizing the local area and to creating a more convenient urban environment by providing a range of community-based, comprehensive services based in shopping centers	・Hosting of community-friendly activities (events) ・Hosting of the open-air Craft in Action exhibition
		・Help people to balance their work with childcare/nursing care responsibilities and, thereby, contribute to improving their quality of life by operating nursing care and childcare facilities that meet the needs of users	・Operation of the Nikke Nursing Village comprehensive nursing care facility ・Operation of licensed nursery centers, after-school day care centers, and bilingual kindergartens
		・Utilize textile-related technology to develop medical devices that put less strain on the body, as well as cell culture substrates that facilitate regenerative medicine and drug discovery research, to thereby contribute to improvement in people's health and quality of life	・Development, manufacture, and sales of medical devices that use bioabsorbable materials as a core technology ・Development, manufacture, and sales of cell culture scaffolding materials utilizing fiber technology that contributes to iPS cell research and other endeavors
● Ensuring product safety ● Stable supply of high-quality products	Improve safety and security Value chain management	・Undertake ongoing review and strengthening of our quality control system to provide satisfying products to customers	・Establishment of a quality control system based on the ISO 9001 management system
			・Supply of products approved by third-party evaluation organizations in Japan
		・Ensure the safety of the products we provide to customers by establishing a system that enables identification of the origin and quality of raw materials	・Construction of a system that allows traceability of raw materials to finished products
		・Provide a stable and ongoing supply of products by optimizing the value chain	・Construction of a digital technology-driven, global production management system ・Diversification of raw material sourcing methods in consideration of geopolitical risks ・Improvement of production efficiency through alliances with apparel companies
● Climate action ● Addressing energy issues ● Moving away from mass production and mass consumption	Protect the environment Contribute to a sustainable global environment	・Contribute to reducing environmental impact by researching, developing, and selling environmentally friendly products	・Manufacture and sale of ADMIREX*, a high-performance filter bag that collects harmful substances in the air
			・Manufacture and sale of textile materials using an innovative spun yarn, Breeza*, which reduces the release of microplastics by approximately 75% at the time of being worn or washed
			・Research and commercialization of fiber technology using biomass materials ・Research and commercialization of fiber-making technology using marine biodegradable materials ・Establishment and utilization of recycled carbon fiber nonwoven fabric manufacturing technology
		・Contribute to a circular economy by reusing products and using recycled materials	・Recycling used uniforms through the Eco-ship and Eco-network projects ・Establishing a system to recycle clothing into clothing ・Utilization of recycled synthetic fibers
			・Contribution to the maintenance and strengthening of the textile product resource circulation system
		・Provide renewable, clean energy through solar power generation	・Provision of renewable energy through solar power generation at Nikke Machinaka Power Plants and other facilities
		・Undertake ongoing review and strengthening of our environmental protection system in recognition of the fact that protecting the global environment is our most important management issue	・Establishment of an environmental conservation system based on the ISO 14001 management system
		・Carry out energy conservation measures in each business	・Active and continuous investment in energy-saving equipment
● Ensuring thorough compliance ● Respect for human rights ● Promoting diversity and inclusion ● Health and productivity management	Strengthen business foundation	・Put in place effective governance and take the initiative in disseminating and ingraining the Nikke Group Corporate Code of Ethics throughout the Nikke Group in recognition of the important role that practicing corporate ethics has for the Nikke Group	・Implementation of compliance training ・Reading through the Nikke Group Corporate Ethics Handbook
		・In accordance with the UN Guiding Principles on Business and Human Rights, support and respect internationally recognized human rights agreements and labor standards, strive to foster mutual understanding and respect so that no one is treated unfairly on the basis of race, sex, religion, gender identity, or disability, and strive to build a corporate group that is trusted by society	・Formulation, announcement, and internal dissemination of our human rights policy ・Development of human rights due diligence initiatives ・Announcement of the Nikke Group Declaration of Responsible Corporate Conduct
		・Seek out a wide range of human resources to bring together a diversity of knowledge that leads to business innovation	・Employment unbiased by age, gender, race, ethnicity, etc.; creation and operation of a raise and promotion system ・Support for balancing child rearing with work through the development of childcare leave and childcare reduced working hours systems that go beyond what is required by law ・Abolition of employment type-based working conditions/disparities
		・Aim to be a vibrant and energetic company and strive to maintain and improve the health of our employees (Nikke Health Declaration)	・Prevention of workplace accidents through thorough risk assessment and safety education ・Application of the results of stress check, working hours, and annual paid leave utilization analyses to the improvement of work environments ・Conducting health promotion seminars and other events

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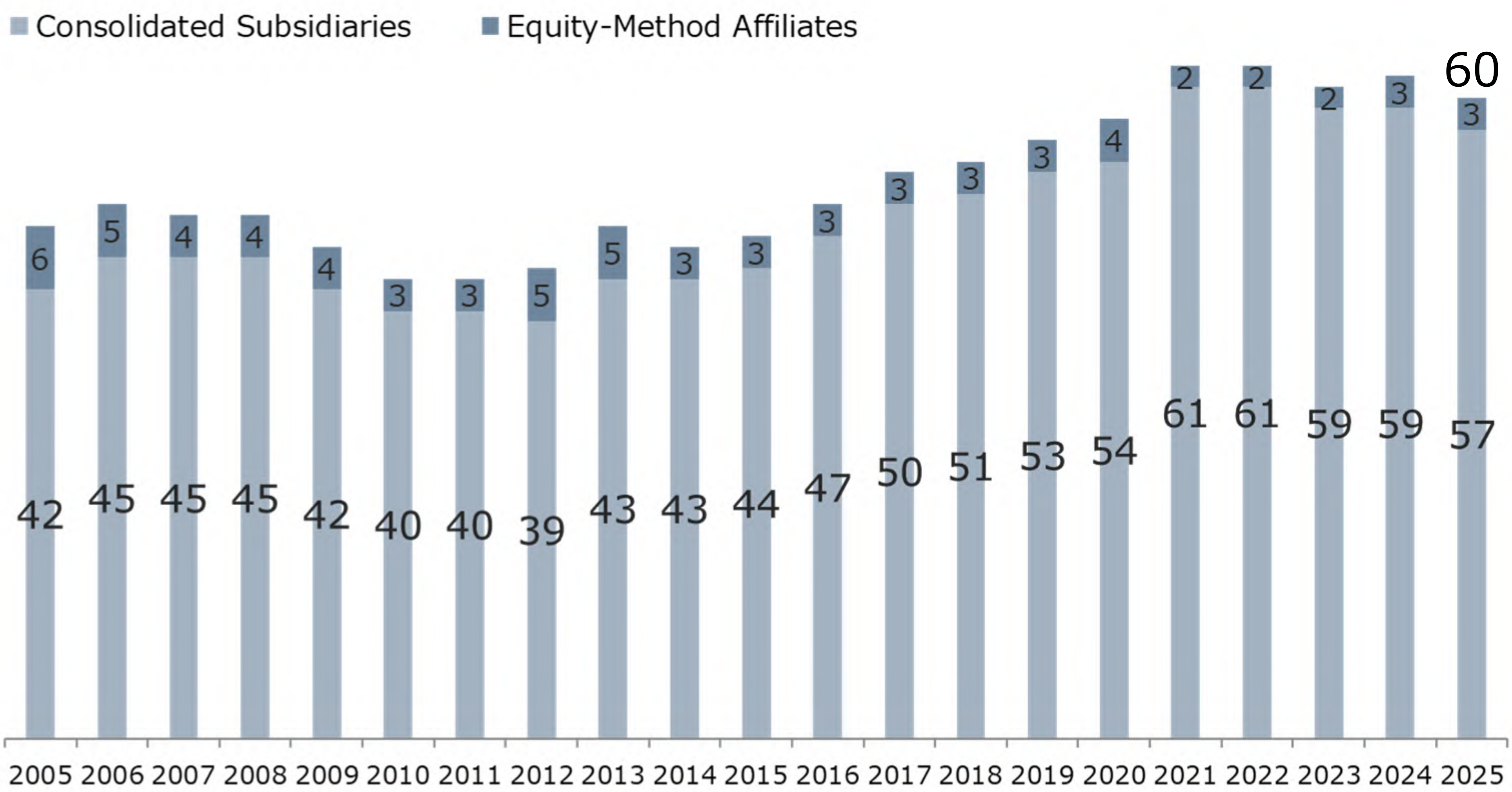
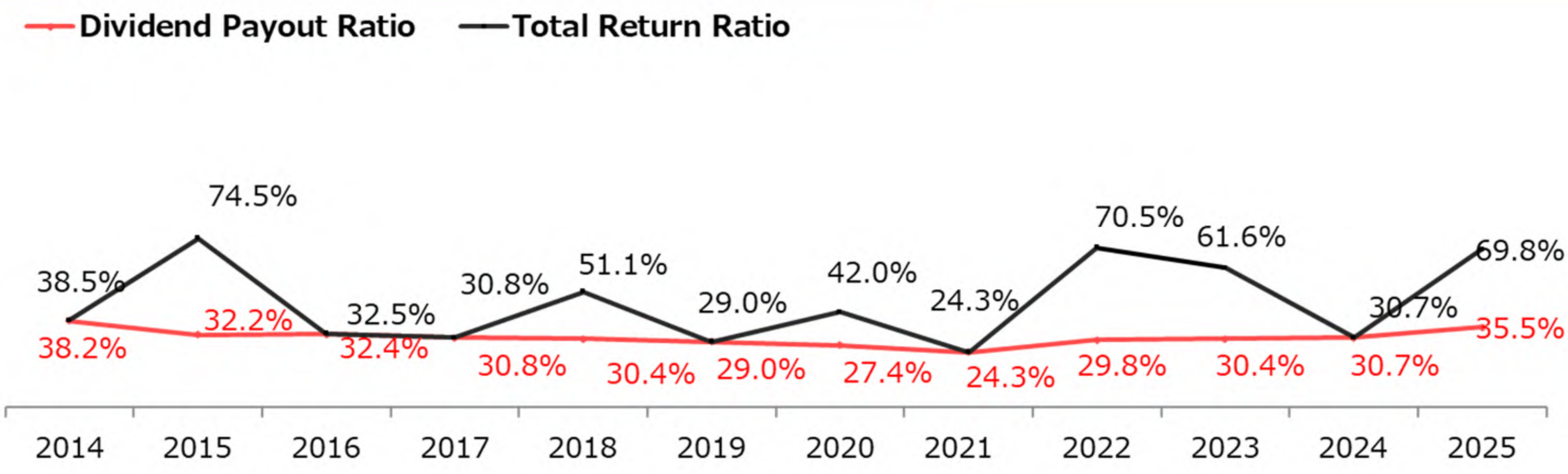
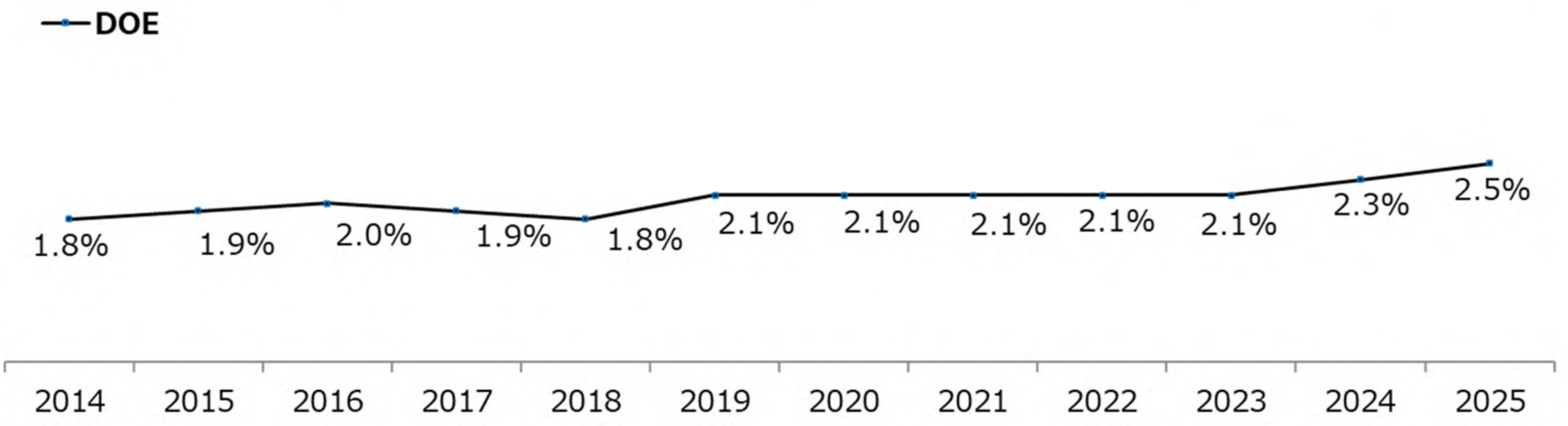
Trends in the Number of Consolidated Companies in the Nikke Group



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

Dividend Indicators





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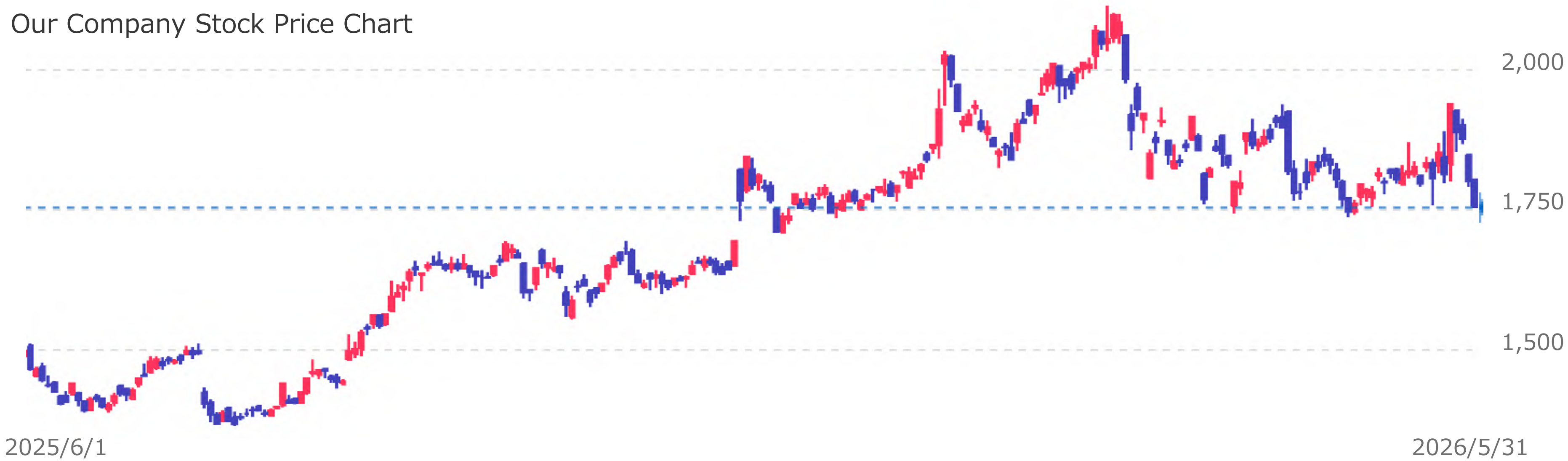
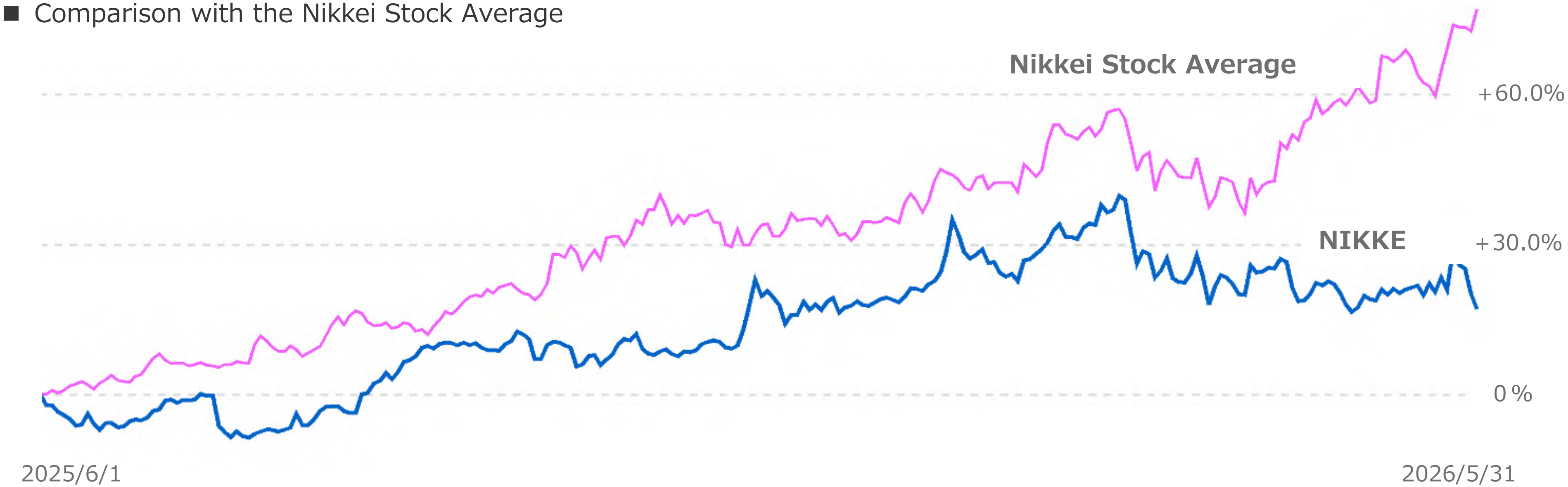
Stock Price Chart (2025/6/1～2026/5/31)

■ Our Company Stock Price Chart



■ Comparison with the Nikkei Stock Average



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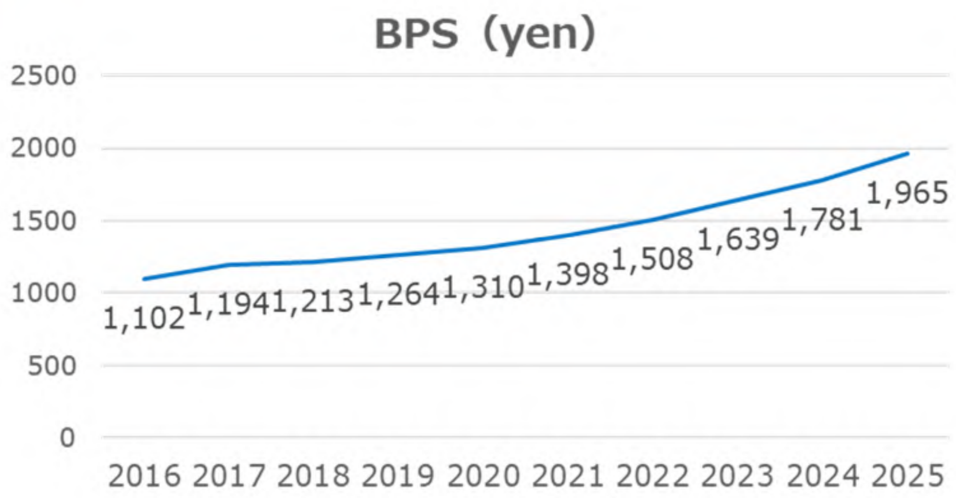
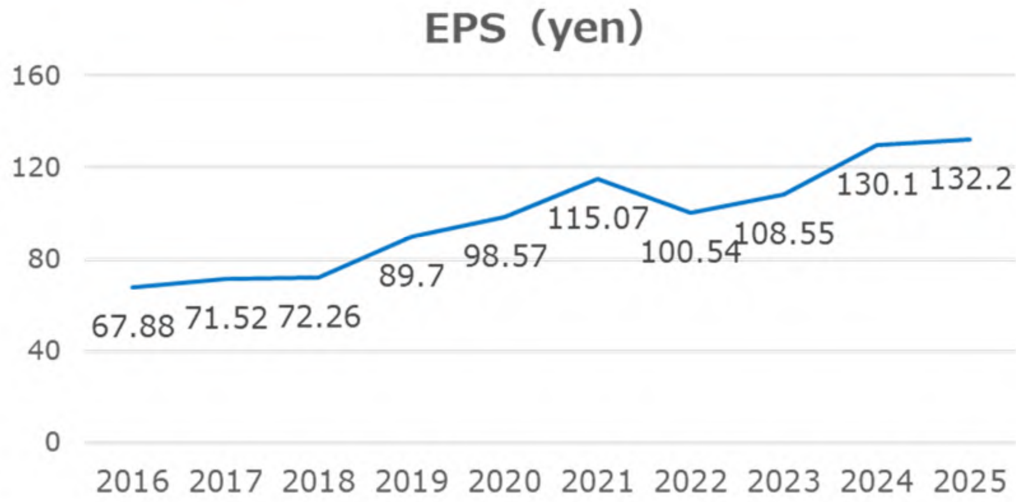
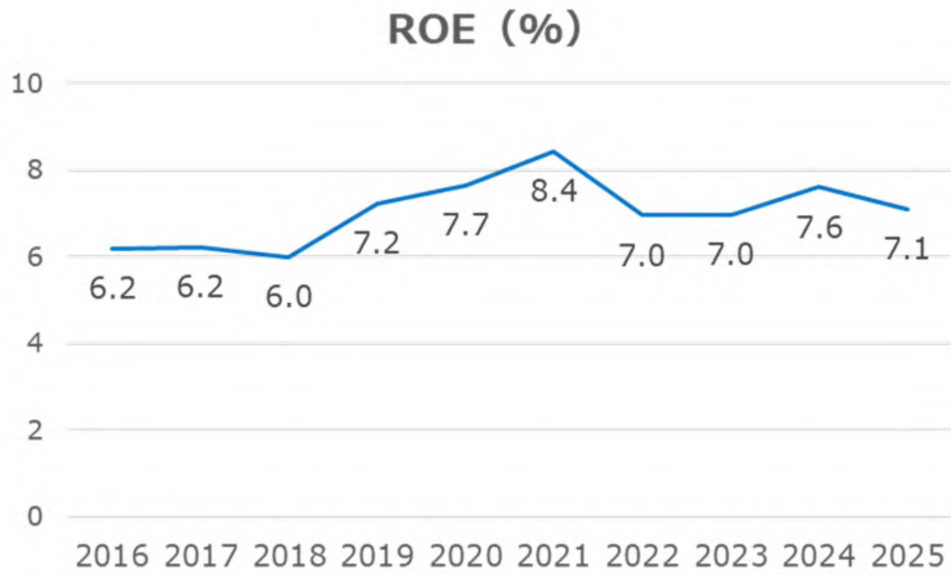
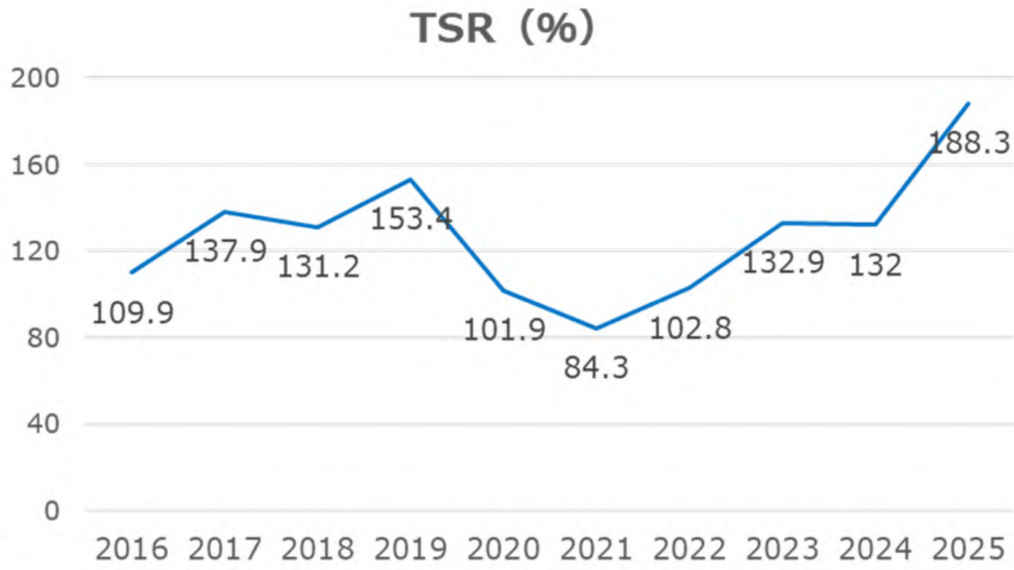
※Key Management Indicators①









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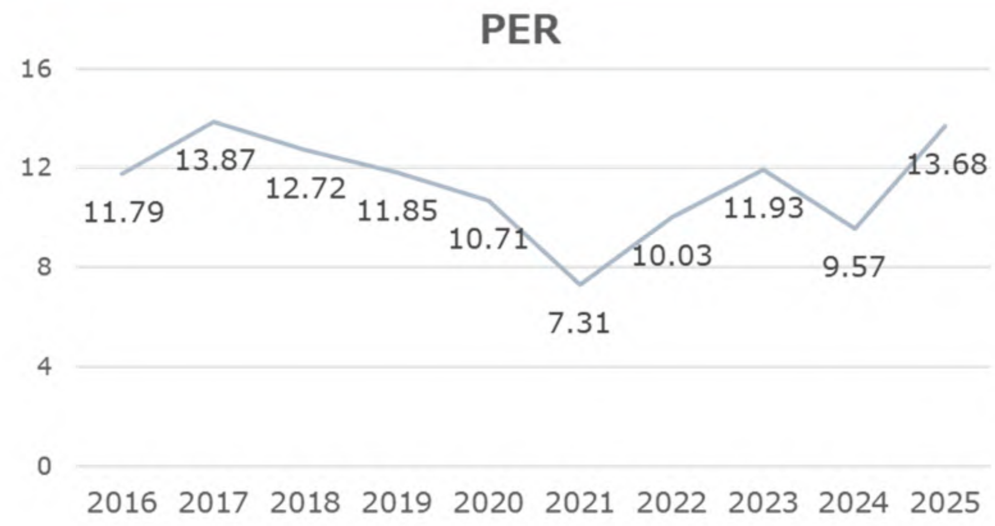
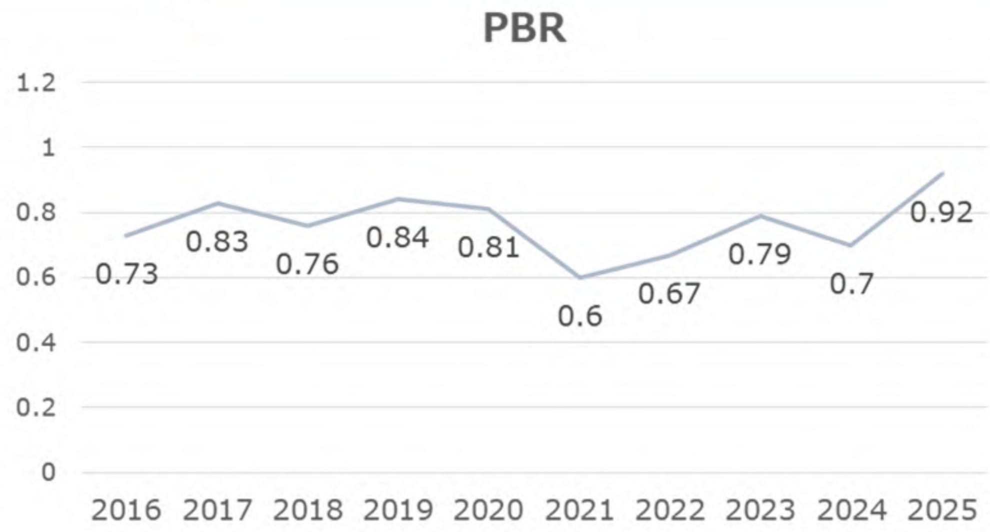
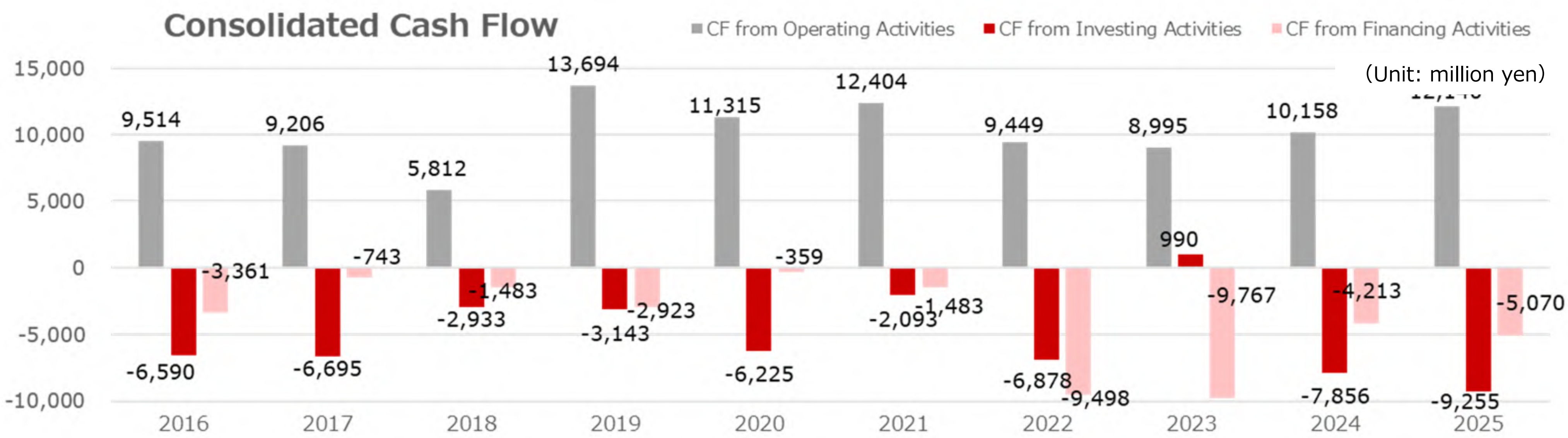
※Key Management Indicators②







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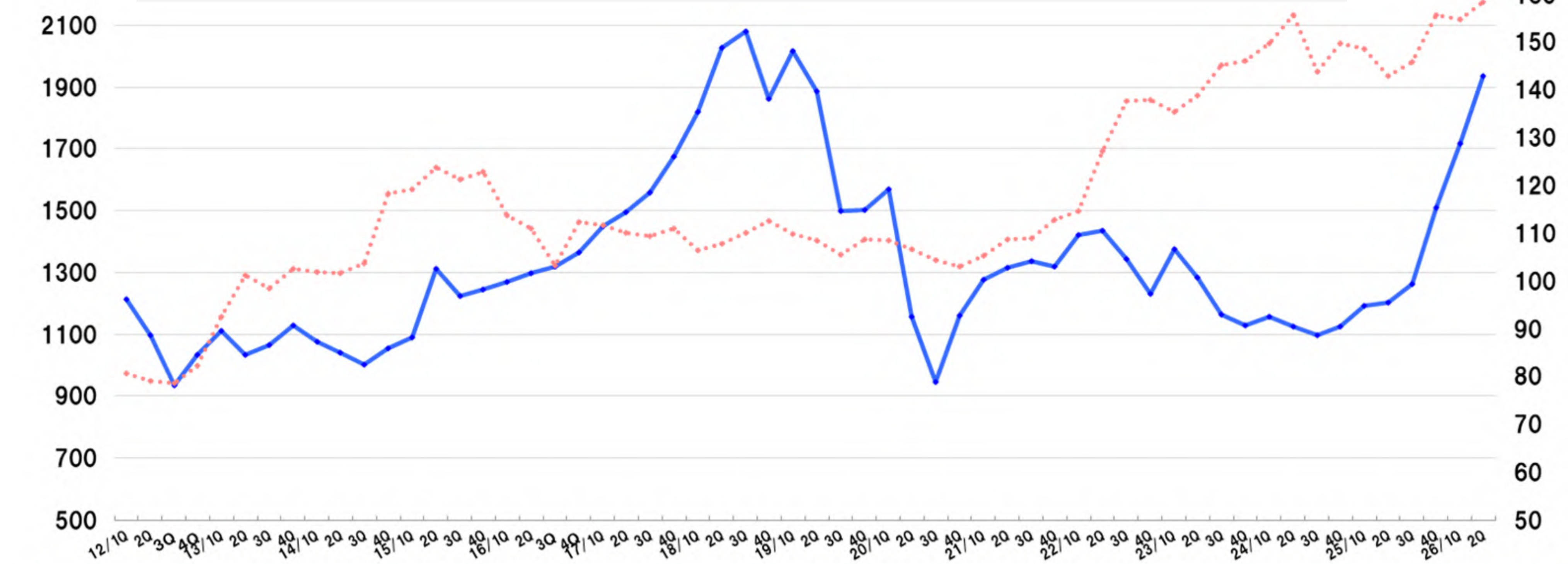
※Trends in Wool Raw Material Prices and Foreign Exchange Rates

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 one-yen depreciation against the U.S. dollar increases procurement costs by approximately ¥15 million to ¥20 million per year.



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Regarding the handling of this material

Statements regarding earnings forecasts, outlooks, business plans and other forward-looking statements in this material are based on information available as of the date of this presentation and do not guarantee future performance.