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▲Jingu Baseball Stadium (outfield fence on the left side)

Integrated Report 2024

Securities code: 1835



TOTETSU KOGYO CO., LTD.

4th Floor, JR Shinanomachi Building, 34 Shinanomachi, Shinjuku-ku, Tokyo
TEL: +81-3-5369-7698 (main number) <https://www.totetsu.co.jp/english/>

Cover concept
Totetsu Kogyo's development is linked to the illustration
of a city, which shows development every year.





**Safety first
above all else**

About us

Totetsu Kogyo marks the 81st anniversary of its foundation this year. We are a leading company in the industry. Our former presidents have served as chairman of the National Railway Track Business Association of Japan, an industry organization related to railway facilities maintenance.



Referenced guidelines

- “The International <IR> Framework,” The International Integrated Reporting Council (IIRC)
- Environmental Reporting Guidelines 2018 (Ministry of the Environment)

Reported period

From April 1, 2023 to March 31, 2024 (including some activities before and after the period)

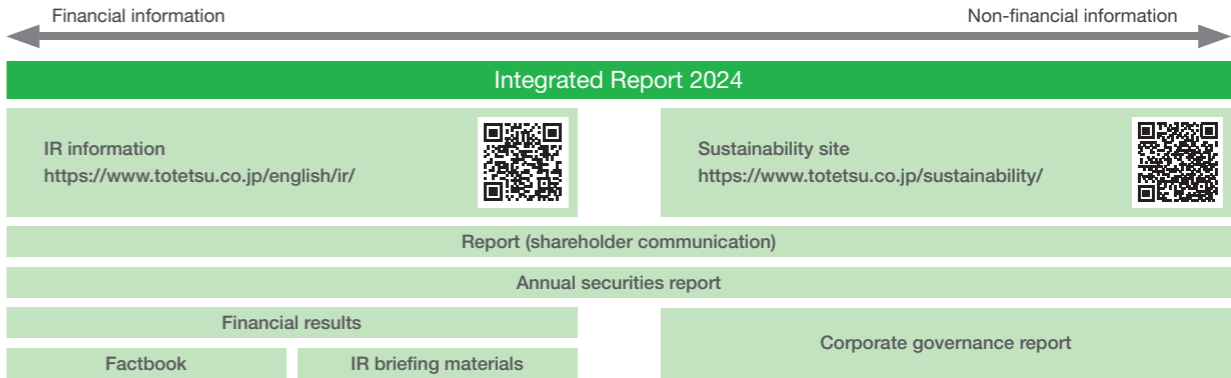
Reported entities

Totetsu Kogyo Group (including the standalone report of TOTETSU KOGYO CO., LTD.)

Forward-looking statements

Among statements such as earnings forecasts, outlooks, strategies, and targets included herein, matters other than facts in the past or present are future outlooks, which are based on information that is presently available, and plans, expectations and judgments based on certain assumptions which are considered to be reasonable. Hence please note that actual results may differ from those forward-looking statements, due to varying several factors.

Totetsu Kogyo information disclosure tools



CONTENTS

About Totetsu Kogyo Group

Corporate Philosophy Structure	5	Business Model	9
Value Creation History	7	Value Creation Process	11



POINT This section presents how we are creating value for all society and stakeholders, on the basis of Totetsu Kogyo's philosophy structure and business model.

Initiatives to Support Sustainable Growth

Sustainability at the Totetsu Kogyo Group	57	Creation of a Fulfilling Workplace	75
Feature: Employee Dialogue Session	59	Enhancement of Trust with Partner Companies	79
Provision of Safe and High-quality Technologies and Services	69	Corporate Governance	81
Preservation of the Global Environment	71	Risk Management	89
Respect for Human Rights	73	Compliance	90
Contribution to Local Communities	74	Communication with Stakeholders	91



POINT The Employees Dialogue Session presents the contents of the discussion, in which employees from experts who have worked for more than 20 years to young employees from each division participated. They talked about work environment creation to achieve long-term vision, as well as work-life balance and Totetsu Kogyo in the next 20 years.

Growth Strategy

President's Message	13	Initiatives for DX	43
Feature: President and Outside Directors Round-table Discussion	23	Technical Development	45
Long-term Vision	31	Strategies by Business	47
Review of the Former Medium-term Management Plan ...	33	Railway Track Maintenance Division	47
Medium-term Management Plan: Action Plan 2029	34	Civil Engineering Division	49
Capitalization and Financial Strategies	37	Architectural Division	51
Totetsu Kogyo's Human Resource Development –Initiatives at Totetsu Training Institute–	39	Environmental Division	53
Close-up		Group Companies	55
Training Facilities for Widening the Circle of Human Development to Develop the Future	41		



POINT The President's Message section presents the position of the new five-year Medium-term Management Plan: Action Plan 2029 in the long-term vision, its keystone concepts, initiatives based on five strategies, etc. The President and Outside Directors Round-table Discussion section presents the details of the discussion, including Outside Directors' roles in Action Plan 2029, monitoring for plan achievement, and requests for and expectations from the President.

Data Section

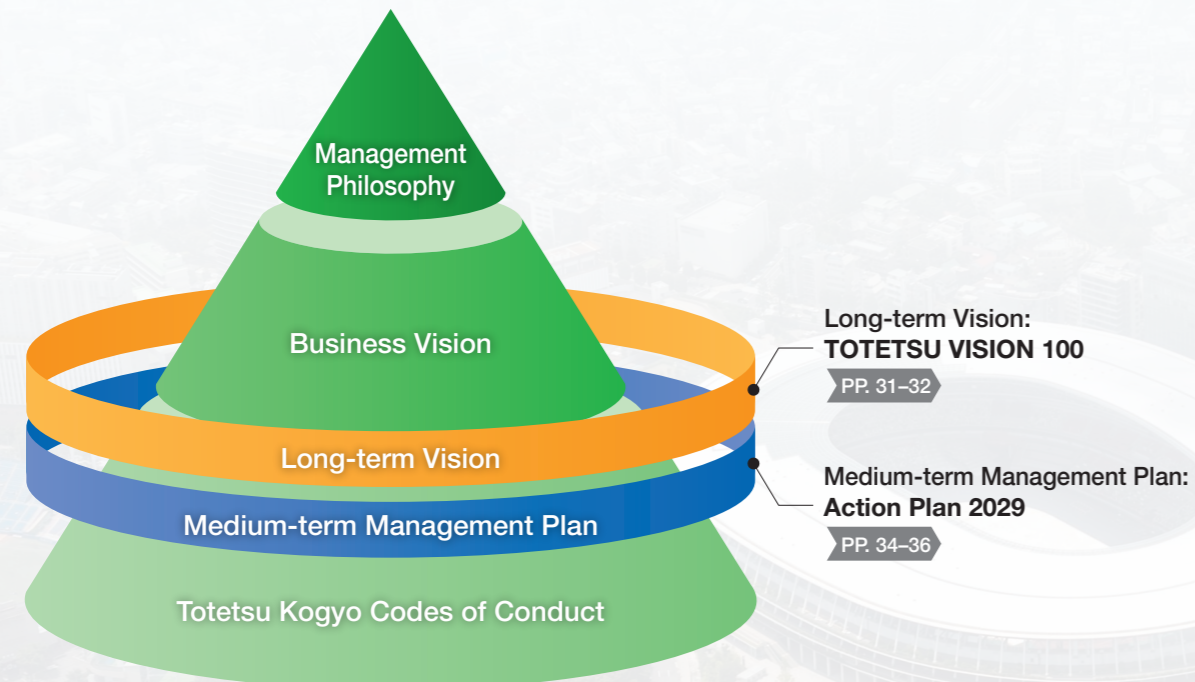
11-Year Summary.....	93	Consolidated Statements of Changes in Equity.....	99
Operating Results and Financial Analysis	95	Consolidated Statements of Cash Flows.....	100
Consolidated Balance Sheets	97	Corporate Overview/Share Information	101
Consolidated Statements of Income/Consolidated Statements of Comprehensive Income	98		

Management Philosophy

—Safety first above all else—

Making the best use of railway-related special expertise, we at Totetsu Kogyo, as a general construction company, contribute to creating safe and comfortable transportation networks and social infrastructure.

Corporate Philosophy Structure



- Totetsu Kogyo Group Basic Sustainability Policy
- Totetsu Kogyo Group Human Rights Policy
- Totetsu Kogyo Group Procurement and Outsourcing Policy
- Totetsu Kogyo Group Business Partner Guidelines

Business Vision

- As a leading company of transportation infrastructure maintenance that focuses on railway-related works, such as maintenance and improvement,
- Based on trust brought by its highly sophisticated technical expertise and high-quality construction achievements,
- Through constructing and sustaining sound infrastructures, and creating and preserving excellent environments,
- Realize sustainable growth, in order to contribute to creating an environmentally friendly society where all stakeholders can live with a safe and secure mind,
- As a specialized professional group, continues to be number one company in the railway maintenance industry and the only one choice in the construction industry

Corporate Message

Faithful☆Shining☆Number One & Only One

- Faithful** Promote faithful management trusted by stakeholders
- Shining** Provide the highest level of safety and quality, as a specialist supporting safe and stable transportation
- Number one** Be number one with railway works know-how that greatly surpasses competitors
- Only one** Be the only one in the construction industry, by leveraging high-value added construction capabilities refined in railway works and demonstrating our uniqueness of Railway Track Maintenance, Civil Engineering, Architectural, and Environmental Businesses and synergies between them for the solution of entire social infrastructure issues

Totetsu Kogyo Codes of Conduct

Based on our Management Philosophy, the Totetsu Kogyo Group will make every endeavor to provide customers with safe, quality technology and services, and thereby create added value useful for society. We always comply with and respect legal requirements and social ethical standards, and fulfill our corporate social responsibility through faithful and fair corporate activities. Contributing to the realization of a sustainable society through these activities, we strive to ensure the trust and confidence of all stakeholders, including shareholders, customers, local communities, and employees. We established the Totetsu Kogyo Codes of Conduct that all officers and employees of the Totetsu Kogyo Group shall observe, and each individual performs their duties with a strong sense of mission.

- ① Thoroughly executing safe construction and pursuing quality
- ② Securing customer's satisfaction and trust
- ③ Commitment to compliance
- ④ Business and activities that contribute to society
- ⑤ Respecting humanity and our own growth
- ⑥ Ensuring safe, comfortable working environment and operational reforms
- ⑦ Focus on the environment
- ⑧ Ensuring the proper handling of risk and crisis management
- ⑨ Active, effective and fair information disclosure
- ⑩ Top management roles and implementing the Totetsu Kogyo Codes of Conduct

Value Creation History

Aim for a company that values techniques and trust, and contributes to society.

As a leading company of transportation infrastructure maintenance that focuses on railway-related works, based on trust brought by its highly sophisticated technical expertise and quality construction achievements, we will contribute to creating an environmentally-friendly society where all stakeholders can live with a safe and secure mind.

1943-

Established for the purpose of maintaining and strengthening railways
Supported societal development from post-war reconstruction to the transportation revolution

- 1949 Designated competitive bidding system started
- 1964 Tokyo Olympics were held

In July 1943, the Company was established as a national policy concern by request from the former Ministry of Railways, for the purpose of maintaining and strengthening railways. In July 1952, the Company changed its trade name to TOTETSU KOGYO CO., LTD., and restarted as a general construction company. By constructing transportation infrastructures utilizing technical expertise, Totetsu Kogyo supported Japan's development from post-war to high economic growth ages.



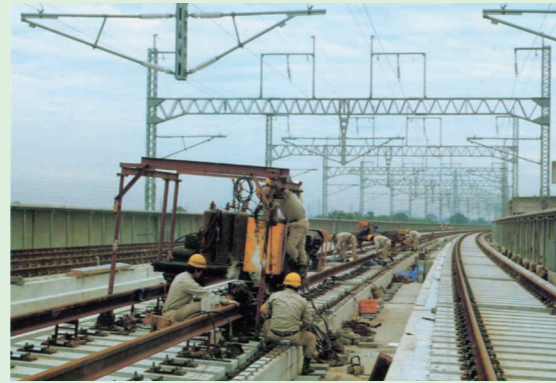
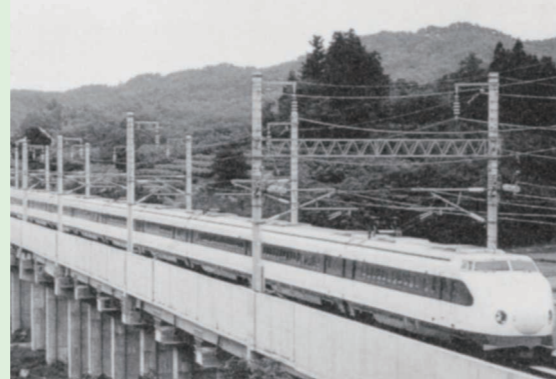
1970-

Listed on the First Section of the Tokyo Stock Exchange
Enhanced technical capabilities and internal systems through the Tohoku Shinkansen construction

- 1982 Omiya and Morioka Stations of the Tohoku Shinkansen opened
- 1987 Division and privatization of Japanese National Railways <<JR>>

In 1971, Tohoku and Joetsu Shinkansen construction began, which was a significant project over more than 10 years. Through many challenges in difficult works, our technical capabilities and human resource strengths were dramatically enhanced.

Along with the enforcement of the Industrial Safety and Health Act, Totetsu Kogyo established the Association of partner companies on health and safety, continuing thoroughly ensure safe works to the present day. In 1972, the Company was listed on the First Section of the Tokyo Stock Exchange.



Designated competitive bidding system started

1990-

Sales exceeded 100.0 billion yen
Mechanization enabled further safety and efficiency in works

- 1997 Nagano Station of the Hokuriku Shinkansen opened
- 1998 Nagano Olympics were held
- 2002 The Tohoku Shinkansen was extended to Hachinohe Station

Great progress in mechanization aided Totetsu Kogyo in cultivating its strength to provide technical proposals on diversified construction methods for employers. We have accumulated trust and records by conducting highly professional works: railway overpass removal works using 500t cranes, one of the largest size in Japan, in civil engineering works; the construction of the Abt system railway, which is the only one in Japan, and the installation of Japan's longest turnout on the Hokuriku Shinkansen in railway track works. In 2002, Totetsu Kogyo became the owner of the largest number of maintenance vehicles in Japan.



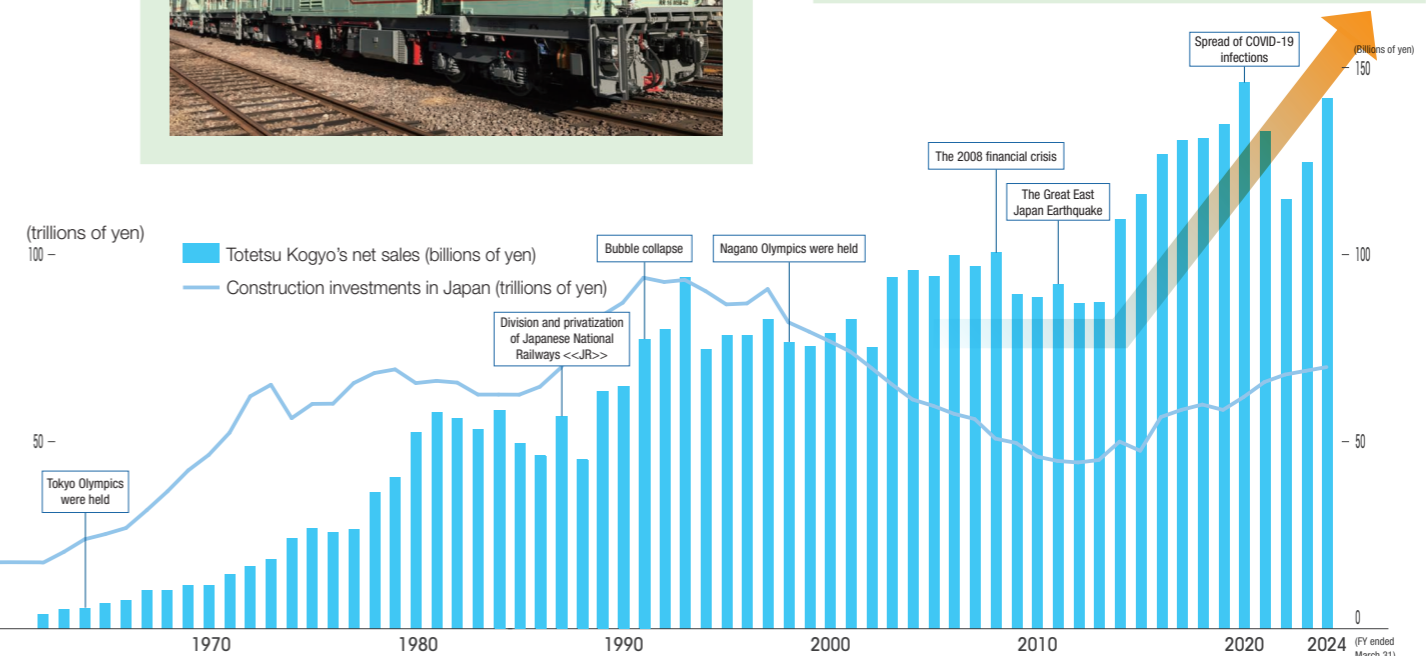
2010-present

Continue our challenge to sustain and improve transportation networks with technical development based on our expertise and experience

- 2011 The Great East Japan Earthquake
- 2022 Fukushima Earthquake
- 2024 The Hokuriku Shinkansen was extended to Tsuruga Station

In the situation of the Great East Japan Earthquake, which occurred in 2011, Totetsu Kogyo engaged in restoration works for the Tohoku Shinkansen, the Joban Line, etc., making united efforts at a group-wide level.

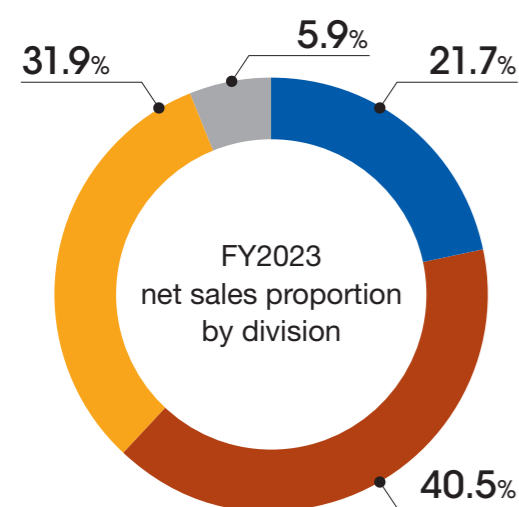
In recent years, we have put our energy into further technical development and the mechanization of works, for example, by introducing the world-first Shinkansen Rail Exchange System (REXS). For societal needs such as measures against intensified natural disasters including anti-seismic, anti-disaster, and barrier-free accessibility works, and the increase of convenience of station buildings, we are contributing to the acceleration of improvement by taking advantage of our highly sophisticated technical expertise and human resource strength.



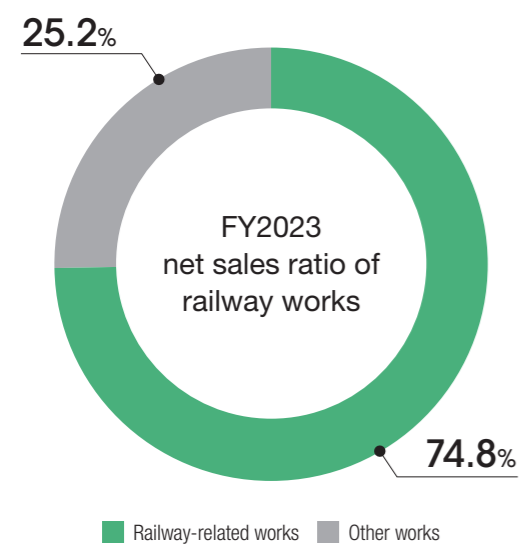
Business Model

FY2023 Key Consolidated Data

Net sales	(Billion yen)	141.8
Operating profit	(Billion yen)	11.7
Ordinary profit	(Billion yen)	12.1
Profit attributable to owners of parent	(Billion yen)	8.2



■ Railway Track Maintenance Division ■ Civil Engineering Division
■ Architectural Division ■ Other

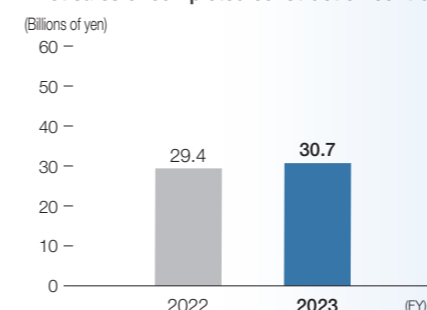


■ Railway-related works ■ Other works

Railway Track Maintenance Division P. 47



Net sales of completed construction contracts



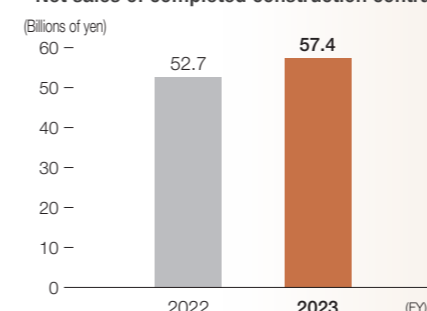
The Railway Track Maintenance Division forms one of the main pillars of Totetsu Kogyo's business. We make the best use of the technical expertise and experience we have cultivated over many years to deliver safe and stable transportation, and comfortable train travel, striving to sustain people's lives and society's infrastructure.

As a front runner in the railway maintenance business, we also make efforts for work mechanization and technical development, continue to challenge ourselves for greater safety, quality and efficiency, and thereby provide a wide range of proposals on high-level methods for railway track maintenance works.

Civil Engineering Division P. 49



Net sales of completed construction contracts



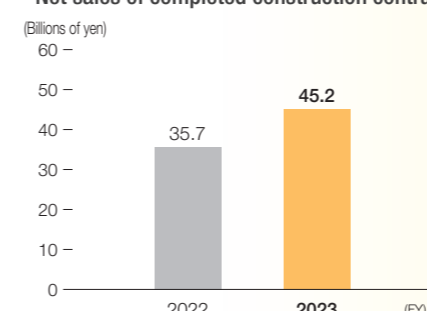
In the field of civil engineering works adjacent to railways, we proudly have highly sophisticated technical expertise and abundant construction experience. Many techniques from our technical development based on railway-related special expertise are widely used in stations, elevated bridges, standard bridges and other structures, with work efficiency improved.

We have made the best use of the technical expertise and experience we have cultivated to the present, for our civil engineering techniques used to develop social infrastructure. We will address societal issues such as life extension and seismic reinforcement of infrastructures.

Architectural Division P. 51



Net sales of completed construction contracts



We place railway-related construction on the center of the business. Taking advantage of a high level of construction capabilities based on plenty of experience and know-how accumulated through the construction of facilities adjacent to railways, including commercial and residential facilities, as well as the technical expertise that enables us to fulfill customer needs, we will take on challenges in various fields. We will also establish and strengthen a new organizational structure together with Totetsu Soken, a group company, in order to expand the maintenance works business.

At the same time, to achieve operational efficiency, we will also actively work on productivity increase, such as production DX and site operation DX.

Environmental Division P. 53



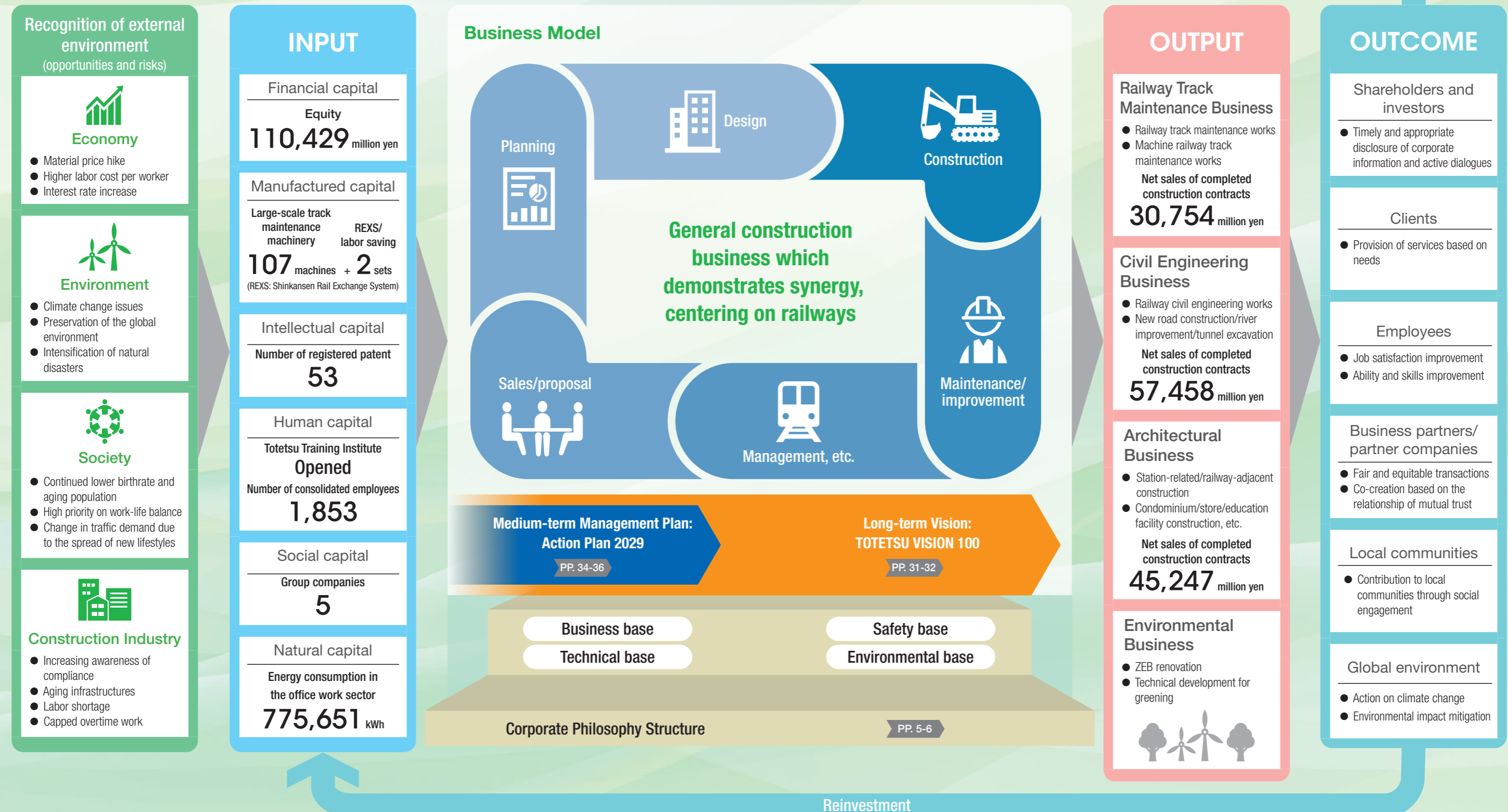
The Totetsu Kogyo Group considers addressing climate change as one of its management issues and continues to challenge itself in a proactive and concrete manner. While conserving resources and the natural environment in construction works, we promote CO₂ emissions reduction and environmental impact mitigation, through our widely developed business such as solar power generation, ZEB renovations, and heat stress reduction measures, in addition to the greening business, a core of the Environmental Division.

We cooperate with the Railway Track Maintenance, Civil Engineering, and Architectural Divisions to demonstrate the best synergy, thereby aiming for the preservation of the global environment and living in harmony with the earth.

Value Creation Process

The Totetsu Kogyo Group considers that contribution to the creation of safe and comfortable transportation networks and social infrastructure, and efforts to solve societal issues will contribute to the sustainable enhancement of its corporate value, through the value creation process below. By working on initiatives to achieve a sustainable society through business activities, we will strive to become the number one & only one company.

What We Aspire to Be
 Making the best use of railway-related special expertise, as a general construction company, we contribute to creating safe and comfortable transportation networks and social infrastructure.



PRESIDENT'S MESSAGE

Strengthen construction systems, and expand business scope through “trinity management.”
Spread “happiness” generated from our business throughout the society.

Tadao Maekawa

President, Representative Director

PRESIDENT'S MESSAGE

Background of the long-term vision and encompassed thoughts

In FY2023, the Totetsu Kogyo Group celebrated the 80th anniversary of its foundation and announced the long-term vision, TOTETSU VISION 100, which describes a 20-year outlook, marking a new step forward. TOTETSU VISION 100 defines the Group's vision for 2043 as a "leading company in transportation infrastructure maintenance" and provides a direction to achieve this vision. Based on this long-term vision, we will define key management principles and make progress toward the growth and development of the entire Group, including partner companies.

Over the past year, I held nine meetings for long-term vision presentations aimed at all employees, explaining the details carefully and engaging in dialogue with them through question-and-answer sessions, with the aim of instilling the vision within the Company. In addition, through meetings with the management of each of our partner companies, I worked to help them understand the direction in which the Group is aiming to move.

The background for formulating the long-term vision includes changes in the business environment surrounding us. With the labor population continuing to decline, the Group faces difficulty securing site workers. If nothing is done, there is a possibility that we will not be able to accomplish our mission of sustaining transportation infrastructure. In addition, following the COVID-19 pandemic, we are facing greater uncertainty about the future due to factors such as the continued price hike of construction materials and rising labor costs. To overcome these environmental changes, we needed to look ahead to the future and share a direction to follow at a group-wide level, including partner companies.

To maintain high-quality construction capability over the medium to long term, we believe that Totetsu Kogyo, its group companies, and partner companies must cooperate, sharing a common fate. This is "trinity management," which forms the basis of the long-term vision.

The work of sustaining social infrastructure places a heavy burden on those involved, due

to night duty, unexpected tasks, etc. Sharing a common fate means that we overcome difficult situations together, share the fruits of success, and achieve happiness for all. To demonstrate our commitment, I personally provided explanations to the partner companies. I told them that we expect steady orders from railway companies and several maintenance companies, including JR East, our largest client, and that we will sufficiently share the earnings. I encouraged them to continue recruiting site workers without concern. Through the 20-year roadmap outlined in the long-term vision, we commit ourselves to the "happiness" of the Group's employees and their families, as well as those of partner companies, striving to bring it to fruition.

Recent satisfaction surveys conducted among the Group's employees show scores more than 10 points higher than construction industry averages on items such as alignment with the Management Philosophy and work fulfillment. This reassured me that our employees engage in maintenance work for various structures, including railway structures, with a strong sense of mission and responsibility.

To ensure that such dedicated employees and site workers continue their work, we raise wage levels and pay bonuses, while also securing the understanding of our client railway companies. In order to reflect this in the treatment of employees of partner companies, we are improving contract unit prices and distributing profits in the form of lump-sum payments. This initiative has led to lower quit rates within the Group and among partner companies. Among approximately 800 partner companies, over one hundred are primarily engaged in the Group's work. We support partner companies not only in employee treatment but also in education, as well as in providing machinery and materials for training, aiming to maintain and strengthen construction systems.

This initiative has resulted in securing new work that allows us to make good use of our maintenance skills. While focusing our business on maintenance and replacement work for JR East, we also meet maintenance demands for other public and private



railways. Additionally, we aim to expand our business fields by undertaking railway-adjacent projects such as overpasses and underpasses, as well as public and private projects beyond the railway sector. Through construction systems formed in cooperation with partner companies, we aim to enhance our responsiveness to market expansion, establish relationships of mutual trust with clients, and achieve sustainable growth.

Increasing the motivation of employees of the group companies and partner companies will lead to business stability and profit growth, bringing "happiness" to employees and their families. This will increase the number of partner companies mainly undertaking the works of our Group, further enhancing our construction execution systems. Such a positive cycle would be a key to achieving the long-term vision.

Importance and responsibility of work recognized after the COVID-19 pandemic

Looking back at business performance over the past few years, the COVID-19 pandemic has spread from FY2020 to FY2021, impacting the Group's sales, and we couldn't avoid a decrease in orders during this period. However, in FY2022, business performance improved partly due to a recovery in orders from JR East, and in FY2023, the amount of orders received, net sales, and profit exceeded targets set at the beginning of the fiscal year, with both revenue and profit further increasing. Our strong reputation as a construction company supporting railway

infrastructure with excellent maintenance skills and construction quality helped limit the revenue decline to a certain extent even during the COVID-19 pandemic. Additionally, trusting relationships with clients enabled us to secure fair construction costs. I believe these factors contributed to an early business recovery and subsequent stable growth.

As the COVID-19 pandemic subsided, the movement of people resumed, and social activities were revitalized. Under these circumstances, more people began using transportation again. Now, we,

PRESIDENT'S MESSAGE



who support safe, secure, and stable transportation behind the scenes, have a renewed recognition of the importance and weight of responsibility of our work.

In FY2023, the Railway Track Maintenance Division saw positive results due to the expansion of railway maintenance sales into public and private sector markets, with order volume from railway companies other than JR East increasing more than twice compared to the previous fiscal year. In addition to the periodic replacement of rails and ties, we have received orders for track maintenance using large-scale track maintenance machinery owned by the Company. We expect this type of order to continue increasing.

For railway track-adjacent works, demand is increasing for projects involving deteriorating road bridges in various areas and water supply-related works. These types of projects come with many restrictions and require special qualifications. Leveraging the Group's technical strengths, we actively pursue such orders. We also handle repair work for advertising boards in stations, such as

digital signage and signboards, as part of our maintenance work, and we have received package orders from a JR East affiliate.

Regarding sales expansion into markets beyond railways, the Civil Engineering Division and Architectural Division are seeing an increase in orders for maintenance work on public and private facility structures. We address clients' issues by offering package services based on our comprehensive capabilities, enabling us to handle everything from inspection and diagnosis to structural calculations, design, and work execution—not just repairs—earning high appreciation.

This increased demand is driven by circumstances where site workers are quitting and their numbers are declining. **We have established robust relationships with group companies and partner companies through ongoing support, maintaining strong construction execution systems. This enables us to capture demand beyond the construction capabilities of other companies.**

/ Start of new five-year Medium-term Management Plan, and its keystone

After a year of these efforts, we formulated a new Medium-term Management Plan: Action Plan 2029, spanning five years, and launched in FY2024. This plan is designed to establish a foundation for achieving the 2043 vision, serving as the first stage of the 20-year roadmap outlined in the long-term vision, TOTETSU VISION 100. Given the high uncertainty in society and the economic climate, we recognized that a certain period would be necessary for our initiatives to yield specific effects after addressing various issues surrounding the Group's business. Therefore, we set the plan's duration to five years, from FY2024 to FY2028.

Action Plan 2029 has a keystone of fulfilling our mission and responsibility to all stakeholders. Through "trinity management," which forms the foundation of the long-term vision, we will realize the "happiness" of the Group's employees and their families, as well as those of partner companies and together strive to grow as a community sharing a common fate. Through the initiative, we will accurately fulfill client needs, and realize clients' "happiness." The value generated from this initiative brings "happiness" to those who use the infrastructure and revitalizes local communities. **The spread of "happiness" contributes to the Group's sustainable growth and increased corporate value, helping to realize the "happiness" of shareholders and investors who support the Group. This is the basic concept in implementing the plan.**

The starting point of our initiative to fulfill our mission and responsibility and realize "happiness" is to enhance employee satisfaction at a

group-wide level, including partner companies. We aim to increase employee satisfaction through improvements in wage levels, enhancements in education, and increased operational efficiency. This boosts work fulfillment and a sense of mission, further strengthens client relationships, and drives business performance and corporate development. In other words, this plan is unachievable without improving employee satisfaction.

Looking ahead to the next five-year market environment, we expect increased demand for JR East-related work due to large-scale projects such as railway maintenance, seismic reinforcement, and platform door installation. We also anticipate continued demand growth for other public and private railway maintenance, as well as for the maintenance and replacement of social infrastructure adjacent to railway tracks and at crossing sites for the Civil Engineering Division and Architectural Division. Additionally, we anticipate business expansion into new fields where we can leverage our technical expertise, supported by national resilience measures, the recovery of inbound tourism demand, and other factors.

Among these businesses, the Group identifies three key business fields: (i) JR East and other public and private railways, (ii) railway-related fields such as railway-adjacent projects, and (iii) public and private entities. We intend to provide various value propositions based on our comprehensive capabilities while clarifying client needs through proactive sales rooted in our strengths in construction systems and technical expertise.

/ Growth strategies and support for group companies and partner companies

During the five years of Action Plan 2029, we will implement growth strategies based on five themes: human resources, safety, receiving orders, productivity increase, and ESG, which have been defined as pillars for achieving the long-term vision. Through the following concrete initiatives, we aim to accomplish the plan. At the same time, we are working to strengthen the foundation of "trinity management" by supporting group companies and partner companies.

① Human resource strategy: improving employee satisfaction, including that of partner companies

We face issues such as a decrease in site workers and engineers, along with challenges in skills succession. The shortage of human resources is a critical issue for business continuity. **To strengthen our human resource base, we will raise the starting salary and enhance recruitment, including**

PRESIDENT'S MESSAGE

mid-career hires. At the same time, to promote the active involvement of diverse talent, we will focus on the planned recruitment of female engineers, the development of female employees for executive positions, the creation of a work environment that supports balancing life events with work, and the improvement of the personnel system. In addition, we will improve retention rates by introducing a mentor system and providing long-term training for new employees. We will also extend employment periods and enhance treatment for senior workers to create opportunities for skills succession. To increase employee satisfaction with work styles, we will enhance the work environment through measures such as reducing working hours, providing adequate mental health care, and encouraging the use of consecutive leave.

For skills development, we will refine our expertise by enhancing new employee training to enable active roles at an early stage, strategically developing executives and highly skilled professionals, and providing opportunities for growth, such as an in-house recruitment system.

We have selected younger executives as presidents for all group companies. We will also reform the personnel system and establish organizational structures that encourage pursuing challenges in new fields. Moreover, we will encourage partner companies to improve wage levels and work environments to enhance their employees' satisfaction with work styles.

② Safety strategy: promoting investments, framework establishment, and technical development

The fundamental premise of our safety strategy is zero fatal accidents for the Group's employees, including partner companies, all involved personnel, and customers. To ensure this, we promote investments, framework establishment, and technical development to achieve higher safety standards, while continually enriching and enhancing safety education for employees. For example, at the Totetsu Training Institute, we conduct hands-on safety training using VR learning tools installed in the Safety Training Room.

The Institute also provides technical education and practical training using full-scale facilities, helping to enhance our ability to respond swiftly to disaster restoration. This aims to maintain and strengthen railway maintenance systems that ensure safety and stable transportation. By actively adopting new technologies, we aim to strengthen preventive measures through both tangible and intangible approaches.

The Group has implemented the General Safety Supervisor System, as a prime contractor, to ensure reliability for both clients and partner companies. We regard ensuring safety as a prime contractor's duty, and the system is now recognized as a support framework for operation safety supervisors at sites.

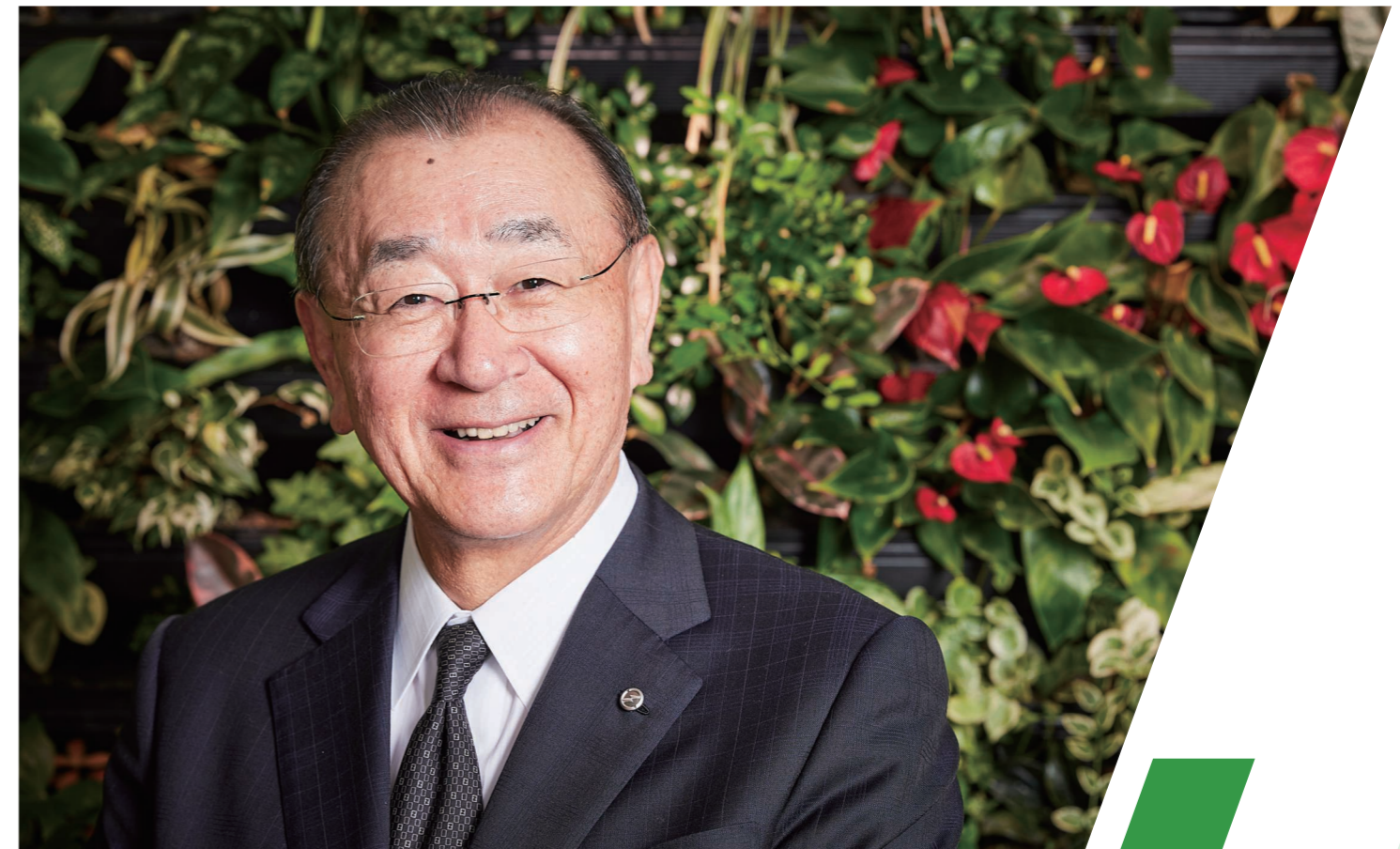
③ Receiving order strategy: developing sales in the three key business fields

As previously mentioned, we will develop sales activities focused on the following three key business fields: (i) JR East and other public and private railways, (ii) railway-related fields such as railway-adjacent projects, and (iii) public and private entities.

Maintenance of JR East railway tracks and facilities is the Group's core business and forms the foundation of the Totetsu Kogyo business model, with the Railway Track Maintenance, Civil Engineering, and Architectural Divisions working together to handle these projects. While striving to maintain and enhance safety and quality and our No.1 proposal capability to meet client needs, we will continue to promote technical development, aiming to secure more orders. For project work, we aim to secure orders for cases where we can leverage the Group's cultivated strengths, such as complex projects requiring advanced technical expertise, large-scale works, and disaster emergency response projects.

In railway-related fields, such as railway-adjacent projects, we will address the growing need to manage aging structures across Japan. We will secure orders by leveraging the Group's special qualifications and technical expertise, focusing on highly complex projects, such as large-scale works and railway line crossing projects outsourced by municipalities.

Public and private railways, aside from JR East, are shifting their focus from new construction to



maintenance and replacement. In this changing railway business environment, many railway companies are struggling to secure maintenance workers. **The Group's policy is to undertake maintenance work on their behalf to secure more orders, making the best use of our construction systems based on "trinity management."** We intend to secure orders for other projects, such as new construction of general structures and project work, by building relationships of mutual trust through proposal-based maintenance services that align with the needs of railway companies seeking to preserve and maintain the value of their structures. We will actively pursue these sales activities with public and private railways, led by the Railway Track Sales Strategy Department, which was newly established in FY2024.

Demand is increasing for addressing aging infrastructure in general works for public and private

entities. With the growing need for refinement that integrates the use of existing structures, this is a field where we can leverage the techniques and experiences we have developed in railway work. The Group will emphasize its unique position as the only one choice in the construction industry, focusing on securing orders for public works and from entities that own facilities and civil engineering structures.

④ Productivity increase strategy: introducing full-scale implementation of digital technologies

By combining our maintenance and construction techniques, including new methods under development, with advanced digital technologies such as ICT, IoT, and generative AI for greater operational efficiency, we will boost productivity at work sites. As part of this strategy, we established the DX Promotion Office in FY2023 and organized systems to prepare for the full-scale implementation of digital technologies.

PRESIDENT'S MESSAGE

Aiming to enhance rationality and efficiency across all operations at work sites, we will expand the mechanization of maintenance and construction work. Simultaneously, we will promote the broader use of BIM/CIM, equip railway track maintenance machines with IoT, and utilize ICT to automate design, estimation, and construction supervision. To improve the rationality and efficiency of common paper works, we are continuing to explore cashless and paperless options by leveraging ICT/IoT, data sharing, and establishing operational practices that incorporate generative AI.

⑤ ESG strategy: leading the industry by taking action for the environment and society

The Group, aiming to be the “leading company in transportation infrastructure maintenance,” will prioritize its ESG strategy to lead the railway maintenance industry in addressing environmental and societal issues. We have added non-financial KPIs to the business targets in Action Plan 2029. We will seek to achieve the numerical targets of each KPI through promoting the ESG strategy.

In addressing environmental issues, we have set a target of net-zero CO₂ emissions by FY2050 to achieve carbon neutrality. We aim to reach this target through our long-term vision. While working to reduce CO₂ emissions from our business activities and to preserve the environment, we will focus on developing technologies aimed at mitigating environmental impact and promoting environmental initiatives such as decarbonization and greening efforts in the Environmental Business.

In our initiatives addressing social issues, we are committed to respecting human rights in our business activities and to fair and sound transactions

with suppliers. To uphold these principles, we will consistently conduct human rights due diligence and monitoring inspections of our business partners. In addition, through our maintenance services, we will contribute to local communities by responding to intensified natural disasters, supporting recovery and restoration in disaster-affected areas, and developing accessible environments.

In terms of corporate governance, we will enhance the transparency and soundness of management, aiming to build a corporate group trusted by all stakeholders. We will also establish an organization capable of responding promptly and appropriately to changes in the business environment, thereby enhancing both social and corporate value.

While promoting initiatives based on the five strategies mentioned above, we will also support our group companies and partner companies. As part of our initiatives to support group companies, we will continue **to promote personnel exchanges within the Group and facilitate the joint purchase and use of machinery and materials, strengthening integrated management with Totetsu Kogyo. In addition, we will leverage group synergy in our business activities and expand sales into the areas and fields in which each company excels.** In our initiatives to support partner companies, we aim to maintain and strengthen construction systems through measures such as the previously mentioned wage level improvements. Additionally, we will continue to apply the Site Manager System, which certifies a high level of expertise in railway work, and provide education and training at the Totetsu Training Institute, thereby enhancing technical and construction capabilities across the Group, including partner companies.

of nearly 30.0 billion yen from the current 141.8 billion yen. As mentioned in the five-year outlook, we anticipate a strong market environment and expanding demand. However, without construction systems capable of handling incoming orders, we will not be able to increase net sales. In that sense, the targets are very challenging.

Therefore, with the aim of establishing a new earnings base, we plan to invest 70.0 billion yen in total during the five years of the plan. We will allocate 50.0 billion yen of the budget to technical and mechanization investments, DX and GX investments, and other maintenance and replacement, etc., and the remaining 20.0 billion yen to human capital investment. In human capital investment, we will allocate funds primarily to cover increased labor costs due to wage level improvements, as well as to support partner companies, enhance the work environment, and cover education and training expenses.

Meanwhile, a capital efficiency target of ROE 8% or more is also challenging, despite the current level of 7.8%, considering that we need to achieve it while investing 70.0 billion yen. We are steadily advancing our productivity increase strategy. Additionally, by fostering relationships of mutual trust with clients and securing package orders backed by the Group's comprehensive strengths, we aim to avoid price wars, increase profit margins, and thereby achieve our targets.

The target of DOE at 3% or more and the adoption of a progressive dividend policy were set to promote management with an awareness of capital costs and stock price. However, **the adoption of the progressive dividend policy is particularly a commitment we must fulfill as a promise to shareholders and investors. This was a significant decision, one that I carefully considered as a corporate manager. I was concerned about whether it would be possible to pay progressive dividends while simultaneously increasing revenue and profit, and raising wage levels for employees, including partner companies, to ensure business continuity. We analyzed extensive data and held several discussions with Outside Directors. Considering the outlook for the expansion of work volume and the increasing number of clients with whom we have built relationships of mutual trust, we became confident that we are able to pay progressive dividends.**

The adoption of the progressive dividend policy is a promise to our shareholders and investors. At the same time, it is a promise of security brought by “trinity management” to the Group's employees and their families, as well as to those of partner companies. As a corporate manager, I will execute the policy with confidence.

Expand the summation of “happiness,” to a prosperous future

The Totetsu Kogyo Group's business, centered on railway maintenance, is directly linked to social contribution, as stated in our Management Philosophy: “contribute to creating safe and comfortable transportation networks and social infrastructure.” Our initiatives protect people's lives, and our business growth brings benefits to society. This provides great pleasure to us.

Management that spreads the realization of “happiness,” which is a basic concept of Action Plan 2029, to all stakeholders. By fully practicing such management, we intend to expand the summation of “happiness” in the world and to realize a prosperous future.

We will meet the trust and expectations of our work and bring “happiness” to our clients. We will bring “happiness” to the Group's employees and their families, as well as those of partner companies by sharing the pleasure of supporting social infrastructure, and rewards for that work. Also, we have the desire to bring “happiness” to our shareholders and investors who support our social contribution, as the foundation of my attitude toward management. Aiming to become a liaison of such “happiness,” I will continue to move forward.

Five-year numerical business targets and the adoption of a progressive dividend policy

In Action Plan 2029, we have set the following numerical business targets for the final fiscal year of the plan (FY2028): net sales of 170.0 billion yen or more, ROE of 8% or more, and DOE of 3% or

more. Additionally, we have introduced a progressive dividends to our shareholder return policies.

The target net sales of 170.0 billion yen represents our highest record ever, requiring an increase

Feature **President and Outside Directors Round-table Discussion**

Outside Directors' Future-oriented Perspectives Which Support Action Plan

As part of aggressive governance, which contributes to corporate value enhancement, Totetsu Kogyo makes active use of management advice from Outside Directors, which is incorporated into our growth strategies.

Here, President Maekawa and four Outside Directors discuss issues on the improvement of the Board of Directors' effectiveness, and the formulation and execution of the new Medium-term Management Plan.



Miya Miyama
Independent Outside Director



Takashi Suetsuna
Independent Outside Director



Tadao Maekawa
President, Representative Director



Hiroshi Nakayama
Independent Outside Director



Takehiro Tamagawa
Outside Director

Our efforts to enhance the Board of Directors' effectiveness

Suetsuna The Corporate Governance Code was applied in June 2015, nine years ago, when I became an Outside Director of the Company. I think the Company has taken great active action since that time, and **the Board of Directors' effectiveness has steadily improved every year.**

During these two years, we took time to consider at Board of Directors meetings, in formulating the long-term vision and the Medium-term Management Plan. We Outside Directors also expressed many opinions. We have succeeded in fully formulating goals facing 5 years, and then 20 years from now. I think that this can be seen as a reflection of the Board of Directors' effectiveness.

In the effectiveness evaluation for the previous fiscal year, deliberation topics and time for deliberation at the Board were pointed to as an issue. The Board of Directors had discussed three-year medium-term management plans in the past. This time, in formulating the plan, **we separated issues to have multiple deliberations, and while receiving reports from the execution side on matters, such as the instillation status of the long-term vision in the Company, we continued considerations. On the point that the time was taken to visualize adoption and deliberation was deepened, we may be able to say we made progress.**

Nakayama That's true. We had more intensive deliberations, particularly on the Medium-term Management Plan, compared to those at previous Board of Directors meetings. In fiscal year 2023, we deepened discussions on material issues on compliance, besides the formulation of the Medium-term Management Plan. In terms of the improvement of the Board of Directors' effectiveness, the executive side is carefully responding to fairly free-wheeling opinions from Outside Directors. However, it seems to me it would be better if inside Directors more actively expressed their opinions. I'd like to stimulate discussions among Directors.

Tamagawa I think that we had a wider range of items on deliberation matters at Board of Directors meetings in fiscal year 2023. For example, regarding compliance-related matters, we had detailed reports on whistleblowing. I found that the content of deliberation became more substantial. **Regarding deliberation time, when handling particularly important agenda items, we do not proceed with them during only one Board of Directors meeting, but we are preliminarily informed of certain outlines at previous meetings.** The executive side gives us brief and concise explanations. So, I think this helps to create an environment where we can deliberate after deepening our understanding of such items.

Feature **President and Outside Directors Round-table Discussion**



I consider it essential to ask for opinions from Outside Directors who have played active roles in various industries and have plenty of insights and experience, and to have them provide us with opinions from broad perspectives and check our management.

Miyama The prior provision of materials for Board of Directors meetings is made earlier than before. I feel the content also gradually has become enriched. The details of deliberation matters are shared at a wider level than before. For example, if an Outside Director asks “What is the state of this point?” confirmed matters on such requests are also shared. In this way, we are provided with more information.

Regarding the formulation of the long-term vision and the Medium-term Management Plan, while having several deliberations, respective opinions were gradually summarized, even though discussions lacked coherence at an early stage. In the end, we resolved as a Board of Directors’ consensus. Also regarding significance judgment on matters to deliberate, there were no parts that gave a feeling of doubt about propriety. In this way, our deliberations are appropriately managed.

In addition, before and after Board of Directors meetings are held, Outside Directors have opportunities to talk with President Maekawa. This is very helpful for me partly because I can deepen my understanding through casual prior talks about deliberation matters, or topics on matters after Board of Directors meetings.

Maekawa What I’d like to value is a decision process in which the Board of Directors once deliberates on policies and measures related to the basis of

management, in consideration of the discussions by the executive side, and after roughly determining a direction, the executive side holds another discussion.

Themes related to the basis of management include various items, such as long-term visions, medium-term management plans, personnel measures, sales strategies, business models, and risk management. If we discuss such matters among only internal members, we can’t avoid tending to be bound by the conventions of the industry. I consider it essential to ask for opinions from Outside Directors who have played active roles in various industries and have plenty of insights and experience, and to have them provide us with opinions from broad perspectives and check our management.

Another thing I consciously think about is **to provide Outside Directors with sufficient information necessary to understand the actual states of group companies, partner companies, business partners, and the construction industry, as the basis of judgment.** From such a viewpoint, I have created opportunities for opinion exchange before and after Board of Directors meetings, which Ms. Miyama mentioned.

It seems to me that initiatives based on such attitudes are taking shape, and leading to the revitalization of the Board of Directors and improving its effectiveness.

Nakayama My opinion is the same. If we have some female Directors besides Ms. Miyama, we can expect broader opinions from the Board of Directors, but I think it might be difficult to find suitable persons. In the future, we should select female officers from employees who joined the Company as new graduates, or other relevant employees, but this approach will take a long time.

Tamagawa I know diversity is not related only to women, but this is a subject we should consciously work on as a corporation, including numerical targets. However, it is true that the Company doesn’t yet have personnel who are close to female officers. So, it will be required to have initiatives, such as the creation of networks for a broad range of human resources with a view to external appointments.

As Mr. Nakayama said, **it’s desirable that female personnel who take on management responsibilities will be internally produced in the future. I hope that the Company creates environments where personnel with diverse backgrounds, not limited to women, can play active roles, and by doing so, such personnel grow to take responsible positions and take part in management.**

Miyama In my opinion, it is meaningless to be obsessed by only superficial numerical targets such as the number of women in officers, and to continue the promotion of women’s active engagement, which no one expects. I value the creation of a fertile internal ground, and being on the same page through discussions. I have had opportunities such as opinion exchanges before.

On the other hand, while there are respective reasons for each company, under circumstances in which companies with a high ratio of female officers are increasing, if the Company remains with a low ratio of female officers, it will be recognized as a company behind social trends. When the Company is seen from the perspective of younger people who are looking for a job, I think there is a risk that they would have doubt if it has an outdated company culture, and a hard environment to work also for men, not

only for women, without flexibility. So, I think we should increase the number of female officers as early as possible.

Though human development is an urgent task, it is expected that people with diverse attributes and personalities take part in management discussions for the creation of innovation, and gaining new insights. So, It seems to me that it would be a good approach to select officers without adhering to conventional appointment criteria, at some point.

Maekawa Railway-related works often have night duty. For that reason, inevitably, the number of female employees is small, and, in particular, we had few female engineers. However, along with the revision of legislation on women’s active engagement, we have had a gradual increase in the number of female employees. I myself have a strong problem awareness. Since I assumed the post of President, I have held several meetings to listen to female employees’ opinions and heard various opinions on the creation of a work environment where women can work with a comfortable feeling, and play more active roles.

Three years ago, we had Ms. Miyama join us as a female Outside Director, and I set up opportunities to have talks with female employees. Talks between women encouraged them to express more specific and frank opinions and requests. So, I joined the place, and in this way, I’m continuing with initiatives.

So that women can play further active roles, we will create frameworks to reduce women-specific burdens and support them. It is ideal that through creating such environments, we will increase the number of women in managerial positions to enable internal appointments to female officers. However, it is an initiative that will take some time for the Company, which experienced a long period of conditions where we have a small number of female employees, before the revision of legislation. Therefore, currently, we are still considering appointing external women as Directors and Audit & Supervisory Board Members, and are giving concrete considerations.

It is desirable to raise the ratio of female officers, but the number of female employees of the Company is small, and there may be situations where human resource development doesn’t smoothly proceed. Therefore, I think it is important to strengthen initiatives, including external appointments.



Issues to increase the ratio of female officers

Suetsuna In the effectiveness evaluation for fiscal year 2023, we have a continued issue of consideration on the increase in the number of female Directors and Audit & Supervisory Board Members. The government announced its objective of raising the ratio of female officers of companies listed on the Tokyo Stock Exchange Prime Market to more than 30% by 2030, and many companies are proceeding with concrete initiatives. However, Ms. Miyama is currently

the only female Director of the Company, and I can’t help but feel that we are behind.

Of course, it is desirable to raise the ratio of female officers by means of internal promotion, but the number of female employees of the Company is small, and there may be situations where human resource development doesn’t smoothly proceed. That’s what I would like the Company to strengthen, including external appointments.

Feature President and Outside Directors Round-table Discussion

Management in FY2023 from the perspectives of Outside Directors

Suetsuna For fiscal year 2023, I appreciate management in terms of strong performance based on growth strategies, but what I highly regard is the part that we were able to formulate the new Medium-term Management Plan by holding sufficient discussions between the Board of Directors and the executive side, on the basis of the long-term vision formulated in the previous year. It can be said that the year clearly showed the route that future Totetsu Kogyo should follow under the strong leadership of President Maekawa. I think that I myself provided various suggestions and raised questions on matters such as practicing management that is conscious of cost of capital and stock price, and contributed to discussions.

Nakayama I also have a high opinion of management for fiscal year 2023. While securing orders from JR East, the core of our business, the Company steadily received increased orders from other railway companies. I think this is the result of efforts by all employees of the Group. Meanwhile, what I feel about the strong performance beyond expectations is that **original targets were rather conservatively set, which I also mention at Board of Directors meetings. I felt that the Company is sensitive about sticking to the budget; in other words, prudent figures are set. I have suggested that it would be better to take the plunge to set levels that each department and division should aim, for taking on challenges.**

Tamagawa In society, the COVID-19 pandemic has almost settled, and social and economic activities are revitalized. However, I think the Group remained under a harsh business environment for the year. Under such circumstances, the Group recorded strong results. I consider that this reflected clients' deep trust in our safety and stable railway transportation, the basis of the Group's business.

In this way, the Company has continued value provision as the number one company in the railway maintenance industry, and aimed to improve capabilities, which has driven business performance. At the same time, with the aim of gaining a new driver of growth for the future, the Company has clearly shown its attitude to take on the challenge of expansion into the market outside the business centered on JR East, and has steadily achieved results. I'd like to highly evaluate these two parts.

Maekawa I'd like to talk about management in FY2023, from my perspective. I held nine presentation meetings with employees on the long-term vision formulated in the previous year, striving to promote the understanding and instillation of the vision among employees. This influenced each individual employee to take action thinking "What I should do." I consider that this approach started to give results.

We have the mission of maintaining the safety of railway infrastructures, and face difficulty securing site workers due to the decline in the labor population. Regarding such an issue, I shared the recognition with JR East, our main client, and received consideration for contract unit prices. At the same time, we worked to closely cooperate with group companies and partner companies, succeeding in sustaining maintenance work systems. I think this was great progress.

Regarding the expansion of sales into the market of railway companies other than JR East, and our business fields into public and private works other than railway, we were fully appreciated for our maintenance skills, in-house developed techniques and machinery, and construction systems covering an entire process that we have established, which resulted in our gaining new needs.

Miyama In the past few years, due to the impact of the COVID-19 pandemic, railway companies curbed capital investments, and orders to the Group also decreased.

Through the long-term vision presentation meetings with employees, and talks with partner companies, the President directly announced the future direction in which the Company aims, to increase their engagement. I think this was a very important action.



I have suggested that it would be better to take the plunge to set levels that each department and division should aim, for taking on challenges.



How we maintain construction systems when orders started to rapidly recover was a major issue. I have always heard about the difficulty of the issue on occasions such as Board of Directors meetings and Management Meetings. It was impressive to me that the Company always paid attention to securing the number of workers. As a result, it was able to

fully handle works, which was reflected in business performance. This was an admirable work.

As President Maekawa mentioned just now, through the long-term vision presentation meetings with employees, and talks with partner companies, the President directly announced the future direction in which the Company aims, to increase their engagement. I think this was a very important action.

Formulation of the new Medium-term Management Plan from external perspectives

Suetsuna Regarding the formulation of the new Medium-term Management Plan, I focused on consistency and continuity with the 3D Strategy that consists of X-axis (customer expansion), Y-axis (business field expansion), and Z-axis (enhancement of human resource and technical capabilities), which were defined as pillars for growth in the former management plan. I think the new plan has powerful contents that more specifically present key business field development, reflecting consistency and continuity.

In a recent decade or so, we have entered a difficult age to achieve Jump, the next stage after Hop and Step, through which we have proceeded with growth strategies based on business plans. For the former management plan conscious of the situation, we stated a keyword of Advance. However, **for the new Medium-term Management Plan, five-year growth strategies were formulated by backcasting from the long-term vision facing 20 years ahead and thereby developed the new plan, which describes a route to Jump. We held several discussions, having many opinions expressed by both the executive side and the Board of Directors. I feel that I myself learned a lot from the opportunity, and common recognition and a sense of unity were created among the management.**

In the next five years, I will steadily execute every single measure based on the growth strategies, and properly

monitor whether the Company is able to accumulate KPI achievement.

Nakayama Well, I think that the executive side had considerable discussions regarding the contents of the plan, and the Board of Directors also expressed so many opinions. Overall direction has not been changed from the basis of the expansion of customer and business fields, and the enhancement of human resource and technical capabilities, for which we had aimed through the former 3D Strategy. However, regarding specific measures, we took sufficient time to discuss to develop satisfactory measures. As my opinion to the executive side, I told them I would like to have quantified data as much as possible for initiatives convertible to figures, and it would be better to proceed while creating respective concrete roadmaps for each item and confirming the progress of them.

Just a while ago, I said original targets for business performance were rather conservatively set, and it seemed to me that this plan also has such a tendency for its numerical targets.

Tamagawa The formulation of the new plan was a good opportunity for me to take time to consider the significance of the existence of the Group in the future. Also for the executive side, I think that it was extremely meaningful to have had a serious discussion about how Totetsu Kogyo should exist, and what they should do to achieve that.

Feature **President and Outside Directors Round-table Discussion**

Also for the growth strategies, we have re-recognized the Group's strengths and defined the parts that should be enhanced and expanded.

Though the numerical targets themselves may not be necessarily challenging, I don't think it is so easy to achieve them. Under circumstances where we have many different issues for the future, to lead and pull together the industry as the number one company in the railway maintenance industry, the Company will need to make efforts to fully build up its strength.

How we announce the growth appeal based on the Medium-term Management Plan, to shareholders and investors, stock markets, or society. How we tell employees and those of partner companies, who are drivers of the plan achievement. It will become very important in the future.

Nakayama In addition, this plan schedules a growth investment of 70.0 billion yen in five years. It consists of 20.0 billion yen for human resource-related investments including covering increased labor costs and aid for partner companies, and 50.0 billion yen for technical development, mechanization, DX and GX, system implementation, etc. Though investment in human resources has great significance, the budget is consciously allocated for system-related investments, of which the proportion was not high before. I think this part is excellent.

Maekawa The contents of the growth investment substantially reflect opinions given by the Board of

Directors. We discussed what we needed to do in order to establish earnings bases with the aim of achieving the long-term vision, and on that occasion, we strongly recognized the significance of investments in human capital and system-related items.

Miyama I think that the details of the matter were properly reflected in drafts, on the basis of usual opinion exchange at Board of Directors meetings. In this investment plan, 70.0 billion yen is to be invested to make a net sales increase of 30.0 billion yen in five years. So, it requires securing construction systems from a medium- to long-term perspective, in order to receive more orders for sales increase. This investment plan was very convincing, with grounds gathered to prove the feasibility of the investment with the amount.

Regarding how we check the plan execution and what we monitor from the perspective of Outside Director, first, I think it is important to consider how we respond in the event of unexpected situations during the period since this plan covers five years, not three years. In addition, we should closely monitor the consistency with the long-term vision that forms the basis of backcasting, and the discrepancy between commitment and actual states. The rest is related to a regular perspective. I will confirm matters such as whether management wins employees' hearts and minds, and whether soundness is sustained and human rights are respected in relationships with business partners and partner companies.

Whether the Company is regarded as a rewarding place to work by employees and those of partner companies.

From such a perspective, I will grasp the effect of human resource-related investments.



Missions of Outside Directors and expectations from President Maekawa

Miyama I consider it my mission to properly confirm the report received through the Board of Directors and the Management Meeting. Along with that, in case of any problems and difficulties, or any increased risks, I will always consider the best solutions to stakeholders including shareholders, and give opinions that function as governance. In addition, it may come from the steady, honest and sincere corporate culture, but management and executive members have an aspect of very prudent attitude. So, I will see business from an objective external perspective and would like sometimes to play a role that may provide encouragement.

If I compare Totetsu Kogyo to a large ship, Captain Maekawa shows where the ship is going now, and in what state it is, through dialogues with each and every crew employee, and thereby tells the significance of respective roles, striving to acquire empathy for management. They will also sense the kind personality of President Maekawa through direct dialogues. To make employees feel fully convinced, and to increase their engagement, I think such more casual and relaxed communication has meaning. So, I'm hoping President Maekawa will continue valuing passionate and cordial communication.

Tamagawa As a person who belongs to the railway industry, and stands close to the Group, while serving as an Outside Director, I would like to contribute to the further development of business through providing opinions, advice, and feedback also from a specialty perspective.

As President Maekawa is **a leader of the railway maintenance industry, I'm hoping President Maekawa will work on further improvement of safety, quality, and work environment with your vitality and site-specific sense, and also play a role in widely spreading industry appeal throughout society.**

Nakayama As an Outside Director, I try to find the signs of changes in environments unnoticeable to internal people and incorporate them in management oversight and advice. I'd like to thereby contribute to corporate value enhancement. To do this, I intend to continue to pay careful attention to work sites and to properly grasp activity status at a group-wide level.

I'm hoping President Maekawa will value close communication with employees as ever, and further energize the Board of Directors.

Suetsuna Since I joined the Company's stock ownership plan, from the viewpoint of an individual shareholder, I have an interest also in profit returns such as dividends, and stock prices. Therefore, I intend to actively support the matter of increasing the stock market's reputation, society's recognition degree, corporate image, etc. to the Group, by providing various feedback and opinions.

I admire President Maekawa for your consideration for external parties including partner companies, and stance on negotiation with business partners, besides strong and positive management attitude since assuming the position. I look forward to seeing you play active roles contributing to industry-wide development.

Maekawa Thank you for your encouragement. I feel strongly reassured because of the fact that Outside Directors who have broad insights and experience are supporting management. I expect to receive a lot of continued spurs, advice, and frank feedback from Outside Directors to incorporate them in management, and will thereby achieve a company that makes all employees and their families of the Group including those of partner companies happy, creating a prosperous future together with stakeholders. I'd appreciate your continued support.

How we monitor the Medium-term Management Plan

Tamagawa As the key points of monitoring for the new Medium-term Management Plan, first, I'd like to focus on initiatives for construction quality and safety that the Company should fulfill as the number one company in the railway maintenance industry. Besides that, we will need to continue confirming response states to labor shortages, the levels of technical development, and productivity increases. For numerical targets, I will check the progress of sustainability-related initiatives such as CO₂ emissions reduction, besides business performance. Another item to check is engagement. Whether the Company is regarded as a rewarding place to work by employees and those of partner companies. From such a perspective, I will grasp the effect of human resource-related investments.

Nakayama To confirm the effectiveness of the Medium-term Management Plan, we will pay attention to various numerical data, but a difficult item is CO₂ emissions reduction, which Mr. Tamagawa mentioned just now. **In the Group, it seems that there are differences in the degree of awareness between the management side and site workers about the response to TCFD disclosure and carbon neutrality. In addition, regarding compliance, we need to check whether recurrence preventive measures**

concerning the past incident functions. For such points, I intend to visit sites in person and to confirm states.

Suetsuna In my opinion, this Medium-term Management Plan presents the budget setting of human resource-related and technical development investments, and non-financial KPI such as CO₂ emissions which was mentioned, besides indicators set as business targets, such as net sales, profit, ROE, and DOE. In that sense, I think this is a plan easy to monitor.

For other items, for example, issues identified in internal control, on each occasion the issue is identified, we need to understand the situation and take action. However, such issues are properly reported to the Board of Directors, and I will carefully confirm them.

Maekawa Regarding the long-term vision and the Medium-term Management Plan, when I explain at Board of Directors meetings, I look to Outside Directors for reaction. In particular, when I explained my thought of making all employees and their families of the Group including those of partner companies happy, I saw very positive reactions at first hand and increased my confidence in the contents. In monitoring the plan from now on, I definitely hope you will show frank reactions.

Long-term Vision TOTETSU VISION 100

In this age of shorter socioeconomic change spans, and continued diversification of sense of value, the Totetsu Kogyo Group has reached its 80th anniversary of foundation. Looking ahead to the 100th anniversary in the future, we announced the long-term vision on May 31, 2023, in order that the Group unites to further strongly promote our business. We have defined its 2043 vision as a "leading company of transportation infrastructure maintenance," and are promoting initiatives that center on five strategies to achieve the vision.

As stated in the Corporate Vision, we recognize "contribution to realizing a sustainable society that is safe, secure, and environment-friendly" as the Group's social mission. There are major changes in the external environment, such as the change of earnings structures of primary clients due to the COVID-19 pandemic, and worsening issues surrounding the whole construction industry. However, we have some projects that have already begun, and other large projects coming, and consider that the long-term outlook is bright. Facing a turning point of the era, we will encourage employees to shift gears to raise their awareness of being a specialized professional group. At the same time, through high-value-added construction capability refined in railway works, and active investments in human development and technical development, we will pursue tougher and more resilient organizational capability. This is the time to recollect the spirit at the time of foundation to thoroughly ensure the safety and security (stability) of railways through the thorough enhancement of the business base, and thereby we will pursue sustainable growth together with all stakeholders, and make efforts for "Jump toward the 100th anniversary of foundation."

TOTETSU VISION 100

Totetsu Kogyo Group's 2043 vision

Leading company in transportation infrastructure maintenance

Continue to be the number one company in the railway maintenance industry and the only one choice in the construction industry

- Number one** Specialist supporting safe and stable transportation, accumulated railway works know-how that greatly surpasses competitors
- Only one** Expansion of social infrastructure maintenance business, by taking advantage of synergy with general construction works, and high-value-added construction capability refined in railway works

Realize sustainable growth, in order to contribute to creating a society where all stakeholders can live with a safe mind

- Sustainable growth** Creation of stakeholders' trust and shared value, creation of a future where anyone can feel peace and hope



Last decade

- Firm order receiving system** based on partnership with JR East
- High profitability** based on high-value-added construction capability refined through railway works
- Stable business performance, overwhelmingly sound financial data**
 - *Stability [10-year average from FY ended March 31, 2013 to FY ended March 31, 2022]
 - Equity-to-asset ratio59.5%
- No.1 for nine consecutive years until FY ended March 31, 2021 in the grading item Y of the business evaluation**
 - *Profitability [10-year average from FY ended March 31, 2013 to FY ended March 31, 2022]
 - Return on equity (ROE)11.6%
 - Operating profit margin8.8%

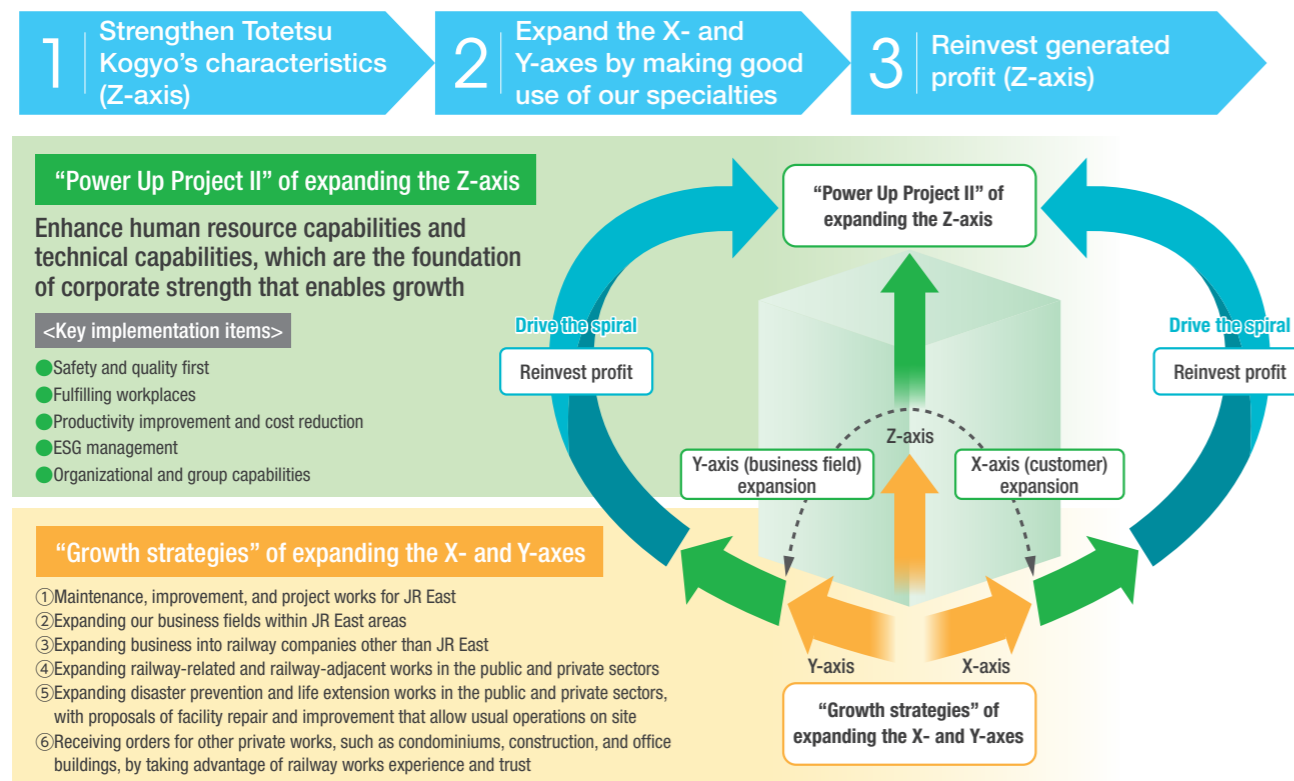
	2030	2040	2050
Social economy	Positive effect factors ▶ Increased railway passengers due to inbound tourism demand recovery, expanded areas for disaster prevention and reduction measures/requests for sustainment, maintenance, and life extension of social infrastructure Challenges ▶ Legal restrictions on long working hours, material price hikes, labor shortage/SDGs achievement in 2030/carbon neutrality in 2050, AI utilization/DX promotion		
JR-related plans	Railway maintenance business (maintenance and renewal) <ul style="list-style-type: none"> Shinkansen rail replacement (REXS) Platform doors installation Seismic reinforcement works (phase three) [project scale: 450.0 billion yen] Haneda Airport Access Line construction [project scale: 280.0 billion yen] Shinkansen large-scale renovations [project scale: 1 trillion yen] Increased freight train demand due to modal shift 		
Public and private railway-related plans	<ul style="list-style-type: none"> Railway maintenance business (maintenance and renewal) Requests for the maintenance of social infrastructure adjacent to and crossing sites of railways 		
Other plans	<ul style="list-style-type: none"> National resilience measures [project scale: 15 trillion yen] Hokkaido Shinkansen [project scale: 2.3 trillion yen] Increased construction of hotels and commercial facilities due to inbound tourism demand recovery Investments in energy-related facilities, such as solar and wind power generation, as carbon neutrality measures 		

Review of the Former Medium-term Management Plan

We have formulated the Medium-term Management Plan: TOTETSU 3D Power Up Advance 2024 for the three years from fiscal year 2021 to fiscal year 2023, and have implemented various measures. Despite changes in the market, we were able to achieve net sales, operating profit, and total payout ratio, which we set as business targets.

/ Basic policies

3D strategy : Power Up the Company's characteristics and drive the growth strategy into a spiral



/ Changes in the market environment

- JR East reduced operational costs in the railway business, due to social environment changes
- There was a decrease in orders and a severe increase in competition in the market, due to rapid hike in construction material prices and higher construction costs since 2021
- Expand business into the railway maintenance market in the public and private sectors, while our business is centered around JR East
- Secure fair construction costs by strengthening relationships with employers, who would understand our uniqueness and strengths, with technical expertise and proposal capability that fulfill client needs

Business targets	FY ended March 31, 2022	FY ended March 31, 2023	FY ended March 31, 2024	FY ended March 31, 2024 (former MTMP targets)
Net sales	114.7 billion yen	124.6 billion yen	141.8 billion yen	132.0 billion yen
Operating profit	7.2 billion yen	9.0 billion yen	11.7 billion yen	9.5 billion yen
ROE	5.5%	7.9%	7.8%	10% or more
Total payout ratio	54.9%	40.2%	40.4%	40% or more

Medium-term Management Plan: Action Plan 2029

/ Basic concept

We have formulated a new Medium-term Management Plan: Action Plan 2029 for five years, which began in fiscal year 2024. This plan is intended to form a base to realize the 2043 vision, as the first stage of the 20-year roadmap described in the long-term vision TOTETSU VISION 100. By increasing the satisfaction degree of the Totetsu Kogyo Group's employees and their families and those of partner companies, we will fulfill client needs. At the same time, we will contribute to the revitalization of local communities by contributing to the happiness of customers who use infrastructures.

Besides, we promote management conscious of cost of capital and stock price and seek to enhance our corporate value over the medium to long term, while realizing sustainable growth together with all stakeholders. By doing so, we work for "Jump toward the 100th anniversary of foundation."

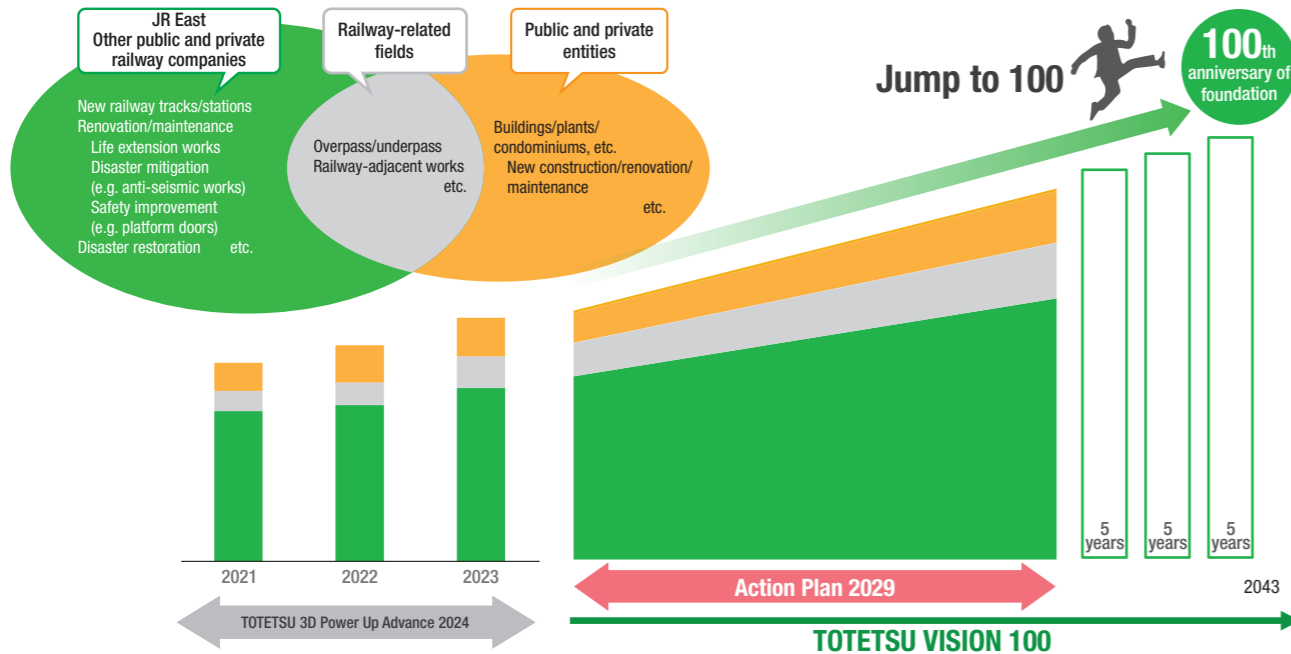
JUMP with five strategies to realize the long-term vision TOTETSU VISION 100



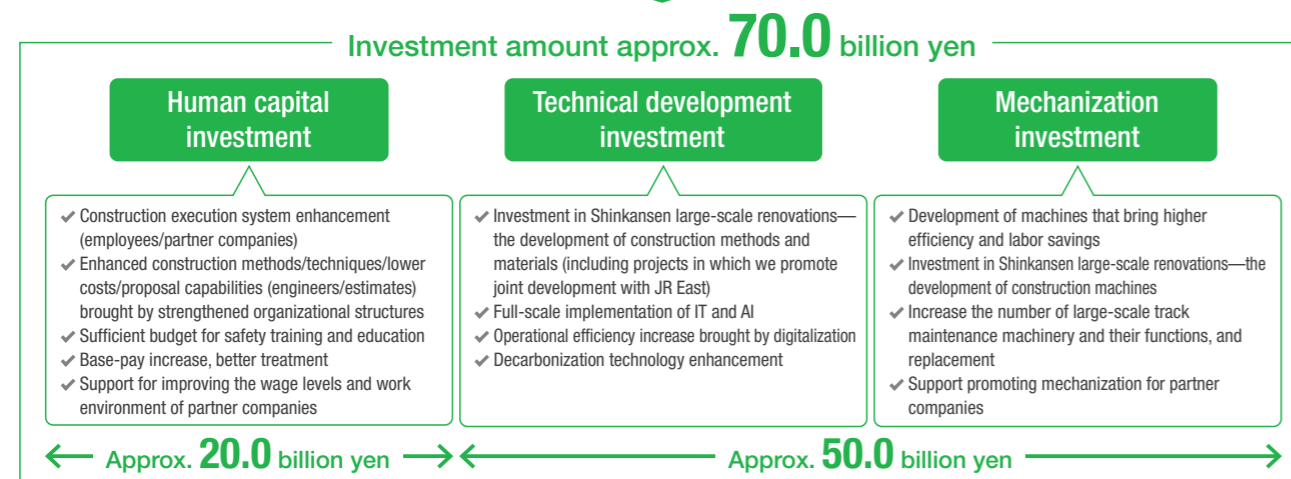
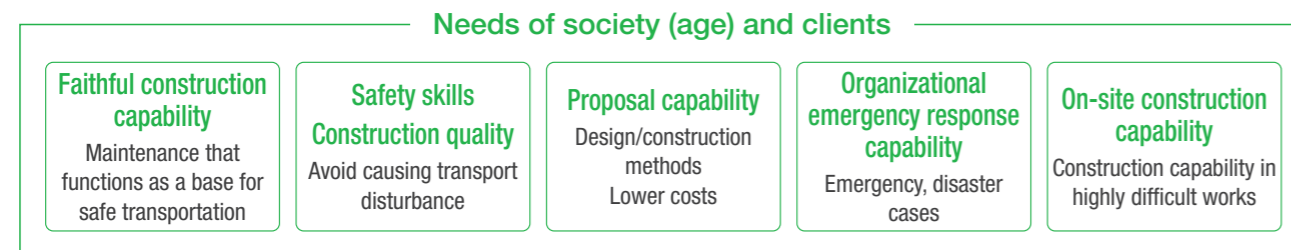
Medium-term Management Plan: Action Plan 2029

/ Key business fields

While centering our business on JR East, we will expand business into railway maintenance in the public and private sectors. We will secure fair construction costs by strengthening relationships with employers, who would understand our uniqueness and strengths, with technical expertise and proposal capability that fulfill client needs.



/ Growth investment strategies that fulfill client needs



/ Numerical business targets (consolidated)

We strive to make active investments in human capital, and to maintain and improve construction capacity, pursuing the highest net sales ever for the fiscal year ending March 31, 2029, the last year of the plan. We have basic policies in which ROE is set at 8% or more for capital efficiency, and DOE is set at 3% or more for shareholder returns with progressive dividends, thereby aiming to offer aggressive and stable shareholder returns.

	[Consolidated]
Net sales (FY ending March 31, 2029)	170.0 billion yen or more
ROE	8% or more
DOE	3% or more
Shareholder return policy	Progressive dividend policy is adopted

/ Non-financial KPI

While improving capabilities of safety and quality in business, we aim to enhance our corporate value in terms of ESG and pursue SDG achievement under TOTETSU VISION 100.

Key indicators

	Key indicators
Enforcement of safety and quality first	● Number of cases of major accidents and fatal occupational injuries (0 cases)
Environmental initiatives	● CO ₂ emissions reduction rate (comparison with FY2023) (FY2030 Scope1 + 2: 42% reduction, Scope 3: 25% reduction) (FY2050 net zero)
Addressing societal issues	● Number of female engineers (increased by 1.5 times from FY2023) ● Rate of childcare leave taken by male employees (100% including childbirth leave for partners) ● Used days in annual paid leave (15 days and more including accumulated days)
Corporate governance enhancement	● Number of material legal violation cases (0 cases)

Specific initiatives

	Specific initiatives
Addressing societal issues	● Continued initiatives based on basic policies to prevent negative effects on human rights (continued human rights due diligence, etc.) ● Continued fair transactions with suppliers based on our procurement policies ● Contribution to local communities through our business (railway track maintenance, disaster restoration, disaster prevention and mitigation, platform doors, barrier-free accessibility works for station buildings, etc.) ● Active promotion of health management for the welfare of employees and their families ● Promotion of work-life balance and diversity, and efforts to increase women in managerial positions
Corporate governance enhancement	● Consideration of flexible response to the corporate governance system according to the changes in the management environment ● Continued initiatives to increase the ratio of female officers

Capitalization and Financial Strategies

Promote the strengthening of our business base with double axes of “aggressive and stable returns” and “capital investments in technical development”



Basic strategy

Backed by a sound and robust financial base developed in its many-year history, the Company has allocated earnings generated from Railway Track Maintenance, Civil Engineering, Architectural, and Environmental Businesses for growth investments. Our basic strategy is to determine the priority and use of funds by examining investments necessary for sustainable growth, such as large-scale track maintenance machinery for higher productivity, in terms of returns from investment, while we consider returns for stakeholders including our shareholders, and capital efficiency improvement.

Investment strategy

Under our Medium-term Management Plan: Action Plan 2029, we promote five strategies (safety, receiving orders, productivity increase, human resources, and ESG), while expanding our major businesses mainly to JR East (East Japan Railway Company), and other public and private railways. Backed by our highly sophisticated technical expertise supported by experience and know-how over many years, we are also fulfilling demand from public and private railways and expanding our business fields.

We will focus on investments in human capital, technical development, and mechanization, considering that such investments support these growth strategies. Under circumstances in which the construction business faces a labor shortage on an industry-wide level, it is an important measure to secure personnel for the Totetsu Kogyo Group and its partner companies. In anticipation of increased construction works in the future, we believe that active investments in raising wage levels and developing good work environments will lead to corporate sustainable growth. For human capital investment, we plan to invest approximately 20.0 billion yen over five years. Primarily, we intend to strengthen our construction systems and organizational structure and to enhance safety training, education, etc., as well as to raise wage levels. For technical development and mechanization investments, we plan to invest approximately 50.0 billion yen over five years. Primarily, we intend to increase the number of large-scale track maintenance machinery and their functions and to develop materials, machines, and construction techniques to increase work efficiency and achieve labor savings. In a one trillion-yen project for major-scale renovations for Shinkansens (bullet trains) beginning in FY2031, we are examining and developing construction techniques, materials, and other matters jointly with JR East. We will also proactively invest in initiatives, such as improving operational efficiency through full-scale implementation of IT and AI technologies and digitalization which mainly involve the DX Promotion Office, as well as enhancing decarbonization techniques for maintenance and construction sites, and support the mechanization of partner companies.



Totetsu Training Institute



Multiple tie tamper, loading scene

Policies for shareholder returns

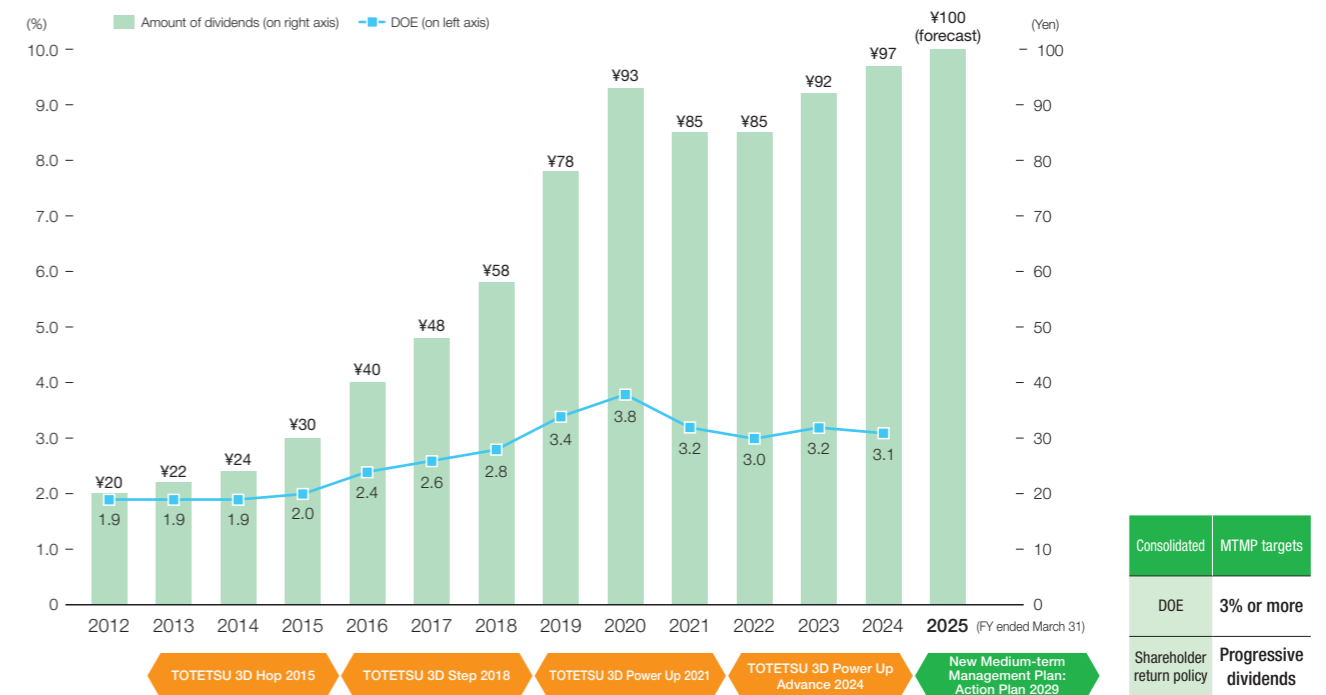
We previously had a basic policy of stable and aggressive shareholder returns in which we continued to offer stable dividends, as stated in the former Medium-term Management Plan, maintained internal reserves for enhancing shareholders' equity and capital investment, and granted dividends proportional to revenue.

Based on this policy, we increased the annual dividend for the fiscal year ended March 31, 2024 by 3 yen to 97 yen (a record high) due to an increase in revenue and profit, from the annual dividend of 94 yen planned at the beginning of the fiscal year. This enabled us to achieve a total return ratio of 40% or more, a target under the former Medium-term Management Plan, for the third consecutive fiscal year.

From the fiscal year ending March 31, 2025, we employed a new basic policy of DOE 3% or more with progressive dividends, not subject to business performance, in the Medium-term Management Plan: Action Plan 2029 announced in May 2024, in order to offer “aggressive and stable returns.”

Based on this new policy, we plan to pay an annual dividend of 100 yen for the fiscal year ending March 31, 2025, an increase of 3 yen from the previous fiscal year.

Changes in actual shareholder returns



Cross-shareholdings

The Company may hold shares in other companies for policy purposes to the minimum necessary extent if it is deemed to contribute to the enhancement of our mid- to long-term corporate value, taking into comprehensive account the strategic importance in management as well as the need to build, maintain, and strengthen good and smooth relationships with business partners. Regarding these cross-shareholdings, we periodically and concretely review each stock to determine whether the purpose of holding remains appropriate, and whether the benefits and risks of holding are commensurate with the capital cost. The Board of Directors annually evaluates the appropriateness of continuing to hold such shares. Based on these matters, if a stock is deemed to have little significance for continued holding, we proceed with its sale, while considering various factors, to reduce our holdings. For the fiscal year under review, we sold all of our holdings in 1 of 12 stocks, bringing the number of remaining cross-shareholdings to 11. As for the exercise of voting rights, we comprehensively evaluate whether: (i) it contributes to the enhancement of the relevant company's medium- to long-term corporate value and (ii) it does not damage the Company's shareholder value. Voting rights are exercised appropriately based on these criteria.

Totetsu Kogyo's Human Resource Development

— Initiatives at Totetsu Training Institute —

We believe that human resource development is essential for the Totetsu Kogyo Group's sustainable growth. Living in the age of diversity, we are required to achieve self-realization through work while respecting each other. Under such an environment, we will pursue tougher and more resilient organizational capabilities by encouraging employees to challenge themselves for a deeper and higher level of work, and by flexibly utilizing human resources. As part of initiatives for human resource development, we enhance effective education and training programs, placing a hub at the Totetsu Training Institute, which began full operation in April 2022. Here we present the Totetsu Kogyo Group's human resource development.

/ Facilities and equipment at the Totetsu Training Institute

Platform

A platform canopy and platform doors are built on a 40-meter platform. Construction techniques developed in-house are employed for the base of the canopy.



Large-scale track maintenance machinery

Using real machines, employees learn how to operate machinery and handle in case of unforeseen events.



Structures used for outdoor practice

Facility to learn anti-seismic techniques for electric poles

Electric poles installed along Shinkansen railways are reproduced for the purpose of teaching seismic reinforcement methods for electric poles, of which the patented techniques belong to the Company. Looking ahead to future projects, we are improving our technical abilities through construction training in collaboration with partner companies.



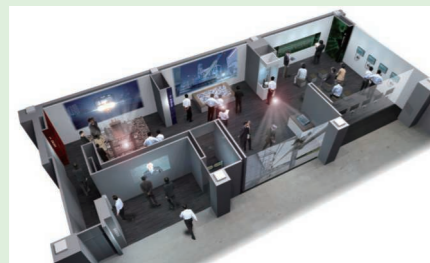
Tie-embracing temporary girder and through plate temporary girder

Two types of temporary girders are reproduced at real size, with the aim of handing down skills and techniques and establishing a basic level of ability in precast construction. We are developing human resources who have skills in aging bridge maintenance and life extension works for the future.



Safety Training Room

To help employees understand and practice our Management Philosophy, "safety first above all else," a Safety Training Room is placed in the training building, with displays of physical exhibits from major accidents caused by the Company, as well as video and VR (virtual reality) content.



Training contents

The training allows employees to vicariously experience past accidents through physical exhibits from past accidents, CG videos, VR (virtual reality), and accident recreation equipment. This helps employees see the factors, situations, and preventive measures of major accidents that occurred inside and outside the Company as their own affairs and increases their safety awareness. Training at the Safety Training Room is provided to employees in office work sectors, as well as those in maintenance and construction work sectors, and even to employees of group companies and partner companies. We are striving to raise safety awareness at a group-wide level.

Monument of safety pledge

The monument was presented by the Association of partner companies on health and safety, which consists of our partner companies, to express sincere sympathy to our workers who were victims of accidents and incidents. The monument is made of rails, symbolizing the railway business, and its concept is a torch, representing the lighting of darkness and the light of knowledge.



Practice lines

We have four railway tracks with a total length of approximately 830 m (the longest one is 255 m). They are designed with different types of track structures and equipped with turnouts, rail ties, signal equipment, etc. Employees acquire basic knowledge related to each item.



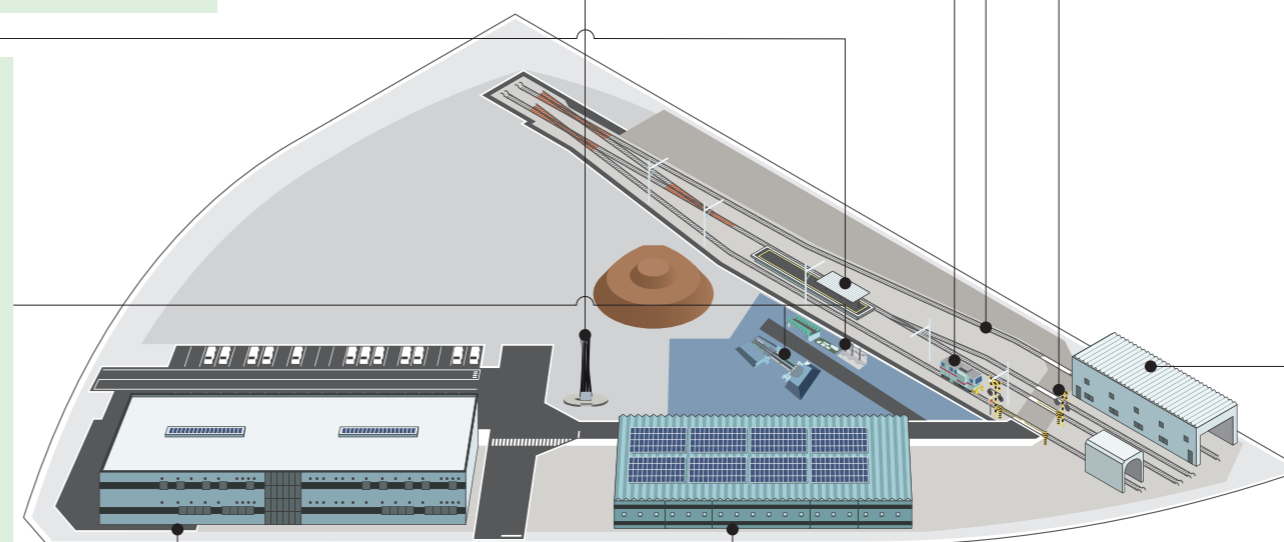
Railroad crossing

We have crossing barriers, alarms, and emergency stop buttons. Employees learn safety rules and practice mounting road-rail vehicles onto the track within the crossing barriers.



Inspection and repair facility

A 43-meter facility is used for the maintenance practice of large-scale track maintenance machinery, etc. The inside has a pit structure that enables vehicles to enter the facility.



Training building

Practice building

The practice building is a facility with a total floor area of approximately 2,000 m², with three full-scale models (RC elevated bridge, RC condominium, steel-construction office). It is mainly used for training related to civil engineering and architecture.

(Architectural Division)



(Civil Engineering Division)



Training contents

In the Civil Engineering Division, utilizing the mock-up of an elevated bridge, employees practice reinforcement arrangement inspection after assembly, as well as completed construction management and photo management of concrete structures. They also learn structural calculations for temporary scaffolding and form timbering, as well as how to inspect equipment.

In the Architectural Division, as part of training for younger employees, the mock-up of a condominium is used to interpret 2D blueprints as a 3D structure, compare lines on the blueprints with the mock-up, and learn about interior parts that become invisible after the structure's completion.

Close-up Training Facilities for Widening the Circle of Human Development to Develop the Future

The Totetsu Training Institute contributes not only to the Totetsu Kogyo Group's human capital management but also to the human resource development of the industry and deepens interaction with local communities. Two years have passed since its opening, and here we present its further expanding hub functions.



Toru Ishii
Human Resource Development Department,
Business Administration Group
General Manager, Totetsu Training Institute

Before the Totetsu Training Institute (hereinafter, the "Institute") opened, we provided education at an education facility located at Funabori, Edogawa-ku, Tokyo, mainly in the lecture style. Practical training was conducted mostly by OJT at maintenance and construction sites.

However, railway maintenance is often conducted within limited timeframes at night, and OJT has its limitations. Additionally, there was a need for improved safety and quality in practical training. These factors led to increased demand for a facility that allows comprehensive practice, resulting in the construction of the Institute, which took about three years to complete.

Employees first acquire basic knowledge through lectures, then think independently and learn through hands-on practice, followed by another lecture. This process helps enhance the learning effect, and each division conducts education and training using this method.

We request partner companies' employees to participate in our education curriculums as well as ours, providing education and training aimed at safety and quality improvement.

In addition, the Institute has 10 dedicated instructors and about 100 employees, including project managers and forepersons who concurrently serve as instructors. When employees are on the teaching side, they are required to deepen and clarify their knowledge, and this generates synergy in a human resource development system.

Participant surveys indicate that the education programs are highly rated in terms of knowledge acquisition, degree of understanding, and satisfaction. In particular, training programs for new employees help reduce anxiety after being assigned to their workplaces, leading to lower quit rates. Going forward, we intend to establish periodic education opportunities for all employees, aimed at further improving safety and quality, as well as raising awareness of environmental issues and compliance.

Operational status for FY2023

Training participants	Visitors	Participants for local community events
12,475 participants (1.4 times year on year) <small>*16,400 participants are expected for FY2024</small>	Approx. 1,260 visitors from 57 groups	Approx. 500 participants

/ Basic policies

01 Cultivating True Professionals

We will cultivate true professionals: individuals with deep expertise that supports our business, a strong sense of mission and responsibility that upholds societal safety and security, and an admirable character with sound judgment, leadership, and social common sense

03 Master Skills by Learning from Instructors, Willingly Studying by Themselves, and Teaching to Others

Beyond learning from lectures, employees willingly pursue knowledge with deep interest and aspirations for advancement. Those on the teaching side also deepen their own knowledge and understanding through teaching activities, fostering further improvement

02 Learn + Observe + Touch + Experience

Employees develop practical skills and safety awareness not only through textbooks but also through sharing hands-on experiences: handling real materials, observing complete views and details not visible on blueprints or documents, using their bodies to create and dismantle, exchanging opinions, and experiencing both success and failure

04 Place Open To the Public and Future

- ① A place opens not only to the Totetsu Kogyo Group and its partner companies but also to the public, including the neighborhood, and students who have an interest in our business
- ② A place where we take a road to achieve ESG and SDGs: utilizing our earth-friendly technical expertise, including clean energy by solar power generation, providing quality education, and increasing job satisfaction
- ③ A place for the challenge: new technologies, new construction techniques, and new educational methods for the future

/ Voices from employees who have actually used the Institute

Totetsu Kogyo's employees

I have been involved in the operation of the Training Institute since its opening in April 2022. The training content has been refined year by year, and I believe it is contributing to the improvement of technical abilities at a group-wide level. We have created a work environment that simulates real maintenance and construction sites, enabling us to provide practical training. The Institute is also used as a place to verify learning from lectures, using blueprints as a basis. In particular, new employees have a training period of six months, and this allows them to



Nobuaki Takahashi
Human Resource Development Department,
Business Administration Group
Project General Manager,
Totetsu Training Institute

acquire general basic knowledge and skills before being assigned to maintenance and construction sites. Through spending a long time with their peers, new employees strengthen their ties.

The Institute has numerous displays of construction materials, allowing us to learn the process from building frameworks to finishing works using mock-ups. It also provides an environment where we can promptly ask questions to instructors from partner companies or senior colleagues. I believe I have made progress in understanding the detailed fittings inside finished constructions that I was previously unfamiliar with, by interpreting blueprints while comparing them with real structures. In addition, we have strengthened ties among peers



Miho Cho
Tokyo Branch (Architectural Business)
Staff member, Shinjuku Construction Site

through our six months of training, and I now have companions, including those from different departments, whom I can talk to without hesitation when something happens.

Employees of group companies and partner companies

I am a staff member of the Yokohama Construction Site and received hands-on training that utilized a multiple tie tamper and a ballast regulator. I inspect and repair large-scale track maintenance machinery in my usual job, but I do not operate the machines during actual work. This training taught me about operator tasks, such as how to fix railway tracks and how to operate the machines, allowing me to deepen my knowledge of machine structures. I am now better



Hayate Nagata
Totetsu Kiko Co., Ltd.
Railway Track Machine Department,
Yokohama Construction Site

able to specifically imagine how machine breakdowns occur. I will continue striving to improve my skills in machine maintenance, including the early identification of causes for machines breaking down.

I heard that anti-seismic works on electric poles require a high level of workability and expert skills since they use jigs and tools developed with new techniques (Totetsu Kogyo Patent TD Series), and it made me feel anxious. However, I received careful instructions from instructors on how to use the jigs and tools in the training program. As I became accustomed to use, I found them easy to handle and useful. Also in practical work, I was able to smoothly and



Kentaro Mori
Wakamatsu Kensetsu Co., Ltd.

safely carry out anti-seismic works by following procedures I learned in training. I truly realized the effectiveness of real-size training facilities.

Interaction with local communities

Totetsu Training Institute, as a hub of human resource development, aims to be a facility open to local communities with a close and friendly atmosphere, playing host to a variety of ESG activities. In November 2023, as part of a workplace visit event held in neighboring elementary schools, we invited 118 schoolchildren in fourth to sixth grades to the Institute for a site tour. On the day of the tour, we presented our businesses, let them experience operating railroad crossing equipment, and demonstrated railway ballast tamping by multiple tie tamper. In addition, on other days in the same month, we offered a two-day workplace experience program to neighboring junior high school students. We provided opportunities for children and students, who represent the future, to develop an interest in the construction industry and railway track maintenance, and to learn about both the excellence and the challenges of the work.

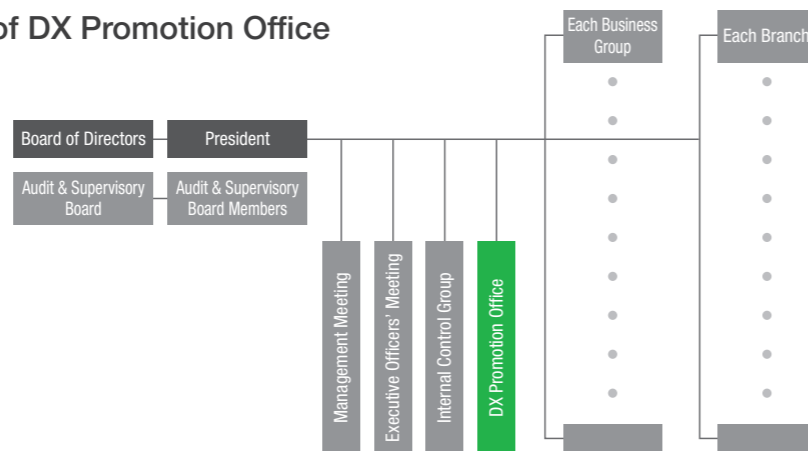


Initiatives for DX

Establishment and operation of DX Promotion Office

For the purpose of strategically and strongly promoting digitalization at construction sites, and digital transformation (DX) for securing construction capacity, we established the DX Promotion Office that functions across Business Groups under the direct control of the President in June 2023.

Through the DX Promotion Committee and monthly DX working, we are promoting DX by making efforts, such as formulating policies, sharing each business group's progress, and examining and implementing measures.



Our vision in the next five years through DX promotion

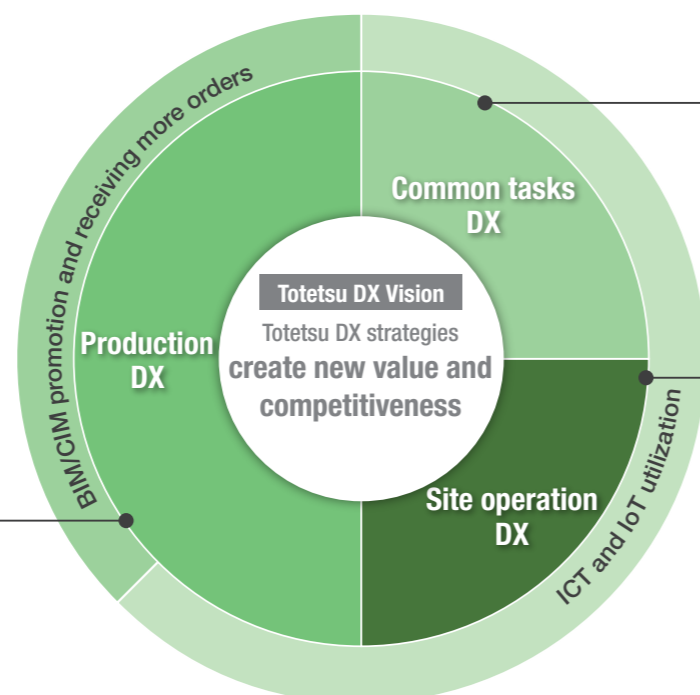
In anticipation of demand for Shinkansen large-scale renovations and transportation infrastructure maintenance, we will thoroughly promote initiatives for construction capacity increase in the next five years

Future circumstances

- Decrease in labor population (particularly engineers and skilled workers)
- Increase in demand for transportation infrastructure maintenance
- Acceleration of ICT and IoT utilization
- Addressing environmental issues, such as climate change is essential

Rationality and efficiency improvement in entire construction and maintenance operations

- Higher work efficiency**
 - Expanding BIM/CIM implementation
 - Electronic submission of construction completion documents
 - Utilizing drones, 3D scanners, etc.
 - Automatization design, settlement and management jobs using IoT
 - Digital check between real structures and blueprints in measurement management for completed construction
- Business operation optimization**
 - 6D operation (3D modeling + schedule + cost + environment)
- Safety improvement**
 - ICT and IoT utilization in safety management and work environment
- Receiving more orders**
 - Explanation to employers by utilizing BIM/CIM and digital twins
 - Establishing a one-stop system for the railway track maintenance cycle
- Productivity increase**
 - Equipping railway track maintenance machines with IoT
- Effective utilization of human resources**
 - Integrated remote management (remotely managing several maintenance and construction sites, etc.)
- Prompt response by utilizing ICTs and IoT**
 - Disaster response (drones, 3D scanners, etc.)
 - ICT and IoT utilization in our own technical development



Totetsu DX strategies (policies)

Totetsu DX promotion basic policy

Preparing for an expected decrease in construction engineers and a future increase in orders over the medium to long term, we strive to establish efficient maintenance and construction that are safe and environmentally friendly and to increase site productivity. Combining our new techniques and ICTs and IoT, we seek to expand our business fields.

Policies by strategy

Safety strategy

- Improve safe maintenance and construction frameworks by strengthening proactive prevention and measures utilizing IoT, ICTs, AI, etc.

Order receiving strategy

- Strengthen proposal ability and construction capability by proactively introducing leading technologies and methods, and integrating our cultivated techniques and digital data.
- Establish a one-stop business model that covers the management, operation, and maintenance of railway facilities.

Productivity increase strategy

- Proactively introduce productivity-increase technologies.
- Create an environment in which engineers can focus on maintenance and construction by utilizing ICTs, IoT, etc.

Operational efficiency improvement strategy

- Promote higher work efficiency and information sharing by thoroughly promoting paperless and utilizing data.
- Encourage using and exploiting data by integrating several data.
- Raise satisfaction on work style by improving operational efficiency.

ESG strategy

- Reduce CO₂ emissions by visualizing CO₂ emissions and introducing low-carbon technologies.
- Support railways, a low-carbon means of transportation, with our maintenance techniques and contribute to environmental impact mitigation.

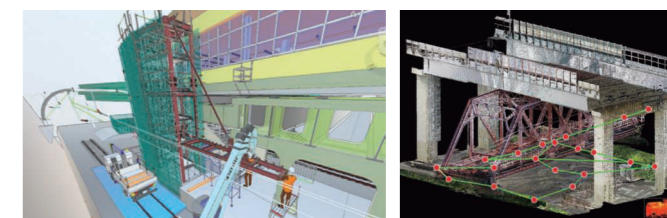
On the basis of our strength in railway works, promote collaboration with JR East, our largest employer, on data, initiatives, etc.,

Rationality and efficiency improvement in common paper works

- Higher work efficiency**
 - Going cashless and paperless, and sharing data
 - Constructing a new core system
 - Data-driven management (construction of integrated databases)
- Mitigation of environmental impact**
 - Recognizing and reducing CO₂ emissions
- Effective time utilization**
 - Promoting online meetings and remote working
 - Establishing an operational style that utilizes generative AI

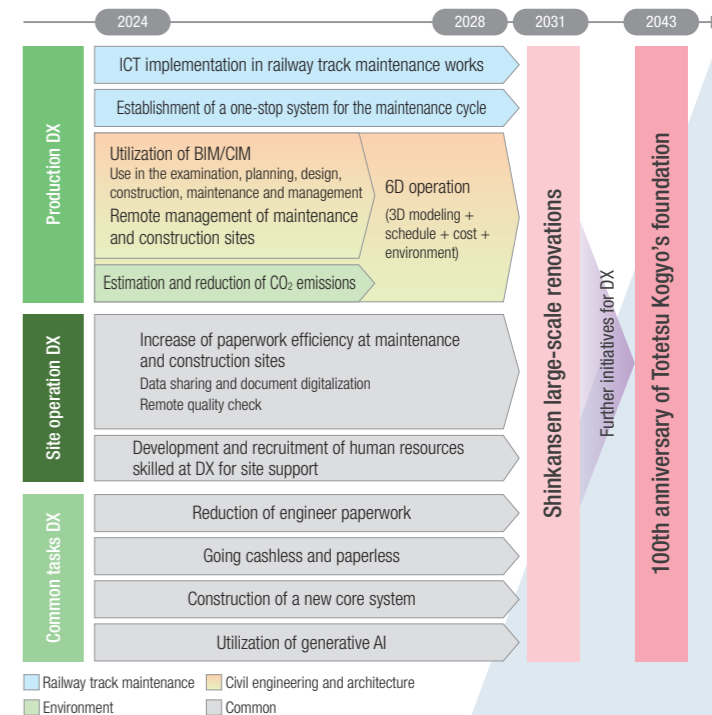
Rationality and efficiency improvement in construction- and maintenance-related paper works

- Higher work efficiency**
 - Expanding support frameworks for maintenance and construction sites
 - Support by humans and applications
 - Enhancing central purchasing to bring lower costs and higher operational efficiency
 - Sharing data and automatized updating of work schedule
 - Automating construction photo organization
 - Sharing data of adjustment among work processes
 - Digitalizing safety documents
 - Going paperless (electronic invoices and contracts)
- Effective time utilization**
 - Introducing PCs available anyplace
 - Enabling office-equivalent work at maintenance and construction sites and in vehicles
 - Sharing quality check data



Construction plan utilizing BIM Point cloud measurement using a 3D scanner

Roadmap



Technical Development

With the aim of achieving TOTETSU VISION 100, we are promoting various kinds of technical development in order to solve the Totetsu Kogyo Group's management issues and other issues at maintenance and construction sites, such as the decrease in the productive-age population, barrier-free and anti-disaster works for transportation infrastructures, and environmental problems.

We will continue to develop safe and quality techniques contributing to environmental impact mitigation by best demonstrating the uniqueness of the Railway Track Maintenance, Civil Engineering, Architectural, and Environmental divisions and the synergies between them.

Small tie tamper (four work heads built-in type track lifting road-rail machine)

Railway Track Maintenance Division

Due to the decrease in the labor population and changes in work orientation, it is indispensable to increase productivity and reduce work burdens in the Railway Track Maintenance Division. Among others, ballast tamping is categorized as an on-demand type of work, and is a typical type of work needing mechanization. While present tamping work relies mainly on human power, improved road-rail backhoes are employed for a part of the process. In this situation, we considered ways to increase efficiency and reduce heavy work burdens throughout operations. Specifically, we have developed devices to which the hydraulic mechanism of a backhoe is applied for the process of track lifting, which decides the number of required workers for an entire operation that uses a road-rail backhoe. As a result, it became possible to handle an entire ballast tamping work with five workers, compared to seven in the former conditions, and heavy burdensome work was substantially reduced, including carrying machinery. We will employ this newly developed machine not only for existing railway maintenance operators but also especially for local public and private railways which suffer from a lack of maintenance workers, expanding our business.



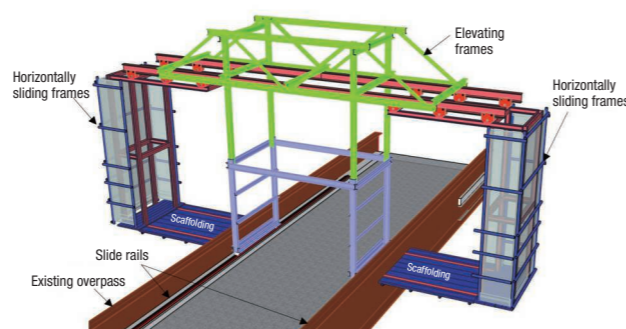
Mobile liftable hanging scaffold (Shuttle X)

Civil Engineering Division

Pedestrian railway overpasses ("Overpasses") are closely connected with local residents' passage and lives, and periodical repair works are vital for aging Overpasses. When repairing them, it is required to ensure safe and stable railway transportation, and to safely and efficiently carry out site works.

Repair works for Overpasses generally used to be conducted from road-rail-type aerial work platforms on tracks, because in many cases, it is difficult to install general hanging scaffolding, due to little room between overhead lines and under beams, or conditions of interval time between train operations to stop electricity supply, etc. Meanwhile, repair works with aerial work platforms require many adjustments with competing construction on the same tracks, and thus, there are issues with schedule management, such as securing work time. In addition, we must secure operators and traffic controllers for heavy machinery.

For these reasons, we have developed a mobile liftable hanging scaffold (Shuttle X), which is equipped with both sliding and elevating equipment of scaffolding, as a replacement for aerial work platforms. This has enabled continuous, safe and efficient work, since we do not need to wait in the areas to mount vehicles on tracks, and to evacuate when maintenance vehicle groups of other construction works are passing, as a result of not using road-rail vehicles, and ensuring distance between scaffolding and maintenance vehicles. In addition, Shuttle X is structured to allow general pedestrians to pass through Overpasses in the daytime. The work method using Shuttle X shortened construction periods by approximately 35%, and reduced costs by approximately 10%, compared to the former method (road-rail-type aerial work platforms). The application of this method improves safety, workability and economic efficiency.



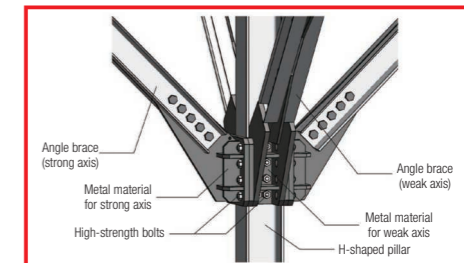
Non-welding system for seismic reinforcement works (SMART BOTHAXIS® System)

Architectural Division

Seismic reinforcement to platform canopies is one of our businesses related to railway infrastructure maintenance. The newly developed SMART BOTHAXIS® System ("SB System") is a seismic reinforcement system that allows angle braces to be jointed on both strong and weak axes of H-shaped pillars of platform canopies at the same height positions without welding (with bolts). The system also provides combination options for the direction and the number of angle braces attached to the pillars. This has made it possible to apply the non-welding system to combinations of angle braces on strong and weak axes, or both strong axes, which was difficult in the SMART WIXIS® System ("SW System") developed in fiscal year 2021.

When we reinforce canopy pillars with angle braces by conventional approaches, seismic-resistant parts are generally welded to existing pillars at sites. The works are conducted close to railway tracks during the night, which means work time is limited to the period between the last and first trains, and there are construction-related issues, such as fire risks including its spread, protection work for surrounding facilities, a prolonged construction period, and higher costs. There are also issues with design. For example, we need to consider interference possibilities in overhead clearance restrictions for passengers due to several metal reinforcement materials vertically attached, and the impact of joint angle of angle braces on existing pillars. The SB System is expected to solve respective issues on design and construction. The SW System is still effective in cases where angle braces are attached on both weak axes of the H-shaped pillar.

*SW System: a joint development with East Japan Railway Company and SENQICIA CORPORATION



Lightweight and low-maintenance rooftop moss greening (TOMOSS greening system)

Environmental Division

The TOMOSS greening system is a rooftop greening system that uses high-quality *racomitrium canescens*, a species of moss resistant to sunlight and dryness. This system does not need planting soil and has a lightweight design. It is installable in new and existing buildings, and concrete and folded-plate roofs, reducing impact on buildings. The system also has environmentally-friendly characteristics, since moss grows only with rainwater without needing watering, fertilizing, and mowing, which means low-maintenance, and irrigation equipment is not necessary. Moss also absorbs carbon dioxide.

As an example of the effect of the greening system, when installed on the folded-plate rooftop of a factory or plant, it brings a heat load reduction due to the insulation effects of greening, which leads to energy-saving of the air-conditioning facilities inside the building. When installed on the rooftops of buildings, etc., it helps reduce the deterioration of waterproof layers. Greened areas by the system can be included in the calculation of green areas set forth in the Factory Location Act. The system contributes to the effective use of the property.



Strategies by Business

Railway Track Maintenance Division

By making the best use of the technical expertise and experience we have cultivated over many years, we continue providing safe and high-quality maintenance and construction works, and thereby deliver safe and stable transportation, and comfortable train travels, striving to sustain people's lives and social infrastructure. We also respond to environmental changes, enhance maintenance and construction frameworks, and further improve safety and techniques with the aim of achieving sustainable growth for the Company and increasing corporate value.

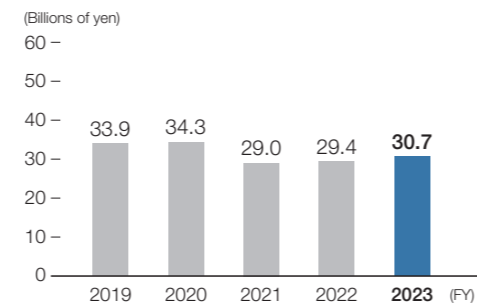


Tetsuhiro Anami Head, Railway Track Maintenance Business Group

Strengths

- Top-class market share of railway track works in Japan
- High-level proposal ability and technical capability based on abundant experience in maintenance works
- Flexibility of accommodating a wide range of customer needs
- Construction techniques and capability based on a wealth of new track construction experience in project works
- Technical capabilities with large-scale track maintenance machinery, of which we proudly own the largest number in Japan
- Technical development by leveraging our experience of railway track maintenance works

Net sales of completed construction contracts



Review on FY2023

Regarding works for JR, railway use is in a recovery trend, along with the recovery of society's economic activities from the COVID-19 pandemic, and the number of track maintenance works has a tendency to increase. Taking advantage of our wealth of experience in construction works projects, we received a railway track construction order for the Haneda Airport Access Line.

Moreover, as an initiative to expand our business into the public and private railway market in the former Medium-term Management Plan, leveraging various maintenance techniques cultivated in works for JR, and know-how in works with machinery, we actively offered machinery package proposals, and package proposals including those from inspection to works processes. As a result, in the public and private railway sectors, we received orders for track maintenance works in excess of a 200% increase year on year.



Efforts to achieve the Medium-term Management Plan

Regarding JR East, our largest client, we expect that overall works will increase, due to increased orders for maintenance works which were postponed during the COVID-19 pandemic, and continued projects, such as the Haneda Airport Access Line.

In addition, we will continue strongly to promote market expansion initiatives by receiving construction orders for projects including extension works for the Hokkaido Shinkansen, through strengthened sales systems with the newly established Railway Track Sales Strategy Department, and by leveraging our advantage

for a sales development (e.g. works utilizing large-scale track maintenance machinery, package proposals covering everything from inspection to construction).

Any initiatives are based on gaining employers' trust by ensuring safety and quality. We will focus on market expansion initiatives, including further sustaining our systems by continuing various support for partner companies, such as worker recruitment and working condition improvement.

Construction Achievements

Contribution to function reinforcement for Haneda Airport by constructing railways of the Haneda Airport Access Line.

Works for track 1 at the Tamachi site in the construction of the Haneda Airport Access Line (conversion into the ballasted track, etc.)

The construction works were conducted to relocate railway tracks around Tamachi Station of the Tokaido Line, the Yamanote Line and the Keihin-Tohoku Line. They are preparative works for planned construction to connect the Haneda Airport Access Line and the Tokaido Line to create the East Yamate Route, through which passengers can directly travel from the direction of Tokyo Station to Haneda Airport. The construction of the Haneda Airport Access Line is intended to reinforce the functions of Haneda Airport, of which users are expected to increase, due to factors, such as the further expansion of inbound tourism. It is a long construction period, taking nearly nine years to complete. However, we feel very proud of contributing to the enhancement of convenience of Haneda Airport, which is a gateway to domestic and overseas destinations with Japan's largest number of passengers. We will strive for safe and high-quality works until the last process.



Tie removal



Turnout installation



Yohei Imaoka
Deputy Project Manager,
Tokyo Railway Track
Construction Site,
Railway Track Maintenance
Business Department,
Tokyo Branch (Railway Track
Maintenance Business)

Totetsu Kogyo's railway maintenance works that support areas along the Tokyu Lines

Railway track maintenance works along the Tokyu Lines

Recent years have seen increased works orders from many different public and private railway companies. As part of this trend, we present railway track maintenance works for all lines of Tokyu Lines to sustain daily safe and stable train operations. The railway routes weave through residential areas, with many sections of sharp curves, steep angles, and narrow spaces under the ground. The maintenance works had various limitations, depending on the sites. However, leveraging Totetsu Kogyo's know-how we have cultivated to the present day, we were able to complete the works without any accident or disaster and to contribute to the safety and security of Tokyu Line passengers. We will continue providing high-quality works, being proud of our contribution to the safe and stable operations of important social infrastructure.



Tatsuya Suzuki
Assistant Manager,
Yokohama Railway Track
Construction Site,
Railway Track Maintenance
Business Department,
Yokohama Branch



Partial replacement



Work with a road-rail backhoe

Strategies by Business

Civil Engineering Division

The Civil Engineering Division is well acquainted with construction works adjacent to railways. By making the best use of the technical expertise and experience we have cultivated to the present day, we will contribute to achieving the Medium-term Management Plan by promoting several projects, such as life extension and anti-seismic works to structures in railway systems, and the construction of platform doors.

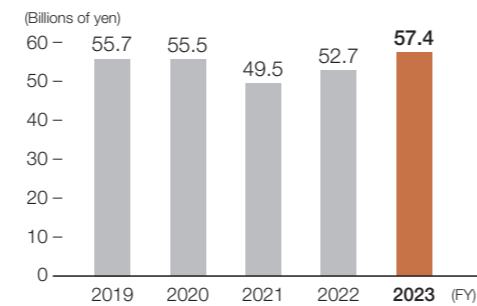


Naoto Tsuchiya Head, Civil Engineering Business Group

Strengths

- Construction capabilities of seismic and disaster-resistant works to protect railway infrastructures from major disasters
- Abundant construction experience and technical expertise in multi-level crossings (over and under railways)
- Niche technique development to improve the safety and efficiency of civil engineering works for railways
- Prompt and appropriate undertaking of inspection, design, and restoration works at the initial stage of disasters
- Development of construction methods and techniques, and construction capability for large-scale renovations for Shinkansen
- Proposal-based sales by taking advantage of the technical expertise of railway maintenance

Net sales of completed construction contracts



Review on FY2023

Regarding works related to JR East, we had the highest record of order volume, by receiving seismic reinforcement works, platform door installation works, and large-scale contracted works over several years, as well as regular maintenance works. This increased the construction backlog, and we cooperated with our employers to proceed with the process from receiving orders to undertaking works on an earlier schedule, which helped level the volume of construction, and net sales of completed construction contracts also increased.

In restoration works for the Isumi Railway, which was damaged by a typhoon, we fulfilled its early recovery with a prompt initial action and the techniques and experience we have cultivated in railway maintenance works, contributed to clients and local communities.

In the public works sector, we achieved the order receiving target by strategically assigning engineers and utilizing JV systems. Moreover, we have increased orders from private railways, such as Odakyu Electric Railway and Tokyo Monorail.



Efforts to achieve the Medium-term Management Plan

In seismic reinforcement works and platform door installation works that are to continue, we seek to strengthen cooperation with our employers and to further improve safety and efficiency. In addition, we aim to expand orders for construction with a high level of difficulty outside of railway track maintenance area with the technical expertise and experience we have cultivated in railway maintenance works, and orders for private railway companies by means of proposal-based sales. We also make efforts to enhance the systems of our subsidiaries, and promote market expansion, for

example, by encouraging subsidiaries to increase railway-related orders in the private sector by themselves. While steadily proceeding with continued construction, we will make provisions and accumulate technical expertise for Shinkansen large-scale renovations. We will also continue human resource development, our own efficiency improvement in the Civil Engineering Division, construction DX, and initiatives on generative AI, and thereby aim to achieve sustainable growth.

Construction Achievements

Contribution to the development of an arterial road by difficult works of bridge girder construction over railways

Construction of a new overpass road New Okada Bridge in the section between Akatsuka and Mito Stations on the Joban Line.

This construction is intended to build a bridge at a crossover site with the Joban Line as part of the planned Mito-Katsuta Circular Road. The incremental launch method was employed for the area over the railway. This is a method to incrementally launch a new bridge girder, which was as heavy as 260 t, by using a launching nose. We smoothly completed construction, despite the fact that time was strictly limited to a short period during the night, by thoroughly managing risks at construction, and formulating and implementing a detailed plan. This construction is expected to strengthen networks with major arterial roads, increase accessibility among cities, revitalize inter-regional interaction, and enhance disaster readiness functions as supplementary roads for emergency transportation. We will continue proceeding with construction while giving first priority to safety.



Yoshiyuki Fujiu
Presidential Project Manager, New Okada Bridge JV Construction Site, Civil Engineering Business Department, Mito Branch



Girder launching with launching nose



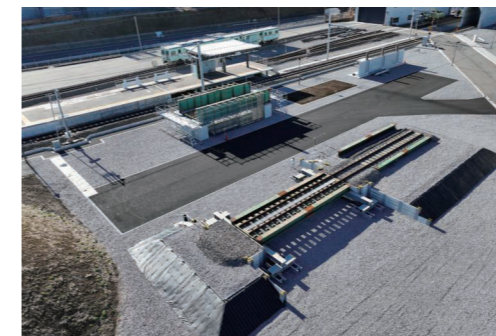
Bridge girder construction was completed by the incremental launching method

Initiatives for skills succession in the Civil Engineering Division

Full-scale large training facility (through plate temporary girder and tie-embracing temporary girder)

The construction of crossing tunnels under railways is intended to discontinue railroad crossing systems for the prevention of collision accidents with trains and to create roads and waterways that would bring the easing of traffic congestion and revitalize local communities, etc. This is a construction work that makes a high degree of contribution to society.

In recent years, although many construction cases use the jacking method, the temporary girder method has advantages under the site conditions of single-track sections, or narrow spaces, in terms of safety and costs. Utilizing full-scale training facilities for temporary girders newly established in the Training Institute, we will develop human resources who are well acquainted with the temporary girder method with a high level of skills.



Full-scale training facilities for temporary girders



Training with through plate temporary girder



Kazuto Yamada
Project Manager and Concurrent Instructor, Construction Site, Civil Engineering Business Department, Hachioji Branch

TOPICS

Totetsu Kogyo was certified as a company with excellent construction performance for FY2024 by the Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism

We were regarded for our excellent performance in the civil engineering works ordered by the Kanto Regional Development Bureau, which were completed in FY2022 and FY2023. As a result, we were certified as a company with excellent construction performance for FY2024. We will continue demonstrating our high level of technical expertise also in public works to contribute to society by utilizing the skills and techniques we have cultivated in railway-related construction.



Strategies by Business

Architectural Division

The Architectural Division is centered on the railway-related construction business and has a high level of construction capability based on plenty of experience and know-how accumulated through the construction of facilities adjacent to railways, including commercial and residential facilities. Our strength lies in technical proposal abilities based on construction capabilities that enable us to fulfill customer needs.

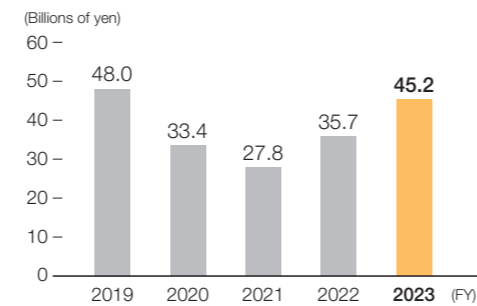


Toshiro Sakai Head, Architectural Business Group

Strengths

- Construction capability that enables highly difficult works, such as works near or over railways
- Proposal capability to identify railway maintenance measures at an early stage to solve issues
- Technical capability that enables "stay on-site construction," which allows employers to operate as usual
- Development capability for special technique systems, such as non-welding systems that replace conventional seismic reinforcement
- Sales capability that balances client needs and price advantage in design-build construction
- Ensured capabilities for safety and construction quality that bring safe and stable transportation
- Stableness of receiving constant orders from JR East by utilizing our expertise

Net sales of completed construction contracts



Review on FY2023

Despite the fact that construction investment amounts had a tendency to increase in the market, we experienced harsh business conditions due to tougher competition for contracts and lower profitability affected by price hikes in construction materials and higher labor costs. Under these circumstances, in the railway-related construction business, we developed a non-welding system (SMART WIXIS System) of seismic reinforcement for platform canopies. Providing seismic diagnosis on each JR station and technical proposals led to constant contracts of design-build construction. In addition, centering on railway maintenance measures, we demonstrated our sales capabilities that balance a high level of construction techniques that promptly fulfill client needs and a price advantage, in each different area. Accumulated abundant experience and know-how also contributed to our receiving orders in various areas. As a result, we could achieve business performance higher than the previous fiscal year.



Efforts to achieve the Medium-term Management Plan

We continue to place railway-related construction at the center of the business. Specifically, while developing systems that function even under special conditions, such as non-welding systems, we will demonstrate our technical proposal abilities that fulfill client needs. We also continue making efforts to have a flexible and speedy response to measures, such as large-scale station refinement and development projects, and establish and strengthen a new organizational structure

together with Totetsu Soken, a group company, in order to expand the maintenance works business. Regarding other public and private railways sectors, taking advantage of non-welding systems of which we engaged in technical development, we will develop proposal-based sales for railway maintenance. At the same time, to achieve operational efficiency, we will also actively work on productivity increase, such as production DX and site operation DX.

Construction Achievements

Contribution to promoting the development of fascinating cities centered at stations

Makuhari-Toyosuna station front development project works

This project is for the construction of the JR-EAST HOTEL METS PREMIER MAKUHARI TOYOSUNA, the first premier brand of HOTEL METS, which is one of the projects aimed at delivering spiritually affluent lives in the front area of Makuhari-Toyosuna Station of the Keiyo Line, through a unified station and city that connect with customers and residents near the Line. The hotel houses a convenience store and restaurants on the first floor, and guest rooms on the second to eleventh floors. The concept of interior design is UMIKAZE (sea breeze) since the hotel is located near the sea with an open environment, facing an open space in front of the station. It is designed to reduce oppressiveness, with a light atmosphere created. In addition, we have created several cheerful and relaxing spaces, such as Toyosuna Umikaze Plaza where we can feel the sea breeze, in the surrounding area of the hotel, and these elements are further enhancing the value of the station and city.

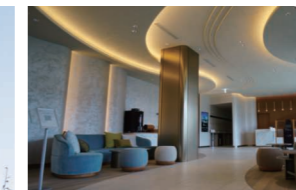
Although it took a lot of time for confirmation and coordination with employers and architects in the process of construction, our staff unitedly made their best efforts under the slogan "Construct an excellent quality building," and successfully delivered the building. Also thanks to people associated with the construction, we were able to complete works without major accidents.



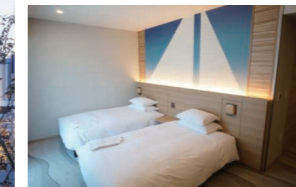
Kikuo Tani
Presidential Project Manager,
Makuhari Construction Site,
Architecture Department,
Chiba Branch



JR-EAST HOTEL METS PREMIER MAKUHARI TOYOSUNA



Lobby



Guest room

Project information

- **Construction period**
From September 9, 2022 to March 29, 2024
- **Employers**
East Japan Railway Company
NIPPON HOTEL Co., Ltd.
Chiba Station Building
- **Construction site**
2-45-3 Hamada, Mihama-ku,
Chiba City, Chiba
- **Construction details**
New establishment of a hotel
and station front plaza

Contribution to ensuring and improving the safety of station facilities

Replacement works for escalators and elevators in station buildings (Sakurakaido Station and the east side accessway of Hodokubo Station)

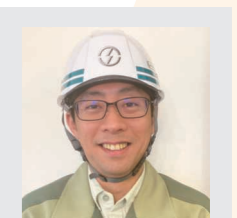
Tama Monorail works on escalators and elevators replacement in view of ensuring and improving the safety of its facilities. Totetsu Kogyo has received construction orders every year since FY2021, and undertook replacement works for Sakurakaido Station and Hodokubo Station in FY2023. Since we had to conduct works while passengers were using the stations in both cases, we formulated and implemented construction plans that gave first priority to customer safety and the prevention of risks, such as interruptions to train operations. As a result, we were able to complete the works without accidents or disaster. We will continue to make efforts to constantly receive subsequent orders.



Escalator in Sakurakaido Station



Escalator in Hodokubo Station



Daisuke Kobayashi
Project Assistant Manager,
Tama Sakurakaido
Construction Site,
Architecture Department,
Hachioji Branch

Strategies by Business

Environmental Division

The Totetsu Kogyo Group considers addressing climate change as one of its management issues. In an effort to achieve decarbonization and environmental impact mitigation, we will further promote the greening business, a core of the Environmental Division, and cooperate with other business divisions, thereby contributing to the preservation of the global environment and living in harmony with the earth.



Shinji Matsuo Head, Environmental Business & Technology Development Group

Strengths

- Active development of environmentally-friendly ECO-related business
- Building greening, heat stress reduction measures, and asbestos removal techniques, of which we have patents, design rights, or other rights
- One-stop offer from design proposal to implementation in the greening business
- Greening business that brings CO₂ reduction and delivers green and relaxation to cities, in which we have abundant experience
- Accumulation of know-how from planning to maintenance in the Environmental Business
- Promotion of energy conservation and creation by ZEB planner and ZEH developer

Review on FY2023

Under the circumstances of increasing awareness about measures against global warming and biodiversity at a society-wide level, each business division of the Company also works on CO₂ reduction day by day. In the Environmental Business in FY2023, continuing from the previous fiscal year, we carried out design proposals and implementation of the wall and rooftop greening on buildings in the private sector, etc. We also promoted the greening of temporary enclosures at construction sites, which are apt to look bare, as consideration and healing for the surrounding environment. In addition, we carried out PR activities on different greening methods, of which we have patents, etc. at various exhibits including the National Urban Greening Fair in Sendai, introducing Totetsu Kogyo's techniques to several markets. Internally, as part of initiatives to increase employee awareness and skills in environmental matters, we provide education to all employees and encourage them to take Eco Test. We are continuing to develop human resources who proactively work on environmental issues.



Efforts to achieve the Medium-term Management Plan

To achieve "carbon neutrality in 2050," as stated in the Medium-term Management Plan, we promote initiatives for CO₂ emissions reduction and environmental impact mitigation. For maintenance and construction sites, we work to utilize energy-saving construction machines and renewable energy and to introduce low-carbon materials, while continuing to reduce industrial waste. In the stage of planning and design, we will provide technical proposals, such as wall and rooftop greening that meet client needs, and ZEB

renovation for buildings, as a ZEB planner, aiming to expand the client base. Based on the assumption of the continued ensuring of safety and quality, we will further promote the rationalization of construction that has environment-friendly approaches, and technical development and construction method improvement that contribute to productivity increase, making efforts to achieve a decarbonized society.

Construction Achievements

Totetsu Kogyo's Environmental Initiatives

Participation in the 6th Building Renovation Expo

We set up a booth to show our techniques related to greening business in the Environmental Business & Technology Development Group, at the 6th Building Renovation Expo held at Tokyo Big Sight from December 13 to 15, 2023.

This is a large-scale exhibition, gathering approximately 40,000 visitors from all over Japan, including those from developers, architect firms, general contractors, and public offices, which allows us to widely introduce our initiatives in the Environmental Business. We took this opportunity to reach potential clients for concrete planning. We exhibited the following items: wall greening (ToSuRa system), rooftop greening (TOMOSS system), temporary enclosure greening, and heat stress reduction facility (tree-shaded tunnels).

Among other booths mostly with construction materials and housing equipment products, our booth which mainly displayed plants was very conspicuous, and we were interviewed by media.

We participated in the exhibition for the third consecutive year since 2022, and this time our booth had 1.6 times more visitors than the previous exhibition, and we have received inquiries from many people. We will continue to promote making our greening initiatives well known, and environmental stress mitigation to contribute to achieving a sustainable society.



Display booth



Many visitors at our booth



Shizuki Iga
Foreperson, Environmental Business Department, Environmental Business & Technology Development Group

Please visit the website below for details of our booth
<https://my.matterport.com/show/?m=vXg43ry9tJ> (Only available in Japanese)



Totetsu Kogyo's environmental initiatives

Tree-shaded tunnel and wall greening are installed at Totetsu Training Institute

At the Totetsu Training Institute, which was opened in April 2022, we created spaces that provide the healing of green for trainees and visitors who came for inspection or tour.

At an accessway (about 8 m) surrounded by green areas that lead to the training building, we installed a swaying tree-shaded tunnel with arches with small-diameter larch lumber, and original resin mesh with vines growing along its three-dimensional curves. At a time when it is hot, a dry mist system, which does not wet people, gives further coolness to visitors.

The entrance area wall of the training building has ToSuRa system installed. We can feel green vitality from plants that powerfully flourish with automated irrigation equipment and planting lights.

We aim to make initiatives and techniques of the greening business that will be widely recognized both inside and outside the Company and continue to create spaces that give a cozy atmosphere.



Tree-shaded tunnel



Wall greening

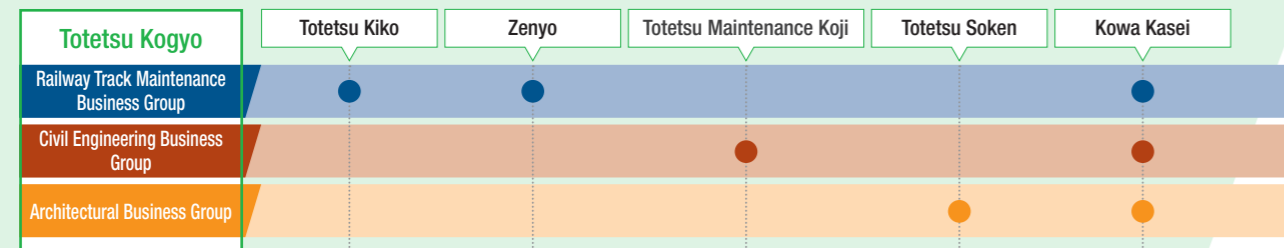


Junko Nakamura
Foreperson, Environmental Business Department, Environmental Business & Technology Development Group

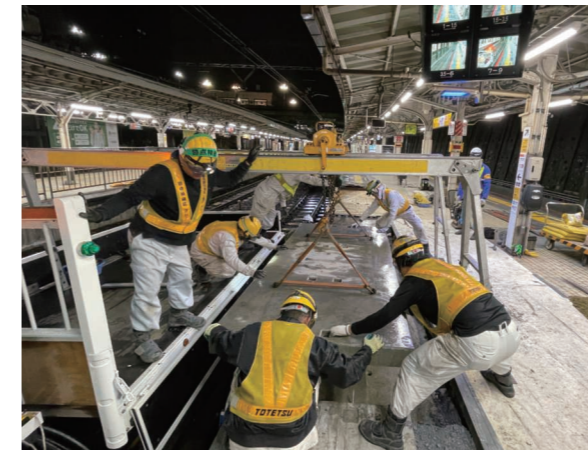
Group Companies

Expected roles of group companies to achieve the Medium-term Management Plan

The Company has five subsidiaries subject to consolidated financial settlement, which constitute the Totetsu Kogyo Group. As each group company's business is closely connected with the Company, we will further closely cooperate to promote integrated management and aim for strategic and efficient group consolidated management, in order to achieve the Medium-term Management Plan.



Totetsu Maintenance Koji Co., Ltd.

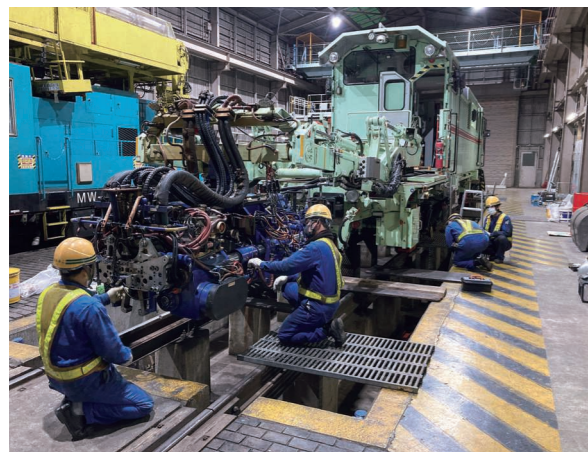


Efforts to achieve the Medium-term Management Plan

Mainly conducting repair and improvement works for civil engineering structures in three areas of JR East (Tokyo, Shinagawa, and Ueno), we engage in large-scale improvement works to construct platform doors and other project works. As new initiatives, we will also focus our energy on receiving orders from private railway companies, including removal and repair works for aging advertising billboards placed along railway lines, and new installation works for them. For the Totetsu Kogyo Group's development, we seek to expand our client base and business fields, striving to achieve the targets of the Medium-term Management Plan.

We will continue to pursue ultimate safety and security, ascertain dangerous points on construction sites, and check for unsafe behaviors and equipment, contributing to safe and stable transportation for railways.

Totetsu Kiko Co., Ltd.



Efforts to achieve the Medium-term Management Plan

In the railway track maintenance machine division, we undertake unified management of more than 100 large-scale track maintenance machinery owned by Totetsu Kogyo.

To achieve the Medium-term Management Plan, we will enhance human development to improve machine maintenance skills and expand models they can handle, aiming to develop our business, for example, by providing machine package proposals to public and private railway companies in cooperation with Railway Track Maintenance Business Group. We will also promote consideration of expansion into the machine operator business.

In the monorail division, we engage in the manufacturing, sale, and maintenance of vehicles for track maintenance and construction, and contribute to the safe and stable transportation of monorails. Tokyo Monorail has reached the 60th anniversary of its foundation, and we safely and efficiently conduct renovation works for monorails due to aging, in cooperation with the Civil Engineering Division, and thereby contribute to the development of the Totetsu Kogyo Group.

Totetsu Soken Co., Ltd.



Efforts to achieve the Medium-term Management Plan

As a member of the Totetsu Kogyo Group, we have accumulated experience in many renovation works for JR station facilities, ensuring high quality and safety. Based on know-how acquired from construction experience, we have expanded our business activities into various fields.

Making the best use of experience accumulated in railway-related works, we are striving to secure regular clients' trust and working further to expand sales development. As a new initiative, regarding maintenance operations including urgent maintenance at stations that are managed by JR East affiliates, we will make proposals for unified management from cause identification, and repair planning to the implementation of works, through which we will offer the best solutions to the issues faced by our clients. As a member of the Totetsu Kogyo Group, we will continue united efforts to improve the levels of safety and quality and to increase client satisfaction degree.

Zenyo Co., Ltd.



Efforts to achieve the Medium-term Management Plan

Under our corporate philosophy "ensured safety and quality is a basis of business management," Zenyo seeks to secure the human resources necessary to contribute to safe and stable transportation of railways, and steadily and surely to hand down skills. In order to improve the work environment, we are also working on development, such as machine weight saving, proceeding with the establishment of a safe and healthy work environment. In addition, without being content with our current situation, we consistently work on the development, verification, and implementation of new welding techniques and methods. We are also continuing actively to take on the challenge of the welding-related consultant business backed by our high quality and technical expertise. We also focus our energy on expanding sales by introducing such new techniques and developing clients in fields other than the railway business. We will make efforts together with all employees, in order to become a leading company in the rail welding industry, and a company that satisfies employees for having joined it, as well as a company that makes every individual proud.

Kowa Kasei Co., Ltd.



Efforts to achieve the Medium-term Management Plan

In manufacturing and sale of rail fastening systems essential for railway and track works, adjustable pads used for slab tracks, and resin products, we earn constant revenue in the railway field in Japan and overseas, as a railway-related general trading company, which has strong technical expertise, and provision and sales capabilities. We are also working day by day to develop and propose efficient construction methods, by leveraging the experience and technical expertise we have accumulated since its foundation, to address the declining labor population due to a lower birthrate and aging population.

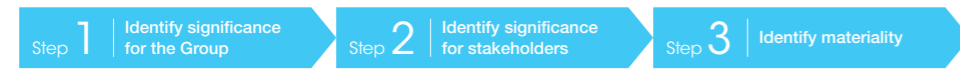
In addition, as a member of the Totetsu Kogyo Group, besides railway-related business, recently we have demonstrated synergy in both aspects of construction, and machinery and materials in the civil engineering and architectural fields. In fiscal year 2024, we have established a new department dedicated to handling overseas railway cases, new products, and business development. We will further enhance profitability, increasing the degree of contribution among the Totetsu Kogyo Group.

Sustainability at the Totetsu Kogyo Group

Based on the Totetsu Kogyo Basic Sustainability Policy, here we report the current status of consideration, etc. on the Group's material issues (materiality) related to ESG, and its specific initiatives.

Identification process of material issues (materiality)

When formulating the Totetsu Kogyo Basic Sustainability Policy, we have identified the Group's material issues (materiality) related to ESG using the following process for each of the seven policies set based on our Management Philosophy and societal issues.

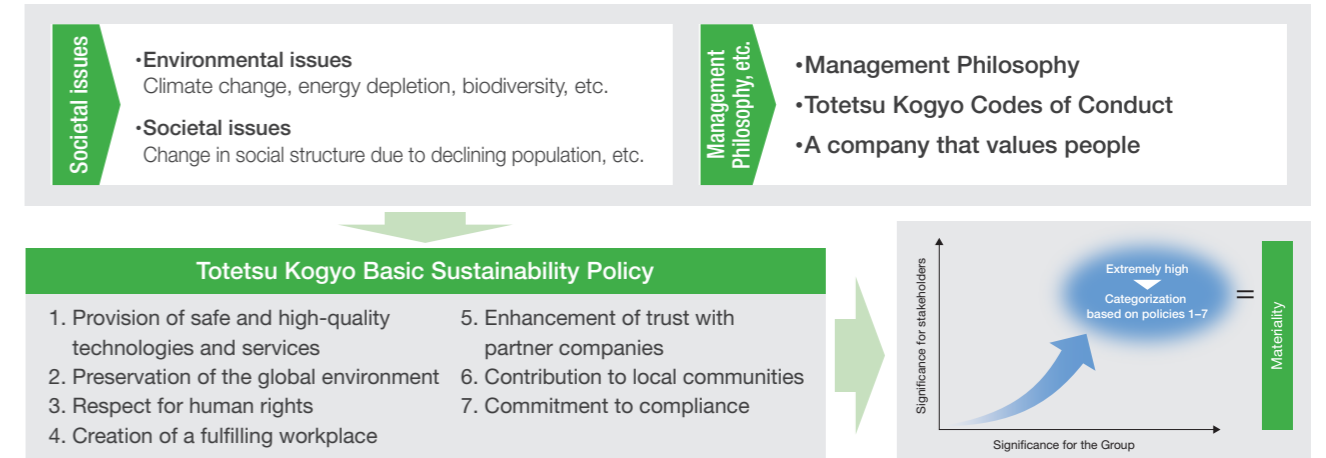


List of Materiality Related to ESG

Basic Sustainability policy	Materiality	Totetsu Kogyo Group's action plans	Related stakeholders	Related societal issues	Related SDGs
1 Provision of safe and high-quality technologies and services	•Aiming for ultimate safety and security for clients, local communities, and employees including those of group companies and partner companies	①Consistent risk management based on measures attributable to the factors of past major accidents and fatal occupational injuries ②Prior risk management by pre-construction safety review meetings, etc. ③Understanding the backgrounds of accidents and incidents, and the origins of rules, and utilizing the Safety Training Room and training facilities in Totetsu Training Institute	Society, clients, employees, Supply chains	•Railway safety •Maintaining stable transportation •Preventing industrial accident	11 Sustainable Cities and Communities
	•Increasing client satisfaction through quality improvement	④Providing quality improvement education practical at work sites, utilizing training fields and mock-ups in the new Training Institute ⑤Providing quality improvement education practical at work sites	Clients	•Railway safety, maintaining stable transportation •High-quality skills •Providing services	
2 Preservation of the global environment	•Controlling global warming	①CO ₂ emission reduction rates stated in the Medium-term Management Plan (2025-2029) (comparison with FY2023) (FY2030 Scope 1 + 2: 42% reduction, Scope 3: 25% reduction) (FY2050 net zero) ②Implementation of solar power generation equipment in our office buildings and construction site offices ③Sale and purchase of renewable energy (solar power)	Society	•Increase and intensification of disasters due to global warming	13 Climate Action
	•Addressing environmental impact mitigation	④Implementation of environment-technique-based works (rooftops, walls, temporary enclosures, and heat reduction measures) ⑤Proposal on ZEB/ZEH-M ⑥Controlling the final disposal rate of industrial waste to 2% or less for FY2050 ⑦Education on environmental laws and regulations, and to raise employees' awareness of environmental conservation	Clients Society	•Depletion of natural resources •Nature destruction, increase in environmental impact	7 Affordable and Clean Energy 12 Responsible Consumption and Production
	•Preventing public disaster due to water pollution	⑧Utilization of checklists for environmental laws and regulations compliance ⑨Thorough education on water pollution prevention, zero major incidents of water pollution	Shareholders Society	•Measures on environmental pollution and conservation	6 Clean Water and Sanitation
3 Respect for human rights	•Preventing and reducing negative impacts on human rights	①Formulation and disclosure of human rights policies ②Implementation of human rights due diligence ③Response to relief measures	Society, employees Supply chains	•Violation of human rights including supply chains	10 Decent Work and Economic Growth
	•Preventing harassment and reducing gender disparity	④Education on harassment and gender issues, etc. ⑤Confirmation of information on harassment incidents ⑥Systems and welfare programs available for employees including LGBTQ, etc.	Society, employees	•Occurrence of harassment incidents •Discrimination against sexual minorities	5 Gender Equality
4 Creation of a fulfilling workplace	•Eliminating unfair treatment against partner companies	⑦Fact-finding of wage plans and working hours management ⑧Opening hotlines for business partners ⑨Conducting questionnaire surveys to business partners	Supply chains	•Unpaid wages, occurrence of long working hours •Unfair treatment of foreign workers	8 Decent Work and Economic Growth 17 Sustainable Partnerships
	•Avoiding violation of worker's rights	①Reduction of long working hours ②Eight days off in four weeks ③Increase of used days in annual paid leave (15 days and more including accumulated days)	Employees	•Occurrence of long working hours	8 Decent Work and Economic Growth
	•Comfortable work environment	④Improving the environment of offices and construction site offices ⑤Improving the conditions for reduced working hours for childcare ⑥Introduction of childbirth leave for partners ⑦Introduction of job return systems ⑧Improving the rate of childcare leave taken by male employees (100% including childbirth leave for partners)	Employees	•Increase in productivity due to work environment improvement •Work styles based on various life stages	5 Gender Equality 8 Decent Work and Economic Growth
	•Strengthening human development	⑨Human development utilizing Totetsu Training Institute ⑩OJT human development at an earlier stage ⑪Financial support systems for studying at vocational schools	Employees, partner companies	•Labor shortage in the construction industry •Decline in technical skills due to an aging population •Response to new technologies and special techniques	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure
5 Enhancement of trust with partner companies	•Maintaining mental and physical health	⑫Active promotion of health management ⑬BMI reduction activities (food, exercise, APP utilization) ⑭Aid to a re-examination of the health checks and encouraging employees to take a re-examination ⑮Reducing the number of employees with mental health problems through mental health checks and analysis	Employees	•Employees' health concerns •Increase in the number of employees with mental health problems	3 Good Health and Well-being
	•Diversity	⑯Continue to obtain Eruboshi Certification (for a company with excellent initiatives for women's active engagement) ⑰Active appointment of women to managerial positions ⑱Improved environment in which female engineers can actively play their roles ⑲Number of female engineers increased by 1.5 times (comparison with FY2023)	Employees	•Demand for diversity of human resources and work styles	5 Gender Equality 8 Decent Work and Economic Growth
6 Contribution to local communities	•Establishing appropriate relationships with partner companies	①Sending letters to business partners to confirm whether unfair treatment exists ②Opening hotlines for business partners ③Conducting questionnaire surveys to business partners	Employees Supply chains	•Unfair relationships with partner companies	9 Industry, Innovation and Infrastructure 10 Decent Work and Economic Growth 16 Sustainable Cities and Communities 17 Sustainable Partnerships
	•Increasing work motivation of partner companies	④Maintaining and improving daily wages per worker ⑤Promoting Construction Career Up System ⑥Providing consultation services on labor management and accounting management	Supply chains	•Declining applicants for construction jobs	
	•Creating further partnerships	⑦Support for recruitment by linking web pages ⑧Constructing and reconstructing partner companies' dormitories, and improving the office environment ⑨Payment by the prime contractor for Kentaiko* Mutual Aid Certification Stamps for private works	Supply chains	•Establishment of long-term partnerships with partner companies	
7 Commitment to compliance	•Contributing to society through our business	①Contribution to safe and stable railway transportation and station convenience improvement through our business, such as railway track maintenance, disaster restoration, disaster prevention and reduction, platform doors works, and barrier-free works for station buildings	Society	•Railway safety, maintaining stable transportation •Provision of station facilities fully accessible for disabled persons	11 Sustainable Cities and Communities
	•Social contribution activities	②Zero-waste activities, blood donation activities ③Donations to guide dog associations ④Providing after-school childcare services to corporate facilities and support activities ⑤Local community interaction activities utilizing Totetsu Training Institute	Society	•Decline in awareness of social contribution •Expansion of corporate roles in local communities	9 Industry, Innovation and Infrastructure 17 Sustainable Partnerships

* An industry-wide retirement allowance system: employers pay installments for each construction site worker according to the number of days worked, and such workers are paid a retirement allowance when they leave the construction industry

Assumptions to identify materiality



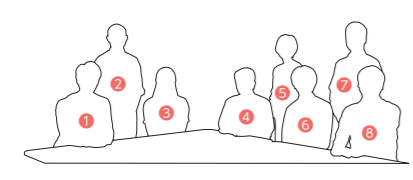
Feature **Employee Dialogue Session**

Held at Totetsu Training Institute on June 20, 2024

Creation of Workplaces to Achieve Long-term Visions

The Totetsu Kogyo Group consists of more than 1,800 employees. Employees from experts who have in this round-table discussion from each division, and they talked about work environment creation and as active engagement of diverse human resources, and work-life balance.

worked for more than 20 years to young employees participated operation improvement to achieve long-term visions, as well



- 1** **Tatsuhiko Kabei**
Deputy General Manager, Echigo-Yuzawa Railway Track Maintenance Business Site, Railway Track Maintenance Business Department, Niigata Branch
- 2** **Toru Asaba**
Facilitator
General Manager, Personnel Department, Business Administration Group
- 3** **Momoka Yamanaka**
Chief, System Department, Business Improvement Promotion Group
- 4** **Toru Sasagawa**
Senior Fellow, Civil Engineering Department, Civil Engineering Business Group
- 5** **Kazue Tobita**
Deputy General Manager, Human Resource Development Department, Business Administration Group
- 6** **Taiki Sekine**
Staff Member, Environmental Business Department, Environmental Business & Technology Development Group
- 7** **Takashi Kamio**
Deputy General Manager, Civil Engineering Planning Department, Civil Engineering Business Group
- 8** **Yuichi Iijima**
General Manager, Construction Site, Construction Department, Tokyo Branch (Architectural Business)

How work styles and work environment have changed

Asaba First, I would like to ask you about work styles. For today's discussion, we have three experts who have worked more than 20 years here. Do you think current work styles have changed a lot compared with 20 years ago?

Kabei I joined the Company exactly 20 years ago, and when I look back on these two decades, it's clear that work styles have greatly changed after the COVID-19 pandemic. I have witnessed circumstances where the younger labor population has rapidly decreased with fewer younger employees in the workplaces, which has led to lower construction capability. After going through the turmoil of the COVID-19 pandemic, I developed an

even stronger sense of urgency about this issue. I came to think about matters, such as what we have to do for our Company to survive in the future, and what I can contribute as a mid-career employee. To that end, I have been engaging in discussions with our employers, partner companies, and colleagues, offering proposals and providing feedback.

In the Railway Track Maintenance Division to which I belong, I think there are still many areas that need to be improved in terms of work style. When it comes to operational efficiency and mechanization, I feel that we are lagging behind the Civil Engineering and Architectural Divisions. If we

do not adapt more flexibly to the changing times, I fear that our business might not be needed by society.

Kamio Like Mr. Kabei, I joined the Company 20 years ago. I feel work styles have greatly and positively changed, and have been improving. When I first joined the Company, I don't say the work environment was as terrible as exploitative companies, but it was still very rough. It was an ordinary way to work long hours without breaks, and two days off a week seemed an impossible system. Now, my mindset has shifted to the point where I feel frustrated if I can't take my day off. When I see the Company as a whole, current business performance is strong, but to make it stronger, we have to

have more construction works. Some construction sites have suffered from labor shortages. Although the Company has implemented various measures to increase operational efficiency and decrease work burdens, such as mobile office introduction and DX promotion, it seems to take a little while to have positive outcomes. We also have to develop mutual support systems among employees and among work sites at the same time. As part of such initiatives, I think it's also important to create a good work environment for both male and female employees.

I think the trend I experienced in the past, like the virtue of working without days off and accomplishing work with guts,

Feature Employee Dialogue Session



has changed in a recent decade or so, and productivity increase efforts have brought about work style reforms. I think each and every employee must consider and take action in addition to the Company's measures. If not, it seems difficult to see improvement in the topic of work style.

Iijima I also joined the Company 20 years ago. As Mr. Kamio said, I feel the way of working has started to change around a decade ago. I was seconded to JR East in 2013, and when I returned to the Company in 2015, I felt our Company had a little different atmosphere compared to before. Previously, I used to work with hardly any days off, but at JR East, it was normal to take days off on weekends and holidays. When I returned to the Company, though, my colleagues had started to take days off in turn. After that, along with the revision of legislation, work style reforms have been promoted as a national policy, and the Company also has raised awareness about work style initiatives.

Recently, I've had more opportunities to go out with colleagues on weekends. The increase in free time seems to be contributing to more vibrant communication within the workplace.

Tobita When you used to work without days off, weren't you inclined to quit the Company? A lot of young people leave their jobs because they can't get days off. However, for those of you who have worked for the Company for many years, how did you maintain your motivation in the former very rough work environment?

Iijima I joined the Company during the period that is known as the employment ice age, and the 2008 financial crisis subsequently occurred. It was very difficult times to move to other companies, which could be one of

the reasons. Now, the hiring situation has changed to a sellers' market, and we need to make efforts to firmly keep employees from leaving.

Yamanaka I have no experience of working at construction sites, and haven't directly seen the hardness of the work, but a young colleague who joined the Company in the same year and was assigned to a construction-site job left the Company. Though work styles have been improved compared to 20 or 10 years ago, I think there are areas that need further improvement. If the Company doesn't fully understand the actual states and take proper actions, I don't think we can truly become a company that inclines people to join.

Asaba It is preferable that the Company becomes known as a better company than others, as a result of work environment improvement by understanding actual states, besides just doing management based on working hours. Mr. Sekine, you are a new graduate assigned to the Environmental Division for the first time in more than 10 years. Could you share your thoughts on what is easy or difficult in your work environment?

Sekine I was very grateful that I was a new graduate in the division for the first time in such many years when I knew it after joining the Company. Employees in the Environmental Division are certainly in relatively higher age groups. I'm at a young age and I was worried if I could fit in the team, but actually, people in my department including my boss, have a kind personality, and I can ask them for advice on various matters. So, the atmosphere is very good, and it is a comfortable workplace for me. In addition, the department has a small number of people

and therefore particularly requires cooperation, and we have a very lively exchange of opinions. Under such an environment, I feel comfortable giving my opinions and suggestions, and some matters are left to my discretion. So, I can keep my motivation for work at a high level.

A current e-learning course related to the environment, which all employees need to take is something I suggested, transitioning from external services to our own in-house content. An entire work from proposal and creation to implementation was left to me. I found my job rewarding partly due to such an accepting atmosphere for someone's opinions and the level of autonomy provided.

Sasagawa I see there are cultural differences even in the same company. Different from large organizations, such as the Railway Track Maintenance, Civil Engineering, and Architectural Divisions, the Environmental Division has an aspect of handling various matters with a small number of employees. The environment is a business theme that fits the times, and it may be one of the reasons for its level of autonomy.

Asaba Mr. Sasagawa is 76 years old and the oldest employee in the Company. You moved to the Company from JR East and are a key figure who has supported

technical expertise in the Civil Engineering Division for nearly 20 years. You are still an active worker. How do you see the Company's work environment from the perspective of a senior worker who plays active roles?

Sasagawa Since I'm in the baby-boomer generation, I can relate to the old ways of working and understand the struggles that Mr. Kamio, Mr. Iijima, and Mr. Kabei faced at works sites, as I share similar experiences and feelings. I was cultivated in the JR East work environment where work concentrated on a capable person, which is like a performance-based system. It was a hard environment where I had no choice but to do it.

As part of initiatives to utilize senior workers' experience and knowledge, I'm provided with the working opportunity after retirement. I think this is a leading initiative in today's society. I mainly engage in sales support and technical development, producing some positive results. I find my work fulfilling and rewarding. Personally, **as an initiative on skills succession to the next generation, I'm working with young employees on technical development. I also share my know-how and insights by presenting our work at the Japan Society of Civil Engineers conferences and publishing in industry journals and magazines.**



Feature Employee Dialogue Session

Becoming a company where everyone can lively play roles

Tobita Skills succession to the next generations is a subject matter of the Human Resource Development Department. We have asked Mr. Sasagawa to concurrently serve as an instructor in education curriculums at Totetsu Training Institute and to provide content related to technical development.

Asaba Could you share what initiatives have been taken so far for creating a comfortable work environment for women, as well as what challenges you foresee moving forward?

Tobita I remember the promotion of women's active engagement started to be encouraged in Japan around 2012 to 2013.

The Company established several project teams (PT) to consider management measures and issues over the medium to long term in 2017. One of the PTs was the Promotion of Women's Active Engagement PT, and it was the beginning of our initiatives.

The Company centers its business on railway track maintenance with frequent night duty, and for that reason, it always had a small number of female employees. At that time, the number of female engineer employees was only seven. However, **with a desire to hire more female**

engineers for the future and for their success, we began creating a career roadmap for female engineers. After a while, the number of female engineer employees gradually increased. We have taken approaches, such as registration to Kensetsu Komachi (an initiative to encourage women who engage in construction works) which showcases construction sites with female workers by the Japan Federation of Construction Contractors, the introduction of female engineer employees through internal newsletters, the check of work environment of construction sites where women are assigned. Since 2021, we have invited Ms. Miyama, a female Outside Director who promotes diversity management, to participate in our initiatives, and we have continued opinion exchanges and site visits. Based on women's opinions found through these initiatives, we provided education for male employees in managerial positions who have female subordinate staff, with the aim of improving communication in workplaces. Additionally, we are expanding our initiatives, such as issuing a Work and Childcare Support Handbook and having opinion exchange meetings targeted at women in managerial positions and young female career trainees. Director



Miyama said that increasing only women's awareness makes an unbalanced company, and it is important to aim for a company comfortable also for men to work in the future. In particular, we intend to encourage male employees to take childcare leave to increase men who actively take care of their children, having started approaches through internal newsletters.

Yamanaka At an opinion exchange meeting for women in which I participated when I was working at Tokyo Branch (Architectural Business), seeing the career roadmap, many female employees said things may not go so well. **It seemed that there were frequent suggestions that rather excessive support is needed to encourage active use. There was also feedback that we should incorporate the opinions of those who have actually experienced maternity and childcare leave to create a more realistic and feasible roadmap.**

I heard that regular meetings were discontinued before, due to a complaint that arose in a Business Group, "why do only female employees hold opinion exchange meetings?" When I heard the fact, I felt it was better to encourage establishing frameworks to take up the opinions of a wide range of employees, regardless of age, gender, and departments, instead of discontinuing women's opinion exchange meetings.

Tobita First of all, I feel that the term "promotion of women's active engagement" has become outdated now. I think men and women should not only work together at a company, but also cooperate for childcare, housework,

nursing care, and community activities, stopping leaving them to only women, and we should aim for a society where both can play active roles without discrimination in the future. To achieve that, we are required to increase work efficiency for higher productivity.

Asaba I'd like to ask men. What do you think about the issue?

Iijima An employee who belongs to my construction site plans to take childcare leave for two months, and now we are adjusting staff shifts accordingly. If work efficiency and staffing are properly managed, we can flexibly support employees' taking leave. **I think we will have some employees whose working hours are limited due not only to childcare but also to nursing care in the future, and we have to establish a base for leave support.**

Kamio This is what I experienced in union activities. A union council joined by 35 general contractors held an opinion exchange, and a participant in a female engineers meeting, which was held as a section meeting, made a request to stop perceiving female engineers as special. Systems and measures with the words of female or women have already started to be perceived as anachronistic in society.

I believe that the main barrier to women's empowerment in the workplace is preconceived notions. **When it comes to female engineer employees, there is often a tendency to provide extra care or think about what needs to be organized, and caring whether they mind dirty work and night duty. However, if these are the things that male employees don't mind, female**

Feature Employee Dialogue Session

employees will not mind either. I think it is important to get rid of such preconceived notions.

Kabei I have only experienced construction site work and didn't have opportunities to hear real opinions from female employees, but I thought it was an interesting

story. Though railway track works are particularly often conducted during the night, if people have enthusiasm, gender is not important. I hope more women join us to work in the future. I feel there is a great deal of positive potential.



Consider what work-life balance should be

Asaba Next, I'd like you to discuss work-life balance. Mr. Kabei, when you got transferred, you chose not to live apart from your family but commute to work from home by Shinkansen, right?

Kabei Three years ago, I was transferred to the subbranch in Echigo-Yuzawa, where Shinkansen stops. Since I can commute there directly from Omiya, which is near where I live, I commute by Shinkansen, which takes about 50 minutes one way. The time I spend in Shinkansen helps me to smoothly switch home and work modes, and it is a good thing for me.

What I place importance on in terms of work-life balance from the perspective of Deputy General Manager is to propose work styles based on each employee's life stage and life events. I seek to

prepare annual and monthly plans that incorporate consideration for employees' families and personal lives, telling employees that someone can undertake jobs instead of them, but no one can take their place in their family. By pursuing such a policy, the sense of unity among the employees has also strengthened.

Tobita I have two sons in their mid-twenties, and when I joined the Company, they were a first-year junior high school student and a fourth-grader of elementary school. I had a lot of hard experiences, such as long-distance commuting to the Head Office from my home in Mito, and waking up at 4 a.m. to prepare my sons' lunch boxes. However, obtaining the understanding and cooperation of my parents-in-law who lived in the same property, I made efforts to balance work and childcare.



In this day and age, flexible work styles are enabled due to the adoption of flexible and reduced working hours systems by companies, and I think the work environment has become better than before to balance work and family life. Time-saving household appliances, such as cooking appliances, dishwashers, all-in-one washer-dryers, and robotic cleaners have developed. Utilizing them, men can join in housework, and it will help enable an ideal work-life balance for both men and women.

Yamanaka The System Department to which I currently belong is a workplace that allows flexible work styles where staff members including General Manager actively use systems, such as flextime and telework. If there is an atmosphere that makes employees hesitate to use such systems, employees will stop using the systems. So, I think it is important to create a positive atmosphere for system use.

Sasagawa Also in the Civil Engineering Division, many employees use the flextime work system. People who live in areas that are crowded in the morning rush hours, I'm one of them, adjust working time by leaving earlier to avoid the rush and return home earlier.

Kamio At construction sites, we have assemblies at the same time every morning. There are many things that can be done only at sites, such as checking staff working states. However, it may be possible to introduce remote work systems to such jobs by utilizing digital tools.

Asaba The discussion about male employees taking childcare leave earlier is also an issue related to work-life balance.

Kamio Male employees taking childcare leave is a truly urgent issue that should be promoted by the whole construction industry. I think childcare dependent on women prevents women from playing active roles in society. As a result, it causes difficulties in acquiring human resources. One of the factors that make it difficult for male workers in the construction industry to take a long leave is the technical supervisor system, in which a qualified person must stay at a construction site full-time and can't leave the work. Now, this rule of full-time is gradually relaxed with the assistant system introduced. As a national policy, the construction industry started to be overhauled, and I think industry systems should be drastically changed at this time.

Kabei It is also important to standardize site operation with system management and digital utilization and to develop a system in which construction quality can be maintained by anyone who engages in the work, without depending on a specific person in charge. That will help male staff take childcare leave, leading to work-life balance.

Tobita Besides that, as Ms. Yamanaka said, the creation of atmosphere is also important. It would be great if it became a norm within the company, where employees see others taking childcare leave and think, "If they can do it, so can I." If possible, I'd like to put an article in an internal newsletter about a round-table discussion among male employees who have actually taken childcare leave.

Feature Employee Dialogue Session



Place our hopes for Totetsu Kogyo in the next 20 Years

Asaba Lastly, please freely share your thoughts on the 100th anniversary of Totetsu Kogyo's foundation and your vision for the future.

Sekine As for myself, I aim for a fairly big future vision of an expert in the environment field. As you know, trends relating to the environment in Japan and overseas are rapidly changing day by day, and the stream is accelerating. **I would like to become a person who can play active roles in all environmental fields by expanding insight and refining expertise through practical work in the Environmental Business Department.**

Yamanaka It is a vague vision, but I would like to become a senior colleague who is considerate of the feelings of new-generation employees, without forgetting the spirit with which I began working. **I also aim for a managerial person who can change something that should be changed in line with the times, be consistent in important things, and make the best judge.** I strongly expect the Company to have an environment where all employees can pleasantly work over all boundaries, such as age, gender, and department.

Kamio I have a strong feeling that I have been cultivated by Totetsu Kogyo until becoming a middle career employee. Hereafter, I intend to contribute to and help develop the future of Totetsu Kogyo. I also would like to inspire those around me with this mindset. **Totetsu Kogyo is a company that truly values people. Toward its 100th anniversary, as well as further future development, it**

will continue to be required to value people. I hope the Company continues initiatives to develop "Totetsu-man" without interruption.

Iijima As its characteristics, Totetsu Kogyo has an outstanding capability in construction planning under difficult conditions, such as station facility works during operating hours that require secured safety for passengers and train accident prevention. I think this is our technical capability that can compete in many fields. I hope Totetsu Kogyo will expand areas for value provision by leveraging its technical capability, with the aim of further expanding and developing its business content, and increase its brand value. In addition, in order to be able to feel I joined an amazing company when Totetsu Kogyo reaches its 100th anniversary, I will also work hard through friendly competition with my colleagues to contribute to the Company.

Kabei Among the five top companies in the railway track business, Totetsu Kogyo's organizational strength and construction capability are remarkably high level, which makes me proud and motivates me to work. Using these strengths of the Company as a basis, I hope we become a company where employees are encouraged to take on new challenges, and where such employees increase. This is a company I expect Totetsu Kogyo to be. To make that happen, I hope the Company creates an environment where employees gather across posts and positions to hold discussions for goal achievement.

Sasagawa It is said that Japan has the largest number of 100-year companies. Joining such companies in 20 years will give us a great sense of pride. However, if we don't do anything with conceit, the Company will decline and go out of business sooner or later. I expect people who will lead the next age to work always with such a sense of crisis. **What Totetsu Kogyo will need is proposal ability. Without it, we will not be able to stay in the construction business. I expect younger employees to gather information, refine skills, and contribute to the Company's development.**

Tobita I would like to give two things about what I would like to entrust to young generations who bear the future of Totetsu Kogyo, and what the Company should strengthen. One thing is the promotion of operational efficiency improvement and systematization. In order to create sustainable growth for our business while addressing the problem of labor shortage, and at the same time to enable a comfortable work environment and work-life balance, it will be essential to implement DX and generative AI. Not only depending on System Department, I expect each and every employee to be conscious of new technologies and aggressively introduce them.

Another thing is education. Though Training Institute is being actively used, during the period of education

that gathers employees, construction sites are forced to have less productivity. I consider that we might need more efficiency in education curriculums. For example, employees acquire basic knowledge utilizing e-learning and participate in intensive practical training at Training Institute. As a member of Human Resource Development Department, I will develop education systems with higher effectiveness and efficiency, and contribute to creating the Company's future.

Asaba Thank you for your participation in the discussion for a long time. After listening to your opinions, what I recognized again is that we really need to start seriously addressing issues, and if not, we can't achieve the long-term visions that the Company aims at. Looking toward the future, I believe it is crucial for the people currently in the Company to start taking action, even in small ways, with what they can do. I think that's really important. As a member of Personnel Department, I intend to take action while considering frameworks that help employees work in a comfortable state, seeing what are actual states, and hearing opinions. Let's work together to solve issues with all-hands operation across divisions and departments.





Provision of Safe and High-quality Technologies and Services



We always recognize that safety is the top priority for the Group and that ensuring high quality is the foundation of trust. We are committed to thoroughly pursuing both.

Implementation of safety management

The Group implements safety management based on the Basic Safety Policy to prevent accidents that could lead to train derailments or collisions on railways, injury or death to railway passengers or the public, or deaths among our employees or partner company staff.

To prevent serious accidents and fatal occupational injuries, we systematically implement a framework to reliably understand risks for each task from the planning stage to the execution stage and to carry out safety measures. We refer to this as the Totetsu Group Method, which we consider particularly important within our safety management framework. We introduce our initiatives for a PDCA cycle focused on maintaining safety, starting with the Totetsu Group Method.

P Development of plans based on the Totetsu Group Method

Safety-related processes

- **Preparation of construction plans**
...Creation of work plans that incorporate risk reduction while utilizing various tools
- **Pre-construction safety review meeting**
...Finalization of work plans while ensuring risk understanding and safety measures

Tools

- **10-year reflection list**
...A compilation of factors and measures related to past accidents categorized by task
- **Monthly reviews focused on future risk mitigation**
...Documentation of incidents that require repetitive attention, regardless of whether they occur internally or externally, along with key points of caution, which helps mitigate future risks
- **Attention Cards**
...Concise summaries of key points that require special attention in each type of task



D Implementation of work based on risk understanding and measures

Safety-related processes

- **Monthly schedule preparation**
...Utilization of Attention Cards in each branch to identify tasks that require special attention
- **Weekly schedule preparation**
...Understanding and providing guidance for all tasks at each branch
- **Advance preparation**
...Checking the workplace health and safety diaries and three-piece security sets
...Strict pre-meetings conducted by construction managers and others
- **Execution of work**
...Communication of work details, security systems, and roles during on-site roll calls
...Initiatives to eliminate human errors, such as verbal double-checking, taking a pause, and making clear calls
...At the end of the work, verify the finishing quality, check for any traces, and confirm the number of tools and personnel

Tools

- **Attention Cards**
...They are utilized not only in the planning stage but also in various situations, such as safety communication during on-site roll calls.



Basic Safety Policy

1. Adhere 100% to the basic rules to prevent serious accidents.
2. Do not repeat the same kind of accidents or incidents from the past.
3. Understand and prevent risks of tasks specific to each site and day.

FY2024 KPIs (numerical targets)

- **Safety:** Zero serious accidents and zero fatal occupational injuries
- **Quality:** Zero serious quality issues

* Types of accidents (reference)

Serious accidents

Incidents caused by construction that result in injury or death to railway passengers or third parties, train derailments or collisions, impact on trains, or damage to facilities belonging to employers or third parties, causing significant social impact

Fatal occupational injuries

Incidents where an employee of the Company or a staff member or worker of a partner company suffers a work-related death, or a work-related injury leading to a physical disability equivalent to Grade 3 or higher

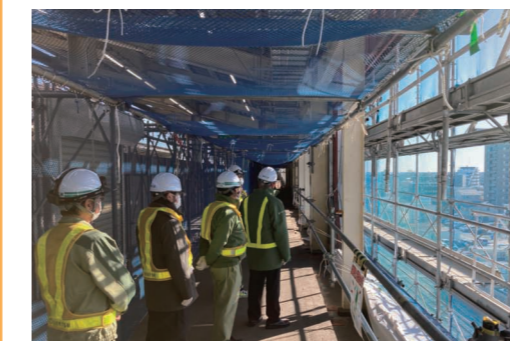
Serious quality issues

Incidents where defective construction causes significant social impact or results in major damage to railway users or third parties

C Understanding of on-site realities and improvement of mutual communication

Initiatives to ensure safety

- **Safety caravan**
...Employees on-site and executives from the Head Office exchange frank opinions regarding safety challenges and issues faced at the worksite. Through mutual communication, issues are shared and necessary improvements are made to help prevent serious accidents and fatal occupational injuries.
- **Safety patrol**
...Head Office, branch, and on-site managers directly inspect the site to check compliance with rules and identify any unsafe behavior.
...Remote safety patrols are also conducted using fixed cameras and wearable cameras.



A Improvement of on-site realities and horizontal deployment of best practices

Initiatives to ensure safety

- **Review of rules**
...Identification and improvement of rules that are disconnected from on-site realities
- **Sharing of best practices**
...Horizontal deployment of best practices and successful initiatives within the company

Safety education

- **Implementation of education at the Totetsu Training Institute**
...Utilization of Visual Educational Materials that illustrate key points effectively
...The Safety Training Room allows employees to learn about accidents that led to the development of safety rules. The facility emphasizes thinking through hands-on experiences, utilizing physical exhibits, VR, and other content.



Preservation of the Global Environment



We are committed to environmental preservation by reducing CO₂ emissions and alleviating environmental stress through our business activities. In addition, we are working on promoting environmental protection through the development of technologies aimed at reducing environmental impact as well as the expansion of afforestation and other projects.

Disclosure of Climate Change-Related Information (Disclosure in Line with TCFD Recommendations)

Based on our Management Philosophy, Corporate Vision, and Basic Sustainability Policy, the Group is conducting business activities aimed at creating a society where all stakeholders can live safely and securely, while considering the global environment, including reducing CO₂ emissions. In February 2022, recognizing that the disclosure of climate change-related information is essential for the implementation of ESG management, we expressed our support for the TCFD recommendations and joined the TCFD Consortium.

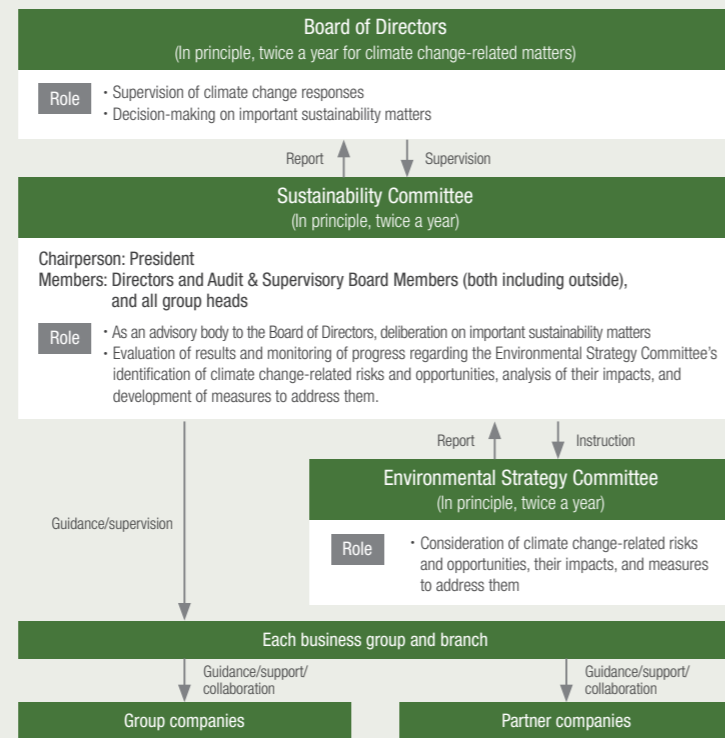
To understand the medium- to long-term impacts of climate change on our business, we identified and assessed related risks and opportunities, and conducted scenario analyses. Based on the results, we have disclosed climate change-related information in accordance with the TCFD recommendations.

Governance

The Group views environmental issues, including climate change, as significant management risks. To achieve the objectives of promoting, spreading, and establishing initiatives and activities aimed at addressing sustainability-related challenges, we have established a Sustainability Committee (chaired by the President).

Important matters related to climate change, such as the Totetsu Kogyo Group Basic Sustainability Policy, basic plans for promotion activities, climate change-related risks and opportunities, their impacts, and measures to address them, are deliberated by the Sustainability Committee before being decided by the Board of Directors. The decisions are then reflected in our business strategies.

The Company's governance structure related to climate change is shown on the right. The Sustainability Committee includes Outside Directors and Outside Audit & Supervisory Board Members from the perspective of broadly incorporating external knowledge and opinions into the committee's discussions.



Strategy (scenario analysis)

The Group has identified risks and opportunities, analyzed their impacts on our business, and developed measures to address them, assuming two scenarios developed by the Intergovernmental Panel on Climate Change (IPCC): a 2°C rise and a 4°C rise in global temperatures by 2100.

Moving forward, we will continue to improve the accuracy of our scenario analyses and use the results to promote various initiatives aimed at reviewing and achieving the target values set forth in the "Environmental Initiatives" of our Medium-term Management Plan (2024–2029).

Risks and opportunities

Legend: Short-term is within 3 years; Medium-term is around 5 years; and Long-term is over 10 years.

Category	Factor	Risk/opportunity	Evaluation	Impact on business	Countermeasure	
Impact of transition (2°C)	Policies/regulations	Increase in costs due to carbon tax	Risk	Medium	<ul style="list-style-type: none"> Long-term: Increase in costs due to carbon tax imposed on CO₂ emissions from business activities 	<ul style="list-style-type: none"> Promoting CO₂ emissions reduction activities during construction
		Restrictions on business due to CO ₂ emissions regulations	Risk	High	<ul style="list-style-type: none"> Long-term: Decrease in government and private-sector construction and capital investment due to stricter CO₂ emissions regulations Loss of competitiveness and major customers due to insufficient response to stricter regulations 	<ul style="list-style-type: none"> Developing technologies and methods contributing to CO₂ emissions reduction Securing renewable energy sources
	Market/technology	Increase in demand for renewable energy	Opportunity	Medium	<ul style="list-style-type: none"> Short-term: Increase in demand for the construction of renewable energy power plants Expansion of renewable energy businesses (e.g. power sales) 	<ul style="list-style-type: none"> Developing technology for renewable energy facilities and equipment
		Expansion of the ZEB market	Opportunity	Medium	<ul style="list-style-type: none"> Short-term: Increase in demand for new ZEB projects and ZEB renovation projects 	<ul style="list-style-type: none"> Strengthening ZEB-related proposal capabilities Accumulation of construction achievements
		Shift to service life extension contributing to CO ₂ emissions regulations	Opportunity	Large	<ul style="list-style-type: none"> Short-term: Increase in service life extension works due to a shift from new construction to service life extension 	<ul style="list-style-type: none"> Improving construction techniques for service life extension Strengthening marketing for service life extension works
		Increase in railway passenger figures and transportation volume	Opportunity	Large	<ul style="list-style-type: none"> Long-term: Increase in orders from major customers to the Company due to the modal shift of passengers and logistics to railways 	<ul style="list-style-type: none"> Developing labor-saving construction technologies
Physical impact (4°C)	Chronic	Impact of rising temperatures on working conditions	Risk	High	<ul style="list-style-type: none"> Long-term: Increase in health risks for construction site staff and workers Decline in work efficiency and increase in countermeasure costs due to rising temperatures Aggravation of labor shortages due to deteriorating working conditions 	<ul style="list-style-type: none"> Improving working environments Developing and utilizing mechanized, remote, and labor-saving construction technologies
		Acute	Disaster prevention and mitigation Intensification of natural disasters	Opportunity	Large	<ul style="list-style-type: none"> Long-term: Generation of demand for disaster prevention and mitigation, including flood control, as well as reconstruction demand due to the intensification of heavy rainfall and abnormal weather Increase in repair demand due to damage to railway facilities and equipment caused by wind and water disasters
	Risk			High	<ul style="list-style-type: none"> Long-term: Work stoppages, process delays, and increases in labor and temporary facility costs due to construction sites being affected by disasters Difficulties in procuring materials and labor due to partner companies being affected by disasters, leading to process delays and cost increases 	<ul style="list-style-type: none"> Strengthening BCP response capabilities during disasters in stronger collaboration with employers and suppliers

Risk management

The Risk Management Committee (chaired by the President), which integrally manages business risks, identifies potential risks (including those related to climate change) and considers necessary countermeasures for high-priority risks.

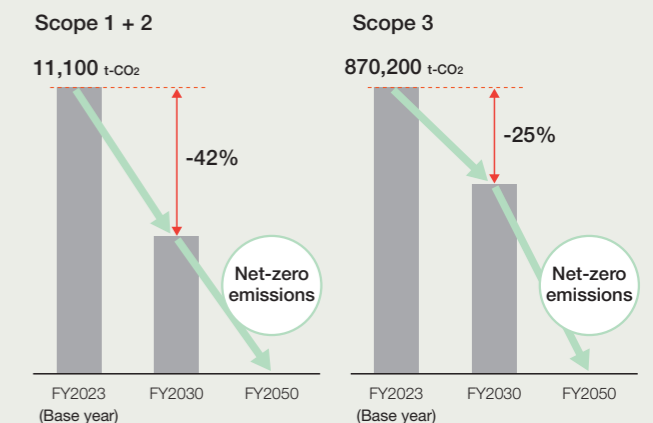
For climate change-related risks, the Sustainability Committee deliberates on necessary countermeasures and reports them, including their progress, to the Board of Directors.

Metrics and targets

We are promoting efforts to reduce CO₂ emissions from our business activities through the implementation of priority measures outlined in our Medium-term Management Plan (2024–2029).

Since FY2023, we have adopted an emissions calculation method based on the GHG Protocol, an international standard for calculating and reporting greenhouse gas emissions.

We will review our long-term CO₂ reduction targets in stages and will promote initiatives based on the Totetsu Kogyo Group Basic Sustainability Policy to achieve the reduction targets.



Respect for Human Rights



We respect human rights in all business activities, based on the UN Guiding Principles on Business and Human Rights.

1. Totetsu Kogyo Group Human Rights Policy

The Totetsu Kogyo Group has formulated the Totetsu Kogyo Group Human Rights Policy in line with the UN Guiding Principles on Business and Human Rights. We are committed to promoting initiatives to respect human rights and disseminating this policy throughout the Group's officers and employees (including regular employees, seconded employees, contract employees, and dispatched employees) as well as our supply chain, including partner companies. We strive to respect human rights and prevent or mitigate negative impacts on human rights.

1. Compliance with norms and laws related to respect for human rights

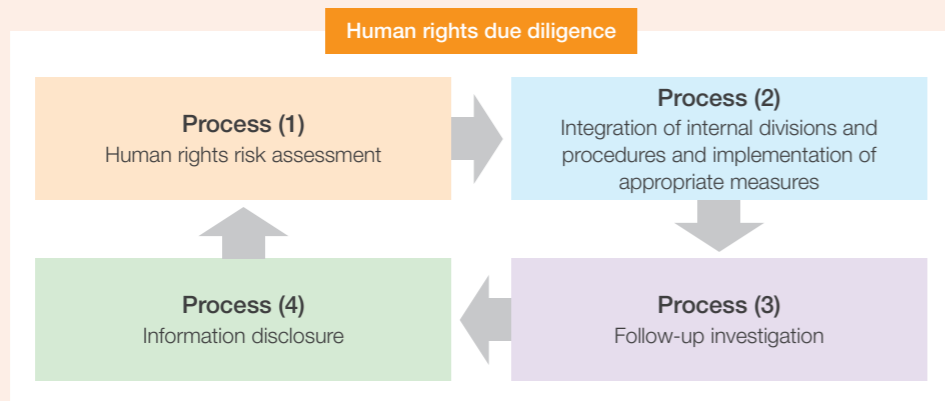
The Group supports and respects international human rights norms, such as the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work formulated by the International Labour Organization (ILO). We have developed this policy and will work on respecting human rights in accordance with the UN Guiding Principles on Business and Human Rights.

2. Initiatives to respect human rights

- (1) Proper labor management (2) Promotion of decent work* (*Decent work: Work that is fulfilling and humane) (3) Pursuit of safety
- (4) Respect for workers' rights (5) Realization of a non-discriminatory society (6) Education and training (7) Human rights due diligence
- (8) Remedies

2. Implementation of human rights due diligence

The Group conducts human rights due diligence based on the Totetsu Kogyo Group Human Rights Policy to prevent and mitigate negative impacts on human rights in the Group's business activities.



Based on the results of Process (1) "Human rights risk assessment," we will prioritize risks rated to have high impacts and strive to prevent and mitigate negative impacts on human rights.

Human rights impact assessment	Review of impact assessment based on the results of the Human Rights Questionnaire Survey (for employees and partner companies) implemented in FY2023
Education and training	In-house training to raise awareness of labor management, harassment prevention, and other measures to prevent and mitigate human rights risks
Improvement of internal environment and systems	Continuous implementation of internal systems that support diverse and flexible work styles, fair and impartial personnel evaluations, and various safety measures to prevent serious accidents and fatal occupational injuries
Supply chain management	Continuous dissemination of the Group's human rights initiatives Promotion of further improvement of compliance in partner companies
Monitoring	Continuous implementation of the Human Rights Questionnaire Survey (for employees and partner companies) to monitor the efforts and improvements made by the Group and its supply chain
External information disclosure	Disclosure of the Group's initiatives on the Company's website, integrated reports, and others

Contribution to Local Communities

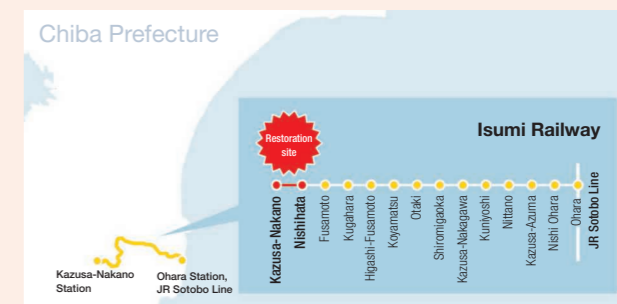


As a good corporate citizen, we will actively communicate with local communities and strive to contribute to local communities.

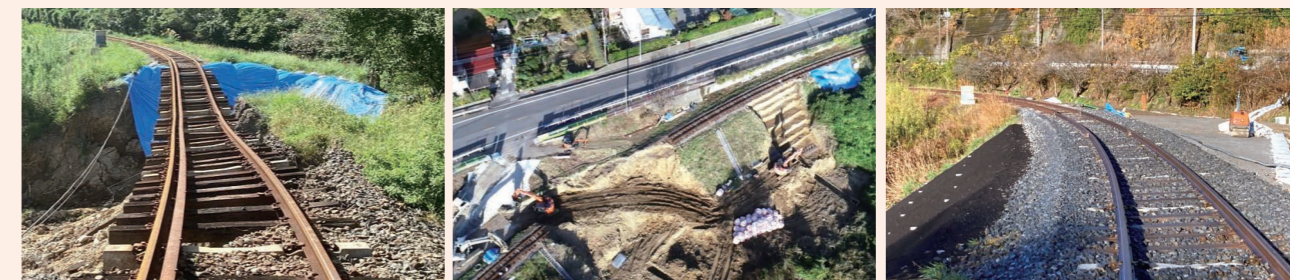
1. Social contribution through our business: Disaster recovery

In conducting this restoration work, we received advice from the Railway Natural Disaster Investigation Force, which was established to support the early restoration of railway tracks and facilities damaged by natural disasters.

This disaster restoration work was conducted for the section between Nishihata Station and Kazusa-Nakano Station of Isumi Railway, which was severely damaged by Typhoon No. 13 which struck Chiba Prefecture on September 8, 2023. The most severely affected area saw the loss of approximately 3,000m³ of the earth beneath the tracks, causing the rails to become curved and suspended for about 40m. As a result, train operations were suspended in some sections. Isumi Railway announced its intention to restore service by the end of the year for the benefit of its customers, which resulted in a short timeframe for the restoration work. This work began on November 1, and construction was carried out day and night under meticulous process management. Thanks to these efforts, train operations resumed on December 25, about a month and a half later. We were able to achieve early restoration thanks to the experience and technical capabilities gained from disaster restoration works within the JR-EAST area, as well as collaboration between the site, branch, and Head Office, which allowed us to handle the investigation, design proposal, and construction in an integrated manner.



Additionally, a ceremony was held on December 25 to celebrate the resumption of operations, where we received words of appreciation from Isumi Railway for the speed of our initial response to the inquiry for restoration work, the rapid pace and high quality of the construction, and the successful resumption of operations by year-end. In the event of future disaster restoration work, we will leverage the Company's advanced technical capabilities, aim for prompt responses and the early restoration of damaged areas, and thereby contribute to local communities.



2. Creation of supplemental career education materials for elementary and junior high school students

In recent years, the importance of career education has been increasing, with the Ministry of Education, Culture, Sports, Science and Technology including enhanced career education in the Course of Study. In response, Totetsu Kogyo has created supplemental career education materials for elementary and junior high school students, which are published to raise interest in working and awareness of familiar jobs, through sponsorship of the Job Notebook for Elementary School Students and the Job Book for Junior High School Students. We support career education for elementary and junior high school students in the Shinjuku area, where Totetsu Kogyo's Head Office is located, as well as for junior high school students living in the Setagaya, Suginami, and Nerima Wards, and thereby seek to raise awareness of the railway track and construction industries, contributing to the development of local economies and societies.

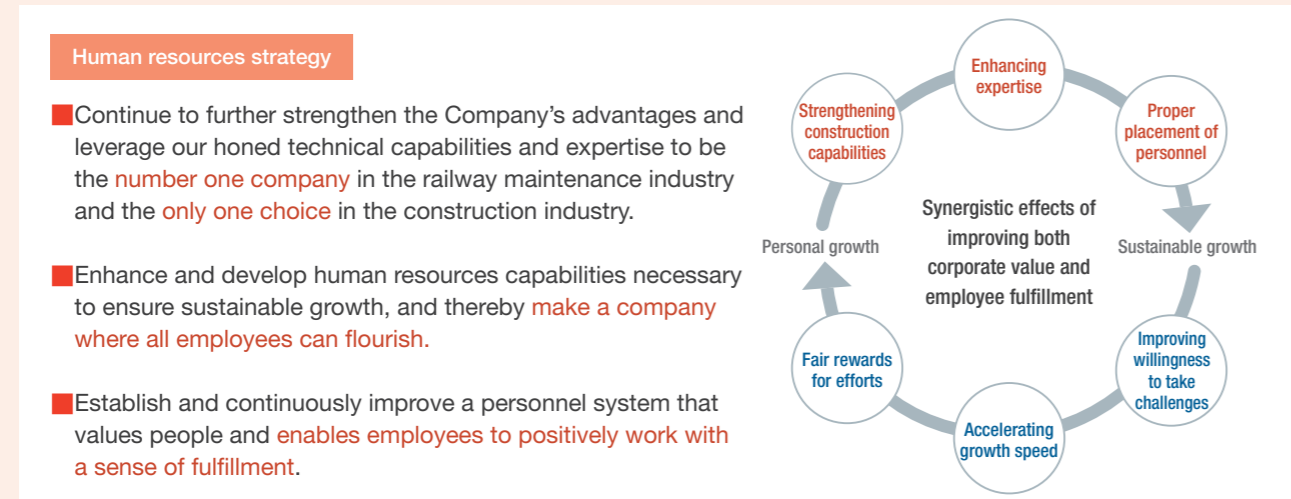


Creation of a Fulfilling Workplace



We are committed to creating a pleasant work environment where diverse personnel can find fulfillment, fully demonstrate their abilities, and achieve a balance between work and life for a richer lifestyle. To achieve this, we enhance various systems, provide continuous education and skill development opportunities, and promote operational efficiency.

Toward realizing a positive cycle where corporate value and employee fulfillment both increase



// 1. Initiatives toward a personnel system that enables employees to positively work with a sense of fulfillment

The sustainable growth of the company and the growth of employees are the key driving forces for achieving our long-term vision. For this reason, it is essential for the company and employees to share the ideal state described in the long-term vision, boost motivation, and unite strengths.

The company is advancing revisions to the personnel system to ensure that each individual can fully demonstrate their abilities and positively work with a sense of fulfillment. By gathering employee feedback through employee satisfaction surveys and internal briefings, we are working to improve the workplace environment, aiming to make it even more conducive to working.

Past major initiatives and measures under consideration

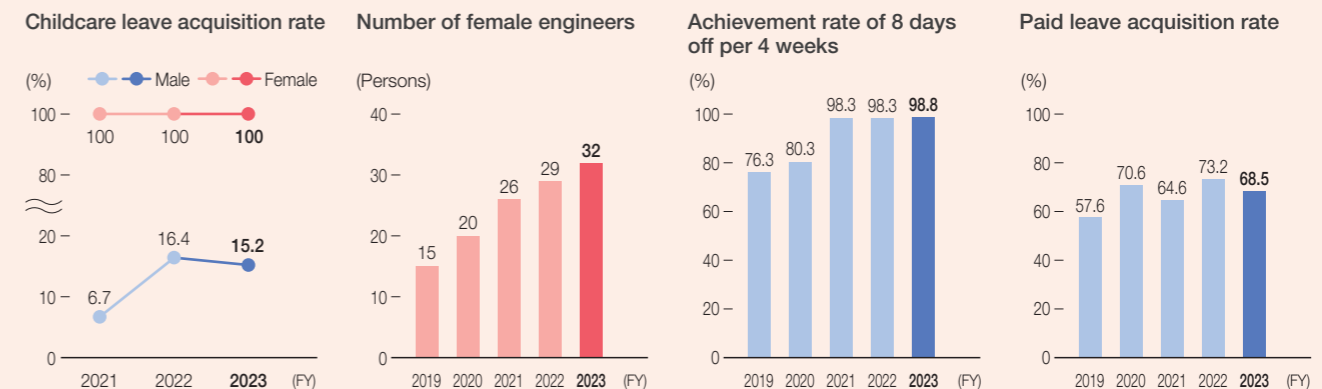
- | | | |
|--|---|---|
| <p>① Expanding human resources capabilities</p> <ul style="list-style-type: none"> Enhancing recruitment activities
Encouraging all employees to become recruiters
Expanding the employee referral program Improving the retention rate of young talent
Fostering bonds through long-term new employee training
Introducing a mentorship system Further promoting diversity
Recruiting female engineers on a planned basis
Developing female managers and executive candidates Promoting the roles of veteran employees
Enhancing roles and improving treatment in anticipation of extending the retirement age to 65 | <p>② Strengthening human resources capabilities</p> <ul style="list-style-type: none"> Promoting young employees early
Developing employees in line with the talent development roadmap, and expanding opportunities to flourish Fairly evaluating employees, and reflecting the evaluation in their treatment
Strengthening the education on evaluation systems and assessment methods focused on human resources development
Revising the compensation structure to align with the performance
Improving treatment based on job responsibilities Supporting employee career development
Promoting growth motivation through the introduction of an internal job posting system
Introducing a system for transitioning from local limited employees to regular employees Enhancing training systems
Continuously strengthening training to further improve safety and technical skills
Enhancing training for group and partner companies Introducing an internal expert appointment system
Appointing Senior Fellows and Top Professionals | <p>③ Improving work style satisfaction</p> <ul style="list-style-type: none"> Raising wages to attractive levels
Continuously increasing base wages
Bonus payment measures based on performance improvement Further enhancing benefit programs
Designing systems that meet the needs of employees and their families Creating a workplace where taking time off is easy
Promoting and establishing five consecutive days off
Enhancing leave systems, such as by granting 20 days of annual leave upon joining the company Enhancing support for those taking childcare leave
Promoting male employees' use of childcare leave
Promoting the use of the childcare leave handbook Promoting health management
Enhancing mental health measures
Strengthening the health consultation system Enhancing the work environment's appeal
Improving office environments, including those of on-site offices |
|--|---|---|

// 2. Work-life balance and diversity

We are designing systems that allow each employee, who supports the company's sustainable growth, to choose a work style that aligns with their values and life plans. Since FY2022, we have introduced company-wide flexible working hours and a system for taking annual paid leave in hourly units. As part of our support for child-rearing, we have introduced new childcare fee subsidies and raised the maximum age of children whose parents can use the shortened working hours system for childcare, aiming to expand systems to ensure that employees can continue to work with peace of mind. The number of male employees taking childcare leave has also increased, with the male childcare leave acquisition rate reaching 15.2% in FY2023. Including our unique special leave, spouse childbirth leave, the rate increases to 81.8%, supporting employees and their families as they begin new lives.

Additionally, starting in FY2024, we grant employees 20 days of annual paid leave upon their joining the company and encourage taking five consecutive days off. We also added childcare, fertility treatment and leave of absence as instructed by a doctor during pregnancy to the list of purposes for which employees can use their accumulated annual leave (annual leave that would otherwise expire) to further support the balance between work and family life.

Moving forward, we will continue to promote the enhancement of various systems and the development of a pleasant work environment so that employees can respect each other's diversity and individuality, mutually collaborate, and demonstrate their abilities to the fullest, thereby further enhancing corporate value.



// 3. Acquisition of the Eruboshi Certification & holding of a career development training session for female employees

In October 2023, the Company obtained a two-star Eruboshi Certification, recognized as a company with excellent initiatives based on the Act on the Promotion of Women's Active Engagement in Professional Life.

Additionally, in November of the same year, we conducted a career development training session and an opinion exchange meeting with Mr. Maekawa, the President, and Ms. Miyama, an Outside Director, targeting young female employees in their second to fourth years of employment. During the training session, participants learned about work styles that suit them with a long-term view of career development, taking into account life events unique to women, which helped boost their motivation. At the opinion exchange meeting, lively discussions were held on creating a fulfilling workplace and a pleasant work environment where both men and women can steadily advance their careers while raising children, caring for family members, or doing housework.

Moving forward, the Company will strive to obtain a three-star Eruboshi Certification and, while incorporating male employees' opinions, focus on measures to create a pleasant workplace where all employees, regardless of gender, can steadily advance their careers while raising children, caring for family members, or doing housework. Through these efforts, we aim to enhance our corporate value.



KPIs in the General Employer Action Plan Based on the Act on the Promotion of Women's Active Engagement in Professional Life (2022-2024)

- Actively recruit women and increase the number of female technical employees by 1.5 times. (Progress as of FY2023: 1.2 times)
- Support women's career development and increase the number of female managers by 1.5 times. (Progress as of FY2023: 1.3 times)

4. Promotion of health management

The Company has been recognized as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category), which is selected jointly by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. To ensure that employees, who support the company's sustainable growth, can maintain high performance over a long period of time and lead healthy and vibrant lives, we are promoting health management under the following system, with the President serving as the Chief Health Officer.

Health declaration

The Totetsu Kogyo Group is actively committed to health management. By ensuring that our employees and their families, who support the company's growth, lead healthy and vibrant lives and enjoy a fulfilling life, we will achieve the Group's goal of "creating a safe and comfortable transportation network and social infrastructure."



2024
健康経営優良法人
Health and productivity

Health management system diagram



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graph TD
    A[Chief Health Officer  
(President)] --- B[Management Meeting]
    A --- C[Person responsible for supervising health management  
(Head of the Business Administration Group)  
(Officer in charge of Personnel, Labor, and General Affairs)]
    C --- D[Department supervising health management  
(General Affairs and Legal Department,  
Business Administration Group)]
    D --- E[Japan Health Insurance Association]
    D --- F[Public health nurse]
    D --- G[Head Office]
    D --- H[Branch]
    G --- I[Person responsible for health management  
(General Manager of the General Affairs and Legal Department, Business Administration Group and General Manager of the Personnel Department, Business Administration Group)]
    G --- J[Occupational Health and Safety Committee]
    G --- K[Industrial physician]
    H --- L[Person responsible for health management  
(General Manager of the General Affairs Department)]
    H --- M[Occupational Health and Safety Committee]
    H --- N[Industrial physician]
    I --- O[Employees]
    L --- O
    J --- O
    K --- O
    M --- O
    N --- O
    
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① Initiatives to reduce the proportion of employees classified as obese (BMI 25.0 or higher)

To improve the current situation where many of the Company's employees tend to be overweight, we are implementing measures such as individual consultations with the Company's public health nurse and e-learning programs. These efforts aim to improve employees' lifestyle habits and raise their health awareness (health literacy).

Health guidance by the public health nurse for BMI/obesity improvement

The Company's public health nurse conducts individual consultations with employees who are not yet at the stage where retesting or treatment is necessary, but are deemed at high risk of developing lifestyle-related diseases in order to give opportunities to review their eating and exercise habits and provide specific advice for improvement.

Indicators of the implementation of measures	FY2023 results
Implementation rate of health guidance for BMI/obesity improvement	94.7%

Holding a health promotion event using a lifestyle tracking app

We hold an annual event for all employees to encourage the improvement of eating and exercise habits, using a lifestyle tracking app.

In FY2023, we held a health promotion event called Lifestyle Improvement Challenge 2023 from October 2 to October 31, focusing on diet and exercise. The event involved a competition where individuals or Head Office and branch teams installed the lifestyle tracking app Calomama Plus on their provided smartphones and competed to see who could take the most steps each day, with the aim of improving health awareness in a fun way.

After the event, we conducted a questionnaire survey of all employees to assess whether there were any changes in their health awareness and behavior before and after participating in the event and to evaluate its effectiveness.

Indicators for evaluating the effectiveness of measures	FY2023 results
Percentage of participants who reported changes in their eating habits or their awareness of eating habits before and after participating in the health promotion event	64.2%
Percentage of participants who reported changes in their exercise habits or their awareness of exercise habits before and after participating in the health promotion event	68.5%

Implementation of e-learning on health maintenance and promotion, and a questionnaire survey

We hold an annual e-learning session to provide an opportunity for employees to deepen their understanding of the Company's health management initiatives and to reflect on their own and their families' physical and mental health. Additionally, we conduct an annual questionnaire survey to monitor long-term changes and trends in employees' health.

Indicators of the implementation of measures	FY2023 results
e-learning participation rate	98.3%

Initiatives to establish exercise habits

We continue to conduct radio gymnastics daily at each office, and we provide subsidies for employees using gyms to support the establishment of exercise habits.

Additionally, by holding internal events such as softball tournaments, we not only establish exercise habits but also foster interaction among employees, contributing to workplace revitalization.



② Initiatives to prevent developing or worsening lifestyle-related diseases

We encourage employees to undergo follow-up examinations after their regular health checkups, with the support of our industrial physician and public health nurse, and provide subsidies for the follow-up examinations. Furthermore, we offer subsidies for employees aged 35, 38, 40, and above, as well as for their spouses, undergoing complete medical checkups.

③ Mental health initiatives

In preparation for cases where employees need to take leave due to mental health issues, we have developed and implemented a Return-to-Work Support Program to facilitate smooth reinstatement. We also promote initiatives to prevent mental health issues, such as mental health training and the establishment of external consultation services.

Indicators of the implementation of measures	FY2023 results
Stress check participation rate	86.0%

TOPICS Announcement of uniform renewal Starting in October 2024, we will introduce new uniforms.

As part of the 80th-anniversary celebration of TOTETSU KOGYO CO., LTD., we are renewing our uniforms for the first time in 33 years.

Based on a questionnaire survey of all employees (including Group companies), the working group had discussions focusing on key requests such as color change, functionality improvement, and storage capacity enhancement to finalize the design of the new uniforms.

With the introduction of the new uniforms, we aim to further improve employee comfort and motivation.



Enhancement of Trust with Partner Companies

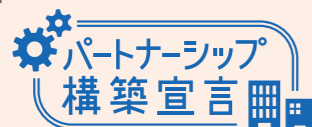


We consider the Group's partner companies as valuable business partners and strive to conduct fair transactions and enhance mutual trust.

// 1. Declaration of Partnership Building

The Company supports the Declaration of Partnership Building, promoted by KEIDANREN (Japan Business Federation), JTUC-RENGO, and relevant ministers. This initiative aims to support the business continuity and fair-trade practices of SMEs by formulating and publicizing policies on the coexistence and co-prosperity of the entire supply chain and adherence to desirable trade practices, in both the public and private sectors.

We have already strengthened our ESG management efforts by establishing the Totetsu Kogyo Group Procurement and Outsourcing Policy and the Totetsu Kogyo Group Business Partner Guidelines. In addition to these, through this declaration, we will promote collaboration with our business partners, which are the most valuable partners in our business activities, and build new partnerships and mutual trust.



// 3. Implementation of machinery work technology exchange meeting

In recent years, many industries have faced the challenge of a shortage of skilled workers, leading to increased mechanization. The railway track industry has also faced this challenge, and it has become urgent to shift to safe, accurate, and efficient operations through mechanized construction.

Against this backdrop, we once again held a machinery work technology exchange meeting this year at the Totetsu Training Institute. This meeting gathered a total of 212 participants, including representatives from six railway track companies (Union Construction, KOTSUKENSETSU, SENKEN KOGYO, Daiichi Kensetsu, DAITETSU KOGYO, and the Company) as well as their partner companies.

The event provided an opportunity to share information on innovations in construction methods as well as construction techniques, greatly contributing to improving the work efficiency and technical capabilities of the entire railway track industry. We will continue to promote initiatives that contribute to improving each company's level of construction techniques, ensuring the maintenance and development of railway infrastructure.

// 2. Totetsu Kogyo partner newsletter: Professional

Since June 2013, we have been publishing Professional, the Totetsu Kogyo partner newsletter on a quarterly basis to share recognition with our partner companies and to enhance trust through proactive communication. By the publication of Vol. 45 in July 2024, we featured approximately 430 partner companies.

In addition to introducing partner company information, we also share the latest information useful for business operations from the Company's side, facilitating two-way communication. Since the newsletter highlights the appeal of featured companies and their partnership with the Group, some partner companies use it as a recruitment and marketing tool.

- ◆ Main contents
- Introduction of partner companies and their construction achievements
 - "Expert's Work" featuring introductions of foremen from partner companies
 - Health management column and information sharing with partner companies



// 4. Coexistence and co-prosperity with partner companies

As the shortage of construction workers is expected to accelerate due to the declining birthrate, aging population, and changes in work preferences, the Totetsu Kogyo Group is strengthening the relationship of coexistence and co-prosperity with partner companies, which are in the same boat with us, and will evolve with them toward achieving the ideal state described in the long-term vision, a "leading company in transportation infrastructure."

Major initiatives

Improvement of work environment

Railway-related works are primarily carried out during the night when trains are not in operation, after the last train and before the first train. As a result, employees of partner companies tend to work many night shifts. We recognize that improving work-life balance is required to ensure the sustainability of our work system. To reduce the number of night shifts, we are working on reviewing the work schedules of construction workers and increasing productivity through mechanization.

Additionally, we are replacing the aging dormitories of partner companies. Providing a safe, secure, and comfortable living environment also leads to the enhancement of employee comfort and satisfaction.



Management support

To address general management challenges faced by our partner companies, such as successor development and financing, we have established a system where persons in charge from Totetsu Kogyo's corporate planning division and finance division offer consultations and provide support toward solutions.

We also support employee education by utilizing the Totetsu Training Institute. This includes encouraging participation in training programs hosted by the Company, as well as offering the institute as a venue for training sessions conducted independently by partner companies.



Improvement of wage levels

Amid concerns about the shortage of skilled workers, securing employees from partner companies is essential to maintaining the transportation infrastructure maintenance system.

Totetsu Kogyo actively promotes the improvement of wage levels so that employees can approach their job of maintaining railways and other structures with a sense of mission and responsibility.

Even as the Company faced difficult economic conditions during the COVID-19 pandemic, we have worked to raise the wage levels of partner company employees, implementing wage increases for three consecutive terms.





Corporate Governance

List of Officers (as of June 26, 2024)

Directors



Tadao Maekawa

President, Representative Director

Attendance at Board of Directors meetings: 15/15

Career summary
 Apr. 1981 Joined Japanese National Railways
 Apr. 1987 Joined East Japan Railway Company
 July 2005 General Manager of Facilities Department, Tokyo Branch Office
 June 2008 General Manager of Facilities Department, Railway Operations Headquarters
 June 2009 General Manager of Public Relations Department
 June 2012 Executive Officer, General Manager of Administration Department
 June 2015 Senior Executive Officer, Deputy Director General of Railway Operations Headquarters
 June 2016 Executive Director, General Manager of Tokyo Branch Office
 June 2019 Executive Vice President and Representative Director, Director General of Railway Operations Headquarters (retired in June 2021)
 June 2021 Joined the Company
 President, Representative Director (present position)



Hikaru Shimomura

Director

Attendance at Board of Directors meetings: 15/15

Career summary
 Apr. 1985 Joined The Fuji Bank, Limited
 Apr. 2012 Executive Officer General Manager, Corporate Banking Division No. 2, Mizuho Bank, Ltd.
 Apr. 2014 Managing Executive Officer, in charge of Corporate Banking
 Apr. 2017 Managing Executive Officer, Joint Head of Business Banking Division, Mizuho Securities Co., Ltd. (retired in March 2019)
 Apr. 2019 Joined the Company
 June 2019 Managing Director & Executive Officer, Head, Finance & Corporate Planning Group
 June 2022 Senior Managing Director & Executive Officer, Head, Finance & Corporate Planning Group (present position)



Toshiro Sakai

Director

Attendance at Board of Directors meetings: 12/12

Career summary
 Apr. 1984 Joined the Company
 July 2004 Deputy General Manager, Construction Department, Tokyo Branch (Architectural Business)
 Apr. 2010 Project General Manager, Construction Department, Tokyo Branch (Architectural Business)
 Oct. 2011 Project General Manager, Architecture Department, Yokohama Branch
 Feb. 2012 General Manager, Architecture Department, Yokohama Branch
 July 2017 Deputy General Manager, General Manager, Architecture Department, Yokohama Branch
 June 2018 Executive Officer, General Manager, Tohoku Branch
 June 2020 Executive Officer, General Manager, Hachioji Branch
 June 2023 Managing Director & Executive Officer, Head, Architectural Business Group, Deputy Head, DX Promotion Office (present position)



Hiroshi Nakayama

Director

Attendance at Board of Directors meetings: 15/15

Career summary
 Apr. 1977 Joined Hitachi Ltd.
 Apr. 2012 Chief Executive Officer and President of Transport Systems Company, Infrastructure Systems Group
 Apr. 2016 Vice President and Executive Officer, Head of MONOZUKURI & Quality Assurance and Head of MONOZUKURI Strategy Division
 June 2019 Director of the Company (present position)
 Apr. 2020 Senior Advisor, Hitachi Power Solutions Co., Ltd.
 Apr. 2021 Advisor, Corporate Quality Assurance Group, Corporate Quality Assurance Division, Hitachi, Ltd. (present position)



Miya Miyama

Director

Attendance at Board of Directors meetings: 15/15

Career summary
 Oct. 2002 Appointed Public Prosecutor (Public Prosecutor, Tokyo District Public Prosecutors Office)
 July 2013 Head, Compliance department, The Innovation Network Corporation of Japan
 July 2016 Retired from Public Prosecutor
 July 2016 Registered as an attorney at law of Japan Federation of Bar Associations (a member of Dai-ichi Tokyo Bar Association)
 CITY-YUWA PARTNERS (present position)
 Apr. 2018 Permanent Member, Dai-ichi Tokyo Bar Association
 Apr. 2020 Vice Chair, Gender Equality Committee of Kanto Federation of Bar Associations
 June 2020 Auditor, Japan International Cooperation System (present position)
 June 2021 Director of the Company (present position)



Takehiro Tamagawa

Director

Attendance at Board of Directors meetings: 13/15

Career summary
 Apr. 1992 Joined East Japan Railway Company
 June 2007 Manager of Track Maintenance Division, Facilities Department, Yokohama Branch Office
 May 2008 Manager of Facilities Department, Railway Operations Headquarters
 July 2011 Manager of General Affairs Department, Chiba Branch Office
 June 2014 General Manager of Facilities Division, Omiya Branch Office
 June 2017 General Manager of Facilities Department, Railway Operations Headquarters
 June 2021 Executive Officer and General Manager of Facilities Department, Railway Operations Headquarters
 June 2021 Director of the Company (present position)
 June 2022 Executive Officer and General Manager of Facilities Division, Railway Operations Headquarters, East Japan Railway Company (present position)



Naoto Tsuchiya

Director

Attendance at Board of Directors meetings: --/--

Career summary
 Mar. 1982 Joined Japanese National Railways
 Apr. 1987 Joined East Japan Railway Company
 Apr. 2002 Deputy Manager, Investment Planning Department, Corporate Planning Headquarters
 June 2004 Manager, Facilities Civil Engineering Section, Facilities Department, Omiya Branch Office
 June 2006 General Manager, Facilities Department, Railway Business Headquarters
 Apr. 2012 General Manager, Facilities Department, Tokyo Branch Office, Head, Seismic Reinforcement Office
 June 2017 General Manager, Facilities Department, Nagano Branch Office (retired in June 2019)
 June 2019 Joined the Company
 Executive Officer, Deputy Head of Civil Engineering Business Group, General Manager, Railroad Civil Engineering Department
 June 2021 Managing Executive Officer, Head, Civil Engineering Business Group, General Manager of Railroad Civil Engineering Department
 June 2023 Managing Executive Officer, Head, Civil Engineering Business Group, Head, DX Promotion Office
 June 2024 Managing Director & Executive Officer, Head, Civil Engineering Business Group, Head, DX Promotion Office (present position)



Hiroyuki Iizuka

Director

Attendance at Board of Directors meetings: --/--

Career summary
 Apr. 1982 Joined the Company
 Dec. 2005 Deputy General Manager, Personnel Department, Business Administration Group
 Oct. 2007 General Manager, General Affairs Department, Takasaki Branch
 Aug. 2010 Project General Manager, Personnel Department, Business Administration Group
 June 2012 General Manager, Personnel Department, Business Administration Group
 June 2017 General Manager, Corporate Planning Department, Finance & Corporate Planning Group
 June 2019 Executive Officer, General Manager, Corporate Planning Department, Finance & Corporate Planning Group
 June 2021 Executive Officer, General Manager, Takasaki Branch
 June 2023 Executive Officer, Deputy Head, Business Administration Group
 June 2024 Director & Executive Officer, Head, Business Administration Group (present position)



Takashi Suetsuna

Director

Attendance at Board of Directors meetings: 14/15

Career summary
 Apr. 1974 Joined National Police Agency
 Feb. 1994 Chief of the Kochi Prefectural Police Headquarters
 Sept. 1997 Director, Finance Division of Commissioner General's Secretariat, National Police Agency
 Sept. 2001 Chief Inspector General of Commissioner General's Secretariat, National Police Agency
 Aug. 2002 Chief of the Kanagawa Prefectural Police Headquarters
 Aug. 2004 Deputy Superintendent General, Tokyo Metropolitan Police Department
 Sept. 2005 Chief Chamberlain of the Board of the Crown Prince's Household, Imperial Household Agency
 Apr. 2009 Ambassador Extraordinary and Plenipotentiary of Japan to Grand Duchy of Luxembourg (retired in June 2012)
 June 2015 Director of the Company (present position)



Makoto Niitsuma

Full-Time Audit & Supervisory Board Member

Attendance at Board of Directors meetings: --/--
 Attendance at Audit & Supervisory Board meetings: --/--

Career summary
 Apr. 1991 Joined the Company
 July 2006 Deputy General Manager, Finance Department, Finance & Corporate Planning Group
 Oct. 2008 Deputy General Manager, Accounting Department, Finance & Corporate Planning Group
 June 2010 General Manager, General Affairs Department, Tokyo Branch (Civil Engineering Business)
 May 2011 General Manager, General Affairs Department, Tokyo Branch (Railway Track Maintenance Business)
 June 2011 General Manager, General Affairs Department, Tokyo Branch (Railway Track Maintenance Business), General Manager of Quality Management Department
 July 2013 General Manager, Public Relations & Investor Relations Department, Finance & Corporate Planning Group
 Executive Officer, General Manager, Public Relations & Investor Relations Department, Finance & Corporate Planning Group
 June 2021 Executive Officer, General Manager, Corporate Planning Department, Finance & Corporate Planning Group
 Executive Officer, General Manager, Internal Control Group
 June 2022 Full-Time Audit & Supervisory Board Member (present position)



Shinichi Matsui

Full-Time Audit & Supervisory Board Member

Attendance at Board of Directors meetings: 15/15
 Attendance at Audit & Supervisory Board meetings: 10/10

Career summary
 Apr. 1984 Joined TEKKEN CORPORATION
 May 2000 General Affairs Group Leader, General Affairs Department, Osaka Branch
 Apr. 2006 Manager, Management Planning Department, Management Strategy Division
 Apr. 2008 Manager, General Administration Center, Tokyo Branch and Tokyo Railroad Branch
 June 2013 General Manager, General Affairs Department, Tokyo Railroad Branch, Manager, General Administration Center, Tokyo Branch and Tokyo Railroad Branch
 June 2014 General Manager, Secretariat Department, Management Strategy Office
 Apr. 2019 General Manager of Public Relations Department, Management Planning Division (retired in June 2021)
 June 2021 Full-Time Audit & Supervisory Board Member of the Company (present position)



Gan Matsui

Audit & Supervisory Board Member

Attendance at Board of Directors meetings: 14/15
 Attendance at Audit & Supervisory Board meetings: 10/10

Career summary
 Apr. 1980 Appointed Public Prosecutor (Public Prosecutor, Tokyo District Public Prosecutors Office)
 Apr. 1990 Chief Prosecutor, Tokyo District Public Prosecutors Office (Special Investigation Department)
 Jan. 2005 Director-General, Special Trial, Tokyo District Public Prosecutors Office
 June 2012 Director, Criminal Affairs Department, Supreme Public Prosecutors Office
 Jan. 2014 Chief Prosecutor, Yokohama District Public Prosecutors Office
 Jan. 2015 Superintending Prosecutor, Fukuoka High District Public Prosecutors Office
 Sept. 2016 Resigned Public Prosecutor
 Nov. 2016 Registered as an attorney at law of Japan Federation of Bar Associations (a member of Tokyo Bar Association)
 Yaesu Sogo Law Office (present position)
 June 2018 Outside Audit & Supervisory Board Member of the Company (present position)

Corporate Governance

Basic approach

The Group considers disciplined, highly transparent, and more efficient management, along with the establishment of a management structure that enables swift decision-making and flexible responses to changes in the business environment, as the core of our corporate governance. This is defined as follows in the Totetsu Kogyo Codes of Conduct.

Totetsu Kogyo Codes of Conduct

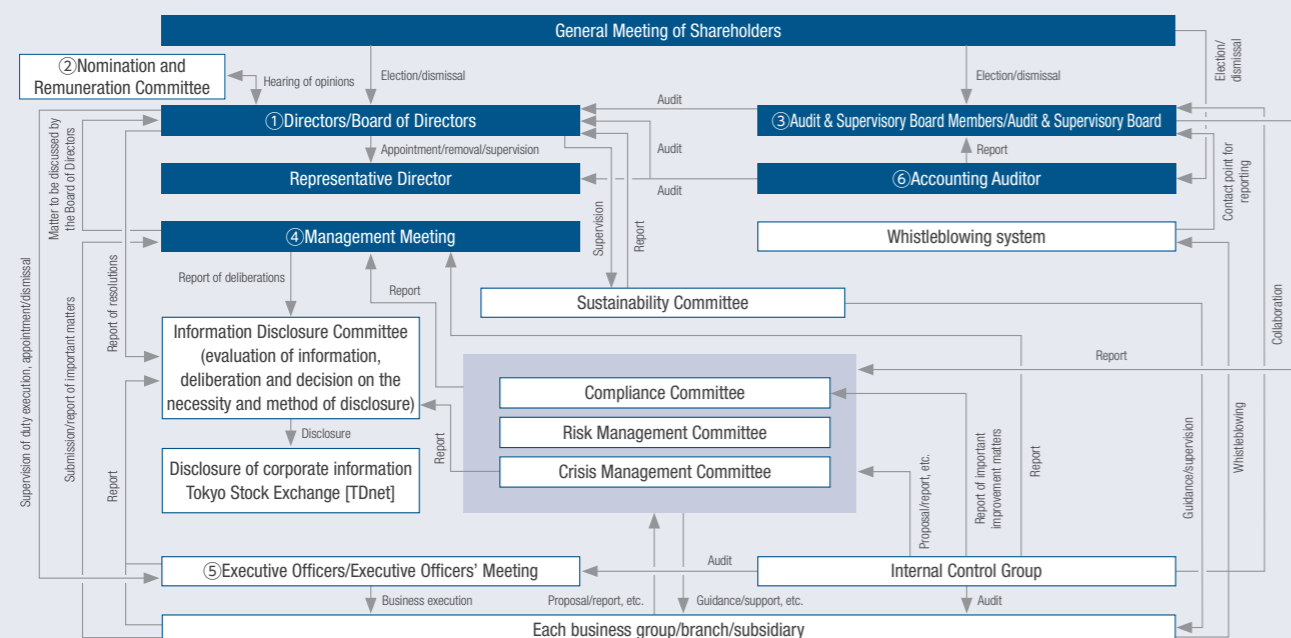
- Based on our Management Philosophy of “Safety first above all else,” make every endeavor to provide customers with safe, quality technology and services, and thereby create added value useful for society.
- Always comply with and respect legal requirements and social ethical standards, and fulfill our corporate social responsibility through faithful and fair corporate activities.
- Contribute to the realization of a sustainable society through these corporate activities, and strive to ensure the trust and confidence of all stakeholders, including shareholders, customers, local communities, and employees.
- All officers and employees of the Group shall observe the Totetsu Kogyo Codes of Conduct, and each individual shall perform their duties with a strong sense of mission.

Corporate governance structure (as of June 26, 2024)

The Company is a company with Audit & Supervisory Board. The Audit & Supervisory Board includes two independent Outside Audit & Supervisory Board Members. Each of them remains a single-person organ and has provided advice and suggestions from an external, professional perspective at important meetings.

In addition, the Board of Directors includes four Outside Directors (three of whom are independent officers), ensuring external independence. Each of them has provided advice and suggestions from a professional perspective at important meetings. Furthermore, we have established a Nomination and Remuneration Committee, which explains our ideas and policies to independent Outside Directors and hears their opinions before the consideration of particularly important matters related to corporate governance. To separate management from business execution, we have introduced an executive officer system to enhance both the speed of decision-making and the function of business execution.

Corporate governance structure diagram



Overview of the corporate governance structure

- Directors/Board of Directors**

Directors are elected by resolution of the General Meeting of Shareholders, and the Articles of Incorporation stipulate that a resolution to elect a Director shall be made by a majority of the votes of the shareholders present at that meeting where the shareholders holding one-third or more of all the votes of the shareholders who are entitled to exercise their votes are present.

The Company is a company with Board of Directors. The Board of Directors consists of nine Directors, including four Outside Directors (three of whom are independent officers). The Articles of Incorporation stipulate that the number of Directors of the Company shall not exceed 13.

The Board of Directors meets once a month, in principle, to determine the basic policies for company management and important matters related to business execution, and supervises the duties of executive officers.
- Nomination and Remuneration Committee**

To further enhance the corporate governance structure, the Nomination and Remuneration Committee has been established as a voluntary advisory body to the Board of Directors. Its purpose is to explain the Company's ideas and policies to independent Outside Directors and hear their opinions before the consideration of particularly important matters related to corporate governance.

The committee consists of five Directors: Director Takashi Suetsuna (Outside Director), Director Hiroshi Nakayama (Outside Director), Director Miya Miyama (Outside Director), President, Representative Director Tadao Maekawa, and Director Hiroyuki Iizuka, including three independent Outside Directors. The chairperson of the committee is Director Takashi Suetsuna (Outside Director).
- Audit & Supervisory Board Members/ Audit & Supervisory Board**

The Company is a company with Audit & Supervisory Board. The Audit & Supervisory Board is chaired by Full-Time Audit & Supervisory Board Member Makoto Niitsuma and consists of three Audit & Supervisory Board Members, including Full-Time Audit & Supervisory Board Member Shinichi Matsui (Outside Audit & Supervisory Board Member) and Audit & Supervisory Board Member Gan Matsui (Outside Audit & Supervisory Board Member), two of whom are independent Outside Audit & Supervisory Board Members.

The Audit & Supervisory Board Members attend Board of Directors meetings and other important meetings to monitor Directors' decision-making process as well as the Board of Directors' execution of supervisory duties, and verify them in accordance with laws and the Articles of Incorporation.

Additionally, once a year, they hold an opinion exchange meeting with independent Outside Directors to exchange views on important audit-related issues and ensure proper communication.
- Management Meeting**

The Management Meeting is a forum for deliberating and reporting on important matters related to management and business execution, contributing to the overall corporate governance. It consists of the President and Director, business group heads, and the Full-Time Audit & Supervisory Board Members, and meets twice a month, in principle.
- Executive Officers/ Executive Officers' Meeting**

The Company has introduced an executive officer system to separate management from business execution and strengthen the function of business execution.

The Executive Officers' Meeting consists of 36 executive officers, including five Directors who concurrently serve as executive officers, in principle. Its purpose is to deliberate and report on matters related to management policies and important measures, ensuring smooth business execution.

The meeting is held at least once every three months to communicate and disseminate resolutions of the Board of Directors and deliberate on matters related to execution as well as those related to the promotion of business plans for each group and branch.
- Accounting Auditor**

The Company has entered into an audit contract with KPMG AZSA LLC, as its Accounting Auditor, to undergo accounting audits. The certified public accountants responsible for business execution are Takahiro Togashi and Mako Tasaka, both of whom belong to the same audit firm.

Corporate Governance

Skills matrix of the Board of Directors

Name	Position and responsibilities in the Company	Corporate management	Business strategy	Finance Accounting	Sustainability ESG	Legal affairs Compliance Risk management	Human resources Human resource development	Safety Quality management	Construction technology	Experience and knowledge relevant to railway operations
Tadao Maekawa	President, Representative Director	●	●		●	●	●	●	●	●
Hikaru Shimomura	Senior Managing Director & Executive Officer, Head, Finance & Corporate Planning Group	●	●	●	●	●	●			
Toshiro Sakai	Managing Director & Executive Officer, Head, Architectural Business Group, Deputy Head, DX Promotion Office							●	●	●
Naoto Tsuchiya	Managing Director & Executive Officer, Head, Civil Engineering Business Group, Head, DX Promotion Office		●					●	●	●
Hiroyuki Iizuka	Director & Executive Officer, Head, Business Administration Group		●	●	●		●			
Takashi Suetsuna	Director (Independent Outside Director)		●	●	●	●	●			
Hiroshi Nakayama	Director (Independent Outside Director)	●	●					●		●
Miya Miyama	Director (Independent Outside Director)				●	●	●			
Takehiro Tamagawa	Director (Outside Director)						●	●	●	●

Note: The table above is not a comprehensive list of the expertise and experience possessed by each Director.

Evaluation of the overall effectiveness of the Board of Directors

A questionnaire survey for evaluating the Board of Directors was conducted, targeting all Directors and Audit & Supervisory Board Members. The Nomination and Remuneration Committee, a voluntary advisory body to the Board, heard opinions, and then the Board of Directors analyzed and evaluated the results. Since FY2022, Audit & Supervisory Board Members attending Board of Directors meetings have also been included in the targets with the purpose of incorporating a variety of opinions and suggestions.

As a result, we confirmed that the Company's Board of Directors has fostered a culture that values unfettered and constructive discussions and opinion exchanges. Furthermore, we found that steady improvements and progress have been made in the issue recognized in the previous evaluation, deliberation topics and time for deliberation at the Board. The Board picked up broader and more substantial topics and discussed not only management challenges and strategies but also, for example, capital costs and management in consideration of stock prices. Regarding the consideration of increasing the number of female Directors or Audit & Supervisory Board Members, it was confirmed that this remains an issue to be continuously addressed with an emphasis on ensuring diversity in skills in line with the Company's management strategy.

There was also feedback stating that each member expresses their opinions freely and vigorously based on their skills, making the Board's operations appropriate. Thus we believe that the overall effectiveness of the Board of Directors is maintained.

Taking the results of this evaluation into account, we will work toward further enhancing the overall effectiveness of the Board of Directors.

Questionnaire items

- ① Size (number of members) and composition of the Board of Directors
- ② Operation of the Board of Directors
- ③ Self-evaluation and mutual evaluation
- ④ Information provision to Outside Directors
- ⑤ Comprehensive evaluation

Cross-shareholdings

The Company may hold shares in other companies for policy purposes to the minimum necessary extent if it is deemed to contribute to the enhancement of our mid- to long-term corporate value, taking into comprehensive account the strategic importance in management as well as the need to build, maintain, and strengthen good and smooth relationships with business partners. Regarding these cross-shareholdings, we periodically and concretely review each stock to determine whether the purpose of holding remains appropriate, and whether the benefits and risks of holding are commensurate with the capital cost. The Board of Directors annually evaluates the appropriateness of continuing to hold such shares. Based on these matters, if a stock is deemed to have little significance for continued holding, we proceed with its sale, while considering various factors, to reduce our holdings. As for the exercise of voting rights, we comprehensively evaluate whether: (i) it contributes to the enhancement of the relevant company's medium- to long-term corporate value and (ii) it does not damage the Company's shareholder value. Voting rights are exercised appropriately based on these criteria.

Officers' remuneration, etc.

The Company has established the policy on determining the remuneration, etc. of each Director as follows.

- ① A fixed remuneration shall be calculated based on position and role and paid once a month as monthly remuneration.
- ② Performance-linked remuneration shall consist of a bonus paid once at a designated time each year as an incentive based on short-term performance and non-monetary trust-type share-based remuneration that awards points at a certain time once a year as an incentive for improvement in medium- to long-term performance and enhancement of corporate value, and provides Company shares equivalent to the cumulative points upon retirement. The indicators for performance-linked remuneration shall be the numerical targets set by the medium-term management plan (net sales, operating profit, ROE, and DOE) and said remuneration shall be calculated after taking into account achievements in the safety and quality level, which are important Company issues, and the performance results of each individual. The results of each individual shall be evaluated according to the progress of achieving management challenges and other targets set for each domain of which a Director, etc. is in charge.
- ③ Fixed remuneration, short-term performance-based remuneration (bonuses), and medium to long-term performance-linked remuneration (share-based remuneration) shall consist by and large of a 6:3:1 ratio.
- ④ Outside Directors shall only receive fixed remuneration and not performance-linked remuneration due to their stance independent from business execution.
- ⑤ In accordance with a resolution by the Board of Directors, the Representative Director and President shall assume responsibilities with respect to the specific details of all remuneration as the corporate officer who has a comprehensive understanding of business performance throughout the entire Company and can evaluate each Director. The Nomination and Remuneration Committee shall listen and consult with the Representative Director and President as an advisory body of the Board of Directors to ensure the Representative Director and President properly exercises this authority. After assuming these responsibilities, the Representative Director and President must make decisions on remuneration based on feedback from the Nomination and Remuneration Committee.

Indicators for performance-linked remuneration, reasons for the selection, and results

The performance indicators for performance-linked remuneration are the numerical targets set by the medium-term management plan (net sales, operating profit, ROE, and DOE). These indicators were selected to clarify responsibility for achieving short-term performance targets and to enhance the motivation to achieve the medium-term management plan. The Company's performance-linked remuneration is calculated based on the achievement of the above indicators, taking into account the performance results of each individual.

For the fiscal year under review, the indicators for performance-linked remuneration were the numerical targets set by the medium-term management plan (net sales, operating profit, ROE, and total payout ratio). The results were net sales of 141.8 billion yen, operating profit of 11.7 billion yen, ROE of 7.8%, and a total payout ratio of 40.4%.

Details of the resolution of the General Meeting of Shareholders regarding officers' remuneration, etc.

The maximum remuneration for Directors was resolved at the 63rd Ordinary General Meeting of Shareholders held on June 29, 2006 to be within 300 million yen per year (excluding the portion of employee salary). The number of Directors at the conclusion of that General Meeting of Shareholders was eight.

Separately, at the 79th Ordinary General Meeting of Shareholders held on June 28, 2022, it was resolved that the maximum number of Company shares, etc. to be granted through the performance-linked and share-based remuneration system (Board Benefit Trust; the "Plan") to Directors (excluding Outside Directors and Audit & Supervisory Board Members) and executive officers would be 51,000 shares per fiscal year (of which 21,400 shares are allocated for Directors). However, the Company shares will be rationally adjusted in the event of a stock split, allotment of shares without contribution, or a consolidation of shares, etc. in proportion to the relevant ratio, etc. Five Directors are eligible for the Plan.

The maximum remuneration for Audit & Supervisory Board Members was resolved at the 63rd Ordinary General Meeting of Shareholders held on June 29, 2006 to be within 60 million yen per year. The number of Audit & Supervisory Board Members at the conclusion of that General Meeting of Shareholders was four.

Training policy for Directors and Audit & Supervisory Board Members

The Company conducts an annual training program for Directors and Audit & Supervisory Board Members to help them acquire necessary knowledge and stay up-to-date with relevant developments. We also provide opportunities to take external training sessions deemed necessary, such as seminars for new Directors and Audit & Supervisory Board Members, covering the costs of such training to support them.

For Internal Directors, we conduct individual and mutual OJT by holding bi-annual discussions with the President regarding management matters, which is necessary for them to fulfill their expected roles and responsibilities.

Additionally, for new Outside Directors and Audit & Supervisory Board Members, we provide thorough explanations of our business, finance, and organizations. Even after their assumption of office, we offer opportunities for site visits.

Corporate Governance

Internal control

System to ensure that the execution of duties by Directors and employees of the Group complies with laws and the Articles of Incorporation

- ① To ensure that the execution of duties by officers and employees of the Group complies with laws and the Articles of Incorporation, and to fulfill our social responsibilities, the Totetsu Kogyo Codes of Conduct are thoroughly communicated to all officers and employees.
- ② We have appointed a Chief Compliance Officer (CCO) and established a department supervising compliance. A Compliance Officer (CO) and persons in charge of compliance are assigned to each group, branch, and subsidiary.
- ③ The Compliance Committee meetings are held regularly to establish, disseminate, and solidify the Group's compliance system.
- ④ The Internal Control Group monitors the internal control system through audits.

System for the preservation and management of information related to the execution of duties by Directors

Matters concerning the preservation and management of information related to the execution of duties by Directors are handled in accordance with the Company's internal regulations, and such information is made available for Directors to review at any time.

System to ensure the efficient execution of duties by Directors

The Regulations of the Board of Directors are established to resolve basic policies related to company management and important matters related to business execution at the Board of Directors. Additionally, the Regulations of the Board of Directors and the Regulations on Official Authority are established to clarify responsibilities and expedite decision-making in business execution.

Regulations for risk of loss management and other systems

- ① To establish a risk management system, rules related to risk management are reviewed and established.
- ② The Risk Management Committee meetings are held regularly to comprehensively manage the identification of potential risks and the formulation of avoidance measures.
- ③ In the event of a situation that has a significant impact on business operations, the Crisis Management Committee will be convened to minimize damage, losses, and other impacts.
- ④ Education and training are provided to officers and employees involved in risk management.
- ⑤ The whistleblowing system for officers and employees of the Group is operated properly.

System to ensure proper operations in the Group

- ① Subsidiaries are required to regularly report on their business performance, financial status, and other important information in accordance with the Subsidiary Management Regulations.
- ② Subsidiaries are required to establish a risk management system in accordance with rules related to risk management.
- ③ In line with the annual plan, the goals to be achieved by the Group are clarified, and each subsidiary's business execution is evaluated and managed using the PDCA method.
- ④ To ensure that the execution of duties by officers and employees of the Group complies with laws and the Articles of Incorporation, and to fulfill our social responsibilities, the Totetsu Kogyo Codes of Conduct are thoroughly communicated to all officers and employees of subsidiaries.

Matters concerning employees who assist with duties of Audit & Supervisory Board Members

- ① Employees belonging to the Internal Control Group may be assigned to assist with duties of Audit & Supervisory Board Members as needed.
- ② Any personnel matters related to such employees in the Internal Control Group will be discussed with the Audit & Supervisory Board Members in advance.
- ③ A system is in place to ensure that, when employees assisting the duties of Audit & Supervisory Board Members receive instructions from Audit & Supervisory Board Members regarding their duties, they follow such orders exclusively.

System for reporting to Audit & Supervisory Board Members

- ① If officers or employees of the Group become aware of the occurrence or potential occurrence of any significant violations of laws or the Articles of Incorporation, acts of misconduct, or facts that cause substantial losses to their company regarding the execution of duties, they must report such matters to Audit & Supervisory Board Members without delay.
- ② If officers or employees of the Group make decisions that have a significant impact on the relevant business or organization, they must report such decisions to Audit & Supervisory Board Members without delay.
- ③ A whistleblowing system is in place for officers and employees of the Group, with the Company's Audit & Supervisory Board Members serving as the contact point for reporting.
- ④ Reports from third parties are accepted through the Company's website inquiry form (email) or by phone, and if necessary, these reports will be conveyed to Audit & Supervisory Board Members.
- ⑤ It is prohibited to treat officers or employees of the Group unfavorably for making reports under any of the above paragraphs.

Matters concerning policies for procedures for advance payment or reimbursement of expenses arising from the execution of duties by Audit & Supervisory Board Members and for other processing of expenses arising from the execution of such duties or their reimbursement

If an Audit & Supervisory Board Member requests advance payment, etc. of expenses necessary for the execution of their duties, the Company will promptly process the relevant expenses or obligations.

Other systems to ensure the effective execution of audits by Audit & Supervisory Board Members

- ① The Representative Director regularly holds opinion exchange meetings with Audit & Supervisory Board Members to exchange views on company management and ensure proper communication.
- ② To ensure the effective performance of audit activities, the Company promotes collaboration between the Audit & Supervisory Board Members and the Internal Control Group.

Matters concerning the operational status of the system to ensure proper operations in the Group

The operational status of the system to ensure proper operations in the Group is regularly reviewed by the Board of Directors, and an overview of the operational status for each fiscal year is included in the relevant business report.

Matters concerning a system for internal control related to financial reporting and its evaluation

- ① We establish and operate a system necessary to ensure the appropriateness of documents and other information related to finance and accounting.
- ② The status of the establishment and operation of the system specified in the preceding paragraph is evaluated each fiscal year in accordance with generally accepted standards for the evaluation of internal control related to financial reporting.

Basic approach to eliminating antisocial forces and its development status

In the Totetsu Kogyo Codes of Conduct, the Group declares, "We anticipate and strive to prevent risks posed by antisocial forces that threaten corporate activities and daily life. We also ensure that a crisis management system is always in place and, in the event of an incident, respond swiftly, appropriately, and systematically." We are committed to severing any relationships with antisocial forces.

We actively collect and share information related to antisocial forces through full cooperation with police authority and relevant agencies. Furthermore, through training and other opportunities, we continue to educate and train employees on how to respond to antisocial forces.

Reasons for appointment as Outside Directors

Name	Reasons for appointment	Independent officer	Tenure of office	Attendance at Board of Directors meetings during FY2023
Takashi Suetsuna	He has utilized his extensive experience in the government sector and his deep insight gained through that experience for the Company's management and contributed to ensuring the adequateness and appropriateness of its decision-making. Given his independent position, with no risk of conflicts of interest with general shareholders, he has been designated as an independent officer.	○	9 years	14/15
Hiroshi Nakayama	He has utilized his extensive experience as a corporate manager at other companies and his deep insight gained through that experience for the Company's management and contributed to ensuring the adequateness and appropriateness of its decision-making. Given his independent position, with no risk of conflicts of interest with general shareholders, he has been designated as an independent officer.	○	5 years	15/15
Miya Miyama	She has utilized her extensive experience as a public prosecutor at a public prosecutor's office, an attorney, etc. in the legal field and her deep insight gained through that experience for the Company's management and contributed to ensuring the adequateness and appropriateness of its decision-making. Given her independent position, with no risk of conflicts of interest with general shareholders, she has been designated as an independent officer.	○	3 years	15/15
Takehiro Tamagawa	He has utilized his extensive knowledge and experience at East Japan Railway Company for the Company's management and therefore has been appointed as an Outside Director.		3 years	13/15

Criteria for determining the independence of independent Outside Directors

The Company's Board of Directors includes independent Outside Directors appointed in accordance with the requirements for outside directors as specified by the Companies Act and the independence standards set forth by the Tokyo Stock Exchange.

The Company has appointed three independent Outside Directors who have extensive knowledge and experience in the government sector, or as a corporate manager or an attorney, and have deep insight gained through their respective experiences. At Board of Directors meetings, these independent Outside Directors have provided valuable and active advice to promote the Company's sustainable growth and enhance its medium- to long-term corporate value. Their roles and responsibilities are adequately fulfilled, and the necessary framework is in place.

Risk Management

Basic approach

The Company is engaged in risk management activities to continue sound business activities.

We have established a risk management system to address various risks and manage them appropriately, working to prevent crises before they occur. In terms of disaster-related risks, we have been promoting the preparation of a Business Continuity Plan (BCP) across the Group, learning from the lessons of the Great East Japan Earthquake.

Risk management system

To comprehensively manage the identification of risks that have a significant impact on the achievement of management goals or business activities, as well as new risks that need to be anticipated, and the formulation of avoidance measures, we have established a Risk Management Committee chaired by the President at the Head Office. This committee works to strengthen risk management across all groups and Group companies, and maintain and enhance corporate value.

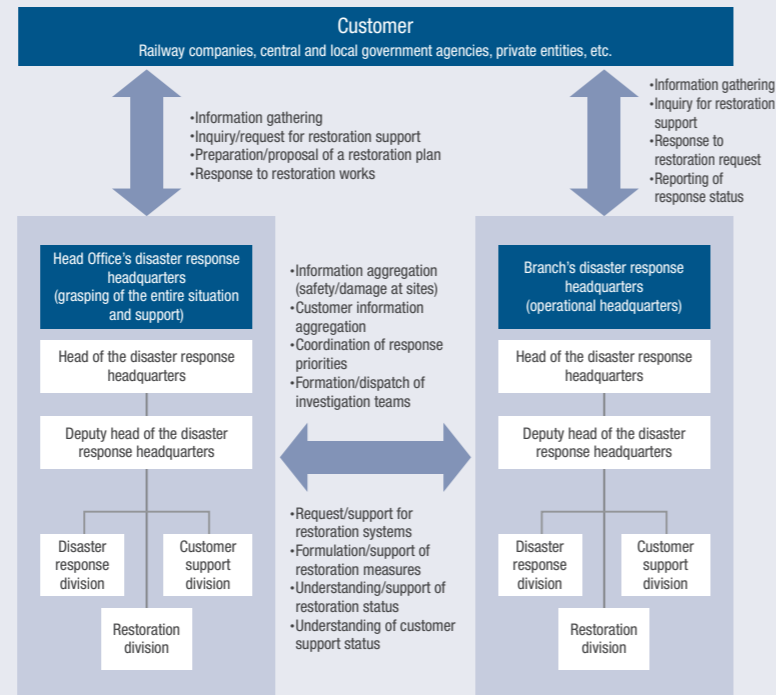
We have also established a Crisis Management Committee chaired by the President at the Head Office to centralize information gathering and management and take appropriate countermeasures in the event of a situation that could have a significant impact on business activities. Under the direct leadership of the top management, the committee strives to minimize damage, loss, and other impacts.

Business Continuity Plan (BCP)

The Company has formulated the Totetsu Kogyo Business Continuity Plan (BCP) to prepare for emergencies, such as large-scale disasters.

Fully recognizing our role as a comprehensive construction company that supports the foundation of social and economic activities, and as part of the construction company's corporate social responsibility (CSR), we aim to actively contribute to railway, road, and other infrastructure restoration works. We have therefore established and been implementing three basic policies: (i) ensuring the safety of officers, employees, and their families, (ii) rapid restoration of company functions, and (iii) early establishment of rescue and recovery support systems.

The BCP is updated as necessary by reference to the latest disaster prevention cases in order to improve adaptability to disasters and strengthen our disaster prevention system. In addition, we conduct disaster drills jointly conducted by the Head Office, branches, and construction sites, safety confirmation drills for all employees, and evacuation drills at the Head Office and each branch.



Information security

The Company has established the Personal Information Protection Policy and the Basic Policy on the Proper Handling of Specific Personal Information as basic policies for the appropriate handling and protection of all information on our customers and business partners, including personal information.

As part of our information security measures, we implement security measures for various internal systems. Additionally, we have established rules such as the Regulations on Information Systems, the Ten Principles of Information Security, and the Smart Device Security Guidelines. We continuously provide education and training to all employees to enhance their awareness of information security.

Compliance

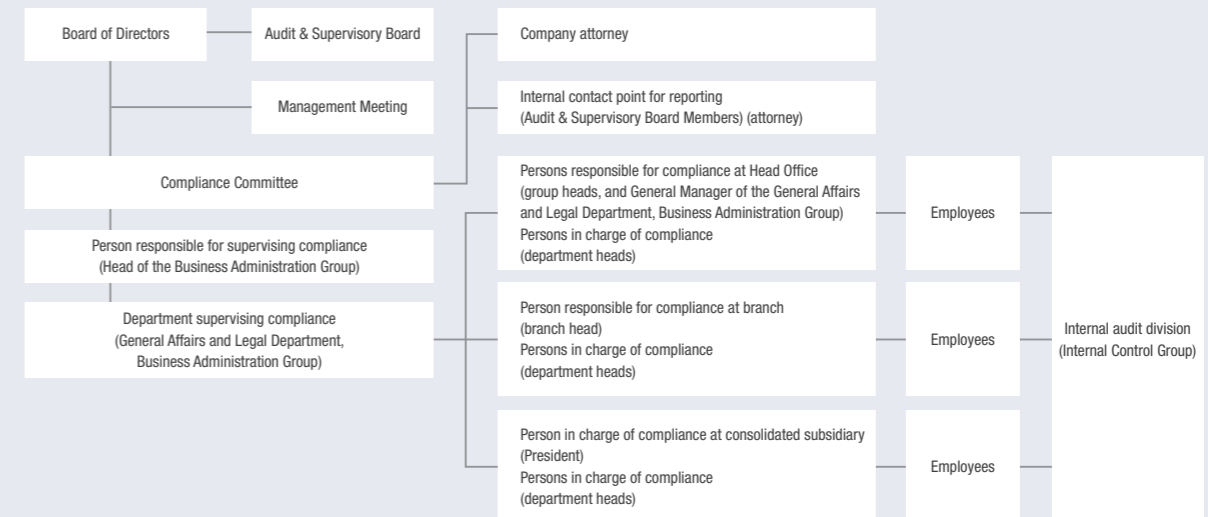
Basic approach

To meet the trust of our customers and other stakeholders, the Company positions compliance management as one of our most critical issues. We disseminate the Totetsu Kogyo Codes of Conduct to all officers and employees and are committed to ensuring thorough compliance and developing a compliance system.

Compliance system

Regarding our compliance system, under the supervision of the Chief Compliance Officer, we have established a department supervising compliance and assigned a responsible person and persons in charge to each group, branch, and subsidiary. Additionally, we have established a Compliance Committee chaired by the President at the Head Office to discuss measures to mitigate compliance-related risks. Similar committees have also been set up at branches and subsidiaries, with the entire Group working toward establishing, disseminating, and solidifying a compliance system. We strive to promote a swift and appropriate response, thorough cause analysis, and the formulation of recurrence prevention measures in the event of an issue.

Compliance system diagram



Implementation of compliance training

To enhance compliance awareness among officers and employees and prevent compliance violations, we conduct Totetsu Kogyo Group Compliance Training for all officers and employees. Additionally, we promote the dissemination and entrenchment of compliance through training programs tailored by year of service with the company or occupational hierarchy.

The training content is reviewed as necessary to ensure that both internal and external key compliance issues are appropriately communicated.

Communication with Stakeholders

Basic approach

The Company has established a basic policy on the timely and appropriate disclosure of corporate information in the Totetsu Kogyo Codes of Conduct and the Disclosure Policy. In order to contribute to highly transparent management, we actively strive to disclose information to stakeholders in a fair and prompt manner.

Totetsu Kogyo's IR policy

The Company promotes a company-wide IR in which the President personally participates in major IR events, and all officers and employees feel strong sympathy.

Furthermore, as part of our quaternary IR approach, we utilize IR materials not only for IR activities but also for PR (publicity), SR (operation of the General Meeting of Shareholders), and Recruitment (recruiting activities). By pursuing synergy among these four areas, we are working to further deepen stakeholders' understanding of the Company's business.

 Disclosure Policy
<https://www.totetsu.co.jp/english/ir/disclosure/>

Major IR activities

Shareholders and investors

•Financial results IR briefings (FY2021: 2 times/76 participants, FY2022: 2 times/74 participants, FY2023: 2 times/109 participants)

The Company holds financial results IR briefings twice a year, with the President as the speaker. These sessions involve lively Q&A discussions regarding business plans and results.



Q4 FY2022 financial results IR briefing

•One-on-one meetings (FY2021: 49 companies/66 participants, FY2022: 75 companies/110 participants, FY2023: 83 companies/135 participants)

Every year, we conduct one-on-one meetings (individual interviews) with numerous institutional investors and analysts. The feedback gathered through these activities is regularly reported to the Management Meeting and the Board of Directors, and is reflected in our management and business activities.

•Small meetings (FY2021: 6 companies, FY2022: 6 companies, FY2023: 6 companies)

We hold a small meeting annually with the President and the Head of the Finance & Corporate Planning Group as speakers, attended by six covering analysts. Through constructive dialogue, we understand and recognize the perspectives of institutional investors, which are incorporated into management analyses aimed at sustainable growth.


•Site tours for institutional investors at the Totetsu Training Institute (FY2021: Not held due to the COVID-19 pandemic, FY2022: 7 companies/9 participants, FY2023: 6 companies/10 participants)

In August 2023, we hosted a site tour for institutional investors at the Totetsu Training Institute. We explain the Company's investments in human capital through demonstrations of large-scale track maintenance machinery in operation and VR experiences in the Safety Training Room so that participants can recognize the effectiveness of training using hands-on equipment.



•Briefings for private investors (FY2021: Not held due to the COVID-19 pandemic, FY2022: 2 times/91 participants, FY2023: 2 times/112 participants)

We hold briefings for private investors in Tokyo and Osaka, where we explain the Company's business in a way that is easy for the general public to understand.

 Materials for briefings for private investors
https://www.totetsu.co.jp/ir/library/meeting_schedule/ (Only available in Japanese)



•Report (shareholder communication)

To help shareholders better understand the current status of the Company, we send out the TOTETSU REPORT twice a year.

•Receipt of several awards from the Japan Investor Relations Association (JIRA)

The Company has been actively engaging in IR activities. We believe that these efforts have been recognized, leading to the receipt of several awards from the JIRA. Moving forward, we will continue to strive for proactive IR activities.



* The Company was the first in the construction industry to receive this award.

Communication with employees and their families

•Family site tour

We invite employees' families to visit our workplace and to observe job sites and construction processes. This helps promote a better understanding of the daily work and the Company's operations while also expressing our gratitude to the families who support our employees.

We set up events enjoyable for both adults and children with the aim of boosting employee motivation, creating a pleasant workplace, and promoting work-life balance.



•Totetsu Kogyo Family Night Game

In July 2023, we invited around 600 members of the Totetsu Kogyo Group, including officers, employees, and their families to the game of the Tokyo Yakult Swallows, of which the Company is an official sponsor, as the Totetsu Kogyo Family Night Game.

In the past, invitations to the Family Night Game have been by lottery, but to commemorate our 80th anniversary, we invited all applicants. This event will continue to be enhanced as part of our efforts to improve the motivation of officers and employees, foster a sense of unity, and create a pleasant workplace.



11-Year Summary

		71st Term (FY2013)	72nd Term (FY2014)	73rd Term (FY2015)	74th Term (FY2016)	75th Term (FY2017)	76th Term (FY2018)	77th Term (FY2019)	78th Term (FY2020)	79th Term (FY2021)	80th Term (FY2022)	81st Term (FY2023)
Operating results												
Orders received	(Millions of yen)	116,718	125,458	115,456	127,067	126,717	134,164	134,317	122,406	118,286	124,155	154,237
Net sales	(Millions of yen)	109,388	116,106	126,807	130,634	131,209	134,739	146,034	132,919	114,718	124,661	141,845
Operating profit	(Millions of yen)	8,495	9,205	12,480	13,371	13,002	12,216	14,858	13,915	7,261	9,070	11,751
Ordinary profit	(Millions of yen)	8,873	9,581	12,749	13,668	13,301	12,704	15,347	14,293	7,576	9,487	12,106
Profit attributable to owners of parent	(Millions of yen)	5,312	6,533	8,518	9,583	9,982	8,862	10,657	9,689	5,326	7,905	8,296
Cash flows												
Cash flows from operating activities	(Millions of yen)	2,505	3,470	2,123	3,587	2,667	6,088	8,060	21,116	3,094	(8,956)	4,839
Cash flows from investing activities	(Millions of yen)	(697)	(444)	(801)	(1,565)	(1,417)	(1,719)	(4,417)	(3,659)	(5,831)	(4,964)	(3,680)
Cash flows from financing activities	(Millions of yen)	(844)	(1,141)	(2,199)	(2,494)	(2,818)	(3,278)	(3,046)	(3,238)	(3,171)	1,749	1,607
Cash and cash equivalents at end of period	(Millions of yen)	16,822	18,706	17,830	17,357	15,788	16,878	17,475	31,694	25,785	13,613	16,379
Financial position												
Current assets	(Millions of yen)	73,382	81,329	94,224	101,113	104,711	111,570	119,704	112,500	104,031	112,533	126,057
Current liabilities	(Millions of yen)	38,435	41,062	47,878	48,679	46,450	49,324	53,162	42,129	35,582	43,383	52,620
Property, plant and equipment	(Millions of yen)	6,561	6,518	6,312	6,950	7,470	7,700	12,381	15,281	19,500	22,841	23,690
Net assets	(Millions of yen)	49,590	57,137	62,960	70,341	78,127	83,719	89,389	96,754	98,525	103,490	111,483
Total assets	(Millions of yen)	91,645	101,961	114,156	122,320	127,839	135,291	145,349	141,701	136,669	149,700	168,117
Per share information												
Basic earnings per share	(Yen)	149.12	183.83	240.92	272.06	287.02	257.08	309.58	281.46	154.72	229.65	241.00
Price-earnings ratio	(Times)	12.83	14.60	14.36	11.74	11.36	11.86	9.42	9.40	14.66	11.80	12.47
Dividend paid per share	(Yen)	24	30	40	48	58	78	93	85	85	92	97
Net assets per share	(Yen)	1,369.49	1,582.14	1,754.68	1,979.28	2,218.19	2,397.44	2,560.78	2,771.67	2,821.32	2,974.11	3,207.70
Financial indicators												
Return on assets (ROA)	(%)	10.3	9.9	11.8	11.6	10.7	9.7	10.9	10.0	5.4	6.6	7.6
Return on equity (ROE)	(%)	11.4	12.4	14.4	14.6	13.6	11.1	12.5	10.6	5.5	7.9	7.8
Equity-to-asset ratio	(%)	53.2	55.1	54.3	56.7	60.3	61.0	60.7	67.3	71.1	68.4	65.7
Net sales of completed construction contracts by segment												
Railway Track Maintenance	(Millions of yen)	29,268	30,018	30,139	32,375	32,875	34,213	33,904	34,339	29,062	29,427	30,754
Of which, railway	(Millions of yen)	27,915	28,523	29,727	31,955	32,494	33,834	33,543	34,094	28,814	28,110	29,902
Civil engineering	(Millions of yen)	42,945	49,135	52,811	56,630	53,827	52,901	55,714	55,548	49,511	52,702	57,458
Of which, railway	(Millions of yen)	38,691	45,869	48,840	52,499	48,748	48,455	50,386	48,480	42,398	44,391	50,277
Architecture	(Millions of yen)	27,866	29,813	37,916	35,107	37,210	39,726	48,005	33,405	27,858	35,786	45,247
Of which, railway	(Millions of yen)	13,794	20,080	24,138	19,332	23,336	25,674	29,328	22,470	16,021	20,399	25,937

Notes: 1. Net sales do not include consumption tax, etc.

2. As there are no dilutive shares, diluted earnings per share are omitted.

3. We have applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) and other guidance effective from the beginning of the 76th term. The major management indicators for the 75th term reflect the retrospective application of this accounting standard.

Operating Results and Financial Analysis

Operating results

During the fiscal year under review, the Japanese economy showed signs of gradual recovery, with improvements in capital investment and employment conditions, despite a stagnation in the recovery of personal consumption and exports.

In the construction industry, government construction investment surpassed the previous fiscal year's level, while private residential construction investment saw a slight increase compared to the previous fiscal year, affected by rising construction costs and the trend toward higher value-added housing. Non-residential construction investment also slightly increased compared to the previous fiscal year, and overall construction investment is projected to exceed the previous fiscal year's level.

In these circumstances, in the railway field, where the Group excels, transportation volume is gradually recovering, and restraints on and deferrals of capital investment are easing. To fulfill the Group's social mission of "ensuring safe and stable railway transportation," we have continued to carry out works necessary to maintain social infrastructure, including seismic reinforcement measures in preparation for large earthquakes and responses to increasingly severe natural disasters.

Additionally, in the final year of the Group's Medium-term Management Plan (2021–2024): Totetsu 3D Power Up Advance 2024, under the basic strategy of "Power Up the Company's characteristics and drive the growth strategy into a spiral" by further strengthening the 3D strategy, we have actively promoted various measures for the "growth strategy" of expanding the X and Y axes (expansion of customers and business domains), as well as measures for the "Power Up Project II" of expanding the Z axis (strengthening of corporate resilience), including "thorough enforcement of safety and quality first," "creation of a fulfilling workplace," "productivity improvement and cost reduction," "implementation of ESG management," and "strengthening of organizational and group capabilities."

Regarding customer expansion for the "growth strategy," we have continued to prioritize the allocation of management resources to the safe execution of works ordered by our largest and most important customer, East Japan Railway Company. Among these, we have focused on safety-related construction, such as large-scale earthquake countermeasure work, platform improvement work related to the installation of platform doors, and station facility improvement work, which is our key safety measure. Additionally, we have undertaken large-scale works aimed at enhancing convenience, including construction works of over-track station buildings and hotels adjacent to stations.

In the general private sector, we have been receiving orders and progressing with construction projects for a wide range of customers: for railway track works, TOKYU RAILWAYS, SAGAMI RAILWAY Co., Ltd., Kominato Railway Co., Ltd., Joshin Dentetsu Co., Ltd., IZUKYU CORPORATION, etc.; for civil engineering works, including viaducts, bridges, and station improvements, TOBU RAILWAY CO., LTD., Shinano Railway Co., Ltd., SAGAMI RAILWAY Co., Ltd., etc.; for building works, including factories, warehouses, and offices, Yamaden Corporation, MARUYAMA MFG. CO., INC., LIFE CORPORATION, etc.; and for condominiums, Odakyu Real Estate Co., Ltd., Nice Corporation, SOTETSU REAL ESTATE Co., Ltd., JR West Real Estate & Development Company, etc. In the government agency sector, we have also been able to achieve various orders and construction results by the following customers: for railway track works, the Bureau of Transportation, Tokyo

Metropolitan Government, the Transportation Bureau, City of Yokohama, the Japan Railway Construction, Transport and Technology Agency (JRRT), etc.; and for public civil engineering works, including bridges, river improvements, roads, and waterworks, the JRRT, East Nippon Expressway Company Limited, as well as Iwate, Aomori, and Fukushima Prefectures, etc.

Regarding business domain expansion for the "growth strategy," we have thoroughly and continuously enhanced business fields where the Group excels, such as railway-related works as well as disaster prevention, seismic reinforcement, and maintenance-related works. We have also aimed to expand and strengthen our business domains by delving deeper into those aligned with changes in customers and social environments as well as the demands of the times, while challenging new growth opportunities.

In railway-related works, where the Group excels, we have undertaken a wide range of construction orders and projects. These include railway track work for the new Haneda Airport Access Line, railway track laying work for the Hokuriku Shinkansen, railway track repair work for TOKYU RAILWAYS, platform improvement work related to the installation of platform doors, seismic reinforcement work of Shinkansen utility poles, construction work of arch road bridges, renovation work of Shinkansen passenger shelters, and new construction works of over-track station buildings and hotels.

In construction that utilizes earthquake-resistant, maintenance, and renovation technologies, where the Group excels, we have secured contracts for construction such as overpass life extension work for Tokyo, road bridge repair work for the Ministry of Land, Infrastructure, Transport and Tourism, road bridge slab replacement work for East Nippon Expressway Company Limited, and hotel renovation work. In railway-related disaster recovery, we have carried out early restoration work in sections on the JR Sotobo Line and the Isumi Railway Line that were interrupted by Typhoon No. 13. We have achieved notable results in various business domains through these projects.

Regarding the Environmental Business, in greening projects, we have been involved in contracting and execution of rooftop and wall greening of private condominium buildings, wall greening of Sendai Ryokusaikan Visitor Center, the main venue for the National Urban Greening Fair in Sendai, and greening of temporary fences at construction sites. These efforts aim to reduce stress and provide a sense of relaxation for local residents and employees, while also improving productivity. Additionally, we have worked to reduce flower waste by selling discarded Phalaenopsis orchids, and have engaged in joint research with Chiba University on the CO₂ reduction effects of wall greening. As part of heat stress countermeasures, we have installed and further improved tree-shaded tunnels, which were designed by the Company to mitigate heat stress, at the Totetsu Training Institute. The Company's environmental technologies have been expanding in various ways.

Regarding "Power Up Project II" of strengthening corporate capabilities that support "growth strategy" and expanding the Z axis, we have worked on further developing our human resource capabilities and technical capabilities, which are the foundation of corporate strength that enables growth. Additionally, we have focused on five key implementation items.

In terms of human resource capabilities and technical capabilities, we have promoted initiatives to improve technical skills and foster talent through the enhancement of effective and practical education and training. The Totetsu Training Institute (Tsukubamirai City, Ibaraki Prefecture), which began full operation in April 2022, covers approximately 40,000 m² and is equipped with various practical facilities, including a training building, a practice building, practice lines, and

large-scale track maintenance machinery. Over the course of two years, more than 20,000 employees from Group and partner companies have received training and drills in a more practical format, further expanding our human capital.

Regarding "thorough enforcement of safety and quality first," under the management philosophy of "Safety first above all else," we have pursued the ultimate safety and security for our customers, local communities, partner companies, and employees. We have implemented various measures to ensure customer satisfaction and trust by providing safe, secure, high-quality, highly efficient, and low-cost technologies, services, and products.

In "creation of a fulfilling workplace," we have further promoted the creation of a culture that values people, a long-standing focus of the Group. This includes fostering a more pleasant and comfortable workplace as well as improving business operations through work style reforms aimed at realizing an eight-day-off per four-week schedule and reducing working hours. Additionally, we have expanded systems to support diverse work styles as well as employees with small children. Regarding the promotion of women's active engagement, our efforts to improve workplace environments were recognized, and in October 2023, we received a two-star Eruboshi Certification. Furthermore, to secure talent and enhance employee satisfaction, we have raised starting salaries and improved overall wage levels, including base salary increases. As part of our health management initiatives, we introduced a diet improvement app and organized a walking event. Moving forward, we will continue to actively invest in human capital.

In "productivity improvement and cost reduction," we have focused on enhancing safety and productivity by advancing our construction technical capabilities. This includes improving the cover plates used in platform door construction (patented and pending), developing seismic reinforcement methods for electric poles used in seismic reinforcement measures for Shinkansen and others (patented and pending), and designing a mobile liftable hanging scaffold specialized for repair work of pedestrian bridges constructed above railway tracks (patented). Additionally, in station building renovation work, we have further evolved methods such as the Pillar-Pile Spot Method (patented) and the Smart WIXIS Method (patented). In response to Japan's declining population and the increasingly challenging environment surrounding the construction industry, we have strategically promoted digital transformation (DX) to secure construction capacity. To accelerate the digitization of construction sites, we have established a DX Promotion Office, which reports directly to the President.

In "implementation of ESG management," we are committed to promoting sincere management that earns the trust of stakeholders. Our policy is to link SDGs (Sustainable Development Goals) and ESG to our business activities, aiming to fulfill the Group's social mission through the business activities. Through this process, as an initiative to reduce CO₂ emissions in line with the TCFD recommendations, we have set a goal of achieving net zero by FY2050. To further advance our CO₂ reduction efforts, we have established the Environmental Strategy Committee, and many employees are working to pass the Eco Test to raise their awareness of environmental issues. Additionally, we are progressing with the sale of cross-shareholdings, taking into comprehensive account the strategic importance of management as well as the need to build, maintain, and strengthen good and smooth relationships with business partners. By advancing these initiatives, we have been committed to achieving the Group's sustainable growth, corporate value enhancement, and common value creation with our stakeholders.

In "strengthening of organizational and group capabilities," we have aimed to maintain and enhance a solid construction execution system by strengthening

partnerships with partner companies. To this end, we implemented human rights due diligence and carried out supply chain management and monitoring. Additionally, to ensure a stable construction capacity in the future, we have further reinforced collaboration with partner companies. This includes providing recruitment support and management support, such as employee development through the use of the Totetsu Training Institute, with the goal of enhancing the overall capabilities of the Totetsu Kogyo Group.

As a result, for the fiscal year under review, orders received amounted to 154,237 million yen (up 30,082 million yen year-on-year), and net sales amounted to 141,845 million yen (up 17,184 million yen year-on-year).

Regarding profit, gross profit was 20,158 million yen (up 2,765 million yen year-on-year), operating profit was 11,751 million yen (up 2,680 million yen year-on-year), ordinary profit was 12,106 million yen (up 2,618 million yen year-on-year), and profit attributable to owners of parent was 8,296 million yen (up 390 million yen year-on-year).

Analysis of financial position

At the end of the fiscal year under review, total assets increased by 18,417 million yen year-on-year, amounting to 168,117 million yen. This is mainly due to an increase in notes receivable, accounts receivable from completed construction contracts and other associated with an increase in net sales.

Total liabilities increased by 10,423 million yen year-on-year, amounting to 56,634 million yen. This is mainly due to an increase in short-term borrowings.

As a result, total net assets increased by 7,993 million yen year-on-year, amounting to 111,483 million yen. The equity-to-asset ratio decreased from 68.4% at the end of the previous fiscal year to 65.7%.

Cash flows

At the end of the fiscal year under review, cash and cash equivalents increased by 2,766 million yen year-on-year, amounting to 16,379 million yen. The cash flow status for the fiscal year under review and its contributing factors are as follows.

(Cash flows from operating activities)

Due to an increase in collections of trade receivables, net cash provided by operating activities increased by 13,796 million yen year-on-year to 4,839 million yen.

(Cash flows from investing activities)

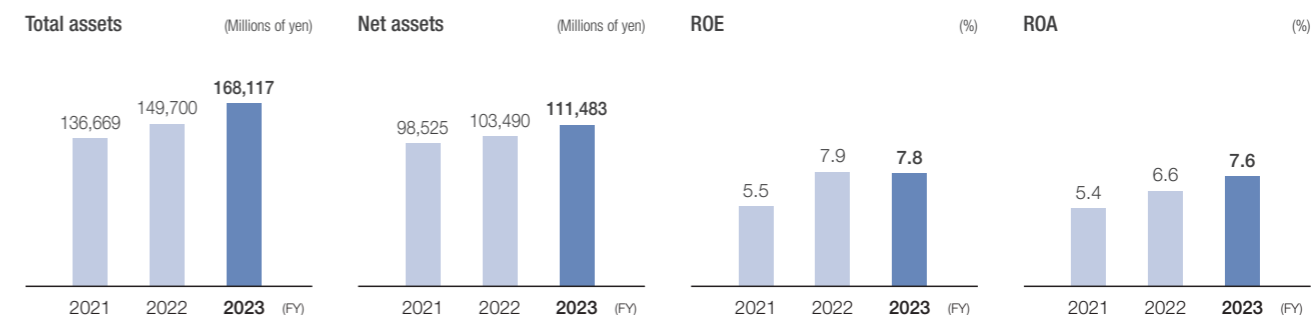
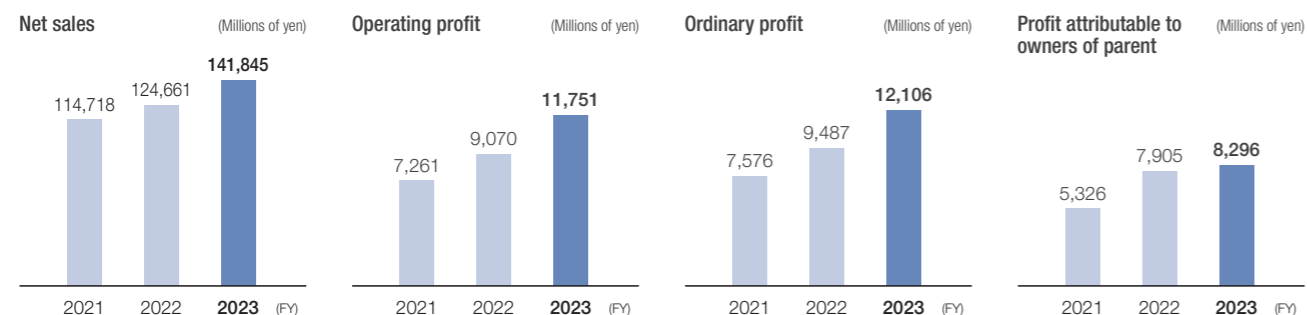
Due to a decrease in purchase of shares of subsidiaries and associates, net cash used in investing activities decreased by 1,284 million yen year-on-year to 3,680 million yen.

(Cash flows from financing activities)

Due to an increase in dividends paid, net cash provided by financing activities decreased by 142 million yen year-on-year to 1,607 million yen.

The major sources of the Group's funds include cash flows from operating activities and borrowings from financial institutions. The major uses of funds include material costs, outsourcing costs, and capital investments.

Regarding liquidity, we ensure sufficient working capital to carry out our business activities. Additionally, to prepare for emergency funding needs, we have secured credit lines that are available for use from financial institutions as needed.



Consolidated Financial Statements

Consolidated Balance Sheets

(Thousands of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	13,613,661	16,379,989
Notes receivable, accounts receivable from completed construction contracts and other	93,422,018	104,097,076
Costs on construction contracts in progress	3,482,614	3,758,038
Other	2,023,737	1,832,967
Allowance for doubtful accounts	(8,092)	(10,300)
Total current assets	112,533,939	126,057,772
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,528,726	13,695,283
Machinery, vehicles, tools, furniture and fixtures	21,150,845	23,569,413
Land	5,097,860	5,097,860
Leased assets	1,243,122	1,263,445
Construction in progress	37,653	122,914
Accumulated depreciation	(18,216,416)	(20,058,327)
Total property, plant and equipment	22,841,791	23,690,589
Intangible assets	404,947	416,952
Investments and other assets		
Investment securities	12,222,312	14,323,191
Retirement benefit asset	770,277	2,711,347
Other	1,337,646	1,327,813
Allowance for doubtful accounts	(410,337)	(409,737)
Total investments and other assets	13,919,899	17,952,614
Total non-current assets	37,166,639	42,060,157
Total assets	149,700,578	168,117,929

(Thousands of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	26,823,294	29,706,846
Short-term borrowings	5,000,000	10,000,000
Income taxes payable	2,470,381	2,289,744
Advances received on construction contracts in progress	836,970	872,516
Provision for warranties for completed construction	175,493	269,925
Provision for loss on construction contracts	113,559	166,939
Provision for bonuses	1,971,623	2,023,669
Asset retirement obligations	120,000	—
Other	5,871,915	7,290,881
Total current liabilities	43,383,237	52,620,523
Non-current liabilities		
Long-term accounts payable - other	3,800	741
Lease liabilities	759,958	658,908
Long-term leasehold and guarantee deposits received	339,072	327,777
Deferred tax liabilities	—	1,011,650
Provision for repairs	750,230	986,977
Retirement benefit liability	793,319	803,938
Provision for share awards for directors (and other officers)	30,758	71,789
Provision for retirement benefits for directors (and other officers)	14,328	14,900
Asset retirement obligations	135,806	137,231
Total non-current liabilities	2,827,274	4,013,913
Total liabilities	46,210,511	56,634,437
Net assets		
Shareholders' equity		
Share capital	2,810,000	2,810,000
Capital surplus	2,977,863	3,166,700
Retained earnings	97,878,547	102,929,517
Treasury shares	(3,897,519)	(3,894,896)
Total shareholders' equity	99,768,890	105,011,321
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,560,795	4,086,940
Remeasurements of defined benefit plans	54,933	1,331,366
Total accumulated other comprehensive income	2,615,728	5,418,306
Non-controlling interests	1,105,448	1,053,864
Total net assets	103,490,067	111,483,492
Total liabilities and net assets	149,700,578	168,117,929

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales		
Net sales of completed construction contracts	117,917,311	133,460,245
Net sales for incidental businesses	6,744,073	8,385,641
Total net sales	124,661,384	141,845,886
Cost of sales		
Cost of sales of completed construction contracts	102,206,004	115,566,269
Cost of sales on incidental businesses	5,062,193	6,120,663
Total cost of sales	107,268,198	121,686,933
Gross profit		
Gross profit on completed construction contracts	15,711,306	17,893,975
Gross profit on incidental businesses	1,681,879	2,264,977
Total gross profit	17,393,186	20,158,953
Selling, general and administrative expenses	8,322,383	8,407,780
Operating profit	9,070,802	11,751,172
Non-operating income		
Interest income	271	172
Dividend income	220,022	240,004
Share of profit of entities accounted for using equity method	95,583	52,788
Other	119,929	87,570
Total non-operating income	435,807	380,536
Non-operating expenses		
Interest expenses	15,957	19,100
Other	2,712	6,550
Total non-operating expenses	18,669	25,651
Ordinary profit	9,487,940	12,106,057
Extraordinary income		
Gain on sale of non-current assets	1,125,505	13,819
Gain on sale of investment securities	858,379	185,777
Gain on bargain purchase	728,415	—
Other	—	48
Total extraordinary income	2,712,301	199,645
Extraordinary losses		
Loss on sale of shares of subsidiaries and associates	—	2,332
Loss on step acquisitions	333,832	—
Loss on sale of non-current assets	5,031	3
Loss on retirement of non-current assets	192,568	20,881
Impairment losses	176,802	—
Other	—	950
Total extraordinary losses	708,235	24,167
Profit before income taxes	11,492,005	12,281,535
Income taxes - current	3,507,660	3,928,256
Income taxes - deferred	(46,266)	(89,496)
Total income taxes	3,461,393	3,838,759
Profit	8,030,611	8,442,776
Profit attributable to non-controlling interests	124,883	146,260
Profit attributable to owners of parent	7,905,728	8,296,515

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	8,030,611	8,442,776
Other comprehensive income		
Valuation difference on available-for-sale securities	(145,365)	1,544,286
Remeasurements of defined benefit plans, net of tax	(82,058)	1,276,433
Share of other comprehensive income of entities accounted for using equity method	(501)	—
Total other comprehensive income	(227,925)	2,820,720
Comprehensive income	7,802,686	11,263,496
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,669,513	11,099,093
Comprehensive income attributable to non-controlling interests	133,173	164,402

Consolidated Financial Statements

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,810,000	2,351,082	93,006,836	(3,894,688)	94,273,230	2,714,951	136,991	2,851,943	1,399,981	98,525,154
Changes during period										
Dividends of surplus	—	—	(3,034,017)	—	(3,034,017)	—	—	—	—	(3,034,017)
Profit attributable to owners of parent	—	—	7,905,728	—	7,905,728	—	—	—	—	7,905,728
Purchase of treasury shares	—	—	—	(239,594)	(239,594)	—	—	—	—	(239,594)
Disposal of treasury shares	—	2,467	—	236,762	239,230	—	—	—	—	239,230
Change in ownership interest of parent due to transactions with non-controlling interests	—	624,314	—	—	624,314	—	—	—	—	624,314
Net changes in items other than shareholders' equity	—	—	—	—	—	(154,156)	(82,058)	(236,215)	(294,532)	(530,747)
Total changes during period	—	626,781	4,871,710	(2,831)	5,495,660	(154,156)	(82,058)	(236,215)	(294,532)	4,964,913
Balance at end of period	2,810,000	2,977,863	97,878,547	(3,897,519)	99,768,890	2,560,795	54,933	2,615,728	1,105,448	103,490,067

For the fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,810,000	2,977,863	97,878,547	(3,897,519)	99,768,890	2,560,795	54,933	2,615,728	1,105,448	103,490,067
Changes during period										
Dividends of surplus	—	—	(3,245,544)	—	(3,245,544)	—	—	—	—	(3,245,544)
Profit attributable to owners of parent	—	—	8,296,515	—	8,296,515	—	—	—	—	8,296,515
Purchase of treasury shares	—	—	—	(197)	(197)	—	—	—	—	(197)
Disposal of treasury shares	—	—	—	2,820	2,820	—	—	—	—	2,820
Change in ownership interest of parent due to transactions with non-controlling interests	—	188,837	—	—	188,837	—	—	—	—	188,837
Net changes in items other than shareholders' equity	—	—	—	—	—	1,526,145	1,276,433	2,802,578	(51,583)	2,750,994
Total changes during period	—	188,837	5,050,970	2,622	5,242,430	1,526,145	1,276,433	2,802,578	(51,583)	7,993,425
Balance at end of period	2,810,000	3,166,700	102,929,517	(3,894,896)	105,011,321	4,086,940	1,331,366	5,418,306	1,053,864	111,483,492

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	11,492,005	12,281,535
Depreciation	2,317,320	2,670,823
Impairment losses	176,802	—
Gain on bargain purchase	(728,415)	—
Loss (gain) on step acquisitions	333,832	—
Increase (decrease) in allowance for doubtful accounts	(472)	1,608
Loss (gain) on sale of shares of subsidiaries and associates	—	2,332
Increase (decrease) in long-term accounts payable - other	—	(3,058)
Increase (decrease) in provision for loss on construction contracts	19,532	53,380
Increase (decrease) in provision for warranties for completed construction	(158,207)	94,432
Increase (decrease) in provision for bonuses	161,674	52,046
Increase (decrease) in retirement benefit liability	18,940	10,619
Increase (decrease) in provision for share awards for directors (and other officers)	30,758	41,031
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(46,645)	571
Increase (decrease) in provision for repairs	220,520	236,746
Interest and dividend income	(220,294)	(240,177)
Interest expenses	15,957	19,100
Share of loss (profit) of entities accounted for using equity method	(95,583)	(52,788)
Loss (gain) on sale and retirement of property, plant and equipment	(927,905)	7,065
Loss (gain) on sale of investment securities	(858,379)	(185,777)
Decrease (increase) in trade receivables	(19,368,428)	(10,675,058)
Decrease (increase) in costs on construction contracts in progress	(402,720)	(275,423)
Increase (decrease) in trade payables	378,363	2,878,075
Increase (decrease) in advances received on construction contracts in progress	140,550	35,546
Increase (decrease) in accrued consumption taxes	62,063	1,302,513
Other, net	(380,702)	703,503
Subtotal	(7,819,430)	8,958,648
Interest and dividends received	223,178	240,953
Interest paid	(15,957)	(19,100)
Income taxes paid	(1,344,583)	(4,340,666)
Net cash provided by (used in) operating activities	(8,956,794)	4,839,833
Cash flows from investing activities		
Proceeds from sale of shares of subsidiaries and associates	—	169,779
Purchase of property, plant and equipment	(5,493,407)	(3,866,613)
Proceeds from sale of property, plant and equipment	1,135,532	34,044
Purchase of investment securities	(2,129)	(2,025)
Proceeds from sale of investment securities	1,322,235	201,687
Purchase of intangible assets	(46,251)	(51,632)
Purchase of shares of subsidiaries and associates	(2,002,740)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	271,711	—
Other, net	(149,728)	(165,763)
Net cash provided by (used in) investing activities	(4,964,777)	(3,680,524)
Cash flows from financing activities		
Proceeds from short-term borrowings	5,000,000	34,000,000
Repayments of short-term borrowings	—	(29,000,000)
Repayments of lease liabilities	(117,314)	(124,194)
Purchase of treasury shares	(239,594)	(197)
Proceeds from sale of treasury shares	239,230	—
Dividends paid	(3,029,589)	(3,241,439)
Dividends paid to non-controlling interests	(1,756)	(1,823)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(101,426)	(25,326)
Net cash provided by (used in) financing activities	1,749,549	1,607,019
Net increase (decrease) in cash and cash equivalents	(12,172,022)	2,766,328
Cash and cash equivalents at beginning of period	25,785,683	13,613,661
Cash and cash equivalents at end of period	13,613,661	16,379,989

Company Overview/Stock Information (as of March 31, 2024)

Company Overview

Trade name	TOTETSU KOGYO CO., LTD.
Date of incorporation	July 7, 1943
Capital	2.81 billion yen
Number of employees	1,662
Head Office location	4th Floor, JR Shinanomachi Building, 34 Shinanomachi, Shinjuku-ku, Tokyo 160-8589 Tel: +81-3-5369-7698
Authorizations and licenses	< Construction operator license > Authorization by Minister of Land, Infrastructure, Transport and Tourism (Special/General-1) No. 3502 < First-class architect offices > Head Office, and Tokyo (Architectural Business), Hachioji, Yokohama, Chiba, Mito, Saitama, and Takasaki Branches < Building lots and buildings trading license > Governor of Tokyo (15) No. 19956
Acquired certification standards	ISO 9001 certification: registration No. MSA-QS-49 ISO 14001 certification: registration No. MSA-ES-688 < Scope of certification > Business related to design and construction of civil engineering structures, buildings, and railway tracks, as well as environmental conservation Purchase, sale, and leasing of real estate Inspection and repair of track construction machinery (certification for QMS only) Rail welding and non-destructive testing of welded joints and base materials, etc. (certification for QMS only)

*For details on the scope of certification and related organizations included in the scope of certification, visit the "Search for certified organizations" section on the JAB website. <https://www.jab.or.jp/en>

Stock Information

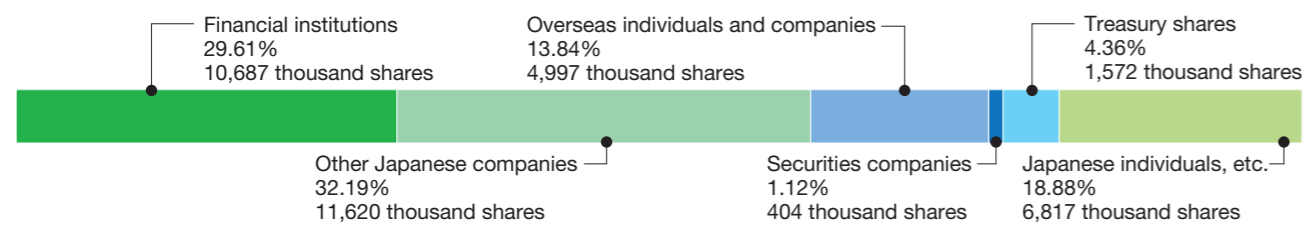
Total number of authorized shares	138,900,000 shares
Total number of shares issued	36,100,000 shares
Number of shareholders	15,564

Major Shareholders (top 10)

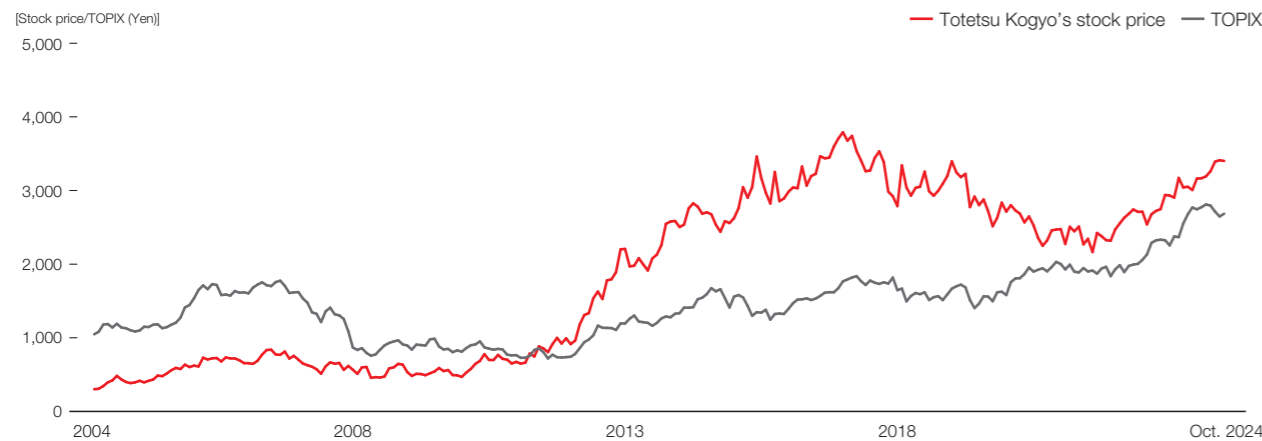
Name of shareholder	Investment in the Company	
	Number of shares held (in thousands)	Shareholding ratio (%)
East Japan Railway Company	6,699	19.40
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,981	11.53
Custody Bank of Japan, Ltd. (Trust Account)	3,386	9.81
NIPPON DENSETSU KOGYO CO., LTD.	1,088	3.15
TOTETSU KOGYO Employee Shareholding Association	849	2.46
Meiji Yasuda Life Insurance Company	731	2.12
Daiichi Kensetsu Corporation	547	1.59
Nippon Life Insurance Company	537	1.56
Mizuho Trust & Banking Co., Ltd.	525	1.52
GECOSS CORPORATION	498	1.44

Notes: 1.The Company holds 1,572,988 shares of treasury shares, but is excluded from the major shareholders listed above. The shareholding ratio is calculated after deducting treasury shares.
2.The Company has introduced a performance-linked and share-based remuneration system (Board Benefit Trust), and Custody Bank of Japan, Ltd. (Trust Account E) ("Trust Account E") holds 100,600 shares of the Company's stock. The shares of the Company held by Trust Account E are not included in treasury shares.

Distribution by Ownership



Trends in Stock Price



Head Office, Branches, and Offices (as of March 31, 2024)

Head Office	4th Floor, JR Shinanomachi Building, 34 Shinanomachi, Shinjuku-ku, Tokyo 160-8589	Tel: +81-3-5369-7698
Tokyo Branch (Civil Engineering Business)	3rd Floor, Toko Komagome Building, 1-8-11 Komagome, Toshima-ku, Tokyo 170-0003	Tel: +81-3-5978-2813
Tokyo Branch (Railway Track Maintenance Business)	4th Floor, Toko Komagome Building, 1-8-11 Komagome, Toshima-ku, Tokyo 170-0003	Tel: +81-3-5978-2811
Tokyo Branch (Architectural Business)	5th Floor, Toko Komagome Building, 1-8-11 Komagome, Toshima-ku, Tokyo 170-0003	Tel: +81-3-5940-4441
Hachioji Branch	3rd Floor, Nippon Life Hachioji Building, 12-4 Asahi-cho, Hachioji-shi, Tokyo 192-0083	Tel: +81-42-656-8811
Yokohama Branch	2nd Floor, JR East Yokohama Branch Office Bldg., 1-40-26 Hiranuma, Nishi-ku, Yokohama-shi, Kanagawa 220-0023	Tel: +81-45-290-8711
Chiba Branch	2-23-1 Bente, Chuo-ku, Chiba-shi, Chiba 260-0045	Tel: +81-43-251-8221
Mito Branch	2-7-7 Miya-machi, Mito-shi, Ibaraki 310-0015	Tel: +81-29-231-6231
Saitama Branch	6th Floor, OS Building, 4-247 Sakuragi-cho, Omiya-ku, Saitama-shi, Saitama 330-0854	Tel: +81-48-631-3500
Tohoku Branch	4th Floor, Sendai KY Building, 3-10-19 Chuo, Aoba-ku, Sendai-shi, Miyagi 980-0021	Tel: +81-22-222-8641
Takasaki Branch	172-9 Azuma-cho, Takasaki-shi, Gunma 370-0045	Tel: +81-27-323-4630
Niigata Branch	4th Floor, Carp Niigata Building, 2-5-1 Higashiodori, Chuo-ku, Niigata-shi, Niigata 950-0087	Tel: +81-25-244-0647
Totetsu Training Institute	2-1 Shihogaoka, Tsukubamirai-shi, Ibaraki 300-2359	Tel: +81-297-38-8091
Equipment Center	490 Takamushi, Hasuda-shi, Saitama 349-0137	Tel: +81-3-5369-7609
Nagano Office	2nd Floor, JR Shiojiri General Office, 521 Daimon, Shiojiri-shi, Nagano 399-0744	Tel: +81-263-87-4346
Fukushima Office	2nd Floor, Takatoku Building No. 8, 6-3 Wase-cho, Fukushima-shi, Fukushima 960-8044	Tel: +81-24-572-7642
Morioka Office	3rd Floor, Ryowa Building, 3-3-2 Chuodori, Morioka-shi, Iwate 020-0021	Tel: +81-19-613-3496
Senboku Office	177-23 Aza Kamikawado, Yamoto, Higashimatsushima-shi, Miyagi 981-0503	Tel: +81-225-98-8903

Group Companies (Consolidated Subsidiaries) (as of March 31, 2024)

Totetsu Kiko Co., Ltd.	6th Floor, Toko Komagome Building, 1-8-11 Komagome, Toshima-ku, Tokyo 170-0003	Tel: +81-3-5940-4431
Kowa Kasei Co., Ltd.	2nd Floor, Kinsmen Building No. 3, 4-21-6 Higashi-ikebukuro, Toshima-ku, Tokyo 170-0013	Tel: +81-3-6384-7150
Totetsu Maintenance Koji Co., Ltd.	5-6-11 Higashishinagawa, Shinagawa-ku, Tokyo 140-0002	Tel: +81-3-5460-1718
Totetsu Soken Co., Ltd.	3-4 Kandakaji-cho, Chiyoda-ku, Tokyo 101-0045	Tel: +81-3-5295-0211
Zenyo Co., Ltd.	2-11-6 Higashioizumi, Nerima-ku, Tokyo 178-0063	Tel: +81-3-3922-1991

