



Special Feature 1 Bringing innovation to expressway renewal construction The Challenge of the Cotter Floor Slab Method for Bridges

Expressways are key infrastructure that serve as the arteries of a society. The aging of expressways has become an issue in recent years, with renewal work planned in many locations. Through advanced technology and outstanding Worksite Excellence, Kumagai Gumi contributes to solving such social issues.

Addressing the social issue of aging expressways

The Tohoku Expressway plays a vital role as the main transportation artery running through eastern Japan. Large-scale renewal projects are planned to address deterioration of the expressway. The renewal work being carried out between Hachimantai in Iwate Prefecture and Hirakawa in Aomori Prefecture, a stretch under the jurisdiction of the Towada Management Office of the Tohoku Branch Office of East Nippon Expressway Company Limited, is part of such a project. Kumagai Gumi is in charge of replacement work on five bridges in this project.

"This construction work will replace floor slabs laid on the bridge girders with highly durable precast PC floor slabs. In this project, Kumagai Gumi is undertaking full-scale adoption of revolutionary new technology,"

says On-site Manager Takahiro Machiya. The proprietary new technology that he speaks of is the Cotter Floor slab method for bridges.

This method roughly doubles the speed of construction and halves required construction staff compared with conventional methods, achieving a major increase in efficiency.

Traditional floor slabs have rebar joints at both ends; at the site, concrete must be cast on these portions, a task requiring considerable labor and skill.

On the other hand, Cotter floor slabs use cotter joints developed particularly for this connecting portion. This enables joining with a joint width of only about 2 cm, making on-site concrete casting unnecessary.

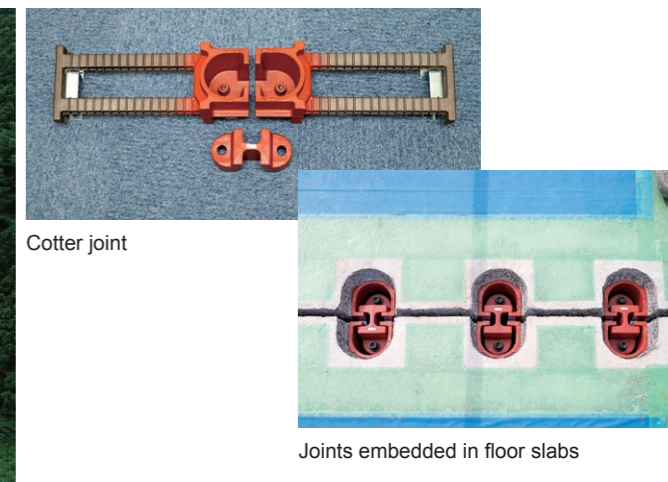
Precasting 99% of the floor slabs also improves the quality of the concrete. Its outstanding performance, including the capability for partial replacement, has won the Innovative Technique Award of the Japan Society of Civil Engineers.



On-site Manager
Work place manager
Takahiro Machiya



On-site work



Cotter joint

Joints embedded in floor slabs

Overview of construction

Name of construction work	Tohoku Expressway Towada Jurisdiction Expressway Renewal Work
Orderer	East Nippon Expressway Company Limited, Tohoku Branch
Construction period	January 8, 2019 to March 22, 2022 (39 months)
Details of construction	Floor slab replacement: 5 bridges; Tunnel repair: 21 tunnels
Contractor	Kumagai Gumi/SHO-BOND Corporation joint venture * Shared construction-type joint venture Kumagai Gumi: Floor slab replacement; SHO-BOND Corporation: Tunnel repair



Connecting the joints

Installation of a massive floor slab in about 15 minutes

From the construction of Tengu-bashi Bridge (heading toward Tokyo), the fourth bridge, in June 2021, we have completely introduced the Cotter floor slab method. The cotter joints, too, have evolved into a more compact and light form. Work was performed at night, due in part to coordination with other processes.

At the brightly lit work site, a huge cotter floor slab is suspended from a crane and is installed on the bridge girders under the direction of young engineers. The position and the height are adjusted to a high precision of scant millimeters. When installation is complete, the workers insert wedge pieces into the joints and fix them with bolts.

On-site Manager Machiya describes the work.

"We've become quite proficient in the work as we've made improvements on site. The time required to install one Cotter floor slab is about 15 minutes. At Tengu-bashi Bridge, we install five slabs at once, so the work will be completed in about 1 hour and 20 minutes."

Contributing to society and the environment with outstanding Technology Strength and Worksite Excellence

Machiya adds that there are many other merits of the Cotter Floor slab method that can be appreciated only at the worksite. The greatest of these is safety management.

In conventional construction methods, concrete is cast on-site. This involves many tasks that require skill, such as creating concrete placing form and inserting reinforcing steels. This created considerable tensions over safety management. With cotter floor slabs, however, this work is no longer needed. Moreover, the elimination of concrete placing form has enabled a major reduction of waste, contributing significantly to environmental aspects.

The total length of Japan's expressways is about 9,071 km (as of March 2021), with renewal projects planned for many locations. Kumagai Gumi is also undertaking development of new cotter floor slabs for urban expressways to meet such societal needs.

Diverse Human Resources



Fundamental concepts of human resources

Related information P13 Number of employees Number of female managers

We recognize that there are concerns over a declining workforce in the construction industry, and that securing human resources will become more difficult. Under these circumstances, Kumagai Gumi is actively undertaking the preparation of environments and systems that allow diverse human resources to perform their capabilities to the maximum. We are working to promote active participation by women, the employment of persons with disabilities, and reemployment after retirement to improve our employment environment and make it a foundation that supports management.

About recruitment

Kumagai Gumi works to resolve the advancing age of employees and imbalances among generations, and engages in recruitment activities with an awareness of diversity.

Based on information including future business performance trends, we formulate recruitment plans that take into consideration employees' total number, job types, age distribution, and other factors 5 and 10 years ahead, and engage in hiring of new graduates and mid-career employees.

In fiscal 2019, we set up a job return system. We are creating an environment by which retired employees who meet certain conditions can join the company again, to make use of experience gained at other companies.

Number of employees and average age/years of service Kumagai Gumi alone

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of employees (persons)	2,305	2,382	2,497	2,578	2,620
Average age (years)	45.2	45.2	44.9	44.5	44.4
Average years of service (years)	20.7	20.5	19.9	19.5	19.5

As a diversity company

Related information P48 Promotion of work style reform

Kumagai Gumi recognizes the diversity of its employees and promotes diversity by creating environments that let employees exert their capabilities to the maximum, which leads to increased corporate value and growth of the company.

by the President, and a Work Style Reform Working Group, in which representatives of divisions examine specific systems and measures suited to Kumagai Gumi. Through these, we are promoting diversity and work style reforms horizontally across the company.

Promotion structure

The Diversity Promotion Group and the Work Style Reform Promotion Office of the Human Resources and General Affairs Department were integrated in 2021 to establish the Diversity Promotion Department. This action is aimed at deepening diversity and strengthening our competitiveness.

We established a Diversity Promotion Committee, composed of General Managers of divisions and chaired



Diversity Promotion Committee

Workplaces where women can play active roles

From December 2015, we increased our hiring of women and formulated and enacted an action plan to improve the workplace environment, in line with the Act on Promotion of Women's Participation and Advancement in the Workplace.

Status of employment of persons with disabilities

As a new initiative for the employment of persons with disabilities, we offered workplace training for students from special support education schools. We included site tours in the training so the students could gain familiarity with the construction industry. Accepting trainees in multiple departments also helped change the mindsets of employees.

Achievements of the Action Plan for Promotion of Participation by Women Kumagai Gumi only (Period of formulation: January 2021 to December 2022)

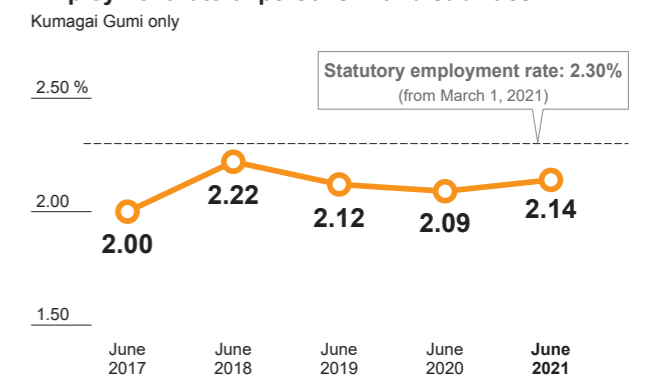
Action plan	Performance at the end of FY2020
Increase in the percentage of women among new graduate hires to 25% or more	24.4%
Increase in the number of female managers by 10% from the current level (54 as of April 2020)	58
70% or higher rate of acquisition of childbirth-related leave by men	74.3%

Status of reemployment after retirement

We operate employment-related systems under the premise of employment until the statutory retirement age of 65, and contribute to the expansion of reemployment of retirees who wish to continue working. For Kumagai Gumi, the technical and sales capabilities of retirees constitute valuable assets that we hope to pass down to the next generation without interruption.

To energize employees and organizations alike, we are enhancing employee benefits to create comfortable work environments. As of April 2021, 353 retirees are working in the company.

Employment rate of persons with disabilities Kumagai Gumi only



Promotion of diversity Main initiatives in fiscal 2020 and evaluation by society

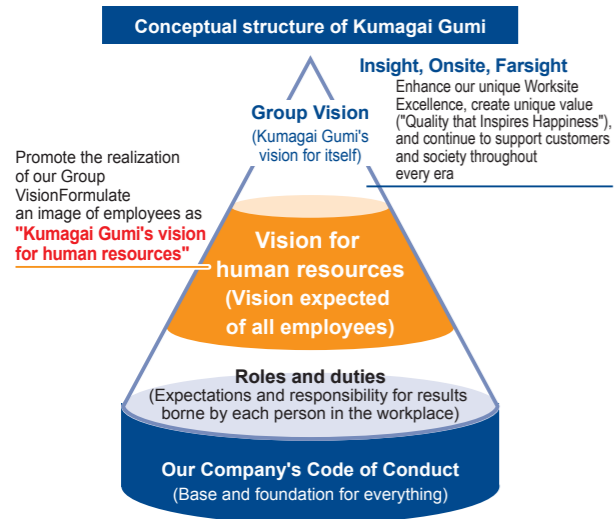
2020	October	Joined the IkuBoss Enterprise Alliance operated by the NPO Fathering Japan, aimed at creating environments where diverse human resources can work comfortably and fostering bosses who support team members in achieving work-life balance.
		Held a roundtable discussion by male employees who have taken childcare leave, to promote leave-taking
	November	Received Bronze rating in the PRIDE Index that evaluates companies' LGBTQ efforts, in recognition of efforts including establishment of an LGBTQ consultation desk and conducting of awareness surveys.
2021	February	Obtained the third level of Eruboshi, a certification from the Ministry of Health, Labour and Welfare related to the promotion of active participation by women.
	March	Selected by the Ministry of Economy, Trade and Industry for inclusion among the fiscal 2020 New Diversity Management Selection 100, which showcases advanced efforts of companies that connect diversity promotion to management results.

Diverse Human Resources

Development of human resources

Aiming to develop human resources under the idea of "Enrich the self, create the future, and support people," Kumagai Gumi undertakes a variety of initiatives. In April 2019, we formulated the Human Resources Development Plan that sets our directions in this area.

Our corporate philosophy structure and vision for human resources



Job rotation	Our company performs job rotation to let employees acquire wide-ranging knowledge and ways of thinking through experience in different work duties at multiple workplaces.
OJT	Through daily work, superiors and senior employees guide and train subordinates and junior employees by consciously, systematically, methodically, and continuously providing the knowledge, skills, and attitudes necessary for executing work duties.
Group training	We conduct planned education drills and training to complement OJT, drive self-development, and provide expert knowledge.
Support for self-development	We encourage the acquisition of official qualifications such as Professional Engineer and 1st-Class Architect, conduct supplementary lectures and mock examinations, and support and promote self-development that leads to employees' skill advancement.

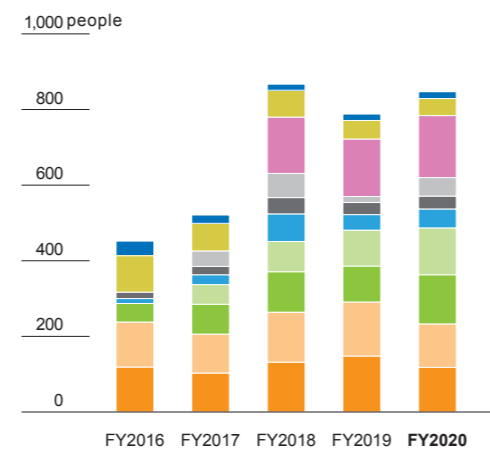
Training of rank structure

	Year-specific training	Training at time of promotion	Role training	Selective training
Manager position			Newly appointed line director training	Next-generation executive development training
		M2 promotion training	Evaluator training	
		Newly appointed manager training		
Beginning manager position		Beginning manager training		
Guidance position		Newly appointed instructor training		
General position			OJT trainer training	
	3rd-year training			
	Young employee follow-up training			
	New employee training			

FY2020 attendance status of training by rank

Name of training	By target Category	Eligible no. of trainees (persons)	No. of trainees (persons)	Training rate (%)	Total training hours	
					Total hours	Training hours per person
Newly appointed line director training	Role	20	18	90	558	31
M2 promotion training	Time of promotion	48	45	94	720	16
Evaluator training	Role	198	164	83	1,312	8
Newly appointed manager training	Time of promotion	52	49	94	784	16
Beginning manager training	Time of promotion	36	34	94	544	16
Newly appointed instructor training	Time of promotion	52	50	96	800	16
OJT trainer training	Role	130	130	100	1,040	8
3rd-year training	Year-specific	124	124	100	1,798	14.5
Young employee follow-up training	Year-specific	117	115	98	6,900	60
New employee training	Year-specific	118	118	100	22,184	188

Number of persons undergoing training of rank



Training engineers with a commitment to quality

We believe that the highest quality is achieved through an integration of quality assurance systems, human resources who are committed to quality, and effective processes. Kumagai Gumi continuously develops human resources based on its human resource

development system, and enhances quality in every process through the steps of planning (Plan), execution (Do), confirmation/inspection (Check), and review/improvement (Act) under our quality assurance system.

Employee training

We conduct two-month practical training for construction drawing, with dormitory stays, for employees in their third to twelfth years in construction divisions. To improve our quality control capabilities, we hold construction technology training workshops for learning about quality control in frame work and equipment/electrical workshops for learning about equipment and electrical work.

OFFJT education (Building construction staff)

In order to learn about operation methods able to express on-site conditions matched to processes, we conduct group education on basic operations of ARCHICAD and Smart CON Planer for building construction staff at least twice a year at each branch, using real equipment.



Training for partner companies

The Yuuei Kyoryoku Kai association conducts various types of training with the aim of improving capabilities related to QCDSE (Quality, Cost, Delivery, Safety, and Environment).

Technology presentation

To share information on ever-evolving building construction and civil engineering technologies and make full use of these in our everyday work, we hold presentation meets to broadcast technologies we have developed and new technologies introduced at workplaces company-wide.





Special Feature 2 A new challenge in the region of our founding Aiming to Achieve Medium- and large scale wooden construction

Since our founding in 1898, Kumagai Gumi has maintained its Headquarters in Fukui, our place of origin. The construction of a new Headquarters building with a wood and steel frame hybrid structure is underway, and will mark the history of the new Kumagai Gumi.

Overview of construction

Name of construction work	New construction of the Kumagai Gumi Fukui Head Office
Location	2-6-8 Chuo, Fukui, Fukui Prefecture
Construction period	September 2020 to July 2021
Structure	Steel frame + wood, 4 floors above ground Fire-resistant building
Uses	1F: Entrance hall, conference rooms 2F: Exhibition room, meeting space 3F, 4F: Offices
Total floor area	1,190.85m ²

ZEB implementation technology

Architecture	Sunlight shielding, daylight utilization (light shelf), high insulation, wood materials, etc.
Plumbing system	Low-use water fixtures, use of rainwater
Air conditioning/ventilation	High-efficiency air-source heat pump, latent heat sensible heat separation air conditioning, floor radiant air conditioning, BEMS, etc.
Electricity	High efficiency transformer, lighting control, storage batteries, solar power generation (Light-passing double-sided power generation type)



A project at our place of origin that marks the history of Kumagai Gumi

The history of Kumagai Gumi began in 1898 when our founder Santaro Kumagai undertook construction of the Shikununo Power Station, the first power plant in Fukui Prefecture. Even after Headquarters functions

were moved to Tokyo in 1964, the head office remained in Fukui. As the main office has aged, we are now rebuilding it.

A hybrid structure with medium- to high-rise wood structures in mind

"When I heard about this project, I thought I definitely wanted to work on it. One reason was because it was the rebuilding of our traditional head office, and another was the wood structure,"

says Tetsuji Sabe, On-site Manager for the project. The most significant feature of the new main office



On-site Manager
Tetsuji Sabe

building is its hybrid wood and steel frame structure. We are adopting Insulated Fire-Resistant λ-WOOD® (Lambda WOOD), a wooden fireproof structural member developed by our company, for the first time in columns and beams. We are also pursuing an urban wood structure capable of withstanding snow loading in winter through the use

of cross laminated timber (CLT) earthquake-resistant walls.

"We need to use a construction method suited to wood structures, which differ from the steel frame structures that we often handle. From this point onward, it was Kumagai Gumi's first experience with this." (Sabe)

The team carried out assembly of the wood structure in collaboration with Sumitomo Forestry engineers who have a wealth of experience with wood residential structures. This project, however, involved an office building. The beams have a long span, as much as eight meters. As structural members on this scale are not found in houses, it was a novel experience for the project members, who learned and cultivated knowledge on-site. Their experiences will be accumulated as Kumagai Gumi technology that will support the next generation.

Achieving "Nearly ZEB" with consideration of office workers and the environment

Another key feature of the new head office building is that it is a Net Zero Energy Building (ZEB), a concept attracting attention as an initiative aimed at a decarbonized society. The aim of a ZEB is to reduce the balance of the building's annual primary energy consumption to zero. The head office building project achieves "Nearly ZEB." Ayana Fuchizaki of the Architectural Environment & Engineering Department, who took charge of these technologies, talks about this.

and combined energy saving with energy creation to reduce the building's primary energy consumption to 17%." (Fuchizaki)



Architectural Environment & Engineering Department
Ayana Fuchizaki

Creating bright, healthy spaces for the office workers is another important concept of the new head office. We also used Echizen Japanese paper and cedar wood from Fukui Prefecture in the interior, to create an office that is rooted in our place of origin and that moves in step with the community.

"The new head office faced a lot of restrictions in aiming for ZEB, including the Sea of Japan-type climate peculiar to the Hokuriku region, and the small building site. We brought together the technologies of Kumagai Gumi

Initiatives for wooden architecture projects

Olympic Village Plaza (Completed: 2020; Construction site: Tokyo)

An all-Japan project by the Tokyo Organising Committee of the Olympic and Paralympic Games, this facility was constructed using wood loaned by 63 local governments nationwide. Wood from different regions is used in various locations of the building to express the diversity and harmony that are basic concepts of the event.



Following the event, the wood will be removed and returned to the local governments for use as legacy materials in local public facilities or other works.

Olympic Village Plaza at the time of private viewing Before completion and interior work (January 2020) ©Tokyo2020

Hyuga City Hall (Completed: 2019; Construction site: Miyazaki Prefecture)

About 200,000 pieces of wood, mainly cedar and cypress, are used inside and outside the government building. The project received the BCS Prize from the Japan Federation of Construction Contractors as well as the Forestry Agency Director-General's Award in the 2019 Timber Utilization Excellent Facility Contest.



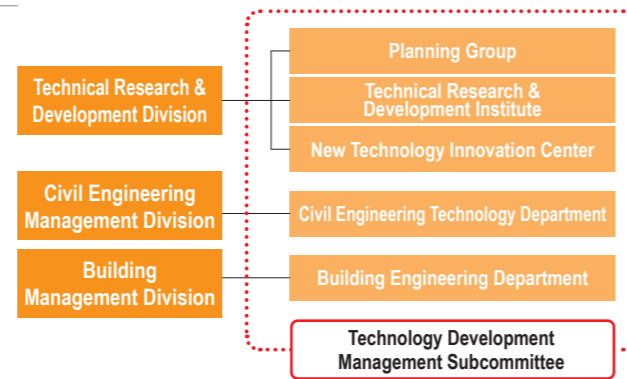
Technology to Create Social Value



Technology Development System and Policy

Technology Development System

Kumagai Gumi's Technical Research & Development Division, Civil Engineering Management Division, and Building Management Division collaborate on the development of technologies. We set out policies related to technology development, research topics in new business domains, and other matters through the Technology Development Management Subcommittee, and carry out development of technologies that directly connect to business.



Technology development under the Medium-Term Management Plan

The Kumagai Gumi Group's Medium-Term Management Plan sets out areas of focus related to technology development as follows, to strengthen our management foundation.

- Research and development that contributes to a recycling-based, decarbonized society
- Technology development in response to the digital society
- Technology development that contributes to the advancement of various functions in construction

We believe that basic research aimed at a decarbonized society, technology development in renewable energy or other fields aimed at a sustainable society, and future-oriented initiatives in domains such as smart cities will lead to opening up new business domains for us. We will also engage in co-creation with other companies on production systems that use robotics, AI, and other technologies to contribute to innovation and the advancement of various functions in construction.

Technological development

Kumagai Gumi has established an R&D vision and mission to achieve R&D with the period of the Medium-Term Management Plan and beyond in sight, and is formulating a technology development policy.

Research and development vision
Achievement of communities for sustainable and enriching living
Mission
Develop technologies that aid the world and bear responsibility for the future across the ages
Technological development policy
Contribution to the achievement of a decarbonized and recycling-oriented society
Contribution to advanced construction through digitalization

During the three-year period of the plan, we will carry out research and development across the company while promoting technology development that supports our management foundation.

Patent-related measures

Related information P13 Number of patent applications

Our patent applications filed in fiscal 2020 were mainly related to materials, structures, and fire resistance in the field of wood, accounting for about 20% of our total number of applications. The number of patent applications related to caregiving assistance and movement assistance is also increasing, accounting for about 10% of our total number of applications.

In this area, to prepare for overseas expansion of the independent walking aid developed by Kumagai Gumi (refer P9), we are acquiring intellectual property rights

regarding patent rights, design rights, and trademark rights not only in Japan but also overseas.

Reflecting the increase in joint research and joint development cases with private companies, universities, and other research institutes, about 35% of the total number of applications are joint applications. We will continue strengthening collaboration with other companies and promoting the Kumagai Gumi Group's patent measures.

TOPICS Development of environmentally considerate technologies

Related information P38-39 Special Feature 2

Insulated Fire-Resistant λ-WOOD® (Lambda-WOOD) acquires Ministry certification for 1 to 3 hours fireproof performance

One challenge in achieving medium- to large-scale wooden construction is fire prevention and fire resistance performance. The Building Standards Act stipulates the fire resistance performance of major structural parts, varying with the number of floors of a fire-resistant building. Constructing a high-rise wood structure without constraints related to the number of floors requires a demonstrated fire resistance of 3 hours for columns and beams and 2 hours for floors and walls.

In evaluation tests of fire resistance, heating that simulates a fire is performed for 1 to 3 hours while a constant vertical load is applied, to confirm that the load-bearing member does not carbonize between the time that the heating is stopped and the time that the fire is extinguished naturally.

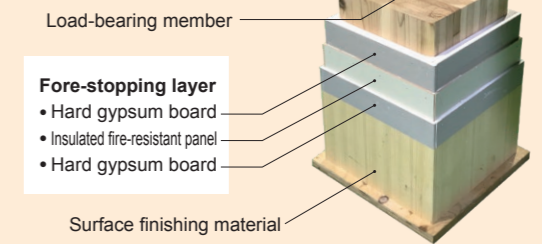
Developed by Kumagai Gumi, Insulated Fire-resistant λ-WOOD was certified in March 2021 by the Minister of Land, Infrastructure, Transport and Tourism for use in all fire-resistant structures as a wood fire-resistant structural member with 1 to 3 hours of resistance in laminated lumber

columns and beams and 1 to 2 hours in CLT floors and walls.

Insulated Fire-Resistant λ-WOOD layers a hard gypsum board and an insulating fire-resistant panel on the "fire-stopping layer" installed around the load-bearing structural member (pillar) to reduce the thickness of the member. This allows free selection of surface finishing material.

Insulated Fire-Resistant λ-WOOD (pillar) is being used in the construction of our new Fukui head office.

Specifications for Insulated Fire-Resistant λ-WOOD (pillar)



Aiming for Safe Workplace Environments



Health and Safety Policy and Management System

In the conduct of its business, the Kumagai Gumi Group prioritizes respect for human life and maintains high health and safety management standards to prevent labor accidents, improve health, and create comfortable working environments. We comply with social norms, laws, our internal standards, and other rules, and have established a Safety and Health Management System which we operate with high effectiveness.

Since receiving the first company-wide certification under the Construction Occupational Health and Safety Management System (COHSMS) program in 2008, Kumagai Gumi has maintained its system while renewing certification, and works to prevent labor and construction accidents.

- Average frequency during the Medium-Term Management Plan period: 0.5 or less (Average frequency from FY2018 to FY2020: 0.48)
- FY2021 safety and health targets: Fatal accidents: 0; Frequency of fatal accidents: 0.5 or less

Sharing of safety and health information and prevention of the recurrence of accidents and incidents

To enforce the sharing of safety and health information and prevention of the recurrence of accidents and incidents, we introduced the Safety Portal System in April 2021 and worked to accumulate and centralize data.

We will also create a database of the results of daily safety and health patrols, and will develop a system for drafting workplace Safety and Health Control Plans.

Safety education for employees

We established educational guidelines to improve the labor/occupational health and safety management capabilities of our employees, and conduct occupational health and safety education and systems education at Headquarters and branches. While we were unable to conduct our usual group education in fiscal 2020 due to the COVID-19 pandemic, we refined and carried out online education and e-learning. The possibilities have expanded for new teaching methods that are effective and efficient.

Initiatives concerning foreign workers

Many foreign workers are active in the construction industry, and labor accidents involving these workers have increased accordingly. We have translated our Workers' Basic Education booklet into foreign languages to provide basic safety and health knowledge and are supporting education for business operators. We are aiming to create safe and secure workplace environments for foreign workers by means including creating foreign language versions of the materials for occupational health and safety education performed when entering work sites, to promote understanding of workplace rules.

Initiatives for safe work by elderly persons

We are strengthening initiatives to protect seniors, including placement of "thoughtfulness stickers" that encourage surrounding workers to warm to elderly persons, visualization of fall prevention measures, setting of age limits and permission systems for work that involves a risk of falls, and awareness education that encourages elderly persons to make use of their abundant experience while instilling self-awareness of physical weakening.

Through such efforts, in recent years we have reduced accidents involving elderly persons, which had been on the rise.

Status of labor accidents (including skilled construction workers at construction sites)

	FY2016	FY2017	FY2018	FY2019	FY2020
Frequency	0.65	0.42	0.70	0.44	0.32
Severity	0.02	0.33	0.02	0.02	0.28
Number of accidents involving leave of 4 days or more	15	10	17	13	9
Reference frequency (All industries/Construction industry)	1.63/0.64	1.66/0.81	1.83/1.09	1.80/1.67	1.95/1.30

Quality Control and Environmental Preservation

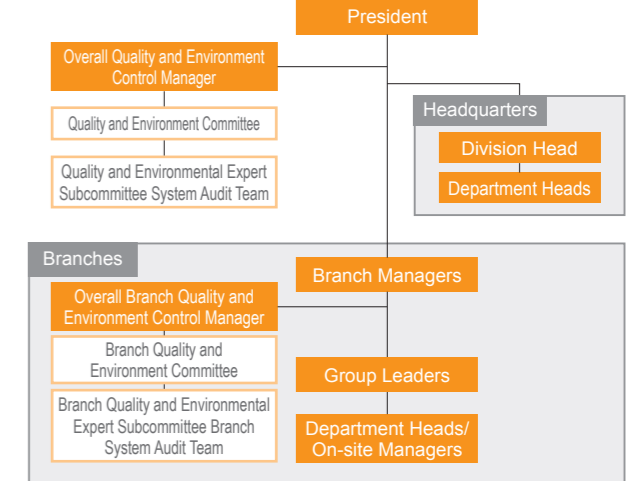


Fundamental concepts of quality assurance and structure of the Quality and Environment Management System

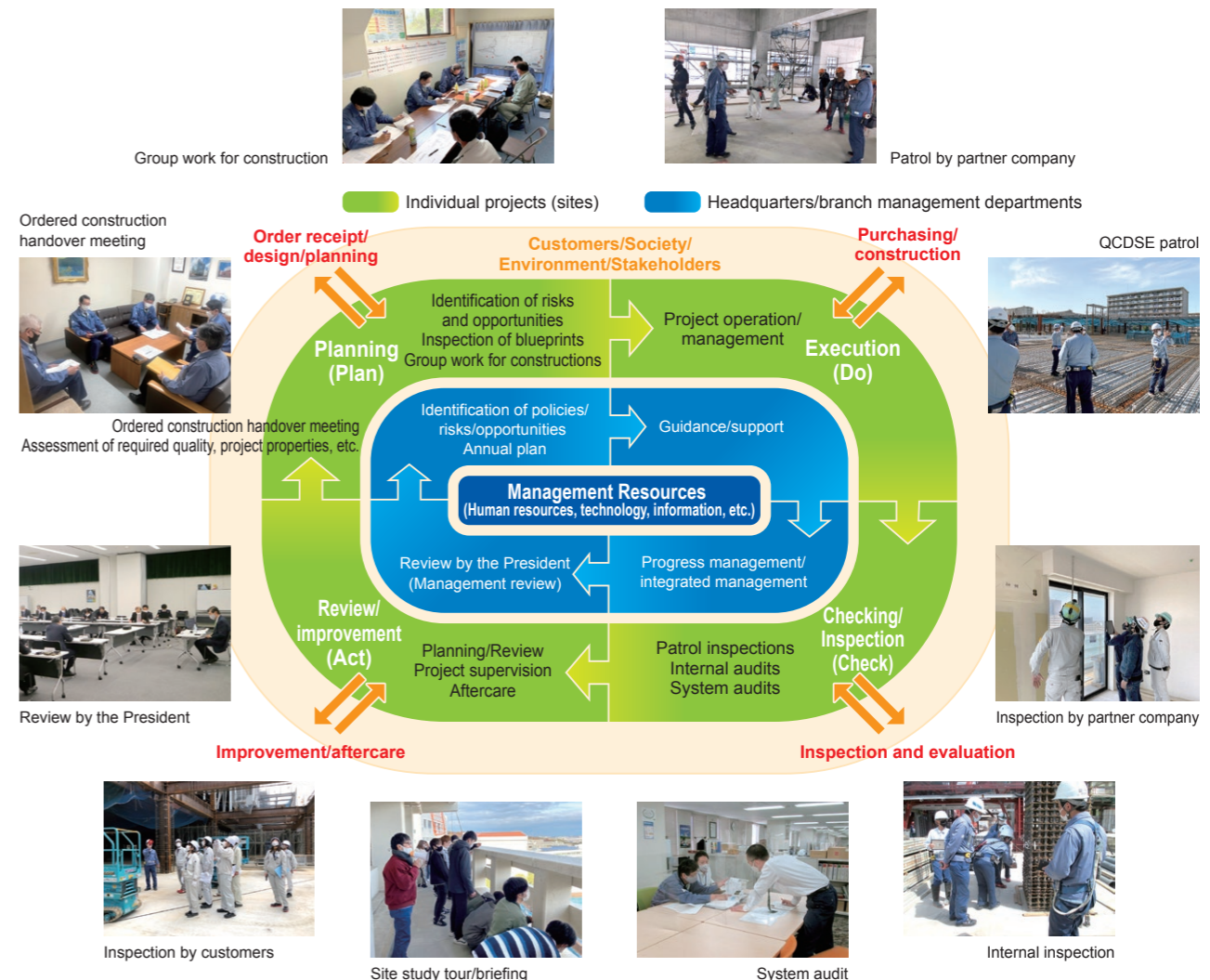
Kumagai Gumi believes that complying with social norms, laws, our internal standards, and other rules, establishing management systems and operating with high efficacy to respond to changes in the business environment, and working to improve the capabilities of employees, specialty constructors, and other parties through education and training, are important elements in quality assurance.

The Quality and Environment Committee, chaired by an Overall Quality and Environment Control Manager appointed by the President, and the Quality and Environmental Expert Subcommittees under it, examine quality issues and environmental issues. We regularly check the status of progress toward targets, conduct system audits, and constantly check and improve the effectiveness of our management systems.

Structure of the Quality and Environment Management System



Conceptual diagram of the Quality and Environment Management System



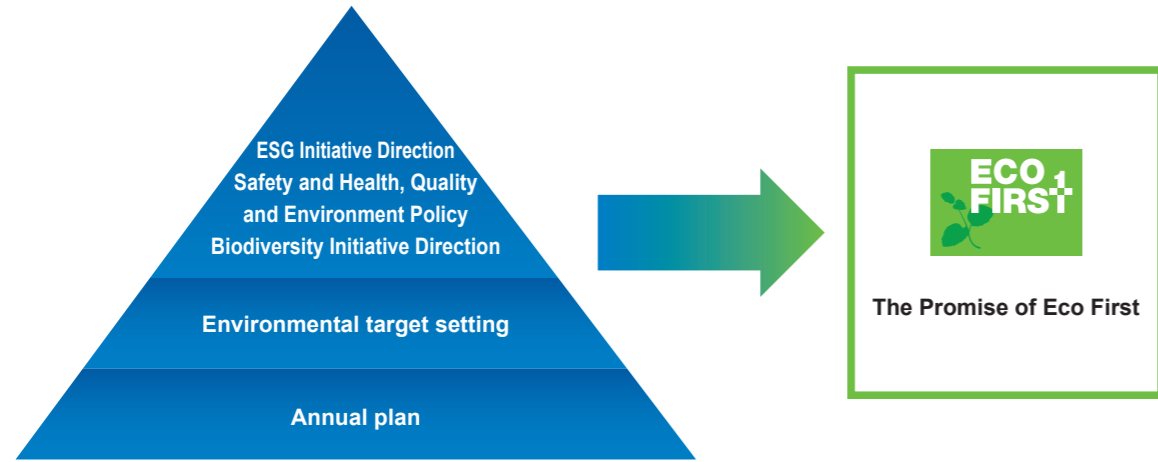
Quality control and environmental preservation worthy of trust

Fundamental concepts of environmental management

With the integration of management and the environment, the formation of environmentally considerate businesses, the establishment of group-wide environmental management systems, and the strengthening of risk management against environmental accidents as our fundamental concepts of

environmental management, the Kumagai Gumi Group engages in efforts to solve social and environmental issues and achieve a sustainable society through our business activities.

Kumagai Gumi environmental structure



Policy for Biodiversity (outline)

Fundamental concept
We recognize the following in our business activities, and actively work towards biodiversity protection and sustainable usage.

- That our daily lives are supported by the benefits provided by biodiversity
- That biodiversity is facing a severe crisis due to various human activities
- That there is a deep relationship between the construction industry and nature

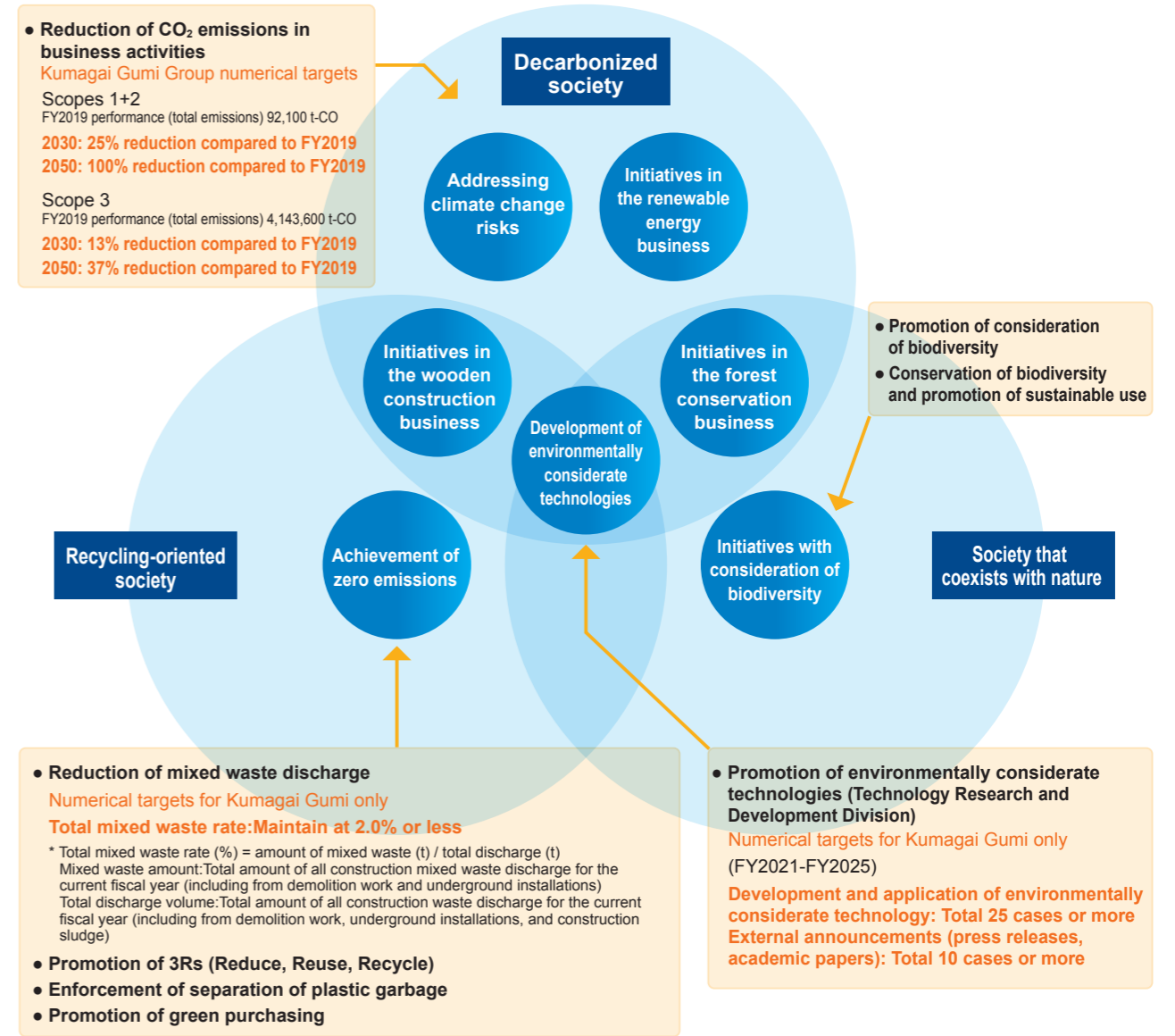
Our initiatives
We incorporate consideration of ecosystems in our business activities, and carry out such activities company-wide.

1. Initiatives for design and construction
2. Legal compliance
3. Technological development
4. Social contribution initiatives

Medium- to long-Term targets for Environmental Preservation
The Promise of Eco First (extract)

1. We will promote the creation of a decarbonized society through the construction business.
2. We will promote the formation of a recycling-oriented society through business activities.
3. We will aim for a society that coexists with nature and promote initiatives with consideration of biological diversity.
4. We will strive to develop, improve, and popularize technologies and methods with consideration of the environment.
5. We will actively participate in environmental conservation activities in communities.
6. We will actively disclose environmental information and strive to build partnerships with stakeholders.

Concept of initiatives for the environment



Main risks and opportunities involving the environment

	Risks	Opportunities
Climate change	<ul style="list-style-type: none"> • Decline in competitiveness due to insufficient adaptation to social systems and regulatory tightening • Occurrence of damage to health due to rise in average temperature • Occurrence of construction delays and shortages of materials and equipment due to extreme weather 	<ul style="list-style-type: none"> • Creation of technologies, products, and businesses that resolve climate change issues • Expansion of markets due to growing customer needs for environment-friendly design and construction • Expansion of demand for infrastructure development associated with increasing frequency and intensity of natural disasters
Resource recycling	<ul style="list-style-type: none"> • Loss of trust and decline in competitiveness due to non-compliance with laws and regulations 	<ul style="list-style-type: none"> • Creation of technologies, products, and businesses for building a recycling-oriented society
Biodiversity	<ul style="list-style-type: none"> • Interruption or cancellation of business due to destruction of the environment 	<ul style="list-style-type: none"> • Creation of technologies, products, and businesses that take biodiversity conservation into consideration



Quality control and environmental preservation worthy of trust

Initiatives and environmental performance in FY2020

As an "Eco First" company, Kumagai Gumi has engaged since 2010 in initiatives aimed at the achievement of a sustainable society. In February 2021, we joined the RE100 initiative aimed at shifting all electricity used in business activities to renewable energy, and made a major change in our direction toward decarbonization.

Moreover, after reviewing and resetting our medium-to long-term targets for the reduction of greenhouse gas emissions, in the same month we obtained certification for the Science Based Targets (SBT) international framework aimed at the reduction of greenhouse gas emissions.

To achieve the targets, we will further accelerate decarbonization in our business activities through means including the promotion of Net Zero Energy Buildings (ZEB) that contribute to significant energy conservation in buildings, while further reducing fossil fuel usage in heavy machinery and vehicles and actively adopting renewable energy.

Compliance with environmental conservation laws

Amid the COVID-19 pandemic in FY2020, we undertook the following initiatives to prevent violations of environmental laws and regulations, and strove to comply with environmental laws and regulations.

1. Education on environmental laws and regulations in intensive employee education at Headquarters, by the Headquarters manager in charge of environmental regulations (5 times)
2. Education for branch managers, etc. (2 times)
3. Implementation of e-learning concerning proper treatment of construction waste (Construction-related staff)

* In FY2020, no fines or penalties were levied due to legal violations, and no suits were filed.

Environmental incidents

No environmental incidents occurred in FY2020.

The Kumagai Gumi Group's greenhouse gas reduction targets

Category	2019 results (total amounts)	2030 target	2050 target
Scopes 1+2	92,100 t-CO ₂	25% reduction compared to FY2019	100% reduction compared to FY2019
Scope 3	4,143,600 t-CO ₂	13% reduction compared to FY2019	37% reduction compared to FY2019

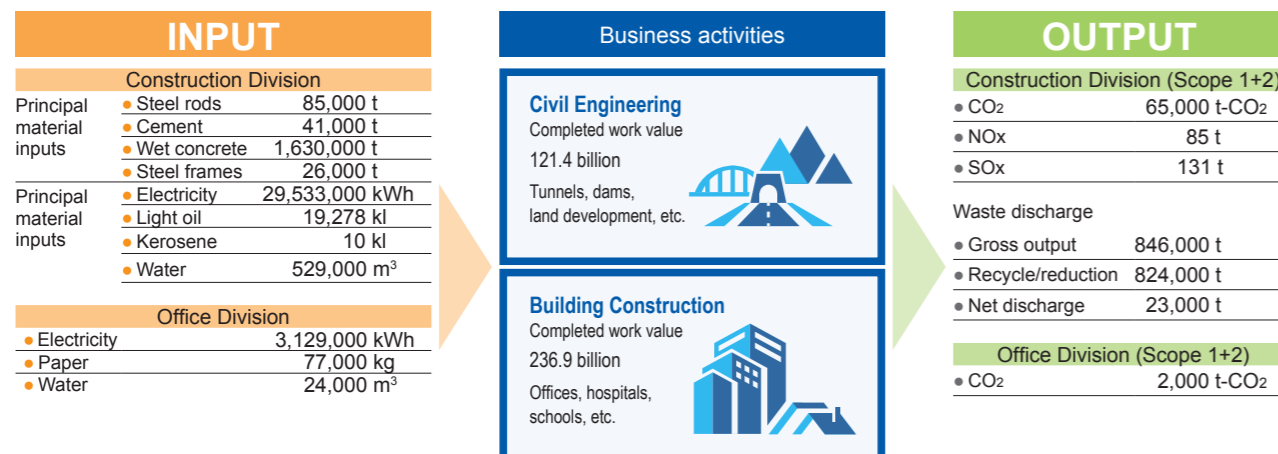
Scope 1: Direct emissions from combustion of fuel used by our company (use of heavy machinery, vehicles, etc.)
 Scope 2: Indirect emissions from the use of electricity, etc. supplied by other companies
 Scope 3: Indirect emissions from upstream/downstream areas of business activities other than Scope 1 and 2 (materials procurement, operation of buildings, disposal, etc.)

FY2020 environmental target and performance evaluation, and FY2021 targets (construction) Kumagai Gumi only

Environmental goal		FY2020 target	FY2019 results	Evaluation	FY2021 target
Reduction of CO ₂ emissions	Civil Engineering	39.4t-CO ₂ /100 million yen or less	33.3t-CO ₂ /100 million yen	Achieved	Guideline value: 40.6t-CO ₂ /100 million yen or less
	Building Construction	10.2t-CO ₂ /100 million yen or less	9.7t-CO ₂ /100 million yen	Achieved	Guideline value: 8.2t-CO ₂ /100 million yen or less
Reduction of mixed waste discharge	Civil Engineering	0.23t/100 million yen or less	0.62t/100 million yen	Not achieved	1.6% or less
	Building Construction	5.57kg/m ² or less	5.53kg/m ²	Achieved	17.0% or less
Promoting green purchasing	Civil Engineering	21.0% or more	15.7%	Not achieved	—
	Building Construction	15.0% or more	12.5%	Not achieved	—

* Environmental targets were revised in FY2021.
 We set guideline values for reducing CO₂ emissions by a fixed amount every year to achieve our target for 2030.
 For the reduction of mixed waste discharge, we changed our target index to mixed waste rate. Mixed waste rate (%) = amount of mixed waste (t) / total discharge (t)
 Our promotion of green purchasing has shifted from goal management activities to operational standards compliance activities.

Impact on business performance and the environment FY2020 performance/Kumagai Gumi only



* Of the greenhouse gases (CO₂, CH₄, N₂O, HFC, PFC, SF₆), those other than CO₂ (CH₄, N₂O, HFC, PFC, SF₆) are not emitted through our business activities



Engagement with Customers



We deliver "Quality that Inspires Happiness"

Kumagai Gumi established the Customer Satisfaction (CS) Promotion Office (current Sustainability Promotion Group) in 1998. The following year, we established Customer Consultation Offices at all of our branches.

The customer satisfaction (CS) functions of Kumagai Gumi are placed within the Management Strategy Office. The organization is designed to directly reflect the voices of customers in our management.

Customer Consultation Office

In FY2020, we received 590 consultation inquiries (517 in FY2019). For the fifth consecutive year, we achieved 100% same-day initial responses (and a rate of over 98% for nine consecutive years).

Primary CS activities of Kumagai Gumi

1) Customer insight questionnaires

Three years after delivering a structure to customers, we conduct a comprehensive evaluation questionnaire. In FY2020, we received 60 questionnaire responses (57 in FY2019).

Questionnaire items

- Workmanship • Aftercare • Help Desk support
- Work progress by our employees
- Performance and design of structure
- Comprehensive evaluation

Purpose of questionnaire

- For customers with whom contact ends at 2-year scheduled inspection, extend contact to 3 years and strive to maintain positive relationships
- Quickly discern the seeds of future flaws noticed by customers
- In response to any account of dissatisfaction, visit the customer promptly to hold detailed hearings, and prevent recurrence of the issue and restore trust through thorough investigation of the cause

2) Visit customer for asking their insight

Our top management makes visits not only to our regular patrons but also to customers with whom we have lost regular contact, to directly listen to their frank thoughts and incorporate these into our management. Restraining from visits due to the COVID-19 pandemic, in FY2020 we made only one visit (17 visits in FY2019).

3) Improvement of aftercare system

We perform centralized management of regular inspection, requests, inquiries, defect information, and other information using "construction clinical records," and share this information within the company.

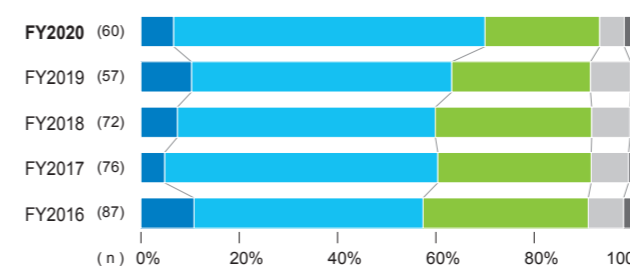
4) Instillation of CS awareness in employees

We conduct internal commendations (2 commendations in FY2020) and lectures (in October 2020) on CS initiatives to instill Kumagai Gumi's CS awareness in our employees and achieve CS with the involvement of all.

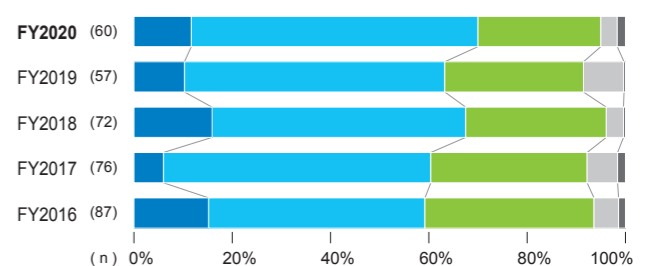
Questionnaire results

■ Above expectation ■ As expected ■ Nearly as expected ■ Slightly below expectation ■ Below expectation

Overall workmanship of building



Aftercare overall





Engagement with Employees



Promotion of work style reform

Work Style Reform Action Plan Summary (Plan period: 2018-2020)

Launching full-scale work style reform in 2018, Kumagai Gumi formulated the Work Style Reform Action Plan as an action plan with numerical targets.

In FY2020, employees taking five or more days of

annual paid leave increased from 62.9% in FY2018 to 100%, while the rate of male employees taking childcare leave increased from 4.9% in FY2018 to 34.3%. While work style reform has steadily taken root, the correction of overtime hours remains an issue that we continue to tackle.

Results of Work Style Reform Action Plan initiatives

Three areas of reform	Numerical targets and timing for their achievement	Initiative results			
		Indicators	FY2018	FY2019	FY2020
Correction of overtime hours Establish an upper limit on overtime work and undertake reduction of working hours	Limit overtime work through FY2018 to under 100 hours/month	Percentage of employees achieving target	97.9%	98.9%	99.4%
	From FY2019 to FY2020, limit overtime work to 960 hours/year (average 80 hours/month)	Percentage of employees achieving target	96.6%	97.4%	98.5%
Promotion of use of paid leave (annual) Establish lower limits on the use of annual leave and targets for average use, and promote the use of annual leave	By FY2018, raise days of use of annual leave to 5 or more	Percentage of employees achieving target	62.9%	99.9%	100%
	By FY2020, use an average of 10 or more days of annual leave	Average number of days taken	6.7 days	8.2 days	9.2 days
Promotion of flexible work styles Promote flexible work styles that allow a balance of work and lifestyles	Aim for 100% return to work after child-care leave (FY2018-FY2020)	Rate of return	100%	96%	100%
	Reduce to zero the number of persons resigning for reasons of balancing work with child-care or nursing care (FY2018 to FY2020)	Number resigning	3	1	0
	Increase the utilization rate of child-care leave by male employees to 10% by FY2020	Utilization rate	4.9%	20.9%	34.3%

Future initiatives

Kumagai Gumi has endeavored to promote work style reform for improvement of productivity and operational efficiency, and to reform awareness. In response to the COVID-19 pandemic, in FY2020 we introduced telework and staggered work hours as emergency measures. We also introduced a telework system and a staggered commuting hours system as measures to prepare for emergencies and to achieve diverse work styles.

As part of our efforts to reform awareness, since FY2019 we have engaged in the Small Start Project to build up small reforms that will lead to individual motivation. As one such effort, in FY2021 we fully adopted office casual wear throughout the company and

connected this to comfortable working environments.

We will continue reducing overtime work through means such as further reviewing business processes, during this important three-year period moving toward the imposition of overtime work limit regulations on the construction industry in fiscal 2024.

Amid expectations for changes in working environments and diversification of employees' senses of values, we will create environments and systems that enable flexible selection of work styles while meeting diversifying needs, and that draw out employees' willingness to contribute to the company.

Respect for human rights

Employee education concerning human rights

We conduct training on human rights for new employees. We use this as an opportunity to deepen understanding of human rights through a broad range of topics, including social discrimination, discrimination toward LGBT persons and persons with disabilities, harassment in general, and human rights violations on the Internet.

Prevention of harassment

We conduct e-learning for all employees on the prevention of harassment.

About 80% of employees undergo the e-learning program, which covers (1) power harassment, (2) sexual harassment, (3) harassment related to pregnancy, childbirth, childcare leave, and nursing care leave, (4)

dealing with harassment, and (5) a confirmation test. We also make prevention of harassment a mandatory item in managerial training.

Communication in personnel evaluations and execution of work

We conduct goal setting interviews at the beginning of the term, progress confirmation interviews at the mid-point of the term, self-evaluation confirmation interviews at the end of the term, and finally an interview on evaluation results, for a total of four interviews a year between employees and their superiors.

Employees are able to state their wishes regarding future workplace assignment and skill development to the Personnel Department in the form of a "Career Plan Declaration" via our in-house application system at any time, without going through superiors.

Health management

Kumagai Gumi has established a health promotion office staffed by general industrial physicians and health nurses in the Human Resources and General Affairs Department in Headquarters, and has readied systems for the comprehensive support of employees' health with the cooperation of industrial physicians and health promotion managers at all branches. Every fiscal year, we formulate an employee health promotion plan as part of our programs for mental and physical health promotion, and carry out health promotion activities that seek an upward spiral in PDCA activities.

With regard to the COVID-19 pandemic, we provide up-to-date information to the countermeasure task force and to employees as needed, and offer support including health checkup and interview recommendations for employees at particularly high risk of serious illness.

Annual Plan for the Promotion of Employee Health (FY2021)

- (1) Support for employees experiencing health issues
- (2) Prevention of damage to health from overtime hours
- (3) Provision of health check-ups
- (4) Preventive actions against mental health disorders
- (5) Initiatives to maintain and promote mental and physical health
- (6) Active use of industrial health care resources

For five consecutive years since FY2016, we have been recognized by the Health and Productivity Management

Organization Recognition Program ("White 500") of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a corporation that practices excellent health management. We intend to continue strengthening measures for the health of not only employees but all workers at Kumagai Gumi sites.

Initiatives for employees with higher risks

All employee health checkup results undergo careful checking by industrial physicians. For employees requiring follow-up, we provide continuous support along with recommendations for consultations and interviews. To prevent brain and cardiac disease and mental health disorders caused by overtime hours, we offer accumulated fatigue checklists for eligible employees and every month provide consultation with industrial physicians to persons who request it. In addition to this, we provide special follow-up through visits by industrial physicians, interviews with employees, and other measures to address workplaces in special environments, such as overseas or at disaster reconstruction sites.

Initiatives for mental health

In initiatives involving mental health, we carry out stress checks, employee training (self care and organizational care), and support for return to the workplace, among a wide range of activities that extend from primary to tertiary prevention.



Engagement with Shareholders and Investors



Active dialogs with investors

Kumagai Gumi works to properly, fairly, and promptly disclose information pertaining to our management and business activities.

In engagements with securities analysts and institutional investors, we held earnings briefings (2 times in the fiscal year ending March 2021, both with top management in attendance), small meetings (5 times in the same period, all with top management in attendance), and individual meetings and teleconferences (61 times in the same period, including 4 with top management in attendance).

Amid the spread of the COVID-19 FY2020, in addition to small meetings using online tools and participation in overseas investor meetings hosted by securities firms, we conducted flexible and proactive IR

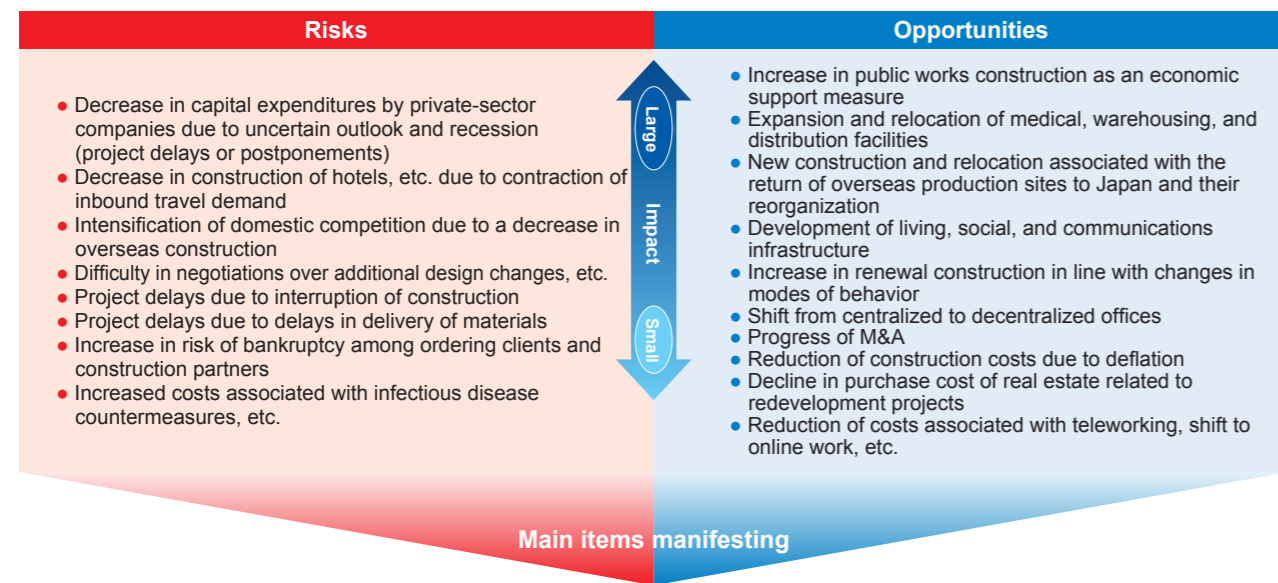
activities in response to the demands of shareholders and investors, including the new initiative of holding financial briefings in a hybrid online and venue-based format. The "Impacts of the COVID-19 pandemic" content in our securities report for the fiscal year ended March 2020 was received positively by shareholders and investors, and was included in a collection of best-practice cases of written information disclosure released by the Financial Services Agency in 2020.

Amid growing interest in ESG investment in recent years, the Kumagai Gumi Group works to enhance ESG-related content in its various tools, and, recognizing the importance of non-financial information, holds ESG-specific meetings with institutional investors.

Impacts of the COVID-19 pandemic

The impacts of the COVID-19 pandemic are limited at present

Impacts on performance



- (-) **Decline in private capital investment** ... Significant decline in private capital investment, particularly in the manufacturing industry
- (-) **Difficulty in negotiations for additional design changes, etc.** ... Prolonging of negotiations due to online discussions and reduction in opportunities caused by restrictions on movement, etc.
- (-) **Increase in costs associated with infectious disease countermeasures** ... Recording of approximately 300 million yen as an extraordinary loss for infectious disease-related costs
- (+) **Increase in public works construction** ... Increase in government works construction in the industry as a whole. Expected to remain firm in the current term

Financial safety

- Our capital adequacy ratio is relatively safe at over 40%
- Our solvency is high, with current ratio in excess of 160%
- We have established a commitment line of 30 billion yen and have the capability to handle unexpected situations



Engagement with Business Partners



Formulation of the Procurement Policy and Procurement Policy Guidelines

Kumagai Gumi has formulated purchasing management rules with the objectives of risk management, ensuring transparency in the selection of business partners, and consideration of the environment. In April 2021, we formulated our Procurement Policy and Procurement Policy

Guidelines to further promote sound business activities. Our aim is to improve governance and compliance in our procurement activities, and to work with partner companies and business partners to increase added value throughout the value chain.

Declaration of Partnership Building

In September 2020, Kumagai Gumi announced its Declaration of Partnership Building.

In our supply chain, we consider not only materials and equipment but also human resources, particularly in the partner companies who work with us on-site to complete construction, to be of extreme importance. In that sense, our partner companies are our most important partners in our supply chain. Seeking

cooperation, coexistence, and co-prosperity with partner companies, we will work with partners to secure skilled workers and support their development, not only complying with the normalization of transactions but also promoting improvement in the treatment of skilled workers based on the Declaration of Abiding by Labor Cost Quotations advocated by the Japan Federation of Construction Contractors.

Yuuei Kyoryoku Kai

The Yuuei Kyoryoku Kai is an organization of 859 Kumagai Gumi partner companies (as of April 1, 2021). It engages in activities under a policy of Kumagai Gumi and Yuuei Kyoryoku Kai working together as close partners to take action in all areas of QCDSE and to promote the creation of positive workplace environments.

issue within the construction industry, and undertook measures to improve the working environment of skilled construction workers. It also created a "Workers' Basic Education, Pocket Edition" and safety posters in Japanese, English, Chinese, Vietnamese, and Indonesian, as part of its consideration for positive working conditions and safety for foreigners in the workplace.

Activities in FY2020

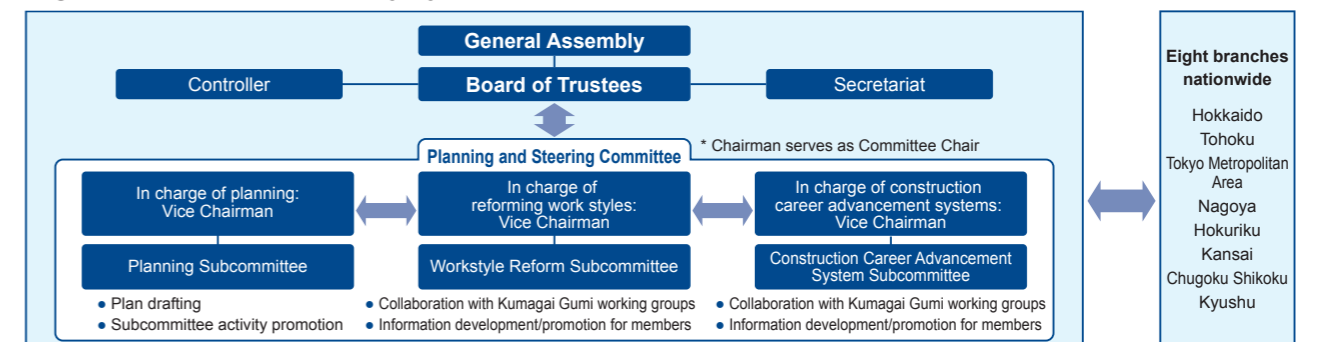
Under the COVID-19 pandemic, Yuuei Kyoryoku Kai continued taking contagion prevention into consideration in its activities, through new initiatives such as conducting branch hearings remotely.

The association conducted a questionnaire study aimed at securing and training leaders, an urgent

FY2021 activities

The association held best-practice presentations on the themes of quality assurance and productivity improvement. It plans to evolve and revitalize these into presentations that are more focused than ever on best practices on-site and in branch activities.

Organizational chart of Yuuei Kyoryoku Kai





Engagement with Communities



The Kumagai Gumi Smile Project

In May 2019, Kumagai Gumi launched the Kumagai Gumi Smile Project as a means of engaging in unique social contribution activities.

The project uses matching gifts that connect individual employees' initiatives to even greater social contribution. We total the number of employees who have participated in social contribution activities in the regions of our workplaces and departments, and make donations of social contribution expenses based on that number for each fiscal year.

In FY2020, 812 employees engaged in 86 instances of activities in areas including the environment, education, welfare, and community contribution. In FY2021, the company donated 11 million yen in social contribution expenses. The donations were applied to

areas including our KUMAGAI STAR PROJECT social contribution activities and disaster relief funds, as well as support for four organizations working on social issues.

Continuing from FY2020, we will continue supporting the following organizations in FY2021.

- JUON NETWORK (Activities that relate cities and countryside and give consideration to nature)
- Kosodate Hiroba Zenkoku Renraku Kyogikai (Activities to support Childcare in the community)
- Japan Cancer Society (Support for cancer patients, awareness of cancer diseases)
- Zenkoku Kodomo Shokudo Shien Center Musubie (Local network bases that serve meals)

* For each employee participating in social contribution activities, 1 point is credited to the platform. 1 point is calculated as 10,000 yen in social contribution costs.
* FY2021 social contribution expenses are converted from FY2020 activity points and carry-over points.

KUMAGAI STAR PROJECT

Launched in 2015, this KUMAGAI STAR PROJECT engages in school building construction as a contribution to international society in countries in which Kumagai Gumi has business sites.

So far, we have constructed three elementary and junior high school buildings in the Republic of the Union of Myanmar.

As a new initiative, we have begun offering "KUMAGAI STAR" scholarships to 10 students from the third school. We established a "watch-over employee system" for

interaction with students through letters and other means until graduation from junior high school. This is expanding into an activity involving many employees.

The activity has been praised by outsiders, and was introduced in online teaching materials for elementary and junior high school students in Japan, as well as among high-quality infrastructure project best practices collected by the Ministry of Land, Infrastructure, Transport and Tourism.

* In FY2020, we postponed activities related to construction due to the COVID-19 pandemic.

First activity
Tirain Elementary and Junior High School

Second activity
Tepu Chaung Elementary and Junior High School

Third activity
Mrohuang East Elementary and Junior High School



Evaluation by Society and Participation in Initiatives

External evaluation and participation in initiatives

Adoption in JPX Nikkei Index 400

Entry into international initiative RE100

Entry into Japan Climate Leaders' Partnership (JCLP) as a supporting member

SBT Initiative certification

Eco First Company certification

"Child-rearing support company" certification (Kurumin Certification)

Eruboshi certification Acquisition of highest 3-star certification

Selection as "Nadeshiko Brand" enterprise

Inclusion in "New Diversity Management Selection 100"

Health and Productivity Management Organization Recognition Program ("White 500") certification

Receipt of Bronze rating in PRIDE Index that evaluates companies' LGBTQ efforts

Registration as ZEB planner

Selection as constituent brand of S&P/JPX Carbon Efficient Index

2021 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)

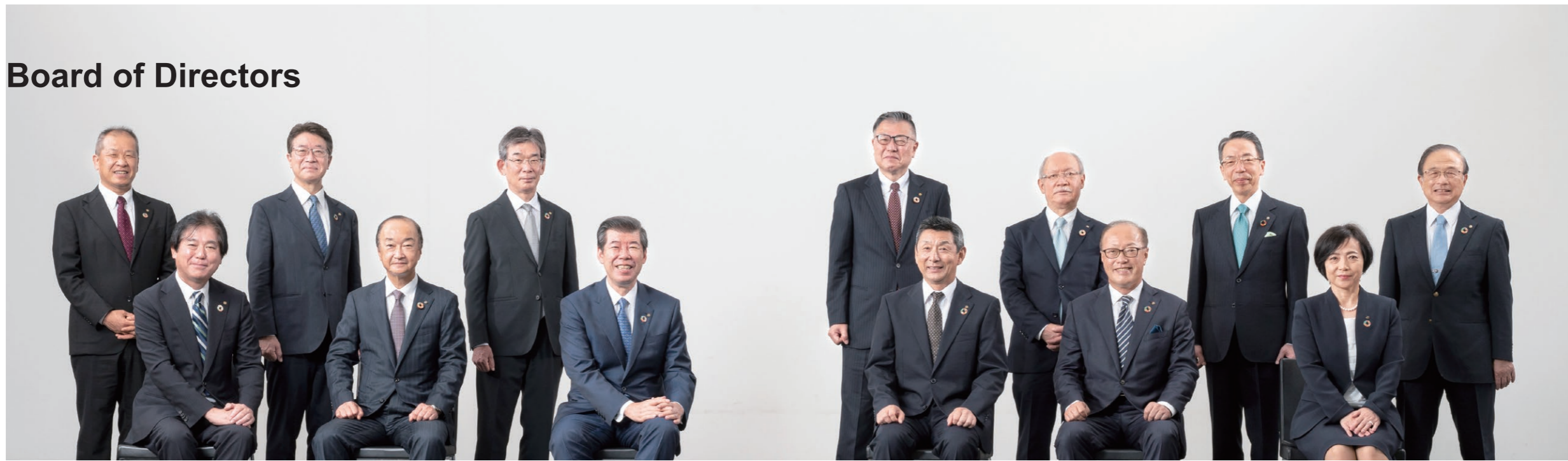
Selection as constituent brand in MSCI Japan Empowering Women Index (WIN)

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External commendations

July 2020	Public Buildings Association., Ltd. 17th Public Building Awards, Award for Excellence Meijo Park Campus, Aichi Gakuin University		
October 2020	Japan Council for Advancement of Timber Utilization 2020 Timber Utilization Excellent Facility Contest Chairman's Award, Japan Council for Advancement of Timber Utilization Government Office, City of Nagato	3Rs (Reduce, Reuse, Recycle) Promotion Council Chairman's Award, 3Rs (Reduce, Reuse, Recycle) Promotion Council Grand Maison Kotodai-dori The Tower "3R activities aimed at on-site reduction and recycling through sorting"	
	Japan Society of Civil Engineers 75th Annual Academic Lecture Excellent Paper Award, 2020 Annual Meeting of the Japan Society of Civil Engineers FY2018-FY2020 Construction of new Kusaka River floodway (outlet side) Keiko Hama, Civil Engineering Management Division, "Construction of a pneumatic caisson using ground surface surveying near key structures"		
	Japan Society of Dam Engineers FY2019 Japan Society of Dam Engineers Awards Technology Award Saigo Power Plant Dam Sediment Throughing Prevention Construction		
November 2020	The Japan Institute of Architects 19th Twenty-five Year Award Toyama Children's Center		
	Japan Society of Erosion Control Engineering 2020 Japan Society of Erosion Control Engineering Awards, Technology Award "Erosion control disaster-related emergency project (direct supervision)" slope disaster-readiness measures in the Aso Ohashi Bridge area following the 2016 Kumamoto earthquake Shinichi Nomura, Kumamoto Reconstruction Project Office of the Kyushu Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (current Kyushu Regional Development Bureau Disaster Readiness Office) Shigetaka Ishihama, Tsuyoshi Nakade, Masahiro Katayama, Civil Engineering Management Division		
December 2020	Japan Federation of Construction Contractors Award 2020 Japan Federation of Construction Contractors 61st BCS Prize Hyuga City Hall 1st Civil Engineering Award Aso Ohashi Bridge Area slope disaster prevention construction		
May 2021	Japan Society of Civil Engineers FY2020 Japan Society of Civil Engineers Awards, Technology Award II Group Delhi Metro Urban Railway Construction Project (Phases 1/2/3) (High-quality infrastructure development project that instilled awareness of safety and efficiency at construction sites in India and provided residents with safe, secure, and comfortable transportation)		
	Delhi Metro Rail Corporation Limited; Japan International Cooperation Agency; Railway Bureau of the Ministry of Land, Infrastructure, Transport and Tourism; Oriental Consultants Global Co., Ltd.; Japan Railway Technical Service; Tonichi Consultant Co., Ltd.; RITES; Tokyo Metro Co., Ltd.; Kumagai Gumi Co., Ltd.; Itochu Corporation; Shimizu Corporation; Mitsubishi Corporation; Mitsubishi Electric Corporation; Sumitomo Corporation; Nippon Steel Corporation; Mitsui & Co., Ltd.; Nippon Signal Co., Ltd.		
	Japan Society of Civil Engineers 2020 Japan Society of Civil Engineers Awards, Innovative Technique Award Development of precast PC floor slab design and construction technology for bridges using cotter joints (Cotter Floor slab method for bridges) Teruyasu Watanabe, Civil Engineering Management Division; Masayuki Sakurai, GAEART Co., Ltd.; Kengo Hara, Oriental Shiraishi Co., Ltd.; Yoshinori Takamatsu, GEOSTR Corporation		

List of the Board of Directors



Back row, from right
Koji Hidaka
Shin Ueda
Koji Okaichi

Front row, from right
Yasunori Sakurano
Yoshihiko Kato
Yoshiaki Ogawa

Back row, from left
Junji Konishi
Masaaki Ayukawa
Tatsuru Sato
Yutaka Takehana

Front row, from left
Sakae Yoshida
Shigeru Okada
Kimie Sakuragi

Yasunori Sakurano **President and Representative Director**
CEO and President

April 1981 Joined Kumagai Gumi Co., Ltd.
April 2010 General Manager of the Human Resource Division, Administration Headquarters
April 2011 Executive Officer
June 2012 Director
April 2014 Managing Director, Managing Executive Officer, General Manager of the Management Administration Division
April 2015 General Manager of the Corporate Planning Division
April 2017 Senior Managing Director, Senior Managing Executive Officer
April 2018 President and Representative Director (current), CEO and President (current)

Yoshihiko Kato **Representative Director**
Executive Vice President, all Civil Engineering
In charge of Technology

April 1982 Joined Kumagai Gumi Co., Ltd.
April 2013 Executive Officer/Deputy General Branch Manager of the Tohoku Branch
April 2014 Managing Executive Officer, General Manager of the Civil Engineering Management Division
June 2014 Managing Director
May 2016 General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division
April 2017 Senior Managing Director, Senior Managing Executive Officer
April 2020 Director, Executive Vice President (current)
April 2021 Representative Director (current), All Civil Engineering (current)
In charge of Technology (current)

Yoshiaki Ogawa **Representative Director**
Executive Vice President, All Architecture
In charge of Occupational Health and Safety,
In charge of Quality and the Environment

April 1982 Joined Kumagai Gumi Co., Ltd.
April 2011 Executive Officer, General Manager of the Architectural Construction Department, Kansai Office
April 2012 Deputy General Branch Manager of the Kansai Office
April 2013 Managing Executive Officer, General Branch Manager of the Kansai Office
April 2017 Senior Managing Executive Officer, General Manager of the Architectural Management Division
June 2017 Senior Managing Director
April 2020 Director, Executive Vice President (current)
April 2021 Representative Director (current), All Architecture (current)
In charge of Occupational Health and Safety (current), In charge of Quality and the Environment (current)

Koji Hidaka **Director**
Senior Managing Executive Officer,
General Manager of the Administration Division
In charge of Compliance

April 1981 Joined Kumagai Gumi Co., Ltd.
April 2012 Deputy General Manager of the Administration Division
April 2013 Executive Officer
April 2015 General Manager of the Administration Division (current)
April 2016 In charge of Discipline, In charge of Personal Information Protection
April 2017 Managing Executive Officer
June 2018 Managing Director
April 2020 Director (current), Senior Managing Executive Officer (current)
April 2021 In charge of Compliance (current)

Shin Ueda **Director**
Senior Managing Executive Officer, General Manager of the Architectural Management Division

April 1984 Joined Kumagai Gumi Co., Ltd.
April 2014 Executive Officer
Deputy General Branch Manager of the Tokyo Metropolitan Area Office, General Manager of the Architectural Construction Department, Tokyo Metropolitan Area Office
June 2015 Project Management Office
April 2017 Managing Executive Officer, General Branch Manager of Tokyo Metropolitan Area Office
April 2020 Senior Managing Executive Officer (current)
April 2021 General Manager of the Architectural Management Division (current)
June 2021 Director (current)

Koji Okaichi **Director**
Senior Managing Executive Officer, General Manager of the Civil Engineering Management Division
General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division

April 1984 Joined Kumagai Gumi Co., Ltd.
April 2016 Executive Officer
Deputy General Manager of the Civil Engineering Management Division, General Manager of Civil Engineering, Civil Engineering Management Division
April 2017 General Branch Manager of the Kansai Office
April 2018 Managing Executive Officer
April 2019 Kansai Yume Project Office Director, Kansai Office
April 2020 Senior Managing Executive Officer (current)
April 2021 General Manager of the Civil Engineering Management Division (current)
General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division (current)
June 2021 Director (current)

Sakae Yoshida **Director**^{*1}

April 1981 Joined Dainippon Ink and Chemicals Inc. (current DIC Corporation)
April 2009 Factory Manager, Sakai Factory, DIC Corporation
April 2010 Factory Manager, Chiba Factory of the above company
January 2015 Executive Officer and General Manager of the Production Supervising Division of the above company
January 2018 Advisor to the above company
June 2020 Director, Kumagai Gumi Co., Ltd. (current)

Shigeru Okada **Director**^{*1}

April 1975 Joined Showa Sangyo Co., Ltd.
June 2005 Executive Officer of the above company
June 2008 Managing Director of the above company
June 2010 Senior Managing Director of the above company
June 2011 President and Representative Director of the above company
April 2016 Chairman and Representative Director of the above company
April 2017 Chairman and Director of the above company
April 2018 Director of the above company
June 2018 Special Advisor to the above company
June 2021 Director, Kumagai Gumi Co., Ltd. (current)

Kimie Sakuragi **Director**^{*1}

March 1981 Joined Fukutake Publishing Co., Ltd. (current Benesse Holdings, Inc.)
April 1995 Supervisor, Publications Department, Publishing Division of the above company
November 1998 Section Manager, Business Ethics Committee of the above company
January 2003 Manager, Corporate Ethics and Compliance Office of the above company
June 2003 Standing Audit & Supervisory Board Member of the above company
April 2007 Project Professor, The University of Aizu (current)
June 2019 Outside Director, Toyobo Co., Ltd. (current)
June 2021 Outside Director, Isuzu Motors Ltd. (Audit Supervisory Committee Member) (current)
Director, Kumagai Gumi Co., Ltd. (current)

^{*1} Mr. Sakae Yoshida, Mr. Shigeru Okada, and Ms. Kimie Sakuragi are Outside Directors.
^{*2} Mr. Masaaki Ayukawa and Mr. Yutaka Takehana are both Outside Audit & Supervisory Board Members.

Junji Konishi **Standing Audit & Supervisory Board Member**

April 1981 Joined Kumagai Gumi Co., Ltd.
April 2007 General Manager of the Administration Department of the Kyushu Office
April 2010 General Manager of the Administration Department of the Chugoku Shikoku Office
April 2014 Assistant General Manager of the Chugoku Shikoku Office
June 2017 Standing Audit & Supervisory Board Member (current)

Masaaki Ayukawa **Audit & Supervisory Board Member**^{*2}

April 1969 Joined ChuoAoyama Accounting Corporation (subsequently ChuoAoyama Audit Corporation)
February 1971 Registered as Certified Public Accountant
March 1983 Representative Partner, ChuoAoyama Audit Corporation
May 2000 Senior General Manager of ChuoAoyama Audit Corporation
March 2009 Tonen General Sekiyu K.K. (current ENEOS Corporation) Standing Audit & Supervisory Board Member
June 2014 Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd. (current)
March 2016 Outside Director (Audit Supervisory Committee Member) of AUCNET INC. (Current)

Tatsuru Sato **Audit & Supervisory Board Member**

April 1978 Joined Sumitomo Forestry Co., Ltd.
April 2011 General Manager of the Human Resource Division of the above company
June 2012 Executive Officer of the above company
April 2013 Managing Executive Officer of the above company
June 2013 Director of the above company
April 2016 Senior Managing Executive Officer of the above company
April 2018 Representative Director of the above company (current), Executive Vice President and Executive Officer of the above company (current)
June 2018 Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd. (current)

Yutaka Takehana **Audit & Supervisory Board Member**^{*2}

April 1973 Joined National Police Agency
September 2001 Chief of Police, Hiroshima Prefecture
June 2003 Vice Governor of Tokyo Metropolis
April 2009 Senior Executive, Panasonic Corporation
June 2013 President & CEO, Tokyo Big Sight Inc.
June 2015 Outside Director, SOHGO SECURITY SERVICES CO., LTD. (ALSOK)
September 2017 Advisor, Meiji Yasuda Life Insurance Company
June 2019 Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd. (current)

Corporate Governance



Fundamental concepts and system

In order to make our Management Philosophy of "We aim to serve as a corporate group that contributes to society through business activities centered on construction" a reality, we consider enhancement of the efficacy of our corporate governance a priority issue.

Corporate governance system

Drawing on the aims of the Corporate Governance Code, Kumagai Gumi has adopted a corporate governance structure that comprises a Board of Directors, a Board of Corporate Auditors, and an independent accounting auditor to enhance the effectiveness of our corporate governance.

To achieve clarity in management responsibilities and to build an optimal management system in response to changes in the business environment, the term of office of Directors is set to one year. We also appoint three Outside Directors who provide counsel to management from an objective standpoint.

The nomination of Directors and Executive Officers and amounts of compensation are determined by the Board of Directors on the basis of reports by the Nomination & Compensation Advisory Committee, composed of the President and Representative Director and Outside Directors, to ensure objectivity and transparency.

With regard to Audit & Supervisory Board Members, we appoint Outside Audit & Supervisory Board Members

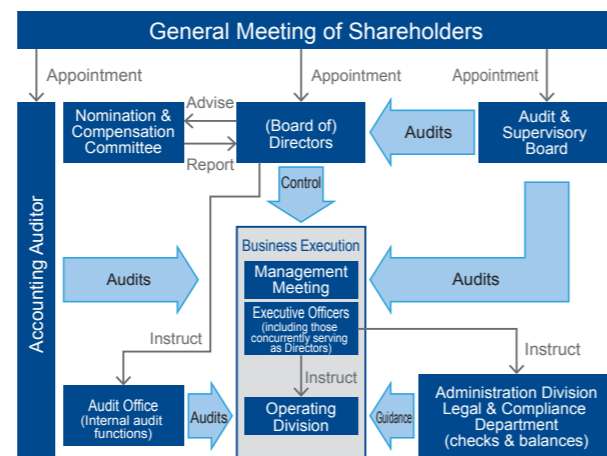
from among persons who have appropriate experience and capabilities and who have knowledge of finances, accounting, and legal matters, in order to conduct audits with high efficacy.

Regarding accounting audits under the Companies Act and the Financial Instruments and Exchange Act, we undergo impartial audits by GYOSEI & CO.

Meeting the Corporate Governance Code

Details are noted in the Corporate Governance Report, which is available at our website or the Tokyo Stock Exchange website.

Corporate Governance System



Major changes in strengthening of Corporate Governance

	2001	2015	2016	2017	2018	2019	2020	2021
Improvement of the effectiveness of the Board of Directors			Start of evaluation of effectiveness					
Separation of oversight and execution of business Clarification of responsibility		Introduction of Executive Officer system						
Outside Directors		Appointment of 1	Toward appointment of 2 persons (including 1 woman)				Toward appointment of 3 people	
Processes for nomination and determination of compensation			Establishment of Nomination & Compensation Advisory Committee					
Executive compensation			Adoption of stock compensation system					
					Discontinuation of Directors in roles below Vice President			
					Change in the number of Directors in the Articles of Incorporation (from 18 to 12)			

Improvement of the effectiveness of internal controls

Kumagai Gumi reviews internal rules and management conferences appropriately, and otherwise improves and operates structures to assure appropriateness in work, based on our Basic Policy to Establish Internal Control Systems.

In addition, the Kumagai Gumi Group as a whole undertakes the improvement and operation of internal control with the aim of maintaining the reliability of our financial reporting, based on the Financial Instruments and Exchange Act.

Evaluation of the effectiveness of the Board of Directors

Once a year, Kumagai Gumi Directors and Audit & Supervisory Board Members take part in an anonymous questionnaire survey evaluating the effectiveness of the Board of Directors. We verify the results of the survey and consider improvements. From the FY2018 evaluation onward, we are conducting reviews of our evaluation item settings and evaluation results through external experts.

In FY2020, based on issues for improvement from the previous fiscal year, we worked to energize deliberation in the Board of Directors through review of the number and ratio of Outside Directors, revision of some

standards for Board of Directors agendas, measures for strengthening compliance and group governance, exchanges of opinions following proceedings, and other means. Based on subsequent results of self-evaluation and reviews by external experts, we confirmed that the effectiveness of the Board of Directors as a whole is secured. We also shared issues for consideration, including 1) further promotion of delegation of authority through revisions to standards for agendas, 2) promotion of medium- to long-term discussions concerning management, and 3) further strengthening of compliance and group governance.

Directors' compensation and selection of Outside Executives

Related information P54-55
List of the Board of Directors

Compensation for Directors is based on a system of compensation linked to shareholder interests, functioning appropriately as an incentive to continuously improve corporate value. When determining individual compensation, our basic policy is to set an appropriate level based on the responsibility of the individuals, and, within the limit of the total amount of compensation for Directors decided at General Meetings of Shareholders, determine amounts through the Board of Directors based on findings reported by the Nomination & Compensation Advisory Committee.

Specific compensation for Directors consists of monetary compensation (fixed compensation and bonuses) and stock compensation. For Outside Directors who bear supervisory functions, it consists of only monetary compensation (of fixed compensation, an amount of compensation according to position). The fixed compensation is monthly monetary compensation, and consists of compensation according to position and compensation according to contribution to business performance. In addition, the company has adopted a

stock compensation system employing trusts, by which the company grants points based on position, etc. each fiscal year to eligible persons, and, generally at the time of retirement, grants shares of stock based on the cumulative number of points.

Compensation for Audit & Supervisory Board Members is determined through deliberation by Audit & Supervisory Board Members, within the limit of the total amount of compensation for Audit & Supervisory Board Members decided at General Meetings of Shareholders.

Compensation, etc. for Directors and Audit & Supervisory Board Members (FY2020)

Executive category	Total amount of compensation	Total amount by type of compensation, etc.			Number of eligible Executives
		Fixed compensation	Bonus	Stock compensation	
Directors (Outside Directors among these)	173 (20)	157 (20)	-	16 (-)	9 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members among these)	42 (20)	42 (20)	-	-	4 (2)

* The stock-based compensation noted is the amount of provisions for stock benefits for Directors recorded in FY2020.

Reasons for appointment of Outside Executives / Attendance at Board of Directors meetings (FY2020)

Name	Independent Executive	Reason for appointment	Attendance (Number of times attending / Number of meetings)	
Mikie Yumoto (resigned June 2021)	○	Mikie Yumoto has a track record of participation in corporate management as an executive in charge of human resources, primarily in another industry. Based on her resulting extensive experience and wide-ranging insights, the company has appointed her Outside Director in anticipation that she will provide appropriate guidance and advice to the company's management.	Board of Directors	16 times / 16 times
Sakae Yoshida (appointed June 2020)	○	Sakae Yoshida has a track record of participation in corporate management as an executive in charge of production departments, primarily in another industry. Based on his resulting extensive experience and wide-ranging insights, the company has appointed him Outside Director in anticipation that he will provide appropriate guidance and advice to the company's management.	Board of Directors	13 times / 13 times
Shigeru Okada (appointed June 2021)	○	Shigeru Okada has a track record of participation in corporate management as a representative director and president, and chairman, primarily in another industry. Based on his resulting extensive experience and wide-ranging insights, the company has appointed him Outside Director in anticipation that he will provide appropriate guidance and advice to the company's management.	-	-
Kimie Sakuragi (appointed June 2021)	○	Kimie Sakuragi has a track record of participation in corporate management as a standing auditor, primarily in another industry. Based on her resulting extensive experience and wide-ranging insights, the company has appointed her Outside Director in anticipation that she will provide appropriate guidance and advice to the company's management.	-	-
Masaaki Ayukawa	○	Masaaki Ayukawa has a track record of practical work as a certified public accountant. The company has appointed him Outside Audit & Supervisory Board Member in the expectation that he will leverage his resulting extensive experience and expert knowledge to provide appropriate auditing of the company's management from an objective standpoint.	Board of Directors Board of Corporate Auditors	16 times / 16 times 11 times / 12 times
Yutaka Takehana	○	Yutaka Takehana has a track record of participation in key government office positions and corporate management in other industries. Based on his resulting extensive experience and wide-ranging insights, the company has appointed him Outside Audit & Supervisory Board Member in anticipation that he will provide appropriate auditing of the company's management from an objective standpoint.	Board of Directors Board of Corporate Auditors	16 times / 16 times 12 times / 12 times



Website Corporate Governance <https://www.kumagaigumi.co.jp/en/company/governance.html>

Risk Management



Fundamental concepts of compliance

In order for Kumagai Gumi to continue earning the appreciation and trust of customers and society, we believe that all of our officers and employees must take responsibility for their daily actions, comply with laws, social sensibilities, and corporate ethics, and maintain an awareness of compliance.

Compliance system

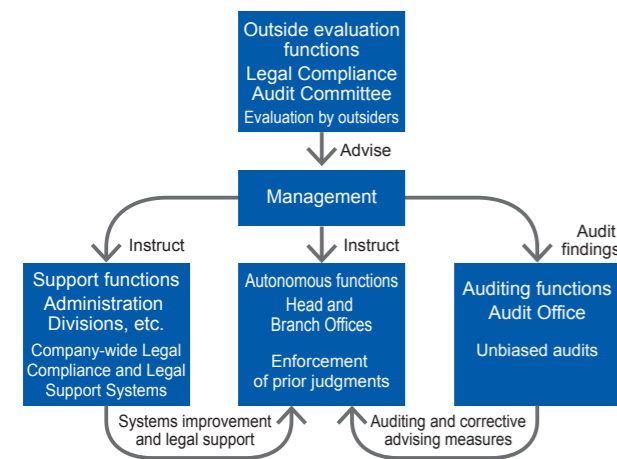
Kumagai Gumi's compliance system consists primarily of three internal functions: Autonomous functions by Headquarters and branch offices, support functions by the Administration Division and other specialized divisions, and auditing functions by the Audit Office (refer to figure below).

In addition, the Legal Compliance Audit Committee, an organization independent of management, periodically carries out evaluations of the company from an outsider's point of view and advises management of any problems uncovered, in order to strengthen the enforcement of compliance.

Legal Compliance Audit Committee

The Legal Compliance Audit Committee is composed of internal company committee members as well as outside committee members who include attorneys and other experts. It convenes every year.

Compliance System



Initiatives for legal compliance

Submission of written pledge from all employees

To raise all employees' awareness in enforcing compliance with laws and ordinances, every year executives and staff members of Kumagai Gumi Group submit a written pledge concerning compliance (100% submission rate).

Compliance training and compliance reinforcement month

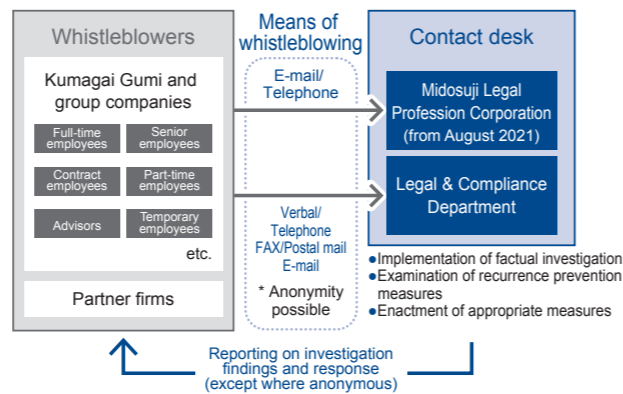
To improve basic understanding of compliance, from October 2020 through February 2021 our company conducted an internal training program on topics including antitrust law, bribery, and corruption, targeting employees of Kumagai Gumi as well as group companies, from a perspective of strengthening the group's compliance structure.

In addition, we have designated October of every year as a compliance reinforcement month.

Internal whistleblower system

The Kumagai Gumi Group has set up a hotline for quickly assessing, correcting, and preventing problems involving compliance. We are working to root out compliance violations by accepting a wide range of whistleblower reports, including from our employees, group company employees, and partner businesses. We have also introduced an in-house leniency program (measures reducing penalties for whistleblowers) to encourage use of the voluntary whistleblower system.

Internal whistleblower system



System to eradicate anti-social forces

In the Kumagai Gumi Code of Conduct, our company declares that we take a firm stance against anti-social forces. We have established a program for dealing with anti-social forces, and educate our employees on specific ways of eliminating such forces.

System for prevention of collusion and prevention of bribery, etc.

Kumagai Gumi's Compliance Rules of Conduct stipulate that, in the receipt of orders for construction work, acts that violate criminal law, antitrust law, or other law, or that impair fairness and impartiality in bidding, are prohibited. Through means including training and the collection of pledges, we ensure that employees are not involved in violations, and have built a structure to prevent the occurrence of violations through an internal reporting system.

Prevention of insider trading

The Kumagai Gumi Group complies with the Financial Instruments and Exchange Act and related laws and regulations, and has established Internal Regulations on the Prevention of Insider Trading to enhance the effectiveness of compliance. Based on these regulations, we have established an Insider Information Management Committee to perform information management across the company.

Setting of Tax Policy

In March 2020, the Kumagai Gumi Group clarified its existing initiative direction concerning tax affairs to create the Kumagai Gumi Group Tax Policy, with the aim of further improving corporate governance and compliance regarding tax affairs and fostering proper awareness of taxation payment matters among executives and staff members.

Status of legal suits and violations of laws

As of the end of March 2021, our company is involved in five civil cases in Japan.

In FY2020, no serious legal violations (including administrative sanctions, administrative measures, etc.) occurred that involved measures such as suspension of designated bidding at a national level.

Information security

Kumagai Gumi established its Information Security Policy in 2007, and takes concrete measures to protect

information assets from unauthorized access, leakage, falsification, loss, disaster, and other threats. We have also appointed an Information Security Officer and established an Information Security Committee.

Protection of Private Information

Kumagai Gumi has established fundamental rules and regulations, such as the Basic Principle, the Privacy Policy, and the Private Information Protection Regulations, and engages in initiatives to properly handle and protect the private information of all stakeholders, including shareholders and employees.

Business Continuity Plan (BCP)

In the event of a major disaster, Kumagai Gumi will make every effort to achieve rapid recovery of sites under construction and the restoration of infrastructure, and to respond to requests for restoration aid from customers and local residents. We have formulated a Business Continuity Plan (BCP) as a basic policy for contributing to prevention of secondary accidents, restoration of urban functions, safety of local residents, and recovery of the private economy.

Operation of the Safety Confirmation Communication System

In preparing support systems based on business continuity plans, confirmation of the safety of employees is the most important matter. We operate a system that allows confirmation of safety status, extending even to group companies and partner companies, and the Kumagai Gumi Group has established systems to support quick recovery.

Measures to the COVID-19 pandemic

Kumagai Gumi has set up a COVID-19 task force headed by the President, to carry out swift decision-making and execution of measures. From the perspective of ensuring the health and safety of employees, their families, and people in cooperating companies, we provide employees with guidelines for dealing with COVID-19 pandemic (infection countermeasures, restrictions on activities, business continuity, etc.). In accordance with the state of the pandemic and government policy, we are continuing with business through the promotion of telework and staggered commuting, guidance for partner companies, and contagion control measures.

Interview with an Outside Director



Yasunori Sakurano President

We hold active discussions from varied perspectives at Board of Directors meetings. Our aim is to further enhance corporate governance.

Kumagai Gumi appoints Outside Directors to bring diverse perspectives into management and to enhance its corporate governance. President Yasunori Sakurano spoke with Sakae Yoshida, who took the position of Outside Director in June 2020.



Outside Director Sakae Yoshida

Surprised by progress in active participation by women

Sakurano A year has passed since you became an Outside Director. What impressions do you have of Kumagai Gumi?

Yoshida The atmosphere inside the company seems positive, flat and lively. I was a little surprised, as the company has a history of 120 years, and before taking the position I had an image of it as stolid.

In particular, I was impressed by how far active participation by women has progressed, beyond what I'd imagined. Women are demonstrating capabilities not only in office managerial positions but also in sales and in the field.

Sakurano The company experienced stagnation for some time, but in recent years has begun to grow again. In line with this, we're undertaking various activities with the aim of "management with participation of all." Efforts to promote active participation by women have taken root in recent years, and it seems to me that the atmosphere within the company is changing.

Incidentally, what's your impression of the Board of Directors?

Yoshida I think the Board of Directors is also functioning well in terms of diversity. The Outside Directors and Audit & Supervisory Board Members have diverse careers and experience, and I'm often inspired by the discussions.

However, it also seems to me that discussions by the entire Board of Directors could go even further.

Engaging in active discussions through competing opinions from diverse perspectives

Sakurano In what sort of way?

Yoshida I think this is common among Japanese companies, but discussions in Board of Directors meetings tend to be one-way, with Directors involved

in business execution responding to questions from Outside Directors and Audit & Supervisory Board Members.

I think we should take it forward a step from there. Isn't it ideal to instead draw conclusions through vigorous debates that transcend participants' respective positions? That's another reason why the role of Outside Directors is very important. For my part, I try to stir things up with statements that trigger discussion.

Sakurano I think that discussions in Board of Directors meetings have been invigorated with the addition of Outside Directors, but I think we're still halfway along that path, as you note.

You were originally a chemical engineer, and you have a wealth of experience in production and engineering departments. You also have experience overseas. It's my hope that you can leverage that manufacturing experience in this different field of construction.

Yoshida In the engineering department of a chemical manufacturer, I was also in a position to order construction work, such as for production equipment. In short, my standpoint differed 180 degrees from that of a construction company. I want to make use of that experience too.



Social contribution activities that reveal "self-powered" employees

Sakurano In addition to the active participation by women that you mentioned, are there other things that you've felt about Kumagai Gumi?

Yoshida I feel that employees have very high awareness of diversity and environmental issues. Perhaps it's a matter of being "self-powered," but it's my impression that employees work proactively on their own, without having to be pushed by the company. The company also implements a unique structure that uses matching gifts, with employees taking active part in social contribution activities.

Sakurano You mean the Kumagai Gumi Smile Project.

Yoshida Right. The company supported the Kosodate Hiroba Zenkoku Renraku Kyogikai (Activities to support Childcare in the community) as a project under this, and I took part in the activities with employees.

Creating structures for the enforcement of compliance

Sakurano Compliance is another very important topic for Kumagai Gumi in earning the trust of society. What are your thoughts on those efforts?

Yoshida It's my feeling that we're solidly tackling compliance, including the enforcement of legal compliance. At the same time, I think there are some concerns.

Activities such as compliance training are carried out extremely thoroughly. Looking ahead, I think we need structures to monitor the effects of these. The thing about corporate compliance is that even if 99 people get it, negligence by just 1 person can lead to serious problems. Building up solid mechanisms is important.

The backbone of the company must not be shaken

Sakurano As a final topic, tell me your thoughts on the new Medium-Term Management Plan.

Yoshida I think it's important that we make a clear distinction between our commitments to investors and other stakeholders, and the targets that indicate the direction that the company should take. If these are confused and are not accompanied by results, we may not be able to earn the trust of society, and employee motivation may not be enhanced.

Sakurano Thank you very much. We will continue making use of the opinions of Outside Directors and other stakeholders to enhance our corporate governance.

Commentary on and Analysis of Management Performance

* Numbers are rounded down to the nearest 100 million yen.

During the consolidated fiscal year, the Japanese economy showed some signs of increase in capital investment, production, and exports, despite no move toward subsidence of the COVID-19 pandemic that spread globally from the beginning of 2020. Private consumption struggled under repeated requests to the public to remain at home; corporate profits also fell sharply, particularly in industries related to private consumption, and GDP declined for the first time since the period of the Lehman Brothers collapse.

In the construction industry, corporate construction investment was restrained, particularly in the manufacturing industry. Housing investment was weak but remained flat overall, while public investment remained firm under the execution of relevant budgets. Accordingly, a firm business environment continued overall.

Management performance

Sales (+3.2% year on year) With the steady completion of existing construction projects, sales increased by 14.0 billion yen (3.2%) from the previous consolidated fiscal year to 450.2 billion yen.

Gross profit (+5.7% year on year) Due to an increase in sales and improvement in gross profit margin, gross profit increased by 2.5 billion yen (5.7%) to 48.0 billion yen.

Selling, general and administrative expenses Although personnel expenses increased due to factors including an increase in personnel, sales activities and movement of officers and employees were restrained under the COVID-19 pandemic, resulting in expenses decreasing by 40.0 million yen (0.2%) from the previous consolidated fiscal year to 20.0 billion yen.

Operating income (+10.3% year on year) Due to factors including increased gross profit, operating income increased by 2.6 billion yen (10.3%) from the previous consolidated fiscal year to 28.0 billion yen.

Non-operating income and loss Due to factors including an increase in dividend income, non-operating income increased by 200.0 million yen from the previous consolidated fiscal year to 900.0 million yen.

Non-operating expenses increased by 100.0 million yen from the previous consolidated fiscal year to 500.0 million yen, due to an increase in syndicated loan fees and other factors.

Ordinary income (+10.4% year on year) Due to an increase in operating income and improvement in non-operating income and loss, ordinary profit increased by 2.6 billion yen (10.4%) from the previous consolidated fiscal year to 28.4 billion yen.

Extraordinary income and loss The company recorded a total extraordinary income of 100.0 million yen, including 100.0 million yen in settlements received and 10.0 million yen in compensation income for expropriation.

The company recorded a total extraordinary loss of 2.4 billion yen, including 1.2 billion yen in provision for contingent loss as an additional expense related to the condominium in Nishi-ku, Yokohama, Kanagawa Prefecture, in which our construction defects were identified in 2014, as well as a loss on transfer of claims of 400.0 million yen.

Income taxes, etc. The company recorded adjusted income taxes of 1.5 billion yen due to income taxes, residential taxes, and business taxes of 6.6 billion yen, and adjustments in income taxes, etc. due to a decrease in deductible temporary differences.

Net income attributable to owners of parent (-7.8% year on year) Despite an increase in ordinary income from the previous consolidated fiscal year, net income attributable to owners of parent decreased by 1.5 billion yen (7.8%) from the previous consolidated fiscal year to 17.9 billion yen due to the effects of extraordinary losses.

Management performance by segment

Civil Engineering Orders received for public projects declined from the previous consolidated fiscal year, but private sector orders increased in the fields of electricity, energy, and railways, growing 8.4% from the previous consolidated fiscal year to 100.1 billion yen.

Although the amount of construction brought forward at the beginning of the term was significantly lower than at the beginning of the previous consolidated fiscal year, sales declined only 0.6% to 121.4 billion yen due to an increase in construction volume at the end of the period.

Operating income increased 1.2% from the previous consolidated fiscal year to 7.7 billion yen due to factors including significant cost reductions in completed delivery work and the acquisition of additional design changes.

Building Construction Although orders received increased in the housing sector, orders declined in the warehouse and logistics facility sector, rebounding from the several orders for large projects received in the previous consolidated fiscal year. In addition, some orders for large projects scheduled for the end of the fiscal year were carried over to the following fiscal year. Accordingly, orders received decreased by 21.2% to 183.2 billion yen.

Although the amount of construction brought forward at the beginning of the term was at the same level as in the previous consolidated fiscal year, sales increased 3.8% from the previous consolidated fiscal year to 238.7 billion yen due to steadily increasing sales of large-scale construction work.

Operating income increased 16.7% from the previous consolidated fiscal year to 14.7 billion yen due to factors including significant cost reductions in completed delivery work and the acquisition of additional design changes.

Subsidiary Sales increased by 7.2% from the previous consolidated fiscal year to 105.7 billion yen due to an increase in the amount of construction carried forward at the beginning of the term at GAEART Co., Ltd. and Taiwan Kumagai Co., Ltd.

Operating income increased 8.0% from the previous consolidated fiscal year to 5.5 billion yen due to an increase in gross profit associated with an increase in sales, as well as improved profitability primarily due to a decline in crude oil prices at GAEART Co., Ltd.

Financial status

Assets (+1.3% year on year) Assets increased by 4.7 billion yen (1.3%) from the end of the previous consolidated fiscal year to 379.5 billion yen.

Current assets increased by 1.1 billion yen (0.4%) from the end of the previous consolidated fiscal year to 311.7 billion yen. Although cash deposits decreased by 3.8 billion yen due to factors including advance expenditures for large-scale construction and the relaxation of payment terms to vendors, notes receivable and accounts receivable from completed construction contracts increased by 6.5 billion yen due to an increase in sales.

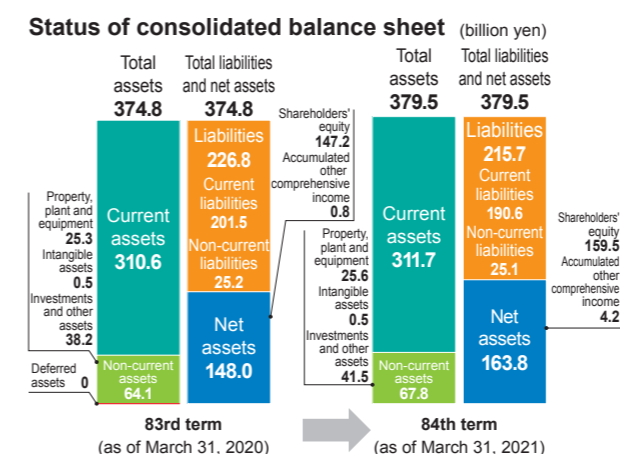
Fixed assets increased by 3.6 billion yen (5.7%) from the end of the previous consolidated fiscal year to 67.8 billion yen. Investment securities increased by 6.8 billion yen due to reasons including an increase in the market value of shares held.

Liabilities (-4.9% year on year) Liabilities decreased by 11.0 billion yen (4.9%) from the end of the previous consolidated fiscal year to 215.7 billion yen.

Current liabilities decreased by 10.9 billion yen (5.4%) from the end of the previous consolidated fiscal year to 190.6 billion yen. In addition to a decrease in provisions for contingent loss due to reasons including draw-down associated with the implementation of provisions, notes payable and accounts payable from completed construction contracts, plus electronically recorded obligation and other accounts payable, decreased by 4.0 billion yen, and the amount received for unfinished contracts decreased by 8.0 billion yen.

Fixed liabilities decreased by 80.0 million yen (0.3%) from the end of the previous consolidated fiscal year to 25.1 billion yen. Long-term loans payable decreased by 400 million yen.

Net assets (+10.7% year on year) Net assets increased by 15.8 billion yen (10.7%) from the end of the previous consolidated fiscal year to 163.8 billion yen. Retained earnings increased by 12.3 billion yen due to factors including the recording of 17.9 billion yen in current net income attributable to shareholders of the parent company, despite the distribution of 5.6 billion yen in surplus. Capital adequacy ratio increased by 3.7 points from the end of the previous consolidated fiscal year to 43.2%.



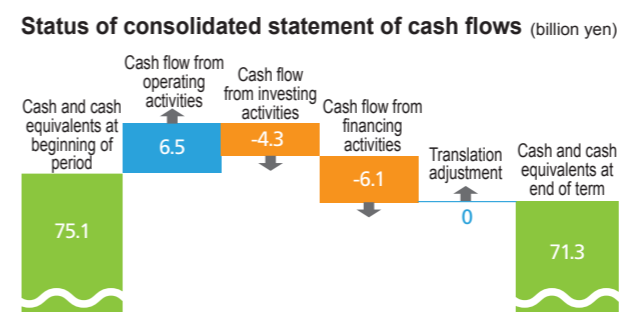
Status of cash flow

Cash flow from operating activities Cash flow from operating activities was positive 6.5 billion yen (positive 300 million yen in the previous consolidated fiscal year) due to factors including the recording of 26.0 billion yen in profit before income taxes.

Cash flow from investing activities Cash flow from investing activities was negative 4.3 billion yen (negative 2.2 billion yen in the previous consolidated fiscal year), due to factors including the acquisition and renewal of equipment and the acquisition of shares of affiliated companies.

Cash flow from financing activities Cash flow from financing activities was negative 6.1 billion yen (negative 5.3 billion yen in the previous consolidated fiscal year) due to factors including payment of dividends.

Cash and cash equivalents The balance of cash and cash equivalents at the end of the consolidated fiscal year, including increases due to currency conversion, decreased by 3.8 billion yen (5.1%) from the end of the previous consolidated fiscal year to 71.3 billion yen.



Capital resources and liquidity of funds

Short-term working capital is based on self-funding and short-term borrowings from financial institutions. Capital related to equipment investment and long-term working capital are based on self-funding and long-term borrowings from financial institutions.

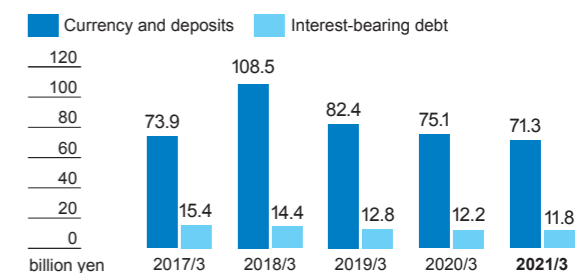
Our balance of interest-bearing debt at the end of the consolidated fiscal year was 11.8 billion yen, while our current ratio was 163.6% and our fixed long term conformity rate was 35.9%.

We have also entered into syndicated loan agreements to achieve further stabilization of fund procurement and contraction of financial expenses. The total amount of agreements at the end of the consolidated fiscal year was 7.0 billion yen.

We have also entered into loan commitment agreements in order to efficiently procure working capital. The total amount of the agreements at the end of the consolidated fiscal year was 30.0 billion yen (with outstanding borrowings of 0 yen).

We have secured stable means of raising funds, and we can fully cope with the sudden occurrence of demands for funding, including demands related to the COVID-19 pandemic.

Currency/Deposits and Balance of Interest-Bearing Debt

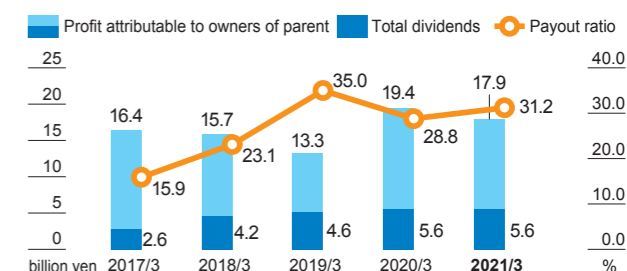


Return to Shareholders

Our basic policy for distribution of profits is to fairly and stably return profits to shareholders, taking into account factors including our current business performance, our medium- to long-term business outlook, and the business environment, while striving to enhance internal reserves for the purpose of enhancing our management foundation and expanding business income.

At the end of the 84th term, we paid a dividend of 120 yen per share. Looking ahead, we will further weigh the return of profits to shareholders, and will continue returning profits with the goal of a 30% payout ratio. Regarding the acquisition and retirement of treasury stock, our policy is to carefully consider these actions with capital efficiency and cash flow conditions taken into consideration.

Payout Ratio



Key Financial Data over 10 Year Period

(Unit: millions of yen)

		75th term	76th term	77th term		78th term	79th term	80th term	81st term	82nd term	83rd term	84th term
		2012/3	2013/3	2014/3		2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Orders received	Orders received (Non-Consolidated)	208,479	223,429	291,024		329,495	293,558	284,711	381,784	454,007	324,959	283,361
	Civil engineering	73,082	63,410	100,805		115,764	109,463	103,718	129,891	155,751	92,371	100,106
	Building construction	135,396	160,019	190,219		213,730	184,094	180,992	251,892	298,255	232,587	183,255
Performance	Sales	257,581	260,753	328,900		362,090	343,647	344,706	374,019	389,058	436,151	450,232
	Gross profit	14,385	10,408	18,359		29,038	39,068	41,080	40,230	45,530	45,498	48,084
	Gross profit margin (%)	5.6	4.0	5.6		8.0	11.4	11.9	10.8	11.7	10.4	10.7
	SG&A Expenses	11,931	11,575	11,750		12,934	14,528	15,945	17,188	19,065	20,057	20,015
	Operating income (loss)	2,454	(1,167)	6,608		16,104	24,540	25,135	23,041	26,464	25,440	28,069
	Operating income margin (%)	1.0	(0.4)	2.0		4.4	7.1	7.3	6.2	6.8	5.8	6.2
	Ordinary income	2,904	65	6,791		15,658	25,772	25,358	22,682	26,553	25,718	28,400
	Net income (loss) attributable to owners of parent	1,593	(1,083)	4,299		5,458	12,092	16,433	15,783	13,312	19,447	17,925
Comprehensive profit	2,435	123	6,313		6,683	12,157	16,947	14,098	12,956	17,851	21,414	
Financial status	Net assets	45,389	45,471	50,461		53,551	64,933	80,288	126,374	134,883	148,034	163,835
	Total assets	200,568	202,800	235,929		255,514	255,525	271,908	333,665	353,718	374,841	379,573
	Property, plant and equipment	13,845	14,193	14,080		15,053	15,745	17,199	19,504	24,836	25,347	25,658
	Interest-bearing debt	25,626	22,527	21,161		19,938	17,821	15,422	14,479	12,849	12,258	11,889
	Capital adequacy ratio (%)	21.9	21.7	20.7		21.0	25.4	29.5	37.9	38.1	39.5	43.2
Cash flow	Cash flows from operating activities	1,317	3,540	21,816		18,262	4,234	8,625	17,641	(12,398)	345	6,572
	Cash flows from investing activities	(526)	(1,426)	(369)		(3,042)	(448)	(3,090)	(14,010)	(7,379)	(2,298)	(4,306)
	Cash flow from financing activities	(2,862)	(3,208)	(1,472)		(1,338)	(2,926)	(4,024)	30,856	(6,126)	(5,361)	(6,112)
	Cash and cash equivalents, end of term	37,734	37,166	57,609		71,702	72,422	73,926	108,532	82,446	75,155	71,335
Per-share information	Book-value per share (BPS) (yen)	135.42	135.70	142.09		143.27	173.76	2,150.32	2,707.51	2,894.41	3,177.22	3,516.06
	Earnings (loss) per share (EPS) (yen)	8.79	(5.91)	19.71		15.72	32.35	439.93	389.63	285.48	417.34	384.68
	Dividend per share (yen)	-	-	-		2.00	4.00	7.00	90.00	100.00	120.00	120.00
	Payout ratio (%)	-	-	-		12.7	12.4	15.9	23.1	35.0	28.8	31.2
Stock price indicators	Stock price at end of term (yen)	88	99	255		375	286	290	3,420	346.0	2,501	3,005
	Price-earnings ratio (PER) (multiple)	10.0	-	12.9		23.8	8.8	6.6	8.8	12.1	6.0	7.8
	Price-to-book ratio (PBR) (multiple)	0.6	0.7	1.8		2.6	1.6	1.3	1.3	1.2	0.8	0.9
	Number of issued shares at end of term	186,544,607	186,544,607	277,544,607		377,544,607	377,544,607	37,754,460	46,805,660	46,805,660	46,805,660	46,805,660
Other	Return on equity (ROE) (%)	3.6	(2.5)	9.3		10.9	20.4	22.6	15.3	10.2	13.7	11.5
	Ordinary income to total assets ratio (ROA) (%)	1.5	0.0	3.1		6.4	10.1	9.6	7.5	7.7	7.1	7.5
	Capital investment	846	1,279	1,272		2,018	2,234	3,187	4,183	7,374	2,636	2,500
	Research and development expenses	1,368	1,323	1,374		1,285	1,516	1,784	1,987	2,348	2,581	2,660
	Depreciation	976	939	951		1,045	1,268	1,344	1,684	1,911	2,062	2,011
	Number of employees	3,531	3,524	3,510		3,579	3,702	3,798	3,892	4,032	4,154	4,259

*1 The company performed a stock merger at a ratio of 1 share per 10 shares of common stock, effective October 1, 2017. Total book-value per share and earnings per share were calculated on the assumption of the stock merger carried out at the beginning of the 80th term.

*2 The dividend per share of 90 yen in the 81st term includes a dividend of 20 yen per share to commemorate the company's 120th anniversary.



Corporate Information

- **Company Name:** Kumagai Gumi Co., Ltd.
- **Founded:** January 1, 1898
- **Incorporated:** January 6, 1938
- **Representative:** Yasunori Sakurano,
President and Representative Director
- **Capital:** JPY 30.1 billion
- **Number of Employees:** 4,259 consolidated;
2,620 non-consolidated
(as of March 31, 2021)
- **Scope of Business:**
To investigate, survey, plan, design, execute, and supervise construction works, and to provide technical guidance, provide comprehensive engineering, management, and consulting services, as well as related contracting

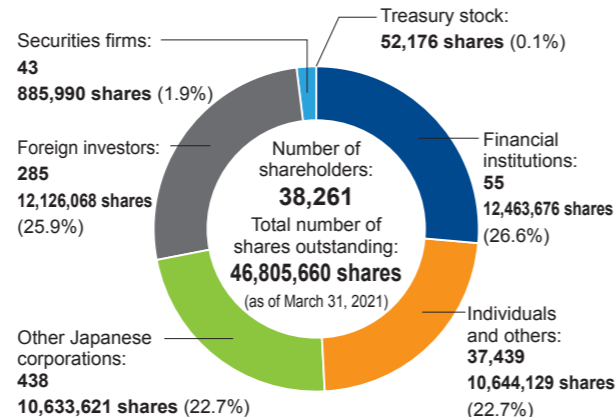
- **Head Office:** 2-6-8 Chuo, Fukui,
Fukui Prefecture 910-0006, Japan
- **Headquarters:** 2-1, Tsukudo-cho, Shinjuku-ku,
Tokyo 162-8557, Japan
- **Domestic Offices:**
Hokkaido Office, Tohoku Office, Tokyo Metropolitan Area Office, Nagoya Office, Hokuriku Office, Kansai Office, Chugoku Shikoku Office, Shikoku Office, Kyushu Office, Technical Research & Development Institute
- **Overseas Offices:**
China (Hong Kong), Taiwan, Vietnam, Indonesia, Myanmar
- **Group Companies:**
GAEART Co., Ltd., K&E Co., Ltd., Technos Co., Ltd., Techno-Space Creates Co., Ltd., FATEC Co., Ltd., Technical Support Co., Ltd., Taiwan Kumagai Co., Ltd.

Stock Information

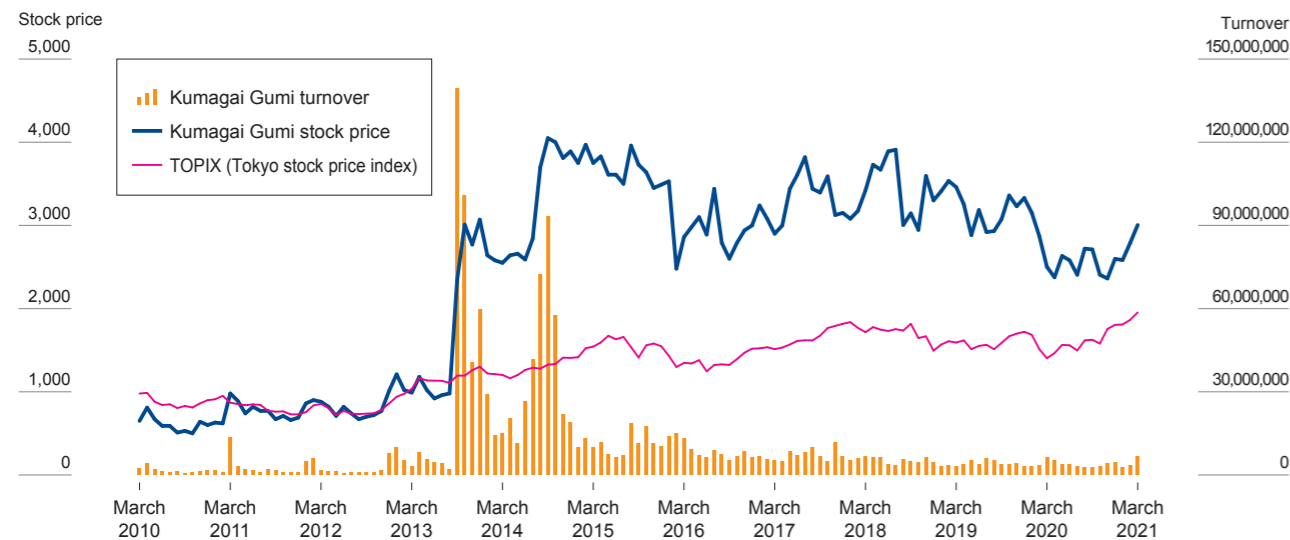
Current Status

- **Securities Code:** 1861
- **Stock Exchange Listing:** First Section of the Tokyo Stock Exchange
- **Total number of Shares Authorized to Be Issued:** 71,400,000 shares
- **Total number of Shares outstanding:** 46,805,660 shares
- **Share Unit:** 100 shares
- **Number of Shareholders:** 38,261 (as of March 31, 2021)
- **Administrator of Shareholders Registry:** Sumitomo Mitsui Trust Bank, Limited
- **Fiscal Year:** From April 1 through March 31
- **Base Date for Annual Dividend:** March 31
- **Ordinary General Meeting of Shareholders:** June of the Year

Shareholder Composition



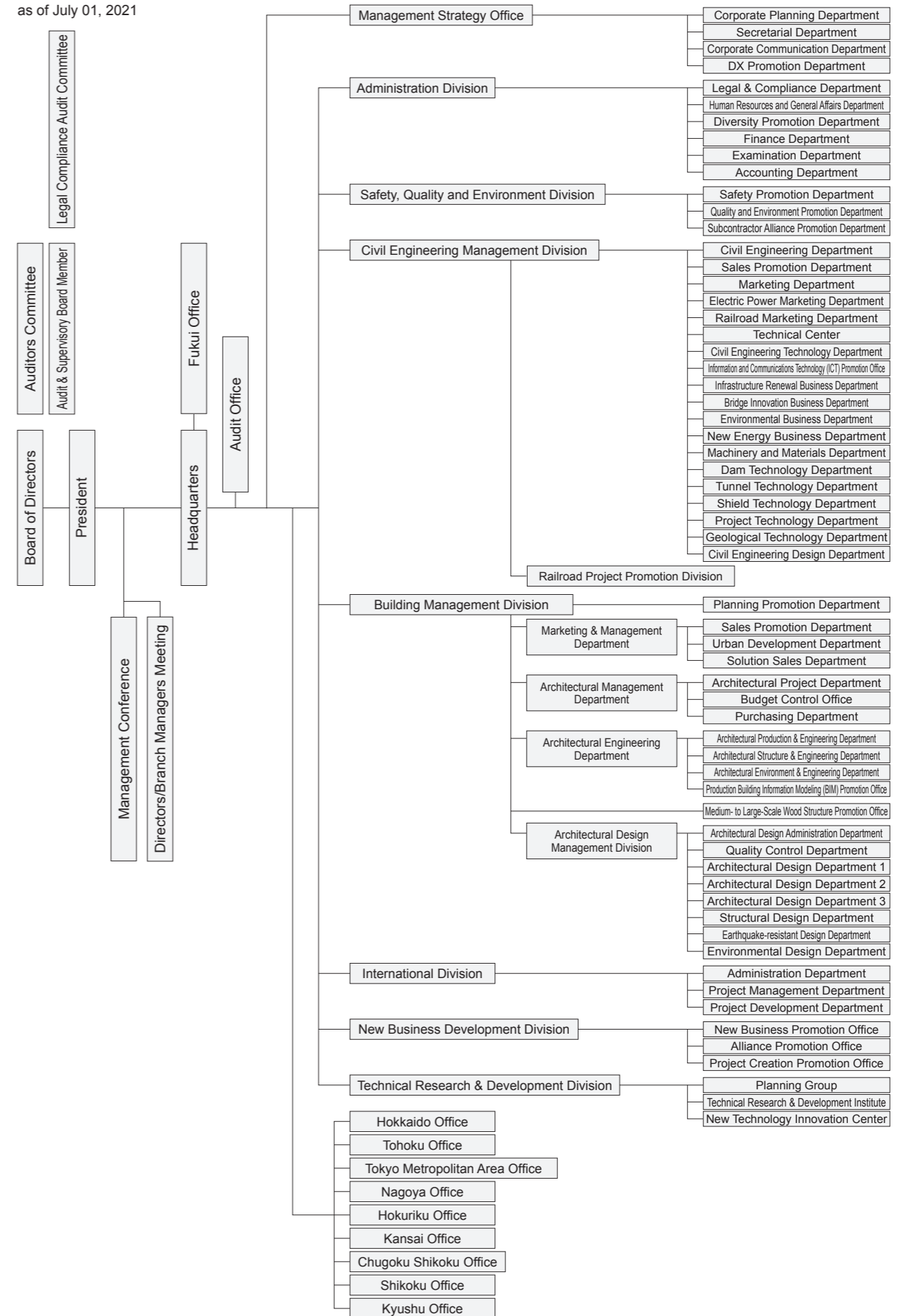
Stock Trading Data



*The company performed a stock merger at a ratio of 1 share per 10 shares of common stock, effective October 1, 2017. Kumagai Gumi turnover and Kumagai Gumi stock price prior to the stock merger have been retroactively revised accordingly.

Organizational Chart

as of July 01, 2021



The cover depicts works by children from Tsukudo Elementary School in Shinjuku, Tokyo, on the theme of "Cities of the Future."

* Kumagai Gumi supports opportunities to foster a mindset that treasures nature and environment in the children who will lead the next generation. Together with the Tsukudo Elementary School sited adjacent to our headquarters, Kumagai Gumi actively engages in environmental learning and cleanup of the local area. The company also sponsors the above-mentioned Children's Painting Exhibit hosted by the national Federation of Land Improvement Associations.



Kumagai Gumi Co., Ltd.

2-1 Tsukudocho, Shinjuku-ku, Tokyo 162-8557

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Inquiries

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