Financial Results 2nd Quarter of FYE 3/2027

November 19,2026



KUMAGAI GUMI

Insight, Onsite, Farsight

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1．Highlight

1	**Orders increased [Non-consolidated]** ・Orders increased due to growth in domestic Civil Engineering. ・Domestic Building Construction advanced negotiations focused on securing profit despite lower revenue, shifting order bookings to the second half. Profitability at the time of order continued to improve.
2	**Completed construction revenue declined, while all profit measures increased [consolidation].** ・Due to a decrease in construction work carried forward at the beginning of the period, completed construction revenue decreased. ・In domestic Building Construction, the gross profit margin improved, resulting in higher profit at every level from operating profit onward.
3	**Full-year forecast for the fiscal year ending March 2027 [consolidation]** ・Progress toward the full-year forecast for each profit metric (as announced at the beginning of the fiscal year) is proceeding steadily.
4	**shareholder returns** ・For the fiscal year ending March 2027, dividends are planned at 50 yen per share (25 yen interim and 25 yen year-end). ・The dividend payout ratio for the fiscal year ending March 2027 is expected to be 41.7%.

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2. Financial results overview〈Consolidated〉

(100 millions of yen)

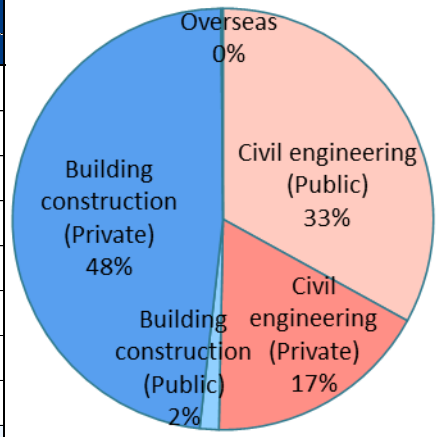
	A.FY2025 2nd Quarter	B.FY2026 2nd Quarter	C.B-A	D.C/A	E.FY2026 Forecasts
Net sales	2,225	2,158	▲67	▲3.0%	5,000
Operating profit	74	105	31	+42.4%	309
Ordinary profit	76	102	26	+34.9%	310
Profit attributable to owners of parent	50	70	20	+41.3%	204
Orders received (Non-Consolidated)	1,119	1,353	234	+20.9%	3,879

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3.Orders Received-1〈Non-Consolidated〉 Result and Forecasts

(100 millions of yen)

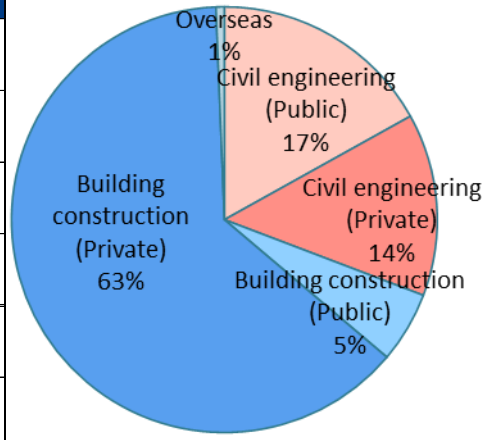
	A FY2025 2nd Quarter	B FY2026 2nd Quarter	B-A	%	C FY2025 Result	D FY2026 (Forecasts)	D-C	%
Public	189	447	257	135.9	684	690	6	0.9
Private	155	234	79	50.9	441	510	69	15.6
Civil engineering	345	681	336	97.6	1,125	1,200	75	6.6
Public	60	20	(41)	(67.3)	207	251	44	21.5
Private	707	651	(57)	(8.0)	1,821	2,355	534	29.3
Building construction	767	670	(97)	(12.7)	2,028	2,606	578	28.5
Domestic	1,112	1,351	239	21.5	3,153	3,806	653	20.7
Overseas	7	2	(5)	(71.9)	9	73	64	720.2
Orders received	1,119	1,353	234	20.9	3,162	3,879	717	22.7



FY2026 2nd Quarter

【Major construction projects ordered through the interim period】

Civil Engineering・Building Construction	Public and private	Ordering Party	Project Name	Location
Civil Engineering	Public	East Nippon Expressway Company Limited	Tokyo Outer Ring Road Tunnel Oizumi-Minami Construction Project	Tokyo
Civil Engineering	Private	JERA Co., Inc.	Removal work for the No. 4 boiler, flue and air ducts, chimney, and other facilities at the Sodegaura Thermal Power Plant	Chiba
Civil Engineering	Public	Ministry of Land, Infrastructure, Transport and Tourism	Construction of Kagami Tunnel in Ashibetsu City on Route 452	Hokkaido
Civil Engineering	Public	Kobe City	Rehabilitation work for 4water transmission tunnel	Hyogo
Building Construction	Private	Sumitomo Corporation / Nomura Real Estate Development Co., Ltd.	SOSiLA Narita Airport East New Construction Work	Chiba
Building Construction	Private	Sakae Riken Kogyo Co., Ltd.	Sakae Riken Kogyo Co., Ltd. Kitakyushu Plant, Construction of a New Second Factory	Fukuoka
Building Construction	Private	Nippon Steel Kowa Real Estate Co., Ltd.	(Tentative Name) Kobiki Building Hotel Project	Tokyo
Building Construction	Private	East Japan Railway Company, Ltd.	Niigata Station Bandai Exit East District (Office Building) Development Construction Work	Niigata

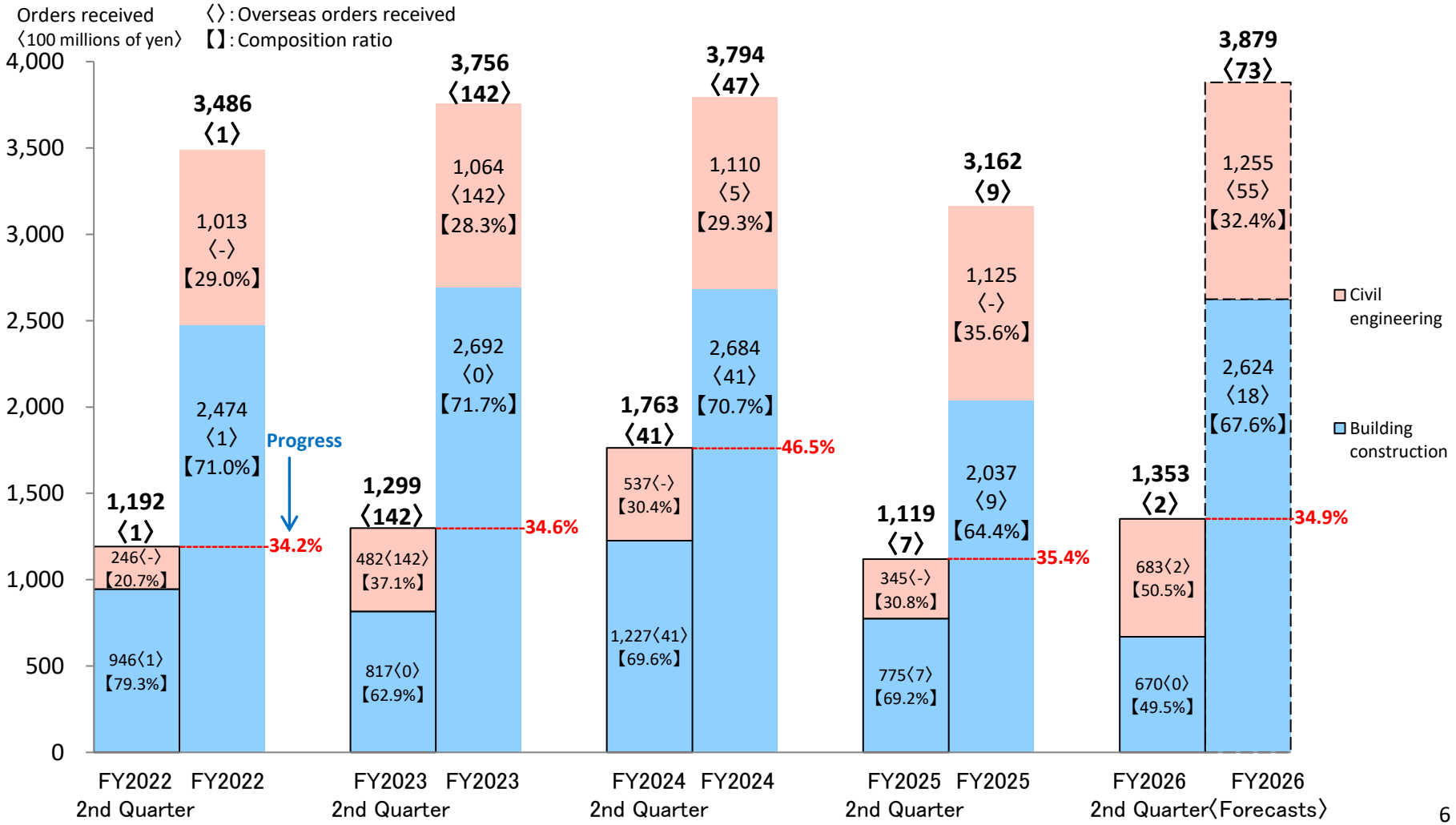


FY2025 2nd Quarter

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3.Orders Received-2〈Non-Consolidated〉 Change

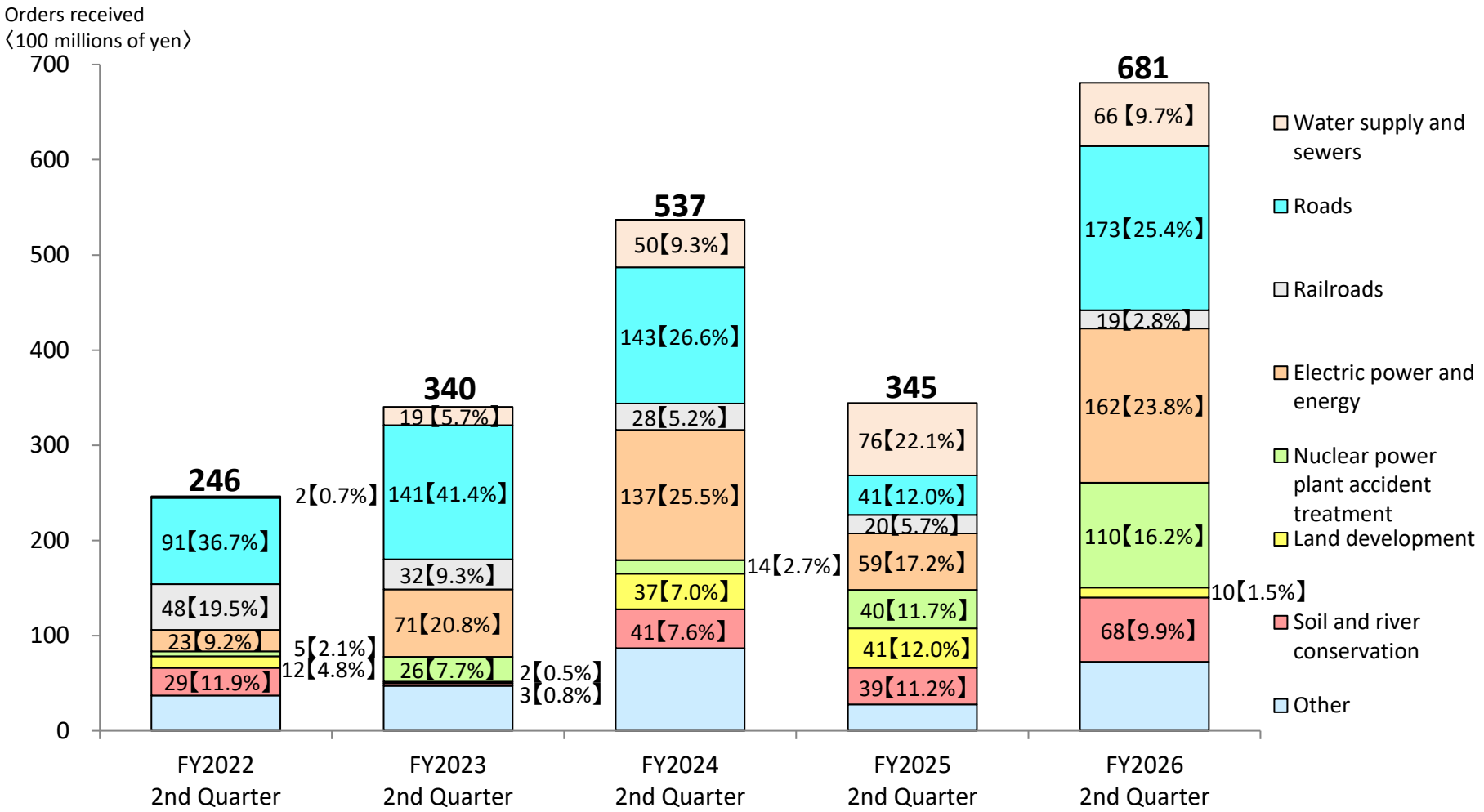
- Civil Engineering is progressing at a pace exceeding the full-year plan. Building Construction is advancing negotiations focused on securing profits, with order bookings shifting to the second half.



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

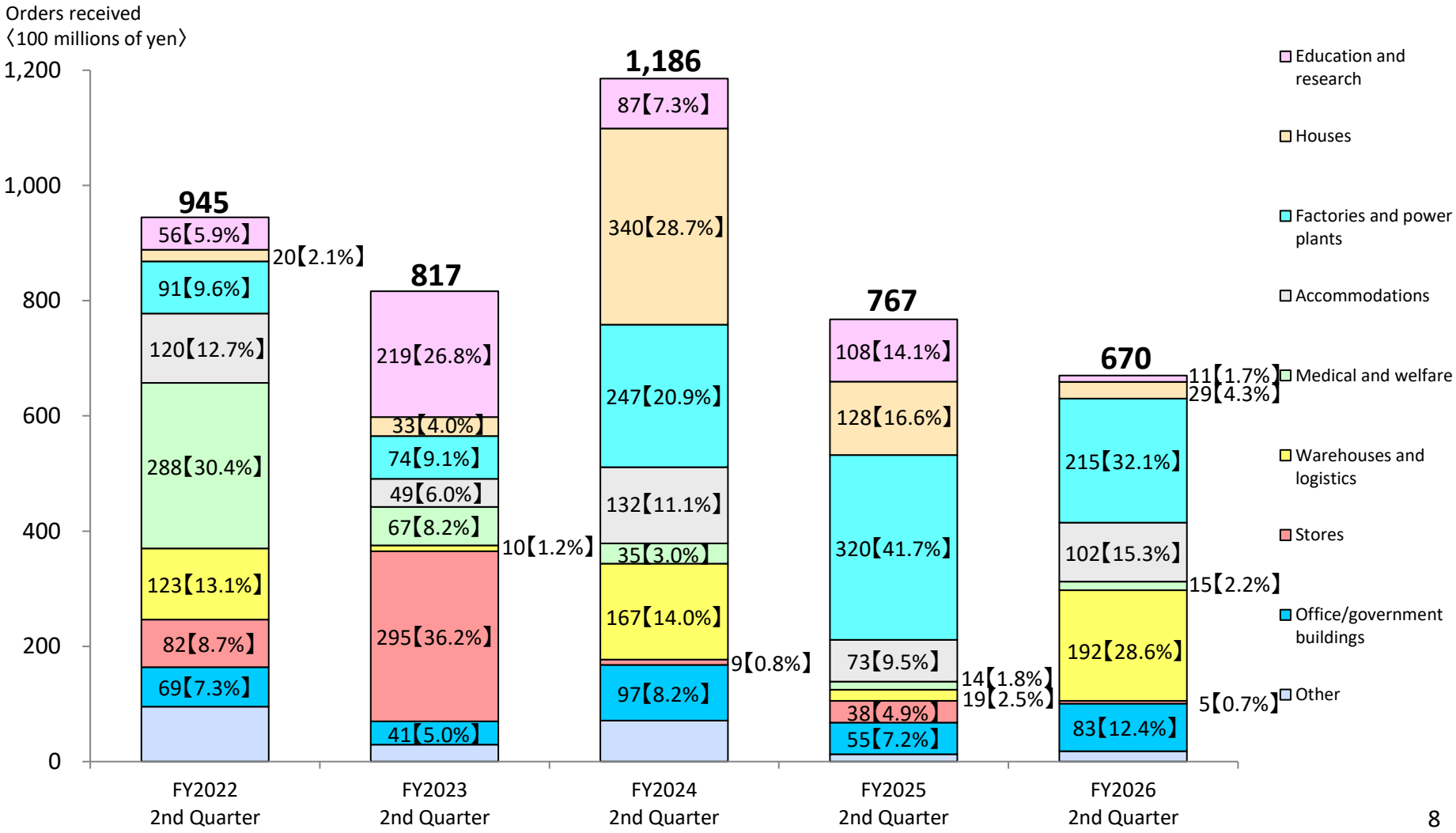
- Orders increased in the roads, power and energy, and nuclear accident cleanup-related fields due to the receipt of large-scale projects.



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3.Orders Received-4〈Non-Consolidated〉
Change 〈Domestic Building Construction〉

- Secured large-scale contracts in the warehouse and distribution facility, factory, and accommodation facility sectors.



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4.Statement of Income-1〈Consolidated〉 Result and Forecasts

(100 millions of yen)

	A FY2025 2nd Quarter			B FY2026 2nd Quarter			B-A			%
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	
Net sales	2,225	1,694	531	2,158	1,613	545	(67)	(81)	15	(3.0)
Gross profit	198	146	52	240	189	51	42	43	(1)	
(Ratio)	8.9%	8.6%	9.8%	11.1%	11.7%	9.4%	2.2%	3.1%	(0.4)%	
SG&A expenses	124	95	29	135	102	33	11	7	3	
Operating profit	74	51	23	105	86	19	31	36	(4)	42.4
(Ratio)	3.3%	3.0%	4.3%	4.9%	5.4%	3.4%	1.6%	2.4%	(0.9)%	
Non-operating income	9	37	(27)	10	44	(34)	0	7	(7)	
Non-operating expenses	7	7	0	13	13	0	5	5	(0)	
Ordinary profit	76	80	(5)	102	118	(16)	26	38	(11)	34.9
(Ratio)	3.4%	4.7%	(0.9)%	4.7%	7.3%	(2.9)%	1.3%	2.6%	(2.0)%	
Extraordinary income	0	0	0	1	1	0	1	1	0	
Extraordinary losses	1	1	0	1	1	0	0	0	0	
Profit before income taxes	75	80	(5)	102	118	(16)	27	38	(12)	35.5
Income taxes-current	22	15	8	33	26	7	11	12	(1)	
Income taxes-deferred	4	4	(1)	(1)	1	(2)	(5)	(3)	(1)	
Profit	50	61	(11)	70	91	(21)	20	30	(9)	41.3
Interim profit attributable to non-controlling interests	(0)	–	(0)	(0)	–	(0)	(0)	–	(0)	
Profit attributable to owners of parent	50	61	(11)	70	91	(21)	20	30	(9)	41.3
(Ratio)	2.2%	3.6%	(2.1)%	3.2%	5.6%	(3.8)%	1.0%	2.0%	(1.7)%	

	C FY2025			D FY2026 (Forecasts)			D-C			%
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	
Net sales	4,877	3,731	1,146	5,000	3,770	1,230	123	39	84	2.5
Gross profit	532	403	129	581	454	127	49	51	(2)	
(Ratio)	10.9%	10.8%	11.3%	11.6%	12.0%	10.3%	0.7%	1.2%	(1.0)%	
SG&A expenses	261	201	60	272	207	65	11	6	5	
Operating profit	271	202	69	309	247	62	38	45	(7)	14.1
(Ratio)	5.6%	5.4%	6.0%	6.2%	6.6%	5.0%	0.6%	1.2%	(1.0)%	
Non-operating income	21	46	(25)	27	58	(31)	6	12	(6)	
Non-operating expenses	21	20	1	26	20	6	5	(0)	5	
Ordinary profit	270	228	43	310	285	25	40	57	(18)	14.6
(Ratio)	5.5%	6.1%	3.7%	6.2%	7.6%	2.0%	0.7%	1.5%	(1.7)%	
Extraordinary income	43	42	0	0	0	0	(43)	(42)	(0)	
Extraordinary losses	14	11	3	1	0	1	(13)	(11)	(2)	
Profit before income taxes	299	259	41	309	285	24	10	26	(17)	3.2
Income taxes-current	97	74	23	103	82	21	6	8	(2)	
Income taxes-deferred	2	3	(2)	2	4	(2)	0	1	(0)	
Profit	201	181	19	204	199	5	3	18	(14)	1.7
Interim profit attributable to non-controlling interests	(0)	–	(0)	0	–	0	0	–	0	
Profit attributable to owners of parent	201	181	19	204	199	5	3	18	(14)	1.7
(Ratio)	4.1%	4.9%	1.7%	4.1%	5.3%	0.4%	0.0%	0.4%	(1.3)%	

【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.

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4.Statement of Income-2〈Non-Consolidated〉 Result and Forecasts

(100 millions of yen)

	A FY2025 2nd Quarter	Ratio	B FY2026 2nd Quarter	Ratio	B-A	%	Ratio	C FY2025	Ratio	D FY2026 (Forecasts)	Ratio	D-C	%	Ratio
Civil engineering	523		558		35	6.6		1,118		1,200		82	7.3	
Building construction	1,142		1,009		(133)	(11.7)		2,547		2,505		(42)	(1.6)	
Domestic	1,665		1,567		(98)	(5.9)		3,665		3,705		40	1.1	
Overseas	29		46		17	59.2		66		65		(1)	(1.5)	
Net sales	1,694		1,613		(81)	(4.8)		3,731		3,770		39	1.0	
Civil engineering	70	13.4%	74	13.3%	4		(0.1)%	151	13.5%	150	12.5%	(1)		(1.0)%
Building construction	74	6.5%	113	11.2%	39		4.7%	248	9.8%	300	12.0%	52		2.2%
Domestic	144	8.6%	187	11.9%	43		3.3%	399	10.9%	450	12.1%	51		1.2%
Overseas	2	6.6%	2	4.0%	(0)		(2.6)%	4	5.9%	4	6.2%	0		0.3%
Gross profit	146	8.6%	189	11.7%	43	29.4	3.1%	403	10.8%	454	12.0%	51	12.6	1.2%
Personnel	45		47		3			89		91		2		
Non-personnel	50		55		5			112		116		4		
SG&A expenses	95		102		7			201		207		6		
Operating profit	51	3.0%	86	5.4%	36	70.4	2.4%	202	5.4%	247	6.6%	45	22.2	1.2%
Non-operating income	37		44		7			46		58		12		
Non-operating expenses	7		13		5			20		20		(0)		
Ordinary profit	80	4.7%	118	7.3%	38	46.9	2.6%	228	6.1%	285	7.6%	57	25.2	1.5%
Extraordinary income	0		1		1			42		0		(42)		
Extraordinary losses	1		1		0			11		0		(11)		
Profit before income taxes	80		118		38	47.9		259		285		26	10.1	
Income taxes-current	15		26		12			74		82		8		
Income taxes-deferred	4		1		(3)			3		4		1		
Profit	61	3.6%	91	5.6%	30	49.2	2.0%	181	4.9%	199	5.3%	18	9.7	0.4%

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4.Statement of Income-3〈Consolidated〉
Non-Operating Income and Extraordinary Income

Non-operating income

(100 millions of yen)

		A FY2025 2nd Quarter			B FY2026 2nd Quarter			B-A		
		Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries
	Interest and dividend income	7.2	35.2	(28.0)	7.8	43.3	(35.6)	0.6	8.2	(7.6)
	Share of profit of entities accounted for using equity method	–	–	–	0.1	–	0.1	0.1	–	0.1
	Foreign exchange gains	0.5	0.3	0.2	–	–	–	(0.5)	(0.3)	(0.2)
	Other	1.6	1.3	0.3	1.8	0.8	1.1	0.2	(0.5)	0.7
Non-operating income		9.3	36.7	(27.4)	9.7	44.1	(34.4)	0.4	7.4	(6.9)
	Interest expenses	4.2	4.6	(0.4)	6.2	6.7	(0.5)	1.9	2.1	(0.1)
	Share of loss of entities accounted for using equity method	0.4	–	0.4	–	–	–	(0.4)	–	(0.4)
	Commission for syndicated loans	0.2	0.2	–	2.4	2.4	–	2.3	2.3	–
	Loss on investments in investment partnerships	1.7	1.7	–	2.2	2.2	–	0.5	0.5	–
	Foreign exchange losses	–	–	–	1.0	1.0	0.0	1.0	1.0	0.0
	Other	0.8	0.7	0.1	0.9	0.4	0.5	0.0	(0.3)	0.4
Non-operating expenses		7.4	7.2	0.2	12.7	12.7	0.0	5.3	5.4	(0.1)

Extraordinary income

(100 millions of yen)

		A FY2025 2nd Quarter			B FY2026 2nd Quarter			B-A		
		Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries
	Gain on sale of non-current assets	0.3	0.1	0.2	0.9	0.8	0.2	0.6	0.6	(0.0)
	Gain on sale of membership	0.0	0.0	–	0.1	0.1	–	0.1	0.1	–
	Other	–	–	–	0.1	–	0.1	0.1	–	0.1
Extraordinary income		0.3	0.1	0.2	1.1	0.8	0.2	0.7	0.7	0.0
	Loss on sale of non-current assets	0.0	0.0	–	0.3	0.3	–	0.3	0.3	–
	Loss on retirement of non-current assets	0.1	0.0	0.0	0.4	0.2	0.2	0.3	0.2	0.2
	Compensation for damage	0.4	0.4	–	0.3	0.1	0.2	(0.0)	(0.3)	0.2
	Other	0.2	0.1	0.1	0.1	0.1	0.0	(0.1)	(0.0)	(0.1)
Extraordinary losses		0.7	0.5	0.2	1.1	0.6	0.4	0.4	0.1	0.3

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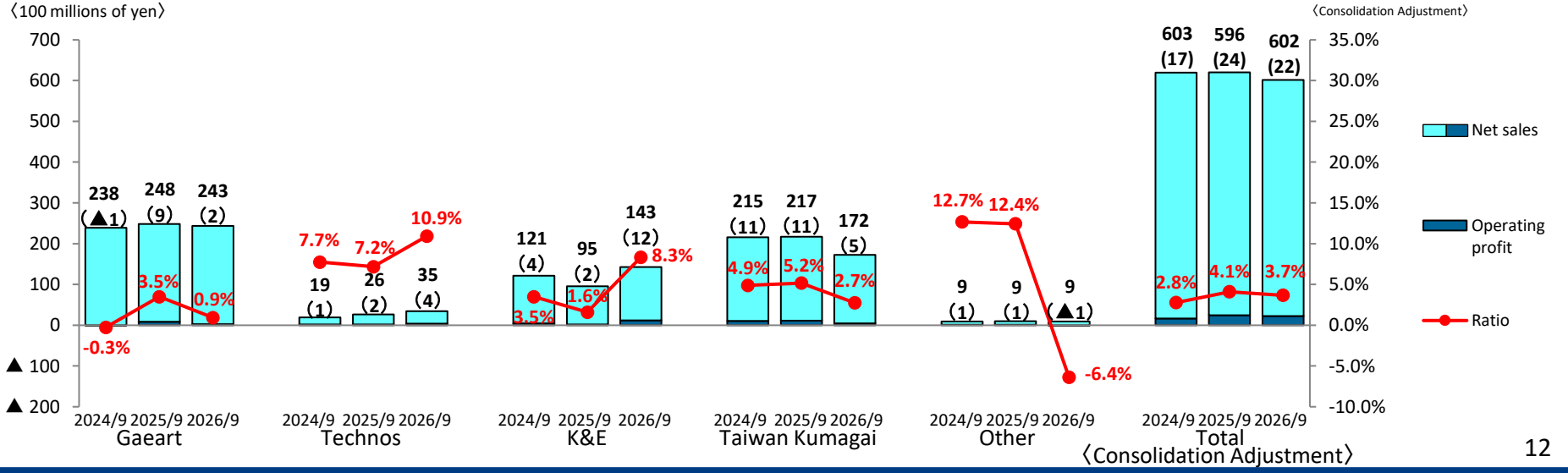
5. Subsidiaries　Change

- K&E recorded all-time highs for Q2 in both sales revenue and profit.
- On the profit side, the overall subsidiary business declined due to factors including a reactionary decrease from the strong previous term at Gaeart・TaiwanKumagai.

Subsidiaries　（100 millions of yen）

	Gaeart Co., Ltd.			Technos Co., Ltd.			K & E Co., Ltd.		
	FY2024 Q2	FY2025 Q2	FY2026 Q2	FY2024 Q2	FY2025 Q2	FY2026 Q2	FY2024 Q2	FY2025 Q2	FY2026 Q2
Net sales	238	248	243	19	26	35	121	95	143
Operating profit	(1)	9	2	1	2	4	4	2	12
Ordinary profit	(1)	9	3	1	2	4	4	2	12
Profit	(1)	6	1	1	1	3	3	1	9

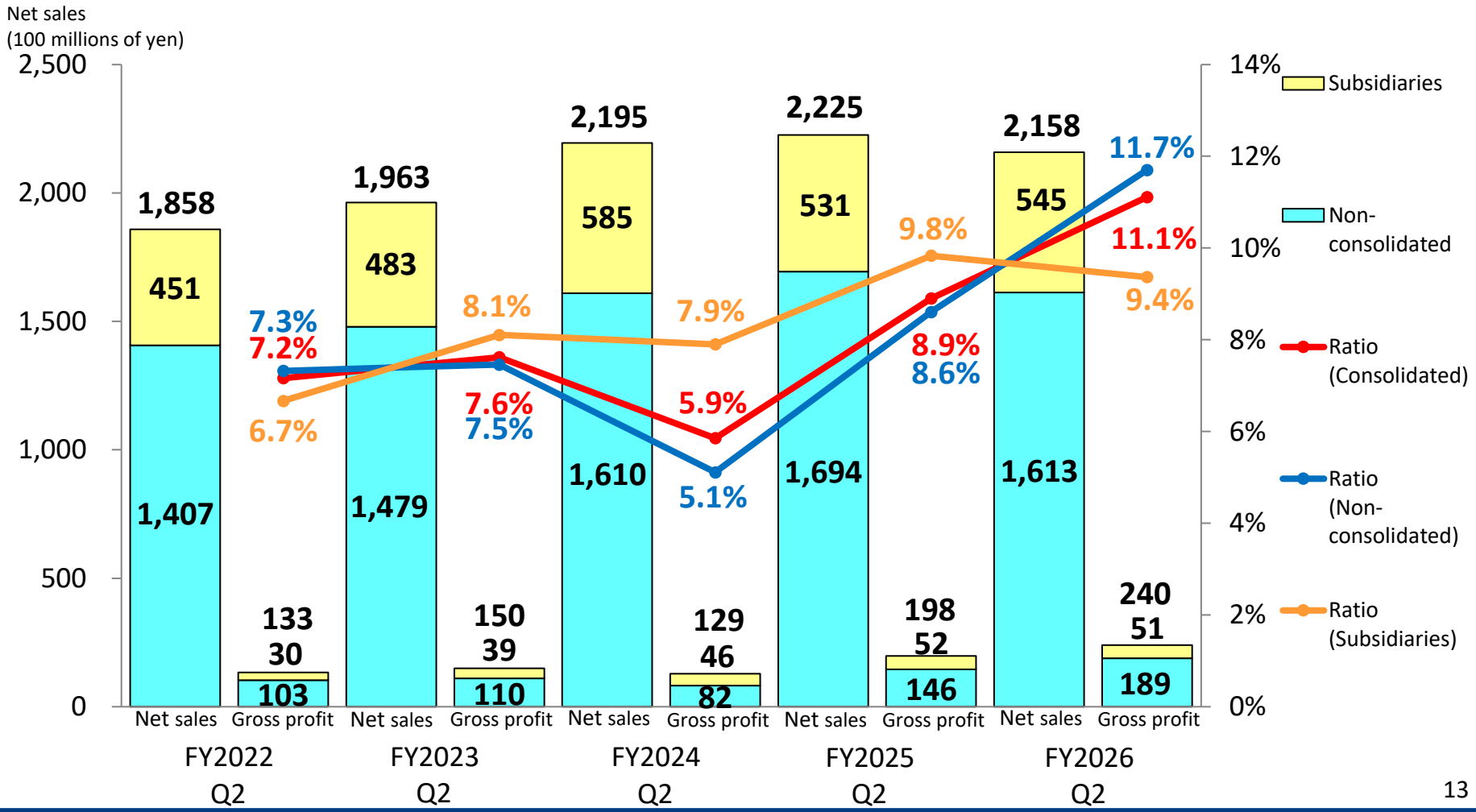
	Taiwan Kumagai Co., Ltd.			Other			Total (Consolidation Adjustment)		
	FY2024 Q2	FY2025 Q2	FY2026 Q2	FY2024 Q2	FY2025 Q2	FY2026 Q2	FY2024 Q2	FY2025 Q2	FY2026 Q2
Net sales	215	217	172	9	9	9	585	531	545
Operating profit	11	11	5	1	1	(1)	19	23	19
Ordinary profit	12	12	6	1	1	(1)	5	(5)	(16)
Profit	11	10	5	1	0	(1)	(1)	(11)	(21)



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6.Net Sales and Gross Profit (Consolidated) Change

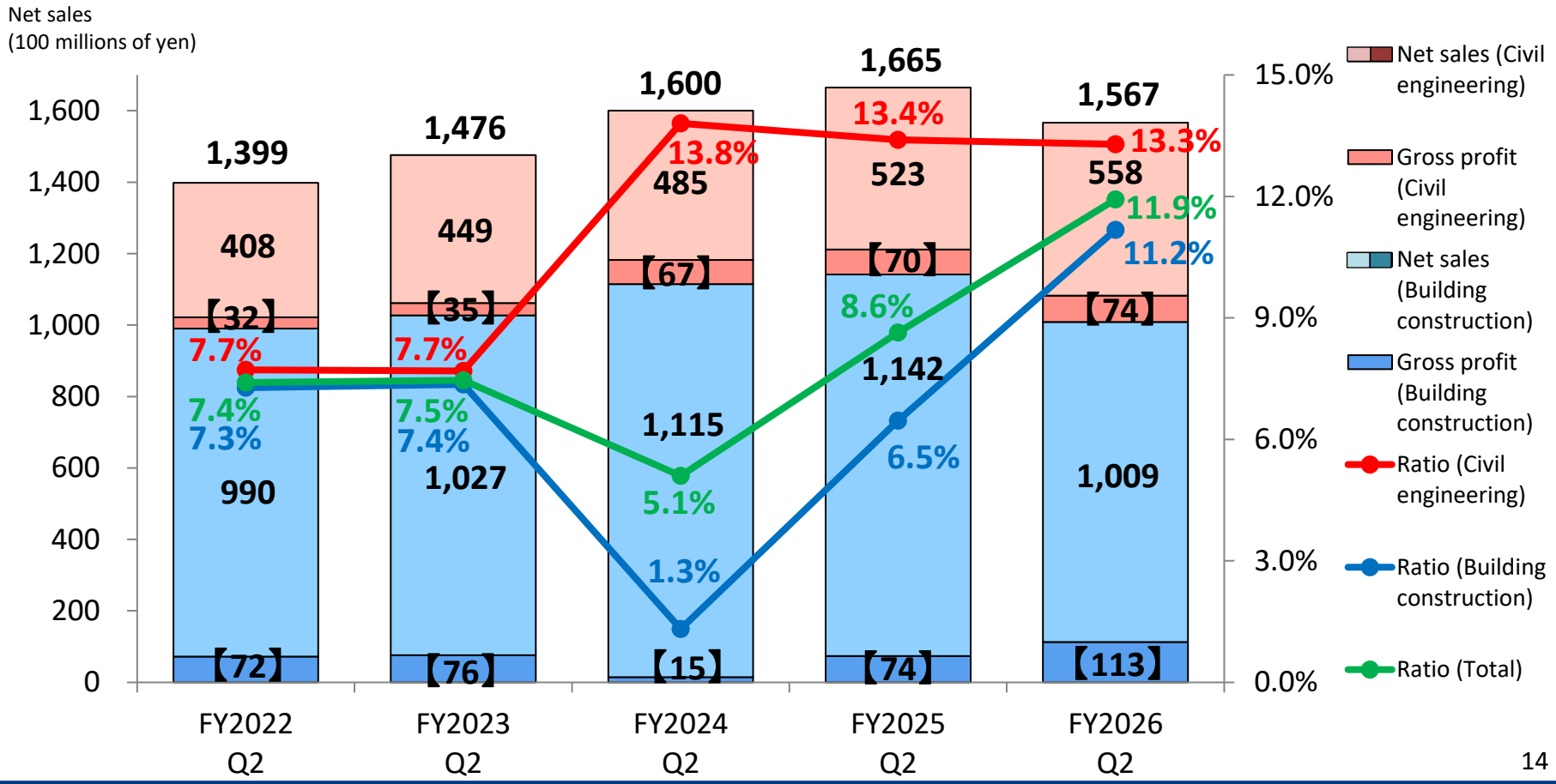
- Completed construction revenue declined, mainly due to lower revenue on a non-consolidated basis resulting from a decrease in construction work carried forward at the beginning of the period.
- Profit margins improved across the consolidation, supported by improvements in domestic Building Construction on a non-consolidated basis.



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

- Completed construction revenue decreased due to a decline in the beginning-of-period construction backlog in Building Construction.
- Civil Engineering maintained a high profit margin, supported by the effective company-wide framework for securing design changes.
- Building Construction's profit margin improved due to an improvement in the gross profit margin at order receipt and the resolution of the impact from unprofitable construction projects.

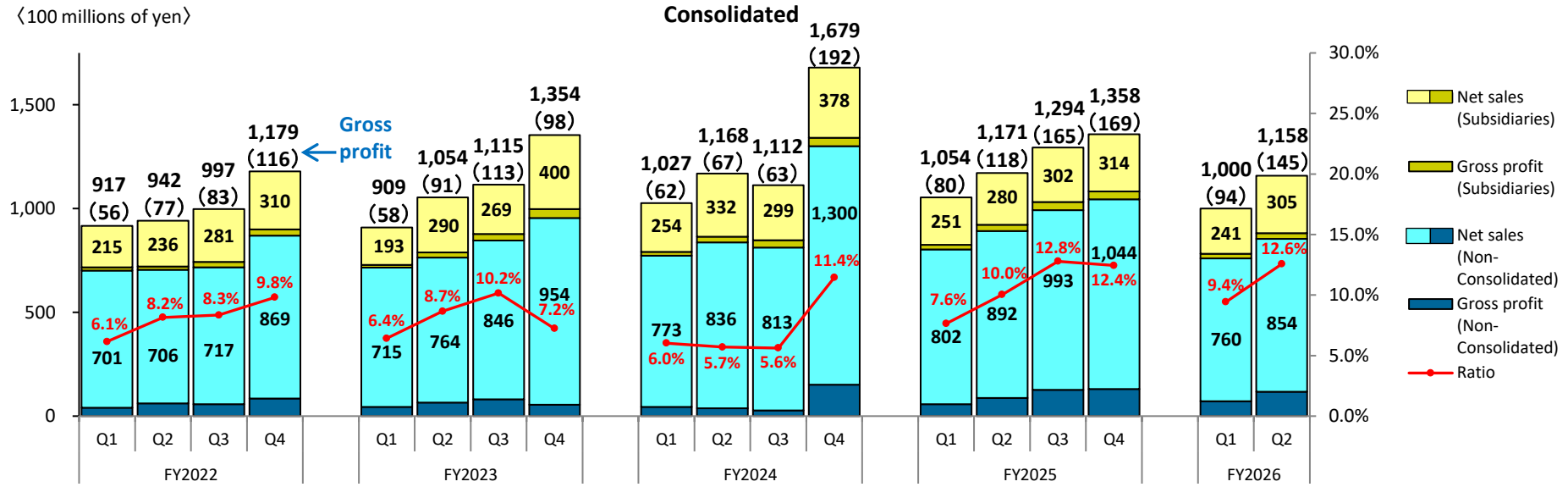


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8.Net Sales and Gross Profit〈Consolidated and Non-Consolidated〉
Quarterly Change

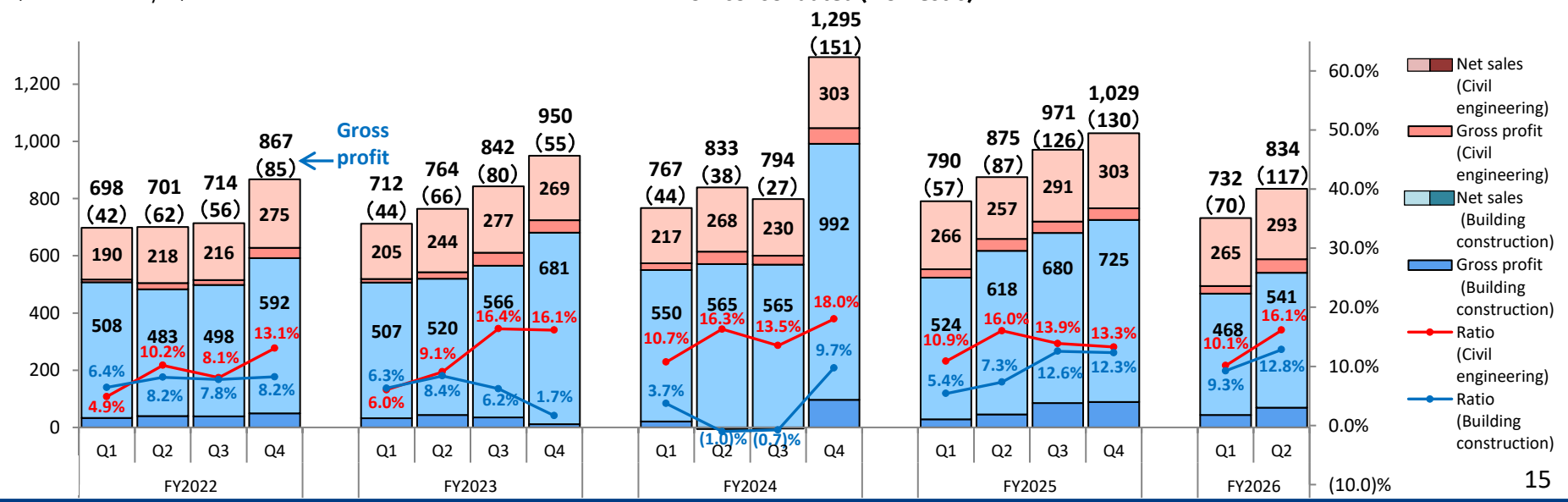
〈100 millions of yen〉

Consolidated



〈100 millions of yen〉

Non-consolidated〈Domestic〉

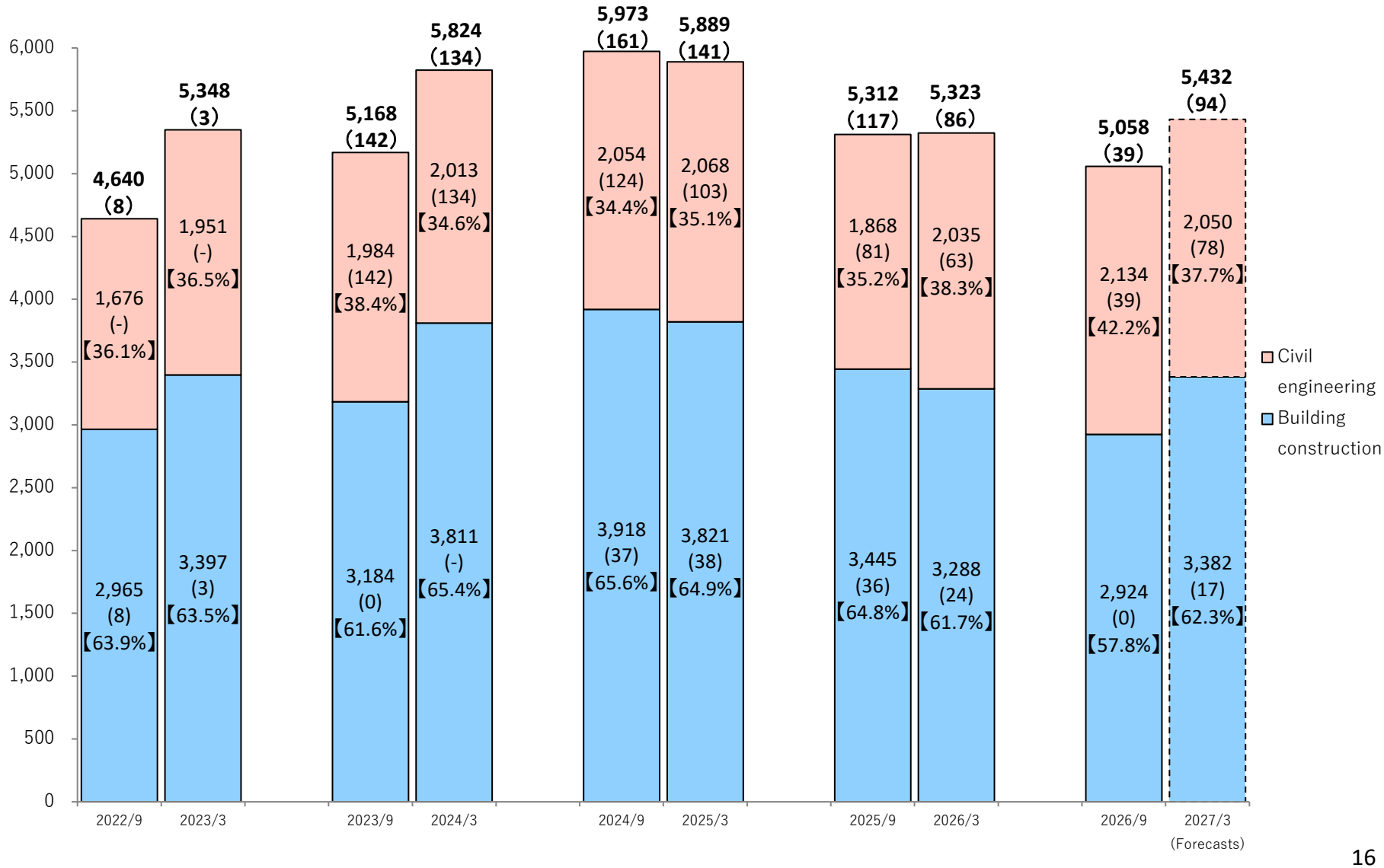


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9. Changes in carried forward construction costs〈Domestic〉

carried forward construction costs
(100 millions of yen)

( ) : Overseas carried forward construction costs
【】: Composition ratio

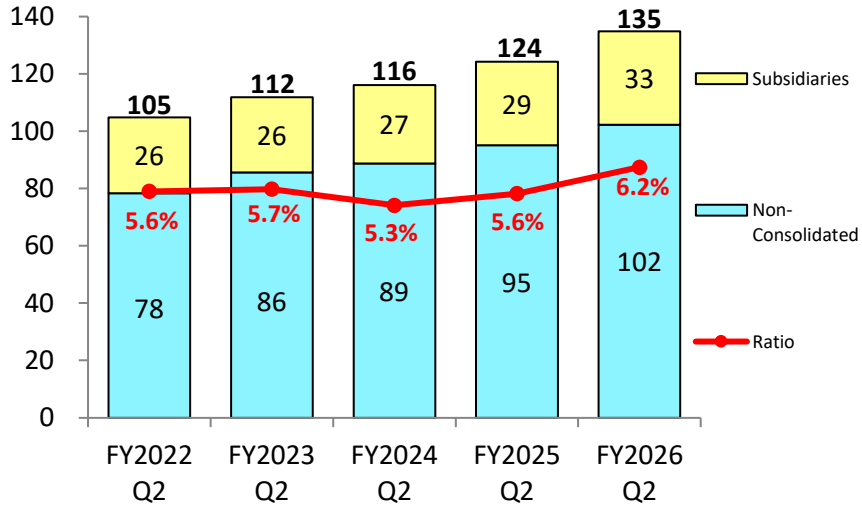


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10.SG&A Expenses, Operating profit and Ordinary profit〈Consolidated〉 Change

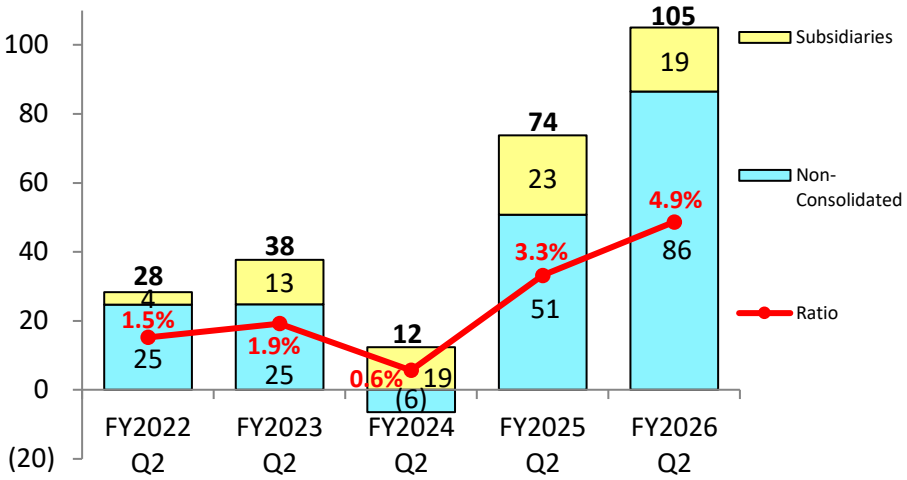
〈100 millions of yen〉

SG&A expenses



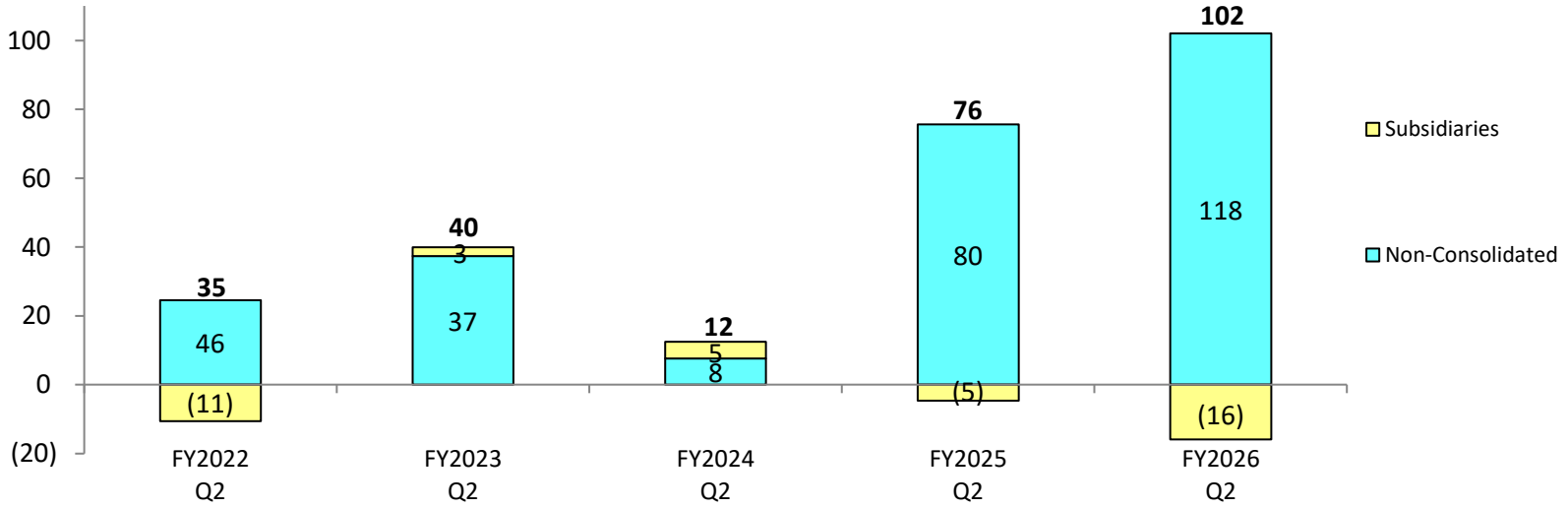
〈100 millions of yen〉

Operating profit



〈100 millions of yen〉

Ordinary profit



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11.Balance Sheet-1〈Consolidated〉 Assets

Assets

(100 millions of yen)

	A FY2025			B FY2026 2nd Quarter			B-A		
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries
Cash and deposits	647	339	308	496	200	296	(151)	(139)	(12)
Notes receivable,accounts receivable from completed construction contracts and other	2,406	2,054	352	2,432	2,139	293	27	85	(58)
Costs on construction contracts in progress	77	67	10	61	53	8	(16)	(14)	(2)
Accounts receivable-other	224	181	44	237	201	37	13	20	(7)
Other	26	27	(0)	53	43	11	27	16	11
Allowance for doubtful accounts	(1)	(0)	(0)	(1)	(0)	(0)	0	0	0
Total current assets	3,379	2,667	713	3,280	2,635	645	(99)	(31)	(68)
Buildings and structures, net	98	60	38	95	58	38	(3)	(2)	(0)
Land	195	166	29	194	165	29	(0)	(1)	0
Other,net	80	15	65	94	17	77	14	2	12
Total property,plant and equipment	373	241	132	384	240	144	11	(0)	12
Intangible assets	20	19	1	20	19	1	(0)	(0)	(0)
Investment securities and Shares of subsidiaries and associates	492	530	(38)	485	522	(36)	(7)	(8)	1
Deferred tax assets	40	34	6	49	41	9	9	7	3
Other	186	160	27	174	157	17	(13)	(3)	(10)
Allowance for doubtful accounts	(2)	(0)	(2)	(2)	(0)	(2)	0	–	0
Total investments and other assets	717	724	(7)	707	719	(12)	(11)	(5)	(6)
Total non-current assets	1,110	984	126	1,110	978	132	0	(6)	6
Total assets	4,489	3,650	839	4,390	3,613	777	(99)	(37)	(62)

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11.Balance Sheet-2〈Consolidated〉 Liabilities and Net Assets

Liabilities and net assets

(100 millions of yen)

	A FY2025			B FY2026 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	784	506	278	594	329	265	(190)	(177)	(12)
Electronically recorded obligations – operating	302	280	22	250	228	22	(52)	(52)	(0)
Short-term borrowings	116	174	(58)	95	184	(89)	(21)	10	(31)
Commercial papers	–	–	–	120	120	–	120	120	–
Income taxes payable	84	68	15	27	19	8	(57)	(49)	(8)
Advances received on construction contracts in progress	181	163	18	263	228	35	82	65	16
Deposits received	406	384	22	403	372	31	(3)	(12)	9
Provision for warranties for completed construction	6	5	0	6	6	0	0	0	(0)
Provision for loss on construction contracts	9	7	2	3	2	1	(6)	(5)	(0)
Provision for bonuses	46	30	16	46	32	14	0	2	(2)
Other	144	111	33	59	47	12	(85)	(65)	(20)
Total current liabilities	2,077	1,729	348	1,866	1,567	300	(211)	(162)	(49)
Bonds payable	85	85	–	85	85	–	–	–	–
Long-term borrowings	297	288	9	401	389	11	104	101	3
Provision for share awards	2	2	–	2	2	–	(0)	(0)	–
Retirement benefit liability	141	135	6	138	131	7	(2)	(4)	1
Deferred tax liabilities	0	–	0	0	–	0	0	–	0
Other	9	5	4	9	5	4	1	0	0
Total non-current liabilities	533	515	18	635	612	23	102	97	5
Total liabilities	2,611	2,244	367	2,501	2,179	323	(109)	(65)	(44)
Total shareholders' equity	1,753	1,321	432	1,778	1,367	411	25	45	(21)
Total accumulated other comprehensive income	125	85	40	111	68	43	(14)	(17)	3
Non-controlling interests	0	–	0	0	–	0	(0)	–	(0)
Total net assets	1,879	1,406	472	1,889	1,435	455	11	28	(18)
Total liabilities and net assets	4,489	3,650	839	4,390	3,613	777	(99)	(37)	(62)
(Capital adequacy ratio)	41.8%	38.5%	56.3%	43.0%	39.7%	58.5%	1.2%	1.2%	2.2%

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12.Equity Capital〈Consolidated〉 Change

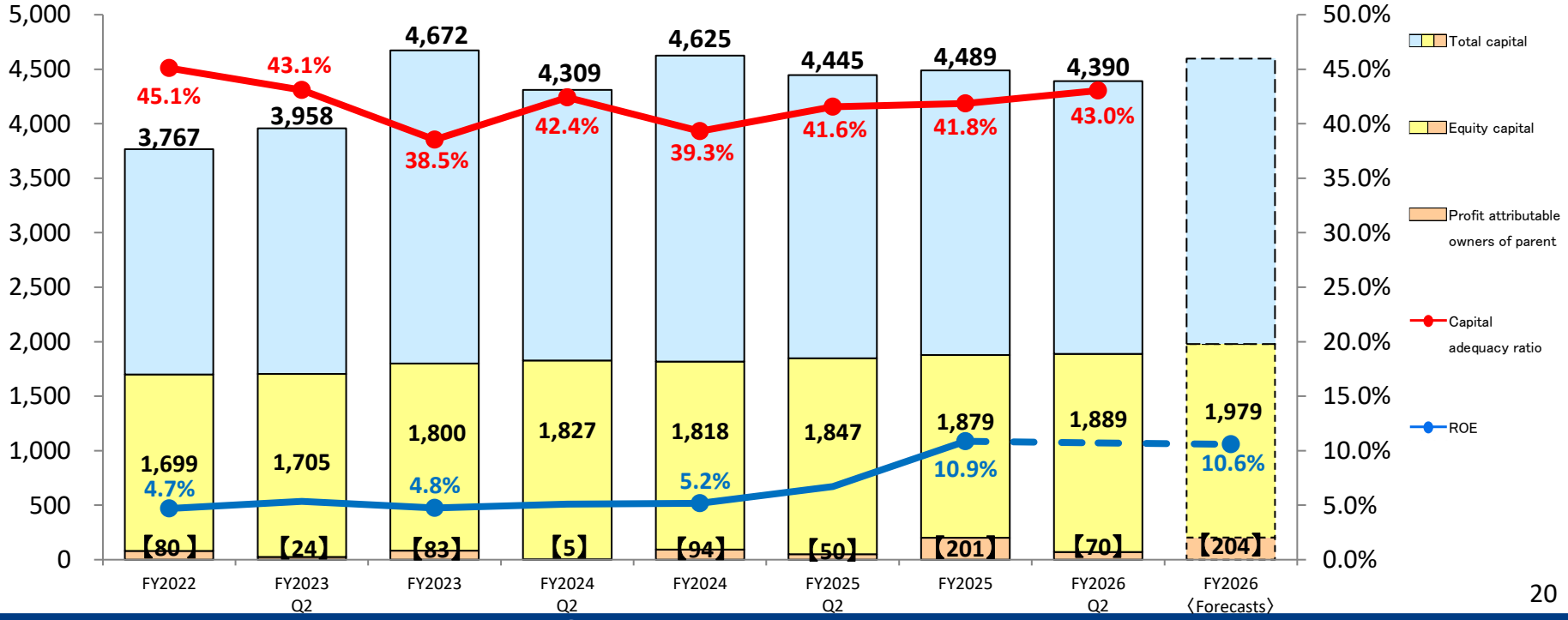
- Due to a decrease in total capital and other factors, the equity ratio rose to 43.0% compared with the end of the previous term.
- ROE for the fiscal year ending March 2027 is forecast at 10.6%, with the target level of the Mid-Term Management Plan expected to be achieved.

Equity capital

(100 millions of yen)

	FY2022	FY2023 Q2	FY2023	FY2024 Q2	FY2024	FY2025 Q2	FY2025	FY2026 Q2	FY2026 (Forecasts)
Equity capital	1,699	1,705	1,800	1,827	1,818	1,847	1,879	1,889	1,979
Total capital	3,767	3,958	4,672	4,309	4,625	4,445	4,489	4,390	–
Capital adequacy ratio	45.1%	43.1%	38.5%	42.4%	39.3%	41.6%	41.8%	43.0%	–
Profit attributable to owners of parent	80	24	83	5	94	50	201	70	204
ROE	4.7%	–	4.8%	–	5.2%	–	10.9%	–	10.6%

〈100 millions of yen〉



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13. Shareholder return〈Consolidated〉 Change 〈Full-Year〉

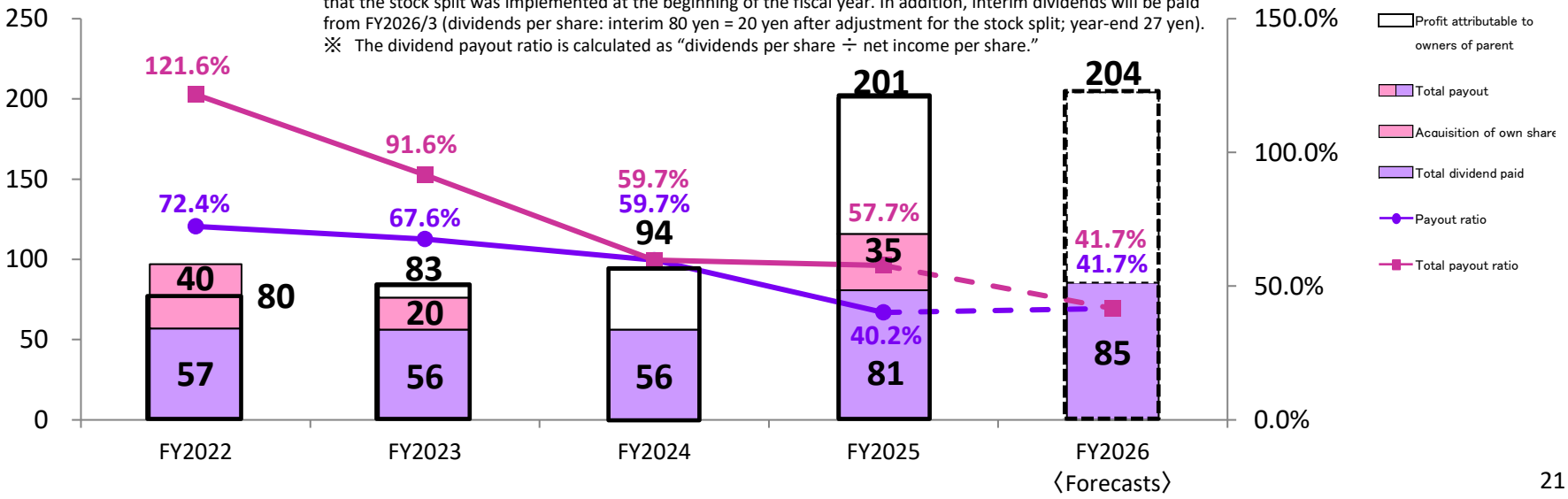
- For the fiscal year ending March 2027, dividends are planned at 50 yen per share (interim dividend of 25 yen and year-end dividend of 25 yen).
- The dividend payout ratio is expected to be 41.7%.

Status of dividends and own share acquisition (100 millions of yen)

	FY2022	FY2023	FY2024	FY2025	FY2026 (Forecasts)
Number of shares issued	43,900,360 shares	43,285,560 shares	43,285,560 shares	173,142,240 shares	173,142,240 shares
Number of treasury shares	62,644 shares	69,781 shares	74,626 shares	2,218,412 shares	2,221,468 shares
Dividend per share	130.00 yen	130.00 yen	130.00 yen	47.00 yen	50.00 yen
Total dividend paid	57	56	56	81	85
Profit attributable to owners of parent	80	83	94	201	204
Basic earnings per share	179.64 yen	192.36 yen	217.73 yen	116.94 yen	120.02 yen
Payout ratio	72.4%	67.6%	59.7%	40.2%	41.7%
Acquisition of own shares	40	20	—	35	—
Total payout	97	76	—	116	—
Total payout ratio	121.6%	91.6%	59.7%	57.7%	41.7%

〈100 millions of yen〉

※ Effective October 1, 2025, a stock split at a ratio of 4 shares for each share. For FY2026/3, calculations assume that the stock split was implemented at the beginning of the fiscal year. In addition, interim dividends will be paid from FY2026/3 (dividends per share: interim 80 yen = 20 yen after adjustment for the stock split; year-end 27 yen).
※ The dividend payout ratio is calculated as "dividends per share ÷ net income per share."



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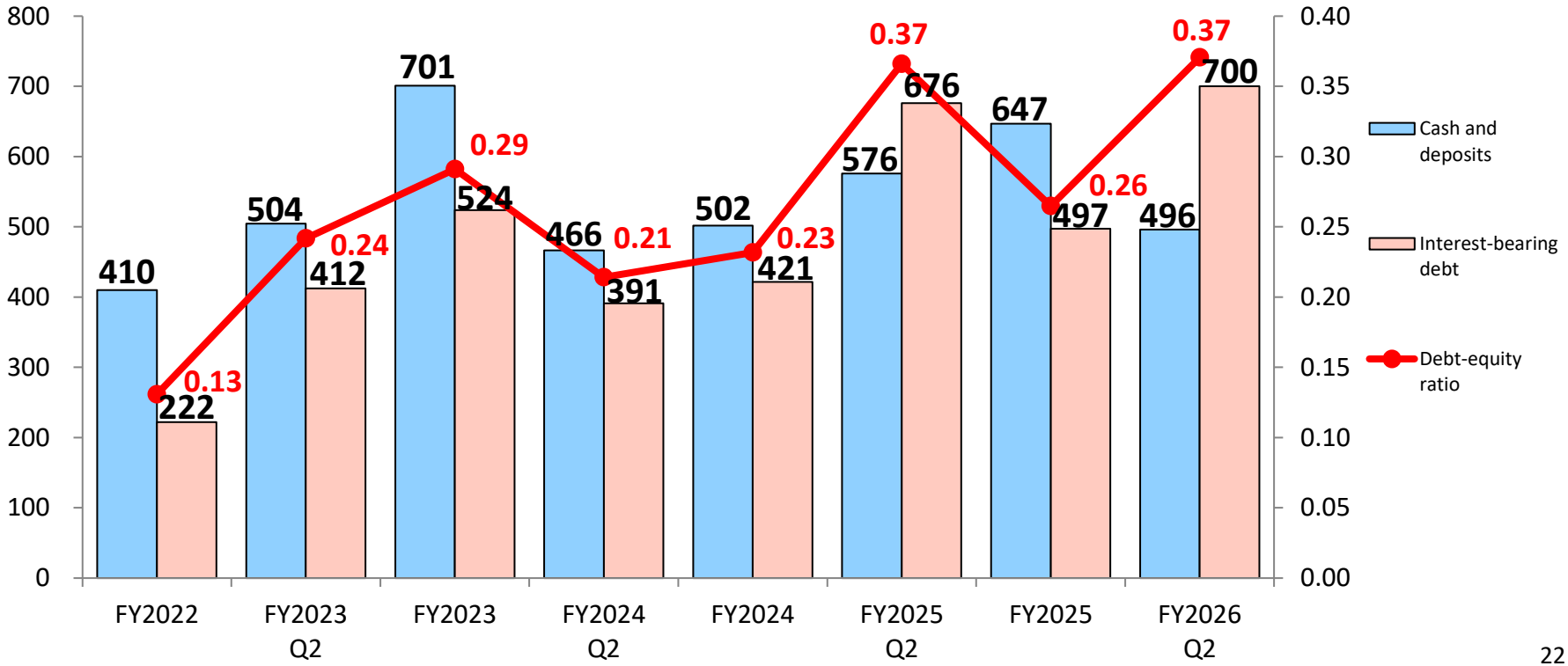
14.Interest-Bearing Debt 〈Consolidated〉 Change

- The D/E ratio increased due to an increase in interest-bearing debt.

Interest-bearing debt (100 millions of yen)

	FY2022	FY2023 Q2	FY2023	FY2024 Q2	FY2024	FY2025 Q2	FY2025	FY2026 Q2
Interest-bearing debt	222	412	524	391	421	676	497	700
Equity capital	1,699	1,705	1,800	1,827	1,818	1,847	1,879	1,889
Debt-equity ratio	0.13	0.24	0.29	0.21	0.23	0.37	0.26	0.37

〈100 millions of yen〉



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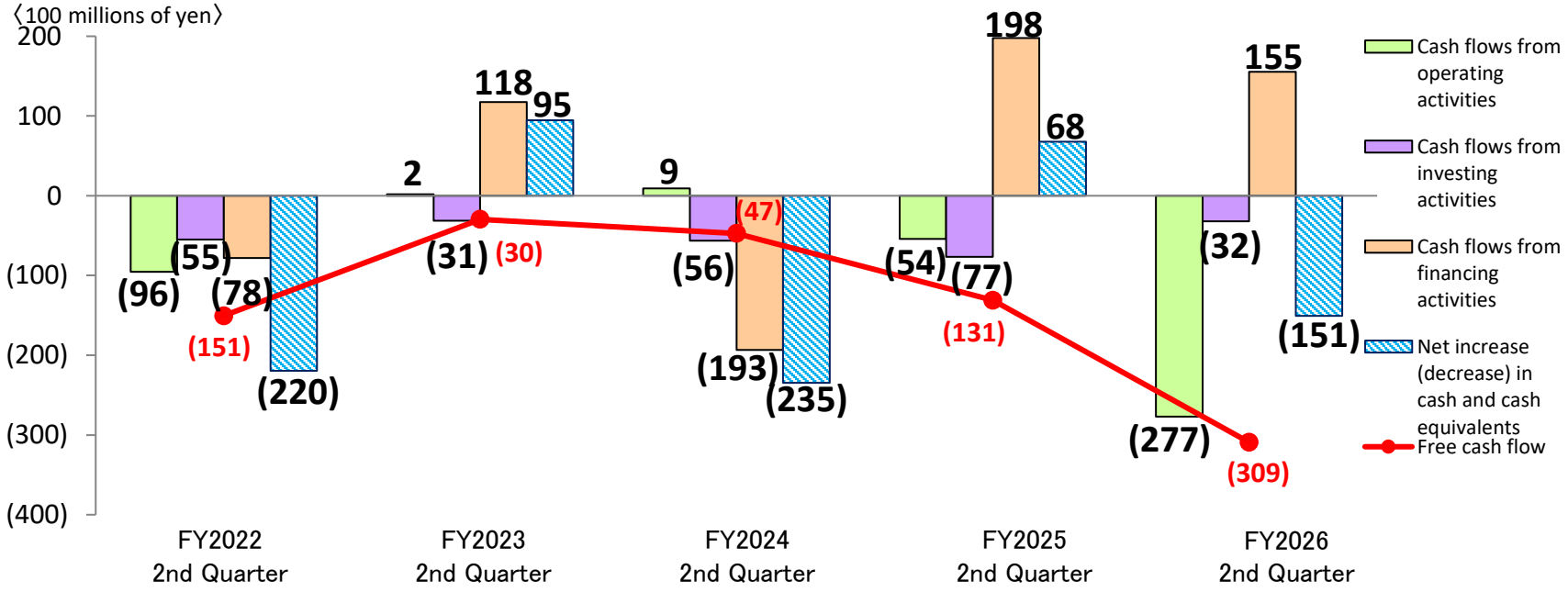
15.Cash Flows〈Consolidated〉 Change

- Operating CF was negative 27 billion 700 million yen due to a decrease in trade payables and other factors, investing CF was negative 3 billion 200 million yen due to CAPEX and other factors, and finance CF was positive 15 billion 500 million yen due to CP issuance and borrowings. The overall amount was negative 15 billion 100 million yen.

Cash Flows

(100 millions of yen)

	FY2022 Q2	FY2023 Q2	FY2024 Q2	FY2025 Q2	FY2026 Q2
Cash flows from operating activities	(96)	2	9	(54)	(277)
Cash flows from investing activities	(55)	(31)	(56)	(77)	(32)
Cash flows from financing activities	(78)	118	(193)	198	155
Net increase (decrease) in cash and cash equivalents	(220)	95	(235)	68	(151)



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16.Capital Investment, Depreciation and Research and Development Expense〈Consolidated〉 Change

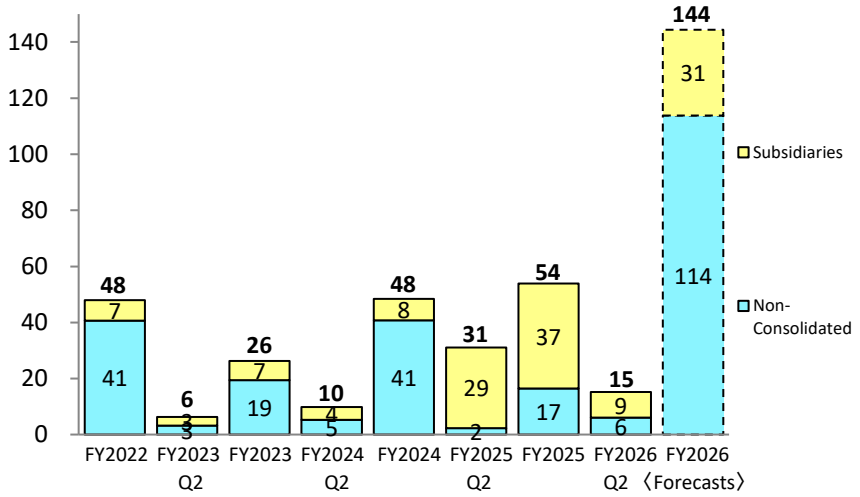
Capital investment and other (100 millions of yen)

	FY2022	FY2023 Q2	FY2023	FY2024 Q2	FY2024
Capital investment	48	6	26	10	48
Depreciation	19	10	20	10	21
Research and development expense	28	14	31	15	31

	FY2025 Q2	FY2025	FY2026 Q2	FY2026 (Forecasts)
Capital investment	31	54	15	144
Depreciation	10	21	10	31
Research and development expense	16	34	17	37

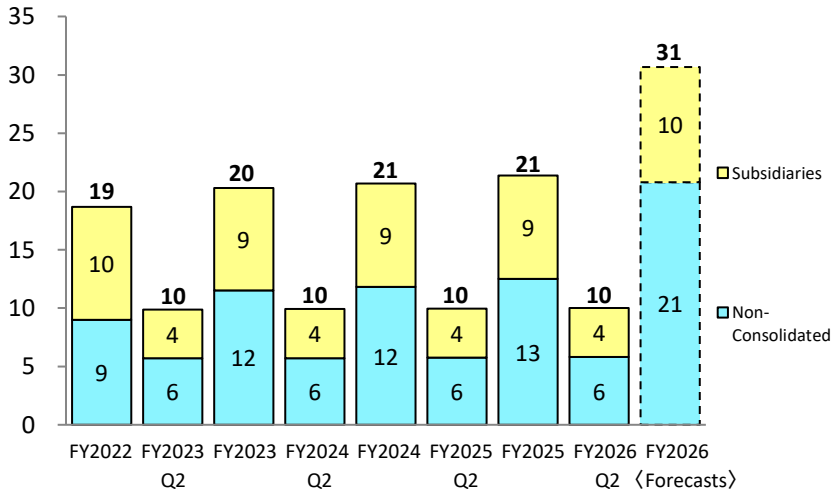
〈100 millions of yen〉

Capital investment



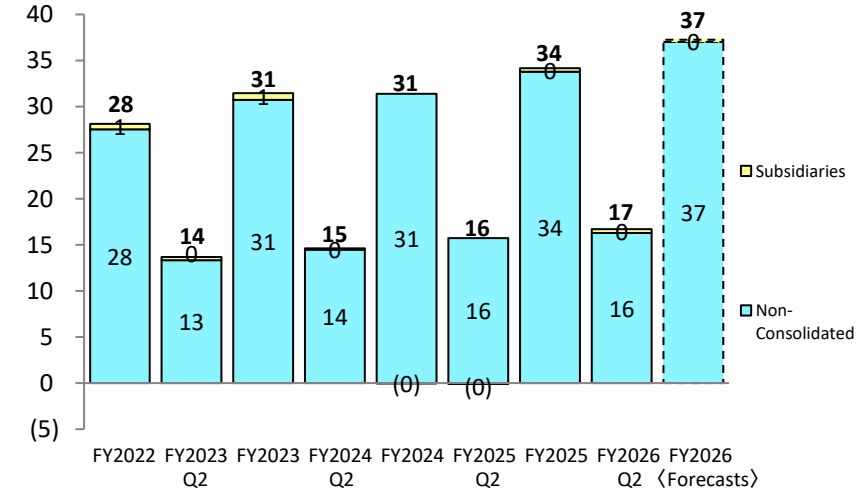
〈100 millions of yen〉

Depreciation



〈100 millions of yen〉

Research and development expense



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17. The impact on business and performance due to the situation in the Middle East and tariff measures by the United States.

Regarding the impact of the current Middle East situation on our group's business and performance, we recognize that it is limited at this time and remains an indirect risk. Additionally, concerning the agreement on U.S. tariffs in August 2025, there is no direct impact on our group as we do not engage in export or import transactions with the United States.

Indirect impact

1. If the situation in the Middle East does not calm down and becomes prolonged, there are concerns about soaring construction prices, the risk of supply chain disruptions, and rising logistics costs. This could lead to the cancellation or postponement of private customers' CAPEX plans.
2. Domestic CAPEX by manufacturers of automobiles and related parts, semiconductor manufacturing equipment, and others with high export volumes to the United States may be restrained, which could lead to a decline in order volumes in the production sector.

Business Environment Recognition

Although the continued increase in raw material costs is a concern, the integration of passing on price increases to contract amounts and the legal framework established for utilizing price adjustment clauses are significant advancements towards securing appropriate profits, and are expected to contribute to the stabilization of the business environment.

We will continue to closely monitor changes in the business environment due to the situation in the Middle East and U.S. tariff measures.

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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

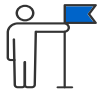
Strengthening construction business



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

- With the aim of further strengthening IR activities, we are appropriately allocating internal resources, such as enhancing the dedicated IR department. (From April 2025, the dedicated IR department will be transferred to the Corporate Planning Department to establish a structure that facilitates collaboration with the management and the Corporate Planning Division.)
- The management actively participates in dialogues with shareholders and investors and engages in direct communication.
- The company president appeared on TV and radio programs for investors, engaging in discussions with analysts and commentators to promote to shareholders and investors.
- As an external director overseeing management, engage in dialogue with shareholders and investors about the current state of governance and recognition of issues.
- To enhance the disclosure of dialogue situations, disclose the dialogue themes in the integrated report and corporate website to lead to further engagement. (The number of dialogues, participants, and feedback have been disclosed on the corporate website and corporate governance report as before.)
- Feedback on opinions and requests from shareholders and investors, understood through dialogue, will be analyzed for their essence and trends, discussed at director meetings, and used as a reference for shareholder returns, capital policy, and investment strategies to enhance corporate value.
- Actively engaging in dialogue with investors as one of the ESG and SDGs strategies, proactively discussing not only finance information but also non-finance information.
- Establish a disclosure policy, including IR policies, and announce our group's proactive stance and policies on information disclosure and IR.
- From the perspective of fair disclosure, implement the simultaneous release of English versions of financial results information and timely disclosure information.

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18. Initiatives to Enhance Corporate Value -2

Statues of Dialogue with Shareholders and Institutional Investors

Continuing from the previous year, we engaged in dialogue through various means, such as individual and small meetings with domestic and overseas shareholders and investors utilizing online tools, financial results briefings, site visits, and participation in investor conferences. Additionally, to promote constructive dialogue with shareholders and investors, we appropriately allocated internal resources, such as enhancing the dedicated IR department as part of strengthening the system and efforts, and disclosed the implementation status, etc., on the 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 FY2025
Rate of increase **22.5%**

FY2025	Number of times	Main communicators
Small meetings	6 times	President, and departments in charge
Individual meetings	138 Times	President, officers in charge, and departments in charge
Shareholder relations meetings	10 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	2 times	President, officers in charge, and departments in charge
Construction site tour	2 times	departments in charge





President Ueda appeared on Nikkei CNBC's "Day Express" and Radio NIKKEI's "Focus on This Company! The God of Fortune of the Market."

Item	Main themes of the dialogue
Construction business environment	- Order overview and order-time profitability - Medium- to long-term top-line and target margin levels - Continuity of profit margin levels in domestic Civil Engineering - Causes of profit margin decline and outlook in domestic Building Construction - Causes of loss projects and completion timing - Impact of oil price surge and other performance effects due to worsening Middle East situation - Status and outlook of construction cost surge such as material and labor costs - Price transfer of surged costs and incorporation of sliding clauses into contracts - Status of securing partner companies and supply-demand balance - Business environment recognition and future outlook
Construction -related peripheral businesses	- The status of the Iidabashi redevelopment project and real estate investments - Investments in SEP vessels and initiatives for offshore wind power generation - Progress of investments and outlook for revenue recognition timing
Business and capital tie-up	- Status of efforts in medium- to large-scale timber building construction - Change in equity stake ratio with Sumitomo Forestry Co., Ltd. - Direction of capital partnership with Sumitomo Forestry Co., Ltd.
Capital policy and returns to shareholders	- Progress of the Mid-Term Management Plan and examination status of the next Mid-Term Management Plan - Ideas on the optimal capital structure - Ideas on the equity ratio level and additional returns - Background for determining the scale of treasury stock acquisition and use of funds
Sustainability and governance	- Human capital management - Response and impact regarding the 2024 issue (application of overtime work limit regulations) - ZEB, GX market, decarbonized biomass fuel "black bark pellets" - Background of transition to a company with an audit committee - Status of reduction in policy-held stocks and the policy for further reduction

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18. Initiatives to Enhance Corporate Value -3

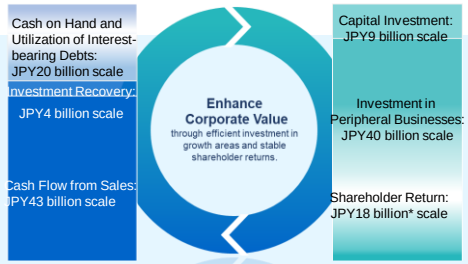
Cash Inflow　Cash Outflow

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

- Cost of capital：Recognized as around 6% (WACC)

Mid-Term Management Plan(FY2024－2026)【Financial Targets】

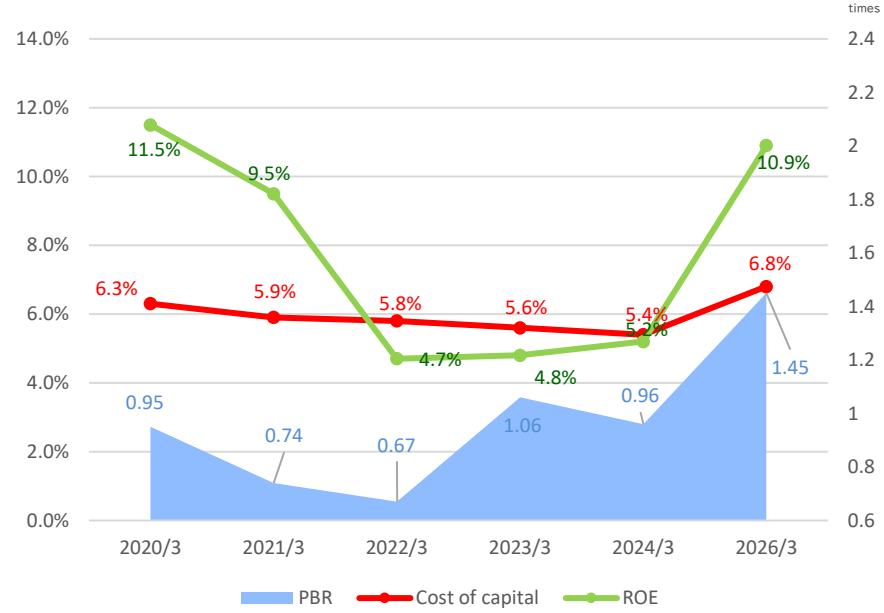
- Capital efficiency：ROE10% or more(FY2026)
  Equity ratio of approx. 45%
  (Striving to balance financial soundness and capital efficiency.)
  The Board of Directors has adopted a resolution on initiatives to further reduce cross-shareholdings.
- Profit allocation：Dividend payout ratio of approx. 40%
  (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.)



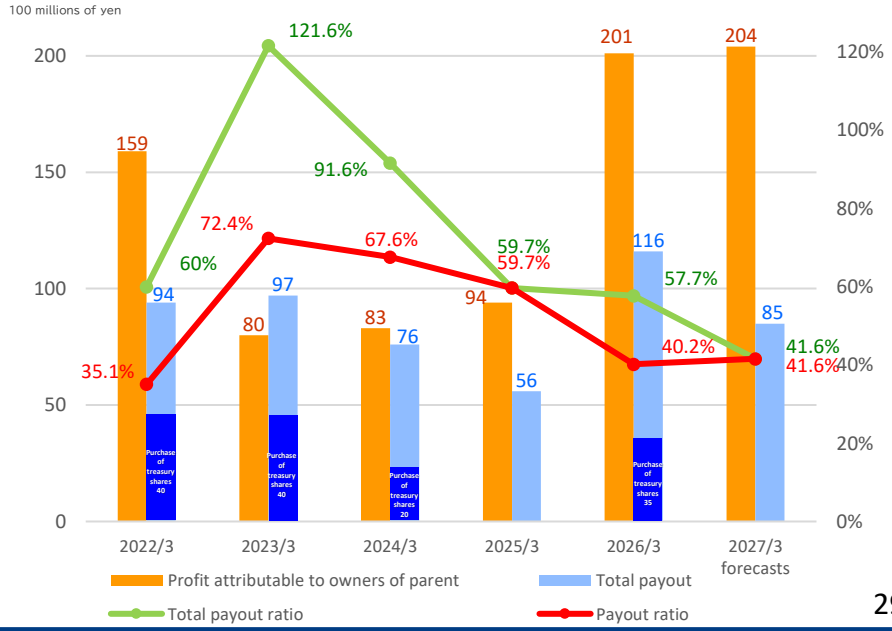
*Dividend amount based on financial results from 2023 through 2025. Dividends for the last year of the plan (FY2026) are not included.

Based on the sale of our shares by Sumitomo Forestry and the sale of investment securities (Sumitomo Forestry shares), we acquired treasury stock worth 3 billion 500 million yen during the period from January 30, 2026, to March 19, 2026, to enhance shareholder returns and improve capital efficiency (Director's resolution on January 8, 2026).

Changes in Cost of capital, ROE and PBR



Changes in Returning Profit

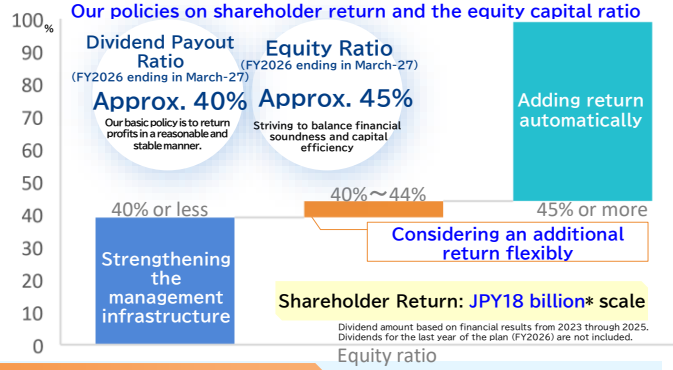


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18. Initiatives to Enhance Corporate Value -4

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



Yuji Yashiro

Integral Corporation Executive Director (Current)

Graduated from the Faculty of Economics, Kyoto University. Engaged in M&A advisory services at GCA since 2011, handling deals in various industries such as construction and industrial. Joined Integral in 2018, overseeing various investment projects and promoting governance enhancement and corporate value improvement through on-site support at Toyo Engineering, Texend Photomask, and Asahi Kasei Medical.

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

Plan Period

Investment Amount
JPY40 Billion

Recognized Income*
JPY40 Billion

*Income recognized during the period for cumulative investments

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

Investment in Peripheral Businesses: JPY40 Billion

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

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

Capital Expenditures

＋ **JPY9 Billion**

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

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.

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18. Initiatives to Enhance Corporate Value -5

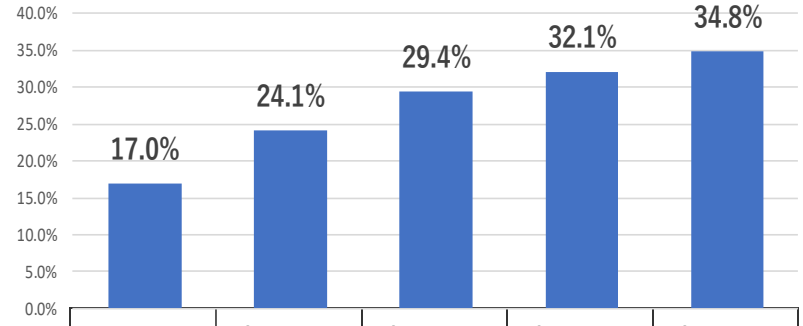
Since July 2022, we have been enhancing corporate advertisements to raise awareness of Kumagai Gumi.

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

"Episode 'Making Smiles Come True'"



Recognition of Kumagai Gumi among the younger generation*:
The level of recognition rose from 17% (before the corporate advertisements) to 34.8%.
*Younger generation: College students and graduate students aged between 18 and 29 who are considering job hunting



	June 2021 survey	February 2023 survey	February 2024 survey	February 2025 survey	February 2026 survey
n=	818	800	800	800	800
Company name recognition	17.0%	24.1%	29.4%	32.1%	34.8%

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

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18. Initiatives to Enhance Corporate Value -6 ～Optimal allocation of management resources～

Effective utilization of management resources for growth investment

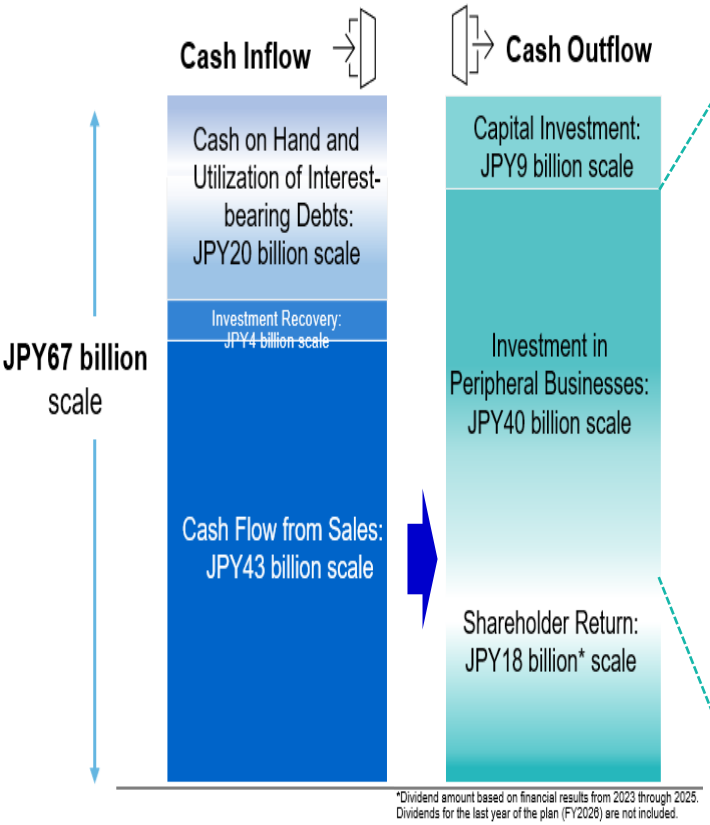
Investments of approximately 40 billion yen in adjacent businesses planned during the Mid-Term Management Plan (2024-26) period are progressing steadily and largely in line with plan.

Southstone Yard Office B (Dallas)



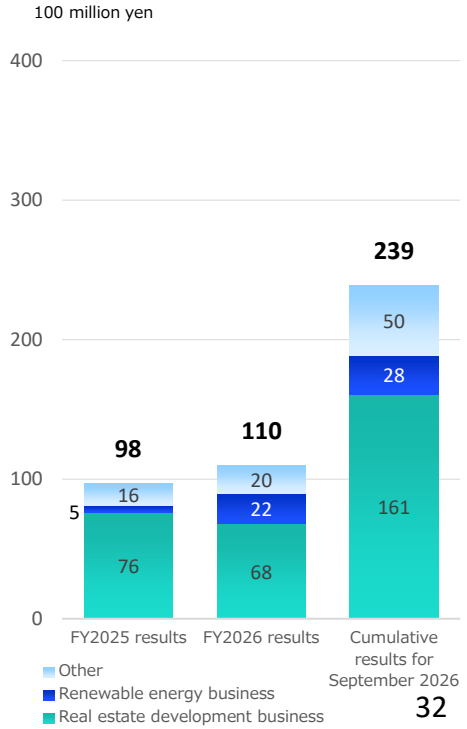
The ESG-conscious timber office building developed in Dallas, Texas, together with Sumitomo Forestry Co., Ltd. and others, has been completed. All floors have been leased to major U.S. companies and are operating stably. The office building, which uses an RC structure for the first floor and a wooden structure for floors 2 through 7, has attracted attention locally and won numerous awards.

Cash allocation



During the Mid-Term Management Plan (2024-26) period Three-year investment plan (main initiatives and investment amounts)		
Real estate development business	• General real estate investment • Iidabashi Project • Development projects in Europe, the United States, Southeast Asia, and other regions	**25 billion yen**
Renewable energy business	• Offshore wind power generation business utilizing owned SEP vessels • Overseas power generation business	**10 billion yen**
Other	• Manufacturing and sales business of decarbonized biomass fuel • Sales business for cotter-type joints	**5 billion yen**
Total		**40 billion yen**

Investment Progress Status



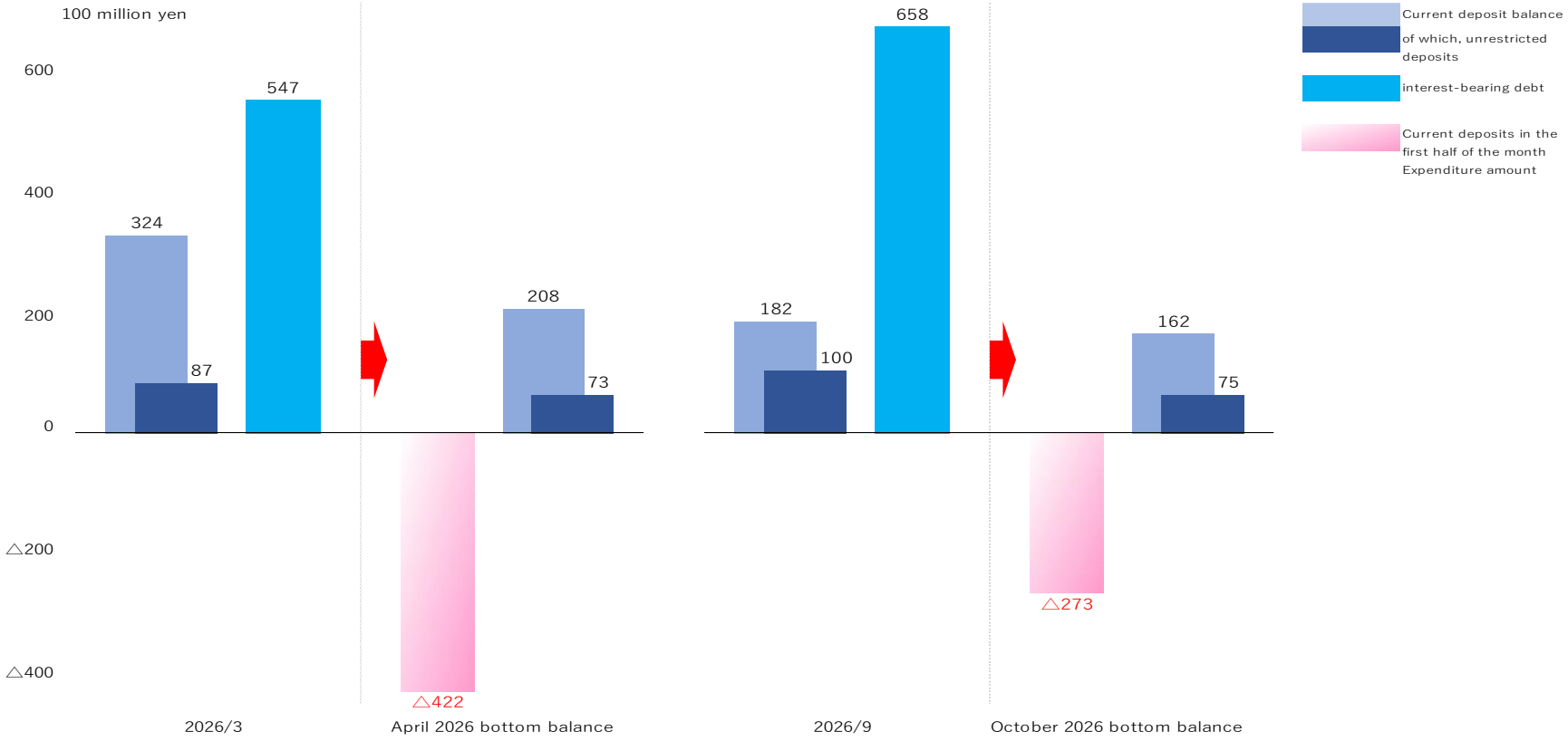
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18. Initiatives to Enhance Corporate Value -6 ～Optimal allocation of management resources～

Effective utilization of existing deposits

Our current deposit balance tends to increase at month-end, when collections of construction payments are concentrated, and reach a bottom in the first half of each month, when settlements of accounts payable and other obligations progress. This reflects business characteristics involving significant fluctuations not only during the month but also due to seasonal factors.
In particular, cash inflows and outflows are concentrated from the fiscal year-end through the beginning of the fiscal year, making gaps in the cash position more pronounced. To address short-term funding needs, in addition to effectively utilizing current deposit, we raise funds flexibly through commercial paper, commitment lines, and other means, while striving for efficient fund management. We also utilize corporate bonds, syndicated loans, and other instruments for funding needs such as growth investments, and endeavor to reduce funding cost by diversifying fundraising methods while maintaining finance discipline.
To achieve sustainable growth, we examine the appropriate allocation of management resources, including the effective use of current deposit, held assets, and other management resources for growth investments.

Cash position at the end of the fiscal year and interim period (non-consolidated)



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Alliance with Sumitomo Forestry





熊谷組 × 住友林業 = withTREE

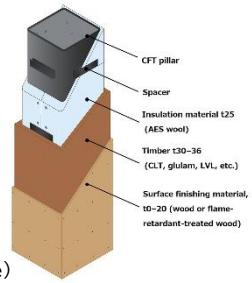
19. Alliance with Sumitomo Forestry

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

Received an order for high-rise hybrid Building Construction

KUMAGAI GUMI Insight, Onsite, Farsight × SUMITOMO FORESTRY × [redacted] = withTREE

In September 2026, it was decided that the "(Tentative Name) Kobiki Building Hotel Project," being developed by Nittetsu Kowa Real Estate Co., Ltd., will be constructed by a Kumagai Gumi–Sumitomo Forestry JV.
This project involves rebuilding an office building owned by Nippon Steel Kowa Real Estate Co., Ltd. into a 12-story above-ground, one-story below-ground long-stay hotel with a hybrid structure of steel, reinforced concrete, and timber. In addition to adopting CLT seismic walls and timber frames at both ends of the building, seismic timber braces will be installed on the main structural frame of the building façade to enhance both design quality and seismic performance. The plan also includes the use of the newly developed "Dress Wood®," expanded for application in the CFT construction method as "Dress Wood CFT Columns (two-hour fire resistance)," the fire-resistant timber material "Environmentally Friendly λ-WOOD II®," and "COOL WOOD" by Shelter Co., Ltd. The project aims to create a new model for timber utilization that connects urban areas and local communities by using timber from Kamaishi City, Iwate Prefecture, which has ties to Nittetsu Kowa Real Estate Co., Ltd.



Dreswood CFT columns
(two-hour fire resistance)

Selected for the Project to Promote the Development of High-Quality Wooden Building Construction Properties

This project has been selected under the "Leading Project Category" of the FY2026 "Excellent Wooden Building Construction Promotion Project."
This is a program in which the Ministry of Land, Infrastructure, Transport and Tourism selects and supports projects that contribute to the widespread adoption of medium- and large-scale wooden Building Construction structures expected to provide carbon storage benefits, as well as projects incorporating leading-edge design and construction technologies related to wooden construction, toward achieving carbon neutrality by 2050 (maximum subsidy amount: 300 million yen).
This is the second project constructed by our company to be selected, following "KiGi AKIHABARA / Construction Project Name: (tentative name) Akihabara Wooden Office Building Project," completed in May 2026.


(Rendering) Kobiki Building Hotel Project (tentative name)

Project Name	Ordering Party	Structure / Number of Floors	Use	Details of the collaboration with Sumitomo Forestry	Status
Athletes' Village Village Plaza Development Construction Work (First JV formation)	Tokyo Organising Committee of the Olympic and Paralympic Games Foundation	W structure, 1st floor	Other	JV	Completed
Kumagai Gumi Fukui Head Office	Kumagai Gumi Co., Ltd.	Steel/wood structure, 4 floors	Office	Procure timber materials	Completed
H'O Aoyama	Nomura Real Estate Co., Ltd.	RC/W construction; 7-story tower, 1st floor	Office	Procure timber materials	Completed
H'O Shiba Park	Nomura Real Estate Co., Ltd.	Steel/wood structure, 13 stories	Office	Procure timber materials	Completed
Yuzukushi Salon Ichinobo Seiryukan Guest Room Renovation Work	Ichinobo Co., Ltd.	SRC construction, 7 floors / 2nd floor	Accommodation	JV、Sumitomo Forestry Home Tech Cooperation	Completed
KINARU BLDG.	BeppoCorporation Co., Ltd.	Steel/SRC structure, 10 floors/1st floor	Office	JV、Procure timber materials	Completed
Yachiyo City Midorigaoka Daini Elementary School	Yachiyo City	RC/W construction, 3 floors	School buildings and gymnasium	JV	Completed
Circle of Trees Forest	Kowa no Mori Co., Ltd.	Steel structure, 1 floor	factory	JV	Completed
KiGi AKIHABARA	Sankei Building Co., Ltd.	Steel/Wooden Structure, 9 Floors	Office	JV、Procure timber materials	Completed
(Tentative Name) New Construction Work for the Kodenmacho Project (previous term orders received)	Hashimoto Sogyo Holdings Co., Ltd.	RC structure; 11 floors above ground and 1 basement floor	Housing	JV	Under construction
(Provisional Name) Kobiki Building Hotel Project (Current injection works)	Nittetsu Kowa Real Estate Co., Ltd.	Steel/RC/wooden structure, 12 floors/1 floor	Accommodation	JV	Under construction

→Wood Design Award

※JV construction projects or collaborative projects involving W-structure construction (excluding W-structure projects constructed independently by the Company outside such collaborations)

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19. 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 (Wood Design Award)
➡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 Research and Development





Joint Development of "KS Wood Buckling Restrained Brace" (Wood Design Award)
➡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)

*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.

Synergies expansion

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

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

- 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.

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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.

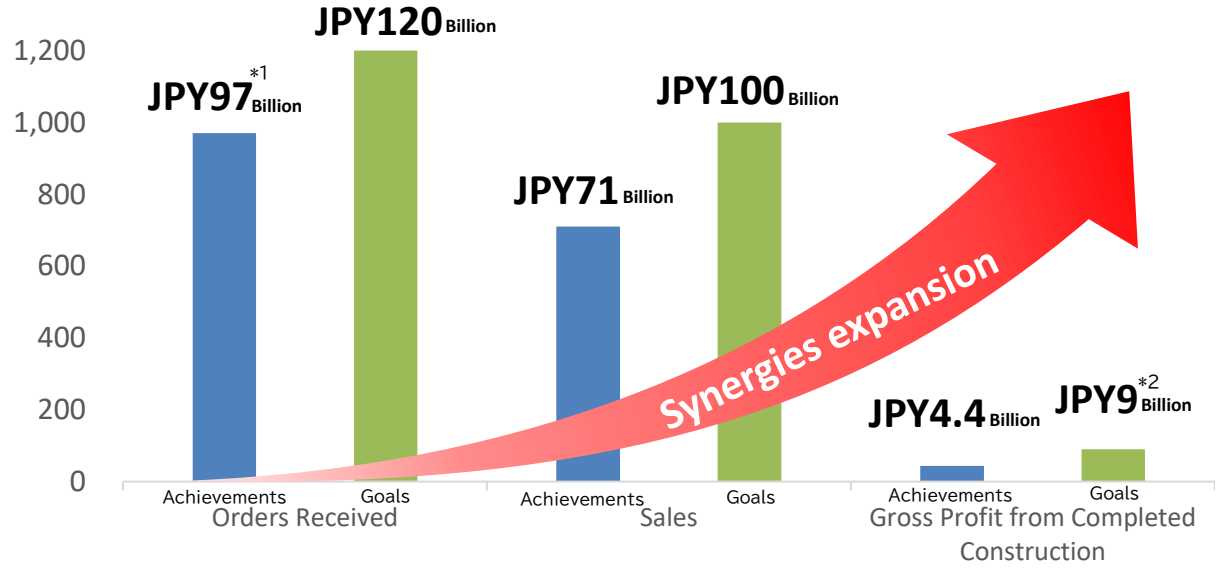
Construction	• Strive to further reinforce the two pillars of our alliance: the "with TREE" brand, and environmentally green building construction. • Strengthen proposals for various CO2 reduction technologies to meet customer needs.
Investment	• Continued investment in overseas real estate development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

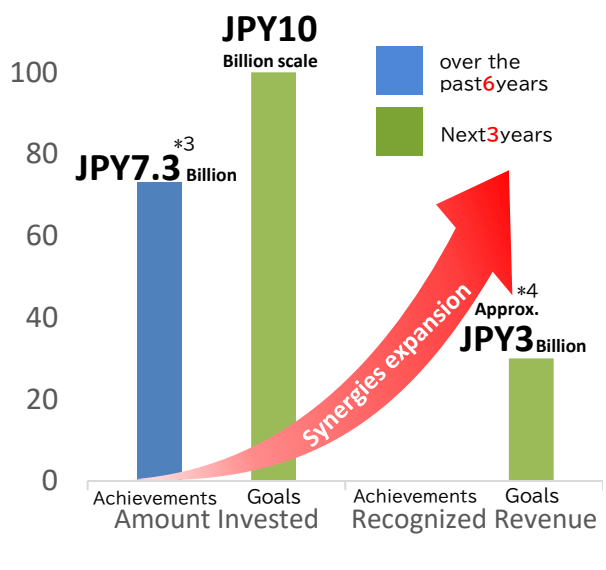
Regarding the change in equity stake ratio

In January 2026, with the aim of enhancing capital efficiency and further increasing shareholder value, approximately 30% of the shares held were mutually sold, resulting in Sumitomo Forestry holding 15.0% of our shares (previously 21.6% before the sale), and our company holding 1.7% of Sumitomo Forestry's shares (previously 2.5%).

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

～ We are committed to creating further synergies. ～





*1Includes 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.

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Tao Zhu Yin Yuan Tower（Taipei City）

Status of efforts towards non-financial targets



20. ESG Initiatives Policy, Material Issues, and Individual Issues

The Kumagai Gumi Group has established its basic sustainability policy as the “ESG Initiatives Policy.”

1. Kumagai Gumi has identified key issues (materiality) to be addressed from the perspectives of environmental, social, and corporate governance, and will pursue sustainable business activities.

2. Kumagai Gumi will leverage the technologies, experience, and expertise held by the Group to create new value and pursue business activities that contribute to solving social issues represented by the SDGs.

3. Kumagai Gumi will strive to build relationships of trust through communication with stakeholders in the course of its business activities and aim to enhance corporate value.

Key Issues (Materiality) and Individual Issues

	Key Issues (Materiality)	Individual issues	Relevant SDGs
E Environment	Response to climate change risk	1. Achieving carbon neutrality 2. Strengthening renewable energy businesses	
	Promotion of environmentally conscious business initiatives	3. Achieving zero emissions 4. Strengthening Building Construction 5. Developing environmentally conscious technologies 6. Achieving a nature-positive outcome	
S Social	Realizing well-being that enables diverse talent to maximize their abilities	1. Securing and investing in human capital 2. Passing on technical expertise 3. Promoting DX 4. Achieving work-life balance 5. Promoting diversity 6. Securing personnel for the construction industry 7. Creating a wellness-oriented environment 8. Preventing occupational accidents	
	Realization of sustainable communities	9. Ensuring quality and promoting sincere manufacturing 10. Creating attractive communities 11. Building resilient social infrastructure 12. Initiatives that contribute to solving social issues 13. Initiatives for emergencies such as natural disasters	
G Governance	Strengthening corporate governance	1. Thorough compliance 2. Strengthening risk management 3. Enhancing the effectiveness of director meetings 4. Respect for human rights	
	Strengthening relationships with multiple stakeholders	⑤Improvement of CS ⑥Strengthening of supply chain management ⑦Strengthening of information dissemination capabilities ⑧Active dialogue with investors	

For the following reasons, we revised our material issues in May 2024 and reviewed individual issues that currently affect management.

1. Changes in the external environment since the FY2018 review (increasingly severe natural disasters, pandemics, and heightened geopolitical tensions)
2. Addressing societal demands, including ensuring quality and respecting human rights (gathering opinions from employees, investors, customers, and experts)

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20. Material Issues and Individual Issues: Indicators and Targets <Environment>

Environment

Addressing climate change risk and promoting environmentally conscious businesses;
"*" indicates each fiscal year.

Key Issues	Individual Issues	Initiatives in Business Operations Specific Actions	Metrics and Targets (KPIs)	End of fiscal year2025 Actual results	fiscal year2025 updated targets (in green) fiscal year2026 new targets (in blue)
Response to climate change risk	Achievement of carbon neutrality	CO_2 emissions reduction initiatives	Scope 1+2: -42% (FY2019 baseline) Scope 3: -25% (FY2029 target)	Scope 1 + 2 -18.7% Scope 3 -9.8%	Ongoing
	Strengthening the renewable energy business	Strengthening the promotion of renewable energy businesses	Implementation of renewable energy projects and number of initiatives: at least 10 in Japan and at least 4 overseas	Domestic: 13 cases Overseas: 2 cases	Domestic: 15 or more projects Overseas: Ongoing
Promotion of environmentally conscious business initiatives	Achieving zero emissions	Mixed waste reduction initiatives	Total mixed waste discharge rate: 2.0% or less*	2.1%	Ongoing
	Strengthening of Timber Building Construction	Initiatives in medium- and large-scale wooden Building Construction and expansion of orders	Domestic orders: three or more cases* Overseas investments: 3 or more cases	Domestic: 2 cases Overseas: 2 cases	Domestic: four or more cases each fiscal year Overseas : Ongoing
	Development of environmentally conscious technologies	Strengthening research toward carbon neutrality	Technology development initiatives: six or more items	15 cases	16 or more cases
		Initiatives for Environmentally Conscious Building Construction (ZEB, etc.)	Environmental proposals: six or more cases	6 cases	At least six cases per fiscal year
	Achieving a Nature-Positive Outcome	Ecosystem restoration business	Development of decarbonized fuels and establishment of sales business bases: two or more cases	1 case	Ongoing
		Operation and Improvement of the Quality and Environmental Management System	Number of major environmental incidents during construction: 0*	0 cases	

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20. Material Issues and Individual Issues: Indicators and Targets <Social>

Social

(1/2) Realizing well-being where diverse talent can fully demonstrate their capabilities
"*" indicates each fiscal year.

Key Issues	Individual Issues	Initiatives in Business Operations Specific Actions	Metrics and Targets (KPIs)	End of fiscal year2025 Actual results	fiscal year2025 updated targets (in green) fiscal year2026 new targets (in blue)
Realizing well-being where diverse talent can demonstrate their abilities	Securing and Investing in Human Capital	New graduate recruitment activities	Number of new graduate hires: Review for each fiscal year	153 people	April 2027: 155 employees※4
		Improving employee engagement	Engagement Rating: Rating*1: "BB"	BB	Ongoing
	Technology succession	Support for obtaining national certifications	First-Class Civil Engineering Construction Management Engineer certification holder rate: 90% or higher*	91.3%	
			Class 1 Building Construction Management Engineer certification holder ratio: increase of at least 1% per year*	0.5%UP※2	
			Class 1 Building Construction Engineer certification holder ratio: up at least 1% per year*	2.6%UP※3	
	Promotion of DX	Streamlining on-site management through ICT standardization	New-site implementation rate: 100%*	98.5%	
		Core system modernization	System development progress rate: 100%	87.0%	
	Achieving work-life balance	Work-life balance, etc.	Days off: 8 days off every 4 weeks (worksite)*	97.6%	
		Initiatives to improve operational efficiency and standardization	Overtime hours: 30 hours or less*	15.1 hours	Field and office work: 30 hours or less each
	Promoting diversity	Action Plan for Promoting Women's Advancement	Percentage of women among newly appointed managers: 7% or higher*	32.3%	Percentage of women in management positions: at least 7% in the first year (target of 8% during the action plan period for promoting women's advancement)
			Male leave utilization rate associated with the birth of a child: 70% or higher*	88.6%	Male employees taking leave upon the birth of a child: leave utilization rate and number of childcare leave days taken-at least 90% utilization rate and an average of at least 30 days.
	Securing a workforce for the construction industry	Securing workers through on-site open days	Hosting on-site and workplace tours: more than 100 events*	Civil Engineering: 183 projects Building Construction: 258 projects	More than 400 cases company-wide
	Creating a wellness-oriented environment	Employee health management	Secondary health examination participation rate: 100%*	43.4%	Ongoing
	Occupational accident prevention	Improving safety management standards	Frequency rate: 0.5 or less*	0.63	

*1 Link and Motivation Inc. "Motivation Cloud" *2 Ownership ratio: fiscal year2024 (86.9%), fiscal year2025 (87.4%) *3 Ownership ratio: fiscal year2024 (55.2%), fiscal year2025 (57.8%)
*4 The target for the number of new graduate hires is reviewed annually, regardless of the level of achievement.

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20. Material Issues and Individual Issues: Indicators and Targets <Social>

Social

(2/2) Realizing Sustainable Communities
"*" indicates each fiscal year.

Key Issues	Individual Issues	Initiatives in Business Operations Specific Actions	Metrics and Targets (KPIs)	End of fiscal year2025 Actual results	fiscal year2025 updated targets (in green) fiscal year2026 new targets (in blue)
Realization of sustainable communities	Ensuring quality and promoting sincere manufacturing	Operation and Improvement of the Quality and Environmental Management System	Serious quality incidents during construction: 0*	0 cases	Ongoing
	Creating Attractive Communities	Expansion of the real estate business	revenue Real estate and business participation At least 3 projects in Japan / at least 1 project overseas	Domestic: 4 cases Overseas: 3 cases	Domestic: 6 or more cases Overseas : Three or more cases→ 4 or more cases
		Urban redevelopment initiatives	Number of projects (from contract award to construction in progress): 6 or more	5 cases	Ongoing
	Building resilient social infrastructure	Addressing social issues in Asian countries	Infrastructure development project orders received: two or more projects	Overseas: 0 cases	
		Infrastructure development to address diverse natural disasters (disaster prevention and mitigation)	Number of initiatives: 20 or more	57 cases	At least 20 cases in each fiscal year
	Initiatives Contributing to the Resolution of Social Issues	Development of technologies with an eye toward the future of society	Technology development initiatives: 6 or more cases	11 cases	At least 13 cases
		New business creation	Number of initiatives: Two or more commercializations	One initiative	Ongoing
		Promotion of social contribution activities	Increase in the total number of participants	2,621 employees (increase of 309 employees)	Increase in the number of participants in each fiscal year
	Initiatives for Emergencies Such as Natural Disasters	Technology development for emergencies such as natural disasters	Number of development projects: 2 or more	4 cases	4 or more cases

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20. Material Issues and Individual Issues: Indicators and Targets <Governance>

Governance

Strengthening corporate governance and relationships with multiple stakeholders
"*" indicates each fiscal year.

Key Issues	Individual Issues	Initiatives in Business Operations Specific Actions	Metrics and Targets (KPIs)	End of fiscal year2025 Actual results	fiscal year2025 updated targets (in green) fiscal year2026 new targets (in blue)
Strengthening Corporate Governance	Thorough compliance implementation	Establishment of systems to prevent internal and external violation of laws and regulations	Number of material violations of laws and regulations: 0*	0 cases	
	Strengthening risk management	Employee safety confirmation in the event of a large-scale disaster	Emergency confirmation system response rate during the drill: 100%*	100%	
	Enhancing the effectiveness of the director meeting	Evaluation and improvement of the effectiveness of the board of directors	Improved evaluations, including those by external experts	Evaluation is improving.	Ongoing
	Respect for Human Rights	Initiatives to prevent and mitigate human rights risks	Implementation of human rights due diligence: Expansion of target companies	Expansion by 100 companies	
Strengthening relationships with multiple stakeholders	Improving customer satisfaction	Promotion of initiatives to improve customer satisfaction	Customer satisfaction: 100%*	94.0%	
	supply chain management enhancement	Compliance with the "Procurement Policy" and "Procurement Policy Guidelines"	Number of fraudulent transactions: 0*	0 cases	Ongoing
	Enhancement of information dissemination capabilities	Timely, appropriate, and proactive information disclosure	Improved ratings from ESG rating agencies and other organizations	Evaluation improving	Ongoing
	Proactive dialogue with investors	Proactive engagement in dialogue with institutional investors, etc.	Number of participants in meetings and financial results briefings: up 10% YoY	Increased 22.5%	10% increase in each fiscal year (YoY)

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21. Evaluation by society and participation in 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 Finanial 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 2025 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

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【Cautionary Statement Regarding Forward-Looking Statements】
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