

To Shareholders:

Ticker Code: 9364

June 4, 2020

Kamigumi Co., Ltd.
4-1-11, Hamabe-dori, Chuo-ku, Kobe

**Notice of Convocation of the 81st Ordinary General Meeting
of Shareholders of Kamigumi Co., Ltd.**

We are pleased to inform you that the 81st Ordinary General Meeting of Shareholders will be held as stated below.

Recently, the government and prefectural governors have been putting out requests for people to refrain from going out in order to prevent the spread of the novel coronavirus disease. As a result of careful consideration in response to this situation, we have decided to hold this year's Meeting of Shareholders upon implementing appropriate measures to prevent infection.

In view of this situation with requests of refraining from going out, from the perspective of preventing the spread of infections, we request all shareholders to exercise their voting rights in advance in writing or via the Internet, etc. and to refrain from attending the meeting in person regardless of your health condition.

We kindly ask you to study the attached Reference Documents for the General Meeting of Shareholders for the 81st Ordinary General Meeting of Shareholders and review the "Guide for Exercising Voting Rights" described on page 17, and then exercise your voting rights in writing or via the Internet, etc. by 5:00 p.m., Thursday, June 25, 2020.

Yours faithfully,

Yoshihiro Fukai
President & Representative Director

Details

1. Date and Time: June 26, 2020, Friday, at 10:00 a.m.
2. Place: Hotel Okura Kobe,
Heian Room on 1st Floor,
2-1, Hatoba-cho, Chuo-ku, Kobe
3. Agenda:
Matters to be Reported:
 - Item 1. Report on the Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements for the 81st fiscal term (April 1, 2019 - March 31, 2020)
 - Item 2. Report of the audit of the consolidated and non-consolidated financial statements by the Independent Auditors and the Audit & Supervisory Board for the 81st fiscal term (April 1, 2019 - March 31, 2020)
Matters to be Resolved:
 - Item 1. Appropriation of Surplus
 - Item 2. Election of Ten (10) Directors
 - Item 3. Election of Two (2) Audit & Supervisory Board Members
 - Item 4. Election of One (1) Substitute Audit & Supervisory Board Member
 - Item 5. Revision of Remuneration Amount Paid to Directors and Audit & Supervisory Board Members
4. Determination for Convocation
Please refer to [Guide for Exercising Voting Rights] (page 17).

 - a. When you attend the Meeting, please kindly submit the enclosed voting rights exercise form at the reception desk.
 - b. If it becomes necessary to amend any item to be listed in the business report, consolidated financial statements, non-consolidated financial statements, and reference documents for the general meeting of shareholders, we will notify the amendment on the Company's website (<https://www.kamigumi.co.jp/english/ir/shareholders/>).
 - c. Among the documents which should be submitted with this Notice of Convocation, the "Consolidated Statements of Changes in Net Assets," "Notes to Consolidated Financial Statements," "Non-Consolidated Statements of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements" are available on the Company's website

(<https://www.kamigumi.co.jp/english/ir/shareholders/>) in accordance with the provisions of the law and Article 17 of the Articles of Incorporation of the Company. The Attached Documents of this Notice constitute a part of the Consolidated Financial Statements or Non-Consolidated Financial Statements which have been audited by the Audit & Supervisory Board members and the Independent Auditors at creating audit reports thereof.

Reference Documents for the General Meeting of Shareholders

Matters for Resolution and Reference

Item 1. Appropriation of Surplus

We propose to appropriate surplus as follows:

1. Items on term-end dividend

The Company views shareholder returns as a high priority management policy and has a basic policy of distributing performance-linked stock dividends, targeted at a consolidated dividend payout ratio of 30%, in consideration of balancing trends of business performance, internal reserves, and other factors.

Based on the distribution policy stated above, the Company proposes to pay an 81st fiscal term-end dividend of ¥23.0 per share. Accordingly, full-year dividends including a mid-term dividend of ¥23.0 per share will amount to ¥46.0 per share.

(1) Type of dividend property: money

(2) Allotment of dividend property and its total amount

¥23.0 per common share of the Company

In this case, the total dividend amount is ¥2,710,302,635.

(3) Effective date of dividends from surplus

June 29, 2020

2. Other items on appropriation of surplus

As for retained earnings, we propose the followings to prepare for the aggressive business expansion in the future, including spending on plant and equipment in new businesses and growing sectors.

(1) Item of increased surplus and its amount

General reserve:

¥8,000,000,000

(2) Item of decreased surplus and its amount

Retained earnings carried forward to the following term:

¥8,000,000,000

Policy on Determination of Dividends of Surplus and Others

While intending to enhance the level of internal reserves in preparation for reinforcement of the corporate structure and aggressive business expansion down the road, the Company considers stable return of profit to shareholders as a high priority management policy and strives to provide performance-linked stock dividends, targeted at a consolidated dividend payout ratio of 30%, in consideration of maintaining a balance with trends of business performance and internal reserves and other factors.

In addition, the Company continues to purchase of treasury stocks as a basic policy with flexible decision making, aiming to enhance aggregate return of profit and improve capital efficiency.

The Company intends to use the retained earnings mainly for development of new businesses, spending on plant and equipment in growing sectors, and investment in computerization.

(Reference: Trends of Dividends and Consolidated Dividend Payout Ratio)

(Yen)

	77 th Fiscal Term	78 th Fiscal Term	79 th Fiscal Term	80 th Fiscal Term	81 st Fiscal Term (fiscal year under review)	82 nd Fiscal Term (forecast)
Mid-term dividend	12.0	12.0	14.0	22.0	23.0	23.0
Term-end dividend	14.0	18.0	21.0	23.0	23.0	23.0
Full-year dividend	26.0	30.0	35.0	45.0	46.0	46.0
Payout ratio	20.6%	22.9%	23.9%	29.6%	29.7%	31.2%

Note: The Company implemented a share consolidation in which every two (2) common shares were consolidated into one (1) share, effective October 1, 2017. Dividends paid prior to the share consolidation are converted on the basis of post-consolidation of shares.

Item 2. Election of Ten (10) Directors

At the conclusion of this Ordinary General Meeting of Shareholders, the term of office of all nine (9) directors will expire.

Accordingly, shareholders are requested to approve the appointment of ten (10) directors with one (1) director added for reinforcement of the management system.

The candidates for directors are as follows:

Candidate Number	Name	Current position and areas of responsibility at the Company	Number of attendance to meetings of the Board of Directors
1	Masami Kubo	Chairman & Representative Director Chief Executive Officer Chairman of the board Reappointment	16/16
2	Yoshihiro Fukai	President & Representative Director Chief Operating Officer Reappointment	16/16
3	Norihito Tahara	Representative & Managing Director Managing Executive Officer Director responsible for International Distribution Div., Feed & Grain Div., Rice Div. Director responsible for East Japan/Hokkaido, Chukyo region, Sales & Marketing HQ Reappointment	16/16
4	Toshihiro Horiuchi	Director & Managing Executive Officer Director responsible for Overseas Business HQ Director responsible for Port and Harbor Transportation Div., Sales & Marketing HQ Reappointment	16/16
5	Katsumi Murakami	Director & Managing Executive Officer General Manager of Kyushu Main Branch Director responsible for Vegetable & Fruits Div. Director responsible for West Japan, Kyushu region, Sales & Marketing HQ Reappointment	16/16
6	Koichi Hiramatsu	Executive Officer Vice Director responsible for Metal Business, Heavy Cargo & Energy Transportation Div. New	—
7	Yukihiro Nagata	Executive Officer Vice Director responsible for Overseas Business HQ Vice Director responsible for Port & Harbor Transportation Div., Sales & Marketing HQ New	—
8	Kazuhisa Shiino	Executive Officer General Manager of Nagoya Main Branch and Nagoya Branch Vice Director responsible for Chukyo region, Sales & Marketing HQ New In charge of Tokuyama Branch	—
9	Nobuko Ishibashi	External Director Reappointment External Independent	13/13
10	Mitsuo Suzuki	— New External Independent	—

Note: As Director Nobuko Ishibashi was newly appointed as a director in the middle of the fiscal term under review, the above numbers of attendance and meetings held are for the meetings of the Board of Directors held on and after the date of assumption of June 27, 2019.

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
1	Masami Kubo (January 1, 1943) Reappointment	Apr. 1963	Joined Kamigumi Goshi Kaisha (Presently Kamigumi Co., Ltd.)	59,820	16/16 (100%)
		Jun. 1995	Director & General Manager of President Office & Director of Port and Harbor Transportation Div.		
		Jun. 1997	Managing Director		
		Jun. 1999	Senior Managing Director		
		Jun. 2000	Representative & Senior Managing Director		
		Jun. 2004	President & Representative Director		
		Apr. 2012	Chairman & Representative Director Chief Executive Officer Chairman of the board (incumbent)		
		<Significant concurrent positions outside the Company> <ul style="list-style-type: none">• Aomi Cargo Distribution Center Co., Ltd. Chairman & Representative Director• World Cargo Distribution Center Co., Ltd. Chairman & Representative Director• Nippon Koun Shinko Co., Ltd. President & Representative Director• The Japan Harbor Transportation Association Chairman• Hyogo Harbor Transportation Association Chairman• Sunnypier Health Insurance Association Head Director			
[Reasons for appointment as director] Masami Kubo, as President & Representative Director and Chairman & Representative Director, has promoted reinforcement of the foundation and the globalization of the Group through “Kamigumi Design Distribution.” He has also focused on activating the Board of Directors as Chairman of the board, using his extensive experience and achievements as a company’s management. He is proposed again as a candidate for director because he continues to be indispensable for managing the Company and implementing its business strategy.					
2	Yoshihiro Fukai (September 14, 1954) Reappointment	Apr. 1977	Joined Kamigumi Co., Ltd.	42,495	16/16 (100%)
		Apr. 2002	Executive Officer & General Manager of Kashima Branch		
		Jun. 2003	In charge of Hitachinaka Branch Director & General Manager of Tokyo Branch		
			In charge of Hitachinaka Branch		
		Apr. 2006	Managing Director		
		Apr. 2010	Director & Managing Executive Officer		
		Apr. 2011	Director & Senior Managing Executive Officer		
		Apr. 2012	President & Representative Director Chief Operating Officer (incumbent)		
[Reasons for appointment as director] Yoshihiro Fukai is an expert in the Company’s core businesses, including Port & Harbor Transportation and international intermodal transport. He has been promoting expansion of the business operations of the Group by supervising executive officers since he was appointed as President & Representative Director and Chief Operating Officer in April 2012. He is proposed again as a candidate for director because he continues to be indispensable for managing the Company and implementing its business strategy.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
3	Norihito Tahara (November 5, 1958) Reappointment	Apr. 1982	Joined Kamigumi Co., Ltd.	18,027	16/16 (100%)
		Apr. 2009	Executive Officer & General Manager of Nagoya Branch		
		Jun. 2011	Director & Executive Officer General Manager of Nagoya Branch		
		Apr. 2013	Director & Managing Executive Officer		
		Apr. 2018	Representative & Managing Director Managing Executive Officer		
		Apr. 2020	Representative & Managing Director Managing Executive Officer Director responsible for International Distribution Div., Feed & Grain Div., Rice Div. Director responsible for East Japan/Hokkaido, Chukyo region, Sales & Marketing HQ (incumbent)		
[Reasons for appointment as director] Norihito Tahara is an expert in third-party logistics (3PL) businesses and has focused on expanding the business operations of the Group as the director having control over these operations in Japan, mainly in the East Japan and Chukyo regions. He is proposed again as a candidate for director because of his appropriate decision-making at meetings of the Board of Directors and proper monitoring of the execution of duties by directors.					
4	Toshihiro Horiuchi (June 15, 1954) Reappointment	Apr. 1977	Joined Kamigumi Co., Ltd.	20,363	16/16 (100%)
		Apr. 2010	Executive Officer & General Manager of Management & Planning Dept. & Task force team		
		Jun. 2012	Managing Executive Officer Manager of Administration Dept. & Manager of Secretarial Dept. & Task force team		
		Jun. 2013	Director & Managing Executive Officer		
		Apr. 2020	Director & Managing Executive Officer Director responsible for Overseas Business HQ Director responsible for Port and Harbor Transportation Div., Sales & Marketing HQ (incumbent)		
<Significant concurrent positions outside the Company> • Kobe Port International Distribution Center Co., Ltd. President & Representative Director					
[Reasons for appointment as director] Toshihiro Horiuchi has been involved in the Port & Harbor Transportation and Overseas businesses, as well as taking responsibility for the Management & Planning Dept. and Administration Dept. He, therefore, has broad knowledge of business management in general. He has been promoting the global expansion of the Group since he took responsibility for overseas business in December 2014. He is proposed again as a candidate for director because of his appropriate decision-making at meetings of the Board of Directors and proper monitoring of the execution of duties by directors.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
5	Katsumi Murakami (January 10, 1955) Reappointment	Apr. 1977 Apr. 2012	Joined Kamigumi Co., Ltd. Executive Officer In charge of Tokyo and Yokohama Branches	16,235	16/16 (100%)
		Jun. 2013 Jun. 2014 Apr. 2020	Director & Executive Officer In charge of East Japan & Hokkaido region, Sales & Marketing HQ. Director & Managing Executive Officer Director & Managing Executive Officer General Manager of Kyushu Main Branch Director responsible for Vegetable & Fruits Div. Director responsible for West Japan, Kyushu region, Sales & Marketing HQ (incumbent)		
[Reasons for appointment as director] Katsumi Murakami has been taking responsibility for offices mainly in the East Japan region. He is familiar with the Port & Harbor Transportation, Vegetable & Fruits and Feed businesses, and operations of other divisions. He has exercised control over the West Japan and Kyushu regions and the Vegetable & Fruits business and focused on expanding business operations of the Group. He is proposed again as a candidate for director because of his appropriate decision-making at meetings of the Board of Directors and proper monitoring of the execution of duties by directors.					
6	Koichi Hiramatsu (July 1, 1956) New appointment	Apr. 1981 Apr. 2007	Joined Kamigumi Co., Ltd. Deputy General Manager of Minooki Branch	6,738	—
		Oct. 2008 Oct. 2013 Apr. 2014 Apr. 2020	General Manager of Tokai Branch General Manager of Fukuyama Branch Executive Officer General Manager of Fukuyama Branch Executive Officer Vice Director responsible for Metal Business, Heavy Cargo & Energy Transportation Div. (incumbent)		
[Reasons for appointment as director] Koichi Hiramatsu has been involved in the metal business for many years and has broad insights into the business. He has focused on expanding operations of the Company as executive officer and vice director of the Metal Business, Heavy Cargo & Energy Transportation Division since April 2020. The Company believes he will be able to make appropriate decisions at meetings of the Board of Directors and properly monitor the execution of duties by directors, using his experience and knowledge, and accordingly, proposes him as a candidate for director.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
7	Yukihiro Nagata (March 17, 1957) New appointment	Apr. 1979	Joined Kamigumi Co., Ltd.	5,319	—
		Mar. 2010	General Manager of Tokuyama Branch		
		Jun. 2013	General Manager of Nagoya Branch		
		Apr. 2014	Executive Officer		
			General Manager of Nagoya Branch		
		Apr. 2017	Executive Officer		
			General Manager of Port & Harbor Transportation Div.		
		Apr. 2020	Executive Officer		
			Vice Director responsible for Overseas Business HQ		
			Vice Director responsible for Port & Harbor Transportation Div., Sales & Marketing HQ (incumbent)		
[Reasons for appointment as director] Yukihiro Nagata has been involved in the domestic distribution business for many years, primarily in the port & harbor transportation business field, and has broad insights into the business. He has focused on expanding the Company's presence in the domestic and international distribution businesses as the executive officer responsible for the port & harbor transportation and international businesses since April 2020. The Company believes he will be able to make appropriate decisions at meetings of the Board of Directors and properly monitor the execution of duties by directors, using his experience and knowledge, and accordingly, proposes him as a candidate for director.					
8	Kazuhisa Shiino (November 1, 1958) New appointment	Apr. 1981	Joined Kamigumi Co., Ltd.	5,870	—
		Apr. 2010	Deputy General Manager of International Distribution Div.		
		Jun. 2013	General Manager of Tokuyama Branch		
		Apr. 2014	Executive Officer		
			General Manager of Tokuyama Branch		
		Apr. 2016	Executive Officer		
			General Manager of Osaka Branch		
			In charge of Kobe, Tamashima, Minooki, and Sakaiminato Branches		
		Apr. 2017	Executive Officer		
			General Manager of Nagoya Branch		
			In charge of Toyokawa Branch		
		Apr. 2020	Executive Officer		
			General Manager of Nagoya Main Branch and Nagoya Branch		
			Vice Director responsible for Chukyo region, Sales & Marketing HQ		
			In charge of Tokuyama Branch (incumbent)		
[Reasons for appointment as director] Kazuhisa Shiino is well versed in the third-party logistics (3PL) businesses, and has served as general manager of major branches in the West Japan and Chukyo regions. He has broad insights into the port & harbor transportation, vegetables and fruits, vehicle transportation, and other businesses. He has been promoting an expansion of the Company's operations in the Chukyo region as executive officer and vice director responsible for the region since April 2020. The Company believes he will be able to make appropriate decisions at meetings of the Board of Directors and properly monitor the execution of duties by directors, using his experience and knowledge, and accordingly, proposes him as a candidate for director.					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
9	Nobuko Ishibashi (June 12, 1961) Reappointment	Apr. 1989 Oct. 1995	Registered as an attorney at law Established joint legal office Iguchi & Ishibashi Law Office (Presently Kobe City Law Office)	220	13/13 (100%)
	Oct. 2004	Representative Employee Lawyer, Kobe City Law Office (incumbent)			
	Jun. 2015	External Director, Kansai Urban Banking Corporation (Presently Kansai Mirai Bank, Limited)			
	External director candidate	Jun. 2019	External Auditor of the Board, Takamatsu Construction Group Co., Ltd. (incumbent) External Director (incumbent)		
	Independent officer	<Significant concurrent positions outside the Company> <ul style="list-style-type: none">Kobe City Law Office Representative Employee LawyerTakamatsu Construction Group Co., Ltd. External Auditor of the Board			
<p>[Reasons for appointment as external director]</p> <p>Nobuko Ishibashi will have served as an external director of the Company for one year up to the time of the conclusion of this Ordinary General Meeting of Shareholders. With her wealth of experience and depth of insights as a lawyer, she has provided appropriate advice and suggestions at meetings of the Board of Directors of the Company and contributed to improving and strengthening corporate governance. While she has no direct corporate management experience other than service as an external officer, the Company expects her to be able to continue to perform her duties as external director, and therefore, proposes her reelection.</p> <p>[Items on independence]</p> <p>The Company has no transaction relationships with Takamatsu Construction Group Co., Ltd., where Nobuko Ishibashi serves as external auditor. Also, there is no transaction relationship between the Company and Kobe City Law Office which she is a member of. Furthermore, she is an attorney at law, but the Company has no transaction relationships with her including consignment of legal services. From the above, she satisfies the standards for independence stipulated by the Company.</p> <p>The Company has appointed her as an independent officer provided for by Tokyo Stock Exchange, Inc. and registered this at the Exchange. The Company will continue to designate her as an independent officer if she is reelected as originally proposed.</p>					

Candidate Number	Name (Date of Birth)	Career Summary (Position and areas of responsibility at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
10	Mitsuo Suzuki (April 19, 1960) New appointment	Apr. 1985 Aug. 2009 Jan. 2015 Aug. 2016	Joined the National Police Agency Chief of Saga Prefectural Police Chief of Ibaraki Prefectural Police Deputy Director-General for Policy Evaluation and Commissioner-General’s Secretariat of National Police Agency	—	—
	External director candidate	Apr. 2017 Apr. 2019	Chief of Saitama Prefectural Police Chief of Chugoku-Shikoku Regional Police Bureau		
		Sep. 2019 Dec. 2019	Retired the National Police Agency Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (incumbent)		
	Independent officer	Jan. 2020	President of Japan Automobile Safety Accessory Association (incumbent)		
	<Significant concurrent positions outside the Company> <ul style="list-style-type: none">• Tokio Marine & Nichido Fire Insurance Co., Ltd. Advisor• Japan Automobile Safety Accessory Association President				
<p>[Reasons for appointment as external director] Mitsuo Suzuki was involved in the public administration of the police for many years and has a wealth of knowledge of compliance and organizational administration supported by his experience in key positions at prefectural police bureaus where he was assigned during that time. Although he does not have experience being directly involved in corporate management, we believe that he will contribute to the enhancement and reinforcement of governance of the Company through meetings of the Board of Directors, etc. Accordingly, the Company requests his election as an external director.</p> <p>[Items on independence] The Company pays insurance premiums under an insurance contract with Tokio Marine & Nichido Fire Insurance Co., Ltd., where Mitsuo Suzuki serves as advisor. However, the transaction amount accounted for less than 2% of that company’s consolidated net sales in each of the past three fiscal terms, and does not constitute any special conflict of interests. Tokio Marine & Nichido Fire Insurance Co., Ltd. holds stocks of the Company, but its holding ratio is less than 5% and it is not a large shareholder of the Company. The Company has no transaction relationships with Japan Automobile Safety Accessory Association, where he serves as president. From the above, he satisfies the standards for independence stipulated by the Company, and the Company will appoint him as an independent officer and register this at Tokyo Stock Exchange, Inc.</p>					

Notes: 1. There are no conflicts of interests between any candidate for Director and the Company.

2. The number of shares owned by each candidate for Director includes shares they own through Kamigumi Officers Shareholding Association.
3. Toshihiro Horiuchi plans to retire as President & Representative Director of Kobe Port International Distribution Center Co., Ltd. on May 29, 2020.
4. The Company has concluded with Nobuko Ishibashi a contract for limitation of liability for damages described in Paragraph 1 of Article 423 of the Company Act to limit the amount of liability to the minimum liability amount stipulated in Paragraph 1 of Article 425 of the Company Act, and if she is reelected as originally proposed, the Company will renew the said contract for limitation of liability for damages.
In addition, if the election of Mitsuo Suzuki is approved, the Company will similarly conclude with him the said contract for limitation of liability for damages.
5. Nobuko Ishibashi uses her maiden name Ishibashi for her business as a lawyer; her married name is Iguchi.

Item 3.**Election of Two (2) Audit & Supervisory Board Members**

At the time of the conclusion of this Ordinary General Meeting of Shareholders, the term of office of Audit & Supervisory Board Member Takumi Nakao will expire, and Audit & Supervisory Board Member Kuniharu Saeki will resign. Accordingly, shareholders are requested to approve the appointment of two (2) Audit & Supervisory Board Members.

A candidate for Audit & Supervisory Board Member Yasuo Kobayashi is proposed as a substitute for Audit & Supervisory Board Member Kuniharu Saeki. Accordingly, Yasuo Kobayashi's term of office will be until the time of the conclusion of the 83rd Ordinary General Meeting of Shareholders to be held in June 2022, at which Kuniharu Saeki's term of office will expire as provided for by the Articles of Incorporation of the Company.

This item was approved in advance by the Audit & Supervisory Board.

The candidates for audit & supervisory board members are as follows:

Candidate Number	Name (Date of Birth)	Career Summary (Position at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
1	Yasuo Kobayashi (March 24, 1953) New appointment	Apr. 1975 Apr. 2013 Apr. 2014 Jun. 2016 Apr. 2020	Joined Kamigumi Co., Ltd. Executive Officer Director of International Distribution Div. and General Manager of Keihin Div. Managing Executive Officer Director of International Distribution Div. and General Manager of Keihin Div. Director & Managing Executive Officer Director & Managing Executive Officer Director responsible for Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director responsible for Safety & Health (incumbent)	16,403	16/16 (100%)
<p>[Reasons for appointment as audit & supervisory board member]</p> <p>Yasuo Kobayashi has supervised the international distribution business and the metal and heavy cargo & energy transportation business as director, and has broad insights into the operations of the Company's major businesses. The Company believes that he will be able to perform auditing operations appropriately and contribute to enhancement and reinforcement of its governance through meetings of the Board of Directors. Accordingly, he is proposed as a candidate for audit & supervisory board member.</p>					

Candidate Number	Name (Date of Birth)	Career Summary (Position at the Company, and significant concurrent positions outside the Company)		Number of shares owned	Attendance to meetings of the Board of Directors
2	Takumi Nakao (September 26, 1947) Reappointment External audit & supervisory board member candidate Independent officer	Apr. 1972	Public Prosecutor, Tokyo District Public Prosecutors Office	6,147	16/16 (100%)
		Dec. 2000	Director-General of the Immigration Bureau, Ministry of Justice		
		May 2006	Superintending Prosecutor, Sapporo High Public Prosecutors Office		
		Jul. 2007	Superintending Prosecutor, Nagoya High Public Prosecutors Office		
		Jan. 2009	Superintending Prosecutor, Osaka High Public Prosecutors Office		
		Jul. 2010	Registered as an attorney at law (Osaka Bar Association)		
			Advisor of Yodoyabashi & Yamagami Legal Professional Corporation (incumbent)		
		Jun. 2012	External Audit & Supervisory Board Member (incumbent)		
		Apr. 2020	Executive Vice President of Kobe University (incumbent)		
<p>[Reasons for appointment as external audit & supervisory board member] Takumi Nakao will have been an external audit & supervisory board member of the Company for eight years at the conclusion of this Ordinary General Meeting of Shareholders. He has conducted audits appropriately by bringing his experience gained through years engaged in public administration at prosecutors' offices, as well as from a professional perspective as a lawyer. In addition, he has provided appropriate advice and suggestions at meetings of the Board of Directors and has focused on enhancement and reinforcement of governance. Although he does not have experience being directly involved in corporate management, we believe he will be able to continue to appropriately fulfill his duties as an external audit & supervisory board member and requests his reelection.</p> <p>[Items on independence] There is no transaction relationship between the Company and Yodoyabashi & Yamagami Legal Professional Corporation which Takumi Nakao is a member of. He is an attorney at law, but the Company has no transaction relationships with him including consignment of legal services. Accordingly, he satisfies the standards for independence stipulated by the Company. The Company has appointed him as an independent officer provided for by Tokyo Stock Exchange, Inc. and registered this at the Exchange. The Company will continue to designate him as an independent officer if he is reelected as originally proposed.</p>					

Notes: 1. There are no conflicts of interests between any candidate for audit & supervisory board members and the Company.

2. The number of shares owned by each candidate for audit & supervisory board member includes shares they own through Kamigumi Officers Shareholding Association.

3. The Company has concluded with Takumi Nakao a contract for limitation of liability for damages described in Paragraph 1 of Article 423 of the Company Act to limit the amount of liability to the minimum liability amount stipulated in Paragraph 1 of Article 425 of the Company Act, and if he is reelected as originally proposed, the Company will renew the said contract for limitation of liability for damages.

Item 4. Election of One (1) Substitute Audit & Supervisory Board Member

In preparation for the occurrence of a shortage in the number of Audit & Supervisory Board Members governed by laws and regulations, shareholders are requested to approve the appointment of one (1) substitute audit & supervisory board member.

The candidate is proposed as a substitute for standing audit & supervisory board member.

This item was approved in advance by the Audit & Supervisory Board.

The candidate for substitute audit & supervisory board member is as follows:

Name (Date of Birth)	Career Summary and significant concurrent positions outside the Company		Number of shares owned
Kuniharu Saeki (April 18, 1947)	Apr. 1970	Joined Kamigumi Co., Ltd.	26,467
	Apr. 2009	Executive Officer & General Manager of Kobe Branch	
	Jun. 2012	Managing Executive Officer & General Manager of Kobe Branch	
		Director of Vegetable & Fruits Div.	
	Jun. 2013	Director & Managing Executive Officer	
	Jun. 2014	Director & Senior Managing Executive Officer	
	Apr. 2016	Representative & Senior Managing Director	
		Senior Managing Executive Officer	
	Jun. 2018	Standing Audit & Supervisory Board Member (Full-time) (incumbent)	
<p>[Reasons for appointment as substitute audit & supervisory board member]</p> <p>Kuniharu Saeki has held key positions in the administration and sales & marketing businesses as a director of the Company. Since taking the position of audit & supervisory board member, he has appropriately conducted audits with his broad insights into the Company's overall operations. He is proposed as a candidate for substitute audit & supervisory board member because we believe that he will be able to adequately perform the duties of a successor to a standing audit & supervisory board member in the event that such a position becomes vacant, with his experience gained from his past service.</p>			

Notes: 1. There are no conflicts of interests between the candidate for substitute audit & supervisory board member and the Company.

2. The number of shares owned by the candidate for audit & supervisory board member includes shares he owns through Kamigumi Officers Shareholding Association.

(Reference) Standards for the Independence of External Officers

The Company stipulates the standards for the independence of external directors and audit & supervisory board members (“External Officers”) as follows. When an External Officer (including a candidate) falls under any the following items, he/she is deemed not to have sufficiently satisfied the requirements for independence of the Company.

1. He/she currently serves or has previously served in the last ten years as a person who has executed business of the Company or its consolidated subsidiary.
2. He/she currently falls under any of the following items from (1) to (6), or has fallen under such items in the last three years:
 - (1) a business partner or a person who executing business of such business partner in which the amount of the transactions with the Company for one fiscal year exceeds 2% of the consolidated net sales of the Company or the business partner
 - (2) a major shareholder of the Company holding over 5% of the ownership of the Company or a person who executing business of such shareholder
 - (3) a major creditor of the Company or a person who executing business of such creditor
 - (4) a person who has received annual donations of over 10 million yen from the Company or belongs to an organization that has received annual donations of over 10 million yen from the Company
 - (5) a lawyer, certified public accountant, certified tax accountant, or consultant who has received remuneration of over 10 million yen (other than officers’ compensation) from the Company (if it is a judicial person and other similar organization, a person who belongs to the organization in which compensation provided from the Company exceeds 2% of the annual revenue of the organization)
 - (6) When a person who executing the Company’s business concurrently serves as a director of other company, a person who executing business of the other company
3. Spouse or relative within the second degree of kinship of a person described in 1. and 2. above.

Item 5. Revision of Remuneration Amount Paid to Directors and Audit & Supervisory Board Members

The Company set the maximum amount of directors' remuneration at 40 million yen per month through a resolution passed at the 67th Ordinary General Meeting of Shareholders held on June 29, 2006, and the maximum amount of its audit & supervisory board members' remuneration at 4 million yen per month through a resolution passed at the 71st Ordinary General Meeting of Shareholders held on June 29, 2010, and those figures have remained the same until present. However, the Company proposes to revise these remuneration amounts in consideration of fluctuations of economic conditions, the increasing duties and responsibilities of directors and audit & supervisory board members due to changes in the business environment, etc. in subsequent years. The Company proposes to revise the criteria for remuneration from a monthly basis to an annual basis, and to set the maximum amount of directors' remuneration at 600 million yen per year (including 50 million yen as the maximum amount of external directors' remuneration) and the maximum amount of audit & supervisory board members' remuneration at 60 million yen per year. The amount of directors' remuneration shall not include employee salaries paid to directors who concurrently serve as employees, in the same way as currently treated. The numbers of directors and audit & supervisory board members will be ten (10) and four (4), respectively, including two (2) external directors and three (3) external audit & supervisory board members, if Item 2 and Item 3 are approved and adopted as originally proposed.

[Basic Policy Concerning the Determination of Terms of Remuneration, etc.]

1. Basic policy of executive remuneration

- (1) Executive remuneration should be adequate to encourage executives to execute their duties in line with the management philosophy and management strategy, and to strongly motivate them to achieve specific management goals, with the aim of improving sustainable and medium- and long-term corporate value.
- (2) Remuneration of directors in charge of business execution should be appropriately set in consideration of the ratio of stock compensation, which is linked to medium- and long-term corporate value, so that the interests of directors and shareholders can be aligned.
- (3) Executive remuneration should be paid under a framework which reflects the considerable responsibilities assigned to the Company's executives.

2. Level and composition of executive remuneration

The level of directors' remuneration shall be determined based on their positions and responsibilities (roles), in consideration of the level of the Company's business performance, social condition, levels of remuneration at other companies, and other factors. Remuneration of directors, excluding external directors, shall consist of monthly basic compensation (cash compensation) and medium- and long-term compensation (stock compensation).

3. Monthly basic compensation (cash compensation)

Monthly basic compensation shall be determined based on each director's position and responsibilities, business performance in the preceding fiscal term, and other factors. Specifically, monthly basic compensation shall consist of fixed salary and variable salary, and an amount equivalent to approximately 60 % of monthly basic compensation shall be fixed salary, which is to be determined by each director's position and responsibilities, etc., while the remaining amount equivalent to approximately 40 % shall be variable salary, which shall be paid based on business performance in the previous year, etc.

Concerning variable salary, payable rate fluctuates based on business performance in the previous fiscal term and other factors, against basic salary determined based on position and responsibilities, etc. Business performance, which is taken into account in determining basic compensation amount, shall be determined at the Board of Directors, based on indicators set in the Company's medium-term management plan, etc.

4. Medium- and long-term compensation (stock compensation)

Medium- and long-term compensation should help improve medium- and long-term corporate value and promote the continued holding of shares, as well as continuing to incentivize eligible directors in undertaking their management duties. Adoption of medium- and long-term compensation was approved at the 80th Ordinary General Meeting of Shareholders held on June 27, 2019 as follows.

A) Outline of the medium- and long-term compensation

Monetary compensation claims are granted to directors, excluding external directors, for the purpose of allotting those individuals with stocks with attached transfer restrictions (restricted stocks) by contractual arrangement related to allotment of the Company's common shares.

B) Total amount and number of shares of the medium- and long-term compensation

Aggregate amount of monetary compensation claims to be granted to allot restricted stocks	Maximum 30 million yen per year
Aggregate number of restricted stocks to be allotted	Maximum 12,000 shares per year

5. Remuneration determination process

To ensure that the above remuneration should serve as an incentive to improve corporate value, while considering the business environment surrounding the Company, the Company will review the terms of compensation in a timely and appropriate way in line with the basic policy on executive compensation, by conducting periodic studies and analyses with compensation levels of peer companies and similarly sized firms set as benchmarks.

In making a decision on directors' remuneration, the Company shall determine the remuneration amount within the range approved at a shareholders' meeting under external directors' appropriate involvement through the passing of a resolution at the Board of Directors.

6. Remuneration of external directors and audit & supervisory board members

Remuneration shall consist only of monthly basic compensation (cash compensation) that is formed by fixed salary alone, in consideration of the role in monitoring or auditing management performance of the entire Group from an objective standpoint that is independent from business execution.

After examinations and deliberations on remuneration based on responsibilities as an external director or an audit & supervisory board member, external directors' remuneration shall be determined by the Board of Directors, while audit & supervisory board members' remuneration shall be determined through discussions by audit & supervisory board members.

Guide for Exercising Voting Rights

1. Exercise of Voting Rights in Writing

Please indicate your votes for or against the Items on the enclosed Voting Rights Exercise Form and return it to the Company no later than 5:00 p.m., Thursday, June 25, 2020.

2. Exercise of Voting Rights via the Internet

When you exercise your voting rights on the Internet, please carefully review the guide below. If you attend the Meeting, it is not necessary for you to follow the process of exercising your voting rights in writing (Voting Rights Exercise Form) or via the Internet.

1. Voting Right Exercise Site

- (1) Exercise of voting rights via the Internet, from a personal computer, a smartphone or a cell phone is only possible by accessing the website (<https://evote.tr.mufg.jp/>) designated by the Company for the purpose of exercising voting rights. (However, the website is unavailable from 2:00 a.m. through 5:00 a.m. every day).
- (2) Depending on Internet connection, subscription services, or equipment models, you may be unable to access the voting rights exercise site from your personal computer, smartphone, or other cell phone. In such case, please contact the help desk below for details.
- (3) Voting rights may be exercised until 5:00 p.m. on June 25, 2020 (Thursday), but shareholders are requested to do so as early as possible.

2. Exercising Voting Rights

(1) How to Exercise Voting Rights via Personal Computer or Cell Phone

- Enter your “Login ID” and “Temporary Password,” both of which are noted on the voting form, in the appropriate spaces on the voting rights exercise site (<https://evote.tr.mufg.jp/>). Follow the instructions on your computer screen and indicate whether you are for or against each item.
- To prevent unauthorized access by parties other than shareholders and the alteration of shareholder votes, shareholders voting via the Internet will be asked to change their “Temporary Password” on the voting rights exercise site.

(2) How to Exercise Voting Rights via Smartphone

- Scanning the “QR code to log in*” described in a Voting Rights Exercise Form with your smartphone allows you to automatically link to the voting rights exercise site and exercise your voting rights. (Entering your “Login ID” and “Temporary Password” are not necessary.)
- You may log in through the QR code only once for security reasons. Entering your “Login ID” and “Temporary Password” is required to log in from the second time, even though the QR code is scanned.

* The QR Code is a trademark of Denso Wave Incorporated.

3. Handling of Cases where Voting Rights have been Exercised Multiple Times

- (1) If having exercised voting rights both in writing and via the Internet, the vote cast via the Internet shall be deemed valid.
- (2) If having voted multiple times via the Internet, the last vote cast shall be deemed valid.

4. Cost for Accessing the Voting Right Exercise Site

Costs (the Internet connection fees, etc.) for accessing the voting rights exercise site shall be borne by the shareholder.

-Inquiries regarding the Voting Right Exercise Site, etc.

Transfer Agent Department (Help Desk)

Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (9:00 to 21:00 (Japan Time), toll free (Japan only))

Use of Electronic voting platform (To institutional shareholders)

An electronic voting platform (TSE Platform) operated by ICJ Inc. can be used as a mean to exercise voting rights.

Business Report

(From April 1, 2019 to March 31, 2020)

1. Current Status of the Group

(1) Business Situation for the Current Fiscal Term

i) Progress and Results of Business

Japan's economy remained on a moderate recovery track during the fiscal term under review, however, economic prospects became bleak due to the considerable influence that the novel coronavirus pandemic had on domestic and international economic activities at the end of the fiscal term under review, in addition to the risk of prolonged trade friction between the United States and China.

In the distribution services industry, the business environment has faced increasingly severe conditions, mainly due to a decline in export cargos caused by trade friction between the United States and China and the suspension of import cargos attributed to the impacts of the novel coronavirus disease, in addition to intensifying competition to win orders, diversifying customer needs, and issue of securing manpower.

Under these circumstances, domestically, the Group newly acquired stocks of a port & harbor transportation company and expanded storage for feed in Shibushi City in Kagoshima Prefecture and controlled-temperature storage in Kurashiki City in Okayama Prefecture. In addition, the Group has proactively made investments both at home and overseas, including an additional acquisition of shares of the port & harbor government corporation in Cambodia.

As a result, the Group recorded ¥278,815 million in net sales, a 1.4% year-on-year increase, in the fiscal term under review due to the steady performance of the Domestic Distribution Business. In terms of profit, operating profit amounted to ¥24,679 million, up 5.8% year on year, and recurring profit stood at ¥26,407 million, up 4.6% year on year. Profit attributable to owners of parent decreased slightly from the previous fiscal term to ¥18,378 million, due to the end of compensation for transfer, which was recorded in the previous fiscal term.

The following provides an overview of our businesses by segment.

(Domestic Distribution Business)

In the Domestic Distribution Business, the harbor transportation and warehouse storage businesses grew steadily, supported by an increase in the transaction volume of automobiles and a rise in storage fee income, in addition to an increase in the number of consolidated subsidiaries. As a result, net sales increased 1.2% year on year to ¥229,034 million and segment profit increased 5.0% year on year to ¥21,843 million.

(International Distribution Business)

In the International Distribution Business, net sales increased 3.8% year on year to ¥35,485 million, which was attributed to the increased transaction volume of overseas plant cargos, such as for power generation facilities and bridges. Segment profit increased 10.4% year on year to ¥1,356 million, reflecting a rebound from a downturn in profit in the previous year.

(Other Businesses)

In Other Businesses, net sales decreased 1.7% year on year to ¥28,490 million, due to the lower transaction volume of the equipment construction business. Segment profit, however, increased 13.9% year on year to ¥1,476 million, which was attributed to the steady performance of the energy-related heavy cargo transportation business.

ii) Capital Investment and Fund Raising

Capital investment for the fiscal term under review totaled ¥9,653 million, which was primarily allocated for logistics facilities including the aforementioned storage for feed in Shibushi City in Kagoshima Prefecture and the controlled-temperature storage in Kurashiki City in Okayama Prefecture, as well as construction of rental apartment buildings in Nagoya City and purchases of vehicles, cargo handling devices, etc. All capital investment was covered by funds on hand.

(2) Issues to be Faced

The global economy is showing signs of a prolonged contraction of economic activity triggered by the spread of the novel coronavirus disease amid an outlook of continued uncertainty.

Circumstances surrounding the Group include intensifying competition to win orders, diversifying customer needs, and other issues, in addition to the influence of the novel coronavirus disease, indicating that the economic environment will remain unpredictable and there is a need to formulate a business strategy with a view to long-term changes.

Under these circumstances, the Group has developed a new medium-term management plan with the aims of strengthening its core businesses and creating a new growth base in order to clarify its corporate vision and build a path for further growth.

1. Looking Back at the Current Medium-Term Management Plan (From the Fiscal Term Ended March 31, 2016 to the Fiscal Term Ended March 31, 2020)

In the current medium-term management plan with the fiscal term ended March 31, 2020 set as its final fiscal term, the Group established the business strategies of “Strengthening Business Foundations through Strengthening Core Business Platforms,” “Boosting Sales & Marketing Capabilities through Personnel Development and Organizational Reform,” “Expanding Businesses Using M&As, etc.,” “Continuing its Growth Strategy through Creating New Businesses,” “Bolstering Global Logistics,” and “Strengthening Management Foundations through Social Contribution and Establishment of BCPs,” and has made group-wide efforts to achieve net sales of ¥300,000 million and recurring profit of ¥30,000 million. As a result, while core businesses have grown steadily and overseas businesses have achieved successful outcomes to some extent in establishing bases, the Group failed to achieve business performance goals, mainly due to delays in exploring new cargos and customers in core businesses, in addition to the severe economic environment.

[Results and Achievement Ratios in the Current Medium-Term Management Plan]

	Before the launch of the Plan (Fiscal term ended March 31, 2015)	Final Fiscal Term (Fiscal term ended March 31, 2020)	Growth Rate during the Plan Period	Final Goal (Fiscal term ended March 31, 2020)	Achievement Ratio Against Goal
Net Sales	¥242,861 million	¥278,815 million	14.8%	¥300,000 million	92.9%
Recurring Profit	¥23,640 million	¥26,407 million	11.7%	¥30,000 million	88.0%

2. New Medium-Term Management Plan (From the Fiscal Term Ending March 31, 2021 to the Fiscal Term Ending March 31, 2025)

An outline of the new medium-term management plan with the fiscal term ending March 31, 2025 set as its final fiscal term is as follows.

* Please visit the Company’s website for details of the plan.

(<https://www.kamigumi.co.jp/ir/management/midtermbusiness.html>)

[Key Strategies]

(1) Strengthening Core Businesses

- i) Exploring new cargos
- ii) Proposing proactive logistics innovations to customers
- iii) Proposing logistics strategies with the scope of the transition to new energies

(2) Strengthening Profitability of Overseas Businesses

- i) Initiatives on the operation of a logistics center and acquisition of orders for cargo handling services at container terminals in which the Group is an investment participant
- ii) Undertaking infrastructure construction projects centered on developing countries, and heavy cargo transportation and installation projects
- iii) Studying business feasibility in tropical and subtropical regions such as the ASEAN region, where needs for temperature-controlled logistics facilities are increasing
- iv) Studying the scope for entering businesses with the assumption of making capital investments in cross-border transportation within the ASEAN Economic Community (AEC)

(3) Exploration of New Businesses

Creating profitable businesses outside the logistics business

(4) Initiatives to Secure and Develop Human Resources

Securing and developing human resources who are skilled in planning, making proposals, and execution, by strengthening hiring and improving training systems

[Goals of Business Performance]

Net sales: ¥310,000 million (up 11.2% from the fiscal term ended March 31, 2020)

Operating profit: ¥30,000 million (up 21.6% from the fiscal term ended March 31, 2020)

Recurring profit: ¥31,000 million (up 17.4% from the fiscal term ended March 31, 2020)

[Investment Plan]

Implementation of capital investments focusing on logistics-related facilities at the same level as in past years with the aim of expanding capacities and improving the efficiency of cargo handling toward achieving the “Strengthening of Core Businesses”

[Shareholder Returns]

- (1) Implementation of stock dividends with a targeted consolidated payout ratio of 30%
- (2) Implementation of continued purchases and cancellations of treasury stocks

(3) Assets and Profit and Loss

Item	78 th Fiscal Term (Ended March 2017)	79 th Fiscal Term (Ended March 2018)	80 th Fiscal Term (Ended March 2019)	81 st Fiscal Term (Consolidated fiscal term under review) (Ended March 2020)
Net Sales (¥ mil.)	246,212	261,420	274,893	278,815
Recurring Profit (¥ mil.)	24,035	24,630	25,235	26,407
Profit attributable to owners of parent (¥ mil.)	16,383	17,902	18,388	18,378
Basic earnings per share (¥)	65.53	146.63	152.20	155.06
Total Assets (¥ mil.)	370,872	383,481	395,708	400,057
Total Net Assets (¥ mil.)	312,116	321,907	332,200	337,744
Total Net Assets per Share (¥)	1,270.04	2,659.83	2,766.02	2,849.94

- Notes:
1. Since the Company has implemented share consolidation in which every two (2) common shares were consolidated into one (1) share, effective October 1, 2017, figures of basic earnings per share and total net assets per share for the 79th fiscal term ended March 31, 2018 present value calculated on the assumption that the share consolidation was conducted at the beginning of the 79th fiscal term.
 2. The Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. as of the beginning of the 80th fiscal term. Figures of total assets in the 79th fiscal term represent the amount adjusted retroactively based on the said accounting standard, etc.

(4) Principal Subsidiaries (As of March 31, 2020)

Company's Name	Capital	Percentage of Investment by the Company	Principal Business
	Million yen	%	
Kamigumi Land Transport Co., Ltd.	150	100.00	Road Transportation
Kamigumi Marine Transport Co., Ltd.	200	95.00	Marine Transportation
Kamigumi Air Service Co., Ltd.	100	100.00	Air Freight Forwarding
Izumi Sangyo Co., Ltd.	20	100.00	Freight Forwarding
Kamix Corp.	164	100.00	Selling and Leasing
Oita Koun Co., Ltd.	40	100.00	General harbor transportation
Iwagawa Jozo Co., Ltd.	10	100.00 (100.00)	Manufacturer and wholesaler of alcoholic beverages
MB Service Japan Co., Ltd.	301	66.60	New vehicle preparation
Japan Port Industry Co., Ltd.	500	70.00	Refrigerated warehouse business and Road Transportation
	Million HK\$		
Kamigumi (Hong Kong) Co., Ltd.	55	100.00	Freight Forwarding
	Million RMB		
Kamigumi International Forwarding (Shanghai) Co., Ltd.	29	100.00 (100.00)	Freight Forwarding
	Million MYR		
Kamigumi Global Solutions Malaysia Sdn. Bhd.	32	100.00	Warehouse and cargo transport business

Note: A parenthesis figure for Percentage of Investment by the Company is an indirect ownership percentage (inclusive).

(5) Principal Business (As of March 31, 2020)

Segment	Principal Business
Domestic Distribution Business	General Harbor Transportation, Warehousing, Road Transportation, Warehouse and Factory Cargo Handling
International Distribution Business	International Transportation
Other Businesses	Heavy Cargo Transportation and installation, Real-estate leasing, Selling, Manufacture and sale of alcoholic liquors, Production and sales of agricultural products and Solar Power Generation

(6) Principal Offices (As of March 31, 2020)

i) Domestic Principal Offices

Kamigumi Co., Ltd.	Registered Head Office	4-1-11, Hamabe-dori, Chuo-ku, Kobe	
	Tokyo Head Office	3-7-11, Shibaura, Minato-ku, Tokyo	
	Main Branch	Nagoya Main Branch (Nagoya), Kyushu Main Branch (Fukuoka)	
	Divisions/Departments etc.	Overseas Business Headquarters (Tokyo) Sales & Marketing HQ (Tokyo) International Distribution Division (Tokyo) Port & Harbor Transportation Division (Kobe) Heavy Cargo & Energy Transportation Division (Kobe) Rice Division (Tokyo) Vegetable & Fruits Division (Fukuoka) Feed & Grain Division (Tokyo) Sunny Place Real Estate (Kobe)	
	Branches	Tokyo, Kashima, Yokohama, Niigata, Tomakomai, Hamaoka, Toyokawa, Tokai, Nagoya, Osaka, Kobe, Hirohata, Tamashima, Fukuyama, Minooki, Tokuyama, Sakaiminato, Moji, Yahata, Fukuoka, Oita, Kagoshima, Shibushi	
Subsidiaries	Kamigumi Land Transport Co., Ltd. (Kobe) Kamigumi Marine Transport Co., Ltd. (Kobe) Kamigumi Air Service Co., Ltd. (Tokyo) Izumi Sangyo Co., Ltd. (Osaka) Kamix Corp. (Kobe) Oita Koun Co., Ltd. (Oita Prefecture) Iwagawa Jozo Co., Ltd. (Kagoshima Prefecture) Kamitsu Unyu Co., Ltd. (Hyogo Prefecture) MB Service Japan Co., Ltd. (Ibaraki Prefecture) Japan Port Industry Co., Ltd. (Kobe) MCKG Port Holding Co., Ltd. (Kobe)	Affiliates	Kamitsu Koun Co., Ltd. (Kobe) CHUO KOUN CO., LTD. (Kobe) Kobe Mega Container Terminal Co., Ltd. (Kobe) Tokachi Grain Center Co., Ltd. (Hokkaido) Kobe Port International Distribution Center Co., Ltd. (Kobe) PIT Co., Ltd. (Kobe) Sunny Place Farm Company Inc. (Oita Prefecture) Mizuho Shoji Co., Ltd. (Osaka) KLKG Holdings Co., Ltd. (Tokyo)

- Notes:
1. The Company additionally acquired 60% of its affiliate MCKG Port Holding Co., Ltd.'s shares on October 31, 2019 to make it a wholly owned subsidiary.
 2. The Company acquired 49% of KLKG Holdings Co., Ltd.'s shares on April 1, 2019 and incorporated it as an affiliate of the Company.
 3. West-Japan Coastal Feeder G.K. completed bankruptcy proceedings on November 14, 2019 and has been dissolved.

ii) Overseas Principal Offices

Kamigumi Co., Ltd.	Main Branch	Global Management Office (Singapore)
	Representative offices	Beijing Office (China) Yangon Office (Myanmar)
Subsidiaries	Kamigumi (Hong Kong) Co., Ltd. (Hong Kong) Kamigumi Singapore PTE. LTD. (Singapore) Kamigumi International Forwarding (Shanghai) Co., Ltd. (China) Kamigumi International Forwarding (Shenzhen) Co., Ltd. (China) Kamigumi (Taiwan) Co., Ltd. (Taiwan) KAMIGUMI (VIETNAM) CO., LTD. (Vietnam) PT.KAMIGUMI INDONESIA (Indonesia) KAMIGUMI-EFR LOGISTICS (MYANMAR) CO., LTD. (Myanmar) PT.KAMIGUMI LOGISTICS INDONESIA (Indonesia) KAMIGUMI GLOBAL SOLUTIONS MALAYSIA SDN. BHD. (Malaysia) KAMIGUMI MEXICO S.A. de C.V. (Mexico) KAMIGUMI MIDDLE EAST L.L.C. (United Arab Emirates, UAE) KAMIGUMI USA INC. (USA) THILAWA MULTIPURPOSE INTERNATIONAL TERMINAL CO., LTD. (Myanmar)	
Affiliates	EASTERN SEA LAEM CHABANG TERMINAL CO., LTD. (Thailand) KAMIGUMI (MALAYSIA) SDN. BHD. (Malaysia) THAI LOGISTICS SERVICE CO., LTD. (Thailand) SHANGHAI KAMIGUMI LOGISTIC SERVICE CO., LTD. (China) TOYOTSU KAMIGUMI LOGISTICS (CHANGSHU) CO., LTD. (China) THILAWA GLOBAL LOGISTICS CO., LTD. (Myanmar) INTERNATIONAL BULK TERMINAL (THILAWA) CO., LTD. (Myanmar) APM TERMINALS VALENCIA, S.A. (Spain)	

Notes: 1. The Company dissolved the Global Management Office on March 31, 2020.
2. The Company incorporated APM TERMINALS VALENCIA, S.A. as its affiliate on October 31, 2019.

(7) Employees (As of March 31, 2020)

i) Employees of the Group

Segment	Number of Employees	Increase or decrease from the end of the 80 th fiscal term
Domestic Distribution Business	3,496	Increase by 4
International Distribution Business	372	Increase by 8
Other Businesses	299	Decrease by 2
Administration Operations	141	Increase by 2
Total	4,308	Increase by 12

Note: The number of employees is the number of persons at work (which excludes the number of persons seconded from the Group to outside and includes the number of persons seconded from outside to the Group).

ii) Employees of the Company

Number of Employees	Increase or decrease over the Previous Term	Average Age (years)	Average Length of Service (years)
3,732	Increase by 2	39.1	15.1

Note: The number of employees is the number of persons at work (which excludes the number of persons seconded from the Company to outside and includes the number of persons seconded from outside to the Company).

2. Current Status of the Company

(1) Shares Outstanding (As of March 31, 2020)

i) Total number of shares authorized to be issued	250,000,000
ii) Number of shares issued	130,936,837
iii) Number of shareholders	6,474
iv) Major shareholders (the top 10)	

Shareholders' Name	Number of Shares	Ratio of Shareholding
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,232	6.98
Kamigumi Customers and Subcontractors Shareholding Association	6,807	5.77
Japan Trustee Services Bank Ltd. (Trust Account)	4,456	3.78
Kamigumi Employees Shareholding Association	3,095	2.62
National Mutual Insurance Federation of Agricultural Cooperatives	2,772	2.35
The Murao Educational Foundation	2,456	2.08
Nippon Life Insurance Company	2,271	1.92
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	2,256	1.91
Sumitomo Life Insurance Company	2,250	1.90
Japan Trustee Services Bank Ltd. (Trust Account 5)	2,152	1.82

Notes: 1. The Company canceled treasury stocks in accordance with a resolution passed at a meeting of the Board of Directors held on February 14, 2020. As a result, the aggregate number of shares issued decreased 3,450,000 shares from 134,386,837 shares outstanding at the end of the previous fiscal term.

2. Number of shares less than one thousand is rounded down to the nearest thousand.

3. While holding 13,097 thousand shares of treasury stocks, the Company is not included in the above-mentioned major shareholders. The ratio of shareholding is calculated by deducting treasury stocks and rounding down a number to two (2) decimal places.

(2) Situation of Corporate Officers

i) Situation of Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Name	Title	Areas of responsibility at the Company and significant concurrent positions outside the Company
Masami Kubo	Chairman & Representative Director	Chief Executive Officer Chairman of the board Aomi Cargo Distribution Center Co., Ltd. Chairman & Representative Director World Cargo Distribution Center Co., Ltd. Chairman & Representative Director Nippon Koun Shinko Co., Ltd. President & Representative Director The Japan Harbor Transportation Association Chairman Hyogo Harbor Transportation Association Chairman Sunnypier Health Insurance Association Head Director
Yoshihiro Fukai	President & Representative Director	Chief Operating Officer
Hideo Makita	Representative & Senior Managing Director	Senior Managing Executive Officer In charge of Administration Dept. Director in responsible for Safety
Norihito Tahara	Representative & Managing Director	Managing Executive Officer In charge of International Distribution Div., Feed & Grain Div., and Rice Div. In charge of East Japan & Hokkaido, Chukyo region, Sales & Marketing HQ.
Toshihiro Horiuchi	Director	Managing Executive Officer In charge of Overseas Business HQ. In charge of Port & Harbor Transportation, Sales & Marketing HQ. Kobe Port International Distribution Center Co., Ltd. President & Representative Director
Katsumi Murakami	Director	Managing Executive Officer General Manager of Kyushu Main Branch Director of Vegetable & Fruits Div. In charge of West Japan, Kyushu region, Sales & Marketing HQ.
Yasuo Kobayashi	Director	Managing Executive Officer In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety
Koichi Baba	Director	TONETS CORPORATION Advisor
Nobuko Ishibashi	Director	Attorney at law Kobe City Law Office Representative Employee Lawyer Takamatsu Construction Group Co., Ltd. External Auditor of the Board
Kuniharu Saeki	Standing Audit & Supervisory Board Member (Full-time)	—

Name	Title	Areas of responsibility at the Company and significant concurrent positions outside the Company
Katsumasa Muneyoshi	Audit & Supervisory Board Member	Certified Tax Accountant F&M CO., LTD. External Director and Audit & Supervisory Committee Member Kanai Holdings Co., Ltd. External Audit & Supervisory Board Member Kanai Juyo Kogyo Co., Ltd. External Audit & Supervisory Board Member CHO SHINYAKU Co., Ltd. External Director
Takumi Nakao	Audit & Supervisory Board Member	Attorney at law
Ai Kuroda	Audit & Supervisory Board Member	Attorney at law

- Notes: 1. Directors Koichi Baba and Nobuko Ishibashi are the external directors. The Company has designated them the independent officers in accordance with the regulations of Tokyo Stock Exchange, Inc. and registered therein.
2. Audit & Supervisory Board Members Katsumasa Muneyoshi, Takumi Nakao and Ai Kuroda are the external audit & supervisory board members. The Company has designated those three (3) audit & supervisory board members the independent officers in accordance with the regulations of Tokyo Stock Exchange, Inc. and registered therein.
3. Audit & Supervisory Board Member Katsumasa Muneyoshi is Certified Tax Accountant and has considerable insight in the areas of tax and accounting.

ii) Directors who assumed or retired during the fiscal term under review

a) Assumption

Name	Position at the Company upon assumption	Areas of responsibility at the Company and significant concurrent positions outside the Company upon assumption	Date of assumption
Nobuko Ishibashi	Director	Attorney at law Kobe City Law Office Representative Employee Lawyer Takamatsu Construction Group Co., Ltd. External Auditor of the Board	June 27, 2019

Note: Director Nobuko Ishibashi is an external director.

b) Retirement

Name	Position at the Company upon retirement	Areas of responsibility at the Company and significant concurrent positions outside the Company upon retirement	Date of retirement
Toshio Tamatsukuri	Director	–	June 27, 2019

Notes: 1. Director Toshio Tamatsukuri retired from office due to expiration of his term of office.

2. Director Toshio Tamatsukuri is an external director.

iii) Changes in status of significant concurrent positions outside the Company by Audit & Supervisory Board Member during the fiscal term under review

Name	New position	Former position	Date of change
Takumi Nakao	–	Mitsuboshi Co., Ltd. Outside Director & Audit and Supervisory Committee Member	June 25, 2019

iv) Change of title and charge of Directors after the fiscal term under review

Name	New title	Former title	Date of change
Hideo Makita	Representative & Senior Managing Director Senior Managing Executive Officer Director responsible for Administration Dept., Safety & Health	Representative & Senior Managing Director Senior Managing Executive Officer In charge of Administration Dept. Director in responsible for Safety	April 1, 2020
Norihito Tahara	Representative & Managing Director Managing Executive Officer Director responsible for International Distribution Div., Feed & Grain Div., Rice Div. Director responsible for East Japan/Hokkaido, Chukyo region, Sales & Marketing HQ	Representative & Managing Director Managing Executive Officer In charge of International Distribution Div., Feed & Grain Div., Rice Div. In charge of East Japan & Hokkaido, Chukyo region, Sales & Marketing HQ.	April 1, 2020
Toshihiro Horiuchi	Director & Managing Executive Officer Director responsible for Overseas Business HQ Director responsible for Port and Harbor Transportation Div., Sales & Marketing HQ	Director & Managing Executive Officer In charge of Overseas Business HQ. In charge of Port & Harbor Transportation, Sales & Marketing HQ.	April 1, 2020
Katsumi Murakami	Director & Managing Executive Officer General Manager of Kyushu Main Branch Director responsible for Vegetable & Fruits Div. Director responsible for West Japan, Kyushu region, Sales & Marketing HQ	Director & Managing Executive Officer General Manager of Kyushu Main Branch Director of Vegetable & Fruits Div. In charge of West Japan, Kyushu region, Sales & Marketing HQ.	April 1, 2020
Yasuo Kobayashi	Director & Managing Executive Officer Director responsible for Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director responsible for Safety & Health	Director & Managing Executive Officer In charge of Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director in responsible for Safety	April 1, 2020

(Reference) Situation of Executive Officers (As of April 1, 2020)

Name	Title	Positions of responsibility
*Yoshihiro Fukai	President	Chief Operating Officer
*Hideo Makita	Senior Managing Executive Officer	Director responsible for Administration Dept., Safety & Health
*Norihito Tahara	Managing Executive Officer	Director responsible for International Distribution Div., Feed & Grain Div., Rice Div. Director responsible for East Japan/Hokkaido, Chukyo region, Sales & Marketing HQ
*Toshihiro Horiuchi	Managing Executive Officer	Director & Managing Executive Officer Director responsible for Overseas Business HQ Director responsible for Port and Harbor Transportation Div., Sales & Marketing HQ
*Katsumi Murakami	Managing Executive Officer	General Manager of Kyushu Main Branch Director responsible for Vegetable & Fruits Div. Director responsible for West Japan, Kyushu region, Sales & Marketing HQ
*Yasuo Kobayashi	Managing Executive Officer	Director responsible for Metal Business, Heavy Cargo & Energy Transportation Div. Vice Director responsible for Safety & Health
Koichi Hiramatsu	Executive Officer	Vice Director responsible for Metal Business, Heavy Cargo & Energy Transportation Div.
Yukihiro Nagata	Executive Officer	Vice Director responsible for Overseas Business HQ Vice Director responsible for Port & Harbor Transportation Div., Sales & Marketing HQ
Kazuhisa Shiino	Executive Officer	General Manager of Nagoya Main Branch and Nagoya Branch Vice Director responsible for Chukyo region, Sales & Marketing HQ In charge of Tokuyama Branch
Kazuhiro Yasuda	Executive Officer	General Manager of Kobe Branch In charge of Himeji Sub Branch
Keigo Akita	Executive Officer	General Manager of Internal Audit Dept. In charge of Risk Management Dept., Safety & Quality Assurance Dept.
Kazuya Maeda	Executive Officer	Director of International Distribution Div.
Yasuhiro Kishino	Executive Officer	Director of Financial HQ. General Manager of Financial Management Dept. and Securities Finance Dept.
Mitsuhiko Hase	Executive Officer	General Manager of Osaka Branch In charge of Tamashima, Minooki, Sakaiminato Branches
Kazuhiko Matsuo	Executive Officer	General Manager of Fukuyama Branch
Kohei Mori	Executive Officer	General Manager of Tokyo Branch Director of Feed & Grain Div. In charge of Rice Div., Niigata Branch, Hachinohe Sub Branch
Yoshiyuki Hamada	Executive Officer	General Manager of Toyokawa Branch President & Representative Director of MB Service Japan Co., Ltd.
Seiji Ozoe	Executive Officer	Director of Overseas Business HQ

Note: Executive Officers with “*” concurrently serve as Director.

v) Total amount of compensation, etc. paid to Directors and Audit & Supervisory Board Members

Title	Number	Total compensation
Director	10	¥381 million
Audit & Supervisory Board Member	4	¥25 million
Total (external officer)	14 (6)	¥406 million (¥27 million)

Notes: 1. The total amount of compensation paid to directors does not include the salaries as employee of the directors who also serve as employees. In addition, the total amount of compensation paid to directors includes the salaries paid to one (1) director who retired during the fiscal term under review.

2. The maximum amount of monthly compensation paid to directors was determined to be 40 million yen (excluding salaries as employees of directors who also serve as employees), based on a resolution passed at the 67th Ordinary General Meeting of Shareholders held on June 29, 2006.
- In addition to the aforementioned amount of monthly compensation, the maximum amount of remuneration from restricted stocks to be granted to directors of the Company (excluding external directors) was determined to be 30 million yen per year, based on a resolution passed at the 80th Ordinary General Meeting of Shareholders held on June 27, 2019.
3. The maximum amount of monthly compensation paid to audit & supervisory board members was determined to be four (4) million yen, based on a resolution passed at the 71st Ordinary General Meeting of Shareholders held on June 29, 2010.

vi) Items on external officers

1) Status of concurrent position at other companies, etc. by external officers

Title	Name	Companies, etc. where concurrent position is performed	Details of concurrent position
Director	Koichi Baba	TONETS CORPORATION	Advisor
Director	Nobuko Ishibashi	Kobe City Law Office Takamatsu Construction Group Co., Ltd.	Representative Employee Lawyer External Auditor of the Board
Audit & Supervisory Board Member	Katsumasa Muneyoshi	F&M CO., LTD. Kanai Holdings Co., Ltd. Kanai Juyo Kogyo Co., Ltd. CHO SHINYAKU Co., Ltd.	External Director and Audit & Supervisory Committee Member External Audit & Supervisory Board Member External Audit & Supervisory Board Member External Director

Note: There is no trading and other important relationship between the Company and other companies where concurrent positions are performed.

2) Principal activities during the fiscal term under review

- Attendance to meetings of the Board of Directors and Audit & Supervisory Board

Title	Name	Meeting of the Board of Directors		Meeting of the Audit & Supervisory Board	
		Number of attendances	Percentage of attendance	Number of attendances	Percentage of attendance
Director	Koichi Baba	15/16	93.8%	—	—
Director	Nobuko Ishibashi	13/13	100%	—	—
Audit & Supervisory Board Member	Katsumasa Muneyoshi	16/16	100%	13/13	100%
Audit & Supervisory Board Member	Takumi Nakao	16/16	100%	13/13	100%
Audit & Supervisory Board Member	Ai Kuroda	16/16	100%	13/13	100%

Note: As Director Nobuko Ishibashi was newly appointed director in the middle of the fiscal term under review, the above numbers of attendances and meetings held are for meetings of the Board of Directors held on and after the date of assumption of June 27, 2019.

- Statement at meetings of the Board of Directors and Audit & Supervisory Board (Director Koichi Baba)

He expressed his opinions from a professional point of view gained from his long experience in transport administration and his experience gained from corporate management, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors.

(Director Nobuko Ishibashi)

She expressed her opinions as a lawyer from a professional point of view concerning overall corporate legal affairs including the Company Act, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meeting of the Board of Directors.

(Audit & Supervisory Board Member Katsumasa Muneyoshi)

He expressed his opinions from a professional point of view through his long experience in tax affairs administration as a Certified Tax Accountant, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors. He also made necessary statements mainly from a professional point of view through his long experience in the tax affairs administration from time to time at the meetings of the Audit & Supervisory Board.

(Audit & Supervisory Board Member Takumi Nakao)

He expressed his opinions from a professional point of view through his long experience in prosecutorial administration as an attorney at law, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors. He also made necessary statements mainly from a professional point of view through his long experience in the prosecution administration from time to time at the meetings of the Audit & Supervisory Board.

(Audit & Supervisory Board Member Ai Kuroda)

She expressed her opinions as a lawyer from a professional point of view through her experience in overall corporate legal affairs including the Company Act and her work experience at the law firm overseas, and gave advice and advanced proposals to secure lawfulness and appropriateness of decision making at the meetings of the Board of Directors. She also made necessary statements from a professional point of view through her experience in overall corporate legal affairs including the Company Act from time to time at the meetings of the Audit & Supervisory Board.

3) Outline of contracts for limitation of liability

The external director and external audit & supervisory board member of the Company concluded a contract with the Company for limitation of liability for damages described in Paragraph 1 of Article 423 of the Company Act pursuant to the provisions of Paragraph 1 of Article 427 of the Act. The maximum liability for damages of the external director and external audit & supervisory board member under the contract is the amount of the minimum liability stipulated in Paragraph 1 of Article 425 of the Company Act as set forth in Paragraph 2 of Article 29 of the Articles of Incorporation.

(3) Independent Auditors

- Name: Shinyo Audit Corporation
- Amount of compensation, etc.

Item	Amount of compensation, etc.
Amount of compensation, etc. to be paid to independent auditors for the fiscal term under review	¥37 million
Total amount of money and other property interests to be paid by the Company and its subsidiaries to independent auditors	¥40 million

Notes: 1. In the audit agreement between the Company and independent auditors, the amount of audit compensation, etc. for audit under the Company Act is not clearly distinguished and cannot be substantially distinguished from the one under the Financial Instruments and Exchange Law. Therefore, the total amount is described as the amount of compensation, etc. for the fiscal term under review.

- Audit & Supervisory Board verifies and examines the contents of the audit plan for the fiscal term under review, such as the audit hours, the personnel allocation plan, the status of execution of duties by the

Independent Auditor and the grounds for calculation of compensation estimates, etc., taking into consideration an analysis and evaluation of audit performance for the previous fiscal term. As a result, the Audit & Supervisory Board approves the compensation paid to the independent auditor and other necessary matters pursuant to Paragraph 1 of Article 399 of the Company Act.

3. Among principal subsidiaries, Japan Port Industry Co., Ltd. and subsidiaries located in foreign countries have received audits by certified public accountants or an audit firm other than the independent auditors of the Company.

iii) Policy on how to determine dismissal or nonreappointment of independent auditors

If the independent auditor infringes professional duties, fails to perform duties, or performs inappropriate actions as an independent auditor, and the Audit & Supervisory Board deems that such could cause a substantial impediment as the Company's independent auditor, the Audit & Supervisory Board will, pursuant to the provisions of Paragraph 1 of Article 340 of the Company Act, dismiss the independent auditor by the unanimous consent of all audit & supervisory board members. In this case, the audit & supervisory board member chosen by the Audit & Supervisory Board will declare the dismissal of the independent auditor and the reason for the dismissal at the first general meeting of shareholders convoked after the dismissal. If the independent auditor is deemed to have difficulty in properly executing its duties, or a change of independent auditor is deemed reasonable to further enhance the appropriateness of audits, the Audit & Supervisory Board will determine the contents of the item for electing a new independent auditor, as well as dismissal and nonreappointment of the current independent auditor.

(4) Framework to secure appropriateness of operations

Matters on which the Company has passed a resolution at the Board of Directors as a framework to secure the appropriateness of operations are as follows.

This matter of this resolution shall be reviewed regularly and continuously when changes occur in the business environment.

(Basic policy about internal control system)

The Company, as a general distribution company, aims to realize continued growth and implement social responsibility by setting the management philosophy as "keeping up with the current of the times, keenly Responding to the demand of ever-changing society, we challenge the subject one step ahead of the day, we make efforts to enhance our corporate value and stability of our management, eventually, contribute to the realization of affluent society."

For achieving this objective, the Company will establish and manage the framework and system, and carry out regular review and improvement by setting up the basic policy on the internal control system as follows.

i) Framework to make performance of duties by directors and employees conform to laws and ordinances and Articles of Incorporation

The Company has set the compliance first as basis for corporate activities, and has established the "Kamigumi Group Charter of Corporate Behavior" that shall be applied to the entire Group for the purpose of establishing and practicing law-abiding spirit.

Based on the relevant Charter, in order to establish and promote the internal control system in the Group, the Company has set up the "Compliance Risk Management Committee," has formulated internal rules including the "Compliance Rules," etc., and shall improve and manage the whistle-blowing system called as the "Help Line for Corporate Ethics."

In addition, for business monitoring, the Company shall set up the Internal Audit Department as an independent organization under the direct supervision of the President, which shall carry out the audit of the Group.

ii) Framework to preserve and manage information about directors' performance of duties

We appropriately preserve and manage information about implementation of duties by directors by recording it in writing, etc. in accordance with "Document Management Regulations" and other relevant regulations. Also, we promote an effective management system so that directors and audit & supervisory board members can easily access the information.

iii) Rules about loss risk controls and other frameworks

Divisions responsible for relevant fields manage various risks in business operations in accordance with "Risk Control Rules," etc. In addition, the Compliance Risk Management Committee operates cross-sectional control structure of the whole group.

- iv) Framework to secure efficient implementation of directors' duties
The Group formulates the medium-term management plan in consideration of the business environment in the future, and draws up and carries out specific plans for achieving the relevant goal.
In addition, a regular meeting of the Board of Directors is held once a month in principle to decide on important matters related to the Company and the Group for ensuring the effectiveness and efficiency of execution of duties as well as carrying out the monitoring of the status of execution of duties performed by directors.
Furthermore, the Company aims to improve the efficiency of management by separating the decision-making and monitoring of management from the execution of operation through introducing the executive officer system.
- v) Framework to secure appropriateness of operations of the corporate group consisting of the Company and subsidiaries
The Company formulates the "Management Rules for Affiliates and Subsidiaries," and obliges the Group to make a regular report about important matters on management, operating results, etc. in the Group.
In addition, the Compliance Risk Management Committee of the Company and separate committees established in individual offices manage the compliance, and risk management structure and other systems necessary for internal control, decide on important policies, etc. on its operation and supervise the implementation status through the monitoring conducted by the Internal Audit Department of the Company.
- vi) Items on employees whom audit & supervisory board members request to appoint as their assistants in their duties
We prepare a system for appointing appropriate persons as audit assistants from within the Company to support audit & supervisory board members' work in order to make audit more efficient and enhance the level of audit functions.
- vii) Items concerning keeping independence of the employees described in the preceding item from directors and ensuring effectiveness of instructions to the relevant employees
When receiving an order necessary for audit work from audit & supervisory board members, the audit assistants defined in the preceding item preserve independence to be able to carry out an audit without being subjected to any unreasonable restriction from directors and employees with respect to the order. In addition, the audit assistants shall comply with the instructions of audit & supervisory board members upon the implementation of their duties.
- viii) Reporting framework enabling directors and employees to report to audit & supervisory board members
Directors and employees of the Group report the following matters to audit & supervisory board members in time.
- Decision on important matters which have an effect on the Group
 - Business performance of the Company and the Group
 - Items on noncompliance of the Group
 - Items on the whistle-blowing contents in the Help Line for Corporate Ethics and survey results for the relevant whistle-blowing.
 - Cases discussed and reported at important meetings such as management conferences
 - Results of internal audits carried out by Internal Audit Department
 - Items which may cause substantial damage to the Group
- ix) System which ensures that a person who made a report to audit & supervisory board members based on the preceding item shall not be disadvantageously treated due to the fact that such person made such report
The Company stipulates that it shall be prohibited that a person who made a report based on the preceding item may be disadvantageously treated due to the fact that such person made such report, and that a whistle-blower shall not be disadvantageously treated due to the fact of whistle-blowing.
- x) Items on the policy in relation to an advance payment of expenses or debt disposal incurred in connection with the execution of duties of audit & supervisory board members
When an audit & supervisory board member claims to the Company an advance payment of expenses based on Article 388 of the Companies Act in association with the execution of the duties, the department in charge shall, after deliberation, settle the relevant expenses or debt promptly except the case where the relevant expenses or debt related to the relevant claim shall be deemed not to be necessary for the execution of the duties by such an audit & supervisory board member.

- xi) Other framework to ensure effective auditing by audit & supervisory board members

The Company formulates a framework where audit & supervisory board members can receive reports and exchange opinions and information about performance of their duties at meetings of the Board of Directors, and where audit & supervisory board members can have regular meetings and exchange opinions and information with respect to development and implementation of audit plans for individual fiscal terms with the Internal Audit Department and independent auditors.

In addition, the Company formulates a framework that enables audit & supervisory board members to peruse important minutes of meetings, documents for final decision and others if necessary.

(Operation of framework to secure appropriateness of operations)

- i) Operation regarding the compliance system

The Compliance Risk Management Committee, which is responsible for establishing and promoting the internal control system, strives to fully disseminate compliance relating to internal rules and related laws and ordinances throughout the company using company bulletin boards and issuing newsletters. The Compliance Risk Management Committee also receives regular self-assessment reports from separate committees and successively implements appropriate measures to strengthen compliance.

In addition, the Company has formulated and managed the “Rules of Help Line for Corporate Ethics” as part of the whistle-blowing system, in order to identify violations of laws and ordinances and misconduct at an early stage, and prevent those acts.

- ii) Operation of risk control system

To prevent various risks that occur in the performance of everyday duties, the Group has formulated “Risk Control Rules.” Pursuant to the rules, meetings of the Compliance Risk Management Committee were held regularly (12 times during the fiscal term under review) to understand risks in the Group and plan and implement necessary measures.

- iii) Efforts to ensure appropriateness and efficiency of the execution of duties

The Board of Directors comprises nine (9) directors, including two (2) external directors. During the fiscal term under review, meetings of the Board of Directors were held sixteen (16) times with the attendance of four (4) audit & supervisory board members, including three (3) external audit & supervisory board members. Attendees actively exchanged opinions regarding items, thereby ensuring the effectiveness of decision-making and supervision.

The Company has adopted an executive officer system. During the fiscal term under review, Executive Officers Committee meetings were held twelve (12) times with the attendance of all executive officers aiming to flexibly make decisions regarding the execution of duties.

- iv) Operation regarding ensuring the appropriateness of operations in the Group

Important matters of Group management are discussed at the meetings of the Board of Directors of the Company and other internal conferences or are reported in accordance with the “Management Rules for Affiliates and Subsidiaries.” In addition, the Company’s Internal Audit Department conducts audits for major subsidiaries based on the audit plan to ensure the appropriateness of business operations in the Group.

- v) Efforts to ensure the effectiveness of audits conducted by audit & supervisory board members

The Company’s audit & supervisory board members attend meetings of the Board of Directors and other important meetings, and have regular meetings with the Representative Director to secure opportunities to exchange opinions on corporate management. They also receive reports on the results of internal audits from the Internal Audit Department, and receive important reports and documentary materials from related departments of the Company. In addition, they receive reports and collect documentary materials regarding group companies as needed. Moreover, they receive regular reports on audit results from the independent auditor and inquire about the status of audits to the independent auditor as necessary, thereby ensuring the effectiveness of audits conducted by audit & supervisory board members.

Consolidated Balance Sheet

(Million yen)

	As of March 31, 2020	(Reference) As of March 31, 2019		As of March 31, 2020	(Reference) As of March 31, 2019
<Assets>			<Liabilities>		
Current assets	84,405	116,705	Current liabilities	43,319	45,349
Cash and deposits	32,233	53,591	Notes payable and trade accounts payable	25,528	26,827
Notes receivable and trade accounts receivable	44,482	45,806	Income taxes payable	4,885	4,232
Electronically recorded monetary claims-operating	636	943	Allowance for employees' bonuses	194	181
Marketable securities	—	8,500	Other current liabilities	12,710	14,108
Inventories	957	947	Fixed liabilities	18,993	18,158
Other current assets	6,150	6,974	Deferred tax liabilities	146	171
Allowance for doubtful accounts	(54)	(57)	Allowance for retirement benefits for directors and audit & supervisory board members	49	39
Fixed assets	315,651	279,002	Accrued expenses for overhaul of vessels	6	—
<Tangible fixed assets>	227,830	228,416	Liabilities for employees' severance and retirement benefits	17,772	16,876
Buildings and structures	109,515	111,888	Other fixed liabilities	1,018	1,070
Machinery and equipment	16,171	16,716	Total liabilities	62,312	63,507
Land	97,678	97,686	<Net assets>		
Construction in progress	3,313	884	Shareholders' equity	334,761	325,684
Other fixed assets	1,152	1,239	Capital stock	31,642	31,642
<Intangible fixed assets>	6,881	7,011	Additional paid-in capital	26,854	26,854
<Investments and long-term receivable>	80,939	43,573	Retained earnings	301,483	295,208
Investment securities	68,376	33,430	Treasury stock	(25,217)	(28,020)
Long-term loan receivable	269	212	Accumulated other comprehensive income	1,073	4,673
Deferred tax assets	5,247	3,536	Differences in valuation of available-for-sale securities	2,104	5,574
Other investments	7,383	6,610	Foreign currency translation adjustment	45	69
Allowance for doubtful accounts	(336)	(216)	Accumulated adjustment for employees' severance and retirement benefits	(1,077)	(970)
			Non-controlling interests	1,909	1,841
			Total net assets	337,744	332,200
Total assets	400,057	395,708	Total liabilities and net assets	400,057	395,708

Note: Figures of less than one million yen have been omitted.

Consolidated Statement of Income

(Million yen)

	From April 1, 2019 to March 31, 2020	(Reference) From April 1, 2018 to March 31, 2019
Net sales	278,815	274,893
Cost of sales	235,056	233,065
Gross profit	43,758	41,828
Selling, general and administrative expenses	19,079	18,495
Operating profit:	24,679	23,332
Non-operating revenues:	1,820	1,940
Interests and dividend income	786	763
Equity in gain of affiliates	709	727
Other non-operating revenues	324	448
Non-operating expenses:	92	37
Foreign exchange losses	15	1
Provision of allowance for doubtful accounts	15	—
Other non-operating expenses	61	35
Recurring profit:	26,407	25,235
Non-recurring income:	307	1,205
Gain on sales of fixed assets	68	81
Gain on sales of investment securities	239	57
Gain on sales of shares of subsidiaries and associates	—	15
Compensation for transfer	—	611
Gain on bargain purchase	—	418
Gain on step acquisitions	—	21
Non-recurring losses:	144	407
Loss on sales and retirement of fixed assets	100	201
Loss on valuation of investment securities	4	—
Loss on sales of investment securities	—	1
Loss on valuation of shares of subsidiaries and associates	39	—
Loss on disaster	—	204
Profit before income taxes:	26,570	26,033
Corporation, inhabitant, and enterprise taxes	8,473	7,903
Deferred tax expenses	(381)	(310)
Profit	18,477	18,439
Profit attributable to non-controlling interests	99	51
Profit attributable to owners of parent	18,378	18,388

Note: Figures of less than one million yen have been omitted.

Non-Consolidated Balance Sheet

(Million yen)

	As of March 31, 2020	(Reference) As of March 31, 2019		As of March 31, 2020	(Reference) As of March 31, 2019
<Assets>			<Liabilities>		
Current assets	75,200	104,401	Current liabilities	39,501	40,489
Cash and deposits	27,051	46,828	Trade accounts payable	22,290	22,422
Notes receivable	640	716	Other accounts payable	5,162	6,680
Electronically recorded monetary claims-operating	631	878	Accrued expenses	4,248	4,383
Trade accounts receivable	40,114	40,744	Income taxes payable	4,575	3,975
Marketable securities	—	8,500	Other current liabilities	3,225	3,027
Supplies	196	235	Fixed liabilities	16,550	15,851
Short-term loan receivable	5,424	4,567	Allowance for employees' severance and retirement benefits	15,687	14,984
Other current assets	1,189	1,978	Other fixed liabilities	863	867
Allowance for doubtful accounts	(47)	(48)	Total liabilities	56,052	56,341
Fixed assets	312,122	278,253	<Net assets>		
<Tangible fixed assets>	219,105	222,902	Shareholders' equity	329,655	321,359
Buildings	97,606	99,327	Capital stock	31,642	31,642
Structures	10,115	10,587	Additional paid-in capital	26,854	26,854
Machinery and equipment	13,778	15,084	Capital reserve	26,854	26,854
Vehicles	967	808	Retained earnings	296,377	290,883
Tools and fixtures	843	969	Legal retained earnings	5,978	5,978
Land	95,231	95,239	Other retained earnings	290,399	284,904
Construction in progress	563	884	Reserve for employees' severance and retirement benefits	800	800
<Intangible fixed assets>	6,753	6,918	Reserve for cash dividends	1,138	1,138
Leaseholds	6,172	6,172	Reserve for advanced depreciation of fixed assets	2,287	2,383
Other intangible fixed assets	581	746	Reserve for special depreciation	95	225
<Investments and long-term receivable>	86,263	48,432	General reserve	260,000	252,000
Investment securities	21,750	22,277	Retained earnings carried forward to the following term	26,078	28,357
Shares of affiliates	50,893	15,430	Treasury stock	(25,217)	(28,020)
Contribution to affiliates	703	308	Valuation / translation differences, etc.	1,615	4,954
Long-term loan receivable	2,616	1,986	Differences in valuation of available-for-sale securities	1,615	4,954
Guarantees	3,956	4,021	Total net assets	331,271	326,313
Deferred tax assets	4,654	2,994	Total liabilities and net assets	387,323	382,655
Other investments	2,028	1,630			
Allowance for doubtful accounts	(339)	(217)			
Total assets	387,323	382,655			

Note: Figures of less than one million yen have been omitted.

Non-Consolidated Statement of Income

(Million yen)

	From April 1, 2019 to March 31, 2020	(Reference) From April 1, 2018 to March 31, 2019
Net sales	251,664	248,879
Cost of sales	211,345	210,132
Gross profit	40,319	38,747
Selling, general and administrative expenses	17,013	16,491
Operating profit:	23,306	22,255
Non-operating revenues:	1,792	2,039
Interests and dividend income	1,457	1,585
Other non-operating revenues	335	454
Non-operating expenses:	81	36
Foreign exchange losses	6	0
Provision of allowance for doubtful accounts	15	—
Other non-operating expenses	59	35
Recurring profit:	25,017	24,259
Non-recurring income:	283	714
Gain on sales of fixed assets	44	30
Gain on sales of investment securities	239	72
Compensation for transfer	—	611
Non-recurring losses:	87	388
Loss on sales and retirement of fixed assets	83	190
Loss on sales of investment securities	—	1
Loss on valuation of investment securities	4	—
Loss on disaster	—	196
Profit before income taxes:	25,213	24,585
Corporation, inhabitant and enterprise taxes	8,013	7,548
Deferred tax expenses	(397)	(282)
Profit:	17,597	17,318

Note: Figures of less than one million yen have been omitted.

INDEPENDENT AUDITORS' REPORT

May 12, 2020

To The Board of Directors
Kamigumi Co., Ltd.

The Shinyo Audit Corporation
Akio Kawamoto (Seal)
Representative Partner
Engagement Partner
Certified Public Accountant
Daisuke Matsui (Seal)
Engagement Partner
Certified Public Accountant

Auditors' opinion

We have audited Kamigumi Co., Ltd.'s consolidated financial statements which consist of consolidated balance sheet, consolidated statement of income, consolidated statements of changes in net assets, and notes to consolidated financial statements, for the consolidated fiscal term from April 1, 2019 to March 31, 2020 in accordance with the provisions of Paragraph 4 of Article 444 of the Company Act.

We affirm that the abovementioned consolidated financial statements contain all important matters with respect to the situation of assets and profit and loss of the corporate group consisting of Kamigumi Co., Ltd. and its consolidated subsidiaries for the term pertaining to the consolidated financial statements in accordance with the corporate accounting standards which are generally accepted in Japan.

Basis for auditors' opinion

We conducted our audit in accordance with generally accepted auditing standards in Japan. Our responsibilities under those standards are described in the "Responsibilities of Auditors in the audit of the consolidated financial statements." We are independent of the Company and its consolidated subsidiaries under the code of professional ethics in Japan and have fulfilled our other ethical responsibilities as auditors. We believe that we obtained adequate and appropriate audit evidence to provide a basis for our opinion.

Responsibilities of the Company management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the consolidated financial statements

The Company's management is responsible for preparation and appropriate presentation of these consolidated financial statements in accordance with generally accepted corporate accounting standards in Japan. The responsibilities include enhancement and operation of internal control which is considered necessary by the Company's management in order to prepare and appropriately present the consolidated financial statements without material misstatements attributable to frauds and errors.

In preparing the consolidated financial statements, the Company's management is responsible for assessing whether it is appropriate to prepare these statements under the going concern assumption and for disclosing matters related to going concern, if applicable, in accordance with generally accepted accounting principles in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of directors' duties related to the implementation and operation of the financial reporting process.

Responsibilities of Auditors in the audit of the consolidated financial statements

We are responsible for obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, based on an audit performed by us, and for independently expressing our opinion on these statements through the issuance of an auditors' report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions made by users of these consolidated financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit in accordance with generally accepted auditing standards in Japan and conduct the following procedures.

- Identify and assess the risks of material misstatement whether due to fraud or error, and design and perform audit procedures to be responsive to those risks. These procedures are selected and applied at our discretion. Then, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The purpose of auditing the consolidated financial statements is not to express our opinion on the effectiveness of internal controls, but we review controls that are relevant to our audit in order to formulate flexible and proper audit procedures for implementing a risk assessment.
- Evaluate the appropriateness of accounting principles used and the method of their application, the reasonableness of accounting estimates made by the Company's management, and the validity of related notes.
- Conclude on the appropriateness of the management's use of the going concern basis in the preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt under the going concern assumption. If we conclude that a material uncertainty exists under such assumption, we are required to draw attention in our auditors' report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a modified opinion on these financial statements. Our conclusions are based on the audit evidence obtained up until the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements, including the notes thereto, complies with generally accepted accounting principles in Japan. We also evaluate the presentation, structure, and content of the consolidated financial statements, including related notes, and whether these 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 Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of our audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal controls that we identify during our audit, and other matters required by the auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguard measures implemented to remove or reduce obstructive factors.

Interests

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Law.

INDEPENDENT AUDITORS' REPORT

May 12, 2020

To The Board of Directors
Kamigumi Co., Ltd.

The Shinyo Audit Corporation
Akio Kawamoto (Seal)
Representative Partner
Engagement Partner
Certified Public Accountant
Daisuke Matsui (Seal)
Engagement Partner
Certified Public Accountant

Auditors' opinion

We have audited Kamigumi Co., Ltd.'s financial statements, which consist of balance sheet, statement of income, statement of changes in net assets, notes, and supplementary statement thereto (hereinafter the "financial statements"), for the 81st fiscal term from April 1, 2019 to March 31, 2020 in accordance with the provisions of Item 1 of Paragraph 2 of Article 436 of the Company Act.

We affirm that the abovementioned financial statements contain all important matters with respect to the situation of assets and profit and loss for the term pertaining to the financial statements in accordance with the corporate accounting standards which are generally accepted in Japan.

Basis for auditors' opinion

We conducted our audit in accordance with generally accepted auditing standards in Japan. Our responsibilities under those standards are described in the "Responsibilities of Auditors for the audit of the financial statements." We are independent of the Company under the code of professional ethics in Japan and have fulfilled our other ethical responsibilities as auditors. We believe that we obtained adequate and appropriate audit evidence to provide a basis for our opinion

Responsibilities of the Company management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the financial statements

The Company's management is responsible for preparation and appropriate presentation of these financial statements in accordance with generally accepted corporate accounting standards in Japan. The responsibilities include enhancement and operation of internal control which is considered necessary by the Company's management in order to prepare and appropriately present the financial statements without material misstatements attributable to frauds and errors.

In preparing the financial statements, the Company's management is responsible for assessing whether it is appropriate to prepare these statements under the going concern assumption and for disclosing matters related to going concern, if applicable, in accordance with generally accepted accounting principles in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of directors' duties related to the implementation and operation of the financial reporting process.

Responsibilities of Auditors in the audit of the financial statements

We are responsible for obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, based on an audit performed by us, and for independently expressing our opinion on these statements through the issuance of an auditors' report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions made by users of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit in accordance with generally accepted auditing standards in Japan and conduct the following procedures.

- Identify and assess the risks of material misstatement whether due to fraud or error, and design and perform audit procedures to be responsive to those risks. These procedures are selected and applied at our discretion. Then, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The purpose of auditing the financial statements is not to express our opinion on the effectiveness of internal controls, but we review internal controls that are relevant to our audit in order to formulate flexible and proper audit procedures for implementing a risk assessment.
- Evaluate the appropriateness of accounting principles used and the method of their application, the reasonableness of accounting estimates made by the Company's management, and the validity of related notes.
- Conclude on the appropriateness of the management's use of the going concern basis in the preparation of the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt under the going concern assumption. If we conclude that a material uncertainty exists under such assumption, we are required to draw attention in our auditors' report to the related notes to the financial statements or, if such notes are inadequate, to express a modified opinion on these financial statements. Our conclusions are based on the audit evidence obtained up until the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the financial statements, including the notes thereto, complies with generally accepted accounting principles in Japan. We also evaluate the presentation, structure, and content of the financial statements, including related notes, and whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal controls that we identify during our audit, and other matters required by the auditing standards.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguard measures implemented to remove or reduce obstructive factors.

Interests

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provision of the Certified Public Accountants Law.

REPORT OF THE AUDIT & SUPERVISORY BOARD

The Audit & Supervisory Board prepares this audit report with respect to the performance of duties by directors for the 81st fiscal term from April 1, 2019 to March 31, 2020 based on the audit reports drawn up by individual audit & supervisory board members after review and states as follows.

1. Outline of Auditing Procedures Used by Audit & Supervisory Board Members and the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board decided auditing policy and division of duties, received reports from individual audit & supervisory board members with respect to implementation and conclusion of audit, and received reports from directors and independent auditors with respect to performance of their duties and requested them to give an explanation as occasion arose.
 - (2) Based on the standards for audit & supervisory board members' audit stipulated by the Audit & Supervisory Board and according to the auditing policy and division of duties decided by the Audit & Supervisory Board, individual audit & supervisory board members communicated with directors, internal audit divisions, other employees, etc. to make efforts to collect information and improve audit environment, and perform the audit in accordance with the following procedures.
 - 1) Individual audit & supervisory board members attended important meetings such as meetings of the Board of Directors, received reports from directors and employees with respect to their performance of duties and requested them to give an explanation as occasion arose, perused important documents, etc. for final decision, and investigated the situation of operations and assets at the headquarters and principal business establishments. For subsidiaries, individual audit & supervisory board members communicated and exchanged information with directors, audit & supervisory board members, etc. of the subsidiaries and received business reports from subsidiaries as occasion arose.
 - 2) Individual audit & supervisory board members expressed opinions, with receiving regular reports from Directors and employees on construction and operation of the system (internal control system) and asked them for explanations as needed, based on the implementation standards for audit & supervisory board members' audit stipulated by the Audit & Supervisory Board, about the content of the resolution adopted at the Board of Directors with respect to the arrangement of structure to make directors' implementation of duties conform to laws and ordinances and Articles of Incorporation as well as the framework required for ensuring fair operation as a stock company and the corporate group consisting of the Company and subsidiaries as stipulated in Paragraph 1 and Paragraph 3 of Article 100 of the Company Act Enforcement Regulations and the status of the framework (internal control system) arranged in accordance with the resolution which are described in the business report. For subsidiaries, individual audit & supervisory board members also expressed opinions, with receiving regular reports from Directors and employees of the subsidiaries and asked them for explanations likewise.
 - 3) Furthermore, individual audit & supervisory board members did monitoring and verified whether independent auditors maintained independence and carried out a proper audit, received reports from independent auditors on implementation of their duties, and requested them to give an explanation as occasion arose. The individual audit & supervisory board members also received a notice from the independent auditors to the effect that they prepared "a framework to ensure proper performance of duties" (matters listed in individual items of Article 131 of the Regulation on Corporate Accounting) in accordance with "Quality Control Standards for Audit" (prepared by the Business Accounting Council on October 28, 2005) and requested them to give an explanation as occasions arose.

The business report and supplementary statement thereto, the financial statements (balance sheet, statement of income, statements of changes in net assets, and notes), and supplementary statement thereto and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statements of changes in net assets, and consolidated notes), for the 81st fiscal term were examined based on the abovementioned methods.

2. Conclusion of the Audit
- (1) Conclusion of audit of business reports, etc.
 - 1) We affirm that the business reports and supplementary statement thereto show the correct status of the Company in accordance with laws and ordinances and Articles of Incorporation.
 - 2) We acknowledge no unlawfulness in the implementation of duties by the directors or important fact which violates any law or ordinance or Articles of Incorporation.
 - 3) We affirm that the content of the resolution adopted at the Board of Directors on the internal control system is appropriate. We acknowledge nothing to be pointed out with respect to matters stated in the Business Report and performance of duties by the directors for the internal control system.
 - (2) Conclusion of audit of financial statements and supplementary statement thereto
We affirm that the audit method used and conclusion reached by the independent auditor, Shinyo Audit Corporation, are appropriate.
 - (3) Conclusion of audit of consolidated financial statements
We affirm that the audit methods used and conclusions reached by the independent auditor, Shinyo Audit Corporation, are appropriate.

May 14, 2020

The Audit & Supervisory Board
Kamigumi Co., Ltd.

Kuniharu Sacki (Seal)
Standing Audit & Supervisory
Board Member (Full-time)

Katsumasa Muneyoshi (Seal)
External Audit & Supervisory
Board Member

Takumi Nakao (Seal)
External Audit & Supervisory
Board Member

Ai Kuroda (Seal)
External Audit & Supervisory
Board Member