



November 11, 2021

Company name: Kumagai Gumi Co., Ltd.  
Representative: Yasunori Sakurano, President  
Securities code: 1861  
Stock exchange listings: Tokyo Stock Exchange, 1st Section

## Notice of a Decision on Acquisition of Shares in the Stock Compensation Plan

Kumagai Gumi Co., Ltd. ("the Company") announced that at the meeting of the Board of Directors held on November 11, 2021, the Company resolved to entrust an additional amount of money to the stock compensation plan ("the Plan"; a trust that has already been established for the Plan is hereinafter referred to as "the Trust") for the Company's Directors (excluding Outside Directors, the same applies hereinafter) and Executive Officers (hereinafter collectively referred to "Directors, Etc.") for the trustee to acquire additional shares in the Company. Details are as follows.

For an overview of the Plan, please refer to the Notice of Introduction of a Stock Compensation Plan for Directors dated May 14, 2018.

### 1. Outline of the Trust

(1) Name	Stock granting trust for officers
(2) Trustor	The Company
(3) Trustee	Sumitomo Mitsui Trust Bank, Limited (entrusted to Custody Bank of Japan, Ltd.)
(4) Beneficiary	Directors, Etc. who meet the requirements for beneficiaries
(5) Trust administrator	A third party independent of the Company and its officers
(6) Type of trust	Pecuniary trusts other than money trusts (third party benefit trust)
(7) Date of trust agreement	August 21, 2018
(8) Date of additional entrustment	November 17, 2021
(9) End of trust period (after extension)	August 31, 2024

### 2. Matters related to acquisition of shares in the Company by the trustee of the Trust

(1) Type of shares to be acquired	Common stock
(2) Total share acquisition cost	194,000,000 yen (Note)
(3) Total number of shares to be acquired	90,000 (maximum) (Note)
(4) Share acquisition method	Acquisition through trading on the stock exchange (including off-floor trading)
(5) Timing of acquisition	From November 17, 2021 to November 26, 2021 (plan)

(Note) "Total share acquisition cost" and "total number of shares to be acquired" are the total acquisition cost for the shares that are to be delivered to the Company's Directors and Executive Officers and the number of those shares. The "total share acquisition cost" and "total number of shares to be acquired" for the shares to be delivered to the Company's Directors will not exceed the limits approved by the shareholders' meeting.

## Reference material

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



May 14, 2018

Company name: Kumagai Gumi Co., Ltd.  
Representative: Yasunori Sakurano, President  
Securities code:1861  
Stock exchange listings: Tokyo Stock Exchange, 1st Section

## Notice of Introduction of a Stock Compensation Plan for Directors

Kumagai Gumi Co., Ltd. ("the Company") announces that at the meeting of the Board of Directors held on May 14, 2018, the Company resolved to introduce a stock compensation plan using a trust ("the Plan") for the Company's Directors (excluding Outside Directors, the same applies hereinafter). The Company has decided to add the introduction of the Plan to the agenda items of the 81st general meeting of shareholders ("the Shareholders' Meeting") to be held on June 28, 2018.

If the introduction of the Plan is approved at the Shareholders' Meeting, the Company plans to introduce the same stock compensation plan for the Executive Officers. Details are as follows.

### 1. Introduction of the Plan

The Directors' compensation consists of base compensation and bonus. In addition to them, the Company has decided to introduce a stock compensation plan for its Directors.

The purpose of the Plan is to make clearer the link between Directors' compensation and the stock value and have Directors share the profits and risks from stock price changes with shareholders, thereby raising Directors' awareness of their contribution to increasing the Company's medium- to long-term results and corporate value.

If the Plan is introduced, the Directors' compensation will consist of base compensation, bonus and stock compensation.

The introduction of the Plan for the Directors is conditional on the approval of the agenda item on officers' compensation at the Shareholders' Meeting.

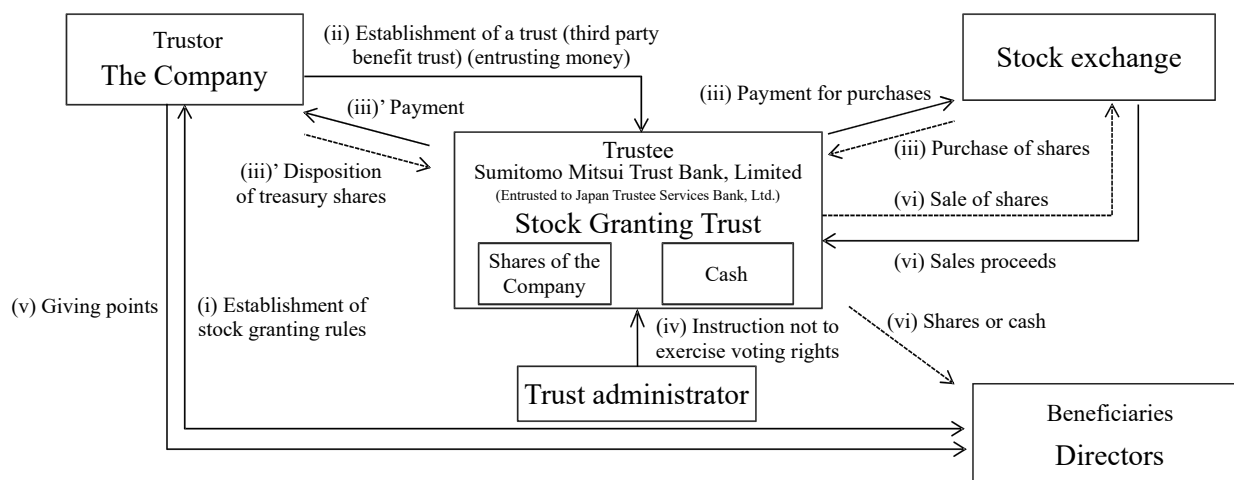
### 2. Overview of the Plan

#### (1) Structure of the Plan

The Plan is a stock compensation plan where a trust ("the Trust") established and paid for by the Company acquires shares of the Company and delivers shares to each Director according to the number of points that the Company grants to each Director.

Under the Plan, shares in the Company will be granted to the Directors of the Company who will be in office in three fiscal years from the fiscal year ending March 31, 2019 to the fiscal year ending March 31, 2021 ("the Initial Effective Period"). The period when the Plan is effective ("Effective Period") may be extended within three fiscal years by a decision of the Company's Board of Directors before the end of the initial trust period of the Trust. Subsequently, the Plan may be extended in the same way. In principle, shares in the Company are granted to the Directors when they retire from office.

## Outline of Structure of the Plan



Note: If the Plan is introduced to the Executive Officers as mentioned above, the Executive Officers will also become beneficiaries.

- (i) The Company will establish stock granting rules for the Directors.
- (ii) The Company will establish a stock granting trust (third party benefit trust) whose beneficiaries are the Directors (the Trust), to which the Company will entrust money equivalent to funds to acquire shares (funds to acquire shares to be delivered to the Company's Directors will not exceed an amount that will be approved by the shareholders' meeting).
- (iii) The trustee will acquire shares in the Company, the number of which is the number of shares that are expected to be granted, at once. The shares will be acquired through trading on the stock exchange (limited to floor trading). Additional shares may be acquired through disposition of treasury shares or trading on the stock exchange (including off-floor trading).
- (iv) The Company will appoint a trust administrator (a party independent of the Company and the Company's officers) to protect the interests of the beneficiaries under the stock granting rules and supervise the trustee throughout the trust period. The trust administrator will instruct the trustee not to exercise voting rights on the shares of the Company in the Trust, and the trustee will not exercise voting rights during the trust period under the instruction.
- (v) The Company will give points to the Directors under the stock granting rules.
- (vi) The Directors who satisfy the requirements set out in the stock granting rules and the trust agreement on the Trust will receive shares of the Company from the trustee as beneficiaries of the Trust according to the points they have been granted. In certain cases provided for in the stock granting rules and the trust agreement, the Company will sell on the stock exchange a certain portion of the shares held in the Trust and will deliver cash instead.

The Company plans to acquire without compensation shares of the Company in the residual assets of the Trust at the termination of the Trust and cancel them by resolution of the Board of Directors.

Of the residual assets of the Trust at the termination of the Trust, money from dividends on shares in the Company and the disposition of shares will be delivered to the Company's Directors at the termination of the Trust according to the points that they have at the termination of the Trust. The maximum amount of money to be delivered will be the amount that the points are worth. The trust money contributed by the Company less funds to acquire shares, etc. will be delivered to the Company. The remaining amount of money will be donated to specified public-service promotion corporations that do not have any interest in the Company's Directors under the stock granting rules and the trust agreement.

Sumitomo Mitsui Trust Bank, Limited, the trustee of the Plan, will entrust the management of the trust property to Japan Trustee Services Bank, Ltd.

## (2) Establishment of a Trust

On the assumption that the introduction of the Plan is approved at the Shareholders' Meeting, the Company will contribute the funds that the Trust needs to acquire in advance a number of shares in the Company that are reasonably expected to be needed to deliver shares for a certain period of time under (6) below and will establish the Trust. As described in (5) below, the Trust will acquire shares in the Company using the funds that the Company will contribute.

Sumitomo Mitsui Trust Bank, Limited, the trustee of the Plan, will entrust the management of the trust property to Japan Trustee Services Bank, Ltd.

## (3) Trust Period

The trust period will be about three years from August 2018 (plan) to August 2021 (plan). The trust period may be extended as described in (4) below.

## (4) Maximum Amount to Be Contributed to the Trust as Funds for Acquiring Shares

The Company will contribute a total of 75 million yen maximum as funds to acquire shares in the Company needed in the trust period to deliver shares to the Company's Directors who are in office in the Initial Effective Period as compensation under the Plan and will establish the Trust, whose beneficiaries are the Directors who meet certain conditions. The Trust will acquire shares in the Company using the money entrusted by the Company through disposition of treasury shares by the Company or trading on the stock exchange (including off-floor trading). (The Trust will acquired the first shares through floor trading on the stock exchange.)

Note: In addition to the abovementioned funds to acquire shares in the Company, the Company will entrust expected necessary expenses, including trust fees and trust administration fees. If the Plan is introduced also for the Executive Officers as mentioned above, the Company will entrust funds to acquire shares in the Company to be delivered to the Executive Officers.

Before the expiration of the trust period (or the extended trust period if the trust period is extended through the following procedure), the Board of Directors may extend the trust period, or the Effective Period, up to three fiscal years, and the Plan may continue (the extension includes an effective extension of the trust period through a transfer of the trust property of the Trust established by the Company to another trust whose purpose is the same as that of the Trust, the same applies hereinafter). In that case, the Company will contribute an additional amount, 25 million yen multiplied by the number of fiscal years by which the trust period will be extended, in the extended Effective Period as additional funds needed to deliver shares to Directors under the Plan. In that case, the Effective Period will be extended according to the continuation of the Plan and the extension of the trust period, and the Company will continue to give points and grant shares in the Company as described in (6) below in the extended trust period.

Even if the Effective Period is not extended and the Plan does not Continue, if, at the time of expiration of the trust period, there are Directors who have been granted points but not yet retired from office, the Company may extend the trust period of the Trust until the Directors retire from office and the delivery of shares of the Company is complete.

## (5) Method of Acquisition of Shares in the Company by the Trust

The Trust will initially acquire shares in the Company through trading on the stock exchange (limited to floor

trading). The maximum number of shares to be acquired is the number of shares that can be purchased by the maximum funds to acquire shares described in (4) above. The details of the method for acquisition will be disclosed after the Shareholders' Meeting.

If during the trust period, the number of shares in the Company held in the Trust may become less than the number of shares that matches the number of points given to the Directors in the trust period, due to an increase in the number of Directors, among other reasons, the Company may entrust additional money to the Trust within the upper limit of trust money approved by the Shareholders' Meeting mentioned in (4) and the Trust may acquire additional shares to be delivered to the Directors through disposition of treasury shares or trading on the stock exchange (including off-floor trading).

#### (6) Method for Calculating Shares in the Company to Be Delivered to Directors and Maximum Number

##### (i) Method for giving points to Directors

Under the stock granting rules established by the Board of Directors, the Company will give points to each Director in office during the Effective Period according to their position, etc. on the point granting date in the trust period specified in the stock granting rules.

The total number of points that the Company will give to the Directors in a fiscal year will be 25,000 maximum.

##### (ii) Delivery of shares in the Company according to the number of points given

The Directors will receive shares in the Company according to the number of points given as described in (i) through the procedure described in (iii) below.

A share in the Company will be delivered for one point. However, if a situation arises with respect to the shares of the Company whereby it is deemed reasonable to make adjustments to the number of shares of the Company to be delivered, such as a share split or share consolidation, the Company shall make reasonable adjustments according to such split ratio, consolidation ratio, or such like.

##### (iii) Delivery of shares of the Company to Directors

Delivery of shares of the Company to each Director described in (ii) above is made through the Trust at the time of the Director's retirement from office, based on the prescribed beneficiary determination procedure.

However, the Trust may convert a certain percentage of shares of the Company into cash to enable the Company to withhold funds for payment of tax such as withholding income tax, and money may then be delivered in place of shares of the Company. If the shares of the Company held in the Trust are converted into cash following subscription to a tender offer or such like, the Company may deliver money in place of shares of the Company.

#### (7) Exercise of voting rights

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

#### (8) Handling of dividends

Dividends of the shares of the Company held in the Trust will be received by the Trust, and used for acquiring shares of the Company as well as for the trust fees to be paid to the trustee with respect to the Trust.

(9) Handling of shares in the Company and money at the termination of the trust period

Of the residual assets of the Trust at the termination of the Trust, all shares in the Company will be acquired by the Company without compensation and will be cancelled by resolution of the Board of Directors.

Of the residual assets of the Trust at the termination of the Trust, money from dividends on shares in the Company and disposition of shares will be delivered to the Company's Directors at the termination of the Trust according to the points that they have at the termination of the Trust. The maximum amount of money to be delivered will be the amount that the points are worth. The trust money contributed by the Company less funds to acquire shares, etc. will be delivered to the Company. The remaining amount of money will be donated to specified public-service promotion corporations that do not have any interest in the Company's Directors under the stock granting rules and the trust agreement.

(For reference) Outline of the trust agreement related to the Trust

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (entrusted to Japan Trustee Services Bank, Ltd.)
Beneficiaries	The Directors (Directors and Executive Officers if the Plan is introduced for Executive Officers) of the Company who meet the requirements for beneficiaries.
Trust administrator	No third party with any interest in the Company or its officers will be selected.
Exercise of voting rights	No voting rights of the shares held in the Trust will be exercised during the trust period.
Type of trust	Pecuniary trusts other than money trusts (third party benefit trust)
Date of trust agreement	August 2018 (plan)
Trust period	From August 2018 to August 2021 (plan)
Purpose of the trust	Granting shares in the Company to beneficiaries under the rules for granting shares