

Notice Concerning Establishment of Split Preparation Company for Transition to Holding Company Structure, and Transition to a Company with an Audit and Supervisory Committee



March 27, 2024

Company name: Nichireki Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (Prime Market)
 Code number: 5011
 Representative: Manabu Obata, President and Representative Director
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NICHIREKI CO., LTD. (hereinafter, the Company) announces that its Board of Directors, at a meeting held today, resolved (1) to commence preparations for the transition to a holding company structure and to establish a split preparation company, and (2) to transition to a company with an Audit and Supervisory Committee at the conclusion of the 80th Ordinary General Meeting of Shareholders to be held in June 2024, subject to approval at the said meeting.

I. Establishment of Split Preparation Company for Transition to Holding Company Structure

1. Purpose of Establishment of Split Preparation Company for Transition

As announced in the "Notice Concerning Commencement of Consideration of Transition to a Holding Company Structure" dated October 30, 2023, the Company plans to transition to a holding company structure by October 2024. The Company has decided to establish a preparatory company for the company split for the purpose of facilitating preparations for the transition.

2. Transition to Holding Company Structure

The Company will establish "Nichireki Split Preparation Co., Ltd." as a wholly owned subsidiary of the Company. On October 1, 2024, the Company plans to transfer its Applied and Processed Asphalt Products Business and Road Paving Business to a split preparation company through a company split, while maintaining its listing, on October 1, 2024, and transition to a holding company.

3. Overview of the split preparation company to be established (as of April 1, 2024 (planned))

(1) Company Name	Nichireki Split Preparation Co., Ltd.
(2) Location of Head Office	4-3-29, Kudan-kita, Chiyoda-Ko, Tokyo
(3) Name and Title of Representative	Manabu Obata, President and Representative Director
(4) Main Business	Applied and Processed Asphalt Products Business & Road Paving Business
(5) Paid-in capital	JPY 300 million
(6) Establishment	April 1, 2024
(7) No. of shares issued	10,000 shares
(8) Fiscal Year End	March 31
(9) Major shareholders and shareholding ratio	Nichireki Co., Ltd. : 100%

(10) Relationship	Capital Relationship	To be established as a 100% owned subsidiary of the Company
	Personnel Relationship	The Company plans to dispatch directors to the split preparation company.
	Business Relationship	There is no business relationship between the Company and the split preparation company because the split preparation company has not commenced any business operations.

4. Schedule for company split (tentative)

(1)	April 1, 2024	Establishment of the split preparation company
(2)	May 17, 2024	Board of Directors Meetings to Approve of the Agreement Regarding Absorption-type Company Split
(3)	May 17, 2024	Execution of the Agreement Regarding Absorption-type Company Split
(4)	June 2024	General Meeting of Shareholders to Approve of the Agreement Regarding Absorption-type Company Split
(5)	October 1, 2024	Effective Date of the Absorption-type Company Split

5. Outlook for the future

The Company recognizes that this transaction will have a negligible impact on its consolidated business results. Details of the transition to a holding company structure and the absorption-type company split will be announced as soon as they are determined.

II. Transition to a Company with an Audit and Supervisory Committee

1. Purpose of the transition

With the aim of implementing more flexible management decisions and further enhancing the supervisory function of the Board of Directors, the Company has decided to transition to a company with an Audit and Supervisory Committee at the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in June 2024.

By transitioning to a company with an Audit and Supervisory Committee, the Company aims to further enhance corporate governance and further increase corporate value by enabling prompt management decision-making and business execution, as well as strengthening the supervisory function of the Board of Directors.

2. Timing of the transition

The Company plans to shift to a company with an Audit Committee System after obtaining shareholders' approval for amendments to the Articles of Incorporation and other matters at the 80th Ordinary General Meeting of Shareholders scheduled to be held in June 2024.

3. Others

Details of the amendments to the Articles of Incorporation and the executive structure will be announced as soon as they are finalized.