

May 10, 2022

Notice of Revisions to Management Targets in the Medium-Term Management Plan

At the meeting of the Board of Directors held today, NICHIREKI CO., LTD. (hereinafter, “the Company”) has resolved to revise the management targets stated in the Medium-Term Management Plan “Resilience 2025 (Shinayaka 2025)” (FY2021 to FY2025) announced on May 7, 2021 as follows.

1. Reasons for the revision

Although the crude oil price has soared and is expected to remain high, a high level of public investment is continuing against a backdrop of rising construction demand for disaster prevention and mitigation, national land resilience measures, etc. In such an environment, the Company expects to exceed its initial targets for both sales and profits by further promoting management efficiency, expanding markets, and providing high value-added products and construction methods in accordance with the basic policy of “Resilience 2025 (Shinayaka 2025)”.

In addition, the construction of a production and logistics base in Tsukubamirai City, Ibaraki Prefecture, which was scheduled to be completed during the period of this medium-term management plan, has had to be postponed due to a sharp rise in prices of steel and other construction materials due to the Ukraine crisis, as well as the inevitable significant delay in delivery dates due to problems of semiconductor shortages related to manufacturing facilities and difficulties in procuring materials. As a result, the revised targets do not incorporate the depreciation burden associated with this construction.

2. Revision to management targets

The Company has revised the targets for the final year of “Resilience 2025 (Shinayaka 2025)” as follows.

	FY2025	
	Before revision	After revision
Consolidated net sales	77,000 million yen	86,000 million yen
Consolidated operating income	7,800 million yen	10,000 million yen
Consolidated ordinary income	8,000 million yen	10,200 million yen
ROIC (Return on Invested Capital)	6.5% or more	8.0% or more
ROA (Return on Assets)	5.0% or more	6.0% or more

(Note) The above management targets are based on judgments derived from information available as of the date of publication of this material. Actual results may differ from the numerical targets stated herein due to various factors.