

ICHIKEN BUSINESS REPORT

2022 | Full-year: April 1, 2021 ▶ March 31, 2022

For Your Living Space
Since 1930

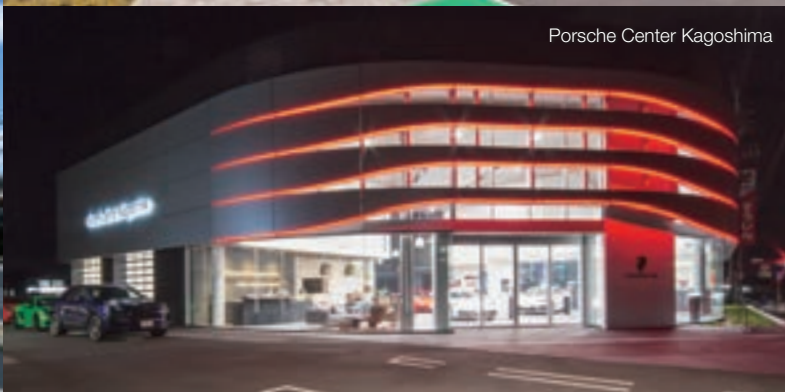
HOTEL THE LEBEN OSAKA



AEON Shimabara Shopping Center (Nagasaki)



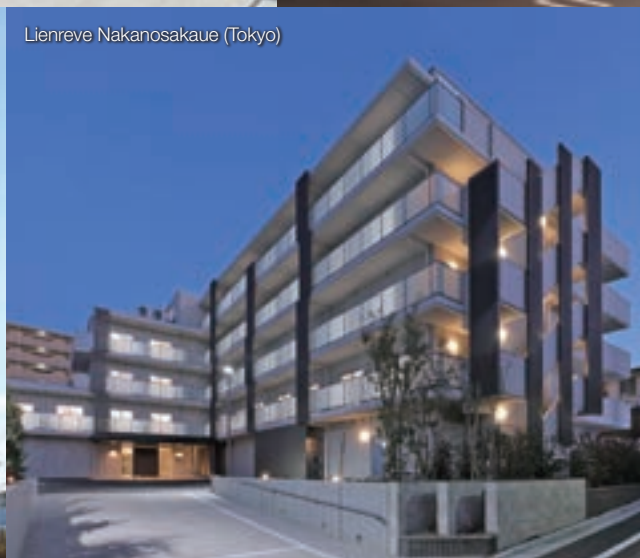
Porsche Center Kagoshima



Clare Homes Miyanosawa Bloom
(Hokkaido)



Lienve Nakanosakaue (Tokyo)



Daitora Transportation Sendai Branch
(Miyagi)



King Kanko Thousand Nagoya Station
Yanagibashi Store (Aichi)



Bringing the future to you through innovative living spaces

Toward the centennial anniversary of foundation

Bringing the future to you through innovative living spaces



ICHIKEN

Greetings

Thank you for your continued support and patronage. We hereby report on the summary of our business operations for the 96th fiscal year (April 1, 2021 to March 31, 2022).

June 2022

Hiroyuki Hasegawa Representative Director & President

Summary of business operations

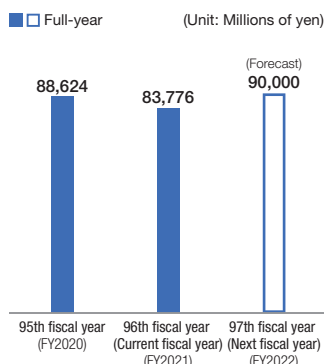
The social environment surrounding ICHIKEN for the current fiscal year remained unpredictable due to the COVID-19 pandemic. The society, however, is gradually getting back to normal with people adapting to new life styles in their respective day-to-day living, learning to co-exist with COVID-19. Amid such an environment, although we formulated strategies in accordance with the social situation and conducted business activities while taking thorough infection preventive measures, the results for the current fiscal year, the second year of the medium-term business plan, were net sales of 83,776 million yen and profit of 2,985 million yen, recording decreases in sales and profit. In terms of orders received, although the business environment surrounding the industry does not allow for any optimism due to intensified competition, soaring labor costs and material prices, and other factors, the net sales of construction contracts carried forward to the next fiscal year exceeded 84.0 billion yen, helping us to have a better outlook.

We have recently founded a local subsidiary in Vietnam to establish a new growth foundation. Since our research for business development in Vietnam since 2018 assures us that its economic growth will continue and personal income will increase for the time being, construction demand for various facilities that would make people's daily lives more prosperous is projected to increase. In line with this, construction demand for various facilities that would enrich

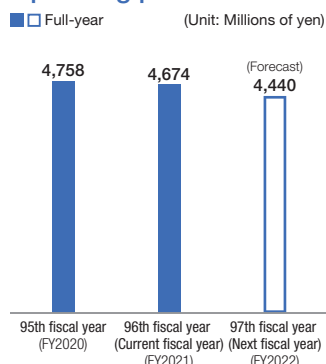
people's daily lives is projected to increase. Making the most of our accumulated knowhow in the construction business, we would like to penetrate the market in Vietnam to address construction demand. With a decline in working population in Japan, we see Vietnam also as a promising market as a source of young human resources with honest personality, which is one of the characters of the nation. Although Vietnamese employees have been already playing active roles in Design Department in ICHIKEN, we are considering providing training and education programs in Japan for newly hired Vietnamese employees to cultivate their skills to work as BIM operations in Vietnam.

The next fiscal year will be the final year of the three-year medium-term business plan. On top of the effect of COVID-19, due to the impact of recent changes in the situation in Ukraine, crude oil prices are soaring higher than last year, and a rise in energy and raw material costs is expected to persist. In this environment, we aim to recover net sales to 90.0 billion yen or more, ensure a gross profit ratio of 8% or more, and prepare for the next medium-term business plan to stabilize its business foundation. Our corporate value will be enhanced by responding to material issues on the "Environment, Society and Governance (ESG) Materiality" formulated to realize a sustainable society, promoting business with a view to resolution of social issues, and carrying out ESG management with SDGs in mind.

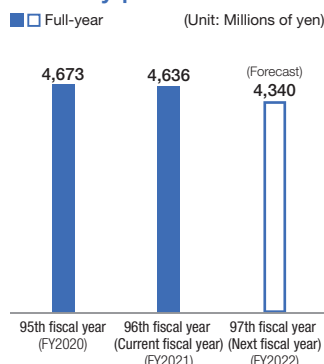
Net sales



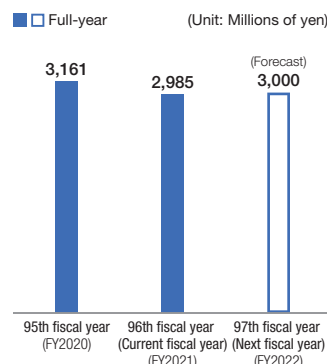
Operating profit



Ordinary profit



Profit

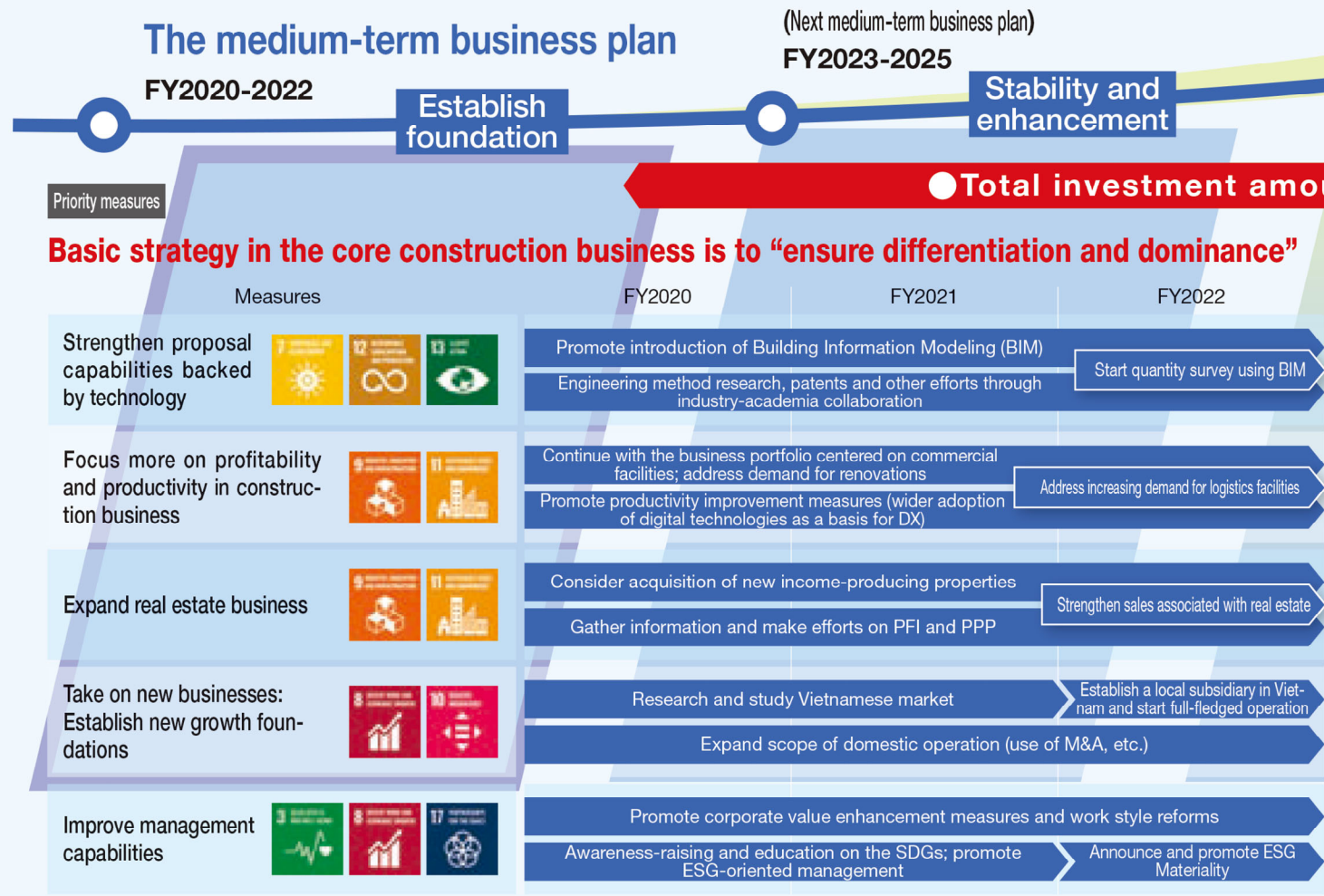


ICHIKEN FOCUS

ICHIKEN's Vision

ICHIKEN has promoted the medium-term business plan (FY2020-2022) with the goal of becoming an "ideal company in the year 2030," the year that marks the centennial anniversary of its foundation. Toward achieving the management targets in the final fiscal year, we are committed to advancing ESG-oriented management.

"Increase recognition of ICHIKEN" as a constructor of commercial buildings



- Examples of priority measures in the medium-term business plan**
- Strengthen proposal capabilities backed by technology: Obtained performance certification of "one pillar-one pile method," a technology developed through industry-academia collaboration
 - Strengthen ESG initiatives: Started a ZEB introduction plan to accumulate track record in ZEB; reduce CO₂ emissions at construction sites → Introduced renewable electricity
 - Take on new businesses: Established ICHIKEN Vietnam Construction Co., Ltd., a local subsidiary in Vietnam
 - Increase management transparency: Strengthened governance; elected Directors (Audit and Supervisory Committee Members) in line with the transition to a Company with an Audit and Supervisory Committee

Numerical results and targets

	FY2021 results	FY2022 numerical targets	By FY2030
Net sales	83.7 billion yen	90.0 billion yen	100.0 billion yen
Operating profit	4.67 billion yen	4.44 billion yen	5.0 billion yen
Total assets	57.6 billion yen	Around 60.0 billion yen	90.0 billion yen
Net assets	26.7 billion yen	Around 29.0 billion yen	49.0 billion yen
D/E ratio	0.22	Around 0.25	Around 0.3
Equity ratio	46.5%	Around 48%	50% or higher
ROE	11.6%	10% or higher	8 to 10%
Dividend payout ratio	24.3%	24.2%	Reconsider when net assets top 30.0 billion yen

100th anniversary of foundation

Group's total net sales of 100 billion yen or more

FY2030

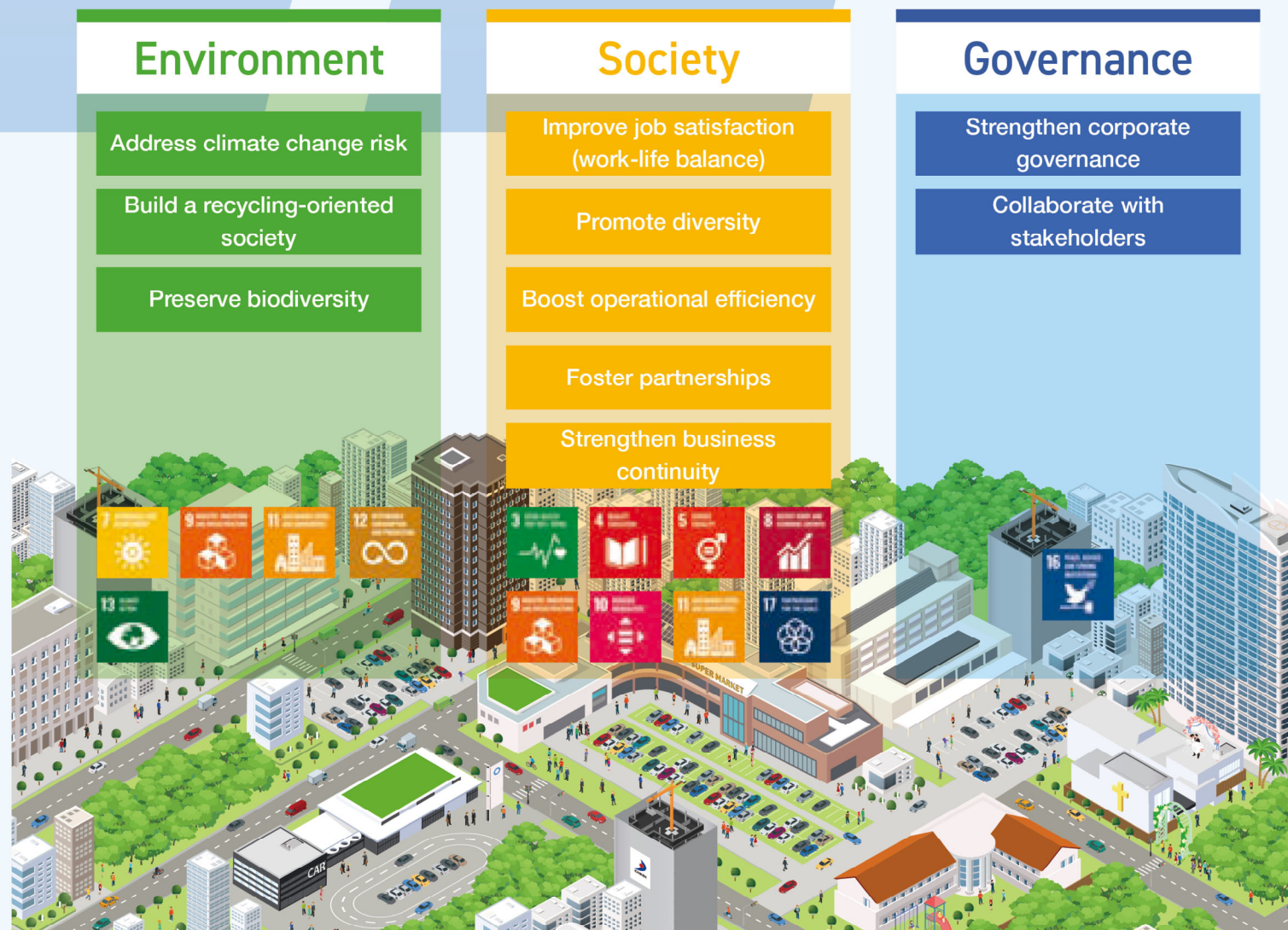
INCREASE CORPORATE VALUE

ICHIKEN's Purpose

Contribution to the society through construction business centered on commercial facilities in order to make various facilities necessary to people's daily lives more valuable, comfortable and sustainable

Bringing the future to you through innovative living spaces

Ideal company in the year 2030
A company that steadily grows while contributing to sustainable development of society

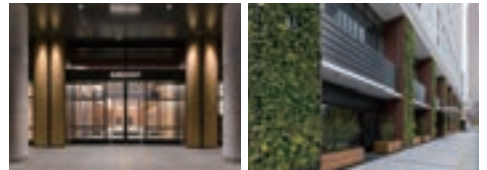


WORKS PICKUP!

Discovering ICHIKEN's on-site capabilities

Construction of Fudanotsuji Square complex in Shiba 5-chome

On April 1, 2022, Fudanotsuji Square (a complex located in Shiba 5-chome) opened in Shiba 5-chome, Minato-ku, Tokyo. Housing on its upper floors the Minato City Industrial Promotion Center, the facility has Minato City Mita Library on the middle floors and Private Partnership Floor on the lower floors, serving as a new base to support “industry” and “learning” of the city, and is expected to be familiar to many residents. In this article, we introduce our efforts on the construction of large-scale public facilities.



Property Description

Project name:	Construction of Shiba 5-chome complex
Facility name:	Fudanotsuji Square
Construction period:	From June 23, 2018 to November 26, 2021
Opened on:	April 1, 2022
Construction site:	36-4, Shiba 5-chome, Minato-ku, Tokyo
Structure:	RC, S, PC structured / 1 basement floor, 12 above ground (58 m in height with the highest part of 67.03 m)
Use application:	Offices, meeting places, library, stores engaged in the sale of goods, and restaurants
Number of parking spaces:	52 vehicles
Site area:	2,291.85 m ²
Building area:	1,878.62 m ²
Total floor space:	18,333.57 m ²
Client:	Minato City
Designer:	RESEARCH INSTITUTE OF ARCHITECTURE
Constructor:	Ichiken-Tokura-Tanaka Joint Venture
ICHIKEN's branch/department in charge:	Construction Dept. 1, Tokyo Branch
Site manager:	Hiroyuki Kaneko
Total amount of JV contract:	8,803 million yen (including tax)

Answer Let me give you the details.

● Keys to this project

As the construction site was adjacent to the Fudanotsuji intersection, we were able to have only one site gate due to heavy traffic on weekdays, paying close attention to preventing accidents caused by loading trucks coming in and out of the site every day.

The pillar and beam structure employed this time was PCa.*¹ Each component is large in size and weight, so the lifting equipment planning was the key point I needed to reconsider many times. Preliminary installation of temporary components and PC*² steel rods was possible only within a building where heavy lifting equipment was able to operate, so we controlled the number of incoming trucks during the work. Another concern was the limited space of the site. To assemble composite beams (PCa combined with steel frames, 18.6 m in length and 28 tons in weight), we used the space for a pedestrian deck, as it was the only section of which construction process could be adjusted. My duty was creating a smooth working environment.



Hiroyuki Kaneko
Construction Dept. 1, Tokyo Branch

● Strong points of ICHIKEN on construction sites

That should be the capability to make proposals with usability in mind, which is enabled by reading carefully design documents, listening to clients' requests, repeating discussions with design supervisors and partner companies, and matching them all up in a way that makes sense structurally and design-wise. The building was attended with much construction difficulty, and we took trial and error from many perspectives up to the decision on its junctions, etc. I believe what made this project possible were the backup offered by the Branch in terms of workforce and the “ability to get things done” of our partner construction companies who are the members of Ichieikai Association.



*1 PCa (Precast Concrete): A concrete component produced at a factory in advance, boosting higher quality and durability than a component constructed with formwork on site. Since it is produced at a factory, on-site work becomes shorter and more environmentally friendly.

*2 PC (Prestressed Concrete): A concrete with PC steel strained and compressive force applied. The use of the PC method allows for overcoming the concrete's greatest weakness (strong in compression but weak in tension). This material is used in public structures such as bridges and highways that require a high level of safety.

ICHIKEN TOPICS Introduced renewable electricity used at new buildings construction sites nationwide

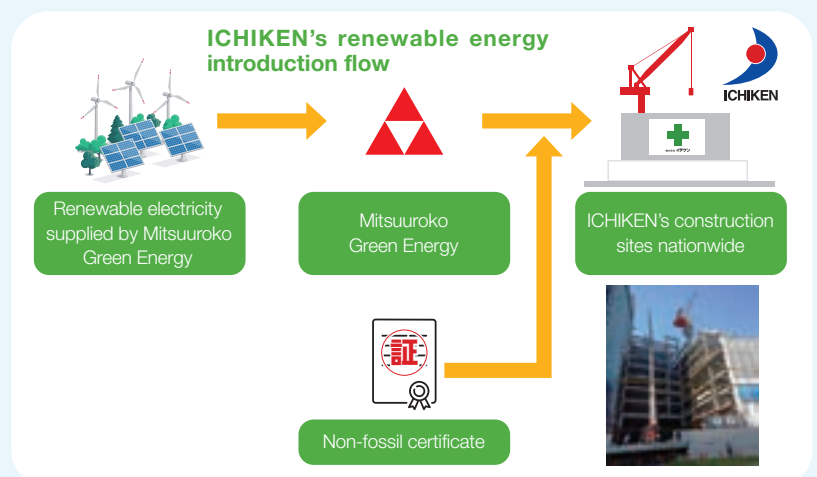
As part of initiatives for building a decarbonized society, we introduced Mitsuuroko Green Plan provided by Mitsuuroko Green Energy Co., Ltd. on April 1, 2022. The electricity supplied by the plan is 100% derived from renewable energy sources, and is used to power our construction sites.

We continue to reduce CO₂ emissions toward building a decarbonized society.

■ Definition of renewable energy

Renewable energy is defined as “solar, wind, and other non-fossil energy sources that are deemed to be permanently available as energy sources.”

Mitsuuroko Green Energy Co., Ltd.
<https://www.mitsuurokogreenenergy.com/>



Company Information

Company Profile

(As of March 31, 2022)

Trade name:	ICHIKEN Co., Ltd.
Established:	June 1930
Capital:	4,329,644,860 yen
Stock exchange listing:	Tokyo Stock Exchange Prime Market
Account closing month:	March (once a year)
Principal operations:	General construction; building lease; housing, commercial facilities development; planning, design and management of complex commercial facilities; planning, design and management of specialty stores
Number of employees:	645
Headquarters:	Hamamatsucho Bldg. 6F, 1-1-1, Shibaura, Minato-ku, Tokyo 105-0023

Office Network

Headquarters and Tokyo Branch	Akatombo Hiroba Shopping Center
Kansai Branch	
Kyushu Branch	Overseas subsidiary: Hanoi, Vietnam
Sapporo Branch	ICHIKEN Vietnam Construction Co., Ltd.
Sendai Sales Office	
Nagoya Sales Office	
Hiroshima Sales Office	
Okinawa Sales Office	

Company Officers

(As of June 28, 2022)

Representative Director & President:	Hiroyuki Hasegawa	President and Operating Officer:	Hiroyuki Hasegawa
Director:	Tomoharu Yunokuchi	Managing Operating Officer:	Tomoharu Yunokuchi
Director:	Keiji Isono	Managing Operating Officer:	Keiji Isono
Director:	Mitsuru Kotani	Managing Operating Officer:	Hiroaki Masakiyo
Outside Director:	Hideaki Takeuchi	Operating Officer:	Mitsuru Kotani
Outside Director:	Shunji Ichiji	Operating Officer:	Minoru Tanaka
Outside Director:	Hirotake Kubota	Operating Officer:	Akira Hamano
Director (Audit and Supervisory Committee Member):	Shiro Yuasa	Operating Officer:	Akiyoshi Toyoshima
Outside Director, Audit and Supervisory Committee Member:	Takashi Hatsuse	Operating Officer:	Ikuhisa Okuda
Outside Director, Audit and Supervisory Committee Member:	Akiko Inoue	Operating Officer:	Akira Nakamura
		Operating Officer:	Kan Akashi
		Operating Officer:	Shingo Maeda

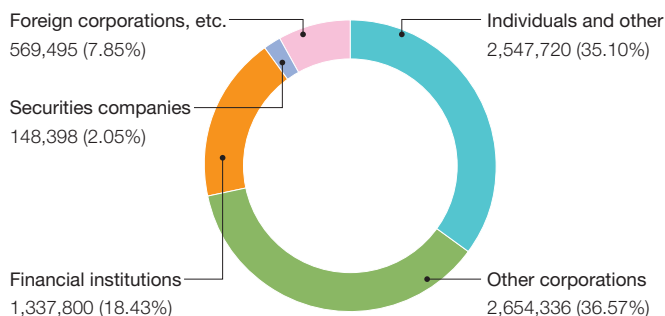
Status of Shares

(As of March 31, 2022)

Total number of authorized shares	22,240,000
Total number of issued shares (Including 24,651 treasury shares)	7,282,400
Number of shareholders	4,540

Distribution of shares by shareholder type

(As of March 31, 2022)



Major Shareholders

(As of March 31, 2022)

Name	Number of shares held (shares)	Shareholding ratio (%)
MARUHAN Corporation	2,342,800	32.27
The Master Trust Bank of Japan, Ltd. (Trust account)	578,300	7.96
Custody Bank of Japan, Ltd. (Trust account)	339,500	4.67
Zenkoku Ichieikai Shareholding Association	210,700	2.90
Trustee of specified securities trusts: SMBC Trust Bank Ltd.	199,200	2.74
BBH LUX/DAIWA SBI LUX FUNDS SICAV - DSBI JAPAN EQUITY SMALL CAP ABSOLUTE VALUE	150,000	2.06
Hisami Hara	98,400	1.35
Masato Takeuchi	84,500	1.16
Sumitomo Realty & Development Co., Ltd.	78,000	1.07
Hiroaki Doshita	70,000	0.96

(Notes)

- The top 10 shareholders are listed.
- The shareholding ratios were calculated as the ratio of the number of shares held to the total number of shares outstanding, excluding treasury shares. Percentage figures are rounded to the second decimal place.
- Zenkoku Ichieikai Shareholding Association is a shareholding association consisting of the Company's business partner companies.

ICHIKEN's profile video is now available!

You can watch various videos about ICHIKEN's history and business.

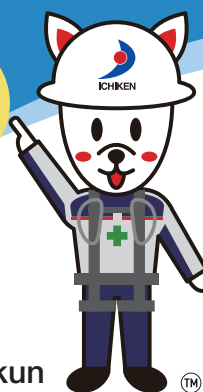
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PR Manager
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