



June 10, 2019

Company name: Nikkiso Co., Ltd.
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Notice of Reorganization of Domestic Manufacturing Bases

Nikkiso Co., Ltd. (the "Company") resolved, at its board of directors meeting held today, to review and reorganize the domestic manufacturing, research, and technology development bases, as described below.

1. Purpose of reorganizing domestic manufacturing bases

To respond appropriately to changes in business environments and achieve further growth, the Company has made the upfront investments necessary for its growth, including the acquisition of the Cryogenic Industries Group (U.S.) and the construction of new factories in Miyazaki and Vietnam. The Company also aims to improve its profitability and corporate value through optimization of its business base, improvement of efficiency, and functional enhancement.

As part of these efforts, the Company will reorganize its domestic manufacturing, research, and technology development bases, which are currently located in various areas; integrate and optimize its manufacturing systems and functions; cultivate engineers; and establish its quality management system.

2. Details of the reorganization of domestic manufacturing bases

(1) Relocation of the manufacturing factory of the Industrial Business, and functional changes of the Higashimurayama Plant

The industrial factory which manufactures canned motor pumps, cryogenic pumps, etc. will be relocated from the Higashimurayama Plant to the Miyazaki Factory.

As the Company's pump manufacturing base, the Higashimurayama Plant has manufactured canned motor pumps, cryogenic pumps, etc. since its construction in 1960. However, as almost 60 years have passed since construction, this Plant is reaching capacity for improving manufacturing efficiency and expanding manufacturing capabilities. This is the reason the Company has decided to relocate it to the Miyazaki Factory.

As a result of this relocation, the Company will transform its procurement, logistics, and other operational processes, as well as improve manufacturing efficiency and expand manufacturing capabilities, and aim for the further growth of the Industrial Business.

The Company is considering using the Higashimurayama Plant as the base for research, technology development, etc. after the relocation of the Industrial factory. The reorganization is scheduled to be completed at the end of 2022.

(2) Relocation of research and technology development bases, and functional changes of the Research and Engineering Institute (Shizuoka)

The Research and Engineering Institute (Shizuoka) will be relocated to the Higashimurayama Plant. The Company is considering setting up a logistics base for the Medical Business, Technical Support, Training Center, etc. inside this property in Shizuoka after the relocation of the Research and Engineering Institute. The reorganization is scheduled to be completed at the end of 2022.

(3) Integration of manufacturing bases of the Aerospace Business

Manufacturing factories of the Aerospace Business will be relocated from the Higashimurayama Plant and the

Research and Engineering Institute (Shizuoka) to the Miyazaki Factory. As a result of this relocation, domestic bases of the Aerospace Business will be integrated with Kanazawa and Miyazaki.

3. Additional investments in the Miyazaki Factory in connection with the reorganization of domestic manufacturing bases

We will make additional investments in connection with the relocation of the industrial factory from the Higashimurayama Plant and the construction of a cryogenic pump testing facility

Construction of an industrial factory: About 9.5 billion yen

Cryogenic pump testing facility included in the above: About 5.5 billion yen

[Outline of the Miyazaki Industrial Factory]

Site area: About 24,000 m²

Floor area: About 12,000 m²

Construction plan: Complete the construction of a cryogenic pump testing facility by the end of 2020

Complete the construction of an industrial plant by the end of 2020:

Complete the transfer of pump manufacturing 2021

Recruitment plan: About 100 employees by 2021

4. Effects on financial performance

Effects of the reorganization on the FYE December 2019 consolidated financial performance are expected to be immaterial. Effects from the next period and thereafter will be announced when they become apparent, if necessary.

(Reference) Outline of businesses and functions by base

	Before reorganization	After reorganization
Higashimurayama	Industrial Business Aerospace Business	Research and technology development bases, etc.
Shizuoka	Research and technology development Aerospace Business	Logistics base for the Medical Business, service training bases, etc.
Kanazawa	Medical Business Aerospace Business	Medical Business Aerospace Business
Miyazaki	Aerospace Business	Aerospace Business Industrial Business
Hakusan	Deep UV-LEDs Business	Deep UV-LEDs Business