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October 6, 2025

To whom it may concern,

Company name:	NICHIHA CORPORATION
Name of representative:	Narumitsu Yoshioka, President and Representative Director
	Securities code: 7943, TSE Prime/NSE Premier
Inquiries:	Kazushi Tonoi, Director, Senior Executive Officer Telephone: +81-52-220-5111

Withdrawal of Consolidated Subsidiary Nichiha USA, Inc. from General Purpose Exterior Cladding Business for Housing Market

NICHIHA CORPORATION (the "Company") hereby announces that its Board of Directors, at an extraordinary meeting held on October 6, 2025, resolved to withdraw Nichiha USA, Inc. ("Nichiha USA"), a consolidated subsidiary of the Company, from the general-purpose exterior cladding business for the residential market, as outlined below.

1. Reasons for withdrawing from the exterior cladding business in the housing market

Nichiha USA, Inc., a consolidated subsidiary of the Company, has been involved in the general-purpose exterior cladding business for the housing market since it commenced local production in 2007. Since then, the subsidiary has focused on streamlining its production system and strengthening its sales force, while remaining attentive to the changing business environment in the United States. However, from 2023 onward, Nichiha USA had to reduce its sales prices due to intensified competition amid a slowdown in housing starts. As a result, its performance declined significantly, with factory utilization and defect rates not showing any improvement. In response to this situation, the Company has provided various types of support from Japan, including capital investments and regular maintenance and repairs. However, despite these efforts, no significant improvements have been observed to date. The Company also explored the possibility of making new investments, such as a substantial replacement of production facilities. However, it faced difficulty in distinguishing its general-purpose exterior materials for the housing market from those of competitors, along with the challenge of low profit margins. As a result, the Company could not anticipate profitable returns on its investments. Thus, the Company has determined that achieving stable earnings in the future will be challenging and has decided to exit this business.

In the future, Nichiha USA will concentrate its management resources on the high-end exterior cladding business for the commercial and residential markets, with the goal of achieving further growth in the United States.

2. Overview of the consolidated subsidiary

(1) Name Nichiha USA, Inc.

(2) Location 6465 East Johns Crossing, Suite 250, Johns Creek, GA 30097

(3) Representative President and CEO Takayuki Okada

(4) Business Exterior Materials for commercial and residential markets

(5) Share capital US $200 million

3. Overview of the general-purpose exterior cladding business for the housing market to be withdrawn

(1) Business to be withdrawn

Business related to general-purpose exterior materials for the housing market produced at Macon Plant No. 1

(2) Operating results of the business

	Fiscal year ended March 31, 2025	Three months ended June 30, 2025
Net sales	10.4 billion yen	1.9 billion yen
Operating profit	(0.6 billion yen)	(0.4 billion yen)

(3) Schedule for business withdrawal

The business withdrawal is set to be completed by the end of December 2025.

(4) Employees belonging to the business

The company is committed to treating the employees fairly throughout this process.

4. Future outlook

In addition to the approximately 3 billion yen impairment losses on fixed assets and certain other assets with the business withdrawal, the Company anticipates recording other one-time expenses related to this issue as extraordinary losses in the current fiscal year. Given the challenges in accurately estimating other one-time expenses and related costs at this moment, the Company does not revise its consolidated earnings forecast for the fiscal year ending March 31, 2026. It will provide an update on the consolidated earnings forecast as soon as a reasonable estimate can be determined.

< Reference >

Overview of Macon Plant No.1

(1) Location 3150 Avondale Mill Rd., Macon, GA 31216

(2) Date of commencement of production October 2007

(3) Number of employees 179 (as of the end of September 2025)

(4) Business Production of general-purpose exterior materials for the residential market