

2024



道からはじまる街づくり

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COVER STORY

Paralym Artwork “Delightful Road Creation in the 22nd Century” Artist matoka



View QR code for
details on these works.



Since 2022, the NIPPON ROAD has been
an official partner in the Paralym Art Project
operated by The general incorporated
association for supporting independence
of people with disabilities (Shogaisha Jiritsu
Suishin Kikou), aiming to enable the disabled
to participate in society and become
economically independent and realize a
diverse society where everyone can thrive
through the utilization of their works.



As an environmentally advanced company, we are working to
realize a sustainable global environment.





We are participating in a national movement
for new and prosperous lifestyles toward
decarbonization.



NIPPON ROAD Group Integrated Report



NIPPON ROAD's Reason for Being Venturing into the unknown path with an inquisitive mind for technology



Identifying potential safety issues on worksites.
Laying clean and aesthetic pavement.
Striving toward commitments that bring joy
to customers.

In the 95 years since our founding, no matter how
much the times change, our inquisitive mind for
road creation has remained unmatched.

NIPPON ROAD supports people's lives and
society at large from the ground up with
technology generated by our diverse assembly of
human resources.



NIPPON ROAD's history of laying new paths through the ages by supporting industry and prosperous lifestyles

Since our founding, NIPPON ROAD has developed and improved numerous technologies and products related to road construction and pavement, and has aimed to provide value to society. Throughout this process, we have demonstrated our ability to steadfastly overcome each instance of a wide variety of difficulties as they are encountered.

In this section, we would like to introduce some of the most significant moments in time that mark the development of the Company. What were the Company's goals, what was our thought process, and how did we go about engaging in different types of issues? Read on to discover the ethos and DNA that drives NIPPON ROAD.

1929



Office at the time of founding
Mitsubishi Building No. 5

NIPPON ROAD's beginnings

From Marunouchi, Tokyo to Hokkaido, Shikoku, and Kyushu

In 1929, NIPPON ROAD set off on our historic path from Yurakucho, Kojimachi-ku, Tokyo (currently Marunouchi, Tokyo). From the 1910s and into the 1920s, as the proliferation of automobiles spurred an increase in the movement of people and rushed the demand for pavement around train stations and on national routes, the liquid asphalt industrial plant operated by one of the founders became the parental base for the beginnings of the asphalt pavement business. Under the name of "NIPPON Bitumuls Pavement Industry Co., Ltd.," we started as a subcontractor centered around asphalt emulsion paving with a total of less than 10 initial employees. Despite being caught in the midst of global recession caused by the Great Depression at the time, the quality of the Company's pavement construction was highly rated, and from the year after our original founding, the regions in which we operated steadfastly expanded to reach Hokkaido, Tohoku, Kyushu, and Shikoku.

Founding period — 1929-1934

Mid-war period — 1935-1945

Postwar period of turmoil — 1945-1953

Road maintenance period — 1954-1964

Postwar crisis threatens company perseverance

Overcoming postwar suffering under the mission of restoring Japanese industry

In the period spanning 1935-1944, road construction was facing an extremely difficult situation under the impact of the Second Sino-Japanese War and World War II. As tension surrounding this period of war increased, priority was given to military and defense-related construction, and local roads were left neglected in terms of maintenance. As a result, there was a significant decline in demand for construction by the Company. When Japan faced defeat on August 15, 1945, the entire country, including Tokyo, was left devastated in the aftermath of the damage caused during the war. Amid the ongoing turmoil and desperate lack of food and other resources immediately following the end of the war, the Company's management at the time gathered all employees at the headquarters and told them, "In this time of national crisis, we find ourselves standing at a crossroads; shall we push on and persevere or step aside and dissolve the company? Each of us must determine our own best path forward." Despite the adverse circumstances, all of the employees were determined to stay, inspired by a profound sense of mission to rebuild Japan's road network and infrastructure, and each member returned to their respective duties on that very same day. This point was followed by an extended period defined by a significant decline in the orders received by the Company as a result of the national budget for road pavement being heavily restricted. However, the Chairman at the time stated the following: "Your lives' stability is dependent on our progress as a company. We will do this together, working side by side." These words have been consistently protected as our standard for the Company, and have become the soil from which the Company's corporate culture of family-like connections has bloomed.

1945



National Diet Building left standing amid the burnt-out ruins

1954

Construction of National Route 36

Repaired devastated roads amid the postwar recovery effort and received pavement construction orders on a national scale

In 1948, the Ministry of Construction was established to maintain the Japanese land that had been brought into a desolate state postwar, and in 1954, the "First Five-Year Road Improvement Plan" was approved by the Cabinet and launched into action. The Company began with an order in 1953 for National Route 36 from Sapporo to Chitose (commonly known as "bullet road"), and was able to receive a large quantity of orders for construction at bases nationwide from the following year and onward.

Construction of Japan's first expressway

Expressway construction, an imperative endeavor essential for industrial recovery

Heading into the period spanning 1955-1964, there was widespread recognition that the maintenance of road networks would be essential for industrial development to the extent that the phrase "industrial revitalization starts with roads" became common parlance, and there was a rapid acceleration in the promotion of expressway construction by the government. Against the backdrop of this era, in 1962, the Company received an order for a construction project involving Japan's first expressway: the Meishin Expressway. We gathered employees from branches and business offices located nationwide, purchased high-performance asphalt plant equipment from the United Kingdom that could manufacture high-quality asphalt mixtures, and called all hands on deck to work together on this construction venture. In a feature article published in our internal newsletter at the time, there was a description of the struggles faced by this generation of NIPPON ROAD, from distributing personnel, materials, and machinery to construction management as well as health and safety management for close to 200 employees and operators, and the endeavor was tied up with the momentous statement, "Although we at NIPPON ROAD were only responsible for a 13km area of pavement construction, the joy and pride we experienced through our involvement in this national construction project is far from insignificant." The Company has responded steadily to the needs of the times and contributed significantly to the opening act of economic growth and motorization in Japan.



Panoramic photo of Technical Research Laboratory

1958

Establishment of Technical Research Laboratory

Established Technical Research Laboratory to acquire technology that responds to contracting method

In 1954, aiming for the full-scale development of road maintenance in Japan, almost all forms of construction work, including pavement construction, transitioned from the direct control method to the contracting method. Under this method, construction management was now led by the subcontractors, and the Company encountered increasing demand for further technological improvement. With this impetus, in 1958, the Technical Research Laboratory was opened in Ota-ku, Tokyo with the objective of strengthening the technology development structure, and full-scale research activities were launched into action. In terms of our research, we quickly began focusing on stability processing with foamed asphalt*, and the results of this research were published in a trade journal in 1961 as Japan's first endeavor into this construction method. Furthermore, we engaged in applied research and R&D primarily centered around workplace-focused technologies such as research and development of color pavements and promoted the recruitment and development of human resources involved in technology and engineering. In this way, the foundation of the Technical Research Laboratory was tempered into a solid structure, forming the source of NIPPON ROAD's technological abilities.

* Foam asphalt produced by adding small amounts of cold water or vapor to heated asphalt in a control device

1962



Pavement construction for Suita-Ibaraki area of Meishin Expressway

NICHIDO's STORY



1983

Construction landscape in Malaysia

Start of overseas businesses

Establishing presence in Malaysia with a view toward long-term overseas progress

In October 1983, receiving an order for domestic pavement construction in Malaysia, the Company undertook a full-scale launch into overseas construction. At the time, Malaysia was staking out a position as a newly developing market due to its rapid economic growth over the past 10 years, and Japanese companies were actively looking to establish their presence as a result of its perception as a highly-stable destination. In response to this, the Company made the commitment of “successfully completing our first construction project and establishing a foundation for overseas businesses in Malaysia” as our priority target for overseas business in seeking to prepare for long-term overseas progress. In this way, we laid the groundwork for our strategy toward future market expansion and adopted NIPPON ROAD's active stance to take on challenges overseas.

Introducing new technology

Realizing improved productivity and securing quality/safety through information construction

Heading into the 2000s, the declining workforce was becoming a serious issue in the construction industry, and the Ministry of Land, Infrastructure, Transport began promoting “information construction” by utilizing information and digital technology in construction. Information construction was also introduced in the construction of the Shin Tomei Expressway ordered from the Company in 2009, allowing us to secure the quality of the project through the use of surveying equipment with automated guidance to control the position of heavy machinery with millimeter-level accuracy. In addition, surveying work that was conventionally performed by a team of two people could now be covered by a single operator, contributing to improved safety and higher work efficiency as well. This experience allowed NIPPON ROAD to accumulate a range of dependable technological abilities.



2012

Pavement construction for Fuji-higashi area of Shin Tomei Expressway



2023

Dedicated BRT road constructed with PET Ascon

Development and spread of environmental construction methods

Supporting transportation infrastructure post-disasters with sustainable construction methods that reuse waste PET

One section of the JR Hitahikosan Line was closed due to the torrential rain disaster in Northern Kyushu in July 2017. The BRT (high-speed bus system) was introduced in August 2023 as a replacement for the damaged section, and the Company's environmental construction method PET Ascon was used in about 6km of the approximately 14km of dedicated BRT road. PET Ascon is made by reusing PET bottles and other waste PET as part of the paving material, contributing to the establishment of a recycling-oriented society. In addition, this material has higher durability than conventional pavement and fulfills a role in supporting BRT as sustainable infrastructure. This BRT was named the “Hitahikosan Line BRT Hikoboshi Line,” representing the desire for it to “serve as a star of hope for the region” to support the recovery of the regions located along the railway that experienced serious damage from the unprecedented torrential rains. Even now, these colorful buses still carry the thoughts and wishes of the local people as they pass over roads made with PET Ascon.

Rapid growth period — 1965-1973

Stable growth period — 1974-1978

Business expansion period — 1979-2010

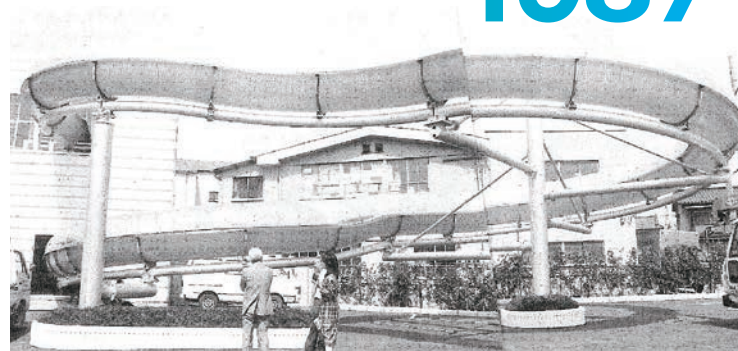
Social value creation period — 2011-

Undertaking challenges in new businesses

Expanding sports and leisure-related business as a new pillar

While the whole industry struggled under construction order volumes failing to grow, the sports and leisure-related business was revised. Since 1973, the Company has maintained a record of achievements in constructing tennis courts and providing management direction to tennis clubs. As such, in 1986, we established SPORTS MEDIA inc. and started focusing on the construction and operation of sports facilities. In the following year, 1987, we opened Shinonome Swimming Club, which made a strong start with 665 members, an unprecedented number in the region of Hiroshima, after running a wide-reaching PR campaign promoting the facility as the only location in western Japan at the time that featured a water slide. In 1988, we also opened a golf range in Machida City, Tokyo, which had a favorable reception as a destination that offered convenient and easy access to the public.

1987



Opened Shinonome Swimming Club in Hiroshima City

Automated driving test course construction

Completion of R&D runway for a mobility society with advanced technological abilities utilizing ICT

As the concept of a mobility society continues to develop, the advent of the era of automated driving made possible through the improvement of AI and IoT is upon us. In November 2020, the Company began construction of a test course at the Shirosato Test Center (Ibaraki Prefecture) of the Japan Automobile Research Institute (JARI) for the ADAS* test field designed for conducting experiments and research on automated driving technologies such as automatic emergency braking and lane maintenance, etc. This test course is the first domestic runway to provide ADAS testing at intersections, and required a surface flatness stricter than local roads or newly constructed expressways of “0.7mm or less.” Through our unique efforts utilizing ICT, in July 2022, we completed this test course with a high-fidelity surface flatness that exceeded the required standards.

* ADAS: An acronym for Advanced Driver-Assistance Systems, referring to advanced driver-assistance systems designed with the objective of improving safety, comfort, and convenience. One of the fundamental technologies involved in autonomous vehicles, and an area in which technological development is progressing toward achieving fully-automated driving.



2022

Aerial view of ADAS test field

NIPPON ROAD Group's core competencies

established while supporting industry and expanding business

NIPPON ROAD has expanded business by supporting Japanese industry, starting from the road pavement technology we have cultivated over our 95 years of history.

We are aiming at further value creation for society by leveraging our three core competencies established throughout this period: "advanced technological abilities," "on-site maneuverability," and "human capital with inquisitive minds."

Growth History

95 years of history and results in expressway construction on a national scale, overseas business expansion, etc.

Contributing to creating a sustainable society, starting with road creation

Accumulation of technology to maintain road transportation infrastructure and protect prosperous lifestyles and human lives

Core competence 1

Advanced technological abilities

High technological levels cultivated through taking on responsibility for public works construction based on strict quality standards

Core competence 2

On-site maneuverability

Ability to perform construction that meets a wide variety of needs through a nationwide network of regional paving companies and partner companies in addition to sales bases and manufacturing and sales bases

NIPPON ROAD Group's core competencies

Core competence 3

Human capital with inquisitive minds

Human resources that venture into the unknown path to flexibly respond to the changes of the times and continue to meet the needs of society

Domestic branches and offices

(As of the end of September 2024, non-consolidated)

104 locations nationwide

Manufacturing and sales bases

(As of the end of September 2024, non-consolidated)

89 locations nationwide

Regional paving companies*

(As of the end of March 2024)

34 locations nationwide

* Group companies engaging in localized pavement businesses that are established across Japan

Overseas business bases

(As of the end of March 2024)

2 locations

Organization of partner companies "Doshinkai"

(As of the end of March 2024)

927 member companies

Creating value for society

R&D investment

(FY2023, consolidated)

675 million yen

Number of patents held

(As of the end of March 2024, non-consolidated)

68

Market share of construction orders received

NEXCO and government construction

Top market share in the road pavement industry

Certificate of Outstanding Construction Performance

Ministry of Land, Infrastructure, Transport (FY2024)

Certified at 6 regional development bureaus nationwide

Completed construction contracts as prime contractor (pavement, consolidated)

3-year average for FY2020-2022

44.6 billion yen

(2nd-highest in pavement industry)

Z-rating* in business evaluation (pavement, consolidated)

3-year average for FY2020-2022

2,133

(2nd-highest in pavement industry)

* Rating calculated based on the evaluation of technological abilities in a business evaluation that is required from licensed construction companies which will be directly contracted for public works construction as ordered by the national government and local governments, etc.

Number of engineers

(As of the end of March 2024, consolidated)

1,017

Investment in human capital

(FY2023, consolidated)

554 million yen

Number of personnel with qualifications

(As of the end of March 2024, consolidated)

Professional Engineer (Civil Engineering)

18

Civil engineer and construction manager (1st class)

737

Pavement management engineer (1st class)

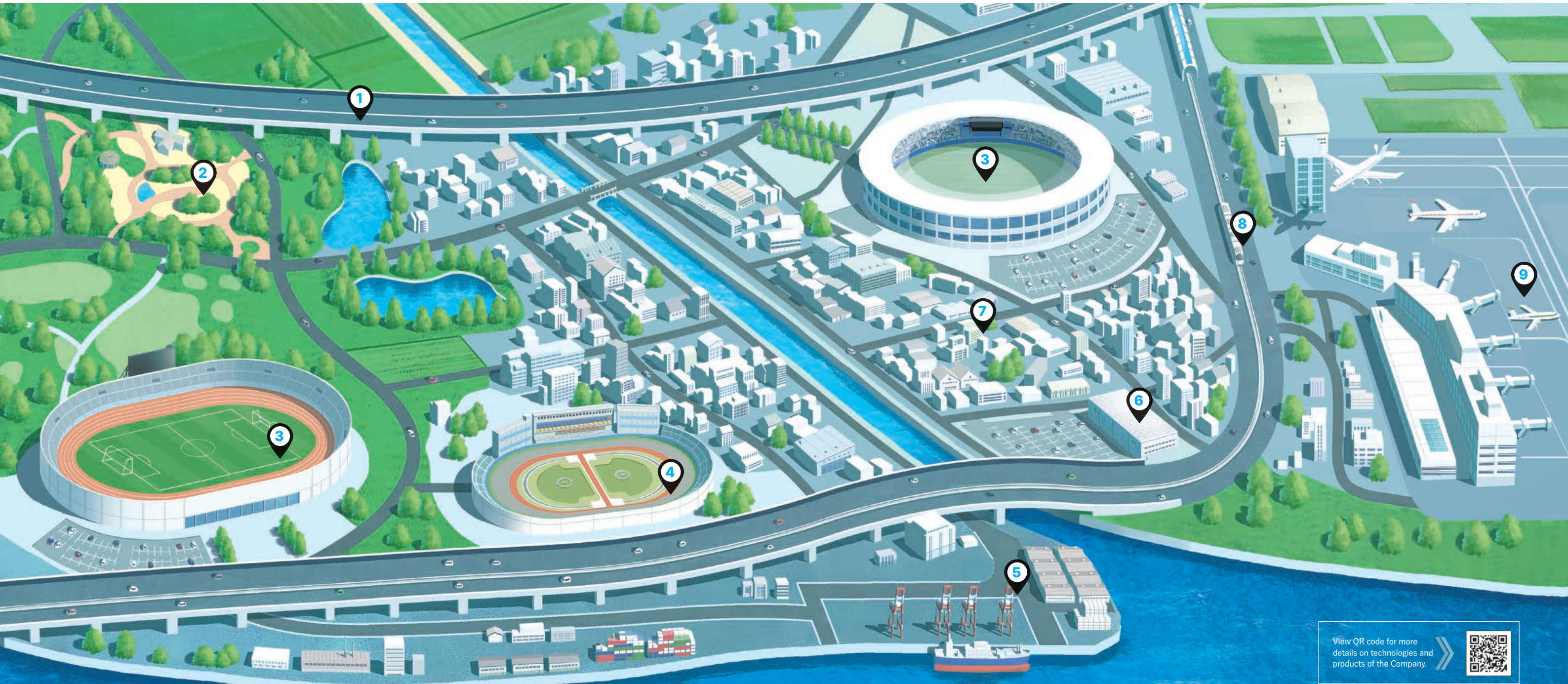
515

Construction industry accountant (1st class)

24

NIPPON ROAD supports sustainable neighborhood creation in all sectors of society

The technology that NIPPON ROAD has cultivated over many years is used not only in road creation but also in all urban regions. Our commitment to take on challenges will continue, in order to ensure that people are able to live their lives in a pleasant manner with access to comfortable movement and a sense of relaxation and enjoyment, and to contribute to a sustainable society.



View QR code for more details on technologies and products of the Company.

1 Expressways

The Company's technology is used on expressways that require high surface flatness and durability over the long term to facilitate high-speed driving that is both safe and comfortable.

2 Parks and park paths

We create comfortable foot paths that are available in an abundant selection of variations to fit the landscape and application such as pavement that is easy on the feet of pedestrians and arrangements of natural stone, old-fashioned bricks, etc.

3 Stadiums

In addition to athletic tracks and baseball fields, we also deal with artificial turf construction for various sports fields and the grounds of companies, schools, etc.

4 Test courses and race tracks

We construct special pavement that requires strong technological abilities such as high-speed circuits and special road surfaces for automobile test courses, race track slopes with a maximum inclination of 30° or more, etc

5 Harbors and rivers

We use special asphalt in the construction of breakwaters for protecting harbors and the maintenance and strengthening of river training structures.

6 Logistics warehouses and heavy vehicle parking lots

The Company's technology has also been adopted for locations that require highly durable pavement such as parking lots for logistics warehouses and other parking areas.

7 Avenues

The Company contributes to urban landscape creation not only through paving roads but also by constructing common-use cable tunnels to house electric and communication cables running underground below roads (utility pole-free construction).

8 Next generation trams (LRT)

LRT that utilize the Company's resin fixed tracks for reducing the noise and vibrations of passing trams is being reevaluated as a form of public transportation that is considerate of people and environmentally-friendly.

9 Airports

The Company is involved in the construction of tarmac and runways at Tokyo International Airport (Haneda Airport) and other airports across many regions.

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Editorial Policy

The Integrated Report of NIPPON ROAD Group is issued with the purpose to have stakeholders gain an understanding of ESG management measures and financial and nonfinancial value toward sustainable growth. Integrated Report 2024 introduces the strategy of the Mid-term Management Plan 2024 developed with a view to the upcoming 100th anniversary of the Company's founding in 2029 and beyond, starting from the technological abilities we have cultivated while supporting domestic and overseas industry for the past 95 years. For details on management, businesses and sustainability, please visit the Company's website (<https://www.nipponroad.co.jp/english/>).

Scope of the report

THE NIPPON ROAD Co., Ltd. and its group companies

Issued

September 2024

Scope of reporting period

April 2023 to March 2024 in principle

(partially includes reports on business activities outside of this period)

Guidelines

ISO 26000 Guidance on social responsibility

Ministry of the Environment "Environmental Reporting Guidelines 2018"

International Integrated Reporting Council (IIRC) "International Integrated Reporting Framework"

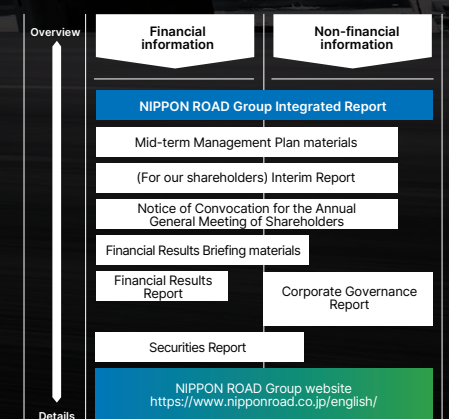
Ministry of Economy, Trade and Industry "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation"



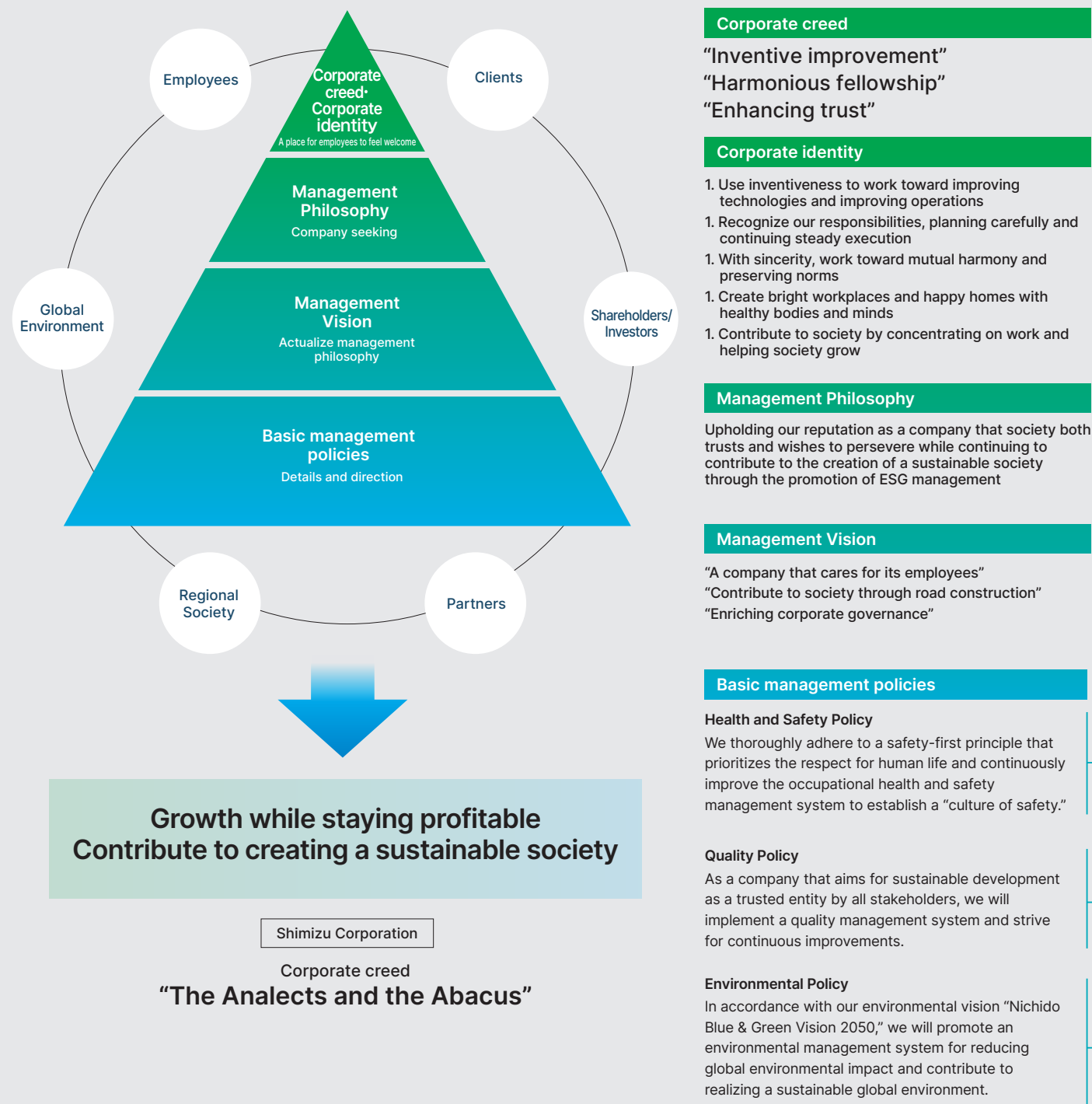
[Notes to forward-looking statements]

This Integrated Report contains future plans, strategies, and forecasts and projections for business results of THE NIPPON ROAD Co., Ltd. and its group companies. These matters are based on information presently available. Future business results may differ from the Company's projections due to a wide variety of factors, such as future changes in the business environment.

Structure of information disclosure



NIPPON ROAD Group Philosophy Structure



Basic Policy of Sustainability

- ① Healthy corporate management and business activities
- ② Compliance with laws, regulations, and social norms
- ③ Promoting fair trade
- ④ Respect for human rights
- ⑤ Creating a satisfying workplace environment that leverages individual abilities and nurturing talent
- ⑥ Measures toward environmental issues via business activities
- ⑦ Risk response
- ⑧ Cooperation with regional societies through social contribution activities

Health and Safety Policy

View QR code for more details on measures for health and safety.

We thoroughly adhere to a safety-first principle that prioritizes the respect for human life and continuously improve the occupational health and safety management system to establish a “culture of safety.”

Health and safety serves as the foundation for the NIPPON ROAD Group's business activities. Since 2005, the Company has operated a Construction Occupational Health and Safety Management System (COHSMS) to maintain our approach to health and safety and generate expertise in our activities. In 2021, we acquired ISO45001 certification, and are committed to standardization and systemization on an organizational level to ensure that we pass on our values as well as working toward improvement in line with the PDCA cycle.

In addition, in order to ensure thorough implementation of the three actuals (Sangen Shugi) (examining the actual place, actual thing, actual fact), officers from the headquarters make on-site visits to workplaces twice annually to verify and conduct inspections on the current status and provide relevant guidance.



Health and safety patrol by President Ishii (the second person from the right)

Quality Policy

View QR code for more details on measures for quality.

As a company that aims for sustainable development as a trusted entity by all stakeholders, we will implement a quality management system and strive for continuous improvements.

To continue meeting expectations by understanding customer needs, we will unwaveringly continue our efforts to secure and improve quality.

Based on the companywide ISO9001 certification acquired in 2004, quality targets are defined for each business division in every fiscal year, and the status of the implementation of these targets is reviewed by the management. In the construction business, we are working to provide high-quality services through quality management and technical support operations at Technical Centers established in eight locations nationwide, in addition to on-site training in the latest technologies using ICT construction and AI. In the material sales business, we appoint Quality Assurance Promoters at each branch to strengthen our quality assurance measures and hold regular training and lectures on quality management with the objectives of sharing information among each branch and introducing development technologies.



Quality management training session

Environmental Policy

View QR code for more details on environmental measures.

In accordance with our environmental vision “Nichido Blue & Green Vision 2050,” we will promote an environmental management system for reducing global environmental impact and contribute to realizing a sustainable global environment.

The Group's businesses mostly depend on the utilization of natural resources and fossil fuels, and we must maintain a constant awareness of the impact of our business activities on the global environment as we strive to fulfill our responsibilities. Since formulating our Environmental Policy for the first time in 2001 and completing companywide ISO14001 certification in 2007, we have been striving to reduce the environmental impact of the Company's business while providing value as an environmentally-advanced company through the development of ecological construction methods and sales of products.

As evident in the formulation of the Group's environmental vision in 2021 and the Group being certified by the Minister of the Environment as the first Eco-First Company in the road pavement industry in 2022, we have recently accelerated our efforts toward addressing the global environmental issues of carbon neutrality, resource recycling, and biodiversity as a pioneering company that leads the industry.



Participating as an Eco-First Company in nationwide cleanup campaign “Zero Marine Litter Week”

TOP MESSAGE

Representative Director and President
THE NIPPON ROAD CO., LTD.

Toshiyuki Ishii

100th anniversary of founding, and toward the next 100 years

Stepping forward and aiming for “urban development starting with roads”

NIPPON ROAD Group's Strengths and DNA

Advanced technological abilities backed by 95 years of history, the reason for the declaration of “NIPPON ROAD as a company known for its technology”

In 2024, NIPPON ROAD celebrated the 95th anniversary of our founding. Since our founding in 1929, the Company has participated in many national projects, such as expressways, national routes, and airports, and has carried economic growth in Japan. Our advanced technological abilities based on national standards and accreditations that we have cultivated through our involvement in public works construction serves as the core of the Company. This is the reason for our declaration of “NIPPON ROAD as a company known for its technology.” The reason that the Company has been able to long persevere for the past 95 years is based on our view that manufacturing cannot be accomplished by a single person on their own. For that exact reason, the Company cares highly about our employees and the relationships we uphold with our partner companies. In response, each employee has worked

to embody our corporate creed of “Inventive improvement,” “Harmonious fellowship,” and “Enhancing trust” in their respective workplaces.

We have responded flexibly to the changes of the times and the needs of society while still continuing to protect our corporate creed and corporate identity. We have adopted “Promotion of ESG Management” in our Management Philosophy, and are reflecting on the roots of “health and safety,” “quality,” and “environment” in our basic management policies with consideration for the rapid speed of changes in modern society. NIPPON ROAD aims to maintain our sustainable growth through studying the past in order to discover the new, carrying on important lessons to be passed down from our 95 years of history while learning and improving through the acquisition of new knowledge.

Summary of Mid-term Management Plan 2019

Ratio of direct orders grew to over 50% and contributed to improving profit margins

For the five year period since the milestone of the 90th anniversary of our founding, the Group has promoted Mid-term Management Plan 2019 and worked toward the key issues of “Increasing private-sector orders,” “Improving the operating profit ratio,” “Promoting workstyle reform,” “Establishing health & safety targets,” “Establishing environmental targets,” and “Ensuring thorough compliance.” While we achieved record high profits on a profit base in FY2020, with the subsequent impact of factors including soaring raw materials prices and the progression of the depreciation of the yen, we were unable to reach our target figures in FY2023, the final year of Mid-term Management Plan 2019. Be that as it may, as one snapshot of our results, we were able to exceed our target for gross profit and achieve gross profit of 18.2 billion yen. This was the result of all of our employees working together to match vectors even while confronted with this difficult environment, and once again reconfirms the strength of the Group's human resources. In addition, the ratio of direct orders from

government and private sector construction combined grew from approximately 40% up to 52.1%, contributing to an improvement in profits. This success was the direct result of improving our estimation accuracy and utilizing the Shimizu Group's sales network. Moving forward, we will continue to steadily increase the ratio of direct orders, where we can demonstrate the Company's technological abilities in responding to customer needs.

Meanwhile, issues remain even now. There are still many options available to us toward improving profitability, including M&A and other endeavors. In addition, mainly in the material sales business, we were aiming toward creating added value that will not be swayed by factors from the external environment such as higher raw materials prices and foreign exchange, and the recycling business, a segment within this initiative, still requires further strengthening. We will strive to further enhance our results, thoroughly review our effectiveness in relation to present issues, and bring these initiatives forward into the new Mid-term Management Plan.

About Mid-term Management Plan 2024 (FY2024-2026)

Engaging in “improving quality and profitability of service provision” and other key issues

NIPPON ROAD has identified operating profit of 13.0 billion yen as a target figure for FY2029, the upcoming milestone of the 100th anniversary of our founding, necessary for realizing our concept of what the Company should be. The new Mid-term Management Plan 2024 is positioned as a waypoint toward that target, and defines operating profit of 10.0 billion yen in FY2026 as a specific target figure. We will work on the four key issues of “Ensuring thorough compliance (compliance with laws and regulations, etc.),” “Improving quality and profitability of service provision,” “Shifting from workstyle reform to satisfaction reform,” and “Promoting DE&I” toward achieving this target.

Toward improving profitability

Among these issues, one of the most important is “Improving quality and profitability of service provision.” In order to also implement a diversified selection of investments in human resources, technology, and the environment toward growth, we must increase profits, and are committed to promoting a wide variety of measures to enable this.

Stable improvement of ratio of direct orders

Toward improving our earnings power, we are aiming to maintain and improve the ratio of direct orders in a stable manner at 50% or above and to achieve orders received of 58.0 billion yen in FY2026. In order to reach this target, we are looking to engage in strategic sales activities that divert from conventional activities for receiving orders and actively participate not only in pavement construction but also in the peripheral markets described below. Through direct orders that allow us to engage in direct communication with customers, we will submit proposals based on customer needs and produce steady profits while ensuring appropriate construction periods. This commitment serves to facilitate both the provision of the type of quality that customers yearn for and legitimate job satisfaction for employees. This is the kind of positive cycle that we are looking to create.

Strengthening the recycling business to generate added value

Deterioration is being witnessed in a significant quantity of the social infrastructure constructed during former periods of advanced economic growth, and the time for updates is approaching. As interest in resource recycling continues to grow, we will strengthen our business for taking concrete and asphalt waste and restoring it in aggregates as an alternative to new materials with aggregate recycling technology through “Mechanical Grinding.*” While striving to improve profitability in the material sales business, we will aim to contribute to society by reducing our environmental burden. The Company already maintains a record of achievements in the recycling business with the PET Ascon construction method utilizing reused PET bottle waste, and with a view toward 50 years in the future, we will continue to strengthen the recycling business by promoting R&D from a sustainable perspective.

* Remove coating of aggregate by mechanical (physical) grinding

Undertaking challenges in M&A, PPP/PFI, and other new areas

From the current fiscal year, the name of the previous “leasing business and others” was changed to the “co-

creation business” for promoting new business development with multiple stakeholders. While striving to expand our business domains through M&A in areas such as sports-related business, environment-related business, and health-related business, we are aiming for value co-creation through a wide variety of areas including PPP/PFI business such as transportation infrastructure and sports/park facilities, etc.

Synergies generated by cooperation with the Shimizu Group

This year marks our third year since becoming a consolidated subsidiary of Shimizu Corporation. We have achieved certain results in creating synergies through our participation in joint ventures for large-scale civil engineering projects, expansion of direct orders through cooperation between sales divisions, and joint development of decarbonizing asphalt pavement technology (Biochar Ascon*) for realizing carbon negativity. Moving forward, while further strengthening joint R&D initiatives, we will also expand our business areas through cooperation in overseas businesses.

* Refer to page 41 for more details on “Biochar Ascon.”

Ensuring thorough compliance

Together with “Improving quality and profitability of service provision,” another topic we are working toward as a key issue is “Ensuring thorough compliance.” While unwaveringly implementing internal control activities based on the risk management system, we are strengthening training to transfer knowledge gained from major incidents and share a strong awareness among all employees that “compliance violations destroy companies” to ensure thorough compliance with laws and regulations.

Focusing on securing and developing human resources

It is “people” who will implement the strategies of this new Mid-term Management Plan. As the overall construction industry continues to deal with the issue of the declining workforce, we will further promote “workstyle reform” toward securing human resources, and make progress on “satisfaction reform” to ensure that employees can feel a real sense of job satisfaction. As part of this effort, we are implementing various training programs based at the Tsuchiura Techno BASE, opened in April 2024. The training period for new employees has also been extended from the former one month to a new period of six months. We will promote a real sense of job satisfaction and incentivize human resources to stay at their positions through systematically providing opportunities to learn about technology, determining natural aptitudes, and developing these proficiencies moving forward. In addition, we are working on several initiatives on behalf of our measures for “DE&I,” including improving the ratio of females in management positions and promoting the usage of child care leave for male employees.

The Company’s strength is our honest and earnest “human resources” who approach our customers and their own work with a sense of sincerity. We make the necessary human capital investments to foster our DNA of caring for these human resources.

NIPPON ROAD’s mission

Providing prompt responses based on the needs of each body as a corporate group that supports social infrastructure

We would like to express our deepest condolences to those who lost their lives in the 2024 Noto Peninsula Earthquake which occurred on January 1, 2024, and our most heartfelt sympathies to all those who have suffered from this disaster.

The Company received an urgent request for cooperation from the Ministry of Land, Infrastructure, Transport through the Japan Federation of Construction Contractors and the Japan Road Contractors Association. We set to work by establishing the Companywide and Local Disaster Response Department and convening an online response meeting on January 3, and dispatched personnel from our Hokushinetsu Branch and our regional paving company HOKURIKU KENSETSU CO., LTD. from the next day on January 4. In the following period, personnel from each branch and our partner companies have advanced into the affected areas to restore

damaged roads and construct temporary housing.

The Company has established branches across Japan and maintains a network of partner companies from each branch who work together as an organization called the “Doshinkai.” Our efforts are supported by partner companies with a high level of engagement who “spring into action whenever duty calls” due to the relationships of mutual trust that we have cultivated over our long history.

Although recovery efforts are still undergoing, we will concentrate the maneuverability of the Group, exemplified by our capability to take on any worksite, and do our utmost to push toward restoration and recovery for the affected areas so that the people who have suffered from this disaster can return to their daily lives as soon as possible.

Support for restoration after the 2024 Noto Peninsula Earthquake

Restoration of damaged roads included maintaining a 4m-wide runway for emergency vehicles on about 3.3km of the Nouetsu Expressway between Anamizu IC and Noto-satoyama Airport IC, as well as slope and pavement restoration on the Hokuriku Expressway from Oyabe IC to Oyabe Tonami JCT in a joint project with Shimizu Corporation.

In addition, 117 temporary housing units were constructed on multipurpose grounds in Suzu City located at the tip of the Noto Peninsula. Construction was completed for approximately 1,600m of rainwater drainage ditches, approximately 11,000m2 of roadbed foundation, and approximately 2,500m2 of sidewalk and other asphalt pavement.



Hokuriku Expressway Oyabe IC – Oyabetonami JCT restoration



Suzu City multipurpose area emergency temporary housing construction

What We Should Become After the 100th Anniversary of Founding

Contributing to neighborhood creation around roads while basing activities on construction

In 2029, NIPPON ROAD will celebrate the 100th anniversary of our founding. In order to achieve our growth targets and pass this major milestone, and to continue to maintain sustainable growth for 100 years beyond that, the NIPPON ROAD Group aims to become a construction company that takes on all aspects of roads and periphery businesses in a comprehensive manner while operating around the construction business as our core. Roads are built, parks are built around these roads, and grounds are built in turn. In these endeavors, we will deal with not only design, construction, and building but also environmental greening and the maintenance and operation of public facilities. We are set to potentially engage in completely new next-generation businesses as well. We aim to become a company that is genuinely necessary to society by contributing to “urban development starting with roads.”

The Group’s strengths do not stop at advanced technological abilities and on-site maneuverability. We possess an “inquisitive mind” to venture into the unknown.

We have reached this point by developing various machinery, technologies, and construction methods from the perspective of asking the question, “What do we need to build this road?” With this focus on maintaining an inquisitive mind, we will investigate and expand into yet unknown business areas in the future to realize the sustainable growth of the NIPPON ROAD Group.



Value Creation Process

The NIPPON ROAD Group will provide further economic value, social value, and environmental value to our stakeholders by adding synergies with the Shimizu Group to its business model and promoting the value creation process.

Through “road creation” and “neighborhood creation”
“a company that society both trusts and wishes to persevere”
continue to be “a company that contributes to the creation of a sustainable society”

External environment and social needs closely monitored by the NIPPON ROAD Group

- Measures against deterioration of social infrastructure
- Building national resilience, responding to disaster restoration
- Climate change
- Serious labor shortage due to decline in the working-age population
- Workstyle reform/promoting DE&I by companies
- Resource recycling and biodiversity

Business Foundations

(figures based on FY2023 results)

Human Capital

Group employees
Human resources rich in diversity
Human resources development complex (Tsuchiura Techno BASE)

Intellectual Capital

Passed down pavement technology
Expansion of new construction methods/ environmental construction methods
Technology development complex (Tsuchiura Techno BASE)

Manufacturing Capital

Manufacturing plants across Japan
FY2023 manufactured volume 2,315 thousand tons
Outstanding recycling technology

Financial Capital

Healthy financial foundation for business growth
Total assets 149.9 billion yen
CP rating a-1

Social and relational Capital

Social credibility built up over 95 years
Dialogue with institutional investors at IR meetings
Established partnerships with 927 companies in organization of partner companies “Doshinkai”
Enhanced sustainable procurement policy and guidelines
Social contribution activities 448 cases

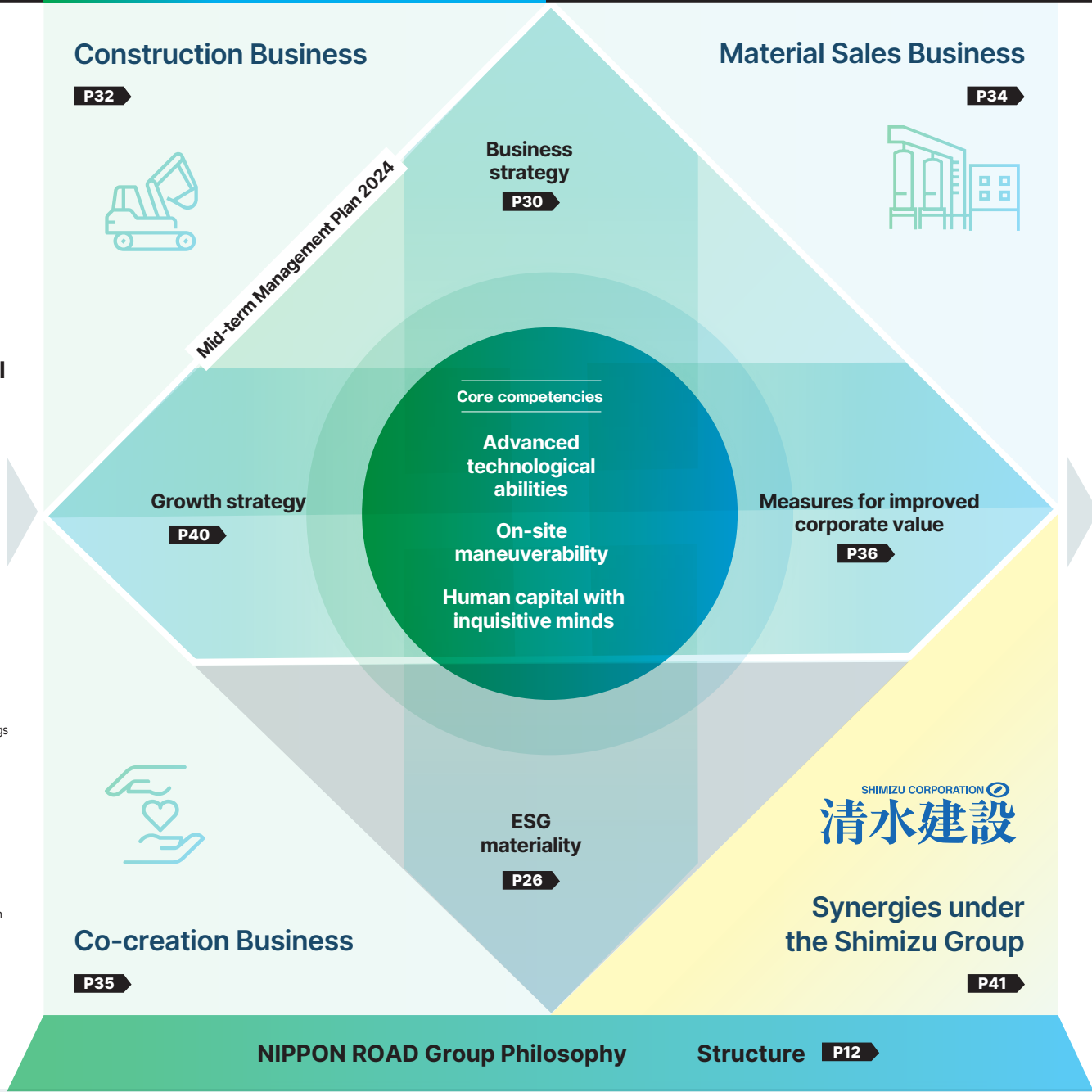
Natural Capital

Natural environment conservation through business activities Recycling rate

- Asphalt blocks 99.7%
- Concrete blocks 99.1%
- Materials other than specified by-products 90.2%

“Forest of NIPPON ROAD”
Forest area under the agreement 228 ha

NIPPON ROAD Group's Businesses



Value Created

Economic value

- Profit growth
- Improve shareholder value
- Maintain stable dividends and appropriate shareholder returns
- Enrich growth investment
- Contribute to economic growth

Targets stated in “Mid-term Management Plan 2024 (FY2024-2026)” (consolidated)

- Total net sales 169.0 billion yen
- Operating income 10.0 billion yen
- Dividends 60 yen

Maintain current level and increase based on financial results

Social value

- Businesses to support social capital
- Strong road and city creation resistant to disasters
- Business expansion rooted in regional societies
- Maintaining and improving employee health and eliminating workplace accidents
- Stable employment
- Healthy governance and compliance
- Appropriate relationships with the supply chain
- Regional contribution/Social contribution

Environmental value

- Reducing environmental burden through the development and proliferation of environmental construction methods and materials
- Realizing a decarbonized society
- Promoting the establishment of a recycling-oriented society
- Realizing road environments coexisting harmoniously with nature



Provide value to stakeholders

NIPPON ROAD Group’s Businesses

At the NIPPON ROAD Group, we maintain bases across Japan and engage not just in the construction business but also in the manufacturing and sale of asphalt mixtures that serve as the materials for road pavement, the recycling business, leasing business, greening business, operations of sports facilities, and various other aspects of “neighborhood creation.”

Overview of businesses



Pavement construction for National Route 44 Kushiro-cho Toyo-Nishi (Kushiro-cho)

Construction business

- Business for road construction and paving work, civil engineering work, building construction, construction of environmental facilities, construction of sport and leisure facilities, etc.
- 104 domestic branches and offices, 2 overseas offices, 36 Group companies (including 34 regional paving companies)

Material sales business

- Manufacture and sale of asphalt mixture, emulsion, and other paving materials, recycling business
- 89 domestic branches and offices, 1 Group company



Senboku Rinkai Mixture Center (Izumiotu City)

Co-creation business

- Leasing operations for automobiles and administrative equipment, the insurance agency business, the planning and operation of sports facilities, etc.
- 4 Group companies



Morioka Royal Tennis Club (Morioka City)

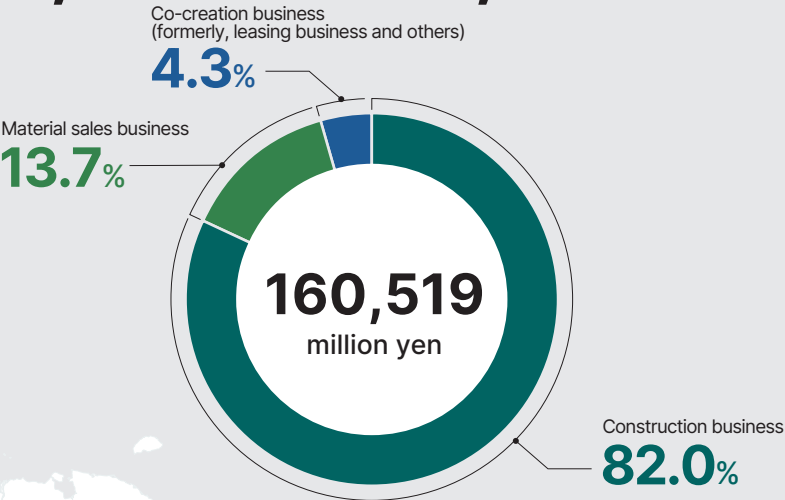
Net Sales by Business (Consolidated)

(Fiscal year ended March 31, 2024 Unit: Millions of yen)

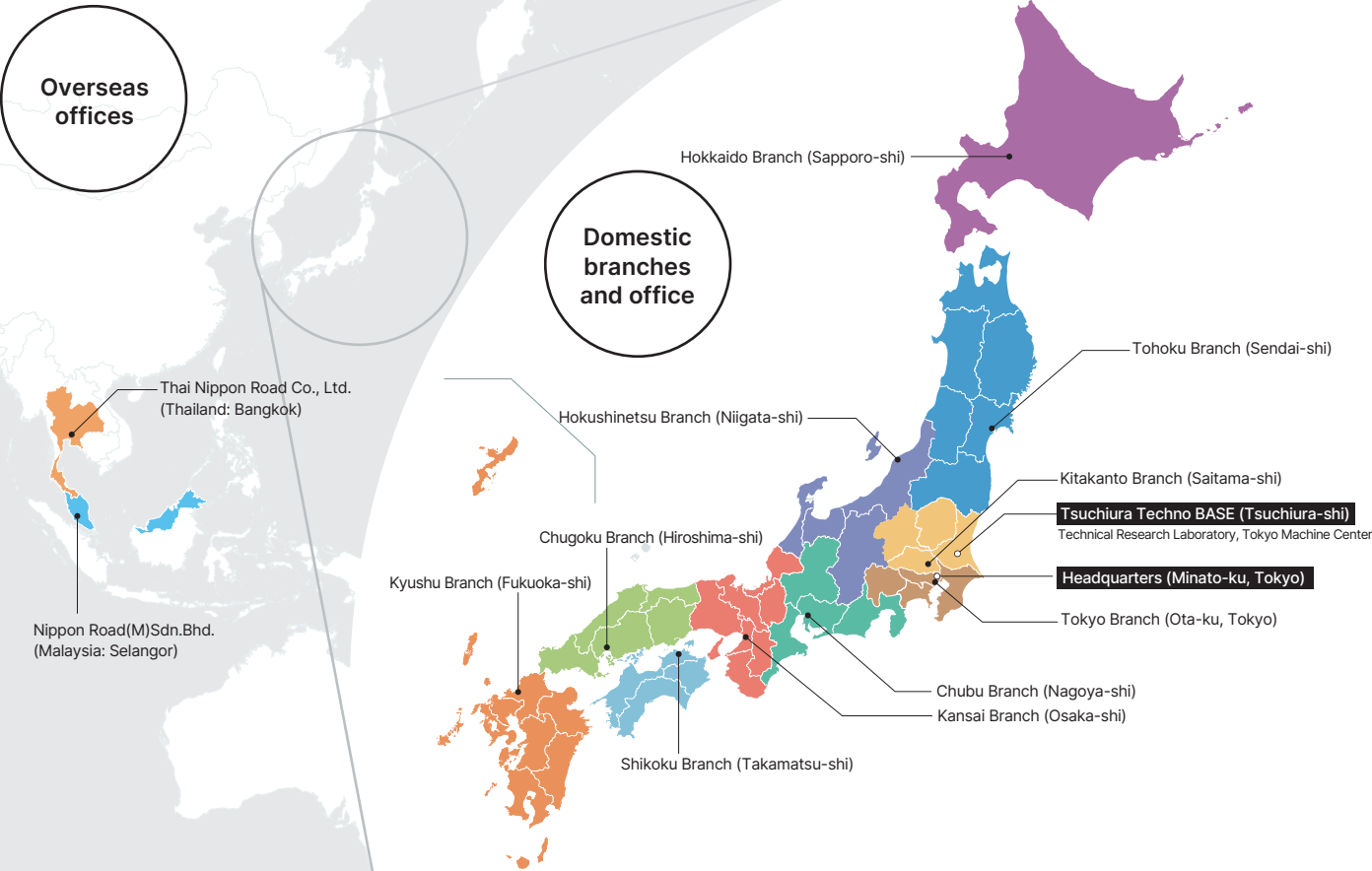


Breakdown of construction business

NIPPON ROAD (Non-consolidated)	115,921
Total regional paving companies (34 companies)	17,835
Overseas offices	2,342
Domestic subsidiaries under direct control (2 companies)	830
Total	136,929
Consolidated eliminations	Δ5,351
Construction business total	131,578



Branches and Offices



On-site Feature

Providing spaces for valuable school educations and opportunities for sports

Mino-Jiyu Gakuen grounds renewal

NIPPON ROAD has built up a record of results in neighborhood creation through sports facilities-related construction such as athletic fields and various grounds maintenance projects. In 2023, we received an order from Mino-Jiyu Gakuen, a prestigious academics and athletics school in Toyonaka City, Osaka Prefecture, for grounds maintenance construction. Our work was received favorably for the way the Company demonstrated the potential of our proposal capabilities and technological abilities.

Contribution to the maintenance of a safe and comfortable sports environment for a competitive school

Mino-Jiyu Gakuen is one of the most prominent prep schools in the Hokusetsu area of Osaka, characterized by its free school environment with excellent courses in both academics and athletics and an active culture involving club activities and international exchange programs. The school is also well known as a prominent institution for its skilled American football club which has competed 14 times in the National High School American Football Championships and ranked in the top four teams in the FY2022 play-offs.

The Company was highly rated for our record of results in the construction of sports facilities and our responsiveness and willingness to accommodate the needs of our customers, and the school proceeded to order construction for the elementary school and junior and senior high school grounds. Due to these construction projects being scheduled to take place inside schools, we were particularly conscious of safety measures when carrying in materials and during construction, as well as noise-reduction measures on behalf of local residents. In addition, we endeavored to shorten the construction period to avoid impeding classes and ensure maximum practice time club activities.

Representatives from the Company were invited to the opening ceremony held on April 1, 2024, and the utilization of the grounds jumped off to a grand start with the kicker of the American football team scoring a spectacular field goal, a tremendous performance by the cheerleading squad, and a heartfelt speech by the school principal. Replacing the former dirt grounds with artificial turf has removed the burden from the neighborhood community of dealing with floating dust, and produced various beneficial effects, including increased practice time and fewer injuries, extended usage of equipment and gear, and more, providing a sports environment that is safer and more comfortable.

Project overview

Project	Mino-Jiyu Gakuen Junior and Senior High School artificial turf pavement construction
Construction period	From June 1, 2023 to March 31, 2024
Construction details	Installation of artificial turf to replace dirt grounds. Design of lines, layout, and artificial turf painting to include school emblem and for American football and multipurpose use. Construction of urethane pavement runway utilized for practice by the track and field club.



INTERVIEWS WITH CUSTOMERS

Interview with Director

Trust in the construction process and final results, the joy of students' smiling faces

Mino-Jiyu Gakuen will celebrate the 100th anniversary of our founding in 2025. As part of the 100th anniversary project to provide a more conducive learning environment for our students, we decided to renew the grounds of our elementary school and junior and senior high schools.

When undertaking this construction, our request to NIPPON ROAD that we emphasized above everything else was to ensure the safety of our body of approximately 2,000 students of every age from kindergarten to high school. Despite the fact that the school has many narrow hallways and the environment was one in which students and teachers would be constantly moving back and forth, NIPPON ROAD made sure to station security guards around the area when materials and machinery were carried in and protected the safety and peace of mind of the students. In addition, they actively cooperated with us in maintaining the environment not only on the grounds but throughout the campus. As impressed as we were with the final results, we were also inspired by their dedicated construction process.

The people who are the most excited about the new grounds are the students. Our sports clubs' practices have been more energetic and enthusiastic than ever, and some have grown by 30 or more members. During lunch breaks, we can see students lying down on the grass to relax and refresh themselves for the afternoon. We will continue to work toward improving our learning environment to respond to the changes of the times, and would appreciate the opportunity to collaborate with NIPPON ROAD again in the future.

Mr. Yasuhiko Matsuya
Mino-Jiyu Gakuen Director



Interview with Advisor

Dramatic improvement in environment with equipment lasting longer even with more frequent practice

Mr. Naoto Saiuchi
Mino-Jiyu Gakuen High School
Advisor of GOLDEN BEARS American Football Club



The new grounds are exceptionally great in terms of drainage, which allows us to practice even on rainy days and has increased our practices per year by 20 days or more. In addition, since the field already has lines drawn on it, we no longer require the massive quantity of lime that we used to need to draw these lines. The amount of wear on equipment used for practice such as balls, etc. has been halved, providing significant financial and environmental benefits. The best part is being able to see the students really enjoying their time on the grounds. We will take full advantage of this incredible practice environment to support our students in achieving their personal goals.

Interview with Captain

Gratitude for an excellent practice environment as we strive to be the top team in Japan

Mr. Shuto Iganami
Mino-Jiyu Gakuen High School
Captain of GOLDEN BEARS American Football Club



American football is a sport that involves intense body contact, but with this renovation, we have improved our ability to avoid injuries from tackles and other forms of practice. In addition, the artificial turf has lines painted to mark every 5 yards, making it much easier to judge distances. We no longer have to deal with dirt and mud stains, the clubroom and school are cleaner, and our families are delighted with the fact that our uniforms and other equipment require much less washing. We are forever grateful to those who have developed such an excellent practice environment for us, and will practice hard to achieve our goal of becoming the top team in Japan.

On-site Feature

Taking on the challenge of pavement construction for expanding roads to four lanes in order to meet regional expectations

Ken-O Road Tsukuba Ushiku pavement construction

We are engaged in construction projects for the expansion of a provisional two-lane section of road to four lanes between the Joso IC and Ushikuami IC on the Ken-o Expressway (Ken-O Road), an expressway that will form a full outer ring surrounding the Tokyo Metropolitan Area at a radius of approximately 50km from the center, and the construction of a new parking area. Expanding to four lanes is expected to improve safety and convenience for passing vehicles and resolve logistics issues by alleviating traffic congestion, and in this construction project, the junior engineers who will be taking on the responsibility of the next generation of the Company are serving dynamic roles.

Consideration for the local environment in the construction of a temporary asphalt plantContributing to reduction of traffic congestion on logistics automobile-only roads

This is a large-scale construction project that includes the new construction of the Bando Parking Area and four extensive and non-contiguous sections from Joso to Tsukuba to Ushiku. Engaging in lane-widening construction while securing the current traffic lanes on existing expressways requires vigilance to maintain the safety of passing vehicles, and presents an opportunity for the Company to leverage our expertise in construction that involves existing roads.

In this construction project, a temporary dedicated plant was established to provide a smooth supply system for asphalt mixture. We endeavor to coexist with communities through efforts that are considerate of the environment of the surrounding region such as setting up dustproof nets and taking dust-prevention measures for pavement at our plants, in addition to providing detailed explanations to local residents. Furthermore, we retain a consciousness of our commitment to reduce CO₂ emissions through initiatives including the

adoption of fuel-efficient burners.

For the construction involved in this worksite and the manufacturing of asphalt mixture at the temporary plant, we have stationed personnel that includes mainly senior employees and junior engineers in their 20s and 30s. As the shortage of construction engineers continues to present a major issue, this also serves as an opportunity for learning about construction technologies and management methods for large-scale expressways and developing the next generation of personnel who will inherit NIPPON ROAD's "on-site expertise."



Project overview	
Project	Ken-o Expressway Tsukuba Ushiku pavement construction
Location	Okegawa-shi, Saitama to Ushiku-shi, Ibaraki and elsewhere
Client	East Nippon Expressway Company Limited
Construction period	From September 6, 2023 to May 22, 2026



Local mascot of Bando City "Masakado-kun" on display at the temporary plant.



ON-SITE INTERVIEWS

Interview with Manager

Developing the next generation who will take on responsibility for the future by combining senior and junior employees

Ken-O Road serves as a major pathway for trucks heading to various logistics bases, and experiences chronic traffic congestion. Many voices have been raised from not only the logistics industry, which is facing stricter regulations on working hours due to the overtime work cap regulations introduced in April 2024, but also from local residents who express their wishes that the road will be opened soon because traffic congestion is so bad in its current state, and there is a sense of high expectations for this project.

This worksite is also a valuable chance for developing human resources due to the fact that it presents many learning opportunities in regard to aspects including not only pavement technology but also asphalt composite manufacturing in plant settings, construction of structures, and high-precision construction technology using ICT. Junior engineers are the central focus of this project, taking responsibility for everything from budget management to process and quality management at their respective stations, while highly-experienced senior engineers provide overall support. Senior personnel not only pass down their technical knowledge but also learn from the junior engineers, who are continuously adopting new technologies such as ICT, etc., and the total level of on-site expertise is being improved through this combination. Construction will continue for approximately two more years, and we are aiming to open the road as soon as possible while avoiding any accidents.



Mr. Yoshiro Takeda
Manager

Interview with Junior Engineer

Leveraging experience with a large-scale construction project at future worksites

Ms. Rin Hasegawa
Field Representative



I am in charge of construction for the Bando Parking Area. In addition to being very excited for this opportunity to experience plant construction and process management for a large-scale project, this is also a significant asset for my own life. I love the process of manufacturing: collaborating with many other people, working together on innovative ideas, and aiming toward the same goal. I am looking forward to learning the technical skills and methods of my senior colleagues at this worksite, and putting this knowledge into action on my next project.

Sense of achievement from driving on a road for which you were responsible

Ms. Iori Adachi
Field Representative



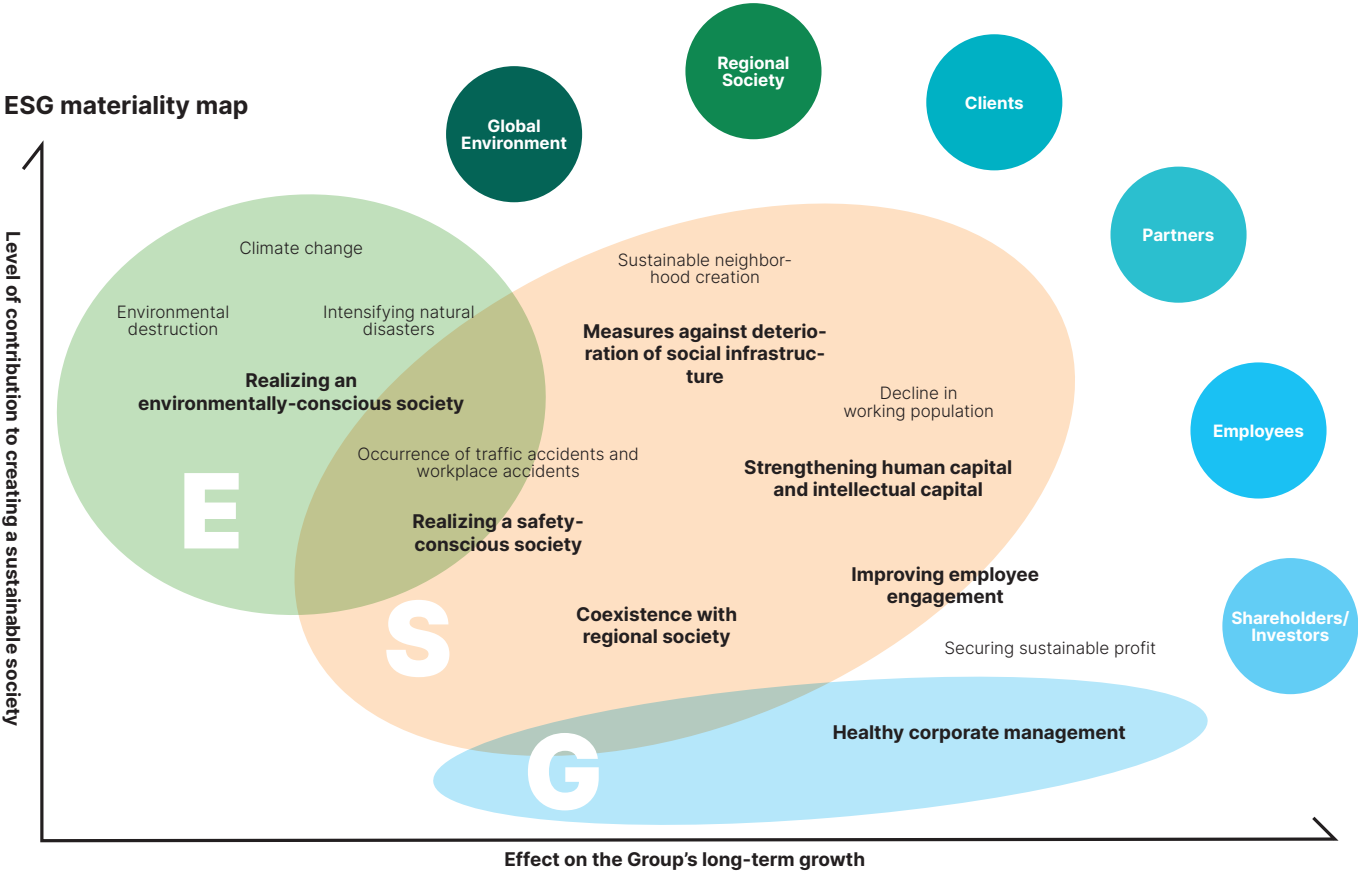
I am in charge of construction for the Ushiku area. I was assigned to this worksite after having been responsible for highway maintenance, in my third year since joining the company. With this opportunity to experience a construction type similar to new construction, I'd like to use this chance to learn about everything I can. Although I don't have much experience yet, I've never felt like I was a burden, and I'm able to ask my supervisors and senior colleagues any questions I might have. When driving on a road that I personally was involved in constructing, experiencing how comfortable the ride feels, I get a true sense of achievement and satisfaction. I hope to continue to take on challenges in a wide variety of construction projects in the future.

Promotion of ESG Management

The NIPPON ROAD Group defined our ESG materiality in 2019 based on our Management Philosophy of “Upholding our reputation as a company that society both trusts and wishes to persevere while continuing to contribute to the creation of a sustainable society through the promotion of ESG management,” and has worked toward resolving a wide variety of social issues through our business activities. Since this point, there have been changes in the needs and expectations of society in regard to ESG elements such as the environment and society, and in order to further improve the corporate value of the Group, we have revised materiality and defined specific priority themes for each respective materiality. Moving forward, we will continue to revise materiality as needed based on the Group's activities, taking into account changes in the external environment and domestic and international trends regarding sustainability.

Revision of ESG materiality

Step 1	Identify and revise social issues	Extract social issues based on the Group's Philosophy, Standards of Conduct, etc., while revising existing materiality based on collecting information and dialogue with stakeholders
Step 2	Organize position of materiality and priority themes	Arrange the issues extracted in Step 1 into a materiality map from the perspective of multiple stakeholders and ESG, seek alignment with the basic management policies and Mid-term Management Plan, categorize by referencing guidelines based on ISO26000, etc., and organize priority themes
Step 3	Consider the ideal status for materiality	Sort extracted issues into even more specific priority themes and define the ideal status for each topic
Step 4	Assess validity of materiality definitions	Assess validity of the identified ESG materiality at the ESG Committee (Chairperson: President) and report to the Board of Directors



Business environment surrounding the Group and ESG materiality defined from an ESG perspective

ESG materiality		Related ISO26000 core subjects	Priority themes	Ideal status	
<div>E</div> <div>(Environment)</div>	Realizing an environmentally-conscious society	Environment	Achieving carbon neutrality	50% reduction in CO ₂ emissions by 2030 compared to FY2013, achieve carbon neutrality by 2050	
			Establishing a recycling-oriented society	Reduce production of mixed waste	
			Enriching recycling technology and business	Permanent recycling of asphalt and concrete waste	
			Biodiversity conservation	Companywide implementation of nature-positive activities	
<div>S</div> <div>(Social)</div>	Realizing a safety-conscious society	Human rights Consumer issues Labor practices Participation and development in communities	Thorough respect for human rights and a safety-first mindset	Zero fatalities and serious accidents, zero public accidents	
	Measures against deterioration of social infrastructure		Improving technological ability and securing product quality	Floor slab replacement construction, span repair construction, and expanded overseas civil engineering construction projects through joint ventures in civil engineering with Shimizu Corporation	
				Maintaining safe social lives	Organizational structure to promptly secure lifelines in disasters
				Human resource education and technology knowledge transfer	Development of human resources that possess advanced expertise, regardless of job role or age
	Strengthening human capital and intellectual capital		Improve productivity through DX promotion and core systems	Utilization of the latest technologies, support for the potential of workstyle reform and Society 5.0	
	Improving employee engagement		Appropriate management of intellectual property and information assets	Strengthen cyber security, appropriate patent management	
				Promoting DE&I	Recognize diversity and provide workplaces that enable each employee to maximize their individual abilities
				Promoting health management	Provide workplaces where employees can work happily and energetically with health in body and mind
				Reducing long work hours	Enrich work-life balance
				Promoting satisfaction reform and improving working environment	Provide workplaces where employees can work with peace of mind while experiencing personal growth
Coexistence with regional society	Active engagement with regional societies	Create relationships of mutual trust with local residents			
<div>G</div> <div>(Governance)</div>	Healthy corporate management	Organizational oversight Human rights Fair business practices	Ensuring thorough compliance (compliance with laws and regulations, etc.)	Company trusted by all stakeholders	
			Maintaining and enhancing corporate governance	Improve corporate value	
			Enriching information disclosure practices	Improve accountability to stakeholders	

Results and key measures in FY2023

• CO ₂ emissions 37.4% reduction compared to FY2013
• Ratio of mixed waste produced 0.22%
• Implemented test project construction for practical application of aggregate recycling technology through "Mechanical Grinding"
• Implemented activities at 5 out of 10 branches (forest conservation, removing invasive plant species, preservation of the designated Ramsar wetland area, etc.)
• Fatalities and serious accidents 1 case / public accidents 0 cases • Frequency of industrial accidents (four or more closure days) 0.51
• Received order for Joban Expressway Kannonji-gawa River Bridge floor slab replacement construction (August 2023) • Received order for construction work of the Tohoku Expressway for recasting of concrete slab on Kunimi-Bridge (January 2024)
• Implemented road restoration temporary housing-related construction for recovery from the Noto Peninsula Earthquake
• Prepared to open human resources development complex Tsuchiura Techno BASE
• Joint development of asphalt finisher automated driving system (June 2023) • Began operation of New Core System (October 2023) • Introduced smart devices for raw materials management at manufacturing and sales bases (December 2023)
• Significant security incidents 0 cases
• Employment rate of people with disabilities 2.8% • Ratio of female employees in management positions 0.7%
• Issued NIPPON ROAD Group health management declaration (July 2023) • Formulated NIPPON ROAD Group health management strategy map (December 2023)
• Recommendations for corrective measures from the Labor Standards Inspection Office 1 case
• 7th employee satisfaction surveys (implemented every other year) Satisfaction: 52.4%
• Implemented social contribution activities 448 cases (participation in regional cleaning and traffic direction activities, receiving workplace tours for students, etc.)
• Significant violations of laws and regulations involved in business operations 0 cases
• Held Special Committee 5 times • Implementing effectiveness evaluation for the Board of Directors
• Held Financial Results Briefing for the fiscal year ended March 31, 2023 • Enriched English disclosure through NIPPON ROAD Group Integrated Report 2023, etc.

Contribution to SDGs

6 Clean water and sanitation	7 Affordable and clean energy	9 Industry, innovation and infrastructure	11 Sustainable cities and communities	12 Responsible consumption and production
13 Climate action	14 Life below water	15 Life on land		
1 No poverty	3 Good health and well-being	4 Quality education	5 Gender equality	6 Clean water and sanitation
8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities	12 Responsible consumption and production
13 Climate action	14 Life below water	15 Life on land	17 Partnerships for the goals	
16 Peace, justice and strong institutions				

Mid-term Management Plan and What NIPPON GROUP Strives to Be

The NIPPON ROAD Group formulates the Mid-term Management Plan while maintaining a recognition of the environment surrounding the Group to remain a company that society both trusts and wishes to persevere. In addition, we define ESG materiality from the perspective of ESG management, and are working on measures to contribute to the creation of a sustainable society.

Review of Mid-term Management Plan 2019 (FY2019-2023)

In the five years since its formulation in FY2019, despite facing multifaceted impact from factors such as soaring material costs due to higher crude oil prices and the depreciation of the yen, increased personnel expenses, and the spread of COVID-19, we achieved the targets in orders received for construction business and gross profit and produced certain results in net sales.

In strategic investment for growth, although the target was set for a total of 40.0 billion yen over five years, the achievement rate remained at 55.2% due to the suspension of the establishment of an urban asphalt

plant in the Kanto/Chubu region and the absence of M&A.

In the six key issues, although we achieved the health & safety targets and the environmental targets of the five topics for which target figures were defined, we were unable to reach the targets for increasing private-sector orders and improving the operating profit ratio, and the issues of business profitability and creating added value persisted. In promoting workstyle reform, only 74.2% of employees were able to reach the target of 125 days of annual leave and holidays taken in FY2023.

Management target figures

(Unit: Millions of yen)

	FY2023 target	FY2023 results	Target achievement
Amount of orders received for construction business	137,000	143,513	104.8%
Construction business	133,000	131,578	98.9%
Material sales business	23,500	21,984	93.6%
Net sales			
Co-creation business (formerly, leasing business and others)	7,500	6,956	92.8%
Total net sales	164,000	160,519	97.9%
Gross profit	11.0% 18,000	11.4% 18,264	101.5%
Operating income	6.1% 10,000	4.9% 7,833	78.3%
Profit	4.0% 6,500	3.1% 5,053	77.7%
Return on equity (ROE)	6.7%	5.1%	-

Strategic growth investment target figures

(Unit: Millions of yen)

	FY2019-2023		
	Targets	Cumulative execution amount	Execution progress
Construction business investment	10,000	7,950	79.5%
Material sales business base maintenance investment	24,000	9,064	37.8%
Sales base environmental maintenance investment	4,000	2,629	65.7%
Information investment in systems, etc.	2,000	2,445	122.3%
Total	40,000	22,090	55.2%

Key issues

Key issues in the Mid-term Management Plan 2019	FY2023 results (targets)
Increasing private-sector orders	77.2 billion yen (80.0 billion yen)
Improving the operating profit ratio	4.9% (6.1%)
Promoting workstyle reform	Achievement of 125 days of paid leave taken 74.2% (100%)
Establishing health & safety targets	Frequency of industrial accidents (four or more closure days) 0.51 (0.72)
Establishing environmental targets	●Reduction in CO ₂ emissions compared to FY2013 37.4% (20%) ●Recycling rate of materials other than specified by-products 90.2% (86.8%)
Ensuring thorough compliance	●Implemented Compliance Day (July 30) training ●Established business risk management system ●Continued implementation of education and awareness activities

ESG materiality

We have extracted ESG materiality from key issues in the Mid-term Management Plan 2019, which we formulated as a clear growth strategy, and made efforts for the year 2030, which is the target year for achieving the SDGs, and beyond.

ESG Category	Mid-term Management Plan 2019	ESG materiality
E (Environment)	Establishing environmental targets	Realizing an environmentally-conscious society Realizing a decarbonized society Establishing a recycling-oriented society Considering biodiversity
	Establishing health & safety targets	Realizing a safety-conscious society Improving technological ability and securing product quality Thorough respect for human rights and a safety-first mindset
S (Social)	Promoting workstyle reform	Securing and developing the next generation workforce Promoting workstyle reform and improving working environment Active engagement with regional societies
	Ensuring thorough compliance	Ensuring thorough compliance (Structural reforms / awareness reforms)
G (Governance)		

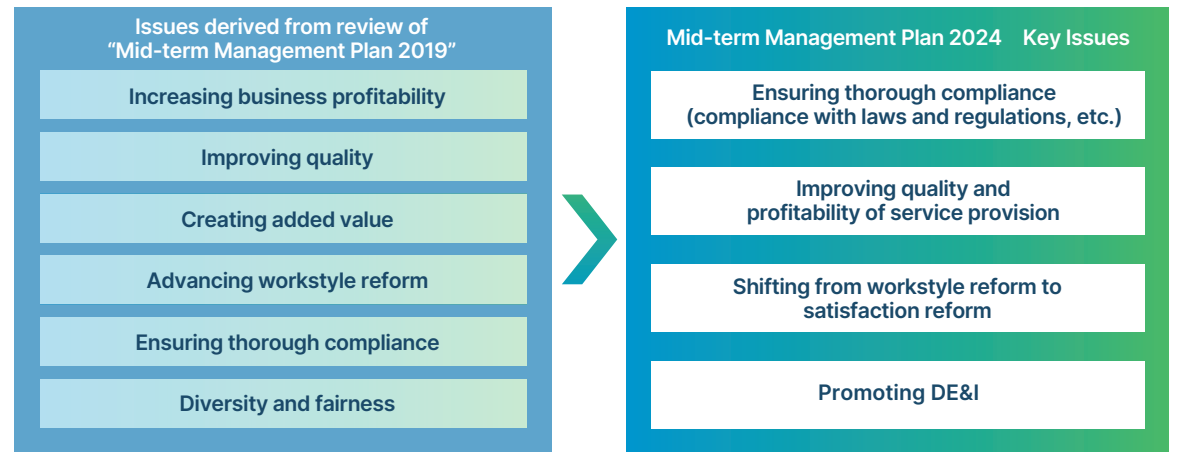
From the 100th anniversary of our founding in 2029 and beyond

Continue to support society through technology and work toward becoming a company that protects prosperous lifestyles and human lives

Mid-term Management Plan 2024 (FY2024-2026)

The Mid-term Management Plan 2024, announced in May 2024, is a three-year plan designed with consideration for providing a flexible response to changes in the business environment. The issues identified in the review of Mid-term Management Plan 2019 were defined as “key issues,” and strategies and measures to resolve these issues were incorporated into “business strategy,” “measures for improved corporate value,” and “growth strategy.”

Key issues



Strategy for approaching key issues



Business strategy for improving quality and profitability of service provision



Message from General Manager of the Business Division

Strive to increase quantity and quality of ordered construction and improve profitability. Strengthen domestic and overseas cooperation with the Shimizu Group

Director and Senior Managing Officer
General Manager of the Business Division,
and in Charge of Safety, Environment, Quality Control
and Overseas Operation

Kaoru Ito

Changing the process for private-sector orders

From the previous Mid-term Management Plan, we have been working toward “securing high-quality orders” on behalf of improving profitability. As a result, the ratio of direct orders grew to over 50% in FY2023. In the Mid-term Management Plan 2024, we will aim to improve the quality of orders by continuing to maintain direct orders in a stable manner at 50% or above. In private sector construction, we will seek deep involvement in transactions with current outstanding clients with our presence in three key areas: automotive industry-related, sports-related, and logistics-related. We are looking to create relationships through ongoing communication and use this to make proposals for planned repair work in factories. To this end, we will share information and make planning proposals while strengthening cooperation between the headquarters and our locations nationwide, and will change from a private-sector sales-based process to improve the quality of ordered construction. In government construction, in order to maintain the top market share in the industry, we will focus on developing engineers who are able to take charge on-site and improving our estimation accuracy and technical proposal capabilities.

In receiving indirect orders outside of direct orders, we will cooperate with the regional paving companies that are group companies and respond to construction projects nationwide as the overall NIPPON ROAD Group.

Focusing on expanding sales of environment-friendly construction methods

Toward achieving carbon neutrality, customer needs in relation to commodities and construction methods that contribute to reducing environmental burden are steadily increasing. The Company will seek to expand sales of our environmental commodities and construction methods such as “PET Ascon” and “MOCREN” by stationing dedicated personnel in the Business Division and encouraging cooperation between each branch.

In overseas businesses, the markets of Thailand and Malaysia where our overseas subsidiaries operate are reaching maturity, and we are in the process of considering new expansion such as exploring options for a third country and establishing another overseas subsidiary. We are looking to strengthen cooperation with the Company's parent company, Shimizu Corporation, and consider countries where Shimizu Corporation has built up a record

of results, such as Southeast Asia and various nations in Africa, as potential destinations for challenging projects centered around ODA through joint ventures.

In domestic operations, we have been making progress in encouraging cooperation with the Shimizu Group, and our results in terms of orders received have been steadfastly increasing. Moving forward, in the area of civil engineering, we aim to increase orders not only for public works construction but also for large-scale private projects such as land readjustment business, etc. by forming joint ventures. While taking on responsibilities in each other's specialized areas, we are looking to promote our ability to accommodate a wide variety of construction projects as the Shimizu Group as a factor in our sales strategy.

In order to increase profitability, it is vital for us to not only endeavor to reduce costs for the construction departments but also to receive orders for construction projects that ensure solid profit at the point of entry. We believe that the mission of the Business Division is to secure orders by spreading the idea that “even with higher prices, we want to work with NIPPON ROAD” through the sales departments' proposal capabilities and reliability in addition to the Group's strengths in terms of technological abilities and quality. We will fulfill this mission and aim to achieve our target for operating profit.

Message from General Manager of the Production and Technical Division

Improving profitability is the top key issue. Focusing on the development of environmentally-friendly technologies from a long-term perspective

Director and Managing Officer
General Manager of the Production
and Technical Division

Takeshi Takasugi



Focusing on improving construction profitability

The Production and Technical Division responsible for the construction business and the material sales business, the pillars of the Group, has taken on the ultimate key issue of increasing profitability to achieve the FY2026 target for operating profit of 10.0 billion yen.

In the construction business, we will engage in construction projects while maintaining an awareness of costs and paying close attention to profit margins. In the material sales business, we will focus on reducing costs, but also work with our counterparties to pass on price increases in order to secure appropriate profits.

On the other hand, we must ensure absolute quality in order to facilitate our ability to pass on price increases. To this end, we will strengthen our support structure for securing product quality by stationing approximately 60 personnel nationwide to take responsibility for quality management at worksites and asphalt plants at the Technical Center established in each branch.

In addition, we will promote small-scale ICT and enhanced efficiency in construction processes through the use of CIM as led by the Production and Technical Division, and

extend DX initiatives companywide.

Visualizing all things in terms of numerical values is my personal policy as General Manager of the Production and Technical Division. I am committed to defining clear targets for the measures in Mid-term Management Plan 2024 and aiming to achieve these targets while circulating through the PDCA cycle.

“Nichido Mirai Tech-Plan 2050,” the dream of NIPPON ROAD

While steadfastly securing profits, we will leverage the Company's technological abilities in the development of technologies for the future. In environment-friendly construction methods, we have already achieved results in the development and sales of “PET Ascon” and the Company has gained a significant market share. In August 2024, we announced our commercialization of “Biochar Ascon”*, an environmentally-friendly asphalt composite jointly developed with Shimizu Corporation. We will proceed to promote our technology development by distributing information on the Company's proprietary technologies at trade shows and other events while exploring and strengthening alliances with universities and public institutions. Using Tsuchi-

ra Techno BASE, opened in April 2024, we will work toward improving the Company's strength in technological abilities and create new added value.

Toward achieving carbon neutrality, our first target is to halve our carbon emissions by 2030. In the material sales business, which generates approximately 85% of the Company's total CO₂ emissions, we aim to achieve this target by promoting the use of biomass fuels and gasification at asphalt plants.

In addition, the medium to long term technology development plan “Nichido Mirai Tech-Plan 2050” also plays an important role in the idea of “NIPPON ROAD as a company known for its technology.” Technology does not appear overnight. We must launch R&D initiatives right now, maintaining a long-term perspective of considering how this technology will be utilized 50 years in the future. Issues are sure to confront us one after another. However, new technologies cannot be created if we only look at reality. “Nichido Mirai Tech-Plan 2050” is a target that represents the dreams of NIPPON ROAD. We are dedicated to staying passionate and never giving up on our pursuit of these dreams, and will strive to realize this ambition against all odds.

* Refer to page 41 for more details on “Biochar Ascon.”

Construction business

Mid-term Management Plan 2024 Business Environment

【Public works construction】

In the Ministry of Land, Infrastructure, Transport, while the early establishment of the Medium-term Plan for National Resilience is expected to secure business volumes, we believe that there will be expectations for the creation of a seamless network and development of automated logistics roads utilizing expressways with a target for completion in the next 10 years as based on the next-generation high-performance road network WISENET 2050. In addition, the Ministry of Defense is planning to build facility resilience in an effort to drastically enhance defensive capabilities, and progress is expected to be made over a period of multiple years.

We believe that each company involved in expressways will continue to order a certain quantity of expressway lane widening business for alternative roads in the event of a disaster as well as pavement repair work to maintain the comfort of driving on the given expressways.

【Private sector construction】

We believe that construction investment by corporations can be expected to continue to a certain extent in the future, and there will be a desire for growth mainly around urban areas involving projects such as location development business with the objective of strengthening logistics networks.

Mid-term Management Plan 2024 Targets

Aim for construction business profit of **17.0 billion yen**, profit margin of **12.4%**

Mid-term Management Plan 2024 Strategy

NIPPON ROAD

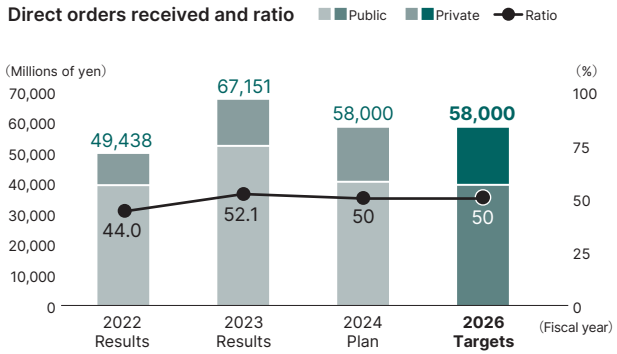
Maintain stable ratio for direct orders of 50% or above

The ratio of direct orders, projects where we are able to communicate directly with clients and customers as the prime contractor and engage in a wide variety of proposals and negotiations, had remained in the 40% range in previous years, but reached a record high of 52.1% in FY2023. Moving forward, we will aim to maintain a stable ratio of 50% or above. In addition, in private sector construction, we will share information among the headquarters and our branches with our presence in three key areas: automotive industry-related, sports-related, and logistics-related, and conduct proactive and strategic sales that are compatible with area environments.

Measures toward securing high-quality orders

We are not just working to win contracts; we are committed to securing orders that will lead to the stable growth and sustainable development of the Group. In order for us to receive orders for construction projects that are highly profitable, are defined with appropriate construction periods that accommodate workstyle reform, and contribute to expanding our market share in the future, we will strengthen the information collection structure, make proposals based on potential customer needs, cooperate with the Shimizu Group, and engage in the systematic development of officers in charge of sales and estimations.

In addition, on top of sports-related business involving stadiums and school grounds, automotive industry-related business involving pavement construction for test courses, and logistics-related business



involving pavement construction, etc. in logistics facilities, we will also actively participate in PPP/PFI business.



Measures toward improving construction profitability

In ordered construction, we will seek to secure appropriate profits by strengthening cost management and engaging in efficient on-site operations utilizing AI and DX while thoroughly implementing the three actuals (Sangen Shugi) (focusing on examining the actual place, actual thing, actual fact). In addition, we will strengthen our support structure for securing product quality and focus on education and training which includes our group companies and partner companies.



Regional paving companies

Aim to expand business scale to 22.0 billion yen

As the trend of local production and consumption in public works construction accelerates, we engage in regionally-focused “road creation” and “neighborhood creation” with a focus on paving projects through 34 regional paving companies nationwide. We will achieve improved profits by increasing orders not from within the NIPPON ROAD Group but in our own unique capacity. In addition, we will further deepen cooperation with the Company's business offices and asphalt plants to create synergies and continue to enrich regional paving companies and seek business expansion through M&A with consideration for strengthening the construction structure.



PICK UP Road creation rooted in the local region

PUBLIC ROAD CO., LTD. (Oda City, Shimane Prefecture)

Since PUBLIC ROAD's establishment in 2004, it has been involved in large-scale government construction such as the repair of expressways and national routes, parking lot construction for private residences, and landscape pavement construction for parks and other public facilities from the whole of Shimane Prefecture focused on Oda City and across the surrounding region, including neighboring areas such as Yonago City in Tottori Prefecture. For two consecutive years since 2023, PUBLIC ROAD has received the Partner Company Award in the National Highway Office Director's Award of Excellence from the Chugoku Regional Development Bureau, and while carrying on the NIPPON ROAD Group's technological abilities, is continuing to contribute to local infrastructure maintenance through upholding its regionally-focused policies.

World Heritage Iwami Ginzan Silver Mine observation route landscape pavement construction

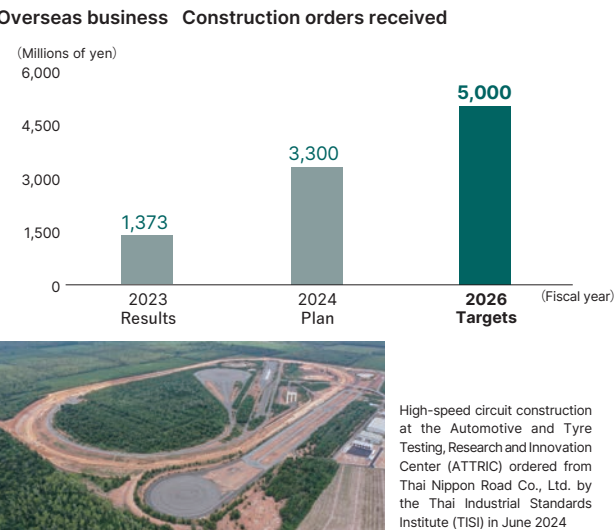
Overseas business

Aim for growth to business scale of 5.0 billion yen

In Malaysia and Thailand where we have overseas subsidiaries, we will endeavor to secure stable business volumes by further enriching our capacity with new client offices mainly representing Japanese companies based on our business foundation up to this point. In addition, we will aim to provide high-quality construction services that are exemplary of Japanese companies.

Meanwhile, as a new source of profits in addition to existing businesses, we will engage in sales promotion for high-performance pavement materials and promote the recycling business while expanding our overseas businesses through strengthening cooperation with Shimizu Corporation.

Furthermore, we will continue with the development of the human resources required to expand our overseas businesses with a view toward the future, aiming at strengthening our profit structure.



Manufacturing and sales business

Co-creation business

Mid-term Management Plan 2024 Business Environment

According to an announcement by the Japan Asphalt Mixture Association, the total production quantity for domestic asphalt mixtures has been decreasing every year since its peak at approximately 80.0 million tons in FY1992. As the production quantity for composites in FY2022-2023 cut below 40.0 million tons for two consecutive years and resulted in a record low of 36.36 million tons in FY2023, we believe that this difficult business environment will continue in the future.

On top of that, crude oil prices that have been rising since the second half of FY2021 have remained high due to the changes in supply and

demand caused by geopolitical risks. In addition to the price of straight asphalt, a key material in our asphalt mixtures, we believe it will be necessary to continue passing on price increases to deal with soaring fuel costs and personnel expenses.

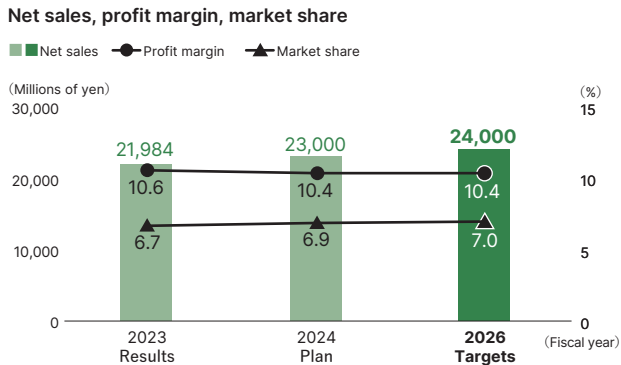
Furthermore, as civil engineering structures constructed during former periods of advanced economic growth are being renewed, we believe that demand for recycling business that accepts and reuses asphalt waste and concrete waste will continue to increase.

Mid-term Management Plan 2024 Targets

Aim for gross profit of **2.5** billion yen, profit margin of **10.4%**

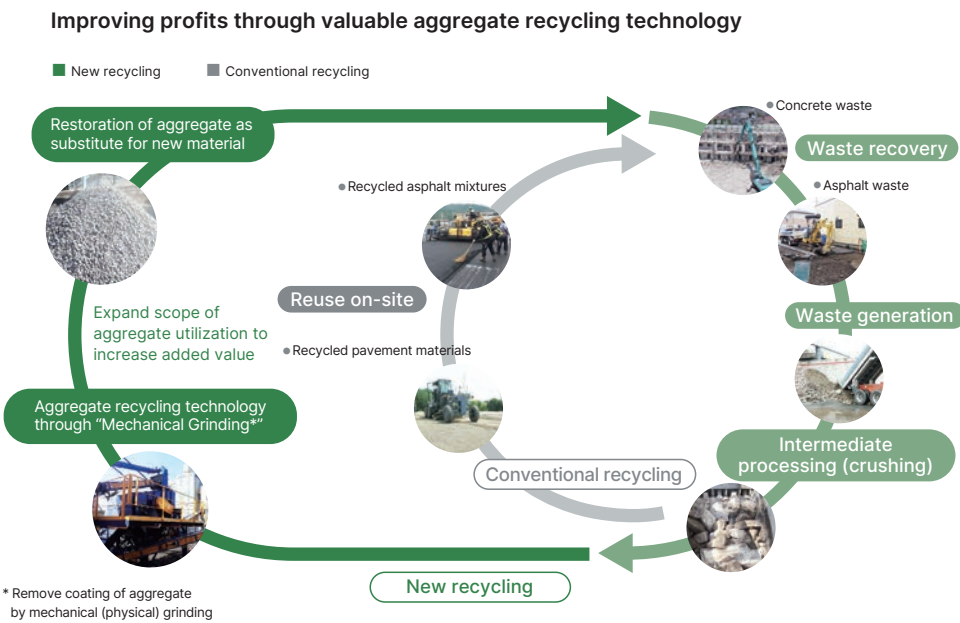
Mid-term Management Plan 2024 Strategy

While passing on price increases at the appropriate timing, we will further enrich our high value-added services including those that are environmentally-conscious such as manufacturing using waste cooking oil as fuel and manufacturing of products made from reused waste PET. In addition, we will work toward expanding our market share by proceeding with redistribution of our sales and manufacturing facilities for strengthened sales capabilities and enhanced operational efficiency.



Strengthening the recycling business to become another pillar of our business

In addition to conventional recycling involving the intermediate processing (crushing) of generated waste materials for reuses on worksites as recycled asphalt mixtures or recycled pavement materials, we will apply a new recycling technology known as "Mechanical Grinding" to ensure the effective utilization of waste materials that tend to be produced in a surplus as we aim for profit improvement.

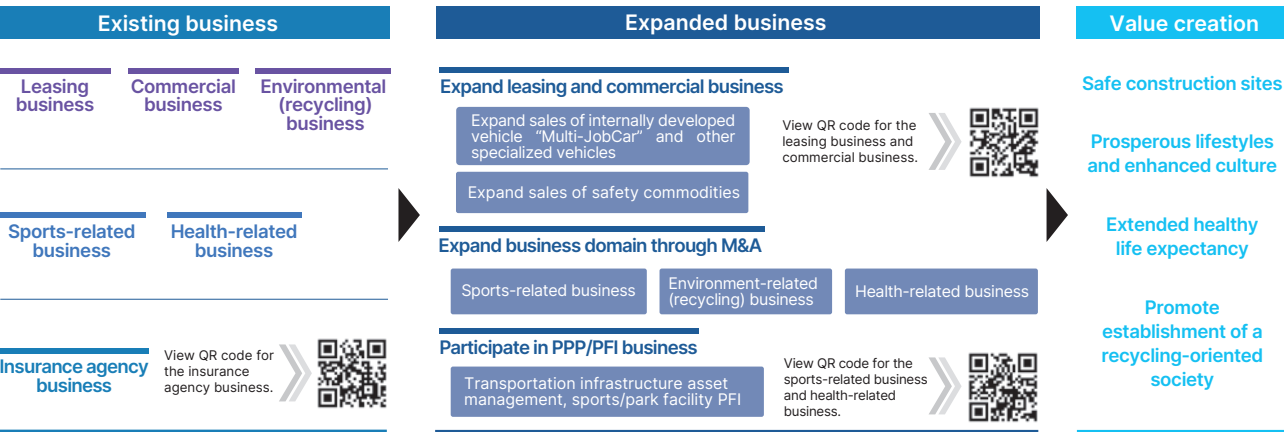


The former segment of "leasing business and others" was changed to "co-creation business," and in addition to expanding existing businesses, we will grow our business areas to include environment-related, sports-related, health-related, and other businesses. In PPP/PFI, we will station dedicated personnel in the headquarters while establishing a working group from FY2024 to survey and examine participation in park PFI business and concessions (roads and airports), including potential overseas projects.

We will aim for new value creation with multiple stakeholders and work toward business expansion.

Mid-term Management Plan 2024 Targets

Aim for gross profit of **2.0** billion yen, profit margin of **25%**



PICK UP

Environment-related business | Strengthening sales promotion for recycled wood-formed paving blocks "MOCREN"

On April 1, 2024, we invested in Resource Forest inc., which manufactures "MOCREN" recycled wood-formed paving blocks made from thinned wood and made it into a subsidiary. By strengthening sales promotion for "MOCREN", we will contribute to the transition to a decarbonized society and the effective use of forestry resources to accelerate the creation of environmentally-friendly neighborhoods.



From the left: Resource Forest: Senior Managing Director Tetsuaki Tada, Representative Director and President Daisuke Kumagawa; NIPPON ROAD: Representative Director and President Toshiyuki Ishii, Representative Director and Senior Managing Officer Masakazu Hyodo.

View QR code for more details on "MOCREN."

Sports-related business | Inheriting the business of a long-established tennis club

SPORTS MEDIA inc., the operator of the Group's sports-related business, inherited the business of the Morioka Royal Tennis Club in Morioka City, Iwate Prefecture, on July 1, 2024. This tennis club has stayed popular with the local people over the past 45 years, and will provide new health value to customers by adopting the fitness business and health promotion programs that SPORTS MEDIA inc. has cultivated through its experience in the operations of five facilities up to now.



Measures for improved corporate value

Message from General Manager of the Management Division

Promoting management with an awareness of equity cost and share price
Realizing sustainable growth through “satisfaction reform”

Representative Director and Senior Managing Officer
General Manager of the Management Division

Masakazu Hyodo



Measures for improved corporate value

In the Mid-term Management Plan 2024, we will work to accommodate management with an awareness of equity cost and share price. Return on equity (ROE), while exceeding 8% in FY2019-2020, has remained in the 5-6% range since FY2021, reaching 5.1% in FY 2023. PBR has remained below 1x, and we recognize that we are not fully meeting market expectations at the current point in time.

In order to improve ROE and meet expectations, we must first increase profits. We aim to achieve the targets in the Mid-term Management Plan 2024 for operating profit of 10.0 billion yen in FY2026 and 13.0 billion yen in FY2029, increased ROE, and PBR above the level of 1x. At the same time, our policy is to further enhance shareholder returns and increase dividend amounts based on financial results.

Approximately 28.0 billion yen of operating cash flows for FY2024-2026 will be allocated to capital investment, M&A investment, and dividends. In terms of capital investment, we plan to primarily make capital investments in the material sales business to reduce CO₂ emissions at asphalt plants, investments for new facilities in the recycling business, and R&D expenses for environmental value creation. M&A investments are particularly important. The target for operating profit of 13.0 billion yen in FY2029 will be difficult to achieve through the extension of our current businesses, and we must seek rapid growth through M&A. The key to achieving this goal will be to steadily implement M&A investment to the planned figure of approximately 5.0 billion yen.

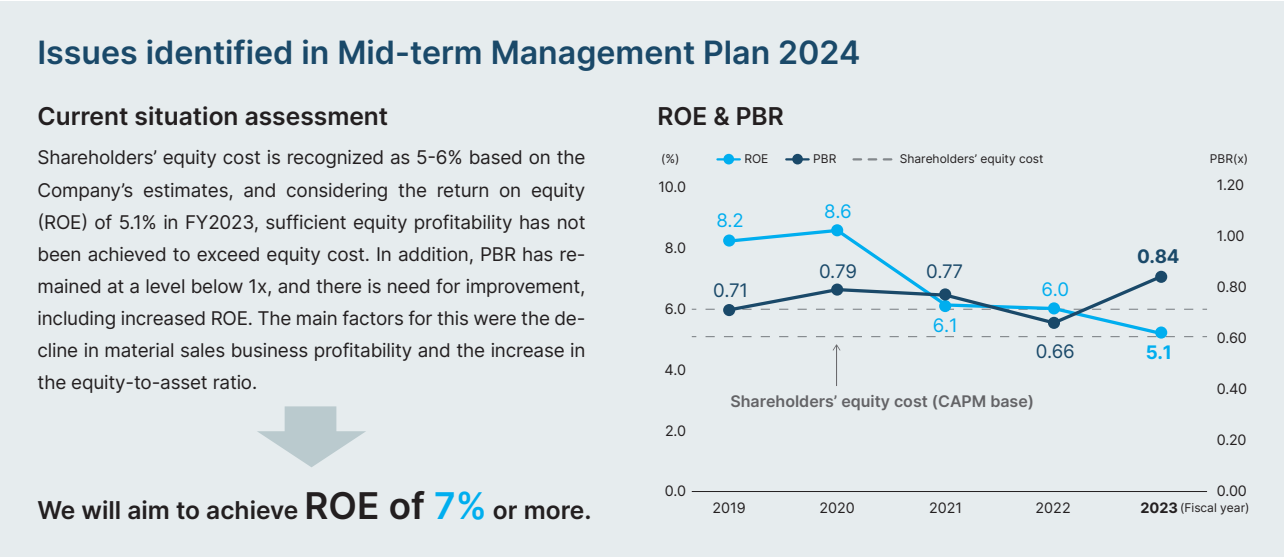
Become a company where all employees can find job satisfaction

In the prior Mid-term Management Plan, we implemented “workstyle reform” and achieved a certain level of results. Retaining this initiative as a starting point, we will work on “satisfaction reform” in the new Mid-term Management Plan. First, we will introduce a new personnel system in April 2025 to expand opportunities for the active participation of employees hired at branches, senior employees, and female employees in addition to implementing measures to improve employee benefits. Seeing as the construction industry has historically been a male-dominated industry, on behalf of DE&I, the first step from the perspective of diversity is to make sure that more women have the option to participate in decision-making. Since there are very few females in management positions, we must systematically increase this demographic. At the same time, we will also promote use of the child care leave system by male employees. In addition, we will focus on maintaining operational environments through developing business locations and promoting DX to create employee-friendly working environments for all employees.

Securing human resources is vital for continuing to implement the Group's growth strategy for the future. In addition to securing human resources through active human capital investment such as employee education utilizing Tsuchiura Techno BASE, which began operations in April 2024, we are committed to increasing employee engagement through “satisfaction reform” as we push toward achieving sustainable growth.

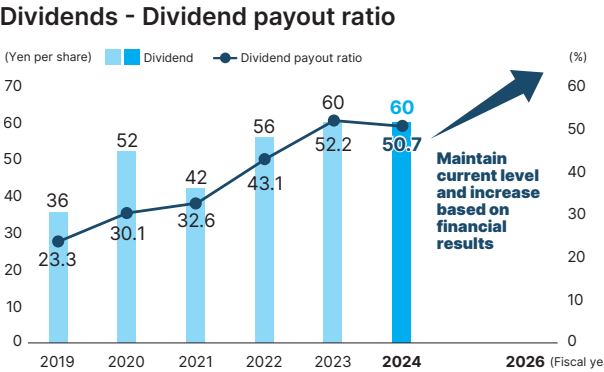
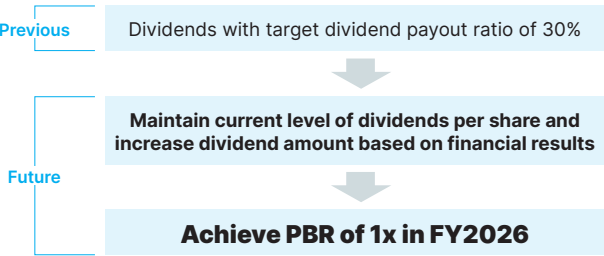
Realizing management with an awareness of equity cost and share price

In the Mid-term Management Plan 2024, the NIPPON ROAD Group promotes management that emphasizes equity cost and share price, aiming to further strengthen earnings power. Here, we will introduce our management targets and measures for this Mid-term Management Plan based on the current issues.



Enhance shareholder returns

In order to maintain stable dividends and provide appropriate shareholders returns, we have a policy of maintaining the current level of dividends per share and increasing dividend amounts based on financial results. We have set a target to achieve PBR of 1x in FY2026 by steadily implementing the business strategy stated in this Mid-term Management Plan, including expanding direct orders and business expansion through M&A in the construction business, strengthening the recycling business in the material sales business, and developing new areas in the co-creation business, to improve profitability.



*The Company conducted a share split at a rate of five shares per share of common shares with October 1, 2023 as the effective date. The amount of dividends prior to FY2022 are calculated based on the number of shares after the share split.

Strengthen IR activities

We will enhance management transparency by strengthening and expanding information disclosure and promoting communication with shareholders and investors. In addition to increasing the frequency of financial results briefings from once per year to twice per year from the fiscal year ending March 31, 2025, we will disclose information in English that is expected to significantly impact investment decisions and actively send information to our overseas investors.

■ Increase frequency of financial results briefings (1x per year ⇒ 2x)

■ IR meetings

	2019	2020	2021	2022	2023
Meetings (times)	9	8	12	20	26
Participants (people)	9	8	13	28	34

■ Report on results and feedback for IR meetings at the Board of Directors

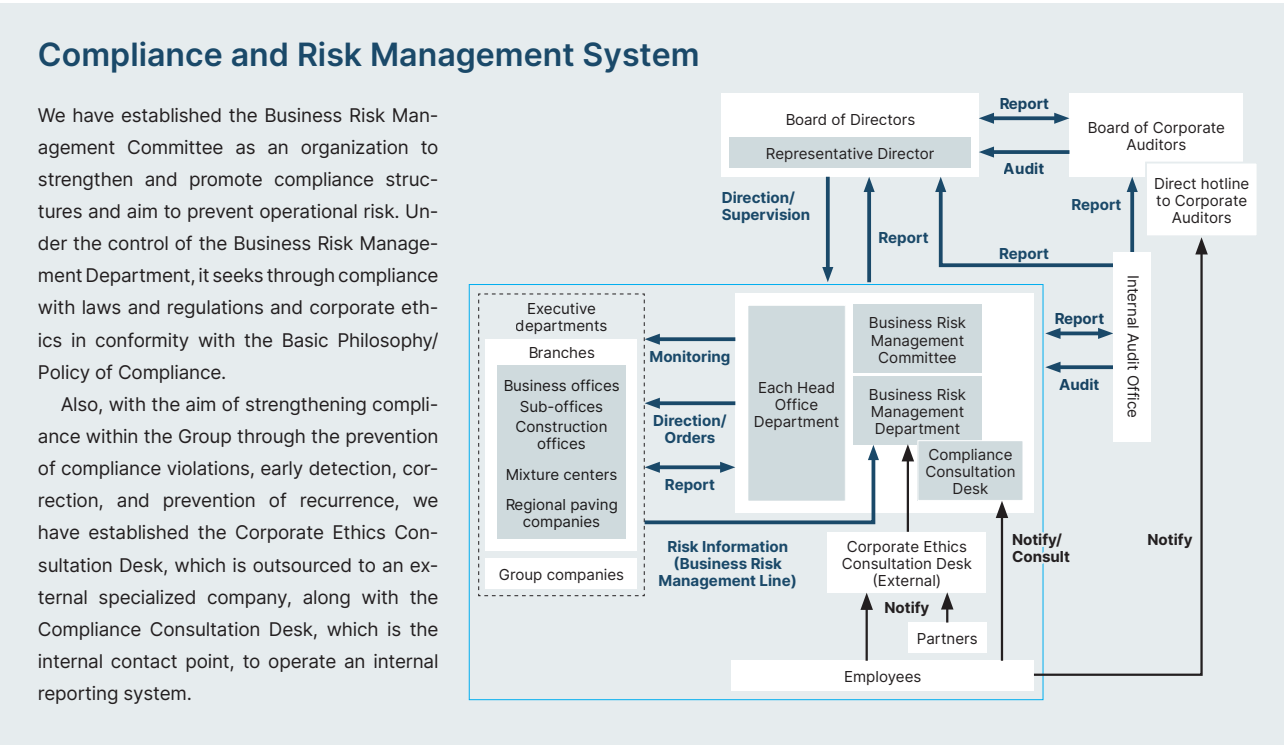
	2019	2020	2021	2022	2023
Reports/discussions (times)	0	0	6	12	12

■ Strengthen information disclosure in English

- Financial results report (from the fiscal year ended March 31, 2022)
- Financial results briefing materials (from the fiscal year ended March 31, 2023)
- Notice of general shareholders meeting (from FY2022)
- Integrated report (from FY2022)
- Mid-term Management Plan (for FY2024-2026)

Ensuring thorough compliance (compliance with laws and regulations, etc.)

Each officer and employee of the NIPPON ROAD Group maintains a deep recognition that legal compliance is an absolute requirement for all business activities, and conduct themselves with a strong awareness of not violating social norms, public order, and standards of decency. As a continuing issue from Mid-Term Management Plan 2019, we will maintain our risk management system and continue education to further deepen compliance awareness to ensure the unwavering implementation of internal control.



Continue compliance activities in collaboration with Shimizu Corporation

As a member of the Shimizu Group, the Company strives to instill the ethos of Shimizu Corporation's corporate creed, "The Analects and the Abacus," and engage in compliance activities in collaboration with Shimizu Corporation, which include participation in the "Human Rights Awareness Leader Training" held by Shimizu Corporation, cooperation in legal audits, and e-learning courses, etc. arranged for the Shimizu Group's officers and employees.

Moving forward, we will continue to implement activities to raise compliance awareness.



Strengthening compliance awareness
Measures to prevent past violations from becoming forgotten

In July 2019, the Company received an Order for Payment of Surcharge from the Japan Fair Trade Commission due to violations of the Antimonopoly Act related to the sale prices of asphalt mixtures. In order to ensure that the lessons from this incident are not forgotten and are utilized in the future, we continue to take various measures.

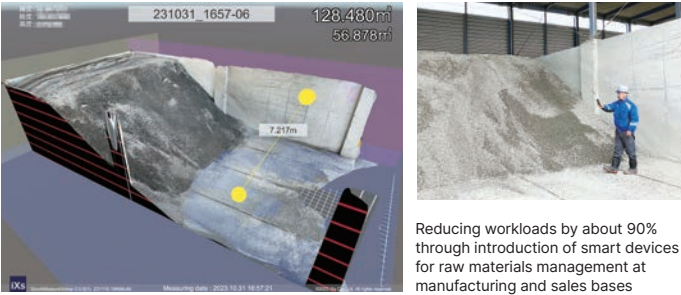
Measures	Content
Compliance Day	We designated July 30 every year as Compliance Day starting from 2020 and have been conducting groupwide training sessions. ＜Session themes＞ FY2024: "Corporate culture and organizational issues that enable misconduct" FY2023: "Overtime limits in the construction industry," "About human rights" FY2022: "Training on the Antimonopoly Act (Unreasonable Restraint of Trade): Looking back on past incidents"
Compliance training sessions	Study sessions are conducted once per month at each business office using the "Business Risk News" issued by the Business Risk Management Department.
Training for new hires	Compliance training is conducted for new employees during introductory training and for mid-career hires on a regular basis to share information on incidents that have occurred in the past.

Shifting from workstyle reform to satisfaction reform / Promoting DE&I

In the Mid-term Management Plan 2019, with consideration for the overtime work cap regulations introduced in April 2024, we have focused on "workstyle reform" such as reducing overtime hours and providing time off. In the future, we will continue to promote "satisfaction reform" with the target of helping all employees feel a sense of satisfaction toward their jobs and lead healthy and enriched lifestyles while aiming to become a company that respects diversity and enables each employee to maximize their individual abilities.

Enhanced efficiency in operations by promoting DX

From FY2024, we will establish a working group within the headquarters to consider AI utilization and its potential for effective use in our operations, and formulate information security policies and ethics regulations. In addition, through collaboration with other companies, we will develop and proliferate machines and tools that contribute to operational efficiency and labor saving.



Conducting employee education to increase engagement

Tsuchiura Techno BASE, opened in April 2024, is a multipurpose complex that integrates a training facility, Technical Research Laboratory, and Machine Center that offers on-site training and first-hand experience with special construction methods in addition to featuring a test yard for the development of new technologies. In the future, we will use this facility as a base for the education of the Group, including annual training and training for employees of group companies and subcontractors on the behalf of inspiring job satisfaction and professional pride.

*Refer to pages 44 through 45 for more details on Tsuchiura Techno BASE.



Personnel system reform emphasizing fairness

In the personnel system reform that began from FY2022, we are making progress in considering the themes of extending the retirement age, revising benefits for employees hired at branches, and promoting the active participation of women. We aim to create workplaces where employees can find job satisfaction by implementing measures to ensure fairness in benefits and improve motivation for senior employees.

Promoting health management*

We support the promotion of health for our employees and their families with the aim of providing workplaces where each employee can work happily and energetically. In addition to conducting stress checks companywide as an opportunity to prevent mental health issues and improve lifestyle habits, we will administer surveys and develop health measures that are easily accessible to employees who are the main subjects for health management.

Health management is a registered trademark of Nonprofit Organization Kenkoikei.

Respect for diversity

In order to generate ideas from a plethora of different perspectives and promote issue resolution and innovation, diversity of human resources is essential. Based on the NIPPON ROAD Group Basic Human Rights Policy formulated in 2022, we will endeavor to guarantee occupational health and safety, prevent harassment, and ensure fair treatment.

In addition, based on our DE&I Standards of Conduct which include "continuing to secure and develop human resources while respecting diverse attributes and providing fair opportunities for active participation," we will strive to create employee-friendly workplaces for everyone.

<p>Promoting females to management positions</p> <p>FY2026</p> <p>➔ Double the number of females in management positions by the end of March 2024</p> <p>(including those promoted within the fiscal year)</p>	<p>Promoting employment of people with disabilities</p> <p>Employment rate as of the end of March 2024 2.8%</p> <p>➔ Stabilize employment rate to 3.0%</p> <p>(current legally mandated rate 2.5%)</p>	<p>Establishment of an employment environment that contributes to balancing work and family lives</p> <p>Improvement of usage rate of child care leave for male employees</p>
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Growth strategy for approaching key issues

Message from General Manager of the Corporate Promotion Division

Medium-Term Management Plan 2024 as a major challenge for NIPPON ROAD Group's future

Director and Managing Officer
General Manager of the Corporate Promotion Division

Toshihiko Kasai



Boldly taking on challenges in new areas

Mid-term Management Plan 2024 has been designed as a three-year plan in order to flexibly respond to changes in the business environment surrounding the Group for celebrating the 100th anniversary of our founding in 2029 and seeking further development in the future. We have defined reaching operating profit of 13.0 billion yen as our target to be achieved in FY2029, and as a period of strengthening our foundation for growth toward that target, we have set a non-cumulative and challenging target for operating profit of 10.0 billion yen in FY2026. This feat is not possible to achieve simply by improving profitability in existing areas, and requires us to boldly take on challenges in new businesses and areas.

One example of taking on challenges in new areas is the “co-creation business.” Progressing beyond the former leasing business and others, we will promote co-creation to develop new businesses together with multiple stakeholders, and in particular, we will focus on expanding our business areas through M&A. Most recently, in addition to making a company that manufactures and sells paving blocks utilizing thinned wood into a subsidiary to expand the environment-related (recycling) business, SPORTS MEDIA inc., a group company of the Company, inherited the business of a tennis club in Morioka City to expand the sports-related business (refer to page 35). In addition, we will actively engage in M&A to create and expand into new business areas in the health-related business, which contributes to health maintenance in an aging society with projects such as swimming schools, etc.

In addition, we have positioned PPP/PFI business such as transportation infrastructure asset management and sports/park facilities as new areas of growth, and are establishing systems to take on these challenges.

Further creation of Group synergies

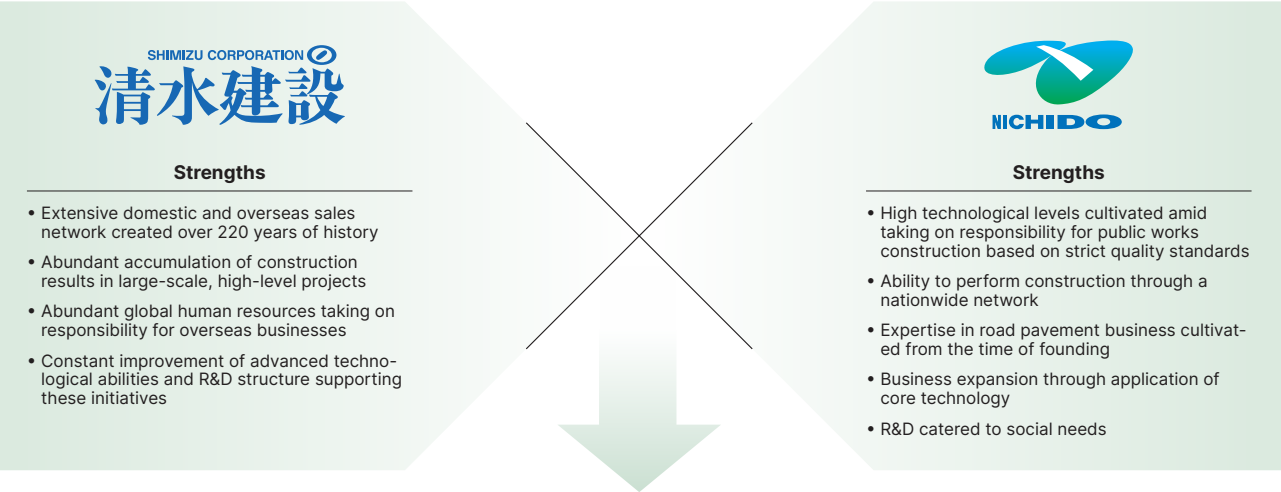
In Mid-term Management Plan 2024, we will seek to create further synergies with the Shimizu Group. In addition to aiming to increase orders for private sector construction by incorporating Shimizu Group's expertise in building construction and private sales, we will promote co-creation in a wide range of areas, including R&D, personnel exchanges, and improving the level of governance. The Corporate Promotion Division will continue to plan and manage various measures to maximize synergy between the Shimizu Group and the NIPPON ROAD Group, as well as expedite M&A and alliance initiatives, etc., with a sense of urgency.

At the same time, as the trend of local production and consumption progresses, we aim to increase orders for pavement construction nationwide through NIPPON ROAD Group's regional paving companies. As NIPPON ROAD itself focuses on construction projects in new areas including those surrounding the field of pavement construction, the regional paving companies will mainly focus on efficient pavement construction and contribute to regional society with speedy responses leveraging their maneuverability. Currently, 34 regional paving companies are operating across Japan, and we aim to further expand our business scale through the use of M&A moving forward.

Mid-term Management Plan 2024 is a major challenge for NIPPON ROAD's future. The soil has been tilled for maintaining a positive attitude toward taking on challenges in new areas and businesses. The Group will work as one to achieve our targets and aim toward development for the next generation.

Synergies under the Shimizu Group

NIPPON ROAD Group became a consolidated subsidiary of Shimizu Corporation on March 29, 2022, and has become a member of the Shimizu Group. It will continue to pass on NIPPON ROAD's DNA as a company known for its technology, a reputation cultivated since its foundation, while further strengthening cooperation with the Shimizu Group through sharing information and personnel exchanges. By effectively utilizing the resources available to each company, we will summon the full potential of the Shimizu Group, expanding our business areas and improving profitability. We are making steady progress on co-creation in a broad range of sectors, including creating new technologies, exchanging personnel, and improving the level of governance, starting with orders of joint ventures in civil engineering.



Maximize leveraging of network, technological abilities, R&D capabilities, and resources to strengthen business competitiveness

SYNERGY 1

Strengthen alliances
(joint ventures in civil engineering and increased private-sector orders)

We will aim to expand business domains of both companies through engaging in joint ventures with Shimizu Corporation for large-scale civil engineering construction projects and overseas civil engineering projects, including NEXCO floor slab replacement construction and span repair construction, and development construction. In addition, we will utilize Shimizu Corporation's private sales network to strengthen sales to private sector clients in aiming to acquire high-quality direct orders.

Order for MUFG PARK landscaping construction (Nishitokyo-shi, Tokyo) resulting from introduction by Shimizu Corporation

Exhibiting with Shimizu Corporation at Green Infrastructure Industry Exhibition 2024

SYNERGY 3

Enrich business foundation
(strengthen governance structure)

We have adopted Shimizu Corporation's corporate creed, “The Analects and the Abacus,” into the management of the Group, and will realize “harmony between morality and economy” as advocated by Eiichi Shibusawa, the father of Japanese capitalism who built the foundations of the nation's economy. From the perspective of protecting the interests of minority shareholders, we will continue the activities of the Special Committee moving forward (refer to page 49).

SYNERGY 2

Utilize resource
(R&D/DX response × human resource development/exchange)

We will effectively utilize existing technologies held by both companies in sectors with possibilities to lead to joint development of new technologies, etc. Through personnel exchanges and cooperation between the Technical Research Laboratory, machinery departments, and management departments, we will work to improve quality and services, create added value, and improve job satisfaction as stated in Mid-term Management Plan 2024.

Examples of collaboration

Commercialization of environmentally-friendly asphalt composite “Biochar Ascon”

In August 2024, the Company commercialized “Biochar Ascon”, a product jointly developed with Shimizu Corporation. This product is an asphalt composite where part of grit mixed with the asphalt material is substituted with biochar, which retains the same applicability and quality as standard asphalt composites while enabling the reduction of CO₂ emissions based on the amount of biochar added. This technology was developed by combining Shimizu Corporation's expertise in mixing biochar with building materials as cultivated in the concrete sector with the Company's own asphalt mixture manufacturing technology. Going forward, the Company will be responsible for the manufacturing and sales of “Biochar Ascon”, and while promoting proposal activities for its adoption in road pavement projects, the Shimizu Group will contribute to the realization of a carbon-neutral society.

Examples of “Biochar Ascon” construction (in Tsuchiura Techno BASE)

*The result of carbonizing organic matter of biological origin (biomass). Carbon found in the raw materials for biochar, such as wood, bamboo, sawdust, and livestock waste, would otherwise be broken down by microbial activity and released into the atmosphere as CO₂ if left untreated. However, by carbonizing materials like wood and bamboo, it is possible to capture this carbon (carbon sequester) and reduce its release into the atmosphere.

Investment plan

In order to establish stable management foundations, we will make active investment in developing areas while steadfastly continuing to implement measures for reducing environmental burden. In addition, we will actively take on challenges in M&A and strive to expand into new business areas.

Business investment
(capital expenditures)

Plan: 13.5 billion yen (3 years)

We will focus on environmental measures and the recycling business and aim to enhance corporate value and profitability. In addition, we will continue to promote the development of new technologies, the improvement of workplace environments, and increased operational efficiency.

Construction business investment

Plan: 1.5 billion yen (3 years)

We will make investments in the development of new technologies and construction methods that contribute to carbon neutrality and a circular economy, extend the lifespan of pavement, etc., and work in cooperation with university laboratories and other companies to promote these initiatives. In addition, we will focus on improving productivity through drone surveys and automated driving for asphalt finishers as well as introducing safety measures and environmental measures machinery.

Material sales business base maintenance investment

Plan: 7.0 billion yen (3 years)

In addition to the installation of environmental burden reduction devices for preventing environmental pollution around asphalt plants and reducing CO₂ emissions generated in the asphalt mixture manufacturing process, and the renovation of deteriorating plants, which we have provided in the past, our plan also includes expenses for the installation of recycling business-related equipment.

Sales base environmental maintenance investment

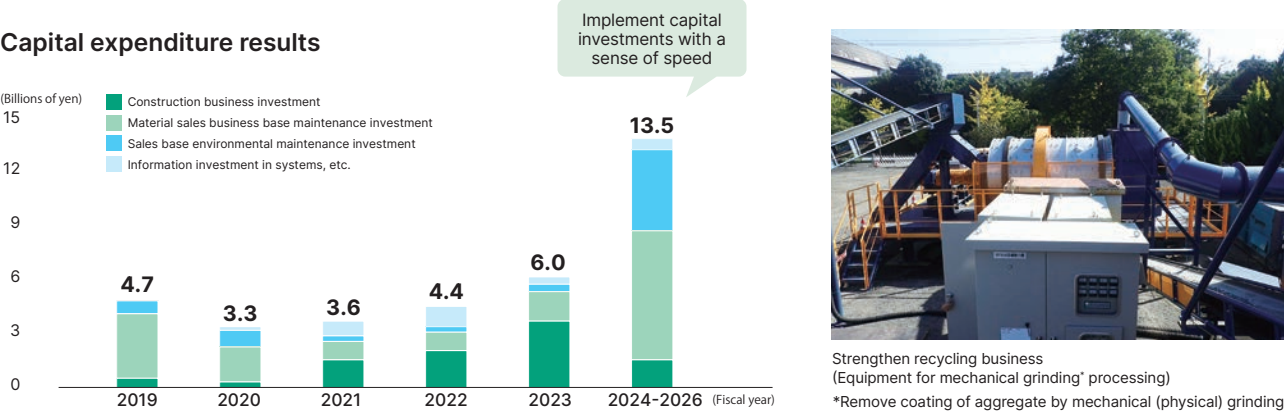
Plan: 4.4 billion yen (3 years)

During the five-year period of Mid-term Management Plan 2019, we completed the rebuilding of two branches in Shikoku and Kyushu as well as business offices in five locations. In the new Mid-term Management Plan, we will continue to create employee-friendly workplaces as “A company that cares for its employees.”

Information investment in systems, etc.

Plan: 0.6 billion yen (3 years)

In an effort to review and streamline management operations, we have updated our core system and commenced full operation in our domestic businesses in October 2023. In the future, we will continue to improve operability, update each function, promote operation in overseas businesses, and improve operational efficiency through AI utilization.



M&A investment

Plan: 5.0 billion yen (3 years)

In addition to strengthening the construction business that we have promoted up to this point, and in particular, regional paving companies, we are aiming for business expansion to include other industries outside of pavement. Furthermore, in the material sales business, we will promote engagement in collaboration with other companies and regional paving companies and establishment of a presence in new businesses as pillars of growth.

Construction business

In order for the overall Group to respond to the trend of local production and consumption in construction, we will strengthen regionally-focused management centered around pavement construction by regional paving companies. In addition, we will consider other industries outside of pavement as potential fields for M&A in aiming to expand the scale of existing areas.

Material sales business

In response to the nationwide decline in the manufactured volume of asphalt mixtures, we will formulate area strategies that consider the needs of each area and examine the potential for cooperation with other companies and regional paving companies. In addition, we will consider the use of M&A in seeking to expand the recycling business.

Co-creation business

As areas where we can leverage our development capabilities and approach to sales promotion cultivated in the construction business and material sales business, in addition to the expertise of our group companies in the operation of sports facilities, we will promote M&A in environment-related, health-related, and sports-related areas.

Growth investment

From a long-term perspective, we will implement investments for sustainable development focusing on improving employee engagement and organizational engagement, strengthening the pride of the Company in our technological abilities and reducing environmental burden.

Human capital investment

Plan: 2.9 billion yen (3 years)

In investing in the “human resources” that are essential for the growth of the NIPPON ROAD Group, we will enable each employee to maximize their individual abilities and improve the performance of the overall organization. Starting with personnel system reform, we will continue to implement efforts that improve benefits to provide greater motivation, considering any expenses involved in enhancing the health of our employees as “investments” instead of “costs.”

Plans for Mid-term Management Plan 2024 (FY2024-2026)

- Personnel system reform (extending the retirement age, revision of benefits for employees hired at branches, promoting the active participation of women)
- Enrich employee education (qualification acquisition support, utilization of Tsuchiura Techno BASE)
- Environmental maintenance (base maintenance)
- Promoting DX (application of AI, IoT, AR, VR, etc.)
- Promoting DE&I, satisfaction reform (health management, support for balancing work and family lives)



Technology development investment

Plan: 2.3 billion yen (3 years)

The medium to long term technology development plan “Nichido Mirai Tech-Plan 2050” was formulated in 2022 in facing the target year of the SDGs in 2030 and shifting toward 2050. In addition to technology that contributes to resolving environmental issues such as achieving carbon neutrality and resource recycling, etc., the Group will invest in R&D that appropriately responds to a wide range of needs, such as ICT and IoT technologies, survey and analysis technologies in response to a significant stock of pavement, technology in response to mobility innovations, construction safety technology, and enrichment of durability-enhancing pavement technologies that contribute to reducing life cycle costs.

With Tsuchiura Techno BASE, opened in April 2024, as a base and centered around the Technical Research Laboratory that was moved to this facility, we will actively engage in joint R&D projects with public organizations such as the National Research and Development Agency Public Works Research Institute, private corporations, universities, and other educational institutions.

Themes for Mid-term Management Plan 2024 (FY2024-2026)

- Develop environmentally-conscious binders as replacements for asphalt
- Develop paving technology that facilitates smart mobility
- Develop warm asphalt mixture
- R&D for practical application of solar power generation pavement, etc.



View QR code for more details on “Nichido Mirai Tech-Plan 2050.”



Environment-related investment

Plan: 7.0 billion yen (3 years)

We will implement flexible investments in line with the policies of the Group's environmental vision “Nichido Blue & Green Vision 2050.” In order to halve our carbon emissions by 2030 and achieve carbon neutrality by 2050 as stated in our environmental vision, we will focus on reducing emissions in the material sales business, which generates 80% or more the Group's emissions, and formulate a roadmap for reducing emissions in the construction business (construction sites) and business locations (offices) as well. In addition, we will contribute to the establishment of a recycling-oriented society by investing in the utilization of waste materials such as waste PET bottles, waste PET fishing nets, and thinned wood in pavement materials.

Hybrid heavy machinery utilized on-site

View QR code for more details on “Nichido Blue & Green Vision 2050.”

View QR code for more details on the roadmap for achieving carbon neutrality by 2050.

Hokuso Sales Office acquired “Nearly ZEB” certification on rebuilding in 2023

Growth investment for the future

Linking employees, customers, and regions

Tsuchiura Techno BASE

On April 1, 2024, we commenced operations of the multipurpose complex Tsuchiura Techno BASE constructed in Tsuchiura, Ibaraki Prefecture as part of the 100th anniversary project. Aiming to realize the perpetual improvement of the idea of “NIPPON ROAD as a company known for its technology,” we will use this facility as a base for value co-creation with multiple stakeholders.

Address 1-4-1 Otsuno, Tsuchiura-shi, Ibaraki
Access Approx. 15-minute drive from
JR Tsuchiura Station or Joban Expressway
Tsuchiura Kita IC

Dormitory wing
(Cafeteria, accommodations)

Research and training wing
(Technical Research Laboratory, training facility, office, showroom, etc.)



Photo: Kawasumi • Kobayashi Kenji Photograph Office

Next-generation facilities for value co-creation with multiple stakeholders

1 Technical Research Laboratory for creating new technologies

We moved the Technical Research Laboratory that had been located in Ota-ku, Tokyo, since 1958. In Tsuchiura, which is next to Tsukuba Science City, we will develop technologies for the next generation that contribute to the establishment of a recycling-oriented society in fields such as carbon neutrality and pavement lifespan extensions.



Laboratory

2 Machine Center for supporting advanced technology

We operate and maintain the Company's own special construction machinery and change machine specifications to fit the required application on each worksite. We are dedicated to providing support for worksites in terms of improving work efficiency and guaranteeing safety.



Heavy machinery yard

3 Training facility to acquire the latest technology and methods

At the training facility, which includes a dormitory wing for long-term stays and has six meeting rooms, we will develop our human resources who serve as a valuable asset to the Group.

*Refer to page 39 for training.



4 Introducing environmentally-conscious facilities

The research and training wing uses solar power generation and geothermal heat pumps, which has earned it the highest rating of five stars based on the Building-Housing Energy-efficiency Labeling System (BELS) in addition to “ZEB” certification, and has rapid charging stations for electric vehicles (EV) installed that are available for use by guests as well.



BELS certificate plate received from evaluation body

5 Outdoor area for walks and actual experiences

Inside the facility, floors feature a wide variety of special pavements such as “Kaiteki Hoso” comfortable foot path pavement that is easy on the feet and backs of runners and walkers, “MOCREN” recycled wood-formed paving blocks, and solar power generation pavement on road surfaces, all of which guests can actually experience by walking on them with their own feet.



Solar power generation pavement

6 Showrooms that stimulate co-creation with customers

The history and technology of the NIPPON ROAD Group's road creation and neighborhood creation are introduced in an easily-understandable way through exhibits featuring panels, models, test products, etc. We venture into the unknown path by inspiring collaboration with visiting customers.



1st floor showroom



2nd floor exhibition space

TOPICS

An opportunity for the Mayor of Tsuchiura City to experience the Company's technology

Prior to operations beginning, an opening ceremony was held on March 9, 2024, attended by the Mayor of Tsuchiura City Mariko Ando, who was given a tour of the inside of the facility and the outdoor area. Mayor Ando voiced her high hopes for the facility, stating, “It is my pleasure to witness the spectacular human resources responsible for the future of the road industry spreading their wings to fly across the nation from Tsuchiura City.”



Mayor of Tsuchiura City Mariko Ando (middle) walking on “Kaiteki Hoso” in the outdoor area

List of Directors and Corporate Auditors

Directors



Representative Director
President

Toshiyuki Ishii

Years in office: 8 years
■ 14/14 times
□ -
◆ 4/4 times
◇ -
● -

Reasons for appointment

Since joining the Company, he has been involved in the Company's construction business, and possesses abundant experience and highly specialized knowledge gained through his experience on work sites. He was promoted to director and executive officer in 2016, and then to Representative Director in 2021, and has since fulfilled his responsibilities with leadership and determination that he has exercised with the goal of improving the Group's corporate value.



Representative Director
Senior Managing Officer

Masakazu Hyodo

Years in office: 1 year
■ 11/11 times
□ -
◆ 2/2 times
◇ -
● -

Reasons for appointment

While working at Shimizu Corporation, he worked as the Manager of the Finance Department and the Executive Officer in charge of Finance & Accounting, among other positions, and possesses broad experience and an abundance of specialized knowledge in the construction industry. He was promoted to Representative Director and Senior Managing Officer of the Company in 2023 and has been contributing to efforts to continuously improve the Group's corporate value.



Director
Senior Managing Officer

Kaoru Ito

Years in office: 5 years
■ 14/14 times
□ -
◆ -
◇ -
● -

Reasons for appointment

Since joining the Company, he has been involved in the Company's construction business, and possesses abundant experience and highly specialized knowledge gained through his experience on work sites. He was promoted to executive officer in 2017, and thereafter supervised the Business Department as the General Manager of the Business Division, was promoted to director and managing officer in 2019, was promoted to director and Senior Managing Officer in 2022, and has been contributing to efforts to continuously improve the Group's corporate value.



Director
Managing Officer

Toshihiko Kasai

Years in office: 3 years
■ 14/14 times
□ -
◆ -
◇ -
● -

Reasons for appointment

He has served as the Deputy Manager of the Accounting Department and the Manager of the Corporate Planning Department of the Company, as well as the president of the Group's subsidiary, ND Leasing System Co., Ltd., thus granting him significant experience and expertise regarding finances, accounting, and management. He was promoted to executive officer in 2020, director and executive officer in 2021, then to director and managing officer in 2023, and has contributed to the continuous improvement of the Group's corporate value.



Director
Managing Officer

Takeshi Takasugi

Years in office: 1 year
■ 11/11 times
□ -
◆ -
◇ -
● -

Reasons for appointment

Since joining the Company, he has been involved in the Company's construction business, and possesses abundant experience and highly specialized knowledge gained through his experience on work sites. He was promoted to executive officer in 2017, was promoted to managing officer in 2022 and supervised the Construction and the Manufacturing & Sales Departments as General Manager of the Production and Technical Division, was promoted to director and managing officer in 2023, and has contributed to the continuous improvement of the Group's corporate value.



Outside Director

Taku Matsumoto

Years in office: 5 years
■ 14/14 times
□ -
◆ 4/4 times
◇ 7/7 times
● 5/5 times

Reasons for appointment

With his expertise as an attorney, the broad experience his time as an attorney being involved in domestic and overseas corporate acquisitions and scandals has given him, and the fact that his high degree of independence makes him ideal for supervising management of the Company from a neutral and objective standpoint, he has been fulfilling his role in improving the transparency and supervisory functions of the Board of Directors.



Outside Director

Nozomu Morimura

Years in office: 2 years
■ 14/14 times
□ -
◆ 4/4 times
◇ 7/7 times
● 5/5 times

Reasons for appointment

With his substantive experience, achievements, and expertise as a manager of listed corporations, and the fact that his high degree of independence makes him ideal for supervising management of the Company from a neutral and objective standpoint, he has been fulfilling his role in improving the transparency and supervisory functions of the Board of Directors.



Outside Director

Fumiko Kosao

Years in office: 1 year
■ 11/11 times
□ -
◆ 1/2 times
◇ 5/5 times
● -

Reasons for appointment

With her substantive experience and highly specialized knowledge as a tax accountant, and the fact that her high degree of independence makes her ideal for supervising management of the Company from a neutral and objective standpoint, she has been fulfilling her role in improving the transparency and supervisory functions of the Board of Directors.

*1 Taku Matsumoto, Nozomu Morimura and Fumiko Kosao are Independent Outside Directors.

*2 The record of attendance for Masakazu Hyodo, Takeshi Takasugi and Fumiko Kosao indicates the number of meetings held after their appointment as Directors at the 118th Annual General Meeting of Shareholders held on June 23, 2023.

Record of Attendance at Meetings in FY2023

■ Board of Directors □ Board of Corporate Auditors ◆ Executive Appointment Committee ◇ Independent Outside Officers Meeting ● Special Committee

Corporate Auditors



Standing Corporate
Auditor

Yasunori Kusuda

Years in office: 3 years
■ 14/14 times
□ 15/15 times
◆ -
◇ -
● -

Reasons for appointment

He has abundant experience and advanced knowledge in finance, accounting, and management, having served as the President of ND Leasing System Co., Ltd., a subsidiary of the Company, and as the Manager of the Corporate Planning Department of the Company. He is also proficient in audit operations as the General Manager of the Internal Audit Office. He has been fulfilling his role in strengthening audit functions regarding the execution of duties by directors, leveraging his experience and knowledge.



Standing Corporate
Auditor

Kazutaka Sakuma

Years in office: New appointment
■ -
□ -
◆ -
◇ -
● -

Reasons for appointment

He has abundant operational experience and advanced knowledge in areas such as general affairs, compliance, and risk management. We have determined that he can fulfill his role in strengthening audit functions regarding the execution of duties by directors, leveraging his experience and knowledge.



Part-time Outside
Corporate Auditor

Yuichi Yamamori

Years in office: 3 years
■ 14/14 times
□ 15/15 times
◆ -
◇ -
● -

Reasons for appointment

He has been fulfilling his role in strengthening audit functions regarding the execution of duties by directors, leveraging his high degree of knowledge cultivated through his broad business experience at financial institutions, etc.



Part-time Outside
Corporate Auditor

Yohei Kishi

Years in office: New appointment
■ -
□ -
◆ -
◇ -
● -

Reasons for appointment

He, as a certified public accountant, has abundant experience and specialized knowledge. We have determined that he can appropriately audit all aspects of the execution of duties by directors, as well as the Company's finance and accounting, from a fair and neutral standpoint.



Part-time Outside
Corporate Auditor

Hiroshi Sekine

Years in office: New appointment
■ -
□ -
◆ -
◇ -
● -

Reasons for appointment

He, as a tax accountant, has abundant experience and specialized knowledge. We have determined that he can appropriately audit all aspects of the execution of duties by directors, as well as the Company's finance and taxation, from a fair and neutral standpoint.

*1 Yohei Kishi and Hiroshi Sekine are Independent Outside Corporate Auditors.

*2 Kazutaka Sakuma, Yohei Kishi and Hiroshi Sekine were newly appointed as corporate auditors at the 119th Annual General Meeting of Shareholders held on June 21, 2024.

Expertise possessed by directors

Name	Position at the Company	Areas of expertise expected by the Company							
		Corporate management and management strategy	Knowledge of the industry (technological and sales)	Global experience	DX and research and development	Finances and accounting	Legal matters, compliance, and risk management	Human resources, labor, and personnel development	Sustainability
Toshiyuki Ishii	Representative Director President	●	●	●	● (ICT)			●	●
Masakazu Hyodo	Representative Director Senior Managing Officer	●		●		●	●		●
Kaoru Ito	Director Senior Managing Officer		●	●				●	●
Toshihiko Kasai	Director Managing Officer				● (ICT・DX)	●			●
Takeshi Takasugi	Director Managing Officer		●		● (ICT)			●	●
Taku Matsumoto	Outside Director					●	●		
Nozomu Morimura	Outside Director	●		●			●		
Fumiko Kosao	Outside Director					●	●	●	

Corporate Governance

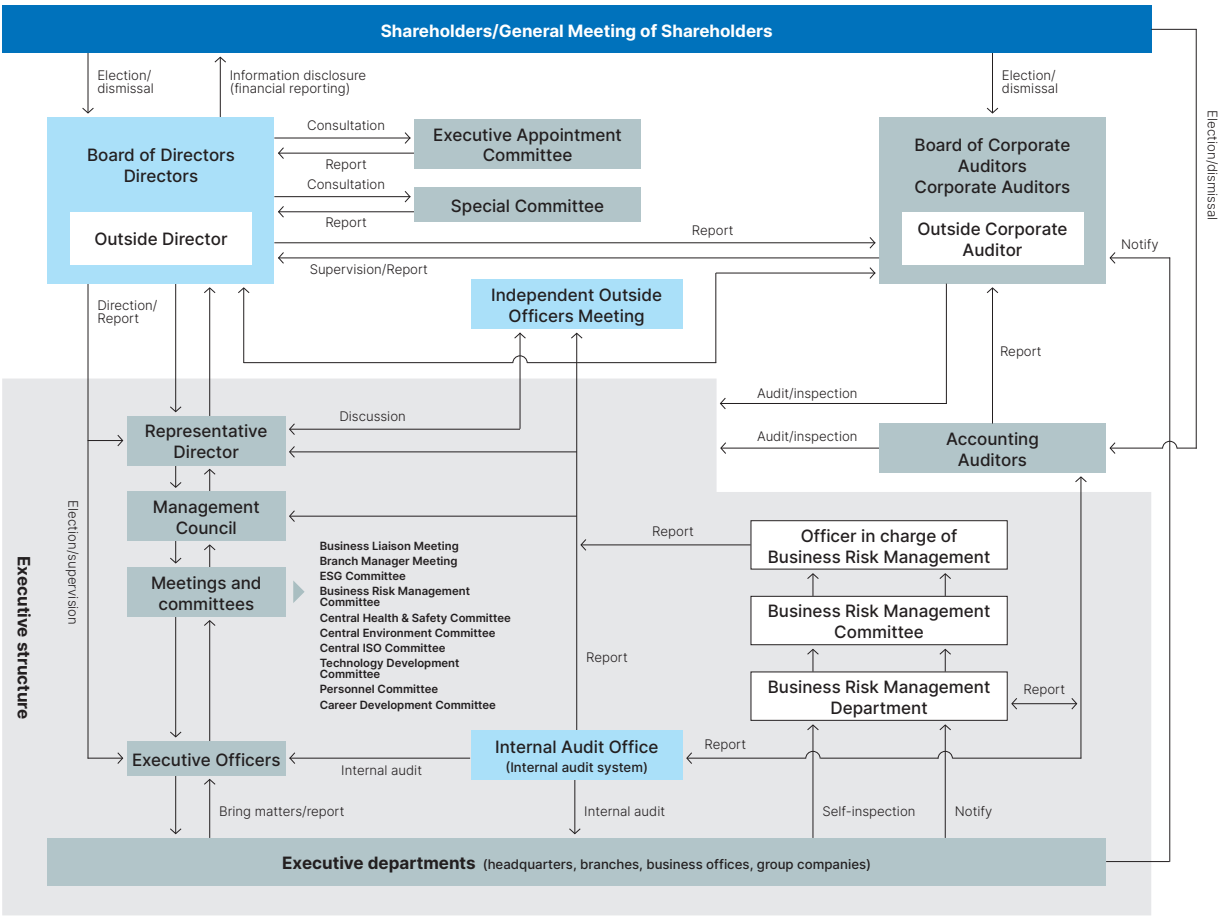
Based on the NIPPON ROAD Basic Policy of Corporate Governance, we secure the health, transparency, and efficiency of management. Additionally, from the perspective of protecting the interests of minority shareholders, we have established a Special Committee to deliberate and review the existence of significant transactions and conduct where the interests of controlling shareholders and minority shareholders may conflict. The Committee provides advice and recommendations to the Board of Directors, aiming to maintain our reputation as a company trusted by stakeholders.

Basic Views

The Company ensures the rights and equal treatment of our shareholders from the perspective of ensuring sound, transparent, and efficient management. In addition, the Company's basic policy on corporate governance is to prepare and establish internal systems that respect our relationships with stakeholders and ensure transparency through the timely disclosure of relevant information related to management as well as provide continuous supervision of management with structures such as the Board of Directors and the Board of Corporate Auditors.

Corporate Governance Structure

As of June 21, 2024



The Board of Directors has been entrusted by shareholders to promote efficient and effective corporate governance for all shareholders who seek to enhance their own interests through maximizing corporate value in the medium and long term, and to these ends, assumes responsibility for seeking sustainable growth for the Company and maximizing corporate value in the medium and long term in turn. In addition, Independent Outside Directors who present no risk of conflicts of interest with ordinary shareholders are appointed as one-third or more of the total number of Directors to enhance the objectivity and neutrality of the management supervisory function of the Board of Directors.

The Company has adopted the structure of a company with a board

of Corporate Auditors. The Board of Corporate Auditors consists of five Corporate Auditors, two of whom are Standing Inside Corporate Auditors well versed in corporate operations, and with at least one of the five Corporate Auditors possessing appropriate knowledge of finances, accounting, and legal matters. In addition to the Standing Inside Corporate Auditor, three Outside Corporate Auditors (including two Corporate Auditors who are designated as Independent Outside Officers) are appointed to establish a structure that enables the management supervisory function to be demonstrated to the fullest extent from an independent outside perspective that is objective and neutral while still maintaining an understanding of all corporate operations.

Key governance bodies established

Board of Directors

The Board of Directors is composed of eight Directors (five inside and three outside), and meetings are held once per month (extraordinary meetings are held as necessary). The Board of Directors determines the Company's business execution policies and resolves and approves matters specified by laws and regulations and other important matters. It also supervises the execution of Directors' duties. In particular, with regard to increasing activity in the Board of Directors, we promote the separation of responsibilities between business execution and overall management responsibilities, limiting the number of Directors responsible for making decisions, executing, and supervising important matters in company management, thus enhancing the health and efficiency of management. 14 meetings were held in FY2023.

Board of Corporate Auditors

The Board of Corporate Auditors is composed of five Corporate Auditors (two inside and three outside), with two Inside Corporate Auditors serving as standing Corporate Auditors. Among the Outside Corporate Auditors, two are designated as Independent Outside Corporate Auditors. The Corporate Auditors oversee the performance of Directors through attendance at important meetings, examination of meeting minutes and related documents, and investigations into the Company's business and asset conditions. They strive to maintain and enhance the Company's social credibility and contribute to business development.

Executive Appointment Committee

The Executive Appointment Committee has been established as an optional advisory committee of the Board of Directors, which includes Representative Directors (two people), Independent Outside Officers (five people), and external experts selected from outside the company. This Committee is responsible for matters related to the appointment of Directors, their compensation, and the selection and dismissal of the President and other members of the management team. Regarding the content of proposals for the appointment and dismissal of Directors at General Meetings of Shareholders, we receive advice from the Board of Directors before proposals are finalized and review the guidelines for Director compensation, providing recommendations to the Board of Directors.

Special Committee

The Special Committee is an advisory body to the Board of Directors consisting of three members selected from among Independent Outside Officers. It reviews and examines significant transactions and

actions involving our parent company, Shimizu Corporation, or its wholly-owned subsidiaries from the perspective of protecting the interests of minority shareholders as an advisory body to the Board of Directors, established in compliance with the Corporate Governance Code.

The Special Committee reviews and examines the following matters, and provides advice and recommendations to the Board of Directors.

1. Transfers of certain business divisions and adjustments between related businesses
2. Transactions that would be considered as involving conflict of interest under the Companies Act
3. Other important transactions and actions that may present conflicts of interest between Shimizu Corporation or its wholly-owned subsidiaries and minority shareholders of the Company

Specifically, as "direct transactions with Shimizu Corporation that the Special Committee deems to require review and examination from the perspective of protecting the interests of minority shareholders," the Committee reviews and examines orders from Shimizu Corporation and its subsidiaries as well as profit variations after orders are received based on certain criteria, and in addition, reviews and examines orders from the Company for company buildings and other projects.

Regular committee meetings are held once per quarter in principle, and extraordinary committee meetings are held as necessary. In FY2023, regular committee meetings were held four times and an extraordinary committee meeting was held one time, and as a result of the Committee's review and examination, it confirmed that the transactions considered subject were reasonable and provided recommendations to the Board of Directors.

Independent Outside Officers Meeting

Composed of Independent Outside Officers (five people), the Independent Outside Officers Meeting freely discusses matters related to the Company's business and corporate governance. The Chief Independent Outside Director, selected from among the Independent Outside Directors, leads the Independent Outside Officers Meeting and regularly engages in discussions with the Chair of the Board of Directors (President) regarding issues raised within the Committee. Additionally, we receive regular reports from the General Manager of the Internal Audit Department on the results of internal audits and points of concern related to risks within the company.

History of strengthening corporate governance

2003	<ul style="list-style-type: none">Introduced Executive Officer System	2015	<ul style="list-style-type: none">Formulated the NIPPON ROAD Basic Policy of Corporate Governance
2006	<ul style="list-style-type: none">Formulated the Internal Control System Basic PolicyEstablished the Internal Control Committee	2016	<ul style="list-style-type: none">Increased number of Outside Directors by one and appointed two Outside Directors
2014	<ul style="list-style-type: none">Appointed one Outside Director	2022	<ul style="list-style-type: none">Established Special Committee
		2023	<ul style="list-style-type: none">Increased number of Outside Directors (female) by one and appointed three Outside Directors

Duties of Independent Outside Directors

Based on their expertise, Independent Outside Directors continuously review and evaluate the Company's management performance and the execution status of the management team in light of the management strategies and plans determined by the Board of Directors. Their primary role is to assess the appropriateness of entrusting the Company's management to the current management team from the per-

spective of the collective interests of shareholders, and express their opinions on this matter. The Company has established a structure for Independent Outside Directors to enhance the quality of discussions and the effectiveness of management decisions at Board of Directors meetings, thereby improving the supervisory function for business execution by the Board of Directors.

Support for outside officers

Prior to Board of Directors meetings, preliminary briefings are held on matters to be brought to the attention of the Board of Directors, and information that contributes to enhancing reviews is shared. In addition, we engage in initiatives to deepen understanding of the Company through tours of the Company's business offices, workplaces, and asphalt plants.



Tour of under construction Tsuchiura Techno BASE by outside officers (conducted in December 2023)

Effectiveness evaluation for the Board of Directors

The effectiveness evaluation of the Board of Directors at the Company involves conducting surveys for the Directors and Corporate Auditors for which the aggregation and analysis is outsourced to a third-party organization in order to ensure anonymity. The Board of Directors engages in discussion (self-evaluation) based on that analysis. An overview of evaluation methods and evaluation results in FY2023 is as follows.

Evaluation process	① Scope of survey period: April 2023 to March 2024
	② Survey response (anonymous): March to April 2024
	③ Aggregation/analysis of survey results: April 2024
	④ Board of Directors reporting/discussion: May 2024
Evaluation topics	Duties and functions of the Board of Directors, composition and scale of the Board of Directors, operations of the Board of Directors, cooperation with auditors, relationships with Outside Directors, relationships with shareholders and investors, summary
Overview of results	The effectiveness of the Board of Directors has been found to be ensured.
	<p>① Strengths of the Board of Directors in the FY2023 effectiveness evaluation</p> <p>We found the open and active proceedings of the Board of Directors, the regularly held Independent Outside Officers Meeting, the provision of opportunities for Outside Directors to develop an understanding of the company, the appropriate management of transactions involving conflict of interest, and the implementation of IR activities with investors and shareholders as well as the appropriate reporting of the content of this dialogue to be the strengths of the Company's Board of Directors.</p> <p>② Issues of the Board of Directors identified for consideration in the FY2023 effectiveness evaluation</p> <p>We found discussions with a view toward medium- and long-term management strategies, discussions on Director nomination and compensation, the schedule between the Board of Directors meetings and other meetings, reporting on the operational status of appropriate internal control and risk management systems for the overall Group, and the provision of industry and other information to outside officers to be requiring improvement, and identified these as issues of the Company's Board of Directors for consideration.</p>
Future initiatives	The results of this effectiveness evaluation and issues identified for consideration that require improvement will be subjected to improvement measures through the implementation of the PDCA cycle to further enhance the effectiveness of the Board of Directors.

Matters regarding amount of compensation, etc., for officers and policies for determining calculation methods

At a Board of Directors meeting, the Company resolves the policy for determining individual Director compensation and other related matters. When making resolutions at the Board of Directors meetings, we consult with and obtain recommendations from the Executive Appointment Committee, which consists of Representative Directors and Independent Outside Officers, regarding the content to be resolved. Compensation for Directors consists of basic compensation that is fixed compensation and stock acquisition compensation, as well as an

officer bonus that is performance-linked compensation. Compensation for Independent Outside Directors includes only basic compensation. Furthermore, compensation for Corporate Auditors consists of basic compensation that is fixed compensation, and an officer bonus that is performance-linked compensation. Compensation for Part-time Corporate Auditors includes only basic compensation. Individual compensation amounts for Corporate Auditors are determined through discussions among the Corporate Auditors.

1	Matters concerning resolutions at a General Meeting of Shareholders for the compensation amount for Directors and Corporate Auditors
At the 118th Annual General Meeting of Shareholders held on June 23,2023, the compensation amount for Directors and Corporate Auditors was resolved to be 380 million yen or less per annum (of which, 40 million yen or less per annum for Outside Directors) for Directors, including employee compensation for Directors concurrently serving as employees, and 70 million yen or less per annum for Corporate Auditors.	
2	Policies concerning fixed compensation, etc.
Basic compensation is provided as a fixed monthly payment for the responsibilities associated with management and execution of duties. The basic compensation is determined by considering the overall business environment while also taking into account employee salary levels and standards at other companies. Stock acquisition compensation is paid monthly, in addition to the basic compensation, with the purpose of purchasing company stock to align with shareholder perspectives and contribute to a long-term increase in shareholder value. While holding the same position, the individual stock acquisition compensation is maintained at the same amount. Directors purchase company stock through the Director Shareholding Association and are required to hold the stock continuously for a certain period during their tenure and after retirement.	
3	Policies, etc. concerning performance-linked compensation, etc.
Performance-linked compensation shall be limited to monetary compensation in the form of officer bonuses and are considered incentives for short-term improvement in business results. The performance metrics for officer bonuses are profit attributable to owners of parent and dividends per share. Officer bonuses are only paid if profit attributable to owners of parent reaches 2,000 million yen and dividends per share reaches 14 yen for each business year. If either of these metrics fails to meet the specified criteria, the bonuses will not be paid.	
4	Policies, etc., concerning ratio of compensation, etc.
Regarding the percentage breakdown of compensation types by position, the Company determines the percentage of various compensation types for each position based on companies of similar scale and companies in related industries. Furthermore, Director compensation consists of fixed compensation in the form of basic compensation, stock acquisition compensation, and an officer bonus that is performance-linked compensation, etc., and non-monetary compensation will not be provided.	

Total amount of compensation for directors and corporate auditors in FY2023

Officer category	Total amount of compensation (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)			Number of officers applicable (Persons)
		Fixed compensation	Performance-linked compensation	Other compensation	
Directors (outside directors)	213(17)	171(17)	42(−)	− (−)	9(3)
Corporate auditors (outside corporate auditors)	49(29)	44(26)	5(2)	− (−)	4(3)
Total (outside officers)	263(46)	215(43)	48(2)	− (−)	13(6)

*1. Includes one Director who retired at the conclusion of the 118th Annual General Meeting of Shareholders held on June 23, 2023.
2. Includes one Outside Corporate Auditor who retired on March 31, 2024.
3. Does not include payment of employee salary portions.
4. Includes 42 million yen in Director bonuses (five persons) and 5 million yen in Corporate Auditor bonuses (two persons) paid on June 21, 2024.

Financial Results Highlights (Consolidated)

	Fiscal Year ended March 31, 2015		Fiscal Year ended March 31, 2016		Fiscal Year ended March 31, 2017		Fiscal Year ended March 31, 2018	
Operating results (fiscal year)								
Amount of orders received	151,382		150,816		132,587		150,672	
(of which, amount of orders received for construction business)	119,690		120,316		103,588		121,237	
Net sales								
Construction contracts	127,362		111,283		105,365		111,255	
Products	25,337		23,053		22,297		22,014	
Leasing business	4,929		4,852		5,164		5,835	
Other	1,425		2,594		1,537		1,585	
Total net sales	159,054		141,783		134,365		140,690	
Gross profit	12.6%	20,077	13.5%	19,115	12.3%	16,587	11.1%	15,639
Selling, general and administrative expenses	5.7%	9,118	6.5%	9,237	6.9%	9,301	6.3%	8,897
Operating income	6.9%	10,958	7.0%	9,878	5.4%	7,286	4.8%	6,742
Ordinary income	7.3%	11,610	6.9%	9,748	5.6%	7,566	5.2%	7,284
Profit attributable to owners of parent	4.5%	7,226	3.5%	4,906	3.3%	4,451	1.0%	1,449
Capital expenditure amount	4,802		4,277		4,209		6,439	
Depreciation amount	3,183		3,383		3,624		3,770	
Experiment and research expenses	366		452		462		451	
Financial position (at end of fiscal year)								
Net assets	71,710		74,609		77,869		77,758	
Total assets	144,299		141,752		141,335		147,783	
Cash flows (fiscal year)								
Cash flows from operating activities	7,258		7,823		7,435		8,333	
Cash flows from investing activities	(4,657)		(4,234)		(3,900)		(4,852)	
Cash flows from financing activities	(1,466)		(2,387)		(1,836)		(1,266)	
Cash and cash equivalents at end of period	33,641		34,698		36,349		38,631	
Per share information (Yen) ^{*Note 1}								
Net assets	1,626.99		1,693.89		1,767.71		1,764.94	
Profit attributable to owners of parent (EPS)	164.23		111.53		101.27		32.98	
Dividends	50		34		30		30	
Financial index (%)								
Equity-to-asset ratio	49.6		52.5		55.0		52.5	
Return on equity (ROE)	10.6		6.7		5.9		1.9	
Payout ratio	30.4		30.5		29.6		91.0	

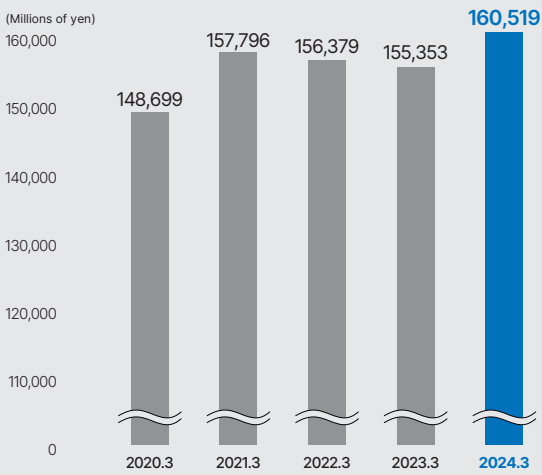
^{*Note 1} The Company conducted a share split at a rate of five shares per share of common shares with October 1, 2023 as the effective date. Net assets per share, profit attributable to owners of parent (EPS), and dividends per share prior to the fiscal year ended March 31, 2023 have been calculated assuming this stock split was conducted at the beginning of the fiscal year ended March 31, 2015.

^{*Note 2} Breakdown of year-end dividend for the fiscal year ended March 31, 2023 is as follows: the Ordinary dividend 36.00 yen and Special dividend 20.00 yen.

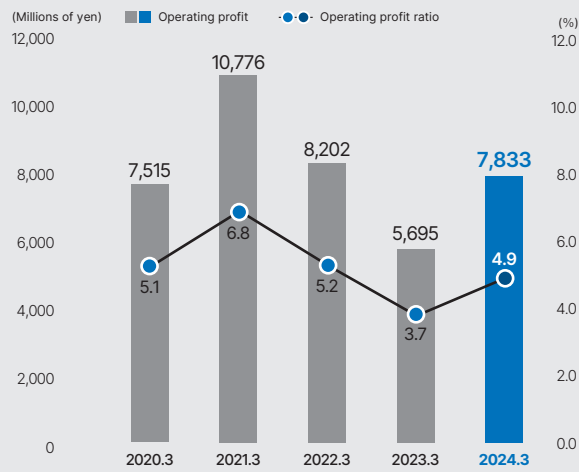
(Unit: Millions of yen)											
Fiscal Year ended March 31, 2019		Fiscal Year ended March 31, 2020		Fiscal Year ended March 31, 2021		Fiscal Year ended March 31, 2022		Fiscal Year ended March 31, 2023		Fiscal Year ended March 31, 2024	
155,012		154,772		165,563		147,188		156,506		172,453	
127,024		126,322		136,764		120,340		127,896		143,513	
118,307		120,250		128,997		129,532		126,743		131,578	
20,719		20,955		21,209		20,217		22,076		21,984	
5,427		5,493		5,647		5,311		5,350		5,766	
1,840		2,000		1,941		1,319		1,182		1,189	
146,294		148,699		157,796		156,379		155,353		160,519	
10.9%	15,983	10.7%	15,867	12.2%	19,298	10.9%	16,968	9.7%	15,059	11.4%	18,264
5.6%	8,219	5.6%	8,351	5.4%	8,521	5.7%	8,765	6.0%	9,363	6.5%	10,430
5.3%	7,764	5.1%	7,515	6.8%	10,776	5.2%	8,202	3.7%	5,695	4.9%	7,833
5.6%	8,160	5.3%	7,853	7.2%	11,293	5.5%	8,582	3.8%	5,920	5.0%	7,994
3.1%	4,550	4.6%	6,792	4.8%	7,598	3.6%	5,667	3.7%	5,704	3.1%	5,053
4,375		6,118		4,656		4,812		4,256		6,725	
3,739		3,758		4,018		3,857		3,450		3,627	
434		483		451		478		545		675	
81,003		85,486		92,233		95,006		96,909		100,214	
151,341		145,974		152,917		152,194		151,850		149,926	
4,393		4,922		8,155		2,360		10,918		92	
(4,619)		(5,171)		(4,904)		(5,140)		307		(5,204)	
(1,320)		(1,760)		(1,584)		(3,788)		(3,349)		536	
37,061		35,052		36,691		30,158		38,129		33,585	
1,840.13		1,942.35		2,095.70		2,158.72		2,201.95		2,276.83	
103.54		154.55		172.89		128.96		129.80		115.00	
40		36		52		42		56 ^{*Note 2}		60	
53.4		58.5		60.2		62.3		63.7		66.7	
5.7		8.2		8.6		6.1		6.0		5.1	
38.6		23.3		30.1		32.6		43.1		52.2	

Key Indicators (Consolidated)

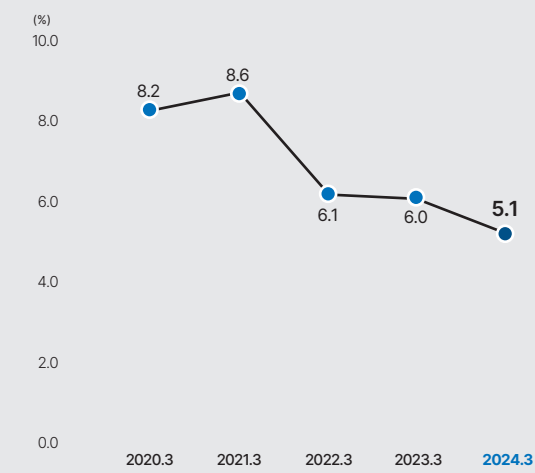
Net sales



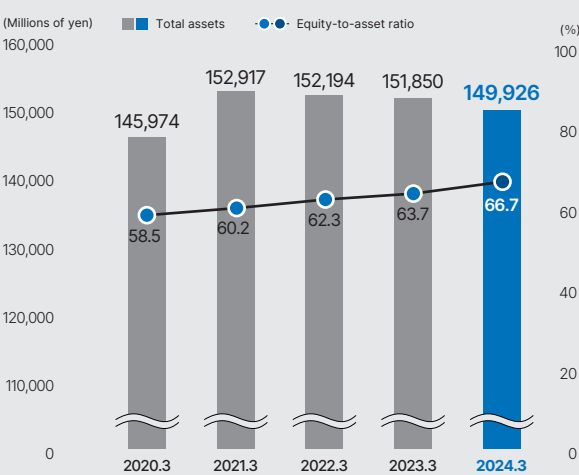
Operating profit/Operating profit ratio



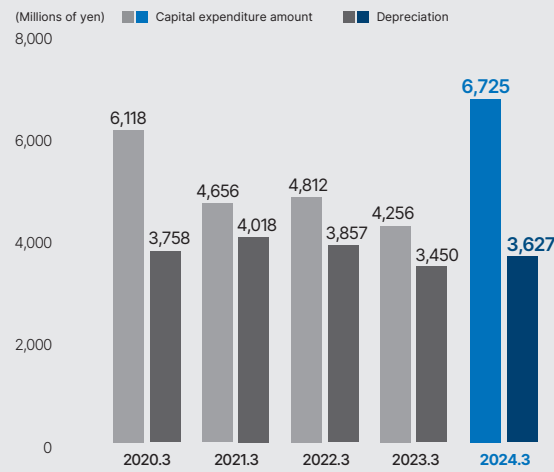
Return on equity (ROE)



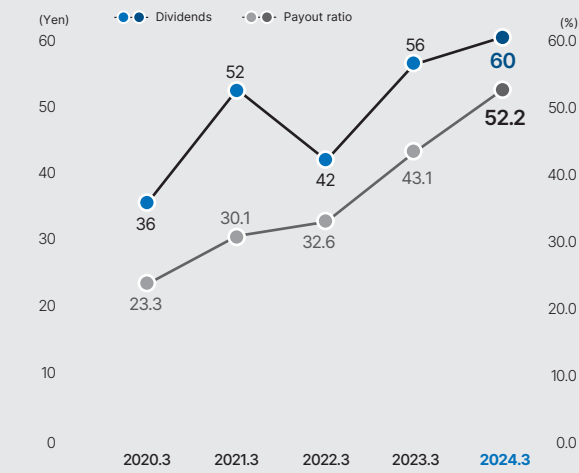
Total assets/Equity-to-asset ratio



Capital expenditure amount/Depreciation



Dividend per share/Payout ratio



*The Company conducted a share split at a rate of five shares per share of common shares with October 1, 2023 as the effective date. The amount of dividends per share prior to the fiscal year ended March 31, 2023 has been calculated assuming this stock split was conducted at the beginning of the fiscal year ended March 31, 2020.

Overview of Operating Results, etc. (Fiscal year ended March 31, 2024) (Consolidated)

Overview of Business Environment and Operating Results

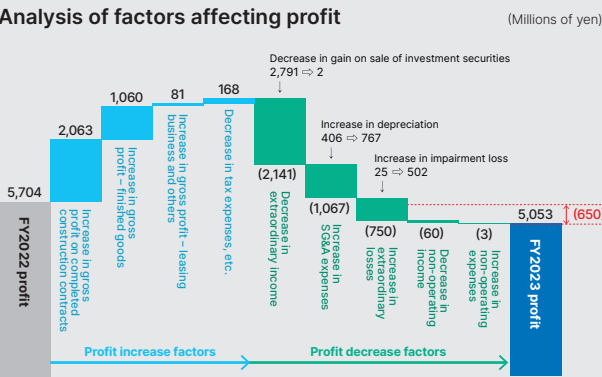
The Japanese economy in the fiscal year ended March 31, 2024 showed signs of recovery, mainly in private sector demand such as personal consumption and capital investment with the normalization of economic activities, the improvement in the employment and income environment, and progress in price pass-through, despite surging raw material prices, the progression of the depreciation of the yen, and geopolitical factors.

In the construction industry, the main business of the Group, government construction investment continued to remain above 20 trillion yen, and although there were concerns about the surge in raw material prices, private sector construction investment remained firm as capital investment for corporations remained strong against a backdrop of steady corporate revenue.

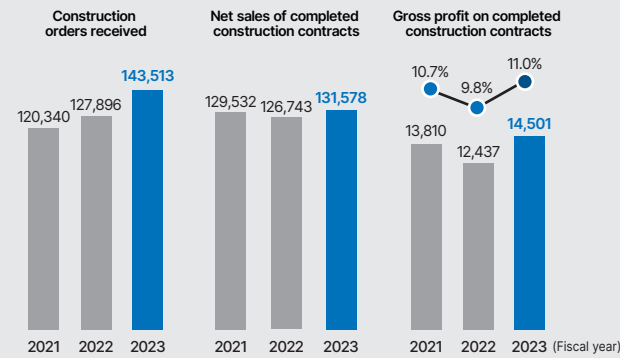
Under such circumstances, the Group conducted strategic sales that were compatible with area environments in order to acquire orders in new domains by collaborating with the Shimizu Group, secure orders by enhancing integration accuracy and proposals of technology for government projects, and increase the number of high-quality orders for private sector projects. As a result, the amount of construction orders received was 143,513 million yen (up 12.2% year-on-year), the amount of construction sales was 131,578 million yen (up 3.8% year-on-year), and total net sales including products were 160,519 million yen (up 3.3% year-on-year).

Concerning profits, due to increased profitability with thorough construction management in the Construction Business, gross profit was 18,264 million yen

(up 21.3% year-on-year), operating income was 7,833 million yen (up 37.5% year-on-year), and ordinary income was 7,994 million yen (up 35.0% year-on-year). Profit attributable to owners of parent amounted to 5,053 million yen (down 11.4% year-on-year) due to a reactionary decline from recording gain on sale of investment securities in the previous year.



Overview of Construction Business



Financial Position

[Assets]
Total assets for the fiscal year ended March 31, 2024 amounted to 149,926 million yen (down 1,924 million yen year-on-year, or down 1.3%), current assets were 109,042 million yen (down 3,946 million yen year-on-year, or down 3.5%), and non-current assets were 40,883 million yen (up 2,022 million yen year-on-year, or up 5.2%).

The main factors were an increase of 3,131 million yen in buildings and structures due to the construction of Tsuchiura Techno BASE and a decrease of 4,557 million yen in cash and deposits due to changes in the Company's payment terms for trading partners, i.e., increase in the cash ratio and the shortening of payment terms of notes payable.

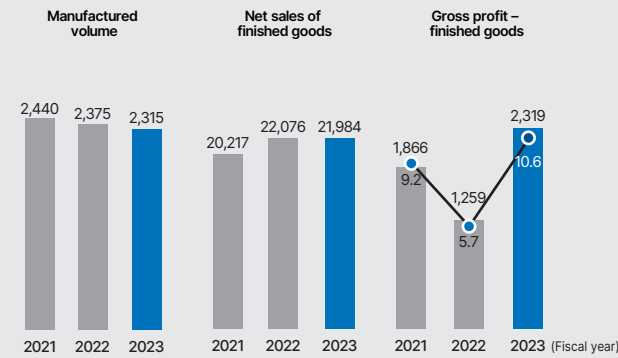
[Liabilities]
Total liabilities for the fiscal year ended March 31, 2024 amounted to 49,711 million yen (down 5,229 million yen year-on-year, or down 9.5%), current liabilities amounted to 40,430 million yen (down 6,715 million yen year-on-year, or down 14.2%), and non-current liabilities amounted to 9,281 million yen (up 1,486 million yen, or up 19.1%).

The main factors were an increase of 3,000 million yen in loans payable due to renewal of loans, and decreases of 3,116 million yen in notes payable, accounts payable for construction contracts and other and 5,284 million yen in electronical-ly recorded obligations due to improvement of payment terms for subcontractors.

[Net assets]
Total net assets for the fiscal year ended March 31, 2024 totaled 100,214 million yen (up 3,304 million yen year-on-year, or up 3.4%).

The main factors were a recording of 5,053 million yen to profit attributable to owners of parent and a payment of 2,460 million yen in shareholder dividends.

Overview of Material Sales Business



Overview of Cash Flows

Consolidated cash flows for the fiscal year ended March 31, 2024 amounted to 92 million yen in net cash provided by operating activities, 536 million yen in net cash provided by financing activities, and 5,204 million yen in net cash used in investing activities.

As a result, cash and cash equivalents at the end of period decreased by 4,543 million yen from the end of the previous fiscal year to 33,585 million yen (38,129 million yen at the end of the previous fiscal year).

[Cash flows from operating activities]
Net cash provided by operating activities amounted to 92 million yen (net cash provided during the previous fiscal year was 10,918 million yen) due to recording 7,816 million yen in profit before income taxes and a decrease of 8,430 million yen due to a decrease in accounts payable-trade owing to improvement of payment terms for subcontractors.

[Cash flows from investing activities]
Net cash used in investing activities amounted to 5,204 million yen (net cash provided during the previous fiscal year was 307 million yen) due to an increase of 1,334 million yen in proceeds from sale of tangible fixed assets, and a decrease of 5,708 million yen owing to acquisition of tangible fixed assets stemming from expenditures from the construction of Tsuchiura Techno BASE and the expansion and upgrade of manufacturing and sales locations.

[Cash flows from financing activities]
Net cash provided by financing activities amounted to 536 million yen (net cash used during the previous fiscal year was 3,349 million yen) due to an increase of 3,100 million yen in proceeds from long-term loans payable associated with renewal of loans and a decrease of 2,460 million yen owing to dividends paid.

Non-financial Data (non-consolidated)

			Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	
Environment	CO ₂ emissions	Scope 1 (t-CO ₂)	79,973	77,943	75,031	
		Scope 2 ^{*Note 1} (t-CO ₂)	–	–	12,982	
			(22,606)	(19,853)	(20,784)	
	Energy usage	Heavy oil (kℓ)	20,418	19,814	19,308	
		Natural gas (thousand m ³)	2,578	2,417	2,507	
		Light oil (kℓ)	2,918	5,309	4,918	
		Power (thousand kWh)	49,784	50,156	47,452	
	Recycling rate	Asphalt blocks (%)	99.9	99.9	99.7	
		Concrete blocks (%)	99.9	99.9	99.1	
	Materials other than specified by-products ^{*Note 2} (%)	72.3	75.0	90.2		
Social	Status of human resources	Employees (people)	1,688	1,660	1,622	
		of which, number of employees with foreign nationalities (people)	4	4	5	
		Ratio of female employees (%)	17.1	17.2	18.1	
		Ratio of female employees in management positions (%)	0.2	0.2	0.7	
		Usage rate of child care leave for male employees (%)	13.3	19.5	41.0	
		Employment rate of people with disabilities (%)	3.3	3.2	2.8	
		Average years of employment (years)	14.8	14.8	14.4	
		Average number of days of paid leave taken (days)	11.4	13.2	12.6	
	Status of new graduate hiring	Hires (people)	90	74	71	
		of which, female hires (people)	7	5	9	
	Investment in human capital (consolidated)	Investment (Millions of yen)	459	570	554	
	Status of health and safety	Number of accidents/disasters (incidents)	25	24	22	
		of which, fatalities and serious accidents/disasters (cases)	0	0	1	
		Frequency ^{*Note 3} (including prime contractor and subcontractor construction)	0.51	0.51	0.51	
	Status of R&D (consolidated)	R&D expenses (Millions of yen)	478	545	675	
	Governance	Officer composition	Directors (people)	7	6	8
			of which, Outside Directors (people)	2	2	3
			of which, female Directors (people)	0	0	1
Status of the Board of Directors		Number of meetings (times)	11	15	14	
		Average attendance rate of Directors (%)	100	98.9	100	
		Average attendance rate of Outside Directors (%)	100	96.7	100	
Status of the Special Committee		Number of Special Committee meetings (times)	–	9	5	
Status of IR/SR activities		Total number of IR meetings held (times)	12	20	26	
		Number of reports and discussions at the Board of Directors (times)	6	12	12	

^{*Note 1} Figures in parentheses “()” are calculated using location-based standards by country or region calculated based on the average emission coefficient from power generated within a specified district.

^{*Note 2} Construction by-products other than dirt generated from construction, concrete blocks, asphalt and concrete blocks and wood generated from construction, which are pre-scribed to be “specified by-products” in the Act on the Promotion of Effective Utilization of Resources, including waste plastic and contaminated soil, etc.

^{*Note 3} Index representing the frequency of accidents based on the number of fatalities and injuries resulting from workplace accidents per one million actual working hours.

Stakeholder Engagement

In order to realize “contribution to the creation of a sustainable society” as stated in our Management Philosophy, NIPPON ROAD Group prioritizes dialogue with stakeholders and engages in proactive communication. We promote transparent, reliable, and effective corporate governance and activities, and cooperate with all stakeholders, including partners, shareholders/investors, employees, and regional society. We will fulfill our social responsibilities by responding to everyone's voices and expectations as we aim to enhance engagement and improve corporate value through various types of dialogue.

Clients

- Customer response by sales divisions, technical proposals shedding light on potential needs
- Public relations activities on the Company's website and via the “NICHIDO VIEW” communication magazine
- Exhibiting at trade shows and events
- Creating collaboration at Tsuchiura Techno BASE

Shareholders/Investors

- Information disclosure on the Company's website
- Holding General Meeting of Shareholders
- IR meetings with analysts and institutional investors: 26 (FY2023 results)
- Explaining future outlook, etc. and holding Financial Results Briefing to deepen understanding of the Group

Regional Society

- Support activities based on disaster aid agreements
- Prompt response based on BCP
- Held on-site study tours
- Explanation on construction to local residents before breaking ground
- Measures in social contribution activities: 448 (FY2023 results) (participation in regional cleaning and traffic direction activities, receiving workplace tours for students, etc.)

Employees

- Issuing internal newsletter (monthly, 12 times per year)
- Implementing Roundtable Meetings with Directors where officers explain the management vision directly to employees (once per year)
- Meetings for exchanging ideas between junior employees and the management team
Holding Employee Liaison Meeting (4 times per year)
- Implementing employee satisfaction surveys (every other year)


Partners

- Appropriate transactions based on sustainable procurement policy and guidelines, Japan Federation of Construction Contractors' Declaration of Respect for Labor Cost Estimates
- Creation of prosperous existences throughout the supply chain based on the Declaration of Partnership Building, compliance with the Standards for Encouraging Fair Transactions
- Doshinkai composed of approximately 900 partner companies, etc.
- Health and Safety Cooperative Association Mutual Aid Committee activities with the primary objective of preventing workplace accidents
- Checking outstanding debts and conducting surveys on fraudulent transactions


Global Environment

- Business activities in line with environmental vision “Nichido Blue & Green Vision 2050”
- Measures toward achieving carbon neutrality
- Establishing a recycling-oriented society through enrichment of the recycling business and technology development
- Measures that contribute to preserving biodiversity and the environment


External Assessment, Certification, and Participation Initiatives




We were certified in the CDP “Climate Change Report 2023” with a score of “B” (third from the top out of eight ranks: Management Level).




We were certified by the Ministry of the Environment as an “Eco-First Company.”




We acquired ISO9001, ISO14001, and ISO45001 certification and maintain our certifications through external audits.



We endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and disclose information regarding climate change-related risk and opportunity on the Company's website.



We are participating in the Ministry of the Environment “30 by 30 Alliance for Biodiversity.”



We endorse the Ministry of Economy, Trade and Industry's “Declaration of Partnership Building.”

Share Information (As of March 31, 2024)

Securities code	1884
Listed stock exchange	Tokyo Stock Exchange Prime Market
Total number of authorized shares	175,000,000 shares
Total number of issued shares	43,946,340 shares
Shares constituting one unit	100 shares
Number of shareholders	6,960
Shareholder registry manager	Mizuho Trust & Banking Co., Ltd.
Fiscal year	Every year from April 1 to March 31
Record date for year-end dividends	March 31 of every year
Annual General Meeting of Shareholders	June of every year

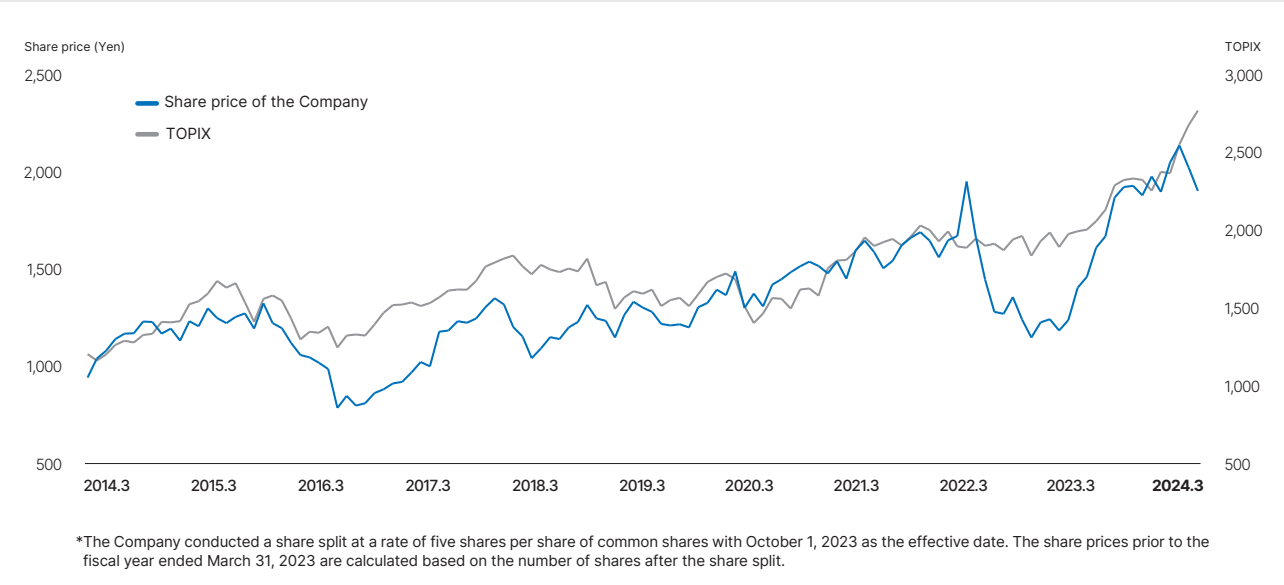
*The Company conducted a share split at a rate of five shares per share of common shares with October 1, 2023 as the effective date and, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, amended Article 6 of the Company's Articles of Incorporation to change the total number of authorized shares to 175,000,000 shares.

Major shareholders (Top 10)

Name of the shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Shimizu Corporation	22,018	50.1
The Master Trust Bank of Japan, Ltd. (Trust account)	3,642	8.3
Custody Bank of Japan, Ltd. (Trust account)	1,547	3.5
NIPPON ROAD Business Partner Stock Ownership Association	1,510	3.4
CGML PB CLIENT ACCOUNT/COLLATERAL	1,153	2.6
MSIP CLIENT SECURITIES	654	1.5
Meiji Yasuda Life Insurance Company	623	1.4
NIPPON ROAD Employee Stock Ownership Association	531	1.2
JPMorgan Securities Japan Co., Ltd	440	1.0
DFA INTL SMALL CAP VALUE PORTFOLIO	377	0.9

*Shareholding ratios are calculated after eliminating treasury shares (3,105 shares).

Share price data (comparison with TOPIX)

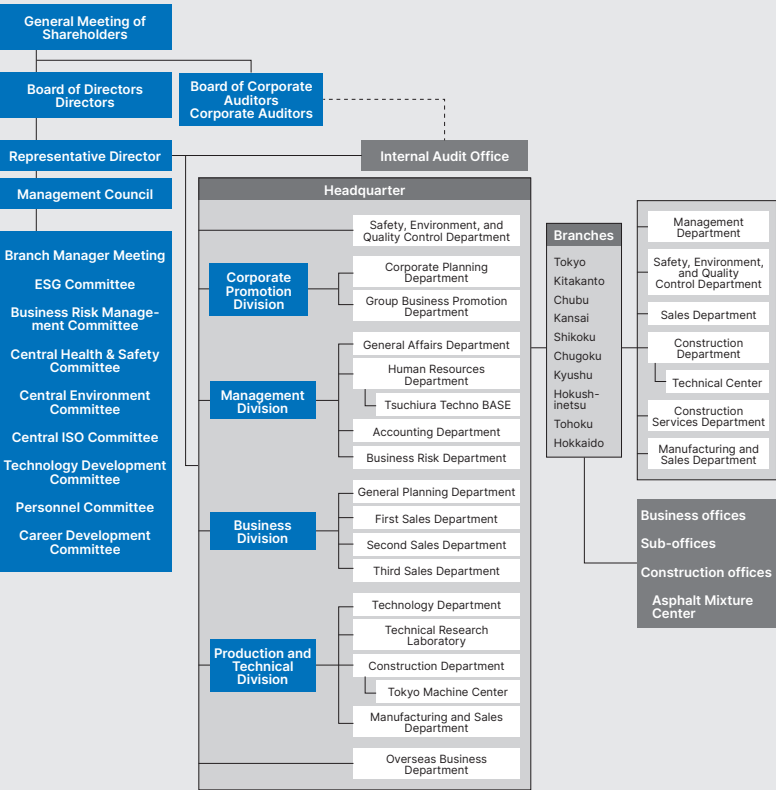


Corporate Profile (as of April 1, 2024)

Name of Company	THE NIPPON ROAD Co., Ltd.
Date Established	March 10, 1929
Paid Up Capital	12,290,260,000 yen
Number of Employees	1,622 (Groupwide: 2,312) (As of March 31, 2024)
Location of Headquarters*	Shibaura 1-2-3, Minato-ku, Tokyo 105-0023, Japan
Domestic Branches and Offices	10 branches, 54 business offices, 20 sub-offices, 19 construction offices, 89 manufacturing and sales bases
Overseas Offices	Thailand and Malaysia
Main Businesses	<ul style="list-style-type: none">• Road Construction and Paving Work• General Civil Engineering Work• General Building Construction• Construction of Environmental Facilities• Construction of Sport and Leisure Facilities• Manufacture and Sale of Asphalt Mixture and Emulsion• Processing of industrial waste and sales of recycled products• Construction consulting• Leasing Business• Real estate transaction business• Construction Design, Supervision and Management

*The headquarters has been temporarily moved to a different location from November 1, 2023.

Structure chart



Main Subsidiaries

Name	Main Businesses	Paid Up Capital	Location
ND Leasing System Co., Ltd.	Comprehensive leasing business, development and sales of computer software, etc.	60 million yen	Minato-ku, Tokyo
NDIC.co., Ltd.	Insurance agency business	25 million yen	Minato-ku, Tokyo
SPORTS MEDIA inc.	Planning and operation of sports facilities, etc.	90 million yen	Minato-ku, Tokyo
kankyoryokka Co., Ltd.	Landscaping construction of parks, greenery sites, and gardens, etc.	70 million yen	Ota-ku, Tokyo

37 other domestic subsidiaries (including 34 regional paving companies), 3 foreign subsidiaries

Executive Officers (As of June 21, 2024)

Executive Officer and President	Toshiyuki Ishii		Executive Officer	Yuichi Kondo	(Deputy General Manager of the Business Division and Manager of the Second Sales Department)
Senior Managing Officer	Masakazu Hyodo	(General Manager of the Management Division)	Executive Officer	Hiroyuki Kudo	(Manager of the Construction Department of the Production and Technical Division)
Senior Managing Officer	Yoichi Nakagami		Executive Officer	Hiroshi Okumura	(General Manager of the Kitakanto Branch)
Senior Managing Officer	Kaoru Ito	(General Manager of the Business Division, and in Charge of Safety, Environment, Quality Control and Overseas Operation)	Executive Officer	Masanao Nakamura	(Deputy General Manager of the Business Division and Manager of the Third Sales Department)
Senior Managing Officer	Masaichi Kawamura	(In Charge of Sales of the Business Division)	Executive Officer	Yoshinobu Hori	(General Manager of the Hokushinetsu Branch)
Senior Managing Officer	Hiroshi Shibuya	(General Manager of the Tokyo Branch)	Executive Officer	Toshiaki Aso	(Manager of the Manufacturing and Sales Department of the Production and Technical Division)
Managing Officer	Kazumitsu Tanaka	(General Manager of the Chugoku Branch)	Executive Officer	Tetsuya Koizumi	
Managing Officer	Takeshi Takasugi	(General Manager of the Production and Technical Division)	Executive Officer	Kazuhiro Shirakawa	(Manager of the Safety, Environment, and Quality Control Department)
Managing Officer	Kunihiko Mae		Executive Officer	Yuichi Nakagawa	(General Manager of the Chubu Branch)
Managing Officer	Toshihiko Kasai	(General Manager of the Corporate Promotion Division)	Executive Officer	Seiichi Ishikawa	(General Manager of the Tohoku Branch)
Managing Officer	Takaaki Munemura	(Manager of the First Sales Department of the Business Division)	Executive Officer	Takamichi Sakamori	(General Manager of the Kansai Branch)
Executive Officer	Hikotaro Sakanoue	(Deputy General Manager of the Management Division and Manager of the Human Resources Department)	Executive Officer	Koji Osada	(Deputy General Manager of the Management Division and Manager of the General Affairs Department)
Executive Officer	Naohiko Ogusu	(General Manager of the Kyushu Branch)			