

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between the English translation and the Japanese original, the original version shall prevail.

(Securities Code: 1861)

June 2, 2022

To Our Shareholders

Yasunori Sakurano, President  
Kumagai Gumi Co., Ltd.  
Fukui Office: 2-6-8, Chuo, Fukui-shi  
Tokyo Head Office: 2-1, Tsukudocho,  
Shinjuku-ku, Tokyo

## CONVOCATION NOTICE OF THE 85TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Sirs and Madams:

Notice is hereby given that the 85th Ordinary General Meeting of Shareholders of Kumagai Gumi Co., Ltd. (the “Company”) will be held as set forth below.

In order to prevent the spread of the infection caused by the novel coronavirus (COVID-19), we ask our shareholders to exercise your voting rights in advance by returning the enclosed Voting Form to us or via the Internet, etc., as much as possible, and refrain from attending the ordinary general meeting of shareholders on the day of such meeting.

**After examining the reference materials for the ordinary general meeting of shareholders set forth below, please exercise your voting rights no later than 5:30 p.m. on Tuesday, June 28, 2022.**

### Description

- 1. Date and Time:** 10:00 a.m. on Wednesday, June 29, 2022
- 2. Place:** Tokyo Head Office of the Company, Main Conference Room 2-1, Tsukudocho, Shinjuku-ku, Tokyo  
Please note that we will set a substantially fewer number of seats to ensure space between seats in order to prevent the spread of infection. Therefore, it is possible that we may have to deny

your entrance even if you come to the meeting venue. We appreciate your kind understanding in advance.

### 3. Purpose:

- Matters to Be Reported:**
1. Report on the contents of the Business Report, the contents of the consolidated financial statements, and the results of audit of the consolidated financial statements by the Accounting Auditors and the Audit & Supervisory Board, for the 85th fiscal year (from April 1, 2021 to March 31, 2022)
  2. Report on the contents of the nonconsolidated financial statements for the 85th fiscal year (from April 1, 2021 to March 31, 2022)

**Matters to Be Resolved:**

- |                    |   |
|--------------------|---|
| <b>Proposal 1:</b> | Dividends from surplus  |
| <b>Proposal 2:</b> | Partial amendment of Articles of Incorporation                      |
| <b>Proposal 3:</b> | Reduction in amount of legal capital surplus                        |
| <b>Proposal 4:</b> | Appointment of eleven (11) Directors                                |
| <b>Proposal 5:</b> | Appointment of two (2) Audit & Supervisory Board Members            |
| <b>Proposal 6:</b> | Appointment of two (2) Substitute Audit & Supervisory Board Members |

### 4. Guide to Exercising Voting Rights

- (1) Exercise of voting rights by postal mail  
Indicate your approval/disapproval for each proposal in the enclosed Voting Form, and send the completed form to us so that it reaches us by the above deadline for the voting.
- (2) Exercise of voting rights by electromagnetic methods (using the Internet, etc.)  
Please access the website specified by the Company for exercising voting rights (<https://www.web54.net>) and enter your “Code for Exercising Voting Rights” and the “password” indicated in the enclosed Voting Form. Follow the instructions on the screen and enter your approval/disapproval for each proposal.  
To exercise voting rights via the Internet, etc., please refer to the “Guide to Exercising Voting Rights via the Internet, etc.” on page 5.  
If you exercise your voting rights both by sending the Voting Form and via the Internet, the vote made via the Internet, etc. shall be deemed effective.

[End of Notice]

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- \* Upon arrival at the meeting, please submit the Voting Form enclosed herewith to the reception at the entrance to the meeting venue.
  - \* Among the statements to be provided upon this Convocation Notice, the “Consolidated Statements of Changes in Equity,” the “Notes to the Consolidated Financial Statements,” the “Nonconsolidated Statements of Changes in Equity,” and the “Notes to Nonconsolidated Financial Statements” are posted on the Company’s website (<https://www.kumagaigumi.co.jp/>) pursuant to laws and regulations and the provisions of the Articles of Incorporation and are therefore not included in the attachment to this Convocation Notice. Please note that the consolidated financial statements and nonconsolidated financial statements described in the attachment to this Convocation Notice are part of the consolidated financial statements and nonconsolidated financial statements audited by the Accounting Auditors and Audit & Supervisory Board Members upon preparing the Accounting Audit Report and Audit Report, respectively.
  - \* If any modifications are made to the reference materials for the ordinary general meeting of shareholders, as well as the Business Report, nonconsolidated financial statements or consolidated financial statements, such modifications will be posted on the Company’s website (<https://www.kumagaigumi.co.jp/>).

# Guide to Exercising Voting Rights

**If you are attending the general meeting of shareholders:**

Upon arrival at the meeting, please bring this Convocation Notice with you and submit the Voting Form enclosed herewith to the reception at the entrance to the meeting venue.

Date and time of the meeting: 10:00 a.m. on Wednesday, June 29, 2022

**If you are not attending the general meeting of shareholders:**

**Exercise of voting rights in writing:**

Please indicate your approval/disapproval for each proposal in the enclosed Voting Form, and send the completed form to us

Voting deadline: The form must arrive by 5:30 p.m. on Tuesday, June 28, 2022

**Exercise of voting rights via the Internet, etc.:**

Please enter your approval/disapproval for each proposal in accordance with the instructions on the screen upon reviewing the “Guide to Exercising Voting Rights via the Internet, etc.” (page 5) below.

Voting deadline: No later than 5:30 p.m. on Tuesday, June 28, 2022

## Guide to Exercising Voting Rights via the Internet, etc.

Voting rights may be exercised only through the following website specified by the Company for exercising voting rights.

### Voting deadline:

No later than 5:30 p.m. on Tuesday, June 28, 2022

### Voting website:

<https://www.web54.net>



### Notes:

- If you exercise your voting rights redundantly by sending the Voting Form and via the Internet, etc., the votes submitted via the Internet, etc. will be deemed effective. Furthermore, if you exercise your voting rights more than once via the Internet, etc. or redundantly by personal computer, smartphone and by cellular phone, only your most recent exercise of voting rights will be accepted as effective.
- Handling of Password and Code for Exercising Voting Rights
  - (1) Passwords are important information to verify the identity of the person exercising voting rights as a shareholder. As is the case with personal seals and security codes, please do not disclose them to others.
  - (2) Your password will be invalidated if an incorrect password is entered for a certain number of times. If you wish to have your password reissued, please follow the procedures on the screen.
  - (3) The Code for Exercising Voting Rights provided in the Voting Form is effective only for this ordinary general meeting of shareholders.

## Contact Information for Inquiries Regarding Exercising of Voting Rights via the Internet

### (1) For inquiries regarding operation of personal computer, smartphone etc., to exercise voting rights via the internet, please contact:

Sumitomo Mitsui Trust Bank, Stock Transfer Agency Web Support  
[Dedicated telephone line] (toll free) 0120-652-031 (9:00 a.m. to 9:00 p.m.)

### (2) For other inquiries:

Shareholders who hold an account with a securities company:

Please inquire with your securities company.

Shareholders who do not hold an account with a securities company:

Sumitomo Mitsui Trust Bank, Stock Transfer Agency Administration Center

[Telephone] (toll free) 0120-782-031 (9:00 a.m. to 5:00 p.m. (excluding Saturdays, Sundays and national holidays))

### Use of Electronic Voting Platform (for institutional investors)

With respect to this ordinary general meeting of shareholders, institutional investors may exercise their voting rights electronically through the “Electronic Voting Platform” operated by ICJ Incorporated.

## Reference Materials for Ordinary General Meeting of Shareholders

### Proposal and Reference Matters

#### Proposal 1: Dividends from surplus

The basic policy of the Company with regards to the distribution of profits is to return profits to our shareholders appropriately and steadily while enhancing retained earnings to strengthen the management structure and increase operating revenue, by taking into consideration the operating results for the current business term, the outlook for the medium-to-long term performance as well as the management environment, etc.

In addition, the Company will endeavor to further improve our performance based on the “Medium-term Management Plan (FY2021-2023),” further focus on returning profits to our shareholders, and intend to continue shareholder return aimed at around a dividend payout ratio of 30%.

In accordance with the basic policy and the Medium-term Management Plan, the Company proposes that the year-end dividends for the 85th fiscal year be as follows:

- (1) Type of Distributed Assets  
Cash
- (2) Matters Related to Allotment of Distributed Assets and Aggregate Amount Thereof  
The Company proposes to make cash dividend payments of JPY 120 per share in respect of the common stock of the Company.  
In this case, the total amount of dividend will amount to be JPY 5,442,418,920.
- (3) Effective Date of Dividends from Surplus  
June 30, 2022

Proposal 2: Partial amendment of Articles of Incorporation

1. Reason for proposal

- (1) In response to the current business conditions of the Company and its subsidiaries, for the purpose of clarifying the content of the business and responding to any future business development, the Company intends to expand and reorganize the business purposes set forth in Article 2 of the current Articles of Incorporation.
  
- (2) The amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022. Therefore, in preparation for the introduction of the electronic provision system for the materials for general meetings of shareholders, the Articles of Incorporation of the Company will be amended as follows:
  - (i) Proposed amended Article 16, Paragraph 1 stipulates that electronic provision measures shall be taken with respect to the information contained in the reference materials, etc., for general meetings of shareholders;
  - (ii) Proposed amended Article 16, Paragraph 2 limits the scope of the matters to be contained in the documents to be delivered to shareholders who have requested the delivery of documents in paper form;
  - (iii) The provisions in respect of disclosure by way of the internet and deemed provision of reference materials, etc., for general meetings of shareholders (Article 16 of the current Articles of Incorporation) will no longer be required and will be deleted; and
  - (iv) In line with the above additions and deletions, supplementary provisions concerning the effective date and related matters will be established.

2. Details of amendment

The details of the amendment are as follows:

(Underlines reflect the amendments)

Current Articles of Incorporation	Proposed Amendments to the Articles of Incorporation
(Purpose) Article 2. The purpose of the Company is to engage in the following businesses:  1.-12. (Clauses omitted)	(Purpose) Article 2. (As per current Articles of Incorporation)  1.-12 (As per current Articles of Incorporation)

Current Articles of Incorporation	Proposed Amendments to the Articles of Incorporation
<p>13. Businesses related to power generation, and provision of <u>electricity</u> and energy, including thermal energy, as well as, businesses related to greenhouse gas emissions trading.</p> <p>14. (Clause omitted)</p> <p>15. Acquisition, licensing, and sale of industrial property, know-how, and computer-based software.</p> <p>16-21. (Clauses omitted)</p> <p><u>(Disclosure by way of the Internet and Deemed Provision of Reference Materials, etc. for General Meetings of Shareholders)</u>  <u>Article 16. In connection with convocation of a general meeting of shareholders, the Company may deem to have provided shareholders with any information relating to the matters to be stated or indicated in the reference materials for a general meeting of shareholders, business reports, financial statements, and consolidated financial statements by disclosing such information by way of the internet in accordance with the relevant ordinance of the Ministry of Justice.</u></p> <p>&lt;Newly Established &gt;</p>	<p>13. Businesses related to power generation, <u>electricity transmission and distribution, electricity retailing,</u> provision of energy, including thermal energy, <u>installation and lease of power generation facilities,</u> as well as, businesses related to greenhouse gas emissions trading.</p> <p>14. (As per current Articles of Incorporation)</p> <p>15. <u>Development,</u> acquisition, licensing, and sale of industrial property, know-how, and computer-based software.</p> <p>16-21. (As per current Articles of Incorporation)</p> <p>&lt;Deletion&gt;</p> <p><u>(Electronic Provision Measures, etc.)</u>  <u>Article 16</u>  <u>1. At the time of convocation of a general meeting of shareholders, the Company shall take the electronic</u></p>



Current Articles of Incorporation	Proposed Amendments to the Articles of Incorporation
<p>&lt;Newly Established&gt;</p>	<p><u>provision measures for the information contained in the reference materials, etc., for a general meeting of shareholders.</u></p> <p>2. <u>Of the matters concerning which electronic provision measures will be taken, the Company may omit all or part of those matters that are provided for in the ordinance of the Ministry of Justice in the documents that will be delivered to shareholders who have requested the delivery of documents in paper form by the record date of voting rights.</u></p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p>1. <u>The amendment to Article 16 of the current Articles of Incorporation shall become effective as of September 1, 2022, the effective date of the amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation (Disclosure by way of the Internet and Deemed Provision of Reference Materials, etc. for General Meetings of Shareholders) shall remain in effect with respect to a general meeting of shareholders to be held within the period of six (6) months from the Effective Date.</u></p> <p>3. <u>These Supplementary Provisions shall be deleted on the date when six (6) months have elapsed from the Effective Date, or three (3) months have elapsed from the date of the</u></p>

Current Articles of Incorporation	Proposed Amendments to the Articles of Incorporation
End	<u>ordinary general meeting of shareholders set forth in the preceding paragraph, whichever is the later.</u> End

Proposal 3: Reduction in amount of legal capital surplus

1. Reason for reduction in amount of legal capital surplus

In order to ensure the agility and flexibility of future capital policies, pursuant to the provision of Article 448, Paragraph 1 of the Companies Act, the Company will reduce the amount of legal capital surplus, and transfer to other capital surplus an amount equal to the amount of reduction.

2. Details of reduction in amount of legal capital surplus

(1) Amount of reduction in legal capital surplus

Legal capital surplus of JPY 16,767,348,000 will be reduced by JPY 9,767,348,000, and the entire amount of such reduction will be transferred to other capital surplus. The amount of legal capital surplus after the reduction will be JPY 7,000,000,000.

(2) Effective date of reduction in amount of legal capital surplus

August 31, 2022

Proposal 4: Appointment of eleven (11) Directors

The terms of office of all nine (9) Directors will expire at the closing of this ordinary general meeting of shareholders.

In order to further enhance the management structure, the Company proposes to increase the number of Directors by two (2) (including one (1) Outside Director), and appoint eleven (11) Directors.

The candidates for Directors are as follows:

[Reference] List of candidates

Candidate No.	Name	Position	In charge of	Attendance at the meetings of Board of Directors
1	Yasunori Sakurano	President Executive President		100% (17/17)
2	Yoshihiko Kato	Director Executive Vice President	Overall Civil Engineering Management In charge of Technology	100% (17/17)
3	Yoshiaki Ogawa	Director Executive Vice President	Overall Architecture Management In charge of Health and Safety In charge of Quality and Environment	100% (17/17)
4	Koji Hidaka	Director Senior Managing Executive Officer	General Manager of the Administration Division In charge of Compliance	100% (17/17)
5	Shin Ueda	Director Senior Managing Executive Officer	General Manager of the Architectural Management Division	100% (13/13) (Since assumption of office in June 2021)
6	Koji Okaichi	Director Senior Managing Executive Officer	General Manager of the Civil Engineering Management Division General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division	100% (13/13) (Since assumption of office in June 2021)

Candidate No.	Name	Position	In charge of	Attendance at the meetings of Board of Directors
7	<u>Reappointment</u> Sakae Yoshida	Director <u>Outside</u> <u>Independent Officer</u>		100% (17/17)
8	<u>Reappointment</u> Shigeru Okada	Director <u>Outside</u> <u>Independent Officer</u>		100% (13/13) (Since assumption of office in June 2021)
9	<u>Reappointment</u> Kimie Sakuragi	Director <u>Outside</u> <u>Independent Officer</u>		100% (13/13) (Since assumption of office in June 2021)
10	<u>New Appointment</u> Tatsuru Satoh	Audit & Supervisory Board Member <u>Non-Executive</u>		94% (16/17) (Number of attendance as an Audit & Supervisory Board Member)
11	<u>New Appointment</u> Masaya Nara	<u>Outside</u> <u>Independent Officer</u>		-

## Candidates for Directors

Candidate No	1		Yasunori Sakurano (Born on July 2, 1957)			Reappointment
	<ul style="list-style-type: none"> <li>Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices</li> </ul>					
	April 1981	Joined the Company	April 2014	General Manager of the Management & Administration Division of the Company		
	April 2010	General Manager of the Personnel Department of the Administration Division of the Company	April 2014	Manager of the Corporate Planning Department of the Management & Administration Division of the Company		
	April 2011	Executive Officer of the Company		General Manager of the Corporate Planning Division of the Company		
Number of Shares Owned by Candidate	April 2012	In charge of the Planning Office of the Company	April 2015	General Manager of the Corporate Planning Division of the Company		
	6,000 shares	April 2012	April 2016	General Manager of the Diversity Promotion Office of the Corporate Planning Division of the Company		
	April 2012	In charge of the CSR Promotion Office of the Company	April 2017	Senior Managing Director of the Company		
	June 2012	Director of the Company	April 2017	Senior Managing Executive Officer of the Company		
	July 2012	General Manager of the Planning Office of the Company	April 2018	President of the Company (current)		
	April 2014	Managing Director of the Company	April 2018	Executive President of the Company (current)		
	April 2014	Managing Executive Officer of the Company				
	<ul style="list-style-type: none"> <li>Reason for selecting him as a candidate for Director</li> </ul>					
	<p>Mr. Sakurano, having held a number of senior positions such as the General Manager of the Personnel Department, the General Manager of the Planning Office and the General Manager of the Management &amp; Administration Division since joining the Company and thereafter having assumed the position of the General Manager of the Corporate Planning Division from April 2015 until March 2018, has a record of playing a leading role in the business and capital alliance with Sumitomo Forestry Co., Ltd. and developing the Medium-to-long term Management Policy and the Medium-term Management Plan (FY2018-2020) of the Company. Furthermore, he has been leading the Group as the Representative Director and President from April 2018 and improving the long-term corporate value of the Company. The Company proposes that Mr. Sakurano's appointment as a Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that it would be valuable for the management of the Company to utilize his past experiences.</p>					
Candidate No	2		Yoshihiko Kato (Born on August 24, 1958)			Reappointment
	<ul style="list-style-type: none"> <li>Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices</li> </ul>					
	April 1982	Joined the Company	April 2017	Senior Managing Director of the Company		
	April 2013	Executive Officer of the Company	April 2017	Senior Managing Executive Officer of the Company		
	April 2013	Deputy General Branch Manager of the Tohoku Branch of the Company	April 2020	Director of the Company (current)		
			April 2020	Executive Vice President of the Company (current)		

<ul style="list-style-type: none"> <li>■ Number of Shares Owned by Candidate 2,600 shares</li> </ul>	April 2013	In charge of Earthquake Recovery at the Tohoku Branch of the Company	April 2021	Overall Civil Engineering Management of the Company (current)
	April 2014	Managing Executive Officer of the Company	April 2021	In charge of Technology at the Company (current)
	April 2014	General Manager of the Civil Engineering Management Division of the Company		
	June 2014	Managing Director of the Company		
	May 2016	General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division of the Company		

■ Reason for selecting him as a candidate for Director

Mr. Kato has extensive knowledge and abundant business experience in the Civil Engineering Management Division, having been engaged in the Civil Engineering Management Division since joining the Company and having been involved in numerous excavation projects for tunnels, held a number of senior positions such as the General Manager of the Technical Center, East Japan Area of the Civil Engineering Management Division and the Tohoku Branch Deputy General Manager/In charge of Earthquake Recovery and thereafter assumed the position of the General Manager of the Civil Engineering Management Division. The Company proposes that Mr. Kato's appointment as a Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that it would be valuable for the management of the Company to utilize his past experiences.

Candidate No **3**

**Yoshiaki Ogawa** (Born on June 19, 1958)

		Reappointment
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<ul style="list-style-type: none"> <li>■ Number of Shares Owned by Candidate 4,500 shares</li> </ul>	<p>■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices</p>			
	April 1982	Joined the Company	April 2017	General Manager of the Architectural Management Division of the Company
	April 2011	Executive Officer of the Company	June 2017	Senior Managing Director of the Company
	April 2011	General Manager of the Architectural Management Department of the Kansai Branch of the Company	April 2020	Director of the Company (current)
	April 2011	Architectural Management Manager of the Architectural Management Department of the Kansai Branch of the Company	April 2020	Executive Vice President of the Company (current)
	April 2012	Deputy General Branch Manager of the Kansai Branch of the Company	April 2021	Overall Architecture Management of the Company (current)
	April 2012	Deputy General Branch Manager of the Kansai Branch of the Company	April 2021	In charge of Health and Safety at the Company (current)
	April 2013	Managing Executive Officer of the Company	April 2021	In charge of Quality and Environment at the Company (current)
	April 2013	General Branch Manager of the Kansai Branch		
	April 2017	Senior Managing Executive Officer of the Company		

■ Reason for selecting him as a candidate for Director

Mr. Ogawa has extensive knowledge and abundant business experience in the Architectural Management Division, having been engaged in the Architectural Management Division since joining the Company and having held a number of senior positions such as the Project Manager of large-scale construction work and the General Manager of the Architectural Management Department and thereafter having assumed the position of the General Manager of the Architectural Management Division. Furthermore, he has a record of conducting regional management as the General Branch Manager of the Kansai Branch from April 2013 to March 2017. The Company proposes that Mr. Ogawa's appointment as a Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that it would be valuable for the management of the Company to utilize his past experiences.

Candidate No **4**

**Koji Hidaka** (Born on May 24, 1958)

		Reappointment
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■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices

■ Number of Shares Owned by Candidate  
3,320 shares

April 1981	Joined the Company	April 2016	In charge of Personal Information Protection at the Company
April 2012	Joint General Manager of the Administration Division of the Company	April 2017	Managing Executive Officer of the Company
July 2012	General Manager of the Accounting Department of the Administration Division of the Company	June 2018	Managing Director of the Company
April 2013	Executive Officer of the Company	April 2020	Director of the Company (current)
April 2014	Joint General Manager of the Management & Administration Division of the Company	April 2020	Senior Managing Executive Officer (current)
April 2014	General Manager of the Accounting Department of the Management & Administration Division of the Company	April 2021	In charge of Compliance at the Company (current)
April 2015	General Manager of the Administration Division of the Company (current)		
April 2016	In charge of Discipline at the Company		

■ Reason for selecting him as a candidate for Director

Mr. Hidaka has extensive knowledge and abundant business experience in the Administration Division, having held a number of senior positions such as the General Manager of the Planning Office and the General Manager of the Accounting Department since joining the Company and thereafter having assumed the position of the General Manager of the Administration Division. The Company proposes that Mr. Hidaka's appointment as a Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that it would be valuable for the management of the Company to utilize his past experiences.

Candidate No **5**

**Shin Ueda** (Born on December 23, 1961)

		Reappointment
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■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices



<ul style="list-style-type: none"> <li>■ Number of Shares Owned by Candidate</li> <li>3,100 shares</li> </ul>	April 1984	Joined the Company	April 2017	Managing Executive Officer of the Company
	April 2014	Executive Officer of the Company	April 2017	General Branch Manager of the Metropolitan Branch of the Company
	April 2014	Deputy General Branch Manager of the Metropolitan Branch of the Company	April 2020	Senior Managing Executive Officer of the Company (current)
	April 2014	General Manager of the Architectural Management Division of the Metropolitan Branch of the Company	April 2021	General Manager of the Architectural Management Division of the Company (current)
	June 2015	General Manager of Project Measures Office of the Company	June 2021	Director of the Company (current)

■ Reason for selecting him as a candidate for Director

Mr. Ueda has extensive knowledge and abundant business experience in the Architectural Management Division, having been engaged in the Architectural Management Division since joining the Company and having held senior positions such as the Project Manager of large-scale construction work and the General Manager of the Architectural Management Department. Furthermore, he has a record of conducting regional management as the General Branch Manager of the Metropolitan Branch from April 2017 to March 2021. The Company proposes that Mr. Ueda's appointment as a Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that it would be valuable for the management of the Company to utilize his past experiences.

Candidate No 6

Koji Okaichi (Born on April 3, 1960)

		Reappointment
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<ul style="list-style-type: none"> <li>■ Number of Shares Owned by Candidate</li> <li>1,100 shares</li> </ul>	<ul style="list-style-type: none"> <li>■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices</li> </ul>			
	April 1984	Joined the Company	April 2020	Senior Managing Executive Officer of the Company (current)
	April 2016	Executive Officer of the Company	April 2021	General Manager of the Civil Engineering Management Division of the Company (current)
	April 2016	Joint General Manager of the Civil Engineering Management Division of the Company	April 2021	General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division of the Company (current)
	April 2016	General Manager of Civil Engineering of the Civil Engineering Management Division of the Company	June 2021	Director of the Company (current)
	April 2017	General Branch Manager of the Kansai Branch of the Company		
	April 2018	Managing Executive Officer of the Company		
	April 2019	General Manager of Kansai Dream Project Office of Kansai Branch of the Company		

■ Reason for selecting him as a candidate for Director

Mr. Okaichi has extensive knowledge and abundant business experience in the Civil Engineering Management Division, having been engaged in the Civil Engineering Management Division since joining the Company and having held senior positions such as Joint General Manager of the Civil Engineering Management Division and General Manager of Civil Engineering of the Civil Engineering Management Division, in addition to having been engaged in numerous city civil engineering construction work. Furthermore, he has a record of conducting regional management as the General Branch Manager of the Kansai Branch from April 2017 to March 2021. The Company proposes that Mr. Okaichi's appointment as a Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that it would be valuable for the management of the Company to utilize his past experiences.

Candidate No 7

Sakae Yoshida (Born on February 3, 1957)

Reappointment	Outside	Independent Officer
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■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices

April 1981	Joined Dainippon Ink and Chemicals, Incorporated (currently, DIC Corporation)	January 2015	Executive Officer, General Manager, Production Management Unit of DIC Corporation
April 2009	Head of Sakai Plant of DIC Corporation	January 2018	Advisor of DIC Corporation (retired in December 2018)
April 2010	Head of Chiba Plant of DIC Corporation	June 2020	Outside Director of the Company (current)

■ Number of Shares Owned by Candidate  
900 shares

■ Reason for selecting him as a candidate for Outside Director and his expected roles

Mr. Yoshida has a record of participating in management as the Executive Officer, General Manager, Production Management Unit of Dainippon Ink and Chemicals, Incorporated (currently, DIC Corporation), after having held a number of senior positions such as the Head of Sakai Plant and the Head of Chiba Plant since he joined DIC Corporation. The Company proposes that Mr. Yoshida's appointment as an Outside Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that the Company can continue to expect to receive appropriate guidance and advice with respect to the management of the Company based on his abundant experience and extensive knowledge accumulated from his past work.

■ Matters concerning independence

Mr. Yoshida satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, he satisfies the Company's Criteria for Determination of Independence set forth on page 28 below and the Company has notified the Tokyo Stock Exchange that he is an independent officer.

In the most recent fiscal year, the Company does not have any transaction with any of the companies for which Mr. Yoshino had previously managed operations.

Candidate No 8

Shigeru Okada (Born on February 27, 1953)

Reappointment	Outside	Independent Officer
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■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices

April 1975	Joined Showa Sangyo Co., Ltd.	April 2017	Chairman and Director of Showa Sangyo Co., Ltd.
June 2005	Executive officer of Showa Sangyo Co., Ltd.	April 2018	Director of Showa Sangyo Co., Ltd.

<ul style="list-style-type: none"> <li>■ Number of Shares Owned by Candidate</li> <li>1,500 shares</li> </ul>	<ul style="list-style-type: none"> <li>■ Reason for selecting him as a candidate for Outside Director and his expected roles</li> </ul> <p>Mr. Okada has an abundant record of conducting management as the President and CEO and the Chairman and Representative Director of Showa Sangyo Co., Ltd., after having held senior positions such as a Director Operating Officer, which is responsible of the administration of several divisions of Showa Sangyo Co., Ltd. since he joined Showa Sangyo Col, Ltd. The Company proposes that Mr. Okada's appointment as an Outside Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that the Company can continue to expect to receive appropriate guidance and advice with respect to the management of the Company based on his abundant experience and extensive knowledge accumulated from his past work.</p> <ul style="list-style-type: none"> <li>■ Matters concerning independence</li> </ul> <p>Mr. Okada satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, he satisfies the Company's Criteria for Determination of Independence set forth on page 28 below and the Company has notified the Tokyo Stock Exchange that he is an independent officer.</p> <p>In the most recent fiscal year, the Company does not have any transaction with any of the companies for which Mr. Okada had previously managed operations.</p>
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<p>Candidate No <b>9</b></p> <ul style="list-style-type: none"> <li>■ Number of Shares Owned by Candidate</li> <li>100 shares</li> </ul>	<p><b>Kimie Sakuragi</b> (Born on September 6, 1958)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Reappointment</td> <td style="text-align: center;">Outside</td> <td style="text-align: center;">Independent Officer</td> </tr> </table> <ul style="list-style-type: none"> <li>■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices</li> </ul> <table border="0"> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>March 1981</li> <li>April 1995</li> <li>November 1998</li> <li>January 2003</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Joined Fukutake Publishing Co., Ltd. (currently Benesse Holdings, Inc.)</li> <li>Supervisor of Book Businesses in Publishing Division of Benesse Corporation</li> <li>Chief of Business Ethics and Compliance Office of Benesse Corporation</li> <li>Manager of Business Ethics and Compliance Office of Benesse Corporation</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>June 2003</li> <li>April 2007</li> <li>June 2019</li> <li>June 2021</li> <li>June 2021</li> </ul> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> <li>Standing Audit &amp; Supervisory Board Member of Benesse Corporation (resigned in June 2019)</li> <li>Adjunct Professor of the University of Aizu Graduate School (current)</li> <li>Outside Director of Toyobo Co., Ltd. (current)</li> <li>Outside Director of Isuzu Motors Limited (Audit and Supervisory Committee Member) (current)</li> <li>Outside Director of the Company (current)</li> </ul> </td> </tr> </table>	Reappointment	Outside	Independent Officer	<ul style="list-style-type: none"> <li>March 1981</li> <li>April 1995</li> <li>November 1998</li> <li>January 2003</li> </ul>	<ul style="list-style-type: none"> <li>Joined Fukutake Publishing Co., Ltd. (currently Benesse Holdings, Inc.)</li> <li>Supervisor of Book Businesses in Publishing Division of Benesse Corporation</li> <li>Chief of Business Ethics and Compliance Office of Benesse Corporation</li> <li>Manager of Business Ethics and Compliance Office of Benesse Corporation</li> </ul>	<ul style="list-style-type: none"> <li>June 2003</li> <li>April 2007</li> <li>June 2019</li> <li>June 2021</li> <li>June 2021</li> </ul>	<ul style="list-style-type: none"> <li>Standing Audit &amp; Supervisory Board Member of Benesse Corporation (resigned in June 2019)</li> <li>Adjunct Professor of the University of Aizu Graduate School (current)</li> <li>Outside Director of Toyobo Co., Ltd. (current)</li> <li>Outside Director of Isuzu Motors Limited (Audit and Supervisory Committee Member) (current)</li> <li>Outside Director of the Company (current)</li> </ul>
Reappointment	Outside	Independent Officer						
<ul style="list-style-type: none"> <li>March 1981</li> <li>April 1995</li> <li>November 1998</li> <li>January 2003</li> </ul>	<ul style="list-style-type: none"> <li>Joined Fukutake Publishing Co., Ltd. (currently Benesse Holdings, Inc.)</li> <li>Supervisor of Book Businesses in Publishing Division of Benesse Corporation</li> <li>Chief of Business Ethics and Compliance Office of Benesse Corporation</li> <li>Manager of Business Ethics and Compliance Office of Benesse Corporation</li> </ul>	<ul style="list-style-type: none"> <li>June 2003</li> <li>April 2007</li> <li>June 2019</li> <li>June 2021</li> <li>June 2021</li> </ul>	<ul style="list-style-type: none"> <li>Standing Audit &amp; Supervisory Board Member of Benesse Corporation (resigned in June 2019)</li> <li>Adjunct Professor of the University of Aizu Graduate School (current)</li> <li>Outside Director of Toyobo Co., Ltd. (current)</li> <li>Outside Director of Isuzu Motors Limited (Audit and Supervisory Committee Member) (current)</li> <li>Outside Director of the Company (current)</li> </ul>					

■ Reason for selecting her as a candidate for Outside Director and her expected roles

Ms. Sakuragi has experience as a Standing Audit & Supervisory Board Member of Benesse Corporation (currently, Benesse Holdings, Inc.), after having held senior positions such as the Manager of Business Ethics and Compliance Office since she joined Fukutake Publishing Co., Ltd. She also has abundant business experience having assumed positions such as an Outside Director of Toyobo Co., Ltd., an Outside Director of Isuzu Motors Limited (Audit and Supervisory Committee Member) (current) and an Adjunct Professor of the University of Aizu Graduate School. The Company proposes that Ms. Sakuragi's appointment as an Outside Director continue based on its evaluation that she has appropriately fulfilled her role as a Director by making important management decisions and supervising the management of operations and its judgment that the Company can continue to expect to receive appropriate guidance and advice with respect to the management of the Company based on her abundant experience and extensive knowledge accumulated from her past work.

■ Matters concerning independence

Ms. Sakuragi satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, she satisfies the Company's Criteria for Determination of Independence set forth on page 28 below and the Company has notified the Tokyo Stock Exchange that she is an independent officer.

In the most recent fiscal year, the Company does not have any transaction with any of the companies for which Ms. Sakuragi had previously managed operations.

Candidate No **10**

**Tatsuru Satoh** (Born on December 14, 1955)

	New Appointment	Non-Executive
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■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices

April 1978	Joined Sumitomo Forestry Co., Ltd.	April 2013	Managing Executive Officer of Sumitomo Forestry Co., Ltd.
October 2008	General Manager of Administration Department, Housing Division of Sumitomo Forestry Co., Ltd.	June 2013	Director of Sumitomo Forestry Co., Ltd.
April 2011	General Manager of Personnel Department of Sumitomo Forestry Co., Ltd.	April 2016	Senior Managing Executive Officer of Sumitomo Forestry Co., Ltd.
June 2011	Supervisory Officer of Sumitomo Forestry Co., Ltd.	April 2018	Representative Director of Sumitomo Forestry Co., Ltd. (current)
April 2012	General Manager of General Administration Department of Sumitomo Forestry Co., Ltd.	April 2018	Executive Vice President and Executive Officer of Sumitomo Forestry Co., Ltd. (current)
June 2012	Executive Officer of Sumitomo Forestry Co., Ltd.	June 2018	Audit & Supervisory Board Member of the Company (current)

■ Number of Shares Owned by Candidate  
- shares

■ Reason for selecting him as a candidate for Director

Mr. Satoh has been a Director of Sumitomo Forestry Co., Ltd. for many years and has an abundant record of conducting management as the Representative Director and the Executive Vice President and Executive Officer thereof. In addition, the Company has the business and capital alliance with Sumitomo Forestry Co., Ltd. and said company's deep knowledge regarding "wood" and "greenery", which are the natural materials in which said company excels, as well as the know-how that it has gained in overseas housing business and urban development with the utilization of this knowledge, will have important implications for the global fields in which the Company intends to further strengthen itself in the future and for sustainability to which the Company is now required to proactively respond as a corporate citizen. Therefore, the Company has judged that it is extremely important for the Company to utilize his experience in management as a Director of said company. The Company proposes to newly appoint Mr. Satoh as a Director based on its expectation that more constructive discussions will be held for these fields in the Board of Directors of the Company and its judgment that it would be valuable for the management of the Company to utilize his past experiences in auditing the management of the Company as an Audit & Supervisory Board Member.

Candidate No 11

Masaya Nara (Born on December 13, 1958)

New Appointment	Outside	Independent Officer
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■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices

September 1990	Joined Yasuda Trust and Banking Company, Limited (currently Mizuho Trust & Banking Co., Ltd.)	January 2017	Joined Torikai Law Office
April 2009	Executive Officer and General Manager of Operation Planning Department of Mizuho Trust & Banking Co., Ltd.	March 2019	Independent Audit & Supervisory Board Member of Tamron Co., Ltd. (current)
June 2011	Audit & Supervisory Board Member of Mizuho Trust & Banking Co., Ltd.	January 2020	Partner at Torikai Law Office (current)
April 2014	Senior Managing Director of Mizuho Realty Co., Ltd.	June 2021	Outside Auditor of RISO KAGAKU CORPORATION (current)
January 2017	Registered with Bar of Japan		

■ Number of Shares Owned by Candidate  
- shares

■ Reason for selecting him as a candidate for Outside Director and his expected roles

After joining Yasuda Trust and Banking Company, Limited (currently Mizuho Trust & Banking Co., Ltd.), in addition to his experience from his participation and involvement in its management as the Executive Officer and General Manager of Operation Planning Department and as the Audit & Supervisory Board Member of said company, Mr. Nara has abundant experience serving as a Partner at Torikai Law Office, an Independent Audit & Supervisory Board Member of Tamron Co., Ltd. and an Outside Auditor of RISO KAGAKU CORPORATION. The Company proposes to newly appoint Mr. Nara as an Outside Director based on its judgment that the Company can expect to receive appropriate guidance and advice with respect to the management of the Company based on his abundant experience and extensive knowledge accumulated from his past work.

■ Matters concerning independence

Mr. Nara satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, he satisfies the Company's Criteria for Determination of Independence set forth on page 28 below and the Company will notify the Tokyo Stock Exchange that he is an independent officer.

Although the Company has loan transactions with Mizuho Trust & Banking Co., Ltd., for which Mr. Nara had previously managed operations, the size of the loan transactions with Mizuho Trust & Banking Co., Ltd. is no more than 0.1% of the consolidated total assets of the Company in the most recent fiscal year.

- (Note)
1. There is no special interest between each candidate and the Company.
  2. A case of quality misconduct, including a case where the quality of actual products comprised of seven (7) engineering plastics products differed from those registered with a third-party certification organization, was found from October 2020 to March 2021 at Toyobo Co., Ltd., for which Ms. Kimie Sakuragi serves as an Outside Director. After this case was discovered, the certification of Underwriters Laboratories (a third-party U.S. organization engaged in scientific safety) for series of such products was rescinded and ISO9001 certification was cancelled and temporarily suspended for some of the departments at Toyobo Co., Ltd. Although this incident began prior to her appointment as an Outside Director, she has worked to improve internal controls and compliance by checking the status thereof and making recommendations as appropriate since she became an Outside Director. In addition, after this incident was discovered, she has been striving to clarify the facts and expressing her views on preventing reoccurrence of such incidents as a member of the Response Committee, which is comprised of Outside Directors and Corporate Auditors.
  3. Mr. Sakae Yoshida, Mr. Shigeru Okada, and Ms. Kimie Sakuragi are currently the Outside Directors of the Company, and as of the closing of this ordinary general meeting of shareholders, Mr. Sakae Yoshida will have been an Outside Director for two (2) years and Mr. Shigeru Okada and Ms. Kimie Sakuragi will have been Outside Directors for one (1) year since assuming the position of the Outside Director.
  4. The Company has entered into a liability limitation agreement with each of Mr. Sakae Yoshida, Mr. Shigeru Okada, and Ms. Kimie Sakuragi, which limits the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the amount prescribed by laws and regulations pursuant to the provisions of Article 427, Paragraph 1 of the said Act, and the Company plans to renew such agreement with each of them, if he/she is reappointed.
  5. If Mr. Tatsuru Satoh and Mr. Masaya Nara are appointed, the Company plans to enter into a liability limitation agreement with each of them, which limits the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the amount prescribed by laws and regulations pursuant to the provisions of Article 427, Paragraph 1 of the said Act. Mr. Tatsuru Satoh is currently an Audit & Supervisory Board Member of the Company, and the Company has entered into such agreement with him as an Audit & Supervisory Board Member.
  6. The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company in which all Directors and Audit & Supervisory Board Members are included as insured individuals. Under such insurance contract, the insured shall be indemnified from any damages, litigation expenses or other expenses incurred by the insured arising from a claim for damages made due to an act (including an omission) conducted by the insured based on his/her status as a director, etc. of the Company, and the Company bears all of the insurance premiums of the insured. If any candidate is appointed or reappointed, he/she will be included in the insureds under such insurance contract. In addition, the Company plans to renew such insurance contract during the term of office.

(Reference)

The skill items that the Board of Directors of the Company should have when Proposal 4 is approved and the skills particularly expected for each Director are as follows:

The below does not purport to be indicative of all knowledge/experiences/abilities possessed by each Director.

Name of Director	Title	Responsibilities	Corporate Management / Management Strategy	Sales / Marketing	Global	Technology / Research and Development / ICT (DX)	Compliance / Risk Management	Financial / Accounting	Sustainability (ESG/SDGs)	Human Resource Development / Diversity
Yasunori Sakurano	Representative Director Executive President		•		•			•	•	
Yoshihiko Kato	Representative Director Executive Vice President	Overall Civil Engineering Management In charge of Technology	•	•		•	•			
Yoshiaki Ogawa	Representative Director Executive Vice President	Overall Architecture Management In charge of Health and Safety In charge of Quality and Environment	•	•					•	•
Koji Hidaka	Director Senior Managing Executive Officer	General Manager of the Administration Division In charge of Compliance	•				•	•		•
Shin Ueda	Director Senior Managing Executive Officer	General Manager of the Architectural Management Division	•	•		•				•
Koji Okaichi	Director Senior Managing Executive Officer	General Manager of the Civil Engineering Management Division General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division	•	•		•				•
Tatsuru Satoh	Director		•		•		•		•	
Sakae Yoshida	Director	(Outside Director)	•		•	•			•	
Shigeru Okada	Director	(Outside Director)	•	•	•			•		
Kimie Sakuragi	Director	(Outside Director)	•				•		•	•
Masaya Nara	Director	(Outside Director)	•				•	•		•

## Proposal 5: Appointment of two (2) Audit & Supervisory Board Members

The terms of office of Mr. Masaaki Ayukawa, an Outside Audit & Supervisory Board Member and Mr. Tatsuru Satoh, an Audit & Supervisory Board Member will expire at the closing of this ordinary general meeting of shareholders, and Mr. Junji Konishi, Full-Time Audit & Supervisory Board Member will resign at the closing of this ordinary general meeting of shareholders.

Therefore, the Company proposes to appoint two (2) Audit & Supervisory Board Members. The Company has obtained the consent of the Audit & Supervisory Board with respect to this Proposal.

The candidates for Audit & Supervisory Board Members are as follows:

### [Reference] List of Candidates

Candidate No.	Name	Position	Attendance at the meetings of Board of Directors	Attendance at the meetings of Audit & Supervisory Board
1	<span style="border: 1px solid black;">New Appointment</span>	Masahiro Kawanowa	-	-
2	<span style="border: 1px solid black;">New Appointment</span>	Akio Yamada	<span style="border: 1px solid black;">Outside Independent Officer</span>	-

### Candidates for Audit & Supervisory Board Members

Candidate No	<b>1</b>	Masahiro Kawanowa (Born on March 10, 1963)			<span style="border: 1px solid black;">New Appointment</span>
		<ul style="list-style-type: none"> <li>■ Brief Personal Record, Title in the Company and Status of Major Concurrent Offices</li> </ul>			
		April 1986	Joined the Company	April 2015	General Manager of the Finance Department of the Administration Division of the Company
		February 2009	General Manager of the Financial Administration Department of the Administration Division of the Company	April 2018	Joint General Manager of the Administration Division of the Company (current)
		April 2010	General Manager of the Legal & Compliance Department of the Administration Division of the Company	April 2021	General Manager of the Surveillance Department of the Administration Division of the Company
■ Number of Shares Owned by Candidate	600 shares	June 2013	Outside Audit & Supervisory Board Member of GEOSTR Corporation (current)		



■ Reason for selecting him as a candidate for Audit & Supervisory Board Member

Mr. Kawanowa has extensive knowledge and experience in the Administration Division, including considerable knowledge concerning finance and accounting, having held a number of senior positions such as the General Manager of the Financial Administration Department, the General Manager of the Legal & Compliance Department, the General Manager of the Finance Department and the General Manager of the Surveillance Department of the Company. Mr. Kawanowa also has abundant experience of serving as an Outside Audit & Supervisory Board Member of GEOSTR Corporation. The Company proposes to newly appoint Mr. Kawanowa as an Audit & Supervisory Board Member based on its judgment that the Company can expect to receive appropriate auditing of the management of the Company utilizing his experience accumulated from his past performance.

Candidate No **2**

**Akio Yamada** (Born on February 24, 1955)

New Appointment	Outside	Independent Officer
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■ Brief Personal Record, Title in the Company and Status of Major Concurrent Offices

November 1978	Joined Peat Marwick Mitchell & Co. (currently KPMG AZSA LLC.)	June 2018	Auditor of Pfizer Health Research Foundation (current)
April 1982	Registered as a certified public accountant	July 2018	Outside Audit & Supervisory Board Member of Rakuten Insurance Holdings Co., Ltd. (current)
August 2009	Partner at KPMG AZSA LLC.		
July 2017	Established Yamada Akio Public Accounting Firm (current)	October 2021	Outside Audit & Supervisory Board Member of UCHIDA YOKO CO., LTD. (current)
June 2018	Outside Company Auditor of Nittan Valve Co. Ltd. (currently NITTAN Corporation) (current)		

■ Number of Shares Owned by Candidate  
- shares

■ Reason for selecting him as a candidate for Outside Audit & Supervisory Board Member

As a certified public accountant, Mr. Yamada has expertise and abundant experience in finance and accounting, and he has a wide range of business experience, including as an Outside Company Auditor of Nittan Valve Co. Ltd. (currently NITTAN Corporation) and an Outside Audit & Supervisory Board Member of UCHIDA YOKO CO., LTD. The Company proposes to newly appoint Mr. Yamada as an Outside Audit & Supervisory Board Member based on its judgment that the Company can expect to receive appropriate auditing of the management of the Company from an objective standpoint by utilizing his abundant experience and expertise accumulated from his past work. Although he has not previously been engaged in the management of a company except as an outside officer, the Company has judged he will fulfill the duties of an Outside Audit & Supervisory Board Member appropriately due to the reasons stated above.

■ Matters concerning independence

Mr. Yamada satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, he satisfies the Company's Criteria for Determination of Independence set forth on page 28 below and the Company will notify the Tokyo Stock Exchange that he is an independent officer.

In the most recent fiscal year, the Company does not have any transaction with any of the accounting firms to which Mr. Yamada had previously belonged.

- (Note) 1. There is no special interest between each of the candidates and the Company.  
2. The Company plans to enter into a liability limitation agreement with each of Mr. Masahiro Kawanowa and Mr. Akio Yamada, which limits the liability for damages set forth in Article 423,

Paragraph 1 of the Companies Act to the amount prescribed by laws and regulations pursuant to the provisions of Article 427, Paragraph 1 of the said Act if he is appointed.

3. The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company in which all Directors and Audit & Supervisory Board Members are included as insured individuals. Under such insurance contract, the insured shall be indemnified from any damages, litigation expenses or other expenses incurred by the insured arising from a claim for damages made due to an act (including an omission) conducted by the insured based on his/her status as a director, etc. of the Company, and the Company bears all of the insurance premiums of the insured. If Mr. Masahiro Kawanowa and Mr. Akio Yamada assume the positions of the Audit & Supervisory Board Members, they will be included in the insureds under such insurance contract. In addition, the Company plans to renew such insurance contract during the term of office.

Proposal 6: Appointment of two (2) Substitute Audit & Supervisory Board Members

In preparation for an event where that the number of Audit & Supervisory Board Members falls short of the number stipulated in laws and regulations, the Company proposes the appointment of two (2) Substitute Audit & Supervisory Board Members in advance. The Company has obtained the consent of the Audit & Supervisory Board with respect to this Proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

The Company proposes the appointment of Mr. Tsukasa Yoshikawa as a substitute for an Audit & Supervisory Board Member other than an Outside Audit & Supervisory Board Member, and the appointment of Mr. Akira Maekawa as a substitute for an Outside Audit & Supervisory Board Member, respectively.

Candidates for Substitute Audit & Supervisory Board Members

Candidate No	<b>1</b>	Tsukasa Yoshikawa (Born on September 8, 1955)																					
<ul style="list-style-type: none"> <li>■ Brief Personal Record, Title in the Company and Status of Major Concurrent Offices</li> </ul>																							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 35%;">April 1978</td> <td style="width: 35%;">Joined the Company</td> <td style="width: 15%;">June 2018</td> <td colspan="2">Executive Advisor of the Company</td> </tr> <tr> <td></td> <td>July 2001</td> <td>General Manager of the Accounting Department of the Finance Division of the Company</td> <td>July 2020</td> <td colspan="2">Full-Time Advisor of the Company</td> </tr> <tr> <td></td> <td>October 2003</td> <td>General Manager of the Accounting Department of the Administration Division of the Company</td> <td>July 2021</td> <td colspan="2">Part-Time Advisor of the Company (current)</td> </tr> </table>							April 1978	Joined the Company	June 2018	Executive Advisor of the Company			July 2001	General Manager of the Accounting Department of the Finance Division of the Company	July 2020	Full-Time Advisor of the Company			October 2003	General Manager of the Accounting Department of the Administration Division of the Company	July 2021	Part-Time Advisor of the Company (current)	
	April 1978	Joined the Company	June 2018	Executive Advisor of the Company																			
	July 2001	General Manager of the Accounting Department of the Finance Division of the Company	July 2020	Full-Time Advisor of the Company																			
	October 2003	General Manager of the Accounting Department of the Administration Division of the Company	July 2021	Part-Time Advisor of the Company (current)																			
<ul style="list-style-type: none"> <li>■ Number of Shares Owned by Candidate</li> </ul>																							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 35%;">June 2008</td> <td style="width: 35%;">General Manager of the Audit Office of the Company</td> <td colspan="3"></td> </tr> <tr> <td style="text-align: center;">2,640 shares</td> <td>June 2013</td> <td>Full-Time Audit &amp; Supervisory Board Member of the Company</td> <td colspan="3"></td> </tr> </table>							June 2008	General Manager of the Audit Office of the Company				2,640 shares	June 2013	Full-Time Audit & Supervisory Board Member of the Company									
	June 2008	General Manager of the Audit Office of the Company																					
2,640 shares	June 2013	Full-Time Audit & Supervisory Board Member of the Company																					
<ul style="list-style-type: none"> <li>■ Reason for selecting him as a candidate for Substitute Audit &amp; Supervisory Board Member</li> </ul>																							
<p>Mr. Yoshikawa has considerable knowledge concerning finance and accounting, having held a number of senior positions such as the General Manager of the Accounting Department, and also has extensive knowledge and abundant business experience in the Internal Audit Department, having held a position of General Manager of the Audit Office. He has also conducted the appropriate auditing as the Full-Time Audit &amp; Supervisory Board Member of the Company. The Company proposes to newly appoint Mr. Yoshikawa as a Substitute Audit &amp; Supervisory Board Member based on its judgment that the Company can expect to receive appropriate auditing of the management of the Company utilizing his experience accumulated from his past performance.</p>																							
Candidate No	<b>2</b>	Akira Maekawa (Born on October 9, 1972)		Outside	Independent Officer																		
<ul style="list-style-type: none"> <li>■ Brief Personal Record, Title in the Company and Status of Major Concurrent Offices</li> </ul>																							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;"></td> <td style="width: 35%;">April 1999</td> <td style="width: 35%;">Registered with Bar of Japan</td> <td style="width: 15%;">April 2016</td> <td colspan="2">Deputy Chairman of the</td> </tr> </table>							April 1999	Registered with Bar of Japan	April 2016	Deputy Chairman of the													
	April 1999	Registered with Bar of Japan	April 2016	Deputy Chairman of the																			

	April 1999	Joined Okamura Law Office		Daiichi Tokyo Bar Association
	February 2006	Financial Securities Inspector of the Kanto Local Finance Bureau of the Ministry of Finance	March 2018	Independent Board Director of Japan Investment Adviser Co., Ltd. (current)
	January 2008	Joined Masuda & Partners Law Office	April 2018	Conciliation Commissioner of the Tokyo Summary Court (current)
	August 2009	Established Maekawa Akira Law Office	June 2021	Auditor of The Kanagawa Shinkin Bank (current)
■ Number of Shares Owned by Candidate	February 2011	Became Partner at IOTA Law Office (current)		
- shares		■ Reason for selecting him as a candidate for Substitute Outside Audit & Supervisory Board Member		

In addition to professional expertise and abundant business experience as an attorney-at-law, Mr. Maekawa has served with the Kanto Local Finance Bureau of the Ministry of Finance from February 2006 to January 2008 and has engaged in enhancement of the risk structures of financial institutions and facilitation of financial system as Financial Securities Inspector. The Company proposes to appoint Mr. Maekawa as a Substitute Outside Audit & Supervisory Board Member based on its judgment that the Company can expect to receive appropriate auditing of the management of the Company from an objective standpoint by utilizing his abundant experience and legal knowledge accumulated from his past work. Although he has not previously been engaged in the management of a company except as an outside officer, the Company has judged he will fulfill the duties of an Outside Audit & Supervisory Board Member appropriately due to the reasons stated above.

■ Matters concerning independence

Mr. Maekawa satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, he satisfies the Company's Criteria for Determination of Independence set forth on page 28 below and if he assumes the position of Outside Audit & Supervisory Board Member, the Company will notify the Tokyo Stock Exchange that he becomes an independent officer.

In the most recent fiscal year, the Company does not have any transaction with any of the law firms to which Mr. Maekawa had previously belonged.

- (Note)
1. There is no special interest between the candidates and the Company.
  2. If Mr. Tsukasa Yoshikawa and Mr. Akira Maekawa are appointed, the Company plans to enter into a liability limitation agreement with them which limits the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the amount prescribed by laws and regulations pursuant to the provisions of Article 427, Paragraph 1 of the said Act.
  3. The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company in which all Directors and Audit & Supervisory Board Members are included as insured individuals. Under such insurance contract, the insured shall be indemnified from any damages, litigation expenses or other expenses incurred by the insured arising from a claim for damages made due to an act (including an omission) conducted by the insured based on his/her status as a director, etc. of the Company, and the Company bears all of the insurance premiums of the insured. If Mr. Tsukasa Yoshikawa and Mr. Akira Maekawa assume the positions, they will be included in the insureds under such insurance contract. In addition, the Company plans to renew such insurance contract during the term of office.

**(Reference)**

<Company's Criteria for Determination of Independence>

In addition to the Independence Standards prescribed by the Tokyo Stock Exchange, the Company determines that any person falling under the following criteria is not independent.

- (1) A person who currently falls under any of (a) through (d) below:
  - (a) a major shareholder of the Company (a shareholder holding 10% or more voting rights in the Company) or a person who manages operations thereof;
  - (b) a person/entity whose annual trading amount with the Company is over 2% of the consolidated total sales of the most recent fiscal year of the Company and trading person/entity, respectively, or a person who manages operations thereof;
  - (c) a person/entity who has received donations from the Company in the amount of JPY 10 million or more on average for the past three (3) fiscal years or a person who manages operations thereof; or
  - (d) a legal professional, accounting professional, consultant or a person belonging to any of those associations who has received cash or other economic benefits from the Company, except for officer compensation, in the amount of JPY 10 million or more on average for the past three (3) fiscal years.
  
- (2) A person who fell under any of (a) through (d) above at any time during the past three (3) years.

[End]

(Attachment)

## **BUSINESS REPORT**

(From April 1, 2021 to March 31, 2022)

### **1. Matters Regarding Current Status of Group**

#### **(1) Progress and Results of Operation**

In this consolidated fiscal year, although recovery of corporate earnings continued against the backdrop of improved overseas economies and eased supply-side constraints amid the lingering effects of COVID-19, personal consumption and production stagnated due to intermittent outbreaks of infectious diseases caused by variants of the coronavirus, and economic recovery remained moderate.

With respect to the construction industry, while residential construction remained almost unchanged, corporate construction investments have been on an uptrend, driven by the construction of offices and stores, etc., and public investment also remained at a high level due to the implementation of related budgets, despite the downward trend of such investment, including due to a decline in the recovery and reconstruction demand related to the Great East Japan Earthquake; as a result, the overall business environment was good.

Under such management environment, the Group has worked together as an entire group to implement the “Kumagai Gumi Group Medium-term Management Plan (FY2021-2023) ~Proactive Measures for Sustainable Growth~” that was formulated in May 2021, the basic policy of which consists of: (i) bolstering overall construction business, (ii) accelerating construction-related peripheral businesses, (iii) developing new business domains, and (iv) strengthening the management foundation, and the Group continues to take on the challenge of attaining sustainable growth. In addition, the Company decided a policy to acquire a total of JPY 10 billion worth of its own shares in order to enhance its shareholder returns and improve its capital efficiency. Based on this policy, the Company acquired its own shares in the amount of approximately JPY 4 billion in this consolidated fiscal year.

With respect to the consolidated results for the Group during this consolidated fiscal year, the net sales decreased by 5.6% in comparison with the previous consolidated fiscal year, to an amount of JPY 425.2 billion. In regard to profits, the operating profit was JPY 22.7 billion while the ordinary profit was JPY 23.7 billion as a result of a decrease in gross profit in connection with both the decrease in net sales and the gross profit margin. Furthermore, the

profit attributable to owners of parent was JPY 15.8 billion, partly as a result of recording the income taxes – current.

The results of operations of the Company are as follows:

The orders received increased by 23.6% in comparison with the previous fiscal year, to JPY 350.2 billion, due to an increase in civil engineering work and building construction work. Among these orders received, civil engineering work amounted to JPY 110.8 billion, and building construction work amounted to JPY 239.4 billion. As for the breakdown of the parties placing orders, 27.3% were from government agencies and 72.7% were from private businesses.

The net sales decreased by 8.1% in comparison with the previous fiscal year, to JPY 331.0 billion. Among these, civil engineering work amounted to JPY 94.0 billion and building construction work amounted to JPY 236.9 billion. As for the breakdown of the parties placing orders, 19.8% were from government agencies and 80.2% were from private businesses.

The amount carried forward to following fiscal year increased by 4.1% in comparison with the previous fiscal year, to JPY 485.4 billion.

With respect to profits, the ordinary profit amounted to JPY 19.9 billion, and the profit was JPY 13.7 billion, as a result of a decrease in gross profit in connection with both the decrease in net sales and the gross profit margin.

The Company's status by division is as follows:

[Civil Engineering]

The orders received for civil engineering work increased by 10.7% in comparison with the previous fiscal year, to JPY 110.8 billion.

Major contracts include: Central Nippon Expressway Company Limited: bridge deck replacement work for Sakawagawa Bridge and two (2) other bridges of Tomei Expressway (specific replacement work, etc.) (Kanagawa); Central Nippon Expressway Company Limited: seismic reinforcing work for Saijo elevated bridge and sixteen (16) other bridges of Nagoya-Daini-Kanjo Expressway (Aichi); Midac Co., Ltd.: landfill construction work for construction areas 2, 3 and 4 of Okuyama No Mori Clean Center (Shizuoka); Kyushu Electric Power Co., Inc.: civil engineering work and civil engineering removal work (construction area 1) among overall replacement (recovery) works for Kurokawa Dai-ichi Power Plant (Kumamoto), etc.

The net sales of completed construction contracts decreased by 22.5% in comparison with the previous fiscal year, to JPY 94.0 billion.

Major completed works include: West Nippon Expressway Company Limited: the Chugoku Expressway (specific replacement work, etc.) between Hokubo IC and Osa Smart IC (inbound lane) (Okayama); Japan Railway Construction, Transport and Technology Agency: Sakai elevated bridge for Hokuriku Shinkansen (Fukui); East Nippon Expressway Company Limited: renewal construction work of expressway within the Towada district on the Tohoku Expressway (Iwate-Aomori); Japan Railway Construction, Transport and Technology Agency: Kyushu Shinkansen (Nishi Kyushu), three (3) sites near Dai-ichi Iwamatsu Tunnel and other sites (Nagasaki), etc.

#### [Building Construction]

The orders received for building construction work increased by 30.6% in comparison with the previous fiscal year, to JPY 239.4 billion.

Major contracts include: APA HOME Co., Ltd., APA MANSION Co., Ltd.: new construction work of APA Hotel & Resort. <Osaka Namba Station Tower> (tentative name) (Osaka); Nishi-Shinjuku 5-chome Central South District Urban Redevelopment Association: Nishi-Shinjuku 5-chome Central South District Class 1 Urban Redevelopment Project, new construction of facilities building (Tokyo); Mitsui Fudosan Residential Co., Ltd.: Makuhari Shintoshin Wakaba Residential Area Plan (B-5 Block) (tentative name) (Chiba); Naha City Hospital: construction work of hospital building of New Naha City Hospital (tentative name) (Okinawa), etc.

The net sales of completed construction contracts decreased by 0.8% in comparison with the previous fiscal year, to JPY 236.9 billion.

Major completed works include: TOKYU LAND CORPORATION, NIPPO CORPORATION, Taisei-Yuraku Real Estate Co.,Ltd., JR West Properties Co., Ltd.: new construction work under Koto-ku Toyosu 5 Chome Plan (tentative name) (Tokyo); SUMITOMO CORPORATION, Rengo Co., Ltd.: new construction work under development plan of Rengo Yodogawa Plant site (tentative name) (Osaka); MORINAGA & CO., LTD.: Morinaga Takasaki No. 3 Plant Construction Project (Gunma); Tokushukai Healthcare Corporation Ltd.: relocation and new construction work of Sendai Tokushukai Hospital (tentative name) (Miyagi), etc.



(Reference) **Orders received, net sales and amount carried forward by division of**

**Company**

(Units: in JPY millions)

Classification	Amount carried forward from previous fiscal year	Orders received for this fiscal year	Net sales of this fiscal year	Amount carried forward to following fiscal year
Civil Engineering	167,147	110,826	94,077	(183,772) 183,772
Building Construction	299,098	239,409	236,943	(301,564) 301,684
Total	466,245	350,236	331,021	(485,336) 485,457

- (Note) 1. The carried forward amount of overseas work included in the “amount carried forward to following fiscal year” is revised at the exchange rate at the end of the fiscal year to reflect the current situation of the exchange market.  
The increased amount due to this revision is JPY 120 million, and the figures in parentheses are the amounts prior to the revision.
2. Due to the adoption of the accounting standard for revenue recognition, etc., the amount carried forward from the previous fiscal year for civil engineering work has been revised at the beginning of this fiscal year, resulting in a reduction of JPY 123 million.

**(2) Status of Capital Expenditures**

The total amount of capital expenditures spent by the Group during this consolidated fiscal year was JPY 4.2 billion, which primarily consisted of purchase and renewal, etc., of land and buildings for business use, and machinery and equipment.

**(3) Status of Funding**

The Company has not procured funds through capital increase or bond issuance, etc., during this consolidated fiscal year.

**(4) Issues to be Addressed**

With respect to the future of the Japanese economy, due to the effects of various governmental policies and the convergence of infectious diseases, economic and social activities are expected to move toward normalization. However, there is a possibility that the economy will slow down again due to the emergence of new variants of the coronavirus and rise of resource prices associated with Russia’s invasion of Ukraine, so the business outlook remains unclear.

In regard to the construction industry, investments in construction by private companies are expected to continue to increase against the backdrop of improved corporate earnings and other factors. In addition, the budget with respect to public investment in FY2022 secured almost the same level as the previous fiscal year, and systematic investment in disaster prevention and mitigation, and national land resilience is expected to continue. Moreover, the trend of infrastructure development that takes into account the world in its current state with COVID-19 and post-COVID-19 is considered to support future public-private capital expenditure to a

certain extent. However, delays in procuring construction materials and a continued rise in raw material prices, which have also been observed during this consolidated fiscal year, deserve careful attention as a downside risk of performance.

Given such a circumstance, in May 2021, the Group formulated a long-term vision to contribute to the realization of “a society in which limited resources are recycled, people are healthy and happy, the community is prosperous, and nature is preserved,” as a leader in construction service industry that society needs, and formulated “The Kumagai Gumi Group Medium-term Management Plan (FY2021-2023) ~Proactive Measures for Sustainable Growth~,” in which the Group set its financial targets for fiscal 2023 at a consolidated net sales and consolidated ordinary profit amount of JPY 470 billion and JPY 33 billion, respectively. The Group has worked together as an entire group to implement this plan, and will continue to take on the challenge of attaining sustainable growth.

We would like to ask all our shareholders for your continued kind support.

## (5) Changes in Financial Conditions and Results of Operations

### (i) Changes in Financial Conditions and Results of Operations of Group

Classification	Units	82nd fiscal year (Fiscal year ended March 31, 2019)	83rd fiscal year (Fiscal year ended March 31, 2020)	84th fiscal year (Fiscal year ended March 31, 2021)	85th fiscal year (This consolidated fiscal year) (Fiscal year ended March 31, 2022)
Net sales	JPY million	389,058	436,151	450,232	425,216
Profit attributable to owners of parent	JPY million	13,312	19,447	17,925	15,850
Basic earnings per share	JPY	285.49	417.35	384.69	342.13
Total assets	JPY million	353,718	374,841	379,573	371,096
Net assets	JPY million	134,883	148,034	163,835	169,302

- (Note) 1. “Basic earnings per share” is calculated based on the average number of shares of the common stock during the fiscal year.
2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards have been adopted since this consolidated fiscal year, and with respect to the financial conditions and results of operations in this consolidated fiscal year, the figures obtained after the application of the relevant accounting standard are herein stated.

(ii) Changes in Financial Conditions and Results of Operations of Company

Classification	Units	82nd fiscal year (Fiscal year ended March 31, 2019)	83rd fiscal year (Fiscal year ended March 31, 2020)	84th fiscal year (Fiscal year ended March 31, 2021)	85th fiscal year (This fiscal year) (Fiscal year ended March 31, 2022)
Orders received	JPY million	454,007	324,959	283,361	350,236
Net sales	JPY million	307,090	352,224	360,240	331,021
Profit	JPY million	14,156	14,823	15,047	13,730
Basic earnings per share	JPY	302.88	317.38	322.21	295.72
Total assets	JPY million	294,950	315,780	316,659	303,997
Net assets	JPY million	109,973	118,438	131,287	133,749

- (Note) 1. “Basic earnings per share” is calculated based on the average number of shares of the common stock during the fiscal year.
2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards have been adopted since this fiscal year, and with respect to the financial conditions and results of operations in this fiscal year, the figures obtained after the application of the relevant accounting standard are herein stated.

**(6) Status of Material Parent Company and Subsidiaries**

(i) Relationship with Parent Company

Not applicable.

(ii) Status of Material Subsidiaries

Name	Capital	Company’s investment ratio	Principal business activities
GAEART Co., Ltd.	JPY 1,000 million	100.00%	Contracting of pavement work, civil engineering work, etc. and business related thereto
Technos Co., Ltd.	JPY 470 million	100.00%	Contracting of civil engineering work, design, production and sales of construction materials and equipment and business related thereto
K & E Co., Ltd.	JPY 300 million	100.00%	Contracting of renewal and reform work of building and related business thereto
Taiwan Kumagai Co., Ltd.	NTD 800 million	100.00%	Contracting of building construction work, etc. and business related thereto

There are seven (7) consolidated subsidiaries, including the above-mentioned four (4) material subsidiaries, and three (3) equity-method affiliates.

## (7) Principal Business Activities

The Group engages mainly in construction business and related surrounding business thereof. As the principal group company, the Company has obtained the approval as a special construction business operator “(Toku-29) No. 1200” from the Minister of Land, Infrastructure, Transport and Tourism pursuant to the Construction Business Act, and engages in civil engineering, building construction business and business related thereto.

## (8) Principal Offices, etc.

### (i) The Company

Fukui Office:	2-6-8, Chuo, Fukui-shi
Tokyo Head Office:	2-1, Tsukudocho, Shinjuku-ku, Tokyo
Branches:	Hokkaido Branch (Sapporo-shi, Hokkaido), Tohoku Branch (Sendai-shi, Miyagi), Metropolitan Branch (Shinjuku-ku, Tokyo), Nagoya Branch, Hokuriku Branch (Kanazawa-shi, Ishikawa), Kansai Branch (Osaka-shi, Osaka), Chushikoku Branch (Hiroshima-shi, Hiroshima), Shikoku Branch (Takamatsu-shi, Kagawa), Kyushu Branch (Fukuoka-shi, Fukuoka)
Technical Research & Development Institute:	(Tsukuba-shi, Ibaraki)
Overseas Offices:	Taiwan, China (Hong Kong), Vietnam, Indonesia, Myanmar

(Note) As of September 6, 2021, the Company changed the location of its head office from “3-2-1, Ote, Fukui-shi” to “2-6-8, Chuo, Fukui-shi”

### (ii) Principal Subsidiaries

GAEART Co., Ltd. (Shinjuku-ku, Tokyo)
Technos Co., Ltd. (Toyokawa-shi, Aichi)
K & E Co., Ltd. (Chiyoda-ku, Tokyo)
Taiwan Kumagai Co., Ltd. (Taiwan)

## (9) Status of Employees

### (i) Status of Employees of Group

Number of employees	Changes from end of previous consolidated fiscal year
4,338 people	+79 people

(Note) The Number of employees is the number of persons actually working for the Company and group companies.

(ii) Status of Employees of Company

Number of employees	Changes from end of previous fiscal year	Average age	Average number of years of employment
2,626 people	+6 people	44.1 years old	19.2 years

(Note) The Number of employees is the number of persons actually working for the Company.

**(10) Principal Lenders**

Lenders	Borrowed amount
	(JPY million)
Sumitomo Mitsui Banking Corporation	3,000
Sumitomo Mitsui Trust Bank, Limited	1,575
The Gunma Bank, Ltd.	1,350
MUFG Bank, Ltd.	1,225
THE HOKURIKU BANK, LTD.	1,050

**(11) Other Significant Matters Concerning Current Status of Group**

Not applicable.

## 2. Matters Regarding Shares of Company

### (1) Total Number of Shares Authorized to be Issued

71,400,000 shares

### (2) Total Number of Shares Issued

45,411,660 shares (including 58,169 shares as treasury shares)

(Note) Pursuant to the resolution passed at the meeting of the Board of Directors held on March 29, 2022, the Company cancelled treasury shares as of March 31, 2022, and the total number of shares issued decreased by 1,394,000 shares compared to the end of the previous fiscal year.

### (3) Number of Shareholders

37,331 (decrease by 930 shareholders, compared to the end of the previous fiscal year)

### (4) Principal Shareholders (Top 10 Shareholders)

Name of shareholders	Number of shares held (thousands)	Percentage of shares held (%)
Sumitomo Forestry Co., Ltd.	9,361	20.64
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,283	13.85
Custody Bank of Japan, Ltd. (Trust Account)	3,468	7.65
Kumagai Gumi Business Partner Shareholding Association	2,069	4.56
STATE STREET BANK AND TRUST COMPANY 505103	532	1.17
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	501	1.11
RE FUND 116-CLIENT AC	483	1.07
Kumagai Gumi Shareholding Association	472	1.04
JP MORGAN CHASE BANK 385781	470	1.04
STATE STREET BANK WEST CLIENT – TREATY 505234	461	1.02

(Note) The “percentages of shares held” are calculated by excluding the treasury shares.

### (5) Status of Shares Granted to Directors, etc. of Company (Including Those who were Directors, etc. of Company) During this Fiscal Year as Consideration for Performance of Duty

	Number of shares	Number of grantee
Directors (excluding Outside Directors)	(2,652 shares) 1,857 shares	one (1) person

(Note) The number of shares granted under the Stock Compensation System using trust is stated. The summary of such Stock Compensation System is as described in 4. Matters Regarding Directors, etc. of Company. Under the said Stock Compensation System, some of the shares which the eligible directors were entitled to were sold and converted into cash within the trust, and such cash was delivered instead of the Company’s shares. The number of shares that the eligible directors were entitled to are stated in the parentheses.

### 3. Matters Regarding Stock Acquisition Rights, etc. of Company

Not applicable.

### 4. Matters Regarding Directors, etc. of Company

#### (1) Name, etc. of Directors and Audit & Supervisory Board Members

Title	Name	Assignment in Company and Status of Major Concurrent Offices
President (Representative Director)	Yasunori Sakurano	
Director (Representative Director)	Yoshihiko Kato	Overall Civil Engineering Management In charge of Technology
Director (Representative Director)	Yoshiaki Ogawa	Overall Architecture Management In charge of Health and Safety In charge of Quality and Environment
Director	Koji Hidaka	General Manager of the Administration Division In charge of Compliance
○ Director	Shin Ueda	General Manager of the Architectural Management Division
○ Director	Koji Okaichi	General Manager of the Civil Engineering Management Division, General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division
Director	Sakae Yoshida	
○ Director	Shigeru Okada	
○ Director	Kimie Sakuragi	Adjunct Professor of the University of Aizu Graduate School, Outside Director of Toyobo Co., Ltd., Outside Director of Isuzu Motors Limited (Audit and Supervisory Committee Member)
Full-Time Audit & Supervisory Board Member	Junji Konishi	
Audit & Supervisory Board Member	Masaaki Ayukawa	Certified Public Accountant
Audit & Supervisory Board Member	Tatsuru Satoh	Executive Vice President and Executive Officer of Sumitomo Forestry Co., Ltd.
Audit & Supervisory Board Member	Yutaka Takehana	

- (Note)
1. Directors, Mr. Sakae Yoshida, Mr. Shigeru Okada, and Ms. Kimie Sakuragi are all Outside Directors.
  2. Audit & Supervisory Board Members, Messrs. Masaaki Ayukawa and Yutaka Takehana are both Outside Audit & Supervisory Board Members.
  3. Directors, Mr. Sakae Yoshida, Mr. Shigeru Okada, and Ms. Kimie Sakuragi and Audit & Supervisory Board Members, Messrs. Masaaki Ayukawa and Yutaka Takehana are registered as independent officers who are not likely to have any conflict of interests with the general shareholders pursuant to the rules of the Tokyo Stock Exchange.
  4. The Director with the circle (○) was newly appointed as a Director at the 84th ordinary general meeting of shareholders held on June 29, 2021.

5. Audit & Supervisory Board Member Mr. Masaaki Ayukawa is qualified as a certified public accountant and has considerable knowledge concerning finance and accounting.
6. The Directors who retired during this fiscal year:
- |          |              |                               |
|----------|--------------|-------------------------------|
| Director | Susumu Ogawa | (Retired as of June 29, 2021) |
| Director | Mikie Yumoto | (Retired as of June 29, 2021) |

The Company has introduced the Executive Officer System. The Executive Officers as of March 31, 2022 are as follows:

* Executive President	Yasunori Sakurano	Managing Executive Officer	Takahiko Kashihara
* Executive Vice President	Yoshihiko Kato	Managing Executive Officer	Masato Yamashita
* Executive Vice President	Yoshiaki Ogawa	Managing Executive Officer	Makoto Wakabayashi
* Senior Managing Executive Officer	Koji Hidaka	Executive Officer	Kunihiko Oshima
* Senior Managing Executive Officer	Shin Ueda	Executive Officer	Kunito Hoshi
* Senior Managing Executive Officer	Koji Okaichi	Executive Officer	Hisato Nagata
Senior Managing Executive Officer	Kenji Kishi	Executive Officer	Kazuhiko Kawamura
Senior Managing Executive Officer	Masaki Ohno	Executive Officer	Yuzuru Hirano
Managing Executive Officer	Akira Yamazaki	Executive Officer	Satoru Miyawaki
Managing Executive Officer	Masao Kajiyama	Executive Officer	Hideki Masumori
Managing Executive Officer	Norio Sumiyoshi	Executive Officer	Hiroyasu Yaguchi
Managing Executive Officer	Hideyuki Tsukuda	Executive Officer	Tetsuo Ono
Managing Executive Officer	Yoshio Hagita	Executive Officer	Taiji Ito

- (Note) 1. Executive Officers marked with asterisks (\*) are Executive Officers concurrently serving as Directors.
2. Executive Officer, Mr. Kunihiko Oshima retired from their position as Executive Officers as of March 31, 2022.
3. As of April 1, 2022, the position of Executive Officer has changed as follows:
- |                                   |                   |                     |                    |
|-----------------------------------|-------------------|---------------------|--------------------|
| Senior Managing Executive Officer | Masao Kajiyama    | ○ Executive Officer | Takeshi Nakayama   |
| Managing Executive Officer        | Kazuhiko Kawamura | ○ Executive Officer | Daisuke Hayashi    |
| Managing Executive Officer        | Yuzuru Hirano     | ○ Executive Officer | Tsuyoshi Kinoshita |
| ○ Executive Officer               | Fumiaki Yamashita |                     |                    |
- (Note) Executive Officers with circles (○) are newly appointed Executive Officers.

## (2) Summary of Liability Limitation Agreement

The Company has entered into an agreement with all of the Outside Directors and Audit & Supervisory Board Members which limits the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act. The amount of liabilities for damages under said



agreement is limited to the amount prescribed in Article 425, Paragraph 1 of the Companies Act.

### **(3) Outline of directors and officers liability insurance contract**

The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company for an insurance period of one (1) year, and the Company renews such contract every September. Outline of the content of such insurance contract is as follows:

- (i) Scope of the insured  
Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries
- (ii) Burden of insurance premiums  
The Company and its subsidiaries bear all of the insurance premiums.
- (iii) Outline of insurable contingency subject to coverage  
The insured's assumption of the liability for damages in connection with the execution of his/her duties, or the damage occurring in relation to a claim pertaining to the pursuit of such liability (damages, litigation expenses, or other expenses)
- (iv) Measures to ensure that such insurance contract does not impair the appropriateness of execution of duties of the insured officers, etc., of the Company  
Exclusions are provided, such as that the claims for damages arising from the insured's intentional criminal acts, violation of laws and regulations, or any illegally obtained private benefits are not covered.

### **(4) Compensation, etc., for Directors and Audit & Supervisory Board Members relating to this Fiscal Year**

- (i) Matters concerning decision-making policy relating to the content of individual compensation, etc., for each Director

Based on the content of report of the Nomination and Compensation Committee, the Company has resolved, at the Board of Directors meeting, the decision-making policy relating to the content of individual compensation, etc., for each Director. The summary of such resolution is as follows:

#### **1. Basic policy**

The basic policy of the compensation for the Directors of the Company is to make a compensation system in line with shareholders' interests in order for it to function appropriately as an incentive for sustainable improvement of corporate value, and to set compensation of each Director at an appropriate level based on the responsibilities of each Director. Specifically, the compensation for each Director shall consist of monetary compensation (fixed

compensation and bonus) and stock compensation; and in the case of Outside Directors serving supervisory functions, compensation shall be monetary compensation (compensation according to his/her position, which is a part of fixed compensation) only.

2. Policy on determining the content of individual compensation, etc., and the method of calculating the amount or number of such compensation, etc.

(Fixed compensation)

Fixed compensation, which is a monthly monetary compensation, consists of (i) compensation according to position and (ii) compensation corresponding to contribution to the Company's results of operation, and shall be determined by the Board of Directors, within the limits of the total amount of the compensation of all Directors determined at the general meeting of shareholders, taking into account the salary level of employees and the general market quotes, etc., and based on the results of reports of the Nomination and Compensation Committee. With respect to the compensation corresponding to each Director's contribution to the Company's results of operation, each Director's contribution (evaluation) to the Company's plan of the results of operation for the previous fiscal year will be reflected in the standard compensation amount according to the position which is determined by the Board of Directors. The evaluation of each Director shall be determined by the degree of achievement of the results of operation of the entire company and each department and the degree of fulfillment of his/her role. In addition, the Board of Directors shall delegate the decision on evaluation to the Representative Director and President, and the Representative Director and President shall be subject to consultation of the Nomination and Compensation Committee with respect to the evaluation results in order to ensure that such delegation is properly performed.

(Bonus)

Bonus, which is a special monetary compensation, shall be paid on certain occasions based on the Company's results of operation, and shall be determined by the Board of Directors, within the limits of the total amount of the compensation of all Directors determined at the general meeting of shareholders, and comprehensively taking into account the results of operation and contribution to such results, etc., of each fiscal year, and based on the results of the report of the Nomination and Compensation Committee.

(Stock compensation)

Stock compensation shall be granted pursuant to a stock compensation system using a trust in which points are awarded to Directors (excluding Outside Directors) according to position, etc., each fiscal year, and shares are generally granted based on the cumulative number of points at the time of his/her retirement from office; and the standards and procedures for granting shares

shall be determined by the Rules on Grant of Shares prescribed by the Board of Directors.

3. Policy on determining the ratio of content of compensation concerning the amount of individual compensation, etc.

The ratio of the content of compensation of Directors (excluding Outside Directors) shall be determined by the Board of Directors based on the results of the report of the Nomination and Compensation Committee in order for such ratio to function properly to incentivize Directors. The Board of Directors determined that the content of the individual compensation, etc. of each Director for the fiscal year is in accordance with the above decision-making policy, because the content of the individual compensation of each Director is decided by following the procedures stipulated in the above decision-making policy, particularly it being determined based on careful consideration taken by the Nomination and Compensation Committee, of which the Outside Directors account for the majority of members.

- (ii) Matters concerning the resolution at the general meeting of shareholders regarding compensation, etc. for Directors and Audit & Supervisory Board Members

Amount of monetary compensation for Directors

Resolution date	January 24, 2001 (Extraordinary General Meeting of Shareholders)
Summary of resolution	Up to JPY 30 million per month The amount paid as employee's salaries for Directors concurrently serving as employees shall not be included.
Number of Directors relating to resolution	Thirteen (13) Directors

Amount and details of stock compensation for Directors

Resolution date	June 28, 2018 (81st Ordinary General Meeting of Shareholders)
Summary of resolution	Introduce a system of stock compensation, where a trust established with cash contributed by the Company acquires the shares of the Company and confers to each Director, through a trust, a number of the Company's shares equivalent to the points that the Company awards to each Director. Under such system, upper limit of cash contributed by the Company to the trust as funds to acquire the shares of the Company necessary for grant to Directors shall be the amount obtained by multiplying JPY 25 million by the number of fiscal years included in the applicable period under such system; and the upper limit of the total number of points awarded to the eligible Directors under such plan shall be 25,000 points for each fiscal year. The shares of the Company will be granted to an eligible Director as one (1) share per point upon his/her retirement from office. However, in order for

	the Company to collect funds for the payment of taxes including withholding income tax, a certain part of the Company's shares may be sold and converted into cash within the trust, and such cash may be delivered instead of the Company's shares. The amount paid to Outside Directors and the amount paid as employee salaries for Directors concurrently serving as employees shall not be included.
Number of Directors relating to resolution	Six (6) Directors (excluding Outside Directors)

Amount of monetary compensation for Audit & Supervisory Board Members

Resolution date	December 16, 1988 (51st Ordinary General Meeting of Shareholders)
Summary of resolution	Up to JPY 5 million per month
Number of Audit & Supervisory Board Members relating to resolution	Three (3) Audit & Supervisory Board Members

(iii) Matters concerning delegation relating to decision on the content of individual compensation, etc., for each Director

At the Company, pursuant to the resolution of the Board of Directors, Representative Director and President Mr. Yasunori Sakurano decides some of the specific content of the compensation for individual Directors, and the detail of such authority is to decide the evaluation of each Director regarding contribution to the Company's results of operation within the fixed compensation. The reason for delegating this authority was because it was judged that Mr. Sakurano would be able to evaluate from, a comprehensive view, each Director's degree of achievement of the results of operation of the entire company and each department and the degree of fulfillment of his/her role in light of his/her area in charge. In order to ensure that such delegated authority is properly exercised, the decision on evaluation shall be subject to consultation of the Nomination and Compensation Committee, of which the Outside Directors account for the majority of members.

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

Classification of Directors, etc.	Total amount of compensation (JPY million)	Total amount by type of compensation (JPY million)			Number of eligible persons
		Fixed compensation	Compensation based on performance	Non-monetary compensation, etc.	
Directors (of which Outside Directors)	246 (29)	225 (29)	- (-)	20 (-)	11 (4)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	46 (21)	46 (21)	- (-)	- (-)	4 (2)

(Note) The provision for stock payments for this fiscal year under the Stock Compensation System using a trust is stated as non-monetary compensation, etc. The content of such Stock Compensation System is as described in (ii) Matters concerning the resolution at the general meeting of shareholders regarding compensation, etc. for Directors and Audit & Supervisory Board Members. Furthermore, shares are granted to Directors (including those who were Directors) under such Stock Compensation System, and the status of grant of such shares is as described in 2. Matters Regarding Shares of Company.

**(5) Matters Regarding Outside Officers**

Directors, Mr. Sakae Yoshida, Mr. Shigeru Okada and Ms. Kimie Sakuragi are all Outside Directors. Furthermore, Audit & Supervisory Board Members, Messrs. Masaaki Ayukawa and Yutaka Takehana are both Outside Audit & Supervisory Board Members.

(i) The Company's Relationship with Organization, etc. Where Outside Officers Hold Material Concurrent Office

Director, Ms. Sakuragi is an Adjunct Professor of the University of Aizu Graduate School, an Outside Director of Toyobo Co., Ltd. and an Outside Director of Isuzu Motors Limited (Audit and Supervisory Committee Member). The Company has no material relationships with the companies where Ms. Sakuragi holds concurrent offices.

(ii) Status of Principal Activities

Director, Mr. Yoshida has attended all seventeen (17) meetings of the Board of Directors held during this fiscal year, and has spoken, as necessary, mainly based on his abundant experience and extensive knowledge he acquired by participating in management as a

management executive in charge of the production division of a different industry. In addition, as a member of the Nomination and Compensation Committee, Director, Mr. Yoshida has attended all eight (8) meetings of the Committee held during this fiscal year, and supervised the Board of Directors by examining the personnel affairs of Directors and evaluation of each Director from an independent and objective position.

Director, Mr. Okada has attended all thirteen (13) meetings of the Board of Directors held after his assumption of office on June 29, 2021, and has spoken, as necessary, mainly based on his abundant experience and extensive knowledge he acquired through conducting management as a management personnel member of a different industry. In addition, as a member of the Nomination and Compensation Committee, Director, Mr. Okada has attended all six (6) meetings of the Committee held after his assumption of office on June 29, 2021, and supervised the Board of Directors by examining the personnel affairs of Directors and evaluation of each Director from an independent and objective position.

Director, Ms. Sakuragi has attended all thirteen (13) meetings of the Board of Directors held after her assumption of office on June 29, 2021, and has spoken, as necessary, mainly based on her abundant experience in the fields of business ethics and compliance, etc. and extensive knowledge she acquired as an outside director of a different industry. In addition, as a member of the Nomination and Compensation Committee, Director, Ms. Sakuragi has attended all six (6) meetings of the Committee held after her assumption of office on June 29, 2021, and supervised the Board of Directors by examining the personnel affairs of Directors and evaluation of each Director from an independent and objective position.

Audit & Supervisory Board Member, Mr. Ayukawa has attended all seventeen (17) meetings of the Board of Directors as well as all fourteen (14) meetings of the Audit & Supervisory Board, each held during this fiscal year, and has spoken, as necessary, mainly from a professional perspective as a certified public accountant.

Audit & Supervisory Board Member, Mr. Takehana has attended all seventeen (17) meetings of the Board of Directors as well as all fourteen (14) meetings of the Audit & Supervisory Board, each held during this fiscal year, and has spoken, as necessary, mainly from an objective perspective based on his extensive knowledge he acquired from holding a number of senior executive positions mainly at governmental agencies and having experience in management in a different industry.

## **5. Status of Accounting Auditor**

### **(1) Name of Accounting Auditor**

GYOSEI & CO.

### **(2) Amount of Compensation, etc., of Accounting Auditors for this Fiscal Year**

(i) Amount of Compensation, etc. Relating to Services Set Forth in Article 2, Paragraph 1 of the Certified Public Accountant Act

JPY 52 million

(ii) Total Amount of Cash or Other Economic Benefits Payable from Company or Its Subsidiaries

JPY 72 million

- (Note)
1. Based on the “Practical Guidance Concerning Cooperation with Accounting Auditors” released by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board of the Company confirmed the audit hours by audit items, changes in audit compensations as well as the performance status to the audit plans of the prior periods, and as a result of considering the audit hours of this fiscal year and the appropriateness of the compensation amount, it gave the consent prescribed in Article 399, Paragraph 1 of the Companies Act with respect to the compensation, etc. of the Accounting Auditors.
  2. The audit contract between the Company and the Accounting Auditor does not separate the compensation for the audit under the Companies Act from the compensation for the audit under the Financial Instruments and Exchange Act. Accordingly, the amount stated in (i) above includes the amount of compensation, etc., for audit under the Financial Instruments and Exchange Act.
  3. Taiwan Kumagai Co., Ltd., a subsidiary of the Company, is audited by a certified public accountant other than the Accounting Auditor of the Company.

### **(3) Policy for Determination of Dismissal or Non-reappointment of Accounting Auditors**

The Audit & Supervisory Board dismisses an Accounting Auditor pursuant to the Rules of the Audit & Supervisory Board and upon the unanimous consent of all Members of the Audit & Supervisory Board in the case where the Company decides that such Accounting Auditor falls under Article 340, Paragraph 1 of the Companies Act. In such case, the Audit & Supervisory Board Members designated by the Audit & Supervisory Board will explain the dismissal of such Accounting Auditor and the reason for such dismissal at the first general meeting of shareholders after such dismissal. Furthermore, when the Accounting Auditor is determined to pose problem as Accounting Auditor, a proposal of dismissal or non-reappointment will be submitted to the general meeting of shareholders pursuant to the resolution of the Audit & Supervisory Board.

## **6. Structure and Policy of Company**

### **(1) Structure to Ensure that Duties of Directors Are Executed in Compliance with Laws, Regulations and Articles of Incorporation and Other Structures to Ensure Operations Are Appropriately Conducted**

The details of the above-mentioned structures, which were resolved by the Board of Directors of the Company, are as follows:

Based on the understanding that it is essential to enhance the effectiveness of corporate governance in order to realize the “management philosophy” under which “we aim to be a corporate group that contributes to society through its business activities, with construction as its core,” the Company shall develop the following structures concerning internal control systems:

1. Structure to Ensure that Duties of Directors and Employees are Executed in Compliance with Laws, Regulations and Articles of Incorporation
  - (i) The Company shall establish and thoroughly implement the Code of Corporate Conduct for all of the Directors and Executive Officers (hereinafter collectively the “Officers”) and employees.
  - (ii) The Administration Division shall develop an overall compliance structure and provide guidance regarding legal issues, each division administering individual laws and regulations shall maintain and develop the legal compliance system and the Internal Audit Department shall develop a structure that audits the compliance status of the management of operations.
  - (iii) With respect to the procedures required for the Officers and employees to execute their duties, the Company shall establish internal rules, such as Rules on Organization, Rules on Allocation of Duties, Rules on Management Authority and Rules on Decision Making Procedures.
  - (iv) The Company shall establish a periodic educational/training system concerning legal compliance.
  - (v) The Company shall develop a structure where the top management, such as the Officers and General Branch Managers, thoroughly inform the employees, on a daily basis, compliance with laws, regulations, the Articles of Incorporation, internal rules, etc. in respect of business operations.
  - (vi) The Company shall establish an internal reporting system aiming to prevent misconduct or deterioration of a situation by ascertaining and correcting acts violating laws and wrongful acts at an early stage and to prevent the occurrence of acts violating laws by having the employees mutually checking and balancing each other.



- (vii) The Legal Compliance Audit Committee, an organization independent from the management, shall evaluate the compliance structure from an external perspective and report and make proposals to the management.
- (viii) The Company shall clearly state in the “Kumagai Gumi Code of Conduct” and “Compliance Program” that any relationships with anti-social forces shall be severed, take a resolute stance and firmly reject any unlawful demands from anti-social forces and thoroughly implement such code and program.

## 2. Structure for Storing and Managing Information Relating to Directors Executing their Duties

The Company shall develop and thoroughly implement internal rules in order to properly store and manage various information relating to the Directors executing their duties.

## 3. Rules and Other Structures for Managing Risk of Loss

- (i) In order to manage risks according to the contents of the risks, the risks assumed under business operations are classified into departments, and the department in charge shall prepare manuals, etc.
- (ii) In order to properly manage risks, the Company shall establish internal rules, such as Rules on Compliance, Rules on Decision Making Procedures and Rules on Internal Audits, and establish cross sectional company-wide committees for matters where multifaceted risks need to be considered.
- (iii) The Company shall develop a structure for the Directors to timely receive reports on important matters under risk management.

## 4. Structure to Ensure Efficient Execution of Duties by Directors

- (i) The Company shall adopt the Executive Officer System so that the Directors can execute their duties efficiently.
- (ii) With respect to material management issues, such as management strategy, the budget for each department, capital expenditures, the Board of Directors shall make decisions after the points in question and issues are clarified at the Management Meeting.
- (iii) The Company shall set up the Officer-General Branch Manager Meetings in order to thoroughly implement and inform the Executive Officer and General Branch Managers of the policies, etc. on addressing management strategies and management issues.

## 5. Structure to Ensure Operations are Appropriately Conducted within Group Consisting of Company and its Subsidiaries

- (i) The Company shall establish Rules on Administration and Management of Domestic Group Companies and Rules on Administration and Management of Overseas Group

Companies and develop a structure that administers and supports the overall management of the group companies by, for example, obtaining the management status of the group companies, appropriately reporting and responding to risks and building a structure for executing duties efficiently.

- (ii) The Company shall establish the Group Management Promotion Committee from the perspective of group management and confirm the performance and consider the management issues of each of the group companies.
- (iii) The Company shall spread and thoroughly inform the group companies of the purport of the Company's Compliance Program so that they can conduct business operations in compliance with laws, regulations, the Articles of Incorporation, internal rules, etc. Furthermore, the employees of the group companies may directly report to the Company's contact desk pursuant to the internal reporting system of the Company.
- (iv) The Company shall develop a structure so that the Company can provide guidance to the group companies to develop an appropriate internal control system.
- (v) The Company shall procure each group company to have a corporate auditor and establish Rules on Audits by Corporate Auditors of Group Companies in order for audits to be properly carried out. Furthermore, the Company shall prepare for situations where the Internal Audit Department of the Company audits the compliance status of the group companies in managing operations.

## 6. Matters Regarding Audits by Audit & Supervisory Board Members

### (1) Matters Regarding Employee Assisting with Duties of Audit & Supervisory Board Member when Such Member Requests Assignment of Such Employee

When an Audit & Supervisory Board Member requests the assignment of an employee to assist with his/her duties, the Board of Directors shall assign, upon consultation with the Audit & Supervisory Board Member, such employee to assist with the duties of such Member.

### (2) Matters Regarding Independence of Employee Set Forth in Preceding Paragraph from Directors and Ensuring Effectiveness of Audit & Supervisory Board Member's Instructions to Such Employee

When an employee is assigned to assist with the duties of an Audit & Supervisory Board Member, the prior consent of the Full-time Audit & Supervisory Board Member shall be obtained to make decisions on personnel related matters, such as the appointment and transfer of such employee. Furthermore, when such employee assists with the duties of the Audit & Supervisory Board Member, such duties shall be performed in accordance with the instructions and orders of the Audit & Supervisory Board Member.

(3) Structure Concerning Reporting by Directors and Employees of Company and its Subsidiaries and Corporate Auditors of Subsidiaries to Audit & Supervisory Board Member.

- (i) In the audits by the Audit & Supervisory Board Members, the Officers and employees of the Company and group companies and the corporate auditors of the group companies shall report on the status, etc. of the execution of the duties that they are in charge of. Furthermore, the Company shall develop a structure where the Audit & Supervisory Board Member of the Company can attend important meetings, such as the Board of Director's meetings and Management Meetings, obtain the status of the management of operations and request reports, as necessary, from the Officers and employees.
- (ii) The Company and the group companies shall prohibit any person set forth in the preceding paragraph who reported to the Audit & Supervisory Board Member from being treated unreasonably for such report.
- (iii) The necessary expenses and obligations arising from the Audit & Supervisory Board Member performing his/her duties shall be promptly handled after a request has been made by the Audit & Supervisory Board Member.

(4) Other Structures to Ensure that Audits by Audit & Supervisory Board Members are Conducted Effectively

In order to enhance the effectiveness of audits by the Audit & Supervisory Board Members, the Company shall develop a structure where the Audit & Supervisory Board Members confirm the results of the audit by the Accounting Auditor and the Internal Audit Department and exchange opinions with them.

## **(2) Summary of Operating Status of Structures to Ensure Operations Are Appropriately Conducted**

With respect to the structure to ensure that the duties of the Directors are executed in compliance with laws, regulations and the Articles of Incorporation and other structures to ensure operations are appropriately conducted, a summary of the operating status for this fiscal year (from April 1, 2021 to March 31, 2022) is as follows:

### **1. Overall Internal Control**

The Board of Directors of the Company consists of nine (9) Directors (until the closing of the ordinary general meeting of shareholders held on June 29, 2021, seven (7) Directors, including two (2) Outside Directors), including three (3) Outside Directors, and the meetings of the Board of Directors were held seventeen (17) times with the attendance of four (4) Audit & Supervisory Board Members and the legality of the execution of the duties of the Directors is ensured. Furthermore, the Board of Directors appointed the Executive Officers and each Executive

Officer is performing his/her duties within the scope of his/her authority and responsibility under the instruction and supervision of the Representative Director.

In addition, the Management Meetings were held twenty-one (21) times and the Officer-General Branch Manager Meetings were held four (4) times.

For executing duties, internal rules, such as Rules on Organization, Rules on Allocation of Duties, Rules on Management Authority and Rules on Decision Making Procedures, are established, and necessary procedures are implemented in accordance with the internal rules.

## 2. Compliance Structure

In order to enhance and practice management that complies with laws, the Company has established “Kumagai Gumi Code of Conduct” and “Compliance Program” and has implemented compliance training at the Head Office and all of the Branch Offices once every year. Furthermore, the Company has set up an internal reporting system that includes the group companies and established a reporting desk independent from the management.

Moreover, the Legal Compliance Audit Committee meets once every year for annual overview and meets from time to time for other individual cases and receives assessments independent from the management.

## 3. Risk Management Structure

The Company has established internal rules, such as Rules on Compliance, Rules on Decision Making Procedures and Rules on Internal Audit, in order to appropriately manage risks, and has established individual manuals, etc. for the risks assumed under business operations to manage risks according to their content. Furthermore, as a response to the occurrence of a large-scale disaster, etc., the Company has developed a business continuity plan and established the Crisis Management Committee.

In addition, in order to consider multifaceted risks, cross sectional company-wide committees, such as the Working Decision Conference and the New Business Committee, have been established.

In response to COVID-19, from the viewpoint of ensuring safety and business continuity, the Company established a task force to take measures to prevent the spread of infections.

#### 4. Group Administration Structure

The Company has established Rules on Administration and Management of Domestic Group Companies and Rules on Administration and Management of Overseas Group Companies and developed an administrative structure for overall group management. Furthermore, the Company held four (4) meetings of the Group Management Promotion Committee and confirmed the performance and considered the management issues of individual group companies, and reported the results to the Board of Directors. Furthermore, the president of major group companies attended the Board of Directors meeting as appropriate and exchanged opinions.

Furthermore, in addition to causing some of the group companies to participate in compliance training sessions, when a material compliance breach occurs at individual group companies, a report is made to the Board of Directors of the Company as necessary.

#### 5. Audit Structure

The Audit & Supervisory Board Members shall obtain the status of the management of the operations of the Company and the group companies by attending important meetings, such as the meetings of the Board of Directors or Management Meetings, and through reports from the group companies, etc.

In addition, the Audit & Supervisory Board Members shall confirm the results of the audits audited by the Accounting Auditor and the Internal Audit Department and exchange opinions with the Representative Director, the Outside Directors, the Accounting Auditors, the Internal Audit Department, etc. Furthermore, Liaison Meeting of Corporate Auditors of the Group, which consist of the Audit & Supervisory Board Members of the Company and corporate auditors of major group companies, shall be held as necessary.

The Internal Audit Department shall conduct internal audits of the Company and group companies in accordance with annual plans.

### **(3) Basic Policy Concerning Control of Company**

Not applicable.

## Consolidated Balance Sheet

(As of March 31, 2022)

ASSETS		LIABILITIES	
	(JPY million)		(JPY million)
<b>CURRENT ASSETS</b>	301,874	<b>CURRENT LIABILITIES</b>	175,399
Cash and deposits	67,404	Notes payable, accounts payable for construction contracts and other	82,014
Notes receivable, accounts receivable from completed construction contracts and other	204,809	Electronically recorded obligations - operating	29,032
Costs on construction contracts in progress	10,205	Short-term borrowings	3,145
Accounts receivable - other	16,989	Income taxes payable	4,330
Other	2,514	Advances received on construction contracts in progress	12,920
Allowance for doubtful accounts	(48)	Deposits received	26,402
		Provision for warranties for completed construction	610
<b>NON-CURRENT ASSETS</b>	69,221	Provision for loss on construction contracts	849
<b>PROPERTY, PLANT AND EQUIPMENT</b>	27,451	Provision for contingent loss	41
Buildings and structures	8,989	Provision for bonuses	4,588
Machinery, vehicles, tools, furniture and fixtures	2,376	Other	11,464
Land	15,399		
Leased assets	502	<b>NON-CURRENT LIABILITIES</b>	26,394
Construction in progress	182	Long-term borrowings	9,007
<b>INTANGIBLE ASSETS</b>	876	Provision for share awards	183
<b>INVESTMENTS AND OTHER ASSETS</b>	40,893	Retirement benefit liability	16,615
Investment securities	27,927	Other	587
Long-term loans receivable	272	<b>TOTAL LIABILITIES</b>	201,794
Long-term non-operating accounts receivable	94	<b>NET ASSETS</b>	
Distressed receivables	34	Shareholders' equity	165,589
Deferred tax assets	8,021	Share capital	30,108
Other	4,705	Capital surplus	21,145
Allowance for doubtful accounts	(162)	Retained earnings	114,967
		Treasury shares	(631)
		Accumulated other comprehensive income	3,712
		Valuation difference on available-for-sale securities	2,758
		Foreign currency translation adjustment	1,081
		Remeasurements of defined benefit plans	(127)
		<b>TOTAL NET ASSETS</b>	169,302
<b>TOTAL ASSETS</b>	371,096	<b>TOTAL LIABILITIES AND NET ASSETS</b>	371,096

## Consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

NET SALES	(JPY million)	(JPY million)
Net sales of completed construction contracts	425,216	425,216
<b>COST OF SALES</b>		
Cost of sales of completed construction contracts	381,750	<u>381,750</u>
Gross profit		
Gross profit on completed construction contracts	43,466	43,466
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Operating profit		<u>20,723</u>
<b>NON-OPERATING INCOME</b>		
Interest and dividend income	599	
Share of profit of entities accounted for using equity method	245	
Foreign exchange gains	168	
Other	285	1,298
<b>NON-OPERATING EXPENSES</b>		
Interest expenses	174	
Commission for syndicated loans	66	
Other	68	309
Ordinary profit		<u>23,732</u>
<b>EXTRAORDINARY INCOME</b>		
Subsidy income	67	
Gain on sales of non-current assets	59	
Other	10	137
<b>EXTRAORDINARY LOSSES</b>		
Compensation for damage	393	
Infectious disease related costs	245	
Other	310	950
Profit before income taxes		<u>22,919</u>
Income taxes – current	7,278	
Income taxes – deferred	(209)	7,069
Profit		<u>15,850</u>
Profit attributable to owners of parent		15,850

## Nonconsolidated Balance Sheet

(As of March 31, 2022)

ASSETS		LIABILITIES	
	(JPY million)		(JPY million)
<b>CURRENT ASSETS</b>	245,726	<b>CURRENT LIABILITIES</b>	146,996
Cash and deposits	42,744	Notes payable - trade	3,189
Notes receivable - trade	3,253	Electronically recorded obligations - operating	25,050
Accounts receivable from completed construction contracts	173,335	Accounts payable for construction contracts	61,635
Costs on construction contracts in progress	9,259	Short-term borrowings	2,945
Accounts receivable - other	16,022	Lease obligations	13
Other	1,130	Income taxes payable	3,927
Allowance for doubtful accounts	(19)	Advances received on construction contracts in progress	11,005
<b>NON-CURRENT ASSETS</b>	58,270	Deposits received	24,570
<b>PROPERTY, PLANT AND EQUIPMENT</b>	18,714	Provision for warranties for completed construction	566
Buildings and structures	4,883	Provision for loss on construction contracts	835
Machinery and vehicles	976	Provision for contingent loss	38
Tools, furniture and fixtures	353	Provision for bonuses	3,083
Land	12,474	Other	10,135
Leased assets	24	<b>NON-CURRENT LIABILITIES</b>	23,251
Construction in progress	2	Long-term borrowings	9,007
<b>INTANGIBLE ASSETS</b>	749	Lease obligations	11
<b>INVESTMENTS AND OTHER ASSETS</b>	38,806	Provision for stock payments	183
Investment securities	9,431	Provision for retirement benefits	13,922
Shares of subsidiaries and associates	21,901	Other	125
Long-term loans receivable	262	<b>TOTAL LIABILITIES</b>	170,247
Long-term prepaid expenses	93	<b>NET ASSETS</b>	
Deferred tax assets	6,428	Shareholders' equity	131,011
Other	689	Share capital	30,108
		Capital surplus	21,145
		Legal capital surplus	16,767
		Other capital surplus	4,378
		Retained earnings	80,263
		Legal retained earnings	559
		Other retained earnings	79,703
		Retained earnings brought forward	79,703
		Treasury shares	(506)
		Valuation and translation adjustments	2,738
		Valuation difference on available-for-sale securities	2,738
		<b>TOTAL NET ASSETS</b>	133,749
<b>TOTAL ASSETS</b>	303,997	<b>TOTAL LIABILITIES AND NET ASSETS</b>	303,997



## Nonconsolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

NET SALES	(JPY million)	(JPY million)
Net sales of completed construction contracts	331,021	331,021
<b>COST OF SALES</b>		
Cost of sales of completed construction contracts	297,687	<u>297,687</u>
Gross profit		
Gross profit on completed construction contracts	33,333	33,333
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Operating profit		<u>17,772</u>
<b>NON-OPERATING INCOME</b>		
Interest and dividend income	2,065	
Other	431	2,496
<b>NON-OPERATING EXPENSES</b>		
Interest expenses	173	
Commission for syndicated loans	66	
Other	68	308
Ordinary profit		<u>19,960</u>
<b>EXTRAORDINARY INCOME</b>		
Subsidy income	67	
Gain on sales of memberships	9	
Other	0	77
<b>EXTRAORDINARY LOSSES</b>		
Compensation for damage	367	
Infectious disease related costs	215	
Loss on litigation	89	
Other	183	855
Profit before income taxes		<u>19,181</u>
Income taxes – current	5,861	
Income taxes – deferred	(410)	5,451
Profit		<u><u>13,730</u></u>

[Translation]

**Accounting Auditor's Audit Report Relating to the Consolidated Financial Statements**

**Independent Auditor's Audit Report**

May 12, 2022

The Board of Directors  
Kumagai Gumi Co., Ltd.

GYOSEI & CO.  
Tokyo Office  
Naruhito Minami  
Certified Public Accountant  
Designated Partner  
Engagement Partner

Naoko Enomoto  
Certified Public Accountant  
Designated Partner  
Engagement Partner

*Audit Opinion*

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statements of Changes in Equity and the Notes to the Consolidated Financial Statements of Kumagai Gumi Co., Ltd. (the "Company") applicable to this fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the group, consisting of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2021, in conformity with corporate accounting standards generally accepted in Japan.

*Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in respect of auditing standards is described in "Auditor's Responsibility in Auditing Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and fulfill other ethical responsibilities as an auditor in accordance with the provisions of professional ethics in Japan. We believe that we have obtained the audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

### *Other Statements*

Other statements consist of the Business Report and supplementary schedules thereto. The responsibility of management is to prepare and disclose these other statements. The responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to oversee the execution of duties by the Directors in designing and operating the reporting processes in respect of the other statements.

The other statements are not included in the scope of our audit opinion on the consolidated financial statements, and we do not express an opinion on the other statements.

Our responsibility in respect of auditing the consolidated financial statements is to peruse the other statements and, in the process, examine whether there are any material differences between the contents of the other statements and the consolidated financial statements or the knowledge we acquired in the course of our auditing, and to pay attention to whether there are any indications of material errors in the other statements, other than such material differences.

If we judge that there are material errors in the other statements based on the work performed by us, we are required to report such fact.

There are no matters that we ought to report with respect to the contents of the other statements.

### *Responsibility of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management shall evaluate whether it is appropriate to prepare the same on a going concern basis, and if required to disclose matters relating to the going concern in accordance with corporate accounting standards generally accepted in Japan, management shall be responsible for disclosing such matters.

The responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to oversee the execution of duties by the Directors in designing and operating the financial reporting processes.

### *Auditor's Responsibility in Auditing Consolidated Financial Statements*

The auditor is responsible for providing an independent opinion on the consolidated financial statements in the audit report based on an audit performed by the auditor, upon obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making of readers of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, the auditor shall and perform the following upon exercising professional judgment and maintaining professional skepticism throughout the audit:

- Identify and evaluate the risk of material misstatement, whether due to fraud or error. Design and perform audit procedures responsive to such risk of material misstatement. The audit procedures to be selected and applied depend on the auditor's judgment. Furthermore, obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinions;
- The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- Evaluate the appropriateness of accounting policies used and their application and the reasonableness of accounting estimates made by management and the adequacy of related notes;
- Make a conclusion on the appropriateness of the preparation of the consolidated financial statements by management on a going concern basis, and based on the audit evidence obtained, on whether any material uncertainty is found in relation to the events or conditions that may cast significant doubt on the ability to continue as a going concern. If the auditor finds material uncertainty regarding a going concern basis, the auditor is required to draw attention to the same in the notes to the consolidated financial statements in the auditor's report, or if such notes to the consolidated financial statements regarding material uncertainty are inappropriate, the auditor is required to render an except-for opinion in respect of the consolidated financial statements. The auditor's conclusion is based on the audit evidence obtained up to the date of the audit report, but future events or conditions may cause the entity to cease to be able to continue as a going concern;
- Evaluate whether the presentation of consolidated financial statements and notes is in accordance with corporate accounting standards generally accepted in Japan, and the presentation, structure and content of the consolidated financial statements, including

related notes, and whether the underlying transactions and accounting events are presented fairly in the consolidated financial statements; and

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entity and its consolidated subsidiaries to express opinions on the consolidated financial statements. The auditor is responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. The auditor is solely responsible for the auditor's opinion.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control identified during the audit, as well as other matters required by the audit standards.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board that it has complied with the provisions of professional ethics in Japan regarding independence, as well as matters that may reasonably be considered to affect the independence of the auditor, and if safeguards have been implemented to eliminate or mitigate impediments, the content thereof.

#### *Conflicts of Interest*

We have no interest in the Company or the consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

[End]

[Translation]

**Accounting Auditor's Audit Report Relating to the Financial Statements**

**Independent Auditor's Audit Report**

May 12, 2022

The Board of Directors  
Kumagai Gumi Co., Ltd.

GYOSEI & CO.  
Tokyo Office  
Naruhito Minami  
Certified Public Accountant  
Designated Partner  
Engagement Partner

Naoko Enomoto  
Certified Public Accountant  
Designated Partner  
Engagement Partner

*Audit Opinion*

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying nonconsolidated financial statements, which comprise the Nonconsolidated Balance Sheet, the Nonconsolidated Statement of Income, the Nonconsolidated Statements of Changes in Equity, the Notes to the Nonconsolidated Financial Statements and supplementary schedules thereto (the "Financial Statements, etc.") of Kumagai Gumi Co., Ltd. (the "Company") applicable to 85th fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the Financial Statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations for the fiscal year ended March 31, 2021 relating to such Financial Statements, etc., in conformity with corporate accounting standards generally accepted in Japan.

*Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility in respect of auditing standards is described in "Auditor's Responsibility in Auditing Financial Statements, etc." We are independent of the Company and fulfill other ethical responsibilities as an auditor in accordance with the provisions of professional ethics in Japan. We believe that we have obtained the audit evidence that is sufficient and appropriate

to provide a basis for our audit opinion.

#### *Other Statements*

Other statements consist of the Business Report and supplementary schedules thereto. The responsibility of management is to prepare and disclose these other statements. The responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to oversee the execution of duties by the Directors in designing and operating the reporting processes in respect of the other statements.

The other statements are not included in the scope of our audit opinion on the Financial Statements, etc., and we do not express an opinion on the other statements.

Our responsibility in respect of auditing the Financial Statements, etc. is to peruse the other statements and, in the process, examine whether there are any material differences between the contents of the other statements and the Financial Statements, etc. or the knowledge we acquired in the course of our auditing, and to pay attention to whether there are any indications of material errors in the other statements, other than such material differences.

If we judge that there are material errors in the other statements based on the work performed by us, we are required to report such fact.

There are no matters that we ought to report with respect to the contents of the other statements.

#### *Responsibility of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for Financial Statements, etc.*

Management is responsible for the preparation and fair presentation of these Financial Statements, etc. in accordance with corporate accounting standards generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Financial Statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, etc., management shall evaluate whether it is appropriate to prepare the same on a going concern basis, and if required to disclose matters relating to the going concern in accordance with corporate accounting standards generally accepted in Japan, management shall be responsible for disclosing such matters.

The responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to oversee the execution of duties by the Directors in designing and operating the

financial reporting processes.

*Auditor's Responsibility in Auditing Financial Statements, etc.*

The auditor is responsible for providing an independent opinion on the Financial Statements, etc. in the audit report based on an audit performed by the auditor, upon obtaining reasonable assurance about whether the Financial Statements, etc. as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making of readers of these Financial Statements, etc.

In accordance with auditing standards generally accepted in Japan, the auditor shall and perform the following upon exercising professional judgment and maintaining professional skepticism throughout the audit:

- Identify and evaluate the risk of material misstatement, whether due to fraud or error. Design and perform audit procedures responsive to such risk of material misstatement. The audit procedures to be selected and applied depend on the auditor's judgment. Furthermore, obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinions;
- The purpose of an audit of the Financial Statements, etc. is not to express an opinion on the effectiveness of entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- Evaluate the appropriateness of accounting policies used and their application and the reasonableness of accounting estimates made by management and the adequacy of related notes;
- Make a conclusion on the appropriateness of the preparation of the Financial Statements, etc. by management on a going concern basis, and based on the audit evidence obtained, on whether any material uncertainty is found in relation to the events or conditions that may cast significant doubt on the ability to continue as a going concern. If the auditor finds material uncertainty regarding a going concern basis, the auditor is required to draw attention to the same in the notes to the Financial Statements, etc. in the auditor's report, or if such notes to the Financial Statements, etc. regarding material uncertainty are inappropriate, the auditor is required to render an except-for opinion in respect of the Financial Statements, etc. The auditor's conclusion is based on the audit evidence obtained up to the date of the audit report, but future events or conditions may cause the entity to cease to be able to continue as a going concern;
- Evaluate whether the presentation of Financial Statements, etc. and notes is in accordance with corporate accounting standards generally accepted in Japan, and the presentation,



structure and content of the Financial Statements, etc., including related notes, and whether underlying transactions and accounting events are presented fairly in the Financial Statements, etc.; and

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control identified during the audit, as well as other matters required by the audit standards.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board that it has complied with the provisions of professional ethics in Japan regarding independence, as well as matters that may reasonably be considered to affect the independence of the auditor, and if safeguards have been implemented to eliminate or mitigate impediments, the content thereof.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

[End]

[Translation]

## **The Audit & Supervisory Board's Audit Report**

### **Audit Report**

The Audit & Supervisory Board prepared this Audit Report upon deliberations based on the Audit Report prepared by each Audit & Supervisory Board Member concerning the performance of duties of the Directors of the Company during the 85th fiscal year from April 1, 2021 to March 31, 2022 and hereby reports as follows:

#### **1. Auditing Method by Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof**

(1) The Audit & Supervisory Board established auditing policy, assignment of duties, etc. and received reports from each Audit & Supervisory Board Member on the implementation status and results of audits and further received reports from the Directors, etc. and the Accounting Auditors on the status of the execution of their duties and when necessary, requested explanations regarding such reports.

(2) In compliance with the Standards of Audit by Audit & Supervisory Board Members established by the Audit & Supervisory Board and in accordance with the auditing policy and the assigned duties, and by communicating with the Directors, the Audit Office, other employees, etc., each Audit & Supervisory Board Member strived to collect information and arrange an environment for auditing and implemented auditing using the following methods:

- A. The Audit & Supervisory Board Members attended the Board of Directors meetings and other important meetings, received from the Directors, employees, etc. reports on the matters regarding the status of the performance of their duties and, when necessary, requested explanations regarding such reports, inspected important authorized documents and associated information and examined the business and financial position of the Head Office and major offices. Furthermore, as for the subsidiaries of the Company, the Audit & Supervisory Board Member has communicated and shared information with the directors and corporate auditors, etc. of the subsidiaries and, when necessary, received reports from the subsidiaries regarding their businesses.
- B. With respect to the content of the resolution of the Board of Directors concerning the development of the structure prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act necessary to ensure the business operation of the group, consisting of the Company and its subsidiaries, are appropriate,

including the structure to ensure that the duties of the Directors are executed in compliance with laws, regulations and the Articles of Incorporation as described in the Business Report, and the structure developed based on such resolution (an internal control system), the Audit & Supervisory Board Members, in compliance with the Standards of Audit relating to Internal Control Systems established by the Board of Directors, received periodic reports from the Directors, employees, etc. on the construction and operation status thereof and, when necessary, requested explanations regarding such reports and expressed its opinions.

- C. The Audit & Supervisory Board Members monitored and examined whether the Accounting Auditors maintained their independence and carried out audits in an appropriate manner. The Audit & Supervisory Board Members received from the Accounting Auditors reports on the performance of their duties and, when necessary, requested explanations regarding those reports. The Audit & Supervisory Board Members also received notification from the Accounting Auditors that the “Structure to ensure that the duties of the independent auditors are appropriately executed” (as enumerated in each Item of Article 131 of the Company Calculation Regulations) is being developed in accordance with the “Standards for Quality Control of Audits” (Business Accounting Council on October 28, 2005), etc. When necessary, the Audit & Supervisory Board Members requested explanations on such notification.

Based on the foregoing method, for this fiscal year, the Audit & Supervisory Board Members reviewed the Business Report and supplementary schedules, nonconsolidated financial statements (the Nonconsolidated Balance Sheet, Nonconsolidated Statement of Income, Nonconsolidated Statements of Changes in Equity and Notes to the Nonconsolidated Financial Statements) and supplementary schedules thereto as well as the consolidated financial statements (the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statements of Changes in Equity and Notes to the Consolidated Financial Statements).

## 2. Audit Results

### (1) Audit Results on Business Report, etc.

- A. In our opinion, the Business Report and the supplementary schedules fairly represent the Company’s condition in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of the Company.
- B. With regard to the execution of duties by the Directors, we have found no evidence of misconduct or material facts in violation of the applicable laws and regulations of Japan or the Articles of Incorporation of the Company in the course of the execution of duties of the Directors.

C. In our opinion, the content of the resolutions of the Board of Directors regarding the internal control systems is appropriate.

We have not found anything to be pointed out on the description regarding the internal control systems set out in the Business Report or on the performance of duties of the Directors.

(2) Results of Audit of Nonconsolidated Financial Statements and Supplementary Schedules thereto

In our opinion, the method and results of the audit employed and rendered by GYOSEI & CO., the Accounting Auditors, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the method and results of the audit employed and rendered by GYOSEI & CO., the Accounting Auditors, are fair and reasonable.

May 12, 2022

Kumagai Gumi Co., Ltd., Audit & Supervisory Board  
Full-time Audit & Supervisory Board Member, Junji Konishi  
Outside Audit & Supervisory Board Member, Masaaki Ayukawa  
Audit & Supervisory Board Member, Tatsuru Satoh  
Outside Audit & Supervisory Board Member, Yutaka Takehana

[End of Document]