

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 4, 2021

To Our Shareholders

Yasunori Sakurano, President
Kumagai Gumi Co., Ltd.
Fukui Office: 3-2-1, Ote, Fukui-shi
Tokyo Head Office: 2-1, Tsukudocho,
Shinjuku-ku, Tokyo

CONVOCATION NOTICE OF THE 84TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Sirs and Madams:

Notice is hereby given that the 84th 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 Monday, June 28, 2021.

Description

- Date and Time:** 10:00 a.m. on Tuesday, June 29, 2021
- 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 84th fiscal year (from April 1, 2020 to March 31, 2021)
 2. Report on the contents of the nonconsolidated financial statements for the 84th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to Be Resolved:

- Proposal 1:** Dividends from surplus
- Proposal 2:** Appointment of nine (9) Directors
- Proposal 3:** Appointment of one (1) Audit & Supervisory Board Member
- Proposal 4:** Appointment of one (1) Substitute Audit & Supervisory Board Member

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]

* 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 Tuesday, June 29, 2021

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 Monday, June 28, 2021

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 Monday, June 28, 2021

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 Monday, June 28, 2021

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 (FY2018-2020),” further focus on returning profits to our shareholders, and continue shareholder return aimed at 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 84th 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 5,610,425,280.
- (3) Effective Date of Dividends from Surplus
June 30, 2021

Proposal 2: Appointment of nine (9) Directors

The terms of office of all seven (7) 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 nine (9) 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	<u>Reappointment</u> Yasunori Sakurano	President Executive President		100% (16/16)
2	<u>Reappointment</u> Yoshihiko Kato	Director Executive Vice President	Overall Civil Engineering Management In charge of Technology	100% (16/16)
3	<u>Reappointment</u> Yoshiaki Ogawa	Director Executive Vice President	Overall Architectural Management In charge of Health and Safety In charge of Quality and Environment	100% (16/16)
4	<u>Reappointment</u> Koji Hidaka	Director Senior Managing Executive Officer	General Manager of the Administration Division In charge of Compliance	100% (16/16)
5	<u>Reappointment</u> Sakae Yoshida <u>Outside</u> <u>Independent Officer</u>	Director		100% (13/13) (Since assumption of office in June 2020)
6	<u>New Appointment</u> Shin Ueda	Senior Managing Executive Officer	General Manager of the Architectural Management Division General Manager of the Project Office	-

7	New Appointment	Koji Okaichi	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	-
8	New Appointment	Shigeru Okada	Outside Independent Officer		-
9	New Appointment	Kimie Sakuragi	Outside Independent Officer		-

Candidates for Directors

Candidate No.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices	Number of Shares Owned by Candidate
1	Yasunori Sakurano (Born on July 2, 1957)	<p>April 1981 Joined the Company</p> <p>April 2010 General Manager of the Personnel Department of the Administration Division of the Company</p> <p>April 2011 Executive Officer of the Company</p> <p>April 2012 In charge of the Planning Office of the Company</p> <p>April 2012 In charge of the Public Relations Office of the Company</p> <p>April 2012 In charge of the CSR Promotion Office of the Company</p> <p>June 2012 Director of the Company</p> <p>July 2012 General Manager of the Planning Office of the Company</p> <p>April 2014 Managing Director of the Company</p> <p>April 2014 Managing Executive Officer of the Company</p> <p>April 2014 General Manager of the Management & Administration Division of the Company</p> <p>April 2014 Manager of the Corporate Planning Department of the Management & Administration Division of the Company</p> <p>April 2015 General Manager of the Corporate Planning Division of the Company</p> <p>April 2016 General Manager of the Diversity Promotion Office of Corporate Planning Division of the Company</p> <p>April 2017 Senior Managing Director of the Company</p> <p>April 2017 Senior Managing Executive Officer of the Company</p> <p>April 2018 President of the Company (current)</p> <p>April 2018 Executive President of the Company (current)</p>	5,200 shares
<p><Reason for selecting him as a candidate for Director></p> <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 & 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.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices	Number of Shares Owned by Candidate
2	Yoshihiko Kato (Born on August 24, 1958)	<p>April 1982 Joined the Company</p> <p>April 2013 Executive Officer of the Company</p> <p>April 2013 Deputy General Branch Manager of the Tohoku Branch of the Company</p> <p>April 2013 In charge of Earthquake Recovery at the Tohoku Branch of the Company</p> <p>April 2014 Managing Executive Officer of the Company</p> <p>April 2014 General Manager of the Civil Engineering Management Division of the Company</p> <p>June 2014 Managing Director of the Company</p> <p>May 2016 General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division of the Company</p> <p>April 2017 Senior Managing Director of the Company</p> <p>April 2017 Senior Managing Executive Officer of the Company</p> <p>April 2020 Director of the Company (current)</p> <p>April 2020 Executive Vice President of the Company (current)</p> <p>April 2021 Overall Civil Engineering Management of the Company (current)</p> <p>April 2021 In charge of Technology at the Company (current)</p>	2,400 shares
<p><Reason for selecting him as a candidate for Director></p> <p>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.</p>			

Candidate No.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices		Number of Shares Owned by Candidate
3	Yoshiaki Ogawa (Born on June 19, 1958)	April 1982	Joined the Company	4,100 shares
		April 2011	Executive Officer of the Company	
		April 2011	General Manager of the Architectural Management Department of the Kansai Branch of the Company	
		April 2011	Architectural Management Manager of the Architectural Management Department of the Kansai Branch of the Company	
		April 2012	Deputy General Branch Manager of the Kansai Branch of the Company	
		April 2013	Managing Executive Officer of the Company	
		April 2013	General Branch Manager of the Kansai Branch	
		April 2017	Senior Managing Executive Officer of the Company	
		April 2017	General Manager of the Architectural Management Division of the Company	
		June 2017	Senior Managing Director of the Company	
		April 2020	Director of the Company (current)	
		April 2020	Executive Vice President of the Company (current)	
		April 2021	Overall Architectural Management of the Company (current)	
		April 2021	In charge of Health and Safety at the Company (current)	
		April 2021	In charge of Quality and Environment at the Company (current)	
<p><Reason for selecting him as a candidate for Director></p> <p>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.</p>				

Candidate No.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices	Number of Shares Owned by Candidate
4	Koji Hidaka (Born on May 24, 1958)	<p>April 1981 Joined the Company</p> <p>April 2012 Joint General Manager of the Administration Division of the Company</p> <p>July 2012 General Manager of the Accounting Department of the Administration Division of the Company</p> <p>April 2013 Executive Officer of the Company</p> <p>April 2014 Joint General Manager of the Management & Administration Division of the Company</p> <p>April 2014 General Manager of the Accounting Department of the Management & Administration Division of the Company</p> <p>April 2015 General Manager of the Administration Division of the Company (current)</p> <p>April 2016 In charge of Discipline at the Company</p> <p>April 2016 In charge of Personal Information Protection at the Company</p> <p>April 2017 Managing Executive Officer of the Company</p> <p>June 2018 Managing Director of the Company</p> <p>April 2020 Director of the Company (current)</p> <p>April 2020 Senior Managing Executive Officer (current)</p> <p>April 2021 In charge of Compliance at the Company (current)</p>	3,020 shares
<p><Reason for selecting him as a candidate for Director></p> <p>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.</p>			

Candidate No.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices	Number of Shares Owned by Candidate
5	<div data-bbox="316 371 667 405" style="border: 1px solid black; padding: 2px;">Candidate for Outside Director</div> <div data-bbox="316 421 547 454" style="border: 1px solid black; padding: 2px;">Independent Officer</div> Sakae Yoshida (Born on February 3, 1957)	April 1981 Joined Dainippon Ink and Chemicals, Incorporated (currently, DIC Corporation) April 2009 Head of Sakai Plant of DIC Corporation April 2010 Head of Chiba Plant of DIC Corporation January 2015 Executive Officer, General Manager, Production Management Unit of DIC Corporation January 2018 Advisor of DIC Corporation (retired in December 2018) June 2020 Director of the Company (current)	600 shares
<p><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 of the 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.</p> <p><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 22 below and the Company has notified the Tokyo Stock Exchange that he is an independent officer. In the most recent fiscal year, the Company has not conducted any transaction with any of the companies for which Mr. Yoshino had previously managed operations.</p>			

Candidate No.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices		Number of Shares Owned by Candidate
6	<div style="border: 1px solid black; display: inline-block; padding: 2px;">New Appointment</div> Shin Ueda (Born on December 23, 1961)	April 1984 April 2014 April 2014 April 2014 June 2015 April 2017 April 2017 April 2020 April 2021	Joined the Company Executive Officer of the Company Deputy General Branch Manager of the Metropolitan Branch of the Company General Manager of the Architectural Management Division of the Metropolitan Branch of the Company General Manager of Project Measures Office of the Company (current) Managing Executive Officer of the Company General Branch Manager of the Metropolitan Branch of the Company Senior Managing Executive Officer of the Company (current) General Manager of the Architectural Management Division of the Company (current)	2,800 shares
<p><Reason for selecting him as a candidate for Director></p> <p>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 to newly appoint Mr. Ueda as a Director based on its judgment that it would be valuable for the management of the Company to utilize his past experiences.</p>				

Candidate No.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices	Number of Shares Owned by Candidate
7	<p data-bbox="316 383 528 416"><u>New Appointment</u></p> <p data-bbox="316 434 584 510">Koji Okaichi (Born on April 3, 1960)</p>	<p data-bbox="699 383 1118 416">April 1984 Joined the Company</p> <p data-bbox="699 434 1278 468">April 2016 Executive Officer of the Company</p> <p data-bbox="699 486 1246 577">April 2016 Joint General Manager of the Civil Engineering Management Division of the Company</p> <p data-bbox="699 584 1182 707">April 2016 General Manager of Civil Engineering of the Civil Engineering Management Division of the Company</p> <p data-bbox="699 714 1246 775">April 2017 General Branch Manager of the Kansai Branch of the Company</p> <p data-bbox="699 781 1246 842">April 2018 Managing Executive Officer of the Company</p> <p data-bbox="699 848 1246 938">April 2019 General Manager of Kansai Dream Project Office of Kansai Branch of the Company</p> <p data-bbox="699 945 1262 1005">April 2020 Senior Managing Executive Officer of the Company (current)</p> <p data-bbox="699 1012 1222 1135">April 2021 General Manager of the Civil Engineering Management Division of the Company (current)</p> <p data-bbox="699 1142 1270 1294">April 2021 General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division of the Company (current)</p>	900 shares
<p data-bbox="316 1301 935 1335"><Reason for selecting him as a candidate for Director></p> <p data-bbox="316 1335 1412 1644">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 to newly appoint Mr. Okaichi as a Director based on its judgment that it would be valuable for the management of the Company to utilize his past experiences.</p>			

Candidate No.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices	Number of Shares Owned by Candidate
8	<div style="border: 1px solid black; padding: 2px;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px;">New Appointment</div> <div style="border: 1px solid black; padding: 2px;">Independent Officer</div> Shigeru Okada (Born on February 27, 1953)	April 1975 Joined Showa Sangyo Co., Ltd. June 2005 Executive officer of Showa Sangyo Co., Ltd. June 2008 Director Managing Officer of Showa Sangyo Co., Ltd. June 2010 Director Senior Managing Officer of Showa Sangyo Co., Ltd. June 2011 President and CEO of Showa Sangyo Co., Ltd. April 2016 Chairman and Representative Director of Showa Sangyo Co., Ltd. April 2017 Chairman and Director of Showa Sangyo Co., Ltd. April 2018 Director of Showa Sangyo Co., Ltd. June 2018 Special Advisor of Showa Sangyo Co., Ltd. (resigned in February 2020)	1,000 shares
<p><Reason for selecting him as a candidate for Outside Director and his expected roles></p> <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 to newly appoint Mr. Okada 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.</p> <p><Matters concerning independence></p> <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 22 below and the Company will notify the Tokyo Stock Exchange that he is an independent officer.</p> <p>In the most recent fiscal year, the Company has not conducted any transaction with any of the companies for which Mr. Okada had previously managed operations.</p>			

Candidate No.	Name (Date of Birth)	Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices	Number of Shares Owned by Candidate
9	<div style="border: 1px solid black; padding: 2px;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px;">New Appointment</div> <div style="border: 1px solid black; padding: 2px;">Independent Officer</div> Kimie Sakuragi (Born on September 6, 1958)	March 1981 Joined Fukutake Publishing Co., Ltd. (currently Benesse Holdings, Inc.) April 1995 Supervisor of Book Businesses in Publishing Division of Benesse Corporation November 1998 Chief of Business Ethics and Compliance Office of Benesse Corporation January 2003 Manager of Business Ethics and Compliance Office of Benesse Corporation June 2003 Standing Audit & Supervisory Board Member of Benesse Corporation (resigned in June 2019) April 2007 Adjunct Professor of the University of Aizu Graduate School (current) June 2019 Outside Director of Toyobo Co., Ltd. (current)	- shares
<p><Reason for selecting her as a candidate for Outside Director and her expected roles></p> <p>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 experience having assumed positions such as an Outside Director of Toyobo Co., Ltd. and an Adjunct Professor of the University of Aizu Graduate School. The Company proposes to newly appoint Ms. Sakuragi 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 her abundant experience and extensive knowledge accumulated from her past work.</p> <p><Matters concerning independence></p> <p>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 22 below and the Company will notify the Tokyo Stock Exchange that she is an independent officer.</p> <p>In the most recent fiscal year, the Company has not conducted any transaction with any of the companies for which Ms. Sakuragi had previously managed operations.</p>			

- (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 is currently the Outside Director of the Company, and as of the closing of this ordinary general meeting of shareholders, he will have been the Outside Director for one (1) year since assuming the position of the Outside Director.
4. The Company has entered into a liability limitation agreement with Mr. Sakae Yoshida 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 if he is reappointed.
5. If Mr. Shigeru Okada and Ms. Kimie Sakuragi 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.
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 under the same terms during the term of office.

Proposal 3: Appointment of one (1) Audit & Supervisory Board Member

Since Mr. Junji Konishi, Full-Time Audit & Supervisory Board Member will resign at the closing of this ordinary general meeting of shareholders, the Company proposes to appoint one (1) Audit & Supervisory Board Member. The Company has obtained the consent of the Audit & Supervisory Board with respect to this Proposal.

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

Candidates for Audit & Supervisory Board Members

Name (Date of Birth)	Brief Personal Record, Title in the Company and Status of Major Concurrent Offices		Number of Shares Owned by Candidate
Junji Konishi (Born on July 18, 1958)	April 1981	Joined the Company	1,500 shares
	April 2007	General Manager of the Administration Department of the Kyushu Branch of the Company	
	April 2010	General Manager of the Administration Department of the Chushikoku Branch of the Company	
	April 2014	Assistant General Manager of the Chushikoku Branch of the Company (current)	
	June 2017	Full-Time Audit & Supervisory Board Member of the Company (current)	
<p><Reason for selecting him as candidate for Audit & Supervisory Board Member></p> <p>Mr. Junji Konishi 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 Administration Department of the Kyushu Branch and the General Manager of the Administration Department of the Chushikoku Branch and thereafter assumed the position of an Assistant General Manager of the Chushikoku Branch. The Company proposes that Mr. Konishi's appointment as an Audit & Supervisory Board Member continue based on its evaluation that the Company can expect to receive appropriate auditing of the management of the Company utilizing his experience accumulated from his past performance.</p>			

- (Note)
1. There is no special interest between the candidate and the Company.
 2. The Company has entered into a liability limitation agreement with Mr. Junji Konishi 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 if he is reappointed.
 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. Junji Konishi is reappointed, he will be included in the insureds under such insurance contract. In addition, the Company plans to renew such insurance contract under the same terms during the term of office.

Proposal 4: Appointment of one (1) Substitute Audit & Supervisory Board Member

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 one (1) Substitute Audit & Supervisory Board Member 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:

Candidate for Substitute Audit & Supervisory Board Member

Name (Date of Birth)	Brief Personal Record, Title in the Company and Status of Major Concurrent Offices	Number of Shares Owned by Candidate
<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Candidate for Outside Audit & Supervisory Board Member</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Independent Officer</div> Akira Maekawa (Born on October 9, 1972)	April 1999 Admitted to Bar of Japan April 1999 Joined Okamura Law Office February 2006 Financial Securities Inspector of the Kanto Local Finance Bureau of the Ministry of Finance January 2008 Joined Masuda & Partners Law Office August 2009 Established Maekawa Akira Law Office February 2011 Became Partner at IOTA Law Office (current) April 2016 Deputy Chairman of the Daiichi Tokyo Bar Association March 2018 Independent Board Director of Japan Investment Adviser Co., Ltd. (current) April 2018 Conciliation Commissioner of the Tokyo Summary Court (current)	- shares
<p><Reason for selecting him as a candidate for Substitute Outside Audit & Supervisory Board Member></p> <p>In addition to professional expertise and abundant practical 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 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 believes he will fulfill the duties of an Outside Audit & Supervisory Board Member appropriately due to the reasons stated above.</p> <p><Matters concerning independence></p> <p>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 22 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 has not conducted any transaction with any of the law firms to which Mr. Maekawa previously belonged.</p>		

- (Note)
1. There is no special interest between the candidate and the Company.
 2. Mr. Akira Maekawa is to be appointed as substitute for Outside Audit & Supervisory Board Member.
 3. If Mr. Akira Maekawa is appointed, the Company plans to enter into a liability limitation agreement with him 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.
 4. 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. Akira Maekawa assumes the position, he will be included in the insureds under such insurance contract. In addition, the Company plans to renew such insurance contract under the same terms 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, 2020 to March 31, 2021)

1. Matters Regarding Current Status of Group

(1) Progress and Results of Operation

In the midst of the situation where COVID-19, which has spread worldwide from early last year, has remained unsolved, the Japanese economy during this consolidated fiscal year observed some signs of bottoming out in certain areas of capital expenditure, production, and export, but personal consumption was sluggish partly due to the repeated requests to refrain from going out, and corporate earnings fell sharply, mainly in industries related to personal consumption. As a result, GDP showed negative growth for the first time since the time of the global financial crisis due to the fall of Lehman Brothers.

With respect to the construction industry, corporate construction investment was restrained, particularly in the manufacturing industry, residential construction remained weak, but generally flat, and public investment developed firmly due to the implementation of related budgets; as a result, the overall business environment remained steady.

Under such circumstances, the Group has worked together as the entire group to implement the “Kumagai Gumi Group Medium-term Management Plan (FY2018-2020) ~Challenge for Growth~” formulated in March 2018, in which the pillars of strategy are: (i) maintaining and expanding the scale of construction work contracting business, (ii) creating new businesses, and (iii) strategic partnership with other companies, and the Group has taken on the challenge of further growth.

With respect to the consolidated results for the Group during this consolidated fiscal year, the net sales increased by 3.2%, compared to the previous consolidated fiscal year, to JPY 450.2 billion due to the smooth implementation of construction works on hand. In regard to profit, the operating profit was JPY 28.0 billion and the ordinary profit was JPY 28.4 billion as a result of an increase in gross profit. Furthermore, the profit attributable to owners of parent was JPY 17.9 billion partly as a result of recording the provision for contingent loss as an extraordinary losses.

The results of operations of the Company are as follows:

The orders received decreased by 12.8%, compared to the previous fiscal year, to JPY 283.3 billion, partly due to a decrease in domestic building construction work. Among these orders received, the civil engineering work amounted to JPY 100.1 billion, and the building construction work amounted to JPY 183.2 billion. As for the breakdown by orderer, 20.9% was from government agencies and 79.1% was from private business.

The net sales increased by 2.3%, compared to the previous fiscal year, to JPY 360.2 billion. Among these, the civil engineering work amounted to JPY 121.4 billion and the building construction work amounted to JPY 238.7 billion. As for the breakdown by orderer, 25.0% was from government agencies and 75.0% was from private business.

The amount carried forward to the following business year decreased by 14.2%, compared to the previous fiscal year, to JPY 466.2 billion.

With respect to profit, the ordinary profit amounted to JPY 23.5 billion, and the profit was JPY 15 billion, as a result of an increase in gross profit and increase in dividend income.

The Company's status by division is as follows:

[Civil Engineering]

The orders received for civil engineering work increased by 8.4%, compared to the previous fiscal year, to JPY 100.1 billion.

Major contracts include: JFE Engineering Corporation: installation work of woody biomass storage facilities at Tsuruga Thermal Power Station Unit 2 (Fukui); Ministry of Land, Infrastructure, Transport and Tourism: Kagami Tunnel construction work on general national road Route 452 in Ashibetsu City (Hokkaido); Kansai Electric Power Co., Inc.: demolition construction work of power generating facilities, etc., of Tanagawa Daini Power Plant, and collection of waste materials in connection thereto (Osaka); The Tokyo Electric Generation Co., Ltd.: new construction work of headrace channel of Tochimoto Hydroelectric Power Station and removal work related to the new construction work of headrace channel of Tochimoto Hydroelectric Power Station (Saitama), etc.

The net sales of completed construction contracts decreased by 0.6%, compared to the previous fiscal year, to JPY 121.4 billion.

Major completed works include: Ministry of Land, Infrastructure, Transport and Tourism: first phase construction work for Mizuumigawa headrace tunnel (Fukui); Central Nippon Expressway Company Limited: Hane Tunnel construction work on Shin-Tomei Expressway (Kanagawa); East Nippon Expressway Company Limited: construction work at Kamariya Junction of Yokohama South Loop Line (Kanagawa); Iwate Prefecture: Class B river Katsushi river course Katsushi river flood gate civil construction work (Iwate), etc.

[Building Construction]

The orders received for building construction work decreased by 21.2%, compared to the previous fiscal year, to JPY 183.2 billion.

Major contracts include: Mitsui Fudosan Residential Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsubishi Estate Residence Co., Ltd., ITOCHU Property Development, Ltd., Toho Jisho Co., Ltd., Fijimi Jisyo Co., Ltd., Sodegaura Kogyo Co., Ltd.: Makuhari Shintoshin Wakaba Residential Area Plan (B-3 Block) (tentative name) (Chiba); Nidec Corporation: construction work of Mukomachi Project C Building (tentative name) of Nidec Corporation (Kyoto); Nippon Steel Kowa Real Estate Co., Ltd., Mitsubishi Estate Residence Co., Ltd.: development plan of Hazawa Yokohama Kokudai Station Area A (tentative name) (Kanagawa); JFE Engineering Corporation: civil engineering building construction work among facility development and operation project of next generation waste disposal facility in Fukuyama City (Hiroshima), etc.

The net sales of completed construction contracts increased by 3.8%, compared to the previous fiscal year, to JPY 238.7 billion.

Major completed works include: Mitsui Fudosan Residential Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsubishi Estate Residence Co., Ltd., ITOCHU Property Development, Ltd., Toho Jisho Co., Ltd., Fijimi Jisyo Co., Ltd., Sodegaura Kogyo Co., Ltd.: Makuhari Shintoshin Wakaba Residential Area Plan (B-2 Block) (tentative name) (Chiba); Kumamoto Prefecture North Hospital Organization: planning and construction service relating to development business of new hospital of Kumamoto Prefecture North Hospital Organization (Kumamoto); APA K.K., APA Home K.K.: new construction work of APA Hotel & Resort. <Ryogoku Station Tower> (tentative name) (Tokyo); Sekisui House, Ltd., Mitsubishi Estate Residence Co., Ltd.: 4-chome Uchikyuhoji, Chuo-ku, Osaka City Plan (tentative name) (Osaka), 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	188,487	100,106	121,446	(167,147) 167,147
Building Construction	354,626	183,255	238,794	(299,087) 299,098
Total	543,113	283,361	360,240	(466,234) 466,245

(Note) 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 11 million, and the figures in parentheses are the amounts prior to the revision.

(2) Status of Capital Expenditures

The total amount of capital expenditures spent during this consolidated fiscal year was JPY 2.5 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, as the situation surrounding COVID-19 is unlikely to end, personal consumption and corporate earnings are expected to recover gradually due to various governmental policies and the progress of vaccination, etc. However, as restrictions on travel and economic activities continue both domestically and internationally, the business outlook remains unclear.

In regard to the construction industry, the investments in construction by private companies are expected to be weak due to the deterioration of the business environment. However, public investment secured almost the same level of budget in the FY2021 as the previous fiscal year; and in particular, concentrated investment is expected to be made in construction work in response to the frequent occurrence of large-scale natural disasters resulting from climate change and the aging social infrastructure built during the economic growth period. 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 private capital expenditure to a certain extent. However, if the impact of COVID-19 is prolonged, we need

to note the risks including an increase of costs for countermeasures and stagnation of materials and equipment supplies.

Given the frequent natural disasters that have become more severe in recent years, and the aging social infrastructure built during the economic growth period from the mid-1950s through early 1970s, the current situation in Japan has had a major impact on the infrastructure that supports people's lives and industrial development. In addition, the spread of COVID-19 is changing people's values and behavior, which is truly increasing the uncertainty of the future.

Given such a business environment, addressing seriously and confronting the social issues that have emerged with the changing times, and recognizing that it is the Group's role 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" by creating "a sustainable society," "a society where people can live comfortably," and "a society where the economy continues to grow," the Group formulated "The Kumagai Gumi Group Medium-term Management Plan (FY2021-2023) ~Proactive Measures for Sustainable Growth~" in May 2021. This plan sets out the policies, strategies and targets for the next three (3) years based on a long-term vision of "new management policy that looks ahead to 2030 and beyond," while following the vision of the Medium-to-long-term Management Policy established in 2017.

"The Kumagai Gumi Group Medium-term Management Plan (FY2021-2023) ~Proactive Measures for Sustainable Growth~" (Summary)

■ Long-term vision

As a leader in the construction service industry that society needs, the Kumagai Gumi Group contributes 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.

■ Identify issues

- Carbon neutrality
- Making the land more resilient to disasters and extending the life of infrastructure
- Upgrading urban functions and smart cities

■ Basic policies

(i) Bolster overall construction business:

The Group will strengthen and improve the efficiency of its core construction business

in order to increase profitability.

(ii) Accelerate construction-related peripheral businesses:

The Group will create a solid source of revenues by accelerating its construction-related peripheral businesses (projects in which the Group participates as a principal by making its own investment and holding assets), which it has positioned as a growth area.

(iii) Develop new business domains:

The Group will try to develop new business domains in which it can contribute to the society we are aiming for, as well as to create business opportunities to respond to changes in the business environment.

(iv) Strengthen the management foundation:

The Group will further strengthen the foundation that supports its management and strive to ensure that its strategies will lead to solid businesses that generate multiple sources of revenue.

■ Financial targets

Consolidated net sales : JPY 470 billion (in FY2023)

Consolidated ordinary profit : JPY 33 billion (in FY2023)

ROE : 12% or more

Dividend payout ratio : 30% target

■ Non-financial targets

CO₂ emissions reduction rate (Scope 1 and 2): Achieve minus 25% in 2030 when compared to FY2019

(Scope 1: All direct emissions of greenhouse gases from the activities of organizations or ones under their control)

(Scope 2: Indirect emissions from electricity, heat and steam purchased and used by the organization)

Mixed waste discharge rate (total amount of mixed waste generated as a percentage of total construction waste generated) : 2.0% or less

Casualty frequency rate (number of casualties due to occupational accidents per one million total working hours) : 0.5 or less

Number of overtime hours worked by employees (average number of overtime hours worked in one month) : 30 hours or less

Number of cases of serious violations of law and regulations (including cases that have been administratively punished or subject to administrative measures) : 0 cases

■ Investment plan

The domestic construction market is projected to shrink in the future due to a declining population and fiscal constraints, and competition is expected to intensify further. Therefore, the Group will invest JPY 40 billion to further bolster its core construction business and accelerate its efforts in construction-related peripheral businesses, in an

attempt to reinforce its competitiveness and secure stable earnings by diversifying its revenue sources.

Through its construction business, the Company has been committed to help solving the social issues of the day and contributing to the development of society, in accordance with the motto of its founder, “Integrity with a Competitive Mindset,” which has been passed down from generation to generation. Based on the Medium-term Management Plan we have just formulated, the Group will work together to continue to take on the challenges toward sustainable growth as a leader in the construction services that society requires; thus, we would like to ask 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	81st fiscal year (Fiscal year ended March 31, 2018)	82nd fiscal year (Fiscal year ended March 31, 2019)	83rd fiscal year (Fiscal year ended March 31, 2020)	84th fiscal year (This consolidated fiscal year) (Fiscal year ended March 31, 2021)
Net sales	JPY million	374,019	389,058	436,151	450,232
Profit attributable to owners of parent	JPY million	15,783	13,312	19,447	17,925
Basic earnings per share	JPY	389.63	285.49	417.35	384.69
Total assets	JPY million	333,665	353,718	374,841	379,573
Net assets	JPY million	126,374	134,883	148,034	163,835

(Note) 1. “Basic earnings per share” is calculated based on the average number of shares of the common stock during the fiscal year.

2. Since the Company conducted a one-for-ten reverse stock split of common stock on October 1, 2017, basic earnings per share was calculated under the assumption that the reverse stock split of common stock was conducted at the beginning of the 81st fiscal year (fiscal year ended March 31, 2018)

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

Classification	Units	81st fiscal year (Fiscal year ended March 31, 2018)	82nd fiscal year (Fiscal year ended March 31, 2019)	83rd fiscal year (Fiscal year ended March 31, 2020)	84th fiscal year (This fiscal year) (Fiscal year ended March 31, 2021)
Orders received	JPY million	381,784	454,007	324,959	283,361
Net sales	JPY million	294,579	307,090	352,224	360,240
Profit	JPY million	12,864	14,156	14,823	15,047
Basic earnings per share	JPY	316.72	302.88	317.38	322.21
Total assets	JPY million	280,092	294,950	315,780	316,659
Net assets	JPY million	100,439	109,973	118,438	131,287

- (Note) 1. “Basic earnings per share” is calculated based on the average number of shares of the common stock during the fiscal year.
2. Since the Company conducted a one-for-ten reverse stock split of common stock on October 1, 2017, basic earnings per share was calculated under the assumption that the reverse stock split of common stock was conducted at the beginning of the 81st fiscal year (fiscal year ended March 31, 2018).

(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:	3-2-1, Ote, 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:	China (Hong Kong), Taiwan, Vietnam, Sri Lanka, Myanmar

(ii) Principal Subsidiaries

GAEART Co., Ltd. (Shinjuku-ku, Tokyo)
Technos Co., Ltd. (Toyokawa-shi, Aichi)
K & E Co., Ltd. (Shinjuku-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
4,259 people	+105 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
2,620 people	+42 people	44.3 years old	19.5 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.	1,250
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

46,805,660 shares (including 52,116 shares as treasury shares)

(3) Number of Shareholders

38,261 (increase by 659 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	20.02
Custody Bank of Japan, Ltd. (Trust Account)	4,116	8.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,021	6.46
Kumagai Gumi Business Partner Shareholding Association	1,979	4.23
Custody Bank of Japan, Ltd. (Trust Account 9)	1,115	2.38
Sumitomo Mitsui Banking Corporation	591	1.26
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	532	1.14
JP MORGAN CHASE BANK 385781	472	1.01
The Nomura Trust and Banking Co., Ltd. (Trust Account)	451	0.97
Custody Bank of Japan, Ltd. (Trust Account 5)	446	0.96

(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)	(2,152 shares) 1,507 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	Yoshihiko Kato	General Manager of the Civil Engineering Management Division, General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division
Director	Yoshiaki Ogawa	General Manager of the Architectural Management Division
Director	Susumu Ogawa	
Director	Koji Hidaka	General Manager of the Administration Division In charge of Discipline, In charge of Personal Information Protection
Director	Mikie Yumoto	
○ Director	Sakae Yoshida	
Full-Time Audit & Supervisory Board Member	Junji Konishi	
Audit & Supervisory Board Member	Masaaki Ayukawa	Certified Public Accountant, Outside Director (Audit Supervisory Committee Member) of AUCNET INC.
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 Ms. Mikie Yumoto and Mr. Sakae Yoshida are both Outside Directors.
 2. Audit & Supervisory Board Members, Messrs. Masaaki Ayukawa and Yutaka Takehana are both Outside Audit & Supervisory Board Members.
 3. Directors Ms. Mikie Yumoto, Mr. Sakae Yoshida 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 83rd ordinary general meeting of shareholders held on June 26, 2020.
 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:

Chairperson	Yasushi Higuchi	(Retired as of June 26, 2020)
Director	Koichi Hironishi	(Retired as of June 26, 2020)

7. The status and business responsibility of Directors has changed as of April 1, 2021, as follows:

Director (Representative Director)	Yoshihiko Kato	Overall Civil Engineering Management In charge of Technology
Director (Representative Director)	Yoshiaki Ogawa	Overall Architectural 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

The Company has introduced the Executive Officer System. The Executive Officers as of March 31, 2021 are as follows:

* Executive President	Yasunori Sakurano	Managing Executive Officer	Norio Sumiyoshi
* Executive Vice President	Yoshihiko Kato	Managing Executive Officer	Hideyuki Tsukuda
* Executive Vice President	Yoshiaki Ogawa	Managing Executive Officer	Yoshio Hagita
Executive Vice President	Masahiko Takashima	Executive Officer	Kunihiko Oshima
* Senior Managing Executive Officer	Susumu Ogawa	Executive Officer	Kunito Hoshi
* Senior Managing Executive Officer	Koji Hidaka	Executive Officer	Hisato Nagata
Senior Managing Executive Officer	Shin Ueda	Executive Officer	Takahiko Kashihara
Senior Managing Executive Officer	Koji Okaichi	Executive Officer	Kazuhiko Kawamura
Managing Executive Officer	Akira Yamazaki	Executive Officer	Masato Yamashita
Managing Executive Officer	Hiroshi Iida	Executive Officer	Yuzuru Hirano
Managing Executive Officer	Kenji Kishi	Executive Officer	Satoru Miyawaki
Managing Executive Officer	Masaki Ohno	Executive Officer	Makoto Wakabayashi
Managing Executive Officer	Masao Kajiyama		

(Note) 1. Executive Officers marked with asterisks (*) are Executive Officers concurrently serving as Directors.

2. Executive Vice President Mr. Masahiko Takashima and Managing Executive Officer Hiroshi Iida retired from their position as Executive Officers as of March 31, 2021.

3. As of April 1, 2021, the position of Executive Officer has changed as follows:

Senior Managing Executive Officer	Kenji Kishi	○ Executive Officer	Hideki Masumori
Senior Managing Executive Officer	Masaki Ohno	○ Executive Officer	Hiroyasu Yaguchi
Managing Executive Officer	Takahiko Kashihara	○ Executive Officer	Tetsuo Ono
Managing Executive Officer	Masato Yamashita	○ Executive Officer	Taiji Ito
Managing Executive Officer	Makoto Wakabayashi		

(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) 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)	173 (20)	157 (20)	- (-)	16 (-)	9 (3)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	42 (20)	42 (20)	- (-)	- (-)	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.

(4) Matters Regarding Outside Officers

Directors Ms. Mikie Yumoto and Mr. Sakae Yoshida are both 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

Audit & Supervisory Board Member Mr. Ayukawa is the Outside Director (Audit Supervisory Committee Member) of AUCNET INC. The Company has no material relationships with said company.

(ii) Status of Principal Activities

Director Ms. Yumoto has attended all sixteen (16) meetings of the Board of Directors held during this fiscal year, and has spoken, as necessary, mainly based on her abundant experience and extensive knowledge she acquired by participating in management as a management executive in charge of human resources of a different industry. In addition, as a member of the Nomination and Compensation Committee, Director Ms. Yumoto has attended all seven (7) 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. Yoshida has attended all thirteen (13) meetings of the Board of Directors held after his assumption of office on June 26, 2020, and has spoken, as necessary, mainly based on his abundant experience and extensive knowledge he acquired as an officer 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 five (5) meetings of the Committee held after his assumption of office on June 26, 2020, 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 sixteen (16) meetings of the Board of Directors as well as eleven (11) meetings out of twelve (12) 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 sixteen (16) meetings of the Board of Directors as well as all twelve (12) 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 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-Branch Manager Meetings in order to thoroughly implement and inform the Executive Officer and 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, 2020 to March 31, 2021) is as follows:

1. Overall Internal Control

The Board of Directors of the Company consists of seven (7) Directors (until the closing of the ordinary general meeting of shareholders held on June 26, 2020, eight (8) Directors), including two (2) Outside Directors, and the meetings of the Board of Directors were held sixteen (16) 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-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 Project Review Committee on Awarded Contracts and the New Business Committee, have been established.

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, 2021)

ASSETS		LIABILITIES	
	(JPY million)		(JPY million)
CURRENT ASSETS	311,770	CURRENT LIABILITIES	190,604
Cash and deposits	71,335	Notes payable, accounts payable for construction contracts and other	84,610
Notes receivable, accounts receivable from completed construction contracts and other	197,175	Electronically recorded obligations - operating	37,435
Costs on construction contracts in progress	6,454	Short-term borrowings	4,161
Accounts receivable - other	29,477	Income taxes payable	3,841
Other	7,554	Advances received on construction contracts in progress	11,929
Allowance for doubtful accounts	(226)	Deposits received	34,622
		Provision for warranties for completed construction	473
NON-CURRENT ASSETS	67,803	Provision for loss on construction contracts	156
PROPERTY, PLANT AND EQUIPMENT	25,658	Provision for contingent loss	1,482
Buildings and structures	7,491	Provision for bonuses	4,256
Machinery, vehicles, tools, furniture and fixtures	2,097	Other	7,633
Land	15,105		
Leased assets	588	NON-CURRENT LIABILITIES	25,133
Construction in progress	375	Long-term borrowings	7,728
INTANGIBLE ASSETS	558	Provision for share awards	140
INVESTMENTS AND OTHER ASSETS	41,587	Retirement benefit liability	16,644
Investment securities	29,711	Other	620
Long-term loans receivable	641	TOTAL LIABILITIES	215,737
Long-term non-operating accounts receivable	116	NET ASSETS	
Distressed receivables	26	Shareholders' equity	159,540
Deferred tax assets	7,245	Share capital	30,108
Other	4,022	Capital surplus	25,156
Allowance for doubtful accounts	(177)	Retained earnings	104,727
		Treasury shares	(451)
		Accumulated other comprehensive income	4,294
		Valuation difference on available-for-sale securities	4,241
		Foreign currency translation adjustment	384
		Remeasurements of defined benefit plans	(330)
		TOTAL NET ASSETS	163,835

TOTAL ASSETS	379,573	TOTAL LIABILITIES AND NET ASSETS	379,573
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Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

NET SALES	(JPY million)	(JPY million)
Net sales of completed construction contracts	450,232	450,232
COST OF SALES		
Cost of sales of completed construction contracts	402,147	<u>402,147</u>
Gross profit		
Gross profit on completed construction contracts	48,084	48,084
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Operating profit		<u>28,069</u>
NON-OPERATING INCOME		
Interest and dividend income	411	
Share of profit of entities accounted for using equity method	226	
Other	268	906
NON-OPERATING EXPENSES		
Commission for syndicated loans	210	
Interest expenses	190	
Other	173	574
Ordinary profit		<u>28,400</u>
EXTRAORDINARY INCOME		
Settlement received	100	
Compensation for expropriation	14	
Gain on sales of investment securities	14	
Other	13	142
EXTRAORDINARY LOSSES		
Provision for contingent loss	1,281	
Loss on transfer of receivables	458	
Infectious disease related costs	269	
Other	440	2,449
Profit before income taxes		<u>26,093</u>
Income taxes – current	6,629	
Income taxes – deferred	1,538	8,168
Profit		<u>17,925</u>
Profit attributable to owners of parent		17,925

Nonconsolidated Balance Sheet

(As of March 31, 2021)

ASSETS		LIABILITIES	
	(JPY million)		(JPY million)
CURRENT ASSETS	259,095	CURRENT LIABILITIES	163,793
Cash and deposits	51,767	Notes payable - trade	3,459
Notes receivable - trade	1,628	Electronically recorded obligations - operating	32,973
Accounts receivable from completed construction contracts	163,625	Accounts payable for construction contracts	66,412
Costs on construction contracts in progress	5,443	Short-term borrowings	3,942
Accounts receivable - other	29,456	Lease obligations	15
Other	7,368	Income taxes payable	3,470
Allowance for doubtful accounts	(195)	Advances received on construction contracts in progress	9,943
NON-CURRENT ASSETS	57,563	Deposits received	33,325
PROPERTY, PLANT AND EQUIPMENT	17,012	Provision for warranties for completed construction	428
Buildings and structures	3,557	Provision for loss on construction contracts	155
Machinery and vehicles	594	Provision for contingent loss	1,462
Tools, furniture and fixtures	298	Provision for bonuses	2,760
Land	12,207	Other	5,443
Leased assets	33	NON-CURRENT LIABILITIES	21,577
Construction in progress	321	Long-term borrowings	7,728
INTANGIBLE ASSETS	434	Lease obligations	19
INVESTMENTS AND OTHER ASSETS	40,116	Provision for stock payments	140
Investment securities	10,408	Provision for retirement benefits	13,624
Shares of subsidiaries and associates	22,940	Other	65
Long-term loans receivable	677	TOTAL LIABILITIES	185,371
Long-term prepaid expenses	77	NET ASSETS	
Deferred tax assets	5,369	Shareholders' equity	127,079
Other	644	Share capital	30,108
Allowance for doubtful accounts	(1)	Capital surplus	25,156
		Legal capital surplus	16,767
		Other capital surplus	8,389
		Retained earnings	72,143
		Legal retained earnings	559
		Other retained earnings	71,583
		Retained earnings brought forward	71,583
		Treasury shares	(328)
		Valuation and translation adjustments	4,208
		Valuation difference on available-for-sale securities	4,208
		TOTAL NET ASSETS	131,287
TOTAL ASSETS	316,659	TOTAL LIABILITIES AND NET ASSETS	316,659

Nonconsolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

NET SALES	(JPY million)	(JPY million)
Net sales of completed construction contracts	360,240	360,240
COST OF SALES		
Cost of sales of completed construction contracts	322,639	<u>322,639</u>
Gross profit		
Gross profit on completed construction contracts	37,600	37,600
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Operating profit		<u>22,447</u>
NON-OPERATING INCOME		
Interest and dividend income	1,386	
Other	<u>258</u>	1,644
NON-OPERATING EXPENSES		
Commission for syndicated loans	210	
Interest expenses	187	
Other	<u>149</u>	<u>547</u>
Ordinary profit		23,543
EXTRAORDINARY INCOME		
Settlement received	100	
Gain on sales of investment securities	14	
Others	<u>8</u>	122
EXTRAORDINARY LOSSES		
Provision for contingent loss	1,278	
Loss on transfer of receivables	458	
Infectious disease related costs	220	
Other	<u>224</u>	<u>2,182</u>
Profit before income taxes		21,484
Income taxes – current	5,116	
Income taxes – deferred	<u>1,319</u>	<u>6,436</u>
Profit		<u><u>15,047</u></u>

[Translation]

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

Independent Auditor's Audit Report

May 12, 2021

The Board of Directors
Kumagai Gumi Co., Ltd.

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

Tetsuo Noguchi
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, 2020 through March 31, 2021.

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.

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 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, 2021

The Board of Directors
Kumagai Gumi Co., Ltd.

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

Tetsuo Noguchi
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 84th fiscal year from April 1, 2020 through March 31, 2021.

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.

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 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 84th fiscal year from April 1, 2020 to March 31, 2021 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, 2021

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]