

# Financial Results for the 2<sup>nd</sup> Quarter of FY3/25



November 28, 2024  
NICHIREKI GROUP CO., LTD.  
(TSE Prime, Stock Code: 5011)

A leading company in creating 'roads'  
which contributes to the society through creating 'roads'

# “Sow the Seeds”



## “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 of the Nichireki Group)

# Corporate philosophy



## Corporate philosophy of Nichireki Group

### Basic philosophy (Spirit of sowing the seeds)

**Sowing the seeds, giving them water, letting them flower,**  
Continuously creating new business through the accumulation of unceasing effort

### Management philosophy

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

- ① **We will supply road paving materials and their corresponding construction methods to satisfy requirements for outstanding functionality and cost.**
- ② **We will offer advanced consulting that watches vigilantly over roads, which are the common assets of the people.**
- ③ **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 stockholders 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.

# Transition to a Holding Company Structure



[Until September 2024]

**NICHIREKI CO., LTD.**  
(Spin-off company)

- Applied and Processed Asphalt Products Business
- Road Paving Business

NICHIREKI Split  
Preparation Co., Ltd.  
(Successor company)

Established in April  
2024

Subsidiary

Subsidiary

Subsidiary



Absorption-type  
Company Split

[From October 2024]

Change of trade name

(From June 2024: Company with Audit and  
Supervisory Committee)

**NICHIREKI GROUP CO.,LTD.**  
(Spin-off company)

Planning and drafting of group management strategies,  
management and supervision of group companies, group-  
wide operations, etc.

[Holding Company]  
• Strategy planning  
• Business  
management

Change of  
trade name

**NICHIREKI CO.,LTD.**  
(Successor company)

- Applied and Processed  
Asphalt Products Business
- Road Paving Business

Subsidiary

Subsidiary

Subsidiary

[Operating  
Companies]  
• Business execution

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# I. Overview of Q2 FY3/25 Financial Results

# Financial Highlights I (Business Environment)



## Business Environment Surrounding Our Group

- ◆ Public investment remained firm due to continued measures for disaster prevention, disaster mitigation, and national resilience.
- ◆ Construction material prices remained high, and labor costs rose
- ◆ Rising prices and volatility in the financial markets
- ◆ Concerns about geopolitical risks, such as the prolonged situation in Ukraine and the growing tension in the Middle East

# Financial Highlights II (Consolidated Business Results)

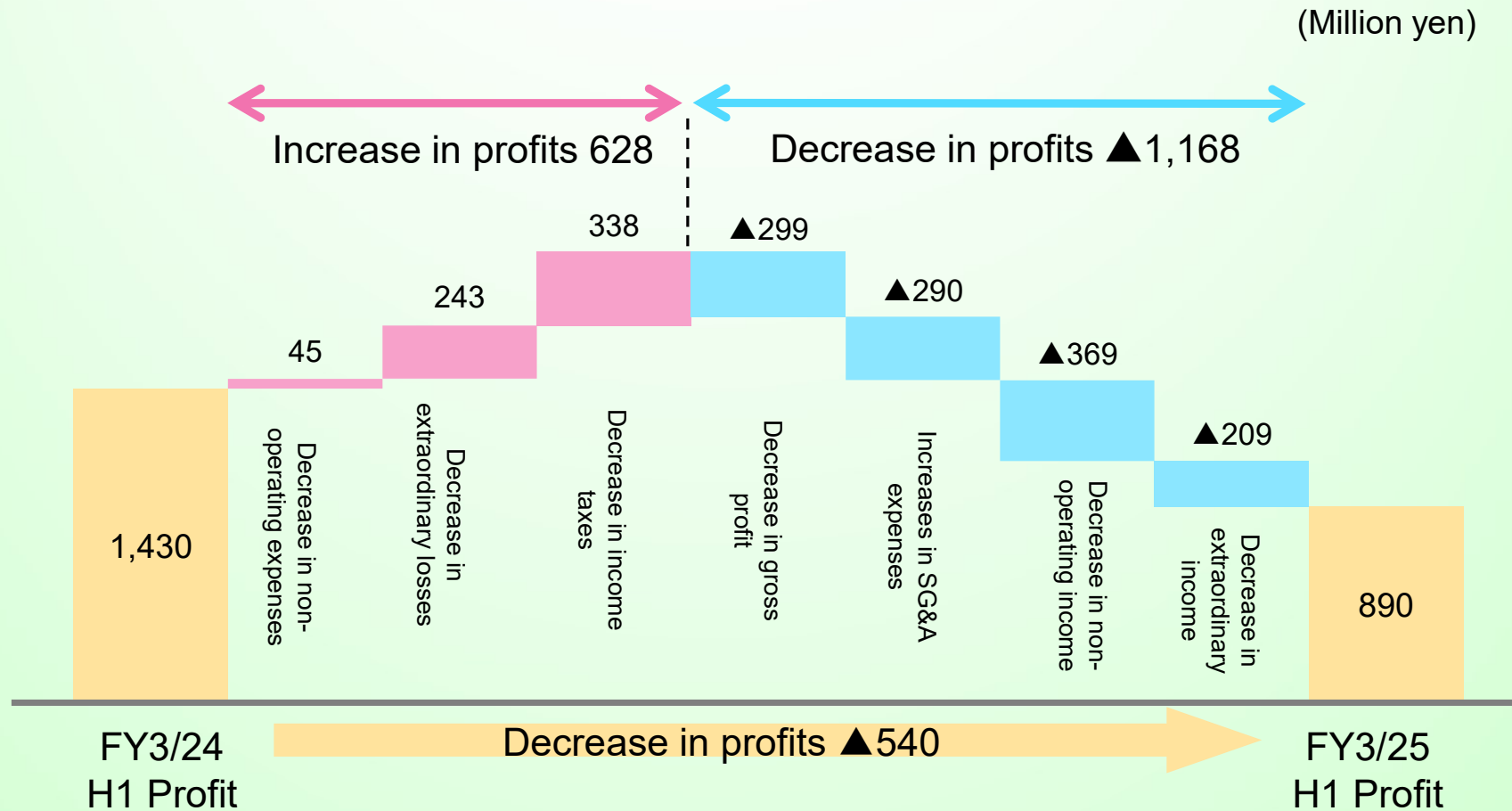


(Million yen)

	FY3/24 H1	FY3/25 H1	YoY change (%)
Net sales	32,285	32,012	▲0.8% ↓
Gross profit	7,123	6,824	▲4.2% ↓
SG&A expenses	5,205	5,495	5.6% ↑
Operating profit	1,918	1,329	▲30.7% ↓
Ordinary profit	2,351	1,438	▲38.8% ↓
Profit attributable to owners of parent	1,430	890	▲37.8% ↓



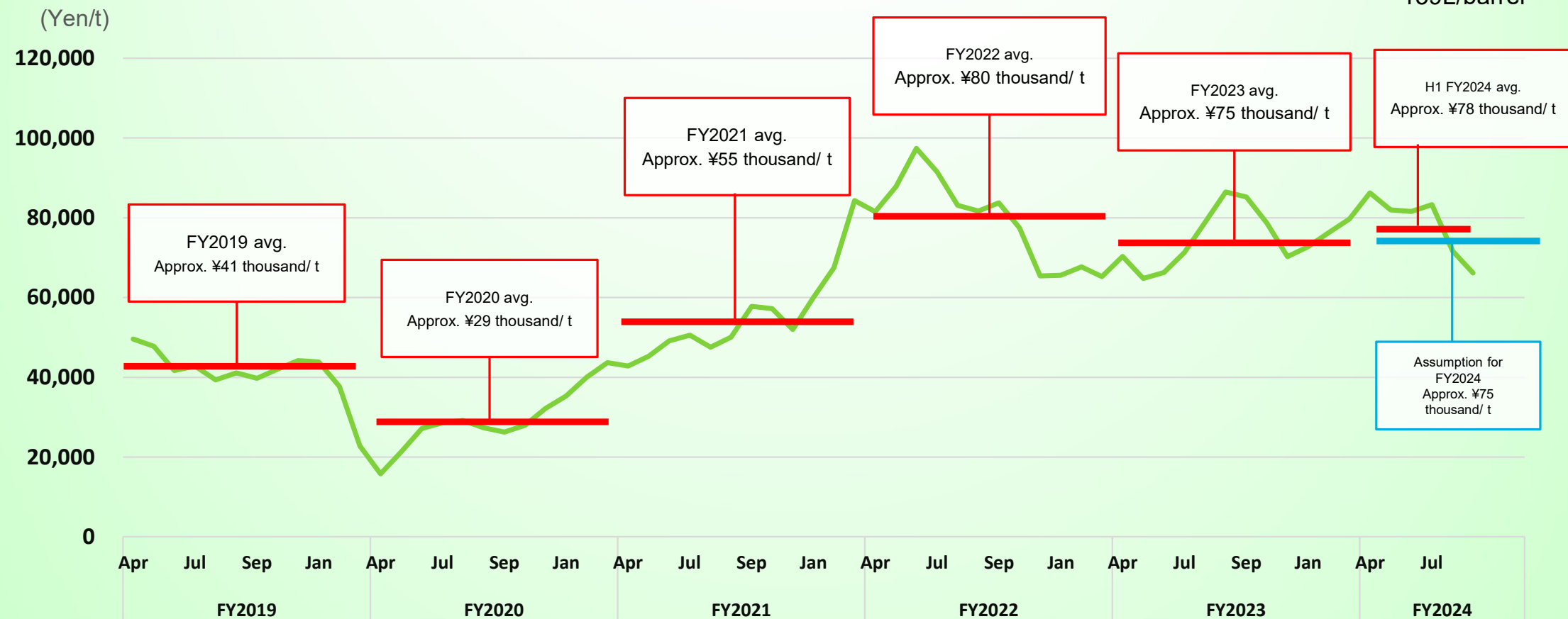
# Analysis on Changes in Profit



# Reference: Dubai Crude Oil Prices (Yen/t)



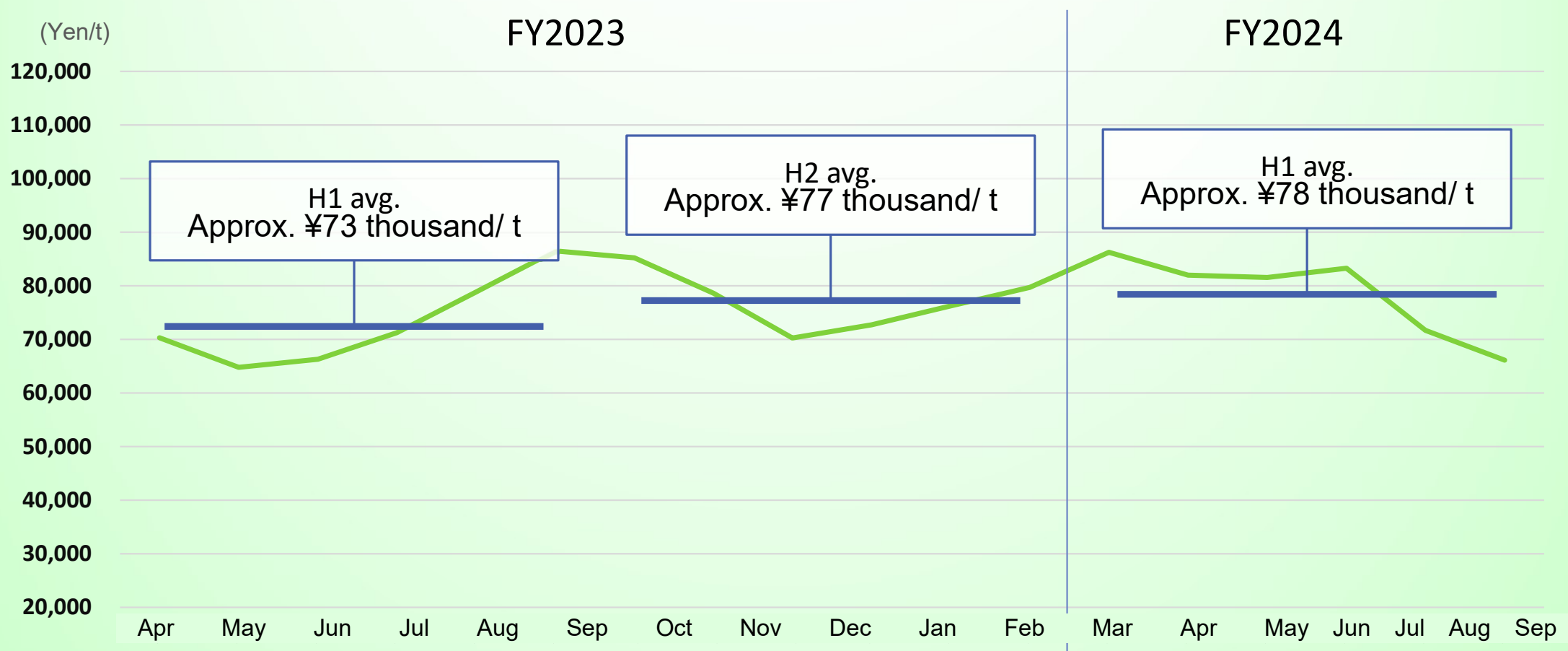
\*159L/barrel



# Reference: Dubai Crude Oil Prices (Yen/t)



\*159L/barrel



## Financial Highlights Ⅲ (Business Activities by Segment)



### **Applied and Processed Asphalt Products Business**

- ◆ Respond to raw material prices that continue to remain high
- ◆ Further strengthen activities to design and receive orders for high value-added products with longer life, higher performance, and reduced environmental impact

### **Road Paving Business**

- ◆ Propose construction methods related to disaster prevention, mitigation, and national land resilience to increase the number of orders
- ◆ Steady execution of the construction

# Financial Highlights IV (by Segment)



(Million yen)

	Applied and Processed Asphalt Products Business			Road Paving Business		
	FY3/24 H1	FY3/25 H1	YoY change	FY3/24 H1	FY3/25 H1	YoY change
Segment sales	12,296	12,156	▲1.1% ↓	19,834	19,689	▲0.7% ↓
Segment profit	2,387	2,055	▲13.9% ↓	1,265	1,056	▲16.5% ↓
Segment profit margin	19.4%	16.9%	▲2.5pt ↓	6.4%	5.4%	▲1.0pt ↓

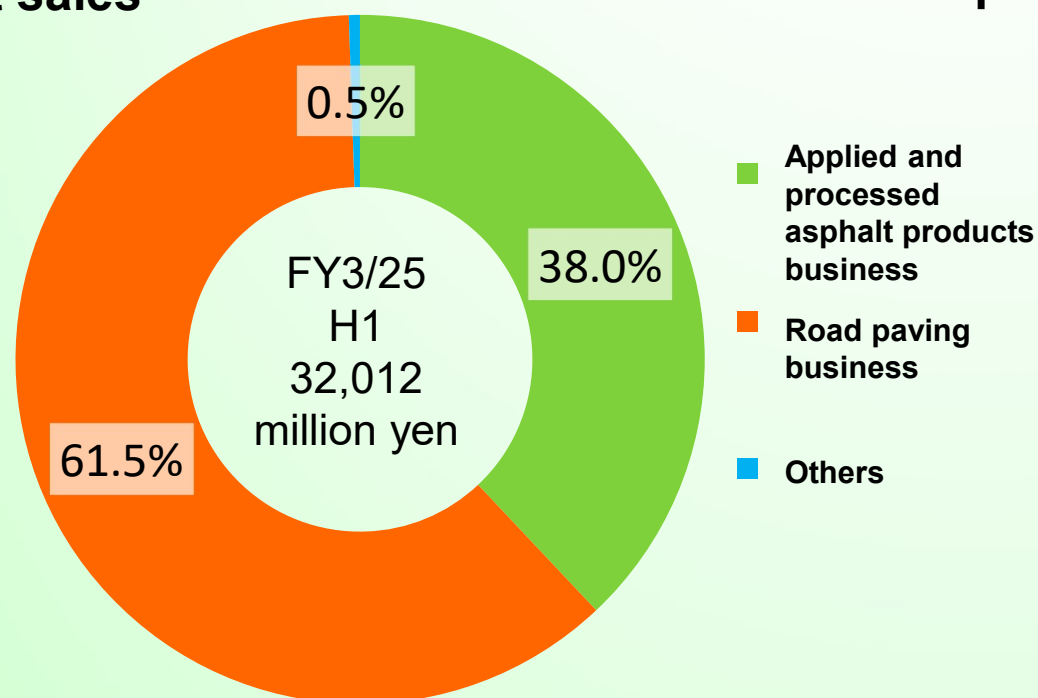
\*Segment sales in the Applied and Processed Asphalt Products Business refer to sales to external customers.

\*Segment profit is the amount before eliminating inter-segment transactions and adjusting for company-wide expenses.

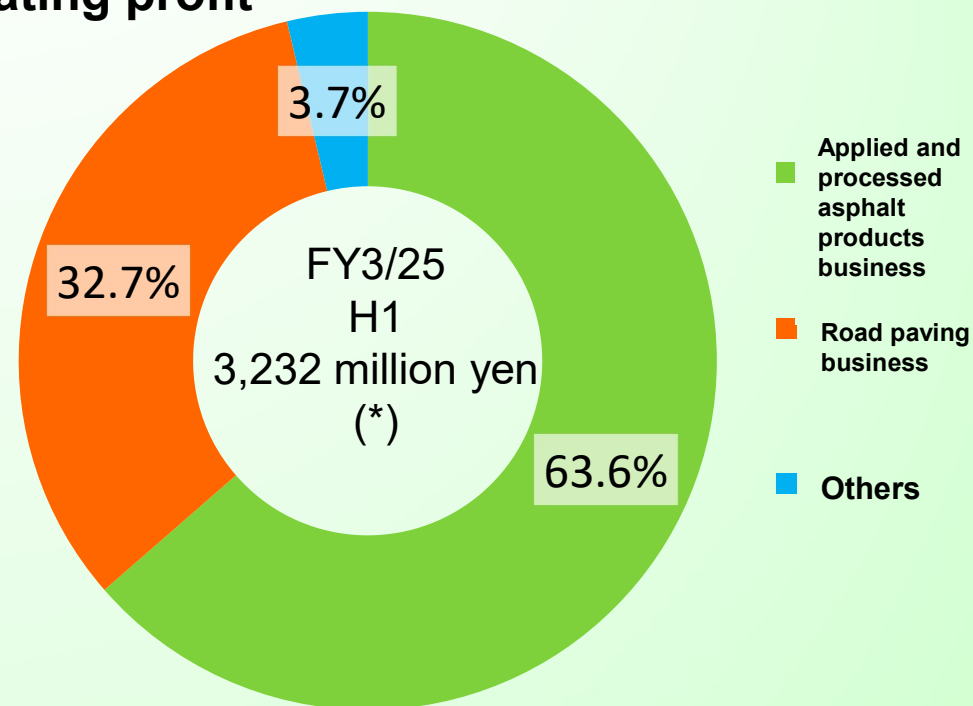
# Ratio of Operating Results by Segment



## Net sales



## Operating profit

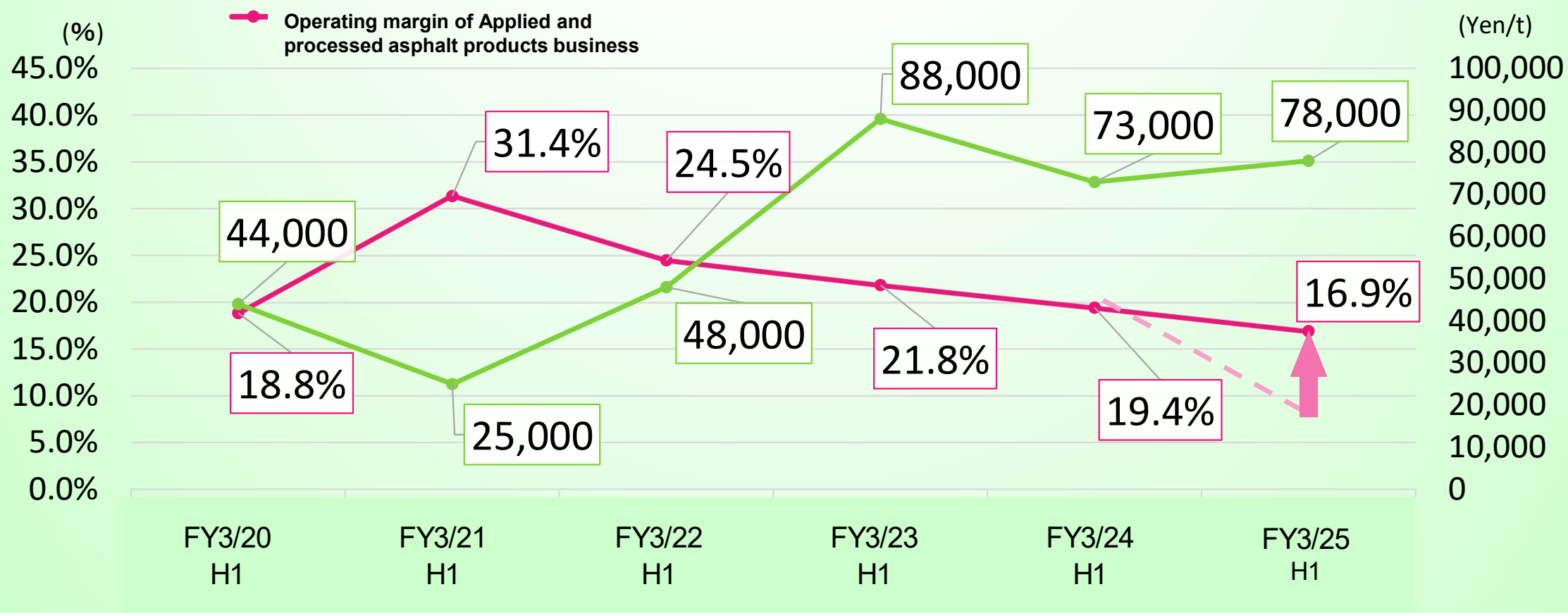


\*: Amount before adjustment of 1,902 million yen, which includes elimination of inter-segment transactions and corporate expense

# Changes in Operating Margin and Dubai Crude Oil Prices (Avg.)



## ◆ Considering the impact of exchange rates



# Balance Sheet (September 30, 2024)



\*: Figures in brackets indicate increase/decrease for end-FY3/24

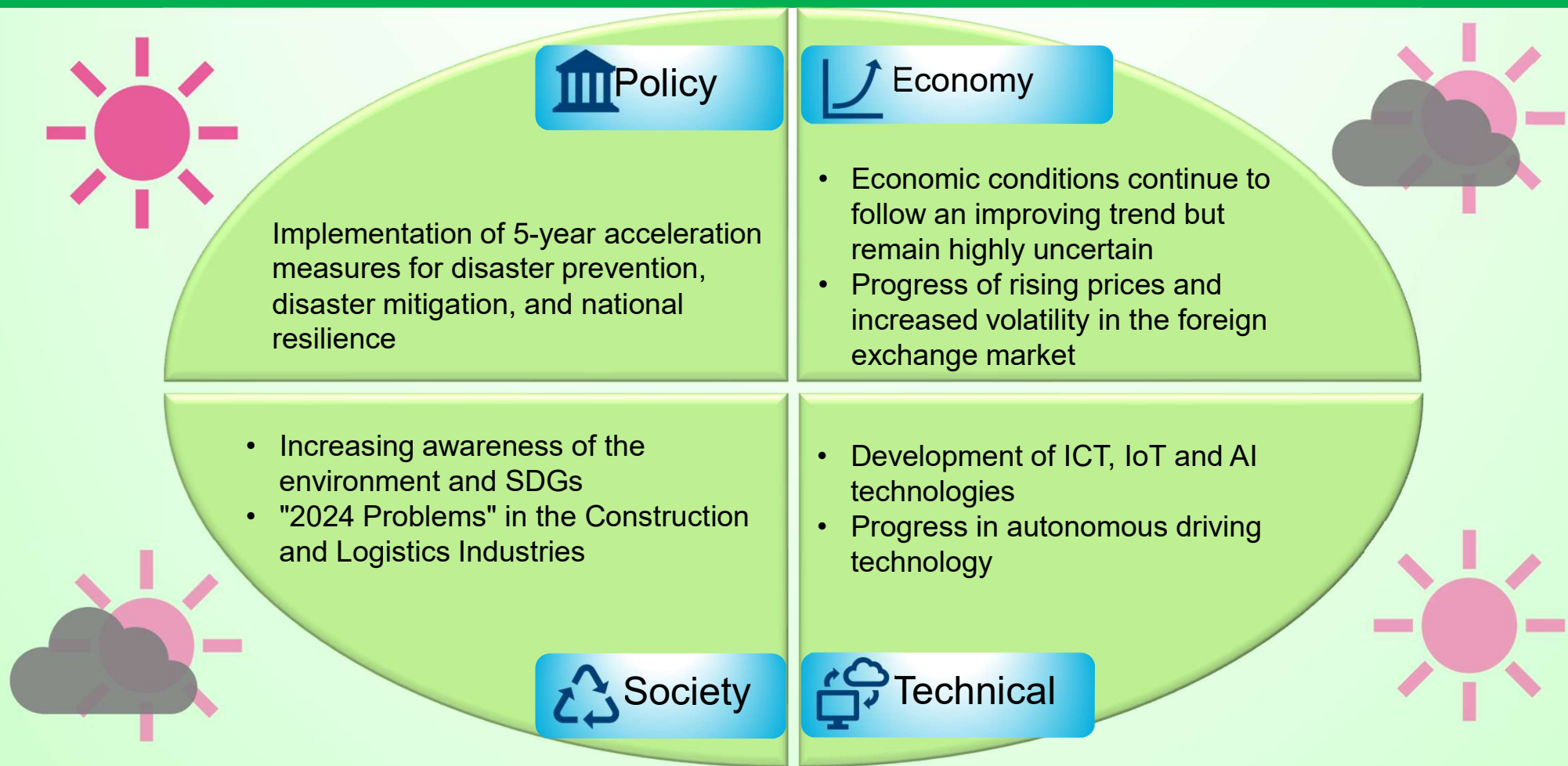
(Million yen)

<b>Assets</b> <b>90,456</b> <b>(▲4,638)</b>	<b>Current assets</b> <b>40,478</b> <b>(▲9,085)</b>	<b>Current liabilities</b> <b>13,917</b> <b>(▲3,947)</b>	<b>Liabilities</b> <b>16,225</b> <b>(▲4,032)</b>
		<b>Fixed liabilities 2,307 (▲85)</b>	
	<b>Fixed assets</b> <b>49,977</b> <b>(+4,447)</b>	<b>Net assets</b> <b>74,231</b> <b>(▲605)</b>	



## Ⅱ . Business Forecasts for FY3/25

# External Environment Surrounding Our Group



# Full-Year Business Forecasts (Consolidated)

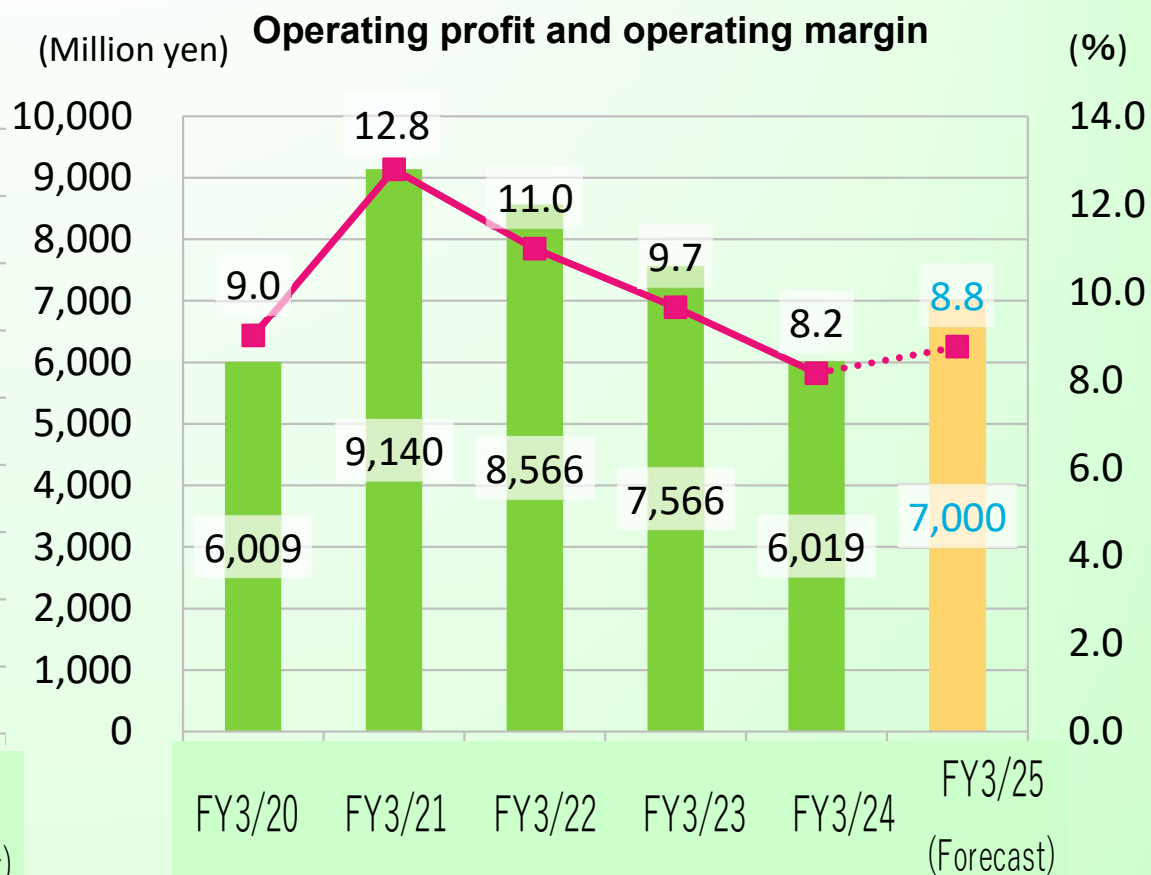
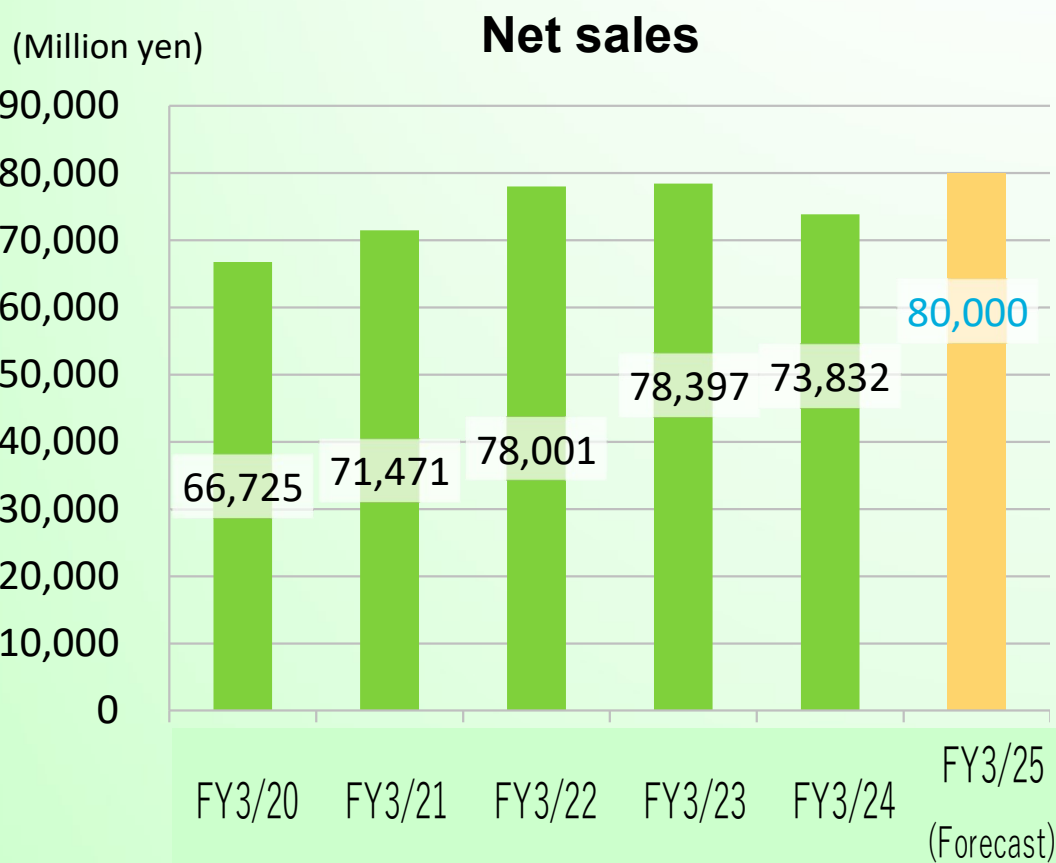


(Million yen)

	FY3/24 Result	FY3/25 Forecast	YoY pct. change
Net sales	73,832	80,000	8.4%
Operating profit	6,019	7,000	16.3%
Ordinary profit	6,390	7,200	12.7%
Profit attributable to owners of parent	4,488	4,600	2.5%

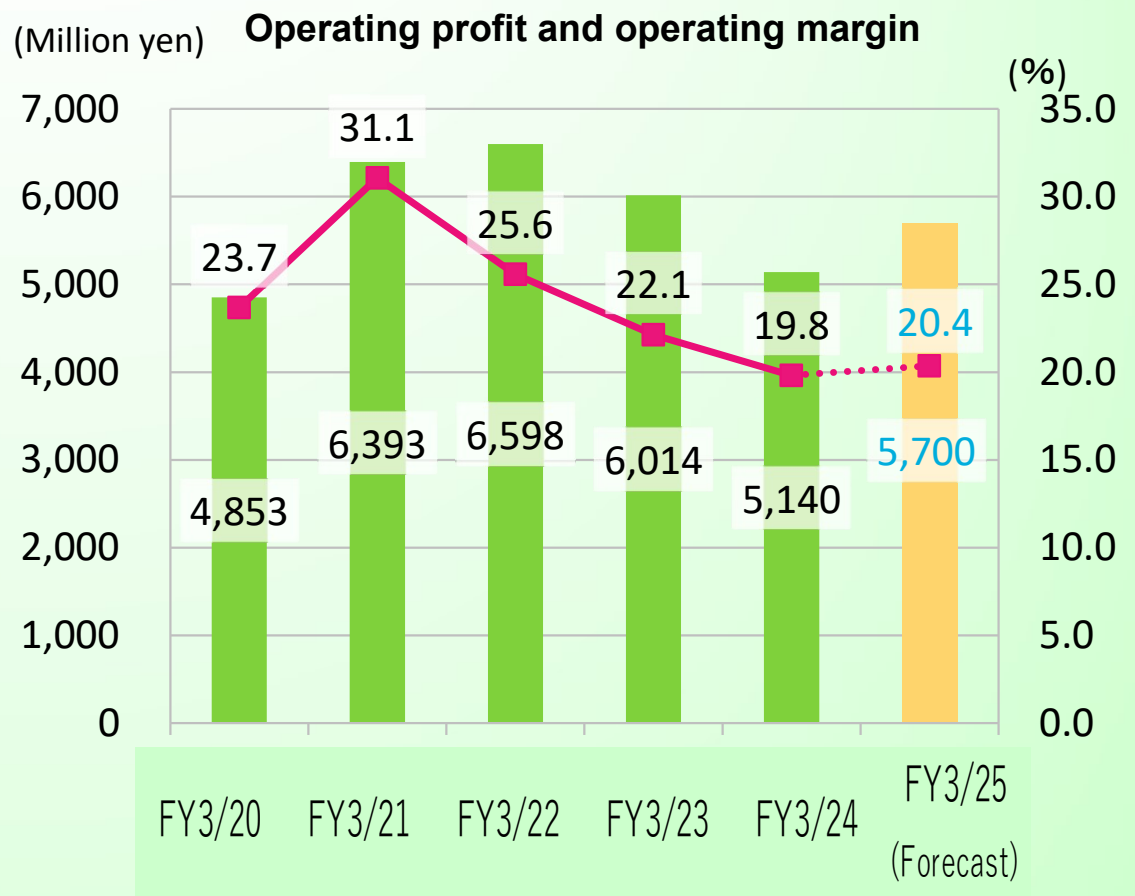
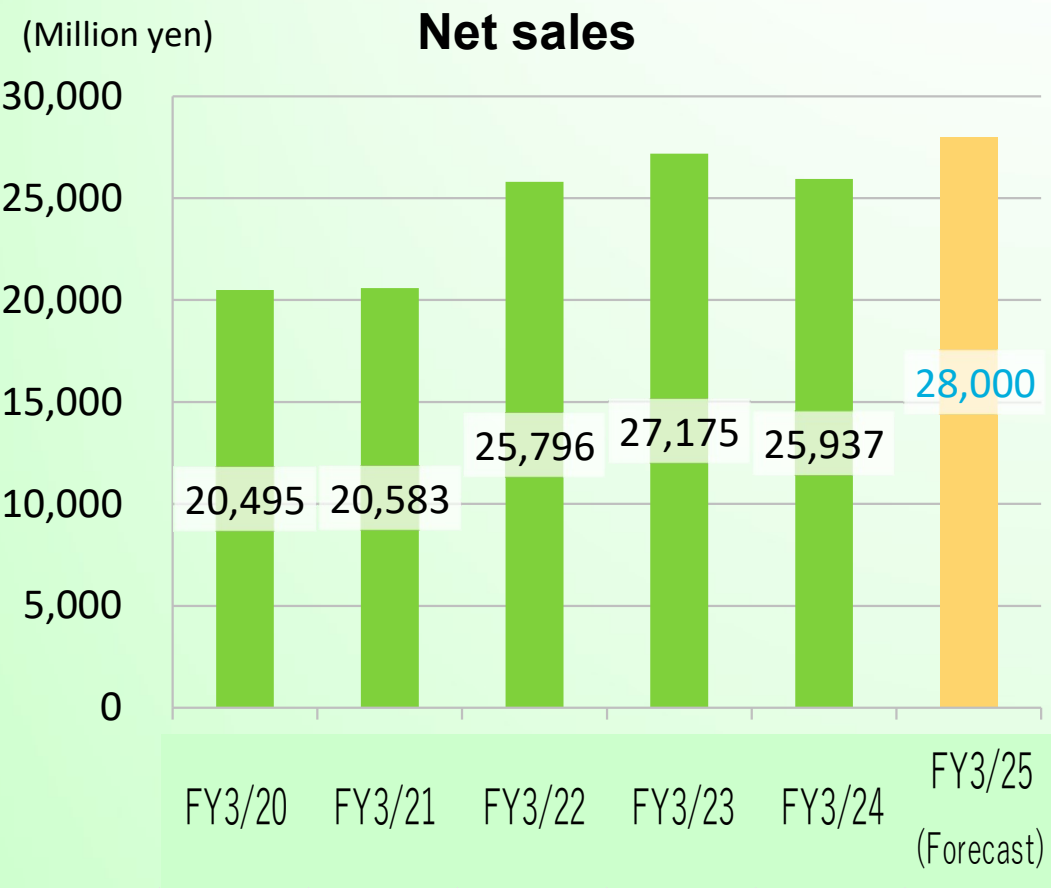
\*Assumed crude oil price: \$80 per barrel, exchange rate: 150 yen per dollar

# Full-Year Business Forecasts (Changes)

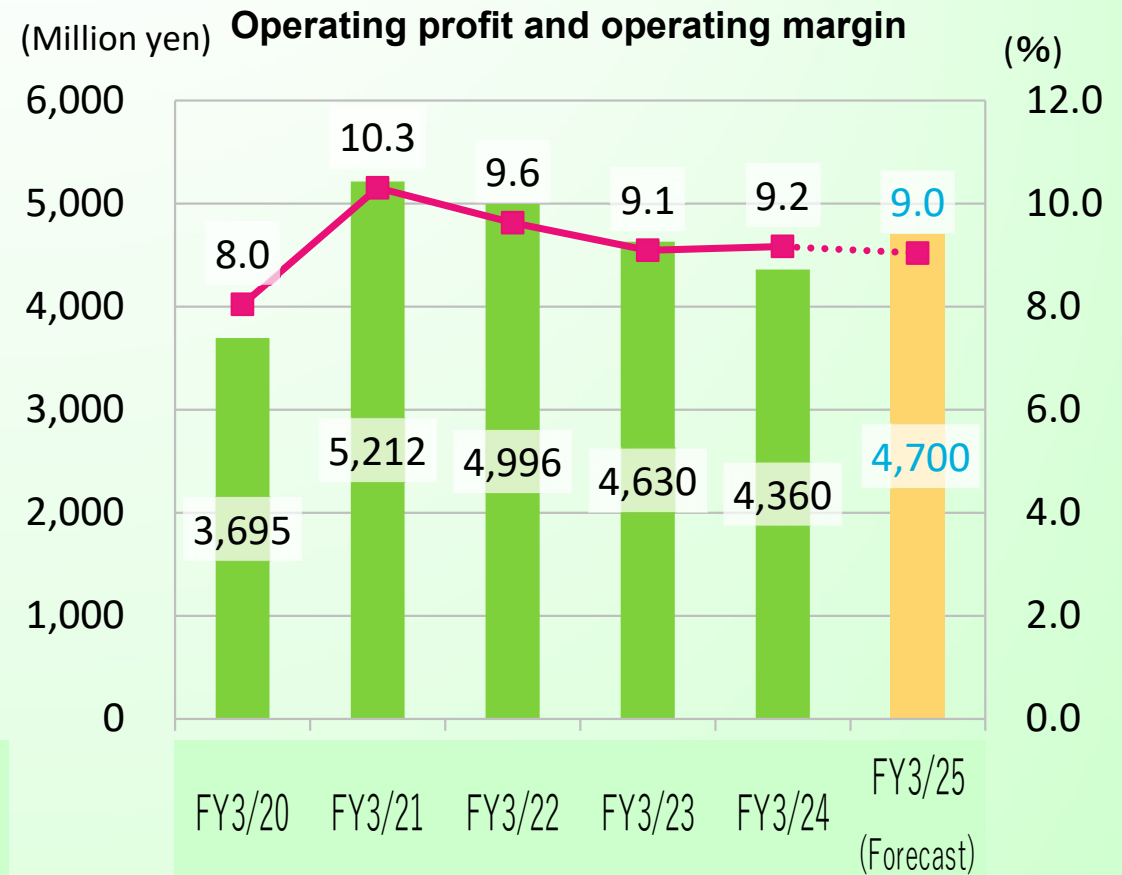
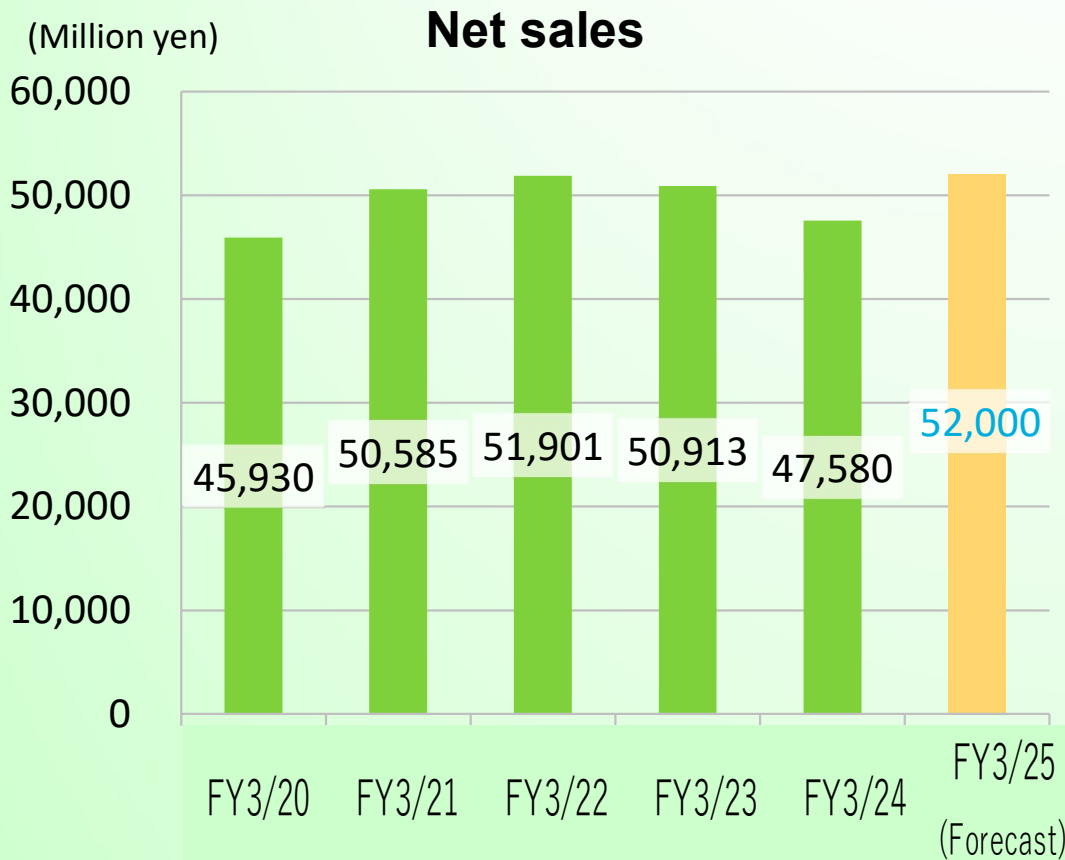


# Business Forecasts by Segment

## (Applied and Processed Asphalt Products Business)



# Changes in Operating Results by Segment (Road Paving Business)

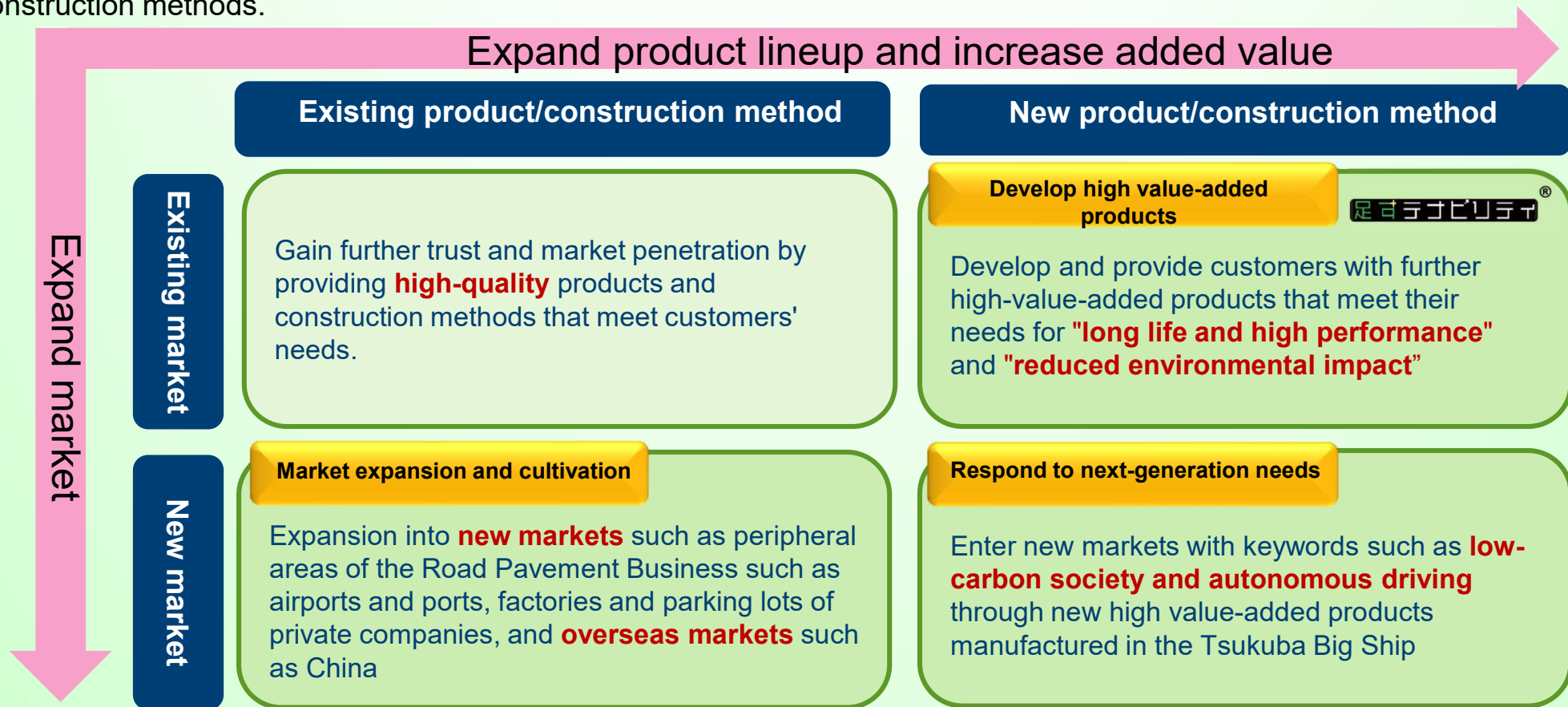


## III. Future Outlook

# Growth Strategy of NICHIREKI Group



Aim for further **growth** by leveraging **R&D capabilities** to expand markets and develop high value-added products and construction methods.





# Thermal Barrier Pavement Construction on Yasukuni Street



Construction in FY2023  
(Photo taken when completed in December 2023)



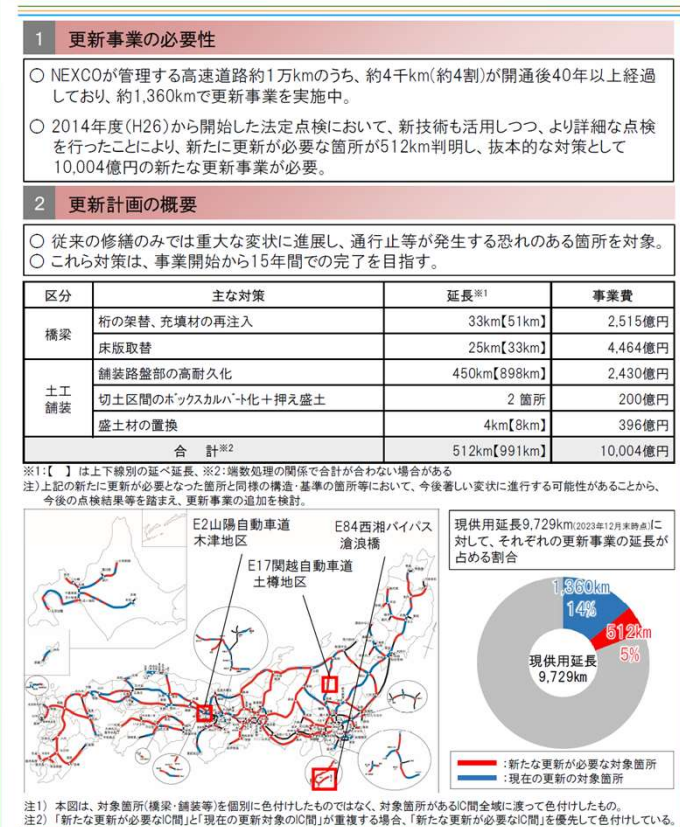
Construction in FY2024  
(Photo taken in October 2024 when construction was underway)

# Expressway Repair by High-Modulus Asphalt Mixture (HiMA)



◆NEXCO East Japan, Central Japan and West Japan have started to apply a new **High-Modulus Asphalt Mixture (HiMA)** to the upper layer of the roadbed in their expressway renewal projects.

◆Plan to invest 243 billion yen over the next 15 years to make paving roads more durable



East Japan Expressway Company Limited, Central Japan Expressway Company Limited and West Japan Expressway Company Limited  
"Renewal Plan for East, Central and West Japan Expressways" (January 16, 2024)  
<https://www.mlit.go.jp/policy/shingikai/content/001718025.pdf>

# Development of **CONNECTPHALT** (High-Modulus Asphalt for Upper Roadbeds)

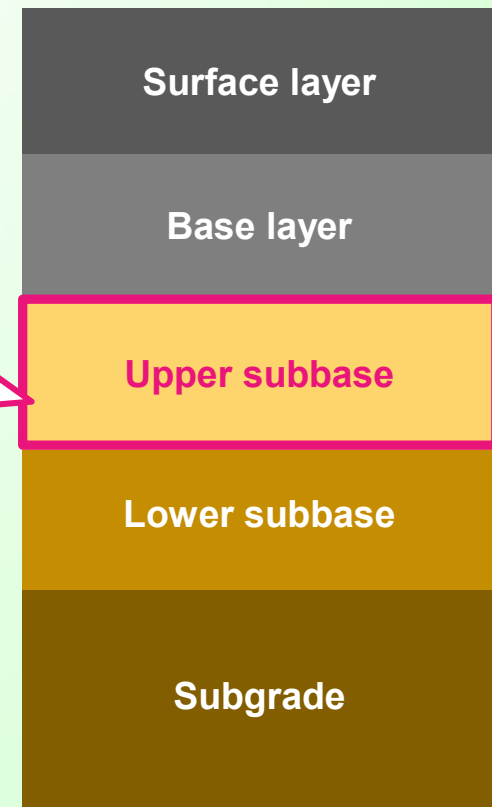


- ◆ We have developed **CONNECTPHALT (High-Modulus Asphalt for Upper Roadbeds)**, a modified asphalt that meets the standards for **High-Modulus Asphalt Mixture (HiMA)** specified in the "Design and Construction Management Guidelines for High-Modulus Asphalt Mixtures for Upper Roadbed (April 2024)" by NEXCO East Japan, Central Japan, and West Japan.

HiMA

- ◆ In the expressway where the roadbed is damaged by long-term service, HiMA with increased stiffness, water resistance, and fatigue resistance is used for the upper roadbeds to improve the durability of the pavement.

Composition of asphalt pavement





# Earthquake-resistant Pavement

- ◆ Combines highly durable asphalt pavement with earthquake-resistant roadbed  
In addition, by designing the joints to prevent water from entering, it is possible to expect a pavement that is more resistant to disasters.

➡ **Minimize damage caused by the earthquake and secure routes for relief activities in the event of a disaster**



Pitta-to L-type waterproofing tape



SUPER SHINAYAKAPHALT



SUPER CONTAINERPHALT



STABI-CEMENT RC Construction Method

Highly durable asphalt pavement

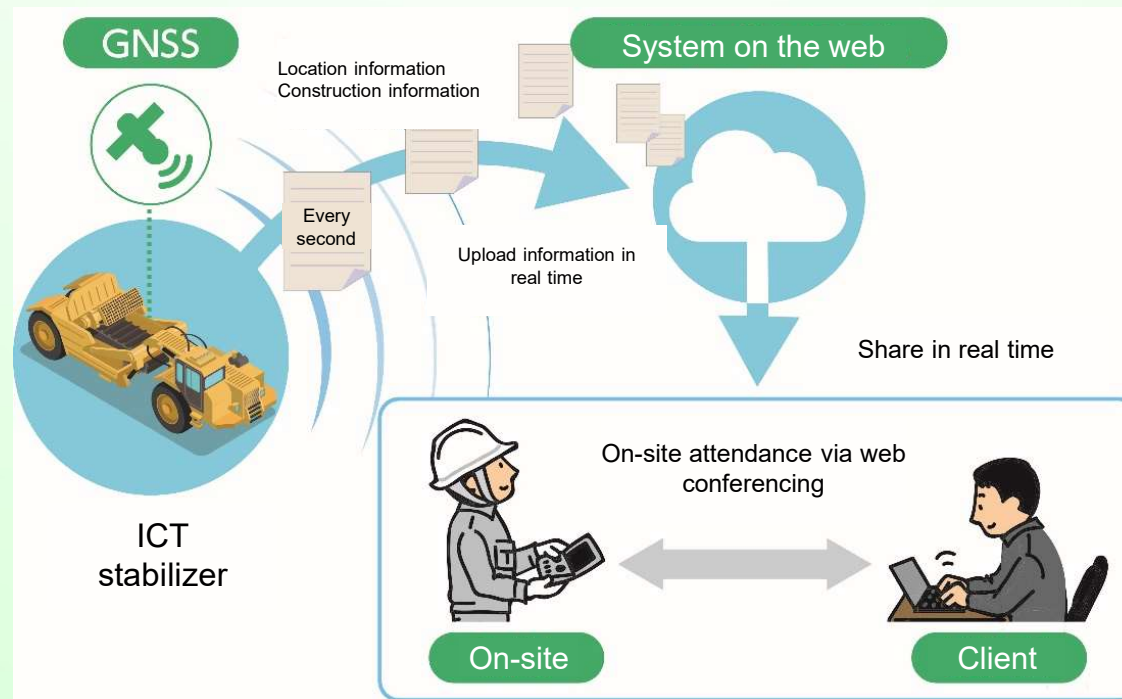
Highly durable asphalt pavement

Molded joint sealing

Earthquake-resistant roadbed  
(Roadbed for stabilization treatment of cement and asphalt emulsions)

# Smart Stabilizer Monitoring System

◆ The STABI-CEMENT RC Construction Method using ICT stabilizers contributes to the further longevity of pavements by increasing construction accuracy and enabling the construction of higher quality roadbeds.



Click here for details  
(Youtube channel: Kinki Regional Development Bureau)



# Received the Excellence Award at the 26th National Land Technology Development Awards



◆ July 31, 2024

Metropolitan Expressway Company Limited and NICHIREKI won the Excellence Award for the 26th National Land Technology Development Award for the development of “high-durability ultra-low noise pavement (\*)”

\* pavement with a surface layer of a small particle size porous asphalt mixture with following characteristics;

- *Economical: Low fuel consumption, low life-cycle cost*
- *Eco-friendly: Ultra-low noise, reduced CO2 emissions*
- *Safety: Pothole prevention, reduced water spray and slip risk*

(From left)

Mr. Kuraji, Metropolitan Expressway Company Limited

Mr. Saito, Minister of Land, Infrastructure, Transport and Tourism (former)

Mr. Obata, President of our company



# Received the Infrastructure Maintenance Challenge Award from the Japan Society of Civil Engineers



◆ February 28, 2024

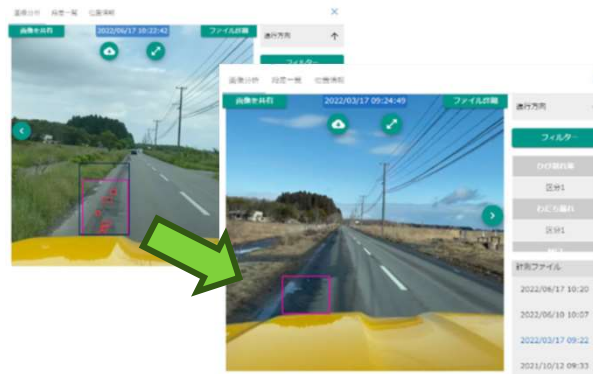
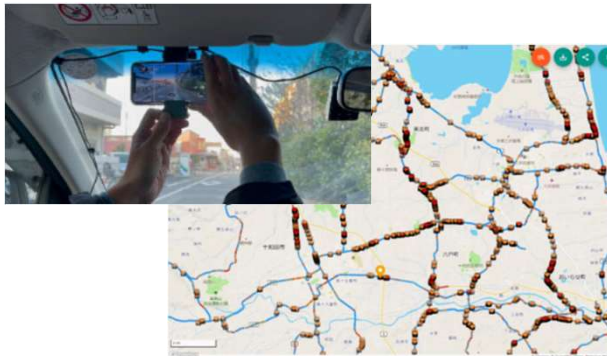
Our company's joint initiative with Aomori Prefecture using **GLOCAL-EYEZ** won the Infrastructure Maintenance Challenge Award from the Japan Society of Civil Engineers.

## Developing AI-based pavement inspection systems aimed at establishing preventive maintenance for pavements

Timely and unified understanding of the status of paving damages in the entire prefecture through GLOCAL-EYEZ

Developed an AI that can predict pothole formation by learning images of pot holes before and after they occur

Preventive maintenance is carried out before pot holes occur based on AI prediction results.





# About the Tsukuba Big Ship Project



- ◆ We aim to start the construction of the "Tsukuba Big Ship" project, which has been postponed, in the current fiscal year.



Improve production capacity

Manufacture high value-added products

Function as a "construction center" in the Tokyo metropolitan area

Realize environmentally friendly production and logistics

Improve efficiency of logistics management

Strengthen BCP (Business Continuity Plan) functions



# Response to Construction and Logistics 2024 Problems



## [Construction site]

- ◆ Use of construction robots
- ◆ Remote on-site inspection
- ◆ Data sharing and work sharing between sites and offices using the cloud system
- ◆ Automatic preparation of documents to be submitted to public agencies, etc.

## Construction and Logistics 2024 Problems

Termination of grace period for the upper limit of overtime work

## [Production and logistics sites]

- ◆ Automation of plant equipment
- ◆ Various DX measures for logistics system, etc.
- ◆ Rationalization of logistics through network utilization

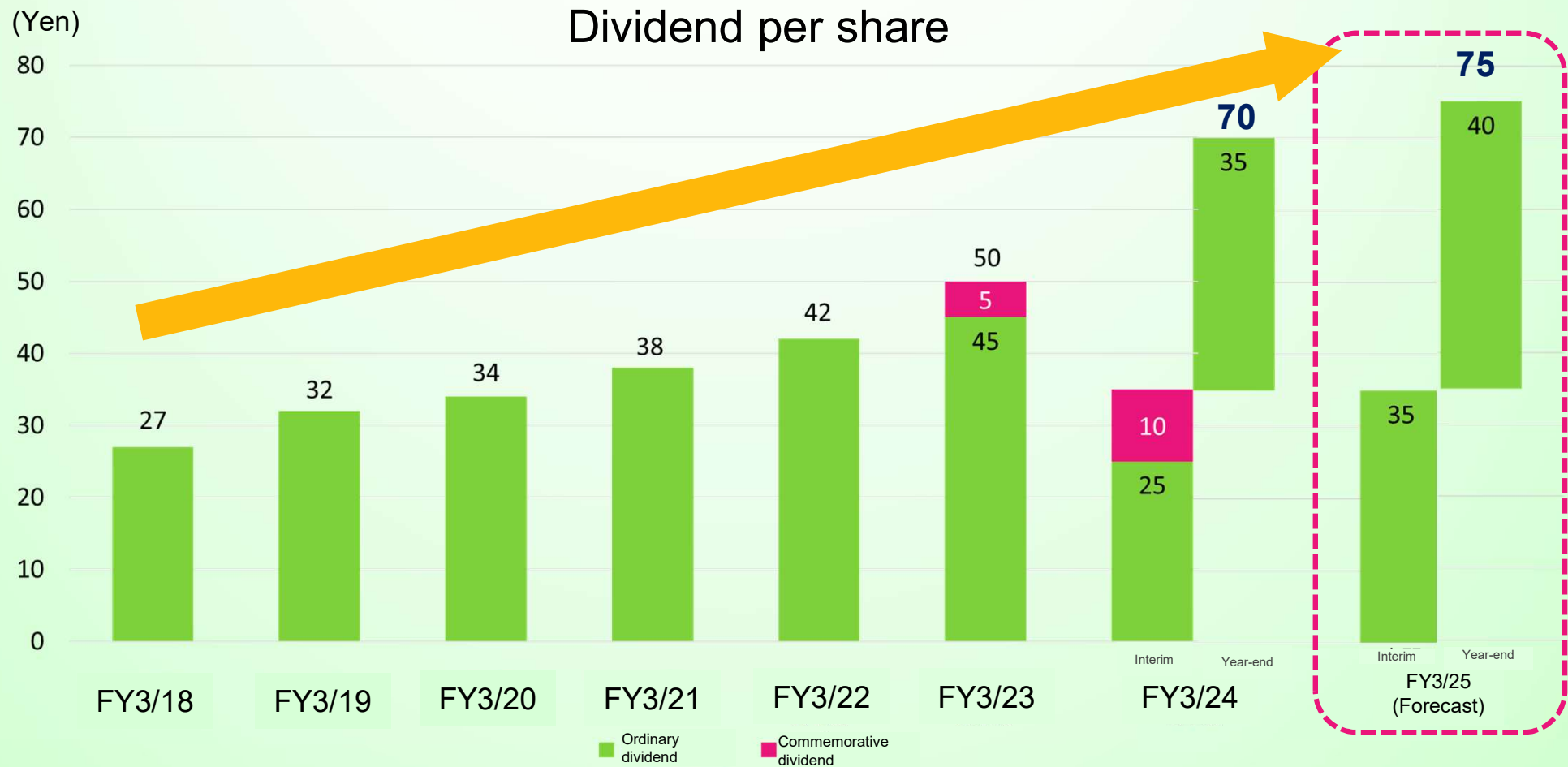
## [All companies]

- ◆ Conversion of groupware and business systems to cloud computing
- ◆ Use of video conferencing
- ◆ Expansion of mobile PCs

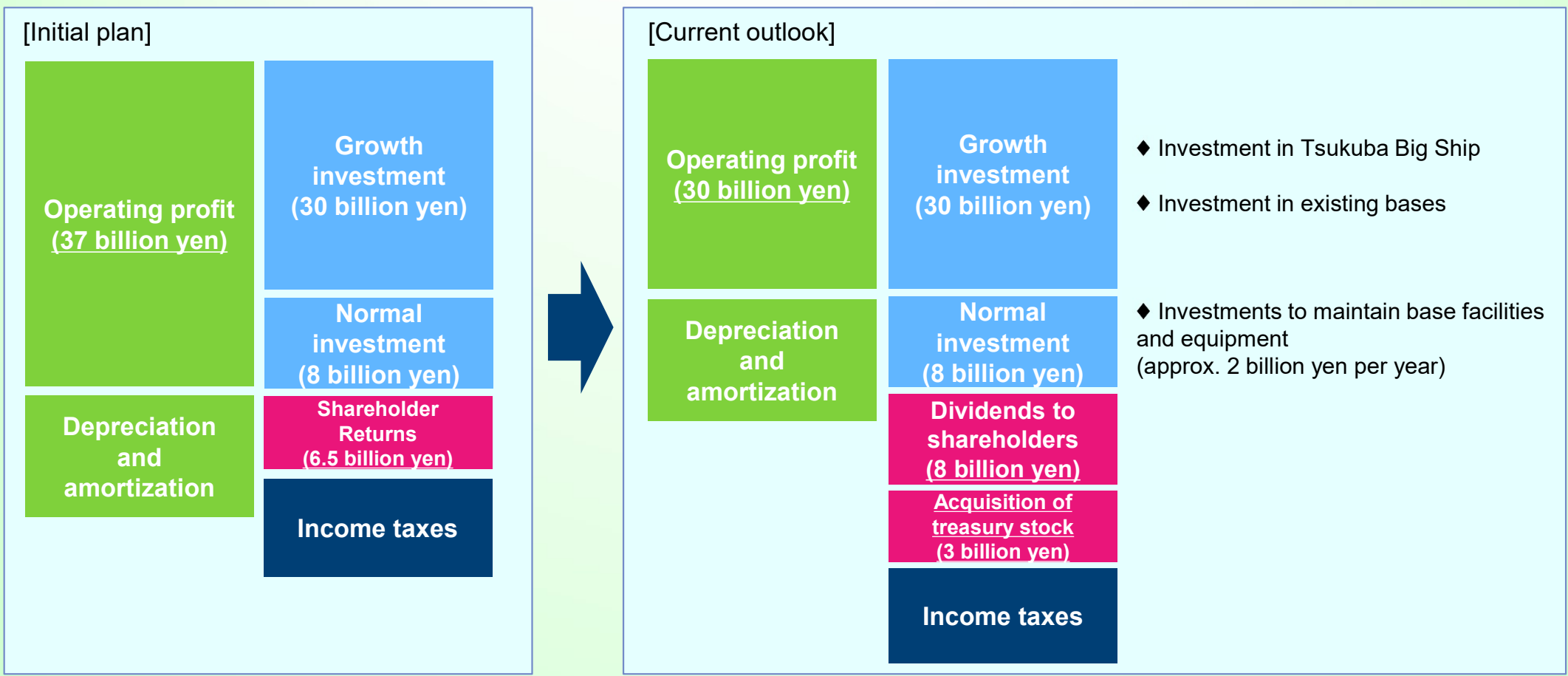
**Tsukuba Big Ship Project: Capital and business alliance with ITOCHU ENEX CO., LTD. to further improve productivity and improve logistics efficiency**

## IV. Capital Policy

# Dividend Forecast and Changes



# Cash Allocation (4 years from FY2022 to FY2025 )



# Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Summary)



## Analysis of the current situation

### [Return on capital]

- From FY2020 onwards, we achieved a higher level of ROE and profit than before.
- In recent years, our company has stepped up shareholder returns. Dividends per share increased significantly from 32 yen per share in FY2018 to 75 yen per share in FY2024 (forecast). From FY2022 to FY2023, we also acquired treasury stock, greatly improving the total return ratio.

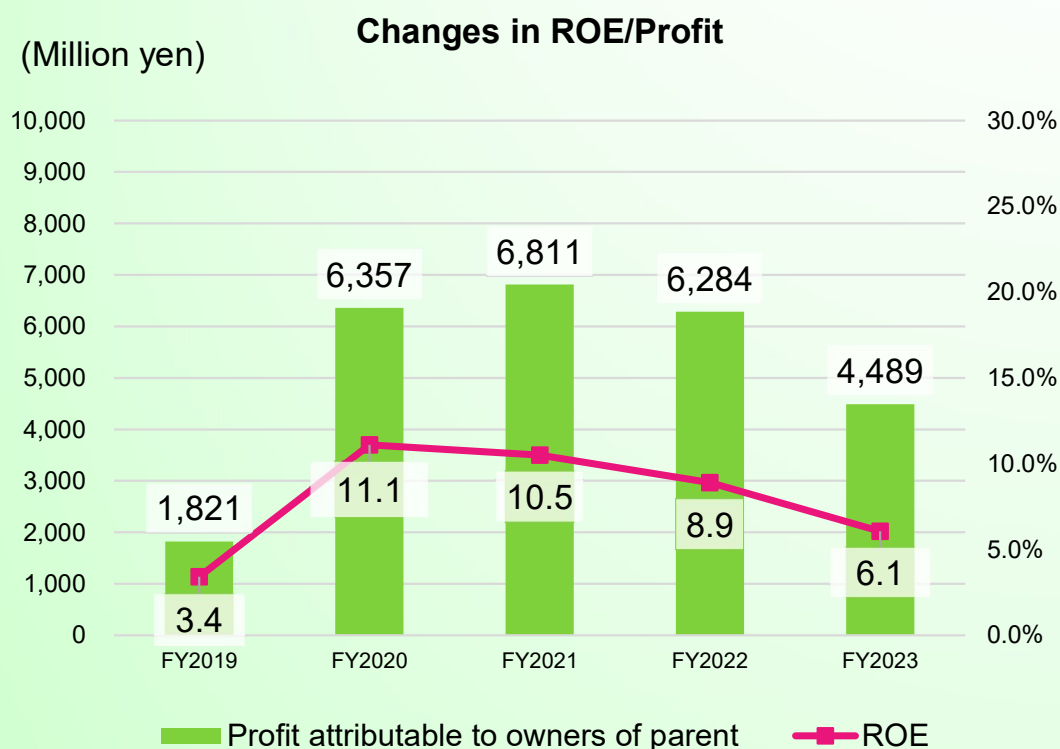
### [Market evaluation]

- PBR had been in the range of 0.55x to 0.80x in recent years, mainly due to the slump in PER, but the upward trend became evident in FY2023 and rose nearly 1-fold in H1 of FY2024.

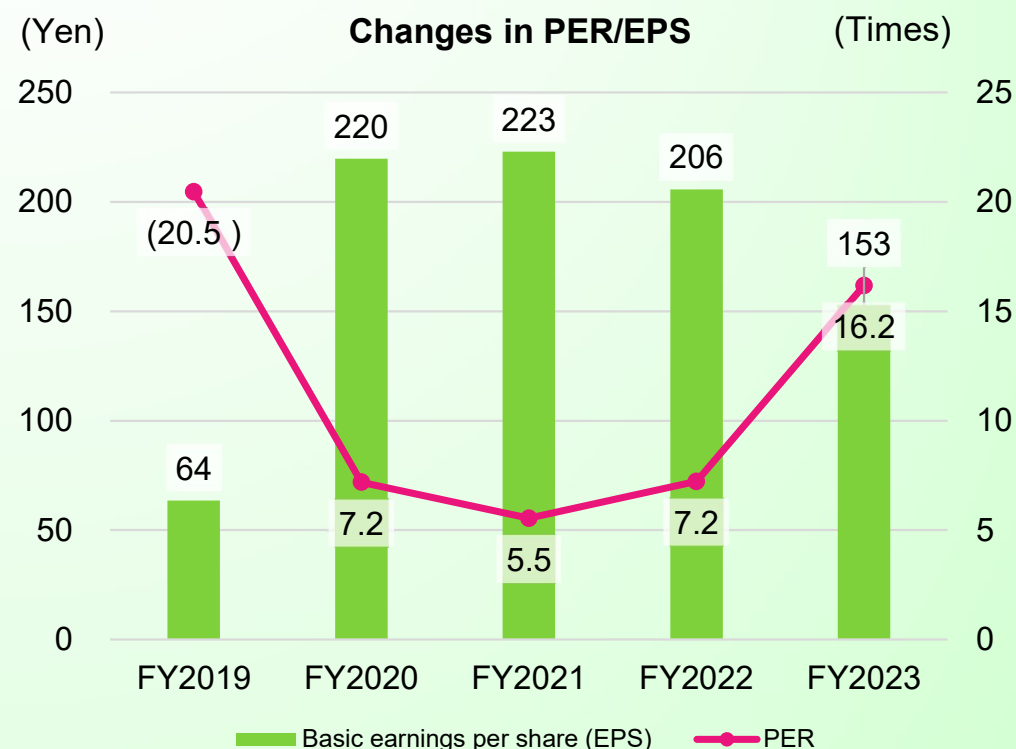
## Initiatives

- In order to increase our corporate value, we need to steadily implement the various measures formulated in the current medium-term management plan "Shinayaka 2025" to obtain a sufficient evaluation from the stock market for the stability of earnings and growth potential over the medium-to-long term. At the same time, we need to continuously strengthen our profitability and improve capital efficiency, thereby reducing the cost of capital.

# Analysis of Current Conditions (Trends in Profit, ROE and PER)



◆ Since FY2020, we have established a system that enables us to stably achieve 1-level higher levels of ROE and profit than before.

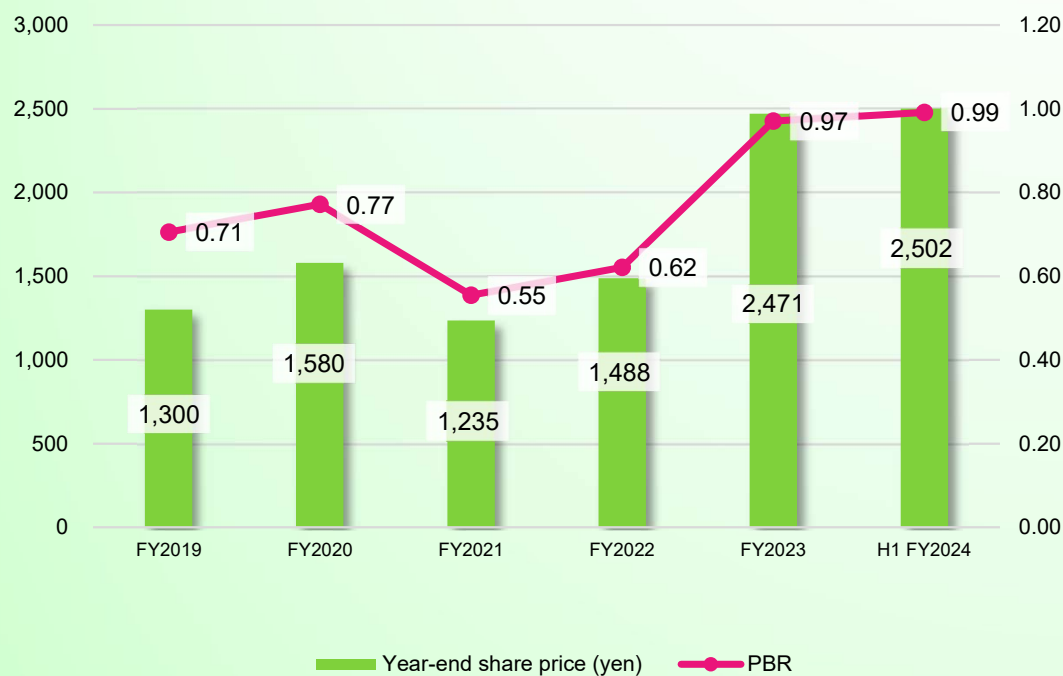


◆ PER had generally remained at around 5 to 7 times until FY2022, but by the end of FY2023 it had risen to over 15 times.

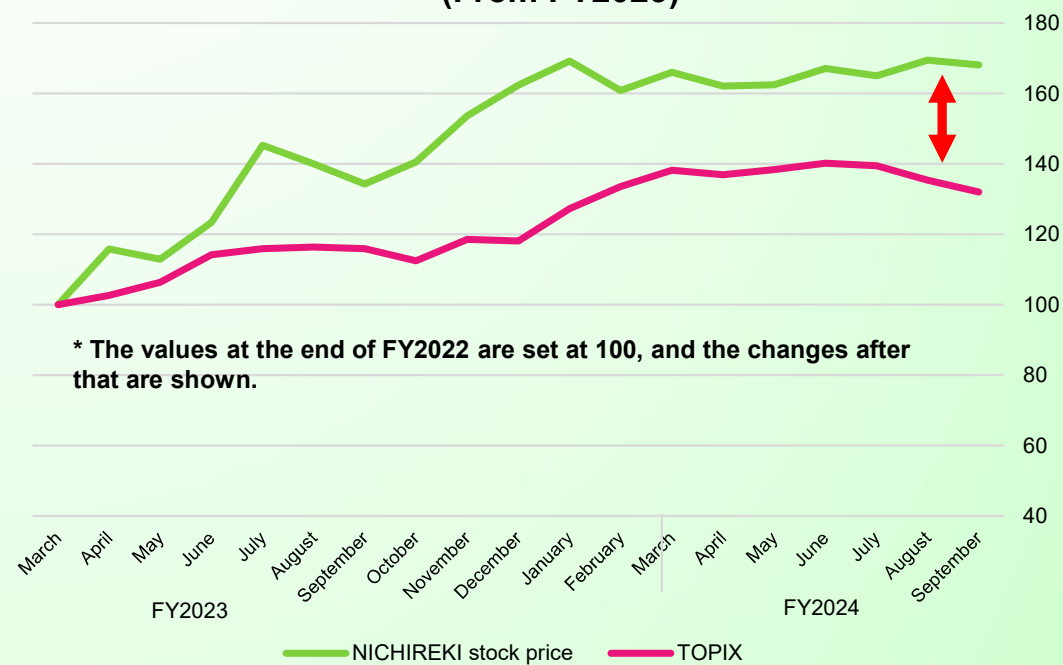
# Analysis of Current Situation (Stock Price and PBR Trends)



## Changes in Market Evaluation (Stock price/PBR)



## NICHIREKI stock price vs. TOPIX (From FY2023)



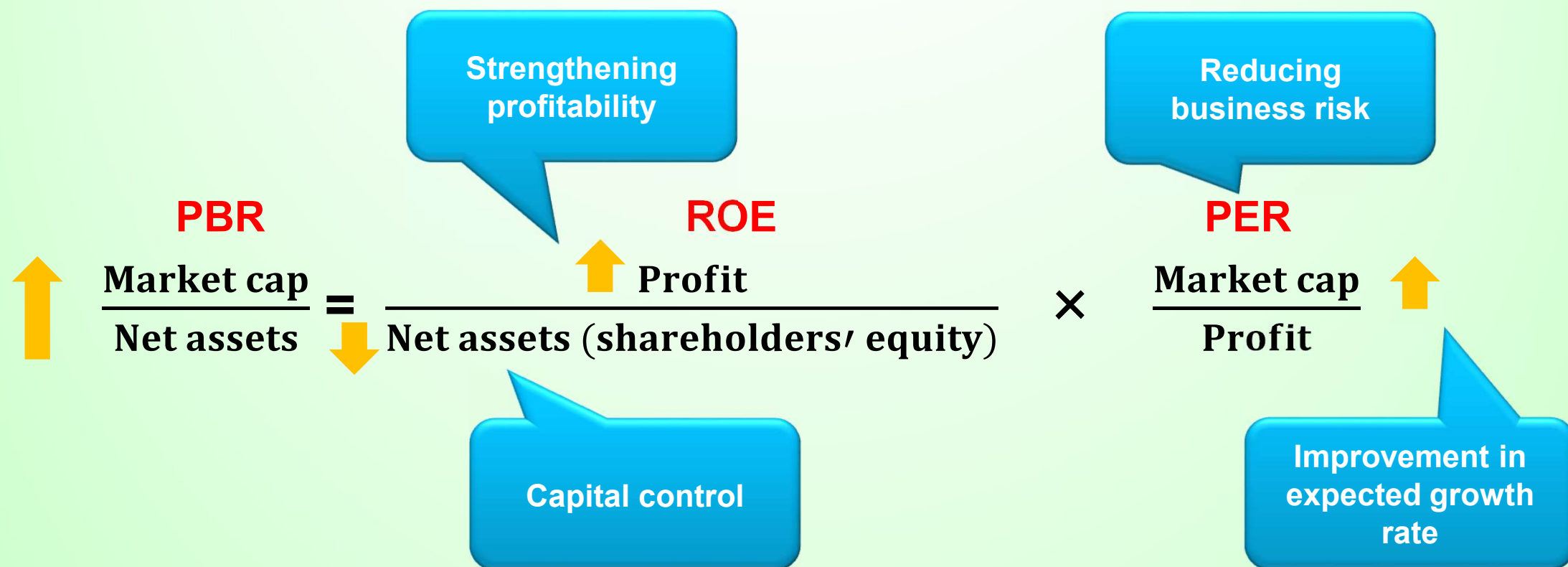
◆ PBR had been in the range of around 0.55 to 0.80 in recent years, but since FY2023, the upward trend has become evident and has risen to around 1 times.

◆ NICHIREKI's stock price has risen steadily since FY2023 and is significantly outperforming TOPIX.

# Initiatives to Enhance Corporate Value (Summary)



Aim to improve ROE by strengthening profitability and appropriately controlling capital, while at the same time improving PER by reducing business risk





# Initiatives to Enhance Corporate Value (I) [Improve ROE]



## ■ Improving ROE

Issues	Response	Specific measures
Strengthening profitability		
Improving returns	Development and introduction of high-value-added products and construction methods	Strengthen R&D/Joint research with universities and external partners
	Appropriate cost pass-through	Development of new manufacturing infrastructure at Tsukuba Big Ship
Efficiency improvement and cost reduction	Appropriate pass-through of cost increases due to increases in raw material prices, etc.	
	Promotion of DX	Provision of inspection and construction techniques using DX, such as remote on-site inspections and the use of construction robotics
	Optimizing logistics	Capital and business alliance with ITOCHU ENEX CO., LTD.
		Improving the efficiency of logistics management at Tsukuba Big Ship
Capital control		
Improving capital efficiency	Appropriate capital allocation	Implementation of appropriate allocations for growth investment and shareholder returns
Enhance shareholder returns	Appropriate payout policies	Stable dividend payments and dividend increases
		Flexible acquisition of treasury stock based on market conditions and the availability of surplus funds

# Initiatives to Enhance Corporate Value (II) [Improve PER]



## ■ Improving PER (reducing capital-cost)

Issues	Response	Specific measures
Minimize business risk		
Thorough implementation of ESG, quality/safety measures	Response to environmental and social issues and governance	Developing products / methods that can reduce CO <sub>2</sub> emissions
		Provide solutions to social issues such as strengthening and extending the life of paving
		Transition to a holding company structure / a Company with an Audit and Supervisory Committee
	Quality and safety initiatives	Digitization of vehicle inspection sheets and operation of AI-equipped drive recorders
		Web-based safety patrol using wearable cameras
Improvement of expected growth rate		
Strengthen engagement with shareholders and other stakeholders	Proactive dialogue with shareholders and investors (strengthening IR/SR)	Holding financial results briefings, small meetings, briefings for individual investors, and individual interviews with investors, and enhancing disclosure information
	Strengthen public relations and enhance brand value for stakeholders	Exhibiting at various exhibitions, publicizing through media such as newspapers, magazines, radio, etc., and sponsorship
	Strengthen disclosure of non-financial information	Proactive disclosure of integrated reports (in Japanese and English), environmental information, etc.

# V. Topics

# Topics



May

45th 2024 Japan BtoB Advertising Awards  
Received the Minister of Economy, Trade and  
Industry Award

Jul.

Received the Excellence Award at the 26th  
National Land Technology Development Awards

Advertisement in The Nikkei newspaper (1)

Aug.

Advertisement in the The Nikkei newspaper (2)

NICHIREKI ROAD CO., LTD. received Excellent  
Construction Award from Port Bureau Director of  
Tokyo Metropolitan Government

Sep.

Issue of Integrated Report (Japanese version)

Exhibited at Highway Techno Fair 2024

Attended seminars for individual investors

Nov.

Issue of Integrated Report (English version)

# Newspaper Advertisement



◆July 30 and August 7, 2024

Ran a series of advertisements in the morning edition of The Nikkei newspaper for 2 consecutive weeks

道路だって「健康管理」が長寿の秘訣！

ATとスマートフォンで、  
歩んでいる部分を早見で見して治療。

まだまだ元気ばりばりだよ。  
こないだな。この先、  
10年使える日記を買っただよ。

未知に組み、「運」を創る。  
NICHIREKI

道路だって「丈夫」がいちばん！

これから先求められるのは  
長寿令と、健康な身体をいかに。

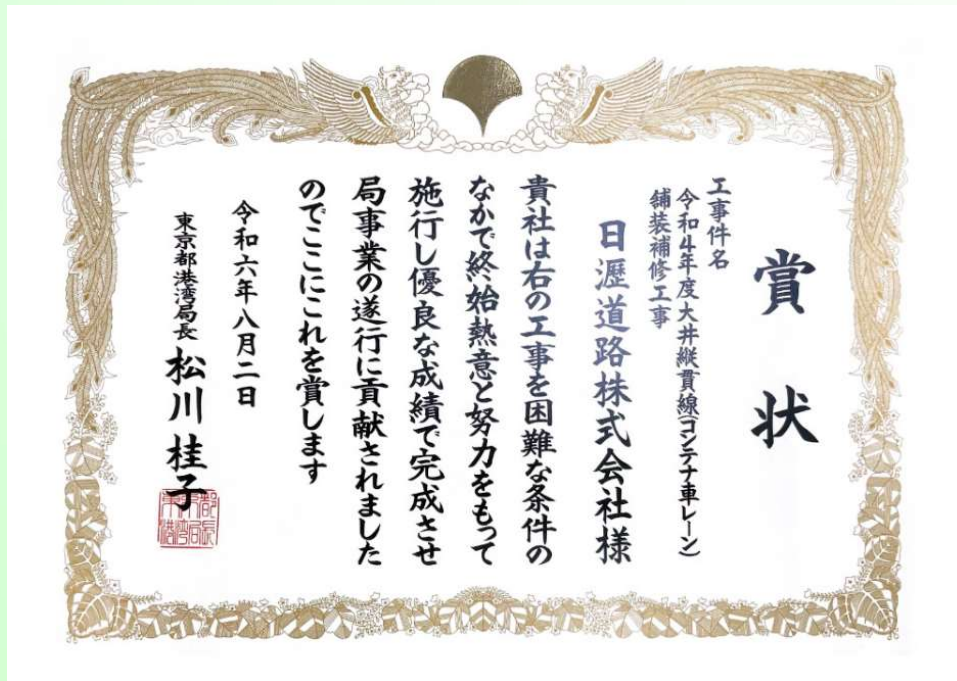
歳ととな。  
「丈夫」の文字が、  
しあわせって読めてくんねん。

未知に組み、「運」を創る。  
NICHIREKI



# Awarded Work

- ◆NICHIREKI ROAD CO., LTD. received an award for excellence from the Director-General of the Tokyo Port Bureau for paving work carried out on the Oi vertical line (container car lane).



# Exhibition at Highway Techno Fair 2024



◆September 26 to 27, 2024

Jointly exhibited with Heat Rock Industry Co., LTD. at an exhibition sponsored by the Express Highway Research Foundation of Japan.

We introduced the pavement technology on the life extension of the expressway.





# (Reference Materials) Corporate Profile

# Corporate Profile



<b>Name</b>	<b>NICHIREKI GROUP CO., LTD.</b>	<b>No. of employees</b>	1,383 employees (Consolidated, as of October 1, 2024)
<b>Head office location</b>	4-3-29 Kudan-kita, Chiyoda-ku, Tokyo	<b>Business description</b>	Planning and drafting of group management strategies, business management and supervision of group companies, common group operations, etc.
<b>Founded</b>	October 1943 (Established in September 1949)	<b>Group's Business Activities</b>	<ul style="list-style-type: none"> <li>• Manufacturing and sales of applied and processes asphalt products</li> <li>• Manufacturing, processing and sales of construction and civil engineering materials</li> <li>• Contracting for road paving, waterproofing, water and sewage and other civil engineering work, including relevant survey and diagnosis, design and administration processes, etc.</li> </ul>
<b>Capital</b>	2,919 million yen		
<b>Representative</b>	Manabu Obata, President and Representative Director		

# History of Our Group



1943	Eiichi Ikeda founded Nihon Rekisei Kagaku Kogyosho to engage in construction waterproofing works using asphalt.
1949	Founded a company
1950	Established a Tokyo Plant and Laboratory in Arakawa-ku, Tokyo; started production of asphalt emulsion
1954	Changed the corporate name to Nichireki Kagaku Kogyo Co., Ltd. due to company split and merger, etc.
1968	Built a new head office building in Kudan, Chiyoda-ku, Tokyo (to present)
1974	Listed on the First Section of both Tokyo Stock Exchange and Osaka Securities Exchange.
1977	Opened a technical research center in Oyama Plant in Tochigi Prefecture
1994	Changed the corporate name to NICHIREKI CO., LTD.
2002	Started overseas business by establishing Beijing Luxin Dacheng Exquisite Paving Co., Ltd. in Beijing, a joint venture between Japan and China
2007	Conducted its first M&A, making ASAHI INDUSTRIES CO., LTD. in Oita City, Oita Prefecture a wholly owned subsidiary.
2010	Established a subsidiary NICHIREKI SHANGHAI CO., LTD. in Shanghai, China
2014	Made consolidated subsidiaries into wholly owned subsidiaries
2017-2019	Conducted M&A to make Linephalt Industry Co.,Ltd., Shinwa Kakoh Co., Ltd., and Heat Rock Industry Co., Ltd. wholly owned subsidiaries.
2020	Acquired a large parcel of land in Tsukubamirai City to construct a new production and logistics base (Tsukuba Big Ship)
2022	Selected and shifted to "Prime Market" in accordance with the market reorganization of the Tokyo Stock Exchange
2023	80th anniversary of the company's founding on October 26
2024	Company name changed to NICHIREKI GROUP CO.,LTD. on October 1

# Business Overview



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

## ● Applied and Processed Asphalt Products Business

Manufacturing and sales of applied and processed asphalt products including asphalt emulsions, modified asphalt, bridge deck slab 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



## ● Road Paving Business

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



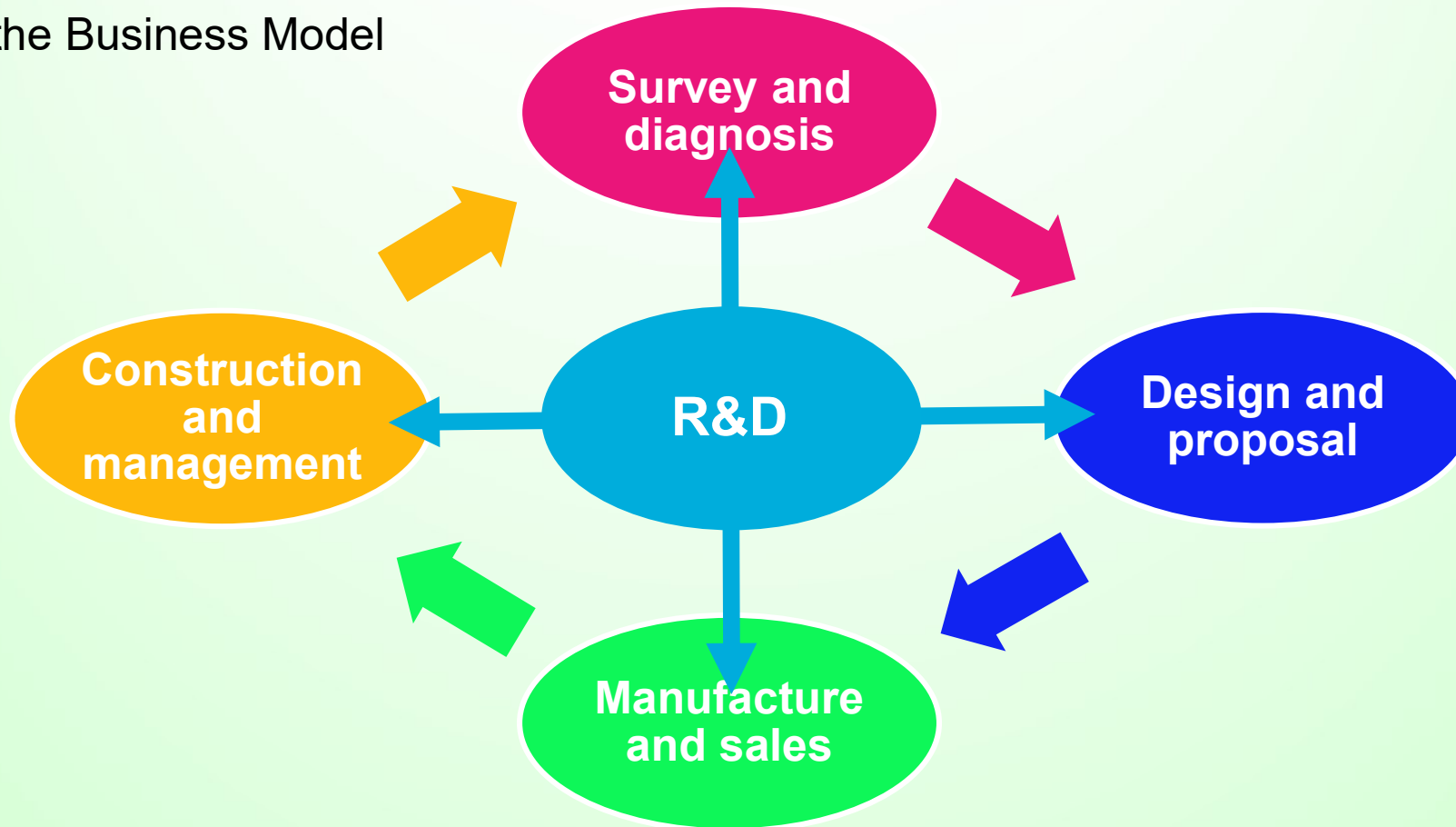
# Business Domain





# Consistent Pavement Solutions

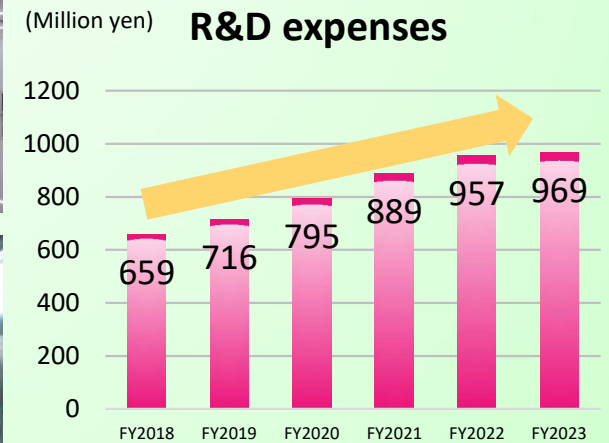
## Strengths in the Business Model



# R&D Capability



- ◆ About 10 percent (about 40 employees) of the NICHIREKI employees belong to the technical research center and about JPY 1 billion is being invested in research and development
- ◆ Equipping performance evaluation testing devices for pavement, and promoting the research and development of environmentally friendly products and methods in response to the era of infrastructure maintenance, including road longevity and large-scale renewal



(\*) The above R&D costs include software-related development costs, etc.



# Expanding Network throughout Japan

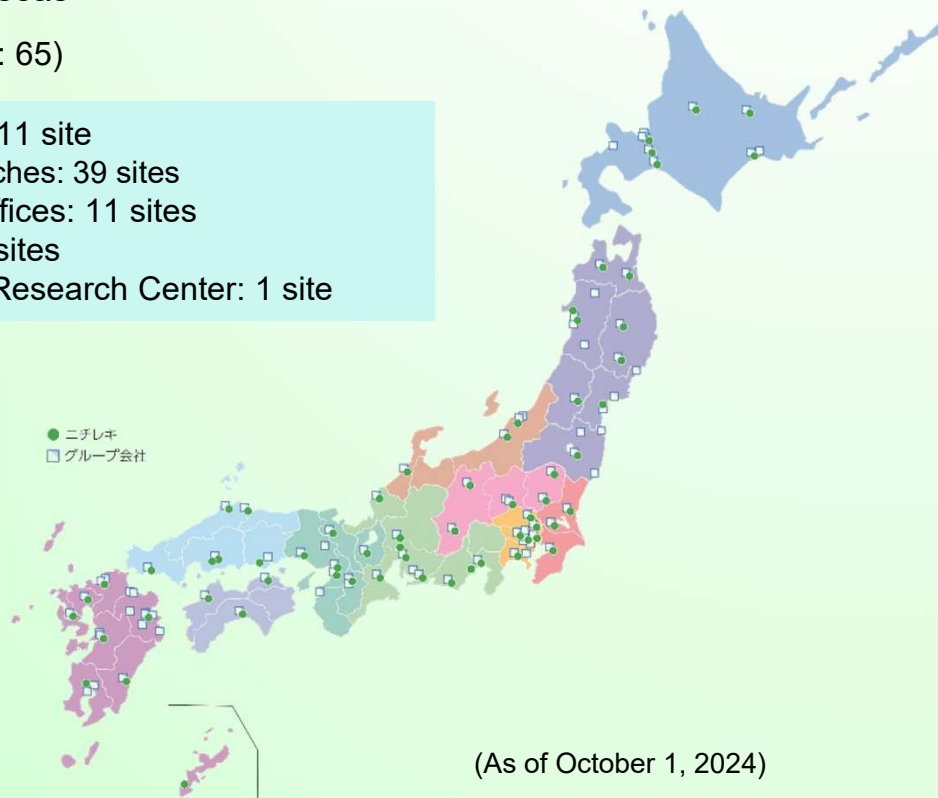


## ◆ Offices

101 sites in Japan (44 out of 47 prefectures),  
5 sites overseas

(NICHIREKI: 65)

Branches: 11 site  
Sales Branches: 39 sites  
Satellite Offices: 11 sites  
Plants: 19 sites  
Technical Research Center: 1 site



## ◆ Group companies (Consolidated subsidiaries)

36 companies including

NICHIREKI CO., LTD.  
HOKKAIDO NICHIREKI CONSTRUCTION CO., LTD.  
TOHOKU NICHIREKI CONSTRUCTION CO., LTD.  
NICHIREKI ROAD CO., LTD.  
NICHIREKI SPECIAL CONSTRUCTION CO., LTD.  
CHUBU NICHIREKI CONSTRUCTION CO., LTD.  
KINKI NICHIREKI CONSTRUCTION CO., LTD.  
CHUGOKU NICHIREKI CONSTRUCTION CO., LTD.  
SHIKOKU NICHIREKI CONSTRUCTION CO., LTD.  
ASAHI KOGYO CO., LTD.  
KYUSHU NICHIREKI CONSTRUCTION CO., LTD.  
LINEPHALT INDUSTRY CO., LTD.  
HEAT ROCK INDUSTRY CO., LTD.

# NICHIREKI Group: Source of Competitive Advantage



## Consistent pavement solutions

Build an integrated solution system for pavement, from survey and diagnosis of pavement to design and proposal of repair methods and manufacture and sale of applied and processed asphalt products to construction and management.

## R&D capabilities

R&D capabilities that leverage creativity and uniqueness to create new products and methods in order to respond to customer needs, problems, and market needs.

## Expanding network throughout Japan

We have 101 domestic bases (44/47 prefectures) and conduct close communication with road administrators and customers at bases that take root throughout the country.

## Brand power

Nichireki holds the top share of the domestic market for asphalt emulsion and modified asphalt, and its brand image as 'Nichireki for pavement materials' is widely established among pavement professionals nationwide.

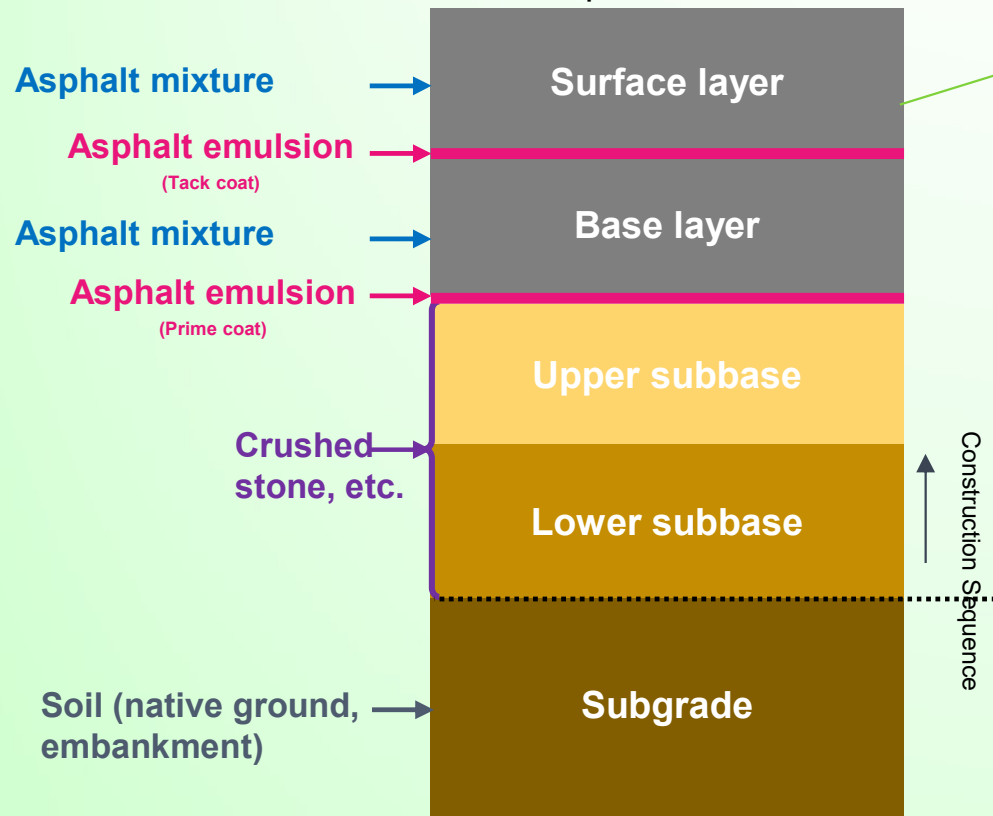
# What is Asphalt?

- ◆ Petroleum asphalt (straight asphalt) is mainly used in road paving, as is the case with gasoline, naphtha, kerosene, diesel oil, and heavy oil.
- ◆ Asphalt is dissolved by adding solid and heat at normal temperature, and has the property of becoming liquid.



# What is Asphalt Pavement?

Composition of asphalt pavement



Paving with asphalt mix

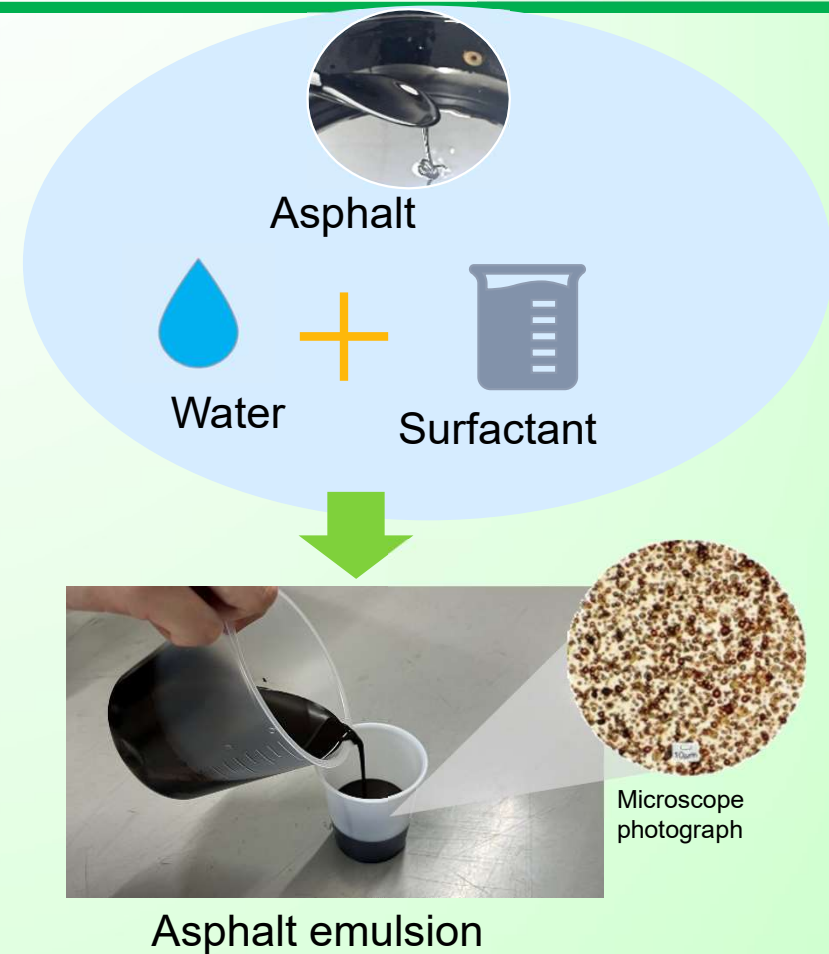


# What is Asphalt Emulsion?

- ◆ Asphalt emulsions are prepared so that **asphalt can be handled in a liquid form even at normal temperature.**
- ◆ Composed of petroleum asphalt (straight asphalt) and an emulsified liquid containing a surfactant, which is **dispersed in water with fine particles.**

## Main uses

- Tack coat
- Prime coat
- Stabilization of the upper subbase course
- Pavement surface treatment





# What is Modified Asphalt?

- ◆ Modified asphalt has **improved performance by adding various modifiers** such as polymers to petroleum asphalt (straight asphalt)



Long life



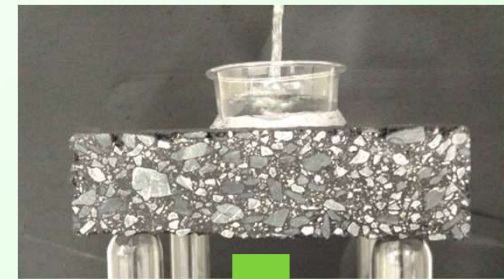
SUPER SHINAYAKAPHALT



Load carrying capacity



SUPER CONTAINERPHALT



Water permeability and low noise



TOUGHPHALT SUPER

# Response to Climate Change



The NICHIREKI Group regards the impact of climate change on its business as an important management issue and actively implements measures to address climate change.

## ■ Endorsement of the Task Force on Climate Related Financial Disclosures (TCFD)

### Goals

\*Disclosures based on TCFD recommendations are made in the Integrated Report 2023.

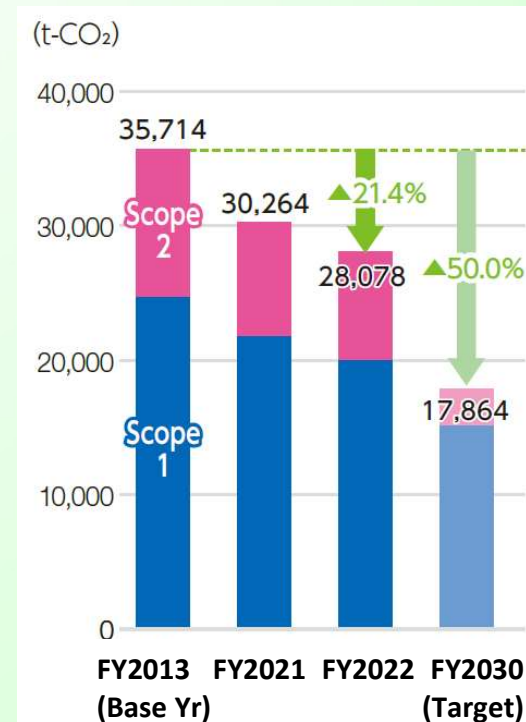
- Reduce greenhouse gas emissions in Scope 1+2 by 50% from FY2013 by FY2030
- Reduce greenhouse gas emissions of the entire value chain to net zero by 2050

### Measures



- Reform manufacturing methods, purchase green electricity, promote installation of solar panels, etc.
- Expand sales of environmentally friendly products such as long-life and warm mix modified asphalt
- Promote development of low-carbon, cold-laid pavement materials and construction technology

## <CO<sub>2</sub> emission reduction targets>



# NICHIREKI's "Tastainability"



The NICHIREKI Group responds to the CO<sub>2</sub> emissions reduction needs of our stakeholders with environmentally friendly products and construction methods.

Asphalt emulsion

Modified asphalt

Bridge deck slab  
waterproofing

Pavement for  
landscaping

,etc...



Warm mix



Recycling



Low carbon



Long life



Normal  
temperature

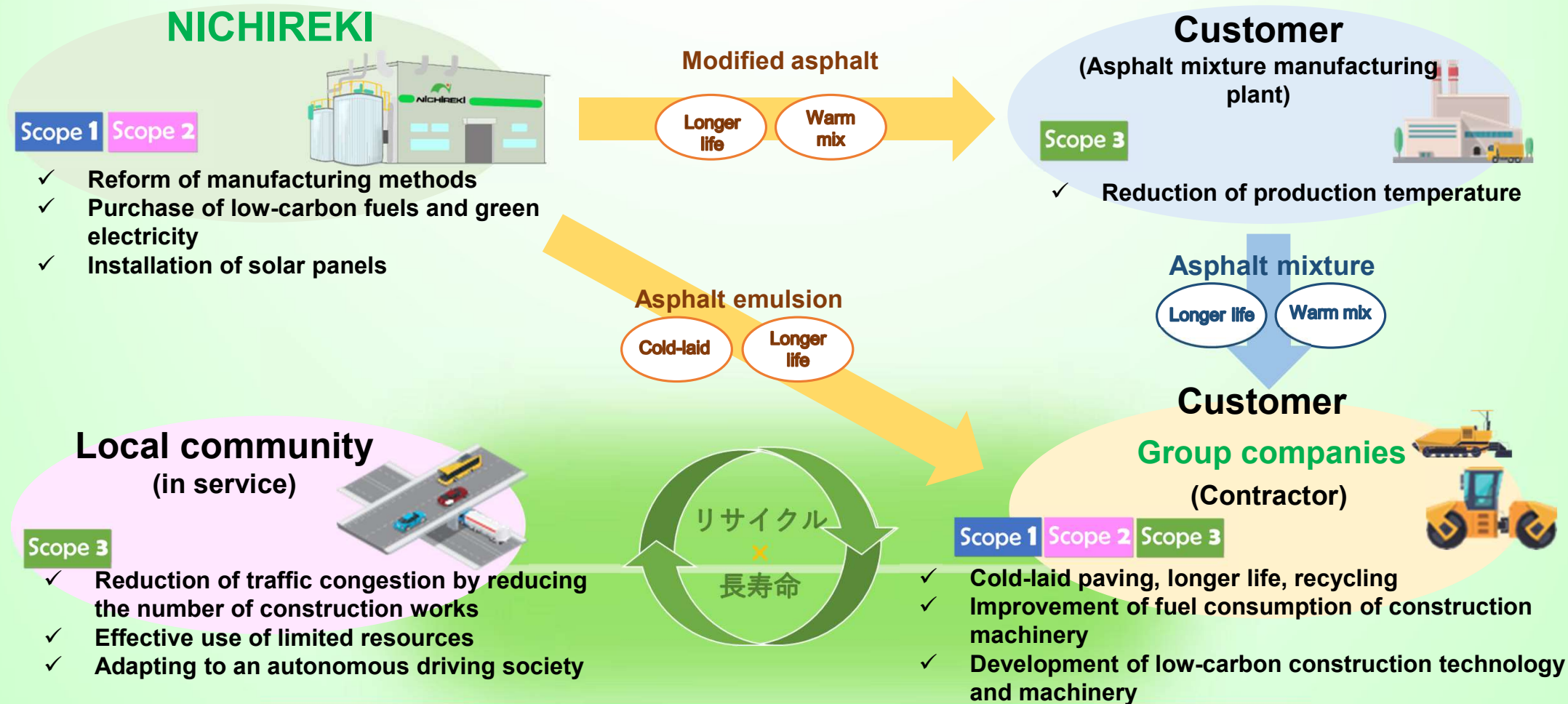


Safe and Secure

We contribute to the creation of sustainable roads by "adding" further performance and functions such as longer life, recycling, etc., in other words, "Tastainability". \*"Tasu" means "plus" in Japanese. "Tastainability" means plus sustainable feature.



# Image of CO<sub>2</sub> Reduction through NICHIREKI's Products and Construction Methods



# SUPER CONTAINERPHALT



Reduce **CO<sub>2</sub> emissions** from asphalt mixture production by approx. **13%**

- ◆ A special modified asphalt with extremely high plastic deformation resistance, suitable for heavy-duty applications such as **airports and harbors**.
- ◆ Compared to the conventional our product, Containerphalt S, the manufacturing temperature of the mixture is reduced by approximately **30°C**, from 185°C to 155°C.



足可テコビリテヤ®



Contributes to the **long lifespan** of pavement, reducing the frequency of repairs and contributing to the reduction of CO<sub>2</sub> emissions caused by construction work and traffic congestion.

# SUPER SHINAYAKAPHALT



Reduce **CO<sub>2</sub> emissions** from asphalt mixture production by approx. **22%**

- ◆ Specially modified asphalt that is flexible enough to be bent by hand and tough enough to withstand traffic loads.
- ◆ Compared to the former SHINAYAKAPHALT, the mixture manufacturing temperature is reduced by **50°C** from 180°C to 130°C.



足可テコビルテッ®



Contributes to a **longer pavement** life and a reduction in the number of construction works to about one-half, thereby reducing CO<sub>2</sub> emissions due to construction work and traffic congestion.

# SUPER CONTAINERPHALT + SUPER SHINAYAKAPHALT LT



足可テコビリテヤ®



Reduce **CO<sub>2</sub> emissions** by approximately **48%**  
by combining long-life and warm mix asphalt products

- ◆ **SUPER CONTAINERPHALT** and the **SUPER SHINAYAKAPHALT**, long-life asphalt mixtures, provides unprecedented **long-life pavement**.
- ◆ This reduces CO<sub>2</sub> emissions by about 48% over the life cycle of 50 road pavements.

Adopted in the Ministry of Land, Infrastructure, Transport and Tourism's "R4 New No. 4 National Road Furukawa Area Paving Construction"

Test construction is conducted to ensure good performance under appropriate construction management.



# STABI-CEMENT RC Construction Method



Reduce **CO<sub>2</sub> emissions** by **approx. 22%**  
**through** reusing existing pavement materials

- ◆ Recycling damaged existing pavement in place and constructing new pavement **reduces pavement waste** generated from the site by **approximately 80%**.



足可テオビリテヤ®



Contributes to further reduction of CO<sub>2</sub> emissions by shortening the construction period and reducing associated traffic congestion, etc.

\*Comparison with the “construction method of reconstructing full layers”  
(Typical local level, design CBR=4, heavy traffic N5)



# SUPER SHINAYAKAPHALT<sup>+</sup>

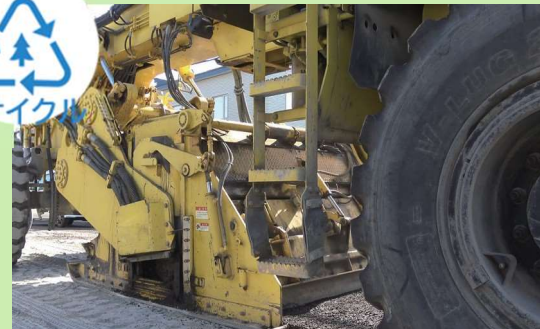
## STABI-CEMENT RC Construction Method



Reduce **CO<sub>2</sub> emissions** by **approx. 49%**  
through long-life products and recycling

- ◆ Paving with Super SHINAYAKAPHALT on foundations constructed using the STABI-CEMENT RC Construction Method achieves an unprecedented **extension of pavement lifespan**.
- ◆ This reduces CO<sub>2</sub> emissions by approximately 49% over the 50-year life cycle of the pavement.

足す可塑性<sup>®</sup>



# High-durability Waterproof Methods for Bridge Decks



足すテクノロジー®

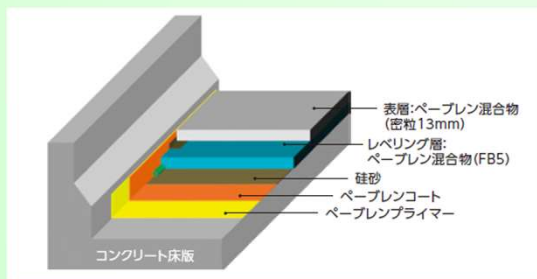


Reduces **CO<sub>2</sub> emissions** by **approx. 50-75%** over the 50-year life cycle of the pavement through long-life products

- ◆ Bridges are important lifelines that connect people, traffic, and the economy, and need to last long. Therefore, highly durable floor slab waterproofing is required to prevent water from seeping into the concrete slabs that support the pavement.
- ◆ NICHIREKI proposes an appropriate high-durability bridge waterproofing method from a variety of menus according to the site.

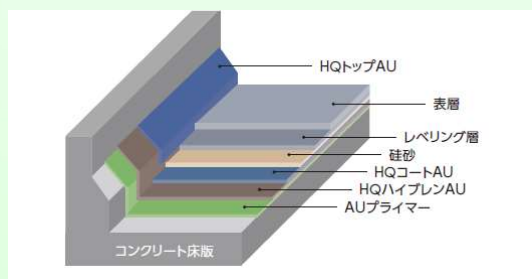
Reduce CO<sub>2</sub> by 75%

Waterproof pavement method  
HQ PAVERANE construction method



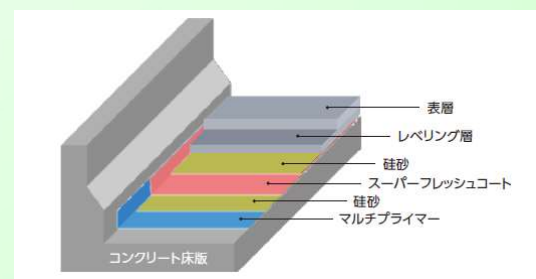
Reduce CO<sub>2</sub> by 75%

High-performance waterproof methods for bridge decks  
HQ HIBRANE AU construction method



Reduce CO<sub>2</sub> by 50%

High-penetration composite waterproof method  
MULTI FRESH construction method



# ASWOOD Paving



Reduce **CO<sub>2</sub> emissions** by approx. **34%** compared to conventional heated pavement

- ◆ Woodchip pavement constructed by cold-laid paving
- ◆ Excellent water permeability and soft texture, blend with the natural surroundings, and consider the **landscape**



足立木材株式会社®



By using **thinned wood** without burning it, CO<sub>2</sub> is fixed without emitted to the atmosphere.

For example, if 1,000 square meters of 4cm thick are constructed with ASWOOD paving, the amount of CO<sub>2</sub> that can be fixed is equivalent to the amount absorbed by about **1,300 cedar trees annually**.



# Consideration for Roadside Conditions



We provide stakeholders with safety and peace of mind by improving roadside conditions through the use of “Tastainability” products/construction methods.

## SUPER ROMENPATCH

Reduction of noise  
and vibration



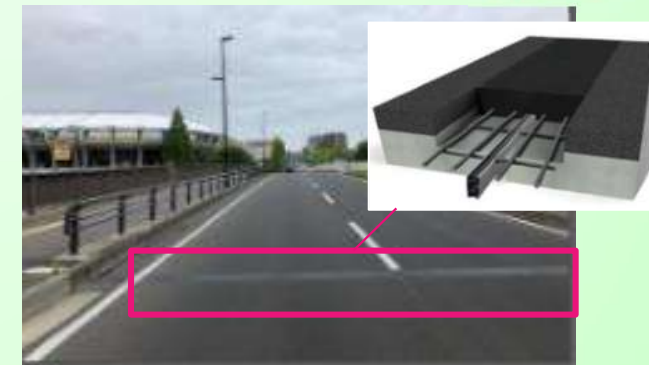
## CHEMIPHALT MX

Traffic safety/ Noise  
reduction



## SEAMLESS JOINT

Reduction of noise  
and vibration



## ◆ Precautions

Forward-looking statements, including business forecasts, contained in this material is based on information available at the time of preparation of the material and on our Company's judgement and assumption. Actual results may deviate from current forecasts due to future changes in economic conditions and business environment, etc.

## ◆ Contact Information

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