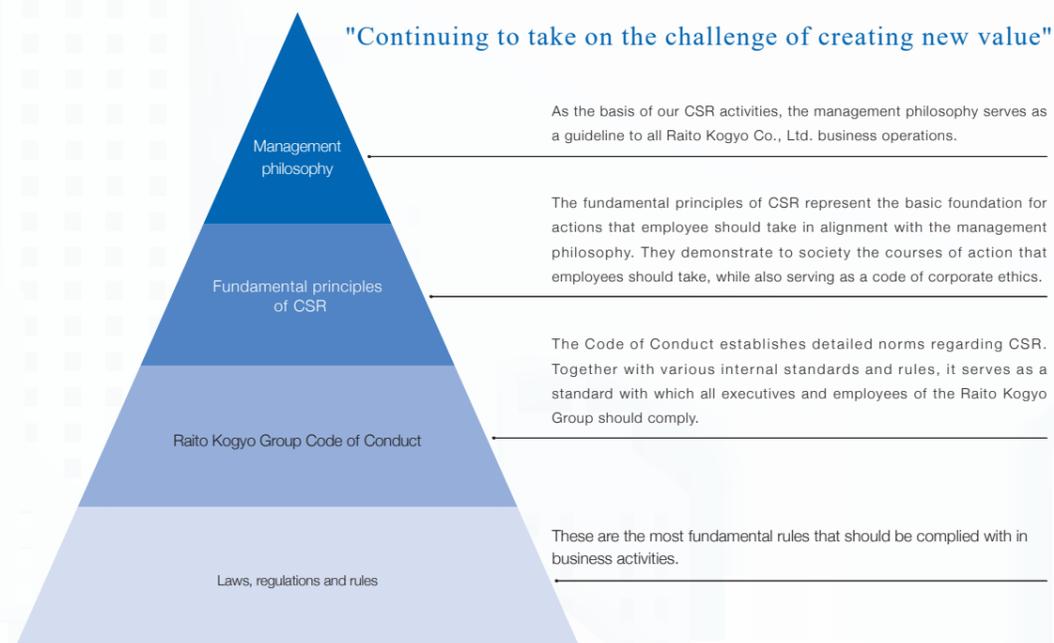




ANNUAL REPORT **2021**

Group vision

To give concrete form to its management philosophy, Raito Kogyo establishes and publishes its fundamental policies on each area of corporate social responsibility (CSR). It aims to be a company trusted by stakeholders, and one in which its employees can take pride, by continuously raising awareness among personnel through demonstrating a stance of keeping its word, both within and outside of the organization.



Fundamental principles of CSR

1. Doing business responsibly as a member of society, while encouraging our employees to raise their awareness of corporate social responsibility and to make responsible decisions on their own volition as to how they should go about everyday production activities.
2. Fulfilling our responsibilities as a global enterprise through proactively contributing to society and protecting the global environment, based on a full understanding of the fact that our survival as a business depends on the existence of a sustainable society.
3. Respecting human rights and fulfilling our accountability obligations by emphasizing opportunities for dialogue with stakeholders in various aspects of our business activities.



Behind the Company name

There are two stories behind the Company name. The first tells of how the brand name Raito ("light"), used for tunnel repair materials under development at the time to express the desire to brighten the dark postwar situation, was adopted as a company name when the Company was incorporated in 1948. The other says that the name Raito Kogyo was chosen out of a strong desire to move construction management forward in appropriate, enlightened ways during the confusion of the postwar period when there were calls for modernization of construction industry management. These stories may serve as clues to the origins of the company name Raito, which may have been intended to express the concepts of propriety and enlightenment by evoking the English words "light" and "right" transliterated into Japanese. "Propriety and enlightenment" are the Company's guiding precepts.

Editorial policy

Raito Kogyo carries out various environmental and social initiatives based on its fundamental principles of CSR. Since FY2015, we have communicated information on these activities to stakeholders through the CSR Report. Beginning in FY2019, we have aimed to enhance the report as the integrated Annual Report, to communicate more clearly to stakeholders information on our management policies, growth strategies, and other topics related to value creation over the medium to long term. We consider the Annual Report to be an important tool for disclosure of information and, going forward, we will continue to work on a daily basis to make the report easier to read and understand, while reflecting valuable input from stakeholders. Please feel free to let us know of any concerns you may have concerning this report, no matter how small they may seem. All feedback received will be used to further enhance future reports.

Subject organization

This report covers Raito Kogyo Co., Ltd. For some subjects, information on Group member companies is also included.

Subject period

April 2019 – March 2021

For some subjects, the latest information as at the time of publication of this report is included.

Reference Guidelines

Ministry of the Environment of Japan
Environmental Reporting Guidelines (2018)

Global Reporting Initiative GRI Standards

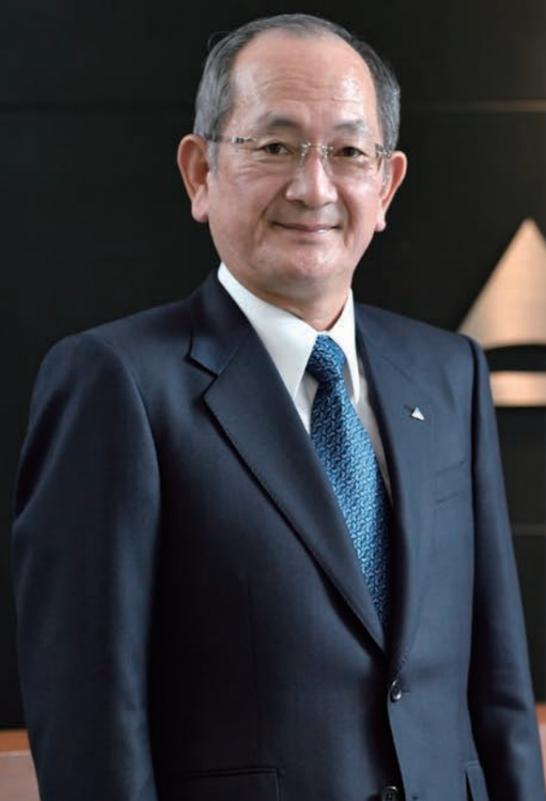
Date of publication
Aug 30, 2021

Contents

Group vision	2
Editorial policy/Contents	3
Message from the President	4
Raito Kogyo Group history	6
Overview of the Raito Kogyo Group	8
Raito Kogyo Group businesses	10
Raito Kogyo Group growth strategies	12
Business enhancement strategies: Messages from directors	14
SDGs initiatives	15
Special Feature 1	
Contributing to society through our businesses	
Steady progress on highly difficult seismic reinforcement of ports through combining newly developed borers with a variety of technologies	16
Special Feature 2	
R&D for the society of the future	
Promoting R&D in response to society's increasingly advanced and complex needs, and passing on the results to future generations	18
Environment	
Contributing to the global environment through our business activities	20
Lessening the environmental impact of business activities	22
Social	
Quality-improvement efforts	24
Creating safe, comfortable workplaces	25
Respect for human rights	26
Human resources development	27
Ties to our local communities	30
Governance	
Corporate governance	32
Compliance	33
Risk management	34
Communication with stakeholders	35
Consolidated financial statements	36
Notes to consolidated financial statements	42
Directors, Corporate Auditors	50

Message from the President

Continuing to take on the challenges of adapting to changing demands and applying the Group's combined in-house and external strengths to propose solutions for social issues



Raito Kogyo Co., Ltd.
President

Kazuhiro Akutsu

On behalf of the Raito Kogyo Group, I want to express sincere sympathy and well wishes to those affected by COVID-19, and my respect for and appreciation of those in the medical field and others who are providing social support in various areas in respect of this challenge.

Giving top priority to the health and safety of our customers, business partners, and other related parties, as well as our employees and members of their families, the Raito Kogyo Group will continue to operate the business activities that are essential to fulfilling our social responsibilities as a company that supports public infrastructure for living, while implementing comprehensive measures to prevent transmission of the virus, such as encouraging employees to work from home where appropriate, and to maintain social distancing during everyday operations.

Contributing to creation of a sustainable society

Since our establishment in 1943 in the field of tunnel waterproofing, we have grown by contributing to society through provision of a wide variety of technologies to meet the needs of the times in specialized civil engineering fields such as incline disaster prevention and ground improvement work.

Today, the world is faced with an unprecedented crisis in the form of a novel coronavirus pandemic. Furthermore, society is confronting a wide variety of other serious issues, including climate change, resource depletion, poverty, and labor and human rights issues. The Raito Kogyo Group needs to leverage the technologies, human resources, construction techniques, and other strengths that we have built up over our history of more than 70 years to

become a Group of companies that can contribute to addressing those challenges.

Essential to corporate growth is a balance between development of the organization and contributing to society, rather than simply pursuing profit for the company alone. We at the Raito Kogyo Group believe that development of a wealth of social infrastructure contributes to future well-being through enabling people to live rewarding lives in safety and with peace of mind. Under our management philosophy of "Continuing to take on the challenge of creating new value," the Raito Kogyo Group will contribute to finding solutions for society's challenges and to building a sustainable society through outstanding technologies, construction techniques, and services.

Progress on Raito 2021 medium-term management plan

In the medium-term management plan "Raito 2021" that we are currently promoting, we have set "improvement of corporate strength for sustainable growth" as our basic policy and have been promoting stable growth into the future. The spread of the new coronavirus infection that occurred during that period was thought to be a major obstacle to stable growth but, at this stage, the plan is progressing steadily with no need for any major revisions. Our management philosophy of "Continuing to take on the challenge of creating new value," the Raito Kogyo Group will contribute to finding solutions for society's challenges and to building a sustainable society through outstanding technologies, construction techniques, and services.

To date, we have implemented a number of measures. In the domestic Japanese market, we have achieved some results in the business field of repairs and reinforcement, on which we have focused our efforts with the aim of enhancing our overall strength, as the volume of orders awarded in that field continues to trend upward. We see the repairs and reinforcement market as one that has high future growth potential in the area of domestic infrastructure, and we intend to focus further efforts on this field, going forward.

We are also making progress on reinforcing our research and development system, which we aim to transform into an organizational structure that can generate even greater innovation through further strengthening and enhancement of joint research and joint business projects with our business partners, in addition to proactive hiring and promotion of diverse human resources who can offer new knowledge, ideas, and skills.

Meanwhile, we have carried out organizational reforms that involved bringing the machinery centers of branch offices under the direct control of the headquarters Development Division, to promote enhanced management efficiency. We expect this to lead to more efficient construction work through a structure that is able to prevent problems on construction sites through integrated management of machinery, which plays an important role in our construction activities.

By balancing creation of both social and economic value through sustainable growth centered on this series of measures, we are advancing management with a focus on the environment, society, and governance (ESG) with the aim of being a company that is trusted by our customers.

Creating new business models through initiatives targeting the Sustainable Development Goals (SDGs)

Around the world, there is growing concern about environmental issues such as global warming and damage to ecosystems. In particular, the advance of global warming is said to be having a major impact worldwide in the form of climate change and there is a need for internationally harmonized initiatives to mitigate that warming process. To date, we have developed technologies that contribute to ongoing environmental improvements, together with activities aimed at reducing everyday environmental impacts. These include reducing CO2 emissions in our business activities, using natural resources more efficiently, and reducing waste generation. By mapping the contributions that Group companies can make to achievement of the 17 Sustainable Development Goals (SDGs), we aim, through environmental protection initiatives in our business operations, to contribute to realization

of a sustainable society.

We are also looking to develop new business models through SDG initiatives, believing that development of environmentally responsible businesses will enable sustainable growth of the Raito Kogyo Group.

ESG management prioritizing human resources

The Group's ESG management gives top priority to our human resources. We are moving ahead with various measures aimed at creating environments in which all people involved in Group businesses can shine through fulfilling work. We are working to boost productivity through enabling people to work in more rewarding and amenable environments by improving working conditions through such means as a staggered working hours system with a focus on a sound work-life balance, and working from home. In addition, by adopting a system under which the mandatory retirement age is extended to 65 years, we have developed programs that enable seniors to continue to contribute to society while also demonstrating significant results in areas such as training of younger-generation employees and passing on skills. And, we will continue to work toward enabling everyone involved in Group businesses to realize his/her full potential through fulfilling work.

Adapting swiftly to changes in business activities based on the Basic Corporate Governance Policy

Today, the roles that businesses play in society are becoming increasingly important. A company will not be able to earn the trust of society unless each and every executive and employee fully understands its corporate social responsibility obligations and conforms to the business rules that are generally accepted in society.

The Raito Kogyo Group will carry out business activities with respect for human rights and according to high ethical standards, while also ensuring that activities based on the corporate philosophy, code of conduct, and other principles established since our founding permeate throughout the Group as its corporate culture. We will also work consistently to enhance our corporate governance structure so as to ensure transparency and fairness.

The Raito Kogyo Group has established the Basic Corporate Governance Policy to contribute to sound, sustained growth of the Group and increases in corporate value over the medium to long term by strengthening our structure to ensure that governance functions effectively while also meeting the expectations of various stakeholders. And, going forward, the Group will aim to be capable of adapting swiftly through developing the functions and structures needed to respond to changes in business activities.

We believe that the mission a company is expected to fulfill is to contribute to societal progress through provision of products and services that deliver outstanding value or solutions to the issues we all face. Already, the need to counteract the COVID-19 pandemic has led to initiation of some massive changes in global values, in such areas as our lifestyles, the ways in which we work, our ways of doing business, and how we communicate.

We will contribute to the sustained progress of society through incorporating these changing values into our own ways of working and continuing to take on the challenges of adapting to changing demands and through proposing solutions to social issues by applying the Group's combined in-house and external strengths.

Raito Kogyo Group history

Since its founding in 1943, Raito Kogyo has contributed to society through disaster prevention and infrastructure development while proactively developing and adopting special-purpose technologies in the field of specialized civil engineering. Considering our mission to be that of contributing to society through the wealth of experience and reliable technologies that we have built up over many years, we believe that value for the future can be generated only through constant innovation as a practical expression of our philosophy: "Continuing to take on the challenge of creating new value."

1943~1963

Playing an active role as a company that has delivered one-of-a-kind special-purpose technologies since our founding

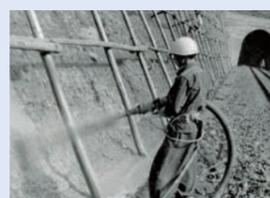
In 1943, Tadao Kamijo founded the Kamijo Waterproofing Works in the town of Hanawa, Akita Prefecture. Then, in 1945, spurred by the need to address water leaks in aged brick tunnels on the Japan National Railway, Kamijo began to specialize in tunnel waterproofing work. At that time, the management bureaus of the Japan National Railway had merely conducted small-scale repairs in response to tunnel leaks. It was not until the post-war period that expertise specialized in tunnel waterproofing technologies emerged, and Raito Kogyo took the initiative to provide such expertise. What today is the largest specialist civil engineering firm in Japan began life as that small business, which would become a pioneer in tunnel waterproofing based on its unique technology.



Tadao Kamijo, the Company's first President



Tunnel waterproofing work



Road damage prevention work



RG pile ground improvement method

1964~1986

Adoption of advanced technologies from Europe and taking on the challenges of difficult construction projects

The grouting process in use at that time was the U.S. method of powerfully firming up the soil. This method was not particularly well suited to Japanese soil, which was weak due to the mix of different layers. It was even said that this method could not be expected to be effective at all. Against that background, while touring a subway construction project in France, representatives of the Company observed a method being employed by the French civil engineering company Soletanche that involved solidifying weak soil to transform it into bedrock. Right then and there, the Company decided to adopt that technology and it entered into a technological partnership with the French firm. This became well-known in Japan as the "Soletanche method," as a result of its use in the Takayama shaft section of the Joetsu Shinkansen's Nakayama Tunnel project. This project, known for the historic challenge of a flood that occurred some 200 meters underground, was the strongest impetus behind the Company's construction method becoming well known. While the massive spring made construction extremely difficult, as a result of fully mobilizing the Company's technologies, the project was completed successfully over a period of six years, greatly transforming existing concepts of grouting work.



Then President Samaru and President J. Alice of Soletanche shake hands after concluding the contract



The Aomori Rail Yard Asahimachi crossing elevation project, for which the Soletanche method was used

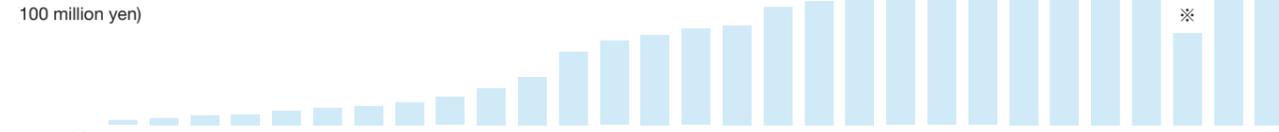


PLUSS construction in Yokosuka
The "pipe laying under special slurry" (PLUSS) method used in pipe construction also was adopted through the technical alliance with Soletanche



Grouting work in construction of the Joetsu Shinkansen's Nakayama Tunnel

Trend in net sales
100 million yen)



1943 } 1961
* Fiscal year-end changed (November 1, 1987 - March 31, 1988)

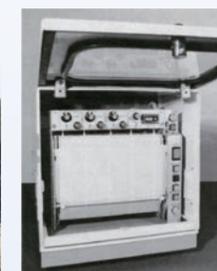
1987~2008

Promotion of management reforms

As Japan's economy grew, we proactively adopted management reforms, while also focusing on developing our own proprietary techniques as well as adopting a construction management system developed jointly with Soletanche and applying it to construction sites. In 1997, a new environmental and scientific laboratory was opened in the Technological Research Center and, in 2000, against the backdrop of the passing of the Basic Act on Establishing a Sound Material-Cycle Society, the new Soil Environmental Department was established within the Environmental Business Division, as we launched full-fledged development of eco-friendly construction methods and technologies. In addition, in 2008, we entered the construction business. This led to increased earnings centered on condominium construction and, today, it has grown to be a major pillar of the Company's business.



Eco-friendly EC Wall method



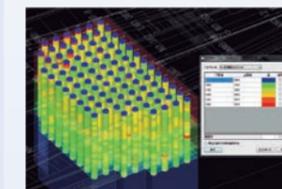
Ernpasol soil survey system



Musashiseki Mansion condominiums



Okamoto Mansion condominiums



3D-ViMa system



Robo-Shot



New head office building

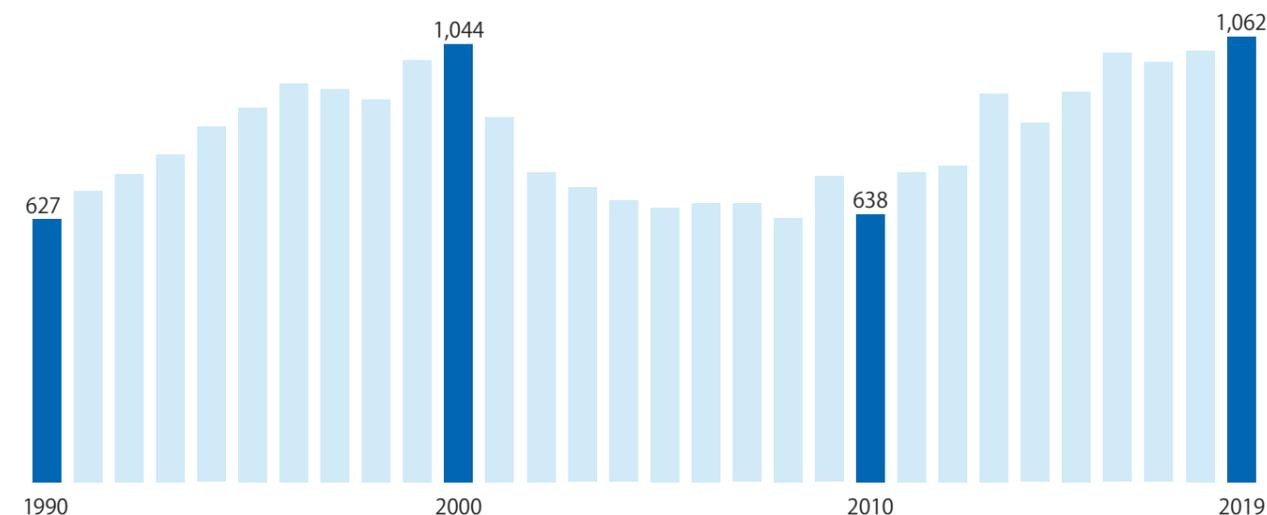


R&D Center

2009~

Structural enhancements for the next generation

In line with our management philosophy of "Continuing to take on the challenge of creating new value," research and development activities are the lifeblood of our Company. The medium-term management plan that began in FY2016 also called for enhancement of the research and development structure in our core specialized civil engineering business, under a policy of "Structural enhancements for the next generation." In order to build an efficient R&D structure, we integrated and reorganized the R&D section and the technical research center in the Construction Technology Division to create the new R&D Center. We continue to advance R&D based on innovative approaches that include creation of new markets as well as responding to increasingly diverse market needs in areas such as applications of leading-edge ICT technologies, new technologies to realize safety and assurance in the national infrastructure through means such as disaster prevention and mitigation, and new technologies to respond to environmental issues such as global warming and soil pollution.



Overview of the Raito Kogyo Group

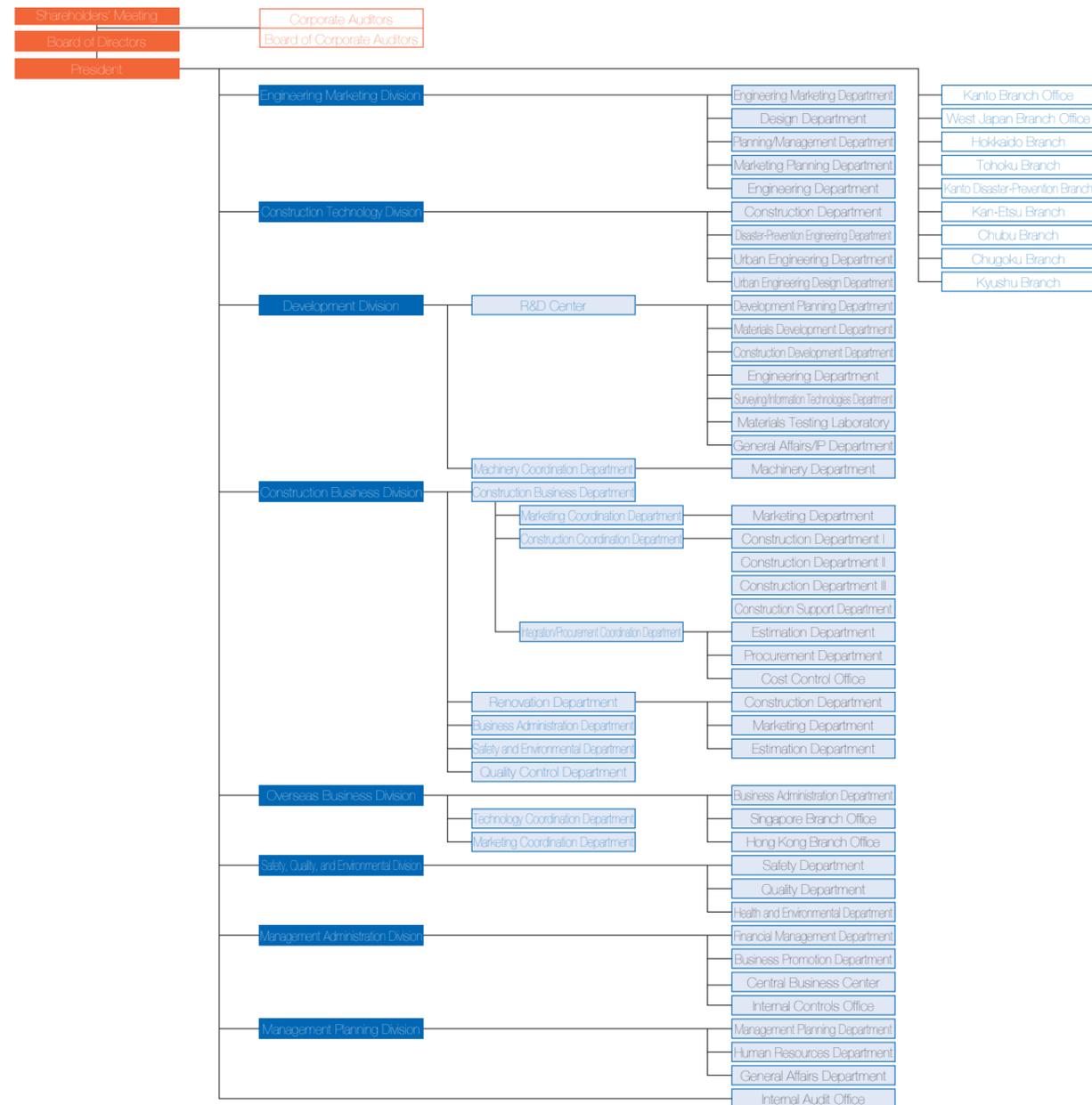
Corporate overview

N a m e Raito Kogyo Co., Ltd.
Head Office 2-35 Kudan-Kita 4-chome, Chiyoda-ku, Tokyo, Japan
F o u n d e d July 1, 1943
Representative Kazuhiro Akutsu, President
C a p i t a l 6,119,475,000 yen
E m p l o y e e s 914 (as of March 31, 2020)
Lines of business Construction and other businesses
Branch offices Kanto, West Japan
Coordinating branches Hokkaido, Tohoku, Kanto Disaster-Prevention, Kan-Etsu, Chubu, Chugoku, Kyushu
Group of Companies 14 consolidated subsidiaries, 2 Affiliate companies, 4 non-consolidated subsidiaries

Consolidated Group member companies

Construction (J a p a n) Michinoku Realize Co., Ltd.
 Tohoku Realize Co., Ltd.
 Onoryo Co., Ltd.
 Fukushima Realize Co., Ltd.
 Niigata Realize Co., Ltd.
 Aura CE Co., Ltd.
 Tokai Realize Co., Ltd.
 Sanyoryokuka Co., Ltd.
 Yamaguchi Realize Co., Ltd.
 Kyusyu Realize Co., Ltd.
Construction (O v e r s e a s) Raito, Inc. (U.S.A.)
 Raito Engineering & Construction Limited (Hong Kong)
 Raito Fecon Innovative Geotechnical Engineering JSC (Vietnam)
O t h e r s Yasashiite Raito Corp. (long-term care)

Organization

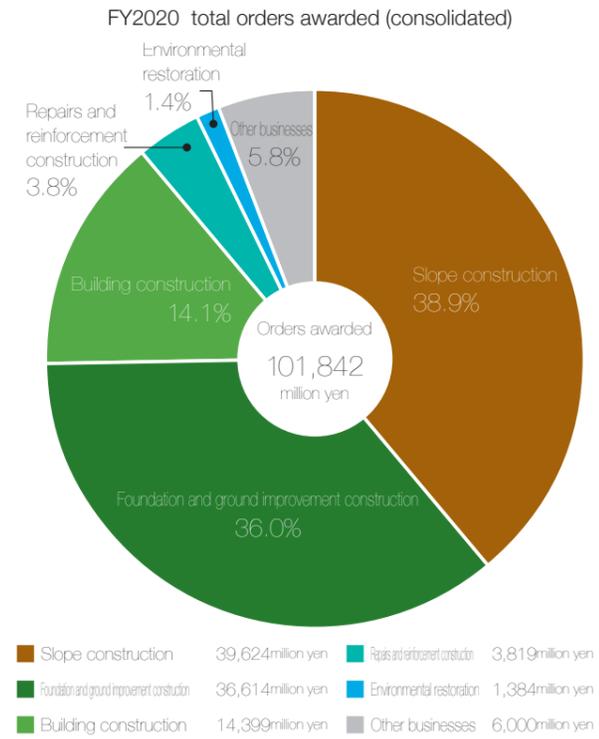


Business domains

Building construction

Fusing our specialist know-how, technological capabilities, and management strengths, we meet our clients' varied needs through proposal of high added-value solutions, from design through construction of condominiums, offices, retail buildings, and other facilities.

- Main construction track record**
- Housing complexes
 - Office buildings
 - Hotels
 - Retail buildings
 - Health and welfare facilities
 - Production facilities
 - Large-scale repairs



Civil engineering business

Applying our urban civil engineering technologies, slope technologies, and structural repair and reinforcement technologies, we help to realize safe and reliable national infrastructure by contributing to the formation of social capital such as roads, waterways and ports and to extending its useful lifespan.

- Main civil engineering technologies**
- Slope protection, Slope greening
 - Slope stabilization, disaster prevention
 - Ground improvement
 - Diaphragm walls
 - Pipe laying
 - Chemical grouting
 - Structural repair and reinforcement
 - Soil-pollution countermeasures
 - Surveying



Overseas businesses



Utilizing the know-how and advanced technological capabilities acquired through comprehensive experience in Japan, our global business operations are involved in numerous projects around the world, including in Asia and North America.

- Main overseas facilities**
- United States of America
 - Hong Kong
 - Singapore
 - Vietnam

Topics Raito Kogyo featured in a television series about companies

TV Tokyo's "Unknown Gulliver - Excellent Company File" is a documentary series in which student reporters visit internationally recognized Japanese companies to report on what makes the featured enterprises so special. The episode featuring Raito Kogyo reported on the Company's efforts toward its mission of realizing safe and comfortable living and infrastructure, including an interview with President Kazuhiro Akutsu, a look at various types of testing and experimentation at the R&D Center, and a report on state-of-the-art technologies aimed at delivering solutions for society's challenges.

Under our management philosophy of "Continuing to take on the challenge of creating new value," we have developed numerous innovative technologies in specialized civil engineering fields such as incline disaster prevention and ground-improvement work. The TV program reported on our multiple slope face construction methods, fusing mortar spraying with landscaping, and our conduction navigation method that makes it possible to carry out ground improvement beneath existing structures, as well as Robo-Shot and other construction methods utilizing information and communications technologies (ICT).



Filming for the TV program

Raito Kogyo Group businesses

Focusing on improvement of national infrastructure, the business activities of the Raito Kogyo Group span various fields, from the mountains to the sea and from above-ground to underground.

1 Slope construction



We help to protect communities against slope-related disasters through measures for preventing erosion of artificial slopes due to rainwater, surface water, or other causes, and preventing debris falls, slope failures, and landslides on natural slopes.

2 Foundation and ground improvement construction



By improving soft ground, we help to create disaster-resistant urban spaces. We help people live with serenity through protecting and maintaining safe living environments.

3 Building construction



We propose construction solutions based on our philosophy of coexistence with the Earth, seeking to make life better for the people who live in, work in, and visit facilities.

4 Repairs and reinforcement construction

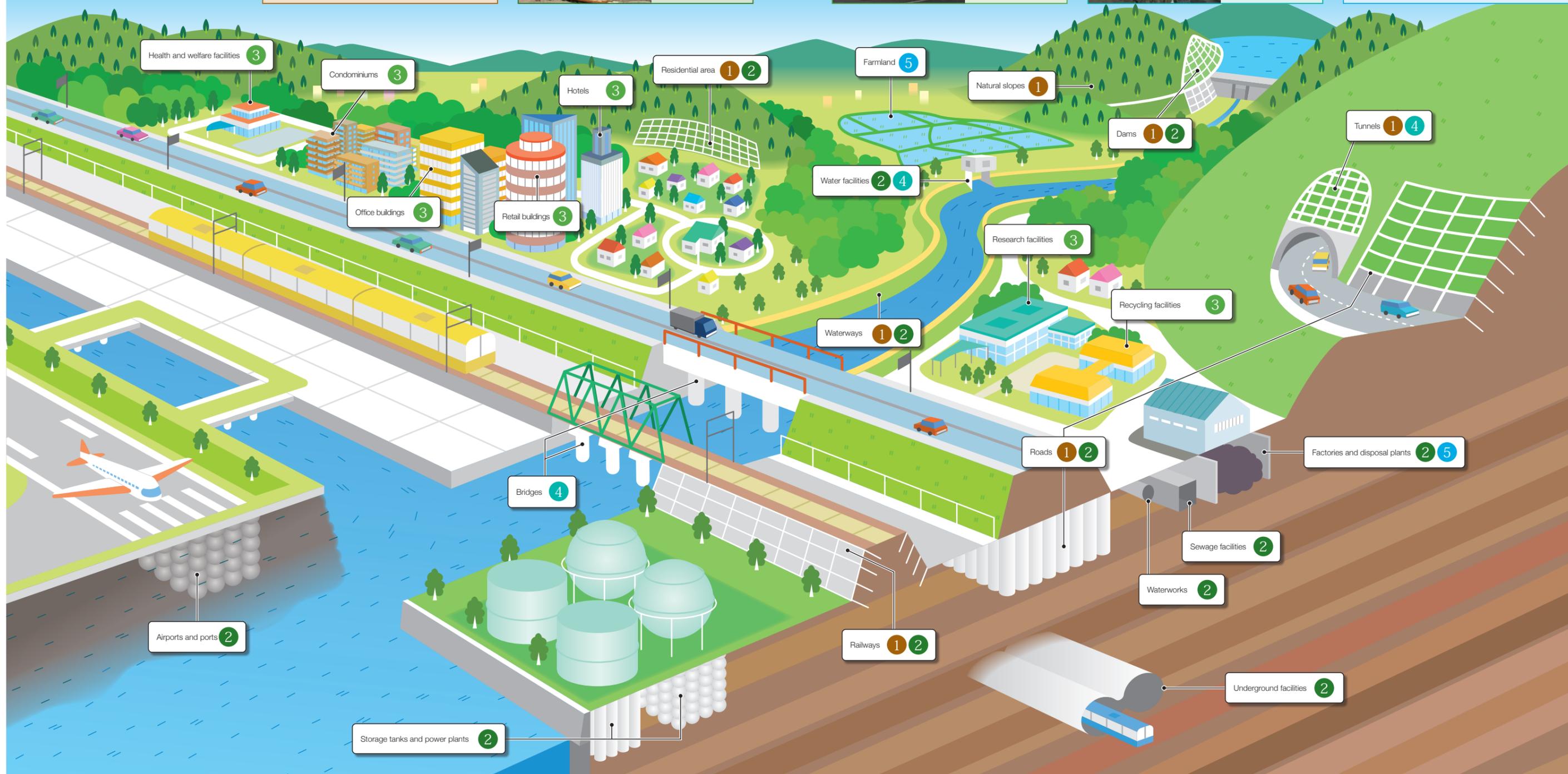


As existing infrastructure approaches the age at which maintenance is essential, there is a need to ensure that it can maintain its functionality over the long term. By proposing high-quality repair and reinforcement solutions, we contribute to extending the service lives of existing structures.

5 Environmental restoration



Utilizing our wealth of knowledge related to slope protection and ground improvement, we contribute to environmental protection and effective utilization of land through such means as landscaping, surveys, and countermeasures targeting soil and groundwater pollution.



Raito Kogyo Group growth strategies

Under our management philosophy of "Continuing to take on the challenge of creating new value," The Raito Kogyo Group aims to be an enterprise that is essential to our stakeholders, by being constantly creative. The basic policy of the current medium-term management plan calls for "Improving our corporate power to enable sustained growth" and, in our core business field of specialized civil engineering work we will aim to achieve sustained growth through further enhancement of our research and development structure, centered on the R&D Center, as well as promoting efficient business administration and investing in growth.

GOAL

Achieving sustained growth

Management philosophy

Continuing to take on the challenge of creating new value

Medium-term management plan

[Raito 2021]

Basic policy

Improving our corporate strength to enable sustained growth

- Promoting technological development and enhancing market development
- Promoting efficient business administration to create value
- Investing in growth with an awareness of capital cost

Civil engineering business

Construction business

Overseas business

Numerical management targets



ROE **10%** or above

Dividend payout ratio **30%** or above

Business enhancement strategies

Civil Engineering Business	<p>Further enhancing our overall capabilities in order to realize growth</p> <ul style="list-style-type: none"> ● Improving construction efficiency to enable work-style reforms ● By taking advantage of the Group's unique characteristics, securing stable earnings based on marketing activities rooted in local communities ● Proactive investment in hardware and software to enable productivity improvements 	Research and development	<p>Promoting technological development to support sustained growth</p> <ul style="list-style-type: none"> ● Technological development and promotion to be the leader in ICT slope work and ICT ground improvement technologies ● Development of labor-saving technologies in response to decreasing numbers of engineers and skilled workers in the labor force ● Implementing development with a sense of urgency, through enhancing structures by such means as external alliances
Construction business	<p>Further growth through expanding marketing areas and business fields</p> <ul style="list-style-type: none"> ● Securing business volume through expanding marketing areas ● Enhancing our business in non-residential sectors and renovation ● Building new structures through such means as participation in public sector projects and alliances with business partners 	Safety, health, quality	<p>Aiming to be a company trusted by all</p> <ul style="list-style-type: none"> ● Safety management based on the fundamental principles of valuing human life and "safety first" ● Enhancing diverse ways of working and work-life balance through promoting work-style reforms ● Advancing human resources training and ensuring more thorough quality control, in order to be respected as a trusted enterprise
Overseas businesses	<p>Growth strategies toward securing a 10% share of total net sales from overseas businesses</p> <ul style="list-style-type: none"> ● Enhancing alliances with local partners ● Taking on global projects through enhanced collection of information ● Advancing further localization at overseas offices 	Management, finance	<p>Various initiatives for realizing growth and stability at high levels</p> <ul style="list-style-type: none"> ● Establishing a robust financial foundation and creating investment capacity ● Investing in the future and securing human resources to realize new growth ● Advancing use of ICT to improve management efficiency

Trends in social conditions and the construction market

Amid uncertainty about global political and economic trends, the Japanese economy has been impacted by developments such as U.S.-China trade friction, economic slowdown in emerging markets, and conditions in the international oil market.

While special demand related to the Olympics has peaked and demand in respect of disaster recovery is leveling off, conditions in the domestic construction market remain favorable, due chiefly to such factors as urban redevelopment projects and infrastructure development intended to achieve more resilient national infrastructure.

In light of a pronounced shortage of skilled workers and progressive work-style reforms, efforts to improve productivity through such means as promoting use of ICT and business streamlining are vital.

Business enhancement strategies Messages from directors



Vice President
General Manager,
Management
Administration Division
Shigeaki Funayama



Senior Managing Director
General Manager
Safety, Quality, and
Environment Division
Yoichi Howa

A company needs to maintain sustainable growth in any environment and under any conditions. Doing so requires formulation of management strategies to determine the course toward a future ideal based on accurately ascertaining current conditions. We believe that financial strategy plays an important role in supporting realization of such management strategies.

Financial strategy does not consist merely of analyzing individual financial indicators and pursuing improvements in numerical values. Rather, a key point is how well finances can be optimized as a whole through fusion of such individual indicators. Profitability, safety, productivity, and growth potential can be said to be important indicators in analyzing corporate value for the purpose of achieving sustainable growth.

An important consideration in financial strategy-setting is how well results can be maximized through fusing those indicators. We see our basic strategic path as being one that starts with managing (improving) the Balance Sheet (BS), the Statement of Profit and Loss (PL), and the Statement of Cash Flows (CF). Our basic approach is to work to gain orders for highly profitable projects, through such means as winning sales based on proposing solutions and selective acceptance of orders, while also reducing costs during construction to improve profitability. In the process, we strive to maximize profits through business efficiency improvements utilizing digital transformation (DX) technologies and other means, as well as appropriately controlling general and administrative expenses. We also focus on the cash-conversion cycle (CCC), endeavoring to put assets to efficient use in order to reduce working capital requirements and maximize cash flow.

In addition to these basic strategies, we also consider allocation of cash flow for ongoing investment to be an important strategy. Our basic strategic course is one of overall optimization of distribution of earnings.

The first priority is investment in new businesses with future potential and in existing businesses for which future growth is expected. Of course, this also includes mergers and acquisitions (M&A). Second, we invest in R&D and machinery development, which are the basis of our technologies. Third, we return earnings to shareholders, employees, and other stakeholders who have supported our activities. And, finally, we utilize funds to build a solid financial foundation. We regard allocation of funds to these goals through overall optimization as an important strategy for increasing corporate value.

That said, such investments need to be planned in line with capital costs. The results we seek to achieve are a high degree of balance between return on equity (ROE) and the equity ratio, together with high levels in areas such as returns to shareholders and key financial indicators.

While we believe that the medium-term management plan, for which one year remains until the end of the designated term, is progressing smoothly, we still face a number of issues that must be addressed as we work to increase our corporate value. We will aim to establish robust financial foundations and realize sustainable growth and increases in corporate value by steadily addressing each of these issues.

Businesses today need to employ management strategies that reflect consideration for society and the environment; that is, ESG strategies. Together with efforts to lessen the environmental impacts of business activities and involvement in the growth of society as a whole by responding to society's demands, it is also vital to provide support for our employees to enjoy healthy, rewarding lives. We believe that we can contribute to societal growth and progress through appropriately utilizing management resources and flexibly incorporating knowledge from outside of the organization, as we work to ensure harmony with the external environment in these ways.

Regarding our environmental initiatives, during the 74th fiscal period we expanded our environmental management system certification to include all business sites. We are advancing practical initiatives that include adoption of fuel-saving vehicles and hybrid vehicles, making electricity consumption visible, and proactive installation of solar power-generating equipment on construction sites. We are also making efforts to minimize our environmental impact through deployment of technologies such as those that help reduce industrial waste generation during construction and others that help restore and maintain the natural environment. Our R&D Center, which opened in 2018, seeks not only to develop new technologies but also to improve existing ones based on various ideas from the field. We believe that, going forward, we will need to collaborate with various partners in order to put our highly specialized technologies and accumulated expertise to even more effective use in conjunction with information technology (IT) and ICT. Efforts such as open innovation and alliances are extremely important in creating new value, and we will endeavor to accelerate such efforts from now on.

Another major issue is maintenance of clean, safe, healthy workplace environments. While working style reforms are an important topic throughout Japan, we believe that, to date, such reforms have not generated sufficient results. In our case, changes have begun to appear in areas such as employees taking paid vacations and reduction of overtime hours, thanks to efforts to realize an environment in which it is easier to pay close attention to hours worked through adoption of a new working-hours management system. While we have also implemented systemic reforms, such as adoption of working from home and staggered working hours, there is a need to enhance these systems through ascertaining the results of related activities and making continuous and repeated improvements. Each of our business sites across Japan has established its own committee tasked with realizing working style reforms and work-life balance, and each is working diligently toward those goals.

Meanwhile, we see the declining numbers of skilled workers as a serious issue from a medium- to long-term perspective. Vital to maintenance and progress of the industry are practical measures and support in response to the workforce shortage, including understanding the current situations of partner companies, addressing the aging of the workforce, passing on skills, and recruitment of skilled foreign workers. Every business is based on its people, and we place top priority on protecting the business partners with whom we collaborate, and their employees. As well as advancing technological development to enable labor saving and efficiency improvements on the job, we will also carry out practical measures in areas such as development of safety nets for partner companies, providing opportunities for learning, and using CCUS and other systems to improve compensation, as the Group and its partners work together toward sustainable growth.

SDGs initiatives

Raito Kogyo Group SDGs initiatives

The 2030 Agenda for Sustainable Development to Innovate Our World adopted at the United Nations Sustainable Development Summit in September 2015 identified the Sustainable Development Goals (SDGs), consisting of 17 goals and 169 targets, aimed at advancing efforts worldwide to address social challenges such as poverty, inequality, and climate change.

The Raito Kogyo Group will contribute to realization of the SDGs through its multifaceted business operations, based on the principles of supporting safe, comfortable living with peace of mind, as well as coexistence with the Earth.



Businesses of the Raito Kogyo Group that contribute to achievement of the SDGs

The Raito Kogyo Group puts into practice its corporate philosophy of "Continuing to take on the challenge of creating new value" by seeking solutions to various social challenges. The diverse business activities of Group member companies contribute to achievement of the SDGs together with implementation of our corporate philosophy.

SDGs targets to which the Raito Kogyo Group's businesses and activities contribute

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Construction business		●				●	●		●		●	●		●	●		
Slope Construction		●				●	●		●		●	●		●	●		
Foundation and Ground Improvement Construction		●				●	●		●		●	●		●	●		
Repairs and Reinforcement Construction							●		●		●	●					
Environmental Restoration			●			●	●		●		●	●		●	●		
Building Construction						●	●		●		●	●					
Supply of building materials							●		●		●	●			●		
Long-term care business			●														
Insurance agency business	●		●														
Fundamental activities (ESG)				●	●			●	●	●			●			●	●



Special Feature 1 Contributing to society through our businesses

Steady progress on highly difficult seismic reinforcement of ports through combining newly developed borers with a variety of technologies.

For Japan, as an island nation surrounded by water on all four sides, ports constitute critically important infrastructure. Today, ports in Japan are becoming increasingly less internationally competitive due to their managements' laggardly responses to the trends toward larger ships and automation. Hence, the Japanese government is implementing measures aimed at making the nation's ports more competitive. Raito Kogyo's technologies are also utilized in seismic reinforcement of ports for the purpose of mitigating earthquake damage and thereby effectively facilitating business continuity in the event of a natural disaster.



Source: Japan Tourism Agency website
<https://www.mlit.go.jp/kankochu/cruise/jp/detail/068/index.html>

A logistics receiving base for southern Miyazaki Prefecture

Aburatsu Port in the city of Nichinan, Miyazaki Prefecture, is a natural harbor located on the scenic coast of Nichinan. Active shipping through the port commenced after the head of the Obi clan excavated a canal during the Edo Period (1603-1868) and, in 1938, a paper mill opened in the Agata area in the port's hinterland, followed by designation of Aburatsu as a major port in 1952. Steady improvements were made following formulation of a port plan in 1955. They included construction of seawalls and mooring facilities. After the eastern quay opened in 1998, domestic and international container shipping routes using the port were opened. Since then, it has been a logistics base for southern Miyazaki Prefecture. In recent years, the port has also begun serving as a base for receiving cruise ships visiting the prefecture, as a result of expansion work in 2015 to enable accommodation of vessels of up to 160,000 tons; this capacity was further enlarged, to accommodate cruise ships of up to 220,000 tons, in December 2017.



Customer feedback

This joint venture brought together two companies whose main business activities involve port civil engineering, centered on Miyazaki Prefecture. Aburatsu Port is an important facility from the perspective of the Miyazaki Prefecture economy. While arrival of cruise ships in the port was suspended in early 2020 due to the COVID-19 pandemic, traffic resumed in November of that year and this is expected to have a major economic impact. Although this project was faced with a number of difficulties in the early construction stages, it is now proceeding smoothly, thanks to the responses of Raito Kogyo. We aim to make further contributions to the local community through collaboration in the areas of port civil engineering and specialized civil engineering, going forward.



Kono-Kodama Construction Joint Venture
 Chief Engineer
 Tomoyuki Hisatomi (Kodamagumi K.K.)
 Kono-Kodama Construction Joint Venture
 Site Representative
 Yuichi Odawara (Kono Kenseitsu Co., Ltd.)

Highly challenging construction project to install a ground anchor of more than 100 m

Seismic reinforcement work has been underway on Quay No. 10 at Aburatsu Port since 2017. This project is being carried out through the method of seismic reinforcement of a gravity quay wall using a caisson through installation of a ground anchor to control landsliding and displacement in the event of an earthquake. Characteristics of this method are the way in which it realizes results with long-term stability through fully redundant erosion protection using tension materials and the power of prestressing to connect the tip of the caisson with the ground, as well as its low environmental impact. Another distinctive feature is how it makes it possible to carry out construction work while the port facility is still in use, due to the construction yard surface area being relatively small.

Because the site has a deep base layer, the work involved the highly difficult

challenge of boring at a depth of approximately 100 meters. Most ground anchors involve depths of around 30 m, and boring at 50 m is normally considered quite deep. There are few examples in Japan of boring at deeper than 100 m. In fact, the task is so rare that the software normally used to design anchors was incompatible with the depth of more than 100 m. Since the ground anchors are installed at 1.9 m intervals, this required high-precision boring to avoid interference with neighboring anchors. Another important issue was the need to reliably verify that the base layer had been reached.

Developing a new borer to realize stable boring

As a solution to this difficult challenge, we developed the new TSD-300 Megatitan borer, one of the largest rotary-percussion drills in Japan, with a maximum boring length of 120 m. Its maximum boring diameter of 330 mm is also the highest in Japan. This borer has high capacity, making it usable not only for anchor work but also for chemical injection and micropile work. This task involved two-layer boring with a casing 216 mm in diameter and an inner rod 135 mm in diameter, ensuring high levels of quality and construction feasibility. Use of the Megatitan in combination with a wide range of existing boring technologies made it possible to realize stable boring in this project to install one of the longest-ever ground anchors.

Ports that are capable of functioning reliably in the event of disasters are vital infrastructure for Japan, as a nation surrounded by water and subject to frequent earthquakes. Going forward, Raito Kogyo will continue proactive technological development in order to contribute to improvements to various types of social infrastructure and help realize a safe, secure society.

VOICE

Ground anchors are mainly used in incline construction work. Using one in a port project was innovative. Since none of us had experience with an anchor this long, we went to great lengths to explain to the client and subcontractors, as clearly as possible, such matters as the strengths of the technology and the construction method. Happily, the technology was adopted for this project, and we hope to promote further use of the technological know-how thus acquired on other sites, in due course. Moving forward, we will aim to be able to propose technologies that will deliver new value.



Raito Kogyo Co., Ltd.
 Kyushu Branch Southern Kyushu Sales Department
 Supervising Manager/Miyazaki Office Manager
 Takashi Obu

This was our first experience with a ground anchor at a depth of more than 100 m and, initially, we were uncertain about taking on this challenge on an unfamiliar site. We carried out the work while giving top priority to quality and safety, meeting repeatedly with partner companies. Although we experienced various difficulties in boring, we sought to ensure smooth on-site operations through Company-wide efforts that included adoption of the recently developed Megatitan equipment. Since we needed to work in a construction yard that was limited in size, so as to avoid impeding arrivals by large passenger vessels, we managed to successfully complete the task by conducting acceptance inspections of anchor materials at a separate yard and then rewinding them on a turntable. We hope to realize further creative solutions and improvements in technology as we work toward completion of the project, and thereby earn the trust of the client.



Raito Kogyo Co., Ltd.
 Kyushu Branch Construction Engineering Department
 Michihiro Hori



TSD-300 Megatitan





Special Feature 2 R&D for the society of the future

Promoting R&D in response to society's increasingly advanced and complex needs, and passing on the results to future generations.

A need to develop technologies utilizing IT

The COVID-19 pandemic of 2020 spotlighted a pressing need to reconsider how we have lived our lives to date, and it can be expected that working style reforms will advance further in coming years. In addition, companies in various fields cannot escape the need for a digital transformation (DX) utilizing information technology (IT), and there are great expectations for development of technologies such as robotics utilizing artificial intelligence (AI), which relate directly to improvements in operability and productivity and can be expected to become more widely used, together with the spread of 5G telecommunications technologies. Technological development through adoption of such technologies is also a very important issue in our field of specialized civil engineering.



Landslide testing using precipitation testing equipment

Utilizing ICT technologies for solutions to various challenges

To date, the R&D Center has worked on research and development targeting new business opportunities in the areas of (i) development of advanced ICT technologies in the field of specialized civil engineering, (ii) development of new technologies for realizing safety and security in national infrastructure, through such means as disaster prevention and mitigation, and infrastructure improvements, and (iii) development of technologies to address environmental issues, based on our proprietary construction methods.

Among these, in (i) development of advanced ICT technologies, we are aiming to realize further advances through use of artificial intelligence (AI), to help solve the problem of a shortage of highly skilled workers, and to improve operability and productivity. Meanwhile, we are working to preserve the land and improve infrastructure through our proprietary incline disaster prevention and mitigation technologies, and ground improvement technologies, in order to respond to earthquakes and soil disasters caused by torrential downpours, which can wreak large-scale damage over a wide geographical area. The R&D Center will continue to advance research and development in response to the increasingly advanced and complex needs of society amid sudden environmental changes, achieving results that we can pass on to future generations.



Remote operation using a head-mounted display

An eco-friendly, next-generation jet method

Development of the KHI method

The high-pressure spraying agitation method (jet method) that has traditionally been used in work such as ground strengthening and reinforcement directly beneath structures suffers from a number of issues, such as a tendency to generate noise and vibration, the difficulty of operating the necessary large-scale equipment on constricted sites, and the inability to build improved structures that satisfy design requirements if obstacles are present underground.

The KHI method is an innovative, eco-friendly jet method that realizes our proprietary theory on formation of improved structures. It significantly boosts construction efficiency through use of a newly developed boring machine and shorter rods. And, because it does not utilize the large-scale compressors that are typically required in the traditional jet method, it succeeds in minimizing not only noise and vibration but also CO2 emissions, while also greatly reducing the volume of sludge generated during formation of an improved structure. Furthermore, using our proprietary rotation method makes it possible to form improved structures with high levels of strength that also satisfy diameters of design, even when there are some obstacles in the ground.



Improved structure formed with an obstacle included

Technological development toward construction work utilizing ICT

ICT ground improvement construction

Since 2016, the Ministry of Land, Infrastructure, Transport and Tourism has been promoting the i-Construction initiative, with aim of improving productivity and making construction sites more attractive through use of information and communication technologies (ICT) and 3D data. To date, work methods utilizing ICT have been realized in various types of construction activity. As part of these efforts, in 2019, management standards were established regarding surface- and mid-level ground improvement work, which is closely related to our business operations, and in 2020 management standards were established regarding deep mixing work. We have taken the initiative, ahead of competitors, in developing software that is suited to these new management standards, and in proactively adopting them.

As a result, a project commissioned by the Kanazawa River and Roads Improvement Office of the Ministry of Land, Infrastructure, Transport and Tourism Hokuriku Regional Development Bureau has been approved as a project utilizing ICT for ground improvement in surface- and mid-level ground improvement work, and another project, commissioned by the Otaru Development and Construction Division of the Ministry of Land, Infrastructure, Transport and Tourism Hokkaido Regional Development Bureau and the Okayama Roads Improvement Office of the Ministry of Land, Infrastructure, Transport and Tourism Chugoku Regional Development Bureau, has been similarly approved for deep mixing work. These are the first cases of such approval for deep mixing work in Japan.



Construction using ICT ground improvement machinery (deep mixing work)

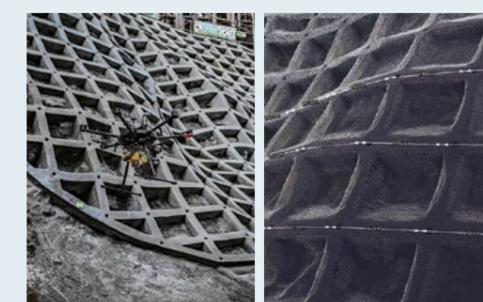


Centralized management of geospatial data and construction information

ICT slope face construction

As part of our efforts to promote ICT slope face construction, we employ aerial photography using unmanned aerial vehicles (drones) to obtain high-precision 3D measurement data that can be used in measuring completion and construction management on-site. These aerial photographic measurements realize levels of precision similar to those of traditional measurements.

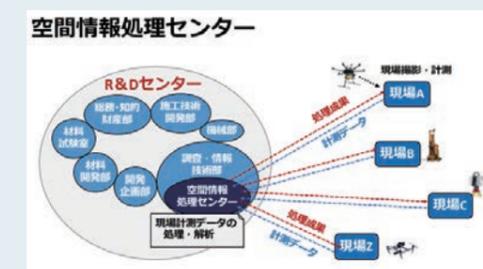
This method also contributes significantly to safety and cost reduction through shortening the time required for measuring by eliminating the need for workers to climb potentially dangerous slopes.



UAV aerial photographic measurement Sample measurement of grating cribs using point group data

Establishment of the Spatial Information Processing Center

We have established a Spatial Information Processing Center within the Development Division's R&D Center to improve efficiency through centralization of operations as we seek to lessen on-site environmental burdens and improve productivity by processing and analyzing data collected from sites, thereby advancing utilization of ICT for slope and ground improvement. Such use is expected to be fully implemented in the construction field in the near future.



Overview of use of the Spatial Information Processing Center

Environment

Contributing to the global environment through our business activities

Environmental greening technologies for resource recycling and coexistence with nature

Sometimes, the construction business involves modification of original topographic features. We work to restore vegetation that has been destroyed in such cases. These eco-friendly technologies aimed at resource recycling and coexistence with nature put lumber from tree-thinning on construction sites to effective use as chips or fertilizer materials.

● Eco-Cycle greening method

This is a method of greening and natural restoration that involves recycling of construction by-products such as powdered wood from thinning and tree roots for use as a foundation material for growing vegetation on slopes.

Track record on recycling wood into foundation materials for growing plants

Category	Wastes reusable as recycled materials
Organic	Lumber from thinning, raw chips or fertilizer from roots, grass clippings and pruned branches, wood from demolition (charcoal), wastewater sludge (granules), livestock wastes, waste plastics, etc.
Inorganic	Asphalt fragments, concrete fragments, shell fragments, glass bottle fragments, sludge from water-purification sites, coal cinders, pulp sludge, etc.

*Put to effective use through the processes of drying, conversion to fertilizer, sieving, or mixing, depending on intended use



Lumber from thinning, roots Wood from demolition Shells from aquaculture

● All Greening method

This eco-friendly spray-landscaping method secures high retention and erosion resistance by mixing short fibers in the foundation for growing vegetation. Since the short fibers increase adhesion of seeds cast on the ground and encourage propagation of vegetation, this method is also very suitable for construction sites where the objective is to achieve rapid natural restoration through surrounding vegetation, with consideration for biodiversity.



Highly degradable short fibers

Construction examples: Greening using pressure plate covers and potted seedlings

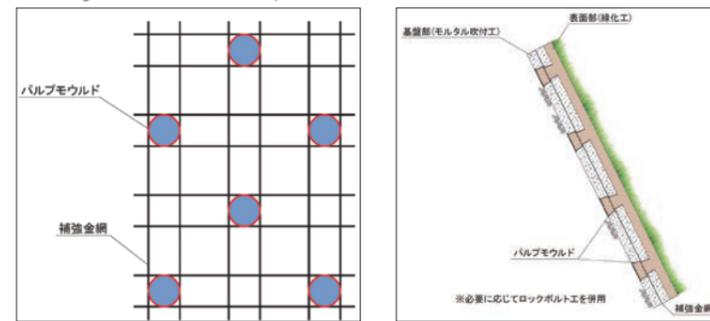


Three months after construction Six years after construction

A new slope protection method that can withstand disasters and is easy on the environment

● Multiple slope face construction method

This slope protection method is outstanding in terms of both disaster prevention and the environment, fusing highly erosion-resistant mortar spraying with the vegetation method, which is better in terms of scenic considerations. By combining pulp molding and reinforcing metal nets, reinforcement bars, grating cribs, and other features, this method is suitable for a wide range of site conditions and meets the needs to prevent weathering and erosion, to landscape slopes, and to prevent surface-level destruction. It also provides a choice of partial or full landscaping options, in consideration of weeding and other aspects of maintenance and management after the work is complete.



Plane diagram Cross-section diagram



After completion of the work



Integrated soil-pollution remediation technologies

The Soil Contamination Countermeasures Act was enacted in 2003 as a law concerning countermeasures against soil pollution. Numerous regions have also enacted their own ordinances and other rules on soil pollution. The Company handles all tasks related to soil pollution surveying, from survey planning through implantation and analysis of results. Furthermore, it is developing and possesses integrated soil-pollution remediation technologies that include subsequent assessment, proposing optimal purification methods, and implementation.



Based on the results of surveying surface pollution, including ground soil and soil gas, we survey the state of pollution at deeper levels.



Purification technologies

Raito Kogyo soil-pollution remediation technologies

Pollutants	Purification technologies	Pollutants	Purification technologies
Heavy metals	Insolubility in situ	Oil content	Chemical oxidative decomposition
Volatile organic compounds	<ul style="list-style-type: none"> Iron powder reduction purification Hot-soil method Water lifting aeration 	All pollutants	<ul style="list-style-type: none"> Chemical oxidative decomposition In situ bioremediation Soil gas absorption Air sparging Sealed in situ Excavation and removal

Repair and reinforcement technologies that reduce industrial wastes

To date, the most common method of protecting sloped surfaces has been through use of mortar spraying. This method has been used to prevent weathering and erosion, and it needs to be waterproof. Existing spray mortar itself degrades, cracks, and peels with age, and the effects of these conditions, and of groundwater, can lead to erosion and hollowing out of the soil. The Company offers technologies that reduce industrial wastes and mortar use when repairing and reinforcing spray mortar.

Norefresh Method

Traditionally, removing existing sprayed mortar and replacing it with new mortar involved generation of large volumes of industrial wastes. The Norefresh Method, however, makes it possible to repair and reinforce existing

sloped surfaces without removal (and disposal) of existing aged sprayed mortar, by applying a new layer of mortar on top of the old one.

Mixing of short fibers into the mortar improves its flexural ductility, enabling use of thinner sprayed surfaces than was previously possible. This helps to lessen environmental impact by reducing the volume of mortar used. In addition, minor damage to mortar can be repaired easily by using a resin spray. Since this method involves no use of mortar, it eliminates losses from mortar recoil. Furthermore, the smaller size of the machinery used helps to reduce CO2 emissions from construction work.

Steps



Spraying resin Spraying the top coat Before After After (close-up)

Environment

Lessening the environmental impact of business activities

Environmental Policy

Through implementation and ongoing improvement of autonomous environmental management, and development and deployment of eco-friendly technologies, we promote the creation of a recycling-oriented society to enable continual progress, contributing to maintenance and improvement of the Earth's environment through such means as helping to mitigate global warming.

1. Maintenance and improvement of the Earth's environment
2. Mitigating global warming
3. Creating a recycling-oriented society to enable continual progress

Activities implemented

1. Implementation and continual improvement of autonomous environmental management
2. Development and deployment of eco-friendly technologies
3. Environmental contribution through our green infrastructure and soil purification business operations

Environmental Management System

Raito Kogyo's Environmental Management System involves activities to build structures for more effective management and ongoing improvement of business activities in compliance with environmental laws and regulations, while taking into consideration environmental protection, pollution prevention, and social and economic needs, based on compliance with the requirements of the international standard ISO 14001: 2015.



Registration certificate

ISO 14001 certification

Certification no.	MSA-ES-191	Scope of certification
Date of certification	March 20, 2003	Design, construction, and decontamination of civil engineering structures and buildings
Date of modification	October 28, 2020	
Expiration date	November 28, 2023	
Scope of certification	28. Construction 34. Engineering, R&D	
Applicable standard	JIS Q 14001:2015 (ISO 14001:2015)	
Inspection and registration agency	Management System Assessment Center	
Organizations included in the scope of certification	Head office: 4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo Utsunomiya Machinery Center, R&D Center, Hokkaido Branch, Tohoku Branch, Kanto Branch Office, Kanto Disaster-Prevention Branch, Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kyushu Branch	

Promotion of green procurement

Based on the principle of implementation and continual improving of autonomous environmental management called for in its Environmental Policy, the Raito Kogyo Group considers the environmental impacts of all of its business activities and prioritizes procurement of office supplies, building materials, and other purchases with lower levels of environmental impact.

Initiatives in the development, design, and construction stages

With regard to its technologies that have been developed independently to lessen environmental impact, the Company works to ensure that such technologies are widely recognized, through having them identified as technologies that conform to the standards in the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities, and proactively proposes them to construction clients, designers, and others in the construction stage. The new R&D Center completed in January 2018 uses only Ecomark products (i.e., products conforming to the standards in the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities) in the rock wool sound-absorption plates in its ceilings.

Green procurement of office supplies, etc.

The Company promotes green procurement at all offices in Japan, and Head Office proactively selects and purchases eco-friendly products when buying office supplies and other goods. As a result, items conforming to the standards in the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities and similar items account for 90% of all office supplies and similar goods purchased by Head Office.

Environmental education and awareness-raising

To improve understanding of the Company's environmental policies and the related management, system, Head Office provides basic environmental education through training for new employees. Once individual employees fully appreciate the Company's position on and system for environmental management, we encourage them to take action, on their own volition, to address global environmental issues. We also work to raise employees' environmental awareness through proactive efforts such as posting of policies and information aimed at promoting environment-related activities, and we invite them to cooperate in implementation of environmental initiatives.



Environmental education

Initiatives in the construction stage

Eco Clay Wall II method

While working to develop safe technologies with low levels of environmental impact from the R&D stage, the Company also employs environmental considerations in the construction stage in order to reduce CO2 emissions and minimize the volume of waste generated during construction work.

The Company's proprietary Eco Clay Wall II method involves construction of a sludge-free clay barrier wall, made mainly of natural clay minerals, without releasing sludge. A distinguishing feature of this method is how it enables significant reduction of the volume of dirt generated from construction work, through use of powder injection mixing. In addition, it greatly reduces the environmental impact compared to traditional construction methods, cutting total emissions, including CO2 emissions generated during cement production, by about 80%.

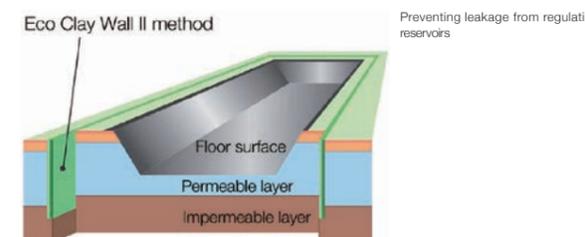
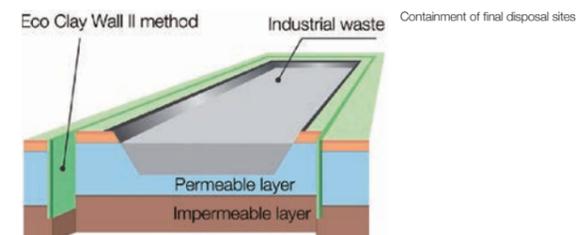
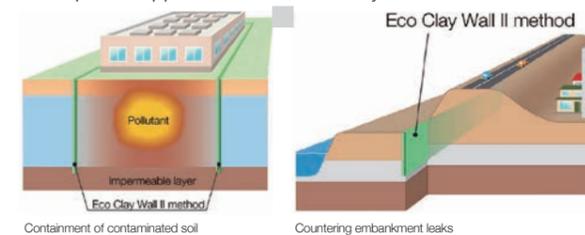


Cross-section of excavation



Construction machinery

Examples of application of the Eco Clay Wall II method



Office energy-conservation activities

The Company carries out a wide range of energy-conservation activities in its offices, including turning off the lights when not in use, wearing cooler clothing during the hot months to save on air conditioning use, and using energy-saving air conditioner settings. We are also raising awareness of energy conservation by making electricity use visible, through such means as setting up power usage display panels and using LED lamps that change color when electricity consumption is high.

Electricity use by Head Office in FY2018 totaled 374,000 kWh. Since the emissions coefficient of electricity use varies by power company, we evaluate these efforts based on total electricity use, without converting to CO2 emissions.



A display panel showing electricity consumption



A clock that issues notices on power usage

Overview of the environmental impact of Head Office activities in FY2019

INPUT		OUTPUT	
Electricity	379,000 kWh	CO2 emissions	171.8t-CO2
Gasoline	6,829.9L	General wastes	7.8t
Water	930m ³	Water	930m ³
Paper	2,895kg		

*Calculated based on "Emissions Coefficients by Power Producer" (published December 27, 2018) and "Guidelines on Calculation Methods for Greenhouse Gas Emissions Coefficients," both issued by the Ministry of the Environment of Japan

Promoting Web conferencing

As one green IT initiative aimed at minimizing our impact on the global environment, we are promoting use of Web conferencing. When people assemble in one place for a meeting, they use automobiles, trains, aircraft, and other means of transport, which adds to CO2 emissions. Use of a Web conferencing system to avoid excessive business travel clearly helps to reduce transport-related CO2 emissions. In FY2019, we held some 3,600 Web meetings, thereby contributing significantly to reducing our environmental impact.



Social

Quality-improvement efforts



Quality policy

Increasing trust in the Company's quality and contributing to societal progress to enable people to live with assurance, through development and comprehensive management of advanced construction technologies based on coexistence with nature.

1. Building a society in which people can live with peace of mind
2. Coexistence with nature
3. Ensuring reliable quality

Items implemented

1. Development and utilization of advanced construction technologies
2. Comprehensive technology management
3. Human-resources training to secure quality levels in line with technological advances

Quality Management System

Raito Kogyo's Quality Management System involves organization-wide activities, originally certified on March 18, 1999, to build structures for continuously improving quality control in outputs, through compliance with the requirements of the international standard ISO 9001: 2015 and applying the plan-do-check-act (PDCA) cycle.



Registration certificate

ISO 9001 certification

Certification No.	MSA-QS-200	Scope of certification
Date of certification	March 18, 1999	Design, construction, and decontamination of civil engineering structures and buildings
Date of certification renewal	October 28, 2020	
Expiration date	November 28, 2022	
Scope of certification	28 Construction 34 Engineering, R&D	
Applicable standard	JIS Q 9001:2015(ISO 9001:2015)	
Inspection and registration agency	Management System Assessment Center	
Organizations included in the scope of certification	Head Office: 4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo Utsunomiya Machinery Center, R&D Center, Hokkaido Branch, Tohoku Branch, Kanto Branch Office, Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kyushu Branch, Kanto Disaster-Prevention Branch	

Quality improvement efforts

Regarding efforts to realize even higher levels of quality, the Company is primarily focusing on utilization of construction technologies to enable quality improvement and carefully managing these technologies.

Through developing and improving construction technologies based on data collected through actual construction work, we work constantly to secure even better quality in workplaces under a range of conditions.

Awards

The National Highway 127 Kanaya District disaster countermeasure work that we conducted in 2016 and 2017 (client: Ministry of Land, Infrastructure, Transport and Tourism, Kanto Regional Development Bureau, Chiba National Highways Office) won the 2018 Kanto Regional Development Bureau Office Director's Award for Superior Construction and Outstanding Construction Engineers. It also won the 2019 Outstanding Enterprise Award for Construction Results.



The construction work



The award

The Company's construction projects have won various awards for their high-quality construction technologies and construction-management technologies as well as their contributions to local communities and other achievements. Going forward, the Company will continue development and comprehensive management of advanced technologies, aiming to maintain and improve quality levels and to become an even more highly trusted enterprise.

Main awards won in FY2019

Awarding organization	Name of award	Subject of award
Ministry of Land, Infrastructure, Transport and Tourism Tohoku Regional Development Bureau	Contributions to disaster prevention	2019 East Japan typhoon (Typhoon Hagibis)
Ministry of Land, Infrastructure, Transport and Tourism Hokkaido Regional Development Bureau	Subcontractor Award Bureau Director's Award	National Highway 231 Ishikari Shoulder improvement construction
Ministry of Land, Infrastructure, Transport and Tourism Kinki Regional Development Bureau	Bureau Director's Award for Outstanding Construction Contractor (technological development)	Western Hyamizu incline construction Work, etc.
Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau Chiba National Highways Office	Office Director's Award for Superior Construction and Outstanding Construction Engineers	FY2016/2017 National Highway 127 Kanaya District and other disaster countermeasures
Ministry of Land, Infrastructure, Transport and Tourism Chugoku Regional Development Bureau Okayama National Highways Office	Award for Contributions to Land, Infrastructure, and Transport Policy Okayama National Highways Office Director's Award Subcontractor Award	Phase 2 improvement work in Higashiune District on the southern route of the Okayama loop road
Ministry of Land, Infrastructure, Transport and Tourism Kyushu Regional Development Bureau Hakata Port and Airport Improvement Office	Subcontractor Award for Outstanding Construction Office Director's Award	Fukuoka Airport runway ground improvement work

Creating safe, comfortable workplaces



Health and Safety Management Policies

At the beginning of each fiscal year, we establish Health and Safety Management Policies and numerical health and safety targets. Based on these, each branch, Group member company, and workplace establishes its own numerical health and safety targets and plans for attaining them, and deploys related activities.

FY2020 Health and Safety Management Policies

1. Aiming to be a safe, trusted company, free of accidents, based on the fundamental principles of respect for human life and "safety first"
2. Working to reduce risks through active use and continual improvement of the Occupational Health and Safety Management System, to create comfortable workplace environments in which people can work in safety and security
3. Strictly complying with laws, regulations, official notices, guidelines, internal rules, etc. concerning occupational health and safety
4. Aiming to attain health and safety targets in cooperating with partner companies, through ensuring full understanding among all workers of health and safety management policies and plans, and strengthening and enhancing health and safety training

Safety track record

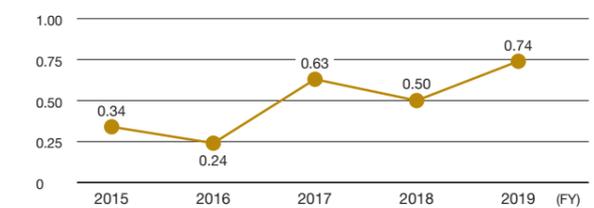
The Company's safety track record shows that, every year, our incident frequency rate remains below the national average ¹. In FY2019, the Company's incident frequency rate stood at 0.74 ².

¹ The incident rate is the number of accidents per 1 million cumulative total working hours.
² The total incident rate in the construction industry nationwide (on construction sites) is 1.69.

FY2020 numerical health and safety targets

1. Maintaining a level of zero fatal accidents
2. Zero serious accidents
3. Zero serious accidents (those involving a disability level of 7 or above)
4. An incident rate of 0.25 or less

Trends of incident rates



Occupational Health and Safety Management System

Raito Kogyo's Occupational Health and Safety Management System involves organization-wide activities to build structures for continuously improving and enhancing the levels of occupational health and safety in our workplaces, through compliance with the requirements of the international standard ISO 45001: 2018, and application of the plan-do-check-act (PDCA) cycle.



Registration certificate

ISO 45001 certification

Certification no.	MSA-SS-123	Scope of certification
Scope of certification	November 26, 2010	Design, construction, and decontamination of civil engineering structures and buildings
Date of certification renewal	October 28, 2020	
Expiration date	November 25, 2022	
Applicable standard	JIS Q 45001:2018(ISO 45001:2018)	
Inspection and registration agency	Management System Assessment Center	
Organizations included in the scope of certification	Head office: 4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo Utsunomiya Machinery Center, R&D Center, Hokkaido Branch, Tohoku Branch, Kanto Branch Office, Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kyushu Branch, Kanto Disaster-Prevention Branch	

Management safety patrol

Focusing particularly on special weeks and preparatory periods, such as National Safety Week and National Industrial Safety and Health Week, the Company carries out safety patrols in which members of management check on safety, occupational health, and other matters, year-round. In these patrols, the President and other members of management encourage Company employees and partner companies to participate proactively in health and safety management activities as well as checking on the status of implementation of priority items and, as necessary, pointing out necessary improvements and issuing related instructions. The aim of having the President directly participate in safety patrols is to communicate to all executives and employees, as well as partner companies, the importance of health and safety management, and to link this understanding to stimulation of health and safety activities, in order to create safer, more comfortable working environments.



Management safety patrol

Social

Respect for human rights

Basic human resources concept

The Raito Kogyo Group Code of Conduct expresses its basic concept with respect to human rights in the Group as follows: "Executives, employees, and others must respect basic human rights and refrain from discrimination on such grounds as gender, nationality, ethnicity, religion, social status, or physical attributes, both on and off the job." The Code of Conduct has been

established to engender respect for fundamental human rights.

Diversity and inclusion

Enabling female employees to flourish

Our five-year action plan for the period beginning April 1, 2016 set a target for attracting women to career-track positions, chiefly in engineering positions, of "10 or more, through hiring of one or more each year, centering on new graduates." Hiring activities are carried out in accordance with this target. Other proactive efforts to develop an environment in which each and every individual employee can demonstrate his or her abilities to the maximum extent include establishment of a program under which employees, including female employees, hired to work in specific areas can transfer to career-track positions.

Supporting the Kensetsu Komachi Initiative

The term "Kensetsu Komachi" is used by the Japan Federation of Construction Contractors to denote all women who are actively engaged on construction sites. Based on the concept of creating a society in which women can realize their full potential, the Japan Federation of Construction Contractors promotes, through the Kensetsu Komachi Initiative, opportunities for women in the construction industry, a field about which it must be admitted that only limited opportunities for women currently exist. We support this initiative, and sites where women employees work are fitted with "Kensetsu Komachi"



A "Kensetsu Komachi" sign.

Employment of persons with disabilities

We strive constantly to promote employment of persons with disabilities, through such means as creating workplaces that reflect consideration for disability status and providing jobs and workplaces suited to individual abilities, so that workers with disabilities can be valued members of the workforce, wherever they work.

Employment of senior citizens

Through combination of our retirement age of 65 years and a program for re-employment of retirees, which enables employees to choose how they want to work at age 60 and older, we offer employment opportunities that make the most of the skills, techniques, and knowledge that senior citizens have accumulated over the years.



Education to prevent harassment

The Raito Kogyo Group Code of Conduct explicitly prohibits acts in violation of human rights, such as sexual harassment, power harassment, and maternity harassment. The Company has established a helpline in the Human Resources Department and works to maintain comfortable workplace environments. We also take measures to educate and raise awareness among top management, as well as all executives and employees, regarding prevention of harassment, through internal training, official notices, and Company bulletins. We also provide training through e-learning and seminars led by licensed social insurance consultants and attorneys, explaining in detail, using real-world examples, what kinds of speech, behavior, and ideas constitute harassment, in order to deepen understanding of harassment among executives and employees.



Education to prevent harassment

Work-life balance

As initiatives intended to realize sound work-life balance through developing more amenable working conditions, The Raito Kogyo Group: 1) develops and enhances programs such as childcare leave, shortened working hours for childcare, and family leave, and 2) promotes efforts to reduce overtime work.

We also encourage employees to take annual paid leave in combination with the year-end/New Year holidays or summer vacation and to rest and refresh body and mind through taking consecutive days off, so that they can perform

their work more efficiently.

Rectifying long working hours situations through improving business efficiency

Improving efficiency and productivity on construction sites is essential to advancing work-style reforms. In light of the prospect of decreasing numbers of new hires in the future, as society progressively ages and birth rates fall, the Company is advancing efforts to increase operational efficiency through such means as development of techniques utilizing ICT technologies, enhancement of IT tools and other solutions, and standardization of work. We will strive to make work more rewarding and to improve quality of life for employees and partner businesses through Company-wide utilization of ICT to increase production efficiency Company-wide and more effective use of time.

Human resources development



Basic human resources policies

Raito Kogyo aims to develop human resources who can succeed on the global stage, with diverse values and broad perspectives, regardless of nationality, ethnicity, gender, or other characteristics. Based on our management philosophy of "Continuing to take on the challenge of creating new value," we consider one of the most important priorities of management to be that of creating an environment in which each and every employee can grow and demonstrate his or her abilities to the maximum extent. Based on this understanding, we work to enhance our support for employees' skills development.

Main education and training programs

- Introductory training
- On-the-job training (OJT)
- Technical training (construction skills)
- Salesperson training (marketing)
- Manager training
- Training for acquisition of various qualifications, such as those for professional engineers and construction management engineers
- Various e-learning training and education programs

Examples of education and training for new employees

● Introductory training (for new employees)

This training familiarizes employees with the basic knowledge, skills, business etiquette, and other requirements for carrying out their duties as members of the Company. It is aimed at helping them to advance from the status of students to that of professionals.

Contents of training

1. Overview of Company rules, etc.
2. Business etiquette
3. Health and safety management
4. Basic knowledge of various construction methods
5. Basics of civil engineering and construction
6. Education for acquisition of various qualifications

● On-the-job training (OJT)

Guidance personnel provide one-on-one training aimed at imparting, through practical activities, the basic and specialized knowledge needed in the respective sections to which employees are assigned.

Contents of training

1. Site (workplace) rules and basic activities
2. Understanding of health and safety activities
3. Ascertaining daily work cycles
4. Learning how to prepare internal documents and those used in construction management
5. Education on earning various qualifications



A training session

VOICE Overseas Business Division Mai Xuan Dung



I was born in Vietnam. One year ago, after graduating from a Japanese university, I was hired by the Company as a new graduate. Although I am affiliated with the International Business Division, I am currently working in urban civil engineering and seismic retrofitting site operations with the Kanto Branch Office, in order to gain experience in construction management in Japan. I am learning from many senior colleagues not only the work of construction management but also subjects such as professional etiquette and how to

communicate effectively with partner companies. While I still need to improve my Japanese language proficiency, I hope to acquire specialized knowledge as quickly as possible, so that every day I can grow in my career.

VOICE Chugoku Division Shota Torigoe



I have been with the Company for about 18 months. After completing my training, I was assigned to a slope construction site. Subjects of my introductory training included how to earn qualifications and the methods and importance of quality control, as well as knowledge of soil quality and practical training in health and safety management. Working in quality control on-site, I came to realize the importance of the knowledge I gained through that training. My goal going forward is to become more mature as a professional by taking on new challenges

whenever they arise. I want to take on new things while continuing to be responsible for my current duties.

Social

Topics

Efforts to prevent transmission of COVID-19

In response to the persistence of the coronavirus pandemic, society has begun adapting to a "living with COVID-19" mode, and companies are required to modify their operations accordingly. Based on the most recent circumstances of the pandemic, the Raito Kogyo Group is doing business while implementing various measures to prevent transmission of the virus. To protect the health and safety of employees, we are paying close attention to the status of the pandemic and responding flexibly.

Stopping the spread on job sites

General measures to stop the spread on-site

General measures to prevent transmission of COVID-19 on job sites include setting up stations for daily temperature-taking and disinfection, distributing mouth shields to be worn with helmets, and practicing comprehensive ventilation and social distancing.

Health management

In addition to distributing thermometers in site offices, contactless thermometers and automatic thermometers are used to take employees' temperatures on a daily basis in order to manage the health conditions of Company personnel and those from other companies involved in construction work.

Distributing mouth shields for wearing with helmets

For workers to wear with helmets, we chose from a wide range of mouth shields designed to prevent airborne infection those that were best suited for on-site use. By requiring partner companies to have their employees use these shields on-site, we are helping to prevent transmission of COVID-19 while also making it easier to work on-site and helping to counter heat stroke.

Comprehensive ventilation and social distancing

In site offices and waiting rooms, we practice effective social distancing and ventilate these areas with a complete air change every hour.

Installing partitions in site offices

We are installing acrylic partitions on the desks inside site offices, to prevent airborne transmission. Openings at the bottoms of the partitions, where there is less risk of such transmission, make it possible to exchange documents and other materials, reflecting consideration for functionality in business operations as well as virus protection.

We have also set up hand sanitizer stations and posted notices encouraging people to wash their hands.



Automatic thermometers, equipment made available in offices, helmet mouth shields, ventilation, partitions.

Disinfection in site offices

The Construction Business Division is employing disinfection measures in site offices and other locations to enable clients, partner companies, and employees to use the facilities free from anxiety. Specialist disinfection service providers are employed to clean airborne particles from floors and doors, wipe down desks and chairs with disinfectant, and carry out other disinfection activities. Photos of the disinfection work and notices advising that disinfection against COVID-19 has been completed are posted in the offices and other locations, so that personnel can see at a glance where and how disinfection was conducted, enabling them to work in those areas secure in the knowledge that they are safe.



Disinfection in a site office

Utilizing ICT to reduce opportunities for contact

Utilizing ICT according to the particular circumstances of each workplace, we are reducing the risk of transmission of COVID-19 through automation and limiting opportunities for interpersonal contact. The Hokkaido Branch's sites have taken steps to prevent transmission of COVID-19 by reducing opportunities for interpersonal contact on-site, performing disinfection and ventilation, requiring mandatory wearing of facemasks, as well as encouraging verbal communication using the handheld radio devices that operators and site technicians carry with them on the job, and carrying out progress control using tablets, in addition to using Global Navigation Satellite System (GNSS) steering systems to guide piledrivers.



Automation using ICT

Donating hand sanitizer to neighborhood associations

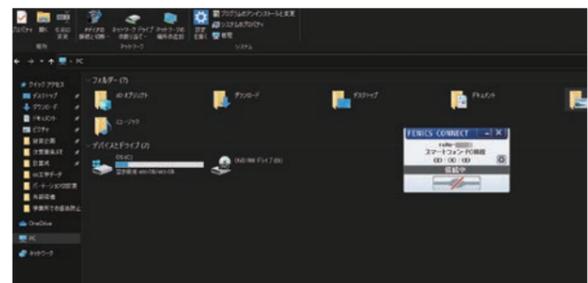
As part of its community engagement initiatives, the Kan-Etsu Branch donated supplies of hand sanitizer to the Residents' Association of Shinshu-Shinmachi to help prevent community transmission of COVID-19. This donation has been publicized in neighborhood association bulletins.

Efforts to prevent transmission at business sites

Encouraging remote working and staggered working hours

To help reduce the risk of infection in the workplace and during rush-hour commuting, the Company encourages employees to work from home and to work staggered hours.

With regard to working from home, we are looking to increase productivity through improvements to the telecommunications environment and introduction of communication tools such as group chat. Use of networking services that enable secure connections to Company servers makes it possible for people to work from home in a business environment similar to that of the office. In addition, in-house rules have been revised to establish a clear system for staggered working hours. The starting and ending times of work periods can be moved forward or back by up to 90 minutes to avoid the need for employees to commute on public transport during rush hours.



An environment for remote working

Promoting Web conferencing and Web training

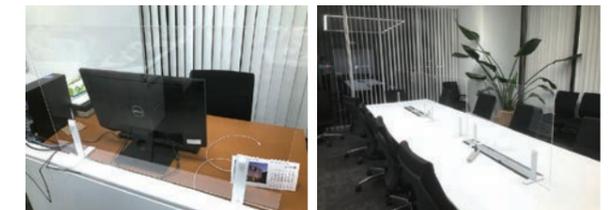
To avoid risks of employee exposure to potential COVID-19 carriers, the Company is urging that everyday meetings and training be conducted via the Web, thereby minimizing opportunities for groups to gather in one place over an extended period. In training for new employees, the number of people required to gather in a single place has been reduced through connecting each facility via the Web, and instructors also teach online, further reducing chances of contact. In addition, meetings held at Head Office as well as regular meetings between Head Office and branches are also being conducted online. Other efforts aimed at minimizing gatherings include streaming the President's semi-annual messages via the Web, so that employees can view them individually.



Online training for new employees

Installing partitions

We are working to prevent airborne transmission by installing partitions on office desks and meeting room tables. Use of highly transparent acrylic partitions maintains a comfortable working environment by enabling unimpeded communication and providing an open-office feeling.



Partitions

Extensive ventilation

We are implementing extensive ventilation measures in headquarters, branch and other offices. In addition to keeping emergency exits, windows, and room doors, open, we also are taking care to avoid creating airtight spaces by encouraging people to keep the doors of meeting rooms, which can tend to become sealed off from outside air flows, open. The Chubu Branch has set up large commercial fans to facilitate ventilation in the office.



Ventilation using large commercial fans

Ventilation

Adoption of the COVID-19 Contact-Confirmation Application

We have installed the COVID-19 Contact-Confirmation Application (COCOA) app on business smartphones. This app provides prompt notice of the possibility of infection by receiving notifications of possible contacts with people who have tested positive for COVID-19. Installing it on business smartphones means that all employees can use it, helping to prevent transmission of the virus, Company-wide.



A COCOA poster

Social

Ties to our local communities

Participation in the Hanna Ippai Project

As a result of successive cancellations of events due to the COVID-19 pandemic which broke out in early 2020, demand for flowers remains low. At a construction site for work commissioned by the prefecture, Group member company Tohoku Realize Co., Ltd.

is participating in the Hanna Ippai Project that is being promoted by the prefecture to stimulate buying of flowers, as part of its efforts to improve the image of the site and support the flower industry.

At the site of the Shirakawa Uchiyoa disaster control project commissioned by Miyagi Prefecture, the atmosphere has been brightened by planting flowers such as marigolds and begonias in front of the site office and in the materials yard. A site foreperson commented on the value of continuing these activities: "Planting the flowers has led to greater interaction with members of the community, as residents come in to ask us about the plants. It has also led to changes in consciousness and behavior, as workers themselves take the initiative in tidying and organizing the site and its surrounds. We definitely would like to participate in similar initiatives in the future. They are likely to help support flower growers as well."



Flowers planted in front of the site

Initiatives conducted through volunteer organizations

The Group belongs to various community associations and carries out activities to develop closer relations with our local communities. The Tohoku Branch and Tohoku Realize Co., Ltd. are members of the Miyagi Prefecture Erosion Control Volunteer Association, and again this year they participated in patrols of hazardous sites and in tree-planting activities. In the latter case, they cooperate with members of the local community to plant trees, sow seeds, and grow seedlings, among other activities aimed at supporting ongoing greening of the community.

In addition, Group member company Yamaguchi Realize Co., Ltd. is a member of the Yamaguchi Prefecture Disaster Prevention/Erosion Control Volunteer Association, through which it takes part annually in training sessions and other activities on disaster prevention and erosion control. This fiscal year, it participated in regular inspection of locations at risk of soil disasters and ascertained information on the current state of soil-disaster prevention facilities, as well as inspecting facilities considered to be at risk of decreases in the stability and strength of their performance, and those requiring monitoring over time, in order to prepare basic materials for studying the need for countermeasures in the event of soil disasters. Going forward, the Group will continue to participate in community environmental protection and disaster prevention activities.



Tree-planting activity

An introduction to safety education utilizing ICT/labor-saving technologies and VR

Currently, with the construction industry as a whole facing a labor shortage, the Company is focusing on development of technologies that are compatible with the i-Construction initiative, which is intended to increase productivity and safety by lessening the stress on site workers and saving labor through automation of construction machinery.

As part of these activities, we held a tour on a site for work commissioned by the Ministry of Land, Infrastructure, Transport and Tourism Kinki Division, providing an introduction to safety education efforts utilizing ICT boring systems, remote sky drills, and virtual reality (VR), as precursors of next-generation machinery development. Participants on the day of the tour included personnel from Kyoto prefecture and local governments in the area where the work is being conducted, together with participants related to the client, consultants, representatives of companies involved in the construction work, and news media representatives, all of whom had the opportunity to observe new initiatives in the construction industry.



Safety VR screen

Introducing a remote sky drill



Conducting guest-lecturer university courses

In November 2019, Company personnel appeared as guest lecturers at Kansai University for a course on the theme of civil engineering and disaster prevention. Video materials were used to explain subjects such as the causes and mechanisms of soil disasters and to describe the kinds of construction work we do based on these factors. Comments from students who attended the course included: "It gave me a good understanding of the threat of natural disasters," "It inspired me to take an interest in disaster countermeasures in the community where I live," and "I would like to work in an area related to disaster prevention in the future." Students also asked many questions following the lectures.



A guest-lecturer university course

Donating a park golf course to the city of Kesennuma to mark the company's 100th anniversary

To commemorate the 100th anniversary of its founding, Onoryo Co., Ltd. donated to the city of Kesennuma a 36-hole, four-course park golf course on an approximately 34,100 square meters site in the Hashikami district of the city. With the understanding and cooperation of local residents, the site was temporarily home to a large-scale waste-processing facility for treatment of the large volumes of disaster wastes generated by the 2011 Great East Japan Earthquake. It was used for that purpose for three years.

Intended as an expression of gratitude to the local community, the golf course was constructed with the understanding support of many local residents, who hope that it will help stimulate community development in the Kesennuma-Motoyoshi area. In the opening ceremony, the mayor of Kesennuma said: "We expect this facility to attract tourists to the area." In September 2020, the amenity began operation as the Kesennuma Park Golf Course, operated by the non-profit organization Shiokaze Club. Since then, it has been visited by numerous park golf fans from both the local community and other parts of Japan.



Kesennuma Park Golf Course

Exhibiting in the Kobe Pharmaceutical University campus festival

Regarding support for education of future human resources as another of our responsibilities, the Company exhibited in the campus festival of Kobe Pharmaceutical University, which is located adjacent to the Motoyamakita slope work site. In addition to showing a video on the disaster history of the Rokko region and describing the Rokko Mountains greenbelt improvement project, we also provided a virtual reality experience. The site of the virtual reality experience was particularly crowded, as numerous students, children, and others from the local community lined up for the experience. Those who participated in the experience watched the disaster history video while waiting for the experience and, after it had finished, listened intently to the words of those involved as they described the history of the place where participants live today and the kinds of construction work that is now underway there. The Company intends to continue cooperating in community education in various ways.



A virtual reality experience



Viewing a video while waiting

Site tours

The West Japan Branch Office held site tours for university students from the Kansai area. The students toured three sites of slope construction work commissioned by the Ministry of Land, Infrastructure, Transport and Tourism Kinki Division Rokko Sabo Office as part of the Rokko Mountains greenbelt improvement project.

The tour included sites well-known to the general public as sightseeing spots, such as one location where the Rokko Cable Car ran right alongside the construction site. On the day of the tour, the site foreperson gave an overview of the construction work and considerations for the safety of the surrounding area and workers, as well as environment protection perspectives. Comments from participating students included some noting that seeing actual construction sites with their own eyes gave them a better feel for work in the construction industry because they were able to gain an impression of the scale and atmosphere of construction sites.



A site tour

Long-term care business with roots in the community

Group member company Raito Care Co., Ltd. operates the senior assisted living facilities Tochinoki Tsuruta and Tochinoki Kamitomatsuri in the city of Utsunomiya, Tochigi Prefecture.

Together with members of the local community, the Tochinoki facilities plan various events each year with the aim of making residents' dreams come true. In FY2019, they held a charity concert of familiar classical and choral works to benefit polio eradication, organized jointly with the Utsunomiya West Rotary Club and the Utsunomiya Junior College Attached High School's Interact Club. This event was held in response to residents' desire to hear another classical music concert. Thanks to prior preparations by the co-organizers, attendees were able to enter the venue without difficulty on the day of the concert using wheelchair lifts and with the guidance of students. In addition, courtesy seats were made available in the front row on the day of the concert, and some audience members could be observed listening intently with eyes closed or moving with the rhythm of the music during this concert enjoyed by all.



The concert

Governance

Corporate governance

Basic Corporate Governance Policy

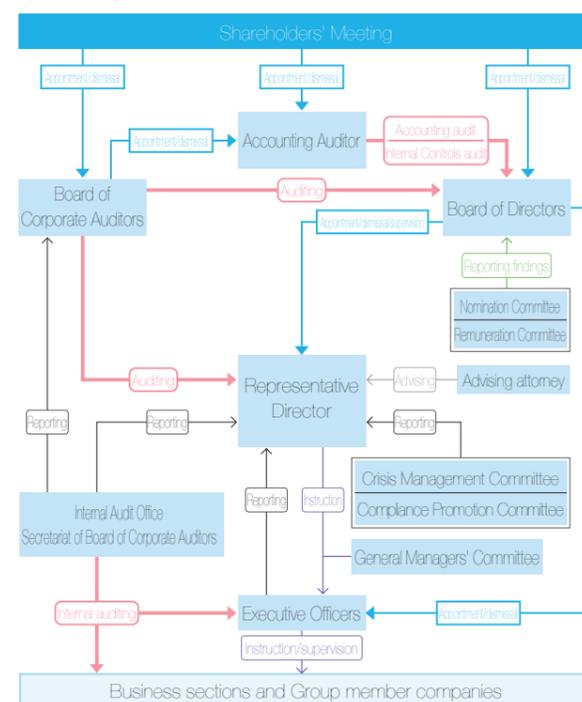
To realize its basic management policy of working for the prosperity of clients, shareholders, employees and all other stakeholders, the Raito Kogyo Group has adopted a basic policy on corporate governance which commits it to ensuring the soundness of Company management structures and systems at all times.

Board of Directors

Raito Kogyo's Board of Directors comprises fifteen Directors (including five Outside Directors) and four Corporate Auditors (including three Outside Corporate Auditors). In principle, the Board of Directors holds regular monthly meetings and extraordinary meetings as necessary, to deliberate on important matters relating to management and to oversee the status of execution of the duties of Directors, thereby functioning as a management monitoring and supervisory body. Concurrently with Board of Directors meetings, the President, core members of management, and others take part in roundtable discussions (exchange of opinions) with the Outside Directors in order to ensure objectivity in management decision-making and enhance the monitoring functions.

In addition, the Company's Outside Directors possess high levels of insight and a wealth of practical experience, so, according to their respective capabilities, they participate in decision-making and enhancement of supervisory functions from impartial perspectives. Outside Directors are chosen from among independent candidates about whom there are no grounds for concern regarding potential conflicts of interest with ordinary shareholders.

Corporate governance structure



Outside Directors and Outside Corporate Auditors

The Company has five Outside Directors and three Outside Corporate Auditors. The functions of the Outside Directors include advising the Board of Directors in order to ensure fairness and validity of decision-making by the Board; for example, through attending meetings of the Board of Directors and offering opinions on overall management from impartial points of view, free of conflicts of interest. The Outside Corporate Auditors attend meetings of the Board of Corporate Auditors and offer opinions in order to ensure fairness and validity of decision-making by that body, based on their wide-ranging knowledge and experience gained from working in other industries and on information obtained through activities such as inspection of Company sites.

Appointment of Outside Directors and Outside Corporate Auditors is conducted with reference to the standards on determining the independence of outside independent directors established by the Tokyo Stock Exchange, and all eight Outside Directors are reported to the Tokyo Stock Exchange as independent directors. The Company also concludes contracts with the Outside Directors limiting their liability.

In FY2020, the rates of attendance by Outside Directors at meetings of both the Board of Directors and the Board of Corporate Auditors were 100%.

Executive compensation

The Company's basic policy on executive compensation requires that compensation decisions be based on creation of an optimal remuneration structure for the purposes of improving business performance and increasing corporate value over the medium to long term, as well as ensuring fairness and transparency in the executive-compensation decision-making process.

Compensation for Directors is deliberated on by the Remuneration Committee, chaired by the lead Outside Director, and decided on by the Board of Directors based on the Committee's recommendations, within the scope of amounts approved by the Shareholders' Meeting.

Compensation for Corporate Auditors is decided on through deliberation by the Board of Corporate Auditors, within the scope of amounts approved by the Shareholders' Meeting.

Compensation for Directors (not including Outside Directors) consists of fixed remuneration specified for each title based on the responsibilities thereof, performance-linked remuneration reflecting Company business performance and results, and performance-linked, share-based compensation intended to serve as an incentive toward raising awareness of the need to contribute to medium- to long-term business results and increases in corporate value, through sharing with shareholders the risks and rewards arising out of share price trends. Compensation for Outside Directors is paid in the form of fixed remuneration only, in order to ensure their independence and objectivity.

Compensation for Corporate Auditors is paid in the form of fixed remuneration only.

Board of Corporate Auditors

The Board of Corporate Auditors comprises one Standing Corporate Auditor and three Outside Corporate Auditors. The Corporate Auditors attend meetings of the Board of Directors and other important internal meetings to audit the status of execution by Directors of their duties and to ensure the soundness and transparency of management. In addition, the Representative Director and the Corporate Auditors exchange opinions through opportunities to share information on important issues, and management information, in order to facilitate mutual understanding and communication between them.

Compliance

Basic Compliance Policy

1. We will engage in fair and sound business activities, complying with laws, regulations, and social norms.
2. We will aim to be good corporate citizens that contribute to our local communities
3. We will contribute to global environmental protection and the creation of prosperous, amenable communities.

Compliance training

The Raito Kogyo Group has established the Basic Compliance Policy and the Raito Kogyo Group Code of Conduct and distributed these in pamphlet form to all Group executives and employees to ensure comprehensive understanding of compliance obligations in everyday business activities. In addition, training programs have been established for specific positions and sections, covering subjects such as legal and regulatory compliance, and corporate ethics, as well as the Construction Business Act, the Building Standards Act, the Industrial Safety and Health Act, prevention of leakage of information, and prevention of insider trading.

Also, ongoing compliance training is provided via e-learning to Raito Kogyo Group executives and employees as another means of ensuring comprehensive understanding of compliance obligations. In the event that any compliance-related concerns arise, follow-up training is provided for executives and employees to raise awareness of the importance of compliance and help prevent reoccurrence of such issues.

Anti-corruption efforts

The Raito Kogyo Group has established in the Raito Kogyo Group Code of Conduct anti-corruption policies on subjects such as prevention of bribery of politicians, public officials, clients, and partner businesses, and prevention of excessive provision of gifts and entertainment. In light of recent trends, such as strengthening of anti-corruption laws worldwide, the Raito Kogyo Group will work to ensure soundness of business activities by further enhancing such efforts.

Exclusion of anti-social forces

The Raito Kogyo Group is strengthening its efforts to combat anti-social forces; this includes steadfastly rejecting any approaches by such forces and never responding to improper demands. In addition to independent establishment of the Raito Kogyo Group Code of Conduct and the Crisis Management Manual, contracts such as those concluded with construction subcontractors call explicitly for rejection of improper demands and other approaches from anti-social forces, and for severing all relations with them. Also, a section has been specified as the one responsible for preventing improper demands and an environment has been established to enable timely responses to any such demands.

Legal and regulatory compliance checklists

As part of its efforts to ensure legal and regulatory compliance and to carry out fair and sound business activities, the Raito Kogyo Group prepares legal and regulatory compliance checklists. These checklists cover the Construction Business Act, the Industrial Safety and Health Act, and regulations relating to specialized waste. They are prepared separately for individual construction projects and they are also used in management after completion of construction. Another effort to ensure comprehensive understanding of legal and regulatory compliance among the Raito Kogyo Group executives and employees involves compiling various legal and regulatory manuals, cautions, and questions and answers into documents on collected construction industry laws and regulations.

Fair transactions

To ensure that it engages in fair transactions with its trading partners, including clients and partner businesses, the Raito Kogyo Group works to deepen understanding of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Construction Business Act, and other applicable laws and regulations. Basic matters with which Raito Kogyo Group executives and employees should comply in execution of their duties are identified in the Code of Conduct in order to comprehensively ensure fairness in all transactions.

Compliance Promotion Committee

Raito Kogyo has established a Compliance Promotion Committee and, to promote sound business activities, it proactively raises its standards of compliance, broadly defined to include conformity to laws, regulations, social norms, corporate ethics, and similar requirements, under a structure in which the President chairs the Compliance Promotion Committee and the General Manager of the Management Administration Division serves as the Chief Compliance Officer and ensures that there is full understanding of related matters throughout the organization. The activities of the Compliance Promotion Committee include monitoring compliance status, reviewing/revising relevant rules, and providing periodic training.

Internal whistleblowing system

The Company has established an internal whistleblowing system to identify and rectify unlawful acts and any potential therefor. In addition, the Corporate Auditors, who are independent of the legal section and management, have established an internal whistleblowing hotline to accept consultation requests and reports from throughout the Raito Kogyo Group.

We have also established an external contact point with a high degree of independence from management, as we work to increase the efficacy of the whistleblowing hotline.

This easy-to-use external contact point is staffed by two advising attorneys, one of whom is a woman.

Governance

Risk management

Crisis management structure

The Raito Kogyo Group identifies in the Crisis Management Rules matters subject to management in order to respond rapidly and appropriately in the event that a risk materializes that has, or could have, a serious adverse effect on business operations, and defines preventive measures for such risks. In addition, the Crisis Management Committee categorizes and determines risks stipulated in the Crisis Management Manual and engages in activities such as periodic revision of the rules, training, and drills, ensuring that all executives and employees in The Raito Kogyo Group are fully informed.

Business Continuity Plan (BCP)

Raito Kogyo's Business Continuity Plan (BCP) establishes matters such as Company structures and the roles of executives and employees in the event of a major disaster, in order to enable minimization of any impact and continuity, or early resumption, of business operations, as well as contributions by the Company to society through use of our technologies and other capabilities during post-disaster recovery and restoration efforts. In principle, this plan is inspected and reviewed annually in order to maintain and improve our business continuity capabilities.

Business Continuity Plan (BCP): basic policy

1. Give top priority to protecting the lives and physical safety of executives and employees (including members of their families), visitors, construction workers, and others.
2. While giving full consideration to the community and related parties, work to ensure timely recovery of Company-built projects damaged as a result of a disaster and to prevent secondary damage.
3. Support the recovery activities and other efforts of trading partners.
4. Fully utilize the Company's technological capabilities in aid and recovery activities in cooperation with affected areas.
5. In the event of a major disaster, the entire Company shall work in concert to carry out the activities under 1-4 and, through such activities, to earn even higher levels of trust from our trading partners and society at large as a company that they can rely on.
6. It is desirable that activities in accordance with this Business Continuity Plan are also implemented in relevant cases other than major earthquakes.

Management of personal information

The Company manages personal information on customers, trading partners, employees, and others handled in the course of doing business in compliance with laws, regulations, and other standards concerning protection of personal information, and with its own rules and systems established with regard to personal information.

Protection of intellectual property

We consider intellectual property to be a very important management resource supporting the growth and income of The Raito Kogyo Group. As the section in charge of intellectual property, the General Affairs/IP Department has been established within the R&D Center, which was opened in January 2018 to identify next-generation core technologies and business fields and promote efficient R&D to power the Group's perpetual growth. It handles application for, securing of, maintenance and management of patents, utility models, designs, trademarks, and other forms of intellectual property and proactively secures rights to new technologies that are created as a result of R&D activities, as it works to protect the Company's technologies. In addition to putting our own intellectual property to appropriate use, we also respect the intellectual property of others and conduct prior studies of existing technologies to ensure that we do not infringe on others' rights.

Information security enhancements

The Raito Kogyo Group works to manage risks in respect of information security throughout the Group, based on the Information Management Rules. We have prepared an Information Leakage Prevention Manual covering specific measures for preventing leaks of internal information and trade secrets, and we ensure that all executives and employees in The Raito Kogyo Group fully understand the contents thereof. In addition, to be prepared against cyberattacks such as targeted DOS attacks and ransomware, we are endeavoring to raise the level of security through adoption of advanced solutions.

Countermeasures against cyberattacks

To protect its internal networks against externally originated infection by computer viruses or cyberattacks, The Raito Kogyo Group employs next-generation firewall technology and monitors individual applications for improper communications and access for other than business purposes. We constantly implement the most up-to-date security measures, including installation of redundant antivirus software as an endpoint security measure.

Preparing a communication flowchart as a countermeasure against COVID-19

We have prepared a communication flowchart for use when employees feel unwell, as a countermeasure against COVID-19. In addition to a chart showing the actions to be taken if an employee is found to feel unwell, organized by symptom, this flowchart also describes the structure for communication of reports of such cases and the flow for communication of positive PCR test results. All employees are being made aware of this flowchart so that it can be put to comprehensive use in order to minimize resulting impacts on business operations.

Communication with stakeholders

Briefings on financial results, facility tours

Aiming to further enhance its investor relations (IR) activities, Raito Kogyo holds briefings on financial results for institutional investors and analysts twice a year (in May and November). In these briefings, the Representative Director and other Directors responsible for IR explain matters such as an overview of settlement of accounts and trends in business results, policies for the future, and the latest technologies. The documents used in briefings on settlement of accounts are also made available to the general public via the Company website. We also proactively hold individual meetings in which the Directors responsible for IR engage in direct dialogue with institutional investors and analysts.

In addition, to deepen their understanding of our business activities, we held a tour of the R&D Center for institutional investors, analysts, and related parties. Going forward, we will further improve our information disclosure and communication efforts.



Briefing on settlement of accounts



Tour of the R&D Center

* Briefings on financial results held in FY2020 were conducted in a new venue, reflecting consideration for prevention of COVID-19 transmission, including social distancing, disinfection, ventilation, and temperature-taking in the venue.

Company guide for children and comic-format company guide prepared

A company guide for children was prepared as a tool for use by Company executives and employees for explaining the Company in an easily understandable way, to audiences both within and outside of the organization.

This guide is used as a communication vehicle for telling one's own children about everyday work in the Company and helping relevant parties to better understand the Company. In addition, a comic-format company guide entitled "The Civil Engineering Technologies that Protect our Way of Life: Creating a Brighter Future," has been prepared and published on the recruitment page for new university graduates on the Company website, to deepen people's understanding of civil engineering technologies and specialized civil engineering. We will keep working to communicate the Company's business story in various ways.



Company guide for children



Comic-format company guide

Shareholders' Meeting

Considering the Shareholders' Meeting to be an important opportunity for dialogue with shareholders, the Company strives to manage it accordingly through such means as appropriate disclosure of information and early circulation of convocation notices, in order to effectively secure the rights of shareholders. Some 28 shareholders attended the 74th Shareholders' Meeting, held on June 29, 2021 at Arcadia Ichigaya (Shigaku Kaikan) in Kudan-Kita, Chiyoda-ku, Tokyo.

Participation in various IR events

To deepen individual investors' understanding of our business activities, the Company proactively communicates information and engages in direct dialogue through participation in various IR events and other activities. The event included descriptions of the Company's priority businesses, its financial standing, the high level of technological capabilities and other strengths, and matters such as future prospects based on the current statuses of priority businesses. Going forward, we will look to increase the number of opportunities for such communication and dialogue for better understanding of our business activities among the investors.



Chairperson Suzuki delivers a presentation

Exhibiting at trade shows

We introduce our proprietary technologies and solutions to potential customers and other stakeholders through various trade shows. Our exhibits at the 12th World Congress on Railway Research (WCRR 2019) included a description of our construction methods using a 3D hologram display and a PV exhibit employing a four-screen display. At the 2019 Advanced Technology of Construction, Disaster Prevention and Mitigation Fair in Kumamoto for Creative Reconstruction, we exhibited our advanced ICT technologies for slope surface treatment and ground improvement work.



Exhibiting at a trade show



3D hologram display

Consolidated financial statements

Consolidated balance sheets

March 31, 2021 and 2020	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Assets			
Current assets			
Cash and deposits (Note 3)	¥28,259	¥22,758	\$255,252
Notes receivable, accounts receivable from completed construction contracts and other	33,555	35,387	303,089
Electronically recorded monetary claims - operating	5,778	3,857	52,190
Securities	1,999	-	18,056
Costs on construction contracts in progress (Note 4)	2,331	3,951	21,055
Merchandise and finished goods (Note 4)	22	20	198
Work in process (Note 4)	0	0	0
Raw materials and supplies (Note 4)	490	569	4,425
Accounts receivable - other	74	258	668
Other	1,321	1,163	11,932
Allowance for doubtful accounts	(42)	(42)	(379)
Total current assets	73,791	67,923	666,525
Non-current assets			
Property, plant and equipment			
Buildings and structures	12,352	10,343	111,570
Accumulated depreciation	(5,661)	(5,455)	(51,133)
Buildings and structures, net	6,691	4,888	60,437
Machinery, vehicles, tools, furniture and fixtures	25,660	24,642	231,776
Accumulated depreciation	(22,032)	(21,147)	(199,006)
Machinery, vehicles, tools, furniture and fixtures, net	3,627	3,495	32,761
Land (Note 7)	11,419	11,356	103,143
Leased assets	42	42	379
Accumulated depreciation	(12)	(15)	(108)
Leased assets, net	29	26	261
Construction in progress	228	740	2,059
Total property, plant and equipment	21,995	20,507	198,672
Intangible assets			
Other	299	315	2,700
Total intangible assets	299	315	2,700
Investments and other assets			
Investment securities (Notes 5 and 8)	7,449	6,921	67,283
Long-term prepaid expenses	700	907	6,322
Distressed receivables	6	13	54
Investment property	2,991	436	27,016
Deferred tax assets (Note 14)	975	1,384	8,806
Retirement benefit asset	2,130	715	19,239
Other	2,636	2,349	23,809
Allowance for doubtful accounts	(367)	(373)	(3,314)
Total investments and other assets	16,524	12,354	149,254
Total non-current assets	38,819	33,177	350,636
Total assets	112,610	101,101	1,017,161

*All the above U.S. dollar amounts are translated from yen at the rate of JPY110.71=U.S.\$1.00

March 31, 2021 and 2020	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Liabilities			
Current liabilities			
Notes payable, accounts payable for construction contracts and other	¥12,470	¥14,846	\$112,636
Electronically recorded obligations - operating	7,817	4,437	70,607
Short-term bank loans payable (Note 9)	815	1,072	7,361
Income taxes payable	2,879	824	26,004
Advances received on construction contracts in progress	2,835	2,874	25,607
Provision for warranties for completed construction	155	147	1,400
Provision for loss on construction contracts (Note 2)	21	17	189
Accrued expenses	2,689	2,396	24,288
Other	5,937	5,176	53,626
Total current liabilities	35,622	31,792	321,759
Non-current liabilities			
Deferred tax liabilities for land revaluation (Note 7)	786	786	7,099
Long-term accounts payable - other	110	157	993
Lease obligations	15	20	135
Deferred tax liabilities (Note 14)	2	2	18
Provision for stock benefits	91	65	821
Other	62	61	560
Total non-current liabilities	1,069	1,093	9,655
Total liabilities	36,692	32,886	331,424
Net assets			
Shareholders' equity			
Share capital	6,119	6,119	55,270
Capital surplus	6,358	6,358	57,429
Retained earnings	65,761	59,276	593,993
Treasury shares (Note 11)	(2,883)	(2,793)	(26,041)
Total shareholders' equity (Note 12)	75,355	68,960	680,652
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	589	87	5,320
Revaluation reserve for land (Note 7)	(1,082)	(1,107)	(9,773)
Foreign currency translation adjustment	516	450	4,660
Remeasurements of defined benefit plans (Note 10)	441	(285)	3,983
Total accumulated other comprehensive income	465	(855)	4,200
Non-controlling interests	96	109	867
Total net assets	75,917	68,215	685,728
Total liabilities and net assets	¥112,610	¥101,101	\$1,017,161

*All the above U.S. dollar amounts are translated from yen at the rate of JPY110.71=U.S.\$1.00

Consolidated financial statements

Consolidated statements of income

For the years ended March 31, 2021 and 2020	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net sales			
Net sales of completed construction contracts	¥107,645	¥105,621	\$972,315
Net sales in sideline businesses	563	588	5,085
Total net sales	108,209	106,210	977,409
Cost of sales			
Cost of sales of completed construction contracts	85,564	85,583	772,866
Cost of sales in sideline businesses	477	486	4,308
Total cost of sales	86,041	86,069	777,174
Gross profit			
Gross profit on completed construction contracts	22,081	20,038	199,449
Gross profit on sideline business	86	102	776
Total gross profit	22,168	20,140	200,234
Selling, general and administrative expenses	10,440	10,266	94,300
Operating profit	11,727	9,874	105,925
Non-operating income			
Interest income	16	32	144
Dividend income	99	83	894
Royalty income	18	13	162
Insurance claim income	55	157	496
Rental income from non-current assets	165	159	1,490
Foreign exchange gains	101	-	912
Share of profit of entities accounted for using equity method	284	-	2,565
Other	89	76	803
Total non-operating income	830	522	7,497
Non-operating expenses			
Interest expenses	25	29	225
Loss on sales of notes receivable - trade	1	3	9
Commission expenses	12	9	108
Guarantee commission	74	47	668
Rental costs	109	64	984
Foreign exchange losses	-	119	-
Share of loss of entities accounted for using equity method	-	402	-
Office relocation expenses	44	-	397
Other	154	137	1,391
Total non-operating expenses	422	814	3,811
Ordinary profit	12,136	9,582	109,619
Extraordinary income			
Gain on sales of non-current assets	12	26	108
Gain on sales of investment securities	115	-	1,038
Total extraordinary income	128	26	1,156
Extraordinary losses			
Settlement package	5	74	45
Loss on sales and retirement of non-current assets	4	37	36
Extra retirement payments	-	2	-
Total extraordinary losses	9	115	81
Profit before income taxes	12,254	9,493	110,685
Income taxes - current	3,672	2,288	33,167
Income taxes - deferred	(43)	145	(388)
Total income taxes	3,629	2,434	32,779
Profit	8,625	7,059	77,906
Loss attributable to non-controlling interests	(14)	(7)	(126)
Profit attributable to owners of parent	¥8,640	¥7,066	\$78,041

*All the above U.S. dollar amounts are translated from yen at the rate of JPY110.71=U.S.\$1.00

Consolidated statements of comprehensive income

For the years ended March 31, 2021 and 2020	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Profit	¥8,625	¥7,059	\$77,906
Other comprehensive income			
Valuation difference on available-for-sale securities	501	(442)	4,525
Foreign currency translation adjustment	118	(41)	1,065
Remeasurements of defined benefit plans, net of tax	727	(344)	6,566
Share of other comprehensive income of entities accounted for using equity method	(51)	(77)	(460)
Total other comprehensive income (Note 13)	1,296	(905)	11,706
Comprehensive income (Note 13)	9,921	6,153	89,612
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	9,934	6,157	89,729
Comprehensive income attributable to non-controlling interests	(¥12)	(¥4)	(\$108)

*All the above U.S. dollar amounts are translated from yen at the rate of JPY110.71=U.S.\$1.00

Consolidated financial statements

Consolidated statements of changes in equity

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2019	¥6,119	¥6,358	¥53,009	(¥2,792)	¥62,694	¥530	(¥1,107)	¥572	¥58	¥53	-	¥62,747
Changes during period												
Change in scope of consolidation			1,174		1,174							1,174
Dividends of surplus			(1,974)		(1,974)							(1,974)
Profit attributable to owners of parent			7,066		7,066							7,066
Purchase of treasury shares				(0)	(0)							(0)
Reversal of revaluation reserve for land												
Net changes in items other than shareholders' equity						(442)	-	(121)	(344)	(908)	109	(799)
Total changes during period	-	-	6,267	(0)	6,266	(442)	-	(121)	(344)	(908)	109	5,467
Balance at March 31, 2020	6,119	6,358	59,276	(2,793)	68,960	87	(1,107)	450	(285)	(855)	109	68,215
Changes during period												
Dividends of surplus			(2,130)		(2,130)							(2,130)
Profit attributable to owners of parent			8,640		8,640							8,640
Purchase of treasury shares				(90)	(90)							(90)
Reversal of revaluation reserve for land			(25)		(25)		25			25		-
Net changes in items other than shareholders' equity						501	-	66	727	1,296	(12)	1,283
Total changes during period	-	-	6,484	(90)	6,394	501	25	66	727	1,321	(12)	7,702
Balance at March 31, 2021	¥6,119	¥6,358	¥65,761	(¥2,883)	¥75,355	¥589	(¥1,082)	¥516	¥441	¥465	¥96	¥75,917

Thousands of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2019	\$55,270	\$57,429	\$478,809	(\$25,219)	\$566,290	\$4,787	(\$9,999)	\$5,166	\$523	\$478	-	\$566,769
Changes during period												
Change in scope of consolidation			10,604		10,604							10,604
Dividends of surplus			(17,830)		(17,830)							(17,830)
Profit attributable to owners of parent			63,824		63,824							63,824
Purchase of treasury shares				0	0							0
Reversal of revaluation reserve for land												
Net changes in items other than shareholders' equity						(3,992)	-	(1,092)	(3,107)	(8,201)	984	(7,217)
Total changes during period	-	-	56,607	0	56,598	(3,992)	-	(1,092)	(3,107)	(8,201)	984	49,381
Balance at March 31, 2020	55,270	57,429	535,416	(25,228)	622,888	785	(9,999)	4,064	(2,574)	(7,722)	984	616,159
Changes during period												
Dividends of surplus			(19,239)		(19,239)							(19,239)
Profit attributable to owners of parent			78,041		78,041							78,041
Purchase of treasury shares				(812)	(812)							(812)
Reversal of revaluation reserve for land			(225)		(225)		225			225		-
Net changes in items other than shareholders' equity						4,525	-	596	6,566	11,706	(108)	11,588
Total changes during period	-	-	58,567	(812)	57,754	4,525	225	596	6,566	11,932	(108)	69,569
Balance at March 31, 2021	\$55,270	\$57,429	\$593,993	(\$26,041)	\$680,652	\$5,320	(\$9,773)	\$4,660	\$3,983	\$4,200	\$867	\$685,728

*All the above U.S. dollar amounts are translated from yen at the rate of JPY110.71=U.S.\$1.00

Consolidated statements of cash flows

Millions of yen

Thousands of U.S. dollars

For the years ended March 31, 2021 and 2020	2021	2020	2021
Cash flows from operating activities			
Profit before income taxes	¥12,254	¥9,493	\$110,685
Depreciation	1,842	1,772	16,638
Loss on retirement of non-current assets	-	37	-
Share of loss (profit) of entities accounted for using equity method	(284)	402	(2,565)
Increase (decrease) in allowance for doubtful accounts	(5)	(1)	(45)
Increase (decrease) in provision for warranties for completed construction	7	32	63
Increase (decrease) in provision for loss on construction contracts	4	(128)	36
Decrease (increase) in retirement benefit asset	(1,414)	182	(12,772)
Increase (decrease) in provision for stock benefits	26	24	234
Interest and dividend income	(116)	(116)	(1,047)
Interest expenses	25	29	225
Loss on sales of notes receivable - trade	1	3	9
Loss (gain) on sales of investment securities	(115)	-	(1,038)
Decrease (increase) in trade receivables	(67)	(2,849)	(605)
Decrease (increase) in costs on construction contracts in progress	1,626	9	14,687
Decrease (increase) in inventories	81	271	731
Increase (decrease) in trade payables	1,000	171	9,032
Increase (decrease) in advances received on construction contracts in progress	(40)	(506)	(361)
Other, net	2,080	179	18,787
Subtotal	16,910	9,009	152,741
Interest and dividends received	116	116	1,047
Interest paid	(25)	(29)	(225)
Payments for sales of notes receivable - trade	(1)	(3)	(9)
Income taxes paid	(1,794)	(3,614)	(16,204)
Net cash provided by (used in) operating activities	15,206	5,478	137,349
Cash flows from investing activities			
Purchase of securities	(2,999)	(1,000)	(27,088)
Proceeds from redemption of securities	999	6,299	9,023
Purchase of property, plant and equipment	(3,197)	(3,730)	(28,877)
Proceeds from sales of property, plant and equipment	31	8	280
Purchase of intangible assets	(44)	(139)	(397)
Purchase of investment securities	(16)	(16)	(144)
Proceeds from sales of investment securities	526	-	4,751
Proceeds from redemption of investment securities	-	99	-
Purchase of shares of subsidiaries and associates	-	(3,835)	-
Collection of loans receivable from subsidiaries and affiliates	5	4	45
Purchase of investment property	(2,998)	(436)	(27,079)
Proceeds from sales of investment property	443	-	4,001
Proceeds from maturity of insurance funds	102	153	921
Other, net	(80)	80	(722)
Net cash provided by (used in) investing activities	(7,228)	(2,511)	(65,287)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(271)	(102)	(2,447)
Repayments of long-term borrowings	-	(92)	-
Purchase of treasury shares	(90)	(0)	(812)
Repayments of finance lease obligations	(10)	(16)	(90)
Dividends paid	(2,127)	(1,966)	(19,212)
Net cash provided by (used in) financing activities	(2,499)	(2,178)	(22,572)
Effect of exchange rate change on cash and cash equivalents	22	(26)	198
Net increase (decrease) in cash and cash equivalents	5,501	762	49,688
Cash and cash equivalents at beginning of period	22,758	21,992	205,564
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	3	-
Cash and cash equivalents at end of period (Note 3)	¥28,259	¥22,758	\$255,252

*All the above U.S. dollar amounts are translated from yen at the rate of JPY110.71=U.S.\$1.00

Notes to consolidated financial statements

1. BASIS OF PREPARATION

The accompanying consolidated financial statements of RAITO KOGYO CO., LTD. (the "Company") and consolidated subsidiaries are translated and compiled from the Japanese consolidated financial statements, which are prepared by the Company on the basis of accounting principles generally accepted in Japan and in accordance with the requirements of the Securities and Exchange Law of Japan. These requirements are different in certain respects from the application and disclosure rules of International Financial Reporting Standards.

The amounts are rounded to the nearest million yen. Therefore, total or subtotal amounts do not correspond with the aggregation of such account balances. The United States dollar amounts presented in the accompanying financial statements are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥110.71 = US\$1.00, which was the exchange rate prevailing at March 31, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

i) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and its 14 significant subsidiaries: RAITO, INC., ONORYO CO., LTD., AURA CE CO., LTD., RAITO ENGINEERING & CONSTRUCTION LIMITED, MICHINOKU REALIZE CO., LTD., TOHOKU REALIZE CO., LTD., TOKAI REALIZE CO., LTD., KYUSYU REALIZE CO., LTD., FUKUSHIMA REALIZE CO., LTD., NIIGATA REALIZE CO., LTD., YAMAGUCHI REALIZE CO., LTD., SANYO-RYOKUKA CO., LTD., YASASHIITE RAITO CO., LTD., and RAITO FECON INNOVATIVE GEOTECHNICAL ENGINEERING JSC., after the elimination of all significant intercompany transactions, balances and unrealized profits.

The consolidated financial statements do not include the accounts of, NISHINIHON REALIZE CO., LTD., TOUGH EARTH CO., LTD., RAITO CARE CO., LTD., EDO ENTERPRISE CO., LTD. since the combined total assets, sales, net income and retained earnings of these subsidiaries are not significant and would not have a material impact on the consolidated financial statements.

ii) Equity method

The equity method was applied to SHINSAMPEI CONSTRUCTION CO., LTD., Fecon Corporation and Fecon Underground Construction Joint Stock Company.

Four consolidated subsidiaries not subject to the equity method are excluded from the scope of equity method companies since such exclusion has no material impact on the Company's consolidated financial statements in terms of profit or loss (amount corresponding to the ownership held by the Company), retained earnings (amount corresponding to the ownership held by the Company) and other financial results, and they are not material as a whole.

iii) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, the Company and its consolidated subsidiaries consider all highly liquid investments with insignificant risk of changes in value and original maturity of three months or less at the date of acquisition to be cash equivalents.

iv) Fiscal year of consolidated subsidiaries

The fiscal years of consolidated subsidiaries are the same as that of the Company.

(b) Marketable securities and investments in securities

Held-to-maturity securities are carried based on the amortized cost method. Marketable available-for-sale securities are carried at fair market value at the fiscal year-end. The cost of securities sold is determined based on the moving-average method. Unrealized holding gain or loss on available-for-sale securities, net of the applicable income taxes, is charged to shareholder's equity.

Non-marketable available-for-sale securities are carried at cost based on the moving-average method.

In case of impairment, non-marketable securities are reduced to net realized value by a charge to income.

(c) Inventories

Accumulated construction cost in progress is stated at cost determined by the identified cost method.

Merchandise and finished goods, work in progress and raw material and supplies (amounts reduced to their book value due to a decline in profitability) are stated at cost determined by the first-in, first-out method.

(d) Property, plant and equipment depreciation

Property, plant and equipment are carried at cost.

Regarding the Company and its domestic subsidiaries, depreciation for buildings, acquired before April 1, 1998, are mainly computed by the declining balance method, and depreciation for buildings acquired after April 1, 1998 and facilities attached to buildings and structures acquired after April 1, 2016 computed by the straight-line method over the applicable useful lives.

Regarding foreign subsidiaries, depreciation is mainly computed by the straight-line method over the estimated useful lives.

(e) Software

Software used by the Company and its consolidated subsidiaries is depreciated using the straight-line method, based on the useful life as determined by the Company and its consolidated subsidiaries (5 years).

(f) Basis for recording important provisions

i) Allowance for doubtful accounts

Allowance for doubtful accounts of the Company and its consolidated subsidiaries are provided as follows:

For general receivables, allowance is provided at rates derived from historical credit loss experiences.

For doubtful receivables, allowance is provided at the amount considered uncollectible based on respective assessment on collectability.

ii) Provision for warranties for completed construction

A provision for warranties for completed construction is provided at an estimated future amount for the fiscal year under review to cover expenses relating to defects on completed construction.

iii) Provision for loss on construction contracts

Accumulated construction cost in progress relating to contract work where a loss is anticipated and the allowance for anticipated loss on contract work are posted separately and not offset. The allowance for anticipated loss on contract work applicable to accumulated construction cost in progress relating to contract work where a loss is anticipated amounts to ¥21 million.

iv) Provision for stock benefits for directors

To grant directors with shares of the Company's stock, the Company provides an allowance in an amount accrued during the fiscal year under review based on the estimated amount of benefits.

(g) Accounting treatment for retirement benefits

i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to periods up to and including the consolidated fiscal year under review using the benefit formula method.

ii) Treatment of actuarial differences and prior service cost

Prior service cost is amortized using the straight-line method over the predetermined period (10 years) which is shorter than the average remaining years of service of eligible employees at the time of incurrence of such cost.

An actuarial difference is amortized proportionately using the straight-line method over the predetermined period (10 years), which is shorter than the

average remaining years of service of eligible employees at the time of occurrence in each consolidated fiscal year, beginning with the following consolidated fiscal year.

(h) Basis for recording the amount of completed work and the cost of completed work

In accounting for the amount of work completed, the percentage-of-completion method (the cost-to-cost method when estimating construction progress) is applied to the portion of progress where the certainty of results can be confirmed up to the end of the accounting period. For all other work the completed-contract method is applied.

(i) Consumption tax

Consumption tax is taken out from all the revenue and expense items and balance sheet items, and recorded separately, except mainly for receivables and payables.

Notes to consolidated financial statements

3. CASH AND CASH EQUIVALENTS

Reconciliation between cash and time deposits and marketable securities on the consolidated balance sheets as of March 31, 2021 and 2020 and cash and cash equivalents at end of years on the statements of cash flows for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash and deposits on the consolidated balance sheets	¥28,259	¥22,758	\$255,252
Time deposits with terms exceeding 3 months	-	-	-
Cash and cash equivalents on the statement of cash flows	¥28,259	¥22,758	\$255,252

4. INVENTORIES

Inventories as of March 31, 2021 and 2020 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Costs on construction contracts in progress	¥2,331	¥3,951	\$21,055
Merchandise and finished goods, work in process and raw material and supplies	512	589	4,624
	¥2,843	¥4,540	\$25,679

5. INVESTMENT SECURITIES

Information on investment in securities of non-consolidated subsidiaries and affiliated companies as of March 31, 2021 and 2020 is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Investment in securities (shares)	¥4,763	¥4,561	\$43,022

6. NOTES RECEIVABLE - TRADE

Information relating to the balances of discounted notes receivable and endorsed notes receivable as of March 31, 2021 and 2020 is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Endorsed notes receivable	¥14	¥18	\$126

7. REVALUATION OF LAND

Under the "Law of Land Revaluation," promulgated on March 31, 1998 and revised on March 31, 2001, the Company has elected a one-time revaluation of its own use land.

The resulting land revaluation excess represents unrealized appreciation of land and is stated, net of income taxes, as a component of shareholders' equity. There is no effect on the statements of operations. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation excess account and related deferred tax liabilities.

As of March 31, 2021, the carrying amount of the land after one-time revaluation exceeds the market value by ¥534 million (\$4,823 thousand).

8. MARKETABLE SECURITIES AND INVESTMENT IN SECURITIES

The market value of listed securities, which are classified as marketable securities, as of March 31, 2021 and 2020, are as follows:

As of March 31, 2021	Millions of yen		Unrealized Gain (Loss)
	Cost	Fair Value (Carrying Amount)	
Marketable equity securities	¥1,468	¥2,301	¥832
Fund trust and other	1,320	1,306	(15)
	¥2,790	¥3,608	¥818

As of March 31, 2020	Millions of yen		Unrealized Gain (Loss)
	Cost	Fair Value (Carrying Amount)	
Marketable equity securities	¥625	¥897	¥271
Fund trust and other	49	52	2
	¥675	¥949	¥273

As of March 31, 2021	Thousands of U.S. dollars		Unrealized Gain (Loss)
	Cost	Fair Value (Carrying Amount)	
Marketable equity securities	\$13,259	\$20,784	\$7,515
Fund trust and other	11,923	11,796	(135)
	\$25,200	\$32,589	\$7,388

9. SHORT-TERM BANK LOANS PAYABLE

In order to ensure the efficient use and management of working capital, the Raito Kogyo Group has concluded overdraft and commitment lines of credit agreements with five banks. The total amount under overdraft and commitment lines of credit agreements as of the end of the fiscal year under review stood at ¥13,482 million (\$121,777 thousand).

10. EMPLOYEES' RETIREMENT BENEFIT AND PENSION PLAN

Consolidated fiscal year under review (from April 1, 2020, to March 31, 2021)

1. Overview of adopted retirement benefit plans

The Company and some of its consolidated subsidiaries have a savings-type defined benefit plan and a defined contribution plan to cover employees' retirement benefits.

The defined benefit corporate pension plan provides lump-sum payments or pensions according to the amount of benefit and length of service.

Retirement benefit trusts are established under the lump-sum retirement allowance plan.

The lump-sum retirement allowance plan provides, as retirement benefits, lump-sum payments according to the amount of salary and length of service. Some of the consolidated subsidiaries calculate retirement benefit obligations and expenses using a simplified method, wherein retirement benefits payable at the term end for personal reasons are regarded as retirement benefit obligations.

2. Defined benefit plan

(1) Adjustments to retirement benefit obligation at beginning of term and at end of term

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Retirement benefit obligation at beginning of term	¥7,415	¥7,270	\$66,976
Service cost	374	373	3,378
Interest expense	44	43	397
Actuarial difference amounts incurred for the period	(189)	(73)	(1,707)
Prior service costs incurred for the period	(361)	(198)	(3,260)
Retirement benefit payments			
Retirement benefit obligation at end of term	¥7,282	¥7,415	\$65,775

(2) Adjustments to plan assets at beginning of term and at end of term

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Plan assets at beginning of term	¥8,130	¥8,168	\$73,435
Expected return on assets	120	115	1,083
Actuarial difference amounts incurred for the period	802	(555)	7,244
Contributions from employer	638	592	5,762
Retirement benefit payments	(279)	(189)	(2,520)
Plan assets at end of term	¥9,412	¥8,130	\$85,014

Notes to consolidated financial statements

(3) Retirement benefit obligations and plan assets at end of term and adjustments to liabilities and assets relating to retirement benefits recorded on the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Retirement benefit obligation of funded plans	¥7,282	¥7,415	\$65,775
Plan assets	(9,412)	(8,130)	(85,014)
	(2,130)	(715)	(19,239)
Retirement benefit obligation of unfunded plans	-	-	-
Net assets and liabilities recorded on the consolidated balance sheets	(¥2,130)	(¥715)	(\$19,239)

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net defined benefit liability	¥-	¥-	\$-
Net defined benefit asset	(2,130)	(715)	(19,239)
Net assets and liabilities recorded on the consolidated balance sheets	(¥2,130)	(¥715)	(\$19,239)

(4) Retirement benefit expenses and itemized breakdown of their main amounts

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost	¥370	¥366	\$3,342
Interest expense	44	43	397
Expected return on assets	(120)	(115)	(1,083)
Amount expensed for actuarial difference	65	(4)	587
Amount expensed for prior service cost	(8)	(8)	(72)
Retirement benefit expenses for the defined benefit plan	351	281	3,170
Retirement benefit expenses relating to defined benefit plans	¥351	¥281	\$3,170

(5) Remeasurements of defined benefit plans

A breakdown of items (before any applicable tax effect) recorded in remeasurements of defined benefit plans is as follows.

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Prior service costs	¥8	¥8	\$72
Actuarial differences	(1,057)	487	(9,547)
Total	(¥1,048)	496	(\$9,466)

(6) Total remeasurements of defined benefit plans

A breakdown of items (before any applicable tax effect) recorded in total remeasurements of defined benefit plans is as follows.

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrecognized prior service costs	(¥66)	(75)	(\$596)
Unrecognized actuarial differences	(570)	487	(5,148)
Total	(¥636)	411	(\$5,744)

(7) Plan assets

i) Principal breakdown of plan assets

The ratios by major classification with regard to total plan asset are as follows.

	2021	2020
Bonds	38%	39%
Shares	38%	35%
Cash on hand and in banks	7%	9%
Other	15%	15%
Total	100%	100%

ii) Method for setting expected rate of return on long-term plan assets

In deciding the expected rate of return on long-term plan assets, consideration is given to current and future plan asset distributions and to the current and future expected long-term rate of return from the variety of assets that constitute plan assets.

(8) Basis for actuarial calculations

The major actuarial assumptions for the consolidated fiscal year under review (shown as the weighted average)

Discount rate 0.6%

Expected rate of return on long-term plan assets 2.0%

Expected rate of salary increase 2.5%

3. Defined contribution plan

The required amount of contribution to the defined contribution plan of the Company is ¥116 million for the previous fiscal year and ¥114 million for the fiscal year under review.

11. TREASURY SHARES

The Company holds 5,979,159 shares of treasury shares as of March 31, 2021.

12. SHAREHOLDERS' EQUITY

Dividends may be approved by the shareholders after the end of each fiscal period. In accordance with the Company Act of Japan, these dividends and the related appropriations of retained earnings are not reflected in the financial statements at the end of such fiscal year but are recorded at the time they are approved.

However, dividends per share shown in the accompanying statements of income and retained earnings are included in the years to which they relate.

13. CONSOLIDATED COMPREHENSIVE INCOME

Information relating to the amounts of reclassification adjustment applicable to other accumulated comprehensive income for the years ended March 31, 2021 and 2020 is presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Valuation difference on available-for-sale securities:			
The amount arising during the period	¥747	(¥546)	\$6,747
Reclassification adjustment	(115)	-	(1,038)
Foreign currency translation adjustment:			
The amount arising during the period	118	(41)	1,065
Reclassification adjustment	-	-	-
Retirement benefit adjustment:			
The amount arising during the period	992	(482)	8,960
Reclassification adjustment	56	(13)	505
Share of other comprehensive income of entities accounted for using equity method:			
The amount arising during the period	(51)	(77)	(460)
Reclassification adjustment	-	-	-
Before adjustment for tax effects	1,747	(1,162)	15,779
Amount of tax effects	(451)	256	(4,073)
Total other accumulated comprehensive income	(¥1,296)	(¥905)	(\$11,706)

Information relating to the amounts of tax effects applicable to other accumulated comprehensive income for the years ended March 31, 2021 and 2020 is presented as follows.

	Millions of yen		
	2021	2020	2021
Valuation difference on available-for-sale securities	¥632	(¥130)	¥501
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	118	-	118
Remeasurements of defined benefit plans	1,048	(321)	727
Share of other comprehensive income of entities accounted for using equity method	(51)	-	(51)
Total other accumulated comprehensive income	¥1,747	(¥451)	¥1,296

	Millions of yen		
	2020	2020	2020
Valuation difference on available-for-sale securities	(¥546)	¥104	(¥442)
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	(41)	-	(41)
Remeasurements of defined benefit plans	(496)	151	(344)
Share of other comprehensive income of entities accounted for using equity method	(77)	-	(77)
Total other accumulated comprehensive income	(¥1,162)	¥256	(¥905)

	Thousands of U.S. dollars		
	2021	2020	2021
Valuation difference on available-for-sale securities	\$5,708	(\$1,174)	\$4,525
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	1,065	-	1,065
Remeasurements of defined benefit plans	9,466	(2,899)	6,566
Share of other comprehensive income of entities accounted for using equity method	(460)	-	(460)
Total other accumulated comprehensive income	\$15,779	(\$4,073)	\$11,706

Notes to consolidated financial statements

14. INCOME TAXES

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Deferred tax assets:			
Net defined benefit liability	¥101	¥532	\$912
Accrued expenses	482	435	4,353
Allowance for doubtful accounts	124	128	1,120
Provision for loss on construction denied for deduction	7	5	63
Net operating loss carryforwards	493	482	4,453
Impairment loss denied for deduction	155	155	1,400
Loss on support of subsidiaries and affiliates	908	908	8,201
Loss on valuation of stocks of subsidiaries and affiliates	408	408	3,685
Other	1,489	1,417	13,449
Subtotal	4,171	4,472	37,675
Valuation allowance	(2,691)	(2,715)	(24,306)
Total deferred tax assets	¥1,480	¥1,759	\$13,368
Deferred tax liabilities:			
Gain on securities contributed to employees' retirement benefit	(273)	(273)	(2,465)
Valuation difference on available-for-sale securities	(229)	(102)	(2,068)
Special depreciation allowance for tax purposes	(1)	(3)	(9)
Disposal expenses relating to asset retirement obligations	(2)	(2)	(18)
Total deferred tax liabilities	(¥506)	(¥382)	(\$4,570)
Total net deferred tax assets	¥973	¥1,377	\$8,798

15. SEGMENT INFORMATION

a) Overview of reportable segments

The Group's reportable segments are the business units for which the Company is able to obtain the relevant financial information separately in order for the Company's Board of Directors to conduct periodic investigations to distribute management resources and evaluate their business results.

The Group positions branch offices and consolidated subsidiaries by region, and each branch office and consolidated subsidiary determines comprehensive domestic and overseas strategies with regard to receiving construction orders and execution as well as product and material sales in the course of developing its business activities.

Regarding the branch offices and consolidated subsidiaries as its basis, the Group thus consists of businesses that include civil engineering, building construction, and product and material sales. To provide appropriate information on business activities and the management environment, the Group consolidates multiple segments with similar business structures into the reportable "Construction Business" segment.

The works encompassed by the Construction Business include slope protection, landslide prevention, foundation/ground improvement, structural repair/reinforcement, environmental restoration, and sewage system construction in addition to general civil engineering and building construction.

b) Calculation method for sales, profit and loss, assets, and other item amounts by reportable segment

The accounting method for reportable business segments generally follows the principles stated in the "Chief basis of preparation of the consolidated financial statements."

Reportable segment profit figures are based on operating income.

Intersegment transactions and transfers are based on market prices.

c) Industry segments

Summarized financial information by industry segment for the years ended March 31, 2021 and 2020 is as follows:

	Millions of yen				
	Year ended March 31, 2021				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	¥107,645	¥563	¥108,209	¥-	¥108,209
Inter-segments	-	1,032	1,032	(1,032)	0
Total	¥107,645	¥1,595	¥109,241	(¥1,032)	¥108,209
Operating expenses	95,944	1,570	97,514	(1,032)	96,482
Operating income/loss	11,701	25	11,727	0	11,727
Assets	71,269	1,189	72,459	40,151	112,610
Depreciation	1,791	20	1,811	(2)	1,809
Capital expenditures	5,998	11	6,009	-	6,009

	Millions of yen				
	Year ended March 31, 2020				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	¥105,621	¥588	¥106,210	¥-	¥106,210
Inter-segments	-	1,305	1,305	(1,305)	0
Total	¥105,621	¥1,894	¥107,516	(¥1,305)	¥106,210
Operating expenses	95,795	1,843	97,639	(1,303)	96,336
Operating income/loss	9,825	50	9,876	(2)	9,874
Assets	67,721	1,128	68,850	32,251	101,101
Depreciation	1,720	21	1,742	(2)	1,740
Capital expenditures	3,799	10	3,809	-	3,809

	Thousands of U.S. dollars				
	Year ended March 31, 2021				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	\$972,315	\$5,085	\$977,409	\$-	\$977,409
Inter-segments	-	9,321	9,321	(9,321)	0
Total	\$972,315	\$14,407	\$986,731	(\$9,321)	\$977,409
Operating expenses	866,624	14,181	880,805	(9,321)	871,484
Operating income/loss	105,690	225	105,925	0	105,925
Assets	643,744	10,739	654,493	362,668	1,017,161
Depreciation	16,177	180	16,358	(18)	16,339
Capital expenditures	54,177	99	54,276	-	54,276

"Others" are business segments not included in the reportable segments, and include product and material sales, leases, home-visit care and so on.

d) Geographical segments

Summarized financial information for revenues by geographical business segment for the years ended March 31, 2021 and 2020 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Japan	¥104,024	¥102,116	\$939,607
North America	2,488	1,899	22,473
Other	1,696	2,194	15,319
Total	¥108,209	¥106,210	\$977,409

16. PER SHARE INFORMATION

Details of net assets per share and net income per share for the years ended March 31, 2021 and 2020 are presented as follows:

	Yen		U.S. dollars
	2021	2020	2021
Net assets per share	¥1,463.01	¥1,312.74	\$13.21
Net income per share	¥166.58	¥136.21	\$1.50

17. SUBSEQUENT EVENT

On June 29, 2021 the following appropriations of retained earnings were approved at the shareholders' meeting of the Company:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash dividends of ¥50.0 (\$0.45) per share (final for the year ended March 31, 2021)	¥2,598	¥2,130	\$23,467

Directors, Corporate Auditors



Rear, from left

Outside Corporate Auditor

Tokiko Maruno

Director
General Manager,
Construction Technology Division
Osamu Kawamoto

Managing Director
General Manager,
Construction Business Division
Akinobu Yamamoto

Managing Director
General Manager,
Kanto Branch Office
Yusuke Murai

Senior Managing Director
General Manager,
Management Planning Division
Makoto Nishi

Outside Director

Tadashi Shibata

Outside Director

Makoto Shirai

Outside Director

Takaji Kokusho

Corporate Auditor
(Standing)

Hiroyuki Kinoshita

Outside Corporate Auditor

Shinji Miyagi

Outside Corporate Auditor

Yoshinobu Maeba

Front, from left

Senior Managing Director
General Manager, Safety, Quality,
and Environmental Division
Yoichi Howa

Vice President
General Manager,
Management Administration Division
Shigeaki Funayama

Chairperson
Kazuo Suzuki

President
Kazuhiro Akutsu

Senior Managing Director
General Manager,
Development Division
Nobuyuki Fujisawa

Senior Managing Director
General Manager,
Engineering Marketing Division
Kohei Kawamura



2-35 Kudan-Kita 4-chome, Chiyoda-ku, Tokyo 102-8236, Japan

Tel.: +81-3-3265-2551 (main switchboard)

Fax: +81-3-3265-0879

<http://www.raito.co.jp>

Please address any inquiries regarding this Report to:
Management Planning Department, Raito Kogyo Co., Ltd.

Tel.: +81-3-3265-2555