



The Kumagai  
Gumi Group  
**Integrated  
Report  
2025**



**KUMAGAI GUMI**

**Insight, Onsite, Farsight**

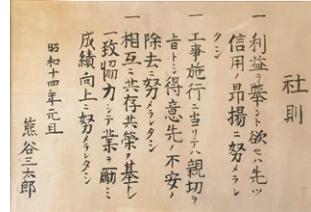


## Founding Spirit

### Our Company's Code of Conduct (Mission Statement)

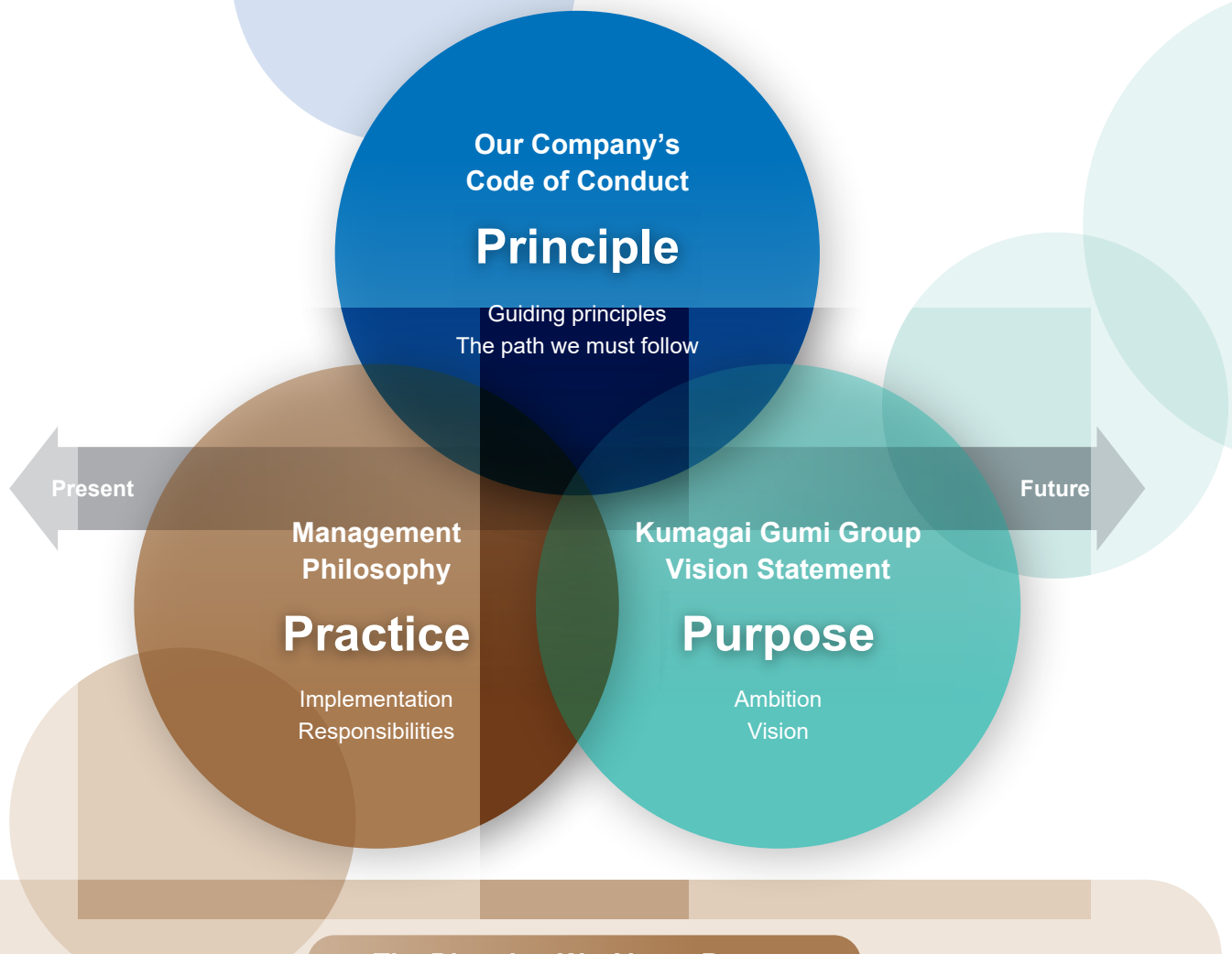
Our Company's Code of Conduct originated in 1939, one year after the Company was founded, when founder Santaro Kumagai created company rules as a guide for employees. Later, in 1946, those rules became our Company's Code of Conduct, which continues to serve in that capacity to this day. Our spirit of "Trust," "Consistency," and "Co-Operation" remains unchanged.

Santaro Kumagai's passion for his work, expressed in his heartfelt words "Someday, I hope to be entrusted with work that truly benefits society" and "If there's a tough or challenging project, let me take it on," continues to be passed down to this day.



**The founding spirit, which consists of "integrity" and "spirit of endeavor," has become a core strength of the Kumagai Gumi Group.**

## Conceptual Structure



## The Direction We Aim to Pursue

### Management Philosophy

Kumagai Gumi established its Management Philosophy in 1993. Since the formulation of our Company's Code of Conduct, we have grown rapidly and expanded in scale, redefined our value standards, clarified the direction that we intend to head in. By putting this philosophy into practice, we strive to become a corporate group that is contributive to society, creative, energetic, and recognized by the public.

**To carry forward the "spirit of endeavor" that we have cultivated over the years, we aim to build a robust and enduring foundation for our business.**

## Vision for the future

### Kumagai Gumi Group Vision Statement

The Kumagai Gumi Group developed its Group Vision in April 2016 with the view to becoming a corporate group that will be deemed indispensable by customers and society into the future, regardless of changing market conditions or shifting trends, and that its employees are able to continue working with pride.

The Kumagai Gumi Group is clarifying the value it aims to provide to customers and society, while presenting the future vision it seeks to achieve in five to ten years.

### Insight, Onsite, Farsight

**When we build a structure, we are building a community -  
together with the people who will use that space.**

Kumagai Gumi constructs and maintains structures where people can congregate and live fulfilling lives while feeling safe and secure. This is our job, our mission.

We deliver **“Quality that Inspires Happiness”** by optimizing construction for the people who will use the built space. When putting plans into practice, we apply our unique concept of Worksite Excellence – the powerful synergy of our technology and human resources.

It includes ongoing operation, maintenance, renovation, and restoration. With this ever-ready support, our structures serve as the timeless stage where each generation performs their part in life’s ever-evolving story.

#### **“Quality that Inspires Happiness”:**

In addition to the external and functional quality of the building, to inspire happiness, a structure must bring ongoing satisfaction to the people who use it.

#### **Unique concept of “Worksite Excellence”**

1. Worksite Excellence depends on making personal responsibility and accountability the highest priorities for action. We empower all staff – whether on-the-ground or in the back office – to apply this principle as a united effort, fully engaged at all times. We call this the Constant-alert Worksite.
2. Worksite Excellence also requires that we always keep in mind the fact that people will be living their lives at this worksite.

### Management Planning Process



#### Long-term vision

#### Management policy in the next 10 years

Aiming for a “Society in which limited resources are recycled, and people, society, and nature continue to prosper” through “a sustainable society,” “a society where people can live comfortably,” and “a society with economic growth.”

#### Medium-to long-term targets

#### Roadmap for achieving Long-Term Vision

##### Medium-term Management Plan

We are working in accordance with three basic policies to realize our long-term vision.

##### 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

##### Sustainability initiatives

Pursue both solutions to social issues (social value) and expansion of business earnings (economic value) through our business activities.

**“A New Path toward Sustainable Growth”**

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## About “The Kumagai Gumi Group Integrated Report 2025”

The Kumagai Gumi Group Integrated Report 2025 has been published as a comprehensive communication tool for all stakeholders, presenting the Group’s management policies, business strategies, and initiatives for value creation. It conveys the corporate stance that we have maintained since our founding, along with efforts to further enhance corporate value for the future.

The report outlines the overall picture of value creation, introduces the Medium-term Management Plan, which was launched in FY2024, and provides updates on the progress of each business. It also organizes key issues that we consider especially important for achieving sustainable growth, positioning them as part of our sustainability initiatives.

### Use of feedback from stakeholders for reference

The Kumagai Gumi Group Integrated Report 2025 has been compiled using feedback from ESG analysts, financial institutions, employees, and the Nikkei Integrated Report Awards for reference.

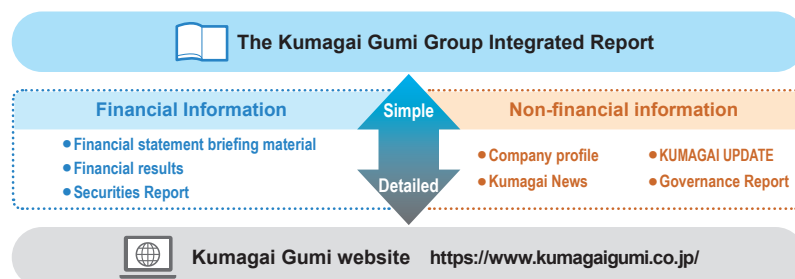
### Supplementary content addressing common inquiries

Progress in the construction business and peripheral business, alliance with Sumitomo Forestry Co., Ltd., and the Medium-term Management Plan, part of our Group strategy, are reported in the Business Strategy section. Enhancing management base is covered in the Sustainability Strategy section.

### Broader information disclosure

The report focuses on initiatives related to our management foundation, including human capital development, research and technological innovation, and digital transformation (DX), as well as sustainability initiatives encompassing environmental issues. We focused particularly on dialogue related to sustainability promotion.

### Information disclosure scheme



### Period of Reporting

FY2024 (April 1, 2024 to March 31, 2025)

The information in this report also incorporates examples of activities and other information from April 2025 or later, as required.

### Organizations Covered by the Report

The scope of this report covers Kumagai Gumi Co., Ltd. and its seven group companies, six of which are in Japan and one of which is in Taiwan.

References in this report to “Kumagai Gumi” or “our company” are used in reporting on Kumagai Gumi Co., Ltd. only. Reports on Group companies mention the specific companies.

### Month of Issue

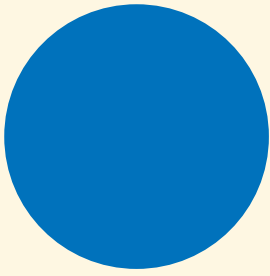
July 2025 (Previous edition: August 2024; Next edition: Scheduled for July 2026)

### Referenced Guidelines

- GRI Sustainability Reporting Standards
- Environmental Reporting Guidelines from the Ministry of the Environment
- International Integrated Reporting Framework from the IFRS
- Value Co-Creation Guidance from the Ministry of Economy, Trade and Industry

### Notes on the Outlook for the Future

Opinions and other forward-looking statements in this report are based on data currently available to us and certain assumptions that we believe are reasonable. Actual results may, therefore, differ materially from these statements for various reasons.



# Our Value Creation Story

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Historic site of Shikununo Power Station (Fukui, Fukui Prefecture)

## Value Creation History

The Kumagai Gumi Group will continue to work to contribute to the development of society through Worksite Excellence, the powerful synergy of the superb technology and abundant human resources we have built up for over our history spanning more than a century.

### Performance

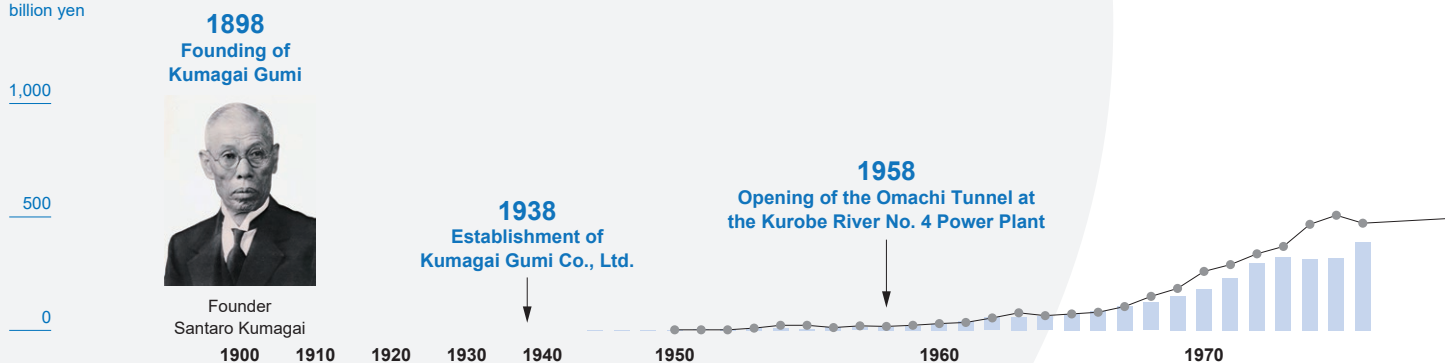
1,500 Sales (bar)






billion yen

Sales — Ordinary income

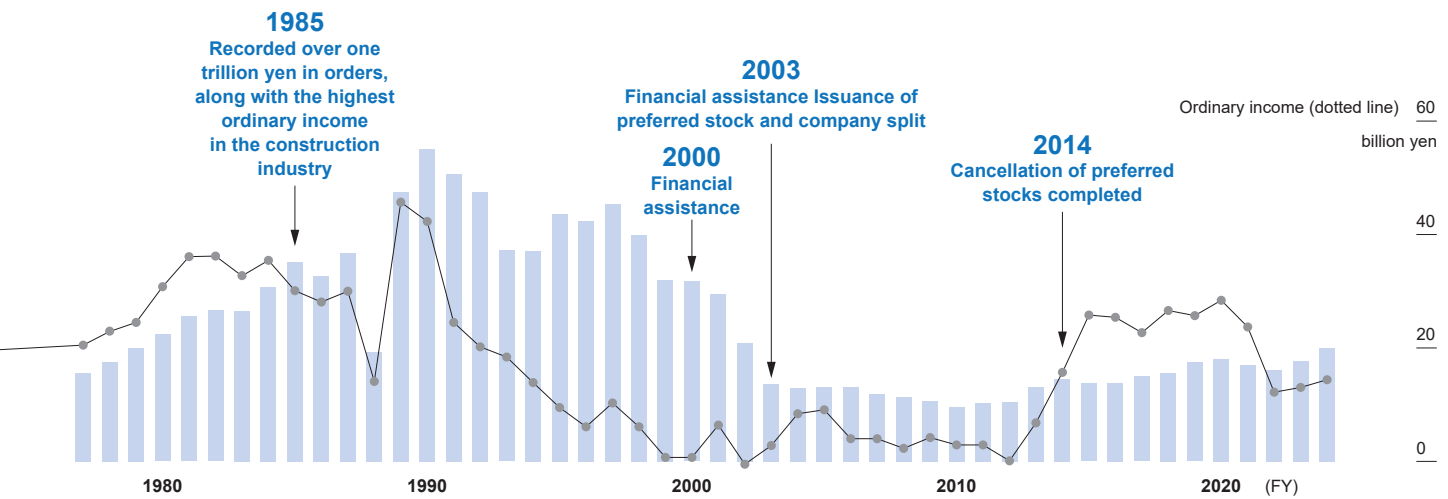
\* Financial results through fiscal 1988 are for the fiscal year ended September 31; financial results from fiscal 1989 are for the fiscal year ended March 31

\* Figures through fiscal 1981 are for Kumagai Gumi only



	1898- Our founding and initial growth period	1946- Postwar reconstruction period	1961- Second growth period
Value provided to society	<ul style="list-style-type: none"> <li>Building the foundation for people's lives</li> </ul>	<ul style="list-style-type: none"> <li>Development of social infrastructure</li> <li>Quick to adopt mechanized construction</li> </ul>	<ul style="list-style-type: none"> <li>Rolled out overseas technologies in Japan</li> <li>Contributed to advances in building technology and urban development</li> </ul>
Business evolution	<p><b>Work on difficult projects in difficult places</b></p> <p>Kumagai Gumi started its operation in January 1898 when Kumagai Gumi founder Santaro Kumagai, who had worked as a stone mason in Fukui, undertook aqueduct construction at the Shikununo Power Station, Japan's third power station of its kind. Kumagai Gumi has carried forward his words of "If there is any challenging construction work, let me do it" to take on challenging construction projects.</p>  <p><b>1937</b> Whole line opening of Sanshin Railway Line</p>	<p><b>Birth of Kumagai Gumi as tunnel experts</b></p> <p>After the war, Kumagai Gumi established its Building Construction Division and contributed to the recovering of Japan. The Civil Engineering Division was involved in many tunnel construction projects. It was quick to adopt mechanized construction, and dramatically improved productivity. The division took charge of the hard construction of the Omachi Tunnel at the Kurobe River No. 4 Power Plant and solidified the reputation of Kumagai Gumi as tunnel construction experts.</p>  <p>"Kurobe no Taiyo" Kurobe River No. 4 Power Plant Omachi Tunnel Project (in Japanese only) <a href="https://www.kumagaigumi.co.jp/adlibrary/kurobe/">https://www.kumagaigumi.co.jp/adlibrary/kurobe/</a></p>  <p><b>1958</b> Opening of the Omachi Tunnel at the Kurobe River No. 4 Power plant</p>	<p><b>Rapid progress and challenges</b></p> <p>As the Japanese economy grew rapidly, Kumagai Gumi's Building Construction Division made remarkable advances, including the receipt of consecutive BCS Prizes and the construction of skyscrapers. The Civil Engineering Division, too, recorded numerous achievements that include the first use in Japan of NATM, which became the standard tunnel construction method in Japan.</p>  <p><b>1977</b> Opening of the Joetsu Shinkansen Nakayama Tunnel</p>  <p><b>1978</b> Shinjuku Nomura Building project completed</p>
Evolution of the Kumagai Gumi Group	<p><b>1898</b> Founding of Kumagai Gumi</p> <p><b>1938</b> Establishment of Kumagai Gumi Co., Ltd.</p> <p><b>1945</b> Establishment of Building Construction Division</p>	<p><b>1958</b> Opening of the Toyokawa Factory</p>	<p><b>1963</b> Establishment of Kumagai Road Co., Ltd.</p> <p>→ <b>1994</b> Change of company name to Gaeart Kumagai Co., Ltd.</p> <p><b>1974</b> Establishment of Taiwan Kumagai Co., Ltd.</p>





### 1981- Third growth period

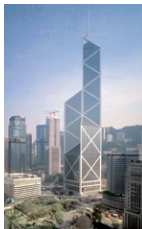
- Economic impact
- Energy through corporate sports

### Active business expansion

Starting from Hong Kong, our overseas projects expanded not only in Asia, but also to the US, UK, Australia and elsewhere throughout the world. In 1985, Kumagai Gumi recorded over one trillion yen in orders along with the industry's highest ordinary income of 32.6 billion yen.



**1988**  
Participated in the 59th Intercity Baseball Tournament



**1990**  
The Bank of China Hong Kong Branch Building

**1989** Establishment of FATEC Co., Ltd.

### 1991-

- Ensuring safety with the development of technologies that can also be used during disasters
- Technology contributing to the renewal of aging infrastructure

### From crisis to reorganization

Kumagai Gumi was hit by the bursting of the economic bubble. The company faced its first major financial crisis since its founding, triggered by enormous real estate investments, and requested financial assistance twice, with issuance of preferred stock and company split from its real estate and other businesses. Following the environmental changes after the Great East Japan Earthquake and other incidents, it completed the cancellation of preferred stocks and achieved its reconstruction in 2014.



**1992**  
Start of service of Sydney Harbour Tunnel



**2004**  
TAIPEI 101 completed

**1993** Establishment of Kumagai Techno-Space Co., Ltd.  
→ **2000** Change of company name to Techno-Space Creates Co., Ltd.

**1995** Establishment of Technical Support Co., Ltd.

**1996** Spin-off of the Toyokawa Factory as Kumagai Technos Co., Ltd.  
→ **2002** Change of company name to Technos Co., Ltd.

**2001** Establishment of K&E Co., Ltd.

**2004** Merger of Gaeart Kumagai Co., Ltd. and Tobishima Road Co., Ltd., launch of GAEART T. K. Co., Ltd.  
→ **2016** Change of company name to GAEART Co., Ltd.

### 2015- New founding period

- Provided "Quality That Inspires Happiness" through accumulated experience in construction
- Contributed to achieving a sustainable society by addressing social issues through ESG management

### Aiming for a sustainable company

In 2016, Kumagai Gumi made a new start with the formulation of the Kumagai Gumi Group Vision Statement.

In 2017, the company entered into a business and capital alliance with Sumitomo Forestry Co., Ltd. In 2019, Kumagai Gumi identified key issues (materiality) to strengthen its ESG management through the establishment of the ESG Initiative Direction.



**2017**  
Aso Ohashi Bridge Area slope disaster prevention construction



**2018**  
Tao Zhu Yin Yuan (Taiwan) super high-rise designer's condominium completed

**2016** Formulation of the Kumagai Gumi Group Vision

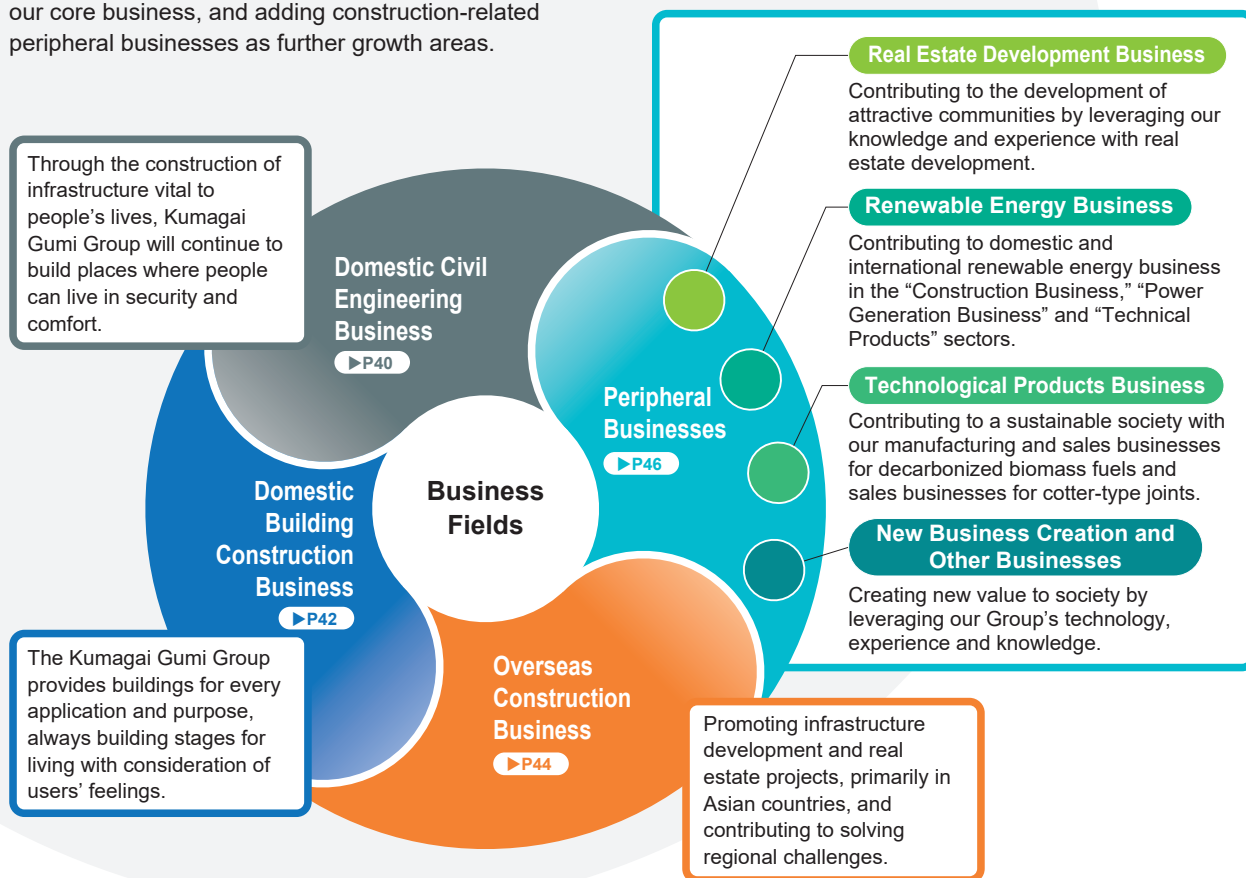
**2017** Business and capital alliance with Sumitomo Forestry Co., Ltd.

**2018** 120th year anniversary of the Company's founding

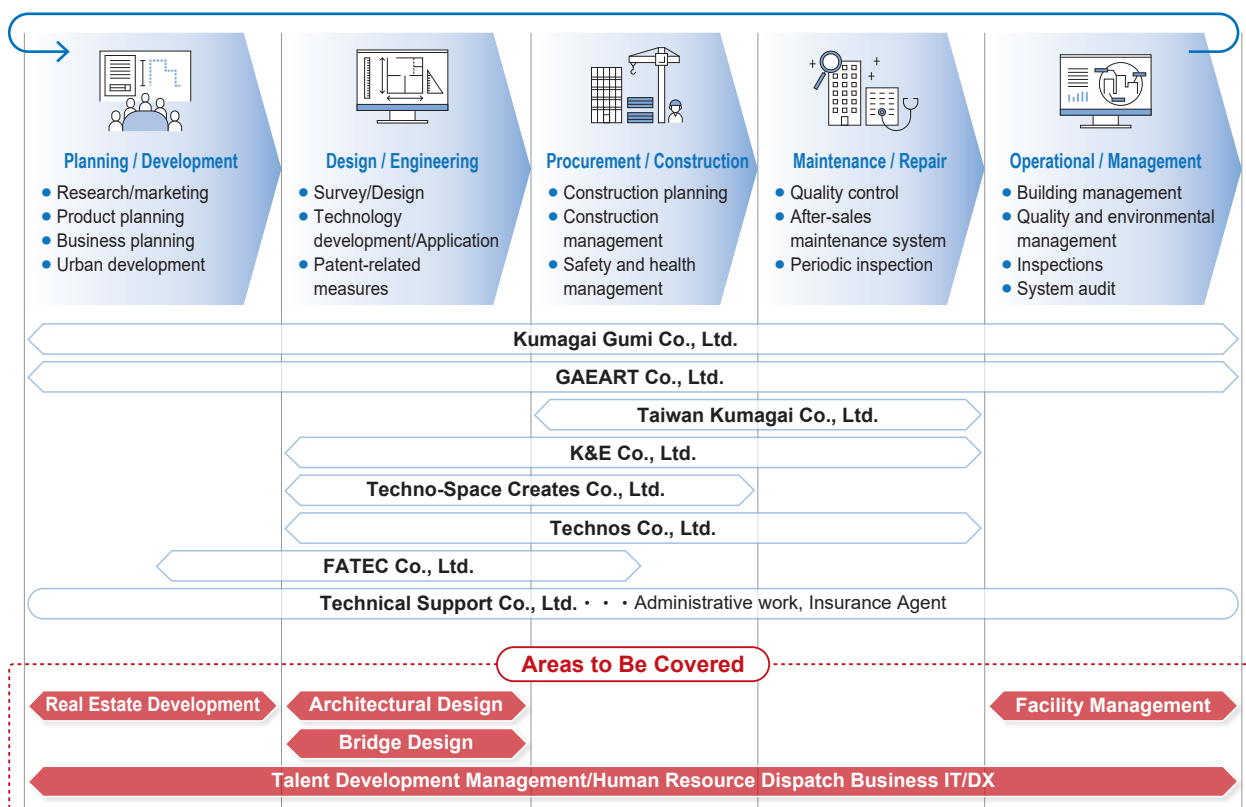
**2019** Formulated ESG Initiative Direction

## The Kumagai Gumi Group's Business

In every phase of the construction value chain, the Kumagai Gumi Group demonstrates the comprehensive capabilities of its eight group companies. We are working to diversify our earnings by strengthening construction business, which is our core business, and adding construction-related peripheral businesses as further growth areas.



### Construction value chain





## Social Background

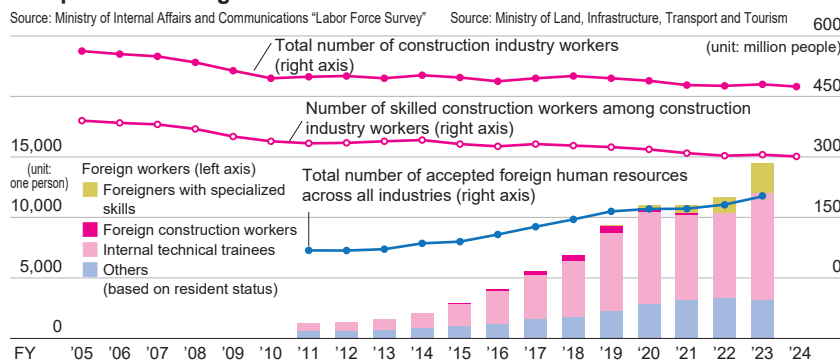
- Shortage of labor force and shrinking domestic demand due to population decline, falling birthrate, and aging population
- Increasing social demands for realizing a carbon-neutral society
- Risk of economic downturn and uncertainty in price trends due to increased geopolitical risks such as the war in Ukraine, the U.S.-China conflict, and the situation in the Middle East
- Improvement of earning potential, including wage hikes through public-private collaboration. Expectations for economic growth led by private demand due to the boosting of corporate capital investment

## Market Environment

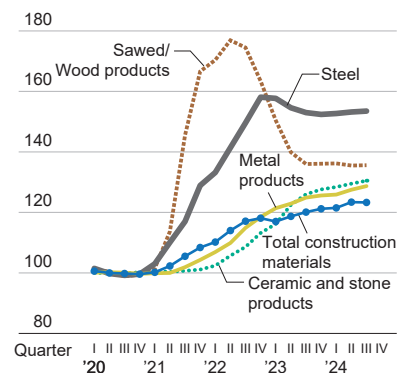
- Construction investment in the Tokyo metropolitan area is expected to be on the same scale as in previous years
- Expansion of the maintenance and repair market backed by increased stock
- Expanding markets related to disaster prevention/mitigation, national resilience, and major infrastructure renewal
- Domestic construction investment remains flat at the same scale as the previous years
- Economic growth in overseas regions where populations are expected to grow

### Current state of the construction market

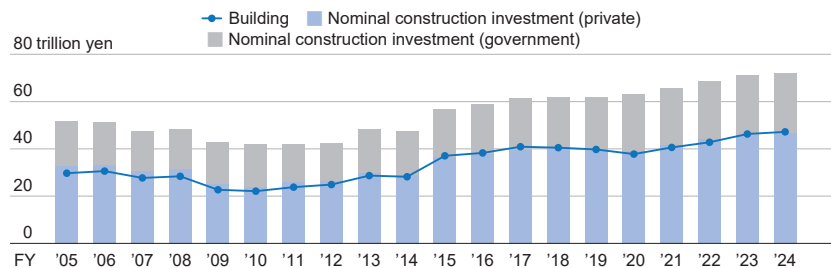
#### Number of workers in the construction industry and acceptance of foreign workers



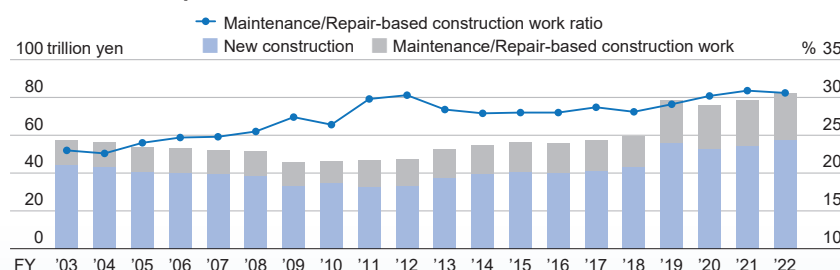
#### Construction material prices (Corporate Goods Price Index)



#### Construction investment



#### Maintenance/Repair-based construction work



### Issues to Be Addressed by Construction Company

Promotion of  
Construction  
Businesses

Business Portfolio  
Optimization

Environmentally-friendly  
Market Initiatives and  
Technologies

Ensure a Continuous  
Construction  
Workforce

# The Kumagai Gumi Group's Value Creation Process

## Management capital

## Business activities

### FY2024 performance

#### Financial capital

Total assets .....	462.5 billion yen
Net assets .....	181.8 billion yen
Interest-bearing debt .....	42.1 billion yen
Cash and cash equivalents .....	50.2 billion yen

#### Manufacturing capital

Domestic sales sites .....	123
Technical Research & Development Institute .....	2
Equipment center .....	1
Machinery center .....	1
Renewal center .....	1
Overseas sales sites .....	12

#### Intellectual capital

Research and development expenses .....	3.1 billion yen
Number of patents held .....	549
Number of trademarks held .....	101
Number of design rights held .....	79

#### Human capital

Number of employees (consolidated) .....	4,536 people
Training costs for training by rank (non-consolidated) .....	59.17 million yen
No. of participants .....	697 people
Training hours per person .....	97 hours
No. of qualified personnel (non-consolidated) .....	
Engineers .....	168 people
First-Class Architect .....	352 people
First-Class Engineering Works Execution Managing Engineer .....	669 people
First-Class Building Operation and Management Engineer .....	649 people

#### Societal capital

Yuuei Kyoryoku Kai .....	872 companies
Relationship of trust with customers .....	127 years

#### Natural capital (non-consolidated)

Electric power .....	39,801,000 kWh
Gas .....	34,100 m <sup>3</sup>
Diesel oil .....	22,300 kl
Kerosene .....	316 kl
Water .....	496,000 m <sup>3</sup>

### Business strategy

Strengthening construction business

Accelerating peripheral businesses

Enhancing management base

Strengthen "Earning Power" and "Customer Appeal"



Awareness of risks and opportunities related to ESG

### Awareness of social issues

Climate change

Collapse in the supply and demand balance of resources

Aging of infrastructure

Community collapse

Natural disasters

Inefficient urban infrastructure

Decline in urban competitiveness

Population decline Decline in economic power



## Output

## Outcomes

### FY2024 performance

#### Consolidated sales

498.6 billion yen

#### Consolidated ordinary income

14.4 billion yen

**ROE**  
5.2%

**Equity ratio**  
39.3%

#### CO<sub>2</sub> Emissions (Scope 1+2)

125,000 t-CO<sub>2</sub>

(Scope 3)  
4,703,200 t-CO<sub>2</sub>

**Mixed waste  
discharge volume**  
8,400 t

### The Value We Provide to Stakeholders

#### FY2024 performance

Customers and  
local communities

#### Quality That Inspires Happiness

Customer satisfaction 95.3%

Global environment /  
Local communities

#### Sustainable Coexistence with Nature/ Alteration of nature

No. of environmental accidents  
0 cases

Partner companies /  
Business partners

#### Coexistence in Mutual Prosperity

CCUS touch 812,039 touches

For employees  
**Well-being**

Engagement rating  
B

Number of overtime hours worked  
by employees 16.4 hours

Shareholders and investors

#### Return to shareholders

Dividend payout ratio 59.7%  
Total payout ratio 59.7%

### The society we seek

**Society in which  
limited resources are  
recycled, and people,  
society and nature  
continue to prosper.**

#### Long-term vision

A sustainable  
society

A society  
where people  
can live  
comfortably

A society  
where the  
economy  
continues  
to grow

Sustainability of the company

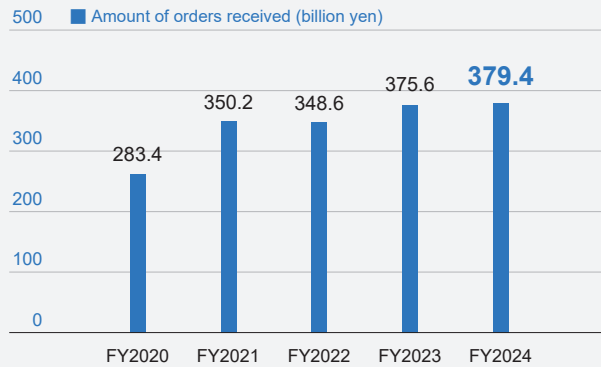
Synchronized

Sustainability of society

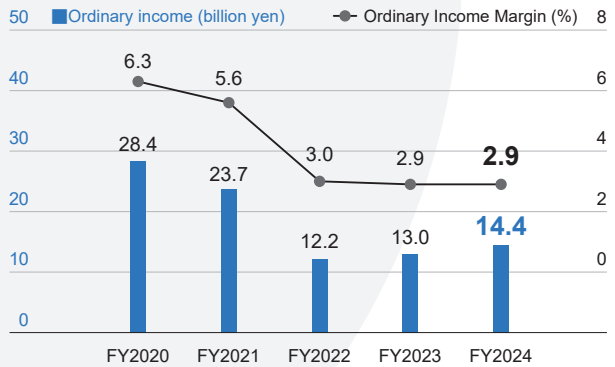
# FY2024 Highlights

## Financial Information

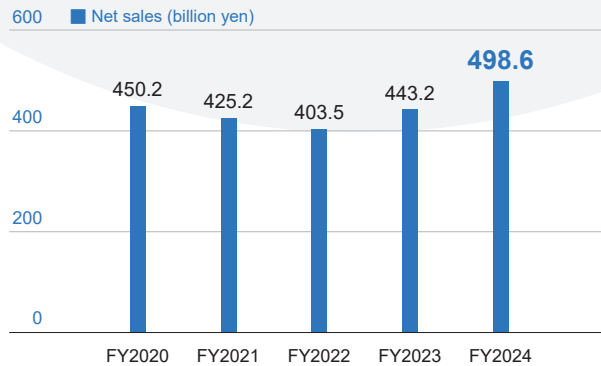
### Orders received (Kumagai Gumi only)



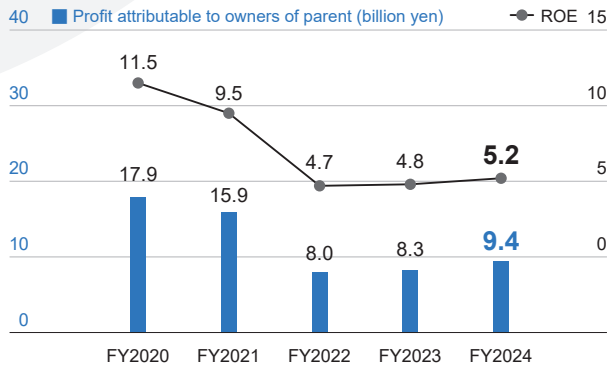
### Ordinary income



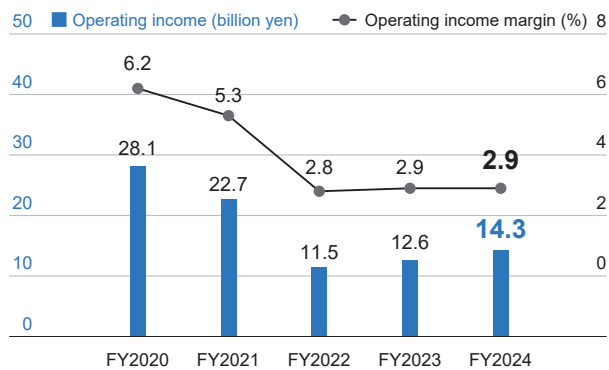
### Sales



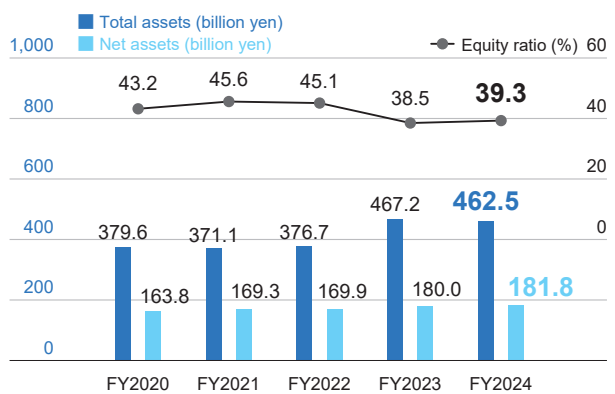
### Net profit and return on equity (ROE) attributable to owners of parent



### Operating income

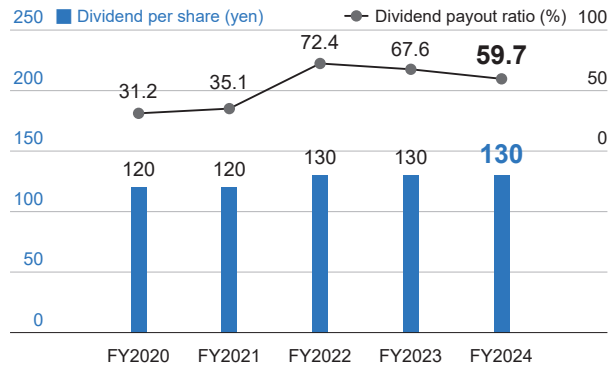


### Total assets, net assets & equity ratio

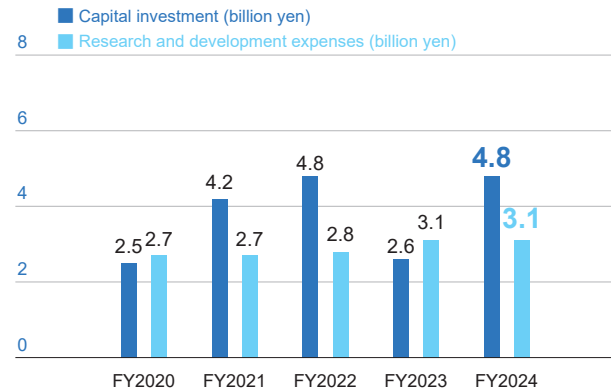




## Dividend per share &amp; payout ratio



## Capital investment and research and development expenses



## Non-financial Information

( ) Figures in parentheses are Group consolidated results

(FY)	2020	2021	2022	2023	2024
<b>Number of employees</b>	2,620 (4,259)	2,626 (4,338)	2,635 (4,406)	2,654 (4,432)	<b>2,709 (4,536)</b>
<b>Number of female employees</b>	396 (731)	409 (764)	430 (823)	454 (864)	<b>461 (892)</b>
<b>Number of female managers</b>	58 (96)	66 (106)	69 (112)	78 (122)	<b>85 (135)</b>
<b>Rate of male employees taking childcare leave</b> (%)	–	49.0 (39.1)	73.9 (57.6)	75.6 (77.6)	<b>89.4 (88.1)</b>
<b>Employment rate of persons with disabilities</b> <sup>*1</sup> (%)	2.09 (1.80)	2.14 (1.93)	2.10 (1.91)	2.18 (2.02)	<b>2.18 (2.07)</b>
<b>Average rate of paid leave acquisition per person</b> <sup>*2</sup> (%)	54.3	59.1	68.5 (64.1)	64.6 (62.7)	<b>57.7 (63.4)</b>
<b>Wage gap between men and women</b> <sup>*3</sup>					
<b>Wage gap between all male and female workers</b> (%)	–	–	59.8 (58.3)	61.0 (60.2)	<b>63.2 (71.3)</b>
<b>Wage gap between male and female regular employees</b> (%)		–	65.0	66.9	<b>68.7</b>
			69.3	69.5	<b>75.3</b>
<b>Frequency</b>	0.32	0.63	0.69	0.98	<b>0.74</b>
<b>Number of patent applications</b>	50	62 (67)	57 (65)	60 (70)	<b>54 (65)</b>

<sup>\*1</sup> Figures provided current as of the end of June 2024 <sup>\*2</sup> Total number of days of leave taken / Total number of days of leave granted x 100 (%)

<sup>\*3</sup> Average annual wage for women / average annual wage for men x 100 (%)

Groupwide CO <sub>2</sub> Emissions (FY)	2020	2021	2022	2023	2024
<b>Total CO<sub>2</sub> emissions (Scope 1+2)</b> (10,000 t-CO <sub>2</sub> )	12.54	11.30	10.97	11.45	<b>12.50</b>
<b>CO<sub>2</sub> emissions intensity</b> (t-CO <sub>2</sub> /100 million yen)	27.9	26.6	27.2	25.8	<b>25.1</b>

<sup>\*</sup> Starting from FY2023, the calculation of CO<sub>2</sub> emissions from consolidated subsidiaries has been revised from an emissions estimation method based on sales ratio to one using actual emissions results. Accordingly, the results for FY2020 to FY2022 have also been revised.

## Message from the President



**We aim to be a corporate group that shares dreams and the future with employees, engaging in dialogue with stakeholders as we continue advancing in step with society.**

*Shin Ueda*

Kumagai Gumi Co., Ltd.  
President  
Shin Ueda

### **Q** Tell us about the ongoing Medium-term Management Plan.

**We are tackling our Medium-term Management Plan as a milestone on the way to achieving our long-term vision by FY2035.**

Under our long-term vision of “contribute to the realization of a society in which limited resources are recycled, and people, the community, and nature continue to be enriched,” the Kumagai Gumi Group seeks to achieve consolidated ordinary profit of 50 billion yen in FY2035. Our current Medium-term Management Plan (FY2024-

FY2026) is a milestone along that path, with FY2024 the key first year of the plan.

The Medium-term Management Plan sets out three basic policies: “Strengthening construction business,” “Accelerating peripheral businesses,” and “Enhancing management base.”

### **Q** What sort of initiatives did you advance in FY2024?

**Reaffirming our societal mission as a construction firm, we engaged in a wide range of businesses.**

In 2024, an earthquake and heavy rains brought natural disasters to the Noto Peninsula. Our company is engaged in reconstruction work there. The roots of Kumagai Gumi lie in Fukui Prefecture, part of the Hokuriku region that encompasses the Noto Peninsula. FY2024 was a year in which we reaffirmed our societal mission as a

construction firm.

In the construction business, we began construction of a wooden office building in Chiyoda-ku, Tokyo in March 2025. As part of the collaboration between Kumagai Gumi and Sumitomo Forestry Co., Ltd. on medium- to large-scale wood structures, this building is a wood and steel hybrid

that utilizes technologies developed by both companies. In Civil Engineering, Kumagai Gumi's technological strength was recognized by the Japan Federation of Construction Contractors through awards for two civil engineering projects.

Overseas, our Group company Taiwan Kumagai celebrated its 50th anniversary as it makes steady progress on an ultra-high-rise twin towers that will become a new landmark in Taipei. Projects are also underway in Vietnam and India, as well as a large-scale sewer project

in Indonesia.

In Peripheral Businesses, we have begun constructing a resort hotel in the city of Katsuyama in Fukui Prefecture. We are carrying out this real estate development project as a Park-PFI scheme. In the Technology Products Business, we engage in sales of cotter-type joints and have begun construction of a production plant for black bark pellets, a decarbonized biomass fuel. Another endeavor aimed at creating a new business is Algae x Aquaponics, our approach to smart primary industries.



#### How is the company progressing toward its financial goals under the Medium-term Management Plan?

**We have secured a sufficient level of orders, and sales are overall in line with plans.  
We also expect to achieve steady recovery in ordinary profit.**

Under the Medium-term Management Plan, we have set out five financial targets. Of these, we are making steady progress toward our target for consolidated sales. On the other hand, consolidated ordinary profit fell below our target for FY2024 resulting from a decline in profit in the construction business due to factors including higher costs amid rising construction material prices and scheduling pressures.

However, we have already identified the causes and are

taking steps to remedy sluggish profit in the construction business. We have secured a sufficient level of orders and, as profitability for received orders remains high, we anticipate progress according to plan from FY2025 together with improvement of ROE.

We also expect to achieve our targets for capital adequacy ratio and payout ratio. We will continue to pay stable returns to shareholders while maintaining financial soundness and capital efficiency.



#### Please tell us about the business environment and the company's priority measures in FY2025.

**In the construction business, we will make every effort to improve earning power.  
In peripheral businesses, we will continue making active investments with the aim of early monetization.**

In our core construction business, we will focus on the enhancement of earning power, an issue that came to light in FY2024. In both civil engineering and building construction, we will tighten project screening at the order receipt stage and incorporate discussions concerning price increases in contracts with customers. For projects that present difficulties in passing costs on to prices after receipt of order, we will thoroughly incorporate risks up front at the estimating stage.

The shortage of skilled workers is an example of a deep issue connected to earning power. To address this

shortage, we are further advancing initiatives integrated with our partner companies. To secure skilled workers and maintain our construction system, we will share information at an early stage and will closely collaborate on matters including workplace environments and the improvement of compensation.

With regard to the subject of customer appeal, I can sense that we are steadily obtaining orders and building up strength.

In peripheral businesses, we plan to make investments on the scale of 40 billion yen over the three years of the



## Message from the President

Medium-term Management Plan, with active advancement in FY2025 as well. In FY2024, we established the Investment Strategy Committee as part of a management committee. With invited external advisors as its members, this committee considers investment strategies from a company-wide perspective.

We plan to make investments on the scale of 21 billion yen in research and development, human resource infrastructure, DX, and other areas over the course of

three years to reinforce our management base. In the area of DX, we have begun to operate a new core back-end system and are promoting work efficiency using tools that include generative AI.

Safety is a theme that we as a construction firm must tackle as a top priority. We experienced a major accident in FY2024. Learning from this, we are again working with Yuuei Kyoryoku Kai to enact company-wide measures.

### **Q** What do you see as the strengths of the Kumagai Gumi Group?

**Our stance of tackling difficult projects in difficult places is truly part of the DNA of the Kumagai Gumi Group.**

**That mindset has been carried down even to today.**

As depicted in the movie Kurobe no Taiyo (Kurobe's Sun), our spirit of endeavor that takes on difficult projects in difficult places is a strength that the Kumagai Gumi Group has held up since our founding. That mindset has come down to us even today, 127 years after our founding. Moreover, as expressed in our Group Vision of "Insight, Onsite, Farsight," we feel that supporting society and people's lives is our mission and our role as a construction firm. The work of a construction firm is filled with difficulties, but the sense of accomplishment we feel when a project

reaches completion is like nothing else. The buildings and infrastructure on which we worked go on to enrich people's lives and put down roots in the community. I always feel that seeing this provides joy and a sense of reward to employees of the Kumagai Gumi Group.

As a leader of the Kumagai Gumi Group, I want to communicate this stance toward initiatives, which I feel we should treasure. Doing so, I hope to further enhance and grow the value that our Group provides to society.

### **Q** Tell us about the company's initiatives involving human resources and workstyle reforms.

**A major role that I have to tackle as a leader is creating an environment in which employees can work with pride and satisfaction.**

In FY2024, we undertook measures including reform of our education and training system and improvements to compensation. To promote personal interactions among departments, we also held an e-sports tournament planned by our staff association. This was an exciting event in the company.

With regard to workstyle reforms, we upgrade our action plan every year and are enacting a variety of measures. To reduce long working hours and achieve 8 days of closure per 4 weeks at work sites, we are preparing necessary support systems within the company and its organizations

and are working to gain customers' understanding for setting appropriate construction periods.

To better visualize employees' thoughts concerning their jobs and the company, we began conducting engagement surveys in FY2023. Survey results in FY2024 were nearly flat from the previous year, despite the diverse related initiatives we carried out over the year. However, conducting the survey has allowed us to address issues.

I believe that enhancing engagement will require trust and communication between the company and employees as well as among employees.

**Q Please tell us about the company's sustainability management.****We plan varied initiatives and active disclosure of information to help achieve carbon neutrality and nature positive.**

The Kumagai Gumi Group undertakes environmentally considerate initiatives that include the practice of zero discharge at sites, the development of environmentally friendly technologies, and involvement in businesses such as wooden construction and renewable energy. In FY2024, we launched Carbon Neutral Countermeasures Working, a measure to advance company-wide strategies for achieving carbon neutrality.

Reflecting changes in society, we also revised our key issues (materiality) and reviewed individual issues. One newly added issue is “Accomplishment of Nature Positive.” We assessed dependence and impacts on natural capital in the construction business and disclosed information in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD).

**Q What message do you have for stakeholders?****To be worthy of our stakeholders' trust, we will continue tackling challenges with sustainable growth in mind.**

About a year has passed since I became the president of Kumagai Gumi Co., Ltd. Looking back on the year, it held many new insights and lessons for me. In particular, I realized anew the importance of dialogue with our investors and other stakeholders domestic and overseas.

In such dialogues, I was encouraged by the large number of stakeholders who take note of our sustainability initiatives, including our human resource development and environmental efforts. Hearing comments that such initiatives will enhance our corporate value and connect to medium- to long-term growth, I gained greater confidence in the stance that we have maintained since our founding. In FY2025, I hope to further enhance our communication with stakeholders and help them better understand the vision that Kumagai Gumi Group pursues through its business.

As president, I see the sustainable growth of Kumagai Gumi as both my goal and my mission. We will draw up specific plans for realizing the Kumagai Gumi Group's aim of “a society in which limited resources are recycled and people, the community, and nature continue to be enriched,” and will solidly pass that vision on to future generations.





## Roundtable Discussion with Kumagai Gumi Group Company Presidents



## Enhancing our earning power and customer appeal to become a corporate group with a shared future

Every company in the Kumagai Gumi Group seeks to hone its own strengths while creating synergistic value through robust collaboration. FY2024 marked the start of a new endeavor, the Kumagai Gumi Group Medium-term Management Plan (FY2024-FY2026). The presidents of eight Group companies came together to discuss their visions for the Kumagai Gumi Group.

General contractor business

**Kumagai Gumi Co., Ltd.**

**Shin Ueda**  
President



▶P120 Corporate Information

Domestic Civil Engineering Business  
P40-41

Domestic Building Construction Business  
P42-43

Overseas Construction Business  
P44-45

Peripheral Businesses  
P46-47

Kumagai Gumi implements its projects in close collaboration with its group companies by effectively utilizing and mutually complementing the technologies, expertise, products and management resources held by these companies, so as to maximize its collective capabilities.

WEB <https://www.kumagaigumi.co.jp>

Manufacture and sales of road pavement and asphalt mixture, etc.

**GAEART Co., Ltd.**

**Shuhei Ishizuka**  
President and Representative Director



Established	November 1963
Headquarters	8-27 Shinogawamachi, Shinjuku-ku, Tokyo
Capital	¥1,000,000,000
Sales	¥52,243,000,000 (FY ended March 2025)
No. of employees	765 (as of March 2025)

GAEART Co., Ltd. is expanding nationwide as a company that meets various infrastructure needs, from new construction to maintenance management, through infrastructure development including paving for roads, airports, harbors, and bridges, and the manufacturing of asphalt mixtures as paving materials.

WEB <https://www.gaeart.com>

## Looking back at the first year of the Medium-term Management Plan

## We worked to enhance our earning power, yielding signs of new growth

**Ueda** • FY2024 marked the start of the Kumagai Gumi Group Medium-term Management Plan (FY2024-FY2026). Looking back on the year, what made an impression on you?

**Ishizuka** • GAEART's performance stagnated temporarily under the COVID-19 pandemic. We are now in the midst of recovering from that. We positioned FY2024 as a period for accelerating that recovery. We plan to further shore up our footing in FY2025 and start new growth in FY2026. In FY2024, we communicated our three-year strategies to employees at every opportunity. We made progress in achieving a shared mindset as a result, and I can feel wholly new changes taking place.

**Kawamura** • FY2024 was my first year as president of K&E. I focused on enhancing performance and deepening understanding of our company. In FY2024, we carried out organizational changes and a review of meetings in our head office administrative departments. With reforms progressing steadily, I look forward to the second and third years of the Medium-term Management Plan.

**Yamashita (Fumiaki)** • Like Mr. Kawamura, last year was also my first year as president. I focused on better understanding of the company, and held one-on-one interviews with about 160 employees. We have now started

reorganizing our business departments and are making efforts to mobilize our human resources to revitalize the company.

**Shinya** • Taiwan Kumagai engages in the construction business in Taiwan. The company celebrated its 50th anniversary last year and held a commemorative ceremony in April 2025. We also received an order for a Taiwan-related private sector pavilion at EXPO 2025 in Osaka, Kansai, making the year a fulfilling one for me as well. In the area of performance, construction is proceeding steadily on the ultra-high-rise Taipei Twin Towers (C1. D1), which will become a Taipei Station-front landmark. We have made a good start toward the Medium-term Management Plan.

**Aono** • As a trading company specializing in construction, FATEC sells products developed by the Kumagai Gumi Group. In FY2024, products related to the Cotter Floor Slab Method for bridges performed strongly. The percentage of sales outside the Group has grown in recent years, and I think the momentum became even stronger in FY2024.

**Yamashita (Naoyuki)** • We achieved our performance goals at Techno-Space Creates, although we struggled with large monthly fluctuations. The business environment is changing as workstyle reforms move forward, and I see

Production of construction machinery and materials, environmental business, civil engineering renovation

**Technos Co., Ltd.****Fumiaki Yamashita**

President and Representative Director

Established	February 1996
Headquarters	2-1 Honohara, Toyokawa-shi, Aichi Prefecture
Capital	¥470,000,000
Sales	¥4,606,000,000 (FY ended March 2025)
No. of employees	142 (as of March 2025)

Technos manufactures segments for shield tunnels, construction materials/equipment, engages in civil engineering and renovation, conducts environmental surveys, including contaminated soil surveys, and projects that respond to the finding of those surveys, basic construction; and operates a leasing business for a steel construction method called ACEUP.

**WEB** <https://www.technos.info>



Building and facility renovation

**K&E Co. Ltd.****Kazuhiko Kawamura**

President and Representative Director

Established	January 2001
Headquarters	Stage Building 15F, 2-7-2 Fujimi, Chiyoda-ku, Tokyo
Capital	¥300,000,000
Sales	¥26,449,000,000 (FY ended March 2025)
No. of employees	377 (as of March 2025)

As one of our management principles is to be a "company that contributes to a building stock recycling-oriented society," we propose and realize comprehensive renovations that increase added value of buildings and asset value under the name of the Total Renewal System.

**WEB** <https://www.k-and-e.co.jp/>



## Roundtable Discussion with Kumagai Gumi Group Company Presidents

the past year as a period for taking steps toward our next changes.

**Shimura** • At Technical Support, we run two businesses: administrative services and insurance agency business. As a component of business support, in FY2024 we launched a transfer support service for employees of the Kumagai Gumi. Under this service, our company acts as a contact desk to handle procedures related to relocation.



### Enhancing customer appeal

## Aiming to be a corporate group that is selected by diverse stakeholders

**Ueda** • The policies of the current Medium-term Management Plan call for strengthening customer appeal in addition to earning power.

**Ishizuka** • Sustainability initiatives are essential to enhancing the Group's customer appeal. Environmental-related technology development is often costly. If we can develop and share such technologies as a group, we can enhance management efficiency. When communicating information to the public, too, I think the impact will be greater if we do so as the Kumagai Gumi Group.

**Kawamura** • One issue related to customer appeal is the recruitment of human resources.

**Yamashita (Fumiaki)** • Technos also conducts business in Singapore, Taiwan, and other locations overseas. I recently visited a university in Taiwan to advance our human resource recruitment there. I hope to conduct recruitment activities jointly with Taiwan Kumagai, taking advantage of the company's brand power in Taiwan.

**Shinya** • Taiwanese companies, too, face a serious shortage of human resources. I want to tackle this together with Kumagai Gumi Group companies.

Construction business  
in Taiwan

### Taiwan Kumagai Co., Ltd.

**Tadahiko Shinya**  
President



Established	December 1974
Headquarters	Section 1, Dunhua South Road, Taipei, Taiwan Room 8 (1208), 12F, No. 205
Capital	1,320,000,000NT\$
Sales	¥45,079,000,000 (FY ended December 2024)
No. of employees	424 (as of December 2024)

Since its founding in 1974, Taiwan Kumagai Co., Ltd. has built a best-in-class track record in Taiwan as a Japanese generalcontractor, introducing Kumagai Gumi's technology to Taiwan, as well as its own initiatives.

**WEB** <https://www.taiwankumagai.com.tw>

Trading company specializing  
in construction

### FATEC Co., Ltd.

**Takayuki Aono**  
President



Established	June 1989
Headquarters	2-1 Tsukudocho, Shinjuku-ku, Tokyo-
Capital	¥20,000,000
Sales	¥336,000,000 (FY ended March 2025)
No. of employees	8 (as of March 2025)

FATEC Co., Ltd. is a general trading company that offers construction materials and equipment developed with state-of-the-art technologies. We provide products as well as technologies for their utilization.

**WEB** <https://fatec-tc.com/>



## Toward the future, united in thought

## Aiming for a corporate group in which employees embrace and talk about their dreams

**Ishizuka** • As I think today's atmosphere makes clear, cooperation among company presidents in the Kumagai Gumi Group is very smooth. If managers and front-line employees can also have such freely open relationships, mutual understanding will deepen and the customer appeal of the Group will surely grow.

**Shimura** • I expect that new companies will join the Kumagai Gumi Group in the future. I think we need to create the sort of atmosphere that was mentioned to ensure smooth collaboration in work and elsewhere.

**Shinya** • With regard to customer appeal, I feel that we also have to be a company that continues to appeal to employees.

**Ueda** • In other words, engagement is the issue. I think that creating a cycle by which the wishes of employees are incorporated into management is another topic that should be tackled across the Group.

**Yamashita (Naoyuki)** • In one-on-one interviews with employees, I often hear wishes to see the actual sites that employees planned out in construction blueprints. I would really like to make that happen, as it would boost the sense of accomplishment in work.

**Aono** • In reconstruction work following the Noto Peninsula Earthquake, there were sites where engineers from FATEC and Kumagai Gumi ate and slept in the same place. I think this was a very valuable experience.

**Kawamura** • I want to convey to young people the fulfillment and the appeal of the construction industry.

**Aono** • I want to make this a group in which young employees can hold dreams and talk about those dreams with each other. If we do that, I think our customer appeal will naturally grow.

**Shinya** • Taiwan Kumagai's management theme this year is "A company where smiles never end."

**Kawamura** • Lately at K&E, I often talk about "let's smile and go win."

**Ueda** • Since a young age, I've lived by the motto "work should be cheerful and positive." As president, I now tell employees that often. Let us continue deepening collaboration aimed at strengthening our customer appeal, to become a Kumagai Gumi Group that can achieve dreams.

Working drawing production and education business

### Techno-Space Creates Co., Ltd.

**Naoyuki Yamashita**  
President and Representative Director



Established	November 1993
Headquarters	9F Showa Bldg., 3-12-12 Higashi-Ikebukuro, Toshima-ku, Tokyo
Capital	¥30,000,000
Sales	¥872,000,000 (FY ended March 2025)
No. of employees	68 (as of March 2025)

Techno-Space Creates Co., Ltd. operates businesses such as execution scheme drawings, various applications, architectural working drawings, and BIM creation. It also engages in the educational business related to CAD operation, application drawings, and schematics aimed at universities and construction companies.

**WEB** <https://www.technsp.co.jp/>

Work outsourcing and insurance agency

### Technical Support Co., Ltd.

**Hiroshi Shimura**  
President and Representative Director



Established	July 1995
Headquarters	2-1 Tsukudocho, Shinjuku-ku, Tokyo
Capital	¥70,000,000
Sales	¥618,000,000 (FY ended March 2025)
No. of employees	43 (as of March 2025)

The company is developing an outsourcing business for clerical work requiring expert knowledge, and also offers insurance plans as an agency handling both life and non-life insurance.

**WEB** <https://www.tsp-kumagai.co.jp/>

# Business Strategy

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"Wood Structure Art no Mori," a student project for global warming prevention and the promotion of forest-based resource recycling





2024 Noto earthquake National Route 249 route clearance work, second phase (Nakaya)  
Hokuriku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism



Demonstration experiment:  
Mass culture of Kumagai Gumi's unique microalgae



Architectural rendering of RISONARE Fukui



Seven-story wooden office near Dallas (Texas, USA) developed in collaboration with Kumagai Gumi with ESG in mind



# Kumagai Gumi Group Medium-term Management Plan

## ● Basic Policies

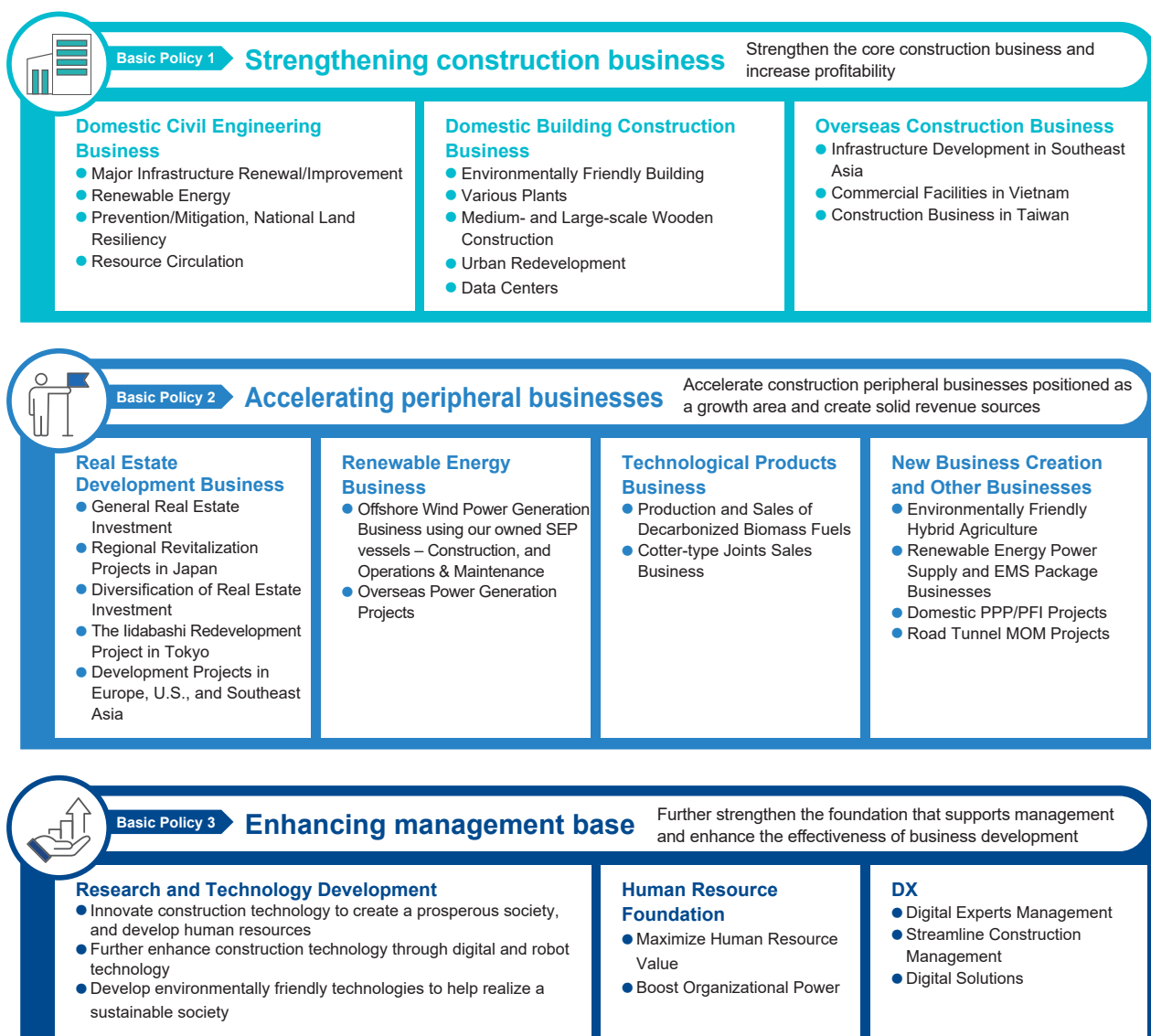
Our Group formulated the Medium-term Management Plan (FY2024–FY2026) in May 2024. This plan presents initiatives aimed at realizing our long-term vision of “contribute to the realization of a society in which limited

resources are recycled and people, society, and nature continue to prosper, positioning the Company as a “leader in the construction service industry that society requires.”

## Kumagai Gumi Group Medium-Term Management Plan (FY2024–FY2026)

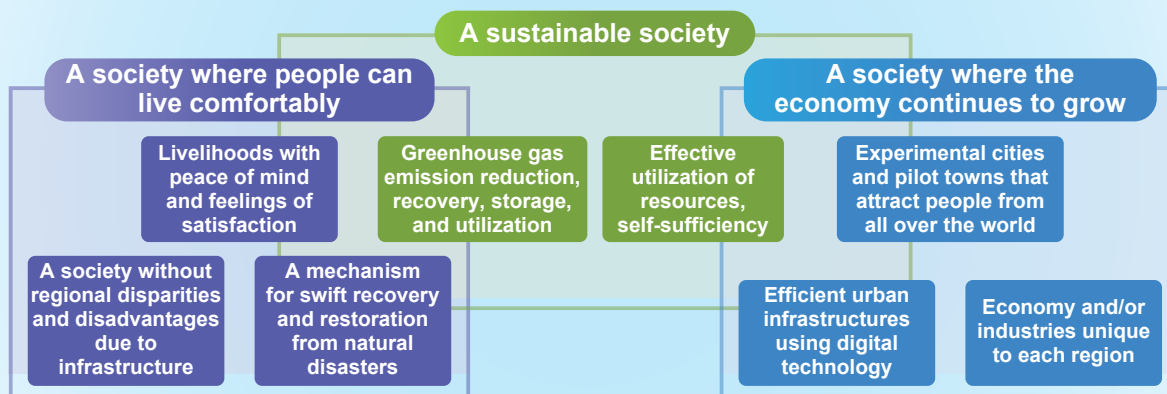
### A New Path toward Sustainable Growth

Thoroughly strengthen earning power and customer appeal while accelerating peripheral businesses, aiming for management with multiple revenue streams.



## The society we seek/

The society in which limited resources are recycled and people, society, and nature continue to prosper.



### Role of the Kumagai Gumi Group

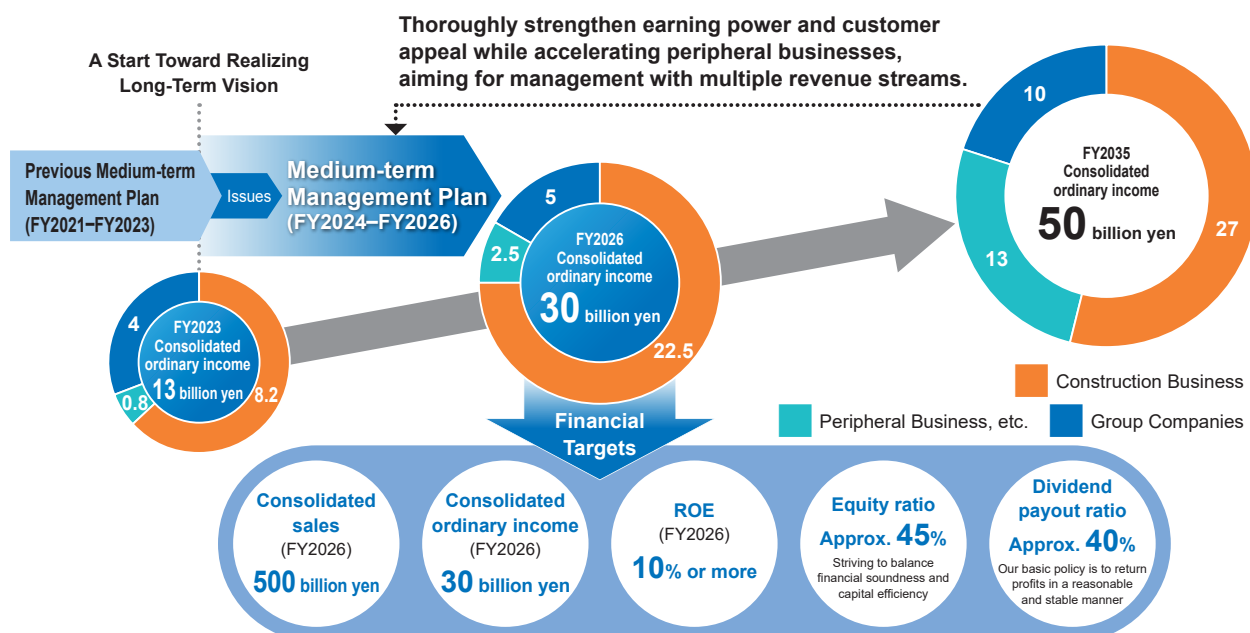
**“Leader in the construction service industry that society requires”**

We will take on difficult projects in difficult places as a group of construction technology professionals.  
We build social infrastructure and provide diverse values in terms of both construction services.

### Roadmap for achieving Long-Term Vision

The “consolidated ordinary income of 50 billion yen” target that had been set for FY2030 in the previous Medium-

term Management Plan was also adopted as the target for FY2035.



## Kumagai Gumi Group Medium-term Management Plan

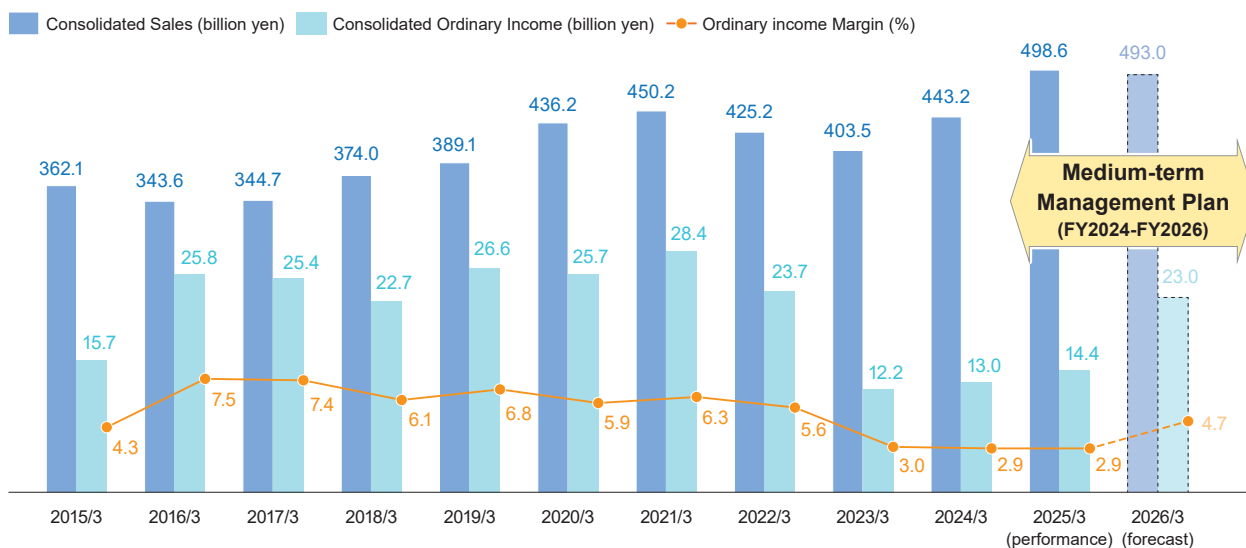
## Financial Targets

Although FY2024 performance was impacted by losses from projects accepted from a strategic standpoint during the COVID-19 pandemic, the significant increase in carried-over projects at the beginning of the term led to a substantial rise in completed work value and a recovery in profitability, resulting in year-on-year growth in both revenue and profits.

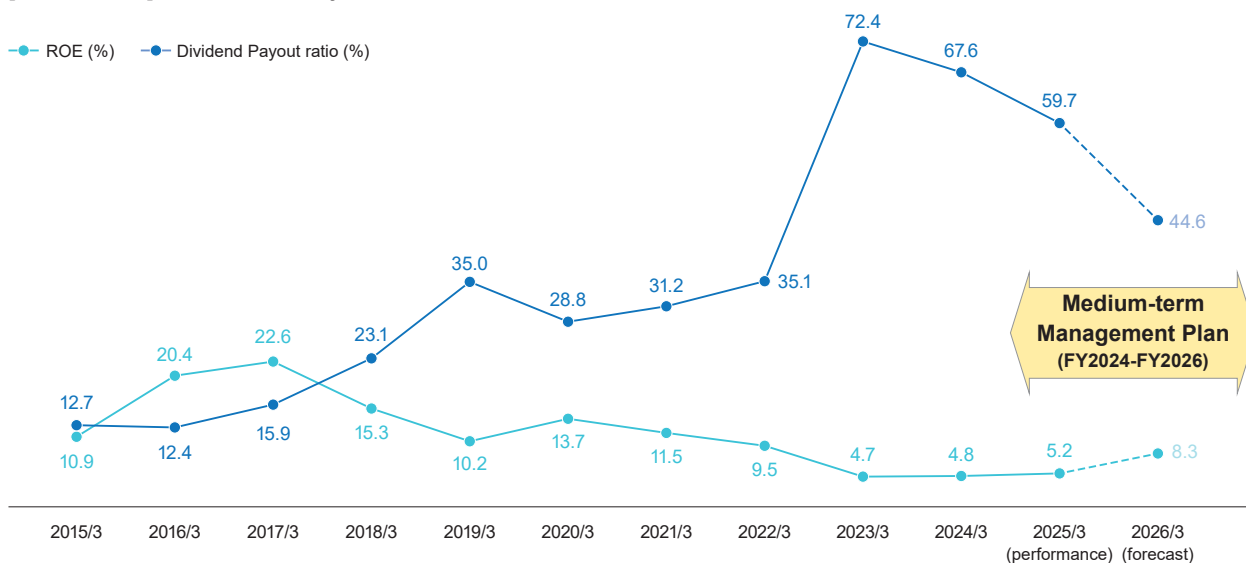
In FY2025, profits are expected to increase significantly due to a sharp improvement in profit margin at the time of order acceptance and the resolution of losses from unprofitable domestic building construction projects.

Additionally, the payout ratio remains at the target level, and ROE is steadily improving, headed toward achieving the final-year ROE target of the Medium-term Management Plan.

### [Consolidated] Sales/Ordinary income trend



### [Consolidated] ROE/Dividend Payout ratio trend



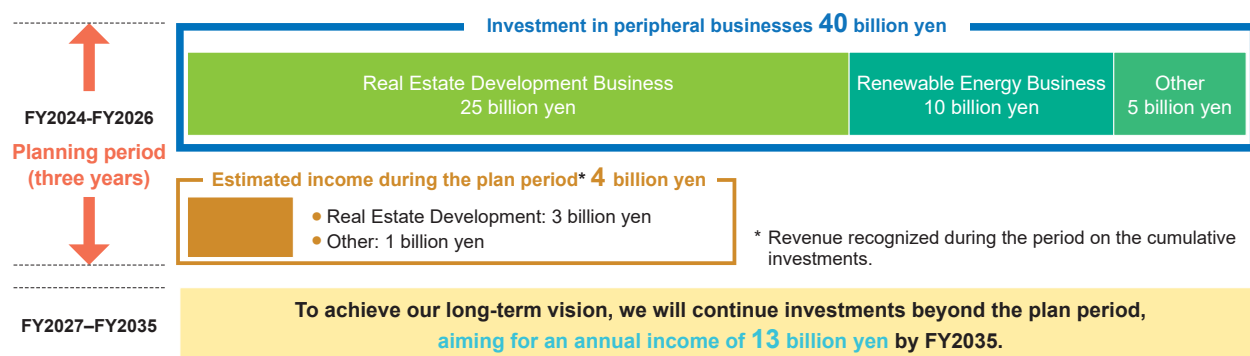


## Investment in Peripheral Businesses

To realize our long-term vision, we are planning peripheral business investments totaling approximately 40 billion yen, with a primary focus on investments in the Real Estate Development and Renewable Energy. With the launch of our Medium-term Management Plan, we established the Investment Strategy Committee as a management Committee, inviting external advisors to serve as committee members. Under their guidance,

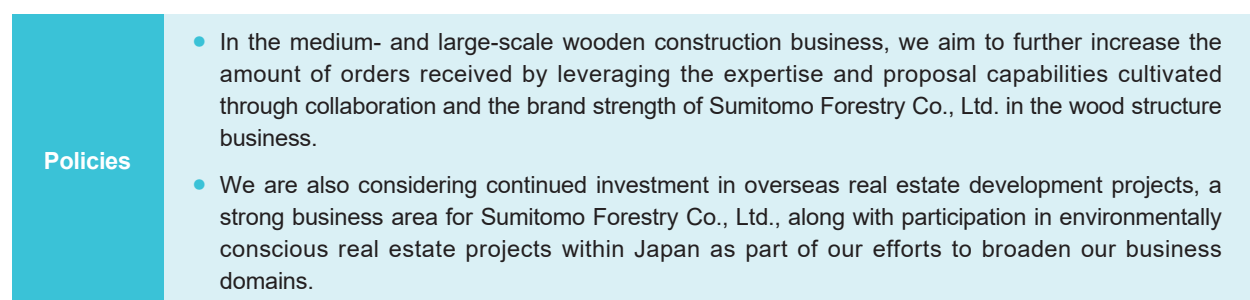
we are advancing company-wide efforts to examine, formulate, and monitor our investment strategy.

In FY2024, the first year of the Medium-term Management Plan, we established the “Basic Policy for Investment Strategy.” We plan to invest approximately 25 billion yen in Real Estate Development and 10 billion yen in Renewable Energy throughout the plan.

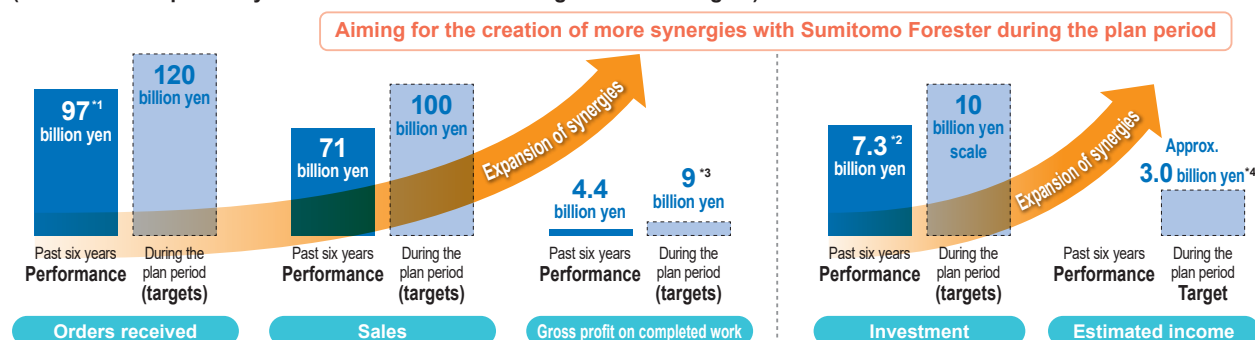


## Alliance with Sumitomo Forestry Co., Ltd.

Medium-term Management Plan (FY2024-FY2026) collaborative initiatives



**Collaborative performance with Sumitomo Forestry Co., Ltd.**  
(Results for the past six years\* and Medium-term Management Plan targets) \*FY2018-FY2023



\*1 Projects in which both companies were involved from the design stage and contributed to orders received by our Group companies \*3 Aiming for a profit margin of 9% or more  
\*2 Investment amount by our company in projects jointly participated in by both companies \*4 Revenue recognized during the period relative to cumulative investment

## Financial Strategy



We will further strengthen our financial foundation and optimally allocate the value we create to growth investments and stable returns. In this era of uncertainty, we remain committed to addressing social challenges with sincerity and continue to pursue a new path toward sustainable growth.

### Hiroyasu Yaguchi

Director, Senior Managing Executive Officer,  
General Manager of the Administration Division

## Basic Financial Policy

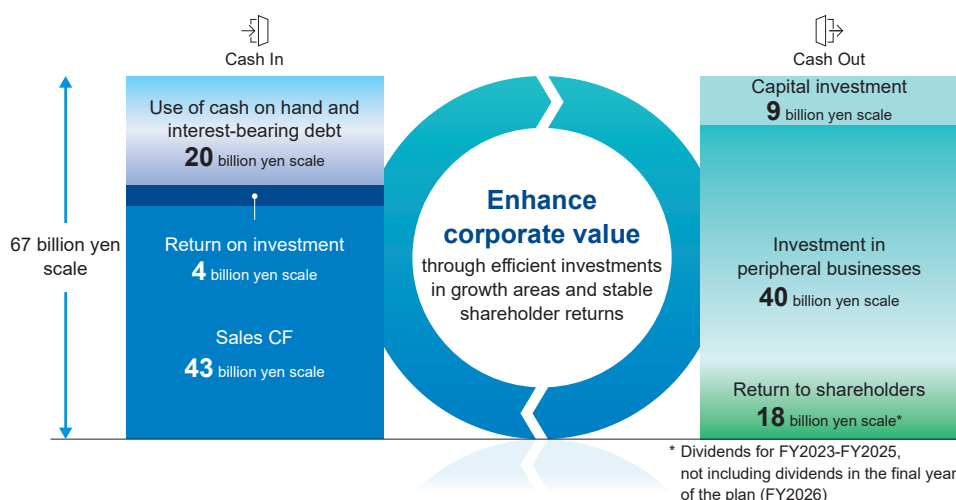
The Company's cash flow structure is primarily driven by cash inflows from revenue generated by our construction business and investment recovery from related operations while cash outflows are centered on capital investments and stable shareholder returns. Regarding cash inflows, in addition to operating cash flow, we intend to address funding needs through the strategic utilization of cash on hand and interest-bearing debt. For cash outflows, our policy is to flexibly adjust investment activities and shareholder returns as necessary, ensuring a balanced and responsive financial approach. It is important to note that investments in strengthening our management foundation are treated as cost factors within operating cash flow and are therefore included in our overall cash inflow framework.

The Company's basic policy is to deliver appropriate and stable returns to our shareholders. During the period

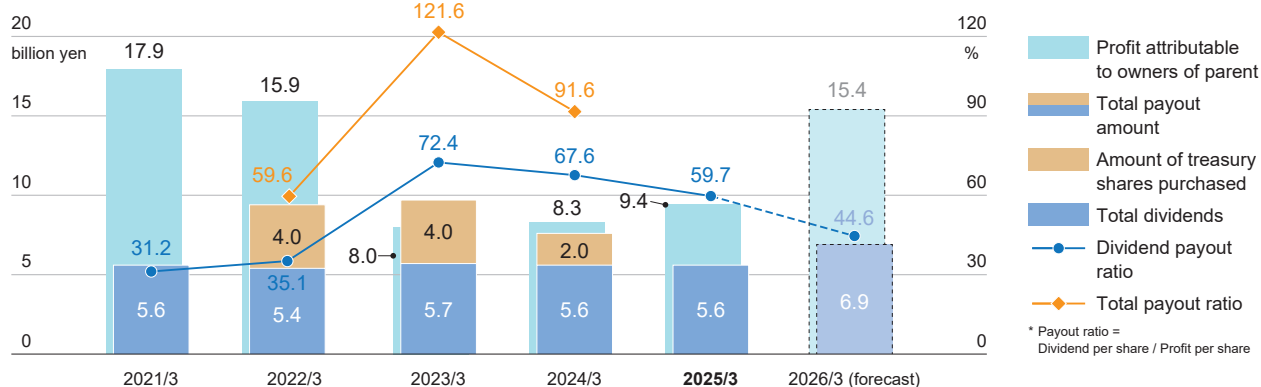
of the Kumagai Gumi Group Medium-term Management Plan (FY2024–FY2026), we aim to maintain a dividend payout ratio of approximately 40%, continuing our commitment to shareholder returns.

For FY2024, in line with this basic policy and the Medium-term Management Plan, we have set the dividend at 130 yen per share, the same level as the previous year. As a result, the payout ratio reached 59.7%.

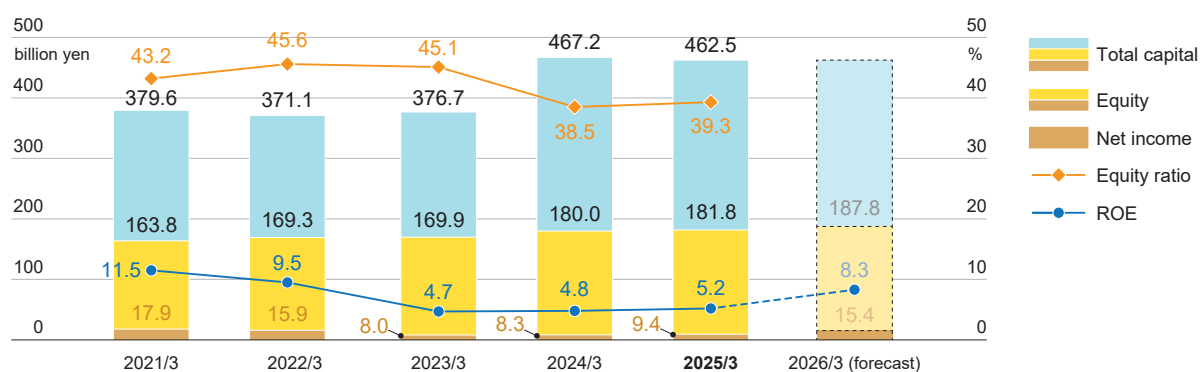
Regarding the Medium-term Management Plan, we have determined that a minimum equity ratio of 40% is essential. Taking capital efficiency into account, we have established an optimal capital structure for the Group with an equity ratio of approximately 45%. Should we anticipate maintaining this level, we will actively consider additional shareholder returns, including the purchasing and retiring of treasury shares in a timely and agile manner.



## Dividend Payout ratio / Total payouts



## Equity, Equity ratio, and ROE (consolidated)



## Retention Policy/Decrease of Cross-shareholdings

Kumagai Gumi is committed to reducing the number of cross-held shares, except for such cases as transactions for enhancing sustainable corporate value, strengthening business alliance, and obtaining more opportunities to generate profits. With regard to the cross-held shares, the Board of Directors will verify the significance of holding such shares every year, and when it is decided to be of little value to hold them, the Company will sell or reduce the number of such shares.

The Board of Directors examines whether the profits gained from various transactions with investee companies

are commensurate with our Company's capital cost, and whether holding shares in such companies is beneficial for the execution of our business operations. For stocks that the Board of Directors deemed worth holding, the purpose of behind it and other relevant details are disclosed in the Securities Report. In FY2024, we confirmed the significance of holding shares for all listed strategic shareholdings, and sold all shares of one out of the eleven listed strategic shareholdings. As of the end of FY2024, the ratio of strategic shareholdings to net assets stood at 5.7%.

## Performance

Non-consolidated orders received increased by 1.0% from the previous consolidated fiscal year to 379.4 billion yen. As a result of efforts to secure earnings and enhance production capacity, profitability for received orders is improving significantly.

Consolidated sales increased by 12.5% year-on-year

to 498.6 billion yen. Each type of profit increased over the previous fiscal year due to improved gross profit margin for completed civil engineering projects, operating income increased by 13.0% to 14.3 billion yen, ordinary income rose by 10.5% to 14.4 billion yen, and profit attributable to owners of parent grew by 12.5% to 9.4 billion yen.



## Financial Strategy

## Cash Flow

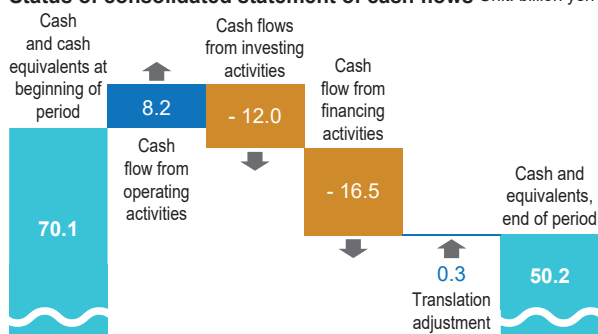
Operating cash flow was positive at 8.2 billion yen, driven by progress in collecting accounts receivable that exceeded payments for accounts receivable trade. Cash flow from investing activities was negative at 12.0 billion yen due to capital investments in real estate businesses in the U.S. and Vietnam. Cash flow from financing activities was negative at 16.5 billion yen mainly due to the redemption of commercial paper. Overall cash flow was negative at 19.9 billion yen. As a result, the cash and deposits balance amounted to 50.2 billion yen, and the balance of interest-bearing debt stood at 42.1 billion yen.

Our cash and deposits balance tends to reach its lowest point during a fiscal year in the early months due to

payment deadlines for accounts payable and temporarily swells at the end of each month when collections of funds from customers are concentrated. Especially during the period from the end of a fiscal year to the beginning of the next fiscal year, cash inflows and outflows intensify, leading to noticeable gaps in cash position. To meet short-term funding needs, we conduct agile financing using cash on hand, commercial paper, and commitment lines, striving for efficient fund management.

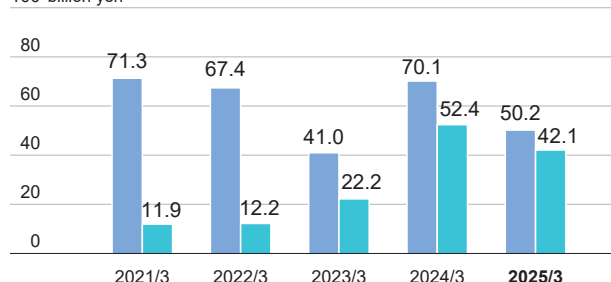
For growth investments and other funding needs, we will continue to diversify financing methods while maintaining financial discipline, aiming to reduce funding costs.

**Status of consolidated statement of cash flows** Unit: billion yen



**Currency/Deposits and Balance of Interest-Bearing Debt**

100 billion yen



## Future Outlook

Thanks to various initiatives to improve profitability, profit margin at the time of order acceptance has significantly improved since FY2023. Additionally, since the impact of previously low-margin projects is diminishing, we expect profits to improve substantially in FY2025. While the construction market is expected to remain strong in the areas of both public and private investment, uncertainties persist due to factors such as elevated raw material prices stemming from the Ukraine crisis and Middle East tensions, unstable exchange rates and rising interest

rates, and the impact of U.S. tariff measures on domestic export industries.

In this increasingly uncertain environment, our Group believes that sincerely addressing social issues will lead to the achievement of the Medium-term Management Plan and contribute to the sustainable growth and enhancement of corporate value for the Kumagai Gumi Group. To this end, we will further strengthen our management foundation through the execution of an appropriate financial capital policy.

## Management focused on Cost of Capital and Stock Price

### Efforts to engage in positive dialogue with shareholders and investors

▶P108 Engagement with Shareholders and Investors

- We have enhanced our internal framework to bolster our Investor relation.
- Management will proactively participate in dialogue with shareholders and investors
- Outside Directors will engage in dialogue with shareholders and investors
- We will disclose the themes of dialogue on the corporate website, in the Integrated Report, and during earnings briefings
- 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
- The Company will actively engage in dialogue with investors as part of its ESG and SDGs strategies
- We will create a disclosure policy, including an IR policy
- We will provide financial information and timely disclosures in both Japanese and English simultaneously for fair disclosure

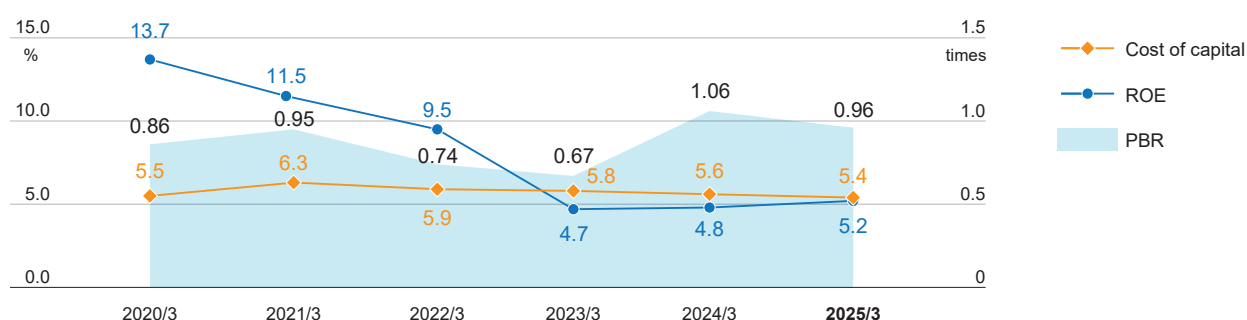
### Current status of cost of capital and measures to enhance capital efficiency

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.

Cost of capital	Medium-term Management Plan (FY2024-FY2026) financial targets	
Recognized as around 5% (CAPM)	<b>Capital efficiency</b>	ROE of 10% or more (FY ending March 2027)
		Equity ratio of approx. 45%
	<b>Profit allocation</b>	Dividend payout ratio of approx. 40%
	<b>Purchase of treasury shares</b>	We will flexibly consider the purchase of treasury shares depending upon changes in the business environment and the progress of individual business strategies and investments

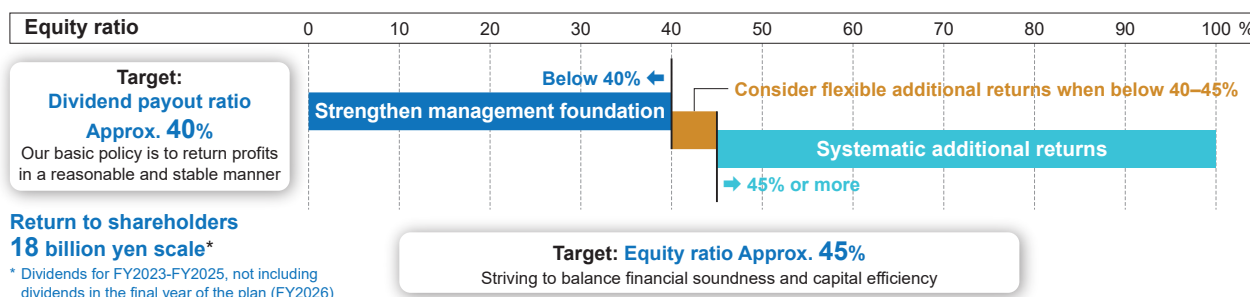
### Cost of capital, ROE, and PBR

Price-to-book ratio (PBR) = Stock price / Net assets per share (BPS)



### Medium-term Management Plan (FY2024-FY2026)

▶P31 Payout ratio / Total payouts



## Kumagai Gumi Group's ESG/SDGs Strategy

The Kumagai Gumi Group pursues both solutions to social issues (social value) and the expansion of business profits (economic value) through our business activities from a sustainability perspective.

Kumagai Gumi has formulated its ESG Initiative Direction in order to contribute to the resolution of social issues through our business activities and to increase our corporate value through sustainable growth.

### ESG Initiative Direction

1. Kumagai Gumi Group has identified key issues (materiality) to be resolved from the prospective of Environment, Social, and Governance, and will pursue sustainable business activities
2. The company will create 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 the SDGs.
3. Through its business activities, Kumagai Gumi aims to build relationships of trust with its stakeholders and to increase its corporate value.

## Sustainability Promotion System

### Sustainability Promotion Committee

Objective	Examines Kumagai Gumi's overall sustainability promotion measures
Number of meetings held	Held as appropriate (held five times in FY2024, planned to be held 6 times in FY2025)
Chairperson	General Manager of the Management Strategy Division
Members	General Manager of the Civil Engineering Management Division, General Manager of the Building Management Division, General Manager of the Administration Division, General Manager of the Safety Division, General Manager of the Technical Research & Development Division, General Manager of International Division, General Manager of the New Business Development Division, General Manager of the Architectural Design Management Division, and division members designated by the Chairperson
Secretariat	Management Strategy Division Sustainability Promotion Department
Description of activities	Examination of policies and systems to promote the sustainability field; identification, revision, and progress monitoring of materiality, participation in and reporting on external evaluations and initiatives; consideration of integrated report editorial policies; exploration of strategies to promote social contribution activities, etc.
Information disclosure	Homepage, Integrated Report, etc.



## Sustainability Promotion Initiatives

2010	June	Kumagai Gumi became the first company in the construction industry to receive Eco First Company certification
2017	November	The Kumagai Gumi Group indicated in the Medium-term Management Plan that it will strengthen its management by incorporating ESG perspectives
2019	April	ESG Initiative Direction formulated
2020	August	KPIs were established based on materiality and monitoring conducted
2021	May	The Kumagai Gumi Group indicated in the Medium-term Management Plan its management policies including measures such as establishing concrete CO <sub>2</sub> emission reduction targets and strengthening the development of the renewable energy business
	August	The Company created an "ESG/SDGs Matrix" and disclosed the relationship between our business activities and the SDGs
2022	April	Promoted the President's Instruction: "Practice daily operations from the ESG/SDG perspective"
		Sustainability Promotion Committee established
	October	Human Rights Policy Expert Subcommittee established



2023	January	Human Rights Policy established/Process of human rights due diligence created
		Support for TCFD recommendations
	April	Organizational change: Sustainability Promotion Group becomes Sustainability Promotion Department
		Added "My SDGs" to Employee Evaluation Sheet
		Established "Work Style Reform Action Plan 2023"
	May	Signed the United Nations Global Compact
2024	April	Reorganized the Sustainability Promotion Department and established the Green Innovation Promotion Group
		Safety, Quality and Environment Division reorganized as the Safety Division/Quality and Environment Management Office newly established
		Established "Work Style Reform Action Plan 2024"
	May	Revised Key Issues (Materiality) for ESG Initiative
	July	Support for TNFD recommendations
	August	Expressed support for "My Declaration of Human Rights" and "My Declaration of Human Rights-Sexual Minorities Edition" (Ministry of Justice)
	September	Expressed support for IKUKYU.PJT, a project to promote childcare leave for men
	October	Raised funds through a sustainability-linked loan from Hokuriku Bank
		Updated Declaration of Partnership Building
2025	January	Abolished "Safety and Health, Quality and Environment Policy" and established "Safety and Health Policy," "Quality Policy," and "Environment Policy"
	April	Established "Work Style Reform Action Plan 2025"
	May	Entered a corporate partnership with WWF Japan

## ● Instilling ESG and SDGs Perspectives into Daily Operations

The Kumagai Gumi Group implements daily operations from the perspective of ESG/SDGs. We are aiming to create a corporate culture that instills the habit for each employee to always be aware of what social issues they can contribute to solving as they go about their work.

### Points indicated by stakeholders

Main Opinions	Measures
Overall impression regarding sustainability initiatives	
● Valuing a long-term perspective	<ul style="list-style-type: none"> <li>Created a sustainability promotion roadmap and reported on sustainability to the Board of Directors</li> </ul>
● Becoming a company that attracts investment and support even 100 years into the future	<ul style="list-style-type: none"> <li>Promotion of internal understanding of revised materiality</li> <li>Provision of explanations through "Sustainability Channel" (for in-house video content) and newsletter</li> <li>Established "Work Style Reform Action Plan 2025"</li> <li>Awareness toward operational efficiency and workload balancing is increasing</li> <li>Yuuei Kyoryoku Kai and Kumagai Gumi Human Rights Opinion Exchange Committee meetings are held on human rights</li> </ul>
Need to further communicate the appeal of Kumagai Gumi	<ul style="list-style-type: none"> <li>Sharing of information externally through the "Future Town Development Forum"</li> <li>Strengthening of engagement with stakeholders, especially shareholders and investors</li> </ul>
Effectiveness of the Board of Directors	<ul style="list-style-type: none"> <li>Included ESG evaluation criteria for provision of compensation for Directors</li> <li>Transitioned to a company with an Audit and Supervisory Committee</li> </ul>
Challenges associated with Accelerating peripheral businesses	<ul style="list-style-type: none"> <li>Promotion of circular agriculture by combining hydroponics and aquaculture</li> <li>Started construction of a production base for "black bark pellets" (decarbonized biomass fuel)</li> </ul>
Employees-related issues	<ul style="list-style-type: none"> <li>Communication of concrete goals to improve employee engagement through corporate directives</li> </ul>

## Kumagai Gumi Group's ESG/SDGs Strategy

## ● Revised Key Issues (Materiality)

In May 2024, we specified key issues (materiality) 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.

### Reason of revision

#### ● Changes in the external environment since considering key issues (materiality) and specific issues (in FY2018)

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.

#### ● Demands from society

Issues such as ensuring quality and respecting human rights were not included, raising the possibility that societal expectations were not being adequately met. We conducted dialogues to gather input from stakeholders such as investors, customers, and employees.

### Key issues (materiality)

E Environment	S Social	G Governance
Response to climate change risks	Creating the well-being workplace for all employees	Enhancing of corporate governance
Promote environmentally friendly businesses	Achievement of sustainable communities	Proactive relationship with multi-stakeholders

### Indicators and targets (KPIs)

▶ P38-39 ESG/SDGs Matrix

We indicated the relationships between business activities based on ESG and the 169 targets of the SDGs, and visualized the fields in which Kumagai Gumi contributes to solving social issues through its business, in the ESG/SDGs Matrix.

We have established indicators and targets (KPIs) for each specific issue. These KPIs are aligned with our Medium-term Management Plan and span a three-year period. However, through the PDCA cycle, we have reviewed the items that were achieved in the first year as outlined below.

	Specific issues	Business initiatives and specific actions	Three years (FY2024–FY2026) Indicators and targets (KPIs)	New targets
E	Boost wooden construction business	Medium- and large-scale wooden construction business initiative, expanding orders	Domestic orders: 3 or more	Domestic orders: 4 or more each year
	Development of environmentally friendly technologies	Strengthening research for carbon neutrality	Technology development initiatives: 6 or more	16 or more projects
		Initiatives for environmentally considerate architecture (ZEB, etc.)	Number of environmental proposals: 6 or more	6 or more each year
S	Attractive communities development	Expansion of real estate business	Income-producing real estate business participation: Overseas 1 or more	3 or more overseas
	Development of resilient social infrastructure	Infrastructure development to handle wide range of natural disasters (disaster prevention and mitigation)	Number of initiatives: 20 or more	20 or more each year
	Initiatives to solve social issues	Development of technologies for future societies	Technology development initiatives: 6 or more	13 or more projects
		Promotion of social contribution activities	Increase in number of participants (total)	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 or more projects
G	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

## Revision Process

## Step 1 Analysis of the construction industry

We gathered information, and recognized material issues from competent ministries, agencies and related organizations.

- (1) Current situation of construction industry workers
- (2) Soaring material prices
- (3) Improvement of working conditions
- (4) Promotion of work style reform

## Step 2 Signified our stakeholders

We visualized the value chain and clarified stakeholders.

## Step 3 Listed up our sustainability issues

We listed up our sustainability issues from SDGs, global risks report and issues that we were aware of.

1. Recognized risks of the Kumagai Gumi Group
2. Issues faced by society (169 SDG targets)
3. Risks faced by society (World Economic Forum)
4. Major overseas and domestic news in the last four years

## Step 4 Assessment of sustainability issues impacts

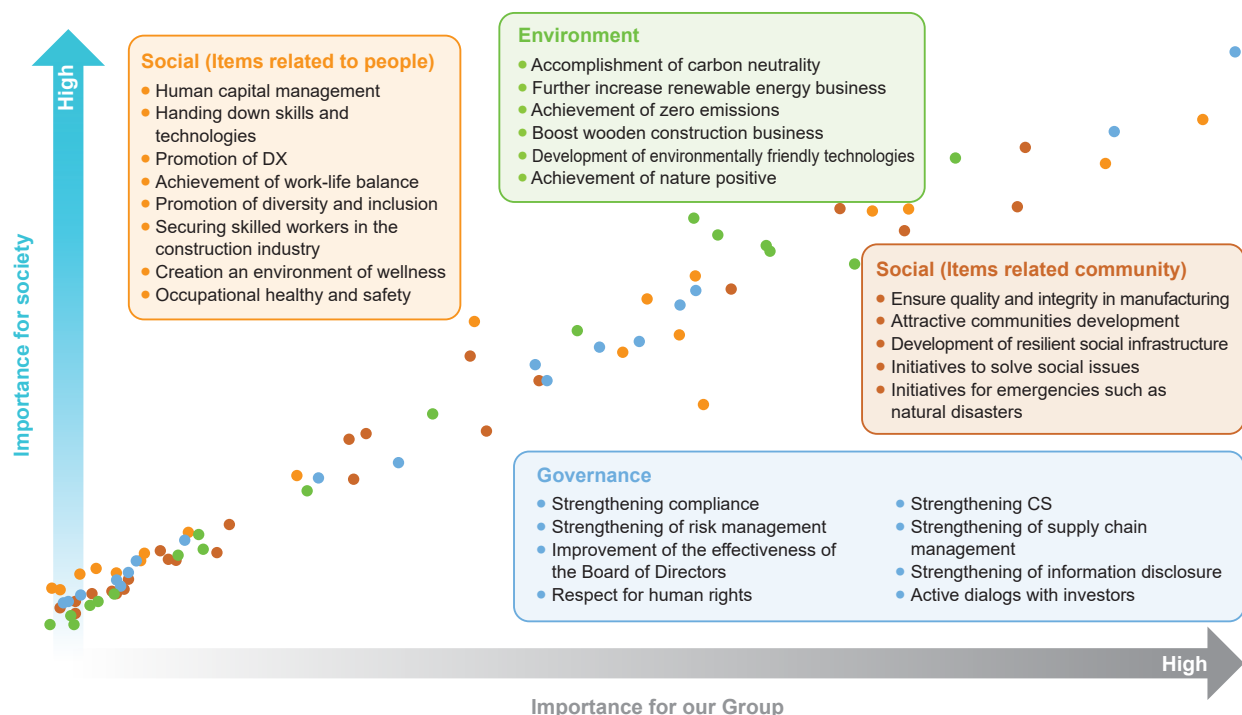
We held dialogues with executives and employees of the Kumagai Gumi Group on the importance of the issues that have an impact.

We identified extracted feedback from customers, investors, experts, and other stakeholders.

## Step 5 Specified key issues (materiality) and specific issues

We held discussions with the Sustainability Promotion Committee to identify key issues (materiality) and specific issues. These were approved by the Management Meeting and the Board of Directors.

## Mapping specific issues





# ESG/SDGs Matrix

ESG Initiative Direction			Business initiatives and specific actions	Three years (FY2024–FY2026) Indicators and targets (KPIs) * for each fiscal year
Key issues (Materiality)		Specific issues		
E Environment	Response to climate change risks	Accomplishment of carbon neutrality	CO <sub>2</sub> emissions reduction activities	Scope 1+2: 42% reduction (FY2019 level) Scope 3: 25% reduction (FY2029 target)
		Further increase renewable energy business	Strengthen promotion of renewable energy business	Implementation and number of initiatives in the renewable energy business Domestic: 10 or more/Overseas: 4 or more
	Promote environmentally friendly businesses	Achievement of zero emissions	Activities to reduce mixed waste discharge	Total mixed waste discharge rate: 2.0% or less*
		Boost wooden construction business	Medium- and large-scale wooden construction business initiative, expanding orders	Domestic orders: 3 or more/ Number of overseas investments: 3 or more
		Development of environmentally friendly technologies	Strengthening research for carbon neutrality	Technology development initiatives: 6 or more
			Initiatives for environmentally considerate architecture (ZEB, etc.)	Number of environmental proposals: 6 or more
		Accomplishment of nature positive	Business related to recovery of ecosystems	Development & Sales Sites with decarbonization fuel: 2 or more
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)
			Improvement on employee engagement	Engagement rating: Rating*1 "BB"
		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*
		Promotion of DX	Standardization of ICT to improve on-site management efficiency Renovation of core systems	First-Class Architect: +1% or more each year*
				Rate of new on-site implementation: 100%*
		Achievement of work-life balance	Balance between work and private life, etc. Efforts to streamline and equalize operations	Rate of progress of system development: 100% Holidays: 8 days/4 weeks (on-site)*
				Number of overtime hours worked: 30 hours or less*
		Promotion of diversity and inclusion	Action plan for active participation by women:	Percentage of newly appointed women in manager positions: 7% or more*
		Securing skilled workers in the construction industry	Securing workers by opening sites to the public	Acquisition of childbirth-related leave by men: 70% or more*
	Achievement of sustainable communities	Creation an environment of wellness	Health management for employees	Site and workplace tours held: 100 or more*
		Occupational healthy and safety	Improvement of safety management standards	Secondary health exam checkup rate: 100%*
		Ensure quality and integrity in manufacturing	Quality and Environment Management System operation and improvement	Frequency rate: 0.5 or less*
		Attractive communities development	Expansion of real estate business	Serious quality incidents during construction: 0*
			Initiatives for urban redevelopment	Income-producing real estate business participation: Domestic: 3 or more projects/Overseas: 1 or more projects
		Development of resilient social infrastructure	Solving social issues in Asian countries	Number of initiatives (number considered ~ in progress): 6 or more
			Infrastructure development to handle wide range of natural disasters (disaster prevention and mitigation)	Number of orders for infrastructure development projects: 2 or more
		Initiatives to solve social issues	Development of technologies for future societies	Number of initiatives: 20 or more
			Creation of new business	Technology development initiatives: 6 or more
		Initiatives for emergencies such as natural disasters	Promotion of social contribution activities	Number of initiatives: 2 or more commercialization
G Governance	Enhancing of corporate governance	Strengthening compliance	Establishment of internal and external systems to prevent legal violations	Increase in number of participants (total)
		Strengthening of risk management	Confirmation of safety of employees during major disasters	Number of developments: 2 or more
		Improvement of the effectiveness of the Board of Directors	Evaluation and Improvement of the effectiveness of the Board of Directors	Number of cases of serious violations of law and regulations: 0*
		Respect for human rights	Initiatives for preventing and mitigating human rights risks	Safety confirmation system response rate during training: 100%*
	Proactive relationship with multi-stakeholders	Strengthening CS	Promote initiatives to improve CS	Improved evaluation including outside experts
		Strengthening of supply chain management	Compliance with Procurement Policy and Procurement Policy Guidelines	Implementation of human rights due diligence: Expansion applicable companies
		Strengthening of information disclosure	Timely, appropriate and proactive disclosure of information	Customer satisfaction: 100%*
		Active dialogs with investors	Active dialog with institutional investors and others	Fraudulent transactions: 0*

Supervision: Hidemitsu Sasaya, Visiting Professor, Chiba University of Commerce; ESG/SDGs Consultant

Of the relationships between Kumagai Gumi's business and the 169 targets of the SDGs, the primarily relevant ones are noted.

FY2024 performance	New targets ▶P36 Indicators and targets (KPIs)	SDGs																
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Scope 1+2: 4.2% reduction Scope 3: +13.4%	Continued	1.5						7.2 7.3		9.1 9.4		11.5		13.1 13.2				
Number of domestic projects: 3 Initiatives: 5 Overseas projects: 1												11.3 11.6	12.2					
1.7%	No change made to target		3.9									11.6	12.4 12.5 12.7		14.1			
Domestic: 5 or more/Overseas: 1 or more	Domestic orders: 4 or more each year Overseas: Same target									9.4		11.3	12.2	13.1 13.2		15.1 15.2		
11	16 or more							7.2 7.3 7.a		9.1 9.4 9.5		11.3 11.6 11.7 11.9	12.2 12.4 12.5 12.7	13.1 13.2 13.3	14.1 14.2 14.5	15.1 15.2 15.4 15.5 15.9		17.16 17.17
7	6 or more each year																	
1	Continued											11.4 11.6 11.7 11.a	12.2 12.5 12.7	13.1 13.2	14.1 14.5			
0 cases	No change made to target		3.9				6.6 6.b			9.4								
115	April 2026: 124*4	1.4				5.1 5.5			8.2 8.5 8.8		10.3							
B	Continued																	
92.8%	No change made to target				4.4 4.7				8.2 8.6					13.3				
(0.3%)*2																		
(0.8%)*3																		
98.7%	Continued					5.b			8.2 8.8		10.2							
85%																		
83.5%	No change made to target				5.1 5.4				8.2									
16.4 hours																		
32.1%		1.4	3.7	4.5 4.7	5.1 5.5 5.6 5.b				8.5 8.8		10.2 10.3 10.4		12.6				16.7	
89.4%		1.3		4.4 4.5					8.5 8.6 8.8	9.1	10.2 10.3 10.4		12.7	13.3				17.17
Civil Engineering: 105 projects / Architectural Construction: 227 projects			3.3 3.4 3.8 3.8	4.7							10.2 10.3 10.4		12.8				16.7	17.16 17.17
51.5%	No change made to target																	
0.74																		
0 cases	No change made to target								8.5 8.8			11.6	12.2 12.4 12.5		14.1			17.17
Domestic: 2 or more projects / Overseas: 1 or more projects	Domestic: Continued Overseas: 3 or more projects		3.9													15.9		
6	Continued										10.2							
Overseas 0										9.1 9.4 9.5				13.1 13.2			16.5	
59	20 or more each year	1.3 1.5				6.2 6.3 6.6	7.2 7.a					11.3 11.7 11.a			14.1 14.2	15.1 15.2 15.4		17.16 17.17
11	13 or more										10.2 10.3							
Number of initiatives: 1	Continued	1.3	2.1	3.4 3.8	4.2 4.7 4.b		6.6						12.2 12.8	13.1 13.2 13.3	14.1 14.2 14.5			
2,312 (192 persons increase)	Increase in the number of participants each year																	
4 cases	4 or more projects	1.5								9.4 9.5		11.3 11.5 11.7 11.a		13.1 13.2				
0 cases	No change made to target								8.5 8.7 8.8				12.6 12.8				16.5 16.6	
100%											10.4 10.5	11.5		13.1 13.2				
Initiative in progress	Continued				5.5				8.2 8.8								16.5 16.7	17.14
Initiative in progress		1.3		4.5 4.7	5.1				8.5 8.7 8.8		10.3 10.4			13.3			16.5 16.6	17.16 17.17
95.3%	No change made to target																	17.16 17.17
0 cases												11.6						
Initiative in progress	Continued								8.5 8.7					13.2		15.9	16.5 16.6	17.14
34.4% increase	Increase of 10% each year										10.5						16.7	

\*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

## Domestic Civil Engineering Business



The company increases each individual's earning power and improves profits by fostering pride among employees and increasing engagement. We address social issues through our business activities, viewing sustainability as a shared personal responsibility.

**Tetsuo Ono** Director, Senior Managing Executive Officer, General Manager of the Civil Engineering Management Division

### Market trends

- Both public and private construction investment remained strong due to recovery in capital investment
- Solid investment in highway renewal projects
- Increase in maintenance projects for aging infrastructure facilities
- Expansion of renewable energy-related markets toward carbon neutrality
- Budget execution for national resilience contributing to the prevention and mitigation of disasters

### Business environment

#### Area of focus

- (1) Major infrastructure renewal
- (2) Renewable energy
- (3) Disaster prevention and mitigation, and national land strengthening
- (4) Resource recycling

#### Strengths

- Utilization of various technologies in existing construction types, including tunnels and shield tunneling
- Extensive construction experience in large-scale toll road renewal projects
- Disaster recovery-related technologies
- High-precision underwater positioning system
- Robotization initiatives for mountain tunnels

#### Opportunities

- Promotion of GX aimed at achieving a decarbonized society
- Promotion of carbon neutrality
- Transition to a preventative maintenance style for infrastructure maintenance
- Improvement of productivity through the advancement of AI and DX
- Budget execution for national resilience contributing to the prevention and mitigation of disasters
- Public-private collaboration through the promotion of PPP/PFI

#### Risks

- Intensifying natural disasters
- Shortage of skilled workers due to declining working population
- Imposition of work limit regulations on maximum legal working hours in the construction industry
- Increase in labor costs resulting from government wage hike policies and rising unit labor prices
- Soaring material costs driven by factors such as yen depreciation
- Impact of human resource shortages on quality, construction periods, and cost

### Progress of the Medium-term Management Plan (FY2024–FY2026)

#### (1) Major infrastructure renewal

We are steadily making progress in the areas of technology development and construction for the improvement of social infrastructure across Japan, including dams, bridges, roads, tunnels, and waterworks.

#### (2) Renewable energy

As part of our efforts in the renewable energy sector, we are steadily making progress in response to strong demand for hydroelectric and onshore wind power. Regarding offshore wind power, we are preparing for future orders by making large-scale investments in self-elevating platforms (SEP).

#### (3) Disaster prevention and mitigation, and national land strengthening

We are implementing swift recovery measures in the Noto Peninsula, a region that was damaged by earthquakes and heavy rainfall. In addition, we performed unmanned construction work on the Osaka Tunnel.

#### (4) Resource recycling

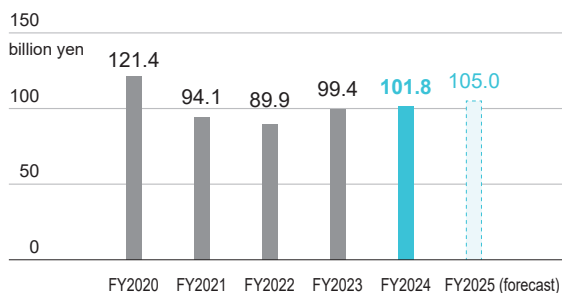
We are advancing restoration work at the Monzen Clean Park on the Noto Peninsula. Additionally, we have begun construction of new industrial waste disposal facilities in Mie Prefecture and Kagoshima Prefecture.



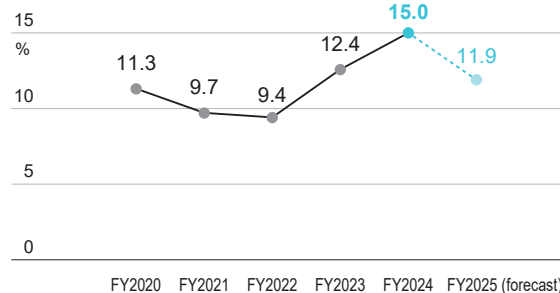
## Performance trend

Profit margin has significantly improved due to design changes and other factors, resulting in increased earnings. profit margin at the time of order acceptance has also greatly improved, and we expect to achieve the FY2025 profit margin target of 11.5% set in our Medium-term Management Plan.

## Sales



## Gross profit margin



## Toward achieving Medium-term Management Plan (FY2024–FY2026) targets

Our ongoing commitment to talent development is steadily producing results, with outstanding employees now capable of serving as site managers within ten years after joining the company.

By leveraging DX to strengthen our back office functions and promote workstyle reforms, we aim to enhance employee engagement and reinforce our management foundation. In times of emergency, such as natural disasters, we will swiftly respond by utilizing our network

and digital tools to share information on the conditions of affected construction sites and customers.

To rebuild the legacy of the Kumagai Gumi brand, a brand rich with tradition, we are developing human resources with high aspirations and advancing the development of resilient social infrastructure, striving to become a company that earns the support and trust of our customers.

## Projects completed in FY2024



**Abotoge Road Abo Tunnel repair work**  
(project launched in FY2022)  
Customer: Central Nippon Expressway Company Limited, Hachioji Branch



**2024 Noto earthquake**  
**National Route 249 route clearance work, second phase**  
Customer: Hokuriku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism



**Left: Civil engineering and construction work at Tochimoto Power Plant and related demolition work**  
**Right: New water conveyance tunnel construction for Tochimoto Power Plant and related demolition work**  
Customer: The Tokyo Electric Generation Company, Incorporated



**Okutoro Road (third phase of construction) No. 2 Tunnel construction and associated work**  
Customer: Kinki Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism

## Domestic Building Construction Business



In the domestic building construction segment, we will be working to enhance our employees' job satisfaction with the view to becoming the "leader in the construction service industry that society requires," while improving our technical and human capabilities of each department to maintain our "customer appeal" and strengthen our "earning power."

**Taiji Ito** Director, Senior Managing Executive Officer, General Manager of the Building Management Division

### Market trends

- Steady growth of the housing market
- Expansion of the healthcare-related market
- Increased investment in the e-commerce market
- Expansion of the accommodations market
- Expansion of the data center market
- Expansion of markets related to decarbonization and carbon neutrality

### Business environment

#### Area of focus

- (1) Environmentally Friendly Building
- (2) Various Plants
- (3) Medium- and Large-scale Wooden Building
- (4) Urban redevelopment
- (5) Data Centers

#### Strengths

- Versatility based on our extensive track record in a wide range of markets
- A wealth of experience in medical facilities, high-rise residences, and educational facilities
- Initiatives for medium- and large-scale wooden construction geared toward carbon neutrality
- High special order/design-build ratio
- Business alliance with Sumitomo Forestry Co., Ltd.
- Strong collaboration between our Civil Engineering Management Division and Building Construction Division

#### Opportunities

- Social demand for decarbonization and wood-utilizing buildings
- Needs of society for energy conservation, ZEB, ZEH
- Demand for office buildings that improve well-being
- Improvement of productivity through the advancement of AI and DX
- Expansion of e-commerce market scale
- Trend toward the return of manufacturing to Japan
- Demand for the renewal of various plants including waste treatment facilities

#### Risks

- Weather anomalies resulting from global warming
- Suspension of construction due to natural disasters such as earthquakes and typhoons
- Shortage of skilled workers due to declining working population
- Imposition of overtime work limit regulations
- Soaring material costs and delivery delays due to factors including international instability
- Increase in labor costs resulting from government wage hike policies and rising unit labor prices
- Concerns about increased credit risk

### Progress of the Medium-term Management Plan (FY2024–FY2026)

#### (1) Environmentally-friendly building construction

We aim to minimize environmental impact at every stage of a structure's construction and operation. Efforts include the use of low-carbon building materials such as green steel, adoption of renewable energy sources, reduction of waste, and improvement of energy efficiency after handover.

▶ P56–57 **Special Feature 2 (Suidobashi PREX New Building Construction)**

#### (2) Various plants

In addition to essential infrastructure such as incineration and cremation plants, the expansion of meat processing facilities that comply with export standards is also anticipated.

#### (3) Medium- and large-scale wooden construction

We have secured a contract for a hybrid timber and steel office building that incorporates environmentally conscious λ-WOOD II with 1.5-hour fire resistance and CLT flooring with 1-and 2-hour fire resistance, advanced products that we have created.

#### (4) Urban redevelopment

As redevelopment projects are on the rise in both metropolitan areas and regional cities, we are actively working to participate in new projects.

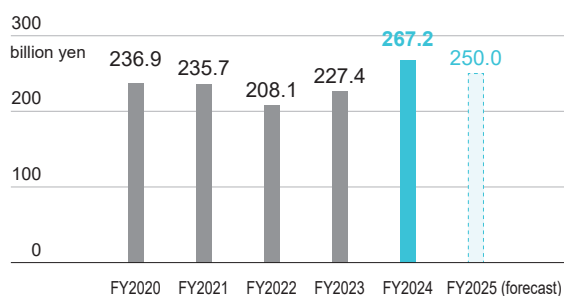
#### (5) Data centers

As this sector is experiencing significant growth due to the widespread adoption of AI, we continue to receive orders for data centers and are currently proceeding with construction.

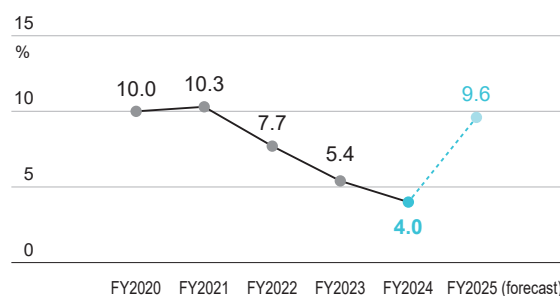
## Performance trend

Although sales for FY2024 nearly met the planned target, gross profit margin declined significantly from the initial target. Some low-profit construction project orders received during the COVID-19 pandemic saw increased costs due to rising material, labor expenses, and delays caused by specialized subcontractor shortages. As a result, the overall profit margin of the building construction business declined.

## Sales



## Gross profit margin



## Toward achieving Medium-term Management Plan (FY2024–FY2026) targets

In FY2025, we are promoting the strengthening of our earning power by rigorously reviewing procurement conditions and profit margins when orders are received, with a focus on restoring profitability. To improve productivity, we are outsourcing administrative tasks and setting construction schedules based on appropriate annual site closures during the sales phase. These and other changes are designed to create a more worker-friendly environment that supports securing a future workforce.

On the order front, the housing market in urban areas remains robust and demand for new office buildings is increasing, driven by efforts to improve working environments for office workers. In addition, the production market and similar markets in regional areas are performing well due to the return of manufacturing to Japan.



Planned to be completed in FY2026  
**KiGi AKIHABARA (Tokyo Prefecture)**  
Customer: THE SANKEI BUILDING CO., LTD.

## Projects completed in FY2024



**Park Tower Nishishinjuku (Tokyo Prefecture)**  
Customer: Nishi-Shinjuku 5-chome  
Central South District Urban  
Redevelopment Association



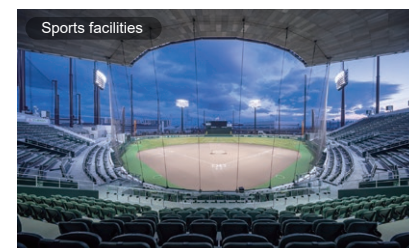
**Hiroshima Kenchomae SHOP&CAFE (Hiroshima Prefecture)**  
Customer: NTT URBAN DEVELOPMENT  
CORPORATION



**Omoide no Mori Hall (Yamaguchi Prefecture)**  
Customer: Shunan District Sanitation Facility  
Association



**Innovation Airport (Ishikawa Prefecture)**  
Customer: Kanazawa University



**Zero Carbon Baseball Park (Hyogo Prefecture)**  
Customer: Hanshin Electric Railway Co., Ltd.



## Overseas Construction Business



We focus on overseas real estate development, renewable energy, and infrastructure projects, promoting environmentally-conscious initiatives. Placing the highest priority on coexistence with local communities, we aim to build sustainable and inclusive societies. By leveraging cutting-edge technologies, we develop safe and efficient infrastructure that also contributes to revitalizing regional economies.

### Hideki Yamasaki

Executive Officer, General Manager of the International Division

#### Market trends

- Infrastructure exports to Southeast Asia for SDGs' purposes are on the rise
- Increase in commercial facilities in Vietnam where a demographic bonus is expected
- Active investment in gasoline, EV, and biogas-related businesses in India
- Expansion of the environmentally-conscious real estate development market in the United States, Australia, and Europe

#### Business environment

##### Area of focus

- (1) Infrastructure Development in Southeast Asia
- (2) Commercial Facilities in Vietnam
- (3) Construction Business in Taiwan

##### Strengths

##### Civil Engineering

- Infrastructure development capabilities using shield and propulsion technologies

##### Building Construction

- Technical capabilities honed through experience in constructing super high-rise buildings, large-scale shopping centers, and high-end residential buildings
- Unparalleled brand power in Taiwan

##### Opportunities

- Increase in demand for overseas construction projects due to global economic recovery
- Expansion of infrastructure development demand in emerging and developing countries

##### Risks

- Tighter regulations for exchange rate fluctuations and international trade
- Geopolitical risks

#### Progress of the Medium-term Management Plan (FY2024-FY2026)

##### (1) Infrastructure development in Southeast Asia

The sewerage coverage rate in Jakarta, the capital of Indonesia, remains at approximately 12%, making it the only major city among those in ASEAN nations where full-scale sewerage development has yet to see progress. Our company is engaged in Phase 1 of the Jakarta Sewerage Development Project with this phase now around 30% completed. Leveraging Japan's pipe jacking technology, construction work for this project is proceeding smoothly.



##### (2) Commercial facilities in Vietnam

Among ASEAN countries, Vietnam ranks third in population size and has experienced remarkable economic growth in recent years, achieving a high GDP growth rate. Kumagai Gumi held a groundbreaking ceremony in February 2025 for a commercial facility project near Hanoi, with full-scale construction beginning in May. This project aims to achieve both the Gold rating under Vietnam's LOTUS green building systems developed by the Vietnam Green Building Council (VGBC), and EDGE certification from the International Finance Corporation (IFC), a member of the World Bank Group. The goal is to construct an environmentally-friendly building that meets international sustainability standards.

##### (3) Construction business in Taiwan

In Taiwan, Kumagai Gumi's local subsidiary Taiwan Kumagai Co., Ltd., which celebrated its 50th anniversary, is leveraging our brand strength to carry out numerous large-scale construction projects.

## Toward achieving Medium-term Management Plan (FY2024–FY2026) targets

## Construction system enhancement

## • Human resources-related initiatives

To human resources overseas, not only technical expertise but also language proficiency and local communication skills are essential. However, securing such talent remains a challenge. To address this, we are actively recruiting experienced professionals not only in Japan but also in countries such as Vietnam and India. Moving forward, we will focus on mid-career recruitment and the development of young professionals to enhance our construction capabilities.

## Pickup

## Initiatives in India

India, which surpassed China in 2023 to become the world's most populous country, is projected to overtake Japan in terms of GDP by 2025, becoming the third-largest economy globally. Kumagai Gumi is actively expanding its business operations in this vast and diverse market full of potential.

Kumagai Gumi's journey in India began in 2001 with participation in the Delhi Rapid Transit System Project. Recognizing India as a strategic priority in our international business, we established a wholly owned local subsidiary, Kumagai India Private Limited (KIPL), in Ahmedabad, Gujarat, in 2016.

Since then, we have steadily built our presence by undertaking construction projects for Japanese companies.



A Japanese company's factory in India under construction

## Attractive communities development

## • Strengthening the wooden construction business and expanding the real estate business

Following our ongoing projects in the United States, we are actively pursuing ESG-conscious real estate and wooden building development projects in collaboration with partners, such as Sumitomo Forestry Co., Ltd., across the U.S., Australia, and Europe. In Asia, we are also working to enhance added value through initiatives, such as acquiring environmental certifications, while promoting medium- to large-scale wooden building development.

In 2021, we won the Technology Award (Group II) sponsored by Japan Society of Civil Engineers for our work on the Delhi Mass Rapid Transport System Project Phase 1/2/3.

As a new initiative, we launched a feasibility study for the biogas business in 2023. Leveraging biogas-related technologies, we aim to contribute to rural development and climate change mitigation in India.

Kumagai India upholds the Kumagai Gumi Group's spirit of perseverance, guided by the principles of integrity and fair competition. We strive to contribute to the realization of a sustainable society in India while continuing to grow as a vibrant and dynamic enterprise.



Group photo taken at a construction site

## Pickup

## Taiwan Kumagai's initiatives in Taiwan

Kumagai Gumi first began construction of the Tachi (Takken) Dam in Taiwan in 1969, and established the local subsidiary Taiwan Kumagai Co., Ltd. (hereafter, "Taiwan Kumagai") in 1974. Taiwan Kumagai celebrated its 50th anniversary on December 10, 2024.



Over the past 50 years, Taiwan Kumagai has built convention centers, commercial facilities, high-rise buildings, and residential complexes with double helix structures. Currently, it is engaged in constructing new landmarks such as the Taipei Twin Towers (Tower C1 and Tower D1), a high-rise mixed-use development.

Looking ahead to its centennial, Taiwan Kumagai aims to evolve beyond its identity as a Japanese-affiliated construction firm to become a leading Taiwanese construction company.

## Peripheral Businesses



In the peripheral businesses that is positioned as a growth area, we will create solid revenue sources through collaboration with Sumitomo Forestry and other companies, and with efficient and effective use of investments. To achieve sustainable growth, we are accelerating efforts in our peripheral businesses and strengthening our construction business with the aim of achieving management with multiple income streams.

### Masao Kajiyama

Senior Managing Executive Officer, General Manager of the New Business Development Division

#### Business environment

##### Strengths

- Knowledge and track record in real estate development
- Track record in PPP/PFI/infrastructure management business in Japan and overseas
- Knowledge of real estate investment related to accommodation facilities and extensive construction track record
- Continuous efforts in renewable energy and decarbonization-related businesses; Track record in internal electricity procurement

##### Opportunities

- |   | Opportunities  |
|---|--|
| (1) <b>Real Estate Development Business</b>           | <ul style="list-style-type: none"> <li>• Compact city development of central urban areas in regional cities</li> </ul>   |
| (2) <b>Renewable Energy Business</b>                  | <ul style="list-style-type: none"> <li>• Increase and stabilization of electricity prices with PPAs, etc.</li> <li>• Government policies for promoting renewable energy, deregulation, etc.</li> </ul> |
| (3) <b>Technology Products Business</b>               | <ul style="list-style-type: none"> <li>• Participation in the carbon neutral market by leveraging new technologies</li> </ul>  |
| (4) <b>New Business Creation and Other Businesses</b> | <ul style="list-style-type: none"> <li>• Further expansion of private sector engagement</li> </ul>   |

##### Risks

- |   | Risks   |
|---|---|
| (1) <b>Real Estate Development Business</b>           | <ul style="list-style-type: none"> <li>• Sales/rental risk of reserved floors in redevelopment projects, etc.</li> </ul>                                      |
| (2) <b>Renewable Energy Business</b>                  | <ul style="list-style-type: none"> <li>• Limit in output due to saturation of renewable energy</li> </ul>   |
| (3) <b>Technology Products Business</b>               | <ul style="list-style-type: none"> <li>• Market competition</li> </ul>  |
| (4) <b>New Business Creation and Other Businesses</b> | <ul style="list-style-type: none"> <li>• Intensifying cost competition in the renewable energy business</li> <li>• Changes in policies and systems</li> </ul> |

#### Progress of the Medium-term Management Plan (FY2024–FY2026)

##### (1) Real Estate Development Business

• **Regional Revitalization Project** We started the construction of a new hotel building in April 2025 for Park PFI Project involving the redevelopment, management, and operation of Katsuyama Dinosaur Forest in Katsuyama City, Fukui Prefecture.

• **The Iidabashi Redevelopment Project** Facility buildings planned for the Shimomiyabi-cho district are currently under consideration in preparation for urban planning approval. Briefing sessions on the project plan for the Agemachi district will commence.

##### (2) Renewable Energy Business

• **▶P47 Offshore wind power generation initiatives**

• **Onshore wind power generation** In the field of onshore wind power generation, we are engaged as an EPC contractor in projects such as the Nakadomari Wind Farm, Shin-Iwaya Wind Park, and civil engineering work for the Yuchi Wind Farm.

• **Small-scale hydroelectric power generation** We are actively engaged in small-scale hydroelectric power projects, designed to offer a stable supply of electricity without the need for fuel procurement. By constructing and operating multiple power plants, we aim to expand the scale of hydroelectric power operations and enhance overall efficiency.

##### • Biomass power generation

The Iitate Mirai Power Plant (7.5 MW plant), which uses thinned wood and bark as fuel, commenced commercial operation in Fukushima Prefecture in September 2024.



Iitate Mirai Power Plant

##### (3) Technology Products Business

• **Black bark pellets** Since 2023, we have been working on a business for manufacturing and selling black bark pellets (BBP), a carbon-neutral biomass fuel. We plan to manufacture and sell BBP starting in October 2026.

• **Cotter-type Joints Sales Business** We aim to increase sales by marketing the cotter-type joint developed jointly by Kumagai Gumi and three other companies, including Gaeart Co., Ltd. Stable annual sales exceeding 10,000 units are expected in the future.



**(4) New Business Creation and Other Businesses**

- ▶P47 **Algae x Aquaponics initiatives**
- Renewable Energy Power Supply and EMS Package Businesses** We have begun exploring power supply businesses utilizing renewable energy sources, PPA schemes, and storage batteries. In February 2025, our on-site solar power PPA project was launched.
- PPP/PFI projects** As for achievements in this area, one project has been completed (Shunan District Sanitation Facility Association Funeral Hall)

and two projects have commenced (Hachioji Station South Exit Community Hub and Katsuyama Dinosaur Forest). In the future, our company will take the lead in strengthening initiatives related to overall PPP/PFI project management, operations, and financing, including after the facilities are launched into service.

- Road Tunnel MOM Projects** The company is currently engaged in four road tunnel MOM (Management, Operation, and Maintenance) projects in Hong Kong.

**Toward achieving Medium-term Management Plan (FY2024–FY2026) targets**

Through the Renewable Energy Businesses, which includes offshore wind power, solar power, and small-scale hydroelectric power generation projects, and the production and sale of black bark pellets, we are creating new sources of revenue while contributing to

the realization of a decarbonized society. Furthermore, we are accelerating our efforts in newly launched businesses designed to solve social issues, such as the Algae x Aquaponics business, which is aimed at the smart transformation of primary industries.

**Pickup****Offshore wind power generation initiatives**

Construction of offshore wind power facilities in general sea areas is expected to accelerate around 2027. A consortium of six general contractors and marine contractors, including our company, jointly own a self-elevating platform (SEP), which is essential for construction, allowing for participation in offshore wind power construction projects. This SEP is currently being modified to accommodate the increasing size of offshore wind turbines. It is also expected to be utilized in the construction of both fixed and floating offshore wind power facilities.



**JWFC SUNRISE**, a SEP jointly owned by six consortium companies

**Pickup****Algae x Aquaponics initiatives**

In a demonstration experiment conducted in FY2024, we achieved large-scale cultivation of microalgae using proprietary algal strains, as well as stable operation of a fully closed-loop aquaponics system (land-based aquaculture and hydroponics). We aim to realize smart primary industries centered around algae. To verify the potential for future commercialization, we conducted trial

sales of “SAGA Akuponi Salmon,” a proprietary name for trout salmon farmed using groundwater at the laboratory. The project was recognized for delivering significant impact and value to society, and in August 2024, Kumagai Gumi received an award in the GX/Carbon Neutral Category as part of Xtreprenuer AWARD 2024, announced by the business magazine, Forbes JAPAN.



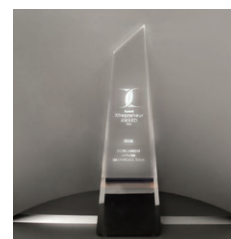
**SAGA Akuponi Salmon**  
logo



**SAGA Akuponi Salmon sashimi**



**Forbes JAPAN Xtreprenuer AWARD 2024**  
Kumagai Gumi receives award in the GX/Carbon Neutral Category for SAGA Akuponi Salmon  
<https://www.kumagaigumi.co.jp/news/2024/pr-20240830-2.html>





## Group Strategy

In every phase of the construction value chain, the Kumagai Gumi Group demonstrates the comprehensive capabilities of its eight group companies. By strengthening collaboration with group companies, we create synergistic value and foster a culture of on-site cooperation.

### ● GAEART Co., Ltd. Manufacture and sales of asphalt mixture, etc.

#### Long-term Vision

- Transformation to a profit-generating structure by "investing management resources intensively into priority fields" to generate an operating income margin of at least 5% and operating income of 3 billion yen in a stable manner
- Cultivate and utilize highly skilled human resources
- Develop and propose unique technologies and products
- Enhance productivity by utilizing ICT and promoting business digitalization
- Strengthen low-carbon and decarbonization initiatives

#### Strengths

- (1) Advanced PRC version technology
- (2) Cotter floor slab technology
- (3) FFP technology
- (4) Deployment of infrastructure maintenance products, including Ninja Seal

### ● K&E Co., Ltd. Building and facility renovation

#### Long-term Vision

- Establish a leading position in the renewal industry
- Ensure business structure for sustainable growth
- Ensure sales with new businesses

#### Strengths

- (1) Track record as a general contractor specializing in renovations
- (2) Coordination with the Kumagai Gumi Group
- (3) Ability to handle renewal work involving structural reinforcement with its structural design department

### ● Technos Co., Ltd. Construction materials and equipment manufacturing, Environmental Business, Civil Engineering Renewal

#### Long-term Vision

- Contribute to society by unique manufacturing and construction technologies
- Respect the principles of SDGs, particularly contributing to the global environment with carbon neutrality
- Aim to become the most employee-oriented company in Japan with management that places harmony with employees first

#### Strengths

- (1) ONE STOP system for technical development with its own manufacturing and construction departments
- (2) Possesses special technologies (ACEUP and CSM construction methods)
- (2) High share of market with similar technologies
- (4) ONE STOP response system for treating contaminated soil

### ● Taiwan Kumagai Co., Ltd. Taiwan Construction Business

#### Long-term Vision

- From a Japanese general contractor to a company considered indispensable by Taiwanese society
- Maintain the "Taiwan Kumagai" brand in Taiwan, continue the size of business there

#### Strengths

- (1) Track record of large-scale, high-difficulty construction work
- (2) 50-year track record in Taiwan
- (3) Track record of sales promotions and orders with a combined system covering clients, design firms, and partner companies
- (4) Highly evaluated by customers

### ● FATEC Co., Ltd. Technology trading company

#### Long-term Vision

- Become a highly profitable company
- Build a business foundation enabling sustainable growth
- Enhance employee happiness

#### Strengths

- (1) Trading company functionality of the Kumagai Gumi Group
- (2) Possesses highly unique products

### ● Techno-Space Creates Co., Ltd. Engaged in the preparation of construction schematics and related education

#### Long-term Vision

- Build up industry-leading quality and reliability in the building engineering sector using BIM and CAD data
- Aim to be a company with employee satisfaction who want to work for a long time

#### Strengths

Introduce property information and new technologies, coordinate BIM, and coordinate the utilization of human resources as a member of the Kumagai Gumi Group

### ● Technical Support Co., Ltd. Administrative services and insurance agency

#### Long-term Vision

- Cover outsourcing for the Kumagai Gumi Group and contribute to increasing the efficiency of group management and strengthening core businesses, as well as to securing reliable sales as an insurance agency
- Take on the challenge of securing new business contracts and increasing revenue

#### Strengths

- (1) Track record in personnel operations wide-ranging general administrative operations, and accounting and tax-related tasks
- (2) Track record in agency businesses with expertise with various types of insurance

## Initiative of GAEART Co., Ltd.

## Artificial Reef Block “Mobablue”

## What Is “Mobablue”?

- An artificial reef block that creates seaweed beds and improves habitats for marine life
- Its porous concrete structure promotes seaweed attachment, becoming a home for diverse organisms
- Contributes to marine environmental restoration and recovery of fishery resources



Artificial Reef Block “Mobablue”

## Mobablue’s effects on nature

- 1. Promotion of CO<sub>2</sub> absorption** → Absorption of blue carbon by seaweed
- 2. Enhancement of biodiversity** → Diverse fish and marine organisms gather and reproduce
- 3. Enhancement of nature’s resilience** → Restoration and conservation of coastal ecosystem functions

“Mobablue” aims to realize blue infrastructure through marine ecosystem restoration, carbon capture, and new value generation in collaboration with various businesses.



Sargassum horneri and other types of algae grow on the block



Organisms that were found living on/within the block when it was retrieved

## Initiative of K&amp;E Co., Ltd.

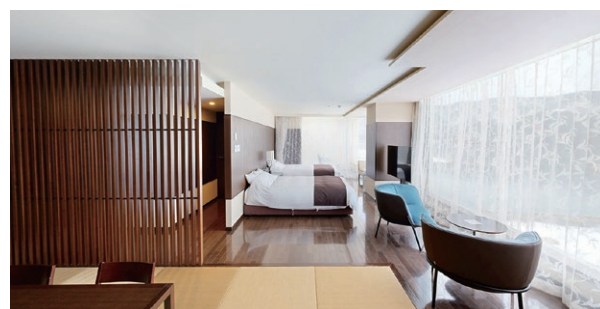
## PFI project

By contracting the design, construction, maintenance, and operation as an integrated and long-term package, PFI (private finance initiative) projects enable private-sector entities to leverage their financial resources, expertise, and technical capabilities, resulting in the efficient delivery of high-quality services. For local governments, this approach facilitates the provision of efficient public services while reducing labor burdens and leveling annual expenditures.



Uminpia Ocean Resort Hotel &amp; Spa

K&E Co., Ltd. is responsible for building repair planning, maintenance, and renovation work under the Phase 2 Renovation and Operation PFI Project for the Multi-Purpose Exchange Facility in Oi Town, Fukui Prefecture. The renovated facility, enhanced through value-added improvements, contributes to regional vitality and revitalization, while also helping address social challenges faced by the municipality.



Premium Suite

## Initiative of Technos Co., Ltd.

## “Borukita” and “Borupita”: Bolt hole adjustment tools for steel beam installation

Technos Co., Ltd. has developed “Borukita” and “Borupita,” tools to adjust misaligned bolt holes during steel frame erection, replacing the conventional method of striking drift pins with a hammer.

Steel beam installation involves temporarily joining members using bolts, but misalignment during erection can prevent bolts from fitting properly. Traditionally, drift pins were hammered to align bolt holes, generating significant noise. In urban and densely populated residential areas, this noise posed a nuisance to surrounding environments. By adopting these new tools, Technos aims to resolve such issues and contribute to better urban development.



Borukita



Borupita

## Alliance with Sumitomo Forestry Co., Ltd.



In medium- and large-scale wooden construction projects, our primary focus in Alliance with Sumitomo Forestry, we aim to expand sales channels toward a carbon-neutral society by strengthening coordination among sales, design, construction, and technical departments.

We are also actively investing in environmentally-conscious overseas real estate projects in regions such as North America and Asia.

**Koji Okaichi**

Representative Director and Executive Vice President

In charge of business alliance with Sumitomo Forestry Co., Ltd.

### Business Alliance Promotion System

In 2017, Kumagai Gumi and Sumitomo Forestry Co., Ltd. together entered into a business and capital alliance and created the Business Alliance Promotion Committee. The committee is currently led by the vice presidents of both companies, consists of five subcommittees, and convenes four times a year.

#### Objective of the collaboration

Japan's housing and construction markets are expected to enter a phase of contraction and equilibrium over the medium to long term due to population decline. In response, the two companies aim to establish a new and distinctive position that goes beyond the scope of their existing businesses.

To actively promote a synergy creation model within their respective business domains and pursue long-term development, strengthening of the partnership, and sustainable collaboration, both companies have conducted third-party allotments of shares and acquired each other's stock.



### Track record

#### Lignification and Green Building Projects

##### • Midorigaoka Elementary School Detached New School Building Construction Project

This project was received by Kumagai Gumi, Sumitomo Forestry, and Kusuyama Architect Inc. as a designated construction consortium. By utilizing "KS Wood Buckling Restrained Braces," the volume of steel used for the frame was reduced by approximately 30%.



##### • Kowanomori Yotsukura Factory

Commissioned by Kowanomori Co., Ltd., a subsidiary of Sumitomo Forestry Co., Ltd., this factory will process Japanese timber and manufacture primarily structural lumber (dimensional lumber).



##### • KiGi AKIHABARA, an office building featuring a hybrid timber construction

Construction is underway utilizing the timber architecture technologies of Kumagai Gumi and Sumitomo Forestry Co., Ltd.



#### Overseas Projects

##### • ESG-oriented fund (Sun Belt region, USA)

We are participating in a private U.S. real estate development fund launched in March 2022 by Crescent Communities, a wholly owned subsidiary of Sumitomo Forestry Co., Ltd.



##### • ESG-oriented office development (Dallas, USA)

A seven-story timber ESG-compliant office building that we helped develop in Dallas, Texas was completed in March 2024.



##### • Hoa Lan Project (Vietnam)

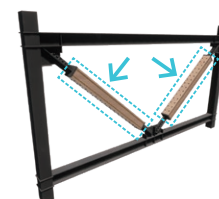
We are participating in the joint development of a commercial complex in Vietnam.



#### Joint Research and Development

##### • KS Wood Buckling Restrained Brace

A buckling-restrained brace reinforced with laminated veneer lumber (LVL) and plywood around a steel core, delivering seismic performance equivalent to conventional braces while incorporating timber.



#### Launch of the "with TREE" brand

In March 2021, the two companies together launched a brand for medium- and large-scale timber buildings. Leveraging the strengths of both firms through joint ventures and coordinated material procurement, they have secured multiple collaborative projects including office buildings and public facilities.



## Comments from Personnel Involved in the Collaboration Between Sumitomo Forestry Co., Ltd. and Kumagai Gumi

### Sumitomo Forestry Co., Ltd. On Collaboration with Kumagai Gumi

#### Q1 How has the collaboration progressed so far?

In the medium- and large-scale wooden construction business, we first focused on developing a shared concept as the core of our collaboration. Given the distinct nature of our timber-focused operations and Kumagai Gumi's general contracting expertise, our partnership began by cultivating mutual understanding across industry boundaries. One particularly memorable initiative was the joint workshop held by Sumitomo Forestry and Kumagai Gumi. Through repeated discussions, the two companies successfully launched the "with TREE" brand.

In overseas real estate development, we are actively pursuing high-quality wooden-based

construction projects that are environmentally focused. In addition to environmental value, we aim to create future value by realizing well-being through shorter construction periods compared to reinforced concrete structures and by leveraging the unique properties of wood.

#### Q2 What are your expectations for future collaboration?

I hope both companies can become entities that deliver high added value. We look forward to creating a major movement through proposals that resonate with our clients. By offering phased proposals that align with customers' budgets and needs, we aim to realize a sustainable society that enriches both the global environment and people's lives.



**Michihiro Hosono**

General Manager of the  
Medium- to Large-Scale  
Wooden Architecture  
Department  
General Manager  
of the New Business  
Development Division  
Sumitomo Forestry Co., Ltd.

### Kumagai Gumi On collaboration in overseas projects

#### Q1 What is the profitability of overseas real estate investment?

It varies depending on the country, region, and asset type, but within the scope of our investment standards, we aim for an annual yield of 10% to 15%. Depending on market conditions, we anticipate a period of approximately five years from investment participation to recovery, primarily in rental housing and commercial real estate such as office buildings.

#### Q2 What kind of synergies do you expect to be created from the alliance?

Sumitomo Forestry Co., Ltd. possesses extensive know-how in overseas investment, particularly in the U.S., and we are working to learn from their expertise for profitability.

At Kumagai Gumi, we refer each investment project to our Investment Screening Committee to ensure that they align with our investment policies.



**Mitsugi Eguchi**

General Manager of the  
Project Development Dept.,  
International Division  
Kumagai Gumi Co., Ltd.

### Kumagai Gumi On collaboration in medium- and large-scale wooden construction

#### Q1 What are the different initiatives being carried out under this alliance for medium- and large-scale wooden construction?

Our efforts in medium- and large-scale wooden construction have accelerated since our collaboration with Sumitomo Forestry Co., Ltd., especially after the launch of the "with TREE" brand in 2021.

By combining timber with other decarbonized building materials, we deliver optimal CO<sub>2</sub> reduction proposals to our clients. Together, Kumagai Gumi and Sumitomo Forestry Co., Ltd. possess a wide range of building construction expertise, from hybrid structures to all-wooden buildings.

#### Q2 What are your achievements in the area of technology?

We jointly developed the "KS Wood Buckling Restrained Brace," a seismic and fire-resistant technology that provides wellness-oriented spaces not only for new buildings but also for seismic retrofitting.

Additionally, we utilize "One Click LCA" software to visualize CO<sub>2</sub> emissions during construction, supporting customers' CO<sub>2</sub> reduction goals.



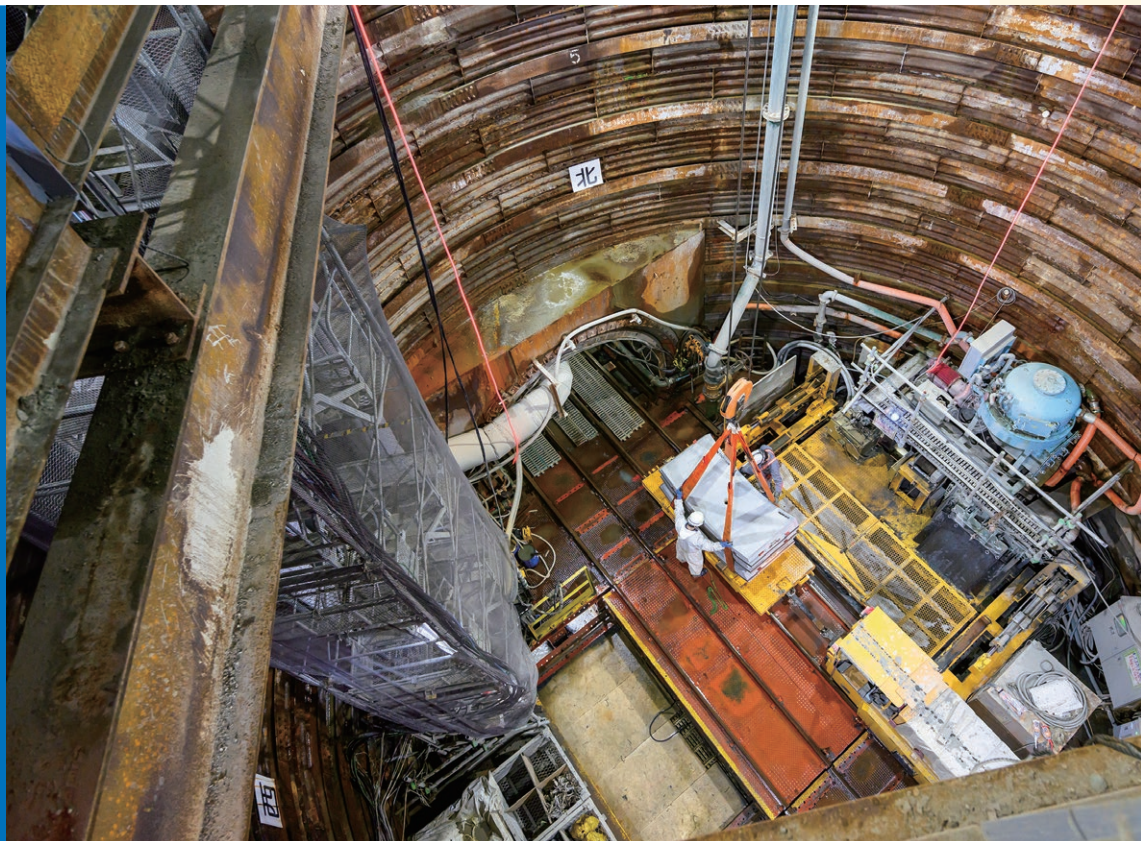
**Akira Togano**

General Manager of the Medium-  
and Large-Scale Wood Structure  
Promotion Dept.  
General Manager of the  
Sustainable Architectural Project  
Dept.  
Building Engineering Department,  
Building Management Division  
Kumagai Gumi Co., Ltd.



# Special Features

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Tackling the Social Issue of Aging Sewer  
Infrastructure through the Worksite Excellence of  
our Technology and Human resource
- 56 Special Feature 2  
Bringing Advanced Value to Urban Office  
Buildings—Pursuing embodied carbon reduction









## Tackling the Social Issue of Aging Sewer Infrastructure through the Worksite Excellence of our Technology and Human resource

In Japan, the aging of social infrastructure is increasingly recognized as a pressing social issue. Meanwhile, construction projects in urban areas face various constraints, demanding new technological breakthroughs. The sewer shield construction project undertaken by Kumagai Gumi in Sapporo City, Hokkaido Prefecture, directly addresses these types of challenges.

### ● Urban Sewer Relocation (Renewal) to Solve Social Issues

Aging infrastructure is a major concern in Sapporo just as it is throughout Japan. Many sewer pipes installed in the 1970s have been used for around 50 years now and need to be replaced.

Kumagai Gumi's sewer shield construction project in a residential area in northeastern Sapporo is one such initiative. Site manager Hiroki Miura describes the project as follows:

"This is a relocation and renewal project for existing sewer pipes which is conducted as area road improvements are being made. We are performing excavation work beneath a major road totaling a length of approximately 3.8 km.

The tunnel, excavated using the Earth Pressure Balance (EPB) shield method, has an internal diameter of 3.5 meters."

Using the EPB shield method, the shield machine's cutter head excavates the soil while mixing the excavated soil with slurry. At the rear of the machine, concrete blocks are assembled to form the tunnel's outer wall.



**Daiki Miura** Site Manager



## ● An Innovative Method: Excavating in Opposite Directions Using a Single Shield Machine

“Typically, a starting shaft is constructed at one end of the underground section with excavation proceeding in one direction. However, due to site constraints and the need to shorten the construction period for the project, the starting shaft was placed at the mid-section and excavation was performed both northward and southward from that point,” said Miura.

In this approach, the shield machine is retrieved from the

northern end of the shaft, transported back to the starting shaft, and then reinserted to excavate approximately 2.8 km southward. While shield machines are normally used only once, this project uses the same machine twice.

Using a shield machine with a diameter of approximately 4 meters, the outer diameter of the tunnel needs to be within  $\pm 5$  cm of the planned tunnel diameter vertically and  $\pm 10$  cm of the planned tunnel diameter horizontally.

## ● Active Adoption of New Technologies Such as AI-Driven Environmental Systems

Cutting-edge digital technologies are being employed to address environmental concerns. Muddy water generated during construction must be treated to meet legally defined standards before discharge. AI technology is used in this treatment process to automate equipment control.

One such innovation is a new slide system that transfers excavated soil, transported by cart, to above-ground storage units. The conventional method involved lifting

the entire cart with a crane to move the soil to surface-level equipment. With the new system, the cart's bottom slides open to deposit the soil into a storage tank installed inside the shaft, from which it is pumped directly to the surface.

Miura says, “The primary reason I focused on the slide system was safety. By eliminating crane operations, we determined that worker safety would be significantly improved.”

“Sewer construction rarely comes into public view, but it is an essential technology that supports social infrastructure. As a civil engineer, I feel a strong sense of purpose and pride in this work,” said Miura.

The experience and knowledge gained through such projects are passed on to younger engineers and will eventually shape the next generation of Kumagai Gumi's technical capabilities.

Muddy water treatment system



New slide system



Young engineers at the project site



Overview of construction	Project name:	Government Subsidy Project – Soseigawa Treatment Area IV-01000 (Kita 45-jo, Higashi 1-chome, and surrounding areas) New Sewer Construction
	Customer:	Pipeline Maintenance Section, Project Promotion Department, Sapporo City
	Construction site:	Kita 45-jo, Higashi 1-chôme to Kita 18-jo, Higashi 2-chôme, Higashi-ku, Sapporo City (Launch shaft: Inside Sakura Park located in Kita 37-jo)
	Construction period:	March 9, 2023 to February 28, 2027 (planned)



Special  
Feature

2

## Bringing Advanced Value to Urban Office Buildings—Pursuing embodied carbon reduction

Developed by Sumitomo Corporation, Korakuen PREX is an office building that pursues cutting-edge environmental value. Kumagai Gumi was responsible for its design, construction, and technical development, demonstrating unified team strength.



**Takashi Kita** Site Manager

### ● Pursuing CO<sub>2</sub> Reduction Across the Entire Building Lifecycle

Completed in May 2025, Korakuen PREX incorporates advanced environmental measures to enhance its value as an office building. Central to this is the reduction of embodied carbon—not only energy-saving and energy-generating measures during use, but also CO<sub>2</sub> reduction throughout the building's lifecycle, from procurement and construction to disposal and recycling.

General Supervisor Kazuyuki Kajiyama, who oversees the PREX series, said,

“Kumagai Gumi has already constructed seven buildings in Sumitomo Corporation's PREX series. The embodied carbon reduction achieved with Korakuen PREX was a new challenge made possible through our trusted partnership.”

### ● Adoption of Advanced Environmentally-friendly Materials While Ensuring High Quality

A major contributor to embodied carbon is CO<sub>2</sub> emissions associated with the production of building materials. To address this, advanced environmentally conscious materials were used for the construction of Korakuen PREX.

One example of the materials used is JGreeX, a green steel product manufactured by JFE Steel Corporation. This project marks the first use of JGreeX in the real estate and construction industry, with approximately half of the 400-ton primary steel frame components made of this material.

Another innovation is CELBIC, an environmentally friendly concrete that reduces CO<sub>2</sub> emissions by incorporating finely ground blast furnace slag. CELBIC was used for all structural concrete, achieving a 28% reduction in CO<sub>2</sub> emissions compared to conventional concrete. Furthermore, the project also obtained ZEB Ready Certification\*.

\* A certification for buildings that have achieved more than a 50% reduction in energy consumption compared to conventional buildings.



Rooftop garden



Standard floor office

Overview of  
construction

Project name: Suidobashi PREX New Building Construction  
 Developer: Sumitomo Corporation  
 Location: 1-4-5 Hongo, Bunkyo-ku, Tokyo (address)  
 Construction period: October 16, 2023 to May 16, 2025 (including demolition and new building construction)  
 Use: As an office building with parking

## ● Company-wide Support for Worksite Excellence

Sayaka Ioroi of Kumagai Gumi's Construction Materials Engineering Lab explained:

"This was only the second building in Japan to use CELBIC for all structural concrete. With limited prior experience and the concrete plant located far from the site, transportation posed a major challenge. We conducted extensive internal testing and closely supported the first concrete pour to ensure successful implementation."



**Saya Ioroi**  
Construction Materials  
Engineering Lab



**Masahiko Sato**  
Section Manager,  
Architectural Design  
Dept. 1

Kumagai Gumi handled the project from design through construction. Masahiko Sato, in charge of design in Architectural Design Dept. 1, added:

"Korakuen PREX offers refined design and workplace comfort. Each floor features a dedicated balcony, and the rooftop, which overlooks Tokyo Dome, includes a lush communal garden. Materials like wood and coatings used on balcony railings were carefully selected for durability and aesthetic impact."

## ● Delivering "Quality that Inspires Happiness" to Our Customers through Teamwork

For the construction of Korakuen PREX, we not only used environmentally-friendly materials but also faced the compounded challenges unique to urban sites, such as limited land area and strict site conditions. When asked what made it possible to overcome these hurdles, both Kajiyama and Kita answered "Teamwork" in unison.

Kita said, "On-site, I consistently advised our younger staff to ask themselves, 'What can we do to truly delight our customers?' The project was not just technically demanding due to its environmental requirements. It also involved complex site logistics, including limited access routes and elevation differences. However, thanks to the close collaboration between our design and engineering teams, we were able to achieve the high level of quality

in construction that Kumagai Gumi is known for."

We take on difficult projects in difficult places because our goal is to bring joy to our customers. This unwavering commitment is part of Kumagai Gumi's DNA, which has been passed down since our founding. To continue delivering "Quality that Inspires Happiness" to our customers and to society, we will keep rising to the challenge, powered by the strength of our team.



**Kazuyuki Kajiyama**  
General Supervisor



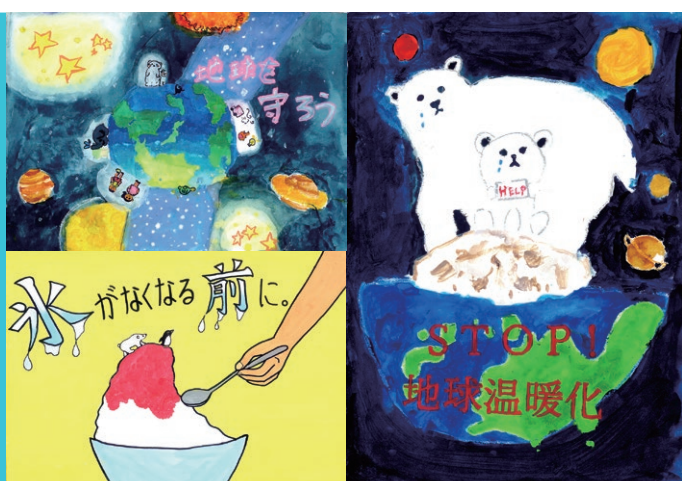
# Sustainability Strategy

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The artwork shown on P58–59 are works by children from Tsukudo Elementary School, Shinjuku, Tokyo, adjacent to the Kumagai Gumi Headquarters. And artwork that won the Kumagai Gumi Corporate Prize at the “Children’s Painting Exhibit 2024: Connecting to the Future! Greenery Around Your Hometown.”

\* Kumagai Gumi supports opportunities to foster a mindset that treasures nature and environment in the children who will lead the next generation. Our work with Tsukudo Elementary School includes learning support and cleanup of the local area.



## Governance

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## Overview of Environmental Management

### ● Fundamental Concepts of Environmental Management



The Kumagai Gumi Group has identified “Response to Climate Change Risks” and “Promotion of environmentally friendly businesses” as key issues (materiality). To advance these priorities, the Group has set specific targets for initiatives such as achieving carbon neutrality, realizing zero emissions, and advancing nature-positive outcomes, and is actively working toward their fulfillment.

#### Formulation of Environmental Policy

To strengthen its environmental initiatives, Kumagai Gumi revised its former “Safety, Health, Quality, and Environment Policy” into a dedicated “Environmental Policy” in 2025, establishing a set of guiding principles for action. Beyond strict compliance with environmental laws and related regulations, the company is committed to addressing global-scale environmental challenges by reducing environmental impact and creating a better environment through its business activities.

#### Governance

Kumagai Gumi deliberates on key management issues, including issues related to the climate, at its “Management committee” (Chairperson: President). The “Sustainability Promotion Committee” (Committee Chair: General Manager of the Management Strategy Division) has also been established as a supporting body of the Management committee.

The “Sustainability Promotion Committee” comprises members such as General Managers of Business Divisions, and is an organization that examines overall measures contributing to long-term growth of the company and development of a sustainable society from the perspective of ESG and SDGs. It coordinates with the Management committee and other committees in order to tackle environmental challenges, including issues related to the climate, and to examine measures aimed at achieving environmental targets.

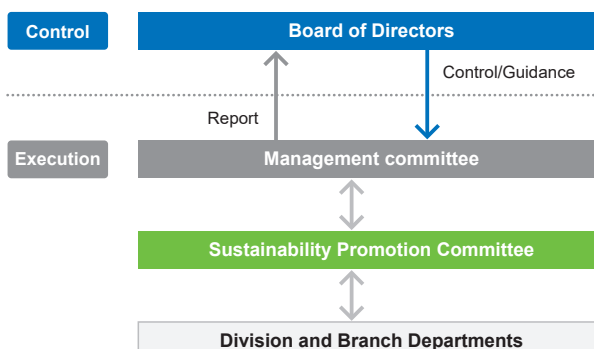
The Board of Directors (Chairperson: President) receives reports on climate change related matters obtained with the above process, and oversees the state of initiatives.

#### Kumagai Gumi Environmental Policy

As a provider of construction services that society demands, Kumagai Gumi is committed not only to complying with environmental laws and related regulations, but also to addressing global-scale environmental challenges and realizing a sustainable society. Through its business activities, the company strives to maximize the use of its technical capabilities to reduce environmental impact and create a better environment. To ensure continuous improvement, Kumagai Gumi sets clear environmental objectives and targets, and conducts regular evaluations and reviews of its initiatives.

#### Guiding Principles

1. Aim to achieve carbon neutrality by 2050
2. Promote the transition to a circular economy
3. Contribute to achieving Nature Positive
4. Strive to develop, improve, and popularize environmentally-friendly technologies
5. Operate a Quality and Environment Management System and continuously improve it
6. Actively participate in environmental conservation activities in communities
7. Actively disclose environmental information and strive to solve environmental issue through cooperation with stakeholders



## Risk Management

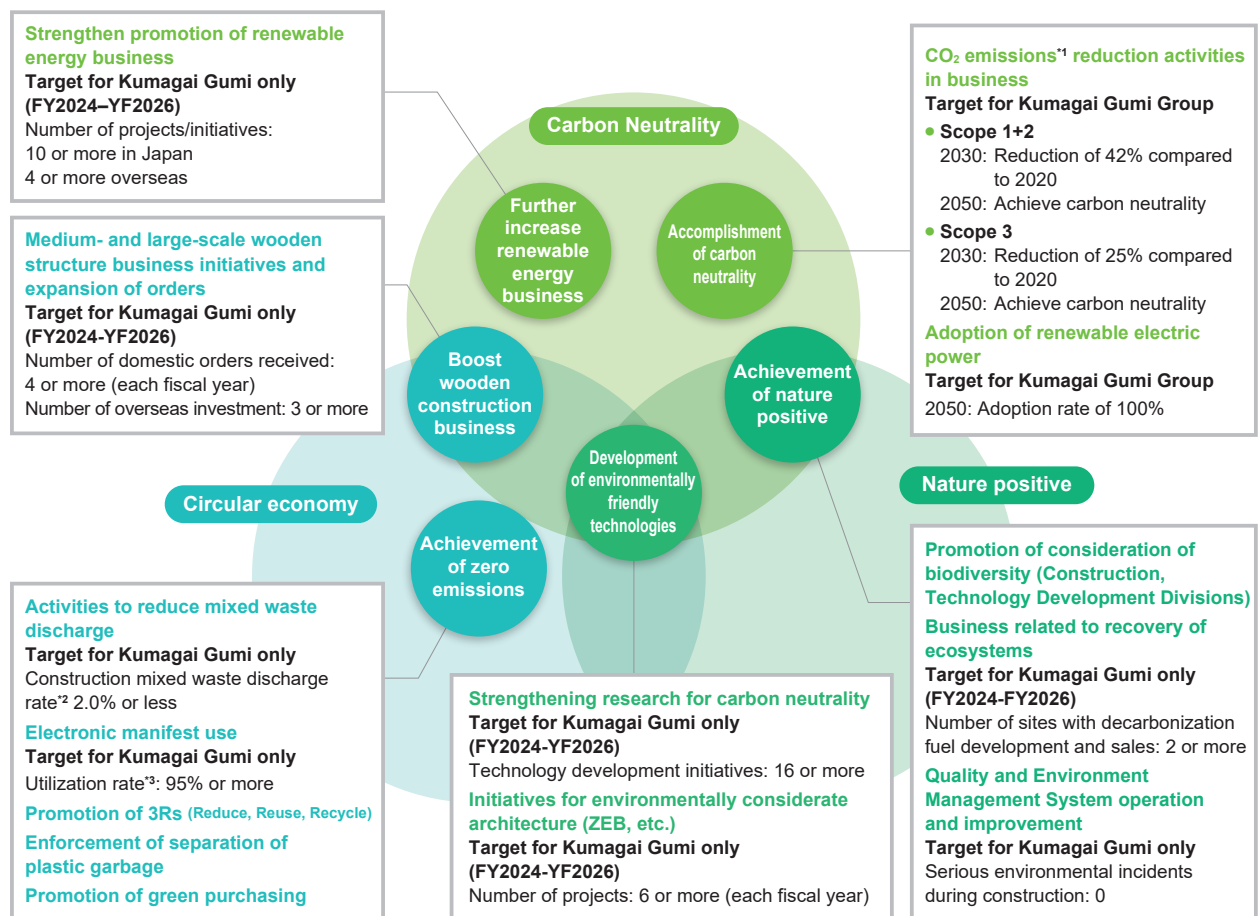
Kumagai Gumi is working toward identifying and reducing risks that affect business activities as well as maximizing opportunities, by isolating and assessing the risks and opportunities of important issues on an individual basis, and making decisions at the Management committee and Board of Directors. Each business unit extracts and evaluates risks and opportunities included in its work processes to examine required measures, and apply

them to the annual plan. The state of these initiatives is monitored every quarter, with the results reported to the Management committee. Reports and discussions on environmental risks and opportunities, including those related to climate change, are made by the “Sustainability Promotion Committee,” which are in turn reported to and deliberated by the Management committee and Board of Directors.

## Overview of Environmental Initiatives

In February 2021, the Kumagai Gumi Group joined the RE100 initiative, working to shift 100% of the electricity used in our business activities to renewable energy. We have obtained SBT certification as we work to achieve the targets for our medium- to long-term greenhouse gas emissions goals.

### Environmental Issues and Initiative Targets



<sup>\*1</sup> CO<sub>2</sub> emissions

Scope 1: Direct emissions from combustion of fuel (use of heavy machinery, vehicles, etc.)

Scope 2: Indirect emissions from the use of electricity, etc. supplied by other companies

Scope 3: Indirect emissions from upstream/downstream areas of business activities other than Scope 1 and 2 (materials procurement, operation of buildings, disposal, etc.)

<sup>\*2</sup> Construction mixed waste discharge rate (%) = amount of mixed waste generated (t) (including the amount from demolition works, materials buried underground, and construction sludge) / total construction waste generated (t) (including the amount from demolition work, materials buried underground, and construction sludge)

<sup>\*3</sup> Electronic manifest use rate (%) = number of electronic manifests / (number of electronic manifests + number of paper manifests)

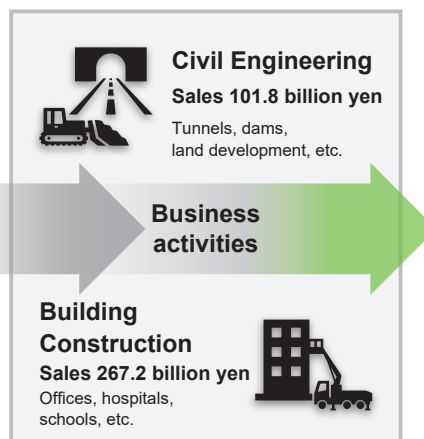
## Overview of Environmental Management

## ● FY2024 Performance

## Business Activities and Environmental Impact Kumagai Gumi Non-consolidated (Japan) Results for FY2024

## INPUT

Construction sections	Principal material inputs	
	Steel rod	98,000 t
	Cement	26,000 t
	Ready-mixed concrete	730,000 t
	Steel frame	120,000 t
	Principal material inputs	
	Electric power	36,004,000 kWh
	Diesel oil	22,226 kl
	Kerosene	298 kl
	Water	478,000 m <sup>3</sup>
Office sections	Electric power	3,442,000 kWh
	Paper	48,000 kg
	Water	16,000 m <sup>3</sup>



## OUTPUT

Construction Division	Scope 1+2	
	CO <sub>2</sub> Emissions	70,000 t-CO <sub>2</sub>
	NOx emissions	93 t
	SOx emissions	147 t
	Waste discharge	
Office Division	Total gross output	500,000 t
	Recycle/reduction	490,000 t
	Net discharge	16,000 t
Office Division	Scope 1+2	
	CO <sub>2</sub> Emissions	1,000 t-CO <sub>2</sub>

\* Greenhouse gases other than CO<sub>2</sub> (CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub>) are not emitted through our business activities

## Compliance with environmental conservation laws

We undertook the following initiatives to prevent violations of environmental laws and regulations.

- Education on environmental laws and regulations in intensive employee education at Headquarters, by the Headquarters manager in charge of environmental regulations (4 times)
- Education for branch managers and other managers (2 times)

In FY2024, no fines or penalties were levied due to legal violations, and no suits were filed.

## Environmental incidents

No serious environmental incidents occurred in FY2024.

## ● External Evaluation of Environmental Management



The Kumagai Gumi Group was selected for the CDP Climate Change "A List" for the second consecutive year, earning the highest rating and being recognized as a global leader in climate action. In the Water Security category, the Group received an "A-" rating.



- **Scope:**  
Kumagai Gumi Co., Ltd. and its consolidated subsidiaries (six subsidiaries in Japan and one subsidiary overseas)
- **Targets:**  
GHG emissions (Scope 1, Scope 2, and Scope 3 (Scope 3 Category 1, 2, 3, 4, 5, 6, 7, 11, 12, and 13 emissions)) and RE100 power usage

To ensure the appropriateness, completeness, consistency, accuracy, and transparency of its greenhouse gas emissions data, Kumagai Gumi undergoes annual third-party verification conducted by Socotec Certification Japan Co., Ltd.

## Aiming to Achieve Carbon Neutrality

### Greenhouse Gas Reduction Targets

The Kumagai Gumi Group aims to achieve carbon neutrality by 2050 and has set a specific reduction target for 2030. For Scope 1 and Scope 2 emissions, the Group plans to reduce greenhouse gas emissions by 42% compared to 2020 levels, and for Scope 3, by 25% over the same baseline.

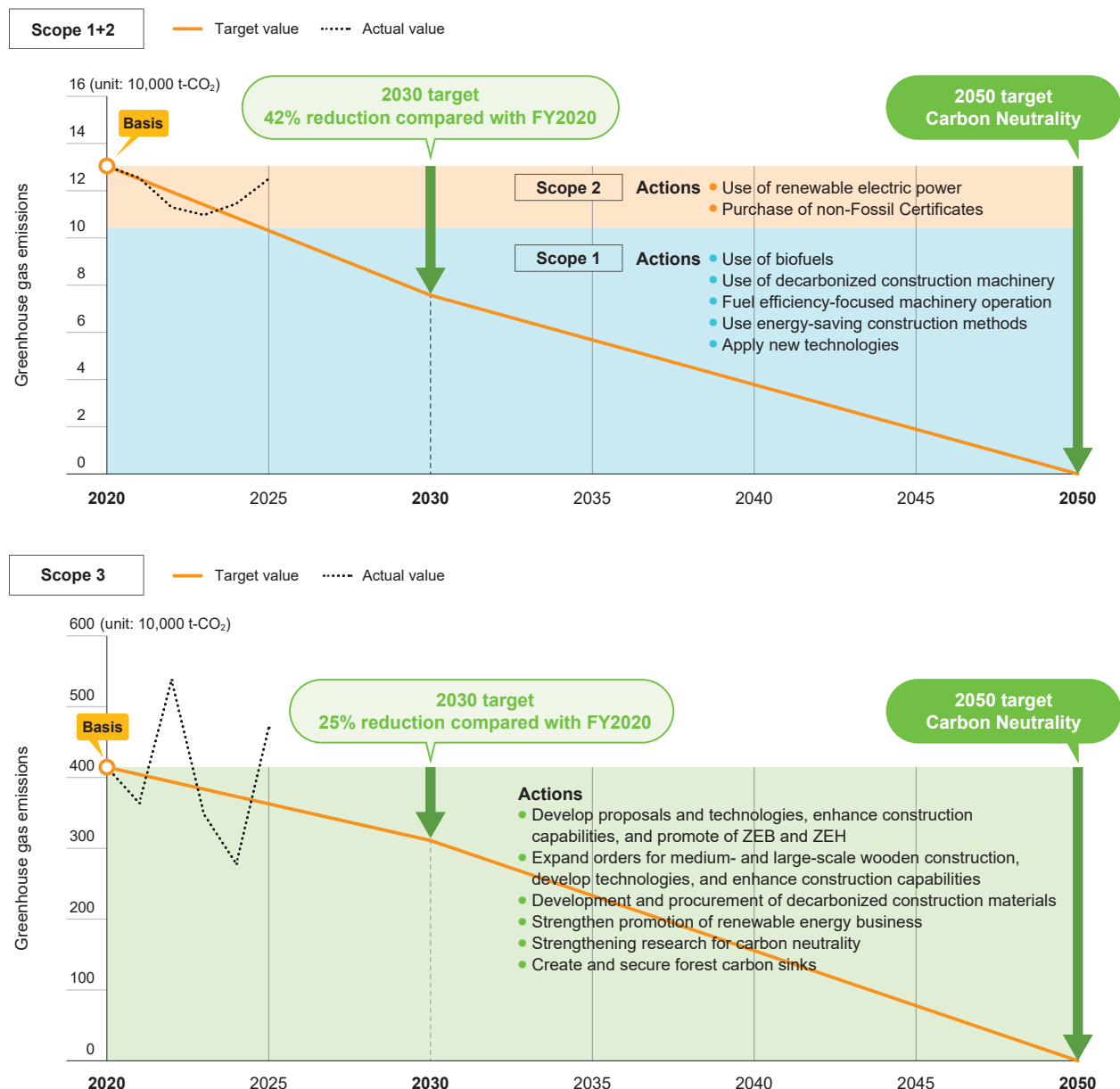
In the future, we will further reduce fossil fuels used in heavy machinery and vehicles in our business activities and actively introduce renewable energy. In addition,

we will promote ZEB, which contributes to significant energy savings in the buildings we provide and work on renewable energy generation projects.

#### The Kumagai Gumi Group's greenhouse gas emissions

	Basis year 2020 (FY2019 performance)	FY2024 performance
Scope 1+2	130,500 t-CO <sub>2</sub>	125,000 t-CO <sub>2</sub>
Scope 3	4,146,000 t-CO <sub>2</sub>	4,703,000 t-CO <sub>2</sub>

#### The Kumagai Gumi Group's greenhouse gas reduction targets





## Aiming to Achieve Carbon Neutrality

## ● Initiatives Aimed at Carbon Neutrality

### 1. Status of Scope 1 CO<sub>2</sub> reduction measures

Measures In addition to the continued use of hybrid construction machinery, Kumagai Gumi trialed the use of B100 biofuel in site office generators and introduced K-S1 fuel additives in FY2024 to improve fuel efficiency in heavy equipment. For FY2025, the company plans to pilot alternative fuels to diesel for use in construction machinery.

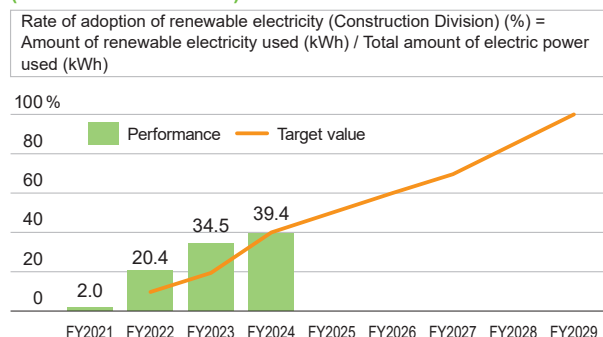
### 2. Status of Scope 2 CO<sub>2</sub> reductions

The Kumagai Gumi Group has set a target to source 100% renewable electricity for its business operations by 2050. Kumagai Gumi itself is accelerating this goal, aiming to achieve 100% renewable electricity use by 2030.

#### (1) Purchase of renewable energy menu

Full-scale efforts to introduce renewable electricity in the Construction Division began in FY2022, yielding measurable results. Starting in FY2025, all new construction projects will use renewable electricity.

#### Rate of adoption of renewable electricity and targets (Construction Division)



#### (2) Creation of renewable energy sources

Since FY2021, we have generated electricity at the Technical Research & Development Institute, Fukui Office, and Karuizawa Training Center using self-consumption solar power generation. In January 2022, the Technical Research & Development Institute adopted self-consumption type solar power generation facility (roof type, carport type), as well as battery systems as a BCP measure. This creates more than 30% (max.) of the electricity used.

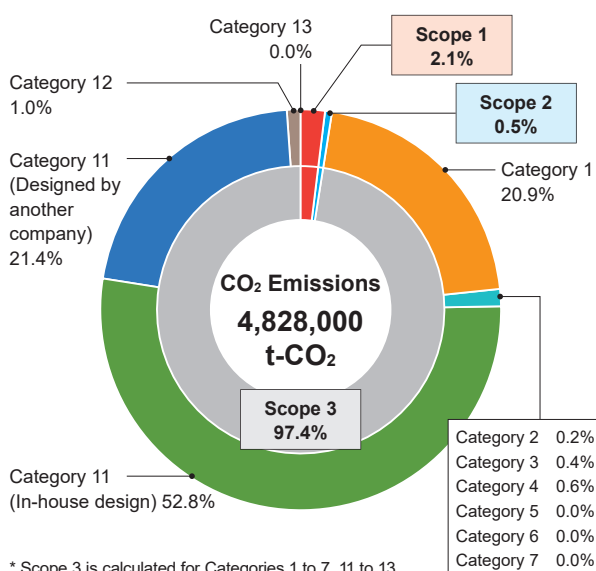
### (3) Procurement of non-Fossil Certificates

The Technical Research & Development Institute has been continuously procuring non-Fossil Certificates since FY2022. In FY2024, it secured non-Fossil Certificates equivalent to 792,547 kWh of renewable energy value, achieving carbon neutrality for the Technical Research & Development Institute.

### 3. Status of Scope 3 CO<sub>2</sub> reductions

Kumagai Gumi is actively working to reduce Scope 3 Category 1 (Purchased Goods and Services) and Category 11 (Use of Sold Products) emissions, which constitute the bulk of its Scope 3 emissions. Category 1: The company is strengthening the adoption of decarbonized construction materials and pursuing quantitative assessment of their emission reduction effects. Category 11: For in-house designs, Kumagai Gumi is enhancing its energy-saving proposal capabilities during the design phase and has begun centralizing internal energy efficiency data. For externally designed projects, the company is implementing energy-saving proposals and has initiated a review of its emissions evaluation methodology.

#### The Kumagai Gumi Group CO<sub>2</sub> emissions breakdown (FY2024)



## Indicators and Targets

### Specific issue: Accomplishment of carbon neutrality

Specific initiatives: CO<sub>2</sub> emissions reduction activities

Indicators: Scope 1+2/Scope 3 emissions reduction rates (FY2019 base year, FY2029 targets)

Targets: Scope 1+2: 42% reduction/Scope 3: 25% reduction

## ● Measures for Achieving 2030 CO<sub>2</sub> Emission Reduction Targets

In FY2024, Kumagai Gumi formulated a set of priority measures to help achieve its CO<sub>2</sub> emission reduction targets for 2030. Moving forward, the company will promote these initiatives company-wide, regularly evaluate progress, and revise countermeasures as needed.

### Priority measures

Description and Corresponding Action		Schedule					
Scope 1+2		FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Measure 1	<b>Adoption of renewable electricity</b> <ul style="list-style-type: none"><li>Adopt renewable electricity at all new sites</li></ul>		Promotion of renewable electricity adoption (FY2029 target: 100% renewable electricity adoption in the Construction Division)				
Measure 2	<b>Purchase of non-Fossil Certificates</b> <ul style="list-style-type: none"><li>Consider the purchase of non-Fossil Certificates for achieving emission reduction targets</li></ul>	Non-Fossil Certificates purchased by the Technical Research & Development Institute					
						Achievement of targets through the purchase of non-Fossil Certificates	
Measure 3	<b>Adoption of biofuels</b> <ul style="list-style-type: none"><li>Introduce trials aimed at the full adoption of biofuels</li></ul>	Trial introduction			Full adoption		
				Consideration of full adoption			
Measure 4	<b>Adoption of decarbonized construction machinery</b> <ul style="list-style-type: none"><li>Promote the adoption of hybrid construction machinery</li><li>Trial introduction of electric construction machinery</li></ul>	Promotion of hybrid construction machinery adoption					
		Consideration of the use of electric construction machinery/Trial introduction			Promotion of electric construction machinery adoption		
						Consideration of hydrogen-powered construction machinery	
Measure 5	<b>Fuel efficiency-focused machinery operation</b> <ul style="list-style-type: none"><li>Continue use to sustain emission reduction effects</li></ul>	Continued use					
Scope 3		FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Measure 6	<b>Use of decarbonized construction materials</b> <ul style="list-style-type: none"><li>Enhance the use of decarbonized construction materials</li></ul>	Promotion of decarbonized construction materials procurement					
Measure 7	<b>Reducing emissions from building use</b> <ul style="list-style-type: none"><li>Strengthen energy-saving proposal capabilities at the design stage</li><li>Introduce energy monitoring systems for monitoring energy use during building operation</li><li>Promote energy conservation and centralize information through interdepartmental collaboration</li><li>Evaluate the energy use of properties designed by other companies and make revisions</li></ul>		Establishment of a system to track procurement volumes	Tracking of procurement volumes and reflecting reduction effects			
		Target setting and performance management conducted in collaboration with project owners					
		Strengthening of energy-saving proposal capabilities					
			Promotion of energy conservation and centralization of information	Data utilization			
		Emission calculation	Reassessment of energy use of properties designed by other companies	Emission calculation based on new standards			

## Aiming to Achieve Carbon Neutrality

## ● Disclosures based on TCFD recommendations

In January 2023, Kumagai Gumi expressed its support for the “Task Force on Climate-related Financial Disclosures (TCFD).” We identified and assessed climate risks and opportunities, and analyzed scenarios to gain a better understanding of the medium- to long-term impact they would have on our business activities.

### Strategy

“Risks” associated with climate change were deemed to be originating from “Transition” such as more stringent

regulations governing GHG emissions, and those originating from “Physical” changes such as more frequent and intensifying natural disasters. Meanwhile, “Opportunities” associated with climate change include an increase in demand in new markets. Kumagai Gumi identified the “Risks” (categorized as “Transition Risks” and “Physical Risks”) and “Opportunities” associated with climate change over three time frames: Short-term (generally within 3 years); Medium-term (generally from 3 to 10 years); and Long-term (generally more than 10 years).

### Strategy formulation process

Process 1 Evaluate importance of risks and opportunities >	Process 2 Set scenarios >	Process 3 Evaluate impact on business >	Process 4 Examine remedial measures
<ul style="list-style-type: none"> <li>Enumerate risks and opportunities in each business unit (short, medium, and long term)</li> <li>Define impact on businesses</li> <li>Evaluate importance</li> </ul>	<ul style="list-style-type: none"> <li>Set multiple scenarios</li> <li>Set parameters related to risks and opportunities with higher significance</li> </ul>	<ul style="list-style-type: none"> <li>Determine financial aspects affected by risks and opportunities</li> <li>Examine financial impact trial formulas</li> <li>Trial calculation of financial impact based on formula</li> </ul>	<ul style="list-style-type: none"> <li>Determine state of measures for risks and opportunities</li> <li>Examine response measures to enhance resilience against risks and opportunities</li> </ul>

### Results of scenario analysis

Items within the identified “Risks” and “Opportunities” that were deemed to affect businesses most significantly were analyzed for their financial impact in the year 2030. Analyses were conducted on two main scenarios—a 4°C warming scenario assuming an increase in average temperature of 4°C worldwide by 2100 compared to that before the industrial revolution, and a 1.5°C warming scenario assuming an

increase in average temperature of around 1.5°C.

Both scenarios indicated that the increase in profits was forecast to exceed any negative impacts, renewed awareness of the importance of measures for addressing “Risks” and “Opportunities,” and demonstrated that those measures aligned with the business strategies.

Category			Factors	Details	Financial Impact		Measures
					1.5°C warming scenario	4°C warming scenario	
Risks	Transition risks	Policies, laws and regulations	More stringent regulations governing GHG emissions (Carbon pricing implementation, etc.)	<ul style="list-style-type: none"> <li>Increase in business costs due to procurement of construction materials and introduction of charges and emissions trading systems for GHG emissions during construction</li> </ul>	Large	Small	<ul style="list-style-type: none"> <li>Energy conservation during construction stages</li> <li>Introduction and operation of internal carbon pricing</li> <li>Decarbonization of construction machinery</li> </ul>
	Physical risks	Acute physical risks	More frequent and intensifying natural disasters	<ul style="list-style-type: none"> <li>Increase in costs to respond to construction sites and on-site employees affected by natural disasters and construction delays caused by supply chain interruptions</li> <li>Decrease in asset value of real estate holdings due to natural disasters</li> </ul>	Small	Large	<ul style="list-style-type: none"> <li>Enhance and operate BCP, including supply chains</li> <li>Develop and implement construction techniques less affected by the natural environment</li> <li>Consider moving real estate away from disaster hazard areas</li> </ul>
		Chronic physical risks	Increase in average temperature	<ul style="list-style-type: none"> <li>Increase in labor costs due to decline in work efficiency at construction sites</li> <li>Decline in sales due to stagnation of orders following health problems and more severe worker shortages due to worsening working conditions on construction sites</li> </ul>	Small	Medium	<ul style="list-style-type: none"> <li>Make improvements to working environments such as measures to prevent heat stroke</li> <li>Develop and implement labor-saving construction methods and technologies to raise productivity</li> </ul>
Opportunities	Energy sources		Increase in demand for renewable energy related businesses	<ul style="list-style-type: none"> <li>Increase in sales and demand for construction due to increase in renewable energy related investments</li> </ul>	Medium	Small	<ul style="list-style-type: none"> <li>Design of renewable energy facilities and development/utilization of construction technologies</li> <li>Promotion of renewable energy business</li> </ul>
	Products and services	Increase in demand for medium- and large-scale wooden structures		<ul style="list-style-type: none"> <li>Increase in sales of medium- and large-scale wooden structures with minimal GHG emissions and allows fixation of CO<sub>2</sub></li> </ul>	Large	Medium	<ul style="list-style-type: none"> <li>Design wooden structures, and develop and implement construction technologies</li> <li>Provide investment for the operation and commercialization of medium- and large-scale wooden structures</li> </ul>
		Increase in demand for energy-saving buildings		<ul style="list-style-type: none"> <li>Increase in sales of buildings with excellent energy efficiency and minimal GHG emissions</li> </ul>	Large	Medium	<ul style="list-style-type: none"> <li>Develop and implement ZEB/ZEH-related technologies</li> </ul>
	Market		Expansion of national resilience markets	<ul style="list-style-type: none"> <li>Increase in sales of technology, products and construction for disaster prevention, mitigation and restoration</li> </ul>	Large	Large	<ul style="list-style-type: none"> <li>Development and application of technologies contributing to national land strengthening (Technologies for disaster prevention, mitigation and restoration)</li> </ul>

## Promoting a Circular Economy

### ● Initiatives for the realization of a circular economy

Kumagai Gumi has set a target of reducing our mixed construction waste discharge rate to 2.0% or less by taking action to cut mixed waste on the way to achieving zero discharge, which is a specific issue laid out in our ESG Initiative Direction. We are focusing on promoting 3R practices (reduce, reuse, recycle), thorough separation of plastic waste, and promotion of green purchasing.

Initiatives		FY2024 Performance (Kumagai Gumi only)
Promotion of 3R	<b>Overall 3R Plan:</b> Identification of incoming materials, quantities by product, and available disposal options <b>Reduce:</b> Proposals to clients, designers, and partner companies at the construction planning stage, followed by implementation <b>Reuse:</b> Use materials at multiple work sites, primarily materials for temporary use <b>Recycle:</b> Emphasis on voluntary waste separation activities (1) Priority outsourcing to superior industrial waste disposal service providers (2) Education on waste separation (3) Foremen's meeting activities at construction sites	<b>Construction mixed waste discharge rate</b> <b>1.7%</b> (Target: 2.0% or lower)
Enforcement of separation of plastic garbage	A new set of Separation Procedures for Plastic Waste was established in May 2021 to promote the separation, proper disposal, and recycling of plastic waste <b>Management system:</b> Operation and management of the Quality and Environment Management System	<b>Waste plastic separated:</b> <b>7,079 t</b> <b>Electronic manifest usage rate:</b> <b>97.2%</b> (Target: 95% or higher)
Promotion of green purchasing	<b>Purchase of construction materials and equipment:</b> Implemented based on the Green Purchasing Guidelines enforced in 2001 <b>Kumagai Gumi Procurement Policy / Procurement Policy Guidelines established in 2021</b> Declaration of corporate social responsibility, including the environment and human rights, from the procurement stage	

Kumagai Gumi is actively promoting a circular economy for the realization of a sustainable society. A key initiative within its new business development efforts is the focus on next-generation sustainable circular agriculture, specifically through aquaponics. This is an innovative system that integrates hydroponics and land-based



Left: Standard fish feed  
Right: Circular economy-based fish feed

aquaculture within a single water-recycling framework. In this system, underutilized

fish from land-based aquaculture are upcycled into fish feed, which is then reused to nourish Kumagai Gumi's own farmed fish, thereby achieving resource circulation. This approach helps reduce rising feed costs and minimize waste generation.

Furthermore, the company is conducting demonstration trials of a proprietary "Algae x Aquaponics" system, aiming to reduce environmental impact and contribute to carbon neutrality. In this system, waste from aquaculture is repurposed as nutrients for microalgae, enabling water-saving cultivation of algae, which typically requires large volumes of water, and advancing environmental stewardship.

### Indicators and Targets

#### Specific issue: Achievement of zero emissions

Specific initiatives: Activities to reduce mixed waste discharge

Indicator:

Construction mixed waste discharge rate (%) = amount of mixed waste generated (t) / total construction waste generated (t)  
 (including the amount from demolition works and materials buried underground) (including the amount from demolition work, materials buried underground, and construction sludge)

Target: 2.0% or lower (each fiscal year)



## Achievement of Nature Positive

### ● Disclosures based on TNFD recommendations

In addition to our initiatives where we evaluate biodiversity at all workplaces in construction works and pay attention to biodiversity protection and nature resources sustainable use of it, we started information disclosure in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD) in order to understand our dependency on, the impact of, and the risks and opportunities of natural capital in our business.

In the latest disclosure, we referenced the TNFD v1.0 and employed the so-called double materiality concept to analyze and evaluate the business impact from nature as well as the impact of our business activities on nature.

#### Strategy

For domestic Civil Engineering and Building Construction, we have conducted surveys and analyses using the LEAP approach at five sites under direct operation. To identify regions with nature-related issues, we selected distributed domestic sites with different natural environments.

#### Locate

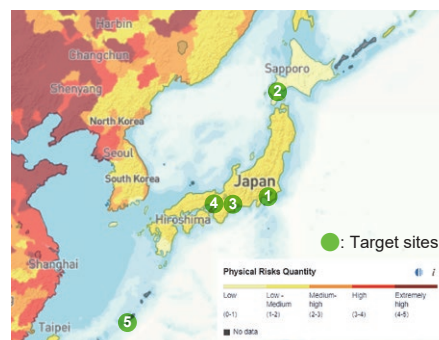
In the Locate phase, we used IBAT and Aqueduct to understand the connection points with the surrounding nature and water stress around the target sites.

#### Evaluate

Used ENCORE to obtain details of dependency and impact on the value chain processes of domestic Civil Engineering and Building Construction.

As a conclusion, the timber extraction process has high dependency on the nature in the upstream for Building Construction, while higher impacts were confirmed in the construction process in the direct operation for both Civil Engineering and Building Construction (conducted in May 2024).

No.	IBAT			Aqueduct
	IUCN Number of species in the Red List (within 50 km radius)	Number of protected areas (PA) (within 2 km radius)	Number of important areas for biodiversity protection (KBA) (within 2 km radius)	Comprehensive evaluation (Overall Water Risk)
1	2,155	1	0	Low – Medium
2	857	0	0	Low
3	2,106	0	0	Low – Medium
4	1,961	4	0	Low – Medium
5	3,088	1	0	No data



Dependency of the value chains and ecosystem services that are evaluated as having high dependency or impact/Impact factor (Analysis result by ENCORE)

■ Dependency on the ecosystem services  
■ Impact factor

		Upstream			Midstream	Downstream
Civil Engineering	Process	Oil/gas drilling		Mineral collection	Construction	N/A
	Ecosystem service/Impact factor	<ul style="list-style-type: none"> <li>Greenhouse gas emission</li> <li>Marine ecosystem utilization</li> <li>Water pollutant</li> <li>Water use</li> </ul>		<ul style="list-style-type: none"> <li>Greenhouse gas emission</li> <li>Terrestrial ecosystem utilization</li> <li>Water use</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emission</li> <li>Marine ecosystem utilization</li> <li>Terrestrial ecosystem utilization</li> </ul>	
Building	Process	Oil/gas drilling	Timber extraction	Mineral collection	Construction	N/A
	Ecosystem service/Impact factor	<ul style="list-style-type: none"> <li>Greenhouse gas emission</li> <li>Marine ecosystem utilization</li> <li>Water pollutant</li> <li>Water use</li> </ul>	<ul style="list-style-type: none"> <li>Materials, such as timber and fabric</li> <li>Underground water</li> <li>Surface water</li> <li>Climatic adjustment</li> <li>Quality/quantity stabilization and suppression of erosion</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emission</li> <li>Terrestrial ecosystem utilization</li> <li>Water use</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse gas emission</li> <li>Terrestrial ecosystem utilization</li> </ul>	

Direct operation processes

## Assess

### Identified risks, opportunities, and measures

● Black text: Direct operation

Category		Details	Measures
Risks	Physical risks	Acute <ul style="list-style-type: none"><li>● Interruption/delay of construction due to a disaster at the construction site (landslide, flood, etc.), damage on the construction site, and injury to employees</li></ul>	<ul style="list-style-type: none"><li>● Survey on the disaster risks before construction</li><li>● Enhancement of the BCP, including supply chains</li><li>● Development and implementation of technologies related to disaster prevention, unmanned construction, etc.</li></ul>
		Chronic <ul style="list-style-type: none"><li>● Water supply shortage for the construction site due to degradation of the nature</li><li>■ Shortage in supplies of timbers, minerals, and other materials due to degradation of the nature</li></ul>	<ul style="list-style-type: none"><li>● Thorough environment management during construction</li><li>● Develop and implement labor-saving construction methods and technologies to raise productivity</li><li>■ Engagement with suppliers (collaboration for ecosystem restoration)</li></ul>
	Transition risks	Policy <ul style="list-style-type: none"><li>● Restriction of construction methods due to tightening of nature-related regulations.</li><li>● Restriction of construction sites due to tightening of regulation related to land development, prohibition of new development.</li><li>■ Decrease in supply volume due to timber extraction regulation/increased cost</li></ul>	<ul style="list-style-type: none"><li>● Development of technologies/construction methods to contribute to updating and extending the lifespan of infrastructure</li><li>● Development and implementation of alternative products</li><li>● Establishment of structures to monitor domestic and overseas trends and laws related to the development of nature and land</li><li>● Distribution of suppliers according to regulations</li></ul>
		Market <ul style="list-style-type: none"><li>● Market shrinkage because of avoidance of construction with large impact to the nature</li></ul>	<ul style="list-style-type: none"><li>● Development and implementation of environmentally friendly technologies</li></ul>
		Reputation <ul style="list-style-type: none"><li>● Reputational damage due to damages to the protected areas around the construction site and rare species</li><li>● Reputational damage due to GHG emission and pollution from the construction site</li><li>■ Reputational damage due to damages to the nature caused as part of mineral extraction</li></ul>	<ul style="list-style-type: none"><li>● Relationship building with local communities</li><li>● Nature related assessment</li><li>● Operation and improvement of Quality and Environment Management System</li><li>● Strengthening of information communication capabilities</li><li>● Development and implementation of alternative products</li></ul>
		Compensation liability <ul style="list-style-type: none"><li>● Compensation liability for damages to the protected areas around the construction site and endangered species</li><li>■ Compensation liability for damages to the nature caused as part of mineral extraction</li></ul>	<ul style="list-style-type: none"><li>● Nature related assessment</li><li>● Development and implementation of alternative products</li><li>● Mitigation of impact through liability insurance subscription</li></ul>
	Category	Business opportunities	Opportunities for the nature
Opportunities	Resource efficiency <ul style="list-style-type: none"><li>● Enhancing technology proposal capability (direct operation)</li><li>■ Restructuring and enhancing supply chains</li><li>■ Cost reduction by building relationship with suppliers</li><li>■ Market expansion through joint development of new materials with suppliers</li></ul>	<ul style="list-style-type: none"><li>■ Contribution to the nature through restructuring supply chains</li><li>■ Environmental protection by suppliers</li><li>■ Reduction of environmental impact from buildings related to our business through joint development of new materials with suppliers</li></ul>	
	Products and services <ul style="list-style-type: none"><li>● Competitive advantage based on new technologies</li><li>● Creation of technologies, products, and businesses that take biodiversity into consideration</li><li>● Develop and implement ZEB/ZEH-related technologies</li><li>● Decarbonization biomass fuel development</li><li>● Operation of KUMA—DECS, a disaster recovery work team</li></ul>	<ul style="list-style-type: none"><li>● Contribution to nature through new technologies</li><li>● Reduction of environmental impact through environmentally friendly technologies</li><li>● GHG emission reduction through development of technologies related to ZEB/ZEH and decarbonization biomass fuel</li></ul>	

### Indicators and Targets

#### Specific issue: Accomplishment of Nature Positive

Specific initiatives: (1) Businesses related to recovery ecosystem

(2) Quality and Environment Management System operation and improvement

Indicators: (1) Number of decarbonization fuel development and sales business sites

(2) Serious environmental accidents during construction

Targets: (1)  $\geq 2$  during the Medium-term Management Plan (FY2024–FY2026)

(2) 0 during the Medium-term Management Plan (FY2024–FY2026)

## Opinion-Exchange Meeting with Knowledgeable Experts

# Channeling the Strength of each Employee into the power of Kumagai Gumi



Our top management exchanged views with experts on the theme of progress toward sustainability management and our engagement survey.

### Participants in the Opinion-Exchange Meeting with Knowledgeable Experts

**Facilitator** (front row, center)

**Hidemitsu Sasaya** ESG/SDGs consultant; Visiting Professor, Chiba University of Commerce

**Participating experts** (from front row, left)

**Hideki Sakashita** President and Representative Director, Link and Motivation Inc.

**Takashi Nawa** Visiting Professor, Graduate School of Business Administration, Hitotsubashi University

**Ryo Suzuki** Editorial Writer, Nihon Keizai Shimbun

**Saori Hamada** Director, WORK LIFE BALANCE Co., Ltd.; member, Central Council on Construction Contracting Business

**Directors of Kumagai Gumi**  
(back row, from left)

General Manager of  
the Civil Engineering  
Management Division

**Tetsuo Ono**

Vice President

**Koji Okaichi**

President

**Shin Ueda**

General Manager of  
the Administration  
Division

**Hiroyasu  
Yaguchi**

General Manager  
of the Building  
Management Division

**Taiji Ito**



## About sustainability management

## We should advance “regenerative” initiatives

**Sasaya** • I would like to introduce some information about the latest movements involving the SDGs. Since their adoption at the United Nations Summit in 2015, the SDGs have been reviewed every four years. The next review will be in 2027, which is also said to be when discussion of the post-SDGs period will kick off. With that in mind, I think we are entering a critical period for putting the SDGs into practice.

**Nawa** • Listening to President Ueda, what strikes me as truly characteristic of Kumagai Gumi is the company's initiatives for national resilience and for disaster readiness

and mitigation. These are not only country-level issues but also key themes shared worldwide. What I want the company to keep in mind is the word “regenerative.” This carries meanings of not only a return to original form but also the flexibility to create an even better form.

**Suzuki** • Every year at this spot, I speak about communication to the public. An example related to communication is the Zero Carbon Baseball Park newly built as a farm facility for the Hanshin Tigers. Whenever I go to Kansai, this is a major topic. However, few people know that Kumagai Gumi built the facility. Making initiatives like this better known to the public should connect to higher employee engagement, another of our themes today.

**Sasaya** • Media relations are vital in increasing engagement by all stakeholders.

**Sakashita** • Something that I feel is great is that every year we gather for this opinion exchange, today for the fourth time, to hold team-like discussions under unified themes. It isn't easy to put this into practice. I hope that everyone considers it valuable. Communicating information is as

important inside the company as it is outside. I see creating organizations that communicate as a vital endeavor.

**Hamada** • This is my second time to take part in Kumagai Gumi's opinion exchange meeting. When holding discussions like this, some companies have a secretariat prepare detailed scenarios in advance. There are no such scenarios in Kumagai Gumi, though. Rather, we have an atmosphere that facilitates talking at an equal level. I think this takes place naturally because Kumagai Gumi is an organization that offers a high degree of psychological safety. This psychological safety is also a critical factor in enforcing safety management at construction sites. Our company places importance on indicators for social impact, not only profit. I believe that this supports employees in working with motivation and pride.

**Sasaya** • What do people in Kumagai Gumi feel about this?

**Ueda** • I am aware of the information communication issues that Mr. Suzuki noted. Our latest television commercial highlights Zero Carbon Baseball Park.

**Okaichi** • I also feel something lacking in public relations. For example, our Algae x Aquaponics Project was recognized for its novelty and its impact in solving social issues, and won an award in the GX/Carbon Neutral category of Forbes JAPAN Xtrepneur AWARD 2024. While the project is still underway and we need to keep a financial eye on it, I think we should do more to highlight its originality and novelty. What do others think?

**Suzuki** • I agree that we should more clearly and actively put the spotlight on wonderful projects like that.



## Opinion-Exchange Meetings with Knowledgeable Experts

## About enhancement of engagement

## Making efforts to note and further develop our strengths

**Sasaya** • I would like to share thoughts on enhancement of engagement, our next theme. Mr. Sakashita, you are an expert in this area. What is your assessment?

**Sakashita** • There are some data that I want to highlight.

One point to note is that none of the survey items related to “Principles and strategy” yielded high scores. This can be read as employees not holding high expectations toward the various strategies pursued by the company, which suggests a need to strengthen internal communications.

**Nawa** • In surveys like this, there is a tendency to focus on weaknesses. However, I think we should also take note of strengths that scored high and grow those further. Among the strengths of Kumagai Gumi revealed by survey findings, I want to focus on the item “Members work cooperatively in the workplace.” This also connects to corporate climate and culture and is the most important area of the survey for Kumagai Gumi. I hope to achieve a higher score here.

**Suzuki** • Looking at the latest survey, scores appear low overall for employees in their 30s. Are there ways we can boost the employee retention rate in this age group?

**Taniguchi** • There was a period in the past when Kumagai Gumi constrained its hiring. Accordingly, the number of employees in their late 30s to early 40s is low, which makes the burden on those employees high. We are moving forward with investments in human resources, including strengthened mid-career recruitment and human

resource development.

**Ono** • I recognize that there has been a decline recently in turnover among employees in their 30s. We have also been focusing on education and training to develop supervisors who oversee worksites. Recently, we have been successfully developing young employees and female employees in their 30s into such supervisors. I also serve as an interviewer for employee recruitment. When I ask young people why they want to work for Kumagai Gumi, they often point to the freely open atmosphere of its organizations.

**Ito** • I have heard that as well. I think this is the result of worksite supervisors and employees in the field solidly communicating the character of Kumagai Gumi to students who visit workplaces for internships or other reasons.

**Hamada** • A point I took note of was job satisfaction among line managers. Low engagement among employees at this grade, which is right at a middle level, could pull down engagement for lower grades as well. Another visible tendency is that of higher engagement in employees who are able to design boundaries between work and leisure time.

**Sasaya** • I think that our “My SDGs” concept, which makes SDGs initiatives into a matter of employees’ personal business, will also help boost engagement.

**Ueda** • We incorporated Mr. Sasaya’s advice into the “My SDGs” initiative, and added it to our Employee Evaluation Sheet.



## Messages to Kumagai Gumi

## Feeling that the time has come for a leap forward by Kumagai Gumi

**Nawa** • In today's exchange of opinions, I felt three key points. The first, as noted earlier, is a wish for Kumagai Gumi to reaffirm its strengths and focus on further growing them. The second is the creation of mechanisms to boost engagement. I would like to see the company undertake reforms that leverage DX not only in education and training but also in information sharing, in management systems, and in the systemization of craftsmanship, something I have talked about for some time. The third is ways to link enhancement of engagement to corporate value. I want the company to be aware that corporate value cannot be simply separated into the financial and the non-financial, but must be enhanced with the two skillfully connected.

I want Kumagai Gumi to aim to be a company in which on-site supervisors and employees proactively ask how they can solve their own departments' issues and then take action, as opposed to the company doing so for them.

**Sasaya** • As Mr. Nawa said, I think the key point is how the company can enhance its corporate value through the initiatives that were discussed today. By continuing such dialogues that are characteristic of Kumagai Gumi, I hope the company will aim for further growth.



**Ueda** • Sustainability management and enhancement of engagement are also being discussed within the Management Conference and the Board of Directors, but today I feel I have gained new ideas from your comments. Kumagai Gumi has gone through difficult times, and since then has walked a steady path toward renewal. From here on out, we will continue tackling new things and actively undertake information communication. I want to deliver a positive report at this gathering again next year.



**Suzuki** • If I were to briefly convey a single takeaway from today, it would be that the time has come. The company's performance is on the upswing, and its stock price recently (June 8, 2025) reached its highest point since listing on the market. I also get the sense that internal reforms

are progressing steadily. I think now is the perfect time for Kumagai Gumi to make a leap forward.

**Sakashita** • I also sense that the company is steadily working to enact improvements regarding issues highlighted by the engagement survey. I am impressed by this Worksite Excellence shown by Kumagai Gumi.

**Hamada** • Measures related to the enhancement of engagement will not move forward unless employees themselves have the desire to undertake those measures.





## Human Capital Management

Specific issues	Risk of inaction	Opportunities
Human capital management	<ul style="list-style-type: none"> <li>Outflow of human resources</li> <li>Technological stagnation</li> <li>Decline in competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Creation of a robust human resource foundation</li> <li>Organizational revitalization</li> <li>Increased competitiveness</li> </ul>
Achievement of work-life balance	<ul style="list-style-type: none"> <li>Decrease in motivation among employees</li> <li>Decrease in employee sense of belonging</li> <li>Decrease in labor productivity</li> </ul>	<ul style="list-style-type: none"> <li>Increased motivation among employees</li> <li>Work efficiency</li> <li>Increased productivity</li> </ul>
Promotion of diversity and inclusion	<ul style="list-style-type: none"> <li>Slowdown in innovation</li> <li>Loss of new business opportunities</li> <li>Damage to corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of innovation</li> <li>Creation of new business opportunities</li> <li>Improved responsiveness to market changes</li> </ul>
Creation an environment of wellness	<ul style="list-style-type: none"> <li>Increased workplace stress</li> <li>Decline in organizational morale</li> <li>Rise in employee turnover rates</li> </ul>	<ul style="list-style-type: none"> <li>Improved employee health</li> <li>Enhanced employee satisfaction</li> <li>Improved employee retention rates</li> </ul>

### About our human capital management

#### Basic policies

Kumagai Gumi Group views human resources as its “capital” and believes that allowing them to maximize their capabilities leads to an increase in medium- to long-term corporate value. Based on this view, we will increase investments in human resources that form the source of sustainable growth and that are the core of our business activities to maximize our human resources value with regards to both quantity and quality, and to develop a human resource foundation that will contribute to boosting our corporate value.

#### Human resources strategy

We are planning investments on the scale of six billion yen as part of the Kumagai Gumi Group Medium-term Management Plan (FY2024–FY2026). We will focus on recruitment activities, talent development, improving compensation levels to boost employee motivation, and enhancing the workplace environment. Through these initiatives, we aim to strengthen employee motivation, pride, and confidence, thereby improving employee engagement, organizational capability, and maximizing human capital value.

### Recruitment of human resources

We are developing recruitment plans that take into account the number of employees, work type composition and age distribution five and ten years from now, based on changes in the business environment and future performance trends to maintain/increase our technological strength and competitive strength.

In new graduate recruitment, we actively conduct internship programs, workplace tours, employee interviews, and roundtable discussions with younger staff to provide job experience and prevent post-hire mismatches.

For mid-career recruitment, we focus on securing human resources with the specialized skills required in priority areas, based on our business strategy, and a readiness to apply those skills.

Additionally, we have introduced a “job return system” that allows former employees to be rehired at their request, enabling them to contribute once again to the company.

#### Hiring performance

		Joined in April 2023		Joined in April 2024		Joined in April 2025	
Number of new graduate hires (people)	Male		78		94		88
	Female	110	32	119	25	115	27
Number of mid-career hires (people)		14		15		28	

\* Figures for mid-career hires represent total mid-career hires during the previous fiscal year

## ● Development of human resources

Acquiring the knowledge necessary for one's duties, honing technical skills, and developing the ability to adapt flexibly to changes in the business environment are all essential to career development. Based on our "Human Resource Development Plan" that sets out our talent development policy, Kumagai Gumi undertakes a variety of initiatives with the aim of developing human resources under the idea of "Enrich the self, create the future, and support people."

### Support for certification and outside education

We encourage the acquisition of official qualifications such as Professional Engineer and 1st-Class Architect. For those preparing for exams, we provide support such as supplementary lectures and mock examinations to foster self-driven skill development.

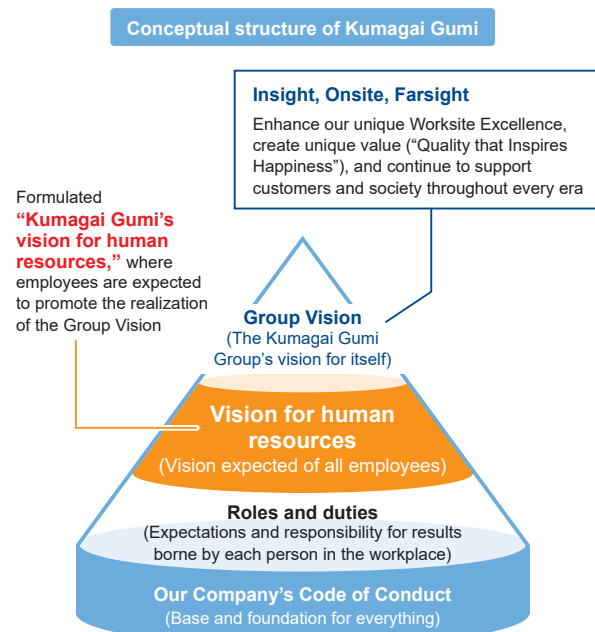
### Communication in personnel evaluations and execution of work

We conduct goal setting interviews at the beginning of the term, progress confirmation interviews at the mid-point of the term, self-evaluation confirmation interviews at the end of the term, and finally an interview on evaluation results for providing feedback. Employees may submit their preferences regarding future job assignments and skill development to the Human Resources Dept.

### Achieving high training participation rates

At the time of training, in addition to the information provided to the trainee themselves, the general manager and supervisors connected with the relevant division and department are also notified in advance as part of efforts to create an atmosphere conducive to participation in training.

### Our corporate philosophy structure and vision for human resources



### FY2024 attendance status of training by rank

By target Category	Name of training	Eligible number of trainees (people)	Participants (people)	Training rate (%)	Total training hours	
					Total hours	Training hours per person
Selective training	Next-generation leader development training	23	23	100	368	16
Role training	Newly appointed line director training	22	17	77	544	32
	Evaluator training	63	57	90	456	8
	OJT trainer training	75	75	100	600	8
	Mid-career training for region-limited Employee	18	17	94	349	21
Training at time of promotion	Newly appointed manager training	33	30	90	480	16
	Newly appointed beginning manager training	40	36	90	576	16
	Newly appointed instructor training	93	88	94	1,408	16
Year-specific training	Manager positions 5th-year training	19	19	100	304	16
	3rd-year training	97	97	100	1,552	16
	New employee follow-up training	119	119	100	6,011	51
	New employee training	119	119	100	55,016	462
Total	Training expenses: 59.165 million yen	Total number of participants: 697 people			Total training time: 67,664 hours Training hours per person: 97 hours	

## Human Capital Management

## ● Employee engagement

We began running employee engagement surveys from FY2023. In FY2024, the response rate for the survey was 100%, which helped to visualize the thinking of all employees. By analyzing survey results from multiple perspectives, we inform company-wide initiatives and support each department in developing effective measures. Through ongoing efforts to address issues, we aim to enhance employee motivation and strengthen organizational capabilities.

▶ P70 Opinion-Exchange Meeting with Knowledgeable Experts

### Main initiatives to improve engagement

- Opinion exchange sessions on the Medium-term Management Plan
- Implementation of measures to improve employee compensation
- Regular discussions between management and younger employees
- Social events to promote communication across departments and generations
- Standardizing of operations and sharing of knowledge through job rotations
- On-site interviews with employees via QCDSE patrols
- Engagement-focused seminars led by external instructors

## ● Kumagai Gumi is a company that supports diversity

Kumagai Gumi is working toward creating a workplace environment where everyone can work in a lively manner, regardless of gender, age, nationality, gender identity, sexual orientation (LGBTQ, etc.), or disabilities, and promoting work style reforms with the goal of boosting business performance.

### Promotion structure

Kumagai Gumi established the “Diversity Promotion Committee” composed of General Managers of divisions and chaired by the General Manager of the Administration Division, and involves diversity promotion managers elected by the head office, branches and group companies to create a promotion structure. A “Work Style Reform Working Group” with representatives of divisions has also been established to examine various systems and measures to promote diversity and work style reforms horizontally across the company.



### Main initiatives in fiscal 2024 and evaluation by society

2024	April	we introduced a “Family Ship System” to enable same-sex partners and employees in common-law marriages to use in-house systems.
	May	<ul style="list-style-type: none"> <li>• Held a diversity lecture presented by invited guest Mariko Bando, President and Chancellor of Showa Women's University</li> <li>• An employee of our company appeared as a panelist at the CPDS Seminar during the 6th Construction &amp; Survey Productivity Improvement Exhibition (CSPI-EXPO)</li> </ul>
	August	Conducted third company-wide nursing care survey
	November	Received the “Gold” rating in PRIDE Index, an evaluation index related to LGBTQ and other initiatives
	December	Cooperated as a host company for student visits under the Tokyo Metropolitan Government's “Work-Childcare Balance Experience Program”; Related roundtable discussion was featured on the Tokyo Metropolitan Government website
2025	January	Started providing Laurier personal sanitary products at work sites
Recognition		<ul style="list-style-type: none"> <li>• Featured as a leading DEI company in the Spring Labor-Management Negotiations and Consultation Guide, published by KEIDANREN (Japan Business Federation)</li> <li>• Received the Nagoya City FY2024 Award for Excellence in Promoting Women's Participation</li> </ul>



### Workplaces where women can play active roles

We formulated the 4th Action Plan (January 2023 to March 2026) based on the Act on Promotion of Women's Participation and Advancement in the Workplace. The three quantitative goals of this plan are as follows:

#### Achievements of the Action Plan for Promotion of Participation by Women

Quantitative Targets	FY2022	FY2023	FY2024
Increase in the percentage of women among new graduate hires to 25% or more	30.4%	29.1%	21.0%
Percentage of women among newly appointed managers: 7% or more	7.9%	25.0%	32.1%
70% or higher rate of acquisition of childbirth-related leave by men	73.9%	75.6%	89.4%
Ratio of male employees taking childcare leave + Utilization rate of special paid leave taken when spouse gives birth	73.9%	75.6%	89.4%
Ratio of male employees taking childcare leave	54.3%	57.8%	76.6%
Utilization rate of special paid leave taken when spouse gives birth	58.7%	53.3%	55.3%

#### Business status since promoting diversity

Over the ten years since we began promoting diversity, the number of female managers has increased 7.7-fold, from 11 to 85, and the number of female engineers has increased 2.6-fold, from 63 to 161. The number of males using systems for balancing work and private life is also increasing. Improvements have been made to long working hours, with the average monthly overtime reduced by 30.2 hours per employee.

As part of our initiatives to support diverse work styles, we introduced a fertility treatment leave program in 2021, available to all employees regardless of gender. In 2023, we launched a subsidy program to assist with babysitter expenses. In 2025, we implemented a new system to help employees undergoing medical treatment or regular hospital visits balance their work and care responsibilities.

Classification by indicator	FY2015	FY2022	FY2023	FY2024	FY2015–FY2024 Comparison
Reduction in average monthly overtime hours (based on FY2015 level)					30.2 hours
Number of women in managerial positions (persons)	11	69	78	85	7.7 times
Ratio of full-time female employees (%)	12.6	18.7	19.3	19.4	1.5 times
Number of female engineers (persons)	63	143	157	166	2.6 times
Ratio of male employees taking childcare leave (%)	2.3	54.3	57.8	76.6	33.3 times
Utilization rate of special paid leave taken when spouse gives birth (%)	40.0	58.7	53.3	55.3	1.4 times
Number of employees working shorter hours (persons)	21	44	46	44	2.1 times
Number of employees taking and nursing care leave (persons)	7	47	47	59	8.4 times
Number of re-employment hirees (persons)	228	305	373	396	1.7 times
Number of employees taking and volunteer leave (persons)	1	26	9	18	18 times

## Human Capital Management

**Current state of employment of persons with disabilities**

To promote greater understanding of persons with disabilities, we have implemented various initiatives, including e-learning programs.

We also accept students from special needs schools for workplace training and have advanced barrier-free improvements at our headquarters building, such as installing automatic doors and ramps at employee entrances, and renovating elevators and restrooms.

In FY2024, we hired one employee with a disability in each division. To support workplace integration, we conduct regular interviews in collaboration with specialized support organizations until employees become accustomed to their duties. In addition, we encourage designated trainers for employees with disabilities to participate in foundational training programs related to disability support.

**LGBTQ initiatives**

In April 2024, we introduced a “Family Ship System” to enable same-sex partners and employees in common-law marriages to use in-house systems. “Same-sex partners” and “common law partners” (hereafter, “partners”) are entitled to the same welfare benefits and regulations as spouses (those who are legally married), and children of partners as recognized by the company are recognized as “family” under the company system. We have also established guidelines related to LGBTQ and other forms of diversity.

**Status of retiree reemployment**

We operate employment-related systems under the premise of continued employment until the statutory retirement age of 65, and focus on maintaining reemployment of retirees who wish to continue working. As of April 2025, Kumagai Gumi has 294 reemployed senior staff who actively contribute by leveraging their extensive experience and expertise.

## ● Health management

We view the health of our employees as the most vital of our management resources. We have established a health promotion office in the headquarters, and have readied systems for the comprehensive support of employees' health with the cooperation of industrial physicians and health promotion managers at all branches. Every fiscal year, we formulate an employee health promotion plan as part of our programs for mental and physical health promotion, and carry out health promotion activities that seek an upward spiral in the PDCA cycle. The company regularly provides employees with information on a variety of health-related topics to promote wellness. We have been recognized by the Health and Productivity Management Organization Recognition Program of the Ministry of Economy, Trade and Industry as a corporation that practices excellent health management for nine consecutive years.

**Initiatives for employees with higher risks**

All employee health checkup results undergo careful checks by industrial physicians with follow-up conducted. To prevent brain and cardiac disease and mental health disorders caused by overtime hours, we offer accumulated fatigue checklists for eligible employees and every month provide consultation with industrial physicians to persons who request it. In addition to this, we provide special follow-up through visits by occupational health experts, interviews, and other measures to address workplaces in special environments.

**Plan for the Promotion of Employee Health (FY2025)**

- (1) Initiatives to prevent work-related accidents among employees
- (2) Assessing working hours and approaching high-risk individuals
- (3) Conducting general health examinations and approaching high-risk individuals
- (4) Implementation of stress checks and approach to high-risk persons
- (5) Efforts in individual cases
- (6) Initiatives to maintain and promote the physical, mental, and social health of employees

### Initiatives for mental health

We conduct initiatives such as individual case support, proposals for organizational development through stress checks (covering 80 items), and tiered employee training programs focused on self-care and organizational care.

For employees on leave, we have established a support system that facilitates smooth return-to-work by ensuring close coordination between the company (occupational physician) and the attending physician, thereby resolving any discrepancies in understanding. As part of this effort, we distribute the “Handbook on Taking Leave and Return to Work” to affected employees, clearly outlining necessary procedures, compensation, and other relevant information.

During leave, the company (HR, supervisors, and occupational physician) contacts the employee once a month to provide information and confirm the situation regarding return-to-work criteria, duration, and compensation. When returning to work, employees are required to express their intention and submit a company-designated medical certificate from their attending physician. In advance, we share the return-to-work system with the physician to promote understanding of the criteria.

To further alleviate financial concerns, we have introduced a Group Long-Term Disability (GLTD) insurance program, which compensates income during leave and contributes to employees’ financial stability.

## Employee benefits

To ensure that employees can work in good health, with peace of mind, and lead fulfilling lives, we have established a range of programs related to flexible work styles, lifestyle support, and health.

• Company housing and dormitories for single employees	• Mutual Aid Association	• Health Promotion Office	• Resort Facility (Karuizawa)	• Subsidy program for babysitting expenses
• Various types of social insurance	• Loan program	• Employee Property Formation Saving program	• Employee stock ownership plan	• Group Long-Term Disability (GLTD) insurance program
				• Employee benefits service (WELBOX)

## Promotion of work style reform

In response to the enforcement of overtime work regulations in the construction industry starting in 2024, we established the “Work Style Reform Action Plan 2024.” The action plan incorporates organizational initiatives from both the Civil Engineering and Building Construction Divisions and in-house office divisions. To further strengthen teamwork, it also outlines the initiatives for

general managers, branch managers, on-site managers, and department heads., with all employees participating in its implementation.

The “Work Style Reform Action Plan 2025” includes an additional provision stating that organizational support will be provided in cases where workloads may become concentrated.

### Work Style Reform Action Plan 2025 (excerpt)

President Policy ➡ Policies for the entire company and Business Units ➡ Divisional/Departmental (headquarters/branches, teams/project sites) policies ➡ Action plan for individual employees	
Policies for the entire company and Business Units	Action plan for individual employees
<ul style="list-style-type: none"> <li>• Implement organizational support and monitoring for employees experiencing concentrated workloads</li> <li>• Provide structured support to project sites where construction schedules may become constrained</li> <li>• From the sales stage, plan a five-day work week and personnel allocation in line with project scale, ensuring adherence to the standard of achieving 8 days of closure per 4 weeks at work sites</li> <li>• Allocate an on-site support (supervising) department for in-house office divisions, enabling workload leveling by having support teams take on portions of site operations</li> <li>• Promote the use of ICT tools company-wide and boost support for utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure a five-day work week and planned holiday acquisition</li> <li>• In goal setting, each department shall establish work improvement measures and innovations that contribute to compliance with working hour limits</li> <li>• All employees must accurately track their own working hours</li> <li>• Supervisors shall monitor working hours not only at the individual level but also across departments and project sites</li> </ul>



## Technology Development

Specific issues	Risk of inaction	Opportunities
Development of environmentally friendly technologies	<ul style="list-style-type: none"> <li>Cost of compliance with laws and regulations, etc.</li> <li>Decline in competitiveness due to late response to technologies</li> </ul>	<ul style="list-style-type: none"> <li>Creation of technologies, products, and businesses for building a recycling-oriented society</li> <li>Creation of technologies, products, and businesses that take biodiversity conservation into consideration</li> <li>Needs of society for energy conservation, ZEB, ZEH</li> </ul>
Initiatives to solve social issues	<ul style="list-style-type: none"> <li>Decrease in needs due to declining population</li> <li>Decrease in competitiveness due to lack of know-how</li> </ul>	<ul style="list-style-type: none"> <li>Development of new technologies and new products</li> </ul>
Initiatives for emergencies such as natural disasters	<ul style="list-style-type: none"> <li>Decline in competitiveness due to late response to technologies</li> <li>Decrease in competitiveness due to lack of know-how</li> </ul>	<ul style="list-style-type: none"> <li>Increase in demand for disaster prevention/mitigation</li> <li>Expansion of national resilience markets</li> <li>Increased demand for buildings adapted to BCP</li> </ul>

### Research and Technology development policies

#### Research and Technology development policies

- Deepen construction technology and develop human resources to realize a prosperous society.
- Promote digital and robotic technologies geared toward advancing construction capabilities.
- Develop environmentally friendly technologies that can help create a sustainable society.

#### Investment in R&D

Expenses in the current planning period

**10 billion yen scale\***

\* Including 2.5 billion yen of capital expenditures

Kumagai Gumi has formulated its research and technology development policies in alignment with the Kumagai Gumi Group Medium-term Management Plan (FY2024–2026) based on a detailed analysis of external conditions and the company's internal capabilities.

In the area of enhancing and advancing construction technologies, the company leverages its research facilities to develop technologies in architectural environmental engineering, seismic resistance, and building renewal. Under the theme of Promoting DX and Robotics, the introduction of these technologies is expected to

contribute not only to operational efficiency but also to improvements in the working environment. Efforts such as robot-assisted inspections and the adoption of advanced ICT technologies aim to achieve high-quality construction while reducing labor demands and enhancing precision.

The development of Environmentally Conscious Technologies is also positioned as a

key issue within the company's ESG Initiative Direction. In particular, achieving carbon neutrality is recognized as a critical management priority. Kumagai Gumi is actively pursuing technologies that reduce environmental impact, including fire-resistant coatings and seismic components for mid- and large-scale wooden structures, low-carbon concrete development and dissemination, and the cultivation and application of algae with carbon fixation capabilities.

The company plans to invest approximately 10 billion yen in research and technology development over the three-year period of the plan. Actual investment in FY2024 amounted to approximately 3 billion yen, with steady progress expected over the remaining two years. This includes expenditures for the maintenance and renewal of research facilities.

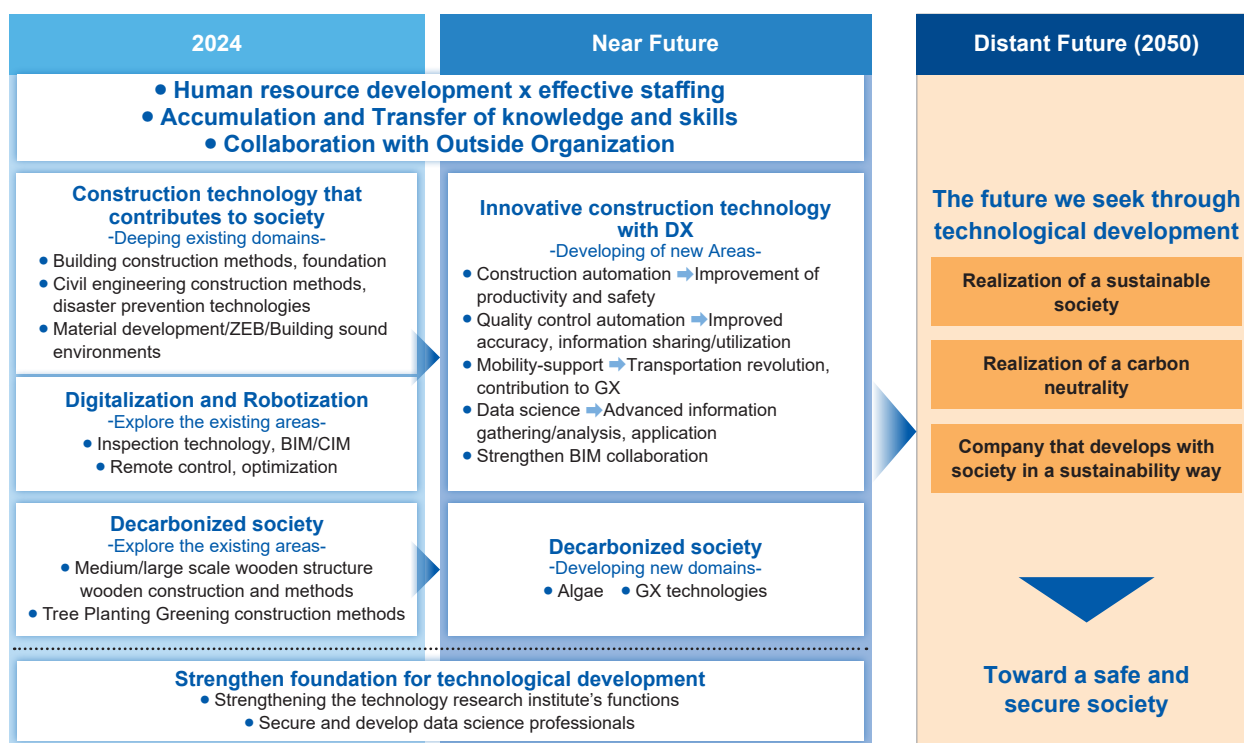


**Shinjiro Omoto**

Executive Officer, General  
Manager of Technical  
Research & Development  
Division

#### Research and technology development system





**Comments from the Head of Kumagai Gumi's Technical Research & Development Institute, and organization which responds to varied technical research needs**

**Seiji Kanamori**

Head of the Technical Research & Development Institute,  
Technical Research & Development Division

Kumagai Gumi established the Tsukuba Technical Research & Development Institute in Tsukuba City, Ibaraki Prefecture in 1988. Leveraging the unique character of Tsukuba as a science and research hub, we have engaged in a wide range of R&D activities, collaborating not only with research institutes in the same industry but also, at times, with those in entirely different fields. In addition to developing technologies that contribute directly to our

business performance, we actively engage in community outreach. This includes hosting site visits and educational programs for local elementary schools and students from designated Super Science High Schools (SSH), using our facilities as a place for learning about construction.

Now in its 37th year, the Technical Research & Development Institute faces evolving requirements for its experimental infrastructure. To address this, we launched a master plan project in FY2024 to review and upgrade our experimental facilities, including the reconstruction of various testing buildings.

## Intellectual properties

In FY2024, as a result of active collaboration with other companies, joint patent applications with universities and other firms accounted for approximately half of all patent filings, and the promotion of open innovation was also reflected in the number of patent applications. Patent applications from branch offices and construction sites continued to account for more than 10% of the total, as in the previous fiscal year, indicating that awareness of patent filing has become widespread throughout the company. The main technical fields in which patents were

filed included timber-related technologies (12%), digital measurement, analysis, and DX-related automation (12%), infrastructure renewal for highways and tunnels (11%), and biotechnology (9%), reflecting the company's strategic priorities.

Furthermore, in the development of construction materials with an eye toward commercialization, we are actively pursuing not only patent applications but also design registrations.

## Pickup

**Autonomous floor crack imaging device**

To reduce labor and improve efficiency in floor crack inspections, Kumagai Gumi has developed an imaging device equipped with autonomous navigation capabilities.

By inputting environmental map data in advance and comparing it with sensor information, the device estimates its own position, thereby reducing the need for manual map creation on site. Using dedicated

software, the device can autonomously navigate inspection routes across the entire target area.

The estimated time required to inspect a 1,500 m<sup>2</sup> floor is approximately half a day.



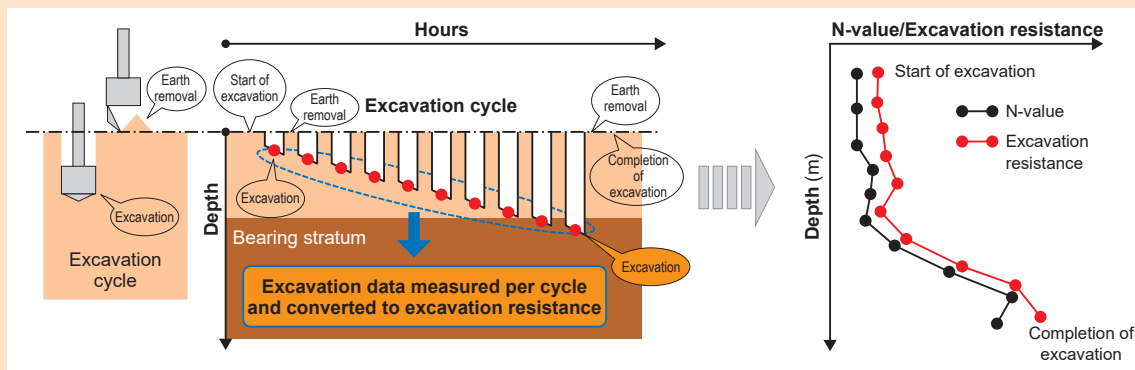
## Pickup

**Excavation resistance measurement technology for Earth Drill Method (for cast-in-place concrete piles)**

In collaboration with Yusho Kogyo Co., Ltd., Kumagai Gumi has developed an excavation resistance measurement technology for the Earth Drill Method (for cast-in-place concrete piles) and updated its construction technology assessment certification.

This method enables more accurate and real-time

confirmation of bearing layers during pile installation. The latest update introduces a new evaluation technique that calculates an index called “excavation resistance value” based on data collected during drilling, such as depth, torque, and rotation speed, supplementing conventional methods.



**Hiroyuki Aoki**  
General Manager  
Building Management  
Division  
Building Engineering  
Department  
Architectural Structure  
& Engineering Dept.



**Atsushi Ogawa**  
Head of the Soils &  
Foundations Research  
Laboratory  
Technical Research &  
Development Division  
Technical Research &  
Development Institute

**Comments from developers of the excavation resistance measurement technology for Earth Drill Method (for cast-in-place concrete piles)**

Triggered by challenges in reaching bearing layers during pile installation, Kumagai Gumi recognized the urgent need, both within the company and across the construction industry, for more reliable technologies to confirm bearing layers in cast-in-place concrete piles. Several approaches were considered, but based on internal discussions and expert input, the team adopted a method that uses excavation data without affecting the construction process. During development, collaboration between field teams and pile contractors enabled smooth data collection for third-party technical evaluations. Thanks to the support of many contributors both inside and outside the company, we were able to develop a practical technology that can be deployed on site.



## Promotion of DX

Specific issues	Risk of inaction	Opportunities
Promotion of DX	<ul style="list-style-type: none"> <li>Decrease in labor productivity</li> <li>Delay in shift to DX due to lack of skilled human resources</li> </ul>	<ul style="list-style-type: none"> <li>Development of new businesses</li> <li>Increased productivity</li> <li>Advances in building technology</li> </ul>

### ● Towards achieving Kumagai Gumi DX Policy

Kumagai Gumi has established its DX Strategy 2024–2026 centering around the company's DX Policy focusing on "Insight, Onsite, Farsight." Following this strategy, we will advance the development of DX human resources, establish a digital platform, and drive operational efficiency through the use of business applications and generative AI. During the Medium-term Management Plan period, we expect to invest approximately 8 billion yen in DX, including 1 billion yen in capital expenditures. In FY2024, DX investment totaled approximately 3.1 billion yen.



#### DX Strategy 2024–2026

<b>Enhance</b> our technical and workforce capabilities, and original onsite versatility through digital transformation. 	<b>Digital Experts Management</b> <ul style="list-style-type: none"> <li>Increase digital literacy of all employees.</li> <li>Train and place advanced digital experts.</li> <li>Recruit IT talents proactively and increase digital experts.</li> </ul>	<b>Enhance Business Efficiency</b> <ul style="list-style-type: none"> <li>Renew and establish core systems</li> <li>Develop telecommunications infrastructure</li> <li>Reinforce security</li> <li>Diversify data collection methods and make rules.</li> </ul>	<b>Establish to Use Digital Infrastructure</b> <ul style="list-style-type: none"> <li>Promote use of the KDS.*</li> <li>Promote use of generative AI.</li> <li>Use no-code tools, RPA, and BI.</li> </ul>
<b>Create</b> a "happiness quality" that utilizes digital technology to respond to user feelings. 	<b>BIM / CIM</b> <ul style="list-style-type: none"> <li>Shift to consistent use of BIM/CIM operations</li> <li>Establish front-loading.</li> <li>Combine real-world data and BIM/CIM data.</li> </ul>	<b>Improve Construction Management Efficiency</b> <ul style="list-style-type: none"> <li>Actively use ICT tools at worksite offices.</li> <li>Diversify construction management with the use of remote monitoring.</li> <li>Digitalize to control the quality and execution of finished products.</li> </ul>	<b>Automation &amp; Autonomy of Manufacturing</b> <ul style="list-style-type: none"> <li>Develop robots and AI in phases and put them into practical use.</li> <li>Promote digital fabrication.</li> <li>Expand the scope of unmanned and remote-control construction.</li> </ul>
<b>Support</b> customers and society through digital technology that transcends the times. 	<b>Utilize Digital Twin Technology</b> <ul style="list-style-type: none"> <li>For structural simulation and analysis</li> <li>For real-time sharing of project progress</li> <li>For operations and data application in completed projects</li> </ul>	<b>Digital Solutions</b> <ul style="list-style-type: none"> <li>Reinforce sales force organization</li> <li>Life cycle management proposal</li> <li>Ecosystem Formation</li> </ul>	<b>Technological Development</b> <ul style="list-style-type: none"> <li>Develop environmentally friendly technologies and practical application</li> <li>Develop disaster prevention/recovery technologies for proposal</li> <li>Develop digital technology products for sale and increase profitability</li> </ul>

\* It stands for Kumagai Gumi Deep Smarts, a system that stores current and past worksite data in the cloud and makes it available to everyone.

#### DX promotion system of the Kumagai Gumi Group

As part of its strategic approach to digital transformation, the Kumagai Gumi Group has established two key governance bodies: the IT Strategy Committee and the IT Strategy Expert Subcommittee. These cross-functional teams are composed of members from multiple departments and work together to drive DX initiatives across the entire company. DX implementation is led by the Headquarters, branch offices, and group companies, ensuring a unified and practical rollout throughout the Group.

### ● Initiatives for Developing DX Human Resources at Kumagai Gumi

#### Establishment of categories of DX staff at Kumagai Gumi

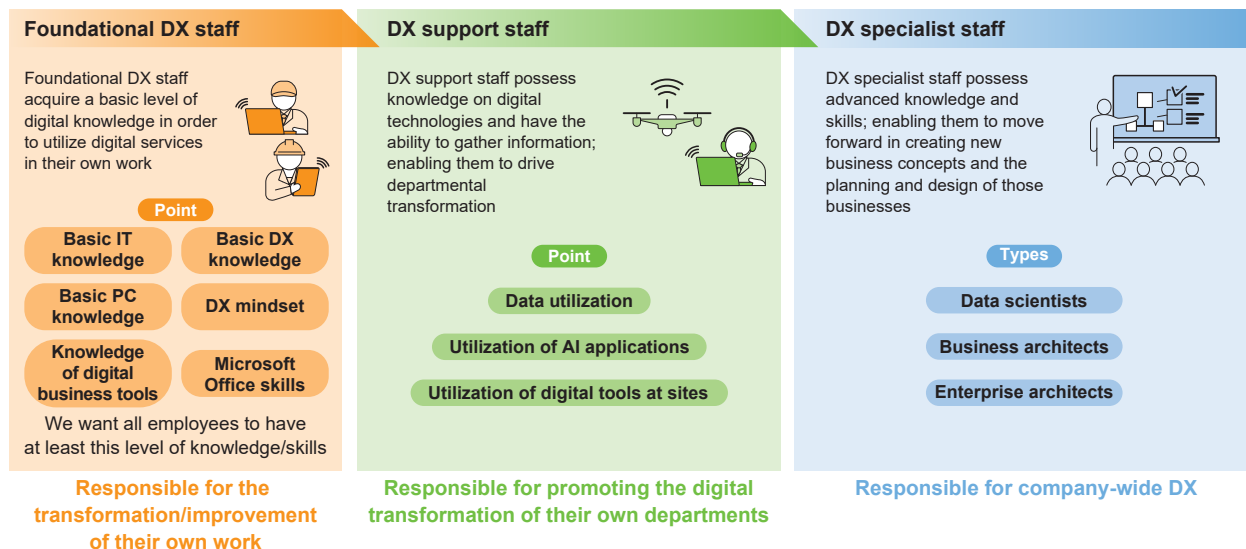
To respond to the rapid changes in the construction industry, the use of digital technologies is essential. It is increasingly important for all employees to enhance their IT and DX knowledge, improve their proficiency with digital tools, and for the company to cultivate advanced DX human resources capable of leading its digital transformation. Strengthening DX capabilities will drive organizational change and improve overall competitiveness. Based on this approach, Kumagai Gumi has established a DX staff classification framework and launched a structured development program.

#### Initiatives for developing DX human resources

The company provides IT literacy training to all employees through e-learning, witnessing a participation rate of 91% in FY2024. In FY2023, Kumagai Gumi began developing personnel with advanced DX skills, categorized as "DX Support Staff." Each year, a selected number of employees from Headquarters and branch offices participate in a two-year curriculum, covering both foundational and practical training, with the goal of steadily increasing the number of DX Support Staff across the organization.

## Promotion of DX

## Categories of DX staff at Kumagai Gumi



## ● Streamlining Construction Management through DX

### KIS-C (Knowledge Information System for Cotter Slabs)

KIS-C (Knowledge Information System for Cotter Slabs) is a proprietary quality management system developed by our company for the Cotter Floor Slab Method. It centralizes quality control data, from component manufacturing to on-site operations, via a cloud-based platform. By eliminating the complexity of data management, KIS-C reduces on-site administrative workload by 50% while contributing to improved quality and productivity.

Following system enhancements, external provision of KIS-C began in FY2024 through our group company, FATEC.



DX of site management

## ● Utilization of AI

### Upgrade of generative AI tools designed for all employees

Since FY2023, we have provided all employees with access to "Kumagai Chat AI," a generative AI tool built on Microsoft Azure's OpenAI model. In December 2024, we implemented a major upgrade that added capabilities such as file ingestion and data analysis response functions. These enhancements support a wide range of tasks, including accelerated and advanced information gathering, idea generation, high-quality writing, programming, and data analysis.

### Joint research with the University of Tsukuba on generative AI utilization

We conducted a joint research project with the University

of Tsukuba focused on the practical use of generative AI services. The goal was to go beyond general case studies and develop use cases tailored to the construction industry and Kumagai Gumi's unique operational contexts, with participation from employees across multiple departments.

Through this collaboration, we also aimed to cultivate the following skills essential for driving digital transformation:

**Mindset:** A willingness to embrace change and continuous learning, along with a structured understanding of ethics and knowledge systems

**Communication skills:** Proficiency in crafting AI prompts, verbalization, and interactive dialogue

**Critical thinking:** The ability to formulate questions, build hypotheses, and conduct verification through experience

## ● Work Improvement through the Adoption of a New Core System

### Adoption of New Core System “Construction WAO” and system operation results

“Construction WAO” is an integrated system developed specifically to meet the needs of the construction industry. It centralizes operations from estimation, contracting, and invoicing to cost management, and fully digitizes the entire process.

Full-scale operation of Construction WAO for new construction projects began in April 2024.

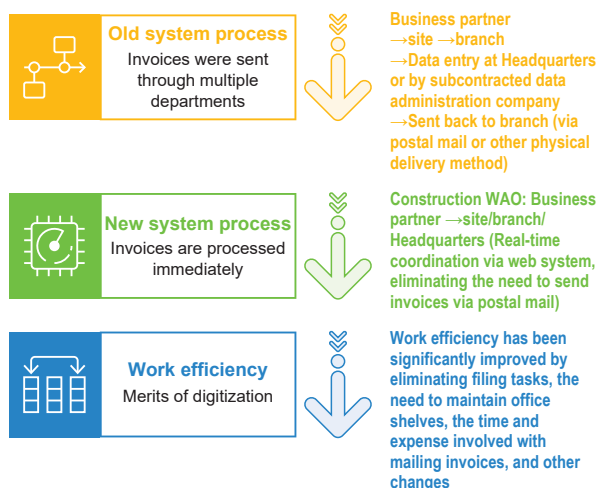
The transition from the legacy system has progressed smoothly in parallel, and starting in FY2025, all projects will be managed using Construction WAO.

In terms of invoice processing with business partners, the company has achieved an exceptionally high invoice digitization rate of 99.6% on average annually, demonstrating the strength of our digital transformation capabilities.

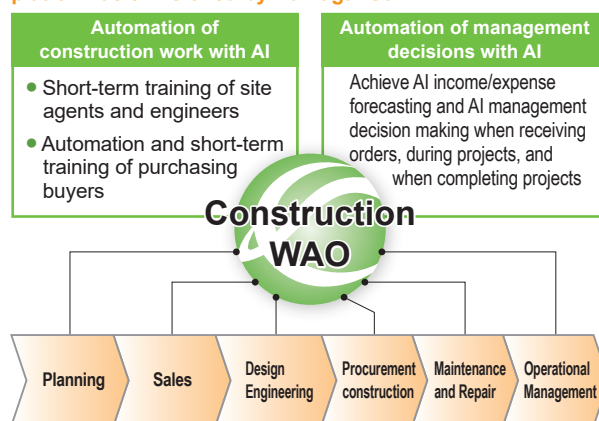
### Future Outlook

We will continue to consolidate all operational data within our core system, Construction WAO, and harness advanced IT technologies to build a new management foundation. By integrating human intelligence with AI, we aim to cultivate talent equipped with forward-thinking ideas and creativity, while strengthening our organizational capabilities. Through these efforts, we are committed to becoming a leading company in digital transformation.

#### Work improvement through the adoption of a new system



#### Digital transformation of construction through a digital platform as envisioned by Kumagai Gumi



#### 1. Immediate application of data

- (1) Entered data will be available on all relevant system immediately. This allows quick business judgments and decisions.
- (2) The system facilitates seamless operations by proactively identifying and preventing potential problems before they arise.

#### 2. Automatic extraction of expertise

- (1) Using data accumulated through centralized databases extracts core business knowledge automatically.
- (2) This leads to the realization of operational advancements, contributing to improved efficiency.

## ● Improvement of communications infrastructure

### Improving wireless LAN connectivity in offices

Previously, certain areas such as workspaces and break rooms faced Wi-Fi connectivity issues. To address this, we have upgraded our office wireless LAN and network equipment, significantly enhancing connectivity. By

repositioning access points and adopting the latest wireless standards, we have greatly improved both communication speed and stability. As a result, employee convenience and operational efficiency have markedly increased.



## Occupational Health and Safety

Specific issues	Risk of inaction	Opportunities
Occupational healthy and safety	<ul style="list-style-type: none"> <li>Loss of public trust due to accidents</li> </ul>	<ul style="list-style-type: none"> <li>Cultivation of a culture of safety</li> <li>Accumulation of preventive maintenance know-how</li> </ul>
Securing skilled workers in the construction industry	<ul style="list-style-type: none"> <li>Difficulty securing human resources and outflow of human resources</li> <li>Quality and safety problems due to labor shortages</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of business by securing construction capabilities</li> <li>Improvement in image through occupational safety initiatives</li> </ul>

### ● Occupational health and safety policy

To strengthen its safety and health initiatives, Kumagai Gumi revised its former “Safety, Health, Quality, and Environment Policy” into the “Safety and Health Policy” in January 2025, establishing a set of guiding principles for action. Kumagai Gumi places safety and health at the core of its corporate activities, prioritizing the respect for human life above all else, and is committed to preventing occupational accidents. We comply with social norms, laws, our internal standards, and other rules, and have established a Safety and Health Management System. We will respond to changes in the business environment through highly effective operation of this system.

#### Structure of the management system

Kumagai Gumi provides comprehensive training in response to occupational accidents, and has developed a structure for reporting to management quickly and accurately when accidents occur. In 2018, the “NEW COHSMS,” which addresses the environmental shift of the construction industry and the ISO 45001 international standard, was released, and we made updates to suit the renewal audit in 2020. Since that time, maintenance audits have been conducted on an annual basis.

#### Sharing information on health safety and prevention recurrence/Active efforts for DX

In April 2021, we introduced the “Safety Portal System”

to accumulate and centralize data. The results of safety and health patrols are compiled into a database and used for risk management, and we created a system for drafting formulating workplace Safety and Health Control Plans. We are also promoting DX through initiatives such as making safety and health patrols paperless, piloting remote patrols, implementing VR-based training, building a database of training program participants, and developing a system audit portal.

#### Safety and health education for employees

We have established educational guidelines, and are conducting education on occupational health and safety and relevant systems at headquarters and branches.

### ● Safety risk management and supervision by top management

The President serves as the chief executive overseeing safety and health, and a Branch Safety and Health Committee is established at each branch, headed by each Branch Manager. During Safety Week and at the end of the year, the President, Vice Presidents and other members of senior management (executives in charge of safety) conduct patrols to raise awareness of safety spearheaded by the executives themselves.

### ● Occupational accidents

(including construction workers at construction sites)

(total at the end of each fiscal year)	Frequency	Severity	Number of accidents involving leave of 4 days or more (deaths)
FY2020	0.32	0.28	9 cases (1)
FY2021	0.63	0.10	16 cases
FY2022	0.69	0.77	15 cases (2)
FY2023	0.98	0.39	22 cases
FY2024	0.74	0.32	20 cases (1)

#### FY2025 target

**0** fatal, serious, or major accidents

Frequency rate of **0.5** or less

## Quality Control

Specific issues	Risk of inaction	Opportunities
Ensure quality and integrity in manufacturing	<ul style="list-style-type: none"> <li>Loss of public confidence and profits due to accidents and scandals</li> </ul>	<ul style="list-style-type: none"> <li>Increase in opportunities to secure orders by increase customer appeal</li> </ul>
Strengthening compliance	<ul style="list-style-type: none"> <li>Loss of public trust</li> <li>Damage to corporate value</li> <li>Legal risks such as filing of lawsuits, administrative penalties, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of misconduct</li> <li>Gain in stakeholder trust</li> <li>Strengthening of internal control risk management</li> </ul>
Handing down skills and technologies	<ul style="list-style-type: none"> <li>Decrease in labor productivity</li> <li>Disasters arising from lack of education and training</li> </ul>	<ul style="list-style-type: none"> <li>Maintain and improve proprietary technologies</li> <li>Assurance of business continuity and profitability</li> </ul>

### ● Basic policy of quality control

To focus on maintaining quality and manufacturing with integrity, Kumagai Gumi revised its former “Safety, Health, Quality, and Environment Policy” into a dedicated “Quality Policy” in 2025, establishing a set of guiding principles for action. Kumagai Gumi is committed to delivering reliable quality while realizing “Quality that Inspires Happiness,” a standard that responds to the feelings and expectations of those who use our spaces.

### ● Quality and environmental management and promotion system

We established the Quality and Environment Management Office, an organization that reports to the President, to enhance the management system and surveillance function in our quality and environmental management system as well as to ensure the effectiveness of quality control and environmental protection. Each branch now has its own Quality and Environmental Management Office, reporting directly to the branch manager. Within the organization chaired by the Chief Quality and Environmental Officer appointed by the President, we implement a PDCA cycle for quality and environmental management, conduct system audits, and continuously verify and improve the effectiveness of our management systems.

Kumagai Gumi obtained ISO 9001 certification in 1996 and ISO 14001 certification in 1997. It is the first company in the construction industry to obtain ISO 14001 certification. We consolidated the quality management

system for quality control and the environmental management system for environmental protection in 2016 to operate the system as a unified organization.

#### Structure of the Quality and Environment Management System



### ● Initiatives to enhance the effectiveness of quality control

Kumagai Gumi sets evaluation indicator to measure the validity of its quality control activities, and promotes various initiatives for improvement. Furthermore, no serious quality-related incidents occurred during construction work in FY2024.

	Civil Engineering	Building	Evaluation Indicators			Above expectation + As expected	Slightly below expectation + Below expectation
			Defect mending rate (Defect mending cost for completed works)				
FY2024	0.02%	0.16%	Number of serious quality accidents during construction			76%	5%
FY2023	0.09%	0.15%	Customer satisfaction assessment at completion;			71%	8%
FY2022	0.04%	0.17%	Customer insight questionnaires after three years of completion			72%	3%
FY2021	0.10%	0.16%				59%	5%
FY2020	0.25%	0.19%				71%	5%

\* Results for FY2024 are current as of the end of May.

## Board of Directors



Masahiro Kawanowa

Taiji Ito

Hiroyasu Yaguchi

Miho Ueda

Masaya Nara

Shigeru Okada

### Shin Ueda President and Representative Director

#### CEO and President

April 1984	Joined Kumagai Gumi Co., Ltd.
April 2014	Executive Officer, Vice Branch Manager, Tokyo Metropolitan Area Office General Manager of the Architectural Construction Department, Tokyo Metropolitan Area Office
June 2015	Project Management Office
April 2017	Managing Executive Officer, General Branch Manager of Tokyo Metropolitan Area Office
April 2020	Senior Managing Executive Officer
April 2021	General Manager of the Building Management Division
June	Director
April 2024	President, Representative Director (current) CEO and President (current)

### Koji Okaichi Representative Director

Executive Vice President, In charge of Technology, In charge of Safety  
In charge of Quality/Environment, In charge of New business, In charge of International business

In charge of business alliance with Sumitomo Forestry Co., Ltd.

April 1984	Joined Kumagai Gumi Co., Ltd.
April 2016	Executive Officer, Deputy General Manager of the Civil Engineering Management Division General Manager of Civil Engineering, Civil Engineering Management Division
April 2017	General Branch Manager of the Kansai Office
April 2018	Managing Executive Officer
April 2019	Kansai Yume Project Office Director, Kansai Office
April 2020	Senior Managing Executive Officer
April 2021	General Manager of the Civil Engineering Management Division General Manager of the Railway Project Promotion Division of the Civil Engineering Management Division
June	Director
April 2024	Representative Director (current) Executive Vice President (current) In charge of Technology (current), In charge of Safety (current) In charge of Quality/Environment (current), In charge of New business (current) In charge of International Business (current) In charge of business alliance with Sumitomo Forestry Co., Ltd. (current)

### Hiroyasu Yaguchi Director

Senior Managing Executive Officer, General Manager of the Administration Division

In charge of Compliance, In charge of Risk Management

April 1986	Joined Kumagai Gumi Co., Ltd.
April 2020	Deputy General Manager of the Administration Division General Manager, Human Resources and General Affairs Department, Administration Division
April 2021	Executive Officers
April 2023	Managing Executive Officer, General Manager of Administration Division (current)
April 2024	Senior Managing Executive Officer (current) In charge of Compliance (current) In charge of Risk Management (current)
June	Director (current)

### Tetsuo Ono Director

Senior Managing Executive Officer, General Manager of the Civil Engineering Management Division

April 1986	Joined Kumagai Gumi Co., Ltd.
April 2020	Deputy General Manager of the Civil Engineering Management Division
April 2021	Executive Officers
April 2023	Managing Executive Officer, General Branch Manager of Nagoya Office
April 2024	Senior Managing Executive Officer (current) General Manager of the Civil Engineering Management Division (current)
June	Director (current)

### Taiji Ito Director

Senior Managing Executive Officer, General Manager of the Building Management Division

April 1986	Joined Kumagai Gumi Co., Ltd.
April 2021	Executive Officer, Deputy General Manager of the Building Management Division General Manager of the Architectural Planning and Management Department, Building Management Division
April 2023	Managing Executive Officer, General Branch Manager of the Chugoku Shikoku Office
April 2024	Senior Managing Executive Officer (current) General Manager of the Building Management Division (current)
June	Director (current)

### Tatsuru Sato Director<sup>\*1</sup>

April 1978	Joined Sumitomo Forestry Co., Ltd.
April 2011	General Manager of the Human Resource Division of the above company Executive Officer of the above company
June 2012	Executive Officer of the above company
April 2013	Managing Executive Officer of the above company
June	Director of the above company
April 2016	Senior Managing Executive Officer of the above company
April 2018	Representative Director of the above company Executive Vice President of above company
June	Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd.
June 2022	Director, Kumagai Gumi Co., Ltd. (current)
March 2024	Special Advisor, Sumitomo Forestry Co., Ltd. (current)

### Shigeru Okada Outside Director<sup>2</sup>

April 1975	Joined Showa Sangyo Co., Ltd.
June 2005	Executive Officer of the above company
June 2008	Managing Director of the above company
June 2010	Senior Managing Director of the above company
June 2011	President and Representative Director of the above company
April 2016	Chairman and Representative Director of the above company
April 2017	Chairman and Director of the above company
April 2018	Director of the above company
June	Special Advisor to the above company
June 2021	Outside Director, Kumagai Gumi Co., Ltd. (current)

### Kimie Sakuragi Outside Director<sup>2</sup>

March 1981	Joined Fukutake Publishing Co., Ltd. (current Benesse Holdings, Inc.)
April 1995	Supervisor, Publications Department, Publishing Division of the above company
November 1998	Section Manager, Business Ethics Committee of the above company
January 2003	Manager, Corporate Ethics and Compliance Office of the above company
June	Standing Audit & Supervisory Board Member of the above company
April 2007	Project Professor, The University of Aizu (current)
June 2019	Outside Director, Toyobo Co., Ltd.
June 2021	Outside Director, Isuzu Motors Ltd. Outside Director (Audit Supervisory Committee Member) Outside Director, Kumagai Gumi Co., Ltd. (current)

### Masaya Nara Outside Director<sup>2</sup>

September 1990	Joined Yasuda Trust & Banking Co., Ltd. (current Mizuho Trust & Banking Co., Ltd.)
April 2009	Mizuho Trust & Banking Co. Ltd. Executive Officer and General Manager, Investment Planning Department
June 2011	Standing Audit & Supervisory Board Member of the above company
April 2014	Senior Managing Director, Mizuho Real Estate Sales Co., Ltd.
January 2017	Registered as Attorney Joined Torikai Law Office
March 2019	Outside Audit & Supervisory Board Member, Tamron Co., Ltd.
January 2020	Partner, Torikai Law Office (current)
June 2021	Outside Audit & Supervisory Board Member, Riso Kagaku Corporation
June 2022	Outside Director, Kumagai Gumi Co., Ltd. (current)
March 2024	Outside Director, Tamron Co., Ltd. Outside Director (Audit Supervisory Committee Member)



**Masahiro Kawanowa**

Director (Standing Audit &amp; Supervisory Committee)

April 1986	Joined Kumagai Gumi Co., Ltd.
February 2009	General Manager of the Financial Management Department, Administration Division
April 2010	General Manager of the Legal & Compliance Department, Administration Division
June 2013	Outside Audit & Supervisory Board Member, GEOSTR Corporation
April 2015	General Manager of the Finance Department, Administration Division
April 2018	Deputy General Manager of the Administration Division
April 2021	General Manager of the Examination Department, Administration Division
June 2022	Standing Audit & Supervisory Board Member
June 2025	Director (Audit & Supervisory Committee Member) (current)

**Akio Yamada** Outside Director<sup>\*2</sup>

(Audit &amp; Supervisory Committee Member)

November 1978	Joined Peat Marwick Mitchell International accounting office (current KPGM AZSA LLC)
April 1982	Registered as Certified Public Accountant
August 2009	Partner, KPMG AZSA LLC
July 2017	Opened Offices of Akio Yamada, Certified Public Accountant (current)
June 2018	Nittan Valve Co. Ltd. (current NITTAN Corporation) Outside Audit & Supervisory Board Member (current)
July	Auditor, Pfizer Health Research Foundation (current)
October 2021	Rakuten Insurance Holdings Co. Ltd Outside Audit & Supervisory Board Member, Uchida Yoko Co., Ltd.
June 2022	Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd.
June 2025	Outside Director (Audit & Supervisory Committee Member) (current)

**Miho Ueda** Outside Director<sup>\*2</sup>

(Audit &amp; Supervisory Committee Member)

April 1999	Registered as Attorney
April 2005	Lecturer of law at College of Law and Politics, Rikkyo University
May 2016	Mediator at Rikkyo University ADR Center (current)
April 2017	Partner, Sunrise Law Office (current)
June 2018	Outside Director, Traders Holdings Co., Ltd.
June 2021	Outside Director, Regal Corporation (current)
December 2022	Director, Japan Handball Association
June 2023	Outside Director, Mullion Co., Ltd. (current) (Audit & Supervisory Committee Member)
June 2024	Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd.
June 2025	Outside Audit & Supervisory Board Member of GECOSS CORPORATION (current)
June 2025	Outside Director (Audit & Supervisory Committee Member) (current)

<sup>\*1</sup> Mr. Tatsuru Sato is a Non-executive Director (part-time).  
<sup>\*2</sup> Mr. Sakae Yoshida, Ms. Kimie Sakuragi, and Mr. Masaya Nara, Mr. Shigeru Okada, and Ms. Miho Ueda are Independent Outside Directors.

**Senior Managing Executive Officer****Masao Kajiyama**

General Manager of the New Business Development Division

**Takahiko Kashiwara**

Branch Manager of the Tokyo Metropolitan Area Office

**Managing Executive Officer****Yoshio Hagita**Deputy General Manager of the Building Management Division  
General Manager of Urban Management Department  
In charge of New Business Planning Promotion, New Business Development Division**Masato Yamashita**

Branch Manager of the Tokyo Architectural Construction Branch

**Makoto Wakabayashi**

Safety Division Head

**Yuzuru Hirano**

General Manager of the Architectural Design Management Division, Building Management Division

**Hideki Masumori**Deputy Branch Manager of the Tokyo Metropolitan Area Office  
General Manager of the Architectural Design Management Division**Executive Officers****Takeshi Nakayama**Deputy Branch Manager of the Tokyo Metropolitan Area Office  
General Manager of the Civil Engineering Division  
Head of the Quality and Environment Management Office**Daisuke Hayashi**

Branch Manager of the Nagoya Office

**Tsuyoshi Kinoshita**Branch Manager of the Hokuriku Office  
General Manager of the Special Project Management Office, Hokuriku Office**Tomohiko Igarashi**

General Branch Manager of the Kansai Office

**Yasufumi Kubota**

Branch Manager of the Hokkaido Office

**Hideyuki Sakai**

Branch Manager of the Chugoku Shikoku Office

**Masaharu Yamashita**

Branch Manager of the Kyushu Office

**Hideki Yamasaki**

General Manager of the International Division

**Tomoo Shimokawa**Deputy General Manager of the Building Management Division  
General Manager of the Architectural Management Department**Hiroshi Takasaki**Deputy General Manager of the Building Management Division  
General Manager of the Architectural Planning and Management Department**Hajime Iwasaki**Deputy General Manager of the Civil Engineering Management Division  
General Manager of the Architectural Planning and Management Department**Shinjiro Omoto**

General Manager of Technical Research &amp; Development Division

**Naohiro Shimizu**

General Manager of the Management Strategy Division

**Kei Nakamura**

Branch Manager of the Tohoku Office

**Kiyoshi Ito**Deputy Branch Manager of the Tokyo Architectural Construction Branch  
General Manager of the Architectural Design Management Division  
Head of the Quality and Environment Management Office

## Corporate Governance

### ● Fundamental Concept

In order to realize our Management Philosophy, we consider enhancement of the efficacy of our corporate governance a priority issue.

Details on the initiatives for corporate governance implemented by our company are noted in the Corporate Governance Report, which is available at our website or the Tokyo Stock Exchange website.



Report about corporate governance (disclosed to the Tokyo Stock Exchange)  
(Last update: June 27, 2025)

<https://www.kumagaigumi.co.jp/assets/pdf/sustainability/item/report-on-corporate-governance-20250627-1.pdf>

#### Corporate governance system

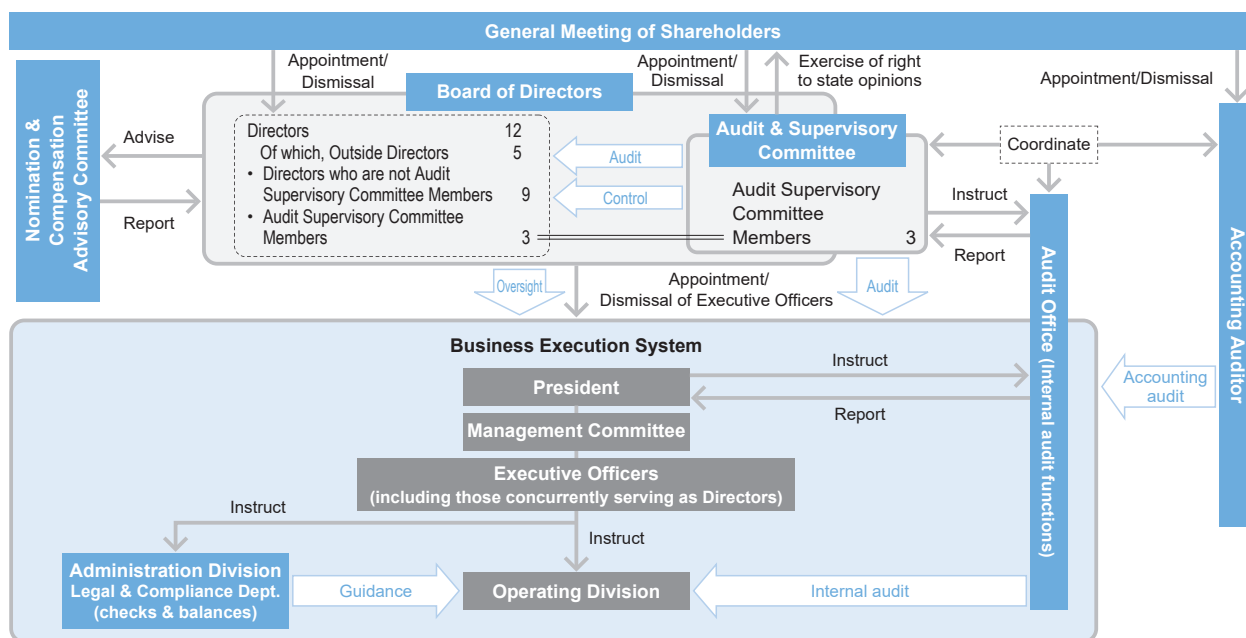
On June 27, 2025, Kumagai Gumi transitioned from a company with an Audit and Supervisory Board to a company with an Audit & Supervisory Committee.

By appointing Audit & Supervisory Committee members to serve on the Board of Directors, we aim to further enhance the Board's oversight function and reinforce our corporate governance framework. Additionally,

by expanding the scope of delegation to directors responsible for key business execution, we promote a clearer separation between execution and oversight, while accelerating decision-making at the executive level.

The term of office for directors (excluding those who are Audit and Supervisory Committee members) is set at one year, ensuring clear accountability for management decisions and enabling the company to establish an

#### Corporate governance system at Kumagai Gumi



Institutional design	Company with an Audit & Supervisory Committee		
Composition	Directors: 12 (including 5 Outside Directors)	Includes 2 female executives (both are Outside Directors)	Includes 5 Independent Executives
	<ul style="list-style-type: none"> <li>Directors who are not Audit Supervisory Committee Members: 9 (including 3 Outside Directors)</li> <li>Audit &amp; Supervisory Committee Members: 3 (including 2 Outside Directors)</li> </ul>	Ratio of female Directors: 16.7%	Ratio of Outside Directors: 41.7%

optimal executive structure that can swiftly respond to changes in the business environment. We also adopt an executive officer system to ensure that the duties of directors (excluding those who are Audit and Supervisory Committee members) are executed efficiently. We also appoint five Outside Directors (excluding those who are Audit and Supervisory Committee members) who provide counsel to management from an objective standpoint.

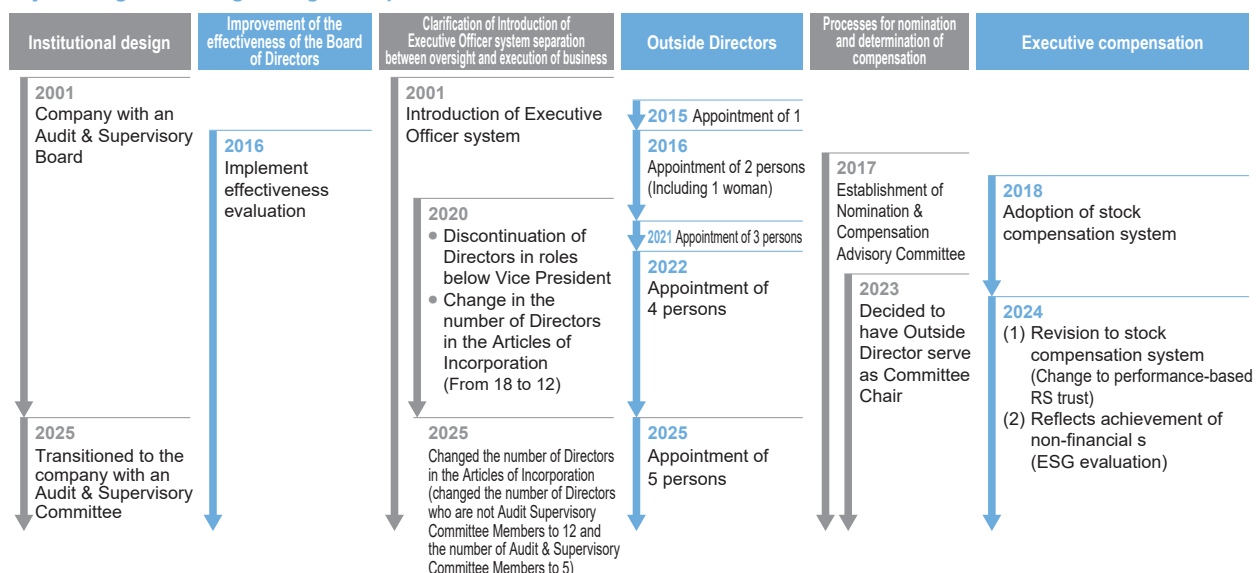
In determining the nomination and amounts of compensation for Directors (excluding those who are Audit and Supervisory Committee members) and Executive Officers, we conduct deliberation within the Board of

Directors on the basis of reports by the Nomination & Compensation Committee, which is composed of the Representative Director and Outside Directors.

As for the Audit & Supervisory Committee, we appoint Outside Directors from among persons who have appropriate experience and capabilities knowledge concerning finances, accounting, and legal matters, in order to conduct audits with high efficacy.

Regarding accounting audits under the Companies Act and the Financial Instruments and Exchange Act, we undergo impartial audits by GYOSEI & CO.

#### Major changes in strengthening of Corporate Governance



## ● Improvement of the Effectiveness of Internal Controls

To enhance the effectiveness of internal controls, Kumagai Gumi reviews internal rules and management conferences appropriately, and otherwise improves and operates structures to assure appropriateness in work, based on our Basic Policy to Establish Internal Control

Systems. In addition, the Kumagai Gumi Group as a whole undertakes the improvement and operation of internal control with the aim of maintaining the reliability of our financial reporting, based on the Financial Instruments and Exchange Act.

## ● Evaluation of the Effectiveness of the Board of Directors

Once a year, Kumagai Gumi Directors and Audit & Supervisory Board Members take part in an anonymous questionnaire survey evaluating the effectiveness of the Board of Directors, and the results of which are verified by the Board of Directors to consider improvements.

In FY2024, self-evaluations were conducted (details in next section), and based on the findings of the reviews by outside experts, we confirmed that the Board is

appropriately carrying out its role and responsibilities and that the efficacy of the Board of Directors overall is secured.

Based on the issues for improvement shared as a result of the FY2023 evaluation, we implemented improvement measures, and also worked to invigorate discussions at the Board of Directors meetings by holding extra meetings designed for Directors to exchange opinions.



## Corporate Governance

### Main Evaluation Items

- Board of Directors composition, operations, and meeting agenda
- Board of Directors support structure (including the Nomination & Compensation Advisory Committee)
- Improvements from the previous year

### Major initiatives to address issues for improvement in FY2023

- Exchange opinions after the end of Board of Directors meetings and at other times
- Promotion of communication at Board of Directors meetings through prior briefings and sharing of details on discussions held during management committee
- Regular reporting on current management issues
- Promotion of delegation of authority through revisions to standards for agendas
- Promotion of discussions through the development of a planned reporting schedule
- Discussions on the revision of the succession plan
- Implementation of organizational design review with a view to the future management system

### Major issues for improvement shared through FY2024 evaluations

#### Themes to be addressed over the short to medium term

- Supervision of activities to achieve the Medium-term Management Plan\*
- Further promotion of delegation of authority based on the transition to a company with an Audit and Supervisory Committee
- Internal Audit Division related considerations based on the transition to a company with an Audit and Supervisory Committee
- More oversight to strengthen the risk management system\*
- Strengthening of group governance system

#### Themes to be addressed in the medium to long term

- Promotion of discussion of medium- to long-term themes that should be addressed for sustainable growth\*
- Consideration of a future increase in female directors and ratio of Outside Directors\*
- Consideration of a future reduction in the total number of Directors and achieving an ideal balance in term of directorship composition\*

\* Ongoing issues from previous term

## Nomination & Compensation Advisory Committee

We set up the Nomination & Compensation Advisory Committee, an advisory body for the Board of Directors, composed of the Representative Director and Outside Directors. This Committee serves as both nomination committee and remuneration committee.

In FY2024, the Nomination & Compensation Advisory Committee gathered four times, each of which was attended by all committee members. In FY2024, we conducted deliberations on matters including the evaluation of contributions made by Directors and executive officers on FY2023 performance, individual remuneration amounts for FY2024, and the executive structure from FY2025 onward. We also examined the transition to a company with an Audit & Supervisory Committee, the future management structure, and revisions to the executive remuneration system.

In addition, as the right to make statements at the General Meeting of Shareholders has been granted, from June 27, 2025 onward, Outside Directors who serve as Audit and Supervisory Committee members selected by the committee will participate in the Nomination & Compensation Advisory Committee as observers.

#### Directorship Composition (since June 27, 2025)

<b>Chairperson</b>	Shigeru Okada	Outside Director		
<b>Members</b>	Shin Ueda	President and Representative Director	Kimie Sakuragi	Outside Director
	Koji Okaichi	Representative Director	Masaya Nara	Outside Director
<b>Observer</b>	Miho Ueda	Outside Director (Audit Supervisory Committee Member)		

## Support System for Outside Executives

To help outside executives complete their tasks in a smooth manner, the Secretarial Dept. of the Management Strategy Division and the Corporate Planning Department and other departments provide the Outside Directors with briefings of materials and agenda before the meetings.

The company provides various support to help them understand the company's business, including opinion exchange opportunities for outside executives and inspection tours at construction sites.

## ● Board of Directors Skills Matrix

Toward realizing our long-term Vision and achieving our Medium-term Management Plan goals, we have defined eight types of skill items required for the Board of Directors, which will play a central role in this effort:

(1) Corporate Management/Management Strategy,

(2) Sales/Marketing, (3) Global, (4) Technology/R&D/DX, (5) Compliance/Risk Management, (6) Finance/Accounting, (7) Sustainability (ESG/SDGs), and (8) Human Resource Development/Diversity.

### Definitions of the skill items

Corporate Management/Management Strategy	Members of the Board of Directors should have experience in corporate management as well as in practical insight regarding our company's business.
Sales/Marketing	In order to achieve business expansion and ensured profits, the Board of Directors should have knowledge about sales and marketing.
Global	In order to achieve business expansion overseas, the Board of Directors should have knowledge about global management.
Technology/R&D/DX	In order to achieve business advantage and improved efficiency, the Board of Directors should have knowledge about technological development and DX.
Compliance/Risk Management	In order to gain management stability, the Board of Directors should have knowledge about compliance and risk management.
Finance/Accounting	In order to achieve stable management and optimal capital/investment efficiency, the Board of Directors should have knowledge about finance and accounting.
Sustainability (ESG / SDGs)	In order to promote sustainability management, the Board of Directors should have expertise about ESG and SDGs.
Human Resource Development/Diversity	The Board of Directors should have expertise about human resource development, promotion of diversity, etc.

Skill items that our Board of Directors should have and that are particularly expected of each Director (up to 4 skill items for each Director, up to 2 skill items for each Director who is a member of the Audit & Supervisory Committee)

Directors Name	Position Responsibilities	Corporate Management Management Strategy	Sales Marketing	Global	Technology R&D DX	Compliance Risk Management	Finance Accounting	Sustainability (ESG/SDGs)	Human Resource Development Diversity
Shin Ueda	Representative Director, CEO and President	●	●			●		●	
Koji Okaichi	Representative Director and Executive Vice President								
	In charge of Technology, In charge of Safety, In charge of Quality/Environment, In charge of New business, In charge of International business, In charge of business alliance with Sumitomo Forestry Co., Ltd.	●		●	●			●	
Hiroyasu Yaguchi	Director and Senior Managing Executive Officer								
	General Manager of Administration Division, In charge of Compliance, In charge of Risk Management	●				●	●		●
Tetsuo Ono	Director and Senior Managing Executive Officer								
	General Manager of the Civil Engineering Management Division	●	●		●				●
Taiji Ito	Director and Senior Managing Executive Officer								
	General Manager of the Building Management Division	●	●		●				●
Tatsuru Sato	Director (Non-executive Director)	●		●			●	●	
Shigeru Okada	Outside Directors	●	●	●	●				
Kimie Sakuragi	Outside Directors	●				●		●	●
Masaya Nara	Outside Directors	●		●		●	●		
Masahiro Kawanowa	Director (Audit Supervisory Committee Member)					●	●		
Akio Yamada	Outside Director (Audit Supervisory Committee Member)			●			●		
Miho Ueda	Outside Director (Audit Supervisory Committee Member)					●			●
Relationship with Medium-term Management Plan (Items related to business strategy 1-3 in particular 1. Strengthening construction business 2. Accelerating peripheral businesses 3. Enhancing management base)		1-3	1 and 2	1 and 2	1-3	2 and 3	2 and 3	1-3	1-3

\* These descriptions do not indicate all the knowledge, experience, and abilities possessed by each Director.

## Corporate Governance

## ● Directors' Compensation and Selection of Outside Executives

Compensation for Directors (excluding those who are Audit and Supervisory Committee members) is based on a system of compensation linked to shareholder interests. When determining individual compensation, our basic policy is to set an appropriate level based on responsibilities. The amount of compensation is determined by the Board of Directors taking into account the results of reports by the Nomination & Compensation Committee within the limits on total amount of compensation for Directors decided at the General Meeting of Shareholders.

Specific compensation for Directors consists of monetary compensation (fixed compensation and bonuses) and stock compensation. For Outside Directors and part-time

Non-executive Directors who bear supervisory functions, it consists of only monetary compensation (of fixed compensation, an amount of compensation according to position). The fixed compensation is monthly monetary compensation, and consists of compensation according to position and compensation according to contribution to business performance.

Compensation for Directors who are Audit & Supervisory Committee Members is determined through deliberation by the Audit & Supervisory Committee within the limit of the total amount of compensation for Directors who are Audit & Supervisory Board Members decided at General Meetings of Shareholders.

### Compensation, etc. for Directors and Audit & Supervisory Board Members (FY2024)

Unit: millions of yen

Executive category	Total amount of compensation	Total amount by type of compensation, etc.			Number of eligible Executives
		Fixed compensation	Bonus	Stock compensation	
Directors (Outside Directors among these)	273 (43)	251 (43)	- (-)	21 (-)	14 (4)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members among these)	39 (21)	39 (21)	- (-)	- (-)	3 (2)

\* The stock-based compensation noted is the amount of provisions for stock benefits for Directors recorded in FY2024.

### Image of compensation composition for Directors (excluding Outside Directors and Non-executive Directors)

Figures in parentheses indicate the standard compensation ratio of total compensation

#### Compensation ratio in FY2024

Performance not reflected (63%)		Performance reflected (37%)	
Amount of monetary compensation (90%)			Stock-based compensation (10%)
Compensation according to position (fixed amount) (63%)	Amount corresponding to performance contribution (27%)		RS trusts (10%) (Performance-based in accordance with TSR)
	Amount according to executive evaluation (22%)	Amount according to ESG evaluation (5%)	

#### Amount of monetary compensation

##### 1 Compensation according to position (fixed amount)

##### 2 Amount corresponding to performance contribution

Amount corresponding to performance contribution: Compensation is granted based on the performance contribution in the previous fiscal year, with a variable between 0% and 200% (max.) for the amount corresponding to performance contribution. The list below shows the details of performance contribution evaluation and the indicators used.

##### (1) Executive evaluation

Ratio for each degree of achievement is set based on the job position.

- Performance achievement (company-wide performance): Consolidated ordinary income.
- Performance achievement (division performance): Operating income by division (including performance of major subsidiaries)
- Job role achievement (qualitative evaluation per individual)

##### (2) ESG evaluation

Evaluation on initiatives for the target value during the plan period regarding non-financial targets below in the Medium-term Management Plan.

##### ● Non-financial Targets:

- CO<sub>2</sub> emissions reduction activities (Scope 1+2/Scope 3 emissions reduction rates)
- Improvement on employee engagement (engagement rating)
- Improvement of safety management standards (frequency ratio)
- Establishment of internal and external systems to prevent legal violations (number of cases of serious violations of law and regulations)



### Stock-based compensation

The company has adopted a stock compensation system that employs trusts, by which the company grants points based on position and total shareholder return (TSR) compared to the competitors selected by our company each fiscal year. Standards and procedures for share issuance is determined by the share issuance regulations

defined by the Board of Directors.

Restriction of transfer until the executive retires is applied to the share granted every year.

### Bonus

Payment of bonuses is considered if performance significantly exceeds that of the plans.

### Reasons for appointment of Outside Executives / Attendance at Board of Directors meetings (FY2024)

	Name	Independent Executive	Reason for appointment	Attendance (Number of times attending / Number of meetings)	
Outside Directors	<b>Sakae Yoshida</b> (resigned June 2025)	○	Sakae Yoshida has a track record of participation in corporate management as an executive in charge of production departments, primarily in another industry. The company has appointed him in anticipation that he will provide appropriate guidance and advice to the company's management.	Board of Directors	17 times/ 17 times
	<b>Shigeru Okada</b>	○	Shigeru Okada has a track record of participation in corporate management as a representative director and president, primarily in another industry. The company has appointed him in anticipation that he will provide appropriate guidance and advice to the company's management.	Board of Directors	17 times/ 17 times
	<b>Kimie Sakuragi</b>	○	Kimie Sakuragi has a track record of participation in corporate management as a standing auditor, primarily in another industry. The company has appointed her in anticipation that she will provide appropriate guidance and advice to the company's management.	Board of Directors	17 times/ 17 times
	<b>Masaya Nara</b>	○	Masaya Nara has a track record of a lawyer as well as of participation in corporate management as an executive officer and a standing auditor, primarily in another industry. The company has appointed him in anticipation that he will provide appropriate guidance and advice to the company's management.	Board of Directors	17 times/ 17 times
Outside Audit & Supervisory Board Member	<b>Akio Yamada</b>	○	Akio Yamada has a track record of practical work as a certified public accountant. The company has appointed him in the expectation that he will provide appropriate auditing of the company's management from an objective standpoint.	Board of Directors Auditors Committee	17 times/ 17 times 13 times/ 13 times
	<b>Miho Ueda</b>	○	Miho Ueda has a track record of practical work as a lawyer. The company has appointed her in the expectation that she will provide appropriate auditing of the company's management from an objective standpoint.	Board of Directors Auditors Committee	17 times/ 17 times 13 times/ 13 times

## Cross Holding

### (1) Policy Concerning the Reduction of Cross Holdings

Kumagai Gumi will reduce the number of cross-held shares, except for such cases as transactions for enhancing sustainable corporate value, strengthening business alliance, and obtaining more opportunities to generate profits. With regard to the cross-held shares, the board meeting will verify the significance of holding such shares every year.

### (2) The Significance of Cross Holdings

The company comprehensively reviews the significance of cross-held shares, examining whether the profits gained through various transactions with those companies are commensurate with our cost of capital, and whether continued shareholding is necessary.

### (3) The Standards Regarding the Exercise of Voting Rights Associated with Cross Holdings

When exercising its cross holdings voting rights, the

company shall do so by determining whether owning stock in another publicly traded company will increase the value of the corporations in which it invests. With regard to the following issues, among others, the Company will exercise its voting rights only after deliberate examination.

- Organizational restructuring, including the merger, acquisition, transfer, and/or takeover of an important business
- Retirement allowances to executives to be paid by an underperforming company, such as a company with excessive liabilities
- A planned third-party share issuance that may have the risk of being considered a favorable issuance
- Development of measures against M&A, implementation of counter measures, etc.

## Compliance

Specific issues	Risk of inaction	Opportunities
Strengthening compliance	<ul style="list-style-type: none"> <li>• Loss of public trust</li> <li>• Damage to corporate value</li> <li>• Legal risks such as filing of lawsuits, administrative penalties, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of misconduct</li> <li>• Gain in stakeholder trust</li> <li>• Strengthening of internal control risk management</li> </ul>

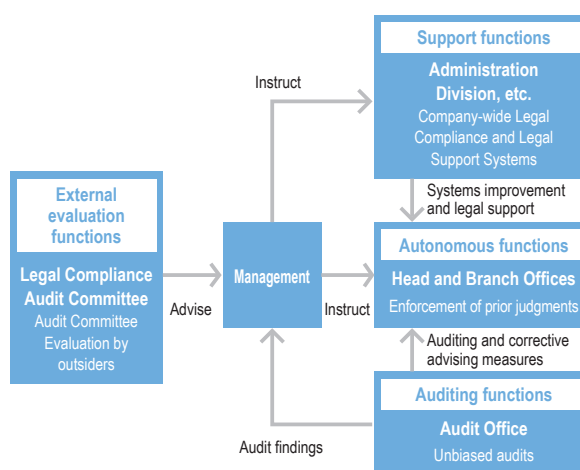
### ● Fundamental Concept

We believe that, as a company trusted by society, it is essential for each employee to take personal responsibility for their actions and to comply not only with laws, but also with social norms, corporate ethics, and other societal rules.

#### Compliance system

Kumagai Gumi's compliance system consists primarily of three internal functions: Autonomous functions by Headquarters and branch offices, support functions by the Administration Division and other specialized divisions, and auditing functions by the Audit Office.

In addition, the Legal Compliance Audit Committee, an organization independent of management, periodically carries out evaluations of the company from an outsider's point of view and advises management of any problems uncovered, in order to strengthen the enforcement of compliance.



#### Legal Compliance Audit Committee

The Legal Compliance Audit Committee is composed of internal company committee members as well as outside committee members who include attorneys and other experts. It convenes annually.

### ● Compliance Promotion Initiatives

#### All employees submit a written pledge

To raise all employees' awareness in enforcing compliance with laws and ordinances, every year executives and staff members of Kumagai Gumi Group submit a written pledge concerning compliance (100% submission rate).

#### Compliance training and compliance reinforcement month

From October 2024 through January 2025, the Kumagai Gumi Group conducted an internal training for all employees on topics including antitrust law, bribery, and corruption (100% attendance rate). In addition, every October serves as a compliance reinforcement month.

#### Major initiatives

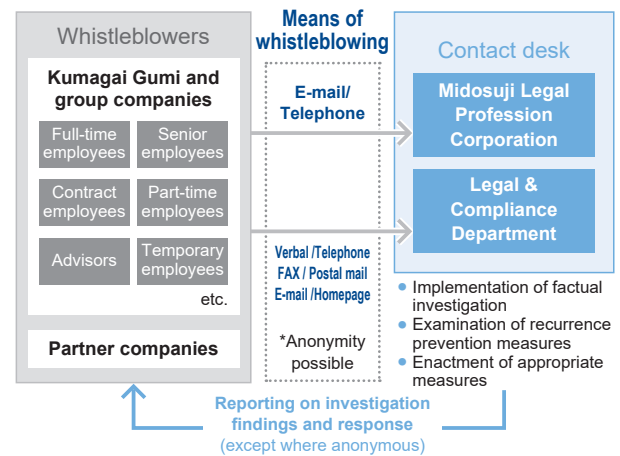
<b>Implementation of compliance training</b> (Headquarters, branches, group companies) <ul style="list-style-type: none"> <li>• Disciplinary cases</li> <li>• Handling of personal information</li> <li>• Bribery, anti-monopoly law</li> <li>• Importance of compliance</li> <li>• Liability for non-conformity with contracts</li> </ul>
<b>e-learning compliance training</b> (compliance reinforce month: October) <ul style="list-style-type: none"> <li>• Internal whistleblower system</li> <li>• Fraudulent actions</li> <li>• Harassment</li> <li>• Information leakage</li> <li>• Copyright</li> </ul>
<b>e-learning-based compliance training (for young employees)</b> <ul style="list-style-type: none"> <li>• Copyright</li> <li>• Harassment, etc.</li> <li>• Compliance education for daily work and life</li> </ul>
<b>Copyright seminar</b> <ul style="list-style-type: none"> <li>• Conducted a seminar on the basics of copyright law, featuring an invited attorney</li> </ul>
<b>Distribution of the compliance handbook</b> <ul style="list-style-type: none"> <li>• A handbook containing compliance information regarding daily work was created with the aim of improving and maintaining awareness among executives and employees. (issued a revised version of the handbook in October 2024)</li> </ul>
<b>Distribution of the compliance card</b> <ul style="list-style-type: none"> <li>• Cards the size of mobile phones were distributed, aiming at improving and maintaining awareness among executives and employees.</li> </ul>

### Internal whistleblower system

The Kumagai Gumi Group has set up a hotline for quickly assessing, correcting, and preventing problems involving compliance. We have also introduced a leniency program (measures for reducing penalties for whistleblowers) to encourage people involved in violations to voluntarily supply details.

### Interviews of Partner Companies

Partner companies have been interviewed to determine whether Kumagai Gumi employees have forced them to engage in misconduct, for the prevention and early detection of fraudulent processing of expenses or inappropriate transactions during transactions with partner companies.



## ● Eradication of Anti-social Forces

In the Kumagai Gumi Code of Conduct, our company declares that we take a firm stance against anti-social forces. We have established a program for dealing with anti-social forces, and educate our employees on specific ways of eliminating such forces. We have incorporated

provisions regarding anti-social forces into the Special Construction Contracting Agreement and the Equipment and Material Sales Agreement that we use for transactions with partner companies, and focus on collecting written pledges prior to entering into agreements.

## ● Corruption Prevention Initiatives

Kumagai Gumi has signed and joined the UN Global Compact to prevent corruption of any kind. As specific initiatives, the company has established the Compliance Rules of Conduct, stipulating we should not conceal or make false reports of compliance violation for any reason, force partner companies to provide entertainment or gifts, nor be involved in any act that is a conflict of interest. We

have established Regulations Concerning Compliance with the Anti-monopoly Law and Prevention of Corruption and Bribery so that executives and employees comply with the anti-monopoly law and laws related to bribery prevention as we strive to establish and maintain fair business practices and prevent corruption.

## ● Status of legal suits and violation of laws (including administrative sanctions and administrative measures)

As of the end of March 2025, our company is involved in 17 civil cases in Japan. In FY2024, no serious legal violations (including administrative sanctions, administrative

measures, etc.) occurred that involved measures such as suspension of designated bidding at a national level.



## Risk Management

Specific issues	Risk of inaction	Opportunities
Strengthening of risk management	<ul style="list-style-type: none"> <li>Loss of public trust</li> <li>Damage to corporate value</li> <li>Incidents of boycott behavior</li> <li>Legal risks such as filing of lawsuits, administrative penalties, etc.</li> <li>Geopolitical risks and changes in government policies</li> </ul>	<ul style="list-style-type: none"> <li>Greater level of risk-taking</li> <li>Loss minimization</li> </ul>

### Fundamental Concept

The Kumagai Gumi Group is working to accurately identify and respond to risks associated with our business activities, in order to achieve sustainable growth and earn the trust of society.

#### Risk Management System

In April 2025, Kumagai Gumi established the Risk Management Committee, which is chaired by the President. The committee aims to strengthen company-wide risk management by clarifying accountability for risks and centrally managing risks and countermeasures across departments.

#### Recognized Risks

Risks that the Kumagai Gumi Group is aware of are listed below. We disclose information by, for example, listing it on our Securities Report.



#### Risk Management Committee

Objective	To manage risks associated with our corporate activities
Committee Chair	President
Members	Inside Directors, General Manager of the Administration Division, General Manager of the Management Strategy Division, and members designated by the committee chair
Secretariats	Examination Department, Administration Division and Legal & Compliance Department

Business and other risks	Pages of this Report	
Trends in construction investment	P40-43, 46-47	Domestic Civil Engineering/Domestic Building Construction/Peripheral Businesses
Fluctuations in construction materials market conditions and labor costs		
Shortage of workers with construction skills	P74-79	Human capital management
Securing human resources		
Business expansion overseas	P44-45	Overseas Construction Business
Effects of natural conditions and natural disasters on the construction business	P40-43, 46-47	Domestic Civil Engineering/Domestic Building Construction/Peripheral Businesses
Pandemics	P99	Business Continuity Plan (BCP)
Construction work defects	P87	Quality control
Occupational disasters and accidents in the construction business	P86	Occupational Health and Safety
Impairment of fixed assets and investment securities	P30-33	Financial Strategy
Customer and business partner trust	P98-99	Risk Management
Compliance violations	P96-97	Compliance
Information security	P99	Information security
Environmental issues (CO <sub>2</sub> emissions, environmental incidents)	P60-67	Overview of Environmental Management / Aiming to Achieve Carbon Neutrality / Promoting a Circular Economy

## ● Business Continuity Plan (BCP)

In the event of a major disaster, Kumagai Gumi will make every effort to provide emergency support and restoration work of infrastructure in respond to requests from customers and local communities. We have formulated a Business Continuity Plan (BCP) for contributing to prevention of secondary accidents, the restoration of urban functions, the safety of local communities, and the recovery of the economy.

We have also established a permanent Crisis Management Committee to maintain and improve the

effectiveness of the BCP, formulating fiscal year plans for BCP activities based on the PDCA cycle. We coordinate with group companies and partner businesses to conduct annual BCP drills, and we review and improve our plans based on the results of these drills and other factors.



## ● Prevention of Insider Trading

The Kumagai Gumi Group complies with the Financial Instruments and Exchange Act and related laws and regulations, and has established Internal Regulations on the Prevention of Insider Trading to enhance the effectiveness of compliance. Based on these regulations, we have established an Insider Information Management Committee for managing information related to important facts, in order to perform information management across the company.

The Insider Information Management Committee issues notifications four times a year to alert officers and employees who may come into contact with insider information on a daily basis. If these officers and employees intend to buy or sell Kumagai Gumi shares, a system is in place that permits buying or selling of Kumagai Gumi shares by officers and employees at certain times only if the Insider Information Management Committee has verified that the transactions do not fall under the scope of insider trading.

## ● Information Security

Kumagai Gumi established the Information Incident Response sub committee, a subgroup of the Crisis Management Committee, to prepare for information security incidents. In addition, the Kumagai Gumi Group CSIRT (KUMA-CSIRT) is set up to allow the entire group to enhance information security incident prevention activities and to strengthen the response system in the event of an incident.

For the entire Kumagai Gumi Group, we conduct targeted attack e-mail training and security education, aiming at fostering awareness among all executives and employees.

The implementation of CrowdStrike allowed us to outsource security operations and establish a framework for continuous monitoring. As a result, we are now able to detect and respond to threats in real time, achieving a substantial reduction in security risk.

## ● Protection of Private Information

Kumagai Gumi has established fundamental rules and regulations, such as the Basic Principle, the Privacy Policy, and the Personal Information Protection Regulations, and engage in initiatives to properly handle and protect the personal information of all stakeholders,

including shareholders and employees. We ensure through compliance training and other means that all officers and other employees are aware of the importance of protecting personal information, and continuously improve the management system and framework.

## Human Rights

Specific issues	Risk of inaction	Opportunities
Respect for human rights	<ul style="list-style-type: none"> <li>Loss of public trust</li> <li>Damage to corporate value</li> <li>Sales boycotts</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of relationships with existing customers</li> <li>Improvement in recruitment and retention of human resources</li> </ul>

### Fundamental Concept

In addition to taking into account the human rights of all officers and employees of the Kumagai Gumi Group, business partners, suppliers and other relevant parties are requested to endorse the Kumagai Gumi Group Human Rights Policy in order to respect human rights and ensure there are no violations. With regard to human rights initiatives, discussions are being held by the Human Rights Policy Expert Subcommittee, a subordinate body of the Sustainability Promotion Committee. The subcommittee met four times in FY2024.

### Human Rights Due Diligence

At the Kumagai Gumi Group, human rights issues are identified and organized based on business domains, and evaluated using indicators for likelihood and severity.

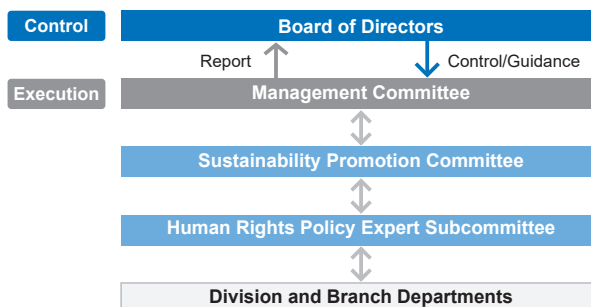
For our company, we identify key issues (materiality) and specific issues in the ESG Initiative Direction, and have implemented various initiatives. For the supply chain, we conduct human rights due diligence by identifying the human rights issues with significant risks for our business as major issues to address on a priority basis.

In FY2024, we held a meeting with Yuuei Kyoryoku Kai to exchange opinions on human rights for the purpose of fact-finding and dialogue. As a key issue and one specific to the construction industry, opinions were exchanged on the topic of foreign workers, and best practices were also shared.

▶P102 Yuuei Kyoryoku Kai and Kumagai Gumi Human Rights Opinion Exchange Committee

### In-house Training

The Kumagai Gumi Group conducts e-learning for all employees on the prevention of harassment. 90% of employees undergo the program, which covers (1) power harassment, (2) sexual harassment, (3) harassment related to pregnancy, childbirth, childcare leave, and nursing care leave, (4) dealing with harassment, and (5)



#### Major issues

- Excessive/Unreasonable working hours
- Wage deficiencies, delayed or unpaid compensation, and living wage considerations
- Harassment
- Foreign workers right

#### Access to remedy

Kumagai Gumi has set up several hotlines inside and outside the company to allow all stakeholders, including all employees, to consult and report at any time. We prohibit unfavorable treatment to whistleblowers and allow anonymous reporting.

#### List of hotlines available for consultation and report

##### Available for all employees

- Sexual harassment hotline
- Workplace bullying hotline
- LGBTQ consultation desk
- Consultation desk to support childcare leave, etc.
- Nursing care consultation desk
- Labor consultation desk
- Health consultation desk
- Whistleblower hotline

##### Available for the Kumagai Gumi Group stakeholders

- Inquiries (website)

a confirmation test. Harassment prevention is designated as a mandatory topic in both onboarding training for new employees and training for management. In addition, internal education is provided through initiatives such as distributing email newsletters during Human Rights Week.

## Supply Chain Management

Specific issues	Risk of inaction	Opportunities
Strengthening of supply chain management	<ul style="list-style-type: none"> <li>Illegal conduct by procurement partners</li> <li>Structural exhaustion of the entire industry due to the emergence of low-price competition</li> <li>Increase in procurement costs</li> </ul>	<ul style="list-style-type: none"> <li>Formation of appropriate markets</li> <li>Optimization of procurement costs</li> <li>Revitalization of supply chains</li> </ul>

### ● Fundamental Concept

Kumagai Gumi has formulated purchasing management rules with the objective of ensuring transparency in the selection of business partners, and consideration of the environment. In April 2021, we formulated our Procurement Policy and Procurement Policy Guidelines to promote sound business activities.

#### Procurement Policy and Procurement Policy Guidelines

The Kumagai Gumi Group is committed to enhancing compliance across its supply chain and to preventing and remedying adverse impacts on human rights and the environment. Together with partner companies and suppliers, we strive to increase value throughout the entire value chain.

We also promote understanding and cooperation by sharing our Procurement Policy Guidelines with partner companies and suppliers, following their review of our Procurement Policy.

#### Procurement Policy (overview)

1. Compliance with laws and social norms
2. Ethical and fair business practices
3. Respect for human rights
4. Safety and health promotion
5. Maintaining and improving quality
6. Environmental protection
7. Thorough information security measures
8. Social contribution
9. Continuation of business activities during disasters

### ● Declaration of Partnership Building

Kumagai Gumi endorsed the principles of the Declaration of Partnership Building and made our commitment public.



The declaration aims to promote fair business practices and foster mutual prosperity between large corporations and

small- and medium-sized enterprises (SMEs), particularly in light of the economic challenges posed by the COVID-19 pandemic. To prevent SMEs and micro-enterprises from bearing the brunt of deteriorating business conditions, participating companies commit to: (1) promoting mutual growth across the entire supply chain, including new forms of collaboration that transcend corporate scale and affiliation; and (2) upholding desirable business practices between parent companies and subcontractors.

### ● Partnerships with Partner Companies

Kumagai Gumi established the Yuuei Kyoryoku Kai to ensure a construction framework capable of adapting to future changes in the market and to deliver quality that meets customer expectations. April 2025 marked Yuuei Kyoryoku Kai's tenth anniversary.

Comprised of partner companies, Yuuei Kyoryoku Kai is dedicated to further enhancing safety, quality, environmental performance, and labor practices. It plays a vital role in strengthening safety and quality across Kumagai Gumi's supply chain.



## Human Rights Opinion-Exchange Meeting with Yuuei Kyoryoku Kai and Kumagai Gumi

# Kumagai Gumi is working to raise awareness of human rights on construction sites and promote fairness across the entire supply chain.

In FY2022, the company formulated the Kumagai Gumi Group Human Rights Policy and has since implemented various initiatives to enhance its effectiveness. In FY2023, the company identified human rights major issues within its business operations. Among these issues, the treatment of foreign workers, a distinctive challenge in the construction industry, was selected as a main theme for discussion. A roundtable was held with representatives from Kumagai Gumi and Yuuei Kyoryoku Kai, joined by observer Chihiro Tsukada, a practicing lawyer, to exchange views and explore potential approaches.



### Participants

\* The numbers correspond with the individuals who appear in the photo.  
\* Titles current as of January 2025

<b>1 Chihiro Tsukada</b>	Lawyer and Former Assistant Director, Business and Human Rights Policy Coordination Office, Ministry of Economy, Trade and Industry (METI)
Yuuei Kyoryoku Kai	
<b>4 Takashi Saito</b>	President and Representative Director, Kyoei Machinery Engineering Co., Ltd.
<b>5 Yoshihisa Sasajima</b>	President and Representative Director, Sasajima Construction Co., Ltd.
<b>6 Naosuke Niiduma</b>	President and Representative Director, Niiduma Kogyo Co., Ltd.
<b>11 Tetsuya Yamasaki</b>	President and Representative Director, Satsuma Construction Co., Ltd.
<b>13 Susumu Nakahara</b>	President and Representative Director, Nakahara Construction Inc.
<b>15 Shinichiro Tsukada</b>	President and Representative Director, Tsukada Kogyo Co., Ltd.
<b>16 Mitsushige Shimizu</b>	Executive Officer and Tokyo First Branch Manager, HEXEL Works Inc.
Kumagai Gumi members	
<b>2 Kei Nakamura</b>	Deputy General Manager of the Civil Engineering Management Division
<b>3 Naohiro Shimizu</b>	General Manager of the Management Strategy Division
<b>7 Takanori Oyama</b>	General Manager of the Purchasing Department, Architectural Management Department, Building Management Division
<b>8 Riichiro Yabu</b>	General Manager of the Subcontractor Alliance Promotion Department, Safety Division
<b>9 Tomoo Shimokawa</b>	Deputy General Manager of the Building Management Division
<b>10 Hiroshi Ikeuchi</b>	General Manager of the Human Resources Dept., Administration Division
<b>12 Katsumi Ichinose</b>	Deputy General Manager of the International Division
<b>14 Chihiro Nosaka</b>	General Manager of the Sustainability Promotion Department, Management Strategy Division

## Acceptance of foreign workers

## At some Construction Sites, nearly one-third of workers are foreign nationals

**N. Shimizu** I would like to start by opening up a discussion about foreign workers at your companies.

**Yamasaki** My company currently employs 17 foreign workers. We began accepting them as technical intern trainees in 2017.

**Tsukada** Our company started accepting foreign workers in 2007.

**Saito** While we have not yet employed any foreign nationals directly, we are actively preparing to do so.

**Sasajima** In civil engineering projects, specialized skills are often required, which may explain why the number of foreign workers remains relatively low in our company. Including partner companies, we have a total of eight foreign workers.

**Nakahara** Our company currently employs two foreign workers. However, if we include partner companies, we have a total of 15 foreign workers.



**M. Shimizu** Our company specializes in electrical installations, a field, like civil engineering, where foreign worker representation remains relatively limited. We currently employ one foreign national under our generalist recruitment track. We are also actively pursuing new graduate recruitment in the Philippines.

**Niiduma** Since initiating our foreign worker program in 1999, we have employed over 70 foreigners. Our workforce is notably diverse, with foreign nationals from eight different countries currently employed.

**Niiduma** According to the Japan Reinforcement Contractors Association, of the approximately 40,000 rebar workers nationwide, there are already around 10,000 foreign nationals. At a skills certification exam held in Tokyo in January 2025, more than one-third of the examinees were foreign nationals.

**N. Shimizu** Hearing these firsthand accounts underscores the severity of the skilled labor shortage in our industry.

## Specific initiatives related to human rights

## It is wrong to view the hiring of foreign workers in a negative light

**N. Shimizu** Could you talk about the specific initiatives that your companies are taking to support the rights of foreign workers?

**M. Shimizu** At present, our company employs one foreign worker. We treat him with the same respect and consideration as our Japanese employees. He is fluent in Japanese and has already obtained a certification for electrical work. We also actively support his participation in training and education programs.

**Nakahara** Similarly, our company regularly conducts internal interviews with all employees, regardless of nationality. Our foreign staff are encouraged to fully participate in these interviews.



Our foreign employees already hold formwork certifications and are currently studying in order to acquire welding certifications.

**Niiduma** I am also deeply focused on not viewing the hiring of foreign workers in a negative light. I strive to respect each individual's background, personality, and way of thinking, whether in terms of compensation, training, or day-to-day interactions. In the past, we've encountered challenges due to differences in religion and cultural practices. However, by avoiding the imposition of our own values and being open to dialogue, we've seen relationships improve significantly.

**Sasajima** That said, the construction industry's multi-tiered subcontracting structure presents challenges. When it comes to human rights, oversight tends to diminish at the third or fourth tier of subcontracting. I believe this is a structural issue that needs to be addressed.



## Human Rights Opinion-Exchange Meeting with Yuuei Kyoryoku Kai and Kumagai Gumi

**Nosaka** In Europe there is a growing movement to view labor rights as a responsibility shared across the entire supply chain.



### Suggestions for Kumagai Gumi

## Sharing best practices to promoting nationwide adoption

**N. Shimizu** Do you have any suggestions for Kumagai Gumi?

**Yamasaki** During a recent joint safety patrol conducted by Kumagai Gumi and Yuuei Kyoryoku Kai, we started to discuss strengthening safety education for foreign workers. In response, we have started implementing multilingual orientation programs at worksites using translation tools.

**Saito** This kind of initiative should be positioned as a core activity of Yuuei Kyoryoku Kai and steadily expanded entire association. It seems that other general contractors



are exploring recognition programs for foreign technical interns, and Kumagai Gumi has already begun implementing similar efforts at the site level.

**Yamasaki** If these initiatives were consolidated and rolled out at Kumagai Gumi, I believe they would significantly enhance engagement on the ground.



**M. Shimizu** Considering that the idea of spreading initiatives company-wide was created by Yuuei Kyoryoku Kai, we hope that forums like this, where member companies can exchange ideas, will continue to be actively held as they offer real value to all participants.

### Future issues

## Improving how foreign workers are treated across the entire supply chain is an urgent issue

**Tsukada** If we were to identify the most pressing issues going forward, they would undoubtedly be wages and overall treatment. Labor costs in the construction industry are rising rapidly, and with upcoming regulatory changes, we anticipate greater mobility among foreign workers within the sector.

**Niiduma** This must be addressed collectively across the entire construction industry. Creating a work environment that is fulfilling for foreign workers hinges on improving their treatment. To achieve this, we need a major shift in awareness, not only within the industry but also among ordering parties.



**Nosaka** Proactive information disclosure is also essential. If each company continues to share its human rights policies and initiatives, we believe this will help raise awareness among ordering parties and across the industry as a whole.



**Ikeuchi** Education, particularly education that focuses on safety, is a critical component of human rights initiatives. However, if taken too far, there is a risk that such efforts could be perceived as harassment. Therefore, striking the right balance is extremely important.





**Shimokawa** Effective safety management on site is closely tied to Japanese language proficiency. I believe it is necessary to establish a system for assessing language ability during orientation for new foreign workers.



**Yabu** Looking ahead, we hope to collaborate with Yuuei Kyoryoku Kai to generate ideas and actively promote horizontal deployment of these initiatives, starting with enhanced communication through the association's website.



**Ichinose** Human rights initiatives have become a given. What we must now prioritize is building a more rewarding and accessible work environment, one that encourages people to choose careers in construction.



**Nakamura** This applies not only to foreign workers but equally to Japanese employees as well. I believe it's important to build an environment where everyone can keep working together for years to come.



**Oyama** Construction has always been a profession in which people build things. This discussion reminded me once again of the importance of united efforts between Kumagai Gumi and Yuuei Kyoryoku Kai.



**N. Shimizu** What I felt anew today is that there is so much we can truly communicate and understand when we sit down face-to-face and exchange views. It is necessary for companies to implement human rights initiatives in order to continue in business. This is also a theme that must be addressed across the entire supply chain. Moving forward, I hope we will continue to actively create opportunities like this to further advance our human rights initiatives.



#### Comments from observer Chihiro Tsukada

**Robust initiatives are being implemented to ensure occupational safety and health. These efforts reflect a strong awareness of human rights, which should be extended throughout the entire supply chain.**



Based on today's discussions, it is clear that participating companies are approaching these issues with a high level of awareness and commitment. In particular, given the nature of the construction industry, advanced measures are being taken in the area of occupational health and safety, a key component of human rights.

At the same time, challenges remain. As highlighted in the dialogue, the issue of multi-tier subcontracting presents risks, and it is essential to ensure that human rights initiatives are thoroughly implemented across all levels of the supply chain. Should a problem arise at any point, it could have significant repercussions for Kumagai Gumi and Yuuei Kyoryoku Kai. While no such

incidents have occurred within the companies represented here, serious human rights violations involving foreign workers have been reported in the industry. In some cases, it may be necessary to consider excluding companies involved in such misconduct from the supply chain.

Another important consideration is the relationship between construction companies and their customers, the ordering parties. To improve working conditions across the supply chain, it is vital to gain the understanding and cooperation of ordering parties and encourage a shift in their awareness.



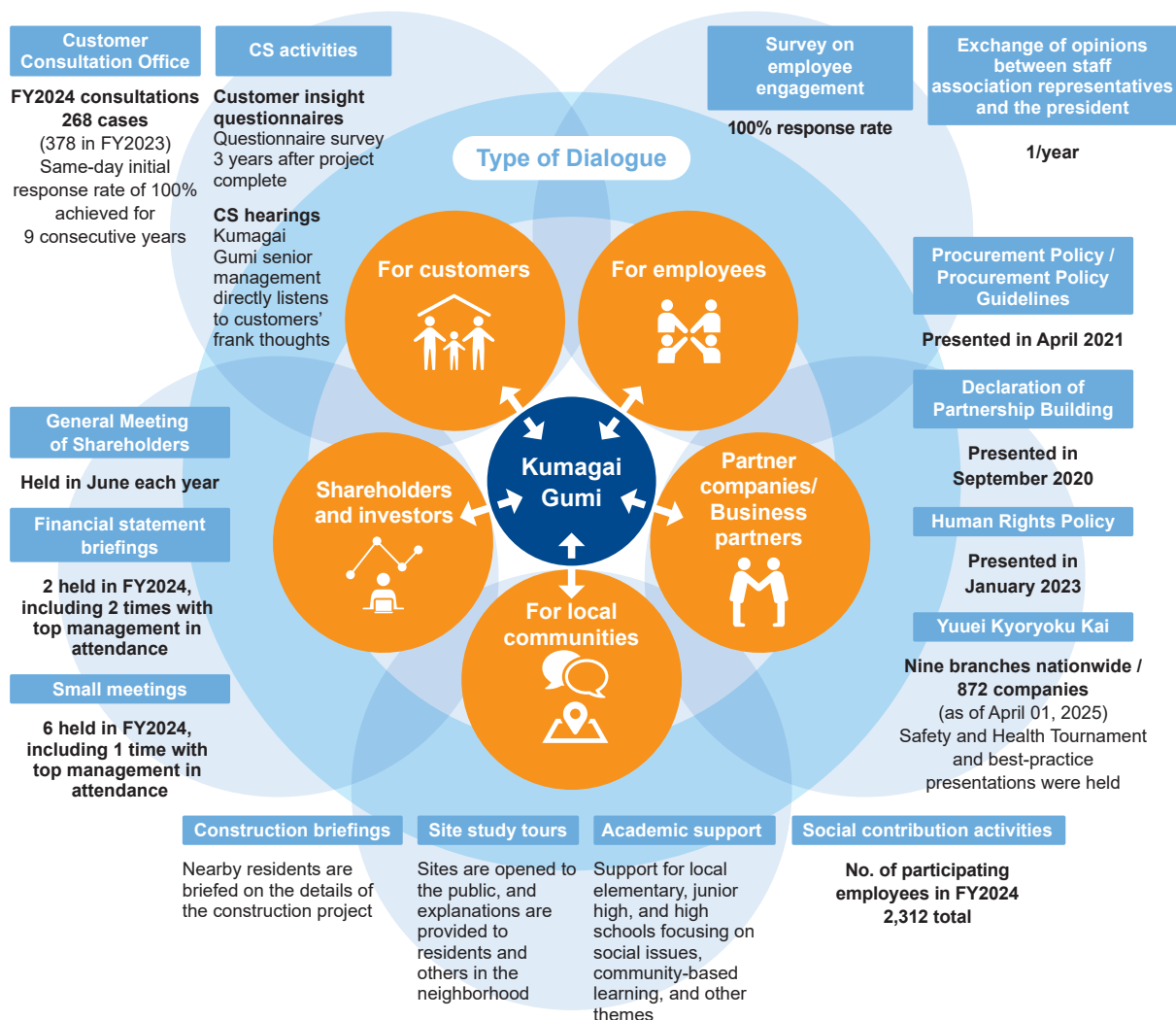
## Stakeholder Engagement

Specific issues	Risk of inaction	Opportunities
<b>Strengthening CS</b>	<ul style="list-style-type: none"> <li>Loss of trust due to inappropriate response</li> <li>Decline in long-term competitiveness</li> <li>Disconnect from customers</li> </ul>	<ul style="list-style-type: none"> <li>Increase in "earning power" and "customer appeal"</li> <li>Increase in long-term competitiveness</li> <li>Acquisition of customer loyalty</li> </ul>
<b>Active dialogs with investors</b>	<ul style="list-style-type: none"> <li>Increase in cost of capital</li> <li>Loss of investment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Formation of appropriate market valuation</li> <li>Incorporation of investor feedback into management</li> </ul>
<b>Securing skilled workers in the construction industry</b>	<ul style="list-style-type: none"> <li>Difficulty securing human resources and outflow of human resources</li> <li>Quality and safety problems due to labor shortages</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of business by securing construction capabilities</li> <li>Improvement in image through occupational safety initiatives</li> </ul>
<b>Creation an environment of wellness</b>	<ul style="list-style-type: none"> <li>Decrease in labor productivity and outflow of human resources</li> <li>Increased workplace stress</li> </ul>	<ul style="list-style-type: none"> <li>Creation of innovation by strengthening management base</li> <li>Improvement in employee engagement and mental health</li> <li>Increased productivity</li> </ul>
<b>Initiatives to solve social issues</b>	<ul style="list-style-type: none"> <li>Decrease in needs due to declining population</li> <li>Decrease in competitiveness due to lack of know-how</li> </ul>	<ul style="list-style-type: none"> <li>Development of new technologies and new products</li> <li>Strengthening on relationships with local communities</li> <li>Promotion of CSR initiatives</li> </ul>

### Fundamental Concept

Kumagai Gumi revised the "Multi-Stakeholder Policy" in March 2025 in order to form better relationships with stakeholders through dialogue. We aim to co-create value not only with shareholders, but also with a diverse

range of stakeholders, including employees, partner companies, business partners, customers, creditors, and local communities, and are committed to appropriate collaboration with multiple stakeholders.



## ● Engagement with Customers

### We deliver “Quality that Inspires Happiness”

Kumagai Gumi established the Customer Satisfaction (CS) Promotion Office (currently the Customer Satisfaction (CS) Promotion Group, which is part of the Sustainability Promotion Department) in 1998. The following year, we established Customer Consultation Offices at all of our branches.

We work toward organizational collaboration that enables us to deliver “Quality that Inspires Happiness,” and earns the esteem of our customers. The customer satisfaction (CS) functions of Kumagai Gumi are placed within the Management Strategy Division, and the organization is designed to directly update our management with feedback received from customers. Every year since 2008, we have conducted training for all employees responsible for CS at Headquarters and branches as we strive to develop professional human resources.

### Instillation of CS awareness in employees

We conduct internal commendations and lectures on CS (customer satisfaction) initiatives and take other actions to instill Kumagai Gumi’s CS awareness in our employees and to achieve CS with the involvement of all.



CS training

## ● Engagement with Employees

### Giving back to employees

Kumagai Gumi is a company with a staff association. Since FY2020, we have solicited requests from all employees regarding the company, and established a forum for the branch representatives of the staff association and the President to exchange opinions. As a result, we revised rules regarding employee benefits and welfare benefits, at the request of many employees.

As part of our initiatives for FY2024, we held an e-sports tournament organized by the staff association to promote internal communication and enhance engagement. The event was streamed between headquarters, all branch offices, employees’ homes, and dormitories, with approximately 400 participants, including employees and

their families, strengthening bonds through online gaming.

### Respect for freedom of association and the right to collective bargaining

At Kumagai Gumi, we respect the freedom of association and the right to collective bargaining, and we engage in dialogue between management and employees regarding wages and system revisions.

### Support for living wages

Kumagai Gumi complies with statutory minimum wage requirements and strives to set wages with consideration for price levels and living standards.



“KumaFes” e-sports tournament



Exchange of opinions between staff association representatives and the president

## Stakeholder Engagement

## ● Engagement with Shareholders and Investors

Kumagai Gumi is committed to disclosing information related to its management and business activities in a timely, appropriate, and fair manner, while striving to engage in constructive dialogue with stakeholders, including shareholders and investors based on its Disclosure Policy (established in March 2024), which includes policies about constructive dialogue with shareholders and investors. We provide financial information and timely disclosures in both Japanese and English simultaneously for fair disclosure.

In FY2024, we engaged in dialogue through various

channels. As part of our organizational enhancements, we allocated internal resources appropriately to strengthen our department dedicated to IR.

With growing interest in ESG investment, we are working to enhance not only financial disclosures but also non-financial information. As part of our ESG Initiative Direction, we have identified “Active dialogue with investors” as a key issue. We actively exchange views on performance trends, management strategies, shareholder returns, and our efforts to address environmental and social issues, as well as governance.

Dialogues held	Number of times	Major participants
Small meetings	6 times	President and Representative Director, departments in charge, etc.
Individual meetings	107 times	President and Representative Director, executives in charge, departments in charge, etc.
SR interviews	16 times	Executives in charge, departments in charge, etc.
Financial statement briefings	2 times	President and Representative Director, executives in charge, departments in charge, etc.
Conferences hosted by securities firms	1 time	President and Representative Director, executives in charge, departments in charge, etc.

### Main themes in the dialogues

Construction business environment	<ul style="list-style-type: none"> <li>Order situation and prospect of profit at the time of order</li> <li>Factors contributing to improving profit margin in the domestic civil engineering business and continuity of improvement</li> <li>Factors contributing to lower profit margins in the domestic building construction business and improvement measures</li> <li>Background of the revision of performance figures and reliability of the released figures after revision</li> <li>Status of provision for loss on construction contracts</li> </ul>	<ul style="list-style-type: none"> <li>Factors that cause losses in construction work and completion times</li> <li>Situation and outlook of soaring construction costs, such as material cost and labor cost</li> <li>Status of securing partner companies and supply-demand balance</li> <li>Recognition and outlook of the business environments</li> </ul>
Peripheral Businesses	<ul style="list-style-type: none"> <li>Status of Iidabashi redevelopment project and real estate investment</li> <li>SEP investment and offshore wind power generation initiatives</li> <li>Investment plan, plan progression status, and efforts to enhance investment execution capability</li> </ul>	
Alliance with Sumitomo Forestry Co., Ltd.	<ul style="list-style-type: none"> <li>Status of medium- and large-scale wooden structure business initiative</li> <li>Expansion measures of synergy with Sumitomo Forestry</li> </ul>	<ul style="list-style-type: none"> <li>Approach for the disposal of cross-held shares</li> </ul>
Capital Policy/Return to Shareholders	<ul style="list-style-type: none"> <li>Medium-term Management Plan (FY2024-FY2026)</li> <li>Ideas about optimal capital structure</li> </ul>	<ul style="list-style-type: none"> <li>Approach to equity ratio level and additional shareholder returns</li> <li>Background of dividend policy and introduction of interim dividend system</li> </ul>
Sustainability, governance	<ul style="list-style-type: none"> <li>Human capital management</li> <li>Response to 2024 Problem (application of the overtime work limit regulation) and its impact</li> <li>ZEB, GX market, decarbonization biomass fuel Black Bark Pellet</li> <li>Transfer of the Representative Director and President, management structure</li> <li>Status of decrease in strategic shareholdings and policy toward further reduction</li> </ul>	

## ● Involvement with Business Partners

### Yuuei Kyoryoku Kai

The Yuuei Kyoryoku Kai is an organization of 872 Kumagai Gumi partner companies. It engages in activities under a policy of Kumagai Gumi and Yuuei Kyoryoku Kai working together as close partners to take action in all areas of QCDS and to promote the creation of positive workplace environments. Subcommittees consisting of young individual were established throughout Japan in FY2024 with a strong focus on nurturing the next generation. The organization also promotes implementation of the Construction Career-Up System Subcommittee to ensure fair evaluation and treatment of skilled construction

workers, who serve as key factors at the construction sites, based on their skills and experience.

### Business improvement and creative refinement proposal program

Together with our affiliates, we operate a business improvement and creative refinement proposal program with aim of improving business and work efficiency and cutting costs. The program solicits proposals for business improvements, refinements, and ideas from our employees and the employees of partner companies, receiving 81 submissions in FY2024.

## ● Engagement with NPOs and NGOs

### Support for organizations

Support for the following organizations is provided through the Kumagai Gumi Smile Project, our social contribution activity platform.

- Japan Cancer Society (Support for cancer patients, awareness of cancer diseases)
- Zenkoku Kodomo Shokudo Shien Center Musubie (Local network bases that serve meals)
- Kosodate Hiroba Zenkoku Renraku Kyogikai (Activities to support Childcare in the community)
- Japan Inclusive Football Federation
- World Wide Fund for Nature - Japan

### Entered a corporate partnership with WWF Japan

Kumagai Gumi entered into a three-year corporate partnership with the World Wide Fund for Nature - Japan (hereinafter "WWF Japan"), a public interest incorporated foundation, starting in FY2025.

#### Initiatives over a three-year period

##### • Support for forest conservation projects and employee participation

Support for forest conservation activities conducted by WWF Japan, along with volunteer participation by employees

##### • Implementation of the following through information sharing, supervision, and mutual dialogue with WWF Japan

1. Implementation of a survey on the actual state of timber procurement and creation of a roadmap  
Supervision of the questionnaire content for "procurement due diligence" conducted by Kumagai Gumi
2. Setting of greenhouse gas emission reduction targets aligned with the 1.5°C scenario based on international certifications such as SBTi and steady implementation of measures to achieve those targets  
Promotion of SBTi updates and further advancement of climate-related information disclosure
3. Enhancement of information disclosure in line with TNFD recommendations
4. Examination of/exchange of opinions on contributions to the circular economy
5. Internal seminars/Study sessions

In FY2025, the first year of the partnership, Kumagai Gumi plans to examine its "procurement due diligence" and SBTi updates. In addition, volunteer activities will be conducted through employee participation in forest conservation projects implemented by WWF Japan.



## Stakeholder Engagement

### ● Involvement with Local Communities

#### Kumagai Gumi Smile Project, our social contribution activity platform

The “Kumagai Gumi Smile Project” social contribution activity platform makes use of a gift matching mechanism and was designed by an employee-led working group. We total the number of employees who have participated in social contribution activities, and make monetary donations that contribute to society based on that number for each fiscal year. In FY2024, 2,312 employees took part in 147 instances of activities nationwide, with the company donating 27.97 million yen in social contribution expenses for FY2024. The donations were applied to recipients including our KUMAGAI STAR PROJECT, our initiative for international social contribution activities, disaster relief funds, as well as support for organizations working on social issues.

In order to provide support for areas affected by the Myanmar earthquake that occurred in 2025, Kumagai Gumi made donations through NPOs and other organizations.

\* For each employee participating in social contribution activities, 1 point is credited to the platform. 1 point is calculated as 10,000 yen in social contribution costs.

\* FY2025 social contribution expenses include the combined total of activity points from FY2024 and any points carried over.

#### Mechanisms for promoting social contribution activities

##### Volunteer support system regulations

##### Volunteer leave

##### Volunteer insurance

Approximately 40 employees enrolled in FY2024.

##### Sustainability Promotion Committee reports

The Sustainability Promotion Committee, one of the company's management bodies, reports on activities.

##### Activity reports

Individual activity reports are posted on the company intranet along with monthly summaries.

##### Smile Project representatives at Headquarters and branches

Representatives are assigned at Headquarters and branch offices. Two to three general meetings are held annually.

#### Regional and social contribution activities conducted at Technical Research & Development Institute

As part of its regional and social contribution activities, Kumagai Gumi welcomes visitors to its Technical Research & Development Institute located in Tsukuba City, Ibaraki Prefecture.

More than 200 people visit annually, including local elementary and junior high school students on social studies field trips and high school students from other prefectures on school excursions. Hands-on learning opportunities are provided to help children develop an interest in technology.



#### Kumagai Gumi selected to provide a theme for the Tokyo Metropolitan Government's “Teens Idea Contest”

Kumagai Gumi supports and participates in the “Children's Smile Movement” promoted by the Tokyo Metropolitan Government. As part of this initiative, the company participated in the newly launched “Teens Idea Contest” in FY2024 as one of three companies selected to provide a contest theme.

In January 2025, Kumagai Gumi hosted an exchange meeting at its headquarters between the contest winners and company representatives to discuss the winning ideas.



Final review meeting and awards ceremony

Opening exchange meetings are held between the winning junior and senior high school students and Kumagai Gumi representatives.

## ● Evaluation by Society and Participation in Initiatives

### WE SUPPORT



Signed and joined the United Nations Global Compact



Expressed support for "TCFD"



"SBT Initiative" Certified



"RE100" Joined



CDP Climate change category  
"A-list" selected



CDP Water security category  
"A -" rating



CDP Supplier Engagement Assessment  
"Supplier Engagement Leader" rating



"Eco First Company"  
Certified



Entry into "Japan Climate Leaders' Partnership (JCLP)" as a supporting member



Registration as  
"ZEB planner"



Registration as  
"ZEH Developer"



Taskforce on Nature-related Financial Disclosures

Expressed support for  
"Task Force on Nature-related Financial Disclosures (TNFD)"

Initiative based on the Declaration for Biodiversity by Keidanren Expressed support



Eruboshi certification  
Acquisition of highest  
3-star certification



Health and Productivity Management  
Organization Recognition Program  
2025 certification  
(Large-scale enterprise category)



"Nadeshiko Brand"  
enterprise Selected



"New Diversity Management  
Selection 100" Selected



FTSE Blossom  
Japan Sector  
Relative Index

Selection as a constituent of the  
"FTSE Blossom Japan Sector Relative Index"



Received the "Gold" rating in  
PRIDE Index, an evaluation index  
related to LGBTQ initiatives



"Child-rearing support  
company" certification  
(Kurumin Certification)



Selection as constituent  
brand of S&P/JPX Carbon  
Efficient Index



Ministry of Justice  
"My Declaration of Human Rights"  
Expressed support



Expressed support for sexual minorities  
thought "My Declaration of Human Rights"  
(Ministry of Justice)



Accredited as "DX Certified Business  
Operator" (Ministry of Economy,  
Trade and Industry)



Member of KEIDANREN's  
One-Percent Club

## Messages from Outside Directors



**Shigeru Okada**  
Outside Director

### Supporting Kumagai Gumi's Growth Through Diverse Perspectives

Having come from the food industry, I bring a perspective that differs from conventional approaches to business operations in the construction sector. By intentionally questioning the status quo, I strive to offer fresh insights that may not arise from within the organization. With the transition this fiscal year to a company with an Audit & Supervisory Committee, I believe the Board of Directors now benefits from an even broader range of viewpoints, and I look forward to seeing this diversity further invigorate board discussions. While the first year of the Medium-term Management Plan (A New Path toward Sustainable Growth) may not have fully met expectations, I will work to enhance the quality of governance and monitoring, and strive to contribute to Kumagai Gumi's continued progress to ensure that the second and third years, the "hop" and "step" phases of the plan, meet expectations.

### Founding Spirit and Spirit of Endeavor

Kumagai Gumi's greatest strength lies in the founding spirit that was possessed by Santaro Kumagai, the company's founder, who expressed a wish to perform work that would benefit society someday, and a wish to take on difficult construction projects.

Kumagai Gumi's group governance framework continues to evolve, and its internal controls, including compliance systems, have been steadily established. Needless to say, Kumagai Gumi's efforts in quality and safety are well established, and its initiatives in diversity and sustainability are considered advanced within the construction industry. The company's foundation is assessed to be further solidifying.

To further enhance corporate value, I believe it is essential to once again return to this founding spirit. Boldly taking on challenges is what truly leads to the realization of the corporate vision, "Insight, Onsite, Farsight," and will enable the company to meet the expectations of our many stakeholders.



**Kimie Sakuragi**  
Outside Director

## Conducting Sound Management from a Diverse Perspective

Since the inauguration of President Trump in the United States, DEI (Diversity, Equity, and Inclusion) and environmental protection seem to have not only ceased to be promoted but have even become targets of criticism. However, from a long-term perspective, the value of these principles will not diminish.

Issues such as diversity can be addressed within a single company. Perspectives shaped by gender or age are valuable. Likewise, viewpoints from non-experts or consumers are also beneficial.

Governance is the foundation of corporate activity. When governance breaks down, it leads not only to financial losses but also to the erosion of trust and reputation. A company with weak governance is labeled as one that lacks logic and fails to value its employees. Once a company has such a reputation, it is extremely difficult to change it. Governance exists not only for external stakeholders but also for the benefit of all employees. It is the most important issue for outside directors.



**Masaya Nara**  
Outside Director



**Akio Yamada**  
Outside Director  
(Audit Supervisory  
Committee Member)

## Strengthening Oversight and Enhancing Corporate Value

I previously served as an outside auditor at Kumagai Gumi for three years. At Board of Directors meetings, active discussions have taken place among all members, including Outside Directors, regarding the management issues faced at each point in time. Drawing on their diverse experiences, Outside Directors speak candidly from the perspective of minority shareholders, without undue deference, thereby prompting awareness among management and fulfilling their oversight role. As a result, improvements in the profitability of core businesses and the accelerated development of peripheral businesses expected to drive future growth have been achieved.

This fiscal year, the company transitioned to a company with an Audit & Supervisory Committee, to which I was appointed as a member. This marks a major milestone in strengthening the Board of Directors' oversight function and enhancing governance. Leveraging my experience as a certified public accountant, I intend to continue contributing to the company's sustainable growth and medium- to long-term enhancement of corporate value.

## Human and Technical Capabilities That Underpin "Quality that Inspires Happiness"

The Kumagai Gumi Group is taking on new challenges for sustainable growth as a provider of construction services that society demands, by delivering value through its concept "Quality that Inspires Happiness." "Quality that Inspires Happiness" is supported by the human and technical capabilities of each employee, grounded in their passion and care for the people who use the structures that the company builds. As societal values continue to diversify, the company must further strengthen its human resource base and actively promote diversity management to ensure that a wide range of talent can fully demonstrate their abilities. Drawing on my experience as a lawyer and outside executive, I will continue to engage with the challenges the company faces and, with the transition to a company with an Audit & Supervisory Committee, contribute to further strengthening governance and enhancing corporate value.



**Miho Ueda**  
Outside Director  
(Audit Supervisory  
Committee Member)



## Key Financial Data over 10-Year Period

		Unit	2015	2016	2017
		(millions of yen)	FY ended March 2016	FY ended March 2017	FY ended March 2018
<b>Orders received</b>	Orders received (Non-Consolidated)		293,558	284,711	381,784
	Civil Engineering		109,463	103,718	129,891
	Building Construction		184,094	180,992	251,892
<b>Performance</b>	Sales		343,647	344,706	374,019
	Gross profit		39,068	41,080	40,230
	Gross profit margin	(%)	11.4	11.9	10.8
	SG&A expenses		14,528	15,945	17,188
	Operating income		24,540	25,135	23,041
	Operating income margin	(%)	7.1	7.3	6.2
	Ordinary income		25,772	25,358	22,682
	Profit attributable to owners of parent		12,092	16,433	15,783
	Comprehensive income		12,157	16,947	14,098
<b>Financial position</b>	Net assets		64,933	80,288	126,374
	Total assets		255,525	271,908	333,665
	Property, plant and equipment		15,745	17,199	19,504
	Interest-bearing debt		17,821	15,422	14,479
	Equity ratio	(%)	25.4	29.5	37.9
<b>Cash flow</b>	Cash flows from operating activities		4,234	8,625	17,641
	Cash flows from investing activities		(448)	(3,090)	(14,010)
	Cash flow from financing activities		(2,926)	(4,024)	30,856
	Cash and equivalents, end of period		72,422	73,926	108,532
<b>Per-share information</b>	Net assets per share (BPS)	(yen)	173.76	215.03	2,707.51
	Basic earnings per share (EPS)	(yen)	32.35	43.99	389.63
	Dividend per share	(yen)	4.00	7.00	90.00
	Payout ratio	(%)	12.4	15.9	23.1
<b>Stock price indicators</b>	Stock price at the end of the period	(yen)	286	290	3,420
	Price-earnings ratio (PER)	(multiple)	8.8	6.6	8.8
	Price-to-book ratio (PBR)	(multiple)	1.6	1.3	1.3
	Number of shares issued at the end of the period		377,544,607	377,544,607	46,805,660
<b>Other</b>	Return on equity (ROE)	(%)	20.4	22.6	15.3
	Ordinary income to total assets ratio (ROA)	(%)	10.1	9.6	7.5
	Capital investment		2,234	3,187	4,183
	Research and development expenses		1,516	1,784	1,987
	Depreciation		1,268	1,344	1,684
	Number of employees		3,702	3,798	3,892

\*1 The company performed a stock merger at a ratio of 1 share per 10 shares of common stock, effective October 1, 2017.

\*2 The dividend per share of 90 yen in the FY2017 includes a dividend of 20 yen per share to commemorate the company's 120th anniversary.

2018	2019	2020	2021	2022	2023	2024
FY ended March 2019	FY ended March 2020	FY ended March 2021	FY ended March 2022	FY ended March 2023	FY ended March 2024	FY ended March 2025
454,007	324,959	283,361	350,236	348,647	375,589	379,364
155,751	92,371	100,106	110,826	101,273	106,425	110,971
298,255	232,587	183,255	239,409	247,373	269,163	268,392
389,058	436,151	450,232	425,216	403,502	443,193	498,581
45,530	45,498	48,084	43,466	33,211	36,080	38,315
11.7	10.4	10.7	10.2	8.2	8.1	7.7
19,065	20,057	20,015	20,723	21,728	23,430	24,016
26,464	25,440	28,069	22,743	11,483	12,649	14,299
6.8	5.8	6.2	5.3	2.8	2.9	2.9
26,553	25,718	28,400	23,732	12,236	13,040	14,411
13,312	19,447	17,925	15,850	7,973	8,316	9,354
12,956	17,851	21,414	15,267	10,007	17,845	7,764
134,883	148,034	163,835	169,302	169,860	180,014	181,829
353,718	374,841	379,573	371,096	376,650	467,232	462,533
24,836	25,347	25,658	27,451	29,309	29,803	32,472
12,849	12,258	11,889	12,153	22,197	52,379	42,136
38.1	39.5	43.2	45.6	45.1	38.5	39.3
(12,398)	345	6,572	8,258	(18,826)	16,971	8,233
(7,379)	(2,298)	(4,306)	(3,395)	(8,458)	(10,778)	(11,990)
(6,126)	(5,361)	(6,112)	(9,686)	456	22,319	(16,466)
82,446	75,155	71,335	67,404	40,974	70,073	50,156
2,894.41	3,177.22	3,516.06	3,751.08	3,894.10	4,185.54	4,236.31
285.48	417.34	384.68	342.13	179.64	192.35	217.72
100.00	120.00	120.00	120.00	130.00	130.00	130.00
35.0	28.8	31.2	35.1	72.4	67.6	59.7
3,460	2,501	3,005	2,710	2,659	4,175	4,030
12.1	6.0	7.8	7.9	14.8	21.7	18.5
1.2	0.8	0.9	0.7	0.7	1.0	0.95
46,805,660	46,805,660	46,805,660	45,411,660	43,900,360	43,285,560	43,285,560
10.2	13.7	11.5	9.5	4.7	4.8	5.2
7.7	7.1	7.5	6.3	3.3	3.1	3.1
7,374	2,636	2,500	4,192	4,799	2,625	4,842
2,348	2,581	2,660	2,725	2,812	3,148	3,137
1,911	2,062	2,011	2,004	1,869	2,030	2,068
4,032	4,154	4,259	4,338	4,406	4,432	4,536

# Consolidated Financial Statements

## Consolidated balance sheet (Unit: millions of yen)

	2023	2024
	(March 31, 2024)	(March 31, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	70,073	50,156
Notes receivable, accounts receivable from completed construction contracts and other	266,541	264,450
Costs on uncompleted construction contracts	8,460	7,255
Accounts receivable - other	22,117	32,113
Other	2,331	3,502
Allowance for doubtful accounts	(64)	(65)
Total current assets	369,460	357,413
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,271	25,585
Machinery, vehicles, tools, furniture and fixtures	19,471	19,867
Land	17,897	19,638
Leased assets	811	737
Construction in progress	42	57
Accumulated depreciation	(32,691)	(33,414)
Total property, plant and equipment	29,803	32,472
Intangible assets	1,592	1,725
Investments and other assets		
Investment securities	48,586	50,372
Long-term loans receivable	6,860	9,324
Long-term non-operating accounts receivable	101	98
Claims provable in bankruptcy, claims provable in rehabilitation and other	30	30
Deferred tax assets	3,547	3,488
Other	7,447	7,833
Allowance for doubtful accounts	(196)	(225)
Total investments and other assets	66,376	70,922
Total non-current assets	97,771	105,120
Total assets	467,232	462,533

	2023	2024
	(March 31, 2024)	(March 31, 2025)
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	100,457	102,267
Electronically recorded obligations - operating	29,158	43,502
Short-term loans payable	10,906	8,109
Commercial paper	14,999	-
Income taxes payable	3,439	1,372
Advances received on uncompleted construction contracts	23,130	22,761
Deposits received	36,669	36,636
Provision for warranties for completed construction	522	609
Provision for loss on construction contracts	3,820	2,367
Provision for bonuses	4,097	4,144
Other	16,260	7,626
Total current liabilities	243,460	229,398
Non-current liabilities		
Long-term loans payable	26,474	34,026
Provision for stock payments	292	263
Retirement benefit liability	16,433	16,316
Deferred tax liability	-	73
Other	556	625
Total non-current liabilities	43,757	51,305
Total liabilities	287,218	280,703
<b>Net assets</b>		
Shareholders' equity		
Capital	30,108	30,108
Capital surplus	15,170	15,170
Retained earnings	120,115	123,852
Treasury stock	(657)	(987)
Total shareholders' equity	164,737	168,143
Accumulated other comprehensive income		
Valuation difference on available- for-sale securities	13,437	11,467
Deferred hedge gains/losses	3	4
Foreign currency translation adjustment	1,887	2,282
Remeasurements of defined benefit plans	(50)	(67)
Total accumulated other comprehensive income	15,276	13,686
Total net assets	180,014	181,829
Total liabilities and net assets	467,232	462,533

## Consolidated statement of income

(Unit: millions of yen)

	2023	2024
	(April 1, 2023 to March 31, 2024)	(April 1, 2024 to March 31, 2025)
Net sales of completed construction contracts	443,193	498,581
Cost of sales of completed construction contracts	407,112	460,266
Gross profit on completed construction contracts	36,080	38,315
SG&A expenses	23,430	24,016
Operating income	12,649	14,299
Non-operating income		
Interest income	122	252
Dividend income	817	953
Share of profit of entities accounted for using equity method	168	157
Foreign exchange gains	108	-
Other	159	85
Total non-operating income	1,376	1,448
Non-operating expenses		
Interest expenses	379	571
Loss on sale of receivables	41	115
Commission for syndicate loan	273	238
Loss on investment partnership operations	122	282
Foreign exchange losses	-	28
Other	168	99
Total non-operating expenses	985	1,336
Ordinary income	13,040	14,411
Extraordinary income		
Gain on sales of non-current assets	9	3
Gain on sales of investment securities	0	52
Compensation received for damages	67	-
Other	0	7
Total extraordinary income	77	63
Extraordinary losses		
Loss on retirement of non-current assets	17	12
Loss on valuation of affiliated company shares	46	335
Provision for allowance for doubtful accounts	30	32
Compensation for damage	307	204
Loss on litigation	0	89
Subsidiary anniversary-related expenses	77	-
Other	43	0
Total extraordinary losses	521	674
Profit before income taxes	12,595	13,799
Income taxes, inhabitant taxes, and enterprise taxes	4,888	3,646
Income taxes - deferred	(608)	798
Total income taxes	4,279	4,445
Profit	8,316	9,354
Profit attributable to owners of parent	8,316	9,354

## Consolidated statement of comprehensive income

(Unit: millions of yen)

	2023	2024
	(April 1, 2023 to March 31, 2024)	(April 1, 2024 to March 31, 2025)
Profit	8,316	9,354
Other comprehensive income		
Valuation difference on available- for-sale securities	8,920	(1,969)
Deferred hedge gains/losses	3	1
Foreign currency translation adjustment	514	395
Remeasurements of defined benefit plans, net of tax	87	(17)
Share of other comprehensive income of entities accounted for using equity method	3	0
Total other comprehensive income	9,529	(1,590)
Comprehensive income	17,845	7,764
(breakdown)		
Comprehensive income attributable to owners of parent	17,845	7,764
Comprehensive income attributable to non-controlling interests	-	-



## Consolidated Financial Statements

## Consolidated statements of changes in equity (Unit: millions of yen)

**2023**

(April 1, 2023 to March 31, 2024)

	Shareholders' equity					Accumulated other comprehensive income					Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available- for-sale securities	Deferred hedge gains/ losses	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	30,108	17,133	117,498	(626)	164,113	4,512	-	1,372	(137)	5,747	169,860
Changes of items during period											
Dividends of surplus			(5,698)		(5,698)						(5,698)
Profit attributable to owners of parent			8,316		8,316						8,316
Purchase of treasury shares				(2,027)	(2,027)						(2,027)
Disposal of treasury shares		0		33	34						34
Retirement of treasury stock		(1,962)		1,962	-						-
Net changes of items other than shareholders' equity						8,924	3	514	87	9,529	9,529
Total changes of items during period	-	(1,962)	2,617	(30)	624	8,924	3	514	87	9,529	10,153
Balance at end of current period	30,108	15,170	120,115	(657)	164,737	13,437	3	1,887	(50)	15,276	180,014

**2024**

(April 01, 2024 to March 31, 2025)

	Shareholders' equity					Accumulated other comprehensive income					Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available- for-sale securities	Deferred hedge gains/ losses	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	30,108	15,170	120,115	(657)	164,737	13,437	3	1,887	(50)	15,276	180,014
Changes of items during period											
Dividends of surplus			(5,618)		(5,618)						(5,618)
Profit attributable to owners of parent			9,354		9,354						9,354
Purchase of treasury shares				(431)	(431)						(431)
Disposal of treasury shares		0		100	100						100
Net changes of items other than shareholders' equity						(1,969)	1	395	(17)	(1,590)	(1,590)
Total changes of items during period	-	0	3,736	(330)	3,405	(1,969)	1	395	(17)	(1,590)	1,815
Balance at end of current period	30,108	15,170	123,852	(987)	168,143	11,467	4	2,282	(67)	13,686	181,829

## Consolidated statement of cash flows (Unit: millions of yen)

	2023	2024
	(April 1, 2023 to March 31, 2024)	(April 1, 2024 to March 31, 2025)
<b>Cash flows from operating activities</b>		
Profit before income taxes	12,595	13,799
Depreciation	2,062	2,068
Increase (decrease) in allowance for doubtful accounts	37	23
Increase (decrease) in provision for loss on construction contracts	2,825	(1,452)
Increase (decrease) in provision for contingent loss	(4)	-
Increase (decrease) in net defined benefit liability	(151)	(143)
Interest and dividend income	(939)	(1,205)
Interest expenses	379	571
Foreign exchange losses (gains)	(39)	57
Share of loss (profit) of entities accounted for using equity method	(168)	(157)
Loss on valuation of affiliated company shares	46	335
Loss (gain) on investment partnership operations	122	282
Loss (gain) on valuation of investment securities	(0)	(52)
Loss (gain) on sales of non-current assets	(9)	(3)
Loss on retirement of non-current assets	17	12
Decrease (increase) in notes and accounts receivable - trade	(40,470)	2,608
Decrease (increase) in costs on uncompleted construction contracts	2,015	1,222
Increase (decrease) in notes and accounts payable - trade	17,403	15,051
Increase (decrease) in advances received on uncompleted construction contracts	10,258	(397)
Decrease (increase) in accounts receivable	(3,729)	(9,995)
Increase (decrease) in deposits received	10,625	(32)
Other	5,150	(9,231)
Subtotal	18,027	13,360
Interest and dividend income received	915	1112
Interest expenses paid	(380)	(568)
Income taxes paid	(1,590)	(5,670)
Cash flows from operating activities	16,971	8,233
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,239)	(4,074)
Proceeds from sales of property, plant and equipment	9	4
Purchase of investment securities	(26)	(1,053)
Proceeds from sales of investment securities	0	73
Purchase of shares of subsidiaries and associates	(65)	(462)
Expenditures for acquisition of securities of other affiliated companies	(1,508)	(3,381)
Payments of loans receivable	(6,607)	(2,814)
Collection of loans receivable	62	189
Other	(403)	(471)
Cash flows from investing activities	(10,778)	(11,990)
<b>Cash flow from financing activities</b>		
Net increase (decrease) in short-term loans payable	2,120	1,490
Proceeds from long-term loans payable	13,971	9,070
Repayments of long-term loans payable	(908)	(5,804)
Proceeds from issuance of commercial paper	44,985	207,940
Expenditures for redemption of commercial paper	(30,000)	(223,000)
Purchase of treasury shares	(2,025)	(429)
Cash dividends paid	(5,697)	(5,614)
Other	(125)	(118)
Cash flow from financing activities	22,319	(16,466)
Effect of exchange rate change on cash and cash equivalents	586	306
Net increase (decrease) in cash and cash equivalents	29,099	(19,916)
Cash and cash equivalents at beginning of period	40,974	70,073
Cash and equivalents, end of period	70,073	50,156

## Corporate Information

<b>Company name</b>	Kumagai Gumi Co., Ltd.
<b>Headquarters</b>	2-1 Tsukudocho, Shinjuku-ku, Tokyo
<b>Office</b>	2-6-8 Chuo, Fukui, Fukui Prefecture
<b>Representative</b>	Shin Ueda, President and representative Director.
<b>Founded</b>	January 1, 1898
<b>Incorporated</b>	January 6, 1938
<b>Capital</b>	30.1 billion yen*
<b>Number of employees</b>	4,536 consolidated; 2,709 non-consolidated*

\*As of March 31, 2025

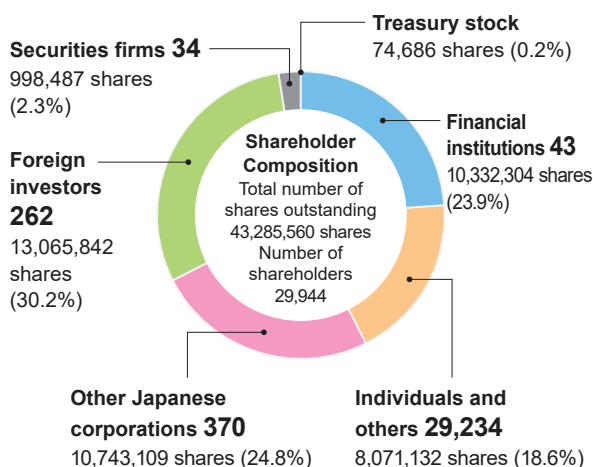
<b>Scope of Business</b>	To investigate, survey, plan, design, execute, and supervise construction works, and to give technical guidance, provide comprehensive engineering, management, and consulting services as well as related contracted construction businesses.
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<b>Domestic sites</b>	Hokkaido Branch, Tohoku Branch, Tokyo Metropolitan Area Branch, Tokyo Architectural Branch, Nagoya Branch, Hokuriku Branch, Kansai Branch, Chushikoku Branch, Shikoku Branch, Kyushu Branch, Okinawa Branch, Technical Research & Development Institute
<b>Overseas Offices</b>	Vietnam, Indonesia, Malaysia
<b>Group Companies</b>	GAEART Co., Ltd. K&E Co. Ltd. Technos Co., Ltd. Techno-Space Creates Co., Ltd. FATEC Co., Ltd. Technical Support Co., Ltd. Taiwan Kumagai Co., Ltd.

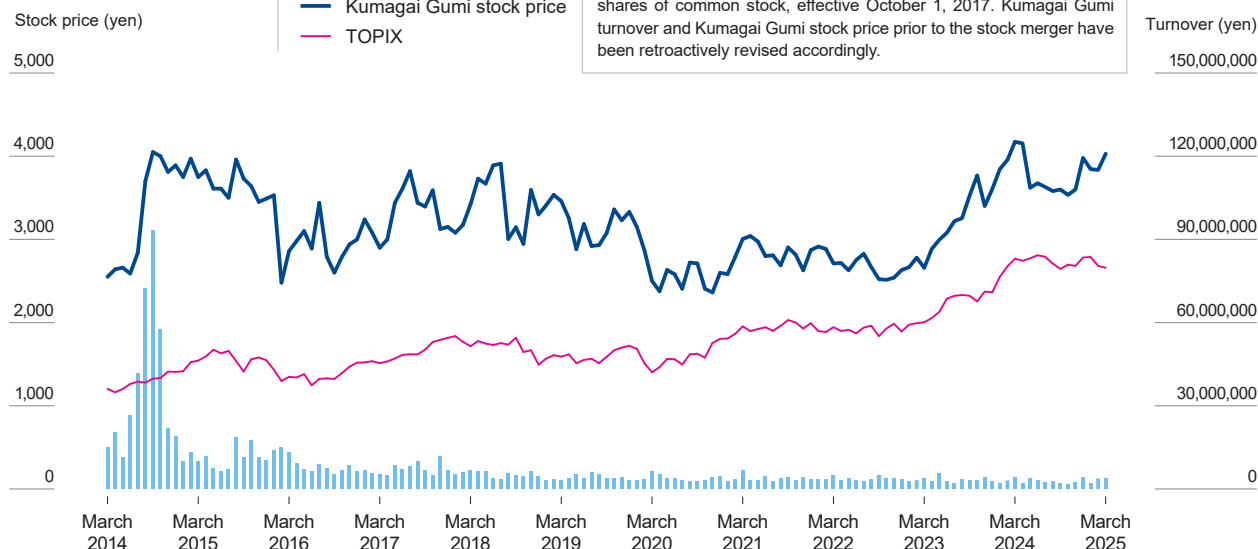
## Stock Information (as of March 31, 2025)

### Stock Information

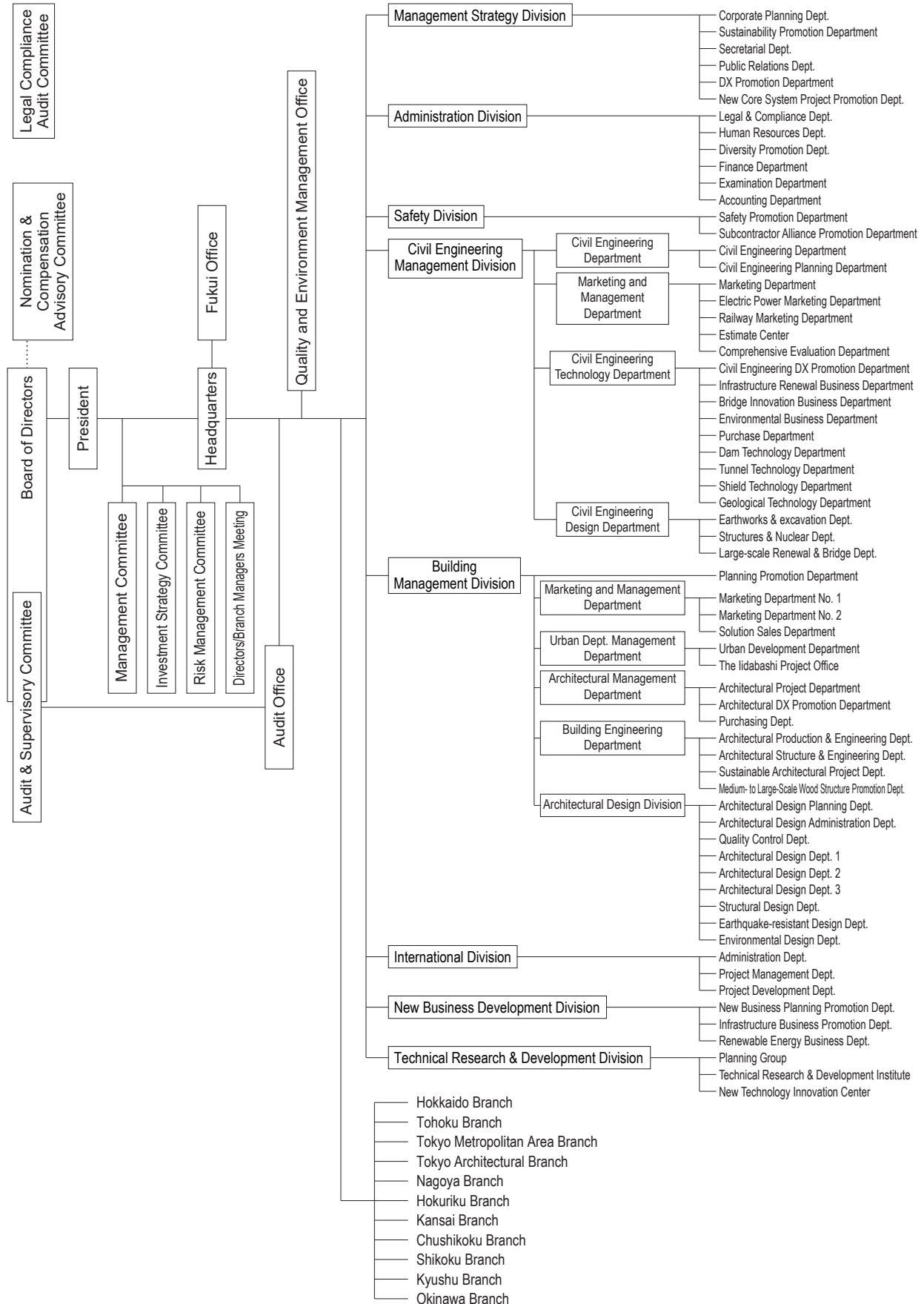
<b>Securities Code</b>	1861
<b>Stock Exchange Listing</b>	The Tokyo Stock Exchange Prime Market
<b>Total Number of Shares</b>	71,400,000 shares
<b>Authorized to Be Issued</b>	
<b>Total number of shares outstanding</b>	43,285,560 shares
<b>Share Unit</b>	100 shares
<b>Number of shareholders</b>	29,944
<b>Administrator of Shareholders Registry</b>	Sumitomo Mitsui Trust Bank, Limited
<b>Fiscal Year</b>	From April 1 through March 31
<b>Base Date for Annual Dividend</b>	March 31
<b>Annual Shareholders' Meeting</b>	June of the Year



### Stock Trading Data



# Organizational Chart (as of June 27, 2025)







## **Kumagai Gumi Co., Ltd.**

2-1 Tsukudocho, Shinjuku-ku, Tokyo 162-8557, Japan  
<https://www.kumagaigumi.co.jp>

### **Inquiries**

**Management Strategy Division   Sustainability Promotion Department**

TEL 81-3-3235-8114   FAX 81-3-5261-9665

E-mail [sustainability@ku.kumagaigumi.co.jp](mailto:sustainability@ku.kumagaigumi.co.jp)

