



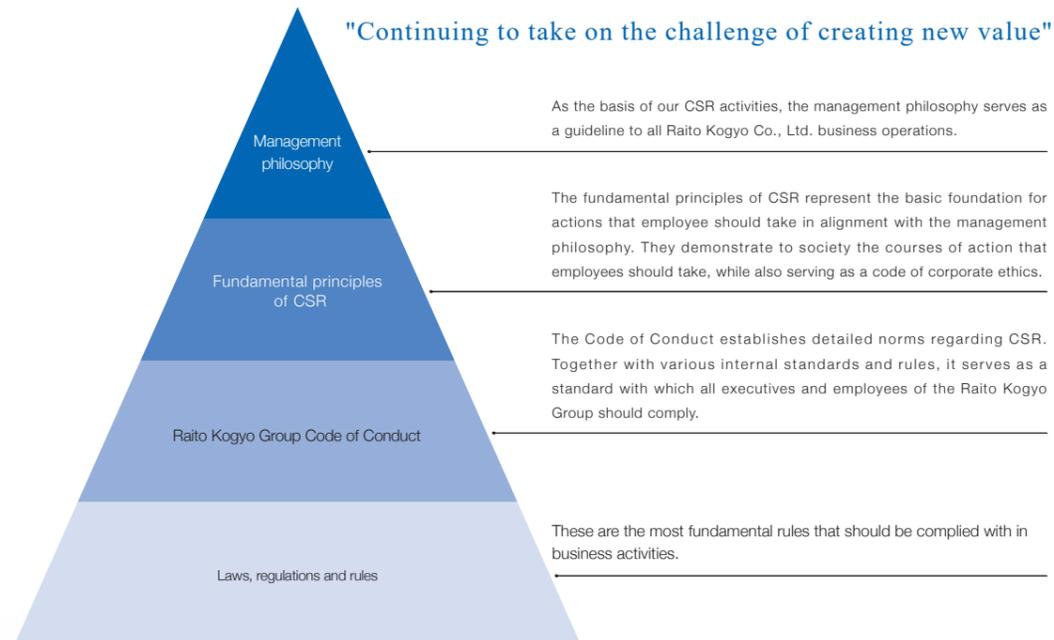
RAITO CORPORATE REPORT

2022



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 societal 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

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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.

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.

Environment

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Aiming to be a corporate group needed by society by building the future through creating new value

Raito Kogyo Co., Ltd.
President
Kazuhiro Akutsu

In just a short period, the COVID-19 pandemic has caused great disruption to people's lives all around the world. While progress on vaccination has led to signs starting to appear here and there of the pandemic subsiding and coming under control, the future course of the pandemic remains unpredictable. I would like to express my best wishes to all who have been impacted by the pandemic since last year.

In order to fulfill our social responsibilities as a company involved in maintaining the social infrastructure that protects people's lives, the Raito Kogyo Group is carrying out its business activities while giving the highest priority to the health of our employees, both in Japan and worldwide, and stopping the spread of the virus, as we do our work amid global restrictions that limit people's movements and contacts.

Creating high-value-added technologies since our founding

Since our founding in 1943 as a company specializing in tunnel waterproofing, we have grown by contributing to society through development of a wide range of technologies in specialized civil-engineering fields such as slope protection and stabilization and ground improvement work.

Today the issues that we must address as a corporation continue to become increasingly diverse. These include responses to climate change, including steps to achieve carbon neutrality, and addressing human rights issues, in addition to the changes in our life styles and social environment caused by the COVID-19 pandemic. Utilizing the Group's technologies, human resources, and other resources to resolve these issues, our social contributions and daily business activities will be integrated and these will act as the driving force propelling the Group's future growth.

Always keeping in mind our management vision "Continue to create something while taking on the challenges of new value," we will continuously strive to increase our corporate value while aiming to deliver solutions to society's challenges and build a sustainable society, through creating industry-leading, high-value-added technologies.

Progress on the "Raito 2021" medium-term management plan

Under the current "Raito 2021" medium-term management plan, we have made progress on various measures aimed at sustained growth over the medium to long term, based on the fundamental policy of "Enhancing corporate strengths toward sustained growth."

In the area of technological development in particular, the spread of technologies such as the Internet of Things (IoT), artificial intelligence (AI), and 5G mobile communications is accelerating the transition to a data-driven society, and the need for technological innovation in the construction industry is increasing from day to day. We are also strongly promoting digital transformation (DX) and making progress on development of numerous technologies with the aim of realizing efficient, advanced production and management systems. At the R&D Center, established four years ago, various issues are being identified and solved one by one based on the center's roadmap, and the development initiatives it has introduced since the center opened are bearing fruit. We are confident that these technologies will serve as the driving force behind our ongoing corporate growth over the medium to long term.

FY2021 is the final year of the current medium-term management plan,

and while we expect to record increases in both revenues and profits we also plan to maintain stable management with an eye toward the new medium-term management plan to be announced in May 2022. Our objective is to realize all of the goals of the current medium-term management plan by means of the ongoing implementation of various related measures.

Supporting the TCFD recommendations and accelerating decarbonization initiatives

Currently, we are facing a wide range of interacting and intensifying global issues, such as climate change, resource depletion, and water shortages.

In particular, in recent years, environmental issues such as torrential downpours and massive cold waves caused by abnormal disruption to weather systems have become pressing issues worldwide, and we recognize these to be extremely important topics to be addressed by Group management over the long term.

It is essential to contribute to the environment in new ways in addition to the endeavors we have advanced up until now to lessen our environmental impact through means such as controlling carbon dioxide emissions, using natural resources efficiently, and reducing waste. While we have mapped 17 of the United Nations Sustainable Development Goals (SDGs) against the businesses of each Group company in order to help protect the environment through our businesses, we will also make further efforts toward realization of a sustainable society.

In November 2021, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) and joined the TCFD Consortium, which has been established as a forum for discussions of initiatives based on the TCFD recommendations. In the future, together with disclosure and communication of information in line with TCFD recommendations, we will take action toward realization of carbon neutrality by 2050 by shifting to renewable resources among other measures, while also actively making progress on disclosure.

Addressing environmental issues is something that no longer can be separated from corporate management, and we will continue to advance various initiatives toward the Group's ongoing progress in the future as well.

Active investment in human-resource development

The Group considers human-resource initiatives to be of the utmost importance in its ESG (Environmental, Social, and Governance) management. We have advanced various measures to build an environment in which everybody involved in the Group's businesses can perform fulfilling work. Through environmental improvements emphasizing a sound work-life balance, such as adoption of programs for staggered working hours and working from home, our objective is to balance an enriched working environment with productivity improvements. By introducing a system to extend the mandatory retirement age to 65 years, we are establishing programs to enable older persons to play active roles. We will continue to support the Group's growth through measures that include training younger staff and passing along skills based on their years of experience.

To create synergies within the Group and continue tackling the challenges of realizing our goals, it is essential to develop and utilize diverse human resources. While interpersonal communication is taking on new

forms in response to COVID-19, we have been reminded strongly of the fact that person-to-person relationships built on trust are the foundations of doing business. While continuing to invest proactively in human resource development to increase the number of staff capable of bringing about innovation and diligently moving the business forward, we will also strive to foster an organizational culture in which employees with diverse values and backgrounds can demonstrate their own individual abilities while capitalizing on their diversity in areas such as gender, nationality, and age.

In the future as well, we will continue to implement a range of measures to enable all those involved in the Group's businesses to thrive and shine in fulfilling ways, while also cherishing the qualities and characteristics that make Raito unique.

Enhancement of structures for effective governance functions

As corporate personalities grow ever more important, it is vital to repay the trust of society by ensuring our business activities conform to legal requirements, based on a solid appreciation by each and every executive and employee of how important this is.

Together with ensuring that activities based on principles (such as the corporate vision we have followed since our founding and the code of conduct) permeate the entire Group as the foundations of our corporate culture, we will also conduct our business activities guided by high ethical standards and respect for all human rights. We are also continually seeking to enhance our corporate governance structure, as one that ensures both transparency and fairness. We overhauled our governance systems beginning in June 2021, adopting a Board of Directors structure that includes 10 internal directors and five outside directors who possess experience and specialized knowledge in a wide range of fields. We believe that this has resulted in a system that is better able to perform oversight and decision-making functions through deliberation on matters such as Company courses of action and medium- to long-term business plans, through multifaceted assessment of the various and diverse risks that can impact our businesses.

To help achieve the sound, sustainable growth of the Group and increase our corporate value over the medium to long term, while meeting the expectations of our diverse stakeholders and enhancing structures to enable the effective functioning of governance, we have established a Basic Policy on Corporate Governance and will strive to adapt swiftly to future changes in business activities through development of the functions and structures that they require.

As seen for example in recent initiatives to realize a carbon-neutral society and promote diversity in human resources, the range of the social responsibilities that a company needs to fulfill is growing. To realize a sustainable society, the Group believes that it needs to be an assembly of companies capable of creating new value for society, as called for in the management vision "Continue to create while taking on the challenges of new value." In the future as well, our aim is to be a cooperative group essential to society, together with building the future through creating new value and meeting the expectations of all our stakeholders. We appreciate your continued support of the Raito Kogyo Group as we take on these and other challenges into the future.

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."



RG pile ground improvement method



Tunnel waterproofing work



Road damage prevention work



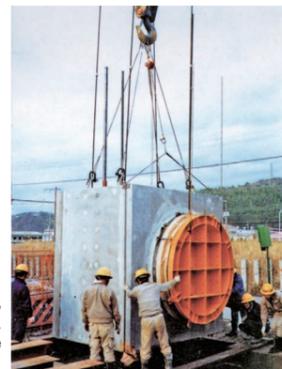
Then President Samaru and President J. Alice of Soletanche shake hands after concluding the contract



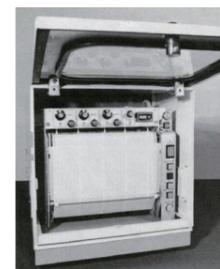
The Aomori Rail Yard Asahimachi crossing elevation project, for which the Soletanche method was used



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



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



Empasol soil survey system



Eco-friendly EC Wall method



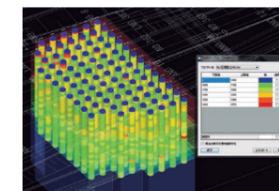
Okamoto Mansion condominiums



Musashiseki Mansion condominiums



R&D Center



3D-ViMa system

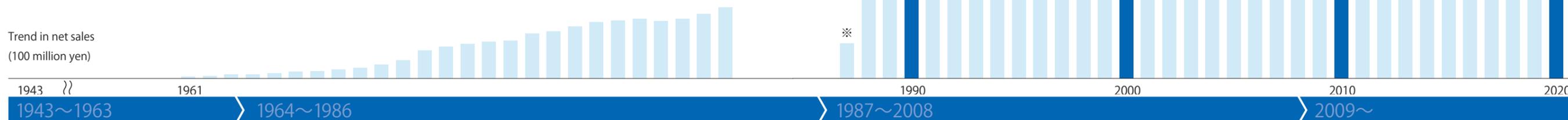


Robo-Shot



New head office building

Trend in net sales
(100 million yen)



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 Hana-wa, 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

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.

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.

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.

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

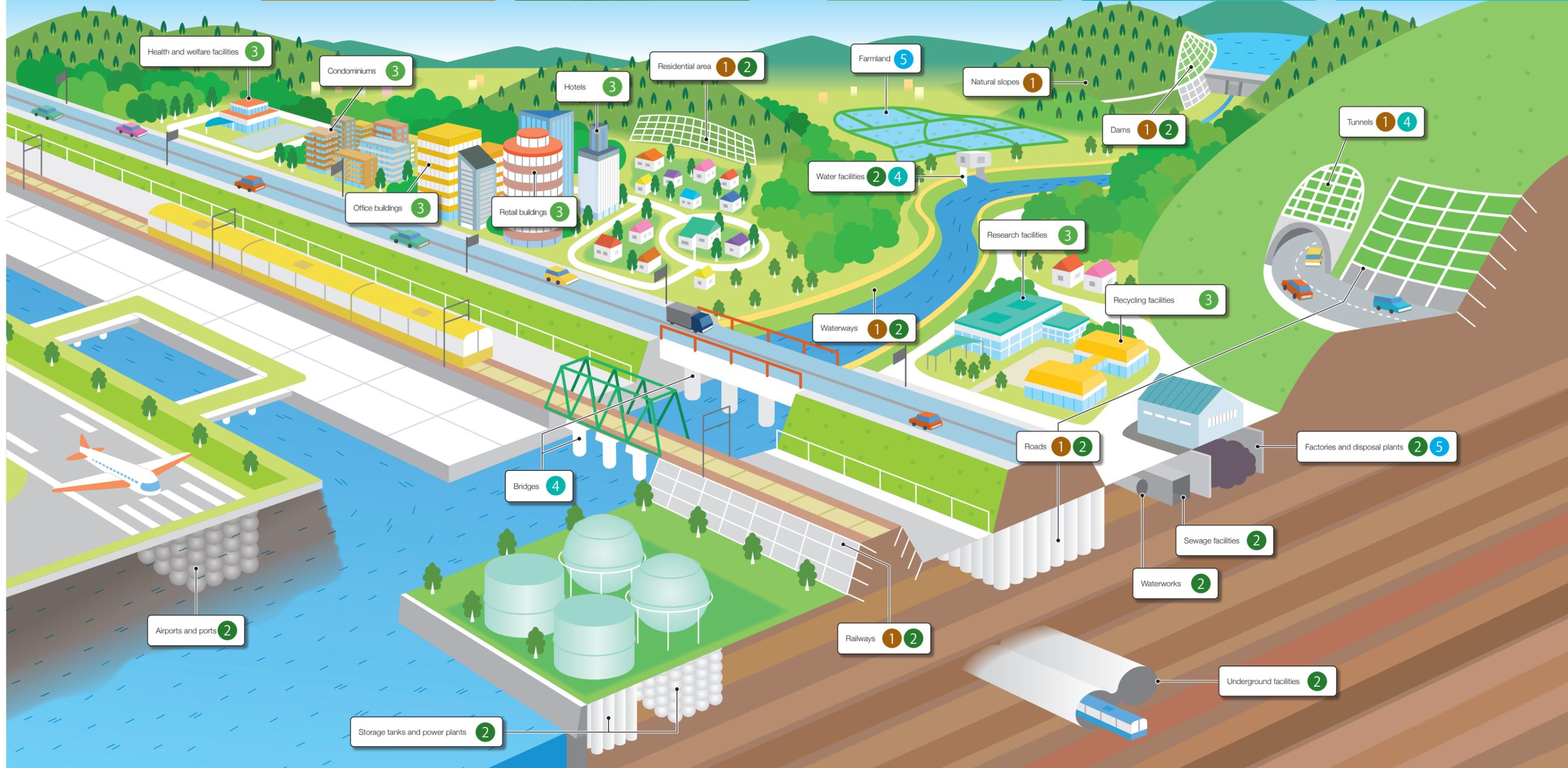


As existing infrastructure approaches the age at which maintenance is essential, there is a need to ensure that it can maintain its functionality over the long term. By proposing high-quality repair and reinforcement solutions, we contribute to extending the service lives of existing structures.

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.





Managing Director
General Manager,
Construction Business Division
Akinobu Yamamoto

The Construction Business Division has grown steadily since getting its start as the Construction Business Department in 2008, immediately after the global financial crisis hit. Many employees joined the Company after the firms they had previously worked for had failed due to the financial crisis. This experience of how corporate management is related directly to employees' lives has enabled all staff members to do business from day to day with a strong desire to take on challenges buoyed by a sense of solidarity.

Under its fundamental policy of "Enhancing corporate strengths toward sustained growth," the current medium-term management plan, for which the year ended March 2021 was the final fiscal year, identifies three goals to be achieved based on a strategy designed to enhance the construction business: "Further growth through enhancing sales areas and business fields."

These three goals have been established to reflect the background of the social issues that Japan currently faces.

Due to the nation's low birth rate and decreasing population, the demand for residential housing in Japan can be expected to decrease in the future. Signs of this trend are apparent even now; for example, demand is becoming concentrated in only certain areas. This trend can be expected to intensify even further in the future. As strategies for maintaining current business volumes and aiming for further growth, the Company has implemented numerous measures to expand its sales areas and grow its business fields.

In the area of enhancement of the renewal business in particular, amid rising environmental consciousness worldwide, as seen in the movements toward investing in the SDGs and ESG, demand for renewal work continues to grow. This is an effective way to reduce waste and greenhouse gas emissions. We expect this trend to strengthen even more in the future, and we plan to direct our efforts in this area even more actively than in the past.

We are also actively promoting diversity in response to the decreasing number of people in the productive workforce as a result of Japan's low birth rate and the aging population, and the accompanying labor shortage. Through our initiatives, we are providing rewarding career opportunities for many women and older persons. We are committed to augmenting these measures further, since design and construction proposals reflecting diverse values help to increase the value that we deliver overall.

To date, the Division has worked with the understanding that safety and quality, as preconditions of business continuity, are absolutely paramount. To maintain stable management into the future, the trust of clients is of utmost importance, and we believe that deepening trust-based relations with clients will lead to further improvements in our brand power. By building good relations with new clients beyond that as well, stable corporate management and growth will be achieved.

Corporations today need to deliver their own solutions to realize sustainable development. This has led to a strong need for creativity and innovation. The Japanese construction industry also has a shared recognition of issues such as labor shortages due to the decreasing population of people in their most productive working years and the need to improve treatment of construction workers. There is a pressing need to develop solutions that effectively address these challenges.

Under the fundamental policy of "Enhancing corporate strengths toward sustained growth" in the "Raito 2021" medium-term management plan, we are committed to promoting technological development and enhancing market development as solutions to the various issues management faces today. In particular, with the goal of further accelerating digital transformation (DX), which has been advancing in numerous fields in recent years, we have established an internal DX Promotion Committee. This will play a central role in energetically promoting construction DX to bring about the digitalization of our businesses by identifying technical and management issues through both top-down and bottom-up approaches. In the future as well, we will work to build more efficient business systems by refining and improving the initiatives already underway toward fusion of construction technology with information and communication technologies (ICT) coupled with measures to improve productivity that include automation of our specialized construction machinery.

At the same time, the urgent measures under the National Resilience Plan, which ended in 2020, have been extended for another five years, under the new Five-Year Acceleration Plan for Building National Resilience Against Disasters.

We have numerous technologies that can help strengthen national resilience in areas such as ground improvement and the prevention of major landslides, and we anticipate that we will be required to participate in many projects in the future as well.



Director
General Manager,
Construction Technology Division
Osamu Kawamoto

Additionally, the maintenance and repairs field, where we have continued to hone our overall abilities, has grown considerably as a major pillar supporting our business strategy. We will focus on this field, which has high growth potential going forward, through proactive efforts in areas such as repair of headrace tunnels for hydroelectric power plants, a source of renewable energy, in addition to bridge repairs, for which there is a high level of demand.

While in this dramatically changing world the issues for which solutions are needed are also changing constantly, we have a history of growth through taking on technical challenges. As we move into the future, we will continue doing all we can to take on and overcome these challenges, aiming to create new value as a leading player in specialized civil engineering.

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)				●	●			●	●	●			●			●	●



Helping develop safe, reliable social infrastructure through progress on seismic retrofitting of bridge piers utilizing a wide range of construction methods

As a nation in which about 75% of the land mass is mountainous, Japan is home to numerous rivers. The number of bridges in the country is about 720,000, even when counting just roadway bridges alone. Of these, about 30% were built more than 50 years ago, while the year of construction is unclear for about 32%. As these figures show, the need to upgrade aging bridges is growing throughout Japan. Raito Kogyo supports the bridge seismic retrofitting projects of Central Nippon Expressway Co., Ltd. through our advanced technologies and wide range of construction methods.

Seismic retrofitting work to prepare bridges to withstand major earthquakes

About 70% of the bridges in Japan (approximately 510,000 bridges) are on municipal roads, and deformation due to aging is becoming pronounced in cases where bridges were built urgently and where they were built in locations exposed to severe environmental conditions. For this reason, about 2,600 bridges are either closed or subject to restrictions on vehicle weight or other conditions, and this number continues to grow. In addition, nationwide bridge inspections conducted over the five-year period beginning in FY2014 found that preventive maintenance or urgent measures were needed for about 60% of bridges. Under such conditions, Central Nippon Expressway

Co., Ltd. is steadily implementing measures, starting with bridges in areas at high risk of major earthquakes, based on the National Seismic Hazard Maps for Japan published by the Japanese Government's Headquarters for Earthquake Research Promotion. This seismic retrofitting work is being conducted on roads such as expressways and national highways under direct national management to strengthen their disaster-prevention and -mitigation performance, through measures such as reinforcement and replacement of supports to keep road surfaces level in addition to countering bridge failure and collapse.

Bridge-pier seismic retrofitting work between Chigasaki Junction and Chigasaki-Nishi Interchange

As part of our seismic retrofitting work, Raito Kogyo is carrying out seismic retrofitting work on the north side of the Shitamachiya overpass on the Shin-Shonan Bypass in the city of Chigasaki, Kanagawa Prefecture. The Shin-Shonan Bypass is on National Highway 1 that connects the city of Fujisawa with the town of Oiso via the cities of Chigasaki and Hiratsuka. The section between Fujisawa Interchange and Chigasaki Junction is a part of the Ken-O Expressway. It has been in use for more than 30 years since it opened to traffic between Fujisawa Interchange and Chigasaki-Nishi Interchange in 1988. For this reason, we received an order for bridge pier reinforcement and other work to ensure conformity to current seismic standards.

We are handling seismic retrofitting of 23 bridge piers between Chigasaki Junction and Chigasaki-Nishi Interchange. This project involves a wide range of construction methods including structural excavation, bridge-pier seismic retrofitting, plate jacking, bridge accessory structure work, support replacement, and recoating and repainting.



The construction site

The site and environs

Bridge-pier seismic retrofitting work

This work involves assembling reinforcing bars around existing bridge piers and then pouring concrete into the surrounding formwork. An integrated structure of strong concrete surrounding the bridge pier makes it more earthquake resistant. Since the foundations of a bridge pier are embedded deep in the ground, this work requires excavating around the perimeter to expose the foundation. The excavation work needs to proceed with care as the surrounding earth needs to be shored up and problems such as subsidence on nearby roads need to be prevented.



Assembling reinforcing bars



Foundation excavation

Plate jacking

This work involves spraying a special mortar called polymer cement mortar after assembling reinforcing bars around the bridge pier perimeter, similar to bridge-pier seismic retrofitting work. Incorporating polymers into the cement helps to prevent cracking by increasing adhesion and strength. Since the thinner polymer cement mortar imparts the same strength as conventional thicker concrete, this method is used on sites that involve space restrictions.



A finished polymer cement mortar surface

Support replacement

This work involves replacement of aged supports between bridge piers and bridge structures, and those that do not satisfy current seismic standards, while still enabling use of the roadway. Supports are replaced by installing brackets on the bridge piers and using these to jack the girders up by about three millimeters with hydraulic jacks. Then, the existing supports are removed, new ones installed, and the bridge is jacked down and into place to complete the work. This delicate process conducted while the roadway remains in use must be conducted with extreme care.



Supports and jacks



Support replacement site

Helping to develop safe and reliable social infrastructure

To work on 23 bridge piers efficiently, a wide range of work is conducted at multiple sites by numerous skilled technicians working together to complete the project as quickly as possible, since one never knows when a major earthquake might strike. The infrastructure developed during Japan's years of rapid economic growth starting in the postwar period has aged to the point where the time for upgrading is approaching, and demand for repair and reinforcement work is growing from day to day. We help to develop safe and reliable social infrastructure through our proactive efforts in these fields.

VOICE

Since the site is surrounded by a residential area, to avoid inconveniencing those living close by, we are carrying out operations giving full consideration to mitigating the noise from construction vehicles and building work. We are also consulting with the Koide River Conservation Committee, a neighborhood association that works to preserve the beauty of the Koide River, which runs alongside the site, to perform the work in such a way that avoids cutting down the trees along the riverbank as much as possible. When trees must be removed unavoidably due to the constraints of the construction site, we plan to replant them after the construction work is complete.

Through cooperation and coordination with various stakeholders, we strive to conduct "future-oriented construction" projects.



Raito Kogyo Co., Ltd.
Kanto Disaster Prevention Branch
Sales Planning Department,
Renovation Department, General
Manager in Charge
Supervising Engineer
Wataru Gokaku

The bulk of seismic retrofitting work is conducted by hand, by skilled technicians. Carrying out work on 23 bridge piers smoothly requires a large staff of skilled personnel. The workforce numbers about 70 people every day, and we pay particular attention to managing the health of all workers. They are able to undertake and continue this physically demanding work thanks to activities such as thorough handwashing and disinfection to prevent infection by COVID-19 and measures to prevent heatstroke during the summer. To develop labor-saving technologies and in preparation for the future of repair and reinforcement work, we are making progress in identifying issues in everyday work and proposing solutions for them.

Now and into the future we will continue giving the highest priority to safety and quality when undertaking the maintenance and improvement of reliable road infrastructure.

Raito Kogyo Co., Ltd.
Kanto Disaster Prevention Branch
Construction Technology Department,
Construction Technology Department No. 1
Site manager
Yusuke Shiiyama



Helping to realize solutions to social challenges through use of ICT and other advanced technologies.



Helping to realize solutions to social challenges through use of ICT and other advanced technologies.

The COVID-19 pandemic, which spread to affect the entire world in just one year, has forced and accelerated the shift toward a new way of life. In the area of work-style reforms in particular, it has further spurred the progress of digital transformation (DX) based on digitalization and Internet of Things (IoT) technologies.

Up until the present, the R&D Center has carried out our R&D to support business through (i) development of advanced information and communication technologies (ICT) in the specialized civil-engineering field, (ii) development of new technologies to actualize safety and security in relation to national infrastructure through disaster prevention and mitigation as well as other infrastructure improvements, and (iii) development of technologies to address environmental issues, based on proprietary construction methods. Among these, we consider development of advanced ICT technologies to

be an important avenue by which solutions can be found to social challenges such as the decreasing population of workers due to low birth rates and the aging of the population and to the shortage of skilled workers, as well as improving operations and productivity; accordingly, we are working to adapt to increasingly advanced and sophisticated digital technologies.

We are also focusing on national safety and the upgrading of infrastructure through development of proprietary ground improvement and landslide prevention/mitigation technologies, to address earthquakes as well as damage to waterways and the ground caused by localized torrential downpours. Furthermore, as proactive efforts in the area of environmental technologies to address the global challenge of decarbonization, we are making progress on development of technologies that use less fossil fuels.



Water-tunnel lining polymer cement mortar spraying system



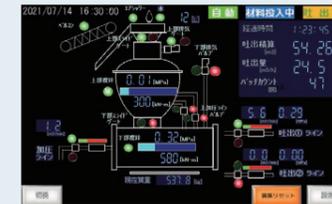
Landslide experiment using precipitation testing equipment

Labor-saving technological development

Development of Automatic-Shot

The spraying machinery used in traditional spraying plants involves manual operation of cement silos, weighing mixers, and other machinery. This requires operation by two or three workers. In particular, the shortage of skilled operators and the training of young people are serious problems in the operation of sprayers, and this is having a major impact on productivity. Another issue, which involves construction management, is the inability to save records of the volumes of materials used.

Developed to address these challenges, Automatic-Shot R is an automated spraying system that can be operated even by just one inexperienced worker, through automated control and linkage of the machinery needed in spraying operations. It also improves everyday construction management by saving the measurement data on the materials used as work records, as well as incorporating safety improvements such as automatic shutoff of the sprayer when the spraying hose is blocked.



Automatic-Shot R



Development of a remote sky drill with bolting feature

We have improved construction performance and safety further by adding to the remote sky drills, ICT-based surface mortising systems used increasingly on construction sites, new bolting features and slope-face mortising guidance systems. Equipping these with bolting features and operator-assistance features makes it possible for the entire series of processes from setting up the machinery through mortising management and bolting, which had formerly required three operators, to be performed by a single person.

The operator-assistance system stores measurement data such as mortising angle and length as construction records, facilitating not only construction management but also more efficient quality control and management of completed work as well.

In addition, by changing the power source for mortising from conventional air pressure to hydraulic pressure supplied by the backhoes themselves, we have succeeded in eliminating the need for generators and reduced the size of the air compressors required, which helps to reduce CO2 emissions by halving fossil fuel consumption as well as having other environmental benefits.



Operator assistance system



Remote sky drill with bolting feature

Efforts to improve productivity through advancing digital transformation (DX)

We are proactively advancing digital transformation (DX) to realize services and develop construction methods needed in the field of specialized civil engineering as well as to make improvements in quality and productivity.

One example of these initiatives is our adoption of records management software to improve efficiency in management of site photos and management of completed work and quality. The construction information obtained using this software is put to effective use by sharing it across the organization.

We also plan to improve efficiency of consensus building and lessen the workload through shortening transit times by adopting a system that makes it possible to hold preliminary meetings and conduct discussions on activities such as on-site inspections via the Web. Furthermore, we are also advancing efforts toward development of construction methods, services, and business models through digitalization of results of research and development and of construction information to identify new value that had been concealed within such information.



Steps to lessen workload through adoption of remote participation systems

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



● 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.



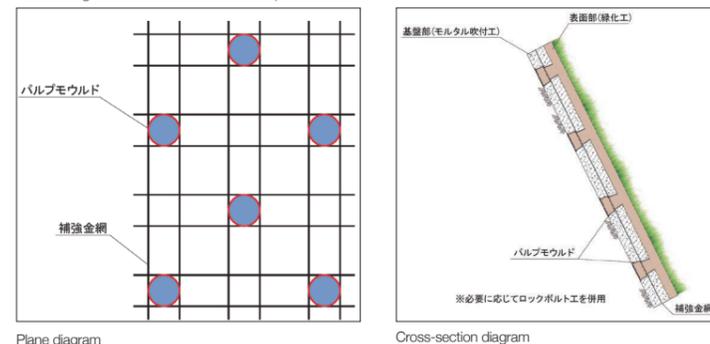
Construction examples: Greening using pressure plate covers and potted seedlings



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.



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.



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.

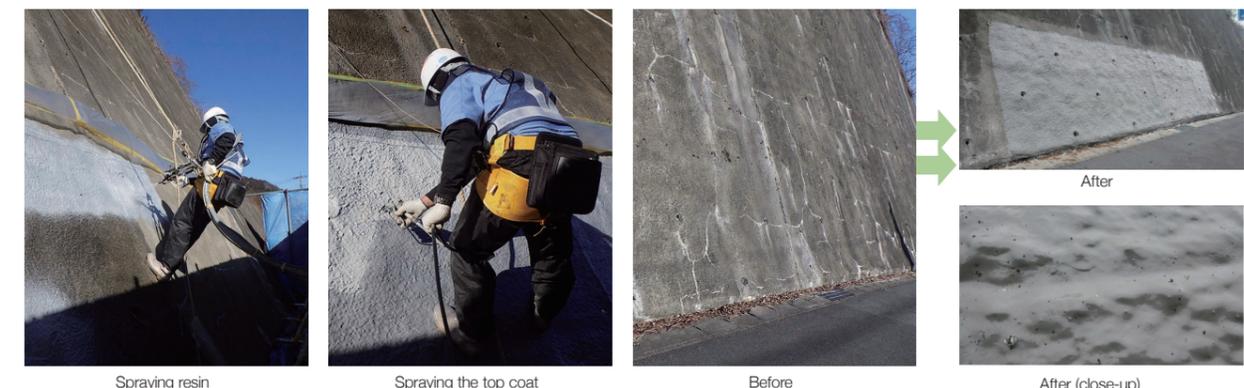
Norefresh Method

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



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

To achieve a prosperous, sustainable society in the future, the Group will assist in the realization of a material-cycle society through supporting co-existence between the environment and humans. Accordingly, we are committed to achieving the Sustainable Development Goals (SDGs) in order to contribute to solutions to various social challenges through diverse business activities.

In the future, together with enhancing our initiatives toward solutions to climate change-related issues and other social challenges, we will proactively disclose information in accordance with the disclosure framework recommended by the TCFD (including governance, strategies, risk management, and indicators and goals related to climate change risks and opportunities).



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.

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%.

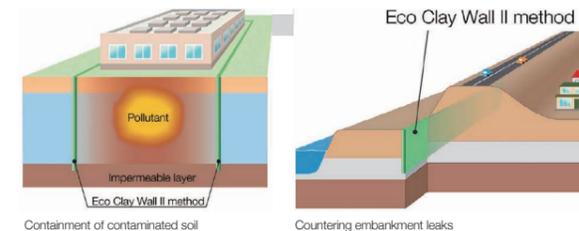


Cross-section of excavation



Construction machinery

Examples of application of the Eco Clay Wall II method



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.



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 FY2021 totaled 394,000 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 FY2021

INPUT		OUTPUT	
Electricity	394,000 kWh	CO2 emissions	213.4t-CO2
Gasoline	6,890.1L	General wastes	5.5t
Water	1,241m ³	Water	1,241m ³
Paper	2,400t		

*Calculated based on "Emissions Coefficients by Power Producer" (published July 19, 2020) 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 FY2021, we held some 5,500 Web meetings, thereby contributing significantly to reducing our environmental impact.



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	

Disclosure of climate-related information based on the TCFD recommendations

In November 2021, the Company announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) and joined the TCFD Consortium.

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

Our work on phase five of National Highway 2 Itsukaichi Overpass reinforcement work (client: Hiroshima National Highway Office, Chugoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism) won the prize for "outstanding construction organization" in the Director General of the Chugoku Regional Development Bureau's Awards for outstanding construction and operations. Company staff also won the Minister of Land, Infrastructure, Transport and Tourism's Award for outstanding construction staff and the General Director of the Real Estate and Construction Economy Bureau's Award for outstanding young construction staff.



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 FY2021

Awarding organization	Award	Recipient
Ministry of Land, Infrastructure, Transport and Tourism	Minister of Land, Infrastructure, Transport and Tourism's Award for outstanding construction staff	Company employee(Typhoon Hagibis)
Ministry of Land, Infrastructure, Transport and Tourism	General Director of the Real Estate and Construction Economy Bureau's Award for outstanding young construction staff	Company employee
Ministry of Land, Infrastructure, Transport and Tourism Hokkaido Regional Development Bureau	Subcontractor Awards General Manager's Award	National Highway 38, city of Kushiro Kushiro Ohashi seismic retrofitting project
Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau Fujikawa Erosion Control Office	General Manager's Award for outstanding construction work etc.	2018 Shirakawauchi construction road Surface construction work countermeasures
Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau Chiba National Highway Office	FY2019 Bureau Director General's Award for outstanding construction etc.	2019 National Highway 127 Hagiu District, city of Futtsu Disaster-prevention work
Ministry of Land, Infrastructure, Transport and Tourism Chugoku Regional Development Bureau Hiroshima National Highway Office	Hiroshima National Highway Office Director General's Awards for outstanding construction and operations Prize for outstanding construction organization	National Highway 2, town of Itsukaichi Phase five of Itsukaichi Overpass reinforcement 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.

FY2021 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

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.



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	

Safety track record

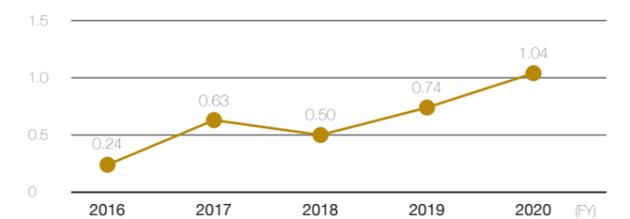
The Company's safety track record shows that, every year, our incident frequency rate remains below the national average *1. In FY2021, the Company's incident frequency rate stood at 1.04*2.

*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 1.30.

FY2021 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



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

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" signs.



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



Kanto Disaster Prevention Branch
Hakua Kita

VOICE

I joined the Company six months ago, and currently I am working in construction management in disaster-prevention work, a job that involves direct construction work. I learned about matters such as construction methods and safety during the introductory training, and I earned the qualifications needed to carry out the work. I was also able to become accustomed to the construction site quickly through learning about the construction cycle and flow of slope-covering grid work through on-the-job training. Currently I am learning about subjects such as site management and quality control, utilizing the experience I gained during training. Since my current duties involve all the processes from the start of construction through to its completion, I am trying to absorb as much as I can to be able to put this experience to use in my next post.



Kyushu Branch
Masaaki Tono

VOICE

I have worked on ground improvement sites in Kyushu since my introductory training, during which I gained a basic knowledge of ground improvement and on-site workflows. And in on-the-job training, I have worked in areas such as preparation of the construction-related documents needed in actual on-site work. Currently I am working on CDM construction using large-scale machinery and RAS-column work, and in performing my duties I learn from senior colleagues about matters such as photo management, materials management, and quality control while also referring back to what I learned in training as well as learning new things on my own. Starting by repeatedly learning about the small details, I want to try to grow from day to day so I can contribute to the Company as a true professional as soon as I can.

Ties to our local communities

Registering as a corporate member of Morinomiya Heart Aid

As part of its activities to give back to society, the Tohoku Branch supports and has registered for the Morinomiya Heart Aid program of Sendai City. This is a program of the Sendai Fire Department for the registration and publicizing of business sites willing to help people who have collapsed nearby, or who have called for help, through administering first aid and using automated external defibrillators (AEDs) until an ambulance arrives. Conditions for participating in the program include installation of AEDs at the site and employing people who have completed standard first-aid and other appropriate training programs. Names and addresses of registered business sites are published on the city website and elsewhere.

Also, to ensure that people in the neighborhood know of the site's participation in the program and are able to use it quickly in an emergency, an AED sticker is displayed at the main entrance. We will continue participating proactively in efforts to protect the safety and security of the community as a leading corporate citizen.



An AED certified through the Morinomiya Heart Aid program

Participation in a Mt. Rokko forestation project for elementary school students

In November 2020, we participated in an acorn-planting program organized by the Rokko Erosion Control Office as an environmental education event for elementary school students.

As part of the acorn planting program, elementary school students in the community are asked to collect acorns for typical oak tree species found on Mt. Rokko, such as konara, Chinese cork, and Japanese chestnut oak trees, grow seedlings from the acorns, and then plant them in the Mt. Rokko area. Intended to educate students about the importance of preventing ground-related disasters through forestation, about 12,000 people in total have participated in the program since it began in 2002. This year, the 19th anniversary of the program, about 330 students from four elementary schools in the city of Kobe took part, enjoying activities such as collecting acorns, planting them in pots, and planting the trees. A panel explanation was provided on slope construction work conducted by the Company in the area as well, and students were able to learn about forestation from a wide range of perspectives.



An explanation for students on the acorn-planting program

Donating to the Doshi Watershed Forest Preservation Project

Group member company Aura CE Co., Ltd., which is headquartered in Yokohama City, makes donations to support the Yokohama Water Quality Doshi Forest Fund, managed by the City of Yokohama waterworks, and to support activities for preserving the Water Conservation Forest in Doshi Village in Yamanashi Prefecture which serves as a water source for Yokohama. This privately owned forest covering about 60% of the village of Doshi is home to forested areas that are not properly cared for due to reasons such as a shortage of labor, leading to concern about degradation of its watershed properties (through which it stores and purifies water and mitigates flooding). On the other hand, in Yokoyama, citizen volunteers and the Yokohama Waterworks Bureau are working together to revitalize the forest in order to pass the high-quality water from their own water source, the Doshi River, on to the next generation. To a city such as Yokohama that is located near the mountains, preservation of watershed forests is vital to the lives of residents. For example, it helps to protect water sources and prevent flooding. As a business that operates in Kanagawa Prefecture, the company supports and will continue to support this activity.



The Doshi Rest Area sign



A Doshi Forest Fund pamphlet

Use of products that help support employment at welfare facilities

As part of its activities to support achievement of the Sustainable Development Goals (SDGs), the Chubu Branch uses Fuji Kusunoki toilet paper, manufactured and processed by the Kusunoki Gakuen. This is an employment-assistance facility for people with disabilities in the city of Fuji, Shizuoka Prefecture. They work in its facilities at the sites of the Kozaka Anchor Repair and Kanto slope-face construction projects, both directly contracted by Central Nippon Expressway Co., Ltd. Fuji Kusunoki is eco-friendly toilet paper made using 100% recycled paper. The city of Fuji is known as a leading papermaking center of Japan, producing about 30% of the nation's domestically produced toilet paper.

Because we regard consumption activities that consider people, society, the community, and the environment, including community vitality and employment, as an important corporate responsibility, we aim to cooperate in such efforts in various ways.



Fuji Kusunoki toilet paper, manufactured by an employment-assistance facility for people with disabilities, the Kusunoki Gakuen



Event held to provide hands-on experience with a greenbelt improvement project

In November 2020, the West Japan Branch Office held an event to provide hands-on experience in a greenbelt improvement project (soil disaster prevention) for high-school students, jointly with the Kinki Regional Development Bureau's Rokko Sabo Office. About 30 students from the urban environmental engineering department of Hyogo Technical High School took part. Students were given a tour of the site of phase-three slop-surface construction work in the Uzumoidai district, where work is underway using an automated spraying system. They were able to learn about and experience the latest ICT technologies, including 3D measurement technologies capable of virtual site measurement, a VR safety-training system that simulates the experience of human error on a construction site, and a remote participation system that can be used to check and inspect construction sites from remote locations using webcams and other devices. Other subjects explained to the students included the importance of the Rokko Mountains greenbelt improvement project and work to prevent soil-related disasters, and they deepened their understanding of how the construction industry contributes to safety in everyday life and to environmental protection. Participating students responded positively to this event, commenting, "It felt just like being on the actual construction site" and "The VR was impressive. It was like playing a game."



Experiencing a VR safety-training system



The site tour

Participating in a commemorative tree-planting event to mark completion of the Hokura district slope construction project

In March 2021, we participated in a commemorative tree-planting event organized by the Rokko Sabo Office and Hokura Jinja shrine to mark completion of the Hokura district slope construction project (client: Ministry of Land, Infrastructure, Transport and Tourism Kinki Regional Development Bureau, Rokko Sabo Office), on which work had begun in 2015.

The seedlings used in the commemorative tree-planting were grown from seeds harvested from native species in the Rokko Mountains, such as Prunus verecunda and Prunus jamasakura. They were planted on the approach to Hokura Jinja shrine, which was the site of the slope construction work. On a warm spring day, employees of Hokura Jinja shrine, the Rokko Sabo Office, Raito Kogyo, and consultants gathered together to carefully plant about 30 seedlings. It is hoped that the seedlings planted on this day will grow into strong, healthy trees to protect local residents from soil-related disasters and that beautiful cherry trees will adorn the approach to the shrine.



Planting trees

Communication with the community through site tours and internships

In May 2021, Group member company Onoryo Co., Ltd. held a site tour for local residents at its FY2020 Road Improvement project (part three) site (client: Miyagi Prefecture).

This project, which involves improving the current road consisting of a series of steep, narrow inclines and sharp curves, is being undertaken at sites in close proximity to the homes of numerous local residents. Seventeen people participated in the tour, viewing the actual on-site work conditions after being given an explanation of the overall project.

Onoryo also continues to accept second-year prefectural high school students into its internship program, an initiative that began in 2015. While the number of interns accepted and the internship period were reduced this year due to the impact of COVID-19, the students participated eagerly in the curriculum that included practice with CAD equipment, pouring concrete, and practice with taking measurements. It also provided the students with an opportunity to comment on their new experiences and express their aspirations in relation to the construction industry, and it appears to have deepened their understanding of the industry.



Acceptance of interns



A site tour

Installing Christmas lighting on a temporary enclosure

In December 2020, Group member company Tohoku Realize Co., Ltd. decorated the protective fences around the perimeter of the Shirakawa Uchiyoa disaster-prevention project with Christmas lights. This project is being conducted under contract to the client, Miyagi Prefecture. The brightly colored LED lighting made the roads around the project more attractive. The site foreperson, speaking on behalf of all those involved on the site, expressed their feelings for the community as follows: "This lighting was installed with the cooperation of site workers and those of partner companies. We wanted to help nearby residents and passersby feel a little brighter even though Christmas activities and other events had been cancelled due to COVID-19. In addition, since the roads around the site had almost no streetlights, we have decided to leave the lights up until the project is completed in March 2021. We hope they will serve as substitutes for street lights until then."



Setting up the Christmas lights



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

Knowledge, experience, and skills of Directors and Corporate Auditors (Skills Matrix)

To ensure a highly effective Board of Directors, a good balance is maintained in its composition. The board is made up of individuals who come from diverse career backgrounds and have the knowledge, experience, and other characteristics that the directors need given the business environment in which we operate. In the table below, the fields in which each person has special expertise are marked with a circle.

Name	Position and responsibilities with the Company	Corporate sales Management strategy	Financial accounting	Sales Marketing	R&D	Technology/IT	Legal/compliance risk management	Human resources/labor management Human-resource development	ESG Sustainability	Global
Kazuo Suzuki	Chairperson	○		○	○	○			○	○
Kazuhiro Akutsu	President	○		○	○	○			○	○
Shigeaki Furiyama	Vice President General Manager, Management Administration Division Management Administration Division	○	○			○	○	○	○	
Yoichi Howa	Senior Managing Director General Manager, Health, Safety, and Environmental Division	○		○		○	○		○	○
Kohei Kawamura	Senior Managing Director General Manager, Engineering Marketing Division	○		○		○	○		○	
Makoto Nishi	Senior Managing Director General Manager, Management Planning Division	○	○				○	○	○	
Yusuke Murai	Managing Director General Manager, Kanto Branch Office	○		○	○	○		○	○	
Akinobu Yamamoto	Managing Director General Manager, Construction Business Division	○		○			○	○	○	
Osamu Kawamoto	Director General Manager, Construction Technology Division	○		○	○	○	○		○	
Tatsuya Kaneto	Director General Manager, Chubu Branch	○		○	○	○			○	
Makoto Shirai	Lead Independent Outside Director		○				○		○	
Takaji Kokusho	Independent Outside Director				○	○			○	○
Youko Shimizu	Independent Outside Director	○		○				○		
Takeshi Nagata	Independent Outside Director		○				○		○	
Hiroshi Asano	Independent Outside Director						○	○	○	
Hiroyuki Kinoshita	Corporate Auditor (Standing)		○				○	○	○	
Yoshinobu Maeda	Outside Corporate Auditor	○		○			○	○		○
Tokiko Maruno	Outside Corporate Auditor		○				○	○	○	
Nobuo Iida	Outside Corporate Auditor	○	○	○			○	○		

from among independent candidates about whom there are no grounds for concern regarding potential conflicts of interest with ordinary shareholders.

Outside Directors and Outside Corporate Auditors

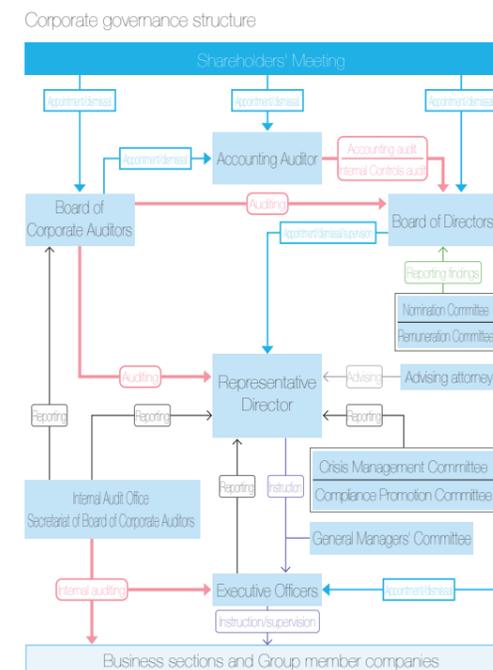
The Company has five Outside Directors and three Outside Corporate Auditors. The functions of the Outside Directors include advising the Board of Directors in order to ensure fairness and validity of decision-making by the Board; for example, through attending meetings of the Board of Directors and offering 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 FY2021, the rates of attendance by Outside Directors at meetings of both the Board of Directors and the Board of Corporate Auditors were 100%.

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.



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.

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.

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 thereof. 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.

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, renamed the General Affairs/IP Department and transferred to the R&D Center, which 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 FY2022 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 30 shareholders attended the 75th Shareholders' Meeting, held on June 29, 2022 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.

At the Construction Technology Exhibition 2021 Kinki, using ICT, we demonstrated the ICT-JET high-pressure injection-mixture management system that makes JET grout visible, the 3D-ViMa system for visualizing the quality and completed form of ground improvement work, and Robo-Shot, which combines an automated spray system and spraying robot in slope-face protection work.



Exhibiting at a trade show



As a company that plays a vital role in society, I look forward to the introduction of more advanced ESG management and SDGs initiatives

Makoto Shirai, Outside Director

After becoming a registered attorney in October 2003, I joined Kohwa Sohgo Law Offices. I then served as a securities examiner with the Kanto Regional Financial Bureau Securities Transaction Oversight Section in the Ministry of Finance (April 2008-March 2010) and a specialist examiner with the Securities Examination Department of the Secretariat of the Securities Transaction Oversight Committee (April 2010-June 2012). Currently, I am a partner at Kohwa Sohgo Law Offices. I was appointed an outside director of Raito Kogyo in June 2016.

I actively provide valuable and objective advice based on his legal knowledge of the Companies Act and laws on trading in financial instruments and other matters.

Q What is your impression of Raito Kogyo?

My chief profession is that of an attorney specializing in the fields of company and financial law. In light of the responsibilities of that profession, I am able to see a wide range of publicly traded companies on a regular basis, and as a result of such opportunities even before I joined the Company, I regarded it as a leader in the field of slope construction to prevent landslides.

From a personal perspective, my parents are natives of Izu Oshima Island, and because of this connection to island residents I knew of Raito Kogyo for the role it played in reconstruction work following the massive damage caused by a large-scale mudslide in October 2013. Since then, I have gained a strong impression of the Company as a contractor for large-scale disaster-prevention and reconstruction work. Since being appointed an outside

director, I have learned about the Company's other work in areas such as maintenance for important public infrastructure including roads, ports, airports, and bridges as well as construction of residential condominiums. Consequently, my image of the Company as one that plays vital roles in society by maintaining and building the infrastructure for national safety and livelihoods has become even stronger.

Q How do you approach your role as an outside director?

An outside director is expected to oversee how well the inside directors are discharging their duties from an objective, impartial viewpoint and to utilize his or her own specialized knowledge and abilities to play an active advisory role. The duty of an outside director is to help the Company grow into an organization that provides value to each of its stakeholders (such as shareholders, trading partners, employees, and society). My area of specialization is in interpretation and application of laws, contracts, and other legal documents, and in my career as an attorney I have observed problems and growth processes at other companies across a wide range of industries. Seeing a need to perform my role as an outside director based on such knowledge and

experience, I endeavor to state my own views clearly, based on an attitude of respect and mutual understanding, to the directors responsible for business execution.

Since I believe that such a sense of tension is vital to fulfilling my role as an outside director, I take on my duties as an outside director while keeping in mind that this position is not permanent and I will need to hand over my duties conscientiously to a number of successors in the future.

Q How have the Board of Directors' discussions and atmosphere changed as the Board has grown more diverse?

I am the outside director with the longest tenure with the Company, and I have been able to sense clear changes on this point from year to year.

The other outside directors all have many years of experience in various fields, including corporate management, government, academia, and taxation. They participate in Board of Directors discussions based on the knowledge they have built up over many years in such diverse fields. As such, it seems to me that each brings a different perspective and point of view to discussions of individual topics.

As a result of such wide-ranging discussions, it also seems that the atmosphere surrounding the discussions in the Board of Directors has developed a kind of positive tension that was not present before, thanks to the participation of outside directors with varied backgrounds. I hope that this trend will continue and lead to an even stronger positive impact on decisions on Company policy.

Q What is your assessment of the effectiveness of the Board of Directors?

I believe that the Board of Directors should operate by maintaining a plan-do-check-act (PDCA) cycle aimed at constant improvement. As a result, there will always be issues to be addressed. Overall, however, I believe that the Board of Directors is functioning effectively at present. Of course, I do recognize some issues. For example, it would be a good idea to take into consideration approaches to enable more effective utilization of outside directors,

whose numbers have increased further beginning this year, and more proactive discussion of ESG and SDGs initiatives by the Board of Directors would be preferable. In addition, I think that increasing opportunities for exchange of opinions and discussions, or for exchange of information, with executive directors outside the Board of Directors, would be an effective way to increase the Board's effectiveness.

Q What is your assessment of the Company's ESG management and initiatives toward the SDGs?

To date, its ESG management initiatives, which have been focused on building a fulfilling working environment through such means as working from home, staggered working hours, and a program for extending mandatory retirement age, are well suited to current circumstances. I would like to see it strive to realize an even richer range of programs in the future, as it aims to be a leader in the industry.

I also hope that in the near future it will begin to implement advanced ESG management and SDGs initiatives that will convey to the stakeholders of

the numerous companies involved in Raito Kogyo's businesses a strong impression of how its businesses help to realize a sustainable society in which people can live contentedly free from anxiety.

I believe that demonstrating such an approach will further strengthen its corporate image as a company that plays an essential role in society by maintaining and building an infrastructure that supports national safety and the livelihoods of the people, and will lead, as a result, to the further progress of the Company.

Consolidated financial statements

Consolidated balance sheets

March 31, 2022 and 2021	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Assets			
Current assets			
Cash and deposits (Note 3)	¥30,022	¥28,259	\$245,257
Notes receivable, accounts receivable from completed construction contracts and other	36,505	33,555	298,219
Electronically recorded monetary claims - operating	3,557	5,778	29,058
Securities	1,999	1,999	16,330
Costs on construction contracts in progress (Note 4)	1,770	2,331	14,459
Merchandise and finished goods (Note 4)	26	22	212
Work in process (Note 4)	0	0	0
Raw materials and supplies (Note 4)	660	490	5,391
Accounts receivable - other	51	74	416
Other	1,469	1,321	12,000
Allowance for doubtful accounts	(34)	(42)	(277)
Total current assets	76,029	73,791	621,101
Non-current assets			
Property, plant and equipment			
Buildings and structures	12,354	12,352	100,923
Accumulated depreciation	(5,934)	(5,661)	(48,476)
Buildings and structures, net	6,419	6,691	52,438
Machinery, vehicles, tools, furniture and fixtures	26,987	25,660	220,464
Accumulated depreciation	(22,561)	(22,032)	(184,306)
Machinery, vehicles, tools, furniture and fixtures, net	4,426	3,627	36,157
Land (Note 7)	11,361	11,419	92,811
Leased assets	41	42	334
Accumulated depreciation	(20)	(12)	(163)
Leased assets, net	20	29	163
Construction in progress	1,075	228	8,781
Total property, plant and equipment	23,303	21,995	190,368
Intangible assets			
Other	257	299	2,099
Total intangible assets	257	299	2,099
Investments and other assets			
Investment securities (Notes 5 and 8)	7,468	7,449	61,008
Long-term prepaid expenses	118	700	963
Distressed receivables	6	6	49
Investment property	3,137	2,991	25,626
Deferred tax assets (Note 14)	1,080	975	8,822
Retirement benefit asset	2,285	2,130	18,666
Other	2,567	2,636	20,970
Allowance for doubtful accounts	(369)	(367)	(3,014)
Total investments and other assets	16,295	16,524	133,118
Total non-current assets	39,856	38,819	325,594
Total assets	115,885	112,610	946,695

*All the above U.S. dollar amounts are translated from yen at the rate of JPY122.41=U.S.\$1.00

March 31, 2022 and 2021	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Liabilities			
Current liabilities			
Notes payable, accounts payable for construction contracts and other	¥11,855	¥12,470	\$96,846
Electronically recorded obligations - operating	8,317	7,817	67,943
Short-term bank loans payable (Note 9)	870	815	7,107
Income taxes payable	2,706	2,879	22,106
Advances received on construction contracts in progress	2,144	2,835	17,514
Provision for warranties for completed construction	172	155	1,405
Provision for loss on construction contracts (Note 2)	0	21	0
Accrued expenses	2,611	2,689	21,329
Other	5,295	5,937	43,256
Total current liabilities	33,974	35,622	277,542
Non-current liabilities			
Deferred tax liabilities for land revaluation (Note 7)	769	786	6,282
Long-term accounts payable - other	141	110	1,151
Lease obligations	12	15	98
Deferred tax liabilities (Note 14)	2	2	16
Provision for stock benefits	107	91	874
Other	60	62	490
Total non-current liabilities	1,094	1,069	8,937
Total liabilities	35,068	36,692	286,479
Net assets			
Shareholders' equity			
Share capital	6,119	6,119	49,987
Capital surplus	6,358	6,358	51,940
Retained earnings	70,588	65,761	576,652
Treasury shares (Note 11)	(3,411)	(2,883)	(27,865)
Total shareholders' equity (Note 12)	79,654	75,355	650,714
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	525	589	4,288
Revaluation reserve for land (Note 7)	(1,120)	(1,082)	(9,149)
Foreign currency translation adjustment	1,316	516	10,750
Remeasurements of defined benefit plans (Note 10)	364	441	2,973
Total accumulated other comprehensive income	1,085	465	8,863
Non-controlling interests	77	96	629
Total net assets	80,817	75,917	660,215
Total liabilities and net assets	¥115,885	¥112,610	\$946,695

*All the above U.S. dollar amounts are translated from yen at the rate of JPY122.41=U.S.\$1.00

Consolidated financial statements

Consolidated statements of income

For the years ended March 31, 2022 and 2021	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Net sales			
Net sales of completed construction contracts	¥109,147	¥107,645	\$891,651
Net sales in sideline businesses	356	563	2,908
Total net sales	109,504	108,209	894,567
Cost of sales			
Cost of sales of completed construction contracts	85,310	85,564	696,920
Cost of sales in sideline businesses	243	477	1,985
Total cost of sales	85,554	86,041	698,913
Gross profit			
Gross profit on completed construction contracts	23,836	22,081	194,722
Gross profit on sideline business	113	86	923
Total gross profit	23,949	22,168	195,645
Selling, general and administrative expenses	10,713	10,440	87,517
Operating profit	13,236	11,727	108,128
Non-operating income			
Interest income	7	16	57
Dividend income	164	99	1,339
Royalty income	20	18	163
Insurance claim income	334	55	2,728
Rental income from non-current assets	278	165	2,271
Foreign exchange gains	140	101	1,143
Share of profit of entities accounted for using equity method	234	284	1,911
Other	93	89	759
Total non-operating income	1,274	830	10,407
Non-operating expenses			
Interest expenses	29	25	236
Loss on sales of notes receivable - trade	3	1	24
Commission expenses	102	12	833
Guarantee commission	65	74	531
Rental costs	228	109	1,862
Foreign exchange losses	-	-	-
Share of loss of entities accounted for using equity method	-	-	-
Office relocation expenses	-	44	-
Other	104	154	849
Total non-operating expenses	533	422	4,354
Ordinary profit	13,976	12,136	114,173
Extraordinary income			
Gain on sales of non-current assets	55	12	449
Gain on sales of investment securities	5	115	40
Total extraordinary income	61	128	498
Extraordinary losses			
Settlement package	-	5	-
Loss on sales and retirement of non-current assets	13	4	106
Extra retirement payments	9	-	73
Loss on sale of shares of subsidiaries and associates	735	-	6,004
Loss on valuation of golf club membership	0	-	0
Total extraordinary losses	758	9	6,192
Profit before income taxes	13,279	12,254	108,479
Income taxes - current	4,458	3,672	36,418
Income taxes - deferred	(74)	(43)	(604)
Total income taxes	4,383	3,629	35,805
Profit	8,895	8,625	72,665
Loss attributable to non-controlling interests	(34)	(14)	(277)
Profit attributable to owners of parent	¥8,930	¥8,640	\$72,951

*All the above U.S. dollar amounts are translated from yen at the rate of JPY122.41=U.S.\$1.00

Consolidated statements of comprehensive income

For the years ended March 31, 2022 and 2021	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Profit	¥8,895	¥8,625	\$72,665
Other comprehensive income			
Valuation difference on available-for-sale securities	△63	501	△514
Foreign currency translation adjustment	221	118	1,805
Remeasurements of defined benefit plans, net of tax	△77	727	△629
Share of other comprehensive income of entities accounted for using equity method	577	(51)	4,713
Total other comprehensive income (Note 13)	658	1,296	5,375
Comprehensive income (Note 13)	9,553	9,921	78,041
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	9,573	9,934	78,204
Comprehensive income attributable to non-controlling interests	(¥19)	(¥12)	(\$155)

*All the above U.S. dollar amounts are translated from yen at the rate of JPY122.41=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, 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)
Net changes in items other than shareholders' equity						501	25	66	727	1,321	(12)	1,308
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
Changes during period												
Dividends of surplus			(2,598)		(2,598)							(2,598)
Profit attributable to owners of parent			8,930		8,930							8,930
Purchase of treasury shares				(2,077)	(2,077)							(2,077)
Cancellation of treasury shares			(1,543)	1,543	-							-
Treasury stock payment of stock ownership plan trust				6	6							6
Reversal of revaluation reserve for land			38		38							38
Net changes in items other than shareholders' equity						(63)	(38)	799	(77)	619	(19)	599
Total changes during period	-	-	4,827	(527)	4,299	(63)	(38)	799	(77)	619	(19)	4,899
Balance at March 31, 2022	¥6,119	¥6,358	¥70,588	(¥3,411)	¥79,654	¥525	(¥1,120)	¥1,316	¥364	¥1,085	¥77	¥80,817

	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, 2020	\$49,987	\$51,940	\$484,241	(\$22,816)	\$563,352	\$710	(\$9,043)	\$3,675	(\$2,328)	(\$6,984)	\$890	\$557,266
Changes during period												
Dividends of surplus			(17,400)		(17,400)							(17,400)
Profit attributable to owners of parent			70,582		70,582							70,582
Purchase of treasury shares				(735)	(735)							(735)
Reversal of revaluation reserve for land			(204)		(204)							(204)
Net changes in items other than shareholders' equity						4,092	204	539	5,939	10,791	(98)	10,685
Total changes during period	-	-	52,969	(735)	52,234	4,092	204	539	5,939	10,791	(98)	62,919
Balance at March 31, 2021	49,987	51,940	537,219	(23,551)	615,595	4,811	(8,839)	4,215	3,602	3,798	784	620,186
Changes during period												
Dividends of surplus			(21,223)		(21,223)							(21,223)
Profit attributable to owners of parent			72,951		72,951							72,951
Purchase of treasury shares				(16,967)	(16,967)							(16,967)
Cancellation of treasury shares			(12,605)	12,605	-							-
Treasury stock payment of stock ownership plan trust				49	49							49
Reversal of revaluation reserve for land			310		310							310
Net changes in items other than shareholders' equity						(514)	(310)	6,527	(629)	5,056	(155)	4,893
Total changes during period	-	-	39,433	(4,305)	35,119	(514)	(310)	6,527	(629)	5,056	(155)	40,021
Balance at March 31, 2022	\$49,987	\$51,940	\$576,652	(\$27,856)	\$650,714	\$4,288	(\$9,149)	\$10,750	\$2,973	\$8,863	\$629	\$660,215

*All the above U.S. dollar amounts are translated from yen at the rate of JPY122.41=U.S.\$1.00

Consolidated statements of cash flows

Millions of yen

Thousands of U.S. dollars

For the years ended March 31, 2022 and 2021	2022	2021	2022
Cash flows from operating activities			
Profit before income taxes	¥13,279	¥12,254	\$108,479
Depreciation	2,140	1,842	17,482
Loss (gain) on retirement of non-current assets	(42)	4	(343)
Share of loss (profit) of entities accounted for using equity method	(234)	(284)	(1,911)
Increase (decrease) in allowance for doubtful accounts	(5)	(5)	(40)
Increase (decrease) in provision for warranties for completed construction	16	7	130
Increase (decrease) in provision for loss on construction contracts	(20)	4	(163)
Decrease (increase) in retirement benefit asset	(154)	(1,414)	(1,258)
Increase (decrease) in provision for stock benefits	15	26	122
Interest and dividend income	(172)	(116)	(1,405)
Interest expenses	29	25	236
Loss on sales of notes receivable - trade	3	1	24
Loss (gain) on sales of investment securities	(5)	(115)	(40)
Loss (gain) on valuation of investment securities	0	-	0
Loss (gain) on sale of shares of subsidiaries and associates	735	-	6,004
Decrease (increase) in trade receivables	(648)	(67)	(5,293)
Decrease (increase) in costs on construction contracts in progress	568	1,626	4,640
Decrease (increase) in inventories	(157)	81	(1,282)
Increase (decrease) in trade payables	(153)	1,000	(1,249)
Increase (decrease) in advances received on construction contracts in progress	(692)	(40)	(5,653)
Other, net	(1,326)	2,080	(10,832)
Subtotal	13,176	16,910	107,638
Interest and dividends received	172	116	1,405
Interest paid	(29)	(25)	(236)
Payments for sales of notes receivable - trade	(3)	(1)	(24)
Income taxes paid	(4,719)	(1,794)	(38,550)
Net cash provided by (used in) operating activities	8,597	15,206	70,231
Cash flows from investing activities			
Purchase of securities	-	(2,999)	-
Proceeds from redemption of securities	-	999	-
Purchase of property, plant and equipment	(2,970)	(3,197)	(24,262)
Proceeds from sales of property, plant and equipment	115	31	939
Purchase of intangible assets	(45)	(44)	(367)
Purchase of investment securities	(317)	(16)	(2,589)
Proceeds from sales of investment securities	8	526	65
Proceeds from sale of shares of subsidiaries and associates	1,017	-	8,308
Purchase of shares of subsidiaries and associates	(1,046)	-	(8,545)
Collection of loans receivable from subsidiaries and affiliates	4	5	32
Purchase of investment property	(351)	(2,998)	(2,867)
Proceeds from sales of investment property	205	443	1,674
Proceeds from maturity of insurance funds	1,037	102	8,471
Other, net	(6)	(80)	(49)
Net cash provided by (used in) investing activities	(2,350)	(7,228)	(19,197)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(8)	(271)	(65)
Purchase of treasury shares	(2,077)	(90)	(16,967)
Repayments of finance lease obligations	(8)	(10)	(65)
Dividends paid	(2,593)	(2,127)	(21,182)
Net cash provided by (used in) financing activities	(4,687)	(2,499)	(38,289)
Effect of exchange rate change on cash and cash equivalents	204	(22)	1,666
Net increase (decrease) in cash and cash equivalents	1,763	5,501	14,402
Cash and cash equivalents at beginning of period	28,259	22,758	230,855
Cash and cash equivalents at end of period (Note 3)	¥30,022	¥28,259	\$245,257

*All the above U.S. dollar amounts are translated from yen at the rate of JPY122.41=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 ¥122.41 = US\$1.00, which was the exchange rate prevailing at March 31, 2022.

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 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 are 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 ¥0 million.

iv) Provision for stock benefits for directors

To grant directors with shares of the Company's stock, the Company provides an allowance at 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 incurrence 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 for, 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, 2022 and 2021 and cash and cash equivalents at end of years on the statements of cash flows for the years ended March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash and deposits on the consolidated balance sheets	¥30,022	¥28,259	\$245,257
Time deposits with terms exceeding 3 months	-	-	-
Cash and cash equivalents on the statement of cash flows	¥30,022	¥28,259	\$245,257

4. INVENTORIES

Inventories as of March 31, 2022 and 2021 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Costs on construction contracts in progress	¥1,770	¥2,331	\$14,459
Merchandise and finished goods, work in process and raw material and supplies	686	512	5,604
	¥2,456	¥2,843	\$20,063

5. INVESTMENT SECURITIES

Information on investment in securities of non-consolidated subsidiaries and affiliated companies as of March 31, 2022 and 2021 is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Investment in securities (shares)	¥4,562	¥4,781	\$37,268

6. NOTES RECEIVABLE - TRADE

Information relating to the balances of discounted notes receivable and endorsed notes receivable as of March 31, 2022 and 2021 is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Endorsed notes receivable	-	¥14	-

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, 2022, the carrying amount of the land after one-time revaluation exceeds the market value by ¥545 million (\$4,452 thousand).

8. MARKETABLE SECURITIES AND INVESTMENT IN SECURITIES

The market value of listed securities, which are classified as marketable securities, as of March 31, 2022 and 2021, are as follows:

As of March 31, 2022	Millions of yen		Unrealized Gain (Loss)
	Cost	Fair Value (Carrying Amount)	
Marketable equity securities	¥1,272	¥2,116	¥843
Fund trust and other	49	51	1
	¥1,322	¥2,167	¥844

As of March 31, 2021	Millions of yen		Unrealized Gain (Loss)
	Cost	Fair Value (Carrying Amount)	
Marketable equity securities	¥1,262	¥2,162	¥899
Fund trust and other	49	51	1
	¥1,312	¥2,214	¥901

As of March 31, 2022	Thousands of U.S. dollars		Unrealized Gain (Loss)
	Cost	Fair Value (Carrying Amount)	
Marketable equity securities	\$10,391	\$17,286	\$6,886
Fund trust and other	400	416	8
	\$10,799	\$17,702	\$6,894

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 ¥10,680 million (\$87,247 thousand).

10. EMPLOYEES' RETIREMENT BENEFITS AND PENSION PLAN

Consolidated fiscal year under review (from April 1, 2021, to March 31, 2022)

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 benefits 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
	2022	2021	2022
Retirement benefit obligation at beginning of term	¥7,282	¥7,415	\$59,488
Service cost	373	374	3,047
Interest expense	43	44	351
Actuarial difference amounts incurred for the period	23	(189)	187
Retirement benefit payments	(371)	(361)	(3,030)
Retirement benefit obligation at end of term	¥7,351	¥7,282	\$60,052

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

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Plan assets at beginning of term	¥9,412	¥8,130	\$76,889
Expected return on assets	139	120	1,135
Actuarial difference amounts incurred for the period	(47)	802	(383)
Contributions from employer	431	638	3,520
Retirement benefit payments	(300)	(279)	(2,450)
Plan assets at end of term	¥9,636	¥9,412	\$78,719

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
	2022	2021	2022
Retirement benefit obligation of funded plans	¥7,351	¥7,282	\$60,052
Plan assets	(9,636)	(9,412)	(78,719)
	(2,285)	(2,130)	(18,666)
Retirement benefit obligation of unfunded plans	-	-	-
Net assets and liabilities recorded on the consolidated balance sheets	(¥2,285)	(¥2,130)	(\$18,666)

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Net defined benefit liability	¥-	¥-	\$-
Net defined benefit asset	(2,285)	(2,130)	(18,666)
Net assets and liabilities recorded on the consolidated balance sheets	(¥2,285)	(¥2,130)	(\$18,666)

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

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Service cost	¥371	¥370	\$3,030
Interest expense	43	44	351
Expected return on assets	(139)	(120)	(1,135)
Amount expensed for actuarial difference	(32)	65	(261)
Amount expensed for prior service cost	(8)	(8)	(65)
Retirement benefit expenses for the defined benefit plan	234	351	1,911
Retirement benefit expenses relating to defined benefit plans	¥234	¥351	\$1,911

(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
	2022	2021	2022
Prior service costs	¥8	¥8	\$65
Actuarial differences	102	(1,057)	833
Total	¥111	(¥1,048)	\$906

(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
	2022	2021	2022
Unrecognized prior service costs	(¥57)	(¥66)	(\$465)
Unrecognized actuarial differences	(467)	(570)	(3,815)
Total	(¥525)	(¥636)	(\$4,288)

(7) Plan assets

i) Principal breakdown of plan assets

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

	2022	2021
Bonds	40%	38%
Shares	40%	38%
Cash on hand and in banks	3%	7%
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 ¥114 million for the previous fiscal year and ¥121 million for the fiscal year under review.

11. TREASURY SHARES

The Company holds 4,762,898 treasury shares as of March 31, 2022.

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 for 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, 2022 and 2021 is presented as follows.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Valuation difference on available-for-sale securities:			
The amount arising during the period	(¥72)	¥747	(\$588)
Reclassification adjustment	(5)	(115)	(40)
Foreign currency translation adjustment:			
The amount arising during the period	221	118	1,805
Reclassification adjustment	-	-	-
Retirement benefit adjustment:			
The amount arising during the period	(70)	992	(571)
Reclassification adjustment	(40)	56	(326)
Share of other comprehensive income of entities accounted for using equity method:			
The amount arising during the period	577	(51)	4,713
Reclassification adjustment	-	-	-
Before adjustment for tax effects	609	1,747	4,975
Amount of tax effects	48	(451)	392
Total other accumulated comprehensive income	¥658	(¥1,296)	\$5,375

Information relating to the amounts of tax effects applicable to other accu-

mulated comprehensive income for the years ended March 31, 2022 and 2021 is presented as follows.

	Millions of yen 2022		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
Valuation difference on available-for-sale securities	(¥77)	¥13	(¥63)
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	221	-	221
Remeasurements of defined benefit plans	(111)	34	(77)
Share of other comprehensive income of entities accounted for using equity method	577	-	577
Total other accumulated comprehensive income	¥609	¥48	¥658

	Millions of yen 2021		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
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

	Thousands of U.S. dollars 2022		
	Before adjustment for tax effects	Amount of tax effects	After adjustment for tax effects
Valuation difference on available-for-sale securities	(\$629)	\$106	(\$514)
Revaluation reserve for land	-	-	-
Foreign currency translation adjustment	1,805	-	1,805
Remeasurements of defined benefit plans	(906)	277	(629)
Share of other comprehensive income of entities accounted for using equity method	4,713	-	4,713
Total other accumulated comprehensive income	\$4,975	\$392	\$5,375

Notes to consolidated financial statements

14. INCOME TAXES

The significant components of the Company's deferred tax assets and liabilities as of March 31, 2022 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets:			
Net defined benefit liability	¥56	¥101	\$457
Accrued expenses	515	482	4,207
Allowance for doubtful accounts	124	124	1,012
Provision for loss on construction denied for deduction	5	7	40
Net operating loss carryforwards	598	493	4,885
Impairment loss denied for deduction	154	155	1,258
Loss on support of subsidiaries and affiliates	908	908	7,417
Loss on valuation of stocks of subsidiaries and affiliates	408	408	3,333
Other	1,626	1,489	13,283
Subtotal	4,398	4,171	35,928
Valuation allowance	(2,828)	(2,691)	(23,102)
Total deferred tax assets	¥1,570	¥1,480	\$12,825
Deferred tax liabilities:			
Gain on securities contributed to employees' retirement benefit	(273)	(273)	(2,230)
Valuation difference on available-for-sale securities	(213)	(229)	(1,740)
Special depreciation allowance for tax purposes	(1)	(1)	(8)
Disposal expenses relating to asset retirement obligations	(2)	(2)	(16)
Total deferred tax liabilities	(¥490)	(¥506)	(\$4,002)
Total net deferred tax assets	¥1,079	¥973	\$8,814

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 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, 2022 and 2021 is as follows:

	Millions of yen				
	Year ended March 31, 2022				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	¥109,147	¥356	¥109,504	¥-	¥109,504
Inter-segments	-	1,116	1,116	(1,116)	0
Total	¥109,147	¥1,473	¥110,620	(¥1,116)	¥109,504
Operating expenses	95,974	1,410	97,385	(1,116)	96,269
Operating income/loss	13,173	62	13,235	0	13,235
Assets	73,055	1,247	74,303	41,582	115,885
Depreciation	2,102	20	2,122	(35)	2,087
Capital expenditures	3,346	20	3,366	(2)	3,364

	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

	Thousands of U.S. dollars				
	Year ended March 31, 2022				
	Construction	Others	Total	Elimination	Consolidated
Revenues:					
Customers	\$891,651	\$2,908	\$894,567	\$-	\$894,567
Inter-segments	-	9,116	9,116	(9,116)	0
Total	\$891,651	\$12,033	\$903,684	(\$9,116)	\$894,567
Operating expenses	784,037	11,518	795,564	(9,116)	786,447
Operating income/loss	107,613	506	108,120	0	108,120
Assets	596,805	10,187	607,001	339,694	946,695
Depreciation	17,171	163	17,335	(285)	17,049
Capital expenditures	27,334	163	27,497	-	27,481

"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, 2022 and 2021 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Japan	¥107,480	¥104,024	\$878,032
North America	967	2,488	7,899
Other	1,056	1,696	8,626
Total	¥109,504	¥108,209	\$894,567

16. PER SHARE INFORMATION

Details of net assets per share and net income per share for the years ended March 31, 2022 and 2021 are presented as follows:

	Yen		U.S. dollars
	2022	2021	2022
Net assets per share	¥1,591.20	¥1,463.01	\$12.99
Net income per share	¥174.12	¥166.58	\$1.42

17. SUBSEQUENT EVENT

On June 29, 2022 the following appropriations of retained earnings were approved at the shareholders' meeting of the Company:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash dividends of ¥54.0 (\$0.44) per share (final for the year ended March 31, 2022)	¥2,746	¥2,598	\$22,440



Rear, from left

Outside Director	Director General Manager, Construction Technology Division	Director General Manager, Chu-bu Branch Office	Corporate Auditor (Standing)	Outside Corporate Auditor	Outside Corporate Auditor	Outside Corporate Auditor				
Hiromi Asano	Takeshi Nagata	Yuko Shimizu	Takaji Kokusho	Makoto Shirai	Osamu Kawamoto	Tatsuya Kaneto	Hiroyuki Kinoshita	Yoshinobu Maeba	Tokiko Maruno	Nobuo Iida

Front, from left

Managing Director General Manager, Kanto Branch Office	Senior Managing Director General Manager, Engineering Marketing Division	Vice President General Manager, Management Administration Division	Chairperson	President	Senior Managing Director General Manager, Safety, Quality, and Environmental Division	Senior Managing Director General Manager, Management Planning Division	Managing Director General Manager, Construction Business Division
Yusuke Murai	Kohei Kawamura	Shigeaki Funayama	Kazuo Suzuki	Kazuhiro Akutsu	Yoichi Howa	Makoto Nishi	Akinobu Yamamoto



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