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Securities code: 3431

June 8, 2023

(Commencement date of measures for electronic provision:

June 7, 2023)

**To Shareholders with Voting Rights:**

Shigetoshi Aota,  
President and Representative Director  
MIYAJI ENGINEERING GROUP, INC.  
9-19 Nihonbashi-Tomizawa-cho,  
Chuo-ku, Tokyo, Japan

**NOTICE OF THE 20th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We hereby inform you that the 20th Annual General Meeting of Shareholders of MIYAJI ENGINEERING GROUP, INC. (the “Company”) will be held as described below.

When convening this General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts such information on each of the following websites. Please access any of these websites using the internet addresses to review the information.

[The Company’s website]

<https://www.miyaji-eng.com/en/zaimu/meeting.html>

(Please access the above website to check the information under “The 20th Annual General Meeting of Shareholders.”)

[The Tokyo Stock Exchange (TSE) website (Listed Company Search)]

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

(Please access the above TSE website and input “Miyaji Engineering Group” in “Issue name (company name)” field or the Company’s security code “3431” in “Code” field, and click “Search,” and then click “Basic information” and “Documents for public inspection/PR information” in succession. The information is available in “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting ” section under “Filed information available for public inspection.”)

For the proposals to be resolved, you can exercise your voting rights in writing. Please review the Reference Documents for the General Meeting of Shareholders described below, indicate your approval or disapproval of the proposals on the Voting Rights Exercise Form, and return it so that it arrives by 5:50 p.m. on Wednesday, June 28, 2023.

## Notice

**1. Date and Time:** Thursday, June 29, 2023 at 10:00 a.m. (Japan time)

**2. Place:** Event Hall, 2nd Floor,  
Bellesalle Kanda, Sumitomo Fudosan Kanda Building  
7, Kanda-Mitoshiro-cho, Chiyoda-ku, Tokyo, Japan

**3. Meeting Agenda:**

- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 20th Fiscal Year (April 1, 2022 - March 31, 2023) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
  2. The Non-consolidated Financial Statements for the Company's 20th Fiscal Year (April 1, 2022 - March 31, 2023)

**Proposals to be resolved:**

**<Company Proposals (Proposal 1 to Proposal 3)>**

**Proposal 1:** Appropriation of Surplus

**Proposal 2:** Election of Four (4) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

**Proposal 3:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

**<Shareholder Proposals (Proposal 4 to Proposal 5)>**

**Proposal 4:** Appropriation of Surplus

**Proposal 5:** Partial Amendment to the Articles of Incorporation (Disclosure of Individual Director Remuneration)

**4. Notes on Exercising Voting Rights**

A vote for a proposal with no indication of approval or disapproval shall be deemed as an indication of approval for the Company proposals and disapproval for the shareholder proposals.

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When attending the meeting in person, please submit the Voting Rights Exercise Form at the reception desk.

If revisions to the matters for which measures for providing information in electronic format are to be taken arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on each of the aforementioned websites.

To the shareholders who have requested the delivery of paper-based documents, we will also send the documents that describe the matters for which measures for providing information in electronic format are to be taken. However, such documents do not include the following matters pursuant to the provisions of laws and regulations as well as Article 15 of the Articles of Incorporation of the Company.

(i) "Consolidated Statements of Changes in Equity" and "Notes to Consolidated Financial Statements" of the Consolidated Financial Statements

(ii) "Non-consolidated Statements of Changes in Equity" and "Notes to Non-consolidated Financial Statements" of the Non-consolidated Financial Statements

Accordingly, the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements contained in such documents are part of the documents included in the scope of audits by the Accounting Auditor and by the Audit and Supervisory Committee in preparing the accounting audit report and the audit report, respectively.




**Proposal 2:** Election of Four (4) Directors (excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this proposal) will expire at the conclusion of this General Meeting of Shareholders.


Accordingly, the Company proposes to elect four (4) Directors.


With regard to this proposal, the Audit and Supervisory Committee of the Company believes that all candidates for Director proposed herein are suitable for the position.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Status of significant concurrent positions)	Number of Company shares owned	
1	 Shigetoshi Aota (September 28, 1947) Male  [Reappointment]  [Attendance at the Board of Directors meetings] 9/9 (100%)	Nov. 1970	Joined MIYAJI IRON WORKS CO., LTD. (currently MIYAJI ENGINEERING CO., LTD.)	3,826
		June 1999	President, Osaka Branch	
		Aug. 2001	Deputy General Manager, Bridge Sales Division; President, Osaka Branch	
		June 2002	Director and General Manager, Bridge Sales Division; General Manager, Overseas Business Department	
		June 2003	Director and Operating Officer; General Manager, Bridge Sales Division and General Manager, Overseas Business Department	
		June 2004	Director, Operating Officer and General Manager, Sales Division; General Manager, Overseas Business Department	
		June 2005	Director of the Company	
		June 2007	Managing Director; Managing Operating Officer and General Manager, Sales Division of MIYAJI IRON WORKS CO., LTD.	
		June 2007	Director of MIYAJI CONSTRUCTION & ENGINEERING CO., LTD. (currently MIYAJI ENGINEERING CO., LTD.)	
		June 2009	Senior Managing Director; Senior Managing Operating Officer and Assistant to the President; General Manager, Corporate Planning Division of MIYAJI IRON WORKS CO., LTD.	
		June 2010	President and Representative Director	
		March 2011	President and Representative Director of MIYAJI ENGINEERING CO., LTD.	
		June 2011	Vice President and Representative Director of the Company	
Apr. 2013	President and Representative Director of the Company (to present)			
June 2019	Chairman and Representative Director of MIYAJI ENGINEERING CO., LTD.			
June 2022	Consultant of the Company (current position)			
[Reason for nomination as candidate for Director] Mr. Aota has demonstrated leadership in management with his wealth of experience and broad knowledge as a manager at the Group, and he possesses experience and abilities appropriate for the Company's Representative Director, including familiarity with corporate planning, sales and other departments. In particular, he led the merger of MIYAJI IRON WORKS CO., LTD. and MIYAJI CONSTRUCTION & ENGINEERING CO., LTD., which marked a major turning point for the Company, and the conversion of MM BRIDGE CO., LTD. (MMB) into a group company with strong conviction, thereby helping the Group recover from weak business performance and achieve growth. Considering these reasons, the Company has determined that he is qualified as the Company's Director and has therefore continued to nominate him as a candidate for Director.				

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Status of significant concurrent positions)	Number of Company shares owned
2	 <p data-bbox="223 772 430 1086">Tadashi Uehara (April 11, 1960) Male [Reappointment] [Attendance at the Board of Directors meetings] 9/9 (100%)</p>	<p data-bbox="462 280 1284 1198"> Apr. 1983    Joined MIYAJI IRON WORKS CO., LTD. (currently MIYAJI ENGINEERING CO., LTD.)  Apr. 2008    General Manager, Construction Planning Department, Construction Division  March 2009    General Manager, Engineering Proposal Office, Sales Division  Oct. 2010    General Manager, Engineering Department, Engineering Division  March 2011    General Manager, Engineering Department, Engineering Division, Bridge Business Division of MIYAJI ENGINEERING CO., LTD.  Apr. 2013    General Manager, Planning Department, Chiba Works, Bridge Business Division  Apr. 2015    Operating Officer and General Manager, Engineering Department, Chiba Works  June 2017    Director, General Manager, Engineering Division and General Manager, Engineering Department; Deputy General Manager, Planning Division  Apr. 2019    Director and General Manager, Engineering Division  June 2019    Director of MM BRIDGE CO., LTD.  June 2020    Director of the Company  Apr. 2021    Director and Managing Operating Officer; Deputy General Manager, Sales Division of MIYAJI ENGINEERING CO., LTD.  Apr. 2022    Representative Director and General Manager, Group Planning and Administration Division of the Company (to present)  Apr. 2022    President and Representative Director of MIYAJI ENGINEERING CO., LTD. (current position) </p>	647
<p data-bbox="215 1209 1444 1489"> [Reason for nomination as candidate for Director]  Mr. Uehara has a wealth of experience in construction planning/design engineering at the Group. In particular, he played a central role during construction of the Akashi Kaikyo Bridge, which is a super-large suspension bridge. Furthermore, he demonstrated leadership not only on the construction front but also on the order receipt fronts in the design, construction planning, and sales areas. He led the effort of MEC to receive orders for large-scale renewal works while displaying strong leadership as a manager to contribute to the strong business performance. Based on these and other factors, the Company has determined that he is qualified as the Company's Director since he has the experience and abilities appropriate for serving as the Company's Director, and has therefore continued to nominate him as a candidate for Director. </p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Status of significant concurrent positions)	Number of Company shares owned
3		Apr. 1982    Joined Mitsubishi Heavy Industries, Ltd. Apr. 2008    General Manager, Sales Department I, Sales Management Department, Bridge Business Division of Mitsubishi Heavy Industries Bridge & Steel Structures Engineering Co., Ltd. (currently MM BRIDGE CO., LTD.) June 2008    General Manager, Sales Management Department, Bridge Business Division Oct. 2009    General Manager, Corporate Planning Division May 2012    Chief Researcher, New Business Development Office Apr. 2014    Chief Researcher, Presidential Administration Office Apr. 2015    Operating Officer and Chief Researcher, Presidential Administration Office of MM BRIDGE CO., LTD.	378
	Masahiro Ikeura (February 7, 1959) Male	June 2017    Managing Operating Officer and General Manager, Presidential Administration Office	
	[Reappointment]	June 2019    Director and Managing Operating Officer and General Manager, Presidential Administration Office	
	[Attendance at the Board of Directors meetings]	Apr. 2020    Director and Managing Operating Officer	
	9/9 (100%)	June 2020    President and Representative Director (current position)	
		June 2020    Director of the Company (to present)	
	[Reason for nomination as candidate for Director] Mr. Ikeura has a wealth of experience in areas such as sales in the steel structure business at the Group. In particular, he is familiar also with the practical aspects such as the operation method in super-large construction works like the Honshu-Shikoku Bridge Project, and has steadily improved the business performance of MMB, with his insightful leadership, among other achievements. In addition, he played a major role in the conversion of MMB into a group company, which was the trigger for the Company's rapid growth, with his astute ideas. As such, the Company has determined that he is qualified as the Company's Director and has therefore continued to nominate him as a candidate for Director.		

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Status of significant concurrent positions)	Number of Company shares owned
4	 Mayumi Hirase (October 30, 1969) Female  [New appointment]  [Attendance at the Board of Directors meetings] -/- (-%)	Apr. 1988 Trainee of Ohmi Hills Golf Training Course June 1988 Passed professional test of Japan Ladies Professional Golfers' Association June 1988 Participated in Japan Golf Tour Jan. 1996 Participated in US Golf Tour March 2000 Participated in Japan Golf Tour Aug. 2010 Coached junior golf trainees at Himekko Golf School Oct. 2013 Started activities as TV commentator July 2016 Instructor as "Dream Teacher," "JFA Kokoro Project" social contribution of Japan Football Association (to present)	0
[Reason for nomination as candidate for Outside Director and overview of expected roles] Ms. Hirase actively addresses "promotion of women's advancement" and "promotion of measures to support raising the next generation," which are our key issues for diversity promotion, even in the male-dominated Board of Directors by utilizing her experience as an athlete who excelled in the tough world of professional sport. She has the strength to drive reforms and improvements from an objective and unique female perspective. Furthermore, since 2016, she has been active as a "Dream Teacher" of the "JFA Kokoro Project" of the Japan Football Association as a social contribution activity. As such, the Company has determined that she is qualified as the Company's Outside Director as a leader of social contribution activities of the Company, which also engages in ESG initiatives, and as a supervisor of management toward sustainable growth based on diversity promotion by utilizing her experience in an environment completely different from our industry, and has therefore nominated her as a candidate for the position.			

- Notes: 1. None of the candidates has a special interest in the Company.
2. Ms. Mayumi Hirase's name in the family register is Mayumi Kato.
3. Ms. Mayumi Hirase is a candidate for Outside Director.
4. Upon approval for the election of Ms. Mayumi Hirase, the Company plans to enter into an agreement with her pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act to limit her liability for damages under Article 423, Paragraph 1 of the same act.
- The outline of the agreement is as follows:  
 The Company may enter into agreements with Directors (excluding Directors who are Executive Directors, etc.) that limit liability with regard to liability provided for in Article 423, Paragraph 1 of the Companies Act, if the requirements stipulated in laws and regulations are met; provided, however that the amount of liability under such agreement shall be limited to the minimum amount of liability provided for in laws and regulations.
5. Upon approval for the election of Ms. Mayumi Hirase, the Company plans to register her as an independent officer with the Tokyo Stock Exchange, as she meets the requirements for independent officers as prescribed by the regulations of the exchange.

6. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance agreement shall cover any damages including compensation for damages and legal expenses to be borne by the insureds. Upon approval for the election of each candidate, all candidates will be included as the insureds under this insurance agreement, which is scheduled to be renewed in the middle of their terms of office. The outline of the insurance agreement is stated on page X of the Business Report.



**Proposal 3:** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members


The terms of office of all three (3) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders.


Accordingly, the Company proposes to elect three (3) Directors who are Audit and Supervisory Committee Members.

With regard to this proposal, consent of the Audit and Supervisory Committee has been obtained.

The candidates for Director who is an Audit and Supervisory Committee Member are as follows:

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Status of significant concurrent positions)	Number of Company shares owned
1	 <p>Hidemi Ota (December 19, 1947) Male</p> <p>[Reappointment]</p> <p>[Attendance at the Board of Directors meetings] 9/9 (100%)</p> <p>[Attendance at the Audit and Supervisory Committee meetings] 9/9 (100%)</p>	<p>Apr. 1970    Joined Nippon Steel Corporation (<i>Shin Nippon Seitetsu Kabushikikaisha</i>) (currently NIPPON STEEL CORPORATION)</p> <p>July 1993    Manager, Marine and Offshore Steel Structures and Engineering Department, Marine and Offshore Steel Structure Business Division</p> <p>July 1999    Manager, Marine and Offshore Steel Structure Business Division</p> <p>June 2001    Director and Manager, Marine and Offshore Steel Structure Business Division</p> <p>Apr. 2005    Managing Director and Deputy Manager, Engineering Unit</p> <p>July 2006    Executive Vice President and Representative Director of Nippon Steel Engineering Co., Ltd. (<i>Shin Nippon Seitetsu Engineering Kabushikikaisha</i>) (currently NIPPON STEEL ENGINEERING CO., LTD.)</p> <p>July 2010    Standing Auditor</p> <p>Apr. 2015    Director, HINODE, Ltd. (current position)</p> <p>June 2018    Outside Director of the Company</p> <p>June 2021    Outside Director (Audit and Supervisory Committee Member) of the Company (to present)</p>	0
<p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>Mr. Ota is one of the few persons who have played an important role in all the processes from planning to construction of the Tokyo Wan Aqua-Line Expressway, a national project. Furthermore, he is also an authority on the area of steel structures who pushed forward the national project of constructing Runway D at Tokyo International Airport, a steel offshore airport, and is familiar with the Company's business with a high level of insight in this industry. In addition, he also has a wealth of experience as a private company manager and has a wide network of contacts, and is expected to perform company analysis from a broad perspective. As such, the Company has determined that he is qualified as the Company's Outside Director who is an Audit and Supervisory Committee Member, who also is a supervisor of the Company's path to sustainable growth, and has therefore nominated him as a candidate for the position.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Status of significant concurrent positions)	Number of Company shares owned
2	 <p data-bbox="199 689 422 779">Masato Tsujikawa (January 31, 1958) Male</p> <p data-bbox="215 817 406 846">[Reappointment]</p> <p data-bbox="199 884 422 1003">[Attendance at the Board of Directors meetings] 9/9 (100%)</p> <p data-bbox="183 1041 438 1160">[Attendance at the Audit and Supervisory Committee meetings] 9/9 (100%)</p>	<p data-bbox="454 280 1300 627">Nov. 1985 Passed bar examination Apr. 1988 Registered with Osaka Bar Association Apr. 1988 Joined Kansai Law &amp; Patent Office Jan. 1994 Partner Dec. 2004 Member, Attorney of Kansai Law &amp; Patent Office (current position) June 2007 Outside Director of TACHIBANA ELETECH CO., LTD. (current position) June 2019 Outside Corporate Auditor of the Company June 2021 Outside Director (Audit and Supervisory Committee Member) (to present)</p>	0
<p data-bbox="199 1176 1460 1232">[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p data-bbox="199 1243 1460 1478">Mr. Tsujikawa has expertise and experience as a lawyer while at the same time having served as a corporate auditor of a listed company and concurrently serves as an outside auditor of a company in another industry, which is listed on the Prime Market. He has multifaceted knowledge that leverages these many experiences. In addition, he possesses management experience as a law firm partner and is familiar with labor issues, too, as well as having publications in the areas of the Companies Act and also serving as conciliation commissioner of the court. Given this experience and knowledge, the Company has determined that he is qualified as the Company's Outside Director who is an Audit and Supervisory Committee Member, who also is a supervisor of the Company's management, and has therefore nominated him as a candidate for the position.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (Status of significant concurrent positions)	Number of Company shares owned
3	 Masato Higuchi (June 5, 1957) Male  [Reappointment]  [Attendance at the Board of Directors meetings] 9/9 (100%)  [Attendance at the Audit and Supervisory Committee meetings] 9/9 (100%)	Apr. 1982    Joined National Police Agency Jan. 2007    Chief, Second Investigation Division Oct. 2009    Chief, Information and Communications Planning Division Sept. 2011    Director, Tokyo Metropolitan Government Office for Youth Affairs and Public Safety June 2013    Chief of Police, Fukuoka Prefectural Police Jan. 2015    Chief of Police, Osaka Prefectural Police Oct. 2016    Registered with Dai-ichi Tokyo Bar Association Attorney, Higuchi Compliance Law Firm (current position) June 2019    Outside Director, HIGASHI TWENTY ONE CO., LTD. (current position) June 2020    Outside Corporate Auditor of the Company June 2021    Outside Director (Audit and Supervisory Committee Member) of the Company (to present) Aug. 2021    Outside Director, Taiyo Cabletec Corporation (current position) Nov. 2022    Outside Director, Nippon BS Broadcasting Corporation (current position)	0
<p>[Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of expected roles]</p> <p>Mr. Higuchi has a wealth of experience mainly in responding to various social events and issues as Chief of Police of the Kumamoto Prefectural Police, the Fukuoka Prefectural Police, and the Osaka Prefectural Police, and giving direction and guidance for investigations and inspections into these events and issues as well as recurrence prevention measures as the head of governance. Even after retiring from the police, he has been consulted by companies and organizations as a lawyer on compliance matters and has been offering advice. Furthermore, he has knowledge of information and communication technology and has served as Outside Director of other companies. The Company has determined that he is qualified as the Company's Outside Director who is an Audit and Supervisory Committee Member, who also is a supervisor of the Company's management related to governance and compliance, and has therefore nominated him as a candidate for the position.</p>			

- Notes: 1. None of the candidates has a special interest in the Company.
2. Messrs. Hidemi Ota, Masato Tsujikawa, and Masato Higuchi are candidates for Outside Director.
3. Messrs. Hidemi Ota, Masato Tsujikawa, and Masato Higuchi are currently Outside Directors of the Company, whose terms of office at the conclusion of this General Meeting of Shareholders will be five years, two years, and two years, respectively.
4. The Company has entered into an agreement with Messrs. Hidemi Ota, Masato Tsujikawa, and Masato Higuchi pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act to limit their liability for damages under Article 423, Paragraph 1 of the same act. Upon approval for the election of the three candidates, the Company plans to continue such agreement with them.

The outline of the agreement is as follows:

The Company may enter into agreements with Directors (excluding Directors who are Executive Directors, etc.) that limit liability with regard to liability provided for in Article 423, Paragraph 1 of the Companies Act, if the requirements stipulated in laws and regulations are met; provided, however that the amount of liability under such agreement shall be limited to the minimum amount of liability provided for in laws and regulations.

5. The Company has registered Messrs. Hidemi Ota, Masato Tsujikawa, and Masato Higuchi as independent officers as prescribed by the regulations of the Tokyo Stock Exchange. Upon approval for the election of the three candidates, the Company plans to continue to appoint them as independent officers.
6. The Company has concluded a directors and officers liability insurance agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance agreement shall cover any damages including compensation for damages and legal expenses to be borne by the insureds. Upon approval for the election of each candidate, all candidates shall be included as the insureds under this insurance agreement, which is scheduled to be renewed in the middle of their terms of office. The outline of the insurance agreement is stated in page X of the Business Report.

**[Reference]**

1. Skills Matrix of Directors

Knowledge, expertise, and experience of Directors of the Company are as follows:

Name	Position	Corporate Management	Legal Affairs / Risk Management	Sales / Marketing	Engineering / Safety	Finance / Accounting	Human Resources / Labor	Sustainability	Governance	The Public's Perspective
Shigetoshi Aota	President and Representative Director	●	●	●		●	●	●	●	
Tadashi Uehara	Representative Director	●		●	●	●	●	●	●	
Masahiro Ikeura	Director	●	●	●		●	●	●	●	
Mayumi Hirase	Director (Outside)						●	●	●	●
Hidemi Ota	Director (Outside) Audit and Supervisory Committee Member	●	●		●	●		●	●	
Masato Tsujikawa	Director (Outside) Audit and Supervisory Committee Member	●	●				●	●	●	●
Masato Higuchi	Director (Outside) Audit and Supervisory Committee Member		●		●		●	●	●	●

## 2. Skills of Directors required by the Company

The Company is making social contributions through the development of social infrastructure, mainly in the area of public works that require a high level of technological capabilities, while also engaging in high-level public works in private-sector projects such as railways, buildings with large interior spaces/special buildings, and coastal structures.

The skills of Directors required to run a business of such nature are defined as follows:

Skills	Definitions
Corporate Management	Capabilities to guide and supervise the Company as a company that “works together” and “grows together” with its stakeholders, with experience in overcoming management crises and ideas that can create the future amid such hardships.
Legal Affairs / Risk Management	Capabilities to identify laws and regulations and various risks that may have an enormous impact on corporate management and to guide and supervise appropriate measures from a legal perspective, with broad insight into legal affairs and risk management in the Company’s management, which requires the prompt development of systems and processes to adapt to changes in the market environment.
Sales / Marketing	Capabilities to understand the nature of the order-based industry with public works at the core of management, to accurately grasp current challenges and their impact on changes in the market, and to guide and supervise the Company’s business policies and sales policies for developed products.
Engineering / Safety	Capabilities to guide and supervise the technological development policies or safety management systems in the Company’s business, with technologies important in the design, manufacturing, and engineering on site of steel structures as well as knowledge related to safety control.
Finance / Accounting	Capabilities to supervise financial positions and operating results in cooperation with external audit firms, to prevent accounting irregularities, such as window dressing, and to ensure compliance in corporate accounting, with a career background as a leader supervising finance/accounting operations.
Human Resources / Labor	Capabilities to appropriately guide and supervise the Company’s activities in cooperation with external expert organizations, with a drive for systemic reforms to draw out the abilities of employees and motivate them to contribute to the development of the Company, as well as knowledge related to human resources development and labor, along with a high degree of awareness about compliance with labor regulations.
Sustainability	Capabilities to guide and supervise the Company’s social contribution activities in cooperation with external expert organizations, with knowledge related to environmental and social initiatives necessary for continuing sustainable growth and development over the medium- to long-term as well as deep insight into “coexistence and co-prosperity with society.”
Governance	Capabilities to prevent crises, to enhance employees’ awareness of compliance, and to guide and supervise the Company as a company that makes social contributions, with a high degree of awareness about the important factors in governing a company such as corporate governance, internal controls, compliance, and risk management.
The Public’s Perspective	The Company is a group of professionals that engages in social contribution activities through the development of social infrastructure. As a company responsible for protecting the safety and security of people’s lives, we believe it is important to keep the public’s perspective in mind at all times. Capabilities to grasp the Company’s corporate activities from the public’s perspective and to appropriately guide and supervise these activities by leveraging experience in a completely different environment through substantial social contribution activities.

## <Shareholder Proposals (Proposal 4 to Proposal 5)>

Proposal 4 and Proposal 5 are proposed by shareholders.

The name of the proposals, outline of agenda items, and reasons for the proposals are the relevant portion of the letter pertaining to the Shareholder Proposal received from the Proposing Shareholder in its original text.

### **Proposal 4:** Appropriation of Surplus

#### a. Outline of agenda item

The appropriation of surplus shall be as follows.

If the Board of Directors proposes appropriation of surplus at this Annual General Meeting of Shareholders, this agenda item is proposed as an independent and additional proposal.

#### (i) Type of dividend assets

Cash

#### (ii) Dividend per share

The greater of (a) or (b) below.

(a) The amount obtained by deducting the interim dividend of ¥60 for the 20th fiscal year and the amount of surplus per share of stock in the Company proposed by the Board of Directors at this Annual General Meeting of Shareholders and approved at this Annual General Meeting of Shareholders from an amount equal to 70% of the Company's basic earnings per share for the 20th fiscal year rounded down to the nearest yen ("Actual EPS") (or the amount obtained by deducting the interim dividend of ¥60 for the 20th fiscal year from 70% of the Actual EPS if the Board of Directors does not propose appropriation of surplus at this Annual General Meeting of Shareholders).

(b) The amount obtained by dividing an amount equal to 4% of the Company's consolidated net assets for the 20th fiscal year by the number of issued shares (total number of shares issued as of March 31, 2023, excluding treasury stock).

#### (iii) Allotment of dividend assets and the total amount thereof

The amount of dividend per share in (ii) above per share of stock in the Company (the total amount of dividend is calculated by multiplying the dividend per share by the total number of shares issued as of March 31, 2023 (excluding treasury stock))

#### (iv) Effective date of dividend of surplus

Date of this Annual General Meeting of Shareholders

#### (v) Start date of dividend payment

Three weeks from the business day following the date of the Annual General Meeting of Shareholders

#### b. Reasons for the proposal

The Tokyo Stock Exchange ("TSE") issued a notice to approximately 3,300 companies listed on the Prime and Standard Markets asking for management that is more conscious of their cost of capital and stock price. After issuing this notice, on March 31, 2023, the TSE requested listed companies with a PBR (price book-value ratio) below 1 to disclose and take specific measures to raise their stock price levels. The major trend in the Japanese securities market as a whole has been to improve PBR due to capital blistering in order to improve the attractiveness of Japanese equities, which are inferior to US and other equities.

In this regard, the Company's stock price has remained well below a PBR of 1 for 16 years (from the fiscal year ended March 31, 2007 to fiscal year ended March 31, 2023, with the exception of the fiscal year ended March 31, 2014). The amount of BPS of the Company at the end of the third quarter of fiscal year ended March 31, 2023 is ¥5,979, whereas the Company's actual share price is ¥3,740 (closing price on March 31, 2023).

This is due to the Company cutting shareholder returns more than necessary and accumulating retained earnings by not paying dividends to shareholders for eight consecutive fiscal years (fiscal year ended March 31, 2006 to fiscal year ended March 31, 2013) and then continuing to pay extremely low shareholder returns once dividend payments resumed (fiscal year ended March 31, 2014). President Shigetoshi Aota was appointed as a director in June 2005. He was appointed President and Representative Director in April 2013, a position he has remained in to this day, and was one of the directors who decided not to pay dividends for eight consecutive years, as previously mentioned. He is the very person who has been managing the company by neglecting shareholder returns and with disregard to shareholders for many years, while receiving executive remuneration from subsidiaries. For a long time he has given top priority to retained earnings and his own remuneration, and his style of management that has neglected capital efficiency and disregarded shareholders has significantly damaged the Company's corporate value.

The Company's stock price should be at least a PBR of 1 of ¥5,979, and the current management team should change its management stance as soon as possible. The proposer's claims are described below.

The fact that the PBR is below 1 means that the Company's ROE (return on equity) has not reached the minimum return (cost of capital) required by shareholders. The Company has damaged the value of the capital entrusted to it by shareholders, and the market has evaluated the Company as "disqualified for listing." Growth potential is required to increase PER (price earnings ratio). However, the Company's business performance and the materials released by the current management team to date do not indicate a growth story at the Company, and the Company's current management team is not expected to increase PER. Therefore, the only way to achieve a PBR of 1 is to increase the ROE. However, the Company's ROE has been declining since reaching 15.0% (fiscal year ended March 31, 2016) and is currently at 6.6% (third quarter of the fiscal year ended March 31, 2023). This decline is due to funds that should have been directed to shareholder returns in order to increase shareholder value, being saved as retained earnings.

In other words, the Company's dividend per share fell from ¥5 (fiscal year ended March 31, 2005) to no dividend (from the fiscal year ended March 31, 2006 to the fiscal year ended March 31, 2013) for eight consecutive fiscal years. The Company resumed dividend payments in the year ended March 31, 2014 by paying ¥2 per share after eight consecutive years of no dividend and since then the dividend payout ratio had been hovering in the lower part of 10% each year (until the fiscal year ended March 31, 2021), and thus had been in the low in the eight consecutive years following the eight consecutive years of no dividend. On the other hand, in the fiscal year ended March 31, 2022 the Company recorded free cash flow of ¥10,730 million, cash equivalents of ¥15,679 million, cross-shareholdings of ¥4,889 million, and interest-bearing debt of just ¥300 million after repaying ¥2,500 million. However, such ample cash flows were mainly stored in retained earnings, and the Company accumulated ¥9,963 million in retained earnings, while total dividends paid amounted to only ¥952 million. Although the dividend per share was ¥140, the dividend payout ratio remained



low compared to the previous year, at 27.95%.

The Company has a ¥5.0 billion commitment line with a bank and has secured a ¥20.0 billion line of credit, including current account overdrafts, and so it is clear that even if more substantial shareholder return measures are taken, it will still have sufficient cash on hand and business operations will not be impeded. There is absolutely no need to accumulate more retained earnings. It is clear that if the Company accumulates more retained earnings, its capital efficiency will deteriorate further and its PBR will remain below 1 for the foreseeable future.

In addition to the above, the Company currently owns ¥5,343 million of cross-shareholdings (which includes cross-held shares of ¥4,391.84 million as of December 31, 2022), which means that 82.19% of cross-shareholdings are cross-held shares. It is clear that these cross-held shares are contributing to the lack of governance function at the Company and a fall in capital efficiency, and the Company should immediately cease its excessive cross-shareholdings.

Incidentally, since 2021 the proposer has been requesting interviews with the Company's management by letter, e-mail, and telephone, but in each case our requests have been ignored, and in February 2023, after sending letters requesting interviews to all directors, including independent outside directors, finally in March of the same year, we were able to meet with Tadashi Uehara, Representative Director in charge of IR, and Yutaka Setoi, Operating Officer and General Manager of the IR Office. At that time, the proposer questioned Representative Director Tadashi Uehara about the Company's PER (price earnings ratio) and BPS (book-value per share), and was told that he did not know either. The proposer was astonished to hear that he did not know the relative equation for determining PER, PBR (price book-value ratio) and ROE (return on equity). It is clear from these facts that the current management of the Company does not have the basic knowledge or the inclination to improve the Company's capital efficiency.

Therefore, the proposer proposes that all of the "approximately ¥6.0 billion increase in working capital" (including retained earnings) in the Company's five-year Medium-Term Business Plan be allocated to shareholder returns to bring the total allocated to shareholder returns to ¥12.0 billion. In this case, the dividend per share would be ¥360 and the dividend payout ratio would be 60% (fiscal year ending March 31, 2027). Furthermore, adding the proceeds from the sale of cross-shareholdings amounting to ¥5,343 million (which includes cross-held shares of ¥4,391.84 million in the third quarter of the fiscal year ended March 31, 2022) to the above shareholder return amount would enable a dividend payout ratio of 70%. A dividend payout ratio of 70% over the five-year period of the Medium-Term Business Plan would bring the Company's PBR close to 1.

Taking the above into consideration, the proposer proposes to set the dividend per share as described in (ii) above. For the record, it goes without saying that this proposal is not an attempt to demand excessive dividends from the Company and to pursue only short-term profits. This is because the proposal proposes a return to shareholders within a scope that does not exceed the earnings per share attributable to owners of the parent in the consolidated financial results for the fiscal year ended March 31, 2023, attempts to return consolidated profit to shareholders, and does not request any return to shareholders from the capital required for the Company's operations. Furthermore, the Company will still have sufficient cash flow after making various growth investments of ¥18.0 billion over the five years of the Medium-Term Business Plan.

## ○ Opinion of the Board of Directors on Shareholder Proposal

### 1) Opinion of the Board of Directors

#### **The Board of Directors opposes this Shareholder Proposal.**

### 2) Reason for opposition

The Shareholder Proposal requests an additional dividend of ¥244.33 per share calculated based on the attached “II. Outline of Agenda Items and Reasons for Proposal” and the Company’s financial results for the 20th fiscal year which, when combined with the interim dividend already paid and the year-end dividend proposed by the Company, would require distribution of a dividend of ¥384.33 per share (total dividends amounting to ¥2,615,404,566), which is equivalent to 84.9% of the profit attributable to owners of parent in the fiscal year ended March 31, 2023.

From a medium- to long-term perspective, the Company and its subsidiaries (the “Group”) considers the establishment of a highly sustainable corporate structure, the enhancement of corporate value, and the return of profits to shareholders as important management policies, while at the same time we have a basic policy of implementing a well-balanced capital policy, including investments for sustainable growth, a concept shared by all shareholders and stakeholders.

Regarding shareholder returns, as an important management measure, we have decided to distribute an annual dividend of ¥140 per share for the fiscal year ended March 31, 2023, and the projected annual dividend for the fiscal year ending March 31, 2024, announced on May 15, 2023, is ¥180 (ordinary dividend of ¥160, commemorative dividend of ¥20, consolidated dividend payout ratio of 35%). The Group aims to achieve the Medium-Term Business Plan and further increase dividends while maintaining a target total return ratio of 30%, and plans to continue to flexibly implement shareholder returns when performance is favorable.

In order for the Group to continue to grow sustainably to achieve the final year targets in the Medium-Term Business Plan (FY2022 to FY2026) of ¥75.0 billion in net sales, ¥7.5 billion in operating profit, and ¥4.0 billion in profit attributable to owners of parent on a consolidated basis, we believe that it is necessary to aggressively allocate funds to investments for growth, having ensured shareholder returns while paying close attention to our cash flow and the risk of damaging our equity capital.

Regarding equity capital, we need approximately ¥10.0 to 20.0 billion (equivalent to two to four months of monthly sales) as working capital for construction progress and about ¥20.0 billion (equivalent to four months of monthly sales) to cover expenses in the event of a construction-related accident or major natural disaster (we are covered by third-party liability insurance, but there is a limit to how much loss can be compensated, and it is essential that we have the management resources to be able to restore production in the event of a temporary loss of income in such situations), which combined, means that we need approximately 60% of annual net sales as equity capital. Accordingly, we believe that equity capital of approximately ¥40.0 billion of the annual consolidated net sales of ¥65.0 billion from our current businesses and approximately ¥45.0 billion of the target consolidated net sales in the final year of the Medium-Term Business Plan of ¥75.0 billion are necessary to ensure the sustainable growth of the Group and we have set the equity ratio in the Medium-Term Business Plan at 55% or more.

Regarding business investment, over the five years under the Medium-Term Business Plan, we plan

to invest a total of ¥18.0 to 20.0 billion, including ¥15.0 billion in plants and equipment centers to improve efficiency and optimize plant production and on-site construction capacity, and ¥3.0 to 5.0 billion to develop new businesses and strengthen general engineering functions. However, our target operating profit margin is 10% and we anticipate a five-year EBITDA of approximately ¥40.0 billion. We will appropriately control the level of equity capital, paying careful attention to maintaining capital efficiency by allocating funds to investments for growth and accumulating retained earnings for future preparation in a balanced manner, as well as by flexibly implementing shareholder returns when performance is strong.

With regard to cross-shareholdings, we will promote their reduction to lower the ratio held to less than 10% of net assets as soon as possible, and a portion of the cash flow from this reduction (proceeds from sales) will be allocated as funds to implement shareholder returns.

As stated above, we believe that a well-balanced capital policy is important for the return of profits to shareholders and for sustainable growth, which is a concept shared by the Company and our stakeholders. The Shareholder Proposal requires excessive shareholder returns as described above, and we believe this will be detrimental to the appropriate balance of our capital policy.

Therefore, the Board of Directors opposes the Shareholder Proposal for the reasons stated above.

If this Shareholder Proposal were to be approved and resolved, a portion of the dividend to be paid would need to be funded from other capital surplus since the amount of the dividend would exceed the amount of our non-consolidated other retained earnings.

The Proposing Shareholder also states that our PBR is well below 1 and that “the amount of BPS (book-value per share) at the end of the third quarter of fiscal year ended March 31, 2023 is ¥5,979.” However, this figure is the amount of net assets recorded on the consolidated balance sheet as of December 31, 2022 divided by the number of shares, and the correct amount of BPS, which is the amount of equity capital less non-controlling interests included in net assets as of the same date divided by the number of shares, is actually ¥5,140.

The Shareholder Proposal also states that “Since 2021 the proposer has been requesting interviews with the Company’s management by letter, e-mail, and telephone, but in each case our requests have been ignored, and in February 2023, after sending letters requesting interviews to all directors, including Independent Outside Directors, finally in March of the same year, we were able to meet with Tadashi Uehara, Representative Director in charge of IR, and Yutaka Setoi, Operating Officer and General Manager of the IR Office.” However, the Company has held seven interviews since December 2021, led by the IR Office, the department in charge of investor relations.

**Proposal 5: Partial Amendment to the Articles of Incorporation (Disclosure of Individual Director Remuneration)**

a. Outline of agenda item

The following provision shall be newly established as Article 31, Paragraph 2 of the current Articles of Incorporation.

“2. Regardless of the amount of remuneration for Directors with representation rights in the Company and its specified subsidiaries, the amount (including any employee portion of salary) and details of remuneration shall be disclosed for each Director in the Business Report and Securities Report each year, together with specific indications of the method of determining the remuneration.”

b. Reasons for the proposal

Individual disclosure of directors' remuneration at public companies is already widely practiced in developed countries such as the U.S. and the U.K. In light of the internationalization of investment activities, we believe that the Company, a leading Japanese company which is listed on the Tokyo Stock Exchange's Prime Market, should show investors in Japan and overseas that it maintains the same internal standards as leading companies in developed countries. Therefore, the individual disclosure of directors' remuneration should be adopted from the perspective of stimulating corporate activity.

Regarding previous disclosures of remuneration for directors in the Company, since the fiscal year ended March 31, 2007, the lowest amount of remuneration for each director was ¥1,845,000 and the highest amount was ¥5,950,000. Given that the average annual salary of the Company's employees during the same period was in the range of ¥6 to 9 million, it would appear that the Company's directors were working diligently for less remuneration than their employees. However, although executive remuneration appears to be low, the amount disclosed in the disclosure materials does not include executive remuneration from subsidiaries. Furthermore, the employee portion of salary for directors who concurrently serve as employees has not been disclosed. Therefore, there was a suspicion that the seemingly low executive remuneration paid by the Company was being supplemented by executive remuneration from subsidiaries.

When the proposer repeatedly requested more detailed disclosure of executive remuneration from the current management through interviews, the Company disclosed executive remuneration for the fiscal year ended March 31, 2022, and the results showed that the breakdown of executive remuneration for the Company's current management was found to be ¥12,012,000 from the Company and ¥138,546,000 from subsidiaries, bringing the total remuneration for directors to ¥150,558,000, which is ¥75,279,000 of executive remuneration per director (two directors at the end of the fiscal year, excluding Outside Directors). Remuneration for the Company's directors from the Company's subsidiaries was 11.53 times greater than the multiplier compared to remuneration from the Company, the parent company, and ¥120 million, which was the upper limit of director remuneration per year approved at the General Meeting of Shareholders in June 2015, has been greatly exceeded. This raises the suspicion that the upper limit of executive remuneration has been exceeded not only in the fiscal year ended March 31, 2022, but possibly also every year since 2015. If the Company's management also had received high levels of remuneration from subsidiaries during the eight consecutive years when the Company did not pay dividends, then this is an alarming problem.

Based on the above, the proposer proposes that the Articles of Incorporation be amended as described in the “Outline of agenda item” so that the remuneration (including the employee portion of salary) of directors with the right to represent the Company and its specified subsidiaries (three eligible directors as of March 31, 2023) is disclosed individually.

The proposer also requests that the Company retroactively disclose remuneration (including the employee portion of salary) paid to directors from subsidiaries of the Company for the fiscal year ended March 31, 2007 and thereafter. Clarifying how much the Company’s representative directors, including the Company’s President Shigetoshi Aota, as well as the representative directors of specific subsidiaries, were paid in executive remuneration by the Company, specific subsidiaries, and subsidiaries in the 17 years when the Company has rewarded shareholders by not paying dividends for eight consecutive fiscal years and low shareholder returns for nine consecutive fiscal years, will link to improving the Company’s attitude to disclosure, and disclosure transparency, and the state of shareholder returns in the future. The proposer is seeking a highly transparent disclosure stance from the Company’s directors. We demand that the Company free itself from this cover-up culture as soon as possible.

## ○ Opinion of the Board of Directors on Shareholder Proposal

### 1) Opinion of the Board of Directors

#### **The Board of Directors opposes this Shareholder Proposal.**

### 2) Reason for opposition

The Shareholder Proposal states that “the number of directors at the end of the fiscal year is two” and goes on to state that “the breakdown of executive remuneration for the Company’s current management was found to be ¥12,012,000 from the Company and ¥138,546,000 from subsidiaries, bringing the total remuneration for directors to ¥150,558,000, which is ¥75,279,000 of executive remuneration per director (two directors at the end of the fiscal year, excluding Outside Directors).” However, as of March 31, 2022, there were six directors (excluding Outside Directors) and executive remuneration was ¥25,093,000 per director.

Note that no directors are paid a salary as an employee.

The Shareholder Proposal also states that the “¥12.0 million, which was the upper limit of director remuneration per year approved by the General Meeting of Shareholders in June 2015 has been greatly exceeded.” However, the total amount of remuneration, etc. on a non-consolidated basis is ¥12.0 million, as stated in the Securities Report for the fiscal year ended March 31, 2022, and it is not true that the upper limit of annual remuneration for directors, which was resolved at the General Meeting of Shareholders, has been exceeded.

The Company’s policy for determining the amount of remuneration, etc. for directors and the method of calculation thereof is discussed at the meeting of the Board of Directors held after the Annual General Meeting of Shareholders each year, within the scope of the total amount of remuneration resolved at the Annual General Meeting of Shareholders, taking into consideration comprehensively general examples of companies at the same level, the balance with the level of employees’ salaries, the general state of management, and other factors. The Company has also established a voluntary Nomination and Compensation Committee for the purpose of strengthening the independence, objectivity, and accountability of the Board of Directors’ functions with respect to director nominations and remuneration, etc. We consult with the Nomination and Compensation Committee when determining the amount of remuneration, etc. for directors (excluding directors who are Audit and Supervisory Committee Members).

With regard to the disclosure of executive remuneration, the total amount of remuneration, etc. and the number of persons paid by each director category are properly disclosed in the Business Report provided with the Notice of Convocation of the Annual General Meeting of Shareholders and in the Securities Report in accordance with laws and regulations. Since FY2021, the total amount of remuneration, including director remuneration at subsidiaries in cases where a director concurrently serves as an officer of a subsidiary, is indicated in the Business Report and Securities Report.

As such, we believe that both the determination of the amount of remuneration, etc. for directors and the method of disclosure thereof are appropriate.

Therefore, the Board of Directors opposes the Shareholder Proposal for the reasons stated above.