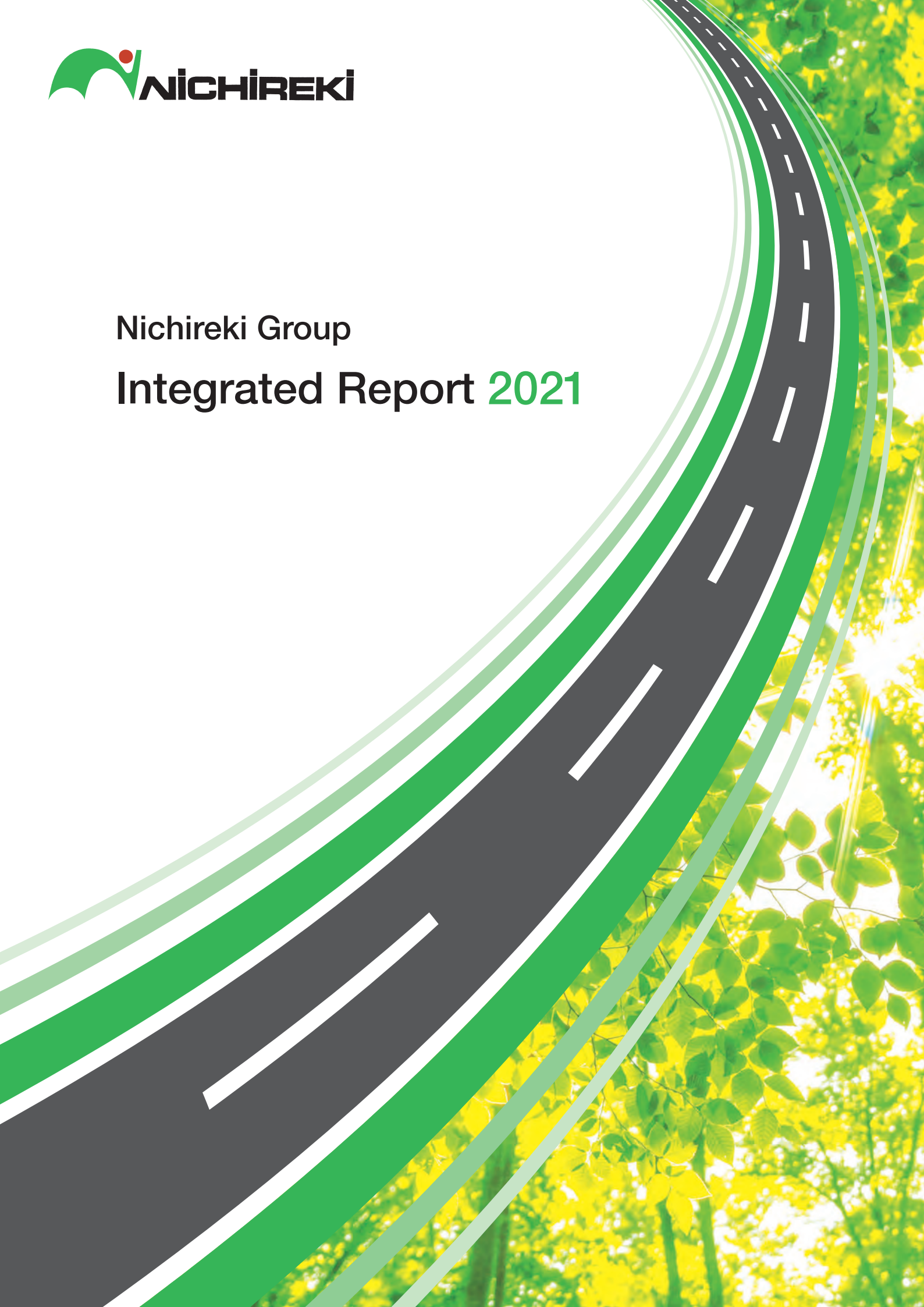


Nichireki Group

# Integrated Report 2021





# 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 the society through creating roads:

- ▶ We will supply road paving materials and their corresponding construction methods to satisfy requirements for outstanding functionality and cost.
- ▶ We will offer advanced consulting that watches vigilantly over roads, which are the 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 stockholders and a wide range of customers. We also strive to ensure that every employee in the Group can exercise his or her abilities to the fullest through meaningful work.

### “Sow the Seeds”

“Let us advance forward by sowing the good seeds”.

This is the motto of the Nichireki Group.

Let us sow the strong seeds that will not die  
even if a severe drought strikes.

By the sweat of our brow,  
let us spread fertilizer.

Then the plants will grow up to bear good fruit.  
Even if we do not harvest the fruits ourselves,  
I believe this:

If we do not sow the seeds and  
spread fertilizer,  
but only aim to gain the fruits,  
we will never enjoy true prosperity.

**Eiichi Ikeda (Founder of the Nichireki Group)**



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### Editorial Policy

The purpose of the Integrated Report is to assist the shareholders in understanding our activities that contribute to the 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.

### Period Covered

Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)  
(Information on or after April 1, 2021 is partially included)

### Organizations Covered

NICHIREKI CO., LTD. and its subsidiaries and associates (consisting of 35 consolidated subsidiaries, 1 non-consolidated subsidiary, and 5 associates)

### Published

September 2021

### Disclaimer on Forward-looking Statements

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



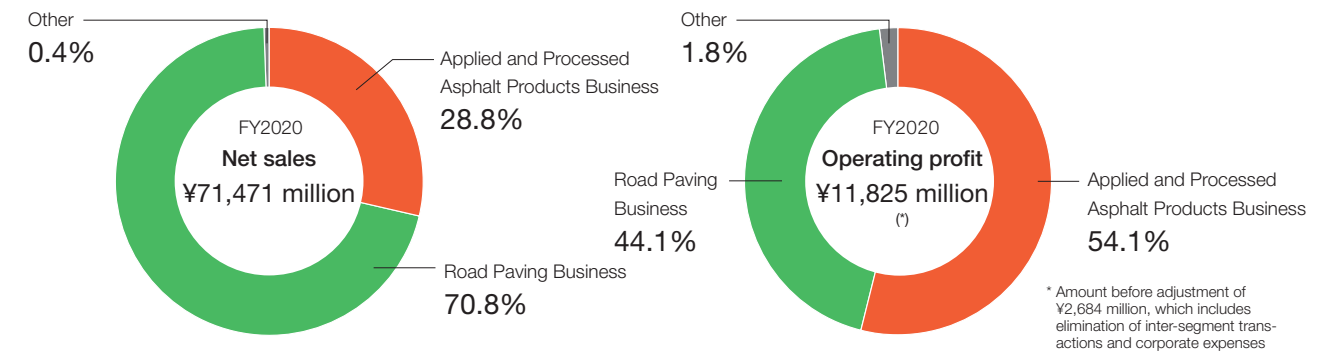
# Business of the Nichireki Group

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

About the  
Nichireki Group

Toward Sustainable Growth  
of the Nichireki Group

Foundation Supporting  
the Sustainable Growth



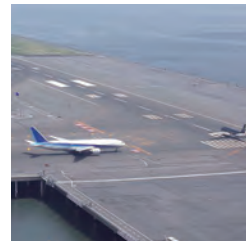
## Applied and Processed Asphalt Products Business

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



### [Airport]

- Modified asphalt
- Surface treatment
- Joint material



### [Viaduct]

- Bridge deck slab waterproofing
- Surface treatment



### [Urban area]

- Heat-blocking paving
- Low noise (porous) paving



### [Repairing materials]

- RESCUEPATCH (filling material)



- SUPER ROMENPATCH (bump repairing material)



### [Park, promenade, cycling path]

- ASWOOD paving (wood chip paving)

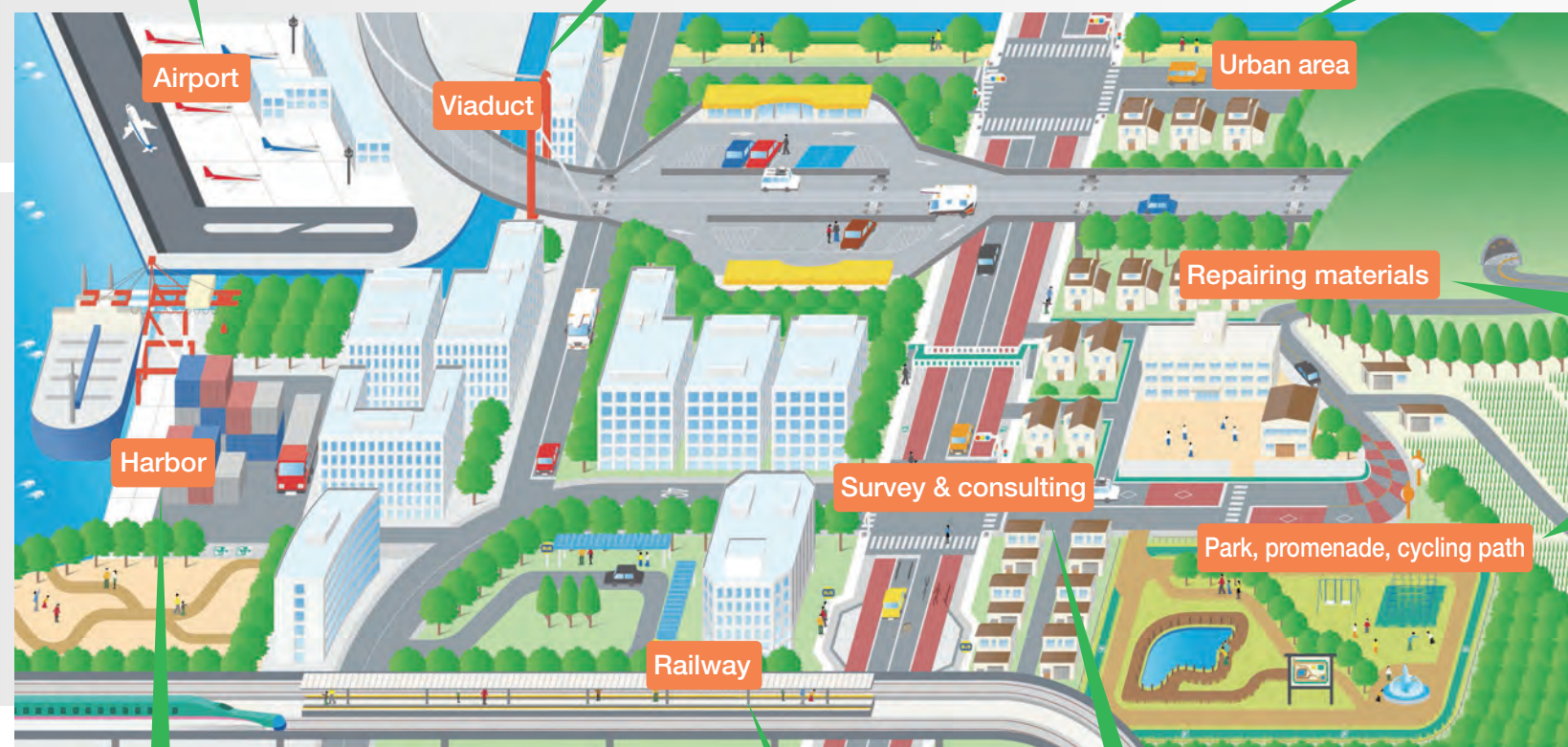
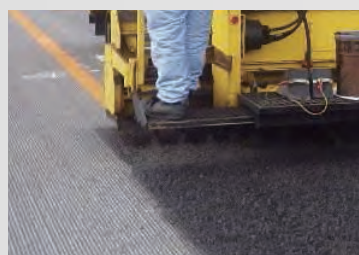


- Color paving



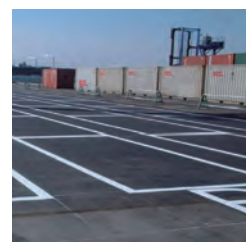
## Road Paving Business

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



### [Harbor]

- CONTAINER-PHALT SUPER (modified asphalt for heavy loads)



### [Railway]

- CA mortar (slab track filling construction method)



### [Survey & consulting]

- SMART SHOBAN CATCHER
- ROMEN CATCHER FWD
- ROCS Lite web



### • What is asphalt?

Asphalt is refined from crude oil. Black in color and a solid body at room temperature, but becomes liquid when heated. Mainly used in asphalt pavement.

### • What is asphalt emulsion?

Asphalt emulsion is 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.

### • What is modified asphalt?

Modified asphalt is 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.



# History of the Nichireki Group

Founded by Eiichi Ikeda in October 1943, the Nichireki Group has continued to deliver to the market many originally developed materials and construction methods relating to road paving, including asphalt emulsion, modified asphalt, bridge deck slab waterproofing materials and construction method, on-site base course recycling construction method, and surface processing construction method. Ever since its foundation, we maintained our policy to fulfill the social responsibilities required of companies in such time or social environment, which is to develop eco-friendly materials and construction methods with longer life, recyclability, safety, and reduced CO<sub>2</sub> emission functions and performances, as well as to provide

## External environment

Reconstruction after World War II; 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 (Metropolitan Expressway Public Corporation is established in 1959; Hanshin Expressway Public Corporation is established in 1962)
- 1964** Class-4 special improvement business starts

Advancement of motorization

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

## Nichireki's History

### Foundation and development

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

### 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 Surface Paving of Long Bridges (Honshu-Shikoku Bridge) established within the Japan Road Association
- 1974** The Company is listed on the First Section of both Tokyo Stock Exchange and Osaka Securities Exchange.
- 1975** The Company opens the Ikeda Museum of 20th Century Art in Ito City, Shizuoka
- 1977** The Company opens a technical research center in Oyama Plant in Tochigi Prefecture
- 1980** The Company is registered with the Minister of Construction as a construction consultant in road department.

safe and secure paving for road administrators and ultimately the users of the road. We have also put our efforts in sophisticated consulting business utilizing road surface survey technology to keep a close eye on the road conditions. Going forward, under the swift and accurate decision-making, we will pull our strength together to make resilient responses and continue to grow into a sustainable corporate group.

Introduction of paving with low-environmental burden and establishment of regulations on performance

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

The first year of social capital maintenance  
Major renewals

- 2008** Global Financial Crisis of 2008
- 2009** Incorporation of revenue source specified for roads into general revenue
- 2011** The Great East Japan Earthquake
- 2013** The first year of social capital maintenance  
Comprehensive and intensive work begins to address decrepit roads
- 2020** COVID-19 spreads worldwide

### 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 Medium-term Management Plan
- 1994** The Company changes its 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 Co., Ltd. in Beijing, a joint venture between Japan and China
- 2003** The Company implements an area-based business structure to facilitate the integrated operation of branch and group companies within the jurisdiction of the branch

### Reconstructs internal foundation and strengthens corporate governance

- 2006** The Company discloses basic policy for establishing internal control system
- 2008** The Group acquires ISO9001
- 2012** The Group acquires ISO14001
- 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 plant in Fengxian Chemical Industrial District in Shanghai
- 2020** The Company acquires a large parcel of land in Tsukubamirai City to construct a new production and logistics base



On-site mixing method using CATIOZOL



POLYPHALT SS is used to address rutting caused by the advancement of motorization



Honshu-Shikoku Bridge made of SINOPHALT



ROMEN CATCHER for inspecting the road surface condition day and night



SUPER TACKZOL with immediately breaking even at night or at low temperatures and firm adhesion of pavements



SMART SHOBAN CATCHER for inspecting bridge deck slab condition

## Materials

- Rain-resistant CATIOZOL (long lasting)
- Joint material, waterproofing material for concrete paving (long lasting)
- POLYPHALT SS to address rutting (long lasting)
- SINOPHALT to address cracks in bridge steel deck plate paving (long lasting)
- ROMENPATCH for reducing noise and vibration caused by bumps (safety)
- EMULSION A used in the track of Sanyo Shinkansen (long lasting)

## Construction technology (Construction methods)

- On-site mixing method to enhance durability of gravel road (safety)
- STABI-CEMENT RC construction method for repairing the existing pavement on-site (recycling)

## Consulting

(Survey & diagnosis technology)

- TOUGHPHALT SUPER for porous paving (safety)
- AF PHALT for recycled mixture (recycling)
- Modified asphalt for warm mix for reducing temperature during production and construction (CO<sub>2</sub> emission reduction)
- SHINAYAKAPHALT to address cracks (long lasting)
- SUPER TACKZOL with immediately breaking even at night or at low temperatures (long lasting)
- L-shaped joint tape to prevent leakage from junctures (long lasting)
- ASWOOD paving utilizing timber obtained from forest-thinning operations (recycling)
- EMULTEC construction method to extend the life of the paved road (long lasting)
- SURFTREAT construction method for road surface and bridge deck slab protection (long lasting)
- HQ HIBRANE AU construction method for waterproofing bridge deck slab
- ROMEN CATCHER for inspecting road surface condition
- ROMEN CATCHER FWD for diagnosing paving strength
- SMART SHOBAN CATCHER for inspecting bridge deck slab condition
- KOZO CATCHER for paving structure survey

Vision for the 100th  
Anniversary of Foundation

Deliver peace of mind  
to all stakeholders by  
creating roads



## Message from the President



With *shinayaka* (resilience)  
forward with transformation

Manabu Obata

President and Representative Director

Based on the “**spirit of sowing the seeds,**” contributing to the society as a corporate group in the business of **roads**

Since its establishment in 1943, the Nichireki Group has maintained the “spirit of sowing the seeds” as its corporate culture and pursued business related to the creation of roads through the provision of a wide range of products, technologies and construction services connected with road paving.

This “**spirit of sowing the seeds**” encompasses the actions of “sowing the seeds, giving them water, letting them flower, and reaping the fruits.” It expresses our commitment to continuously creating new business through the accumulation of unceasing effort. For us, road construction refers to a cycle we undertake that comprises all the processes from design and proposal based on survey and diagnosis to construction and management followed by manufacture and sales. We are proud that there are few companies with a business model grounded in a

corporate culture like this.

Our mission is none other than implementing our management philosophy of contributing to the society through road construction. Based on our “spirit of sowing the seeds,” we have built a relationship of trust with all our stakeholders, including our society, by ensuring safety and always delivering peace of mind as a corporate group in the business of roads, which are common assets that belong to us all.

In recent years, the circumstances surrounding road paving have changed greatly, and many social issues have emerged. To tackle the aging of our public infrastructure and the increasing severity of natural disasters, such as earthquakes and typhoons, the government has been taking measures to accelerate efforts to prevent or reduce the impact of disasters and to enhance the national resilience. As autonomous driving is likely to become the norm in the future, it is expected that there will be increasing discussions about how to improve road surfaces to make them safer, and as the society aims to decarbonize, there will be greater demands to reduce the environmental

as our keyword, evolving into a company that pushes and delivers peace of mind to our stakeholders

impact of road-surface materials and construction.

Against this backdrop, the Nichireki Group will respond to the trust of our stakeholders, and contribute to develop high-quality and cost-efficient infrastructure. We will also pursue the technical improvements in safety and environmental performance as we fulfill our responsibilities to the society. From the standpoint of contributing to achieving the sustainable development goals (SDGs) toward 2030, we at the Nichireki Group will be providing the value required in our interactions with the society while realizing co-existence and co-prosperity with a wide range of stakeholders.

Demonstrating **R&D capabilities** and adding more value to products and construction methods  
Providing **solutions through a one-stop service**

The Nichireki Group’s business comprises the Applied and Processed Asphalt Products Business, which manufactures and sells road paving materials and accounts for just under 30% of net sales, and the Road Paving Business, which provides around 70% of net sales and undertakes surveying and diagnosis as well as construction and management in connection with road construction. Nichireki sells products developed and manufactured in-house through nationwide sales offices, and our Group companies are in charge of construction and management.

As for our customer base, we receive orders mainly from large and regional paving companies and construction companies, and approximately 90% of these are public works projects. In most cases, they involve roads and bridges, with the orders originating from the national government, local authorities and expressway companies.

Our main strength lies in **our R&D capabilities**, which demonstrate creativity and uniqueness to come up with new products and construction methods that satisfy customer requests and market needs. Approximately 70% of market needs can be met with general-purpose products and existing construction methods, but we satisfy the remaining 30% by responding individually to technical requests to resolve issues faced by customers. Through such R&D, we create and offer new products and construction methods, and the high-value-added nature of these results in higher profit margins for us.

Another of our strengths is **our business model**, which allows us to design and propose based on survey and

diagnosis and to offer **one-stop solutions** in our group from manufacture and sales to construction and management. We are expanding and cultivating our business markets by leveraging this strength to reinforce our relationships with customers who already have transactions and to attract new customers.

As for capturing new growth opportunities, we are now providing special types of paving for harbors and airports as developments into peripheral domains of the Road Paving Business. We are gradually building up a good track record in such domains. In addition, we have also been doing business overseas for 19 years. Specifically, we have established joint ventures in China (in Shanghai, Beijing, etc.), and also have operations in Taiwan and Singapore. Though the contribution to our performance is still not particularly large, in Shanghai, which has now transitioned from the era of new construction to the era of maintenance especially in the field of infrastructure such as long-span bridges, we can expect to see growth going forward.

Regarding the Nichireki Group’s corporate culture and character, our employees are earnest and steadfast, taking action honestly and steadily in line with the “spirit of sowing the seeds.” At the same time, I believe that we can further expand our potential because we possess both the passion and thirst for challenge needed to generate new value and open up markets.

We surpassed the performance targets contained in our previous Medium-term Management Plan by a large margin, and made steady progress in “**expanding and cultivating our business markets**” for the past five years.

A glance at our present operating environment reveals, as I mentioned earlier, that Japan is taking measures to accelerate efforts to prevent or reduce the impact of disasters and to enhance the nation’s resilience. Specifically, the Japanese government is planning to spend ¥15 trillion on such measures over the next five years. Of these expenditures, for FY2021 the Ministry of Land, Infrastructure, Transport and Tourism has earmarked ¥2.2351 trillion for spending on roads. Regarding the market outlook for the road and civil-engineering industries, the future course of the COVID-19 pandemic remains unclear, and there are concerns about the impact on raw-materials prices resulting from fluctuations in oil prices and exchange rates. Nevertheless, thanks to an overall rise in construction



demand due to the government's initiatives in the realm of disaster prevention/mitigation and national resilience, we expect our performance to be firm for the time being.

Against this backdrop, we at the Nichireki Group intend to identify public-works needs associated with preventative maintenance, and seize growth opportunities by focusing on the creation and provision of new forms of added value, such as paving materials containing new ingredients that are flexible, resilient, and offer superior durability, and road-surface testing services that employ AI diagnostic technology.

Looking back at our operating situation in FY2020, net sales climbed thanks to solid public-works demand, rising 7.1% over the previous year to reach ¥71.4 billion. On the profit side, in addition to the low crude oil price, new products offering more added value thanks to longer service lives, better performance and lower environmental impact made a substantial contribution. As a result, operating profit and ordinary profit jumped 52.1% to ¥9.1 billion and 53.8% to ¥9.5 billion, respectively. Profit attributable to owners of the parent company was ¥6.3 billion, around 3.5 times the figure for previous year, when we recorded large extraordinary losses.

Under "Next 2020," the five-year Medium-term Management Plan that ended in FY2020, we pursued a growth strategy where the top priority was "expanding and cultivating our business markets," with the aim of boosting our adaptability to environmental changes and evolving into corporate group that enjoys sustainable growth. As a result, we significantly surpassed the performance targets for the final year of the plan, namely "net sales of ¥63.0 billion" and "operating profit and ordinary profit of ¥6.0 billion."

Thanks to our efforts over five years, the strategy of **"expanding and cultivating our business markets"** steadily produced results as we received more orders. We also succeeded in venturing into peripheral domains surrounding the Road Paving Business, such as harbors and airports, and made solid progress with the development of new materials. Internally, we greatly transformed our organization during the five-year period, and I believe that we have established the structure we need to propel us into our next phase of growth.

Determining **Vision for the "100th Anniversary of Foundation"** and formulating and launching new five-year Medium-term Management Plan **"Resilience 2025 (Shinayaka 2025)"**

Before formulating our new five-year Medium-term Management Plan, which we began implementing in FY2021, we determined, as a premise for the Plan, **our Vision for the "100th Anniversary of Foundation,"** which adopts a longer-term viewpoint and articulates what we want to be. Nichireki, a corporate group, will celebrate the 100th anniversary in 2043, 22 years from now. We set our vision for 2043 by thinking about what we should provide to the world, how we would like to survive, and what we should achieve for these purposes.

We gathered numerous opinions from young and mid-career employees and held repeated discussions internally before settling on the future vision for ourselves

a century after our foundation, which is to be a corporate group that "delivers peace of mind to all stakeholders, including customers, shareholders/investors, suppliers, and employees, through creating roads and affecting the lives of the people." Furthermore, we will grow into a sustainable organization by flexibly adapting to various changes in the business climate while developing business from more of an ESG-management perspective.

As we move toward realization of this "Vision for the 100th Anniversary of Foundation," we have formulated **"Resilience 2025 (Shinayaka 2025),"** our new Medium-term Management Plan, as a first step in that direction. The Plan covers the five years from FY2021 to FY2025, and aims for the group as a whole to come together to act flexibly, based on swift and precise decision making, and evolve into a "company with strong organizational resilience" to surmount changes in our operating environment. By executing the Plan successfully, we at the Nichireki Group will be building a platform for maintaining our sustainable operations into the future.

Implementing the **four priority measures** to become a company with strong organizational resilience  
Setting goals for ESG management

Under "Resilience 2025 (Shinayaka 2025)," we are pursuing four priority measures: "Expand and cultivate our business markets, and penetrate markets," "Enhance R&D capabilities and improve productivity," "Strengthen the Group's management foundation," and "Boost environmental investments to contribute to the creation of a decarbonized society."

Regarding "Expand and cultivate our business markets, and penetrate markets," we will increase the number of repeat customers by cementing the presence in the marketplace of the new products and construction methods we have independently developed until now. In addition, by deploying sophisticated systems for our one-stop approach, which covers everything from design and proposal based on survey and diagnosis, to construction and management followed by manufacture and sale, we will be further honing our strengths. This is an initiative that we will be pursuing in line with the future trend toward emphasizing total cost in the case of public works. At the same time, we intend to offer even higher added-value products and construction methods that contribute to reducing the environmental burden.

As for "Enhance R&D capabilities and improve productivity," we will be proactively developing technologies of other fields, and then applying them to create innovative products and construction methods. In parallel to this, we will be introducing digital technology to enhance the efficiency of the business cycle in order to establish/build networks on the logistics side and thereby increase the productivity of the group as a whole.

Regarding "Strengthen the Group's management foundation," the key will be to build a robust financial and managerial foundation by boosting profitability and capital efficiency and improving governance structures. We will also be overhauling our systems to facilitate the utilization

of diverse human resources and diverse work styles, and building up the talents of group personnel.

As for "Boost environmental investments to contribute to the creation of a decarbonized society," we have established an eco-friendly production and distribution site in Tsukubamirai City in Ibaraki Prefecture to serve as the cornerstone of our leading-edge decarbonization initiatives. The site resembles the shape of a ship, so we call it Tsukuba Big Ship. The main concept of the Tsukuba Big Ship Project is the construction of a new plant toward our 100th anniversary of foundation. We are going to build an advanced, eco-friendly production base that is capable of manufacturing new products to deal with various changes in the business environment and to accommodate future needs. The reinforcement of business continuity planning (BCP) is also one of the goals. To disperse risks as we fulfill our social responsibility to supply products, we are going to pursue what we call a double-core strategy, whereby we operate two main production sites: Oyama Plant and "Tsukuba Big Ship." We will also be driving reforms going forward by pressing ahead with the establishment of core group site equipped with product/merchandise warehousing functions and nationwide distribution center functions.

Under "Resilience 2025 (Shinayaka 2025)," we are aiming to convert these initiatives into net sales of ¥77.0 billion, operating profit of ¥7.8 billion, ordinary profit of ¥8.0 billion, return on invested capital (ROIC) of 6.5% or more, and return on assets (ROA) of 5.0% or more. All these targets are for consolidated performance and are to be met in 2025. Note that with respect to profit, the targets reflect investments in growth that we are planning to make during the period of the plan, and include depreciation of "Tsukuba Big Ship" and the maintenance of existing equipment at sites nationwide.

Also be aware that with this plan, we have set KPIs for ESG-management priority measures, determining numerical targets for each item that are linked with relevant stakeholders and SDGs themes. Among them, the "net sales ratio of eco-friendly products and construction methods" is closely connected to the realization of decarbonization, and we have set targets for it of 30% or more in FY2025 and 80% or more in FY2043.

Through the development of our business, we will make a greater **contribution to the society** and move forward toward **a more prosperous future**.

We are aiming to be a corporate group that "delivers peace of mind to all stakeholders," and our policy is to concentrate even harder than before on building relationships with our stakeholders.

For shareholders and investors, we will be stepping up our IR activities to give them a more detailed understanding of our business operations, management policy and growth strategy, and will also be expanding initiatives such as proactively disclosing information online and holding briefings on financial results. As for distributing profits to shareholders, while maintaining a policy of stable dividends, we will also endeavor to raise dividends as we improve our financial results. Under "Resilience



202 (Shinayaka 2025)," our targets for FY2025 include a dividend payout ratio of approximately 25%, and we will continue to reward our shareholders for their support by distributing profits to them at a high level.

Regarding corporate governance, we recognize that as part of our efforts to contribute to corporate value enhancement, it is necessary to make our governance even more effective. In FY2021, we have increased the proportion of outside officers on the Board of Directors (inside directors: 8, inside auditors: 2, outside directors: 4, outside auditors: 2). From the standpoint of increasing diversity as well, two of the outside directors and one of the outside auditors are women. We hope that by overseeing our management and offering advice, these outside officers will allow us to hear a wider range of opinions than in the past.

As for diversity promotion, even our rank-and-file employees are accelerating their efforts. Here at the Nichireki Group, there aren't too many women working on the frontline of manufacturing/construction, but divisions such as R&D recruit a lot of female engineers straight out of universities, and we are expanding the range of opportunities for them to succeed. Regarding the nationalities of our personnel, there are engineers from China working in the R&D division, and we entrust the management of overseas sites to locally-hired staff. In FY2022, meanwhile, we are going to raise the retirement age to 65, and set about creating workplaces in which greater numbers of senior human resources can play active roles. I believe that for a corporation, diversity is an essential ingredient for innovation, and also a condition for sustainable growth.

Going forward, we at the Nichireki Group will be enhancing our growth potential through self-transformation based on *shinayaka* as a keyword, and through the development of our business, will make an even more substantial contribution to the society than we have in the past. I therefore ask all our stakeholders to look forward to the future that we are going to create.

**Manabu Obata**  
President and Representative Director

# Financial and Non-financial Highlights

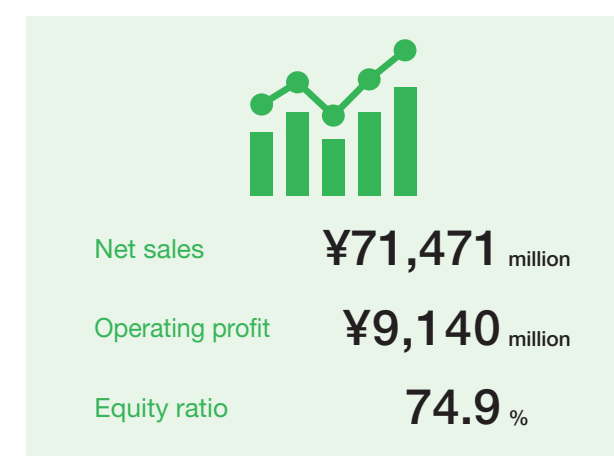
## Key Financial Data (Consolidated)

		FY2016	FY2017	FY2018	FY2019	FY2020
<b>Financial Results</b>						
Net sales	(Million yen)	54,439	60,570	62,919	66,725	<b>71,471</b>
Operating profit	(Million yen)	5,742	5,445	5,593	6,009	<b>9,140</b>
Ordinary profit	(Million yen)	5,872	5,628	5,731	6,225	<b>9,574</b>
Profit attributable to owners of the parent company	(Million yen)	3,762	3,882	3,589	1,821	<b>6,357</b>
Comprehensive income	(Million yen)	4,365	4,702	2,837	856	<b>7,787</b>
<b>Financial Position</b>						
Net assets	(Million yen)	46,768	50,811	52,889	52,827	<b>62,010</b>
Total assets	(Million yen)	65,190	69,838	70,297	71,487	<b>82,732</b>
<b>Cash Flows</b>						
Cash flows from operating activities	(Million yen)	5,640	4,645	5,417	3,203	<b>9,098</b>
Cash flows from investing activities	(Million yen)	(2,607)	(3,604)	(5,482)	(3,352)	<b>(5,694)</b>
Cash flows from financing activities	(Million yen)	(611)	(1,151)	(845)	(1,027)	<b>2,512</b>
Cash and cash equivalents at end of period	(Million yen)	19,289	19,195	18,367	17,181	<b>23,110</b>
<b>Per Share Information</b>						
Basic earnings per share	(Yen)	131.24	135.42	125.18	63.53	<b>219.72</b>
Net assets per share	(Yen)	1,631.15	1,772.17	1,844.66	1,842.51	<b>2,048.05</b>
Dividends per share	(Yen)	23.00	27.00	32.00	34.00	<b>38.00</b>
<b>Management Indicators</b>						
Equity ratio	(%)	71.7	72.8	75.2	73.9	<b>74.9</b>
Ordinary profit to total assets	(%)	9.4	8.3	8.2	8.8	<b>12.4</b>
Rate of return on equity	(%)	8.4	8.0	6.9	3.4	<b>11.1</b>
Operating profit to net sales	(%)	10.5	9.0	8.9	9.0	<b>12.8</b>
Ordinary profit to net sales	(%)	10.8	9.3	9.1	9.3	<b>13.4</b>
ROIC	(%)	9.1	7.8	7.5	8.0	<b>11.2</b>
ROA	(%)	6.0	5.7	5.1	2.6	<b>8.2</b>
Dividends payout ratio	(%)	17.5	19.9	25.6	53.5	<b>17.3</b>
<b>Non-financial Data (Consolidated)</b>						
Number of employees	(persons)	742	797	831	917	<b>924</b>
Number of patents maintained	(patents)	45	39	39	30	<b>29</b>
Energy use (oil equivalent)*	(kL)	6,976	7,173	6,228	5,705	<b>6,523</b>
CO <sub>2</sub> emission*	(t-CO <sub>2</sub> )	15,300	16,270	13,624	13,378	<b>12,355</b>

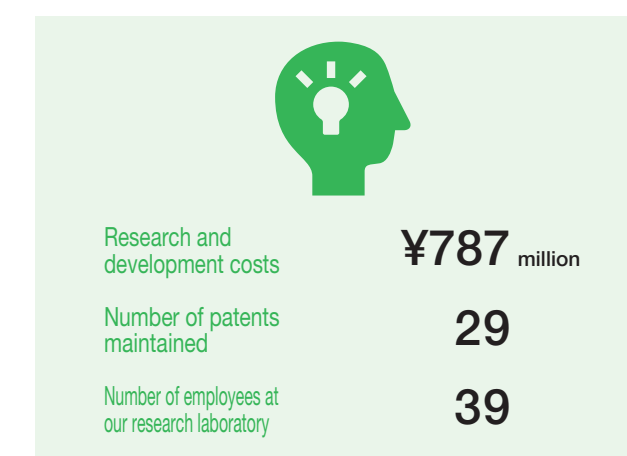
\*Scope: 19 plants in Japan

## Six Capitals for Realizing Value Creation (FY2020 results)

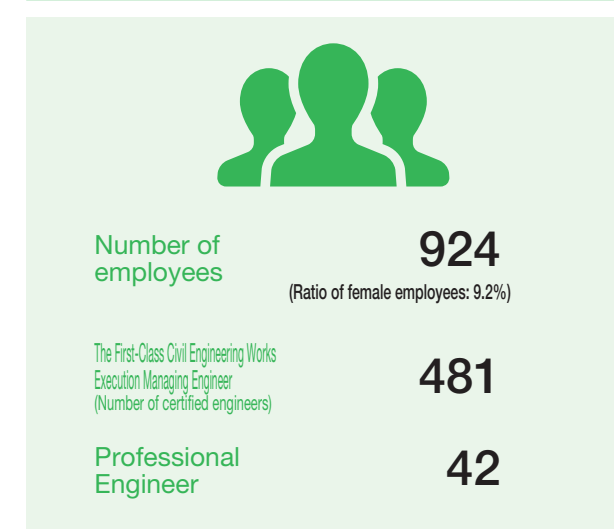
### Financial Capital



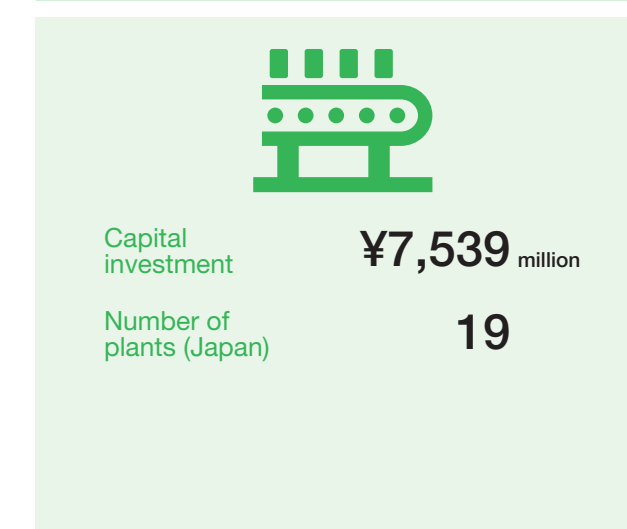
### Intellectual Capital



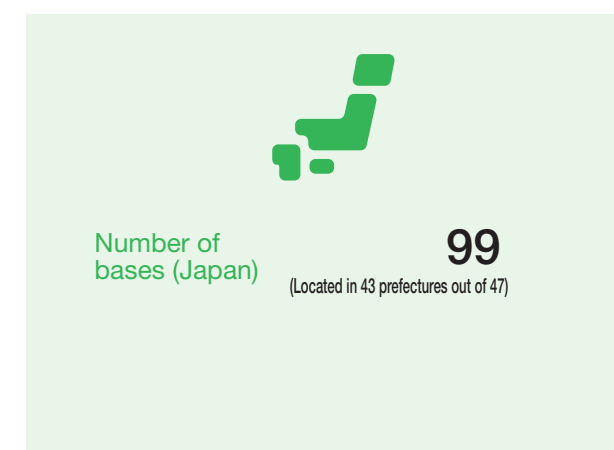
### Human Capital



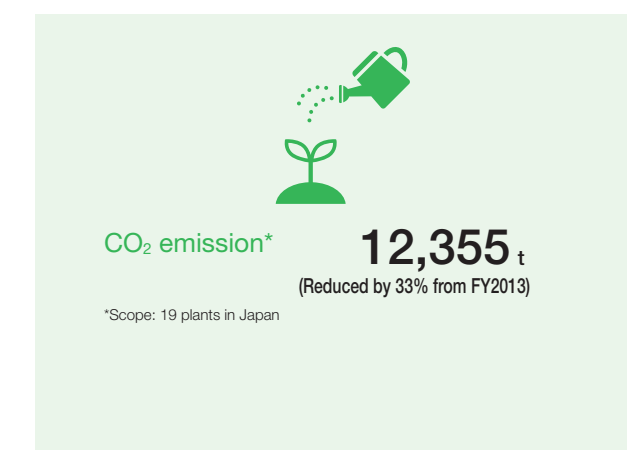
### Manufacturing Capital



### Social Capital



### Natural Capital



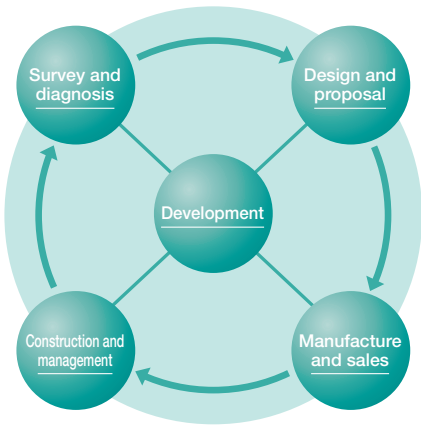
The Nichireki Group will accurately grasp the social environment that is changing continuously, and develop its own business model to enhance medium- to long-term corporate value while aiming to realize the creation of sustainable society.





# Business Model

The Nichireki Group’s strength is the ability to play roles of all companies engaged in road paving in a single corporate group, including consulting firms that make propositions on products and construction methods, design firms material manufacturers, and construction companies.

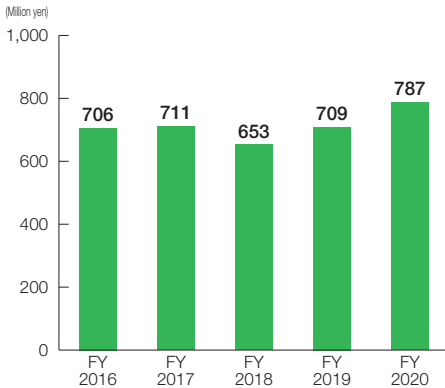


## Development

As the leading company in paving materials, the Nichireki Group constantly anticipates the diversifying and intensifying social needs, and supplies the latest technology that will contribute to society.

To further enhance the quality and accuracy of our research, our technical research center installed new performance evaluation testing machines in addition to the conventional testing equipment, and promotes R&D of eco-friendly products and construction methods in response to the demands of the social infrastructure maintenance times, such as making roads last longer and making major renewals. Our technical research laboratory also serves as a comprehensive R&D institution that helps enhance our technological capability through employee training, not just enhancing our R&D capability, by improving and sophisticating the laboratory as a facility to hold technical seminars on new construction methods and other various training sessions.

Research and development costs



Technical research center



Microscope



Mechanical testing

### Patents held by the Nichireki Group

The Nichireki Group continues to file patent applications, and files ones for co-ownership and maintains them in a strategic manner by promoting joint R&D projects with external organizations.

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of patents maintained	45	39	39	30	29
Number of patents applied	1	0	3	6	7
Number of patents registered	3	0	2	2	1

## Survey and diagnosis

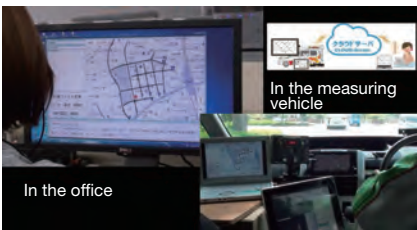
The social infrastructure including paved roads and bridges essential for people’s daily lives has recently become older and requires appropriate maintenance and management.

To support extensive social infrastructure management, we have various types of survey and measuring equipment. They include the ROMEN CATCHER Series (road surface condition measuring vehicles) that inspects the damage of road paving; ROMEN CATCHER FWD (pavement deflection amount measuring vehicle) that diagnoses the structural soundness of the road paving; and SMART SHOBAN CATCHER (non-destructive deck plate survey vehicle) that identifies the range and depth of damage locations on the top surfaces of concrete bridge deck plates inside the bridge.

Using these survey and measuring equipment, ICT, IoT and AI, we efficiently survey and diagnose the damage conditions of road paving.



Road surface condition measuring vehicle (SMART SHOBAN CATCHER LY Jr.)



How the road surface condition measuring vehicle measures

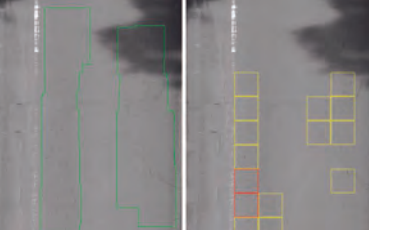


Illustration of road surface image analysis with AI

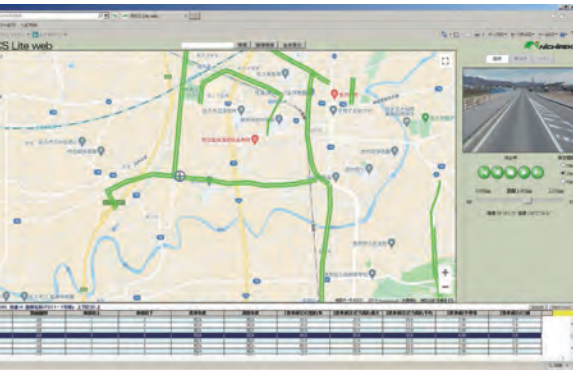
## Design and proposal

We propose optimal repair methods and maintenance and management plans based on the results of diagnosis. We make the social infrastructure last longer by assisting in creating a maintenance cycle to help people have safe and comfortable living environment.

We actively promote DX through initiatives such as “ROCS Lite web.” It can be used indoors or out, using the internet to check conditions and share information on site.



ROMEN CATCHER FWD (pavement deflection amount measuring vehicle)  
It non-destructively surveys the soundness inside the road paving



ROCS Lite web  
Map and image display system in which the user can browse the results of road surface inspections on website



## Manufacture and sales

We manufacture products with three elements of long-lasting, recycling and low carbon in our eco-friendly plants (19 plants in Japan) that produce less CO<sub>2</sub> emissions, and preserve the environment. We aim to increase the efficiency of logistics operations with ICT, making our customers feel safer.

With its integrated selling style of sales and technology staffs, the Nichireki Group helps customers solve problems and issues faced by them, and gain their trust.



Sendai Plant



Oyama Plant



Chiba Plant



Oita Plant

## Construction and management

We seek to make residents living along roads feel safe, let alone gain trust from contractees and other providers involved. Specifically, we perform construction work always with the priorities of high quality and safety in mind while promoting the use of ICT and robotic construction machinery, which helps solve a labor shortage faced by the construction industry.



HQ HIBRANE AU construction method (construction with a binder spraying robot)  
Highly durable asphalt urethane membrane type waterproofing method for bridge deck slab, assuming a design durability of 30 years



STABI-CEMENT RC construction method (mixing method with a deep stabilizer)  
Cement and asphalt emulsion stabilizing base course construction method (on-site base course recycling construction method) in which the road's existing asphalt mixture and the base course are crushed and mixed at the same time with asphalt emulsion and cement

## Vision for the 100th Anniversary of Foundation

The Nichireki Group has set a vision for the 100th Anniversary of Foundation toward long-term growth. It represents our desired state when we mark the 100th anniversary of foundation in 2043. Under our management philosophy, we aim to grow into a sustainable organization by flexibly adapting to various environmental changes in the business climate while developing and managing business from more of an ESG perspective.

Our management philosophy is contributing to society by creating roads. We view “roads” of “creating roads” as “roads and lives,” and “contributing to the society” as “delivering peace of mind to the society.” We will evolve into a corporate group that “delivers peace of mind to all stakeholders, including customers, shareholders, investors, employees and suppliers through the creation of roads and lives.”

Develop and manage business from more of an ESG perspective

### Corporate Philosophy

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

+

Management philosophy Contribute to the society through creating roads

- Supply road paving materials and their corresponding construction methods to satisfy requirements for outstanding functionality and cost
- Offer advanced consulting that constantly watches over “roads,” which are the common assets of the people
- Implement construction technology that is trusted by customers

2043

Vision for the 100th Anniversary of Foundation

Deliver peace of mind to all stakeholders by creating roads

- Customers** Ensure environmental preservation, safety and quality in the processes of developing, improving and manufacturing products, construction work, surveys, etc.
- Shareholders and investors** Enhance corporate value and engagement (Disclose information)
- Suppliers** Constantly 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

Medium-term Management Plan 2025

Resilience 2025 (Shinayaka 2025)

—Aiming to be a company with strong organizational resilience—

Present

Medium-term Management Plan 2020

Next 2020 —Moving on to the next stage—

Flexibly adapt to various changes in the business climate



# Medium-term Management Plan

## Next 2020 New Growth

—Moving on to the next stage—

FY2016 to FY2020

### Basic policy

We will promote to “expand and cultivate our business markets,” and build a robust organizational structure and management foundation, aiming to be a sustainably growing corporate group through further increasing the ability to adapt to changes in the business climate.

### Priority measures

- Expand customer base
- Enhance R&D capabilities
- Strengthen corporate governance

### Management numerical targets

	FY2020 targets	FY2020 financial results
Consolidated net sales	¥63,000 million	¥71,471 million
Consolidated operating profit	¥6,000 million	¥9,140 million
Consolidated ordinary profit	¥6,000 million	¥9,574 million

### Outcomes and issues

- We expanded and cultivated our business markets and our customer base as a result of developing and improving products and construction methods that contribute to longer life and higher performance of paved roads and reduction of environmental load, as well as carrying out honest design and proposal activities.
- We strengthened our area management structure as a result of winning more orders by gaining support beyond areas, and increasing productivity through intensive product manufacturing and shipping.
- Although we have seen some progress in our efforts to expand and cultivate our business markets, we have yet to be successful enough to penetrate markets and customers in many cases. Several other issues also remained. For example, human resources and other management resources were not fully connected within areas.

## Resilience 2025 (Shinayaka 2025)

—Aiming to be a company with strong organizational resilience—

FY2021 to FY2025

The Nichireki Group has developed its new five-year Medium-term Management Plan “Resilience 2025 (Shinayaka 2025)” that will be initiated in FY2021.

### Basic policy

In response to various changes in the business climate expected to occur on a large scale and at a fast pace, our organization strives to take flexible action as one based on prompt and appropriate decision making, aiming to grow into a sustainable corporate group.

### Business environment

- Impact of trends in public investments and government policies (disaster prevention, disaster mitigation and national resilience)
- Economic impact of natural disasters, infectious diseases, etc.
- Fluctuations in raw material prices and supply trends
- Social changes brought about by autonomous driving society and DX
- Changes in business practices such as decarbonized society
- Expansion of corporate social responsibilities such as ESG, SDGs, etc.
- Changes in the labor market such as new working style, a declining workforce and an increasing portion of the elderly

### Priority measures

#### ■ Expand and cultivate our business markets, and penetrate markets

- In Resilience 2025 (Shinayaka 2025), we continue to expand and cultivate our business markets and firmly establish in-house developed/manufactured products and construction methods for our customers and markets.
- We will boost sales of eco-friendly products and construction methods developed/manufactured in-house, which offer performance and functionality, such as long-lasting, recycling, CO<sub>2</sub> reduction, and safety.

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#### ■ Enhance R&D capabilities and improve productivity

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

#### ■ Strengthen the Group's management foundation

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











#### ■ Boost environmental investments to contribute to the creation of a decarbonized society

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

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### Numerical targets

Financial targets	FY2020 financial results	FY2025 targets
Consolidated net sales	¥71,471 million	¥77,000 million
Consolidated operating profit	¥9,140 million	¥7,800 million
Consolidated ordinary profit	¥9,574 million	¥8,000 million
ROIC	11.2%	6.5% or more
ROA	8.2%	5.0% or more

Non-financial targets	FY2020 financial results	FY2025 targets	FY2043 targets	Target stakeholders and SDGs mapping
Sales ratio of eco-friendly products and construction methods <sup>1</sup>	12.6%	30% or more	80% or more	Customers     
Number of launches of newly developed (improved) products and construction methods <sup>2</sup>	10	10 or more	40 or more	
Ordinary profit margin	13.4%	10% or more	10% or more	Shareholders and investors 
Dividends payout ratio	17.3%	Approx. 25%	Approx. 30%	
Number of products of joint research and development rolled out <sup>3</sup>	2	2 or more	10 or more	Suppliers  
Annual overtime <sup>4</sup>	640 hours or less 77.8%	640 hours or less	360 hours or less	Employees  
Days of annual paid leave taken <sup>5</sup>	50% or more of the number of paid vacation days given 52.4% (9.6 days on average)	50% or more of the number of paid vacation days given	90% or more of the number of paid vacation days given	

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

2. The cumulative number of new products and construction methods (including those improved) to be launched from FY2021 onward. The figures of FY2020 financial results are the cumulative totals from FY2016 to FY2020.

3. The cumulative number of developed products to be launched from FY2021 onward as a result of joint R&D projects. The figures of FY2020 financial results are the cumulative totals from FY2016 to FY2020.

4. It covers all Group employees.

5. It covers all employees who have been given 10 or more days of annual paid leave.



## Boost environmental investments to contribute to the creation of a decarbonized society

### Eco-friendly, Advanced Production and Distribution Site

#### Tsukuba Big Ship



Envisioning our future business development, the Nichireki Group decided to expand into the land readjustment project area in Fukuoka Industrial Park in Tsukubamirai City, Ibaraki Prefecture. The decisive factors are convenient access to the networks of road and railroad, low disaster risk and remarkable growth with large labor force population.

We will construct an aesthetically pleasing, eco-friendly, advanced production and distribution site and a hub functioning as a center of construction and surveys, while proactively working on interaction with local community among others as well as contributing to efficient development of infrastructure in Tsukubamirai City and across the country.

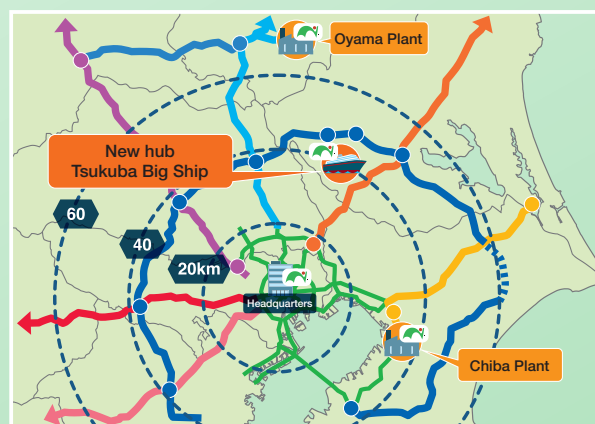
#### Concepts

**Construct a new plant with an eye to the 100th anniversary of the Group**  
Build a decarbonization-conscious, eco-friendly production base that is capable of manufacturing new products to deal with various changes in the business environment and to accommodate future needs

**Strengthen BCP**  
Strengthen our production system by having two main hubs in light of diversification of risks while fulfilling our responsibility in providing products (Double-core strategy)

**Establish a core hub for distribution, vehicles and equipment**  
Put in place a group of warehouses for products, a center for efficient nationwide delivery system, and a vehicle yard for vehicles for paving survey and construction along with other equipment

**Initiatives to contribute to community revitalization**  
Develop business activities responsible for local environment and aesthetically pleasing, as well as contribute to local economic and social development through the creation of employment and CSR activities, etc.



# Environment

To sustain rich global environment

## Environmental Policy

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

### Environmental Policies

As a corporate group that is indispensable for creating “roads,” we will strive to preserve the global environment, improve the local living environment and contribute to the realization of a sustainable society.

April 1, 2021

Manabu Obata, Representative, Nichireki Group

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



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



## Eco-friendly Products and Construction Methods

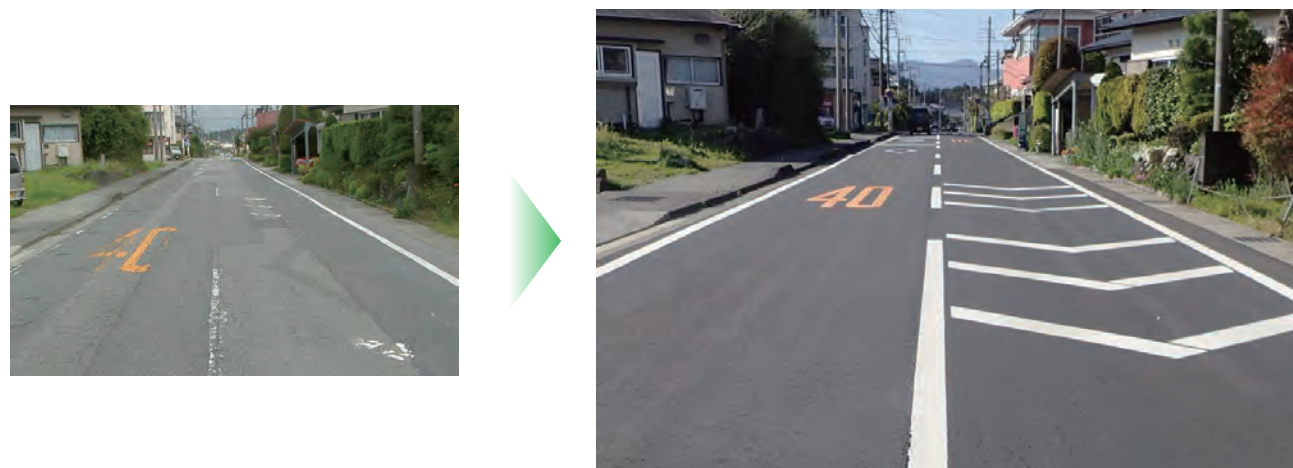
The Nichireki Group will strive to develop eco-friendly products and construction methods, which offer performance and functionality, such as long-lasting, recycling, CO<sub>2</sub> reduction and safety, and continue to deliver peace of mind to road users and residents living along roads.

### Long-lasting performance

#### SHINAYAKAPHALT

## 20-year design life for asphalt paving

This material with 1.7 times greater performance than the traditional asphalt mixture helps prevent damage caused by cracks. Accordingly, SHINAYAKAPHALT enables paving to last much longer than the traditional asphalt mixture when used in the same road. This material was adopted in roads used for the cycling road race course in the Tokyo 2020 Olympic Games.



Design life: 10 years

Design life: 20 years



Straight asphalt

Asphalt	5cm	SHINAYAKAPHALT
Asphalt	5cm	Asphalt
Bituminous stabilization	8cm	Bituminous stabilization
Base course	25cm	Base course
Subbase	40cm	Subbase



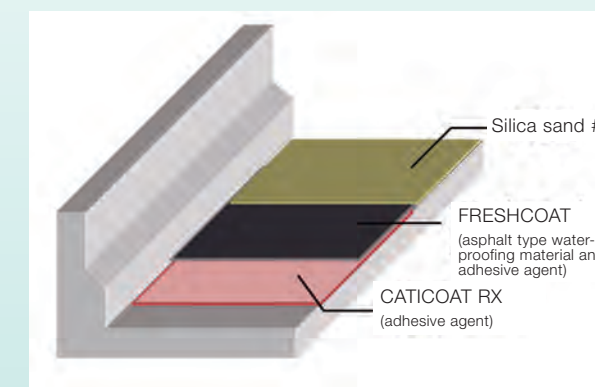
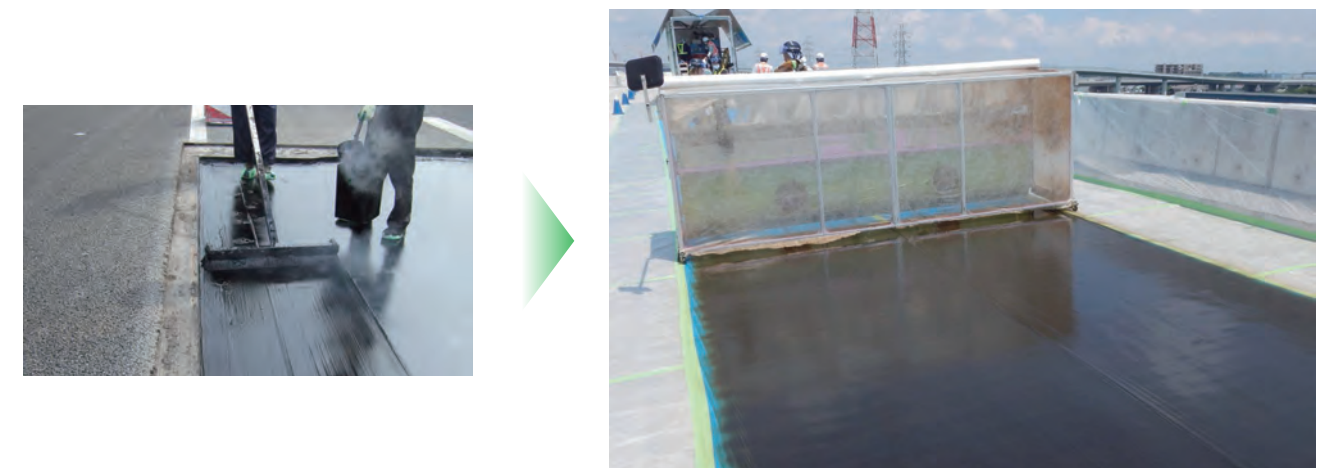
SHINAYAKAPHALT

### Long-lasting performance

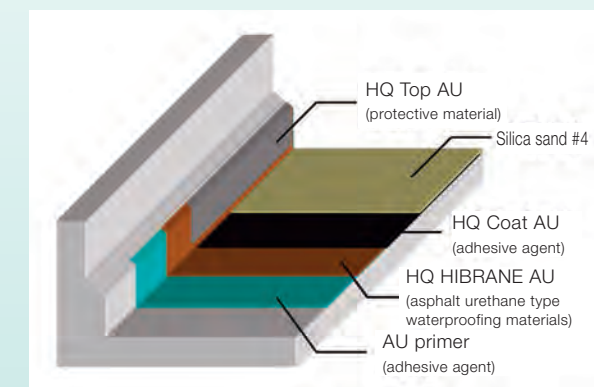
#### HQ HIBRANE AU construction method

## 30-year design life for bridge deck slab waterproofing layer

This method meets the standards for waterproof performance with assumed durability of 30 years. It prevents bridge deck slab from deteriorating due to the intrusion of water and de-icing agent for a long period of time. This method is adopted in expressways and national roads to help make them last longer.



Hot-applied asphalt waterproofing materials



HQ HIBRANE AU construction method  
(asphalt urethane type waterproofing materials)



## Recycling

### STABI-CEMENT RC construction method

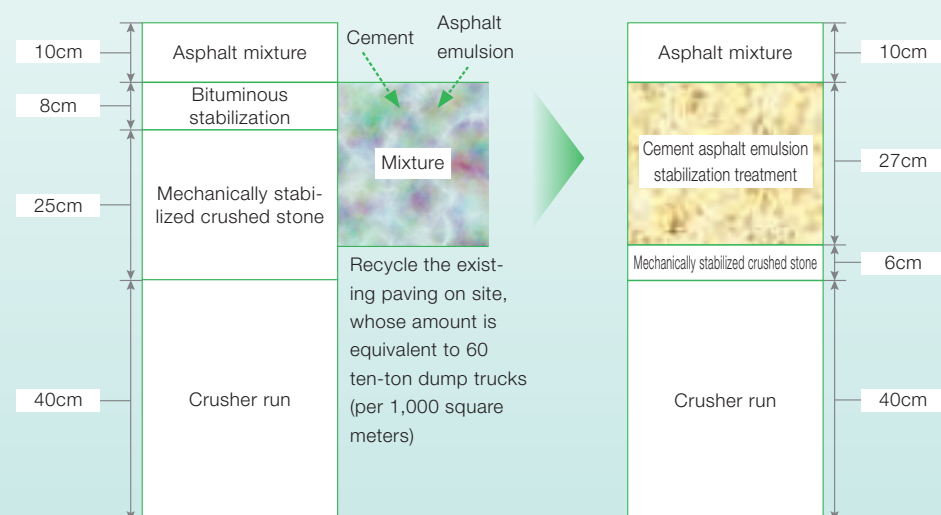
Amount of existing paving recycled at present location (27 cm in thickness of recycled paving)

**Equivalent to 60 ten-ton dump trucks** (per 1,000 square meters)

We recycle a damaged road and re-construct a new road at present location. This enables a significant reduction in paving debris from the site. It also helps shorten a construction period and limit CO<sub>2</sub> emissions from traffic jams, etc. This method enables us to construct a stronger base course than the traditional crushed stone base course, making the road last longer.



#### STABI-CEMENT RC construction method



## Recycling

### ASWOOD paving

Amount of forest-thinning materials used: **10 tons** (4 cm thickness per 1,000 square meters)

This method makes effective use of resources such as forest-thinning materials. The method is used for sidewalks and other paths in national parks, historical parks and public parks. We had constructed a total of 26,063 square meters of sidewalks and other paths for five years from FY2016 to FY2020, and used 218 tons of forest-thinning materials in total. The method has outstanding cushioning property and water permeability, giving walkers and joggers comfort, and puddles are unlikely to form. In addition, the mellow texture of the materials brings healing.



Forest-thinning materials



#### ASWOOD paving



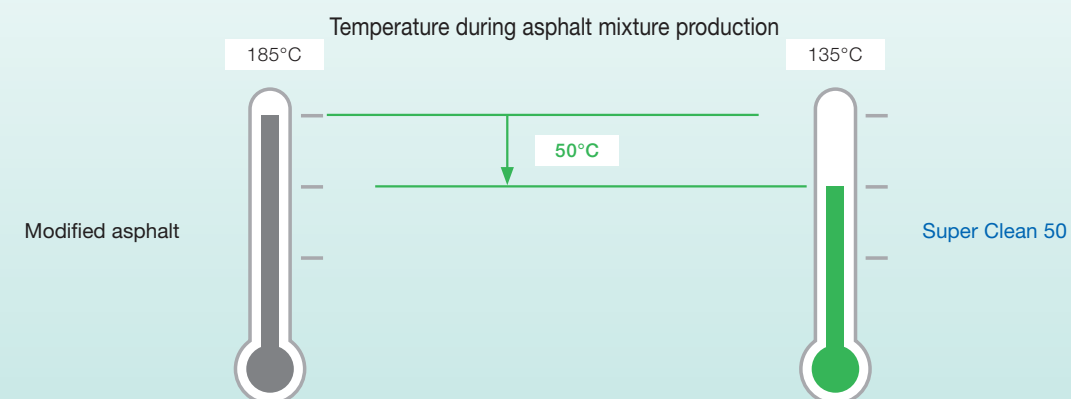


CO<sub>2</sub> reduction

## Super Clean 50

**20% reduction in CO<sub>2</sub> emissions during asphalt mixture production**

The temperature during asphalt mixture production can be lowered by 50 °C. This enables a reduction in fuel consumption during mixture production, cutting CO<sub>2</sub> emissions by 20%. It also reduces a period of time until traffic opening after completion of construction.



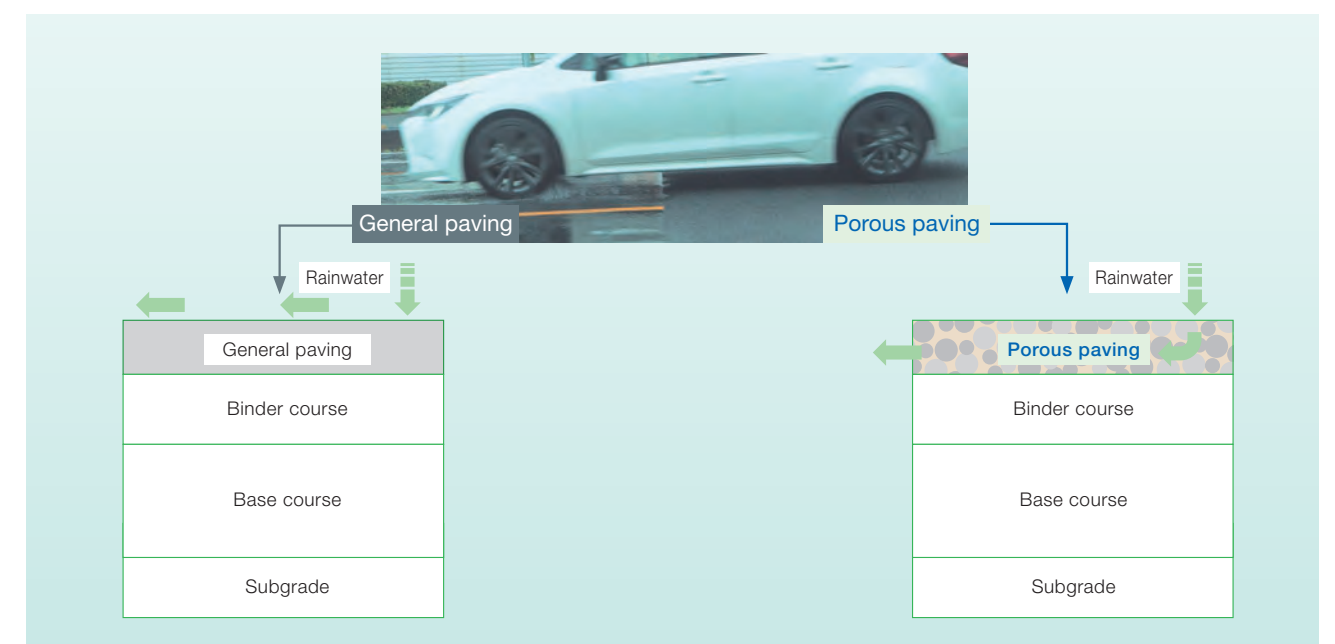
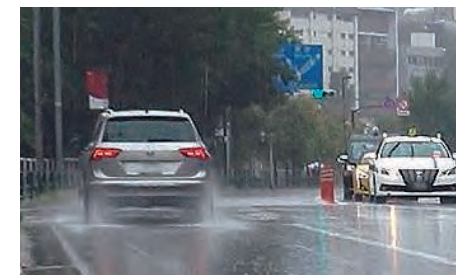
## Safety

## Porous paving (CHEMIPHALT MX)

**85% decrease in car accidents on rainy days\***

As this porous paving helps let rainwater drain on paved road surface on a rainy day, it prevents car skidding, rainwater splashing and poor visibility during driving, ensuring driving safety to reduce car accidents. It also reduces roadway noise during driving. CHEMIPHALT MX offers superior aggregate scattering resistance and high durability, which extend the life of paving.

\* Institute for Traffic Accident Research and Data Analysis: ITARDA INFORMATION No. 25, March 2000





## Toward a realization of Sustainable, Eco-friendly Society

The Nichireki Group promotes activities to contribute to the achievement of SDGs, such as initiatives to reduce CO<sub>2</sub> emissions by normal temperature construction methods and high durability construction methods among others, initiatives for “3Rs (Reduce, Reuse, Recycle)” centered on recycling construction methods, initiatives in biodiversity conservation that make efficient use of timber from forest thinning, etc. Toward the realization of carbon neutrality (eliminating emissions of greenhouse gas including CO<sub>2</sub>) by 2050, we will further accelerate our efforts.



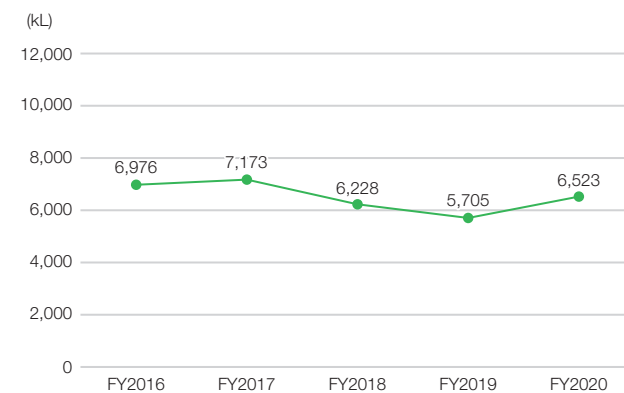
### Low Carbon Society

One of the Nichireki Group’s main construction methods is STABI-CEMENT RC construction method (on-site base course recycling construction method).

This method, used as a substitute for the repaving construction method, enables us to reduce CO<sub>2</sub> emissions by approximately 30%. The Nichireki Group positions STABI-CEMENT RC construction method as an “eco-friendly method” and, through expanding sales of this method, we strive to realize a low carbon society.

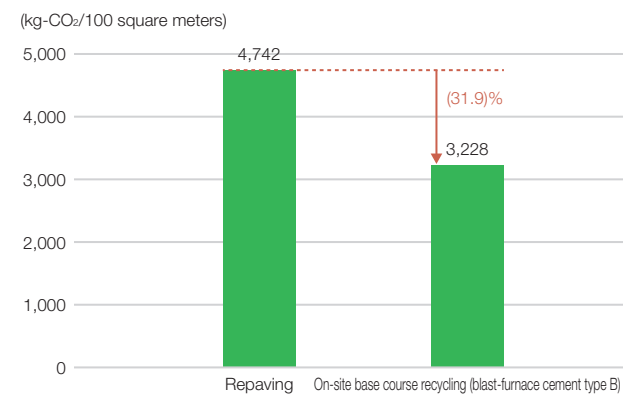
In our plants, we work on saving energy required for manufacturing products as well as on reducing CO<sub>2</sub> emissions. Both energy use (oil equivalent) and CO<sub>2</sub> emissions for the past five years indicate a downward trend.

#### Energy use (oil equivalent)\*

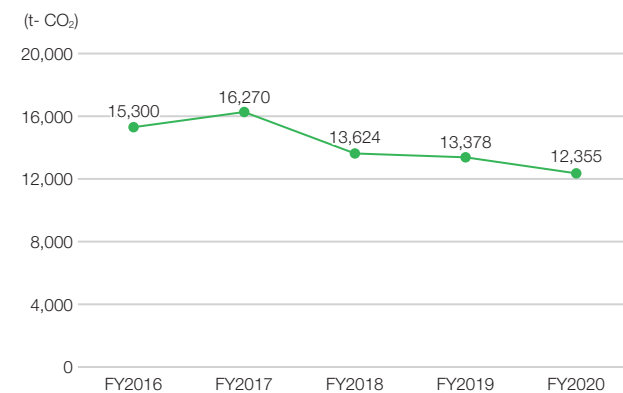


\*Scope: 19 plants in Japan

#### CO<sub>2</sub> emissions by construction type (per 100 square meters)



#### CO<sub>2</sub> emissions\*



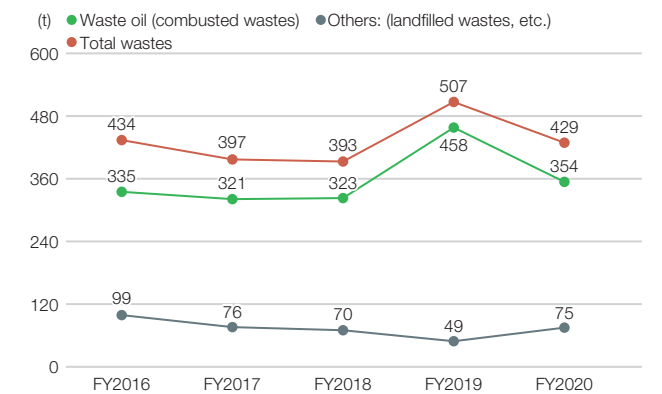
\*Scope: 19 plants in Japan

### Recycling Society

Resources are efficiently used based on the policy of 3Rs, namely Reduce, Reuse and Recycle. Specifically, the Nichireki Group recycles materials of existing paving by the above STABI-CEMENT RC construction method. Industrial wastes generated through business activities are appropriately disposed of based on the applicable laws and regulations.

The volume of wastes discharged from the plants remained almost flat at approximately 400 to 500 tons per year in the past five years. From FY2017 onward, waste oil combusted accounts for more than 80%, whereas other wastes landfilled remain to account for less than 20%.

#### Disposal amount of waste discharged from the plants



### Society living in harmony with nature

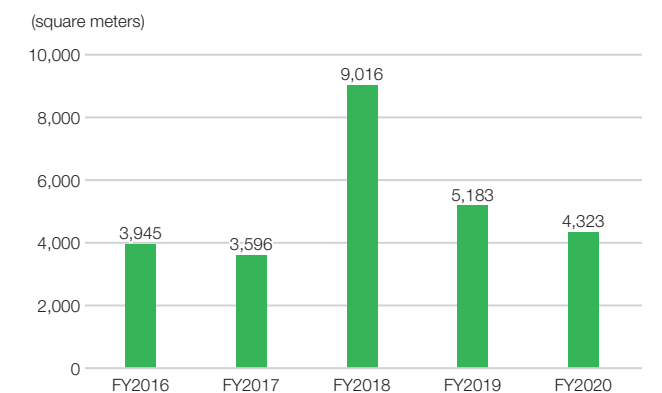
One of the efforts to regenerate a forest is forest thinning. Cutting trees in an intact dense forest at appropriate intervals creates space required for trees to grow as well as increases the penetration of solar radiation, which enables undergrowth to grow.

Thinning is thus essential to form a healthy forest. Timber from forest thinning is widely used, but there is still more room for further utilization. ASWOOD paving is normal temperature paving using wood chips made from timber from forest thinning, which can be utilized for walking trails in parks and more.



ASWOOD paving (wood chip paving)

#### Construction results





# Social

## Toward a Rewarding Work Environment

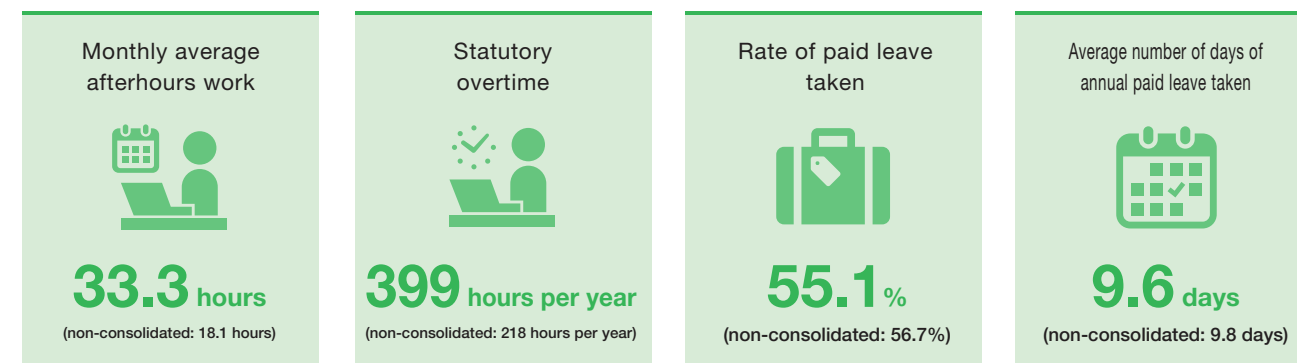
### Workstyle reforms

The Nichireki Group has appropriate labor management in place and is working to reduce long working hours.



In FY2020, we introduced an attendance management system using ICT, and efficiently manage employees' clock-in, clock-out, working hours, afterhours work, night work, and work on days off.

We also systematically encourage employees to take more paid leave than is statutorily required by having them report in advance to the Human Resources Department when they plan to take paid leave at the beginning of each fiscal year.

As part of the initiative to offer more ways of working, we are pushing ahead with the introduction of remote working. Our employees engaged in sales or construction used to go back to the office after finishing work outside to make a daily report and complete other tasks. To ease their burden, we lent a portable laptop to these employees, and partially introduced a system that allows them to complete their tasks on the day on site and go home directly without returning to the office. We are seeing some positive results in reducing their working hours and improving their work-life balance.



#### Medium- to long-term targets

Item	FY2020 result	FY2025	FY2043	SDGs mapping
Annual after-hours work* <sup>1</sup>	640 hours or less 77.8%	640 hours or less	360 hours or less	 
Number of days of annual paid leave taken* <sup>2</sup>	50% or more of number of days granted 52.4%	50% or more of number of days granted	90% or more of number of days granted	

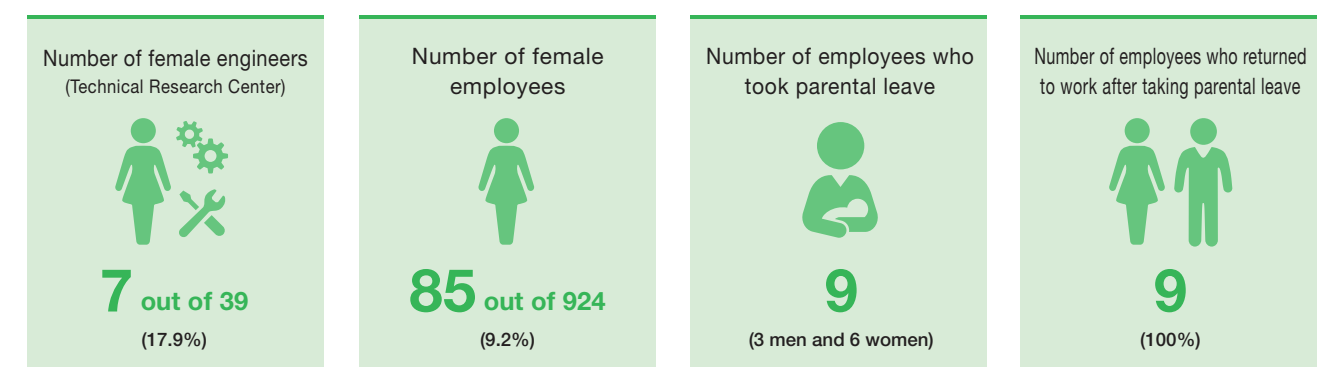
\*1 Covers all Group employees.

\*2 Covers employees who are granted 10 or more days of annual paid leave.

### Promotion of diversity and inclusion

The Nichireki Group has developed and is managing various systems for employees, such as a parental leave system and a short working hour system for parenting workers, so that they can raise their children with peace of mind. We continue to flexibly design systems in a way that always accords with Japan's legal system and meets the demands of the times. For example, an amendment of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, etc. took effect in January 2021. In response to the amendment, we changed internal rules so that all workers can take childcare leave and caregiver leave on an hourly basis.

Furthermore, we focus on cultivating an organizational climate and culture that is geared to diversity and inclusion. We will embrace diversity in religion, gender, age, nationality, disabilities, values, workstyle, career and other aspects, and focus our efforts on developing a work environment where employees can deliver their full potential.

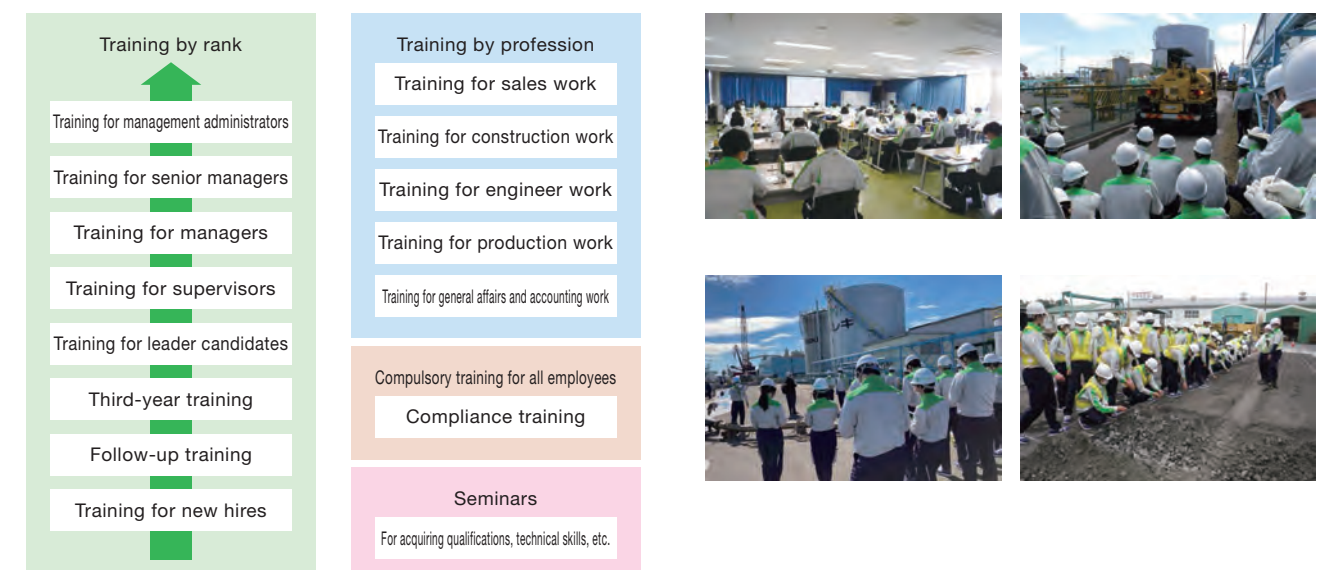


### Establishment of systems for talent development

In the recruitment and selection process, we give detailed explanations of our business to job seekers to facilitate their understanding of us. We focus on providing careful guidance and consideration to new hires under our OJT system after they join us. We are currently preparing to roll out a new HR system in April 2022, which will help raise employee motivation to develop skills and strengthen the Group's management foundation.

In addition to improving the Group's training programs, we hold internal seminars to support the learning of employees to acquire qualifications such as Professional Engineer and First-Class Civil Engineering Works Execution Managing Engineer, which are essential for our business.

#### Group training programs





# Building an Occupational Health and Safety System

## Policy on health and safety

Under its Health and Safety Management Policy, the Nichireki Group has prepared a manual covering its occupational health and safety management system titled Nichireki Cosmos, to eliminate accidents and disasters and prevent incidents caused by a third party. To further promote safety initiatives, the Nichireki Group has upgraded its Head Office's Safety, Quality and Environment Management Office into a department in November 2020, and established the Health and Safety Section in each branch as a separate organization.

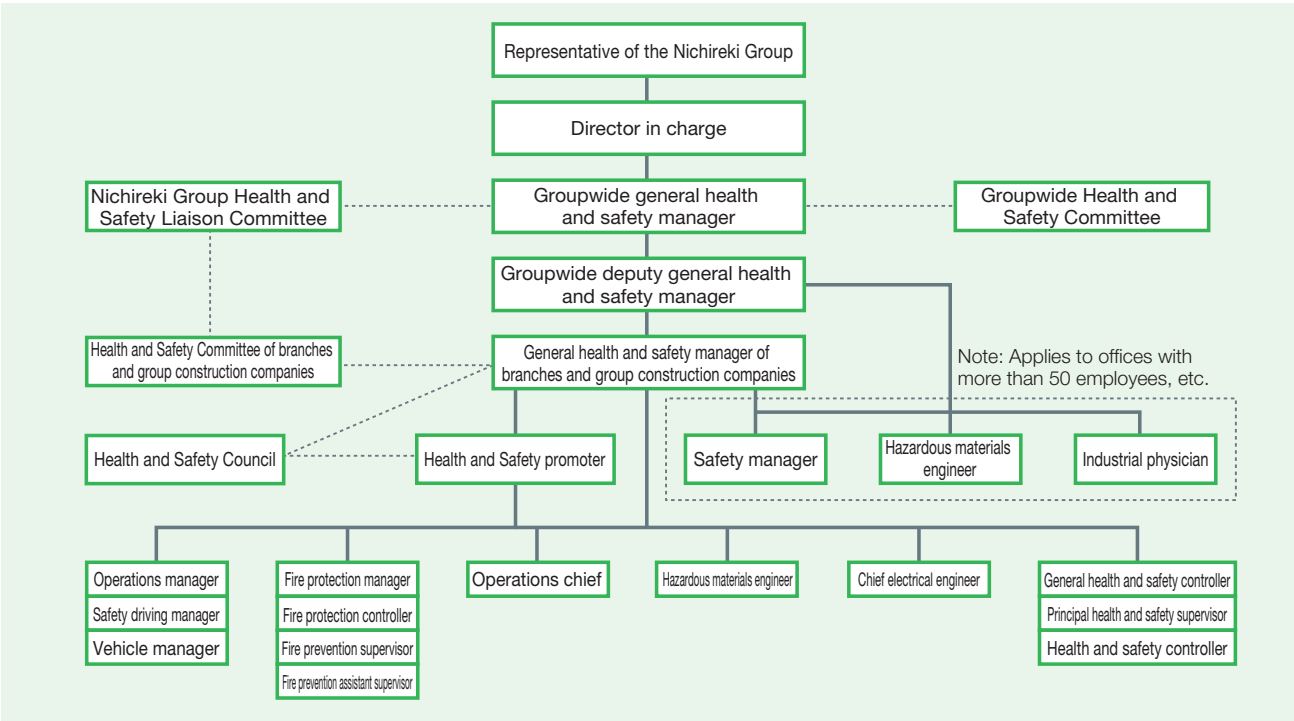
### Health and Safety Management Policy

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

April 1, 2021  
Manabu Obata, Representative, Nichireki Group

1. We will comply with laws, regulations, ordinances, and internal rules on occupational health and safety
2. We will improve the effectiveness of safety assemblies, and establish a safety culture
3. We will improve meetings before work and Kiken Yochi (hazard prediction; “KY”) activity to prevent hazards and improve safety
4. We will strengthen safety patrols so that safe behavior becomes the norm
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)
7. We will implement the one, two, three practice (slow down by one tenth, inter-vehicle distance by two times, and depart three minutes earlier than scheduled)

## Health and safety management system



## Status of accidents and workplace injuries and mitigation measures

We have not been able to reduce the number of accidents in any category.

### Number of accidents

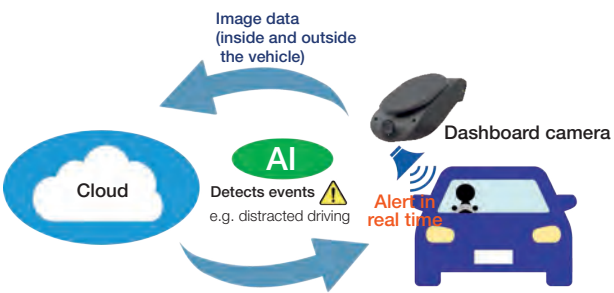
	FY2016	FY2017	FY2018	FY2019	FY2020
Accidents involving damage to the public	12	5	15	13	15
Equipment-related accidents	3	8	5	4	5
Car accidents*1	6	5	0	2	10
Workplace injuries*2	3	2	2	3	5

\*1 Work accidents resulting in injury

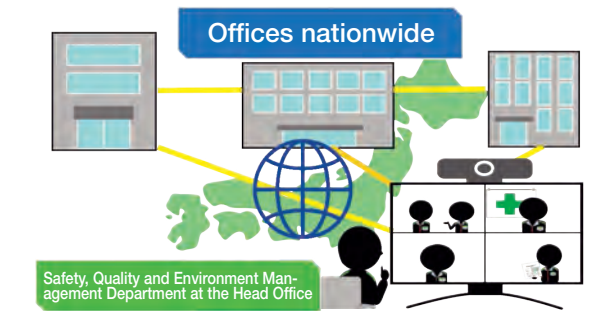
\*2 Injuries resulting in four or more lost workdays

At the Nichireki Group, employees and subcontractors make concerted efforts to reduce accidents, aiming to achieve the goal of zero accidents. Specific initiatives are as follows:

- Compile a health and safety management rule book and make updates
- Always comply with procedures stipulated in the rule book and constantly perform basic practices such as finger pointing and calling
- Improve the effectiveness of health and safety management by standardizing relevant forms
- Promote safety patrols by the Safety, Quality and Environment Management Department nationwide and ensure implementation
- Install AI-powered dashboard cameras in sales cars and road surface measuring vehicles



AI-powered dashboard camera



Safety patrol on website



# Enhancing the Supply Chain Management

## Policy for ensuring quality

Under its quality policy, the Nichireki Group constantly pursues the creation and supply of products and construction methods that meet the needs of customers as efforts in compliance with ISO9001.

### 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 the society through creating “roads”.

April 1, 2021  
Manabu Obata, Representative, Nichireki Group

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



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

## Acclaim for quality (projects commended)

Received the Excellent Construction Work Award for the work performed under the 2018 Kokubunji-jurisdiction Road Surface Repair Project (Part 2).  
(Construction period: March 21 to October 31, 2019)

New National Route 4 paving work in Tochigi Prefecture was selected as an excellent construction work by the Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism, and Nichireki Group's NICHIREKI ROAD CO., LTD. received the Excellent Construction Work Award from the Bureau’s Director General.

In this project, we made many offerings of materials and construction methods to extend the life of road pavements. Those adopted include SHINAYAKAPHALT paving binder for longer life pavements, CONTAINERPHALT SUPER polymer modified asphalt that excels in load deformation resistance, and SUPER TACKZOL rapid breaking asphalt emulsion, and STABI-CEMENT RC construction method that recycles onsite materials. Also, the execution of construction was highly regarded for its fine finishing achieved under appropriate construction management.



## Cooperation with suppliers in procurement

The Nichireki Group has been promoting ESG-oriented procurement activities throughout the entire supply chain in cooperation with suppliers so as to grow into a sustainable corporate group.

For the procurement of items that have an impact on product quality, we conduct a supplier evaluation for registration and certification at least once a year. For suppliers that are ranked low as a result of the evaluation, we recommend that they take necessary measures for improvement.

We actively communicate with suppliers so that we can build relationships of trust.

### Medium- to long-term targets

Item	FY2020 result	FY2025	FY2043	SDGs mapping
Percentage of suppliers evaluated	100%	100%	100%	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS







Governance

Corporate Governance

Basic approach to corporate governance

The Nichireki Group implements all its management plans based on its corporate philosophy. To that end, 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.

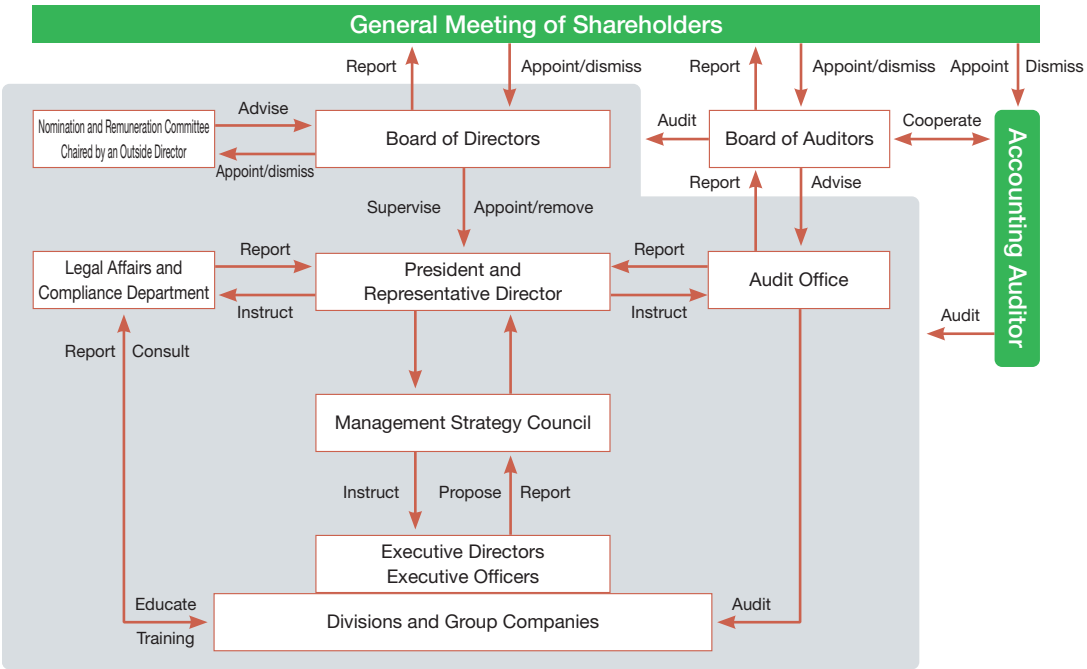
Responses to the Corporate Governance Code

Recognizing that the Corporate Governance Code 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.

Corporate governance system

To ensure quick and accurate decision-making as well as the supervision of the performance of duties by Directors, Nichireki’s Board of Directors is composed of Executive Directors who are well versed in the Company’s business and independent Outside Directors. Further, the Company has set the Board of Auditors so that Auditors can audit the performance of duties by Directors in a fair and objective manner from an independent standpoint, and properly perform their management oversight functions. The Company considers that such a system will increase the soundness and efficiency of management and it is effective for the Group’s sustainable growth and enhancement of corporate value over the medium to long term.

Our corporate governance system is as shown below.



The members of the Company’s Board of Directors are eight Executive Directors, four Outside Directors, who are not involved in business execution, and four Auditors (two of whom are Outside Auditors), which ensures sound management. In order to ensure the diversity of perspectives in the Board of Directors’ decision-making and enhance its management oversight function by appointing Outside Directors with in-depth knowledge and extensive insights in all aspects of corporate management.

Meanwhile, the Company’s Board of Auditors is composed of two Auditors who are well versed in the Company’s operations and two Outside Auditors who have abundant experience and in-depth insights in their areas of expertise. Each Auditor strictly audits the status of performance of duties by Directors, Executive Officers and other officers as well as matters such as the status of the Company’s assets, in cooperation with the Company’s Accounting Auditor (an auditing firm) and the Audit Office, a department of the Company in charge of internal control and internal audits.

Further, the Company provides outside officers (Outside Directors and Outside Auditors) with opportunities to meet with Representative Directors and other officers, as needed, to share managerial challenges and exchange opinions, while establishing a support system for Outside Officers, such as by providing information, so that they can obtain necessary information and fulfill their roles.

Reasons for the appointment of outside officers, etc.

Title and name	Reasons for appointment	Attendance at meetings (FY2020)	Significant concurrent positions
Director <b>Osamu Kobayashi</b>	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.	15/15 Board of Directors meetings (100%)	Outside Corporate Auditor of NOK CORPORATION
Director <b>Haruko Shibumura</b>	As an attorney, she has expertise, abundant experience, an extensive track record, and insight in corporate legal affairs including corporate compliance.	15/15 Board of Directors meetings (100%)	Outside Director of TAMURA CORPORATION Outside Director (Director who is an Audit & Supervisory Committee Member) of Astellas Pharma Inc.
Director <b>Takuya Kidokoro</b>	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.	15/15 Board of Directors meetings (100%) 13/13 Board of Auditors meetings* (100%)	—
Director <b>Mieko Fukuda</b>	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.	— (Assumed the position in June 2021)	—
Auditor <b>Tsutomu Kanitani</b>	As a certified tax accountant, he has expertise and abundant experience in corporate management including tax affairs.	15/15 Board of Directors meetings (100%) 13/13 Board of Auditors meetings (100%)	—
Auditor <b>Noriko Kawate</b>	As a certified public accountant and a certified tax accountant, she has abundant experience, track records, and insight in corporate finance and accounting.	— (Assumed the position in June 2021)	Outside Director of Ichigo Inc. Outside Corporate Auditor of Sumitomo Bakelite Co., Ltd.

\*Before Mr. Takuya Kidokoro assumed the position of Outside Director of the Company on June 29, 2021, he had served as Outside Auditor of the Company since June 2019.



# Internal Control and Compliance

## Internal control

To ensure efficient execution of duties by directors, Nichireki has set the Board of Directors Regulations to clarify the authority, responsibilities and operations of the Board of Directors.

In principle, the Company's Board of Directors meeting is convened once a month. Based on the belief that any material information pertaining to the Company's management strategy must be reported to the Board of Directors adequately and in a timely manner, the Management Strategy Council meets, in principle, twice a month in advance of the Board of Directors meetings so that Board's meetings can be operated efficiently and effectively.

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 Document Management Regulations and other internal rules. Meanwhile, the Company 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 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, the Company performs audits of Group companies and provides them with guidance on their business. At the same time, the Company has a policy to grant a pre-approval for any material matter regarding Group companies by receiving reports from them or discussing with them.

In addition, Group companies have established the Group's uniform internal regulations to promote unity within the Group.

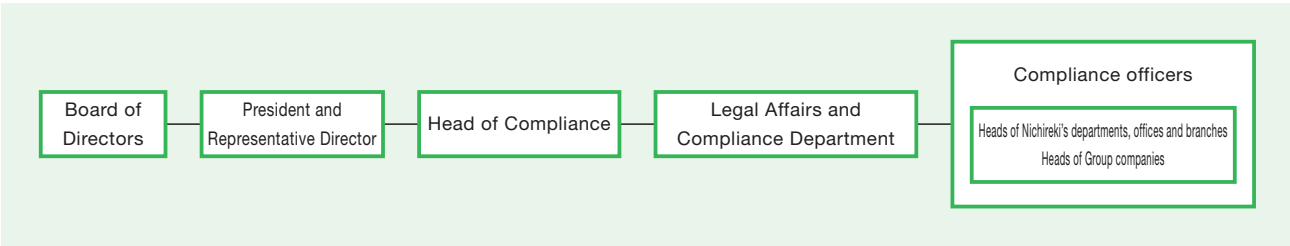
## Promotion of compliance

We have set up the Legal Affairs and Compliance Department as a department in charge of compliance with a director appointed as the Head of Compliance. We have also set internal regulations and prepared the Compliance Manual, thereby making sure everyone in all of our Group companies is aware of the compliance rules.

We have opened a hotline on the Group network as a point of contact for consultation and reporting, which receives reports and provides consultation on compliance directly from and with the Group's employees. The hotline also accepts their opinions and proposals on compliance.

Furthermore, we provide hands-on compliance training, which also introduce cases of other companies, for employees in each area twice a year under the initiative of the Legal Affairs and Compliance Department to raise the awareness of compliance among employees.

### Compliance system diagram



### Medium- to long-term targets

Item	FY2020 result	FY2025	FY2043	SDGs mapping
Internal compliance training workshops	Twice a year	Twice a year	Twice a year	

# Risk Management

## Basic policy

For the Nichireki 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 Company's department responsible for risk management sets rules and guidelines, provides training, and prepares and distributes 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.

• **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 the Board of Directors by departments in charge of these issues in accordance with relevant regulations.

• **Major business risks**

Major business risks that may affect the Group's operating results and financial position include the following:

① Raw material prices and supply trends

② Trends of public works

③ Trends of price competition

④ Credit risks

⑤ Country risks

⑥ Information security

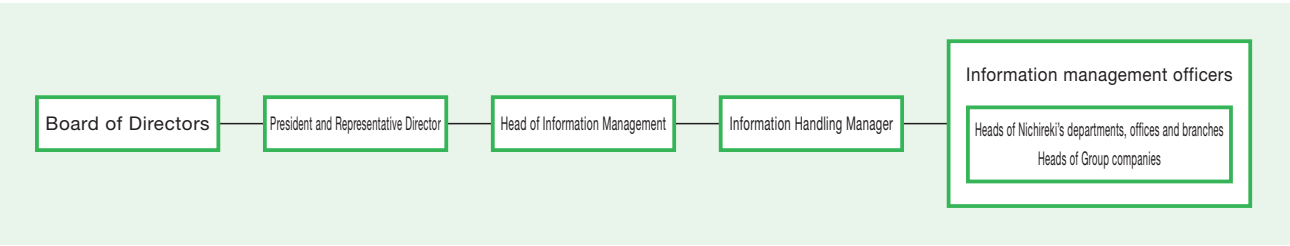
⑦ Risks of natural disasters, infectious diseases, etc.

⑧ Risks associated with legal regulations, etc.

## Information security

We have established a system for the centralized management of information security by appointing a director as the Head of Information Management and assigning the Information Handling Manager.

### Information management system diagram



## Disaster management measures

To respond to natural disasters, such as earthquakes, typhoons and floods, we have set the BCP Management Regulations (regulations for the management of business continuity plan) and the Disaster Prevention Regulations. As part of such efforts, we have introduced a safety confirmation system to confirm the safety of employees in times of natural disasters.



# Directors and Auditors (As of June 29, 2021)

## 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)



### Yasumori Takahashi

Executive Vice President and Representative Director

May	2003	Joined the Company as Advisor
June	2003	Director and Vice General Manager, Administration Division of the Company
June	2007	Director, Senior Executive Officer, and Vice General Manager, Administration Division of the Company
June	2008	Managing Director and General Manager, Administration Division of the Company
June	2013	Senior Managing Director and General Manager, Administration Division of the Company
June	2017	Executive Vice President and Representative Director of the Company
June	2020	Executive Vice President and Representative Director of the Company (to present)



Outside Director

### Osamu Kobayashi

March	1983	Registered as a certified public accountant
June	1983	Registered as a certified tax accountant
August	1996	Director of Kobayashi Accounting Office (to present)
June	2004	Outside Auditor of the Company
June	2015	Outside Director of the Company (to present)
<b>(Significant concurrent positions)</b>		
Outside Corporate Auditor of NOK CORPORATION		



Outside Director

### Haruko Shibumura

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 of TAMURA CORPORATION  
Outside Director (Director who is an Audit & Supervisory Committee Member) of Astellas Pharma Inc.



### Yuji Kawaguchi

Senior Managing Director  
East Japan Supervising Manager

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
April	2021	Senior Managing Director and East Japan Supervising Manager of the Company (to present)



### Akiyoshi Hanyu

Managing Director  
General Manager, Technology Development 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 and General Manager, Technology Development Division of the Company
June	2020	Managing Director and General Manager, Technology Development Division of the Company (to present)



Outside Director

### Takuya Kidokoro

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)



Outside Director

### Mieko Fukuda

April	2001	Registered as a small and medium enterprise management consultant (a member of Chuo Chapter, Tokyo Small and Medium Enterprise Management Consultant Association)
November	2019	Executive Officer and Director, NI Marketing Laboratory of Nippon Information Incorporated
April	2021	Representative, Fukumoku Research Office (to present)
June	2021	Outside Director of the Company (to present)



### Katsumi Eri

Managing Director  
General Manager, Business Division

September	1981	Joined the Company
June	2010	Executive Officer and Kansai Area Manager of the Company
		President and Representative Director of Kinki Nichireki Koji K.K.
June	2013	Senior Executive Officer and Tokyo Area Manager of the Company
		President and Representative Director of Nichireki Tokushu Koji K.K.
April	2014	Senior Executive Officer and Vice General Manager, Business Division of the Company
June	2015	Managing Director and General Manager, Business Division of the Company
June	2020	Managing Director and General Manager, Business Division of the Company (to present)



### Seiichi Nemoto

Managing Director  
Kanto Area Manager

April	1982	Joined the Company
June	2013	Senior Executive Officer and Kyushu Area Manager of the Company
		President and Representative Director of Kyushu Nichireki Koji K.K.
May	2014	Senior Executive Officer and Tokyo Area Manager of the Company
		President and Representative Director of Nichireki Tokushu Koji K.K.
June	2017	Director, Senior Executive Officer, and Tokyo Area Manager of the Company
		President and Representative Director of Nichireki Tokushu Koji K.K.
April	2018	Director, Senior Executive Officer, and Kanto Area Manager of the Company
June	2020	Director and Kanto Area Manager of the Company
June	2021	Managing Director and Kanto Area Manager of the Company (to present)

**(Significant concurrent positions)**  
President and Representative Director of NICHIREKI ROAD CO., LTD.



### Isamu Nagasawa

Director  
West Japan Supervising Manager

April	1983	Joined the Company
April	2015	Executive Officer and Hokkaido Area Manager of the Company
		President and Representative Director of Hokkaido Nichireki Koji K.K.
May	2017	Executive Officer and Vice General Manager, Engineering and Manufacturing Division of the Company
June	2017	Director, Senior Executive Officer, and Vice General Manager, Engineering and Manufacturing Division of the Company
April	2019	Director, Senior Executive Officer, and Kyushu/Chugoku Supervising Manager of the Company
April	2021	Director and West Japan Supervising Manager of the Company (to present)



### Jun Yamamoto

Director  
General Manager, Administration 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 and General Manager, Administration Division of the Company (to present)

## Auditors



Full-time Auditor

### Masaaki Nohara

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 (to present)



Auditor

### Akihiko Kataoka

April	1982	Joined the Company
April	2011	General Manager, General Affairs Department and General Manager, Affiliated Business Department of the Company
May	2013	General Manager, Shikoku Branch of the Company
		President and Representative Director of Shikoku Nichireki Koji K.K.
April	2018	Executive Officer and Vice General Manager, Business Division of the Company
June	2018	Auditor of the Company (to present)



Outside Auditor

### Tsutomu Kanitani

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



Outside Auditor

### Noriko Kawate

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 an U.S. certified public accountant
February	2015	Partner, Cast Global Group (to present)
June	2021	Outside Auditor of the Company (to present)

**(Significant concurrent positions)**  
Outside Director of Ichigo Inc.  
Outside Corporate Auditor of Sumitomo Bakelite Co., Ltd.



Company Information (As of March 31, 2021)

Company profile

**N a m e** NICHIREKI CO., LTD.  
NICHIREKI CO.,LTD.

**Head office location** 4-3-29, Kudan-kita, Chiyoda-ku, Tokyo, Japan

**F o u n d e d** October 1943

**Established** September 1949

**Share capital** ¥2,919 million

**Number of employees** 924 (consolidated)  
404 (non-consolidated)

Stock information

**Securities code** 5011

**Listed stock exchange** The First Section of the Tokyo Stock Exchange

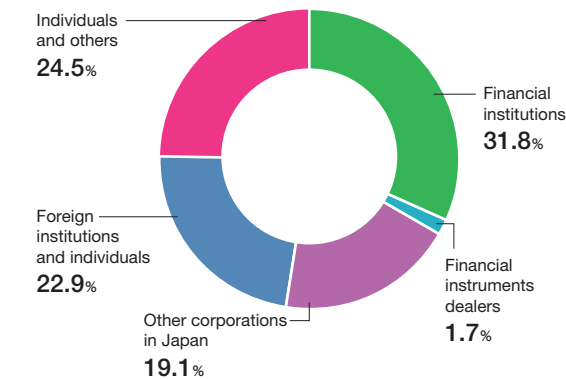
**Shareholder registry administrator** Sumitomo Mitsui Trust Bank, Limited

**Status of shares**

Total number of shares issued 30,271,368 shares  
\* Excluding 1,414,587 treasury shares

Number of shareholders 3,607

Shareholder distribution

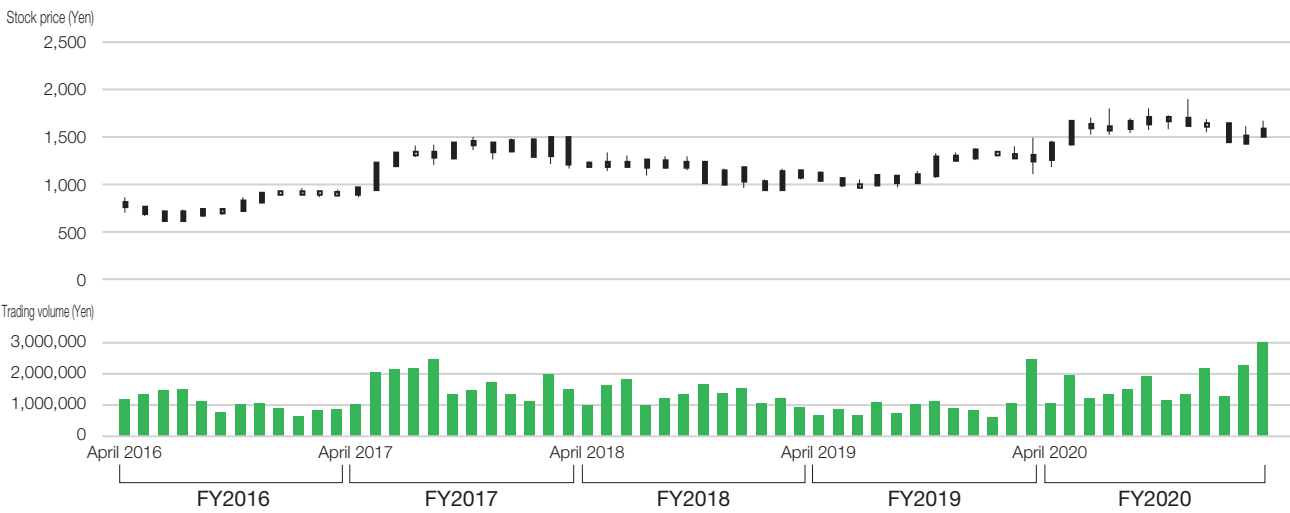


Major shareholders

	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,151	7.11
Nichireki Business Partners Shareholding Association	1,302	4.30
Custody Bank of Japan, Ltd. (Trust Account)	1,172	3.87
Mizuho Bank, Ltd.	1,108	3.66
Sumitomo Mitsui Trust Bank, Limited	1,100	3.63
Hikari Tsushin K.K.	852	2.82
Ikeda Museum of 20th Century Art	630	2.08
MUFG Bank, Ltd.	529	1.75
Nichireki Employees Shareholding Association	527	1.74
Custody Bank of Japan, Ltd. (Portion re-entrusted by Sumitomo Mitsui Trust Bank, Limited for Kajimaro Road Co., Ltd. Retirement Benefit Trust Account)	524	1.73

Notes: 1. 1,414,587 treasury shares were excluded from the table above.  
2. Treasury shares were excluded from the calculation of shareholding ratio.

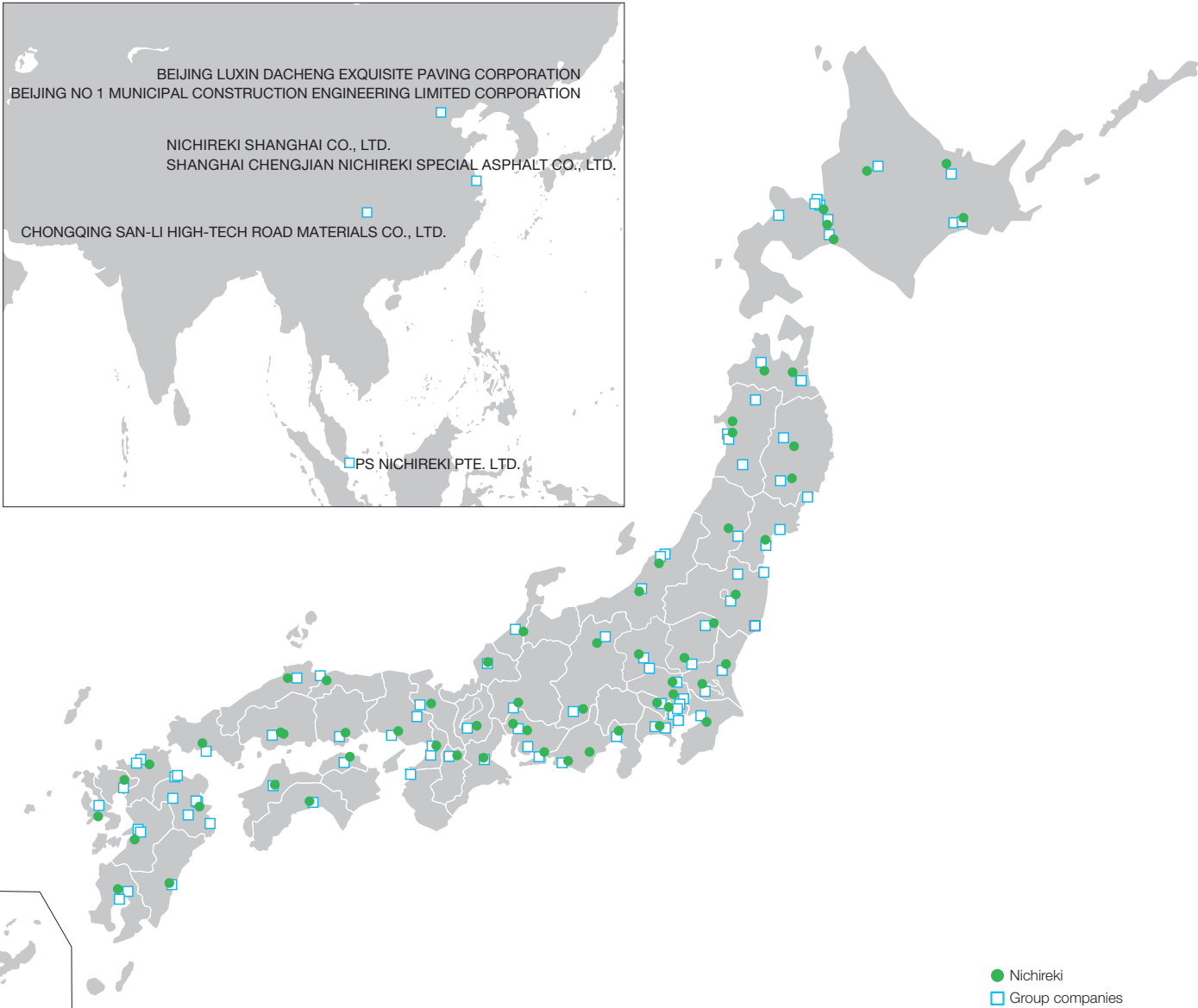
Stock price trends



Global Network (As of August 31, 2021)

**101 sites in Japan (44 out of 47 prefectures)** **6 sites overseas**  
(non-consolidated: 64)

Branches: 11 sites   Sales Branch: 37 sites   Satellite Office: 12 sites  
Plant: 19 sites   Technical Research Center: 1 site



Group companies

HOKKAIDO NICHIREKI CONSTRUCTION CO., LTD.  
DOREKI KOGYO CO., LTD.  
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