

Business Report of the 163rd

General Meeting of Shareholders

The Attached Documents to the Notice of
the General Meeting of Shareholders

(From April 1, 2022 to March 31, 2023)



For a Lively World

TAISEI CORPORATION

Securities Code: 1801

IMPORTANT NOTE:

The documents are English translations of the “Business Report of the 163rd General Meeting of Shareholders (*Dai-163-kai Teiji Kabunushi Sokai Jigyo Hokoku*)” of Taisei Corporation, and are prepared solely for the convenience of shareholders who are non-Japanese speakers. In the event that any of the information contained in these English translations is inconsistent with the information contained in the Japanese original documents, the Japanese original texts shall prevail.

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1 Current State of the Company and its Affiliated Companies**(1) Progress and Results of Operations**

Striving to coexist with COVID-19, the Japanese economy has generally maintained its gradual recovery as the normalization of social and economic activities progress and consumer spending and capital investments continue to show signs of recovery. However, it will be highly uncertain in the future as the effects of global inflation are becoming obvious and overseas economies are slowing down, affected mainly by the situation in Ukraine and monetary tightening in advanced countries.

In the construction industry, backed by the recovery of the domestic economy, private investments in construction expanded mainly in the manufacturing industry, and in addition, public investments continued to be strongly driven by the measures taken by the government to prevent and reduce disaster risks and make the country more resilient. As a result, overall investments in construction remained at a level exceeding that for the previous year. However, the prices of a wide range of construction materials soared, prompting construction costs to go up, and the management environment continued to be harsh. Under these circumstances, the Company and its affiliated companies (collectively, the “Taisei Group”) reported consolidated results of its operations as follows: orders received of ¥1,810.4 billion, a 13.9% increase, net sales of ¥1,642.7 billion, a 6.4% increase, recurring income of ¥63.1 billion, a 38.9% decrease, and net income attributable to owners of parent (the Company’s shareholders) for the year of ¥47.1 billion, a 34.0% decrease compared to the previous fiscal year.

The status for orders and sales in each segment is as follows.

Orders received	¥1,810.4 billion Compared to the previous FY 13.9% ↑
Net sales	¥1,642.7 billion Compared to the previous FY 6.4% ↑
Recurring income	¥63.1 billion Compared to the previous FY 38.9% ↓
Net income attributable to owners of parent	¥47.1 billion Compared to the previous FY 34.0% ↓

(CIVIL ENGINEERING BUSINESS)

New orders for the Taisei Group were worth ¥531.4 billion, an 18.8% increase compared to the previous fiscal year, as there was increase in new orders received by the Company.

New orders for the Company were worth ¥395.5 billion, a 28.6% increase. The percentages of new orders from government agencies, private companies and overseas construction projects out of the total were 59.6%, 29.6% and 10.8%, respectively, and the percentage of orders received without competitive bidding out of the total was 22.6%.

Net sales for the Taisei Group were ¥423.1 billion, a 2.1% increase compared to the previous fiscal year, because an increase in net sales was observed in the Company.

Net sales for the Company were ¥293.9 billion, a 5.5% increase compared to the previous fiscal year.

The Taisei Group	Orders received	¥531.4 billion Compared to the previous FY 18.8% ↑
	Net sales	¥423.1 billion Compared to the previous FY 2.1% ↑
The Company	Orders received	¥395.5 billion Compared to the previous FY 28.6% ↑
	Net sales	¥293.9 billion Compared to the previous FY 5.5% ↑

(BUILDING CONSTRUCTION BUSINESS)

New orders for the Taisei Group were worth ¥1,152.5 billion, a 13.2% increase compared to the previous fiscal year, as there was increase in new orders received by the Company and its consolidated subsidiaries.

New orders for the Company were worth ¥1,051.4 billion, a 13.5% increase. The percentages of new orders from government agencies, private companies and overseas construction projects out of the total were 17.9%, 85.2% and -3.1%, respectively, and the percentage of orders received without competitive bidding out of the total was 38.0%.

Net sales for the Taisei Group were ¥1,092.7 billion, a 10.9% increase compared to the previous fiscal year, because an increase in net sales was observed in the Company.

Net sales for the Company were ¥1,004.9 billion, a 12.0% increase compared to the previous fiscal year.

The Taisei Group	Orders received	¥1,152.5 billion Compared to the previous FY 13.2% ↑
	Net sales	¥1,092.7 billion Compared to the previous FY 10.9% ↑
The Company	Orders received	¥1,051.4 billion Compared to the previous FY 13.5% ↑
	Net sales	¥1,004.9 billion Compared to the previous FY 12.0% ↑

The major new orders received and the new major projects completed by Civil Engineering and Building Construction Business Divisions during FY ended March 2023 are shown on page 4 to page 5.

(REAL ESTATE DEVELOPMENT BUSINESS)

In the real estate industry, while the overall vacancy rate remains high in the building lease market and the rent market was weak, the condominium market continued to perform well due to high demand for housing as well as continued low interest rates.

Net sales of the Taisei Group in the real estate segment were ¥115.3 billion, a 13.2% decrease compared to the previous fiscal year, because a decrease in net sales was observed in the Company.

(OTHER BUSINESSES)

The Taisei Group recorded net sales in this segment of ¥11.4 billion, a 6.3% increase compared to the previous fiscal year due to the increase in the revenues of the Company and its consolidated subsidiaries.

The new orders received, net sales, and total balance of contract backlog for each segment of the Taisei Group are as follows:

(Unit: ¥ Billion)

	Backlog at the Beginning of This Period (April 1, 2022)	New Orders Received	Net Sales	Backlog Carried over Next Period
CIVIL ENGINEERING	760.7	531.4	423.1	869.0
BUILDING CONSTRUCTION	1,831.5	1,152.5	1,092.7	1,891.3
REAL ESTATE DEVELOPMENT BUSINESS	3.5	114.9	115.3	3.2
OTHER BUSINESSES	—	11.4	11.4	—
TOTAL:	2,595.9	1,810.4	1,642.7	2,763.6

The new orders received, net sales, and total balance of contract backlog for each segment of the Company are as follows:

(Unit: ¥ Billion)

	Backlog at the Beginning of This Period (April 1, 2022)	New Orders Received	Net Sales	Backlog Carried over Next Period
CIVIL ENGINEERING	691.6	395.5	293.9	793.2
BUILDING CONSTRUCTION	1,742.7	1,051.4	1,004.9	1,789.2
SUB TOTAL:	2,434.3	1,447.0	1,298.9	2,582.4
REAL ESTATE DEVELOPMENT BUSINESS	2.9	16.8	17.9	1.8
OTHER BUSINESSES	—	8.6	8.6	—
TOTAL:	2,437.3	1,472.5	1,325.5	2,584.2

Major new orders received during FY ended March 2023



CONTRACT P103 DESIGN AND CONSTRUCTION OF RIVIERA INTERCHANGE STATION AND TUNNELS FOR CAR-PUNGGOL EXTENSION

(Republic of Singapore)

Owner:

Land Transport Authority (LTA)



Integrated New Hospital Building Construction Work

(Itami-shi, Hyogo)

Owner:

Itami City Hospital & Japan Mutual Aid Association of Public School Teachers



Construction for Nishiya Water Purification Plant Redevelopment Project (Sludge Treatment Facilities in Purification Plant)

(Yokohama-shi, Kanagawa)

Owner:

Yokohama Waterworks Bureau



Fukuoka Airport International Terminal Buildings, Extension and Renovation Work

(Fukuoka-shi, Fukuoka)

Owner:

Fukuoka International Airport Co., Ltd.



Konami Creative Front Tokyo Bay, New Building Construction Work

(Koto-ku, Tokyo)

Owner:

KONAMI REAL ESTATE, INC.

Major projects completed during FY ended March 2023



Taketoyo Thermal Power Station Unit 5, Civil Engineering & Building Construction Work
(Chita-gun, Aichi)

Owner:
JERA Power TAKETOYO LLC.



New Building Construction Work for Nishi-Shinjuku 5-chome Kita Project
(Shinjuku-ku, Tokyo)

Owner:
Business Association of Nishi-Shinjuku 5-chome North Block Disaster Prevention Improvement Project



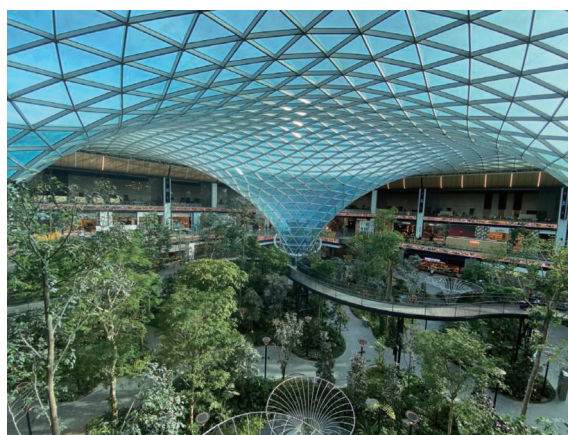
Hazawa Tunnel and Other Works for Sotetsu-Tokyu Link Line
(Yokohama-shi, Kanagawa)

Owner:
Japan Railway Construction, Transport and Technology Agency



Kuramae 1-chome Development Project
(Taito-ku, Tokyo)

Owner:
Japan Post Real Estate Co., Ltd.



Hamad International Airport Expansion Project: Passenger Terminal Expansion Works - Central Concourse Building and Early Works
(State of Qatar)

Owner:
Qatar Company for Airports Operation and Management (MATAR)

(2) Investments in Plant and Equipment

The Taisei Group's investment of plant and equipment during FY ended March 2023 (FY 2022) was 18.3 billion yen in total. The major investment was the conversion of existing buildings, owned by the Group; Taisei Corporation Kansai Branch, Taisei Corporation Yokohama Branch, and TAISEI U-LEC Co., LTD. Kawagoe Plant, into Zero Energy Buildings (ZEBs) "Green Renewal ZEB".

(3) Issues to Be Dealt with

(a) Medium-Term Business Plan (FY2021 to FY2023)

Due to the spread of COVID-19, construction investments were expected to shrink in the medium and long run, but overall construction investments were not scaled down, and driven by steady public investments and brisk private investments in plants and equipment mainly in the manufacturing industry with a post-COVID surge of business in mind, they were recovering to the levels exceeding pre-COVID ones. However, as sharp rises in the prices of a wide range of construction materials tremendously affected the profit/loss of construction projects, the management environment that surrounded the Taisei Group was extremely harsh.

Under these circumstances, we are working on the Medium-Term Business Plan (2021-2023) with FY2023 as its last year. However, we were delayed in establishing production systems for business expansion and could not make progress in passing the soaring prices of construction materials onto our contract prices with clients, and in the midst of fierce competition, obtained orders for several large-scale construction projects with lower profit margins. Affected by these and other factors, we forecast that financial results for FY2023 will not reach own numerical targets for the last year of the Medium-Term Business Plan.

In FY2023, we will analyze the causes of the failure to achieve targets in the Medium-Term Business Plan and work out the next Medium-Term Business Plan, which is to begin in FY2024.

<Table for numerical targets (consolidated basis) of Final FY 2023 under the Medium-Term Business Plan (2021-2023)>

	Final FY 2023 under the Medium-Term Business Plan (2021-2023)		
	Numerical Targets	Performance Forecast	Variance in amount
Group Net Sales	¥2.00 trillion	¥1.76 trillion	-240.0 billion
Group Operating Income	¥140.0 billion	¥64.0 billion	-76.0 billion
Group Net Income Attributable to Owners of Parent	¥100.0 billion	¥45.0 billion	-55.0 billion
ROE	Approx. 10%	5.4%	—
Dividend Payout Ratio	Approx. 25%	53.7%	—
*Net interest-bearing debt	To maintain state of substantive debt-free	—	—

*Net interest-bearing debt = interest bearing debt - cash deposit

TAISEI VISION 2030

The Ever-Evolving CDE^{3(cubed)} Company

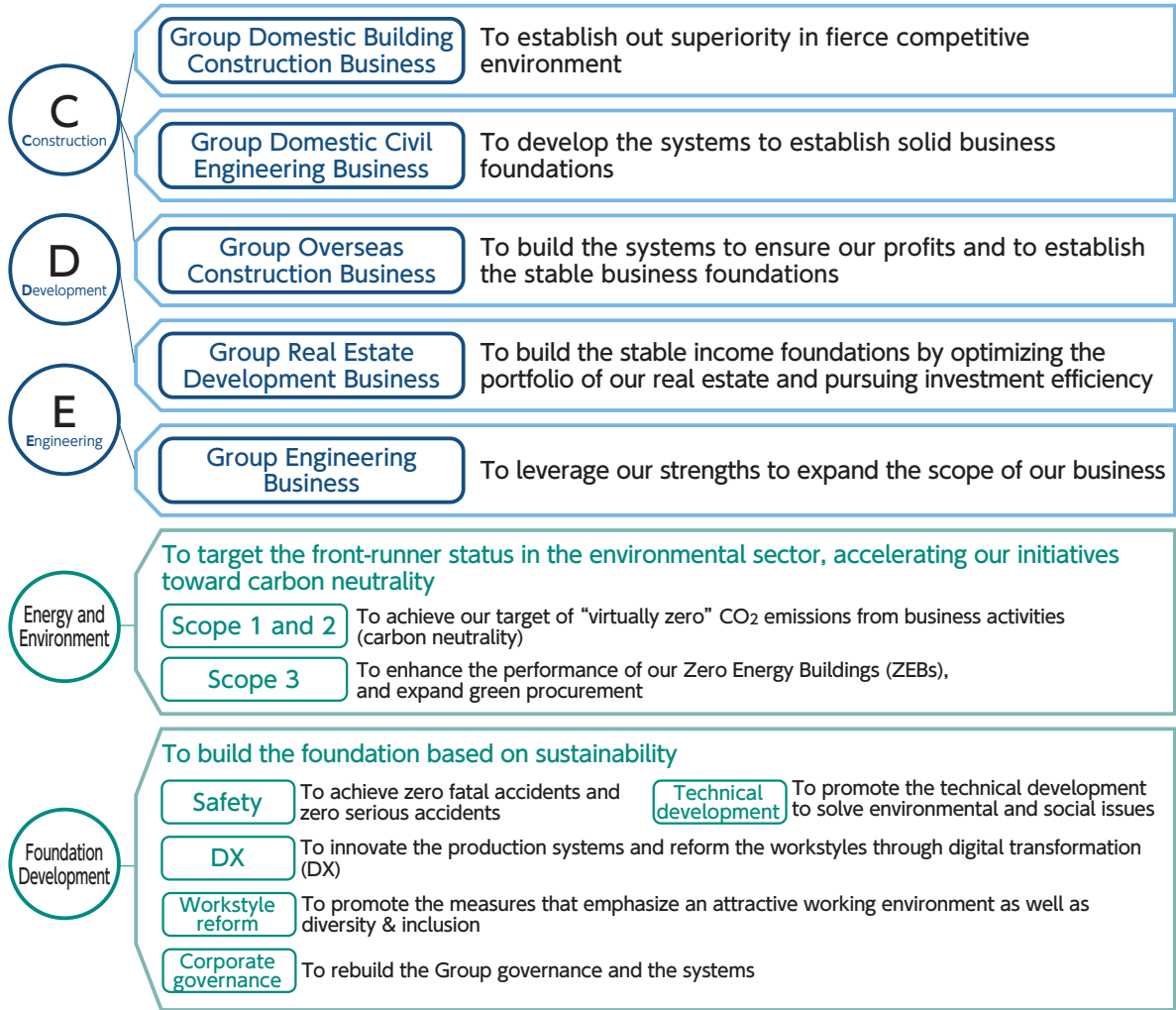
Construction, Development, Engineering, Energy, Environment

A pioneering corporate group
contributing to the development of a resilient society
where people can live affluent and cultural lives

Basic stance	Achieving safety and security	Optimal utilization of "Human Capital", "Technology" and "Intelligence"	
Rough indicators of numerical performance	Group net sales	Group net income	ROE
	Approx. ¥2.5 trillion	Approx. ¥150.0 billion	Approx. 10%
Returns to stakeholders	Customers, suppliers, and society	Returns through CDE³	
	Shareholders	Dividend payment ratio 25-30%	
	Employees	To promote further diversity and inclusion, establishing a comfortable working environment, personnel systems, and salary plans that enable employees to leverage their diverse range of skills to the maximum possible extent	

Medium-Term Business Plan (2021-2023)

Key Issues



Investment plans



TAISEI VISION 2030 / Medium-Term Business Plan (2021-2023) Website ►
<https://www.taisei.co.jp/ir/management-policy/plan/group.html>
 (Japanese language only)



(b) To Rebuild Quality Control Systems

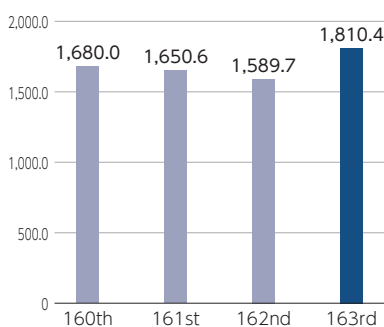
In the ongoing “(Tentative name) Sapporo Kita 1 Nishi 5 Project” undertaken by our Sapporo Branch, we failed to satisfy steel erection accuracy requirements. By implementing measures to prevent ourselves from repeating the similar failures, including strengthening the quality control system starting out with independence of the quality control division, we will make company-wide efforts to restore credibility and trust in us.

(4) Transition of Assets and Income

(Transition of Assets and Income of the Taisei Group)

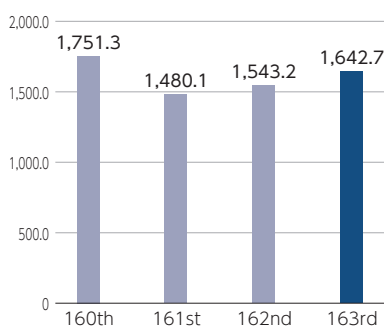
New Orders Received

(Unit: ¥Billion)



Net Sales

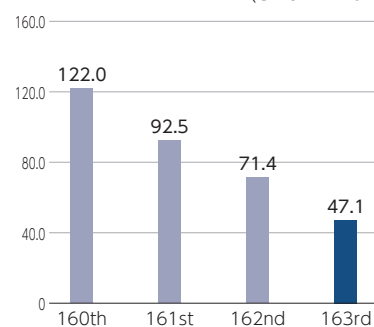
(Unit: ¥Billion)



Net Income or (Loss)

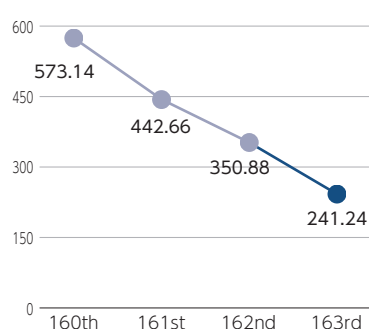
Attributable to Owners of Parent

(Unit: ¥Billion)



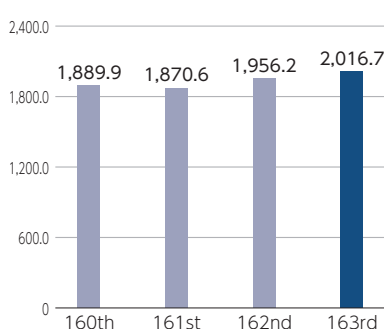
Net Income or (Loss) per Share

(Unit: Yen)



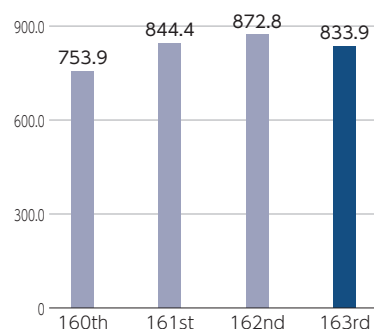
Total Assets

(Unit: ¥Billion)



Total Net Assets

(Unit: ¥Billion)

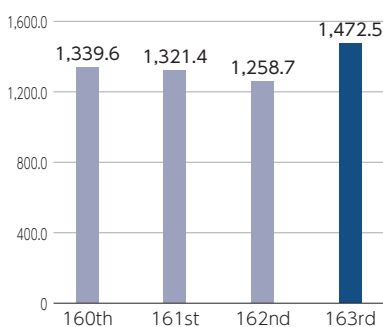


(Unit: ¥ Billion)	FY Ended March 2020	FY Ended March 2021	FY Ended March 2022	FY Ended March 2023 (Current FY)
New Orders Received	1,680.0	1,650.6	1,589.7	1,810.4
Net Sales	1,751.3	1,480.1	1,543.2	1,642.7
Net Income or (Loss) Attributable to Owners of Parent	122.0	92.5	71.4	47.1
Net Income or (Loss) per Share (Unit: Yen)	573.14	442.66	350.88	241.24
Total Assets	1,889.9	1,870.6	1,956.2	2,016.7
Total Net Assets	753.9	844.4	872.8	833.9

(Transition of Assets and Income of the Company)

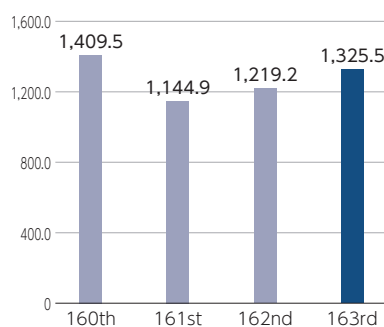
New Orders Received

(Unit: ¥Billion)



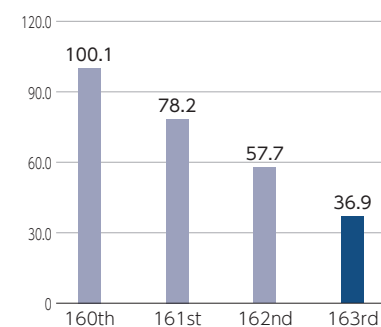
Net Sales

(Unit: ¥Billion)



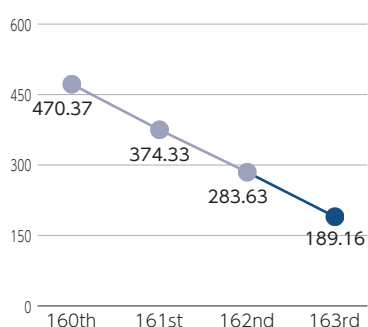
Net Income or (Loss)

(Unit: ¥Billion)



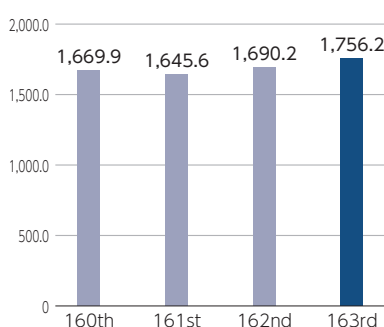
Net Income or (Loss) per Share

(Unit: Yen)



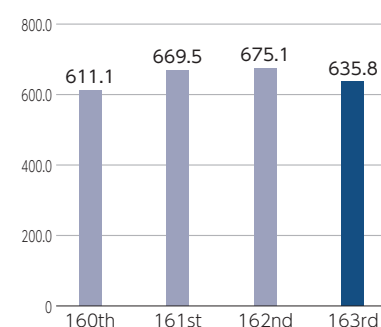
Total Assets

(Unit: ¥Billion)



Total Net Assets

(Unit: ¥Billion)



(Unit: ¥ Billion)	FY Ended March 2020	FY Ended March 2021	FY Ended March 2022	FY Ended March 2023 (Current FY)
New Orders Received	1,339.6	1,321.4	1,258.7	1,472.5
Net Sales	1,409.5	1,144.9	1,219.2	1,325.5
Net Income or (Loss)	100.1	78.2	57.7	36.9
Net Income or (Loss) per Share (Unit: Yen)	470.37	374.33	283.63	189.16
Total Assets	1,669.9	1,645.6	1,690.2	1,756.2
Total Net Assets	611.1	669.5	675.1	635.8

(5) Main Lines of Business (The Taisei Group)

The Taisei Group's main business segments are as follows:

Civil engineering business	All the business related to Civil Engineering works
Building construction business	All the business related to Building Construction works
Real estate development business	Sale & purchase, lease, management, brokerage and all the other businesses related to real estate
Other businesses	Projects incidental or related to construction such as research undertaking, provision of technology and environmental measurements, leisure-related businesses, and other services

The Company, licensed by the Ministry of Land, Infrastructure and Transport as an Ordinary and Special Construction Contractor (license (HAN/TOKU-3) No. 300) under the Construction Business Act, and as a Licensed Real-Estate Transaction Agent (license (15) No. 607) under the Building Lots and Building Transaction Business Act, is engaged mainly in the following lines of business operations:

- (a) Planning, surveying, design, supervision, construction, engineering and consulting services, related to civil engineering, building construction, and other construction works of all kinds;
- (b) Sale, purchase, lease, brokerage and management of real estate; and
- (c) Urban development, regional development, etc.

(6) Major Subsidiaries

Name of Company	Paid-up Capital	% of Equity Ownership	Major Lines of Business
	(Unit: ¥ Billion)	(%)	
Taisei Rotec Corporation	11.3	100.0	Design, construction and supervision of works related to pavement and other civil engineering work as well as the manufacture and sale of asphalt for pavement
Taisei-Yuraku Real Estate Co., Ltd.	10.0	100.0	Development, lease, sub-lease, brokerage, appraisal, and consultation of real estate; maintenance, operation, management and renewal of building; and, insurance agent business
Taisei U-Lec Co., Ltd.	4.5	100.0	Research, surveying, planning, design, supervision, construction and technical assistance for building construction, civil engineering and all the other construction works
Taisei Setsubi Co., Ltd.	0.6	99.9	Works for air-conditioning facilities, sanitary engineering and electrical engineering, and all the other businesses related to building facilities

(7) Major Offices

(a) The Company

Head Office:

25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan

Branch Offices:

Tokyo Branch (Shinjuku-ku, Tokyo)
 Kansai Branch (Osaka-shi, Osaka)
 Nagoya Branch (Nagoya-shi, Aichi)
 Kyushu Branch (Fukuoka-shi, Fukuoka)
 Sapporo Branch (Sapporo-shi, Hokkaido)
 Tohoku Branch (Sendai-shi, Miyagi)
 Chugoku Branch (Hiroshima-shi, Hiroshima)
 Yokohama Branch (Yokohama-shi, Kanagawa)
 Hokushinetsu Branch (Niigata-shi, Niigata)
 Shikoku Branch (Takamatsu-shi, Kagawa)
 Chiba Branch (Chiba-shi, Chiba)
 Kanto Branch (Saitama-shi, Saitama)
 Kobe Branch (Kobe-shi, Hyogo)
 Kyoto Branch (Kyoto-shi, Kyoto)
 International Operations Headquarters (Shinjuku-ku, Tokyo)

Overseas Offices:

Taipei Office
 Philippine Office (Manila)
 Singapore Office
 Kuala Lumpur Office
 Jakarta Office
 India Office (Gurugram)
 Middle East Office (Doha)
 North Africa Office (Cairo)
 Bangladesh Office (Dhaka)

Taisei Advanced Center of Technology (Yokohama-shi, Kanagawa)

Note:

Nagoya Branch has been renamed "Chubu Branch" since April 1, 2023.

(b) Major Subsidiaries

Domestic

Taisei Rotec Corporation (Shinjuku-ku, Tokyo)
 Taisei-Yuraku Real Estate Co., Ltd. (Chuo-ku, Tokyo)
 Taisei U-Lec Co., Ltd. (Minato-ku, Tokyo)
 Taisei Setsubi Co., Ltd. (Shinjuku-ku, Tokyo)
 Taisei Housing Corporation (Shinjuku-ku, Tokyo)
 Seiwa Renewal Works Co., Ltd. (Minato-ku, Tokyo)

Overseas

Vinata International Company Limited (Vietnam)
 Taisei Philippine Construction Incorporated (Philippines)
 Taisei (Thailand) Co., Ltd. (Thailand)
 PT. Taisei Pulauintan Construction International (Indonesia)
 Taisei Myanmar Co., Ltd. (Myanmar)

(8) Status of Employees

(a) The Taisei Group

(*Decrease)

Business Segments	Number of Employees (Unit: Persons)	
	At the Year-End	Change from Previous Year End [△ decrease]
CIVIL ENGINEERING BUSINESS	4,268 [848]	5 [44]
BUILDING CONSTRUCTION BUSINESS	8,133 [1,327]	30 [△42]
REAL ESTATE DEVELOPMENT BUSINESS	1,898 [1,772]	△81 [39]
OTHER BUSINESSES	167 [88]	△6 [1]
TOTAL:	14,466 [4,035]	△52 [42]

Note:

The number shown in square brackets [] shows the yearly average of temporary employees, which is not included in the "Number of Employees."

(b) The Company

Number of Employees (Unit: Persons)		Average Age	Average Years of Employment
At the Year-End	Change from Previous Year End		
8,613	34	43.0	18.1

Notes:

1. The "Number of Employees" shows the number of permanent employees working at the Company.
2. The number of permanent employees who belong to the Company (including the employees on loan working in other companies and excluding the workers on loan from other companies) is 8,717.

(9) Major Companies Providing Loans to the Taisei Group

Name of Lender	Loaned Amount (Unit: ¥ Billion)
Mizuho Bank Co., Ltd.	55.6
MUFG Bank, Ltd.	13.3
Risona Bank, Limited.	12.3
Mizuho Trust & Banking Co., Ltd.	9.4
The Norinchukin Bank	8.9

(10) Other Important Particulars Regarding the Current Status of the Group Companies

In March 2018, Taisei Corporation and a counselor of Taisei Corporation were indicted by the Tokyo District Public Prosecutors Office for the alleged violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade ("Act") in connection with construction projects for terminal stations of the Linear Chuo Shinkansen Line. We filed an appeal to the Tokyo High Court, however, in March 2023, the Court delivered a sentence, declaring Taisei guilty and also found its counselor guilty but suspended the execution of the sentence.

Receiving the sentences, in March 2023, we filed final appeal to the Supreme Court.

Furthermore, an action for revocation of administrative disposition we filed to the Tokyo District Court in March 2021 is still ongoing, which we request to revoke the cease and desist order by the Japan Fair Trade Commission.

We will continue to insist that there is no fact of any violation and the case will not present any violation of the Act in the future court proceedings.

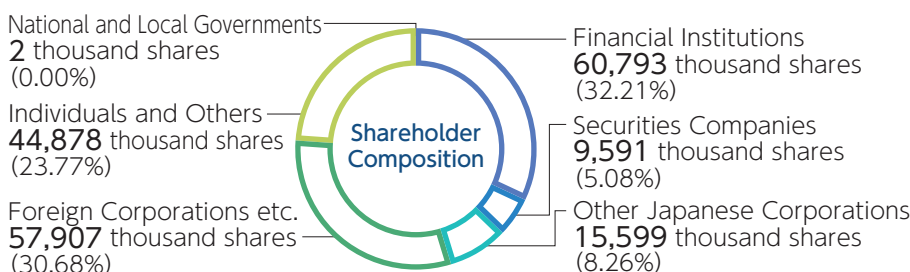
2 Matters Concerning the Shares of the Company

(1) Number of Shares Authorized: 440,000,000-

(2) Number of Shares Issued: 188,771,572-

The Number of shares issued includes the Company's own shares, the number of which is 301,634-

(3) Number of Shareholders: 62,261-



(4) Major Shareholders (Top 10):

Name of Shareholder	Number of Shares Held (Unit: Thousand Shares)	Ratio of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,310	16.61
Custody Bank of Japan, Ltd. (Trust Account)	11,502	6.10
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	6,123	3.25
Taisei Associates' Shareholding Plan	6,049	3.21
Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. Account)	5,857	3.11
Taisei Employees' Shareholding Plan	3,757	1.99
State Street Bank West Client-Treaty 505234	3,051	1.62
Meiji Yasuda Life Insurance Company	2,847	1.51
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	2,836	1.51
State Street Bank and Company 505103	2,427	1.29

Note 1: The Company's own shares (301,634-) are excluded in calculating the Ratio of Shares Held.

Note 2: The shares owned by the Board Benefit Trust (BBT) (104,300-) are not included in the Company's own shares (301,634-).

(5) Other Important Matters Concerning the Shares

We acquired common shares of the Company (12,031,800 shares) in accordance with the resolution of the Board meeting held on May 13, 2022.

In addition, in accordance with the resolution of the Board meeting held on March 24, 2023, we cancelled the treasury stock on March 31, 2023, acquired through market purchase (12,031,800 shares) we had acquired since May 16, 2022.

③ Matters Concerning Members of the Board and Audit & Supervisory Board Members

(1) Members of the Board and Audit & Supervisory Board Members

Name	Position <i>Business in Charge</i>	Important Concurrent Position
Takashi YAMAUCHI	Chairman Member of the Board	Vice Chairman of the Tokyo Chamber of Commerce and Industry External Director of the Building & Housing Center of Japan External Director of Nippon Venture Capital Co., Ltd. External Director of Chuo Building CO., LTD.
Yoshiro AIKAWA	President and Chief Executive Officer Member of the Board (Representative Director)	Vice Chair of the Board of Councillors of Keidanren (Japan Business Federation)
Shigeyuki SAKURAI	Member of the Board (Representative Director) <i>Chief of Business Administration Division; In Charge of New Business Planning</i>	
Shigeyoshi TANAKA	Member of the Board (Representative Director) <i>Chief of Civil Engineering Division; In Charge of Safety Administration</i>	
Norihiko YAGUCHI	Member of the Board (Representative Director) <i>Chief of Marketing & Sales Division (Integrated)</i>	
Hiroshi KIMURA	Member of the Board <i>Deputy Chief of Marketing & Sales Division (Integrated), Supervising Marketing & Sales (Civil Engineering); Chief of Marketing & Sales (Civil Engineering) Division</i>	
Atsushi YAMAMOTO	Member of the Board <i>Chief of Marketing & Sales Promotion Division</i>	
Yoshihiro TERAMOTO	Member of the Board <i>Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division</i>	Director of Construction-ec.com Co., Ltd
Atsuko NISHIMURA	Member of the Board External Member Independent Executive	Outside Director of INPEX CORPORATION
Norio OTSUKA	Member of the Board External Member Independent Executive	Outside Director of Sojitz Corporation
Fumiya KOKUBU	Member of the Board External Member Independent Executive	Chairman of the Board of Marubeni Corporation Outside Director of Honda Motor Co., Ltd. Vice Chair of the Board of Councillors of Keidanren (Japan Business Federation)
Takashi HAYASHI	Audit & Supervisory Board Member (Full-time)	
Akihiko NOMA	Audit & Supervisory Board Member (Full-time)	
Yasuhiro SATO	Audit & Supervisory Board Member External Member Independent Executive	Vice Chair of Keidanren (Japan Business Federation)
Seishi TASHIRO	Audit & Supervisory Board Member External Member Independent Executive	
Keiko OHARA	Audit & Supervisory Board Member External Member Independent Executive	Partner, Kamiyacho International Law Office Director, Member of the board (Independent) of Financial Products Group Co., Ltd. Outside Director of FUJI KYUKO CO., LTD.
Masamitsu MIURA	Audit & Supervisory Board Member External Member Independent Executive	

Notes:

1. Mr. Yoshihiro TERAMOTO resigned from his position as Member of the Board on March 31, 2023. He was also a Director of Construction-ec.com Co., Ltd.
2. Mr. Takao MURAKAMI resigned from his position as External Member of the Board on September 30, 2022. He was also an External Member of the Board of Television Hokkaido Broadcasting Co., Ltd.
3. Ms. Atsuko NISHIMURA, Messrs. Takao MURAKAMI, Norio OTSUKA and Fumiya KOKUBU are External Members of the Board. All of them meet the criteria of independency prescribed by Tokyo Stock Exchange and are registered as independent executives according to Sub-clause 436-2 of Securities Listing Regulations of Tokyo Stock Exchange.
4. Ms. Keiko OHARA, Messrs. Yasuhiro SATO, Seishi TASHIRO, and Mr. Masamitsu MIURA are External Audit & Supervisory Board Members. All of them meet the criteria of independency prescribed by Tokyo Stock Exchange and are registered as independent executives according to Sub-clause 436-2 of Securities Listing Regulations of Tokyo Stock Exchange.
5. Mr. Takashi HAYASHI has been engaged in management of the Company and its subsidiaries for over the years and has considerable knowledge and insight about finance and accounting.
6. Mr. Yasuhiro SATO has been engaged in banking and management of financial institutions for over the years and has considerable knowledge and insight about finance and accounting.
7. Mr. Seishi TASHIRO has been engaged in affairs of the Board of Audit of Japan for over the years and has considerable knowledge and insight about finance and accounting.
8. During FY 2022, change of important concurrent position is as follows;

Classification	Name	Important concurrent posts	Details of change	Date of change
Member of the Board	Yoshiro AIKAWA	Vice Chair of the Board of Councilors of Keidanren (Japan Business Federation)	Leaving of post	March 31, 2023
Member of the Board	Yoshihiro TERAMOTO	Member of the Board of Construction-ec.com Co., Ltd.	Leaving of post	March 31, 2023
Audit & Supervisory Board Member	Yasuhiro SATO	Chairman, Member of the Board of Directors of Mizuho Financial Group Inc.	Leaving of post	April 1, 2022
Audit & Supervisory Board Member	Yasuhiro SATO	Member of the Board of Mizuho Financial Group Inc.	Leaving of post	June 21, 2022

(2) Descriptions of the Contract to Limit the Liability

In order for External Members of the Board and Audit & Supervisory Board Members to fulfill their expected roles, the Articles of Incorporation provides that the Company may enter into contracts with Members of the Board (other than an executive Member of the Board (*gyomushikkou torishimari yaku*)) and Audit & Supervisory Board Members to limit their maximum liability for damages to the Company within a certain range.

The outline of the contracts to limit the liability that the Company has entered into with Ms. Atsuko NISHIMURA, Messrs. Takao MURAKAMI, Norio OTSUKA and Fumiya KOKUBU as the Member of the Board, and all the Audit & Supervisory Board Members in accordance with the relevant provisions of the Articles of Incorporation is as follows:

(Contracts to Limit the Liability with Members of the Board)

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, External Members of the Board shall be held liable for damages up to the higher of an amount of ¥ 10 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, provided that the External Member of the Board has performed his duties in good faith and without gross negligence.

(Contracts to Limit the Liability with Audit & Supervisory Board Member)

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, Audit & Supervisory Board Member shall be held liable for damages up to the higher of an amount of ¥ 10 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, provided that the Audit & Supervisory Board Member has performed his duties in good faith and without gross negligence.

(3) Outline of the Company's indemnity agreements

The Company executes an indemnity agreement with each of the current Members of the Board and Audit & Supervisory Board Members as stipulated in paragraph 1 of Article 430-2 of the Companies Act to compensate him/her for expenses as stipulated in item 1 of the same paragraph and losses as stipulated in item 2 of the same paragraph respectively within the range stipulated in the relevant laws and ordinances. However, whether actual compensation needs to be made shall be decided in accordance with a resolution of the Board. In addition, where a Member of the Board or an Audit & Supervisory Board Member is held liable for the expenses or losses incurred, we do not in principle compensate him/her for such expenses or losses, and where the Member of the Board or the Audit & Supervisory Board Member has performed his/her duties in bad faith or with gross negligence, we may get him/her return the expenses or the losses compensated for. Thus, we have taken certain measures so as not to impair the proper performance of duties by the Member of the Board or the Audit & Supervisory Board Member to be compensated.

(4) Outline of the Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement with an insurance firm in which each Member of the Board and each Audit & Supervisory Board Member is to be covered as the insured. The details of the insurance agreement are outlined as follows:

① Premiums to substantially be incurred by each insured

All insurance premiums are to be incurred by the Company, and each insured is not to incur any premium.

② Outline of incidents to be covered by the insurance

Damage is to be covered by the insurance that each insured is liable for when he or she performs his or her duty or that is caused when his or her liability is questioned and claims are made (excluding cases falling under any of the reasons for exemption of liability as exclusions, such as the case that the insured intentionally performed the act recognizing the violation of the laws and regulations, as stipulated in the insurance agreement). In addition, each Company's executive officers are also to be covered as the insured.

(5) Remuneration, etc. for Members of the Board and Audit & Supervisory Board Members in the Current Business Year

① Matters concerning policies on determination of the remuneration, etc. for each Member of the Board

Based on the deliberation by the Remuneration Committee, the Board decided on a policy on determination of the content of compensation, etc. for each Member of the Board at the Board meeting held on February 25, 2021. The details are as follows:

1. Fundamental policy on the determination of the details of remuneration, etc. for each Member of the Board

The remuneration, etc. for Members of the Board of the Company consists of fixed compensation and performance-based compensation, both of which are monetary compensation, as well as non-monetary performance-based compensation (stock compensation).

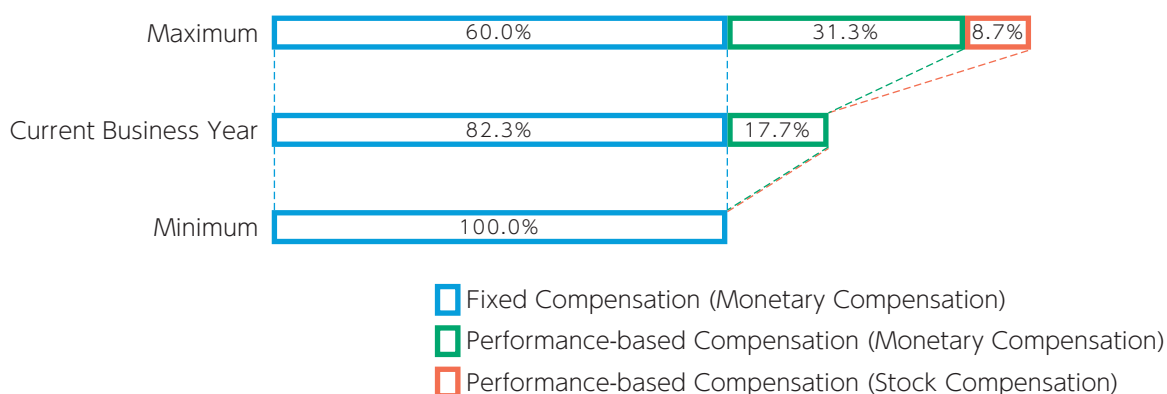
The above policy of remuneration was decided comprehensively considering the

matters such as the business scale, content, and performance of both the Company and the Taisei Group, as well as the duties and responsibilities of each Member of the Board.

When determining the details of remuneration, etc. for each Member of the Board, the Board will decide the details of remuneration for each Member of the Board, taking account of the responsibilities and positions of each Member of the Board (including the concurrent positions as an Executive Officer, if applicable; the same applies hereafter), based on deliberation at the Remuneration Committee, which is authorized to deliberate the details of remuneration, etc. before the Board's decision.

The Remuneration Committee shall comprise of Members of the Board (internal) and the same numbers of External Members of Board as those of Internal Members and shall be chaired by an External Member of the Board. Furthermore, External Audit & Supervisory Board Member shall be added as a member of the Committee from the viewpoint of securing adequateness of the deliberations at the Committee. Thus, the Remuneration Committee establishes the system to properly consider the details of remuneration, etc. for each Member of the Board.

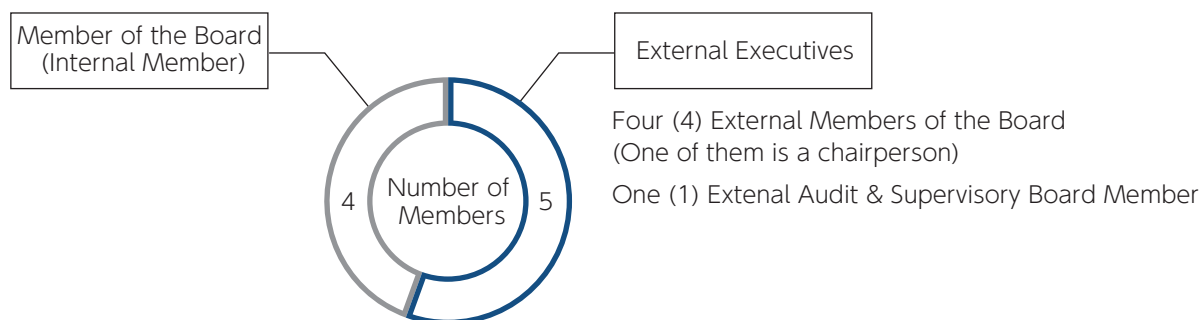
[Schematic diagram of remuneration of Members of the Board of the Company]



*The above ratio is the remuneration for President and Chief Executive Officer, Representative Director calculated as an example.

*Remuneration for External Members of the Board is the Fixed Compensation only, and the Performance-based Compensations are not applicable to the remuneration.

[Composition of the Remuneration Committee]



Note:

Due to the resignation of one (1) External Member of the Board dated on September 30, 2022, the current number of members at the Remuneration Committee is four (4) Internal Members of the Board, three (3) External Members of the Board (including a chairperson), and one (1) External Audit & Supervisory Board Member.

2. Policy on determination of the amount and the calculation methods of fixed Compensation

The fixed compensation shall be paid to each Member of the Board on a fixed date every month during his or her term of office, and shall be determined according to the responsibilities of each Member of the Board, comprehensively taking account of the Company's business scale, content, and the duties and responsibilities of each Member of the Board, and the fixed compensation to each Member of the Board other than External Members of the Board, shall be progressively increased according to his or her position.

3. Policy on determination of the contents, and the calculation methods of the amount or the number of performance indicators for performance-based compensation; and policy on determination of the contents and the amount, or the number and the calculation methods for non-monetary compensation

The performance-based compensation is established for the purpose of raising the awareness of each Member of the Board to contribute to business performance improvement and enhancement of corporate value. However, External Members of the Board are not eligible for the performance-based compensation.

(a) Performance-based compensation (monetary compensation)

The performance-based compensation (monetary compensation) shall be paid to each Member of the Board on a fixed date every month during his or her term of office and the contents and the amount of the compensation shall be determined based on our company's short-term performance.

Net income attributable to owners of the parent in the consolidated statement of income for the most recent consolidated fiscal year is used as a performance indicator because it is an indicator that shows the final results of Taisei Group's business activities, and provides the system so that the amount paid to each Member of the Board will be progressively increased according to his or her positional ranks.

(b) Performance-based compensation (stock compensation)

The performance-based compensation (stock compensation) is designed to raise the awareness of Members of the Board to contribute to improving medium- to long-term business results and enhancing corporate value by clarifying linkage between the remuneration of Members of the Board with Taisei Group's business results and the value of share, and by sharing with shareholders not only the benefits of a rise in share prices but also the risk of a decline in share prices.

The stock benefit trust (= Board Benefit Trust) method is adopted, and the date of the annual General Meeting of Shareholders is the grant date.

In accordance with the "Officers' Share Benefit Regulations" established by the Board, each year during his or her term of office, points are granted and accumulated to one (1) share per point. In the event that a Member of the Board retires and satisfies the beneficiary requirements specified in the "Officers' Share Benefit Regulations," the Company's shares equivalent to the cumulative number of points will be distributed after retirement through prescribed procedures to determine the beneficiary. A part of the payment may be made in cash equivalent to the market value of the Company's shares instead of the Company's shares.

As well as the performance-based compensation (monetary compensation), net income attributable to owners of the parent in the consolidated statements of income for the most recent consolidated fiscal year is used as a performance indicator because it is an indicator that shows the final results of Taisei Group's business activities.

The points to be granted to each Member of the Board are determined separately for Representative Directors and other Members of the Board respectively considering the status of achievement of business performance, duties and responsibilities.

4. Policy on determination of the ratio of each type of compensation to be applied to the amount of remuneration, etc.

With respect to performance-based compensation, the Company has set performance values that serve as criteria for monetary compensation and stock compensation and has established a rule that the ratio of performance-based compensation will increase when performance is favorable compared to the criteria.

From a medium- to long-term perspective, the Company has a plan to review for reducing the proportion of fixed compensation and increasing the proportion of performance-based compensation.

However, the compensation for External Members of the Board shall be fixed compensation only.

② Matters related to the policy on determination of the amount and the calculation methods of remuneration, etc. for Audit & Supervisory Board Members

The remuneration, etc. for Audit & Supervisory Board Members consists only of fixed remuneration, and the amount for each Audit & Supervisory Board Member is determined by the Audit & Supervisory Board through consultation.

③ Matters concerning the resolution of the General Meeting of Shareholders on the remuneration, etc. for Members of the Board and Audit & Supervisory Board Members

Category	Type of Remuneration, etc.	Compensation Limit	Date of Resolution at the General Meeting of Shareholders	Number of the Members Applicable for payment at the Time of Resolution
Member of the Board	Fixed Compensation	Up to 70 million yen Per Month	June 27, 2006 (The 146th General Meeting of Shareholders)	14 (Including Two (2) External Members of the Board)
	Performance-based Compensation (Monetary Compensation)			12
	Performance-based Compensation (Stock Compensation)	Up to 100 million yen, 35,000 points per fiscal year (1 point = 1 share of stock)	June 24, 2020 (The 160th General Meeting of Shareholders)	8
Audit & Supervisory Board Member	Fixed Compensation	Up to 12 Million Yen Per Month	June 29, 1994 (The 134th General Meeting of Shareholders)	5 (Including Two (2) External Audit & Supervisory Board Members)

④ The total amount of remuneration for Members of the Board and Audit & Supervisory Board Members, etc. (Unit: ¥ Million)

Category	Total Amount of Remuneration, etc.	Total Amount of Remuneration in kind			Number of the Members applicable
		Monetary Compensation		Non-monetary Compensation	
		Fixed Compensation	Performance-based Compensation	Stock Compensation	
Members of the Board (External Members)	669 (54)	564 (54)	105 (0)	0 (0)	12 (4)
Audit & Supervisory Board Members (External Members)	124 (57)	124 (57)	— —	— —	6 (4)

Notes:

- 1: Among the types of monetary compensation, the performance indicator of the performance-based compensation should be an indicator that show the final results of our group's business activities. Thus, the Company adopts the net income attributable to owners of the parent in the consolidated statements of income for the most recent consolidated fiscal year. The total sum of the net income attributable to owners of the parent in the consolidated statements of income for the most recent consolidated fiscal year is 47,124 million yen.
- 2: Stock compensation (non-monetary compensation) adopts the method of the Board Benefit Trust (=BBT), and the date of the annual General Meeting of Shareholders is the grant date. In accordance with the "Officers' Share Benefit Regulations" established by the Board, each year during his or her term of office, points are granted and accumulated to one (1) share per point. In the event that a Member of the Board retires and satisfies the beneficiary requirements specified in the "Officers' Share Benefit Regulations," the Company's shares equivalent to the cumulative number of points will be distributed after retirement through prescribed procedures to determine the beneficiary. A part of the payment may be made in cash equivalent to the market value of the Company's shares instead of the Company's shares. The stock compensation is also categorized as performance-based compensation, therefore, "net income attributable to owners of the parent in the consolidated statements of income" for the most recent consolidated fiscal year is adopted as the performance indicator of the stock compensation because it is an indicator that shows the final results of Taisei Group's business activities. The net income attributable to owners of the parent in the consolidated statements of income for current consolidated fiscal year is 47,124 million yen.
- 3: We judge that the contents of remuneration paid to Members of the Board during this FY are within the maximum amount approved at the General Meeting of Shareholders subject to the basic policy determined by the Board on the determination of the details of remuneration, etc. for each Member of the Board, and also judge that the contents of remuneration determined by the Board is also in accordance with the determination policy, because the contents of remuneration were determined at the Board based on deliberations at the Remuneration Committee, which is authorized to deliberate the details of remuneration, etc. before the Board's decision.

(6) Matters Concerning External Members of the Board and External Audit & Supervisory Board Members

(i) Concurrent posts of External Members of the Board and External Audit & Supervisory Board Members

The status is as described in **"(1) Members of the Board and Audit & Supervisory Board Members"**

There are no relationships to be mentioned between the Company and the organizations at which each External Member of the Board and/or External Audit & Supervisory Board Member concurrently holds a post.

(ii) Major activities of External Members of the Board and External Audit & Supervisory Board Members

Classification	Name	Major activities
Member of the Board	Atsuko NISHIMURA	<p>Ms. Atsuko NISHIMURA attended all the meetings of the Board held during the current fiscal year and supervised the Company's business management and provided advice on business execution from her objective and neutral standpoint as an External Member of the Board based on her perspectives cultivated as a diplomat and profound knowledge. In addition, she attended all the four (4) meetings of the Governance System Review Committee (which is one of the committees for prior consultation before the Board meetings) held during the current fiscal year as Chairperson of the Committee, and led discussions regarding the way of Taisei Group's governance structure according to changes in business environment.</p> <p>Thus, as expected, she contributed to the sustainable development and further enhancement of the corporate value of Taisei Group by upgrading the Board's managerial and supervisory functions through her provision of advice and decision-making on important matters such as the promotion of diversity, the election and dismissal of executives, the strengthening of corporate governance and compliance promotion systems, and the implementation of international projects.</p>
Member of the Board	Takao MURAKAMI	<p>Mr. Takao MURAKAMI attended five (5) out of seven (7) meetings of the Board held during the current fiscal year and supervised the Company's business management and provided advice on business execution from his objective and neutral standpoint as an External Member of the Board based on his perspective cultivated as business executive and profound knowledge. In addition, he attended one (1) out of two (2) meetings of the Executive Personnel Committee (which is one of the committees for prior consultation before the Board meetings) held until September 30, 2022, the resignation from his position as Chairperson of the Committee, and led discussions regarding skills expected of Members of the Board and executive development plan, etc.</p> <p>Thus, as expected, he contributed to the sustainable development and further enhancement of the corporate value of Taisei Group by upgrading the Board's managerial and supervisory functions through his provision of advice and decision-making on important matters such as the election and dismissal of executives, the strengthening of corporate governance and compliance promotion systems, and the formulation of management strategies.</p>
Member of the Board	Norio OTSUKA	<p>Mr. Norio OTSUKA attended all the meetings of the Board held during the current fiscal year and supervised the Company's business management and provided advice on business execution from his objective and neutral standpoint as an External Member of the Board based on his perspective cultivated as business executive and profound knowledge. In addition, he attended all the two (2) meetings of the Remuneration Committee (which is one of the committees for prior consultation before the Board meetings) held during the current fiscal year as Chairperson of the Committee, and led discussions regarding the ideal executive remuneration systems for the Company.</p> <p>Thus, as expected, he contributed to the sustainable development and further enhancement of the corporate value of Taisei Group by upgrading the Board's managerial and supervisory functions through his provision of advice and decision-making on important matters such as the election and dismissal of executives, the strengthening of corporate governance and compliance promotion systems, and the formulation of management strategies.</p>
Member of the Board	Fumiya KOKUBU	<p>Mr. Fumiya KOKUBU attended all the meetings of the Board held during the current fiscal year and supervised the Company's business management and provided advice on business execution from his objective and neutral standpoint as an External Member of the Board based on his perspective cultivated as business executive and profound knowledge. In addition, he attended all the two (2) meetings of the CSR Committee (which is one of the committees for prior consultation before the Board meetings) held during the current fiscal year as Chairperson of the Sustainability Committee, and led discussions regarding the way of sustainability management.</p> <p>Thus, as expected, he contributed to the sustainable development and further enhancement of the corporate value of Taisei Group by upgrading the Board's managerial and supervisory functions through his provision of advice and decision-making on important matters such as the election and dismissal of executives, the strengthening of corporate governance and compliance promotion systems, and the formulation of management strategies.</p>

Note 1: Mr. Takao MURAKAMI resigned from his position as External Member of the Board on September 30, 2022.

Note 2: In the ongoing "(Tentative name) Sapporo Kita 1 Nishi 5 Project" undertaken by our Sapporo Branch, we failed to satisfy steel erection accuracy requirements. Ms. Atsuko NISHIMURA, and Messrs. Norio OTSUKA and Fumiya KOKUBU, our External Members of the Board, did not recognize this fact until it was turned out but had been drawing attention to the company since early stage of compliance from viewpoint of compliance and corporate governance. In addition, since the event was turned out, each External Member of the Board has fulfilled each responsibility appropriately, mainly by offering each opinion to prevent the Company from repeating the similar failures and expressing each view with respect to the necessity of enhancing internal controls and other matters.

Classification	Name	Major activities
Audit & Supervisory Board Member	Yasuhiro SATO	He attended twelve (12) out of thirteen (13) meetings of the Board and fourteen (14) out of fifteen (15) meetings of Audit & Supervisory Board held in the current fiscal year. He offered his opinions as and when appropriate based on his wealth of experience and broad range of insights as top manager of financial institution, and profound knowledge of finance and accounting.
Audit & Supervisory Board Member	Seishi TASHIRO	He attended all the meetings of the Board and all the meetings of Audit & Supervisory Board held during the current fiscal year. He offered his opinions as and when appropriate based on his wealth of experience and broad range of insights obtained from his experience at the Board of Audit of Japan, and his profound knowledge of finance, accounting, and audit.
Audit & Supervisory Board Member	Keiko OHARA	She attended all the meetings of the Board and all the meetings of Audit & Supervisory Board held during the current fiscal year. She offered her opinions as and when appropriate based on her professional and advanced knowledge, plenty of international experience and broad range of insights especially relating to diversity issues as a lawyer.
Audit & Supervisory Board Member	Masamitsu MIURA	He attended all the meetings of the Board and all the meetings of Audit & Supervisory Board held during the current fiscal year. He offered his opinions as and when appropriate based on his wealth of experience and broad range of insights obtained from his experience in police administration, including international criminal investigations.

Note:

In the ongoing “(Tentative Name) Sapporo Kita 1 Nishi 5 Project” undertaken by our Sapporo Branch, we failed to meet steel erection accuracy requirements. Ms. Keiko OHARA, Messrs. Yasuhiro SATO, Seishi TASHIRO and Masamitsu MIURA, our External Audit & Supervisory Board Members, did not recognize this fact until it was turned out but had been drawing attention to the Company from viewpoints of compliance and corporate governance since early stage of compliance. In addition, since the event was turned out, they have taken necessary actions and fulfilled each responsibility as External Audit & Supervisory Board Member, mainly by offering each opinion to prevent the Company repeating from the similar failures and expressing each view with respect to the necessity of enhancing internal controls and other matters.

(For Your Reference)

Executive Officers (“Shikko-Yakuin”) as of April 1, 2023

Title Business in Charge	Name
President and Chief Executive Officer	Yoshiro AIKAWA
Executive Vice President <i>Chief of Marketing & Sales Division (Integrated)</i>	Hiroshi TSUCHIYA
Senior Managing Executive Officer <i>Chief of Sustainability Division (Integrated); Chief of Clean Energy & Environment Business Promotion Division</i>	Jiro TANIYAMA
Senior Managing Executive Officer <i>Deputy Chief of Marketing & Sales Division (Integrated), Supervising Marketing & Sales (Civil Engineering) Division; Chief of Marketing & Sales (Civil Engineering) Division</i>	Hiroshi KIMURA
Senior Managing Executive Officer <i>Chief of Kansai Branch</i>	Takeshi KAGATA
Senior Managing Executive Officer <i>Chief of Safety Administration Division</i>	Shun KITANO
Senior Managing Executive Officer <i>Chief of Marketing & Sales (West Japan) Division</i>	Shimpei OGUCHI
Senior Managing Executive Officer <i>In Charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)</i>	Masao YOSHIKAWA
Senior Managing Executive Officer <i>Chief of Sapporo Branch</i>	Noriaki KON
Senior Managing Executive Officer <i>Chief of Business Administration Division; In Charge of New Business Planning</i>	Masahiko OKADA
Managing Executive Officer <i>Chief of Marketing & Sales (Building Construction) Division III</i>	Yuichi KITAGUCHI
Managing Executive Officer <i>Chief of Chubu Branch</i>	Atsushi SUZUKI
Managing Executive Officer <i>Chief of Tohoku Branch</i>	Iwao NISHIOKA
Managing Executive Officer <i>Chief of Chugoku Branch</i>	Akira NAKAYA
Managing Executive Officer <i>Deputy Chief of Marketing & Sales (Civil Engineering) Division</i>	Yoshio ABE
Managing Executive Officer <i>Chief of Yokohama Branch</i>	Akira EJIMA
Managing Executive Officer <i>General Manager of Design Department, Civil Engineering Division</i>	Yasushi KAMEZAWA
Managing Executive Officer <i>Deputy Chief of Marketing & Sales (Building Construction) Division I</i>	Shinsaburo SAWA
Managing Executive Officer <i>Deputy Chief of Marketing & Sales (Civil Engineering) Division</i>	Yoshihiko IKEUCHI
Managing Executive Officer <i>Chief of Taisei Advanced Center of Technology</i>	Ichiro NAGASHIMA
Managing Executive Officer <i>Chief of Civil Engineering Division</i>	Kenji SHIRAKAWA
Managing Executive Officer <i>Chief of Engineering Division</i>	Shinichiro TAKAHAMA
Managing Executive Officer <i>Deputy Chief Marketing & Sales (West Japan) Division, in Charge of Building Construction</i>	Koichiro OKUHATA
Managing Executive Officer <i>In Charge of Technology</i>	Shigeo OCHI
Managing Executive Officer <i>Deputy Chief of Clean Energy & Environment Business Promotion Division</i>	Miyoshi KATO
Managing Executive Officer <i>Chief of Building Renovation Division</i>	Tohru UEMATSU
Managing Executive Officer <i>Chief of Mechanical & Electrical Division</i>	Yuji TANIGAWA
Managing Executive Officer <i>In Charge of Technology</i>	Kazuhiro SAWADA
Managing Executive Officer <i>In Charge of Technology</i>	Akio TAKASE
Managing Executive Officer <i>Chief of Marketing & Sales (Building Construction) Division I; In Charge of Community Design Project</i>	Masaru KAMATA
Managing Executive Officer <i>Chief of Nuclear Facilities Division</i>	Yuji IJIRI
Managing Executive Officer <i>Chief of International Operations Headquarters</i>	Tatsuya SUGAWARA
Managing Executive Officer <i>Deputy Chief of Business Administration Division; General Manager of General Affairs Department</i>	Junichi KASAHARA
Managing Executive Officer <i>Chief of Design Division</i>	Masato MATSUMURA
Managing Executive Officer <i>Chief of Corporate Planning Office</i>	Hiroki FUKASAWA
Managing Executive Officer <i>Chief of Architecture & Engineering Division (Integrated); Chief of Building Construction Division</i>	Mayuki YAMAURA
Managing Executive Officer <i>Deputy Chief of Corporate Planning Office</i>	Yuichiro YOSHINO

Title Business in Charge	Name
Managing Executive Officer <i>Chief of Marketing & Sales Promotion Division</i>	Toshiyuki TSUJI
Managing Executive Officer <i>Deputy Chief of International Operations Headquarters (Building Construction); General Manager of Building Construction Department</i>	Masamichi BABA
Managing Executive Officer <i>Chief of Tokyo Branch</i>	Yuko NAKAMURA
Managing Executive Officer <i>In Charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)</i>	Shinya MATAKE
Executive Officer <i>In Charge of Marketing & Sales (Building Construction), Marketing & Sales Division (Integrated)</i>	Katsuhiko KITAGAWA
Executive Officer <i>In Charge of Technology</i>	Yasuji YAMAUCHI
Executive Officer <i>Deputy Chief of Civil Engineering Division; General Manager of Civil Engineering Department</i>	Hideki NISHIYAMA
Executive Officer <i>Chief of Urban Development Division</i>	Takashi YAMAZAKI
Executive Officer <i>Deputy Chief of Corporate Planning Office; General Manager of Corporate Planning Department; General Manager of New Business Planning Department</i>	Yukio HABA
Executive Officer <i>In Charge of Marketing & Sales, Marketing & Sales Division (Integrated)</i>	Masahiro YOSHIDA
Executive Officer <i>In Charge of Technology; In Charge of Energy & Environment</i>	Yoji UEDA
Executive Officer <i>Deputy Chief of Design Division (Structure)</i>	Yozo SHINOZAKI
Executive Officer <i>In Charge of Technology; General Manager of Construction Engineering Department, Civil Engineering Division</i>	Masami SHIMIZU
Executive Officer <i>Chief of Proposal & Solutions Division</i>	Yusuke HATAE
Executive Officer <i>Chief of Kanto Branch</i>	Yoshiyuki ASADA
Executive Officer <i>Chief of Marketing & Sales (Building Construction) Division II</i>	Shin SUZUKI
Executive Officer <i>Deputy Chief of Tokyo Branch; In Charge of Shinjuku Station West Exit Development Project</i>	Yoichi TAKASE
Executive Officer <i>Chief of Chiba Branch</i>	Junichi HIROSE
Executive Officer <i>Deputy Chief of Kansai Branch; General Manager of Marketing & Sales Department (Construction Building), Kansai Branch</i>	Kenji ADACHI
Executive Officer <i>General Manager of Secretarial Department</i>	Motoyuki MAKITA
Executive Officer <i>Chief of Kyusyu Branch</i>	Makoto NISHIKAWA
Executive Officer <i>Chief of Procurement Division; General Manager of Procurement Department I</i>	Kozo MORITA
Executive Officer <i>Deputy Chief of Marketing & Sales (Building Construction) Division II</i>	Masaki ADO
Executive Officer <i>Deputy Chief of Marketing & Sales (Building Construction) Division III</i>	Shigehisa KOYAMA

Executive Fellows as of April 1, 2023

Title Business in Charge	Name
Executive Fellow <i>Deputy Chief of Taisei Advanced Center of Technology; General Manager of Infrastructure Technology Research Department</i>	Tsuyoshi MARUYA
Executive Fellow <i>Deputy Chief of Urban Development Division</i>	Akehiko TOMITA
Executive Fellow <i>General Manager of Construction Sitework Promotion Center, Building Construction Division</i>	Fujio FUNAMIZU
Executive Fellow <i>General Manager of Digital Product Center, Building Construction Division</i>	Jun HIROSE
Executive Fellow <i>Deputy Chief of Design Division (Mechanical & Electrical Construction)</i>	Akihiko DENO
Executive Fellow <i>General Manager of Machinery Department, Civil Engineering Division</i>	Hidetoshi SAKAMOTO
Executive Fellow <i>Deputy Chief of Design Division (Building Construction); General Manager of Design Department in Kansai Branch</i>	Hiroyuki HIRAI

4 Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Descriptions of the Contract to Limit the Liability

The Articles of Incorporation provides that the Company may enter into a contract with Accounting Auditor to limit its maximum liability for damages to the Company within a certain range.

The outline of the contract to limit the liability that the Company has entered into with Accounting Auditor in accordance with the relevant provision of the Articles of Incorporation is as follows:

With regard to the liability specified in Paragraph 1 of Article 423 of the Companies Act, Accounting Auditor shall be held liable for damages up to the higher of an amount of ¥ 100 million or the total amount specified in Items 1 and 2 of Paragraph 1 of Article 425 of the Companies Act, provided that Accounting Auditor has performed its duties in good faith and without gross negligence.

(3) The Amount of the Fee for Accounting Auditor for FY ended March 2023, etc.

Section	Fee
(1) The amount of fee for the services specified in Paragraph 1 of Article 2 of the Certified Public Accountant Act to be paid by the Company	¥ 98 million
(2) The total amount of money and financial benefits to be paid by the Company and its subsidiaries	¥ 193 million

Notes:

- Under the audit contract between the Company and Accounting Auditor, the fee is not divided into the fee for the audit under the Companies Act and the fee for the audit under the Financial Instruments and Exchange Act, and it is impracticable to divide the fee into those two parts. Therefore, the total amount of those fees is stated in the column 1 above.
- The Company and its subsidiaries paid Accounting Auditor a consideration for conducting a review of the costs and expenses arising in Japan to prepare tax returns in foreign countries and other services, that is not within the services specified in Paragraph 1 of Article 2 of the Certified Public Accountant Act.
- The Audit & Supervisory Board agrees the amounts stipulated above after confirmation and review of the contents of the Accounting Auditor's audit plan, progress of its work and history of audit fee for the Accounting Auditor, etc.

(4) The Policy to Decide on Dismissal or Non-reappointment of Accounting Auditor

The Audit & Supervisory Board of the Company will decide an agenda to be submitted to the General Meetings of Shareholders for dismissal or non-reappointment of Accounting Auditor if the Audit & Supervisory Board considers it is necessary to do so in such case that Accounting Auditor is unable to perform its duties.

In addition, if Accounting Auditor is found to fall under any of the items of Paragraph 1 of Article 340 of the Companies Act, the Audit & Supervisory Board will dismiss Accounting Auditor based on unanimous consent of the Audit & Supervisory Board Members. Furthermore, at the following General Meetings of Shareholders held after dismissal of Accounting Auditor, the abstract and reason of dismissal will be reported from the Audit & Supervisory Board Member.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET (March 31, 2023)

	Millions of Yen		Millions of Yen
ASSETS		LIABILITIES	
Current assets:		Current liabilities:	
Cash and time deposits	415,950	Notes and accounts payable trade	476,115
Notes and accounts receivable trade	688,768	Short-term borrowings	81,965
Cost on uncompleted contracts	67,658	Short-term non-recourse loans payable	11
Real estate for sale and development projects in progress	131,439	Lease obligations	347
Other inventories	4,003	Advances received and progress billings on uncompleted contracts	181,226
Other current assets	45,847	Deposit received	170,995
Allowance for doubtful accounts	(182)	Provision for warranties on completed contracts	3,325
Total current assets	1,353,485	Provision for losses on construction contracts	47,897
Fixed assets:		Other current liabilities	60,767
Tangible fixed assets:		Total current liabilities	1,022,652
Buildings and structures	76,791	Long-term liabilities:	
Machinery, vehicles and equipment	10,715	Straight bonds	40,000
Land	120,488	Long-term borrowings	79,606
Construction in progress	5,354	Long-term non-recourse loans payable	117
Total tangible fixed assets	213,349	Lease obligations	716
Intangible fixed assets	17,581	Deferred income tax liabilities	1,711
Investments and other assets:		Deferred income tax liabilities for revaluation of land	3,274
Investment securities	386,906	Retirement benefits for directors and corporate auditors	508
Net defined benefit asset	10,875	Provision for share-based remuneration for directors	48
Deferred income tax assets	5,918	Net defined benefit liability	15,037
Other fixed assets	30,570	Other long-term liabilities	19,100
Allowance for doubtful accounts	(1,969)	Total long-term liabilities	160,120
Total investments and other assets	432,300	Total liabilities	1,182,773
Total fixed assets	663,232		Millions of Yen
		NET ASSETS	
		Shareholders' equity:	
		Common stock	122,742
		Capital surplus	30,382
		Retained earnings	562,774
		Treasury stock	(906)
		Total shareholders' equity	714,992
		Accumulated other comprehensive income:	
		Unrealized gains on available-for-sale securities, net of taxes	97,090
		Unrealized losses on hedging derivatives, net of taxes	(6)
		Revaluation reserve for land	1,235
		Foreign currency translation adjustments	237
		Remeasurements of defined benefit plans	15,638
		Total accumulated other comprehensive income	114,194
		Non-controlling interests	4,756
		Total net assets	833,944
Total assets	2,016,717	Total liabilities and net assets	2,016,717

CONSOLIDATED STATEMENT OF INCOME (Year ended March 31, 2023)

	Millions of Yen	
Net sales:		
Construction business	1,499,803	
Development projects	142,909	1,642,712
Cost of Sales:		
Construction business	1,378,637	
Development projects	116,301	1,494,939
Gross profit:		
Construction business	121,165	
Development projects	26,607	147,773
Selling, general and administrative expenses		93,032
Operating income		54,740
Non-operating income:		
Interest and dividends	5,909	
Foreign exchange gains	1,024	
Investment gain on equity method	2,054	
Other non-operating income	721	9,709
Non-operating expenses:		
Interest expenses	861	
Taxes and dues	154	
Other non-operating expenses	309	1,325
Ordinary income		63,125
Extraordinary gains:		
Gains on sales of investment securities	2,405	
Gains on sales of investments in capital of subsidiaries and associates	3,925	
Other extraordinary gains	236	6,567
Extraordinary losses:		1,597
Income before income taxes		68,094
Income taxes:		
Current	28,369	
Deferred	(7,630)	20,738
Net income		47,356
Net income attributable to non-controlling interests		231
Net income attributable to owners of parent		47,124

Non-Consolidated Financial Statements

NON-CONSOLIDATED BALANCE SHEET (March 31, 2023)

	Millions of Yen		Millions of Yen
ASSETS		LIABILITIES	
Current assets:		Current liabilities:	
Cash and time deposits	358,319	Notes payable trade	10,843
Notes receivable trade	21,010	Electronically recorded obligations	59,086
Accounts receivable trade	584,610	Accounts payable trade	352,311
Real estates for sale	26,253	Short-term borrowings	55,757
Cost on uncompleted contracts	59,459	Lease obligations	281
Cost on development projects in progress	10,946	Income taxes payable	8,984
Other current assets	39,378	Advances received and progress billings on uncompleted contracts	169,272
Allowance for doubtful accounts	(166)	Deposits received	238,429
Total current assets	1,099,812	Provision for warranties on completed contracts	2,588
Fixed assets:		Provision for losses on construction contracts	47,459
Tangible fixed assets:		Other current liabilities	37,767
Buildings and structures	51,767	Total current liabilities	982,784
Machinery and vehicles	3,177	Long-term liabilities:	
Tools, furniture and fixtures	1,714	Straight bonds	40,000
Land	95,598	Long-term borrowings	65,814
Construction in progress	2,579	Lease obligations	549
Total tangible fixed assets	154,837	Deferred income tax liabilities	2,261
Intangible fixed assets:	14,321	Provision for retirement benefits	21,998
Investments and other assets:		Provision for share-based remuneration for directors	48
Investment securities	322,296	Other long-term liabilities	6,970
Investments in subsidiaries and affiliates	135,150	Total long-term liabilities	137,642
Long-term loans receivable	9,897	Total liabilities	1,120,427
Long-term prepaid expenses	442		
Prepaid pension costs	9,028		
Other fixed assets	20,862		
Allowance for doubtful accounts	(10,390)		
Total investments and other assets	487,286		
Total fixed assets	656,446		
			Millions of Yen
		NET ASSETS	
		Shareholders' equity:	
		Common stock	122,742
		Capital surplus:	
		Additional paid-in-capital	30,686
		Total capital surplus	30,686
		Retained earnings:	
		Other retained earnings:	
		Reserve for tax deferral on replacement of fixed assets	1,414
		Other reserve	338,500
		Retained earnings carried forward	48,949
		Total retained earnings	388,863
		Treasury stock	(906)
		Total shareholders' equity	541,386
		Accumulated gains from valuation:	
		Unrealized gains on available-for-sale securities, net of taxes	94,445
		Total accumulated gains from valuation	94,450
		Unrealized losses on hedging derivatives, net of taxes	(4)
		Total net assets	635,831
Total assets	1,756,258	Total liabilities and net assets	1,756,258

NON-CONSOLIDATED STATEMENT OF INCOME (Year ended March 31, 2023)

	Millions of Yen	
Net sales:		
Construction business	1,298,938	
Development projects	26,660	1,325,598
Cost of Sales:		
Construction business	1,202,997	
Development projects	14,903	1,217,901
Gross profit:		
Construction business	95,940	
Development projects	11,756	107,697
Selling, general and administrative expenses		66,041
Operating income		41,655
Non-operating income:		
Interest and dividends	7,777	
Other non-operating income	1,345	9,122
Non-operating expenses:		
Interest expenses	724	
Provision for allowance for doubtful accounts	8	
Taxes and dues	154	
Other non-operating expenses	198	1,086
Ordinary income		49,691
Extraordinary gains:		
Gains on sales of investment securities	2,319	
Other extraordinary gains	327	2,647
Extraordinary losses:		1,672
Income before income taxes		50,666
Income taxes:		
Current	22,063	
Deferred	(8,349)	13,714
Net income		36,951

Independent Auditor's Report

May 9, 2023

Yoshiro Aikawa
President and Chief Executive Officer
Taisei Corporation

KPMG AZSA LLC
Tokyo Office, Japan

Kensuke Sodekawa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Katsunori Tsukahara
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takafumi Maeda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Taisei Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report

May 9, 2023

Yoshiro Aikawa
President and Chief Executive Officer
Taisei Corporation

KPMG AZSA LLC
Tokyo Office, Japan

Kensuke Sodekawa
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Katsunori Tsukahara
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takafumi Maeda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of Taisei Corporation ("the Company") as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

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

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Copy of the Audit Report by the Audit & Supervisory Board

Audit Report

With respect to performance of the duties of the Members of the Board during the 163rd fiscal year from April 1, 2022 to March 31, 2023, the Audit & Supervisory Board prepared this Audit Report after deliberations based on the audit reports submitted by each Audit & Supervisory Board Member, and hereby reports as follows.

1. Methods and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board established the audit policy and audit plan, etc. and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board received reports from the Members of the Board, etc. and the Independent Auditors regarding the status of performance of their duties, and requested their explanations as necessary.

(2) In accordance with the audit standards established by the Audit & Supervisory Board, and in conformity with the audit policies and the audit plan, etc., each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Members of the Board, Executive Officers, the Auditing Department and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and implemented the audit by the following methods.

① Each Audit & Supervisory Board Member attended the Board and other important meetings, received reports from the Members of the Board, etc. regarding the status of performance of their duties, and requested their explanations as necessary, examined important approval/decision documents, and inspected the status of the businesses and assets of the head office and other major offices. In addition, with respect to the subsidiaries of the Company, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchange information with members of the boards and audit & supervisory board members of each subsidiary, and received the business reports from the subsidiaries as necessary.

② Each Audit & Supervisory Board Member received regular reports from the Members of the Board and employees, etc., and requested further explanation and expressed his opinion as necessary concerning the status of structure and implementation of (i) the resolutions of the Board regarding the development and maintenance of the system to ensure that performance of duties by the Members of the Board as stated in the Business Report, complied with all laws and regulations, and the Articles of Incorporation of the Company and other systems set forth in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Companies Act as being necessary for ensuring appropriateness of the business operation of a stock company (*kabushiki kaisha*), and (ii) the systems (internal control systems) based on such resolutions. With respect to the internal control over financial reporting, the Audit & Supervisory Board received reports from the Members of the Board and KPMG AZSA LLC regarding the status of assessment and audit of the internal control, and requested their explanations as necessary.

③ Each Audit & Supervisory Board Member inspected whether the Independent Auditors maintained their independence and properly conducted their audit, and received reports from the Independent Auditors regarding the status of performance of their duties, and requested their explanations as necessary. Furthermore, each Audit & Supervisory Board Member was notified by the Independent Auditors that they had established a "system to ensure that performance of the duties of the Independent Auditors was properly conducted" (the matters set forth in Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audit" (the Business Accounting Council on October 28, 2005) and other standards, and requested explanations as necessary.

By these methods described above, we examined the Business Report and the accompanying supplemental schedules for this fiscal year, the non-consolidated financial statements (the balance sheet, the statement of income, the statement of changes in net assets and the related notes) and the accompanying supplemental schedules as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes) for this fiscal year.

2. Results of Audit

(1) Audit Results of the Business Report, etc.

(i) We acknowledge that the Business Report and the accompanied supplemental schedules fairly present the status of the Company in conformity with laws and regulations, and the Articles of Incorporation of the Company.

(ii) We acknowledge that no misconduct or material fact constituting a violation of any laws and regulations, or the Articles of Incorporation of the Company was found with respect to performance of the duties of the Members of the Board.

(iii) We acknowledge that the resolutions by the Board concerning the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the information provided in the Business Report, or performance of the duties of the Members of the Board concerning the internal control systems.

As described in the Business Report, we failed to satisfy steel erection accuracy requirements in our building construction business. The Audit & Supervisory Board will continue to monitor and verify the implementation of measures to prevent the Company from repeating similar failures.

Meanwhile, as mentioned in the Business Report, we filed a final appeal to the Supreme Court in a case in which the Company and our counsellor were indicated for an alleged violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade ("Act"). The Audit & Supervisory Board will continue to monitor and verify Taisei's and the Taisei Group's efforts to maintain and strengthen the compliance system in order to ensure compliance with the Act.

(2) Audit Results of the Financial Statements and their Accompanying Supplemental Schedules

We acknowledge that the methods and results of the audit conducted by the Independent Auditors, KPMG AZSA LLC, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We acknowledge that the methods and results of the audit conducted by the Independent Auditors, KPMG AZSA LLC, are appropriate.

May 10, 2023

TAISEI CORPORATION

The Audit & Supervisory Board Taisei Corporation

Audit & Supervisory Board Member (Full-time): Takashi HAYASHI(seal)

Audit & Supervisory Board Member (Full-time): Akihiko NOMA(seal)

Audit & Supervisory Board Member (External Member): Yasuhiro SATO (seal)

Audit & Supervisory Board Member (External Member): Seishi TASHIRO (seal)

Audit & Supervisory Board Member (External Member): Keiko OHARA (seal)

Audit & Supervisory Board Member (External Member): Masamitsu MIURA(seal)

Notes to the Reader of the Audit Report:

The Audit Report herein is the English translation of the Audit Report as required by the Companies Act.

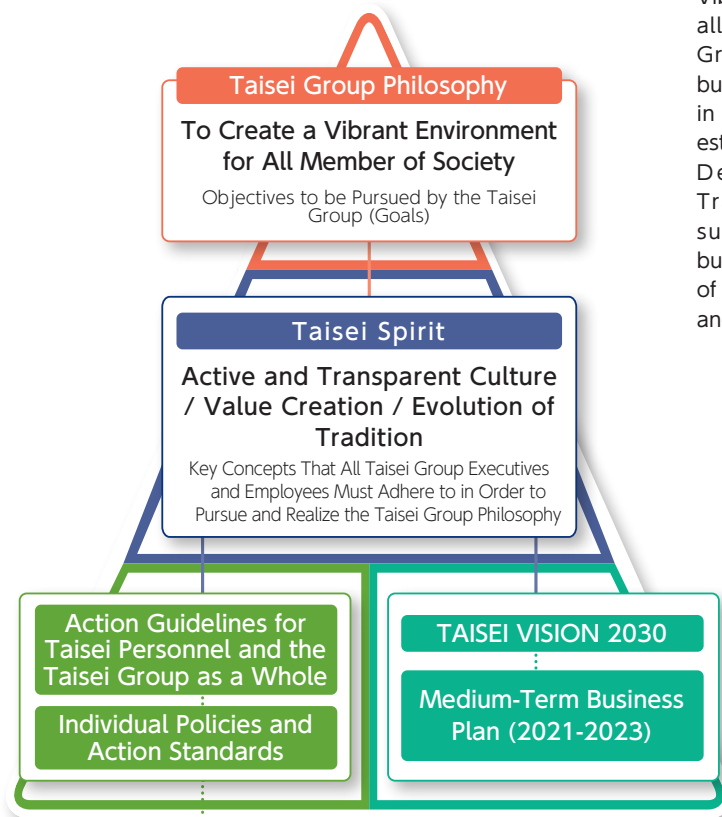
Sustainability of the Taisei Group

Sustainability Framework

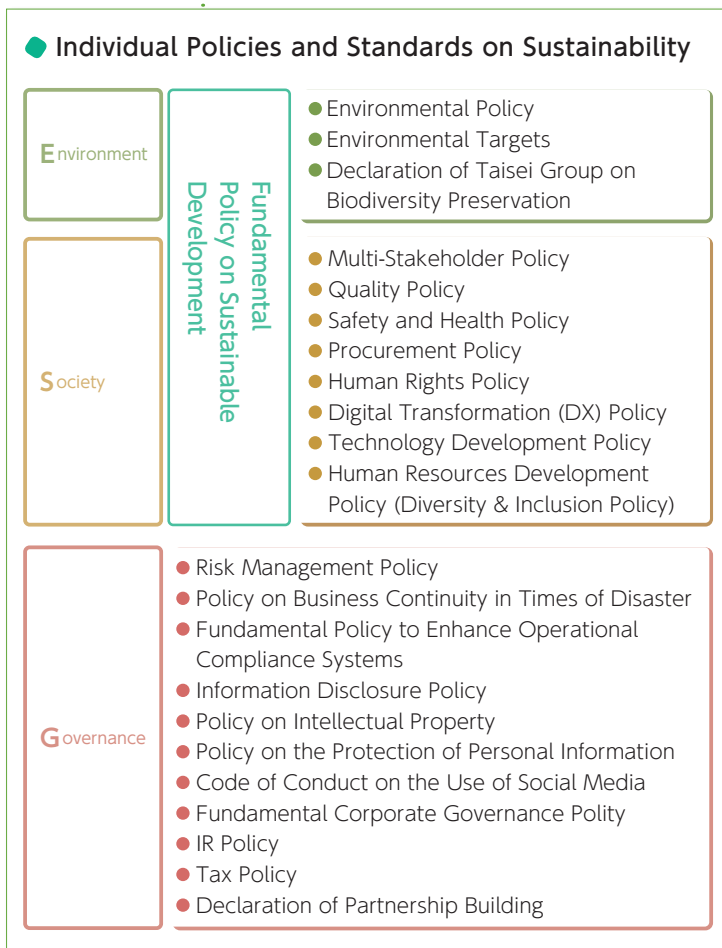
Sustainability Website ▶
<https://www.taisei.co.jp/english/sustainability/>



◆ Our Structure of Values and Policies



To realize the Group Philosophy “To Create a Vibrant Environment for All Members of Society,” all the executives and employees of the Taisei Group share the “Taisei Spirit,” and conduct business based on the policies and plans specified in Our Structure of Values and Policies. We also established our “Fundamental Policy on Sustainable Development” to realize Sustainability Transformation (SX), which aims to resolve sustainable development issues through our businesses, and to contribute to the development of a resilient society where people can live affluent and cultural lives.



Materiality (Important issues to be addressed)





TAISEI Green Target 2050

The Taisei Group, based on the Group Philosophy stipulated in the left page, formulated our long-term environmental targets towards 2050 “TAISEI Green Target 2050” to realize a sustainable and environmentally friendly society. We strive to build social capital with good quality through corporate activities centered on construction business in harmony with nature.

In March 2023, we reorganized Taisei Green Target 2050 as three (3) societies (decarbonized society; recycling oriented society; nature co-existing society) and two (2) individual issues (forest resources/forest environment; water resources/water environment) and will aim at accomplishing the targets.

In order to realize “decarbonized society,” we will try to achieve carbon neutral by realizing CO₂ zero emission not only in Scope 1 and 2, but also in Scope 3. In order to realize “recycling oriented society,” we will strive to establish circular economy by fully procuring the materials through environmentally friendly procurement (Green Procurement). In order to realize “nature co-existing society”), we will aim to minimize negative impact in relation to construction business, and to restore “nature positive” situation.

Through solving social issues such as environmental issues through our corporate activities, we would like to continue to be “a pioneering corporate group contributing to the development of a resilient society where people can live affluent and cultural lives.”

Overview of Sustainability-Focused Management and Medium-Term Business Plan Initiatives

Sustainability-Focused Management Website ▶
<https://www.aisei.co.jp/english/sustainability/management/>



Key measures under the Medium-Term Management Plan

- To achieve our target of “virtually zero” CO₂ emissions from business activities (carbon neutrality) (Scope 1 and 2)
- To enhance the performance of our Zero Energy Building (ZEBs), and expand green procurement (Scope 3)
- To establish a system to manage the Group environmental targets
- To conduct the environmental patrols and education to eliminate environmental accidents

- Technical development where the Company has a competitive edge
- To establish Digital Twin based on coordination with the BIM/CIM design and construction cloud
- To establish the production process in a visualized and efficient ways through state-of-the-art digital technology

- To develop and commercialize next-generation high-performance ZEBs and develop and use the carbon-recycle concrete
- Technical development contributing to industrial sectors expected to grow, through a virtuous cycle for the economy and environment
- To establish a business in the operations and maintenance (O&M) area
- To shift to a style of data-based sales through making proposals at the optimal timing

- To promote the supply chain management aimed at solving environmental and social issues, etc.
 - To improve the procurement complying with the “Taisei Group Sustainable Procurement Guidelines” across the supply chain as a whole
 - To coordinate with suppliers in a way complying with the “Declaration of Partnership Building”
- To improve the systems for providing procurement-related information

- To enhance the patrols by the Company and officers of Safety, Health, and Environment Cooperation Association, etc., ensuring thorough education in order to prevent designated disasters, etc.
- To promote the health and safety and environmental management through the utilization of digital technologies, etc.

- To promote Roadmap to fiscal 2024 for “reducing long working hours”
- To enhance the support for all member suppliers of the Soyukai (the association for our suppliers)
 - To enhance and maintain the training for Soyukai members at the Konosu Training Center
 - To support the registration and use of the Construction Career Up System (CCUS)

- To establish the workstyles and working environments that enable a diverse range of human resources to fully perform their abilities
 - To secure digital human resources, and establish a rotation system

- To clarify the functions of the Group Head Office
- To establish the effective systems to manage Group companies, etc.
- To build an integrated platform

Relationship with SDGs



Revision of the Taisei Group’s “Environmental Policy” and “Declaration of Biodiversity Preservation”

The Taisei Group established “Environmental Policy” in 2005 and has worked on various activities to reduce the environmental burden. Today, however, we are expected to take long-term, drastic measures and push initiatives that cover the entire supply chain since environmental problems become even more serious as symbolized by global climate change, the depletion of natural resources, and the loss of biodiversity.

In order to respond these social demands, the Group revised “Environmental Policy,” “Declaration of Biodiversity Preservation,” and “TAISEI Green Target 2050” in March 2023.

We clarified the Group’s action policy by revising Environmental Policy so that it consists of four parts: Fundamental Concept, Group’s Long-Term Environmental Targets (TAISEI Green Target 2050), Continuous Implementation of Environmental Due Diligence, and Group Environmental Action Guidelines.

We incorporated the Kunming-Montreal Global Biodiversity Framework (GBF), which was adopted by COP15 in December 2022, and the basic concepts of the National Biodiversity Strategy of Japan 2023-2030 into the Declaration of Biodiversity Preservation. Further, based on the Taisei Group Philosophy “To create a vibrant environment for all members of society,” we revised the Declaration, which currently comprises five items, into one with seven items in order to continue as a company that strives to realize “a society that coexists harmoniously with nature.”

Website for news releases ▶
https://www.taisei.co.jp/about_us/wn/2023/230301_9361.html



Listed on “CDP’s Climate Change A List 2022” for Most Pioneering Environmental Performance

In December 2022, Taisei was selected by CDP, an international non-profit environmental organization, as a company in the A List for Climate Change, the highest level, because we were favorably evaluated for initiatives such as “reducing greenhouse gas emissions through climate action” and “mitigating climate change risks through its business activities.” Every year, CDP evaluates company’s pioneering activities towards climate change and other initiatives, selecting the highest-ranking companies in its “Climate Change A List.”

The Taisei Group considers the impact of climate change on its business as one of its key management issues and endorsed the TCFD recommendations in July 2020, analyzing risks and business opportunities due to climate change and studying the measures to respond to them, which are reflected in the Medium-Term Business Plans, etc.

In 2021, meanwhile, the Taisei Group formulated as its long-term environmental goal “TAISEI Green Target 2050,” in order to realize “virtually zero CO₂ emissions from business activities by 2050,” and furthermore, in 2022, it formulated the Taisei Group environmental targets for 2030, a milestone for the long-term goal.

In the future, in accordance with the Taisei Group Philosophy “To create a vibrant environment for all members of society,” the Group continues its aim of the “Realization of a Sustainable and Environmentally Friendly Society” as advocated in the Environmental Policy.



* CDP: CDP is a non-profit organization whose major activities are, in response to the requests of institutional investors and major purchasing organizations worldwide which are highly interested in environmental issues, urging businesses and local governments to disclose information on measures they take to tackle environmental issues such as climate change, the protection of water resources and forest preservation, and encourage them to take such measures by urging them to do so.

Website for external evaluation ▶
<https://www.taisei-sx.jp/evaluation/prize/>

