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(Securities Code 1833)
June 7, 2022

To Shareholders with Voting Rights:

Takanori Okumura
President and Representative Director
OKUMURA CORPORATION
2-2-2, Matsuzaki-cho, Abeno-ku,
Osaka-shi, Osaka

**NOTICE OF
THE 85TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

Notice is hereby given that the 85th Annual General Meeting of Shareholders of OKUMURA CORPORATION (the “Company”) will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights in accordance with the guide below.

1. Date and Time

Wednesday, June 29, 2022 at 10:00 a.m. (Japan time)

2. Place

Head Office of the Company, located at
2-2-2, Matsuzaki-cho, Abeno-ku, Osaka-shi, Osaka

3. Meeting Agenda

- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 85th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the 85th Fiscal Year (April 1, 2021 - March 31, 2022)

- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Incorporation
- Proposal 3:** Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 4:** Election of Five (5) Directors Who Are Audit and Supervisory Committee Members
- Proposal 5:** Determination of Compensation for Granting Restricted Stock to Directors

Guide to Exercising Voting Rights

When Attending the General Meeting of Shareholders

Date and time of the General Meeting of Shareholders

Wednesday, June 29, 2022, at 10:00 a.m. (Japan time)

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- To save electricity, the venue will be moderately air-conditioned and the Cool Biz (light clothing) dress code will be observed at the meeting. Shareholders who attend the meeting are encouraged to wear light clothing.

If You Are Unable to Attend the Meeting

◎ Exercising Voting Rights in Writing

Deadline for Exercise

To be received by no later than 5:15 p.m. Tuesday, June 28, 2022 (Japan time)

- Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it so that it is received by the deadline for exercise. Furthermore, if there is no indication of a vote for or against any proposal, it shall be treated as an indication of consent for the proposal.

◎ Exercising Voting Rights via the Internet, etc.

Deadline for Exercise

Tuesday, June 28, 2022 at 5:15 p.m. (Japan time)

- Please access the voting rights exercise website, and enter your vote for or against the proposals by following the guidance onscreen.

Voting rights exercise website: <https://www.web54.net>

- Shareholders may use the voting rights exercise website for smartphones (“smart voting”). Please refer to the next page for details.
- If voting rights are exercised both in writing and via the Internet, etc., the vote received via the Internet, etc. will be treated as the valid exercise of voting rights. In addition, if voting rights are exercised multiple times via the Internet, etc., the final vote exercised will be treated as the valid exercise of voting rights.

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- ◎ The following items are posted on the Company’s website in accordance with the provisions of laws and regulations as well as Article 30 of the Company’s Articles of Incorporation, and therefore are not provided in the attached documents to this Notice.

(1) Notes to Consolidated Financial Statements

(2) Notes to Non-consolidated Financial Statements

Furthermore, the above documents constitute part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditor when preparing the accounting audit report, and also constitute part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Audit and Supervisory Committee when preparing the audit report.

- ◎ Should the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements or the Consolidated Financial Statements require revisions, the revised versions will be posted on the Company’s website.

The Company’s website: <https://www.okumuragumi.co.jp>

Guide to Exercising Voting Rights via the Internet, etc.

Exercise of voting rights via the Internet is only possible by accessing the voting rights exercise website designated by the Company.

Deadline for Exercise: Tuesday, June 28, 2022 at 5:15 p.m. (Japan time)

The voting rights exercise website: <https://www.web54.net>

How to exercise voting rights with “smart voting”

By scanning the “smartphone voting website login QR code” printed on the enclosed Voting Rights Exercise Form, you can access the voting rights exercise website without entering the “voting rights exercise code” and “password.”

You can exercise your voting rights ONLY ONCE with “smart voting.”

To change your vote after exercising your voting rights, it is required to enter the “voting rights exercise code” and “password.”

* Connection fees to providers and telecommunications fees, etc. to telecommunication carriers arising from using the voting rights exercise website shall be borne by the shareholder.

How to enter the voting rights exercise code and password

Steps to follow when using the voting rights exercise website:

Please access the voting rights exercise website and enter the “voting rights exercise code” printed on the enclosed Voting Rights Exercise Form. After logging into the website, please enter the “password” and register your vote for or against the proposals by following the guidance onscreen.

Inquiries concerning the exercise of voting rights via the Internet

For inquiries concerning the exercise of voting rights via the Internet,
please contact:

Sumitomo Mitsui Trust Bank
Stock Transfer Agency Website, Dedicated Hotline
0120-652-031 [Business hours: 9:00 a.m.–9:00 p.m. (Japan time)]

For Institutional Investors

Institutional investors may exercise voting rights via electromagnetic means from the “Electronic Voting System Platform” operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company recognizes the distribution of profits as one of the most important managerial issues. For the fiscal year under review, the Company proposes the year-end dividend and the appropriation of surplus as shown below based on its basic policy to return profits to shareholders in line with a total return ratio (consolidated) of 50% or more and a payout ratio (consolidated) of 30% or more (regardless of the Company's business performance, set a minimum stable dividend of ¥45 per share) in comprehensive consideration of the Company's financial situation and other factors.

1. Year-end dividend

- (1) Type of property for dividend

Cash

- (2) Allotment of property for dividends to shareholders and total amount thereof

¥107 per share of the Company's common stock

Total amount: ¥3,934,685,106

The total annual dividend for the term will be ¥172 per share combined with the interim dividend of ¥65.

- (3) Effective date of distribution of surplus

June 30, 2022

2. Appropriation of surplus

- (1) Item and amount of surplus that will increase

General reserve

¥6,400,000,000

- (2) Item and amount of surplus that will decrease

Retained earnings brought forward

¥6,400,000,000

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

As the amendment stipulated in the proviso of Article 1 of the Supplementary Provision of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into effect on September 1, 2022, the Company proposes to amend its Articles of Incorporation as follows in order to prepare for the introduction of the electric provision system of materials for the General Meeting of Shareholders.

- (1) Proposed amendment to Article 30 of the Articles of Incorporation is to stipulate that the Company will take measures to provide information that is the contents of reference documents for the General Meeting of Shareholders, etc. electronically, and to establish provisions to limit the scope of matters to be included in the documents to be delivered to shareholders who have requested for delivery of such documents.
- (2) The provision regarding disclosure via the Internet and deemed provision of reference documents, for the General Meeting of Shareholders, etc. (Article 30 of the current Articles of Incorporation) shall be deleted as it is no longer necessary.
- (3) In accordance with the establishment and deletion of the above, supplementary provisions regarding the effective date, etc. are to be added.

2. Details of the amendments

The details of the amendments are as follows.

| (Proposed amendments are underlined.) | |
|---|--|
| Current | Proposed amendment |
| Chapter V. General Meeting of Shareholders <u>Article 30.</u> <u>The Company shall be deemed to have provided the shareholders with the information with respect to the matters required when convening the general meeting of shareholders to be stated or presented in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements, by disclosing such information via the Internet in accordance with the Ordinance of the Ministry of Justice.</u> (Newly established) | Chapter V. General Meeting of Shareholders (Deleted) <u>Article 30.</u> <u>The Company shall take measures to electronically provide information that is the contents of the reference documents for the general meeting of shareholders, etc. when convening a general meeting of shareholders. The Company may not include all or part of the matters for which it electronically provide information as provided for in the Ministry of Justice Ordinance in the document to be delivered to shareholders who have requested delivery of the document by the record date for voting rights.</u> |

| Current | Proposed amendment |
|---------------------|---|
| (Newly established) | <p data-bbox="810 210 1114 241"><u>Supplementary Provisions</u></p> <p data-bbox="810 248 1426 629"><u>Article 1.</u> <u>The deletion of Article 30 of the Articles of Incorporation before amendment and the establishment of Article 30 of the Articles of Incorporation after amendment shall become effective as of the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Effective Date”).</u></p> <p data-bbox="810 636 1426 860"><u>Article 2.</u> <u>Notwithstanding the provisions of the preceding Article, Article 30 of the Articles of Incorporation before the amendment shall remain in force with respect to General Meetings of Shareholders to be held on a date within six (6) months from the Effective Date.</u></p> <p data-bbox="810 866 1426 1055"><u>Article 3.</u> <u>These Supplementary Provisions shall be deleted after six (6) months from the Effective Date or three (3) months from the date of the General Meeting of Shareholders as described in the preceding Article, whichever is later.</u></p> |

Proposal 3: Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The term of office of all of the seven (7) current Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter for Proposal 3) will expire at the conclusion of this General Meeting of Shareholders. Therefore, the election of eight (8) Directors is proposed, including one (1) additional Outside Director, in order to strengthen the management oversight function and further enhance corporate governance.

As regards this proposal, the Audit and Supervisory Committee has expressed the opinion that the candidates are appropriate as Directors of the Company.

The candidates are as follows:

| No. | Name | | Positions and responsibilities | Attendance at meetings of the Board of Directors (number of times attended / number of meetings) |
|-----|--------------------|--|---|--|
| 1 | Takanori Okumura | Reelection | President and Representative Director | 100% (15 times / 15 times) |
| 2 | Yuichi Mizuno | Reelection | Director and Executive Vice President General Manager of Marketing & Sales Headquarters | 100% (15 times / 15 times) |
| 3 | Kenji Kotera | Reelection | Director and Senior Managing Executive Officer General Manager of Civil Engineering Headquarters | 100% (15 times / 15 times) |
| 4 | Atsushi Tanaka | Reelection | Representative Director and Senior Managing Executive Officer General Manager of Administration Headquarters | 100% (15 times / 15 times) |
| 5 | Toru Osumi | Reelection | Director and Managing Executive Officer General Manager of West Japan Branch Office | 100% (15 times / 15 times) |
| 6 | Masahiro Kaneshige | Reelection | Director and Managing Executive Officer General Manager of East Japan Branch Office | 100% (15 times / 15 times) |
| 7 | Tamotsu Tsuchiya | Reelection | Director and Managing Executive Officer General Manager of Building Headquarters | 100% (12 times / 12 times) |
| 8 | Rieko Ueda | New election Outside Independent Female | — | — |

Notes: The attendance at meetings of the Board of Directors of Tamotsu Tsuchiya is shown only at meetings of the Board of Directors held after his election as Director at the 84th Annual General Meeting of Shareholders held on June 29, 2021.



No.

1 Takanori Okumura

(March 15, 1962)

Reelection

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|---------------|--|---------------|--|
| April 1986 | Joined the Company | April 2001 | In charge of Marketing & Sales |
| May 1994 | Deputy General Manager of Kansai Branch Office | December 2001 | President and Representative Director (current position) |
| June 1994 | Director | | |
| December 1995 | General Manager of Marketing & Sales Department, Tokyo Branch Office | | |
| April 2001 | Managing Director | | |

< Significant concurrent positions >
Chair of National General Contractors Association of Japan

● Number of shares of the Company held

471,697 shares

● Attendance at meetings of the Board of Directors

100% (15/15)

Reason for Nomination as a Candidate for Director

Takanori Okumura has demonstrated strong leadership at the forefront of management as President and Representative Director, and has a deep knowledge of general management in the construction industry, and therefore he is nominated as a candidate.



No.

2 Yuichi Mizuno

(July 22, 1953)

Reelection

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|--------------|--|------------|--|
| April 1979 | Joined the Company | June 2010 | Director and Executive Officer |
| March 2004 | General Manager of Civil Engineering Works Department, Nagoya Branch | April 2014 | Director and Managing Executive Officer |
| April 2006 | General Manager of Civil Engineering Works Department I, Tokyo Branch Office | April 2014 | General Manager of East Japan Branch Office |
| April 2007 | General Manager of Civil Engineering Management Department, Tokyo Branch Office | April 2015 | Director and Senior Managing Executive Officer |
| October 2008 | Deputy General Manager of East Japan Branch Office (in charge of Civil Engineering Business) | April 2020 | Director and Executive Vice President (current position) |
| | | April 2020 | General Manager of Marketing & Sales Headquarters (current position) |

● Number of shares of the Company held

22,186 shares

● Attendance at meetings of the Board of Directors

100% (15/15)

Reason for Nomination as a Candidate for Director

Yuichi Mizuno has served in positions including Deputy General Manager of East Japan Branch Office; General Manager of East Japan Branch Office; and General Manager of Marketing & Sales Headquarters, and possesses abundant specialist knowledge through his experience over many years in civil engineering-related, and marketing- and sales-related departments, in addition to a deep knowledge of the Company's operations, and therefore he is nominated as a candidate.



No.

3 Kenji Kotera

(March 18, 1956)

Reelection

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|------------|--|------------|--|
| April 1980 | Joined the Company | April 2017 | Managing Executive Officer |
| April 2009 | Deputy General Manager of West Japan Branch Office (in charge of Civil Engineering Business) | April 2017 | General Manager of Civil Engineering Headquarters (current position) |
| June 2013 | Executive Officer | June 2017 | Director and Managing Executive Officer |
| June 2014 | Director and Executive Officer | April 2022 | Director and Senior Managing Executive Officer (current position) |
| June 2016 | Executive Officer | | |

● Number of shares of the Company held

14,746 shares

● Attendance at meetings of the Board of Directors

100% (15/15)

Reason for Nomination as a Candidate for Director

Kenji Kotera has served in positions including Deputy General Manager of West Japan Branch Office and General Manager of Civil Engineering Headquarters, and possesses abundant specialist knowledge through his experience over many years in civil engineering-related departments, in addition to a deep knowledge of the Company's operations, and therefore he is nominated as a candidate.



No.

4 Atsushi Tanaka

(June 5, 1959)

Reelection

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|------------|--|------------|--|
| April 1982 | Joined the Company | April 2017 | Director and Managing Executive Officer |
| April 2004 | General Manager of Finance & Accounting Department, Administration Headquarters | April 2017 | General Manager of Administration Headquarters (current position) |
| June 2014 | Director and Executive Officer | June 2017 | Representative Director and Managing Executive Officer |
| June 2014 | Deputy General Manager of Administration Headquarters and General Manager of Finance & Accounting Department | April 2022 | Representative Director and Senior Managing Executive Officer (current position) |

● Number of shares of the Company held

15,569 shares

● Attendance at meetings of the Board of Directors

100% (15/15)

Reason for Nomination as a Candidate for Director

Atsushi Tanaka has served in positions including General Manager of Finance & Accounting Department, Administration Headquarters; Deputy General Manager of Administration Headquarters; and General Manager of Administration Headquarters, and possesses abundant specialist knowledge through his experience over many years in administrative departments, in addition to a deep knowledge of the Company's operations, and therefore he is nominated as a candidate.



No.

5 Toru Osumi

(February 3, 1958)

Reelection

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|--------------|---|------------|--|
| April 1981 | Joined the Company | April 2020 | Managing Executive Officer |
| March 2013 | General Manager of Civil Engineering Marketing & Sales Management Department, Kansai Branch, West Japan Branch Office | April 2020 | General Manager of West Japan Branch Office (current position) |
| April 2017 | General Manager of Kyushu Branch, West Japan Branch Office | June 2020 | Director and Managing Executive Officer (current position) |
| January 2018 | Executive Officer | | |

● Number of shares of the Company held

8,603 shares

● Attendance at meetings of the Board of Directors

100% (15/15)

Reason for Nomination as a Candidate for Director

Toru Osumi has served in positions including General Manager of Civil Engineering Marketing & Sales Management Department, Kansai Branch, West Japan Branch Office; General Manager of Kyushu Branch, West Japan Branch Office; and General Manager of West Japan Branch Office, and possesses abundant specialist knowledge through his experience over many years in civil engineering-related, and marketing- and sales-related departments, in addition to a deep knowledge of the Company's operations, and therefore he is nominated as a candidate.



No.

6 Masahiro Kaneshige

(March 8, 1966)

Reelection

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|------------|---|------------|--|
| April 1988 | Joined the Company | April 2020 | Managing Executive Officer |
| April 2015 | General Manager of Building Marketing & Sales Management Department, Tokyo Branch, East Japan Branch Office | April 2020 | General Manager of East Japan Branch Office (current position) |
| April 2019 | Executive Officer | June 2020 | Director and Managing Executive Officer (current position) |
| April 2019 | General Manager of Tokyo Branch, East Japan Branch Office | | |

● Number of shares of the Company held

7,331 shares

● Attendance at meetings of the Board of Directors

100% (15/15)

Reason for Nomination as a Candidate for Director

Masahiro Kaneshige has served in positions including General Manager of Building Marketing & Sales Management Department, Tokyo Branch, East Japan Branch Office; General Manager of Tokyo Branch, East Japan Branch Office; and General Manager of East Japan Branch Office, and possesses abundant specialist knowledge through his experience over many years in civil engineering-related, and marketing- and sales-related departments, in addition to a deep knowledge of the Company's operations, and therefore he is nominated as a candidate.



No.

7 Tamotsu Tsuchiya

(February 8, 1959)

| |
|------------|
| Reelection |
|------------|

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|------------|---|------------|---|
| April 1981 | Joined the Company | April 2020 | Executive Officer |
| April 2012 | General Manager of Building Cost Control Department, East Japan Branch Office | April 2020 | General Manager of Safety, Quality & Environment Headquarters |
| April 2018 | General Manager in charge of Cost Control, Building Cost Control Department, East Japan Branch Office | April 2021 | Managing Executive Officer |
| | | April 2021 | General Manager of Building Headquarters (current position) |
| April 2019 | Deputy General Manager of Safety, Quality & Environment Headquarters | June 2021 | Director and Managing Executive Officer (current position) |

● Number of shares of the Company held

6,308 shares

● Attendance at meetings of the Board of Directors

100% (12/12)

Reason for Nomination as a Candidate for Director

Tamotsu Tsuchiya has served in positions including Deputy General Manager of Safety, Quality & Environment Headquarters; General Manager of Safety, Quality & Environment Headquarters; and General Manager of Building Headquarters, and possesses abundant specialist knowledge through his experience over many years in building-related departments, in addition to a deep knowledge of the Company's operations, and therefore he is nominated as a candidate.



No.

8 Rieko Ueda

(December 18, 1961)

| |
|--------------|
| New election |
| Outside |
| Independent |
| Female |

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|-------------|---|----------|--|
| April 1984 | Joined Daikin Industries, Ltd. | May 2020 | Managing Director of Kansai Association of Corporate Executives (current position) |
| August 2001 | President and Representative Director of Mothernet Co., Ltd. (current position) | | |
| April 2016 | Visiting Professor at Otemon Gakuin University (current position) | | |

● Number of shares of the Company held

600 shares

Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles

Rieko Ueda has established and managed a company that provides comprehensive support to working mothers, and has extensive knowledge of diversity, women empowerment, and work-style reform, as well as deep insight into management, which is judged to be beneficial to ensuring the adequacy of management decisions of the Company, and therefore she is nominated as a candidate.

After her appointment, we expect that she will provide advice, etc. mainly from her perspective as a founder and corporate manager, and fulfill her management supervision function from an independent and objective standpoint as a member of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors.

- Notes:
1. There are no special interests between each of the candidates and the Company.
 2. Rieko Ueda is scheduled to be appointed as an Outside Director of Torishima Pump Mfg. Co., Ltd. effective June 28, 2022.
 3. Rieko Ueda is a candidate for Outside Director.
She is also a candidate for Independent Director as set forth in the rules of the Tokyo Stock Exchange.
 4. If the election of Rieko Ueda is approved, the Company plans to conclude a liability limitation contract with her to ensure that a non-executive director can fully perform his or her expected roles.
A summary of that agreement is as follows:
 - In the event that a non-executive director is deemed to be liable for damages due to negligence of duties, the limit of said liability shall be the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act
 - The above limitation of liability shall only apply when the duties that gave rise to said liability were performed in good faith and without gross negligence.
 5. In order to ensure that directors can fully perform their expected roles, the Company has concluded with an insurance company a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The contract designates all Directors as the insured and covers damages and litigation expenses incurred by the insured if the insured is subject to a claim for damages during the insurance period due to an act committed by them. However, the insurance contract includes a clause concerning a deductible and does not cover any damages up to the deductible amount. The Company bears the entire premium, including special clauses, and the insured is not responsible for paying any substantial premium. If Proposal 3 is approved as originally proposed, the said insurance contract will insure each of the candidates, and the Company will renew the contract continuously.

Proposal 4: Election of Five (5) Directors Who Are Audit and Supervisory Committee Members

The term of office of all of the five (5) current Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of five (5) Directors who are Audit and Supervisory Committee Members is proposed.

As regards this proposal, the consent of the Audit and Supervisory Committee has been obtained.

The candidates are as follows:

| No. | Name | | Positions and responsibilities | Attendance at meetings of the Board of Directors and the Audit and Supervisory Committee (number of times attended / number of meetings) | | | | |
|--------------|-----------------|---|--------------------------------|--|-------------|---|---|---|
| 1 | Tetsuo Koderu | <table border="1"> <tr><td>Reelection</td></tr> <tr><td>Outside</td></tr> <tr><td>Independent</td></tr> </table> | Reelection | Outside | Independent | Director (Audit and Supervisory Committee Member) | Board of Directors 100% (15 times / 15 times) Audit and Supervisory Committee 100% (14 times / 14 times) | |
| Reelection | | | | | | | | |
| Outside | | | | | | | | |
| Independent | | | | | | | | |
| 2 | Kazutoshi Abe | <table border="1"> <tr><td>New election</td></tr> </table> | New election | General Manager in charge of Internal Control | — | | | |
| New election | | | | | | | | |
| 3 | Hiroyo Yashiro | <table border="1"> <tr><td>Reelection</td></tr> <tr><td>Outside</td></tr> <tr><td>Independent</td></tr> <tr><td>Female</td></tr> </table> | Reelection | Outside | Independent | Female | Director (Audit and Supervisory Committee Member) | Board of Directors 100% (15 times / 15 times) Audit and Supervisory Committee 100% (14 times / 14 times) |
| Reelection | | | | | | | | |
| Outside | | | | | | | | |
| Independent | | | | | | | | |
| Female | | | | | | | | |
| 4 | Kenji Nishihara | <table border="1"> <tr><td>Reelection</td></tr> <tr><td>Outside</td></tr> <tr><td>Independent</td></tr> </table> | Reelection | Outside | Independent | Director (Audit and Supervisory Committee Member) | Board of Directors 100% (15 times / 15 times) Audit and Supervisory Committee 100% (14 times / 14 times) | |
| Reelection | | | | | | | | |
| Outside | | | | | | | | |
| Independent | | | | | | | | |
| 5 | Eiji Maeda | <table border="1"> <tr><td>New election</td></tr> <tr><td>Outside</td></tr> <tr><td>Independent</td></tr> </table> | New election | Outside | Independent | — | — | |
| New election | | | | | | | | |
| Outside | | | | | | | | |
| Independent | | | | | | | | |



No.

1 Tetsuo Kodera

(March 21, 1953)

| |
|-------------|
| Reelection |
| Outside |
| Independent |

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|----------------|---|---------------|---|
| April 1984 | Became prosecutor | February 2016 | Outside Corporate Auditor of Samty Co., Ltd. |
| July 2013 | Chief Prosecutor of Sapporo District Public Prosecutor's Office | June 2018 | Outside Director (Audit and Supervisory Committee Member) of the Company (current position) |
| September 2015 | Registered as attorney-at-law | February 2019 | Outside Director of Samty Co., Ltd. (current position) |
| November 2015 | Established Kodera Law Office (current position) | | |

● Number of shares of the Company held
600 shares

● Attendance at meetings of the Board of Directors
100% (15/15)

● Attendance at meetings of the Audit and Supervisory Committee
100% (14/14)

Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles

Tetsuo Kodera has been engaged in corporate legal practice as an attorney-at-law and possesses excellent expertise on law and deep insight into management, which is judged to be beneficial to ensuring the legality of the business execution and the adequacy of management decisions of the Company, and therefore he is nominated as a candidate.

After his appointment, we expect that he will provide advice, etc. mainly from his professional perspective as an attorney-at-law and fulfill his management supervision function from an independent and objective standpoint as the chair of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors.

He has no experience of being involved in the management of a company in any way other than being an outside director or outside corporate auditor, but for the reasons stated above, we believe that he will be able to appropriately perform his duties as an Outside Director who is a member of the Audit and Supervisory Committee.



No.

2 Kazutoshi Abe

(November 2, 1958)

| |
|--------------|
| New election |
|--------------|

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|------------|---|------------|---|
| April 1981 | Joined the Company | April 2021 | General Manager of Audit Office and General Manager in charge of Internal Control |
| April 2017 | General Manager of Audit Office | July 2021 | General Manager in charge of Internal Control (current position) |
| July 2019 | General Manager in charge of Internal Control | | |

● Number of shares of the Company held
10,582 shares

Reason for Nomination as a Candidate for Director

Kazutoshi Abe possesses considerable insight regarding finance and accounting through his experience over many years in accounting-related departments, in addition to a deep knowledge of the Company's operations, and therefore he is nominated as a candidate.



No.

3 Hiroyo Yashiro

(April 10, 1954)

| |
|-------------|
| Reelection |
| Outside |
| Independent |
| Female |

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|------------|---|-----------|---|
| April 1984 | Registered as attorney-at-law | June 2016 | Outside Director (Audit and Supervisory Committee Member) of the Company (current position) |
| April 2001 | Joined Iino Yashiro Law Office (current position) | | |

● Number of shares of the Company held

600 shares

● Attendance at meetings of the Board of Directors

100% (15/15)

● Attendance at meetings of the Audit and Supervisory Committee

100% (14/14)

Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles

Hiroyo Yashiro has been engaged in corporate legal practice as an attorney-at-law and possesses excellent expertise on law and deep insight into management, which is judged to be beneficial to ensuring the legality of the business execution and the adequacy of management decisions of the Company, and therefore she is nominated as a candidate.

After her appointment, we expect that she will provide advice, etc. mainly from her professional perspective as an attorney-at-law and fulfill her management supervision function from an independent and objective standpoint as a member of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors.

She has no experience of being involved in the management of a company in any way other than being an outside director or outside corporate auditor, but for the reasons stated above, we believe that she will be able to appropriately perform her duties as an Outside Director who is a member of the Audit and Supervisory Committee.



No.

4 Kenji Nishihara

(July 19, 1956)

| |
|-------------|
| Reelection |
| Outside |
| Independent |

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|-------------|---|-----------|---|
| March 1985 | Registered as certified public accountant | July 2019 | Established Nishihara CPA Office (current position) |
| August 1998 | Representative Partner of Century Audit Corporation (currently Ernst & Young ShinNihon LLC) | June 2020 | Outside Director (Audit and Supervisory Committee Member) of the Company (current position) |

● Number of shares of the Company held

600 shares

● Attendance at meetings of the Board of Directors

100% (15/15)

● Attendance at meetings of the Audit and Supervisory Committee

100% (14/14)

Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles

Kenji Nishihara has been engaged in corporate accounting practice as a certified public accountant and possesses excellent expertise on accounting and deep insight into management, which is judged to be beneficial to ensuring the appropriateness of the business execution and the adequacy of management decisions of the Company, and therefore he is nominated as a candidate.

After his appointment, we expect that he will provide advice, etc. mainly from his professional perspective as a certified public accountant and fulfill his management supervision function from an independent and objective standpoint as a member of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors.

He has no experience of being involved in the management of a company in any way other than being an outside director or outside corporate auditor, but for the reasons stated above, we believe that he will be able to appropriately perform his duties as an Outside Director who is a member of the Audit and Supervisory Committee.



No.

5 Eiji Maeda

(August 24, 1961)

| |
|--------------|
| New election |
| Outside |
| Independent |

● Career summary, positions, responsibilities and significant concurrent positions

| | | | |
|------------|--|-----------|---|
| April 1985 | Joined the Bank of Japan | June 2020 | President and |
| May 2016 | Executive Director of the Bank of Japan | | Representative Director of Chiba-Bank Research Institute, Ltd. (current position) |
| June 2020 | Adviser of Chiba-Bank Research Institute, Ltd. | | |

● Number of shares of the Company held

600 shares

Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles

Eiji Maeda has served in various important positions at the Bank of Japan and also been involved in management of a company engaged in financial and economic research and management consulting, etc. He possesses abundant specialist knowledge in finance and economics and deep insight into management, which is judged to be beneficial to ensuring the adequacy of management decisions of the Company, and therefore he is nominated as a candidate.

After his appointment, we expect that he will provide advice, etc. mainly from his professional perspective as a corporate manager and fulfill his management supervision function from an independent and objective standpoint as a member of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors.

- Notes:
1. There are no special interests between each of the candidates and the Company.
 2. Kenji Nishihara is scheduled to be appointed as an Outside Director (Audit and Supervisory Committee Member) of SHINYEI KAISHA effective June 28, 2022.
 3. Tetsuo Koderu, Hiroyo Yashiro, Kenji Nishihara and Eiji Maeda are candidates for Outside Director.
 4. Tetsuo Koderu, Hiroyo Yashiro and Kenji Nishihara are Independent Directors as set forth in the rules of the Tokyo Stock Exchange and have been filed accordingly.
Eiji Maeda is a candidate for Independent Director as set forth in the rules of the Tokyo Stock Exchange.
 5. Tetsuo Koderu will have served as an Outside Director who is an Audit and Supervisory Committee Member for four (4) years at the conclusion of this General Meeting of Shareholders.
Hiroyo Yashiro will have served as an Outside Director who is an Audit and Supervisory Committee Member for six (6) years at the conclusion of this General Meeting of Shareholders.
Kenji Nishihara will have served as an Outside Director who is an Audit and Supervisory Committee Member for two (2) years at the conclusion of this General Meeting of Shareholders.
 6. If the election of each candidate is approved, the Company plans to conclude a liability limitation contract with each candidate to ensure that a non-executive director can fully perform his or her expected roles.
A summary of that agreement is as follows:
 - In the event that a non-executive director is deemed to be liable for damages due to negligence of duties, the limit of said liability shall be the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act
 - The above limitation of liability shall only apply when the duties that gave rise to said liability were performed in good faith and without gross negligence.The Company is under the same contract for limitation of liability with Tetsuo Koderu, Hiroyo Yashiro and Kenji Nishihara.
 7. In order to ensure that directors can fully perform their expected roles, the Company has concluded with an insurance company a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The contract designates all Directors as the insured and covers damages and litigation expenses incurred by the insured if the insured is subject to a claim for damages during the insurance period due to an act committed by them. However, the insurance contract includes a clause concerning a deductible and does not cover any damages up to the deductible amount. The Company bears the entire premium, including special clauses, and the insured is not responsible for paying any substantial premium. If Proposal 4 is approved as originally proposed, the said insurance contract will insure each of the candidates, and the Company will renew the contract continuously.
















Reference: Composition of the Board of Directors
 [Percentage of Women on the Board of Directors: approx. 15%]

If Proposal 3 and 4 are approved as originally proposed, the composition of the Company's Board of Directors and the expertise and experience of each Director will be as follows:

| Name | | Position and Responsibilities |
|--------------------|----------------------------|--|
| Takanori Okumura | | President and Representative Director |
| Yuichi Mizuno | | Director and Executive Vice President General Manager of Marketing & Sales Headquarters |
| Kenji Kotera | | Director and Senior Managing Executive Officer General Manager of Civil Engineering Headquarters |
| Atsushi Tanaka | | Representative Director and Senior Managing Executive Officer General Manager of Administration Headquarters |
| Toru Osumi | | Director and Managing Executive Officer General Manager of West Japan Branch Office |
| Masahiro Kaneshige | | Director and Managing Executive Officer General Manager of East Japan Branch Office |
| Tamotsu Tsuchiya | | Director and Managing Executive Officer General Manager of Building Headquarters |
| Rieko Ueda | Outside Independent Female | Director |
| Tetsuo Kodera | Outside Independent | Director (Audit and Supervisory Committee Member) |
| Kazutoshi Abe | | Director (Full-time Audit and Supervisory Committee Member) |
| Hiroyo Yashiro | Outside Independent Female | Director (Audit and Supervisory Committee Member) |
| Kenji Nishihara | Outside Independent | Director (Audit and Supervisory Committee Member) |
| Eiji Maeda | Outside Independent | Director (Audit and Supervisory Committee Member) |



- Notes:
1. The above does not represent the entire expertise and experience of each Director.
 2. In the Nomination and Compensation Committee and ESG/SDGs Promotion Committee columns, “◎” indicates the chair and “○” indicates a member.
 3. The “Consistency with the Medium-Term Business Plan” section indicates items that are particularly relevant to the basic policies of the business strategies set forth in the Medium-Term Business Plan (FY2022-2024).

| Corporate management | Finance/ Accounting | Legal/Risk management/ Compliance | Sales/ Marketing | Construction technology | Overseas business | Personnel affairs/ Diversity | Nomination and Compensation Committee | ESG/SDGs Promotion Committee |
|---|---|---|---|---|---|--|---------------------------------------|------------------------------|
| ● | | | ● | ● | | ● | ○ | ◎ |
| ● | | | ● | ● | | | | ○ |
| ● | | | | ● | ● | | | ○ |
| ● | ● | ● | | | | ● | ○ | ○ |
| ● | | | ● | ● | ● | | | ○ |
| ● | | | ● | ● | | | | ○ |
| ● | | | | ● | ● | | | ○ |
| ● | | | ● | | | ● | ○ | |
| | | ● | | | | | ◎ | |
| | ● | ● | | | | | | |
| | | ● | | | | ● | ○ | |
| | ● | ● | | | | | ○ | |
| ● | ● | | ● | | ● | | ○ | |
|  |  |  |  |  | | | | |
|  |  |  |  | |  | | | |
|  |  |  | |  | |  | | |

Our Approach to the Composition of the Board of Directors

As the Company looks ahead to the achievement of the “Vision toward 2030” formulated in April 2019, it is promoting the Medium-Term Business Plan (FY2019–FY2021) with the basic policies of business strategy, namely to “increase corporate value,” “expand business domains,” and “utilize human resources.” Based on this business strategy, the Company identifies the main skills, etc. that the Board of Directors should have, and endeavors to ensure the appropriate composition of the Board of Directors as a whole, taking into consideration the balance and diversity of its knowledge, experience, and abilities.

In addition, the Company has appointed Executive Officers to head the following headquarters: in order to “increase corporate value,” the ICT Management Center, which is responsible for improving productivity through the use of ICT, and the Technology Headquarters, which is responsible for improving technological superiority by promoting technological development; in order to “expand business domains,” the Investment Development Headquarters, which is responsible for strengthening real estate business and promoting new businesses; and in order to “utilize human resources,” the Safety, Quality & Environment Headquarters, which is responsible for quality and environmental management, as well as safety management, a key prerequisite for achieving the goal. Those Executive Officers share information on the status of promotion in their respective fields at meetings of the Board of Directors, thereby enhancing the effectiveness of the Board.

Furthermore, the Company has established the Nomination and Compensation Committee, chaired by an independent outside director and composed of a majority of independent outside directors, to improve objectivity and transparency in the process of determining director nominations, compensation, etc. Candidates for directors are deliberated by the Nomination and Compensation Committee in consultation with the Board of Directors and are determined by resolution of the Board of Directors based on the Committee’s report. Moreover, the ESG/SDGs Promotion Committee, which includes seven executive directors as members, has been established to address issues related to sustainability through business activities.

Proposal 5: Determination of Compensation for Granting Restricted Stock to Directors

The amount of compensation payable to the Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) has been set at a maximum total of 300 million yen per year since the 79th Annual General Meeting of Shareholders held on June 29, 2016.

This proposal is made with the aim of providing the Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) (the “Eligible Directors”) with incentives to achieve sustainable improvement in corporate value and further sharing of value between the Eligible Directors and shareholders. The Company requests approval for the payment of a new compensation for granting restricted stock to the Eligible Directors separately from the above compensation limit.

The Company proposes to set the total amount of monetary compensation payable to the Eligible Directors in accordance with this proposal for the grant of restricted stock at a maximum of 60 million yen per year, which is considered reasonable in light of the above purpose.

In addition, the Eligible Directors shall provide all the monetary compensation claims arising from this proposal as property contributed in kind and shall receive issuance or disposal of common stock of the Company in accordance with the resolution of the Board of Directors. The total amount of shares of common stock of the Company to be issued or disposed of as a result thereof shall be a maximum of 25,000 shares per year (provided, however, that in the event of a stock split of common stock of the Company (including a gratis allotment of common stock of the Company) or a share consolidation of common stock of the Company after the date of resolution of this proposal, such split or consolidation ratio shall be adjusted according to such split or consolidation ratio, etc.) The amount payable per share shall be the closing price of common stock of the Company at the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors regarding the allotment (or the closing price on the immediately preceding trading day if there is no trading on that day). The specific timing of payment and allocation to each Eligible Director shall be determined by a resolution of the Board of Directors.

The purpose of introducing this system is as described above. In addition, at the Board of Directors meeting held on May 13, 2022, the Company resolved to change the policy for determining the details of individual compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) described on pages 36 to 37 of the Business Report to the details described on page 23 on the premise of the approval of this proposal. This proposal is necessary and reasonable for the payment of compensation, etc. in line with the policy after the change. Based on the above, the Company judges that the contents of this proposal are reasonable.

If Proposal 3 “Election of Eight (8) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved as proposed, the number of Eligible Directors will be seven (7) out of eight (8) Directors (excluding Directors who are Audit and Supervisory Committee Members), excluding one (1) Outside Director.

With respect to the issuance or disposition of the common stock of the Company, the Company and the Eligible Directors shall enter into a restricted share allotment agreement (the “Allotment Agreement”), which includes the following details.

(1) Transfer restriction period

The Eligible Directors shall not transfer, grant a security interest in, or otherwise dispose of the common stock of the Company allotted under the Allotment Agreement (the “Allotted Stock”) during the period from the day on which they are allotted under the Allotment Agreement to the day on which they retire (“Retirement” means that they cease to be a Director, Executive Officer, or any other position stipulated by the Company; hereinafter the same shall apply in this proposal unless otherwise specified) (the “Transfer Restriction Period”).

(2) Removal of transfer restrictions

The Company shall, in principle, remove the transfer restriction on all of the Allotted Stock (provided, however, that if the Company acquires all or part of the Allotted Stock without compensation pursuant to (3) (i) below, the remaining portion after the acquisition without compensation) upon the expiration of the Transfer Restriction Period, on the condition that the Eligible Director retires for a reason deemed justifiable by the Board of Directors.

(3) Gratis acquisition of the Allotted Stock

(i) In the event that an Eligible Director retires from the office of Director during the period of execution

of duties that are subject to the compensation related to the Allotted Stock (“Retirement” in (3) (i) refers to retirement from the office of Director or Executive Officer of the Company), the Company shall acquire the Allotted Stock without consideration in the number corresponding to the remaining term of office of the Eligible Director. In addition, the Company shall acquire all or part of the Allotted Stock without consideration in the event of certain events stipulated in the Allotment Agreement during the Transfer Restriction Period, such as the occurrence of illegal acts.

(ii) The Company shall acquire the Allotted Stock for which the transfer restriction has not been removed in accordance with the provisions of (2) above at the time of expiration of the Transfer Restriction Period without compensation immediately thereafter.

(4) Handling in organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, a General Meeting of Shareholders (or the Board of Directors if approval by a General Meeting of Shareholders is not required for such organizational restructuring) approves a merger agreement under which the Company will be dissolved, a share exchange agreement under which the Company will become a wholly-owned subsidiary of the Company, a share transfer plan, or any other matters related to organizational restructuring, etc., the Company shall remove the transfer restriction on the Allotted Stock in the number reasonably determined based on the period from the commencement date of the Transfer Restriction Period to the effective date of such organizational restructuring, etc. prior to the effective date of such organizational restructuring, etc. In this case, the Company shall naturally acquire the Allotted Stock for which the transfer restriction has not been removed immediately after the removal of the transfer restriction without consideration.

(5) Other matters to be determined by the Board of Directors

In addition to the above, the Allotment Agreement shall include the method of manifestation of intention and notification under the Allotment Agreement, the method of revising the Allotment Agreement, and other matters to be determined by the Board of Directors.

The stock allocated to the Eligible Directors under this plan will be managed in a dedicated account opened by the Eligible Directors at a securities company designated by the Company during the Restricted Transfer Period so that the Eligible Directors will not be able to transfer, grant a security interest in, or otherwise dispose of the stock during the Restricted Transfer Period.

(Reference)

If this proposal is approved as originally proposed at this Annual General Meeting of Shareholders, the Company plans to introduce a similar restricted share compensation plan for Executive Officers of the Company.

If this proposal is approved as originally proposed, the “policy for the determination of the content of compensation, etc. of Directors” described on pages 36 to 37 of the Business Report shall be changed to the details described on the next page.

The Nomination and Compensation Committee (which is chaired by an Independent Outside Director, with a majority of its members being Independent Outside Directors), which mainly consists of Independent Outside Directors, deliberates the policy upon consultation with the Board of Directors. The policy is then determined by a resolution of the Board of Directors after receiving a report from the Committee.

Revised Policy

The compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) shall consist of fixed compensation and performance-linked compensation (bonuses) as monetary compensation and stock-based compensation as non-monetary compensation, with the basic policy of maintaining an appropriate level based on their responsibilities, etc., providing incentives to achieve sustainable improvements in business performance and corporate value, and contributing to value sharing with shareholders.

Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) shall receive only fixed compensation, given that they fulfill management supervision functions from an independent standpoint and that their duties are not directly linked to business performance.

In addition, the process of determining compensation shall be objective and transparent.

Among compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members), fixed compensation shall be paid monthly based on a compensation table established for each position and role according to their responsibilities and roles, and the amount to be paid shall be determined based on the table.

Among compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), performance-linked compensation shall be paid in July of each year based on the regulations that stipulate calculation criteria and other matters after determining the amount to be paid in accordance with the actual amount of consolidated operating profit, which is the most important indicator of the performance for the fiscal year, if certain conditions for payment are met.

Among compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), restricted stock shall be paid as non-monetary compensation. The Company shall establish regulations that stipulate the handling of such stock and monetary compensation claims to be contributed for the payment of such stock. The Company shall determine the number of shares to be allotted by a resolution of the Board of Directors based on the base amount according to the position and allot them on a date determined by the resolution of the Board of Directors.

The ratio of fixed compensation, performance-linked compensation, and non-monetary compensation shall be set to be approximately 63%, 25%, and 12% if the target performance index is achieved.

The details of compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be deliberated by the Nomination and Compensation Committee in response to the consultation of the Board of Directors and determined by a resolution of the Board of Directors based on its report.

Business Report

(April 1, 2021–March 31, 2022)

1. Status of the Corporate Group

(1) Business Progress and Results

During the fiscal year ending on March 31, 2022 (the “fiscal year under review”), the Japanese economy stayed unstable amid the COVID-19 pandemic, where new variant strains spread while vaccination progressed. At the same time, the worsening situation in Ukraine and other factors have increased economic uncertainty. Under these circumstances, the construction industry faced a challenging business environment with intensifying competition for orders and rising prices of steel and other materials, although construction investment remained relatively stable, supported by the government’s various policies.

At the Group, net sales increased by 9.9% year on year to ¥242,458 million due to an increase in the building business and other factors. Gross profit increased by 1.1% year on year to ¥31,837 million primarily due to an increase in net sales. Operating profit decreased by 1.8% year on year to ¥12,647 million due to an increase in selling, general and administrative expenses. Ordinary profit decreased by 5.2% year on year to ¥14,012 million but profit attributable to owners of parent increased by 21.9% year on year to ¥12,541 million, mainly due to an increase in gain on sale of investment securities.

Orders received, net sales, and balance carried forward by business segment

(Millions of yen)

| Classification | | Balance brought forward | Orders received for the fiscal year under review | Net sales for the fiscal year under review | Balance carried forward |
|-------------------|-------------------|-------------------------|--|--|-------------------------|
| Construction | Civil Engineering | 196,838 | 96,937 | 93,306 | 200,468 |
| | Building | 164,226 | 126,765 | 136,600 | 154,390 |
| | Total | 361,064 | 223,702 | 229,907 | 354,859 |
| Real Estate, etc. | | – | – | 7,322 | – |
| Total | | 361,064 | 223,702 | 237,230 | 354,859 |

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020) has been applied from the beginning of the fiscal year under review. As a result, the balance brought forward of FY2021 was ¥2,949 million less than the balance carried forward of FY2020.

(2) Capital Investments

Capital investments during the fiscal year under review came to ¥7,371 million. They were primarily related to biomass power generation equipment of consolidated subsidiaries, ISHIKARI BIO ENERGY GODO KAISHA and HIRATA BIO ENERGY GODO KAISHA.

(3) Financing

The Group has concluded commitment line agreements totaling ¥8.0 billion with three banks for efficient financing of working capital. As of the end of the fiscal year under review, there was no outstanding balance under these agreements.

(4) Issues to Be Addressed

1) Outlook for the business environment

The Japanese economy is expected to gradually recover, supported by the government's policies and other measures, despite some fluctuations due to the impact of COVID-19. However, the situation remains unpredictable, considering the uncertainties pertaining to the situation of COVID-19 and geopolitical risks. Construction investment may remain firm in the construction industry, particularly in the public sector. However, the business environment could become even more challenging amid concerns about further increases in construction costs.

2) Medium-Term Business Plan (FY2022–FY2024)

During accelerating changes in the business environment and diversification of social needs, the Group will contribute to the sustainable development of society by continuing its business over the long term. The Group has formulated the Medium-Term Business Plan (FY2022–FY2024) as the second step to achieve the “Vision toward 2030.” In this plan, we will continue to follow the basic policies of the business strategy set forth in the previous Medium-Term Business Plan, while further deepening our efforts to date.

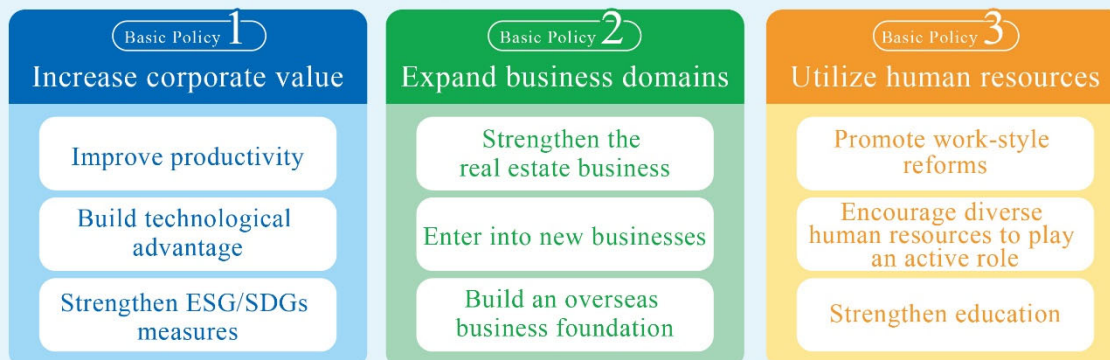


Specifically, we will continue to increase our corporate value by improving productivity and technological superiority through business reforms, strategic technology development, and promotion of digital transformation (DX), as well as strengthening ESG/SDGs initiatives. At the same time, we will expand business domains by further expanding real estate and new businesses and building an overseas business foundation. We will also continue to utilize human resources through initiatives to promote work-style reform, utilize diverse human resources that support business strategies, and strengthen education.

In the Medium-Term Business Plan, we will promote our business activities and initiatives related to ESG/SDGs in an integrated manner by reflecting measures to resolve issues related to sustainability. In April 2022, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Through this and other efforts, we are determined to strengthen initiatives to realize a sustainable society.

Outline of the Medium Term Business Plan (FY2022–2024)

• Basic Policies of Business Strategy



• Financial Targets

(Billions of yen)

| Consolidated item | FY2021 (Actual) | FY2024 (Target) |
|--|-----------------|-----------------|
| Net sales | 242.4 | 280.0 |
| Operating profit [Operating profit margin] | 12.6[5.2%] | 19.0[6.8%] |
| Ordinary profit [Ordinary profit margin] | 14.0[5.8%] | 20.0[7.1%] |
| [Consolidated ROE] 8% or more (FY2024) | | |

• Non-financial Targets

Provide a stable supply of power generated from renewable energy sources

FY2024

The amount of power generated from the renewable energy business: 180,000 MWh or more per year
Aim to contribute to reducing CO₂ emissions by 80,000 tons or more per year

Promote measures to reduce CO₂ emissions at the construction stage

FY2024

CO₂ emissions from the construction business: 21.21 tons or less per 0.1 billion yen
Aim to reduce CO₂ emission to less than 60,000 tons per year

Promote measures to reduce CO₂ emissions at the design stage

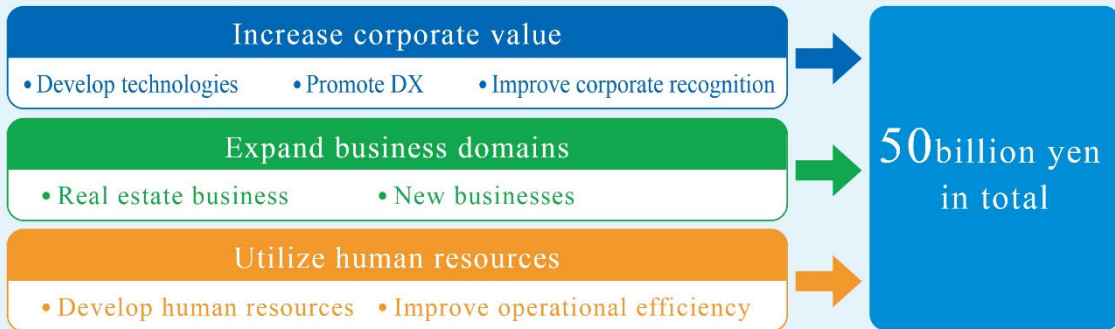
FY2024

Operational energy consumption in buildings designed and constructed by the Company: reduce by 30%* or more
Aim to reduce CO₂ emissions from building operations by 30%* or more through ZEB promotion and other measures

*Compared to FY2013 levels

• Investment Plan

To achieve the “Vision toward 2030,” the Company plans to invest approximately 50 billion yen over three years under the Medium Term Business Plan (FY2022–2024).



• Capital Policy

Shareholder Return Policy

We have set the following shareholder return policy to maintain proactive investment and steady returns to shareholders to realize the “Vision toward 2030.”

Basic Policy Distribute profits by business results and flexibly implement share buybacks on the premise of stable dividends.

Policy during the Medium Term Business Plan (FY2022–2024)

| | |
|--|--|
| Consolidated dividend payout ratio of 70% or more | Maintain a minimum DOE ratio of 2.0% regardless of business results. <small>*DOE = Total annual dividends (interim + year-end) / equity</small> |
|--|--|

Reduce Cross-Shareholdings

- Aim to further reduce cross-shareholdings to 20% or less of consolidated net assets.
- Use proceeds from the sale as funds for investment plans to realize the “Vision toward 2030.”

For the sustainable growth and medium- to long-term improvement of corporate value, the Company is determined to promote the Medium-Term Business Plan (FY2022–FY2024) together with all its executives and employees to realize the “Vision toward 2030.” We sincerely appreciate the understanding and support of our shareholders.

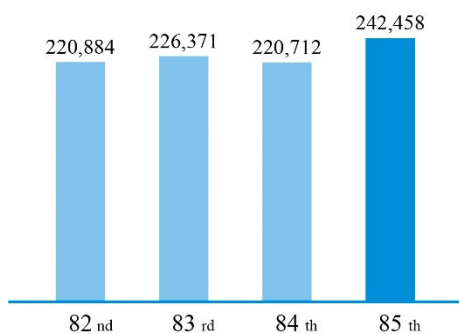
(5) Status of Assets and Earnings

1) The Group's assets and earnings

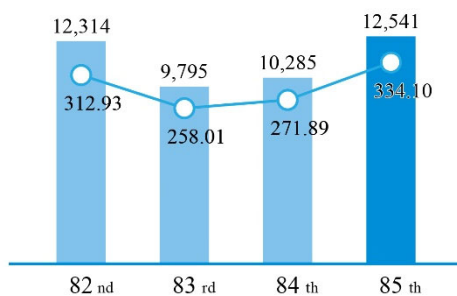
(Millions of yen, unless otherwise specified)

| Item | The 82nd fiscal year ended March 31, 2019 | The 83rd fiscal year ended March 31, 2020 | The 84th fiscal year ended March 31, 2021 | The 85th fiscal year ended March 31, 2022 |
|---|---|---|---|---|
| Net sales | 220,884 | 226,371 | 220,712 | 242,458 |
| Profit attributable to owners of parent | 12,314 | 9,795 | 10,285 | 12,541 |
| Profit per share (yen) | 312.93 | 258.01 | 271.89 | 334.10 |
| Total assets | 297,690 | 294,919 | 329,005 | 332,348 |
| Net assets | 168,400 | 156,111 | 167,963 | 167,425 |

Net sales (Millions of Yen)



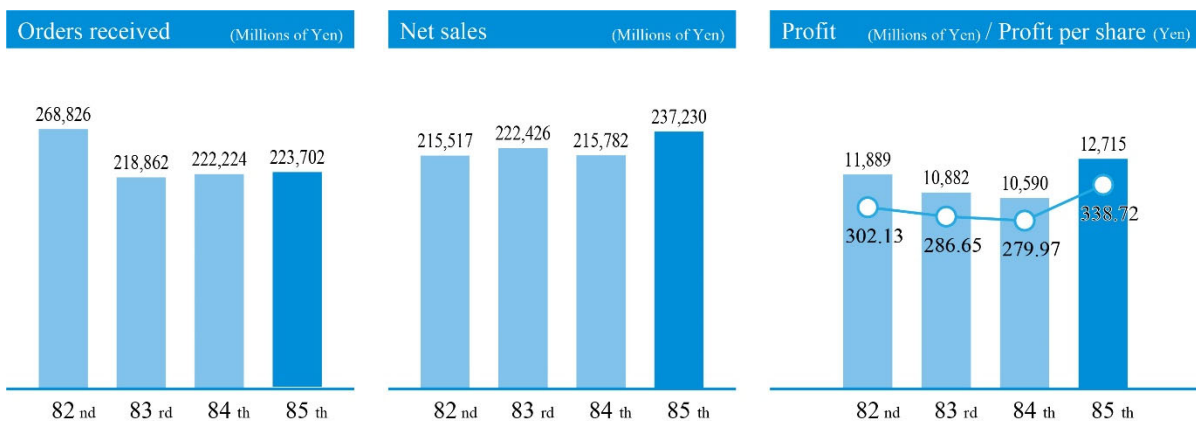
Profit attributable to owners of parent / Profit per share (Millions of Yen) (Yen)



2) The Company's assets and earnings

(Millions of yen, unless otherwise specified)

| Item | The 82nd fiscal year ended March 31, 2019 | The 83rd fiscal year ended March 31, 2020 | The 84th fiscal year ended March 31, 2021 | The 85th fiscal year ended March 31, 2022 |
|------------------------|--|--|--|--|
| Orders received | 268,826 | 218,862 | 222,224 | 223,702 |
| Net sales | 215,517 | 222,426 | 215,782 | 237,230 |
| Profit | 11,889 | 10,882 | 10,590 | 12,715 |
| Profit per share (yen) | 302.13 | 286.65 | 279.97 | 338.72 |
| Total assets | 288,629 | 279,608 | 306,430 | 301,506 |
| Net assets | 162,972 | 151,511 | 164,553 | 161,192 |



(6) Major Subsidiaries

| Company | Share capital | Ownership | Principal business |
|---------------------------------|---------------|-----------|---|
| Okumura Machinery Corporation | ¥100 million | 100.0% | Manufacture and sale of construction machinery, equipment, etc. |
| Taihei Real Estate Corporation | ¥20 million | 100.0% | Real estate brokerage, sale, leasing, etc. |
| ISHIKARI BIO ENERGY GODO KAISHA | ¥5 million | 50.0% | Generation of power from renewable energy and electricity sales |
| HIRATA BIO ENERGY GODO KAISHA | ¥10 million | 56.0% | Generation of power from renewable energy and electricity sales |

Notes: 1. The Company's consolidated subsidiaries are the four major subsidiaries above.

2. The Company established HIRATA BIO ENERGY GODO KAISHA on January 17, 2022, as a new consolidated subsidiary.

(7) Principal Business

The Group is primarily engaged in the businesses of construction and real estate.

The Company is the main operating company of the Group. On November 30, 2017, as a special contractor under the Construction Business Act, the Company's Special Construction Business License (Toku-29) No. 2200, issued by the Minister of Land, Infrastructure, Transport and Tourism, was renewed. The Company is thus licensed to engage in civil engineering, construction, and related businesses.

In addition, on October 5, 2017, as a registered real estate broker under the Real Estate Brokerage Act, the Company's license (13) No. 1688, which was issued by the Minister of Land, Infrastructure, Transport and Tourism, was renewed. The Company is thus licensed to engage in the real estate business.

(8) Employees

1) Employees of the Group

| Classification | No. of employees | Year-on-year change |
|------------------------|------------------|---------------------|
| Civil Engineering | 935 | -14 |
| Building | 1,153 | 64 |
| Investment Development | 39 | 2 |
| Other | 67 | 4 |
| Total | 2,194 | 56 |

Note: Investment Development includes the real estate business.

2) Employees of the Company

| No. of employees | Year-on-year change | Average age | Average years of service |
|------------------|---------------------|-------------|--------------------------|
| 2,123 | 51 | 42.5 | 16.3 |

(9) Principal Offices

1) The Company

Head Office

2-2-2 Matsuzaki-cho, Abeno-ku, Osaka-shi

Tokyo Head Office

5-6-1 Shiba, Minato-ku, Tokyo

Branch Offices

East Japan Branch Office (Minato-ku, Tokyo)

West Japan Branch Office (Osaka-shi)

Branches

Sapporo Branch (Sapporo-shi)

Tohoku Branch (Sendai-shi)

Tokyo Branch (Minato-ku, Tokyo)

Nagoya Branch (Nagoya-shi)

Kansai Branch (Osaka-shi)

Hiroshima Branch (Hiroshima-shi)

Shikoku Branch (Takamatsu-shi)

Kyushu Branch (Kitakyushu-shi)

Technical Research Institute

(Tsukuba-shi)

2) Subsidiaries

Okumura Machinery Corporation (Osaka-shi)

Taihei Real Estate Corporation (Minato-ku, Tokyo)

ISHIKARI BIO ENERGY GODO KAISHA (Ishikari-shi)

HIRATA BIO ENERGY GODO KAISHA (Hirata-mura, Ishikawa-gun, Fukushima)

(10) Principal Lenders

| Lender | Loan balance outstanding |
|-------------------------------------|--------------------------|
| Resona Bank, Limited | ¥4,000 million |
| Sumitomo Mitsui Banking Corporation | ¥4,000 million |

2. Matters Concerning Shares

- (1) Total Number of Shares Authorized to Be Issued 96,000,000 shares
- (2) Total Number of Issued Shares 39,665,226 shares
(including 2,892,468 treasury shares)
- (3) Number of Shareholders 13,426 persons
- (4) Major Shareholders

| Shareholder | No. of shares held | Shareholding ratio |
|--|--------------------|--------------------|
| | Thousand shares | % |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 5,289 | 14.4 |
| Okumura Employees' Shareholding Association | 1,786 | 4.9 |
| NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST | 1,502 | 4.1 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1,390 | 3.8 |
| Resona Bank, Limited | 1,214 | 3.3 |
| Sumitomo Realty & Development Co., Ltd. | 1,210 | 3.3 |
| NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS | 769 | 2.1 |
| Nippon Life Insurance Company | 643 | 1.7 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 567 | 1.5 |
| Sumitomo Mitsui Banking Corporation | 556 | 1.5 |

- Notes: 1. The Company owns 2,892,468 treasury shares, which have been excluded from the above.
2. Treasury shares have been excluded when calculating shareholding ratios.

(5) Other Important Matters Concerning Shares

Based on the resolution of the Board of Directors meeting held on March 7, 2022, the Company canceled treasury shares as of April 5, 2022, reducing the total number of issued shares by 1,000,000 shares to 38,665,226 shares.

3. Matters Concerning Company Officers

(1) Directors (as of March 31, 2022)

| Position | Name | Responsibility | Significant concurrent positions |
|--|---------------------|---|--|
| President and Representative Director | Takanori Okumura | | Chair, National General Contractors Association of Japan |
| Director | Yuichi Mizuno | General Manager, Marketing & Sales Headquarters | |
| Director | Kenji Kotera | General Manager, Civil Engineering Headquarters | |
| Representative Director | Atsushi Tanaka | General Manager, Administration Headquarters | |
| Director | Toru Osumi | General Manager, West Japan Branch Office | |
| Director | Masahiro Kaneshige | General Manager, East Japan Branch Office | |
| Director | Tamotsu Tsuchiya | General Manager, Building Headquarters | |
| Director (Audit and Supervisory Committee Member) | Tetsuo Koderu | Chair, Audit and Supervisory Committee | Attorney-at-law (Representative, Koderu Law Office) Outside Director, Samty Co., Ltd. |
| Director (Full-time Audit and Supervisory Committee Member) | Harumitsu Yoshimura | | |
| Director (Audit and Supervisory Committee Member) | Hiroyo Yashiro | | Attorney-at-law (Iino Yashiro Law Office) |
| Director (Audit and Supervisory Committee Member) | Hideshi Nio | | Certified public tax accountant (Representative, Nio Tax Accountant Office) |
| Director (Audit and Supervisory Committee Member) | Kenji Nishihara | | Certified public accountant (Representative, Nishihara CPA Office) |

- Notes: 1. As of the conclusion of the 84th Annual General Meeting of Shareholders held on June 29, 2021, Hiromu Miyazaki resigned, having completed his terms of office as Director.
2. At the 84th Annual General Meeting of Shareholders held on June 29, 2021, Tamotsu Tsuchiya was elected and assumed office as Director.
3. Four Directors (Audit and Supervisory Committee Members), Tetsuo Koderu, Hiroyo Yashiro, Hideshi Nio, and Kenji Nishihara are Outside Directors.
4. Four Directors (Audit and Supervisory Committee Members), Tetsuo Koderu, Hiroyo Yashiro, Hideshi

- Nio, and Kenji Nishihara are Independent Directors as set forth in the rules of the Tokyo Stock Exchange.
5. Harumitsu Yoshimura, Director, is a full-time Audit and Supervisory Committee Member. The Company selects full-time Audit and Supervisory Committee Members to ensure the effectiveness of audits by having them gather information daily, attend important meetings other than those of the Board of Directors, and properly coordinate with the Accounting Auditor and the Internal Audit Department.
 6. Harumitsu Yoshimura, Director (Audit and Supervisory Committee Member), has many years of experience in accounting and possesses a considerable degree of knowledge related to finance and accounting.
 7. Hideshi Nio, Director (Audit and Supervisory Committee Member), is a certified public tax accountant and possesses a considerable degree of knowledge related to finance and accounting.
 8. Kenji Nishihara, Director (Audit and Supervisory Committee Member), is a CPA and possesses a considerable degree of knowledge related to finance and accounting.
 9. The Company has adopted an executive officer system, and the names and positions of the executive officers as of March 31, 2022, are as follows:

*An asterisk indicates concurrent service.

| | | |
|-----------------------------------|---|--------------------|
| *Executive Vice President | (General Manager, Marketing & Sales Headquarters) | Yuichi Mizuno |
| Executive Vice President | (in charge of Marketing & Sales, Marketing & Sales Headquarters) | Hajime Kosaka |
| Senior Managing Executive Officer | (General Manager, Investment Development Headquarters) | Osamu Harada |
| Senior Managing Executive Officer | (in charge of West Japan Management, Marketing & Sales Headquarters) | Shunso Iijima |
| *Managing Executive Officer | (General Manager, Civil Engineering Headquarters) | Kenji Kotera |
| *Managing Executive Officer | (General Manager, Administration Headquarters) | Atsushi Tanaka |
| Managing Executive Officer | (General Manager, Kyushu Branch, West Japan Branch Office) | Hiroyuki Hayashi |
| *Managing Executive Officer | (General Manager, West Japan Branch Office) | Toru Osumi |
| Managing Executive Officer | (Deputy General Manager, Marketing & Sales Headquarters in charge of Expo and IR) | Kazuyuki Yoshimi |
| *Managing Executive Officer | (General Manager, East Japan Branch Office) | Masahiro Kaneshige |
| Managing Executive Officer | (in charge of Technology, Marketing & Sales Headquarters) | Wataru Onishi |
| *Managing Executive Officer | (General Manager, Building Headquarters) | Tamotsu Tsuchiya |
| Executive Officer | (in charge of Marketing & Sales, Marketing & Sales Headquarters) | Takanori Hayashi |
| Executive Officer | (General Manager, ICT Management Center) | Naoki Magoori |
| Executive Officer | (General Manager, Safety, Quality & Environment Headquarters) | Hirohide Taniguchi |
| Executive Officer | (General Manager, Technical Research Institute) | Nobuyasu Kawai |
| Executive Officer | (General Manager, Kansai Branch, West Japan Branch Office) | Sawayuki Kawatani |
| Executive Officer | (Deputy General Manager, East Japan Branch Office in charge of Civil Engineering Business) | Yoshinori Yasui |
| Executive Officer | (Deputy General Manager, West Japan Branch Office in charge of Building Business) | Kunitake Konishi |
| Executive Officer | (General Manager, Hiroshima Branch, West Japan Branch Office) | Nobuharu Suga |
| Executive Officer | (General Manager, Chuo Shinkansen Kanagawa Station Construction Office, East Japan Branch Office) | Yasuhiko Goto |
| Executive Officer | (Deputy General Manager, East Japan | Yoshihiko Wakimoto |

| | | |
|-------------------|---|---------------------|
| Executive Officer | Branch Office in charge of Building Business) (Deputy General Manager, West Japan Branch Office in charge of Civil Engineering Business) | Hiroki Machida |
| Executive Officer | (General Manager, Tokyo Branch, East Japan Branch Office) | Kazuyoshi Okuma |
| Executive Officer | (Deputy General Manager, West Japan Branch Office in charge of Administration) | Hiroyuki Matsushima |
| Executive Officer | (Deputy General Manager, Administration Headquarters) | Akira Sasaki |
| Executive Officer | (in charge of Technology, Marketing & Sales Headquarters) | Takami Nakada |
| Executive Officer | (Operational Reform Promotion Project Leader) | Koji Furusawa |
| Executive Officer | (General Manager, Tohoku Branch, East Japan Branch Office) | Masanari Kashiki |
| Executive Officer | (General Manager, Sapporo Branch, East Japan Branch Office) | Koichi Isogami |
| Executive Officer | (General Manager, Shikoku Branch, West Japan Branch Office) | Yoshihiro Kadotani |
| Executive Officer | (General Manager, Nagoya Branch, East Japan Branch Office) | Junichi Hori |

10. As of April 1, 2022, the Executive Officers have changed as follows:

| | Before | After |
|-------------------|--|---|
| Hajime Kosaka | Executive Vice President (in charge of Marketing & Sales, Marketing & Sales Headquarters) | Executive Vice President (in charge of Marketing & Sales, Marketing & Sales Headquarters, and in charge of Diversity) |
| Osamu Harada | Senior Managing Executive Officer (General Manager, Investment Development Headquarters) | Senior Managing Executive Officer (in charge of Investment Development Business) |
| Shunso Iijima | Senior Managing Executive Officer (in charge of West Japan Management, Marketing & Sales Headquarters) | Senior Managing Executive Officer (in charge of West Japan Management, Marketing & Sales Headquarters, and in charge of Expo and IR) |
| Kenji Kotera | Managing Executive Officer (General Manager, Civil Engineering Headquarters) | Senior Managing Executive Officer (General Manager, Civil Engineering Headquarters) |
| Atsushi Tanaka | Managing Executive Officer (General Manager, Administration Headquarters) | Senior Managing Executive Officer (General Manager, Administration Headquarters) |
| Kazuyuki Yoshimi | Managing Executive Officer (Deputy General Manager, Marketing & Sales Headquarters, and in charge of Expo and IR) | Managing Executive Officer (General Manager, Investment Development Headquarters) |
| Wataru Onishi | Managing Executive Officer (in charge of Technology, Marketing & Sales Headquarters) | Managing Executive Officer (in charge of Technology, Technology Headquarters) |
| Sawayuki Kawatani | Executive Officer (General Manager, Kansai Branch, West Japan Branch Office) | Managing Executive Officer (General Manager, Kansai Branch, West Japan Branch Office) |
| Kazutoshi Yuyama | General Manager, Technology Department, Marketing & Sales Headquarters | Managing Executive Officer (in charge of Technology, Technology Headquarters) |
| Takami Nakada | Executive Officer (in charge of Technology, Marketing & Sales | Executive Officer (in charge of Technology, Technology |

| | | |
|--------------------|---|--|
| | Headquarters | Headquarters) |
| Akira Okada | Advisor (Assistant General Manager, East Japan Branch Office (General Manager, Hashimoto Office)) | Executive Officer (General Manager, Technology Headquarters) |
| Nobuyasu Kawai | Executive Officer (General Manager, Technical Research Institute) | Advisor (in charge of Technology, Technology Headquarters (stationed at Technical Research Institute)) |
| Yoshihiko Wakimoto | Executive Officer (Deputy General Manager, East Japan Branch Office in charge of Building Business) | Advisor (Building Headquarters) |

(2) Summary of Agreement on Limitation of Liability

The Company has entered into an agreement with non-executive directors to limit their liability under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the Act and the Company's Articles of Incorporation. A summary of that agreement is as follows:

- In the event that a non-executive director is deemed to be liable for damages due to negligence of duties, the limit of said liability shall be the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act
- The above limitation of liability shall only apply when the duties that gave rise to said liability were performed in good faith and without gross negligence.

(3) Summary of Directors and Officers Liability Insurance Contract

In order to ensure that Directors can fully perform their expected roles, the Company has concluded with an insurance company a directors and officers liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The contract designates all Directors as the insured and covers damage and litigation expenses incurred by the insured when the insured is subject to a claim for damage during the insurance period due to an act committed by them. However, the insurance contract includes a clause concerning a deductible provision and does not cover any damage up to the deductible amount. The premiums are borne entirely by the Company, including the rider portion, and there is no substantial burden on the insured.

(4) Compensation, etc. of Directors for the Fiscal Year under Review

1) Matters concerning policy for the determination of the content of compensation, etc. of Directors

Based on the resolution of the Board of Directors meeting held on November 11, 2021, the Company has established the Nomination and Compensation Committee (chaired by an Independent Outside Director with the majority of the committee members being Independent Outside Directors), the main members of which consist of Independent Outside Directors, as a voluntary advisory body to the Board of Directors.

Before the establishment of the Nomination and Compensation Committee, the policy for determining the individual compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members) has been discussed by the Management Committee (having the functions of a Nomination and Compensation Committee of a company with a nominating committee, etc.), which includes Independent Outside Directors among its members, and determined by the Board of Directors.

After the establishment of the Nomination and Compensation Committee, the policy for determining the individual compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members) is discussed by the Nomination and Compensation Committee in consultation with the Board of Directors and determined by the Board of Directors based on the report from the committee.

Compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members) is to be at an appropriate level based on their responsibilities and to serve as an incentive to improve business performance and corporate value. As such, it shall be comprised of fixed compensation and performance-linked compensation (bonuses).

Out of individual compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members), a compensation table shall be established for fixed compensation according to the roles and responsibilities of their position. The amount shall be determined based on this table, and it shall be paid monthly. In addition, from the standpoint of reflecting medium- to long-term performance and contributing to greater management awareness among Directors, fixed

compensation includes a portion for purchasing the Company's shares, and this is done through monthly contributions to the officers' shareholding association.

Out of individual compensation of Directors (excluding Directors who are Audit and Supervisory Committee Members), calculation criteria have been established for performance-linked compensation, and when certain payment conditions have been met, it is paid in July of every year after the amount, linked to achievement of targets for predetermined performance indicators, determined by the Board of Directors.

Compensation of Directors who are Audit and Supervisory Committee Members is determined through discussion by Directors who are Audit and Supervisory Committee Members and consists only of fixed compensation in light of the fact that they fulfill a management supervisory function from an independent standpoint and that their duties are not directly linked to performance.

2) Matters concerning the resolution of the General Meeting of Shareholders on the compensation of Directors

A resolution on the compensation of Directors was passed at the 79th Annual General Meeting of Shareholders held on June 29, 2016. It stipulated that the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) is to be ¥300 million or less per year and that decisions on the specific amount to be paid to each Director and the timing of payment are to be decided by the resolution of the Board of Directors. It also stipulated that the amount of compensation for Directors who are Audit and Supervisory Committee Members is to be ¥60 million or less and that the specific amount to be paid to each Director and the timing of payment are to be decided through discussion by Directors who are Audit and Supervisory Committee Members. As of the conclusion of that Annual General Meeting of Shareholders, there were seven Directors (excluding Directors who are Audit and Supervisory Committee Members) and five Directors who are Audit and Supervisory Committee Members.

3) Matters concerning delegation of decisions on the content of compensation for individual Directors

Before the establishment of the Nomination and Compensation Committee, based on a resolution of the Board of Directors, President and Representative Director Takanori Okumura and Representative Director, Managing Executive Officer, and General Manager of Administration Headquarters Atsushi Tanaka are tasked with making decisions on the specific content and the amount of compensation for individual Directors (excluding Directors who are Audit and Supervisory Committee Members). That authority is to decide on the method of determining compensation, etc. of individual Directors (excluding Directors who are Audit and Supervisory Committee Members) and the amount of compensation, etc. The reason for delegating this authority to Representative Directors is because we believe that Representative Directors are most suited to perform evaluations and allocate funds according to the position, responsibilities, and roles of each Director while maintaining a bird's eye view of the overall performance of the Company. In addition, from the standpoint of transparency, the content of the compensation table for fixed compensation and the calculation criteria for performance-linked compensation established through discussion by the Representative Directors shall be reported to the Board of Directors so that the authority can be exercised appropriately. For ensuring the appropriateness of the total amount of performance-linked compensation (the total amount of compensation for individual Directors based on the calculation criteria established through discussions between the Representative Directors), a resolution shall be obtained from the Board of Directors following discussion by the Management Committee, which includes Independent Outside Directors. As the compensation amount for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined via these procedures, the Board of Directors has determined that the content is in line with the policy for determining the content of compensation, etc. of individual Directors (excluding Directors who are Audit and Supervisory Committee Members).

After the establishment of the Nomination and Compensation Committee, the Nomination and Compensation Committee discusses, in consultation with the Board of Directors, the compensation table for fixed compensation and the amount to be paid for individual Directors based on the table as well as the calculation criteria for performance-linked compensation and the amount to be paid for individual Directors based on the criteria, which is calculated after the end of the business year. Upon receiving the report of the Committee, a resolution shall be obtained from the Board of Directors. As the compensation amount for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined via these procedures, the Board of Directors has determined that the content is in line with the policy for determining the content of compensation, etc. of individual Directors (excluding Directors who are Audit and Supervisory Committee

Members).

4) Total amount of compensation, etc. of Directors

| Classification | No. of persons receiving compensation | Total amount of compensation, etc. by type | | | Total amount of compensation, etc. |
|--|---------------------------------------|--|---------------------------------------|---------------------------|------------------------------------|
| | | Basic compensation | Performance-linked compensation, etc. | Non-monetary compensation | |
| Directors (excluding Audit and Supervisory Committee Members) | 8 | ¥175 million | ¥38 million | – | ¥213 million |
| Directors (Audit and Supervisory Committee Members) (of which Outside Directors) | 5 (4) | ¥49 million (¥30 million) | – (–) | – (–) | ¥49 million (¥30 million) |
| Total | 13 | ¥225 million | ¥38 million | – | ¥263 million |

- Notes: 1. The above includes compensation, etc. of Directors who resigned as of the conclusion of the 84th Annual General Meeting of Shareholders held on June 29, 2021.
2. The performance indicators selected as the basis for calculating performance-linked compensation are “consolidated operating profit” and “orders received.” In addition, the reason these indicators were selected is that we believe they are objective indicators for judging performance in the fiscal year and the level of contribution to future performance. The amount of performance-linked compensation is linked to the level of achievement of the targets established for the performance indicators in advance by the Board of Directors. The standard percentage when the targets for the performance indicators are achieved is set at 20% of overall compensation and fluctuates within a certain range according to the level of achievement. The actual amounts of “consolidated operating profit” and “orders received” in the fiscal year under review were ¥12,647 million and ¥223,702 million, respectively.

(5) Matters Concerning Outside Officers

1) Relationship between the Company and other corporations, etc. where outside officers serve concurrently

Outside Director (Audit and Supervisory Committee Member) Tetsuo Kodera serves concurrently at Kodera Law Office and Samty Co., Ltd. The Company has no special relationship with either of these organizations.

Outside Director (Audit and Supervisory Committee Member) Hiroyo Yashiro serves concurrently at Iino Yashiro Law Office. The Company has no special relationship with this organization.

Outside Director (Audit and Supervisory Committee Member) Hideshi Nio serves concurrently at Nio Tax Accountant Office. The Company has no special relationship with this organization.

Outside Director (Audit and Supervisory Committee Member) Kenji Nishihara serves concurrently at Nishihara CPA Office. The Company has no special relationship with this organization.

2) Main activities of Outside Officers

| Position | Name | Status of main activities |
|---|-----------------|--|
| Director (Audit and Supervisory Committee Member) | Tetsuo Kodera | Tetsuo Kodera attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the fiscal year under review. He has provided advice, etc., contributing to ensuring the legality of business execution and the validity of management decisions, primarily by voicing his expert opinion as an attorney. In addition, as the chair of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors, he has properly fulfilled the managerial supervisory function from an independent and objective standpoint by leading deliberations on important matters related to the nomination and compensation of Directors, etc. |
| Director (Audit and Supervisory Committee Member) | Hiroyo Yashiro | Hiroyo Yashiro attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the fiscal year under review. She has provided advice, etc., contributing to ensuring the legality of business execution and the validity of management decisions, primarily by voicing her expert opinion as an attorney. In addition, as a member of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors, she has properly fulfilled the managerial supervisory function from an independent and objective standpoint by participating in deliberations on important matters related to the nomination and compensation of Directors, etc. |
| Director (Audit and Supervisory Committee Member) | Hideshi Nio | Hideshi Nio attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the fiscal year under review. He has provided advice, etc., contributing to ensuring the appropriateness of business execution and the validity of management decisions, primarily by voicing his expert opinion as a certified public tax accountant. In addition, as a member of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors, he has properly fulfilled the managerial supervisory function from an independent and objective standpoint by participating in deliberations on important matters related to the nomination and compensation of Directors, etc. |
| Director (Audit and Supervisory Committee Member) | Kenji Nishihara | Kenji Nishihara attended all 15 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee held during the fiscal year under review. He has provided advice, etc., contributing to ensuring the appropriateness of business execution and the validity of management decisions, primarily by voicing his expert opinion as a certified public accountant. In addition, as a member of the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors, he has properly fulfilled the managerial supervisory function from an independent and objective standpoint by participating in deliberations on important matters related to the nomination and compensation of Directors, etc. |

4. Accounting Auditor

(1) Accounting Auditor's Name

Deloitte Touche Tohmatsu LLC

(2) Accounting Auditor's Compensation, etc. for the Fiscal Year under Review

1) Accounting auditor's compensation, etc., for audits for the fiscal year under review

¥54 million

2) Cash and other profits payable by the Company or its subsidiaries to the Accounting Auditor

¥57 million

Notes: 1. The audit fees paid by the Company to the Accounting Auditor for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not and cannot practically be separated. As such, the amount above is the total of both.

2. Having reviewed the content of the Accounting Auditor's audit plan, the reasonableness of the status of its execution of duties, the grounds for calculating compensation estimates, etc. by obtaining the necessary materials and hearing reports from the Accounting Department and the Accounting Auditor, the Company's Audit and Supervisory Committee agrees with the compensation, etc. of Deloitte Touche Tohmatsu LLC.

(3) Policy on Determination of Dismissal or Non-reappointment of the Accounting Auditor

In the event that it is deemed that a proper accounting audit is not possible, such as cases in which there is an impediment to the execution of duties by the Accounting Auditor, the Company shall prepare a proposal on dismissal or non-reelection of the Accounting Auditor and submit it to the General Meeting of Shareholders, by resolution of the Audit and Supervisory Committee.

The Audit and Supervisory Committee dismisses the Accounting Auditor with the unanimous consent of the Audit and Supervisory Committee Members if it deems that any of the items set forth in Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor. In this case, the member selected by the Audit and Supervisory Committee shall report the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders held after the dismissal.

5. Overview of Systems for Ensuring Appropriateness of Operations and Operational Status

I. Basic Approach

The Company has established and operates an internal control system to manage risks associated with its businesses and increase profits while fulfilling its corporate social responsibility in the midst of an ever-changing business environment.

II. Basic Policy

Systems to Ensure that the Execution of Duties by Directors and Employees Is in Compliance with Laws, Regulations, and the Articles of Incorporation

- (1) In accordance with the provisions of laws, regulations, the Company's Articles of Incorporation, and the Regulations of the Board of Directors, the Board of Directors shall establish a policy for the Company's business execution and continually supervise the execution of duties by the Directors and Executive Officers.
- (2) In order to ensure that decision-making at the Board of Directors and the execution of duties by the Directors, Executive Officers, and employees comply with laws, regulations, and the Articles of Incorporation, the Company shall seek confirmation and advice from experts such as attorneys, certified public accountants, etc. as appropriate.
- (3) Considering compliance as one of the highest management priorities, the Company shall establish a Compliance Committee as an advisory body for decision-making and execution of duties by the Board of Directors and Representative Directors. The committee is chaired by a Director that the Company appoints and includes attorneys at law.
- (4) In order to ensure thorough compliance with the Antimonopoly Act, the Company shall establish an expert committee on preventing collusion consisting of outside experts under the Compliance Committee to propose measures to prevent violation of the act and to verify and ensure the appropriateness and effectiveness of those measures.
- (5) In order to promote penetration and firm establishment of compliance and to ensure the properness of business execution by internal organizations, the Company shall establish and implement Basic Regulations on Compliance and related regulations based on the Management Philosophy and Corporate Code of Conduct while the Internal Audit Division shall carry out monitoring as appropriate.
- (6) The Representative Directors shall focus on internal education and awareness building activities to ensure thorough compliance, including severing of relationships with antisocial forces.
- (7) In accordance with Internal Whistleblowing Regulations, the Company shall swiftly and firmly respond to complaints lodged with contact points inside the Company and the attorney's office.

Systems to Store and Manage Information Related to the Execution of Duties by Directors

- (1) The Company prepares and stores information related to the execution of duties by the Directors in accordance with laws and regulations and manages it so that the Directors, Accounting Auditor, and others can access it as needed.
- (2) Through the operation of an integrated management system and monitoring by the Internal Audit Division, the Company verifies the retention period for legal documents, etc., and the organization, storage, etc. of documents requesting approval related to decision-making.
- (3) In addition to protecting information assets from threats such as loss, theft, destruction, and unauthorized access, the Company manages information based on an Information Security Policy and Privacy Policy in order to protect personal information.
- (4) The persons in charge of handling information and the IR Team verify the information and disclose it according to the Disclosure Policy in order to provide shareholders and investors with timely, accurate, and unbiased information.

Regulations and Other Systems to Manage the Risk of Loss

- (1) In order to ensure the effective functioning of internal control over financial reporting, the Company continually reviews its systems in accordance with the Basic Policy on Financial Reporting.
- (2) The Company prepares and manages a natural disaster response manual and a crisis communication manual, etc. and works on making continual improvements to the Business Continuity Plan (BCP) to prevent the spread of losses.

- (3) In order to keep track of the risks that significantly impact the business on a daily basis and take the necessary measures to address them, the Company continuously reviews the risk management system and takes swift and appropriate action when risks manifest themselves.

Systems to Ensure the Efficient Execution of Duties by Directors

- (1) The Company adopts an executive officer system to expedite decision-making by the Board of Directors and enhance the execution of duties by Executive Officers.
- (2) The Company establishes a Management Committee with Representative Directors at the core to deliberate on and decide matters related to the execution of the Company's business other than those matters to be submitted to the Board of Directors and those matters to be decided by the Board of Directors.
- (3) The Board of Directors establishes management targets, business plans, etc., based on the Management Philosophy, and the President and Representative Director and Executive Officers carry out duties to achieve them, while the Board of Directors supervises the status of execution.
- (4) In order to maintain a governance structure suited to the business environment, the Company continuously reviews the organization and operations.

Systems to Ensure the Appropriateness of Business Operations of the Corporate Group Consisting of the Company and Its Subsidiaries

- (1) The Internal Audit Division plays a central role in auditing and instructing subsidiaries so that the Company's basic approach to and initiatives for internal control continually spread throughout the entire Group.
- (2) The Company's Audit and Supervisory Committee requests business reports from subsidiaries as necessary and/or investigates the status of their operations and assets.
- (3) The Company dispatches its Executive Officers and/or employees to subsidiaries to serve as Directors or Corporate Auditors. In addition to monitoring and supervising the status of business execution, the Company's Internal Audit Division reports to the Company's Board of Directors, Representative Directors, and Audit and Supervisory Committee as necessary on the results of audits, including those of subsidiaries.

Matters Related to Employees Who Are Requested to Assist the Audit and Supervisory Committee in Their Duties

- (1) The Company assigns both dedicated and non-dedicated staff to the Internal Audit Division to assist the Audit and Supervisory Committee with its duties.
- (2) Staff assigned to the Internal Audit Division shall be recommended by departments executing business and approved by the Audit and Supervisory Committee beforehand. If the Audit and Supervisory Committee makes a request concerning the personnel assigned as staff, the Company addresses the request as appropriate.
- (3) A clear distinction is made between the Internal Audit Division and departments executing business to ensure independence, and confirmation is obtained from the Audit and Supervisory Committee concerning staff goal management and performance evaluations.
- (4) Staff belonging to the Internal Audit Division that receive instructions from the Audit and Supervisory Committee do not receive instructions from Directors (excluding Directors who are Audit and Supervisory Committee Members) when executing said instructions and report the results only to the Audit and Supervisory Committee.

Systems to Report to the Audit and Supervisory Committee

- (1) Representative Directors make arrangements to exchange opinions with Audit and Supervisory Committee on policies related to business execution and other such matters.
- (2) In order to contribute to the audit policies and sharing of duties established by the Audit and Supervisory Committee, Audit and Supervisory Committee Members are requested to attend meetings of the Management Committee and other important meetings.
- (3) When so requested by the Audit and Supervisory Committee, Directors (excluding Directors who are Audit and Supervisory Committee Members), Executive Officers, and employees report on the status of execution of their duties and present the important approval documents as well as investigate and report on the status of operations and assets at the head office, branch offices, and subsidiaries.

- (4) When discussions are conducted on the effectiveness of the internal control system, compliance violations or whistleblowing at meetings of the Compliance Committee, the content is reported to the Audit and Supervisory Committee via the Internal Audit Division.
- (5) If a Director (excluding Directors who are Audit and Supervisory Committee Members), Executive Officer or employee learns of something that will bring significant damages to the Company and its subsidiaries or a serious violation of the laws and regulations or Articles of Incorporation in the execution of duties, they report it immediately to the Audit and Supervisory Committee.
- (6) The Internal Whistleblowing Regulations shall apply to those who report to the Audit and Supervisory Committee, and they shall not be treated unfavorably because of the report.

Systems to Ensure that the Audit and Supervisory Committee Conducts Audits Effectively

- (1) In order to contribute to the duties of the Audit and Supervisory Committee, the Internal Audit Division discusses audit policies and plans with the Audit and Supervisory Committee and reports on the results of internal audits in a timely manner.
- (2) In order to strengthen coordination between the Audit and Supervisory Committee and the Accounting Auditor, opportunities are provided for discussing the audit plan and status of implementation.
- (3) The ERP backbone system, etc. are continuously reviewed to provide an environment in which the Audit and Supervisory Committee can monitor the financial status and profit and loss situation of the Company in a timely manner.
- (4) Soundness and transparency of management is ensured by making four of the five members of the Audit and Supervisory Committee Outside Directors.
- (5) The Company shall bear the costs arising from the execution of duties by the Audit and Supervisory Committee and shall accept advance payment thereof.

III. Overview of Operational Status

(1) Execution of duties by Directors and employees

The Company's Board of Directors consists of 12 Directors. In principle, the Board of Directors meets once per month. It also holds extraordinary meetings as necessary and makes decisions on important matters concerning management, including the Medium-Term Business Plan. Four of the members are Independent Outside Directors in order to strengthen the management supervision function.

Independent Outside Directors are brought on as members of the Management Committee (consisting of the Representative Directors and members selected by the Board of Directors), which deliberates on and decides important matters related to the execution of the Company's business other than those matters to be decided by the Board of Directors and matters to be submitted to the Board of Directors, to increase management transparency. During the fiscal year under review, the Management Committee met 14 times.

In order to strengthen the internal control function and verify the status of implementation, the Company has a structure in which the Audit Office, which is in charge of accounting audits, and the Compliance Office, which is in charge of auditing other general business execution, coordinate to perform internal audits. The results of those audits are reported to the Board of Directors, the Management Committee, Representative Directors, and the Audit and Supervisory Committee in a timely manner so that they can be reflected in decision-making, business execution, and management supervision.

The Company has established a Compliance Committee comprised of Independent Outside Directors, the General Manager of Marketing & Sales Headquarters, the General Manager of Civil Engineering Headquarters, the General Manager of Building Headquarters, the General Manager of Administration Headquarters, the General Manager of the Human Resources Department, Attorneys, and the Manager of the Audit Office, who is responsible in the Internal Audit Division and the Manager of the Compliance Office. The committee works to educate and instruct officers and employees. During the fiscal year under review, the Compliance Committee met seven times.

In order to spread and establish compliance, the Company has prepared Basic Regulations for Compliance, Internal Whistleblowing Regulations addressing the Whistleblower Protection Act, and Manual on Responding to Organized Crime Groups, etc. At the same time, the Company informs all officers and employees of the "Guide on Compliance," which provides the code of conduct for business execution, the methods and means of achieving that, and the legal grounds as a summary, distributing it directly to them as necessary and carrying out education and training. The Representative Directors focus on internal education and awareness building activities to ensure thorough compliance. During

the fiscal year under review, training was carried out on the theme of “power harassment and anger control” and “optimizing construction system.”

(2) Managing risk of loss

The Company has developed and implemented proper internal control over financial reporting in accordance with the Basic Policy on Financial Reporting. In addition, through supervision by the Board of Directors and internal audits conducted by the Internal Audit Division, the Company verifies and evaluates the effectiveness of internal control over financial reporting and carries out ongoing review of the system, as necessary.

The Company identifies risks related to business, etc. that may have a significant impact on stakeholders’ judgment. The Compliance Office regularly checks, verifies, and reports to the Representative Directors on the status of relevant efforts at divisions of the head office and branch offices, etc. By reporting to the Representative Directors and providing internal notification of matters requiring attention, the Company works to prevent the manifestation of risks.

Based on the disaster response know-how cultivated to date, the Company has developed a Business Continuity Plan (BCP) and is working to enhance its effectiveness through ongoing review and regular training and verification.

(3) Ensuring the effectiveness of audits

The Company holds an audit and supervisory committee (with five Directors who are Audit and Supervisory Committee Members) and elects a full-time Audit and Supervisory Committee Member to ensure the effectiveness of audits. The Audit and Supervisory Committee is comprised of one full-time Audit and Supervisory Committee Member and four Independent Outside Directors. The Chair is elected from among the Outside Directors.

A monthly report is provided at the Audit and Supervisory Committee on the status of audits covering general management conducted by the full-time Audit and Supervisory Committee Member, and each Audit and Supervisory Committee Member confirms and examines the report.

The Audit and Supervisory Committee coordinates with the Company’s Internal Audit Division in accordance with the audit policies and sharing of duties. By attending important meetings, asking Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees about the status of execution of their duties, reviewing important approval documents, and interviewing the Representative Directors, the committee expresses its opinion and investigates the status of operations and assets at the head office and major workplaces, seeking business reports from group companies as necessary as well.

In order to strengthen coordination with the Audit Office (three members), which is the Internal Audit Division, and the Compliance Office (eight members), the Audit and Supervisory Committee discusses audit plans and the status of implementation and has monthly opportunities for sharing information and opinions. In addition, the Audit and Supervisory Committee receives reports on the results of internal audits conducted by the Internal Audit Division in a timely manner.

In order to strengthen coordination between the Audit and Supervisory Committee and Deloitte Touche Tohmatsu LLC, which is the Accounting Auditor, opportunities are provided for discussing the audit plan and status of implementation, and information and opinions are shared in a timely manner.

Note: Monetary figures and numbers of shares presented in this Business Report are rounded down to the nearest whole number.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

| Description | Amount | Description | Amount |
|---|----------------|--|----------------|
| (Assets) | | (Liabilities) | |
| Current assets | 192,014 | Current liabilities | 126,810 |
| Cash and deposits | 33,156 | Notes payable, accounts payable for construction contracts and other | 51,328 |
| Notes receivable, accounts receivable from completed construction contracts and other | 142,296 | Short-term borrowings | 9,480 |
| Real estate for sale | 1,081 | Lease obligations | 0 |
| Costs on construction contracts in progress | 2,612 | Income taxes payable | 1,656 |
| Costs on real estate business | 982 | Advances received on construction contracts in progress | 11,536 |
| Work in process | 696 | Deposits received | 25,610 |
| Raw materials and supplies | 92 | Provision for warranties for completed construction | 540 |
| Other | 11,248 | Provision for bonuses | 3,771 |
| Allowance for doubtful accounts | (152) | Provision for bonuses for directors (and other officers) | 43 |
| Non-current assets | 140,334 | Provision for loss on construction contracts | 973 |
| Property, plant and equipment | 73,376 | Asset retirement obligations | 83 |
| Buildings and structures | 15,272 | Suspense receipt of consumption taxes | 18,050 |
| Machinery, vehicles, tools, furniture and fixtures | 1,193 | Other | 3,735 |
| Land | 34,666 | Non-current liabilities | 38,112 |
| Leased assets | 2 | Long-term borrowings | 5,112 |
| Construction in progress | 22,240 | Non-recourse borrowings | 21,062 |
| Intangible assets | 1,132 | Lease obligations | 1 |
| Goodwill | 408 | Deferred tax liabilities | 11,658 |
| Other | 724 | Asset retirement obligations | 90 |
| Investments and other assets | 65,825 | Other | 186 |
| Investment securities | 56,629 | Total liabilities | 164,923 |
| Long-term loans receivable | 116 | (Net assets) | |
| Retirement benefit asset | 5,076 | Shareholders' equity | 139,727 |
| Deferred tax assets | 3 | Share capital | 19,838 |
| Other | 5,954 | Capital surplus | 26,240 |
| Allowance for doubtful accounts | (1,956) | Retained earnings | 101,710 |
| | | Treasury shares | (8,061) |
| | | Accumulated other comprehensive income | 27,229 |
| | | Valuation difference on available-for-sale securities | 24,665 |
| | | Deferred gains or losses on hedges | 1,099 |
| | | Remeasurements of defined benefit plans | 1,465 |
| | | Non-controlling interests | 467 |
| | | Total net assets | 167,425 |
| Total assets | 332,348 | Total liabilities and net assets | 332,348 |

Consolidated Statement of Income

(April 1, 2021 through March 31, 2022)

(Millions of yen)

| Description | Amount | |
|---|---------|---------|
| Net sales | | |
| Net sales of completed construction contracts | 229,906 | |
| Net sales in real estate business and other | 12,552 | 242,458 |
| Cost of sales | | |
| Cost of sales of completed construction contracts | 202,378 | |
| Cost of sales in real estate business and other | 8,242 | 210,620 |
| Gross profit | | |
| Gross profit on completed construction contracts | 27,528 | |
| Gross profit on real estate business and other | 4,309 | 31,837 |
| Selling, general and administrative expenses | | 19,190 |
| Operating profit | | 12,647 |
| Non-operating income | | |
| Interest income | 43 | |
| Dividend income | 1,196 | |
| Foreign exchange gains | 345 | |
| Other | 222 | 1,808 |
| Non-operating expenses | | |
| Interest expenses | 393 | |
| Other | 50 | 443 |
| Ordinary profit | | 14,012 |
| Extraordinary income | | |
| Gain on sale of investment securities | 3,200 | |
| Other | 0 | 3,201 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 6 | |
| Loss on retirement of non-current assets | 5 | 11 |
| Profit before income taxes | | 17,202 |
| Income taxes - current | 4,224 | |
| Income taxes - deferred | 963 | 5,188 |
| Profit | | 12,013 |
| Loss attributable to non-controlling interests | | 528 |
| Profit attributable to owners of parent | | 12,541 |

Consolidated Statement of Changes in Equity

(April 1, 2021 through March 31, 2022)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance as of April 1, 2021 | 19,838 | 26,240 | 95,460 | (4,636) | 136,902 |
| Cumulative effects of changes in accounting policies | | | 63 | | 63 |
| Restated balance | 19,838 | 26,240 | 95,523 | (4,636) | 136,966 |
| Changes during period | | | | | |
| Dividends of surplus | | | (6,354) | | (6,354) |
| Profit attributable to owners of parent | | | 12,541 | | 12,541 |
| Purchase of treasury shares | | | | (3,425) | (3,425) |
| Disposal of treasury shares | | 0 | | 0 | 0 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 0 | 6,186 | (3,425) | 2,761 |
| Balance as of March 31, 2022 | 19,838 | 26,240 | 101,710 | (8,061) | 139,727 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|------------------------------------|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance as of April 1, 2021 | 30,957 | (475) | 1,752 | 32,234 | (1,173) | 167,963 |
| Cumulative effects of changes in accounting policies | | | | | | 63 |
| Restated balance | 30,957 | (475) | 1,752 | 32,234 | (1,173) | 168,027 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (6,354) |
| Profit attributable to owners of parent | | | | | | 12,541 |
| Purchase of treasury shares | | | | | | (3,425) |
| Disposal of treasury shares | | | | | | 0 |
| Net changes in items other than shareholders' equity | (6,291) | 1,574 | (287) | (5,005) | 1,641 | (3,363) |
| Total changes during period | (6,291) | 1,574 | (287) | (5,005) | 1,641 | (602) |
| Balance as of March 31, 2022 | 24,665 | 1,099 | 1,465 | 27,229 | 467 | 167,425 |

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

| Description | Amount | Description | Amount |
|--|----------------|---|----------------|
| (Assets) | | (Liabilities) | |
| Current assets | 187,310 | Current liabilities | 125,216 |
| Cash and deposits | 31,876 | Notes payable - trade | 1,698 |
| Notes receivable - trade | 2 | Accounts payable for construction contracts | 48,250 |
| Electronically recorded monetary claims - operating | 707 | Short-term borrowings | 11,108 |
| Accounts receivable from completed construction contracts | 138,862 | Lease obligations | 0 |
| Real estate for sale | 1,081 | Income taxes payable | 1,503 |
| Costs on construction contracts in progress | 2,612 | Advances received on construction contracts in progress | 11,494 |
| Costs on real estate business | 982 | Deposits received | 25,019 |
| Raw materials and supplies | 12 | Provision for warranties for completed construction | 524 |
| Other | 11,325 | Provision for bonuses | 3,688 |
| Allowance for doubtful accounts | (152) | Provision for bonuses for directors (and other officers) | 38 |
| Non-current assets | 114,196 | Provision for loss on construction contracts | 973 |
| Property, plant and equipment | 44,717 | Asset retirement obligations | 15 |
| Buildings and structures | 13,999 | Suspense receipt of consumption taxes | 18,050 |
| Machinery and vehicles | 731 | Other | 2,850 |
| Tools, furniture and fixtures | 363 | Non-current liabilities | 15,097 |
| Land | 29,610 | Long-term borrowings | 5,112 |
| Leased assets | 1 | Lease obligations | 0 |
| Construction in progress | 11 | Deferred tax liabilities | 9,848 |
| Intangible assets | 718 | Asset retirement obligations | 90 |
| Investments and other assets | 68,760 | Other | 46 |
| Investment securities | 55,786 | Total liabilities | 140,314 |
| Shares of subsidiaries and associates, investments in capital of subsidiaries and associates | 1,917 | (Net assets) | |
| Long-term loans receivable | 7,541 | Shareholders' equity | 136,754 |
| Prepaid pension costs | 2,965 | Share capital | 19,838 |
| Other | 2,512 | Capital surplus | 25,322 |
| Allowance for doubtful accounts | (1,963) | Legal capital surplus | 25,322 |
| | | Other capital surplus | 0 |
| | | Retained earnings | 99,655 |
| | | Legal retained earnings | 4,959 |
| | | Other retained earnings | 94,695 |
| | | Reserve for investment loss on developing new business | 142 |
| | | Reserve for tax purpose reduction entry of non-current assets | 3,598 |
| | | General reserve | 80,600 |
| | | Retained earnings brought forward | 10,354 |
| | | Treasury shares | (8,061) |
| | | Valuation and translation adjustments | 24,437 |
| | | Valuation difference on available-for-sale securities | 24,437 |
| | | Total net assets | 161,192 |
| Total assets | 301,506 | Total liabilities and net assets | 301,506 |

Non-Consolidated Statement of Income

(April 1, 2021 through March 31, 2022)

(Millions of yen)

| Description | Amount | |
|---|---------|---------|
| Net sales | | |
| Net sales of completed construction contracts | 229,907 | |
| Net sales in real estate business and other | 7,322 | 237,230 |
| Cost of sales | | |
| Cost of sales of completed construction contracts | 202,539 | |
| Cost of sales in real estate business and other | 4,152 | 206,692 |
| Gross profit | | |
| Gross profit on completed construction contracts | 27,367 | |
| Gross profit on real estate business and other | 3,169 | 30,537 |
| Selling, general and administrative expenses | | 18,010 |
| Operating profit | | 12,527 |
| Non-operating income | | |
| Interest and dividend income | 1,559 | |
| Foreign exchange gains | 348 | |
| Other | 220 | 2,128 |
| Non-operating expenses | | |
| Interest expenses | 158 | |
| Other | 36 | 195 |
| Ordinary profit | | 14,460 |
| Extraordinary income | | |
| Gain on sale of investment securities | 3,200 | |
| Other | 0 | 3,201 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 6 | |
| Loss on retirement of non-current assets | 4 | 10 |
| Profit before income taxes | | 17,651 |
| Income taxes - current | 4,000 | |
| Income taxes - deferred | 936 | 4,936 |
| Profit | | 12,715 |

Non-Consolidated Statement of Changes in Equity

(April 1, 2021 through March 31, 2022)

(Millions of yen)

| | Shareholders' equity | | | | | | | | | |
|---|----------------------|-----------------------|-----------------------|-----------------------|--|---|-----------------|-----------------------------------|-------------------------|---------|
| | Share capital | Capital surplus | | | Retained earnings | | | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | Total retained earnings | |
| | | | | | Reserve for investment loss on developing new business | Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward | | |
| Balance as of April 1, 2021 | 19,838 | 25,322 | - | 25,322 | 4,959 | 133 | 3,631 | 90,300 | (5,793) | 93,231 |
| Cumulative effects of changes in accounting policies | | | | | | | | | 63 | 63 |
| Restated balance | 19,838 | 25,322 | - | 25,322 | 4,959 | 133 | 3,631 | 90,300 | (5,729) | 93,294 |
| Changes during period | | | | | | | | | | |
| Reversal of general reserve | | | | | | | | (9,700) | 9,700 | - |
| Dividends of surplus | | | | | | | | | (6,354) | (6,354) |
| Profit | | | | | | | | | 12,715 | 12,715 |
| Purchase of treasury shares | | | | | | | | | | |
| Disposal of treasury shares | | | 0 | 0 | | | | | | |
| Provision of reserve for investment loss on developing new business | | | | | | 142 | | | (142) | - |
| Reversal of reserve for investment loss on developing new business | | | | | | (133) | | | 133 | - |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | | | | | | (33) | | 33 | - |
| Net changes in items other than shareholders' equity | | | | | | | | | | |
| Total changes during period | - | - | 0 | 0 | - | 9 | (33) | (9,700) | 16,084 | 6,360 |
| Balance as of March 31, 2022 | 19,838 | 25,322 | 0 | 25,322 | 4,959 | 142 | 3,598 | 80,600 | 10,354 | 99,655 |

(Millions of yen)

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|---|----------------------|----------------------------|---|---|------------------|
| | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance as of April 1, 2021 | (4,636) | 133,755 | 30,798 | 30,798 | 164,553 |
| Cumulative effects of changes in accounting policies | | 63 | | | 63 |
| Restated balance | (4,636) | 133,819 | 30,798 | 30,798 | 164,617 |
| Changes during period | | | | | |
| Reversal of general reserve | | – | | | – |
| Dividends of surplus | | (6,354) | | | (6,354) |
| Profit | | 12,715 | | | 12,715 |
| Purchase of treasury shares | (3,425) | (3,425) | | | (3,425) |
| Disposal of treasury shares | 0 | 0 | | | 0 |
| Provision of reserve for investment loss incurred by business operators developing new business | | – | | | – |
| Reversal of reserve for investment loss incurred by business operators developing new business | | – | | | – |
| Reversal of reserve for tax purpose reduction entry of non-current assets | | – | | | – |
| Net changes in items other than shareholders' equity | | | (6,360) | (6,360) | (6,360) |
| Total changes during period | (3,425) | 2,935 | (6,360) | (6,360) | (3,424) |
| Balance as of March 31, 2022 | (8,061) | 136,754 | 24,437 | 24,437 | 161,192 |