

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.
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(Securities Code: 1861)

June 3, 2024

(Commencement Date of Electronic Provision Measures: May 27, 2024)

To Our Shareholders

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

CONVOCATION NOTICE OF THE 87TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Sirs and Madams:

Notice is hereby given that the 87th Ordinary General Meeting of Shareholders of Kumagai Gumi Co., Ltd. (the “Company”) will be held as set forth below.

At the time of the convocation of this Ordinary General Meeting of Shareholders, electronic provision measures have been taken for the information contained in the reference materials, etc. for the general meeting of shareholders (the “Matters for Electronic Provision Measures”), and the Matters for Electronic Provision Measures have been posted on our website. We request that you access the information by visiting our website indicated below.

Website of the Company

<https://www.kumagaigumi.co.jp/ir/stockinfo/meeting/index.html>

(For Reference) English website of the Company

<https://www.kumagaigumi.co.jp/en/ir/stockinfo/meeting/index.html>

* The following matters are not included in the English translation.

- Consolidated Statements of Changes in Equity
- Notes to the Consolidated Financial Statements
- Nonconsolidated Statements of Changes in Equity
- Notes to the Nonconsolidated Financial Statements

In addition to the above, the Matters for Electronic Provision Measures have been also posted on the websites of the Tokyo Stock Exchange, Inc. (TSE) and Sumitomo Mitsui Trust Bank.

If you access the information via the TSE website (Search for a listed company), please enter and search for our issue name (Kumagai Gumi) or securities code (1861) and select “Basic information” and “Documents for public inspection/PR information”.

TSE website (Search for a listed company)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you access the information via the website of Sumitomo Mitsui Trust Bank, please login by scanning the QR code printed on the enclosed Voting Form or entering your ID and initial password stated on the enclosed Voting Form.

Sumitomo Mitsui Trust Bank website

<https://www.soukai-portal.net>

If you are unable to attend the meeting on the day, you may exercise your voting rights in writing or via the Internet. 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 Wednesday, June 26, 2024.

[Exercise of voting rights via the Internet]

Please refer to the “Guide to Exercising Voting Rights via the Internet” on pages 6 to 7.

[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.

Description

- 1. Date and Time:** 10:00 a.m. on Thursday, June 27, 2024
- 2. Place:** Tokyo Head Office of the Company, Main Conference Room
2-1, Tsukudocho, Shinjuku-ku, Tokyo

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 87th fiscal year (from April 1, 2023 to March 31, 2024)
 2. Report on the contents of the nonconsolidated financial statements for the 87th fiscal year (from April 1, 2023 to March 31, 2024)

Matters to Be Resolved:

(Company's Proposals)

- Proposal 1:** Dividends from surplus
- Proposal 2:** Appointment of eleven (11) Directors
- Proposal 3:** Appointment of two (2) Substitute Audit & Supervisory Board Members
- Proposal 4:** Partial amendment to and continuation of stock compensation plan for Directors

(Shareholder's Proposal)

- Proposal 5:** Appropriation of Surplus

4. Matters Determined for Convocation

- (1) Pursuant to the provisions of laws and regulations and Article 16 of the Articles of Incorporation of the Company, among the Matters for Electronic Provision Measures, the following matters are not included in the documents that will be delivered to shareholders who have requested the delivery of documents in paper form. Accordingly, the documents that will be delivered to shareholders who have requested the delivery of documents in paper form are part of the documents audited by the Audit & Supervisory Board Members and the Accounting Auditors upon preparing the Audit Report.
 - Consolidated Statements of Changes in Equity
 - Notes to the Consolidated Financial Statements
 - Nonconsolidated Statements of Changes in Equity
 - Notes to the Nonconsolidated Financial Statements
- (2) If you exercise your voting rights both via the Internet and by sending the Voting Form, the vote made via the Internet shall be deemed effective. Also, please be advised that if you exercise your voting right multiple times via the Internet, the Company will only deem the substance of your final exercise to be valid.

- (3) If neither approval nor disapproval of each proposal is indicated on the Voting Form sent back to the Company, the Company will deem that you indicated “approval” for the Company’s Proposals, and “disapproval” for the Shareholder’s Proposal.

[End of Notice]

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- * **Upon arrival at the meeting, please submit the Voting Form enclosed herewith to the reception at the entrance to the meeting venue. No gifts to shareholders will be given on the meeting day.**
- * **If any modifications are made to the Matters for Electronic Provision Measures, a notice of such modifications and the details of the matters before and after modification will be posted on the Company’s website, the TSE website, and the Sumitomo Mitsui Trust Bank website, the addresses of which are stated above.**

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 Thursday, June 27, 2024

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 Wednesday, June 26, 2024.

Exercise of voting rights via the Internet:

Please indicate 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” (pages 6 to 7) below.

Voting deadline: Please complete the voting process by 5:30 p.m. on Wednesday, June 26, 2024.

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.

Guide to Exercising Voting Rights via the Internet

Voting deadline:

Please complete the voting process by 5:30 p.m. on Wednesday, June 26, 2024.

Method of Exercising Voting Rights by Smartphone, etc.

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| (i) Scan the QR code [®] indicated on the Voting Form.
Note: The QR code is a registered trademark of Denso Wave Incorporated. | (ii) Tap “Exercise Voting Rights” button on the top screen of the General Meeting of Shareholders Portal [®] . | (iii) The top screen of the Smart Exercise [®] will be displayed. Follow the instructions on the screen and indicate your approval/disapproval for each proposal. |
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Method of Exercising Voting Rights by PC, etc.

Please access the following URL by entering your login ID for General Meeting of Shareholders Portal and password indicated on the Voting Form. After login, follow the instructions on the screen and indicate your approval/disapproval for each proposal.

URL of the General Meeting of Shareholders Portal ► <https://www.soukai-portal.net>

You may use the website for exercising voting rights in the same manner as before.

► <https://www.web54.net>

You may also exercise your voting rights by entering your “Code for Exercising Voting Rights” and the “password” indicated on the Voting Form.

Notes

- If you wish to modify your vote after exercising your voting rights, you will be required to access the website for exercising voting rights (<https://www.web54.net>) by entering your “Code for Exercising Voting Rights” and the “password” indicated on the Voting Form (if you have changed your password to access the website for exercising voting rights on your own, please enter your password after the change).
- If you exercise your voting rights redundantly via the Internet and in writing, the votes submitted via the Internet will be deemed effective. Furthermore, if you exercise your voting rights more than once via the Internet only your most recent exercise of voting rights will be accepted as effective.
- Handling of password and Code for Exercising Voting Rights, and login ID for General Meeting of Shareholders Portal
 - (1) Passwords are means to verify the identity of the person exercising voting rights as a shareholder. As is the case with registered personal seals and security codes, please handle them with due care.

- (2) Your password will be locked and invalidated if an incorrect password is entered a certain number of times.
- (3) “The Code for Exercising Voting Rights / the login ID for General Meeting of Shareholders Portal” provided in the Voting Form are effective only for this ordinary general meeting of shareholders.

Contact Information for Inquiries Regarding Use of the General Meeting of Shareholders Portal and Exercising Voting Rights via the Internet

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support
0120-652-031 (Inquiries are accepted from 9:00 a.m. to 9:00 p.m.)

Reference Materials for Ordinary General Meeting of Shareholders

Proposal and Reference Matters

(Company's Proposal)

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 foundation and expansion of business profit, 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 has endeavored to further improve our performance based on the “Mid-term Management Plan (FY2021-2023),” further focused on returning profits to our shareholders, and continued shareholder returns aiming at a dividend payout ratio of around 30%. In accordance with the basic policy and the Mid-term Management Plan, the Company proposes that the year-end dividends for the 87th fiscal year be as set forth below.

With respect to dividends for the next fiscal year and beyond, the Company will continue shareholder returns aiming at a dividend payout ratio of around 40%, in accordance with the “Mid-term Management Plan (FY2024-2026)” announced as of May 14, 2024.

- (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 payment of JPY 130 per share in respect of the common stock of the Company.
In this case, the total amount of dividend will amount to JPY 5,618,051,270.
- (3) Effective Date of Dividends from Surplus
June 27, 2024
- (4) Commencement Date of Dividend Payment
July 18, 2024

(Commencement date of dividend payment)

With respect to payment of the year-end dividends for this fiscal year, as a shareholder made Proposal No. 5 “Appropriation of Surplus,” the Company would like to set the commencement date for the payment as July 18, 2024, with a view to ensuring the necessary period for the administrative procedures for payment of dividends.

The Company apologizes for later payment than usual. The support and understanding of shareholders would be highly appreciated.

(Company's Proposal)

Proposal 2: Appointment of eleven (11) Directors

The terms of office of all eleven (11) Directors will expire at the closing of this ordinary general meeting of shareholders. Accordingly, the Company proposes to appoint eleven (11) Directors. The candidates for Directors are as follows:

[Reference] List of candidates

Candidate No.	Name	Position	In charge of	Attendance at the meetings of Board of Directors
1	<u>Reappointment</u>	Yasunori Sakurano	Chairperson	100% (18/18)
2	<u>Reappointment</u>	Shin Ueda	President Executive President	100% (18/18)
3	<u>Reappointment</u>	Koji Okaichi	Director Executive Vice President In charge of Technology In charge of Safety In charge of Quality and Environment In charge of New Business In charge of International Business In charge of Promotion of Collaboration with Sumitomo Forestry Co., Ltd.	100% (18/18)
4	<u>Reappointment</u>	Tatsuru Satoh	Director <u>Non-Executive</u>	100% (18/18)
5	<u>Reappointment</u>	Sakae Yoshida	Director <u>Outside</u> <u>Independent Officer</u>	100% (18/18)
6	<u>Reappointment</u>	Shigeru Okada	Director <u>Outside</u> <u>Independent Officer</u>	94% (17/18)
7	<u>Reappointment</u>	Kimie Sakuragi	Director <u>Outside</u> <u>Independent Officer</u>	100% (18/18)
8	<u>Reappointment</u>	Masaya Nara	Director <u>Outside</u> <u>Independent Officer</u>	100% (18/18)
9	<u>New Appointment</u>	Hiroyasu Yaguchi	Senior Managing Executive Officer General Manager of the Administration Division In charge of Compliance In charge of Crisis Management	—
10	<u>New Appointment</u>	Tetsuo Ono	Senior Managing Executive Officer General Manager of the Civil Engineering Management Division	—
11	<u>New Appointment</u>	Taiji Ito	Senior Managing Executive Officer General Manager of the Architectural Management Division	—

Candidates for Directors

Candidate No	1	Yasunori Sakurano	(Born on July 2, 1957)	Reappointment
■ Number of Shares Owned by Candidate 7,600 shares	■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices			
	April 1981	Joined the Company	April 2014	General Manager of the Management & Administration Division of the Company
	April 2010	General Manager of the Personnel Department of the Administration Division of the Company	April 2014	Manager of the Corporate Planning Department of the Management & Administration Division of the Company
	April 2011	Executive Officer of the Company	April 2015	General Manager of the Corporate Planning Division of the Company
	April 2012	In charge of the Planning Office of the Company	April 2016	General Manager of the Diversity Promotion Office of Corporate Planning Division of the Company
	April 2012	In charge of the Public Relations Office of the Company	April 2017	Senior Managing Director of the Company
	April 2012	In charge of the CSR Promotion Office of the Company	April 2017	Senior Managing Executive Officer of the Company
	June 2012	Director of the Company	April 2018	President of the Company
	July 2012	General Manager of the Planning Office of the Company	April 2018	Executive President of the Company
	April 2014	Managing Director of the Company	April 2024	Chairperson of the Company (current)
	April 2014	Managing Executive Officer of the Company		
	■ Reason for selecting him as a candidate for Director			
	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 Mid-term Management Plan (FY2018-2020) of the Company. Furthermore, he led the Group as the Representative Director and President from April 2018 until March 2024 and devoted himself to 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.			

Number of Shares
Owned by Candidate
3,900 shares

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

April 1984	Joined the Company	April 2017	General Branch Manager of the Metropolitan Branch of the Company
April 2014	Executive Officer of the Company		
April 2014	Deputy General Branch Manager of the Metropolitan Branch of the Company	April 2020	Senior Managing Executive Officer of the Company
April 2014	General Manager of the Architectural Management Division of the Metropolitan Branch of the Company	April 2021	General Manager of the Architectural Management Division of the Company
		June 2021	Director of the Company
		April 2024	President of the Company (current)
June 2015	General Manager of Project Measures Office of the Company	April 2024	Executive President of the Company (current)
April 2017	Managing Executive Officer of the Company		

■ Reason for selecting him as a candidate for Director

Mr. Ueda has extensive knowledge and abundant business experience in the Architectural Management Division, having held a number of senior positions in the Architectural Management Division and thereafter 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 Metropolitan Branch from April 2017 to March 2021. He has been leading the Group as the Representative Director and President from April 2024 and devoting himself to improving the long-term corporate value of the Company. The Company proposes that Mr. Ueda's appointment as a Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that it would be valuable for the management of the Company to utilize his past experiences.

Number of Shares Owned by Candidate 1,500 shares	■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices			
	April 1984	Joined the Company	June 2021	Director of the Company
	April 2016	Executive Officer of the Company	April 2024	(current) Executive Vice President of the Company (current)
	April 2016	Joint General Manager of the Civil Engineering Management Division of the Company	April 2024	In charge of Technology at the Company (current)
	April 2016	General Manager of Civil Engineering of the Civil Engineering Management Division of the Company	April 2024	In charge of Safety at the Company (current)
	April 2017	General Branch Manager of the Kansai Branch of the Company	April 2024	In charge of Quality and Environment at the Company (current)
	April 2018	Managing Executive Officer of the Company	April 2024	In charge of New Business at the Company (current)
	April 2019	General Manager of Kansai Dream Project Office of the Kansai Branch of the Company	April 2024	In charge of International Business at the Company (current)
	April 2020	Senior Managing Executive Officer of the Company		In charge of Promotion of Collaboration with Sumitomo Forestry Co., Ltd. (current)
	April 2021	General Manager of the Civil Engineering Management Division of the Company		
	April 2021	General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division of the Company		
	■ Reason for selecting him as a candidate for Director			
	Mr. Okaichi has extensive knowledge and abundant business experience in the Civil Engineering Management Division, having been engaged in the Civil Engineering Management Division since joining the Company and assumed the position of the General Manager of the Civil Engineering Management Division, in addition to having been engaged in numerous city civil engineering work. Furthermore, he has a record of conducting regional management as the General Branch Manager of the Kansai Branch from April 2017 to March 2021. The Company proposes that Mr. Okaichi's appointment as a Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that it would be valuable for the management of the Company to utilize his past experiences.			

Number of Shares
Owned by Candidate
- shares

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

April 1978	Joined Sumitomo Forestry Co., Ltd.	June 2013	Director of Sumitomo Forestry Co., Ltd.
October 2008	General Manager of Administration Department, Housing Division of Sumitomo Forestry Co., Ltd.	April 2016	Senior Managing Executive Officer of Sumitomo Forestry Co., Ltd.
April 2011	General Manager of Personnel Department of Sumitomo Forestry Co., Ltd.	April 2018	Representative Director of Sumitomo Forestry Co., Ltd.
June 2011	Supervisory Officer of Sumitomo Forestry Co., Ltd.	April 2018	Executive Vice President and Executive Officer of Sumitomo Forestry Co., Ltd.
April 2012	General Manager of General Administration Department of Sumitomo Forestry Co., Ltd.	June 2018	Audit & Supervisory Board Member of the Company
June 2012	Executive Officer of Sumitomo Forestry Co., Ltd.	June 2022	Director of the Company (current)
April 2013	Managing Executive Officer of Sumitomo Forestry Co., Ltd.	March 2024	Senior Advisor of Sumitomo Forestry Co., Ltd. (current)

■ Reason for selecting him as a candidate for Director

Mr. Satoh was a Director of Sumitomo Forestry Co., Ltd. for many years and has an abundant management experience as the Representative Director and the Executive Vice President and Executive Officer thereof. In addition, the Company has the business and capital alliance with Sumitomo Forestry Co., Ltd. and said company's deep knowledge regarding "wood" and "greenery", which are the natural materials in which said company excels, as well as the know-how that it has gained in overseas housing business and urban development with the utilization of this knowledge, will have important implications for the global fields in which the Company intends to further strengthen itself in the future and for sustainability to which the Company is now required to proactively respond as a corporate citizen. Therefore, the Company has judged that it is extremely important for the Company to utilize his experience in management and knowledge as a Director of said company. The Company proposes that Mr. Satoh'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.

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

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

■ Number of Shares
Owned by Candidate
1,800 shares

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

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

■ Matters concerning independence

Mr. Yoshida satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, he satisfies the Company's Criteria for Determination of Independence set forth on page 26 below and the Company has notified the Tokyo Stock Exchange that he is an independent officer.

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

Number of Shares
Owned by Candidate
2,500 shares

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

April 1975	Joined Showa Sangyo Co., Ltd.	April 2017	Chairman and Director of Showa Sangyo Co., Ltd.
June 2005	Executive officer of Showa Sangyo Co., Ltd.	April 2018	Director of Showa Sangyo Co., Ltd.
June 2008	Director Managing Officer of Showa Sangyo Co., Ltd.	June 2018	Special Advisor of Showa Sangyo Co., Ltd. (resigned in February 2020)
June 2010	Director Senior Managing Officer of Showa Sangyo Co., Ltd.	June 2021	Outside Director of the Company (current)
June 2011	President and CEO of Showa Sangyo Co., Ltd.		
April 2016	Chairman and Representative Director of Showa Sangyo Co., Ltd.		

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

Mr. Okada has an abundant management experience 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 Co., Ltd. The Company proposes that Mr. Okada's appointment as an Outside Director continue based on its evaluation that he has appropriately fulfilled his role as a Director by making important management decisions and supervising the management of operations and its judgment that the Company can continue to expect to receive appropriate guidance and advice with respect to the management of the Company based on his abundant experience and extensive knowledge accumulated from his past work.

■ Matters concerning independence

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 26 below and the Company has notified the Tokyo Stock Exchange that he is an independent officer.

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

Number of Shares
Owned by Candidate
500 shares

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

March 1981	Joined Fukutake Publishing Co., Ltd. (currently Benesse Holdings, Inc.)	June 2003	Standing Audit & Supervisory Board Member of Benesse Corporation (resigned in June 2019)
April 1995	Supervisor of Book Businesses in Publishing Division of Benesse Corporation	April 2007	Adjunct Professor of the University of Aizu Graduate School (current)
November 1998	Chief of Business Ethics and Compliance Office of Benesse Corporation	June 2019	Outside Director of Toyobo Co., Ltd. (current)
January 2003	Manager of Business Ethics and Compliance Office of Benesse Corporation	June 2021	Outside Director of Isuzu Motors Limited (Audit and Supervisory Committee Member) (current)
		June 2021	Outside Director of the Company (current)

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

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

■ Matters concerning independence

Ms. Sakuragi satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, she satisfies the Company's Criteria for Determination of Independence set forth on page 26 below and the Company has notified the Tokyo Stock Exchange that she is an independent officer.

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

Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent					
■ Offices					
Number of Shares Owned by Candidate 300 shares	September 1990	Joined Yasuda Trust and Banking Company, Limited (currently Mizuho Trust & Banking Co., Ltd.)	March 2019	Independent Audit & Supervisory Board Member of Tamron Co., Ltd.	
	April 2009	Executive Officer and General Manager of Operation Planning Department of Mizuho Trust & Banking Co., Ltd.	January 2020	Partner at Torikai Law Office (current)	
			June 2021	Outside Auditor of RISO KAGAKU CORPORATION (current)	
	June 2011	Audit & Supervisory Board Member of Mizuho Trust & Banking Co., Ltd.	June 2022	Outside Director of the Company (current)	
			March 2024	Outside Director (Audit & Supervisory Committee Member) of Tamron Co., Ltd. (current)	
	April 2014	Senior Managing Director of Mizuho Realty Co., Ltd.			
	January 2017	Registered with Bar of Japan			
	January 2017	Joined Torikai Law Office			
	■ Reason for selecting him as a candidate for Outside Director and his expected roles				
	After joining Yasuda Trust and Banking Company, Limited (currently Mizuho Trust & Banking Co., Ltd.), in addition to his experience from his participation and involvement in its management as the Executive Officer and General Manager of Operation Planning Department and as the Audit & Supervisory Board Member of said company, Mr. Nara has abundant experience serving as a Partner at Torikai Law Office, an Outside Auditor of RISO KAGAKU CORPORATION and an Outside Director (Audit & Supervisory Committee Member) of Tamron Co., Ltd. The Company proposes that Ms. Nara’s appointment as an Outside Director continue based on its judgment that the Company can expect to receive appropriate guidance and advice with respect to the management of the Company based on his abundant experience and extensive knowledge accumulated from his past work.				
■ Matters concerning independence					
Mr. Nara satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, he satisfies the Company’s Criteria for Determination of Independence set forth on page 26 below and the Company has notified the Tokyo Stock Exchange that he is an independent officer.					
Although the Company has loan transactions with Mizuho Trust & Banking Co., Ltd., for which Mr. Nara had previously managed operations, the size of the loan transactions with Mizuho Trust & Banking Co., Ltd. was no more than 0.2% of the consolidated total assets of the Company in the most recent fiscal year.					

■ Number of Shares Owned by Candidate 1,300 shares	■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices			
	April 1986	Joined the Company	April 2023	General Manager of the
	April 2020	Joint General Manager of the		Administration Division of the
		Administration Division of the		Company (current)
		Company	April 2024	Senior Managing Executive
	April 2020	General Manager of the		Officer (current)
		Human Resources and General	April 2024	In charge of Compliance at the
		Affairs Department of the		Company (current)
		Administration Division of the	April 2024	In charge of Crisis
		Company		Management of the Company
	April 2021	Executive Officer of the		(current)
		Company		
	April 2023	Managing Executive Officer		
■ Reason for selecting him as a candidate for Director				
Mr. Yaguchi 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 Finance Department and the General Manager of the Human Resources and General Affairs Department, since joining the Company and thereafter having assumed the position of the General Manager of the Administration Division. The Company proposes to newly appoint Mr. Yaguchi as a Director based on its judgment that it would be valuable for the management of the Company to utilize his past experiences.				

■ Number of Shares Owned by Candidate 600 shares	■ Brief Personal Record, Title and Assignment in the Company and Status of Major Concurrent Offices			
	April 1986	Joined the Company	April 2024	Senior Managing Executive Officer of the Company
	April 2020	Joint General Manager of the Civil Engineering Management Division of the Company	April 2024	General Manager of the Civil Engineering Management Division of the Company (current)
	April 2021	Executive Officer of the Company		
	April 2023	Managing Executive Officer of the Company		
	April 2023	General Branch Manager of the Nagoya Branch of the Company		
■ Reason for selecting him as a candidate for Director				
Mr. Ono 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, in addition to having been engaged in various construction work as the Project Manager. Furthermore, he has a record of conducting regional management as the General Branch Manager of the Nagoya Branch from April 2023 to March 2024. The Company proposes to newly appoint Mr. Ono as a Director based on its judgment that it would be valuable for the management of the Company to utilize his past experiences.				

Number of Shares
Owned by Candidate
1,500 shares

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

April 1986	Joined the Company	April 2023	Managing Executive Officer of the Company
April 2021	Executive Officer of the Company	April 2023	General Branch Manager of the Chushikoku Branch of the Company
April 2021	Joint General Manager of the Architectural Management Division of the Company	April 2024	Senior Managing Executive Officer of the Company (current)
April 2021	General Manager of the Marketing and Management Department of the Architectural Management Division of the Company	April 2024	General Manager of the Architectural Management Division of the Company (current)
April 2021	General Manager of the Sales Promotion Department of the Marketing and Management Department of the Architectural Management Division of the Company		

■ Reason for selecting him as a candidate for Director

Mr. Ito 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 Joint General Manager of the Architectural Management Division, in addition to having been engaged in various construction work as the Project Manager. Furthermore, he has a record of conducting regional management as the General Branch Manager of the Chushikoku Branch from April 2023 to March 2024. The Company proposes to newly appoint Mr. Ito as a Director based on its judgment that it would be valuable for the management of the Company to utilize his past experiences.

- (Notes)
1. There is no special interest between each candidate and the Company.
 2. As stated in the Business Report, in April 2023, it was discovered that a false report had been made regarding testing frequency during concrete quality control testing for the “Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line” project performed through a specific construction work joint venture led by the Company. Although Mr. Sakae Yoshida, Mr. Shigeru Okada, Ms. Kimie Sakuragi, and Mr. Masaya Nara were unaware of that fact until this incident was discovered, they had previously given necessary advice and reminders on the importance of compliance from time to time at meetings of the Board of Directors and other occasions. In addition, after this incident was discovered, they have been appropriately performing their duties by, among other things, making recommendations regarding clarification of the cause, formulating measures for the prevention of recurrences and so forth at meetings of the Board of Directors and other occasions.
 3. 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 has served as an Outside Director since June 2019. 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. This incident began prior to her appointment as an Outside Director, and 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.
 4. Mr. Masaya Nara assumed the position of an Independent Audit & Supervisory Board Member of Tamron Co., Ltd. in March 2019 and has been serving in the position of an Outside Director (Audit & Supervisory Committee Member) of Tamron Co., Ltd. since his assumption thereof in March 2024. In July 2023, while he was in the position of an Independent Audit & Supervisory Board Member, inappropriate uses of company money by the former President & CEO and other persons of Tamron Co., Ltd. were discovered. Although Mr. Masaya Nara was unaware of that fact until the external contact point of the whistleblower office of Tamron Co., Ltd. received a report, he had regularly made recommendations to raise awareness of the importance of legal compliance at meetings of the Board of Directors and other occasions. In addition, after recognizing that fact, he has been appropriately performing his duties by, among other things, implementing a factual investigation, establishing a special investigation committee, formulating effective measures for the prevention of recurrences based on the investigation report by such committee and implementing measures for strengthening internal controls.
 5. Mr. Sakae Yoshida, Mr. Shigeru Okada, Ms. Kimie Sakuragi, and Mr. Masaya Nara are currently the Outside Directors of the Company, and as of the closing of this ordinary general meeting of shareholders, Mr. Sakae Yoshida will have been an Outside Director for four (4) years, Mr. Shigeru Okada and Ms. Kimie Sakuragi will have been Outside Directors for three (3) years, and Mr. Masaya Nara will have been an Outside Director for two (2) years, since assuming the position of the Outside Director.
 6. The Company has entered into a liability limitation agreement with each of Mr. Tatsuru Satoh, Mr. Sakae Yoshida, Mr. Shigeru Okada, Ms. Kimie Sakuragi, and Mr. Masaya Nara, which limits the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the amount prescribed by laws and regulations pursuant to the provisions of Article 427, Paragraph 1 of the said Act, and the Company plans to renew such agreement with each of them, if he/she is reappointed.
 7. 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. In addition, if any candidate is reappointed or appointed, he/she will be included in the insureds under such insurance contract. The Company plans to renew such insurance contract during the term of office.

(Reference)

The skill items that the Board of Directors of the Company should have and the skills particularly expected for each Director if Proposal 2 is approved are as follows:

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

Name	Title	Responsibilities	Corporate Management / Management Strategy	Sales / Marketing	Global	Technology / Research and Development / ICT (DX)	Compliance / Risk Management	Financial / Accounting	Sustainability (ESG/SDGs)	Human Resource Development / Diversity
Yasunori Sakurano	Chairperson		●		●			●		●
Shin Ueda	President Executive President		●	●			●		●	
Koji Okaichi	Director Executive Vice President	In charge of Technology In charge of Safety In charge of Quality and Environment In charge of New Business In charge of International Business In charge of Promotion of Collaboration with Sumitomo Forestry Co., Ltd.	●		●	●			●	
Hiroyasu Yaguchi	Director Senior Managing Executive Officer	General Manager of the Administration Division In charge of Compliance In charge of Crisis Management	●				●	●		●
Tetsuo Ono	Director Senior Managing Executive Officer	General Manager of the Civil Engineering Management Division	●	●		●				●
Taiji Ito	Director Senior Managing Executive Officer	General Manager of the Architectural Management Division	●	●		●				●
Tatsuru Satoh	Director		●		●			●	●	
Sakae Yoshida	Director	(Outside Director)	●		●	●			●	
Shigeru Okada	Director	(Outside Director)	●	●	●			●		
Kimie Sakuragi	Director	(Outside Director)	●				●		●	●
Masaya Nara	Director	(Outside Director)	●				●	●		●

(Company's Proposal)

Proposal 3: Appointment of two (2) Substitute Audit & Supervisory Board Members

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

The candidates for Substitute Audit & Supervisory Board Member are as follows:

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

Candidates for Substitute Audit & Supervisory Board Members

Candidate No	1	Junji Konishi	(Born on July 18, 1958)
■ Number of Shares Owned by Candidate 2,000 shares	■ Brief Personal Record, Title in the Company and Status of Major Concurrent Offices		
	April 1981	Joined the Company	June 2022 Executive Advisor of the Company (current)
	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	
	June 2017	Full-Time Audit & Supervisory Board Member of the Company	
■ Reason for selecting him as a candidate for Substitute Audit & Supervisory Board Member			
Mr. 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 having assumed the position of the Assistant General Manager of the Chushikoku Branch. He has also conducted the appropriate auditing as the Full-Time Audit & Supervisory Board Member of the Company. The Company proposes to newly appoint Mr. Konishi as a Substitute Audit & Supervisory Board Member based on its judgment that the Company can expect to receive appropriate auditing of the management of the Company utilizing his experience accumulated from his past performance.			

Number of Shares
Owned by Candidate
- shares

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

April 1999	Registered with Bar of Japan	April 2016	Deputy Chairman of the
April 1999	Joined Okamura Law Office		Daiichi Tokyo Bar Association
February 2006	Financial Securities Inspector	March 2018	Independent Board Director of
	of the Kanto Local Finance		Japan Investment Adviser Co.,
	Bureau of the Ministry of		Ltd. (current)
	Finance	April 2018	Conciliation Commissioner of
January 2008	Joined Masuda & Partners		the Tokyo Summary Court
	Law Office		(current)
August 2009	Established Maekawa Akira	June 2021	Auditor of The Kanagawa
	Law Office		Shinkin Bank (current)
February 2011	Became Partner at IOTA Law		
	Office (current)		

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

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

■ Matters concerning independence

Mr. Maekawa satisfies the requirements for independent officers set forth in the rules of the Tokyo Stock Exchange. Furthermore, he satisfies the Company's Criteria for Determination of Independence set forth on page 26 below and if he assumes the position of Outside Audit & Supervisory Board Member, the Company will notify the Tokyo Stock Exchange that he becomes an independent officer.

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

- (Notes)
1. There is no special interest between the candidates and the Company.
 2. If Mr. Junji Konishi and Mr. Akira Maekawa 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.
 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 and Mr. Akira Maekawa assume the positions, they will be included in the insureds under such insurance contract. In addition, the Company plans to renew such insurance contract during the term of office.

(Reference)

<Company's Criteria for Determination of Independence>

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

- (1) A person who currently falls under any of (a) through (d) below:
 - (a) a major shareholder of the Company (a shareholder holding 10% or more voting rights in the Company) or a person who manages operations thereof;
 - (b) a person/entity whose annual trading amount with the Company is over 2% of the consolidated total sales for 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.

(Company's Proposal)

Proposal 4: Partial amendment to and continuation of stock compensation plan for Directors

1. Reasons for the proposal and reasons for considering the said compensation plan to be appropriate

Compensation for Directors of the Company consists of “basic compensation,” “bonus” and “stock compensation.” Among them, regarding “stock compensation”, the introduction of a stock compensation plan for Directors (other than Outside Directors; the same applies hereunder) of the Company, utilizing a trust service (hereinafter the “Plan”), was approved by shareholders at the 81st Ordinary General Meeting of Shareholders held on June 28, 2018, and the Plan has been introduced by the Company. The Company hereby requests approval to amend partially and continue the Plan, with the aim to further improve the incentive effect, under which the number of points to be granted to Directors shall be linked to the Company's business performance, the compensation frame shall be increased, the shares of the Company shall be granted to Directors under the Plan during a point of the period of tenure of each Director, and the Company shall impose restrictions on the transfer of such shares of the Company to be granted until the retirement of the relevant Director.

The Company also requests approval to leave the decision on the details of the Plan to the discretion of the Board of Directors within the framework described in 2. below.

The purpose of the Plan is to increase Directors' awareness of contributing to the improvement of medium-to-long term business performance and the increase of corporate value by further clarifying the link between compensation to Directors and the value of shares of the Company, ensuring that Directors share the same benefits and risks associated with fluctuations in the stock price as shareholders.

The aim of this proposal is to request approval to pay stock compensation, based on the Plan after the amendment, to Directors who are in office during the applicable period of the Plan (hereinafter the “Applicable Period”), separately from the Directors' compensation of no greater than the maximum total amount of JPY 30 million per month (including compensation for Outside Directors, but not including employee salaries for those Directors concurrently serving as employees) which was approved at the extraordinary general meeting of shareholders held on January 24, 2001. The initial Applicable Period for the Plan after the amendment shall be the three (3) fiscal years from the fiscal year ending March 2025 until the fiscal year ending March 2027 (hereinafter the “Initial Applicable Period”). However, the Applicable Period may

be extended in accordance with 2. below, and the Plan may continue; and the same applies to subsequent expirations.

The summary of decision-making policy relating to the content of individual compensation, etc., for each Director are as set forth on pages 53 to 55 of the Business Report, and it shall, upon approval of this proposal, be amended to that which is set forth on page 55 of the Business Report. The content of this proposal is necessary and reasonable to pay compensation, etc., in accordance with the said policy after the amendment, and therefore the Company determines that the content of this proposal is appropriate.

Upon the approval and adoption of Proposal 2, “Appointment of eleven (11) Directors” as originally proposed, six (6) Directors will be eligible for the Plan.

Note: Upon the approval and adoption of this proposal as originally proposed, the Company will also partially amend the same stock compensation plan, which has already been introduced to the Executive Officers with whom the Company has executed an engagement agreement, and will continue the amended stock compensation plan.

2. Amount and details of the compensation, etc. under the Plan

The amount and details of the compensation, etc. under the Plan after the amendment are as follows.

(1) Overview of the Plan

The Plan is a stock compensation plan, where a trust to which the Company makes financial contributions (which was established at the time of the introduction of the Plan in 2018; hereinafter the “Trust”) acquires the shares of the Company and, through the Trust the Company issues the Company’s shares to Directors based on the number of points allocated by the Company to each Director.

The timing for Directors to receive a grant of the shares of the Company, which was previously the time when each Director retires from office, shall be modified to, in principle, a predetermined time each year. Other details of the Plan are outlined in the table below.

(i)	Eligible persons for the Plan	Directors of the Company (other than Outside Directors)
(ii)	Applicable Period	Initial Applicable Period: Three (3) fiscal years Extension of Applicable Period: Period may be extended by prescribing a period of up to three (3) fiscal years
(iii)	Maximum amount of funds contributed by the Company as funds to acquire the necessary shares of the Company to be granted to the eligible persons described in (i) during the Applicable Period described in (ii)	Initial Applicable Period: JPY 225 million in total Upon extension of Applicable Period: Amount obtained by multiplying the number of fiscal years of the extended Applicable Period by JPY 75 million
(iv)	Method of acquisition of the shares of the Company	Through disposal of treasury shares or by purchase from exchange market (including off-floor trading)
(v)	Upper limit of the total points granted to the eligible persons described in (i)	75,000 points in total per fiscal year
(vi)	Standards for granting points	Granting of points according to each Director's individual position and the degree to which such Director achieves performance targets, etc.
(vii)	Timing for grant of the shares of the Company to the eligible persons described in (i)	At a predetermined time during the trust period

(2) Maximum amount of funds contributed by the Company

The Company will extend the trust period of the Trust, which was already established, and additionally entrust funds to the Trust for the compensation to Directors in office during the Applicable Period up to the maximum amount of JPY 225 million in total as funds to acquire the necessary shares of the Company to be granted as stock compensation for Directors under the Plan. The Trust will acquire the shares of the Company by using the funds to be entrusted by the Company (which includes, in addition to the funds to be additionally entrusted by the Company as described above, the funds remaining in the Trust before the additional entrustment) through disposal of treasury shares of the Company or by purchase from the exchange market (including off-floor trading).

Note: In addition to the above-mentioned funds for acquiring the shares of the Company, the actual amount to be additionally entrusted to the Trust by the Company shall include expected necessary costs, such as trust fees and trust administrator fees. Furthermore, if the Plan introduced for Executive Officers is partially amended

and continues in a similar manner, the funds to acquire the necessary shares of the Company to be granted to Executive Officers shall also be entrusted.

The Applicable Period may be extended by prescribing a period of up to three (3) fiscal years on each occasion, and the trust period of the Trust may consequently be further extended for up to three (3) years (including the trust period being extended by transferring the trust assets of the Trust to a trust with the same purpose as the Trust established by the Company; hereinafter the same shall apply) by a decision of the Board of Directors of the Company, and the Plan may continue. In such case, the Company shall, during the period of the extended part of the Applicable Period, additionally entrust funds to the Trust up to the amount obtained by multiplying the number of fiscal years of the period of the extended part of the Applicable Period by JPY 75 million, as additional funds for acquiring the necessary shares of the Company to be granted to Directors under the Plan and continue to grant the points and grant the shares of the Company as described in (3) below.

In addition, even when the Applicable Period is not extended and the Plan does not continue as described above, if there are any Directors to whom points have been granted pursuant to the Plan before the amendment but who have not retired at the expiry of the trust period, the trust period of the Trust may be extended until such Directors retire from office and the delivery of shares of the Company is complete.

(3) Calculation method and upper limit of the shares of the Company to be granted to Directors

(i) Method, etc. of granting points to Directors

In accordance with the stock granting rules established by the Board of Directors of the Company, the Company shall grant points to each Director according to their individual position and the degree to which such Director achieves performance targets, etc. on the point grant day during the trust period stipulated in the stock granting rules. However, the upper limit of the total number of points granted to Directors shall be 75,000 points for each fiscal year.

(ii) Delivery of shares of the Company according to number of points granted

Directors shall receive shares of the Company according to the number of points granted stated in (i) above, following the procedure described in (iii) below.

One point shall equate to one (1) share of the Company; provided, however, that when an event occurs, including any stock split or stock consolidation, such that would be reasonable to adjust the number of the shares of the Company to be delivered, the number of the shares of the Company per point shall be adjusted in accordance with the ratio of such stock split or stock consolidation.

(iii) Grant of shares of the Company to Directors

The grant of the shares of the Company to each Director as described in (ii) above shall be made through the Trust when Directors follow the designated procedures to define the beneficiary, in principle, at a predetermined time during the trust period.

However, certain proportions of these shares may be delivered in cash after the Company sells and converts them into cash within the Trust as tax withholdings or other tax capital. Moreover, when the shares of the Company held in the Trust are converted into cash, such as in the case of settlement by a tender offer, the Company may deliver cash in lieu of such shares.

(4) Exercise of voting rights

Voting rights associated with the shares of the Company held in the Trust shall, under the instruction of the trust administrator independent of the Company or any officers of the Company, not be exercised at all. This method is intended to ensure the neutrality towards the management of the Company regarding the exercise of voting rights of the shares of the Company held in the Trust.

(5) Handling of dividends

Dividends related to the shares of the Company held in the Trust shall be received by the Trust and shall be used for the acquisition of the shares of the Company or payment of trustee's trust fees, etc. related to the Trust.

3. Transfer restriction agreement pertaining to the shares of the Company to be granted to Directors

When the shares of the Company are granted as described in 2. (3) (ii) above, the Company and each Director shall enter into a transfer restriction agreement containing the following details (hereinafter the "Transfer Restriction Agreement") (each Director shall receive grant of the shares of the Company subject to the conclusion of the Transfer Restriction Agreement); provided, however, that if a Director retires before the date of the ordinary general meeting of shareholders to be held immediately after the termination of the Applicable Period due to expiration of the term of office or any other justifiable reason, shares of the common stock to be granted after the retirement date shall be granted with no transfer restrictions.

(1) Transfer restriction period

Directors may not transfer, establish any security interest on, or otherwise dispose of the shares received under the Plan (hereinafter the "Granted Shares") during the period from the date of receipt of grant (or the date of receipt of each grant in the case of multiple grants) until the date of retirement as Director, etc. of the Company (which means retirement from

positions as both Director and Executive Officer of the Company and includes retirement for reason of death; such period shall be hereinafter referred to as the “Transfer Restriction Period,” and such restrictions shall be hereinafter referred to as the “Transfer Restrictions”).

- (2) Event of acquisition of the Granted Shares without consideration
 - (i) If a Director attempts to dispose of all or part of the Granted Shares by transfer, security provision or otherwise in violation of (1) above, the Company shall automatically acquire all of the Granted Shares without consideration.
 - (ii) If a Director falls under any of the following items, the Company shall automatically acquire all of the Granted Shares without consideration at the time when such Director falls under the relevant item:
 - i) if a Director is sentenced to imprisonment or a heavier punishment during the Transfer Restriction Period; or
 - ii) if a petition for the commencement of bankruptcy proceedings, the commencement of civil rehabilitation proceedings or the commencement of any other similar proceedings is filed against a Director.
 - (iii) If a Director falls under any of the following items during the Transfer Restriction Period, and the Board of Directors of the Company determines that the Company’s acquisition of all or part of the Granted Shares without consideration is appropriate, then by giving written notice to such Director to the effect that the Company will acquire the Granted Shares without consideration, the Company shall, at the time of the arrival of such notice, automatically acquire all of the Granted Shares (if it is determined to be appropriate to acquire only a portion of the Granted Shares, then only such portion of the Granted Shares) without consideration:
 - i) If a Director retires from office prior to the expiration of his/her term of office for a personal reason (except where the Board of Directors determines it unavoidable due to occupational injury or illness, etc.);
 - ii) If a Director is dismissed or resigns as a Director, etc. due to his/her act that caused damages to the Company; or
 - iii) If a Director committed an act that was otherwise disadvantageous or inconvenient to the Company, including an illegal act, etc.

Proposal 5 was proposed by a shareholder, OASIS INVESTMENTS II MASTER FUND LTD. The title of proposal, summary of proposal and the reasons for proposal are as stated in the original text of the Shareholder's Proposal submitted by the proposing shareholder.

(Shareholder's Proposal)

Proposal 5: Appropriation of Surplus

(1) Summary of the Agenda Item

If the Company's Board of Directors propose dividends at the AGM, this proposal shall be proposed independently and additionally.

The surplus shall be distributed as follows.

- (A) Dividend type
Cash
- (B) Dividend amount per share
The amount obtained by deducting from JPY 160 per share the amount of dividends per share proposed by the Board of Directors and approved at the AGM (or the amount of JPY 160 if the Board of Directors does not submit a proposal concerning dividends at the AGM)
- (C) Dividends and the total amount of dividends
Amount of dividends per share referred to in (B) above per share of common stock of the Company (the total dividend amount is the amount calculated by multiplying the amount of dividends per share by the total number of issued shares in the Company as of March 31, 2024 (excluding treasury stock))
- (D) The date that the distribution of dividends becomes effective
The date of the AGM

(2) Reasons for the Proposal

The Company's new medium-term management plan¹ calls for ordinary income to double, from JPY 15.7 billion in the fiscal year ending in March 2024 to JPY 30 billion by the fiscal year ending in March 2027, while the Company reduced its ROE target from 12% to 10%. This mismatch of increasing ordinary income coupled with a decreasing ROE target indicates that the Company's management is not planning on improving capital efficiency. With the projected

¹ "Basic Policy for Formulation of the New Medium-Term Management Plan (FY2024-2026)" dated November 13, 2023: https://www.kumagaigumi.co.jp/news/item/ir_20231113_kihonhosin.pdf.

doubling of ordinary income and a capital adequacy ratio of more than 40%, which is on par with or better than its peers, the Company should have better capital efficiency.

Competitors formulated a dividend policy based on dividend on equity (DOE)² that allows for both stable dividends and capital efficiency as well as such policy to increase payout ratio.³ The Company should set its dividend to the higher of either payout ratio at 50% or more or DOE at 4% or more, and accordingly, the dividend per share for should be JPY 160. The amount of dividend payment would be approximately JPY 6.9 billion on this basis, which is feasible based on net profits for the previous and current fiscal years and should be sustainable in the future. Additionally, if the Company maintains this dividend level over the long term, the share price may be expected to go well above JPY 5,200.

² Obayashi Corporation's target DOE is 5% or more and Tokyu Construction's target DOE is 4% or more.

³ Nishimatsu Construction's target consolidated dividend payout ratio is 70% or more and Hazama Ando's target total dividend payout ratio is 70% or more.

Opinion of Board of Directors of Company

The Board of Directors of the Company opposes this shareholder's proposal due to the following reason.

(Reason)

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 foundation and expansion of business profit, by comprehensively taking into consideration the operating results for the latest business term, the outlook for the medium-to-long term performance as well as the management environment, etc. The “Mid-term Management Plan (FY2021-2023)” (the “Former Mid-term Plan”) also set “a dividend payout ratio of around 30%” as one of the Company’s dividend policy. Although the profit level in FY2022 was significantly lower than that of the previous fiscal year and the forecast at the beginning of the fiscal year, the Company made, as scheduled, the cash dividend payment of JPY 130 per share in respect of the common stock of the Company, which was the amount the Company had originally proposed, in line with the basic policy of “steady return of profits” and without reducing the dividend. Consequently, the dividend payout ratio was 72.4%, and the total return ratio after taking into account the acquisition and cancellation of its own shares was 121.6%, which was a high shareholder return rate.

With respect to the dividends for FY2023, it is regrettable that the results of operation reached neither the targets under the Former Mid-term Plan nor those set at the beginning of this fiscal year. However, the Company proposes to this ordinary general meeting of shareholders to pay, as planned at the beginning of this fiscal year, the dividends from surplus of JPY 130 per share in respect of the common stock of the Company, which is the same amount as that for FY2022. If the proposal is approved, it is expected that the dividend payout ratio for FY2023 will be approximately 68%, and that the total return ratio after taking into account the acquisition and cancellation of its own shares will be approximately 92%, which means that the shareholder return ratio will remain continuously high relative to the profit level.

In the “Mid-term Management Plan (FY2024-2026),” which the Company announced recently, the Company has raised the dividend target to the dividend payout ratio of around 40%, and simultaneously sets the equity ratio of approximately 45% as the optimal capital structure from the viewpoint of balancing assurance of business continuity (financial soundness) with capital efficiency from a medium-to-long term perspective. However, owing to an increased amount of accounts receivable from completed construction contracts as a result of the increasing size

of construction projects, etc., the amount of interest-bearing debt has increased, and the equity ratio was only 38.5% at the end of March 2024.

Because the Company was in a process of a full-fledged recovery in profits during FY2023, and the equity ratio has not reached what the Company considers as the necessary capital level as stated above, the Company believes that an increase in dividends to JPY 160 per share as requested by this shareholder's proposal would not be in line with the Company's basic policy of returning profits to our shareholders appropriately and steadily while striving to strengthen the management foundation, etc., and would not be appropriate from the viewpoint of enhancing corporate value over the medium-to-long term.

For the above reasons, the Board of Directors of the Company opposes this shareholder's proposal.

[End]

BUSINESS REPORT

(From April 1, 2023 to March 31, 2024)

1. Matters Regarding Current Status of Group

(1) Progress and Results of Operation

During this consolidated fiscal year, the Japanese economy remained uncertain due to the global tightening of monetary policy. However, the economy gradually recovered, as capital expenditures and personal consumption showed signs of picking up amid the normalization of economic activity and an improvement in the employment and income environment.

With respect to the construction industry, while, due to the impact of rising construction costs, housing investment was weak, and investments in construction by private companies were also sluggish; public investment remained stable due to the implementation of related budgets. As a result, the overall environment for new orders generally remained solid; however, profitability remained somewhat challenging due to the increases of construction materials and labor costs.

Under such management environment, the Group, working together as an entire group to implement the “Kumagai Gumi Group Mid-term Management Plan (FY2021-2023) ~Proactive Measures for Sustainable Growth~” that was formulated in May 2021, the basic policies of which consist of: (i) bolstering overall construction business, (ii) accelerating construction-related peripheral businesses, (iii) developing new business domains, and (iv) strengthening the management foundation, has continued to take on the challenge of achieving sustainable growth.

In addition, in November 2021, the Company decided a policy to acquire a total of JPY 10 billion worth of its own shares during the period for the Mid-term Management Plan (FY2021-2023) in order to enhance its shareholder returns and improve its capital efficiency. Based on this policy, the Company acquired its own shares in the amount of approximately JPY 2 billion also in this fiscal year, the final year of the plan. Consequently, upon the approval and adoption of Proposal 1, “Dividends from surplus” as originally proposed, the total return ratio for this fiscal year is expected to be 91.6%.

With respect to the consolidated results for the Group during this consolidated fiscal year, net sales increased by 9.8% in comparison with the previous consolidated fiscal year, to an amount of JPY 443.1 billion. In regard to profits, operating profit was JPY 12.6 billion while ordinary profit was JPY 13.0 billion, as a result of the increase in net sales and improved gross profit margin in respect of the civil engineering business and of subsidiaries. Furthermore, profit

attributable to owners of parent was JPY 8.3 billion, partly as a result of recording the income taxes – current.

The results of operations of the Company are as follows:

The orders received increased by 7.7% in comparison with the previous fiscal year, to JPY 375.5 billion, as a result of increases in both civil engineering work and building construction work. Among these orders received, civil engineering work amounted to JPY 106.4 billion, and building construction work amounted to JPY 269.1 billion. As for the breakdown of the parties placing orders, 23.7% were from government agencies and 76.3% were from private businesses.

Net sales increased by 9.6% in comparison with the previous fiscal year, to JPY 327.9 billion. Among these, civil engineering work amounted to JPY 100.1 billion and building construction work amounted to JPY 227.7 billion. As for the breakdown of the parties placing orders, 25.5% were from government agencies and 74.5% were from private businesses.

The amount carried forward to following fiscal year increased by 8.9% in comparison with the previous fiscal year, to JPY 582.4 billion.

With respect to profits, ordinary profit amounted to JPY 7.8 billion, and profit was JPY 5.3 billion, as a result of a decrease in gross profit, etc. in connection with the decrease in gross profit margin.

The Company's status by division is as follows:

[Civil Engineering]

The orders received for civil engineering work increased by 5.1% in comparison with the previous fiscal year, to JPY 106.4 billion.

Major contracts include: Nimaida Wind Power G.K.: Construction of the Nimaida wind power plant (Fukui); West Nippon Expressway Company Limited: Improvement work of the Kyoto-Jukan Expressway Interchange from Yaginaka IC to Chiyokawa IC (Kyoto); West Nippon Expressway Company Limited: Sei-smic strengthening construction of the Tokushima Expressway Izumitanigawa Bridge and 4 other bridge (Tokushima); Ministry of Public Works and Housing of Republic of Indonesia: Jakarta Sewerage Development Project (Zone 1) Package 3 (Indonesia), etc.

The net sales of completed construction contracts increased by 11.3% in comparison with the previous fiscal year, to JPY 100.1 billion.

Major completed works include: Ministry of the Environment: Work of the soil storage facility, etc. at the site of interim storage facility in Okuma town, Part 3, Fiscal Year 2017 (Fukushima); KITA-OSAKA KYUKO RAILWAY CO.,LTD.: Civil engineering work relating to the extension business of Kita-Osaka Kyuko Line (Osaka); Japan Railway Construction, Transport and Technology Agency: Shin-Hokuriku Tunnel (Ogiri) for Hokuriku Shinkansen (Fukui); Ministry of Land, Infrastructure, Transport and Tourism: Work of Kusaka River New Spillway (outlet side), Fiscal Year 2018-2020 (Kochi), etc.

[Building Construction]

The orders received for building construction work increased by 8.8% in comparison with the previous fiscal year, to JPY 269.1 billion.

Major contracts include: TOKYU LAND CORPORATION, Keikyu Corporation, and The Dai-ichi Life Insurance Company, Limited: New construction work under Kitanakadori Kita District B-1 Area Plan (tentative name) (Kanagawa); Mitsui Fudosan Co., Ltd.: New construction work under Retail Facilities Plan in Anjo City, Daito-cho (tentative name) (Aichi); Sanda Ekimae C Block District Urban Redevelopment Association; New construction of facilities building, etc., under Sanda Ekimae C Block District Class 1 urban redevelopment project (Hyogo); the Dokkyo Group of Academic Institutions: Construction work of the Comprehensive Education and Research Building of the Dokkyo Medical University (tentative name) (Tochigi), etc.

Net sales of completed construction contracts increased by 8.8% in comparison with the previous fiscal year, to JPY 227.7 billion.

Major completed works include: Mitsui Fudosan Residential Co., Ltd., Nomura Real Estate Development Co., Ltd., and Mitsubishi Estate Residence Co., Ltd., ITOCHU Property Development, Ltd., Toho Jisho Co., Ltd., Fujimi Jisyo Co., Ltd. and Sodegaura Kogyo Co., Ltd.: Makuhari Shintoshin Wakaba Residential Area Plan (B-3 Block) (tentative name) (Chiba); NIPPON STEEL KOWA REAL ESTATE CO., LTD. and MITSUBISHI ESTATE RESIDENCE CO., LTD.: Development Project of Hazawa Yokohama-Kokudai Ekimae A Block (Kanagawa); Tokyo Joshi Gakuen: Tokyo Joshi Gakuen Junior & Senior High School reconstruction plan (tentative name) (Tokyo); Nomura Real Estate Development Co., Ltd., Hoosiers Holdings Co., Ltd., and JR West Real Estate & Development Company: Kanazawa-shi, Kitayasue, 3-chome plan (tentative name) (Ishikawa), 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	195,109	106,425	100,128	(201,406) 201,270
Building Construction	339,733	269,163	227,799	(381,097) 381,142
Total	534,842	375,589	327,927	(582,503) 582,413

(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 decreased amount due to this revision is JPY 89 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 by the Group during this consolidated fiscal year was JPY 2.6 billion, which primarily consisted of land and buildings for business use, renewal of machinery and equipment, and development of software, etc.

(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

The Japanese economy is expected to continue to moderately recover in the future due to the effects of various governmental policies in the context of improvement in the employment and income environment. However, there are risks of a downturn in the overseas economy, such as the impact of global monetary tightening and concerns about the outlook for the Chinese economy. In addition, due attention should be paid to the impact on the economy of geopolitical issues such as the situation in the Middle East.

In regard to the construction industry, investments in construction by private companies are expected to remain solid against the backdrop of improved corporate earnings and other factors. In addition, public investment is expected to continue to be firm due to systematic investment in disaster prevention and mitigation and national land resilience, in the context of growing concerns for the sustainability of the infrastructure that supports people’s lives and industrial development, relating to the natural disasters that have become more severe and frequent, the aging social infrastructure and so forth, as the budget with respect to public investment in FY2024 has been secured for almost the same level as the previous fiscal year. On the other

hand, it is necessary to pay careful attention to the trends in the risks of deterioration in profitability and declines in demand, such as the rise in crude oil prices and the cost of construction materials.

Under such management environment, the Group formulated a “Mid-term Management Plan (FY2024-2026)” with FY2024 as its first year. This recently formulated plan, following the “long-term vision” set forth in the former “Mid-term Management Plan (FY2021-2023),” represents the Company’s efforts to realize the Company’s aspiration of “a society in which limited resources are recycled, and people, society, and nature continue to prosper,” and the plan once again sets a target of “JPY 50 billion in consolidated ordinary profit” in FY2030, which has been identified as “The Future We Are Aiming For,” as one of the targets for the long-term vision toward FY2035. In addition, under the slogan “a new path toward sustainable growth” as set forth in the plan and the basic policies consisting of (i) strengthening construction business, (ii) accelerating peripheral businesses, and (iii) reinforcing the management foundation, “JPY 30 billion in consolidated ordinary profit” is set to be a financial target during the planning period.

Kumagai Gumi Group Mid-term Management Plan (FY2024-2026): a new path toward sustainable growth (Summary)

Following the “long-term vision” set forth in the former “Mid-term Management Plan (FY2021-2023)”

Toward the realization of “a society in which limited resources are recycled, and people, society, and nature continue to prosper”

Social Background

- Shortage of labor force and shrinking domestic demand due to population decline, falling birthrate, and aging population
- Further increase in social demands for realizing a carbon neutral society
- Risk of economic downturn and uncertainty in price trends due to increased geopolitical risks such as the war in Ukraine, the U.S. China conflict, and the situation in the Middle East
- Improvement of earning potential, including wage hikes through public private collaboration. Expectations for economic growth led by private demand due to, among other things, the boosting of willingness by companies to make capital investments.

Market Environment

- Construction investment of a certain scale in the Tokyo metropolitan area
- Expansion of the maintenance and repair market backed by increased stock
- Expanding markets related to disaster prevention/mitigation, national resilience, and major infrastructure renewal
- Domestic construction investment remains flat at the same scale as the previous years.
- Economic growth in overseas regions where populations are expected to grow

Issues To Be Addressed by Construction Company

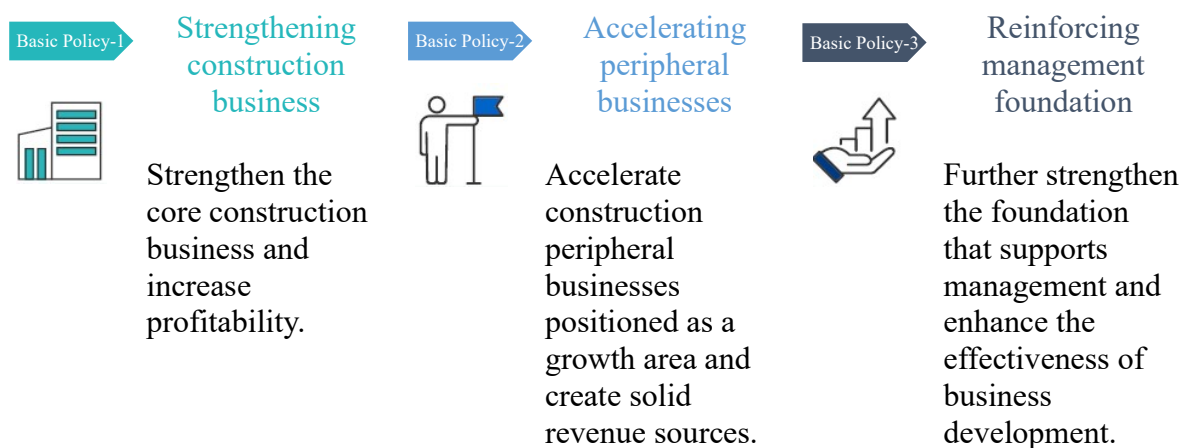
- Promotion of construction businesses
- Initiatives and technologies development toward environmentally-friendly market
- Business portfolio optimization
- Securement of continuous construction workforce

Slogan for the Mid-term Management Plan (FY2024-2026)

A “new path” toward sustainable growth

Kumagai Gumi Group Mid-term Management Plan (FY2024-2026): a new path toward sustainable growth (Summary)

■ Business Strategy



■ Financial Targets

Consolidated net sales	: JPY500 billion (fiscal year ending March 2027)
Consolidated ordinary profit	: JPY30 billion (fiscal year ending March 2027)
ROE	: 10% or more (fiscal year ending March 2027)
Equity ratio	: Approx. 45%; striving to balance financial soundness and capital efficiency
Dividend payout ratio	: Approx. 40%

■ Alliance with Sumitomo Forestry ~Future Policy~











- In the medium- to large-scale wooden construction business, the Company aims to further increase orders by leveraging the knowledge and project proposal capabilities it has accumulated through its collaboration with Sumitomo Forestry, as well as Sumitomo Forestry's brand power in wooden construction.
- The Company also aims to expand its business domain by considering participation in overseas real estate development, which is one of Sumitomo Forestry's fortes, and environmentally friendly real estate businesses in Japan.

■ Reinforcing the management foundation

- Research and technology development
- Human resources
- Digital transformation

■ ESG Initiative Policy

The Company has revised the key issues and reviewed specific issues.

	Key Issues	Specific Issues	Related SDGs
E	Respond to Climate Change Risks	Accomplish carbon neutrality; Further enhance renewable energy business; and other issues.	   
	Promote Environmentally Friendly Business	Accomplish zero emissions; Boost wooden construction business; and other issues.	
S	Create the Well-being Workplace for All Employees	Secure and invest in human resources; Pass on skills; and other issues.	   
	Achieve Sustainable Communities	Ensure quality and promote integrity in manufacturing; Develop attractive communities; and other issues.	
G	Enhance Corporate Governance	Strengthen compliance; Strengthen risk management; and other issues.	  
	Enhance Relationships with Multi-stakeholders	Strengthen customer satisfaction; Strengthen supply chain management; and other issues.	

The Company has pursued provision of a “Quality for Happiness,” its unique value which derives from the Company’s unique on-site versatility and continuously supports its customers and society throughout the ages. Going forward, under the recently formulated Mid-term Management Plan, and as “a construction service industry leader that is sought-after by society”, the Company will continue to work in unison as an entire group to establish a new path toward sustainable growth for realization of “a society in which limited resources are recycled, and people, society, and nature continue to prosper”.

In addition, in April 2023, it was discovered that a false report had been made regarding testing frequency during concrete quality control testing for the “Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line” project performed through a specific construction work joint venture led by the Company. The Company sincerely and deeply apologizes again for the great inconvenience caused to the parties who placed the order and all those concerned and for the concern caused to shareholders. After this incident was discovered, a Task Force Committee chaired by the President was established, and under the supervision, guidance, and recommendations of the Legal Compliance Audit Committee, an organization independent from the management, clarification of the cause, formulation of measures for the prevention of recurrences, and inspection of the soundness of the concrete concerned and as to whether any similar improprieties existing in other construction were implemented. As a result of the inspection, it was confirmed that there were no problems in terms of the soundness of the concrete used for construction during the period of the false reporting: and no problems were found in other construction projects. In addition, as a result of interviews, etc. made to clarify the cause, the Company has confirmed that this incident was mainly attributable to the lack of compliance awareness, lack of understanding of QC fundamentals, lack of willingness to provide reports, touch base and seek advice among people operating in facilities, lack of management capability and deficiencies in the QC system. Taking into consideration the results of the analysis and the deliberation of the causes, the Company has taken and implemented the following measures to prevent recurrences: thorough implementation of education sessions for officers and employees; enhancement of quality control systems; and understanding issues that occur in facilities.

The Company, returning to the “starting point of manufacturing” to reaffirm that a solid level of quality is the core of “trust”, will continuously work to prevent recurrences with an undaunted determination to regain trust.

The Company would like to ask all shareholders for continued kind support and understanding.

(5) Changes in Financial Conditions and Results of Operations

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

Classification	Units	84th fiscal year (Fiscal year ended March 31, 2021)	85th fiscal year (Fiscal year ended March 31, 2022)	86th fiscal year (Fiscal year ended March 31, 2023)	87th fiscal year (This consolidated fiscal year) (Fiscal year ended March 31, 2024)
Net sales	JPY million	450,232	425,216	403,502	443,193
Profit attributable to owners of parent	JPY million	17,925	15,850	7,973	8,316
Basic earnings per share	JPY	384.69	342.13	179.64	192.36
Total assets	JPY million	379,573	371,096	376,650	467,232
Net assets	JPY million	163,835	169,302	169,860	180,014

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

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards have been adopted since the 85th fiscal year, and with respect to the financial conditions and results of operations since the 85th fiscal year, the figures obtained after the application of the relevant accounting standard are herein stated.

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

Classification	Units	84th fiscal year (Fiscal year ended March 31, 2021)	85th fiscal year (Fiscal year ended March 31, 2022)	86th fiscal year (Fiscal year ended March 31, 2023)	87th fiscal year (This fiscal year) (Fiscal year ended March 31, 2024)
Orders received	JPY million	283,361	350,236	348,647	375,589
Net sales	JPY million	360,240	331,021	299,317	327,927
Profit	JPY million	15,047	13,730	6,996	5,309
Basic earnings per share	JPY	322.21	295.72	157.26	122.52
Total assets	JPY million	316,659	303,997	304,522	382,906
Net assets	JPY million	131,287	133,749	133,049	139,563

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

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards have been adopted since the 85th fiscal year, and with respect to the financial conditions and results of operations since the 85th fiscal year, the figures obtained after the application of the relevant accounting standard are herein stated.

(6) Status of Material Parent Company and Subsidiaries

(i) Relationship with Parent Company

Not applicable.

(ii) Status of Material Subsidiaries

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

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

(7) Principal Business Activities

The Group engages mainly in construction business and related surrounding business thereof. As the principal group company, the Company has obtained the approval as a special construction business operator “(Toku-4) No. 1200” from the Minister of Land, Infrastructure, Transport and Tourism pursuant to the Construction Business Act, and engages in civil engineering, building construction business and business related thereto.

(8) Principal Offices, etc.

(i) The Company

Fukui Office: 2-6-8, Chuo, Fukui-shi
Tokyo Head Office: 2-1, Tsukudocho, Shinjuku-ku, Tokyo
Branches: Hokkaido Branch (Sapporo-shi, Hokkaido), Tohoku Branch (Sendai-shi, Miyagi), Metropolitan Branch (Shinjuku-ku, Tokyo), Nagoya Branch, Hokuriku Branch (Kanazawa-shi, Ishikawa), Kansai Branch (Osaka-shi, Osaka), Chushikoku Branch (Hiroshima-shi, Hiroshima), Shikoku Branch (Takamatsu-shi, Kagawa), Kyushu Branch

(Fukuoka-shi, Fukuoka), Okinawa Branch (Naha-shi, Okinawa)

Technical Research &

Development Institute: (Tsukuba-shi, Ibaraki)

Overseas Offices: Vietnam, Indonesia, Myanmar

(ii) Principal Subsidiaries

GAEART Co., Ltd. (Shinjuku-ku, Tokyo)

Technos Co., Ltd. (Toyokawa-shi, Aichi)

K & E Co., Ltd. (Chiyoda-ku, Tokyo)

Taiwan Kumagai Co., Ltd. (Taiwan)

(9) Status of Employees

(i) Status of Employees of Group

Number of employees	Changes from end of previous consolidated fiscal year
4,432 people	+26 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
2,654 people	+19 people	44.1 years old	18.9 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	9,300
Sumitomo Mitsui Trust Bank, Limited	5,175
The Gunma Bank, Ltd.	3,230
MUFG Bank, Ltd.	3,025
THE HOKURIKU BANK, LTD.	2,730

(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

43,285,560 shares (including 69,781 shares as treasury shares)

(Note) Pursuant to the resolution passed at the meeting of the Board of Directors held on May 12, 2023, the Company cancelled its own shares as of November 8, 2023, and the total number of shares issued decreased by 614,800 shares compared to the end of the previous fiscal year.

(3) Number of Shareholders

31,922 (decrease by 5,895 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	21.66
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,438	12.58
Custody Bank of Japan, Ltd. (Trust Account)	2,689	6.22
Kumagai Gumi Business Partner Shareholding Association	2,259	5.23
GOLDMAN SACHS INTERNATIONAL	1,495	3.46
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	1,002	2.32
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE SEGREGATION ACC FOR THIRD PARTY	992	2.30
CGML PB CLIENT ACCOUNT/COLLATERAL	876	2.03
STATE STREET BANK AND TRUST COMPANY 505103	844	1.95
JPMorgan Securities Japan Co., Ltd.	669	1.55

(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 grantees
Directors (excluding Outside Directors)	- shares	- persons

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	Overall Civil Engineering Management, In charge of Technology
Director (Representative Director)	Yoshihiko Kato	
Director (Representative Director)	Yoshiaki Ogawa	
Director Director	Koji Hidaka Shin Ueda	
Director	Koji Okaichi	
Director	Tatsuru Satoh	
Director	Sakae Yoshida	
Director	Shigeru Okada	
Director	Kimie Sakuragi	
Director	Masaya Nara	
Full-Time Audit & Supervisory Board Member	Masahiro Kawanowa	Adjunct Professor of the University of Aizu Graduate School, Outside Director of Toyobo Co., Ltd., Outside Director of Isuzu Motors Limited (Audit and Supervisory Committee Member)
Audit & Supervisory Board Member	Akio Yamada	
○ Audit & Supervisory Board Member	Miho Ueda	
		Partner at Torikai Law Office, Outside Director (Audit & Supervisory Committee Member) of Tamron Co., Ltd., Outside Auditor of RISO KAGAKU CORPORATION
		Yamada Akio Public Accounting Firm, Outside Company Auditor of NITTAN Corporation, Auditor of Pfizer Health Research Foundation, Outside Audit & Supervisory Board Member of Rakuten Insurance Holdings Co., Ltd., Outside Audit & Supervisory Board Member of UCHIDA YOKO CO., LTD.
		Mediator at Rikkyo University Alternative Dispute Resolution Center of Tourism, Partner at Sunrise Law Office, Outside Director of REGAL CORPORATION, Outside Director (Audit and Supervisory Committee Member) of Mullion Co., Ltd.

(Notes) 1. Mr. Sakae Yoshida, Mr. Shigeru Okada, Ms. Kimie Sakuragi, and Mr. Masaya Nara, Directors, are all Outside Directors.

2. Mr. Akio Yamada and Ms. Miho Ueda, Audit & Supervisory Board Members, are both Outside Audit & Supervisory Board Members.
3. Mr. Sakae Yoshida, Mr. Shigeru Okada, Ms. Kimie Sakuragi, and Mr. Masaya Nara, Directors, and Mr. Akio Yamada and Ms. Miho Ueda, Audit & Supervisory Board Members, 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 Audit & Supervisory Board Member with a circle (○) was newly appointed as an Audit & Supervisory Board Member at the 86th ordinary general meeting of shareholders held on June 29, 2023.
5. Mr. Masahiro Kawanowa, Audit & Supervisory Board Member, has experience as the General Manager of the Finance Department of the Company and has considerable knowledge concerning finance and accounting.
6. Mr. Akio Yamada, Audit & Supervisory Board Member, is qualified as a certified public accountant and has considerable knowledge concerning finance and accounting.
7. The Audit & Supervisory Board Member who retired during this fiscal year:

Audit & Supervisory Board Member	Yutaka Takehana	(Retired as of June 29, 2023)
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8. As of April 1, 2024, the title and assignments of Director have changed as follows:

Chairperson	Yasunori Sakurano	
President (Representative Director)	Shin Ueda	
Director (Representative Director)	Koji Okaichi	In charge of Technology, In charge of Safety, In charge of Quality and Environment, In charge of New Business, In charge of International Business, In charge of Promotion of Collaboration with Sumitomo Forestry Co., Ltd.
Director	Yoshihiko Kato	
Director	Yoshiaki Ogawa	
Director	Koji Hidaka	

The Company has introduced the Executive Officer System. The Executive Officers as of March 31, 2024 are as follows:

* Executive President	Yasunori Sakurano	Managing Executive Officer	Kazuhiko Kawamura
* Executive Vice President	Yoshihiko Kato	Managing Executive Officer	Yuzuru Hirano
* Executive Vice President	Yoshiaki Ogawa	Managing Executive Officer	Hiroyasu Yaguchi
* Senior Managing Executive Officer	Koji Hidaka	Managing Executive Officer	Tetsuo Ono
* Senior Managing Executive Officer	Shin Ueda	Managing Executive Officer	Taiji Ito
* Senior Managing Executive Officer	Koji Okaichi	Executive Officer	Hideki Masumori
Senior Managing Executive Officer	Kenji Kishi	Executive Officer	Fumiaki Yamashita
Senior Managing Executive Officer	Masaki Ohno	Executive Officer	Takeshi Nakayama
Senior Managing Executive Officer	Masao Kajiyama	Executive Officer	Daisuke Hayashi
Managing Executive Officer	Akira Yamazaki	Executive Officer	Tsuyoshi Kinoshita
Managing Executive Officer	Hideyuki Tsukuda	Executive Officer	Tomohiko Igarashi
Managing Executive Officer	Yoshio Hagita	Executive Officer	Yasufumi Kubota
Managing Executive Officer	Takahiko Kashiara	Executive Officer	Hideyuki Sakai
Managing Executive Officer	Masato Yamashita	Executive Officer	Masaharu Yamashita
Managing Executive Officer	Makoto Wakabayashi		

- (Notes) 1. Executive Officers marked with asterisks (*) are Executive Officers concurrently serving as Directors.
2. Mr. Yasunori Sakurano, Executive President, Messrs. Yoshihiko Kato and Yoshiaki Ogawa, Executive Vice Presidents, Messrs. Koji Hidaka and Kenji Kishi, Senior Managing Executive Officers, Messrs. Akira Yamazaki and Kazuhiko Kawamura, Managing Executive Officers, and Mr. Fumiaki Yamashita, Executive Officer, retired from their position as Executive Officers as of March 31, 2024.
3. As of April 1, 2024, the title of Executive Officer has changed as follows:
- | | | | |
|-----------------------------------|------------------|---------------------|------------------|
| Executive President | Shin Ueda | ○ Executive Officer | Tomoo Shimokawa |
| Executive Vice President | Koji Okaichi | ○ Executive Officer | Hiroshi Takasaki |
| Senior Managing Executive Officer | Hiroyasu Yaguchi | ○ Executive Officer | Hajime Iwasaki |
| Senior Managing Executive Officer | Tetsuo Ono | ○ Executive Officer | Shinjiro Omoto |
| Senior Managing Executive Officer | Taiji Ito | ○ Executive Officer | Naohiro Shimizu |
| ○ Executive Officer | Hideki Yamasaki | | |

(Note) Executive Officers with circles (○) are newly appointed Executive Officers.

(2) Summary of Liability Limitation Agreement

The Company has entered into an agreement with each of the Outside Directors, Part-Time Non-Executive Directors and Audit & Supervisory Board Members which limits the liability for damages set forth in Article 423, Paragraph 1 of the Companies Act. The amount of liabilities for damages under said agreement is limited to the amount prescribed in Article 425, Paragraph 1 of the Companies Act.

(3) Outline of directors and officers liability insurance contract

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

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

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

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

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

1. Basic policy

The basic policy of the compensation for 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 and Part-Time Non-Executive 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 plan utilizing a trust service in which points are granted to Directors (excluding Outside Directors and Part-Time

Non-Executive 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 stock granting rules established 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 and Part-Time Non-Executive 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.

If Proposal 4 is approved and adopted at the 87th Ordinary General Meeting of Shareholders to be held on June 27, 2024, the description under “stock compensation” in “2. Policy on determining the content of individual compensation, etc., and the method of calculating the amount or number of such compensation, etc.” shall be amended as follows:
(Stock compensation)

Stock compensation shall be granted pursuant to a stock compensation plan utilizing a trust service in which points are granted to Directors (excluding Outside Directors and Part-Time Non-Executive Directors) according to positions and total shareholder return (TSR) in comparison with peers selected by the Company each fiscal year, and shares are generally granted at a predetermined time each year; and the standards and procedures for granting shares shall be determined by the stock granting rules established by the Board of Directors.

- (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 stock compensation plan, where a trust to which the Company makes financial contributions acquires the shares of the Company and, through a trust, the Company issues the Company's shares to Directors based on the number of points allocated by the Company to each Director. Under such plan, maximum amount of funds contributed by the Company to the trust as funds to acquire the necessary shares of the Company to be granted to Directors shall be the amount obtained by multiplying the number of fiscal years included in the applicable period under such system by JPY 25 million; and the upper limit of the total number of points granted 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, certain proportions of these shares may be delivered in cash after the Company sells and converts them into cash within the trust as tax withholdings or other tax capital. 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, Mr. Yasunori Sakurano, Representative Director and President, 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)	264 (43)	242 (43)	- (-)	22 (-)	11 (4)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	39 (21)	39 (21)	- (-)	- (-)	4 (3)

(Notes) 1. The provision for share awards for this fiscal year under the stock compensation plan utilizing a trust service is stated as non-monetary compensation, etc. The content of such stock compensation plan 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 not granted to Directors (including those who were Directors) for this fiscal year under such stock compensation plan.

2. Fixed compensation, which is a monthly monetary compensation, consists of (i) compensation according to position (fixed amount) and (ii) compensation corresponding to contribution to the Company's results of operation (portion reflecting the contribution to the Company's results of operation). The standard compensation ratio of the fixed amount to the portion reflecting the contribution to the Company's results of operation is approximately 70%:30% (only fixed amount is paid for Outside Directors and Part-Time Non-Executive Directors). The amount of the portion reflecting the contribution to the Company's results of operation included in the fixed compensation in this fiscal year is JPY 41 million.

(5) Matters Regarding Outside Officers

Mr. Sakae Yoshida, Mr. Shigeru Okada, Ms. Kimie Sakuragi, and Mr. Masaya Nara, Directors, are all Outside Directors. Furthermore, Mr. Akio Yamada and Ms. Miho Ueda, Audit & Supervisory Board Members, are both Outside Audit & Supervisory Board Members.

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

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

Mr. Nara, Director, is a Partner at Torikai Law Office, an Outside Auditor of RISO KAGAKU CORPORATION and an Outside Director (Audit & Supervisory Committee Member) of Tamron Co., Ltd. The Company has no material relationships with the organizations where Mr. Nara holds concurrent offices.

Mr. Yamada, Audit & Supervisory Board Member, is a certified public accountant of Yamada Akio Public Accounting Firm, an Outside Company Auditor of NITTAN Corporation, an Auditor of Pfizer Health Research Foundation, an Outside Audit & Supervisory Board Member of Rakuten Insurance Holdings Co., Ltd. and an Outside Audit & Supervisory Board Member of UCHIDA YOKO CO., LTD. The Company has no material relationships with the organizations where Mr. Yamada holds concurrent offices.

Ms. Ueda, Audit & Supervisory Board Member, is a Mediator at Rikkyo University Alternative Dispute Resolution Center of Tourism, Partner at Sunrise Law Office, Outside Director of REGAL CORPORATION, Outside Director (Audit and Supervisory Committee Member) of Mullion Co., Ltd. The Company has no material relationships with the organizations where Ms. Ueda holds concurrent offices.

(ii) Status of Principal Activities

Mr. Yoshida, Director, has attended all eighteen (18) meetings of the Board of Directors held during this fiscal year, and has spoken, as necessary, mainly based on his abundant experience and extensive knowledge he acquired by participating in management as a management executive in charge of the production division in a different industry. In addition, as a member of the Nomination and Compensation Committee, Mr. Yoshida, Director, has attended all five (5) 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.

Mr. Okada, Director, has attended seventeen (17) out of eighteen (18) meetings of the Board of Directors held during this fiscal year, and has spoken, as necessary, mainly based on his abundant experience and extensive knowledge he acquired through management experience as a management personnel member in a different industry. In addition, as a chairman of the Nomination and Compensation Committee, Mr. Okada, Director, has attended and presided over all five (5) 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.

Ms. Sakuragi, Director, has attended all eighteen (18) meetings of the Board of Directors held during this fiscal year, and has spoken, as necessary, mainly based on her abundant experience in the fields of business ethics and compliance, etc. and extensive knowledge she acquired as an outside director in a different industry. In addition, as a member of the Nomination and Compensation Committee, Ms. Sakuragi, Director, has attended all five (5) 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.

Mr. Nara, Director, has attended all eighteen (18) meetings of the Board of Directors held during this fiscal year, and has spoken, as necessary, based on his abundant experience from his participation and involvement in management as an officer of the operation planning department of a financial institution and as a full-time audit & supervisory board member, from a professional perspective as an attorney-at-law, and based on the extensive knowledge he acquired as an outside auditor in a different industry. In addition, as a member of the Nomination and Compensation Committee, Mr. Nara, Director, has attended all five (5) 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.

Mr. Yamada, Audit & Supervisory Board Member, has attended all eighteen (18) meetings of the Board of Directors, and all fifteen (15) meetings of the Audit & Supervisory Board, held during this fiscal year, and has spoken, as necessary, mainly from a professional perspective as a certified public accountant.

Ms. Ueda, Audit & Supervisory Board Member, has attended all thirteen (13) meetings of the Board of Directors, and all eleven (11) meetings of the Audit & Supervisory Board, held since her assumption of office on June 29, 2023, and has spoken, as necessary, mainly from a professional perspective as an attorney-at-law.

(iii) Summary of the Company's Response to Incidents of Misconduct

In April 2023, it was discovered that a false report had been made regarding testing frequency during concrete quality control testing for the "Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line" project performed through a specific construction work joint venture led by the Company. Although Mr. Sakae Yoshida, Mr. Shigeru Okada, Ms. Kimie Sakuragi, and Mr. Masaya Nara, who are Outside Directors, and Mr. Akio Yamada, who is an Outside Audit & Supervisory Board Member, were unaware of that fact until

this incident was discovered, they had previously given necessary advice and reminders on the importance of compliance from time to time at meetings of the Board of Directors and other occasions. In addition, after this incident was discovered, they have been appropriately performing their duties by, among other things, making recommendations regarding clarification of the cause, formulating measures for the prevention of recurrences and so forth at meetings of the Board of Directors and other occasions.

Although the discovery of this incident and the formulation of measures for the prevention of recurrences occurred before Ms. Miho Ueda assumed office as an Outside Audit & Supervisory Board Member, she has given necessary advice and reminders on the importance of compliance from time to time after assuming office.

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 73 million

- (Notes) 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. GAEART Co., Ltd., a subsidiary of the Company, entrusted to and remunerated the Accounting Auditor for “agreed-upon procedures” in relation to the use of documents for confirmation of the measures of additional points for companies implementing wage increases in the comprehensive evaluation bidding system; and the said procedures constituted services other than those under Article 2, Paragraph 1 of the Certified Public Accountant Act (non-audit services).
4. 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 Directors and Executive Officers (hereinafter collectively the “Officers”) and employees.
 - (ii) The Administration Division shall develop an overall compliance structure and provide guidance regarding legal issues, each division administering individual laws and regulations shall maintain and develop the legal compliance system and the Internal Audit Department shall develop a structure that audits the compliance status of the management of operations.
 - (iii) With respect to the procedures required for the Officers and employees to execute their duties, the Company shall establish internal rules, such as Rules on Organization, Rules on Allocation of Duties, Rules on Management Authority and Rules on Decision Making Procedures.
 - (iv) The Company shall establish a periodic educational/training system concerning legal compliance.
 - (v) The Company shall develop a structure where the top management, such as the Officers and General Branch Managers, thoroughly inform the employees, on a daily basis, compliance with laws, regulations, the Articles of Incorporation, internal rules, etc. in respect of business operations.
 - (vi) The Company shall establish an internal reporting system aiming to prevent misconduct or deterioration of a situation by ascertaining and correcting acts violating laws and wrongful acts at an early stage and to prevent the occurrence of acts violating laws by having the employees mutually checking and balancing each other.

- (vii) The Legal Compliance Audit Committee, an organization independent from the management, shall evaluate the compliance structure from an external perspective and report and make proposals to the management.
 - (viii) The Company shall clearly state in the “Kumagai Gumi Code of Conduct” and “Compliance Program” that any relationships with anti-social forces shall be severed, take a resolute stance and firmly reject any unlawful demands from anti-social forces and thoroughly implement such code and program.
2. Structure for Storing and Managing Information Relating to Directors Executing their Duties
- The Company shall develop and thoroughly implement internal rules in order to properly store and manage various information relating to 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 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 Directors can execute their duties efficiently.
 - (ii) With respect to material management issues, such as management strategy, the budget for each department, capital expenditures, the Board of Directors shall make decisions after the points in question and issues are clarified at the Management Meeting.
 - (iii) The Company shall set up the Officer-General Branch Manager Meetings in order to thoroughly implement and inform the Executive Officer and General Branch Managers of the policies, etc. on addressing management strategies and management issues.
5. Structure to Ensure Operations are Appropriately Conducted within Group Consisting of Company and its Subsidiaries
- (i) The Company shall establish Rules on Administration and Management of Domestic Group Companies and Rules on Administration and Management of Overseas Group

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

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

6. Matters Regarding Audits by Audit & Supervisory Board Members

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

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

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

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

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

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

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

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

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

With respect to the structure to ensure that the duties of 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, 2023 to March 31, 2024) is as follows:

1. Overall Internal Control

The Board of Directors of the Company consists of eleven (11) Directors, including four (4) Outside Directors, and the meetings of the Board of Directors were held eighteen (18) times with the attendance of three (3) Audit & Supervisory Board Members and the legality of the execution of the duties of Directors is ensured. Furthermore, the Board of Directors appointed the Executive Officers and each Executive Officer is performing his/her duties within the scope

of his/her authority and responsibility under the instruction and supervision of the Representative Director.

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

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

2. Compliance Structure

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

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

3. Risk Management Structure

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

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

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, 2024)

ASSETS		LIABILITIES	
CURRENT ASSETS	(JPY million) 369,460	CURRENT LIABILITIES	(JPY million) 243,460
Cash and deposits	70,073	Notes payable, accounts payable for construction contracts and other	100,457
Notes receivable, accounts receivable from completed construction contracts and other	266,541	Electronically recorded obligations - operating	29,158
Costs on construction contracts in progress	8,460	Short-term borrowings	10,906
Accounts receivable - other	22,117	Commercial papers	14,999
Other	2,331	Income taxes payable	3,439
Allowance for doubtful accounts	(64)	Advances received on construction contracts in progress	23,130
NON-CURRENT ASSETS	97,771	Deposits received	36,669
PROPERTY, PLANT AND EQUIPMENT	29,803	Provision for warranties for completed construction	522
Buildings and structures	9,760	Provision for loss on construction contracts	3,820
Machinery, vehicles, tools, furniture and fixtures	1,814	Provision for bonuses	4,097
Land	17,897	Other	16,260
Leased assets	288	NON-CURRENT LIABILITIES	43,757
Construction in progress	42	Long-term borrowings	26,474
INTANGIBLE ASSETS	1,592	Provision for share awards	292
INVESTMENTS AND OTHER ASSETS	66,376	Retirement benefit liability	16,433
Investment securities	48,586	Other	556
Long-term loans receivable	6,860	TOTAL LIABILITIES	287,218
Long-term non-operating accounts receivable	101	NET ASSETS	
Distressed receivables	30	Shareholders' equity	164,737
Deferred tax assets	3,547	Share capital	30,108
Other	7,447	Capital surplus	15,170
Allowance for doubtful accounts	(196)	Retained earnings	120,115
		Treasury shares	(657)
		Accumulated other comprehensive income	15,276
		Valuation difference on available-for-sale securities	13,437
		Deferred gains or losses on hedges	3
		Foreign currency translation adjustment	1,887
		Remeasurements of defined benefit plans	(50)
		TOTAL NET ASSETS	180,014
TOTAL ASSETS	467,232	TOTAL LIABILITIES AND NET ASSETS	467,232

Consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

	(JPY million)	(JPY million)
NET SALES		
Net sales of completed construction contracts	443,193	443,193
COST OF SALES		
Cost of sales of completed construction contracts	407,112	407,112
Gross profit		
Gross profit on completed construction contracts	36,080	36,080
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		23,430
Operating profit		12,649
NON-OPERATING INCOME		
Interest and dividend income	939	
Share of profit of entities accounted for using equity method	168	
Other	267	1,376
NON-OPERATING EXPENSES		
Interest expenses	379	
Commission for syndicated loans	273	
Loss on investments in investment partnerships	122	
Other	209	985
Ordinary profit		13,040
EXTRAORDINARY INCOME		
Compensation for damage income	67	
Other	9	77
EXTRAORDINARY LOSSES		
Compensation for damage	307	
Other	214	521
Profit before income taxes		12,595
Income taxes – current	4,888	
Income taxes – deferred	(608)	4,279
Profit		8,316
Profit attributable to owners of parent		8,316

Nonconsolidated Balance Sheet

(As of March 31, 2024)

ASSETS		LIABILITIES	
	(JPY million)		(JPY million)
CURRENT ASSETS	298,284	CURRENT LIABILITIES	202,280
Cash and deposits	39,226	Notes payable - trade	1,225
Notes receivable - trade	1,193	Electronically recorded obligations - operating	28,203
Accounts receivable from completed construction contracts	227,565	Accounts payable for construction contracts	68,061
Costs on construction contracts in progress	7,389	Short-term borrowings	10,706
Accounts receivable - other	21,583	Commercial papers	14,999
Other	1,352	Lease liabilities	3
Allowance for doubtful accounts	(25)	Income taxes payable	1,826
NON-CURRENT ASSETS	84,622	Advances received on construction contracts in progress	21,816
PROPERTY, PLANT AND EQUIPMENT	21,736	Deposits received	34,896
Buildings and structures	5,848	Provision for warranties for completed construction	465
Machinery and vehicles	545	Provision for loss on construction contracts	3,787
Tools, furniture and fixtures	370	Provision for bonuses	2,718
Land	14,939	Other	13,571
Leased assets	6	NON-CURRENT LIABILITIES	41,062
Construction in progress	25	Long-term borrowings	26,474
INTANGIBLE ASSETS	1,409	Lease liabilities	4
INVESTMENTS AND OTHER ASSETS	61,476	Provision for share awards	292
Investment securities	10,853	Provision for retirement benefits	13,966
Shares of subsidiaries and associates	36,289	Other	324
Investments in other securities of subsidiaries and associates	4,525	TOTAL LIABILITIES	243,342
Long-term loans receivable	6,724	NET ASSETS	
Long-term prepaid expenses	62	Shareholders' equity	126,179
Deferred tax assets	2,274	Share capital	30,108
Other	747	Capital surplus	15,170
Allowance for doubtful accounts	(1)	Legal capital surplus	7,000
		Other capital surplus	8,170
		Retained earnings	81,428
		Legal retained earnings	559
		Other retained earnings	80,868
		Retained earnings brought forward	80,868
		Treasury shares	(527)
		Valuation and translation adjustments	13,384
		Valuation difference on available-for-sale securities	13,381
		Deferred gains or losses on hedges	3
		TOTAL NET ASSETS	139,563
TOTAL ASSETS	382,906	TOTAL LIABILITIES AND NET ASSETS	382,906

Nonconsolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

NET SALES	(JPY million)	(JPY million)
Net sales of completed construction contracts	327,927	327,927
COST OF SALES		
Cost of sales of completed construction contracts	303,289	303,289
Gross profit		
Gross profit on completed construction contracts	24,638	24,638
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		18,016
Operating profit		6,621
NON-OPERATING INCOME		
Interest and dividend income	2,003	
Other	231	2,234
NON-OPERATING EXPENSES		
Interest expenses	425	
Commission for syndicated loans	273	
Loss on investments in investment partnerships	122	
Other	172	994
Ordinary profit		7,862
EXTRAORDINARY INCOME		
Compensation for damage income	67	
Other	0	67
EXTRAORDINARY LOSSES		
Compensation for damage	307	
Other	23	330
Profit before income taxes		7,599
Income taxes – current	2,941	
Income taxes – deferred	(651)	2,289
Profit		5,309

[Translation]

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

Independent Auditor's Audit Report

May 13, 2024

The Board of Directors
Kumagai Gumi Co., Ltd.

GYOSEI & CO.
Tokyo Office
Naoko Enomoto
Certified Public Accountant
Designated Partner
Engagement Partner

Susumu Sugeno
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, 2023 through March 31, 2024.

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, 2024, in conformity with corporate accounting standards generally accepted in Japan.

Basis for Audit Opinion

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

evidence that is sufficient and appropriate to provide a basis for our audit opinion.

Other Statements

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

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

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

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

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

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

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

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

The responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to oversee the execution of duties by 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, and also reports matters that may reasonably be considered to affect the independence of the auditor; and if measures to eliminate impediments have been implemented, or safeguards to mitigate impediments to an acceptable level have been applied, the auditor reports the content of such measures or safeguards.

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 13, 2024

The Board of Directors
Kumagai Gumi Co., Ltd.

GYOSEI & CO.
Tokyo Office
Naoko Enomoto
Certified Public Accountant
Designated Partner
Engagement Partner

Susumu Sugeno
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 87th fiscal year from April 1, 2023 through March 31, 2024.

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

Basis for Audit Opinion

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

Other Statements

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

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

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

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

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

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

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

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

The responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to oversee the execution of duties by 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, and also reports matters that may reasonably be considered to affect the independence of the auditor; and if measures to eliminate impediments have been implemented, or safeguards to mitigate impediments to an acceptable level have been applied, the auditor reports the content of such measures or safeguards.

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 87th fiscal year from April 1, 2023 to March 31, 2024 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:
 - (i) 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.
 - (ii) 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 Audit & Supervisory Board, 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.

- (iii) 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), 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.

- (i) 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.
- (ii) 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.

- (iii) 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. As stated in the Business Report, with respect to the issue of the false report that the unit water content tests and slump tests of concrete were conducted in a prescribed manner in the “Yotei Tunnel (Arishima), etc. on the Hokkaido Shinkansen line” project implemented by a JV of the Company, which was discovered during this consolidated fiscal year, although the relevant tests were not conducted in such prescribed manner, the Audit & Supervisory Board confirmed that the Company steadily implemented measures to prevent recurrences and is striving to strengthen compliance and continuously working to ensure fair business performance. The Audit & Supervisory Board will continue to conduct audits in order to ensure the further enhancement and thorough implementation of the Company’s compliance structure and internal controls.
- (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 13, 2024

Kumagai Gumi Co., Ltd., Audit & Supervisory Board
Masahiro Kawanowa, Full-time Audit & Supervisory Board Member
Akio Yamada, Outside Audit & Supervisory Board Member
Miho Ueda, Outside Audit & Supervisory Board Member

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