NICHIREKI Group

Integrated Report

2026

NICHIREKI

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)

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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, 2026 (April 1, 2025 to March 31, 2026)
(Information on or after April 1, 2026 is partially included)

Scope of Reporting

NICHIREKI GROUP CO., LTD. and its subsidiaries and associates
(consisting of 42 consolidated subsidiaries and 4 associates as of August 31, 2026)

Date of Publication

September 2026

Disclaimer on Forward-looking Statements

The earnings forecast and other forward-looking statements herein are based on information currently available to the 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.

Using the proprietary technologies Nichireki has cultivated, we solve challenges in road infrastructure and bring safety, security, and prosperity to people's lives.



President and
Representative Director

Manabu Obata

"Flexible 2030 (Nobiyaka 2030)": Connecting the seeds sown under "Resilience 2025 (Shinayaka 2025)" to sustainable growth

Since our founding in 1943, we have continued our tireless efforts in the research and development of asphalt pavement materials and construction methods, contributing to a safe, secure, and prosperous society through building roads. This stems from our founding philosophy, the spirit of sowing the seeds ▶ P.1, which has been passed down continuously from our founder to successive generations of employees, and it forms the foundation of the Nichireki Group's prosperity.

The previous Medium-term Management Plan, "Resilience 2025 (Shinayaka 2025)," anticipated the environmental responses that road-building will require in the years ahead, and was five years during which we stored up momentum for growth.The previous medium-term plan began amid the pandemic, and disruptions continued with the Ukraine crisis and drastic changes to the trade order under the U.S. administration; the construction industry also faced difficulties such as soaring material prices and labor shortages. Even in the midst of this, we pursued the construction of Tsukuba Big Ship (Tsukubamirai City, Ibaraki Prefecture), an asphalt pavement production and logistics base without parallel in the world, with a total planned investment of approximately ¥35,000 million, while steadily advancing technologies with superior environmental performance that lead to CO_2 reduction. In addition, since FY2022 we have introduced and operated a new personnel system, raising salary levels and taking other steps to create a workplace where every employee can thrive. Furthermore, in 2024 we transitioned to a holding company structure, and the Company changed its name to NICHIREKI GROUP CO., LTD. By having the Company specialize in comprehensive oversight—including the planning and formulation of management strategy for the Group's sustainable growth and development—we have established a foundation for all 43 companies (as of September 2026) to collaborate with a stronger sense of unity as a Group.

In FY2025, the final year of the previous medium-term plan, net sales were ¥75,800 million (against a target of ¥80,000 million), operating profit was ¥5,900 million (against a target of ¥7,000 million), and ordinary profit was ¥6,000 million (against a target of ¥7,300 million), falling short of the targets. In research and development, however, the cumulative number of new product and construction method launches since FY2021 reached 13 (against a target of 10 or more), and the number of launches through joint research and development reached two (against a target of two or more), and we also achieved several other non-financial targets. In addition, growth businesses are also off to a steady start, including expanded sales of Tastainability® ▶ P.41 products and construction methods, expansion of business into various areas such as airports and harbors, and participation in the high-speed rail project in India. With this sense of progress, and to strengthen shareholder returns, in FY2025 we paid dividends with a payout ratio of 53.4%, substantially exceeding our target of 25.0%. Building on the results of the previous medium-term plan, in which we sowed the seeds of growth while responding to changes in the business environment, "Flexible 2030 (Nobiyaka 2030)" will move into a stage of bringing those seeds into bloom and to fruition.

With the tailwind of decarbonization promotion, our case for doubling the sales share of eco-friendly products and construction methods

In the new Medium-term Management Plan, "Flexible 2030 (Nobiyaka 2030)," our FY2030 targets are net sales of ¥86,000 million (113% of the FY2025 level) and operating profit of ¥6,800 million (115% of the FY2025 level). The tailwind for this is decarbonization promotion as a national policy under the Road Act amended in April 2025. The Ministry of Land, Infrastructure, Transport and Tourism has formulated a basic policy for road decarbonization that aims to reduce total CO_2 emissions from roads by 46% by 2030 (compared with FY2013). Furthermore, the ministry plans to revise its technical standards for pavement, with a policy of promoting lower carbon emissions throughout the road lifecycle by enhancing durability and extending service life.

We have long taken a pioneering approach to developing eco-friendly products and construction methods. What we mean by road repair is not limited to restoration; it is upgrading roads by adding new functions. That is our mission as the leading company in asphalt pavement materials and construction methods. Eco-safe pavement, jointly developed with Metropolitan Expressway Co., Ltd., achieved lower fuel consumption while driving, ultra-low noise, and reduced water splash and slipping. CONNECTPHALT, adopted by the three NEXCO companies, greatly improves rigidity, water resistance, fatigue resistance, and deformation resistance, extending the service life of base courses and reducing CO_2 emissions through fewer construction events. Going forward, as the aging of domestic road infrastructure leads to large-scale renewal, demand for eco-friendly products and construction methods is expected to expand further, and the new medium-term plan has set a target of a "sales ratio of 50% or more," well above the previous medium-term plan's actual result of 22.2%.

The source of our technological strength lies in the almost fanatical spirit of inquiry into "roads" and the expertise of our approximately 50 research staff. Furthermore, it is the efforts of our sales and engineering staff across the country that connect this strength to results in the market. Sales staff build close relationships with customers in both the public and private sectors, working with engineering staff to identify on-site concerns and issues and relay them to our research staff. The collaboration between sales and engineering staff is solid, and heated discussions often take place when new challenges arise.

It is precisely because of this passion and commitment to solving problems that new products and construction methods that resolve difficult challenges are born one after another—such as the "Paving and Repair Construction Work of Oi Traversing Road" (Excellent Construction Work Award from

the Tokyo Metropolitan Government Bureau of Port and Harbor), which achieved higher durability on an extremely heavy-traffic road subject to heavy loads from large container trailers, and "Pavement Technology with Enhanced Flow Resistance" (Minister of Defense Prize at the Infrastructure Maintenance Award), which achieved strength able to withstand the extremely high ground contact pressure of Japan Self-Defense Forces aircraft.

Connecting the full-scale operation of Tsukuba Big Ship to strengthening medium- to long-term profitability and improving ROE

Starting with the current medium-term plan, what will become our growth engine is Tsukuba Big Ship, a next-generation production and logistics base scheduled to begin operation during FY2027. This will be the central manufacturing base for high-value-added products such as high-performance asphalt emulsions and modified asphalt. Furthermore, by leveraging digital transformation (DX), we will centrally manage manufacturing information and inventory status across our 19 production sites nationwide, improving production efficiency for the Group as a whole. In addition, we will build an AI-based logistics management system to centrally manage and visualize order receipt and vehicle dispatch, operating status, and vehicle inspection information, advancing structural reforms to improve logistics efficiency and reduce costs. Making use of its location near the Joban Expressway and the Ken-O Expressway, it will strengthen our ability to respond to construction projects in the greater Tokyo metropolitan area, and in the event of an emergency such as an earthquake, it will also function as a base for rapidly advancing the restoration of trunk road infrastructure in the metropolitan area.

Because the large investment in Tsukuba Big Ship will significantly affect our finances through depreciation expenses, we have introduced EBITDA as a metric that more accurately reflects our actual earning power (cash generation capacity), setting FY2030 targets of ¥11,300 million in EBITDA and an EBITDA margin of 13.1%. Although return on equity (ROE) will decline in the short term due to increased depreciation expenses, we expect it to rise gradually as the new base comes into operation, and we have set an ROE target of 6.0% for FY2030.

A financial strategy that maximizes investment returns and a non-financial strategy that showcases corporate value creation

Cash generated under the current medium-term plan is planned to be allocated in a balanced way based on investment for the future: ¥14,000 million for growth investment, ¥12,000 million for regular investment, and ¥13,000 million for shareholder returns.

In terms of breakdown, growth investment will go mainly toward construction and equipment costs for bringing Tsukuba Big Ship into operation, while regular investment will go toward maintaining and renewing facilities at existing sites nationwide.

We will further allocate ¥13,000 million to shareholder returns, and by continuing stable dividends and, as necessary, conducting share buybacks, we aim to maintain the payout ratio of approximately 50% set as a target in the medium-term plan.

We have increased dividends for 10 consecutive fiscal periods, and if profits exceed forecasts, we would like to implement further shareholder returns.

As a financial strategy toward achieving a P/B ratio above 1x, rather than simply cutting costs, we will actively invest in highly profitable businesses such as high-value-added products and construction methods, thereby raising the Group's overall "earning power." As a non-financial strategy, we are also pursuing a range of measures through IR and public relations activities to build awareness and understanding among shareholders, investors, and the general public. Our business is B2B, and our business model, the uniqueness of our products and construction methods, and our corporate value tend to be difficult to convey to the public at large. As a countermeasure to this challenge, every year we place corporate advertisements in the Nikkei newspaper that express our commitment to social contribution and our technological capabilities. These advertisements are well received by investors and government officials each time, and they have attracted attention, including winning acclaim at the Nikkei Advertising Awards, receiving the Grand Prize in the Industrial Category and the top award on separate occasions. We will continue our efforts on both the financial and non-financial fronts so that we can gain further trust from the market through sustainable corporate value creation.

Advancing Group unity under the holding company structure and strengthening the "people and organization" who support country roads

Nearly two years have passed since our transition to a holding company structure in October 2024, and we feel that cross-company collaboration within the Group has strengthened and that connections between companies have deepened further.

The functions and performance required of roads vary greatly depending on regional conditions such as climate and traffic volume. Cold regions require responses to freeze-thaw cycles and snowfall, while warmer regions require responses to extreme heat and heavy rain. In addition, in the greater Tokyo metropolitan area, where traffic restrictions impose significant constraints, the operational agility to carry out night-time construction and similar work safely and quickly is essential. For this reason, the Group have long divided the country into nine areas and built close area-by-area collaboration systems that go beyond individual company boundaries, promoting the maximum use of management resources and the sharing of technology.

What I have always called on our employees to do is to

"become bearers of the country roads" that support regional communities and people's lives. Protecting regional roads leads to the safety, security, and development of the nation as a whole. To this end, so that each and every employee can work with vitality, even before moving to the holding company structure we worked to eliminate wage disparities between regions and Group companies, and we have established a common Group-wide compensation system.

We are also actively promoting the early appointment of personnel, and if employees have motivation and ability, we appoint them while still young as sales office managers or as officers of Group construction companies. Although they may initially struggle, as the saying goes, "position makes the person": they grow by throwing themselves into learning about management and gaining day-to-day experience in the business world. In addition, experienced senior personnel are also an important part of the Group's workforce, and we have introduced a mandatory retirement age of 65, creating an environment in which employment as a regular employee and favorable treatment continue for longer.

We also actively support engineers in obtaining doctoral degrees. Improving research and development capabilities and securing technical credibility that is recognized globally are also important objectives, but above all, this cultivates the ability to carry one's own academic theme through to commercialization. For example, universities and other research institutions possess many "seeds" of promising new technologies that have yet to be put into practical use. We hope that, in the process of obtaining a doctoral degree, our engineers will deepen collaboration with various external stakeholders across industry, government, and academia, and cultivate the ability to turn such "seeds" into "flowers" and "fruit."

Solving challenges in Japan's road infrastructure and taking on overseas markets

While the roads built across the Japanese archipelago during the period of high economic growth continue to age, the shortage of workers to carry out their repair is becoming increasingly serious. We are working to solve these social challenges through the power of technology. For example, we jointly developed GLOCAL-EYEZ, a survey technology in which AI automatically analyzes damage such as cracks and ruts simply from photographs of roads taken with a smartphone, together with the University of Tokyo and Smartcity Research Institute Co., Ltd. This technology, which enables a shift from "repairing after damage occurs" to preventive maintenance that makes roads "resistant to damage before it occurs," has already been adopted by many local governments nationwide.

We have also established the Infrastructure Management Tastainability® Joint Research Program together with the Center for Infrastructure Management Research (IMC) , Graduate School of Engineering, Tohoku University. Here, with the cooperation of Kaminoyama City in Yamagata Prefecture, we are conducting a demonstration project in *michibushin* (traditional communal road maintenance), in which local residents join industry, government, and academia and use our products and construction methods to repair their own residential roads.

Our eyes are also turned toward the world. In China, starting with the establishment of a local joint venture in 2002, we have expanded our business based on our domestic know-how while adapting to local characteristics such as climate and traffic conditions. In particular, in the long-span bridge deck pavement business, the technology we cultivated on Japan's Honshu-Shikoku Bridge system has been put to great use.

In India, we joined a high-speed rail project that has adopted the Japanese Shinkansen system, and in 2025 we established a local joint venture that manufactures and sells asphalt emulsion used as a cushioning material for Shinkansen track and provides related consulting. For more than 50 years, since its cushioning material was first adopted for the Tokaido Shinkansen (in the section now forming part of the Sanyo Shinkansen) in 1970, the Group has supplied cushioning material for Shinkansen slab track. We are developing materials suited to India's different climatic conditions and promoting the transfer of technology to India. India's high-speed rail network is planned to expand to seven lines in the future. Looking beyond this at the world as a whole, there are many other countries facing challenges from undeveloped or aging road infrastructure. We will make use of our experience and technology from Japan to engage in overseas business.

What we envision beyond "Flexible 2030 (Nobiyaka 2030)" is the future of "roads" that support people's safety, security, and prosperity. By 2043, when we mark our 100th anniversary, we hope to make the Nichireki Group—a company that contributes to society by creating sustainable roads—one that everyone knows. We hope that our shareholders and investors will look forward with great anticipation to our future, and that you will walk the road of growth together with us.



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NICHIREKI

About 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 road 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 ROMENPATCH

Road paving business

Contracting for road paving, road 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



Highly durable deck waterproofing and integrated pavement construction method
HQ PAVERANE construction method



Wood chip paving
ASWOOD paving

Glossary

***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.

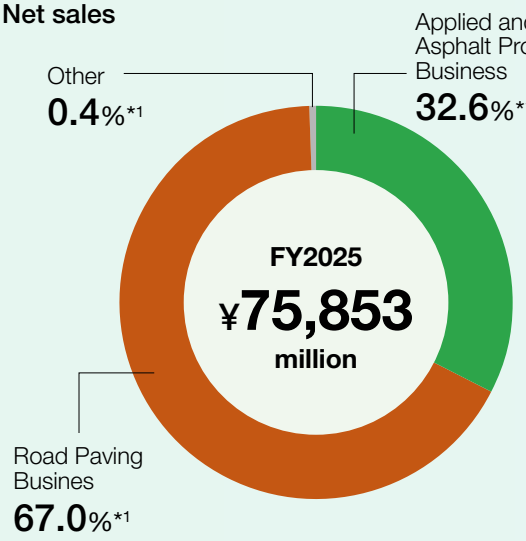
***2: Asphalt emulsion** Made by emulsifying asphalt and water, and maintains a liquid body at room temperature. Mainly used for bonding pavement layers together and in a cold mixture for paving.

***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.

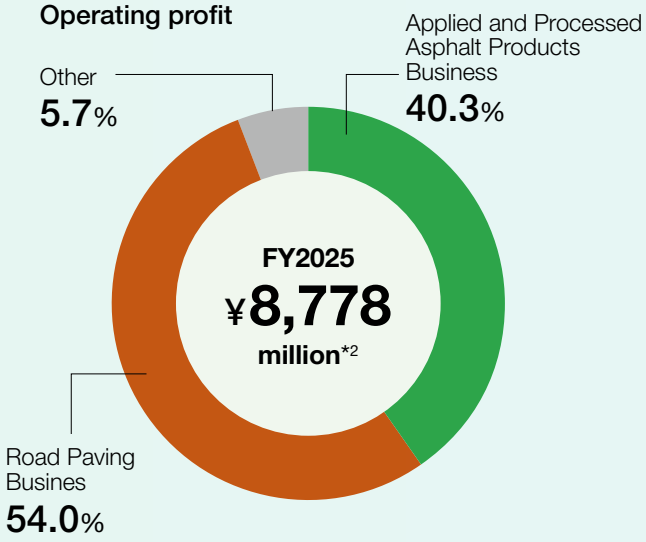
For details ▶ P.13

Composition of net sales and operating profit

Net sales



Operating profit



*1: Ratio of net sales to outside customers
*2: Amount before adjustment of ¥2,857 million, which includes elimination of inter-segment transactions and corporate expenses

Strengths of the Nichireki Group

Our original business model

▶ P.19

A unique business model covering the entire process—from pavement survey and diagnosis to the design and proposal of repair methods, the manufacture and sales of materials, and the execution and management of construction work

R&D capabilities

▶ P.63

R&D capabilities that harness creativity and originality to develop new products and construction methods in response to customer challenges and market needs

Nationwide network

▶ P.90

With its 107 domestic sites (located in 44 prefectures out of 47), we maintain close communication with road administrators and customers through community-rooted business activities.

Brand power

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



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 areas.

Highway/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)

Railway and station



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



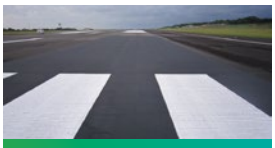
SUPER ROMENPATCH
(emulsion-based cold mix bump repairing material)

Parking lot

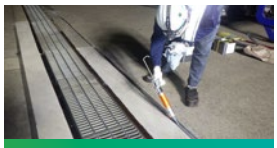


THERMOTEC construction method (heat-blocking paving)

Airport



POLYPHALT SS
(flow and wear resistant modified asphalt)



NEOTAIYU SEALCOLD
(oil-resistant joint sealant)



Manhole



MR² method
(manhole top repairing method)

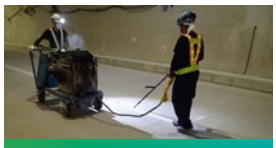


SUPER ROMENPATCH
(emulsion-based cold mix bump repairing material)

Tunnel

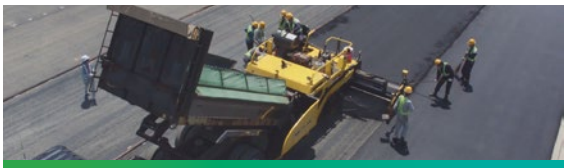


COLORPHALT CLEAR
(colored paving binder)



SEROSEAL
(hot applied joint sealant for concrete joints)

Harbor



CONTAINERPHALT S (modified asphalt for ultra-heavy loads)



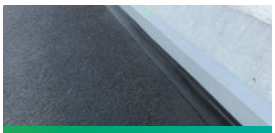
Viaduct



HQ HIBRANE AU^{+} construction method
(highly durable coating-type deck waterproofing method)



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



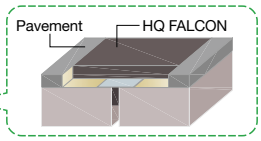
L-seal tape
(molded water cut-off material for road bridge ends)



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

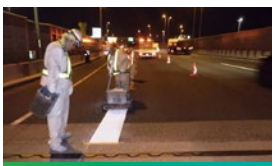
Road bridge joint





HQ SEAMLESS JOINT construction method
(embedded-type expansion joint device for road bridges)

Road marking



Lining



Lane marking

Sidewalk and cycling path



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

Pedestrian bridge



COLORPHALT KT method
(resin mortar-based color paving)

Park and promenade



ASWOOD paving
(wood chip paving)



COLORPHALT TO construction method
(natural stone paving)

Basics of Asphalt Pavement

Asphalt

Asphalt is broadly classified into two types: natural asphalt, which occurs naturally, and petroleum asphalt (straight asphalt), which, like gasoline, naphtha, kerosene, diesel fuel, heavy fuel oil, and other petroleum products, is produced during crude oil distillation in the petroleum refining process. 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 into a liquid when heated.



Solid at normal temperatures

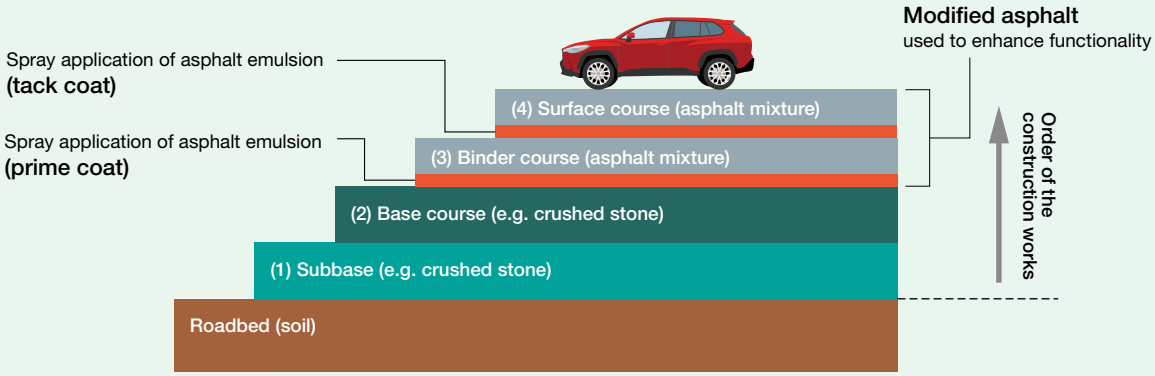


Becomes liquid when heated (to about 150°C)

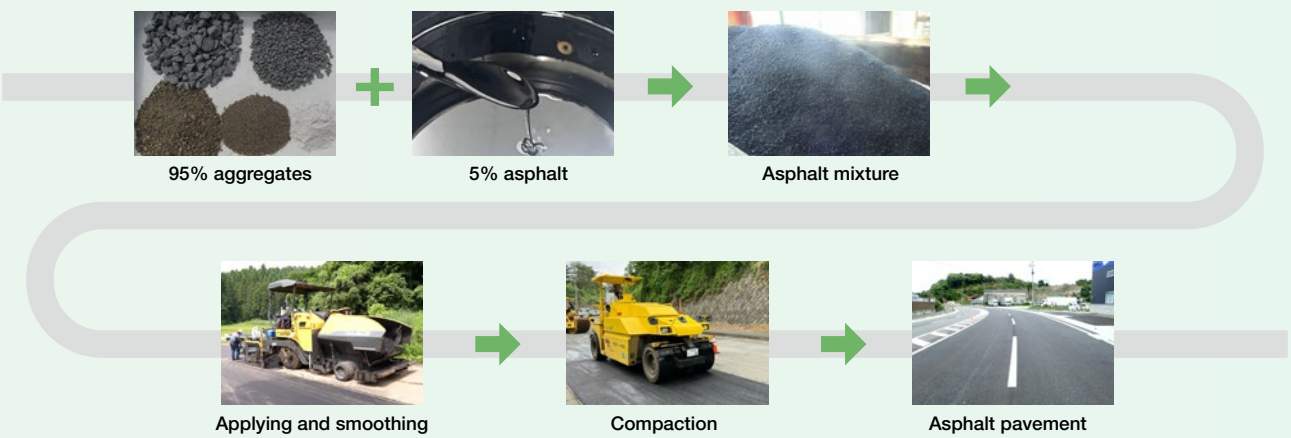
Layer structure of asphalt pavement

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. 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.

Layer structure of asphalt pavement



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 asphalt and an emulsion containing a surface-active agent. The fine particles of asphalt are dispersed in water.

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 for extending the life of road surfaces by spraying asphalt emulsion onto the degraded pavement surface.

Modified asphalt

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

Example of asphalt mixture made with modified asphalt



History of the Nichireki Group

Since its founding by Eiichi Ikeda in October 1943, the Nichireki Group has developed and brought to market numerous road-paving products and construction methods—including asphalt emulsions, modified asphalt, road bridge deck waterproofing products and methods, on-site base course recycling construction methods, and surface treatment methods—to adapt to the changing external environment and fulfill 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, the Group has further strengthened its contribution to environmental conservation by providing Tastainability® products and construction methods that add functionality and performance and functionality—such as longer service life, recyclability, and warm mix capability—to conventional technologies, thereby achieving further reductions in CO_2 emissions. 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.

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 Ogu, 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)

Products

- Joint material, waterproofing material for concrete paving Longer life
- Rain-resistant emulsion CATIOZOL Longer life Normal temperature 1

Construction methods

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



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

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

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 Prefecture
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

Products

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

Construction methods

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



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



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

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

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

Products

- 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)

Construction methods

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

Consulting (survey and diagnosis technology)

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



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

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
2001 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

Vision for the 100th Anniversary of Our Foundation

Deliver peace of mind to all stakeholders by creating roads

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
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 26
The 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.
2025 The Company establishes a joint venture in India and participates in India's high-speed rail project

Products

- Modified warm mix asphalt for reducing CO_2 emissions (Warm mix)
- SUPER TACKZOL with immediately breaking even at night or at low temperatures (Longer life) (Normal temperature)
- L-seal tape to prevent leakage from junctures (Longer life) (Normal temperature)
- SUPER SHINAYAKAPHALT for long-life pavement (Longer life) (Warm mix)
- SUPER CONTAINERPHALT for paving roads with ultra- heavy loads (Longer life) (Warm mix)
- CONNECTPHALT for enhanced durability of upper roadbeds (Longer life)

Construction methods

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

Consulting (survey and diagnosis technology)

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



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



7 GLOCAL-EYEZ for inspecting roads with a smartphone

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

Value Creation Process

The Nichireki Group will accurately grasp the business environment that is changing rapidly and appropriately allocate management resources, 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, it will enhance its medium- to long-term corporate value while aiming to realize the creation of a sustainable society.

Capital input

Financial capital

Net sales	¥75,853 million
Operating profit	¥5,920 million
Equity ratio	64.9 %

Intellectual capital

Research and development costs	¥792 million
Number of patents maintained	43
Number of employees at our research laboratory	52

Human capital

Number of employees	1,434
The first-class civil engineering works execution managing engineers	449
Professional engineers	48
PhD holders	6

Manufacturing capital

Capital investment	¥17,874 million
Number of plants (Japan)	19

Social capital

Number of bases (Japan)	107 (Located in 44 prefectures out of 47)

Natural capital

Energy use (oil equivalent)*	5,009 kL

(Reduced by 37.5% from FY2013)
* Scope: 19 plants in Japan

(FY2025 results)

Business environment ▶ P.29

Business activities

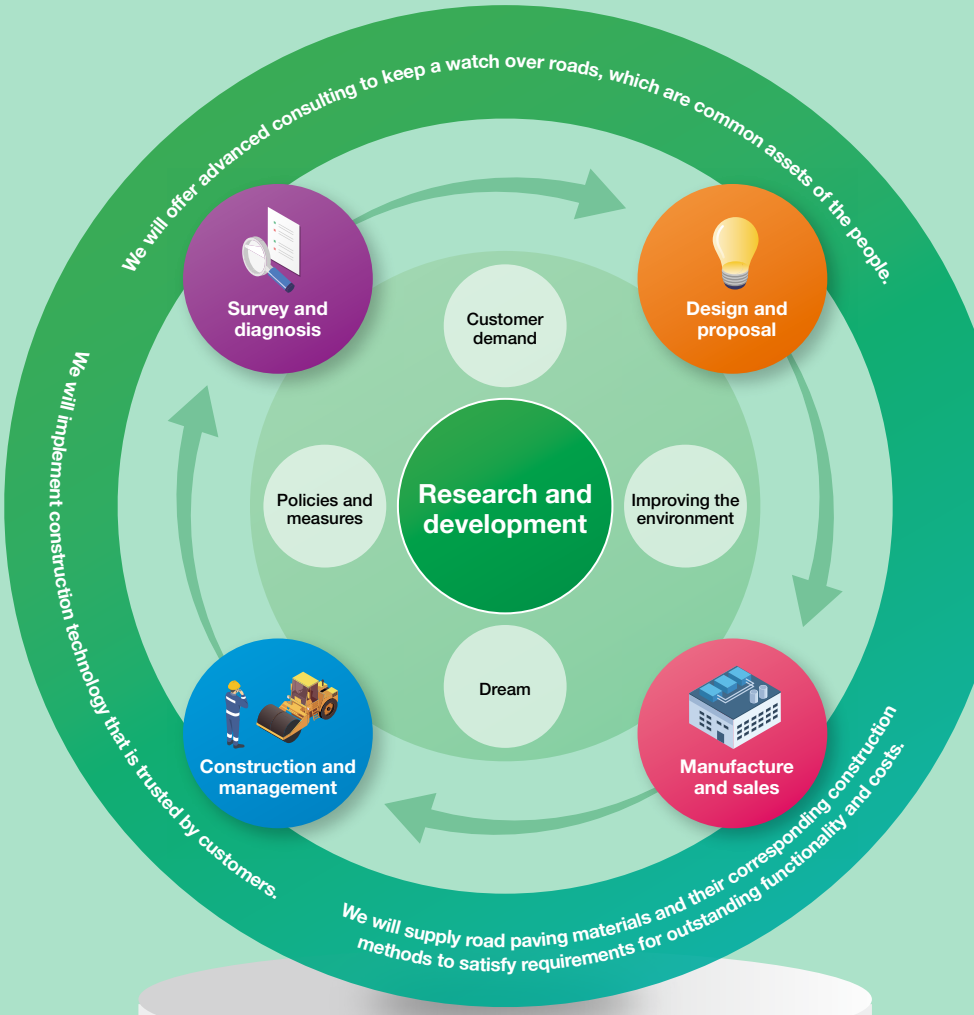
Management philosophy

Contribute to society by creating roads

Medium-term Management Plan (FY2026 to FY2030)

“Flexible 2030 (Nobiyaka 2030)” ▶ P.29

Nichireki Group’s business model ▶ P.19



Foundation for sustainable growth (ESG management)

Environmental (E)	Social (S)	Governance (G)
▶ P.37	▶ P.53	▶ P.68

Social value created through business activities

▶ P.30

Financial targets (FY2030)

Consolidated net sales	¥86,000 million
Consolidated operating profit	¥6,800 million
EBITDA	¥11,300 million
EBITDA margin	13.1%
ROE	6.0%
Dividend payout ratio	Approx. 50%

Non-financial targets (FY2030)

Sales ratio of eco-friendly productsand construction methods*1	50% or more
Number of newly developed (or improved) products and construction methods launched*2	20 or more
Number of products from joint research and development rolled out*3	5 or more
Percentage of suppliers evaluated	100%
Number of days of annual paid leave taken*4	70% or more of number of days granted 100%
Number of internal compliance training workshops held	2
Number of financial results briefings held	2

*1: Eco-friendly products and construction methods refer to those more conscious of the 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 employees granted 10 or more days of annual leave; figures represent the take-up rate relative to the number of days granted.

Vision for the 100th Anniversary of Our Foundation

▶ P.23

Deliver peace of mind to all stakeholders by creating roads



Customers

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



Shareholders and investors

Enhance corporate value through more extensive information disclosure



Suppliers

Maintain and strengthen good and strong partnerships



Employees

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



Local communities

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

SDGs pursued



Business Model

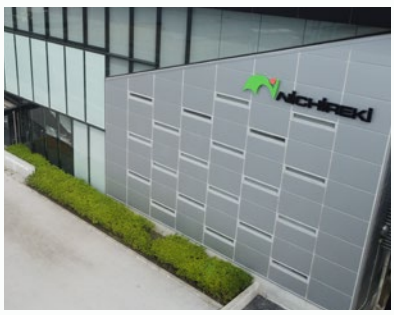
The Nichireki Group's strength lies in its original R&D capabilities, which fuse technologies from different fields to create new products and construction methods. Building on this, the Group's uniqueness—its ability to consistently take on the roles of every player involved in road paving, from the consulting and design firms that survey pavements and propose repair methods, to materials manufacturers and construction companies—is the source of its sustainable value creation.

Research and development

Developing high-value-added products and construction methods centered on the Technical Research Center

P.63

- R&D expenses have trended at a base of a little over 10% of consolidated operating profit
- Technical Research Center located in Shimotsuke City, Tochigi Prefecture, staffed by approximately 50 people
- Equipped with state-of-the-art testing equipment for pavement
- Focus on "extending infrastructure service life," "reducing environmental impact," and other areas of high social demand P.41
- Also functions as a base for employee skills development, including various training programs



Technical Research Center



Laboratory building

Survey and diagnosis

Supporting road management with a variety of survey equipment enabled by the "DX of road inspections"

- GLOCAL-EYEZ: Facilitates simple, low-cost road inspection using a smartphone P.42
- SMART ROMEN CATCHER FWD: Diagnoses the internal soundness of pavement
- SMART SHOBAN CATCHER: Inspects damage on the top surface of road bridge concrete decks P.48
- ROMEN CATCHER SUPER MWD: Allows for multi-functional inspection of the internal soundness and surface damage of pavements while driving P.52



GLOCAL-EYEZ



SMART SHOBAN CATCHER

Construction and management

Achieving safe, high-quality construction through the promotion of DX

- Improve the precision and productivity of construction and management through ICT-based construction and robotization P.43
- Deliver safety and peace of mind to local residents through thorough compliance with safety rules
- Promote the reduction of CO_2 emissions during construction work through alternative fuels and other means P.64



STABI-CEMENT RC construction method using ICT



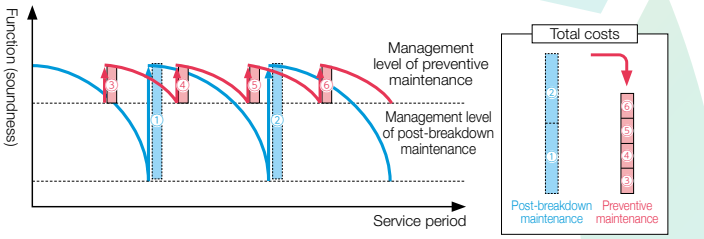
HQ HIBRANE AU construction method using a binder spraying robot

Design and proposal

Balancing economic efficiency and performance through optimal maintenance and repair planning and construction method proposals

- Select the most economical construction method pattern from a preventive maintenance perspective through multifaceted LCC (life cycle cost) analysis
- Support the establishment of a planned, medium- to long-term pavement maintenance cycle
- Formulate repair plans that span a single fiscal year and propose optimal repair methods

■ 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 sales

Providing high-value-added products that offer superior environmental performance

- Contribute to reducing customers' CO_2 emissions through longer service life, recycling, warm mix, and other approaches ▶ P.41
- Introduce low-carbon production equipment, centered on Tsukuba Big Ship, a new base under construction in Tsukubamirai City, Ibaraki Prefecture ▶ P.31
- Pursue customer convenience, including through the introduction of an ICT-based logistics management system


Oyama Manufacturing Plant


Chiba Manufacturing Plant


Tsukuba Big Ship

Delivering social value

Solving customer challenges



Maintaining and strengthening road infrastructure



Preserving the global environment





2

Roadmap for Sustainable Growth

23 Vision for the 100th Anniversary of Our Foundation

25 Financial Highlights

27 Review of the Previous Medium-term Management Plan

29 New Medium-term Management Plan "Flexible 2030 (Nobiyaka 2030)"

31 Tsukuba Big Ship Project

33 Management That is Conscious of Cost of Capital and Stock Price



Vision for the 100th Anniversary of Our Foundation

Since its founding in 1943, the Nichireki Group has conducted business under its basic philosophy, “sowing the seeds, giving them water, letting them flower, and reaping the fruits” (the spirit of sowing the seed), with its management philosophy, “contributing to society by creating roads,” with the aim of growing into a sustainable corporate group. From these, we established the Vision for the 100th Anniversary of Our Foundation, which defines the corporate group we aspire to be in 2043, the centenary of our founding: “A corporate group that delivers peace of mind to all stakeholders, including customers, shareholders, investors, suppliers, employees and local communities by creating roads.”

To realize this vision, we examined the issues that the Group needs to address, taking into account stakeholder expectations, the business environment, ESG perspectives, and other factors. We then identified five material issues and established corresponding KPIs for each.

The Group aims to realize the Vision for the 100th Anniversary of Our Foundation and continue evolving into a sustainable corporate group by advancing initiatives addressing the themes identified as material issues while responding flexibly and with resilience to various changes in the operating environment.

2025
Medium-term Management Plan

“Resilience 2025 (Shinayaka 2025)”

—Aiming to be a company with strong organizational resilience—
FY2021 to FY2025

▶ P.27

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

2030
New Medium-term Management Plan

“Flexible 2030 (Nobiyaka 2030)”

—Responding with resilience, growing flexibly—
FY2026 to FY2030

▶ P.29

Basic policy

Respond with resilience to changes in the business environment, harness change as a source of strength, and grow flexibly.

Priority measures

1. Strengthening the customer base
2. Strengthening organizational capabilities
3. Strengthening the business foundation through Tsukuba Big Ship
4. Enhancing supply chain management
5. Strengthening the management foundation

2043

Vision for the 100th Anniversary of Our Foundation

Deliver peace of mind to all stakeholders by creating roads

Develop and manage business from more of an ESG perspective

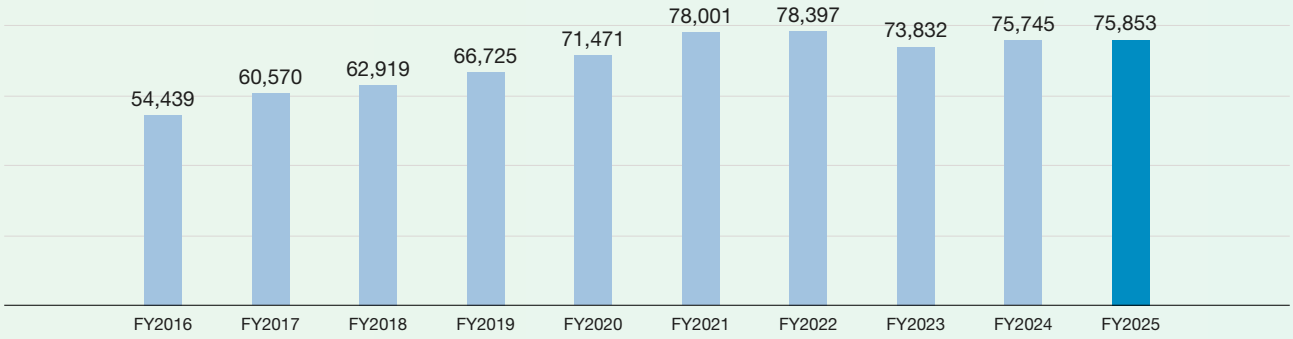
Flexibly adapt to various changes in the business climate

Material issues	Our approach to addressing the issues	KPI ▶ P.30	SDGs pursued
Contribute to realizing a decarbonized society	Provide a wide range of eco-friendly products and construction methods offering longer service life, recyclability, warm mix capability, and other benefits, with the aim of reducing greenhouse gas emissions throughout the value chain.	Sales ratio of eco-friendly products and construction methods	
Provide safe, secure, and high-quality road infrastructure	Continue to develop products and construction methods with superior functionality and performance that help improve safety and extend pavement service life, thereby meeting the needs of road administrators and society.	Number of newly developed (or improved) products and construction methods launched	
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.	Number of products from joint research and development rolled out Percentage of suppliers evaluated	
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.	Number of days of annual paid leave taken	
Realize sustainable growth by strengthening our management foundation	Practice management that emphasizes financial soundness and compliance, fulfill our accountability through proactive disclosure of information and enhanced dialogue, and continuously increase corporate value.	Number of internal compliance training workshops held Number of financial results briefings held ROE Dividend payout ratio	

Financial Highlights

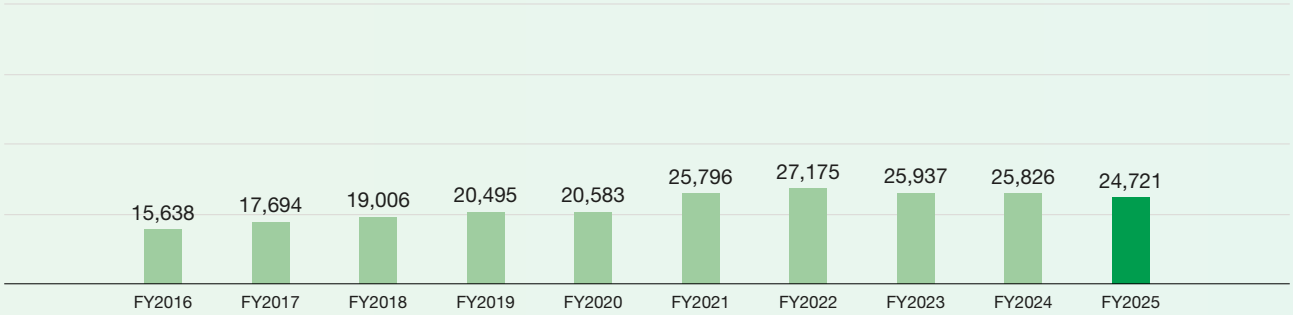
Consolidated basis

Net sales (Million yen)



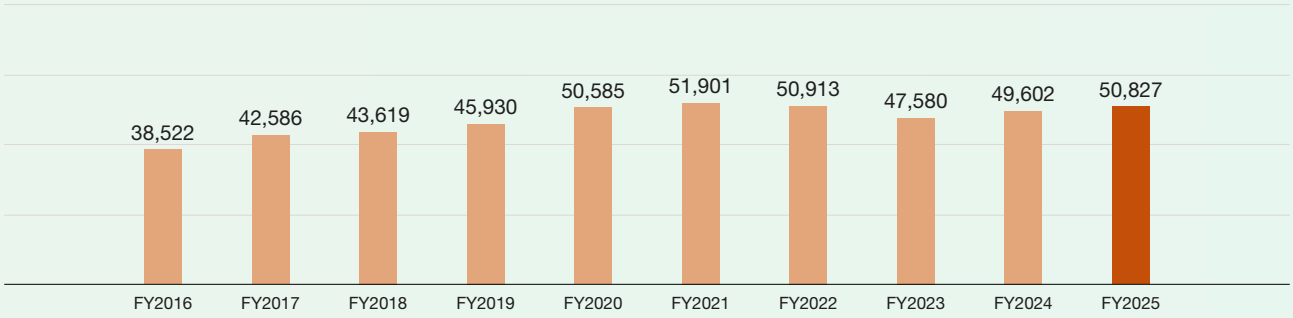
Applied and processed asphalt products business

Net sales*1 (Million yen)



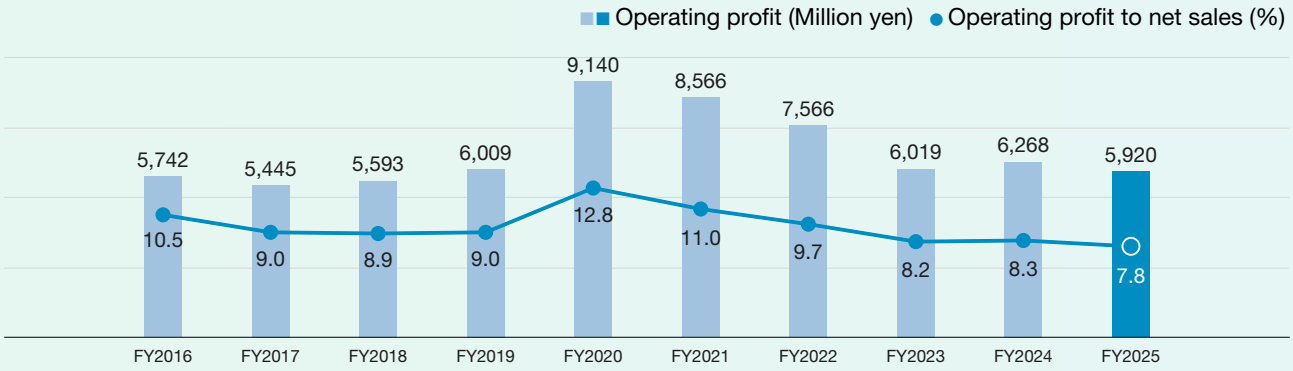
Road paving business

Net sales*1 (Million yen)

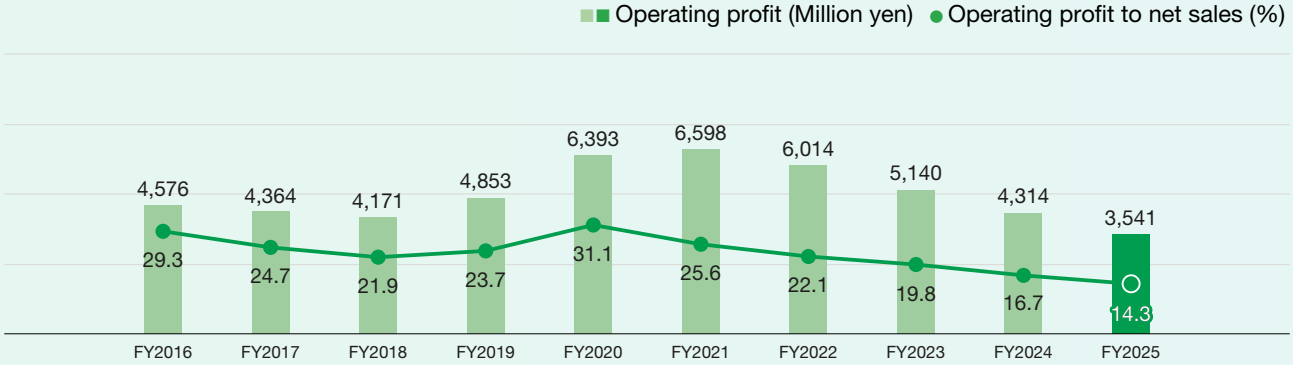


*1: Net sales to outside customers
*2: Amount before adjustment of elimination of inter-segment transactions and corporate expenses

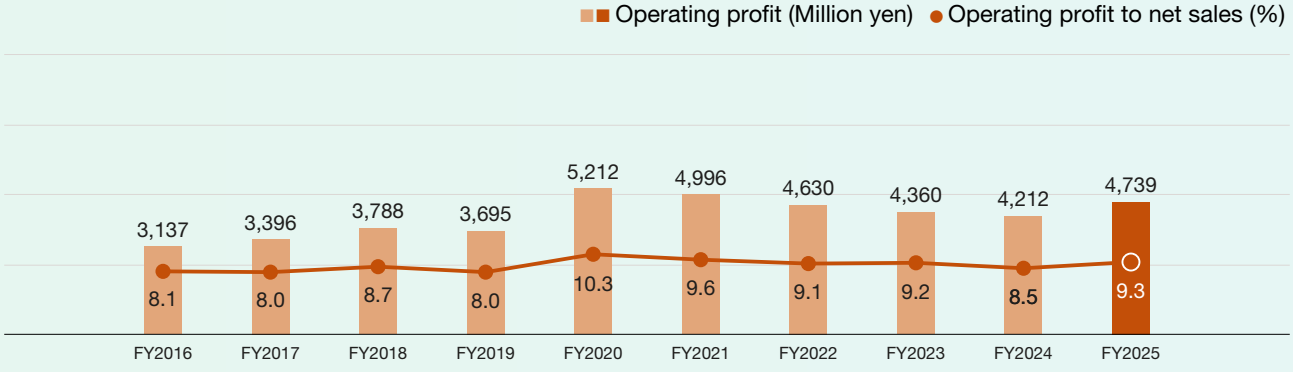
Operating profit and operating profit to net sales



Operating profit*2 and operating profit to net sales



Operating profit*2 and operating profit to net sales



Review of the Previous Medium-term Management Plan

The 10th Medium-term Management Plan "Resilience 2025 (Shinayaka 2025)"
—Aiming to be a company with strong organizational resilience—

Trends in management indicators

(Million yen)

Financial indicators	FY2020 results	FY2021 results	FY2022 results	FY2023 results	FY2024 results	FY2025 results	FY2025 targets
Consolidated net sales	71,471	78,001	78,397	73,832	75,745	75,853	80,000
Consolidated operating profit	9,140	8,566	7,566	6,019	6,268	5,920	7,000
Consolidated ordinary profit	9,574	9,311	8,104	6,390	7,047	6,077	7,300
Ordinary profit margin	13.4%	11.9%	10.3%	8.7%	9.3%	8.0%	9.1%
ROIC	11.2%	9.3%	7.6%	5.9%	5.3%	4.5%	Approx. 5.2%
ROA	8.2%	8.0%	7.0%	4.8%	4.7%	3.7%	Approx. 4.3%
Dividend payout ratio	17.3%	18.8%	24.3%	45.8%	45.5%	53.4%	Approx. 25%

Non-financial indicators	FY2020 results	FY2021 results	FY2022 results	FY2023 results	FY2024 results	FY2025 results	FY2025 targets
Sales ratio of eco-friendly products and construction methods*1	12.6%	21.2%	23.9%	22.2%	22.3%	22.2%	30% or more
Number of newly developed (or improved) products and construction methods launched*2	10	1	4	6	8	13	10 or more
Number of products from joint research and development rolled out*3	2	1	1	1	1	2	2 or more
Percentage of suppliers evaluated	100%	100%	100%	100%	100%	100%	100%
Number of days of annual paid leave taken*4	50% or more 52.4%	50% or more 56.4%	50% or more 69.1%	50% or more 80.0%	50% or more 78.0%	50% or more 76.2%	50% or more 100%
Number of internal compliance training workshops held	2	2	2	2	2	2	2
Number of financial results briefings held	0	1	2	2	2	2	2

*1: Eco-friendly products and construction methods refer to those more conscious of the 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 (the FY2020 figure is cumulative from FY2016).
*3: The cumulative number of developed products launched in FY2021 or later as a result of joint R&D projects (the FY2020 figure is cumulative from FY2016).
*4: Covers employees granted 10 or more days of annual leave; figures represent the take-up rate relative to the number of days granted.

Business environment

- Although public investment remained generally firm amid reconstruction following natural disasters and efforts to promote disaster prevention and mitigation, and national resilience, budgets shifted toward bridge- and sewerage-related projects.
- The need to closely monitor crude oil prices, exchange rates, and other developments continued amid heightened international tensions such as the situation in Ukraine.
- In addition to elevated construction material prices, labor costs have also risen due to labor shortages and inflation relief measures.

Achievements under priority measures

Expand and cultivate our business markets, and penetrate markets

- We promoted sales of Tastainability® products and construction methods, which add functionality and performance such as longer service life, recyclability, and warm mix capability to conventional technologies while contributing to further reductions in CO_2 emissions. ▶ P.41
- Initiatives targeting various business fields, including airports, ports, logistics facilities, and defense facilities, made progress.
- During India's high-speed rail project, we established a local joint venture and launched an asphalt emulsion business for slab track.

Enhance R&D capabilities and improve productivity

- Our "paving technology with enhanced flow resistance" won the Minister of Defense Prize at the Infrastructure Maintenance Award, while the "high-durability ultra-low noise pavement" jointly developed with Metropolitan Expressway Co., Ltd. received an Excellence Award under the National Land Technology Development Award program.
- We improved productivity through the advancement of DX systems that make use of AI, including the development and operation of GLOCAL-EYEZ and logistics management system. ▶ P.42 ▶ P.43
- We streamlined our operations through construction technologies that utilize ICT such as smart stabilizers, remotely-conducted onsite inspections, and construction robots.

Strengthen the Group's management foundation

- In April 2022, the Company transferred its listing to the Prime Market of the Tokyo Stock Exchange.
- The Company transitioned to a company with an Audit and Supervisory Committee in June 2024 and to a holding company structure in October of the same year. ▶ P.68
- We strengthened investment in human capital by revising various HR systems, including introducing a mandatory retirement age of 65, establishing professional-track positions, expanding internal training, supporting employees seeking doctoral degrees, and raising employee salary levels by approximately 3%–6% annually. ▶ P.53

Boost environmental investments to contribute to realizing a decarbonized society

- We advanced construction of Tsukuba Big Ship, a new facility that will use renewable energy and other measures to achieve advanced environmental performance, as part of our efforts to build eco-friendly production and logistics systems. ▶ P.31
- We promoted the adoption of green power, renovations to existing buildings and equipment, and the replacement of Group-owned vehicles with hybrid vehicles to reduce energy consumption.

Remaining issues

- Expanding eco-friendly products and construction methods and developing new business fields
- Strengthening and revitalizing organic collaboration and cooperation among Group companies and with external partners
- Generating results from human capital investment (improving productivity and profitability, fostering innovation, and strengthening recruitment and organizational capabilities, etc.)
- Generating results from DX investment (improving operational efficiency and productivity, enhancing profitability and customer value, improving decision-making, and addressing labor shortages, etc.)
- Strengthening our business foundation by bringing Tsukuba Big Ship into operation
- Advancing ESG management

New Medium-term Management Plan “Flexible 2030 (Nobiyaka 2030)”

Changes affecting a wide range of areas—including nature, society, and the economy—are expected to occur on a larger scale and at a faster pace than ever before. Precisely because we are entering such an era, realizing our Vision for the 100th Anniversary of Our Foundation ▶ P.23 will require us to further bolster our resilience to respond to changes in the external environment cultivated under “Resilience 2025 (Shinayaka 2025) ▶ P.27,” embrace change as an opportunity for growth, and evolve toward “Flexible (Nobiyaka) Growth” that enables sustained development. Based on this understanding, we formulated “Flexible 2030 (Nobiyaka 2030)” (FY2026 to FY2030) as our new Medium-term Management Plan.

Business environment

1. Fluctuations in crude oil prices and foreign exchange rates amid growing instability in international affairs
2. Growing momentum toward achieving a decarbonized society as global climate change accelerates
3. Societal demands for ESG management and achievement of the SDGs
4. Accelerating technological innovation and digital transformation (DX)
5. Growing cyber risks (cyberattacks, system failures, information leaks, etc.)
6. Increasing damage to infrastructure as natural disasters—including earthquakes, typhoons, and torrential rains—become more severe and frequent
7. Aging social infrastructure developed during and after Japan’s period of rapid economic growth
8. Promotion of work-style reform in the construction and logistics industries
9. Strengthening human capital management in response to calls for “investment in people”
10. A shrinking working-age population and an aging society (the 2040 problem)

Basic policy

Building on our original business model—which centers on R&D and provides an integrated range of road paving services spanning “survey and diagnosis → design and proposal → manufacture and sales → construction and management”—we will pursue strategies and actions from a medium- to long-term perspective, respond with resilience to changes in our operating environment, harness those changes as a source of strength, and seek to achieve “four forms of flexible growth.”



Basic policy
Responding with resilience, growing flexibly

Sustainable growth	Harmonious growth	Creative growth	Healthy growth
Stable, long-term growth (deepening and consolidation)	Growth in balance with customers, employees, local communities, and other stakeholders	Growth generated through new ideas and challenges	Sound growth supported by a strong management foundation

Shinayaka: Developing resilience to environmental changes, operational reforms, and other developments
Nobiyaka: Embracing change as an opportunity for growth and achieving sustainable development

Priority measures



1. Strengthening the customer base

- We will work to ensure that more customers use our wide-ranging products and construction methods over the long term.
- We will provide eco-friendly products and construction methods with functionality and performance such as longer service life, recyclability, and warm mix capability.



2. Strengthening organizational capabilities

- We will strengthen and revitalize organic collaboration among divisions, regions, and Group companies to improve productivity.
- We will strengthen collaboration with universities, companies, and other external partners to drive the creation of new added value.



3. Strengthening the business foundation through Tsukuba Big Ship

- We will use DX to increase the capacity of our production facilities and manufacture even more high-value-added products.
- We will strengthen quality control, optimize nationwide logistics management, and enhance our ability to undertake construction projects in the Tokyo metropolitan area, among other measures.



4. Enhancing supply chain management

- We will use ICT and DX throughout the supply chain—from raw material procurement and transportation to manufacturing and sales at plants, and construction and equipment management at worksites—to improve productivity, quality, and safety.



5. Strengthening the management foundation

- We will advance initiatives including enhancing ESG management and disclosures; expanding our business domains through M&A and other means; securing and developing human resources; reforming operations through DX; strengthening information security; and balancing growth investment with the strengthening of our financial foundation.

Management targets

Financial targets

	FY2025	FY2030	
	Results	Targets	Compared with FY2025
Net sales	¥75,853 million	¥86,000 million	113%
Operating profit	¥5,920 million	¥6,800 million	115%
EBITDA	¥8,674 million	¥11,300 million	130%
EBITDA margin	11.4%	13.1%	-
ROE	5.5%	6.0%	-
Dividend payout ratio	53.4%	Approx. 50%	-

*Targets have been set on the assumption that the Dubai crude oil price will be US$100 per barrel and the exchange rate will be ¥160 to the U.S. dollar in FY2026, and that from FY2027 through FY2030 these will remain at their FY2025 levels of US$65 per barrel and ¥160 to the U.S. dollar, respectively. The targets also take into account increased depreciation and other factors associated with the large-scale investment in Tsukuba Big Ship.

Non-financial targets

	FY2025	FY2030	FY2043	Target stakeholders	SDGs mapping
	Results	Targets	Targets		
Sales ratio of eco-friendly products and construction methods*1	22.2%	50% or more	80% or more	Customers and local communities	
Number of newly developed (or improved) products and construction methods launched*2	13	20 or more	40 or more		
Number of products from joint research and development rolled out*3	2	5 or more	10 or more	Suppliers	
Percentage of suppliers evaluated	100%	100%	100%		
Annual paid leave utilization rate*4	50% or more 76.2%	70% or more 100%	90% or more 100%	Employees	
Number of internal compliance training workshops held	2	2	2		
Number of financial results briefings held	2	2	2	Shareholders and investors	

*1: Eco-friendly products and construction methods refer to those more conscious of the 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 employees granted 10 or more days of annual leave; figures represent the take-up rate relative to the number of days granted.

Tsukuba Big Ship Project

Construction of the buildings at Tsukuba Big Ship, the Nichireki Group's new environmentally conscious production and logistics hub in Tsukubamirai City, Ibaraki Prefecture, was completed in March 2026. Factory equipment is now being installed in preparation for the start of operations during FY2027. Total investment in the project is expected to be approximately ¥35,000 million.

Once completed, Tsukuba Big Ship will perform a range of functions, including manufacturing high-value-added products that meet next-generation needs, such as eco-friendly products; centrally managing nationwide logistics; and serving as a construction center for the Tokyo metropolitan area. Through these functions, we will further accelerate efforts to address aging infrastructure and support the transition to carbon neutrality. In production and logistics management in particular, we will use DX to improve efficiency and enhance operational capabilities.



Illustration of the completed project

Concept of Tsukuba Big Ship

Item	Description	Key investment effects
Increased production capacity	Expand production capacity for paving materials, including high-performance asphalt emulsions and 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 resource inputs (personnel, labor hours, energy, etc.) through DX-enabled improvements in manufacturing efficiency	Reduction of manufacturing costs
Manufacture of high-value-added products	Develop and sell new high-value-added products based on themes such as environmental performance, longer service life, and earthquake resistance	Increase in net sales Increase in gross margin
	Enter into large-scale, highly profitable businesses and expand existing markets through the manufacture of high-value-added products	
	Improve quality control accuracy through real-time tracking of production activities and centralized monitoring using the latest technology	
Streamlining of logistics management	Streamline logistics efficiency and lower costs through DX-enabled centralized management of order intake, transport vehicle inspections, operating status checks, and related processes	Reduction of manufacturing costs and SG&A
Realization of eco-friendly production and logistics	Implement advanced environmental initiatives through the use of natural and renewable energy sources, resulting in reduced CO_2 emissions	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	Strengthen emergency response capabilities through the distribution of key production functions across multiple sites and a location close to the Tokyo metropolitan area	Reducing business risks
	Reduce natural-disaster risk through the facility's location on elevated ground	
Construction center functions for the Tokyo metropolitan area	Expand business in the Tokyo metropolitan area through the establishment of a motor pool for vehicles and equipment and centralized data management	Increase in net sales Reduction of manufacturing costs and SG&A

Exterior views of the facility



Full view of the facility



❶ Office Building



❷ Plant Building



❸ Integrated Technical Center Building



❹ Nichireki Park
(zone showcasing proprietary construction methods)



❺ Motor Pool

Management That is Conscious of Cost of Capital and Stock Price

Under our new Medium-term Management Plan, "Flexible 2030 (Nobiyaka 2030) ▶P.29," which began in April this year, the Nichireki Group is working to achieve sustainable growth in corporate value. By raising return on equity (ROE) and reducing the cost of capital, we aim to improve the price-to-earnings (P/E) ratio and thereby increase our stock price and price-to-book (P/B) ratio. Our specific initiatives for realizing these goals are as follows.

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 technologies through joint research with universities and external partners. We will also use the state-of-the-art manufacturing infrastructure to be installed at Tsukuba Big Ship ▶P.31, which is scheduled to begin operations in FY2027, to continuously bring to market a range 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.

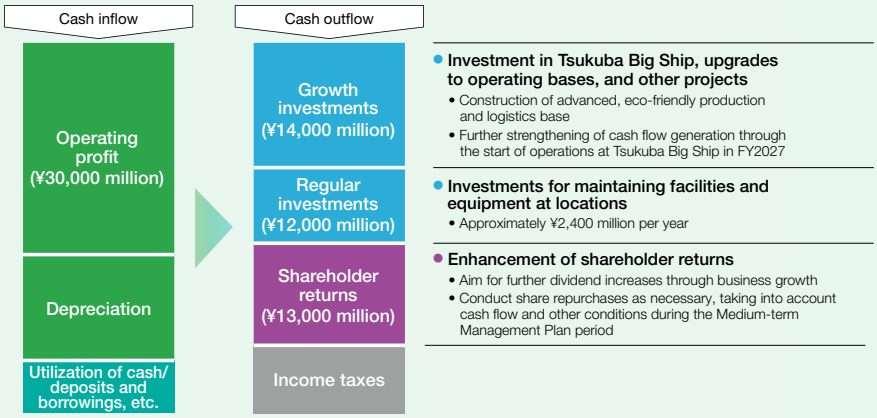
Furthermore, from the standpoints of enhancing efficiency and reducing costs, we are promoting DX as well as endeavoring to curb costs while simultaneously elevating productivity by introducing new technology, including the application of remote onsite inspections that make use of ICT and construction 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

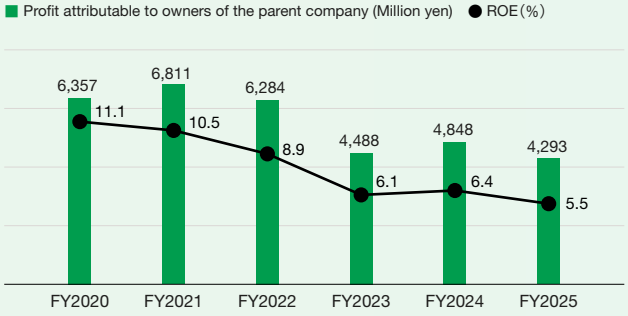
From the perspective of controlling capital, we are practicing capital allocation that finds an optimal balance between growth investment and shareholder returns. As we aim for future sustainable growth, while moving forward with strategic investment in Tsukuba Big Ship, we will flexibly purchase treasury 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 (FY2026 to FY2030)

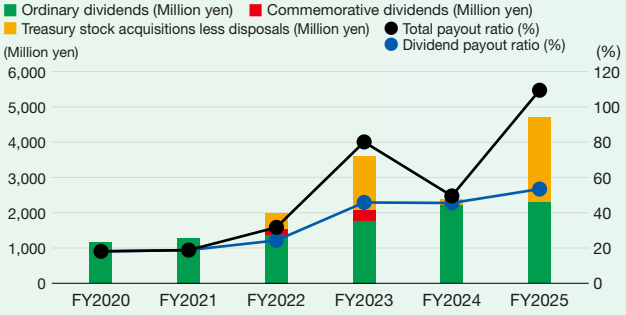
We will principally utilize cash flow generated through business growth to both make growth investments for the next generation and conduct more substantial shareholder returns.



Changes in profit and ROE



Trends in shareholder returns, total payout ratio, and dividend payout ratio



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

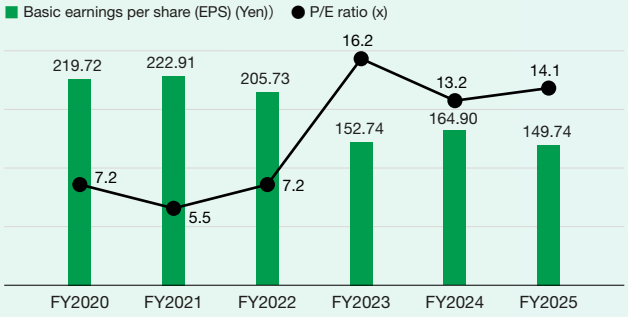
By addressing ESG, we aim to reduce overall business risks. From an environmental perspective, we are actively investing in R&D under the keyword “Tastainability®” ▶ P.41 and focusing on developing products and construction methods that help reduce CO_2 emissions. Through the development of Tsukuba Big Ship, we also aim to make our production and logistics operations more environmentally conscious. From a social perspective, we will fulfill our responsibility to pass safe and reliable infrastructure on to future generations by helping resolve problems associated with aging social infrastructure and providing highly durable paving technologies capable of withstanding increasingly severe and frequent natural disasters. We will also strengthen investment in human capital by promoting work-style reforms, raising pay levels, and taking other measures while respecting human rights and ensuring occupational health and safety. From a governance perspective, we will build on the foundations established through our transition to a holding company structure and a company with an Audit and Supervisory Committee to accelerate Group management and further strengthen management oversight. We will also use our restricted stock compensation plan to promote value sharing with shareholders and work to maximize corporate value sustainably.

Active dialogue with markets and information disclosure

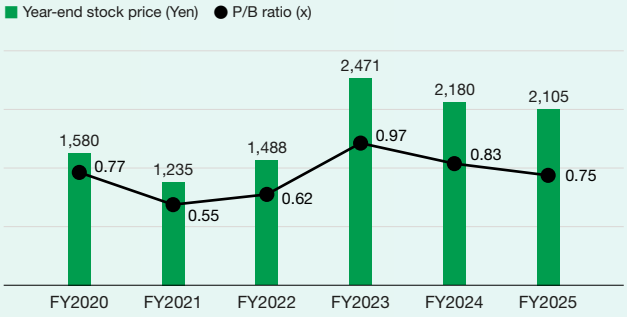
The Group regards active dialogue with the market and timely and appropriate disclosure of information as an important management priority. In addition to holding regular one-on-one meetings with institutional investors and analysts, we are enhancing communication about our management policies, business strategies, performance, and other matters through financial results briefings, IR seminars for individual investors, participation in the Nikkei-TSE IR Fair, and other activities. We are also working to enhance brand value through coverage and advertising in magazines, newspapers, and other media, as well as radio appearances and sponsorship activities.

For non-financial information, we communicate to our investors our value-creation initiatives that are not fully reflected in financial information through the Integrated Report (Japanese and English editions) and environmental disclosures based on frameworks such as the TCFD and CDP. In doing so, we seek to earn an appropriate valuation from the market.

Changes in EPS and P/E ratio



Trends in stock price and P/B ratio



These initiatives have steadily deepened the market’s understanding of the Group, and stock indicators showed some improvement during the previous Medium-term Management Plan period. Going forward, we will continue working to meet capital market expectations by improving both ROE and the P/E ratio through measures such as enhancing capital profitability and reducing the cost of capital, while continuing to evolve our management toward sustainable growth.

KPI

Item	FY2023 results	FY2024 results	FY2025 results	FY2030 targets	FY2043 targets	Relevant SDGs
Number of financial results briefings held	2	2	2	2	2	

3

Foundation for Sustainable Growth (ESG Management)

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Environmental

Putting Environmental Management into Practice

Policies and system

With growing momentum around ESG, the SDGs, and carbon neutrality, companies are being called upon more than ever to address climate change on a global scale. At Nichireki Group, we believe that environmentally conscious management not only leads to the realization of a sustainable society but also directly contributes to maintaining and strengthening our competitiveness as a business enterprise. Based on this philosophy, and in order to implement environmental management, we have established an Environmental Management Committee chaired by the President and Representative Director, to promote initiatives addressing general environmental issues, including climate change, in accordance with the Group's environmental policies. Furthermore, we have established a system whereby the committee deliberates on and examines evaluations of these initiatives and measures for their improvement before reporting their findings to the Board of Directors, ensuring that they are appropriately reflected in our management strategy.

Nichireki Group has positioned contributing to realizing a decarbonized society as one of its material issues, and has established the sales ratio of eco-friendly products and construction methods as a key performance indicator (KPI) to measure progress toward this goal. We have also included this as a non-financial target in our Medium-term Management Plan "Flexible 2030 (Nobiyaka 2030)," which began in FY2026.

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.

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.



Environmental Management System (ISO 14001) Certificate of Registration (Union of Japanese Scientists and Engineers ISO Center)

April 1, 2026
Manabu Obata, Representative, Nichireki Group

KPI

Item	FY2023 results	FY2024 results	FY2025 results	FY2030 targets	FY2043 targets	SDGs mapping
Sales ratio of eco-friendly products and construction methods*	22.2%	22.3%	22.2%	50% or more	80% or more	

* The ratio of sales of products and construction methods more conscious of the environment than existing ones to consolidated net sales

Environmental management system diagram



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 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.41. Such efforts include reducing the temperature of mixture production using modified asphalt for warm mix, extending the lifespan of pavements with highly durable materials, and making effective use of resources through recycling.

In our day-to-day business activities, we are working to reduce environmental impact. For example, we promote resource reuse by thoroughly sorting waste within the office and using 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 protects biodiversity. Felling trees at appropriate intervals in a dense forest allows enough sunlight penetration to form a healthy forest, which preserves the habitats of diverse living organisms living in the forest. Timber from forest thinning is used in various ways, such as construction materials; however, there are also cases where forest-thinning materials are incinerated for disposal. We use forest-thinning materials for promenades in parks as ASWOOD paving ▶ P.49, which blends harmoniously with the surrounding nature, by crushing the materials and mixing them with asphalt emulsion, thereby working to promote the recycling of forest-thinning materials and maintaining ecosystems.

In addition, we contribute to the conservation of biodiversity by promoting heat-blocking paving ▶ P.50, which helps to mitigate the urban heat island effect, and soil-based paving, which has excellent water retention properties. We also contribute through participation in cleaning and greening of roads and rivers in the regions across Japan where our offices are located.


ASWOOD paving

Environmental information disclosure

We are working to enhance our environmental disclosure. We continue to provide disclosure based on the TCFD*1 recommendations in our Integrated Report ▶ P.39. Additionally, we respond to the CDP*2 questionnaire, and in FY2025 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 a the third-highest, indicating that the company has been evaluated at the “Management Level,” demonstrating effective management and action regarding its environmental impacts.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CDP Discloser 2025

*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. TCFD recommends 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. 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.

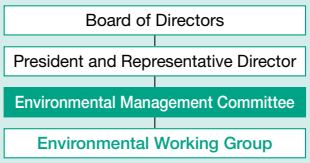
We clarify the impact on our business of the risks and opportunities brought about by climate change and take measures, thereby improving our business continuity, contributing to the realization of a sustainable society, and enhancing our corporate value.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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 latest information on risks and growth opportunities related to environmental issues, as well as the progress of environmental management, is reported to and reviewed by the Board of Directors as needed.

Governance system diagram



Risk management

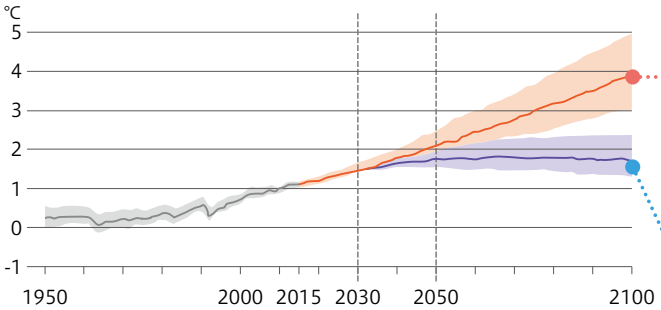
At Nichireki Group, the above-mentioned Environmental Management Committee has a group-wide risk management system that regularly monitors climate change-related risks. In addition, to ensure we are fully prepared to address tail risks (risks that, while unlikely to occur, would result in extremely large losses if they did), we will work to improve the accuracy of identifying and understanding material risks by, for example, continuously reviewing our scenario analysis and assessment.

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—and assesses the level of impact of such risks and opportunities on its business, and considers countermeasures. Going forward, we will evaluate the resilience of our response measures on an ongoing basis and consider new measures as needed.



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)

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.

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.

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 and 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. • Promote the innovation of manufacturing processes (utilizing the Tsukuba Big Ship) • 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 realization 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 and narrowing down the current raw materials suppliers • Examine and develop alternative materials
		• Increase in waste disposal cost	High	Medium	• Promote recycling
	Reputation	• Changes in how investors and consumers evaluate our efforts to address climate change	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 • Further promote our one-stop solutions business that comprises all the processes from design and proposal based on survey and diagnosis 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)

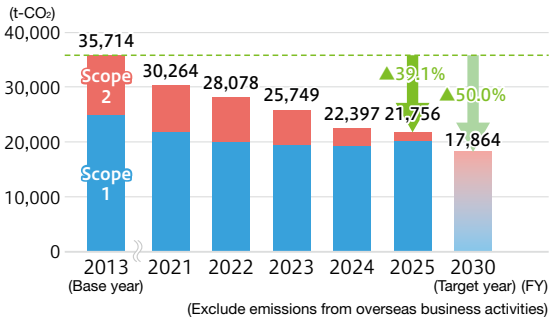
Metrics and targets

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 government's goal 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 our targets, we will further promote the current initiatives to purchase green power and install solar panels. We will also proactively use vehicles and equipment that use low-carbon and decarbonized fuels, hydrogen, and electricity. In addition to expanding sales of eco-friendly products such as longer-life and warm mix modified asphalt and other paving materials, we will also leverage the Tsukuba Big Ship, scheduled to begin operations in FY2027, to pursue technological innovations in manufacturing processes and the development of new low-carbon paving materials and construction technology.

As for Scope 3, we are working to calculate the amount of CO_2 emissions for each category. Going forward, we will work to improve the accuracy of our calculations while exploring specific reduction measures together with those for Scope 1 and 2.

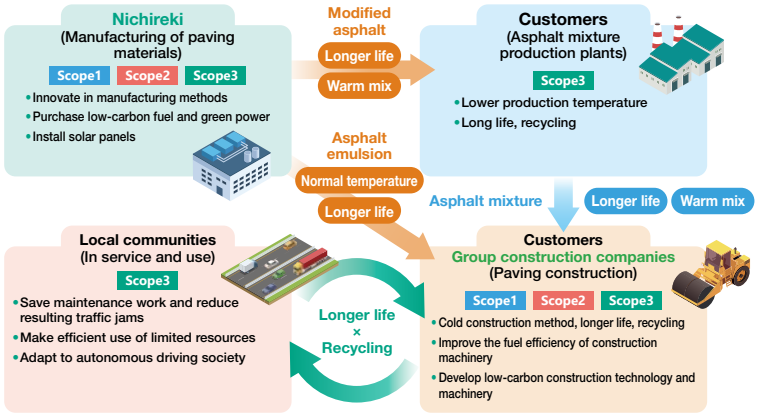
Nichireki Group's CO_2 emissions



(Exclude emissions from overseas business activities)

* Scope1 : Direct GHG emissions from the reporting company (fuel combustion and industrial processes)
Scope2 : Indirect GHG emissions from consumption of electricity, heat, or steam supplied by other companies
Scope3 : 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

Nichireki Group has long been working to create eco-friendly roads by offering products and construction methods, such as asphalt emulsions, which can be handled at normal temperatures. With addressing climate change becoming an urgent priority, we have been working in recent years to further reduce CO_2 emissions by offering 足有テコビリティ products and construction methods that enhance conventional technologies with new functionality and performance such as longer service life, recyclability, and warm mix capability. We are also working to improve roadside environments, including reducing noise and vibration and enhancing traffic safety, as part of our efforts to promote the creation of sustainable roads. The chart below shows our lineup of representative eco-friendly products and construction methods.

Main uses	Representative Nichireki products and construction methods	Added functionality and performance					Reference page
		Low carbon				Safety and security	
		Longer life	Recycling	Warm mix	Normal temperature		
Lowering mixture production temperature	SUPERCLEAN 50 (modified asphalt for warm mix)			○			—
	CLEANPHALT AFH (modified asphalt for warm mix recycled mixture)		○	○			—
Structural reinforcement	STABI-CEMENT RC construction method (on-site base course recycling construction method)	○	○		○		P.43
Longer life	SUPER SHINAYAKAPHALT (low-carbon modified asphalt for long-life pavement)	○		○			P.44
	SUPER CONTAINERPHALT (low-carbon modified asphalt for ultra-heavy loads)	○		○			P.45
	SUPER TACKZOL (rapid breaking asphalt emulsion)	○			○		P.45
	L-seal tape (molded water cut-off material for milled surfaces/road bridge ends)	○			○		P.46, P.48
Longer life (Road bridges)	HQ PAVERANE construction method (highly durable deck waterproofing/integrated pavement construction method)	○					P.47
Extended lifespan	SUPER SURFTREAT S construction method (asphalt emulsion surface treatment construction method)	○			○		P.46
Recycling	ASWOOD paving (wood chip paving)		○		○	○	P.49
Preventing water splash/reducing road surface noise	Chemiphalt MX (modified asphalt for long-life porous paving)	○				○	P.49
	TOUGHPHALT SUPER (modified asphalt for porous paving)					○	—
Mitigating the rise in surface temperature of roads	THERMOTEC construction method (heat-blocking paving)				○	○	P.50
Reducing vibration	SUPER ROMENPATCH (emulsion-based cold mix bump repairing material)				○	○	P.50
	MR² method (manhole top repairing method)	○			○	○	P.50
	HQ SEAMLESS JOINT (embedded-type expansion joint device for road bridges)	○				○	P.50
Reducing odor emissions	Modified asphalt for improving odor control					○	—
	Modified asphalt for improving odor control and warm mix			○		○	—
Weed control	FC weed-control method (weed control construction method)					○	P.51
Improving landscape	COLORPHALT KT method (resin mortar-based color paving)				○	○	P.51
Traffic safety	Road marking/lining					○	P.51

Feature article: Nichireki's road survey technology

Through our proprietary pavement inspection system, we provide inspection technology that efficiently and accurately assesses the condition of pavement damage and the surrounding roadside environment. By combining the diverse information gathered during inspections with our repairing materials and construction methods, we aim to reduce the burden on road administrators by establishing pavement maintenance cycles, while also contributing to the creation of a safe and comfortable road environment.

GLOCAL-EYEZ (smartphone-based road inspection system)

GLOCAL-EYEZ is an innovative system that combines the daily road patrols and road surface inspections for formulating repair plans 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 road with a smartphone mounted on an ordinary car such as a road patrol car. This system allows you to promptly check inspection results online using AI to instantly and automatically analyze images extracted from videos taken with a dedicated app and uploaded to the cloud.

Sample images of inspection using GLOCAL-EYEZ

❶ Start the app and mount the smartphone in the vehicle



❷ Film road conditions while driving



❸ Upload image data → AI analysis



❹ Check inspection results online



❺ Utilize inspection results (sample image)



NETIS* registration number: KK-230048-VE

* 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

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

Furthermore, it is listed in the Inspection Support Technology Performance Catalog, which was compiled by the Ministry of Land, Infrastructure, Transport and Tourism to improve the efficiency and sophistication of inspections, and is recognized as one of the catalog technologies whose use is mandated for periodic pavement inspections and road patrols on national highways under the ministry's direct jurisdiction.

Given the limited availability of civil engineering professionals and budgets, we will 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.

Cracks



Rutting



Flatness



Technology overview

Structural reinforcement

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

Longer life / Recycling / Normal temperature

Long-life base course construction method reusing existing pavement

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 a base course. This construction method forms a strong base course with asphalt flexibility and cement stiffness, contributing to the pavement's longevity. Furthermore, this is also effective in preventing the liquefaction that occurs during an earthquake.

Balancing environmental impact reduction and construction period shortening

By reusing existing pavement on-site, STABI-CEMENT RC construction method significantly reduces the need to transport materials to and from the site, thereby promoting the efficient use of resources and energy conservation. Compared to conventional replacement methods, this method reduces pavement waste by approximately 80% and construction-related CO_2 emissions by approximately 20%. Furthermore, compared to the replacement method, this method allows for a shorter construction period, helping to reduce economic losses caused by construction-related traffic congestion and contributing to a reduction in CO_2 emissions.

Damaged road pavement



Construction with a road stabilizer



Low carbon

20% reduction in CO_2 emissions during construction by reusing existing pavement

Construction in progress

Liquefaction resistance test

Digital technologies for smarter construction works

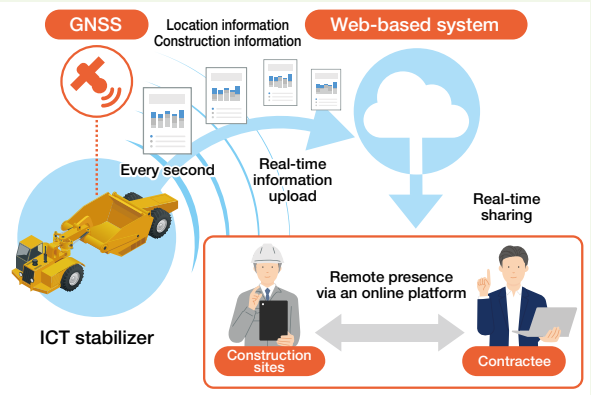
ICT construction with Smart Stabilizer

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.

Improving productivity through remote site management

By streaming video from wearable cameras via web conferencing, the contractee and other construction managers can view measurement data and on-site conditions in real time from anywhere, thereby helping to improve productivity at construction sites.

Smart Stabilizer Monitoring System (image diagram)



NETIS registration number: CG-240013-A

System overview

This system received the Jury's Special Prize in FY2023 at the Infrastructure DX Competition held by the Kinki Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism with the aim of identifying cutting-edge technologies that contribute to DX in the infrastructure sector.

Longer life

SUPER SHINAYAKAPHALT (low-carbon modified asphalt for long-life pavement)

Longer life | Warm mix

Outstanding flexibility and durability

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

Reducing CO_2 emissions by lowering production temperatures

Compared to our conventional SHINAYAKAPHALT, SUPER SHINAYAKAPHALT can lower the temperature of mixing production by 50°C, from 180°C to 130°C. This significantly reduces fuel consumption, cutting CO_2 emissions by approximately 22% and thereby lessening environmental impact.

Low carbon

22% reduction in CO_2 emissions during asphalt mixture production

Conventional asphalt mixture



SUPER SHINAYAKAPHALT



After construction



Bending Comparison: SUPER SHINAYAKAPHALT vs. conventional mixture

STABI-CEMENT RC construction method + SUPER SHINAYAKAPHALT

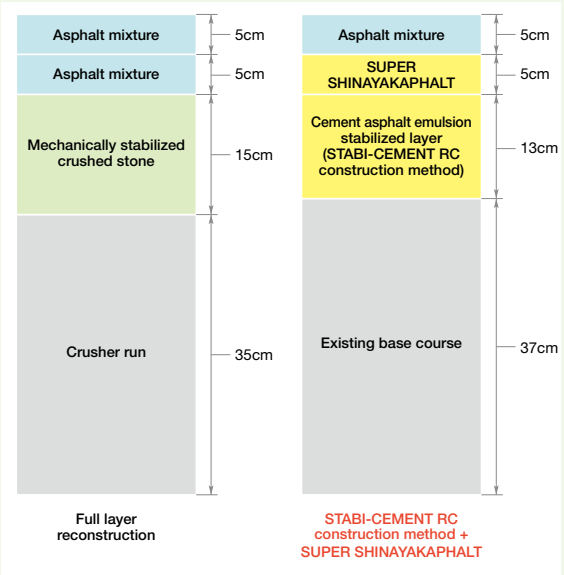
Reducing CO_2 emissions through an unprecedented increase in service life

Paving a long-lasting asphalt mixture (SUPER SHINAYAKAPHALT) on a base constructed by reusing existing pavement at the exact location where it has been damaged (STABI-CEMENT RC construction method) achieves unprecedentedly long-lasting pavement. By reducing the number of repairs and lowering the temperature during mixture production, this method reduces CO_2 emissions by approximately 49% in a 50-year pavement life cycle.

Low carbon

49% reduction in CO_2 emissions in a 50-year pavement life cycle

Basic pavement cross section



Longer life

SUPER CONTAINERPHALT (low-carbon modified asphalt for ultra-heavy loads)

Longer life | Warm mix

Modified asphalt resistant to rutting

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

Reducing CO_2 emissions by lowering production temperatures

The temperature of mixture production can be lowered by 30°C compared to our conventional CONTAINERPHALT S, from 185°C to 155°C, reducing fuel consumption and cutting CO_2 emissions by approximately 13%.

Low carbon

13% reduction in CO_2 emissions during asphalt mixture production

Polymer-modified asphalt type II



SUPER CONTAINERPHALT



After construction



SUPER TACKZOL (rapid breaking asphalt emulsion)

Longer life | Normal temperature

Reduced construction time and improved interlayer bond strength

SUPER TACKZOL is a tack coat ▶P.14 emulsion of the rapid-breaking type. Compared to conventional tack coats, SUPER TACKZOL significantly reduces curing time even during the cold winter months, allowing for a quick transition to the next phase of construction and thereby shortening overall project timelines. In addition, it improves interlayer bond strength, helping extend pavement life.

Contributing to environmental conservation through a cold construction method and anti-stick properties

SUPER TACKZOL is an environmentally friendly material that can be applied at normal temperature. In addition, during construction in hot summer conditions, stickiness is suppressed, preventing adhesion to the tires of asphalt mixture dump trucks and other equipment, and keeping the road surface around the construction site clean.

Spraying with a specialized vehicle



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



L-seal tape (molded water cut-off material for milled surfaces)

Longer life / Normal temperature

Preventing water penetration through construction joints

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 penetration, 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.

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

NETIS registration number: QS-210048-VE

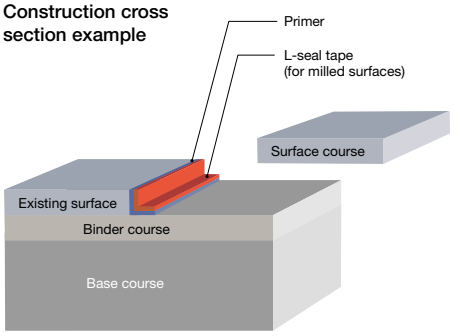
Application using specialized equipment



After construction



Construction cross section example



Extended lifespan

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

Longer life / Normal temperature

Extending the life of pavement by restoring road surface functionality

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 functionality of the road surface, such as its non-slip properties and noise reduction, are restored, leading to an extended lifespan for the pavement and, in turn, cutting medium- to long-term repair costs.

Reducing CO_2 emissions through a cold construction method

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, such as residential roads and sidewalks.

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



Longer life (road bridges)

Extending the lifespan of road bridges and reducing CO_2 emissions through highly durable deck waterproofing

Road bridges are vital lifelines that connect people, goods, transportation, and the economy. Therefore, it is essential that they remain safe and functional for many years to come to ensure that daily life continues uninterrupted.

We offer a wide range of options for bridge deck waterproofing and paving materials, essential for extending the service life of road bridges and designed 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.

Comparison of road bridge deck waterproofing methods

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

HQ PAVERANE construction method (highly durable deck waterproofing/integrated pavement 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. A high-performance pavement waterproofing method that demonstrates high durability by combining the pavement and waterproofing layers, it protects the deck from de-icing agents and airborne salts, contributing to extending road bridge life.

Low carbon

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

NETIS registration number: KK-240046-A

HQ HIBRANE AU+ construction method (highly durable coating-type deck waterproofing method)

▶ P.63

Longer life

HQ HIBRANE AU+ construction method is a highly durable asphalt-urethane coating-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. Furthermore, 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

MULTI FRESH construction method (highly durable composite deck waterproofing method)

Longer life

MULTI FRESH construction method is a composite waterproofing method that applies a hot-applied coating-type waterproofing material 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.

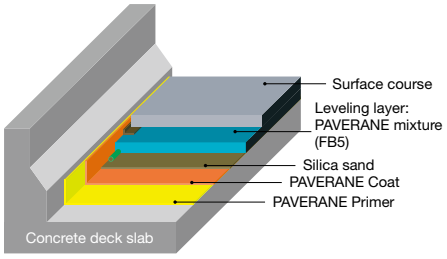
Low carbon

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

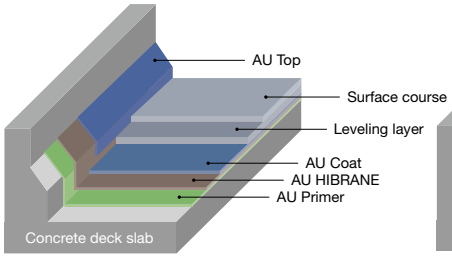
Introduction to waterproofing methods

Construction cross section example

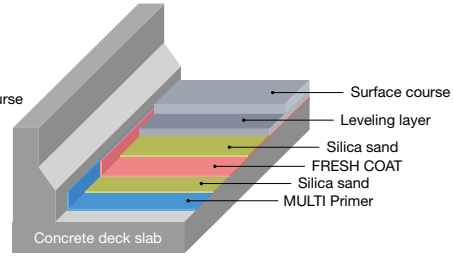
HQ PAVERANE construction method



HQ HIBRANE AU+ construction method



MULTI FRESH construction method



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

Longer life

Normal temperature

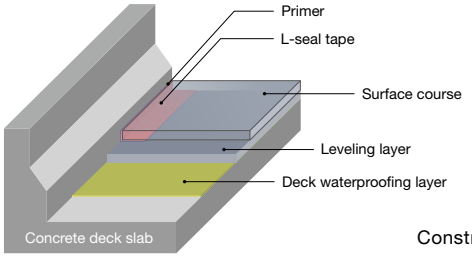
Preventing water penetration from road bridge ends

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 road bridge and the newly paved asphalt mixture. By preventing water from penetrating the deck surface, 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.

After construction



Construction cross section example



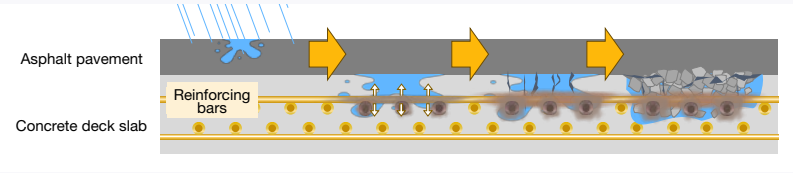
NETIS registration number: QS-210048-VE

Construction in progress

Feature article: Nichireki's survey technology for bridges

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 (non-destructive road bridge deck survey vehicle)

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



Technology overview

A trained AI, developed based on training data from skilled survey engineers, performs the analysis of damage. 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 analyzed damage conditions. The SMART SHOBAN CATCHER has also been evaluated by external organizations, such as 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."

Recycling

ASWOOD paving (wood chip paving)

Recycling · Normal temperature · Safety and security

People-friendly paving

ASWOOD paving is wood chip paving made by mixing ASWOOD Emulsion, a rubber-modified asphalt 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, which help reduce the strain on the feet of walkers and runners, and prevent puddles from forming, thereby controlling water splash. Furthermore, its soft texture, which blends in with the surrounding natural environment, not only brings comfort and relaxation to people, but also promotes the penetration of rainwater into the soil, thereby contributing to groundwater recharge.

CO_2 fixation and the effective use of wood resources

Using forest-thinning materials and other resources without burning them prevents CO_2 from being emitted into the atmosphere and contains CO_2 as it is within these materials and resources. 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. Furthermore, this method enables the utilization of trees damaged by Japanese oak wilt disease and by pine weevils, which have been causing increasing damage across the country in recent years. It also makes it possible to use bamboo from neglected bamboo forests.

Reducing CO_2 emissions through a cold construction method

Because the entire process, from mixture production to construction, can be carried out at ambient temperature, this method is environmentally friendly and can reduce CO_2 emissions by approximately 34% compared with conventional hot-mix paving.

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

Preventing water splash/reducing road surface noise

Chemiphalt MX (modified asphalt for long-life porous paving)

Safety and security · Longer life

This paving's drainage function helps reduce traffic accidents by preventing water splash, skidding, and reduced visibility while driving. It also helps reduce road surface noise generated by vehicle traffic.

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

Conventional paving



Porous paving



Mitigating the rise in surface temperature of roads

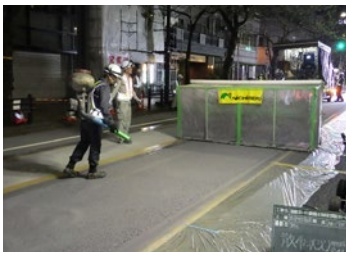
THERMOTEC construction method (heat-blocking paving)

Safety and security / Normal temperature

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.

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

Construction in progress



After construction



Reducing vibration

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

Safety and security / Normal temperature

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

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.

Construction in progress

NETIS registration number: KT-190089-VE

SUPER ROMENPATCH



After construction



MR² method (manhole top repairing method)

Safety and security / Longer life / Normal temperature

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

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



HQ SEAMLESS JOINT (embedded-type expansion joint device for road bridges)

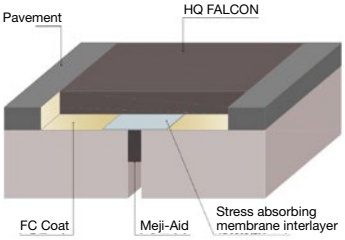
▶ P.63

Safety and security / Longer life

HQ SEAMLESS JOINT is an embedded-type expansion joint device within which bridge joints are embedded. As steel and rubber parts are not exposed on the road surface, there are no uneven spots, enabling smooth driving of vehicles.

HQ SEAMLESS JOINT has outstanding water shut-off performance and quality stability, which allows it to be used over a long period, contributing to extending the life of road bridges.

Construction cross section example



After construction



Weed control

FC weed-control method (weed control construction method)

Safety and security

This method involves milling construction 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



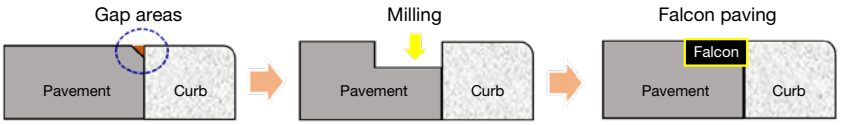
After construction



Over one year after construction



Construction methods



Construction in progress

Improving landscape

COLORPHALT KT method (resin mortar-based color paving)

Safety and security

Normal temperature

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.

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

After construction



After construction



Ensuring traffic safety

Road marking/lining

Safety and security

Using road markings that appear to be three-dimensional, lining, 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



Feature article: Nichireki's survey technology

ROMEN CATCHER SUPER MWD (Mobile Multi-Functional Pavement Deflection Measurement Vehicle)

In recent years, measuring pavement deflection amount with a Falling Weight Deflectometer (FWD) 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.

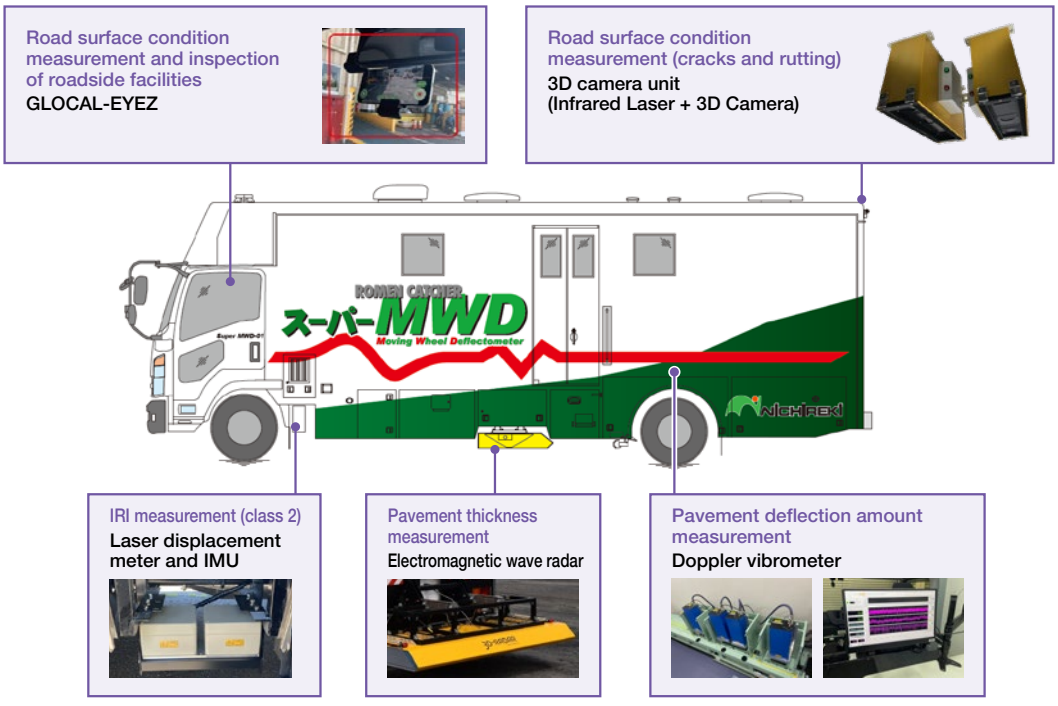
Our ROMEN CATCHER SUPER MWD is a multi-measurement device that, in addition to measuring deflection amount, can simultaneously survey factors that significantly affect the accuracy of deflection amount analysis, such as pavement thickness, as well as surface damage conditions required for pavement diagnosis (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 (SMART SHOBAN CATCHER) ▶P.48, and smartphone-based road inspection technology (GLOCAL-EYEZ) ▶P.42.

ROMEN CATCHER SUPER MWD



* International Roughness Index. An indicator of road surface roughness proposed by the World Bank.

Measuring device of ROMEN CATCHER SUPER MWD



Enhancing the Human Capital Management

The Nichireki Group aims to become a sustainable corporate group by enhancing its ability to respond flexibly to changes in the operating environment, harnessing change as an opportunity for growth, and evolving toward sustained development through “Flexible (Nobiyaka) Growth.” Our management philosophy is to be a Group in which every employee can demonstrate their abilities and find their work rewarding. To realize this, we are focusing on recruitment activities while developing human resources who can turn change into strength, take on challenges with new ideas, and continue to grow.

Recruitment

Each year’s recruitment plan is formulated on the basic policy of securing the workforce needed for business growth, while taking into account retirements and other departures. The plan is deliberated at the Management Strategy Council, composed of Executive Directors and Senior Executive Officers, and is approved through this process. In addition to continuously hiring a certain number of new graduates each year, we also recruit experienced professionals with extensive backgrounds throughout the year. We also hire specialists with specific skills as needed.

We also place emphasis on diversity, actively recruiting individuals from overseas, including international students studying in Japan. Regardless of humanities or science background, the number of personnel active in various fields, including research and development and overseas business, is increasing year by year. By building a workforce with diverse backgrounds, we expect that new synergistic effects will continue to be generated.

Human resource development

The Nichireki Group conducts training by rank and training by profession so that employees can continue to grow and deepen their specialized knowledge.

Training by rank is designed to help employees acquire the skills required for their respective positions and grades. It begins with a two-month training for new hires, followed by roughly six months of on-the-job training under the guidance of senior employees after assignment to a workplace. The program is structured so that training, including that of training by profession, is conducted with all members of the same intake every year up through the fourth year. Through this training up to the fourth year, young employees are supported in deepening their understanding of their work as well as in their future career development. In addition to young employees, training for mid-career employees and managerial staff is also being enhanced, with continuous training conducted at each rank that leads toward management and executive positions, alongside ongoing training programs on compliance, IT, safety, and other topics.

Training by profession is a tiered training program in which employees have the opportunity to not only further their knowledge of jobs they have already experienced, but also acquire that of new fields.

The Nichireki Group also places emphasis on supporting employees in obtaining professional qualifications, and as support for obtaining public qualifications such as Professional Engineer and Civil Engineering Works Execution Managing Engineer, we bear the costs of various internal and external seminars, textbooks, examination fees, and other expenses, and we award bonuses to employees who obtain designated qualifications. For engineers, we provide opportunities to further enhance their expertise, including support such as bearing the costs of obtaining a doctoral degree, as part of this effort.


Training for new hires


Third-year training


Training for management administrators


Training by profession

	FY2023 results	FY2024 results	FY2025 results
Cumulative hours of employee training (hours)*	13,393	16,781	15,070

* Covers training hosted by Group headquarters.

Group training programs

Training by rank

Training for new hires → First-year training → Third-year training → Training for leader candidates → Training for supervisors → Training for managers → Training for senior managers → Training for management administrators

Training by profession

Training for sales work | Training for construction work | Training for engineer work | Training for production work | Training for general affair and accounting work

Compulsory training for all employees

Compliance training

Seminars

For acquiring qualifications, technical skills, etc.

Employee compensation system

Based on its management philosophy of creating a Group in which every employee can demonstrate their abilities and find their work rewarding, the Nichireki Group has adopted a role-based personnel system. Specifically, we have prepared a detailed course and grade system aligned with employees' career development, and provide clearly differentiated employment terms and remuneration based on the roles and responsibilities specified for each course and grade.

Evaluation is conducted from two perspectives: role-performance evaluation and results evaluation. Based on a comprehensive assessment of these results, salary increases and promotions are implemented and reflected in base pay. Bonuses consist of a fixed portion and a variable portion (individual evaluation portion and area evaluation portion), forming a structure in which both the performance evaluation of the department to which the employee belongs and the individual employee's evaluation are comprehensively reflected.

Regarding recent employee compensation, with the aims of responding to rising consumer prices driven by higher resource prices and the weaker yen, improving employee motivation, and securing excellent talent, we implemented a substantial across-the-board increase in base pay from April 2024, and in FY2025 we again implemented a base pay increase exceeding the rate of price increases. In addition, for various allowances, we have revised the relevant regulations in line with changes in the environment and reviewed their content and amounts.

Updates to personnel systems

The Nichireki Group is continuously reviewing its personnel and employee-benefit systems in response to changes in the social environment and employee needs. As one example, in line with the FY2025 revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, we expanded eligibility for reduced working hours for childcare, restrictions on non-scheduled working hours (exemption from overtime), leave for the nursing of children and similar purposes, and restrictions on overtime and late-night work, beyond the statutory standards. Through this, we support flexible working styles suited to each employee's life stage.

Furthermore, by promoting the unification and standardization of systems across the Group as a whole, we are working to improve the mobility of personnel and strengthen cross-organizational collaboration, thereby enhancing the Group's overall strength.

	FY2023 result	FY2024 result	FY2025 result
Number of female engineers (Technical Research Center) (persons)	5 out of 47 (10.6%)	4 out of 46 (8.7%)	6 out of 52 (11.5%)
Number of female employees (persons)	86 out of 977 (8.8%)	234 out of 1,386* (16.9%)	253 out of 1,434 (17.6%)
Number of employees who took parental leave (persons)	10 (6 men and 4 women)	18 (8 men and 10 women)	25 (15 men and 10 women)
Number of employees who returned to work after taking parental leave (persons)	5 (Return to work rate: 100%)	9 (Return to work rate: 100%)	21 (Return to work rate: 100%)

* 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 FY2025 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

FY2025 results (non-consolidated)				
Percentage of female workers in management positions*1	Rate of male workers taking parental leave*2	Difference in wages between male and female workers*1		
		All workers	Regularly employed workers	Part-time and fixed-time workers
3.1%	75.0%	59.5%	59.5%	—

*1: 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).
*2: 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).

Promotion of work style reform

The Nichireki Group is working to enhance work-life balance and improve employee engagement by streamlining operations and promoting diverse and flexible working styles, with the aim of creating a workplace environment in which each employee can demonstrate their abilities to the fullest. In terms of operational efficiency, we are promoting the use of workflows within each system, the use of RPA (Robotic Process Automation), and strengthened data linkage between business systems. Through these efforts, we are promoting the standardization and automation of operations and working to improve productivity and quality.

With regard to working styles, we are promoting the leveling of workloads and the establishment of support systems by having managers appropriately grasp employees' working conditions through labor management using an online attendance system. We strive to realize a supportive and comfortable working environment by creating conditions in which work does not become concentrated in specific departments or on specific individuals. Regarding leave, we encourage flexible use of leave according to the busy or slow periods of work. In addition to extended holidays during Golden Week, the summer season, and the year-end and New Year holidays, we support employees' physical and mental refreshment and improved motivation to work by promoting the use of paid leave, which can be taken in half-day increments, and long-service special leave.

We are also focusing on supporting the balance between work and childcare. We provide individual explanations to eligible employees regarding the content of the parental leave system and the support system available when using it, and we strive to alleviate any concerns about taking leave. As a result, the parental leave take-up rate among male employees has also steadily improved, and progress is being made in developing a workplace environment in which employees, regardless of gender, can readily participate in childcare.

Furthermore, we regard maintaining and improving employee health as an important management priority and promote health and productivity management. We conduct annual stress checks for all employees and, as necessary, provide follow-up in cooperation with occupational physicians and improve the workplace environment. In addition to regular health checkups, we support employees' physical and mental health by providing comprehensive medical examinations for employees reaching specified ages and administering influenza vaccinations.

Going forward, we will continue to promote the creation of an environment in which diverse human resources can continue to work with peace of mind, and by supporting the growth and challenges of each employee, we will continue to link this to the sustainable enhancement of corporate value.

	FY2023 results	FY2024 results	FY2025 results
Average monthly overtime (hours)	18.6	16.7	16.3
Average annual overtime (hours)	223.5	200.9	195.2
Rate of paid leave taken (%)	77.8	74.1	73.7
Average number of days of annual paid leave taken (days)	13.8	13.3	13.1

KPI

Item	FY2023 results	FY2024 results	FY2025 results	FY2030 targets	FY2043 targets	SDGs mapping
Number of days of annual paid leave taken*	50% or more 80.0%	50% or more 78.0%	50% or more 76.2%	70% or more 100%	90% or more 100%	

* Covers employees granted 10 or more days of annual leave; figures represent the take-up rate relative to the number of days granted.

Taking on Human Rights Initiatives

Human rights policy

Respect for human rights forms the foundation of all our business activities. The Nichireki Group has established a Human Rights Policy in order to clarify its corporate responsibility for respecting human rights and to strengthen awareness among its employees.

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.

July 24, 2025
Manabu Obata, Representative, Nichireki Group

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. During the fiscal year under review, we conducted various training programs, including those on the prevention of harassment ▶P.75. Looking ahead, we will further engage with our business partners and all our stakeholders across the supply chain to ensure they understand this policy and so we may continue to promote collaborative efforts in respecting human rights.

Implementing Initiatives for Occupational Health and Safety

Policy and management system on occupational health and safety

Under its Health and Safety Management Policy, the Nichireki Group is working to realize a safe and secure working environment, with the aim of eliminating accidents, workplace injuries, and third-party accidents. As the foundation for this effort, we have systematized our occupational health and safety management system into a manual titled the Health and Safety Management Rule Book, and ensure thorough compliance with these rules in day-to-day operations across the Group.

In addition, to further advance its occupational health and safety initiatives, the Group conducts ongoing health and safety activities led by the Safety, Quality and Environment Management Department, and has established independent departments for health and safety at group companies as well as their various branches.

Health and Safety Management Policy

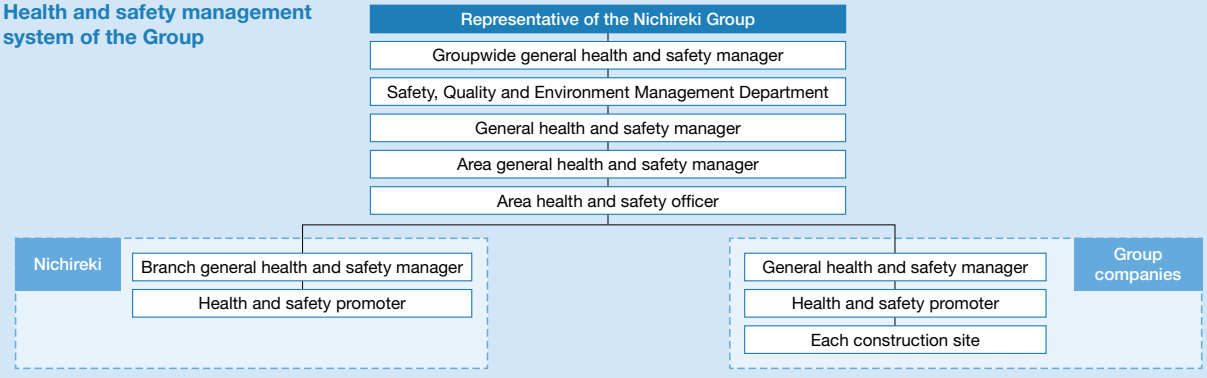
We will diligently manage the occupational health and safety management system, eliminate disasters and accidents, and create a safe and comfortable work environment.

Initiatives for health and safety management

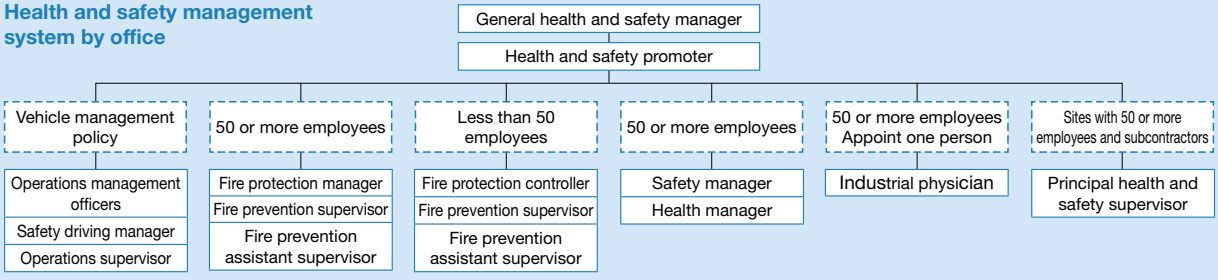
1. We will comply with laws, regulations, ordinances, and internal rules on occupational health and safety.
2. We will improve the effectiveness of the Health and Safety Management Rule Book, and establish safety behavior.
3. We will strengthen health and safety patrols to raise awareness of safety and 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).

April 1, 2026
Manabu Obata, Representative, Nichireki Group

Health and safety management system of the Group



Health and safety management system by office



Initiatives and results for the fiscal year under review

At the Nichireki Group, employees and subcontractors make concerted efforts to eliminate accidents. Specific initiatives in FY2025 are as follows:

Eliminate equipment-related accidents and car accidents

In accordance with the revised Health and Safety Management Rule Book, we thoroughly enforced fundamental practices such as adherence to work procedures and finger pointing and calling, and strengthened employee awareness to ensure safety rules were followed comprehensively from the ground up, including wearing attire appropriate to the work being performed. However, 94% of all accidents were attributable to unsafe acts or working under unsafe conditions arising from failure to comply with the Rule Book and other rules, leaving compliance with fundamental practices as a remaining challenge.

Eliminate accidents during reversing operations

In response to an increase in accidents caused by reversing operations in the previous fiscal year, we conducted refresher training on improved vehicle parking methods and thorough use of finger pointing and calling. In addition, as a result of once again thoroughly communicating the basic principle of not reversing vehicles without a guide, accidents of this type decreased by 69% from the previous fiscal year.



Finger pointing and calling reinforcement training

Strengthen safety awareness activities

We actively participated in various safety awareness campaigns, including National Safety Week, National Occupational Health Week, the Year-end and New Year Construction Accident Prevention Period, and the Fiscal Year-end Construction Accident Prevention Month, and continued to conduct health and safety patrols nationwide through the Safety, Quality and Environment Management Department to promote safety awareness. However, in some regions these patrols could not be carried out during the busy year-end and fiscal year-end periods, which remains a challenge for future improvement.



Safety awareness activities
(banner displays)

Improve health and safety management level

We thoroughly implemented web-based safety patrols using wearable cameras and safety education using streamed video training materials, striving to raise safety awareness and prevent similar accidents. For camera-based patrols, we worked to promote nationwide use, including by checking operational conditions in each region. The number of uses of the video training materials reached a total of 41 nationwide, indicating steady progress, although further expansion of their use remains a challenge.



Online health and safety meeting

Strengthen heat stroke prevention measures

As a heat stroke prevention measure in line with the revision of the Industrial Safety and Health Act effective from June 2025, we trialed measures utilizing wearable devices. We also revised and implemented the provisions in the Health and Safety Management Rule Book regarding response measures and the communication system in the event of a heat stroke incident. As a result of measures including wearable devices such as heatstroke alert watches, the trial introduction of dry ice jackets, and management of the working environment through mandatory use of Wet Bulb Globe Temperature (WBGT) meters at work sites, the number of heat stroke cases across the Group as a whole was limited to just one.



Heat stroke prevention measures
(installation of WBGT meters)

In addition to the above, with the aim of preventing burn injuries, we developed dedicated work gloves for use at production sites and waterproofing construction sites, and began deploying them nationwide from May 2026. We have also begun considering the introduction of a safety patrol system aimed at making safety patrol records paperless.

Trend in the number of accidents

Although we promoted various measures aimed at eliminating accidents, the number of accidents in the fiscal year under review increased by four from the previous fiscal year to 24. Analysis of the causes shows that many of the accidents involved failures to observe basic safety practices, including failure to wear protective equipment or perform finger pointing and calling, working under unsafe conditions, insufficient confirmation, and lapses in attention. Many could therefore have been prevented through stricter adherence to basic practices and greater safety awareness.

We recognize that continuing to ensure thorough rule compliance and raising safety awareness remain important challenges.

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Accidents involving damage to the public	13	15	10	3	9	3	7
Equipment-related accidents	4	5	3	4	13	12	10
Car accidents*1	2	5	5	3	0	2	7
Workplace injuries*2	3	5	6	6	5	3	0
Total number of accidents	22	30	24	16	27	20	24

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

Future measures

We will continue to carry out various health and safety activities going forward, and through verification of the effectiveness of our initiatives and improvement activities, aim to further raise our health and safety standards and achieve zero accidents.

In particular, given the current situation in which many accidents are attributable to failure to carry out basic practices, we will once again promote thorough adherence to fundamental practices in line with the Health and Safety Management Rule Book—such as wearing correct attire, complying with work procedures, and reliably performing finger pointing and calling—and strengthen employee awareness.

In addition, we will advance the digitalization of safety patrols and build a system that allows inspection results and corrective measures to be shared in real time, thereby enabling rapid response to hazards and ensuring a safe working environment.

Furthermore, we will pursue new initiatives, including the introduction of a safety monitoring system utilizing AI cameras and the development of multilingual safety video training materials for the growing number of international employees hired by Group companies, with the aim of further fostering a safety culture across the entire Group.

Enhancing the Supply Chain Management

Policy for ensuring quality

Under the following quality policy, the Nichireki Group works to ensure quality in accordance with ISO 9001, and continuously pursues the creation and provision of products, construction methods, and survey technologies that respond to customer needs.

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.

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.



Quality Management System (ISO 9001) Certificate of Registration (Union of Japanese Scientists and Engineers ISO Center)

April 1, 2026
Manabu Obata, Representative, Nichireki Group

Supplier engagement

To grow into a sustainable corporate group over the medium to long term, the Nichireki Group carries out ESG-focused procurement activities aimed at the stable maintenance and development of the supply chain.

For purchased items that affect product quality, including asphalt as a raw material, the Group always conducts an evaluation based on an ESG perspective, using disclosed information regarding matters such as efforts to address environmental issues, the safety of supplied materials, and compliance with relevant laws and regulations, at the time of establishing a new transaction with a supplier, and certifies and registers the supplier accordingly. Furthermore, for existing suppliers as well, the Group reliably updates its evaluation based on the latest information at least once a year. As a result, for suppliers that do not meet the evaluation criteria established by the Group, we provides feedback on the evaluation results, and the responsible department and the supplier jointly consider and implement improvement measures.

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.

As external recognition of these efforts, we obtained the highest rating, an "A" score, in the FY2025 CDP Supplier Engagement Assessment (SEA) for the second consecutive year. The SEA evaluates, based on the content of responses to the CDP questionnaire (climate change section) ▶P.38, how each company collaborates with its suppliers on climate change and works to reduce greenhouse gas emissions across the supply chain.

パートナーシップ構築宣言

Supplier Engagement Leader CDP 2025

KPI

Item	FY2023 results	FY2024 results	FY2025 results	FY2030 targets	FY2043 targets	SDGs mapping
Percentage of suppliers evaluated	100%	100%	100%	100%	100%	

Projects commended

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

Recipient: NICHIREKI ROAD CO., LTD.
Project name: Takahama Bridge Road Restoration Work (Ref No.5-1 Takahama Bridge)
Construction period: September 25, 2023–April 8, 2024

NICHIREKI ROAD CO., LTD. received the Excellent Construction Work Award from the Director General of the Tokyo Metropolitan Government Bureau of Construction for the Takahama Bridge Road Restoration Work between Shibaura 4-chome and Konan 1-chome in Minato-ku, Tokyo.

This work was a pavement repair project for the roadway and sidewalk sections, including the bridge, and involved milling and overlay as well as installation of heat-blocking pavement, anti-skid pavement, and colored pavement for the bicycle lane. Because the site was close to condominium buildings, we adjusted the timing of particularly noisy operations involving heavy machinery, selected construction machinery fitted with soundproofing devices, and conducted noise measurements. We also completed the project on schedule through prompt, close coordination with other companies working nearby. Furthermore, we gave consideration to the environment, such as by using solar-powered signage. These efforts were recognized and resulted in the receipt of the Excellent Construction Work Award.


賞状

Testimonial



Construction of heat-blocking paveing



After construction

Received the FY2024 Excellent Construction Contractor Award for Infrastructure DX Utilization from Kyushu Regional Development Bureau

Recipient: AK TECHNOS CO., LTD.
Project name: Miyazaki Route 10 Otobo District Pavement Work
Construction period: April 1, 2024–January 23, 2025

In the “Miyazaki Route 10 Otobo District Pavement Work” on the National Route 10 Miyakonojo Road, which forms part of the Miyakonojo–Shibushi Road connecting Miyakonojo IC in Miyazaki Prefecture and Shibushi Port in Kagoshima Prefecture, AK TECHNOS CO., LTD. received the Excellent Construction Contractor Award for Infrastructure DX Utilization from the Director General of the Kyushu Regional Development Bureau.

This project involved constructing new pavement for a high-standard highway, covering approximately 15,000 m^2. For this project, we sought to improve productivity through full use of ICT, including a motor grader equipped with machine control for roadbed work and an app that uses 3D design data for laser-scanner-based on-site surveying and as-built management. In addition, we reduced the labor required for construction management by digitizing daily safety documents and establishing a system that automatically records data by linking photographs to as-built management drawings, with immediate access via the cloud. These initiatives were highly commended, leading to the award.


表彰状

Testimonial



Motor grader equipped with machine control



After construction

Technology commended

Received the FY2025 Infrastructure DX Grand Prize–Excellence Award

Recipient: NICHIREKI CO., LTD., Smartcity Research Institute Co., Ltd.
Technology name: Integrated Technology for Daily Management and Pavement Inspection

At the FY2025 Infrastructure DX Grand Prize, the "Integrated Technology for Daily Management and Pavement Inspection" initiative using GLOCAL-EYEZ ▶ P.42 received the Excellence Award in the Member Initiatives Category of the i-Construction and Infrastructure DX Promotion Consortium.

The Infrastructure DX Grand Prize is presented by the Ministry of Land, Infrastructure, Transport and Tourism to recognize outstanding achievements that use data and digital technologies in the infrastructure sector to enhance and streamline the construction production process, improve public services, and deliver other benefits.

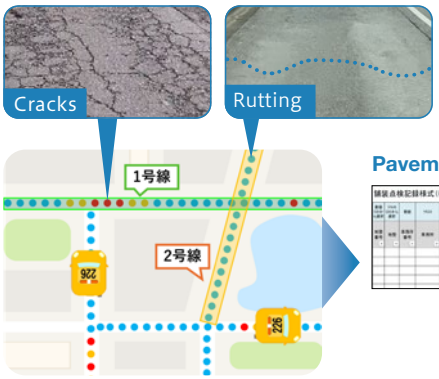
This initiative was recognized for the high potential for widespread adoption of a road inspection technology that uses smartphones and AI-based image analysis to achieve high analytical accuracy while remaining simple and low-cost. The ability to generate reports from routine road-patrol data was also recognized as giving road administrators a strong incentive to adopt the technology.



GLOCAL-EYEZ


Testimonial

Routine patrol



Pavement inspection


Inspection result report

Received the Yoshida Award (Paper Category) at the FY2025 JSCE Awards

Recipient: NICHIREKI GROUP CO., LTD. Tatsuya Nagatsuka, Ryota Maekawa
Department of Civil Engineering, College of Engineering, Nihon University Associate Professor Takuya Maeshima, Professor Ichiro Iwaki
Paper title: Clarification of Mechanism on Pinhole and Blistering in Road Bridge Deck Waterproofing Layers Focusing on the Surface Quality of Concrete



Testimonial



Award ceremony

At the FY2025 JSCE Awards,* a paper co-authored by our employees, "Clarification of Mechanism on Pinhole and Blistering in Road Bridge Deck Waterproofing Layers Focusing on the Surface Quality of Concrete," received the Yoshida Award (Paper Category).

Waterproofing layers applied to concrete road bridge decks can develop defects such as small holes (pinholes) and swelling (blistering), depending on the condition of the deck surface. This paper clarifies the mechanism by which such defects occur through various experiments focusing on the void content and moisture content of the concrete, and compiles the findings obtained. Furthermore, the paper also presents a practical measure in which the condition of the surface layer of the concrete deck is investigated and treated before the waterproofing layer is applied, thereby preventing defects in the waterproofing layer before they occur and contributing to improved durability of the bridge-deck pavement and a longer service life for the concrete deck. This work was recognized with the Yoshida Award (Paper Category).

* Established in 1920 as the "Civil Engineering Prize," the JSCE Awards are a prestigious awards program with a long tradition. The Yoshida Award is one of the JSCE Awards. Established in 1961 in honor of Dr. Tokujiro Yoshida, who laid the foundations of concrete technology in Japan, this prestigious award is presented for outstanding achievements, papers, construction projects, and other work related to concrete and reinforced concrete.

Taking on Initiatives as an R&D-oriented Company

Development of new products and construction methods

Research and development forms the foundation of the Nichireki Group's business model, which consists of the cycle of "survey/diagnosis → design/proposal → manufacturing/sales → construction/management," and is a vital source of sustainable growth. The Nichireki Group has consistently continued research and development of products and construction methods that respond to the needs of customers and society and help resolve their challenges.

In recent years, in light of social conditions, as addressing climate change on a global scale has become a pressing issue, companies are required to conduct sustainable business activities that give due consideration to the environment. To achieve its long-term target of net-zero greenhouse gas emissions throughout the value chain by 2050, the Nichireki Group is developing and improving its Tastainability® products and construction methods. These include conventional products and construction methods that can be handled at ambient temperature, as well as those incorporating additional functionality and performance such as longer service life, recyclability, and warm mix capability. Through these initiatives, the Group seeks to further reduce CO_2 emissions and contribute to environmental conservation at a higher level. ▶ P.41

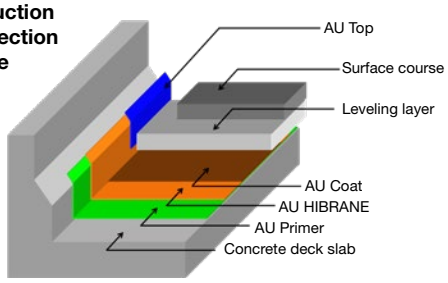
In FY2025, we launched two new eco-friendly products as described below.

HQ HIBRANE AU+ construction method ▶ P.47

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. In particular, expressways require high-performance road bridge deck waterproofing methods (Grade II) designed for an assumed service life of 30 years.

The Nichireki Group's "HQ HIBRANE AU+ construction method" is a highly durable coating-type deck waterproofing method that combines asphalt and urethane, and meets a performance standard involving loads equivalent to 30 years of service. Because it uses an asphalt-based pavement adhesive, it bonds firmly with asphalt mixtures, preventing pavement displacement and the formation of potholes.

Construction cross section example

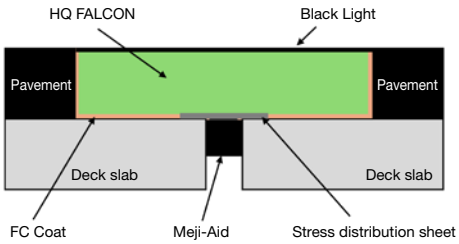


While the conventional method consisted of four layers, this method has a simpler three-layer structure, shortening construction time. In addition, construction temperatures can be reduced by 15°C for the waterproofing material and 20°C for the pavement adhesive compared to conventional methods, also contributing to lower carbon emissions.

HQ SEAMLESS JOINT ▶ P.50

Joints on road bridges (expansion devices or expansion joints) are installed at the boundary between the earthwork section and the road bridge, and are necessary to maintain a flat road surface and allow vehicles to pass safely, even when displacement occurs at the ends of the superstructure due to temperature changes in the girders or drying shrinkage of concrete. Among these, embedded joints within the pavement thickness (seamless joints), which make the road surface at the joint continuous through asphalt pavement, are adopted on many road bridges with the aims of improving vehicle ride quality by cushioning impact, improving the roadside environment by reducing noise and vibration, and improving watertightness against water ingress.

Construction cross section



The Nichireki Group's "HQ SEAMLESS JOINT" is an embedded joint within the pavement thickness that uses a highly durable elastic pavement material possessing both plastic deformation resistance and extensibility. As the construction method involves pouring a mixture melted on site, large-scale construction machinery is not required. It satisfies NEXCO's performance verification standards for embedded joints, and durability equivalent to 15 years has been confirmed. In addition, the melting temperature can be reduced by approximately 40°C compared to conventional methods, also contributing to lower carbon emissions.

KPI

Item	FY2023 results	FY2024 results	FY2025 results	FY2030 targets	FY2043 targets	SDGs mapping
Number of newly developed (or improved) products and construction methods launched*	6	8	13	20 or more	40 or more	

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

Initiatives with external partners

STABI-CEMENT RC construction method using next-generation biofuel

In 2023, the Group began a capital and business alliance with ITOCHU ENEX CO., LTD., and has been strengthening collaboration in various fields, including efforts to reduce environmental impact.

As part of this, our group construction company, Iwate Nichireki Co., Ltd., carried out construction using the “STABI-CEMENT RC construction method (on-site base course recycling construction method) ▶ P.43,” with construction machinery (a stabilizer) powered by renewable diesel (RD), a next-generation biofuel. While RD has previously been introduced in transportation, shipping, construction machinery, and other fields, this initiative marks the first such case in road construction nationwide.

RD is a next-generation biofuel, supplied and sold by ITOCHU ENEX CO., LTD., that is manufactured from 100% renewable raw materials such as waste cooking oil and waste animal and vegetable oils. Its chemical composition and performance characteristics are equivalent to those of conventional diesel fuel, allowing it to be used as is in compatible diesel engines without modification. Fuels of biological origin are exempt from CO_2 emissions reporting requirements under the Global Warming Countermeasures Act and the Energy Conservation Act.*

* Act on Promotion of Global Warming Countermeasures; Act on Rationalizing Energy Use and Shifting to Non-fossil Energy

RD fuel usage results

	June 2025	February 2026
Project client	Civil Engineering Department, Southern Prefecture Regional Promotion Bureau, Iwate Prefecture	Rikuzentakata City
Construction area	2200m^2	800m^2
RD fuel usage	1,000L	200L
CO_2 reduction	Approx. 2,620kg-CO_2	Approx. 520kg-CO_2



Construction in progress

KPI

Item	FY2023 results	FY2024 results	FY2025 results	FY2030 targets	FY2043 targets	SDGs mapping
Number of products from joint research and development rolled out*	1	1	2	5 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

As a social responsibility of a company engaged in public works, the Nichireki Group actively participates in community contribution activities at its many locations spread across the country.

TOHOKU NICHIREKI CONSTRUCTION CO., LTD.

Under an agreement with Miyagi Prefecture, the company carries out road cleaning volunteer activities as a “Smile Supporter.” In recognition of this track record, the company received a commendation from the Minister of Land, Infrastructure, Transport and Tourism.



AK TECHNOS CO., LTD.

The company has continued pool cleaning volunteer activities at elementary schools for more than 10 years in the areas where its sales offices are located within Oita Prefecture.
This year, the activity was carried out at four schools.



Kanto Branch, NICHIREKI CO., LTD. / NICHIREKI ROAD CO., LTD.

The companies conducted an outreach class for 40 students in the Environmental Civil Engineering Department of Tochigi Prefectural Utsunomiya Technical High School.
They gave explanations incorporating hands-on experience using samples, along with an introduction to the Group’s business.



KUMAMOTO NICHIREKI CO., LTD.

The company produced recycled toilet paper made from used paper generated at construction sites.
It donated the toilet paper to an elementary school whose school commute route runs through the section under construction for the relevant project.





CHIBA NICHIREKI CO., LTD.

As a member of the Chiba City Construction Industry Association, the company cooperated and participated in the “Civil Engineering Day Special Program” hosted by Chiba City.
To commemorate the 900th anniversary of the founding of Chiba in 2026, it created sandbag art together with city officials and residents.

*After the exhibition, the sandbags are planned to be kept as disaster-preparedness stockpile.



CHUBU NICHIREKI CONSTRUCTION CO., LTD.

The company made a donation to Toyohashi Zoo and Botanical Park and was certified for one year as a “Non hoi Park Animal Sponsor (Parma Wallaby).”



TOPICS

Received the Grand Prize in the Industrial Category at the 74th Nikkei Advertising Awards and the Gold Award in the Newspaper Advertising Category at the 47th 2026 Japan BtoB Advertising Awards

Our series of advertisements, placed in the Nikkei (morning edition) over two weeks on July 28 and August 4, 2025, won the Grand Prize in the Industrial Category of the 74th Nikkei Advertising Awards.

In addition, the advertisements won the Gold Award in the Newspaper Advertising Category of the 47th 2026 Japan BtoB Advertising Awards, organized by the BtoB Association Japan, a general incorporated association. The Gold Award is the highest in each of the 15 categories.

The advertisement featured, through striking visuals, our efforts to solve the social challenges facing roads in snow country and logistics roads with measures tailored to each region. We sought to convey the importance of preventive maintenance based on locally focused road inspections and of protecting roads subject to heavy loads.



July 28, 2025 advertisement



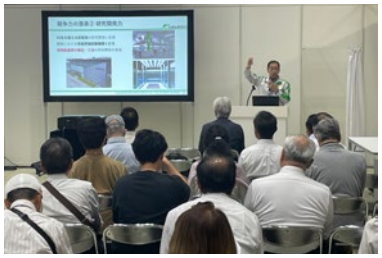
August 4, 2025 advertisement

Exhibited at the Nikkei-TSE IR Fair 2025

We exhibited at the Nikkei-TSE IR Fair 2025, held at Tokyo Big Sight on September 26 and 27, 2025. Organized by Nikkei Inc. and Japan Exchange Group, the fair provided a forum for dialogue between listed companies and individual investors, and this was our first time participating.

On the day, our President himself took the stage at the company briefing session to explain the Nichireki Group's business overview, growth strategy, and other topics. We also introduced the Nichireki Group through an interview at the Radio NIKKEI booth and a dialogue-style company presentation with an invited guest at our own booth. Over the two days, many visitors stopped by, providing us with valuable opportunities for dialogue.

Going forward, we will continue various initiatives to further strengthen our information disclosure and dialogue with shareholders and investors.


Company briefing session led by President Obata



Nobuyuki Fujimoto, known as the "Stock Market God of Fortune," with President Obata

Exhibited at Highway Techno Fair 2025

NICHIREKI CO., LTD. and HEAT ROCK INDUSTRY CO., LTD., both Nichireki Group companies, jointly exhibited Highway Techno Fair 2025, organized by the Express Highway Research Foundation of Japan, a public interest incorporated foundation, held at Tokyo Big Sight on October 16 and 17, 2025.

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 road bridges. By expanding the range of samples and hands-on exhibits, we created a clear and engaging display that visitors could see, touch, and enjoy, giving us an opportunity to present the Nichireki Group's services to customers in person. In particular, the presentation featuring a live demonstration of SUPER ROMENPATCH ▶ P.50, a bump repair material, attracted particular attention.



The Nichireki booth



The Nichireki booth

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.

In the 2025–2026 season, Utsunomiya Brex won the B1 East Division championship for the third consecutive season in the Resona Group B. LEAGUE, marking their fifth division championship overall. They then reached the quarterfinals of the championship. In addition, having qualified for the East Asia Super League 2025–2026 as a result of winning the B. LEAGUE championship last season, they claimed their first title in the competition, standing atop East Asian clubs.



B1 East Division champions, B. LEAGUE 2025–2026 season



East Asia Super League 2025–2026 champions

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.

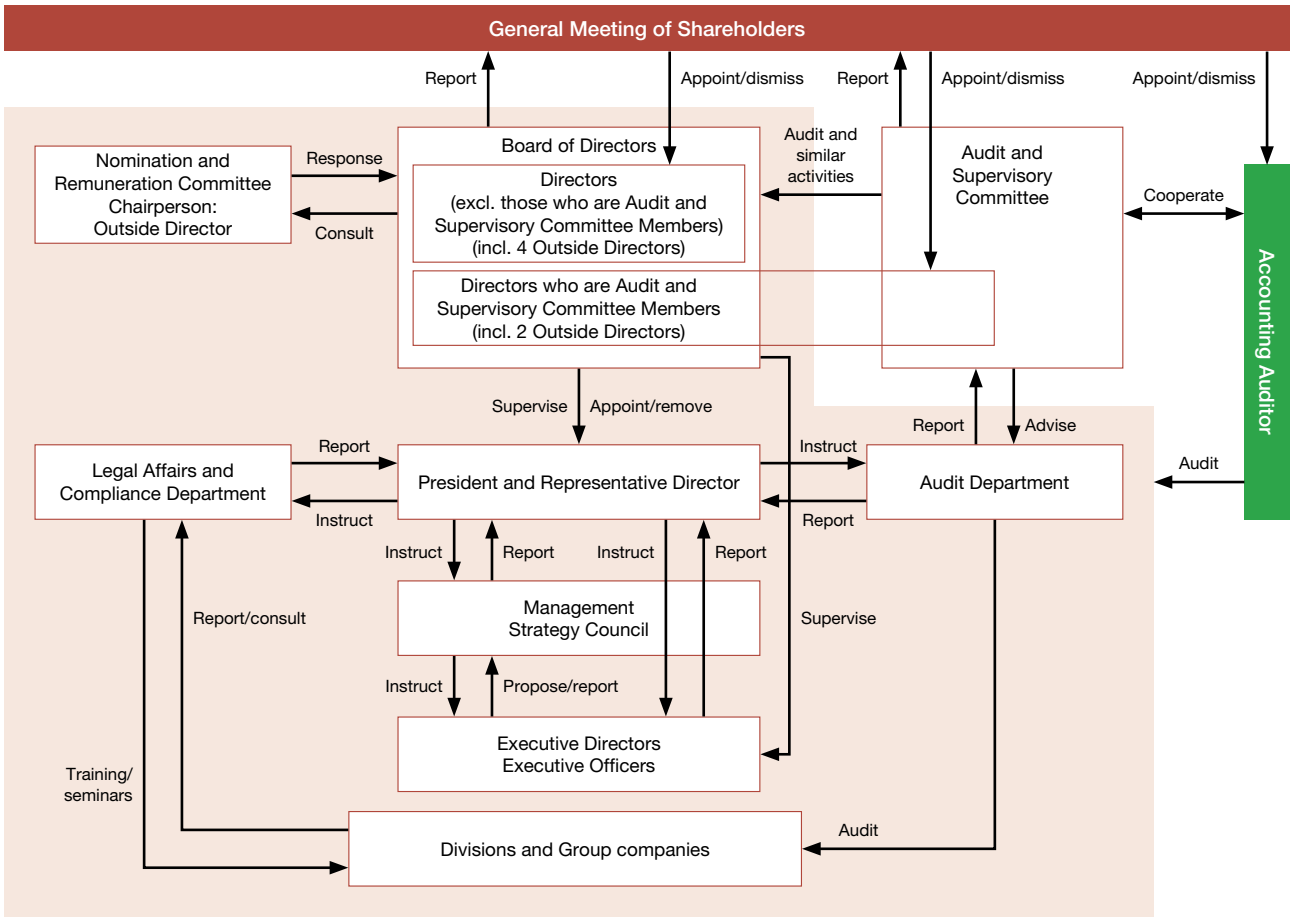
Corporate governance system

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 Executive Directors and Senior 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 (FY2025)	Significant concurrent positions
Osamu Kobayashi Director	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 13/13 (100%)	—
Haruko Shibumura Director	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 13/13 (100%)	Outside Director (Audit & Supervisory Committee Member) of TAMURA CORPORATION Outside Director (Audit & Supervisory Committee Member) of Yokogawa Bridge Holdings Corp. Outside Director of BroadBand Tower, Inc.
Takuya Kidokoro Director	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 13/13 (100%)	Executive Director and Lawyer of RISA Loan Servicing, Inc. Adviser (Administrative Law Judge) to Financial Services Agency
Mieko Fukuda Director	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 13/13 (100%)	—
Tsutomu Kanitani Director, Audit and Supervisory Committee Member	As a certified tax accountant, he has expertise and abundant experience in corporate management including tax affairs.	Board of Directors meetings 13/13 (100%) Audit and Supervisory Committee 19/20 (95%)	—
Noriko Kawate Director, Audit and Supervisory Committee Member	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 13/13 (100%) Audit and Supervisory Committee 20/20 (100%)	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

❶ 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.

❷ 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.

❸ 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 distribute 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.

❹ 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.

❺ 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.

❻ 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.

❼ 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.

❽ 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.

❾ 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.

❿ 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

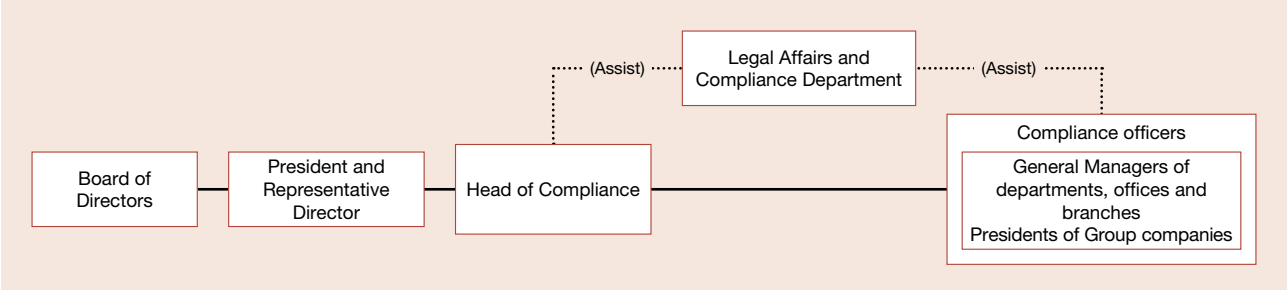
For the Nichireki Group's compliance system, the President and Representative Director of Nichireki Group appoints a responsible director as the Head of Compliance and sets up the Legal Affairs and Compliance Department as a responsible department. The President and Representative Director also appoints 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.

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.

(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.

KPI

Item	FY2023 results	FY2024 results	FY2025 results	FY2030 targets	FY2043 targets	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

❶ 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 Senior 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.

❷ 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 said financial conditions, 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.

❸ 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.

❹ 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.

❺ 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.

❻ 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. 78 for the Group's information security system.

❼ 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.

❽ 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

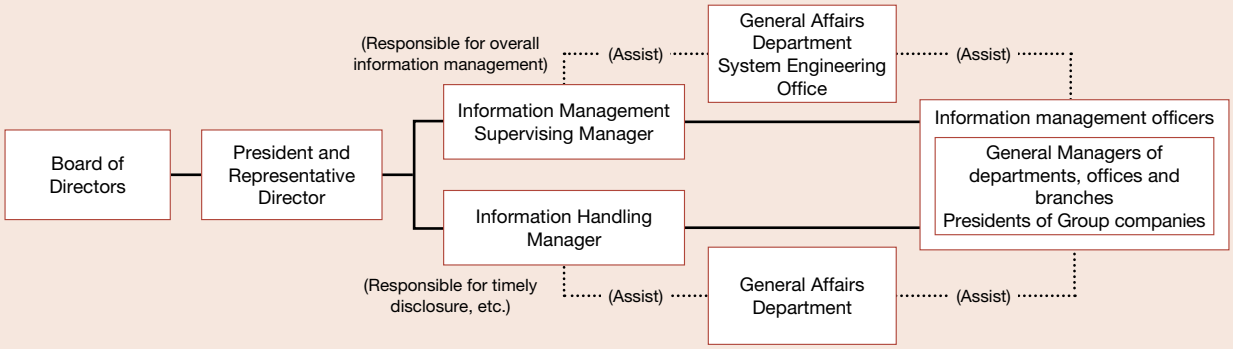
Our Group seeks to streamline its operations by expanding and improving its information systems. We also expand our services that use ICT to serve our customers. For example, we manage construction in a new way with ICT embedded road stabilizers using cloud computing ▶ P. 43, and use GLOCAL-EYEZ ▶ P. 42, 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

❶ Subject

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

❷ 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.

❸ 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.

❹ 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.

❺ 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.

❻ 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.

❼ 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 26, 2026)

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)

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	Director, Chair of the Audit and Supervisory Committee of the Company (to present)



Tsutomu Kanitani
Outside Director
Audit and Supervisory Committee Member

August	1996	Joined Akira Nakamura Tax Accountant Office
May	2000	Registered to practice 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



Osamu Kobayashi

Outside Director

March	1983	Registered to practice as a certified public accountant
June	1983	Registered to practice 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 Director of BroadBand Tower, Inc.

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

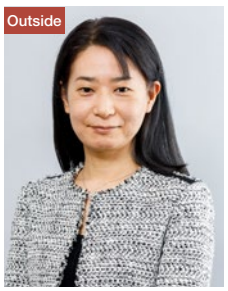


Mieko Fukuda

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)

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:
Outside Corporate Auditor of Sumitomo Bakelite Co., Ltd.

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Data Section

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Financial and Non-financial Data

Financial data (consolidated)

		FY2016	FY2017	FY2018	FY2019	FY2020
Financial results						
Net sales	(Million yen)	54,439	60,570	62,919	66,725	71,471
Operating profit	(Million yen)	5,742	5,445	5,593	6,009	9,140
Ordinary profit	(Million yen)	5,872	5,628	5,731	6,225	9,574
Profit attributable to owners of the parent company	(Million yen)	3,762	3,882	3,589	1,821	6,357
Comprehensive income	(Million yen)	4,365	4,702	2,837	856	7,787
Financial position						
Net assets	(Million yen)	46,768	50,811	52,889	52,827	62,010
Total assets	(Million yen)	65,406	69,838	70,297	71,487	82,732
Cash flows						
Cash flows from operating activities	(Million yen)	5,640	4,645	5,417	3,203	9,098
Cash flows from investing activities	(Million yen)	(2,607)	(3,604)	(5,482)	(3,352)	(5,694)
Cash flows from financing activities	(Million yen)	(611)	(1,151)	(845)	(1,027)	2,512
Cash and cash equivalents at end of period	(Million yen)	19,289	19,195	18,367	17,181	23,110
Per share information						
Basic earnings per share	(Yen)	131.24	135.42	125.18	63.53	219.72
Net assets per share	(Yen)	1,613.15	1,772.17	1,844.66	1,842.51	2,048.05
Dividends per share	(Yen)	23.00	27.00	32.00	34.00	38.00
Management indicators						
Equity ratio	(%)	71.5	72.8	75.2	73.9	74.9
Ordinary profit to total assets	(%)	9.4	8.3	8.2	8.8	12.4
ROE	(%)	8.4	8.0	6.9	3.4	11.1
Operating profit to net sales	(%)	10.5	9.0	8.9	9.0	12.8
Ordinary profit to net sales	(%)	10.8	9.3	9.1	9.3	13.4
ROIC	(%)	9.1	7.8	7.5	8.0	11.2
ROA	(%)	6.0	5.7	5.1	2.6	8.2
Dividend payout ratio	(%)	17.5	19.9	25.6	53.5	17.3

Non-financial data (consolidated)

Number of employees	(persons)	742	797	831	917	924
Research and development costs	(Million yen)	706	711	653	709	787
Number of patents maintained	(patents)	45	39	39	30	29
Capital investment	(Million yen)	2,511	2,858	2,866	1,700	7,539
Depreciation	(Million yen)	2,109	2,179	1,855	2,113	1,899
Energy use (oil equivalent)*	(kL)	6,976	7,173	6,228	5,705	6,523
CO_2 emission*	(t-CO_2)	15,300	16,270	13,624	13,378	12,355

* Scope: 19 plants in Japan

FY2021	FY2022	FY2023	FY2024	FY2025		
					Financial results	
78,001	78,397	73,832	75,745	**75,853**	Net sales	(Million yen)
8,566	7,566	6,019	6,268	**5,920**	Operating profit	(Million yen)
9,311	8,104	6,390	7,047	**6,077**	Ordinary profit	(Million yen)
6,811	6,284	4,488	4,848	**4,293**	Profit attributable to owners of the parent company	(Million yen)
6,800	6,144	6,426	4,682	**6,953**	Comprehensive income	(Million yen)
					Financial position	
68,075	72,470	74,836	77,320	**79,674**	Net assets	(Million yen)
88,425	91,474	95,094	112,368	**122,617**	Total assets	(Million yen)
					Cash flows	
7,737	6,556	7,388	4,895	**2,416**	Cash flows from operating activities	(Million yen)
(2,361)	(5,834)	(3,853)	(12,465)	**(5,290)**	Cash flows from investing activities	(Million yen)
(1,430)	(3,115)	(2,824)	13,732	**(4,015)**	Cash flows from financing activities	(Million yen)
27,091	24,709	25,445	31,611	**24,752**	Cash and cash equivalents at end of period	(Million yen)
					Per share information	
222.91	205.73	152.74	164.90	**149.74**	Basic earnings per share	(Yen)
2,226.97	2,394.76	2,546.12	2,636.34	**2,798.48**	Net assets per share	(Yen)
42.00	50.00	70.00	75.00	**80.00**	Dividends per share	(Yen)
					Management indicators	
77.0	79.2	78.7	68.8	**64.9**	Equity ratio	(%)
10.9	9.0	6.9	6.8	**5.2**	Ordinary profit to total assets	(%)
10.5	8.9	6.1	6.4	**5.5**	ROE	(%)
11.0	9.7	8.2	8.3	**7.8**	Operating profit to net sales	(%)
11.9	10.3	8.7	9.3	**8.0**	Ordinary profit to net sales	(%)
9.3	7.6	5.9	5.3	**4.5**	ROIC	(%)
8.0	7.0	4.8	4.7	**3.7**	ROA	(%)
18.8	24.3	45.8	45.5	**53.4**	Dividend payout ratio	(%)

958	972	977	1,386	**1,434**	Number of employees	(persons)
865	920	877	700	**792**	Research and development costs	(Million yen)
31	35	39	37	**43**	Number of patents maintained	(patents)
3,352	2,944	5,295	12,544	**17,874**	Capital investment	(Million yen)
2,070	2,157	2,228	2,587	**2,753**	Depreciation	(Million yen)
6,238	5,488	5,773	5,238	**5,009**	Energy use (oil equivalent)*	(kL)
12,362	11,721	9,985	7,134	**5,462**	CO_2 emission*	(t-CO_2)

Consolidated balance sheets

(Million yen)

	FY2024	FY2025
Assets		
Current assets		
Cash and deposits	31,621	**24,752**
Notes and accounts receivable - trade, and contract assets	16,118	**17,587**
Electronically recorded monetary claims - operating	1,757	**1,727**
Merchandise and finished goods	1,230	**1,247**
Costs on construction contracts in progress	153	**160**
Raw materials and supplies	1,164	**1,236**
Other	4,033	**3,238**
Allowance for doubtful accounts	(4)	**(5)**
Total current assets	56,076	**49,946**
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,567	**34,006**
Accumulated depreciation	(10,082)	**(10,580)**
Buildings and structures, net	8,485	**23,425**
Machinery, equipment and vehicles	27,876	**28,866**
Accumulated depreciation	(23,480)	**(23,975)**
Machinery, equipment and vehicles, net	4,396	**4,890**
Land	11,207	**11,319**
Leased assets	878	**1,386**
Accumulated depreciation	(667)	**(683)**
Leased assets, net	211	**702**
Construction in progress	10,666	**6,948**
Other	3,613	**3,870**
Accumulated depreciation	(2,764)	**(3,005)**
Other, net	848	**865**
Total property, plant and equipment	35,815	**48,153**
Intangible assets		
Other	1,204	**1,056**
Total intangible assets	1,204	**1,056**
Investments and other assets		
Investment securities	9,252	**12,364**
Investments in capital of subsidiaries and associates	1,438	**1,527**
Retirement benefit asset	3,462	**4,490**
Deferred tax assets	58	**19**
Long-term time deposits	4,420	**4,430**
Other	700	**681**
Allowance for doubtful accounts	(61)	**(52)**
Total investments and other assets	19,272	**23,461**
Total non-current assets	56,292	**72,671**
Total assets	112,368	**122,617**

(Million yen)

	FY2024	FY2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,810	**6,140**
Electronically recorded obligations - operating	1,087	**—**
Short-term borrowings	1,718	**2,000**
Current portion of long-term borrowings	1,814	**1,800**
Lease liabilities	74	**133**
Accounts payable - other	1,362	**9,783**
Income taxes payable	1,656	**1,160**
Contract liabilities	500	**361**
Provision for bonuses	928	**1,007**
Provision for bonuses for directors (and other officers)	80	**88**
Other provisions	60	**52**
Other	2,065	**1,820**
Total current liabilities	16,160	**24,348**
Non-current liabilities		
Long-term borrowings	16,205	**14,400**
Long-term accounts payable - other	12	**0**
Lease liabilities	157	**528**
Long-term deposits received	48	**48**
Deferred tax liabilities	2,253	**3,316**
Retirement benefit liability	75	**80**
Asset retirement obligations	135	**220**
Total non-current liabilities	18,887	**18,594**
Total liabilities	35,047	**42,942**
Net assets		
Shareholders' equity		
Share capital	2,919	**2,919**
Capital surplus	4,054	**4,090**
Retained earnings	68,991	**70,973**
Treasury shares	(3,174)	**(5,514)**
Total shareholders' equity	72,790	**72,468**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,290	**5,392**
Foreign currency translation adjustment	322	**381**
Remeasurements of defined benefit plans	915	**1,389**
Total accumulated other comprehensive income	4,529	**7,163**
Non-controlling interests	—	**42**
Total net assets	77,320	**79,674**
Total liabilities and net assets	112,368	**122,617**

Consolidated statements of income

(Million yen)

	FY2024	FY2025
Net sales	75,745	**75,853**
Cost of sales	58,406	**57,974**
Gross profit	17,338	**17,879**
Selling, general and administrative expenses	11,070	**11,958**
Operating profit	6,268	**5,920**
Non-operating income		
Interest income	28	**68**
Dividend income	270	**309**
Share of profit of entities accounted for using equity method	463	**65**
Foreign exchange gains	55	**112**
Other	15	**45**
Total non-operating income	833	**600**
Non-operating expenses		
Interest expenses	34	**268**
Commission for purchase of treasury shares	1	**66**
Commitment fees	9	**12**
Donations	—	**80**
Other	9	**15**
Total non-operating expenses	54	**443**
Ordinary profit	7,047	**6,077**
Extraordinary income		
Gain on sale of non-current assets	57	**31**
Gain on sale of investment securities	—	**126**
Insurance claim income	25	**36**
Subsidy income	—	**25**
Other	0	**2**
Total extraordinary income	83	**221**
Extraordinary losses		
Loss on sale of non-current assets	3	**0**
Loss on retirement of non-current assets	11	**46**
Loss on liquidation of subsidiaries and associates	7	**—**
Loss from money transfer scam at foreign subsidiary	10	**—**
Loss on related accident	15	**20**
Other	3	**3**
Total extraordinary losses	52	**70**
Profit before income taxes	7,079	**6,228**
Income taxes - current	1,948	**2,015**
Income taxes - deferred	282	**(108)**
Total income taxes	2,230	**1,906**
Profit	4,848	**4,321**
Profit attributable to non-controlling interests	—	**27**
Profit attributable to owners of the parent company	4,848	**4,293**

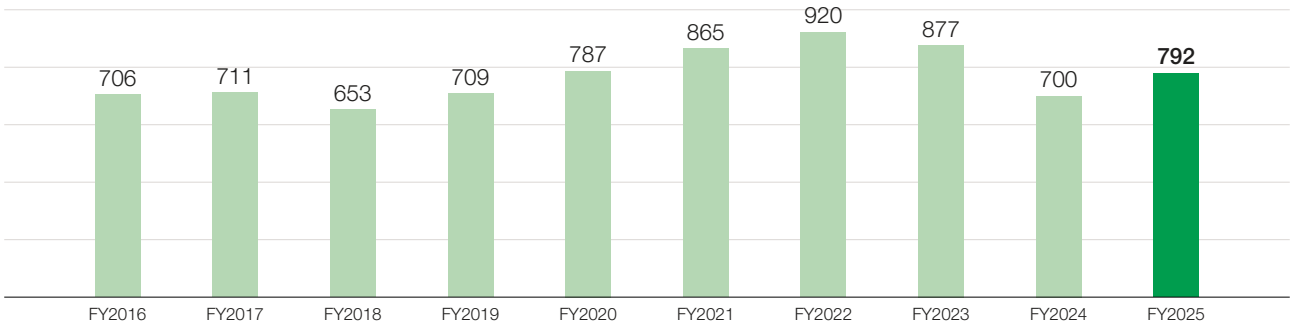
Consolidated statements of cash flows

(Million yen)

	FY2024	FY2025
Cash flows from operating activities		
Profit before income taxes	7,079	**6,228**
Depreciation	2,587	**2,753**
Share-based payment expenses	37	**86**
Increase (decrease) in allowance for doubtful accounts	(52)	**(7)**
Increase (decrease) in retirement benefit liability	(615)	**(312)**
Increase (decrease) in other provisions	(160)	**78**
Interest and dividend income	(299)	**(377)**
Interest expenses	34	**268**
Insurance claim income	(25)	**(16)**
Loss (gain) on sale of non-current assets	(54)	**(31)**
Loss (gain) on sale of investment securities	—	**(126)**
Loss on retirement of non-current assets	11	**46**
Subsidy income	(1)	**(33)**
Decrease (increase) in trade receivables	2,423	**(1,570)**
Decrease (increase) in other current assets	172	**(68)**
Decrease (increase) in inventories	351	**(94)**
Increase (decrease) in trade payables	(5,933)	**175**
Increase (decrease) in other current liabilities	4	**(101)**
Increase (decrease) in accrued consumption taxes	888	**(2,060)**
Share of loss (profit) of entities accounted for using equity method	(463)	**(65)**
Loss on disaster	15	**—**
Other	69	**64**
Subtotal	6,068	**4,837**
Interest and dividends received	299	**403**
Subsidies received	1	**33**
Proceeds from insurance income	25	**16**
Interest paid	(10)	**(266)**
Income taxes paid	(1,477)	**(2,603)**
Payments associated with disaster loss	(11)	**(4)**
Net cash provided by (used in) operating activities	4,895	**2,416**
Cash flows from investing activities		
Payments into time deposits	(10)	**(10)**
Proceeds from withdrawal of time deposits	10	**10**
Purchase of property, plant and equipment	(12,155)	**(5,373)**
Proceeds from sale of property, plant and equipment	73	**134**
Payments for retirement of property, plant and equipment	(33)	**(4)**
Purchase of intangible assets	(437)	**(175)**
Purchase of investment securities	(137)	**(71)**
Proceeds from sale of investment securities	301	**143**
Loan advances	(6)	**(13)**
Proceeds from collection of loans receivable	7	**13**
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(50)	**—**
Other	(26)	**57**
Net cash provided by (used in) investing activities	(12,465)	**(5,290)**
Cash flows from financing activities		
Proceeds from short-term borrowings	3,800	**3,600**
Repayments of short-term borrowings	(3,400)	**(3,318)**
Repayments of lease liabilities	(100)	**(174)**
Purchase of treasury shares	(140)	**(2,471)**
Decrease (increase) in deposits for purchase of treasury shares	(2,405)	**2,403**
Dividends paid	(2,021)	**(2,262)**
Proceeds from long-term borrowings	18,000	**—**
Repayments of long-term borrowings	—	**(1,819)**
Proceeds from share issuance to non-controlling interests	—	**16**
Other	—	**10**
Net cash provided by (used in) financing activities	13,732	**(4,015)**
Effect of exchange rate change on cash and cash equivalents	3	**30**
Net increase (decrease) in cash and cash equivalents	6,165	**(6,858)**
Cash and cash equivalents at beginning of period	25,445	**31,611**
Cash and cash equivalents at end of period	31,611	**24,752**

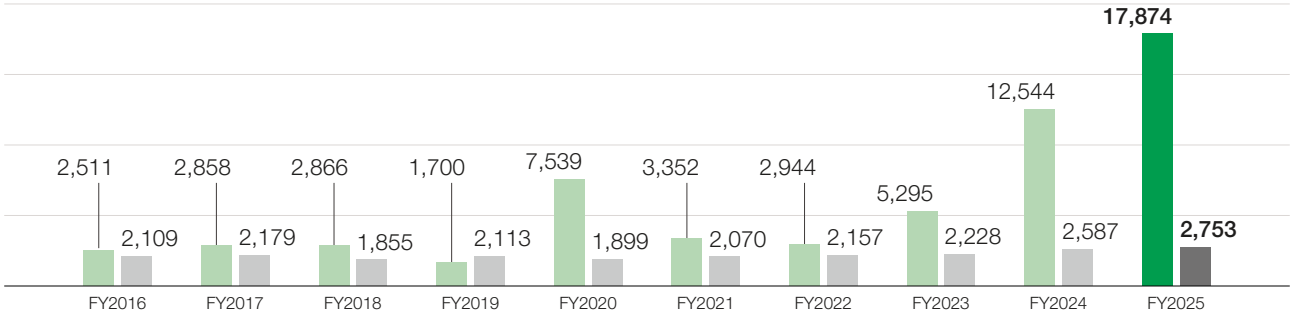
Research and development costs

(Million yen)



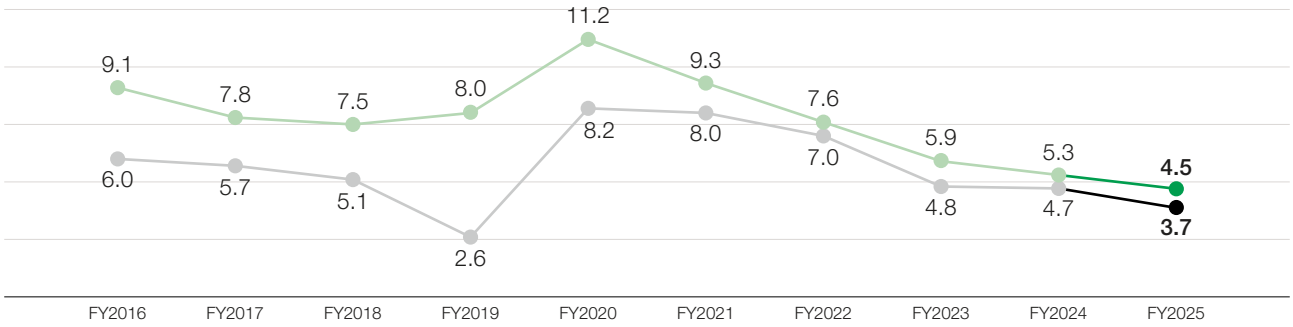
Capital investment/depreciation

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



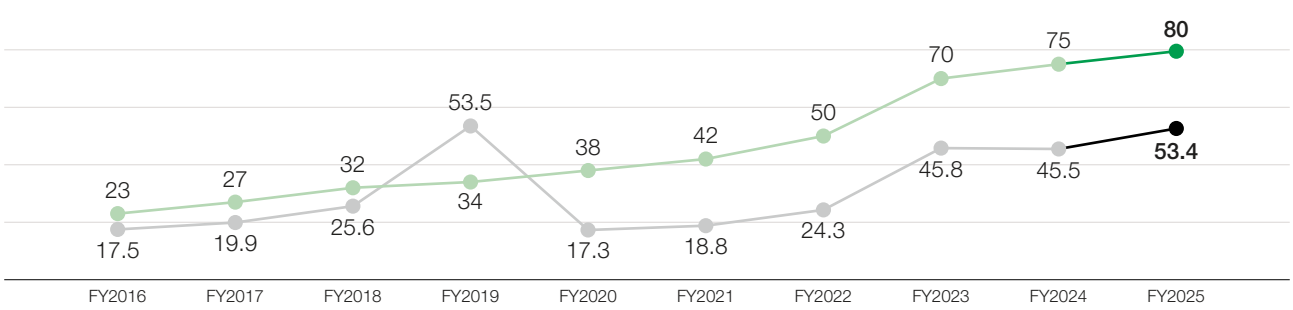
ROIC/ROA

● ROIC (%) ● ROA (%)



Dividends per share/dividend payout ratio

● Dividends per share (Yen) ● Dividend payout ratio (%)



Company Information (As of March 31, 2026)

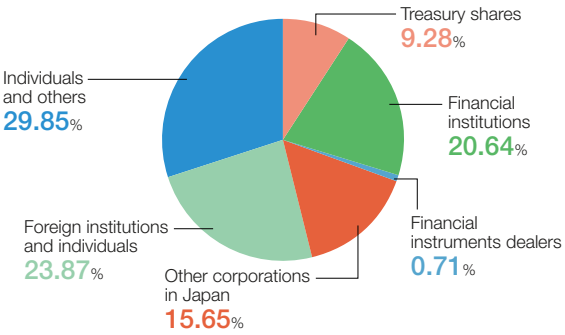
Company profile

Company name	NICHIREKI GROUP CO., LTD.
Head office location	4-3-29, Kudan-kita, Chiyoda-ku, Tokyo, 102-8222, Japan
Founded	October 1943
Established	September 1949
Share capital	¥2,919 million
Number of employees	1,434 (consolidated) 110 (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	28,455,429 shares * Excluding 3,230,526 treasury shares
Number of shareholders	12,547

Shareholder distribution



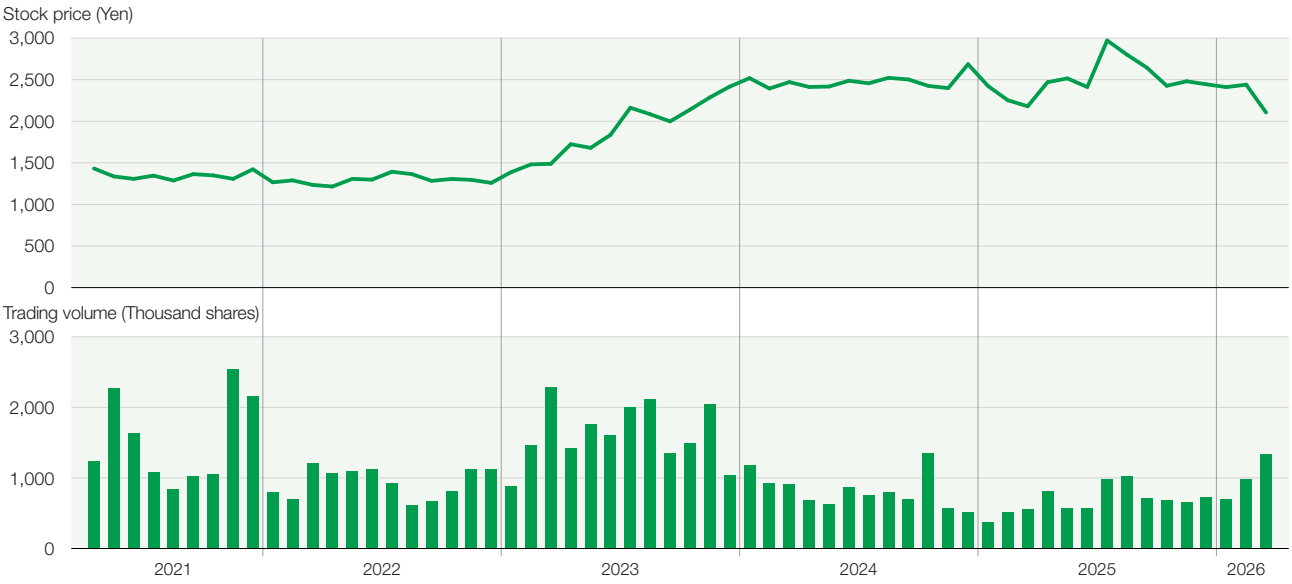
* Excluding shares less than one trading unit (101,255 shares)

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	2,955	10.39
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,458	8.64
THE SFP VALUE REALIZATION MASTER FUND LTD.	1,595	5.61
Mizuho Bank, Ltd.	1,108	3.90
ITOCHU ENEX CO., LTD.	895	3.15
Sumitomo Mitsui Trust Bank, Limited	880	3.10
Nichireki Business Partners Shareholding Association	850	2.99
Ikeda Museum of 20th Century Art	630	2.21
JP MORGAN CHASE BANK 385642	611	2.15
Custody Bank of Japan, Ltd. (Trust Account)	534	1.88

* Excluding treasury shares. The treasury shares were excluded from the calculation of shareholding ratio.

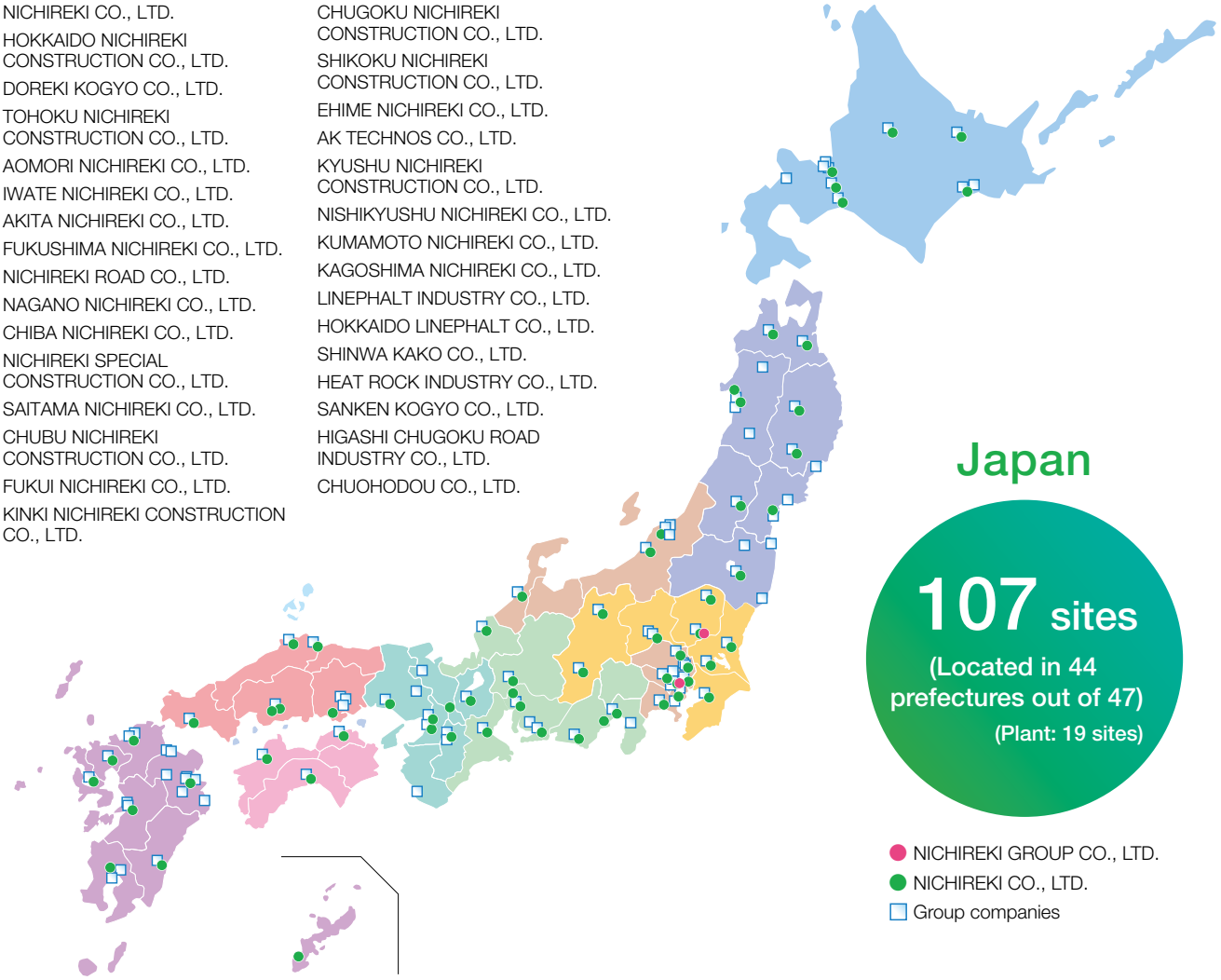
Stock price trends



Global Network (As of August 31, 2026)

Group companies

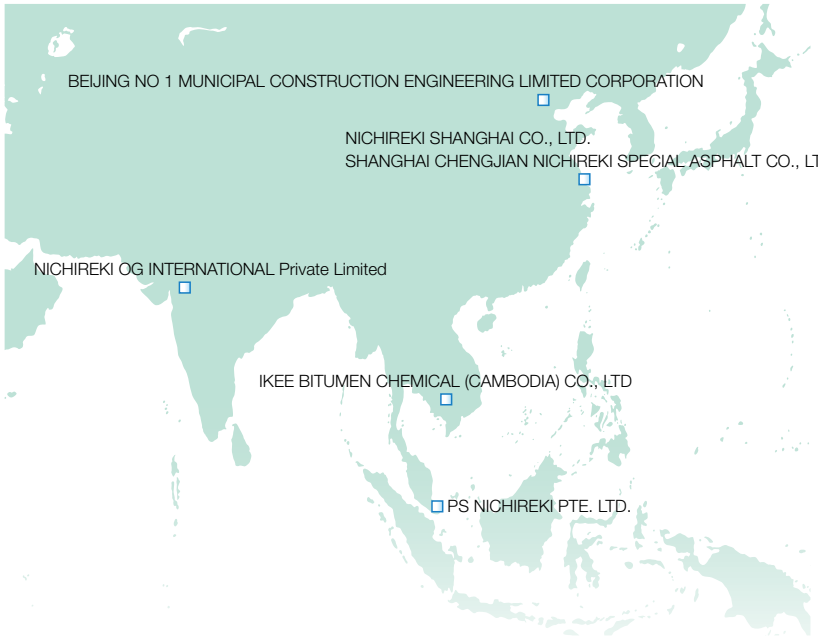
NICHIREKI CO., LTD.
HOKKAIDO NICHIREKI CONSTRUCTION CO., LTD.
DOREKI KOGYO CO., LTD.
TOHOKU NICHIREKI CONSTRUCTION CO., LTD.
AOMORI NICHIREKI CO., LTD.
IWATE NICHIREKI CO., LTD.
AKITA NICHIREKI CO., LTD.
FUKUSHIMA NICHIREKI CO., LTD.
NICHIREKI ROAD CO., LTD.
NAGANO NICHIREKI CO., LTD.
CHIBA NICHIREKI CO., LTD.
NICHIREKI SPECIAL CONSTRUCTION CO., LTD.
SAITAMA NICHIREKI CO., LTD.
CHUBU NICHIREKI CONSTRUCTION CO., LTD.
FUKUI NICHIREKI CO., LTD.
KINKI NICHIREKI CONSTRUCTION CO., LTD.
CHUGOKU NICHIREKI CONSTRUCTION CO., LTD.
SHIKOKU NICHIREKI CONSTRUCTION CO., LTD.
EHIME NICHIREKI CO., LTD.
AK TECHNOS CO., LTD.
KYUSHU NICHIREKI CONSTRUCTION CO., LTD.
NISHIKYUSHU NICHIREKI CO., LTD.
KUMAMOTO NICHIREKI CO., LTD.
KAGOSHIMA NICHIREKI CO., LTD.
LINEPHALT INDUSTRY CO., LTD.
HOKKAIDO LINEPHALT CO., LTD.
SHINWA KAKO CO., LTD.
HEAT ROCK INDUSTRY CO., LTD.
SANKEN KOGYO CO., LTD.
HIGASHI CHUGOKU ROAD INDUSTRY CO., LTD.
CHUOHODOU CO., LTD.



Japan

107 sites
(Located in 44 prefectures out of 47)
(Plant: 19 sites)

- NICHIREKI GROUP CO., LTD.
- NICHIREKI CO., LTD.
- Group companies



Overseas

6 sites



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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