

To whom it may concern

December 24th, 2021

Company name: Nakamura Choukou Co., Ltd.

Name of representative: Makoto Inoue,

Representative Director and President

The announcement for new factory construction of Nippon Nozzle

Nakamura Choukou Co., Ltd. (the “Company”) hereby at the board meeting held on December 24, 2021, passed the resolution on the construction of the new factory and the investment proposal for the large Meltblown Spinneret and T-die to Nippon Nozzle Co., Ltd. (the “Subsidiary”).

1. Objective of investment

Our subsidiary, Nippon Nozzle Co., Ltd., who successfully realized the first domestic production of spinnerets for chemical fibers in Japan, has been in business as a specialized manufacturer of spinneret for chemical fibers since its establishment in 1928.

Because of the increase in global demand for face masks caused by COVID-19, Nippon Nozzle’s sales of non-woven fabric production equipment and non-woven fabric-related spinnerets of have increased significantly, and the sales performance has shown a good trend.

The company expects that due to the spread of the COVID-19, the demand for face masks will stabilize. However, for the non-woven market, especially in terms of medical gowns, diapers and other sanitary products, the global demand is high and is expected to be long-term growth. Therefore, in the future, non-woven fabric-related market will be one of the strategic pillars of the growth of Nippon Nozzle Co., Ltd.

However, since Nippon Nozzle Co., Ltd. does not have the machinery for large non-woven fabric spinnerets used in sanitary products, it has not been able to deeply participate in the large non-woven fabric market so far.

For Nippon Nozzle’s future growth, it is necessary to invest in equipment that can be used to process large non-woven spinnerets. Therefore, it was decided to invest in the construction of new factories, office buildings, and equipment that can process large meltblown spinnerets and T-die. This investment has been adopted as selected of the Ministry of Economy, Trade and Industry's 「The Program for Promoting Investment in Japan to Strengthen Supply Chains (Second Call)」 .

2. Overview of investment in facilities

Location	1-1, 2-CHOME, MUROTANI, NISHI-KU, KOBE, 651-2241, JAPAN (On the factory premises of Nippon Nozzle Co.,Ltd)
Facilities investment details	The construction to new factory and office building, and installation of manufacturing facility for large size Meltblown Spinnerets & T-DIE and incidental facility.
Estimated amount of investment	About two billion, one hundred million Japanese Yen. (About two billion, three hundred million Japanese Yen including tax.)
Financing plan	<ul style="list-style-type: none"> • Supply Chains subsidy (by Government) About one billion, one hundred and fifty million Japanese Yen • Borrowing About eight hundred million Japanese Yen • Own fund About three hundred and fifty million Japanese Yen
Start the operation schedule	April, 2023 (plan)

<New factory & office building Rendering images >



3. Future outlook

This investment will not affect the annual consolidated financial results in March 2022. In the future, when something needs to be disclosed, we will issue a notice in a timely manner.

Sincerely yours,