

# Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



February 9, 2024

Company name: Nichireki Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 5011  
 URL: <https://www.nichireki.co.jp/english/>  
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 Scheduled date of filing quarterly securities report: February 14, 2024  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Not available  
 Schedule of quarterly 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, 2023 (April 1, 2023 to December 31, 2023)

(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	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2023	55,089	(3.8)	4,882	(12.1)	5,141	(13.8)	3,344	(33.7)
December 31, 2022	57,283	1.7	5,554	(17.7)	5,964	(15.1)	5,047	(0.3)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥4,312 million [(10.9)%]  
 Nine months ended December 31, 2022: ¥4,841 million [(2.4)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2023	113.81	-
December 31, 2022	165.12	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	92,092	72,721	79.0
As of March 31, 2023	91,474	72,470	79.2

(Reference) Equity: As of December 31, 2023: ¥72,721 million  
 As of March 31, 2023: ¥72,470 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen -	Yen -	Yen 50.00	Yen 50.00
Fiscal year ending March 31, 2024	-	35.00	-		
Fiscal year ending March 31, 2024 (Forecast)				35.00	70.00

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

## 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	80,000	2.0	8,200	8.4	8,400	3.6	5,500	(12.5)	187.16

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

### \*Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): 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: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Restatement: No

(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, 2023: 31,685,955 shares

As of March 31, 2023: 31,685,955 shares

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

As of December 31, 2023: 2,293,658 shares

As of March 31, 2023: 1,423,907 shares

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

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

Nine months ended December 31, 2022: 30,568,520 shares

\*These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or audit firms.

\*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. Qualitative Information on Quarterly Financial Results for the Period under Review” on page 3 of these quarterly consolidated financial results (Appendix).

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

In the nine months ended December 31, 2023, the Japanese economy continuously experienced a recovery trend due mainly to a gradual recovery of business confidence thanks to factors such as increased consumer spending and progress in shifting raised costs to product prices in domestic companies, as well as an increase in capital investment mainly in digital transformation-related areas and an improvement in employment conditions. Meanwhile, the business outlook has still remained unclear amid the continuing monetary tightening worldwide, as a more cautious views have been prevailing toward business climates in European countries, especially in Germany which was in a negative growth in 2023, and in China.

With regard to the business environment surrounding the Nichireki Group (hereinafter referred to as the “Group”), levels of public investment were steady against the backdrop of growing construction demand for preventing and mitigating disasters, national resilience measures, etc. However, a close watch is continuously required on changes in business environment as raw material prices have remained high due mainly to high prices resulting from an increase in labor costs, etc. and depreciation of the yen, and impacts of issues that may be caused by ‘2024 problem’ which will limit overtime work of certain occupations, including professional drivers and construction workers, from April 2024 in Japan, are expected to get more obvious.

In this business environment, the Group has implemented various measures stated in the Medium-term Management Plan “Resilience 2025 (Shinayaka 2025),” which is in its third year, aiming to grow into a sustainable corporate group with the entire organization working as one under quick and accurate decision-making.

In the nine months ended December 31, 2023, the Group posted net sales of ¥55,089 million (down 3.8% year on year), operating profit of ¥4,882 million (down 12.1% year on year), and ordinary profit of ¥5,141 million (down 13.8% year on year). Profit attributable to owners of the parent company decreased by 33.7% to ¥3,344 million.

Results by business segment were as follows.

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

In the Applied and Processed Asphalt Products Business, we worked on increasing 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 also on coping with raw material prices that continued to remain in the high range.

Net sales for the segment were ¥19,999 million (down 4.0% year on year) and segment profit was ¥4,403 million (down 10.7% year on year) in the nine months ended December 31, 2023.

#### **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, the steady execution of construction work, responses to hiking of material prices, etc., and enhancement of cost management.

Net sales for the segment were ¥34,852 million (down 3.8% year on year) and segment profit was ¥3,059 million (up 6.2% year on year) in the nine months ended December 31, 2023.

#### **Other Business**

In the Other Business, net sales for the segment were ¥237 million (up 2.2% year on year) and segment profit was ¥171 million (up 2.1% year on year) mainly due to real estate lease revenue.

## (2) Explanation of Financial Position

Total assets increased by ¥618 million from the end of the previous fiscal year to ¥92,092 million. This is attributable mainly to increases in investment securities of ¥2,951 million, buildings and structures of ¥987 million, machinery, equipment and vehicles of ¥371 million, and long-term time deposits of ¥700 million, despite decreases in cash and deposits of ¥3,192 million and notes and accounts receivable - trade, and contract assets of ¥1,073 million.

Liabilities increased by ¥367 million from the end of the previous fiscal year to ¥19,370 million. This is attributable mainly to increases in electronically recorded obligations - operating of ¥665 million and deferred tax liabilities of ¥737 million, despite a decrease in income taxes payable of ¥790 million.

Net assets increased by ¥251 million from the end of the previous fiscal year to ¥72,721 million. This is attributable mainly to increases in capital surplus of ¥346 million, retained earnings of ¥820 million, valuation difference on available-for-sale securities of ¥1,004 million, and treasury shares of ¥1,883 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, 2024, no change has been made to the consolidated financial results forecast, which was announced on May 10, 2023.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	27,319	24,126
Notes and accounts receivable - trade, and contract assets	20,218	19,144
Electronically recorded monetary claims - operating	2,696	3,292
Merchandise and finished goods	1,139	1,254
Costs on construction contracts in progress	238	477
Raw materials and supplies	1,335	1,082
Income taxes refund receivable	88	191
Derivatives	175	-
Other	1,714	663
Allowance for doubtful accounts	(58)	(58)
<b>Total current assets</b>	<b>54,867</b>	<b>50,175</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,981	7,968
Machinery, equipment and vehicles, net	3,159	3,530
Land	10,859	10,938
Leased assets, net	215	210
Construction in progress	1,250	1,029
Other, net	610	669
<b>Total property, plant and equipment</b>	<b>23,077</b>	<b>24,347</b>
Intangible assets		
Other	704	941
<b>Total intangible assets</b>	<b>704</b>	<b>941</b>
Investments and other assets		
Investment securities	5,990	8,941
Investments in capital of subsidiaries and associates	794	842
Retirement benefit asset	1,492	1,719
Deferred tax assets	128	63
Long-term time deposits	3,720	4,420
Other	752	695
Allowance for doubtful accounts	(54)	(55)
<b>Total investments and other assets</b>	<b>12,823</b>	<b>16,627</b>
<b>Total non-current assets</b>	<b>36,606</b>	<b>41,917</b>
<b>Total assets</b>	<b>91,474</b>	<b>92,092</b>

(Million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	9,460	9,499
Electronically recorded obligations - operating	1,501	2,166
Short-term borrowings	1,300	1,300
Accounts payable - other	1,278	1,252
Income taxes payable	1,250	459
Contract liabilities	305	307
Provision for bonuses	959	526
Other provisions	179	60
Other	1,414	1,710
Total current liabilities	17,650	17,284
Non-current liabilities		
Long-term accounts payable - other	0	0
Lease liabilities	130	126
Long-term deposits received	48	48
Deferred tax liabilities	1,039	1,776
Asset retirement obligations	134	135
Total non-current liabilities	1,353	2,086
Total liabilities	19,003	19,370
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,919	2,919
Capital surplus	3,681	4,028
Retained earnings	64,236	65,056
Treasury shares	(1,124)	(3,008)
Total shareholders' equity	69,713	68,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,127	3,132
Deferred gains or losses on hedges	66	-
Foreign currency translation adjustment	152	231
Remeasurements of defined benefit plans	409	360
Total accumulated other comprehensive income	2,756	3,725
Total net assets	72,470	72,721
Total liabilities and net assets	91,474	92,092



(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, 2022	For the nine months ended December 31, 2023
Net sales	57,283	55,089
Cost of sales	44,377	42,446
Gross profit	12,906	12,642
Selling, general and administrative expenses	7,352	7,760
Operating profit	5,554	4,882
Non-operating income		
Interest income	3	12
Dividend income	117	208
Share of profit of entities accounted for using equity method	-	14
Foreign exchange gains	101	54
Derivative income	446	107
Other	19	29
Total non-operating income	687	426
Non-operating expenses		
Interest expenses	5	5
Share of loss of entities accounted for using equity method	26	-
Loss on valuation of derivatives	237	79
Other	8	82
Total non-operating expenses	277	167
Ordinary profit	5,964	5,141
Extraordinary income		
Gain on sale of non-current assets	20	25
Gain on sale of investment in affiliated companies	27	-
Compensation income	18	235
Gain on revision of retirement benefit plan	1,202	-
Other	103	9
Total extraordinary income	1,372	270
Extraordinary losses		
Loss on retirement of non-current assets	213	8
Loss on disaster	16	11
Special repairs expenses	-	252
Other	4	0
Total extraordinary losses	234	273
Profit before income taxes	7,102	5,139
Income taxes - current	1,264	1,280
Income taxes - deferred	791	514
Total income taxes	2,055	1,794
Profit	5,047	3,344
Profit attributable to owners of the parent company	5,047	3,344

Consolidated Statements of Comprehensive Income  
For the Nine-Month Period

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	5,047	3,344
Other comprehensive income		
Valuation difference on available-for-sale securities	99	1,004
Deferred gains or losses on hedges	(199)	(66)
Foreign currency translation adjustment	28	20
Remeasurements of defined benefit plans, net of tax	(220)	(48)
Share of other comprehensive income of entities accounted for using equity method	85	58
Total other comprehensive income	(205)	968
Comprehensive income	4,841	4,312
Comprehensive income attributable to Comprehensive income attributable to owners of the parent company	4,841	4,312

(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)

For the Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)

With resolutions made at the meetings of the Board of Directors held on February 24 and May 10, 2023, the Company acquired 1,366,700 treasury shares. It also disposed 497,000 treasury shares through a third-party allotment, based on a resolution made at the meeting of the Board of Directors held on October 16, 2023. As a result of acquisition and disposal of treasury shares including the above, treasury shares and capital surplus increased respectively by ¥1,883 million and ¥346 million. As of December 31, 2023, treasury shares amounted to ¥3,008 million, and capital surplus amounted to ¥4,028 million.

(Segment Information, etc.)

For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

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	20,834	36,216	57,051	232	57,283	-	57,283
Inter-segment net sales or transfers	7,813	-	7,813	60	7,873	(7,873)	-
Total	28,648	36,216	64,864	292	65,157	(7,873)	57,283
Segment profit	4,930	2,880	7,811	167	7,978	(2,424)	5,554

- (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 ¥(2,424) million includes elimination of inter-segment transactions of ¥(71) million and corporate expenses of ¥(2,353) 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, 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.

(Revenue Recognition)

Information on analyses of revenue that occurs from contracts with customers

For the nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segment			Other (Note)	Total
	Applied and Processed Asphalt Products Business	Road Paving Business	Total		
Goods to be transferred at one point of time	20,834	-	20,834	18	20,853
Goods to be transferred over a certain period	-	36,216	36,216	-	36,216
Revenue from contracts with customers	20,834	36,216	57,051	18	57,069
Other revenue	-	-	-	214	214
Net sales to outside customers	20,834	36,216	57,051	232	57,283

(Note) 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.

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

(Million yen)

	Reportable segment			Other (Note)	Total
	Applied and Processed Asphalt Products Business	Road Paving Business	Total		
Goods to be transferred at one point of time	19,999	-	19,999	18	20,017
Goods to be transferred over a certain period	-	34,852	34,852	-	34,852
Revenue from contracts with customers	19,999	34,852	54,851	18	54,870
Other revenue	-	-	-	218	218
Net sales to outside customers	19,999	34,852	54,851	237	55,089

(Note) 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.