

# Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]



February 12, 2025

Company name: NICHIREKI GROUP CO., LTD.

Stock exchange listing: Tokyo Stock Exchange (Prime Market)

Code number: 5011

URL: <https://www.nichireki.co.jp/en/>

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Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on financial results: Not available

Schedule of financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent company	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2024	56,317	2.2	4,554	(6.7)	4,878	(5.1)	3,184	(4.8)
December 31, 2023	55,089	(3.8)	4,882	(12.1)	5,141	(13.8)	3,344	(33.7)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥2,913 million [(32.4)%]

Nine months ended December 31, 2023: ¥4,312 million [(10.9)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	108.28	-
December 31, 2023	113.81	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2024	94,505	75,746	80.2
As of March 31, 2024	95,094	74,836	78.7

(Reference) Equity: As of December 31, 2024: ¥75,746 million

As of March 31, 2024: ¥74,836 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen -	Yen 35.00	Yen -	Yen 35.00	Yen 70.00
Fiscal year ending March 31, 2025	-	35.00	-		
Fiscal year ending March 31, 2025 (Forecast)				40.00	75.00

(Note) Revision to the dividends forecast announced most recently: No

## 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent company	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	80,000	8.4	7,000	16.3	7,200	12.7	4,600	2.5
								156.44

(Note) Revision to the financial results forecast announced most recently: No

### \*Notes:

(1) Significant changes in the scope of consolidation during the period: No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: No

4) Restatement: No

(Note) For detail information, please refer to “(3) Notes to the Quarterly Consolidated Financial Statements (Notes to Changes in Accounting Policies)” in “2. Quarterly Consolidated Financial Statements and Primary Notes” on page 8 of these quarterly consolidated financial results (Appendix).

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of December 31, 2024: 31,685,955 shares

As of March 31, 2024: 31,685,955 shares

2) Total number of treasury shares at the end of the period:

As of December 31, 2024: 2,271,858 shares

As of March 31, 2024: 2,293,658 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Nine months ended December 31, 2024: 29,404,901 shares

Nine months ended December 31, 2023: 29,386,004 shares

\*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

\*Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

For assumptions of the forecasts of the financial results and precautions in using the forecasts, please refer to “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information” in “1. Overview of Business Results, etc.” on page 3 of the Appendix.

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## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Current Quarter under Review

In the nine months ended December 31, 2024, the Japanese economy experienced a gradual recovery trend due to improvements in corporate earnings, and employment and income environment. Meanwhile, there remained risks that a downturn in overseas economies, such as the impact of continuing high interest rates in Europe and the U.S. and the sluggish real estate market in China, will put downward pressure on the economy.

With regard to the business environment surrounding the Nichireki Group (hereinafter referred to as the “Group”), levels of public investment were steady as a whole against the backdrop of promotion of rehabilitation and reconstruction from natural disasters, prevention and mitigation of disasters, national resilience measures, etc. However, the business environment was harsh mainly due to construction material prices remaining high and an increase in labor costs. In addition, with continuing geopolitical risks such as the prolonged situation in Ukraine and growing tension in the Middle East and other factors, as well as increasing uncertainty over trends in U.S. policies, a close watch is continuously required on trends in crude oil prices and foreign exchange rates, etc.

In this business environment, the Group has implemented various measures, aiming to grow into a sustainable corporate group with the entire organization working as one under quick and accurate decision-making as we enter the fourth year of the Medium-term Management Plan “Resilience 2025 (Shinayaka 2025).” Furthermore, after the transition to a holding company structure as of October 1, 2024, the Group has enhanced the group’s governance more than ever before, and strived to further improve the Group’s corporate value.

In the nine months ended December 31, 2024, the Group posted net sales of ¥56,317 million (up 2.2% year on year), operating profit of ¥4,554 million (down 6.7% year on year), and ordinary profit of ¥4,878 million (down 5.1% year on year). Profit attributable to owners of the parent company decreased by 4.8% year on year to ¥3,184 million.

Results by business segment were as follows.

#### **Applied and Processed Asphalt Products Business**

In the Applied and Processed Asphalt Products Business, we worked to increase sales by promoting design and marketing activities for high value-added products aiming for “longer life and higher performance of paved roads” and “reduction of environmental load,” and to cope with raw material prices that remained in the high range.

Net sales for the segment were ¥20,399 million (up 2.0% year on year) and segment profit was ¥4,415 million (up 0.3% year on year) in the nine months ended December 31, 2024.

#### **Road Paving Business**

In the Road Paving Business, we worked on marketing activities by providing proposals on construction methods related to preventing and mitigating disasters and national resilience measures and the steady execution of construction work, as well as responses to hiking of material prices, etc., and enhancement of cost management.

Net sales for the segment were ¥35,674 million (up 2.4% year on year) and segment profit was ¥3,000 million (down 1.9% year on year) in the nine months ended December 31, 2024.

#### **Other Business**

In the Other Business, net sales for the segment were ¥243 million (up 2.7% year on year) and segment profit was ¥220 million (up 28.9% year on year) mainly due to real estate lease revenue.

(2) Overview of Financial Position for the Current Quarter under Review

Assets decreased by ¥588 million from the end of the previous fiscal year to ¥94,505 million. This is attributable mainly to decreases in cash and deposits of ¥7,946 million and merchandise and finished goods of ¥451 million, despite increases in construction in progress of ¥5,020 million, retirement benefit asset of ¥472 million, and notes and accounts receivable - trade, and contract assets of ¥ 949 million.

Liabilities decreased by ¥1,498 million from the end of the previous fiscal year to ¥18,759 million. This is attributable mainly to decreases in notes and accounts payable - trade of ¥1,829 million and accounts payable - other of ¥1,087 million, despite increases in retirement benefit liability of ¥77 million and electronically recorded obligations - operating of ¥1,022 million.

Net assets increased by ¥910 million from the end of the previous fiscal year to ¥75,746 million. This is attributable mainly to an increase in retained earnings of ¥1,125 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

With regard to the forecast for the fiscal year ending March 31, 2025, no change has been made to the consolidated financial results forecast, which was announced on May 10, 2024.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	25,745	17,798
Notes and accounts receivable - trade, and contract assets	17,880	18,829
Electronically recorded monetary claims - operating	2,385	2,746
Merchandise and finished goods	1,431	979
Costs on construction contracts in progress	142	747
Raw materials and supplies	1,317	1,380
Other	720	1,259
Allowance for doubtful accounts	(57)	(4)
Total current assets	49,564	43,736
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,925	8,527
Machinery, equipment and vehicles, net	4,026	4,517
Land	11,145	11,124
Leased assets, net	188	133
Construction in progress	769	5,789
Other, net	676	801
Total property, plant and equipment	25,731	30,894
Intangible assets		
Other	1,202	1,255
Total intangible assets	1,202	1,255
Investments and other assets		
Investment securities	9,753	9,417
Investments in capital of subsidiaries and associates	917	794
Retirement benefit asset	2,773	3,245
Deferred tax assets	76	48
Long-term time deposits	4,420	4,420
Other	712	751
Allowance for doubtful accounts	(58)	(59)
Total investments and other assets	18,595	18,619
Total non-current assets	45,529	50,768
Total assets	95,094	94,505

(Million yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,664	6,834
Electronically recorded obligations - operating	1,521	2,544
Short-term borrowings	1,300	1,300
Current portion of long-term borrowings	1	-
Accounts payable - other	2,020	932
Income taxes payable	1,123	1,103
Contract liabilities	493	599
Provision for bonuses	1,060	452
Other provisions	169	54
Other	1,510	2,392
Total current liabilities	17,865	16,213
Non-current liabilities		
Long-term accounts payable - other	0	0
Lease liabilities	105	72
Long-term deposits received	48	48
Deferred tax liabilities	2,048	2,211
Retirement benefit liability	-	77
Asset retirement obligations	135	135
Long-term borrowings	55	-
Total non-current liabilities	2,392	2,545
Total liabilities	20,258	18,759
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,919	2,919
Capital surplus	4,028	4,054
Retained earnings	66,200	67,326
Treasury shares	(3,008)	(2,979)
Total shareholders' equity	70,140	71,321
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,565	3,342
Foreign currency translation adjustment	202	235
Remeasurements of defined benefit plans	927	847
Total accumulated other comprehensive income	4,695	4,424
Total net assets	74,836	75,746
Total liabilities and net assets	95,094	94,505



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income  
For the Nine-Month Period

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	55,089	56,317
Cost of sales	42,446	43,540
Gross profit	12,642	12,777
Selling, general and administrative expenses	7,760	8,222
Operating profit	4,882	4,554
Non-operating income		
Interest income	12	16
Dividend income	208	259
Share of profit of entities accounted for using equity method	14	-
Foreign exchange gains	54	112
Derivative income	107	-
Other	29	78
Total non-operating income	426	466
Non-operating expenses		
Interest expenses	5	5
Share of loss of entities accounted for using equity method	-	115
Loss on valuation of derivatives	79	-
Other	82	21
Total non-operating expenses	167	142
Ordinary profit	5,141	4,878
Extraordinary income		
Gain on sale of non-current assets	25	48
Insurance claim income	9	15
Compensation income	235	-
Other	-	0
Total extraordinary income	270	64
Extraordinary losses		
Loss on retirement of non-current assets	8	8
Loss on disaster	11	11
Loss on liquidation of investments in affiliates	-	7
Special repairs expenses	252	-
Other	0	6
Total extraordinary losses	273	33
Profit before income taxes	5,139	4,909
Income taxes - current	1,280	1,386
Income taxes - deferred	514	339
Total income taxes	1,794	1,725
Profit	3,344	3,184
Profit attributable to owners of the parent company	3,344	3,184

Consolidated Statements of Comprehensive Income  
For the Nine-Month Period

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	3,344	3,184
Other comprehensive income		
Valuation difference on available-for-sale securities	1,004	(223)
Deferred gains or losses on hedges	(66)	-
Foreign currency translation adjustment	20	7
Remeasurements of defined benefit plans, net of tax	(48)	(80)
Share of other comprehensive income of entities accounted for using equity method	58	26
Total other comprehensive income	968	(270)
Comprehensive income	4,312	2,913
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent company	4,312	2,913

### (3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes in the Case of Significant Changes in Shareholders' Equity)

There is no relevant information.

(Notes to Changes in Accounting Policies)

(Change in inventory valuation method)

Effective from the beginning of the three months ended June 30, 2024, the Company has changed its inventory valuation method for merchandise and finished goods from the cost method based on the first-in first-out method to the cost method based on the weighted average method.

The purpose of this change in valuation method is to calculate periodic profit and loss more promptly and appropriately in conjunction with the introduction of a new core system.

Since it is practically impossible to calculate the cumulative effect of retrospective application of the weighted average method for past fiscal years, the book value at the end of the previous fiscal year is deemed to be the balance at the beginning of the fiscal year under review.

The effect of this change in accounting policy is immaterial.

(Application of the "Accounting Standard for Current Income Taxes", etc.)

Effective from the beginning of the three months ended June 30, 2024, the Company has applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and other standards.

With regard to revisions related to the classification of income taxes, etc. (taxes imposed on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance"). Note that this change in accounting policy has no impact on the quarterly financial statements.

In addition, with regard to revisions related to the review of the treatment of gains or losses on sales of subsidiaries' shares, etc. between consolidated companies in consolidated financial statements when they are deferred for tax purposes, the Company has applied the 2022 Revised Guidance from the beginning of the three months ended June 30, 2024. This change in accounting policy has been applied retrospectively. The quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year presented herein are those after the retrospective application of the change. Note that this change in accounting policy has no impact on the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year.

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2024 are not prepared. Depreciation (including amortization of intangible assets excluding goodwill), and amortization of goodwill for the nine months ended December 31 are as follows:

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	1,634 million yen	1,918 million yen
Amortization of goodwill	5 million yen	11 million yen

(Notes to Segment Information, etc.)

For the nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Applied and Processed Asphalt Products Business	Road Paving Business	Total				
Net sales							
Net sales to outside customers	19,999	34,852	54,851	237	55,089	-	55,089
Inter-segment net sales or transfers	6,665	-	6,665	68	6,733	(6,733)	-
Total	26,664	34,852	61,517	305	61,822	(6,733)	55,089
Segment profit	4,403	3,059	7,462	171	7,633	(2,751)	4,882

- (Notes)
1. The “Other” category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.
  2. Segment profit adjustment of ¥(2,751) million includes elimination of inter-segment transactions of ¥(91) million and corporate expenses of ¥(2,659) million that are not allocated to reportable segments. Corporate expenses are comprised primarily of expenses related to the administrative divisions not allocated to reportable segments, such as expenses related to the general affairs division of the Company’s head office.
  3. Segment profit is adjusted to the operating profit in the quarterly consolidated statements of income.

For the nine months ended December 31, 2024 (From April 1, 2024 to December 31, 2024)

Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Applied and Processed Asphalt Products Business	Road Paving Business	Total				
Net sales							
Net sales to outside customers	20,399	35,674	56,073	243	56,317	-	56,317
Inter-segment net sales or transfers	7,458	-	7,458	140	7,598	(7,598)	-
Total	27,857	35,674	63,532	384	63,916	(7,598)	56,317
Segment profit	4,415	3,000	7,415	220	7,636	(3,082)	4,554

- (Notes)
1. The “Other” category incorporates business segments not included in reportable segments, such as the real estate lease business and the non-life insurance agency business.
  2. Segment profit adjustment of ¥(3,082) million includes elimination of inter-segment transactions of ¥(91) million and corporate expenses of ¥(2,990) million that are not allocated to reportable segments. Corporate expenses are comprised primarily of expenses related to the administrative divisions not allocated to reportable segments, such as expenses related to the general affairs division of the Company’s head office.
  3. Segment profit is adjusted to the operating profit in the quarterly consolidated statements of income.