

# Financial Results FY2023

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May 22, 2024



Kumagai Gumi Co., Ltd.



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# 1. Highlight

1	<b>Rise in orders received [non-consolidated]</b> <ul style="list-style-type: none"><li>• Orders increased, mainly reflecting orders for multiple redevelopment projects and large-scale commercial facility projects in the Domestic Building Construction.</li></ul>
2	<b>Net sales of completed construction contracts rose, and profit increased at every level. [Consolidated]</b> <ul style="list-style-type: none"><li>• On a non-consolidated basis, the profit ratio declined due to the rise in construction cost.</li><li>• Improvement in business performance made progress at each subsidiary.</li><li>• Consolidated profit increased only slightly due to the impact of non-consolidated results.</li></ul>
3	<b>FY2023 forecast[Consolidated]</b> <ul style="list-style-type: none"><li>• While the impact of less profitable works in the Domestic Building Construction will remain, net sales and profit are expected to increase due in part to an increase in construction work in hand at the beginning of the fiscal year.</li></ul>
4	<b>Shareholder return</b> <ul style="list-style-type: none"><li>• We have decided to pay dividends of 130 yen/share for FY2023.</li><li>• We acquired and canceled treasury stock worth 2.0 billion yen (acquired and canceled treasury stock totaling 10 billion yen during the period of the current Midterm Management Plan).</li><li>• The total payout ratio in FY2023 will be 91.6%.</li></ul>

## 2. Financial results overview(Consolidated)

(100 millions of yen)

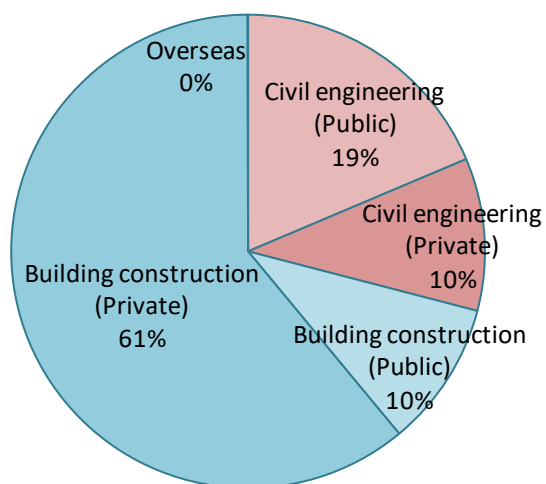
	A.FY2022	B.FY2023	C.FY2024 Forecasts	B-A	C-B
Net sales	4,035	4,432	4,622	397	190
Operating profit	115	126	150	12	24
Ordinary profit	122	130	154	8	24
Profit attributable to owners of parent	80	83	101	3	18
Orders received (Non-Consolidated)	3,486	3,756	3,480	269	(276)

### 3.Orders Received-1(Non-Consolidated) Result and Forecasts

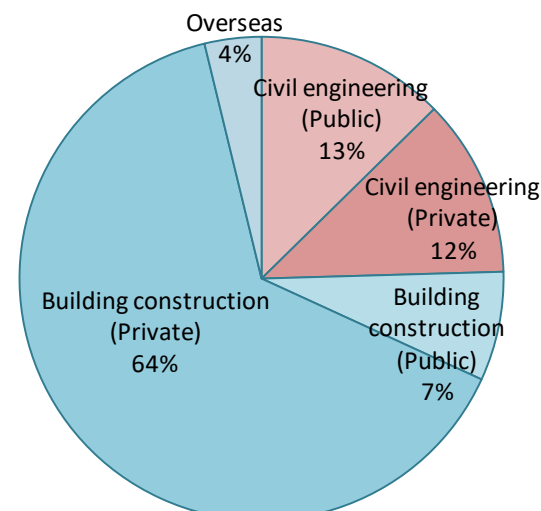
(100 millions of yen)

				A FY2022	B FY2023 (Forecasts)	C FY2023	C-A		C-B	
								%		%
			Public	649	730	475	(175)	(26.9)	(255)	(35.0)
			Private	363	370	448	84	23.2	78	20.9
		Civil engineering		1,013	1,100	922	(91)	(9.0)	(178)	(16.2)
			Public	347	290	274	(73)	(21.0)	(16)	(5.5)
			Private	2,126	2,160	2,417	292	13.7	257	11.9
		Building construction		2,472	2,450	2,691	219	8.9	241	9.9
		Domestic		3,485	3,550	3,613	128	3.7	63	1.8
		Overseas		1	180	142	141	-	(38)	(20.9)
		Orders received		3,486	3,730	3,756	269	7.7	26	0.7

D FY2024 (Forecasts)	D-C	
		%
690	215	45.4
310	(138)	(30.7)
1,000	78	8.5
200	(74)	(27.0)
2,200	(217)	(9.0)
2,400	(291)	(10.8)
3,400	(213)	(5.9)
80	(62)	(43.8)
3,480	(276)	(7.3)

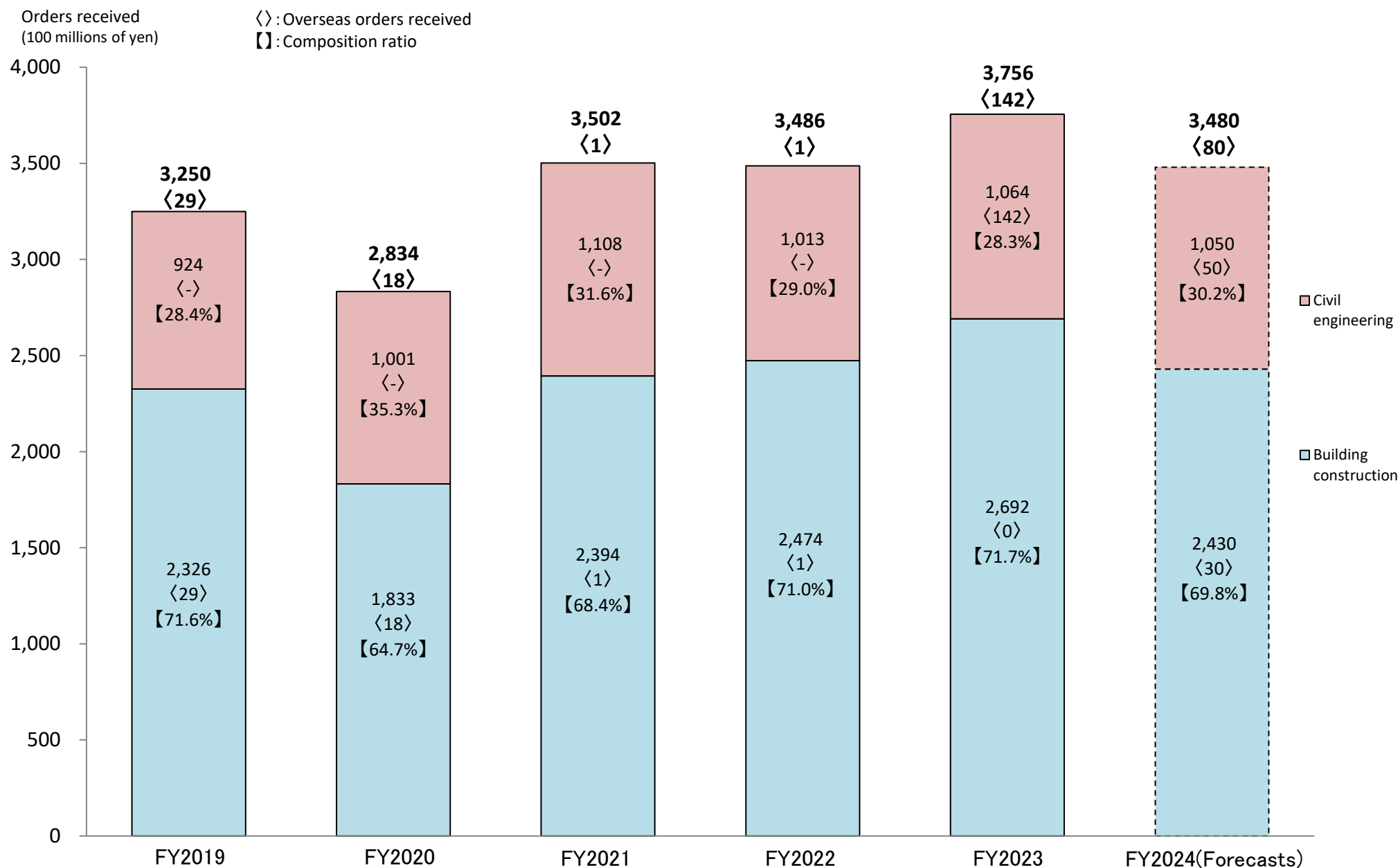


FY2022



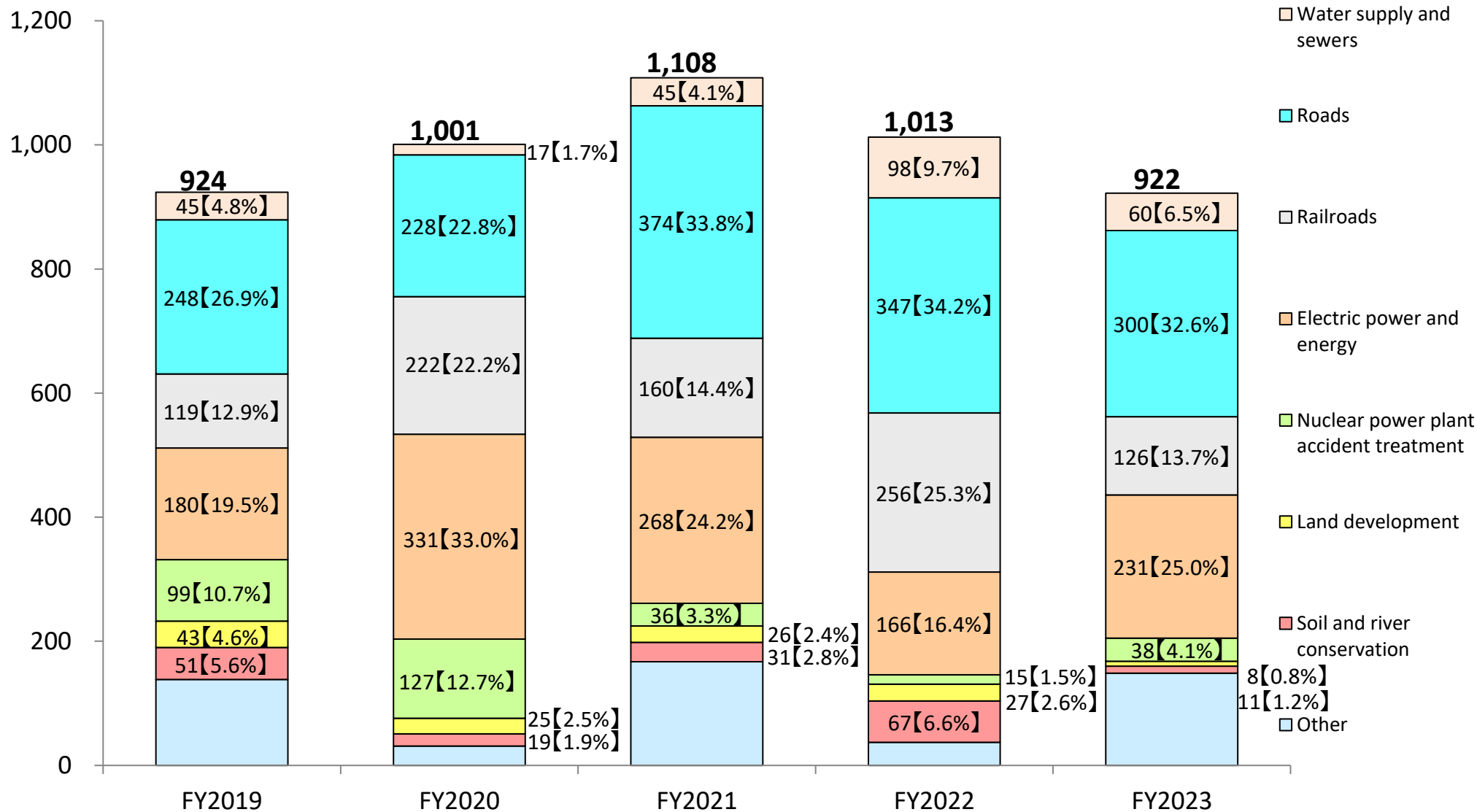
FY2023

### 3.Orders Received-2(Non-Consolidated) Change



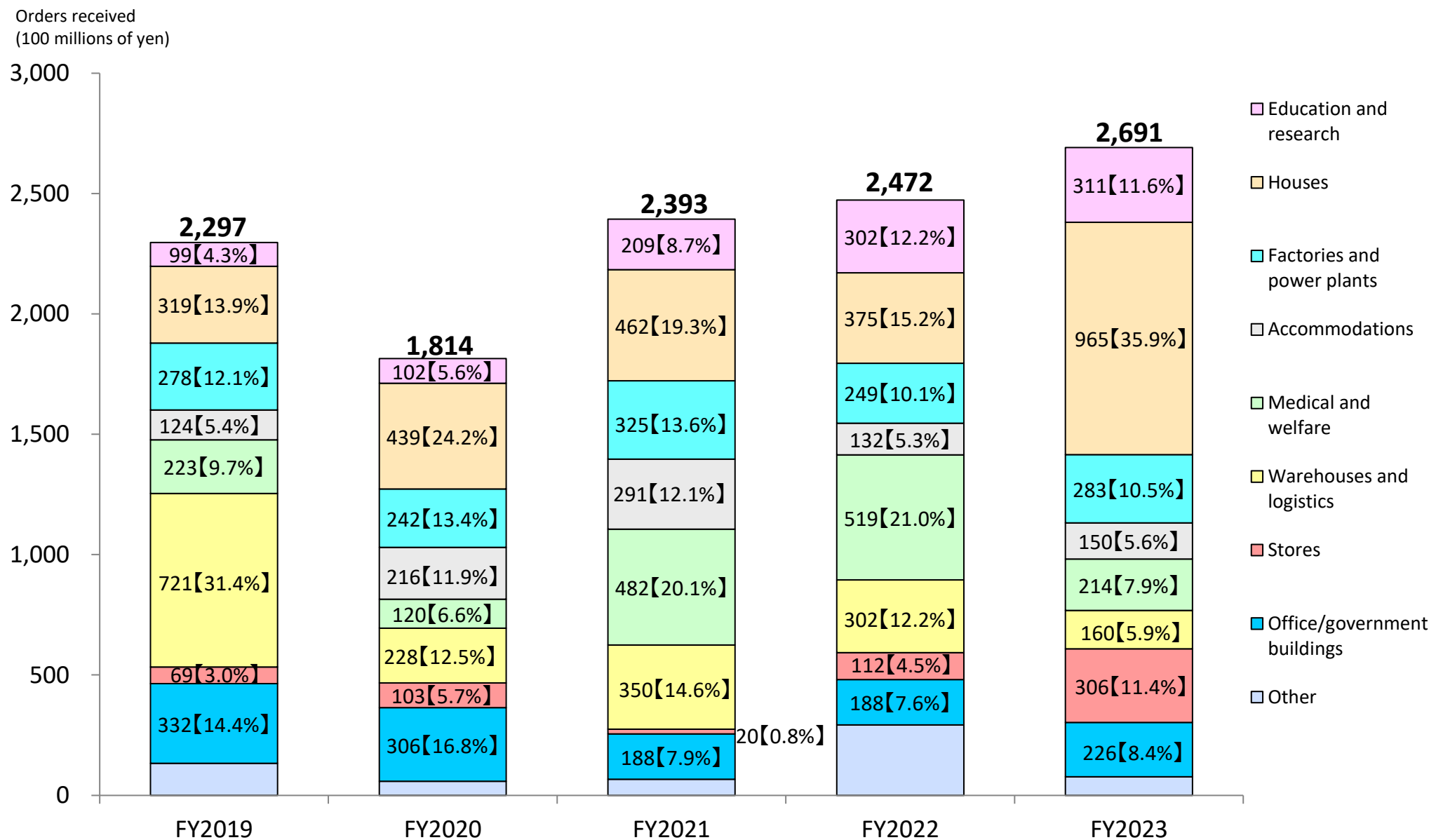
### 3.Orders Received-3(Non-Consolidated) Change(Domestic Civil Engineering)

Orders received  
(100 millions of yen)





### 3.Orders Received-4(Non-Consolidated) Change(Domestic Building Construction)



# 4.Statement of Income-1(Consolidated) Result and Forecasts

(100 millions of yen)

	A FY2022			B FY2023 (Forecasts)			C FY2023			C-A				C-B				D FY2024 (Forecasts)			D-C			
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	%	Consolidated	Non- Consolidated	Subsidiaries	%	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	%
Net sales	4,035	2,993	1,042	4,331	3,110	1,221	4,432	3,279	1,153	397	286	111	9.8%	101	169	(68)	2.3%	4,622	3,450	1,172	190	171	19	4.3%
Gross profit	332	246	87	378	269	109	361	246	114	29	1	28		(17)	(23)	5		395	284	111	34	38	(3)	
(Ratio)	8.2%	8.2%	8.3%	8.7%	8.6%	8.9%	8.1%	7.5%	9.9%	(0.1)%	(0.7)%	1.6%		(0.6)%	(1.1)%	1.0%		8.5%	8.2%	9.5%	0.4%	0.7%	(0.4)%	
SG&A expenses	217	165	52	226	169	57	234	180	54	17	15	2		8	11	(3)		245	188	57	11	8	3	
Operating profit	115	80	34	152	100	52	126	66	60	12	(14)	26	10.2%	(26)	(34)	8	(16.8)%	150	96	54	24	30	(6)	18.6%
(Ratio)	2.8%	2.7%	3.3%	3.5%	3.2%	4.3%	2.9%	2.0%	5.2%	0.1%	(0.7)%	1.9%		(0.6)%	(1.2)%	0.9%		3.2%	2.8%	4.6%	0.3%	0.8%	(0.6)%	
Non-operating income	13	27	(14)	11	20	(9)	14	22	(9)	0	(5)	5		3	2	0		11	21	(10)	(3)	(1)	(1)	
Non-operating expenses	6	6	(0)	6	6	0	10	10	(0)	4	4	0		4	4	(0)		7	7	0	(3)	(3)	0	
Ordinary profit	122	102	21	157	114	43	130	79	52	8	(23)	31	6.6%	(27)	(35)	9	(16.9)%	154	110	44	24	31	(8)	18.1%
(Ratio)	3.0%	3.4%	2.0%	3.6%	3.7%	3.5%	2.9%	2.4%	4.5%	(0.1)%	(1.0)%	2.5%		(0.7)%	(1.3)%	1.0%		3.3%	3.2%	3.8%	0.4%	0.8%	(0.7)%	
Extraordinary income	2	1	1	0	0	0	1	1	0	(1)	(0)	(1)		1	1	0		0	0	0	(1)	(1)	(0)	
Extraordinary losses	4	3	1	1	0	1	5	3	2	1	0	1		4	3	1		1	0	1	(4)	(3)	(1)	
Profit before income taxes	120	99	21	156	114	42	126	76	50	6	(23)	29	4.7%	(30)	(38)	8	(19.3)%	153	110	43	27	34	(7)	21.5%
Income taxes—current	37	28	9	49	33	16	49	29	19	12	1	10		(0)	(4)	3		39	23	16	(10)	(6)	(3)	
Income taxes—deferred	3	1	2	3	3	0	(6)	(7)	0	(9)	(8)	(2)		(9)	(10)	0		13	11	2	19	18	2	
Profit attributable to owners of parent	80	70	10	104	78	26	83	53	30	3	(17)	20	4.3%	(21)	(25)	4	(20.0)%	101	76	25	18	23	(5)	21.4%
(Ratio)	2.0%	2.3%	0.9%	2.4%	2.5%	2.1%	1.9%	1.6%	2.6%	(0.1)%	(0.7)%	1.7%		(0.5)%	(0.9)%	0.5%		2.2%	2.2%	2.1%	0.3%	0.6%	(0.5)%	

## 【Subsidiaries】

Gaeart Co., Ltd.  
Technos Co., Ltd.  
K&E Co.,Ltd.  
FATEC Co.,Ltd.

Techno Space Creates Co.,Ltd.  
Technical Support Co.,Ltd.  
Taiwan Kumagai Co., Ltd.

## 【Equity method】

Sasajima Construction Co.,Ltd.  
Kyoei Machinery Engineering Co.,Ltd.  
Maeda Co.,Ltd.

## 4.Statement of Income-2(Non-Consolidated) Result and Forecasts

(100 millions of yen)

			A FY2022		B FY2023 (Forecasts)		C FY2023		C-A			C-B			D FY2024 (Forecasts)		D-C		
				Ratio		Ratio		Ratio		%	Ratio		%	Ratio		Ratio		%	Ratio
		Civil engineering	899		900		994		95	10.6%		94	10.5%		1,000		6	0.6%	
		Building construction	2,081		2,200		2,274		193	9.3%		74	3.4%		2,400		126	5.5%	
		Domestic	2,980		3,100		3,268		289	9.7%		168	5.4%		3,400		132	4.0%	
		Overseas	13		10		11		(2)	(18.7)%		1	7.9%		50		39	363.4%	
		Net sales	2,993		3,110		3,279		286	9.6%		169	5.4%		3,450		171	5.2%	
		Civil engineering	85	9.4%	90	10.0%	123	12.4%	38		3.0%	33		2.4%	110	11.0%	(13)		(1.4)%
		Building construction	160	7.7%	178	8.1%	122	5.4%	(38)		(2.3)%	(56)		(2.7)%	170	7.1%	48		1.7%
		Domestic	244	8.2%	268	8.6%	245	7.5%	1		(0.7)%	(23)		(1.1)%	280	8.2%	35		0.7%
		Overseas	1	8.7%	1	10.0%	1	11.4%	0		2.7%	0		1.4%	4	8.0%	3		(3.4)%
		Gross profit	246	8.2%	269	8.6%	246	7.5%	1	0.3%	(0.7)%	(23)	(8.4)%	(1.1)%	284	8.2%	38	15.3%	0.7%
SG&A expenses		Personnel	76		79		84		8			5			90		5		
		Nonpersonnel	89		90		96		7			6			98		3		
			165		169		180		15			11			188		8		
Operating profit			80	2.7%	100	3.2%	66	2.0%	(14)	(17.7)%	(0.7)%	(34)	(33.8)%	(1.2)%	96	2.8%	30	45.0%	0.8%
Non-operating income			27		20		22		(5)			2			21		(1)		
Non-operating expenses			6		6		10		4			4			7		(3)		
Ordinary profit			102	3.4%	114	3.7%	79	2.4%	(23)	(22.6)%	(1.0)%	(35)	(31.0)%	(1.3)%	110	3.2%	31	39.9%	0.8%
Extraordinary income			1		0		1		(0)			1			0		(1)		
Extraordinary losses			3		0		3		0			3			0		(3)		
Profit before income taxes			99		114		76		(23)	(23.4)%		(38)	(33.3)%		110		34	44.7%	
Income taxes-current			28		33		29		1			(4)			23		(6)		
Income taxes-deferred			1		3		(7)		(8)			(10)			11		18		
Profit			70	2.3%	78	2.5%	53	1.6%	(17)	(24.1)%	(0.7)%	(25)	(31.9)%	(0.9)%	76	2.2%	23	43.1%	0.6%

## 4.Statement of Income-3(Consolidated)

### Non-Operating Income and Extraordinary Income

#### Non-operating income

(100 millions of yen)

	A FY2022			B FY2023			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Interest and dividend income	8.5	23.9	(15.4)	9.4	20.0	(10.6)	0.9	(3.9)	4.7
Share of profit of entities accounted for using equity method	1.5	–	1.5	1.7	–	1.7	0.2	–	0.2
Foreign exchange gains	1.6	1.5	0.1	1.1	0.9	0.2	(0.5)	(0.6)	0.1
Other	1.9	1.8	0.2	1.6	1.4	0.2	(0.3)	(0.4)	0.0
<b>Non-operating income</b>	<b>13.5</b>	<b>27.2</b>	<b>(13.7)</b>	<b>13.8</b>	<b>22.3</b>	<b>(8.6)</b>	<b>0.3</b>	<b>(4.8)</b>	<b>5.1</b>
Interest expenses	2.1	2.3	(0.2)	3.8	4.3	(0.5)	1.7	2.0	(0.3)
Loss on sale of receivables	0.2	0.2	–	0.4	0.4	–	0.2	0.2	–
Commission for syndicated loans	2.1	2.1	–	2.7	2.7	–	0.6	0.6	–
Loss on investments in investment partnerships	0.9	0.9	–	1.2	1.2	–	0.3	0.3	–
Other	0.6	0.5	0.1	1.7	1.3	0.4	1.1	0.8	0.3
<b>Non-operating expenses</b>	<b>6.0</b>	<b>6.1</b>	<b>(0.1)</b>	<b>9.9</b>	<b>9.9</b>	<b>(0.1)</b>	<b>3.9</b>	<b>3.8</b>	<b>0.0</b>

#### Extraordinary income

(100 millions of yen)

	A FY2022			B FY2023			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Gain on sales of non-current assets	0.1	0.0	0.0	0.1	0.0	0.1	0.0	(0.0)	0.0
Gain on sales of memberships	0.8	0.8	0.0	0.0	–	0.0	(0.8)	(0.8)	(0.0)
Compensation for damage income	0.8	–	0.8	0.7	0.7	–	(0.1)	0.7	(0.8)
Other	0.0	0.0	–	0.0	0.0	–	(0.0)	(0.0)	–
<b>Extraordinary income</b>	<b>1.7</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>0.1</b>	<b>(0.9)</b>	<b>(0.1)</b>	<b>(0.8)</b>
Loss on retirement of non-current assets	0.4	0.0	0.4	0.2	0.0	0.2	(0.3)	(0.0)	(0.2)
Loss on valuation of shares of subsidiaries and associates	–	–	–	0.5	–	0.5	0.5	–	0.5
Provision of allowance for doubtful accounts	–	–	–	0.3	–	0.3	0.3	–	0.3
Compensation for damage	0.9	0.9	–	3.1	3.1	–	2.2	2.2	–
Loss on litigation	0.2	0.2	–	0.0	0.0	–	(0.2)	(0.2)	–
Expenses related to the anniversary project of subsidiary	–	–	–	0.8	–	0.8	0.8	–	0.8
Infectious disease related costs	0.4	0.3	0.1	–	–	–	(0.4)	(0.3)	(0.1)
Additional taxes	1.6	1.6	–	–	–	–	(1.6)	(1.6)	–
Other	0.3	0.2	0.0	0.4	0.2	0.2	0.2	(0.0)	0.2
<b>Extraordinary losses</b>	<b>3.7</b>	<b>3.2</b>	<b>0.5</b>	<b>5.2</b>	<b>3.3</b>	<b>1.9</b>	<b>1.5</b>	<b>0.1</b>	<b>1.4</b>

## 5. Subsidiaries Change

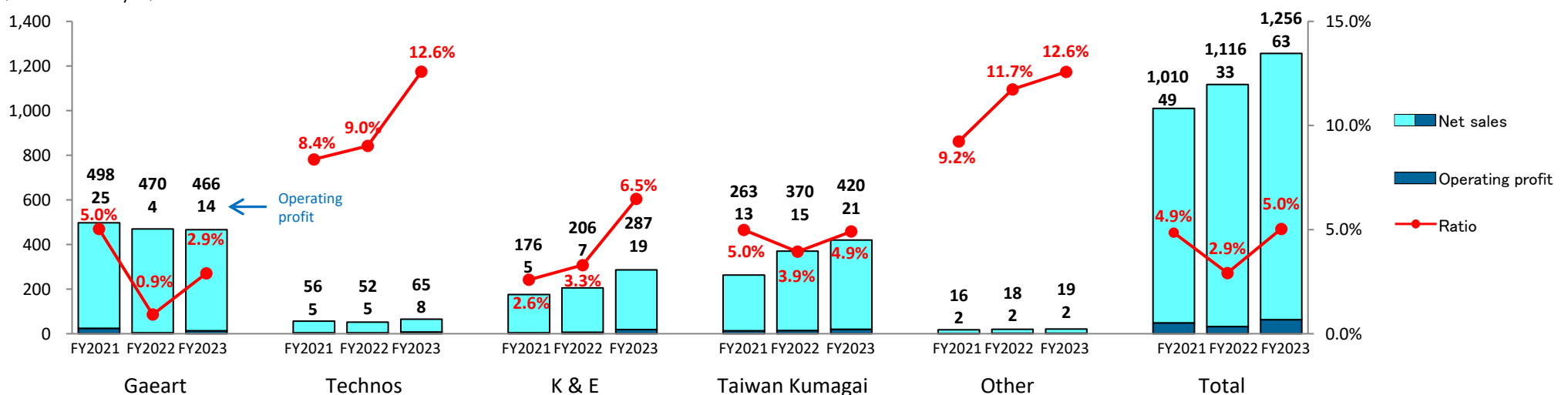
### Subsidiaries

(100 millions of yen)

	Gaeart Co., Ltd.			Technos Co., Ltd.			K & E Co., Ltd.		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Net sales	498	470	466	56	52	65	176	206	287
Operating profit	25	4	14	5	5	8	5	7	19
Ordinary profit	25	5	14	5	5	8	5	7	19
Profit	16	2	8	3	4	6	3	5	12

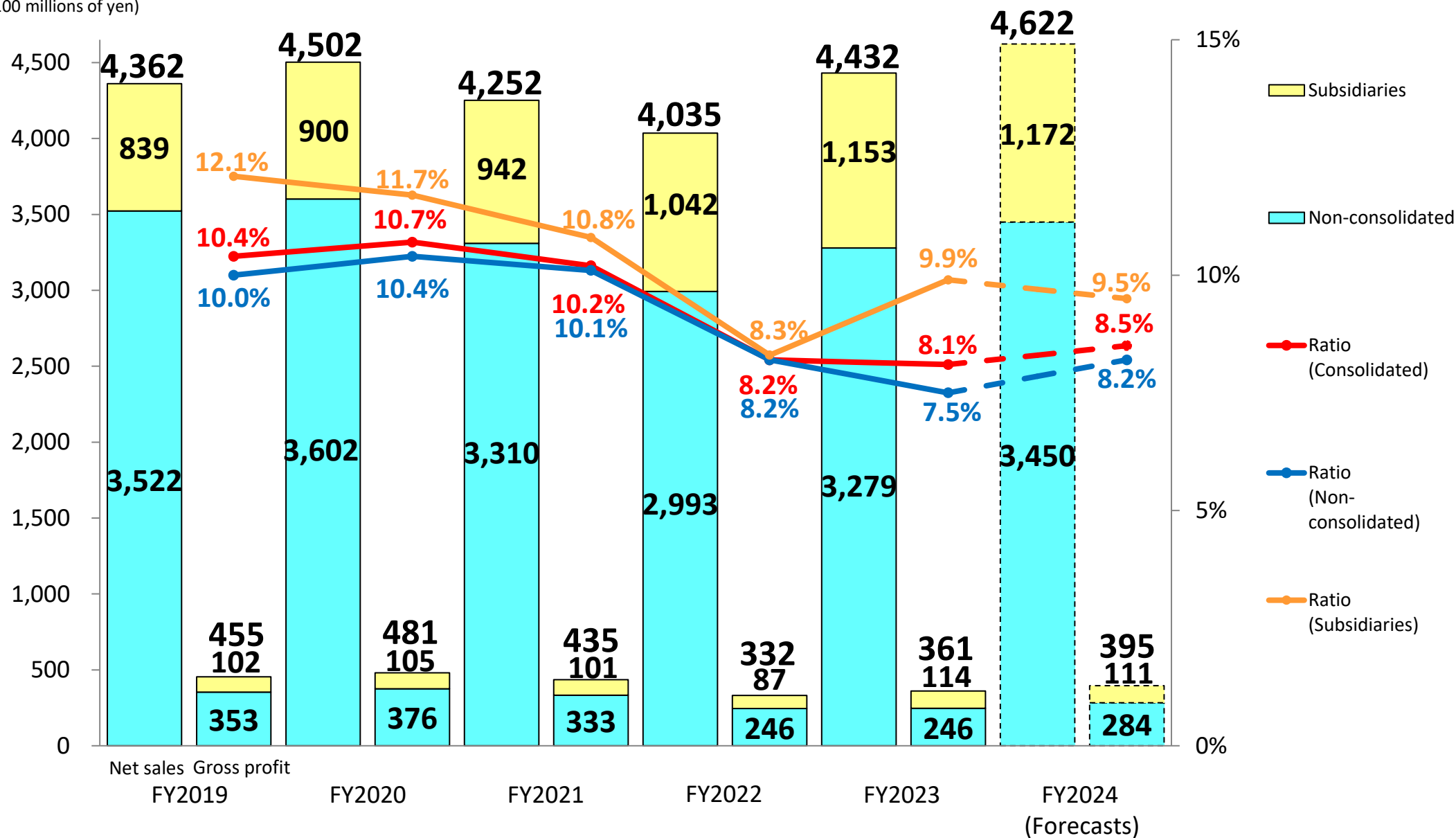
	Taiwan Kumagai Co., Ltd.			Other			Total		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Net sales	263	370	420	16	18	19	1,010	1,116	1,256
Operating profit	13	15	21	2	2	2	49	33	63
Ordinary profit	13	15	21	2	2	2	49	33	65
Profit	10	11	16	1	1	2	34	23	44

(100 millions of yen)

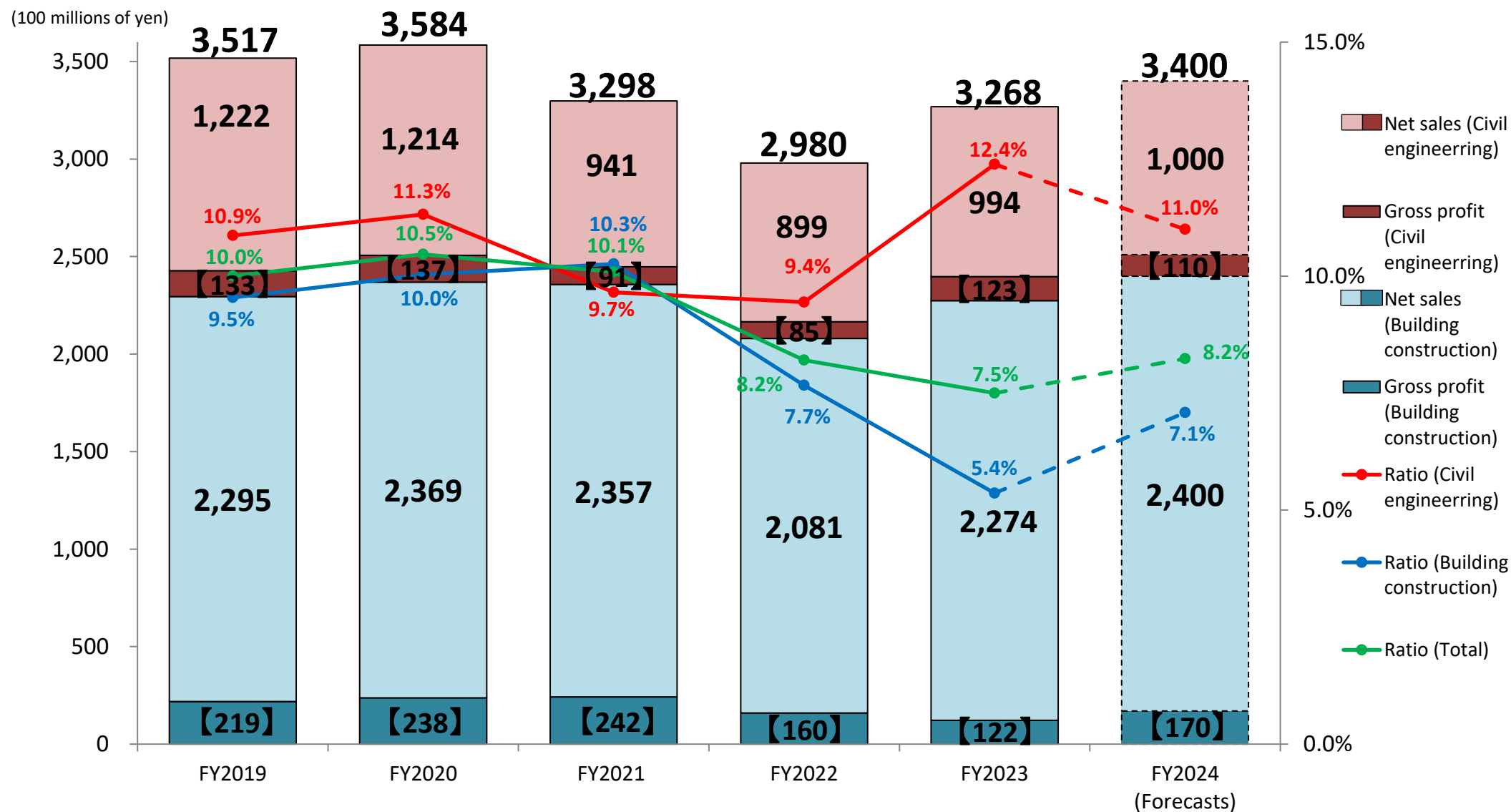


## 6.Net Sales and Gross Profit(Consolidated) Change

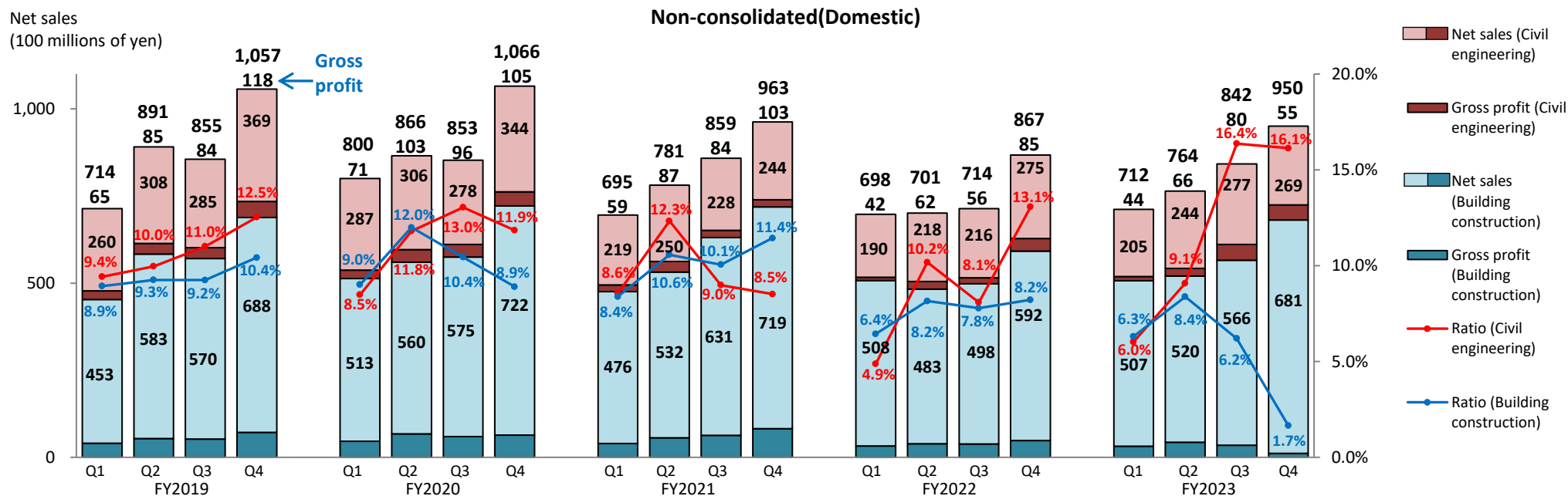
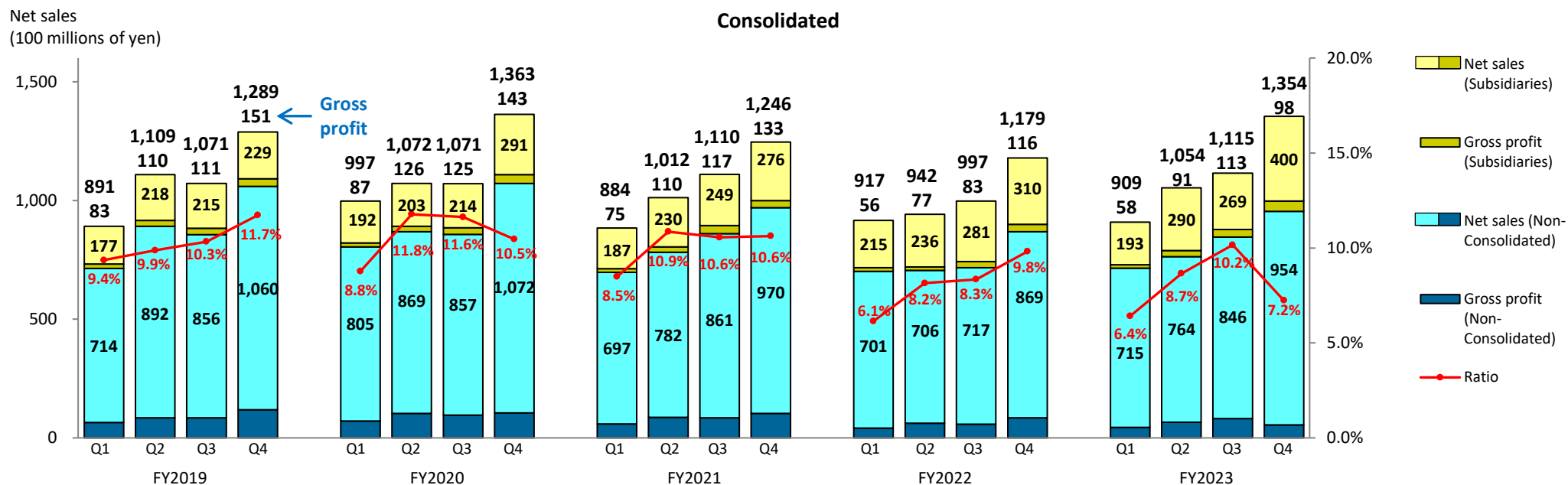
Net sales  
(100 millions of yen)



## 7.Net Sales and Gross Profit(Non-Consolidated) Change(Domestic)



# 8.Net Sales and Gross Profit(Consolidated and Non-Consolidated) Quarterly Change

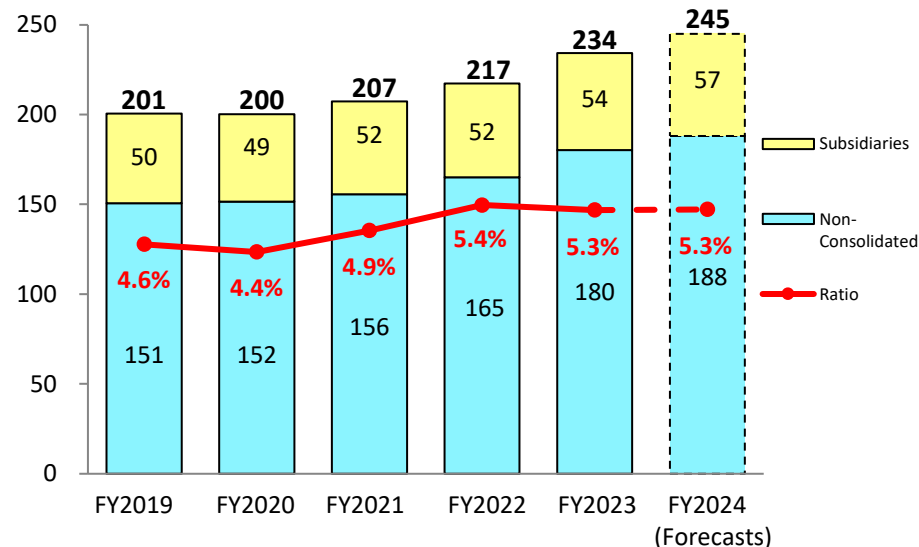




# 9.SG&A Expenses, Operating Profit and Ordinary Profit(Consolidated) Change

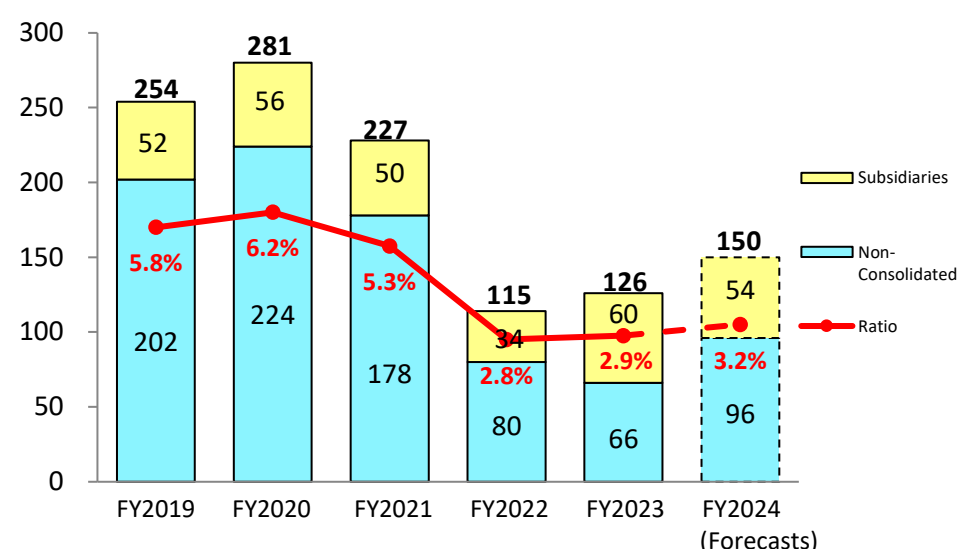
(100 millions of yen)

## SG&A expenses



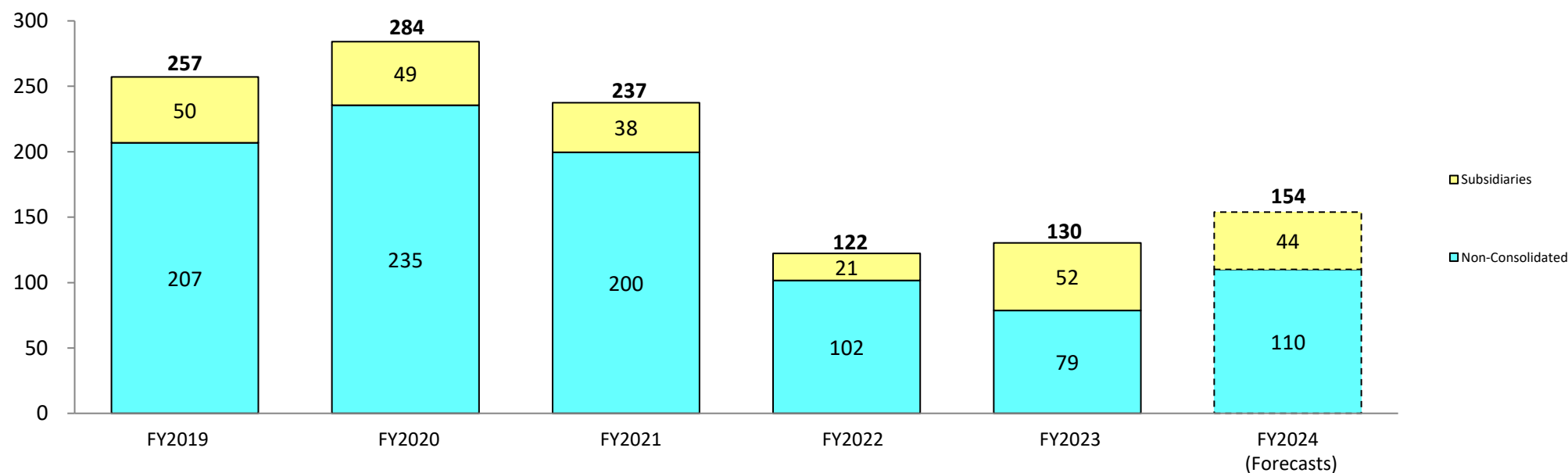
(100 millions of yen)

## Operating Profit



(100 millions of yen)

## Ordinary Profit



# 10. Balance Sheet-1 (Consolidated) Assets

Assets	(100 millions of yen)								
	A FY2022			B FY2023			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Cash and deposits	410	186	224	701	392	308	291	206	85
Notes receivable, accounts receivable from completed construction contracts and other	2,255	1,911	343	2,665	2,288	378	411	376	35
Costs on construction contracts in progress	104	92	13	85	74	11	(20)	(18)	(2)
Accounts receivable-other	192	179	13	221	216	5	29	37	(7)
Other	23	14	9	23	14	10	0	(1)	1
Allowance for doubtful accounts	(1)	(0)	(0)	(1)	(0)	(0)	(0)	(0)	(0)
Total current assets	2,983	2,382	601	3,695	2,983	712	712	601	111
Buildings and structures, net	97	57	40	98	58	39	1	2	(1)
Land	171	141	30	179	149	30	8	8	0
Other, net	26	12	13	21	9	12	(4)	(3)	(2)
Total property, plant and equipment	293	210	83	298	217	81	5	8	(3)
Intangible assets	15	14	1	16	14	2	1	0	1
Investment securities and Shares of subsidiaries and associates	341	374	(33)	486	517	(31)	145	143	2
Long-term loans receivable	3	3	0	69	67	1	66	64	1
Deferred tax assets	69	55	14	35	23	13	(34)	(33)	(1)
Other	64	7	57	76	8	68	12	1	11
Allowance for doubtful accounts	(2)	-	(2)	(2)	(0)	(2)	(0)	(0)	(0)
Total investments and other assets	476	440	36	664	615	49	188	175	13
Total non-current assets	784	663	121	978	846	131	194	183	11
Total assets	3,767	3,045	721	4,672	3,829	843	906	784	122

# 10. Balance Sheet-2 (Consolidated) Liabilities and Net Assets

## Liabilities and net assets

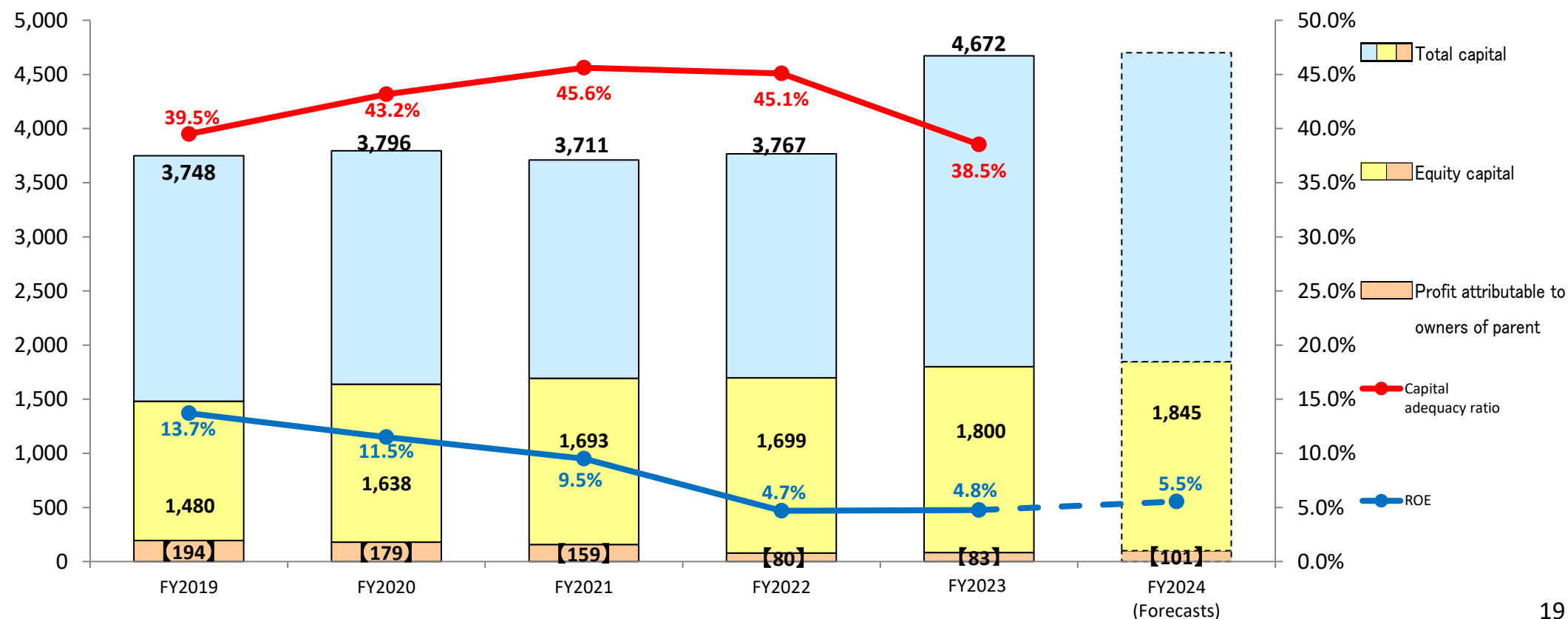
(100 millions of yen)

	A FY2022			B FY2023			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Notes payable, accounts payable for construction contracts and other	833	604	229	1,005	693	312	171	89	82
Electronically recorded obligations – operating	271	232	39	292	282	10	21	50	(30)
Short-term borrowings	39	57	(18)	109	107	2	70	50	20
Commercial papers	–	–	–	150	150	–	150	150	–
Income taxes payable	8	2	6	34	18	16	27	16	10
Advances received on construction contracts in progress	128	108	20	231	218	13	103	111	(7)
Deposits received	260	241	19	367	349	18	106	108	(1)
Provision for loss on construction contracts	10	10	0	38	38	0	28	28	0
Provision for bonuses	41	27	13	41	27	14	0	(0)	1
Other	119	105	14	168	140	27	49	36	13
<b>Total current liabilities</b>	<b>1,709</b>	<b>1,386</b>	<b>324</b>	<b>2,435</b>	<b>2,023</b>	<b>412</b>	<b>725</b>	<b>637</b>	<b>88</b>
Long-term borrowings	183	183	–	265	265	–	82	82	–
Retirement benefit liability	167	141	26	164	140	25	(3)	(1)	(2)
Other	9	5	3	8	6	2	(0)	1	(1)
<b>Total non-current liabilities</b>	<b>359</b>	<b>329</b>	<b>30</b>	<b>438</b>	<b>411</b>	<b>27</b>	<b>79</b>	<b>82</b>	<b>(3)</b>
<b>Total liabilities</b>	<b>2,068</b>	<b>1,715</b>	<b>353</b>	<b>2,872</b>	<b>2,433</b>	<b>439</b>	<b>804</b>	<b>719</b>	<b>86</b>
Total shareholders' equity	1,641	1,286	356	1,647	1,262	386	6	(24)	30
Total accumulated other comprehensive income	57	45	13	153	134	19	95	89	6
<b>Total net assets</b>	<b>1,699</b>	<b>1,330</b>	<b>368</b>	<b>1,800</b>	<b>1,396</b>	<b>405</b>	<b>102</b>	<b>65</b>	<b>36</b>
<b>Total liabilities and net assets</b>	<b>3,767</b>	<b>3,045</b>	<b>721</b>	<b>4,672</b>	<b>3,829</b>	<b>843</b>	<b>906</b>	<b>784</b>	<b>122</b>
(Capital adequacy ratio)	45.1%	43.7%	51.0%	38.5%	36.4%	48.0%	(6.6)%	(7.3)%	(3.0)%

# 11.Equity Capital(Consolidated) Change

Equity capital	(100 millions of yen)					
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecasts)
Equity capital	1,480	1,638	1,693	1,699	1,800	1,845
Total capital	3,748	3,796	3,711	3,767	4,672	—
Capital adequacy ratio	39.5%	43.2%	45.6%	45.1%	38.5%	—
Profit attributable to owners of parent	194	179	159	80	83	101
ROE	13.7%	11.5%	9.5%	4.7%	4.8%	5.5%

(100 millions of yen)

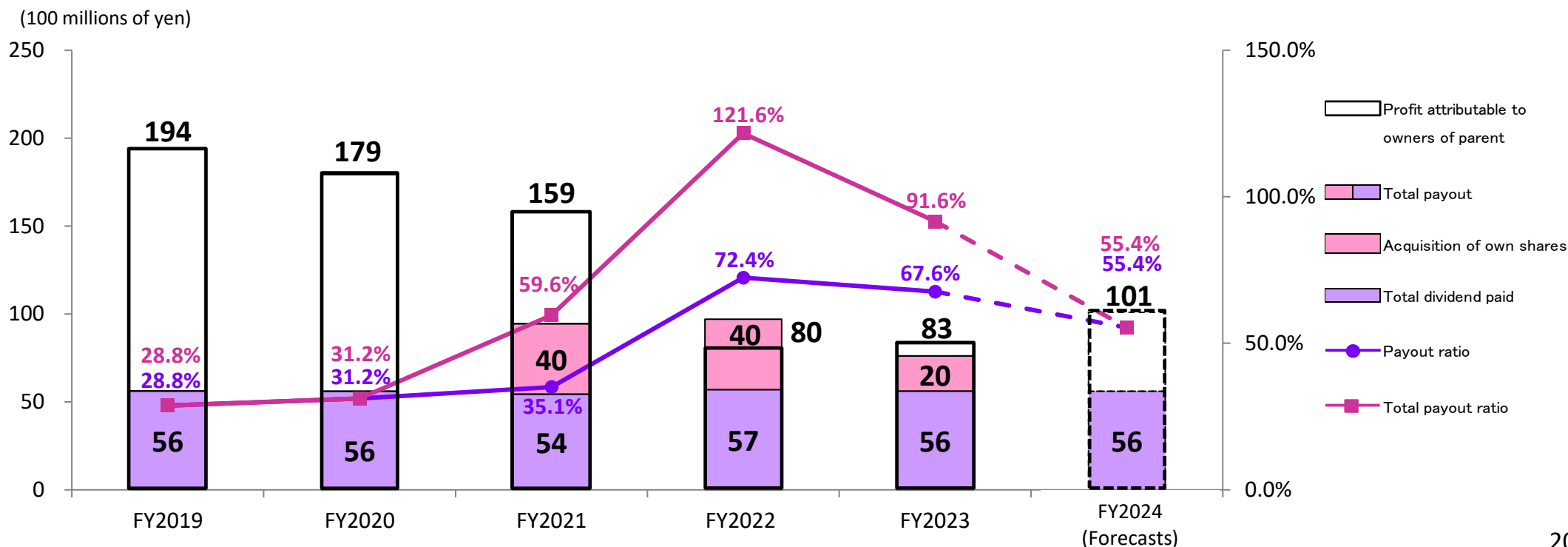


## 12. Shareholder return (Consolidated) Change

Status of dividends and own share acquisition

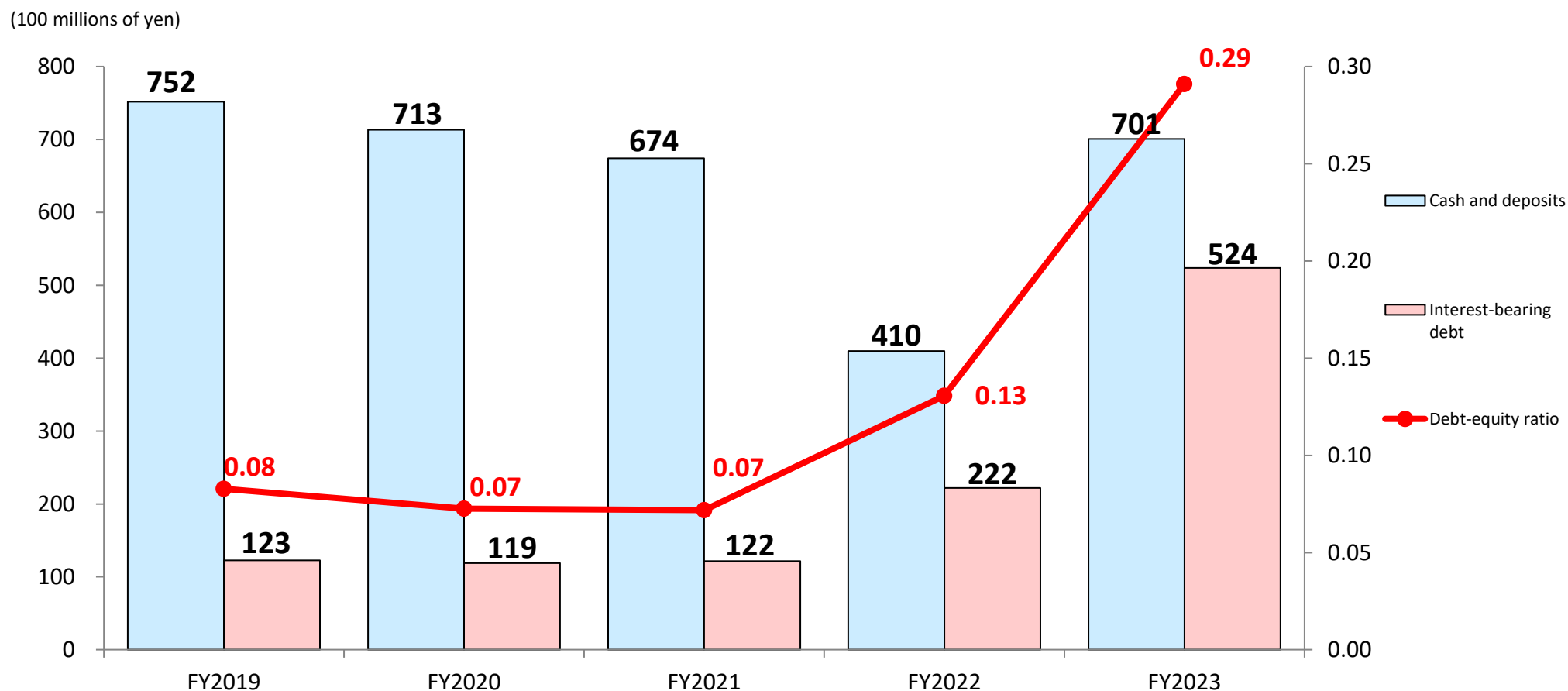
(100 millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecasts)
Number of shares issued	46,805,660 shares	46,805,660 shares	45,411,660 shares	43,900,360 shares	43,285,560 shares	43,285,560 shares
Number of treasury shares	45,563 shares	52,116 shares	58,169 shares	62,644 shares	69,781 shares	69,781 shares
Dividend per share	120.00 yen	120.00 yen	120.00 yen	130.00 yen	130.00 yen	130.00 yen
Total dividend paid	56	56	54	57	56	56
Profit attributable to owners of parent	194	179	159	80	83	101
Basic earnings per share	417.35 yen	384.69 yen	342.13 yen	179.64 yen	192.36 yen	234.84 yen
Payout ratio	28.8%	31.2%	35.1%	72.4%	67.6%	55.4%
Acquisition of own shares	—	—	40	40	20	—
Total payout	—	—	94	97	76	—
Total payout ratio	28.8%	31.2%	59.6%	121.6%	91.6%	55.4%



# 13. Interest-Bearing Debt (Consolidated) Change

Interest-bearing debt					(100 millions of yen)
	FY2019	FY2020	FY2021	FY2022	FY2023
Interest-bearing debt	123	119	122	222	524
Equity capital	1,480	1,638	1,693	1,699	1,800
Debt-equity ratio	0.08	0.07	0.07	0.13	0.29



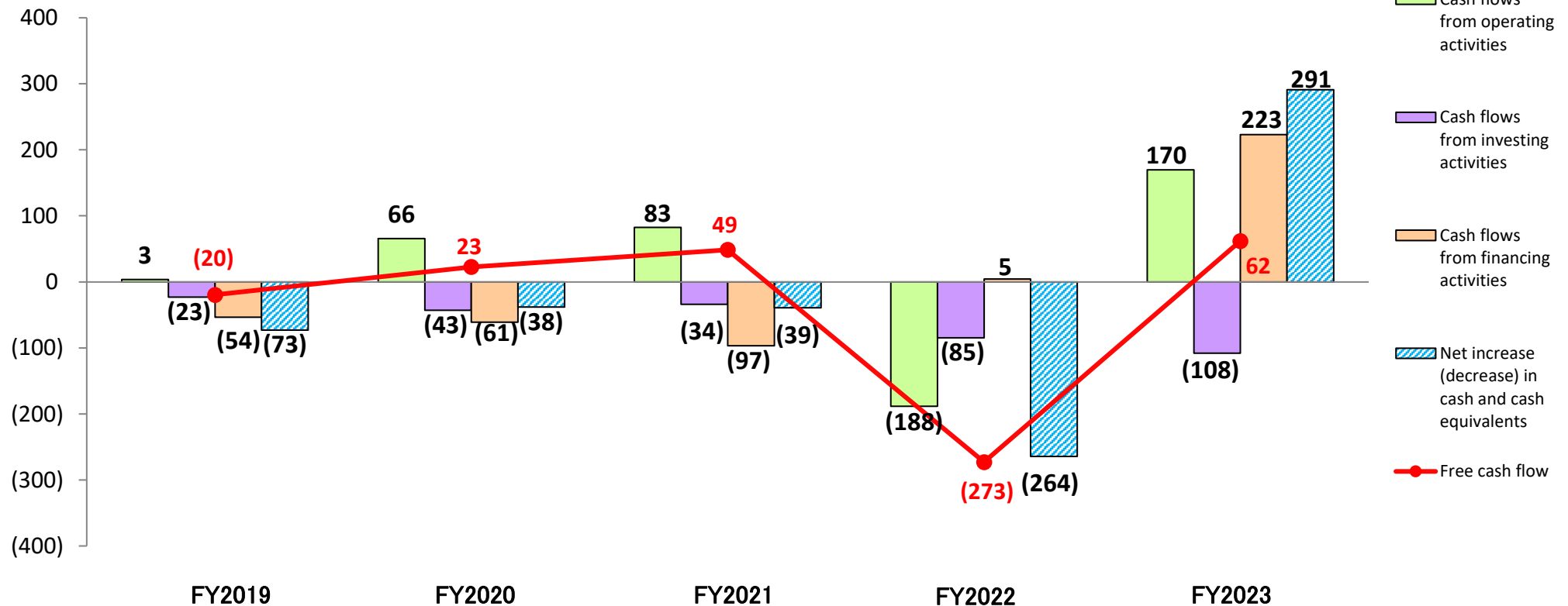
# 14.Cash Flows(Consolidated) Change

## Cash Flows

(100 millions of yen)

	FY2019	FY2020	FY2021	FY2022	FY2023
Cash flows from operating activities	3	66	83	(188)	170
Cash flows from investing activities	(23)	(43)	(34)	(85)	(108)
Cash flows from financing activities	(54)	(61)	(97)	5	223
Net increase (decrease) in cash and cash equivalents	(73)	(38)	(39)	(264)	291

(100 millions of yen)



# 15.Capital Investment, Depreciation and Research and Development Expense(Consolidated) Change

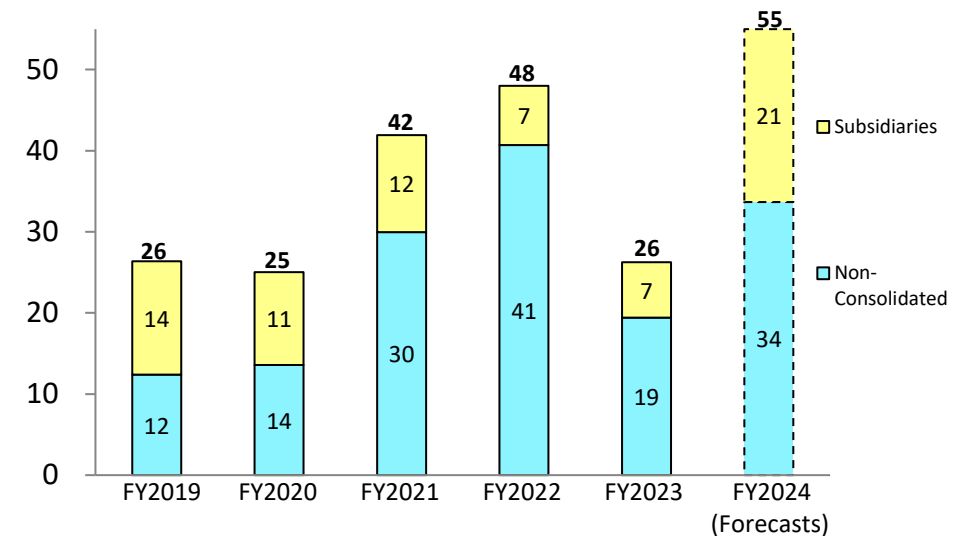
Capital investment and other (100 millions of yen)

	FY2019	FY2020	FY2021
Capital investment	26	25	42
Depreciation	21	20	20
Research and development expense	26	27	27

	FY2022	FY2023	FY2024 (Forecasts)
Capital investment	48	26	55
Depreciation	19	20	21
Research and development expense	28	31	34

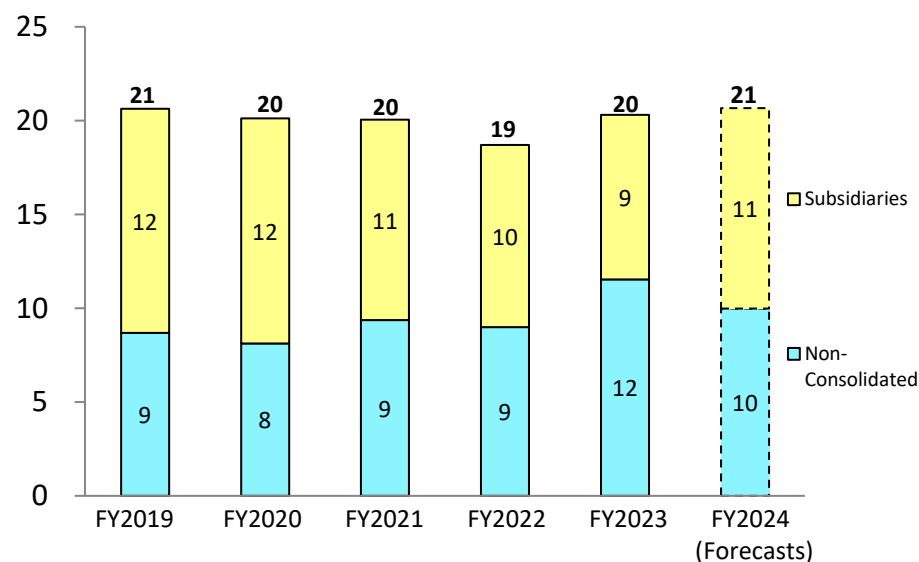
(100 millions of yen)

Capital investment



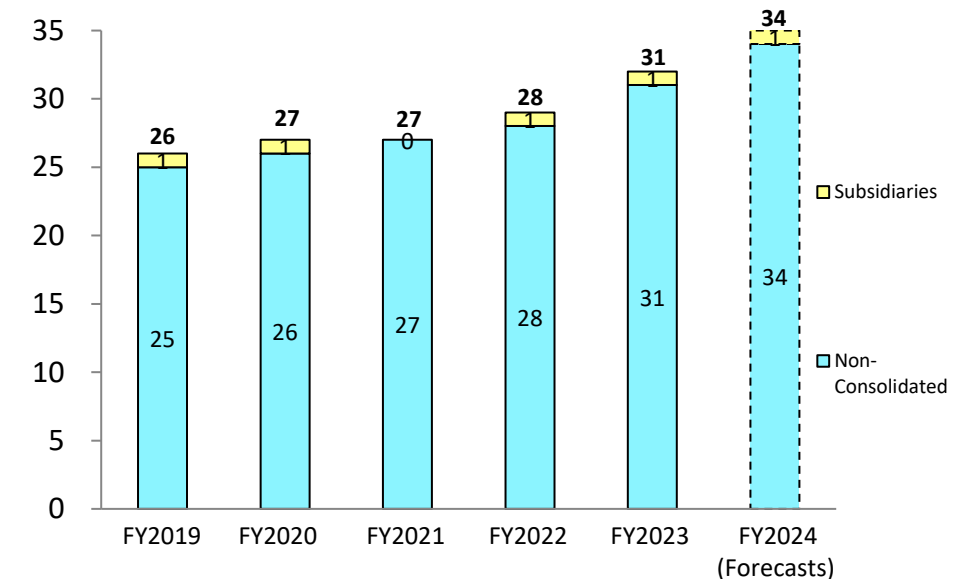
(100 millions of yen)

Depreciation



(100 millions of yen)

Research and development expense





# 16. Initiatives to Enhance Corporate Value

## Mid-Term Management Plan(FY2021–2023)

- ✓ **Cost of shareholders' equity:** A value around 6% is assumed.
- ✓ **Profit allocation:** We take a basic policy of returning profit appropriately and stably.
- ✓ **Acquisition of own shares:** Around 10 billion yen (Performed)
- ✓ **Capital efficiency:** ROE12% (Mid-Term Management Plan FY2021-2023)

<Changes in major financial indicators[consolidated]>

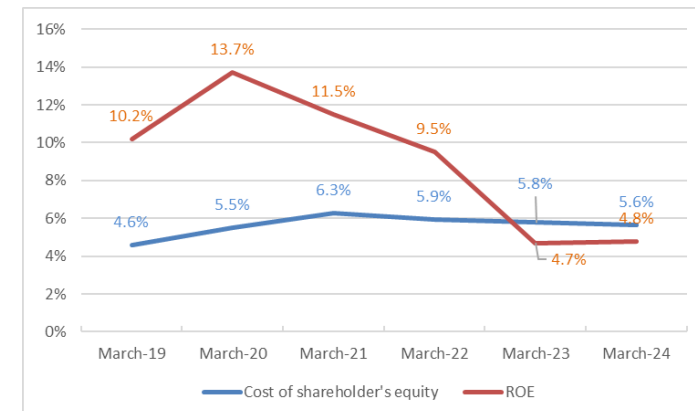
(100 millions of yen)

	FY2021	FY2022	FY2023
Sales	4,252	4,035	4,332
Ordinary Profit	237	122	130
Dividend Payout Ratio	35.1%	72.4%	67.6%
Acquisition of own shares	40	40	20
Total payout ratio	59.6%	121.6%	91.6%
ROE	9.5%	4.7%	4.8%

<Changes in share prices and PBR>



<Changes in Cost of shareholders' equity and ROE>



# 17. Invest Portfolio and Shareholder Return in Mid-Term Management Plan (FY2024-2026)

## Shareholder Return

- In order to enhance corporate value, we strive to optimize capital efficiency while maintaining financial integrity with an equity ratio of approximately 45%. Our basic policy is to consistently and reliably return profits to shareholders.
- We are targeting a payout ratio of 40%, but will flexibly consider additional returns, including the purchase of treasury shares, depending upon changes in the business environment and the progress of individual business strategies and investments.

### Shareholder Return: JPY 18 billion scale\*

Dividend Payout Ratio  
Approx. 40 %  
Our basic policy is to return profits in a reasonable and stable manner.

Equity Ratio  
Approx. 45 %  
Striving to balance financial soundness and capital efficiency.

\*Dividend amount based on financial results from 2023 through 2025. Dividends for the last year of the plan (FY2026) are not included.

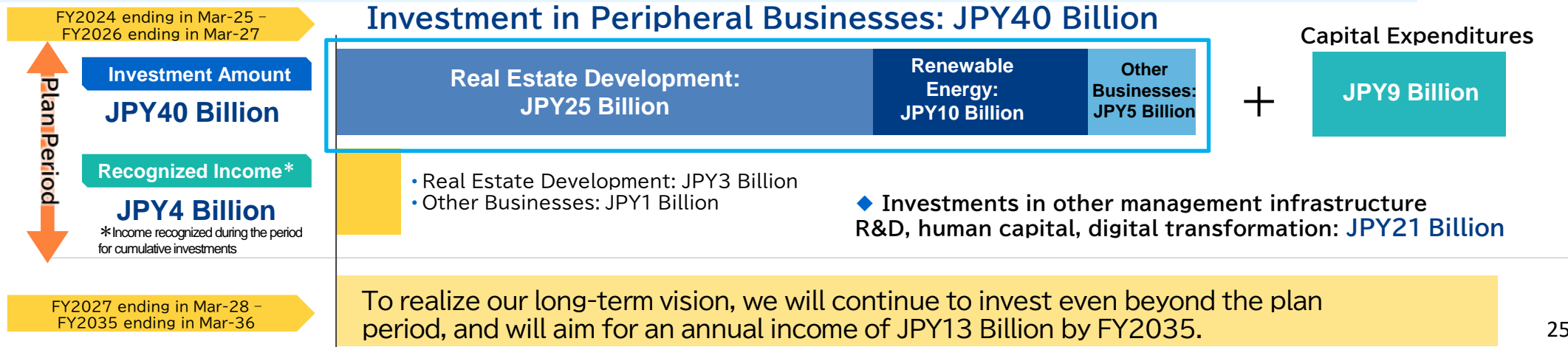


## Investment Portfolio

- We plan to invest JPY40 billion in peripheral businesses and JPY9 billion in capital expenditures during the plan period.
- Returns from the previous investment will be partially realized during the period.
- An Investment Strategy Committee chaired by the Kumagai Gumi president will be set up as a management council starting in FY2024 to study, formulate, and monitor company-wide investment strategies, while inviting outside advisors as committee members who can provide guidance.
- Investments will also be expanded in order to enhance the management infrastructure.

## External Advisor

**Nobuo Sayama**  
Partner and Representative Director, Integral Corporation  
Chairman and Representative Director, Skymark Inc.  
Professor, School of Business Administration, Hitotsubashi  
Specially Appointed Professor, Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University etc.  
  
March.2024/Partner of Integral Corporation (current position)  
Apr. 2024/Specially Appointed Professor, Graduate School of Management, Kyoto University (present post)



# 18. Alliance with Sumitomo Forestry

~ Major achievements related to the medium- and large-scale wooden construction projects ~



## “Wood Design Award 2023” 2 awards

The company jointly developed component “KS Wood Buckling Restrained Brace” and construction facility “H<sup>1</sup>O Shiba Park” received the Wood Design Award 2023. The Wood Design Award, sponsored by the Japan Wood Design Association, is a commendation system for recruiting, evaluating, and awarding excellent buildings, spaces, products, activities, mechanisms, and research, with the purpose of rebuilding the quality and value of wood with the power of design. Wood Design refers to activities aimed at resolving social issues by using wood.



KS Wood Buckling Restrained Brace



H<sup>1</sup>O Shiba Park

## Medium- and large-scale wooden construction projects 熊谷組 × 住友林業 × = with TREE

In the medium- and large-scale wooden construction projects, the main target of the Collaboration, the two companies launched the medium- and large-scale wooden construction brand “with TREE” in March 2021, and through the formation of a joint venture with Sumitomo Forestry and cooperation in material procurement, have built up a track record, winning several collaborative projects, including the H<sup>1</sup>O series of office buildings and public facilities.

On April 29, 2024, the first “KININARU BLDG.” (former name: tentative name KAGA Project/Sapporo: fireproof wooden building with one basement floor and 10 floors above ground), which was constructed by a joint venture with Sumitomo Forestry, opened.



KININARU BLDG.  
Floors made of wood hybrid laminated wood (10F)

Construction name	Project owner	Structure/Floors	Use	Description of collaboration with Sumitomo Forestry
(Provisional name) H1O Gaien-mae new construction	Nomura Real Estate Development Co., Ltd.	Seven-story RC/W building with a penthouse floor	Office	Procuring wood materials
(Provisional name) H1O Shiba Koen new construction	Nomura Real Estate Development Co., Ltd.	13-story S/W building	Office	Procuring wood materials
Yuzukushi Salon Ichinobo Seiryu-Kan rooms renovation	Ichinobo Co., Ltd.	Seven-story / two-story SRC building	Accommodation	JV, Cooperation of Sumitomo Forestry Home Tech Co., Ltd.
KAGA project new construction	Beppo Corporation	Ten-story / one-story S/SRC building	Office	JV, procuring wood materials
Okawa-so, Tsukimi-tei, Koso renovation	Okawa-so	Seven-story / one-story SRC building	Accommodation	Cooperation of Sumitomo Forestry Home Tech Co., Ltd.
2025 Osaka Expo pavilion construction	Tamayama Digital Tech Co., LTD	S building	Exposition building	Plan to procure wood materials
Prefectural government building second annex new construction	Ehime	Eleven-story / one-story S building	Government building, assembly hall	ZEB (net zero energy building), CLT (cross laminated timber) earthquake-resistant wall
Midorigaoka elementary school separate new building construction	Yachiyo city	Three-story RC/W building	School building, gymnasium	JV
Kirishima Onsen AMA-TERAS renovation	FUJI RESORT Co., LTD	RC/W building	Accommodation	Cooperation of Sumitomo Forestry Home Tech Co., Ltd.

# 19. Alliance with Sumitomo Forestry

~Joint Achievements(FY2018-2023) and Targets for Mid-term Management Plan(FY2024-2026)~

## Joint Achievements(FY2018-2023)

## Targets for Mid-term Management Plan(FY2024-2026)

### Lignification and Green Building Projects



Cumulative  
Orders Received  
JPY97 Billion\*1

Cumulative  
Sales  
JPY71 Billion

Gross Profit from  
Completed  
Construction  
JPY4.4 Billion

#### Launch of the "with TREE" Brand



➡As a result, together we won several wooden construction contracts, including the H1 O series of office buildings and public facilities, through JV formation and cooperation in material procurement.

#### Introduced "One Click LCA" CO2 Calculation Software

➡Visualizing the benefits of reducing environmental impact and receiving orders for joint projects.

#### Value-added Proposals for Building Green

➡As a result, we won orders for environmental green building projects for residences, university facilities and office buildings (PREX series) through our joint efforts.

Orders Received  
JPY120 Billion

Sales  
JPY100 Billion

Gross Profit from  
Construction  
JPY9 Billion\*3

●Strive to further reinforce the two pillars of our alliance: the "with TREE" brand, and environmentally green building construction.

●Strengthen proposals for various CO2 reduction technologies to meet customer needs.

●Expanding orders for large-scale projects through greening proposals. Promote environmental real estate initiatives and orders

### Renewable Energy



Accumulated  
Investment  
JPY300 Million\*2

#### Production and sales of "Black Bark Pellets" (BBP)

➡"Local Energy System Corporation" The operating company was established in May 2023 and upon the construction of their first plant, located in Saijo City, Ehime Prefecture, began to manufacture BBP (Black Bark Pellet).

Amount  
Invested  
JPY10 Billion  
Scale

Recognized  
Revenue  
Approx. \*4  
JPY3 Billion

●Establishment of "Black Bark Pellet Business" base, manufacturing and sales business. (Production and sales are scheduled to begin in FY2026.)

●Participation in renewable energy projects.

●Continued investment in overseas real estate development businesses and domestic real estate development business.

●Real estate fund investment, including participation in income-generating projects and development projects in fast-growing Southeast Asia and environmentally conscious Europe and the United States

●Sumitomo Forestry, NTT Urban Development, and Kim Oanh Group, a leading local real estate developer, collaborate to launch Hoa Lanh Township development project in Vietnam

### Overseas Business



Accumulated  
Investment  
JPY7 Billion\*2

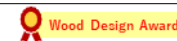
#### Structure ESG-friendly real estate and wood building development projects in the U.S., Australia and Europe

➡Kumagai Gumi invested in the ESG-friendly real estate fund structured by Sumitomo Forest and Crescent Communities.

#### Joint participation in development projects in Southeast Asia - Indonesia and Vietnam

➡We jointly participated in commercial complex development projects in Indonesia.

#### Joint Development of "KS Wood Buckling Restrained Brace"



➡Winner of the Wood Design Award 2023

#### Development of general-purpose design technology for high-rise wooden buildings to increase demand for wood (PRISM).

#### Research on labor saving through automation of forestry machinery systems (the operations of this systems will be applied on the moon)

●Adoption of "KS Wood Buckling Restrained Brace" and various other developed technologies in properties

●Promote technological developments that can help create a decarbonized society, including the development of wood-based construction technologies.

Synergies expansion

### Joint Research and Development



\*1 Includes projects which both companies were involved in from the design stage and contributed to the orders received by our Group companies.

\*2 Our investment in the project in which both companies participate.

\*3 Aim for a profit margin of 9% or more.

\*4 Revenue recognized during the period on the cumulative investments.



# 20. Alliance with Sumitomo Forestry

## ~Initiatives in the Mid-term Management Plan(FY2024-2026)~

### Policies

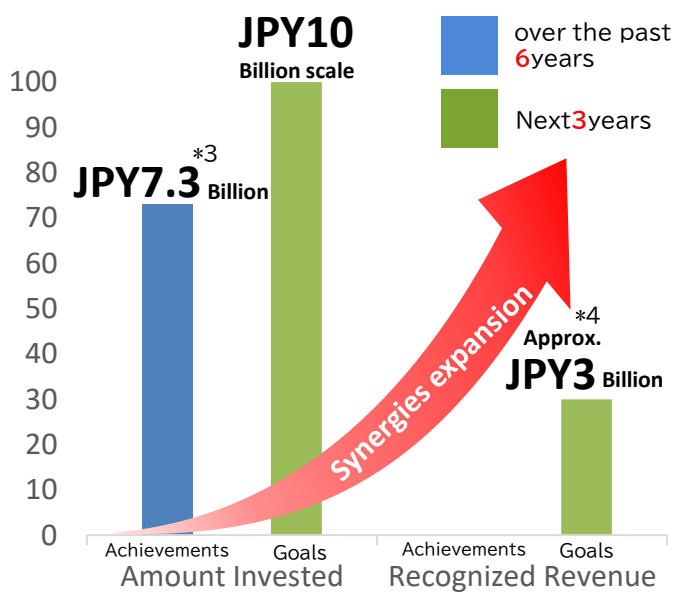
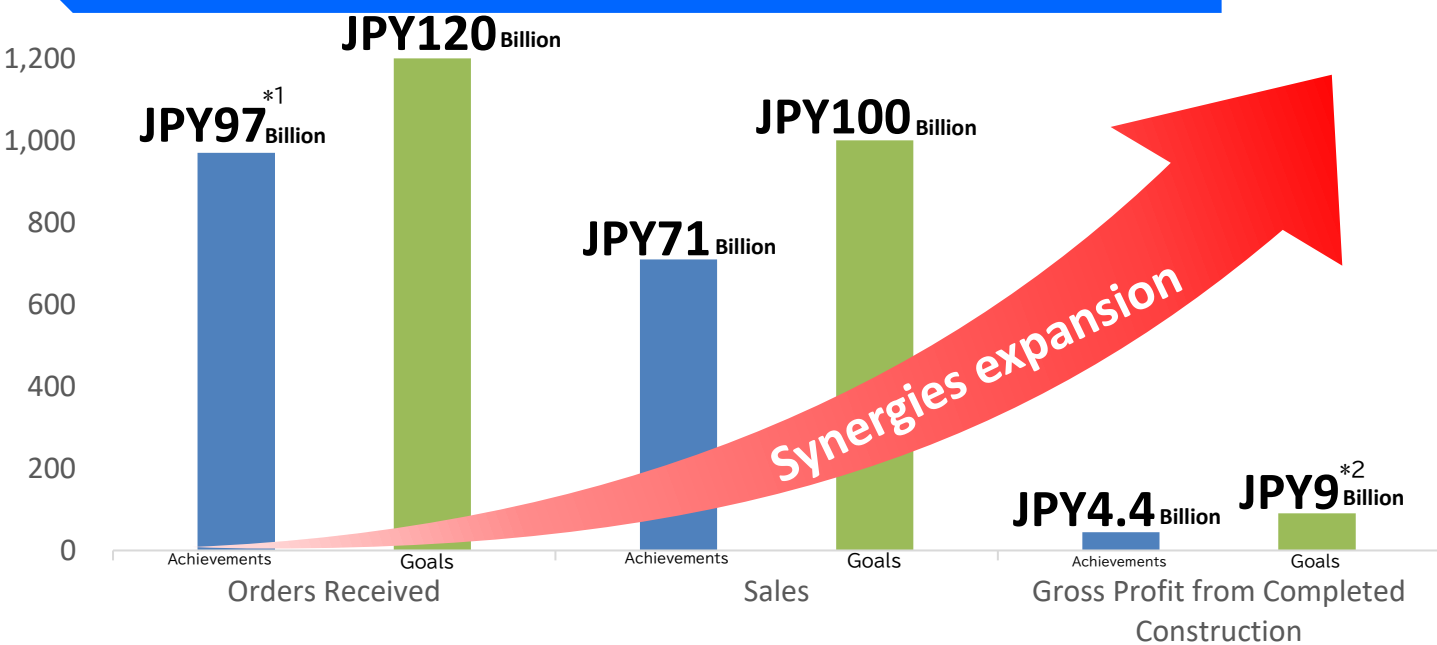
- In the medium- to large-scale wooden construction business, Kumagai Gumi aims to further increase orders by leveraging the knowledge and project proposal capabilities it has accumulated through its collaboration with Sumitomo Forestry, as well as Sumitomo Forestry's brand power in wooden construction.
- We also aim to expand our business domain both by continuing to invest in overseas real estate development, which is one of Sumitomo Forestry's fortes, and by considering participation in environmentally friendly real estate businesses in Japan.

- **Construction**
  - Strive to further reinforce the two pillars of our alliance: the "with TREE" brand, and environmentally green building construction.
  - Strengthen proposals for various CO2 reduction technologies to meet customer needs.
- **Investment**
  - Continued investment in overseas real estate development businesses and domestic real estate development business.
  - Establishment of "Black Bark Pellet Business" base, manufacturing and sales business.
  - Participation in overseas renewable energy projects.
- **Technological Development**
  - Promote technological developments that can help create a decarbonized society, including the development of wood-based construction technologies.



### Achievements(over the past 6 years)and Goals(Next 3 years)

~ We are committed to creating further synergies. ~



<sup>\*1</sup>Includes projects which both companies were involved in from the design stage and contributed to the orders received by our Group companies. <sup>\*2</sup> Aim for a profit margin of 9% or more. <sup>\*3</sup> Our investment in the project in which both companies participate. <sup>\*4</sup> Revenue recognized during the period on the cumulative investments.

# 21. ESG Initiative Direction

● **As of May 2024, we have revised the key issues and reviewed specific issues.**

1

Kumagai Gumi identifies material issues to be resolved from the perspective of Environment, Social, and Governance, and pursue sustainable business activities.

2

Kumagai Gumi creates new value by leveraging the Group's technologies, experience and expertise. We engage in business activities that contribute to the resolution of social issues represented by SDGs.

3

Through its business activities, Kumagai Gumi aims to build relationships of trust with its stakeholders and increase its corporate value.

Revision of Key issues (Materiality)

In May 2024, we specified Key issues again considering recent social trends. In the same time, we revised Specific issues that are risks or opportunities with a medium to long-term perspective in mind.

1.Changes in the external environment

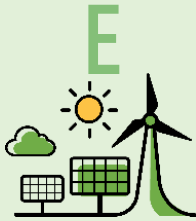


Our group’s business has been affected, such as intensification natural disasters, the impact of the COVID-19 pandemic, certain regions are concerned about political and military tensions, such as Russia’s attacks on Ukraine.

2.Demand from society

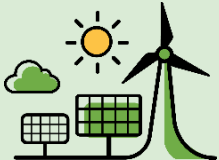
We conducted dialogues to gather input from stakeholders such as investors, customers, and employees.

# 22. ESG Initiative Direction - Key Issues and Specific Issues

As of May 2024, we have revised the key issues and reviewed specific issues.

	Key Issues	Specific Issues	SDGs
	Response to Climate Change Risks	Accomplishment of carbon neutrality. Further increase renewable energy business.	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div>
	Promote Environmentally Friendly Business	Accomplishment of zero emissions. Boost wooden construction business. Development of environmentally friendly technologies. Accomplishment of Nature Positive.	<div>14 LIFE BELOW WATER</div> <div>15 LIFE ON LAND</div>
	Creating the well-being workplace For all employees	Human capital management. Handing down skills and technologies. Promotion of DX. Achieve work-life balance. Promotion of diversity and inclusion. Securing skilled workers in the construction industry. Create an environment of wellness. Occupational Health & Safety.	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>
	Achievement of Sustainable Communities	Ensure quality and integrity in manufacturing. Attractive communities development. Development of resilient social infrastructure. Initiatives to solve social issues. Initiatives for emergencies such as natural disasters.	
	Enhancing of Corporate Governance	Strengthening compliance. Strengthening risk management. Improvements of the effectiveness of the board of directors. Respect for human rights.	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>
	Proactive Relationships with Multi-stakeholders	Strengthening customer satisfaction. Strengthening supply chain management. Strengthening information disclosure. Active dialogue with investors.	


# 22.Key Issues・Specific Issues Indicators and Targets <Environment>

E		Key Issues(Materiality)	Specific Issues	<div>SDGs</div> <div> <div>7</div> <div>13</div> <div>14</div> <div>15</div> </div>
<div>  </div>		<div>Response to Climate Change Risks</div> <div>Promote Environmentally Friendly Business</div>	<div>①Accomplishment of carbon neutrality</div> <div>②Further increase renewable energy business</div> <div>③Accomplishment of zero emissions</div> <div>④Boost wooden construction business</div> <div>⑤Development of environmentally friendly technologies</div> <div>⑥Accomplishment of nature Positive</div>	
Business initiatives		KPI		Targets By the end of mid-term management plan
① Activities to reduce Co2 emissions.		Reduction Rate for Scope 1+2. Reduction Rate for Scope 3. (FY 2019 Standard)		▶ Scope 1+2: 42% reduction. Scope 3: 25% reduction. (Target for FY2029)
② Enhance of renewable energy business.		The number of initiatives in the renewable energy business.		▶ 10 or more in Japan; 4 or more in other countries.
③ Mixed waste reduction.		Total mixed waste discharge rate.		▶ 2% or less each FY.
④ Initiatives and orders received in the wood structure business.		The number of orders received. (Domestic) The number of investments. (Overseas)		▶ 3 or more. (Domestic) 3 or more. (Overseas)
⑤ Strengthening R&D carbon neutrality.		The number of new R & D initiatives.(New projects begun)		▶ 6 or more.
Initiatives for environmentally friendly architecture. (ZEB, etc.)		The number of environmental proposals.		▶ 6 or more.
⑥ Initiatives for nature positive. Quality and Environment Management. System operation and improvement.		The number of decarbonized fuel development and establishment of sales base. Serious environmental accidents during construction.		▶ 2 or more. 0 cases.



# 22. Key Issues・Specific Issues Indicators and Targets <Society>

S



Key Issues(Materiality)

Creating the well-being workplace for all employees.

Achievement of sustainable communities.

Specific Issues








①Human capital management.  
②Handing down skills and technologies.  
③Promotion of DX.  
④Achieve work life balance.

⑤Promotion of diversity and inclusion.  
⑥Securing skilled workers in the construction industry.  
⑦Create an environment of wellness  
⑧ Occupational Health & Safety

⑨Ensure quality and integrity in manufacturing  
⑩Attractive communities development.

⑪Development of resilient social infrastructure.  
⑫Initiatives to solve social issues  
⑬Initiatives for emergencies such as natural disasters


SDGs



Business initiatives		KPI	Targets By the end of mid-term management plan	
①	The number of new graduates hired. Increase employee engagement.	The number of new graduates hired. Engagement rating.	▶	Review each FY. BB
②	Support for acquiring national qualifications.	Rate of acquisition of first-class engineering works. (Civil engineering) (Architectural construction) Rate of acquisition of First-Class Architect qualifications. (Design)	▶	90% or more each FY. Increase by 1% every year. Increase by 1% every year.
③	Standardization of ICT to improve on-site management efficiency. Renovation of core systems.	Rate of new on-site implementation. Rate of progress of system development.	▶	100% each FY. 100% each FY.
④	Balance work and private life. Efforts to efficiency and standardization operations.	Encouraging the use of paid time off. The number of work overtime.	▶	8 days off in a 4-week (on-site) each FY. 30 hours or less each FY.
⑤	Action plan for supporting women’s engagement at work place.	Rate of new female managers; Rate of men taking paternity leave.	▶	7% or more each FY. 70% or more each FY.
⑥	Securing persons by visiting the site to the public.	Holding site/workplace tours.	▶	100% or more each FY.
⑦	Health care for employees.	Secondary health checkup rate.	▶	100% each FY.
⑧	Improving safety management standards.	Frequency rate.	▶	0.5 or less each FY.
⑨	Establishment of internal and external systems to prevent legal violations.	The amount of serious legal violations.	▶	0 cases.
⑩	Expansion of real estate business. Initiatives for urban redevelopment.	The number of income-producing real estate business participation projects. The number of initiatives.(Number of un official offer and construction in progress)	▶	3 or more. (Domestic)/1 or more. (Overseas) 6 or more.
⑪	Solving social issues in Asian countries. Infrastructure development to respond to various natural disasters.	The number of orders for infrastructure development projects. The number of initiatives.	▶	2 or more. 20 or more.
⑫	R&D with an eye on the future of society. Creation of new business. Smile project.	The number of new R&D initiatives. The number of initiatives. The number of projects with employee participation. (Total number)	▶	6 or more. Commercialization of 2 or more. Increase numbers of participation projects. (compared to previous FY)
⑬	R&D for emergencies such as natural disasters.	The number of developments.	▶	2 or more.

22. Key Issues・Specific Issues Indicators and Targets <Governance>

G



Key Issues(Materiality)

Enhancing of corporate governance.

Proactive Relationships with Multi-stakeholders.

Specific Issues





①Strengthening compliance.  
②Strengthening risk management.

③Improvement of the effectiveness of board meetings.  
④Respect for human rights.

⑤Strengthening customer satisfaction.  
⑥Strengthening supply chain management.

⑦Strengthening enhancing information disclosure.  
⑧Active dialogue with investors.

SDGs



Business initiatives		KPI	Targets By the end of mid-term management plan	
①	Establishment of internal and external systems to prevent legal violations.	The amount of serious legal violations.	▶	0 cases.
②	Confirming employee safety in the event of a large-scale disaster.	Safety confirmation system response rate during training.	▶	100% each FY.
③	Evaluate and improve effectiveness of the Board of Directors.	Evaluations by internal and outside experts.	▶	Improved evaluation.
④	Initiatives to prevent and mitigate human rights risks.	Conduct human rights due diligence.	▶	Expansion of target companies.
⑤	Improvement of CS.	Customer satisfaction.	▶	100% each FY.
⑥	Compliance with Procurement Policy and Guidelines.	The number of irregular transactions.	▶	0 cases.
⑦	Timely, appropriate and proactive information disclosure.	Evaluation by ESG rating agencies.	▶	Improved evaluation.
⑧	Proactive dialogue with institutional investors, etc.	The number of participants in meetings and financial results presentations.	▶	10% increase from the previous year.

# 23. Participation in Outside Evaluations and Initiatives

## Environment



Signed and joined UN GLOBAL COMPACT



Endorsement of recommendations by Task Force on Climate-related Financial Disclosures (TCFD)



Certified as an SBT Initiative Company



A- List for CDP Climate Change Division



Selected as a Supplier Engagement Leader of the CDP Supplier Engagement Assessment



Joined the international initiative RE100



Certified as an ECO FIRST company



Joined Japan Climate Leaders Partnership (JCLP) as a supporting member



Registered as a ZEB developer



Registered as a ZEH developer



Selected as a constituent of the S&P/JPX Carbon Efficient Index

Endorsed the Keidanren (Japan Business Federation) Declaration of Biodiversity Initiative

## Diversity



Earned the third highest level of Eruboshi certification



Certified as an Excellent Corporation for Health Management 2024 in the large corporation division.



Selected as a Nadeshiko brand.



Selected as one of the 100 New Diversity Management Companies.



Selected as a component of the FTSE Blossom Japan Sector Relative Index



Selected as a “DX Certified Business” by the Ministry of Economy, Trade and Industry



Awarded “Silver” in the PRIDE Index for LGBTQ Initiatives



Certified as a “Company Supporting Child-Rearing” (Kurumin Certification)

## Digital Transformation