

Financial Results for FY3/23



May 30, 2023

NICHIREKI CO., LTD.

(TSE Prime, Stock Code: 5011)

A leading company in creating 'roads'
which contributes to the society through creating 'roads'

“Sow the Seeds”



“Sow the Seeds”

“Let us advance forward by sowing the good seeds”.

This is the motto of the Nichireki Group.

Let us sow the strong seeds that will not die
even if a severe drought strikes.

By the sweat of our brow,
let us spread fertilizer.

Then the plants will grow up to bear good fruit.
Even if we do not harvest the fruits ourselves,
I believe this:

If we do not sow the seeds and
spread fertilizer,
but only aim to gain the fruits,
we will never enjoy true prosperity.

Eiichi Ikeda (Founder of the Nichireki Group)

Corporate philosophy



Corporate philosophy of Nichireki Group

Basic philosophy (Spirit of sowing the seeds)

Sowing the seeds, giving them water, letting them flower,
Continuously creating new business through the accumulation of unceasing effort

Management philosophy

To ensure the Nichireki Group contributes to the society through creating roads:

- ① **We will supply road paving materials and their corresponding construction methods to satisfy requirements for outstanding functionality and cost.**
- ② **We will offer advanced consulting that watches vigilantly over roads, which are the common assets of the people.**
- ③ **We will implement construction technology that is trusted by customers.**

By completely unifying these elements, the Nichireki Group considers its management philosophy as the aim of remaining a highly profitable corporate group that spearheads the creation of roads worthy of the trust of its stockholders and a wide range of customers. We also strive to ensure that every employee in the Group can exercise his or her abilities to the fullest through meaningful work.

Contents



- I . Corporate Profile
- II . Summary of Financial Results for FY3/23
- III . Full-Year Business Forecasts for FY3/24

I . Corporate Profile

Corporate Profile



Name	NICHIREKI CO., LTD.
Head office location	4-3-29 Kudan-kita, Chiyoda-ku, Tokyo
Founded	October 1943 (Established in September 1949)
Capital	2,919 million yen
Representative	Manabu Obata, President and Representative Director
No. of employees	972 employees (Consolidated, as of March 31, 2023)
Business description	<ul style="list-style-type: none">▪ Manufacturing and sales of applied and processes asphalt products▪ Manufacturing, processing and sales of construction and civil engineering materials▪ Contracting for road paving, waterproofing, water and sewage and other civil engineering work, including relevant survey and diagnosis, design and administration processes

History of Our Group



1943	Eiichi Ikeda founded Nihon Rekisei Kagaku Kogyosho to engage in construction waterproofing works using asphalt.
1946	Began to undertake paving construction works
1949	Founded a company
1950	Established a Tokyo Plant and Laboratory in Arakawa-ku, Tokyo; started production of asphalt emulsion
1954	Changed the corporate name to Nichireki Kagaku Kogyo Co., Ltd. due to company split and merger, etc.
1961	Japan's first cationic asphalt emulsion, CATIOZOL, was awarded the Tanahashi Invention Award
1968	Built a new head office building in Kudan, Chiyoda-ku, Tokyo (to present)
1974	Listed on the First Section of both Tokyo Stock Exchange and Osaka Securities Exchange.
1977	Opened a technical research center in Oyama Plant in Tochigi Prefecture
1994	Changed the corporate name to NICHIREKI CO., LTD.
2002	Started overseas business by establishing Beijing Luxin Dacheng Exquisite Paving Co., Ltd. in Beijing, a joint venture between Japan and China
2007	Conducted its first M&A, making ASAHI INDUSTRIES TECHNOS CO., LTD. (company name changed in April 2023) in Oita City, Oita Prefecture a wholly owned subsidiary.
2010	Established a subsidiary NICHIREKI SHANGHAI CO., LTD. in Shanghai, China
2014	Made consolidated subsidiaries into wholly owned subsidiaries
2017-2019	Conducted M&A to make Linephalt Industry Co.,Ltd., Shinwa Kakoh Co., Ltd., and Heat Rock Industry Co., Ltd. wholly owned subsidiaries.
2020	Acquired a large parcel of land in Tsukubamirai City to construct a new production and logistics base (Tsukuba Big Ship)
2022	Selected and shifted to "Prime Market" in accordance with the market reorganization of the Tokyo Stock Exchange

Offices and Group Companies (as of May 30, 2023)



◆ Offices

99 sites in Japan (44 out of 47 prefectures), 5 sites overseas

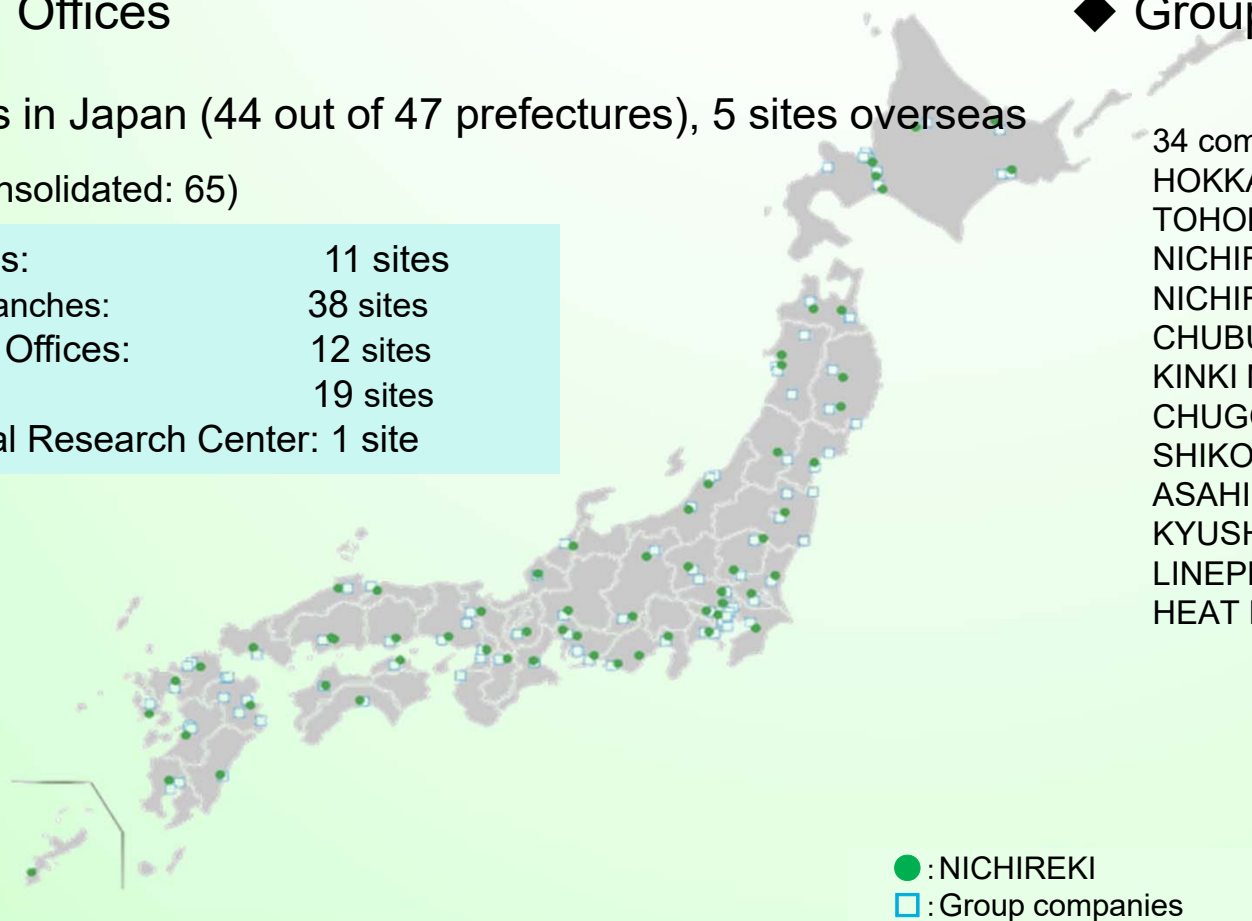
(Non-consolidated: 65)

Branches:	11 sites
Sales Branches:	38 sites
Satellite Offices:	12 sites
Plants:	19 sites
Technical Research Center:	1 site

◆ Group companies (Consolidated subsidiaries)

34 companies including

HOKKAIDO NICHIREKI CONSTRUCTION CO., LTD.
TOHOKU NICHIREKI CONSTRUCTION CO., LTD.
NICHIREKI ROAD CO., LTD.
NICHIREKI SPECIAL CONSTRUCTION CO., LTD.
CHUBU NICHIREKI CONSTRUCTION CO., LTD.
KINKI NICHIREKI CONSTRUCTION CO., LTD.
CHUGOKU NICHIREKI CONSTRUCTION CO., LTD.
SHIKOKU NICHIREKI CONSTRUCTION CO., LTD.
ASAHI KOGYO CO., LTD.
KYUSHU NICHIREKI CONSTRUCTION CO., LTD.
LINEPHALT INDUSTRY CO., LTD.
HEAT ROCK INDUSTRY CO., LTD.



Business Overview



The Nichireki Group develops business activities that offer a wide variety of products, technologies, works, and so forth mainly related to road paving.

● Applied and Processed Asphalt Products Business

Manufacturing and sales of applied and processed asphalt products including asphalt emulsions, modified asphalt, bridge deck slab waterproofing materials, road surface repairing materials, crack repairing materials, landscape paving materials and industrial products, as well as manufacturing, processing, and sales of construction and civil engineering materials

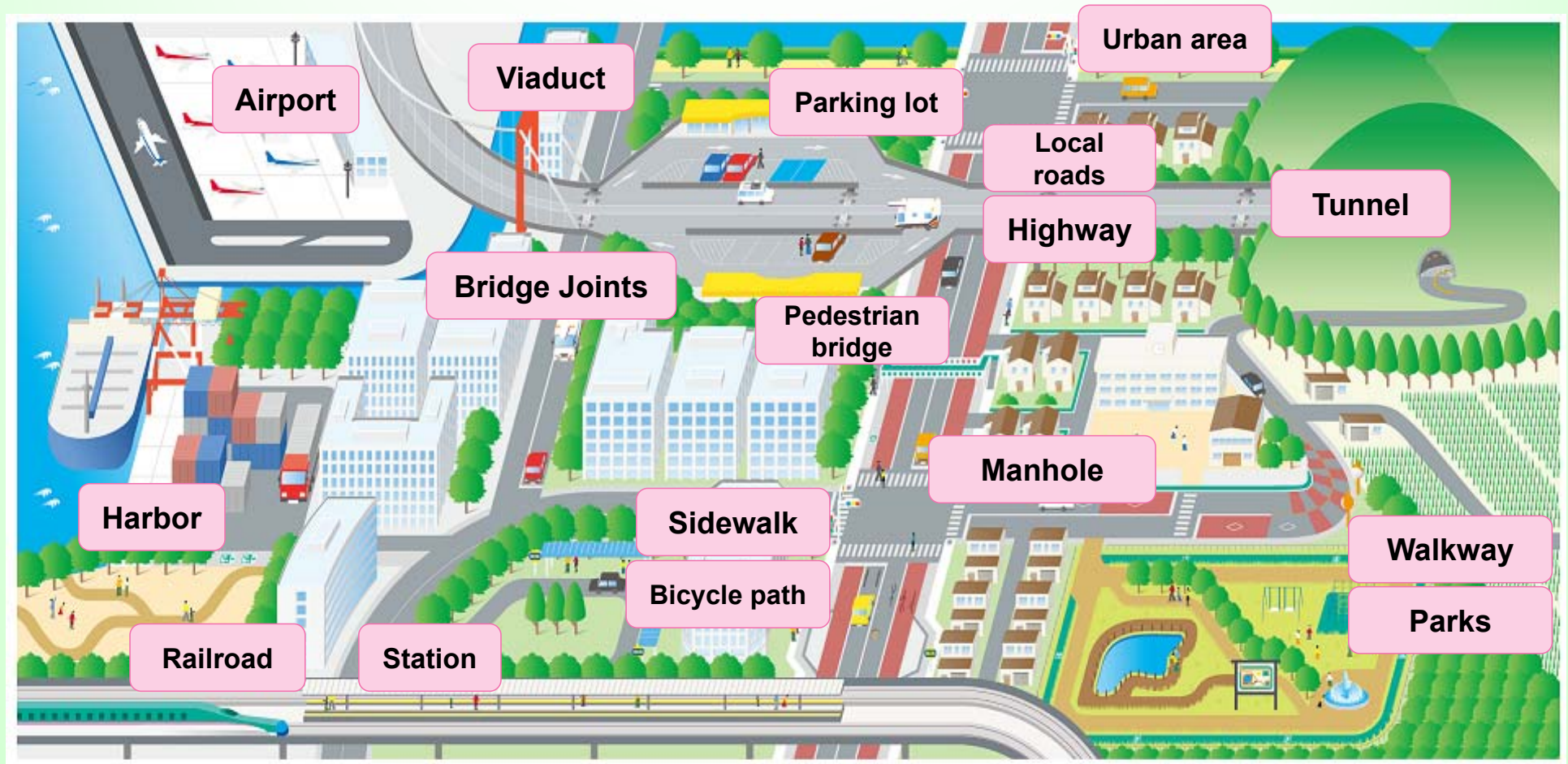


● Road Paving Business

Contracting for road paving, bridge deck slab waterproofing, water and sewage and other civil engineering work, including relevant survey and diagnosis, design and administration processes



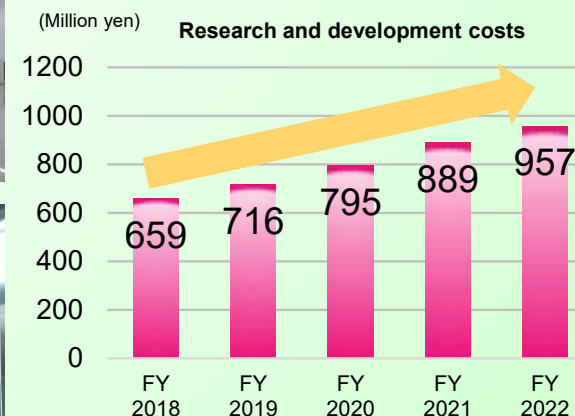
Business Domain



Advantages in Research and Development

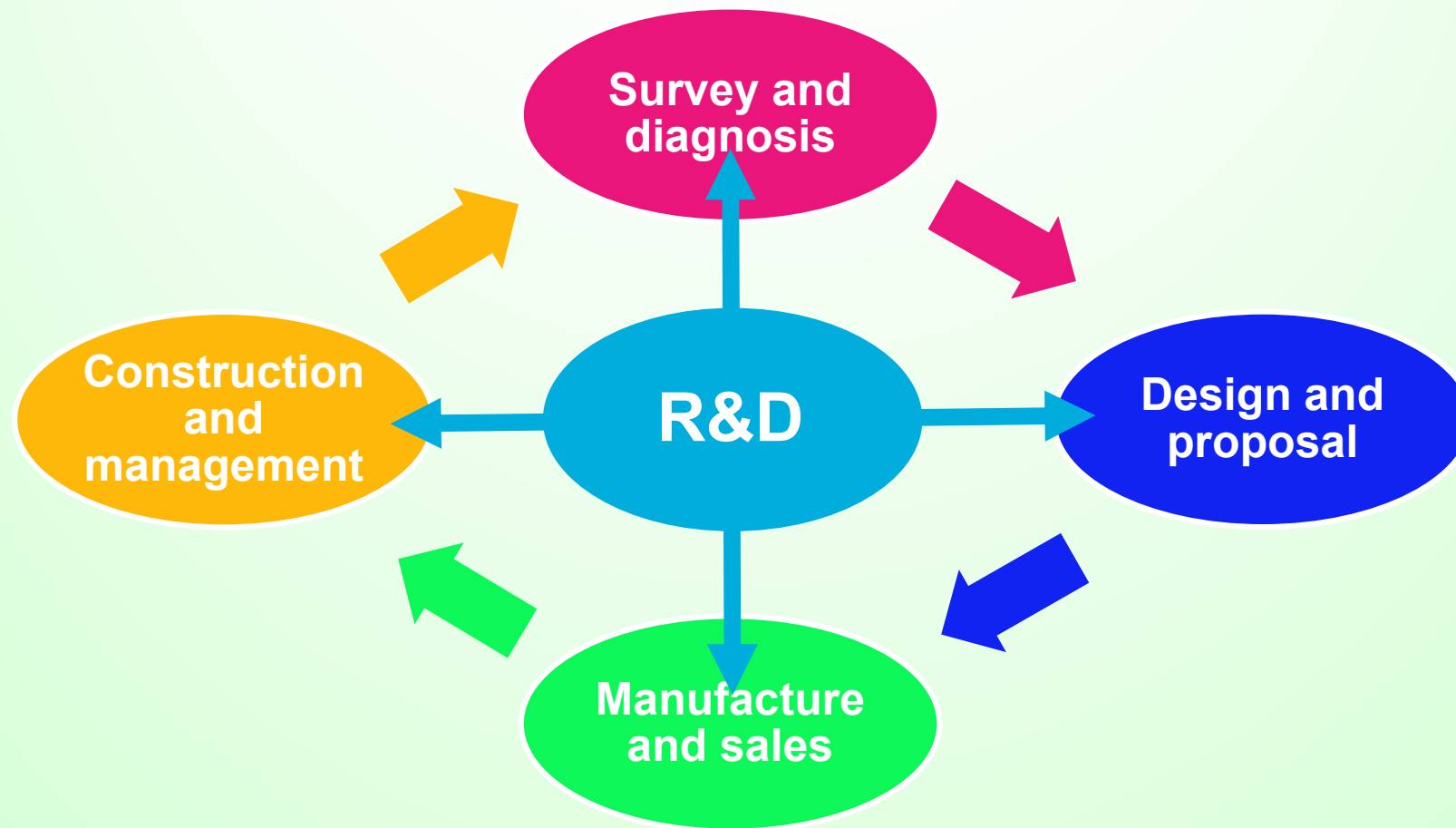


- ◆ About 10 percent (about 40 employees) of the NICHIREKI employees belong to the technical research center and about 10 percent of operating profit (consolidated) is being invested in research and development
- ◆ Installed performance evaluation testing machines and promoted R&D of eco-friendly products and construction methods in response to the demands of the era of social infrastructure maintenance, such as making roads last longer and making large-scale renewals



(*) The above R&D costs include software-related development costs, etc.

Strengths in the Business Model



Response to Climate Change



The NICHIREKI Group regards the impact of climate change on its business as an important management issue and actively implements measures to address climate change.

■ Endorsement of the Task Force on Climate Related Financial Disclosures (TCFD)

Goals

*Disclosures based on TCFD recommendations are made in the Integrated Report 2022.
The results for FY2022 will be disclosed in the integrated report to be issued in September of this year.

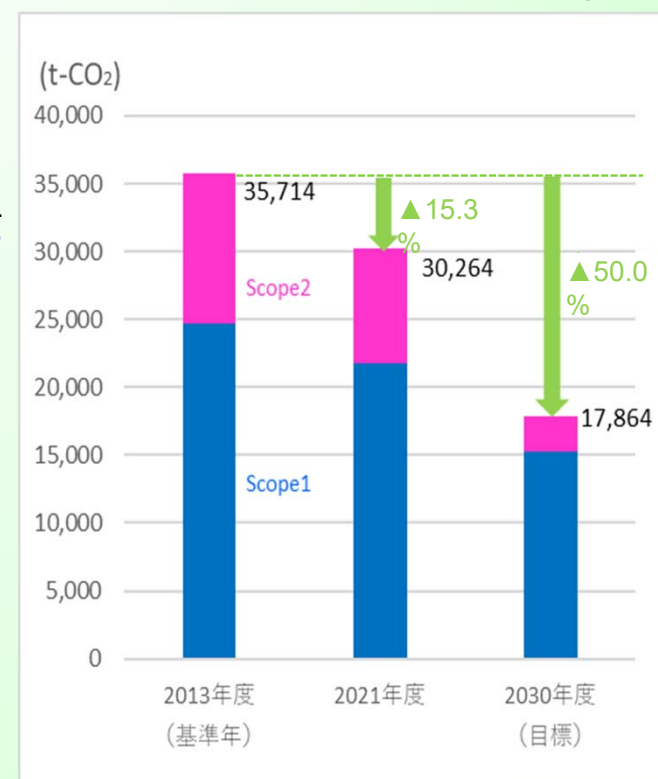
- Reduce greenhouse gas emissions in Scope 1+2 by 50% from FY2013 by FY2030
- Reduce greenhouse gas emissions of the entire value chain to net zero by 2050

Measures



- Reform manufacturing methods, purchase green electricity, promote installation of solar panels, etc.
- Expand sales of environmentally friendly products such as long-life and warm mix modified asphalt
- Promote development of low-carbon, cold-laid pavement materials and construction technology

<CO2 emission reduction targets>



NICHIREKI's "Tastainability"



The NICHIREKI Group responds to the CO2 emissions reduction needs of our stakeholders with environmentally friendly products and construction methods.

Asphalt emulsion

Modified asphalt

Bridge deck slab
waterproofing

Pavement for
landscaping



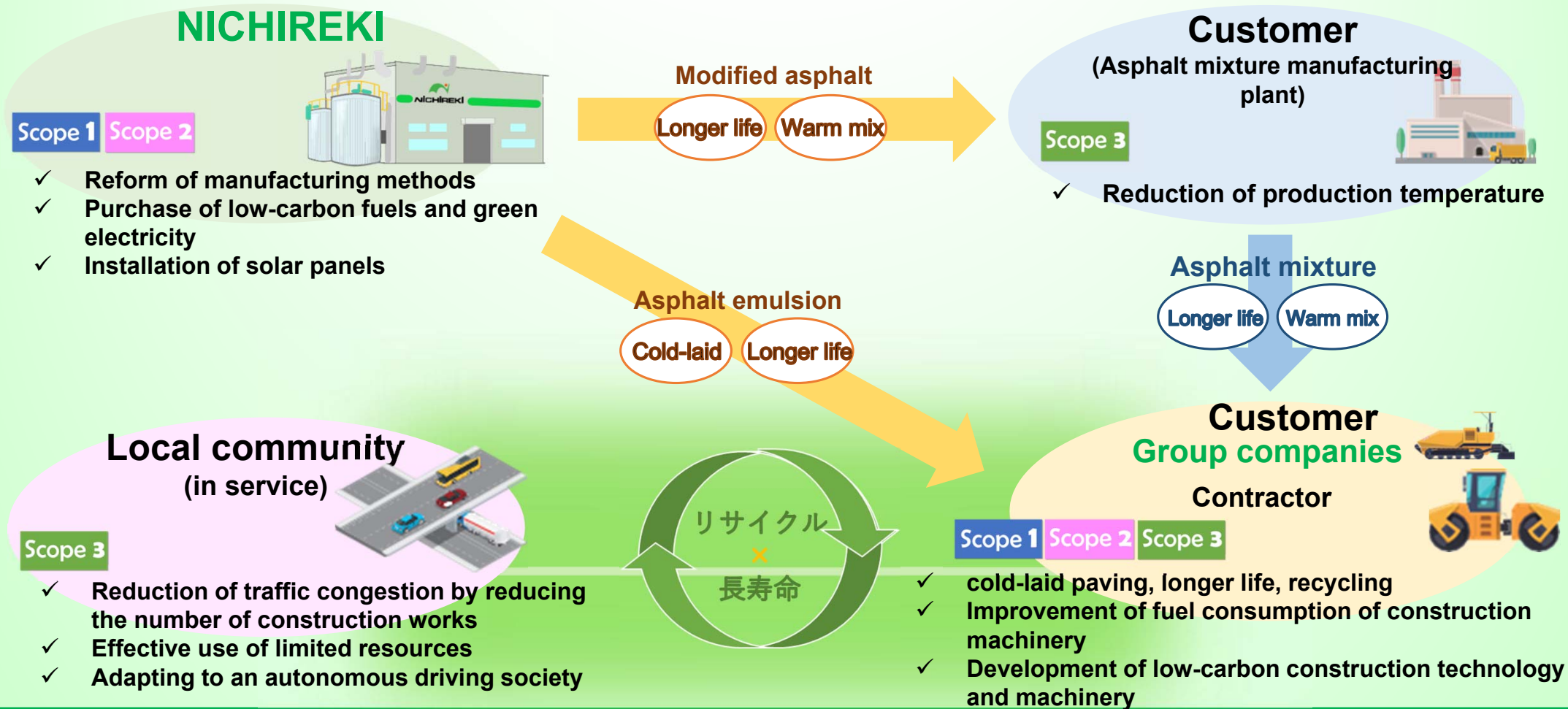
etc...



We contribute to the creation of sustainable roads by "adding" further performance and functions such as longer life, recycling, etc., in other words, "Tastainability".

*"Tasu" means "plus" in Japanese. "Tastainability" means plus sustainable feature.

Example of CO2 Reduction Image of Nichireki's Products and Construction Methods



Super Containerphalt

CO2 emissions from asphalt mixture production
Reduce by approx. **13%**

- ◆ A special modified asphalt with extremely high plastic deformation resistance, suitable for heavy-duty applications such as airports and harbors.
- ◆ Compared to the conventional our product, Containerphalt S, the manufacturing temperature of the mixture is reduced by approximately 30°C, from 185°C to 155°C.



Tastainability



Contributes to the long lifespan of pavement, reducing the frequency of repairs and contributing to the reduction of CO2 emissions caused by construction work and traffic congestion.


Super SHINAYAKAPHALT

CO2 emissions from asphalt mixture production
Reduce by approx. **22%**

- ◆ Specially modified asphalt that is flexible enough to be bent by hand and tough enough to withstand traffic loads.
- ◆ Compared to the former SHINAYAKAPHALT, the mixture manufacturing temperature is reduced by 50°C from 180°C to 130°C.



足すコトビリテヤ[®] **Tastainability**

 Contributes to a longer pavement life and a reduction in the number of construction works to about one-half, thereby reducing CO2 emissions due to construction work and traffic congestion.

Super SHINAYAKAPHALT

- ◆ On December 7, 2022, Minister of Land, Infrastructure, Transport and Tourism, Tetsuo Saito, visited the Nichireki booth at the "Social Infrastructure Tech" event.



※ Minister Saito and President Obata confirmed the flexibility of Super SHINAYAKAPHALT at the Nichireki booth.

STABI-CEMENT RC Construction Method



Recycled use of existing pavement reduces **CO2 emissions**
Reduce by approx. **20%**

- ◆ Recycling damaged existing pavement in place and constructing new pavement reduces pavement waste generated from the site by approximately 80%.



足すコナビリティ[®]

Tastainability



Contributes to further reduction of CO2 emissions by shortening the construction period and reducing associated traffic congestion, etc.

*Comparison with the “construction method of reconstructing full layers”
(Typical local level, design CBR=4, heavy traffic N5)

Super SHINAYAKAPHALT + STABI-CEMENT RC Construction Method

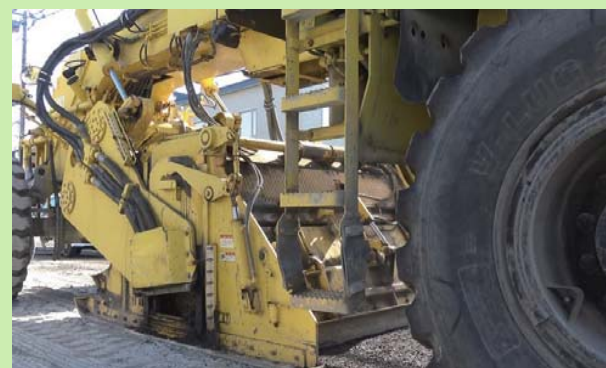


Reduce **CO2 emissions** due to long life and recycling
Reduce by approx. **48%**

- ◆ By paving Super SHINAYAKAPHALT on the base constructed by STABI-CEMENT RC Construction Method, an unprecedentedly long pavement life is realized.
- ◆ This reduces CO2 emissions by approximately 48% over the 50-year life cycle of the pavement.

足立コンクリート

Tastainability[®]



ASWOOD Paving

CO2 emissions compared to conventional heated pavement
Reduce by approx. **30%**

- ◆ Woodchip pavement constructed by cold-laid paving
- ◆ Excellent water permeability and soft texture, blend with the natural surroundings, and consider the landscape



足立木材株式会社[®] **Tas**tainability



By using thinned wood without burning it, CO2 is fixed without emitted to the atmosphere.

For example, if 1,000 square meters of 4cm thick are constructed with ASWOOD paving, the amount of CO2 that can be fixed is equivalent to the amount absorbed by about 1,300 cedar trees annually.

Super SURFTREAT Construction Method



CO2 emissions compared to heated thin paving
Reduce by approx. **61%**

- ◆ A construction method to improve the function of existing road surfaces that have become rough by spreading a thin layer of a special slurry mixture at normal temperatures.

足司テコビルテヤ[®] **Tastainability**



Extends pavement life by preventing potholes caused by crack propagation



Modified Asphalt for Gussasphalt

CO2 emissions during the production of asphalt mixtures
Reduce by approx. **17%**

- ◆ Mixtures using modified asphalts for gussasphalt are comparable to graded II waterproofing (standard of waterproofing performance assuming 2030 years) targeting concrete slabs.
- ◆ Reduce the manufacturing temperature of the mixtures from 240° C to 190° C and 50° C, respectively, compared to a typical gussasphalt mix.



足立コンクリート

®

Tastainability



Temperature reduction reduces odors specific to asphalt.
In addition, it contributes to reducing CO2 emissions due to its high durability and low frequency of repairs.

Ⅱ . Summary of Financial Results for FY3/23

Financial Highlights I (Outline of the FY3/23)



- Despite steady public investment against the backdrop of rising demand for construction, there were significant differences in regional budgets, project volumes, and progress in execution, and the high volatility of raw material prices created a challenging situation.
- In such a business environment, our group worked together as one under the second year of the medium-term management plan "Resilience 2025 (Shinayaka 2025)," making prompt and accurate decisions and implementing various measures.
- As a result, sales increased compared to the previous period, but operating profit decreased.

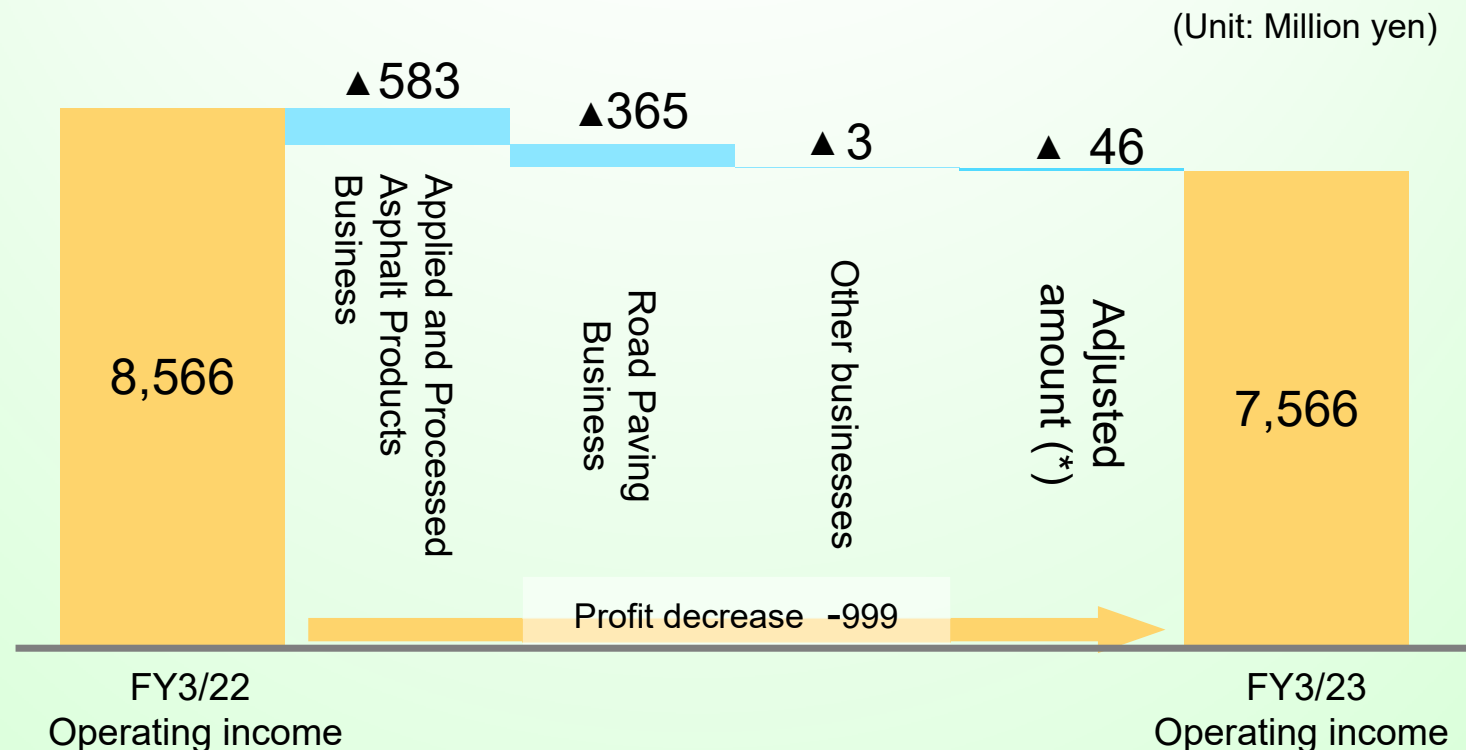
Financial Highlights II (Consolidated)



(Million yen)

	FY3/22	FY3/23	YoY Pct. change
Net sales	78,001	78,397	0.5% ↑
Gross profit	18,320	17,462	▲4.7% ↓
SG&A expenses	9,754	9,896	1.5% ↑
Operating profit	8,566	7,566	▲11.7% ↓
Ordinary profit	9,311	8,104	▲13.0% ↓
Net income attributable to owners of parent	6,811	6,284	▲7.7% ↓

Analysis on Changes in Operating Income

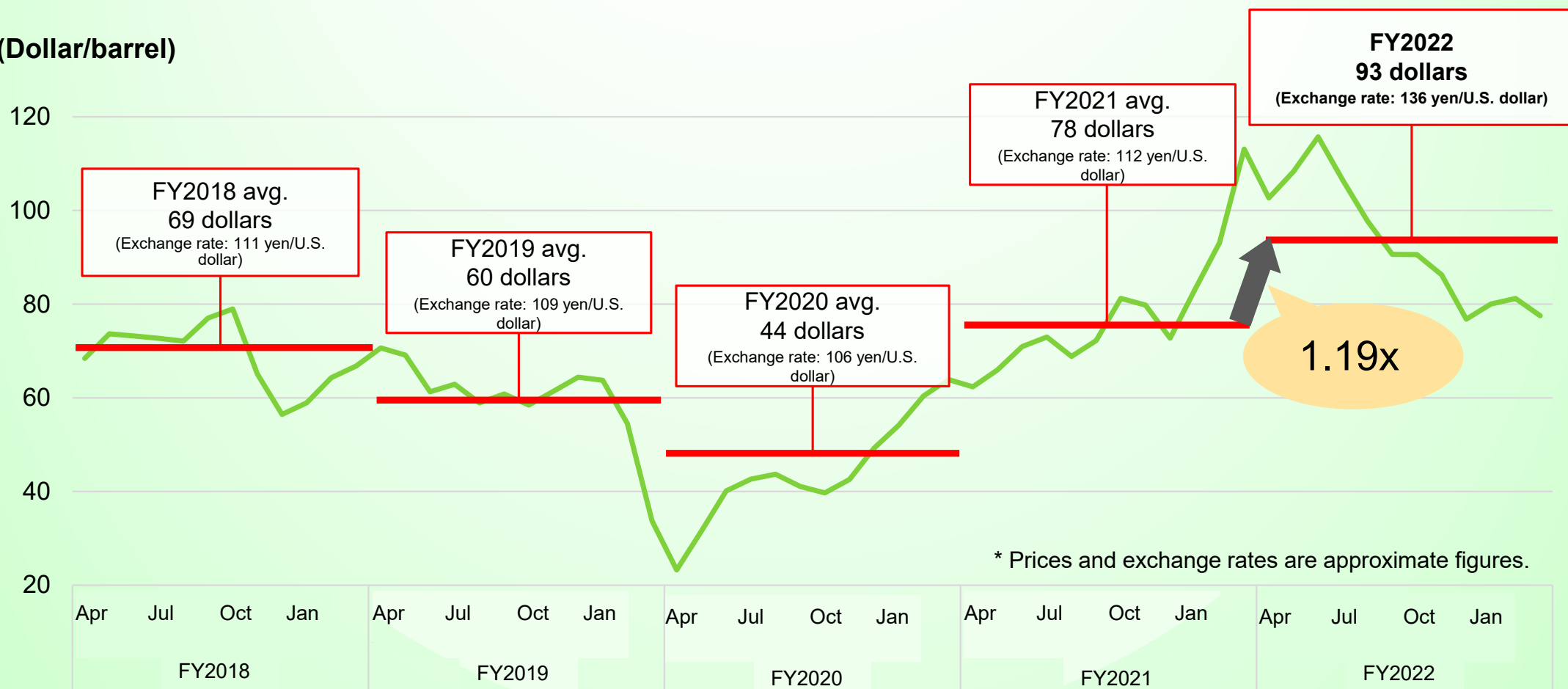


*Includes adjustments, eliminations of inter-segment transactions and corporate expenses not allocated to each segment (primarily corporate management expenses)

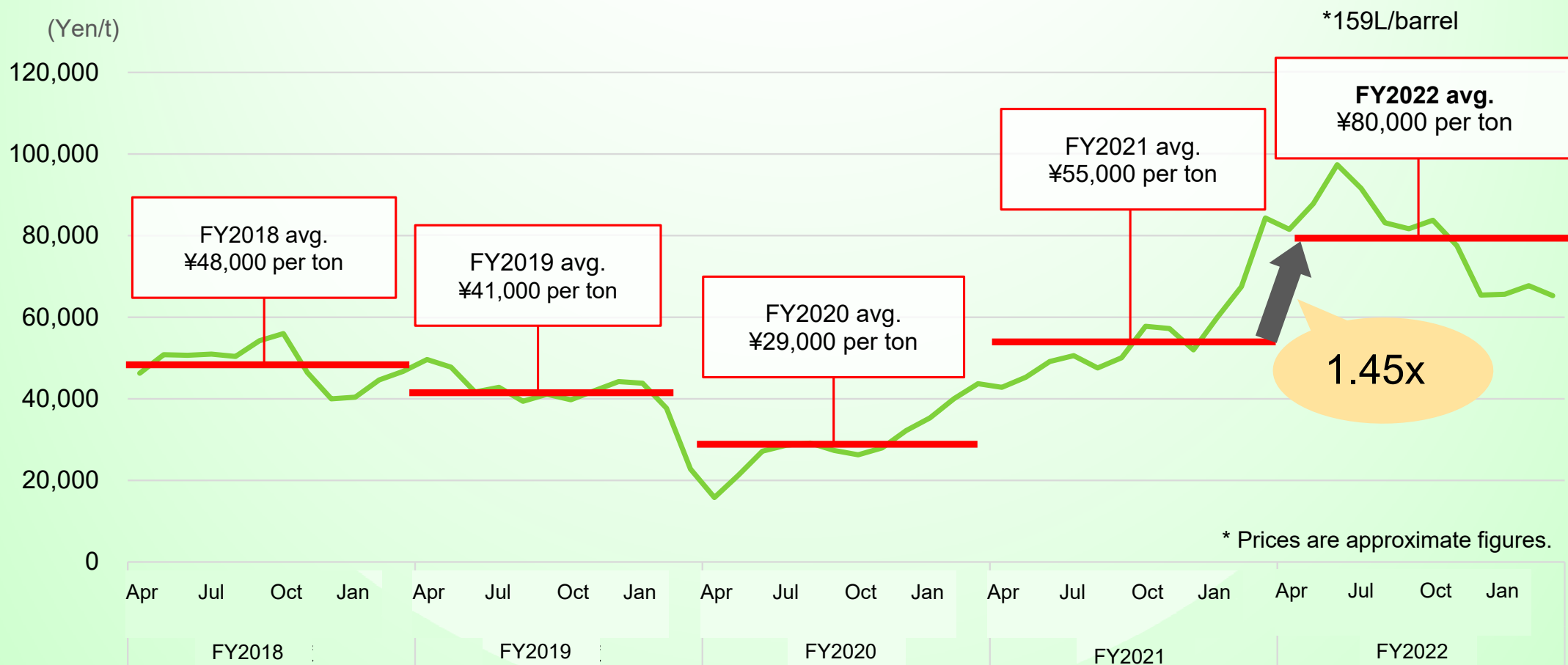
Reference: Dubai Crude Oil Prices (Dollar/barrel)



(Dollar/barrel)



Reference: Dubai Crude Oil Prices (Yen/t)



Financial Highlights III

(Segment Overview for FY3/23)



[Applied and Processed Asphalt Products Business]

- We focused on strengthening the design and order activities of high-value-added products aiming for "longevity and high performance" and "reduced environmental impact," resulting in an increase in sales compared to the previous period. However, segment profit decreased due to the soaring prices of raw materials.

[Road Paving Business]

- Both sales and segment profit decreased compared to the previous period due to a rise in cost ratio owing to the increase in material costs, as well as delay in progress of public projects in some regions.

Financial Highlights IV (by Segment)



(Million yen)

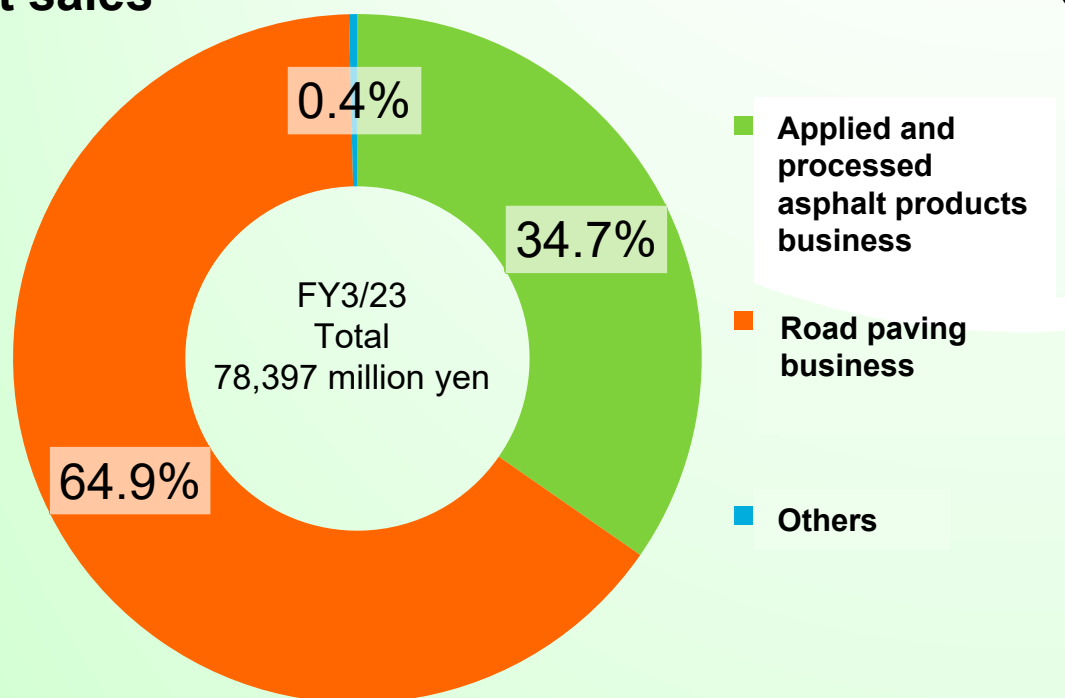
	Applied and Processed Asphalt Products Business			Road Paving Business		
	FY3/22	FY3/23	YoY Pct. change	FY3/22	FY3/23	YoY Pct. change
Segment sales	25,796	27,175	5.3% ↑	51,901	50,913	▲1.9% ↓
Segment profit	6,598	6,014	▲8.8% ↓	4,996	4,630	▲7.3% ↓
Segment profit margin	25.6%	22.1%	▲3.5pt ↓	9.6%	9.1%	▲0.5pt ↓

*Segment sales in the Applied and Processed Asphalt Products Business are net sales to external customers.

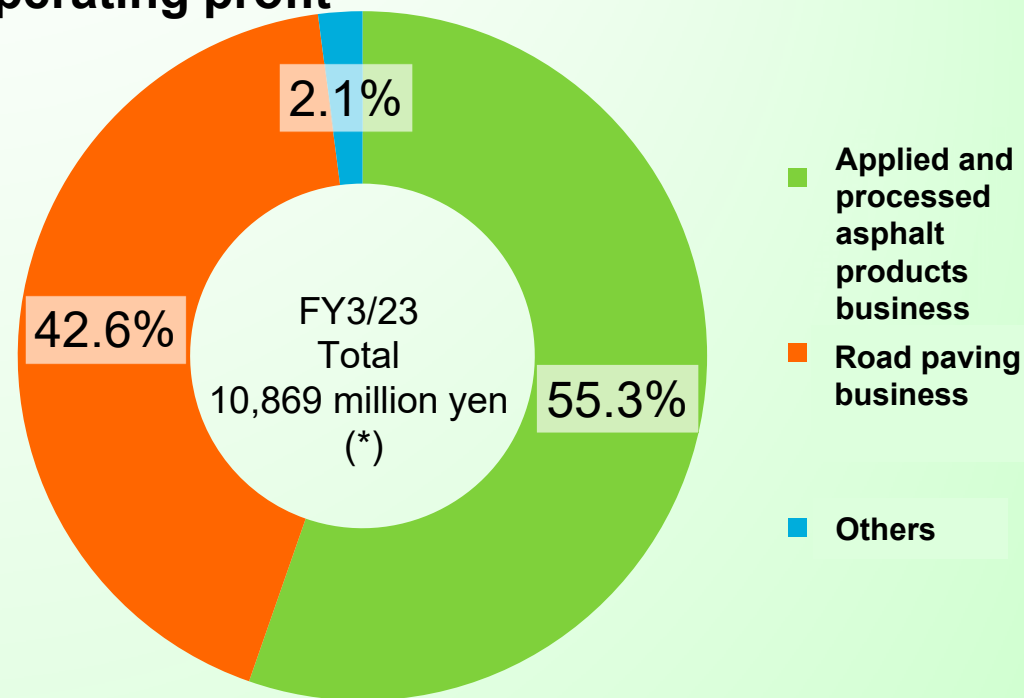
*Segment profit is before elimination of intersegment transactions and adjustments for corporate expenses.

Ratios of Operating Results by Segment

Net sales

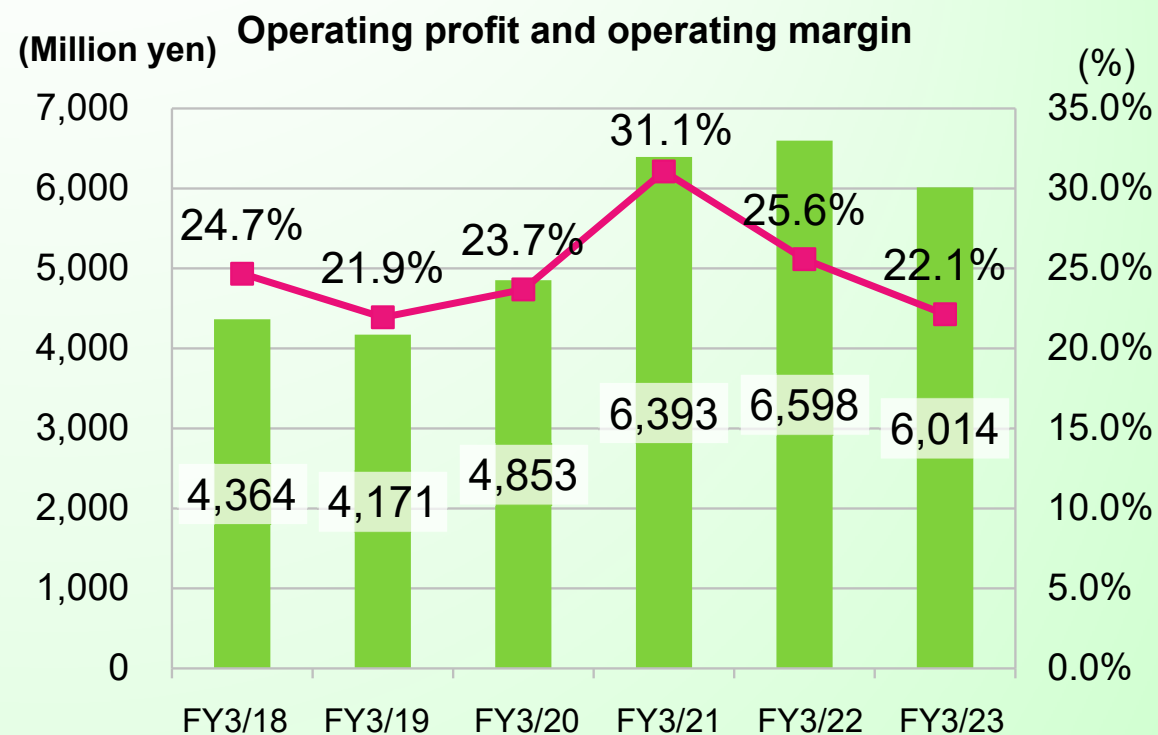
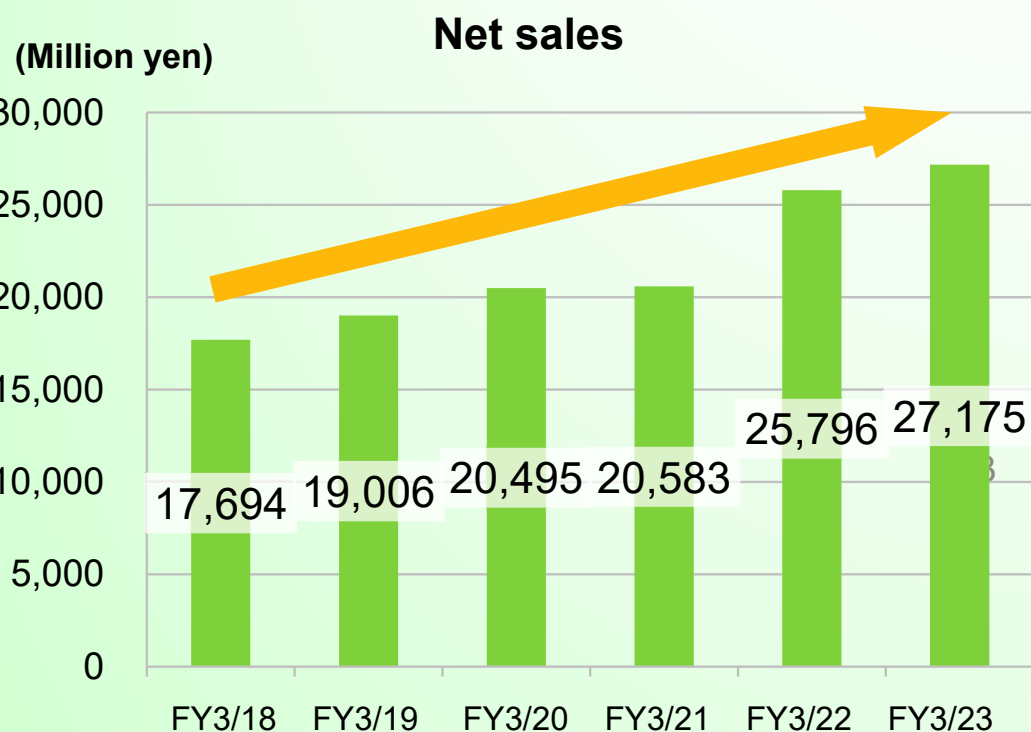


Operating profit



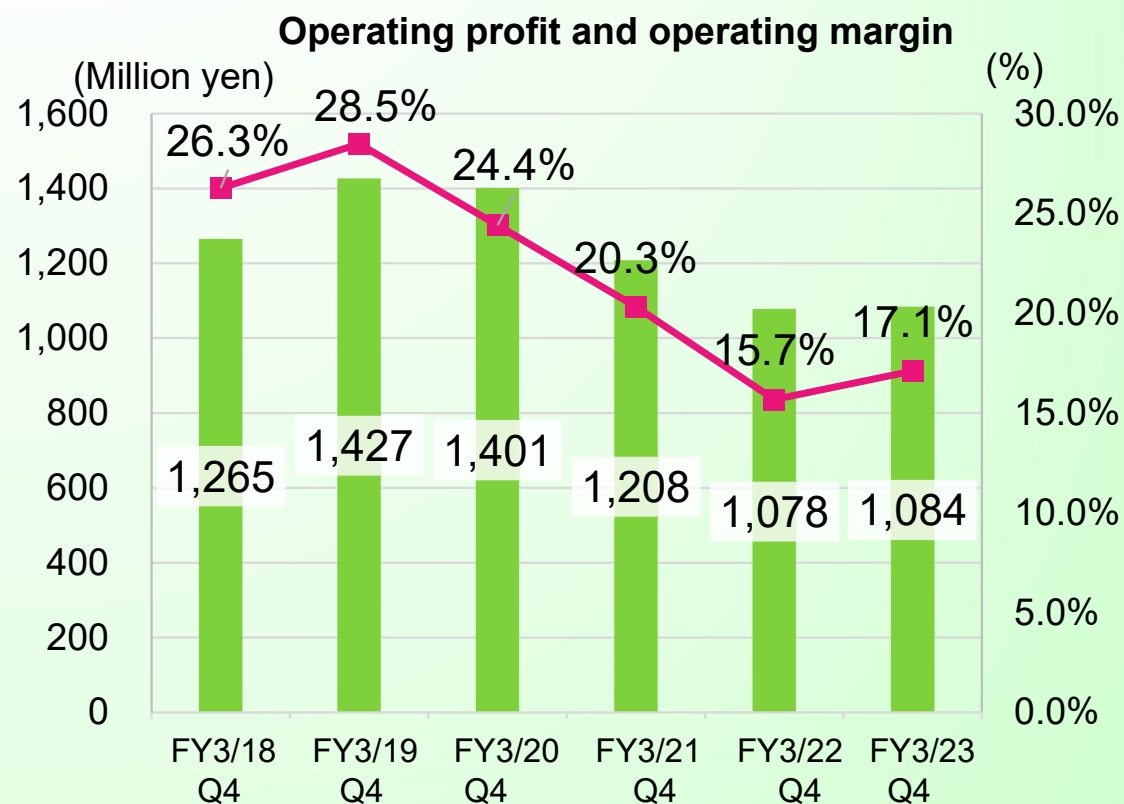
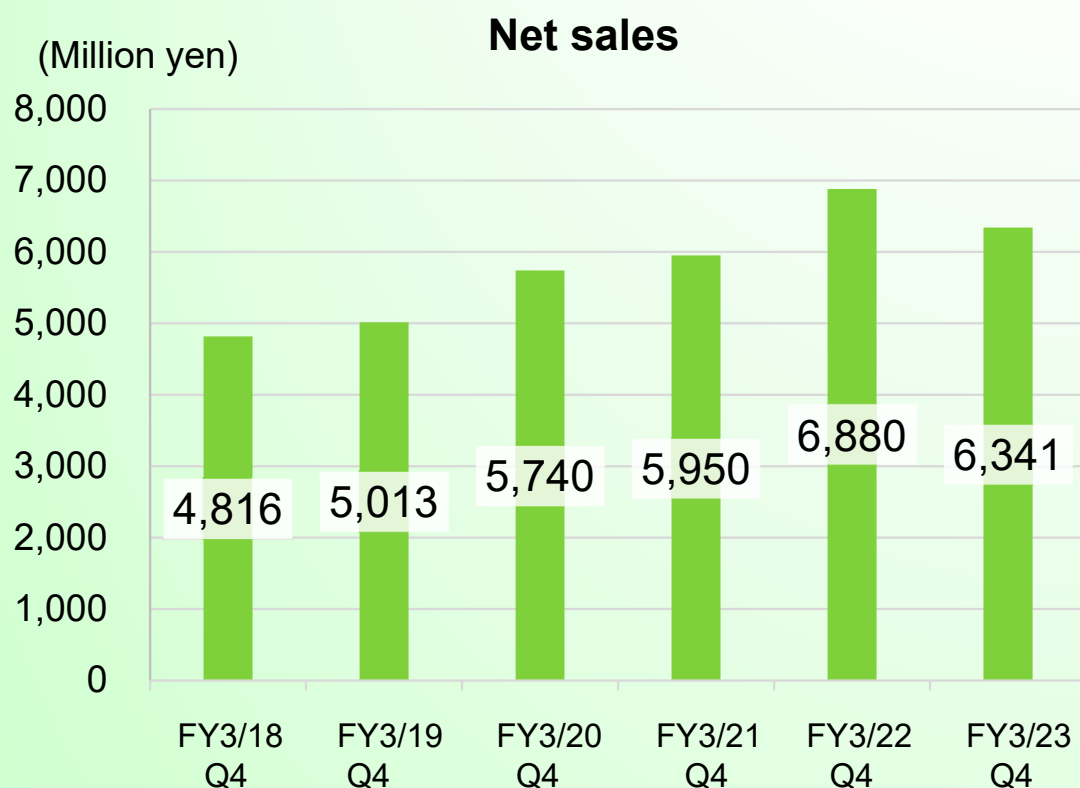
*: Amount before adjustment of 3,303 million yen, which includes elimination of inter-segment transactions and corporate expense

Changes in Operating Results by Segment (Applied and Processed Asphalt Products Business) Full-year



*Segment sales are sales to external customers only. Segment profit is before eliminations of intersegment transactions and adjustments for corporate expenses.

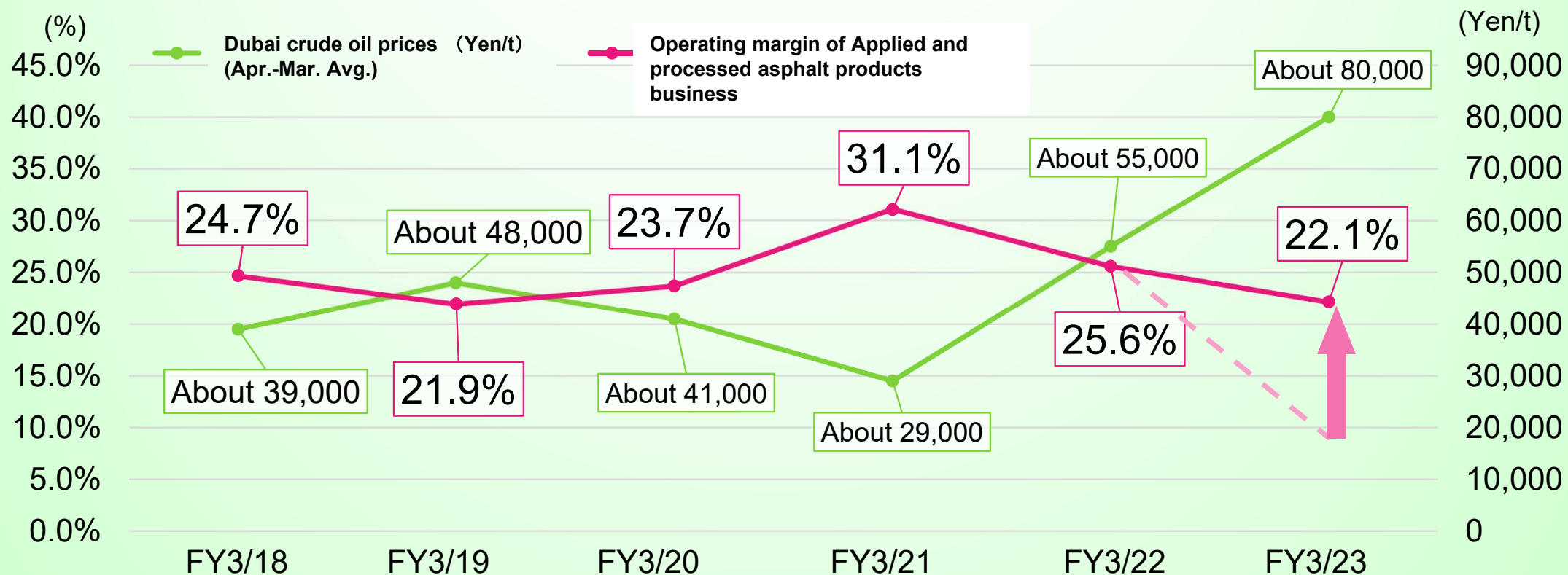
Changes in Operating Results by Segment (Applied and Processed Asphalt Products Business) Q4 Alone



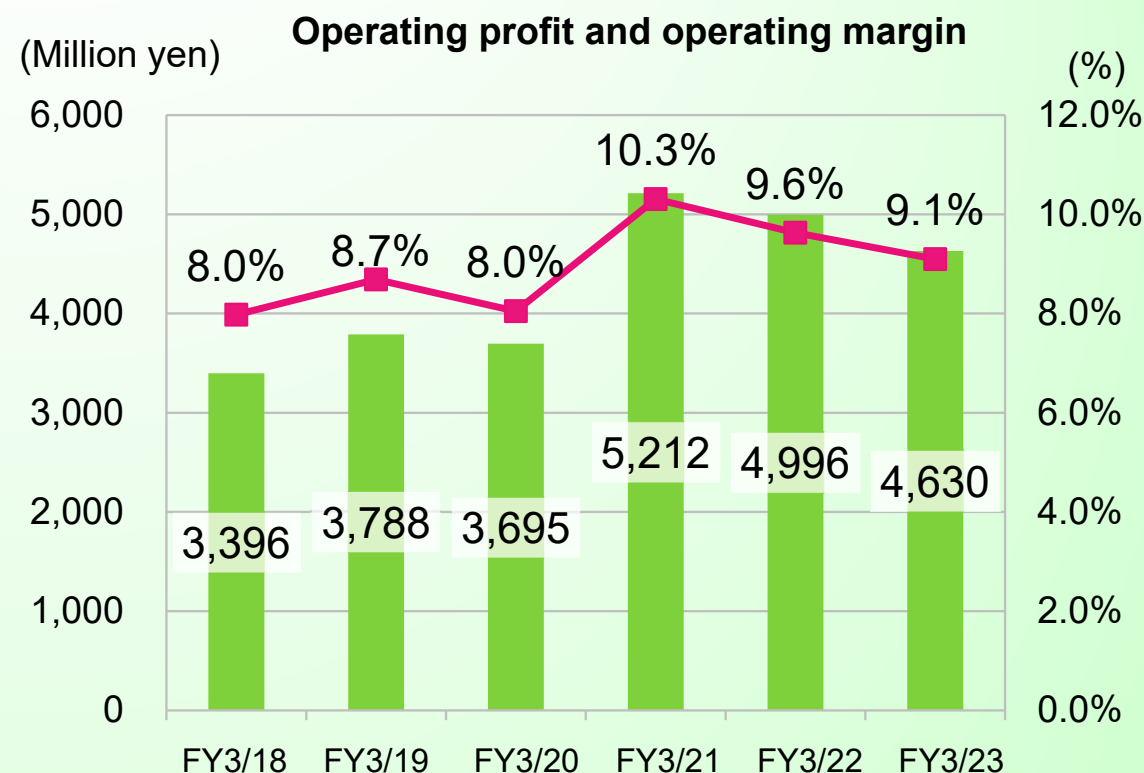
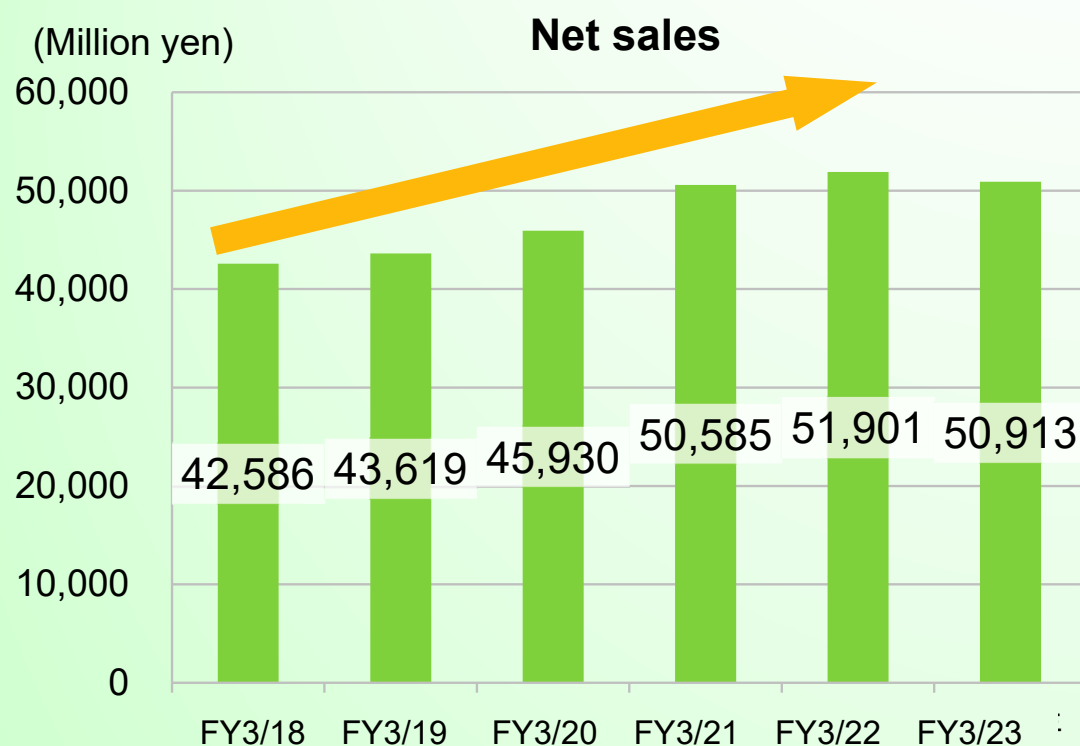
*Segment sales are sales to external customers only. Segment profit is before eliminations of intersegment transactions and adjustments for corporate expenses.

Changes in Operating Margin and Dubai Crude Oil Prices (Avg.)

◆Considering the impact of exchange rates

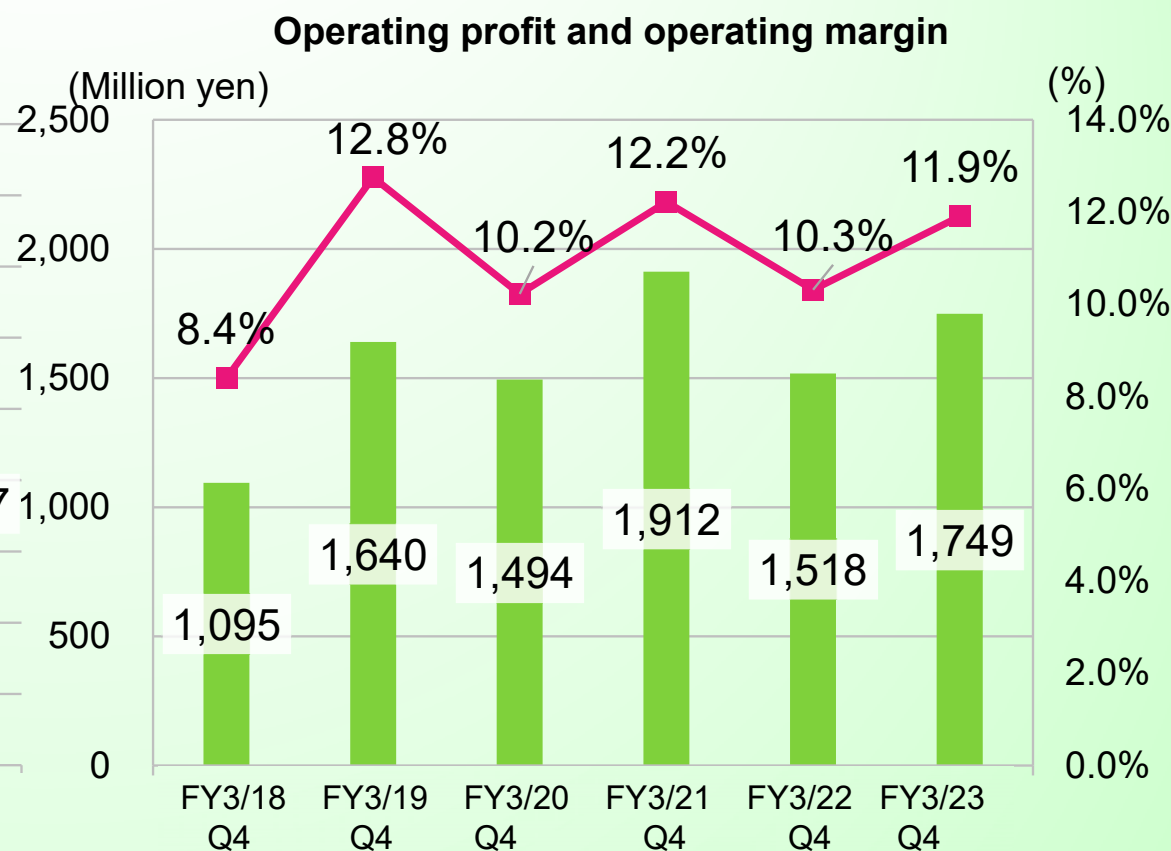
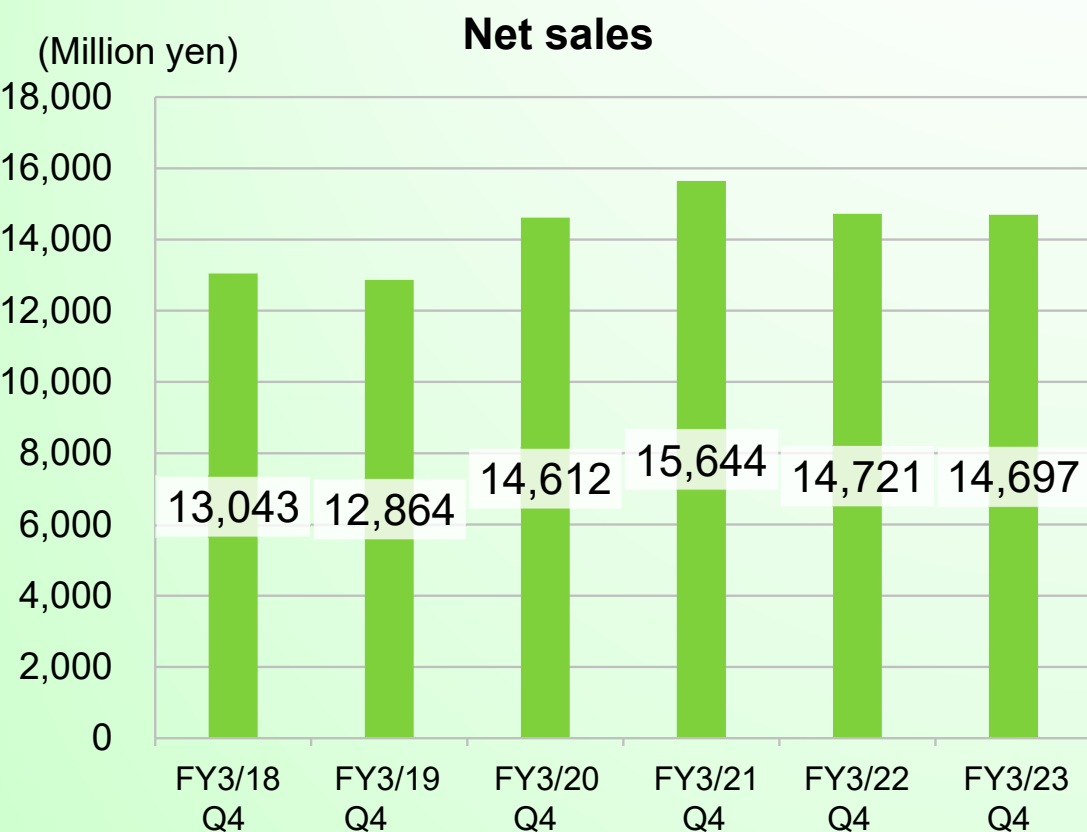


Changes in Operating Results by Segment (Road Paving Business) Full-year



*Segment sales are sales to external customers only. Segment profit is before eliminations of intersegment transactions and adjustments for corporate expenses.

Changes in Operating Results by Segment (Road Paving Business) Q4 Alone



Balance Sheet (March 31, 2023)



*: figures in brackets indicate increase/decrease for end-FY3/22

(Unit: Million yen)

Assets 91,474 (+3,049)	Current assets 54,867 (-1,693)	Current liabilities 17,650 (-1,791)	Liabilities 19,003 (-1,346)
		Fixed liabilities 1,353 (+444)	
	Fixed assets 36,606 (+4,742)	Net assets 72,470 (+4,395)	

Topics① [FY2022 First Half]



Apr

Selected and transferred to the "Prime Market" following the reorganization of the Tokyo Stock Exchange market

Appeared on the radio program "Souba-no-Fukunokami" by Radio NIKKEI

May

Financial Results Briefing for FY3/22

Jul

Concluded an official sponsor agreement with Utsunomiya Brex, a professional basketball team

Published advertisements in the morning edition of Nihon Keizai Shimbun

Launch of Super SHINAYAKAPHALT

Aug

Interview with the President published in "Kaisha Shikiho Online"

Sep

Published integrated report (Japanese version)

Disclosed information based on the Task Force on Climate Related Financial Disclosures (TCFD)

IR briefings for individual investors

Topics ② [FY2022 Second Half]



Oct

Received the 71st Nikkei Advertising Award
"Production Goods and Industries Category
Grand Prize"

Published integrated report (English version)

Release of corporate introduction video

Nov

Exhibition at "Highway Techno Fair"

Launch of "Super Containerphalt"

Q2 Financial Results Briefing

Completion of new Nagano Sales Office

Dec

Exhibition at "Social Infrastructure Tech"

Advertisement in "Weekly Toyo Keizai" ①

Jan

Advertisement in "Weekly Toyo Keizai" ②

Feb

President's interview featured in "Monthly Business Vision"

Introduction of Ikeda 20th Century Museum on BS Fuji's
"Akiko Yagi's Oshaberi Museum"

Topics ③ [FY2023 First Half]



Apr

Establishment of Joint Development Division at Tohoku University Graduate School

Registration of "GLOCAL-EYEZ" in the Ministry of Land, Infrastructure, Transport and Tourism catalog

Opening of Nichireki Osaka Sales Office, Kinki Nichireki Construction
Opening of Minami Osaka Branch, Linephalt Industry Co.,Ltd. Headquarters

May

Guest appearance on Radio NIKKEI program "Ifu Dodo"

Concluded a Sponsor Agreement with Utsunomiya Brex



- ◆ Contract signed in July 2022
- ◆ Utsunomiya Brex belongs to the men's professional basketball league B.LEAGUE
- ◆ NICHIREKI supports this team as part of its contribution to the Tochigi local community, since its Technical Research Institute, which is the core of research and development, and Oyama Plant, its main production base, are located in Tochigi Prefecture.



Published In Newspaper Advertisements and Won Advertising Awards



◆ The 71st Nikkei Advertising Award, Excellent in the Production Goods & Industry Division

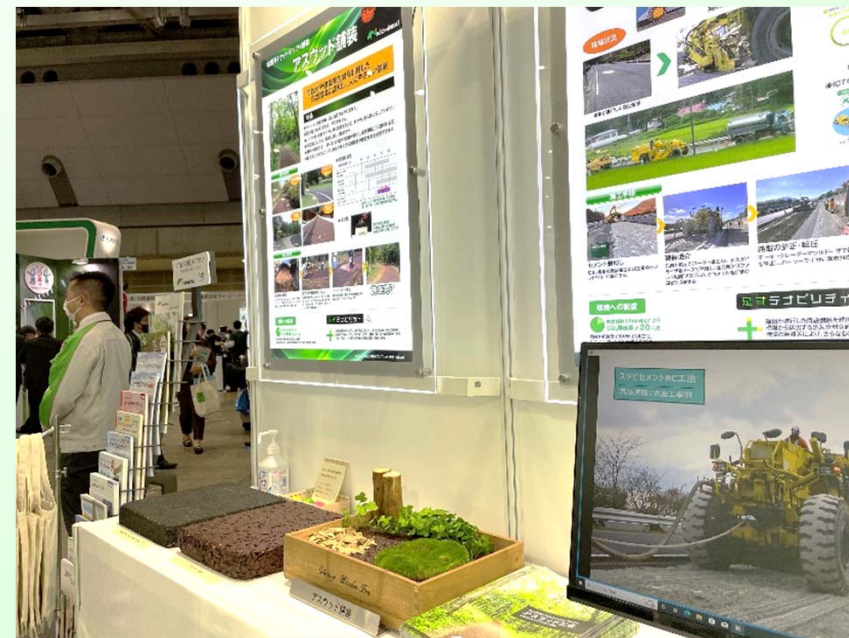
On July 26 and August 1, 2022, a series of advertisements appeared in the morning edition of the Nihon Keizai Shimbun for two consecutive weeks. Using the catchphrase "**Tastainability**" (means "plus sustainable feature"), we express our stance toward achieving SDGs and carbon neutrality through products/methods that contribute to reducing CO2.



Exhibition at Trade Shows <Highway Techno Fair>



- ◆ November 24-25, 2022: Exhibited at Highway Techno Fair
Joint exhibition with Heat Rock Industry Co., Ltd..
Introducing pavement technologies contributing to the longevity of highways.



Exhibition at Trade Shows <Social Infrastructure Tech>

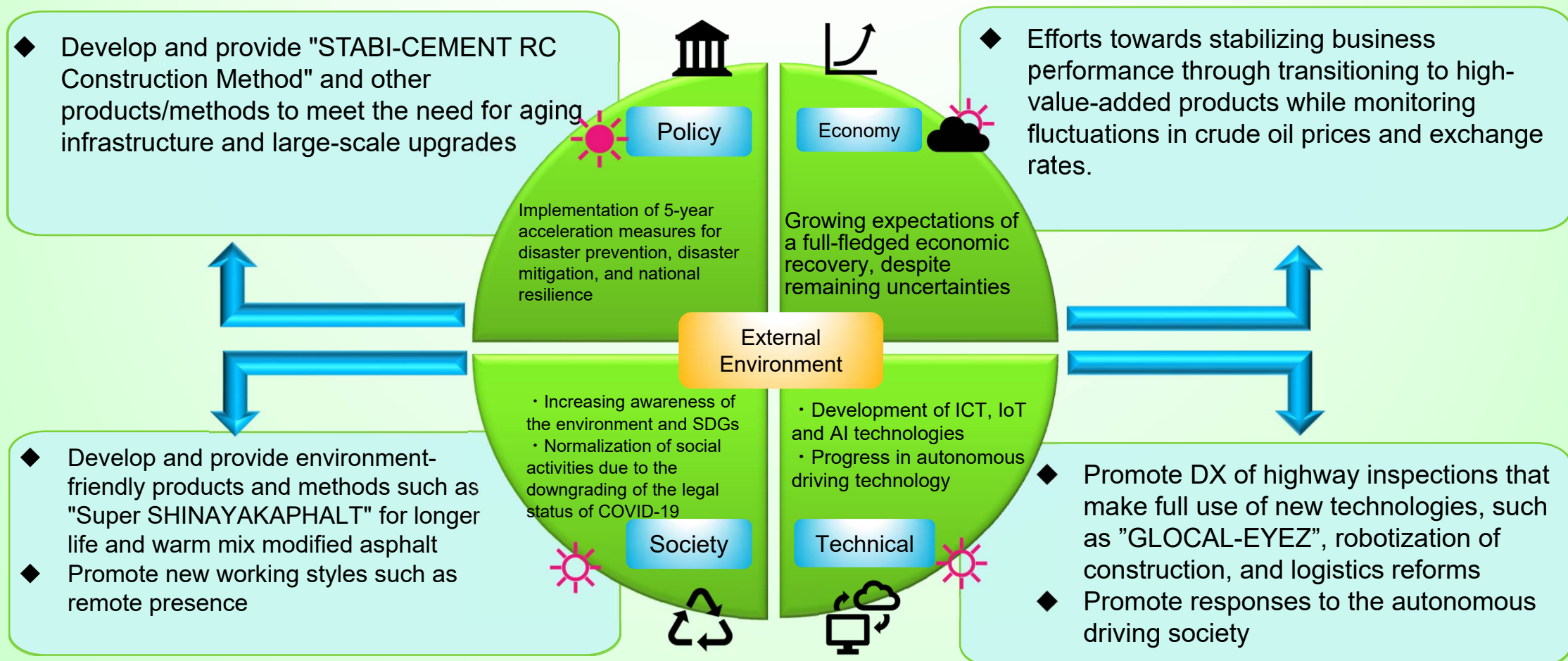


- ◆ December 7-9, 2022: Exhibited at Social Infrastructure Tech
Exhibition on the theme of the SDGs for the prevention and maintenance of ageing social infrastructure. On December 7, Mr. Saito, the Minister of Land, Infrastructure and Transport visited the Nichireki booth and inspected the "Super SHINAYAKAPHALT" and other products.



Ⅲ. Full-Year Business Forecasts for FY3/24

Our Group's External Environment and Responses



Full-Year Business Forecasts (Consolidated)

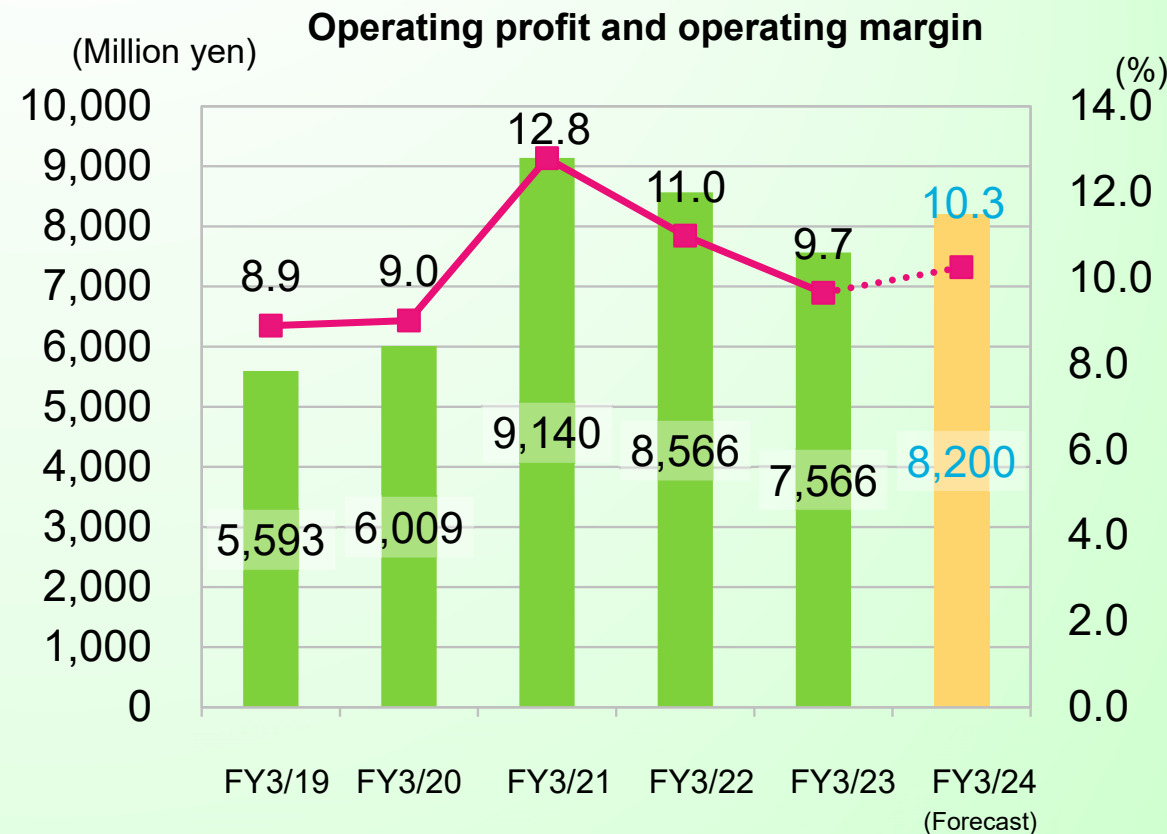
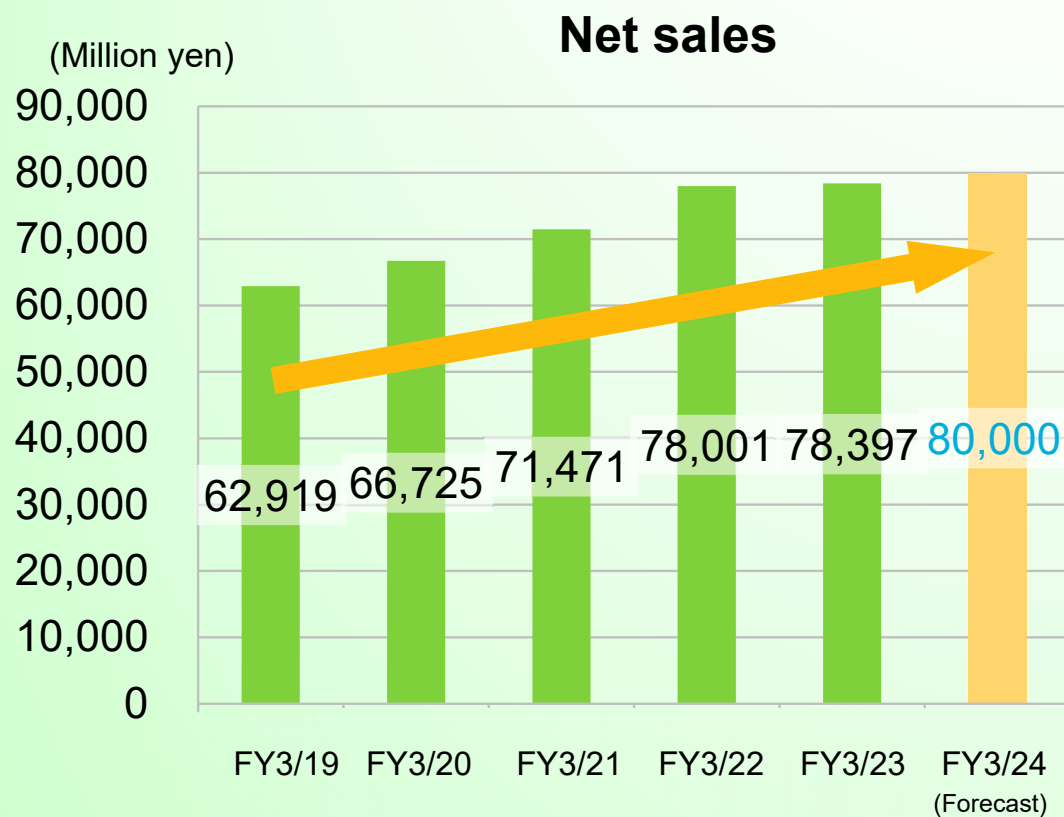


(Unit: Million yen)

	FY3/23	FY3/24(forecast)	YoY pct. change
Net sales	78,397	80,000	2.0%
Operating profit	7,566	8,200	8.4%
Ordinary profit	8,104	8,400	3.6%
Net income attributable to owners of parent	6,284	5,500	▲12.5%

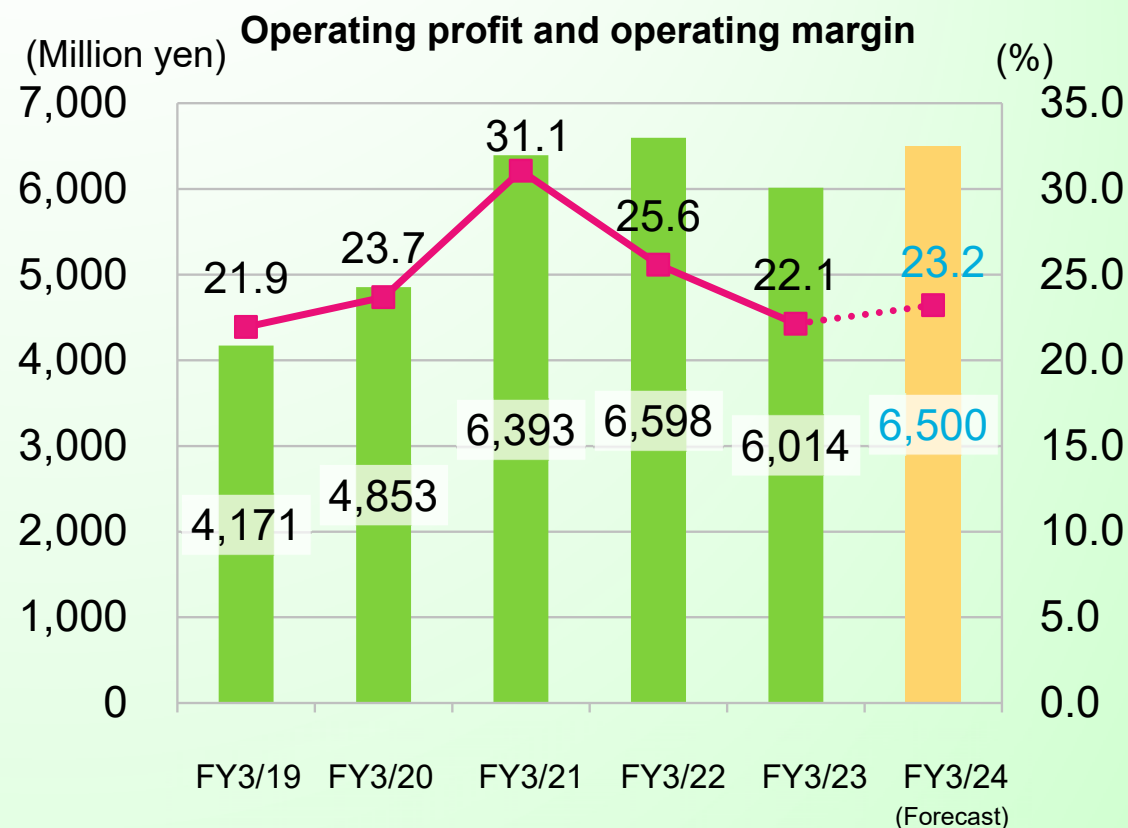
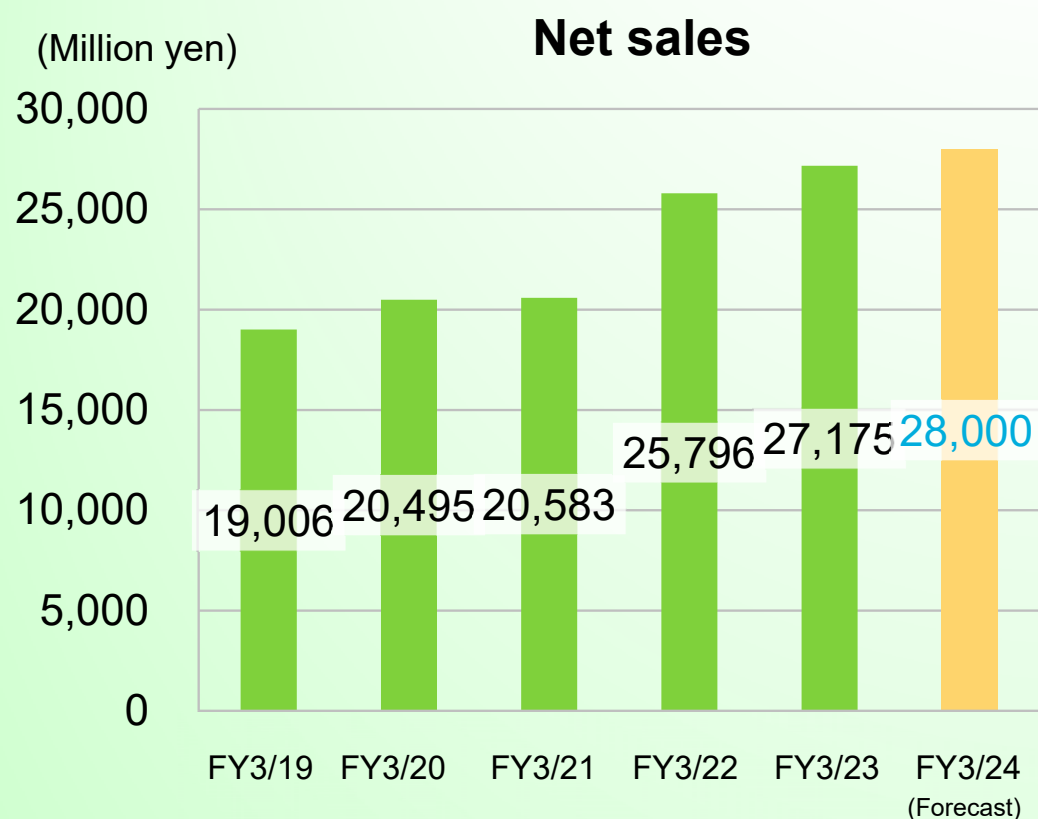
*Assumed crude oil price: \$80 per barrel, exchange rate: 130 yen per dollar

Full-Year Business Forecasts (Changes)

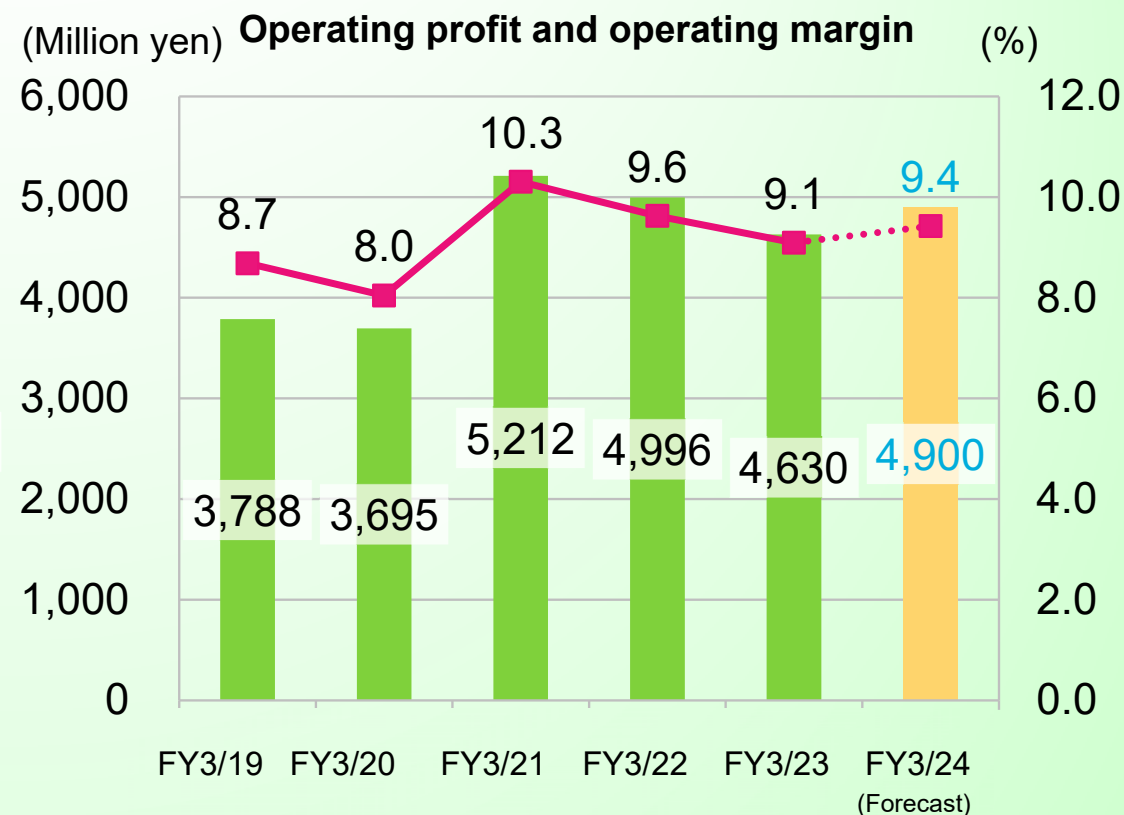
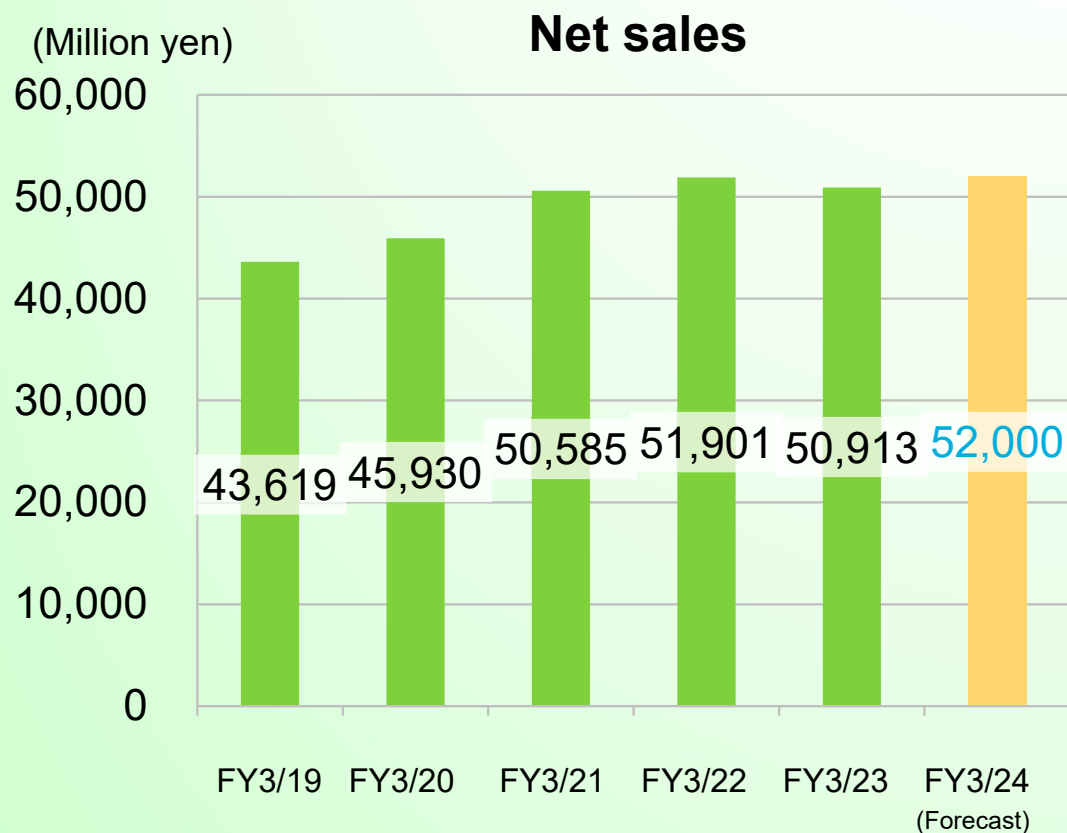


Business Forecasts by Segment

(Applied and Processed Asphalt Products Business)



Changes in Operating Results by Segment (Road Paving Business)



Expansion of Acquisition Limit of Treasury Stock



Taking into account the progress of the acquisition of treasury stock resolved on February 24, 2023, and the trends in the stock market, it was resolved at the Board of Directors meeting held on May 10, 2023, to expand the acquisition limit for the total number of shares that can be acquired and the total acquisition price of the shares in order to enhance shareholder returns, improve capital efficiency, and pursue a flexible capital policy.

	Items	Outline
1	Type of shares to be acquired	Common shares of our company
2	Total number of shares to be acquired	1,700,000 shares (maximum) <u>[Expanded from the 1,000,000 shares resolved on February 24]</u> (Ratio to the total number of shares issued (excluding treasury stocks): 5.56%)
3	Total acquisition cost	3.0 billion yen (maximum) <u>[Expanded from the 1.8 billion yen resolved on February 24]</u>
4	Period of acquisition	March 1, 2023 - February 29, 2024
5	Method of acquisition	Market purchases on the Tokyo Stock Exchange

[Reference: Ownership of treasury stock as of May 9]

Total number of shares issued (excluding treasury stock): **29,957,448 shares**

Number of treasury stock: **1,728,507 shares**

Introduction of Interim Dividend System



- ◆ At the Board of Directors meeting held on March 24, 2023, we resolved to submit proposals for the introduction of an interim dividend system and partial amendments to the Articles of Incorporation to the 79th Ordinary General Meeting of Shareholders to be held on June 29, 2023.

Outline of introduction of an interim dividend system

	Items	Outline
1	Purpose of introduction	In order to enhance opportunities for returning profits to shareholders, the Company intends to introduce an interim dividend system in addition to the year-end dividend which is currently paid once a year.
2	Record date for interim dividend	September 30 of each year *
3	Scheduled date of Ordinary General Meeting of Shareholders for change of the articles of incorporation	June 29, 2023
4	Scheduled effective date of the amendment to the Articles of Incorporation	June 29, 2023

*Conditional on the proposal to amend the Articles of Association to introduce an interim dividend being approved at the 79th Ordinary General Meeting of Shareholders to be held on 29 June 2023.

Forecast of Dividend Payment from Retained Earnings for FY3/24

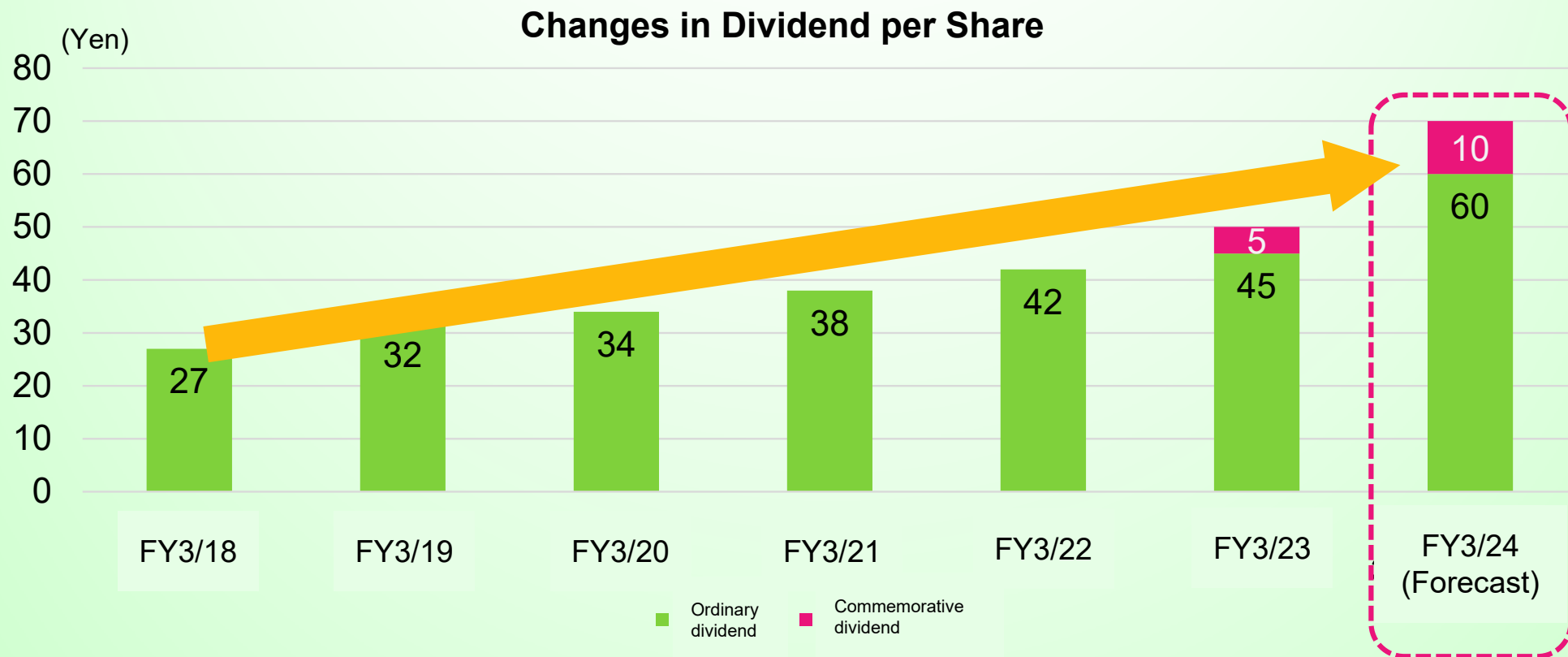


- ◆ At the Board of Directors meeting on 10 May 2023, the Company resolved on the forecast of dividend from retained earnings for FY3/24 as follows.
- ◆ Based on the results of last fiscal year and forecast for this fiscal year, the Company has increased its ordinary dividend forecast by 15 yen to 60 yen per share to enhance shareholder returns, one of the pillars of its medium-term management plan "Shinayaka 2025".
- ◆ Furthermore, even for the interim dividend with a record date of September 30, 2023, the Company has decided to continue paying a commemorative dividend for the 80th anniversary after increasing it to 10 yen per share.

	Annual dividend per share		
	End-Q2	Year-end	Total
FY3/23	—	50.00 (Ordinary dividend: 45.00) (Commemorative dividend: 5.00)	50.00 (Ordinary dividend: 45.00) (Commemorative dividend: 5.00)
Forecast for FY3/24	35.00 (Ordinary dividend: 25.00) (Commemorative dividend: 10.00)	35.00 (Ordinary dividend: 35.00)	70.00 (Ordinary dividend: 60.00) (Commemorative dividend: 10.00)

Changes in Dividend from Retained Earnings

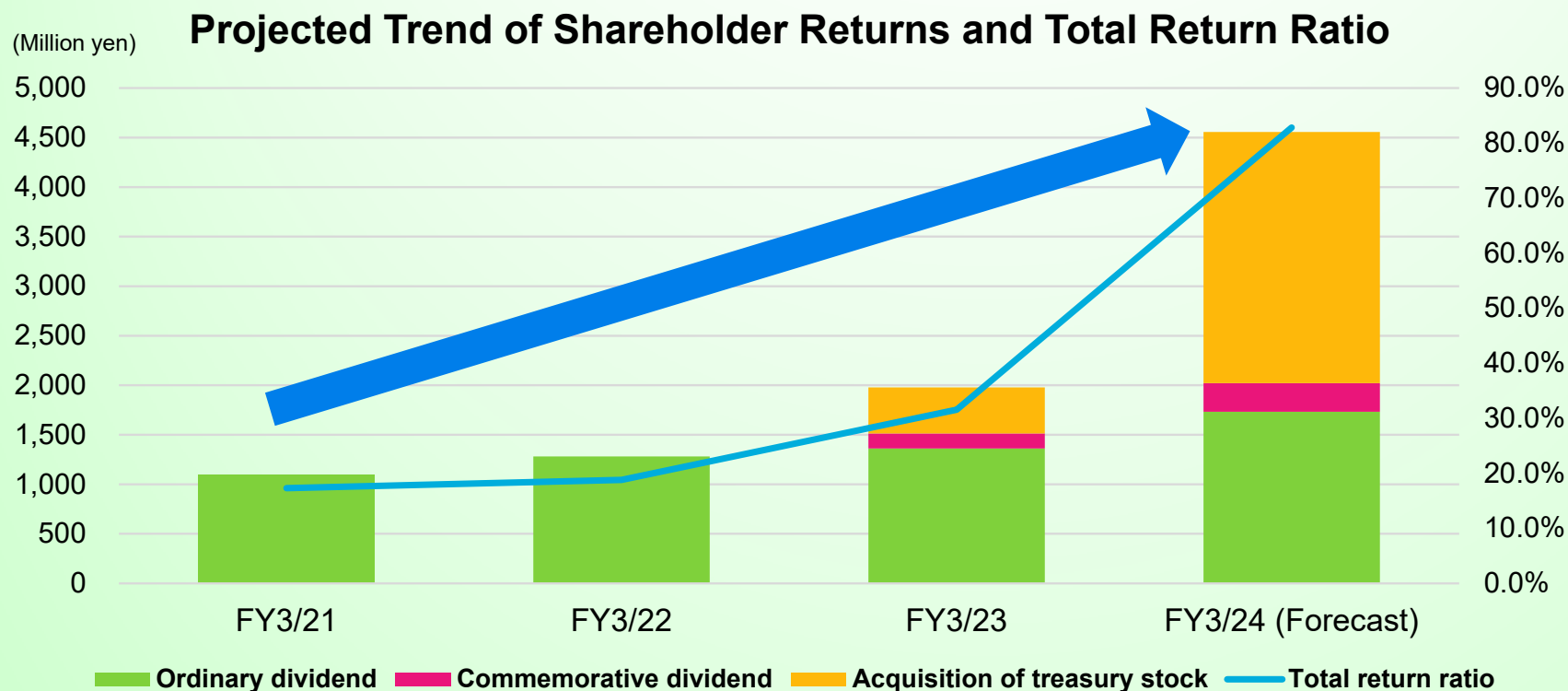
- ◆ We prioritize stable dividends and continue our efforts towards increasing dividends through improved performance.



Shareholder Returns: Projected Trend of Shareholder Return Amount



- ◆ We make investments for the future, sow the seeds for growth, steadily improve the total return ratio, and expand shareholder returns.

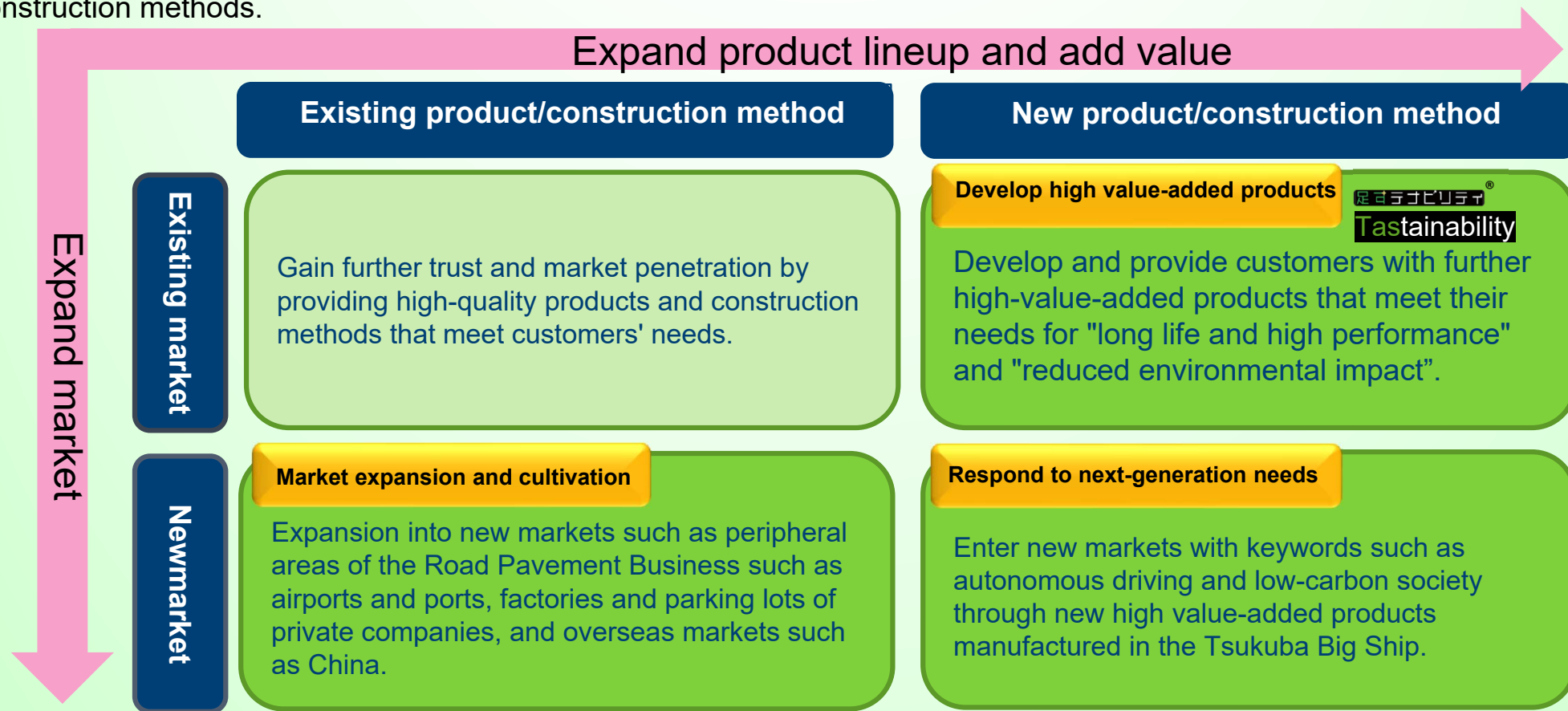


This is a projection based on our full-year performance forecast and dividend forecast. The assumption for the acquisition of treasury stock is based on a total limit of 3 billion yen during the target period.

Growth Strategy of NICHIREKI Group



Aim for further growth by leveraging R&D capabilities to expand markets and develop high value-added products and construction methods.



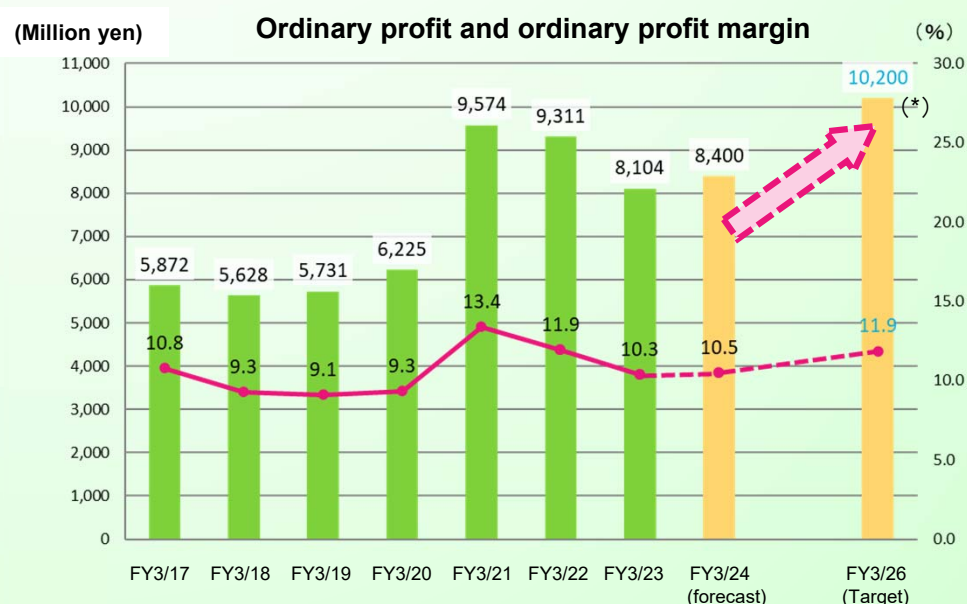
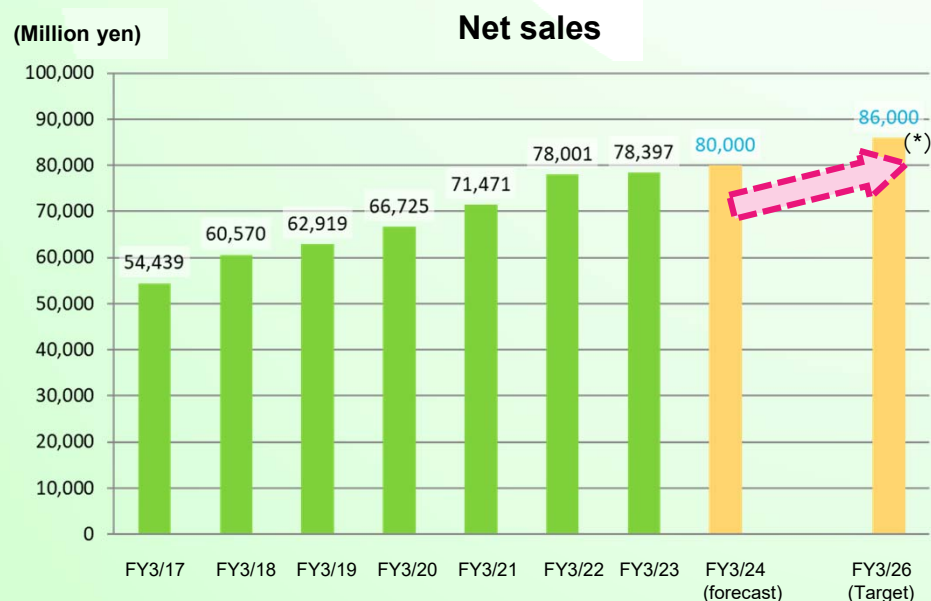
Business Performance Targets



High level of public investment is expected to continue against a backdrop of rising construction demand for disaster prevention, disaster mitigation, and national land resilience measures. We expect to achieve its sales and profit targets by expanding the market and providing high-value-added products and construction methods.

*The decision to postpone the start of construction of the Tsukuba Big Ship development was made due to a significant delay in delivery dates caused by soaring steel prices and difficulties in procuring materials.

The revised numerical targets do not include the depreciation burden related to the Tsukuba Big Ship.



* The target for FY3/26 is the revised target disclosed on May 10, 2022.

Assumes crude oil price of \$110 per barrel and an exchange rate of 130 yen per dollar.

About the Tsukuba Big Ship Project



- ◆ We aim to start the construction of the "Tsukuba Big Ship" project, which has been postponed, in the current fiscal year.
- ◆ As an environmentally friendly production and logistics base, the project will be an advanced decarbonization initiative, and will improve profitability and reduce costs through the manufacture of high value-added products and more efficient logistics.

Improve production capacity

Improve production capacity for various products by using advanced facilities and promoting DX, etc., while reducing manufacturing costs and boosting profitability.

Manufacture high value-added products

Manufacture high value-added products that meet next-generation needs

Function as a "construction center" in the Tokyo metropolitan area

Strengthen our ability to respond to construction projects as a "construction center" in the Tokyo metropolitan area



Realize environmentally friendly production and logistics

Enhance mid- to long-term sustainability by building an environmentally friendly production and logistics system

Improve efficiency of logistics management

As the logistics control center of the NICHIREKI group, build an efficient production management and transportation system

Strengthen BCP (Business Continuity Plan) functions

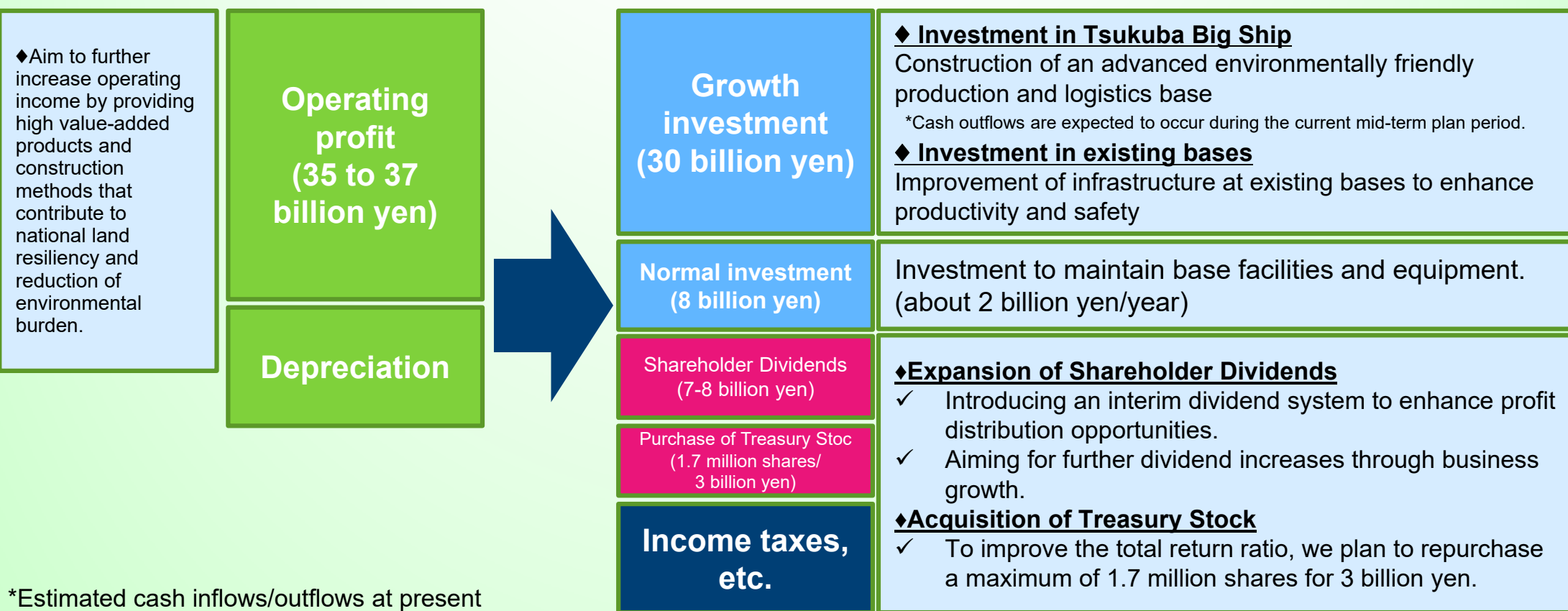
By owning multiple plants in the Tokyo metropolitan area, we will fulfill our social responsibilities in supplying products even in the event of a disaster

Financial Policy

- Cash Allocation (4 Years from FY2022 to FY2025)



Use cash flow generated from business growth to invest in growth for the next generation and provide more generous shareholder returns.



◆ Precautions

Forward-looking statements, including business forecasts, contained in this material is based on information available at the time of preparation of the material and on our Company's judgement and assumption. Actual results may deviate from current forecasts due to future changes in economic conditions and business environment, etc.

◆ Contact Information

Investor Relations, Public Relations Office, NICHIREKI CO., LTD.

TEL: 03-3265-1513 (8:30-17:30, except for Saturdays, Sundays and holidays)

Website: <https://www.nichireki.co.jp/inquiry/>