Nichireki Group

Integrated Report 2025

NICHIREKI GROUP CO., LTD.

https://www.nichireki.co.jp/english/

4-3-29, Kudan-kita, Chiyoda-ku, Tokyo, 102-8222, Japan

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Paper | Supporting responsible forestry
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Nichireki Group's Corporate Philosophy

Basic philosophy (Spirit of sowing the seeds)

Sowing the seeds, giving them water, letting them flower, and reaping the fruits

Continuously creating new business through the accumulation of unceasing effort

Management philosophy

To ensure the Nichireki Group contributes to society by creating roads:

- We will supply road paving materials and their corresponding construction methods to satisfy requirements for outstanding functionality and costs.
- We will offer advanced consulting to keep a watch over roads, which are common assets of the people.
- We will implement construction technology that is trusted by customers.

By completely unifying these elements, the Nichireki Group considers its management philosophy as the aim of remaining a highly profitable corporate group that spearheads the creation of roads worthy of the trust of its shareholders and a wide range of customers. We also strive to ensure that every employee in the Group can exercise his or her abilities to the fullest through meaningful work.

"Sow the Seeds"

"Let us advance forward by sowing the good seeds."
This is the motto of the Nichireki Group.
Let us sow the strong seeds that will not die
even if a severe drought strikes.
By the sweat of our brow, let us spread fertilizer.
Then the plants will grow up to bear good fruit.
Even if we do not harvest the fruits ourselves,
I believe this:
If we do not sow the seeds
and spread fertilizer,
but only aim to gain the fruits,
we will never enjoy
true prosperity.

Eiichi Ikeda (Founder)

Editorial Policy
The purpose of the Integrated Report is to assist the stakeholders in understanding our activities that contribute to society by introducing the Nichireki Group's Corporate Philosophy and reporting a wide range of topics such as our corporate activities based on the Medium-term Management Plan, financial information and business challenges. This report includes a message from the President, the Medium-term Management Plan and other key Environmental, Social, and Governance (ESG) information that helps start dialogue, as well as our initiatives for sustainability issues comprehensively and concisely. In preparing this report, we referenced guidelines such as International Integrated Reporting Framework advocated by International Integrated Reporting Council (IIRC) and Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry.

Reporting Period
Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)
(Information on or after April 1, 2025 is partially included)

Scope of Reporting
NICHIREKI GROUP CO., LTD. and its subsidiaries and associates
(consisting of 39 consolidated subsidiaries and 5 associates)

Date of Publication
September 2025

Disclaimer on Forward-looking Statements
The earnings forecast and other forward-looking statements herein are based on information currently available to Nichireki Group and certain assumptions deemed reasonable as of the date of publication of this report. Actual results may differ significantly from the forecast due to a wide range of factors.

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Business of the Nichireki Group

The Group develops business activities that offer a wide variety of products, works, technologies, and so forth mainly related to road paving.

Business Segments

Applied and Processed Asphalt*1 Products Business

Manufacturing and sales of applied and processed asphalt products including asphalt emulsions,*2 modified asphalt,*3 bridge deck waterproofing materials, road surface repairing materials, crack repairing materials, landscape paving materials, and industrial products, as well as manufacturing, processing, and sales of construction and civil engineering materials

Rapid breaking asphalt emulsion
SUPER TACKZOL

Low-carbon modified asphalt for long-life pavement
SUPER SHINAYAKAPHALT

Emulsion based cold mix bump repairing material
SUPER ROMEN PATCH

Road Paving Business

Contracting for road paving, bridge deck waterproofing, water and sewage and other civil engineering work, including relevant survey and diagnosis, design, and administration processes

On-site base course recycling construction method
STABI-CEMENT RC construction method

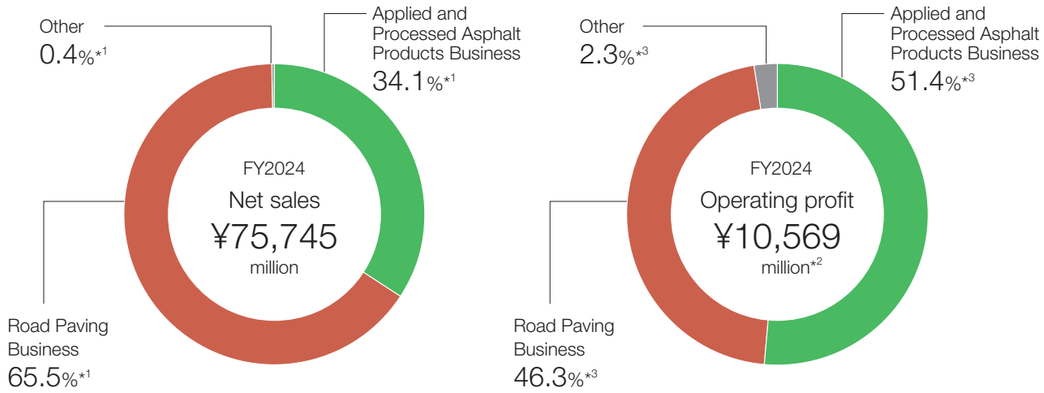
Pavement waterproofing method
HQ PAVERANE construction method

Wood chip paving
ASWOOD paving

Glossary For detailed explanation ▶ P.5

*1: Asphalt	Refined from crude oil. Black in color and a solid body at room temperature, but becomes liquid when heated. Mainly used for road paving.
*2: Asphalt emulsion	Made by emulsifying asphalt and water, and maintains a liquid body at room temperature. Mainly used for bonding pavement layers together and in a cold mixture for paving.
*3: Modified asphalt	A high-performance asphalt made by adding various modifiers to the asphalt. Mainly used in roads with heavy traffic and pavements that require drainage, reduced noise features, and so on.

Composition of Net Sales and Operating Profit



*1 Ratio of net sales to outside customers
*2 Amount before adjustment of ¥4,301 million, which includes elimination of inter-segment transactions and corporate expenses
*3 Figure calculated based on the amount after eliminating the effects of management guidance fees and other charges borne by the Applied and Processed Asphalt Products Business and the Road Paving Business following the transition to a holding company structure

Strengths of the Nichireki Group

One-stop pavement solutions

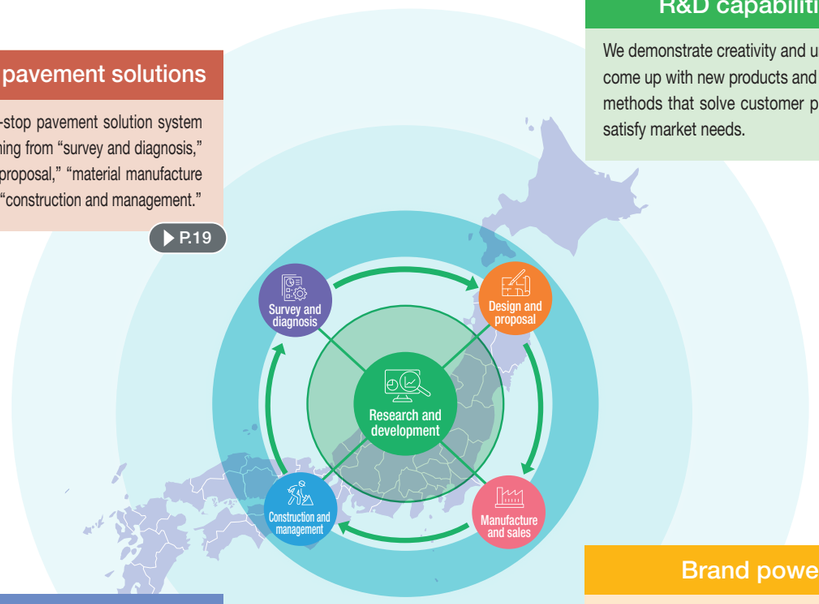
We build a one-stop pavement solution system covering everything from "survey and diagnosis," to "design and proposal," "material manufacture and sales," and "construction and management."

▶ P.19

R&D capabilities

We demonstrate creativity and uniqueness to come up with new products and construction methods that solve customer problems and satisfy market needs.

▶ P.57



Nationwide network

With its 106 domestic sites (located in 44 prefectures out of 47), we maintain close communication with road administrators and customers through community-rooted business activities.

▶ P.84

Brand power

Holding a top-tier domestic market share in asphalt emulsions and modified asphalt, the brand image is widely established within the industry.

Basics of Asphalt Pavement

Asphalt

There are two types of asphalt: natural asphalt, which exists in nature, and petroleum asphalt (straight asphalt), which is produced in the process of crude oil distillation for refining petroleum products, in the same way as gasoline, naphtha, kerosene, diesel fuel, heavy oil, etc. Asphalt is mainly used for road paving, and in most cases it is petroleum asphalt. The appearance is black in color, and it is in a solid body at normal temperatures, but melts easily into a liquid when heated.

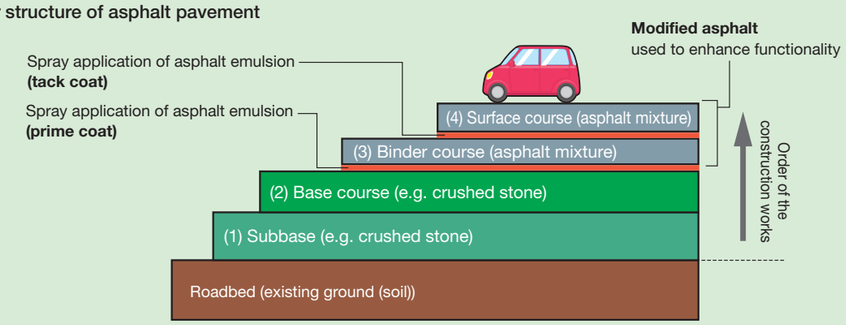
Solid at normal temperatures

Becomes liquid when heated (to about 150°C)

Layer structure of asphalt pavement

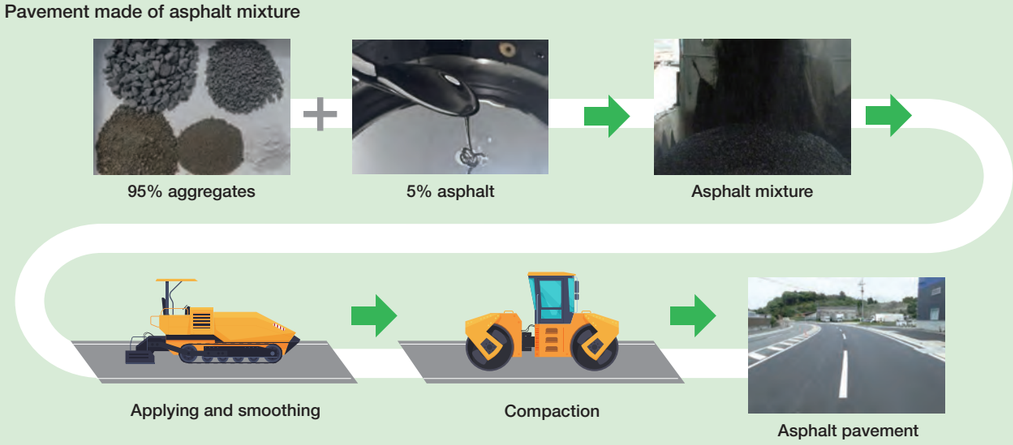
Typically, asphalt pavement is made up of layers laid on top of the roadbed (soil), consisting of (1) a subbase and (2) a base course of crushed stone, etc. and then (3) a binder course and (4) a surface course of asphalt mixture.

Layer structure of asphalt pavement



The (3) binder course and (4) surface course are formed by applying, smoothing and compacting asphalt mixture, which is produced by mixing aggregates of stones and sand with asphalt. The asphalt serves as a glue to bond the aggregates together. The asphalt generally accounts for around 5% of the asphalt mixture.

Pavement made of asphalt mixture



Asphalt emulsion

Asphalt is in a solid body at normal temperatures, and generally needs to be heated into liquid before it can be used for paving. Asphalt emulsion is a type of asphalt that can be handled in liquid form at normal temperatures.

Asphalt emulsion is made up of petroleum asphalt (straight asphalt) and an emulsion containing a surface-active agent. The fine particles of asphalt are dispersed in water (emulsion).

The concept of emulsification

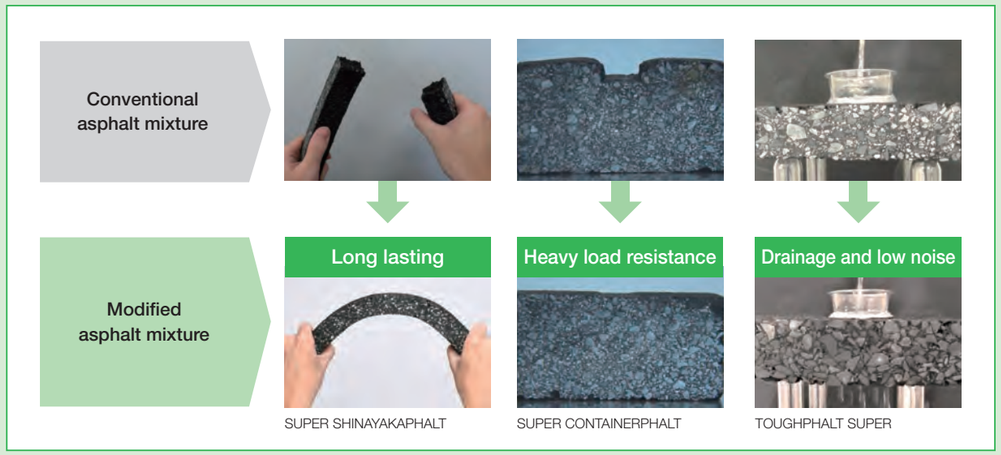
Main usage of asphalt emulsion

- Prime coat: A glue to improve the adhesion between (2) base course and (3) binder course
- Tack coat: A glue to improve the adhesion between (3) binder course and (4) surface course
- Base course stabilization: A method of adding stabilizer to crushed stone of (2) base course mixture to improve durability. Asphalt emulsion is used as a stabilizer to improve the bonding between the aggregates.
- Pavement surface treatment: A method of rejuvenating the road surface by spraying asphalt emulsion onto the degraded pavement surface.

Modified asphalt

Modified asphalt is produced by adding polymer and other various modifiers to petroleum asphalt (straight asphalt) to improve its performance. It is used in pavements requiring special functionality such as long life, flow resistance (heavy load resistance), drainage and low noise.

Example of asphalt mixture made with modified asphalt



Business Domain of the Nichireki Group

The Nichireki Group's technologically advanced products and construction methods, etc. are used not only for general road paving but also in various surrounding areas.

❶ Highway ❷ General Road

SHINAYAKAPHALT (modified asphalt for long-lasting paving)

STABI-CEMENT RC construction method (on-site base course recycling construction method)

CRACKSEAL NX (hot applied crack sealant)

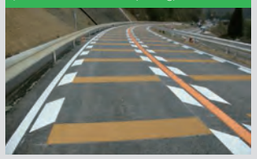
RESCUEPATCH (high durability, all-weather type cold applied patching material)

EMULTEC SAMI construction method (crack prevention cushion layer construction method)

SUPER TACKZOL (rapid breaking asphalt emulsion)

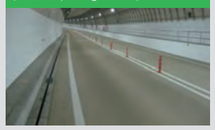
THERMOTEC construction method (heat-blocking paving)

COALCUT R construction method (resin-based anti-skid paving)

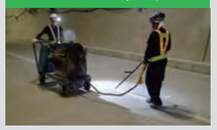


❸ Tunnel

COLORPHALT CLEAR (colored paving binder)

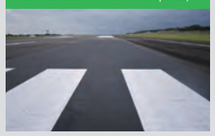


SEROSEAL (hot applied joint sealant for concrete joints)

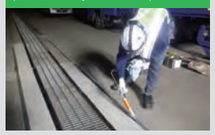


❹ Airport

POLYPHALT SS (flow and wear resistant modified asphalt)



NEOTAIYU SEALCOLD (oil-resistant joint sealant)



❺ Railway and Station

CA mortar filling construction method (Shinkansen slab track filling construction method)

SUPER ROMENPATCH (emulsion-based cold mix bump repairing material)

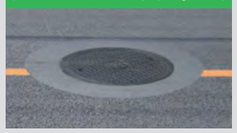
❻ Parking Lot

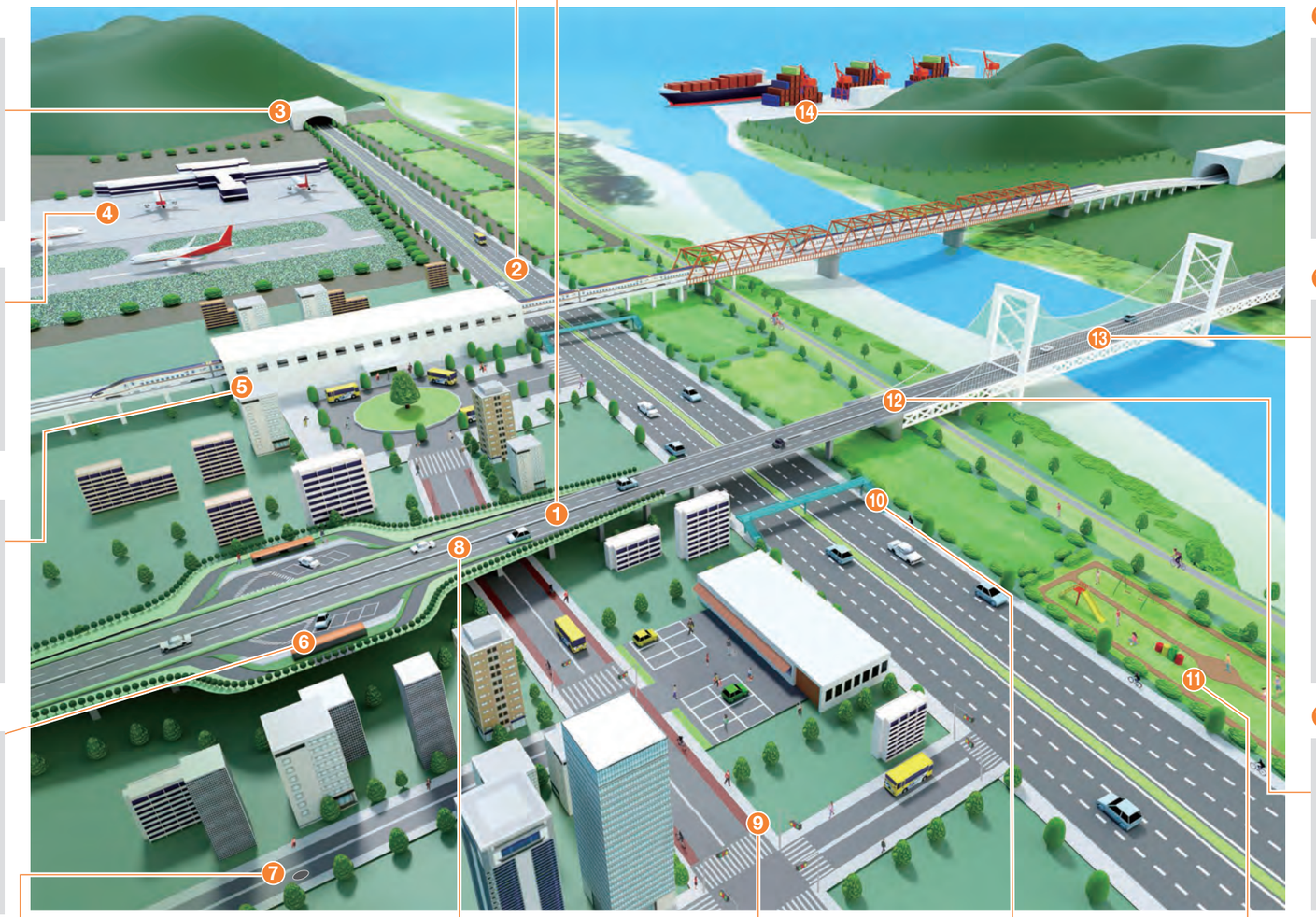
THERMOTEC construction method (heat-blocking paving)

❼ Manhole

MR² method (manhole top repairing method)

SUPER ROMENPATCH (emulsion-based cold mix bump repairing material)





❽ Road Marking

Lining

Lane Marking

❾ Sidewalk and Cycling Path

COALCUT R construction method (resin-based anti-skid paving)

❿ Pedestrian Bridge

COLORPHALT KT method (resin mortar-based color paving)

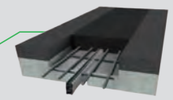
⓫ Park and Promenade

ASWOOD paving (wood chip paving)

COLORPHALT TO construction method (natural stone paving)

⓬ Bridge Joint

Seamless joint (embedded-type expansion joint)

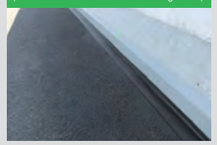


⓭ Viaduct

HQ HIBRANE AU construction method (high-performance bridge deck waterproofing method)

SUPER SURFTREAT construction method (asphalt emulsion surface treatment construction method)

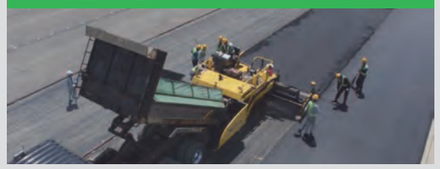
L-seal tape (molded water cut-off material for bridge ends)



SMART SHOBAN CATCHER (non-destructive bridge deck survey vehicle)

⓮ Harbor

CONTAINERPHALT S (modified asphalt for ultra heavy loads)



History of the Nichireki Group

Founded by Eiichi Ikeda in October 1943, the Nichireki Group has continued to develop and deliver to the market many products and construction methods relating to road paving including asphalt emulsion, modified asphalt, bridge deck waterproofing products and construction method, on-site base course recycling construction method, and surface processing construction method, with aims of adapting to each era's external environment and fulfilling its corporate social responsibility.

Eco-friendly road construction using asphalt emulsion and other products and construction methods that can be processed at room temperatures has been one of the Group's focus domains since its foundation. In recent years, we contribute to environmental conservation at a higher level, including further reduction of CO_2 emissions through the supply of "*Tastainability*®" products and construction methods that add new performance and functionality, such as longer life, recyclability and warm mix, to conventional technologies. In addition, we step up our efforts to improve roadside environments, including reducing vibration and noise, ensuring traffic safety, and curbing the rise in road surface temperatures, as well as on sophisticated consulting services using road surface survey technology, thereby promoting sustainable road creation.

Looking ahead toward our 100th anniversary in 2043, we will pull our strength together to make resilient responses under swift and accurate decision-making, and accelerate our growth into a sustainable corporate group.

External Environment

Reconstruction after WWII—Dawn of road construction and improvement

- **1945** End of World War II
- **1948** Ministry of Construction is established
- **1954** First Road Improvement Five-Year Plan is approved by Cabinet
- **1956** Japan Highway Public Corporation is established
- **1959** Metropolitan Expressway Public Corporation is established
- **1962** Hanshin Expressway Public Corporation is established
- **1964** Class-4 special improvement business starts

Advancement of motorization

- **1966** Beginning of era of private car ownership; advancement of motorization
- **1969** Tomei Expressway is fully completed
- **1970** Honshu-Shikoku Bridge Authority is established
- **1972** Reversion of Okinawa to Japan
- **1973** First oil crisis

Introduction of paving with low-environmental burden and establishment of performance specifications

- **1991** Collapse of Japan's economic bubble
- **1995** The Great Hanshin-Awaji Earthquake
- **2001** Ministry of Land, Infrastructure, Transport and Tourism is established
  Enactment of "Technical Standards and Commentaries for the Structure of Pavement"
  → Establishment of performance specifications of paving structure
- **2005** Privatization of the four road-related public corporations

The first year of social capital maintenance/Major renewals

- **2008** Global Financial Crisis of 2008
- **2009** Incorporation of revenue source specified for roads into general revenue
- **2011** The Great East Japan Earthquake
- **2013** The first year of social capital maintenance (full-scale anti-decrepitude measures began)
- **2020** COVID-19 pandemic
- **2021** Tokyo Olympic and Paralympic Games
- **2022** Russia-Ukraine Crisis

Vision for the 100th Anniversary of Our Foundation

Deliver peace of mind to all stakeholders by creating roads

Nichireki's History

Foundation and development

- **1943** Eiichi Ikeda founds Nihon Rekisei Kagaku Kogyosho to engage in construction waterproofing works using asphalt
- **1946** The Company begins to undertake paving construction works
- **1949** The Company is reorganized as a limited partnership
- **1950** The Company builds an asphalt emulsion plant and laboratory in Oku, Tokyo
- **1954** The Company changes its name to Nichireki Kagaku Kogyo Co., Ltd. due to company split and merger, etc.
- **1961** Japan's first cationic asphalt emulsion, CATIOZOL, is awarded the Tanahashi Invention Award
- **1963** The Company issues and distributes the first volume of Asphalt Paving Course (eight volumes in total)

Strengthens corporate culture and develops internal foundations

- **1968** The Company builds a new head office building in Kudan, Chiyoda-ku, Tokyo (to present)
- **1969** The Company introduces a computer system utilizing telex network to offices throughout Japan
- **1973** The Company participates in Research Survey Committee on Bridge Deck Pavement of Long-span Bridges (Honshu-Shikoku Bridge) established within the Japan Road Association
- **1974** The Company is listed on the First Section of both Tokyo Stock Exchange and Osaka Securities Exchange
- **1975** The Company opens the Ikeda Museum of 20th Century Art in Ito City, Shizuoka
- **1977** The Company opens a technical research center in Oyama Manufacturing Plant in Tochigi Prefecture
- **1980** The Company is registered with the Minister of Construction as a construction consultant in road department

Beginning of management based on the Medium-term Management Plan

- **1985** The Company is registered with the Minister of Construction as a surveyor
- **1989** The Company starts the First Medium-term Management Plan
- **1994** The Company changes its trade name to NICHIREKI CO., LTD.
- **1999** The Company begins disclosure of consolidated financial statements
- **2002** The Company starts overseas business by establishing BEIJING LUXIN DACHENG EXQUISITE PAVING CORPORATION in Beijing, a joint venture between Japan and China
- **2003** The Company implements an area-based business structure to facilitate the integrated operation of branch and group companies within the jurisdiction of the branch

Reconstructs internal foundations and strengthens corporate governance

- **2006** The Company discloses basic policy for establishing internal control system
- **2008** The Group acquires ISO 9001
- **2012** The Group acquires ISO 14001
- **2014** The Company converts its consolidated subsidiaries into wholly-owned subsidiaries
- **2016** The Company completes the new laboratory building in the Technical Research Center
- **2017** The Company newly establishes a manufacturing plant in Fengxian Chemical Industrial District in Shanghai
- **2020** The Company acquires land in Tsukubamirai City, Ibaraki Prefecture, to construct a production and logistics base
- **2022** The Company changes its listing to Prime Market of the Tokyo Stock Exchange
- **2023** The Company marks the 80th anniversary of foundation on October 26The Company forms a capital and business alliance with ITOCHU ENEX CO., LTD.
- **2024** The Company transitions to a holding company structure and changes its trade name to NICHIREKI GROUP CO., LTD.

Nichireki Group's Technology

Products

- Joint material, waterproofing material for concrete paving Long lasting
- Rain-resistant emulsion CATIOZOL Long lasting Normal temperature 1

- POLYPHALT SS to address rutting Long lasting 2
- EMULSION A used in the track of Shinkansen Long lasting Normal temperature
- SINOPHALT to address cracks in bridge steel deck plate pavement Long lasting 3

- ROMENPATCH for reducing vibration and noise caused by bumps Safety and security Normal temperature
- TOUGHPHALT SUPER for porous paving Safety and security 4
- AF PHALT for recycled mixture Recycling

- Modified asphalt for warm mix for reducing temperature during production and construction Warm mix
- SUPER TACKZOL with immediately breaking even at night or at low temperatures Long lasting Normal temperature
- L-seal tape to prevent leakage from junctures Long lasting Normal temperature
- SUPER SHINAYAKAPHALT for long-life pavement Long lasting Warm mix
- SUPER CONTAINERPHALT for paving roads with ultra heavy loads Long lasting Warm mix
- CONNECTPHALT for enhanced durability of upper roadbeds Long lasting

Construction methods

- On-site mixing method to enhance durability of gravel road Normal temperature Safety and security 1

- STABI-CEMENT RC construction method for repairing the existing pavement on-site Long lasting Recycling Normal temperature

- ASWOOD paving utilizing timber obtained from forest-thinning operations Recycling Normal temperature Safety and security 5
- EMULTEC construction method to extend the life of the paved road Long lasting Normal temperature

- SUPER SURFTREAT S construction method for road surface protection Long lasting Normal temperature
- STABI-CEMENT RC construction method using ICT Long lasting Recycling Normal temperature 6
- HQ PAVERANE construction method for high-durability water-proofing bridge deck Long lasting

Consulting (survey and diagnosis technology)

- ROMEN CATCHER LY for inspecting road surface condition
- ROMEN CATCHER FWD for diagnosing paving strength

- SMART SHOBAN CATCHER to determine the structural soundness of the bridge deck top surface using AI
- GLOCAL-EYEZ for easy inspection of roads with a smartphone 7
- ROMEN CATCHER SUPER MWD to measure road surface deflection while driving

1 CATIOZOL for improving gravel roads into pavements with the on-site mixing method

2 POLYPHALT SS for addressing rutting caused by the advancement of motorization

3 SINOPHALT used for long-span bridges (Honshu-Shikoku Bridge)

4 TOUGHPHALT SUPER for controlling water splashing in the rain to increase visibility and safety

5 ASWOOD paving with recycled timber obtained from forest-thinning operations that are often burnt

6 STABI-CEMENT RC construction method with road stabilizers using ICT

7 GLOCAL-EYEZ for inspecting roads with a smartphone

Message from the President

Aiming to Be a Company that Creates Roads Safeguarding People's Lives and Provides All Stakeholders with Safety and Security

Manabu Obata
President and Representative Director

Our holding company structure has gotten underway I have a genuine sense of our steady achievements alongside the strengthening of our organic connection.

In our aim to realize an evolution of our Group management based on our corporate philosophy of contributing to society by creating roads, as of October 1, 2024, we made the transition to a holding company structure through a company split (absorption-type split), **changing our trade name to NICHIREKI GROUP CO., LTD.** Upon doing so, our Applied and Processed Asphalt Products Business and Road Paving Business were succeeded by a wholly-owned subsidiary.

By transitioning to a holding company structure, we have separated business execution functions from management control and supervision functions. Moving forward, we will specialize in comprehensive controls that start with the planning and devising of a management strategy for the sustainable growth and development of the Group.

Our Group companies, including NICHIREKI CO., LTD. and totaling 39 as of August 2025, pursue their businesses as peer entities across the Group. Having pursued our businesses in a manner that is essentially close to our current structure for several decades now, we managed to smoothly make the transition to a holding company structure.

We will further endeavor to bolster Group governance and tie it into the further improvement of the Group's corporate value as we move forward.

We are also simultaneously working to deepen the organic connection among our Group companies as an important theme.

Naturally, the weather and topography, as well as needs, differ across regions in which our group companies operate. For that reason, the Group develops its business in close alignment with each region using **the 100-plus locations it has across Japan**. Having divided the country up into nine areas, we seek to maintain close relations among those areas while simultaneously deepening the organic connection that enables us to utilize the personnel, equipment, and other management resources of each area to the maximum extent.

When the 2024 Noto Peninsula Earthquake occurred on New Year's Day last year, our inter-area organic support structure functioned sufficiently, as evidenced by our employees from across the country joining the recovery work.

Additionally, online meetings are functioning effectively with respect to connections among employees in our Group companies. For example, when employees in the Hokkaido and Tohoku areas try to hold a joint meeting, travel takes time and coordinating schedules is challenging. Holding meetings over the Internet makes them relatively easier to coordinate and enables meetings to be held with flexibility as needed. As for the quality of communication, vibrant discussions are taking place chiefly among our younger employees, and relationships among employees, veterans included, are deepening. In terms of the ability to engage in thorough discussions and achieve clear alignment, efficiency has improved from previous levels, and we believe the results are satisfactory.

When an interesting idea regarding the development of new products, construction methods, or customer needs is brought up by younger employees during an online meeting, it sometimes leads them to start a new project while they discuss it directly with management. I feel that having the autonomy to participate in that process regardless of job class helps drive their motivation.

The trade names of holding companies typically include "Holdings.". In our case, however, we selected to use the term "Group" to signify our identity: a commitment to fostering intra-group collaboration.

Normally, a holding company structure should yield greater benefits over a long period of time. In our case, however, we have already seen benefits in less than a year, which says to me we are off to a promising start.

Our new initiatives are steadily progressing in a harsh business environment Tsukuba Big Ship is also on the verge of setting sail

Our Medium-term Management Plan "Resilience 2025 (Shinayaka 2025)," which commenced in FY2021, has entered its final fiscal year.

In the immediate term, harsh conditions have persisted as exemplified by the unending series of spikes in construction material prices and sharp rises in unit construction prices due to hikes in the unit cost of labor, with construction volumes falling short of initial order expectations. Additionally, over the last four years, we were beset by headwinds: crude oil prices rose and remained elevated, while the yen depreciated. In such an environment, we bolstered our investment in human capital, including significant wage increases, to address rapid inflation and labor shortages.

Amid such a backdrop, in May 2025, we conducted a downward revision of our target figures for net sales and other financial metrics for the final fiscal year of our Medium-term Management Plan "Resilience 2025 (Shinayaka 2025)."

And yet, when looking back on FY2024, I feel it was a year in which we saw steady progress in the new initiatives that we had been working on for several years.

One of the basic policy pillars of the Ministry of Land, Infrastructure, Transport and Tourism is **the decarbonization of road infrastructure**. The aim behind this pillar is to reduce CO_2 emissions by lengthening the service life of road infrastructure, thereby lowering the frequency of renewal work, and to promote the introduction of warm mix asphalt and other low-carbon materials.

In response to such government policy, the Group has endeavored to provide ***"Tastainability®"*** **products and construction methods** that contribute to a longer life for infrastructure and a lower carbon footprint, while delivering added value in the form of improved safety and recyclability. These efforts are beginning to yield steady results.

The high-durability ultra-low noise pavement (*Eco-safe pavement*), which we jointly developed with Metropolitan Expressway Co., Ltd., is an extremely fine-graded porous asphalt pavement. Vehicles can drive on it safely even on rainy days due to its skid-resistant design. Moreover, because it generates little noise, the pavement contributes to the improvement of the expressway's surrounding environment. With its superior durability, it has been highly lauded as an eco-friendly pavement that reduces the frequency of resurfacing work.

Also, each NEXCO company advancing **large-scale renewals of highways** has begun an initiative to enhance highway durability by using High-Modulus Asphalt Mixture (HiMA) in base course repairs. They are planning on allocating a budget of ¥243 billion over the next 15 years. For this initiative, we developed CONNECTPHALT (High-Modulus Asphalt for Upper Roadbeds), a modified asphalt compliant with HiMA standards.

In **reconstruction work following the Noto Peninsula Earthquake**, we performed repair work using our STABI-CEMENT RC construction method (on-site base course recycling construction method). This recycling method involves crushing existing damaged pavement on-site while simultaneously mixing asphalt emulsion and cement to newly form a strong base course.

In an earthquake-prone country such as Japan, firm pavement that is resistant to breaking is needed. Past examples have also shown that pavement making use of this method has relatively light damage from earthquakes. On top of providing superior durability, this method simultaneously achieves a longer life, the effective utilization of resources, and energy savings by reusing existing pavement on site.

The creation of roads by our Group extends beyond Japan to the rest of the world as well. In 2015, a **high-speed railway project in India** slated to employ Japan's Shinkansen bullet train system finally got underway. The first leg of this project, which runs across a zone of roughly 500 km between Mumbai and Ahmedabad, is currently being developed.

As a member of this project, we are planning on engaging in the manufacture and sale of asphalt emulsion used as a binder to produce a resilient layer for high-speed rail track, among other endeavors, and recently established a joint venture locally. We already provide materials for Shinkansen bullet trains in Japan. However, it goes without saying that the weather in India is different. We prepare the formula from scratch and test it to offer finished materials with fully guaranteed quality, which enables us to transfer the technology to India with confidence. There are plans in India to expand the high-speed rail network to seven lines, an indication of the considerable promise the future market there holds.

In terms of investment for the future, **Tsukuba Big Ship** (Tsukubamirai City, Ibaraki Prefecture), our new,

eco-friendly production and logistics base that we commenced construction in FY2024, is nearly complete. Construction on the base's office and factory buildings is expected to wrap up by the first half of FY2026, after which we anticipate commencing operation of the new factory by FY2027.

All the buildings are being built with an emphasis on thorough anti-seismic structure to mitigate disaster risk, and are located at an elevated point, at a favorable location within 40 km of central Tokyo, placing them near the Joban Expressway Interchange as well. This enables us to rush to the site should a disaster occur in the Greater Tokyo Area and swift recovery work be necessary. Tsukuba Big Ship promises to function as a "construction center" for the Greater Tokyo Area.

Also, with Tsukuba Big Ship serving as a primary nationwide manufacturing base, we will boost our manufacturing capacity for pavement materials such as high-performance asphalt emulsion and modified asphalt while also tackling the manufacturing of high value-added products with an eye toward next-generation paving materials.

For logistics, with Tsukuba Big Ship serving as a control center for the entire Group, we will centrally manage our product delivery network across Japan by promoting digital transformation (DX). In doing so, we will endeavor to further boost logistics efficiency.

Continuing to create safe and reliable roads while focusing predominantly on local roads as we approach the 100th anniversary of our foundation

To continue to grow from a long-term perspective, we at the Group set forth our Vision for the 100th Anniversary of Our Foundation, which we will mark in 2043, expressing it as follows: "Deliver peace of mind to all stakeholders, including customers, shareholders, investors, suppliers, employees and local communities by creating roads."

We work every day to deliver safe and reliable road infrastructure to everyone, so that people can enjoy enriched lives. As management of the Group is founded on that basic premise, we constantly communicate to our employees that they must never forget it.

As for our mindset, we will integrate an ESG perspective into our management philosophy of contributing to society by creating roads. At the same time, we will adapt flexibly to various changes in the business climate as we move forward vigorously toward the 100th anniversary of our foundation.

One change in the operating environment facing Japan, where the declining birth rate and aging population persist, is the significant challenge of **developing infrastructure across municipalities nationwide**. With both budgets and personnel limited, there are expectations for more efficient and effective management, such as developing infrastructure through collaboration among multiple municipalities, rather than adhering to existing administrative districts, or consolidating maintenance across multiple infrastructure sectors such as roads, parks, water supply, and sewerage.

As a company that sees safeguarding regional road infrastructure as one of our key missions, we are developing a variety of technologies in order to efficiently manage road infrastructure.

A road inspection DX system that we jointly developed with the University of Tokyo and SMARTCITY RESEARCH INSTITUTE CO.,LTD., **GLOCAL-EYEZ** captures paved roads using a smartphone to identify damaged areas and utilize the results in repair plans. This system has been attracting attention as the first simplified in-vehicle technology using a smartphone to pass a performance verification test for measurement accuracy for the three categories of "cracks," "rutting," and "flatness."

The most distinctive characteristics of this system are that because it performs AI analysis, there are no oversights such as those that occur with visual inspection, and that it enables a single person to perform road inspections even without specialized knowledge. Given that inspections were previously conducted using dedicated vehicles equipped with technologies such as laser scanners, this system will lead to significant labor savings and cost reductions.

Additionally, as part of our efforts to introduce ICT in the abovementioned STABI-CEMENT RC construction method, we utilize the **Smart Stabilizer Monitoring System**. With this system, sensors are attached to the road stabilizer to collect various types of construction data during construction, while the readings are monitored in real time on a cloud platform. Given how they constantly handle a large number of sites, it is difficult for local government employees to be present at all those sites. This remote presence system, enabling the state of construction to be verified in real time from a government office, has been extremely well received.

Our new initiatives for pavement repair work on residential roads in communities have begun as well.

Both the number of local residential roads and their extensions are enormous. As large-scale repair on all damaged areas with a limited budget is a difficult undertaking, we are conducting on a trial basis efforts such as providing paving materials that the general public can handle and having community residents also take part in actual construction.

Paving materials used in such construction can be applied at normal temperatures without being heated, and large-scale construction machinery is not required either. By pouring liquified asphalt into the damaged areas of the road and leveling them with a rake or other tool, the road can be reopened to traffic in about 30 minutes. We want to assist people in repairing their residential roads on their own to keep their lives safe and secure. This is not unlike the concept of *michibushin* (traditional communal road-building and maintenance) that was once practiced across Japan.

Reinforcing our business foundation and realizing an enriched Japanese society together with our stakeholders

With the intention of further bolstering our governance structure, we made **the transition to a company with an Audit and Supervisory Committee** in June 2024.

The Audit and Supervisory Committee issues objective opinions on the Board of Directors' functioning and provides related recommendations to management.

While our Board of Directors consists of 13 members, only six of those Directors, or less than half, engage in business execution. This makes me feel that we are making progress toward a so-called "monitoring model" for the Board and that its transparency has been further enhanced.

In elevating our organizational resilience, we continue to prioritize **human capital management**. Starting in FY2022, we raised our mandatory retirement age to 65, and starting this April, we lengthened the duration for which employees can take advantage of our system for shortened work hours for childcare to the start of children's enrollment in junior high school. Naturally, this system can also be used in combination with remote work. In addition, as part of our commitment to diversity, we actively recruit foreign nationals and mid-career professionals who can contribute immediately. We also support our technical employees in earning doctoral degrees.

Developing the next generation of leaders is another key focus for us.

Within the Nichireki Group, career-developing opportunities that fully leverage our holding company structure are available. One of them is actively promoting capable employees, while they are still relatively early in their careers with us, to sales-branch manager and Group-company president roles across Japan. Another is selecting employees capable of generating original ideas to engage in group-wide planning. Because our wage system is standardized across the Group, our employees can pursue their career development with confidence, even if they are reassigned to another Group company.

When starting up new projects, we assemble a wide range of human talent—from younger employees to seasoned ones—set clear deadlines, provide regular opportunities to make status reports at executive meetings, and then proceed from there to have those members demonstrate their capabilities for the project's success. While leaders assume responsibility for the project, they are also accorded a commensurate degree of authority, which enables them to think on their own and implement the project with autonomy.

These project approaches present valuable opportunities for human resource development that cultivate a management mindset.

On the financial and capital sides, we utilized cash flow gained through our business growth and other financial resources to make **growth investments** of approximately ¥35.0 billion over the four-year period from FY2022 to FY2025. This breaks down into approximately ¥30.0 billion in investment in the abovementioned Tsukuba Big Ship and approximately ¥5.0 billion in infrastructure renewal at existing locations.

As we have also focused on **enhancing shareholder returns**, we paid a dividend of ¥75 per share for Fiscal Year Ending March 2025, and forecast a dividend of ¥80 per share for Fiscal Year Ending March 2026. We are also actively conducting share buybacks, and are currently proceeding with buybacks of up to one million shares, or ¥2.6 billion, through December 2025 in addition to the ¥3.0 billion in buybacks already completed. Consequently, our total payout ratio has improved significantly.

Going forward, to further enhance our capital efficiency, we will bolster our earning power through the development of high value-added products and construction methods and their entrenchment in the market while simultaneously further advancing thorough digital transformation (DX) to boost productivity. Since FY2023, our share price has remained steady, and our P/B ratio has risen to close to 1x. As part of our disciplined approach to cash allocation, we will continue to deliver generous shareholder returns, meeting the expectations of our stakeholders.

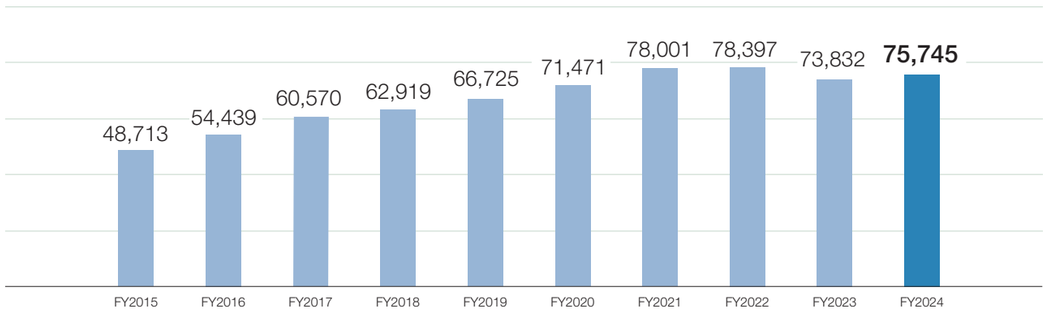
Safe and secure roads directly link to enriched living. We intend to keep on carefully listening to stakeholder feedback, further refining our technology, and building a better future. Your continued support in these endeavors would be much appreciated.

Manabu Obata
President and Representative Director

Financial Highlights

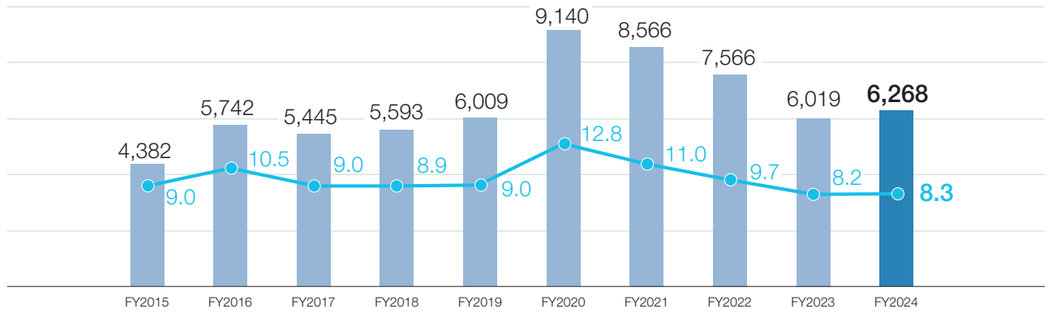
Consolidated basis

Net sales (Million yen)



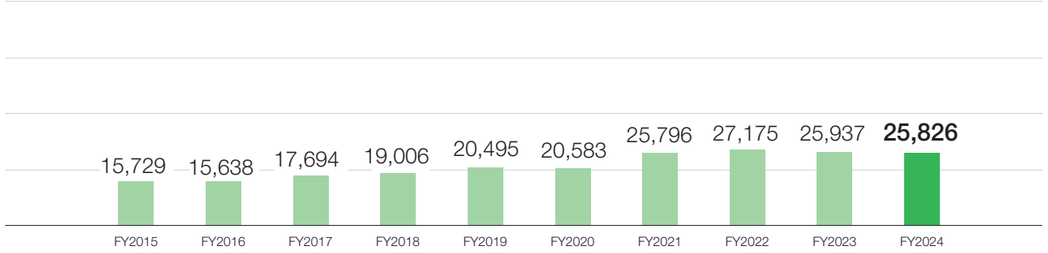
Operating profit and operating profit to net sales

Operating profit (Million yen) Operating profit to net sales (%)



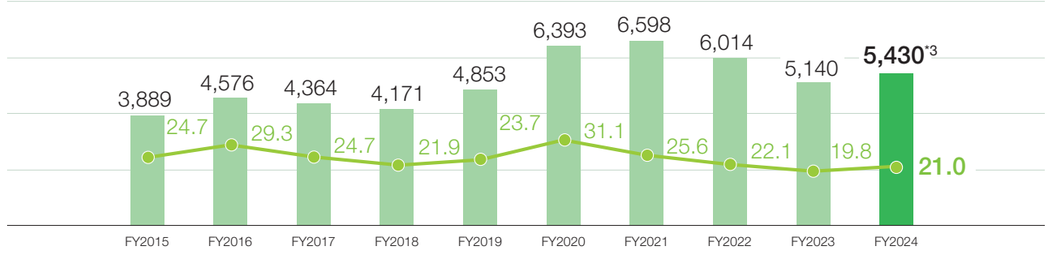
Applied and Processed Asphalt Products Business

Net sales*1 (Million yen)



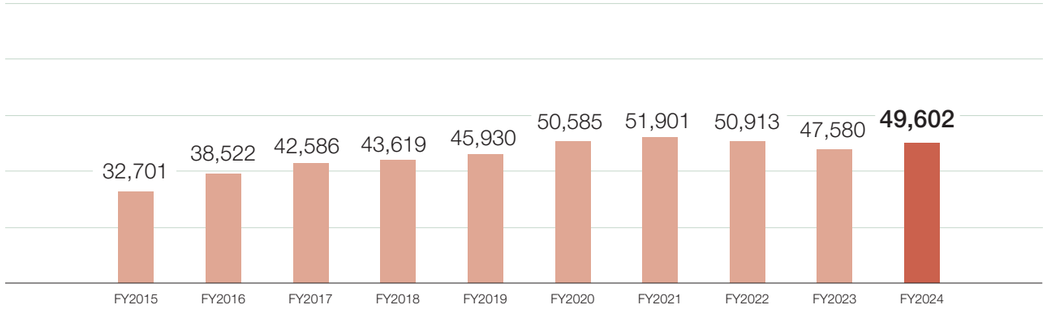
Operating profit*2 and operating profit to net sales

Operating profit (Million yen) Operating profit to net sales (%)



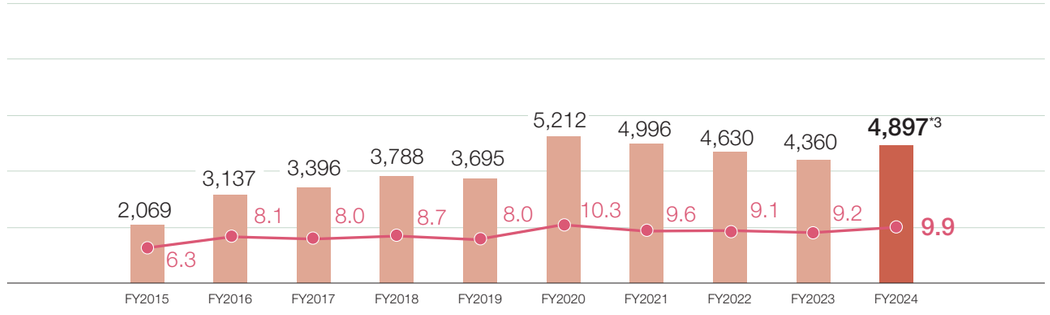
Road Paving Business

Net sales*1 (Million yen)



Operating profit*2 and operating profit to net sales

Operating profit (Million yen) Operating profit to net sales (%)



*1 Net sales to outside customers
*2 Amount before adjustment of elimination of inter-segment transactions and corporate expenses
*3 Amount after eliminating the effects of management guidance fees and other charges borne by the Applied and Processed Asphalt Products Business and the Road Paving Business following the transition to a holding company structure

Value Creation Process

The Nichireki Group will accurately grasp the business environment that is changing rapidly, and develop its own business model that consistently handles everything from pavement-related "survey and diagnosis," to "design and proposal," "manufacture and sales" of materials, and "construction and management" of construction works. Through these initiatives, we will enhance its medium- to long-term corporate value while aiming to realize the creation of a sustainable society.

Business Environment

P.21

Capital Input

Financial Capital

Net sales	¥75,745 million
Operating profit	¥6,268 million
Equity ratio	68.8 %

Intellectual Capital

Research and development costs	¥700 million
Number of patents maintained	37
Number of employees at our research laboratory	46

Human Capital

Number of employees	1,386
The first-class civil engineering works execution managing engineer	449
Professional engineers	47
PhD holders	5

Manufacturing Capital

Capital investment	¥12,544 million
Number of plants (Japan)	19

Social Capital

Number of bases (Japan)	106

(Located in 44 prefectures out of 47)

Natural Capital

Energy use (oil equivalent)*	5,238 kL

*Scope: 19 plants in Japan (Reduced by 34.7% from FY2013)

(FY2024 results)

Business Activities

Management philosophy

Contribute to society by creating roads

Medium-term Management Plan (FY2021–2025)

"Resilience 2025 (Shinayaka 2025)" P.21

Nichireki Group's Business Model

P.19

Foundation for Sustainable Growth (ESG Management)

- Environmental (E) P.27
- Social (S) P.47
- Governance (G) P.63

Vision for the 100th Anniversary of Our Foundation

P.21

Deliver peace of mind to all stakeholders by creating roads

Social Value Created through Business Activities

P.23

Customers
Ensure eco-friendliness, safety and quality in the processes of developing and improving products and construction methods, manufacturing, construction work, surveys, etc.

Local communities
Win the trust of the community by paying attention to the environment and safety and contributing to society

Shareholders and investors
Enhance corporate value through more extensive information disclosure and deeper dialog

Employees
Create a work environment in which each and every employee finds their job meaningful and feels worth living

Suppliers
Maintain and strengthen good and strong partnerships

Financial targets (FY2025)

Consolidated net sales	**¥80,000 million**
Consolidated operating profit	**¥7,000 million**
Consolidated ordinary profit	**¥7,300 million**
Ordinary profit margin	**9.1%**
ROIC	**Approx. 5.2%**
ROA	**Approx. 4.3%**
Dividend payout ratio	**Approx. 25%**

ESG targets (FY2025)

Sales ratio of eco-friendly products and construction methods*1	30% or more
Number of newly developed (or improved) products and construction methods launched*2	10 or more
Number of internal compliance training workshops held	2
Number of products from joint research and development rolled out*3	2 or more
Percentage of suppliers evaluated	100%
Annual overtime*4	640 hours or less
Number of days of annual paid leave taken*5	100% 50% or more of number of days granted 100%

*1: Eco-friendly products and construction methods refer to those more conscious of environment than existing ones. Sales ratio refers to a ratio to consolidated net sales.
*2: The cumulative number of newly developed (or improved) products and construction methods launched in FY2021 or later.
*3: The cumulative number of developed products launched in FY2021 or later as a result of joint R&D projects.
*4: Covers all Group employees.
*5: Covers employees who are granted 10 or more days of annual paid leave.

SDGs pursued

Strengths in Business Model

The source of the Nichireki Group's strengths is its R&D capabilities, which demonstrate creativity and uniqueness, while incorporating new technologies from other areas, to come up with new products and construction methods that satisfy customer requests and issues as well as market needs.

With the R&D capabilities as the core, another of the Group's unique points is its ability to consistently serve as all types of players involved in road pavement business by itself, such as the role of consulting firms and design firms that survey pavements and make propositions on products and construction methods, as well as the role of materials manufacturers and construction companies.

Survey and diagnosis to support road infrastructure management

Nichireki has also been working on the digital transformation (DX) of road inspections by leveraging ICT, IoT, and AI technology.

To illustrate, we offer GLOCAL-EYEZ (smartphone-based road inspection system) ▶P.43, which allows anyone with a smartphone and a vehicle to inspect roads easily and at low cost.

Moreover, we offer a variety of inspection vehicles in our fleet, depending on the application: SMART ROMEN CATCHER LY Jr. (road surface condition measuring vehicles) ▶P.44, which inspects the damage of road paving; SMART ROMEN CATCHER FWD (pavement deflection amount measuring vehicle), which diagnoses the structural soundness of the road pavement; and SMART SHOBAN CATCHER (non-destructive bridge deck survey vehicle) ▶P.45, which identifies the range and depth of damage locations on the top surfaces of concrete deck in bridges.

In addition to the above, we have newly developed ROMEN CATCHER SUPER MWD (moving wheel deflectometer with multifunctional measuring device) ▶P.46.

GLOCAL-EYEZ
(smartphone-based road inspection system)

SMART SHOBAN CATCHER
(non-destructive bridge deck survey vehicle)

Safe and high-quality construction and management utilizing ICT and robotic construction machinery

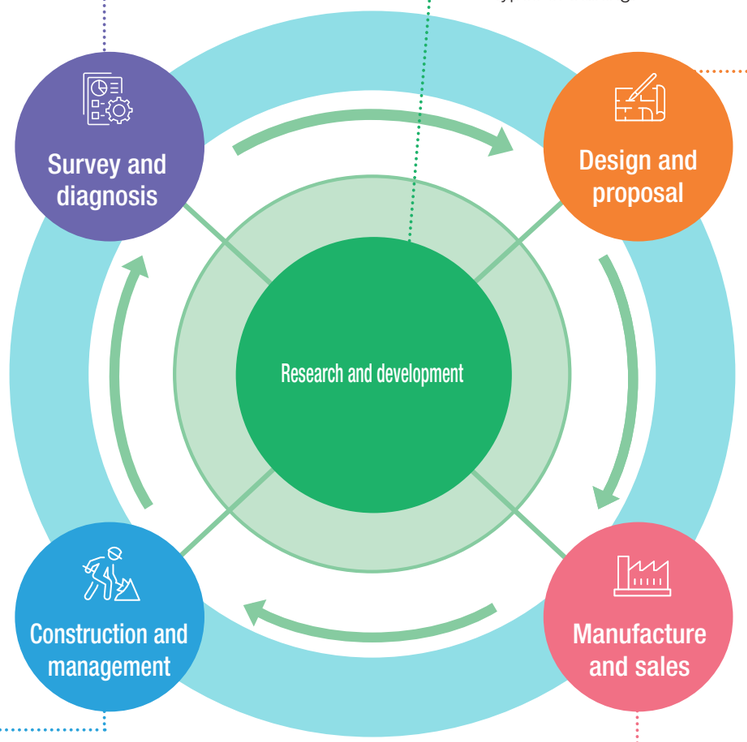
By promoting the digitalization and robotizing processes to ensure reliable construction and management, we seek to improve the trust of construction clients, etc.

To give an example, with the STABICEMENT RC construction method (on-site base course recycling construction method) ▶P.33, which allows damaged pavement to be reused and transformed into new pavement at the current location, we have worked to further improve productivity and precision in construction and quality control by utilizing the ICT that measures various construction data in real time using sensors and other means.

As a basic principle for a construction company, we ensure that all employees follow the Health and Safety Management Rule Book, thereby endeavoring to deliver safety and security to local residents living near our construction sites.

STABI-CEMENT RC construction method using ICT

HQ HIBRANE AU construction method using a binder spraying robot



Research and development of high value-added products and construction methods

To further enhance the quality of our development activities and the speed of our development cycle, we have assigned approximately 50 persons to our Technical Research Center (located in Shimotsuke City, Tochigi Prefecture), the heart of our R&D activities. We are also investing an amount exceeding 10% of our consolidated operating profit in R&D.

Based on the principle of "development of products and construction methods with creativity and uniqueness," we are developing products and construction methods from the perspectives of ESG and SDGs, focusing on the keywords such as "national land resilience," "the longer life and higher performance of infrastructures," "disaster prevention and safety," "cost reduction and efficient maintenance of road assets," and "environmental impact reduction" which have been particularly highly requested by society in recent years. ▶P.57

The Technical Research Center also serves as a comprehensive R&D institution that contributes to developing the capabilities of employees through the provision of various types of training.

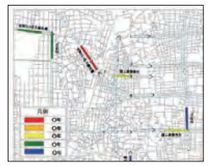
Technical Research Center

Laboratory building

Design and proposal for optimal maintenance & management plans and repair methods

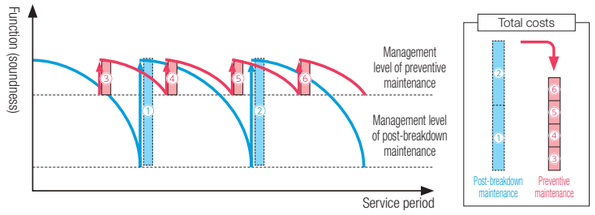
We assist in creating a medium- to long-term planned pavement maintenance cycle to make road infrastructure last longer and help road users have a safe and comfortable living environment.

For medium- to long-term pavement maintenance and management planning, we calculate lifecycle costs using various combinations of repair methods, and then select the most economical pattern of methods from a preventive maintenance perspective among the available options. And based on this, we draw up repair plans for each fiscal year, and propose the optimal repair methods.



Repair plan diagram

Illustration of comparison between post-breakdown maintenance and preventive maintenance cycles



Post-breakdown maintenance: Making repairs or taking measures to a facility after problems arise in the function or performance of the facility
Preventive maintenance: Making repairs or taking measures to a facility before problems arise in the function or performance of the facility

Source: Explanatory material titled "Actions to be Taken in Infrastructure Maintenance and Immediate Approaches to Implementing the Actions (Draft)" published by the Ministry of Land, Infrastructure, Transport and Tourism.

Manufacture and sale of high value-added products that offer superior environmental performance

Our lower environmental impact-oriented plants manufacture eco-friendly, high-value-added products that help customers address their various challenges, such as low-carbon footprint, service life extension, recycling, and safety and security. ▶P.31

We are working not only to ensure stable product qualities but also to create a sales system while staying mindful of the improvement of convenience for customers, by measures such as implementing a logistics management system utilizing ICT.

We will further accelerate these efforts in the Tsukuba Big Ship, which is under construction in Tsukubamirai City, Ibaraki Prefecture.

Oyama Manufacturing Plant

Chiba Manufacturing Plant

Vision for the 100th Anniversary of Our Foundation

The Group has set a vision for the 100th Anniversary of Our Foundation in 2043, with a view toward long-term growth. It represents our desired state when we mark the 100th anniversary. Our management philosophy is contributing to society by creating roads. We view "roads" in this context as "roads and lives," and "contributing to society" as "delivering peace of mind to society." We will evolve into a corporate group that "delivers peace of mind to all stakeholders, including customers, shareholders, investors, suppliers, employees, and local communities, through creating roads and improving lives."

As we move forward toward realizing our Vision for the 100th Anniversary of Our Foundation, we have identified and examined issues while taking into consideration the business environment and the expectations of our stakeholders. From this, we have identified five key material issues that Nichireki Group must address to ensure sustainable growth and provide peace of mind to all our stakeholders.

As we move forward toward realizing our Vision for the 100th Anniversary of Our Foundation under our management philosophy, the Group aims to achieve the KPIs set for each material issue and grow into a sustainable organization by flexibly adapting to various changes in our operating environment, while further integrating ESG principles into our business development and management.

Basic policy

In response to the various rapid, large-scale changes anticipated in the business environment, we will strive to stay resilient as a unified organization, making prompt and appropriate decisions, with the aim of growing into a sustainable corporate group.

Business Environment

- Disaster prevention, disaster mitigation, and national resilience measures (Response to the intensification of natural disasters and the dilapidation of infrastructure)
- Persistently high raw material prices and progression in the yen's depreciation due largely to the international situation
- Growing momentum towards the realization of a decarbonized society due to climate change
- Acceleration of technological innovations such as DX and automated driving
- Expansion of corporate social responsibilities such as ESG and SDGs
- Response to a declining workforce, an aging society, and workstyle reforms
- Economic stagnation due to natural disasters, infectious diseases, etc.

2020
Medium-term Management Plan
Next 2020 New Growth
—Moving on to the next stage—
FY2016 to FY2020

2025
Medium-term Management Plan
"Resilience 2025 (Shinayaka 2025)"
—Aiming to be a company with strong organizational resilience—
FY2021 to FY2025

Develop and manage business from more of an ESG perspective

2043
Vision for the 100th Anniversary of Our Foundation
Deliver peace of mind to all stakeholders by creating roads

Corporate Philosophy

Basic philosophy: Sowing the seeds, giving them water, letting them flower, and reaping the fruits

+

Management philosophy: Contribute to society by creating roads

- We will supply road paving materials and their corresponding construction methods to satisfy requirements for outstanding functionality and costs.
- We will offer advanced consulting to keep a watch over roads, which are common assets of the people.
- We will implement construction technology that is trusted by customers.

Priority measures

- Expand and cultivate our business markets, and penetrate markets
- Enhance R&D capabilities and improve productivity
- Strengthen the Group's management foundation
- Boost environmental investments to contribute to realizing a decarbonized society

Flexibly adapt to various changes in the business climate

Material issues	Our approach to addressing the issues	KPI ▶ P.23	Relevant SDGs
Contribute to realizing a decarbonized society	Deliver a wide range of eco-friendly products and construction methods with "longer service life," "greater recyclability," "a warm mix," and other forms of performance and functionality to ultimately reduce greenhouse gas emissions across our value chain.	Sales ratio of eco-friendly products and construction methods	7, 9, 11, 12, 13, 15
Provide safe, secure, and high-quality road infrastructure	Continue to develop products and construction methods that excel in performance and functionality, thereby contributing to improving safety and extending pavement lifespan, meeting the needs of road administrators and society.	Number of newly developed (or improved) products and construction methods launched	
Realize sustainable growth by strengthening our management foundation	Fulfill our accountability through proactive information disclosure and deeper dialog, aiming to achieve management that emphasizes financial soundness and compliance in a bid to continuously enhance corporate value.	Ordinary profit margin Dividend payout ratio Number of internal compliance training workshops held	9, 16
Maintain and strengthen good and strong partnerships	Aim to generate mutual synergies through collaboration with a range of external partners, including those in other industry sectors, while strengthening trusted relationships with partners through better communication and ensuring the safety of the entire supply chain.	Percentage of suppliers evaluated Number of products from joint research and development rolled out	12, 17
Create a work environment in which each and every employee finds their job meaningful and feels worth living	Strive to improve the work-life balance of employees by improving productivity with the effective use of ICT while establishing an internal system fitting with the times and the current legal frameworks from the perspective of diversity and inclusion.	Annual overtime Number of days of annual paid leave taken	4, 8

Progress with Implementing the Medium-term Management Plan

Medium-term Management Plan "Resilience 2025 (Shinayaka 2025)" –Aiming to be a company with strong organizational resilience–

Numerical target achievement status

Financial targets

	FY2022 results	FY2023 results	FY2024 results	FY2025 targets
Consolidated net sales	¥78,397 million	¥73,832 million	**¥75,745 million**	**¥80,000 million**
Consolidated operating profit	¥7,566 million	¥6,019 million	**¥6,268 million**	**¥7,000 million**
Consolidated ordinary profit	¥8,104 million	¥6,390 million	**¥7,047 million**	**¥7,300 million**
Ordinary profit margin	10.3%	8.7%	**9.3%**	**9.1%**
ROIC	7.6%	5.9%	**5.3%**	**Approx. 5.2%**
ROA	7.0%	4.8%	**4.7%**	**Approx. 4.3%**
Dividend payout ratio	24.3%	45.8%	**45.5%**	**Approx. 25.0%**

ESG targets

	FY2022 results	FY2023 results	FY2024 results	FY2025 targets	FY2043 targets
Sales ratio of eco-friendly products and construction methods*1	23.9%	22.2%	**22.3%**	**30% or more**	**80% or more**
Number of newly developed (or improved) products and construction methods launched*2	4	6	**8**	**10 or more**	**40 or more**
Number of internal compliance training workshops held	2	2	**2**	**2**	**2**
Number of products from joint research and development rolled out*3	1	1	**1**	**2 or more**	**10 or more**
Percentage of suppliers evaluated	100%	100%	**100%**	**100%**	**100%**
Annual overtime*4	640 hours or less 89.9%	640 hours or less 93.5%	**640 hours or less 97.3%**	**640 hours or less 100%**	**360 hours or less 100%**
Number of days of annual paid leave taken*5	50% or more of number of days granted 69.1%	50% or more of number of days granted 80.0%	**50% or more of number of days granted 78.0%**	**50% or more of number of days granted 100%**	**90% or more of number of days granted 100%**

*1: Eco-friendly products and construction methods refer to those more conscious of environment than existing ones. Sales ratio refers to a ratio to consolidated net sales.
*2: The cumulative number of newly developed (or improved) products and construction methods launched in FY2021 or later.
*3: The cumulative number of developed products launched in FY2021 or later as a result of joint R&D projects.
*4: Covers all Group employees.
*5: Covers employees who are granted 10 or more days of annual paid leave.

Initiatives for priority measures

Expand and cultivate our business markets, and penetrate markets

- We will continue to expand and cultivate our market presence, ensuring that our in-house developed products and construction methods are firmly established with our customers and in the market.
- We will boost sales of eco-friendly products and construction methods developed and manufactured in-house, which offer features such as longer service life, greater recyclability, reduced CO_2 emissions, and safety.

FY2024 results

- We promoted initiatives targeting peripheral areas of road paving, such as airports, ports, logistics facilities, and defense facilities. ▶ P.56
- We established a joint venture in India with OG Corporation, a trading company specializing in chemicals, in order to participate in a local high-speed railway project. ▶ P.62
- We strived to expand the sales of our *Tastainability*® series of products and construction methods, which provide additional benefits such as longer lifespans and recyclability and also contribute to the reduction of CO_2 emissions. ▶ P.31

Enhance R&D capabilities and improve productivity

- In order to respond to various changes in the business environment, we will actively bring in new technologies and digital technologies from other industries and then evolve our own ones to tackle the development of innovative products and construction methods.
- We will strengthen the organic connection of human resources and other management resources to improve the productivity of the entire corporate group. In addition, we will strive to establish an advanced logistics network based on the concept of supply chain management.

FY2024 results

- Our "paving technology with enhanced flow resistance" for apron repairs at Japan Self-Defense Forces facilities won the Minister of Defense Prize at the Infrastructure Maintenance Award, and the "high-durability ultra-low noise pavement" we jointly developed with Metropolitan Expressway Co., Ltd. won the Excellence Award for the National Land Technology Development Award. These are a testament to the contributions we made to the resolution of social issues through the development of innovative products and construction methods. ▶ P.56,58
- We endeavored to boost productivity with DX through utilizing GLOCAL-EYEZ, smart stabilizers, logistics management systems and so on. ▶ P.33,43

Strengthen the Group's management foundation

- We will build a robust financial and managerial foundation to fulfill our corporate social responsibility and continuously enhance corporate value under any circumstances.
- Aiming to achieve further growth, we will promote the development and training of talent who will support sustainable growth.
- We will promote the sophistication and expansion of ICT and advance DX to improve our work environment and increase operational efficiency.

FY2024 results

- As part of our efforts to enhance corporate governance, we completed our transition to a company with an Audit and Supervisory Committee in June 2024 followed by our transition to a holding company structure that October. ▶ P.63
- To strengthen the Group's management foundation, achieve sustainable growth, and enhance medium- to long-term corporate value, we increased our investment in human capital by enhancing internal training, providing support for staff to obtain doctoral degrees, and further raising employee salary levels. ▶ P.48
- We endeavored to enhance inspection and construction technologies through the promotion of DX, using means such as remotely-conducted onsite inspections and the introduction of construction robots. In doing so, we realized both enhanced work efficiency and productivity. ▶ P.33,43

Boost environmental investments to contribute to realizing a decarbonized society

- As a strategic move for the future, we will build an eco-friendly, advanced production and distribution site in Tsukubamirai City, Ibaraki Prefecture to accelerate our efforts toward the transition to a decarbonized society.
- We will strive to reduce energy consumption by replacing the Group-owned vehicles with hybrid vehicles and renovating existing buildings and facilities.

FY2024 results

- We commenced construction of "Tsukuba Big Ship," a new base for engaging in advanced environmental response through the utilization of the likes of natural and renewable energy, with a view to establishing eco-friendly production and logistics systems. ▶ P.60
- In addition to promoting the introduction of green power and renovating existing buildings and facilities to reduce energy consumption, we replaced the Group-owned vehicles with hybrid vehicles.

Management that is Conscious of Cost of Capital and Stock Price

The Nichireki Group aims to boost its stock price and Price-to-Book (P/B) ratio by elevating its Return on Equity (ROE) and improving its Price-to-Earnings (P/E) ratio through reduced cost of capital with a view to sustainably enhancing its corporate value. Our specific initiatives for realizing these goals are as follows.

1. Initiatives aimed at elevating ROE

Having positioned the improvement of the return on capital as a material management issue, the Group is pursuing initiatives from the dual aspects of strengthening profitability and controlling capital in order to elevate its ROE.

Strengthening profitability

To increase our profitability, we are strengthening efforts to develop and provide high value-added products and construction methods. Specifically, we will create new technology through joint research with universities and external partners as well as utilize state-of-the-art manufacturing infrastructure deployed at Tsukuba Big Ship, which is currently under construction, in order to continuously supply the market with a lineup of high value-added products and construction methods that meet customer needs. Additionally, to address the rise in raw materials prices, we are endeavoring to maintain and improve revenue stability and profit margins through appropriate price pass-throughs.

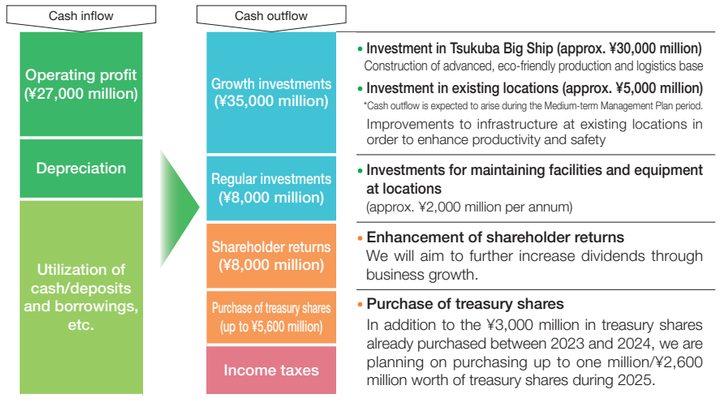
Furthermore, from the standpoints of enhancing efficiency and reducing costs, we are promoting DX as well as endeavoring to curb costs while simultaneously elevating productivity by introducing new technology, including the application of remote onsite inspections that make use of ICT and construction robots. On the logistics side, in addition to sharing transportation networks through a capital and business alliance with ITOCHU ENEX CO., LTD., we will optimize nationwide logistics management by leveraging Tsukuba Big Ship in order to elevate transport efficiency and inventory management precision as we move forward.

Controlling capital

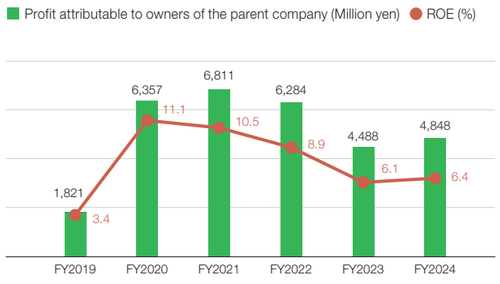
From the perspective of controlling capital, we are practicing capital allocation that finds an optimal balance between growth investment and shareholder returns. As we aim for future sustainable growth, while moving forward with strategic investment in Tsukuba Big Ship, we will flexibly purchase treasury shares following consideration of our capital capacity in addition to stably distributing dividends. In doing so, we will endeavor to optimize our balance sheet and simultaneously pursue both improved capital efficiency and maximized shareholder returns.

Cash allocation (four-year period from FY2022 to FY2025)

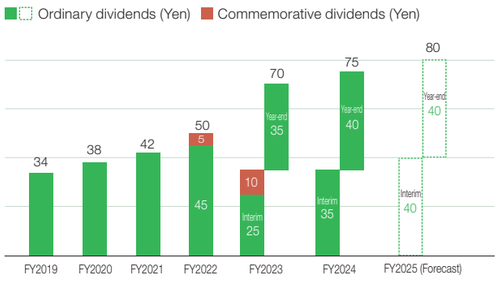
We will principally utilize cash flow generated through business growth to both make growth investments for the next generation and conduct more substantial shareholder returns.



Changes in profit and ROE



Dividends per share



2. Initiatives aimed at improving P/E ratio (reducing cost of capital)

To improve P/E ratio, it is essential to build trusted relationships with capital markets and foster expectations for future growth. Through "reducing business risks" and "engaging in active dialogue with the market and information disclosure," the Group aims to boost the valuation of its future growth in capital markets.

Reducing business risks

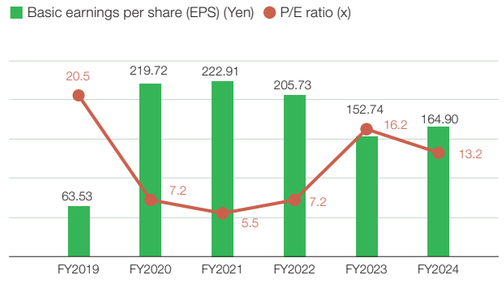
By addressing ESG, we aim to reduce overall business risks. From an environmental standpoint, we are investing in research and development with "*Tastainability*®" as our keyword and focusing on the development of products and construction methods that contribute to the reduction of CO_2 emissions. We are also developing Tsukuba Big Ship, which will serve as our hub to realize eco-friendly production and logistics. From a social standpoint, we respect human rights and work to expand human capital investment efforts, including reforming work style and enhancing employee training with DX and raising salary levels. We are also promoting active participation in social contribution activities in various communities and initiatives for occupational health and safety aimed at eliminating accidents, among other endeavors. From a governance standpoint, we are endeavoring to enhance Group management efficiency and reinforce our supervisory functions through the transition to a holding company structure and a company with an Audit and Supervisory Committee. In addition, we have introduced a restricted stock compensation plan to link management compensation and shareholder value and, in doing so, bolster incentive to enhance our shareholder value over the medium to long term.

Active dialogue with markets and information disclosure

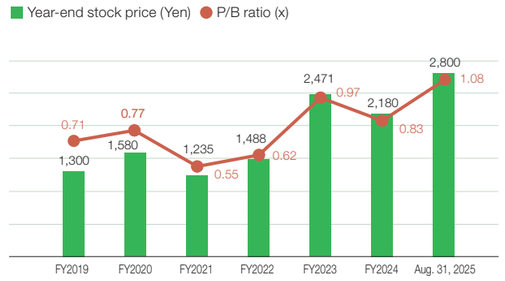
Through active dialogue with our shareholders and investors (investor relations and shareholder relations activities), we are actively communicating information on Nichireki Group that includes its strategy and growth vision. We arrange for numerous opportunities to hold such constructive dialogue, including financial results briefings, small meetings, briefings for individual investors, and one-on-one meetings. Plus, we also focus on enhancing our brand value through the likes of a booth presence at various exhibitions, publications and appearances in media such as magazines, newspapers and radio, advertising, radio appearances, and sponsorship activities.

As for non-financial information disclosure, we proactively release integrated reports in both Japanese and English and disclose environment-related information based on the Task Force on Climate-related Financial Disclosures (TCFD), CDP (formerly Carbon Disclosure Project), and other frameworks. We endeavor to gain an appropriate valuation from the market by accurately relaying to investors information on non-financial value creation elements as well.

Changes in EPS and P/E ratio

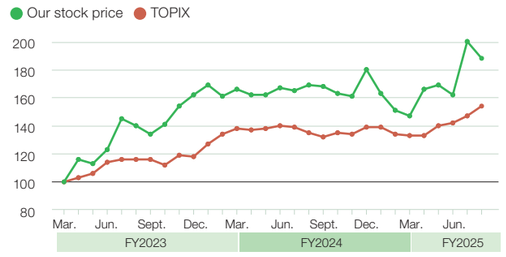


Changes in market valuation (Stock price and P/B ratio)



Due in large part to the positive outcomes of such initiatives, in recent years, Nichireki Group's stock price has steadily remained at a level exceeding the TOPIX, and P/B ratio has improved to around the 1.0x level. Going forward, Nichireki Group will keep up the evolution of its management aimed at sustainable growth while simultaneously meeting the expectations of capital markets by applying improvements to return on capital, reductions in cost of capital and other efforts towards elevating both ROE and P/E ratio.

Changes in stock price versus TOPIX (FY2023 to August 2025)



*Indicates changes since the end of FY2022 as relative values, with the value for the end of FY2022 set to 100.

Environmental

To Sustain Rich Global Environment

Basic approach

With the increasing momentum of ESG, SDGs and carbon neutrality, companies are required to make a higher level of effort than ever before to respond to global climate change. The Group aims to achieve a high level of balance between solving environmental issues, including realizing a decarbonized and recycling-oriented society and conserving biodiversity, and ensuring the sustainable development of its business. To these ends, the Group has set up the Environmental Management Committee that deliberates on and examines group-wide initiatives to address general environmental issues including climate change and the evaluation and review of such initiatives. The Group also manages environmental measures and ensures the implementation thereof from a sustainability perspective.

Environmental policy and our environmental management system

The Group acquired the certification for integrated management system including environmental management system (ISO 14001) in February 2012, in addition to the certification for quality management system (ISO 9001) that has been implemented. Five efforts are specified in our environmental policies that form the backbone of our environmental management system. Under those policies, we promote the development and provision of eco-friendly products and construction methods, while implementing activities such as reducing wastes, saving natural resources and energy, and recycling, with of course complying with laws and regulations in mind.

Environmental Policies

As a corporate group that is indispensable for creating “roads,” we will strive to preserve the global environment, improve the local living environment and contribute to the realization of a sustainable society. To these ends, we will promote environmental management and make the following efforts.

April 1, 2025
Manabu Obata, Representative of Nichireki Group

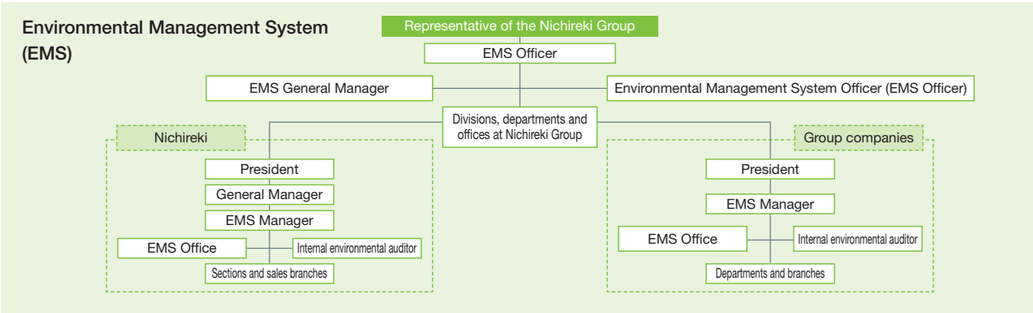
1. We comply with environmental laws and regulations, and promote an environmental management system.
2. We promote the reduction of waste products, saving of natural resources, energy conservation, and recycling activities.
3. We develop eco-friendly products and construction methods, and provide them to society.
4. We promote environmental protection activities and strive to prevent pollution.
5. We strive to further improve environmental awareness through education and business activities to reduce the impact on our environment.

ISO Certificate of Registration (Union of Japanese Scientists and Engineers ISO Registration Center)

Medium- to long-term targets

Item	FY2022 results	FY2023 results	FY2024 results	FY2025	FY2043	SDGs mapping
Sales ratio of eco-friendly products and construction methods*	23.9%	22.2%	22.3%	30% or more	80% or more	7, 9, 11, 12, 13, 15

* Eco-friendly products and construction methods refer to those more conscious of environment than existing ones. Sales ratio refers to a ratio to consolidated net sales.



Realization of a decarbonized and recycling-oriented society

The Nichireki Group has always worked to create eco-friendly roads by developing cold paving using asphalt emulsion. In addition to our conventional efforts, in recent years, we have contributed to further reducing CO_2 emissions and realizing a decarbonized society by providing value through *Tastainability*® products and construction methods ▶P.31. Such efforts include reducing the temperature of mixture production using modified asphalt for warm mix, extending the lifespan of pavements through the use of highly durable materials, and making effective use of resources through recycling. As one of our goals, by FY2043, the 100th anniversary of our founding, we aim to achieve a consolidated sales ratio of eco-friendly, high-value-added products and construction methods exceeding 80%.

In our day-to-day business activities, we are focusing on initiatives to reduce environmental impact. For example, we promote resource reuse by thoroughly sorting waste within the office and switching to green electricity in our offices and plants. We will further accelerate our efforts toward the realization of carbon neutrality (eliminating net emissions of greenhouse gases including CO_2) by 2050.

Conservation of biodiversity

Forest thinning is an effort that contributes to the conservation of biodiversity. Felling trees at appropriate intervals in a dense forest allows enough sunlight to reach the trees to form a healthy forest, which enables to protect the habitats of diverse living organisms living in the forest. Timber from forest thinning is used in various ways; however, there are also cases where unused forest-thinning materials are incinerated for disposal. Nichireki uses such forest-thinning materials for promenades in parks as ASWOOD paving ▶P.42, which blends harmoniously with the surrounding nature, by crushing the materials and mixing them with asphalt emulsion, thereby promoting the recycling of forest-thinning materials and protecting ecosystems.

Promoting construction methods such as heat-blocking paving ▶P.41, which contributes to mitigating the urban heat island effect, and soil-based paving, which has excellent water retention properties, also helps conserve the living environment for animals and plants.

Moreover, we have also been contributing to the conservation of ecosystems from a perspective of community activities by, for example, proactively participating in various activities, including cleaning and greening of roads and rivers in the regions across Japan where our offices are located.

ASWOOD paving

Environmental information disclosure

Nichireki Group recognizes the preservation of the global environment as one of its management material issues and is advancing the disclosure of information regarding its environmental initiatives. Disclosure based on the TCFD*1 recommendations has been continuously provided in the Integrated Report ▶P.29. Additionally, we respond to the CDP*2 questionnaire, and in FY2024 received a B rating for climate change. The CDP score is evaluated on an eight-level scale (A, A-, B, B-, C, C-, D, D-). A “B” rating is the third-highest, indicating that the company has been evaluated at the “Management Level,” demonstrating effective management and action regarding its environmental impacts.

*1 TCFD refers to the Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB), an institution composed of financial ministries and central banks from various countries that oversees international financial matters, at the request of the G20 to examine how climate-related information should be disclosed and how financial institutions should respond. In June 2017, the TCFD released its final report, recommending that companies and other entities disclose information on climate-related risks and opportunities in the areas of “governance,” “strategy,” “risk management,” and “metrics and targets.”

*2 CDP, formerly Carbon Disclosure Project which originated in the U.K. in 2000, is an international environmental non-profit organization that operates a global environmental disclosure system. Specifically, in response to requests from investors, companies, governments, and other entities worldwide, CDP sends environmental questionnaires to companies, provides an information disclosure platform, and conducts scoring and analysis of the responses.

Information disclosure based on TCFD recommendations

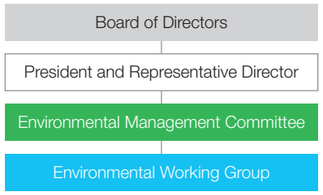
The Nichireki Group considers addressing the impact of climate change on its business to be one of its key managerial challenges. Accordingly, we support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and proactively take measures against climate change.

We clarify the impact on our business of the risks and opportunities brought about by climate change and take measures, thereby improving our business continuity, contributing to a sustainable society, and enhancing our corporate value.

Governance

At Nichireki Group, the Board of Directors deliberates on and resolves key matters such as a basic policy for addressing general environmental issues including climate change. In particular, the Environmental Management Committee, chaired by the President and Representative Director and comprised of General Managers of Planning, Corporate, Business Strategy, and Technology Development Strategy Divisions, deliberates on and examines how to address significant environmental issues affecting the entire Group. Such deliberated and examined issues are ultimately presented to the Board of Directors. The Board of Directors is reported and reviews each year the business risks and growth opportunities related to environmental issues as well as the progress of environmental management.

Governance system diagram



Risk Management

At Nichireki Group, the above-mentioned Environmental Management Committee has a group-wide risk management system that regularly monitors climate change-related risks. In addition, we will seek to advance our approach of appropriately identifying and examining material risks that could significantly impact our business management by, for example, improving our scenario analysis and assessment so as to sufficiently hedge tail risk (the risk of an event with a small probability of happening but could cause enormous losses if once happened).

Strategy

The Group identifies climate change-related risks and opportunities from short-term and medium- to long-term perspectives. The Group also performs two types of scenario analysis—the 2°C scenario with the assumption that the goals of the Paris Agreement adopted in 2016 will be achieved and the 4°C scenario with the assumption that no additional policy responses will be provided—, assesses the level of impact of such risks and opportunities on its business, and considers countermeasures. We will assess the resilience of the countermeasures on an ongoing basis and consider new countermeasures as necessary.

Step 1 Identify climate change-related risks and opportunities → **Step 2** Develop and analyze climate-related scenarios → **Step 3** Assess financial and business impact levels → **Step 4** Consider countermeasures and assess the resilience on an ongoing basis

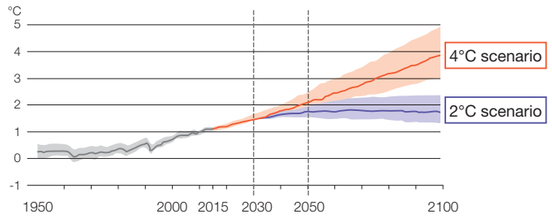
2°C scenario

A scenario assuming that countries around the world will have stricter regulations and policies toward decarbonization and accordingly take stricter measures against climate change, and that the increase in the global average temperature will be limited to below 2°C above pre-industrial levels.

4°C scenario

A scenario assuming that countries around the world will neither introduce any additional regulations or policies nor take sufficient measures against climate change and that the increase in the global average temperature will be 4°C above pre-industrial levels.

Projected global average surface temperature change
(relative to the average of 1850 to 1900 period)



While 2°C and 4°C scenarios show a nearly identical change in temperature up until 2030, the gap between the two scenarios widens after 2030

Source: Intergovernmental Panel on Climate Change (IPCC), *Sixth Assessment Report* (AR6), *Synthesis Report* (SYR), Figure SPM.4 (a)

The Nichireki Group's risks and opportunities expected, financial and business impact levels assessed, and countermeasures based on the scenarios are as shown in the table below.

Classification	Type	Risks and opportunities expected	Financial and business impact		Countermeasures
			2°C	4°C	
Transition risks	Policies, laws and regulations	●Limitation of our business activities due to greenhouse gas emissions regulations ●Increase in facility costs due to greenhouse gas emissions regulations ●Cost increase due to the introduction of carbon tax	High	Medium	●Purchase low-carbon fuel and green power, and install solar panels ●Develop low-carbon manufacturing methods and construction methods as well as construction technology, etc. (e.g., cold paving materials, robotic construction) ●Promote the innovation of manufacturing processes (at the Tsukuba Big Ship and other sites) ●Use low-carbon vehicles and equipment, etc.
		●Mandatory use of alternative materials and recycled materials	High	Medium	●Develop products and construction methods using sustainable materials
	Technology	●Intensifying competition in technology development toward the creation of a decarbonized society	High	Medium	●Put more effort into developing low-carbon products and construction methods
	Market	●Increase in procurement costs due to soaring petroleum based raw materials	High	Medium	●Consider increasing raw materials suppliers or narrowing down the current raw materials suppliers ●Examine and develop alternative materials
		●Increase in waste disposal cost	High	Medium	●Promote recycling
	Reputation	●Changes in reputation of our efforts to address climate change among investors and consumers	High	Medium	●Put more effort into making propositions of low-carbon products and construction methods and developing them
Physical risks	Acute	●Increase in the costs of restoring our production facilities and logistics infrastructure if being severely damaged during extreme weather events ●Suspension of production and shipment due to the difficulty of obtaining raw materials resulting from extreme weather events	Medium	High	●Strengthen business continuity planning (BCP) in our manufacturing sites and supply chain
	Chronic	●Decrease in productivity with increasing temperature during summer	Medium	High	●Improve a work environment by using air-conditioning clothing, power assist suits, etc. ●Promote labor-saving practices by using IoT, AI, robots, and other solutions
Opportunities	Products and services	●Increases in needs for products and construction methods adapted to climate change and opportunities for receiving orders	High	Medium	●Put more effort into making propositions of low-carbon products and construction methods and developing them in response to changes in the needs of road administrators and users
	Resilience	●Increase in infrastructure resilience needs amid intensifying and more frequent natural disasters	High	Medium	●Expedite the development of products and construction methods that help prevent and mitigate disasters ●Promote our one-stop solutions business that comprises all the processes from design and proposal based on survey, diagnosis and prediction with the use of IoT and AI to manufacture and sales followed by construction and management
	Resource efficiency	●Reduction in operating costs with increase in productivity through the innovation of manufacturing processes	High	Medium	●Install more productive manufacturing equipment that uses IoT and AI (at the Tsukuba Big Ship and other sites)

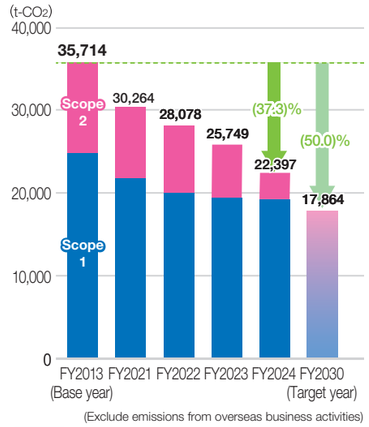
Metrics and Targets

The Group has set the long-term target of achieving net-zero greenhouse gas emissions across its value chain by 2050. Taking into account the goal set by the government of "aiming to reduce greenhouse gas emissions by 46% (from FY2013) by 2030," the Group has also set the medium-term target of "reducing Scope 1 and 2* greenhouse gas emissions by 50% (from FY2013) by FY2030."

To achieve these targets, we will promote technological innovations in manufacturing methods and others, the purchase of green power and the installation of solar panels. In the medium and long run, we will also proactively use vehicles and equipment that use low-carbon and decarbonized fuels, hydrogen and electricity. Furthermore, we will work at increasing sales of eco-friendly products such as longer-life and warm mix modified asphalt and other paving materials, and encouraging the development of new low-carbon cold-laid paving materials and construction technology.

As for Scope 3, we are working to calculate the amount of CO_2 emissions for each category and will continue to consider specific reduction measures together with those for Scope 1 and 2.

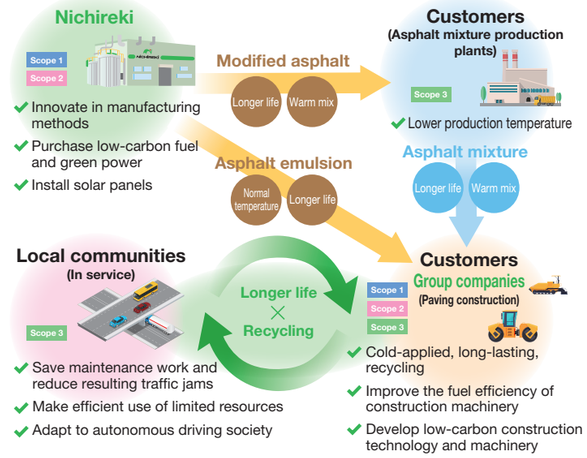
Nichireki Group's CO_2 emissions



(Exclude emissions from overseas business activities)

* Scope 1 : Direct GHG emissions from the reporting company (fuel combustion and industrial processes)
Scope 2 : Indirect GHG emissions from consumption of electricity, heat, or steam supplied by other companies
Scope 3 : Other indirect GHG emissions not covered in Scope 1 or 2 (that occur in other companies related to the reporting company's activities)

Image diagram of CO_2 reduction in our business model



Eco-friendly Products and Construction Methods

The Nichireki Group contributes to conserving the living environment, the local environment, and even the global environment through the provision of eco-friendly products and construction methods. We have long been working to create eco-friendly roads by offering products and construction methods, such as asphalt emulsions, that can be handled at normal temperatures. Looking ahead, we will contribute to environmental conservation at a higher level, including further reduction of CO_2 emissions through the supply of "*Tastainability*®" products and construction methods that add new performance and functionality, such as longer life, recyclability, and warm mix. We will also work to improve the living environment of roadside residents, including reducing vibration and noise, ensuring traffic safety, and mitigating odors, thus contributing to creating sustainable roads. The chart below shows Nichireki's representative lineup of eco-friendly products and construction methods.

Nichireki's Eco-friendly *Tastainability*® Products and Construction Methods

Global Environment

Building recycling-oriented society

- Wood chip paving (ASWOOD paving ▶P.42)*for sidewalks Low carbon Recycling Normal temperature Safety and security
- On-site base course recycling construction method (STABI-CEMENT RC construction method ▶P.33) Low carbon Long lasting Recycling Normal temperature
- Modified asphalt for warm mix recycled mixture (CLEANPHALT AF/AFH, CLEANPHALT SAR/SAH) Low carbon Recycling Warm mix
- Modified asphalt for recycled mixture (AF PHALT/H, TOUGHPHALT SUPER RV) Low carbon Recycling

Local Environment

Groundwater recharging

- Wood chip paving (ASWOOD paving ▶P.42) Low carbon Recycling Normal temperature Safety and security
- Permeable stone paving (COLORPHALT TO) *for sidewalks Low carbon Normal temperature Safety and security

Ecosystem conservation measures

- Heat-blocking paving (THERMOTEC construction method ▶P.41) Low carbon Normal temperature Safety and security
- Soil-based pavement (Polycamic construction method) *for sidewalks Low carbon Normal temperature Safety and security
- Water-retentive paving (AQUASPAVE construction method) Safety and security

Living Environment

Ensuring traffic safety

- Resin-based anti-skid paving (COALCUT R construction method) Safety and security Low carbon Normal temperature
- Resin mortar-based color paving (COLORPHALT KT method ▶P.41) *for sidewalks and cycling paths Safety and security Low carbon Normal temperature
- Road marking (Lining) ▶P.41 Safety and security

Mitigating the rise in surface temperature of roads

- Heat-blocking paving (THERMOTEC construction method ▶P.41) Low carbon Normal temperature Safety and security
- Soil-based pavement (Polycamic construction method) *for sidewalks Low carbon Normal temperature Safety and security
- Water-retentive paving (AQUASPAVE construction method) Safety and security

Curbing global warming / Reducing the number of constructions

- On-site base course recycling construction method (STABI-CEMENT RC construction method ▶P.33) Low carbon Long lasting Recycling Normal temperature
- Rapid-breaking asphalt emulsion (SUPER TACKZOL ▶P.36) Low carbon Long lasting Normal temperature
- Asphalt emulsion surface treatment construction method (SUPER SURFTREAT construction method ▶P.35) Low carbon Long lasting Normal temperature
- Crack prevention cushion layer construction method (EMULTEC SAMI construction method ▶P.39) Low carbon Long lasting Normal temperature
- Molded water cut-off material (L-seal tape ▶P.36) Low carbon Long lasting Normal temperature
- Crack sealant (COALCUT K) Low carbon Long lasting Normal temperature
- Modified asphalt for warm mix and longer life (SUPER SHINAYAKAPHALT ▶P.34 ; SUPER CONTAINERPHALT ▶P.35) Low carbon Long lasting Warm mix
- Modified asphalt for warm mix and longer life + On-site base course recycling construction method (SUPER SHINAYAKAPHALT; SUPER CONTAINERPHALT + STABI-CEMENT RC construction method ▶P.34) Low carbon Long lasting Recycling Warm mix
- Modified asphalt for longer life (Noncrackphalt ▶P.39 ; CONTAINERPHALT S; REKIPHALT SUPER ▶P.38) Low carbon Long lasting
- Modified asphalt for long-life porous paving (Chemiphalt MX ▶P.41) Low carbon Long lasting Safety and security
- Modified asphalt for longer life + On-site base course recycling construction method (Noncrackphalt; CONTAINERPHALT S; STABI-CEMENT RC construction method) Low carbon Long lasting Recycling
- Modified guss asphalt for bridge leveling layer (MG PHALT) Low carbon Long lasting
- Highly durable bridge deck waterproofing methods(HQ PAVERANE construction method ▶P.37 ; HQ HIBRANE AU* construction method ▶P.37 ; MULTI FRESH construction method ▶P.38) Low carbon Long lasting
- Hot-applied crack sealant (CRACKSEAL NX) Low carbon Long lasting

Research and development

Eco-friendly, high value-added products and construction methods

Reducing road surface noise

- Modified asphalt for long-life porous paving (Chemiphalt MX ▶P.41) Safety and security Low carbon Long lasting
- Modified asphalt for porous paving (TOUGHPHALT SUPER) Safety and security

Reducing odor emissions

- Modified asphalt for improving odor control and warm mix Safety and security Low carbon Warm mix
- Modified asphalt for improving odor control Safety and security

Improving landscape

- Wood chip paving (ASWOOD paving ▶P.42) *for sidewalks Safety and security Low carbon Recycling Normal temperature
- Resin mortar-based color paving (COLORPHALT KT method ▶P.41) *for sidewalks and cycling paths Safety and security Low carbon Normal temperature
- Weed control construction method (FC weed-control method ▶P.42) Safety and security

Reducing road vibration and noise

- Emulsion based cold mix bump repairing material (SUPER ROMENPATCH ▶P.40) Safety and security Low carbon Normal temperature
- High durability, all-weather type cold applied patching material (RESCUEPATCH ▶P.40) Safety and security Low carbon Normal temperature
- Manhole top repairing method (MR² method ▶P.40) Safety and security Low carbon Long lasting Normal temperature
- Embedded-type expansion joint (Seamless joint ▶P.40) Safety and security Low carbon Long lasting

Reducing water splash

- Wood chip paving (ASWOOD paving ▶P.42) Safety and security Low carbon Recycling Normal temperature
- Permeable stone paving (COLORPHALT TO) *for sidewalks Safety and security Low carbon Normal temperature
- Modified asphalt for long-life porous paving (Chemiphalt MX ▶P.41) Safety and security Low carbon Long lasting
- Modified asphalt for porous paving (TOUGHPHALT SUPER) Safety and security

Eliminating traffic congestion caused by construction

- On-site base course recycling construction method (STABI-CEMENT RC construction method ▶P.33) Low carbon Long lasting Recycling Normal temperature
- Rapid-breaking asphalt emulsion (SUPER TACKZOL ▶P.36) Low carbon Long lasting Normal temperature
- Modified asphalt for warm mix recycled mixture (CLEANPHALT AF/AFH, CLEANPHALT SAR/SAH) Low carbon Recycling Warm mix
- Modified asphalt for warm mix (SUPERCLEAN 50; CLEANPHALT SA/Type II/Type H/HDS) Low carbon Warm mix

Nichireki's Long-life Product and Construction Method Series

STABI-CEMENT RC construction method

Longer life

■ STABI-CEMENT RC construction method involves crushing the existing pavement at the exact location where it has been damaged and then mixing it with asphalt emulsion and cement to construct new pavement. This construction method constructs a strong base course with asphalt flexibility and cement stiffness, contributing to the pavement's longevity. This is also effective in preventing liquefaction phenomena caused by earthquakes.

Recycling

■ STABI-CEMENT RC construction method uses most of the existing pavement as it is on-site, reducing materials being carried in and out, which also contributes to energy conservation and effective use of resources. In particular, the amount of pavement waste removed from the site per construction project is reduced by around 80% compared to the replacement method, and CO_2 emissions can be reduced by approximately 20%.

Low carbon — 20% reduction in CO_2 emissions by reusing existing pavement

Normal temperature

■ As it is a cold construction method that uses asphalt emulsion, it is eco-friendly. In addition, compared with the full layer reconstruction method, it shortens the construction period, thereby helping to reduce economic losses caused by traffic congestion as well as suppress CO_2 emissions.

Damaged road pavement

Construction with a road stabilizer

During construction

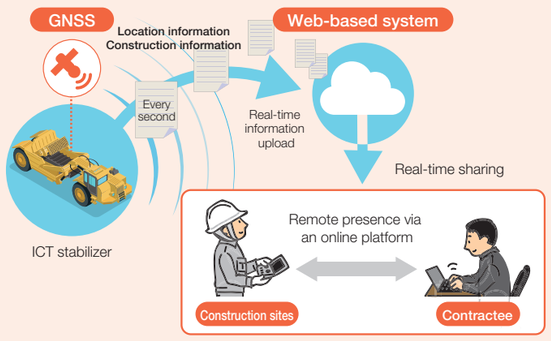
Liquefaction resistance test

Digital technologies for smarter construction works

We utilize the Smart Stabilizer Monitoring System as part of our efforts to introduce ICT in this construction method. With this system, sensors are attached to the road stabilizer to measure various data in real time during construction. This method enhances construction accuracy and allows for the construction of a higher-quality base course, further extending the pavement life.

In addition, by combining the streaming of on-site images from wearable cameras with web conferencing, the contractee and other construction managers can check measurement data and on-site conditions from anywhere, which also contributes to improving productivity at construction sites.

Smart Stabilizer Monitoring System (image diagram)



NETIS* registration number: CG-240013-A

*An acronym for the New Technology Information System, a database for promoting the use of new technology operated by the Ministry of Land, Infrastructure, Transport and Tourism

Toward Further Long-Life Performance with *Tastainability*®

The Smart Stabilizer Monitoring System won the Jury's Special Prize in the Infrastructure DX Competition, which was held to discover advanced technologies that contribute to DX in the infrastructure field, as part of the Construction Technology Expo 2023 Kinki, organized by the Kinki Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism in Osaka Prefecture in November 2023.

System overview ▶

SUPER SHINAYAKAPHALT

Longer life

■ SUPER SHINAYAKAPHALT is a special modified asphalt that is flexible enough to be bent by hands and tough enough to withstand traffic loads. SUPER SHINAYAKAPHALT with 1.7 times greater performance than conventional asphalt mixture helps extend the life of pavement.

Warm mix

■ In addition, the temperature of mixture production can be lowered by 50°C from 180°C to 130°C compared to our conventional SHINAYAKAPHALT. This enables a reduction in fuel consumption during mixture production, cutting CO_2 emissions by approximately 22%.

Low carbon — In asphalt mixture production 22% reduction in CO_2 emissions

Conventional asphalt mixture

SUPER SHINAYAKAPHALT

After construction

Bending Comparison: SUPER SHINAYAKAPHALT vs. conventional mixture ▶

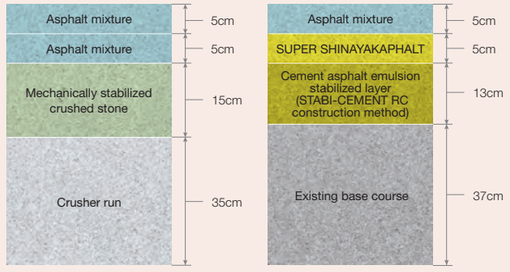
STABI-CEMENT RC construction method + SUPER SHINAYAKAPHALT

Low carbon — In a 50-year pavement life cycle 49% reduction in CO_2 emissions

This hybrid method achieves unprecedentedly long-lasting pavement by paving a long-lasting asphalt mixture (SUPER SHINAYAKAPHALT) on the base constructed by reusing existing pavement at the exact location where it has been damaged (STABI-CEMENT RC construction method).

It enables longer-life paving than ever, reducing CO_2 emissions by approximately 49% in a 50-year pavement life cycle.

Basic pavement cross section



SUPER CONTAINERPHALT

Longer life

SUPER CONTAINERPHALT is a specially modified asphalt designed for ultra-heavy traffic, offering exceptionally high permanent deformation resistance. It delivers high durability even in areas where heavy-load vehicles operate, such as ports and airports, thereby contributing to the extended service life of pavements.

Warm mix

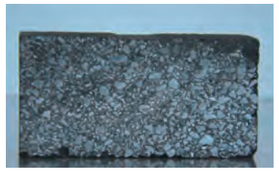
The temperature of mixture production can be lowered by 30°C from 185°C to 155°C compared to our conventional CONTAINERPHALT S. This enables a reduction in fuel consumption during mixture production, cutting CO_2 emissions by approximately 13%.

Low carbon

In asphalt mixture production **13%** reduction in CO_2 emissions

Polymer-modified asphalt type II

SUPER CONTAINERPHALT



After construction

SUPER SURFTREAT S construction method

Longer life

SUPER SURFTREAT S construction method is an ultra-thin pavement construction method that is highly resistant to wear and tear and protects the pavement surface before damage progresses. By applying a surface treatment, the road surface is made to look like new, and the functions of the road surface, such as its non-slip properties and noise reduction, are restored, leading to a longer lifespan for the pavement (prolongation) and, in turn, a reduction in medium- to long-term repair costs.

Normal temperature

As it is a cold construction method that uses a special asphalt emulsion, it does not generate CO_2 during heating, meaning it is an eco-friendly construction method. For example, compared to heated thin-layer paving, it can reduce CO_2 emissions by approximately 61%. Another feature of this method is that it can be applied to various surfaces other than carriageways.

Low carbon

Compared to hot mix thin-layer pavement **61%** reduction in CO_2 emissions

A specialized vehicle that can complete the work by itself

Leveling with a specialized vehicle

After construction

SUPER TACKZOL

Longer life

SUPER TACKZOL is a tack coat ▶P.6 emulsion of the rapid-breaking type that significantly shortens curing time compared with conventional tack coats. Stronger interlayer bonding than conventional products helps extend pavement life.

Normal temperature

This is an eco-friendly material as it can be applied at normal temperature. As it breaks rapidly even in cold winter conditions, curing is almost unnecessary. In addition, during construction in hot summer conditions, stickiness is suppressed, preventing adhesion to tires of asphalt mixture dump truck and other equipment. As a result, the paving process can promptly proceed to the next stage, contributing to shorter construction times.

Spraying with a specialized vehicle

Condition one minute after spraying at a road surface temperature of 5°C

L-seal tape (for milled surfaces)

Longer life

L-seal tape is a molded water-stop tape used in repair works such as milling overlays to prevent water infiltration into the pavement body through construction joints (cold joints). By preventing water from penetrating the pavement, it helps sustain interlayer bonding strength, the moisture resistance of the mixture, and the supporting capacity of the pavement, thereby contributing to an extended pavement life.

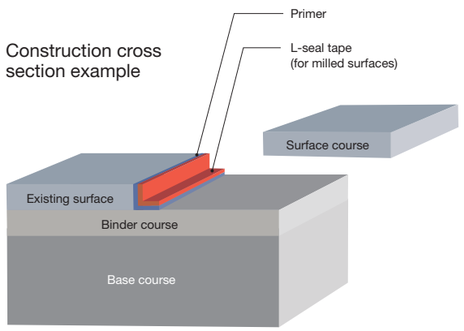
NETIS registration number: QS-210048-VE

Normal temperature

As it is a tape with adhesive properties at normal temperature, it offers excellent workability and handling, and is an eco-friendly material.

After construction

Construction cross section example



Nichireki's Long-life Product and Construction Method Series: Bridges

A bridge is an important lifeline that connects people, goods, transportation, and economy. Therefore, it must be durable enough not to disrupt daily lives. Nichireki offers a wide range of options for bridge deck waterproofing, which is essential for extending the service life of bridges to meet the needs of road administrators. Increasing the durability of the deck waterproofing layer enables a reduction in repair frequency of pavement, which in turn leads to reducing CO_2 emissions by approximately 50% to 75% in a 50-year pavement life cycle.

HQ PAVERANE construction method

Longer life

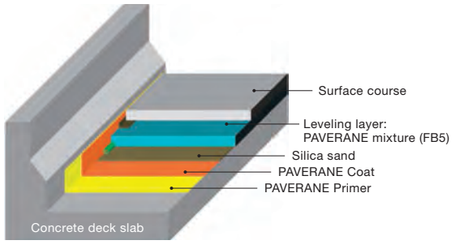
HQ PAVERANE construction method is a waterproofing method with excellent shear fatigue resistance that has passed a crack opening and closing load test equivalent to 30 years of service. As this is a high-performance pavement waterproofing method that demonstrates durability by combining the pavement and waterproofing layers, it protects the deck from de-icing agents and airborne salts and contributes to extending the pavement life.

NETIS registration number: KK-240046-A

Low carbon: Compared to conventional waterproofing in a 50-year pavement life cycle 75% reduction in CO_2 emissions

Construction in progress

Construction cross section example



HQ HIBRANE AU+ construction method

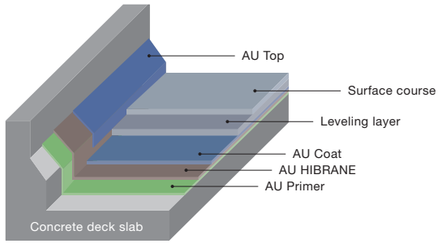
Longer life

HQ HIBRANE AU+ construction method is a highly durable asphalt-urethane membrane-type waterproofing method for bridge decks, which has passed the performance standards that apply a load equivalent to 30 years of service. This method allows seamless construction from the deck to the edge of the rise, and it also features excellent adhesion between the waterproof layer and the pavement. Lower construction temperatures reduce CO_2 emissions during construction compared with the conventional HQ HIBRANE AU method.

Low carbon: Compared to conventional waterproofing in a 50-year pavement life cycle 75% reduction in CO_2 emissions

Construction in progress

Construction cross section example



MULTI FRESH construction method

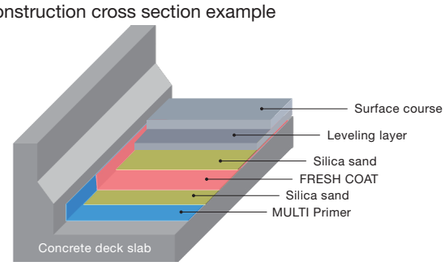
Longer life

MULTI FRESH construction method is a composite waterproofing construction method that applies a highly durable hot-applied asphalt membrane-type waterproofing material with excellent adhesion to asphalt pavement on top of a primer that penetrates even the finest cracks in the concrete deck surface. This method would improve the stiffness and fatigue resistance of deck, contributing to extending the life of pavement.

Low carbon: Compared to conventional waterproofing in a 50-year pavement life cycle 50% reduction in CO_2 emissions

Construction in progress

Construction cross section example



Comparison of highly durable bridge deck waterproofing methods

	Durability	Workability	Lifecycle cost
HQ PAVERANE construction method	◎	◎	◎
HQ HIBRANE AU+ construction method	◎	○+	◎
MULTI FRESH construction method	○	○	○
Conventional waterproofing	△	○	△

With either the HQ HIBRANE AU+ construction method or MULTI FRESH construction method, a further extension of pavement life can be expected by laying a long-lasting asphalt mixture (REKIPHALT SUPER) on the waterproofing layer.

Introduction to waterproofing methods ▶

REKIPHALT SUPER

Longer life

REKIPHALT SUPER is a polymer-modified asphalt with outstanding workability and resistance to stripping. It allows the acquisition of mixtures with a high degree of compaction, regardless of the timing of construction, resulting in longer life pavement.

Construction example

L-seal tape (for bridge ends)

Longer life

L-seal tape is a molded water-stop tape that prevents water from entering the pavement body through the boundary between the edge of a bridge and the newly paved asphalt mixture. It is highly effective in preventing water from entering the top surface of the deck, leading to longer pavement life.

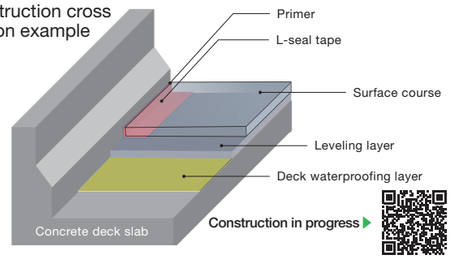
NETIS registration number: QS-210048-VE

Normal temperature

As it is a tape with adhesive properties at normal temperature, it offers excellent workability and handling, and is an eco-friendly material.

After construction

Construction cross section example



Construction in progress ▶

Nichireki's Product and Construction Method Series to Meet Diverse Needs

Damage to asphalt pavement

The principal types of asphalt pavement damage are cracks and rutting. The factors contributing to such occurrences include pavement materials, deterioration and fatigue during service, and pavement structure, and these factors often interact with one another.

Cracks in pavement

Rutting in pavement

Preventing cracks

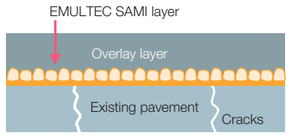
EMULTEC SAMI construction method

Longer life

Normal temperature

- This is a cold-type cushion layer construction method designed to suppress reflection cracks by forming a stress-relief layer through the precise spreading of modified asphalt emulsion and precoated aggregates. It can suppress the occurrence of reflection cracks on the pavement surface during overlay and milling overlay operations.
- As it is a cold construction method, it does not generate CO_2 associated with heating, meaning it is an environmentally friendly construction method.

Construction cross section example



Noncrackphalt

Longer life

- This modified asphalt is mainly applied for thin-layer paving in areas where reflection cracks are of concern, such as existing asphalt pavements with cracks and the joints of concrete pavements in composite pavements. It contributes to longer pavement life by retarding crack formation in the surface layer.

SUPER SHINAYAKAPHALT

Longer life

- This modified asphalt combines excellent flexibility and toughness, enabling it to suppress pavement damage such as cracks and rutting, thereby contributing to longer pavement life.

Warm mix

- Reducing the production temperature of the mixture can lead to lower fuel consumption and an approximate 22% reduction in CO_2 emissions.

▶ P.34

Preventing rutting

POLYPHALT SS

Longer life

- This modified asphalt is mainly used for asphalt pavements on heavy-traffic roads. Combining rubber-like and resin-like properties, it offers outstanding permanent deformation resistance, wear resistance, and flexibility.

NICHIPHALT HDS

Longer life

- This modified asphalt is used for asphalt pavements on ultra-heavy-traffic roads. Improved crack resistance also contributes to greater pavement durability and longevity.

SUPER CONTAINERPHALT

Longer life

- This modified asphalt is used for asphalt pavements in areas where ultra-heavy-load vehicles operate, such as ports and airports. Its high resistance to rutting contributes significantly to longer pavement life.

Warm mix

- Reducing the production temperature of the mixture can lead to lower fuel consumption and an approximate 13% reduction in CO_2 emissions.

▶ P.35

Improving the living environment

The Nichireki Group contributes to improving the living environment for communities along roads by providing various forms of value, such as reducing vibration and noise caused by uneven surfaces and potholes, preventing water splash, enhancing traffic safety, and improving the landscape.

Reducing road vibration and noise

SUPER ROMENPATCH

Safety and security

- SUPER ROMENPATCH is a cold-applied asphalt emulsion mixture with outstanding wear resistance used for repair of bumps on roads.

NETIS registration number: KT-190089-VE

Normal temperature

- This is an eco-friendly material as it enables construction at normal temperature. As construction does not require machinery, the work can be easily done.

SUPER ROMENPATCH

After construction

RESCUEPATCH

Safety and security

- RESCUEPATCH is a cold-applied mixture (patching material) with outstanding durability used for repair of potholes on roads.

Normal temperature

- This is an eco-friendly material as it enables construction at normal temperature. This also enables construction even when the construction surface is wet by rain or snow.

RESCUEPATCH

After construction

MR² method

Safety and security

- MR² method is a construction method to repair bumps between manholes and pavement with less vibration and noise. The material cures quickly, enabling construction in a short time.

Longer life

- It does not cause lack of compaction due to a decrease in temperature, contributing to extending the pavement life.

Normal temperature

- As a cold-applied mixture is used for construction around manholes, this construction method is friendly to the environment.

During construction (removal of a manhole)

After construction

Seamless joint

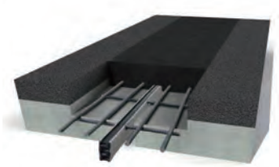
Safety and security

- Seamless joint is an embedded-type expansion joint used to embed bridge joints. As steel and rubber parts are not exposed on the road surface, this enables smooth driving of vehicles.

Longer life

- Seamless joint has outstanding water shut-off performance and quality stability, which allows them to be used over a long period, contributing to extending the life of bridges.

Seamless joint



After construction

Reducing road surface noise / Reducing water splash

Chemiphalt MX

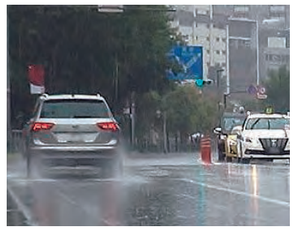
Safety and security

■Chemiphalt MX is porous paving that prevents water from accumulating on the road surface in rainy weather. This paving prevents slipping, water splash, and deterioration of visibility during driving, reducing traffic accidents. This also reduces noise from the road surface caused by driving.

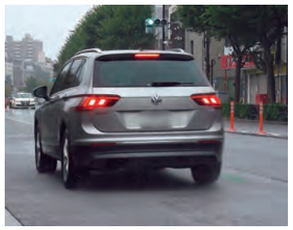
Longer life

■Chemiphalt MX has outstanding aggregate scattering resistance and demonstrates high durability, contributing to extending the life of pavement.

Conventional paving



Porous paving



Mitigating the rise in surface temperature of roads

THERMOTEC construction method

Safety and security

■This heat-blocking paving limits the rise in temperature of paved surfaces during the day by reflecting near-infrared rays, which account for about half of the solar radiation energy. During summer months with clear weather, it is expected to reduce road surface temperatures by around 10°C, which will also help to alleviate the heat island effect.

Normal temperature

■This is an eco-friendly method as it allows construction at normal temperature.

Construction in progress

After construction

Ensuring traffic safety

Road Marking

Safety and security

■Using road markings that appear to be three-dimensional and color paving visually alerts drivers to reduce driving speed and prevents them from accidentally entering the wrong lane, thereby contributing to ensuring traffic safety.

Road markings that appear to be three-dimensional

Dedicated ETC lane marking on the Metropolitan Expressway

Improving landscape

COLORPHALT KT method

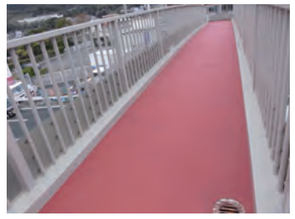
Safety and security

■This is a resin mortar pavement made from epoxy resin and various aggregates. It has excellent flexibility and is ideal for use in pedestrian bridges. It also has excellent slip resistance, ensuring safe walking even in the rain.

Normal temperature

■This is an eco-friendly method as it allows construction at normal temperature.

After construction



Improving landscape

ASWOOD paving

Safety and security

■ASWOOD paving is wood-based (wood chip) paving made by mixing a rubber-modified asphalt emulsion ASWOOD Emulsion, which has outstanding flexibility, and wood chips produced by finely crushing forest-thinning materials and other materials. ASWOOD paving has outstanding water permeability and cushioning properties, making it easy on the feet of walkers and runners and preventing the formation of puddles, thereby reducing water splash. Further, its gentle texture that blends in with the surrounding natural scenery brings comfort and relaxation to people. It also helps recharge groundwater by facilitating the infiltration of rainwater and other water into the soil, thereby increasing the supply of water to the underground aquifer.

Recycling

■Using forest-thinning materials and other resources without combusting prevents CO_2 from being emitted into the atmosphere and contains CO_2 as it is within the materials and resources (CO_2 fixation). For example, when we construct 1,000 m^2 of pavement with 4 cm in thickness using the ASWOOD paving method, we can fix approximately 18 tons of CO_2, which is equivalent to the amount absorbed by 1,300 Japanese cedar trees per year. This method also enables the utilization of trees damaged by Japanese oak wilt disease*, which has been spreading across the country in recent years, or by pine weevils as well as bamboos from an abandoned bamboo forest.

* A contagious disease that causes trees to die of necrosis and water-blockage, as a result of Japanese oak wilt pathogen are spread throughout the tree when platypus quercivorus (oak ambrosia beetle) burrow into the trunks of oak, chinquapin, and chestnut trees. New adults that have grown and emerged within the tree body carry Japanese oak wilt pathogen on their bodies. When they move to and invade other healthy oak trees, they spread the damage to the surrounding area.

Source: The Forestry Agency website (https://www.rinya.maff.go.jp/j/hogo/higai/naragare_R5.html), partially edited.

Normal temperature

■As it is possible to carry out the entire process from mixture production to construction at normal temperature, this method is extremely friendly to the environment. It can reduce CO_2 emissions by approximately 34%, compared to the typical pavement using hot mix.

Low carbon

Compared to the typical pavement using hot mix
34% reduction in CO_2 emissions

ASWOOD paving

Construction example

Nichireki supports the purpose of "Wood Change" promoted by the Forestry Agency as activities to change to a sustainable society through the use of wood and is actively driving efforts to promote wood utilization.

Construction examples ▶

FC weed-control method

Safety and security

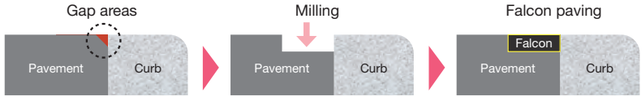
■This method involves milling pavement joints, gaps, and uneven sections, where weeds tend to grow, using the compact milling machine *FC Chipper mini*, and then filling them with the elastic mixture *Falcon*. Falcon adheres closely to existing concrete and asphalt layers and follows the movement of the pavement, thereby providing long-term water-blocking and weed-prevention effects.

Before construction

After construction

Over one year after construction

Construction methods



Construction in progress ▶

Nichireki's Survey and Diagnostic Technologies for Designing and Proposing Products and Construction Methods

GLOCAL-EYEZ

GLOCAL-EYEZ is an innovative system that combines the daily management patrols and road inspections for repair purposes that were conventionally conducted separately and allows data to be used for both.

GLOCAL-EYEZ enables anyone anywhere to easily inspect the road surface conditions, such as cracks and rutting, by shooting the paved road with a smartphone mounted on an ordinary car such as a road patrol car. This system allows you to instantly check inspection results online using AI to automatically analyze images extracted from videos taken with a dedicated app and uploaded to the cloud.

NETIS registration number: KK-230048-A

Sample images of inspection using GLOCAL-EYEZ

1 Start the app and mount the smartphone in the vehicle

2 Film road conditions while driving

3 Upload image data → AI analysis

4 Check inspection results online

5 Utilize inspection results (sample image)

Sample images of AI analysis

Sample image of patrol analysis　Sample image of road inspection analysis

Red: severe crack areas　Yellow: moderate crack areas

Technology overview ▶

GLOCAL-EYEZ has passed the performance verification test for road surface condition automatic measuring device (vehicle-mounted type) *1 in FY2024, conducted by the Public Works Research Center*2. It was the first simplified in-vehicle technology that uses a smartphone without the need for a dedicated vehicle to pass the Performance Verification Test for measurement accuracy in "cracks," "rutting," and "flatness" categories.

*1: The performance verification test confirms that the measurement values of road surface conditions obtained from an automatic road surface condition measuring device during actual driving are sufficiently accurate when compared to the standard values measured manually and verifies that the device has the necessary performance to process these measurements.

*2: Report on performance verification test for road surface condition measuring device in FY2024 (PWRC Road Properties No. 2472), Public Works Research Center, February 2025 (Valid until March 31, 2026).

Cracks

Rutting

Flatness

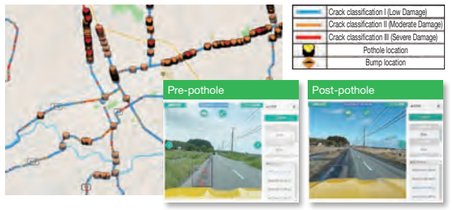
In February 2024, in collaboration with Aomori Prefecture, we developed a new AI model that predicts areas at risk of developing potholes by analyzing the causes of road surface potholes during the winter in snowy and cold regions using GLOCAL-EYEZ. We used the inspection results collected before and after the occurrence of potholes, gathered through daily patrols, as training data. By analyzing the damage that could lead to potholes and training the AI accordingly, we enabled accurate prediction.

Through this initiative, we are working to establish a preventive maintenance-type pavement maintenance cycle that integrates inspection, diagnosis, construction, and management, unlike the conventional approach focusing primarily on corrective maintenance.

We mounted smartphones on patrol vehicles to capture images of the roads on a daily basis.

· Hexagonal crack
· Subsidence
· Trace of patching, etc.

AI predicts the risk level of developing potholes by using pre-pothole images as the training data.



In Ushiku City, Ibaraki Prefecture, beginning in February 2025, we, together with the city and the Center for Infrastructure Management Research (IMC), Tohoku University, are conducting a demonstration experiment aimed at establishing an infrastructure maintenance cycle utilizing DX through evidence-based policy making (EBPM). In this initiative, GLOCAL-EYEZ is being applied.

By linking road surface data with sewer pipe camera inspection data, we enable unified management of inspections and diagnoses that were previously conducted separately for each type of infrastructure, such as roads and sewers. Furthermore, by assigning levels of maintenance importance, we make it possible to prioritize infrastructure maintenance activities.

Given the limited availability of civil engineering professionals and budgets nationwide, we will continue to promote the use of GLOCAL-EYEZ across Japan as a means of addressing these challenges by providing efficient, low-cost, and up-to-date road surface monitoring without relying on manual labor.

SMART ROMEN CATCHER FWD

ROMEN CATCHER FWD applies an impact load by dropping a weight to the road surface identified as needing repair based on road surface inspections by GLOCAL-EYEZ and other methods and measures the deflection amount that occurs as a result. This enables non-destructive diagnosis of the structural soundness of the road pavement by identifying which layer is damaged as well as proposal of an appropriate repair method depending on the damage state.

SMART ROMEN CATCHER FWD

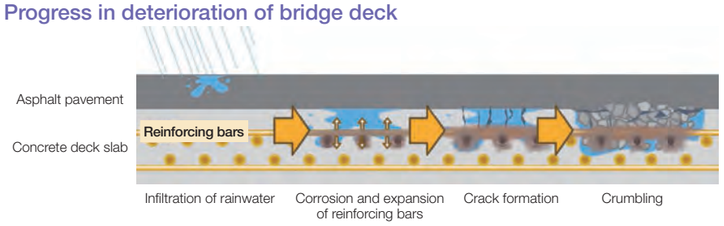
Measurement of deflection amount

Technology overview ▶

SMART SHOBAN CATCHER

When water seeps into a concrete deck, which supports the pavement of the bridge, reinforcing bars inside the deck corrode and expand, resulting in cracks on the deck. The propagation of cracks results in crumbling of concrete, deck potholes, and other severe damage; therefore, it is necessary to construct a highly durable bridge deck waterproofing layer.

Progress in deterioration of bridge deck

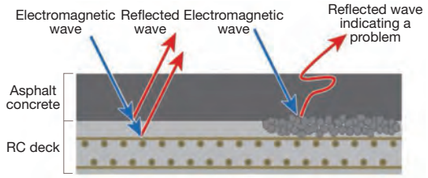


Deck pothole

SMART SHOBAN CATCHER is a measuring vehicle that uses electromagnetic wave technology to investigate the damage to the upper surface of a concrete deck on a road bridge (from the underside of the pavement to the upper reinforcing bars) without having to remove the asphalt pavement (non-destructive). The method analyzes the damage by comparing the reflections of the sound and damaged concrete decks, taking advantage of the property that electromagnetic waves are reflected at the interface between asphalt pavement and concrete deck.

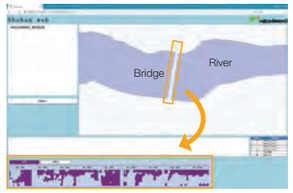
SMART SHOBAN CATCHER

Differences in reflection of electromagnetic waves depending on the condition of the deck



Detect damage by comparing with a good condition section

Preliminary analysis report screen



Purple indicates where the bridge deck is damaged.

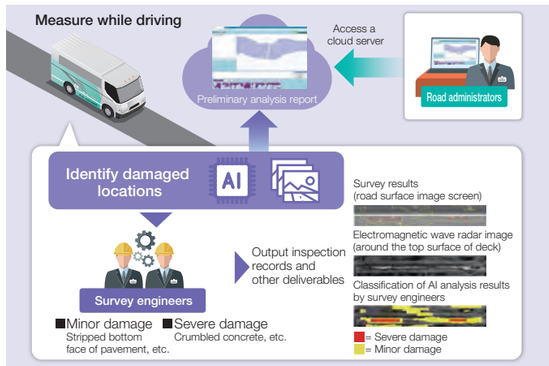
A trained AI, developed based on training data from skilled survey engineers, performs the analysis of damage. In addition, by uploading the results of AI analysis from the site to a cloud server, road administrators can quickly be notified of the preliminary analysis report. The use of AI and the internet can shorten the time needed for analysis work. For example, analysis work on electromagnetic wave reflection waveforms, which previously took even skilled engineers at least five days from measurement to report preparation, can now be completed in one day.

In addition, it is possible to create a more accurate repair design by combining open-cut inspection as appropriate according to the damage situation analyzed by the SMART SHOBAN CATCHER.

The SMART SHOBAN CATCHER has been evaluated by external organizations, such as being registered in the NETIS as a "non-destructive inspection system for bridge surface pavement and the upper sections of decks" and being listed in the Ministry of Land, Infrastructure, Transport and Tourism's Inspection Support Technology Performance Catalog as a "system for determining damaged areas on the top surface of decks."

* A catalogue-style compilation of performance values for standard items set by the government, requested from developers and submitted by them

Image diagram from inspection to analysis



NETIS registration number: CB-150004-VE

Technology overview ▶

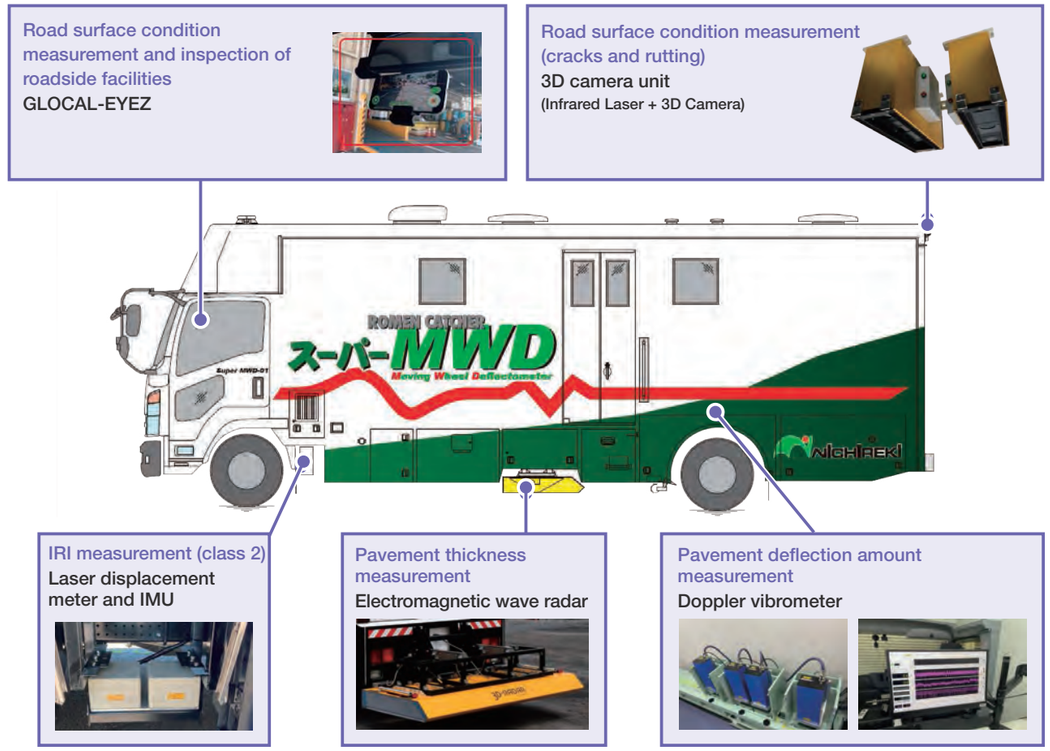
ROMEN CATCHER SUPER MWD

In recent years, measuring pavement deflection amount with a Falling Weight Deflectometer (FWD) ▶P.44 has become a widely adopted approach to assessing pavement structural soundness. However, measuring pavement deflection amount using the FWD requires traffic control, as the measurement is conducted with the vehicle at a standstill, posing challenges for large-scale surveys. To address this issue, through joint research with the Public Works Research Institute (a national R&D agency) and other organizations, we developed the Moving Wheel Deflectometer (MWD), a mobile deflection measurement device that enables continuous measurement of pavement deflection while the vehicle is in motion, without the need for traffic control.

Our ROMEN CATCHER SUPER MWD is a multi-measurement device that, in addition to the basic functions of the MWD, can simultaneously survey factors that significantly affect the accuracy of deflection amount analysis, such as pavement thickness, as well as surface damage conditions required for pavement diagnosis (crack ratio, rutting depth, and IRI). It can also detect road surface potholes requiring urgent repair. This represents the integration of our road surface condition measurement technology (ROMEN CATCHER LY Series), electromagnetic wave survey technology (SHOBAN CATCHER) ▶P.45, and smartphone-based road inspection technology (GLOCAL-EYEZ) ▶P.43.

ROMEN CATCHER SUPER MWD

Measuring device of ROMEN CATCHER SUPER MWD



Social

Enhancing the Human Capital Management

Workstyle reforms

The Nichireki Group is working to improve employees' work-life balance by increasing operational efficiency so as to establish a system where employees can choose to work in diverse and flexible ways depending on their own circumstances.

Specifically, we implemented a new core system and integrated it with various operational systems during FY2024. This initiative advanced the digitalization of conventional paper-based application and approval processes and established a system that enables employees at worksites to submit daily reports and other data directly from mobile devices.

For labor management, we use an online attendance system that enables managers to accurately track employees' working hours, overtime, and night or holiday shifts on a daily basis. This allows us to review task assignments and develop support systems when needed, ensuring that no department or individual bears an excessive workload. Looking ahead, we will further improve operational efficiency and reduce overtime by leveraging RPA (Robotic Process Automation) for routine tasks and enhancing the accuracy of AI-based dispatch functions in our cloud logistics management system. We encourage employees to take time off, not only during extended holiday periods such as Golden Week, summer, and year-end, but also by using paid leave for family events. Through these initiatives, we support employees in maintaining their physical and mental well-being.

The Nichireki Group will continue to further promote diverse and flexible work styles, aiming to develop a work environment where every employee can keep growing and deliver their full potential.

	FY2023 results (consolidated)	FY2024 results (consolidated)
Average monthly overtime	18.6 hours	**16.7 hours**
Average annual overtime	223.5 hours	**200.9 hours**
Rate of paid leave taken	77.8%	**74.1%**
Average number of days of annual paid leave taken	13.8 days	**13.3 days**

Medium- to long-term targets

Item	FY2022 results	FY2023 results	FY2024 results	FY2025	FY2043	SDGs mapping
Annual overtime*1	640 hours or less 89.9%	640 hours or less 93.5%	640 hours or less 97.3%	640 hours or less 100%	360 hours or less 100%	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH
Number of days of annual paid leave taken*2	50% or more of number of days granted 69.1%	50% or more of number of days granted 80.0%	50% or more of number of days granted 78.0%	50% or more of number of days granted 100%	90% or more of number of days granted 100%	

*1: Covers all Group employees.
*2: Covers employees who are granted 10 or more days of annual paid leave.

Promotion of diversity and inclusion

Under the Medium-term Management Plan "Resilience 2025 (Shinayaka 2025)," we aim to grow into a corporate group with high organizational resilience that can respond with "resilience" to changes in the environment. To achieve this, we believe it is essential to incorporate the opinions of people with a variety of attributes and to embrace diversity.

Therefore, the Nichireki Group has been striving to create an environment where diverse talents with different nationalities, generations, and genders can fully deliver their potentials. Through the exchange of various opinions of diverse human resources, we aim to generate innovative ideas and create new work, thereby becoming a company that continuously adapts to changes in the business environment.

For example, we continuously recruit foreign nationals, including international students. As a result, the number of foreign nationals contributing to R&D and overseas business activities has been increasing every year. We expect to generate new synergies by strengthening our workforce with talent from diverse nationals.

As part of our childcare initiatives, we encourage employees to take parental leave so that they can raise their children with peace of mind. Specifically, we explain how the parental leave system works and its follow-up system to each and every eligible employee separately, regardless of the gender, to eliminate their anxiety over taking the leave. In line with the revisions to the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members effective from April 2025, we revised our internal regulations. Specifically, to further promote the balance between childcare and work, we extended the eligibility period for measures such as reduced working hours for childcare, restrictions on overtime hours (exemptions from overtime), childcare leave for nursing sick children, and restrictions on overtime and night work to "until the start of a child's junior high school education," which is longer than the period under the revised act. In addition to expanding these programs to support flexible work after parental leave, we also encourage remote working and other options tailored to individual circumstances, creating a system that helps employees balance childcare and work.

	FY2023 results (consolidated)	FY2024 results (consolidated)
Number of female engineers (Technical Research Center)	5 out of 47 (10.6%)	**4 out of 46** **(8.7%)**
Number of female employees	86 out of 977 (8.8%)	**234 out of 1,386*3** **(16.9%)**
Number of employees who took parental leave	10 (6 men and 4 women)	**18** **(8 men and 10 women)**
Number of employees who returned to work after taking parental leave	5 (Return to work rate: 100%)	**9** **(Return to work rate: 100%)**

*3: Revisions to the personnel system

The data of three diversity metrics based on the Act on the Promotion of Women's Active Engagement in Professional Life, etc. for FY2024 are as follows.

Percentage of female workers in management positions, rate of male workers taking parental leave, and difference in wages between male and female workers

FY2024 results (non-consolidated)				
Percentage of female workers in management positions*4	Rate of male workers taking parental leave*5	Difference in wages between male and female workers*3		
		All workers	Regularly employed workers	Part-time and fixed-time workers
3.8%	75.0%	62.63%	62.63%	–

*4: The percentage is calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
*5: The percentage of workers taking parental leave stipulated in Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) is calculated in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Revision of the wage system

To address rising consumer prices driven by higher resource costs and a weaker yen, boost employee motivation, and attract top talent, the Group implemented a significant base salary increase starting in April 2024.

We also enhanced various allowances. For example, on a nationwide basis, we started providing uniform allowances for meals as measures against rising prices and for health promotion, and allowances based on job type and skills as measures to address the 2024 problem and to attract talents.

We will continue to create an environment where employees can keep working with peace of mind.

Training programs for talent development

The Nichireki Group has put its efforts into training for employees at each stage of their careers from entry and thereafter so that they can deliver their full individual potential.

For younger employees, we consistently provide training every year from the entry to the fourth year (training for new hires → first-year training → training by profession → third-year training). This helps deepen understanding of the businesses we operate and plan ahead for future career paths, while also providing an opportunity to build bonds with fellow employees and encourage friendly competition.

For managers, we provide trainings for senior managers and management administrators to develop future leadership. Through group discussions and practical exercises, participants learn strategic planning skills and explore key points for organizational transformation.

Furthermore, we provide training by rank and profession so that employees can not only extend their expertise beyond their current job experience, but also learn new areas of knowledge. Besides that, we encourage employees to actively attend internal and external seminars to promote and support the acquisition of official qualifications.

Group training programs

Training for new hires

Third-year training

Training for senior managers

Training by profession

Initiatives for mental and physical health management

We have carried out an annual stress check for all employees for the purposes of preventing mental disorders and making the workplace more comfortable and healthier.

We make efforts to diminish employees' stress by assessing the stress factors at work based on the aggregation and analysis of the stress check results and using them to improve the work environment.

To promote the health of employees, we provide full physical examinations for those reaching a certain age, in addition to regular medical check-ups for all employees, as well as influenza vaccinations.

Taking on Human Rights Initiatives

Human rights policy

Respect for human rights is not only a cornerstone of compliance management but also the foundation of all our business activities. The Nichireki Group has established the "Nichireki Group Human Rights Policy" to clarify our corporate responsibility for respecting human rights and to strengthen employee awareness.

Nichireki Group Human Rights Policy

The Nichireki Group has set the 2043 "Vision for the 100th Anniversary of Our Foundation" to "deliver peace of mind to all stakeholders by creating roads." To achieve this vision, our officers and employees act with full respect for the human rights of stakeholders—customers, employees, suppliers, shareholders, investors, and local communities—throughout our business processes, thereby fulfilling our corporate responsibility to uphold human rights.

To this end, we support international human rights standards including the International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenants on Human Rights: the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights), as well as the ILO Declaration on Fundamental Principles and Rights at Work, which establishes the ILO Core Labor Standards. Based on these principles, we commit to implementing the following actions.

1. Prohibition of discrimination
We prohibit discrimination based on individual attributes such as gender, age, nationality, race, ethnicity, beliefs, religion, social status, sexual orientation, gender identity, or disability, and foster a corporate culture that respects diversity.

2. Prevention of harassment
We prohibit all forms of verbal, physical, and psychological harassment that cause harm to others, and strive to create a comfortable workplace where individuals respect one another.

3. Prohibition of child labor and forced labor
We prohibit all forms of child labor and forced labor.

4. Improvement of occupational health and safety standards
Following the Nichireki Group's Health and Safety Management Policy, we comply with all relevant laws, regulations, and internal rules, work to eliminate accidents and workplace injuries, and strive to create a safe and comfortable work environment.

5. Compliance with laws and regulations on working hours and wages
We comply with all laws and regulations on working hours and wages, actively limit excessive overtime, improve working conditions, and promote a better work-life balance.

6. Respect for workers' rights
We respect employees' rights to organize and collective bargaining, and work to build favorable relationships between employees and management.

7. Harmony with local communities
We respect the rights of people living in the communities where we operate and work to harmonize with local societies.

The Nichireki Group regularly identifies and assesses potential human rights impacts involving its officers and employees, and actively works to prevent and mitigate them. We provide a reporting channel for employees whose human rights have been violated. When reported, we ensure prompt and appropriate resolution while protecting individual privacy. This system provides remedies, corrects issues, and prevents recurrence in the event of the human rights violations.

Furthermore, we position this policy at the core of our business activities and provide all officers and employees with appropriate education and training on respecting human rights. We also engage with our business partners and all stakeholders across the supply chain to ensure they understand this policy and to promote collaborative efforts in respecting human rights.

We will disclose the status of our human rights initiatives appropriately through our website, integrated reports, and so forth.

This policy was established with the approval of the Nichireki Group Board of Directors on July 24, 2025.

July 24, 2025
Manabu Obata, Representative, Nichireki Group

Implementing Initiatives for Occupational Health and Safety

Policy and management system on operational health and safety

Under the Health and Safety Management Policy, the Nichireki Group has systematically organized its occupational health and safety management system in the Health and Safety Management Rule Book, to eliminate accidents and workplace injuries and prevent incidents caused by a third party, ensuring strict compliance with the rules in the day-to-day operations.

To further promote occupational health and safety initiatives under the leadership of its Safety, Quality and Environment Management Department of Nichireki Group, the Group establishes a heal and safety section at each branch and office of the group companies.

Health and Safety Management Policy

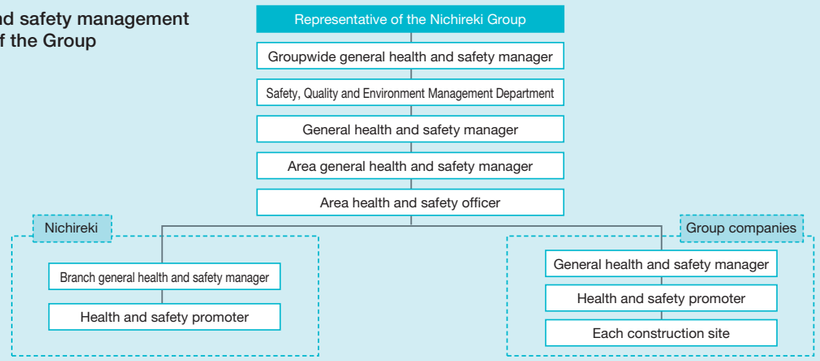
We will diligently manage the occupational health and safety management system, eliminate disasters and accidents, and create a safe and comfortable work environment.

April 1, 2025
Manabu Obata, Representative, Nichireki Group

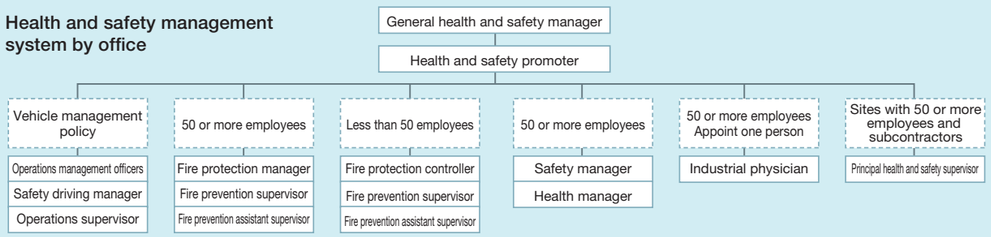
Initiatives for health and safety management

1. We will comply with laws, regulations, ordinances, and internal rules on occupational health and safety.
2. We will improve the effectiveness of the Health and Safety Management Rule Book, and establish safety behavior.
3. We will strengthen health and safety patrols to raise awareness of safety and promote safety behavior.
4. We will improve *Kiken Yochi* (hazard prediction; "KY") activity incorporating risk assessment to prevent hazards and improve safety.
5. We will ensure that workers use finger pointing and calling and wheel chocks to prevent human errors.
6. We will promote the 5S practice (*Seiri, Seiton, Seiso, Seiketsu*, and *Shitsuke* in Japanese or Sort, Set in order, Shine, Standardize, and Sustain in English).

Health and safety management system of the Group



Health and safety management system by office



Initiatives in FY2024

At the Nichireki Group, employees and subcontractors make concerted efforts to eliminate accidents. Specific initiatives in FY2024 are as follows:

Eliminate equipment-related accidents and car accidents

We conducted briefing sessions on the Health and Safety Management Rule Book for all offices at the start of the fiscal year. We highlighted key revisions and emphasized the priority initiatives for FY2024.

Additionally, we regularly monitored on-site work using wearable cameras and shared best practices—such as proper attire and finger pointing and calling—nationwide through our Wearable Camera Newsletter, reinforcing correct work procedures and further raising safety awareness.

Eliminate accidents involving damage to the public

Analysis of past accidents involving damage to the public revealed that some accidents resulted from work methods that deviated from procedure manuals. To eliminate such incidents, we conducted regular safety patrols and reinforced strict adherence to procedure manuals.

Strengthen safety enlightenment activities

Aligned with the four annual operational health and safety awareness campaigns led by the Ministry of Health, Labour and Welfare and the Japan Industrial Safety and Health Association, the Safety, Quality and Environment Management Department conducted safety patrols. During FY2024, we provided improvement guidance to 25 offices of NICHIREKI CO., LTD. and 17 other group companies. In addition, the Safety, Quality and Environment Management Department participated in health and safety conferences at six sites, conducting safety enlightenment activities through presentations and lectures.

Improve health and safety management level

During web-based safety patrols, we emphasized a "point out on the spot, correct on the spot" approach. When we identified work that deviated from procedure manuals, we immediately contacted the site and instructed corrective actions to improve both work methods and safety awareness.

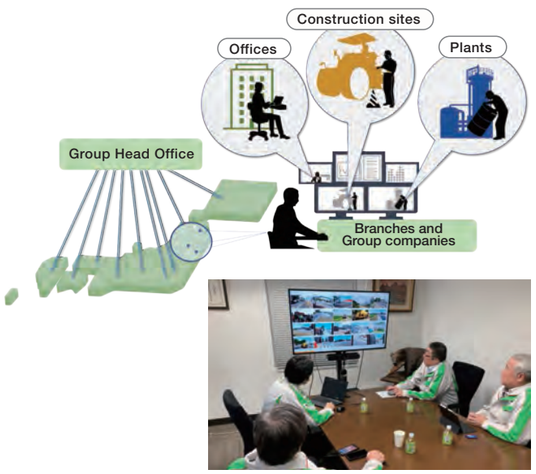
Furthermore, in response to an accident caused by blind spots around heavy machinery, we urgently conducted a nationwide training session to prevent similar incidents from recurring.

As part of other initiatives, we introduced web-based safety video training materials in June 2024. This allows all sites nationwide to access a variety of video materials for various work tasks in a timely manner, enhancing the overall standard of safety activities. We actively use these materials at health and safety conferences and accident prevention councils across all our offices nationwide.

In addition, we established a system to visualize and share the costs incurred for each incident until resolution, enabling clear understanding of losses from the incidents and driving heightened awareness and stronger measures for accident prevention.

On-site work monitoring

Online group-wide health and safety meeting



Online safety patrol using a wearable camera

Trend in the number of accidents

As a result of these initiatives, the total number of accidents fell by seven to 20 year on year; however, traffic accidents during travel between offices and worksites increased year on year. In FY2024, accidents caused by equipment reversing operations were frequent, and we believe that many other incidents could be prevented through appropriate measures.

Number of accidents

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Accidents involving damage to the public	15	13	15	10	3	9	**3**
Equipment-related accidents	5	4	5	3	4	13	**12**
Car accidents*1	0	2	5	5	3	0	**2**
Workplace injuries*2	2	3	5	6	6	5	**3**
Total number of accidents	22	22	30	24	16	27	**20**

*1: Work accidents resulting in injury
*2: Injuries resulting in four or more lost workdays

Future improvement initiatives

The Nichireki Group will continue the following improvement activities to further strengthen safety awareness and eliminate accidents.

Eliminate equipment-related accidents and car accidents
According to the revised Health and Safety Management Rule Book, we will further increase employees' awareness to make sure that they comply with the prescribed procedures and perform basic practices, such as finger pointing and calling, and also wear the appropriate clothing for the work to be performed, so that they follow safety rules from the basics without fail.

Eliminate accidents during reversing operations
In response to an increase in accidents caused by reversing operations, we are retraining on proper vehicle parking methods and enforcing strict use of finger pointing and calling, aiming to eliminate similar accidents.

Strengthen safety enlightenment activities
We will participate in various safety enlightenment activities such as National Safety Week, National Occupational Health Week, Year-end and New Year Construction Accident Prevention Period, and Fiscal Year-end Construction Accident Prevention Month. We will also continue to conduct safety patrols by the Safety, Quality and Environment Management Department at all offices to raise awareness of safety.

Improve health and safety management level
We will continue to make efforts to increase safety awareness and prevent the occurrence of similar accidents by thoroughly implementing safety measures such as online safety patrols using wearable cameras and safety education through streamed video materials.

Strengthen heat stroke prevention measures
In response to the June 2024 revisions to the Industrial Safety and Health Act, we are enhancing our heat stroke prevention measures. In addition to existing practices such as regular hydration, salt intake, and wearing cooling workwear, we are piloting wearable devices, including heat alert bands, to improve employees' work environment and safeguard their health. We also revised the Health and Safety Management Rule Book to update procedures and communication protocols for responding to heat stroke incidents.

Enhancing the Supply Chain Management

Policy for ensuring quality

Under the following quality policy, the Group constantly pursues the creation and supply of products and construction methods that meet the needs of customers as efforts in compliance with ISO 9001.

Quality Policy

Based on its spirit of sowing the seeds embodied by "sowing the seeds, giving them water, letting them flower, and reaping the fruits," the Nichireki Group is constantly creating and supplying products and construction methods that gain customer satisfaction and trust in order to contribute to society by creating roads.

April 1, 2025
Manabu Obata, Representative, Nichireki Group

Efforts in compliance with ISO 9001

1. We will create new customers by supplying competitive products and construction methods.
2. We will meet customers' demands by developing attractive products and construction methods.
3. We will develop and utilize survey technologies tailored to customers and markets.

ISO Certificate of Registration
(Union of Japanese Scientists and Engineers ISO Registration Center)

Supplier engagement

The Group has been carrying out ESG-focused procurement activities with an aim to keep supply chain stable so as to grow into a sustainable corporate group over the medium to long term.

For the procurement of items that have an impact on product quality of raw materials such as asphalt, we always conduct evaluations when initiating new transactions with suppliers, and register and certificate them based on the results. These supplier evaluations take ESG perspectives into consideration, including their environmental initiatives, information disclosure status, safety information of supplied materials, compliance with relevant laws and regulations. In addition, we make sure to update evaluations of existing suppliers at least once a year based on the latest status. When some room for improvement has been identified as a result of the evaluation, we share issues to be addressed and discuss solutions with suppliers. We also carry out communication activities on an ongoing basis to deepen our relationships of trust with suppliers.

In addition, we have announced our "Declaration of Partnership Building" outlining our commitment to the co-existence and co-prosperity of the entire supply chain and compliance with preferred business practices, as we work to further develop our positive relationships with suppliers.

Our efforts have gained a reputation externally, as we earned a place on CDP's Supplier Engagement Leader, the highest recognition attainable from the Supplier Engagement Assessment (SEA) in 2024. The SEA assesses each company in terms of CO_2 emission reduction targets, value chain engagements, CO_2 emissions in Scope 3, risk management, and governance, based on a company's response to CDP questionnaire (climate change section) ▶P.28.

Medium- to long-term targets

Item	FY2022 results	FY2023 results	FY2024 results	FY2025	FY2043	SDGs mapping
Percentage of suppliers evaluated	100%	100%	100%	100%	100%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS

Projects commended

Received the Excellent Construction Work Award and the Engineer Award from the Tokyo Metropolitan Government Bureau of Port and Harbor

Project name: Paving and Repair Construction Work of Oi Traversing Road (Container Truck Lane) in 2023
Construction period: April 3 to October 3, 2023

NICHIREKI ROAD CO., LTD. received the Excellent Construction Work Award and the Engineer Award from the Director of the Tokyo Metropolitan Government Bureau of Port and Harbor for the paving and repair construction at the site of 2-chome Yashio, Shinagawa-Ku, in Tokyo.

This project was conducted on the container truck lanes of Oi Traversing Road / Tokyo metropolitan road 316. We coordinated with relevant parties including Tokyo Port Terminal Corporation and parties concerned of the berth of the Oi Wharf to smoothly guide vehicles on standby. Additionally, we changed the paving material from semi-flexible polymer-modified type H to “the CONTAINERPHALT SUPER, ” a polymer modified asphalt (heavy duty, high permanent deformation resistance) that has advantages in durability, workability, recyclability, ease of maintenance, and cost. We also endeavored to save labor by using ICT construction technology in road surface cutting. These efforts were recognized and resulted in the receipt of the Excellent Construction Work Award and the Engineer Award.

Testimonial for the Excellent Construction Work Award

Testimonial for the Engineer Award

After construction

Received the Excellent Construction Work Award from the 6th Construction Office of the Tokyo Metropolitan Government Bureau of Construction

Project name: Road Surface Repair Project (4-6-11, heat-blocking paving work)
Construction period: April 3 to November 8, 2023

NICHIREKI ROAD CO., LTD. received the Excellent Construction Work Award from the Director of the 6th Construction Office of the Tokyo Metropolitan Government Bureau of Construction for the road surface repair construction from 3-chome Nishiasakusa, Taito-Ku to 2-chome Asakusa, Taito-Ku, and other one site in Tokyo.

This project included the improvement work on the Kokusai-Dori and other one route of the special Tokyo metropolitan road Kuramae Minowa Line (Route 462), using mainly milling and overlay construction method and the heat-blocking paving construction method. The site is located near Senso-ji and Kaminari-mon Gate, which are crowded with a large number of tourists and are filled with many shopping stores and accommodations. Given this, we made sure to fully inform local residents about the construction schedule to ensure smooth progress of the project. During the construction, we used ICT construction technology for surveying and implemented the HTT Zero Emission Advanced Construction* promoted by the Tokyo Metropolitan Government, as an effort to reduce greenhouse gas emissions. We also worked to prevent accidents during construction at heavily trafficked pedestrian crossings by providing multilingual signs and audio guides to help foreign pedestrians understand. These efforts were recognized, and we received the Excellent Construction Work Award.

Testimonial

After construction

Details of the HTT Zero Emission Advanced Construction

Description	Actual CO_2 Reduction
Use of temporary signs (sign lights) equipped with solar panels with built-in chargers	1,040kg-CO_2
Use of floodlight projectors with LED lamps powered by lithium-ion batteries	166kg-CO_2
Use of hybrid LED lights with a fuel saving system	163kg-CO_2

* A construction that works on low-carbon measures and “HTT” efforts (reduce [H], generate [T], and store [T] electricity) promoted by the Tokyo Metropolitan Government, with eyes to achieve the “Carbon Half” goal of 50% reduction of greenhouse gas emissions by 2030 (compared to 2000) and ensure stable energy supply for the medium- to long-term.

Technology commended

Received the Minister of Defense Prize at the 8th Infrastructure Maintenance Award (Maintenance Support Activities Category)

Technology name: Paving Technology with Enhanced Flow Resistance (Case of Apron Repair)

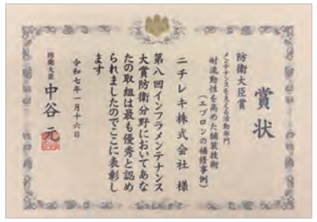
Our “paving technology with enhanced flow resistance (case of apron repair)” won the Minister of Defense Prize (Maintenance Support Activities Section) at the 8th Infrastructure Maintenance Award.

The Infrastructure Maintenance Award recognizes outstanding initiatives and technological developments related to facilities under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Internal Affairs and Communications, the Ministry of Education, Culture, Sports, Science and Technology Japan, the Ministry of Health, Labour and Welfare, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Ministry of Defense.

Some aircraft of the Japan Self-Defense Forces have a contact pressure approximately three times that of large vehicles (trucks). As these aircraft move at slow speed, the asphalt pavement shows significant flows (rutting). We developed special modified asphalt with enhanced flow resistance for this initiative and applied asphalt mixtures using the modified asphalt to the aprons of facilities of the Self-Defense Forces.

The special modified asphalt used in the initiative meets the following performance requirements: (1) more than twice flow resistance of conventional products (modified II type and III type), (2) crack resistance equal to that of modified II type, and (3) the same construction method as standard asphalt mixtures. At the actual site, the special modified asphalt showed more than ten times flow resistance effect compared to modified III type. This confirmed it could contribute to longer service life and the reduction of life cycle costs.

Furthermore, the special asphalt was found to be superior to concrete pavement not only in terms of its workability but also the period to the start of operation after construction. These features make the special modified asphalt applicable to areas other than airfields, including cargo handling areas at harbors and material storage areas. These advantages were recognized as highly valuable for the Self-Defense Forces facilities that are required to reduce risks of impacts on unit operations.



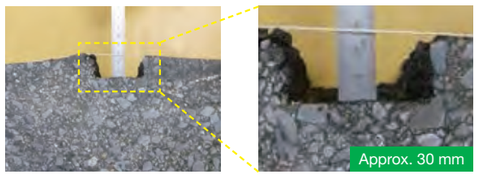
Testimonial

Award ceremony

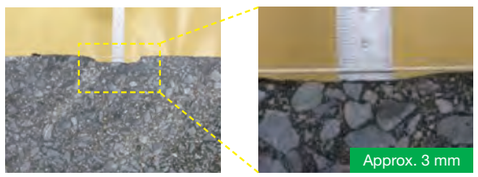
Examples of indoor test results of a modified asphalt mixture with high permanent deformation resistance (wheel tracking test)

Test conditions: (1) loading contact pressure: 0.63 MPa; (2) running speed: 10.5 cycles/mm; (3) test temperature: 70°C

Modified II type asphalt mixture

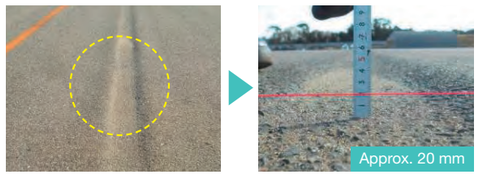


Modified asphalt mixture with high permanent deformation resistance

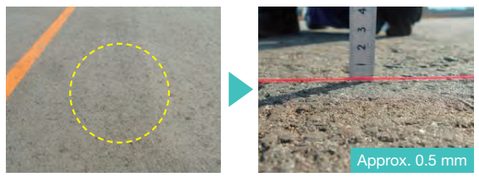


Status at Self-Defense Forces facilities (apron)

Modified III type asphalt mixture — After approx. four years (three summers)



Modified asphalt mixture with high permanent deformation resistance — After approx. two years (two summers)



Taking on Initiatives as an R&D-oriented Company

Development of new products and construction methods

R&D is the foundation of the Nichireki Group's business model, which consists of a cycle of "survey/diagnosis → design/proposal → manufacturing/sales → construction/management," and is the source of sustainable growth.

Meanwhile, given the current social situations, companies are required to practice more eco-friendly and sustainable business activities as the global climate change problems require solutions. To achieve the long-term goal of "net zero greenhouse gas emissions across the entire value chain by 2050," the Nichireki Group is pursuing the development and improvement of "*Tastainability*®" products and construction methods to contribute to environmental conservation at a higher level, including further reductions of CO_2 emissions, by adding performance and functionality such as long life, recycling, and warm mix, in addition to conventional products and construction methods that can be handled at normal temperature.

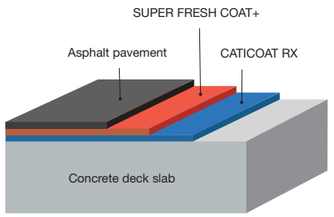
In FY2024, we launched two new eco-friendly products as described below.

SUPER FRESH COAT+

The fatigue resistance of a concrete deck slab under the pavement of a road bridge declines due to rainwater infiltrating through the bridge surface pavement. This means waterproof layers play a particularly important role. The asphalt membrane-type waterproofing method, one of the deck waterproofing methods, has a large number of usage records because of its high convenience in construction. Conventional asphalt membrane-type waterproofing materials penetrate into the bottom part of the binder course mixtures to form waterproofing layers. This, however, leads to a decrease in the deformation resistance of binder course mixtures.

To solve this problem, we developed "SUPER FRESH COAT+," a membrane-type waterproofing material. This waterproofing material offers excellent performance, because it not only suppresses a decrease in the deformation resistance of binder course mixtures, but also contributes to low-carbonization as it reduces construction temperature by 50°C compared to conventional materials. Additionally, our material offers a construction advantage, as it does not adhere to the tires of construction vehicles and therefore eliminates the need to apply anti-adhesive sand before paving.

Construction cross section example

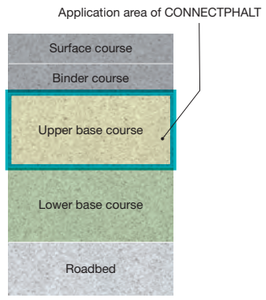


CONNECTPHALT

On highways, the damage of base course has become apparent over long-term use, particularly crumbling due to rainwater infiltration and damages caused by fatigue cracking. In spite of such situation, frequent repairs are difficult to deeper layers of pavement including upper and lower base courses because of repair costs and limitations in traffic restrictions.

To address this issue, the East Nippon Expressway Co., Ltd., the West Nippon Expressway Company Limited, and the Central Nippon Services Company Limited (the three NEXCO companies) have applied a high-modulus asphalt mixture for upper base (HiMA) aiming to extend service life by ensuring that the functions intended for upper base courses are performed. We developed CONNECTPHALT, a modified asphalt used for HiMA, which has outstanding stiffness, water resistance, fatigue resistance, and deformation resistance. Usage of this asphalt contributes to extending pavement service life, leading to a reduction in CO_2 emissions by reducing the frequency of repairs.

Basic pavement structure



Medium- to long-term targets

Item	FY2022 results	FY2023 results	FY2024 results	FY2025	FY2043	SDGs mapping
Number of newly developed (or improved) products and construction methods launched*	4	6	8	10 or more	40 or more	

* The cumulative number of newly developed (or improved) products and construction methods launched in FY2021 or later.

Cooperation with external partners

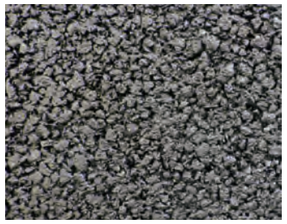
HIGH-DURABILITY ULTRA-LOW NOISE PAVEMENT

The "high-durability ultra-low noise pavement" (subtitle: damage-resistant type small-particle size porous asphalt mixture), which was jointly developed by Metropolitan Expressway Co., Ltd. and Nichireki Group, won the Excellence Award for the 26th National Land Technology Development Award.

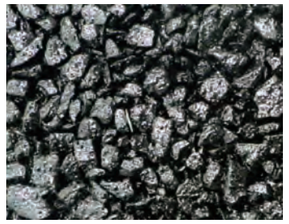
The high-durability ultra-low noise pavement (branded as *Eco-safe pavement*) is a pavement applying small-particle size porous asphalt mixture (5) to surface course. This mixture uses high-durability binder that we developed so as to improve aggregate scattering resistance significantly. The high-durability ultra-low noise pavement has several outstanding features: *porous performance*, which controls water splashing and hydroplaning in the same manner as conventional porous pavement; *ultra-low noise performance*, which reduces noise caused at the contact area of road and tires by 7.8 dB compared to conventional low-noise pavement; *fuel efficiency*, which improves the average fuel consumption of vehicles running on it by 4.5%; and *high-durability*, which allows long-term use thanks to its excellent aggregate scattering resistance.

The purpose of the development was to solve several problems related to conventional porous pavement. Such problems include potholes caused by aggregate scattering, noise and vibration, and reduced fuel efficiency of vehicles due to an increase in the rolling resistance of tires.

The high-durability ultra-low noise pavement has already been introduced to approximately one-third of the Metropolitan Expressway and is expected to be aggressively adopted except for roads inside tunnels.



Small-particle size porous asphalt mixture (5)



Porous asphalt mixture (13)

表彰状

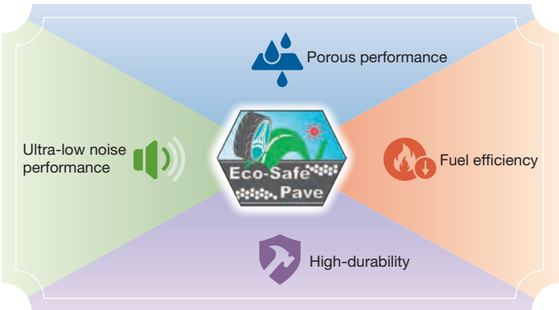
国土技術開発賞
優秀賞
高耐久超低騒音舗装

貴社の開発された技術は第二十六回国土技術開発賞の選考において優れていると認められましたので優秀賞としてここに表彰します

令和六年七月二日
国土交通大臣 斉藤鉄夫

Testimonial

Four features



Award ceremony

Medium- to long-term targets

Item	FY2022 results	FY2023 results	FY2024 results	FY2025	FY2043	SDGs mapping
Number of products from joint research and development rolled out*	1	1	1	2 or more	10 or more	

* The cumulative number of developed products launched in FY2021 or later as a result of joint R&D projects.

Communicating with Society

Social contribution activities

The Group proactively participates in activities to solve social problems including disaster recovery activities and community contribution activities through many of its locations across the country to fulfil the social responsibility as a group of companies engaged in public works.

Hokuriku Branch, NICHIREKI CO., LTD.

The branch was engaged in scattering of asphalt emulsion in the Noto Airport Emergent Construction after the Noto Peninsula Earthquake occurred in January 2024. The branch received an appreciation letter from the Kanazawa Port and Airport Office of the Hokuriku Regional Development Bureau.

感謝状

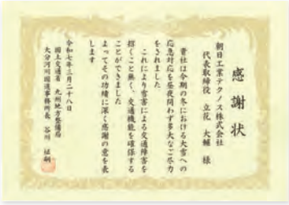
ニチレキ 株式会社 様

貴社は令和六年一月の能登半島地震における支援活動にあたり
昼夜を問わず迅速かつ柔軟な対応
ご尽力されました
その功績は誠に顕著であり、ここに
深く感謝の意を表します

令和六年三月二十六日
国土交通省 北陸地方整備局
金沢港湾・空港整備事務所長
青川 幸治

AK TECHNOS CO., LTD.

The company contributed to securing road traffic by clearing snow using snow graders during heavy snowfalls in February and March 2025. The company received an appreciation letter from the Oita River and National Highway Office of the Kyushu Regional Development Bureau.


感謝状

朝日工業クイズ株式会社
代表取締役 立花 大輔 様

貴社は令和の各における大雪への
迅速対応を昼夜問わず多大なご尽力
をいただきました
これにより雪害による交通障害を
防ぐことが出来、交通機能を確保する
ことができました
よってその功績に深く感謝の意を表
します

令和七年三月二十八日
国土交通省 九州地方整備局
大分河川国道事務所長 谷川 証明

KINKI NICHIREKI CONSTRUCTION CO., LTD.

The company provided an experience session of color paving on a sidewalk to high school students at an engineering work tour organized by the Shin-onsen Public Works Office in Hyogo Prefecture.

SAITAMA NICHIREKI CO., LTD.

As a participant of Sainokuni Road Support Program in Saitama Prefecture, the company implements cleaning activity of sidewalks twice a year along the Sunahara–Kita-Okuwa Route of the Prefectural Highway 346.

FUKUSHIMA NICHIREKI CO., LTD.

The company concluded a naming rights sponsor contract with Koriyama City, Fukushima Prefecture and named the Koharada Pedestrian Bridge the *Fukushima Nichireki Koharada Pedestrian Bridge*.

Higashi-Kanto Branch, NICHIREKI CO., LTD.

The branch supports hosting the MIRAI Marathon as a member of the Fukuoka Industrial Park Council of Tsukubamirai City, Ibaraki Prefecture.

Topics

Pushing forward the Tsukuba Big Ship Project

In May 2024, we started construction on the Tsukuba Big Ship, a new eco-friendly production and distribution site in Tsukubamirai City, Ibaraki Prefecture, which had been postponed due to a shortage of semiconductors for manufacturing equipment and difficulties in procuring materials.

Currently construction is in progress with a plan to complete the office and factory buildings by the first half of FY2026 and start operations at the new factory in FY2027. We expect the total investment of approximately ¥30,000 million.

After its completion, the Tsukuba Big Ship will serve a variety of functions such as manufacturing high value-added products that meet the needs of the next generations, including eco-friendly products, controlling nationwide logistics, and a construction center for the Tokyo metropolitan area. In this way, we will further accelerate our efforts to address aging infrastructure and promote carbon neutrality. Particularly, we will further increase efficiency in manufacturing and logistics management by leveraging DX.

Illustration of the completed project

Investment effects of the Tsukuba Big Ship

Item	Description	Major effect
Increased production capacity	Reinforce the manufacturing capability of pavement materials including high-performance asphalt emulsion and high-performance modified asphalt	· Increase in net sales
	Establish a system capable of quick response to changes in demand and requests for short delivery times	
	Optimize and reduce invested resources (manpower, man-hours, energy, etc.) through improvements in manufacturing efficiency by leveraging DX	· Reduction of manufacturing costs
Manufacture of high value-added products	Develop and sell new high value-added products focusing on eco-friendliness, durability, earthquake resistance, etc.	· Increase in net sales · Increase in gross margin
	Enter large and high-profit businesses by using cutting-edge equipment to manufacture high value-added products, and expand sales of high value-added products in existing markets	
	Improve quality control accuracy through real-time tracking of production activities and centralized monitoring using the latest technology	
Streamlining of logistics management	Streamline logistics and reduce costs by centrally managing order-taking, transport vehicle inspections, and operational status checks by leveraging DX	· Reduction of manufacturing costs and SG&A
Realization of eco-friendly production and logistics	Realize advanced environmental initiatives and reduce CO_2 emissions by using natural energy, renewable energy, etc.	· Reduction of energy related costs · Reduction of working capital (increase in cash flows)
	Reduce inventory by streamlining of logistics	
Reinforcement of the function to promote BCP	Diversify key production bases	· Reduction of business risks
	Reduce disaster risks by building it at an industrial park situated on elevated ground in the northern part of Tsukubamirai City, which is resistant to disaster and located near the Tokyo metropolitan area	
Functioning as a "construction center" for the Tokyo metropolitan area	Expand business and strengthen business foundation in the Tokyo metropolitan area by managing vehicle and equipment data centrally and incorporating base functions to optimize maintenance and operational efficiency	· Increase in net sales · Reduction of manufacturing costs and SG&A

Honored as gold prize newspaper ad in the Japan BtoB Advertising Awards 2025

We won the gold award in the newspaper category of the 46th Japan BtoB Advertising Awards for our series of advertisements placed on the Nikkei (morning edition) twice on July 30 and August 7, 2024. The gold award is the highest in each of the 15 categories. This is the third time that we won the Japan BtoB Advertising Awards, following in 2022 and 2023.

The advertisements featured our products and construction methods that intended to protect hometowns and people by providing proper preventive maintenance on the pavement and extending its service life. They expressed bright and healthy images through pictures of hometown scenery and its elderly residents, linking them to the importance of maintaining pavement soundness.

The advertisement on August 7 received a comment from the chairperson of the judging committee that its copy, “Resilience withstanding earthquake,” resonates with the picture of a cheerful elderly man who has lived vigorously, which makes it highly persuasive.

Advertisement placed on July 30, 2024

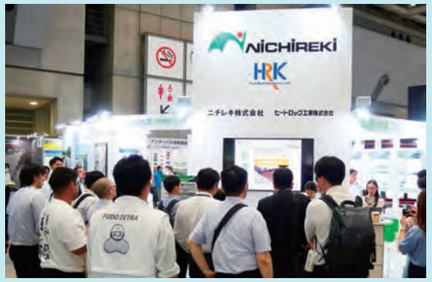
Advertisement placed on August 7, 2024

Attended the Highway Techno Fair 2024 and the Social Infrastructure Tech 2024

Nichireki Group and its Group company HEAT ROCK INDUSTRY jointly attended the Highway Techno Fair 2024 held at Tokyo Big Sight on September 26 and 27, 2024, which was organized by the Express Highway Research Foundation of Japan, a public interest incorporated foundation.

We introduced information related to the Nichireki Group’s latest technologies with a focus on products, construction methods, and the digital road inspection system that contribute to longer life of highways and bridges. Our presentations on SUPER SHINAYAKAPHALT ▶P.34 and SUPER ROMEN PATCH ▶P.40, which included demonstrations, attracted particular attention.

We also attended the Social Infrastructure Tech 2024, a trade show organized by the National Council for Infrastructure Maintenance, Nikkei Inc., and Nikkei Business Publications, Inc., held at Tokyo Big Sight from December 4 to 6, 2024. This trade show is an exhibition on the theme of SDGs for the prevention and maintenance of aging social infrastructure, and we introduced our digital road inspection system including GLOCAL-EYEZ ▶P.43.



Highway Techno Fair 2024

Social Infrastructure Tech 2024

Participating in the high-speed railway project in India

Nichireki Group participates in the high-speed railway project in India, where demand for transportation infrastructure such as railways and roads is rising amid a remarkable economic growth in recent years.

In 2009, it was announced that the project would include the construction of seven lines. In 2015, the adoption of Japan’s Shinkansen system was agreed at the Japan–India summit meeting. Currently the construction of railway between Mumbai and Ahmedabad (508 km) has been underway as the first step of the project.

On March 6, 2025, we concluded a joint venture agreement with OG Corporation, a trading company that specializes in chemicals and has been operating in India for many years. On April 19, 2025 we established a joint venture (NICHIREKI OG INTERNATIONAL Private Limited) in Vadodara, State of Gujarat in India. Going forward, we will manufacture and sell shock-absorbing materials for Shinkansen track (asphalt emulsion for slab track CA mortar) and offer consulting services. Through these efforts, we aim to build our business foundation in India and contribute to the development of the country’s transportation infrastructure.

Planned railway map

During construction

Sponsorship activities for Utsunomiya Brex

Nichireki Group has been an official sponsor of Utsunomiya Brex of the B. LEAGUE, the men’s professional basketball league, since July 2022 as part of our community contribution activities. The team is based in Utsunomiya City, Tochigi Prefecture, where we have the Oyama Manufacturing Plant and the Technical Research Center in Shimotsuke City.

During the 2024–2025 season, Utsunomiya Brex won its third title in the Resona Group B.LEAGUE Championship 2024–2025 that competes for the national annual championship. The third championship is the most in the league. In addition, the team won its first championship in the Basketball Champions League Asia (BCL Asia) 2025, which determines the No.1 team in Asia. By this championship, Utsunomiya Brex earned a qualification for the FIBA Intercontinental Cup (held in Singapore in September 2025), where champion teams from each continent compete.

Winning in the B.LEAGUE Championship 2024–2025

Championship in the BCL Asia 2025

Governance

Corporate Governance

Basic approach to corporate governance

The Group implements all its management plans based on its corporate philosophy. To align with our philosophy, we are pursuing sound, transparent and efficient management by establishing a corporate governance structure appropriate for the Group's business and constantly checking the structure for further enhancement.

Responses to the Corporate Governance Code

Recognizing that the Corporate Governance Code established by the Tokyo Stock Exchange is what our society requests and expects us to be like, we intend to conduct our business by placing the code at the heart of business management in order to achieve sustainable growth of the Nichireki Group and increase its corporate value over the medium to long term. The Group implements each principle of the Corporate Governance Code required for companies listed on the Prime Market, prepares and reviews corporate governance reports as appropriate, and submits them to the Tokyo Stock Exchange to disclose the information required by each principle.

Holding company structure

Effective October 1, 2024, Nichireki Group transitioned to a holding company structure by transferring its Applied and Processed Asphalt Products Business and Road Paving Business to a wholly owned subsidiary through a company split (absorption-type split). With the transition to a holding company structure, Nichireki Group has taken responsibility for planning and formulating the group-wide business strategies, determining the business portfolios, allocating capital expenditures and human resources, and securing financing. It has also played a central role in group governance, including group-wide compliance, risk management, and information security management.

Company with an Audit and Supervisory Committee

Nichireki Group has transitioned from a company with a board of auditors to a company with an Audit and Supervisory Committee by a resolution of its general meeting of shareholders held in June 2024. This allows the Board of Directors to delegate business execution decisions to executive directors, except for particularly important matters. We will leverage this reorganization to accelerate decision-making and business execution more than ever before. We will also enhance corporate governance more than ever before by strengthening supervision of the Board of Directors, with the aim of increasing corporate value.

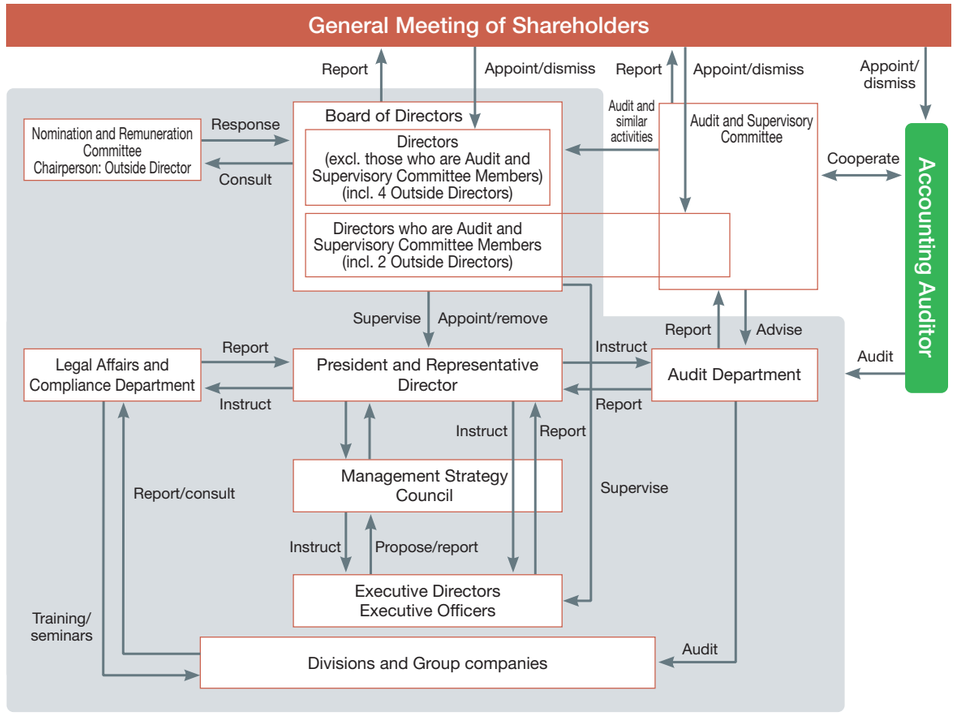
Corporate governance system

Nichireki Group intends to make swift and accurate decisions at the Board of Directors, which has strengthened its monitoring functions as a result of the transition to a company with an Audit and Supervisory Committee. We consider that such a corporate governance system will increase the soundness and efficiency of Nichireki Group's management and is effective for the Group's sustainable growth and enhancement of corporate value over the medium to long term.

Our Board of Directors consists of 13 Directors, including three Directors who are Audit and Supervisory Committee Members. Of those 13 Directors, six are Outside Directors: two are Audit and Supervisory Committee Members, and four are not. Outside Directors are expected to serve as members of either the Audit and Supervisory Committee or voluntarily established Nomination and Compensation Committee. Specifically, the Audit and Supervisory Committee includes two outside Directors, making up a majority of the three committee members, and the Nomination and Compensation Committee includes four outside Directors who are not Audit and Supervisory Committee Members, making up a majority of the six committee members. In this way, Nichireki Group strives to enhance management transparency.

Our corporate governance system is as shown below.

Corporate governance system diagram



Board of Directors

As described above, Nichireki Group's Board of Directors consists of 13 Directors, including three Directors who are Audit and Supervisory Committee Members. Among the 10 Directors who are not Audit and Supervisory Committee Members, six are Executive Directors and four are Outside Directors who are not involved in business execution.

In principle, the Board of Directors meeting is convened once a month. As any material information pertaining to our management strategy must be reported to the Board of Directors adequately and in a timely manner, the Management Strategy Council consisting of six Executive Directors and nine Corporate Executive Officers meets, in principle, twice a month in advance of the Board of Directors meetings to make necessary decisions and reports for business execution so that Board's meetings can be operated efficiently and effectively.

Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of one Director who is well versed in the Group's operations and two Outside Directors who have abundant experience and in-depth insights in their areas of expertise. The Audit and Supervisory Committee audits the status of business execution by Directors, Executive Officers and other officers as well as matters such as the status of Nichireki Group's assets, in cooperation with the Accounting Auditor (an auditing firm) and the Audit Department, a department in charge of internal audits.

Nomination and Remuneration Committee

Nichireki Group has established the Nomination and Remuneration Committee, a majority of the members (four out of six) of which are independent Outside Directors, as a voluntary advisory committee. The committee deliberates material matters regarding the nomination and remuneration in advance of resolution of the Board of Directors in order to ensure the independence and objectivity of its authority over such matters.

Outside Officers (independent officers)

As described above, Nichireki Group strives to enhance the transparency of its management by appointing six Outside Directors as independent outside officers: two who are Audit and Supervisory Committee Members and four who are not. Nichireki assesses the independence of its outside officers based on the independence standards prescribed by the Tokyo Stock Exchange, taking into account their personal, capital, and business relationships and other interests with Nichireki.

Outside Officers (independent officers)

Title and name	Reasons for appointment	Attendance at meetings (FY2024)	Significant concurrent positions
Director **Osamu Kobayashi**	As a certified public accountant and a certified tax accountant, he has abundant experience, an extensive track record, and insight in corporate accounting and tax affairs.	Board of Directors meetings 14/14 (100%)	–
Director **Haruko Shibumura**	As an attorney-at-law, she has expertise, abundant experience, an extensive track record, and insight in corporate legal affairs including corporate compliance.	Board of Directors meetings 14/14 (100%)	Outside Director (Audit & Supervisory Committee Member) of TAMURA CORPORATION Outside Director (Audit & Supervisory Committee Member) of Yokogawa Bridge Holdings Corp.
Director **Takuya Kidokoro**	As an attorney-at-law, he has abundant experience and track records in corporate restructuring and corporate legal affairs, as well as considerable knowledge about corporate management.	Board of Directors meetings 14/14 (100%)	Executive Director and Lawyer of RISA Loan Servicing, Inc. Adviser (Administrative Law Judge) to Financial Services Agency
Director **Mieko Fukuda**	She has abundant experience and specialist knowledge gained through her engagement in corporate management and marketing-related divisions. In particular, as a management consultant, she possesses a high level of expertise in market research, analysis, and strategy development.	Board of Directors meetings 14/14 (100%)	–
Director, Audit and Supervisory Committee Member **Tsutomu Kanitani**	As a certified tax accountant, he has expertise and abundant experience in corporate management including tax affairs.	Board of Directors meetings 14/14 (100%) Board of Auditors meetings 5/5 (100%) Audit and Supervisory Committee 15/15 (100%)	–
Director, Audit and Supervisory Committee Member **Noriko Kawate**	As a certified public accountant and a certified tax accountant, she has abundant experience, track records, and insight in corporate finance and accounting and is well versed in such services as consulting on business succession and advisory on corporate rehabilitation mainly in M&A and organizational restructuring.	Board of Directors meetings 14/14 (100%) Board of Auditors meetings 5/5 (100%) Audit and Supervisory Committee 15/15 (100%)	Independent Director of Ichigo Inc. Outside Corporate Auditor of Sumitomo Bakelite Co., Ltd.

Internal Control and Compliance

Internal control

To ensure efficient execution of duties by directors, we have set the Board of Directors Rules to clarify the authority, responsibilities and operations of the Board of Directors. Minutes of the Board of Directors will be prepared to record information on matters to be resolved by and reported to the Board of Directors and kept in accordance with the Information Management Regulations and the Group's other internal rules. Meanwhile, Nichireki Group has built a system to ensure the swift and precise execution of matters decided by the Board of Directors in accordance with the Administrative Authority Regulations and the Group's other internal rules.

To ensure the appropriateness of each Group company's operations, the Group has established the Group Business Management Regulations and built a business management system based on its management philosophy. Under this business management system, we perform audits of Group companies and provide them with guidance on their business. At the same time, we have a policy to give approval for any material matter regarding Group companies after receiving and carefully examining the results of discussions and reports from them. While we have established the Group's internal rules as internal rules applicable to the entire Nichireki Group, Group companies have established their own internal rules following suit of our internal rules to promote unity within the Group.

We have established the Basic Policy for Establishing Internal Control System (system necessary to ensure the appropriateness of operations prescribed by the Companies Act) based on a resolution of the Board of Directors and reviews the policy as needed according to system modifications resulting from updates to laws and regulations, etc., or the status of operations.

Basic Policy for Establishing Internal Control System

1 System for ensuring compliance with laws, regulations and Nichireki Group's Articles of Incorporation in the execution of duties by directors and employees

Nichireki Group shall appoint a director in charge of compliance and set up the Legal Affairs and Compliance Department as the controlling department for the Group's compliance. Nichireki Group shall also set the Group's internal rules and prepare the Compliance Manual, thereby making sure everyone in all of our Group companies is aware of the compliance rules. Nichireki Group shall open a hotline on the Group network as a point of contact for reporting and consultation, which receives reports and provides consultation on compliance directly from and with the Group's employees. The hotline shall also accept their opinions and proposals on compliance. If a director finds any violation of laws and regulations or other important facts regarding compliance, the director shall immediately report to Directors who are Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee. If Directors who are Audit and Supervisory Committee Members receive a report and recognize that there is a problem with the Group's compliance system, they may give their opinions to the Director in charge and requests the Director to formulate a remedial measure. For internal audits, Nichireki Group shall set up the Audit Department to assess the achievement of major objectives of all Group companies' internal management, including the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations and other rules, and asset protection, in an objective and comprehensive manner, as well as to give advice, instructions, or corrective guidance to resolve issues. The Audit Department shall also exchange opinions and information with Directors who are Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee and the accounting auditor when necessary. Nichireki Group shall establish a system to receive professional advice on management-related legal issues from its corporate lawyer.

2 System for the storage and management of information related to the execution of duties by directors

Information related to the execution of duties by directors shall be appropriately stored and managed in accordance with the Information Management Regulations and the Group's other internal rules or Nichireki Group's internal rules.

3 Rules and other systems for the management of risk of loss

For the Group's risk of loss, Nichireki Group shall develop various regulations on risk management as part of the Group's business management. Nichireki Group shall also establish a system where its responsible departments set rules and guidelines, provide training, and prepare and hand out manuals as needed. In cases where it is necessary to address a new risk, the President shall immediately appoint a director to be responsible for addressing the risk and notify all Group companies of the matter. If the risk is likely to materialize and cause serious damage, the responsible director shall immediately report to the Board of Directors.

4 System for ensuring the efficient execution of duties by directors

Nichireki Group shall formulate a Group management plan and set and determine Group-wide management goals and targets and budget allocation for each fiscal year to promote the Group's cooperative framework and efficiently execute and manage business operations. As the basis of the system for ensuring the efficient execution of duties by directors, Nichireki Group shall, in principle, hold the Board of Directors meeting once a month and an extraordinary meeting when necessary. Material matters related to Nichireki Group's management policies and management strategy shall be discussed to determine their execution by the Management Strategy Council in advance of the Board of Directors meetings.
Nichireki Group shall precisely execute operations based on decisions made by the Board of Directors in a timely manner in accordance with the Administrative Authority Regulations and other internal rules of the Group and Nichireki Group.

5 System for ensuring the appropriate operations of the Corporate Group comprised of Nichireki Group and its subsidiaries

To ensure the appropriateness of operations, Nichireki Group shall establish the Group's management philosophy common to the Group companies and develop the Group's operation system, such as establishing the Group's internal rules, based on the philosophy. In addition, the Group companies shall set their own internal rules on matters not stipulated in the Group's internal rules in compliance with internal rules set out by Nichireki Group.
Group companies shall discuss with and report to Nichireki Group on material matters related to business execution. Nichireki Group shall build a Group business management system to perform audits of Group companies and provide them with guidance on their business.
If a Group company recognizes that Nichireki Group's business management or guidance on its business may be in violation of laws or regulations, or otherwise, there is a compliance issue, the Group company shall report to the Audit Department or the Legal Affairs and Compliance Department. The Audit Department or the Legal Affairs and Compliance Department shall then immediately report to Directors who are Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee. If Directors who are Audit and Supervisory Committee Members receive a report, they may give their opinions to and request directors (Board of Directors) to formulate improvement measures.

6 Matters related to employees assigned to assist the Audit and Supervisory Committee in its duties and the independence of such employees from directors (excluding those who are Audit and Supervisory Committee Members)

The Audit and Supervisory Committee may, when necessary, request the Board of Directors to assign employees to assist it in its duties.
Employees who are to assist the Audit and Supervisory Committee in its duties shall follow the Committee's directions and orders exclusively on operations subject to instructions given by the Committee. The director in charge shall consult with the Audit and Supervisory Committee in advance regarding the personnel matters of employees who are to assist the Audit and Supervisory Committee in its duties.

7 System for reporting from directors and/or employees of Nichireki Group and its subsidiaries to the Audit and Supervisory Committee, and system for other reporting to the Audit and Supervisory Committee, and system for ensuring that a person who has made a report will not receive unfavorable treatment for reason of having made such report

Directors, Audit and Supervisory Committee Members, Executive Officers, and employees ("Officers and Employees") of the Group companies shall report to the Directors who are Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee on material matters that may affect operations and financial results of each Group company and legal violations and other compliance issues through Nichireki Group's responsible department or by whistleblowing or other means. Directors who are Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee may request a report from Officers and Employees of each Group company whenever necessary.
If Directors who are Audit and Supervisory Committee Members receive a report, they shall report the contents of the report to the Audit and Supervisory Committee.

Nichireki Group shall prohibit unfavorable treatment of each of the Officers and Employees of the Group companies who has made a report to Directors who are Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee for the reason of having made such report and make sure all Officers and Employees of the Group companies are aware of the matter.
When the Audit and Supervisory Committee or Directors who are Audit and Supervisory Committee Members request the advanced payment of expenses to be incurred in the course of executing their duties, Nichireki Group's responsible department shall deliberate on the matter and process the request immediately, unless the expenses or obligations are deemed not necessary for the execution of the Audit and Supervisory Committee's duties.

⑧ Other system for ensuring that audits by the Audit and Supervisory Committee are conducted effectively

Directors who are Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee shall have opportunities to exchange information with Directors who execute operations, the Audit Department, and the Accounting Auditor, as well as participate in key meetings of Nichireki Group or Group companies to understand significant decisions and the status of business execution, and request explanations from the Officers and Employees as necessary.
The Audit Department shall collaborate with the Audit and Supervisory Committee Members, including reporting audit results and other relevant information to the Committee as needed.

⑨ System for ensuring the reliability of financial reporting

To ensure the reliability of financial reporting and file the internal control report effectively and appropriately in accordance with the provisions of the Financial Instruments and Exchange Act, Nichireki Group shall build an internal control system and develop and operate the system appropriately.

⑩ System for eliminating anti-social forces

Nichireki Group shall respond to unreasonable demands from anti-social forces with a resolute attitude and develop a system necessary to eradicate all business and other relationships with anti-social forces throughout the Group.

Compliance

Nichireki Group places emphasis on complying with not only laws and regulations but also things that are not legally binding such as common sense and good sense as a member of economic society. Regarding compliance as a much broader concept than mere legal compliance, we believe that our concept of compliance also includes fully meeting social expectations.

(1) Basic approach

① All officers and employees of the Nichireki Group shall act in accordance with the Nichireki Group's Corporate Philosophy and the Code of Individual Conduct to promote compliance.
② The Head of Compliance, who is appointed from among Nichireki Group's directors, shall promote compliance throughout the Group.
③ The Head of Compliance shall direct and take overall control of compliance officers assigned at each base of the Group through the Legal Affairs and Compliance Department and strive to enhance the Group's compliance system.

(2) Compliance promotion system

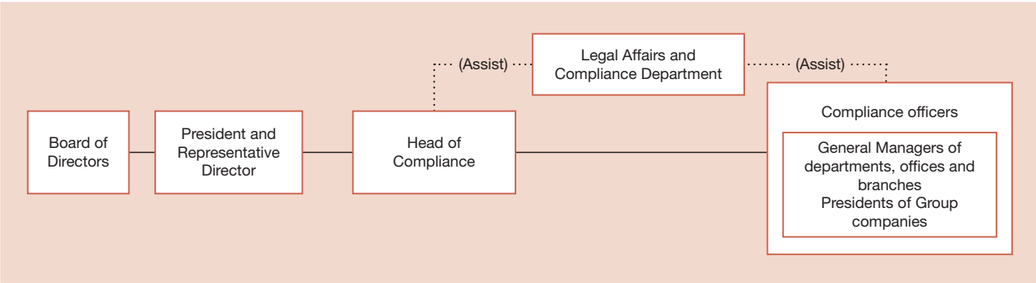
For the Nichireki Group's compliance system, the President and Representative Director of Nichireki Group appoints a responsible director as the Head of Compliance and sets up the Legal Affairs and Compliance Department as a responsible department. The President and Representative Director also appoints General Managers of Nichireki Group's departments, offices, and branches as well as presidents of Group companies as compliance officers to put in place a system where the Group as a whole works together to promote compliance. Under the direction of the Head of Compliance, the Legal Affairs and Compliance Department is responsible for work to promote compliance across the Group. Specifically, the Legal Affairs and Compliance Department is responsible for planning and providing compliance training for the Group's officers and employees, performing compliance audits of sales offices and other bases, and establishing, revising and abolishing the Group's internal rules and other systems, in addition to responding to compliance incidents that occur in daily operations.

Each compliance officer is responsible for work to promote compliance at the department, office, or branch he/she heads. Specifically, they monitor and manage the status of compliance within their own organizations and work to keep everyone informed about compliance information provided by the Legal Affairs and Compliance Department.

The Group has also set the Group's internal rules and prepared the Compliance Manual, thereby making sure everyone in all of our Group companies is aware of the compliance rules.

These Group's internal rules include the Compliance Regulations, which stipulate such matters as compliance system, Regulations on Whistleblowing, Harassment Prevention Regulations, and Regulations on Compliance with the Antimonopoly Act. Given the importance of these regulations, they are established, revised, and abolished based on a resolution of the Board of Directors. In the case of any law amendment or incident that has become a social concern, the Legal Affairs and Compliance Department shall immediately examine the draft of regulations and seek a decision of the Board of Directors. For example, in response to the enforcement of the Amendments to the Whistleblower Protection Act in June 2022, the Board of Directors completely revamped the Regulations on Whistleblowing.

Compliance promotion system diagram



(3) Whistleblowing system

In accordance with the Regulations on Whistleblowing, the Group has opened a hotline on the Group network to receive reports and provide consultation on compliance directly from and with officers and employees of Group companies as well as to accept their opinions and proposals on compliance, in addition to consultation and reports made in writing or orally. The Group seeks to early detect and correct any misconduct by establishing a whistleblowing system, placing the hotline at its core, thereby practicing compliance management that responds to stakeholders' expectations.

The whistleblowing system, including the hotline, is available for all officers and employees including not only regular employees but also part-time workers and temporary workers. The whistleblowing system is also available for retirees, regardless of the period of time since their retirement. In order to protect whistleblowers, we receive anonymous reports and prohibit the unfavorable treatment of whistleblowers and persons who cooperate in investigations, such as search for and reprisal against them. We also impose confidentiality obligations on officers and employees engaged in the reception of whistleblowing.

To make the whistleblowing system more accessible to the Group's officers and employees, Nichireki Group is working to further improve the system by, for example, entrusting an external expert subject to confidentiality obligations to serve as a point of contact from August 2023.

(4) Compliance training

At the Group, the Legal Affairs and Compliance Department plans and provides hands-on compliance training, which also introduces actual cases, for employees on a regular basis. For example, in consideration of the complete revision of the Harassment Prevention Regulations, which had been carried out to enable the Group as a whole to respond to the recently amended and enforced harassment-related acts (the Labor Measures Comprehensive Promotion Act, the Equal Employment Opportunity Act, and the Child Care and Family Care Leave Act), we provided harassment prevention training mainly for employees in managerial positions. Also, in order to develop a sense of fairness, which is important in business transactions, we hold a training workshop on the Antimonopoly Act lectured by lawyers and other external experts and provide training on such themes as intellectual property right and insider trading regulations, thereby striving to raise the awareness of compliance among the Group's employees.

Medium- to long-term targets

Item	FY2022 results	FY2023 results	FY2024 results	FY2025	FY2043	SDGs mapping
Number of internal compliance training workshops held	2	2	2	2	2	

Anti-corruption initiatives

The Nichireki Group has established compliance standards for laws and regulations and other rules as the Compliance Manual in accordance with the Compliance Regulations. The Compliance Manual establishes guidelines for the conduct of officers and employees with the aim of establishing corporate ethics. It mandates a thorough commitment to preventing bribery and corruption, including refraining from offering or accepting excessive entertainment or gifts.

The Group investigates, analyzes, and evaluates corruption risks when expanding its business domestically and internationally or selecting new business partners. Under the supervision of the Board of Directors, we strive to prevent corruption.

Risk Management

Risk Management

We consider it necessary to be aware that risk management is one of our key managerial challenges; to constantly update material risks; and to review on a daily basis whether our countermeasures and control measures against various types of risks are appropriate. We therefore decide on which department takes charge of each of the risks in the context of their nature, etc., and conduct risk management as part of our daily operations.

(1) Basic policy for risk management

For the Group's risk of loss, we have developed various regulations on risk management as part of the Group's business management. We have also established a system where the departments responsible for risk management (e.g., the General Affairs Department, the Legal Affairs and Compliance Department, and the Safety, Quality and Environment Management Department) set rules and guidelines, provide training, and prepare and distribute manuals as needed. In cases where it is necessary to address a new risk, the President and Representative Director shall immediately appoint a director to be responsible for addressing the risk and notify all Group companies of the matter. If the risk is likely to materialize and cause serious damage, the responsible director shall immediately report to the Board of Directors.

(2) Management system

For financial and legal risks and those of disasters and other events, the status of risk management is reported to the President and Representative Director and the Board of Directors by departments in charge of these issues in accordance with relevant regulations (e.g., the Financial Control and Accounting Department for financial risks, the Legal Affairs and Compliance Department for legal risks, and the General Affairs Department and the Safety, Quality and Environment Management Department for risks of disasters).

To strengthen the management system that addresses various types of risks the Group may face, we set up a Business Risk Management Committee based on a resolution of the Board of Directors meeting held in March 2023.

(3) Major business risks

Shown below are major business risks that may affect the Group's operating results and financial position, and responses to the risks. By identifying and analyzing major business risks and having an in-depth review of responses to the risks, the Group seeks to minimize the risks and curb the effects of them on its management and finance.

Major business risks and responses

1 Fluctuations in raw material prices and supply trends

In the Applied and Processed Asphalt Products Business, the primary raw material, straight asphalt, and subsidiary materials are derived from crude oil, making them highly dependent on crude oil prices. If crude oil prices surge and we are unable to pass on the full cost increases of various raw materials to our product selling prices, or if a situation arises where various raw materials are not supplied stably, our business performance could be affected. The Group seeks to minimize the effects of procurement risks of raw materials. Specifically, we have a system in place where the Production Planning Department occasionally monitors such risks and reports each month the procurement trends of raw materials to the Management Strategy Council comprised of Executive Directors and Corporate Executive Officers, and the council decides on the direction of how to respond to the trends so as to early promote purchase measures and the addition of increased costs to the selling prices of products.

2 Trends of public works

In the Road Paving Business, public works projects account for a significant portion of our operations. Reductions in public works budgets due to the financial conditions of the national and local governments, as well as cost-cutting measures and budget execution status, could affect our business performance. To scale back the effects of the financial conditions of the central and local governments, the Group seeks to perform a detailed analysis of the infrastructure improvement issues faced by the central and local governments, promotes its design and sales activities to receive orders for products and construction methods that contribute to the longer life and higher performance of paved roads and the reduction of environmental load, stimulates demand in the domains of airports, harbors, railways, parks and other facilities in addition to roads as its focus domain, and expands its business markets.

3 Trends of price competition

If market price competition intensifies further and product sales prices and construction contract prices decline, our business performance could be affected. The Group works at reducing its manufacturing and construction costs and seeks to minimize the effects of lower prices on its business performance while striving to mitigate the impact of price competition by developing high value-added products and construction methods.

4 Credit risks

If credit concerns arise with business partners due to sudden changes in the business environment or other factors, our business performance could be affected. The Group thoroughly manages credit and receivables when entering into transactions and seeks to mitigate credit risks by, for example, using a credit research agency and holding credit monitoring meetings.

5 Country risks

As we are expanding our overseas business, any changes in the political and economic conditions of the countries in which we operate, as well as any unexpected changes in laws and regulations, could affect our business performance. In the Group, the Overseas Planning Department and the Legal Affairs and Compliance Department have discussions to take appropriate measures to avoid risks for each project. These departments also share information with each other about the progress of overseas business, the existence of any troubles, the social landscapes of the markets that we plan to enter or have recently entered, amendments to laws and regulations, and other matters, and take necessary measures.

6 Information security

The Group conducts business activities using various information systems. The importance of such information systems continues to grow. If there arises any significant data loss, information leaks, system failures, or similar incidents due to virus infections or other factors, our business performance could be affected. As measures to prevent information leaks, the Group limits access to confidential data, limits the use of media that employees can take out of their workplaces, and provides employees with information security education. To brace ourselves for information security incidents, we have also set up a system centered around the Business Risk Management Committee to immediately restore our data and systems, and take out a cyber insurance that covers all of our Group companies. Please see the information management system diagram on P.74 for the Group's information security system.

7 Risks of natural disasters, infectious diseases, etc.

If there arises a large-scale natural disaster, infectious disease, or similar event, our business performance could be affected as a result of scaling back of the Group's business activities or other factors. To brace itself for natural disasters, such as earthquakes and typhoons, and infectious disease outbreaks, the Group has its internal regulations in place, which include the BCP Management Regulations (regulations for the management of business continuity plan) and the Disaster Prevention Regulations. We have also implemented a system for confirming the safety of employees in the event of a natural disaster. In case of a disaster, the Business Risk Management Committee compiles information, and depending on the situation, we set up a disaster response office led by the President and Representative Director to take action.

8 Risks associated with legal regulations, etc.

We are subject to legal regulations under relevant laws such as the Construction Business Act, the Antimonopoly Act, and the Industrial Safety and Health Act. If we receive administrative sanctions and penalties pursuant to these legal regulations, our business performance could be affected. In the Group, the Legal Affairs and Compliance Department and the Safety, Quality and Environment Management Department create opportunities to provide education about compliance as well as health and safety, and make sure that all officers and employees of the Group are aware of such important matters, thereby mitigating the risks of receiving administrative sanctions and penalties by legal regulations.

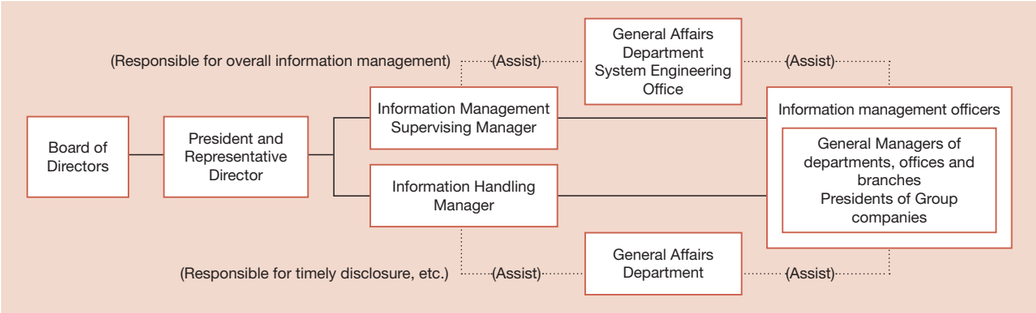
Information security

Our Group seeks to streamline its operations by expanding and improving its information systems. We also expand our services that use ICT to serve our customers. For example, we manage construction in a new way with ICT embedded road stabilizers using cloud computing, and use GLOCAL-EYEZ P.43, a road inspection system using a smartphone.

The more we depend on ICT, the more we have ICT-specific risks. We consider that information security management in particular is one of key managerial challenges for many companies. Given this situation, Nichireki Group has established a Basic Policy for Information Security and strives to advance its information security management across the entire Group. Based on the Basic Policy for Information Security, the Group has improved its system for the centralized management of information security by appointing a Director of Nichireki Group as Information Management Supervising Manager and appointing General Managers of departments, offices and branches and presidents of Group companies as information management officers. Another Director of Nichireki Group is appointed as Information Handling Manager to mainly work on information disclosure, especially timely disclosure.

The Group has its internal regulations and rules in place, such as the Information Management Regulations, and makes sure that all of its officers and employees are aware of information security by providing an employee training session, an explanatory session, and other learning opportunities.

Information management system diagram



Basic Policy for Information Security

1 Subject

Information assets subject to this policy shall be all the information obtained in the course of business activities and held by the Group.

2 Scope

This policy shall be applicable to all officers and employees of the entire Group, and they shall strive to conduct safe operations and to protect information assets.

3 Information management system

A director shall be appointed as Information Management Supervising Manager under the Board of Directors of Nichireki Group, and an information management system shall be established covering all departments, offices and branches.

4 Group's internal regulations and rules in place

The Group shall have its internal regulations and rules in place that stipulate information handling, information system operations standards, standards for developing and introducing information systems, physical security measures, and outsourcing standards among others to implement and manage information security practices.

5 Internal audit

Internal audit shall be regularly performed to verify if the Group's internal regulations and rules successfully work and are appropriately adhered to by its officers and employees.

6 Improving security literacy

The Group shall provide its officers and employees with education and training on an ongoing basis to maintain and improve their security literacy.

7 Adapting to changes in the business climate

The Group shall flexibly adapt to changes in its business domains, information assets being handled and the ICT (information and communications technology) landscape, and review its information security management rules and systems.

Directors (As of June 27, 2025)

Directors

Manabu Obata
President and Representative Director

April	1982	Joined the Company
May	2007	Executive Officer and Tokyo Area Manager of the Company President and Representative Director of Nichireki Tokushu Koji K.K.
June	2011	Senior Executive Officer and Vice General Manager, Business Division of the Company
June	2013	Managing Director and General Manager, Business Division of the Company
June	2015	President and Representative Director of the Company
June	2020	President and Representative Director of the Company (to present)

Yuji Kawaguchi
Executive Vice President and Representative Director

April	1980	Joined the Company
June	2011	Director, Senior Executive Officer, and Kanto Area Manager of the Company President and Representative Director of NICHIREKI ROAD CO., LTD.
June	2013	Managing Director and Kanto Area Manager of the Company President and Representative Director of NICHIREKI ROAD CO., LTD.
April	2018	Managing Director and Tokyo/Kanto Supervising Manager of the Company
June	2018	Senior Managing Director and Tokyo/Kanto Supervising Manager of the Company
June	2020	Senior Managing Director, Tokyo/Kanto Supervising Manager, and Tokyo Area Manager of the Company
April	2021	Senior Managing Director and East Japan Supervising Manager of the Company
June	2022	Executive Vice President and Representative Director of the Company (to present)

Akiyoshi Hanyu
Senior Managing Director
General Manager, Technology Development Strategy Division

April	1982	Joined the Company
June	2011	Executive Officer and General Manager, Technical Research Center of the Company
June	2013	Director, Senior Executive Officer, and General Manager, Technical Research Center of the Company
June	2015	Managing Director and General Manager, Engineering and Manufacturing Division of the Company
April	2020	Managing Director, General Manager, Technology Development Division, and General Manager, Technical Department of the Company
June	2020	Managing Director, General Manager, Technology Development Division, and General Manager, Technical Department of the Company
April	2024	Managing Director and General Manager, Technology Development Division of the Company
June	2024	Senior Managing Director and General Manager, Technology Development Division of the Company
October	2024	Senior Managing Director and General Manager, Technology Development Strategy Division of the Company (to present)

Hiroyuki Totsuka
Senior Managing Director
General Manager, Business Strategy Division

April	1985	Joined the Company
April	2013	General Manager, Tohoku Branch of the Company
April	2014	Executive Officer, Tohoku Area Manager, and General Manager, Tohoku Branch of the Company
April	2017	Senior Executive Officer, Tohoku Area Manager, and General Manager, Tohoku Branch of the Company
April	2018	Senior Executive Officer, Tohoku/Hokkaido Supervising Manager, Tohoku Area Manager, and General Manager, Tohoku Branch of the Company
April	2021	Senior Executive Officer, North Japan Supervising Manager, Tohoku Area Manager, and General Manager, Tohoku Branch of the Company
April	2023	Senior Executive Officer and Vice General Manager, Business Division of the Company
June	2023	Managing Director, General Manager, Business Division, and General Manager, Overseas Business Department of the Company
October	2024	Managing Director, General Manager, Business Strategy Division, and General Manager, Overseas Planning Department of the Company
June	2025	Senior Managing Director, General Manager, Business Strategy Division, and General Manager, Overseas Planning Department of the Company (to present)

Jun Yamamoto
Managing Director
General Manager, Corporate Division

March	2020	Joined the Company General Manager, Legal Affairs Office and General Manager, Compliance Office of the Company
April	2020	Senior Executive Officer and General Manager, Legal Affairs and Compliance Department of the Company
April	2021	Senior Executive Officer, General Manager, Legal Affairs and Compliance Department, and General Manager, Investment Strategy Office of the Company
June	2021	Director, General Manager, Administration Division, General Manager, Legal Affairs and Compliance Department, and General Manager, Investment Strategy Office of the Company
October	2024	Director, General Manager, Corporate Division, General Manager, Legal Affairs and Compliance Department, and General Manager, Investment Strategy Department of the Company
June	2025	Managing Director, General Manager, Corporate Division, General Manager, Legal Affairs and Compliance Department, and General Manager, Investment Strategy Department of the Company (to present)

Tatsuya Ito
Managing Director
General Manager, Planning Division

April	1986	Joined the Company
April	2013	General Manager, Technical Department of the Company
April	2015	Executive Officer and General Manager, Technical Department of the Company
April	2016	Executive Officer, General Manager, Corporate Planning Department, and General Manager, Human Resources Department of the Company
April	2020	Senior Executive Officer, General Manager, Corporate Planning Department, and General Manager, Human Resources Department of the Company
June	2021	Senior Executive Officer, Vice General Manager, Planning Division, General Manager, Corporate Planning Department, and General Manager, Human Resources Planning Department of the Company
April	2022	Senior Executive Officer, Vice General Manager, Planning Division, and General Manager, Human Resources Planning Department of the Company
June	2022	Director, General Manager, Planning Division, and General Manager, Human Resources Planning Department of the Company
June	2025	Managing Director, General Manager, Planning Division, and General Manager, Human Resources Planning Department of the Company (to present)

Outside

Osamu Kobayashi
Outside Director

March	1983	Registered as a certified public accountant
June	1983	Registered as a certified tax accountant
August	1996	Director of Kobayashi Accounting Office (to present)
June	2004	Outside Auditor of the Company
June	2015	Outside Director of the Company (to present)

Outside

Haruko Shibumura
Outside Director

April	1994	Registered as an attorney-at-law (Daini Tokyo Bar Association) Joined Law Offices of Homma & Komatsu (currently, Homma & Partners)
April	1999	Partner Attorney, Homma & Partners (to present)
June	2015	Outside Auditor of the Company
June	2019	Outside Director of the Company (to present)

Significant concurrent positions:
Outside Director (Audit & Supervisory Committee Member) of TAMURA CORPORATION
Outside Director (Audit & Supervisory Committee Member) of Yokogawa Bridge Holdings Corp.

Outside

Takuya Kidokoro
Outside Director

October	2001	Registered as an attorney-at-law (Tokyo Bar Association) Joined Okuno & Partners
April	2011	Partner, Okuno & Partners (to present)
June	2019	Outside Auditor of the Company
June	2021	Outside Director of the Company (to present)

Significant concurrent positions:
Executive Director and Lawyer of RISA Loan Servicing, Inc.
Adviser (Administrative Law Judge) to Financial Services Agency

Outside

Mieko Fukuda
Outside Director

April	2001	Registered as a small and medium enterprise management consultant (a member of Chuo Chapter, Tokyo Small and Medium Enterprise Management Consultant Association)
April	2021	Representative, Fukumoku Research Office (to present)
June	2021	Outside Director of the Company (to present)

Directors who are Audit and Supervisory Committee Members

Masaaki Nohara
Director,
Chair of the Audit and Supervisory Committee

April	1985	Joined the Company
April	2013	General Manager, Corporate Planning Department of the Company
April	2014	General Manager, General Affairs Department of the Company
April	2018	Executive Officer and Vice General Manager, Administration Division of the Company
June	2019	Full-time Auditor of the Company
June	2024	Chair of the Audit and Supervisory Committee of the Company (to present)

Outside

Tsutomu Kanitani
Outside Director,
Audit and Supervisory Committee Member

August	1996	Joined Akira Nakamura Tax Accountant Office
May	2000	Registered as a certified tax accountant Director of Tsutomu Kanitani Tax Accountant Office (to present)
June	2015	Outside Auditor of the Company
June	2024	Outside Director (Audit and Supervisory Committee Member) of the Company (to present)

Outside

Noriko Kawate
Outside Director,
Audit and Supervisory Committee Member

July	2001	Registered as a certified public accountant
November	2004	Registered as a certified tax accountant
February	2008	Representative Director of Clea Consulting Co., Ltd. (to present)
November	2011	Registered as a U.S. certified public accountant
February	2015	Partner, Cast Global Group (to present)
June	2021	Outside Auditor of the Company
June	2024	Outside Director (Audit and Supervisory Committee Member) of the Company (to present)

Significant concurrent positions:
Independent Director of Ichigo Inc.
Outside Corporate Auditor of Sumitomo Bakelite Co., Ltd.

Financial and Non-financial Data

Financial Data (Consolidated)

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		
Financial Results												**Financial Results**	
Net sales	(Million yen)	48,713	54,439	60,570	62,919	66,725	71,471	78,001	78,397	73,832	**75,745**	Net sales	(Million yen)
Operating profit	(Million yen)	4,382	5,742	5,445	5,593	6,009	9,140	8,566	7,566	6,019	**6,268**	Operating profit	(Million yen)
Ordinary profit	(Million yen)	4,474	5,872	5,628	5,731	6,225	9,574	9,311	8,104	6,390	**7,047**	Ordinary profit	(Million yen)
Profit attributable to owners of the parent company	(Million yen)	2,671	3,762	3,882	3,589	1,821	6,357	6,811	6,284	4,488	**4,848**	Profit attributable to owners of the parent company	(Million yen)
Comprehensive income	(Million yen)	1,919	4,365	4,702	2,837	856	7,787	6,800	6,144	6,426	**4,682**	Comprehensive income	(Million yen)
Financial Position												**Financial Position**	
Net assets	(Million yen)	42,977	46,768	50,811	52,889	52,827	62,010	68,075	72,470	74,836	**77,320**	Net assets	(Million yen)
Total assets	(Million yen)	59,144	65,406	69,838	70,297	71,487	82,732	88,425	91,474	95,094	**112,368**	Total assets	(Million yen)
Cash Flows												**Cash Flows**	
Cash flows from operating activities	(Million yen)	5,447	5,640	4,645	5,417	3,203	9,098	7,737	6,556	7,388	**4,895**	Cash flows from operating activities	(Million yen)
Cash flows from investing activities	(Million yen)	(2,790)	(2,607)	(3,604)	(5,482)	(3,352)	(5,694)	(2,361)	(5,834)	(3,853)	**(12,465)**	Cash flows from investing activities	(Million yen)
Cash flows from financing activities	(Million yen)	(1,020)	(611)	(1,151)	(845)	(1,027)	2,512	(1,430)	(3,115)	(2,824)	**13,732**	Cash flows from financing activities	(Million yen)
Cash and cash equivalents at end of period	(Million yen)	16,887	19,289	19,195	18,367	17,181	23,110	27,091	24,709	25,445	**31,611**	Cash and cash equivalents at end of period	(Million yen)
Per Share Information												**Per Share Information**	
Basic earnings per share	(Yen)	92.34	131.24	135.42	125.18	63.53	219.72	222.91	205.73	152.74	**164.90**	Basic earnings per share	(Yen)
Net assets per share	(Yen)	1,498.89	1,613.15	1,772.17	1,844.66	1,842.51	2,048.05	2,226.97	2,394.76	2,546.12	**2,636.34**	Net assets per share	(Yen)
Dividends per share	(Yen)	20.00	23.00	27.00	32.00	34.00	38.00	42.00	50.00	70.00	**75.00**	Dividends per share	(Yen)
Management Indicators												**Management Indicators**	
Equity ratio	(%)	72.7	71.5	72.8	75.2	73.9	74.9	77.0	79.2	78.7	**68.8**	Equity ratio	(%)
Ordinary profit to total assets	(%)	7.5	9.4	8.3	8.2	8.8	12.4	10.9	9.0	6.9	**6.8**	Ordinary profit to total assets	(%)
ROE	(%)	6.3	8.4	8.0	6.9	3.4	11.1	10.5	8.9	6.1	**6.4**	ROE	(%)
Operating profit to net sales	(%)	9.0	10.5	9.0	8.9	9.0	12.8	11.0	9.7	8.2	**8.3**	Operating profit to net sales	(%)
Ordinary profit to net sales	(%)	9.2	10.8	9.3	9.1	9.3	13.4	11.9	10.3	8.7	**9.3**	Ordinary profit to net sales	(%)
ROIC	(%)	7.4	9.1	7.8	7.5	8.0	11.2	9.3	7.6	5.9	**5.3**	ROIC	(%)
ROA	(%)	4.5	6.0	5.7	5.1	2.6	8.2	8.0	7.0	4.8	**4.7**	ROA	(%)
Dividend payout ratio	(%)	21.7	17.5	19.9	25.6	53.5	17.3	18.8	24.3	45.8	**45.5**	Dividend payout ratio	(%)

Non-financial Data (Consolidated)

Number of employees	(persons)	728	742	797	831	917	924	958	972	977	**1,386**	Number of employees	(persons)
Research and development costs	(Million yen)	464	706	711	653	709	787	865	920	877	**700**	Research and development costs	(Million yen)
Number of patents maintained	(patents)	48	45	39	39	30	29	31	35	39	**37**	Number of patents maintained	(patents)
Capital investment	(Million yen)	2,780	2,511	2,858	2,866	1,700	7,539	3,352	2,944	5,295	**12,544**	Capital investment	(Million yen)
Depreciation	(Million yen)	2,199	2,109	2,179	1,855	2,113	1,899	2,070	2,157	2,228	**2,587**	Depreciation	(Million yen)
Energy use (oil equivalent)*	(kL)	7,289	6,976	7,173	6,228	5,705	6,523	6,238	5,488	5,773	**5,238**	Energy use (oil equivalent)*	(kL)
CO_2 emission*	(t-CO_2)	16,835	15,300	16,270	13,624	13,378	12,355	12,362	11,721	9,985	**7,134**	CO_2 emission*	(t-CO_2)

*Scope: 19 plants in Japan

Consolidated Balance Sheets

(Million yen)

	FY2023	FY2024
Assets		
Current assets		
Cash and deposits	25,745	**31,621**
Notes and accounts receivable - trade, and contract assets	17,880	**16,118**
Electronically recorded monetary claims - operating	2,385	**1,757**
Merchandise and finished goods	1,431	**1,230**
Costs on construction contracts in progress	142	**153**
Raw materials and supplies	1,317	**1,164**
Other	720	**4,033**
Allowance for doubtful accounts	(57)	**(4)**
Total current assets	49,564	**56,076**
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,390	**18,567**
Accumulated depreciation	(9,465)	**(10,082)**
Buildings and structures, net	8,925	**8,485**
Machinery, equipment and vehicles	26,976	**27,876**
Accumulated depreciation	(22,949)	**(23,480)**
Machinery, equipment and vehicles, net	4,026	**4,396**
Land	11,145	**11,207**
Leased assets	788	**878**
Accumulated depreciation	(599)	**(667)**
Leased assets, net	188	**211**
Construction in progress	769	**10,666**
Other	3,311	**3,613**
Accumulated depreciation	(2,635)	**(2,764)**
Other, net	676	**848**
Total property, plant and equipment	25,731	**35,815**
Intangible assets		
Other	1,202	**1,204**
Total intangible assets	1,202	**1,204**
Investments and other assets		
Investment securities	9,753	**9,252**
Investments in capital of subsidiaries and associates	917	**1,438**
Retirement benefit asset	2,773	**3,462**
Deferred tax assets	76	**58**
Long-term time deposits	4,420	**4,420**
Other	712	**700**
Allowance for doubtful accounts	(58)	**(61)**
Total investments and other assets	18,595	**19,272**
Total non-current assets	45,529	**56,292**
Total assets	95,094	**112,368**

(Million yen)

	FY2023	FY2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,664	**4,810**
Electronically recorded obligations - operating	1,521	**1,087**
Short-term borrowings	1,300	**1,718**
Current portion of long-term borrowings	1	**1,814**
Lease liabilities	98	**74**
Accounts payable - other	2,020	**1,362**
Income taxes payable	1,123	**1,656**
Contract liabilities	493	**500**
Provision for bonuses	1,060	**928**
Provision for bonuses for directors (and other officers)	97	**80**
Other provisions	72	**60**
Other	1,411	**2,065**
Total current liabilities	17,865	**16,160**
Non-current liabilities		
Long-term borrowings	55	**16,205**
Long-term accounts payable - other	0	**12**
Lease liabilities	105	**157**
Long-term deposits received	48	**48**
Deferred tax liabilities	2,048	**2,253**
Retirement benefit liability	—	**75**
Asset retirement obligations	135	**135**
Total non-current liabilities	2,392	**18,887**
Total liabilities	20,258	**35,047**
Net assets		
Shareholders' equity		
Share capital	2,919	**2,919**
Capital surplus	4,028	**4,054**
Retained earnings	66,200	**68,991**
Treasury shares	(3,008)	**(3,174)**
Total shareholders' equity	70,140	**72,790**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,565	**3,290**
Foreign currency translation adjustment	202	**322**
Remeasurements of defined benefit plans	927	**915**
Total accumulated other comprehensive income	4,695	**4,529**
Total net assets	74,836	**77,320**
Total liabilities and net assets	95,094	**112,368**

Consolidated Statements of Income

(Million yen)

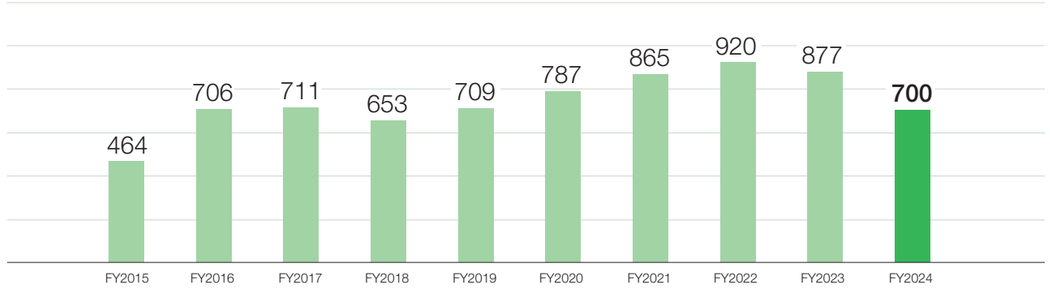
	FY2023	FY2024
Net sales	73,832	**75,745**
Cost of sales	57,368	**58,406**
Gross profit	16,464	**17,338**
Selling, general and administrative expenses	10,444	**11,070**
Operating profit	6,019	**6,268**
Non-operating income		
Interest income	18	**28**
Dividend income	216	**270**
Share of profit of entities accounted for using equity method	108	**463**
Foreign exchange gains	65	**55**
Derivative income	27	**—**
Other	32	**15**
Total non-operating income	468	**833**
Non-operating expenses		
Interest expenses	8	**34**
Commission for purchase of treasury shares	67	**1**
Commitment fees	10	**9**
Other	11	**9**
Total non-operating expenses	97	**54**
Ordinary profit	6,390	**7,047**
Extraordinary income		
Gain on sale of non-current assets	33	**57**
Gain on sale of investment securities	524	**—**
Insurance claim income	9	**25**
Compensation income	235	**—**
Other	5	**0**
Total extraordinary income	808	**83**
Extraordinary losses		
Loss on sale of non-current assets	0	**3**
Loss on retirement of non-current assets	92	**11**
Loss on liquidation of subsidiaries and associates	—	**7**
Special repairs expenses	252	**—**
Loss from money transfer scam at foreign subsidiary	—	**10**
Loss on related accident	11	**15**
Other	1	**3**
Total extraordinary losses	358	**52**
Profit before income taxes	6,840	**7,079**
Income taxes - current	2,042	**1,948**
Income taxes - deferred	309	**282**
Total income taxes	2,352	**2,230**
Profit	4,488	**4,848**
Profit attributable to owners of the parent company	4,488	**4,848**

Consolidated Statements of Cash Flows

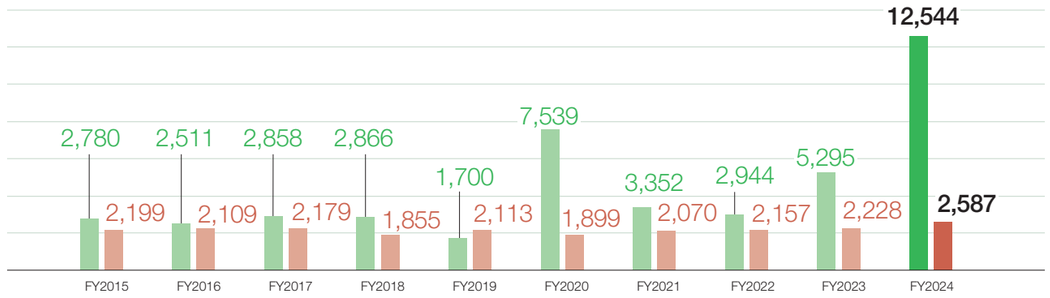
(Million yen)

	FY2023	FY2024
Cash flows from operating activities		
Profit before income taxes	6,840	7,079
Depreciation	2,228	2,587
Share-based payment expenses	—	37
Increase (decrease) in allowance for doubtful accounts	3	(52)
Increase (decrease) in retirement benefit liability	(627)	(615)
Increase (decrease) in other provisions	90	(160)
Interest and dividend income	(234)	(299)
Interest expenses	8	34
Insurance claim income	(9)	(25)
Loss (gain) on sale of non-current assets	(32)	(54)
Loss (gain) on sale of investment securities	(524)	—
Compensation income	(235)	—
Special repairs expenses	252	—
Loss on retirement of non-current assets	92	11
Subsidy income	(4)	(1)
Decrease (increase) in trade receivables	2,912	2,423
Decrease (increase) in other current assets	(152)	172
Decrease (increase) in inventories	(157)	351
Increase (decrease) in trade payables	(1,188)	(5,933)
Increase (decrease) in other current liabilities	438	4
Increase (decrease) in accrued consumption taxes	(381)	888
Share of loss (profit) of entities accounted for using equity method	(108)	(463)
Loss on disaster	12	15
Other, net	259	69
Subtotal	9,482	6,068
Interest and dividends received	259	299
Subsidies received	4	1
Proceeds from insurance income	9	25
Proceeds from compensation	235	—
Interest paid	(8)	(10)
Income taxes paid	(2,328)	(1,477)
Payments provision for special repairs	(252)	—
Payments associated with disaster loss	(12)	(11)
Net cash provided by (used in) operating activities	7,388	4,895
Cash flows from investing activities		
Payments into time deposits	(1,010)	(10)
Proceeds from withdrawal of time deposits	2,610	10
Purchase of property, plant and equipment	(3,808)	(12,155)
Proceeds from sale of property, plant and equipment	28	73
Payments for retirement of property, plant and equipment	(7)	(33)
Purchase of intangible assets	(521)	(437)
Purchase of investment securities	(1,870)	(137)
Proceeds from sale of investment securities	703	301
Loan advances	(4)	(6)
Proceeds from collection of loans receivable	1	7
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(50)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	26	—
Other, net	(0)	(26)
Net cash provided by (used in) investing activities	(3,853)	(12,465)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,000	3,800
Repayments of short-term borrowings	(3,000)	(3,400)
Repayments of lease liabilities	(111)	(100)
Purchase of treasury shares	(2,501)	(140)
Decrease (increase) in deposits for purchase of treasury shares	1,331	(2,405)
Dividends paid	(2,507)	(2,021)
Proceeds from long-term borrowings	—	18,000
Proceeds from sale of treasury shares	998	—
Other, net	(33)	—
Net cash provided by (used in) financing activities	(2,824)	13,732
Effect of exchange rate change on cash and cash equivalents	25	3
Net increase (decrease) in cash and cash equivalents	736	6,165
Cash and cash equivalents at beginning of period	24,709	25,445
Cash and cash equivalents at end of period	25,445	31,611

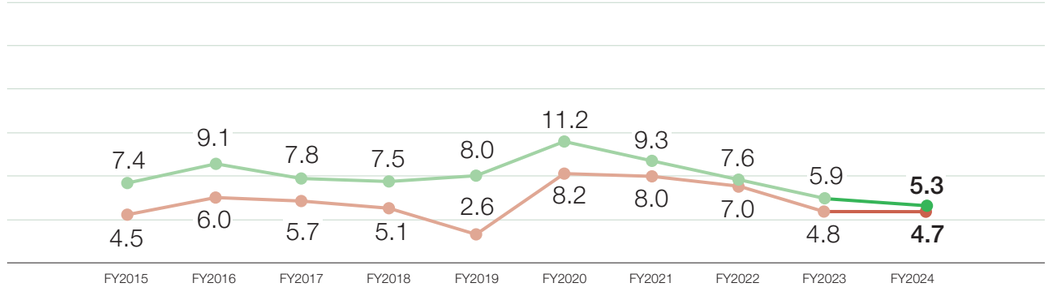
Research and Development Costs (Million yen)



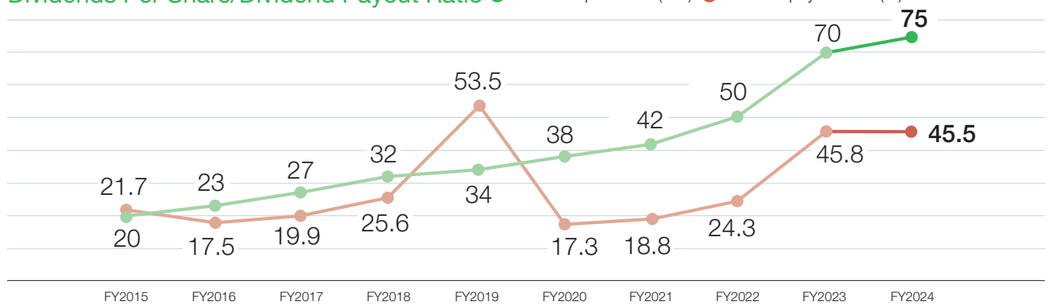
Capital Investment/Depreciation ■ Capital investment ■ Depreciation (Million yen)



ROIC/ROA ● ROIC (%) ● ROA (%)



Dividends Per Share/Dividend Payout Ratio ● Dividends per share (Yen) ● Dividend payout ratio (%)



Company Information (As of March 31, 2025)

Company profile

Name	NICHIREKI GROUP CO., LTD.
Head office location	4-3-29, Kudan-kita, Chiyoda-ku, Tokyo, Japan
Founded	October 1943
Established	September 1949
Share capital	¥2,919 million
Number of employees	1,386 (consolidated) 104 (non-consolidated)

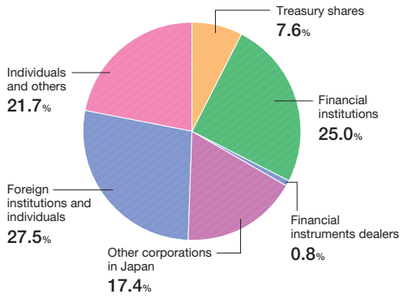
Stock information

Securities code	5011
Listed stock exchange	Prime Market of the Tokyo Stock Exchange (TSE)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited

Status of shares

Total number of shares issued	29,328,538 shares * Excluding 2,357,417 treasury shares
Number of shareholders	10,924

Shareholder distribution



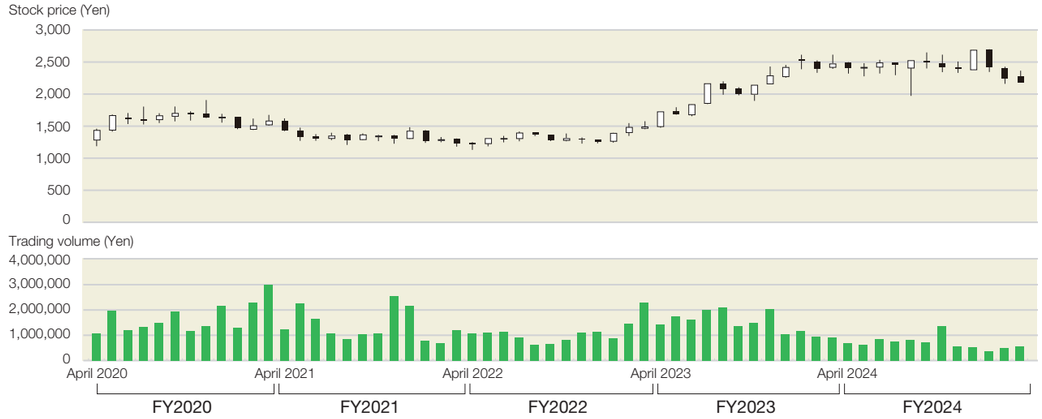
* Excluding shares less than one trading unit (83,755 shares)

Major shareholders

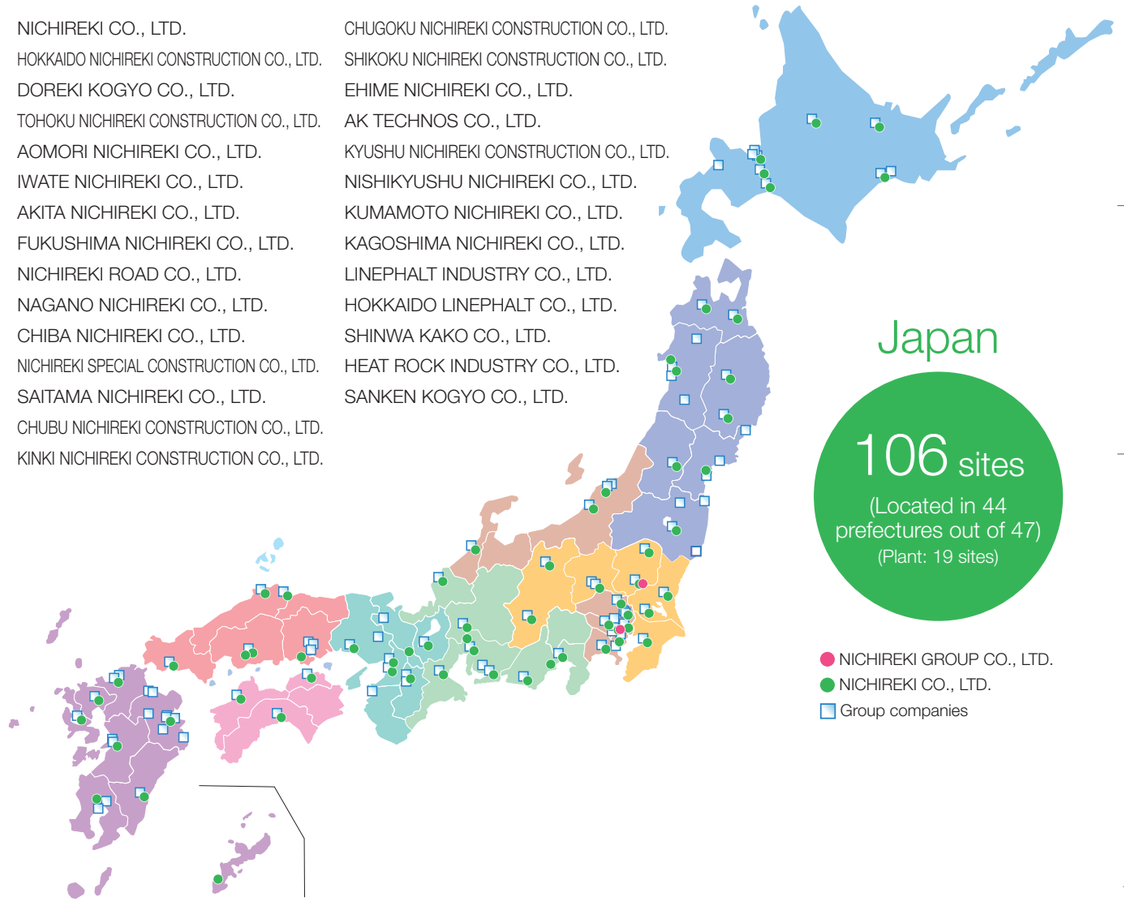
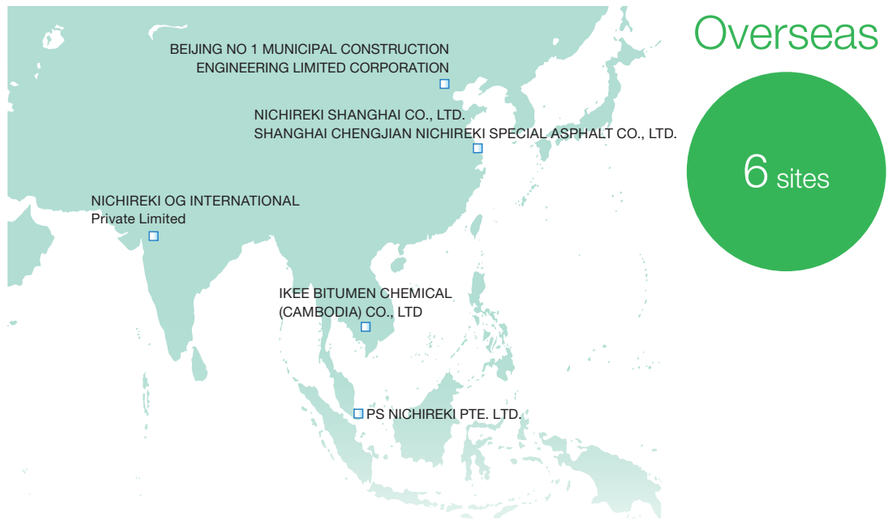
	Number of shares held (Thousand shares)	Shareholding ratio (%)
MAPLES TRUSTEE SERVICES (CAYMAN) LIMITED (ACTING IN ITS CAPACITY AS TRUSTEE OF DUET)/GZ-1	2,873	9.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,733	9.32
THE SFP VALUE REALIZATION MASTER FUND LTD.	1,628	5.55
Mizuho Bank, Ltd.	1,108	3.78
Sumitomo Mitsui Trust Bank, Limited	1,045	3.56
Nichireki Business Partners Shareholding Association	818	2.79
Custody Bank of Japan, Ltd. (Trust Account)	690	2.35
Ikeda Museum of 20th Century Art	630	2.15
MUFG Bank, Ltd.	529	1.81
Nichireki Employees Shareholding Association	528	1.80

* Excluding 2,357,417 treasury shares
The treasury shares were excluded from the calculation of shareholding ratio.

Stock price trends



Global Network (As of August 31, 2025)

Group companies

NICHIREKI CO., LTD.
HOKKAIDO NICHIREKI CONSTRUCTION CO., LTD.
DOREKI KOGYO CO., LTD.
TOHOKU NICHIREKI CONSTRUCTION CO., LTD.
AOMORI NICHIREKI CO., LTD.
IWATE NICHIREKI CO., LTD.
AKITA NICHIREKI CO., LTD.
FUKUSHIMA NICHIREKI CO., LTD.
NICHIREKI ROAD CO., LTD.
NAGANO NICHIREKI CO., LTD.
CHIBA NICHIREKI CO., LTD.
NICHIREKI SPECIAL CONSTRUCTION CO., LTD.
SAITAMA NICHIREKI CO., LTD.
CHUBU NICHIREKI CONSTRUCTION CO., LTD.
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