

# Industrial Machinery & Materials



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

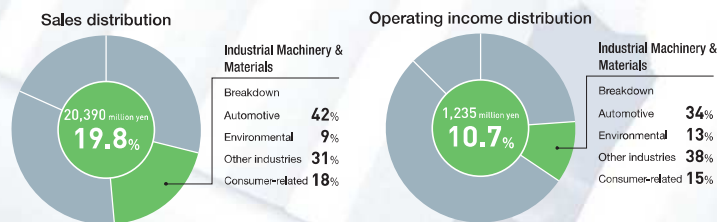
(Unit: Million yen)

	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	22,000	20,390	[1,610]	↓	24,000	28,000	27,200
Operating income	1,200	1,235	35	↑	1,550	1,800	2,150
Operating margin	5.5%	6.1%	0.6 points	↑	6.5%	6.4%	7.9%

\*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).



### Main products and services

- Automotive: FA equipment, interior materials and cushioning (nonwoven fabric), thread for airbags and seatbelts, motor binding materials
- Environmental: Filters (nonwoven fabric)
- Other industries: OA and home appliance materials; semiconductor-related and imaging equipment; carpets for homes, offices, and trade shows
- Consumer-related: Racket sports related, fishing related, materials for musical instruments

## Achieving our SDGs by supplying eco-friendly products



Director and Managing Executive Officer  
General Manager of Industrial Machinery & Materials Division  
**Kuniaki Hihara**

**Business overview** • Provision of products, materials, technology, and services in the following fields:  
Automotive, environmental, other industries, consumer-related

**Key policies** • Expand profits primarily in automotive and environmental business  
• Expand overseas sales  
• Expand profits in the nonwoven fabric business (synergy between Ambic and Fuji)

## Sustainable management approach and business strategy

### Our division's approach

In the Industrial Machinery & Materials Division, we have established a key policy of expanding profits primarily in the automotive and environmental businesses, whose markets are expected to grow due to strong demand from society, even in the midst of the COVID-19 pandemic. In the automotive business, technological innovation continues to evolve without pause including things like the shift to electrification and automation. This period of transformation is a golden opportunity for the Nikke Group to use its originality and superior technology to proactively develop and provide materials for environmentally friendly vehicles and FA equipment. In the environmental business, as protection of the environment from air pollution and other threats becomes a global issue, by driving the supply of environmentally friendly products, such as high-function filters, and contributing to environmental load reduction, we hope to also contribute to the achievement of the SDGs.

### Risks and opportunities

For our division, we recognize that a shortage of semiconductors coupled with an economic recession creates a risk of slumping automobile sales both in Japan and overseas. At the same time, however, we are working to capture new sales opportunities for high-function incinerator filters as a result of stronger environmental regulations in China, as well as for EV-related materials as a result of the anticipated expansion in the EV market.

### Future business strategy

For the future, our division is particularly focused on overseas sales expansion. In our environmental filter business, operations commenced in April 2022 at our new factory in Jiangsu Province as part of our focus on global sales expansion. Also, in September 2021, the nonwoven fabric manufacturer Fuji Corporation became a wholly owned subsidiary following an exchange of shares. This presents us with opportunities for greater synergy with Fuji, such as through a reorganization between the Fuji and Nikke Group production systems to improve overall productivity. We are also planning to capitalize on Fuji's overseas business locations to facilitate global expansion of our sales network.

### Topics Synergy between Fuji Corporation

The first full year of consolidation for Fuji will commence from the fiscal year ending November 2022. Moving forward, we will work to further streamline management and expand profits.

