

Consumer Goods & Services



Results of the first year of the second medium-term management plan (fiscal year ended November 2021)

(Unit: Million yen)

	1st year (fiscal year ended November 2021)				2nd year (fiscal year ending November 2022)		Final year (fiscal year ending November 2023)
	Medium-term plan	Results	Difference	Evaluation	Medium-term plan	Forecast*	Medium-term plan
Sales	17,000	18,685	1,685	↑	17,500	18,000	20,700
Operating income	1,100	1,410	310	↑	1,250	1,300	1,550
Operating margin	6.5%	7.6%	1.1 points	↑	7.2%	7.2%	7.5%

*Announced in January 2022

Performance by business segment for the fiscal year ended November 2021

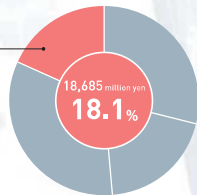
Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjustment divisions (3,612 million yen). Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjustment amount (-1,610 million yen).

Sales distribution

Consumer Goods & Services

Breakdown

- Bedding and business supplies 27%
- Household goods 49%
- Hobby and craft 16%
- Others 7%

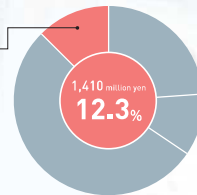


Operating income distribution

Consumer Goods & Services

Breakdown

- Bedding and business supplies 22%
- Household goods 46%
- Hobby and craft 18%
- Others 14%



Main products and services

- Bedding and business supplies: Bedding, airline blankets, disaster supply blankets
- Household goods: Lifestyle appliances and miscellaneous goods, goods for 100-yen shops, furniture, film for tablets and computers
- Hobby and craft: Stamping ink and stamps, horse riding goods, knitting yarn
- Others: Container sales, insurance agency

Evolving with society to deliver convenience and prosperity



Executive Officer
General Manager of Consumer Goods & Services Division
Hiroshi Fuji

- Business overview**
- Development of products and services without fixation on existing business fields, and the pioneering of new businesses
 - Maximizing our trading company functions to propose and realize strengthened foundations for sales, e-commerce, and logistics both inside and outside the Nikke Group
- Key policies**
- Discover and develop new businesses with an open mindset, and actively enter into different industry fields without being restricted by existing business frameworks
 - Strive for business with high future potential and social impact in all areas, from upstream to downstream

Sustainable management approach and business strategy

Our division's approach

The mission of the Consumer Goods & Services Division is to deliver the products and services that customers need in their daily lives, and to do so in the most optimal way. We work every day to develop, innovate, and improve products and services that will meet this standard. In recent years, our focus has been on increasing the rate of e-commerce in bedding and business supplies, household goods and infection control supplies, hobby and craft, and other fields, centered on the three Group companies of Niceday, Miyako, and AQUA. In addition, we are working to provide our partner companies with marketing, content creation, and logistics-related solutions that will facilitate an even greater leap forward.

Risks and opportunities

For our division, we recognize that the increasing cost of raw materials and crude oil, along with rapid depreciation of the yen and the impact on the supply chain of logistical slowdowns, represents a business risk by inviting an increase in product procurement costs. At the same time, however, we believe that by fully leveraging our trading company functions, and by adapting quickly and flexibly to current conditions, unconstrained by the existing business framework, we can develop new markets while securing sales opportunities.

Future business strategy

The focus of our division is on increasing the rate of e-commerce in our business, prioritizing both B2B and B2C and pursuing greater sharing of know-how and structures within the Group. With regard to logistics, we will work on stronger coordination with those logistics companies best suited to each business segment, and we will build new distribution centers that will enable to increase our level of service. Our push for increased e-commerce will involve an expansion of business with mail order and e-commerce companies based not only in Japan but also overseas in order to build up the Nikke Group's overseas sales network and achieve even greater growth in sales. We will also actively pursue M&A of companies possessing functions that will augment and supplement our existing business.

Topics More products for 100-yen shops

In September 2021, Nikke Group company Yuel Trading Co., Ltd. acquired all issued shares of YY Corporation. Through collaboration in purchasing, sales, logistics, and other areas, we will work to expand sales of products for 100-yen shops.

