



Textile & Clothing Materials



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

(Unit: Million yen)

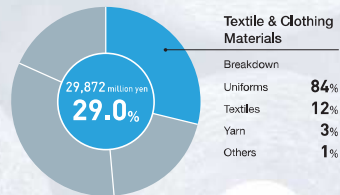
	1st year (fiscal year ended November 2021)				2nd year (fiscal year ending November 2022)		Final year (fiscal year ending November 2023)
	Medium-term plan	Results	Difference	Evaluation	Medium-term plan	Forecast*	Medium-term plan
Sales	32,000	29,872	[2,128]	↓	34,500	32,400	36,700
Operating income	2,700	2,749	49	↑	3,200	3,200	3,650
Operating margin	8.4%	9.2%	0.8 points	↑	9.3%	9.9%	10.0%

*Announced in January 2022

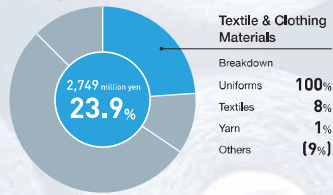
Performance by business segment for the fiscal year ended November 2021

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



Operating income distribution



Main products and services

- Uniforms: Uniform materials for schools, private companies, and government offices
- Textiles: Clothing materials
- Yarn: Yarn sales

Recycling and reducing our environmental impact



Managing Executive Officer
General Manager of Textile & Clothing Materials Division
Yoshiyasu Kaneda

Business overview • Development, manufacture, and sale of high-performance materials and products primarily for clothing use

Key policies • Maximize domestic profits and overseas growth
• For all activities, conduct initiatives with an awareness of the SDGs
• As the domestic market is shrinking, realize operating profit growth through drastic reductions of manufacturing and operation costs
• In our overseas businesses, build marketing and promotional infrastructure to accelerate growth

Sustainable management approach and business strategy

Our division's approach

The business mission of the Textile & Clothing Materials Division is to continue providing people around the world with comfortable lifestyles with our wool and synthetic fiber technologies cultivated over many years. Our key policies for achieving this involve maintaining an awareness of the SDGs in all of our activities and pursuing consumer-focused innovation in our business processes. With regard to the SDGs, we have already announced an action policy built around a vision of "Weaving for the Future," and, in fiscal 2022, we are pursuing activities that are even more strongly focused on environmental friendliness. We want to actively communicate the benefits of wool as one of nature's gifts, as well as all that Nikke is doing to reduce environmental load and realize a circular economy.

Risks and opportunities

Our division recognizes that the continuing decline in Japan's birthrate and working population means a shrinking market for uniforms, which represents a long-term risk to our business. At the same time, however, progress towards the SDGs has started a recovery in demand for environmentally friendly natural fibers, and we are responding to this by developing products for new markets that have not used wool products before now, such as sportswear and inner wear.

Future business strategy

The urgent concern for our division is getting the growth of our overseas business back on track following the slowdown caused by the COVID-19 pandemic. We will combine our strength together with Nikke Textile Co., Ltd., Daiichi Orimono Co., Ltd., and our Group companies in China to expand sales in Western and Chinese markets. Additionally, one of our strengths is our integrated supply system that completes the supply chain within the Group, encompassing everything from raw materials procurement to sewn product delivery. We aim to further refine this strength to give our organization a high degree of efficiency and competitiveness.

The products from Nikke Textile and Daiichi Orimono have been used by high-end ready-to-wear brands around the world for many years, with both companies' products offering a high degree of distinctiveness backed by technological strength that competitors cannot match. It is important that this value be accurately communicated to customers. Also, in the Chinese market, Nikke's strength comes not only from its brand value but also from its factories that allow products to be manufactured locally. Equipped with technology and know-how from Nikke in Japan, Qingdao Nikke Fabric Co., Ltd. sets itself apart from other local manufacturers, such as by providing small-lot, multi-product manufacturing. These distinctive strengths are being put to use in an integrated manufacturing and sales strategy.