

Integrated Report 2024

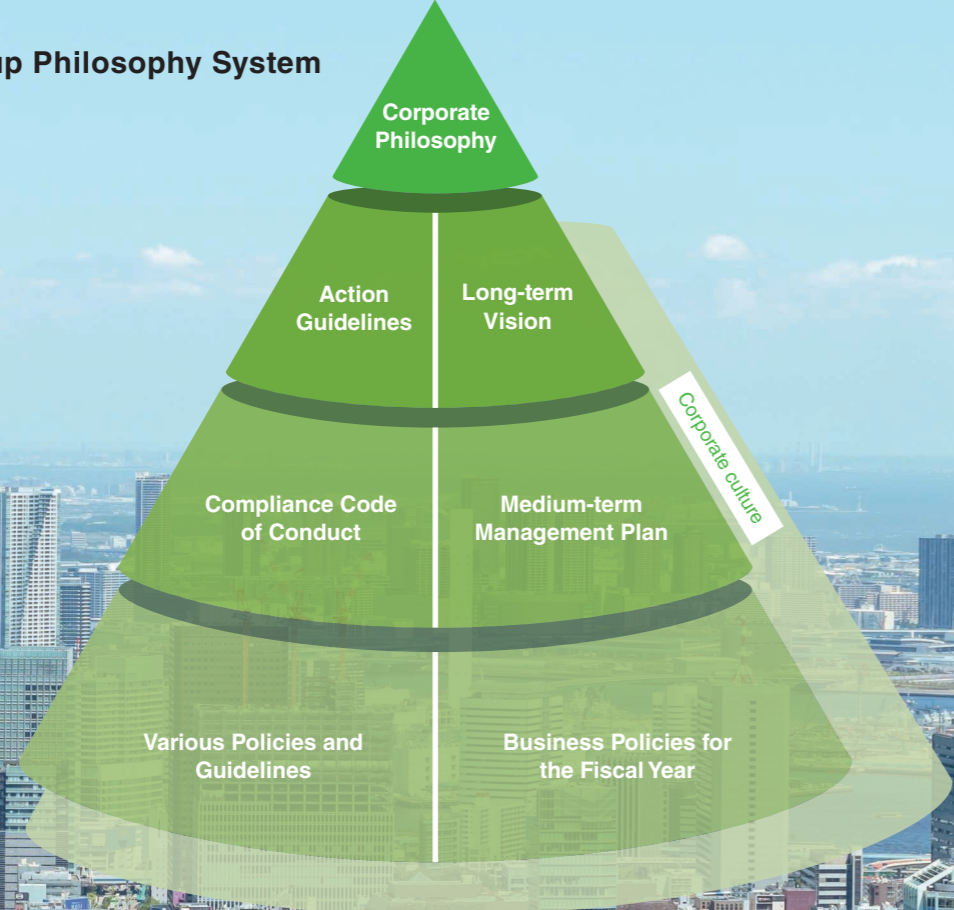


Corporate Philosophy

An infrastructure building company that helps create affluent communities

Based on our core pavement business, for supporting social infrastructure and distribution of goods, which we have developed over many years, we at Seikitokyu Kogyo are expanding our fields of business in areas such as manufacturing and sales of asphalt mixtures which are the basis of pavement technology, civil engineering works for creating urban and natural environments, as well as water use, sports facilities and landscaping. We are building a network to bring communities together by creating infrastructure for daily life there, with a primary focus on the projects and product facilities we are deploying throughout Japan.

Group Philosophy System



Long-term Vision (Where We Should Be in 2030)

➔ A truly strong corporate group that pursues personal and corporate growth in tandem and helps realize a sustainable society

Medium-term Management Plan (2024-2026)

➔ Becoming a truly strong corporate group **2nd Phase**

Action Guidelines

To earn trust
To rise to the challenge for change
To take the lead and take action
To share our knowledge and technologies

Seikitokyu Kogyo Group Compliance Code of Conduct

- 1 To recognize that safety always comes first when executing our business.
- 2 To conduct fair and transparent business activities that not only naturally comply with all laws and regulations but also conform with internal rules.
- 3 To conduct fair and transparent decision making.
- 4 To conduct timely disclosure in an appropriate and fair manner.
- 5 To conduct appropriate accounting and reporting.
- 6 To focus on the market and provide products that customers trust.
- 7 To comply with environmental laws and regulations and conduct environment-conscious corporate activities.
- 8 To have absolutely no dealings with anti-social forces and to resolutely refuse any improper demands.
- 9 To provide and preserve fine, healthy workplace environments.
- 10 To seek to use electronic information fairly, maintain trust, and ensure confidentiality.
- 11 To recognize the importance of intellectual property and trade secrets and ensure they are both handled appropriately.
- 12 To always distinguish between public and private needs and never act in a way that would be detrimental to the Company's interests.
- 13 To never engage in insider trading or the sale of stocks or other items that could be considered suspect.

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● Editing Policy

Our aim in publishing this Corporate Report is to disclose initiatives designed to improve Seikitokyu Kogyo's medium-to long-term corporate value to our shareholders, investors, and all other stakeholders, and to encourage opportunities for dialogue. The report includes not only financial information, but also non-financial information on topics such as our long-term corporate vision, the environment, society, and governance.

We hope this report will help deepen your understanding of our corporate goals and approach.

● Report Scope and Timeframe

Timeframe: April 2023 to March 2024

(includes some activities that fall outside this period)

Scope: The whole Seikitokyu Kogyo Group However, some of the non-financial information refers to SEIKITOKYU KOGYO CO., LTD. only.

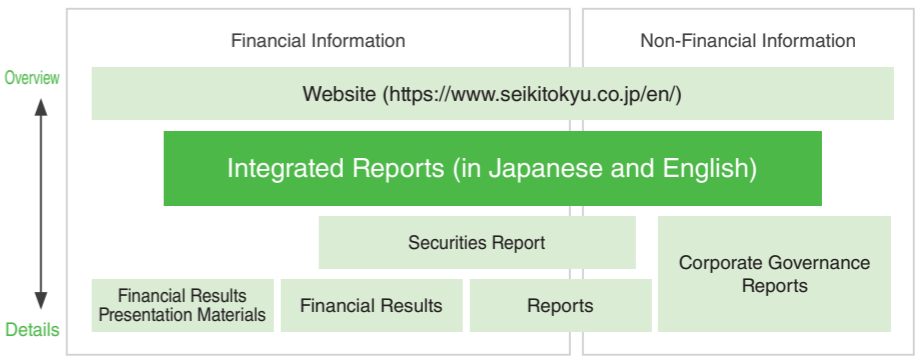
● Reference Guidelines

Environmental Reporting Guidelines, Japan's Ministry of the Environment
Guidance for Collaborative Value Creation, Japan's Ministry of Economy, Trade and Industry

● Cautionary Note Regarding Forward-looking Statements

This report contains forward-looking statements, including those concerning the outlook, targets, plans, and strategies of the Group. These forward-looking statements are made based on certain assumptions and beliefs in light of information available at the time of preparation. Various factors may cause actual results to be different from those expressed in these forward-looking statements.

● Scope of Information



History of Seikitokyu Kogyo Group

We were established in January 1950 as SEIKI KENSETSU KOGYO CO., LTD. The Company changed its name to SEIKI KENSETSU CO., LTD. in April 1962, and later merged with Tokyu Road KK to establish SEIKITOKYU KOGYO CO., LTD. Today, our business encompasses ① pavement construction works for expressways and other roads, airports, bridges, regulating reservoirs, and station platforms and maintenance of sports parks and athletic fields, as well as ② pavement materials manufacturing and sales and acceptance of construction waste. The Seikitokyu Kogyo Group, which includes 12 subsidiaries, operates across Japan and in ③ Myanmar and Guam.

1950

1956 Establishment of the Japan Highway Public Corporation

1964 Tokyo Olympics

1973 The Yom Kippur War (the first oil crisis)

1979 The Iranian Revolution (the second oil crisis)

Establishment of “Seiki of technology”


Worked on the frontline of road construction during the postwar reconstruction and rapid economic growth period

SEIKI KENSETSU (1950–1982)

SEIKI KENSETSU KOGYO CO., LTD. was established in January 1950 by Masaaki Seto, Hidenobu Oshima, and others, who played a central role in urban planning and road construction in Manchuria. The Company worked on the frontline of road construction in postwar Japan and provided a foundation for reconstruction and rapid economic growth. Shortly after the establishment, the Company started to show its presence with great ambitions for road construction and advanced technologies, receiving an order for the first pavement construction work on service contract from the Ministry of Construction in 1955 and an order for the first pavement construction work from the Japan Highway Public Corporation in the following year. A laboratory was established in 1959, where research on asphalt pavement was conducted while concrete pavement was the mainstream at the time. This laid the foundation for what will later be called “Seiki of technology.” The first asphalt plant was established in 1951, and the first recycling plant was established at Myokenjima, Edogawa-ku in 1977, with an eye to changes of the times.



Pavement construction work at the time of the Company's foundation



Masaaki Seto

(The first president of SEIKI KENSETSU KOGYO CO., LTD.)

Masaaki Seto was the central figure of SEIKI KENSETSU KOGYO CO., LTD., both as the president and as an engineer. Although the Company was a relative latecomer to the business, he made its name known nationwide within a few years after the establishment and expanded the business scale.



The origin of the Company name of SEIKI KENSETSU KOGYO

The Company was established in the first year of the second half of the 20th century, and the road pavement works by the founders were recognized by a chief engineer of U.S. military as the best work humans have done in the century (seiki). The Company name derives from these events, expressing the ambition to continue to produce business achievements of the century.

Tokyu Road (1967–1982)

In response to an increasing demand for road pavement, the Road Construction Unit of Tokyu Construction Co., Ltd. was separated from the company in January 1967 to establish Tokyu Road KK. While constantly delivering results as a company specialized in road construction, Tokyu Road was committed to building asphalt material plants. The material plants established in Asaka and Yokohama in the 1960s form the basis of the material network in the Kanto area, which constitutes our strength today. The 1970s saw the start of the urban court business. Environment and landscape technologies that originate here are used today for many sports facilities and parks, such as tennis courts, athletic fields, and promenades.



Kenzaburo Kondo

(The first president of Tokyu Road KK)

Kenzaburo Kondo played a central role in urban and road planning in Hsinking, the capital of Manchuria, and led road construction projects. He served as secretary general of the Japan Highway Users Conference after World War II and was known as a traffic policymaker and road theorist since early days.

TOPICS

- January 1950 SEIKI KENSETSU KOGYO CO., LTD. established
- October 1955 Received an order for the first pavement construction work from the Ministry of Construction
- November 1956 Received an order for the first pavement construction work from the Japan Highway Public Corporation
- September 1973 Listed shares on the Second Section of the Tokyo Stock Exchange
- May 1976 Established the equipment center
- May 1977 Installed the first recycling plant
- April 1980 New technology research laboratory established

1982

1985 The Plaza Accord

Expanded business fields beyond road construction

Made a full-fledged foray into the fields of leisure, construction works, and overseas works, and received orders of 100 billion yen in fiscal 1989

Seikitokyu Kogyo

As Japan saw the end of rapid economic growth and a transition to low growth, SEIKI KENSETSU KOGYO CO., LTD. and Tokyu Road KK merged on May 1, 1982, to establish SEIKITOKYU KOGYO CO., LTD. The first large-scale merger in the road industry strengthened the business foundation and resulted in the gradual expansion into the golf course development and resort facility construction businesses in later years. In the fiscal year ended March 1990, the Company received orders of 100 billion yen, which was the target set at the time of the merger.

TOPICS

- May 1982 SEIKI KENSETSU CO., LTD. and Tokyu Road KK merged and changed corporate name to SEIKITOKYU KOGYO CO., LTD.
- November 1982 Changed listing to the First Section of the Tokyo Stock Exchange
 - Tohoku Expressway Ichinohe pavement construction work
 - Honshu-Shikoku Bridge (Kojima-Sakaide route) pavement construction work
 - New Chitose Airport runway pavement construction work, etc.

Introduction

Growth Strategy

Sustainability

Data Section



① Asphalt pavement construction work



② Asphalt mixture plant




③ Emulsion plant in Myanmar (Operations currently suspended)

1990

1991–1993 Collapse of bubble economy

Returned to the core business in Japan after the collapse of the bubble economy Diversification of pavement technologies, such as pavement that drains water, reflects solar radiation, or resists freezing, as well as ICT construction

After the collapse of the bubble economy, the Company concentrated its management resources on the core business. A wide range of pavement technologies were established, including pavement that drains water, which prevents water from staying on the surface and has become common in today's expressways; pavement that reflects solar radiation, which curbs the heat-island phenomenon; and pavement that resists freezing, which prevents car accidents caused by slippery road conditions in winter. In addition, the Company has satisfied the diversifying needs of society by using its technologies. For example, research and development, as well as actual use, of ICT construction has been under way, which can address various issues, including safety of construction works, productivity at construction sites, stabilization of quality, and future labor shortage.



Urban Cool (solar radiation reflective type) (Shibuya Crossing, Tokyo)



Anti-freezing pavement (Type G Zapeck method)



ICT construction technology

TOPICS

- September 1996 Established the action guidelines
- March 1999 Received an order for the first pavement construction work on performance based contract from the Ministry of Construction
- March 2001 Made a successful bid for two construction projects out of the three for construction projects for the first pavement construction work based on the comprehensive evaluation contract ordered by the Ministry of Land, Infrastructure, Transport and Tourism
- September 2002 Established the Compliance Code of Conduct
 - Trans-Tokyo Bay Highway bridge pavement construction work
 - Central Japan International Airport apron pavement construction work
 - New Transit Waterfront Line track construction work, etc.

2011

2011 The Great East Japan Earthquake

Help to achieve a sustainable society on the basis of our expertise in road construction Geared toward medium- to long-term increase in corporate value


In addition to committing to the core business centered around road construction, the Company supports disaster restoration and reconstruction through a wide range of business activities. As the frequency and severity of large earthquakes, typhoons, torrential rains, and other natural disasters increase, the opportunity to engage in disaster restoration and reconstruction increases as well. Specifically, the Company eliminates road obstacles in expressways and other major roads, which is the first step of restoration; removes and takes in rubbles; works on full-fledged restoration of roads; constructs new, alternative routes; engages in bank protection works; decontaminates radioactively contaminated areas; and engages in works related to interim storage facilities that store soil removed in the course of decontamination and contaminated waste. As global warming and other environmental problems have become increasingly serious, the Company works on research and development of environmentally friendly products and construction methods, as well as introduces facilities to reduce environmental impact. In addition, initiatives are under way to shape the overall picture of environmentally friendly business activities. The Group will continue to give consideration to the global environment and help achieve a sustainable society, aiming for a medium- to long-term increase in corporate value.



Minamisoma Mixture plant established after the Great East Japan Earthquake (Fukushima)

TOPICS

- December 2015 Established the Seikitokyu Kogyo Corporate Governance Guidelines
- April 2016 Established the training center (TTC)
- January 2020 Celebrated the 70th anniversary of the Company's founding
- May 2021 Formulated Where We Should Be in 2030
 - Shin-Tomei Expressway Shimizuishi pavement construction work
 - Tokyo-Gaikan Expressway Ichikawa pavement construction work
 - Naha Airport runway expansion and pavement construction work, etc.



Training center (TTC)

3 SEIKITOKYU KOGYO CO., LTD.

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Business model

Business Overview

Construction Business

Pavement

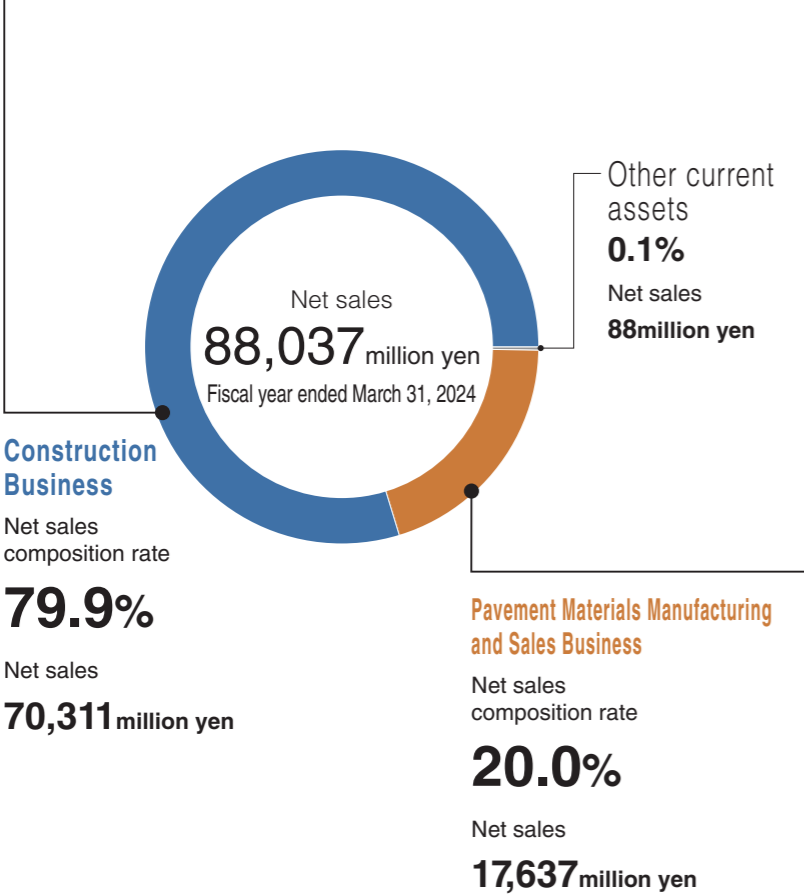
Road construction and pavement needs technologies and construction methods that suit different conditions and characteristics, such as the application, environment, scale, traffic volume, and construction period. Since its founding, we have been involved in the development and implementation of a multitude of technologies and construction methods, which we have used for the betterment of wide range of infrastructure such as expressways, runways, and port facilities for more than 70 years. Our paving technologies cover asphalt pavements and cement concrete pavements and meet diverse needs in the optimal way.

Civil Engineering

Our expertise in civil engineering technology, which we have cultivated since our founding, has been used in various fields, ranging from general earthworks, such as residential land development, to special fields such as improvements of reservoirs, embankments, and rivers. Recently, we have been applying our technology to the construction of infrastructure for renewable energy, disaster prevention and mitigation, and other related projects that are aimed at creating a sustainable society, thereby contributing to the creation of safe and secure cities of the future.

Environment and Landscape

A variety of our pavement technologies are used for sports facilities, such as athletic tracks, baseball parks, and tennis courts; shrines; temples; and park facilities, in addition to roads in general. We also engage in a wide range of landscape pavement works to create a comfortable and beautiful life environment in harmony with the surrounding environment and nature by adding beauty and accents to the inorganic pavement surface.



Pavement Materials Manufacturing and Sales Business

Pavement Materials Manufacturing and Sales

We manufacture and sell asphalt mixtures on a nationwide scale and supply a variety of high-quality pavement materials to the market in a timely manner. We are also actively working to reduce the environmental burden by contributing to the achievement of a recycling-oriented society through 100% reuse of asphalt waste and by improving the efficiency of facilities and changing fuels used to save energy and reduce CO₂ emissions.

5 Strengths

1 Synergies from construction business and pavement materials manufacturing and sales business

The main businesses of our Group are construction business, which centers on road pavement construction, and pavement materials manufacturing and sales business, which mainly includes the production and sales of asphalt mixture, and we position both businesses as the core business that supports the management of our Group. Each of our business segments has a solid business foundation and works together as two wheels to create synergies that provide total value to a wide range of customers.

For more information
➡ Strategies by Business Segment P21-22

2 R&D, construction and products backed by high technological prowess

Since our foundation, the Group has continued to grow as a “Seiki of technology” with its advanced technological capabilities, and even now, over 70 years later, the Group’s DNA is still alive. Even in these rapidly changing times, the Group continues to create new value in response to customer needs and changes in the social environment, such as reducing environmental impact through low carbon and resource recycling, improving the road and living environment, raising productivity and work efficiency, and providing multiple added values.

For more information
➡ Research & Development and Intellectual Property P23

3 Full network of mixture plants in the Kanto area

The Group has more than 100 business locations in Japan (Business offices: 50 sites, Mixture plants: 51 sites, and others) and, in particular, the network of mixture plants in the Kanto area, the largest trade area in Japan, is well located, well equipped, and well organized compared to competitors. Currently, the Myokenjima Mixture Plant in Edogawa-ku, Tokyo, is undergoing a significant renovation. Upon completion, it will stand as the largest mixture plant within our Group.

For more information
➡ Satisfying Work Environment P35

4 Diverse and highly talented human resources

We have strived to create an environment where each employee can demonstrate their abilities to the fullest regardless of age, gender, nationality, or whether they are new graduates or new employees with previous experience. In particular, we have a long history of actively employing people with work experience, and with more than 10% of our core personnel occupying key positions, we have cultivated a culture in which the differing opinions and cultures of our diverse workforce can bring forward change.

For more information
➡ Satisfying Work Environment P35

5 Co-creation opportunities with Tokyu Group

Our Group, as a member of the Tokyu Group, is responsible for a part of the construction business. Although sales to Tokyu Group companies account for only a few percent of the Group’s total net sales, and their share of net sales is not that large, having the opportunity to collaborate and co-create with group companies, as a member of the Tokyu Group, is a major management resource and an important differentiating factor from our competitors.

For more information
➡ Satisfying Work Environment P35

Value Creation Process

As an infrastructure building company that helps create affluent communities, we aim to provide lasting value to society and improve our own corporate value over the medium- to long-term.

Social Issues (Risks and opportunities)

- Declining working-age population due to shrinking population, aging society, and low birth rate

Uncertain future political, economic, and international situations

More frequent and severe natural disasters

Deteriorating infrastructure

Immature infrastructure in some Asian and developing countries

Global environment protection and climate change issues
- Aging population and Securing workers in construction industry

Public-works expenditure trends

Greater national resilience

Less construction of new roads

Vigorous infrastructure demand

Low carbon, zero carbon

Improving productivity

Private construction demand trends

Increased awareness of disaster prevention and mitigation

Higher demand for maintenance/updating

Zero fossil fuels, energy saving

More efficient upkeep management

Fluctuations in crude oil prices and forex markets

Lifecycle costs

Carbon pricing

Working environment in summer
- Mobility innovation

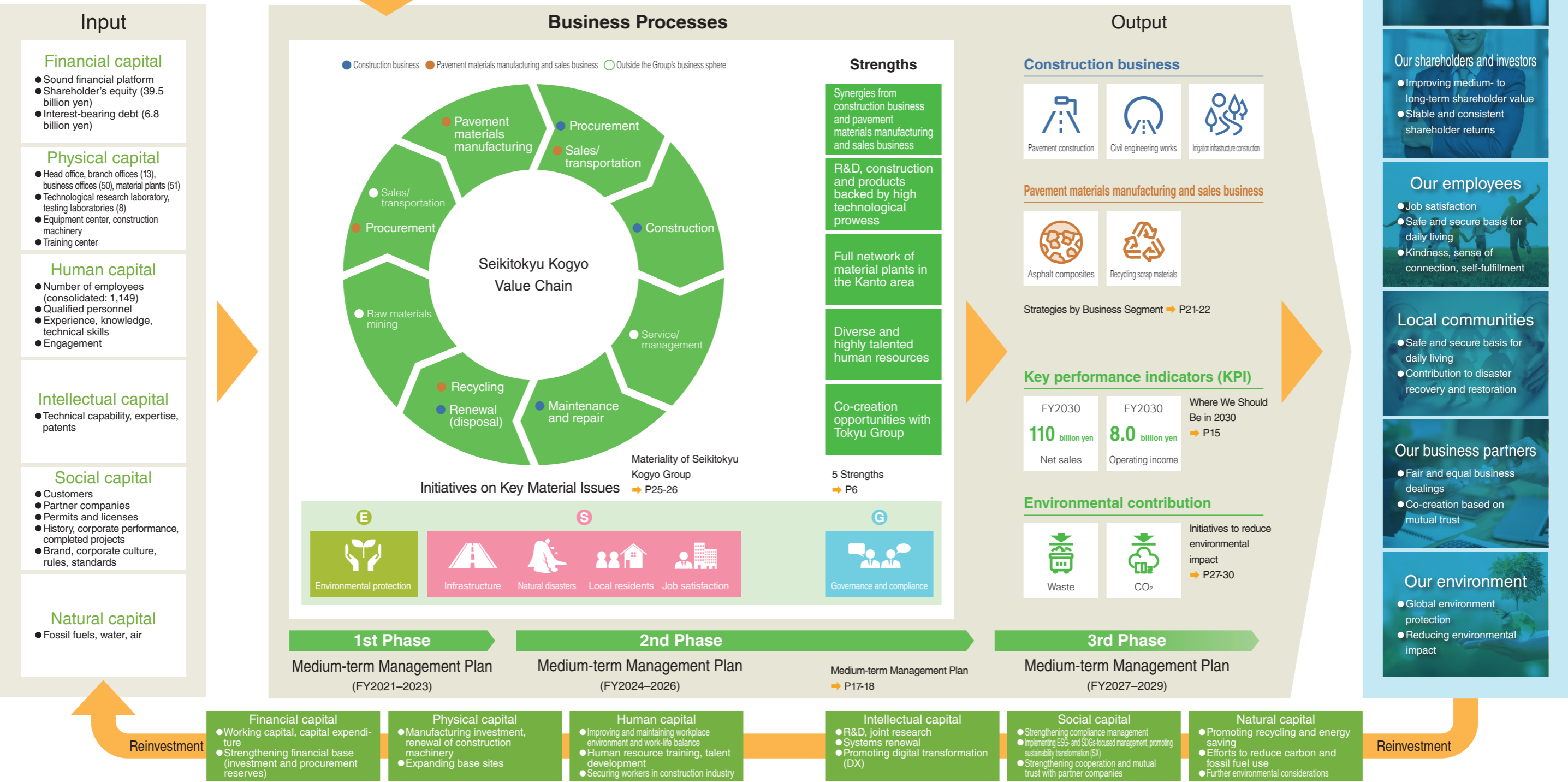
Country risk

Renewable energy

Where We Should Be in 2030

Where We Should Be in 2030 → P15

A truly strong corporate group that pursues personal and corporate growth in tandem and helps realize a sustainable society



Financial Highlights (as of and for the years ended March 31)

Non-Financial Highlights (as of and for the years ended March 31)



Message from the President

Our growth story, which began three years ago, has entered the second phase. We are further accelerating initiatives as we aim for our goal of “Where We Should be in 2030.”



I was appointed President in April 2019, one year before the Company's 70th anniversary. With the completion of the Medium-Term Management Plan (FY2018-2020) and the formulation of the next plan approaching, what I focused on was how we could clearly define the company's future vision and make the path to growth visible as a coherent story, unlike the traditional three-year management plans.

In order to realize sustainable growth in an era of rapid changes, it is essential that employees of the Group understand and take ownership of their current roles as well as the goals they should be aiming for, and the course that should be taken to achieve them, with each employee autonomously engaging in their work. However, even in my own case, employees are unable to readily comprehend what role they should play in achieving a company's vision just by a company setting numerical targets as part of medium-term management plans.

So, as we prepared to compile our long-term vision and growth story, we established Compass 2030 Project in July 2019 and held multiple discussions, inviting division chiefs from various departments who would become key personnel. In May 2021, we unveiled our future vision, which is our goal for 2030, internally and externally for all to see, and to be achieved through three-year Medium-term Management Plan for 1st Phase (Building the Foundation), 2nd Phase (Acceleration), 3rd Phase (Completion).

While this was the Group's first attempt at compiling a long-term vision, our score for Company Communication has been gradually rising based on engagement survey results, and I believe that visualization of our growth story has been of significance even in terms of employee motivation and engagement.

P15: Where We Should Be in 2030

Representative Director President Yoshikazu Taira

Progress of long-term vision

Results from the first phase and remaining challenges

The previous Medium-term Management Plan (FY2021-2023) was designed to build the foundation to achieve Where We Should Be in 2030 as the first phase in our growth story, and we have worked to shore up the earnings base for core businesses, expand business areas, implemented workstyle reforms, and strengthened sustainable management.

During the period of the previous Medium-term Management Plan, unforeseen events occurred around the world, including the COVID-19 pandemic, Russia's invasion of Ukraine and the ensuing surge in resource and energy prices, and the Israel-Hamas conflict. While domestic demand for road construction has remained solid, the business environment has been extremely tough in terms of profit and loss, including higher costs stemming from rising crude oil and material prices and the depreciation of the yen or yen weakness, having a direct impact on earnings for the product business.

In terms of earnings performance, we were unable to achieve our sales and profit targets, and as a corporate manager, we cannot be satisfied with these results. However, on the other hand, we consider the following as major outcomes: ① orders received for construction meaningfully above plans thanks to various initiatives, ② investments to build a sustainable business foundation generally progressing as planned, including the completion of the Company's new head office, upgrades to key plants, and rebuilding of business offices, ③ on the recruitment front, securing human resources and expanding the non-consolidated workforce to approximately 1,000 employees

amid a sellers' market, ④ and the upward revision to our net sales target for 2030. While challenges remain, from a broad perspective, we are steadily building a foundation and believe that we can link to the next phase.

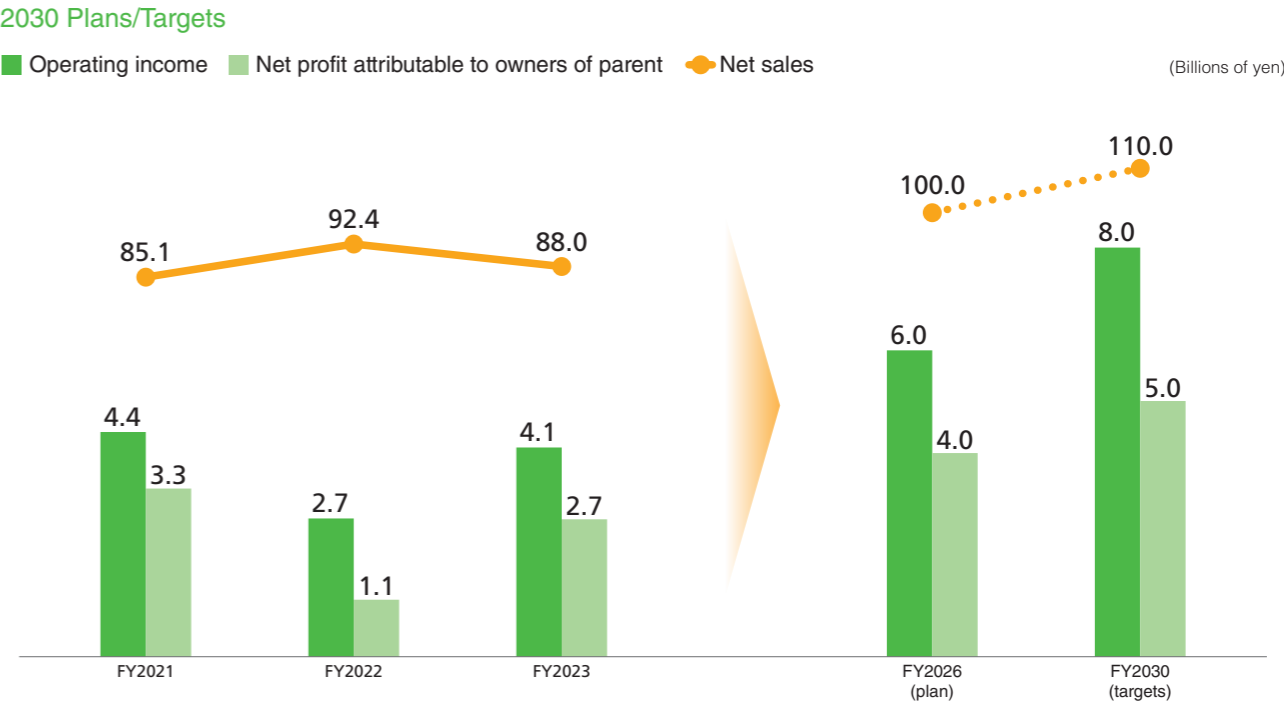
However the following challenges remain: ① Responding to rapid environmental changes, including rising costs caused by surging crude oil and material prices, ② rebuilding our overseas business, ③ accelerating initiatives for comprehensive contracting to the private sector, including for roads, and ④ responding to the shortage in engineers due to aging society and low birth rate.

In the second phase, accelerating initiatives to realize our vision

In May 2024, the Group published its new Medium-term Management Plan (FY2024-2026) as the second phase in aiming for Where We Should Be in 2030. In light of the results achieved in the first phase as well as the order environment, which is expected to remain solid, and the impact of rising personnel costs and prices, under the new Medium-term Management Plan, we will further accelerate initiatives based on five individual strategies and are targeting net sales of 100 billion yen, operating income of 6.0 billion yen, net income of 4.0 billion yen, and ROE of 9.5% in three years' time.

For the first year of the plan (the fiscal year ending March 31, 2025), which is already underway, we have secured an unprecedented high level of construction contracts brought forward, and despite challenges, the targets for the first year of the Medium-term Management Plan—net sales of 96.9 billion yen and operating income of 5.5 billion yen—seem achievable.

P17-18: Medium-term Management Plan (FY2024-2026)



Responding to shortage of workers in construction industry, our biggest challenge

Improving the workplace environment to secure human resource is an urgent priority

As we strive toward Where We Should Be in 2030, our biggest challenge is responding to a shortage of workers in construction industry. The shortage of engineers supporting construction sites poses a bottleneck for the Company as well as our partner companies, and along with improvements in the working environment in response to the so-called 2024 problem, the shift in some industries triggered by the revision of the Labor Standards Act as part of work style reforms, we must quickly pursue initiatives to secure human resources, including developing workplace environments responding to changing times, improving productivity, and eradicating the image of the industry of being hard, dirty, and dangerous.

In the second phase, based on the individual strategies of “create a virtuous cycle in the recruitment, retention, and development of human resources” and “establish new ways of working that help improve productivity,” we will strengthen diversity recruitment, promote DX, further develop workplace environments, and improve employees’ ease of work and job satisfaction.

Improved labor productivity and DX (Digital Transformation) Operations

We launched the workstyle reform project in May 2017 and have introduced a range of systems and policies, focusing on the correction of long working hours and the realization of a five-day workweek, designed in response to the maximum working hours limit, which came into effect for the construction industry in April 2024.

In promoting DX, we are expanding ICT-based construction by developing and introducing technologies such as drone-assisted earthwork calculation and remote control of asphalt pavers. We are also working on reducing and streamlining operations through the use of mobile devices, with a focus on improving productivity and reducing labor hours.

Securing, retaining, and developing human resources

The securing and retaining talented human resources is a pressing issue for the Group’s sustainable growth, and for management, it is a theme that should be tackled constantly and with priority.

For recruitment, at this point we have generally been able to secure human resources in line with plans, as mentioned earlier, even amid a sellers’ market. Over the past few years, we have focused on diversity recruitment, and in the fiscal year 2023, the number of foreign nationals were 52, with a foreign employee ratio of 5.2%, a significant increase from 12 foreign nationals and 1.4% in fiscal year 2020. The

number of female employees and mid-career employees is also gradually increasing, and expectations are high for future potential.

For human resources education, we are working to lift capabilities in light of each employees’ interests and motivation, including forming career paths and rebuilding education programs in response to diverse human resources. Additionally, at our in-house training facility, Tochigi Training Center (TTC), we run training programs that combine classroom training and hands-on training to heighten the benefits of education, to enhance human resources, including at partner companies.

Fair evaluation system

Employees’ values are also diversifying as a result of Diversity Recruitment, as noted earlier. Old management styles, such as the seniority system and staff reassignment based on company circumstances, are a thing of the past. We must switch to human resource management that is suitable for the new era, such as placing the right people in the right jobs in accordance with each employees’ interests, motivation, and capabilities and an attractive compensation system that rewards people working hard. When it comes to goal management systems that evaluate employees fairly, we strive for systems that are even more satisfying for employees as we build a suitable framework for the new times, and aim to further enhance their content in the future.

P33-36: Sustainability “Job Satisfaction”

Initiatives with important sustainability themes (Materiality)

Integrating solutions to issues with our long-term vision

In formulating our long-term vision, we systemically reorganized the key issues for achieving both a sustainable society and a sustainable growth of the Group and identified six important sustainability themes (materialities) as an integral part of the long-term vision. When formulating our current Medium-term Management Plan, we set KPIs for each of the materialities and are seeking to measure results, improve transparency, and accelerate initiatives.

P25-26: Sustainability “Materiality”

Contribute to reducing environmental impact through business activities

In August 2022, the Company was the first in the road construction industry to acquire SBT certification and we are working to reduce total overall GHG emissions relating to our business activities, including the supply chain. We have set a reduction in GHG emissions of 42% for Scope 1 and Scope 2 and 25% for Category 1 of Scope 3 in fiscal 2030 compared to fiscal 2020 as KPIs. We are continuing to consider specific initiatives to achieve our targets, focusing on the Sustainable Management Strategy Project.

P27-30: Sustainability “Environment”



Regain trust by promoting compliance management

We are enhancing and pushing ahead with compliance as the top-priority issue and a non-negotiable for the continuation of the Company.

In the past, we have had experience of being penalized by the Japan Fair Trade Commission for violations of the Anti-Monopoly Act and are therefore focusing on preventing obsolescence and striving to eliminate any illegal activities, including thorough education and training as recurrence prevention measures, strict disciplinary actions against violations, and investigations by third-party external experts. As part of such efforts, in 2024 we appointed an expert with a wealth of knowledge and experience in compliance as an Outside Director. We anticipate guidance and advice on compliance management from an expert perspective.

P40: Sustainability “Compliance”

Continued enhancement of corporate governance

Discussions by the Board of Directors are consistently unfettered and vigorous. Opinions were not so freely expressed back when I first joined as a new director, but the atmosphere changed considerably after an Outside Director, expert in women’s empowerment, was appointed as the Company’s first female director in 2020.

Additionally, Outside Directors are actively participating in on-site workshops and in-house events in order to get a real-life understanding of what it is like to work at the Company.

Currently, the Board of Directors comprises three Outside Directors (including two women), with women accounting for 28.6% of the Board. In addition to improving the

functioning of the Board of Directors in part by pursuing diversity, we intend to enhance and broaden corporate governance by further enhancing information disclosure and promoting sustainable management.

P37-41: Sustainability “Governance”

Message to Stakeholders

Management with an awareness of share prices and equity cost

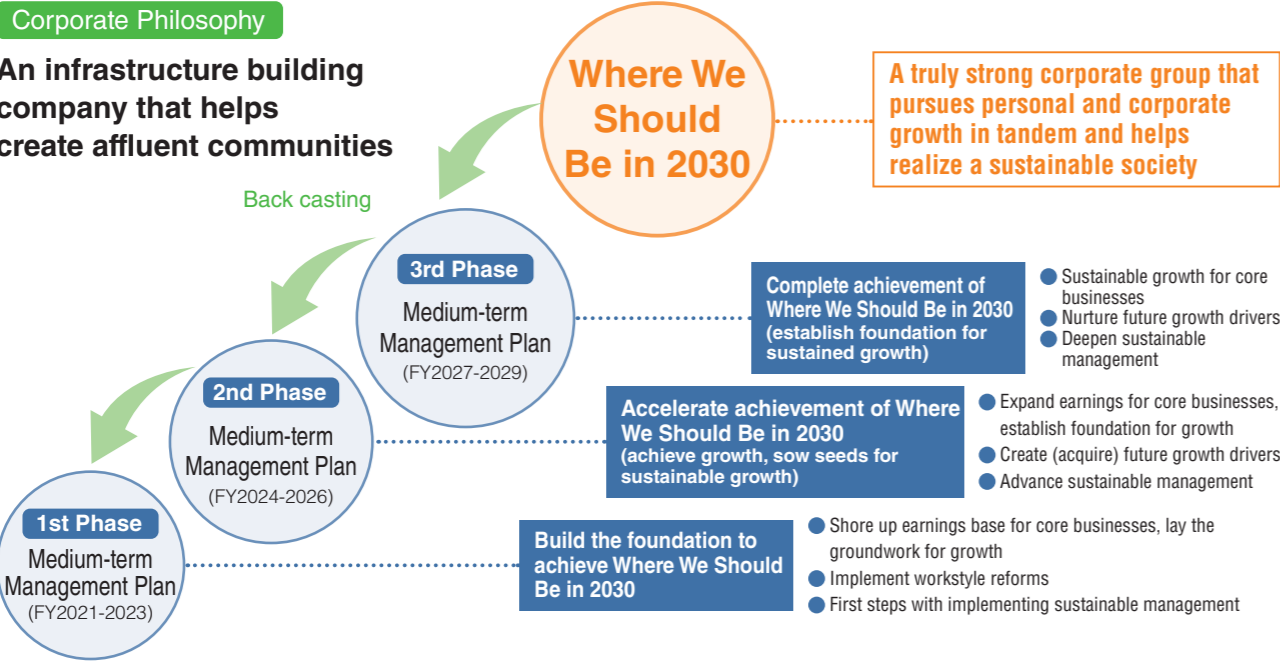
To improve the valuation of our stock, the Company decided to change its capital policy, partly in light of the opinions shared by stakeholders during dialogues, and in May 2023, the Company announced plans to control shareholders’ equity by actively returning profits to shareholders. Since then, the share prices in February 2024 recorded a new ten-year high, with the PBR returning to 1.7x as of March 31, 2024.

The shares are currently trading above a PBR of 1x, but we remain committed to further improving the valuation of our stock while continuing to engage even more actively in dialogues with all stakeholders and listen to all opinions. Going forward, we will work to enhance corporate and shareholder value over the medium- to long-term under our corporate philosophy as well as continue to pursue stable shareholder returns and meet the expectations of all shareholders. We kindly ask for your continued support.

Where We Should Be in 2030

As an infrastructure building company that helps create affluent communities, we drafted our vision of Where We Should Be in 2030 in May 2021 in order to provide lasting value to society and improve our own corporate value over the medium- to long-term.

The Group will continue to take initiatives as we strive to be a “truly strong corporate group that pursues personal and corporate growth in tandem and helps realize a sustainable society.”



Updated Financial Targets, etc. in Our Long-Term Vision

In the new Medium-term Management Plan (FY2024-2026), compiled in May 2024, we brought forward our target for achieving net sales of 100 billion yen to fiscal 2026, which had been our 2030 target, and also raised our target for net sales in our long-term vision to 110 billion yen, partly in light of the order environment expected to remain firm, the results of the previous Medium-term Management Plan, along with the impact of rising personnel costs and prices. In light of the updated net sales target that factors in rising prices as well as the current situation in which rising costs are not being passed on to customers or absorbed, as well as given improved treatment for workers and likely expanded human capital investments in the future, such as education and training, we have kept our initial targets for profit unchanged.

And while Our fundamental approach on cash flow allocation is unchanged, we will update capital expenditure plans based on current plans. For free cash flow, we have announced plans to continue actively returning profits to shareholders and controlling the capital structure, eyeing ROE of 10% and an equity ratio of 50%.

Key Performance Indicators (KPI) Consolidated

Item	Updated target (May 2024)	Item	Updated target (May 2024)
Net sale	110 billion yen	ROE	10.0%
Operating income	8 billion yen	Equity ratio	Approx. 50%
Net income	5 billion yen		

Cash flow use (2024-2030) Consolidated

Operating cash flow (for 7 cumulative years) Approx. 43 billion yen (net income approx. 29 billion yen) (depreciation approx. 14 billion yen)	Growth Investments (capital expenditure/strategic investment) Approx. 23 billion yen (approx. 18 billion yen/approx. 5 billion yen)	Shareholder returns Approx. 19 billion yen
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*We intend to allocate a reasonable amount to shareholder returns with an eye toward our targets of ROE of 10% and an equity ratio of 50%

Review of the Previous Medium-Term Management Plan

Key Performance Indicators Consolidated

- Recorded the highest sales in the past 20 years, exceeding the initial plan in FY2022 (the second year of the plan)
- In terms of profit and loss, the business environment remained tough amid surging personnel expenses and high material prices.
- Orders for construction reached the long-term vision target for FY 2030 (70.0 billion yen on a non-consolidated basis: undisclosed) ahead of schedule
- ROE missed the initial target but has currently recovered to above shareholders' equity costs (5.5%-6.5%), based on our recognition

Medium-term Management Plan (FY2021-2023) (Millions of yen)					
consolidated	FY2020	FY2021	FY2022	FY2023	FY2023 initial plan
Net sales	90,025	85,132	92,414	88,037	91,600
Operating income	8,470	4,418	2,669	4,091	5,800
Net income	5,180	3,304	1,127	2,740	3,700
ROE	13.4%	8.1%	2.8%	6.8%	Approx. 8.6%
Equity ratio	51.4%	51.7%	50.4%	53.3%	Approx. 50%

Investment Plans and Shareholder Returns

Investment Plan		Actual (over three-year plan)	Plan (over three-year plan)
	Maintenance, renewal, acquisition of factories, offices, construction machinery, etc.	10.6 billion yen	15.0 billion yen
	Strategic investment (M&A, etc.)	—	1.5 billion yen
Total		10.6 billion yen	16.5 billion yen

Total investments missed the plan due in part to drawn-out approval processes, but consistent investment to build a sustainable business foundation, including the rebuilding of our headquarter building, renewals of key factories, and office relocations, was basically in line with the plan. Meanwhile, we did not engage in M&A, etc. given the lack of candidates meeting conditions for strategic investments.

Shareholder Returns		FY2021	FY2022	FY2023
	Dividends			90 yen (includes interim dividend of 45 yen)
	Dividend per share	30 yen	30 yen	
	Dividend payout ratio	35.4%	97.6%	119.7% DOE
Total return ratio		109.6%	168.0%	— 8.2%

Stable and consistent shareholder returns with a targeted dividend payout ratio of roughly 30% and total return ratio of 50% or more

Shareholder returns with a targeted dividend payout ratio of 100% and DOE of 8%

Individual Strategies and Key Strategies

Individual strategies	Results	Future challenges
Expand stable earnings by further strengthening the competitiveness of our core businesses	(Construction) Expand construction orders won from expressway companies and steadily raise the level of base figures of business offices (Products) Expand supply area for low-carbon asphalt mixture/ manufacturing and shipping	Ability to respond to cost increases (response to rapid changes in the business environment, including surging resource and energy prices)
Rise to the challenge of expanding business areas and developing new business fields	Hone technology (including implementation of Pavement inspection technology using AI)	Rise again to the challenge of expanding business areas and developing new business fields (overseas expansion and creation of new M&A and other opportunities)
Create a virtuous cycle in the recruitment, retention, and development of human resources	Recruitment, including of foreign national human resources, generally as planned *Percentage of foreign national employees: 1.4% in fiscal 2020 → 5.2% in fiscal 2023 Progress with building new head office, relocating/updating offices	Build frameworks improving comfortability of work and attractive workplaces (improved engagement)
Establish new ways of working that help improve productivity	Create an environment for digitization and implement workstyle reforms (Utilization of smart devices and reduction of overtime working hours)	Improve productivity through digitization (further use of ICT) (increase efficiency of work processes)
Build a strong and sound management and financial base	Continued implementation of measures preventing recurrence of Anti-Monopoly Act violations Publish Integrated Report (including in English) First road industry company to acquire SBT certification	Promote sustainable management (various initiatives for materiality)

Medium-term Management Plan (FY2024-2026)

Medium-term Management Plan
→ <https://contents.xj-storage.jp/xcontents/AS03190/e55067b7/ebe6/41d4/910c/069b09e4fef3/140120240507583100.pdf>

External Environment and Social Issues

Risks and opportunities			
Macro environment	● Declining working-age population due to shrinking population, aging society and low birth rate ● Uncertainties with future political, economic and international situations ● More frequent and severe natural disasters ● Deteriorating infrastructure	● Management conscious of share price and cost of capital ● Immature infrastructure in some Asian and developing countries ● Environmental protection and climate change issues	
Market and industry	● Solid construction demand (continued measures to boost national resilience) ● Growing demand to maintain and upgrade infrastructure ● Aging skilled workers and shortage of workers to replace them ● Productivity improvements (workstyle reforms, leveraging ICT, labor savings)	● Initiatives for improving working conditions ● Crude price fluctuation risk (fluctuations in straight asphalt prices) ● Downtrend in asphalt mixture production volumes ● Rising construction costs, including personnel costs ● Create new-added value for road pavement (respond to mobility innovations) ● Low carbon and decarbonization	

Internal Resources

Strengths	Internal resources	Weaknesses
● Synergies from construction business and pavement materials manufacturing and sales business ● R&D, construction and products backed by high technological prowess ● Full network of material plants in the Kanto area ● Diverse and highly talented human resources ● Co-creation opportunities with Tokyu Group ● Track record as stable contract winner for public works projects		● Single market segment (susceptible to domestic road construction market) ● Private-sector works still not an area of expertise ● Locations for products business are concentrated in Eastern Japan; vulnerable to fluctuations in regional order volumes ● Shortage of skilled workers, constrained by human resources mix ● Reduced trust due past violations of Anti-Monopoly Act

Basic Strategy
Becoming a truly strong corporate group 2nd Phase

For achieving our vision (Where We Should Be in 2030), we are furthering initiatives under the five basic policies: “Expand stable earnings,” “Diversify revenue sources,” “Execute people-centric management,” “Establish new ways of working,” and “Enhance management and financial base,” to accelerate the transformation into a “truly strong corporate group.”

Medium-term Management Plan (FY2024-2026)

Individual Strategies

01

Expand stable earnings by further strengthening the competitiveness of our core businesses

02

Rise to the challenge of expanding business areas and developing new business fields

03

Create a virtuous cycle in the recruitment, retention, and development of human resources

04

Establish new ways of working that help improve productivity

05

Build a strong and sound management and financial base

Initiatives for important sustainability themes

We are promoting sustainable management by identifying six materialities as we pursue our vision (Where We Should Be in 2030), organizing materialities as well as specific initiatives and the SDGs that we can contribute to, and strengthening our business foundation in tandem with contributions to solving social issues.

Infrastructure

Local residents

Environmental protection

Job satisfaction

Natural disasters

Governance and compliance

Important sustainability theme

Key Performance Indicators Consolidated

Item	FY2023 actual	FY2026 plan
Net sales	88.0 billion yen	100.0 billion yen
Operating income	4.1 billion yen	6.0 billion yen
Net income	2.7 billion yen	4.0 billion yen
ROE	6.8%	9.5%
Equity ratio	53.3%	Approx. 50%

Non-financial information

	FY2023 actual	FY2026 plan
Number of female employees in career-track positions	65	100
Number of female managers	4	5
Employee engagement score	B	BB or higher

*Engagement Score: Evaluation based on a survey service provided by an external expert organization. Comprises 11 levels, with DD the lowest and AAA the highest. In the November 2023 survey, we ranked B, which is the sixth level from the top. BB is the fifth level from the top and A the third level from the top.

● Set KPI concerning other materiality → Refer to page 26 for specifics

Shareholder Return Policy

Reasons for change in shareholder return policy

We continue to actively control equity capital to maintain and improve ROE

- Mitigate the correlation between the impact of externals such as fluctuations in crude oil prices, the impact of one-off events on profits/losses, and total shareholder returns
- Combining DOE in order to transparently provide stable and continuous dividends over the medium and long term
- As we strive to achieve our 2030 KPIs, we will change our DOE target to 6% based on the most appropriate timing and details (*See chart below)

	Previous Policy in Medium-Term Management Plan (FY2021-FY2023)	New Policy in Medium-Term Management Plan (FY2024-2026)
Approach to dividends	Linked to single-year earnings	Stable dividends over the medium and long term
Shareholder returns indicators	Dividend payout ratio of approx. 30%, total return ratio of over 50% (for time being, targeting dividend payout ratio of 100% and DOE of 8%)	Targeting DOE of 6% *For FY2024, maintain DOE target of 8% [However, only in the absence of unexpected demand for considerable funds or a marked change in the environment]

Capital Allocation

- Implement continuous and strategic investments for building a sustainable business foundation
- Control the balance sheet to reflect a balance between financial soundness and capital efficiency
- Stable and proactive shareholder returns based on DOE

End of FY2023

Working Capital, etc.
(cash on hand)
13.4 billion yen

Interest-bearing debt
6.8 billion yen
(DE ratio 0.17)

Operating Cash Flow
(before R&D expense deductions)
Cumulative 3 years 18.5 billion yen

Net income 11.6 billion yen
Depreciation 5.4 billion yen
R&D expenses 1.5 billion yen

Allocate to cash on hand or procure additional interest-bearing deb 3.5 billion yen
*Target a DE ratio of less than 0.3

Shareholder Returns
Dividends — 8.5 billion yen

Growth Investments
Capital expenditure — 10.5 billion yen
(maintain backbone systems, growth)
Strategic investments — 1.5 billion yen
(expand business fields, M&A, etc.)

R&D Expenses
Environment, DX, etc. — 1.5 billion yen

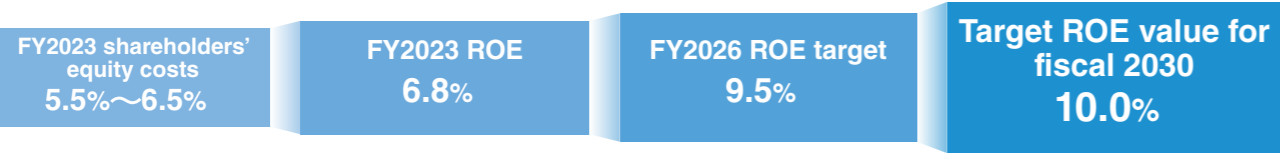
Management with an awareness of equity cost and share prices



Equity cost-conscious management

As the Company's corporate philosophy is "creating infrastructure for living that contributes to the creation of a prosperous community," the Company aims to improve corporate value over the medium to long term by realizing healthy sustainability and continuous growth. In terms of return on capital as well, the Company does not pursue high figures in the short term, but instead believes it is important to strike a good balance between ongoing investment and financial soundness and to provide economic value that exceeds the cost of capital over the medium to long term. In order to reflect this concept in our management, we have been striving to identify equity costs for some time, and this information is used in the formulation of the Medium-term Management Plan and in making important investment decisions in our day-to-day business operations.

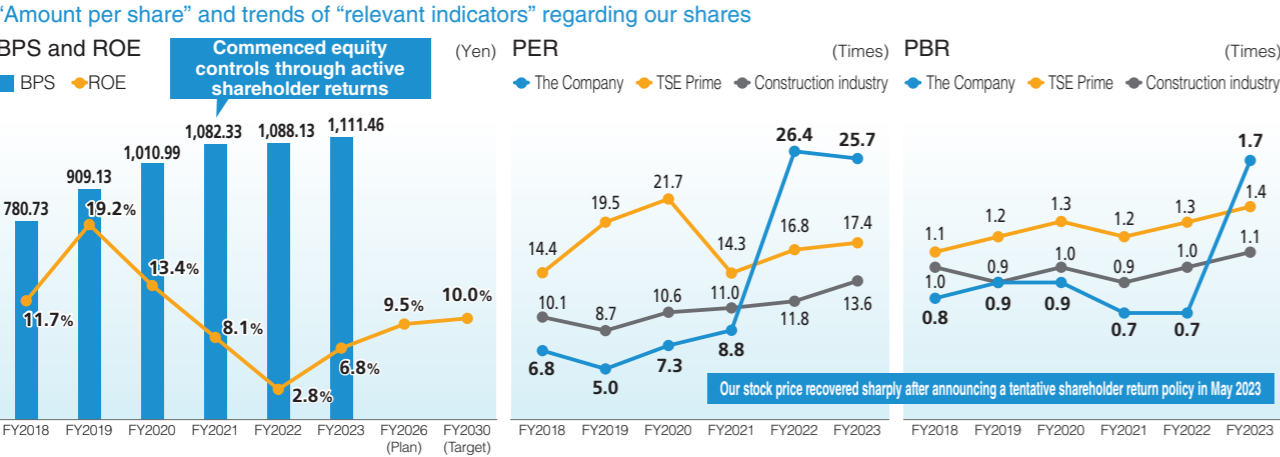
In addition, the long-term vision that outlines the Group's "Where We Should Be in 2030" and the Medium-term Management Plan(FY2024-2026), which is the first phase of the long-term vision, clearly state the Group's direction to continuously maintain a positive equity spread, and set ROE targets of 9.5% for fiscal 2026 and 10% for fiscal 2030, respectively, for the final fiscal years. Our shareholders' equity costs stand at 5.5%-6.5%, which was estimated with advice from outside agencies during the formulation of the Medium-term Management Plan. The weighted average cost of capital (WACC), which takes debt costs into account, is estimated to be 5%-6%. The relationship between capital profitability and equity cost in the long-term vision and Medium-term Management Plan is as follows.



Analysis and evaluation of capital profitability and market valuation

Current analysis and evaluation

- ▶ ROE had been on a downward trajectory following efforts to enhance equity but has been recovering from the bottom marked in FY2022, when earnings were sluggish, helped by controls on equity through active shareholder returns since FY2021. As of late, ROE has exceeded shareholders' equity costs.
- ▶ We calculate shareholders' equity costs at 5.5%-6.5% using CAPM. We consider this an appropriate level also in light of our earnings and dividend yields. ROE in the fiscal year ended March 31, 2024 exceeded shareholders' equity costs, as defined by the Company.
- ▶ Our share prices has recovered sharply since May 2023, when the Company announced initiatives to improve valuations, including changes to the shareholder return policy, with our PBR and PER topping the Prime Market averages.
- ▶ Since May 2023, the stock has traded at a PBR of above 1x. The PBR was 1.7x as of March 31, 2024.



Note: Figures for "TSE Prime" in "PER" and "PBR" are for the First Section of the Tokyo Stock Exchange prior to the fiscal year ended March 31, 2022. Figures for "Construction" relate to the construction industry in TSE Prime.

(Reference: Calculation method of shareholders' equity costs and estimated value for fiscal 2023)

*Calculation of shareholders' equity costs uses the capital asset pricing model (CAPM) and is estimated using values including the Company's share price fluctuation rate and the fluctuation rate of the stock market overall in the expected rate of return for stable assets such as government securities and the stock market's risk premium.

[Shareholders' equity costs = Risk-free rate + risk premium × beta]

Risk-free rate: 0.8%-1.4% Risk premium: 6.3%-6.7% Beta: 0.70-0.82 ➡ Shareholders' equity costs: 5.5%-6.5%

Policy and goals for improving valuations

Prior to announcing policies and targets for achieving improved valuation for our stock in May 2023, market valuation of the stock in terms of PBR and PER was below the average for both the entire market and the construction industry overall.

Analysis and evaluation as of May 2023

- ROE is in a declining trend due to the accumulation of equity. Furthermore, we presume that we have been evaluated with a strict outlook due to our recent business environment and business performance.
- During dialogues with shareholders and institutional investors, multiple stakeholders showed their concerns over the achievement of the medium- to long-term ROE targets, taking into consideration the current business environment, trends in results, capital structure, etc.

Considering these analyses and opinions, the Company, in a Board of Directors meeting in May 2023, reiterated and announced its commitment to enhance efforts for "profitability improvement," "equity control," and "reduction of shareholders' equity costs." This strategic approach aims to improve corporate and shareholder value over the medium- to long-term as well as to improve valuation of the stock in the market.

"Tentative Shareholder Return Policy" (*Ended fiscal 2023. See P18 for shareholder return policy for fiscal 2024 onward.)

For the time being, shareholder return policy will be "shareholder returns with a targeted dividend payout ratio of 100% and DOE of 8%," and to curb the buildup of shareholders' equity, while working to improve profitability with a view to achieving the target ROE value for fiscal 2030 as early as possible.

Dialogues with shareholders and institutional investors

In dialogues with shareholders and institutional investors after announcing our tentative shareholder return policy in May 2023, we received the following opinions.

- The DOE target in the shareholder return policy seems appropriate considering the Company's business operations.
- The Company seems strongly committed to controlling the capital structure.
- There are concerns that given the Company's current situation, "shareholder return levels for the time being" may be excessive.
- How long is "for the time being?" There are expectations for stable returns over the medium to long term.
- The 50% targeted equity ratio seems excessive considering the strong stability of the Company's businesses.
- The next Medium-Term Management Plan should contain a scenario painting a picture for growth prospects and sustainability as well as non-financial KPIs.

In formulating our new Medium-Term Management Plan, we referenced the above-noted opinions received during dialogues. Specifically, these are mainly reflected in the following items.

- For our shareholder return policy, we have officially adopted a DOE target in order to realize dividends with even greater stability over the medium to long term, while also clarifying the final year of our tentative policy, which had been set "for the time being."
- The targeted equity ratio of 50% for equity controls is viewed by the Company as the optimal level in light of striking a balance between return on capital, financial soundness, growth investments, shareholder returns and the like. We have again clarified this stance.
- We have established KPIs for materiality, clarifying our stance for advancing sustainability management.

Aiming for further valuation improvement

In both our long-term vision Where We Should Be in 2030 and the Medium-Term Management Plan, we have indicated our commitment to expansion in the equity spread through both improving ROE and reducing shareholders' equity cost, targeting ROE of 9.5% and 10%, respectively, in the final year of our long-term vision and the Medium-Term Management Plan and. (Please see Medium-Term Management Plan (FY2024-2026) for more details.)

Currently, the shares are trading at a PBR above 1x, but we will continuously implement initiatives for even greater improvement in market evaluation and will work toward enhancing corporate value and shareholder value over the medium and long term.

Achieve management aware of share price and cost of capital and

Improve ROE

- Improve profitability (improve profit margins, capital efficiency) / Execute business strategy to ensure profitability exceeding the cost of capital
- Growth strategies / Investments in human resources in addition to capital expenditure, R&D investments and M&As, etc.
- Control equity (financial leverage) / KPIs for equity ratio of around 50%, DE ratio below 0.3

Lower shareholders' equity costs

- Initiatives for sustainability and resilience / Specific initiatives based on materialities
- Management transparency / Enhance information disclosure and continue dialogs, etc., leading to understanding of shareholders, investors, and share market

To maintain and improve PBR, strive to ensure ROE above shareholders' equity and further expand the equity spread.

Strategies by Business Segment

Construction Business

Overview of Construction Business

In the Construction Business centered on road pavement, in addition to promotion of projects for disaster prevention and mitigation and building national resilience, and large-scale renewal and repair work to aging expressways, both public and private orders were strong due to an increase in demand to build renewable energy facilities.

Although net sales from completed construction contracts fell in the fiscal year ended March 31, 2024, compared to the previous year, due to the full-fledged start of work for multiple large-scale projects pushed into the next fiscal year, profits were mainly unchanged year-on-year, due to the impact of rising costs absorbed to a degree. Orders for construction increased year-on-year for the second consecutive year. On a non-consolidated basis, and continuing on from last year, orders for construction topped 70.0 billion yen, which had been our initial target for fiscal 2030. All told, earnings are stable over the past few years.

We also expect the stable order environment to continue in the fiscal year ending March 31, 2025, and will actively develop our business activities to achieve increases in both sales and profits.

Initiatives to Achieve the Long-Term Vision

For our medium-to long-term strategy, we recognize that it is essential to prepare for measures addressing the long-term gradual decline in government and public sector projects, which reflects the financial situation of national and local governments, as well as the accelerating shift from new infrastructure development to maintenance and renewal. In addition, securing workers in construction industry has become a significant issue in the construction industry. At our company, we are actively working on improving productivity through the use of ICT and AI, enhancing the efficiency of infrastructure maintenance and management, implementing work style reforms to correct long working hours, updating offices to improve the working environment, and promoting diversity.

As we strive to prevail in intense competition and contribute to realizing a sustainable society as an infrastructure building company that helps create affluent communities, we are engaging in the following strategies in our new Medium-term Management Plan, which marks the second phase for achieving our long-term vision.

Key Strategies in the Medium-term Management Plan (FY2024-2026): Major Items

- Accumulation of construction achievements and strengthening of response capabilities (construction orders from the Ministry of Land, Infrastructure, Transport and Tourism and expressway companies)

■ Strengthen development of sales in countermeasures for aging and deteriorating infrastructure, disaster prevention/mitigation fields and renewable energy
- Continued comprehensive contracting to the private sector, including for roads

■ Create business models for solving issues faced by contractees

■ Hone technology for inspecting/diagnosing roads

Completed Construction
(1 Customer 2 Project 3 Site(Prefecture))



1 Tokyo Metropolitan Government
2 Surface repair work (4-2-9, heat barrier pavement)
3 Tokyo

Acquisition of ISO 55001 Asset Management System Certification

In March 2021, we obtained the ISO 55001:2014 certification for our asset management system.

By proposing optimal cost maintenance and repair plans and VE for assets owned by the ordering party (asset owner), we will contribute to the reduction of life cycle costs of the assets, increase in asset value, and efficient implementation planning, and offer the value appropriate to the times of infrastructure maintenance.

■ Certified organizations: Engineering Department, Business Promotion Division; Technology Department, Technology Division

■ Scope of certification: Comprehensive maintenance and proposal with regard to roads (pavement and structures)

*Obtained certification as a non-asset owner (service provider)



Pavement Materials Manufacturing and Sales Business

Overview of Pavement Materials Manufacturing and Sales Business

In the Pavement Materials Manufacturing and Sales Business, which focuses on the production and sale of asphalt mixtures, both production and sales quantities have been struggling amid a challenging competitive environment and a sluggish domestic demand trend in Japan.

In addition, due to the impact of the soaring price of crude oil in these times and the weak yen, the price for purchasing straight asphalt, which is a main material, and for fuel expenses pertaining to manufacturing and transportation remain at a high level, so this continues to compel a very harsh revenue environment.

In the fiscal year ended March 31, 2024, sales quantities of asphalt mixture declined year-on-year, but amid high manufacturing costs, including those related to crude oil, we were able to pass these costs onto product selling prices to a degree. As a result, net sales were generally on par with the previous year, while profit swung to growth after two consecutive fiscal years of sharp declines, indicating that signs of a rebound have finally emerged.

For the fiscal year ending March 31, 2025, it remains difficult to expect dramatic improvements in the external environment, such as the tense international situation; therefore, the Company will continue to work concertedly to obtain customers' understanding regarding ensuring reasonable selling prices, securing the quantity for manufacturing and sales, and cost control.

Initiatives to Achieve the Long-Term Vision

Regarding our medium- to long-term strategy, we perceive expansion of sales quantity, carbon neutrality initiatives, and improvement of customer convenience and realization of workstyle reform through DX promotion as significant pillars and are proceeding with various initiatives.

The Company has so far engaged in initiatives to introduce machines with highly efficient combustion as well as switch some of our fuel oil to gas in conjunction with the upgrading of manufacturing equipment. These initiatives are not only reducing environmental impact, but also reducing the costs associated with energy consumption, so we will continue these investments as planned in the future.

With our new Medium-term Management Plan exposed to external risk factors including waning product demand as well as trends in crude oil prices and foreign exchange, we are committed to improving our competitiveness with an eye to the future by positioning securing sales quantity, which is our business base, and expanding our share of the market along with environmental responses as key issues.

Key Strategies in the Medium-term Management Plan (FY2024-2026): Major Items

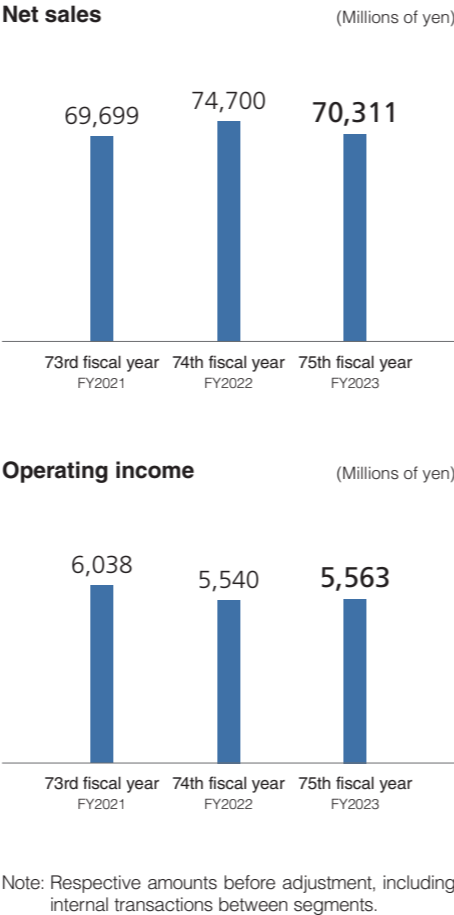
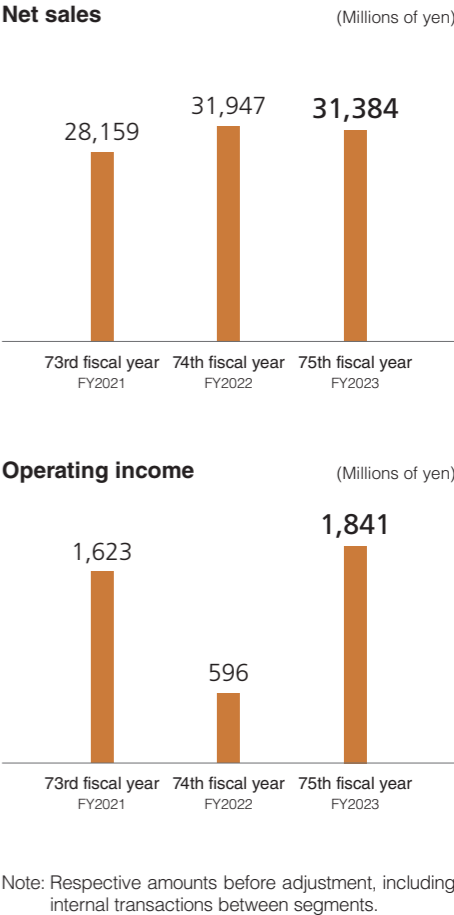
- Regional strategies for securing sales volumes

■ Strengthen sales of eco-friendly products (strengthen business foundation for cold asphalt mixtures)
- Implement capital expenditure plans to preserve competitive edge and for environmental measures

Our Technologies

Cold asphalt mixture “Ecomix”

Ecomix is an environmentally friendly cold asphalt mixture, which contains 50% or more aggregate recycled from asphalt. It is an Eco Mark certified product that ensures a certain level of workability and demonstrates a high level of strength.



Research & Development and Intellectual Property



The Group's research and development takes into consideration societal technological demand, such as trends in international society and needs within Japan, and is conducted mainly by the Research and Development Department at the center of the Technology Division.

At present, we have selected carbon neutrality, construction DX, longer life of road infrastructure, and productivity improvement as important development themes to contribute to the realization of a sustainable society as a Group that plays a part in developing social capital, and we are working on research and development focused on these areas.

Recent Initiatives

Decarbonization and Low-Carbon Initiatives

We are working to become carbon neutral by focusing on asphalt mixtures and the manufacturing process of asphalt mixtures in asphalt plants. Asphalt mixtures are designed to reduce CO₂ emissions by replacing existing materials such as asphalt, aggregate, and filler, which make up the mixture, with naturally occurring or CO₂ adsorption and fixation materials. We are in the process of confirming the properties and verifying the effectiveness of the mixtures that replaced the previous materials.

For asphalt plants, we are advancing considerations for CO₂ emissions reductions by developing technology that reduce fuel consumption.

Development of Alternative Asphalt

For asphalt, we forecast that new materials providing an alternative to petroleum asphalt will become necessary in the future given carbon neutrality, reduced crude oil production, and surging prices. For this reason, we have been researching new binders that do not use petroleum asphalt.

At present, we are conducting test construction with a mixture of a binder using natural asphalt and plant-based materials and will evaluate the long-term durability of the mixture in follow-up studies as well as consider recycling.

Extended Life of Road Infrastructure

Amid demands for improved durability of roadbeds and below for extending the life of pavements when it comes to national highways and expressways, the Company is considering new roadbed materials.

Additionally for CRACK REPAIR, a repairing material that can be injected into concrete cracks, strong durability has been confirmed through track testing via joint research with the Public Works Research Institute. Using samples, we are confirming appropriateness at our sites, and in the future we will begin sales as a maintenance repair material for concrete pavement.

Development of DX (Digital Transformation) Technology

In the construction industry, efforts are being made to remotely operate construction equipment and to make it unmanned for the purposes of improving productivity and responding to chronic labor shortages and work style reform.

We are developing a remotely operated system for the asphalt finisher, a key construction machine in pavement construction. Currently it is possible to remotely operate a portion of the mixture laying-leveling work, and this fiscal year we have obtained various data by conducting verification at actual sites. We will continue to develop the system with a view to eventually making the paving operation unmanned through further onsite verification.

We were awarded the grand prize for Kanto infrastructure DX by the Kanto Regional Development Bureau, Takasaki River and National Highways Office <Pavement repair work on Annaka area of R4 National Route 18>

Initiatives to Achieve the Long-Term Vision

From a long-term perspective, we have positioned development of next-generation pavement technology that takes into consideration decarbonization according to Japan's plans to achieve carbon neutrality by 2050 as an important topic. From a short- to medium-term perspective, important topics include rapid population aging, decline in the work force, DX to contribute to resolving the issue of coping with infrastructure deterioration, optimization of infrastructure development, long life of infrastructure, and improving productivity.

Investment related to intellectual property, including in research and development and study of technology, is a critical factor in our survival as a company that bears responsibility for infrastructure development. Therefore, we will continue to make important investments in line with system-related development to support a new workstyle.

Key Strategies in the Medium-term Management Plan (FY2024–2026): Major Items

- Sophisticated technology proposals and technological development with an eye to changes in the social environment, including technology to reduce CO₂ through low-carbon asphalt mixtures
- Provide new technology and value for social infrastructure development (extend the life of road infrastructure, expand environment-related technologies such as recycling technologies and others)
- Proactive use of ICT, digitization of work tasks, and accelerated division of labor

Technical Information
→ <https://www.seikitokyu.co.jp/business/> (in Japanese)

Capital Policy and Financial Strategies



Fundamental Approach

The Seikitokyu Kogyo Corporate Governance Guidelines describe our basic capital policy-related approach as: “The Company considers the securing of continued growth investment and a strong financial base to be essential for achieving sustainable growth and improving medium- to long-term corporate value and shareholder value. As such, the Company shall endeavor to maintain the necessary level of shareholder equity and consider an appropriate balance with capital efficiency.” Financial soundness, safety, and stability are key to a company involved in public works projects, and capital efficiency is important as a listed company. We recognize the importance of balancing these two aspects at a high level.

Maintain and Improve Financial Soundness

Amid an update to our quantitative image for Where We Should Be in 2030, we set securing a credit rating equivalent to BBB+ as a benchmark for financial soundness. And while we are controlling the balance sheet, targeting an equity ratio of about 50% and a DE ratio below 0.3, we indicated plans to achieve our ROE target of 10%.

If we take into account business evaluations in the construction industry, we do not consider our current equity or equity ratio to be excessive. In order to create an optimal capital structure that offers both stability and efficiency, we believe it is necessary to maintain a sound financial base going forward, based on the above targets.

Cash Position

In addition to securing stable working capital, we need to consider capital investment, strategic investment, and measures required to respond to natural disasters and any other unforeseen circumstances. As such, we believe that our cash position needs to be roughly twice the size of our average monthly sales.

The monthly funds figure will fluctuate owing to the fact that payments for sales tend to come in primarily in the latter part of the month while the settlement date for purchase obligations falls in the middle of the month. Therefore, the current cash balance on the balance sheet corresponds broadly to the maximum amount of funds recorded in the account during a particular month.

We need to consider our funding efficiency improvement and flexible financing, so we intend to maintain a stable cash position by utilizing commitment lines and other channels.

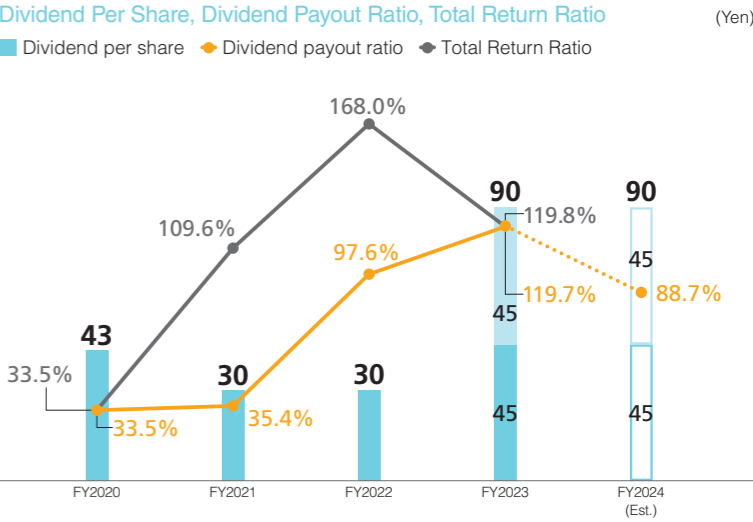
Cash Flow Allocations

Together with our updated quantitative image for Where We Should Be in 2030, we are steadily making the necessary investments (capital expenditure, strategic investments) to realize our long-term vision as regards cash flow allocations. For free cash flow, we have signaled plans to control the capital structure, including allocating a reasonable amount to shareholder returns with an eye toward our targets of ROE of 10% and equity ratio of 50%.

Shareholder Returns

We actively return profits to shareholders from the perspective of equity control, with a strong focus on the equity cost along with capital profitability as we work to improve shareholder value. For our annual dividend for the fiscal year ended March 31, 2024, prior to the change in May 2024, we set a policy of “shareholder returns with a targeted dividend payout ratio of 100% and DOE of 8%” for now. Based on this, the dividend came to 90 yen per share (45 yen as interim dividend and 45 yen as year-end dividend), translating to a dividend payout ratio of 119.7% and DOE of 8.2%.

As noted on page 18, we revised our shareholder return policy from fiscal 2024, and the dividend forecast for the fiscal year ending March 31, 2025 is an annual dividend of 90 yen per share (45 yen as interim dividend and 45 yen as year-end dividend, DOE of 8.1%, dividend payout ratio of 88.7%) under our new policy.



* DOE = (Interim dividends + Year-end dividends) / Equity [average during the year] x 100

Materiality of Seikitokyu Kogyo Group

Our Stance on Sustainability

The corporate philosophy, “A life infrastructure building company that helps to create affluent local communities,” forms the basis of Seikitokyu Kogyo Group’s business activities. For more than 70 years since the founding, the Group has been offering high quality services for social capital development, which resulted in a steady growth of its business. While road construction constitutes the main line of its business, the Group also engages in civil engineering works, works related to water use and environment, and pavement materials manufacturing and sales.

Due to the recent acceleration of changes in the social environment, businesses today face diverse expectations and challenges. Nevertheless, our mission remains unchanged, which is to sincerely fulfill its responsibilities as a company that plays a part in social capital development and to keep supporting the foundations of people’s lives and business activities.

In the long-term vision, we have set “A truly strong corporate group that pursues personal and corporate growth in tandem and helps realize a sustainable society” as Where We Should Be in 2030. The vision illustrates our intention to secure and develop human resources; strengthen our business foundation while valuing engagement with a wide range of stakeholders, such as customers, business partners, and local communities; and constantly address social issues.

We will continue to strive for fair business administration, as well as creation of a healthy and satisfying workplace, where employees and other actors in our business can fully demonstrate their abilities. In addition, we will work on further improvement of quality and safety, as well as reduction in the environmental burden, to contribute to the achievement of a sustainable society through our business activities.





























Process to Identify Materiality

Based on the 17 SDGs and 169 targets, etc., we extracted social issues the Group should address, responsibilities the Group should fulfill in addressing them, and what the Group should develop (work on) to address them. What have been extracted were systematically organized into six items to constitute materiality, in light of various factors including a medium- to long-term picture of society, our business model, our strengths, and importance to the Company and society. After discussing the matter in relation to medium- to long-term management policies and management plans, the Board of Directors finalized the items as important sustainability themes that set directions for the Group to realize our Where We Should Be in 2030 strategy.



Important Themes and the Group’s Goals

The Group has identified materiality for the achievement of both a sustainable society and a sustainable growth of the Group. The relevance of our contribution to sustainability to the SDGs is shown below.

Important sustainability theme <Our way to 2030>		FY2026 targets	FY2030 targets	Results	Relevant SDGs
 Environmental protection Contributing to the environment by reducing the environmental impact through our business activities and that of our own business activities	GHG emissions (Scope 1 and 2) GHG emissions (Scope 3, Category 1) *Reduction targets and results: Compared with FY2020	-	42% reduction 25% reduction	0.5% increase 21.0% reduction (FY2023)	   
	Rate of recycling of construction waste	98.0%	98.0%	98.5% (FY2023)	 
 Infrastructure Helping develop infrastructure that can be used safely, securely, and comfortably by all people	Evaluation score for construction performance (average for subject year) *Evaluation score for work contracted to the Company as a prime contractor and ordered by the Ministry of Land, Infrastructure, Transport and Tourism	80 points	80 points	79.3 points (FY2023)	    
 Natural disasters Helping restore regional economic activity and livelihoods through restoration and reconstruction work in the event of a natural disaster	Response rate for safety confirmation training by executives and employees *Response within three hours during working hours after commencement of training, within six hours outside working hours	90%	90%	55.8% (March 2024)	
 Local residents Helping create a better living environment as a good corporate citizen and local community member	Hosting of site visits and off-site workshops, participation in community activities	-	-	Hosted site visits and study events, and participated in community activities	   
 Job satisfaction Creating working environments with which everyone feels satisfied and transforming into a company that attracts workers in construction industry	Rate of taking paid leave	70%	70%	61.0% (FY2023)	  
	Rate of taking childcare leave (Male)	85%	85%	55.6% (FY2023)	
	Percentage of women among new graduates recruited (career-track positions)	20%	20%	13.9% (FY2023)	
	No. of female managers	5	7	4 (FY2023)	
	No. of fatal occupational accidents	0	0	0 (FY2023)	
 Governance and compliance <ul style="list-style-type: none">Pursue the best governance for the GroupRegain trust by promoting compliance management	Continuous enhancement of corporate government (ensuring effectiveness of Board of Directors, expanded information disclosure, etc.)	-	-	Ensured effectiveness of Board of Directors, promoted the expansion of information disclosure, including publishing of integrated report	
	Compliance training participation rate	100%	100%	100% (FY2023)	

Environmental

Environmental protection

Environmental Policy

1. SEIKITOKYU KOGYO CO., LTD. (the “Company”) engages in design and construction of pavement and civil engineering works, research and development of technologies, and manufacturing and sales of pavement materials as its main lines of business. The Company works to reduce the environmental impact in all business activities, protect the global environment, and establish a recycling-oriented society.
2. The Company takes the following actions to strive for constant improvement of its environmental management system and prevention of environmental pollution.

(1) Promote appropriate disposal of industrial waste

(2) Reduce CO2 emissions

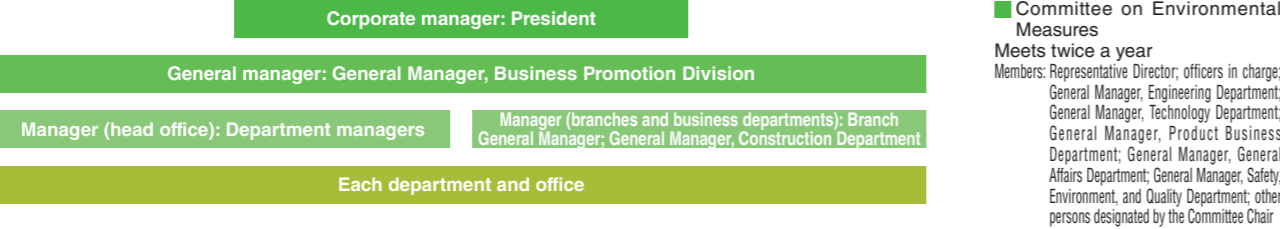
(3) Promote resource saving, energy saving, and recycling

(4) Engage in research and development of environmentally friendly technologies
3. The Company complies with relevant legal regulations on the environment and other requirements it agreed on.
4. To attain the environmental policy, the Company sets environmental goals within the scope that is technologically and economically possible, strives to achieve them, and reviews them on a periodic basis.

Environmental Management System

Seikitokyu Kogyo has implemented an environmental management system covering the head office and all branches, business offices, and mixture plants. Following the PDCA cycle, we strive for a constant improvement of environmental protection activities.

Organizational Structure



Acquisition of ISO 14001 Certification

Since April 2004, we have an environmental management system based on ISO 14001 in place. Periodic audits by external auditors and internal audits by internal auditors facilitate the appropriate implementation and sophistication of the system.

As of August 31, 2024, we have acquired the ISO 14001: 2015 certification for the head office, branches, and offices (excluding some departments) in Japan.

Results of the Most Recent External Audit

The 6-2nd surveillance audit in 2024

Category	Good practice	Improvement opportunity	Observation	Improvement needed (Nonconformity)
No. of cases	4	4	0	0

Web

ISO14001

➔ <https://www.seikitokyu.co.jp/company/iso>

(in Japanese)



Permission to Engage in the Industrial Waste Disposal Business

We have the permission to engage in intermediate processing of industrial waste at 22 facilities in 16 administrative districts, where construction waste, etc. is recycled.

As of March 2024, 15 of these facilities in 11 administrative districts have been certified as excellent industrial waste disposal operators.

***Excellent Industrial Waste Disposal Operator Certification System:** A system where prefectural governors and designated city mayors accredit industrial waste disposal operators that conform to the Criteria for Industrial Waste Disposal Businesses with Excellent Capabilities and Track Record (Excellency Criteria)

Measures to Reduce Waste

To reduce the final disposal volume of waste, we proactively take the measures listed below.

- 1 Recycle all concrete and asphalt waste
- 2 Simplify the packaging of procuring materials
- 3 Prevent reworking and returning
- 4 Promote sorting activities

Waste Volume (Non-consolidated)

FY	2021	2022	2023
Volume of industrial waste	342,953t	271,051t	246,868t
Volume of general waste	277t	262t	249t
Rate of recycling	96.4%	96.2%	98.5%

Global Environmental Protection and Recycling-oriented Society

Based on the recognition that protection of the global environment constitutes an important business challenge, we take various measures to reduce the environmental impact and contribute to environmental protection. Specific measures include improvement of manufacturing facility functions, which takes place simultaneously with facility upgrade; replacement of fuels; and introduction of solar power generators. They are taken in the process of promoting growth strategies, with an eye on long-term prospects.

Major Facility Upgrades in FY2023

New Construction of the Tokatsu and the Kobe Business Offices

New offices for the Tokatsu Business Office in Kashiwa, Chiba and the Kobe Business Office in Kobe, Hyogo were each completed in October 2023.

Both new business offices are more comfortable for employees than the previous offices and also mark considerable improvements in terms of being environmentally friendly and disaster resilient, offering spacious office space, solar panels on their roofs, electricity storage systems, and EV recharging equipment.



Tokatsu Business Office
(ZEB* classification: ZEB Ready)



Kobe Business Office
(ZEB* classification: ZEB Ready)

*** Abbreviation of Net Zero Energy Building**
A building designed to provide a comfortable indoor environment while reducing the annual primary energy balance consumed by the building to zero.

New Crushing Facility at Myokenjima Mixture Plant

Construction of the new crushing facility* at the Myokenjima Mixture Plant in Edogawa-ku, Tokyo, was completed in November 2023.

The facility, built with the surrounding environment and aesthetics in mind, boasts the capacity to crush 2,400 tons per day, among the highest for the Tokyo metropolitan area, and contributes to realization of a recycling-oriented society, with stable operations meeting demand for recycling of construction byproducts arising from infrastructure redevelopment.

***Crushing facility that treats asphalt waste, concrete waste, and the like to produce recycled roadbed materials.**



Participation in GX League

The Company has participated in the GX League,* led by the Ministry of Economy, Trade and Industry, since fiscal 2024.

Prompted by this participation, the Company has further accelerated technological development pursued to date and reductions in its environment impact, and other initiatives to achieve carbon neutrality in 2050 and is contributing to the realization of a sustainable society.

***The GX League** is a forum for companies taking up the challenge of green transformation (GX) and striving to realize sustainable growth in the current and future society to cooperate with other company groups, the government, and academic institutions with an eye to realizing carbon neutrality in 2050 and societal change. GX League corporate participants actively discuss and propose rule formation and other matters difficult to undertake solo concerning GHG emissions reductions across the supply chain and green purchasing.

Actions to Meet GHG Emissions Reduction Targets, for which We Obtained SBT Certification

The Group is working to achieve GHG emissions reduction targets for fiscal 2030, for which we obtained SBT* certification in August 2022. ➔ For details, refer to page 30

***Science Based Targets (SBT):** Targets to reduce greenhouse gas emissions that are aligned with the level required in the Paris Agreement and are set by businesses for a 5- to 15-year timeframe.

Sustainable Management Strategy Project

In pursuit of the “Where We Should Be in 2030” strategy and further increase in corporate value, we launched an internal project in April 2021 aimed at promoting sustainability transformation (SX) and digital transformation (DX), and we reorganized and systematized development of both projects (SX promotion project and DX promotion project) as the Sustainable Management Strategy Project in April 2022.

To achieve carbon-neutral business operation, we are now considering a roadmap and the like, led by this project, to achieve the fiscal 2030 and fiscal 2050 reduction targets for GHG emissions, and would also like to report on our specific emission reduction plan at the earliest stage possible.

The Group will continue to promote initiatives to realize carbon-neutral business operations, actively utilize digital technology, and practice sustainable management.

Outline of disclosure of climate change-related information (disclosure based on the framework of TCFD recommendations)

Governance

1. Board of Directors’ supervisory framework for climate change-related risks and opportunities

In the process of formulating our long-term vision, the Board of Directors deliberates on risks and opportunities related to climate change along with the measures to address them, and those details are reflected in the Group’s “Where We Should Be in 2030,” “Materiality,” and “Medium-term Management Plan.”

The Board of Directors is informed of important issues related to sustainability, including compliance, climate change, and human capital issues, and oversees the Group’s sustainability initiatives.

2. Role of management in assessing and managing climate change-related risks and opportunities

The risk management of the Company is undertaken by the officer in charge of Business Administration Division as General Manager of risk management, and the President as the officer taking ultimate responsibility for risk management.

In addition, we have established the Sustainable Management Strategy Project as an organization to formulate policies, set targets, and promote initiatives related to sustainability, including climate change. This project has been established as an organization that operates under the direct control of the President, and reports the status of its efforts to the Board of Directors for supervision as appropriate.

Overall environmental measures, including climate-related measures, are discussed by the Committee on Environmental Measures, which is chaired by the President and includes the General Manager of the environmental management system, who is the officer in charge of the Business Promotion Division, and several other members. As necessary, instructions are given regarding the investment of managerial resources and the addition or modification of environmental measures, and any matters of importance are reported to the Board of Directors.

Risk Management

Company-wide risks and opportunities, including those related to sustainability, are examined and managed by the respective departments in charge in the course of normal business activities. When necessary, the Committee on Risk Management is formed with the General Manager of risk management as the chairperson and the Internal Control Department, which has an internal audit function, as the executive office, to establish and operate an effective risk management system. The most significant risks (including, but not limited to, sustainability-related risks) and measures to address them are reported to the Board of Directors, and climate change-related measures are also integrated into this risk management process.

Strategy

1. Resilience in a changing climate

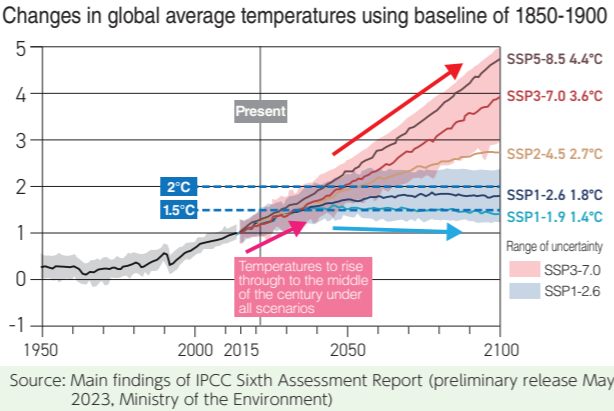
In formulating our long-term vision “Where We Should Be in 2030,” we have taken into consideration the future social vision on a medium- to long-term time horizon, our business model, our strengths, weaknesses, risks and opportunities, and the importance of our company and society. At the same time, we have systematically reorganized the key issues for achieving both a sustainable society and sustainable growth of the Group and have identified and announced an important sustainability theme (Materiality) as an integral part of the long-term vision.

Having clarified our vision for 2030, we have incorporated into our Medium-term Management Plan the strategies that we evaluated and that should be taken in light of our future backcast, which takes into account important themes, as well as our forecasts based on our competitive edge and strengths. We will work to reduce our own GHG emissions and focus on areas where demand is expected to grow, such as the development of renewable energy-related infrastructure and strengthening and extending the life of social infrastructure such as roads and others. Additionally, we are purposefully and strategically investing in human capital, intellectual assets facilities and equipment, and M&A, taking into account sustainability risks and opportunities, including those related to climate change.

2. Scenario analysis

We analyze multiple climate change scenarios based on publicly disclosed information of the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) in order to factor these into our strategic proposals and deliberations of management plans, taking into account the impact caused by climate change on our business with an eye to the future, which is increasingly uncertain.

The scenario analysis we conducted this time considered risks and opportunities from both a qualitative and quantitative position and studied subsequent responses. We used a 4°C scenario, which assumes extremely severe climatic extremes, with no additional measures to counter climate change undertaken, and a 1.5°C scenario, which assumes more ambitious measures taken to counter climate change to achieve decarbonization.



3. Overview of risks, opportunities, and countermeasures

Category	Impacting changes (main)	Time horizon	Business impact (financial impact [FY2030])		Response underway or response in the future
			4°C	1.5°C	
Transition risk	Introduction of carbon pricing = increased costs	(Medium, long)	—	Major	Initiatives to reduce GHG emissions based on SBT
	Rising prices of energy, materials, etc.	(Medium, long)	Minor	Minor	Fuel conversion, R&D for alternative asphalt, etc.
	Changing evaluation axis of customers and other stakeholders	(Medium, long)	Minor	Medium	Development of technologies, provision of products and works, and disclosing information that contributes to carbon neutrality
Physical risk	Natural disasters (direct damage, construction schedule delays, plant shutdowns, etc.)	(Short, medium, long)	Minor	Minor	Strengthened resilience of factories and offices through BCP, etc.,
	Health risks and a declining labor productivity due to higher summer temperatures	(Short, medium, long)	Medium	Medium	Improvement in working environment, including heatstroke countermeasures Development of technology for improving productivity and labor savings/unmanned works
Opportunities	Expand investment in infrastructure such as national resilience and renewable energy	(Short, medium, long)	Medium	Major	Development of technology and services for improved efficiency of road construction, extended life Strengthening sales for renewable energy-related infrastructure development demand
	Growing needs for low-carbon and decarbonization technologies	(Short, medium, long)	Medium	Major	Development and provision of products and services meeting needs

*We identify transition risks, physical risks, and opportunities assumed over the short-term (through 2026: final year of current Medium-term Management Plan [FY2024-2026]), medium-term (around 2030) and long-term (around 2050) and evaluate degrees of business and financial impact based on the three levels of major, medium, and minor, assuming 4°C and 1.5°C (some 2°C) scenarios, based on information disclosures by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC).

Indices and Targets

We have set the following targets to reduce greenhouse gas emissions from our business activities and acquired SBT certification in August 2022. The progress of emission reductions is disclosed on our website.

Greenhouse Gas Emissions and Reduction Targets

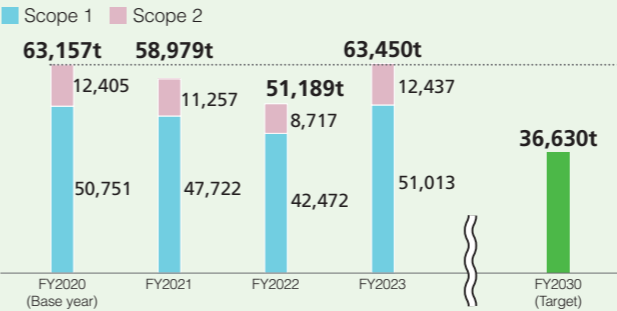
	FY2020 emissions (actual, base)	Reduction targets for the 10 years leading up to fiscal 2030	FY2023 emissions (actual)	FY2030 emissions (target)
Scope 1	50,751t	Reduce total emissions for Scope 1 and Scope 2 by a yearly average of 4.2%, and by 42% in the 10 years leading up to fiscal 2030. [Level of 1.5]	51,013t	36,630t
Scope 2	12,405t		12,437t	
Scope 3	419,722t	Reduce emissions related to purchased products and services, classified into Category 1, by a yearly average of 2.5%, and by 25% in the 10 years leading up to fiscal 2030. [Level of Well Below2]	348,200t	—
Category 1	(356,629t)		(281,651t)	(267,471t)

In addition to working to improve manufacturing efficiency and fuel consumption through operation improvements at nationwide asphalt mixture plants, the Group has also been working to reduce fuel and electricity consumption volumes at all offices and plants, including our head office building, which has received ZEB Ready certification, including by installing solar power generation panels, high-performance burners, LED, and other energy-saving equipment. While CO₂ emissions volumes have been on a downtrend since 2020, Scope 1 and Scope 2 emissions both ticked up in fiscal 2023, partly due to revised calculation methods and coefficients.

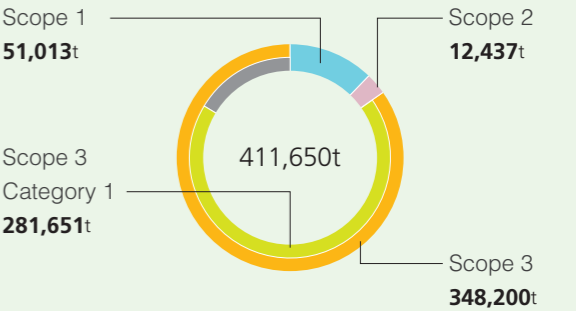
Going forward, we will consider recalculating emissions volumes for past fiscal years, including for fiscal 2020, which is the base year for SBT certification. However, we will continue with energy-savings initiatives across the entire Company. Notably, for reducing GHG emissions in the Pavement Materials Manufacturing and Sales Business, which accounts for 80% of the Company's emissions, we are systematically upgrading equipment, and while we will also consider switching fuels from fuel oil and using renewable energy, we will strive to achieve our reduction targets.

The Sustainable Management Strategy Project is leading considerations of a roadmap to achieve emissions reductions targets. We intend to report on our specific reduction plans and any additional indicators and targets at the earliest time possible.

Progress toward greenhouse gas reduction targets (Scope 1 and 2)



Breakdown of CO₂ emissions in FY2022



Social

Infrastructure

Quality Assurance

Quality Policy

“Satisfy customers and win trust from them”
1. We think from customers' perspectives and offer products that satisfy them.
2. We constantly improve the effectiveness of the quality management system.

Quality Management System

As a construction company that plays a part in developing roads and other social infrastructure, Seikitokyu Kogyo has established and implemented a quality management system covering the head office as well as all branches, business offices, and mixture plants to continue offering the stable quality and services that meet customers' expectations. Following the PDCA cycle, we constantly improve the system.

Acquisition of ISO 9001 Certification

Since March 1998, we have a quality management system based on ISO 9001 in place. Periodic audits by external auditors and internal audits by internal auditors facilitate the appropriate implementation and sophistication of the system.
As of August 31, 2024, we have acquired the ISO 9001:2015 certification for our head office, branches, and offices (excluding some departments) in Japan.

Organizational Structure



Results of the Most Recent External Audit

The 8-2nd surveillance audit in 2024

Category	Good practice	Improvement opportunity	Observation	Improvement needed (Nonconformity)
No. of cases	2	5	0	0

ISO9001
→ <https://www.seikitokyu.co.jp/company/iso>
(in Japanese)



Supply Chain

Collaboration with Partner Companies

Partner companies are vital to our business. They are suppliers of materials and equipment, and also provide us with technology and skilled labor. Collaboration with partner companies is essential in particular to ensure health and safety in our business activities. We engage in a range of activities, including joint safety patrols and technical training at our training center (training for mastering basic skills, obtaining qualifications related to civil engineering construction methods, and acquiring ICT construction and other cutting-edge skills), with member companies of the Seikitokyu Kogyo Accident Prevention Association established in 1994.
A mutual aid society established in 1976 was the predecessor organization of the Accident Prevention Association. As of March 31, 2024, the Association consists of 839 member companies.



Exam preparation workshop to obtain qualification as civil engineering works execution managing engineer



30th anniversary certificate for the Accident Prevention Association

Fair Transactions

Declaration of partnership building
→ <https://www.seikitokyu.co.jp/assets/file/pdf/sustainability/society/partnership.pdf>

Ensuring an Appropriate Wage Level for Technical Workers

Declaration of Respect for Labor Cost Estimates
→ <https://www.seikitokyu.co.jp/dev/wp-content/uploads/2020/07/20200717.pdf> (in Japanese)

Collaborative Value Creation with Diverse Stakeholders

Multi-stakeholder Policy
→ <https://www.seikitokyu.co.jp/assets/file/pdf/sustainability/society/multistakeholder.pdf>

Environmental Considerations

Initiative to Reduce Packaging Materials (Request)
→ <https://www.seikitokyu.co.jp/assets/file/pdf/company/iso/konpou.pdf> (in Japanese)

Main External Awards and Recognition

Date	Title	Awarding body	Project receiving award or recognition
June 2024	Excellent Construction	East Nippon Expressway Company Limited Kanto Regional Head Office	Pavement repair work within the jurisdiction of Utsunomiya Operation Office of the Tohoku Expressway
July 2024	Excellent Construction	Tohoku Regional Development Bureau, MLIT	Matsugasaki area upgrade and pavement work
July 2024	Excellent Construction	Kanto Regional Development Bureau, MLIT	R5 Miyagase Dam levee crown pavement repair work
July 2024	Excellent Construction	Chugoku Regional Development Bureau, MLIT	Maintenance work for Okayama Hokubu (FY2022)
July 2024	Excellence in Construction Performance Award	Hokuriku Regional Development Bureau, MLIT	Civil engineering works completed FY2022 and FY2023
July 2024	Excellence in Construction Performance Award	Chubu Regional Development Bureau, MLIT	Civil engineering works completed FY2022 and FY2023
July 2024	Excellence in Construction Performance Award	Kyushu Regional Development Bureau, MLIT	Civil engineering works completed FY2022 and FY2023

Natural disasters

Appreciation for support after natural disasters

Construction companies are expected to support restoration and reconstruction after natural disasters, such as earthquakes, torrential rains, and heavy snowfalls. Through business activities, our Group has eliminated road obstacles, removed and taken in rubbles, and offered other types of support in many disaster-affected areas.
In addition, we directly and indirectly help the restoration and reconstruction of disaster-affected areas by donating aid money and essential supplies through the Tokyu Group, industry groups, etc.
Not only the Company but also our subsidiaries and affiliates based in areas such as Kumamoto, Miyagi, Iwate, and Ishikawa play an important role in such activities. The Seikitokyu Kogyo Group will remain to be a healthy corporate group that plays a part in infrastructure development and continue to sincerely meet the expectations from society.



December 2023
The Chugoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism, presented us with a letter of appreciation for implementing emergency responses to Typhoon No. 7, which hit on May 8, 2023, and for preventing expansion of the disaster and a secondary disaster.

Noto Peninsula Earthquake

For the 2024 Noto Peninsula Earthquake, which struck on January 1, 2024, we have been providing recovery support to affected areas through our business activities from immediately after the quake struck through to today. This has included elimination work of road obstacles in the disaster zone, provision of crushed stone, cold asphalt mixtures, and other materials, and the quick redevelopment of a quake-hit plant of an affiliate (Noto Ascon Corporation), such as providing our entire inventory of SK Mix, which is used for fixing uneven roads and filling holes, within the jurisdiction of our Hokuriku Branch to the disaster area a few days after the disaster, followed by piling 400 bags manufactured by the Yokohama mixture plant in Kanagawa onto trucks and sending them to the area.



SK Mix

Business Continuity Plan

We have had a business continuity plan (BCP) since the past, based on the recognition that continuing with our business even in the case of natural disasters or other contingencies and fulfilling the social responsibility as a company links directly to the reason we exist.

External Evaluation

In 2009, we received the Certificate for Basic Business Continuity Capabilities from the Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Since then, we have undergone reviews for renewal every other year up to 2023. We have also concluded agreements on emergency response to disasters with National Highway Offices of MLIT and other entities in charge of road management.

Information Security

Item (10) of the Seikitokyu Kogyo Group Compliance Code of Conduct states that the Company strives “To seek to use electronic information fairly, maintain trust, and ensure confidentiality.” This clearly indicates our basic policy that we will seek to understand laws and the Company’s rules, and will work to preserve and ensure the security of electronic information.
In addition to establishing and applying regulations for basic matters regarding the handling of electronic information and electronic equipment and information security, the Company works to minimize risks related to information security by undertaking specific initiatives to understand threats and risks of damage and violations, and to consider and implement countermeasures, as well as implementing training for all executives and employees, and regular system audits, and taking out insurance against cyber risks.



Certificate for Basic Business Continuity Capabilities

Local residents

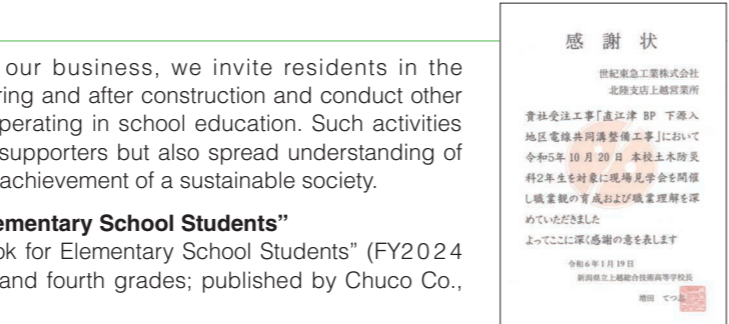
Site Visits

To facilitate understanding of infrastructure and our business, we invite residents in the neighborhood, children, and students for site visits during and after construction and conduct other activities including implementing internships and cooperating in school education. Such activities not only help us secure and develop next-generation supporters but also spread understanding of infrastructure development, thereby contributing to the achievement of a sustainable society.

Participation in Minato-ku’s “Job Notebook for Elementary School Students”
The Company features in Minato-ku’s “Job Notebook for Elementary School Students” (FY2024 edition for elementary school students in the third and fourth grades; published by Chuco Co., Ltd.), following on from the FY2023 edition.

It explains in an easy-to-understand manner what kind of company Seikitokyu Kogyo is, the types of places roads are paved, the necessity for pavement, and materials used.

The booklet is distributed to Minato-ku elementary school students as a supplementary material for career education for children responsible for the future. We hope it can spark an interest in the road construction industry as well as dreams for the future by children in the area.



January 2024
We received a letter of appreciation from Joetsu General Technical High School in Niigata for hosting a site visit of the Naoetsu BP Shimogennyu area common-use cable tunnel maintenance work site on October 20, 2023.



Locally Rooted Activities

As we declare to be “an infrastructure building company that helps create affluent communities,” each office engages in locally rooted business activities at each site.

As a member of the local community, they conclude agreements on disaster restoration, organize site visits and cleaning activities, and participate in and offer support to community activities, not to mention engage in emergency disaster restoration works. A wide range of recent initiatives include painting a picture of a local mascot character on the renewed plant wall. Each office thus uses their ingenuity to be favorably accepted by local communities.

Case Studies



Coastal clean-up volunteering
We participated in Love Earth Clean-up 2023 (held June 11, 2023 in Fukuoka City) as a member of Fukuoka Tokyu-kai.



We participated as a sponsor company in Relay for Life Japan Saitama 2023 (September 30, 2023).
*Relay for Life is a charity event, organized by the Japan Cancer Society, for raising funds to support patients diagnosed with cancer and their families and to aid research for drug discovery and treatment development.

Job satisfaction

Putting People-Centered Management into Practice

In presenting Where We Should Be in 2030, we sent a clear message within and outside the Company that the most important management resource for us is people, and that the Company will grow further when there is a corporate culture of high employee engagement and each employee fully demonstrates their abilities honed through an extensive education system. Putting people-centered management into practice and enhancing capabilities of the entire organization will be the key to increase corporate value.

Based on the recognition that the growth of individual employees leads to the development of the Company, we listen to the voice of employees, create systems to place the right people in the right jobs and let them fully demonstrate their abilities, and take other measures to encourage self-sustaining growth of employees.

Safety and Health

Occupational Safety and Health Policy

1. We strive to prevent accidents by eliminating occupational safety and health hazards and utilizing risk assessments to mitigate risks.
2. We comply with laws and regulations, as well as internal rules, related to occupational safety and health.
3. We establish an occupational safety and health management system and constantly improve the system.
4. All our officers, employees, temporary employees, and contract employees, as well as employees of partner companies who work under our supervision, will work to ensure occupational safety and health.

Occupational Safety and Health Management System

Seikitokyu Kogyo Group Compliance Code of Conduct states that the Company strives “(1) To recognize that safety always comes first when executing our business” and “(9) To provide and preserve fine, healthy workplace environment.”

To prevent occupational accidents, we have established and implemented an occupational safety and health management system covering the head office and all branches, business offices, and material plants. Following the PDCA cycle, we constantly improve the system.

Organizational Structure



Safety and Health Committee
Meets once a year
Members : Officers in charge; industrial physicians; persons in charge of management from the head office; persons in charge of health management; other designated persons

Acquisition of ISO 45001 Certification

Since June 2018, we have an occupational safety and health management system based on ISO 45001 in place. Periodic audits by external auditors and internal audits by internal auditors facilitate the appropriate implementation and sophistication of the system.

As of August 31, 2024, we have acquired the ISO 45001:2018 certification for the head office, branches, and offices (excluding some departments) in Japan.



Results of the Most Recent External Audit 2nd Recertification Audit in 2024

Category	Good practice	Improvement opportunity	Observation	Improvement needed (Nonconformity)
No. of cases	2	6	2	0

 ISO45001
➔<https://www.seikitokyu.co.jp/company/iso>
(in Japanese)

Safety Initiatives

We are working on improving occupational safety and health through various activities such as daily safety management at construction sites; safety inspection tours by responsible departments at all offices, branch offices, and the head office; coordination with the Accident Prevention Association; onsite inspections by executives; and patrols by female employees.

Number of Accidents (Non-consolidated)

FY	2021	2022	2023
Occupational accidents (absence from work for four or more days)	4	7	5
Public accidents	49	43	39
Traffic accidents	50	55	59

Note: Public accidents: Harm or inconvenience to the life, body, or property of any third party



An onsite inspection by executives

Satisfying Work Environment

Workstyle Reform and Wellbeing

The workstyle reform project, launched in May 2017, has introduced a range of systems and initiatives, focusing on the correction of long working hours and the realization of a five-day workweek, with an eye to responding to the maximum working hours limit, which came into effect for the construction industry in April 2024.

In April 2024, we established the Wellbeing Promotion Group within the Human Resources Department of the Business Administration Division to continue improvements in workstyles to lift job satisfaction, which is set as a materiality issue. At the same time, we progressively dissolved the workstyle reform project and consolidated its functions into the group.

In addition to improving the working environment to comply with the maximum working hours limit in the construction industry, we will consider such changes in society in a positive way and further accelerate our efforts to secure qualified workers and improve productivity as an opportunity to transform our business structure into a sustainable one.

Achievement Rate of Overtime Hour Targets (Non-consolidated)

	FY	2021	2022	2023
Construction departments	Target	720 hours/year	720 hours/year	720 hours/year
	Achievement rate	77.9%	86.8%	89.9%
Products departments	Target	720 hours/year	720 hours/year	720 hours/year
	Achievement rate	100.0%	99.5%	96.9%

Achievement Rate of a five-day workweek (Non-consolidated)

	FY	2021	2022	2023
Target		7 days off in 4 weeks	7 days off in 4 weeks	8 days off in 4 weeks
Achievement rate		90.7%	92.1%	90.6%

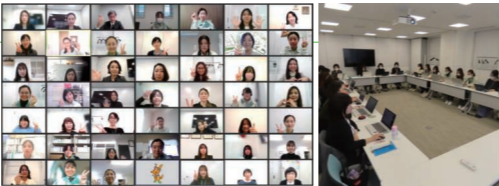
Diversity & Inclusion (D&I) and Empowerment of Women

We recognize that promoting the employment of people with diverse backgrounds is a vital challenge in continuing to secure human resources and create value into the future. We are pushing ahead with D&I initiatives, centering on the “Diversity Promotion Project,” established as an entity under the direct control of the President.

As part of initiatives undertaken in fiscal 2023, we established an environment for the empowerment of women and revised systems. Additionally, we pushed ahead with initiatives for female employees to design their own career path and measures to help them achieve them, including hosting sessions with female role models to share their experiences and career training for women, as well as compiling envisioned career paths showing the required work experience skills in striving for managerial roles.

Also, over the past few years, we have increased the percentage of foreign national employees, especially those from Myanmar. As of March 31, 2024, foreign employees had grown to account for 5.2% of total employees (non-consolidated).

The promotion of D&I is positioned as a key strategy even in the new Medium-term Management Plan. Going forward, we will further accelerate such initiatives, led by the project.



Female Role Model Experience Sharing Session



Myanmar meeting

No. of female employees in career-track positions:	65 in FY2023	➡	targeting 100 in FY2026	➡	targeting 140 in FY2030
No. of female managers:	4 in FY2023	➡	targeting 5 in FY2026	➡	targeting 7 in FY2030

Fair Evaluation and Engagement

To achieve the management plan of the Company, our management by objectives system sets specific and clear goals for individual employees, after linking them to organizational goals. To evaluate employees fairly, we strive to implement the system in an impartial and reasonable manner by properly taking into consideration not only the results against the goals but also the process and actions that led to the results.

In addition, in fiscal 2021, we introduced a regular employee engagement survey as a way to understand how employees see the Company. We intend to put the information to use in analyzing the results as an index for visualizing existing conditions of our organization to identify our strengths and weaknesses, and to solving problems to improve employee engagement, including sending management to offices identified as having serious concerns to talk with employees.

Results of the engagement survey in May 2024 Engagement rating: B
Of the 11 levels, B is the sixth level from the top in the appraisal of the survey service provided by an external expert organization. In comparison with data collected from over 2 million people, the Company was placed roughly in the middle.

While some improvements were seen with issues identified through the previous survey, namely those relating to securing technicians and concerns related to holiday, vacation, and working hour circumstances, they were again identified as major issues, and all executives and employees will work as one to make improvements.

Employee Engagement Rating: B in May 2024 ➡ targeting BB or higher in FY2026 ➡ targeting A or higher in FY2030

Education and Training

We encourage self-sustaining growth and career development of employees by offering various education and training opportunities to selected personnel and employees eager to learn, in addition to job- and rank-specific education, so that employees can develop management skills, obtain qualifications, and gain expertise.

In the next-generation leader development training and successive generation leader development training for prospective next-generation and successive-generation corporate leaders, we offer the opportunity to gain a broad, future-oriented corporate view from the corporate manager perspective, as well as to enhance strategic thinking and insight into business and build the foundation as a corporate manager.

A number of support systems for obtaining qualifications are also in place to enhance employees' expertise and skills, such as relevant training, opportunities to take correspondence courses, and payment of subsidies.



Education System
➡ <https://www.seikitokyu.co.jp/recruit/system.html> (in Japanese)



Next-generation leader development training



Nationwide sales training

Creating a Safe and Satisfying Workplace Environment

For a company to secure human resources and maintain competitiveness, it is essential to create an employee-friendly workplace environment.

We strive to create a satisfying workplace environment by establishing and implementing an occupational safety and health management system and introducing relevant systems and policies, such as the Occupational Safety and Health Committee, health checkups, mental health care, and support for childcare and nursing care.

Improving the workplace environment in terms of safety, health, and comfort is also imperative in the tangible aspects that support our business. Over the past few years, we have been proactively working on the rebuilding and upgrading of not only manufacturing facilities but also office buildings and other facilities.

In June 2022, our new head office building was successfully completed. During fiscal 2023, we relocated the Tokatsu Business Office of the East Kanto Branch and the Kobe Business Office of the Kansai Branch. Additionally, for fiscal 2024, plans for relocation and renovation are progressing across several offices. We will continue to work systematically on improving the work environment throughout the Company.

Employees Who Took Maternity Leave and Childcare Leave (Non-consolidated, including Contract Employees)

FY	2021	2022	2023
No. of employees who took maternity leave	7	5	3

Average Years of Service and Turnover Rate (Non-consolidated)

FY	2021	2022	2023
Average years of service	16.0	15.2	14.7
Turnover rate (voluntary resignation)	3.3%	3.3%	3.4%

Respect for Human Rights

As the basic policy concerning the statement, “(9) To provide and preserve fine, healthy workplace environment,” in our Compliance Code of Conduct, we clearly state, “We respect each person’s human rights, aim to create a healthy and positive workplace environment, and strive to constantly improve the environment,” “Under any circumstances, we will not tolerate discrimination or harassment on the basis of age, gender, place of origin, belief, religion, or disability,” and “We will prevent and eliminate sexual harassment through actions based on the correct understanding of gender difference.” We thus strive to prevent direct and indirect violation of human rights.

Specifically, our employees undergo education to prevent human rights violation in the induction training and rank-based training. Compliance and sexual harassment hotlines offer a system where anyone can feel secure to consult about such issues. We thus strive to create and maintain a healthy workplace environment.

Additionally, we are preparing to organize our thinking as a human rights policy, and intend to establish and announce this policy during fiscal 2024.

Employment of Persons with Disabilities and Creating Employment Opportunities on Farms for Persons with Disabilities

As part of our initiative to promote employment of persons with disabilities, we opened Itabashi Farm, our farm using rented farmland. By hiring people with disabilities as staff at the farm, we will help them become economically independent and further promote understanding of persons with disabilities among our employees. Furthermore, as part of our community engagement efforts, we collaborate with farm staff to cultivate vegetables, which are then donated to local children’s cafeterias and other community initiatives.

In the past, there was a time when the Company’s employment rate of persons with disabilities stood below the statutory rate because of difficulties working at construction sites and plants. Going forward, however, we will continue to promote the employment of persons with disabilities and ensure an employment level exceeding the statutory rate through such initiatives.

Governance

Corporate Governance

Basic Stance on Corporate Governance

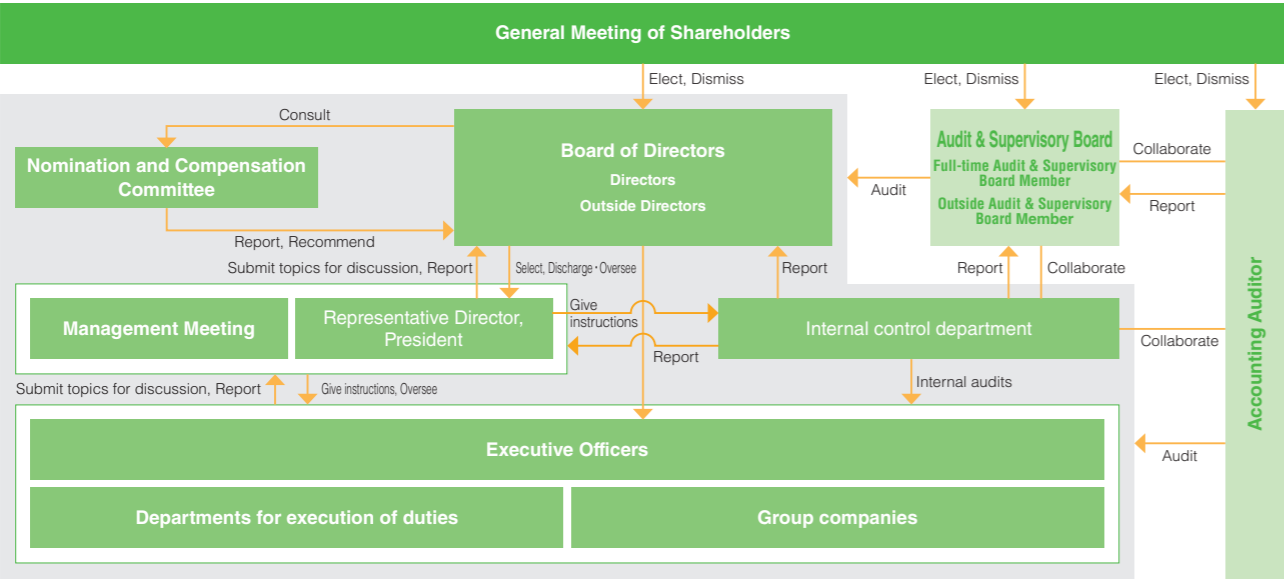
To sincerely fulfill our responsibility as “an infrastructure building company that helps create affluent communities (our corporate philosophy),” live up to expectations from society, and achieve a sustainable growth of the Company and a medium- to long-term increase in corporate value, we recognize that enhancing corporate governance to ensure the fundamental fairness, health, and efficiency of management is one of the top priorities in management. We strive to enhance corporate governance in accordance with the following basic stance.

- 1 We ensure substantial equality among shareholders, respect the rights and interests of shareholders and all other stakeholders, and build harmonious relationships with them.
- 2 Directors and Audit & Supervisory Board Members recognize their fiduciary responsibilities and fulfill expected roles and responsibilities.
- 3 We disclose corporate information in an appropriate manner and ensure transparency.
- 4 We engage in constructive dialogues with stakeholders.

We have compiled basic matters on corporate governance as Seikitokyu Kogyo Corporate Governance Guidelines, which can be found on our website.


 **Seikitokyu Kogyo Corporate Governance Guidelines Web**
➔ https://www.seikitokyu.co.jp/assets/file/pdf/sustainability/governance/corporate/20211221_1.pdf (in Japanese)

Organizational Structure for Corporate Governance



Internal Control and Risk Management

We recognize that the development of an internal control system is an important management issue to ensure compliance with laws and regulations and the Articles of Incorporation in Directors' execution of duties, as well as the appropriateness of operations. To this end, we have developed a range of rules, manuals, etc. and established and implemented a whistle-blowing system that ensures anonymity of whistleblowers and protects them from disadvantageous treatment. In addition, we conduct periodic internal audits to monitor business execution from various perspectives, including legality. The audit results are reported to Directors and Audit & Supervisory Board Members as occasion arises, as well as to the Management Meeting and Board of Directors twice a year. In April 2007, the Internal Control Department was established in the head office to strengthen and promote internal control. We constantly work on the review of existing systems and the establishment of systems to ensure the appropriate and efficient execution of duties and the appropriateness of financial reporting. Please refer to the following document for the systems to ensure the appropriateness of operations and the status of implementation of the systems (Fiscal year ended March 31, 2024).

 **Notice of the 75th Annual General Meeting of Shareholders (in Japanese)**
➔ <https://contents.xj-storage.jp/xcontents/AS03190/f7581166/466f/441c/8196/59d14f3b80bb/140120240527509075.pdf>

Evaluation of the Effectiveness of Board of Directors

To ensure an effective and appropriate oversight over corporate management by the Board of Directors and enhance its functions, we analyze and evaluate the effectiveness of the Board of Directors as a whole every year, by taking into consideration self-evaluation by each Director and other indicators. An overview of the results is disclosed. For fiscal 2023, the effectiveness of the Board of Directors as a whole was analyzed and evaluated at the Board of Directors meeting, based on the evaluation by and opinions of all Directors and Audit & Supervisory Board Members on the composition of the Board of Directors, its administration, and other factors. The Board of Directors considers that although there is room for further improvement in terms of securing time for deliberations about medium- to long-term management issues, including initiatives for issues surrounding sustainability, as well as time required for certain months when meetings are held, steady improvements are being made in the matters recognized as issues in the previous evaluations. All told, the Board is considered functional enough to ensure effectiveness. For fiscal 2023, we internally conducted tabulated, and analyzed questionnaires given to all Directors and Audit & Supervisory Board Members. Following this, the Board of Directors engaged in discussions regarding the evaluation. The Company intends to conduct an evaluation utilizing the knowledge of an external institution every three to five years (the last external evaluation was in fiscal 2022) and will enhance the functions of the Board of Directors by constantly analyzing and evaluating the effectiveness of the Board and making improvements.

Issues identified in fiscal 2022 (Major Issues or Key Issues)	Initiatives implemented in fiscal 2023 (Major Issues or Key Issues)
<ul style="list-style-type: none">▶ For medium- and long-term management issues (capital policy, sustainability, etc.), we shall ensure opportunities for discussion that are not aimed at resolution (including opportunities beyond Board of Directors meetings).	<ul style="list-style-type: none">▶ The number of reports on initiatives concerning climate change, human capital, and the like has increased. Discussion has deepened, focusing on initiatives for the Sustainable Management Strategy Project, Workstyle Reform Project, Diversity Promotion Project, and Engagement Survey.▶ When compiling our Medium-term Management Plan, ahead of the resolution in May 2024, three interim reports were given and there were opportunities for discussions (number increased from when compiling the previous plan).
<ul style="list-style-type: none">▶ It is recommended to provide information about resolutions even earlier in advance.	<ul style="list-style-type: none">▶ By setting flexible dates for meetings, we promoted the 'earlier timing of document provision.' (Ongoing)▶ For advance distribution of meeting materials, draft versions were distributed in stages, depending on circumstances. (Ongoing)

Dialogue with Shareholders and Investors

We strive to promote constructive dialogues with shareholders and investors to pay attention to management-related analysis, opinions, etc. offered by capital providers, including shareholders, and in turn achieve sustainable growth and medium- to long-term increase in corporate value. The specific implementation status is shown in the table below. Based on the “Policy on Dialogues with Stakeholders” set forth in the Seikitokyu Kogyo Corporate Governance Guidelines, the President and other senior management members are entering into more rewarding dialogue with shareholders and investors through IR/SR activities and other means. In addition, useful opinions and requests obtained through IR/SR activities are shared regularly and in a timely manner at management meetings and Board of Directors meetings to improve information disclosure and improve corporate and shareholder value. In the process of formulating our “Where We Should Be in 2030” strategy and the Medium-term Management Plan announced in May 2021, as well as in the consideration of measures to improve the valuation of our shares (see pages 19-20), we took into consideration a lot of feedback received in the dialogues, which is partly reflected in the final vision, plan, policy, etc.

Dialogue in FY2023		
	Status of holding of meetings	Main topics of discussion
Financial results presentation (for analysts and institutional investors)	June, November	Financial results presentations, Financial results forecast, Medium-term Management Plan
IR meeting (individual)	14 times	Capital policy and financial strategy, governance, compliance, sustainability, Medium-term Management Plan, results and business in general
SR meeting (individual)	8 times	

Refer to page 20 for an overview of discussions on strategies for improving valuation of the stock.

Officer Compensation

Compensation for Directors is determined by the Board of Directors after consultation with the Nomination and Compensation Committee, which comprises largely Outside Directors.

Each year the Nomination and Compensation Committee considers rules related to officer compensation as well as policy for determining the details of individual compensation for Directors. From fiscal 2024, through discussions by the Committee, compensation levels are revised to take into account such matters as the obligations and expected roles of executives while referencing stands at other comparable companies, while in regard to calculation methods for variable compensation, the Committee makes improvements, centering on incorporating sustainability efforts into the compensation plan in order to ensure greater transparency and objectivity while functioning as an appropriate incentive.

Overview of Compensation Plan

Compensation type	Compensation objective	Payment timing	Recipient	Calculation method for individual compensation amounts
Basic compensation	Fixed compensation	Monthly	Directors	Determined based on compensation amounts per position, stipulated in officer compensation rules determined by the Board of Directors.
			Audit & Supervisory Board Members	Determined through discussion by the Audit & Supervisory Board Members.
Variable compensation (monetary)	Short-term Incentive	June, December	Executive directors	Determined based on calculation methods and evaluation criteria stipulated in officer compensation rules.*
Stock compensation (restricted stock awarded as monetary claim)	Long-term Incentive	July	Executive directors	Determined based on the monetary claim payment amount per position stipulated in stock compensation payment rules determined by the Board of Directors and the calculation method for the number of shares to be issued.

*The calculation method for variable compensation and evaluation criteria are as follows.

【Calculation method】

Standard amount for variable compensation
(monthly basic compensation X no. of months' salary paid for the average employee bonus)

×

evaluation coefficient per evaluation
(coefficient based on individual evaluations)

=

variable compensation amount

【Evaluation criteria】

Using company earnings results (achievement rate of net sales, operating income margin, and ROE), earnings results for business departments (achievement rate for gross profit), and individual evaluations (including contributions to materiality) as evaluation criteria, each is multiplied by the weighting allocated to each position, and the sum of these becomes the individual evaluation.

Total Amount of Compensation, Etc. for Directors and Audit & Supervisory Board Members (FY2023)

	Basic compensation (basic compensation + variable compensation)	Stock compensation (cost incurred based on the restricted stock compensation plan)	Total amount of compensation	No. of eligible persons
Directors	121 million yen	13 million yen	135 million yen	7
Of which Outside Directors	25 million yen	—	25 million yen	3
Audit & Supervisory Board Members	45 million yen	—	45 million yen	4
Of which Outside Audit & Supervisory Board Members	30 million yen	—	30 million yen	3

(Reference) 1. Basic compensation, variable compensation, and stock compensation accounted for approximately 55%, 30%, and 15% respectively of the compensation for executive directors.
2. The above amounts include the amount of compensation for one Director who left office at the conclusion of the 74th Annual General Meeting of Shareholders held on June 23, 2023.
3. At the 57th Annual General Meeting of Shareholders held on June 29, 2006, it was resolved that the total amount of annual compensation for Directors and Audit & Supervisory Board Members shall be not more than 324 million yen (excluding employee's salary for Directors who also serve as employees) and not more than 60 million yen, respectively.
4. At the 69th Annual General Meeting of Shareholders held on June 22, 2018, it was resolved that a restricted stock compensation plan shall be introduced for Directors (excluding Outside Directors), that the amount of monetary compensation receivables provided from the total amount of compensation for Directors shall be not more than 60 million yen per year, and that the number of common shares issued or disposed of as restricted stock shall be not more than 50,000 per year.

Compliance

Initiatives to Enhance Compliance

To promote compliance management, we have established the Seikitokyu Kogyo Group Compliance Code of Conduct. We strive to ensure the effectiveness of the Code of Conduct by developing and implementing a whistle-blowing system, etc., offering periodic training by the department in charge, and taking other relevant measures.

For enhanced compliance, we constantly took action in fiscal 2023 to raise awareness of officers and employees of the Company and its subsidiaries, which includes thorough education to that end. We also take thorough measures to prevent the recurrence of the Anti-Monopoly Act violation. The Board of Directors constantly monitors the state of affairs.

Systems to Ensure Compliance

Compliance Promotion Officer

Our system to ensure compliance with laws and regulations, etc. includes a department in charge of compliance, which centrally handles issues related to the matter, and Compliance Promotion Officers appointed in each department. In fiscal 2023, 86 offices had Compliance Promotion Officers, for whom a dedicated training program was in place.

Compliance Hotline (Whistle-blowing System)

A compliance hotline has been set up in the department in charge of compliance, so that employees, etc. of the Company and its Group companies can directly seek advice on or report possible violations of laws and regulations, etc. The system contributes to the prevention, early detection, and correction of such violations. What is discussed or reported, as well as results of investigations, will be reported to the Management Meeting and the Board of Directors.

Systems to Ensure Compliance with the Anti-Monopoly Act

We have developed internal systems to eliminate any violation of the Anti-Monopoly Act. Specifically, we update the Anti-Monopoly Act compliance manual as necessary, take strict disciplinary actions against violations, have set up a hotline dedicated to Anti-Monopoly Act violations, ensure thorough education and training, carry out appropriate job rotation, and conduct internal audits.

Status of Compliance Training, Etc.

FY	2021	2022	2023
No. of participants (cumulative total)	1,790	1,224	1,849

Status of Internal Audits

FY	2021	2022	2023
No. of offices (cumulative total)	105	113	118

Compliance with the Anti-Monopoly Act

Between September 6, 2016 and July 30, 2019, the Japan Fair Trade Commission took multiple measures against our violations of the Anti-Monopoly Act, which had taken place in the period up to January 27, 2015. After recognizing that violations had taken place, the Group has constantly carried out measures to prevent recurrence, which we laid out with the help of external experts. We will remember past mistakes, make sure to implement measures to prevent recurrence, promote compliance management across the entire Company, and strive to eliminate any illegal activities.

Violations of the Anti-Monopoly Act

The Group is working to the best of its ability on measures to prevent recurrence to thoroughly eliminate violations of the Anti-Monopoly Act and recover trust at an early stage.



Chronological Order of the Series of Violations of the Anti-Monopoly Act
➡ <https://www.seikitokyu.co.jp/dev/wp-content/themes/twentysixteen/pdf/company/compliance.pdf> (in Japanese)

Measures to Prevent Recurrence

Announced on March 25, 2016 Measures to Prevent the Recurrence of Anti-Monopoly Act Violations (Mainly includes measures against violations in bidding for construction works)



Measures to Prevent Recurrence for Compliance with the Anti-Monopoly Act
➡ <https://www.seikitokyu.co.jp/wp-content/uploads/2016/03/20160325.pdf> (in Japanese)
Announced on January 24, 2020 Specific Measures to Prevent Recurrence Compiled in Response to the Recommendations in the Investigation Report (Additional measures against violations in deciding mixture prices)



Specific Measures to Prevent Recurrence Compiled in Response to the Recommendations in the Investigation Report
➡ <https://www.seikitokyu.co.jp/dev/wp-content/uploads/2020/01/20200124.pdf> (in Japanese)

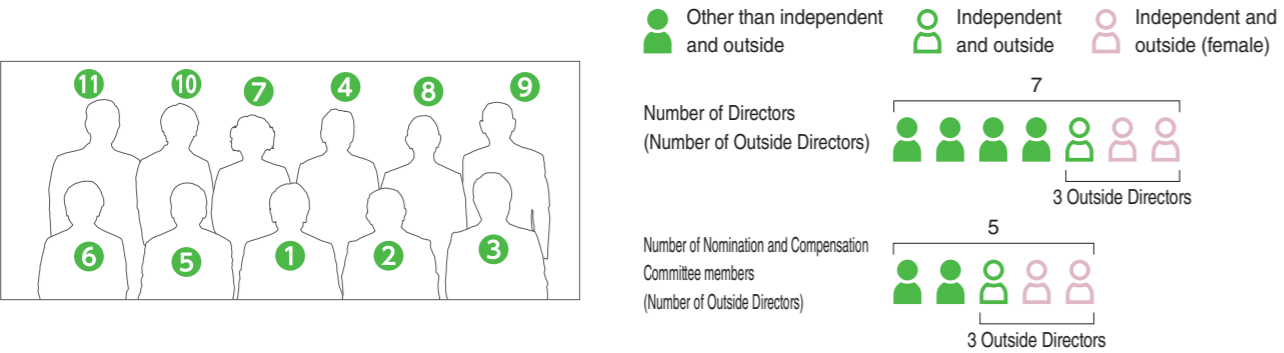
Status of Implementation of Recurrence Prevention Measures

The Group monitors the status of implementation of the measures to prevent recurrence and makes periodic reports to the Board of Directors and the Management Meeting.
In addition, an overview of the monitoring results is disclosed on our website to help regain trust from stakeholders.



➡ <https://www.seikitokyu.co.jp/company/compliance> (in Japanese)

Officers (As of September 30, 2024)



Name	Positions, responsibilities, and significant concurrent positions	Outside Officer	Nomination and Compensation Committee	Areas where officers have particular expertise and experience							
				Main work experience	Knowledge and experience possessed by each Officer	Administration and sales field	Engineering field	Management experience	Legal affairs/compliance	Administrative experience	Finance/accounting
1	Yoshikazu Taira	Representative Director, President									
2	Kazushi Ishida	Representative Director; Senior Managing Executive Officer; General Manager, Business Administration Division									
3	Yuji Ooteki	Director; Managing Executive Officer; General Manager, Business Promotion Division; General Manager, Engineering Department									
4	Takanori Kawano	Director; Managing Executive Officer; Deputy General Manager, Business Administration Division; General Manager, Finance Department									
5	Shinya Fukuda	Director (Outside Director); Certified Public Accountant									
6	Rena Shimizu	Director (Outside Director); Representative Director, President, CHANCE for ONE Co., Ltd.;									
7	Ikuko Komachiya	Director (Outside Director); Attorney									
8	Masayuki Koide	Full-time Audit & Supervisory Board Member									
9	Tsunehisa Otsuki	Full-time Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)									
10	Yoichi Saito	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member); Attorney; External Audit & Supervisory Board Member, TOKYU CONSTRUCTION CO., LTD.									
11	Yukio Ono	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member); Certified Public Accountant; External Audit & Supervisory Board Member, TIS Inc.									

Note: ● in the "Nomination and Remuneration Committee" column indicates that the person chairs the committee.

The Company designates the skills (knowledge, experience, and abilities) that our Board of Directors should possess in order to appropriately demonstrate their decision-making and supervisory functions for the Company's continuous growth and improvement of medium- to long-term corporate value. We have formulated a skills matrix summarizing the relevant skills possessed by the Directors and Audit & Supervisory Board Members.

Outside Directors are required not only to have a deep understanding of the Company's business but also to be equipped with a good overall balance of skills as members regarding the business departments and business management as a whole. Outside Directors are also required to possess specialization, abundant experience, and wide-ranging knowledge to leverage in giving useful advice covering supervision of business execution and management overall. Skills and background considered particularly important at the present time are as specified in the table above.

We will reexamine the necessary skills for the Board of Directors and Audit & Supervisory Board as needed, in accordance with changes in the business environment, medium- to long-term management trends, and revisions to our business strategy.

Messages from the Outside Directors



Director (Outside Director)
Shinya Fukuda

This is my ninth term as Outside Director of the Company (since my third term, I have chaired the Nomination and Compensation Committee), and during that time, Outside Officers have come to comprise more than half of the attending members of the Board of Directors following the appointment of Outside Directors, including multiple female Outside Directors, and Outside Audit & Supervisory Board Members. Apart from one Outside Audit & Supervisory Board Member (full-time), none have actual experience in the construction industry, with members comprising experts in such diverse fields as corporate legal matters, accounting audits, and women's empowerment. With Outside Officers actively expressing opinions on all matters of management from expert perspectives, discussion at Board of Directors meetings has been energized. I believe that the Board of Directors, thus comprised of diverse experts, contributes to improving the governance and strengthening corporate and shareholder value over the medium- to long-term. Evaluations of the effectiveness of the Board of Directors, conducted

every year, show the Board is functional enough to ensure effectiveness.

In May 2024, the Company announced the Medium-term Management Plan, commencing in fiscal 2024 and marking the second phase on its way to realizing Where We Should Be in 2030. Amid expectations for construction demand to decline over the medium- to long-term, we have set key targets in order to further strengthen competitiveness of our core businesses of road pavement and pavement materials manufacturing and sales and to realize a sustainable society.

I believe the Medium-term Management Plan is achievable, backed in part by the growth of the Company's human resources, but as an Outside Director, I will be closely watching progress with strategies contained in the Plan and the achievement of numerical targets, and I recognize that I am expected to provide necessary opinions and advice. In particular, I believe my mission is to advise and guide on ensuring that there are no compliance violations or other scandals that could harm corporate value.

Our vision of Where We Should Be in 2030 calls for becoming "a truly strong corporate group that pursues personal and corporate growth in tandem and helps realize a sustainable society," and one initiative to do so is to "execute people-centric management."

Based on the thinking that diverse human resources lead to higher organizational strength, the Diversity Promotion Project was established in 2022 under the direct control of Representative Director, President Yoshikazu Taira, and I have been involved as an advisor, utilizing my experiences and knowledge. We are conducting a variety of activities, including confirmation of initiatives for women's empowerment, tours of sites where female employees work, and planning information exchanges with female employees.

The Company has been enhancing various systems with the purpose of retaining female employees. However, insufficient strategies and systems for promotions have remained a challenge.

From October 2024, we introduced our Early Return to Work Support System designed to increase options for employees wishing to continue to challenge and grow without giving up their careers by quickly returning to work after maternity and childcare leave. For female employees quickly returning to work after giving birth, the Company, in a pioneering move, provides up to 700,000 yen for expenses required for one year of childcare.

Additionally, we have adopted "Relocation Exemption Policy", a system exempting employees from transfers that require relocation, which is designed to support career formation of employees, regardless of gender, while rearing pre-school-aged children.

We remain committed to ensuring that the Company's corporate value improves by realizing a workplace culture where diverse human resources participate.



Director (Outside Director)
Rena Shimizu



Director (Outside Director)
Ikuko Komachiya

I was appointed as an independent Outside Director of the Company at the Annual General Meeting of Shareholders on June 21, 2024. In Japan, we are blessed with an environment whereby road pavement crisscross the entire nation, transporting products and enabling people exchanges through the comfortable passage of vehicles. Together with everyone at Seikitokyu Kogyo, one of the companies that has helped create and support this environment, I am delighted to be able to be involved in infrastructure building.

As an attorney for over 30 years, I have been involved in a variety of civil and administrative cases, including litigation. In recent years, I have worked mainly in the field of information law, particularly IT, Act on the Protection of Personal Information, and Information Disclosure Act, and compliance. In my work with the Company, I confirm information disclosures are being enhanced as well as decision making through compliance with laws and appropriate

procedures, and look thoroughly for business execution that is appropriate and reasonable. In addition, I work to ensure I can offer effective advice on DX, utilizing my standpoints on IT, security, and the protection of personal information. Amid the Company pushing ahead with environmental initiatives and diversity among foreign national human resources, I would like to be useful in providing advice based on my experiences with information disclosure regarding climate change, various activities with the bar association, and as a minority myself having lived in Europe and the US for six years.

Setting the basic goal of establishing new ways of working in the Company's long-term vision is viewed as a pledge to actively engage in corporate activities with diverse human resources, regardless of gender or nationality, in Japanese society where the declining population is striking. I also intend to contribute in order to support pioneering efforts in the road construction industry.

Financial Information

Consolidated Balance Sheets for the Years Ended March 31 (Millions of Yen)

	74th fiscal year 2023	75th fiscal year 2024		74th fiscal year 2023	75th fiscal year 2024
Assets			Liabilities and net assets		
Current assets	49,992	47,153	Current liabilities	31,164	28,713
Cash and deposits	8,173	13,440	Total trade payables	23,262	21,363
Trade receivables	38,829	30,633	Short-term loans payable	106	106
Cost on uncompleted construction contracts	228	105	Income taxes payable	214	939
Raw materials and supplies	331	429	Advances received on uncompleted construction contracts	1,570	641
Other current assets	2,430	2,545	Provision for warranties for completed construction	40	18
Non-current assets	28,769	28,889	Provision for loss on construction contracts	4	19
Property, plant and equipment	26,750	26,880	Provision for bonuses	1,655	1,735
Buildings and structures	11,857	13,469	Other current liabilities	4,311	3,889
Machinery, equipment, vehicles, tools, furniture and fixtures	22,117	23,021	Non-current liabilities	7,936	6,795
Land	14,897	14,849	Long-term loans payable	6,800	6,700
Construction in progress	878	—	Net defined benefit liability	1,049	—
Accumulated depreciation	(23,000)	(24,459)	Other long-term liabilities	87	95
Intangible assets	239	266	Total liabilities	39,101	35,509
Other intangible assets	239	266	Net assets		
Investments and other assets	1,779	1,742	Shareholders' equity	39,506	39,541
Investment securities	302	375	Share capital	2,000	2,000
Deferred tax assets	1,002	925	Capital surplus	500	512
Retirement benefit asset	—	62	Retained earnings	37,810	37,816
Other investments and other assets	474	378	Treasury stock	(803)	(786)
Total assets	78,762	76,042	Accumulated other comprehensive income	153	992
			Unrealized gain (loss) on investment securities	34	103
			Foreign currency translation adjustment	(20)	(37)
			Remeasurements of defined benefit plans	139	925
			Total net assets	39,660	40,533
			Total liabilities and net assets	78,762	76,042

Consolidated Statements of Income for the Years Ended March 31 (Millions of Yen)

	74th fiscal year 2023	75th fiscal year 2024
Net sales	92,414	88,037
Cost of sales	83,612	78,091
Gross profit	8,802	9,946
Selling, general and administrative expenses	6,132	5,854
Operating income	2,669	4,091
Other income	113	106
Other expenses	135	119
Ordinary profit	2,647	4,078
Extraordinary income	24	310
Extraordinary losses	873	363
Profit before income taxes	1,798	4,025
Income taxes - current	726	1,210
Income taxes - deferred	(55)	74
Net income	1,127	2,740
Net profit attributable to owners of parent	1,127	2,740

Consolidated Statements of Cash Flows for the Years Ended March 31 (Millions of Yen)

	74th fiscal year 2023	75th fiscal year 2024
Cash flows from operating activities	2,380	10,949
Cash flows from investing activities	(5,028)	(2,873)
Cash flows from financing activities	(2,022)	(2,823)
Effect of exchange rate change on cash and cash equivalents	28	14
Net increase (decrease) in cash and cash equivalents	(4,641)	5,267
Cash and cash equivalents at beginning of year	12,814	8,173
Cash and cash equivalents at end of year	8,173	13,440

Consolidated Statements of Comprehensive Income for the Years Ended March 31 (Millions of Yen)

	74th fiscal year 2023	75th fiscal year 2024
Net income	1,127	2,740
Other comprehensive income (loss)	(77)	838
Comprehensive income	1,049	3,578

ESG Data

Environmental Data

			Scope	Unit	FY2021	FY2022	FY2023
Greenhouse gas	Scope 1	Direct emissions by the reporting company (the use of fuel and industrial processes)	Consolidated	Thousand tons of CO ₂	47	42	51
	Scope 2	Indirect emissions from the use of electricity, heat, and steam provided by other companies	Consolidated	Thousand tons of CO ₂	11	8	12
	Scope 3	Indirect emissions not included in Scope 1 or 2 (emissions of other companies related to the activities of the reporting company)	Consolidated	Thousand tons of CO ₂	370	368	348

Social Data

No. of employees	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
No. of employees	Consolidated	Persons	1,031	1,043	1,098	1,117	1,149
No. of employees		Persons	841	869	931	969	995
Male	SEIKITOKYU KOGYO CO., LTD.	Persons	755	773	812	832	846
Female		Persons	86	96	119	137	149

Diversity	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Composition of employees							
Percentage of women		%	10.2	11.0	12.8	14.1	15.0
Percentage of foreign nationals	SEIKITOKYU KOGYO CO., LTD.	%	0.6	1.4	1.6	3.4	5.2
Percentage of mid-career employees		%	27.6	30.0	31.3	33.0	34.8

Recruitment status							
Percentage of women		%	29.6	21.3	23.5	21.2	19.1
Percentage of foreign nationals	SEIKITOKYU KOGYO CO., LTD.	%	—	8.8	4.1	21.2	21.3
Percentage of mid-career employees		%	46.3	55.0	43.9	46.5	53.9

Status of managers							
Percentage of women		%	0.9	0.9	0.8	1.3	1.7
Percentage of foreign nationals	SEIKITOKYU KOGYO CO., LTD.	%	—	—	—	—	—
Percentage of mid-career employees		%	11.4	11.5	12.8	13.1	12.7

Childcare leave	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Rate of taking childcare leave (Male)	SEIKITOKYU KOGYO CO., LTD.	%	—	—	9.5	14.3	55.6
Rate of taking childcare leave (Female)		%	100.0	100.0	100.0	100.0	100.0

Annual paid leave	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
No. of days of paid leave taken (average)	SEIKITOKYU KOGYO CO., LTD.	Days	7.4	12.0	11.3	12.0	14.0

Employment of persons with disabilities	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Employment rate of persons with disabilities	SEIKITOKYU KOGYO CO., LTD.	%	1.96	1.78	2.86	2.98	2.74

Safety and health	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Frequency rate of occupational accidents							
Construction departments	SEIKITOKYU KOGYO CO., LTD.	—	0.97	0.65	0.47	1.04	0.97
Products departments		—	2.80	—	1.22	1.20	—

Governance Data

Composition of the Board of Directors	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Total no. of Directors	SEIKITOKYU KOGYO CO., LTD.	Persons	8	9	9	7	6
No. of Outside Directors		Persons	2	3	3	3	3

Status of holding of Board of Directors meetings	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
No. of meetings held	SEIKITOKYU KOGYO CO., LTD.	Times	14	14	14	14	15
Rate of attendance of Outside Directors		%	100.0	100.0	100.0	100.0	100.0

Status of holding of Audit & Supervisory Board meetings	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
No. of meetings held	SEIKITOKYU KOGYO CO., LTD.	Times	5	13	9	9	10
Rate of attendance of Outside Audit & Supervisory Board Members		%	100.0	100.0	100.0	100.0	100.0

Compliance	Scope	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
No. of compliance training participants (cumulative total)	SEIKITOKYU KOGYO CO., LTD.	Persons	1,154	619	1,790	1,224	1,849
Status of internal audits		Offices	125	107	105	113	118

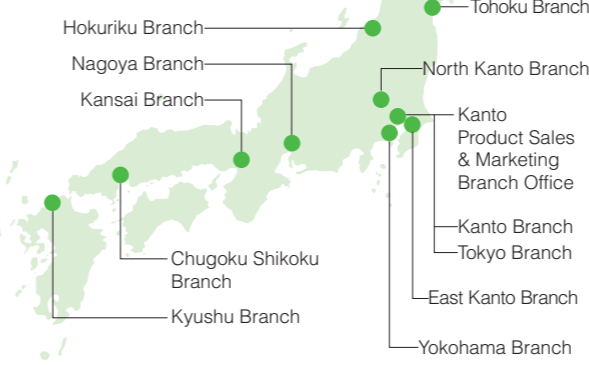
Company Profile and Stock Information (As of March 31, 2024)

Company Profile

Corporate name	SEIKITOKYU KOGYO CO., LTD.
Established	January 16, 1950
Head office location	2-9-3, Shibakoen, Minato-ku, Tokyo, Japan
Share capital	2.0 billion yen
Number of employees	995

Sites

Branches	Hokkaido Branch (Hokkaido) Tohoku Branch (Miyagi) Hokuriku Branch (Niigata) Kanto Branch (Tokyo) North Kanto Branch (Saitama) East Kanto Branch (Chiba) Tokyo Branch (Tokyo) Yokohama Branch (Kanagawa) Kanto Product Sales & Marketing Branch Office (Tokyo) Nagoya Branch (Aichi) Kansai Branch (Osaka) Chugoku Shikoku Branch (Hiroshima) Kyushu Branch (Fukuoka)
Business offices and others	50 sites
Technology research laboratory	Tochigi
Testing laboratories	8 sites
Equipment center	Tochigi
Material plants and others	51 sites
Training center	Tochigi



Group Companies

Subsidiaries	HODOU KOGYO CO., LTD.	SHINSEIKI KOGYO CO., LTD.
	HOEI KENSETSU KOGYO CO., LTD.	KUMAREKI KOGYO CO., LTD.
	MICHINOKU KOGYO CO., LTD.	SEIKITOKYU MYANMAR ROAD COMPANY LIMITED
	YAMABIKO KOGYO CO., LTD.	STK PACIFIC CORPORATION
	CHUGAI ENGINEERING CO., LTD.	
Affiliates	ST SERVICE CO., LTD.	GULF-SEAL KOGYO CORPORATION
	NITTOU ROAD CO., LTD.	NOTO ASCON CORPORATION
	TAKAMATSU KOUMUTEN CO., LTD.	

Note: STK PACIFIC CORPORATION is due to be dissolved and liquidated in fiscal 2024.

Stock Information

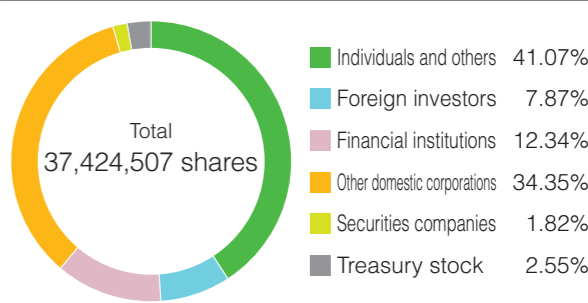
Total number of shares authorized	150,000,000 shares
Total number of shares issued	37,424,507 shares
Number of shareholders	26,204
Listed stock exchange	Prime Market of the Tokyo Stock Exchange

Major Shareholders

Names of shareholders	Number of shares held (Thousand of shares)	Shareholding ratio (%)
TOKYU CONSTRUCTION CO., LTD.	8,931	24.49
The Master Trust Bank of Japan, Ltd. (trust account)	3,275	8.98
TOKYU CORPORATION	1,533	4.21
Custody Bank of Japan, Ltd. (trust account)	915	2.51
Seikitokyu Employees' Shareholding Association	879	2.41
Hikari Tsushin K.K.	658	1.80
Chishiro Saimaru	480	1.32
MSCO CUSTOMER SECURITIES	355	0.97
Seikitokyu Partner Companies' Shareholding Association	284	0.78
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SETT ACCT	271	0.74

Notes: The Company holds 955,786 shares as treasury stocks and is excluded from the above major shareholders. The shareholding ratio was calculated after deducting treasury stock.

Distribution of Shares by Types of Ownership





SEIKITOKYU KOGYO CO.,LTD.

SEIKITOKYU KOGYO CO., LTD.

2-9-3, Shibakoen, Minato-ku, Tokyo, 105-8509, Japan

Inquiries: <https://www.seikitokyu.co.jp/en/>

Issued in December 2024

ST and K

(Seikitokyu Kogyo's mascot characters)

ST and **K**, our mascot characters, were born in January 2020 on the occasion of our 70th anniversary. They will help promote safety at construction sites and asphalt plants across the country, improve the industry's image, and conduct public relations activities.

世紀東亜工業キャラクター
エスティとケイ

