

# ICHIKEN BUSINESS REPORT

2023 | Full-year: April 1, 2022 ▶ March 31, 2023

For Your Living Space  
Since 1930

VIERRA Maita (Kanagawa) \*ZEB-Ready certification acquired



BRANCHERA Sapporo Higashi Kuyakusho-mae



Photograph : SS Co., Ltd.

Joshin Nipponbashi Store (Osaka)



NITORI Kobe Distribution Center (Hyogo)



Bringing the future to you through innovative living spaces



Stock Exchange Code:1847

June 28, 2023

# Top message

Toward the centennial anniversary of foundation

Bringing the future to you  
through innovative living spaces



## Greetings

Thank you for your continued support and patronage.

We hereby report on the summary of our business operations for the 97th fiscal year (April 1, 2022 to March 31, 2023).

June 2023

Representative Director & President

Hiroyuki Hasegawa

## Summary of business operations

In the social environment surrounding ICHIKEN for the current fiscal year, although there were signs of a recovery in business conditions with measures to prevent COVID-19 being implemented alongside the economic activities taking place at the same time, the pace of recovery has been moderate due to factors such as rising consumer prices caused by sharp rises in material prices and the rapid depreciation of the yen. In the results for the current fiscal year, the final year of the medium-term business plan, net sales increased by 5.1% year on year to 88,059 million yen, but the final result was an extremely harsh one, with the impact of sharp rises in the prices of construction materials and soaring labor costs causing net profit for the current fiscal year to plummet to 1,708 million yen (57.2% compared with the previous fiscal year).

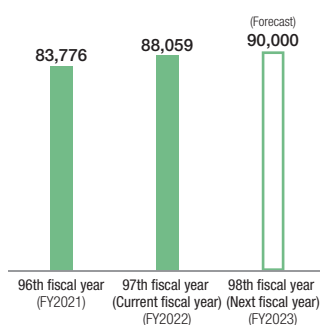
In our forecasts for the next fiscal year, COVID-19 was downgraded to a Class 5 infectious disease under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases in May 2023 and social and economic activities have increasingly returned to normal. While the construction industry will need to be mindful of increasing project costs caused by rises in raw material costs, fuel and transport costs, and wages, we believe that the resumption of projects that had been disrupted or postponed by the pandemic and the expansion of environment-related investments, such as decarbonization and energy-saving responses, will turn out to be favorable conditions for the construction market.

It was amid this kind of business environment that we formulated our long-term business plan, "Vision 2030" that sets out our vision for the kind of company that we want to be in 2030. In addition, we will have a new medium-term business plan for the three years from our 98th fiscal year (2023-2025). The major themes for the new medium-term business plan are the "stability" of the construction business, with commercial facilities at its core, and the "enhancement" of initiatives to expand business domains aimed at sustainable growth, as we seek to achieve our management goals.

Another pressing challenge for ICHIKEN will be our responses to the restrictions on the upper limit of overtime hours that will be applied from April next year. We will promote the digitalization of our operations with the aim of improving productivity and continue to invest in initiatives aimed at digital transformation. Moreover, with the growing diversity of our personnel, we will promote management that focuses on human capital, such as training to encourage our employees' growth and the development of our next-generation leaders, which we will connect to the further enhancement of corporate value.

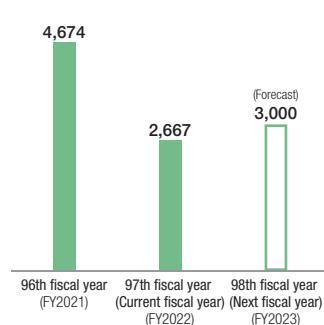
### Net sales

■ Full-year (Unit: Millions of yen)



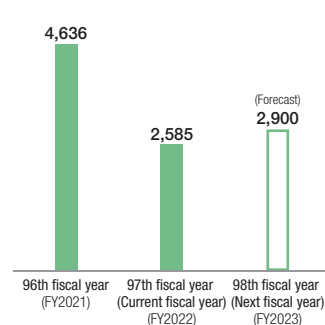
### Operating profit

■ Full-year (Unit: Millions of yen)



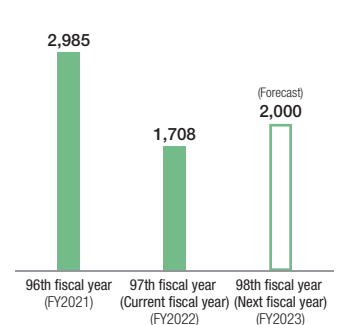
### Ordinary profit

■ Full-year (Unit: Millions of yen)



### Profit

■ Full-year (Unit: Millions of yen)



# CLOSE UP

## Vision 2030 and Medium-term Business Plan (2023-2025)

In 2023, ICHIKEN formulated its long-term business plan "Vision 2030" to take the company into 2030, the 100th anniversary of its foundation. That vision is to become "a company that steadily grows while contributing to sustainable development of society."

Through our approaches to our ESG Materiality announced in 2021, we are promoting initiatives that are conscious of realizing a sustainable society, aiming for the international targets stated in the 2030 Agenda for Sustainable Development.



Previous Medium-term Business Plan (FY2020-2022)

### Establish foundation

We rolled out priority measures with "ensuring differentiation and dominance" as the basic strategy for our core construction business. Issues that arose in the process of implementing the plan will be passed onto the next medium-term business plan.

Elements required for future business plans from a recognition of the business environment

Expansion of core competencies (commercial-facility construction)

Responses to a sustainable society

Investment in human capital (digitalization, human resources education)

### VISION 2030

(FY2023 – FY2030)

The medium-term business plan (FY2023-2025)

### Stability and enhancement

#### Basic Policies

Strive for the stability of the construction business and the expansion and enhancement of business areas

- 1 Stability of the construction business that is the core of our business
- 2 Expansion of business areas for sustainable growth
- 3 Implementation of ESG (Environmental, Social, and Governance) management



#### Management Targets

Net sales	¥93.0 bn	Operating profit margin	Around 5%
ROE	At least 8%	Dividend payout ratio	Around 30%

#### Investment Plan

Invest ¥10.0 bn

\*From total ¥30.0 billion investment category of VISION 2030

#### Business Measures

- Construction Business**
  - Strengthen earning capacity from commercial facilities
  - Promote digital transformation
  - Continue to consider capital and operational alliances with operating companies in the construction and construction-adjacent sectors
- Real Estate Business**
  - Increase rental income
  - Expand sale and purchase transactions
- Overseas Business**
  - Demonstrate the feasibility of Vietnam business (full-scale business activities, strengthen collaboration with IKVC)

IKVC : ICHIKEN Vietnam Construction Co.,Ltd.



### ICHIKEN's Purpose

To be a construction business operator that is capable of not only providing buildings that offer high customer satisfaction for both quality and price but also considering the global environment for a sustainable society.

### INCREASE CORPORATE VALUE

Long-term Business Plan "VISION 2030"

### Growth and expansion

100th anniversary of foundation

#### Basic Policies

- 1 Stabilize and enhance the core construction business, expand the real estate and overseas businesses as strategic businesses, and aim for the expansion of business operations, including new businesses
- 2 Achieve steady growth with the business of construction of commercial spaces at the core
- 3 Pursue quality, safety, environment, cost, and productivity as a group of engineers
- 4 Strive for the enhancement and stability of our financial base
- 5 Pursue comfortable workplaces and elevate the abilities and sense of reward in the work of each individual employee
- 6 Always respond to society's needs and become a company that will stand up to environmental changes



#### Management Targets (FY2030)

Net sales	¥100.0 bn	Operating profit margin	Around 5%
Total assets	Around ¥90.0 bn	Number of workforce (End of FY2030)	Around 800 people

#### Investment plan

Invest a total of ¥30.0 bn

#### Strategic Business/New Business

- Real Estate Business**
  - Secure profitable properties (increase real estate lease business)
  - Create construction subcontracting projects that combine real estate development and sale/purchase
- Overseas Business**
  - Promote Vietnam business
- New Business**
  - Consider approaches to construction-adjacent sectors, including strengthening of existing businesses

**Growth Investments**  
Use M&A, etc.  
¥10.0 bn

**Real Estate Business**  
Complement income from construction business  
¥10.0 bn

**Overseas Business**  
Promote roll-out of Vietnam business  
¥3.0 bn

**Human Resources Development**  
Expand human capital  
¥4.0 bn

**Digitalization**  
Respond to digitalized society  
¥3.0 bn

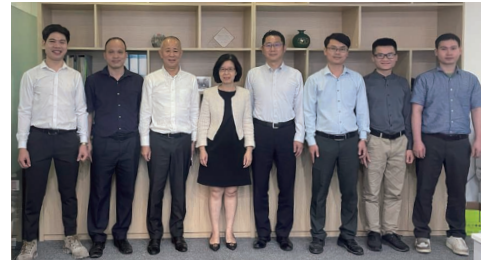


# WORKS PICKUP!

## ICHIKEN Vietnam Initiatives

### Established ICHIKEN Vietnam Construction Co., Ltd.

In 2018, we opened a representative office with a staff of two in Hanoi, Vietnam's capital city. Since then, this office has been investigating and verifying the potential for operating a business in Vietnam. We determined that the business could lead to an expansion of our operations, taking into account a growing trend in demand in Vietnam for construction of commercial facilities, which we have positioned as the core of our building construction business, as well as Vietnam's potential as a new source of personnel where we could anticipate recruiting outstanding people amid the continuing decline in the working population in Japan. We strengthened our business structure by establishing a local subsidiary in April 2022 as our business base for Vietnam, including for conducting sales activities in the country.



#### Overview of IKVC (subsidiary)

Trade name:	ICHIKEN VIETNAM CONSTRUCTION CO., LTD.
Company logo:	
Address:	Room B2, 9th Floor, CDC Building, 25 Le Dai Hanh, Hai Ba Trung, Hanoi, Vietnam
Telephone:	+84-24-3215-1958
Representative:	Ikuhisa Okuda
Business:	Contracted construction management work, contracted BIM work, construction contract and related services
Investment ratio:	wholly owned by ICHIKEN Co., Ltd.
Start of Business:	April 1, 2022



#### Answer Let me give you the details.

ICHIKEN Vietnam Construction (IKVC) will pursue contracted construction management, design and construction contract, and contracted BIM (3D modeling) operations, with the aim of becoming a base that will contribute to the further advancement of ICHIKEN from both quality and price perspectives.



IKVC President  
Ikuhisa Okuda

Under a Memorandum of Understanding for Comprehensive Co-operation with AZB\* that has continued since 2018, we have been undertaking project management on a continuous basis for FujiMart, a Japanese supermarket chain for which we have been providing technical support, and we have now started preparations for a project for nine new stores. We are also involved in design and construction work for this client, handing over the fourth FujiMart store at the end of April. In April 2023, two Vietnamese nationals who had been undergoing training in the Technical Division of ICHIKEN's Tokyo Headquarters were transferred to IKVC and have begun working in BIM operations. With their addition, the Vietnam business is now operated by a staff of eight.



\*AZB: AZB JOINT STOCK COMPANY

## ICHIKEN TOPICS Actions on SDGs and ESG Materiality

### Forest preservation volunteer activities

Recently, led by President Hasegawa, 40 members including employees working in ICHIKEN's Tokyo office and their families took part in "Tokyo Greenship Action," a natural environmental protection activities project conducted under an agreement between the Tokyo Metropolitan Government, a non-profit organization, and ICHIKEN. Learning what to do from instructors, the participants began with a tour of the woods, after which they swept up fallen leaves, pruned branches, and planted new trees. We will continue to expand this activity to our branches all over Japan.

### Let's make a start! ICHIKEN's SDGs and ESG



### Certificate of Appreciation from *Midori no Bokin* (Green Donation)/ Forestry Agency Director-General

As part of our "Support for environmental protection," one of ICHIKEN's ESG materiality issues, we endorsed and made a donation to the *Midori no Bokin* (Green Donation) activity conducted by the National Land Afforestation Promotion Organization. Our donation will go toward the invigoration of various forest development and people development activities in our local communities and in other parts of Japan and overseas. Recently, we were presented with a certificate of appreciation for our donations by Forestry Agency Director-General Orita, at the Forestry Agency. We will continue to endorse this fund's intentions and donate toward it into the future.



Division Director Kotani,  
Administration Div., ICHIKEN Co., Ltd.

Director-General Orita,  
Forestry Agency

# Company Information

## Company Profile

(As of March 31, 2023)

Trade name:	ICHIKEN Co., Ltd.
Established:	June 1930
Capital:	4,329,646,860 yen
Listed stock exchange:	Tokyo Stock Exchange
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:	644
Headquarters:	Hamamatsucho Bldg. 6F, 1-1-1, Shibaura, Minato-ku, Tokyo 105-0023

## Office Network

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

## Company Officers

(As of June 28, 2023)

Representative Director & President:	Hiroyuki Hasegawa	President and Operating Officer:	Hiroyuki Hasegawa
Director:	Keiji Isono	Managing Executive Officer:	Keiji Isono
Director:	Hiroaki Masakiyo (New election)	Managing Executive Officer:	Hiroaki Masakiyo
Director:	Mitsuru Kotani	Managing Executive Officer:	Mitsuru Kotani
Outside Director:	Hideaki Takeuchi	Senior Operating Officer:	Akira Hamano
Outside Director:	Shunji Ichiji	Senior Operating Officer:	Akiyoshi Toyoshima
Outside Director:	Hirotake Kubota	Senior Operating Officer:	Akira Nakamura
Director (Audit and Supervisory Committee Member):	Shiro Yuasa	Operating Officer:	Shingo Maeda
Outside Director (Audit and Supervisory Committee Member):	Takashi Hatsuse	Operating Officer:	Ikuhisa Okuda
Outside Director (Audit and Supervisory Committee Member):	Akiko Inoue	Operating Officer:	Kan Akashi
Outside Director (Audit and Supervisory Committee Member):	Sumihito Kido (New election)	Operating Officer:	Katsumi Aoi (New election)
		Operating Officer:	Kouichi Narikawa (New election)

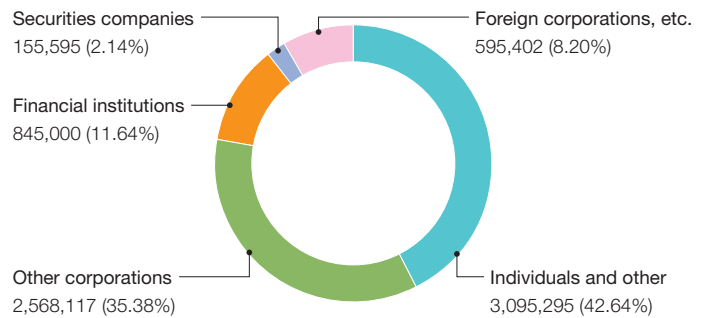
## Status of Shares

(As of March 31, 2023)

Total number of authorized shares	22,240,000
Total number of issued shares (Including 24,991 treasury shares)	7,284,400
Number of shareholders	6,142

## Distribution of shares by shareholder type

(As of March 31, 2023)



## Major Shareholders

(As of March 31, 2023)

Name	Number of shares held (shares)	Shareholding ratio (%)
MARUHAN Corporation	2,342,800	32.27
The Master Trust Bank of Japan, Ltd. (Trust account)	432,800	5.96
Custody Bank of Japan, Ltd. (Trust account)	279,300	3.84
Zenkoku Ichieikai Shareholding Association	241,400	3.32
BBH LUX/BROWN BROTHERS HARRIMAN (LUXEMBOURG) SCA CUSTODIAN FOR SMD-AM FUNDS - DSBI JAPAN EQUITY SMALL CAP ABSOLUTE VALUE	150,000	2.06
Hisami Hara	96,500	1.32
Masato Takeuchi	84,500	1.16
Sumitomo Realty & Development Co., Ltd.	74,100	1.02
DFA INTL SMALL CAP VALUE PORTFOLIO	72,900	1.00
Takaaki Hara	63,800	0.87

(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 official website revamped!

Check out our new website!

PR Manager  
**ICHIKEN-kun**