

Financial Results 2nd Quarter of FYE 3/2026

November 20,2025



I . Financial Results 2nd Quarter of FYE 3/2026

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1. Highlight

1

Order volume decreased 【non-consolidated】

- The order volume decreased for both Domestic Civil Engineering, Domestic Building Construction, and Overseas.
- Order profitability continues to improve following the previous term.
- We expect a large number of projects in the second half and anticipate achieving the initial plan values.

2

Increase in completed construction volume and profit growth across all income categories 【Consolidated】

- Due to the smooth progress of orders in hand, the value of completed construction increased.
- In domestic Building Construction, there has been progress in improving the gross profit margin, resulting in increased profits for all levels, including operating profit.

3

FY2025 forecast 【Consolidated】

- The progress for each profit forecast for the full year is steadily advancing, and with further improvement in profit margins expected in the second half, we anticipate achieving the full-year plan.

4

Shareholder return

- For FY26/3, the dividends are planned to be 40 yen per share, including interim dividends (160 yen per share before the stock split).
- The dividend payout ratio for FY2026 is forecasted to be 44.6%.

2. Financial results overview<Consolidated>

(100 millions of yen)

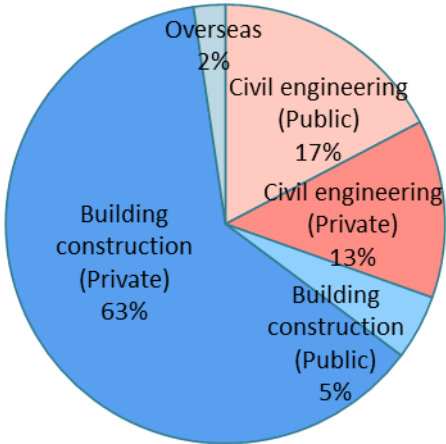
	A.FY2024 2nd Quarter	B.FY2025 2nd Quarter	C.B-A	D.C/A	E.FY2025 Forecasts
Net sales	2,195	2,225	30	+1.4%	4,930
Operating profit	12	74	61	+494.9%	228
Ordinary profit	12	76	63	+505.8%	230
Profit attributable to owners of parent	5	50	44	+841.1%	154
Orders received (Non- Consolidated)	1,763	1,119	▲ 644	▲ 36.5%	3,600

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

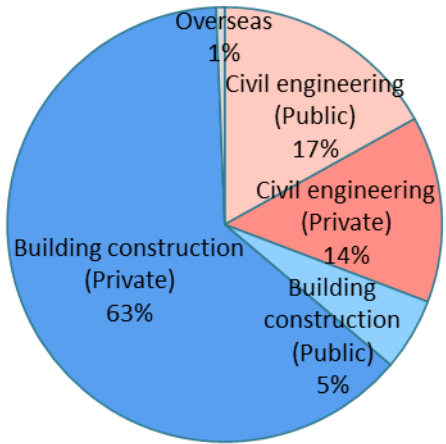
(100 millions of yen)

				A	B	B-A	
				FY2024	FY2025		
				2nd Quarter	2nd Quarter		%
		Public	Public	305	189	(116)	(38.0)
			Private	232	155	(76)	(33.0)
		Civil engineering		537	345	(192)	(35.8)
		Public	84	60	(24)	(28.4)	
			Private	1,101	707	(394)	(35.8)
		Building construction		1,186	767	(418)	(35.3)
	Domestic		1,722	1,112	(610)	(35.4)	
	Overseas		41	7	(34)	(82.7)	
	Orders received			1,763	1,119	(644)	(36.5)

C	D	D-C	
FY2024	FY2025		
Result	(Forecasts)		%
633	700	67	10.6
472	450	(22)	(4.6)
1,104	1,150	46	4.1
218	200	(18)	(8.1)
2,425	2,160	(265)	(10.9)
2,643	2,360	(283)	(10.7)
3,747	3,510	(237)	(6.3)
47	90	43	93.3
3,794	3,600	(194)	(5.1)



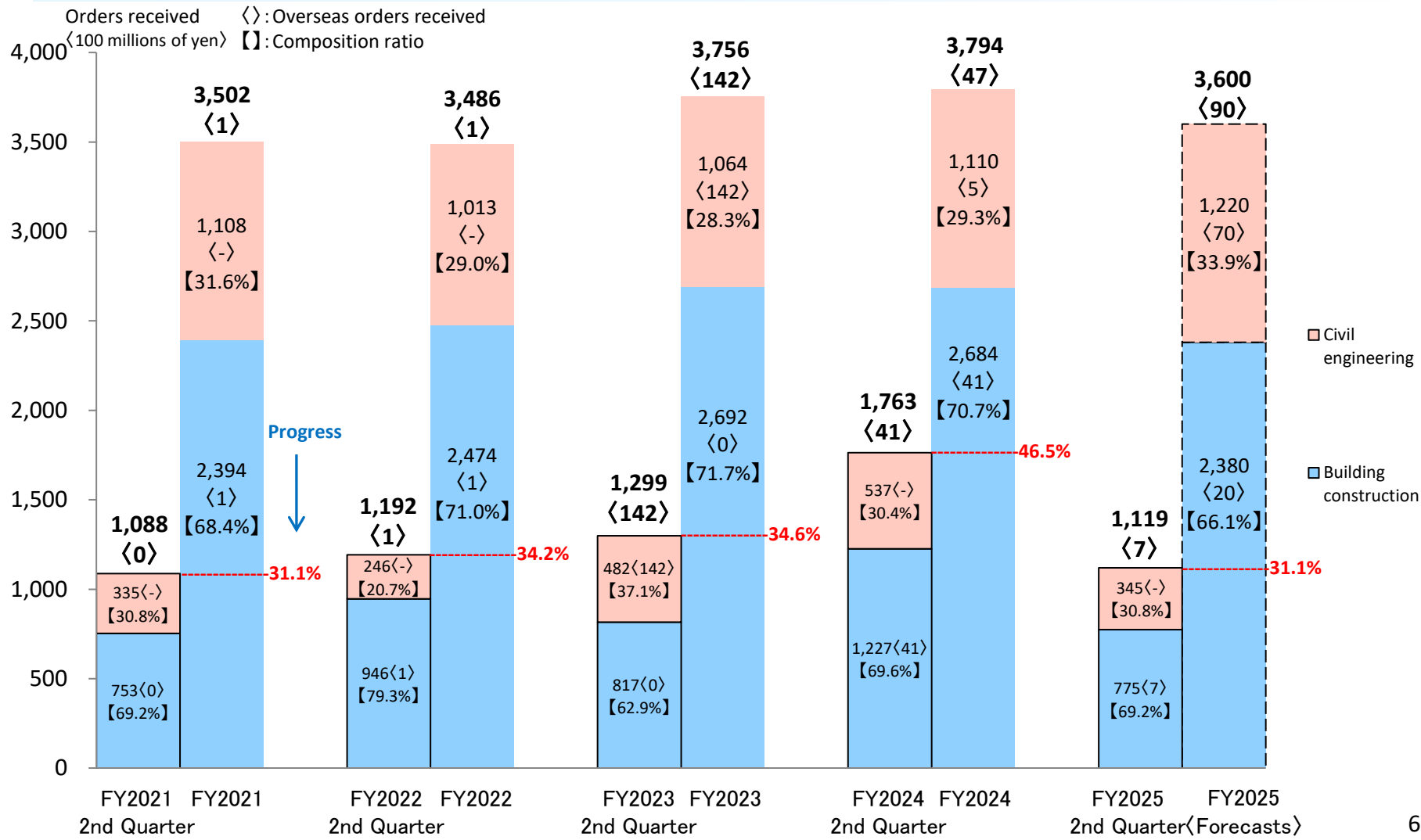
FY2024 2nd Quarter



FY2025 2nd Quarter

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

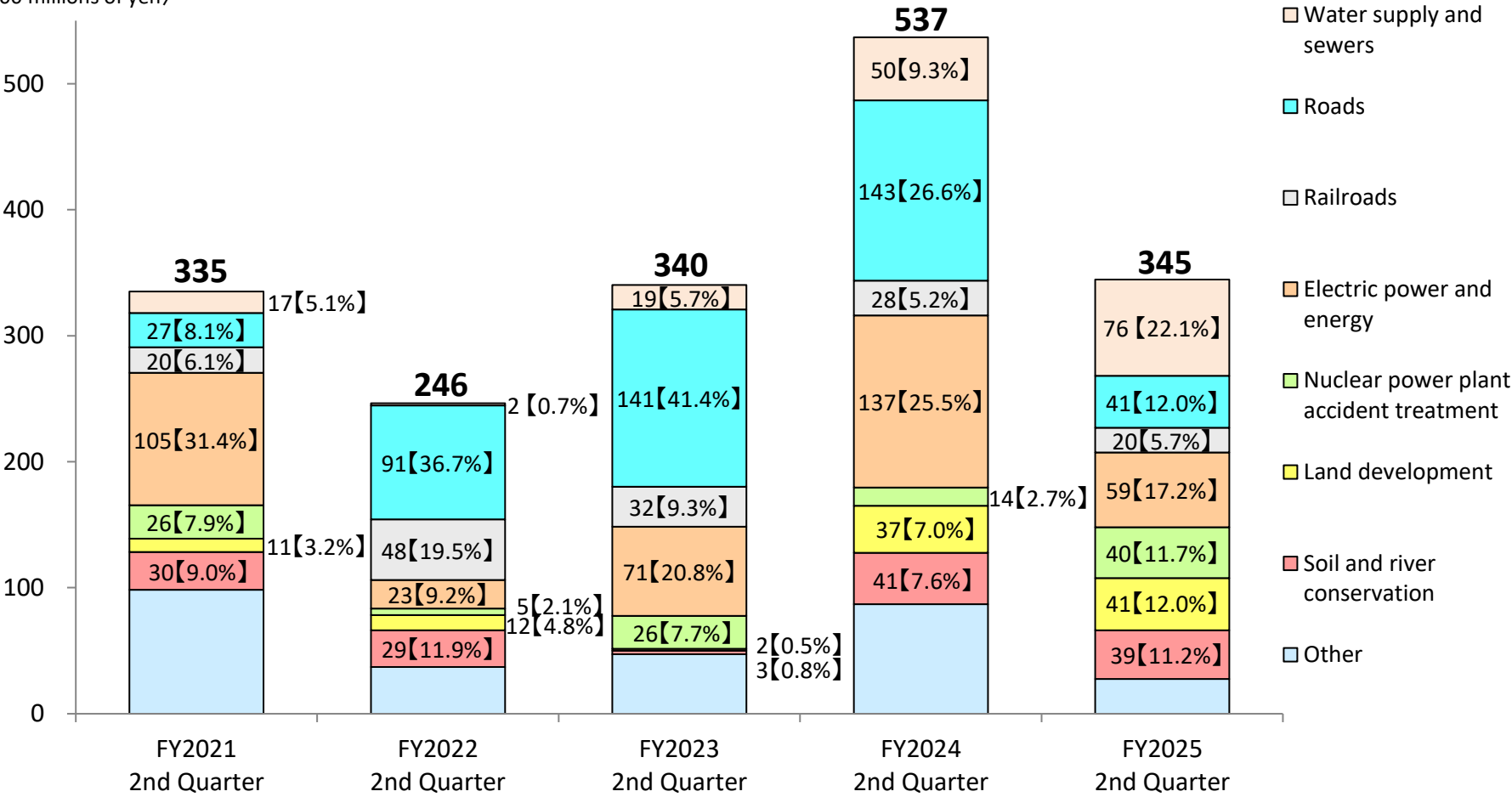
•In the second half, there are many pending government project bids and private construction project nominations, and we anticipate achieving the full-year forecast (initially announced at the beginning of the fiscal year).



3.Orders Received-3 〈Non-Consolidated〉 Change 〈Domestic Civil Engineering〉

- The water supply and sewerage sector increased due to receiving orders for large projects.
- In the first half, there was a decrease compared to the previous term, but in the current term, the bidding projects in the second half have progressed smoothly as planned.

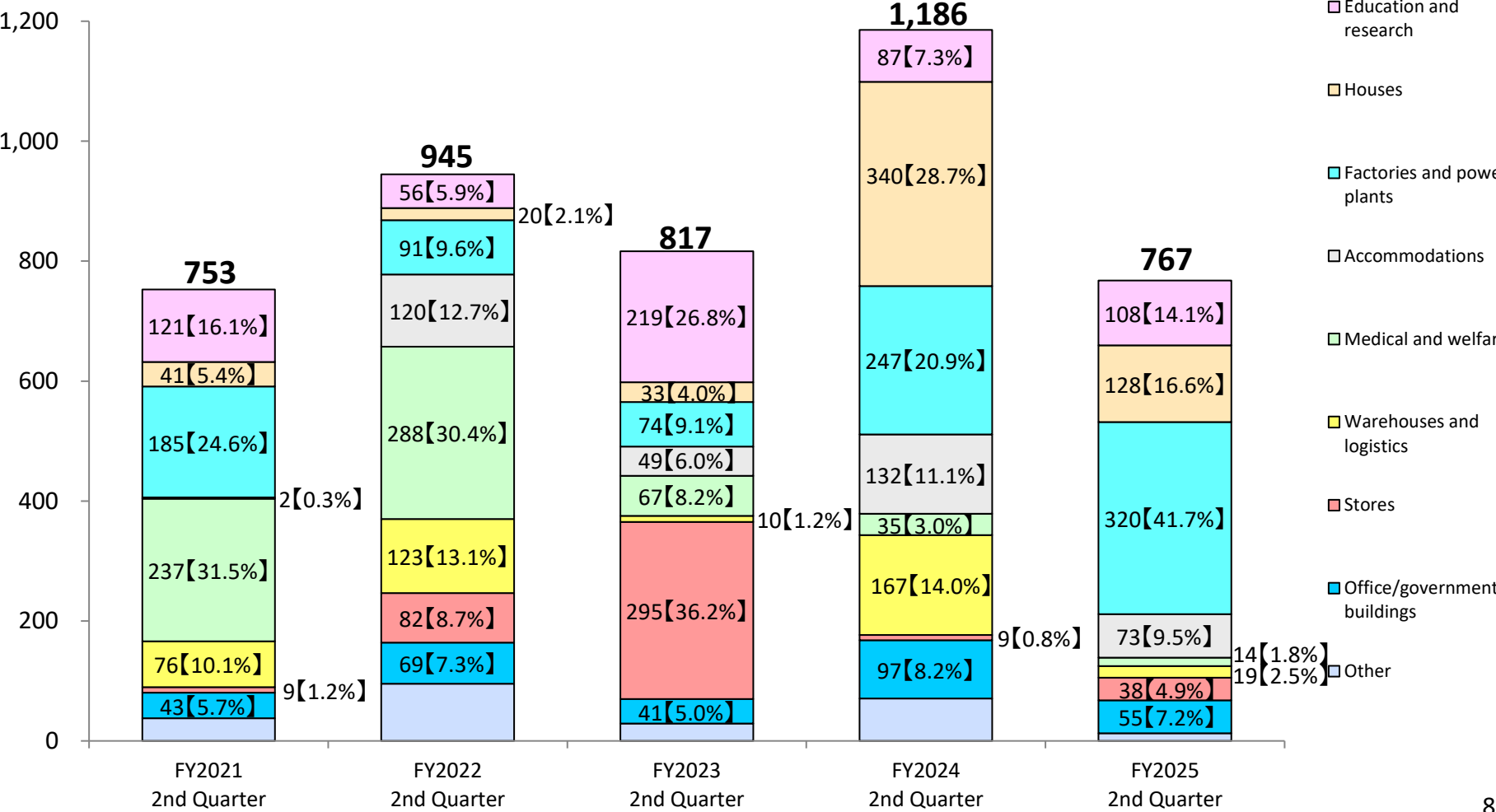
Orders received
〈100 millions of yen〉



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

- In the same period last year, there was a reactionary decrease in areas such as the housing sector, which received large-scale orders, and the warehouse and distribution sectors.
- The factory sector, which received several large orders, increased.

Orders received
<100 millions of yen>



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

(100 millions of yen)

	A			B			B-A				
	FY2024			FY2025							
	2nd Quarter			2nd Quarter							
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	%	
Net sales	2,195	1,610	585	2,225	1,694	531	30	85	(54)	1.4	
Gross profit	129	82	46	198	146	52	69	64	6		
(Ratio)	5.9%	5.1%	7.9%	8.9%	8.6%	9.8%	3.0%	3.5%	1.9%		
SG&A expenses	116	89	27	124	95	29	8	6	2		
Operating profit	12	(6)	19	74	51	23	61	57	4	494.9	
(Ratio)	0.6%	(0.4)%	3.2%	3.3%	3.0%	4.3%	2.7%	3.4%	1.1%		
Non-operating income	6	20	(14)	9	37	(27)	3	17	(14)		
Non-operating expenses	6	6	0	7	7	0	1	1	(0)		
Ordinary profit	12	8	5	76	80	(5)	63	73	(9)	505.8	
(Ratio)	0.6%	0.5%	0.8%	3.4%	4.7%	(0.9)%	2.8%	4.2%	(1.7)%		
Extraordinary income	0	0	0	0	0	0	0	0	0		
Extraordinary losses	1	0	1	1	1	0	(0)	0	(1)		
Profit before income taxes	11	7	4	75	80	(5)	64	73	(9)	556.9	
Income taxes-current	4	1	3	22	15	8	18	13	5		
Income taxes-deferred	2	(0)	3	4	4	(1)	1	5	(4)		
Profit	5	6	(1)	50	61	(11)	44	54	(10)	841.1	
Loss attributable to non-controlling interests	-	-	-	(0)	-	(0)	(0)	-	(0)		
Profit attributable to owners of parent	5	6	(1)	50	61	(11)	44	54	(10)	841.1	
(Ratio)	0.2%	0.4%	(0.2)%	2.2%	3.6%	(2.1)%	2.0%	3.2%	(1.9)%		

	C			D			D-C				
	FY2024			FY2025							
				(Forecasts)							
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	%	
Net sales	4,986	3,723	1,263	4,930	3,620	1,310	(56)	(103)	47	(1.1)	
Gross profit	383	262	121	490	370	120	107	108	(1)		
(Ratio)	7.7%	7.0%	9.6%	9.9%	10.2%	9.2%	2.2%	3.2%	(0.4)%		
SG&A expenses	240	184	56	262	200	62	22	16	6		
Operating profit	143	78	65	228	170	58	85	92	(7)	59.4	
(Ratio)	2.9%	2.1%	5.2%	4.6%	4.7%	4.4%	1.7%	2.6%	(0.8)%		
Non-operating income	14	26	(12)	16	38	(22)	2	12	(10)		
Non-operating expenses	13	13	(0)	14	11	3	1	(2)	3		
Ordinary profit	144	90	54	230	197	33	86	107	(21)	59.6	
(Ratio)	2.9%	2.4%	4.3%	4.7%	5.4%	2.5%	1.8%	3.0%	(1.8)%		
Extraordinary income	1	1	0	0	0	0	(1)	(1)	(0)		
Extraordinary losses	7	3	4	1	0	1	(6)	(3)	(3)		
Profit before income taxes	138	88	50	229	197	32	91	109	(18)	65.9	
Income taxes-current	36	20	17	74	55	19	38	35	2		
Income taxes-deferred	8	6	2	1	1	0	(7)	(5)	(2)		
Profit	94	62	31	154	141	13	60	79	(18)	64.6	
Loss attributable to non-controlling interests	-	-	-	-	-	-	-	-	-		
Profit attributable to owners of parent	94	62	31	154	141	13	60	79	(18)	64.6	
(Ratio)	1.9%	1.7%	2.5%	3.1%	3.9%	1.0%	1.2%	2.2%	(1.5)%		

【Subsidiaries】

Gaeart Co.,Ltd. FATEC Co.,Ltd. Local Energy System Co.,Ltd.
Technos Co.,Ltd. Techno Space Creates Co.,Ltd. KG Dino Resort Co.,Ltd.
K&E Co.,Ltd. Technical Support Co.,Ltd. Taiwan Kumagai Co.,Ltd.

【Equity method】

Sasajima Construction Co.,Ltd. Maeda Co.,Ltd.
Kyoei Machinery Engineering Co.,Ltd. Japan Wind Farm Construction Co.,Ltd.

4.Statement of Income-2 <Non-Consolidated> Result and Forecasts

(100 millions of yen)

			A		B		B-A			C		D		D-C		
			FY2024		FY2025					FY2024		FY2025				
			2nd Quarter		2nd Quarter							(Forecasts)				
				Ratio		Ratio		%	Ratio		Ratio		Ratio		%	Ratio
		Civil engineering	485		523		38	7.9		1,018		1,050		32	3.2	
		Building construction	1,115		1,142		27	2.4		2,672		2,500		(172)	(6.4)	
	Domestic	1,600		1,665		65	4.1		3,689		3,550		(139)	(3.8)		
	Overseas	9		29		20	209.3		34		70		36	107.2		
	Net sales			1,610		1,694		85	5.3		3,723		3,620		(103)	(2.8)
		Civil engineering	67	13.8%	70	13.4%	3		(0.4)%	153	15.0%	125	11.9%	(28)		(3.1)%
		Building construction	15	1.3%	74	6.5%	59		5.2%	107	4.0%	240	9.6%	133		5.6%
	Domestic	82	5.1%	144	8.6%	62		3.5%	260	7.0%	365	10.3%	105		3.3%	
	Overseas	1	6.7%	2	6.6%	1		(0.1)%	3	7.5%	5	7.1%	2		(0.4)%	
	Gross profit			82	5.1%	146	8.6%	64	77.2	3.5%	262	7.0%	370	10.2%	108	41.1
		Personnel	43		45		2			83		96		13		
		Non-personnel	46		50		4			101		104		3		
SG&A expenses			89		95		6			184		200		16		
Operating profit (loss)			(6)	(0.4)%	51	3.0%	57	—	3.4%	78	2.1%	170	4.7%	92	118.3	2.6%
Non-operating income			20		37		17			26		38		12		
Non-operating expenses			6		7		1			13		11		(2)		
Ordinary profit			8	0.5%	80	4.7%	73	952.0	4.2%	90	2.4%	197	5.4%	107	117.9	3.0%
Extraordinary income			0		0		0			1		0		(1)		
Extraordinary losses			0		1		0			3		0		(3)		
Profit before income taxes			7		80		73	987.6		88		197		109	124.0	
Income taxes-current			1		15		13			20		55		35		
Income taxes-deferred			(0)		4		5			6		1		(5)		
Profit			6	0.4%	61	3.6%	54	848.9	3.2%	62	1.7%	141	3.9%	79	126.3	2.2%

4.Statement of Income-3 <Consolidated> Non-Operating Income and Extraordinary Income

Non-operating income

(100 millions of yen)

		A FY2024 2nd Quarter			B FY2025 2nd Quarter			B-A		
		Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Non-operating income	Interest and dividend income	5.8	19.6	(13.8)	7.2	35.2	(28.0)	1.4	15.5	(14.1)
	Foreign exchange gains	–	–	–	0.5	0.3	0.2	0.5	0.3	0.2
	Other	0.5	0.4	0.1	1.6	1.3	0.3	1.2	0.9	0.3
		6.3	20.0	(13.8)	9.3	36.7	(27.4)	3.1	16.7	(13.7)
Non-operating expenses	Interest expenses	2.5	2.6	(0.1)	4.2	4.6	(0.4)	1.7	2.0	(0.3)
	Share of loss of entities accounted for using equity method	0.1	–	0.1	0.4	–	0.4	0.2	–	0.2
	Foreign exchange losses	0.2	0.1	0.2	–	–	–	(0.2)	(0.1)	(0.2)
	Commission for syndicated loans	0.8	0.8	–	0.2	0.2	–	(0.6)	(0.6)	–
	Loss on investments in investment partnerships	1.8	1.8	–	1.7	1.7	–	(0.1)	(0.1)	–
	Other	0.6	0.6	0.1	0.8	0.7	0.1	0.2	0.1	0.1
Non-operating expenses		6.2	5.9	0.3	7.4	7.2	0.2	1.2	1.3	(0.1)

Extraordinary income

(100 millions of yen)

		A FY2024 2nd Quarter			B FY2025 2nd Quarter			B-A		
		Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Extraordinary income	Gain on sale of non-current assets	0.0	0.0	0.0	0.3	0.1	0.2	0.3	0.1	0.1
	Gain on sale of memberships	0.0	0.0	–	0.0	0.0	–	(0.0)	(0.0)	–
Extraordinary income		0.0	0.0	0.0	0.3	0.1	0.2	0.3	0.1	0.1
Extraordinary losses	Loss on retirement of non-current assets	0.1	0.0	0.1	0.1	0.0	0.0	(0.0)	(0.0)	(0.0)
	Compensation for damage	0.8	0.3	0.6	0.4	0.4	–	(0.5)	0.1	(0.6)
	Provision of allowance for doubtful accounts	0.1	–	0.1	0.1	–	0.1	(0.0)	–	(0.0)
	Other	0.0	–	0.0	0.1	0.1	0.0	0.1	0.1	(0.0)
Extraordinary losses		1.1	0.3	0.8	0.7	0.5	0.2	(0.4)	0.2	(0.6)

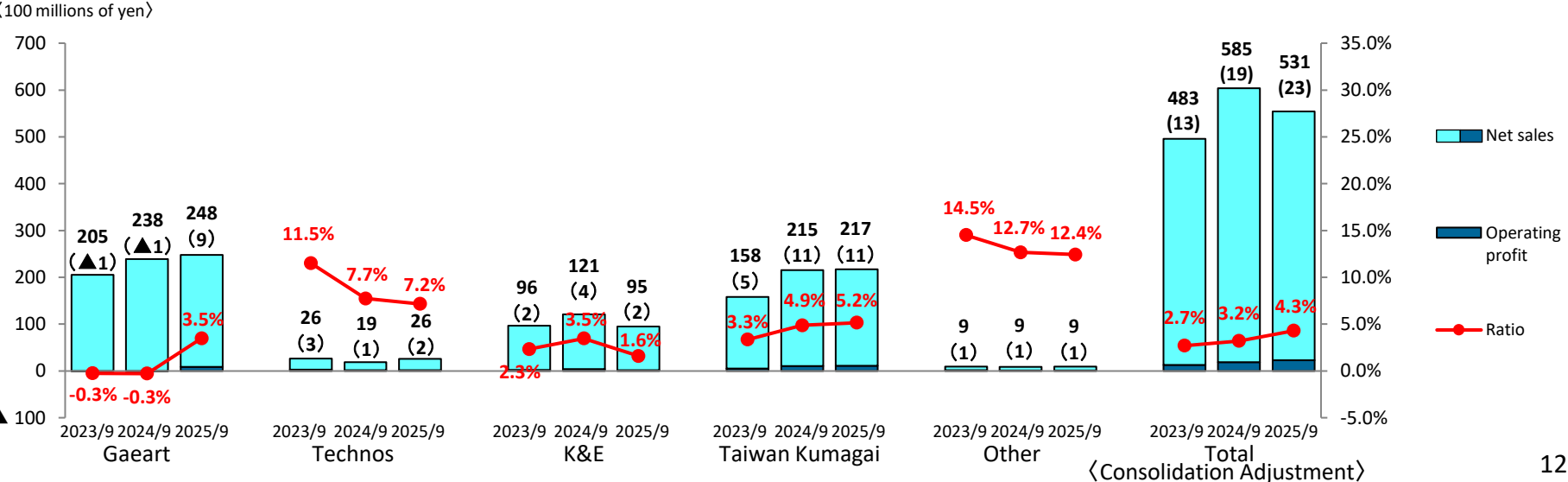
5. Subsidiaries Change

- Sales revenue decreased for the subsidiaries due to a decline in K&E sales revenue, while profits increased due to improved profit margins at Gaeart.
- TaiwanKumagai maintains high-level performance, backed by a wealth of construction projects on hand.

Subsidiaries (100 millions of yen)

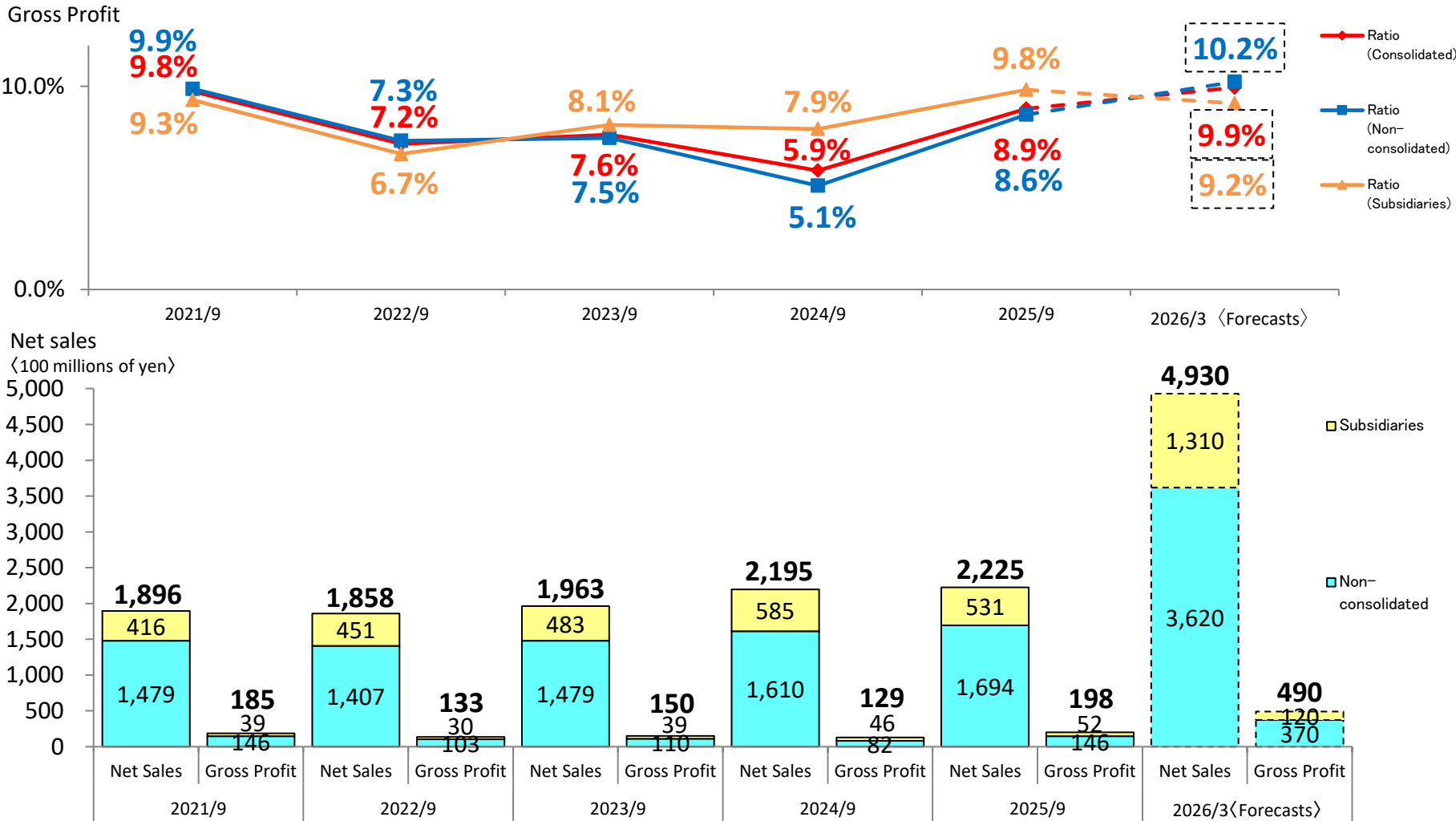
	Gaeart Co., Ltd.			Technos Co., Ltd.			K & E Co., Ltd.		
	FY2023 Q2	FY2024 Q2	FY2025 Q2	FY2023 Q2	FY2024 Q2	FY2025 Q2	FY2023 Q2	FY2024 Q2	FY2025 Q2
Net sales	205	238	248	26	19	26	96	121	95
Operating profit	(1)	(1)	9	3	1	2	2	4	2
Ordinary profit	(0)	(1)	9	3	1	2	3	4	2
Profit	(1)	(1)	6	2	1	1	2	3	1

	Taiwan Kumagai Co., Ltd.			Other			Total (Consolidation Adjustment)		
	FY2023 Q2	FY2024 Q2	FY2025 Q2	FY2023 Q2	FY2024 Q2	FY2025 Q2	FY2023 Q2	FY2024 Q2	FY2025 Q2
Net sales	158	215	217	9	9	9	483	585	531
Operating profit	5	11	11	1	1	1	13	19	23
Ordinary profit	5	12	12	1	1	1	3	5	(5)
Profit	4	11	10	1	1	0	(2)	(1)	(11)



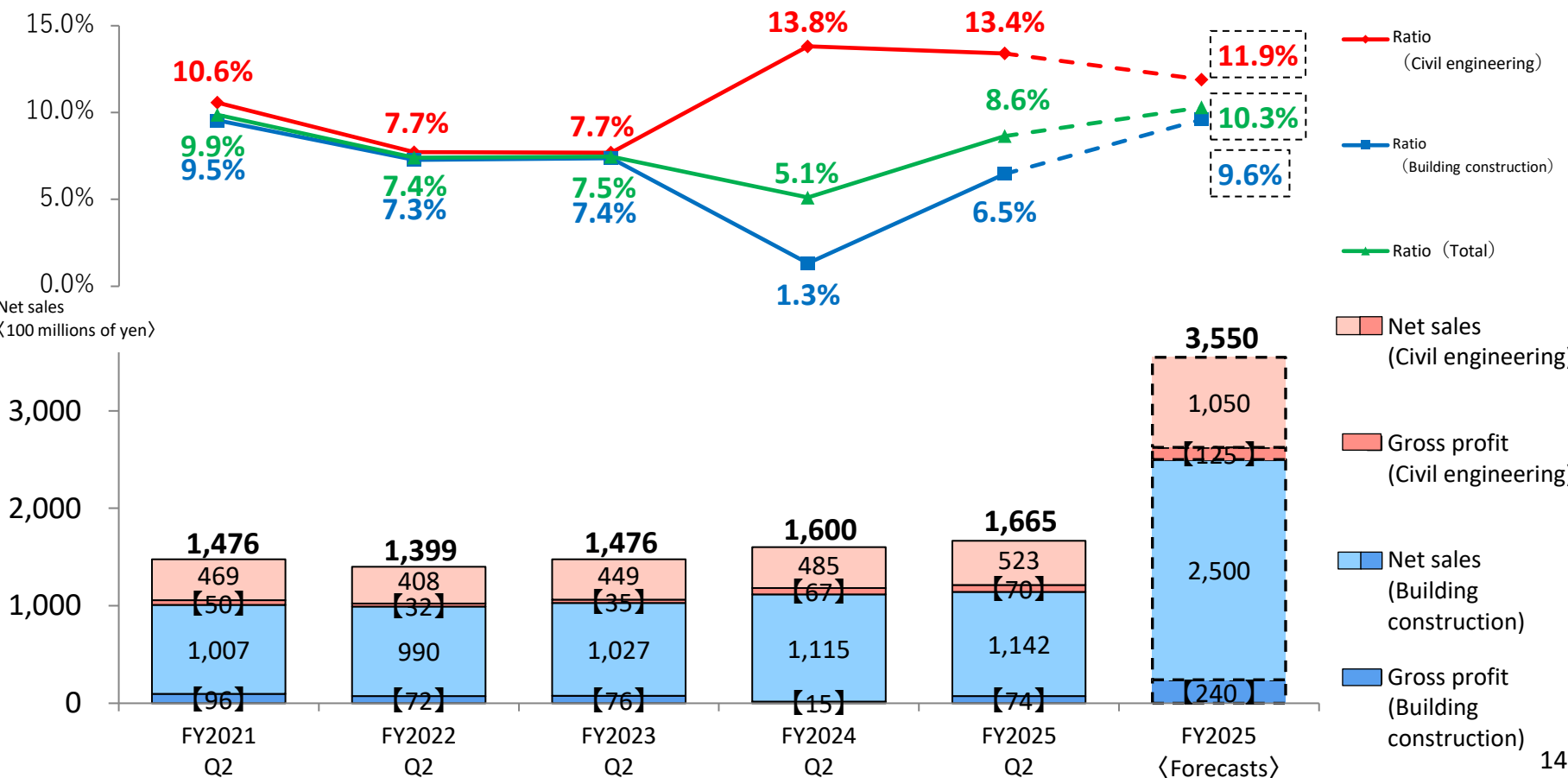
6. Net Sales and Gross Profit <Consolidated> Change <Full-Year>

- The individual entity increased completed construction work due to abundant ongoing projects, driving the entire consolidation.
- The profit margin is recovering due to improvements in domestic Building Construction and Gaeart.



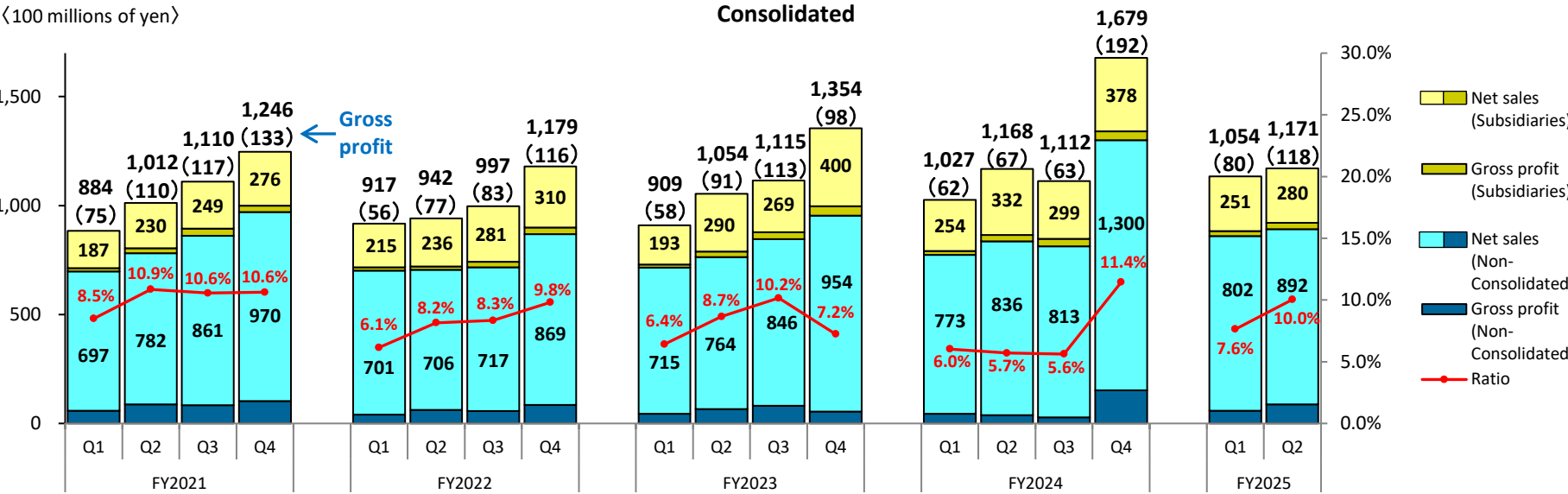
7.Net Sales and Gross Profit <Non-Consolidated> Change <Domestic>

- The value of completed construction work increased due to the smooth progress of ongoing projects.
- The effects of strengthening the organizational structure in Civil Engineering resulted in maintaining the profit margin improvement similar to the same period of the previous year, significantly enhancing the profit margin through improvements in gross profit margin at the time of order and acquisition of additional design changes.
- Profit margins improved in Building Construction due to the improvement in gross profit margin at the time of order receipt and a decrease in the impact of unprofitable projects.

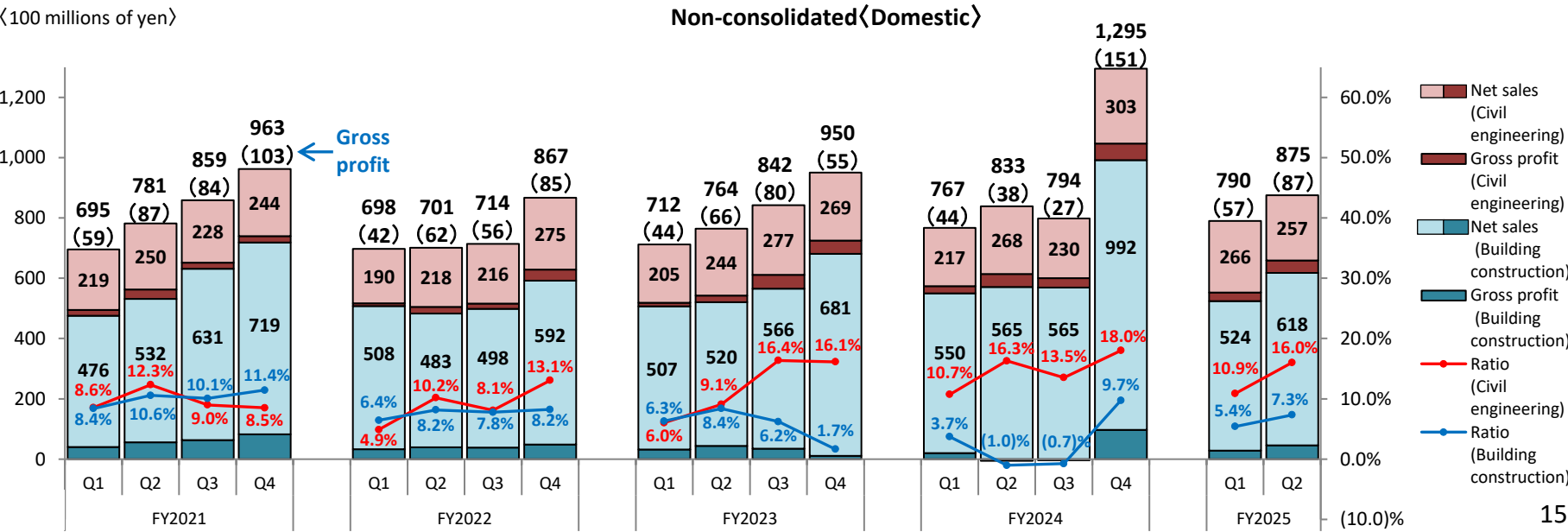


8.Net Sales and Gross Profit <Consolidated and Non-Consolidated> Quarterly Change

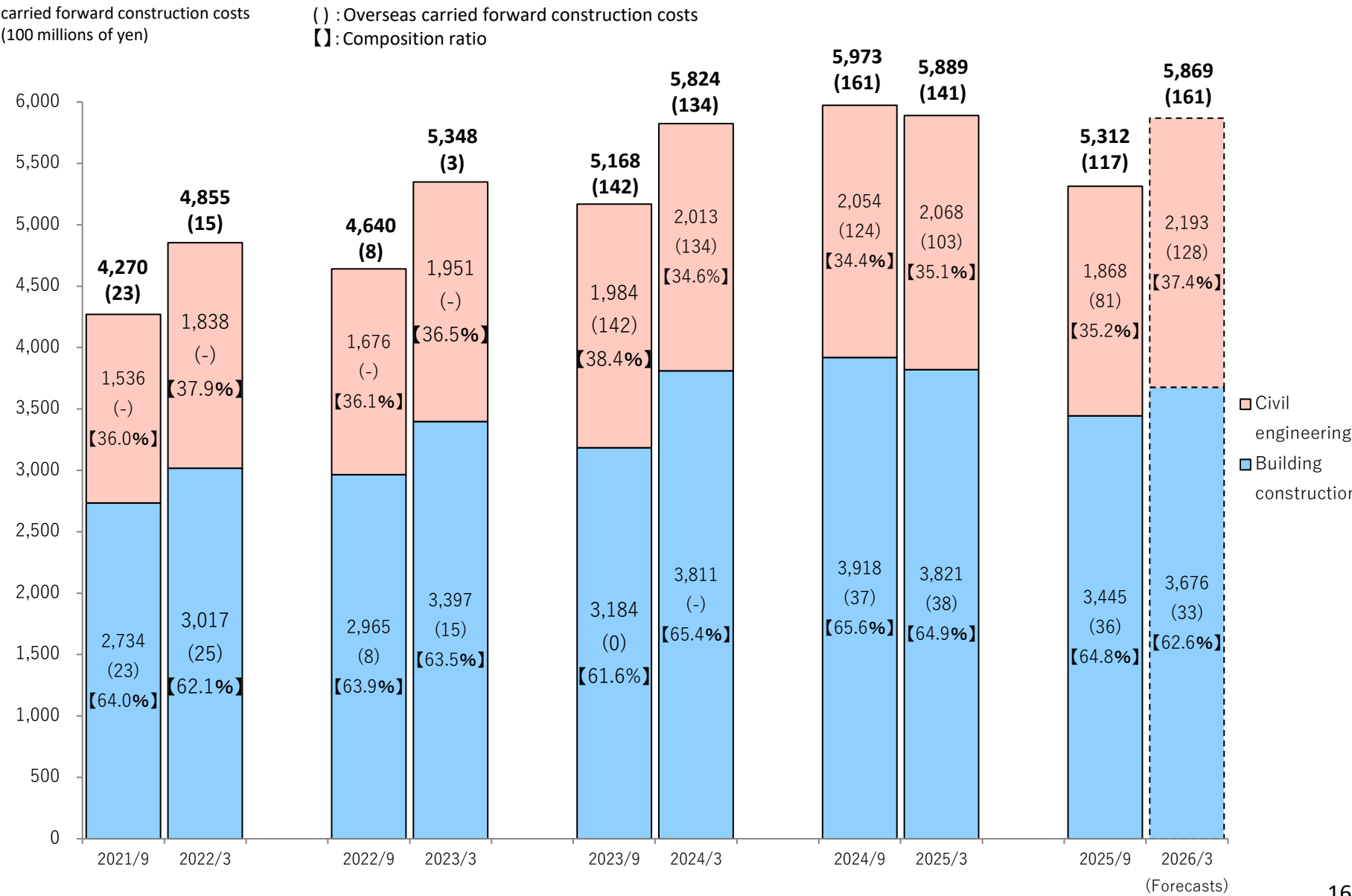
<100 millions of yen>



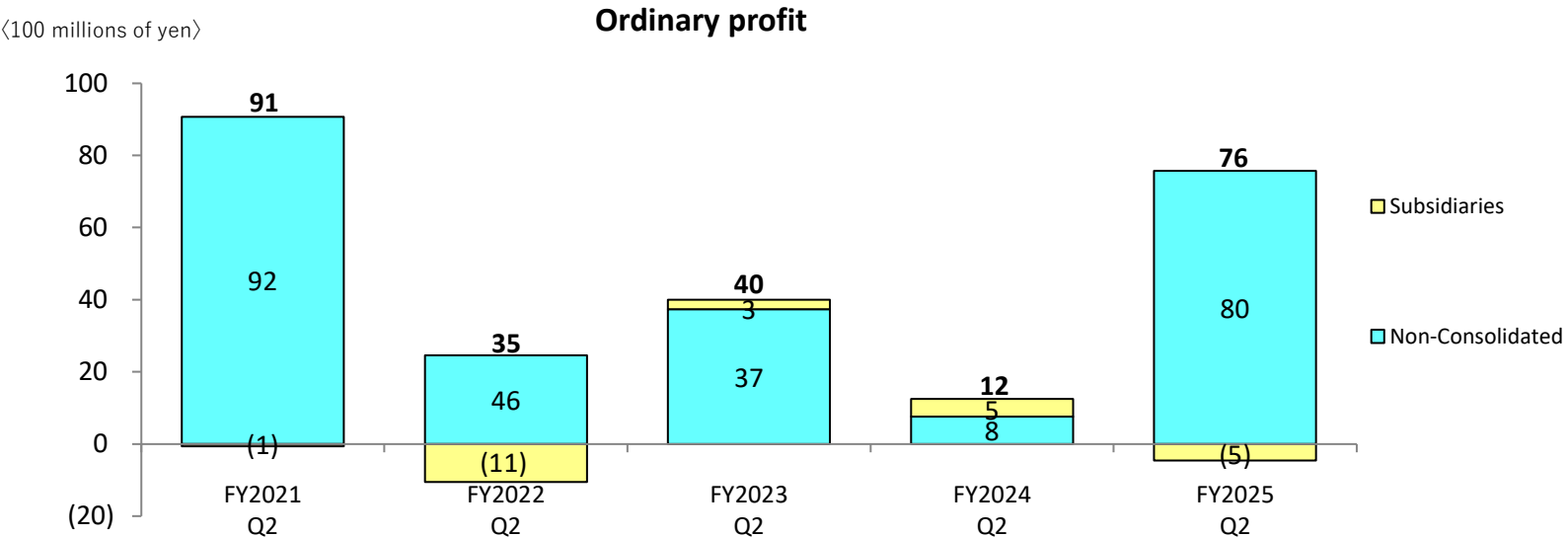
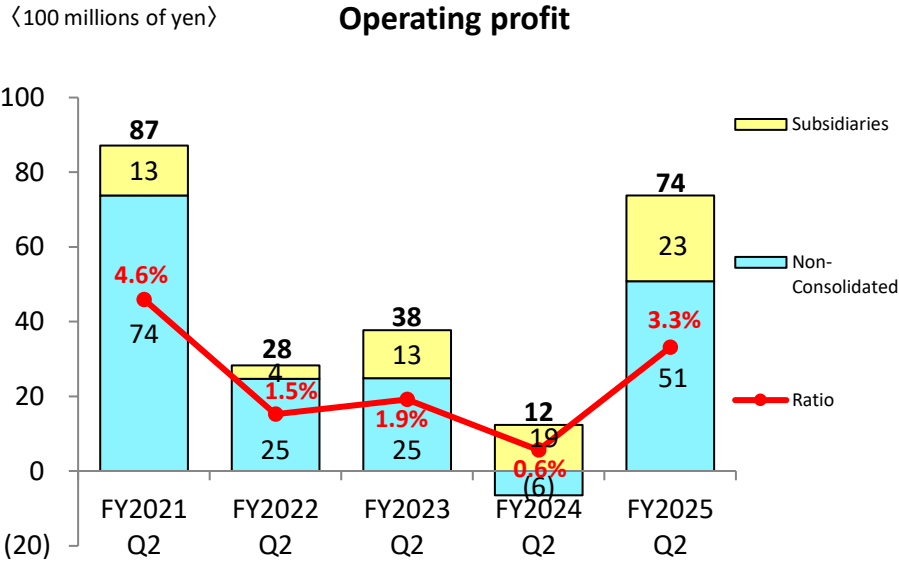
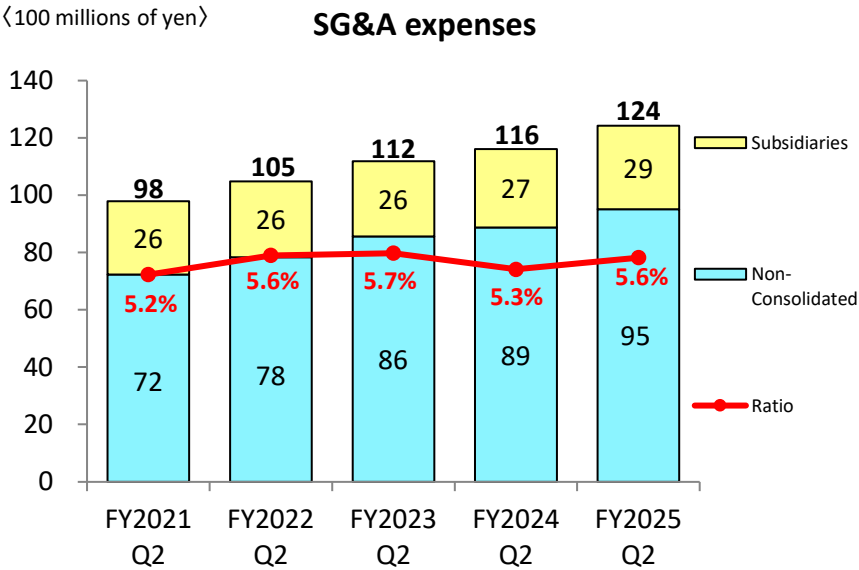
<100 millions of yen>



9. Changes in carried forward construction costs <Domestic>



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



11.Balance Sheet-1 〈Consolidated〉 Assets

Assets

(100 millions of yen)

	A FY2024			B FY2025 2nd Quarter			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Cash and deposits	502	219	283	576	282	294	74	63	11
Notes receivable,accounts receivable from completed construction contracts and other	2,645	2,310	335	2,366	2,054	312	(279)	(256)	(23)
Costs on construction contracts in progress	73	60	13	73	61	13	1	1	(0)
Accounts receivable-other	321	266	55	232	186	46	(89)	(80)	(9)
Other	35	26	9	39	29	9	4	4	0
Allowance for doubtful accounts	(1)	(0)	(0)	(1)	(0)	(0)	0	0	0
Total current assets	3,574	2,880	694	3,285	2,611	674	(289)	(269)	(20)
Buildings and structures, net	103	65	39	102	63	38	(2)	(2)	(0)
Land	196	167	30	195	166	30	(1)	(1)	(0)
Other,net	25	13	11	71	12	59	46	(1)	47
Total property,plant and equipment	325	245	80	367	241	127	43	(4)	47
Intangible assets	17	16	1	17	15	1	(0)	(0)	(0)
Investment securities	504	541	(37)	578	616	(38)	74	75	(1)
Deferred tax assets	35	24	11	14	2	11	(21)	(21)	0
Other	173	99	73	187	153	34	14	53	(39)
Allowance for doubtful accounts	(2)	(0)	(2)	(2)	(0)	(2)	(0)	-	(0)
Total investments and other assets	709	664	45	776	771	4	66	107	(41)
Total non-current assets	1,051	925	126	1,159	1,027	131	108	103	5
Total assets	4,625	3,804	821	4,445	3,639	806	(180)	(166)	(15)

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

Liabilities and net assets

(100 millions of yen)

	A			B			B-A		
	FY2024			FY2025					
	Consolidated	Non-	Subsidiaries	Consolidated	Non-	Subsidiaries	Consolidated	Non-	Subsidiaries
		Consolidated			Consolidated			Consolidated	
Notes payable, accounts payable for construction contracts and other	1,023	731	292	645	375	270	(378)	(356)	(22)
Electronically recorded obligations – operating	435	417	18	316	295	21	(119)	(122)	3
Short-term borrowings	81	119	(38)	151	201	(50)	70	82	(12)
Commercial papers	–	–	–	250	250	–	250	250	–
Income taxes payable	14	6	8	23	15	8	9	9	(0)
Advances received on construction contracts in progress	228	209	19	258	228	30	31	20	11
Deposits received	366	344	22	387	350	38	21	6	15
Provision for loss on construction contracts	24	22	1	17	15	2	(7)	(8)	1
Provision for bonuses	41	27	14	44	29	14	2	2	0
Other	82	64	18	64	51	13	(19)	(14)	(5)
Total current liabilities	2,294	1,939	355	2,154	1,808	346	(140)	(131)	(9)
Long-term borrowings	340	340	–	275	268	7	(65)	(72)	7
Provision for share awards	3	3	–	2	2	–	(1)	(1)	–
Retirement benefit liability	163	139	24	160	135	25	(3)	(4)	0
Deferred tax liabilities	1	–	1	0	–	0	(1)	–	(1)
Other	6	5	1	7	5	2	0	(0)	1
Total non-current liabilities	513	486	27	444	409	34	(69)	(77)	8
Total liabilities	2,807	2,426	381	2,598	2,218	380	(209)	(208)	(1)
Total shareholders' equity	1,681	1,265	417	1,672	1,270	402	(9)	6	(15)
Total accumulated other comprehensive income	137	114	23	175	150	24	38	36	1
Non-controlling interests	–	–	–	0	–	0	0	–	0
Total net assets	1,818	1,379	439	1,847	1,421	426	29	42	(13)
Total liabilities and net assets	4,625	3,804	821	4,445	3,639	806	(180)	(166)	(15)

(Capital adequacy ratio)

39.3%

36.2%

53.5%

41.6%

39.0%

52.9%

2.3%

2.8%

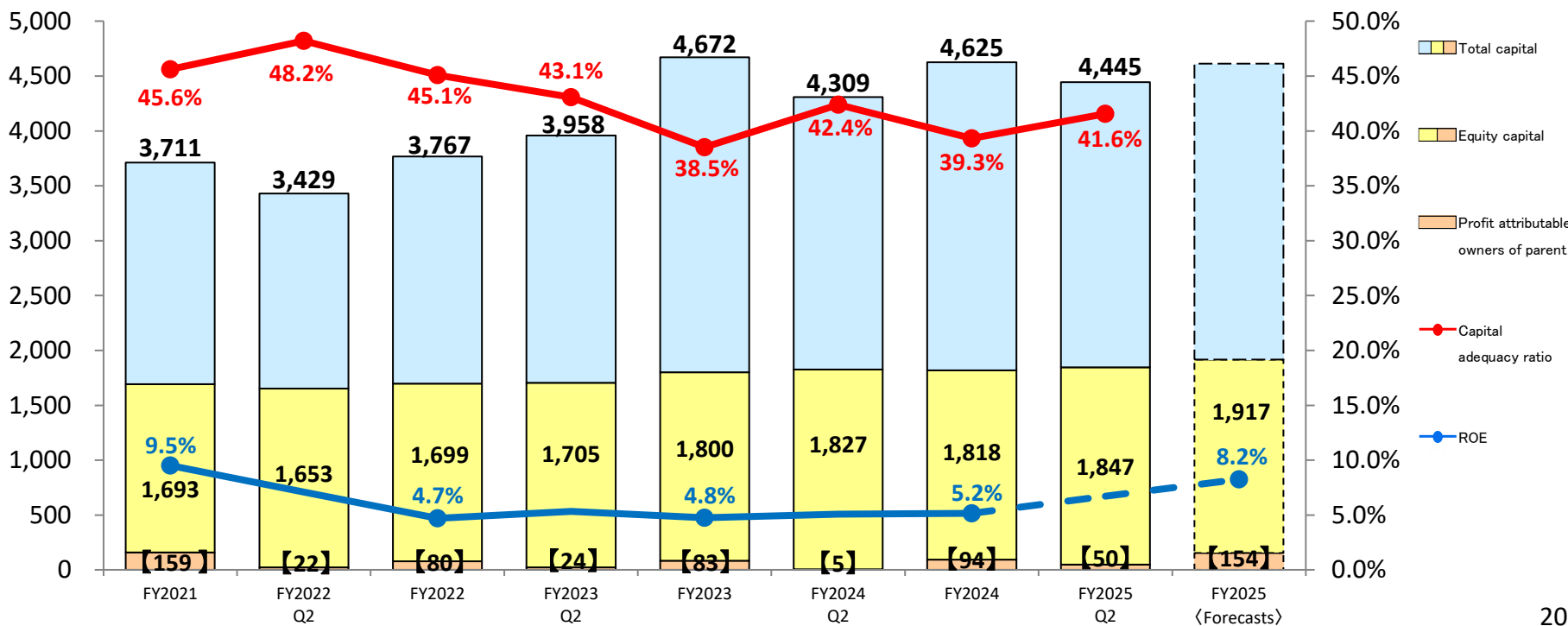
(0.6)%

12.Equity Capital <Consolidated> Change

- Due to the decrease in total capital, the equity ratio rose to 41.6% compared to the end of the previous term.
- Due to the increase in net income, ROE for the fiscal year ending March 26 is expected to increase by approximately 3.0 points compared to the previous term.

Equity capital	(100 millions of yen)								
	FY2021	FY2022 Q2	FY2022	FY2023 Q2	FY2023	FY2024 Q2	FY2024	FY2025 Q2	FY2025 (Forecasts)
Equity capital	1,693	1,653	1,699	1,705	1,800	1,827	1,818	1,847	1,917
Total capital	3,711	3,429	3,767	3,958	4,672	4,309	4,625	4,445	-
Capital adequacy ratio	45.6%	48.2%	45.1%	43.1%	38.5%	42.4%	39.3%	41.6%	-
Profit attributable to owners of parent	159	22	80	24	83	5	94	50	154
ROE	9.5%	-	4.7%	-	4.8%	-	5.2%	-	8.2%

<100 millions of yen>



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

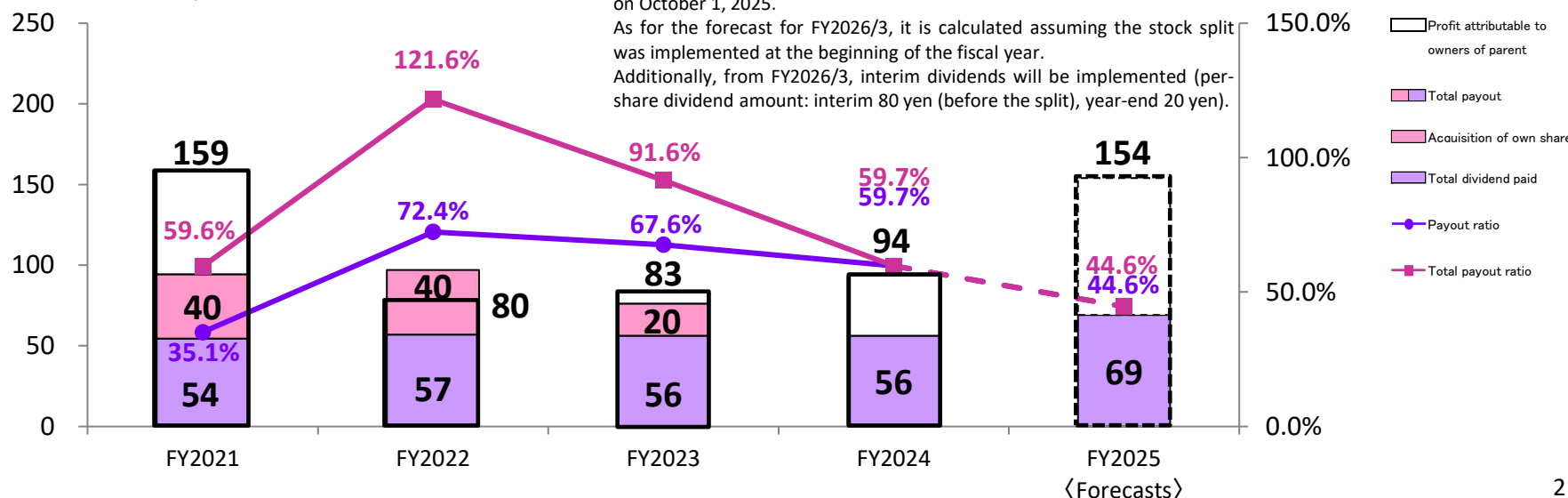
- For FY3/26, dividends are planned to be 40 yen per share, including interim dividends.
- The dividend payout ratio is forecasted to be 44.6%.

Status of dividends and own share acquisition

(100 millions of yen)

	FY2021	FY2022	FY2023	FY2024	FY2025 (Forecasts)
Number of shares issued	45,411,660 shares	43,900,360 shares	43,285,560 shares	43,285,560 shares	173,142,240 shares
Number of treasury shares	58,169 shares	62,644 shares	69,781 shares	74,626 shares	307,032 shares
Dividend per share	120.00 yen	130.00 yen	130.00 yen	130.00 yen	40.00 yen
Total dividend paid	54	57	56	56	69
Profit attributable to owners of parent	159	80	83	94	154
Basic earnings per share	342.13 yen	179.64 yen	192.36 yen	217.73 yen	89.65 yen
Payout ratio	35.1%	72.4%	67.6%	59.7%	44.6%
Acquisition of own shares	40	40	20	—	—
Total payout	94	97	76	—	—
Total payout ratio	59.6%	121.6%	91.6%	59.7%	44.6%

<100 millions of yen>



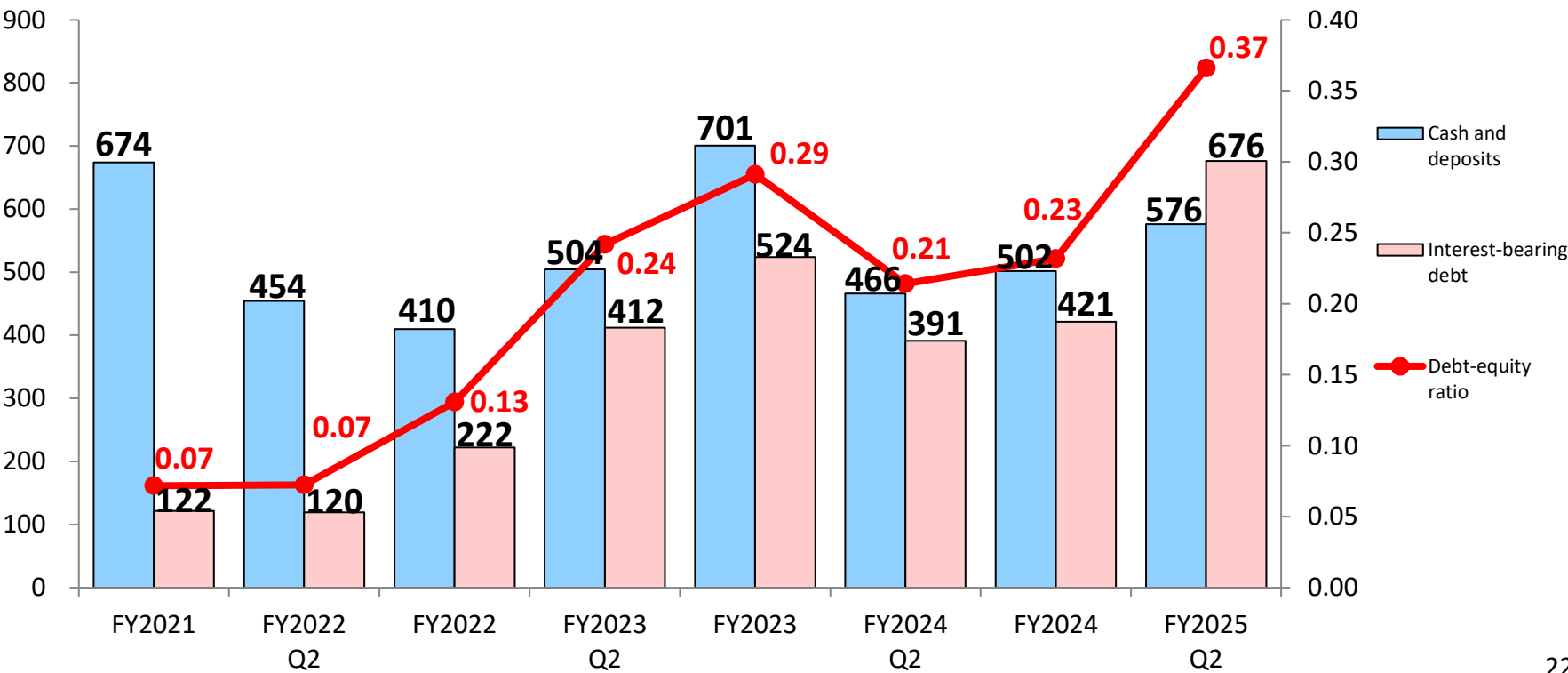
14. Interest-Bearing Debt <Consolidated> Change

•The D/E ratio remains at a low level, and financial soundness is high.

Interest-bearing debt (100 millions of yen)

	FY2021	FY2022 Q2	FY2022	FY2023 Q2	FY2023	FY2024 Q2	FY2024	FY2025 Q2
Interest-bearing debt	122	120	222	412	524	391	421	676
Equity capital	1,693	1,653	1,699	1,705	1,800	1,827	1,818	1,847
Debt-equity ratio	0.07	0.07	0.13	0.24	0.29	0.21	0.23	0.37

<100 millions of yen>

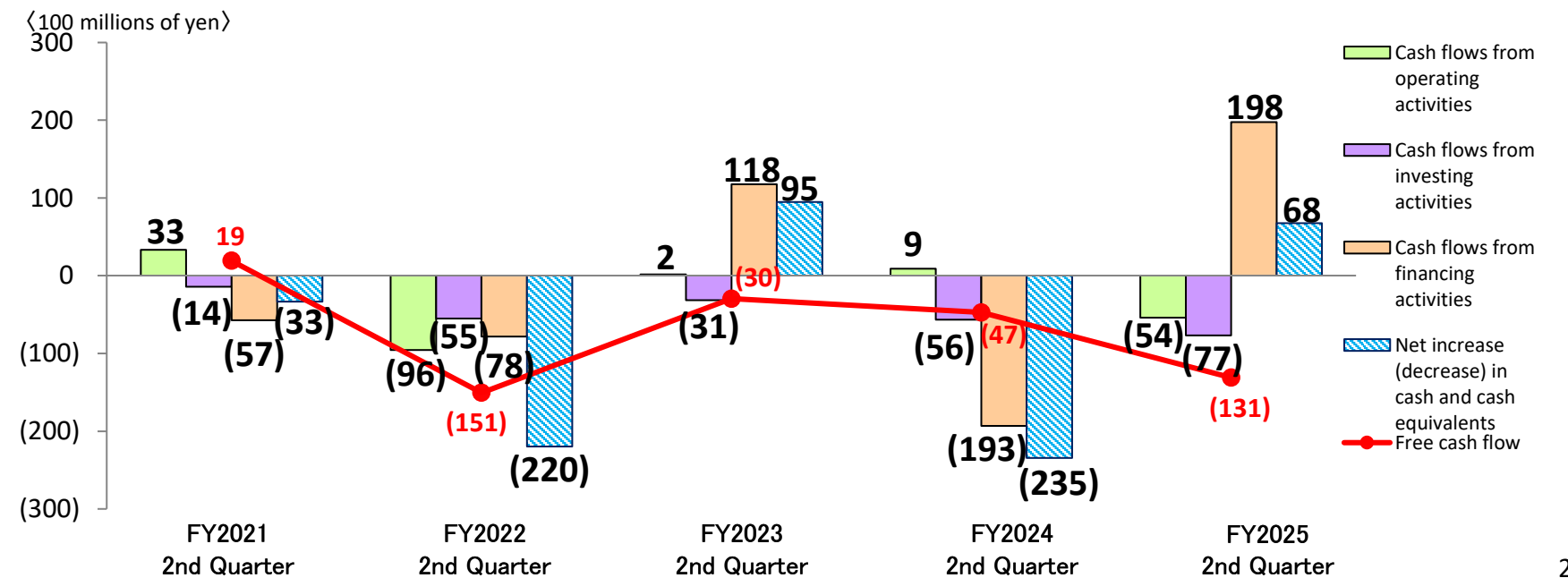


15.Cash Flows <Consolidated> Change

•Due to a decrease in trade payables, operating CF was negative 5 billion 400 million yen, due to an increase in CAPEX at the subsidiary, investing CF was negative 7 billion 700 million yen, and due to CP issuance, financing CF was positive 19 billion 800 million yen, with the total amount being positive 6 billion 800 million yen.

Cash Flows (100 millions of yen)

	FY2021 Q2	FY2022 Q2	FY2023 Q2	FY2024 Q2	FY2025 Q2
Cash flows from operating activities	33	(96)	2	9	(54)
Cash flows from investing activities	(14)	(55)	(31)	(56)	(77)
Cash flows from financing activities	(57)	(78)	118	(193)	198
Net increase (decrease) in cash and cash equivalents	(33)	(220)	95	(235)	68



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

Capital investment and other

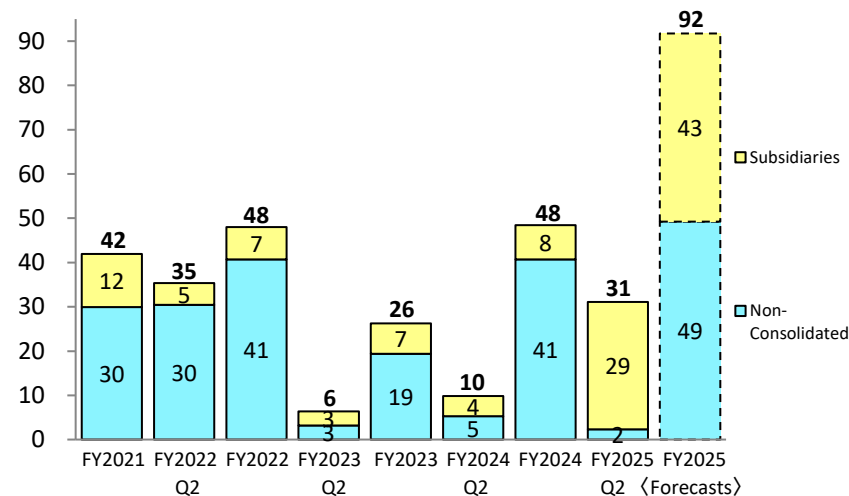
(100 millions of yen)

	FY2021	FY2022 Q2	FY2022	FY2023 Q2	FY2023
Capital investment	42	35	48	6	26
Depreciation	20	9	19	10	20
Research and development expense	27	13	28	14	31

	FY2024 Q2	FY2024	FY2025 Q2	FY2025 (Forecasts)
Capital investment	10	48	31	92
Depreciation	10	21	10	22
Research and development expense	15	31	16	35

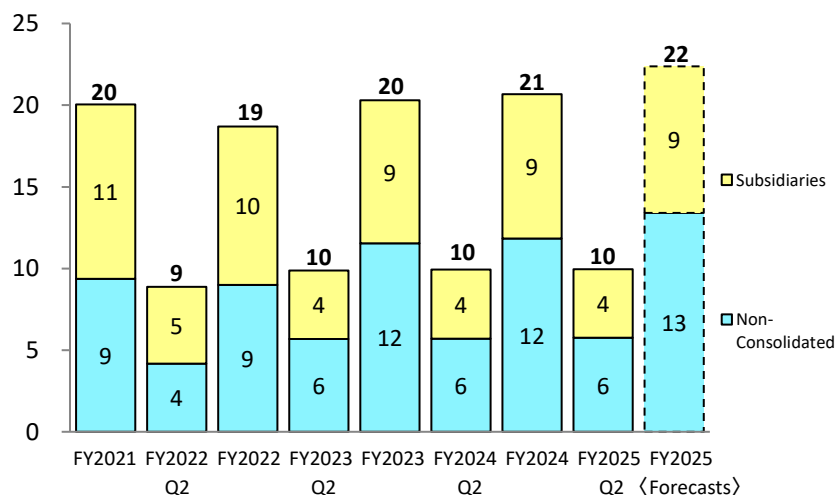
<100 millions of yen>

Capital investment



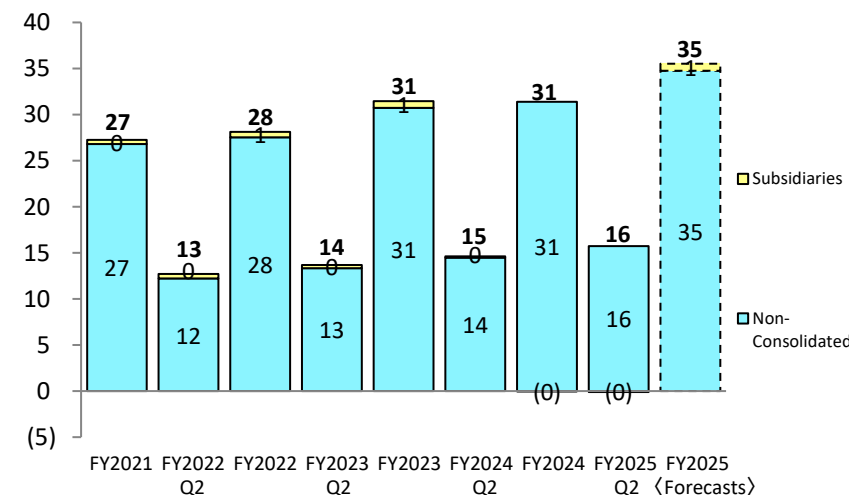
<100 millions of yen>

Depreciation



<100 millions of yen>

Research and development expense



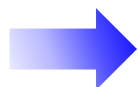
17. Impact on business and performance due to the U.S. tariff measures

Direct impact

- Regarding the impact of the recent agreement on U.S. tariffs on our group's business and performance, there is no direct impact as we have no import or export transactions with the U.S.

Indirect impact

- 1 It is likely that domestic CAPEX will be restrained for manufacturers with high export volume to the US, such as automobiles, automobile parts, and semiconductor manufacturing equipment, leading to a decrease in orders in the production sector.
- 2 However, on the other hand, there is a possibility that the trend of reshoring production bases, which began during the first Trump administration due to the tariff conflict between the United States and China, could further intensify, making the impact on the domestic construction market currently difficult to predict.
- 3 In terms of construction costs, there is a risk of rising prices for some imported materials and equipment, but since the main import sources are in Asia, we judge the impact to be minor.
- 4 Regarding the real estate investments being developed in the United States, market stagnation and other factors pose risks, but we believe there will be no significant impact from the current investment amount.



We will continue to closely monitor changes in the business environment due to tariff measures in the United States.



KUMAGAI

KUMAGAI GUMI

Initiatives to Enhance Corporate Value

Management that is conscious of cost of capital and stock price



18. 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 **Strengthening 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.**

18. 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 participating in investor conferences.

Additionally, as part of our efforts to enhance systems and initiatives for promoting constructive dialogue with shareholders and investors, we have appropriately allocated internal resources by strengthening the dedicated IR department. The status of these implementations has been disclosed on our corporate website and in the corporate governance 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 FY2024
 Rate of increase

34.4%

FY2024	Number of times	Main communicators
Small meetings	6 times	President, and departments in charge
Individual meetings	107 times	President, officers in charge, and departments in charge
Shareholder relations meetings	16 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, officers in charge, and departments in charge



A dialogue between the President and Representative Director and institutional investors

Item	Main themes of the dialogue
Construction business environment	•Orders received and profitability of the orders •Factors for improving the profit margin of domestic Civil Engineering business and its sustainability •Factors for a decline in the profit ratio of domestic Building Construction business and improvement measures •Background of the earnings revision and accuracy of the revised disclosed values •Provision for loss on construction contracts that has been recorded •Causes of loss in construction work and completion timing •Current picture and outlook of construction costs such as material cost and labor cost •The situation regarding the passing on of increased cost and the incorporation of escalation clauses into contracts •Status of Securing Partner Companies and Supply-Demand Balance •Current picture and outlook of the business environment
Construction -related peripheral businesses	•Statuses of the Iidabashi Redevelopment Project and real estate investment •Prospects for purchase of SEP vessels and offshore wind power generation projects •Investment plans and progress, efforts to improve investment execution capabilities
Business and capital tie-up	•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	•About Medium-Term Management Plan (FY2024-FY2026) •Approach to optimal debt capital structure •Approach to the level of equity ratio and additional return •Background of the dividend policy and the introduction of the interim dividend system
Sustainability and governance	•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 •Background for transitioning to a company with an audit and supervisory committee •The status of the reduction of policy-held stocks and the policy for further reduction

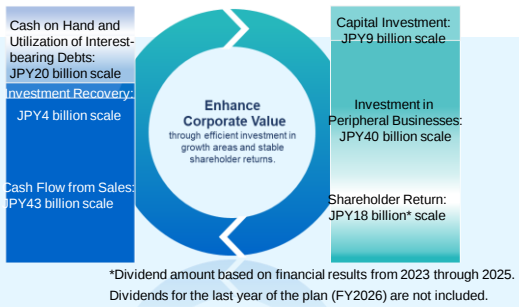
18. Initiatives to Enhance Corporate Value -3

Cash Inflow →

→ Cash Outflow

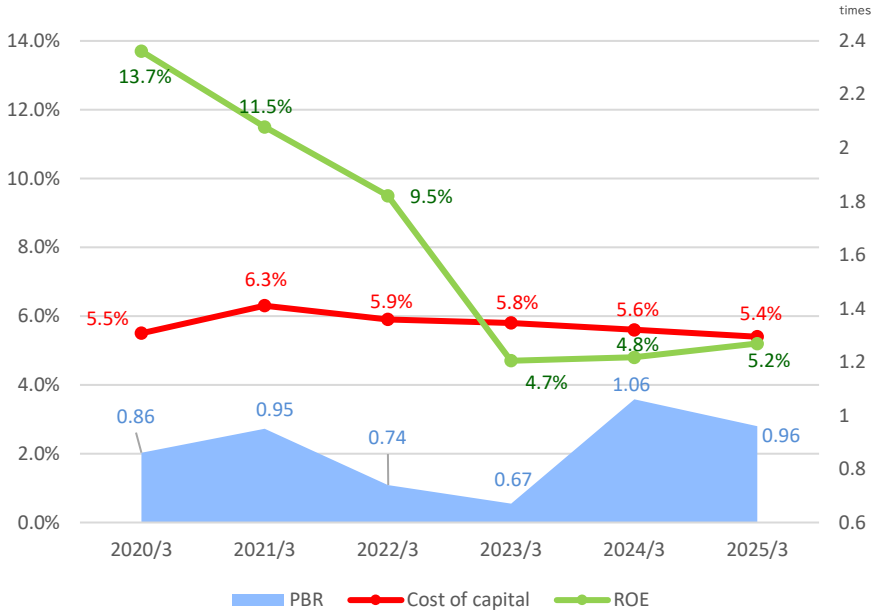
Current status of cost of capital and measures to enhance capital efficiency

- **Cost of shareholder's equity** : Recognized as **around 5%**
Mid-Term Management Plan(FY2024-2026) [Financial Targets]
- **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.)

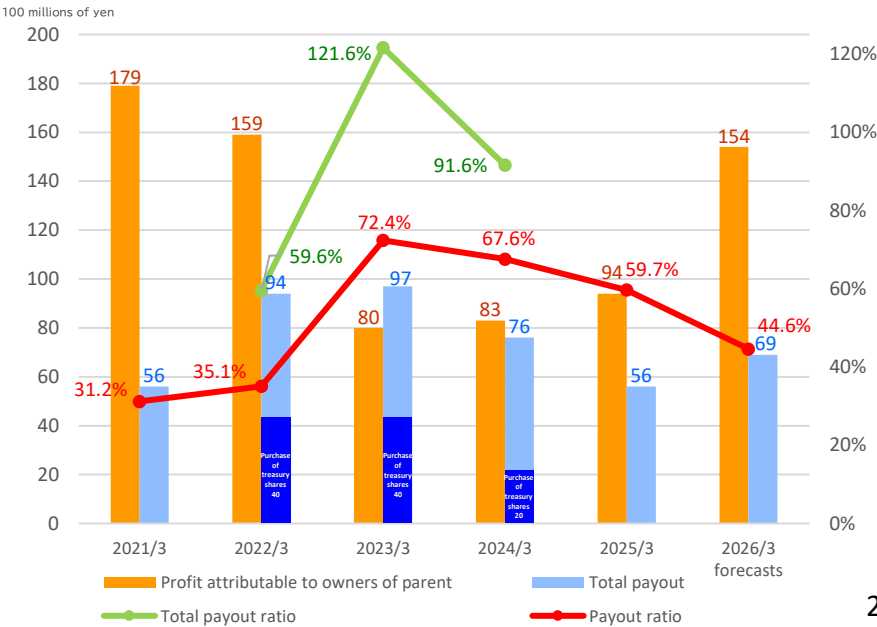


In business investment, we make optimal business decisions based on the cost of capital as a hurdle rate, and we also pay appropriate and stable dividends and purchase and retire treasury stock to increase shareholder returns and improve capital efficiency, while being conscious of the stock price.

Changes in Cost of capital, ROE and PBR



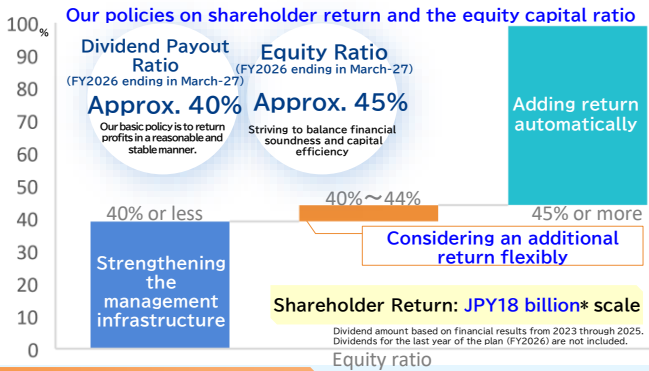
Changes in Returning Profit



18. 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

Capital Expenditures

Investment Amount	Real Estate Development:	Renewable Energy:	Other Businesses:
JPY40 Billion	JPY25 Billion	JPY10 Billion	JPY5 Billion

+

JPY9 Billion

Investment Amount
JPY40 Billion

Recognized Income*
JPY40 Billion

* Income recognized during the period for cumulative investments

- Real Estate Development: JPY3 Billion
- Other Businesses: JPY1 Billion

◆ Investments in other management infrastructure
R&D, human capital, digital transformation: JPY21 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.

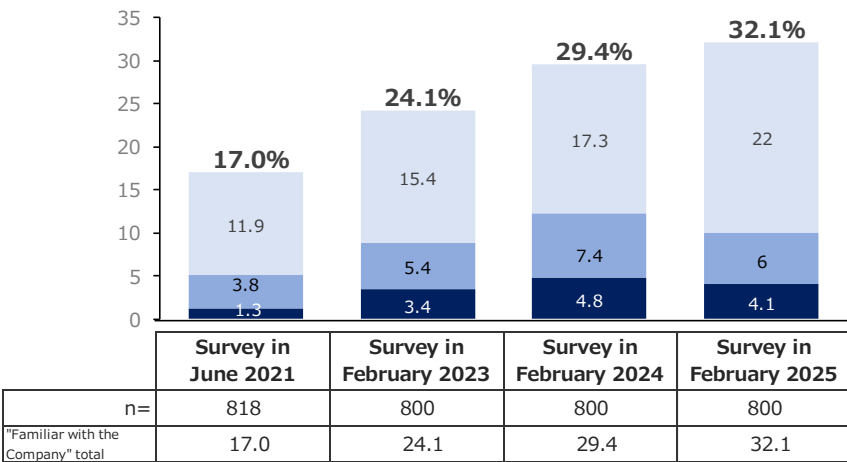
18. Initiatives to Enhance Corporate Value -5

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

Recognition of Kumagai Gumi among the younger generation*:
The level of recognition rose from 17% (before the corporate advertisements) to 32.1%.
*Younger generation: College students and graduate students aged between 18 and 29 who are considering job hunting

"Episode 'Making Smiles Come True'"



■ Familiar with the company name ■ Have a basic understanding of the business
■ Have in-depth knowledge of the business
"Familiar with the Company" total: Familiar with the company name + Have a basic understanding of the business + Have in-depth knowledge of the business

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



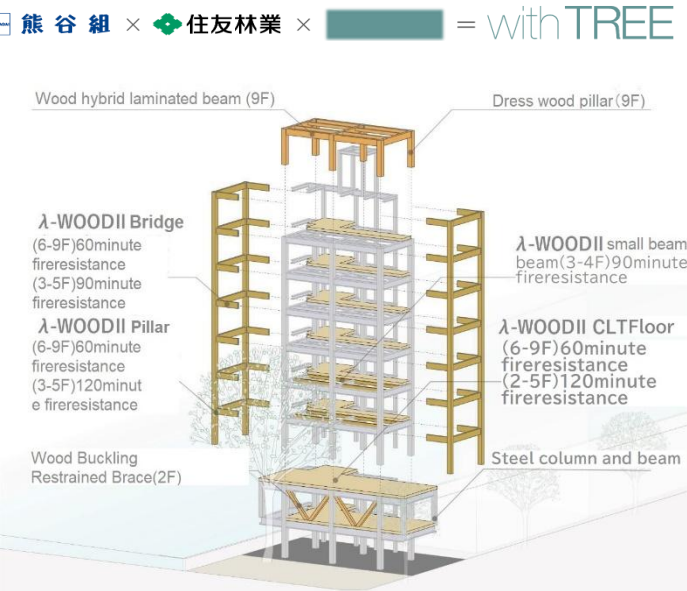
with TREE

19. Alliance with Sumitomo Forestry

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

Medium- and large-scale wooden construction projects

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
Iwaki project	Kowa no Mori Inc.	S building/ one-story	Factory	JV
(Temporary name) Nakasukkawabata Wooden Office Building Project	Nomura Real Estate Development Co., Ltd.	S building/ ten-stories	Office	Procuring wood materials
(Tentative name) New Construction Project for the Kodemmacho Plan 	Hashimoto Sogyo Holdings Co., Ltd.	Eleven-story / one-story RC building	Housing	Jv

19. Alliance with Sumitomo Forestry

~Joint Achievements (FY2018-2023) and 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

Joint Achievements(FY2018-2023)

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.

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

Orders Received
JPY120 Billion

Sales
JPY100 Billion

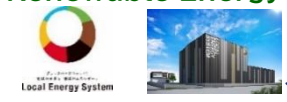
Gross Profit from Construction
JPY9 Billion *3

●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).

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.

Synergies expansion

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.

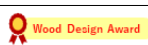
●Real estate fund investment, including participation in income-generating projects and development projects in fast-growing Southeast Asia and environmentally conscious Europe and the United States

●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

Joint Research and Development



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.

*3 Aim for a profit margin of 9% or more.
*4 Revenue recognized during the period on the cumulative investments.

*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.

19. Alliance with Sumitomo Forestry

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

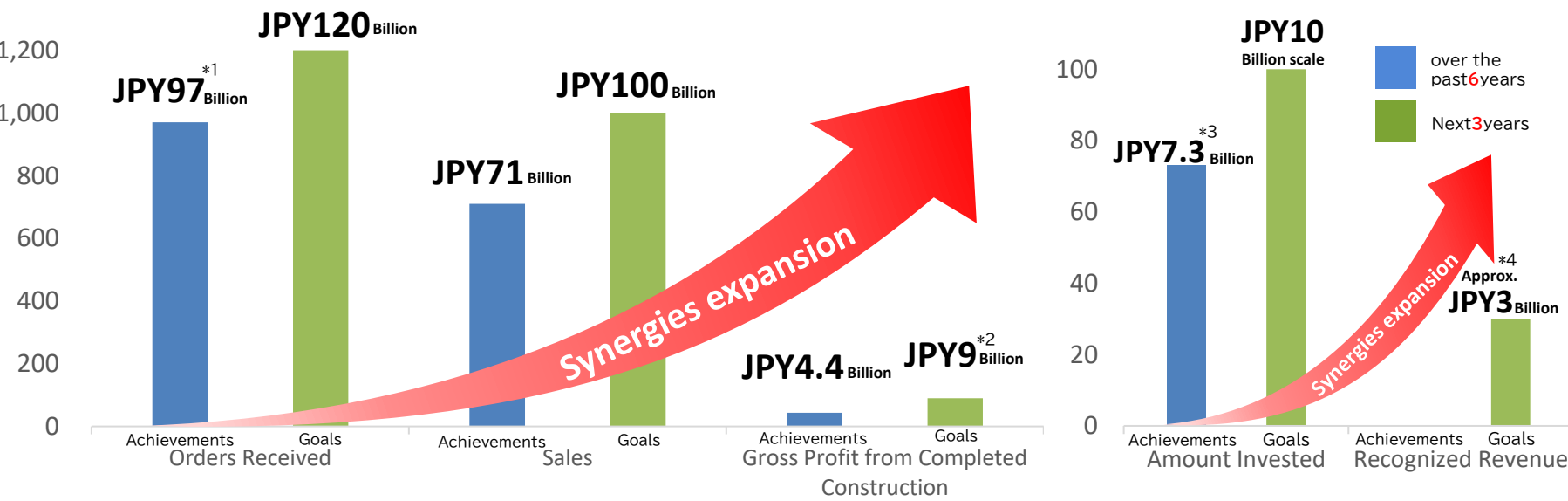
Policies

- 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 6years)and Goals(Next 3years) ~ 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. ^{*3}Our investment in the project in which both companies participate.
^{*2}Aim for a profit margin of 9% or more. ^{*4}Revenue recognized during the period on the cumulative investments.



Tao Zhu Yin Yuan Tower (Taipei City)

Status of efforts towards non-financial targets



20. 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.

21. 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.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
	Promote Environmentally Friendly Business	Accomplishment of zero emissions. Boost wooden construction business. Development of environmentally friendly technologies. Accomplishment of Nature Positive.	14 LIFE BELOW WATER 15 LIFE ON LAND
	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.	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
	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.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS
	Enhancing of Corporate Governance	Strengthening compliance. Strengthening risk management. Improvements of the effectiveness of the board of directors. Respect for human rights.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Proactive Relationships with Multi-stakeholders	Strengthening customer satisfaction. Strengthening supply chain management. Strengthening information disclosure. Active dialogue with investors.	17 PARTNERSHIPS FOR THE GOALS

21.Key Issues • Specific Issues Indicators and Targets <Environment>

E



Key Issues(Materiality)

Response to Climate Change Risks

Promote Environmentally Friendly Business

Specific Issues

①Accomplishment of carbon neutrality
②Further increase renewable energy business

③Accomplishment of zero emissions
④Boost wooden construction business

⑤Development of environmentally friendly technologies
⑥Accomplishment of nature Positive

SDGs



ESG Initiative Direction		Business initiatives and specific actions	Three years (FY2024–FY2026) Indicators and targets (KPIs) * for each fiscal year	FY2024 performance	New targets
Key issues (Materiality)	Specific issues				
Environment	Response to climate change risks	Accomplishment of carbon neutrality	CO ₂ emissions reduction activities	Scope 1+2: 4.2% reduction Scope 3: +13.4%	Continued
		Further increase renewable energy business	Strengthen promotion of renewable energy business	Number of domestic projects: 3 Initiatives: 5 Overseas projects: 1	
	Promote environmentally friendly businesses	Achievement of zero emissions	Activities to reduce mixed waste discharge	1.7%	No change made to target
		Boost wooden construction business	Medium- and large-scale wooden construction business initiative, expanding orders	Domestic: 5 or more/Overseas: 1 or more	Domestic orders: 4 or more each year Overseas: Same target
		Development of environmentally friendly technologies	Strengthening research for carbon neutrality	11	16 or more
			Initiatives for environmentally considerate architecture (ZEB, etc.)	7	6 or more each year
		Accomplishment of nature positive	Business related to recovery of ecosystems	1	Continued
			Quality and Environment Management System operation and improvement	0 cases	No change made to target

21. Key Issues • Specific Issues Indicators and Targets <Society>

S		Key Issues(Materiality)	Specific Issues		SDGs		
		Creating the well-being workplace for all employees.	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		
		Achievement of sustainable communities.	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		
ESG Initiative Direction		Business initiatives and specific actions	Three years (FY2024-FY2026) Indicators and targets (KPIs) * for each fiscal year	FY2024 performance	New targets		
Key issues (Materiality)	Specific issues						
S Social	Creating the well-being workplace for all employees	Human capital management	New graduate hiring activities	Number of new graduate hires: Considered each fiscal year (132)	115	April 2026: 124**	
			Improvement on employee engagement	Engagement rating: Rating*1 "BB"	B	Continued	
		Handing down skills and technologies	Support for acquiring national qualifications	First-Class Engineering Works Execution Managing Engineer: 90% or more* First-Class Building Operation and Management Engineer: +1% or more each year* First-Class Architect: +1% or more each year*	92.8% (0.3%)*2 (0.8%)*3	No change made to target	
		Promotion of DX	Standardization of ICT to improve on-site management efficiency Renovation of core systems	Rate of new on-site implementation: 100%* Rate of progress of system development: 100%	98.7% 85%	Continued	
		Achievement of work-life balance	Balance between work and private life, etc. Efforts to streamline and equalize operations	Holidays: 8 days/4 weeks (on-site)* Number of overtime hours worked: 30 hours or less*	83.5% 16.4 hours		
		Promotion of diversity and inclusion	Action plan for active participation by women:	Percentage of newly appointed women in manager positions: 7% or more* Acquisition of childbirth-related leave by men: 70% or more*	32.1% 89.4%	No change made to target	
		Securing skilled workers in the construction industry	Securing workers by opening sites to the public	Site and workplace tours held: 100 or more*	Civil Engineering: 105 projects / Architectural Construction: 227 projects		
		Creation an environment of wellness	Health management for employees	Secondary health exam checkup rate: 100%*	51.5%		
		Occupational healthy and safety	Improvement of safety management standards	Frequency rate: 0.5 or less*	0.74		
	Achievement of sustainable communities	Ensure quality and integrity in manufacturing	Quality and Environment Management System operation and improvement	Serious quality incidents during construction: 0*	0 cases	No change made to target	
Attractive communities development		Expansion of real estate business	Income-producing real estate business participation: Domestic: 3 or more projects/Overseas: 1 or more projects	Domestic: 2 or more projects / Overseas: 1 or more projects	Domestic: Continued Overseas: 3 or more projects		
		Initiatives for urban redevelopment	Number of initiatives (number considered ~ in progress): 6 or more Number of orders for infrastructure development projects: 2 or more	6 Overseas 0	Continued		
Development of resilient social infrastructure		Solving social issues in Asian countries Infrastructure development to handle wide range of natural disasters (disaster prevention and mitigation)	Number of initiatives: 20 or more	59	20 or more each year		
Initiatives to solve social issues		Development of technologies for future societies Creation of new business	Technology development initiatives: 6 or more Number of initiatives: 2 or more commercialization	11 Number of initiatives: 1	13 or more Continued		
		Promotion of social contribution activities	Increase in number of participants (total)	2,312 (192 persons increase)	Increase in the number of participants each year		
Initiatives for emergencies such as natural disasters		Technical development related to incidents like natural disasters	Number of developments: 2 or more	4 cases	4 or more projects		

*1 Link and Motivation Inc. "Motivation Cloud" *2 Acquisition rate: 87.2% in FY2023, 86.9% in FY2024 *3 Acquisition rate: 56.0% in FY2023, 55.2% in FY2024 *4 The target number of new graduate hires is reviewed annually, regardless of achievement status

21. 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



ESG Initiative Direction		Business initiatives and specific actions	Three years (FY2024-FY2026) Indicators and targets (KPIs) * for each fiscal year	FY2024 performance	New targets
Key issues (Materiality)	Specific issues				
Governance	Enhancing of corporate governance	Strengthening compliance	Establishment of internal and external systems to prevent legal violations	Number of cases of serious violations of law and regulations: 0*	No change made to target
		Strengthening of risk management	Confirmation of safety of employees during major disasters	Safety confirmation system response rate during training: 100%*	
		Improvement of the effectiveness of the Board of Directors	Evaluation and Improvement of the effectiveness of the Board of Directors	Improved evaluation including outside experts	Continued
		Respect for human rights	Initiatives for preventing and mitigating human rights risks	Implementation of human rights due diligence: Expansion applicable companies	
	Proactive relationship with multi-stakeholders	Strengthening CS	Promote initiatives to improve CS	Customer satisfaction: 100%*	No change made to target
		Strengthening of supply chain management	Compliance with Procurement Policy and Procurement Policy Guidelines	Fraudulent transactions: 0*	
		Strengthening of information disclosure	Timely, appropriate and proactive disclosure of information	Improve evaluation by ESG evaluation organizations, etc.	Continued
		Active dialogs with investors	Active dialog with institutional investors and others	Number of participants in meetings and financial briefings: 10% (compared to previous FY)	Increase of 10% each year

22. Participation in Outside Evaluations and Initiatives



Signed and joined UN GLOBAL COMPACT



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



Certified as an SBT Initiative Company



Joined the international initiative RE100



A- List for CDP Climate Change Division



A- Score for CDP Water Security



Supplier Engagement Rating by CDP "Supplier Engagement Leader" selection



Certified as an ECO FIRST company



Water Cycle ACTIVE Company Certification



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



Registered as a ZEB developer



Registered as a ZEH developer



Endorsed the Taskforce on Nature-related Financial Disclosures (TNFD)
Endorsed the Keidanren (Japan Business Federation) Declaration of Biodiversity Initiative



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.



Awarded "Gold" in the PRIDE Index for LGBTQ Initiatives



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



Endorsement of the "My Declaration of Human Rights" by Ministry of Justice



Endorsement of the "My Declaration of Human Rights-Sexual Minorities Edition" by Ministry of Justice



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



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



Keidanren 1% Club joined



【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.