

RAITO ANNUAL REPORT 2025



Management philosophy

"Continuing to take on the challenge of creating new value"

Aiming to create new value and be a company trusted by society as a team of professional engineers keeping our national infrastructure safe and secure.

Basic Sustainability Policy

Based on our management vision of "Continuing to take on the challenge of creating new value," we strive to build disaster-resilient national infrastructure for peace of mind and enriched lives, while maintaining harmony with the environment and society.

Fully recognizing the fact that corporate survival is premised on a sustainable society, we will contribute to solutions to society's challenges and sustainable development through our business activities.

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.

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 FY2018, 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 2023 – March 2025

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
International Integrated Reporting Council (IIRC)
International Integrated Reporting Framework
Ministry of Economy, Trade and Industry Value Creation Guidance 2.0
TCFD Consortium TCFD Guidance 3.0
ISSB IFRS S1, IFRS S2

Date of publication

Aug 29, 2025

Disclosure Medium

Financial Information	Nonfinancial Information
RAITO CORPORATE REPORT	
Summary of Financial Results	Business Outline
Securities Report	Company guide for children · Comic-format company guide
Business Report	Construction Method Catalog
Financial Results Briefing Materials	Corporate Governance Report
Shareholders/Investors Information Site https://www.raito.co.jp/ir/index.html	Sustainability Site https://www.raito.co.jp/company/kankyou/index.html
Raito Kogyo Corporate Site https://www.raito.co.jp/index.html	

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Raito Kogyo Group history

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

1943～

1970～

2000～

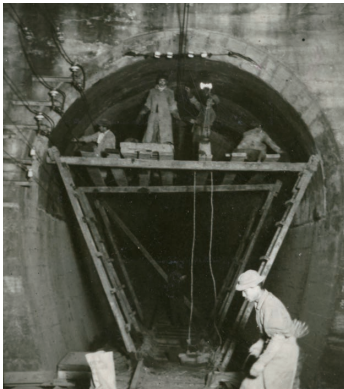
2010～

Operating as a company with special technologies that nobody else can offer since our founding

In 1943, Tadao Kamijo founded the Kamijo Waterproofing Works in the town of Hanawa, Akita Prefecture. Then, in 1945, spurred by the need to address water leaks in aged brick tunnels on the Japan National Railway, Kamijo began to specialize in tunnel waterproofing work. At that time, the individual 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.



1943 Tadao Kamijo appointed first President



1943 Tunnel waterproofing work



1963 Self-propelled RG piling machine



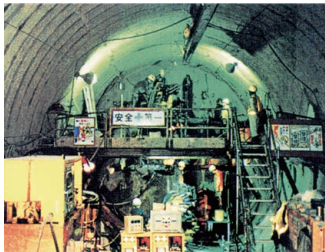
1950 Slope spraying work

Taking on challenging construction work while introducing advanced technologies from Europe and promoting technological development and improvements

The injection 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. Known for its historically challenging work that involves flooding about 200 meters underground, this project greatly transformed the existing concept of the injection process and publicized our Soletanche method. We focused on introduction of other new technologies as well. In addition to introducing the method of pipe laying under special slurry (PLUSS) from Soletanche, we also adopted and began using on-site a construction management system developed jointly with Soletanche.



1971 Then-President Samaru and President J. Alice of Soletanche shake hands after concluding the contract



1995 Hokuohoku Line Nabetachiyama Tunnel injection work



1974 Injection work in construction of the Joetsu Shinkansen's Nakayama Tunnel



1980 "Pipe laying under special slurry" (PLUSS) method adopted

We fully mobilized our technologies to complete the injection work

The Kyoto Protocol adopted by COP3 in 1997 set targets for addressing global warming through 2020. Amid such growing interest in environmental protection around the world, in 1997 we established the new Environmental Science Office at the Technology Laboratory. After the enactment of the Basic Act on Establishing a Sound Material-Cycle Society in 2000, we began full-fledged development of eco-friendly construction methods and technologies. In 2000 we established the new Ground Environmental Department in the Environmental Business Division, to apply our strengths in ground improvement technologies to address soil pollution. In addition, in 2008, we entered the Building 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.



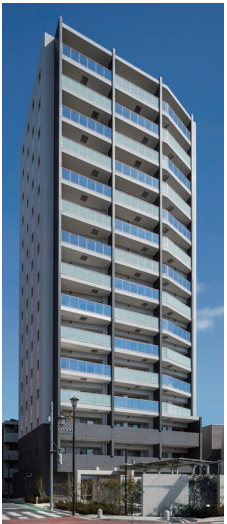
2001 Eco-friendly all-greening spray method



2003 Eco clay wall method



2008 Okamoto 2-chome Condominiums



2008 Musashiseki Mansion condominiums

Major disaster recovery and restoration, and building new cities

Major earthquakes such as the Great East Japan Earthquake (2011), the Kumamoto Earthquake (2016), and the Hokkaido Iburi East Earthquake (2018) during the second decade of the 21st century caused severe damage. We contributed to recovery and restoration efforts, including ground improvement and landslide prevention, for various infrastructure facilities such as damaged ports, levees, and roads. Then, in 2018 we opened the R&D Center to build a more efficient R&D structure. 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.



2015 Sanriku Expressway FF slope surface protection work



2017 Choyo Ohashi route restoration work



2016 Nakashima Kaigan RAS ground improvement work



2018 Opened the R&D Center

Building true corporate value
integrating economic and social
value is our meaning of
existence, and something of
which future generations
can be proud

Raito Kogyo Co., Ltd.
President
Kazuhiro Akutsu



Taking on the challenges of creating corporate value in preparation for our 100th anniversary as a company

Thank you for your continued support of the Raito Kogyo Group. The year 2023 was a milestone in which Raito Kogyo Co., Ltd., marked the 80th anniversary of its founding. This would not have been possible without our historical track record and the warm support of our stakeholders.

Our origins can be traced back to 1943, when we worked on tunnel waterproofing founded in the town of Hanawa (now the city of Kazuno), Akita Prefecture. Since then, we have continued to grow while overcoming numerous challenges. It is the technologies and knowledge that we have continued to amass since our founding and the hard work of each and every employee that has supported our 80 years of growth, including wartime, the recovery period in the late 20th century, and the 21st century. I am confident that this history and these efforts are the underpinning of today's Raito Kogyo.

Even as we take pride in this growth, we will take on the challenges of new growth and creating new corporate value in the period to the next milestone of our centenary. The year 2024 is an important starting point for these efforts. While fulfilling our corporate responsibility to realize a sustainable society, we will promote business activities with a determination to promote reforms for the future.

Until now, as a company that supports our social infrastructure, we have grown steadily while overcoming a variety of challenges. The path on which we should proceed is clear even in today's world of global climate change and economic uncertainty. It is the path of pursuing social progress and environmental conservation simultaneously based on technology.

Our daily business activities show clearly the growing importance of social infrastructure. Because of the very high number of natural disasters in recent years, both in Japan and around the world, we have increasing opportunities for involvement in disaster restoration projects. In such work for recovery from natural disasters, our company technologies not only support the lives of the community but also lead to building strong relationships of trust with residents. We are overjoyed every time we hear from community residents about how a project has enabled them to live with peace of mind.

Management conscious of the cost of capital

In recent years, the Company has reaffirmed the necessity of management conscious of the cost of capital and strengthened efforts to increase corporate value. To maximize corporate value, it is essential to utilize resources efficiently. This is the foundation for appropriate investment choices and supporting profitability and stability. We will transform and strengthen business strategies seeking continuous, long-term growth in profits while remaining conscious of returns to shareholders. First, through optimization of resource allocation we will introduce new indicators for assessment of risks and returns in each business and promote investment giving priority to highly profitable businesses. In this way, we are maximizing capital efficiency and switching to more effective growth strategies. Specifically, by redesigning the criteria we use to select investments and introducing quantitative

indicators, we have established a management structure that is able to adapt flexibly to changing economic conditions through judgments that comprehensively take such matters as profitability and risk into consideration. In addition, together with promoting revisions to the business portfolio, we are considering ways to improve profitability by eliminating investments in businesses in which profits are lower than the cost of capital. To meet stakeholder expectations, we will aim for highly transparent management that remains conscious of the cost of capital in the future as well.

Contributing to environmental conservation through responsible business activities

We recognize addressing climate change as an essential part of fulfilling our corporate social responsibility. Aiming to realize a sustainable society, the Company has established a long-term environmental strategy and formulated an action plan based on specific targets. In October 2024, we submitted a commitment letter on accreditation under the Science Based Targets (SBTs) for reducing greenhouse gas emissions. In this way, the Company aims to fulfill its responsibility to address climate change while also realizing sustainable business activities by lessening our environmental impact. We are focusing on the following as priority measures for achieving our environmental targets. First, we have strengthened the adoption of energy-conservation measures at our facilities and construction

sites to optimize energy consumption. Specifically, we are promoting such measures as replacing existing equipment with more energy-efficient equipment, thoroughly switching to LED lighting, and expanding our use of renewable energy. We are also installing solar-power facilities on internal and external facilities as a new energy source to help realize carbon neutrality, and we plan to improve the percentage of renewable energy use further in the future as well. In addition, we are promoting educational programs to raise awareness internally. An understanding of the importance of climate change among all employees and action to lessen the environmental impact in everyday work are linked directly to Company-wide environmental measures. We will build a business structure that is good for the environment by taking action with an emphasis on sustainability in our business activities since each and every employee is environmentally conscious. We also are striving to lessen the environmental impact of the supply chain as a whole by cooperating with suppliers to consider the environment thoroughly in all processes from procurement through waste. In the future as well, we will continue to contribute actively to environmental protection through business activities with responsibility for the future.



Increasing management efficiency by using DX to create new value

DX is an important pillar for realizing the Company's future growth. It is an essential element for improving efficiency and productivity across our businesses. Until now, the Company has actively introduced digital technologies with the aims of improving business processes and making them more efficient, but in 2024, we introduced even more advanced DX initiatives by striving to make business operations more advanced and efficient and by using such technologies as AI and Big Data. Specifically, we are accelerating business activities and making them more accurate through such means as more precise project progress control and risk forecasting and optimization of resource allocation. We also are promoting automation of standardized operations using robotic process automation (RPA) technologies to lighten workloads so that employees can focus on creative work. The progress of such digitalization can not only improve efficiency but also create new added value in business activities. We also are strengthening digital cooperation with customers and partner firms while realizing a

swift, flexible service through real-time online information sharing and communication. We also will promote rebuilding of business systems based on our DX promotion. We plan to make business more efficient overall by using digital technologies throughout in order to review existing business systems and by conducting business activities through optimized processes. System reforms to adapt to the future business environment serve as the basis for further strengthening our competitive abilities, and they are essential elements for supporting sustainable growth. We will continue to promote use of digital technologies with the aim of providing new value linked to technology.

Realizing sustainable growth by strengthening ties among people

Human resources are our most important asset, and they are the foundation that supports corporate growth. Raito Kogyo will continue striving to build workplaces where individual employees can demonstrate their abilities to the fullest. We are promoting measures to support the activities of diverse human resources with the aim of building working environments where employees can demonstrate their own abilities to the fullest and enjoy rewarding work and growth. Examples include our career support and leadership programs and enhanced skills-improvement training to improve specialized abilities. The Company also considers protecting employees' physical and mental health to be vital from a health-management perspective. We implement measures intended to maintain employees' health and improve work efficiency through such means as providing health

checkups and stress checks and adopting mental-health support programs. We are confident that the healthy, vital work of individual employees is key to improving the productivity and competitive strength of the Company as a whole. We will continue to focus on strengthening interpersonal ties as the foundation for building workplaces where employees can work with pride and supporting the sustainable growth of the entire organization.

Identifying ESG as an essential part of management

Interest in the environment, society, and governance (ESG) has grown in recent years as corporate social responsibility becomes an increasingly important consideration. Raito Kogyo considers efforts to address ESG topics to be an important part of management, and we are actively promoting measures to realize a sustainable society. In the area of the environment, we are striving to achieve carbon neutrality and lessening the environmental impact of business activities by putting resources to efficient use and reducing waste. We also are contributing to next-generation human-resource development and community vitalization through such means as supporting our communities and participating in educational programs. In 2023, the Company signed the United Nations Global Compact by pledging to do business responsibly in accordance with international standards on such subjects as environmental conservation,

improving working environments, respect for human rights, and anticorruption. In the area of governance, we are complying thoroughly with business ethics with an emphasis on transparency and fairness. Strengthening corporate governance is the foundation that supports sustainable growth, and it is essential to build relationships of trust with stakeholders. We do business with a high sense of business ethics. All employees share the same goals and fulfill their responsibilities to meet the expectations of society.

As the Raito Kogyo Group advances to a new growth stage, we will accelerate progress toward a sustainable future. Our aim is to create true corporate value fusing both social and economic value, by joining with stakeholders to be a reliable presence that future generations can count on. We appreciate the continued support of stakeholders.

Raito Kogyo Group businesses

As a pioneer in specialized civil engineering, the Raito Kogyo Group has developed technologies and accumulated expertise that serve as the bases of our proprietary technologies capable of meeting today's requirements in civil engineering, construction, and international projects. We contribute to safe and secure lifestyles for people around the world.

Business domains

Civil engineering business

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

Main civil engineering technologies

Slope protection, Slope greening

Slope stabilization, disaster prevention

Ground improvement

Pipe laying

Structural repair and reinforcement

Soil-pollution countermeasures

Diaphragm walls

Chemical grouting

Surveying



Building construction

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

Main construction track record

Housing complexes

Office buildings

Hotels

Retail buildings

Health and welfare facilities

Production facilities

Large-scale repairs

Renewal

Overseas businesses

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

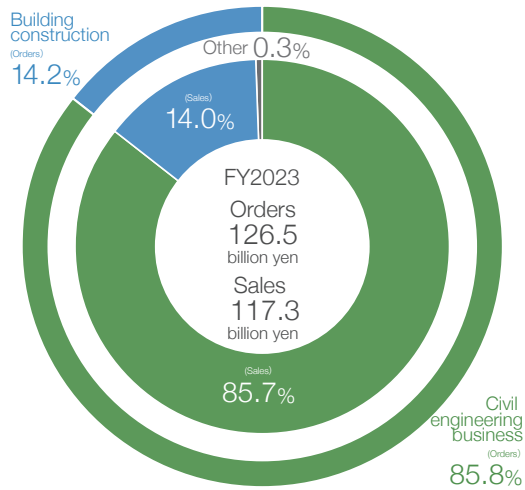
Main overseas facilities

United States of America

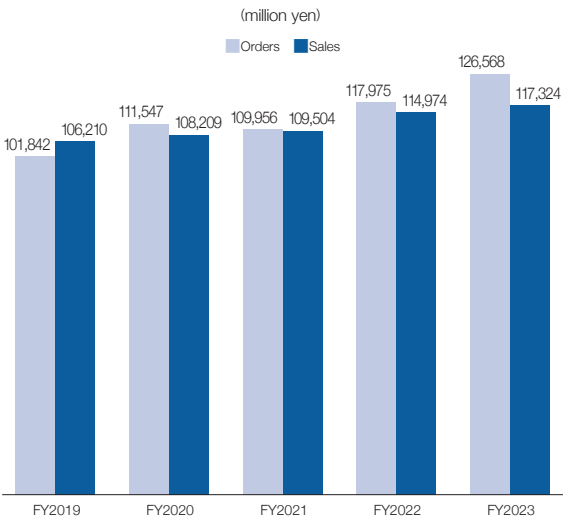
Singapore

Vietnam

Orders and Sales (Consolidated) Composition



Orders and Sales (Consolidated)



Business details (construction type)

Slope stabilization and protection 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.

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.

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.

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.

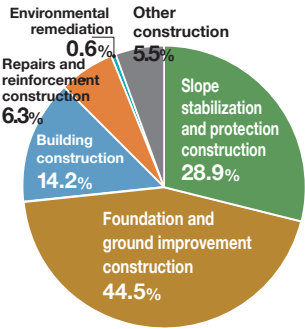
Environmental remediation

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.

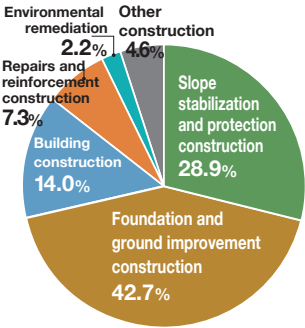
Other construction

We contribute to building safe, reliable national infrastructure by incorporating the specialized civil-engineering technologies we have accumulated over many years and deploying our civil-engineering business based on our comprehensive technological strengths.

Orders by Construction Type (Consolidated) Composition ratio



Sales by Construction Type (Consolidated) Composition ratio



	Orders by Construction Type (Consolidated) (million yen)				
	FY2019	FY2020	FY2021	FY2022	FY2023
Slope stabilization and protection construction	39,624	38,383	38,075	35,485	36,535
Foundation and ground improvement construction	36,614	36,349	41,268	48,693	56,297
Building construction	14,399	14,772	16,093	16,571	17,988
Repairs and reinforcement construction	3,819	11,339	5,569	10,847	7,999
Environmental remediation	1,384	2,705	2,139	2,540	804
Other construction	6,000	7,996	6,810	3,836	6,943

	Sales by Construction Type (Consolidated) (million yen)				
	FY2019	FY2020	FY2021	FY2022	FY2023
Slope stabilization and protection construction	40,772	40,597	37,324	36,585	33,922
Foundation and ground improvement construction	34,184	36,230	38,625	44,570	50,103
Building construction	15,021	15,304	14,764	15,354	16,469
Repairs and reinforcement construction	3,665	5,628	7,919	7,908	8,571
Environmental remediation	3,194	2,061	2,405	1,018	2,550
Other construction	8,782	7,822	8,106	9,198	5,403

Financial analysis and business conditions

Overview of FY 2023 business results

In FY 2023, Japan's economy showed a gentle recovery trend as employment and income conditions improved amid substantial progress in returning to normal after the COVID-19 pandemic. At the same time, downward pressure on overseas economies, led by inflation and global tightening of monetary policy, poses risks to the Japanese economy, and the future outlook remains uncertain. In the construction industry, private construction investment continues to recover, backed by strong corporate earnings and other factors. Government construction investment also remains high, centered on disaster prevention and mitigation, national infrastructure resilience, and addressing aging infrastructure in preparation for the future. As such, conditions for the receipt of orders remained favorable. Under such conditions, the Group's orders received remained high in both the fields of specialized civil engineering and construction backed by a favorable environment for securing orders. In addition, a US subsidiary received an order for a large-scale ground improvement project, which drove sales up 7.3% YoY to 126,568 million yen. Net sales reached a new record high at 117,324 million yen (up 2.0% YoY), thanks to factors that included the steady progress of work on a wealth of construction projects underway and sales growth at overseas subsidiaries. Despite higher sales, gross profit showed a decrease of 2.9% YoY to 23,220 million yen as the profitability of consolidated subsidiaries worsened. Operating income decreased by 12.0% YoY to 11,245 million yen and ordinary income was down 12.8% to 11,609 million yen due to factors that included increases in selling, general, and administrative expenses as both base wages and R&D expenses increased, in addition to lower gross profit. Net income attributable to owners of the parent was down 13.8% YoY to 8,181 million yen.

Business results

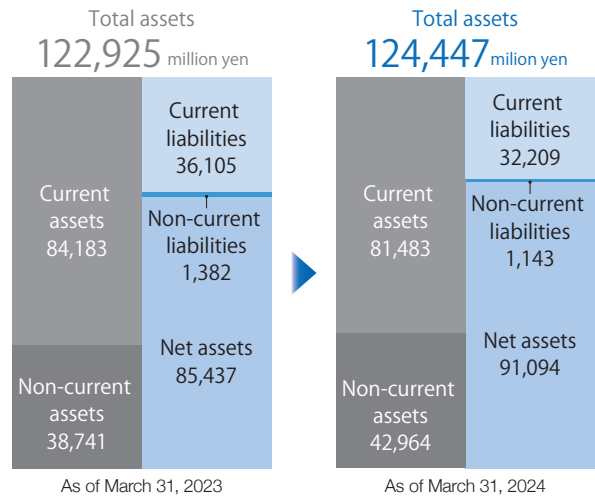
(FY)	2019	2020	2021	2022	2023
Orders (million yen)	101,842	111,547	109,956	117,975	126,568
Sales (million yen)	106,210	108,209	109,504	114,974	117,324
Gross profit (million yen)	20,140	22,168	23,949	23,916	23,220
Gross profit margin (%)	19.0	20.5	21.9	20.8	19.8
Operating profit (million yen)	9,874	11,727	13,236	12,785	11,245
Operating profit margin (%)	9.3	10.8	12.1	11.1	9.6
Ordinary profit (million yen)	9,582	12,136	13,976	13,310	11,609
Profit attributable to owners of parent (million yen)	7,066	8,640	8,930	9,489	8,181
P/E Ratio	9.0	11.3	11.2	10.2	12.1

Sales by Region (million yen)

(FY)	2019	2020	2021	2022	2023
Japan	102,116	104,024	107,480	109,736	106,763
North America	1,899	2,488	967	3,359	4,574
Other Countries	2,194	1,696	1,056	1,878	5,987
Total	106,210	108,209	109,504	114,974	117,324

Financial standing

Total assets were up 1,522 million yen YoY to 124,447 million yen. Of these, current assets were down by 2,700 million yen YoY to 81,483 million yen. This was due mainly to decreases in such accounts as notes receivable, accounts receivable from completed construction contracts, and other associated with the collection of accounts receivable-trade. Noncurrent assets grew by 4,222 million yen YoY to 42,964 million yen. This was due mainly to higher revaluation gains on investment securities as the stock market rose. Total liabilities were down 4,134 million yen YoY to 33,352 million yen. Of these, current liabilities were down 3,895 million yen YoY to 32,209 million yen. This was due mainly to decreases in notes payable, accounts payable for construction contracts and other, and in electronically recorded obligations – operating. Noncurrent liabilities were down 239 million yen YoY to 1,143 million yen. Net assets were up 5,656 million yen YoY to 91,094 million yen. This was due mainly to such factors as the recording of 8,181 million yen in net income attributable to owners of the parent.

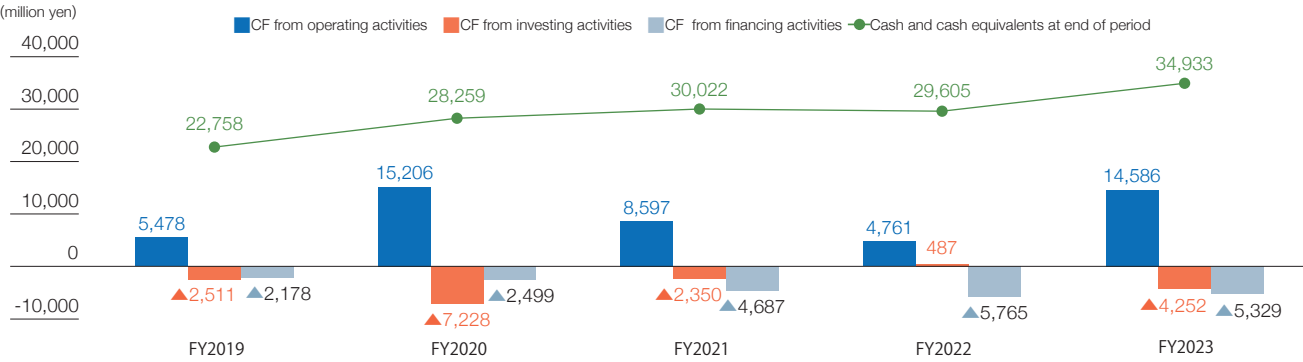


Cash flow

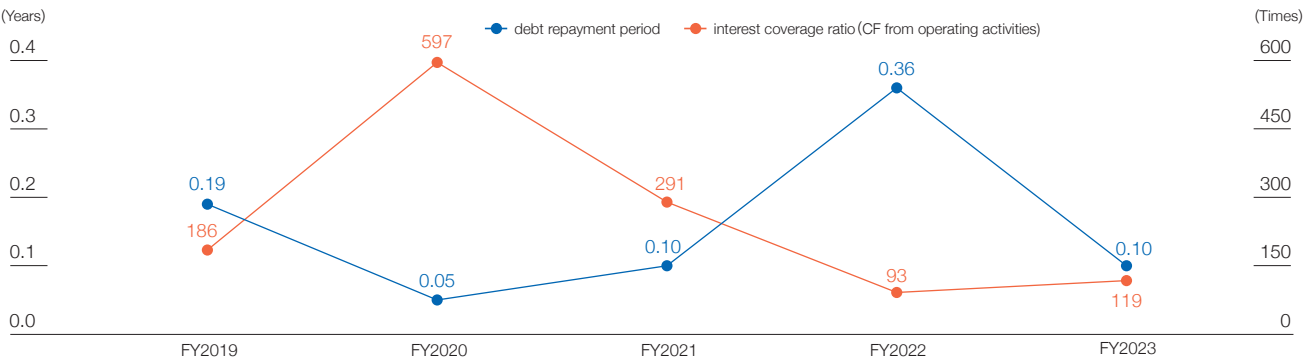
Cash flow from operating activities was 14,586 million yen. This was due mainly to the change in accounts receivable-trade and EBITDA. Cash flow used in investing activities was 4,252 million yen. This was due mainly to expenditures and the purchase of property, plant,

and equipment. Cash flow used in financing activities was 5,329 million yen. This was due mainly to the payment of dividends and the purchase of treasury stock.

Trend in Cash flow



Trend in debt repayment period/interest coverage ratio



Sources of capital and liquidity of funds

(1) Demand for funds

In operating activities, the Group's demand for funds includes demand for such uses as the cost of materials for construction work, outsourcing to partner firms, and personnel costs. In investment activities, it consists mainly of purchase of construction machinery, and in financing activities, it consists mainly of dividends to shareholders and the purchase of treasury stock as a means of providing returns to shareholders.

(2) Thinking on funds allocation and investment

The Group allocates funds appropriately to stakeholders based on investments within the scope of profit and cash flow. In investment activities, the Group invests in a manner conscious of the cost of capital and in investments it considers will help increase the Group's corporate value. This is intended to invest in continuous future growth.

(3) Fundraising

The Group's finances are sound. Its equity ratio is high thanks to funds accumulated over time. It also is improving its CCC, and we believe that we are able to generate cash flow from operating activities. Furthermore, the Company has a total of 11,172 million yen in lines of credit, which consist of a commitment line of credit of 8,000 million yen, overdraft lines of credit of 600 million yen for subsidiaries in Japan, and overdraft lines of credit of 2,572 million yen for overseas subsidiaries. Of these, 10,543 million yen remains unexercised, and we believe that we are able to secure working capital and investment funds as needed to continue the Group's business activities in the future.

Management capital

The Raito Kogyo Group's business activities are based on the following types of capital, and by developing these capitals, we will create new value and realize sustainable growth.

Human capital

The Raito Kogyo Group has identified "Developing diverse human resources and realizing attractive, rewarding workplaces" as one of its materiality topics for sustained growth. Recognizing strengthening the organization by securing and developing capable human resources and creation of new value through promoting diversity to be growth opportunities, we are carrying out various related initiatives. We are committed to supporting our employees' skill development to nurture human resources who can succeed on the global stage, with diverse values and broad perspectives, regardless of nationality, ethnicity, gender, or other characteristics.



Employees	(consolidated) 1,374
	(non-consolidated) 967
Main qualified personnel (non-consolidated)	
Qualified engineers	44
First-class civil engineering construction supervisors	578
First-class registered architects	15
First-class architectural construction management engineers	53

Financial capital

Under the basic policy of building a robust financial foundation, the Group is striving to secure robust management foundations to support its corporate growth and is investing in the future with an eye toward continuous growth. Toward these ends, the Group makes investments that are expected to contribute to increasing its corporate value, while being aware of capital costs. We will carry out forward-looking investment toward overall-optimized allocation of profits and sustained growth, by generating appropriate profit and funds for investment through strategic use of funds and CCC improvement.



Equity capital	90.1 billion yen
Total assets	124.4 billion yen
Equity ratio	72.5%

Manufacturing capital/social capital

The Group aims for sustainable growth by building trusting relationships through dialogue and cooperation with all stakeholders. We strive to maintain and improve sound relationships with stakeholders through fair and open communication, aiming to be an attractive company for all stakeholders, including customers, shareholders, and employees.



Intellectual capital

Under our R&D Policy of "conducting R&D on new technologies and construction methods for the next generation and R&D to contribute to new businesses," the Group carries out R&D to develop new technologies to protect people's lives and national infrastructure and R&D with a view to new businesses centered on employing ICT technologies to improve working environments and work styles. We will actively promote technological development for the next generation, who will be responsible for sustainable growth, while responding flexibly to changing environments.

The Company and 11 domestic subsidiaries

Three overseas subsidiaries

Four non-consolidated subsidiaries

400 health and safety associations



Patents registered	176
R&D expenses	710 million yen

Natural capital

"Building a sustainable, eco-friendly society" is one of the Group's materiality topics for sustained growth. In line with this topic, we aim for sustained growth by contributing to solutions to environmental challenges through various business activities based on environmental policy. We will promote environmental conservation activities to lessen our environmental impact, by ascertaining, evaluating, and managing the impact of electricity, fuel, and other energy used in business activities, as well as CO2 emissions.

Energy use (electric power)	(non-consolidated) 3,051 MWh
※Excluding electricity use derived from renewable energy sources.	



"Raito 2024" medium-term management plan

Under our management philosophy of "Continuing to take on the challenge of creating new value," the Raito Group aims to be an enterprise that is essential to our stakeholders, by being constantly creative. This medium-term management plan identifies as its fundamental policy "Creating new value and realizing sustainable growth through taking on the challenges of new fields." It aims to establish new foundations for growth by promoting digital transformation (DX) and technology development, to contribute to building a sustainable society through our proprietary technologies, and to realize the sustained growth of the Group.

Management philosophy

Continuing to take on the challenge of creating new value

Fundamental policy of the Medium-Term Management Plan (2022-2024)

Position of the fundamental policy

A roadmap for planning toward realization of the management vision and contributing to the Sustainable Development Goals (SDGs)

Basic policy

Creating new value and realizing sustainable growth through taking on the challenges of new fields

01

Establishing new foundations for growth through development of technologies to lead the digital society

02

Contributing to environmental protection and a suitable society through proprietary technologies

03

Co-creation of value with multiple stakeholders

Numerical management targets

	Results: FY2021(consolidated)	Target: FY2024(consolidated)
Net sales (100 million yen)	1,095	1,200
Operating profit (100 million yen)	132	135
ROE	11.4%	10%以上
Dividend payout ratio	31.0%	35%以上

Three priority strategies

1. Business enhancement strategies

① Strategies for strengthening the specialized civil engineering business

Enhancing comprehensive strengths toward further growth

- Creating new pillars through strengthening in the repair and reinforcement fields
- Improving productivity and quality through further use of ICT
- Further development and promotion of technologies to help prevent disasters due to climate change

③ Strategies to strengthen international businesses

Sustained growth toward a level of about 10% of total sales

- Securing business volume through maintenance and growth in existing markets and entering new markets
- Further strengthening of organizational structures through enhancement of human and physical resources
- Building new alliances and further promoting localization

⑤ Strategies to enhance health and safety

Building a culture of safety linked to sustained growth

- Enhancing safety management activities to put human lives and safety first
- Promoting online migration of operations to realize swift, accurate communication
- Stimulating health and safety activities to realize work-style reforms

② Strategies for strengthening the Building construction business

Further growth through enhancing comprehensive adaptive strengths

- Improving quality and reliability thoroughly, from design through renovation
- Strengthening management resources and improving structures, to grow business areas
- Measures targeting high-value-added buildings with high environmental performance, such as zero-emission buildings

④ Strategies for strengthening R&D

Promoting technology development for sustainable growth

- Rebuilding business systems by further promoting DX
- Developing technologies to protect the natural environment
- Strengthening co-creation and promoting accelerated development

2. Management, finance, and investment strategies

① Management and finance strategies

Establishing a strong financial standing and securing human resources to support corporate growth

- Generating appropriate returns and funds availability through strategic use of funds and CCC improvements
- Realizing forward-looking investment with an eye toward overall optimized allocation of profit and sustained growth
- DX promotion to create a new normal

② Strategies for investing in growth

Realizing forward-looking investment with an eye toward sustained growth

- Promoting M&A to grow management resources
- Forward-looking investment in R&D and creation of innovative technologies
- Aiming for business continuity and environmental contributions by investing in ESG and the SDGs

3. Sustainability strategies

Actively contributing to social and environmental issues through business activities

- Co-creating the foundations of a sustainable society through advanced construction technologies
- Securing safety and peace of mind in society and realizing a society where everybody can thrive
- Further enhancing responses to climate change and environmental impact reduction
- Promoting human-rights training and awareness

Policy on returns to shareholders

While our basic policy of maintaining stable, sustained dividends from a long-term perspective will continue, we will aim to increase the payout ratio in stages during the period of the medium-term management plan, toward a target of at least 35% by FY2024, the final year of the plan, to share with shareholders the results of growing net income attributable to shareholders.

(Reference) Trend in dividend payout ratio in FY2019-2021

	FY2019	FY2020	FY2021
Dividend payout (yen/per share)	41.0	50.0	54.0
Dividend payout ratio(%)	30.1	30.0	31.0



To realize management conscious of the cost of capital and share price

As we aim for continuous growth into the future, management conscious of the cost of capital and share price is an essential part of efforts to increase corporate value.

As it aims to increase corporate value over the medium to long term, Raito Kogyo will assess and analyze its current situation, establish future policies and practical measures to increase corporate value, and strive to achieve its targets.

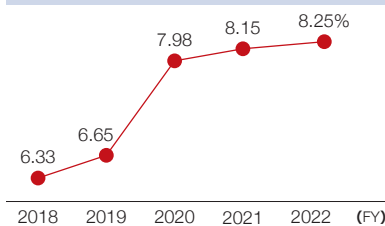
Vice President and Director /
General Manager,
Management Administration Division (As of March 31, 2025)

Shigeaki Funayama

※ The details below are reproduced from a document released March 27, 2024.

ROE assessment and issues (approach from three elements of ROE)

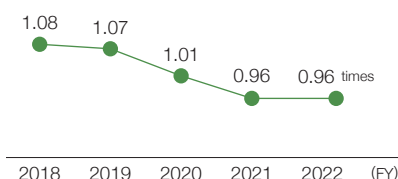
Trend in the ratio of operating profit to net sales



Assessment

Our focus on the advancement of existing businesses and making them more efficient has borne fruit, increasing the ratio of operating profit to net sales.

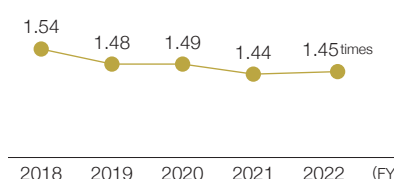
Trend in total asset turnover



Assessment

Total asset turnover is low due to the inability to invest resources fully in growth and to reflect costs in sales efficiently.

Trend in financial leverage



Assessment

Financial leverage has decreased from the enhancement of the financial foundation and consideration for soundness and stable growth in light of the risks in the business environment.

ROE assessment and issues



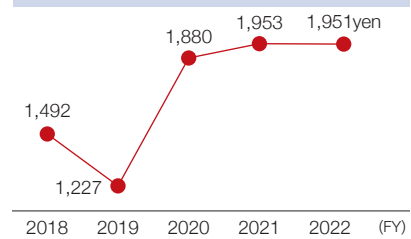
● Backed by growing earning abilities, we have maintained an ROE of 10% or higher, exceeding the estimated cost of capital over a long period.

● To continue growth, in addition to further improvements in our earning abilities, we will need both to improve the ratio of reflecting costs in sales for assets overall and to revise (optimize) the capital structure to balance financial stability with improvements in capital efficiency.

※ The estimated cost of capital is calculated using the CAPM method and the inverse of PER.

PER assessment and issues

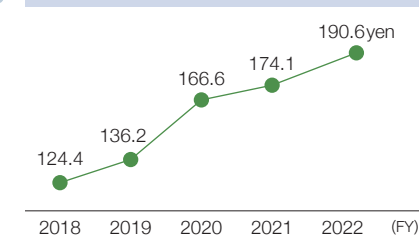
Share price trend



Assessment

The share price tends not to rise above a certain level despite steady corporate growth in earning ability.

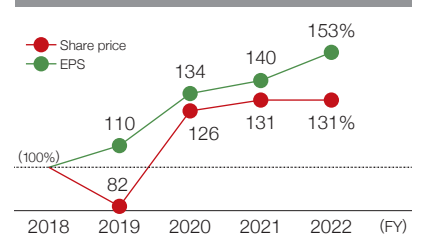
EPS trend



Assessment

As a result of improved earning ability, EPS has increased steadily by 153% from the year ended March 2019.

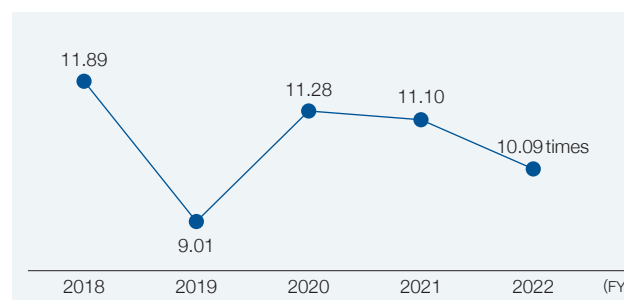
(Ref.) Fan chart of share price and EPS



Assessment

Share price is failing to keep up with EPS growth, and the correlation between the two indicators is weakening.

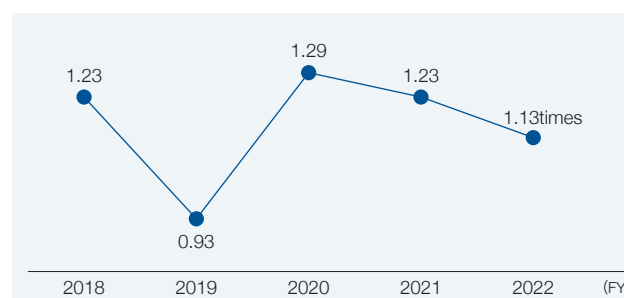
PER assessment and issues



- PER remains at a low level.
- While profit growth has been steady, the market's view of our cost of capital may have increased from the difficulty of ascertaining our vision for the future and growth strategy.
- To improve this situation, in addition to further growth in EPS we need to strengthen dialogues with the market about probability.

PBR assessment, issues, and future policies

PER assessment and issues



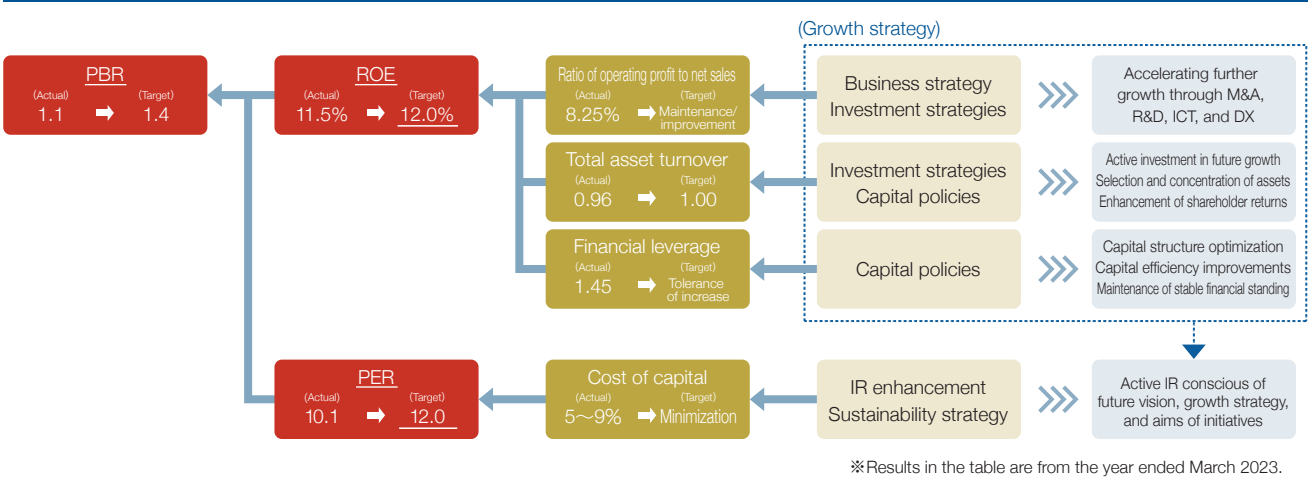
- PER has remained largely at 1 or higher thanks to growth in past fiscal years.
- Even as ROE remains at a certain level, PER is low because of the insufficient explanation of sustained growth.
- In addition to improvement in earnings driven by investments in growth, improvement in the percentage of costs passed on to selling prices through selection and concentration of assets, and optimization of the capital structure, we need to reduce the cost of capital through further dialogues with the markets.

Future policies

To increase PBR further, we will aim to increase ROE and reduce the cost of capital through the following policies.

- To promote strong growth by existing and new businesses, we will further invest in M&A activities, R&D, ICT, and digital transformation (DX).
- We will strive to improve total asset turnover through selection and concentration targeting property, plant, and equipment, Group companies, cross-shareholdings, and other assets.
- We will realize optimization of the capital structure intended to increase capital efficiency.
- We will carry out active and effective IR on the probabilities of continual Company growth with the aim of reducing the cost of capital by alleviating asymmetries in information between the Company and the markets.

Medium-term PBR targets and approaches to realizing them



Measures underway under the Medium-term Management Plan

1. Business strategy, investment strategy	<ul style="list-style-type: none">Considering investment in growth to be the top priority, we will allocate about one-half of the investment resources to this goal.Keeping capital efficiency in mind, we will actively invest chiefly in strengthening core businesses, M&A, R&D, ICT, and DX, aiming to increase ROE through raising the top line and growing profits.We will lower the cost of capital through active IR with the markets on the probability of continuous growth through these investments.
2. Capital policies	<ul style="list-style-type: none">We consider shareholder returns to be an important management topic. Our basic policy calls for stable and continuous dividend returns to shareholders over the long term.To optimize the capital structure to one with a stronger focus on capital efficiency, we will implement dynamic, strategic shareholder returns.While increasing the consolidated payout ratio in stages, we will achieve the Medium-Term Management Plan's targeted payout ratio of 35% or higher ahead of schedule.The aim is continually increasing dividends.We will actively and dynamically purchase treasury stock.We will target a ratio of treasury stock accounting for no more than 10% of total shares issued and outstanding, in principle, by retiring shares of treasury stock in excess of this ratio.
3. Balance sheet management	<ul style="list-style-type: none">In implementing capital policies and investment strategies, we will emphasize efficiency in both fundraising and investment.We will increase ROE by raising total asset turnover through increases in value resulting from the selection and concentration of assets.We will reduce the monthly average CCC of 60 days during the period of the previous Medium-Term Management Plan by 10% through swift billing and collection and liquidation of accounts receivable.We will reduce the book value of cross-shareholdings by 20% from its level at the start of the 76th period.We will promote optimization of securities, fixed assets, and Group companies vis-a-vis the cost of capital.
4. Profit/loss management	<ul style="list-style-type: none">We will set construction profit and operating profit KPIs conscious of increasing ROE.We will strive to increase ROE through further increases in operating profit and net income based on efficiency improvements, cost controls, and general expense controls using ICT and DX.
5. Cash flow management	<ul style="list-style-type: none">We will strive to maximize cash flow through balance sheet and profit-loss management.Aiming to secure investment funds of 40 billion yen over three years, together with cash on hand, we will invest mainly in growth and returns to shareholders under our investment strategy.
6. Sustainability initiatives	<ul style="list-style-type: none">We will lower the cost of capital through IR activities and sustainability initiatives such as ESG activities and initiatives under partnership declarations.
7. Effective IR	<ul style="list-style-type: none">The aim of IR activities is to lower the cost of capital by alleviating asymmetries in information between the Company and the markets.We will implement active IR activities on understandable growth strategies, the status and results of implementing them, and sustainability initiatives.

Cash-flow allocation during the period of the Medium-Term Management Plan

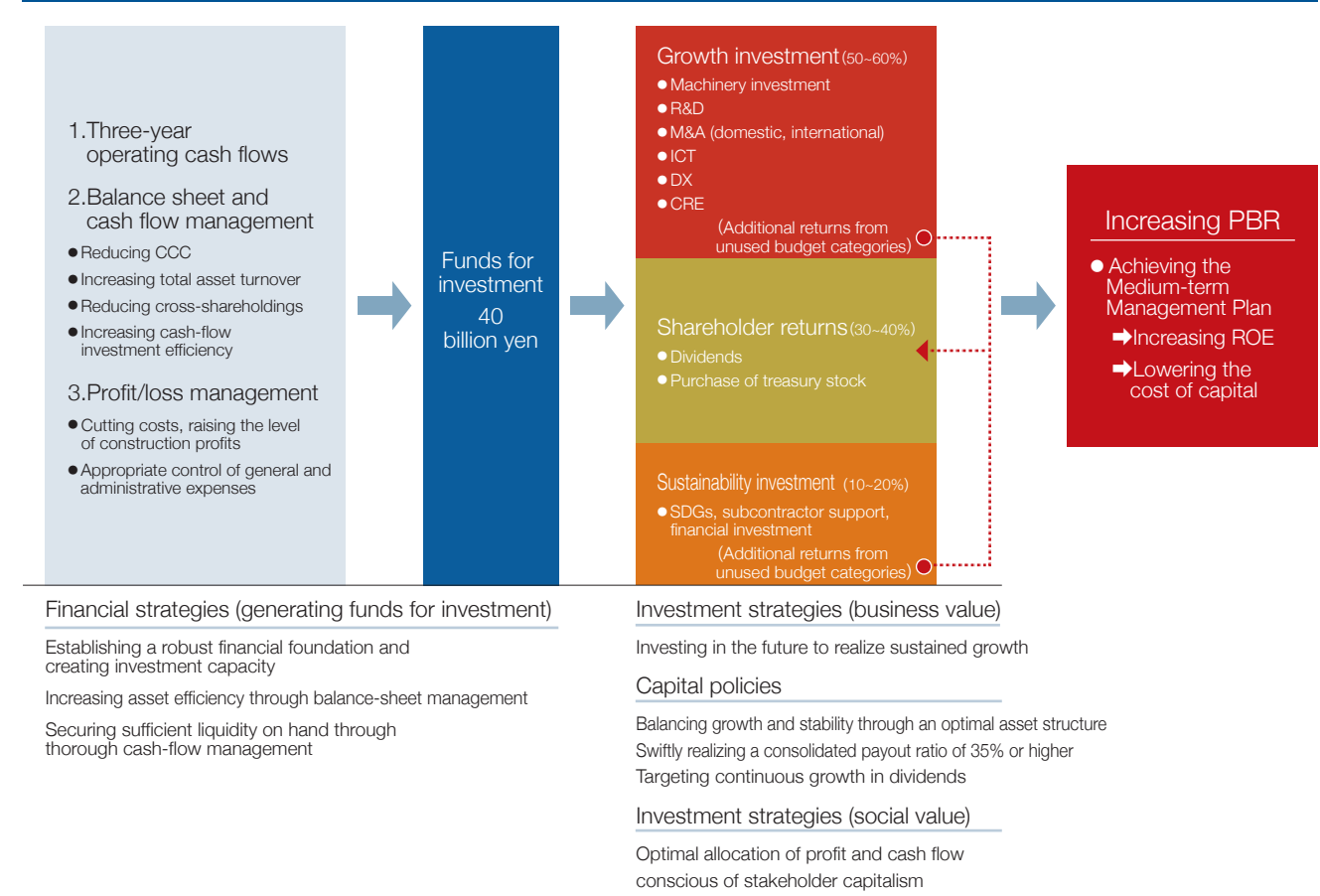
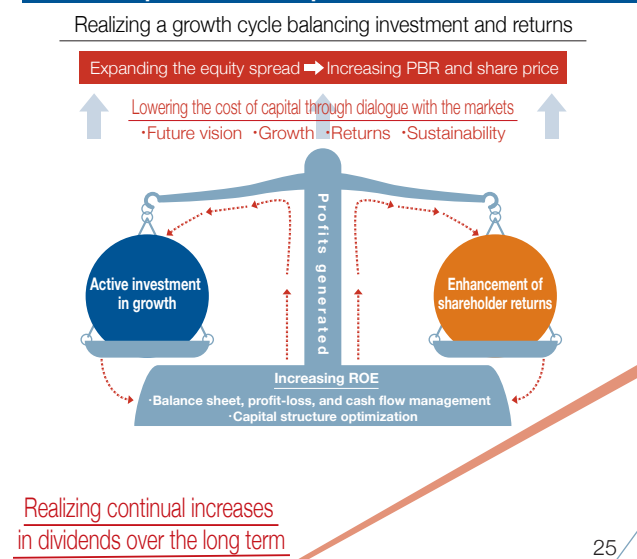
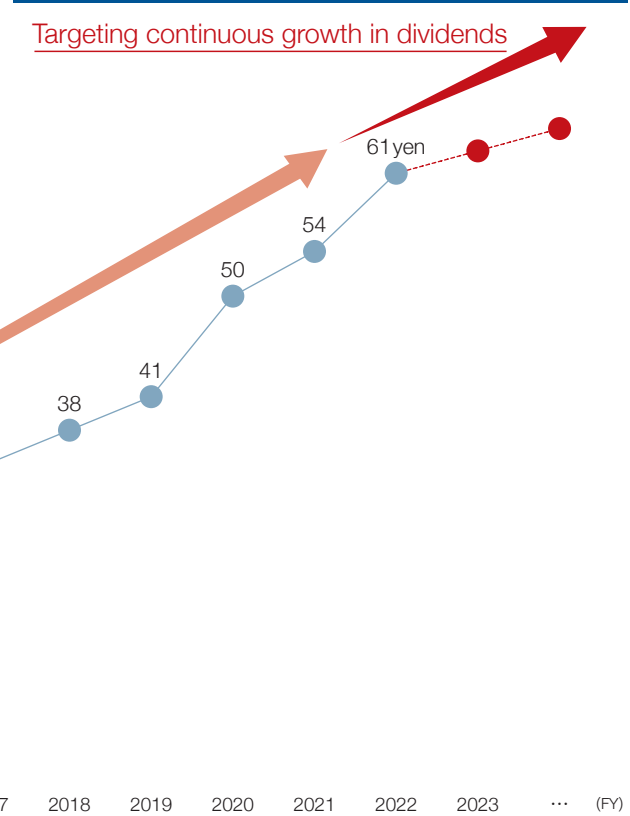


Illustration of management conscious of the cost of capital and share price



Trend in dividends per share and future policies





Managing Director / General Manager, Engineering Marketing Division
Osamu Kawamoto



Managing Director / General Manager, Construction Engineering Division
Tatsuya Kaneto

Civil engineering construction

Natural disasters, increasingly frequent in recent years, are expected to grow more intense with climate change, causing severe damage to our infrastructure for living. The Company's civil engineering business not only makes national infrastructure more resilient but also actively addresses frequent disasters. As recovery and restoration work in response to the January 1, 2024, Noto Peninsula Earthquake fully hits its stride, the Company will enhance initiatives to help those affected by the disaster to return to their regular ways of life as soon as possible by fully leveraging our technologies. We also will accelerate initiatives in repair and remodeling business to update aging infrastructure built during Japan's postwar period of rapid economic growth to realize a safe, secure society.

Business strengths, opportunities, and risks

Strengths

- We are a trusted company based on our years of technological development and extensive experience and track record by specializing in special civil engineering work.
- We have more than 160 construction methods and technologies, and we are carrying out mechanization using our technological development capabilities.
- We deliver safe, reliable construction through safety and quality patrols.

Opportunities

- Start of full-fledged recovery and restoration work on roads, rivers, coasts, ports, and sewer and waterworks damaged by the Noto Peninsula Earthquake and other disasters.
- Increased construction work due to five-year acceleration measures based on the Fundamental Plan for National Resilience and functional enhancement of defense facilities.
- Growth in bridge and tunnel repair and reinforcement business associated with large-scale expressway improvements.

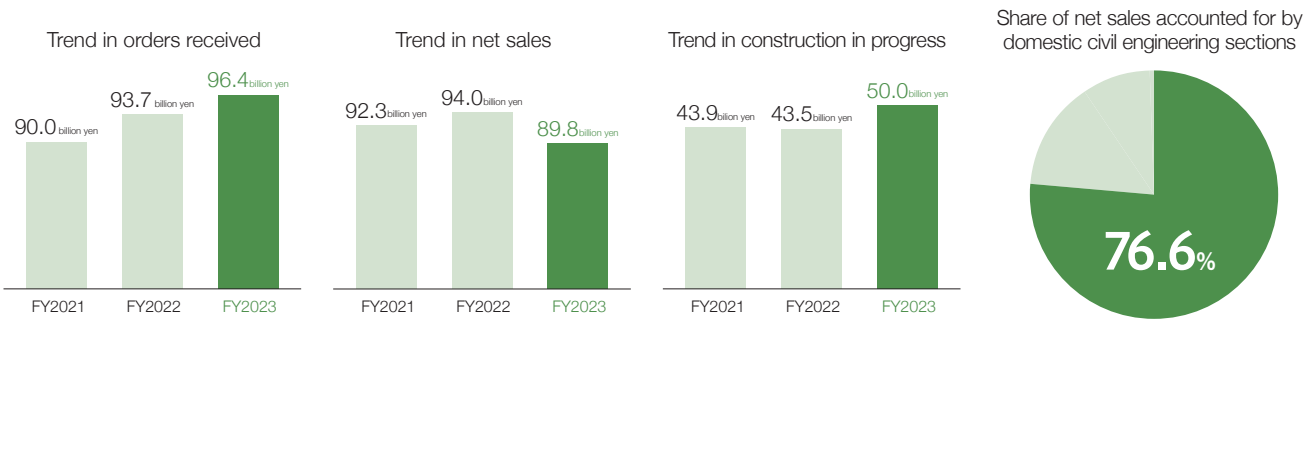
Risks

- Reduced construction capacity due to lower numbers of technicians and partner contractors (risk of delays in construction).
- Worsening working environments due to higher temperatures.
- Lower technical abilities and issues in passing along skills as highly skilled workers age.

Review of FY 2023

Net sales in FY 2023 reached 89.8 billion yen as a result of steady progress on a wealth of construction work underway. Backed by sizable investment in construction, we strived to receive orders with high quality, centered on specialty civil engineering. We secured 96.4 billion yen in orders and 50 billion yen in quality construction in progress. To improve productivity and address the labor shortage, we accelerated the promotion of DX, established construction promotion support departments at individual branches and offices, and supported workers on-site. This has resulted not only in work-style reforms but

also in improved site assessments and quality and safety measures, which helped to improve efficiency and quality across construction sites as a whole. Recovery work from the Noto Peninsula Earthquake is centered on core branches. Preparation for recovery work is underway while proposing our specialty construction methods in cooperation with general contractors and consultants.



Progress of the Medium-term Management Plan

One of the basic policies of the Medium-Term Management Plan Raito 2024 is to create new value and realize sustainable growth by taking on the challenges of new fields. Under this policy, we have advanced initiatives intended to strengthen our overall abilities for further growth as a strategy to strengthen the specialized civil engineering business. We are promoting related efforts from a medium- to long-term perspective as well by putting Company technologies to active use in such national projects as the maglev Chuo Shinkansen, Expo 2025 Osaka Kansai, the Hokkaido Shinkansen, and defense facilities.

Priorities

Creating new pillars through strengthening in the repair and reinforcement fields

We have built up an extensive track record in the repair and reinforcement field, centered on large-scale repairs to expressways. We will continue actively taking on challenges by developing engineers in these fields. We also are focusing on development of new construction methods that will be efficient and easy to use. Furthermore, we are focusing on research, inspection, and design work as well.

Improving productivity and quality through further use of ICT

Development of new construction methods conscious of the needs for improved efficiency and quality, and development of labor-saving machinery—both of which have been underway since the initial fiscal year—have generated some results through use on numerous construction sites. In the future, we will continue to promote improvements reflecting feedback from construction sites by aiming to develop more complete construction methods and higher-performance machinery.


Further development and promotion of technologies to help prevent disasters due to climate change

Our environmental initiatives include decarbonization of construction machinery and development of base machines equipped with clean-running engines as we strive to reduce GHG emissions. We also will respond to increasingly severe and frequent disasters associated with climate change through promotion of the use of our proprietary technologies and further technological development.

Topics

Rokko Komachi initiative to support women in the workplace

In light of the social need to support women in the workplace, Rokko Komachi was formed in November 2022 to promote work style reforms and DX technologies, increase productivity, and shorten working hours on all sites. Aiming to prevent occupational injuries and improve working environments in the territory of the Rokko Erosion Control Office of the Kinki Division of the Ministry of Land, Infrastructure, Transport and Tourism, Komachi safety patrols are conducted to study technologies and provide backing support for those employed in site construction work. Women employees who lack construction management experience also take part in the Rokko Komachi initiative, in which they leverage their outstanding sensibilities to identify dangerous spots and equipment and improve the working environment. This team was registered as a Kensetsu Komachi Koji Team and chosen as one of three (out of 100) teams invited to the Kensetsu Komachi Summit 2024. At the summit, they introduced their on-site initiatives and videos taken on-site. The videos were released on the Kensetsu Komachi YouTube channel, which largely helped publicize Company initiatives.



FY2023 construction results



Shinmeishin Expressway
Surface reinforcement work in the Kuwana district (FY2020)



Ground improvement work associated with ground improvement phase one at the Port of Kobe Port Island (Phase Two) transit shed (PC15-17) (FY 2024)



Chuo Expressway
Four bridge seismic retrofit projects, including the Natsugari viaduct (FY2020)

Building construction

In the ever-changing construction market, we faced numerous challenges that included rising prices of materials, a shortage of labor, and the need for environmental measures on a global scale. At the same time, the need to address aging buildings increased, and numerous projects are expected to arise centered on the greater Tokyo area. Under these conditions, to realize sustainable growth, we will address the labor shortage and aging of skilled workers while actively utilizing advanced digital technologies to increase efficiency. In addition, we will promote eco-friendly initiatives to lessen our environmental impact. Considering thorough maintenance of safety (security) and quality to be necessary conditions of business continuity, we will aim to realize a sustainable society and increase corporate value by increasing new value by strengthening relationships of trust with customers.

Senior Managing Director / General Manager,
Building Construction Business Division
Akinobu Yamamoto

Business strengths, opportunities, and risks

Strengths

- We were able to secure price advantages and technological reliability by building up a strong track record specializing in the construction of multi-family residences in the greater Tokyo area.
- As customers appreciate our focus on safety and quality as necessary conditions of business continuity, we are building relationships of trust by maintaining high quality and by continually implementing our proprietary quality improvement plan (QIP).
- Through sales that always remain conscious of the need to strengthen ties with customers, we have received numerous orders centered on special-order work.

Opportunities

- We will expand our business domain by taking on a wide range of fields through the establishment of a design section.
- We will utilize our residential construction technologies to support building communities through the reuse and revitalization of buildings, including remodeling work and large-scale repairs.
- By promoting ZEB and ZEH certification, we will strengthen our abilities to propose energy-saving and energy-generating buildings and to propose the reuse of properties while raising awareness of construction for carbon neutrality.

Risks

- The chronic shortage of technicians as demand for construction work grows and the tendency of young people to avoid the construction industry.
- Rising materials costs and skyrocketing labor costs associated with the labor shortage across the construction industry as a whole.
- Less motivated home buyers due to rising interest rates.

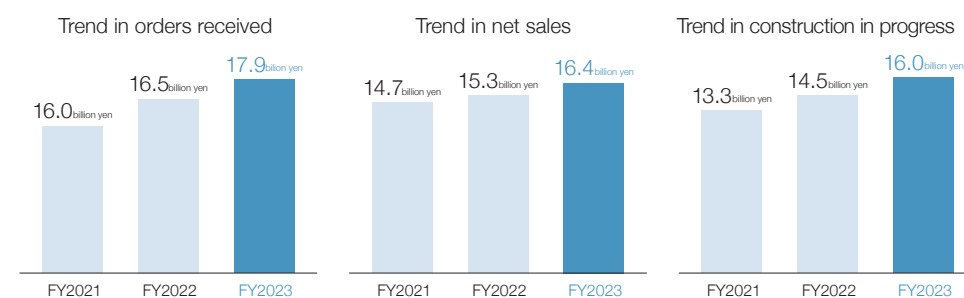
Review of FY 2023

In FY 2023, in the middle of the Medium-Term Management Plan Raito 2024, our basic policies were to strengthen sales and technological capabilities and promote systematic improvement to grow to a 15 billion yen business. Sales sections worked toward stable receipt of orders by increasing the share of specially ordered construction while integration and procurement sections aimed for more reliable earnings and stronger price competitiveness. Construction sections focused on more efficient construction and labor saving by promoting digital transformation (DX). In structural improvements, we established a design section and expanded renovation work with the aim of strengthening ties to customers through services integrated from design through renovation. Furthermore, we made progress on strengthening sales in nonresidential areas to improve technological capabilities related to residential construction in cooperation with Group companies.

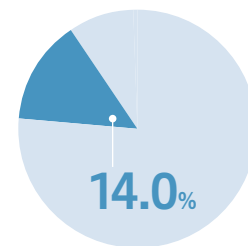
Participation in bidding for public works also continues to contribute to securing business volume.

In the area of the environment, we worked on buildings with high added value through outstanding environmental performance (ZEB, ZEH, BELS, etc.) while also operating Company-owned assets in Fukuoka and Nagoya. Among project orders received, eco-friendly ZEH orders are growing, and we are responding appropriately.

Performance of the building construction business in FY 2023 was affected by stubbornly high construction costs due to rapid hikes in building material costs and the labor shortage, impacting construction work carried over from previous years and orders received at the start of the year. While it took some time to adjust construction prices with clients in response, we were able to achieve planned figures for orders received, construction in progress, and net sales. However, gross profit was about 20% lower than planned.



Share of net sales accounted for by domestic civil engineering sections



Progress of the Medium-term Management Plan

Aiming to achieve the fundamental policy "Creating new value and realizing sustainable growth by taking on challenges in new fields" of the Medium-Term Management Plan Raito 2024, we will promote the strategy for strengthening the building construction business for enhancing comprehensive strengths toward further growth.

Priorities

Improving quality and reliability thoroughly, from design through renovation

In FY 2023, we began promoting M&A activities and selection of architectural offices. Currently we are narrowing down the range of candidates, and we expect to reach a decision in FY 2024. This is expected to broaden the extent of the building construction business, develop new customers, and increase orders received for nonresidential work and large-scale remodeling. We expect our overall abilities to strengthen as a result.

Strengthening management resources and improving structures, to grow business areas

Demand remains strong in the greater Tokyo area, and we continue to carry out sales activities focused on this area. In cooperation with Group companies, we are strengthening our construction technology capabilities and sales capabilities by developing a structure aiming for future business growth and establishment of foundations for earnings.

Addressing high-value-added buildings with outstanding environmental performance (ZEB etc.)

We are leveraging our experience in operating Company-owned properties to meet increasing client requests for ZEB and ZEH certification. Awareness of carbon neutrality in construction will grow in the future along with continued efforts to promote energy-saving and -creating buildings and enhancement of capabilities to propose building reuse and revitalization. We also will aim for sustainable growth through the development of appealing human resources with broad-ranging perspectives that enable them to adapt to changing environments.

Topics Kensetsu Komachi activities

There is a pressing need to secure diverse human resources as the labor shortage in the construction industry intensifies. Aiming to promote women in the workplace, the Company has worked to build comfortable working environments for women with a focus on workplace environmental improvements, work-style reforms, and skills improvement support. A female employee who joined the Company as a new graduate in 2012, even before the Japanese government instituted an action plan for employment of more women in the construction industry in 2014, has been assigned to a construction site as the first female site manager in the Building Construction Business Division. The site is summarized below:

Site overview

Location: Higashikasai, Edogawa-ku, Tokyo (multi-family residence)
Size: Steel reinforced concrete structure, 15 aboveground floors

Total floor area: 2749.80 sqm
Construction period: November 2022 – September 2024



FY2023 construction results



Housing complex in Otemachi, Kawagoe, Saitama Prefecture



Fussa housing complex in Fussa, Tokyo



Housing complex in Honcho, Wako, Saitama Prefecture



Oversea business

The Company is advancing into global markets using the specialized technologies it has amassed in Japan in the areas of ground improvement and slope work. We contribute to infrastructure improvements and disaster prevention in North America and Southeast Asia, through business facilities in the US, Vietnam, and Singapore. Over the medium to long term, we are promoting a continual growth strategy toward our target of sustained growth of international businesses to reach a level of about 10% of total sales. In particular, the current Medium-Term Management Plan identifies strengthening and expanding our businesses in the US market as a priority measure, and we are focusing on growing orders received for ground improvement work on the Gulf of Mexico coast.

Business strengths, opportunities, and risks

Strengths

- USA: Earning a strong reputation and trust from US general contractors for our extensive track record in ground improvement work (deep-earth mixed treatment). We are establishing a solid position as a major player in this field in the United States.
- Singapore: Earning a strong reputation and trust from clients from our wealth of experience in chemical injection work on highly challenging projects involving underground work, such as subway and sewer construction.
- Vietnam: Securing competitive advantage through differentiation from Vietnamese competitors based on our large-bore jet grout and deep-earth mixed treatment methods.

Opportunities

- USA: Demand expected to grow in the fields of environmental ground improvement and ground improvement for energy facilities on the Gulf Coast.
- Singapore: We expect the scale of our business in Singapore to grow as we enter the jet grout market in addition to the existing chemical injection business.
- Vietnam: As public infrastructure investment continues to grow, we can expect increased demand for ground improvement work related to subway, port, and airport development.

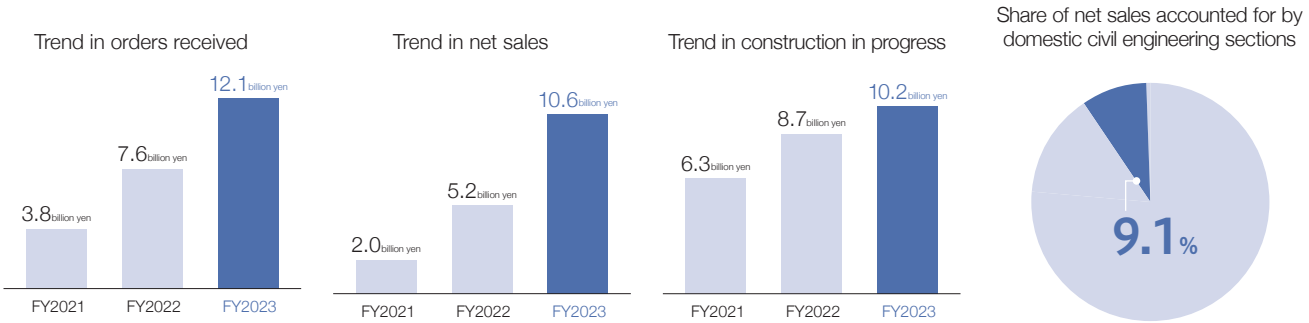
Risks

- Many overseas projects cover lengthy timespans, and dramatic increases in materials prices could lead to higher construction costs.
- When multiple large projects overlap, there is a risk that we could face shortages of specialized machinery and technicians.
- Dramatic fluctuations in exchange rates could have major impacts on sales and profits.

Review of FY 2023

In FY 2023, the Company's international businesses showed steady progress. Orders received were up 58% YoY due mainly to the receipt of orders for large-scale ground improvement work in the United States. Sales also doubled from last year, thanks to large-scale construction work in the United States and Southeast Asia having proceeded according to plan. In the United States, by focusing on sales to the private sector on the Gulf Coast of Texas, Louisiana, and other states, we secured orders for large-scale private ground improvement work related to energy facilities. The steady progress of these major projects has greatly increased our US sales. In Southeast Asia, the Company's proprietary RAS column ground improvement methods were adopted for the first time in Vietnam on a port development project

in northern Vietnam. Its steady progress led to higher sales. As a result of the above achievements, sales from overseas businesses accounted for 9.1% of consolidated net sales (up sharply from 4.6% in the previous fiscal year) in FY 2023, the second year of the Medium-Term Management Plan Raito 2024. We are making steady progress toward realization of our overseas business enhancement strategy of continuous growth to account for 10% of total sales. In FY 2024, the final fiscal year of the plan, we will grow and strengthen our overseas businesses further by strengthening entry to new markets, expanding our construction equipment, and strengthening human resources to enhance the construction structure.



Progress of the Medium-term Management Plan

The Medium-Term Management Plan Raito 2024 identifies the overseas business enhancement strategy of continuous growth to account for about 10% of total sales, and we have promoted initiatives to realize this strategy.

Priorities

Securing business volume through maintenance and growth in existing markets and entering new markets

In the United States, in addition to our traditional business of public works projects on the West Coast, we have entered the field of private construction work in the Gulf of Mexico, and the volume of our business is growing massively. In Vietnam, in addition to chemical injection and jet grout, we have entered the market for deep-earth mixed treatment, a proprietary Raito Kogyo method, as we expand our lines of business in the market.

Further strengthening of organizational structures through enhancement of human and physical resources

Along with increasing hiring of local engineers and technicians, we also are actively hiring engineers from overseas in Japan and focusing on training on domestic construction sites. We also are actively investing in the equipment needed in connection with growing business volume and expansion of our lines of construction work. We are promoting efforts to strengthen the construction structure for growth in business scale.

Building new alliances and further promoting localization

In the United States, we are gradually generating results through stronger sales partnerships with local firms in the environmental ground improvement field. In Singapore, we are increasing the numbers of technicians directly hired in the local market to localize the construction organization and strengthen cost competitiveness.

Topics

Development of technicians from overseas


To ensure the continuous growth of our overseas business, the Company is actively developing a diverse workforce and passing along technologies. As part of these efforts, we are conducting a program for development of technicians from overseas. We actively hire technicians from Asian countries like Vietnam, Myanmar, and Nepal and assign them to construction sites in Japan. This initiative has two aims. One is to provide an opportunity to learn about the Company's technologies and expertise directly. The other is to let trainees get a feel for Japan's quality control methods and efficient construction processes. Through practical learning on frontline construction sites in Japan, they can not only master techniques but also deeply understand the Company's corporate culture and values. It is hoped that as a result, the Company will be able to pass along the specialized knowledge to the next generations, technologies, and knowhow that it has built up over the years. By working together with Japanese employees, technicians from different cultural backgrounds can get new ideas and perspectives on the organization. This diversity is an important element in enhancing competitive strengths in global markets.



FY2023 construction results



Newby waste treatment center improvement work, phase seven (USA)



Lach Phen ground improvement work 5, 6 (Vietnam)



North-south Corridor Phase N109 Ground improvement work (Singapore)



Senior Managing Officer /
General Manager, Development Division/
General Manager, DX Promotion Office
Koichi Yokota

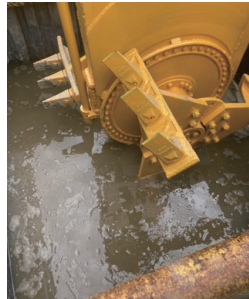
Research and development

Since its founding, the Company has worked on building projects in specialized fields (ground improvement, slope disaster prevention, structural repairs).The solutions it has built up in doing so remain the foundations of our R&D today.But this alone is not enough to adapt swiftly to the sudden changes in Japan's society today.We will strengthen our functions for delivering solutions to the issues faced on construction sites through the Internet of Things (IoT) solutions bringing today's rapidly advancing information and communication technologies (ICT) to construction sites and promoting digital transformation (DX) to put to use accumulated information.Furthermore, through these efforts, we will strive to establish new methods of moving forward with R&D (value creation).

Review of FY 2023

The Company believes that addressing technology development from multifaceted perspectives is vital to solutions to immediate challenges as well.What is needed to address these issues can be summarized in the words "enhanced competitive strength."For this reason, through last year we proceeded with identification of items that need improvement in our primary technologies, studying improvement methods in materials, machine tools, work procedures, and other areas at a laboratory scale.As a result, we were able to get new perspectives on improvement goals, and some technologies have reached the stage of trial introduction on site.From now on, we will proceed further with verification on a practical scale to increase the feasibility of real-world implementation and deployment.

Making the eco clay wall II more practical



Expanded development of chemical injection methods



Progress of the Medium-term Management Plan

Our R&D sections have strived to develop technologies to lead today's digital society to create new value in line with the Medium-Term Management Plan Raito 2024.

Priorities

Transformation from traditional concepts through DX promotion

Through HR development and on-site guidance and support, we are raising the skill levels of the organization.A movement also has become apparent of individual personnel actively taking on initiatives and improving operations on their own.We will continue and enhance this flow to build the foundation of the corporate culture in a cycle from the organization through the individual.

Improving information collection and analysis capabilities

Centered on our main technologies, we have developed a platform for gathering construction information from sensors installed on construction machinery and collecting it on the cloud.In the future, we will move to the stage of analysis and use of this collected information.While swiftly analyzing information in cooperation with our partners, we also will develop human resources through in-house analysis by building a structure for generating ideas to put this information to use.

Co-creation with our partners above and beyond existing frameworks

To carry out development that will not fall behind in a dramatically changing social environment, it is essential to build ties with companies in domains that have seemed not to be closely related to ours in the past.In particular, to adopt new technologies generated from data science, it is vital to build new partnerships.Through now, we have built contacts with the necessary partners through such means as participation in construction platforms. We will continue to accelerate development while building relationships.

Topics

Further evolution of priority technologies: initiatives toward high quality and high efficiency

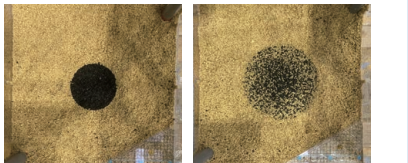
Mechanical agitation method (RAS column method)

The RAS column method, one of the main technologies used in ground improvement, is the Company's best-known technologies. It remains in wide use across Japan even today, 30 years after its development.We also continue to improve this technology even further.

Verification of agitation results

Soil pilings formed in the ground through this method are made by mixing and agitating ground and solidification materials using auger-tip agitation blades.Agitation results could be checked only by sampling, and identification of the causes of discrepancies was limited. In response, we efficiently improved agitator blades and other tools by using a 1/20 agitator model and simulated ground made of colored sand, which made it possible to check agitation results visually, to identify the relationship between agitation conditions (such as rotations and rise speed) and the quality of improved ground.After completing tool verification on natural ground using actual machinery, we are currently proceeding with the final stage toward implementation on construction sites.

Verification of agitation results using simulated ground

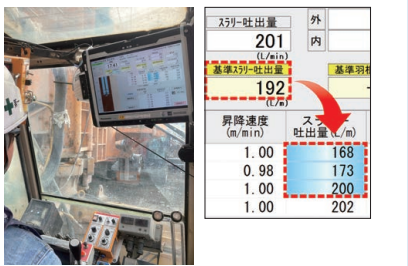


Before agitation After agitation (300 times/m)

Optimization of cement slurry discharge

Until now, discharge of solidified materials in mixing and agitation was checked visually on plant management monitors (discharge speed adjustment).This involved risks such as those of staff overlooking matters or deviation from standard discharge volumes due to sudden work stoppage.To avoid these risks, we completed an automatic control of slurry (ACS) system that links discharge equipment on the construction machinery and plant sides to control discharge automatically in line with the speed of excavation. This system enables checking of construction figures from multiple monitors connected wirelessly for use in remote inspections as well.We also are developing a system for instantly sorting and sharing construction information from machinery in use by migrating to cloud-based management of construction information collected and controlled on each piece of machinery.

Automatic control to prescribed slurry volume



Fully automated spraying system (Automatic shot-R)

The spray method is widely recognized in Japan as a technology for producing and conveying materials when building concrete structures on slopes.But it also has been a technology in which product quality and construction efficiency are highly depending on the skills of sprayer operators. The Company has completed a fully automated spraying system (Automatic shot-R) as a solution to this challenge that does not depend on skill level.Currently, about 30 units are in operation across Japan, helping to improve productivity.To accelerate these efforts further, we also are approaching matters from the aspects of materials and operations.

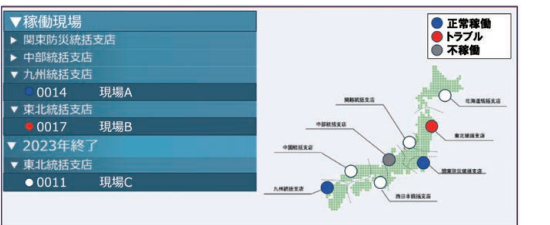
Building operations networks

Automatic operation of this machinery uses onboard sensor controls to reproduce the work of a skilled operator.For this reason, in some ways, it was difficult to handle regular maintenance and problems on-site.A solution to this challenge was a top priority in accelerating nationwide use of this machinery. Accordingly, we developed a maintenance cloud system to enable remote program modifications and centralized management of utilization.As a result, control of utilization stoppage is growing more effective by making it possible to ascertain conditions on-site through swift detection of any abnormalities.In addition, we are confident that instant collection of information collected at individual sites will contribute greatly to medium- to long-term technological progress.

Visualization of materials

This machinery is equipped with systems to record and collect control variables, such as agitation resistance, pressure, and wind during production and conveyance.Since this information shows whether materials are being transmitted smoothly, it can be used to visualize differences in conveyability of aggregate. Currently, it continues to undergo demonstration testing to identify correlations between aggregate and control variables in field testing in Fukushima.In the future, we will aim to establish technologies that can be used to predict conveyance limits (horizontal distance, relative height differential) and yields from the aggregate used in the field.

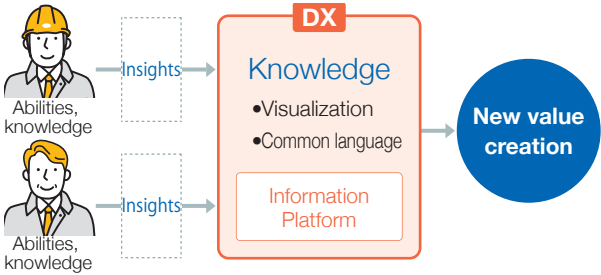
Maintenance cloud system management screen



Special Feature : Raito DX Vision

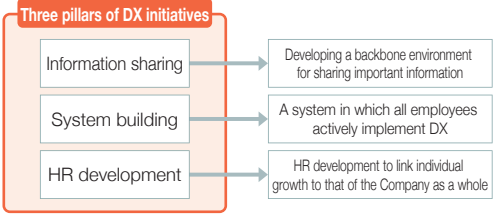
We will aim to create new value by building information platforms based on digital transformation (DX).

The Company has worked on numerous construction projects since its founding. The skills for identifying ground conditions and the knowhow for proceeding with work without delay, which it has built up through such projects, are the sources of trust we enjoy from our clients. These can be said to be the fruits of the knowledge accumulated by personnel involved in construction work in the process of solving the challenges they face on the job. But this strength of knowledge tends strongly to reside in individuals, and it does not necessarily strengthen the entire Company. Furthermore, a decrease in new hires due to changes to the social structure, such as low birth rates, can lead the process of passing along skills to come to a standstill. This has led to the need to reconsider functional systems for knowledge building from the ground up. In response, we have proceeded with reforms aiming to use digital transformation (DX) to visualize the knowledge accumulated through now and convert it to a common language. In the future as well, we will aim to create new value using as a platform this information converted to a common language through DX.



Basic stance of DX promotion

To realize digital transformation (DX), the Company is focusing on initiatives to share information, build systems, and develop human resources. First, we will develop a backbone environment for sharing of important information such as individual knowledge. We also will aim to build a system to enable active approaches, in which all employees understand the importance of DX. Furthermore, we will encourage stronger understandings of information technology as needed to put accumulated knowledge to use by our workers, through HR development that links individual growth to that of the Company as a whole.



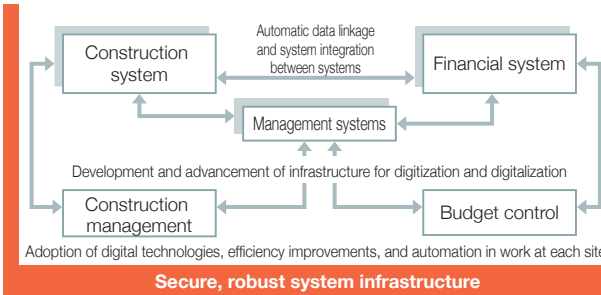
Information sharing

Information infrastructure enhancement

To coordinate information among all personnel and improve business efficiency, we are promoting the expanded use of information devices and information sharing tools, enhancing the telecommunications environment, and improving convenience through the use of cloud solutions and other means. Furthermore, we also will strive to enhance information infrastructure so that information related to business operations can be viewed and utilized in real time at various facilities.

Backbone system improvements and updating

In the Company's backbone systems, we will promote more advanced management systems as the foundation of business processes, improve business efficiency through the use of digital information on construction sites as well, accelerate automation, and improve productivity. In administrative sections, through business system improvements, we will promote coordination and integration of customer information, construction information, and other types of information with financial information while also improving the efficiency of our businesses overall and realizing productivity improvements.



Knowledge system development

Through now, information on such topics as construction, sales, and technology development has been prepared and retained in paper form, involving issues of searchability. As a solution, we have introduced an AI-supported knowledge management tool across the entire Company to share information and use AI to propose search queries. This has resulted in an environment in which valuable information about past projects can be searched nationwide. Together with identifying value in information accumulated through now, we will develop systems for continual collection and the updating of information.

Establishment of the DX Promotion Awards

We have established an awards program to raise awareness of the importance of digital transformation (DX) and assess and share related initiatives Company-wide. This will further increase motivation by evaluating initiatives for adoption and spread of systems to contribute to DX or to put them to more advanced uses. By continuing this program, we will build the foundations for an organization in which each and every individual actively takes on the challenges of DX.

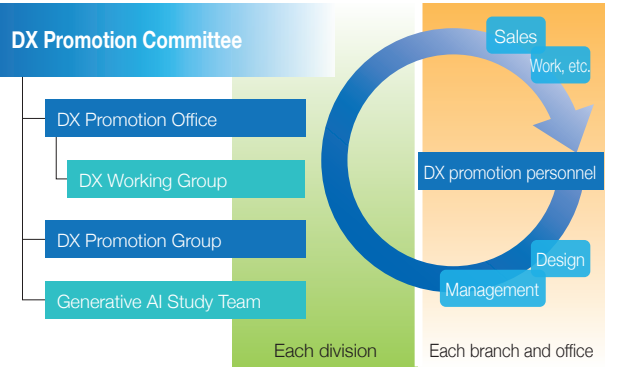
Roadmap

The Company has formulated and flexibly employs a roadmap for swiftly identifying such matters as changes in the business environment and new technologies. Through periodic reviews, we also are linking interim results to growth in business performance.

	Current stage (FY 2024)	Next stage (FY 2025)	Interim stage (c. FY 2026)
Civil engineering and Building construction	Business APP development, point-group technology development, and promotion of use	Education to help increase IT knowledge	Continuous development and improvement
	Promoting connection of machinery to the cloud	Development of databases of machinery and construction information	Promotion of continual education and utilization
Backbone, information	Information infrastructure updates (addition of DX features, expanding information linkage, satellite communication, expanding cloud use)	Studies toward information utilization	Supporting Company-wide business efficiency improvements through introduction of DX technologies in the right places
Security	Omnidirectional prevention, zero-trust measures, damage-recovery level improvements		Comprehensive inspection of information and cybersecurity and priority responses to issues
HR, systems	DX promotion system enhancement, stimulation of cross-functional projects, continual expansion of DX education, HR skills improvement		Expanding and strengthening coordination between DX promotion, technology, and user human resources

System building

In 2021, we established the DX Promotion Committee as the core of DX promotion efforts. It has implemented and supported related initiatives across the organization. Efforts through now have been deployed vertically, centered on promotion sections and based on improving business efficiency. To deploy initiatives on more of a Company-wide basis, we are appointing DX promotion personnel at each facility to lead horizontal deployment. We also will promote DX in which various sections work together as one through further cooperation between divisions.



HR development

To remain a company with a culture that is able to share added value with customers through digital technologies, it is essential to improve DX and ICT literacy through human resource development. Through now, these efforts have consisted mainly of education for and information sharing with promotion personnel who play central roles at individual facilities. Moving forward, facility DX promotion personnel will play central roles by providing continual training of all employees, including literacy education and training on the tools used in construction and operations.



Based on our management vision of "Continuing to take on the challenge of creating new value," the Raito Kogyo Group aims to be a group essential to society by contributing to building a sustainable society through solutions to social challenges that reflect our outstanding technologies, construction methods, and services.

As a member of today's society, which faces various issues including international disputes, climate change, and resource depletion, instead of pursuing short-term profit alone we have acted to balance business growth with social contributions through means including environmental protection initiatives conducted through our businesses. To promote these initiatives further, we have established the Basic Sustainability Policy, under which we aim to promote sustainable management and increase corporate value.

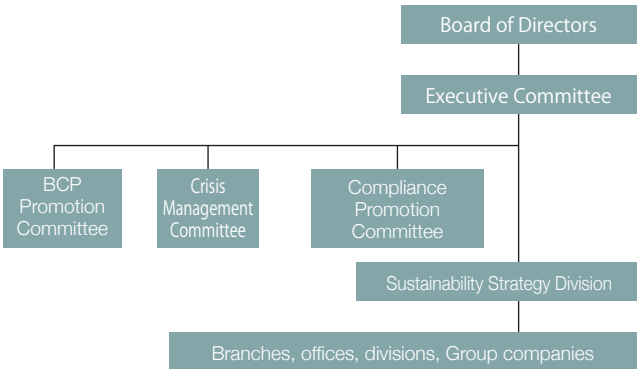
Basic Sustainability Policy

Based on our management vision of "Continuing to take on the challenge of creating new value," Raito Kogyo strives to build disaster-resilient national infrastructure for peace of mind and enriched lives, while maintaining harmony with the environment and society. Fully recognizing the fact that corporate survival is premised on a sustainable society, we will contribute to solutions to society's challenges and sustainable development through our business activities.



Promotion structure

In addition to establishing a Sustainability Strategy Division and drafting and implementing various promotion measures, the Company maintains a promotion structure to ensure the permeation of sustainability initiatives in the Group, share information, and check on progress. Together with deliberation and decisions on matters such as basic policies and priorities on sustainability in the Executive Committee, a decision-making body for business execution, this structure includes reporting to the Board of Directors as appropriate to enable proper oversight by the Board.



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.

Raito Kogyo Group priorities

The Company's management prioritizes sustainability. We have identified as materiality topics our priorities for meeting the expectations of diverse stakeholders and realizing sustained growth together with society. To make progress toward the 17 goals of the United Nations Sustainable Development Goals (SDGs), we promote business activities by linking Raito Kogyo's materiality topics to the SDGs.

Materiality topic establishment process

STEP 1 Ascertaining and organizing social challenges to be considered

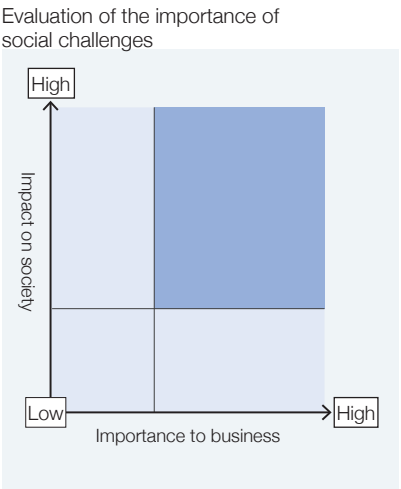
We identified social challenges affecting the Group's businesses over the medium to long term. In doing so, we took into consideration global frameworks, guidelines, etc. on topics such as ESG and the SDGs.

STEP 2 Prioritizing challenges and identifying those with high priority

We mapped the social challenges identified in STEP 1 along the two axes of social impact and business importance and evaluated and organized them by their importance,

STEP 3 Establishing materiality topics

We described six materiality topics after achieving consistency between the social challenges organized above and the Raito 2024 medium-term management plan, while also considering main initiatives in FY2021 and the state of their achievement.



The Raito Kogyo Group's materiality topics

The Company has identified from the various challenges related to its business activities six materiality topics for 2022, as topics that are important to stakeholders while also being important to balancing the Company's sustained growth with solutions to social challenges such as the SDGs.

Building a sustainable, eco-friendly society

Building strong social infrastructure to support safety and security

Securing quality and pursuing technological innovation

Thorough occupational health and safety management

Developing diverse human resources and realizing attractive, rewarding working environments

Promoting respect for human rights and fair business activities

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

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.

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)																	

ESG priorities and initiatives (list)



Raito Kogyo's management emphasizes sustainability. We have identified six materiality topics to enable the Company's sustained growth while meeting the expectations of diverse stakeholders through solutions to social challenges. We will formulate KPIs for business initiatives on each materiality topic and use these in appropriate monitoring and review of our progress.

ESG	The Raito Kogyo Group's materiality topics	SDG category	Measures		Business opportunities, risks opportunities ● risks ●	Main initiatives	KPI
E Environment	Building a sustainable society in harmony with the environment		Lessening the environmental impact of business activities Eco-friendly technology development		● Increasing opportunities for business growth through development of environmental technologies ● Increased costs due to stricter regulations ● Decreased competitive strength due to delays in responding	● Controlling greenhouse gas emissions ● Controlling industrial waste emissions and promoting recycling ● Development of environmental greening technologies for resource recycling and coexistence with nature ● Development of technologies to reduce industrial wastes ● Soil-pollution countermeasures ● Promotion of green procurement	● Reducing CO2 emissions by construction output (vs. FY2013) ● Construction output of environmental remediation work
	Building strong infrastructure to support safety and security		Contributing to society through disaster recovery Social infrastructure development		● Increasing orders received for disaster recovery and disaster countermeasures work ● Increasing orders received in the markets for social infrastructure upgrades and maintenance ● Business interruption due to a disaster	● Promoting disaster prevention and mediation technologies ● Contributing to recovery and restoration from disasters ● Repairs and reinforcement to extend the life of social infrastructure	● Slope and surface work construction output ● Foundation and ground improvement work construction output ● Repair and reinforcement work construction output
	Securing quality and pursuing technological innovation		Providing technologies based on the customer's point of view Developing technologies to address issues in the construction business Enhancement of the quality control structure		● Earning greater trust from customers and securing new customers ● Improving productivity through labor-saving technologies ● Strengthening price competitiveness through productivity improvements ● Loss of society's trust and order opportunities, and increased losses due to causes such as reworking, as a result of quality issues	● Labor-saving technological development ● DX promotion ● Horizontal deployment of case studies on quality issues, to prevent similar issues ● Implementation of internal auditing for quality control	● Eliminating serious quality issues ● Applying for 15 or more patents
	Thorough occupational health and safety management		Occupational health and safety management Implementing risk assessment		● Improving productivity by realizing safe and comfortable workplace environments ● Increasing the trust earned from customers and society ● Decreased trust, loss of order opportunities due to on-the-job accidents	● Implementing safety patrols ● Stimulating safety training ● Swiftly and accurately communicating information in the event of an on-the-job accident ● Construction planning utilizing risk assessment	● An incident rate of 0.25 or less ● Eliminating fatalities and serious accidents ● Eliminating serious injuries (disability level 7 or higher)
S Social	Development of diverse human resources and realizing attractive, rewarding working environments		Human-resource development and promotion Developing comfortable working environments		● Strengthening the organization by securing and developing capable human resources ● Creation of new value through promoting diversity ● Loss of capable human resources, reduced productivity, ossification of the organization	● Support for earning official qualifications ● Promoting work-style reforms ● Promoting dialogue between management and employees ● Enhancement of employee training at individual levels ● Promoting diverse human resources ● Providing training to prevent harassment	● At least 15 women in management positions ● Percentage of women in engineering positions ● Percentage of work sites closed for eight days every four weeks ● Percentage of men taking childcare leave
	Promotion of respect for human rights and fair business activities		Respect for human rights Compliance promotion Risk management enhancements Enhancement of governance		● Increasing trust from society ● Business continuity and creation of order opportunities through appropriate risk management ● Loss of society's trust due to legal and regulatory violations, etc. ● Loss of society's trust due to human-rights violations ● Interruption and suspension of business activities, and delays in their resumption	● Covering fundamental human rights in the Code of Conduct ● Information security enhancements ● Preparing a communication flowchart as a countermeasure against COVID-19 ● Business continuity plan (BCP) formulation ● Implementing compliance training ● Oversight of anti-corruption policies	● Number of major legal or regulatory violations ● Number of major information security incidents ● Percentage of employees undergoing compliance training
G Governance							

Lessening the environmental impact of business activities



Environmental Policy

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

1 . Maintenance and improvement of the Earth's environment

2 . Mitigating global warming

3 . Creating a recycling-oriented society to enable continual progress

Activities implemented

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

Environmental Management System

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



Registration certificate

ISO 14001 certification

Certification no	MSA-ES-191
Date of certification	March 20, 2003
Date of certification renewal	October 27, 2023
Expiration date	November 28, 2026
S c o p e	28. Construction 34. Engineering, R&D
Applicable standard	JIS Q 14001 : 2015 (ISO 14001 : 2015)
Inspection and registration agency	Management System Assessment Center
S c o p e o f c e r t i f i c a t i o n	Design, construction, and decontamination of civil engineering structures and building
Organizations included in the scope of certification	Head office: 4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo Utsunomiya Machinery Center, R&D Center, Hokkaido Branch, Tohoku Branch, Kanto Branch Office,Kanto Disaster-Prevention Branch,Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kyushu Branch

Promotion of green procurement

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

Initiatives in the development, design, and construction stages

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

Green procurement of office supplies, etc.

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

Environmental education and awareness-raising

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

Submittal of a commitment letter toward SBT certification

As part of its efforts to realize carbon neutrality by 2050, the Group has submitted a commitment letter to the SBT Initiative (SBTi), which manages the Science-Based Targets (SBT), toward certification to promote reductions in greenhouse gas emissions across the entire supply chain.The Raito Kogyo Group will set science-based GHG emissions reduction targets as we aim to earn SBT certification within two years.

Initiatives in the construction stage

Use of diesel alternative fuels with low environmental impact

In construction work, the most common fuel used is diesel, as fuel for construction machinery. Diesel accounts for about 80% of the Company's CO2 emissions from energy use. For this reason, we will strive to reduce our CO2 emissions by reducing diesel used in construction through means such as alternative fuels and use of electric construction machinery.GTL fuel is being used as an alternative to diesel.GTL is a compound fuel made from natural gas, which has CO2 emissions 8.5% lower than those of CO2.

We are moving forward with adoption of RD fuel, a biomass fuel, for the future.RD fuel is produced from raw materials such as waste cooking oil and animal and vegetable oil. It is an eco-friendly fuel that reduces CO2 emissions by approximately 90% based on life-cycle assessment.

Use of solar power

We are making progress on powering site break areas using solar power. We use solar power for lighting, refrigerators, power outlets, beacons, and other electrical items. The combination of solar with storage units makes it possible to use renewable energy with stability regardless of fluctuations in power generation.



Solar panels combined with storage units



Internal power storage units

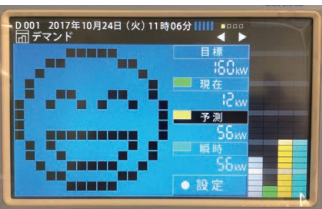
Use of a monorail powered by GTL fuel and solar power

Most temporary monorails installed to transport materials on construction sites are powered by gasoline, but we are reducing CO2 emissions using a monorail designed for diesel fuel powered using GTL fuel.We also have adopted a battery-powered electric monorail, which reduces CO2 emissions by charging the batteries with solar power.



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 FY2023 totaled 386MWh. 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 display panel showing electricity consumption

Overview of the environmental impact of Head Office activities in FY2023

INPUT		OUTPUT	
Electricity	386MWh	CO2 emissions	190.6t-CO2
Gasoline	8,044.9L	General wastes	4.7t
Water	1,401m³	Water	1,401m³
Paper	2,306kg		

*Calculated based on "Emissions Coefficients by Power Producer" (published July 19, 2024) 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. We also use web conferencing for meetings with people outside the company, which reduces CO2 emissions from travel and printing of paper documents, thereby making a significant contribution to reducing our environmental impact.



Disclosure of climate-related information based on the TCFD recommendations

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.

To achieve a prosperous, sustainable society in the future, the Group will assist in the realization of a material-cycle society through supporting coexistence 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).



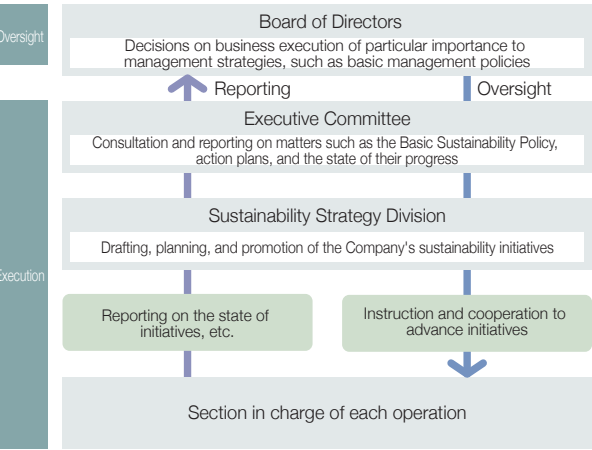
Governance

We are striving to further enhance our activities to promote initiatives to address climate change and other environmental issues through our business activities, in accordance with TCFD recommendations.

In April 2022, we established the new Sustainability Strategy Division in the Management Planning Division, to promote sustainability initiatives, including responses to climate change, in a manner integrated with management strategies.

Under our climate-change governance structure, the Executive Committee, chaired by the Company President, deliberates on climate change with regard to future management plans and other efforts, and reviews and evaluates the state of related activities. In addition, the Board of Directors receives reports on matters such as the state of activities related to climate change, oversees their progress, and issues instructions on responses.

Climate-change governance structure



Strategy

Climate change risks and opportunities

Recognizing climate change as an important topic in doing business, the Company identifies the risks and opportunities associated with climate change in its main construction business from short- to long-term perspectives and assesses their impacts. The "Business impact and response" table shows important risks and opportunities associated with climate change as recognized by the Compa-

ny.

From now on, we plan to continue analysis employing the 2 °C scenario and other considerations, estimate the financial impacts of climate change, and consider responses.



Business impact and responses

Item			Impact on business	Response
Transition	Risks	Strengthening of various regulations	● Strengthening of regulations on existing construction machinery due to adoption of restrictions on construction work involving high environmental impacts	● Eliminating/reducing carbon emissions in cooperation with supply chains
		Adoption of carbon tax	● Increased costs due to taxation of CO2 emissions from business activities	● Reducing CO2 emissions during construction and at Company offices, through the use of renewable energy
Physical	Opportunities	Growing demand for energy-conservation and renewable-energy technologies	● Growth in businesses related to renewable energy ● Growing demand for ZEB and energy-conservation and technologies due to rising awareness of the need to lessen environmental impact	● Strengthening ability to handle projects related to renewable energy ● Strengthening ability to supply high-value-added buildings with outstanding environmental performance
	Risks	Rising average summer temperatures	● Increasing health risks such as heatstroke on construction sites ● Increasingly severe shortage of skilled workers due to worsening of working conditions on construction sites	● Saving labor and power, and further increasing productivity, through use of ICT and AI ● Improving working conditions on site through work-style reforms and technological innovation
		Increasingly common and severe natural disasters	● Difficulties in procuring supplies, machinery, labor, etc. due to damage to suppliers ● Rising risks of damage to structures under construction and work interruptions due to increasing disasters	● Building strong networks with supply chains ● Stronger disaster prevention during construction and BCP measures in response to disasters
	Opportunities	Strengthening of national resilience policies	● Growth in infrastructure construction and maintenance and building renovation for purposes of disaster prevention and mitigation and national infrastructure	● Strengthening sales activities for infrastructure construction and improvement businesses

KPIs and goals

Based on its environmental policies, the Company will aim for sustainable development by contributing to environmental solutions through various business activities. We will strive to prevent global warming on a Groupwide basis through assessment and manage-

Key performance indicators (KPIs)	1. Greenhouse gas emissions (Scopes 1 and 2)
	2. Rate of reduction from base year toward the 2030 midterm target
	3. CO2 emissions per construction output (intensity)
	4. Fuel used in heavy machinery and vehicles
	5. Electricity used

Midterm target

Reducing greenhouse gas emissions in FY ending March 2030 by 50% vs. FY ending March 2014

Long-term target

Aiming to eliminate greenhouse gas emissions (i.e., achieve carbon neutrality) in 2050

Greenhouse gas emissions

The Company's GHG (CO2) emissions in FY2023 (ending March 2024) totaled 490,279 t-CO2. This total is broken down below.

Company emissions (Scopes 1 and 2)

Category	Emissions (t-CO2)				
	FY2019	FY2020	FY2021	FY2022	FY2023
Direct emissions (Scope 1) *1	27,278	25,837	25,285	24,781	24,509
Indirect emissions (Scope 2) *2	1,556	1,451	1,539	1,641	1,352
Total	28,834	27,288	26,824	26,423	25,861

*1 Subject: Fossil fuels used at Company construction sites, offices, and machinery centers in Japan. Figures based on the greenhouse gas emissions calculation, reporting, and disclosure program under the Act on Promotion of Global Warming Countermeasures are used for unit calorific value and CO2 emissions coefficients for each fuel.

*2 Subject: Fossil fuels used at Company construction sites, offices, and machinery centers in Japan. Calculated based on the adjusted emissions coefficients of individual electric power companies as stipulated in the Act on Promotion of Global Warming Countermeasures (using emissions coefficients specified in contracts between retail electric power companies and business sites)

ment of the progress and achievements of environmental conservation activities on five main environmental key performance indicators (KPIs).

Emissions intensity per 100-million-yen construction output in the construction stage

(kg-CO2/100 million yen)

FY2013 (base year)	FY2019	FY2020	FY2021	FY2022	FY2023
51,549*3	32,576	30,975	28,699	27,756	26,775

*3 Calculated using CO2 emissions coefficients from the Japan Federation of Construction Contractors

Upstream through downstream emissions (Scope 3)

Category		Subjects of calculations	Emissions (t-CO2)
			FY2023
Other indirect emissions (Scope3) ※4	Category	1 Resource extraction, manufacture, and transport of products and services purchased *5	392,042
		2 Manufacture and transport of equipment and other capital goods services purchased	13,619
		3 Resource extraction, production, and transport of fuel and energy purchased *2	3,979
		4 Transport and delivery (upstream) *6	4,916
		5 Treatment of wastes emitted by facilities *7	1,992
		6 Employee business travel	415
		7 Worker commuting	116
		8 Operation of lease assets rented	not subject
		9 Transport and delivery (downstream)	not subject
		10 Processing of intermediate products	not subject
		11 Use of products sold *8	47,335
		12 Treatment of products sold upon waste disposal	not subject
		13 Operation of lease assets to be rented	not subject
		14 Operation of franchises	not subject
		15 Operation of investments	not subject
Total			464,418

*4 Using Company nonconsolidated procurement data Calculated by multiplying procurement data figures by intensity. Intensities in the emissions intensity database of calculation of organizational greenhouse gas emissions, etc. throughout the supply chain used.

*5 *6 Main materials refer to building materials such as concrete, cement, and steel frames. Subject: Products and services procured in Japan

*7 Using total wastes emitted from Company job sites in Japan

*8 Calculated by multiplying total floor area of new buildings built by the Company by emissions intensity and building useful life (years)

Development of Eco-friendly technologies



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, 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



Wood from demolition



Lumber from thinning, roots



Shells from aquaculture

All Greening method

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



Highly degradable short fibers

Construction examples: Greening using pressure plate covers and potted seedlings



Three months after construction

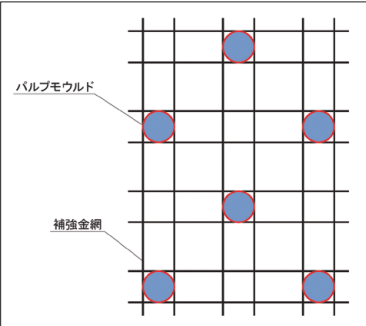


Six years after construction

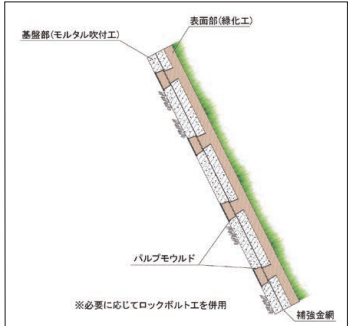
A new slope protection method that can withstand disasters and is easy on the environment

Multiple slope face construction method

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



Plane diagram



Cross-section diagram



After completion of the work

Integrated soil-pollution remediation technologies

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



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



Purification technologies

Raito Kogyo soil-pollution remediation technologies

Pollutants	Purification technologies	Pollutants	Purification technologies
Heavy metals	Insolubility in situ	Oil content	Chemical oxidative decomposition
Volatile organic compounds	• Iron powder reduction purification • In situ bioremediation • Soil gas absorption	All pollutants	• Chemical oxidative decomposition • Hot-soil method • Water lifting aeration • Sealed in situ • Excavation and removal

Repair and reinforcement technologies that reduce industrial wastes

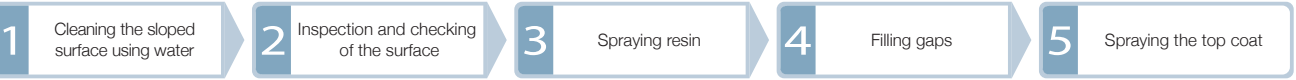
To date, the most common method of protecting sloped surfaces has been through use of mortar spraying. This method has been used to prevent weathering and erosion, and it needs to be waterproof. Existing spray mortar itself degrades, cracks, and peels with age, and the effects of these conditions, and 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 Repair and reinforcement technologies that reduce industrial wastes surfaces without removal (and disposal)

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

Steps



Spraying resin



Spraying the top coat



Before



After (close-up)

Contributing to society through disaster recovery

Recovery from damage to the Hachioji Bypass caused by torrential downpours

Torrential downpours caused by Typhoon Mawar in June 2023 resulted in a sediment-related disaster in which the slope of the Hachioji Bypass on National Highway 16 collapsed. The slope surface collapsed on an area totaling 46 meters in length. For a time, the section from Yarimizu Interchange to the Sakashita intersection was closed to traffic in both directions. Full closure of National Highway 16, which links important cities in the Tokyo area, caused chaos on nearby streets and greatly impacted logistics, emergency transport, and other aspects of residents' lives. The roads needed to be restored as soon as possible. We went to the site the morning after the disaster to help reopen the interchange to traffic quickly.

R5 Hachioji Bypass disaster recovery work

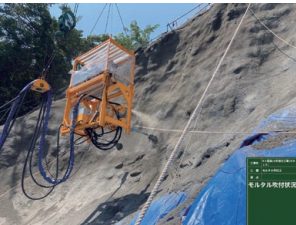
We participated in the Hachioji Bypass disaster recovery project led by Taisei Corporation to restore slope collapse and reopen the Hachioji Bypass as soon as possible. Before beginning full-fledged slope restoration work, we sprayed mortar and installed rock bolts on the collapsed slope areas as part of the preliminary recovery work. This stabilized the slope and prevented secondary disasters caused by further collapse of the damaged slope. Some unstable clods remain, and workers could be at risk of landslides or other dangers. We sprayed mortar on the slope surface to harden it so that workers could get on it. In doing so, we used Robo-Shot Type-G to do the work remotely with suspended sprayers, to keep workers safe. Even if the result is not fully stable, it makes it possible for workers to work on the slope, and we installed rock bolts using suspended Sky Drills to prevent the slope surface from collapsing. The earth protection and slope protection work conducted as emergency disaster recovery construction kept the road and the job site safe. However, we needed to keep in mind the risk of heavier than expected rains due to recent climate change. For this reason, we employed safety structures in work not only on the site but on nearby roads and buildings as well, to complete the work safely.



The damaged slope



Provisional restoration work



Robo-Shot Type-G mortar spraying



Rock bolt work using suspended Sky Drills

Restoration from liquefaction caused by the Hokkaido Eastern Iburi Earthquake

The Hokkaido Eastern Iburi Earthquake that struck at 3:07 am on September 6, 2018 was the first quake with a seismic intensity of seven ever to be measured in Hokkaido, causing severe tremors and massive damage across a wide area. That earthquake killed 42 persons and injured 762, while also completely destroying 462 homes, seriously damaging 1,570 others, and causing other damage, forcing more than 16,000 persons to evacuate. In the town of Atsuma, there were large-scale landslides on sloped surfaces as 30 million cubic meters of earth collapsed in one movement. The surface area of landslides was 13.4 square km, or about 1.2 times that of the Niigata Chuetsu Earthquake in 2004, representing the most widespread damage since the Meiji Era in the 19th century. Aside from slope damage, there was also major destruction due to large-scale soil liquefaction, and subsidence occurred across Hokkaido, requiring restoration work on various types of infrastructure, including ports, roads, and embankments. In the Satozuka district of Sapporo's Kiyota Ward, ground shifting due to soil liquefaction in a residential district caused large-scale subsidence over an area of about five hectares in Satozuka 1-jo 1-chome and 2-chome, on the south side of the old route of National Highway 36. There were multiple cases of cave-ins and subsidence across a district that includes residential land, and subsidence of as much as 2.2 meters was confirmed in Satozuka Chuo Popura Park within a residential area. Subsidence and cave-ins, as well as damage to paved surfaces, were identified on eight roads in the vicinity, including Satozuka Rte. 21, as a large volume of earth flowed down toward the former national highway route in the northeast and accumulated there.

Utilizing various methods to improve the ground in a disaster-affected area

Raito Kogyo carried out ground improvement work as part of a project to restore the cityscape in the Satozuka district of Sapporo's Kiyota Ward. On the road portions of the project, we used the Mega-JET deep-mixing method to mix earth and cement solids in the embankment layer below groundwater level, in order to form continuous columnar structures on which walls can be built to prevent soil liquefaction by restraining lateral ground movement. In the residential portions of the project, we used fluid permeation grouting (infiltration solidification processing) in liquefied layers below groundwater level, to prevent the occurrence of liquefaction. This infiltration solidification processing method enables ground improvement beneath residences through diagonal or horizontal drilling on slopes, leaving the buildings intact. In addition, fluid infiltration at low pressure makes it possible to minimize displacement and deformation of buildings above-ground because the soil on which they are built remains unchanged, since gaps are filled with fluid without the need to rearrange soil particles. Thanks to these advantages, this method was adopted as being the most suitable approach for the various ground improvement methods involved in this project.



Prevention of liquefaction using the MegaJET method



Ground improvement in the lower portion of a residence, using the infiltration solidification processing method

Social infrastructure development

Nichinan Aburatsu Port quay seismic reinforcement work

Aburatsu Port in the city of Nichinan, Miyazaki Prefecture, is a natural harbor located on the scenic coast of Nichinan. Active shipping through the port commenced after the head of the Obi clan excavated a canal during the Edo Period (1603-1868) and, in 1938, a paper mill opened in the Agata area in the port's hinterland, followed by the designation of Aburatsu as a major port in 1952. Steady improvements were made following formulation of a port plan in 1955. They included construction of seawalls and mooring facilities. After the eastern quay opened in 1998, domestic and international container shipping routes using the port were opened. Since then, it has been a logistics base for southern Miyazaki Prefecture.

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

Seismic reinforcement work has been underway on Quay No. 10 at Aburatsu Port since 2017. This project is being carried out through the method of seismic reinforcement of a gravity quay wall using a caisson through installation of a ground anchor to control landsliding and displacement in the event of an earthquake. Characteristics of this method are the way in which it realizes results with long-term stability through fully redundant erosion protection using tension materials and the power of pre-stressing to connect the tip of the caisson with the ground, as well as its low environmental impact. Another distinctive feature is how it makes it possible to carry out construction work while the port facility is still in use, due to the construction yard surface area being relatively small. Because the site has a deep base layer, the work involved the highly difficult challenge of boring at a depth of approximately 100 meters. Most ground anchors involve depths of around 30 m, and boring at 50 m is normally considered quite deep. There are few examples in Japan of boring at deeper than 100 m. In fact, the task is so rare that the software normally used to design anchors was incompatible with the depth of more than 100 m. Since the ground anchors are installed at 1.9 m intervals, this required high-precision boring to avoid interference with neighboring anchors. Another important issue was the need to reliably verify that the base layer had been reached.

Developing a new borer to realize stable boring

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



TSD-300 Megatitan

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.

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.

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 carried out while the roadway remains in use must be conducted with extreme care.



Supports and jacks



Support replacement site

Quality management

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

Ensuring reliable quality

1. Development and utilization of advanced construction technologie
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 plando-check-act (PDCA) cycle.



Registration certificate

ISO 9001certification

Certification No	MSA-QS-200
Date of certification	March 18, 1999
Effective date	October 27, 2023
Expiration date	November 28, 2025
Scope	28 Construction 34 Engineering, R&D
Applicable standard	JIS Q 9001 : 2015 (ISO 9001 : 2015)
Inspection and registration agency	Management System Assessment Center
Scope of certification	Design, construction, and decontamination of civil engineering structures and buildings
Organizations included in the scope of certification	Head Office: 4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo Utsunomiya Machinery Center, R&D Center, Hokkaido Branch, Tohoku Branch, Kanto Branch Office, Kan-Etsu Branch, Chubu Branch, West Japan Branch Office, Chugoku Branch, Kyushu Branch, Kanto Disaster-Prevention Branch

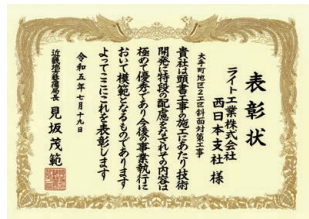
Quality improvement efforts

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

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

Awards

The Otemachi district phase two slope treatment project was awarded the Director General's Award in the Technology Development Category of the Awards for Services to National Land, Infrastructure, Transport and Tourism Policy by the Kinki Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism on July 19, 2023.



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 FY2023

Awarding organization	Award	Recipient
Ministry of Land, Infrastructure, Transport and Tourism Kinki Regional Development Bureau	FY2023 Award for contributions to land, infrastructure, and transport policy Bureau Director's Award for Outstanding Construction Contractor (technological development)	Otemachi District Phase two slope treatment
Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau	FY2023 Outstanding Construction Company Recognition	Raito Kogyo
Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau	FY2022 Contractor's Award for Outstanding Safety Management	Slope treatment work
Ministry of Land, Infrastructure, Transport and Tourism Hokkaido Regional Development Bureau	FY2023 Subcontractor Awards General Manager's Award	National Highway 229 Sukki Tunnel, Setana Series of construction work other than repairs
Ministry of Land, Infrastructure, Transport and Tourism Kanto Regional Development Bureau Tonegawa Watershed Erosion Control Office	FY2022 Office General Manager's Award for Outstanding Work on Challenging Construction, Award for Construction Contributing to Securing/Developing Construction Industry Human Resources	R3 Kayakabu District Anchor construction
Ministry of Land, Infrastructure, Transport and Tourism Chubu Regional Development Bureau Shizuoka National Highway Office	FY2022 Related partner company Office General Manager's Award	FY2020 Fujieda Bypass No. 1 Yabuta Road Construction
Ministry of Land, Infrastructure, Transport and Tourism Chugoku Regional Development Bureau Matsue National Highway Office	FY2023 Partner company Matsue National Highway Office General Manager's Award	National Highway 9, FY 2021 Oda district disaster recovery Two other projects

Digital transformation (DX) initiatives

Accreditation as a DX accredited business/renewal

In October 2022, the Company was accredited by the Ministry of Economy, Trade and Industry as a DX accredited business under the ministry's DX accreditation program, for companies that are prepared for DX promotion on the basic points covered in the ministry's Digital Governance Code. This accreditation was renewed in October 2024 after the two-year accreditation period. This renewal is a result of efforts to improve business efficiency and reform work styles and use DX to advance corporate reforms, in line with the strategy "Establishing new foundations for growth through development of technologies to lead the digital society" identified in the Medium-Term Management Plan Raito 2024.

We will aim to realize a corporate environment that enables further DX promotion by improving the objective evaluation of the DX promotion indicators needed for DX accreditation through continuing initiatives targeting these indicators. Furthermore, by simultaneously promoting cybersecurity measures, which are important under the Digital Governance Code, we will strive to reduce security risks through business DX.

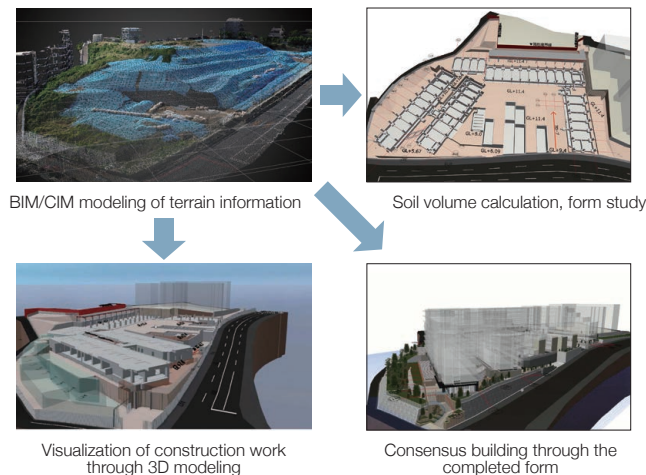


Use of BIM/CIM modeling for large-scale structures associated with construction

Precise terrain information is essential to such activities as ascertaining soil volumes and construction planning for buildings and annexed structures in construction work that involves large-scale structures. Accordingly, we switched to use of building information models (BIMs) and civil information models (CIMs) of terrain to greatly reduce the working hours needed to measure such information. Use of BIM/CIM modeling also made tasks easier by ascertaining the progress of civil engineering work and verifying the property of construction procedures in light of conditions on-site and improved construction efficiency by making construction visible, including checking for interference between structures.

Furthermore, 3D modeling of construction contributes effectively to consensus building with clients and related agencies. In the future, we will promote business efficiency improvements through the further use of BIM/CIM modeling.

Using BIM/CIM modeling to improve construction precision



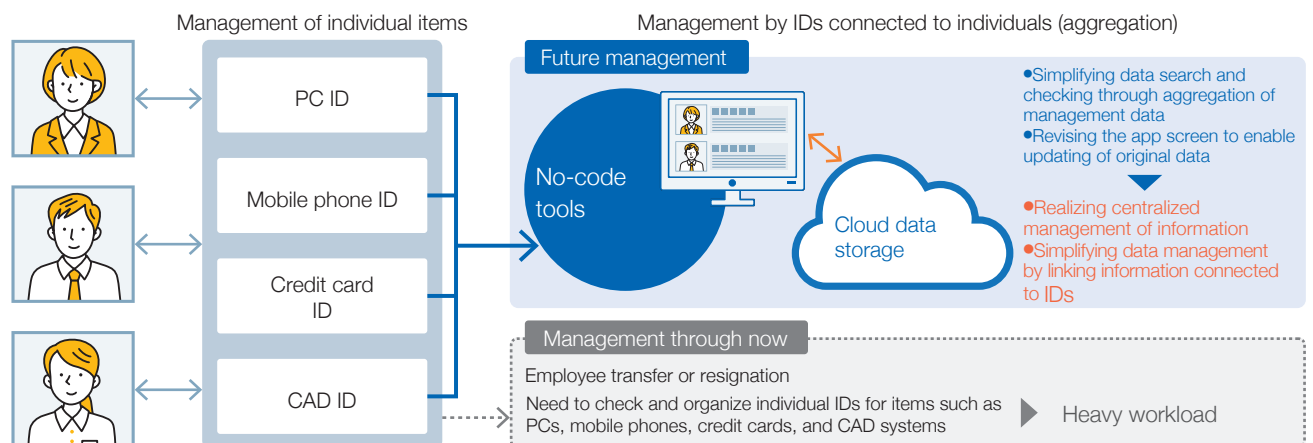
Use of no-code tools to improve business efficiency

In large construction projects that take a long time to complete, construction often is interrupted and resumed repeatedly. Sometimes associated changes in the personnel responsible have impeded the smooth handover of operations in administrative sections as well. In response, we have adopted no-code tools* that make it easy to develop apps, to lessen related workloads. As a result, we have developed systems that make possible integrated management, comparison, and sharing of information without

relying on specific individuals. In the future, we will promote business efficiency improvements in various situations, such as integration of information linking individual personnel.

*Business support tools that make it possible to develop software (business apps and systems), such as Web applications intuitively with no need for programming knowledge or skills.

Business efficiency improvements through integration of information linking individual personnel



Safety management

Health and Safety Management Policies

We are aiming to be a safe, trusted company, free of accidents, based on the fundamental principles of respect for human life and "safety first." We also will strive to improve health management and build safe, comfortable workplace environments.

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. Strictly complying with laws, regulations, official notices, guidelines, internal rules, etc. concerning occupational health and safety.
3. 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.
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.

Health and safety management and oversight structure

Health and safety committees meet monthly at the Company's head office and each managing branch and branch office, for reporting and deliberation on health and safety activities. Employees are notified of their decisions through the intranet. The Central Health and Safety Committee at the head office is chaired by the General Manager of the Health, Safety, and Environmental Division. Its membership includes members of management and worker representatives.

In addition, the Company appoints a Director as the Chief Health and Safety Management Officer, who reports regularly to the Board of Directors on health and safety management policies and plans and the state of related activities.

Health and safety education and awareness raising

To increase understanding of health and safety, the Company provides basic health and safety education as part of training provided by the head office for new employees. This is followed up by continuing education through e-learning as well as regular guidance on site, to raise employees' safety awareness. In addition, the intranet provides thorough information concerning matters such as disaster case studies and amendments to occupational health and safety rules, so that the latest information can be checked quickly.



Occupational Health and Safety Management System

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



Registration certificate

ISO 45001 certification

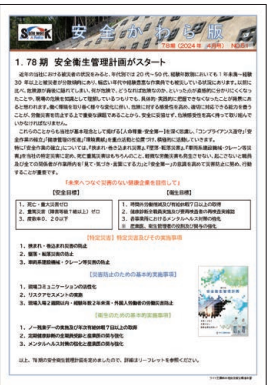
Certification no.	MSA-SS-123
Date of certification	November 26, 2010
Date of certification renewal	October 27, 2023
Expiration date	February 26, 2025
Applicable standard	ISO 45001:2018
Inspection and registration agency	Management System Assessment Center
Scope of certification	Design, construction, and decontamination of civil engineering structures and buildings
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

Sharing information on health and safety and preventing reoccurrence

The intranet website has a safety information page where information can be shared to prevent the reoccurrence of incidents. By sharing information on disasters and accidents, this makes it possible to search cases for reference information to help in implementing thorough measures to prevent reoccurrence. Timely posting of information to the safety forum helps to share information on the most recent health and safety topics. We also collect data from daily health and safety patrols and use it in risk assessment.



Safety information page



Safety forum

Health and safety management initiatives

Safety track record

The Company's safety track record shows that, every year, our incident frequency rate remains below the national average ^{*1}. In FY2023, the Company's incident frequency rate stood at 0.14 ^{*2}.

- ^{*1} The incident rate is the number of accidents per 1 million cumulative total working hours.
- ^{*2} The total incident rate in the construction industry nationwide (on construction sites) is 1.69. Scope of accreditation (from Ministry of Health, Labour and Welfare, "2023 Occupational Injury Trends Survey")

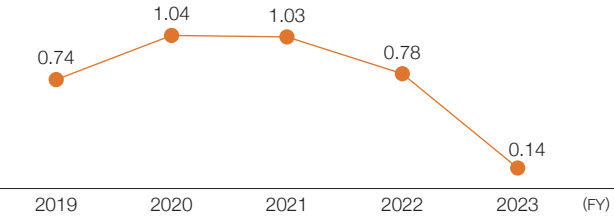
FY2024 numerical health and safety targets

1. Maintaining a level of zero fatal accidents and zero serious accidents
2. Zero serious accidents (those involving a disability level of 7 or above)
3. An incident rate of 0.20 or less

FY2024 health goals

1. Reducing overtime work and ensuring that employees take at least seven days of paid vacation
 2. Providing health checkups for all employees and checking to make sure that those instructed to undergo follow-up examinations do so
 3. Enhancing mental health measures at each business facility
- ^{*} Enhancing the roles of and cooperation with industrial physicians and health supervisors

Trends of incident rates



	Unit	FY2020	FY2021	FY2022	FY2023
Frequency of occupational injuries	—	1.04	1.03	0.78	0.14
Number of times off work due to occupational injuries (not including fatalities)	Case	9	10	8	2
Fatalities involving permanent employees	Case	0	0	0	0
Fatalities involving contracted employees	Case	0	0	0	0
Number of employees undergoing health and safety training	Persons	940	943	972	967
Percentage undergoing stress checks	%	83.3	81.1	92.1	89.6

Management safety patrol

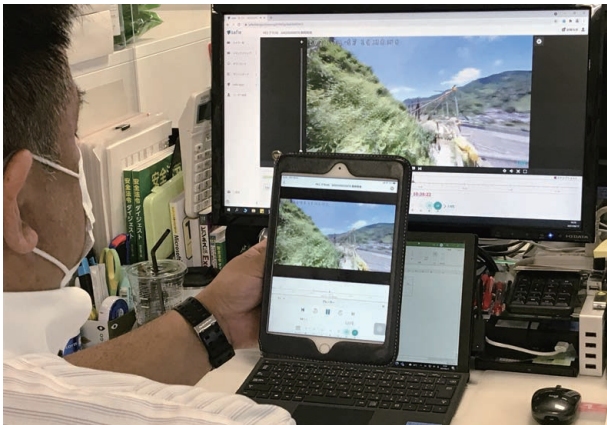
Focusing particularly on special weeks and preparatory periods, such as National Safety Week and National Industrial Safety and Health Week, the Company carries out safety patrols in which members of management check on safety, occupational health, and other matters, year-round. In these patrols, the 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

Implementing health and safety patrols using wearable cameras

As part of our DX efforts, we are promoting the use of wearable cameras on site, to make quantitative and qualitative improvements to work and improve work efficiency. Health and safety patrols using wearable cameras are an experimental effort to patrol sites via computer monitors at the head office, based on images from wearable cameras on site. Wearable cameras also can be used for remote observation of health and safety based on accident and other information, as well as remote guidance for mechanical problems and remote support of quality and construction. They can be used to check construction progress as well.



Health and safety patrol using a wearable camera

Message from the Director Responsible for Human Resources

We will realize sustained growth by continuing to pursue the HR development needed today by using the ideas and values incorporated in the guiding principles as the foundations to support Group growth.



Senior Managing Director/
General Manager,
Management Planning Division

Makoto Nishi

Our thinking on human resources since our founding

Over the nearly 80 years since our founding, we have continued to value the thoughts and actions of employees.It is our employees—both past and present—who have taken on the challenges of their own times and laid the foundations of the future.They have been the underlying support of the Company's growth. Raito Kogyo holds annual alumni meetings in each area as opportunities to learn about the Company's past and its policies. For example, a meeting 50 years ago featured honest exchange of opinions between employees that at time developed into strong arguments.But afterwards, the meeting broke up in smiles and best wishes.That was a time in which employees trusted one another and a sense of psychological security in which they were able to express their opinions freely had formed unconsciously. Such trust was

based on employees discussing their dreams, following the rules, and dialoguing with one another.This corporate culture remains an important Company asset today. The guiding precepts of our founding, established by our second president Yoshiharu Samaru, call for "Integrity and positivity," "Cultivation of character," "Fulfillment of responsibilities," "Creativity," and "Cooperation." These are the foundations that support the Company's growth.Based on these principles, we continue to maintain a firm belief that the development and growth of our people lead to Company growth.

Basic Policy on Human Resources

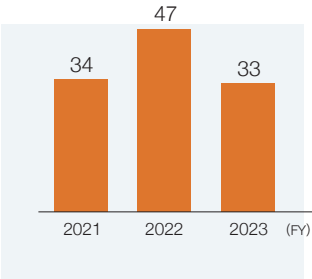
The Company identifies as basic management policies the development of comfortable working environment, investment in education to promote individual autonomy and vitality, and joint growth of individuals and the organization in line with the corporate culture.

Hiring policy

As the population of workers decreases across all industries, enhancement of human resources is a pressing need to achieve the Company's targets.In particular, it is clear from hiring activities that the number of students looking for work in management of construction sites is decreasing. Results of hiring in 2024 showed that it would be difficult to secure the human resources needed through traditional hiring activities. In response, we greatly revised hiring activities in preparation for 2025. Introduction of direct recruiting plays a central role in these reforms. In addition to existing measures of visiting schools in such fields as civil engineering and construction, we also are approaching students in other departments, seeking to attract students who want to contribute to the safety and security of national infrastructure.

We also have introduced consultants and adopted a new hiring management system to fill the gaps in human resources, aiming for more efficient hiring.As a result, the number of tentative hires in 2025 increased by 1.8 times from 2024.Furthermore, we are studying ways to provide conditions that students will find more attractive, such as introduction of a program in which we repay student loans. We also have introduced job-based hiring in part to secure gender and nationality diversity, provide equal opportunities, and secure capable human resources based on fair evaluation.Through these efforts, we will strive to build an even better working environment.

New graduates hired (non-consolidated)



HR development and education

We will review the current tiered training, themed training, and job-specific training programs to break free from uniform education and shift toward education aiming to improve skills through reskilling, studying abroad, corporate experience, and side/concurrent jobs. We will ascertain employees' skills and enhance education in growth fields connected to management strategies.

Exchange of human resources and joint research with external agencies
Public Works Research Institute, Sabo & Landslide Technical Center, Kyoto University, Osaka University, Kobe University, Kitami Institute of Technology, and other research facilities

Evaluation and transfer

The Company actively promotes job transfers intended to stimulate the organization.In particular, we emphasize dialogue with employees through pulse surveys, striving to assign employees to positions suited to their individual growth.We also provide opportunities for employees to amass diverse experience by promoting job rotations. Aiming to ensure compliance with regulations establishing upper limits on working hours adopted in 2024, our evaluation system has been revised to emphasize the efficient use of time. We also implement continual training of evaluators to maintain a fair evaluation system.In these ways, we provide an evaluation environment to increase employee motivation and support growth.

Compensation and benefits

Regarding wages, we are striving to rectify gender wage disparities and clarify definitions of career-track and general positions.We also are actively encouraging area-specific personnel to transfer to area-specific general positions, to eliminate wage disparities by ensuring fairness between job types. Our policy on employee benefits is to enhance the various programs to provide more rewarding and motivating workplaces.In particular, we have introduced flexible programs to meet the needs of employees' diverse lifestyles, and we are striving to make the working environment more comfortable.

Promoting women in the workplace

The Company promotes female employees in the workplace. Specifically, we are striving to increase women as a percentage of managers and to rectify wage disparities through changes in job types.A breakdown of women employees by job post, based on April 2024 data, is shown in the upper right. In the future as well, we plan to promote women's careers and improve various systems, particularly in connection with HR evaluation, transfers, and reassignments.By doing so, we will provide an environment in which all employees have equal opportunities for growth, regardless of gender.

Women employees	88
Of which, area-specific personnel	50
Of which, area-specific general positions	19
Of which, career-track positions	19

Trend in women as a percentage of managers (nonconsolidated)		Trend in number of women hired for career-track (technical) positions (nonconsolidated)	
FY2021	2.0%	FY2021	2
FY2022	2.2%	FY2022	2
FY2023	3.3%	FY2023	1

Strengthening employee engagement

The Company asks all employees to submit self-reports as opportunities for dialogues with their superiors on the workplace environment and their visions for their own careers.However, we recognize that this alone is not enough to fully ascertain employee satisfaction levels. Accordingly in 2024, we partially adopted pulse surveys.These make it possible to collect employee feedback more often by repeating simple surveys over a short period of time. Based on the results of pulse surveys, we also conduct education to help employees understand the importance of dialogues based on mutual trust so that dialogues do not become a mere formality. In this way, we are increasing psychological security by enabling employees to speak their minds freely to develop a working environment to help improve individual performance.

About the Company's corporate culture

Here we will reconsider the Company's strong corporate culture, which we have built up since our founding.From our founding to today, we have grown as a company that is centered on its people.The ideas embodied in our guiding precepts serve as the core of this approach. These values have provided fundamental support for the Company's growth, and we believe that they are directly related to the human-resource development that will be essential in the future as well.By maintaining and passing along these principles through the Company's Basic Policy on Human Resources, we will strive to build an environment in which the growth of each and every employee contributes to the Company's growth.

Integrity and positivity	These words symbolize the corporate culture of being positive and doing what is right, as embodied in the Company name Raito Kogyo.
Cultivation of character	Our corporate growth is supported by drawing out the abilities of all employees and encouraging their growth.
Fulfillment of responsibilities	We will increase employee satisfaction and motivation by fulfilling our responsibilities with drive and a sense of accomplishment.
Creativity	We will promote growth by adapting to the changing times through continual creation of new value.
Cooperation	We will value working together by all employees based on cooperation and solidarity.

Human-resource development and promotion

Enhancing human capital to continue to create new value

Basic thinking

Our human resources are essential to the growth of the Raito Kogyo Group. Over the 80 years since our founding, our human resources have led the industry, regardless of when they were born. Past and present, all of our human resources have built trusting relationships and helped grow the Company by sharing their hopes, complying with rules and regulations, and working together through dialogue. Human resources are key to corporate growth. We will create new value by enhancing the capabilities of each and every individual and linking management strategies to HR strategies. Specifically, we will encourage employee autonomy and activity through more

Human capital strategy

Basic policy

Securing and developing human resources and improving the working environment for sustainable growth

- HR strategy formulation is based on (i) HR development and (ii) working environment improvements.
- Timely disclosure of the status of measures and other information.

1. Hiring policy

In light of Japan's low birth rate and aging population, along with the decreasing number of students interested in the construction industry, securing human resources is becoming a pressing issue. We will review existing hiring activities and strive to secure capable human resources. Key points of specific efforts are reviewed below.

- We will hire employees regardless of business conditions by broadly seeking out promising human resources able to demonstrate their abilities in the construction industry, regardless of the majors they graduated in. We will do so based on education suited to individual majors.
- For female applicants in particular, we will take various opportunities to communicate actively the social importance and appeal of our businesses. With consideration for diversity, we will develop environments where it is easier for women to work.
- In midcareer hiring, we will enhance efforts to secure knowledgeable, skilled, and experienced human resources through means including consideration of adopting job-based programs for some tasks.
- We will consider a program by which the Company helps repay part of the student loans of new graduates who used financial aid, to lessen their economic burdens.

Through these initiatives, we will further enhance our efforts to secure human resources and promote hiring activities.

2. HR development and education

Employee education is one of our focuses, and we particularly emphasize support for earning official qualifications. In addition, from now on we will revise HR development and education policies based on the views of employees and others in the field, as well as providing education when needed in addition to tiered training. In particular, we will enhance education on domains that are the subject of focus in management strategies and focus more on cooperation with outside parties as necessary. Examples of some specific initiatives are provided below.

- We carry out HR exchange with organizations such as the Public Works Research Institute and the Railway Technical Research Institute. We are also conducting joint research with numerous institutions including Kyoto University and Osaka University. In these ways, we support external learning opportunities through cooperation with institutes of higher education with extensive track records.
- As we work to increase the share of overseas businesses to 10% of total net sales, we provide employee support through means such as study abroad and secondment to overseas firms.
- While we already permit employees to work side jobs and second jobs, we will carry out active discussions on how best to connect these to employee growth.

Through these efforts, we will support employee growth and improve organizational competitive strength.

opportunities for direct dialogue with management and stronger investment in education, among other efforts. We also will develop comfortable working environments and environments that make it easier for people to demonstrate their abilities. Through doing so, we will promote human capital management in which the Company grows together with employees, while maintaining the essence of Raito Kogyo as a company that values people.

3.Evaluation and transfer

We carry out fair and impartial evaluation based on evaluator training and standard profiles for individual posts. Furthermore, together with thoroughly sharing evaluation standards, we also will enhance the attention paid to matters such as everyday communication and dialogue.In particular, since the grace period on maximum overtime hours will expire in April 2024, we will raise employee awareness by incorporating evaluation items on time management and efficient use of time. In addition, we will support career development and growth for motivated and capable employees through job rotations, including transfer to priority areas under management strategies, based on mutual agreement.

4. Promoting women in the workplace

Currently, while the Company has many women employed in area-specific posts, most men are assigned to general posts.Although the HR system allows employees to change these categories, we need to establish standards for upper-level transfers and increase the understanding and awareness among related parties in order to make the system more effective.

Key points of specific efforts are reviewed below.

- We will provide women with opportunities to improve their abilities and skills through taking on more important and challenging work and undergoing leadership and management training.
- Regarding the system for changing job categories, in addition to further raising awareness among superiors and colleagues in addition to women employees, we also will identify and alleviate barriers to such changes.
- To encourage promotion of motivated, capable women to managerial posts, we will identify the number of women managers as a KPI.

Through these efforts, we will promote women's careers further, by supporting their career development, increasing the percentage of women managers, and reducing male-female wage disparities more rapidly.

5. Promoting health management

The Company issued a Health Management Declaration (see p. 53) in October 2022 and strives to maintain and improve the health of all employees.

Centered on the Human Resources Department and the General Affairs Department, we have established a project team including industrial physicians and other experts. This team analyzes current health data, identifies any issues, and formulates specific measures to address them. We also actively promote awareness of health management both inside and outside the organization. Furthermore, in addition to aiming to earn certification under the Certified KENKO Investment for Health Outstanding Organizations Recognition Program and the Kurumin Program, we use regular employee engagement surveys and other means to enhance organizational performance overall by improving employees' health and happiness.



Developing comfortable working environments

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. We also have formulated the Raito Kogyo Group Human Rights Policy in accordance with the United Nations Guiding Principles on Business and Human Rights.

Raito Kogyo Group Human Rights Policy

Basic stance on respect for human rights

The Raito Kogyo Group ("Group" hereinafter) identifies its basic thinking and establishes a code of conduct on human rights in the Raito Kogyo Group Code of Conduct. This Policy makes clear the Group's thinking on respect for human rights, based on the United Nations Guiding Principles on Business and Human Rights.

1. Scope

This Policy applies to all Group officers and employees (all employees, including officers, permanent, full-time employees, and seconded and temporary employees). We also encourage suppliers and business partners to support and comply with this Policy.

2. Respect for and conformity with standards, laws, regulations, etc.

Based on the United Nations Guiding Principles on Business and Human Rights, the Group supports and respects international standards on human rights such as the United Nations International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We also are a signatory to the United Nations Global Compact and comply with its 10 principles.

We comply with laws, regulations, etc. applicable to the countries and regions in which we do business. In the event of any conflict between internationally recognized human rights standards and the laws, regulations, etc. of individual countries and regions, we make every effort to respect internationally recognized human rights.

3. Respect for human rights

We respect individuals' fundamental human rights and diversity and prohibit discrimination, harassment, and other acts in violation of human rights on grounds such as race, ethnicity, nationality, religion, gender, sexual orientation or identity, age, disability status, social status, and physical properties. We also prohibit and refuse to be involved in various forms of child labor, forced labor, and human trafficking and violations of the human rights of foreign workers and others.If a supplier or business partner has caused a negative effect on human rights, we encourage it not to violate human rights and strive to make improvements.

We respect individuals' fundamental human rights and diversity and prohibit discrimination, harassment, and other acts in violation of human rights on grounds such as race, ethnicity, nationality, religion, gender, sexual orientation or identity, age, disability status, social status, and physical properties. We also prohibit and refuse to be involved in various forms of child labor, forced labor, and human trafficking and violations of the human rights of foreign workers and others.

4. Human rights due diligence

We will establish and implement on an ongoing basis a system for human rights due diligence to fulfill our responsibility to respect human rights. We also will review and improve the system as appropriate.

Human rights due diligence includes continual efforts to identify, prevent, and mitigate real or potential negative effects on human rights in business activities and the supply chain.

5. Correction and remediation

When the Group has been found to have caused or contributed to a negative effect on human rights, it will strive to correct and remedy such effect through appropriate means.

In addition, if a Group business leads directly to a negative effect on human rights, even if the Group has not contributed to such effect itself, we will strive to prevent or mitigate such effect.

6. Education and training

To enable the firm establishment of this Policy across business activities as a whole, we will reflect its thinking in necessary procedures and provide appropriate education and training to enable all officers and employees to understand this Policy fully.

7. Dialogue and cooperation with stakeholders

We will engage in dialogue and cooperation with related stakeholders regarding any real or potential negative effects on human rights.

8. Disclosure

We will disclose information on efforts to respect human rights based on this Policy periodically.

Kazuhiro Akutsu, President
Established November 1, 2023

Raito Kogyo Mirai Scholarships established

The Raito Kogyo Mirai Scholarships were established using the My Fund program of the Koeki Suishin Kyokai to help young people who need economic assistance to attend college.They reflect our desire to help broaden young people's hopes and future possibilities in order to train engineers and researchers to develop resilient domestic and international infrastructures as well as human resources to become the IT engineers of the future.The scholarships are provided to young people seeking opportunities for such specialized education.

In September 2024, an exchange meeting was held with scholarship students at the Mejirodai Club, a Company welfare facility.Currently, these scholarships support nine students, five of whom participated in this meeting.It served as an opportunity to deepen interaction between Company employees and these scholarship students, who have bright futures ahead of them. Participants introduced themselves, including their studies, dreams for the future, and interests, and enjoyed participating in a communication game.This exchange helps to strengthen friendship between participants. Students commented that they were able to learn about new perspectives they had not considered before.



The exchange meeting

Issuing a Health Management Declaration

We issued a Health Management Declaration in October 2022.We will continue striving to promote health management further in the future as well.

Health Management Declaration

Raito Kogyo considers the health management of its valuable employees to be an important topic of management. It will implement health management to maintain a comfortable workplace environment in which employees can continue to work with vitality while demonstrating their individuality and abilities to the maximum extent in good mental and physical health.

October 1, 2022
Kazuhiro Akutsu, President

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.

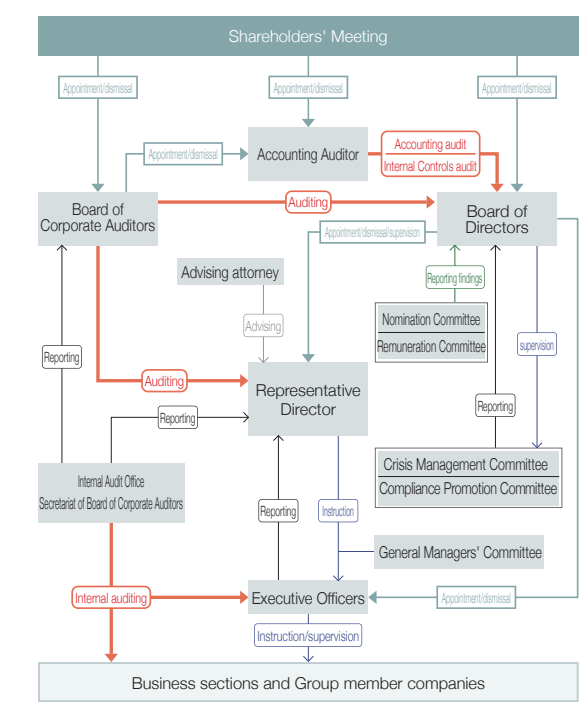
Corporate governance



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.

Corporate governance structure



Board of Directors

Raito Kogyo's Board of Directors comprises fifteen Directors (including five Outside Directors) and four Corporate Auditors (including three Outside Corporate Auditors). In principle, the Board of Directors holds regular monthly meetings and extraordinary meetings as necessary, to deliberate on important matters relating to management and to oversee the status of execution of the duties of Directors, thereby functioning as a management monitoring and supervisory body. Concurrently with Board of Directors meetings, the President, core members of management, and others take part in roundtable discussions (exchange of opinions) with the Outside Directors in order to ensure objectivity in management decision-making and enhance the monitoring functions. In addition, the Company's Outside Directors possess high levels of insight and a wealth of practical experience, so, according to their respective capabilities, they participate in decision-making and enhancement of supervisory functions from impartial perspectives. Outside Directors are chosen from among independent candidates about whom there are no grounds for concern regarding potential conflicts of interest with ordinary shareholders.

Specific subjects considered

- Medium-Term Management Plan (environmental understanding, basic policies of the Medium-Term Management Plan, numerical management targets, three priority strategies, shareholder returns policy, etc.)
- Realizing management conscious of the cost of capital and share price

- Shareholder returns (dividend policy, purchase and retirement of treasury stock, etc.)
- Assessment of the efficacy of the Board of Directors, matters related to internal controls, efforts to strengthen governance, and other activities

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.

Specific subjects considered

- Preparation of audit reports
- Appointment and dismissal of Standing Corporate Auditors
- Audit policies, methods of surveying business and financial conditions
- Decisions on other matters related to the execution of Auditors' duties

Nomination Committee

Appointment and dismissal of core management team members are reviewed by the Nomination Committee, whose membership includes five independent Outside Directors, and submitted to the Board of Directors for a decision. The Nomination Committee advises the Board of Directors after reviewing whether candidates for directors who possess the character, insights, and abilities appropriate for the responsibilities of Company management and whether candidates for auditor can be expected to provide appropriate guidance and oversight of Company management overall.

Specific subjects considered

- Review of candidate officers

Remuneration Committee

Decisions on director remuneration are made by the Board of Directors following overall judgment of such matters as Company business results and the importance of assigned duties in meetings of the Remuneration Committee, which is chaired by the lead independent outside director. The Remuneration Committee advises the Board of Directors regarding the results of its review of fixed remuneration and performance-linked remuneration under a basic policy of building optimal remuneration systems to improve business performance and increase medium- to long-term corporate value and to secure fairness and transparency in the remuneration decision-making process.

Specific subjects considered

- Review of and advising on policy revisions related to decision-making on officer remuneration calculation methods
- Resolutions on matters such as amounts of fixed remuneration and short-term performance-linked remuneration in the current fiscal year

Evaluation of efficacy of the Board of Directors

The Company surveys all directors and auditors using a survey that combines grading on a scale of one to five with free opinions to analyze and assess whether the Company Board of Directors is functioning effectively in decision-making and oversight of business execution. Responses were received from all directors and auditors in FY 2023.

Overview of FY 2023 evaluation method

(Main survey items)

- Composition of the Board of Directors
- Operation of the Board of Directors
- Agenda of the Board of Directors
- Support structure for the Board of Directors
- State of the Board of Directors

(Evaluation process)

- 1.Survey combining grading on a scale of one to five and free opinions
- 2.Individual interviews by teams of experts
- 3.Exchange of opinions, analysis, and evaluation in the Board of Directors
- 4.Board of Directors resolution on evaluation of efficacy

Overview of evaluation results

While there is room for improvement on individual topics, the Company Board of Directors is judged appropriately to maintain its overall efficacy, through effective deliberations based on a composition that is well balanced overall in terms of knowledge, experience, and ability. Matters identified as distinguishing features of this evaluation of the efficacy of the Board of Directors include the fact that numerous

In addition, individual interviews by teams of experts were conducted to collect more detailed opinions, to complement the survey finding.

comments pointed out the need for efforts to strengthen discussions on the Board of Directors on highly important themes concerning the fundamentals of business administration and strategy, such as elimination of information disparities between executive directors and outside directors, continual provision of opportunities to strengthen the involvement of outside directors, and the need to consider systems to demonstrate the functions of outside directors more effectively. In addition, while as noted above the Board of Directors is assessed to be effective overall at present, some comments noted the need to consider possibly revising the composition of the Board in the future (e.g., by reducing the number of executive directors to segregate management from execution and introduction of more global insights). In this way, numerous opinions were offered concerning further improving the efficacy of the Board of Directors, and a shared understanding was achieved of the fact that such opinions identify issues to be addressed in future improvements. The Company will continue efforts to make the Board of Directors even more effective through continued discussions from various perspectives, including periodic analyses and evaluations of the efficacy of the Board.

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. Remuneration of auditors is determined through consultations by the Board of Auditors within the extent of the remuneration amounts approved at the general meeting of shareholders. Remuneration of directors (not including outside directors) consists of fixed remuneration reflecting the responsibilities of each post, performance-linked monetary remuneration reflecting business performance and results in each period, and performance-linked share-based remuneration, intended to incentivize contribution to improving medium- to long-term business performance and increasing corporate value through the sharing of the gains and risks of fluctuations in the share price with shareholders. Outside directors are paid only fixed remuneration to ensure their independence and objectivity. Auditors are paid only fixed remuneration.

Fixed remuneration	Performance-linked monetary remuneration	Performance-linked share-based remuneration
Roughly 50% to 70% in general	Roughly 40% to 20% in general	Roughly 10% in general

Total amount of remuneration by officer category, total amount by category of remuneration, and numbers of subject officers

Officer category	Total amount of remuneration (million yen)	Total amount by category of remuneration (million yen)			Numbers of subject officers
		Fixed remuneration	Performance-linked monetary remuneration	Performance-linked share-based remuneration	
Directors (Not including outside directors)	312	201	92	18	11
Corporate Auditors (Not including outside corporate auditors)	22	22	—	—	2
Outside officers	50	50	—	—	8

※Amounts paid to directors do not include portions corresponding to employee salary for directors serving concurrently in employee posts.
※Numbers of subject officers include one director and one auditor who resigned at the 76th regular general meeting of shareholders held on June 29, 2023.
※For performance-linked share-based remuneration, amounts recorded as costs in FY 2023 based on the performance-linked share-based remuneration system introduced through a resolution of the 70th regular general meeting of shareholders held on June 29, 2017, are shown.

Corporate governance



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.

Activities of Directors and Corporate Auditors

Attendance in meetings of the Board of Directors, etc. (April 1, 2023 to March 31, 2024)					
Name	Position and responsibilities with the Company	Attendance Rate of Board Meeting (Number of times held : 13)	Attendance rate of Audit Committee (Number of times held : 13)	Attendance rate of designated committee meetings (Number of times held : 1)	Attendance rate of the Compensation Committee (Number of times held : 1)
Kazuhiro Akutsu	President	100% (13/13)		100% (1/1)	
Shigeaki Funayama	Vice President / General Manager, Management Administration Division	100% (13/13)		100% (1/1)	100% (1/1)
Kohei Kawamura	Senior Managing Director/ General Manager, Health, Safety, and Environmental Division	100% (13/13)		100% (1/1)	
Makoto Nishi	Senior Managing Director/ General Manager, Management Planning Division	100% (13/13)		100% (1/1)	100% (1/1)
Akinobu Yamamoto	Senior Managing Director/ General Manager, Building Construction Business Division	100% (13/13)			
Yusuke Murai	Managing Director/ General Manager,Kanto Branch Office	100% (13/13)			
Osamu Kawamoto	Managing Director / General Manager, Engineering Marketing Division	100% (13/13)			
Tatsuya Kaneto	Managing Director / General Manager, Construction Technology Division	100% (13/13)			
Satoyuki Yamane	Director / General Manager, Overseas Businesses Division	100% (13/13)			
Yoshinobu Wahira	Director / General Manager, West Japan Branch Office	100% (10/10)			
Makoto Shirai	Lead Outside Director	100% (13/13)		100% (1/1)	100% (1/1)
Takaji Kokusho	Outside Director	100% (13/13)		100% (1/1)	
Hiroko Shimizu	Outside Director	100% (13/13)		100% (1/1)	100% (1/1)
Takeshi Nagata	Outside Director	100% (13/13)		100% (1/1)	100% (1/1)
Hiromi Asano	Outside Director	100% (13/13)		100% (1/1)	100% (1/1)
Tsutomu Sato	Corporate Auditor	100% (10/10)	100% (10/10)		100% (1/1)
Tokiko Maruno	Outside Corporate Auditor	92.3% (12/13)	92.3% (12/13)		
Nobuo Iida	Outside Corporate Auditor	92.3% (12/13)	92.3% (12/13)		
Yasushi Sasaki	Outside Corporate Auditor	100% (13/13)	100% (13/13)		

※Positions are as of March 31, 2024. ※ In the attendance rates on the left, the number of meetings held during the term of office is used as the denominator.
※Director Yoshinobu Wahai and Standing Corporate Auditor Tsutomu Sato were appointed at the 76th regular general meeting of shareholders held on June 29, 2023. Accordingly, the numbers of meetings of the Board of Directors and the Audit Board held during their terms of office differ from those for other officers.

Reasons for appointment of outside directors and outside auditors

Name	Reasons for appointment
Makoto Shirai	Mr. Shirai possesses a wealth of insights and an objective perspective as an attorney at law and is expected to fully perform his roles of the oversight of business execution by management and decision-making on important management topics. He is considered to be an appropriate choice for an outside director independent of the Company because there is no risk of a conflict of interest between him and the general shareholders.
Takaji Kokusho	Mr. Kokusho has a wealth of specialized knowledge and deep insights from a lengthy career as a professor and in other positions. He is expected to contribute to the Company's sustained growth and further increase in corporate value over the medium to long term by putting his specialized knowledge and insights to use in Company management. He is considered to be an appropriate choice for an outside director independent of the Company because there is no risk of a conflict of interest between him and the general shareholders.
Hiroko Shimizu	Ms. Shimizu has a wealth of knowledge concerning information technology and extensive experience in human resources and is expected to fully perform her roles of the oversight of business execution by management and decision-making on important management topics. She is considered to be an appropriate choice for an outside director independent of the Company because there is no risk of a conflict of interest between her and the general shareholders.
Takeshi Nagata	Mr. Nagata has a wealth of experience and deep insights from interaction with a wide range of industries through tax administration and is expected to fully perform his roles of the oversight of business execution by management and decision-making on important management topics. He is considered to be an appropriate choice for an outside director independent of the Company because there is no risk of a conflict of interest between him and the general shareholders.
Hiromi Asano	Ms. Asano has wide-ranging management experience in such areas as human-resource development and hiring management and is expected to fully perform her roles of the oversight of business execution by management and decision-making on important management topics. She is considered to be an appropriate choice for an outside director independent of the Company because there is no risk of a conflict of interest between her and the general shareholders.
Tokiko Maruno	Ms. Maruno has an extensive track record as an attorney at law, chiefly in corporate law, across a wide range of fields that include compliance with the Companies Act, the Financial Instruments and Exchange Act, labor law, and the Specified Commercial Transactions Act. She also possesses highly specialized knowledge of management in general and is expected to fully perform her role of the oversight of business execution. She is considered to be an appropriate choice for an outside director independent of the Company because there is no risk of a conflict of interest between her and the general shareholders.
Nobuo Iida	Mr. Iida has a wealth of experience as a manager, including service as a representative director. He also possesses highly specialized knowledge of management in general and is expected to fully perform his role of the oversight of the duties of directors. He is considered to be an appropriate choice for an outside auditor independent of the Company because there is no risk of a conflict of interest between him and the general shareholders.
Yasushi Sasaki	Mr. Sasaki has a wealth of experience as a manager, including service as a representative director. He also possesses highly specialized knowledge of management in general and is expected to fully perform his role of the oversight of business execution. He is considered to be an appropriate choice for an outside auditor independent of the Company because there is no risk of a conflict of interest between him and the general shareholders.

Knowledge, experience, and skills of Directors and Corporate Auditors

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.

Skills Matrix (As of June 27, 2024)

Name	Business administration, management strategy	Financial accounting	Sales and marketing	Technology, R&D	IT • DX	Legal/ compliance/risk management	Personnel, labor, and human resource development	ESG, sustainability	Global
Kazuhiro Akutsu	◎		○	◎	◎			○	○
Shigeaki Funayama	◎	◎			○	◎	○	○	
Kohei Kawamura	◎		◎		○	○	◎	○	
Makoto Nishi	◎	○				○	◎	◎	
Akinobu Yamamoto	◎		◎			○		○	
Yusuke Murai	◎		○	○		○	◎	○	
Osamu Kawamoto	◎		◎	○		○			
Tatsuya Kaneto	○		◎	◎	○			○	
Satoyuki Yamane	◎	◎				○	○	○	◎
Yoshinobu Wahira	◎		◎	○	○	○	○		
Makoto Shirai	○	○				◎	○	◎	
Takaji Kokusho				◎	○			○	○
Hiroko Shimizu	◎		○		◎		◎	○	
Takeshi Nagata		◎				○	○		
Hiromi Asano						◎	◎	◎	
Tsutomu Sato		◎				◎	○	◎	
Tokiko Maruno		○				◎	◎	○	
Nobuo Iida	◎	◎	◎			○	○	○	
Yasushi Sasaki	○	○	◎			○	◎	○	

※Each person has marked their areas of expertise with a ○. Among those, items that are considered to require particularly high levels of knowledge and experience have been marked with a ◎.

Thinking on knowledge, experience, and ability

Business administration, management strategy	Persons with knowledge and experience regarding business administration and important business decisions
Financial accounting	Persons with knowledge of finance and accounting needed in management decision-making and highly specialized knowledge of financial strategy
Sales and marketing	Persons with knowledge and experience regarding sales and marketing
Technology, R&D	Persons with experience and insights regarding R&D who are capable of promoting R&D in Company businesses
IT • DX	IT/DX: Persons with the skills to promote business process improvements through use of IT and digital transformation (DX)
Legal/compliance/risk management	Persons with knowledge and experience regarding law, compliance, and risk management as needed in business administration
Personnel, labor, and human resource development	Persons with experience regarding organizational development and human resource training and development and the skills needed to promote human capital management
ESG, sustainability	Persons with wide-ranging knowledge of ESG and sustainability management perspectives
Global	Persons with knowledge and experience regarding global business

Directors, Corporate Auditors

(As of March 31, 2025)

Directors



President and Representative Director

Kazuhiro Akutsu

Apr. 2013 Managing Executive Officer and General Manager of Kanto Branch Office

June 2015 Director and General Manager of Kanto Branch Office

June 2016 Managing Director and General Manager of Kanto Branch Office

Apr. 2018 Managing Director and General Manager of Sales Engineering Division

Apr. 2019 Managing Director and General Manager of Construction Engineering Division

June 2019 Senior Managing Director and General Manager of Construction Engineering Division

June 2020 President and Representative Director (current position)



Vice President and Director / General Manager, Management Administration Division

Shigeaki Funayama

May 2009 Advisor of the Company

June 2009 Director in-charge of Finance and Accounts

Apr. 2011 Director and General Manager of Business Administration Department

June 2012 Managing Director and General Manager of Business Administration Department

June 2016 Senior Managing Director and General Manager of Business Administration Department

June 2021 Director and Vice President, and General Manager of Business Administration Division (current position)



Senior Managing Director / General Manager, Health, Safety, and Environmental Division

Kohei Kawamura

Apr. 2011 Deputy General Manager of Tohoku General Branch Office

Apr. 2013 Executive Officer and General Manager of Tohoku General Branch Office

Apr. 2016 Managing Executive Officer and General Manager of Tohoku General Branch Office

June 2017 Director and General Manager of Tohoku General Branch Office

June 2019 Managing Director and General Manager of Sales Engineering Division

June 2020 Senior Managing Director and General Manager of Sales Engineering Division

April 2023 Senior Managing Director and General Manager of Health, Safety, and Environmental Division (current position)



Senior Managing Director / General Manager, Management Planning Division

Makoto Nishi

Apr. 2008 Deputy General Manager of Sales Division

Apr. 2009 Executive Officer in-charge of Human Resources and General Affairs

Apr. 2011 Executive Officer and General Manager of Management Planning Division

June 2011 Director and General Manager of Management Planning Division

June 2016 Managing Director and General Manager of Management Planning Division

June 2021 Senior Managing Director and General Manager of Management Planning Division (current position)



Senior Managing Director / General Manager, Building Construction Business Division

Akinobu Yamamoto

Apr. 2010 General Manager of Sales, Building Construction Business Division, Building Construction Business Department

June 2013 Deputy General Manager of Building Construction Business Division

Apr. 2015 Executive Officer and General Manager of Building Construction Business Division

Apr. 2016 Managing Executive Officer and General Manager of Building Construction Business Division

June 2018 Director and General Manager of Building Construction Business Division

June 2020 Managing Director and General Manager of Building Construction Business Division

June 2023 Senior Managing Director and General Manager of Building Construction Business Division (current position)



Managing Director / General Manager, Kanto Branch Office

Yusuke Murai

Apr. 2011 Executive Officer and General Manager of Chubu General Branch Office

Apr. 2013 Executive Officer and General Manager of Nishinoh Branch Office

Apr. 2014 Managing Executive Officer and General Manager of Nishinoh Branch Office

June 2016 Director and General Manager of Nishinoh Branch Office

Apr. 2018 Director and General Manager of Kanto Branch Office

June 2019 Managing Director and General Manager of Kanto Branch Office (current position)



Managing Director / General Manager, Engineering Marketing Division

Osamu Kawamoto

Apr. 2014 Deputy General Manager of Nishinoh Branch Office, and General Manager of Chugoku Branch

Apr. 2015 Deputy General Manager of Sales Engineering Division

Apr. 2016 Executive Officer and General Manager of Kyushu General Branch Office

Apr. 2018 Managing Executive Officer and General Manager of Kyushu General Branch Office

Apr. 2020 Managing Executive Officer and Deputy General Manager of Construction Engineering Division

June 2020 Director and General Manager of Construction Engineering Division

April 2023 Director and General Manager of Engineering Marketing Division

June 2023 Managing Director and General Manager of Engineering Marketing Division (current position)



Managing Director / General Manager, Construction Technology Division

Tatsuya Kaneto

Apr. 2007 General Manager of Kobe Sales Office, Osaka Branch

Apr. 2011 General Manager of Construction Engineering Department, Chubu General Branch Office

Apr. 2012 Deputy General Manager of Chubu General Branch Office

Apr. 2013 Executive Officer and General Manager of Chubu General Branch Office

Apr. 2016 Managing Executive Officer and General Manager of Chubu General Branch Office

June 2021 Director and General Manager of Chubu General Branch Office

April 2023 Director and General Manager of Construction Technology Division

June 2023 Managing Director and General Manager of Construction Technology Division (current position)



Director / General Manager, Overseas Businesses Division

Satoyuki Yamane

Apr. 2009 General Manager, Business Administration Department

Apr. 2011 General Manager, Management Planning Department, Management Planning Division

Apr. 2013 General Manager of Sales Planning Department, Sales Engineering Division

Apr. 2016 Executive Officer and General Manager of Overseas Business Division

Apr. 2020 Managing Executive Officer and General Manager of Overseas Business Division

June 2022 Director and General Manager of Overseas Business Division (current position)



Director / General Manager, Nishinoh Branch Office

Yoshinobu Wahira

Apr. 1989 Joined the Company

Apr. 2011 General Manager of Sales Engineering Department, Nishinoh Branch Office

Apr. 2012 Deputy General Manager of Nishinoh Branch Office

Apr. 2016 Executive Officer and Deputy General Manager of Nishinoh Branch Office

Apr. 2018 Executive Officer and General Manager of Nishinoh Branch Office

Apr. 2021 Managing Executive Officer and General Manager of Nishinoh Branch Office

June 2023 Director and General Manager of Nishinoh Branch Office (current position)

Outside Directors



Lead Outside Director

Makoto Shirai

Oct. 2003 Registered as an attorney at law

Apr. 2008 Securities and Exchange Inspector of Securities and Exchange Surveillance Division, Kanto Local Finance Bureau, Ministry of Finance Japan

Apr. 2010 Professional Inspector of Inspection Division, the Executive Bureau of Securities and Exchange Surveillance Commission, Financial Services Agency

July 2012 Re-registered as an attorney at law Partner of KOHWA SOHGOH LAW OFFICES (current position)

June 2016 Outside Director of the Company (current position)

July 2018 Outside Audit & Supervisory Board Member of BIT Point Japan Co., Ltd. (current position)

June 2024 Outside Director of Convano Inc. (current position)



Outside Director

Takaji Kokusho

Apr. 1969 Joined Central Research Institute of Electric Power Industry

Apr. 1982 Doctor of Engineering of Graduate School of Engineering, the University of Tokyo

Apr. 1985 Part-time Lecturer of Faculty of Engineering in Civil Engineering, the University of Tokyo

Mar. 1996 Technical Advisor of West Japan Engineering Consultants, Inc.

Apr. 1996 Professor of Faculty of Science and Engineering in Civil Engineering, Chuo University

Apr. 2015 Professor Emeritus of Chuo University (current position)

June 2020 Outside Director of the Company (current position)



Outside Director

Hiroko Shimizu

Apr. 1979 Joined FUJITSU

Apr. 2002 Representative Director and President of Fujitsu HR Professionals Limited

Apr. 2007 Chief General Manager of Service Business Division of FUJITSU LIMITED

Aug. 2011 Chief Investigator of National Committee of ISO/IEC JTC1 SC40/WG3 (current position)

Nov. 2015 Executive Officer of TOKYO SYSTEM RESEARCH CORP.

June 2019 Chair of ITES-BPO JIS Drafting Committee

June 2021 Outside Director of the Company (current position)

June 2022 Outside Director of FUKOKU Co., Ltd. (current position)

Sept. 2023 Outside Director (Audit and Supervisory Committee Member) of NITAKA Co., Ltd. (current position)



Outside Director

Takeshi Nagata

Apr. 1977 Joined Sendai Regional Taxation Bureau

July 2009 District Director of Hongo Tax Office

July 2015 Assistant Regional Commissioner of Kanazawa Regional Taxation Bureau

July 2017 Regional Commissioner of Takamatsu Regional Taxation Bureau

Nov. 2019 Registered as a tax accountant Established Takeshi Nagata Tax Accountant Office

June 2021 Outside Director of the Company (current position)

Mar. 2024 Director of the Japan Sake and Shochu Makers Association (current position)



Outside Director

Hiromi Asano

Apr. 1983 Joined Ministry of Labour

Apr. 2000 Assistant Regional Commissioner of Gunma Labor Bureau, and General Manager of Public Employment Security Office, Ministry of Health, Labour and Welfare

Apr. 2007 General Manager, Supply and Demand Balancing Department, Tokyo Labor Bureau, Ministry of Health, Labour and Welfare

Apr. 2015 Chief Employment Promotion Officer, Public Employment Security Division, Ministry of Health, Labour and Welfare

Mar. 2019 Director-General of Tochigi Labour Bureau, Ministry of Health, Labour and Welfare

Mar. 2021 Retired from Ministry of Health, Labour and Welfare

Apr. 2021 Professor, Graduate School of Business Creation Faculty of Graduate Institute for Entrepreneurial Studies (current position)

June 2021 Outside Director of the Company (current position)

Corporate Auditors



(Full-time) Corporate Auditor

Tsutomu Sato

Apr. 1983 Joined the Company

Apr. 2008 General Manager of Administration Department, Tohoku Branch Office

Apr. 2009 Deputy General Manager of Higashinoh Branch Office (in charge of Management Control)

Apr. 2011 General Manager of Management Planning Division, Human Resources and General Affairs Department

July 2012 Executive Officer, Deputy General Manager of Management Planning Division and General Manager of Human Resources and General Affairs Department

June 2013 Executive Officer, Deputy General Manager of Management Planning Division, General Manager of Human Resources and General Affairs Department and General Manager of Management Planning Department

Apr. 2017 Managing Executive Officer, Deputy General Manager of Management Planning Division, General Manager of Human Resources and General Affairs Department and General Manager of Management Planning Department

Apr. 2019 Managing Executive Officer, Deputy General Manager of Management Planning Division and General Manager of Human Resources Department

June 2023 Full-time Corporate Auditor (current position)



Outside Corporate Auditor

Tokiko Maruno

Oct. 2002 Registered as an attorney at law (55th term, Dai-ichi Tokyo Bar Association) Idesawa & Partners (current position)

Nov. 2016 Outside Audit & Supervisory Board Member of CHIKKISHINBUNSHA CO., LTD. (current position)

June 2017 Outside Audit & Supervisory Board Member of NICHIRYOKU CO., LTD.

June 2019 Outside Audit & Supervisory Board Member of the Company (current position)

Mar. 2022 Audit & Supervisory Board Member of FAN Communications, Inc.

Apr. 2022 Auditor of Association of Healthcare Corporation Kousei-Kai (current position)

Mar. 2023 Outside Director (Audit and Supervisory Committee Member) of FAN Communications, Inc. (current position)



Outside Corporate Auditor

Nobuo Iida

Apr. 1979 Joined The Taiyo Kobe Bank, Limited

Apr. 2008 Executive Officer and General Manager of Osaka-kita Corporate Service Department of Sumitomo Mitsu Banking Corporation

June 2010 Representative Director and President of Yoko Building ME Co., Ltd.

June 2017 Representative Director and President of Yoei Holding Co., Ltd., Representative Director and President of Yoei Co., Ltd.

June 2019 Audit & Supervisory Board Member of KOGANEI CORPORATION (current position)

June 2020 Director and Chairman of Yoei Co., Ltd.

June 2021 Outside Director of TOYOKOSAN-It'd (current position)

Outside Audit & Supervisory Board Member of the Company (current position)



Outside Corporate Auditor

Yasushi Sasaki

Apr. 1985 Joined Nippon Life Insurance Company

Mar. 2016 Manager, General Manager, Market Development Department (Hokkaido), Nippon Life Insurance Company

Mar. 2017 Executive Officer, Deputy General Manager, East Japan Corporate Sales Division, Nippon Life Insurance Company

Mar. 2021 Retired as Executive Officer, Nippon Life Insurance Company

Apr. 2021 President and Representative Director, Aroma Square Co., Ltd. (current position)

June. 2022 Outside Audit & Supervisory Board Member of the Company (current position)



Compliance

Basic Compliance Policy

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

Compliance Promotion Committee

To promote sound business activities, the Raito Kogyo Group has established the Basic Compliance Policy and the Raito Kogyo Group Code of Conduct and set up the Compliance Committee as a body tasked with checking whether business activities are conducted in line with this Policy and Code. In addition to monitoring the state of compliance, the Compliance Committee also reports regularly to the Board of Directors on the state of compliance activities, as well as carrying out activities including reviewing related rules and periodic training to promote compliance throughout the entire Group. In addition, the Board of Directors receives reports periodically and at other times as necessary, to carry out oversight of the state of compliance operations Groupwide and implement appropriate responses when needed. There were no compliance violations in FY2023, and no cases such as violations of laws or regulations or payment of fines.

Indicator	Unit	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Antimonopoly/ Legal action in response to anticompetitive acts	Number	0	0	0	0	0
Antimonopoly/ Fines and settlements related to anticompetitive acts	Million yen	0	0	0	0	0
Confirmed cases of corruption	Number	0	0	0	0	0
Fines and settlements related to corruption	Million yen	0	0	0	0	0

Exclusion of anti-social forces

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

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.

Internal whistleblowing system

The Group has adopted an internal whistleblowing system, securing independence from management by naming the Corporate Auditors and the legal affairs section as internal contact points. We have also established an external contact point staffed by two attorneys with a high degree of independence from management, as we work to increase the efficacy of the whistleblowing hotline. Furthermore, we have formulated internal whistleblowing management rules to protect whistleblowers by keeping information on them confidential and prohibiting treating them at a disadvantage. The Group accepts reports of suspected violations of compliance or the Raito Kogyo Group Code of Conduct from not only Group executives and employees but all stakeholders, including employees of business partners.

Policy on anticorruption initiatives

The Group is striving thoroughly to prohibit not only bribery, facilitation payments, kickbacks, excessive gifts and entertainment, and unlawful political donations, but also any and all acts of corruption involving any counterparty, whether engaged in directly or indirectly.

Oversight of anticorruption policies

The Group maintains a compliance structure based on the Basic Policy on Development of Internal Controls Systems. It has established a Compliance Committee chaired by the President and CEO, which reports on its activities as appropriate to the Board of Directors. This committee monitors the state of compliance as well as reviewing related rules and conducting training and other activities to achieve permeation of compliance awareness.



Risk management

Risk management system

The Group has established a Crisis Management Committee independent of the Audit and Supervisory Board, to review various risks. Together with regular monitoring, assessment, and analysis of the status of important risks and providing necessary advice and guidance to individual sections and Group companies, this committee also reports periodically to the Board of Directors on related details. In addition, the Board of Directors performs oversight functions by receiving reports directly from the Crisis Management Committee and evaluating the state of operation and efficacy of the Group Code of Conduct, risk management rules, and the management structure. Risks subject to evaluation and oversight by the Board of Directors and the Crisis Management Committee include those of legal and regulatory violations as well as environmental and other ESG risks.

Formulation of and thorough compliance with crisis management rules

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.
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.
7. Strive to prevent secondary disasters after a major disaster occurs.

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

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 45 shareholders attended the 76th Shareholders' Meeting, held on June 29, 2023 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.

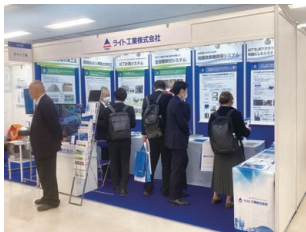
The event included descriptions of the Company's priority businesses, its financial standing, the high level of technological capabilities and other strengths, and matters such as future prospects based on the current statuses of priority businesses. Going forward, we will look to increase the number of opportunities for such communication and dialogue for better understanding of our business activities among the investors.



IR event

Exhibiting at trade shows

We introduce our proprietary technologies and solutions to potential customers and other stakeholders through various trade shows. At Construction Xross 2023, we exhibited solutions centered on ICT technologies for both slope and ground improvement work, including Automatic-Shot R, a fully automated spraying system that incorporates advanced skills to improve construction efficiency, and the ICT-JET system that uses ICT to make jet grout more visible. At the Advanced Construction and Disaster Prevention/Mitigation Technologies Fair in Kumamoto 2023, we exhibited our Remote Sky Drill ICT mortising system to increase productivity and our 3D-ViMa system that makes ground improvement quality and output visible.



Exhibiting at a trade show



Partnerships with business partners

Partnership Declaration

Aiming to be an attractive company for all stakeholders, the Raito Kogyo Group promotes partnership building aiming for sustained growth with partner companies.

We also support the concept of building sustainable relations between large firms and SMEs to enable their mutual growth, as advocated by the Future Partnership Promotion Council promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other agencies together with related business associations.



Partnership Declaration

Raito Kogyo will focus on the following measures to build new partnerships by advancing collaboration and coprosperity with our partners, including members of the supply chain and businesses with which we create value.

1. Coprosperity throughout the supply chain and new collaboration extending beyond boundaries such as company size and group

Through encouragement of other partners via direct partners (i.e., from Tier N to Tier N+1), we will strive to increase added value throughout the entire supply chain, while also aiming to build coexistence and coprosperity with partners through collaboration extending above and beyond boundaries such as existing transactions relationships and company size. In doing so, we will support partners through means such as advising on adoption of remote working and business continuity planning (BCP), for purposes such as business continuity after a disaster and work-style reforms.

(Individual items)

Based on the Autonomous Action Plan for Normalization of Transactions with Subcontractors and Proper Order Receipt Activities established by the Japan Federation of Construction Contractors, we will implement appropriate transactions ourselves as well as helping partner companies and others in areas such as raising awareness of appropriate transactions and human-resource development.

2. Compliance with the promotion standards

We will comply with recommended practices for transactions with new businesses and subcontractors (the promotion standards under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises) and actively strive to rectify any transactions or commercial practices that could impede the building of partnerships with transaction counterparties.

(i) Methods of deciding on prices

We will not make unreasonable demands to lower costs. We will ensure thorough implementation of procedures based on the Construction Industry Compliance Guidelines issued by the Ministry of Land, Infrastructure, Transport and Tourism, to build relations of equality between contractor and subcontractor and to implement fair and transparent transactions.

In concluding contracts, including decisions on transaction prices, in accordance with the Construction Business Act and other applicable laws and regulations we will ensure that subcontracting agreements are concluded in writing (including e-contracts) before beginning the work, to clarify contractual terms and conditions as the contractor and to prevent disputes and rectify any unilaterality. In doing so, we negotiate based on equal standing between contractor and subcontractor and strive to conclude contracts based on conditions acceptable to both sides.

(ii) Payment conditions for notes, etc.

When paying subcontracting proceeds in both cash and notes, we make sure to pay portions corresponding to labor costs in cash, as well as endeavoring to increase the percentage paid in cash in general. In the event of amendment of official notices or other documents on payment in notes, we will revise payment conditions and other matters appropriately.

(iii) Intellectual property and know-how

We refrain from unilaterally demanding the conclusion of nondisclosure agreements or demands such as those for disclosure of know-how or gratis transfer of intellectual property rights based on our positions in transactions.

(iv) Shifting the burden of work-style reforms, etc.

To ensure that counterparties also can promote work-style reforms, we refrain from acts such as demanding short lead times or sudden changes in specifications without covering appropriate costs. In the event of a disaster or similar incident, we employ consideration in areas such as avoiding unilaterally forcing the burden of transactions on subcontractors and continuing transaction relationships as much as possible when resuming business operations.

3. Others (optional)

The Group considers initiatives implemented throughout the supply chain to be essential to the fulfillment of our corporate social responsibility. In addition to securing worker health and safety and building comfortable workplace environments, we also engage in fair transactions with suppliers and strive to strengthen relations of trust with our partners in value creation.

May 23, 2022
Raito Kogyo Co., Ltd. President Kazuhiro Akutsu

Initiatives to promote the Construction Career Up System (CCUS)

The Company is actively promoting adoption of the Construction Career Up System (CCUS) as an important system to improve the treatment of skilled workers. The Company has achieved a level of 100% registration of technician information for skilled employees in civil engineering and is promoting CCUS registration of technicians at partner companies as well, so that all those working on construction sites can join the program.

In addition, to collect data on the career histories of technicians in the CCUS program, we are actively installing card readers for construction work in which we are the contractor.

Addressing those not covered by social insurance

The Company thoroughly is promoting coverage by social insurance. For both public- and private-sector construction projects, we demand in principle submittal of written quotes that clearly indicate a breakdown of statutory welfare costs under which all skilled workers can be provided with social insurance coverage. We refuse to conclude contracts with companies that do not provide social insurance coverage, except in certain special situations. The rate of social insurance coverage at partner companies in FY2023 was about 100%.

Health and Safety Federation

We have established the Raito Kogyo Health and Safety Federation to ensure quality and safety in construction work, together with partner companies.

In addition to fostering awareness of and building up knowledge concerning health and safety and working to establish safe work processes and promote health management, this Federation also carries out various activities to build smooth relationships with partner companies.

(i) Health and safety patrols

We carry out periodic joint patrols based on annual plans.

(ii) National health and safety promotion conference

We hold a national health and safety promotion conference during national safety week each year.

(iii) Various types of education and training

We carry out education and training in various locations each year.

Cash payments to partner companies

Since May 2022, we have made all payments related to outsourcing contracts in cash, to build even stronger partnerships with our partner companies. This helps to strengthen the business foundations of partner companies and support their efforts to secure and develop human resources.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	30,933	30,947
Notes receivable, accounts receivable from completed construction contracts and other	37,928	40,484
Electronically recorded monetary claims - operating	3,454	2,089
Securities	3,999	—
Costs on construction contracts in progress	1,501	1,492
Merchandise and finished goods	16	24
Raw materials and supplies	834	798
Accounts receivable - other	741	763
Other	2,114	1,846
Allowance for doubtful accounts	(41)	(33)
Total current assets	81,483	78,411
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,409	15,261
Accumulated depreciation	(6,578)	(6,639)
Buildings and structures, net	7,831	8,622
Machinery, vehicles, tools, furniture and fixtures	31,415	33,946
Accumulated depreciation	(25,555)	(27,251)
Machinery, vehicles, tools, furniture and fixtures, net	5,859	6,695
Land	11,361	11,058
Leased assets	158	200
Accumulated depreciation	(77)	(67)
Leased assets, net	80	132
Construction in progress	599	213
Total property, plant and equipment	25,732	26,722
Intangible assets		
Goodwill	426	360
Other	306	284
Total intangible assets	732	644
Investments and other assets		
Investment securities	8,788	8,313
Long-term prepaid expenses	57	35
Distressed receivables	6	6
Investment property	280	—
Deferred tax assets	751	563
Retirement benefit asset	2,928	4,088
Other	4,051	3,788
Allowance for doubtful accounts	(364)	(365)
Total investments and other assets	16,499	16,431
Total non-current assets	42,964	43,798
Total assets	124,447	122,209

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	10,524	10,536
Electronically recorded obligations - operating	7,868	7,626
Short-term borrowings	1,438	1,447
Income taxes payable	1,883	1,985
Advances received on construction contracts in progress	1,799	1,134
Provision for warranties for completed construction	109	79
Provision for loss on construction contracts	205	32
Accrued expenses	3,023	2,986
Other	5,356	5,892
Total current liabilities	32,209	31,721
Non-current liabilities		
Long-term borrowings	62	—
Long-term accounts payable - other	68	30
Lease liabilities	53	114
Deferred tax liabilities	7	708
Deferred tax liabilities for land revaluation	769	769
Provision for share awards for directors	111	129
Other	69	61
Total non-current liabilities	1,143	1,813
Total liabilities	33,352	33,534
Net assets		
Shareholders' equity		
Share capital	6,119	6,119
Capital surplus	6,447	6,447
Retained earnings	78,867	73,300
Treasury shares	(4,951)	(2,071)
Total shareholders' equity	86,483	83,795
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,804	1,678
Revaluation reserve for land	(1,120)	(1,059)
Foreign currency translation adjustment	2,217	1,895
Remeasurements of defined benefit plans	805	1,523
Total accumulated other comprehensive income	3,706	4,037
Non-controlling interests	905	841
Total net assets	91,094	88,674
Total net assets	124,447	122,209

Consolidated Financial Statements

Consolidated Statements of Income (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales		
Net sales from completed construction contracts	117,019	121,170
Net sales from sideline businesses	305	286
Total net sales	117,324	121,457
Cost of sales		
Cost of sales of completed construction contracts	93,880	96,149
Cost of sales of sideline businesses	223	210
Total cost of sales	94,104	96,360
Gross profit		
Gross profit on completed construction contracts	23,138	25,021
Gross profit on sideline businesses	81	76
Total gross profit	23,220	25,097
Selling, general and administrative expenses	11,974	12,285
Operating profit	11,245	12,811
Non-operating income		
Interest income	108	121
Dividend income	145	299
Royalty income	15	14
Insurance claim income	141	36
Rental income from non-current assets	339	416
Foreign exchange gains	130	—
Share of profit of entities accounted for using equity method	—	21
Other	198	175
Total non-operating income	1,079	1,085
Non-operating expenses		
Interest expenses	122	103
Loss on sale of notes receivable - trade	6	18
Commission expenses	12	62
Guarantee commission	64	55
Rental costs	315	324
Foreign exchange losses	—	27
Share of loss of entities accounted for using equity method	55	—
Other	140	136
Total non-operating expenses	716	727
Ordinary profit	11,609	13,169
Extraordinary income		
Gain on sale of non-current assets	15	375
Gain on sale of investment securities	41	789
Total extraordinary income	56	1,165
Extraordinary losses		
Loss on sale and retirement of non-current assets	4	335
Loss on sale of investment securities	—	29
Total extraordinary losses	4	364
Profit before income taxes	11,661	13,969
Income taxes - current	3,640	3,635
Income taxes - deferred	(90)	445
Total income taxes	3,550	4,081
Profit	8,111	9,888
Loss attributable to non-controlling interests	(69)	(30)
Profit attributable to owners of parent	8,181	9,919

Consolidated Statements of Comprehensive Income (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	8,111	9,888
Other comprehensive income		
Valuation difference on available-for-sale securities	937	(125)
Revaluation reserve for land	—	(21)
Foreign currency translation adjustment	481	(156)
Remeasurements of defined benefit plans, net of tax	909	717
Share of other comprehensive income of entities accounted for using equity method	264	(197)
Total other comprehensive income	2,592	215
Comprehensive income	10,703	10,104
(Comprehensive income attributable to:)		
Owners of parent	10,732	10,167
Non-controlling interests	(28)	(63)

Consolidated Statements of Income (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, 2023	6,119	6,447	75,792	(5,010)	83,349	866	(1,120)	1,512	(103)	1,154	933	85,437
Changes during period												
Dividends of surplus			(3,001)		(2,746)							(3,001)
Profit attributable to owners of parent			8,181		9,489							8,181
Purchase of treasury shares				(2,059)	(3,150)							(2,059)
Cancellation of treasury shares			(2,104)	2,104	—							—
Reversal of revaluation reserve for land					—							—
Delivery of Treasury Shares through the Stock Benefit Trust				14	14							14
Net changes in items other than shareholders' equity						937	—	704	909	2,551	(28)	2,522
Total changes during period	—	—	3,075	58	3,134	937	—	704	909	2,551	(28)	5,656
Balance at March 31, 2024	6,119	6,447	78,867	(4,951)	86,483	1,804	(1,120)	2,217	805	3,706	905	91,094
Changes during period												
Dividends of surplus			(4,763)		(4,763)							(4,763)
Profit attributable to owners of parent			9,919		9,919							9,919
Purchase of treasury shares				(7,760)	(7,760)							(7,760)
Cancellation of treasury shares			(10,640)	10,640	—							—
Reversal of revaluation reserve for land			(82)		(82)		82			82		—
Delivery of Treasury Shares through the Stock Benefit Trust					—							—
Net changes in items other than shareholders' equity						(125)	(21)	(321)	717	248	(63)	185
Total changes during period	—	—	(5,567)	2,880	(2,687)	(125)	61	(321)	717	331	(63)	(2,419)
Balance at March 31, 2025	6,119	6,447	73,300	(2,071)	83,795	1,678	(1,059)	1,895	1,523	4,037	841	88,674

Consolidated Financial Statements

Consolidated Statements of Cash Flows (Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	11,661	13,969
Depreciation	2,843	3,050
Amortization of goodwill	47	45
Loss (gain) on sale and retirement of non-current assets	(11)	(40)
Share of loss (profit) of entities accounted for using equity method	55	(21)
Increase (decrease) in allowance for doubtful accounts	2	(7)
Increase (decrease) in provision for warranties for completed construction	(189)	(30)
Increase (decrease) in provision for loss on construction contracts	194	(172)
Decrease (increase) in retirement benefit asset	(380)	129
Increase (decrease) in provision for share awards for directors	2	18
Interest and dividend income	(253)	(421)
Interest expenses	122	103
Loss on sale of notes receivable - trade	6	18
Loss (gain) on sale of investment securities	(41)	(760)
Decrease (increase) in trade receivables	7,975	(1,309)
Decrease (increase) in costs on construction contracts in progress	(107)	8
Decrease (increase) in inventories	(213)	20
Increase (decrease) in trade payables	(2,299)	(330)
Increase (decrease) in advances received on construction contracts in progress	694	(664)
Other, net	(1,347)	(8)
Subtotal	18,760	13,596
Interest and dividends received	250	424
Interest paid	(122)	(103)
Payments for sale of notes receivable - trade	(6)	(18)
Income taxes paid	(4,295)	(3,545)
Net cash provided by (used in) operating activities	14,586	10,354
Cash flows from investing activities		
Proceeds from redemption of securities	1,000	—
Purchase of property, plant and equipment	(3,994)	(4,719)
Proceeds from sale of property, plant and equipment	16	1,283
Purchase of intangible assets	(114)	(51)
Purchase of investment securities	(230)	(85)
Proceeds from sale of investment securities	66	1,098
Collection of loans receivable from subsidiaries and associates	4	4
Purchase of investment property	(14)	—
Proceeds from sale of investment property	117	280
Purchase of insurance funds	(1,417)	(604)
Proceeds from maturity of insurance funds	301	822
Other, net	11	75
Net cash provided by (used in) investing activities	(4,252)	(1,896)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(135)	192
Repayments of long-term borrowings	(67)	(59)
Purchase of treasury shares	(2,059)	(7,760)
Repayments of finance lease liabilities	(69)	(19)
Dividends paid	(2,997)	(4,752)
Net cash provided by (used in) financing activities	(5,329)	(12,399)
Effect of exchange rate change on cash and cash equivalents	323	(45)
Net increase (decrease) in cash and cash equivalents	5,328	(3,986)
Cash and cash equivalents at beginning of period	29,605	34,933
Cash and cash equivalents at end of period	34,933	30,947

Stock information (as of March 31, 2025)

Stock status

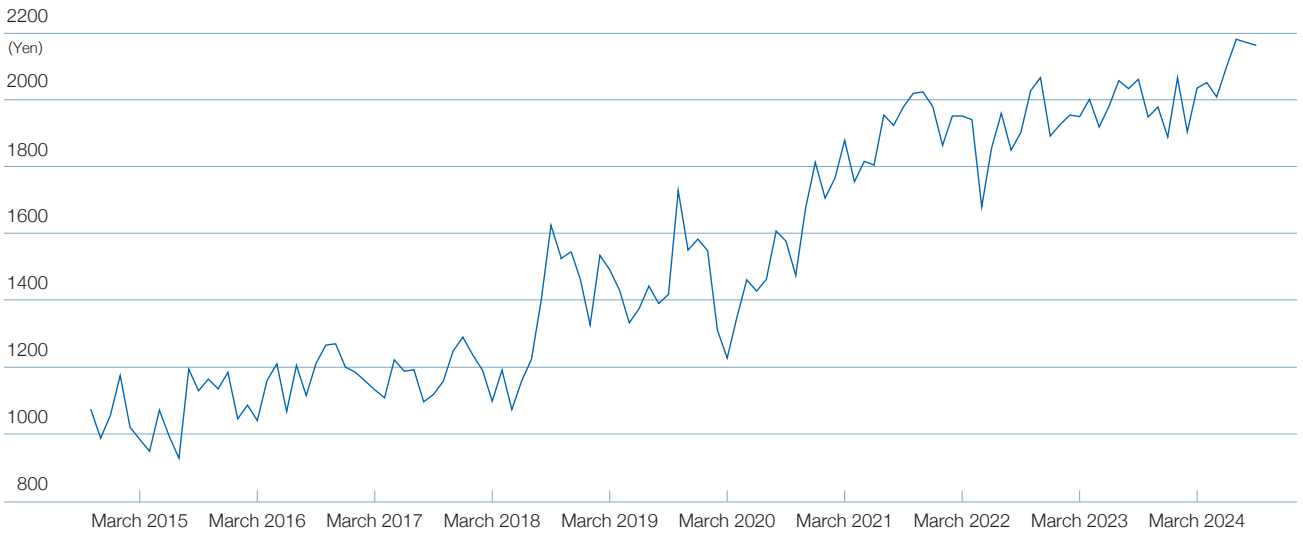
Authorized shares	198,000,000 shares
Total shares issued and outstanding	44,669,745 shares (not including 797,805 shares of treasury stock)
Shareholders	13,913

Major shareholders

Name	Shares held (thousand)	Percentage of shares held (%)
Master Trust Bank of Japan, Ltd. (trust account)	6,568	14.70
Taiyo Life Insurance Co.	2,734	6.12
Custody Bank of Japan, Ltd. (trust account)	2,516	5.63
Nippon Life Insurance Co.	2,039	4.56
Sumitomo Mitsui Banking Corporation	1,950	4.36
STATE STREET BANK AND TRUST COMPANY 505001	1,452	3.25
Hokuriku Bank, Ltd.	1,269	2.84
AVI JAPAN OPPORTUNITY TRUST PLC	874	1.95
Aioi Nissay Dowa Insurance Co., Ltd.	612	1.37
JP MORGAN CHASE BANK 385781	609	1.36

(Notes) 1.Although the Company owns 3,962,000 shares of treasury stock, it is not included in the major shareholders above.
2.Percentages of shares held are calculated excluding treasury stock.
3.Treasury stock does not include 145,000 shares of Company stock held by the Custody Bank of Japan, Ltd. (trust account) (held in trust for performance-linked share-based Director compensation).

Share price trend

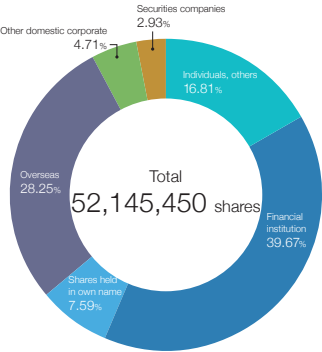


Shareholder notes

Business year	April 1 – March 31
Regular General Meeting of Shareholders	Annually in June
Basis date	Date of finalization for exercise of voting rights in the Regular General Meeting of Shareholders March 31 of each year Date of finalization of shareholders receiving year-end dividends March 31 of each year Date of finalization of shareholders receiving interim dividends September 30 of each year
Shareholder registry administrator	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan Sumitomo Mitsui Trust Bank, Limited
Postal address	168-0063 8-4 Izumi 2-chome, Suginami-ku, Tokyo, Japan Securities Agency Division, Sumitomo Mitsui Trust Bank, Ltd.
Tel.	0120-782-031 (toll free)
Method of public announcement	Electronic public announcement * Published in the Nihon Keizai Shimbun newspaper if electronic public announcement is not feasible.

Agency administration is handled by the head office and all branch offices in Japan (not including consulting offices and consulting plazas) of Sumitomo Mitsui Trust Bank, Ltd.

Percentage of shares held



Overview of the Raito Kogyo Group

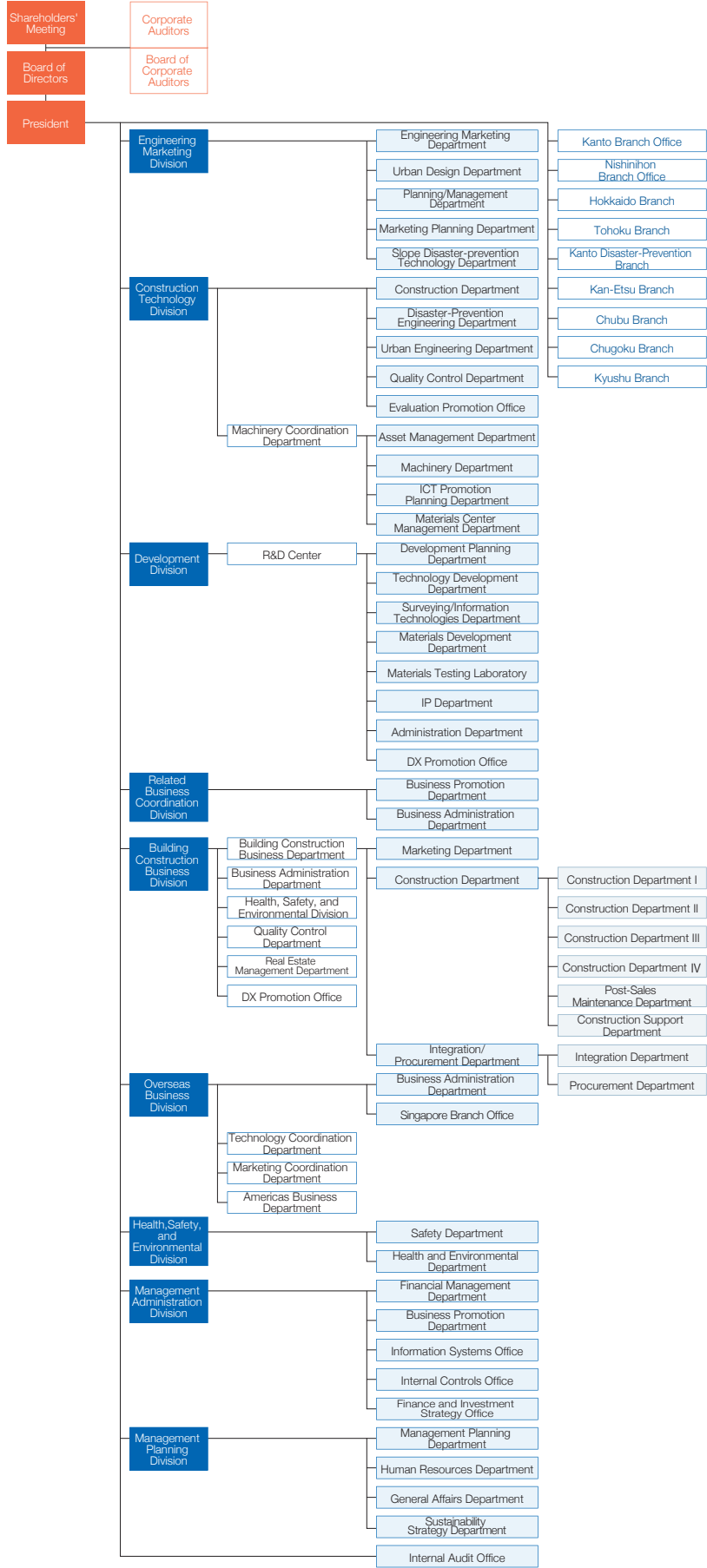
Corporate overview

Name	Raito Kogyo Co., Ltd.
Head Office	4-2-35 Kudan-Kita, Chiyoda-ku, Tokyo, Japan
Founded	July 1, 1943
Representative	Kazuhiro Akutsu, President
Capital	6,119,475,000 yen
Employees	986 (as of March 31, 2025)
Lines of business	Construction and other businesses
Branch offices	Kanto, Nishinihon
Coordinating branches	Hokkaido, Tohoku, Kanto Disaster-Prevention, Kan-Etsu, Chubu, ChugokuShikoku, Kyushu
Group of Companies	14 consolidated subsidiaries, 1 Affiliate companies 4 non-consolidated subsidiaries

Consolidated Group member companies

Construction (Japan)	Michinoku Realize Co., Ltd.
	Tohoku Realize Co., Ltd.
	Onoryo Co., Ltd.
	Fukushima Realize Co., Ltd.
	Niigata Realize Co., Ltd.
	Aura CE Co., Ltd.
	Tokai Realize Co., Ltd.
	Sanyoryokuka Co., Ltd.
Construction (Overseas)	RAITO, INC(U.S.A.)
	RAITO FECON INNOVATIVE GEOTECHNICAL ENGINEERING JSC (Vietnam)
	Fecon-Raito Underground Construction JSC (Vietnam)
Others	Yasashiite Raito Corp. (long-term care)

Organization (as of March 31, 2025)



External assessment and accreditation, participation in initiatives

External assessment and accreditation

Chosen for inclusion in GPIF indices

Raito Kogyo's stock has been chosen for inclusion in two ESG indices used by the Government Pension Investment Fund of Japan, one of the world's largest pension fund managers tasked with management and investment of employees' pension and national pension funds in Japan.

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index is an index intended to measure the performance of Japanese firms conducting outstanding initiatives in the areas of the environment, society, and governance (ESG), which was developed by FTSE Russell, a subsidiary of the London Stock Exchange Group.



FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

The S&P/JPX Carbon Efficient Index is an ESG index (share price index) developed jointly by S&P Dow Jones Indices (S&P), a leading global index publisher, and the Japan Exchange Group, Inc. (JPX). Membership in this index is chosen from shares included in the Tokyo Stock Exchange share price index TOPIX, determined with a focus on disclosure of environmental information and levels of carbon efficiency (carbon emissions per unit of sales).



MSCI ESG rating of A earned (as of August 2024)

The MSCI ESG rating is an internationally recognized indicator used in ESG investment. Prepared by Morgan Stanley Capital International (MSCI Inc.) of the United States, it reflects overall evaluation of ESG initiatives and disclosure by thousands of firms worldwide and comparison by industry.



Recognized as a DX-Certified Business by the Ministry of Economy, Trade and Industry

The DX-Certified Business program is a program in which the Japanese government certifies as DX-Certified Businesses companies recognized to be ready to promote digital transformation (DX) by satisfying the basic requirements of the Digital Governance Code established by the Ministry of Economy, Trade and Industry under the Act on Partial Amendment of the Act on the Advancement of Government Administration Processes that Use Information and Communications Technology.



Participation in initiatives

Participation in the United Nations Global Compact

The Company is a signatory to the United Nations Global Compact (UNGC) and was registered as a UNGC participant on April 16, 2023. Companies and organizations that are signatories to the UNGC strive continually to realize 10 principles on protection of human rights, elimination of inappropriate labor practices, environmental measures, and anticorruption, under commitments by their top management.



Partnership Declaration

The Company supports the concept of building sustainable relations between large firms and SMEs to enable their mutual growth, as advocated by the Future Partnership Promotion Council promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and other agencies together with related business associations.



Support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

In November 2021, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We also have joined the TCFD Consortium, and we strive to enhance disclosure concerning climate risks and opportunities.



Responding to the Carbon Disclosure Project (CDP) survey

To promote climate change initiatives and increase the transparency of disclosure, since FY 2022, the Company has responded to surveys on climate change by the Carbon Disclosure Project, an international NGO addressing climate change and other environmental topics.





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

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

Fax: +81-3-3265-0879

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

Please address any inquiries regarding this Report to:

Overseas Business Division, Raito Kogyo Co., Ltd.

Tel.: +81-3-3265-2506