

Financial Results

FY2024 2nd Quarter 〈Interim Period〉

November 21, 2024



Kumagai Gumi Co.,Ltd.



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1. Highlight

1	Rise in orders received [non-consolidated] <ul style="list-style-type: none">▪ Steady orders were received in both Domestic Civil Engineering and Domestic Building Construction. Progress toward the full-year forecasts was significantly better than in previous years.▪ Profitability of the orders continued to improve from the previous period.
2	Net sales of completed construction contracts increased.Profit decreased at every level. [consolidated] <ul style="list-style-type: none">▪ We made progress in construction work in hands at the beginning of fiscal year, and net sales of completed construction contracts increased.▪ Operating profit and other profit items fell primarily due to a decrease in the gross profit margin in Domestic Building Construction.
3	FY2024 forecast[Consolidated] <ul style="list-style-type: none">▪ Profit figures are duller than the full-year forecast. However, we expect to achieve the initially announced forecasts primarily due to price indexation and additional construction work.
4	Shareholder return <ul style="list-style-type: none">▪ We have decided to pay dividends of 130 yen/share for FY2024.▪ The payout ratio in FY2024 will be 55.3%.

2. Financial results overview<Consolidated>

(100 millions of yen)

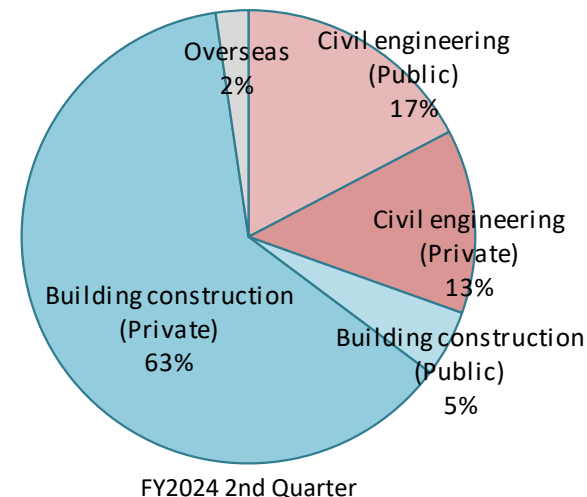
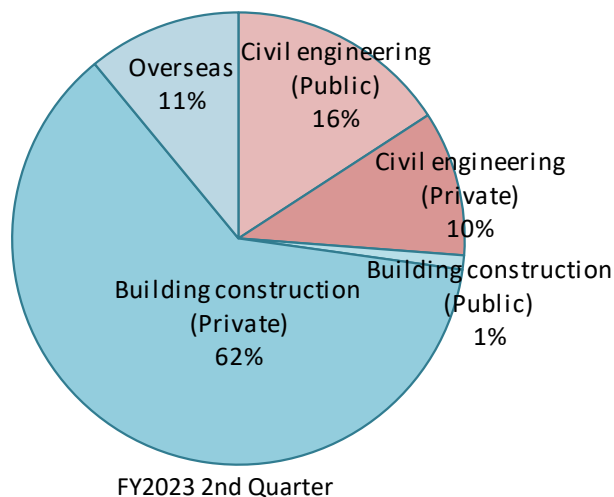
	A.FY2023 2nd Quarter	B.FY2024 2nd Quarter	C.B-A	D.C/A	E.FY2024 Forecasts
Net sales	1,963	2,195	232	11.8%	4,622
Operating profit	38	12	(25)	(67.1)%	150
Ordinary profit	40	12	(27)	(68.7)%	154
Profit attributable to owners of parent	24	5	(19)	(78.4)%	101
Orders received (Non-Consolidated)	1,299	1,763	464	35.7%	3,480

3.Orders Received-1<Non-Consolidated> Result and Forecasts

(100 millions of yen)

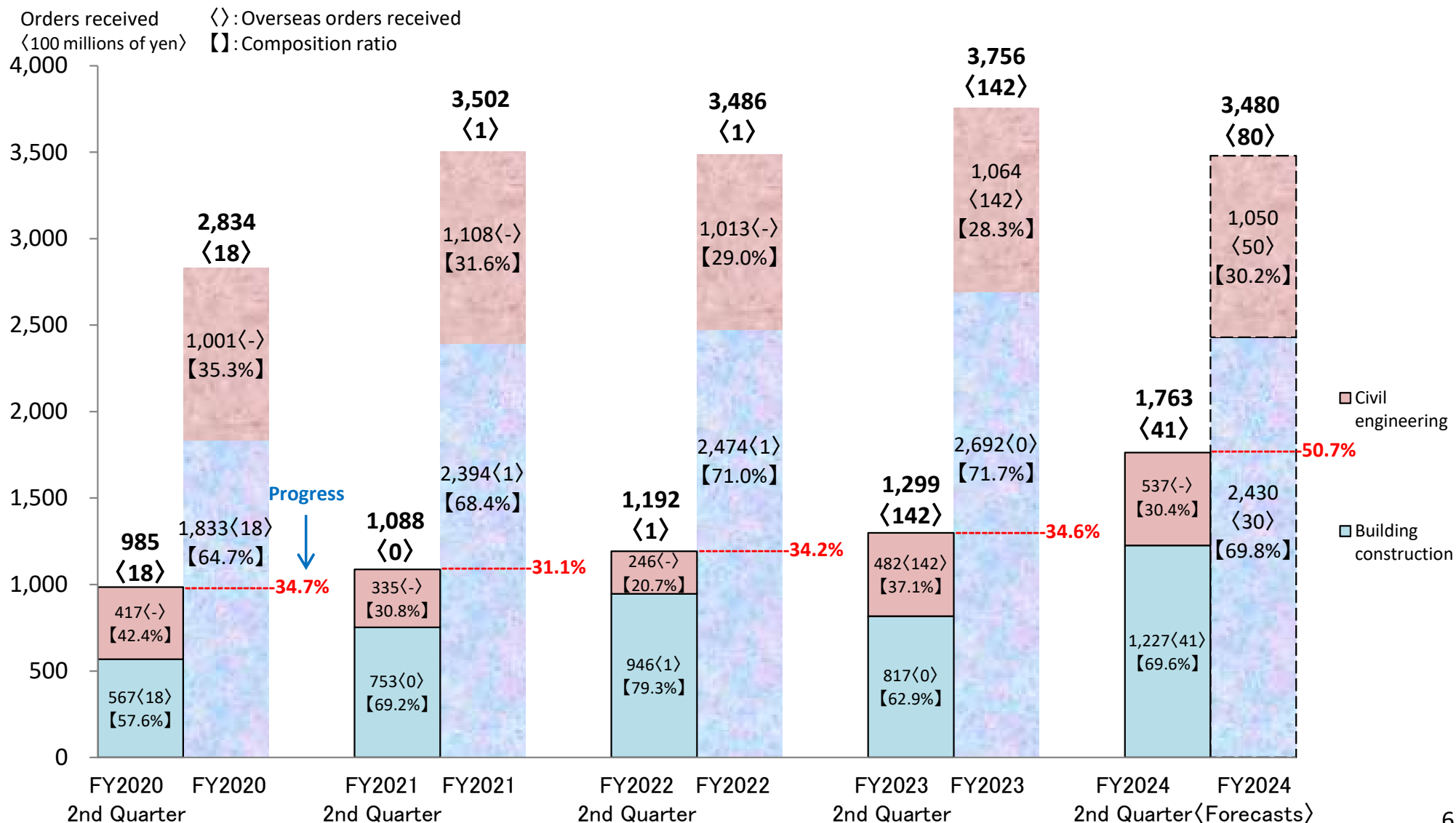
				A	B	B-A	
				FY2023	FY2024		
				2nd Quarter	2nd Quarter		%
			Public	206	305	100	48.5
			Private	135	232	97	71.9
		Civil engineering		340	537	197	57.8
			Public	13	84	71	536.6
			Private	803	1,101	298	37.1
		Building construction		817	1,186	369	45.2
	Domestic		1,157	1,722	566	48.9	
	Overseas		142	41	(101)	(71.2)	
	Orders received			1,299	1,763	464	35.7

		C	D	D-C	
		FY2023 Result	FY2024 (Forecasts)		%
		475	690	215	45.4
		448	310	(138)	(30.7)
		922	1,000	78	8.5
		274	200	(74)	(27.0)
		2,417	2,200	(217)	(9.0)
		2,691	2,400	(291)	(10.8)
		3,613	3,400	(213)	(5.9)
		142	80	(62)	(43.8)
		3,756	3,480	(276)	(7.3)



3.Orders Received-2<Non-Consolidated> Change

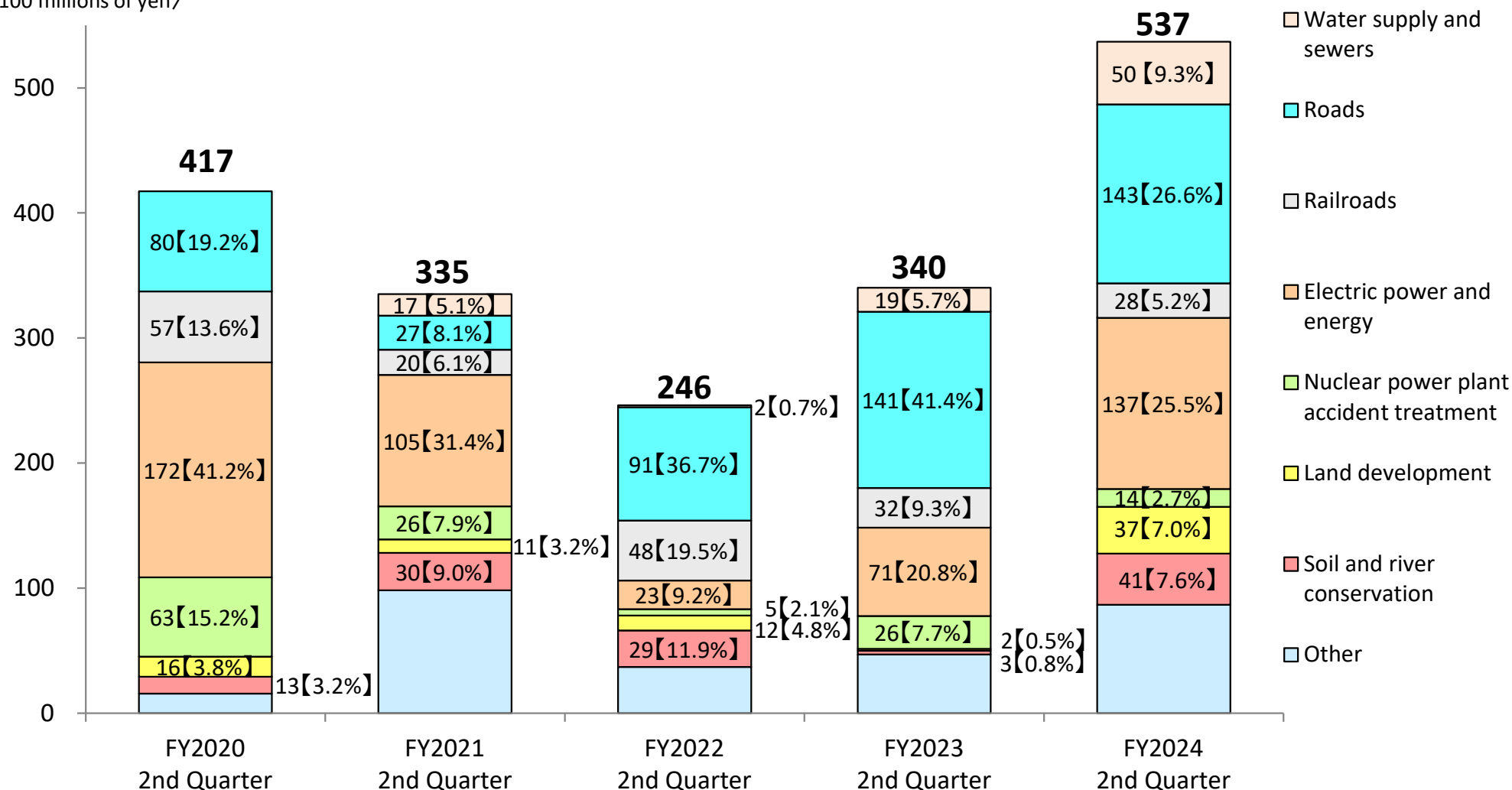
- The progress toward the full-year forecast was faster than in previous years.
We expect many projects, including those already offered, in the second half of the fiscal year.
We are making solid progress toward achieving the initially announced forecast.



3.Orders Received-3<Non-Consolidated> Change <Domestic Civil Engineering>

- We received multiple orders for expressway floor slab replacement projects. Orders in the road segment were at a high level.
- We received an order for demolition work for a thermal power plant, and orders increased in the electric power and energy segment.

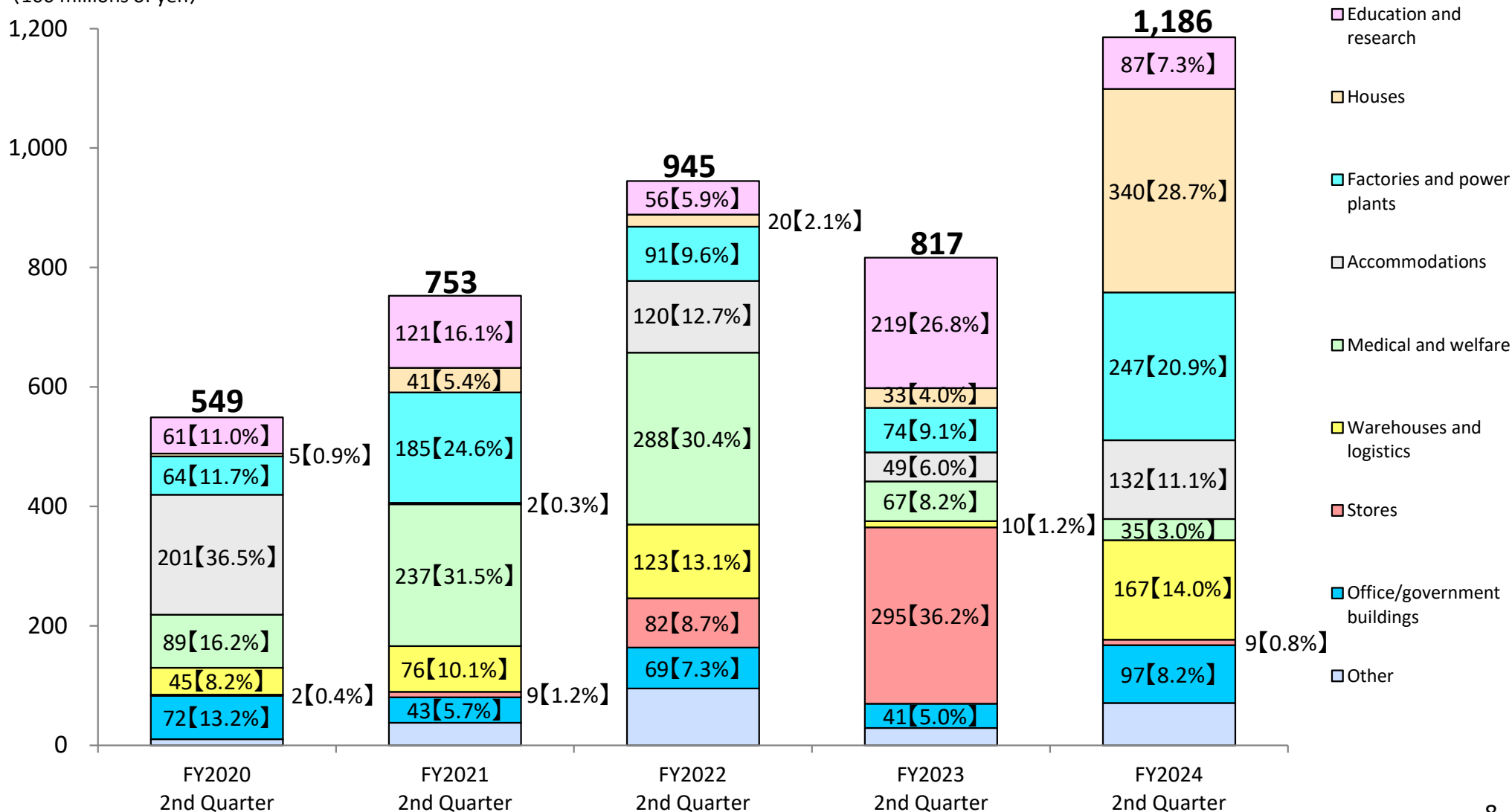
Orders received
<100 millions of yen>



3.Orders Received-4<Non-Consolidated> Change <Domestic Building Construction>

- Growth was achieved in the houses, factories and power plants, warehouses and logistics segments, reflecting orders for large projects.

Orders received
<100 millions of yen>



4.Statement of Income-1<Consolidated> Result and Forecasts

(100 millions of yen)

	A			B			B-A			
	FY2023			FY2024						
	2nd Quarter			2nd Quarter						
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	%
Net sales	1,963	1,479	483	2,195	1,610	585	232	130	102	11.8
Gross profit	150	110	39	129	82	46	(21)	(28)	7	
(Ratio)	7.6%	7.5%	8.1%	5.9%	5.1%	7.9%	(1.7)%	(2.4)%	(0.2)%	
SG&A expenses	112	86	26	116	89	27	4	3	1	
Operating profit	38	25	13	12	(6)	19	(25)	(31)	6	(67.1)
(Ratio)	1.9%	1.7%	2.7%	0.6%	(0.4)%	3.2%	(1.3)%	(2.1)%	0.5%	
Non-operating income	8	18	(10)	6	20	(14)	(1)	2	(3)	
Non-operating expenses	5	5	(0)	6	6	0	1	1	0	
Ordinary profit	40	37	3	12	8	5	(27)	(30)	2	(68.7)
(Ratio)	2.0%	2.5%	0.5%	0.6%	0.5%	0.8%	(1.4)%	(2.0)%	0.3%	
Extraordinary income	0	0	0	0	0	0	0	0	0	
Extraordinary losses	2	1	0	1	0	1	(1)	(1)	0	
Profit before income taxes	38	36	2	11	7	4	(27)	(29)	2	(70.0)
Income taxes-current	11	7	4	4	1	3	(7)	(6)	(1)	
Income taxes-deferred	3	3	1	2	(0)	3	(1)	(3)	2	
Profit attributable to owners of parent	24	26	(2)	5	6	(1)	(19)	(20)	1	(78.4)
(Ratio)	1.2%	1.8%	(0.4)%	0.2%	0.4%	(0.2)%	(1.0)%	(1.4)%	0.2%	

	C			D			D-C			
	FY2023			FY2024						
				(Forecasts)						
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	%
Net sales	4,432	3,279	1,153	4,622	3,450	1,172	190	171	19	4.3
Gross profit	361	246	114	395	284	111	34	38	(3)	
(Ratio)	8.1%	7.5%	9.9%	8.5%	8.2%	9.5%	0.4%	0.7%	(0.4)%	
SG&A expenses	234	180	54	245	188	57	11	8	3	
Operating profit	126	66	60	150	96	54	24	30	(6)	18.6
(Ratio)	2.9%	2.0%	5.2%	3.2%	2.8%	4.6%	0.3%	0.8%	(0.6)%	
Non-operating income	14	22	(9)	11	21	(10)	(3)	(1)	(1)	
Non-operating expenses	10	10	(0)	7	7	0	(3)	(3)	0	
Ordinary profit	130	79	52	154	110	44	24	31	(8)	18.1
(Ratio)	2.9%	2.4%	4.5%	3.3%	3.2%	3.8%	0.4%	0.8%	(0.7)%	
Extraordinary income	1	1	0	0	0	0	(1)	(1)	(0)	
Extraordinary losses	5	3	2	1	0	1	(4)	(3)	(1)	
Profit before income taxes	126	76	50	153	110	43	27	34	(7)	21.5
Income taxes-current	49	29	19	39	23	16	(10)	(6)	(3)	
Income taxes-deferred	(6)	(7)	0	13	11	2	19	18	2	
Profit attributable to owners of parent	83	53	30	101	76	25	18	23	(5)	21.4
(Ratio)	1.9%	1.6%	2.6%	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		B		B-A			C		D		E		E-C			E-D		
			FY2023		FY2024					FY2023		FY2024		FY2024							
			2nd Quarter		2nd Quarter							(Initial Forecasts)		(Current forecasts)							
				Ratio		Ratio		%	Ratio		Ratio		Ratio		Ratio		%	Ratio		%	Ratio
		Civil engineering	449		485		36	8.1		994		1,000		1,000		6	0.6		-	-	
		Building construction	1,027		1,115		88	8.6		2,274		2,400		2,400		126	5.5		-	-	
		Domestic	1,476		1,600		124	8.4		3,268		3,400		3,400		132	4.0		-	-	
		Overseas	4		9		6	153.6		11		50		50		39	363.4		-	-	
		Net sales	1,479		1,610		130	8.8		3,279		3,450		3,450		171	5.2		-	-	
		Civil engineering	35	7.7%	67	13.8%	32		6.1%	123	12.4%	110	11.0%	130	13.0%	7		0.6%	20		2.0%
		Building construction	76	7.4%	15	1.3%	(61)		(6.1)%	122	5.4%	170	7.1%	150	6.3%	28		0.9%	(20)		(0.8)%
		Domestic	110	7.5%	82	5.1%	(28)		(2.4)%	245	7.5%	280	8.2%	280	8.2%	35		0.7%	-		-
		Overseas	0	7.3%	1	6.7%	0		(0.6)%	1	11.4%	4	8.0%	4	8.0%	3		(3.4)%	-		-
		Gross profit	110	7.5%	82	5.1%	(28)	(25.5)	(2.4)%	246	7.5%	284	8.2%	284	8.2%	38	15.3	0.7%	-		-
		Personnel	43		43		(0)			84		90		90		5			-		-
		Non-personnel	43		46		3			96		98		98		3			-		-
SG&A expenses		86		89		3			180		188		188		8			-		-	
Operating profit (loss)		25	1.7%	(6)	(0.4)%	(31)	(126.1)	(2.1)%	66	2.0%	96	2.8%	96	2.8%	30	45.0	0.8%	-		-	
Non-operating income		18		20		2			22		21		21		(1)			-		-	
Non-operating expenses		5		6		1			10		7		7		(3)			-		-	
Ordinary profit		37	2.5%	8	0.5%	(30)	(79.6)	(2.0)%	79	2.4%	110	3.2%	110	3.2%	31	39.9	0.8%	-		-	
Extraordinary income		0		0		0			1		0		0		(1)			-		-	
Extraordinary losses		1		0		(1)			3		0		0		(3)			-		-	
Profit before income taxes		36		7		(29)	(79.6)		76		110		110		34	44.7		-		-	
Income taxes-current		7		1		(6)			29		23		23		(6)			-		-	
Income taxes-deferred		3		(0)		(3)			(7)		11		11		18			-		-	
Profit		26	1.8%	6	0.4%	(20)	(75.7)	(1.4)%	53	1.6%	76	2.2%	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 FY2023 2nd Quarter			B FY2024 2nd Quarter			B-A		
		Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries
	Interest and dividend income	4.7	15.7	(11.0)	5.8	19.6	(13.8)	1.1	3.9	(2.8)
	Share of profit of entities accounted for using equity method	0.1	–	0.1	–	–	–	(0.1)	–	(0.1)
	Foreign exchange gains	1.5	1.4	0.1	–	–	–	(1.5)	(1.4)	(0.1)
	Other	1.2	0.9	0.3	0.5	0.4	0.1	(0.7)	(0.5)	(0.3)
Non-operating income		7.5	18.0	(10.4)	6.3	20.0	(13.8)	(1.3)	2.1	(3.3)
	Interest expenses	1.4	1.6	(0.2)	2.5	2.6	(0.1)	1.1	1.0	0.1
	Share of loss of entities accounted for using equity method	–	–	–	0.1	–	0.1	0.1	–	0.1
	Foreign exchange losses	–	–	–	0.2	0.1	0.2	0.2	0.1	0.2
	Commission for syndicated loans	2.6	2.6	–	0.8	0.8	–	(1.7)	(1.7)	–
	Loss on investments in investment partnerships	0.6	0.6	–	1.8	1.8	–	1.2	1.2	–
	Other	0.7	0.6	0.1	0.6	0.6	0.1	(0.0)	(0.0)	0.0
Non-operating expenses		5.3	5.4	(0.1)	6.2	5.9	0.3	0.9	0.5	0.4

Extraordinary income (100 millions of yen)

		A FY2023 2nd Quarter			B FY2024 2nd Quarter			B-A		
		Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries
	Gain on sale of non-current assets	0.0	–	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Gain on sale of investment securities	0.0	0.0	–	–	–	–	(0.0)	(0.0)	–
	Gain on sale of memberships	–	–	–	0.0	0.0	–	0.0	0.0	–
Extraordinary income		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Loss on retirement of non-current assets	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.0	0.0
	Compensation for damage	1.3	1.3	–	0.8	0.3	0.6	(0.5)	(1.0)	0.6
	Provision of allowance for doubtful accounts	0.0	–	0.0	0.1	–	0.1	0.1	–	0.1
	Other	0.4	0.0	0.4	0.0	–	0.0	(0.4)	(0.0)	(0.4)
Extraordinary losses		1.7	1.3	0.4	1.1	0.3	0.8	(0.6)	(1.0)	0.4

5. Subsidiaries Change

- Net sales increased with the steady execution of order backlogs. Profits were boosted by K&E and Taiwan Kumagai. Both net sales and profits at the subsidiaries rose.

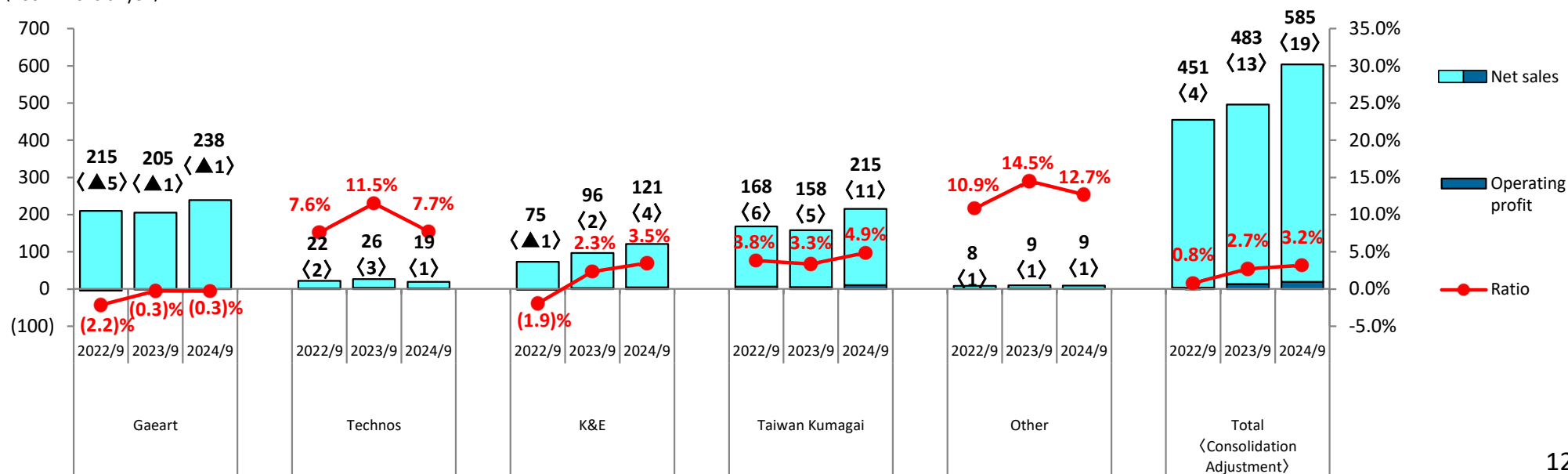
Subsidiaries

(100 millions of yen)

	Gaeart Co., Ltd.			Technos Co., Ltd.			K & E Co., Ltd.		
	FY2022 Q2	FY2023 Q2	FY2024 Q2	FY2022 Q2	FY2023 Q2	FY2024 Q2	FY2022 Q2	FY2023 Q2	FY2024 Q2
Net sales	215	205	238	22	26	19	75	96	121
Operating profit (loss)	(5)	(1)	(1)	2	3	1	(1)	2	4
Ordinary profit (loss)	(4)	(0)	(1)	2	3	1	(1)	3	4
Profit (loss)	(4)	(1)	(1)	1	2	1	(1)	2	3

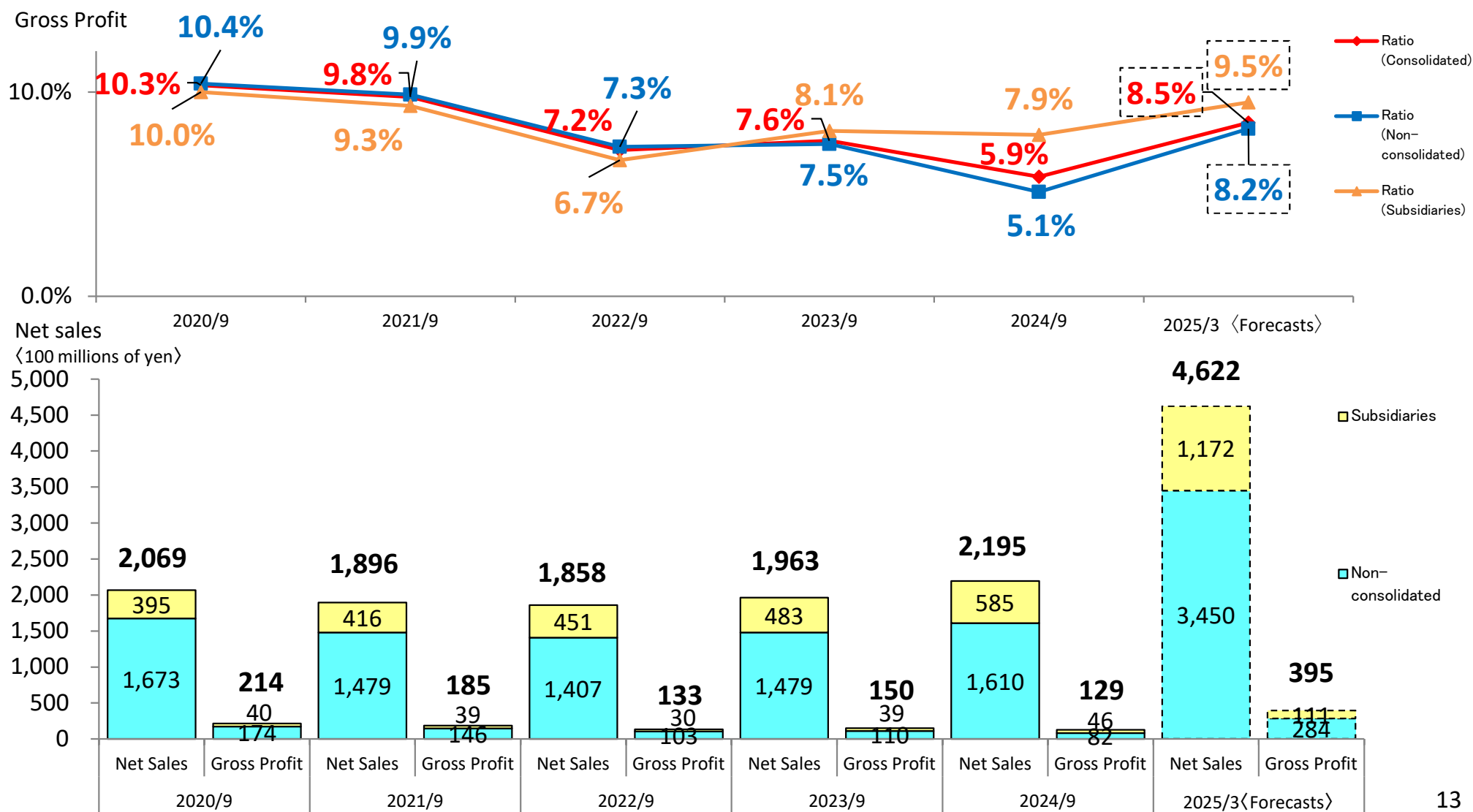
	Taiwan Kumagai Co., Ltd.			Other			Total<Consolidation Adjustment>		
	FY2022 Q2	FY2023 Q2	FY2024 Q2	FY2022 Q2	FY2023 Q2	FY2024 Q2	FY2022 Q2	FY2023 Q2	FY2024 Q2
Net sales	168	158	215	8	9	9	451	483	585
Operating profit (loss)	6	5	11	1	1	1	4	13	19
Ordinary profit (loss)	7	5	12	1	1	1	(11)	3	5
Profit (loss)	5	4	11	1	1	1	(12)	(2)	(1)

<100 millions of yen>



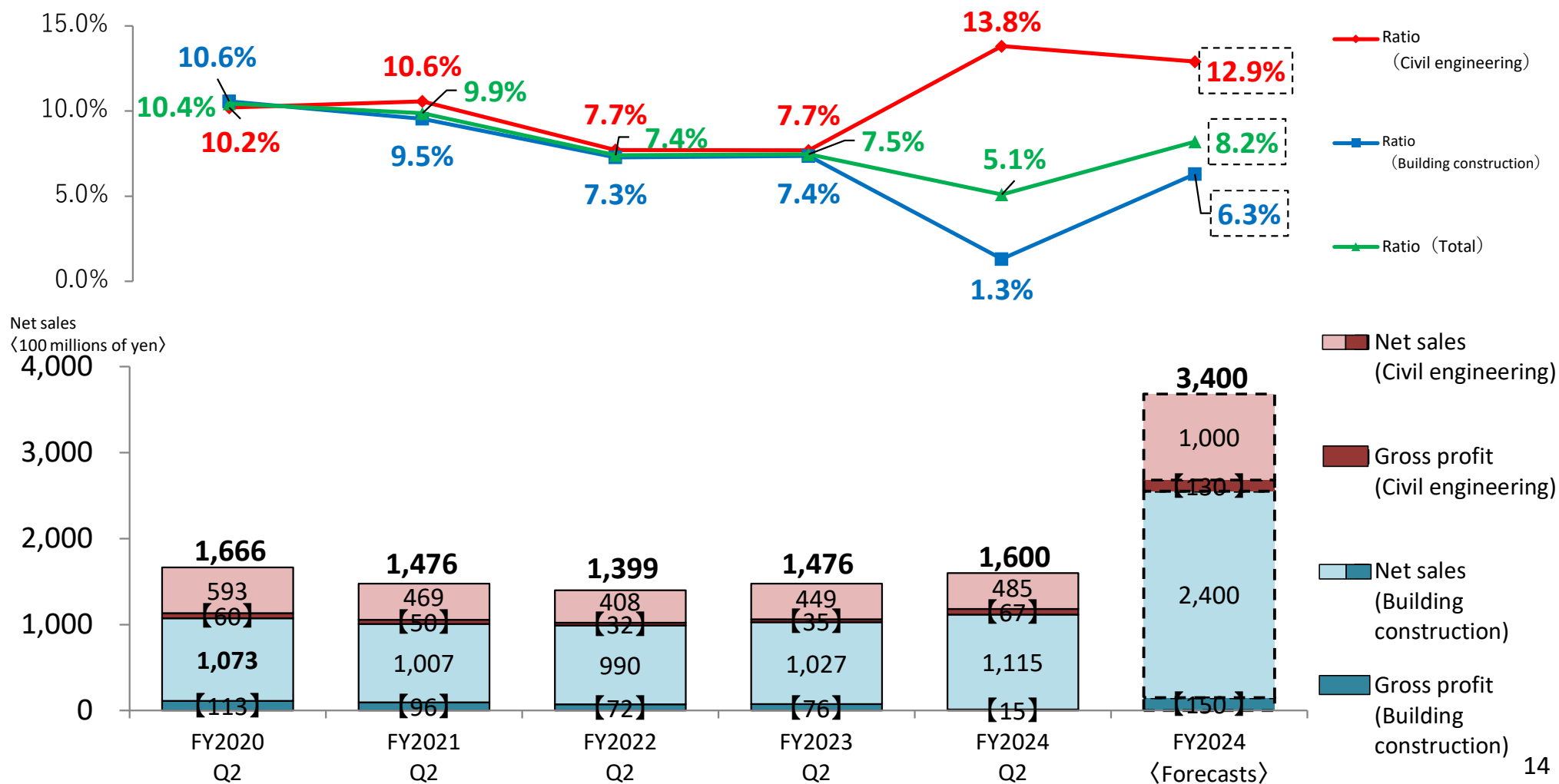
6. Net Sales and Gross Profit<Consolidated> Change<Full-Year>

- Net sales from completed contracts rose on a non-consolidated basis and at the subsidiaries, reflecting significant order backlogs.
- The profit margin decreased due to low-profit construction projects in Domestic Building Construction.

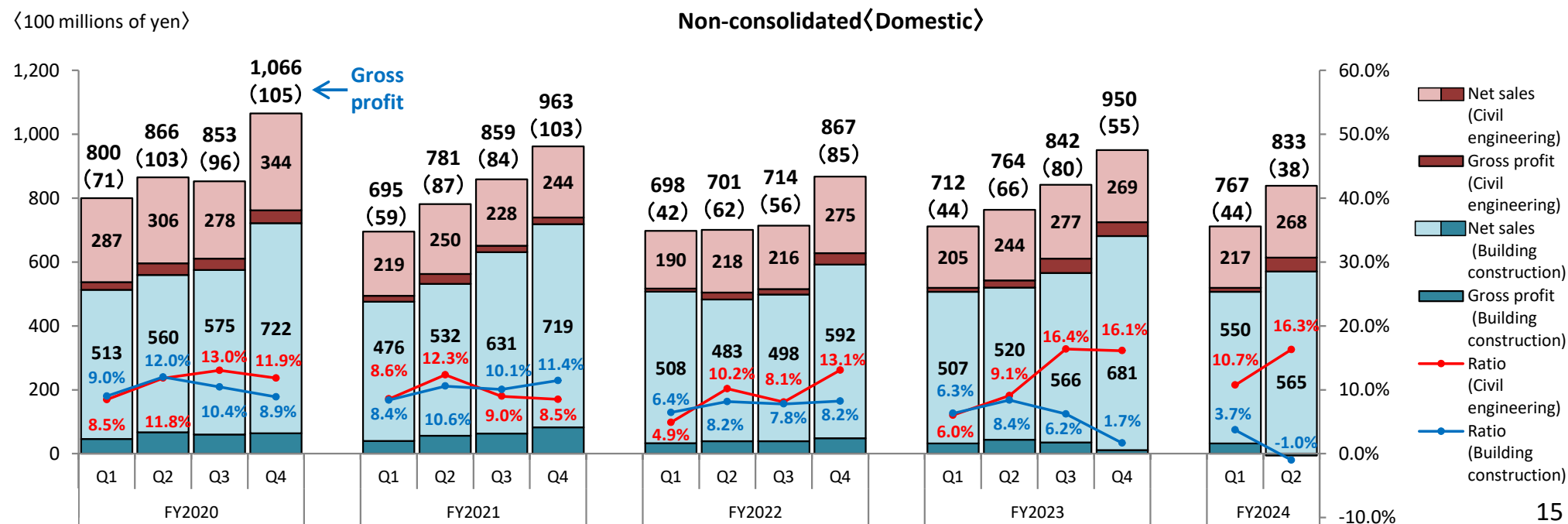
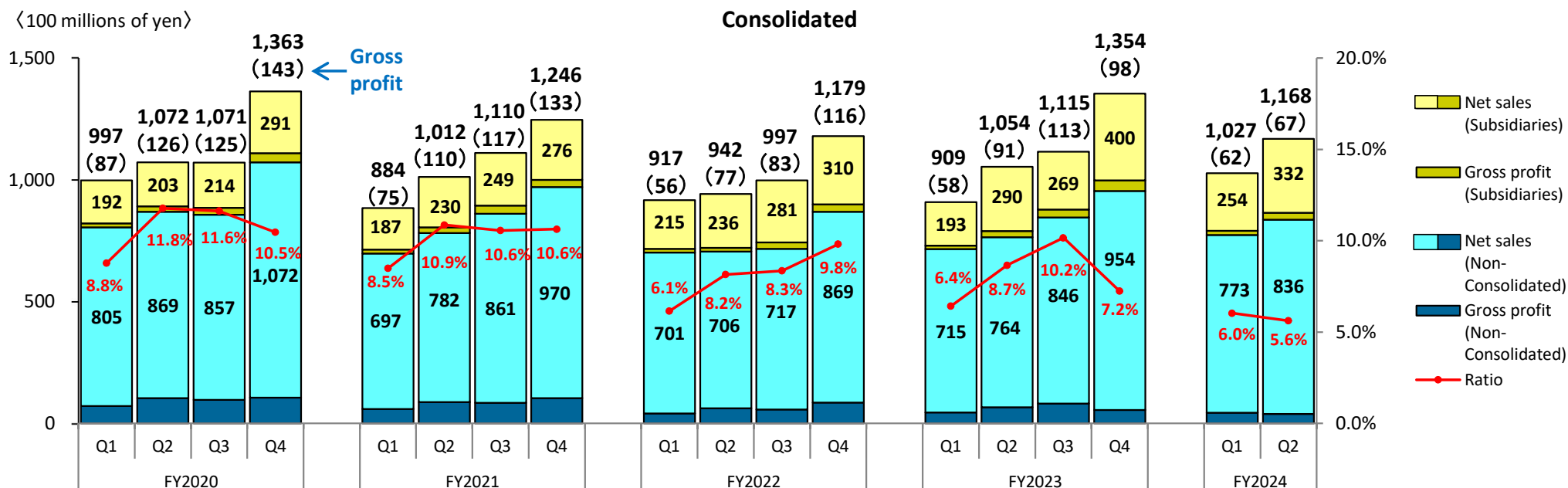


7.Net Sales and Gross Profit<Non-Consolidated> Change<Domestic>

- We made progress in construction work in hand at the beginning of fiscal year, and net sales of completed construction contracts increased.
- The civil engineering gross profits are improving because of expected to complete profitable construction projects and acquisition of additional design changes, etc.
- The profit margin declined in building construction mainly due to unprofitable construction projects for which orders were received before the two years ago, as well as delays in implementing additional design changes for certain construction projects.

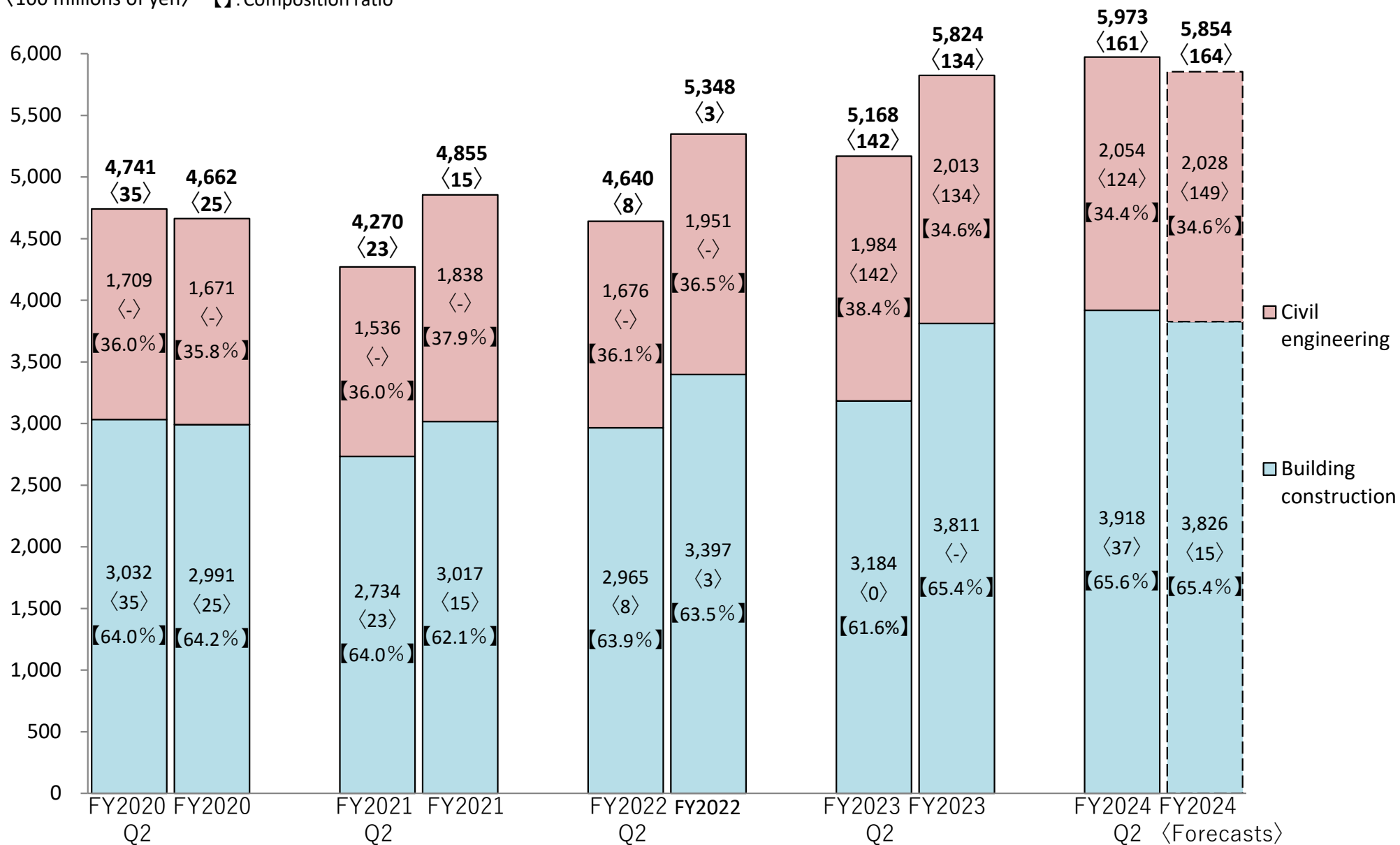


8.Net Sales and Gross Profit<Consolidated and Non-Consolidated> Quarterly Change



9.Carried-forward<Non-Consolidated> Change

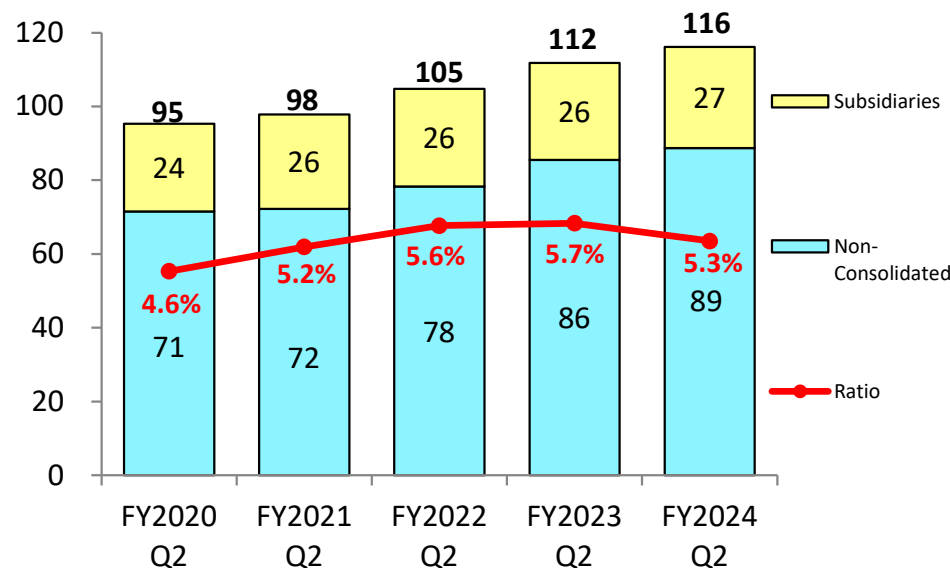
Carried-forward <100 millions of yen> <> : Overseas orders received
 【】 : Composition ratio



10.SG&A Expenses, Operating profit and Ordinary profit<Consolidated> Change

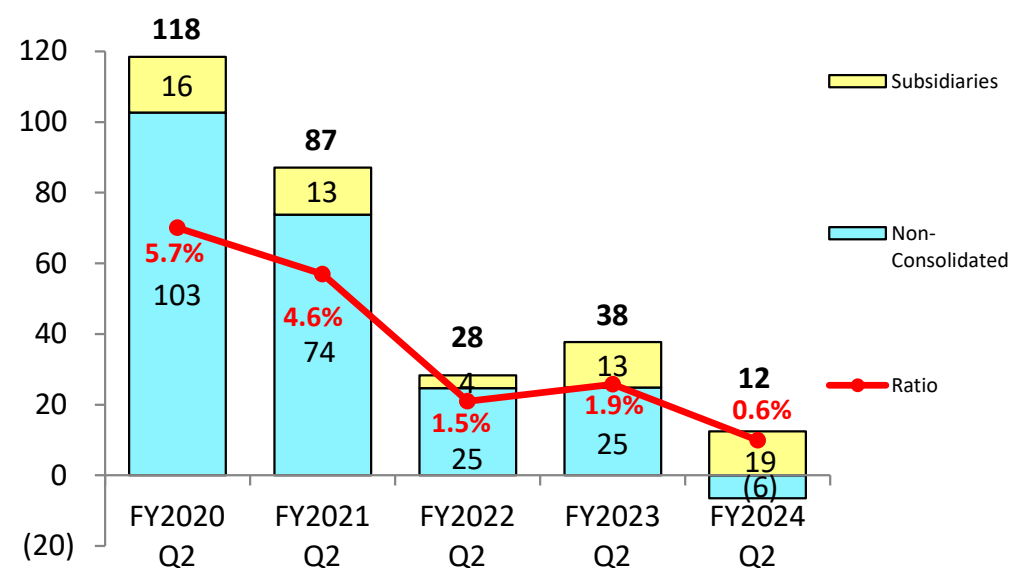
<100 millions of yen>

SG&A expenses



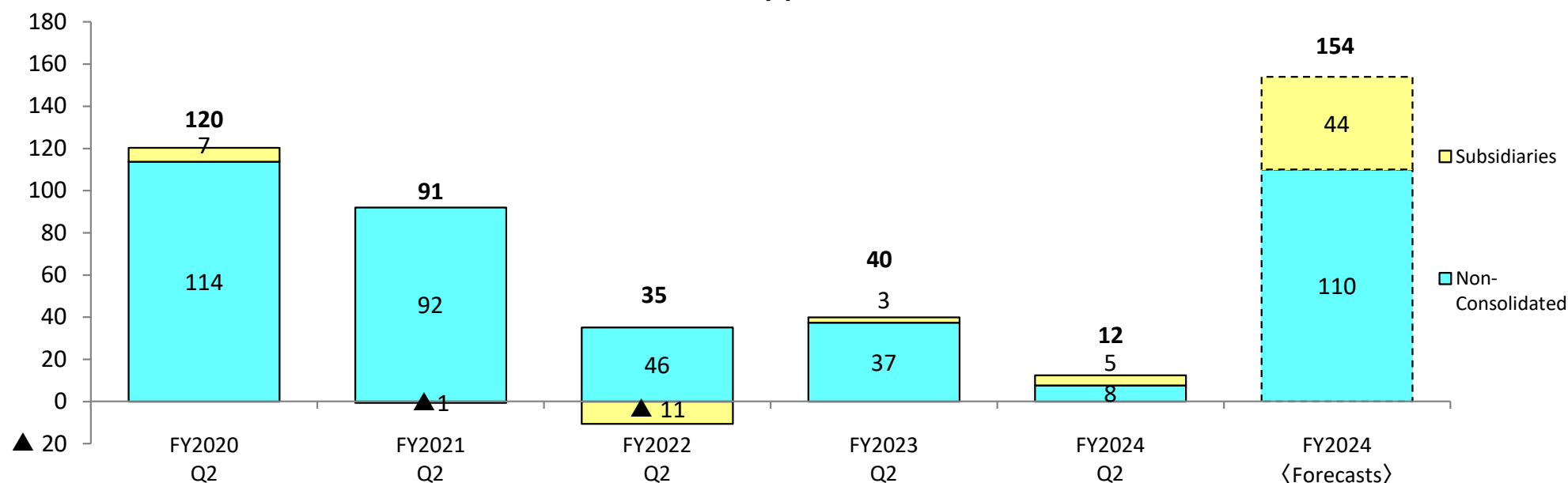
<100 millions of yen>

Operating profit



<100 millions of yen>

Ordinary profit



11.Balance Sheet-1<Consolidated> Assets

Assets

(100 millions of yen)

	A FY2023			B FY2024 2nd Quarter			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Cash and deposits	701	392	308	466	221	245	(235)	(171)	(64)
Notes receivable,accounts receivable from completed construction contracts and other	2,665	2,288	378	2,365	2,029	336	(300)	(258)	(42)
Costs on construction contracts in progress	85	74	11	99	82	17	14	8	6
Accounts receivable-other	221	216	5	236	187	48	14	(28)	43
Other	23	14	10	38	29	10	15	15	(0)
Allowance for doubtful accounts	(1)	(0)	(0)	(1)	(0)	(0)	0	0	0
Total current assets	3,695	2,983	712	3,204	2,549	655	(491)	(434)	(56)
Buildings and structures, net	98	58	39	96	57	39	(2)	(1)	(1)
Land	179	149	30	179	149	30	0	0	0
Other,net	21	9	12	24	11	13	3	2	1
Total property,plant and equipment	298	217	81	299	218	81	1	0	1
Intangible assets	16	14	2	16	14	2	(0)	(0)	(0)
Investment securities and Shares of subsidiaries and associates	486	517	(31)	621	662	(41)	135	145	(10)
Deferred tax assets	35	23	13	10	-	10	(25)	(23)	(3)
Other	144	75	69	162	90	72	17	14	3
Allowance for doubtful accounts	(2)	(0)	(2)	(2)	(0)	(2)	(0)	-	(0)
Total investments and other assets	664	615	49	791	751	39	127	137	(10)
Total non-current assets	978	846	131	1,105	983	122	127	137	(9)
Total assets	4,672	3,829	843	4,309	3,532	777	(363)	(297)	(66)

11.Balance Sheet-2<Consolidated> Liabilities and Net Assets

Liabilities and net assets

(100 millions of yen)

	A FY2023			B FY2024 2nd Quarter			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Notes payable, accounts payable for construction contracts and other	1,005	693	312	823	559	264	(182)	(134)	(48)
Electronically recorded obligations – operating	292	282	10	298	277	21	7	(5)	11
Short-term borrowings	109	107	2	118	146	(28)	9	39	(30)
Commercial papers	150	150	–	–	–	–	(150)	(150)	–
Income taxes payable	34	18	16	6	3	2	(29)	(15)	(14)
Advances received on construction contracts in progress	231	218	13	238	215	23	6	(4)	10
Deposits received	367	349	18	396	368	29	30	19	11
Provision for loss on construction contracts	38	38	0	41	40	1	3	2	1
Provision for bonuses	41	27	14	38	26	12	(3)	(1)	(2)
Other	168	140	27	68	52	17	(100)	(89)	(11)
Total current liabilities	2,435	2,023	412	2,026	1,685	340	(409)	(337)	(71)
Long-term borrowings	265	265	–	273	273	–	8	8	–
Provision for share awards	3	3	–	2	2	–	(1)	(1)	–
Retirement benefit liability	164	140	25	165	140	25	1	0	0
Deferred tax liabilities	–	–	–	10	10	(0)	10	10	(0)
Other	6	3	2	6	4	2	1	1	(0)
Total non-current liabilities	438	411	27	456	429	27	19	19	(0)
Total liabilities	2,872	2,433	439	2,482	2,115	367	(390)	(319)	(72)
Total shareholders' equity	1,647	1,262	386	1,593	1,209	384	(54)	(53)	(1)
Total accumulated other comprehensive income	153	134	19	234	208	26	81	74	7
Total net assets	1,800	1,396	405	1,827	1,417	410	27	21	6
Total liabilities and net assets	4,672	3,829	843	4,309	3,532	777	(363)	(297)	(66)
(Capital adequacy ratio)	38.5%	36.4%	48.0%	42.4%	40.1%	52.8%	3.9%	3.7%	4.8%

12.Equity Capital<Consolidated> Change

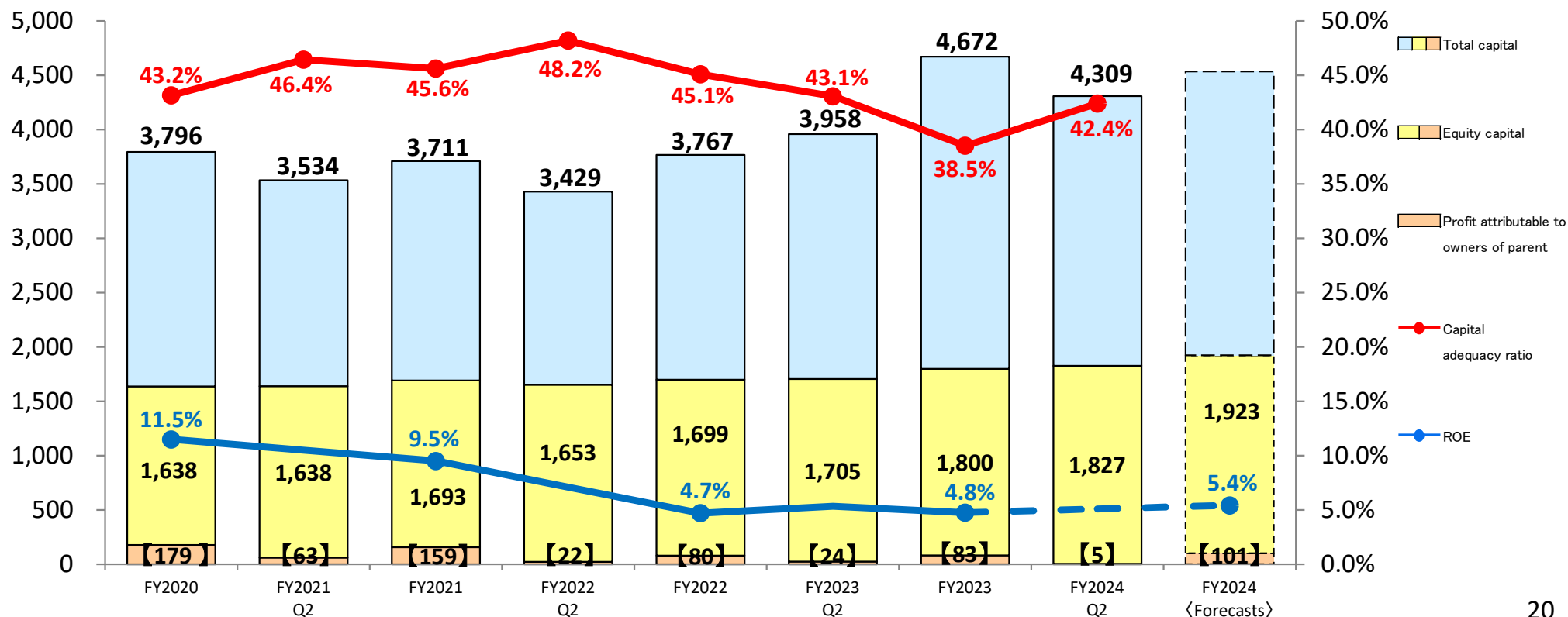
- Decrease in liabilities due to payment of trade payables and redemption of commercial paper, etc. The equity capital ratio rose to 42.4%
- ROE in FY2024 is expected to increase 0.6 points from the previous financial year due to higher net income.

Equity capital

(100 millions of yen)

	FY2020	FY2021 Q2	FY2021	FY2022 Q2	FY2022	FY2023 Q2	FY2023	FY2024 Q2	FY2024 (Forecasts)
Equity capital	1,638	1,638	1,693	1,653	1,699	1,705	1,800	1,827	1,923
Total capital	3,796	3,534	3,711	3,429	3,767	3,958	4,672	4,309	—
Capital adequacy ratio	43.2%	46.4%	45.6%	48.2%	45.1%	43.1%	38.5%	42.4%	—
Profit attributable to owners of parent	179	63	159	22	80	24	83	5	101
ROE	11.5%	—	9.5%	—	4.7%	—	4.8%	—	5.4%

<100 millions of yen>



13. Shareholder return<Consolidated> Change <Full-Year>

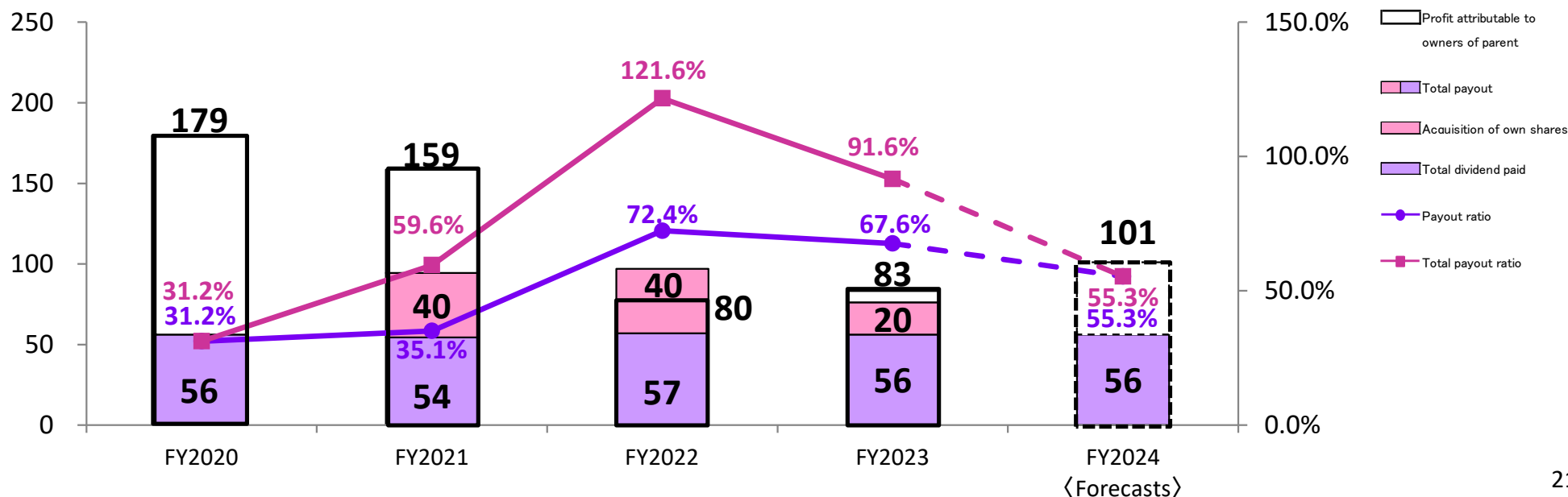
- We have decided to pay dividends of 130 yen/share for FY2025.
- The payout ratio in FY2024 will be 55.3%.

Status of dividends and own share acquisition

(100 millions of yen)

	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecasts)
Number of shares issued	46,805,660 shares	45,411,660 shares	43,900,360 shares	43,285,560 shares	43,285,560 shares
Number of treasury shares	52,116 shares	58,169 shares	62,644 shares	69,781 shares	71,218 shares
Dividend per share	120.00 yen	120.00 yen	130.00 yen	130.00 yen	130.00 yen
Total dividend paid	56	54	57	56	56
Profit attributable to owners of parent	179	159	80	83	101
Basic earnings per share	384.69 yen	342.13 yen	179.64 yen	192.36 yen	235.08 yen
Payout ratio	31.2%	35.1%	72.4%	67.6%	55.3%
Acquisition of own shares	—	40	40	20	—
Total payout	—	94	97	76	—
Total payout ratio	31.2%	59.6%	121.6%	91.6%	55.3%

<100 millions of yen>



14.Interest-Bearing Debt <Consolidated> Change

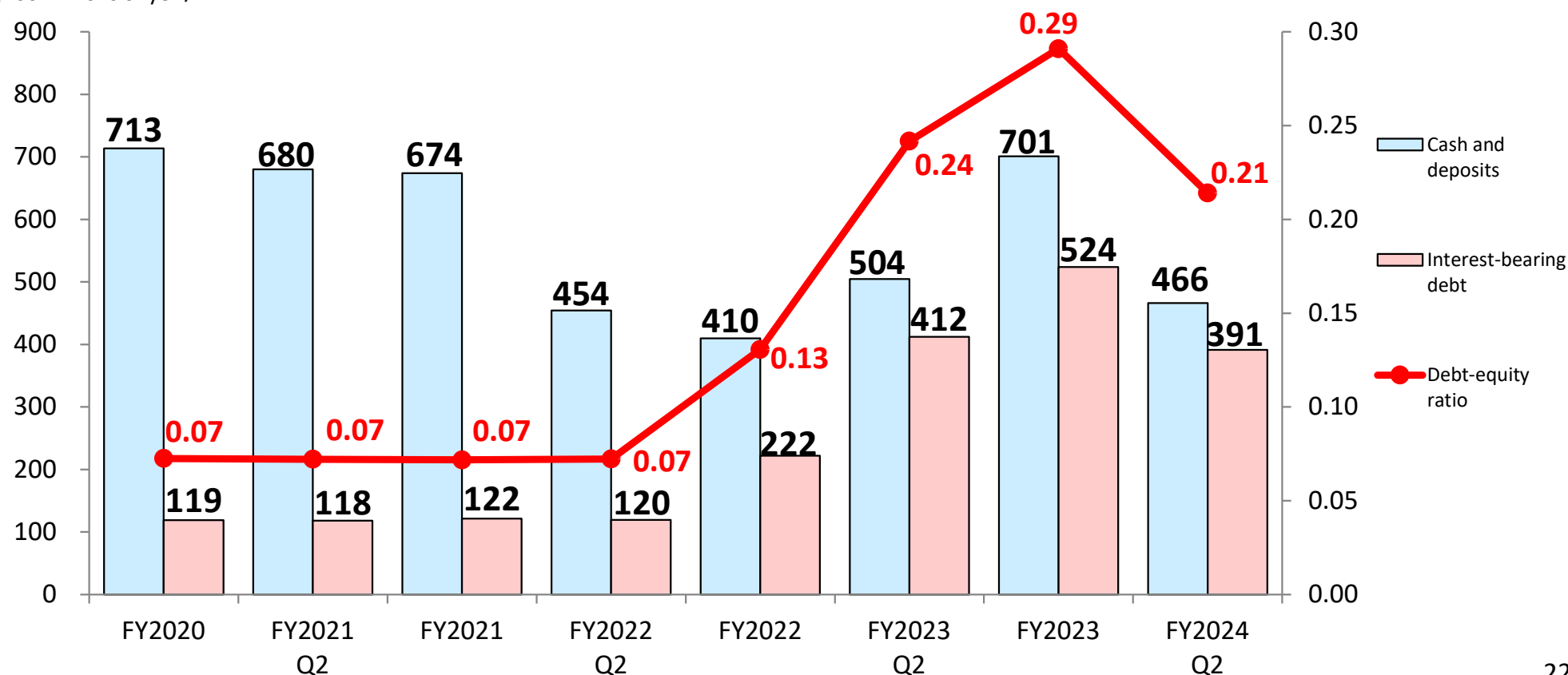
- With the D/E ratio remaining at a low level, we maintained a high level of financial soundness.

Interest-bearing debt

(100 millions of yen)

	FY2020	FY2021 Q2	FY2021	FY2022 Q2	FY2022	FY2023 Q2	FY2023	FY2024 Q2
Interest-bearing debt	119	118	122	120	222	412	524	391
Equity capital	1,638	1,638	1,693	1,653	1,699	1,705	1,800	1,827
Debt-equity ratio	0.07	0.07	0.07	0.07	0.13	0.24	0.29	0.21

<100 millions of yen>



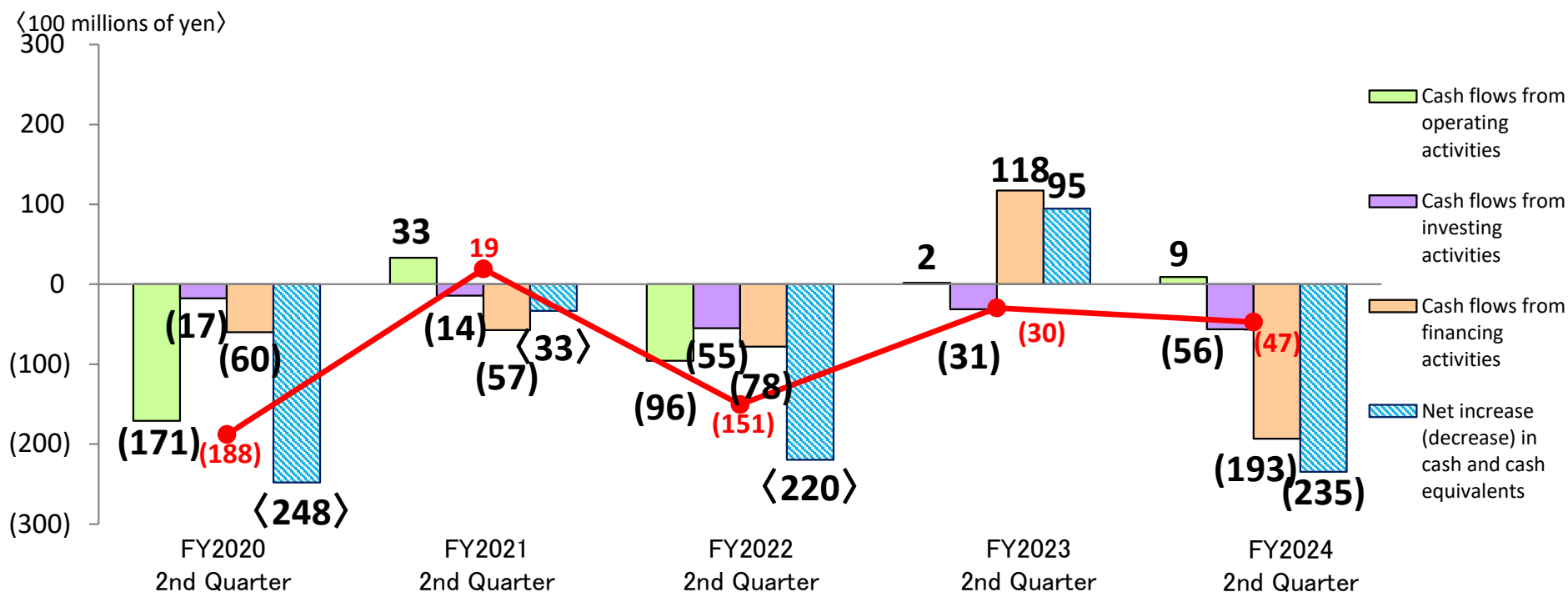
15.Cash Flows<Consolidated> Change

- Operating cash flow was positive at 0.9 billion yen, chiefly due to the collection of accounts receivable. Investing cash flow negative at 5.6 billion yen, largely resulting from investments in the overseas real estate development business. Financing cash flow amounted to a negative 19.3 billion yen, chiefly due to the redemption of commercial paper. Cash and cash equivalents declined by 23.5 billion yen.

Cash Flows

(100 millions of yen)

	FY2020 Q2	FY2021 Q2	FY2022 Q2	FY2023 Q2	FY2024 Q2
Cash flows from operating activities	(171)	33	(96)	2	9
Cash flows from investing activities	(17)	(14)	(55)	(31)	(56)
Cash flows from financing activities	(60)	(57)	(78)	118	(193)
Net increase (decrease) in cash and cash equivalents	(248)	(33)	(220)	95	(235)



16.Capital Investment, Depreciation and Research and Development Expense<Consolidated> Change

Capital investment and other

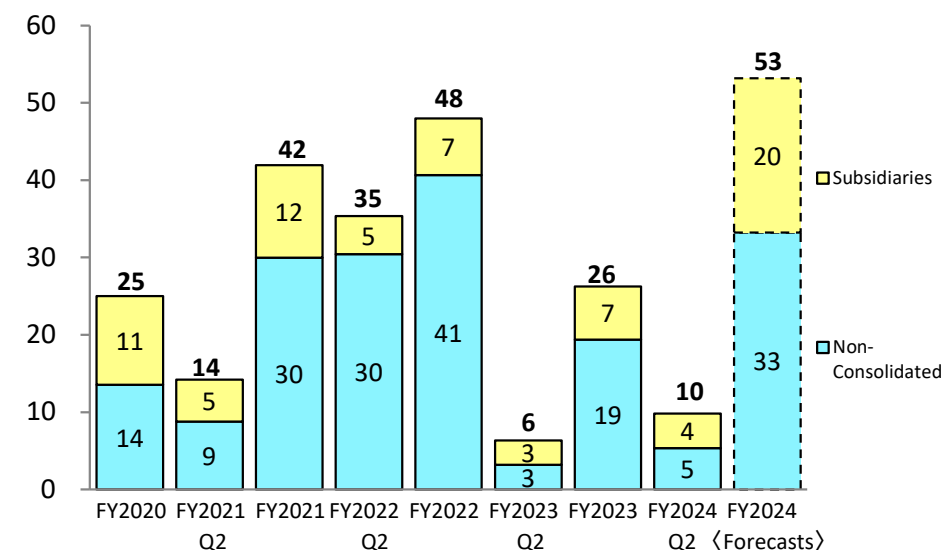
(100 millions of yen)

	FY2020	FY2021 Q2	FY2021	FY2022 Q2	FY2022
Capital investment	25	14	42	35	48
Depreciation	20	9	20	9	19
Research and development expense	27	13	27	13	28

	FY2023 Q2	FY2023	FY2024 Q2	FY2024 (Forecasts)
Capital investment	6	26	10	53
Depreciation	10	20	10	23
Research and development expense	14	31	15	34

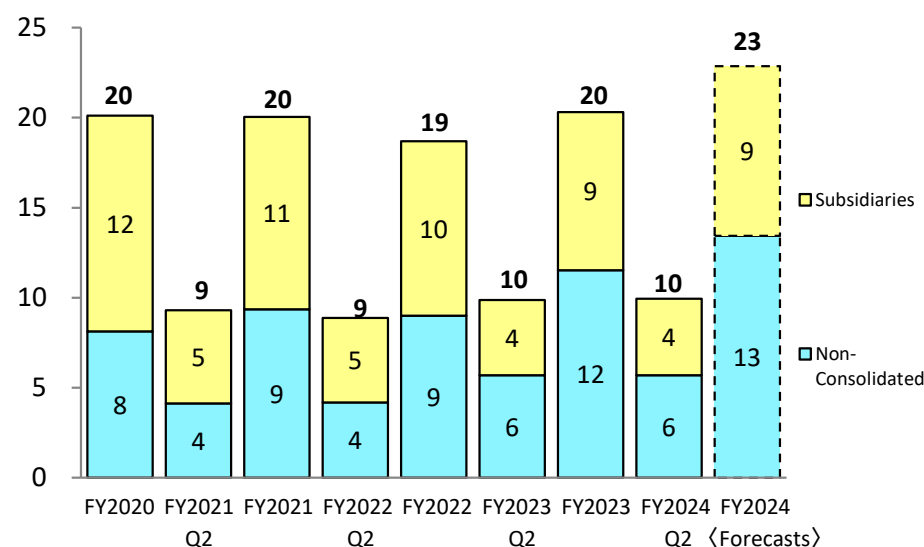
<100 millions of yen>

Capital investment



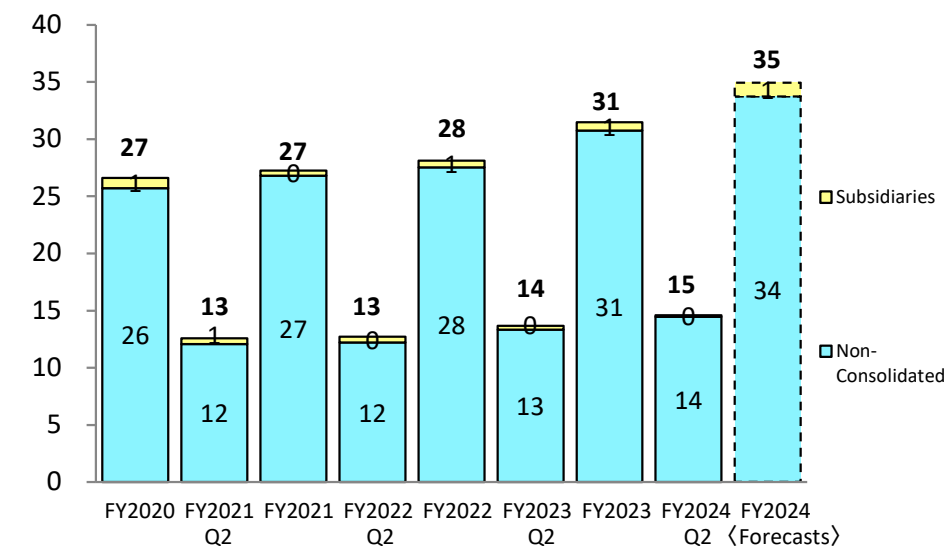
<100 millions of yen>

Depreciation



<100 millions of yen>

Research and development expense





KUMAGAI

KUMAGAI GUMI

Initiatives to Enhance Corporate Value

Management that is conscious of cost of capital and stock price



17. Initiatives to Enhance Corporate Value -1

Basic approach

- The Company recognizes that our most important management mission is to achieve sustainable growth and enhance corporate value over the medium to long term.
- We are working to achieve a good balance between financial soundness and capital efficiency.
- In business investment, we make optimal business decisions based on the cost of capital as a hurdle rate.
- We pay appropriate and stable dividends and purchase and retire treasury stock to increase shareholder returns and improve capital efficiency, while being conscious of the stock price.

Strengthening profitability

Profitability estimated at the time of receiving orders will improve significantly from FY2023 onward. The positive impact on business performance will be seen by FY26. The negative impact of unprofitable construction works is expected to be mostly resolved by the end of FY2024.

Basic Policy-1

Strengthening construction business



Strengthen the core construction business and increase profitability.

Basic Policy-2

Accelerating peripheral businesses



Accelerate construction peripheral businesses positioned as a growth area and create solid revenue sources.

Basic Policy-3

Enhancing management base



Further strengthen the foundation that supports management and enhance the effectiveness of business development.

Thoroughly strengthen profitability and customer appeal while accelerating peripheral businesses. Aim for management with multiple revenue streams.

Efforts to engage in positive dialogue with shareholders and investors

- We will allocate internal resources appropriately to establish a system that further strengthens our IR activities. We created a new department dedicated to IR.
- Management will proactively participate in dialogue with shareholders and investors and will communicate directly with them.
- Outside Directors, who are responsible for overseeing management, will engage in dialogue with shareholders and investors regarding the current state of governance and related issues.
- To enhance the disclosure of our dialogue status, we will disclose the themes of dialogue in our integrated report and on the corporate website, which will encourage further engagement. (We have been disclosing the number of dialogues, participants, and feedback on the corporate website and in corporate governance reports.)
- Opinions, requests, and other information from shareholders and investors obtained through dialogue will be fed back to members of the Board of Directors and relevant divisions. (We consulted opinions gathered from our dialogue when considering the shareholder return policy, capital policy, and investment strategies in the Medium-term Management Plan [FY2024-FY2026]).
- The Company will actively engage in dialogue with investors as part of its ESG and SDGs strategies revised in FY2024. We will proactively exchange opinions with them on business performance trends, management strategies, and shareholder returns, as well as environmental and social issues and corporate governance initiatives.
- We will create a disclosure policy, including an IR policy, and promote the Group's proactive approach to information disclosure and IR.
- We will provide financial information and timely disclosures in both Japanese and English simultaneously for fair disclosure.

17. Initiatives to Enhance Corporate Value -2

Statues of Dialogue with Shareholders and Institutional Investors

As in the previous fiscal year, the Company took steps to expand the opportunities for dialogue, such as holding individual meetings and conference calls with shareholders and investors in Japan and other countries using online tools, arranging small meetings, financial results briefings, and construction site tours, and participating in investor conferences.

Recognizing the significance of disclosing both financial and non-financial information, as well as the crucial role of Outside Directors, we held a dialogue between the Outside Directors and an ESG analyst. The discussion aimed to enhance our sustainability management practices and boost our corporate value (the dialogue is documented in our integrated report).

3-Year (FY2024-FY2026) Targets and Performance

Rate of increase in number of participants in financial briefings
 (compared to previous FY) **10%**  Performance in FY2023
 Rate of increase **30.4%**

FY2023	Number of times	Main communicators
Small meetings	4 times	President, officers in charge, and departments in charge
Individual meetings	71 times	President, officers in charge, and departments in charge
Shareholder relations meetings	19 times	Officers in charge, and departments in charge
Financial results briefing	2 times	President, officers in charge, and departments in charge
Conference hosted by a securities company	1 times	President, and departments in charge
Visits to construction sites	2 times	Departments in charge



A dialogue between the President and Representative Director and institutional investors



Analysts visit a construction site.

Item	Main themes of the dialogue
Construction business environment	<ul style="list-style-type: none"> •Orders received and profitability of the orders •Factors for a decline in the profit ratio of domestic civil engineering business and improvement measures •Provision for loss on construction contracts that has been recorded •Current picture and outlook of construction costs such as material cost and labor cost •Current picture and outlook of the business environment
Construction-related peripheral businesses	<ul style="list-style-type: none"> •Statuses of the Iidabashi Redevelopment Project and real estate investment •Prospects for purchase of SEP vessels and offshore wind power generation projects •Future investment plans
Business and capital tie-up	<ul style="list-style-type: none"> •Initiatives taken on medium- and large-scale wooden construction projects •Measures to increase synergy with Sumitomo Forestry Co., Ltd. •Approach to cross-shareholdings
Capital policy and returns to shareholders	<ul style="list-style-type: none"> •About Medium-Term Management Plan (FY2024-FY2026) •Approach to optimal debt capital structure •Purchase of treasury shares and dividend policy
Sustainability and governance	<ul style="list-style-type: none"> •Human capital management •Measures taken against the 2024 problems (application of upper limit on overtime work) and their impact •ZEB, GX market, and Black Bark Pellet, a decarbonized biomass fuel •Change of representative director and new management •Status of reduction of cross-shareholdings



The dialogue between ESG analyst Megumi Sakuramoto and Outside Directors
 Megumi Sakuramoto
 Asset Management One Co., Ltd.
 Executive ESG Analyst Investment Div.
 Research & Engagement Group Analyst team
 Outside Directors
 Masaya Nara/Shigeru Okada/Kimie Sakuragi
 /Sakae Yoshida

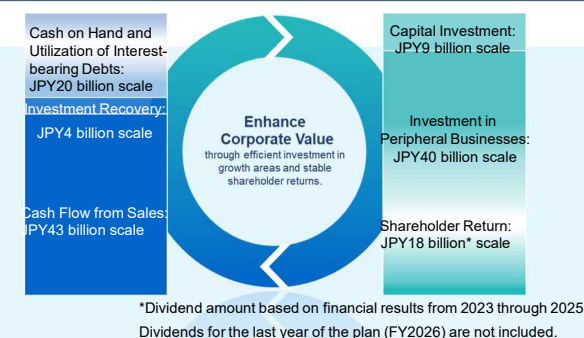
17. Initiatives to Enhance Corporate Value -3

Cash Inflow →

→ Cash Outflow

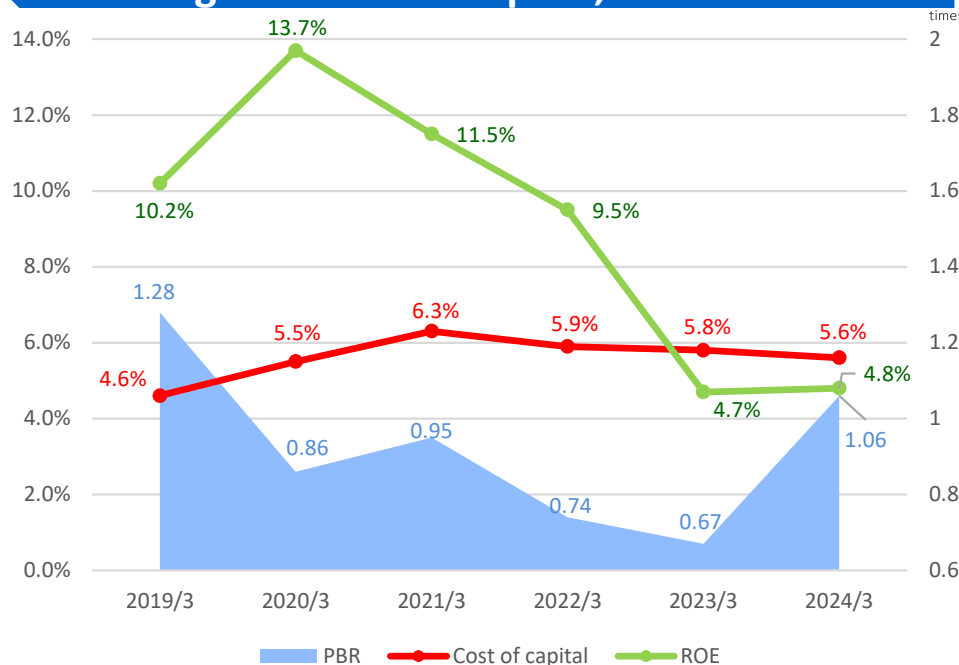
Current status of cost of capital and measures to enhance capital efficiency

- **Cost of capital**: Recognized as **around 6%** (CAPM)
- **Capital efficiency**: **ROE10% or more**(FY2026)
Equity ratio of approx. 45%
 (Striving to balance financial soundness and capital efficiency.)
 The Board of Directors has adopted a resolution on initiatives to further **reduce cross-shareholdings.**
- **Profit allocation**: **Dividend payout ratio of approx. 40%**
 (Our basic policy is to return profits in a reasonable and stable manner.)
- **Purchase of treasury shares**: We 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.(JPY10 billion worth of treasury shares were retired during the previous Mid-Term Management Plan period.)

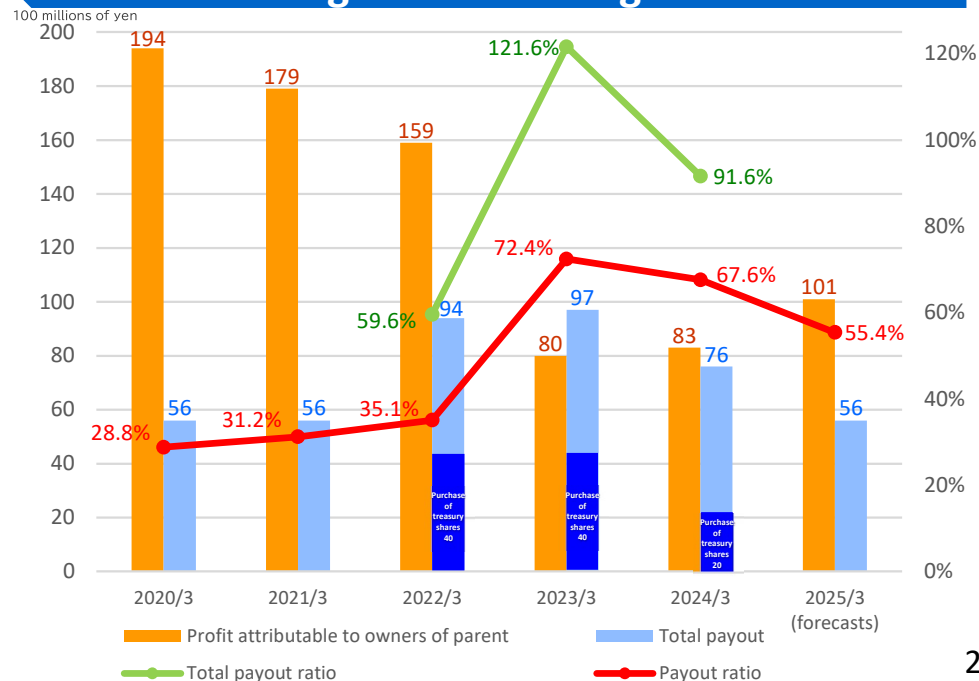


In business investment, we make optimal business decisions based on the cost of capital as a hurdle rate, and we also pay appropriate and stable dividends and purchase and retire treasury stock to increase shareholder returns and improve capital efficiency, while being conscious of the stock price.

Changes in Cost of capital, ROE and PBR



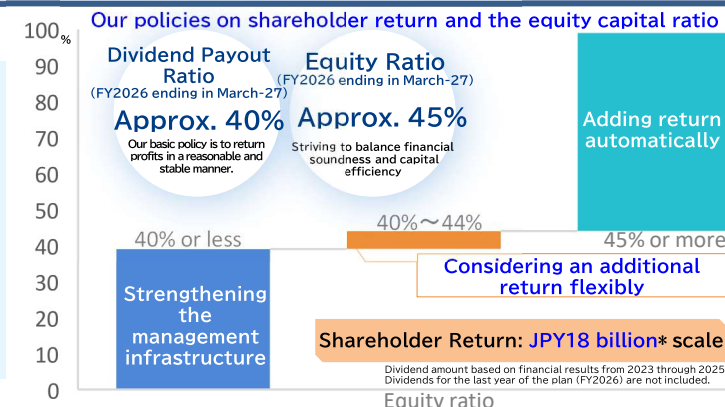
Changes in Returning Profit



17. Initiatives to Enhance Corporate Value -4

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.



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.

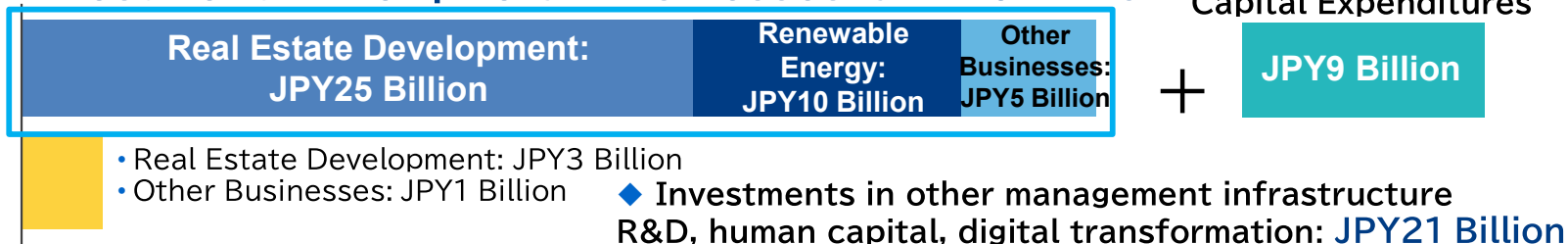
March, 2024/Partner of Integral Corporation (current position)
Apr. 2024/Specially Appointed Professor, Graduate School of Management, Kyoto University (present post)



FY2024 ending in Mar-25 –
FY2026 ending in Mar-27



Investment in Peripheral Businesses: JPY40 Billion



FY2027 ending in Mar-28 –
FY2035 ending in Mar-36

To realize our long-term vision, we will continue to invest even beyond the plan period, and will aim for an annual income of JPY13 Billion by FY2035.

17. Initiatives to Enhance Corporate Value -5

Since July 2022, we have been enhancing corporate advertisements to raise awareness of Kumagai Gumi.

Expected effects	(1) Recruitment support (2) Sales support (3) Increasing motivation
Main advertisements	(1) TV commercials (2) Web advertising (Yahoo!, Google, social media) (3) Transportation advertising (digital signage at stations, video ads in train cars) (4) Radio commercials (5) Newspaper advertisements

"Urban development in the sand box"



Released in July 2022

"Believing in your friends"

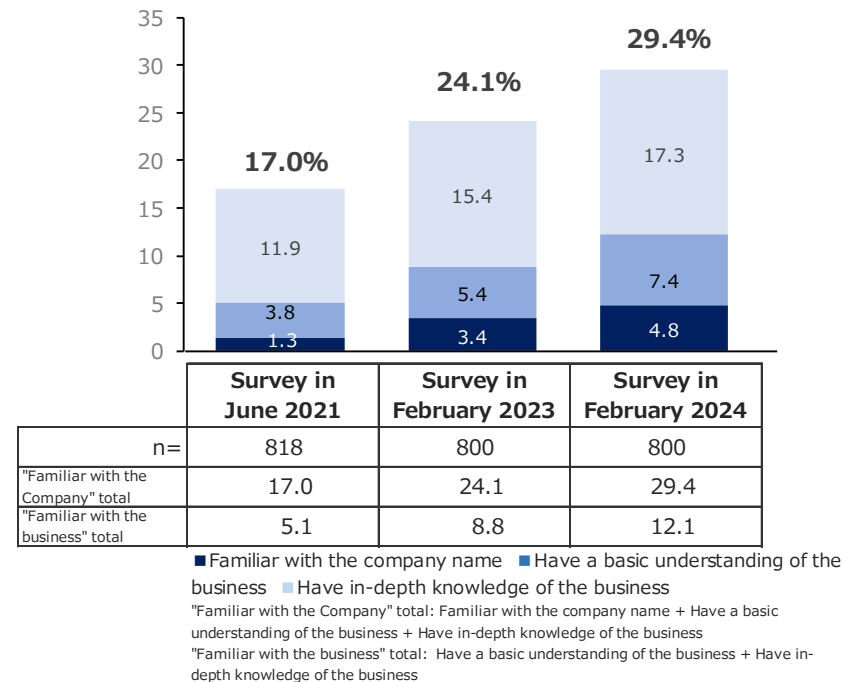


Released in June 2023

Recognition of Kumagai Gumi among the younger generation*:

The level of recognition rose from 17% (before the corporate advertisements) to 29.4%.

*Younger generation: College students and graduate students aged between 18 and 29 who are considering job hunting



Survey method: The survey was conducted by the Company using an online survey panel provided by a research firm.
Scope of survey: Nationwide



Alliance with Sumitomo Forestry



 熊谷組 ×  住友林業 = with TREE

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 “H¹O 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



(Temporary name)
Akihabara Wooden Office
Building Project

Medium- and large-scale wooden construction projects

熊谷組 × 住友林業 × = withTREE

We have received an order for the construction of The Sankei Building Co, Ltd.’s first hybrid timber building. The project is temporarily named the Akihabara Timber Office Building Plan. A feature of the plan is the KS Wood Buckling Restrained Brace’s ability to bear seismic forces. The brace was jointly developed by us and other companies. It will also be the first use of the environmentally conscious λ-WOOD II with 1.5-hour fire resistance and CLT flooring with 1- and 2-hour fire resistance. Hybrid laminated timber with wood, which Sumitomo Forestry has obtained certification for, is used for the beams of the top floor, creating an atmosphere in which people can experience the feeling of wood.

Construction name	Project owner	Structure/Floors	Use	Description of collaboration with Sumitomo Forestry
(Provisional name) H10 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) H10 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.
(Temporary name) Akihabara Wooden Office Building Project	THE SANKEI BUILDING CO., LTD.	9-story S/W building	Office	JV, procuring wood materials

18. Alliance with Sumitomo Forestry

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



Joint Achievements(FY2018-2023)

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.

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).

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)

Joint Research and Development



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

Orders Received
JPY120 Billion

Sales
JPY100 Billion

Gross Profit from
Construction
JPY9 Billion *3

Amount
Invested
JPY10 Billion
Scale

Recognized
Revenue
Approx. *4
JPY3 Billion

●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

●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

●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.

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

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

Synergies expansion

*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.

18. Alliance with Sumitomo Forestry

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

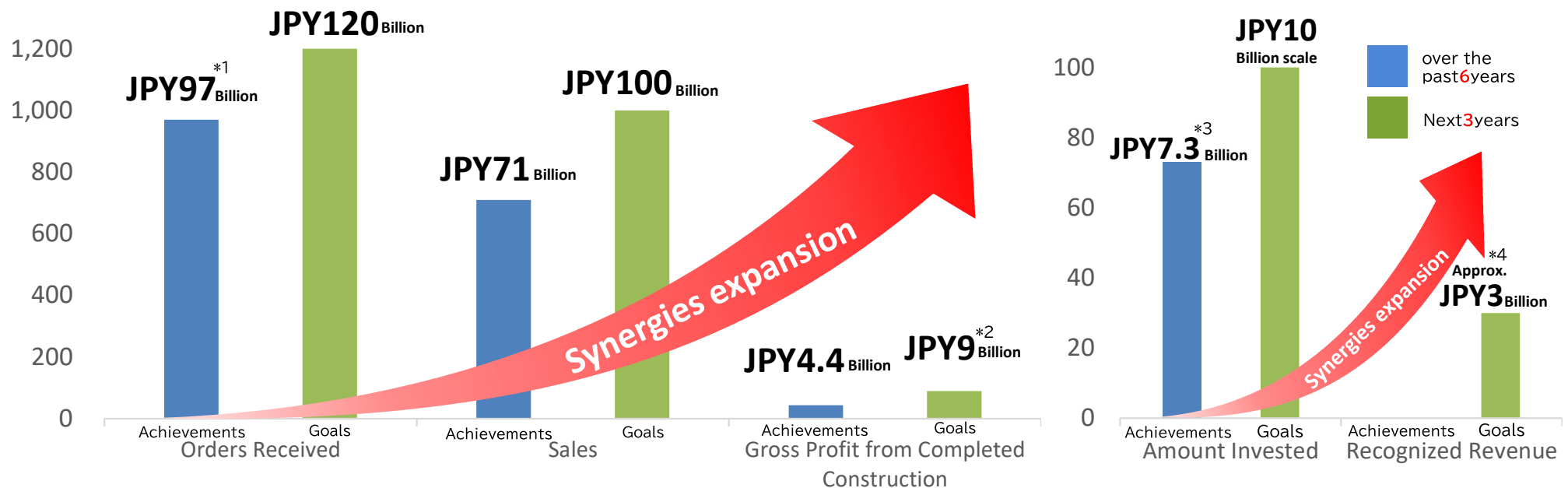
Policies

- 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. ~



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



KUMAGAI

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Tao Zhu Yin Yuan Tower (Taipei City)

Status of efforts towards non-financial targets



19. 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.

20. 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.	 
	Promote Environmentally Friendly Business	Accomplishment of zero emissions. Boost wooden construction business. Development of environmentally friendly technologies. Accomplishment of Nature Positive.	 
	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.	   
	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.	 
	Proactive Relationships with Multi-stakeholders	Strengthening customer satisfaction. Strengthening supply chain management. Strengthening information disclosure. Active dialogue with investors.	

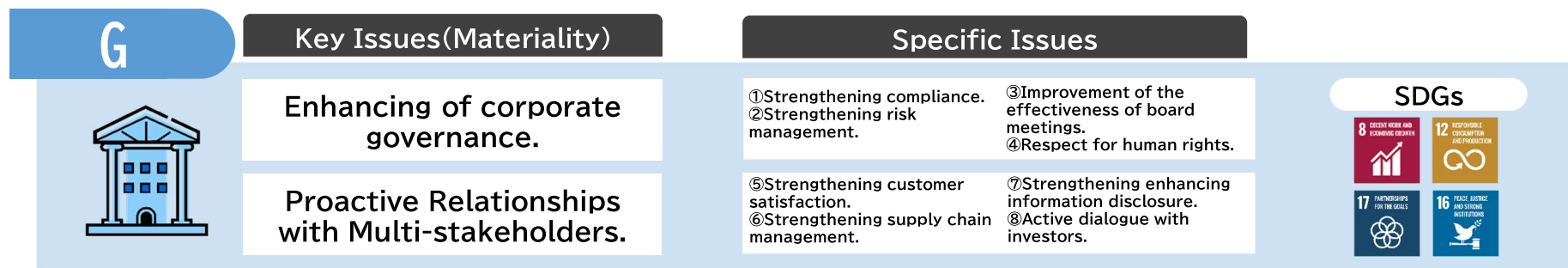
20.Key Issues・Specific Issues Indicators and Targets <Environment>

E	Key Issues(Materiality)	Specific Issues	
	 <p>Response to Climate Change Risks</p> <p>Promote Environmentally Friendly Business</p>	<p>①Accomplishment of carbon neutrality ②Further increase renewable energy business</p> <p>③Accomplishment of zero emissions ④Boost wooden construction business</p> <p>⑤Development of environmentally friendly technologies ⑥Accomplishment of nature Positive</p>	<p>SDGs</p> 
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.

20. Key Issues・Specific Issues Indicators and Targets <Society>

S	Key Issues(Materiality)	Specific Issues	SDGs
	<p>Creating the well-being workplace for all employees.</p> <p>Achievement of sustainable communities.</p>	<p>①Human capital management. ②Handing down skills and technologies. ③Promotion of DX. ④Achieve work life balance.</p> <p>⑤Promotion of diversity and inclusion. ⑥Securing skilled workers in the construction industry. ⑦Create an environment of wellness ⑧ Occupational Health & Safety</p> <p>⑨Ensure quality and integrity in manufacturing ⑩Attractive communities development.</p> <p>⑪Development of resilient social infrastructure. ⑫Initiatives to solve social issues ⑬Initiatives for emergencies such as natural disasters</p>	
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.

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



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.

21. 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 "Gold" in the PRIDE Index for LGBTQ Initiatives



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

Digital Transformation



KUMAGAI GUMI

—— Insight, Onsite, Farsight

(Cautionary Statement Regarding Forward-Looking Statements)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between the English translation and the Japanese original, the original version shall prevail.