

The painting on the cover is a work by an artist with a disability from “NPO Rettoukai SOUZOUKAN Creative House”.

* The Kumagai Gumi Group supports the philosophy of “NPO Rettoukai SOUZOUKAN Creative House”, which is to “support employment through art works created by people with disabilities”.

The Kumagai Gumi Group Integrated Report 2026

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Insight, Onsite, Farsight

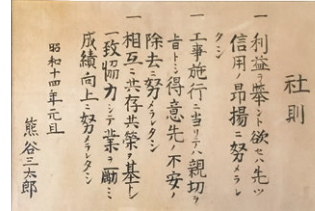


Founding Spirit

Our Company's Code of Conduct

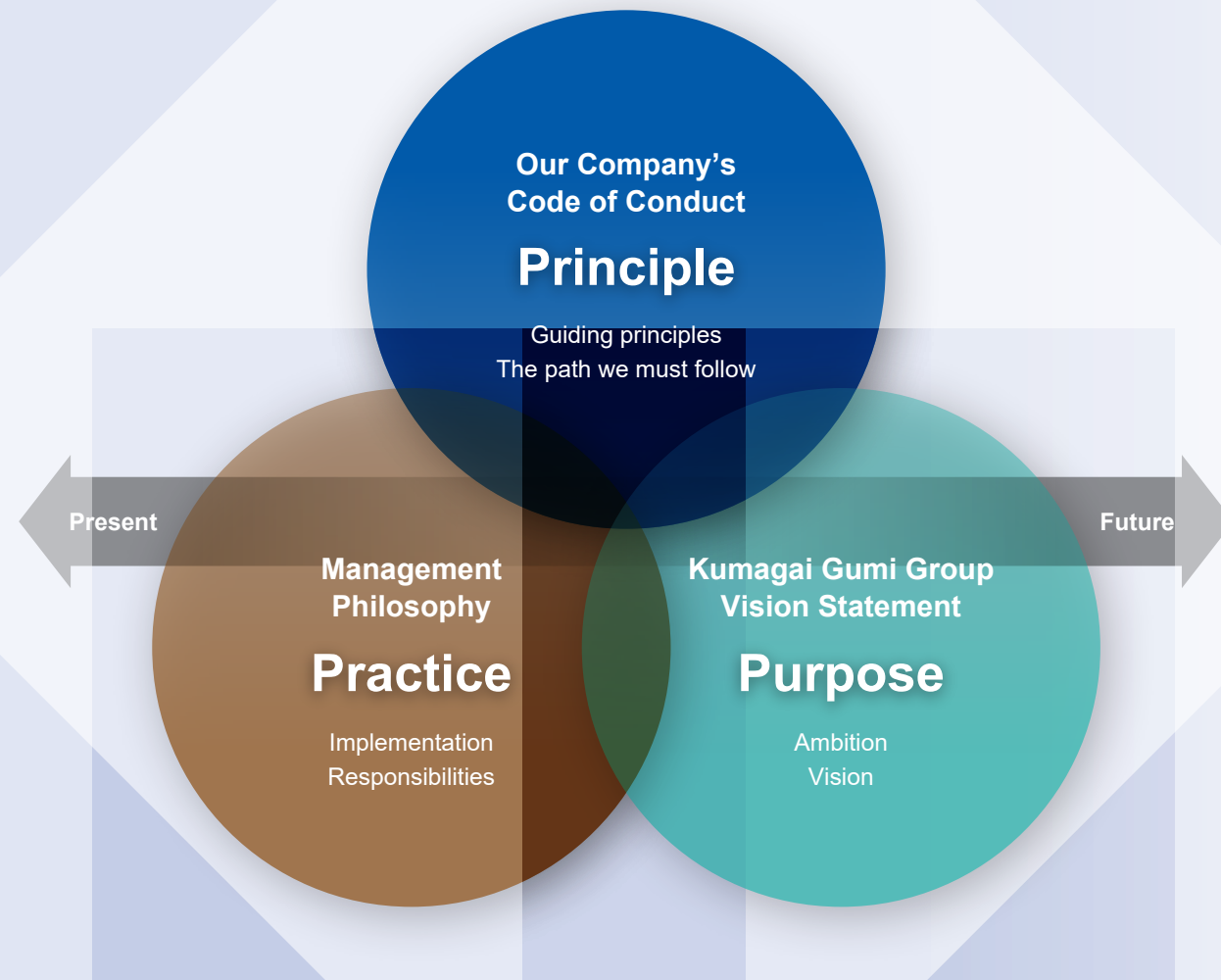
Our Company's Code of Conduct originated in 1939, one year after the Company was founded, when founder Santaro Kumagai created company rules as a guide for employees. Later, in 1946, those rules became our Company's Code of Conduct, which continues to serve in that capacity to this day. Our spirit of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



"A New Path toward Sustainable Growth"

Management policy in the next 10 years

Long-term vision 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."

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	Basic Policy 2	Basic Policy 3
Strengthening the construction business	Accelerating peripheral businesses	Enhancing the management base
Strengthen the core construction business and increase profitability	Accelerate construction peripheral businesses positioned as a growth area and create solid revenue sources	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.

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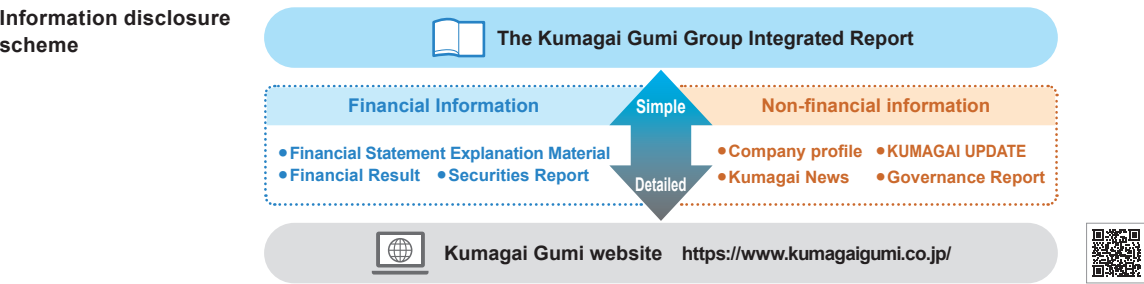
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About “The Kumagai Gumi Group Integrated Report 2026”

The Kumagai Gumi Group Integrated Report 2026 is issued as an integrated 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.

Referencing feedback from our stakeholders	Addition of frequently requested information	Enhancement of disclosed information
The Kumagai Gumi Group Integrated Report 2026 has been compiled using feedback from ESG analysts, financial institutions, employees, and the Nikkei Integrated Report Awards for reference.	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.	The report focuses on initiatives related to our management base, including human resource foundation, 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.



Period of Reporting	FY2025 (April 1, 2025 to March 31, 2026) The information in this report also incorporates examples of activities and other information from April 2026 or later, as required.
Organizations Covered by the Report	The scope of this report covers Kumagai Gumi Co., Ltd. and its eight group companies, seven 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 2026 (Previous edition: July 2025; Next edition: Scheduled for July 2027)
Referenced Guidelines	• GRI Sustainability Reporting Standards • Environmental Reporting Guidelines from the Ministry of the Environment • IFRS Foundation, International Integrated Reporting Framework • Value Co-Creation Guidance from the Ministry of Economy, Trade and Industry • Sustainability Standards Board of Japan, Sustainability Disclosure Standard No. 2
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.



Message from the President



We will further strengthen both our earning power and customer appeal, achieve the goals of our Medium-term Management Plan, and move forward with determination toward our next stage of growth.

What kind of year was
FY2025?

Our earning power and customer appeal have increased, allowing us to take a solid step towards the next stage of growth.

Through the Medium-term Management Plan (FY2024-FY2026) currently implemented by the Kumagai Gumi Group, we aim to thoroughly enhance our earning power and customer appeal. In FY2025, we achieved a substantial improvement in consolidated ordinary income, following a weak performance in the previous fiscal year. One factor behind this was the establishment of new trust-based relationships with customers, including a deeper mutual understanding regarding fluctuations in construction material prices and collaborative cost reduction efforts.

Furthermore, employee satisfaction and motivation increased, and the score of the annual engagement survey also rose, which allowed us to achieve related Medium-term Management Plan targets ahead of schedule. This was also a very pleasing result for me personally.

In FY2025, the path to achieving the financial targets set forth in the Medium-term Management Plan became clearer, and I feel we were able to take a solid step towards the next stage of growth. With one year remaining, the entire Company will work together as one to steadily produce results.

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Please tell us about business performance during FY2025.

Consolidated ordinary income and many other performance indicators improved, establishing new trust-based relationships with customers.

In FY2025, we achieved a significant recovery in business performance, particularly in terms of profit. Consolidated ordinary income exceeded the target, achieving an 88% increase year-on-year. The gross profit margin in the Domestic Building Construction Business, previously struggled, also improved significantly from 4% in the previous fiscal year to 9.8%.

As a factor for this, we can first mention the near-elimination of low-profit construction projects, where costs had increased due to surging construction material prices, etc. Amendments to construction industry laws have fostered a growing awareness of sharing the burden of material price fluctuations appropriately among related parties. We are introducing a price escalation clause in contracts to address construction material price fluctuations, and even when this cannot be incorporated, we strive to conclude contracts at appropriate levels that anticipate associated risks. Opportunities to collaborate with customers from the planning and design stages, such as proposing Value engineering (VE), which leads to cost reduction while

maintaining quality, have increased, and I feel that new trust-based relationships are emerging.

Meanwhile, consolidated sales remained almost flat compared to the previous fiscal year. However, order momentum has been strong, and we believe we can achieve the goals of the Medium-term Management Plan for both sales and profit in FY2026.

Along with the improvement in profit margin, ROE & equity ratio have also significantly improved. We plan on continuing to pay stable returns to shareholders while maintaining financial soundness and capital efficiency.

In January 2026, we changed the equity ownership ratio of the shares mutually held with Sumitomo Forestry Co., Ltd. This was implemented to improve capital efficiency, while continuing the collaborative relationship with the company that we have been promoting. Regarding the improvements in ROE & equity ratio, the result also reflects the gain on sale of shares associated with this change in the equity ownership ratio, which was recorded as extraordinary income.

Among the projects undertaken in FY2025, which ones left the strongest impression on you?

From disaster recovery work to creating new city landmarks, we took on a diverse range of projects characteristic of the Kumagai Gumi Group.



In Civil Engineering, we continued to focus on recovery work related to the Noto earthquake that occurred in 2024. Engaging in disaster prevention, mitigation, and national resilience is an important mission for a company operating in the construction industry. Since Kumagai Gumi has its roots in Fukui Prefecture, we are making a company-wide effort focusing on the recovery of the Noto Peninsula, which is in the same Hokuriku region.

Moreover, ten years have passed since the Kumamoto earthquake. As part of that recovery effort, the Okirihata Dam project, which Kumagai Gumi has been undertaking, will soon be completed. Digital technology is being utilized extensively in this project. This site is also meaningful in terms of challenging advanced technology, as we conducted verification tests of an ultra-high-density nanobubble generator, which is effective in reducing fuel consumption of construction machinery.

In the Construction Business, “Harajuku Quest,” constructed by Kumagai Gumi, fully opened this spring. It is a complex commercial facility that will become a new landmark in Harajuku, Tokyo. Its unique design made construction challenging, but I think that the high level of public attention made it a rewarding project for our employees.

What initiatives was the Kumagai Gumi Group engaged in?

To enhance synergy of the Group and strengthen governance, we are holding open discussions at the Group management promotion committee.

I believe FY2025 was a year that led to new growth for the Group as well. Cooperation between Kumagai Gumi and Group companies as well as among Group companies themselves has progressed, leading to the steady realization of the synergy of the Group.

GAEART has also developed a unique product called “Mobablue,” an artificial reef block that contributes to the preservation of the marine environment and carbon neutrality. At K&E, which celebrated its 25th anniversary, we received an order for a large-scale renovation project for a complex facility in front of Kyoto Station. In recent years, the renovation

market has been expanding due to soaring construction material prices, and the company's business, which also contributes to the circular economy, is expected to grow further. Overseas, Taiwan Kumagai is making steady progress with the construction of an ultra high-rise twin tower building in Taipei.

From the perspective of Group management, strengthening governance is also an important theme. The Kumagai Gumi Group has established the Group Management Promotion Committee to share issues and deepen collaboration. To strengthen cooperation, I have been serving as the committee chair since the current fiscal year.

Looking back on FY2025, what do you perceive as issues?

Our biggest issue is the shortage of workers. I believe that medium- to long-term initiatives from a higher perspective are necessary.

I think this applies to Japanese society as a whole, but the biggest issue that we are facing is indeed the shortage of workers.

Needless to say, the source of growth for the construction industry lies in the worksites that support manufacturing, and it is the “people” at those worksites who pursue being “No. 1 in safety, quality and environment” as advocated by Kumagai Gumi. Recognizing this as a medium- to long-term challenge for

the Kumagai Gumi Group, we will work together with the partner companies of Yuuei Kyoryoku Kai to create an environment where everyone involved with Kumagai Gumi can work with pride and a sense of purpose.

We invited experts and held an opinion exchange meeting with our top management regarding this issue.

[▶P.72 Opinion-Exchange Meetings with Knowledgeable Experts](#)

Please tell us about the business environment and earnings outlook for FY2026.

Despite uncertainties, the business environment remains robust. We expect to largely achieve the financial targets of the Medium-term Management Plan.

In the private sector, active capital investment continues, and the public sector is also expected to remain robust. While there are concerns about risks such as soaring construction material prices due to the unstable situation in the Middle East, I believe that we can respond flexibly by incorporating price escalation clauses

into contracts, a practice that is already becoming widespread.

Regarding business strategies, we will steadily continue the measures that have already yielded results. We have set five financial targets in this Medium-term Management Plan which we expect to achieve.

What kind of initiatives are being advanced for enhancing the management base?

In DX Promotion, the biggest theme is construction site reform. We are also promoting the utilization of digital technology in research and technology development.

We will further accelerate efforts for enhancing the management base, which is one of the basic policies of the Medium-term Management Plan.

In DX Promotion, the biggest theme is construction site reform. Standardization of work through the use of digital tools is being put in place. The use of generative AI in daily operations is also

becoming more common, and we will expand its application to a wider range of tasks, such as creating construction plans. The worksites of the Kumagai Gumi Group are supported by diverse technologies and knowledge. We want to promote the creation of a system that allows us to share the experience cultivated by skilled engineers through digital power and connect it to the future.

At construction worksites, we are also actively introducing ICT to realize safer and more efficient operations. In the recovery

work on the Noto Peninsula, we introduced nighttime unmanned construction using Remote and automated technology, allowing a single operator to manage multiple construction machines.

To address the medium- to long-term challenge of the worker shortage, we intend to incorporate it into discussions not only for FY2026 but also with a view towards the next Medium-term Management Plan.

Please tell us about the initiatives and monetization in peripheral businesses.

The businesses in which we have invested are steadily bearing fruit. We are strengthening our structure to achieve rapid monetization.

In the Real Estate Development Business, a wooden office building developed in the suburbs of Dallas, Texas, USA, in collaboration with Sumitomo Forestry Co., Ltd., has been completed and is already 100% occupied. Going forward, we will aim for an exit and profit generation while carefully assessing market conditions. Investments in private real estate development funds pursued jointly with Sumitomo Forestry Co., Ltd. in the United States are also progressing smoothly.

In the Renewable Energy Business, we jointly own an SEP vessel for the construction of offshore wind power generation facilities and expect to commence the Leasing Business from

the second half of FY2026. Regarding the decarbonization biomass fuel “black bark pellets,” the manufacturing plant has been completed, and we plan to start sales also in the second half of this year.

Concerning the creation of these new businesses, in FY2026, we strengthened our structure through an organizational change related to renewable energy. Furthermore, we established the Investment Strategy Committee as a management body, inviting external advisors as members to examine investment strategies from a third-party perspective.

What are your thoughts on human resources, and what measures are you implementing?

We newly established the Human Resources Strategy Committee, which approaches matters from a management perspective, so that every employee can engage with their work with a sense of purpose.

In FY2026, we established the Human Resources Strategy Committee to position human resources as the core of our management strategy and to develop consistent initiatives from a management perspective.

We are focusing on the recruitment and development of human resources, and the number of new graduate hires, among others, is increasing year by year. We are also putting effort into mid-career hires to secure specialized human resources for peripheral businesses, etc. A shortage of human resources in the mid-career generation remains an issue. In the construction business, we have launched a training programs for young

engineers with the goal of becoming a site manager by age 30.

Regarding workstyle reforms, in FY2025, overtime work decreased significantly, and the results of our measures are steadily becoming apparent.

In the engagement survey as well, we were able to achieve our target score ahead of schedule due to the soundness of our financial base and continuous improvements in treatment. However, it is also a fact that there are issues needing improvement, such as boosting the motivation of mid-career employees. I will continue to take the lead in creating a rewarding workplace.

Please tell us about sustainability management.

To contribute to carbon neutrality and the circular economy, we have established a company-wide promotion system and are advancing initiatives integrated with management.

I personally feel that environmental issues, including global warming, are problems that should be regarded as important, and I would like to advance initiatives across the entire supply

chain of the Kumagai Gumi Group.

Regarding sustainability initiatives, based on our ESG Initiative Direction, we have identified Key Issues (Materiality),

set associated KPIs, and established a system for regular monitoring. I also receive regular reports and am advancing initiatives integrated with management. Additionally, regarding decarbonization, we strengthened the previously working group-level initiative by positioning it as the carbon neutrality measures subcommittee, a subordinate organization of the

Sustainability Promotion Committee. We are deploying a wide range of initiatives, including examining measures and roadmaps that are implemented down to the worksite level. Furthermore, in FY2025, we held an internal study session for executives on the circular economy, a topic deeply related to the construction industry.

Please tell us about the strengths of the Kumagai Gumi Group.

I am reminded once again of the importance of “Trust” from customers, “Co-Operation” with partner companies, and the “spirit of endeavor” that is in Kumagai Gumi’s DNA.

Kumagai Gumi upholds “Trust,” “Consistency,” and “Co-Operation” among others as Our Company’s Code of Conduct, which conveys the founding spirit. “Trust” from society and customers is the foundation of our development, and “Kindness” is a word that expresses the “sincere heart” that Kumagai Gumi values. There are various relationships within “Co-Operation,” and among them, what I particularly want to be conscious of is mutual prosperity with our partner companies. “Worksite Excellence” and “Technology Strength,” which are the strengths of the Kumagai Gumi Group, are supported by the efforts of the

many people who work together with us on manufacturing at worksites.

Furthermore, the “spirit of endeavor” inherited since our founding is also a strength of the Kumagai Gumi Group.

“Quality that Inspires Happiness,” which we set forth as our Group vision, is also a phrase I am fond of. I believe that the essence of our work lies not just in constructing buildings and roads but in supporting the happiness of people and the development of society that lies beyond.

What message do you have for stakeholders?

Each time I engage in dialogue with stakeholders, I gain valuable insights and learning. I hope that you will become medium- to long-term fans of the Kumagai Gumi Group.

In FY2025, we put more effort than the previous year into dialogue with investors and other stakeholders. As I consistently communicate, the essence of the Kumagai Gumi Group lies in the worksite, which is the front line of manufacturing. We held site tours for institutional investors, providing them with opportunities to experience advanced technology firsthand and, most importantly, to see our employees working. We consider such opportunities invaluable for deepening their understanding of us.

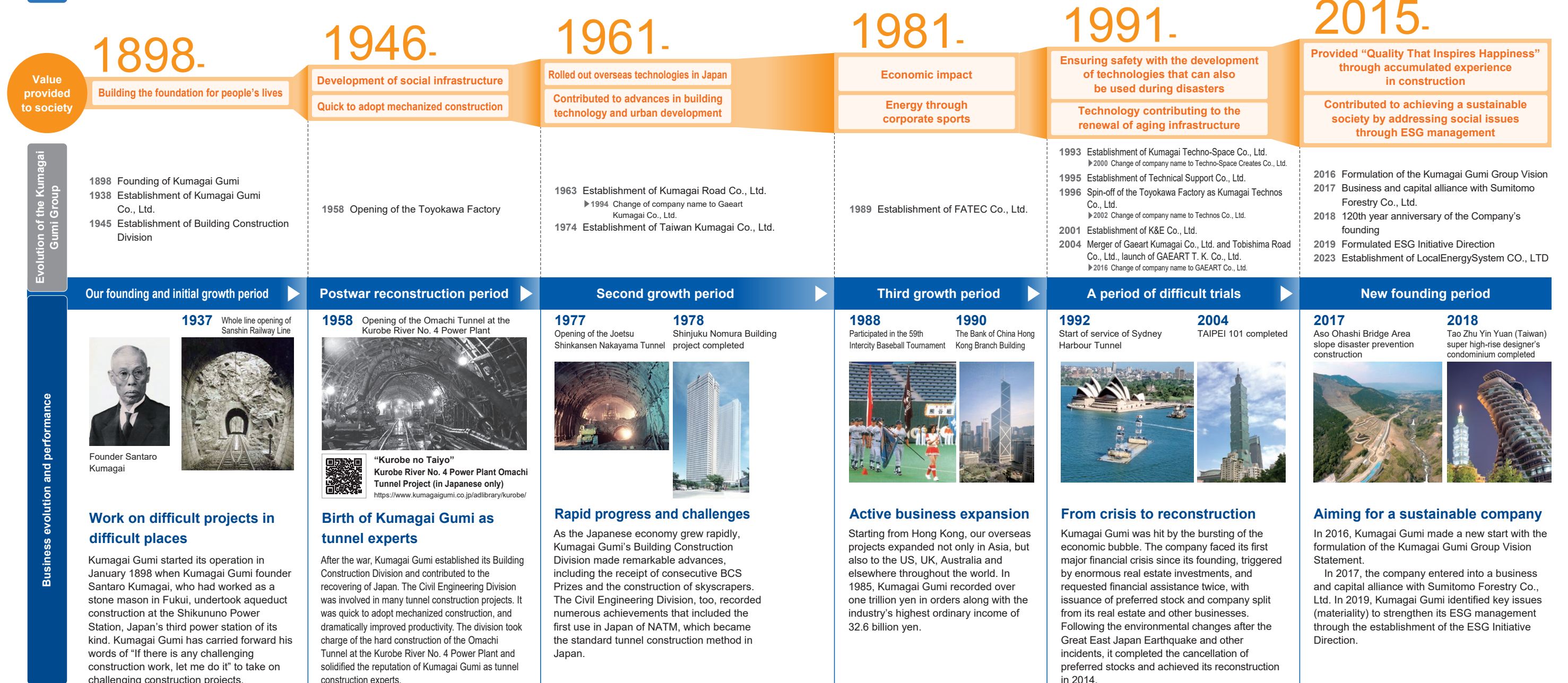
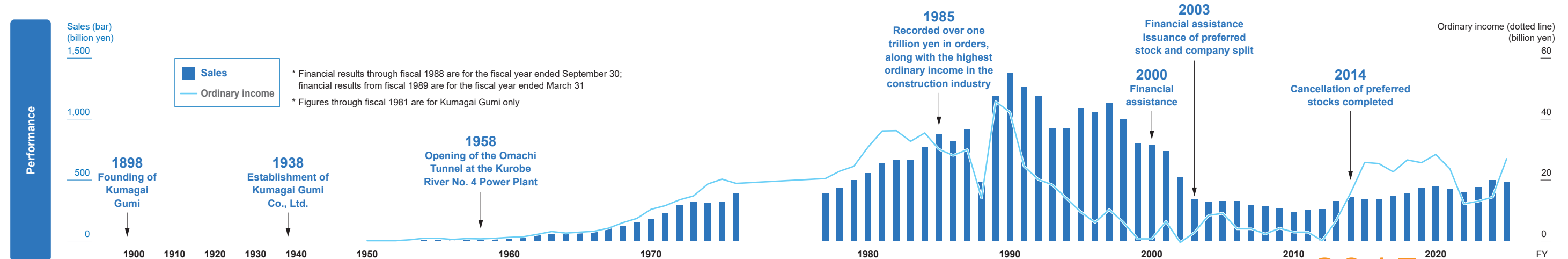
FY2026 is the final year of the Medium-term Management Plan. We will dedicate all our efforts to achieving the targets while maintaining a high perspective and deepening discussions with a view towards the next Medium-term Management Plan.

We will continue to engage in dialogue with stakeholders through various forums and reflect their voices in our management. I hope that as many people as possible will become fans of the Kumagai Gumi Group and support us from a medium- to long-term perspective.



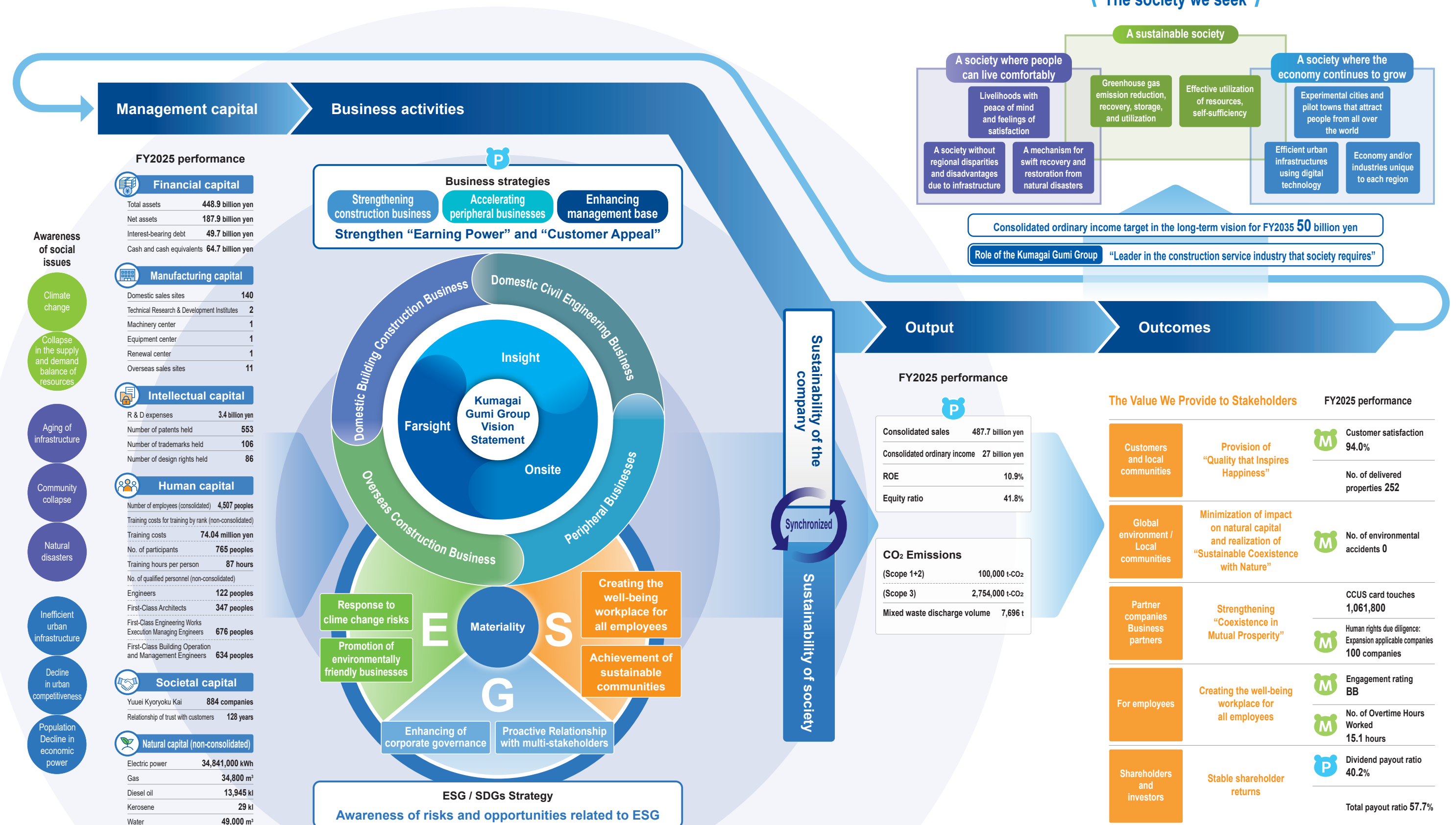
Value Creation History

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.



The Kumagai Gumi Group's Value Creation Process

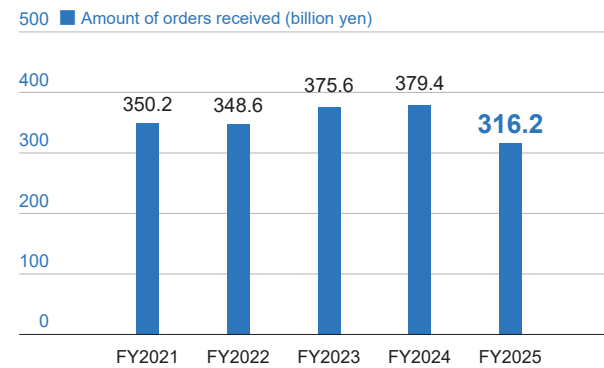
The Kumagai Gumi Group conducts business activities on the basis of its Group Vision, to contribute to the resolution of social issues and to be of service to our stakeholders.



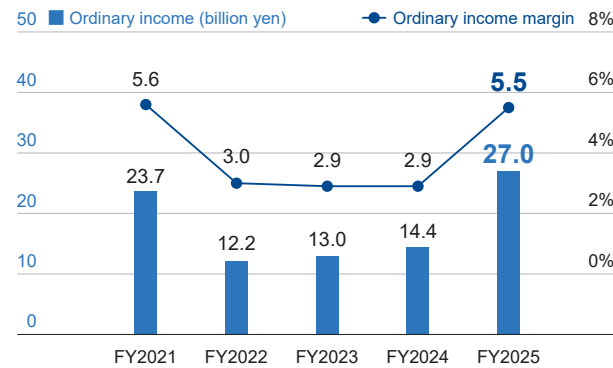
FY2025 Highlights

Financial Information

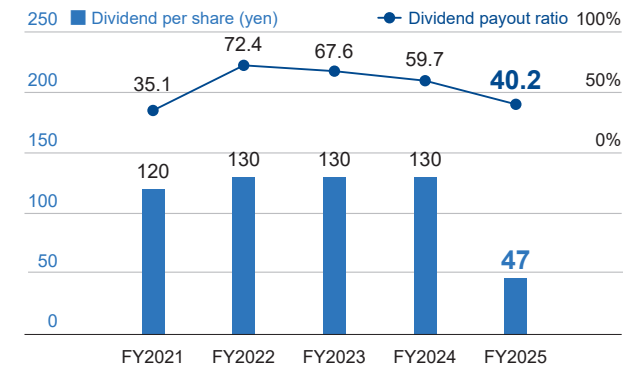
Orders received (Kumagai Gumi only)



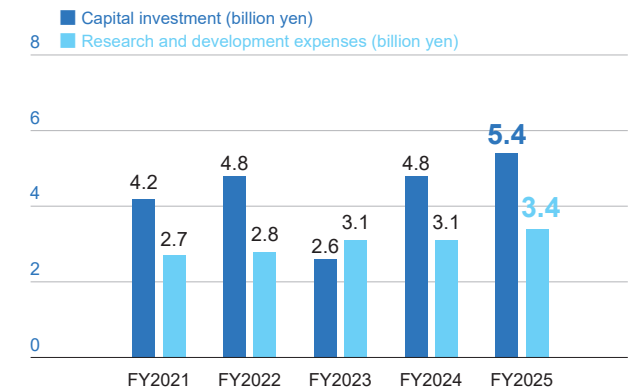
Ordinary income



Dividend per share & payout ratio

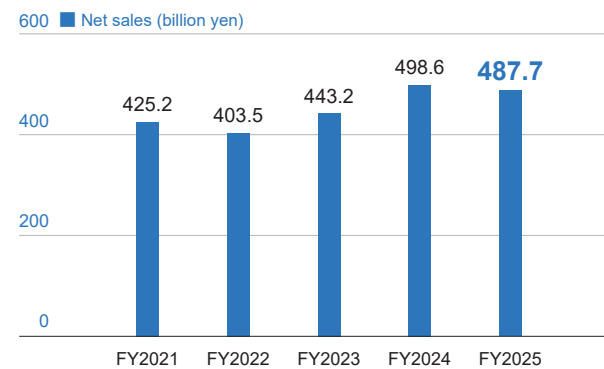


Capital investment/Research and development expenses

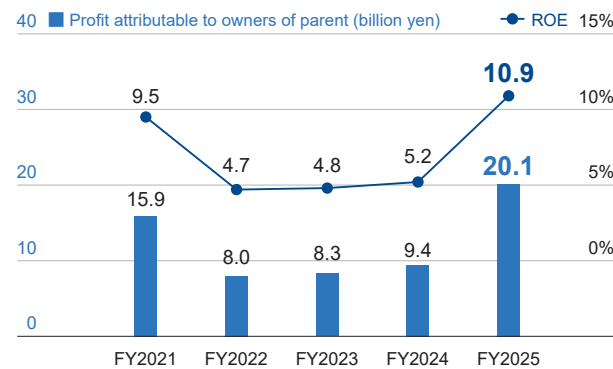


* Effective October 1, 2025, the company executed a 4-for-1 stock split of its common stock.

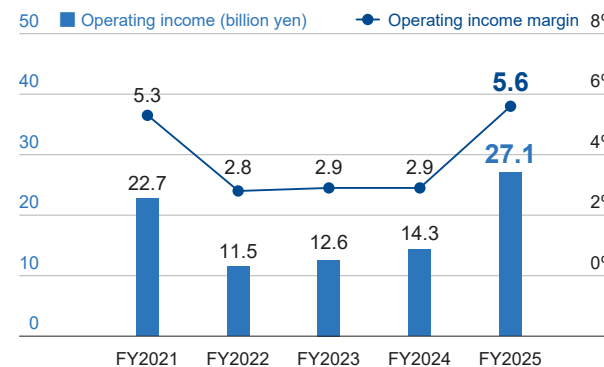
Sales



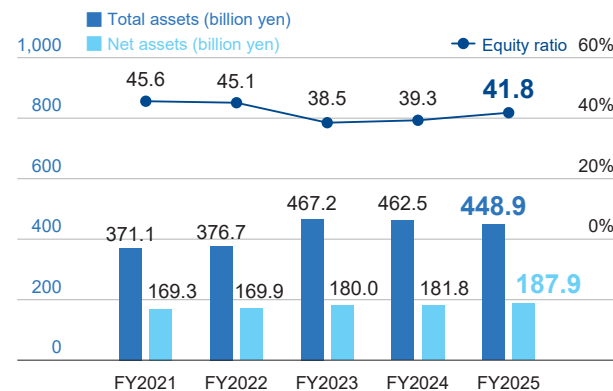
Net profit and return on equity (ROE) attributable to owners of parent



Operating income



Total assets, net assets & equity ratio



Non-financial information

Figures in parentheses are Group consolidated results. (FY)	2021	2022	2023	2024	2025
Number of employees	2,626 (4,338)	2,635 (4,406)	2,654 (4,432)	2,709 (4,536)	2,740 (4,507)
Number of female employees	409 (764)	430 (823)	454 (864)	461 (892)	485 (908)
Number of female managers	66 (106)	69 (112)	78 (122)	85 (135)	97 (155)
Rate of male employees taking childcare leave	(%) 49.0 (39.1)	73.9 (57.6)	75.6 (77.6)	89.4 (88.1)	88.6 (87.5)
Employment rate of persons with disabilities*1	(%) 2.14 (1.93)	2.10 (1.91)	2.18 (2.02)	2.18 (2.07)	2.53 (2.33)
Average rate of paid leave acquisition per person*2	(%) 59.1	68.5 (64.1)	64.6 (62.7)	57.7 (63.4)	64.6 (57.4)
Gender pay gap*3					
Wage gap between all male and female workers (%)	-	59.8 (58.3)	61.0 (60.2)	63.2 (71.3)	66.0 (71.7)
Wage gap between male and female regular employees (%)	-	65.0	66.9	68.7	70.5
Management track	-	65.0	66.9	68.7	70.5
Region-limited clerical positions	-	69.3	69.5	75.3	73.1
Frequency	0.63	0.69	0.98	0.74	0.63
Number of patent applications	62 (67)	57 (65)	60 (70)	54 (65)	61 (66)

*1 Figures provided current as of the end of June *2 Total number of days of leave taken / Total number of days of leave granted x 100

*3 Average annual wage for women / average annual wage for men x 100

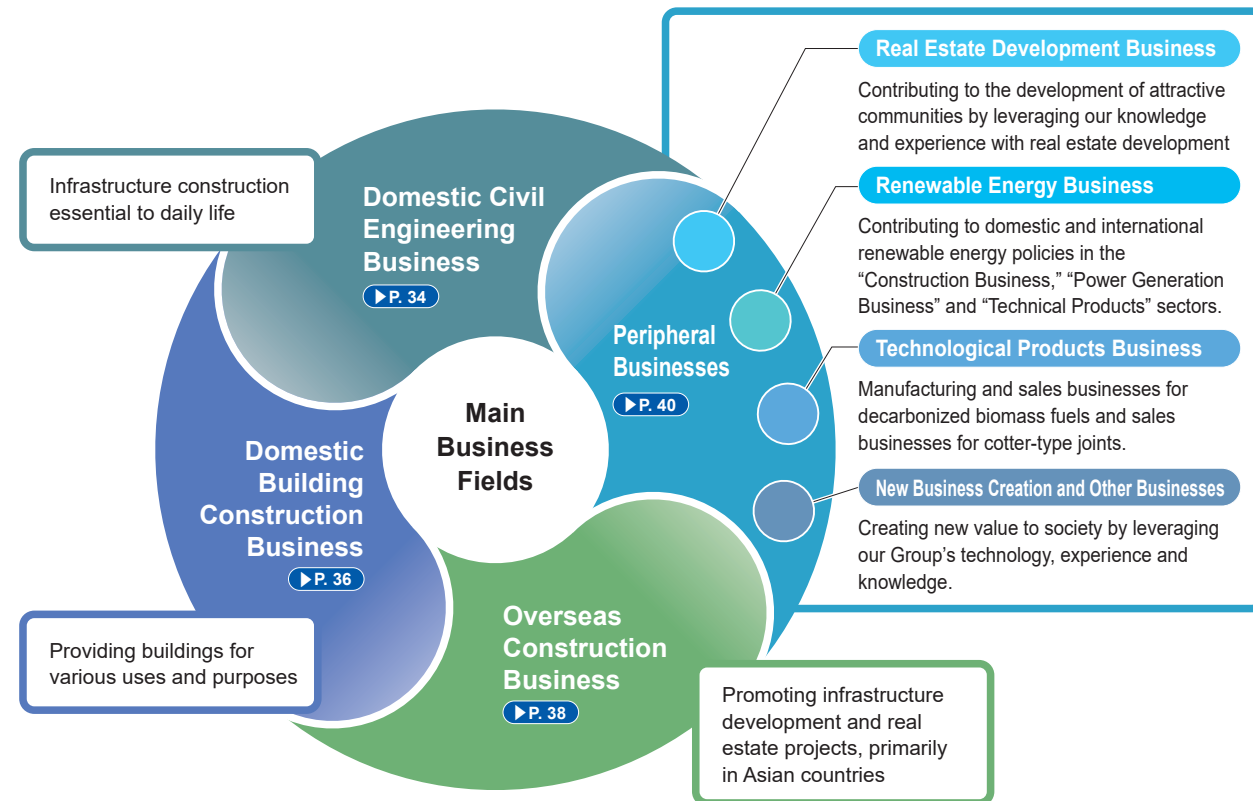
Groupwide CO ₂ Emissions (FY)	2021	2022	2023	2024	2025
Total CO₂ emissions (Scope 1 + 2)	10.64	10.33	10.78	11.76	9.98
CO₂ emission intensity	25.0	25.6	24.3	23.6	20.5

* Starting from FY2023, the calculation of CO₂ 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 FY2021 to FY2022 have also been revised

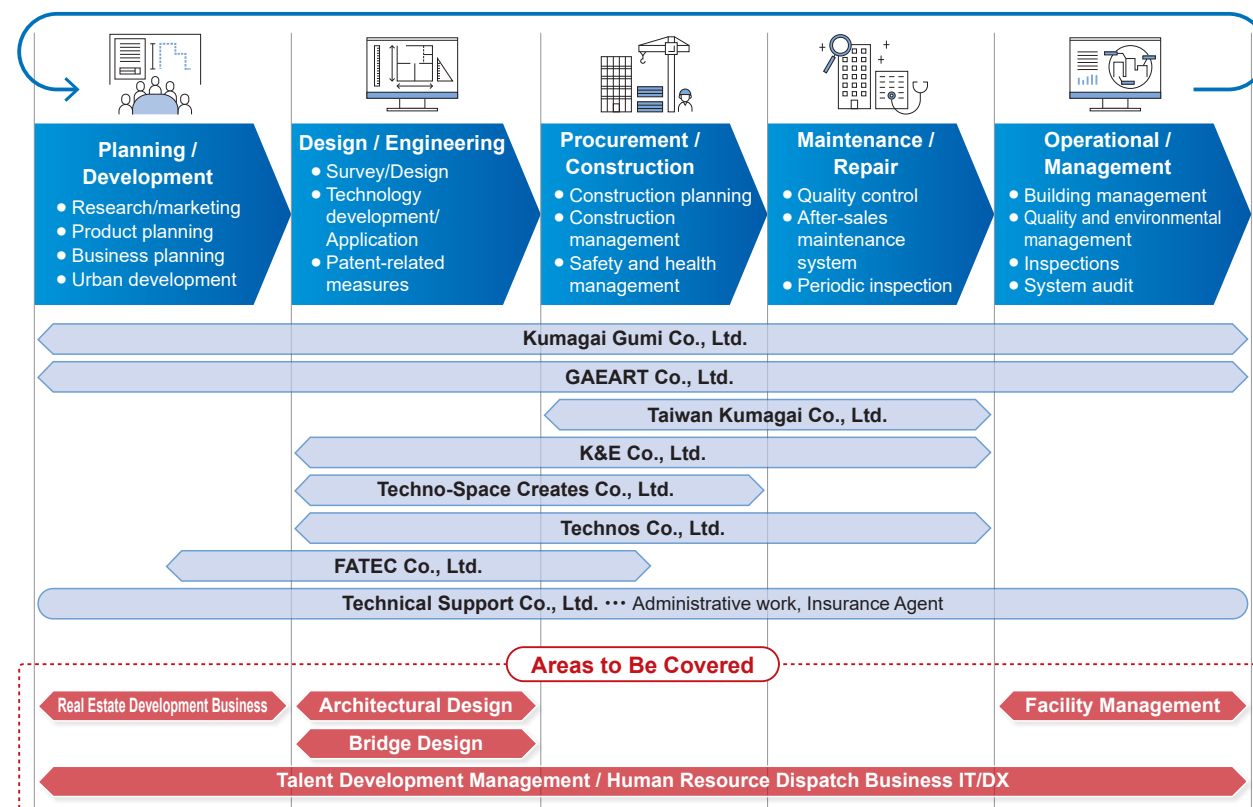
* Due to the change in aggregation and calculation from FY2024 that reflects our proportionate share of joint venture interests, the results for FY2021 to 2023 have also been revised

The Kumagai Gumi Group's Business

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



Construction value chain



Social Background

- Shortage of labor force and shrinking domestic demand
- Increasing social demands for realizing a carbon-neutral society
- Risk of economic downturn and uncertainty in price trends due to increased geopolitical risks
- Improvement of earning potential and 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

Recognition of the Business Environment

The domestic economy during the current fiscal year followed a gradual recovery trend, centered on personal consumption and capital investment (especially software investment), supported by employment improvement and policy effects, although it was partially affected by price increases due to US trade policy and the Middle East situation. In the construction industry, while weakness

was observed in housing investment, the overall trend is improving. Construction investment by private companies remained at a high level, supported by demand for DX/GX-related investment and supply chain resilience against the backdrop of improving corporate earnings, although uncertainty about the future persists.

Future Outlook

While the domestic economy is expected to recover moderately due to improving income conditions, we must remain vigilant against downside risks, such as prolonged high raw material and energy prices and supply chain concerns, which are correlated with US tariff policies and geopolitical risks.

In the construction industry, private-sector investment is expected to continue its upward trend, supported by improving corporate earnings. As for public investment, the First Medium-Term Plan for National Resilience will start in full swing from FY2026, and investment in disaster prevention/mitigation and renewal of aging infrastructure is expected to expand significantly and continue.

The impact of overseas situations on our Group is recognized as follows.

Impact of US tariffs:

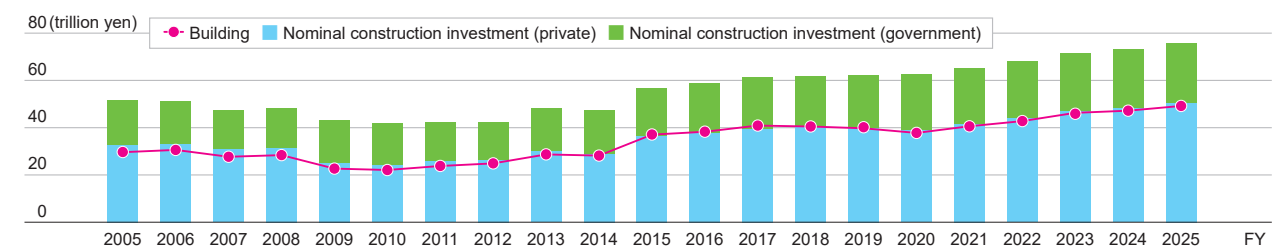
Since our Company has no direct import/export transactions with the US, there is no direct impact. As an indirect risk, we could see a decrease in orders in the production sector due to restrained domestic capital investment by export-oriented manufacturing industries (automobiles, semiconductors, etc.).

Impact of the Middle East situation:

Although risks such as soaring material costs and rising logistics costs, and the resulting postponement of private investment, are assumed if the situation becomes prolonged, we recognize that the impact is limited at this point.

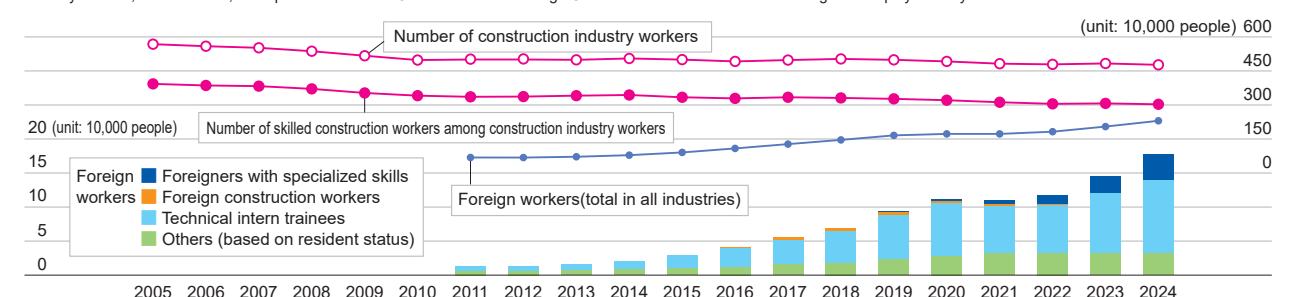
Current state of the construction market

Construction investment Source: Ministry of Land, Infrastructure, Transport and Tourism "FY2025 Construction Investment Outlook"



Number of workers in the construction industry and acceptance of foreign workers Source: Ministry of Internal Affairs and Communications "Labor Force Survey"

Source: Ministry of Health, Labour and Welfare summary of "Foreign Employment Status" notifications / Ministry of Land, Infrastructure, Transport and Tourism "Current Status of Foreign Construction Workers and the Training and Employment System"





Harajuku Quest photo: Forward Stroke Inc.

Business Strategy

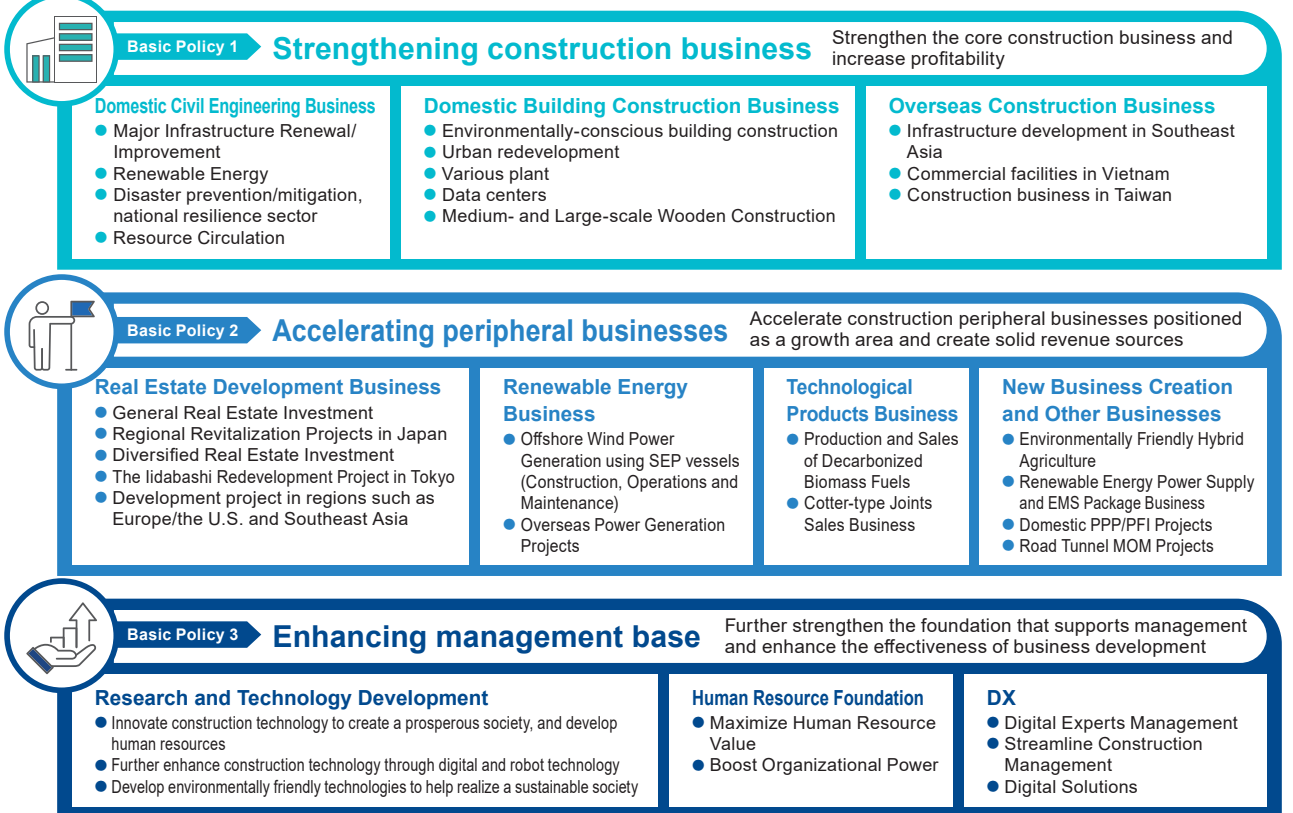
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Kumagai Gumi Group Medium-term Management Plan

Kumagai Gumi Group Medium-term Management Plan (FY2024-FY2026)

A New Path toward Sustainable Growth

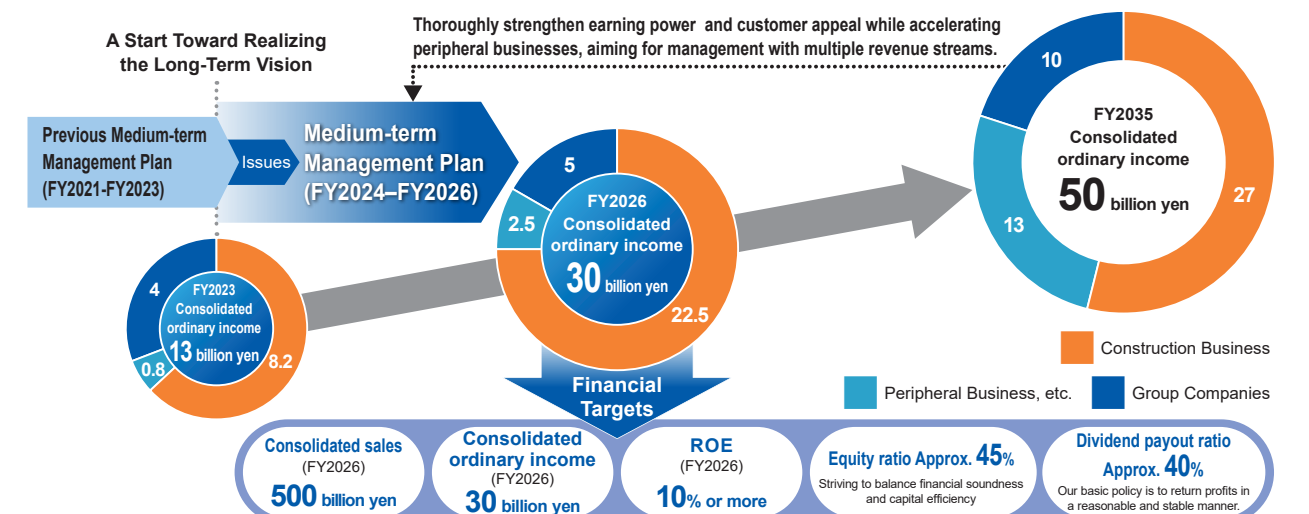
This plan outlines our initiatives as “a leader in the construction service industry that society requires” to realize a society in which limited resources are recycled and people, the community, and nature continue to be enriched. Aiming to realize such a society, we are also developing business activities in line with our three basic policies (strengthening construction business, accelerating peripheral businesses, and enhancing management base).



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. As a roadmap for realizing this

long-term vision, we will thoroughly strengthen our earning power and customer appeal while accelerating peripheral businesses, aiming for management with multiple revenue streams.



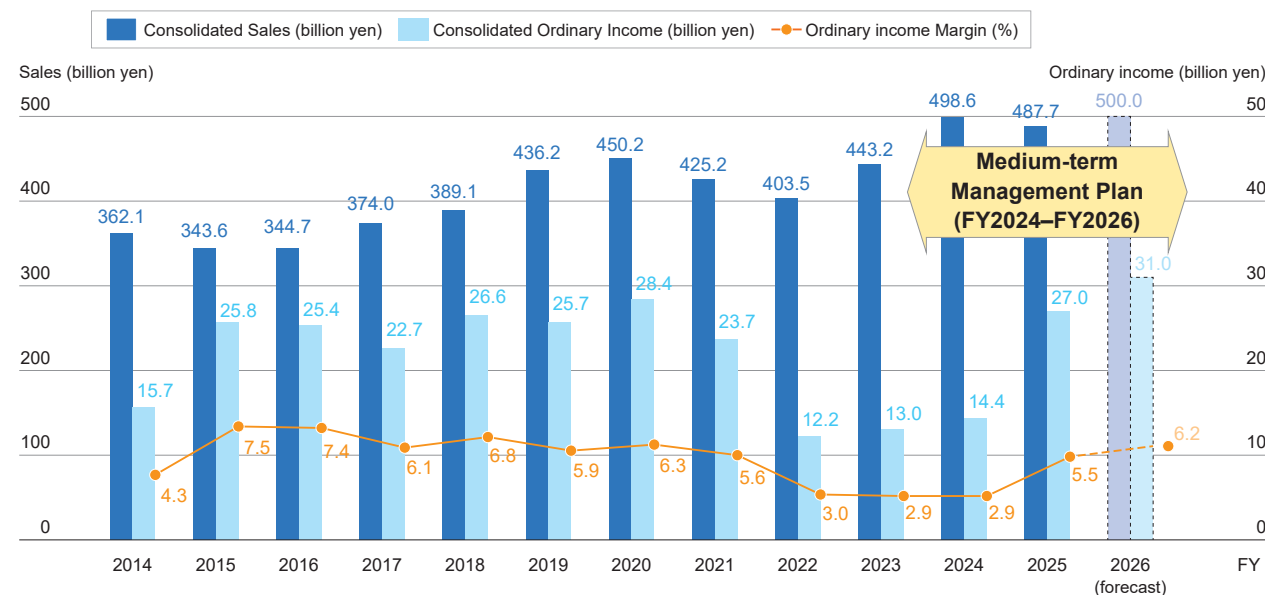
Financial Targets

FY2025, the second year of the Medium-term Management Plan (FY2024-FY2026), resulted in significant progress towards achieving the targets for the final year of the plan. Along with a significant improvement in profitability at the time of order receipt, the impact of unprofitable projects was resolved. Consolidated ordinary income increased significantly to 27.0 billion yen, achieving a profit increase

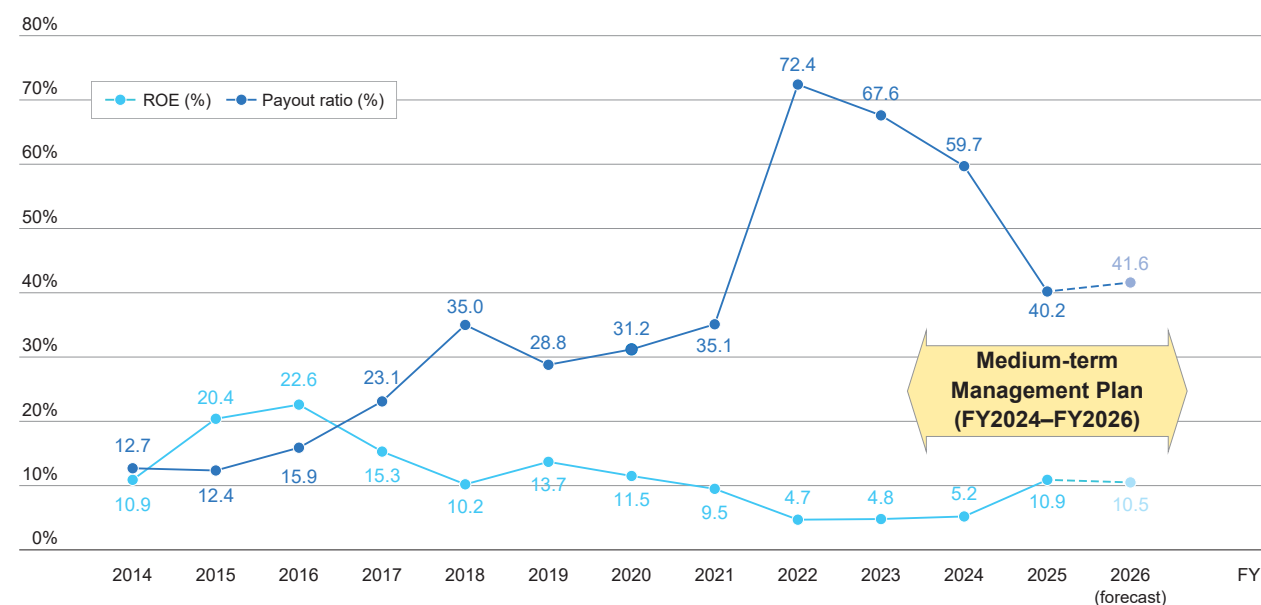
for the third consecutive term. Accompanying this, ROE reached 10.9%, achieving the final year target ahead of schedule.

Regarding performance for FY2026, the improvement in profit levels is expected to continue, with the profit target for the final year set in the Medium-term Management Plan likely to be exceeded.

[Consolidated] Sales/Ordinary income trend



[Consolidated] ROE/Dividend Payout ratio trend



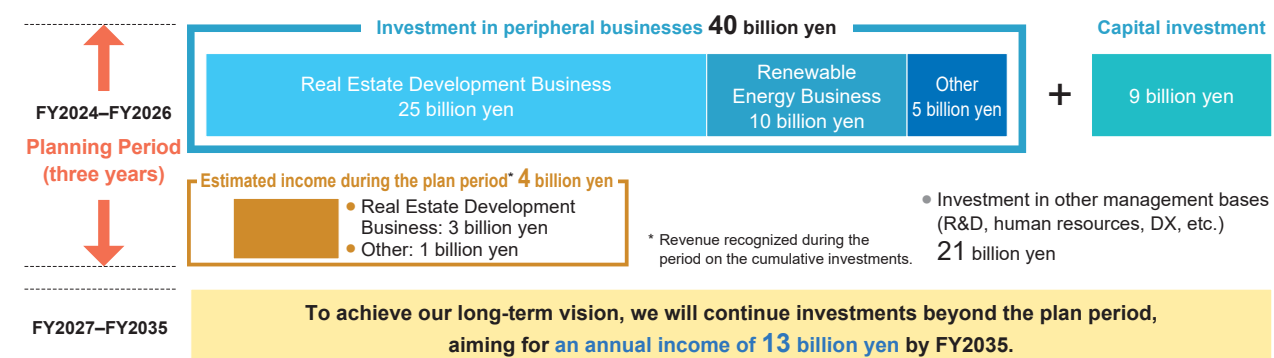
Investment in Peripheral Businesses

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 Business and Renewable Energy Business, and are making steady progress with this effort.

In FY2025, the second year of the Medium-term Management Plan, we promoted the diversification of Real Estate Development Business investments, including participation in a rental housing development project near Seattle, USA, a collaboration project with

Sumitomo Forestry Co., Ltd., and acquisition of real estate expected to generate synergies with the Domestic Building Construction Business. Additionally, the sales business for joints related to our proprietary Cotter Floor Slab Method for bridges also steadily expanded its sales.

Furthermore, the manufacturing plant for black bark pellets, a biomass fuel that we have been planning to launch for sale, was completed in June 2026. We plan to manufacture and sell black bark pellets starting in October 2026.



Alliance with Sumitomo Forestry Co., Ltd.

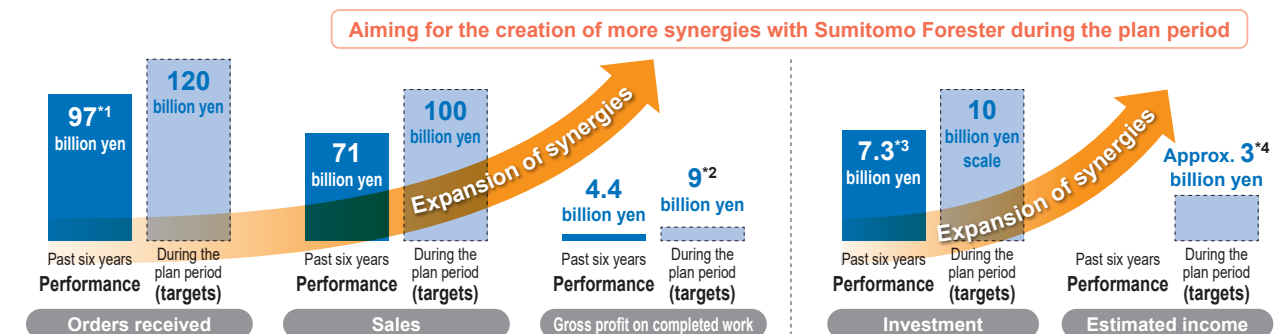
Medium-term Management Plan (FY2024-FY2026) collaborative initiatives

Policy

- In the medium- and large-scale wooden construction business, we aim to further increase the amount of orders received by leveraging the expertise and proposal capabilities cultivated through collaboration and the brand strength of Sumitomo Forestry Co., Ltd. in the wood structure business.
- We are also considering continued investment in overseas real estate development projects, a strong business area for Sumitomo Forestry Co., Ltd., along with participation in environmentally conscious real estate projects within Japan as part of our efforts to broaden our business domains.

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

*2 Aiming for a profit margin of 9% or more

*3 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 base and optimally allocate the generated cash to “growth investments” that build the company’s future and “stable returns” to shareholders. Precisely because we are in an era of increasing uncertainty, we will sincerely address social issues and continue to take on new challenges for sustainable growth, aiming to improve corporate value over the medium to long term.



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

Basic Financial Policy

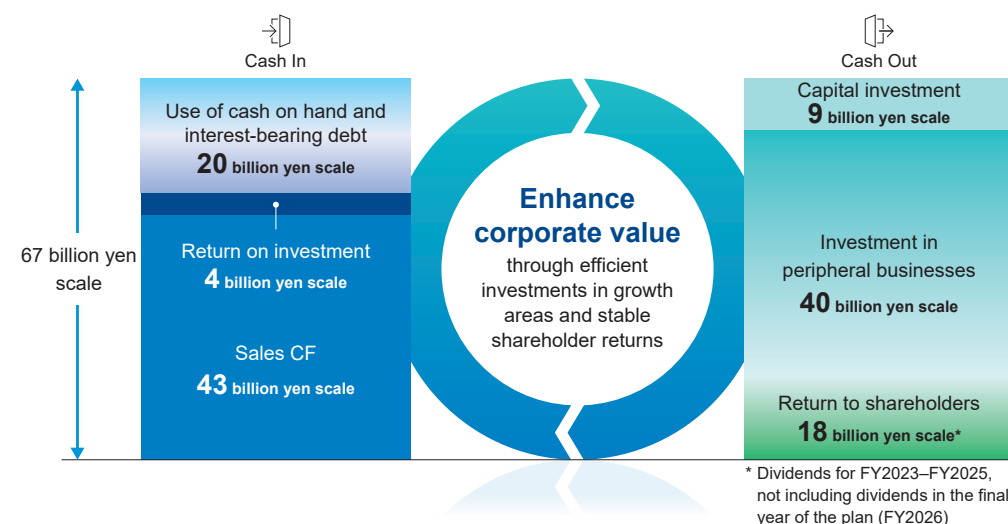
The Company’s cash flow structure is primarily driven by cash inflows from revenue generated by our construction business and investment recovery from related operations, while by cash outflows for investments to create new revenue sources, capital investment for production facilities, research/technology development/DX, and stable shareholder returns. Cash inflows consist of cash flow from operating activities, as well as the utilization of cash on hand and interest-bearing debt. Cash outflows consist of investments and shareholder returns as necessary, aiming to enhance corporate value through efficient investments in growth areas and stable shareholder returns. Furthermore, investments in the management base (research and development, human resources, DX parts that are not capitalized) are included within cash inflows as cost factors in cash flow from operating activities.

Regarding profit distribution, our Company’s basic policy is to fairly and stably return profits to shareholders, taking into account factors including our current business performance, our medium- to long-term business outlook, and the business environment, while striving to enhance internal reserves for the purpose of enhancing

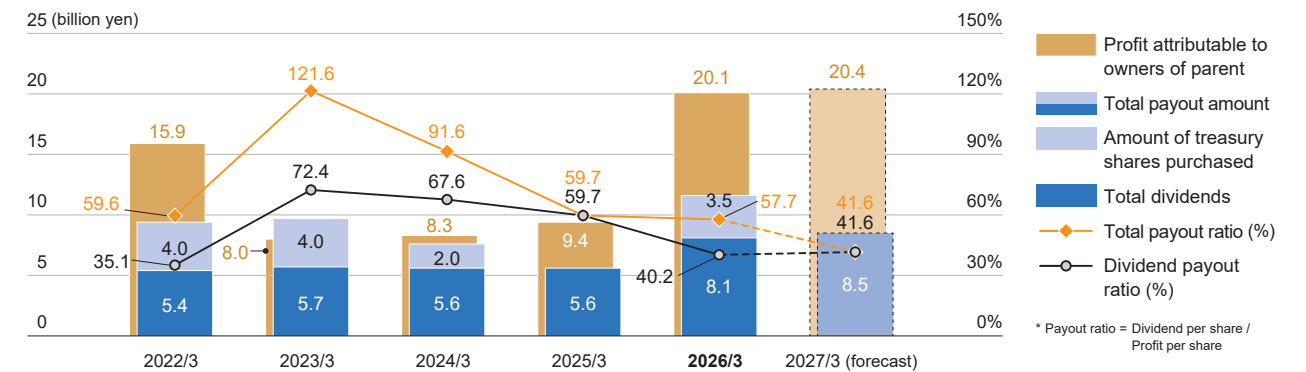
our management foundation and expanding business income. During the Kumagai Gumi Group Medium-term Management Plan (FY2024–FY2026) period, our policy is to continue shareholder returns with a payout ratio target of 40%.

The year-end dividend for FY2025 was set at 27 yen per share based on this basic policy and the Medium-term Management Plan. The Company performed a stock split at a ratio of 4 shares per 1 share of common stock, effective October 1, 2025. The interim dividend (80 yen per share) based on a record date of September 30, 2025, equates to 20 yen per share when converted after the stock split. Therefore, the annual dividend combined with the year-end dividend will be 47 yen per share. This resulted in a payout ratio of 40.2%.

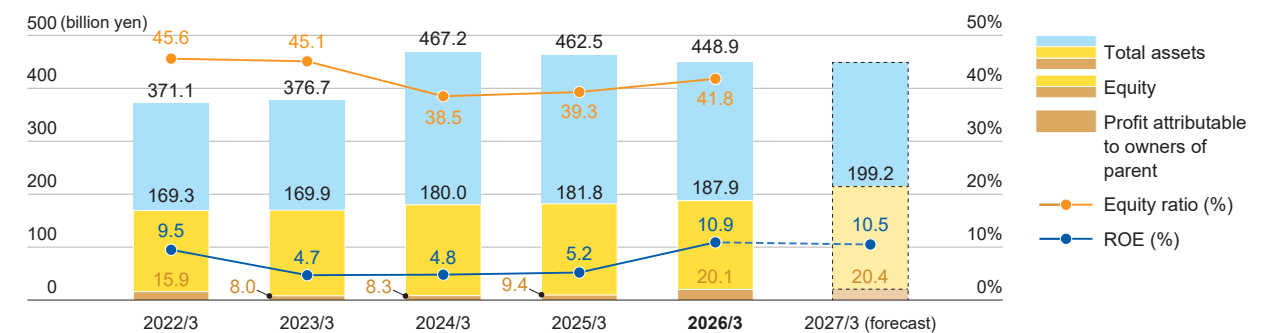
In the Medium-term Management Plan, we have set an equity ratio of around 45% as the optimal capital structure for our Group, comprehensively considering factors such as unforeseen changes in the external environment, stable dividend payments, maintenance of issuer credit ratings, and capital efficiency perspectives. If we can expect to maintain this level, we will consider flexible additional returns, including repurchasing treasury stock.



Dividend payout ratio / Total payouts (consolidated)



Equity, Equity ratio, and ROE (consolidated)



Retention Policy/Decrease of Cross-shareholdings

Our policy is to 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. Each year, the Board of Directors reviews policy shareholdings and implements the sale or reduction of shares deemed to have diminished significance for holding.

For fiscal FY2025, after confirming the rationale for all cross-shareholdings, we sold all shares of three listed stocks out of the ten held. As a result, the balance of cross holdings as a percentage of net assets at the end of FY2025 was 5.8%.

Performance

In the construction market in FY2025, housing investment showed a gradual improvement trend, and construction investment by private companies remained at a high level, supported by improved corporate earnings. Public investment, meanwhile, remained firm following the execution of associated budgets, and overall, conditions for receiving orders remained strong. Under these business conditions, the amount of orders received on a non-consolidated basis decreased by 16.7% year-on-year to 316.2 billion yen, mainly due to the planned restraint on orders considering the construction execution system in the Domestic Building Construction Business and postponements of project start dates caused by rising

construction costs. However, the outlook for profitability for received orders continues to improve as a result of efforts to secure earnings and improve productivity.

Consolidated sales decreased by 2.2% year-on-year to 487.7 billion yen, partly due to a decrease in order backlog at some subsidiaries and a reaction to the progress of large-scale projects in the previous fiscal year. In terms of profit, in the Domestic Building Construction Business, projects that had been received under the harsh environment of the COVID-19 pandemic and subsequently became unprofitable due to soaring material prices and labor shortages decreased. The gross profit on completed construction contracts improved due

to the sales contribution from recently received projects with improved profitability. As a result, operating income increased 89.5% year-on-year to 27.1 billion yen, ordinary income increased 87.7% to 27.0 billion yen, and profit

Cash Flow

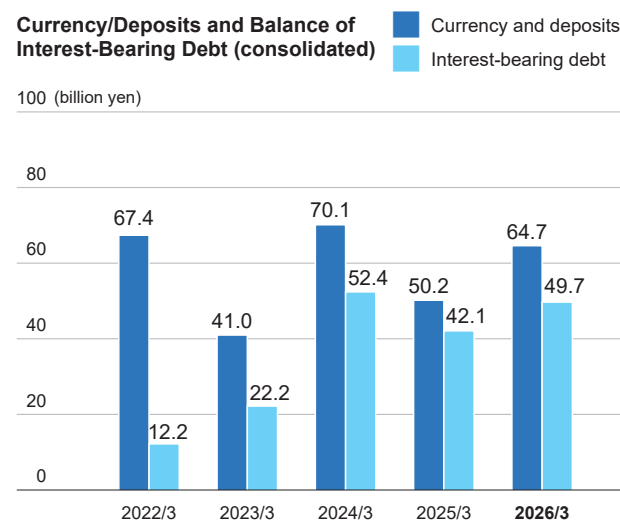
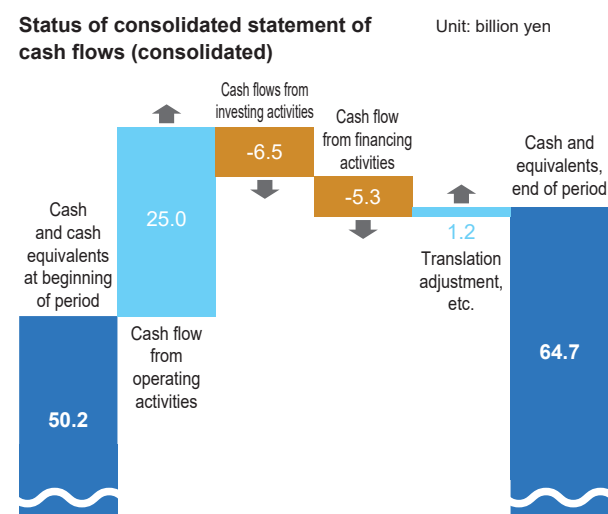
Regarding cash flows, cash flow from operating activities improved significantly from the previous fiscal year due to increased earnings and collection of receivables, resulting in a positive 25.0 billion yen. Investing cash flow was a negative 6.5 billion yen due to capital investment and investments in domestic and international real estate projects, while advancing the sale of Sumitomo Forestry shares and policy shareholdings. Financing cash flow was a negative 5.3 billion yen, due to dividend payments and acquisition of treasury shares, despite issuing corporate bonds, resulting in a total positive cash flow of 14.5 billion yen. As a result, cash and deposit balance stood at 64.7 billion yen, and the balance of interest-bearing debt at 49.7 billion yen.

Due to the characteristics of our business, our cash position fluctuates significantly due to seasonal factors.

attributable to owners of parent increased 114.5% to 20.1 billion yen, each significantly exceeding the results of the previous year.

The balance of cash and deposits tends to swell at the end of the month when collection of construction proceeds concentrates, and bottom out at the beginning of each month when settlement of accounts payable progresses. Particularly from the end of the fiscal year to the beginning of the next, cash inflows and outflows concentrate, making the gap in cash position more pronounced. For short-term funding needs, in addition to cash and deposits on hand, we implement flexible procurement through commercial paper and commitment lines, striving for efficient fund management.

Furthermore, to meet funding needs for growth investments, we procure funds through corporate bonds, syndicated loans, etc. We will continue to strive to reduce procurement costs by diversifying funding methods while maintaining financial discipline.



Future Outlook

Due to various initiatives aimed at improving profitability, the profitability outlook for projects received from FY2023 onwards has significantly improved, and earnings for FY2026 are expected to continue improving. The construction market appears likely to remain firm in both public and private investment. However, domestic and international economic conditions continue to

face high uncertainty, including persistently high raw material prices due to geopolitical instability, the weak yen exchange rate and rising interest rates, and US tariff measures. Regarding the situation in the Middle East, although concerns exist about further expanded impact if prolonged, the impact on our performance is recognized as limited at this point, remaining an indirect risk.

Management focused on Cost of Capital and Stock Price

Efforts to engage in positive dialogue with shareholders and investors

▶ P.110 Engagement with Shareholders and Investors

- Transferred our section dedicated to IR to the Corporate Planning Department, establishing a structure that facilitates closer collaboration with top management and the corporate planning division, thereby appropriately allocating internal resources.
- Management will proactively participate in dialogue with shareholders and investors
- Outside Directors will engage in dialogue with shareholders and investors from their supervisory position over management
- We will disclose the status of dialogues and main themes addressed on our website and in Financial Statement Explanation Material
- Opinions and requests from shareholders and investors are analyzed for their intent and trends, discussed by the Board of Directors, and fed back into management to improve our corporate value
- We set "Active dialogues with investors" as one of our ESG & SDGs strategies, and by working to expand opportunities for dialogue, the number of participants in meetings and earnings briefings has significantly increased
- 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

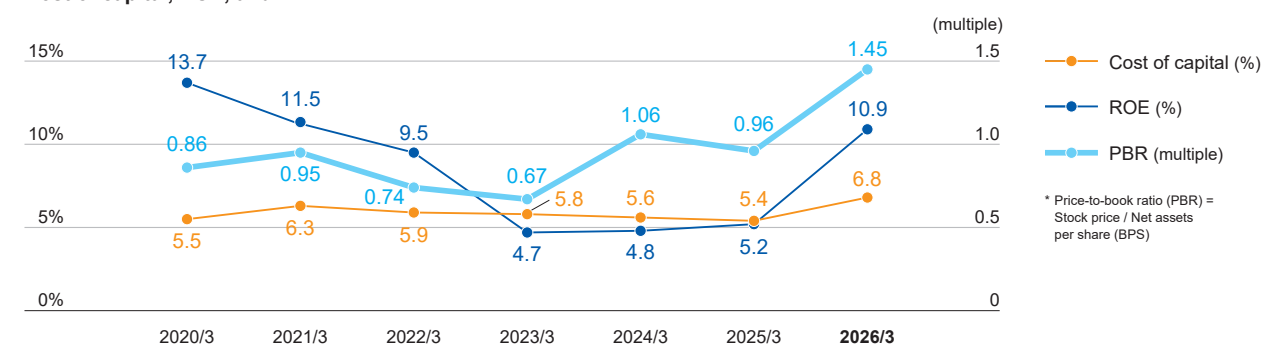
Current status of cost of capital and measures to enhance capital efficiency

In making business investments, we use the cost of capital (3-year average WACC) as the lower limit for the hurdle rate while making optimal management decisions. To enhance shareholder returns and improve capital efficiency, we implement appropriate and stable dividends, and acquisition/retirement of treasury shares, being mindful of the share price.

As an initiative to reduce strategic shareholdings, we sold 3 listed stocks in FY2025. Furthermore, following the partial sale of our shares by Sumitomo Forestry Co., Ltd. and our partial sale of their shares, we acquired 3.5 billion yen of treasury shares during the period from January 30 to March 19, 2026, to enhance shareholder returns and improve capital efficiency.

Cost of capital	Medium-term Management Plan (FY2024–FY2026) financial targets	
Recognized as around 7%	Capital efficiency	ROE 10% or more (fiscal year ending March 2027) Equity ratio Approx. 45%
	Profit distribution	Dividend payout ratio Approx. 40%
	Purchase of treasury shares	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

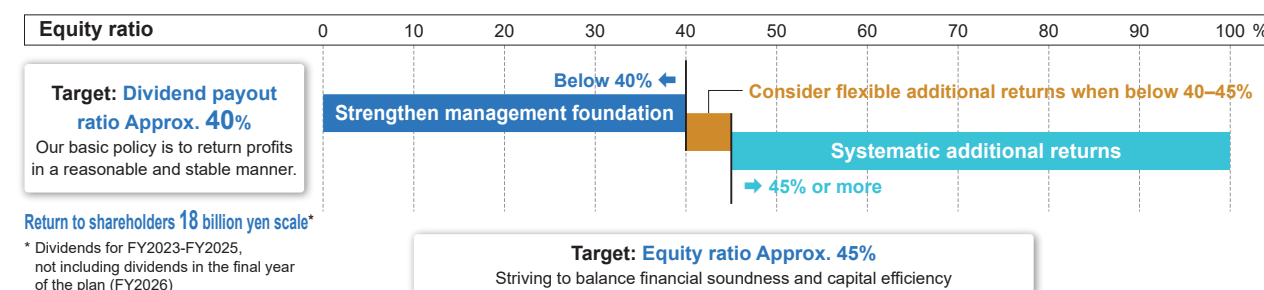
Cost of capital, ROE, and PBR



Shareholder Returns

Medium-term Management Plan (FY2024–FY2026)

▶ P.25 Payout ratio / Total payouts ratio



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

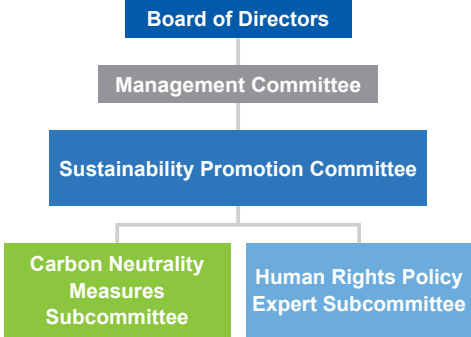
2. The company will create new value by leveraging the group’s technologies, experience and expertise. We engage in business activities that contribute to the resolution of social issues represented by the SDGs.

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 FY2025, planned to be held 7 times in FY2026)
Committee Chair	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
Secretariats	Sustainability Promotion Department, Management Strategy Division
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	Website, Integrated Report, Securities Report, etc.



Sustainability Promotion Initiatives

2010	May	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 ₂ 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”
	October	Sustainability Promotion Committee established
		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
2024	May	Added “My SDGs” to Employee Evaluation Sheet
		Signed the United Nations Global Compact
	April	Reorganized the Sustainability Promotion Department and established the Green Innovation Promotion Group
	May	Revised Key Issues (Materiality) for ESG Initiative
	July	Support for TNFD recommendations
2025	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
	January	Abolished “Safety and Health, Quality and Environment Policy” and established “Safety and Health Policy,” “Quality Policy,” and “Environment Policy”
	May	Entered a corporate partnership with WWF Japan
	October	Established Basic Policy on Customer Harassment
2026		Issued Green Bonds
		Certified as a “water circulation active company” under the water circulation company registration and certification system
	January	Updated “The Commitment of Eco First”
	April	Established Carbon Neutrality Measures Subcommittee
		Established “Work Style Reform Action Plan 2026” (Work Style Reform Action Plan has been updated annually since FY2023)
		Established “Code of Conduct for Recruiting Activities”

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.

Key points indicated by stakeholders

Main Opinions		Measures
Initiatives for improving engagement	Strengthening internal and external communication: Building an organization that communicates effectively	- Implemented measures to revitalize internal communication (upgraded Company intranet, etc.) - Proactive media placements (creating and distributing special feature pages on noteworthy worksites) - Strengthening of engagement with stakeholders, especially shareholders and investors
	Creation of mechanisms to boost engagement (information sharing, management system, DX)	- Reform of wage levels and systems - Established Work Style Reform Action Plan 2025 - Strengthening individual skill development by increasing the type and duration of training in each division - Strengthening company-wide DX human resources and initiating training programs - Set “My SDGs” in individual goals and aim for their implementation in daily operations
Supply chain management	Foreign workers support	- Launched a working group for creating an environment for foreign skilled workers to improve the working environment - Conducted interview surveys at specific companies after conducting a questionnaire survey targeting the supply chain
	Sharing best practices	Shared good examples through an explanatory meeting and result report on the questionnaire survey with further measures to be considered
Promote environmentally friendly businesses	Accomplishment of carbon neutrality	- Reorganized the Carbon Neutrality Countermeasures Working Group into the Carbon Neutrality Measures Subcommittee - Created a system where the progress of initiatives is reflected in management
	Achievement of Nature Positive	- Participated in the Kurobe River Nature Positive Study Group sponsored by Tohoku University - Conducted inspection of FSC-certified forests and workshops (internally and externally)
Strengthening governance		- Reorganized management bodies and strengthened Group governance - The Group Management Promotion Committee, chaired by the President, examines management issues to strengthen Group governance. - The Risk Management Committee carries out risk management and monitoring activities covering the Company and the Group.

Identification and Monitoring of 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. Indicators and KPIs for materiality are incorporated into the “Kumagai Gumi Group Medium-term Management Plan (FY2024–FY2026)” and monitored by the Sustainability Promotion Committee.

Reason of revision

Changes in the external environment and demands from society

The background to our Group's revision of materiality lies in “changes in the external environment” and “adapting to demands from society.” Since the formulation in FY2018, the business environment has changed drastically, including increasingly severe natural disasters, the COVID-19 pandemic, and geopolitical risks such as the invasion of Ukraine. Furthermore, the previous issues lacked perspectives such as “maintaining quality” and “respect for human rights,” raising concerns that we might not be fully meeting the diversifying expectations of society. Therefore, to respond to these drastically changing conditions and sincerely reflect the opinions of employees, investors, customers, etc., we proceeded with the revision.

Identification of Key Issues (Materiality)

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

In the process of identifying materiality, we gathered opinions from each department and Group company, and identified materiality based on the technology we have cultivated and the history we have walked. Some individual issues represent our uniqueness, such as development of resilient social infrastructure and strengthening the wooden construction business. This resulted from discussions considering areas we view as our strengths and mission.

Indicator and Targets (KPIs)

▶P.32 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 our Company contributes to solving social issues through its business, in the ESG/SDGs Matrix. The ESG/SDGs Matrix is used for innovation ideas and as a list for long-term risk management to achieve further problem solving.

Indicators and targets (KPIs) are set for each individual

issue, and monitored by the Sustainability Promotion Committee. Aligned with the Medium-term Management Plan (FY2024–2026), KPIs are set for three years. Through the PDCA cycle, items achieved by the second year have been reviewed as follows, and new targets have been set where necessary. For items where the annual target was not achieved, the cause and countermeasures are reported and confirmed.

Specific issues	Business initiatives and specific actions	Three years (FY2024-FY2026) Indicator and targets (KPIs)	Performance at end of FY2025	New Targets for FY2026
E Further increase renewable energy business	Strengthen promotion of renewable energy business	Number of renewable energy business implementation/initiatives: 10 or more in Japan	Domestic 13	15 or more in Japan
S Human capital management	New graduate hiring activities	Number of new graduate hires: 124 (April 2026)	153	155 (April 2027)
S Achievement of work-life balance	Efforts to streamline and equalize operations	Number of overtime work hours: 30 Hours or less (each fiscal year)	15.1 hours	30 Hours or less for both field and office work
S Promotion of diversity and inclusion	Action plan for active participation by women	Percentage of newly appointed women in manager positions: 7% or more (each fiscal year)	32.3%	Ratio of women in manager positions: 7% or more in the first year (Target value during the Women's Empowerment Promotion Action Plan period: 8%)
S Securing skilled workers in the construction industry	Securing workers by opening sites to the public	Male leave acquisition rate upon birth of a child: 70% or more (each fiscal year)	88.6%	Male leave acquisition rate upon birth of a child and number of days of male childcare leave taken: 90% or more / Average 30 days or more
S Attractive communities development	Expansion of real estate business	Site and workplace tours held: 100 or more (each fiscal year)	Civil Engineering: 183 tours Building Construction: 58 tours	400 tours or more company-wide
		Number of income-generating real estate/business participation projects: Domestic: 3 or more / Overseas: 1 or more	Domestic 4 Overseas 3	6 or more in Japan 4 or more overseas

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

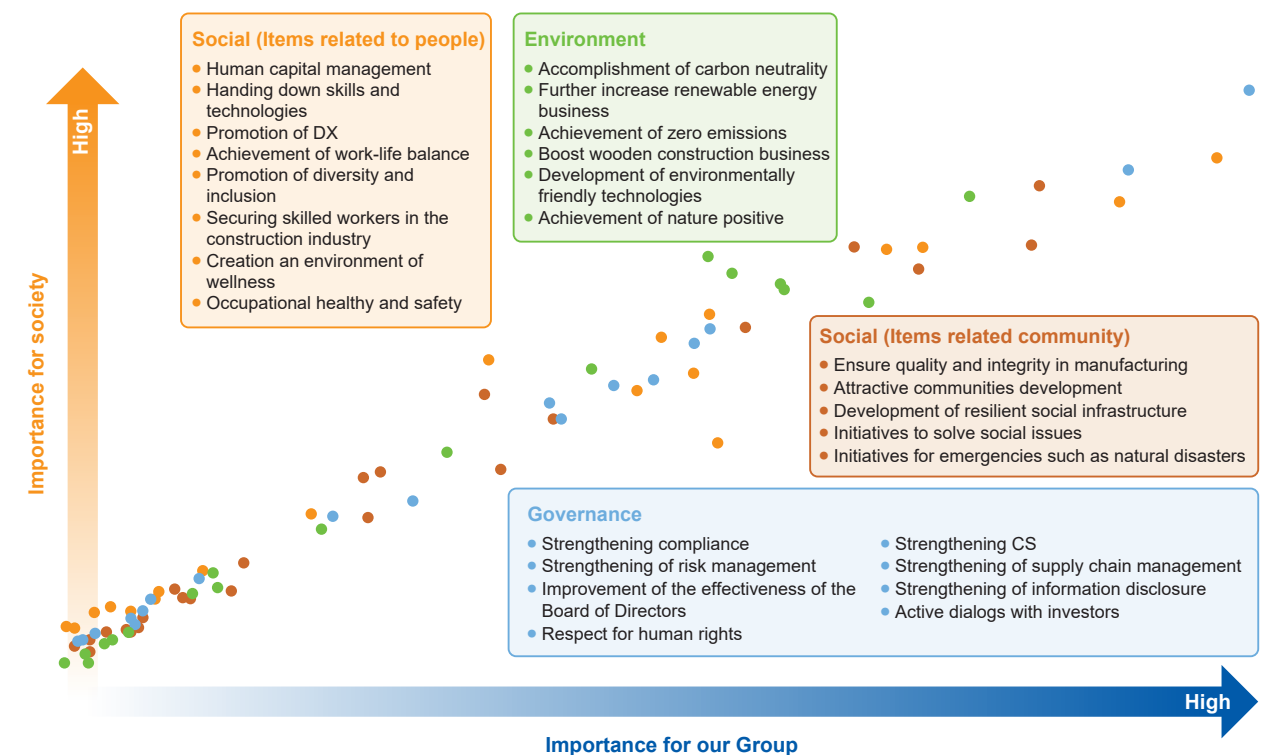
We held dialogues with executives and employees of the Kumagai Gumi Group on the importance of the issues that have an impact.

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 Committee and the Board of Directors.

Mapping specific issues



ESG/SDGs Matrix

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

ESG Initiative Direction		Business initiatives and specific actions	Three years (FY2024–FY2026) Indicator and targets (KPIs) * denotes each fiscal year	Performance at the end of FY2025	Updated Targets for FY2025 (green text) New Targets for FY2026 (blue text) ▶P.30 Indicator and Targets (KPIs)	SDGs																																																																																																																																																																																																																																																																																															
Key Issues (Materiality)	Specific issues					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17																																																																																																																																																																																																																																																																															
Environment	Response to climate change risks	Achievement of carbon neutrality	CO2 emissions reduction activities	Scope 1+2: 42% reduction (FY2019 level) Scope 3: 25% reduction (FY2029 Target)	Scope 1+2: 18.7% reduction Scope 3: 9.8% reduction	Continued	1.5								7.2		9.1		11.5		13.1																																																																																																																																																																																																																																																																																
		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	Domestic: 13 Overseas: 2	Domestic: 15 or more Overseas: Continued									11.3	12.2	11.6	13.2																																																																																																																																																																																																																																																																																			
	Promote environmentally friendly businesses	Achievement of zero emissions	Activities to reduce mixed waste discharge	Total mixed waste discharge rate: 2.0% or less*	2.1%	Continued		3.9										9.4		11.6	12.4 12.5 12.7		14.1																																																																																																																																																																																																																																																																														
		Boost wooden construction business	Medium- and large-scale wooden structure business initiatives and expansion of orders	Number of domestic orders 3 or more* / Number of overseas investment 3 or more	Domestic: 2 / Overseas: 2	Domestic: 4 or more each fiscal year Overseas: Continued														11.3	12.2	13.1 13.2		15.1 15.2																																																																																																																																																																																																																																																																													
		Development of environmentally friendly technologies	Strengthening research for carbon neutrality	Technology development initiatives: 6 or more	15	16 or more projects										7.2	7.3	7.a	9.1	11.3	12.2	13.1	14.1	15.1	15.2	17.16 17.17																																																																																																																																																																																																																																																																											
			Initiatives for environmentally considerate architecture (ZEB, etc.)	Number of environmental proposals: 6 or more	6	6 or more each fiscal year										9.1	9.4	9.5	11.3	12.2	13.1	14.2	14.5	15.4	15.5																																																																																																																																																																																																																																																																												
		Achievement of nature positive	Business related to recovery of ecosystems Quality and Environment Management System operation and improvement	Development & Sales Sites with decarbonization fuel: 2 or more Serious environmental incidents during construction: 0*	1 0	Continued		3.9			6.6	6.b				9.4			11.4	11.6	12.2	12.5	13.1	14.1	14.2		15.1	15.2																																																																																																																																																																																																																																																																									
Society	Creating the well-being workplace for all employees	Human capital management	New graduate hiring activities	Number of new graduate hires: Considered each fiscal year	153	155 (April 2027)*4	1.4																																																																																																																																																																																																																																																																																														
			Improvement on employee engagement	Engagement rating: Rating "1 "BB"	BB																																																																																																																																																																																																																																																																																																
		Handing down skills and technologies	Support for acquiring national qualifications	First-Class Engineering Works Execution Managing Engineer: 90% or more*	91.3%	Continued	Ratio of women in manager positions: 7% or more in the first year (Target value during the Women's Empowerment Promotion Action Plan period: 8%)				4.4	4.7			8.2	8.6				13.3																																																																																																																																																																																																																																																																																	
				First-Class Building Operation and Management Engineer: +1% or more each year*	0.5% increase*2																				5.b	8.2	8.8																																																																																																																																																																																																																																																																										
				First-Class Architect: +1% or more each year*	2.6% increase*3																																																																																																																																																																																																																																																																																																
		Promotion of DX	Standardization of ICT to improve on-site management efficiency	Rate of new on-site implementation: 100%*	98.5%	Field work/Office work 30 Hours or less each									8.2	8.8	9.5	10.2																																																																																																																																																																																																																																																																																			
			Renovation of core systems	Rate of progress of system development: 100%	87.0%																																																																																																																																																																																																																																																																																																
		Achievement of work-life balance	Balance between work and private life, etc.	Holidays: 8 days/4 weeks (on-site)*	97.6%	400 tours or more company-wide									8.5	8.8																																																																																																																																																																																																																																																																																					
			Efforts to streamline and equalize operations	Number of overtime hours worked: 30 hours or less*	15.1 hours																					5.1	5.4	8.2																																																																																																																																																																																																																																																																									
	Promotion of diversity and inclusion	Action plan for active participation by women	Percentage of newly appointed women in manager positions: 7% or more*	32.3%										8.5	8.8		10.2	10.3	10.4		12.6				16.7																																																																																																																																																																																																																																																																												
			Acquisition of childbirth-related leave by men: 70% or more*	88.6%																						1.4	3.7	4.5	5.5	5.6	5.b																																																																																																																																																																																																																																																																						
	Securing skilled workers in the construction industry	Securing workers by opening sites to the public	Site and workplace tours held: 100 or more*	Civil Engineering: 183 projects / Architectural Construction: 258 projects		1.3				4.4	4.5					8.5	8.6	8.8	9.1	10.2	10.3		12.7	13.3			17.17																																																																																																																																																																																																																																																																										
	Creation an environment of wellness	Health management for employees	Secondary health exam checkup rate: 100%*	43.4%	Continued	Male leave acquisition rate upon birth of a child and number of days of male childcare leave taken: 90% Or more / Average 30 days or more								8.5	8.6	8.8		10.2	10.3	10.4		12.8			16.7	17.16 17.17																																																																																																																																																																																																																																																																											
	Occupational healthy and safety	Improvement of safety management standards	Frequency rate: 0.5 or less*	0.63																									3.3	3.4	3.8	4.7																																																																																																																																																																																																																																																																					
	Achievement of sustainable communities	Ensure quality and integrity in manufacturing	Quality and Environment Management System operation and improvement	Serious quality incidents during construction: 0*	0	Continued	3.9								8.5	8.8		11.6	12.2	12.4	12.5		14.1			17.17																																																																																																																																																																																																																																																																											
		Attractive communities development	Expansion of real estate business	Income-producing real estate business participation: Domestic: 3 or more projects / Overseas: 1 or more projects	Domestic: 4 / Overseas: 3	Domestic: 6 or more Overseas: 3 or more ➡ 4 or more																					10.2					15.9		16.5																																																																																																																																																																																																																																																																			
			Development of resilient social infrastructure	Initiatives for urban redevelopment	Number of initiatives (number considered ~ in progress): 6 or more	5	Continued	1.3	1.5					6.2	6.3	6.6	7.2	7.a		9.1	9.4	9.5	11.3	11.7	11.a	12.5									12.6	12.8	13.1	13.2		15.1	15.2	15.4		17.16 17.17																																																																																																																																																																																																																																																									
		Initiatives to solve social issues		Solving social issues in Asian countries	Number of orders for infrastructure development projects: 2 or more	Overseas 0	20 or more each fiscal year																				1.3	1.5	2.1	2.3	3.4	3.8	4.2	4.7											4.b	6.6																																																																																																																																																																																																																																																							

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

*1 Link and Motivation Inc. "Motivation Cloud" *2 Possession rate: FY2024 (86.9%), FY2025 (87.4%) *3 Possession rate: FY2024 (55.2%), FY2025 (57.8%)
*4 Regarding the number of new graduate hires, the target is reviewed annually regardless of achievement status.

The Kumagai Gumi Group Integrated Report 2026

Domestic Civil Engineering Business

By enabling each employee to work with pride and increasing engagement, we will enhance the individual “earning power” and “power to be chosen,” thereby realizing improved profit. We aim to be a company that is sincerely supported by customers, by rebuilding our traditional brand and through the development of resilient social infrastructure.



Tetsuo Ono

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

Market trends

- Public investment remains robust; private construction investment and capital investment also remain favorable.
- The renewable energy market expands due to the promotion of Green Transformation.
- Expansion of business opportunities due to the promotion of water and sewage infrastructure renewal.
- Budget execution based on the First Medium-Term Plan for National Resilience.
- Capital investment accompanying increased defense spending remains robust.

Business environment

Area of focus

- (1) Major infrastructure renewal
- (2) Renewable energy
- (3) Disaster prevention and mitigation, and national resilience
- (4) Resource circulation

Opportunities

- Decarbonization, green transformation, and renewable energy
- Promotion of carbon neutrality
- Measures to address aging social infrastructure
- Productivity enhancement and differentiation through construction AI and DX
- Continued investment in national resilience (disaster prevention and mitigation)
- Strengthening the resilience of defense facilities and critical infrastructure

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
- Roboticization initiatives for mountain tunnels

Risks

- Natural disaster and climate change impacts
- Shortage of skilled workers
- Work style reform
- Fluctuations in the prices of construction materials and labor
- Dependence on public works budgets
- Concerns about maintaining quality and labor accidents due to human resource shortages

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

(1) Major infrastructure renewal

We are advancing initiatives with a focus on large-scale expressway renewal projects and tunnel and bridge repair work. We are promoting the use of BIM/CIM and driving greater efficiency in design and construction. We are accurately capturing demand for extending the service life of aging infrastructure and maintaining stable order intake.

(2) Renewable energy

In onshore wind power generation, one project is currently underway in the Hokuriku area and is scheduled for completion in FY2026.

In hydroelectric power generation, we are undertaking renewal work for dams, water conveyance tunnels, and power plants to meet repair demand associated with aging facilities.

(3) Disaster prevention and mitigation, and national resilience

In response to increasingly severe natural disasters, we are carrying out rapid recovery and development through dam redevelopment and the use of unmanned construction technology. By introducing AI-based automated construction and remote technologies at construction sites, we are achieving both safety and efficiency while building a track record of construction that supports the development of resilient national land.

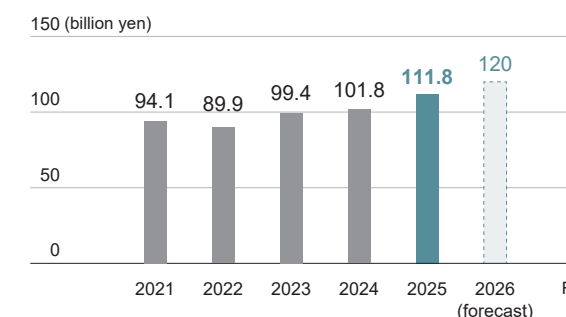
(4) Resource circulation

In 2026, we renewed the Commitment of Eco First and are accelerating the transition to a circular economy. We are also working with external organizations such as WWF Japan and placing the reduction of environmental impact at the core of Management.

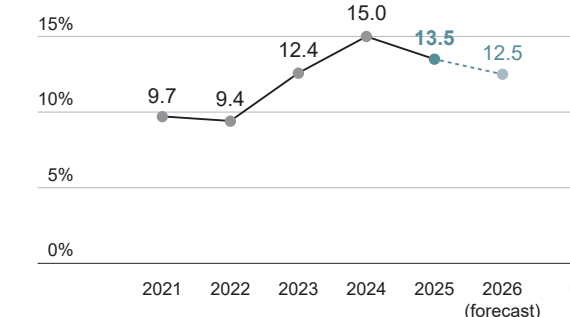
Performance trend

Sales increased due to the steady acquisition of discretionary contracts and design changes. Although the profit margin declined compared with the previous fiscal year, when there were many highly profitable projects, results exceeded the plan.

Sales



Gross profit margin

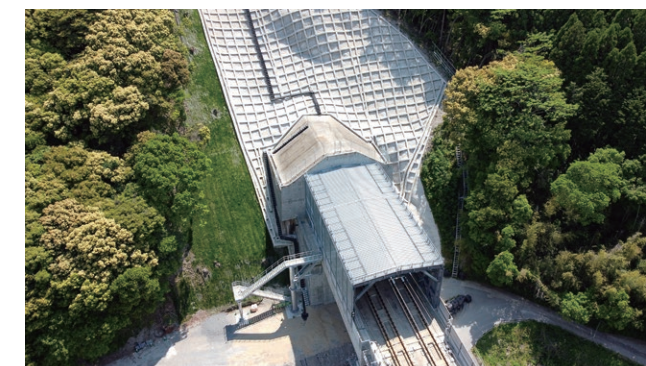


Toward achieving Medium-term Management Plan (FY2024–FY2026) targets

Our Company will accelerate priority initiatives to ensure the achievement of the Medium-term Management Plan. To optimize construction processes and improve profitability, we established the Design Change Management Department to thoroughly implement highly accurate cost control and risk response. At the same time, we established the Onshore Wind Energy Department with the aim of contributing to a decarbonized society. We will foster the Renewable Energy Business into a pillar of next-generation growth. In addition, we will promote DX throughout the company to achieve labor-saving at

construction sites and improve productivity through data utilization. Based on these foundations, we will promote the development of resilient social infrastructure. In the face of increasingly severe natural disaster, we will strengthen advanced response capabilities that enable rapid recovery and the securing of safety in emergencies. By combining the construction capabilities and advanced technologies we have cultivated to date, we will contribute to the realization of a sustainable and resilient society while striving for further enhancement of corporate value.

Projects completed in FY2025



Kyushu Shinkansen (West Kyushu) track section between 17k5 and 44k2
Customer: Japan Railway Construction, Transport and Technology Agency, Kyushu Shinkansen Construction Bureau



Susami-Kushimoto Road Esumi No. 1 Tunnel construction
Customer: Kinki Regional Development Bureau



Higashi-Kanto Expressway Togasaki Construction
Customer: East Nippon Expressway Company Limited, Kanto Branch

Domestic Building Construction Business

In the Construction Business, we will enhance the technology strength and human resources of each division to become “leader in the construction service industry that society requires.” We will enhance employee job satisfaction and leverage organizational strength to strengthen both our customer appeal and 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

- Environmentally-friendly building construction
- Various plants
- Medium- and large-scale wooden construction
- Urban redevelopment
- 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 and capital 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
- 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
- Improvement of productivity through the advancement of AI, DX, and ICT

Risks

- Weather anomalies such as extreme heat and heavy rainfall 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
- Continued rises in interest rates

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

(1) Environmentally-friendly building construction

We are promoting this initiative with the aim of minimizing environmental impact at each stage of building design, 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.

(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. We will contribute to infrastructure development by leveraging the construction track record and know-how we have cultivated over time.

(3) Medium- and large-scale wooden construction

Medium- and large-scale wooden construction, exemplified

by projects such as KiGi AKIHABARA, an office building built with a hybrid timber-and-steel structure, continues to earn high praise in the market and is emerging as a key growth segment that is propelling order intake.

(4) Urban redevelopment

In central urban areas and regional cities, we have steadily built up a track record in the construction of redevelopment projects and participation in such projects. We will make full use of the expertise we have cultivated to date, accurately grasp evolving urban needs, and advance our initiatives accordingly.

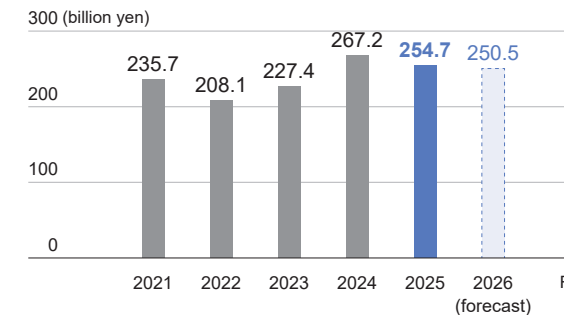
(5) Data centers

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.

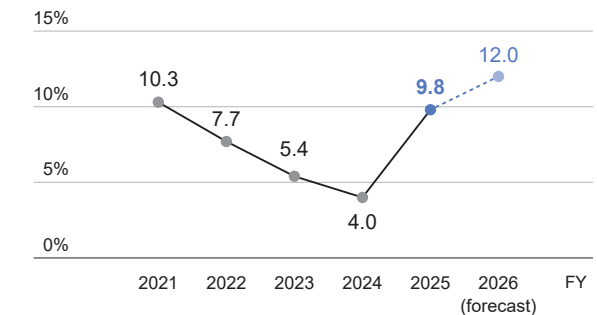
Performance trend

Although sales declined from the previous fiscal year, we achieved the target. As a result of focusing on strengthening our earning power, gross profit margin made a V-shaped recovery.

Sales



Gross profit margin



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

Our Building Construction Division will further strengthen its earning power.

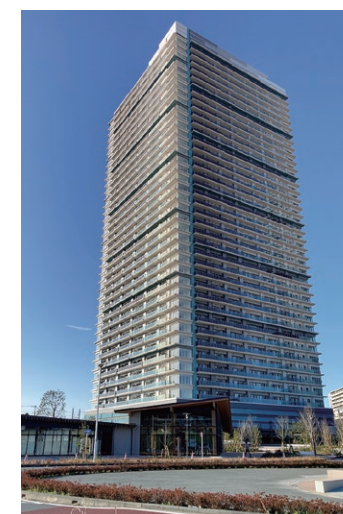
In addition, we are strongly promoting DX using AI and ICT to achieve 8 days of closure per 4 weeks at work sites, which serves as an indicator of work style reform.

As we move toward realizing a decarbonized society, social demand is increasing for environmentally-friendly building construction, centered on Medium- and Large-scale Wooden Construction. Through high-value-added

proposals that combine the warmth of wood with the latest technologies, we will contribute to the development of a sustainable society while strengthening our competitiveness.

Viewing environmental change as an opportunity, our Building Construction Division will continue to lead the development of attractive communities as a construction partner that keeps providing value meeting the expectations of our stakeholders.

Projects completed in FY2025



Housing market

Makuhari Bay Park Rise Gate Tower (Chiba Prefecture)

Customer: Mitsui Fudosan Residential Co., Ltd. and six other companies



Plant market

Atsuai Clean Center (Kanagawa Prefecture)

Customer: Atsugi Aiko Environmental Facilities Association



Large-scale mixed-use facility (offices, hall, etc.)

Urecious Komatsu (Ishikawa Prefecture)

Customer: Hokuden Sangyo Komatsu Building G.K.



Accommodation facilities / Kaburenjo theater*

Capella Kyoto (Kyoto Prefecture)

Top: Hotel building

Bottom: Miyagawacho Kaburenjo Theater

Customer: NTT URBAN DEVELOPMENT CORPORATION

* A theater where geiko and maiko practice and perform



©Masaki Hamada (KKP)

Overseas Construction Business

Through renewable energy projects in Vietnam and infrastructure projects in Indonesia, we will contribute to the creation of a sustainable society and the revitalization of local economies while meeting stakeholders' expectations. In addition, in the United States and Australia, we will promote overseas real estate development centered on medium- and large-scale wooden construction in collaboration with Sumitomo Forestry Co., Ltd. and pursue environmental value.



Hideki Yamasaki
Executive Officer, General Manager of
the International Division

Market trends

- Continued demand for sustainable infrastructure development in Southeast Asia
- Growing demand for large-scale commercial and urban development in emerging countries such as Vietnam, driven by population growth and economic expansion
- Growing demand for environmentally conscious wooden construction in the United States, Australia, and other countries accompanying the transition to a decarbonized society
- Increasing opportunities to enter the clean energy field, including biogas in India

Business environment

Area of focus

- Infrastructure development in Southeast Asia
- Commercial facilities in Vietnam
- 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

- Expanding demand for infrastructure development and industrial facilities in Southeast Asia, India, and other regions
- Opportunities to enter the clean energy field

Risks

- Rising geopolitical tensions and the risk of business interruption
- Difficulty in securing human resources and weakening construction execution systems

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

(1) Infrastructure Development in Southeast Asia

The Jakarta sewerage development project has passed more than half of its construction period as an important project that will help improve sewerage coverage. Under severe constraints, including heavy traffic congestion and the need to relocate underground utilities, the project is progressing by leveraging advanced pipe jacking technology. Young engineers have also joined the site,



contributing to improvements in local living infrastructure while passing construction know-how on to the next generation.

(2) Commercial facilities in Vietnam

In Vietnam, where a demographic bonus and strong economic growth are driving robust consumer demand, we are advancing a commercial facility project near Hanoi and proceeding with construction, aiming to open the facility in FY2026. We are also working on high-value-added construction with the aim of obtaining environmental certifications such as LOTUS.

(3) Construction business in Taiwan

Taiwan Kumagai Co., Ltd., which marked its 50th anniversary, is building an overseas earnings base through construction of landmark projects such as the super high-rise twin towers in front of Taipei Station and luxury residences, backed by a strong local brand and trust.

▶ P.39 Construction Business in Taiwan

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

We will further solidify the foundations of our Construction Business at each base by strengthening in key locations such as Taiwan, Vietnam, and India. In particular, we will further deepen partnerships with local partner companies by leveraging the know-how cultivated through achievements such as super high-rise building projects in Taiwan and factory projects for Japanese companies in India. By establishing autonomous construction and cost management systems led by local staff, we will

thoroughly strengthen our global earning power.

By maximizing synergies through close collaboration with domestic Business Units, including sales support for overseas customers entering the Japanese market, we will enhance our customer appeal in both the rapidly growing Asian market and the domestic market, thereby establishing a strong earnings base and achieving a medium- to long-term leap forward.

Spotlight Construction Business in Taiwan

Kumagai Gumi's business in Taiwan began in 1969, when Kumagai Gumi, in a joint venture with Italy's Torno, constructed the Tachien Dam near Taichung, Taiwan. Subsequently, due in part to foreign capital regulations at the time, the local subsidiary Taiwan Kumagai Co., Ltd. was established in 1974, and since then it has been conducting business activities in Taiwan. At present, the local subsidiary is steadily building a track record centered on building projects.

Our activities in Taiwan include the construction of housing and commercial facilities in Taipei and neighboring New Taipei City, as well as development project in the same area.

In the current market environment, Taiwan's economy is performing strongly, supported by global semiconductor demand. Efforts to make effective use of the country's limited land are also underway, and the appropriate supply of quality housing has become a political issue. In urban areas, under a government support policy for development project known as "Urban Renewal," redevelopment projects are being actively promoted and capital is flowing in. With housing demand in the Taipei and New Taipei areas, where about 25% of the population resides, this region is expected to offer medium- to long-term business opportunities going forward as well.

TAIPEI 101, Shin Kong Life Tower, and Tao Zhu Yin Yuan have helped raise our name recognition. Inheriting the efforts and challenges of our predecessors as an asset, we will continue to grow as a company needed by Taiwanese society.



Super high-rise large-scale mixed-use commercial building TAIPEI101



Super high-rise large-scale mixed-use commercial building Shin Kong Life Tower



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

Peripheral Businesses

With the start of production and sales of black bark pellets and the monetization of overseas real estate businesses, the results of collaboration and investment with other companies, including Sumitomo Forestry Co., Ltd., will take concrete shape. Going forward, we will further advance the four priority areas outlined in our Medium-term Management Plan, achieve early monetization, and aim for management with multiple revenue streams.



Naohiro Shimizu

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 businesses in Japan and overseas
- Knowledge of real estate investment related to accommodation facilities and extensive construction track record
- Track record in the Renewable Energy Business, PPA initiatives, and application for registration as a retail electricity supplier

Area of focus	Opportunities	Risks
(1) Real Estate Development Business	• Compact city development of central urban areas in regional cities	• Sales/rental risk of reserved floors in redevelopment projects, etc.
(2) Renewable Energy Business	• Social demand for decarbonization • Government promotion of renewable energy and various subsidy programs	• Limit in output due to saturation of renewable energy • Changes in policies and systems • Rising business costs
(3) Technology Products Business	• Participation in the carbon neutral market by leveraging new technologies	• Market competition
(4) Creation of new businesses and others	• Further expansion of private sector engagement	• Intensifying competition • Changes in policies and systems

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

(1) Real Estate Development Business

Regional Revitalization Project: Construction is underway for Park-PFI Project involving the redevelopment, management, and operation of Katsuyama Dinosaur Forest in Katsuyama City, Fukui Prefecture with the aim of opening a hotel in autumn 2027.

Iidabashi Project: Letters of consent have been obtained from rights holders in preparation for urban planning approval in FY2027 for the Shimomiyabi-cho district. The consent acquisition rate meets the general standards required for approval by government authorities, and we have received support from many rights holders.

Overseas Real Estate Business: We are participating in a private U.S. real estate development fund* managed by Crescent Communities, a wholly owned subsidiary of Sumitomo Forestry Co., Ltd. Focusing on the high-growth Sun Belt region, we will both build a stable earnings base and provide environmental value, thereby driving the sustainable growth of our Overseas Business.

* An ESG-conscious product that develops and operates environmentally-friendly rental apartment buildings in major metropolitan areas

(2) Renewable Energy Business

Offshore wind power ▶ P.41 **Initiatives in offshore wind power**

Small-scale hydroelectric power generation: With the aim of commercializing our first project in FY2026, we are advancing studies on our first small-scale hydroelectric power generation project in cooperation with local stakeholders. Small-scale hydroelectric power generation does not require fuel procurement and can operate stably over a long period. Moving forward, we will improve operational efficiency and expand earnings by constructing multiple nearby power plants.

Biomass power generation: Tokyo Electric Power Company Holdings, Inc., Kobelco Eco-Solutions Co., Ltd., Tokyo Power Technology Ltd., and our Company have established Iitate Bio Partners Company Limited. The Iitate Mirai Power Plant (7.5 MW plant), built by the Iitate Bio Partners in Iitate Village, Soma District, Fukushima Prefecture, commenced commercial operation in September 2024.

(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. In February 2025, we began construction of the Saijo Pellet Plant to serve as a BBP production base. After test operations beginning in June 2026, production and sales are scheduled to start in October of the same year.

Cotter-type Joints Sales Business: The cotter-type Joints developed by our company and three others, including GAEART Co., Ltd., achieved cumulative outside sales of 26,000 sets up to FY2025, steadily expanding our track record in this business. We are also continuing efforts to sell related technologies externally, including the quality management app and precast wall parapet.

(4) New Business Creation and Other Businesses

Renewable Energy Power Supply and EMS Package Business: We are continuously promoting

initiatives for the in-house development of renewable energy power sources. In particular, in FY2026, we are working to become registered as a retail electricity supplier and carrying out solar power plant construction. Furthermore, in the power business in which we utilize renewable energy-derived power, PPA schemes, storage batteries, and other solutions, an on-site solar power PPA project began operation in February 2025, and we are steadily advancing the electric power sales business.

PPP/PFI projects: In FY2025, we recorded one successful bid, one service launch, and one project start. Going forward, we will strengthen initiatives in this area as both the representative company and Kumagai Gumi Group.

Road Tunnels MOM Projects: The company is currently engaged in four road tunnel MOM (Management, Operation and Maintenance) projects in Hong Kong, and aims to further expand infrastructure maintenance operations in Southeast Asia going forward.

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.

Spotlight Offshore wind power generation initiatives

From the perspective of Japan's energy security in light of the current international situation, the shift toward making renewable energy a main power source is accelerating, and business involving bottom-fixed offshore wind is expected to be promoted further in the future.

Our Company is currently building a large SEP vessel in Shanghai called JWFC SUNRISE, which is jointly owned by six companies through JWFC^{*1}. We aim to tow the vessel to Japan in FY2027 and, operating out of its home port of Hakodate, aim to enter the construction market for domestic fixed-bottom offshore wind.

We are also advancing the technological development of next-generation double donut spar(DDS)-type^{*2} floating offshore wind power generation system.

^{*1} JWFC (Japan Wind Farm Construction Co., Ltd.):

A company jointly owning an SEP vessel established by six firms: Kumagai Gumi Co., Ltd., Toda Corporation, Nishimatsu Construction Co., Ltd., Iwata Chizaki Inc., Wakachiku Construction Co., Ltd., and YOSHIDA-GC.

^{*2} One of the basic structures used to float a wind turbine at sea, consisting of two vertically stacked donut-shaped tanks



Conceptual rendering of the finished vessel JWFC SUNRISE



DDS-type floating offshore wind power generation
Participating organizations: Kumagai Gumi Co., Ltd., Saga University, Yokohama National University, and CHODAI CO., LTD.



JWFC SUNRISE under construction in Shanghai

Group Companies

Manufacture and sale of asphalt mixtures, etc. GAEART Co., Ltd.

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

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.

Incorporated	November 1963	Capital	¥1,000,000,000
Headquarters	8-27 Shinogawamachi, Shinjuku-ku, Tokyo	Sales	¥56,593,000,000 (FY ended March 2026)
Representative	President and Representative Director, Shuhei Ishizuka	No. of employees	751 (as of March 2026)

Long-term Vision

- Contribute to the realization of safe and secure local communities through the development, maintenance, and renewal of social infrastructure, including roads
- Promote the wider dissemination of environmentally conscious technologies and products to create a decarbonized society and a circular society
- Improve productivity through the use of digital technology and establish a sustainable business base

Strengths

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

Taiwan Construction Business Taiwan Kumagai Co., Ltd.

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

Since its founding in 1974, Taiwan Kumagai Co., Ltd. has built a best-in-class track record in Taiwan as a Japanese general contractor, introducing Kumagai Gumi's technology to Taiwan together with original initiatives.

Incorporated	December 1974	Capital	1,320,000,000NT\$
Headquarters	Room 8 (1208), 12F, No. 205 1, Dunhua South Road, Taipei, Taiwan	Sales	¥43,548,000,000 (FY ended December 2025)
Representative	President Tadahiko Shinya	No. of employees	393 (as of December 2025)

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 (TAIPEI 101, Tao Zhu Yin Yuan (Agora Garden), etc.)
- (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

Building and facility renovation K&E Co. Ltd.

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

With "a company that contributes to a building stock recycling-oriented society" as one of its management principles, K&E proposes and realizes comprehensive renovations that enhance buildings' added value and asset value under the "Total Renewal System" name.

Incorporated	January 2001	Capital	¥300 million
Headquarters	2-7-2 Fujimi, Chiyoda-ku, Tokyo Stage Building 15F	Sales	¥21,769,000,000 (FY ended March 2026)
Representative	President and Representative Director, Kazuhiko Kawamura	No. of employees	367 (as of March 2026)

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

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

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

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.

Incorporated	February 1996	Capital	¥470,000,000
Headquarters	2-1 Honohara, Toyokawa-shi, Aichi Prefecture	Sales	¥6,173,000,000 (FY ended March 2026)
Representative	President and Representative Director, Fumiaki Yamashita	No. of employees	129 (as of March 2026)

Long-term Vision

- Contribute to society by fine-tuning unique manufacturing and construction technologies that general contractors cannot achieve
- 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) Possession of specialized technologies (ACEUP method, CSM method)
- (3) High share of market with similar technologies
- (4) ONE STOP response system for treating contaminated soil

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

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

Techno-Space Creates Co., Ltd. engages in business including the preparation of construction and architectural schematics, application documents, and BIM. It also engages in the educational business related to CAD operation, application drawings, and schematics aimed at universities and construction companies.

Incorporated	November 1993	Capital	¥30,000,000
Headquarters	3-12-12 Higashi-Ikebukuro, Toshima-ku, Tokyo 9F, Showa Building	Sales	¥789,000,000 (FY ended March 2026)
Representative	President and Representative Director Naoyuki Yamashita	No. of employees	65 (as of March 2026)

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

Technology trading company FATEC Co., Ltd.

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

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.

Incorporated	June 1989	Capital	¥20,000,000
Headquarters	2-1 Tsukudocho, Shinjuku-ku, Tokyo-	Sales	¥316,000,000 (FY ended March 2026)
Representative	President Takayuki Aono	No. of employees	8 (as of March 2026)

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, Kumagai Gumi brand technology
- (2) Possesses highly unique products

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

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

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.

Incorporated	July 1995	Capital	¥70,000,000
Headquarters	1-8 Tsukudocho, Shinjuku-ku, Tokyo 1F, Kagurazaka AK Building	Sales	¥660,000,000 (FY ended March 2026)
Representative	President and Representative Director Eizo Yoshikawa	No. of employees	42 (as of March 2026)

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 requiring specialized knowledge and expertise, wide-ranging general administrative operations, and accounting and tax-related tasks such as monthly accounting and financial closing accounting
- (2) Track record in agency businesses with expertise with various types of insurance

Wood biomass and other fuel manufacturing and sales Local Energy System CO., LTD.

WEB <https://localenesys.co.jp>

Local Energy System manufactures biomass fuel from domestic bark materials. Through the circulation of local resources, it contributes to the realization of a decarbonized society and local community development.

Incorporated	May 2023	Capital	¥50,000,000
Headquarters	Nishi-ku, Osaka City, Osaka Prefecture 1-11-7 Utsubohonmachi	Sales	-
Representative	President and Representative Director Toru Koizumi	No. of employees	12 (as of March 2026)

Long-term Vision

- Expansion of the black pellet manufacturing and sales business in Japan and overseas
- Contribute to carbon neutrality by utilizing regional forest resources and aim to realize a sustainable society

Strengths

- (1) Contributes to a decarbonized society in Japan and overseas as a leading runner in black pellet production
- (2) Offers black bark pellets (BBP), a high-value biomass fuel suitable for co-firing at coal-fired power plants, reducing GHG-emissions. Manufactured completely in Japan
- (3) Saijo Pellet Plant: Japan's first BBP production plant using bark (tree bark) as raw material

**GAEART Co., Ltd.****Shuhei Ishizuka**, President and Representative Director

At a time when there is a strong need to address aging infrastructure that supports people's lives and prepare for increasingly severe natural disaster, GAEART provides people with peace of mind and satisfaction through road construction and uses its technology to shape the future of the land.

Review of FY2025

In FY2025, we developed our business with “value” as a keyword. In construction, we achieved steady results through orders secured by leveraging our strong reputation—supported by six “Excellent Contractor” performance certifications from the Ministry of Land, Infrastructure, Transport and Tourism—as well as through pavement-installation projects where our own mobile plant equipment can be utilized on expressways, and through orders for airport, bridge, and Noto earthquake-recovery projects employing PRC panels. In product sales, even in a shrinking market, shipments increased compared with the previous and pre-previous fiscal years thanks to shipments for our own projects and Kumagai Gumi-related projects. On the profit front as well, substantial improvement progressed through securing gross profit at order receipt by selective order taking in construction, acquiring design changes, and expanding shipment volume and passing on prices in products, allowing us to smoothly reach the midpoint of the Medium-term Management Plan.

Recovery support using precast technology

Following the 2024 Noto earthquake, we engaged in road clearance and emergency restoration work immediately afterward. We are now contributing to full-scale recovery by applying our proprietary precast slab construction technology in response to requests for rapid construction. For the portion of the Noto-Satoyama Expressway connecting Kanazawa and Wajima, precast step slabs were used to repair damage at bridge ends, ensuring driving stability through a high-quality integrated structure using cotter-type joints. In addition, at six ports on the Noto Peninsula that suffered major damage, PRC slabs for roads were used, enabling restoration of the target ports in the short period from January to March, including during the severe winter season. This allowed large cruise ships to berth at Kanazawa Port.

Outlook for the future

We are feeling growing demand for road paving companies, including disaster prevention and mitigation as responses to natural disaster and measures against aging infrastructure, as seen in urban sinkhole accidents. To meet these needs, we will carry out highly competitive order-taking activities by utilizing our proprietary technologies and products, such as PRC slabs that deliver high durability and rapid construction, FFP pavement with multiple functions including drainage, accident countermeasures, and freeze suppression, and the Ninja series products that enable self-maintenance of damaged areas. We are also sequentially introducing medium-temperature equipment at each plant to promote low-carbon pavement toward realizing a decarbonized society. In addition, we will promote DX in operations and work to reduce labor requirements and improve productivity.



Noto-Satoyama Expressway, where early recovery was achieved using precast step slabs for repairs



Kanazawa Port Cruise Terminal restored using PRC slabs

**K&E Co., Ltd.****Kazuhiko Kawamura**, President and Representative Director

The product customers buy from us is the “work process.” In addition to delivering construction quality that ensures full customer satisfaction, we provide a satisfying experience throughout every stage—from initial consultation to proposal, design, construction, and after-service—bringing smiles to our customers.

Review of FY2025

K&E marked the 25th anniversary of its founding in January 2026.

In FY2025, a milestone year for our company, sales and profit fell slightly short of targets partly due to the timing of project commencements, but the amount of orders received reached an all-time high. I feel that our detailed and speedy response for more than 3,000 projects of all sizes each year led to customer recognition and, in turn, order placement. In terms of safety performance (number of disasters and accidents), the last two years were the best in our 25-year history.

Strengths and sources of value

Our strength lies in having nine bases from Hokkaido to Okinawa, enabling us to cover all of Japan. Our scope extends beyond building work such as interiors, exteriors, and seismic reinforcement to a wide range of fields including equipment and electrical work.

Another strength is our persistence in always staying close to customers and pooling our wisdom to solve issues. Supporting this stance is our comprehensive education system. We focus on Human resources development, including conducting group training every year from the time employees join through their sixth year.

In addition, active communication among employees and strong teamwork are also strengths. Of our total 383 employees as of the beginning of this fiscal year, 83 were in their 20s (21%) and 40 were in their 70s (10%), reflecting a broad range of ages. There are 88 female employees (23%), including 41 female engineers (10%) involved in design and other work.

These strengths are the source of the value we deliver to customers.

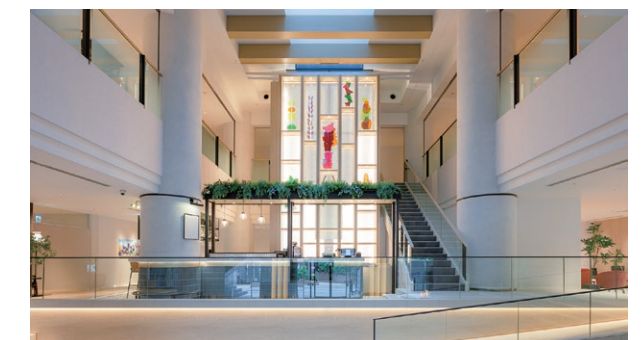
Outlook for the future

We will further strengthen our core business, the Building Renewal Construction Contracting Business.

Our first initiative is to “thoroughly refine the way we work on a daily basis, such as improving response speed, timing, the content of proposals, communication, and the quality of conduct.” The second is to “continue hiring diverse and talented employees,” and the third is to “develop Human resources through training, abundant on-site experience, and team-based work, and create a vibrant corporate culture.”



Hyatt Regency Tokyo (completed in March 2025)



Holiday Inn & Suites Sapporo Odori Park (completed in November 2025)



Taiwan Kumagai Co., Ltd.

Tadahiko Shinya, President

For more than half a century since our establishment, we have been rooted in Taiwan and are working to become a “needed company.”
As a company entrusted with landmark projects, we will continue to carry out construction activities with due consideration for safety, quality, and the environment.

Review of FY2025

Throughout the year, while concentrating on the progress of major projects on hand such as The Taipei Twin Tower (C1.D1), we also reorganized our business in Taiwan. We merged subsidiaries to improve the efficiency of the Real Estate Development Business. This reorganization improved labor savings and the effective use of funds, allowing us to establish a structure for advancing our business with the two wheels of construction and development.

In terms of performance, progress on projects on hand enabled us to record the highest profit since establishment. It was also a year in which we focused on external promotion by participating in TECH WORLD at Expo 2025 Osaka, Kansai, Japan together with Kumagai Gumi as a JV.

Outlook for the future

Taiwan's economy is supported by strong semiconductor business performance, and Taipei's real estate market is expected to see stable medium-term demand due to many new office buildings and urban renewal projects promoted by the city government. We plan to actively secure projects from existing customers with whom we have long built strong trust, thereby laying the groundwork for stable sales and profit margins over the long term.

We also plan to advance staff development with concrete measures. In recent years, the shortage of Human resources has become a serious issue in Taiwan as well, and we will focus on management that promotes retention while improving employee satisfaction.



Development plan for the Global One



The Taipei Twin Tower (C1.D1)



Technos Co., Ltd. Fumiaki Yamashita, President and Representative Director

By strengthening collaboration among business divisions with different business models and further refining the earning power of each business, we aim to become a company that continues to meet societal needs and will support the social infrastructure of the next generation.

Review of FY2025

In FY2025, we focused on QCDS management structure and improving profitability, and worked in each business to increase order win certainty and reduce costs. In the foundation business as well, we steadily secured orders for projects using the CSM method* and improved performance. In the renewal business, we newly received orders for seismic reinforcement work and are taking on the challenge of a JV-based construction system. In our overseas business as well, proactive sales efforts are producing results, supported by orders for large-scale projects mainly in Southeast Asia and the expansion of PC-related orders in Singapore.

* A technology that mixes soil in the ground with cement to create a strong underground “concrete wall.”

Outlook for the future

In FY2026, we will focus on establishing a medium- to long-term growth foundation by further strengthening our earning power. Our company will continue to make forward-looking capital investments, such as renewing our CSM excavation equipment and strengthening the seismic resilience of our plants. We will also reduce production costs by optimizing business processes in each business, thoroughly secure gross profit, and promote the development of proprietary technologies that capture market needs as well as market development centered on Southeast Asia.



Haneda Airport Access Line CSM



Nan Shan Life Insurance Building (Taiwan) ACEUP

Techno-Space Creates Co., Ltd.

Naoyuki Yamashita, President and Representative Director



Utilizing CAD and BIM, we will contribute to construction in a manufacturing sense with quality and reliability.

Review of FY2025 and outlook for the future

FY2025 was a difficult year, with few new project starts and no growth in sales.

Even so, requests increased for support services in site administration beyond construction drawings, temporary works planning drawings, and BIM creation. We will develop the structure for this as one of our new lines of business going forward.

In addition, as the decline in human resources responsible for building administration due to aging and other factors has become an issue, we will focus on developing Human resources capable of leading the next generation of site administration. We also aim to be a company where employees can work for a long time with satisfaction and a sense of fulfillment.

FATEC Co., Ltd.

Takayuki Aono, President



We aim to become a comprehensive technology trading company that offers things never seen before and develops new products and technologies created through technology development.

Review of FY2025 and outlook for the future

Adoption of the Cotter Floor Slab Method for bridges, which enables rapid replacement of bridge deck slabs, advanced further, and sales of joints and joint materials used in the method grew significantly. In addition, many construction companies adopted our proprietary products, such as Max AZ, a mortar that maintains high fluidity underwater without material segregation, and EcoMax, Japan's only cement-based premix plastic material.

In FY2026, in addition to the product groups whose sales grew in the previous fiscal year, expanded sales are expected for PITA-NET, a sensor that can wirelessly transmit the amount of strain in steel materials.

Technical Support Co., Ltd.

Eizo Yoshikawa, President and Representative Director



Through the provision of high-quality services backed by thorough management systems, we will contribute to strengthening the Group's foundation and its sustainable growth.

Review of FY2025 and outlook for the future

The administrative outsourcing business has contributed as the outsourcing function of the Kumagai Gumi Group by supporting new systems and improving the efficiency of administrative operations.

The insurance business began strengthening and developing its structure in preparation for revisions to industry regulations. Going forward, we will focus on strengthening organizational capability and improving skills, while continuing to review existing contracts and propose new insurance policies to increase sales.

Local Energy System CO., LTD.

Toru Koizumi, President and Representative Director



With the philosophy of “turning local forest resources into energy used locally,” we will work to create a new energy source for a sustainable future and build systems that circulate it within regions.

Review of FY2025 and outlook for the future

To process domestic bark materials (tree bark), whose uses had previously been limited and much of which had been treated as waste, into black bark pellets—an energy source that improves coal-fired power generation efficiency and reduces environmental impact—we began construction of a production base in Ehime Prefecture in FY2025. The plant will enter test operation in June 2026, with full-scale operation scheduled for October. We will contribute to society through the environmental field and to regional revitalization, and develop a business integrated with the local community.

Alliance with Sumitomo Forestry Co., Ltd.

Our collaboration with Sumitomo Forestry Co., Ltd. began in 2017, and since then the two companies have pursued medium- to long-term business development that leverages their respective strengths in Medium- and Large-scale Wooden Construction, technology development, overseas real estate investment, and other areas. Going forward, we will continue to provide high added value to customers through the synergy of both companies and aim for a sustainable society.



Taiji Ito
Director Senior Managing Executive Officer
General Manager of the Building
Management Division
In charge of business alliance with
Sumitomo Forestry Co., Ltd.

Purpose of the business alliance

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. Accordingly, both companies believe that initiatives aimed at sustainable growth—such as creating new markets, developing high-value-added technologies, and expanding business overseas—are necessary, and are seeking to build a unique new position that goes beyond the scope of 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.

Promotion policy

Construction Business

- Further strengthen the two pillars of medium- and large-scale wooden construction “with TREE” and environmentally greened buildings
- Strengthen proposals for various CO₂ reduction technologies to meet customer needs.

Investment

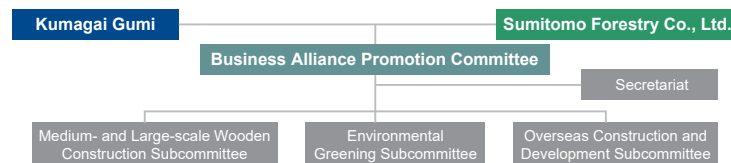
- Continued investment in overseas real estate development business and cultivation of domestic real estate development business

Technology

- Promotion of technology development contributing to the realization of a decarbonized society, including wooden and wood-material technology development

Business alliance promotion system

Kumagai Gumi and Sumitomo Forestry Co., Ltd. entered into a business and capital alliance in 2017 and established the Business Alliance Promotion Committee. Currently, the committee, led by directors from both companies, has established three subcommittees and meets four times a year.



Achievements in the construction business

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 and completed in March 2026. By utilizing “KS Wood Buckling Restrained Braces,” the volume of steel used for the frame was reduced by approximately 30%. Despite its high strength, this product has a gentle, wood-like appearance. For the roof structure of the gymnasium, a wood lattice beam structure combining laminated timber and steel tension members created a rich space that makes use of the warmth of wood.

▶ P.49 KS buckling-restrained wooden braces



Collaboration in overseas business

ESG-oriented office development (Dallas, USA)

A seven-story timber ESG-compliant office building that we helped developed in Dallas, Texas together with Sumitomo Forestry Co., Ltd., Iino Kaiun Co., Ltd., and Crow Holdings was completed in March 2024. Even before completion, our leasing efforts bore fruit, and all floors up to the seventh have been leased to major U.S. companies; the building is now in stable operation.



The Offices at Southstone Yards,
Building B (Dallas)

Environmentally-friendly apartment building project (near Seattle)

Our company is participating in a joint development project with Sumitomo Forestry Co., Ltd., Fuyo General Lease Co., Ltd., and TCR to develop an eight-story rental apartment building with an RC/wood hybrid structure in Bellevue, Washington, which is located near Seattle. This property is expected to see strong rental demand and high future sale returns since it offers excellent transportation convenience and is located in an area with a notable concentration of major companies and significant population growth.



Alexan Eastgate (near Seattle)

Investment in a U.S. real estate fund (for properties near Tampa, Washington, D.C., Charlotte, and Atlanta)

In March 2022, we participated in a private U.S. real estate development fund aimed at building a stable earnings base and providing environmental value (including ESG-conscious properties), mainly in the high-growth Sun Belt region. This fund is developed and operated by Crescent Communities, a wholly owned subsidiary of Sumitomo Forestry Co., Ltd. The fund is currently operating smoothly in four projects: Beach Park (Tampa), 14th Street (Washington, D.C.), River District (Charlotte), and Turner Lake (near Atlanta).



Turner Lake (near Atlanta)



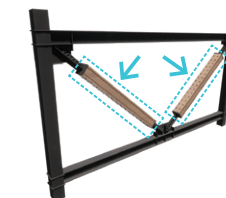
14th Street (Washington, D.C.)

Joint Research and Development

KS Wood Buckling Restrained Brace

This is a seismic component jointly developed by Kumagai Gumi and Sumitomo Forestry Co., Ltd. that combines high earthquake resistance and design appeal. It is 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. Its distinctive feature is that it can also be used as a visible seismic component that takes advantage of the warmth of wood.

▶ P.51 Special Feature 1



School Building Construction Project



Launch of the “with TREE” brand

In March 2021, the two companies together launched a brand for medium- and large-scale wooden construction. 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.



KiGi AKIHABARA, a mid- to high-rise wooden building adjacent to park trees

Special Feature

- 51 **Special Feature 1** Our Advanced Wooden Construction Technology and Worksite Excellence Backed by Experience Help Foster a Caring, Circular Society
- 54 **Special Feature 2** Advancing Disaster Prevention and Mitigation through Concentrated Technological Expertise and Mountain Tunnel Excavation That Connects Regional Communities



Road paving work inside the tunnel by GAEART Co., Ltd.

Special Feature 1

Our Advanced Wooden Construction Technology and Worksite Excellence Backed by Experience Help Foster a Caring, Circular Society



On the east side of Akihabara Station—a district where digital culture and subculture intersect which is along the Kanda River in a commercial area dating back to the Edo period—a sustainable new building has been completed, offering a modern yet warm atmosphere.

Yoko Shiwaku
Site Manager



Creating a Sustainable Office Building Suited to a City with Roots in the Edo Period

In May 2026, we completed the construction of an office building featuring a sophisticated design. The name of the building is KiGi AKIHABARA, the first wooden mid- to high-rise building for THE SANKEI BUILDING CO., LTD. Kumagai Gumi handled both the building's construction and design through a joint venture with Sumitomo Forestry Co., Ltd.

“It is a nine-story office building with a hybrid wood-and-steel structure. Although the building stands on a relatively small site of approximately 170 m², it incorporates the full range of Kumagai Gumi's latest wooden construction technologies.”

These words come from Yoko Shiwaku, who served as Site Manager for the project. Mr. Shiwaku is a seasoned engineer who has built a career entirely in the field of architecture. He has also been involved in a wide variety of buildings as Site Manager. Even for him, construction of a wooden building was a first-time challenge. The project advanced through a fusion of the site capabilities cultivated by Kumagai Gumi's engineers and the advanced knowledge of the Headquarters' Architectural Design Management Division, Technical Research & Development Institute, and other departments.



Building Structure

Wood construction (glued laminated timber)

Steel frame

CLT construction

Press (LVL)

New piles

Existing piles (remaining in place)

Toward a standard plan for future urban wood construction

(7) A fire-resistant technique that exposes the wood structure is adopted for the 9th floor

(6) CLT is used for the floors

(5) Laminated timber is used for the floor beams

(4) Wood construction is adopted on the 2nd floor cantilever beam to reduce the load above

(3) On the 2nd floor, the setback area is expanded

(2) As a result of the offset, the columns are positioned further inward

(1) New piles are installed while avoiding the existing piles

Young employees demonstrating meticulous site capabilities

Integrated Design–Construction Efforts Significantly Reduce CO₂ Emissions

For KiGi AKIHABARA, major structural changes were implemented at the design stage to realize a sustainable office. Regarding the reasons for this, Akiko Hamada, General Manager of the Project Group, Architectural Design Department 3, who oversaw the design, explains as follows.



Akiko Hamada
Architectural Design
Dept. 3
Project Group
General Manager

“A major feature of wooden buildings is CO₂ reduction and other types of environmental value. In repeated discussions with

the customer to pursue that value to the fullest, we decided to make full use of Kumagai Gumi’s wooden construction technologies and electric arc furnace steel. As a result, CO₂ emissions were reduced by 379 tons in the structural studies conducted during design.”

As trees grow, they absorb CO₂ from the air and store it as carbon. Using wood in buildings enables carbon to be stored for a long time and also helps prevent global warming by reducing CO₂ emissions during construction.

In collaboration with Sumitomo Forestry Co., Ltd., Kumagai Gumi is promoting medium- and large-scale wooden construction and developing a variety of technologies.

Dresswood®, first put into practical use in KiGi AKIHABARA, is one of them. Steel frame members are covered with insulation and a sacrificial wood layer, achieving excellent fire resistance while creating slim columns that convey the warmth of wood. In addition, the newly improved wooden fire-resistant member, environmentally conscious λ-WOOD II®, was used not only for columns and beams but also for floors. Because λ-WOOD II® does not use adhesives, it can be separated and disposed of by material type. It also contributes to reducing industrial waste and recycling wood, thereby supporting the circular economy. In addition, the highly flexible “wood-clad hybrid perforated beam” is a wooden fire-resistant technology of Sumitomo Forestry Co., Ltd. The seismic braces installed on the second floor were jointly developed with Sumitomo Forestry Co., Ltd., and use KS buckling-restrained wooden braces, which also take design quality into account.

Moving Into the Next Era of Timber Construction through the Dissemination of Expertise Acquired at Work Sites

Constructed using expertise acquired at work sites, KiGi AKIHABARA has received high recognition from society. It was selected for the Ministry of Land, Infrastructure, Transport and Tourism’s promotion project for developing excellent wooden buildings, etc., and also obtained ZEB Ready certification for outstanding energy-saving performance. In particular, the former was selected under the more demanding “leading framework.”

Forests, which cover about two-thirds of Japan’s land, are multifunctional infrastructure that supports natural circulation. Wooden buildings, too, will play an important role in the circular society of the future. By horizontally deploying the knowledge cultivated on site in this way and enhancing wooden construction technology, Kumagai Gumi aims to create a sustainable society.

Overview of construction	Property name	: KiGi AKIHABARA
	Business operator	: Sankei Building Co., Ltd.
	Location	: 2-8-16 Higashikanda, Chiyoda-ku, Tokyo
	Construction period	: March 24, 2025 to May 29, 2026
Property overview	Construction	: Kumagai Gumi and Sumitomo Forestry designated construction consortium
	Structure	: Steel structure with partial wooden construction
Property overview	Scale	: 9 stories above ground
	Site area	: 168.48m ²
	Total floor area	: 1,072.04m ²
	Uses	: 1F: Restaurant; 2F to 9F: Offices

Comments from Sumitomo Forestry staff in charge of the construction of KiGi AKIHABARA

Shogo Nonaka

Kumagai Gumi and Sumitomo Forestry designated construction consortium
In charge of building construction

Sumitomo Forestry Co., Ltd.
Construction Team Supervisor
Architectural Project Department
Construction
Construction Division



Kumagai Gumi and Sumitomo Forestry—Working Together as One Team

Since joining Sumitomo Forestry Co., Ltd., I have consistently been involved in wooden construction projects and have been involved with many joint ventures with general contractors. Based on that experience, what I felt during this project was the strength of Kumagai Gumi’s organizational capabilities. For example, I was impressed by the attitude of not only employees but

also partner company personnel working together on thorough safety management. It was also an energetic site with many young people, including those from the design department. As I was in a mid-career position, I was conscious of acting as a bridge between these young engineers and the Site Manager.

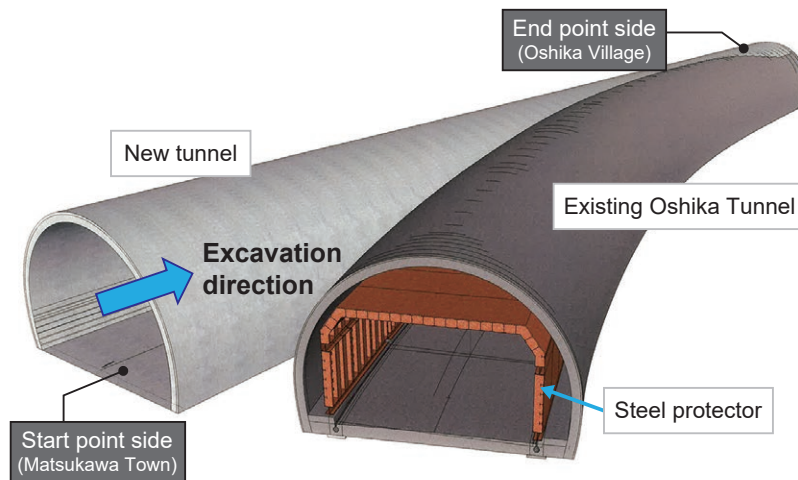
Beginning with hybrid wood-and-steel construction, there were many things I learned for the first time, and I feel that this led to new personal growth. It was also my first experience being involved in a building project from start to finish. At the same time, I made a point of actively sharing the wooden construction technologies cultivated by Sumitomo Forestry Co., Ltd., such as fireproof covering for wood construction and proposals concerning the construction schedule. I joined Sumitomo Forestry Co., Ltd. because I admired tall wooden buildings. I believe that this project has become an invaluable experience, one that will help me take on such large-scale projects someday.

Special Feature
2

Advancing Disaster Prevention and Mitigation through Concentrated Technological Expertise and Mountain Tunnel Excavation That Connects Regional Communities

Construction status of the joint section (the far left side is the terminus side, and the concrete wall on the right is outside the steel protector)

Kumagai Gumi is protecting lives from various natural disasters through infrastructure development, contributing to disaster prevention and mitigation. This is the mission the construction industry must fulfill. The mountain tunnel project that Kumagai Gumi is carrying out in southern Nagano Prefecture is a project designed to construct a tunnel that protects the lives of local residents and stands up to harsh natural conditions. Adopting the underground connection tunnel construction method for the first time, site and Headquarters staff are working as one on this difficult project.



Connecting Existing and New Tunnels Underground While Maintaining Traffic Flow

Nagano Prefectural Route 22 (Matsukawa-Oshika) is a major regional route in southern Nagano Prefecture. It runs through the steep mountainous area between Matsukawa Town and Oshika Village, and for Oshika Village in particular it plays an important role in linking the village with the town. A rockfall occurred near the Ochiai Tunnel on Route 22 in 2019. As a result of the investigation, ongoing danger of rockfalls was identified, and construction of a new tunnel bypassing the dangerous area was planned. Kumagai Gumi formed a three-company joint venture with construction companies in Nagano Prefecture and undertook the project.

Akira Katagiri, who serves as the Site Manager for the project, said, “As soon as I heard about the plan for this tunnel, I thought it would be a difficult project unlike anything I had experienced before.”

Since joining the Company in 1981, Mr. Katagiri has devoted most of his career to mountain tunnel construction, meaning that he is a true professional. Even to someone as experienced as him, the difficulty was obvious.

“The biggest reason is our use of the underground connection tunnel construction method, which is

carried out without stopping ordinary vehicle traffic. Specifically, a new tunnel entrance was built on the Matsukawa Town side, from which the new tunnel is excavated and connected to the existing tunnel at the 888-meter point. For the remaining approximately 180 meters to the entrance on the Oshika Village side, the existing tunnel is used.”

This underground tunnel connection project is a first for Kumagai Gumi, which has an extensive track record in mountain tunnel construction. It is a highly challenging undertaking, with only a few precedents even within Japan's construction industry.

Akira Katagiri Site Manager



Young employees at the work site (tunnel entrance)

Overview of construction	Name of construction work	FY2022 Disaster Prevention and Safety Grant (Road) Construction Project
	Construction site	: Ochiai, Oshika Village, Shimoina District, Nagano Prefecture
	Orderer	: Nagano Prefecture Iida Construction Office
	Contractor	: Kumagai-Asakawa-Yoshino designated construction consortium
	Construction period	: July 7, 2023 to March 31, 2027 (planned)



Steel protectors installed to reinforce the existing tunnel

A Difficult Project that Required Eight Months for the Final Excavation Section of Approximately 100 Meters in Length

Excavation of the new tunnel began in June 2024, and in the first nine months, approximately 800 meters were excavated. Then, in April 2025, Kumagai Gumi's engineers began excavation toward the connection section, the project's critical phase.

For excavation at the connection section, a mechanical method was adopted instead of the blasting method used previously, in order to minimize the impact on the existing tunnel. However, the project, which had seemed to be progressing smoothly, hit a major obstacle. Hard bedrock appeared, making mechanical excavation difficult. As a result, Mr. Katagiri decided to switch to a blasting-assisted excavation method. We advanced the work by adjusting the construction method at each stage—dividing the charges so blasting could be performed with amounts that would not affect the existing tunnel, and returning to mechanical excavation for the final connection section.

Through this process, the new tunnel reached the connection section in November 2025. The time spent on

excavating the final excavation section of approximately 100 meters in length was eight months. Considering that the previous section, approximately 800 meters long, had been excavated in nine months, it is clear how difficult the project was.

In addition to excavation of the new tunnel, reinforcement of the existing tunnel was another important part of the project. Because Route 22 running through the tunnel is an essential local road, traffic could not be stopped during construction. To prepare for the connection work while maintaining traffic, a total of 14 special steel protectors were installed over a distance of 84 meters.

“This was also Kumagai Gumi's first time adopting these steel protectors in a tunnel. We made meticulous plans through repeated study of the protector structure and strength, on-site assembly methods, and even transport into the tunnel using special trailers.”



Sustainability Strategy

The artwork shown are works by children from Tsukudo Elementary School, Shinjuku, Tokyo, adjacent to the Kumagai Gumi Headquarters and are works that won the Kumagai Gumi Corporate Prize at the "Children's Painting Exhibit 2025: 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.

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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 "promote environmentally friendly businesses" as key issues (Materiality). To advance these priorities, the Group has set specific targets for initiatives such as accomplishment of carbon neutrality, achievement of zero emissions, and achievement of nature positive, and is actively working toward their fulfillment.

Environmental Policy

Kumagai Gumi revised its former "Safety, Health, Quality, and Environment Policy" into the "Environmental Policy" in 2025, establishing a set of guiding principles for action.

In line with the revision of the Environment Policy, we renewed the Commitment of Eco First in January 2026.

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

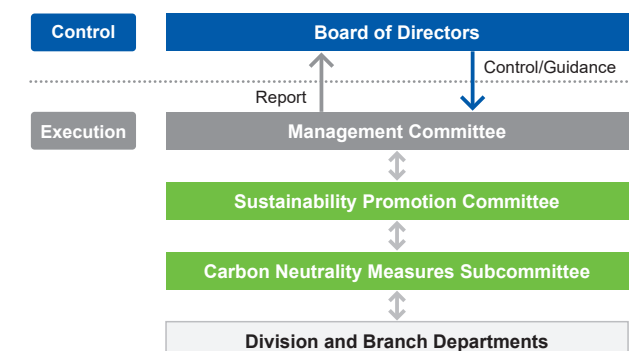
1. Aim to achieve carbon neutrality by 2050
2. Promote the transition to a circular economy
3. Contribute to achieving Nature Positive
4. Strive to develop, improve, and popularize environmentally-friendly technologies
5. Operate a Quality and Environment Management System and continuously improve it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

Governance

Kumagai Gumi deliberates on key management issues, including issues related to the climate, at its "Management Committee." The "Sustainability Promotion Committee" has also been established as a supporting body of the Management Committee. From FY2026, the Carbon Neutral Countermeasures Working Group was repositioned under the Sustainability Promotion Committee as the Carbon Neutrality Measures Subcommittee, thereby strengthening the promotion structure.

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 provides regular training and other programs for the Board of Directors to share social

trends regarding environmental issues including climate change and expectations placed on our Group.



Risk Management

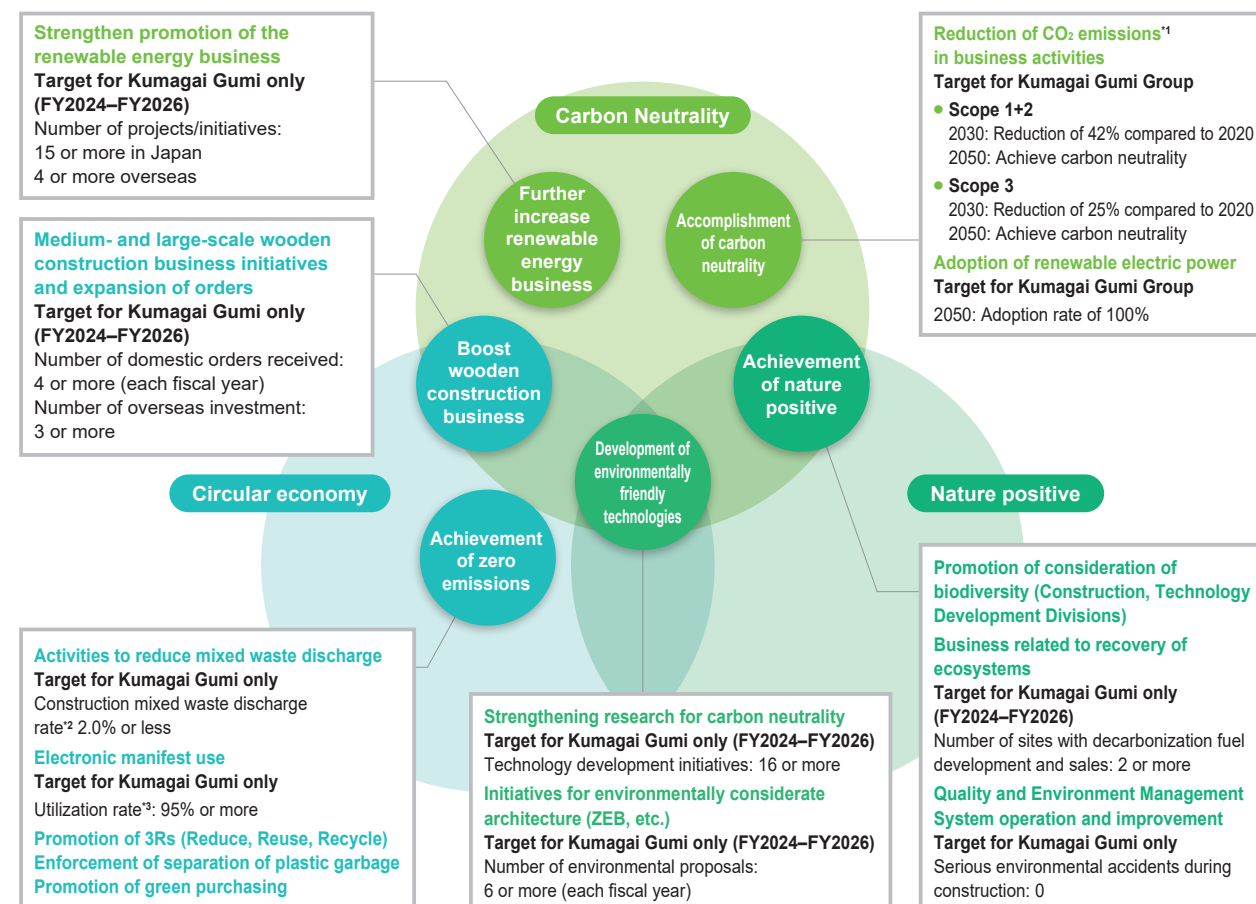
Kumagai Gumi is working toward identifying and reducing risks that affect business activities as well as maximizing opportunities, by isolating and assessing the risks and opportunities of important issues on an individual basis, and making decisions at the Management committee and Board of Directors. 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. Environmental risks and opportunities, including climate change, are evaluated from the dual perspectives of “financial impact” and “likelihood of occurrence” based on analyses of information from each division, and are then reported to and deliberated by the Management Committee and Board of Directors after reporting and discussion at the Sustainability Promotion Committee.

Overall Picture of Environmental Initiatives

In February 2021, we joined the RE100 initiative, and we are 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



*1 CO₂ 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

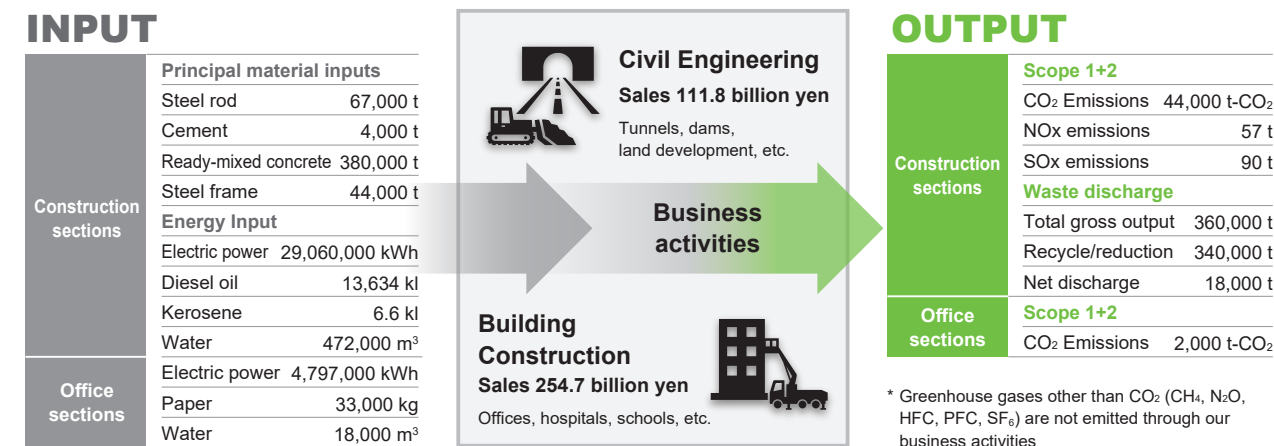
Scope 3: Indirect emissions from upstream/downstream areas of business activities other than Scope 1 and 2 (materials procurement, operation of buildings, disposal, etc.)

*2 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)

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

FY2025 Performance

Business Activities and Environmental Impact Kumagai Gumi Non-consolidated (Japan) Results for FY2025



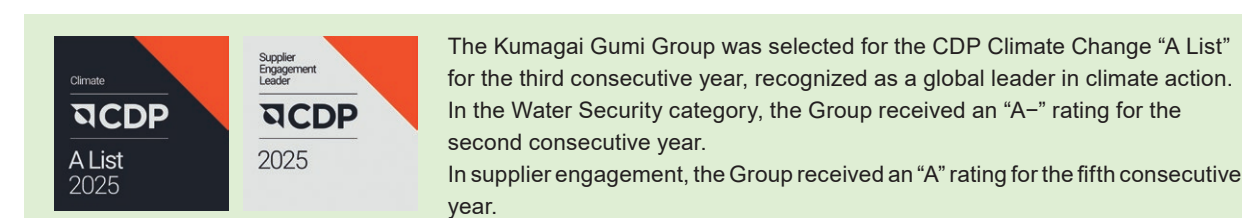
Compliance with environmental conservation-related laws / Environmental accidents

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

- Education on environmental laws and regulations in intensive employee education by the Headquarters manager in charge of environmental regulations (6 times)
- Education for branch managers and other managers (2 times)

In FY2025, no fines or penalties were levied due to legal violations, and no suits were filed. There were also no serious environmental incidents.

External Evaluation of Environmental Management



Response to Climate Change Risks

Scenario Analysis

Positioning response to climate change risks as key issues, the Kumagai Gumi Group conducts scenario analysis to identify and assess climate-related risks and opportunities and understand their medium- to long-term impact on business activities.

Climate-related scenarios used in the scenario analysis

Relevant scenarios		Overview of each scenario
From the 1.5°C warming scenario to the below-2°C warming scenario	Transition scenario	(1) NZE (Net Zero Emissions by 2050 Scenario): limited to below 1.5°C with a 50% probability A scenario assuming the strictest transition regulations, under which global GHG emissions are reduced to virtually zero by 2050
		(2) APS (Announced Pledges Scenario): limited to 1.7°C with a 50% probability A scenario assuming that all nationally determined reduction pledges and net-zero targets announced by countries worldwide are achieved on schedule
	Physical scenario	(1) RCP1.9 / SSP1-1.9: rise of 1.0 to 1.8°C (average 1.4°C) The most ambitious sustainability scenario, focused on achieving the Paris Agreement's "1.5°C target"
		(2) RCP2.6 / SSP1-2.6: rise of 1.3 to 2.4°C (average 1.8°C) A global warming countermeasure scenario aimed at keeping temperature rise below 2°C by the end of the 21st century
4°C warming scenario	Transition scenario	STEPS (Stated Policies Scenario): rise of 2.4°C with a 50% probability A current-trend scenario assuming only policies already in place and publicly announced concrete measures in countries around the world continue
	Physical scenario	(1) IPCC RCP 8.5 scenario: compared with the base year (1986–2005), rise of 2.6 to 4.8°C (average 3.7°C) The highest-emissions scenario in the IPCC Fifth Assessment Report (AR5) Assumes the trajectory if no effective global warming countermeasures are taken (2) IPCC AR SSP5–8.5: rise of 3.3 to 5.7°C (average 4.4°C) The highest-emissions scenario in the IPCC Sixth Assessment Report (AR6) compared with pre-industrial levels Assumes the worst case of continued fossil-fuel-dependent economic development

Time horizon of scenario analysis	Time horizon	Period	Overview
	Short term / Medium term	By 2030	A period reflecting the impact of current management plans and business strategies
	Long term	Between 2040 and 2050	A period for assessing long-term risks and opportunities, including the transition to a decarbonized society

Business scope of scenario analysis	Business		Target regions
	Domestic Civil Engineering Business, Domestic Building Construction Business, and other businesses		Japan
	Overseas Construction Business		Taiwan

Climate-related policies in business jurisdictions

Scenario	Overview
Current policy scenario	Details of strengthened energy-saving regulations in Japan - In line with the review of the Top Runner Program from 2025 to 2027, Minimum Energy Performance Standards (MEPS) will be established for air conditioners, water heaters, window glass, and televisions - Based on the Building Energy Efficiency Act revised in 2022, it will become fully mandatory for all newly constructed buildings to comply with the newly revised energy efficiency standards
Announced policy scenario	Measures announced by Japan to promote wider adoption - As part of the Housing Energy Efficiency Campaign, subsidies will be introduced for insulation renovation work and high-efficiency water heaters - Existing efficiency regulations for home appliances and buildings will be extended and strengthened

Overview of Climate Change Risks/Opportunities and Financial Impact

	Factors	Details	Value chain	Likelihood of occurrence	Short term	Medium term: 3 years	Long term: 9 years
Transitional risks	Policies, laws and regulations	- More stringent regulations governing GHG emissions - Growing social demand for carbon neutrality	Transition costs and implementation difficulties in achieving carbon neutrality	Direct operation	High likelihood (66–100%)		
	Acute	More frequent and intensifying natural disasters	Increase in costs to respond to construction sites and on-site employees affected by natural disasters, including typhoons and heavy rainfall, and construction delays caused by supply chain interruptions Decline in the value of owned and invested assets due to natural disaster and occurrence of restoration costs	Direct operation	Very low likelihood (0–10%)	1.5°C warming scenario Approx. 16 million yen 4°C warming scenario Approx. 137 million yen	1.5°C warming scenario Approx. 32 million yen 4°C warming scenario Approx. 274 million yen
Physical risks	Chronic	- Changes in rainfall and weather patterns - Increase in average temperatures - Rising sea levels	Increase in labor costs due to decline in work efficiency at construction sites	Upstream Direct operation	High likelihood (66–100%)	–	When labor costs are 22% Approx. 8.0 billion yen When labor costs are 30% Approx. 16.4 billion yen
	Energy sources	Increased demand for renewable energy-related businesses	Increase in sales and demand for construction due to increase in renewable energy related investments	Upstream Direct operation Downstream	High likelihood (66–100%)	–	
Opportunities	Products / Services	- Growing social demand for carbon neutrality - Increase in demand for medium- and large-scale wooden construction - Increase in demand for energy-saving buildings	Increase in sales of medium- and large-scale wooden structures with minimal GHG emissions that allow fixation of CO ₂	Upstream Direct operation Downstream	High likelihood (66–100%)		
			Increase in sales of energy-efficient buildings such as ZEB and environmentally conscious buildings with low BEI values	Upstream Direct operation Downstream	Almost certain (99–100%)		
	Market	- Expansion of national resilience markets - Expansion of the wooden construction market - Decline in forest resources in timber-exporting countries and expansion of the domestic timber market - Changes in the components of real estate value - ESG investment, ESG finance	Increased sales opportunities for disaster prevention, mitigation, and recovery work under the national resilience plan Increase in ESG investment through promotion of initiatives to address climate change	Upstream Direct operation	Very high likelihood (90–100%)	–	
				Upstream Direct operation Downstream	Approximately 50% likelihood (33–66%)	–	Approx. 11.94 billion yen – Approx. 23.88 billion yen

Time horizons for climate change risks and opportunities

Time horizon	Period	Definition
Short term	FY2026	The fiscal year following the current consolidated fiscal year
Medium term	FY2027 to FY2029	Aligned with the period of the current Medium-term Management Plan
Long term	FY2027 to FY2035	Aligned with the business plan of the long-term vision

* The medium-term time horizon is included within the long-term time horizon

Definitions of thresholds for financial impact amount

Risks and opportunities	
Large	10 billion yen or more
Medium	1 billion yen or more but less than 10 billion yen
Small	Less than 1 billion yen

Information on Inputs and Other Matters in Climate-related Risk Management

Data sources	Identification of risks and opportunities: Financial data based on SASB industry-specific standards
	Climate change and emissions: Internal data, various internal rules, IEA and IPCC scenarios, GHG Protocol
	Business and scope covered: Information published by relevant ministries and agencies, etc.
Scenario analysis to identify climate-related risks	Scenario analysis conducted based on information from various initiatives
Prioritization of climate-related risks	We disclose climate-related risks that we judge to be financially material and do not assign an individual priority ranking between climate-related risks and non-climate-related risks.
Monitoring of climate-related risks	Based on information from the Sustainability Promotion Committee and each division, as well as analysis of internal and external environments, we evaluate from the dual perspectives of “financial impact” and “likelihood of occurrence,” and identify important items at the Management Committee. The Board of Directors receives reports on matters deliberated and decided by the Management Committee at least once each quarter, thereby establishing a system for monitoring climate-related risks.
Monitoring process for climate-related risks	There have been no changes from the previous fiscal year in the governance process for risk management.

Method for assessing the likelihood of occurrence of climate-related risks

Definition of frequency		Frequency and probability of occurrence of events		
		This fiscal year and short term (FY2025 and FY2026)	Frequency in the medium term (FY2027 to FY2029)	Frequency in the long term (FY2034)
Almost certain	(99–100%)	Occurs at least once every year		
Very high likelihood	(90–100%)	One event occurs during one fiscal year at the stated likelihood	Occurs almost once every year over three years	Occurs almost once every year over nine years
High likelihood	(66–100%)		Two times or more over three years	Six times or more over nine years, once every year
With a probability exceeding 50%	(50–100%)		Once every year over three years with a probability of 50% or more	Once every year over nine years with a probability of 50% or more
Approximately 50% likelihood	(33–66%)		One to two times over three years	Approximately three times or more and less than approximately six times over nine years
Low likelihood	(0–33%)		Less than once over three years	Less than approximately three times over nine years
Very low likelihood	(0–10%)		Occurs at the stated probability frequency over three years	Approximately zero to one time over nine years
Exceptionally low likelihood	(0–1%)			Hardly occurs even once over nine years

Status of Responses to Climate Change Risks and Opportunities and Future Plans

Our Group places the realization of carbon neutrality at the core of its business strategies and is engaged in the development and dissemination of environmentally conscious technologies. In the Medium-term Management Plan (FY2024–FY2026), we have identified the renewable energy business, medium- and large-scale wooden construction, and disaster prevention and mitigation-related fields as priority growth areas.

To achieve the targets in these strategic fields, we are strengthening our execution structure and further enhancing our management base by expanding investment in research and development and Human resources. Specific future plans are as follows.

Overview of key assumptions and dependencies underlying the transition plan	Based on scenario analysis for 1.5°C to 2°C and 4°C climate change scenarios, and with reference to Sustainability Disclosure Topic-specific Standard No. 2 and other sources, we forecast future market trends, regulatory changes, and technological advances for the transition plan as follows. Future market trends: The IEA's WEO2025 assumes a GDP growth rate of 0.6% per annum for Japan's macroeconomy over the period 2024–2035. Regulatory changes: Based on trends in the fossil fuel surcharge, projected at approximately 1,000 yen/t-CO ₂ by 2030, we assume the full-scale introduction of a carbon tax in Japan and substantial increases in the global warming countermeasure tax Technological advances: We assume an increased share of clean energy use and a decline in the share of fossil fuel use
Strategic alignment	To achieve our GHG reduction targets by FY2035, we are undertaking the following activities. (1) Scope 1 + 2: Introduction of renewable electricity, Non-Fossil Certificates, biofuels, and decarbonized construction machinery (2) Scope 3: Implementation of reduction measures in Category 1 from procurement to disposal in cooperation with the supply chain in the Construction Business, as well as reduction of business risk (3) Disclosure based on indicators and targets in the “cross-industry indicators category”
Plan assumptions	Implementation of action plans aimed at identifying risks and opportunities in 1.5°C to 2°C and 4°C climate scenarios, reducing risks and expanding opportunities, and of financial plans, budgets, and related investment plans supporting the transition plan
Reduction of impacts related to risk items and high-priority opportunity items	(1) Transition costs and implementation difficulties in achieving carbon neutrality (2) Increased sales due to expanded construction demand caused by increased investment related to renewable energy (3) Increase in sales of medium- and large-scale wooden structures with minimal GHG emissions that allow fixation of CO ₂ (4) Increased sales of energy-efficient buildings such as ZEB and environmentally conscious buildings with low BEI values (5) Increased sales opportunities for disaster prevention, mitigation, and recovery work under the national resilience plan
Action Plan	The medium-term Action Plan, part of the transition plan, aims to reduce the amount of impact from risk items and expand high-priority opportunities. Relationship with specific climate resilience responses and expansion of opportunities As response measures for transition costs and implementation toward achieving carbon neutrality, we plan climate resilience measures and investment execution under financial plans, aimed at the flow of (1) shifting the energy mix from carbon-emitting energy to hydrogenated biofuel and initiatives to reduce GHG emissions, and (2) business expansion through promotion of technology development related to GHG reduction.
Financial plan	As a medium-term initiative, we plan to invest approximately 10 billion yen in the Renewable Energy Business during the Medium-term Management Plan period.
Scenario analysis	Under 1.5°C to 2°C scenarios and 4°C scenarios, we define multiple scenarios and establish short-, medium-, and long-term time horizons based on the results of risk and opportunity analyses.

Impact on the Business Model and Value Chain

Purchasing activities	● Increase in procurement costs due to levies on GHG emissions from construction materials and construction work, and the introduction of emissions trading systems
Production	● Decline in labor productivity during summers at construction sites ● Temporary suspension of work at construction sites due to typhoons and heavy rain
Procurement and shipping activities	● Increased transportation costs in the supply chain ● Rising material and fuel prices from building design to completion ● Delays in material procurement, etc. due to supply chain disruptions caused by typhoons and heavy rain
Sales and service activities	● Increased sales due to increased investment related to renewable energy ● Increased sales of medium- and large-scale wooden construction ● Increased sales of energy-efficient buildings such as ZEB and environmentally conscious buildings with low BEI values ● Increased sales opportunities for disaster prevention, mitigation, and recovery work under the national land resilience plan

Assessment of Climate Resilience

Resilience assessment

The Kumagai Gumi Group identifies the risks and opportunities brought about by climate change and strives to strengthen resilience and flexibly transform its business model in response to changes in the management environment.

1. Impact on strategy and responses based on scenario analysis

The Kumagai Gumi Group identifies the risks and opportunities affecting it based on the climate-related scenario analysis it has conducted. After closely examining the short-, medium-, and long-term financial impacts of these on the business model, we are promoting specific measures under our climate transition plan to reduce risks and maximize opportunities. In addition, the identified risk and opportunity items will be reassessed regularly every year from both qualitative and quantitative perspectives.

2. Areas of significant uncertainty in the climate resilience assessment

In the Kumagai Gumi Group's business model and value chain, Japan and Taiwan are positioned as areas of significant uncertainty, as they are geographic areas where climate-related risks and opportunities are physically and structurally concentrated. In these priority regions, we will monitor the impacts of climate change more closely and develop agile risk management.

3. Medium- to long-term adaptability of strategy and business model

To address uncertainties associated with climate change, our company is seeking to improve its ability to

dynamically adjust strategy and the business model from the following perspectives.

- Flexible allocation and use of financial resources
Based on the annual reassessment of risks and opportunities, we will flexibly update investment plans and response measures for risk reduction and opportunity expansion in conjunction with the climate transition plan.

- Optimal reallocation and customization of existing assets
When regular reassessment indicates a risk is likely to materialize, we have established a framework that allows flexible review toward an optimal asset composition, including reallocation, performance enhancement, and even disposal or scrapping of existing fixed assets and the like.

* In short-term plans, there are no plans for asset reallocation or disposal

- Investment in mitigation, adaptation, and opportunities and their financial effects
By continuously reviewing investments and plans aimed at strengthening climate resilience, we will minimize the negative financial impact of risks and maximize the positive financial effect of opportunity creation, thereby leading to medium- to long-term enhancement of corporate value.

Indicators and Targets

Our Group sets and discloses climate change-related indicators and targets with reference to Sustainability Disclosure Topic-specific Standard No. 2 (Climate-related Disclosure Standard).

Disclosure items	Details
GHG emissions	The emissions of our Group from Scope 1 through Scope 3 are posted on the following websites. “Initiatives for Decarbonization” https://www.kumagaigumi.co.jp/sustainability/environment/c-neutral “Environmental Data” https://www.kumagaigumi.co.jp/sustainability/environment/envirodata
Transitional risks	We consider the total amount of our Group's fixed assets, construction contract costs, and SG&A expenses to be appropriate information representing the scale of business activities exposed to climate-related transition risks and physical risks.
Physical risks	
Opportunities	We consider the amount of sales of business segments to be appropriate information representing the scale of climate-related business activities.
Internal carbon price	Our Group determines its internal carbon price based on the transaction prices of J-Credits, Non-Fossil Certificates, etc. while taking into account the assumed price of GX-ETS credits per ton. Price per metric ton of greenhouse gas emissions in our Group: approximately 4,000 yen to 10,000 yen
Compensation	Percentage of climate-related evaluation in total executive compensation: 5%* * Climate-related evaluation items are included as part of the ESG-related evaluation items concerned.
Industry-specific metrics	Our Group refers to industry-specific indicators related to disclosure topics in the “Industry-based Guidance” published by the ISSB, and, after considering their applicability, uses the following indicators to monitor each climate-related risk and opportunity item. Reduction rates for Scope 1 and 2, and reduction rate for Scope 3

Overview of climate-related targets

To monitor progress toward the achievement of strategic targets, our Group has established quantitative and qualitative climate-related targets, and where there are targets required by laws and regulations in jurisdictions where the company operates, we disclose the main information as follows.

Targets	Details
Indicators used to set targets	We refer to industry-specific indicators related to disclosure topics in “Industry-based Guidance” published by the ISSB. After carefully reviewing the relevance and applicability of the disclosure topics defined in the guidance to our business, we have adopted the industry-specific indicators that we identified as highly important.
Quantitative targets set for the indicators	Scope 1 + 2 reduction rate target: 42% (base fiscal year: FY2019, target fiscal year: FY2029) Scope 3 reduction rate target: 25% (base fiscal year: FY2019, target fiscal year: FY2029)
Purpose of the targets set for the indicators	We have established targets for the metrics on the understanding that, while supporting international policies such as the Paris Agreement, Japan's NDC (Nationally Determined Contribution), climate-related laws and regulations, and various policies, adaptation to changes in the business environment caused by climate change represents a further growth opportunity.
Portion of the company to which the targets for the indicators apply (boundary)	Businesses: Domestic Civil Engineering Business, Domestic Building Construction Business, Overseas Construction Business, and other businesses of our Company and our consolidated subsidiaries Regions: Japan and Taiwan
Period from the base fiscal year to the target fiscal year to which the targets for the indicators apply	From FY2019 to FY2029

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.

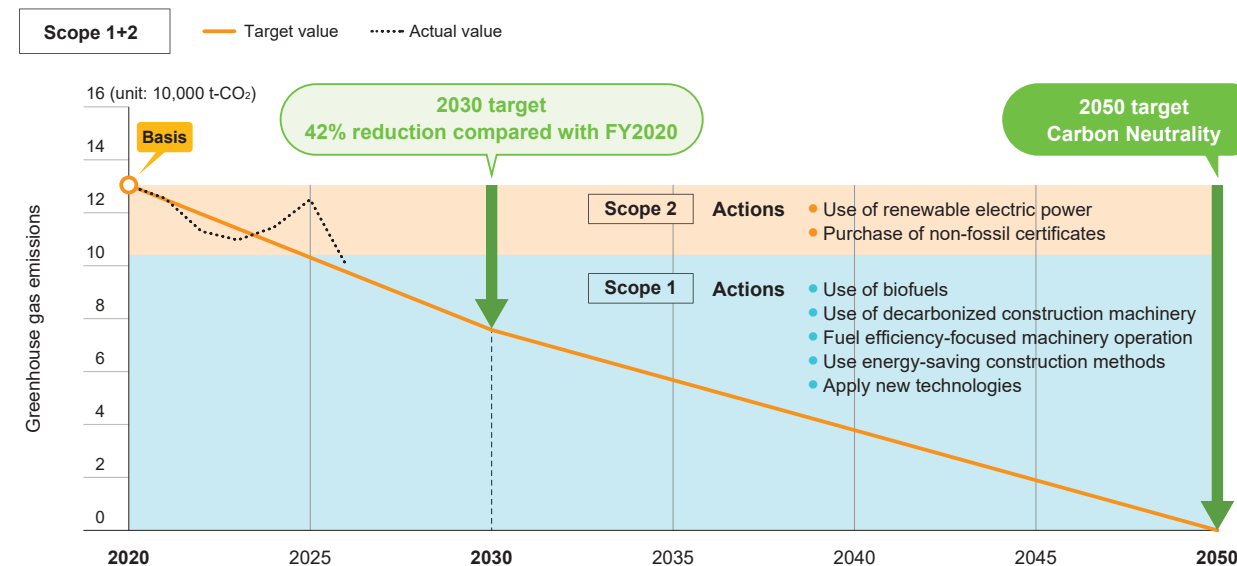
In the future, we will further reduce fossil fuels used in heavy machinery and vehicles in our business activities and actively introduce renewable energy. In addition, we will further accelerate decarbonization by promoting ZEB, which contributes to significant energy savings in

the buildings we provide, and by working on renewable energy generation projects.

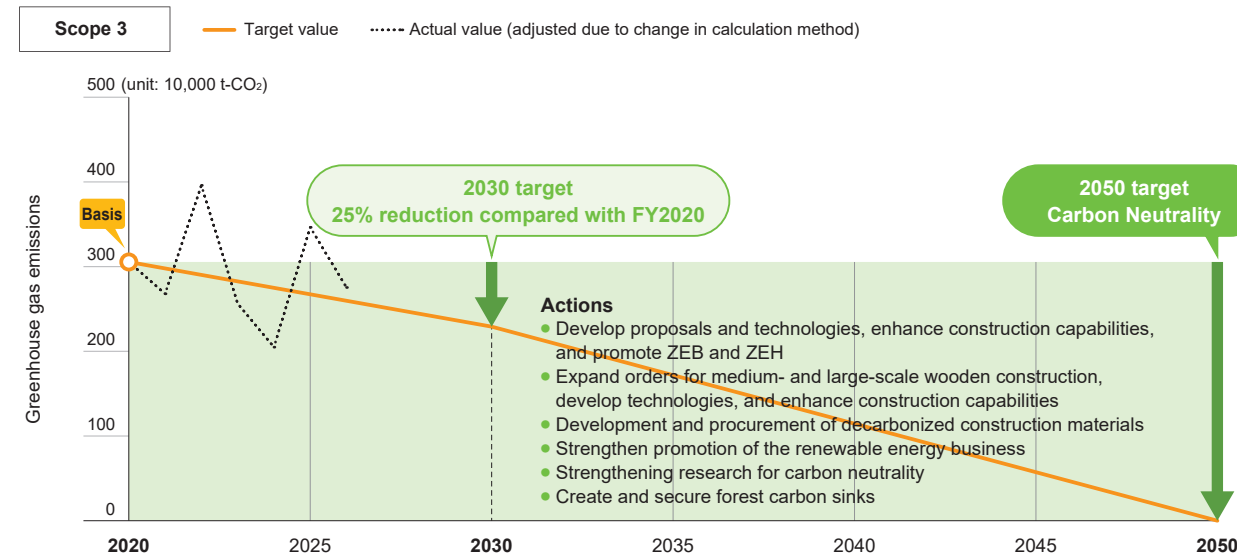
The Kumagai Gumi Group's greenhouse gas emissions

	Base year: 2020 (FY2019 performance)	FY2025 performance
Scope 1+2	122,800 t-CO ₂	100,000 t-CO ₂
Scope 3	3,055,000 t-CO ₂	2,754,000 t-CO ₂

The Kumagai Gumi Group's greenhouse gas reduction targets



* From FY2024, we adopted an aggregation and calculation approach that reflects our proportionate share of joint-venture interests.



* Due to the change in the calculation method for Category 11 from FY2024, we have revised the actual figures for FY2019 to FY2023.

Initiatives Aimed at Carbon Neutrality

1. Status of Scope 1 CO₂ reductions

In addition to the continued use of hybrid construction machinery, we began company-wide introduction of biofuels in FY2025. At civil engineering construction sites, we confirmed that applying ultra-high-density nanobubble technology to diesel fuel can improve heavy machinery fuel efficiency by up to 25%. We also conducted trial implementation of GTL (Gas to Liquids) as an alternative fuel to diesel for heavy machinery. At construction sites, B5 diesel blended with 5% biofuel was adopted at 12 sites across five branches. In FY2026, we plan to continue expanding the introduction of alternative fuels for diesel used in heavy machinery.

2. Status of Scope 2 CO₂ reductions

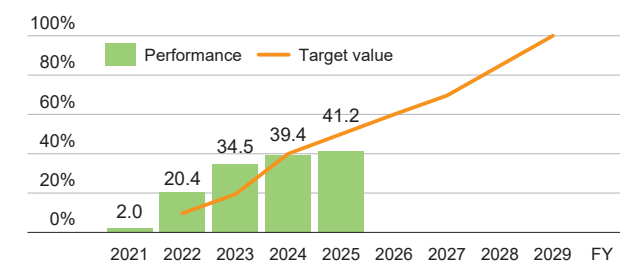
The Kumagai Gumi Group has set a target to source 100% renewable electricity for its business operations by 2050. Kumagai Gumi itself is accelerating this goal, aiming to achieve 100% renewable electricity use by 2030.

(1) Purchase of renewable energy menu

Full-scale efforts to introduce renewable electricity in the Construction Division began in FY2022, yielding measurable results. In FY2025, we decided to adopt renewable electricity for all new projects with adoption efforts progressing steadily. We will continue expanding adoption in FY2026 as well.

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

Rate of adoption of renewable electricity (Construction Division) (%) = Amount of renewable electricity used (kWh) / Total amount of electric power used (kWh)



(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 more than 30% (max.) of the electricity used.

(3) Procurement of non-Fossil Certificates

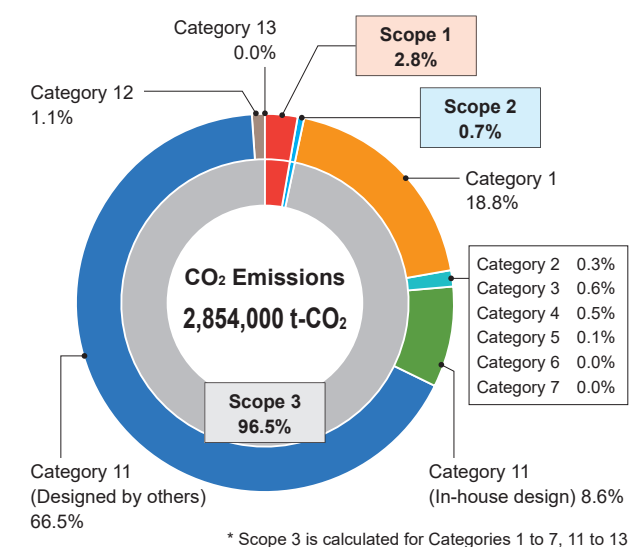
The Technical Research & Development Institute has

continuously procured Non-Fossil Certificates since FY2022, and from FY2025, by procuring Non-Fossil Certificates for the Headquarters building as well, we have achieved 100% renewable electricity adoption.

3. Status of Scope 3 CO₂ 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 Category 1 in FY2025, we revised the calculation method to reflect the contribution to CO₂ reduction from decarbonized building materials purchased. For Category 11 as well, starting with the calculation of FY2025 results, we revised the calculation method to use BEI values even for properties designed by other companies in order to improve calculation accuracy.

The Kumagai Gumi Group's CO₂ emissions breakdown (FY2025)



* Scope 3 is calculated for Categories 1 to 7, 11 to 13

Specific issue: "Accomplishment of carbon neutrality" Indicators and targets

CO₂ emissions reduction activities

Scope 1 + 2 reduction rate*	Scope 3 reduction rate*
42% Reduction	25% Reduction

* FY2019 baseline / FY2029 target

Measures for Achieving 2030 CO₂ Emission Reduction Targets

In FY2024, the Carbon Neutral Countermeasures Working Group formulated priority measures to help achieve reduction targets for 2030, and in FY2025, it confirmed the progress of each measure. In FY2026, the group was renamed the Carbon Neutrality Measures Subcommittee, strengthening company-wide initiatives even further while continuing periodic progress evaluations and reviewing response measures as necessary.

Priority measures

Description and Corresponding Action		Schedule					
Scope 1+2		FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Measure 1	Adoption of renewable electricity ● Adopt renewable electricity at all new sites	Promotion of renewable electricity adoption (FY2029 target: 100% renewable electricity adoption in the Construction Division)					
Measure 2	Purchase of non-Fossil Certificates ● Consider the purchase of non-Fossil Certificates for achieving emission reduction targets	Non-Fossil Certificates purchased by the Technical Research & Development Institute					
						Achievement of targets through the purchase of non-Fossil Certificates	
Measure 3	Adoption of biofuels ● Introduce trials aimed at the full adoption of biofuels	Trial introduction			Full adoption		
			Consideration of full adoption				
Measure 4	Adoption of decarbonized construction machinery ● Promote the adoption of hybrid construction machinery ● Trial introduction of electric construction machinery	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	Fuel efficiency-focused machinery operation ● Continue use to sustain emission reduction effects	Continued use					
Scope 3		FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Measure 6	Use of decarbonized construction materials ● Enhance the use of decarbonized construction materials	Promotion of decarbonized construction materials procurement					
			Establishment of a system to track procurement volumes	Tracking of procurement volumes and reflecting reduction effects			
Measure 7	Reducing emissions from building use ● Strengthen energy-saving proposal capabilities at the design stage						
		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				

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.

In addition, the Commitment of Eco First, which we renewed in January 2026, includes the commitment to “Promote the transition to a circular economy.”

Initiatives		FY2025 performance (Kumagai Gumi standalone)
Promotion of 3R	Overall 3R Plan: Identification of incoming materials, quantities by product, and available disposal options Reduce: Proposals to clients, designers, and partner companies at the construction planning stage, followed by implementation Reuse: Use materials at multiple work sites, primarily materials for temporary use Recycle: 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	Construction mixed waste discharge rate 2.1% (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. Management system: Operation and management of the Quality and Environment Management System	Waste plastic separated: 6,929 t Electronic manifest usage rate: 96.9% (Target: 95% or higher)
Promotion of green purchasing	Purchase of construction materials and equipment: Implemented based on the Green Purchasing Guidelines enforced in 2001 Kumagai Gumi Procurement Policy / Procurement Policy Guidelines: Established in 2021. Declaration of corporate social responsibility, including the environment and human rights, from the procurement stage	

Spotlight

Circular-Economy Workshop Held in Collaboration with WWF Japan

In March 2026, we invited WWF Japan as lecturer and held a workshop on the circular economy for our executives.

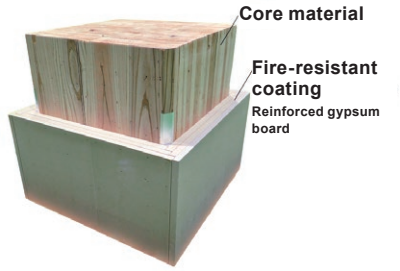
An active exchange of views took place to deepen proper understanding of the concept of the circular economy and discuss its relevance to the construction industry and specific measures.



Spotlight

Fire-resistant Timber Member “Environmentally-conscious λ-WOOD II®”

Environmentally-conscious λ-WOOD II® is a fire-resistant timber member in which its wooden core is covered with a fire-resistant layer made of gypsum board. By adopting a specification in which no adhesive whatsoever is used between the core material (wood) and the gypsum board fire-resistant covering and only fastening materials are used, the wood and gypsum board can be easily separated during demolition. The ability to separate wood and gypsum board enables each material to be recycled. [▶ P.51 Special Feature 1](#)



Specific issue: “Achievement of zero emissions” Indicators and targets

Activities to reduce mixed waste discharge

Construction mixed waste discharge rate* Each fiscal year, 2.0% or less

* 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)

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). (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

	Process	Upstream		Midstream	Downstream
		Oil/gas drilling	Mineral collection	Construction	
Civil Engineering	Ecosystem service/Impact factor	Greenhouse gas emission Marine ecosystem utilization Water pollutant Water use	Greenhouse gas emission Terrestrial ecosystem utilization Water use	Greenhouse gas emission Marine ecosystem utilization Terrestrial ecosystem utilization	
Building	Process	Oil/gas drilling	Timber extraction	Mineral collection	Construction
	Ecosystem service/Impact factor	Greenhouse gas emission Marine ecosystem utilization Water pollutant Water use	Materials, such as timber and fabric Underground water Surface water Climatic adjustment Quality/quantity stabilization and suppression of erosion	Greenhouse gas emission Terrestrial ecosystem utilization Water use	Greenhouse gas emission Terrestrial ecosystem utilization

Direct operation processes

Assess

Identified risks, opportunities, and measures

Black text: Direct operation

Category			Details	Measures
Risks	Physical risks	Acute	● Interruption/delay of construction due to a disaster at the construction site (landslide, flood, etc.), damage on the construction site, and injury to employees	● Survey on the disaster risks before construction ● Enhancement of the BCP, including supply chains ● Development and implementation of technologies related to disaster prevention, unmanned construction, etc.
		Chronic	● Water supply shortage for the construction site due to degradation of the nature ■ Shortage in supplies of timbers, minerals, and other materials due to degradation of the nature	● Thorough environment management during construction ● Develop and implement labor-saving construction methods and technologies to raise productivity ■ Engagement with suppliers (collaboration for ecosystem restoration)
	Transition risks	Policy	● Restriction of construction methods due to tightening of nature-related regulations ● Restriction of construction sites due to tightening of regulation related to land development, prohibition of new development ■ Decrease in supply volume due to timber extraction regulation/increased cost	● Development of technologies/construction methods to contribute to updating and extending the lifespan of infrastructure ● Development and implementation of alternative products ● Establishment of a monitoring system for domestic and international trends and laws and regulations related to nature and land development ● Distribution of suppliers according to regulations
		Market	● Market shrinkage because of avoidance of construction with large impact to the nature	● Development and implementation of environmentally friendly technologies
		Reputation	● Reputational damage due to damages to the protected areas around the construction site and rare species ● Reputational damage due to GHG emission and pollution from the construction site ■ Reputational damage due to damages to the nature caused as part of mineral extraction	● Relationship building with local communities ● Nature related assessment ● Quality and Environment Management System operation and improvement ● Strengthening of information communication capabilities ● Development and implementation of alternative products
		Compensation liability	● Compensation liability for damages to the protected areas around the construction site and endangered species ■ Compensation liability for damages to the nature caused as part of mineral extraction	● Nature related assessment ● Development and implementation of alternative products ● Mitigation of impact through liability insurance subscription
	Category		Business opportunities	Opportunities for the nature
Opportunities	Resource efficiency	● Enhancing technology proposal capability (direct operation) ■ Restructuring and enhancing supply chains ■ Cost reduction by building relationship with suppliers ■ Market expansion through joint development of new materials with suppliers	■ Contribution to the nature through restructuring supply chains ■ Environmental protection by suppliers ■ Reduction of environmental impact of buildings in our own business through development of new building materials with suppliers	
	Products and services	● Competitive advantage based on new technologies ● Creation of technologies, products, and businesses that take biodiversity into consideration ● Develop and implement ZEB/ZEH-related technologies ● Decarbonization biomass fuel development ● Operation of KUMA—DECS, a disaster recovery work team	● Contribution to nature through new technologies ● Reduction of environmental impact through environmentally friendly technologies ● GHG emission reduction through development of technologies related to ZEB/ZEH and decarbonization biomass fuel	

Specific issue: Achievement of Nature Positive Indicators and targets

(1) Businesses related to recovery of ecosystems

(2) Quality and Environment Management System operation and improvement

Number of sites with decarbonization fuel development and sales
≥2 during the Medium-term Management Plan (FY2024–FY2026)

Serious environmental accidents during construction
0 during the Medium-term Management Plan period (FY2024–FY2026)

Opinion-Exchange Meetings with Knowledgeable Experts



Creating the Well-being Workplace for All Employees
Aiming to be a company and an industry chosen
by the future workforce

Kumagai Gumi holds opinion exchange meetings with experts in order to broadly communicate the company’s initiatives to society and apply the various feedback gained there to better management.

Participants	
Participating experts (from front row, left)	Directors of Kumagai Gumi (back row, from left)
Mikio Yoshioka Former Administrative Vice-Minister, Ministry of Land, Infrastructure, Transport and Tourism	Taiji Ito General Manager of the Building Management Division
Kunio Ito Director, CFO Education and Research Center, Hitotsubashi University	Hiroyasu Yaguchi General Manager of the Administration Division
Junko Iwashita Managing Executive Officer, Pasona Group Inc.	Shin Ueda President
	Tetsuo Ono General Manager of the Civil Engineering Management Division

* Affiliations current as of May 2026



In human capital management, what is most important is
having both a sense of urgency and a clear vision looking
ten years into the future

Ueda The first theme we will address is human capital management. Today in particular, I would like to focus our discussion on the shortage of mid-career human resources, which has become a major issue for Kumagai Gumi. Although I believe the shortage of human resources is not limited to the construction industry, what initiatives do you think are important for creating an environment in which employees can work with a sense of fulfillment?

Ito (Kunio) Recently, more companies have begun proactively communicating information on human capital initiatives, such as publishing human capital reports that focus exclusively on human capital. By widely providing this kind of information to society, mismatches in hiring are reduced and it becomes easier to imagine how seriously a company is engaged with its human resources and what kind of person one might grow into 10 years after joining. I believe every company discusses human capital seriously, but it needs to be at a depth where people can realistically imagine what the company will look like 10 years from now. What becomes important for that is a sense of urgency and a vision. By keeping these two things constantly in mind, the way we approach human capital management should also change significantly.

Yaguchi The “sense of urgency” and “vision” you just mentioned are exactly the attitudes required of us in top management. I believe it is extremely important to communicate initiatives related to human capital to society, and that we should proactively consider doing so, including through human capital reports.

Yoshioka We are now in an era in which students choose companies. In such an era, it is important for companies to communicate their thinking and initiatives with a sense of reality. Kumagai Gumi has many projects we can proudly present to society, such as buildings, roads, and tunnels. I strongly hope that each employee will speak for the company and appeal to society about the work Kumagai Gumi does.

Ono In the Civil Engineering Division that I am in charge of, we have set the goal for employees to become site managers within 10 years of joining the Company and are focusing on developing young employees. We are also advancing systems that enable female engineers, whose numbers are increasing year by year, to work with peace of mind. We respect workstyles tailored to each individual’s life plan, such as transfers from the field to office work or vice versa, and recently a woman in her 30s was appointed as a site manager. Another characteristic of civil engineering worksites is their highly public nature. Kumagai Gumi is engaged in many recovery projects for the Noto earthquake, and many employees wish to be assigned to those sites. We value on-site experience so that employees can feel their connection to local communities and society and enhance their pride and sense of fulfillment in their work.

Ito (Taiji) In the Building Construction Division, the proportion of women among new employees has been increasing year by year. Moreover, many employees are site-oriented, and recently about 30% of new female employees have expressed a desire to work on site. In response to these changes, we are advancing workstyle reforms. In the past, jobsite offices were mostly temporary prefab structures, but from this fiscal year we have begun creating office environments where anyone can work comfortably. We have also revamped the education and training system to ensure that young employees can gain experience not only on site but also in a variety of back-office tasks from an early stage.

Iwashita The shortage of human resources in the mid-career generation, namely those in their 30s and 40s, is a serious issue common not only to the construction industry but to all companies, and there is no silver-bullet solution, making medium- to long-term initiatives important. Broadly communicating Kumagai Gumi’s work to society will also lead to internal branding that enhances employee loyalty. There is also the expectation of a synergistic effect: when employees work energetically, more human resources will be attracted by that image and wish to join Kumagai Gumi.



Aiming to be a company where diverse human resources can thrive, by taking on challenges unconstrained by precedent

Ueda Next, I would like to exchange views on the second theme, which is “Securing skilled workers in the construction industry.” The shortage of skilled workers at worksites, including among partner companies, is a serious issue, and I believe it is a theme that the entire construction industry should address with a unified direction. What is needed to create worksites where diverse Human resources can thrive and to improve productivity?

Yoshioka Young people today have grown up in a generation where a two-day weekend is basically the norm, including at school. The construction industry has unique conditions, such as one-off production and susceptibility to weather. However, in order to secure the workforce across the industry, I hope Kumagai Gumi will push forward with pioneering initiatives. In addition, in human capital management, alongside securing the workforce, improving operational efficiency through DX promotion and the introduction of generative AI is also a major theme.

Ito (Taiji) Regarding the use of ICT, the Building Construction Division is also advancing a variety of initiatives. For example, for foreign engineers we provide educational materials in five languages and have introduced automatic translation tools for explanations during morning assemblies and other occasions. We are also advancing initiatives that take older engineers into consideration, such as thoroughly implementing safety management by smoothing out ground/floor height differences within worksites. These measures are being deployed at all worksites in principle, regardless of the number of foreign workers or older workers present. I believe that clearly demonstrating

this stance will also lead to securing the workforce over the medium to long term.

Ono When introducing ICT, a perspective rooted in the worksite is indispensable. Accordingly, in the Civil Engineering Division, we have established a department separate from research and development to support site DX.



Iwashita To create an environment in which diverse people can work for a long time, I believe it is important above all to enhance psychological safety. It is important to create an environment in which each individual can choose diverse workstyles, not only according to changes in life stage but also through future career steps. People may tend to view such responses negatively as being “unprecedented.” However, these are extremely important initiatives for securing the future workforce, and I hope you will take on challenges even if there is no precedent.

Ito (Kunio) One idea for increasing productivity is the concept of “flow.” It is the state of being in the zone, so to speak—so immersed in work that one loses track of time. This “flow” is deeply related to each person’s skill level and degree of challenge, and the higher both are, the greater productivity becomes. To lead to this state, it is important for supervisors, through dialogue with subordinates, to provide positive feedback while being mindful of the individual’s circumstances. If such dialogue is encouraged, that too will be communicated externally and eventually connect to becoming “a company that is chosen.”



Putting well-being into practice as a core axis of management



Ito (Kunio) I just spoke about “flow,” but the key to creating these kinds of environments is well-being. Recently, the term well-being is heard more often, and I believe it is an extremely important theme for companies. For Kumagai Gumi to become a company chosen by society and by younger generations, I hope you will visualize well-being not merely as a matter of mindset but in the context of corporate management, think about it seriously, and put it into practice.

Yoshioka For Kumagai Gumi, just like buildings, roads, and tunnels, aren’t “worksites” themselves also an important product presented to society? This applies not only to worksites but also to workplaces at Headquarters and branches. By being conscious of how they appear from the outside, the engagement and well-being of the people working there will increase, and ultimately this will also lead to “securing the workforce.” In Japan, where natural conditions are severe and disasters occur frequently, the social mission borne by the construction industry is extremely significant. I believe that, for Kumagai Gumi and the construction industry as a whole to continue being an industry chosen by society, they should continue working not only on enhancing human capital but also on refining technology.

Iwashita In the era ahead, creating an environment in which diverse Human resources can demonstrate their abilities will be the decisive factor in competitiveness. Recently, generative AI has been attracting attention, but at the same time, the value of work that only people can do is increasing. I believe that construction worksites are exactly one example of such work. In the United States and elsewhere, the value of skilled labor is rising, and I expect the same kind of change will come to Japan within a few years. I hope Kumagai Gumi will enhance the well-being of the employees who are the workforce and aim to be a company chosen by the workforce of the future.

Ueda Securing Human resources is the most important issue for us in top management, and although we discuss it regularly, today’s exchange of views with all of you made me realize there are still many things we must challenge ourselves to do. Among them, the phrase that resonated deeply with me was “a sense of crisis and a vision looking 10 years ahead.” In formulating the next Medium-term Management Plan beginning next fiscal year, I would like to engage in repeated discussions with employees from that perspective as well and pursue well-being in which diverse human resources can demonstrate their abilities.



Human Capital Management

Specific issues	Risk of inaction	Opportunities
Human capital management	- Outflow of human resources - Technological stagnation - Decline in competitiveness	- Creation of a robust human resource foundation - Organizational revitalization - Increased competitiveness
Achievement of work-life balance	- Decrease in motivation among employees - Decrease in employee sense of belonging - Decrease in labor productivity	- Increased motivation among employees - Work efficiency - Increased productivity
Promotion of diversity and inclusion	- Slowdown in innovation - Loss of new business opportunities - Damage to corporate image	- Promotion of innovation - Creation of new business opportunities - Improved responsiveness to market changes
Creation an environment of wellness	- Increased workplace stress - Decline in organizational morale - Rise in employee turnover rates	- Improved employee health - Enhanced employee satisfaction - Improved employee retention rates

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 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.

To further strengthen the integrated promotion of management strategy and human resource strategy, we newly established the Human Resources Strategy Committee as a subordinate body of the Management Committee, with the heads of each division serving as members, by further developing and reorganizing the former Human Resource Strategy Meeting. In this committee, human resources are positioned as management resources that serve as the source of value creation, and discussions will be deepened from company-wide and long-term perspectives that transcend business segment boundaries to maximize human capital and optimize management resources.

Under the leadership of management, we will steadily execute “next-generation management human resources development” and “strategic investment in human resources” aimed at sustainable enhancement of corporate value and make prompt and highly effective decisions.

Recruitment of Human Resources

The Company is conducting recruitment activities based on diversity to invigorate the organization, balance the age composition of personnel, and prepare for turnover risks stemming from the aging of employees. 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, to prevent mismatches after joining the company, we actively provide internships, site visits, and interviews with employees, and are focusing on securing the human resources who will lead the future.

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



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 be focusing on recruiting activities for building up a sustainable personnel system, human resource development for supporting employee skills development and increasing career paths options for the next generation, improvement of compensation levels for motivating employees, and creation of a workplace environment where employees can work with peace of mind. Through these efforts, we will be enhancing motivation and a sense of pride and confidence, increasing employee engagement, enhancing organizational strength, and maximizing our human resources value.

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 2024	Joined in April 2025	Joined in April 2026
Number of new graduate hires (people)	Male	94	88	108
	Female	25	27	45
Number of mid-career hires (people)		15	28	42

* 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. Kumagai Gumi undertakes a variety of initiatives based on our human resource development plan, which serves as a guideline for human resource development.

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. In addition, employees may submit their preferences regarding future job assignments and skill development to the Human Resources Department at any time through the internal application system without going through their supervisors.

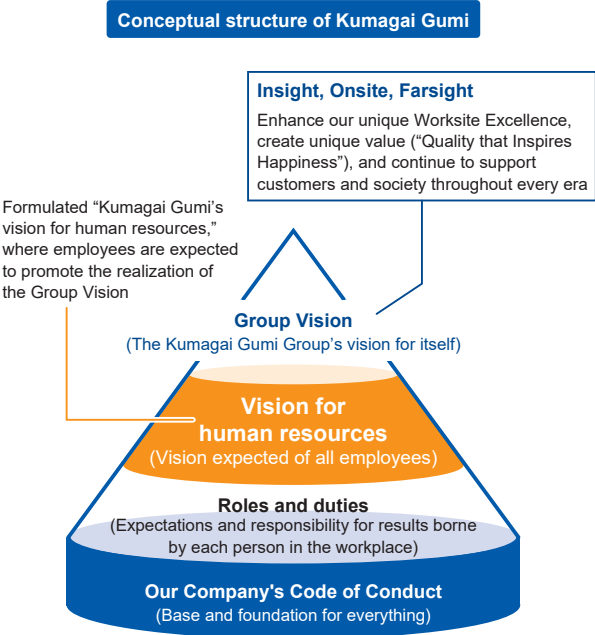
Achieving high training participation rates

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.

FY2025 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 executive development training	20	20	100	1,240	62
	Next-generation leader development training	24	24	100	384	16
Role training	Newly appointed line director training	20	17	85	544	32
	Evaluator training	60	60	100	480	8
	OJT trainer training	71	71	100	568	8
	Mid-career training for region-limited Employee	22	22	100	462	21
Training at time of promotion	Newly appointed manager training	35	34	97	544	16
	Newly appointed beginning manager training	40	38	95	608	16
	Newly appointed instructor training	139	132	94	2,112	16
Year-specific training	Manager positions 5th-year training	19	17	89	272	16
	3rd-year training	104	101	97	1,616	16
	New employee follow-up training	114	114	100	5,138	45
	New employee training	115	115	100	52,496	456
Total	Training expenses: 74.037 million yen	Total number of participants: 765 people			Total training time: 66,464 hours Training hours per person: 87 hours	

Our corporate philosophy structure and vision for human resources



Employee Engagement

Engagement survey

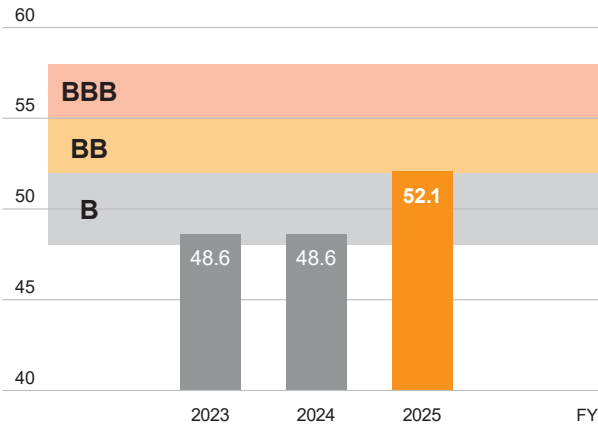
At Kumagai Gumi, we position the improvement of employee engagement as an important management issue. In the annual engagement survey, launched in FY2023, a 100% response rate was achieved in FY2024 and maintained in FY2025. The survey results also showed positive changes, including an overall score above the all-industry average and improved scores at all branches. Similar surveys are also conducted at group companies, and the entire Group is working together to create an environment in which people can feel fulfillment and pride.

In FY2026, based on the engagement rating of “BB (52 points)” achieved in FY2025, we will work to improve engagement further with the aim of achieving a higher rating.

Items with high scores

- Stability of customer base
- Soundness of financial condition
- Growth potential and future prospects of the business
- Trust in top management

Trends in engagement scores (Kumagai Gumi)



Items with low scores

- Appropriate hiring and placement
- Fairness of evaluation and treatment

Main initiatives in FY2025

- Implementation of measures to improve treatment: continuous base salary increases and payment of special bonuses
- Discussions by the mid-level group with low engagement and consideration of measures, strengthening of support, and review of systems
- Implementation of social events contributing to the revitalization of communication across departments and generations: Held “KumaFes” as an in-house social event [▶P.109 Interaction with employees](#)
- Standardization of operations and sharing of knowledge through job rotation (rotation system for employees in their 4th and 5th years)
- Holding seminars on improving engagement by external lecturers
- Setting engagement scores as evaluation items for each branch manager

Holding discussions by the mid-level group

The engagement survey revealed that the scores of the mid-level group (ages 36–40), which is relatively small in number and at an age when job responsibility becomes heavier, were comparatively low. To resolve this issue, we invited employees of the Administration Division from the mid-level group as panelists and held discussions. While an atmosphere that makes consultation easy and the ability to perform work with discretion were seen as contributing to ease of working,

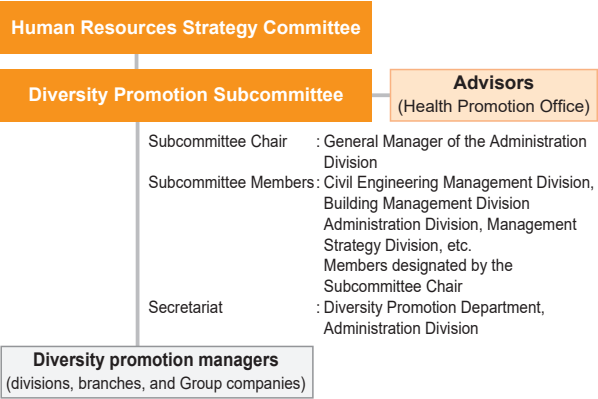
issues such as the personalization of work, coordination among departments, perceived fairness of evaluation and treatment, and penetration of policies were shared. Many opinions were also exchanged regarding the need for visualization of work and preparation of manuals, regular information sharing, and expansion of rotation and exchange opportunities between Headquarters and branches.

As a Diversity Company

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+), or disabilities, and promoting work style reforms with the goal of boosting business performance.

Promotion structure

Kumagai Gumi has established the Diversity Promotion Subcommittee, chaired by the head of the Administration Division and composed of representatives from each division. In addition, by appointing persons in charge of diversity promotion from divisions, branches, and group companies to build a promotion structure, we are advancing diversity and workstyle reforms on a companywide cross-functional basis. Kumagai Gumi's Diversity Promotion Department plays the role of enhancing the operation and effectiveness of these efforts, integrating the promotion of active Human resources participation and workstyle reform promotion.



Workplaces where women can play active roles

We formulated the 5th Action Plan (April 2026 to March 2030) based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We have set the following quantitative targets.

- Raise the proportion of women in new graduate hires to 25% or more
- Raise the proportion of women in management positions to 8% or more
- Achieve a 90% or higher take-up rate for leave taken by men upon the birth of a child (special paid leave at the time of spouse's childbirth, childcare leave at birth, and childcare leave)
And an average of 30 days or more of childcare leave taken by men

In addition, under the Fourth Action Plan (January 2023 to March 2026), we set and implemented the following three quantitative targets.

Results of the action plan for promotion of women's participation and advancement (Fourth Action Plan)

Quantitative Targets	FY2023	FY2024	FY2025
Increase in the percentage of women among new graduate hires to 25% or more	29.1%	21.0%	23.5%
Percentage of women among newly appointed managers: 7% or more	25.0%	32.1%	32.3%
70% or higher rate of acquisition of childbirth-related leave by men	75.6%	89.4%	88.6%
Ratio of male employees taking childcare leave + Utilization rate of special paid leave taken when spouse gives birth	75.6%	89.4%	88.6%
Ratio of male employees taking childcare leave	57.8%	76.6%	77.3%
Utilization rate of special paid leave taken when spouse gives birth	53.3%	55.3%	70.5%

Business status since promoting diversity

Over the 11 years since we began promoting diversity, the number of female managers has increased 8.8-fold, from 11 to 97, and the number of female engineers has increased 2.8-fold, from 63 to 178. 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 31.7 hours per employee.

As part of our initiatives to support diverse work styles, we introduced an infertility treatment leave program in 2021, available to all employees regardless of gender as well as a leave-of-absence system enabling employees

to focus on treatment. 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. The short-time work system for child-rearing is normally available through the end of the school year in which the child finishes third grade of elementary school, but in cases of raising a child with a disability, the period can be extended through the end of compulsory education as part of systems for balancing work and private life.

Classification by indicator	FY2015	FY2023	FY2024	FY2025	2015–2025 Comparison
Reduction in average monthly overtime hours (based on FY2015 level)					31.7 hours
Number of women in managerial positions (persons)	11	78	85	97	8.8 times
Ratio of full-time female employees (%)	12.6	19.3	19.4	20.2	1.6 times
Number of female engineers (persons)	63	157	166	178	2.8 times
Ratio of male employees taking childcare leave (%)	2.3	57.8	76.6	77.3	33.6 times
Utilization rate of special paid leave taken when spouse gives birth (%)	40.0	53.3	55.3	70.5	1.8 times
Number of employees working shorter hours (persons)	21	46	44	49	2.3 times
Number of employees taking and nursing care leave (persons)	7	47	59	22	3.1 times
Number of re-employment hires (persons)	228	373	396	410	1.8 times
Number of employees taking and volunteer leave (persons)	1	9	18	9	9 times

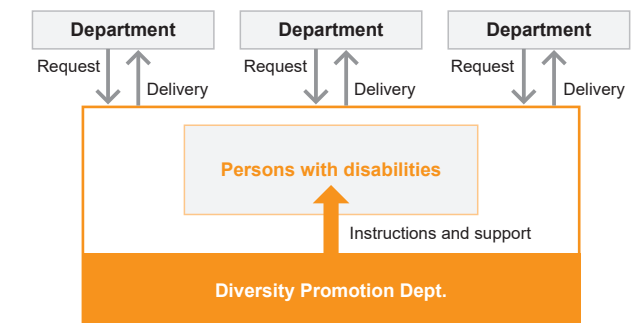
Current state of employment of persons with disabilities

At Kumagai Gumi, we have expanded the “Week for Persons with Disabilities” stipulated by the Basic Act for Persons with Disabilities (December 3 to 9 each year), and since FY2021 have designated every December as the “Month for Persons with Disabilities.” To promote greater understanding of persons with disabilities, we implement various initiatives each December, 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 FY2025, to promote recruitment activities at each branch as well, the Diversity Promotion Department actively provided recruitment-related support and information. In addition, those in charge of training employees with disabilities are encouraged to participate in basic training on support

for persons with disabilities, and we are advancing the development of workplace environments in which everyone can work with peace of mind. As a new initiative, we also established a business support team. This is a mechanism under which the Diversity Promotion Department serves as the contact point and accepts requests regarding simple but heavy-load or backlogged tasks in each department. The accepted tasks are handled by a specialized team composed of employees with disabilities, encouraging them to demonstrate their individual abilities while also improving the operational efficiency of the company as a whole.



Initiatives related to LGBTQ+

In FY2024, 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. In addition, as a measure to visualize the presence of Ally supporters in order to build a workplace environment in which concerned employees can work comfortably, we created Kumagai Gumi’s original “Ally seal” and distribute it to those who support the initiative and wish to receive it.

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 2026, Kumagai Gumi has 301 reemployed senior staff who actively contribute by leveraging their extensive experience, expertise, and outstanding skills.

Health Management

We have established a health promotion office at 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. In addition, we regularly provide a variety of topics related to health promotion, including health newsletters for the entire company and various health events. Through these activities, we have heard encouraging comments such as improved workplace atmosphere, and positive effects have also been seen in mental health. 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 ten consecutive years.

Plan for the Promotion of Employee Health (FY2026)

- (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 employees with higher risks

All employee health checkup results undergo careful checking by industrial physicians. For employees requiring follow-up, we provide continuous support along with recommendations for consultations and interviews. 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.

Initiatives for mental health

We provide responses to individual cases, propose organizational improvements through stress checks (covering 80 items), conduct tiered employee training centered on self-care and line care, and develop clear standards and a robust support system concerning leave and return to work so that employees can focus on their duties with peace of mind.

In responding to employees on leave, we distribute the Handbook on Taking Leave and Return to Work to the relevant employee and clearly communicate the necessary procedures, salary matters, and other information. Furthermore, during leave, the Company (HR, supervisors, occupational physician, and health nurse) contacts the employee once a month to provide information and confirm the situation regarding return-to-work criteria, duration, and compensation. When

employees return to work, we support a smooth return by sharing our company's return-to-work criteria in advance with the attending physician and encouraging understanding. We also eliminate any gaps in understanding by requiring the employee to express the intention to return and submit a return-to-work medical certificate designated by the company from the attending physician.

Furthermore, to support a smooth return to the workplace, we have introduced a trial attendance system of approximately one month when employees return to work, carefully monitoring their work situation. To further alleviate financial concerns, we have introduced a Group Long-Term Disability (GLTD) insurance program, which compensates income during leave and supports 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	• Self-healthcare support system
• 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

With a view to the application from April 2024 of upper limits on overtime work in the construction industry, Kumagai Gumi has formulated a Workstyle Reform Action Plan for each fiscal year since FY2023 and has been continuously working on improving operational efficiency and reducing working hours.

In FY2025, while solid results were achieved in reducing working hours, there were also cases in which working hours increased due to concentrated work immediately before completion and unexpected

events. In light of this situation, the FY2026 Workstyle Reform Action Plan identifies further strengthening of the “organizational backup system” as a priority measure.

In addition, with regard to the acquisition of holidays and leave that contributes to improving employees' work-life balance, we will promote thorough holiday-taking and initiatives toward closing worksites as the Company's top priority so that front-line employees can take time off with peace of mind.

Work Style Reform Action Plan 2026 (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
• Further promotion of taking holidays • Intensive management and support for departments and worksites where unexpected events occur • From the sales stage, plan two-day weekends and staffing aligned with project scale, and thoroughly enforce orders equivalent to 8 closed days every 4 weeks • Accelerate initiatives toward achieving 8 closed days every 4 weeks • Assign site support departments (personnel) in back-office divisions and level workloads by having support departments take on part of worksite operations • Promote the use of ICT tools company-wide and boost support for utilization	• In goal setting, each department shall establish work improvement measures and innovations that contribute to compliance with working hour limits • Planned acquisition of holidays based on new holiday targets • All employees must accurately track their own working hours • Supervisors shall understand working hours on both an individual and department basis

Technology Development

Specific issues	Risk of inaction	Opportunities
Development of environmentally friendly technologies	• Decline in competitiveness due to late response to technologies	• Creation of technologies, products, and businesses for a decarbonized society • Creation of technologies, products, and businesses for a recycling-oriented society • Creation of technologies, products, and businesses that take biodiversity into consideration • Needs of society for energy conservation, ZEB, ZEH
Initiatives to solve social issues	• Decrease in competitiveness due to lack of know-how	• Development of new technologies and new products
Initiatives for emergencies such as natural disasters	• Decline in competitiveness due to late response to technologies • Decrease in competitiveness due to lack of know-how	• Increased demand for disaster prevention and mitigation related work • Expansion of national resilience markets • Increased demand for buildings adapted to BCP

Message from the Head of the Technical Research & Development Division

Initiatives to date: Collaboration in technology and the construction of a sustainable foundation
Currently, based on the Kumagai Gumi Group Medium-term Management Plan (FY2024–FY2026), we are continuing research and development investment on the scale of 10 billion yen over three years.

Under our research and technology development policy, in addition to improving seismic and renewal technologies, we have addressed solutions directly linked to management and social issues—such as labor saving through the introduction of inspection robots and the development of low-carbon concrete and carbon fixation technologies using algae—and have provided new technologies. We are also focusing on renewing research facilities with future research and development in mind and developing highly IT-literate Human resources responsible for the data science domain, thereby advancing smooth technology transfer from veterans to younger, lead-role personnel.

Future trends: Transformation through the fusion of digital and green

Labor shortages have become a serious issue in the construction industry. DX initiatives are an important

solution, but we believe that key factors are how to incorporate evolving robotic technologies into construction and how to achieve autonomous construction and more advanced decision-making through integration with AI.

Social demand for decarbonization (GX) is expected to accelerate further, and regulations premised on the use of decarbonization technologies—such as mandatory ZEB and ZEH standards for new construction—are expected to progress in stages. By fusing the environmental technologies and digital technologies we have cultivated, and making active use of public competitive funding, our company will continue creating sustainable value and meeting society's expectations even in an age of growing uncertainty.



Shinjiro Omoto
Executive Officer,
General Manager of Technical
Research & Development
Division

Research and Technological Development Policies

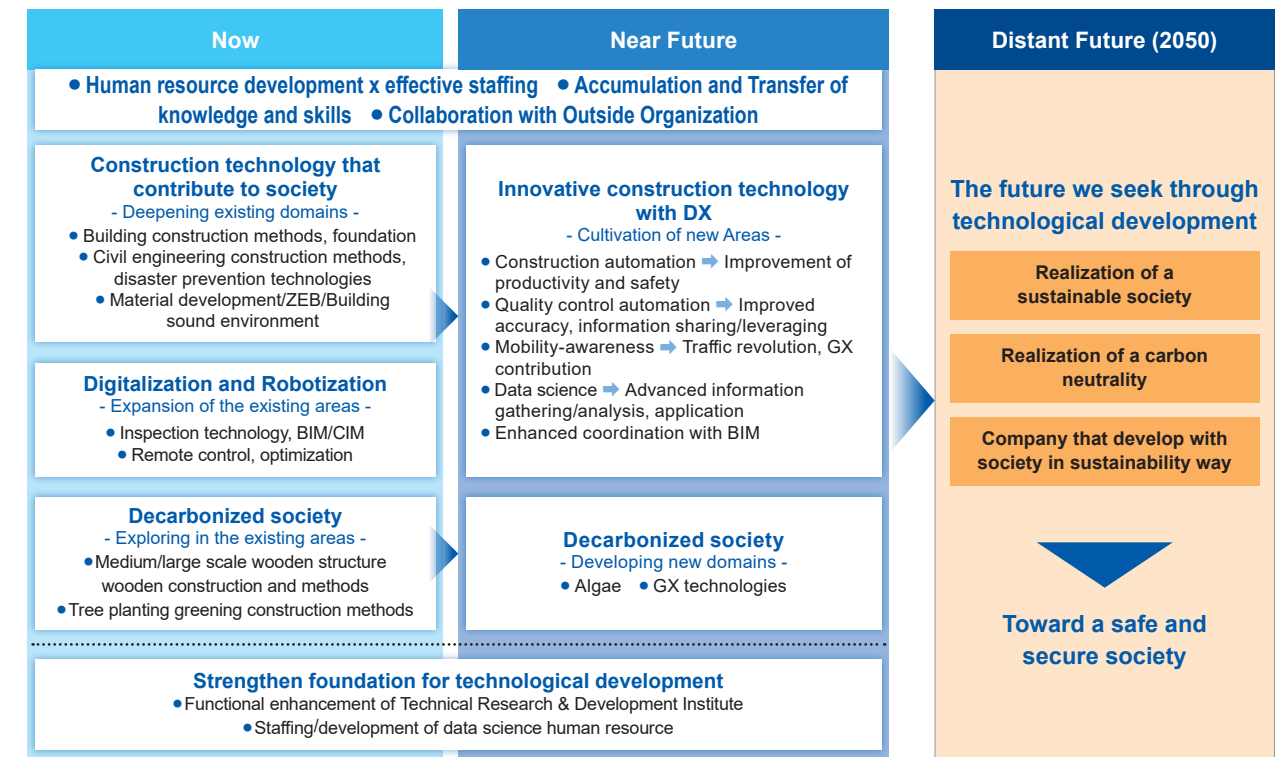
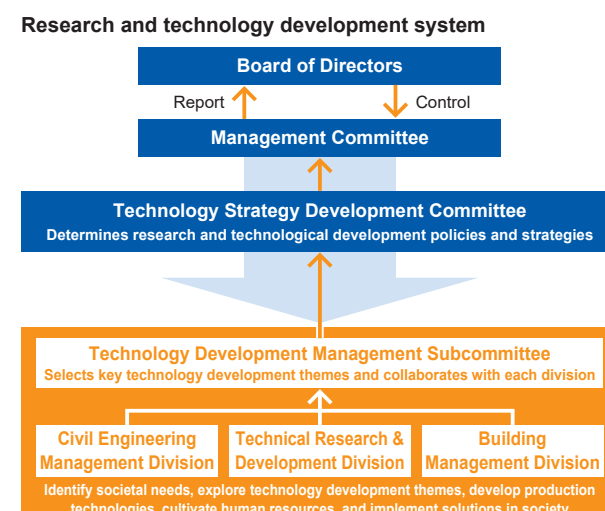
Research and technological development policies

- 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



The roles of the Technical Research & Development Institute

Takefumi Zaima

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

The Technical Research & Development Institute brings together researchers and engineers from a wide variety of specialized fields. We continue to pursue “safe and secure,” which is the foundation of the construction industry, and to develop technologies that respond to diverse societal needs, while also promoting the development of environmentally conscious technologies for achieving carbon neutrality.

To respond to rapid environmental change, we are actively incorporating advanced technologies such as DX and generative AI even into our research sites to accelerate development. As the foundation supporting these challenges, the “Technical Research &

Development Institute reconstruction plan (master plan)” is currently underway, and its first phase will finally begin in FY2026. We will make full use of state-of-the-art facilities and equipment to further improve the efficiency and sophistication of research and development.

At the same time, the essence of technology cannot be achieved overnight. We believe that only by respecting the vast body of knowledge accumulated by our predecessors and steadily repeating experiments and verification can technologies that truly contribute to society be born. “Speedy innovation” and “persistent self-improvement.” By continuing to drive both of these wheels, we will contribute to enhancing corporate value as the organization at the core of our company’s Technology Strength.

Intellectual Properties

In FY2025, as a result of active collaboration with other companies, joint patent applications with universities and other companies accounted for one-third of the total number of patent applications, showing that the promotion of open innovation is beginning to be reflected in the number of patent applications. The number of patent applications from branches and sites, which are frontline divisions, also increased from the previous fiscal year and accounted for more than 28% of the total, indicating that awareness of patent applications has

become even more widespread throughout the company. As for the main technology fields of the applications, DX-related areas such as robot technology, automatic control, and digital data processing accounted for 14%, wooden construction-related technologies 6%, automatic control and remote control-related technologies 4%, and bio-related technologies 3%, reflecting our research and technology development policy.

We are also actively filing patent applications related to new businesses.

Spotlight Development of Dresswood®, a steel frame member using wood as fireproof covering

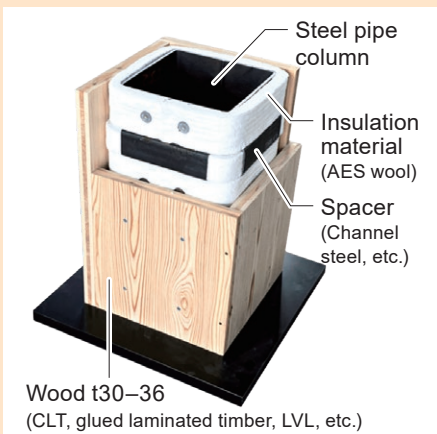
Dresswood® is a new technology in which steel frame members are provided with fireproof covering made of biosoluble fibre (AES wool) insulation and wood.

Conventionally, inorganic materials such as rock wool and calcium silicate board have been used for fireproof covering of steel structures, but this technology uses fireproof covering that takes advantage of the properties of wood. In FY2024, ministerial approval from the Ministry of Land, Infrastructure, Transport and Tourism was obtained for a 1.5-hour fire-resistant column structure, and the technology was first used at KiGi AKIHABARA. [▶P.51 Special Feature 1](#)

In 2026, ministerial approval from the Ministry of Land, Infrastructure, Transport and Tourism was obtained for a 1.5-hour fire-resistant beam structure. Going forward, we plan to develop members

capable of achieving even longer fire-resistance times.

* Exposed wood finish: A finishing method in buildings in which wood is used while left exposed as is on the exterior



Composition of the 1.5-hour fire-resistant Dresswood® column



Before testing

Promotion of DX

Specific issues	Risk of inaction	Opportunities
Promotion of DX	- Decrease in labor productivity - Delay in shift to DX due to lack of skilled human resources	- Development of new businesses - Increased productivity - Advances in building technology

Towards achieving Kumagai Gumi DX Policy

Kumagai Gumi's DX policy, "Insight, Onsite, Farsight," Forms the basis of our DX Strategy 2024–2026. In FY2025, as in FY2024, we promoted the development of DX Human resources, the construction of a digital platform, and greater operational efficiency through business apps and generative AI. We also plan investment of approximately 8.0 billion yen during the Medium-term Management Plan period (including 1.0 billion yen in capital investment), and results in FY2025 were approximately 5.7 billion yen (two-year cumulative total: 3.1 + 2.6 billion yen).



DX Strategy 2024–2026

Enhance our technical and workforce capabilities, and original onsite versatility through digital transformation. 	Digital Experts Management - Increase digital literacy of all employees. - Train and place advanced digital experts. - Recruit IT talents proactively and increase digital experts.	Enhance Business Efficiency - Renew and establish core systems - Develop telecommunications infrastructure - Reinforce security - Diversify data collection methods and make rules.	Establish to Use Digital Infrastructure - Promote use of the KDS.* - Promote use of generative AI. - Use no-code tools, RPA, and BI.
Create a "happiness quality" that utilizes digital technology to respond to user feelings. 	BIM / CIM - Shift to consistent use of BIM/CIM operations - Establish front-loading. - Combine real-world data and BIM/CIM data.	Improve Construction Management Efficiency - Actively use ICT tools at worksite offices. - Diversify construction management with the use of remote monitoring. - Digitalize to control the quality and execution of finished products.	Automation & Autonomy of Manufacturing - Develop robots and AI in phases and put them into practical use. - Promote digital fabrication. - Expand the scope of unmanned and remote-control construction.
Support customers and society through digital technology that transcends the times. 	Utilize Digital Twin Technology - For structural simulation and analysis - For real-time sharing of project progress - For operations and data application in completed projects	Digital Solutions - Reinforce sales force organization - Life cycle management proposal - Ecosystem Formation	Technological Development - Develop environmentally friendly technologies and practical application - Develop disaster prevention/recovery technologies for proposal - Develop digital technology products for sale and increase profitability

* 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.

Initiatives for Developing DX Human Resources at Kumagai Gumi

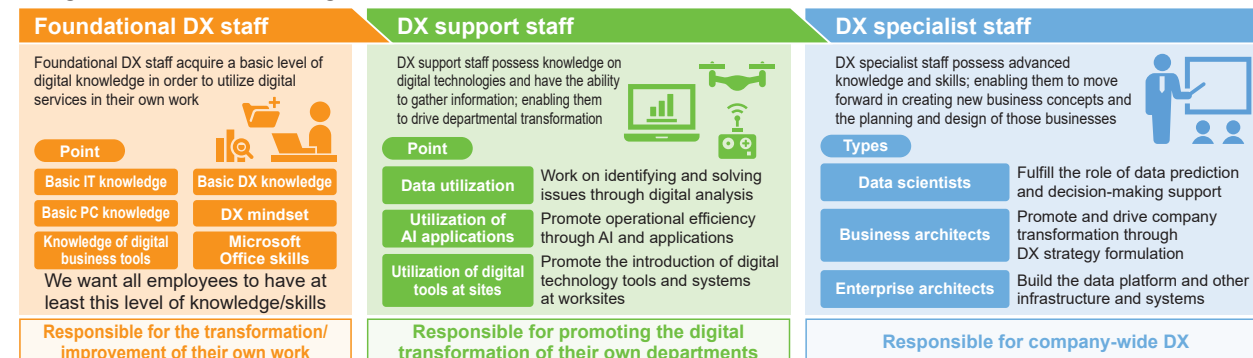
Establishment of categories of DX staff

Kumagai Gumi has established a DX staff classification framework and implements a structured development program.

From FY2025, as part of developing human resources capable of utilizing digital technology, we are encouraging all officers and employees, including those at group

companies, to obtain the IT passport qualification. We are also focusing on preparing the learning environment, including teaching materials, and have set a target acquisition rate of 90% or higher by FY2028 (March 2029). We are also promoting training for DX supporter human resources, including at Group companies.

Categories of DX staff at Kumagai Gumi



Utilization of AI

Released multimodal generative AI to all employees

Our Company has long been using generative AI. Furthermore, from FY2025, we have been actively promoting the use of the multimodal generative AI “Gemini.” We are providing training for all employees, including management.

Started use of “specialized in the construction industry” generative AI for technical employees

For technical employees, we have started using generative AI specialized in the construction industry. A PoC was conducted in FY2025, and results have already been demonstrated. In FY2026, we will promote use and realize further operational improvement.

Creating Value through the KDP Digital Information Infrastructure

As the foundation of medium- to long-term enhancement of corporate value, the Kumagai Gumi Group is promoting the construction of KDP (Kumagaigumi Digital Platform), a strategic infrastructure that integrates and utilizes all kinds of information across the company.

Building the foundation for inheritance of intellectual capital and data-driven management

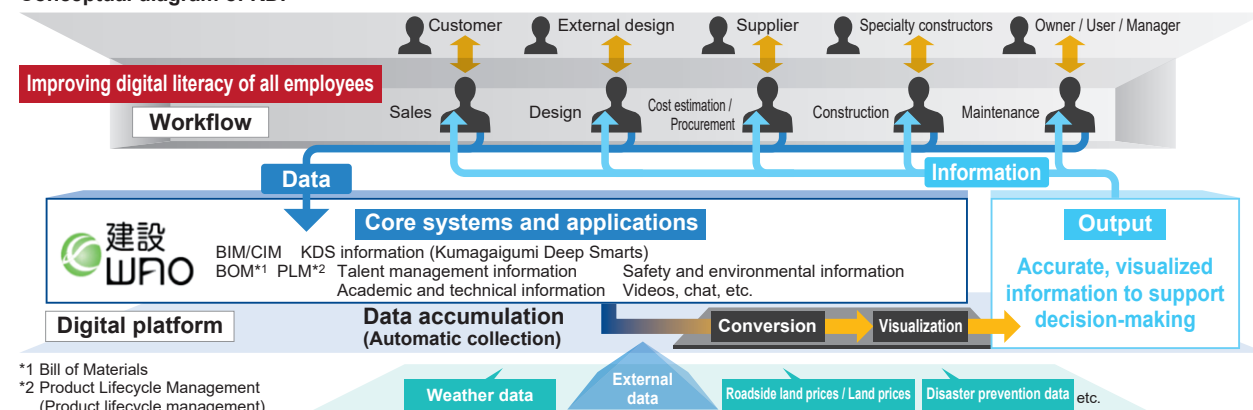
To address the issue of passing on the skills of experienced workers in the construction industry, KDP transforms worksite tacit knowledge into organizational explicit knowledge by integrating it with management information such as personnel, safety, and finance. In FY2025, the introduction of the new core systems, Kensetsu WAO, further strengthened the mechanism for automatically collecting and accumulating information.

Through this, we aim to transform into an organization capable of rapid decision-making based on data.

Future Outlook

In FY2026, we are verifying the effectiveness of AI use in the areas of safety and Human resources. Through prevention of accidents by analyzing the causes of past incidents and Human resources matching for the right person in the right place using interactive AI, we aim to improve site safety and organizational productivity.

Conceptual diagram of KDP



*1 Bill of Materials
*2 Product Lifecycle Management (Product lifecycle management)

Deepening the New Core Systems, Kensetsu WAO, and Promoting Data-driven Management

Business reform through the introduction of the new core system and achievement of an exceptionally high digitization rate

Kensetsu WAO, an integrated system specialized for the construction industry, digitizes the entire process from estimates, contracts, and billing to cost control, driving our operational reform. In FY2025, the electronic invoice rate with business partners reached 99.9%*, while the general and administrative expense area achieved 98.7%*. The greatest strength of this system is that digitization is possible at the “line-item level.” Its advanced specifications that exceed industry standards are making a major contribution to more sophisticated cost control and greater operational efficiency.

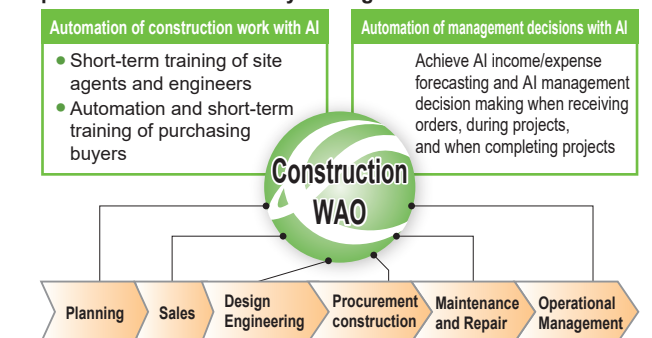
* Digitization rates are aggregated figures for February 2026

Utilizing data from the construction project record and strengthening the value chain

Going forward, we will move to a phase of strategic utilization of accumulated data. Through the construction project record*, which serves as the core, we will seamlessly link everything from project overviews to periodic inspections and maintenance histories, thereby centrally managing property information. By analyzing the accumulated big data, we will realize highly accurate sales strategies, optimal technical proposals, and maintenance services, and create new added value throughout the entire building lifecycle.

* A system for centrally managing and sharing after-care information on completed projects

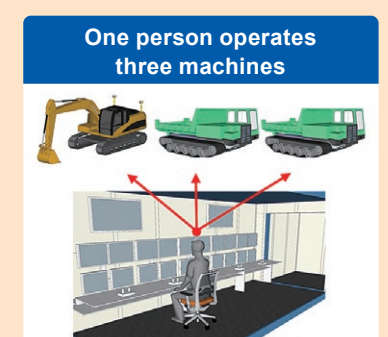
Digital transformation of construction through a digital platform as envisioned by Kumagai Gumi



Spotlight

Development of nighttime unmanned construction supporting disaster recovery and further automation technologies

In disaster recovery work following the 2024 Noto earthquake, we realized nighttime application of unmanned construction under severe conditions such as narrow roads and soft ground. In nighttime construction, we used digital eyes to understand conditions in dark sites and continued work while ensuring safety. Loading soil and dump-up operations were carried out by remote control, and soil transport was automated. This enabled one operator to control three machines (one backhoe and two rough-terrain carriers), thereby achieving both labor saving and high construction efficiency. In addition, with a view to further improving productivity in the future, we are currently developing automation for articulated dump trucks as well. We will continue developing these next-generation technologies to address severe construction conditions and accelerate the evolution of construction DX.



Occupational Health and Safety

Specific issues	Risk of inaction	Opportunities
Occupational healthy and safety	• Loss of public trust due to accidents	• Cultivation of a culture of safety • Accumulation of preventive maintenance know-how
Securing skilled workers in the construction industry	• Difficulty in hiring and outflow of Human resources • Quality and safety problems due to labor shortages	• Expansion of business by securing construction capabilities • Improvement in image through occupational safety initiatives

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 2025, establishing a set of guiding principles for action. We place safety and health at the core of our corporate activities, prioritize respect for human life above all else, and are 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 2008, We also obtained the industry's first company-wide certification under the COHSMS (Construction Occupational Health and Safety Management System) program launched in 2008 by the Japan Construction Occupational Safety and Health Association (JCOSHA). In 2018, the “NEW COHSMS,” which addresses the environmental shift of the construction industry and the ISO 45001 international standard, was released and updated in 2020. Since that time, maintenance audits have been conducted on an annual basis.

Sharing information on health safety and prevention recurrence Active use of DX

In April 2021, we introduced the “Safety Portal System” to accumulate and centralize data. This enables the sharing and dissemination of accident and incident information and rapid response by related departments, while also

thoroughly preventing recurrence by using past accident cases as references for countermeasures. Past disaster data and results of safety and health patrols are compiled into a database and used for risk management, and we created a system for drafting workplace safety and health management plans. Similarly, we are promoting DX through VR-based training, centralized management of foreman registration and special-training participant data, operation of a system audit portal, and AI analysis of accident information.

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. In FY2025, we conducted training for each employee rank in a group training session hosted by company headquarters for engineers in their 6th, 10th, and 22nd year of employment. To ensure that “cultivating sensitivity to notice hazards and taking action” can be put into practice, we are thoroughly reconfirming safety and health management matters through regular training.

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 executives in charge of safety (directors and senior managing executive officers) 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 (death)
FY2025	0.63	0.07	15 cases
FY2024	0.74	0.32	20 cases (1)
FY2023	0.98	0.39	22 cases
FY2022	0.69	0.77	15 cases (2)
FY2021	0.63	0.10	16 cases

Many accidents are caused by “underestimating hazards due to familiarity” and “insufficient confirmation when work changes,” which stem from reduced safety awareness and insufficient safety knowledge. Together with Yuuei Kyoryoku Kai, we are strengthening efforts to create an environment in which all workers can work safely and with peace of mind.

FY2026 targets	
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	• Loss of public confidence and profits due to accidents and scandals	• Contribution to society through dissemination of “Quality that Inspires Happiness” (Group Vision) • Increase in opportunities to secure orders by increasing customer appeal
Strengthening compliance	• Loss of public trust - Damage to corporate value • Legal risks such as filing of lawsuits, administrative penalties, etc.	• Prevention of misconduct - Gain in stakeholder trust • Strengthening of internal control risk management
Handing down skills and technologies	• Lost orders due to lack of experience - Decline in labor productivity • Disasters arising from lack of education and training	• Maintain and improve proprietary technologies • Assurance of business continuity and profitability

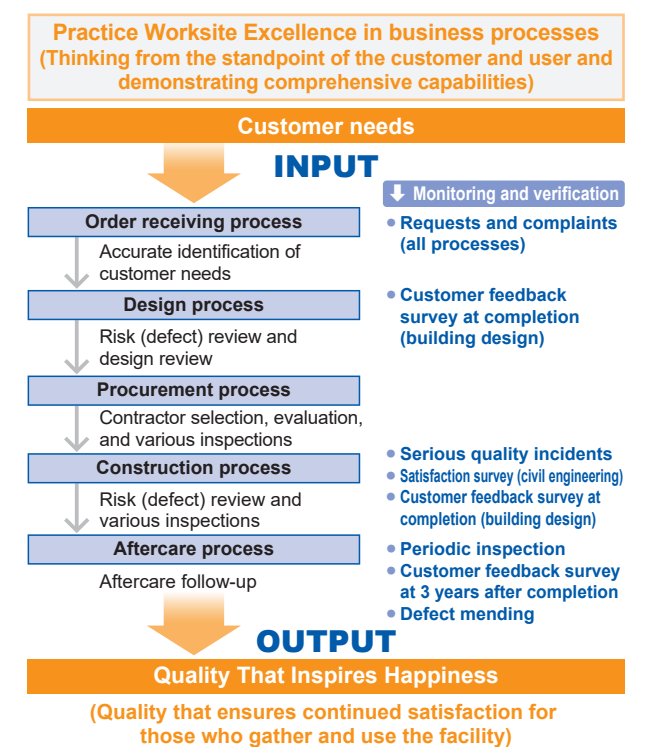
Basic Policy of Quality Control

To provide the “Quality that Inspires Happiness” that responds to the feelings of users as set out in the Group vision, Kumagai Gumi newly reformulated its former Safety, Health, Quality and Environment Policy in 2025 as the Quality Policy and established action guidelines. As a provider of construction services sought by society, we will guarantee reliable quality through sincere manufacturing and, by demonstrating Worksite Excellence in order to meet customer expectations, realize “Quality that Inspires Happiness” that responds to the feelings of users.

Promotion Structure Based on Management Systems

Since obtaining ISO 9001 certification in 1996, Kumagai Gumi has operated management systems for 30 years and continued Quality Control activities. In addition, to integrate them more fully into business processes, since 2016 we have been operating the Quality Management System for Quality Control together with the Environment Management System based on ISO 14001 certification in an integrated manner.

We established the Headquarters Quality and Environment Management Office, an organization that reports to the President, to enhance the management system and surveillance function in our management system as well as to ensure the effectiveness of quality control and environmental protection. Each branch now has its own Branches Quality and Environment Management Office, reporting directly to the branch manager. The Quality and Environment Committee, chaired by an Overall Quality and Environment Control Manager appointed by the President, and the Quality and Environmental Expert Subcommittees under it, verifies concrete measures for quality and environmental issues and the progress towards goals, assesses the progress, and examines the measures on a regular basis to verify and improve the validity of the management system.



Initiatives to Enhance the Effectiveness of Quality Control

To provide “Quality that Inspires Happiness” (Group Vision) that is more closely attuned to the feelings of users at an even higher level, Kumagai Gumi conducts regular monitoring and verification based on evaluation indicators. Furthermore, no serious quality-related incidents occurred during construction work in FY2025.

	Evaluation Indicators			Above expectation + As expected			Slightly below expectation + Below expectation	
	Civil Engineering	Building						
FY2025	0.05%	0.12%	Defect mending rate (Defect mending cost for completed works)	FY2025	67%		FY2025	5%
FY2024	0.02%	0.16%	Number of serious quality accidents during construction	FY2024	76%		FY2024	5%
FY2023	0.09%	0.15%	Customer satisfaction assessment at completion; Results of customer survey conducted three years after work completion*	FY2023	71%		FY2023	8%
FY2022	0.04%	0.17%		FY2022	72%		FY2022	3%
FY2021	0.10%	0.16%		FY2021	59%		FY2021	5%

* In addition to the satisfaction survey conducted after completion and handover, we also conduct a satisfaction survey three years after handing over the building to the customer. Results for FY2025 are current as of the end of May 2026.

Board of Directors

**Shin Ueda** President, Representative Director**CEO and President**

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

Hiroyasu Yaguchi Directors**Senior Managing Executive Officer, General Manager of Administration Division, In charge of Compliance, In charge of Risk Management**

April 1986	Joined Kumagai Gumi Co., Ltd.
April 2020	Deputy General Manager of Administration Division, General Manager of 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 Directors**Senior Managing Executive Officer, General Manager of the Civil Engineering Management Division, In charge of Safety, In charge of Quality/Environment**

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 Branch
April 2024	Senior Managing Executive Officer (current), General Manager of the Civil Engineering Management Division (current)
June	Director (current)
April 2026	In charge of Safety (current), In charge of Quality/Environment (current)

Taiji Ito Directors**Senior Managing Executive Officer, General Manager of the Building Management Division, In charge of business alliance with Sumitomo Forestry Co., Ltd.**

April 1986	Joined Kumagai Gumi Co., Ltd.
April 2021	Executive Officer, Deputy General Manager of the Building Management Division, General Manager of the Marketing and Management Department, Building Management Division, General Manager of the Sales Promotion Department, Marketing and Management Department, Building Management Division
April 2023	Managing Executive Officer, General Branch Manager of the Chugoku Shikoku Branch
April 2024	Senior Managing Executive Officer (current), Head of Building Management Division (current)
June	Director (current)
April 2026	In charge of business alliance with Sumitomo Forestry Co., Ltd. (current)

Tatsuru Sato Director*1

April 1978	Joined Sumitomo Forestry Co., Ltd.
April 2011	General Manager of the Human Resource Division 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 and Executive Vice President of the 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)

Masaya Nara Outside Director*2

September 1990	Joined Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
April 2009	Executive Officer and General Manager, Investment Planning Department, Mizuho Trust & Banking Co., Ltd.
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 (current)
June 2022	Outside Director, Kumagai Gumi Co., Ltd. (current)
March 2024	Outside Director (Audit & Supervisory Committee Member), Tamron Co., Ltd.

Kaoru Ino Outside Director*2

April 1981	Joined Dainippon Ink and Chemicals Inc. (current DIC Corporation)
April 2008	General Manager, Finance Dept. of the above company
April 2011	General Manager, Purchasing and Logistics Dept. of the above company
April 2012	Executive Officer, General Manager, Corporate Planning Dept. of the above company
January 2014	Executive Officer, In Charge of Corporate Strategy Div.; General Manager, Corporate Planning Dept. of the above company
January 2016	Managing Executive Officer, In Charge of Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art of the above company
March	Director, Managing Executive Officer, In Charge of Corporate Strategy Div. and Kawamura Memorial DIC Museum of Art of DIC Corporation
January 2018	Representative Director, President and CEO of the above company
January 2024	Chairman and Representative Director of the above company
January 2025	Chairman and Director of the above company
January 2026	Director of the above company
March	Advisor to the above company (current)
June	Outside Director, Kumagai Gumi Co., Ltd. (current)

Erisa Watanabe Outside Director*2

April 1987	Joined Zeon Corporation
April 2013	General Manager of Materials Procurement Department, Production Center of the above company
June 2018	Corporate Officer and Division Manager of CSR Division of the above company
June 2022	Director & Corporate Officer, Head of Corporate Sustainability Headquarters and Division Manager of Corporate Sustainability Division of the above company
June 2025	Advisor to the above company (current)
April 2026	Deputy Head of ZEON Academy Preparatory Office, Human Resources Division of Zeon Corporation (current)
June	Outside Director, Kumagai Gumi Co., Ltd. (current)

Kazunori Shimada Director (Audit Supervisory Committee Member)

April 1990	Joined Kumagai Gumi Co., Ltd.
April 2020	General Manager of Administration Department, Tokyo Metropolitan Area Branch
April 2022	Assistant General Manager of Tokyo Metropolitan Area Branch
April 2023	Deputy General Manager of the Administration Division, General Manager of Accounting Department, Administration Division
June 2026	Director (Audit & Supervisory Committee Member) (current)

Miho Ueda Outside Director*2 (Audit & 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 Director, Japan Handball Association
December 2022	Outside Director, Mullion Co., Ltd. (current) (Audit & Supervisory Committee Member)
June 2023	Audit & Supervisory Board Member, Kumagai Gumi Co., Ltd.
June 2024	Outside Audit & Supervisory Board Member, GECCOSS CORPORATION
June 2025	Outside Director (Audit & Supervisory Committee Member) (current)
June 2026	Outside Director, GECCOSS CORPORATION (current)

Hiroshi Tawara Outside Director*2 (Audit & Supervisory Committee Member)

April 1988	Joined Nissan Motor Co., Ltd.
October 1990	Joined Asahi shinwa & co. (currently KPMG AZSA LLC.)
March 1994	Registered as Certified Public Accountant
May 2003	Partner at KPMG AZSA LLC.
July 2025	Established Tawara Public Accounting Firm (current)
June 2026	Auditor, Railway Technical Research Institute (current) Outside Director (Audit & Supervisory Committee Member) (current)

*1 Mr. Tatsuru Sato is a Non-executive Director (part-time).

*2 Directors Masaya Nara, Kaoru Ino, Erisa Watanabe, Miho Ueda and Hiroshi Tawara are independent outside directors.

Executive Vice President

Koji Okaichi	In charge of Technology, In charge of New Business, In charge of International Business Chairperson, Director of GAEART Co., Ltd.
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Senior Managing Executive Officer

Takahiko Kashiwara	Branch Manager of the Tokyo Metropolitan Area Branch	Masato Yamashita	Branch Manager of the Tokyo Architectural Construction Branch
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Managing Executive Officer

Yoshio Hagita	Deputy General Manager of Building Management Division (full-time) General Manager of Urban Development Management Department, Building Management Division In charge of New Business Planning Promotion, New Business Development Division	Hideki Masumori	Deputy Branch Manager of the Tokyo Metropolitan Area Branch General Manager of the Architectural Construction Department, Tokyo Metropolitan Area Branch
Makoto Wakabayashi	Safety Division Head	Daisuke Hayashi	Branch Manager of the Nagoya Branch
Yuzuru Hirano	General Manager of the Architectural Design Management Division, Building Management Division	Tsuyoshi Kinoshita	Branch Manager of the Hokuriku Branch General Manager of the Special Project Management Office, Hokuriku Branch
		Yasufumi Kubota	Branch Manager of the Hokkaido Branch

Executive Officers

Takeshi Nakayama	Deputy General Manager of the Civil Engineering Management Division General Manager of Civil Engineering Management Division	Hajime Iwasaki	Deputy General Manager of the Civil Engineering Management Division General Manager of the Marketing and Management Department, Civil Engineering Management Division
Tomohiko Igarashi	General Branch Manager of the Kansai Branch	Shinjiro Omoto	General Manager of Technical Research & Development Division
Hideyuki Sakai	General Manager of the Management Strategy Division	Naohiro Shimizu	General Manager of the New Business Development Division
Masaharu Yamashita	Branch Manager of the Kyushu Branch	Kei Nakamura	Branch Manager of the Tohoku Branch
Hideki Yamasaki	General Manager of the International Division	Kiyoshi Ito	Deputy General Manager of the Building Management Division General Manager of the Architectural Management Department, Building Management Division
Tomoo Shimokawa	Branch Manager of the Chugoku Shikoku Branch	Makoto Arai	Deputy General Manager of New Business Development Division New Business Development Division Planning Promotion Department
Hiroshi Takasaki	Deputy Branch Manager of the Tokyo Architectural Construction Branch General Manager of the Architectural Construction Department, Tokyo Architectural Construction Branch		

Corporate Governance

Fundamental Concept

In order to make our Management Philosophy of “We aim to serve as a corporate group that contributes to society through business activities centered on construction” a reality, we consider enhancement of the efficacy of our corporate governance a priority issue.

We engage in a variety of initiatives to enhance the effectiveness of our corporate governance, including evaluations of the effectiveness of the Board of Directors and the establishment of a Nomination & Compensation Advisory Committee. Details are noted in the Corporate Governance Report, which is available at our website or the Tokyo Stock Exchange website.



The Corporate Governance Report (disclosed to the Tokyo Stock Exchange) (Last update: June 26, 2026)
<https://www.kumagaiumi.co.jp/assets/pdf/sustainability/item/report-on-corporate-governance-20260626-1.pdf>

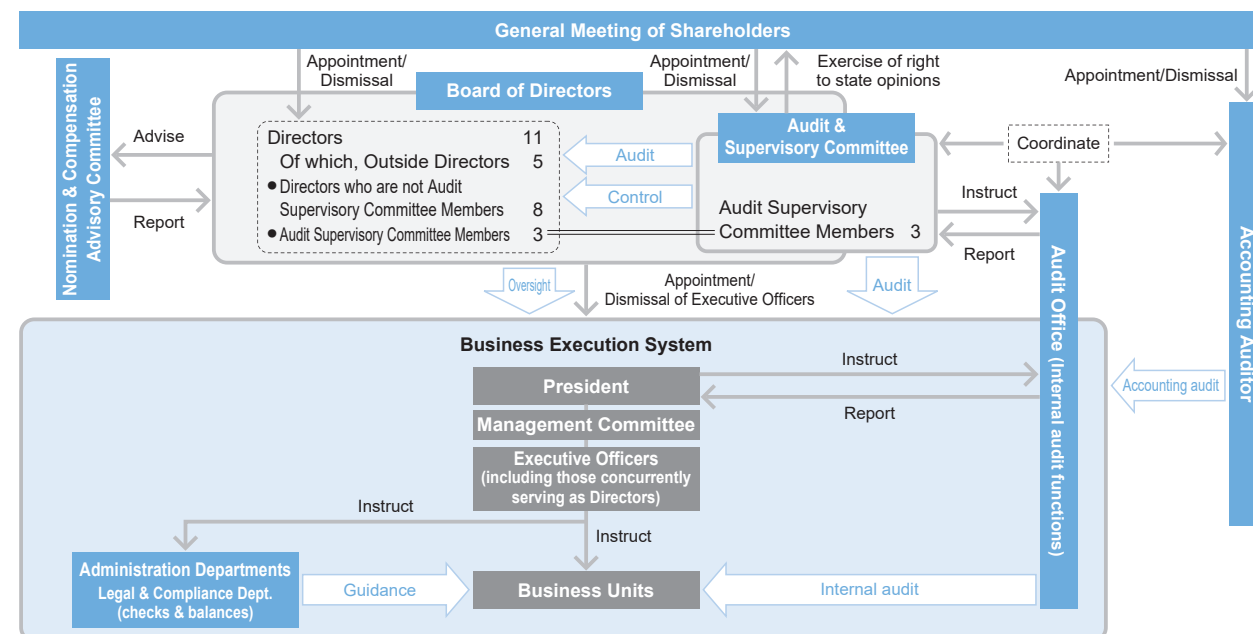
Corporate governance system

Based on the intent of the Corporate Governance Code and in order to further enhance the effectiveness of Corporate Governance, Kumagai Gumi had continuously advanced initiatives to improve effectiveness under its previous institutional design as a company with an Auditors Committee but transitioned to a company with an Audit and Supervisory Committee on June 27, 2025.

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. At the same time, by expanding the scope of delegation to directors in important business execution matters, we are working to further enhance corporate value by separating execution and supervision and speeding up management decision-making.

Corporate governance system at Kumagai Gumi



Institutional design	Company with an Audit & Supervisory Committee		
Composition	Directors: 11 (including 5 Outside Directors) • Directors who are not Audit Supervisory Committee Members: 8 (including 3 Outside Directors) • Audit & Supervisory Committee Members: 3 (including 2 Outside Directors)	Includes 2 female executives (both are Outside Directors) * Ratio of female Directors: 18.2%	Includes 5 Independent Executives * Ratio of Outside Directors: 45.5%

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 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.

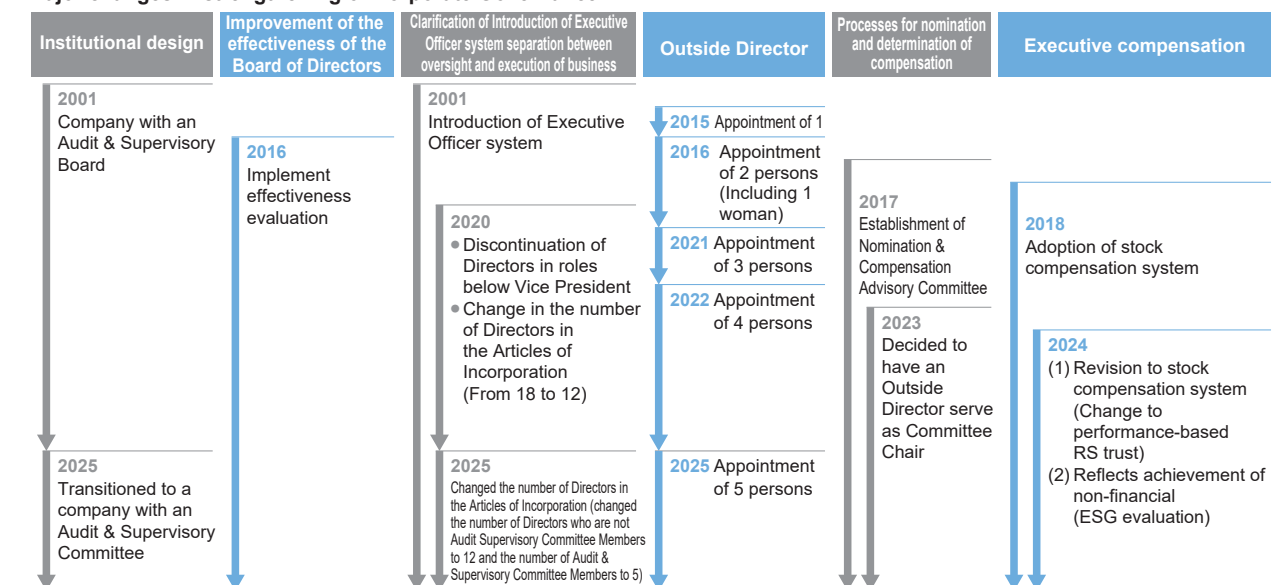
In determining the nomination and amounts of compensation for Directors (excluding those who are Audit

and Supervisory Committee members) and Executive Officers, we conduct deliberation within the Board of Directors on the basis of reports by the Nomination & Compensation Advisory Committee, which is composed of the Representative Director and Outside Directors, in order to further ensure objectivity and transparency.

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. From the FY2018 evaluation onward, we are conducting reviews of our evaluation item settings and evaluation results through external experts.

In FY2025, 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 FY2024 evaluation, we implemented improvement measures, and also worked to invigorate discussions at the Board of Directors meetings by holding exchanges of opinions after the meeting's proceedings and other occasions.

Main Evaluation Items	• Board of Directors composition, operations, and meeting agenda • Board of Directors support structure (including the Nomination & Compensation Advisory Committee) • Verification of effects accompanying the transition to a company with an Audit and Supervisory Committee • Improvements from the previous year
Major initiatives to address issues for improvement in FY2024	• Shift to a management structure focused on monitoring through the transition to a company with an Audit and Supervisory Committee • Promotion of delegation of authority to the execution side through review of standards for matters to be submitted for resolution • Improvement of the risk management framework through establishment of the Risk Management Committee and risk review • Improvement of the internal auditing function and enhancement of the quality of reports • Improvement of Board of Directors operations through the introduction of proposal documents and reports on Management Committee discussions • Enhanced timely sharing of information, including negative information
Major issues for improvement shared through FY2025 evaluations	Themes to be addressed over the short to medium term • Steady implementation of the Medium-term Management Plan and execution of discussion and supervision toward formulation of the next Medium-term Management Plan • Consideration for strengthening the monitoring function • Consideration for strengthening the structure of the Audit and Supervisory Committee • 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 terms of directorship composition* * Ongoing issues from previous term

Nomination & Compensation Advisory Committee

In the determining process of the nomination (including removal) and amounts of compensation (including system design) for Directors and Executive Officers, we set up the Nomination & Compensation Advisory Committee, an advisory body for the Board of Directors, composed of the Representative Director and Outside Directors, to further ensure objectivity and transparency. This Committee serves as both nomination committee and remuneration committee.

In FY2025, the Nomination & Compensation Advisory Committee gathered five times, each of which was attended by all committee members. In FY2025, we conducted deliberations on matters including the evaluation of contributions made by Directors and executive officers on FY2024 performance, individual remuneration amounts for FY2025, and the executive structure from FY2026 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, in view of the fact that the Audit and Supervisory Committee is granted the right to state opinions at the General Meeting of Shareholders concerning the nomination and compensation, etc. of directors (excluding directors who are Audit and Supervisory Committee members), from June 27, 2025 onward, an outside director who is an Audit and Supervisory Committee member selected by the Audit and Supervisory Committee participates in the Nomination & Compensation Advisory Committee as an observer.

Directorship Composition (since June 26, 2026)

Member	Shin Ueda	President, Representative Director
	Masaya Nara	Outside Director
	Kaoru Ino	Outside Director
	Erisa Watanabe	Outside Director
Observer	Miho Ueda	Outside Director (Audit Supervisory Committee Member)

* The chairperson on and after June 26, 2026 will be selected from among outside directors at a future meeting of the Nomination & Compensation Advisory Committee.

Support System for Outside Executives

To help outside executives complete their tasks in a smooth manner, the secretariat office 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, and the company provides various support to help them understand the company's business, including opinion exchange opportunities among the outside executives and inspection tours at branches, group companies, and 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.

In appointing each Director, Kumagai Gumi takes into account each Director's duties and experience, while paying attention to ensure that the skill items required by the Board of Directors are appropriately allocated and that diversity and balance are maintained on the Board of Directors.

The following is a list of skill items that the Board of Directors should have and that are specifically expected of each Director (Skills Matrix).

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 as well as overseas projects and international situations.
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 trust from the society and 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 SDGs, carbon neutrality, the environment, human rights, social contribution, corporate governance, etc.
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)

Director 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	●		●		●		●	
Hiroyasu Yaguchi	Director, Senior Managing Executive Officer, General Manager of Administration Division, In charge of Compliance, In charge of Risk Management	●				●	●		●
Tetsuo Ono	Director, Senior Managing Executive Officer, General Manager of the Civil Engineering Management Division, In charge of Safety, In charge of Quality/Environment	●	●		●				●
Taiji Ito	Director, Senior Managing Executive Officer, General Manager of the Building Management Division, In charge of business alliance with Sumitomo Forestry Co., Ltd.	●	●		●				●
Tatsuru Sato	Director (Non-executive Director)	●		●			●	●	
Masaya Nara	Outside Directors	●		●		●	●		
Kaoru Ino	Outside Directors	●	●	●	●				
Erisa Watanabe	Outside Directors	●				●		●	●
Kazunori Shimada	Director (Audit Supervisory Committee Member)					●	●		
Miho Ueda	Outside Director (Audit Supervisory Committee Member)					●			●
Hiroshi Tawara	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.

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, functioning appropriately as an incentive to continuously improve corporate value. When determining individual compensation, our basic policy is to set an appropriate level based on responsibilities, and, within the limit of the total amount of compensation for Directors decided at General Meetings of Shareholders, determine amounts through the Board of Directors based on findings reported by the Nomination & Compensation Advisory Committee. 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 (fixed amount) according to position and compensation according to contribution to business performance (amount corresponding to performance contribution). 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 such Directors decided at General Meetings of Shareholders.

Compensation, etc. for Directors and Audit & Supervisory Board Members (FY2025) Unit: millions of yen

Executive category	Total amount of compensation	Total amount by type of compensation, etc.			Number of eligible Executives
		Fixed compensation	Performance-linked compensation	Stock compensation	
Directors (Outside Directors among these) (Excluding Audit and Supervisory Committee members)	246 (35)	177 (35)	50 (—)	19 (—)	11 (4)
Directors (Audit and Supervisory Committee members) (Outside Directors among these)	29 (16)	29 (16)	— (—)	— (—)	3 (2)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members among these)	9 (5)	9 (5)	— (—)	— (—)	3 (2)

* The stock-based compensation noted is the amount of provisions for stock benefits for Directors recorded in FY2025.
* Amounts paid to corporate auditors relate to the period before the transition to a company with an Audit and Supervisory Committee, while amounts paid to directors (Audit and Supervisory Committee members) relate to the period after the transition.
* In the fixed compensation column, of fixed compensation, the amount according to position (fixed amount) is stated, while in the performance-linked compensation column, of fixed compensation, the compensation according to contribution to performance (contribution-reflected portion) is stated.

Illustration of compensation composition for directors (excluding outside directors and non-executive directors)

Compensation ratio in FY2025 Figures in parentheses indicate the standard compensation ratio of total compensation

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
- Compensation is granted based on the performance contribution in the previous fiscal year (executive evaluation and ESG evaluation), 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:
 - CO2 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

Our Company has introduced a trust-based stock compensation system under which points are granted each fiscal year to eligible persons according to position and total shareholder return compared with peer companies separately selected by our company, and shares are in principle delivered at a fixed time each year as stock compensation tied to each fiscal year and TSR. Standards and procedures for share issuance are 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.

In addition, if a circumstance corresponding to a reason for acquisition without consideration separately determined by our company occurs and the Board of Directors resolves that acquisition without consideration is appropriate, all or part of the stock compensation delivered shall be acquired without consideration.

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 (FY2025)

	Name	Independent Executive	Reason for appointment	Attendance (Number of times attending / Number of meetings)	
Outside Director	Shigeru Okada (resigned June 2026)	○	Shigeru Okada has a track record of participation in corporate management as a representative director and president, primarily in another industry. Based on his resulting extensive experience and wide-ranging insights, the company has appointed him in anticipation that he will provide appropriate supervision, guidance, and advice to the company's management.	Board of Directors	18 times/ 18 times
	Kimie Sakuragi (resigned June 2026)	○	Kimie Sakuragi has a track record of participation in corporate management as a standing auditor, primarily in another industry. Based on her resulting extensive experience and wide-ranging insights, the company has appointed her Outside Director in anticipation that she will provide appropriate guidance and advice to the company's management.	Board of Directors	18 times/ 18 times
	Masaya Nara	○	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. Based on his resulting extensive experience and wide-ranging insights, the company has appointed him in anticipation that he will provide appropriate guidance and advice to the company's management.	Board of Directors	18 times/ 18 times
	Kaoru Ino (appointed June 2026)	○	Kaoru Ino has a track record of participation in corporate management as a representative director and president, primarily in another industry. Based on his resulting extensive experience and wide-ranging insights, the company has appointed him in anticipation that he will provide appropriate supervision, guidance, and advice to the company's management.	Board of Directors	—
	Erisa Watanabe (appointed June 2026)	○	Erisa Watanabe has a track record of participation in corporate management as a director, primarily in another industry. Based on her resulting extensive experience and wide-ranging insights, the company has appointed her in anticipation that she will provide appropriate supervision, guidance, and advice to the company's management.	Board of Directors	—
Outside Director (Audit & Supervisory Committee Member)	Akio Yamada (resigned June 2026)	○	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 leverage his resulting extensive experience and expert knowledge to provide appropriate auditing and supervision of the company's management from an objective standpoint.	Board of Directors Auditors Committee Audit & Supervisory Committee	18 times/18 times 3 times/3 times 10 times/10 times
	Miho Ueda	○	Miho Ueda has a track record of practical work as a lawyer. The company has appointed her in the expectation that she will leverage her resulting extensive experience and expert knowledge to provide appropriate auditing and supervision of the company's management from an objective standpoint.	Board of Directors Auditors Committee Audit & Supervisory Committee	18 times/18 times 3 times/3 times 10 times/10 times
	Hiroshi Tawara (appointed June 2026)	○	Hiroshi Tawara has a track record of practical work as a certified public accountant. The company has appointed him in the expectation that he will leverage his resulting extensive experience and expert knowledge to provide appropriate auditing and supervision of the company's management from an objective standpoint.	Board of Directors Audit & Supervisory Committee	—

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, and when it is decided to be of little value to hold them, the Company will sell or reduce the number of such shares.
- (2) The Significance of Cross Holdings
- The Company comprehensively reviews the significance of cross-held shares; whether the earnings generated by cross holdings are sufficiently beneficial in relation to their capital cost, and whether it is worthwhile to hold such shares in the daily performance of business.

- (3) The Standards Regarding the Exercise of Voting Rights Associated with Cross Holdings
- When exercising its cross holdings voting rights, the Company will do so by determining whether owning stock in another publicly traded company will increase the value of the corporations in which it invests, from a medium- to long-term perspective. With regard to the following issues, among others, the Company will exercise its voting rights only after deliberately examining them in relation to raising corporate value.
- 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	• Loss of public trust • Damage to corporate value • Legal risks such as filing of lawsuits, administrative penalties, etc.	• Prevention of misconduct • Gain in stakeholder trust • Strengthening of internal control risk management

Fundamental Concept

In order for the Kumagai Gumi Group to continue earning the appreciation and trust of customers and society, we believe that all of our officers and employees must take responsibility for our daily actions, comply with laws, social sensibilities, and corporate ethics, and maintain an awareness of compliance.

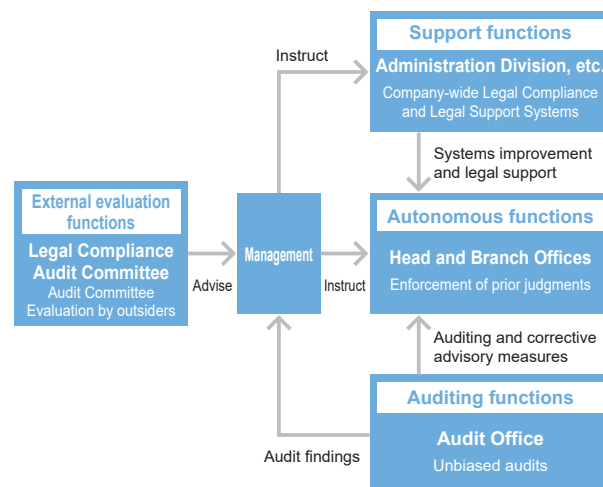
Compliance system

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. In principle, 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

To improve basic understanding of compliance, from October 2025 through January 2026 our company conducted an internal training program on topics including Anti-monopoly Act, bribery, and corruption, targeting employees of Kumagai Gumi as well as group companies, from a perspective of strengthening the group's compliance structure (100% attendance rate). Kumagai Gumi has designated October as the month to strengthen compliance, in an attempt to enhance employees' awareness of compliance and to re-examine potential risks in daily work.

Major initiatives

Implementation of compliance training (Headquarters, branches, group companies)	
• Disciplinary cases • Importance of compliance • Bribery, Anti-monopoly Act	• Public Offices Election Act • Reallocation of construction costs
e-learning compliance training	
Compliance reinforcement month: October	For young employees
• Internal whistleblower system • Harassment • Fraudulent actions • Information leakage • Copyright etc.	• Copyright • Harassment, etc. • Compliance education for daily work and life
Generative AI seminar	
Conducted a seminar on the basics of generative AI, featuring an invited attorney	
Distribution of the compliance handbook	
A handbook containing compliance information regarding daily work was created with the aim of improving and maintaining awareness among executives and employees.	
Distribution of the compliance card	
Cards the size suitable for carrying were distributed, aiming at improving and maintaining awareness among executives and employees.	

Group compliance

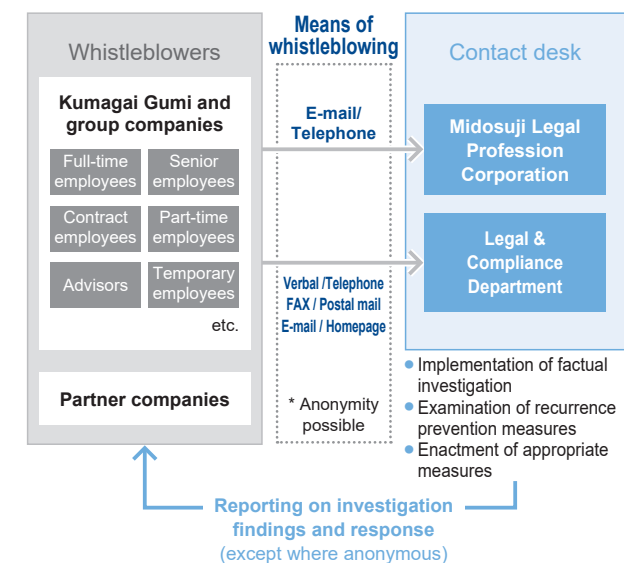
The Kumagai Gumi Group Compliance Promotion Council is held twice a year for the purpose of confirming the status of compliance promotion and exchanging views, and the entire Kumagai Gumi Group strives to ensure thorough compliance.

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. If partner companies are forced to engage in fraudulent actions by Kumagai Gumi employees, they are requested to notify the company's internal hotline. If a partner company has taken part in such fraudulent actions, measures are taken to suspend transactions with that company. These measures are enacted to prevent such fraudulent actions from taking place.

Internal whistleblower system

The Kumagai Gumi Group has set up a hotline for quickly assessing, correcting, and preventing problems involving compliance. We are working to root out compliance violations by accepting a wide range of whistleblower reports, including from our employees, group company employees, and partner businesses. We have also introduced a leniency program (measures for reducing penalties for whistleblowers) to encourage people involved in violations to voluntarily supply details.



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 Act 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 2026, our company is involved in 14 civil cases in Japan. In FY2025, 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	• Loss of public trust • Damage to corporate value • Incidents of boycott behavior • Legal risks such as filing of lawsuits, administrative penalties, etc. • Geopolitical risks and changes in government policies	• Greater level of risk-taking • Loss minimization

Fundamental Concept

In accordance with the Risk Management Basic Policy, 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

Kumagai Gumi has established the Risk Management Committee, which is chaired by the President, to strengthen risk management across the Kumagai Gumi Group. The purpose is to centrally manage risks and countermeasures by department at Kumagai Gumi and

Group companies, and to reduce risks in corporate activities by clarifying responsibility.

This committee deliberates on and directs preventive measures against potential risks in business and responses to risks that have materialized, while also being responsible for status confirmation based on monitoring and other means. Specifically, we create a risk map with two axes—"likelihood of occurrence" and "degree of impact on performance"—to visualize issues that should be addressed with priority. Based on this, we set annual important risks and address them to reduce risk throughout the Group.



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.

Business and other risks	Pages of this Report	
Trends in construction investment	P.18-19,34-37,40-41	The Kumagai Gumi Group's Business / Domestic Civil Engineering/Domestic Building Construction / Peripheral Businesses
Fluctuations in construction materials market conditions and labor costs		
Shortage of skilled workers		
Securing human resources	P.72-83	Opinion-Exchange Meetings with Knowledgeable Experts / Human capital management
Business expansion overseas	P.38-39	Overseas Construction Business
Effects of natural conditions and natural disasters on the construction business	P.34-37,40-41	Domestic Civil Engineering / Domestic Building Construction / Peripheral Businesses
Pandemics	P.103	Business Continuity Plan (BCP)
Construction work defects	P.91	Quality Control
Occupational disasters and accidents in the construction business	P.90	Occupational Health and Safety
Impairment of fixed assets and investment securities	P.24-27	Financial Strategy
Customer and business partner trust	P.102-103	Risk Management
Compliance violations	P.100-101	Compliance
Environmental issues	P.57-71	Overall picture of environmental management / Aiming to achieve carbon neutrality / Response to climate change risks / Promoting a circular economy / Achievement of nature positive
Information security	P.103	Information security

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.

Operation of the Safety Confirmation Communication System

In preparing support systems based on BCP, confirmation of the safety of employees is the most important matter. At Kumagai Gumi, by operating a safety confirmation system, we confirm the safety of employees of Group companies and partner companies as well, thereby establishing a structure that enables the Kumagai Gumi Group to continue business.

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.

Under this framework, we conduct targeted cyberattack email drills 12 times a year and provide information security training across the Kumagai Gumi Group to raise awareness among all officers and employees.

In addition, we introduced DMARC (Domain-based Message Authentication, Reporting, and Conformance) as part of strengthening email security. We are taking measures both to guarantee that emails sent by our company are legitimate and to prevent spoofed emails pretending to be from our company from reaching recipients.

Taiwan Kumagai Co., Ltd., our overseas group company, has also been incorporated into Prisma Access, the Kumagai Gumi Group's network infrastructure, to strengthen security across the entire Group.

Protection of Personal 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	- Loss of public trust - Damage to corporate value - Occurrence of boycotting behavior	- Strengthening of relationships with existing customers - Improvement in recruitment and retention of human resources

Fundamental Concept

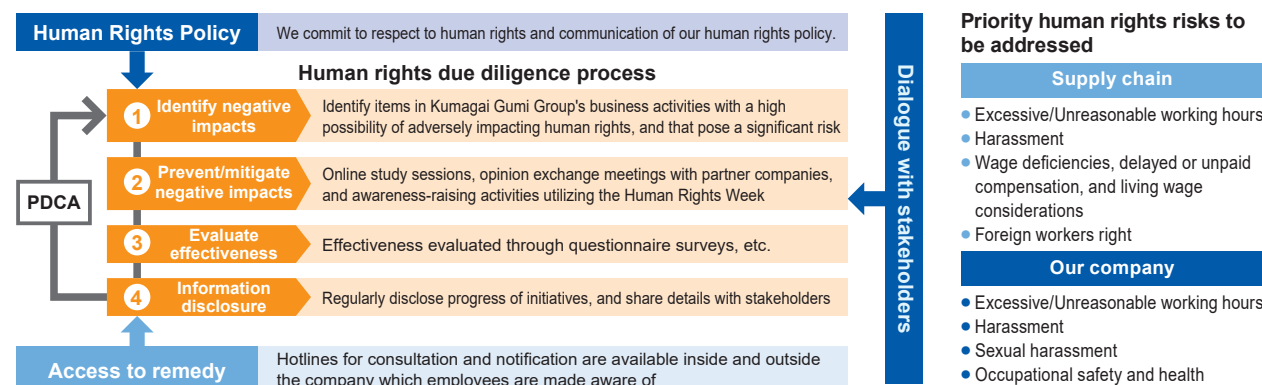
In addition to taking into account the human rights of all officers and employees of the Kumagai Gumi Group, business partners, suppliers and other relevant parties are requested to endorse the Kumagai Gumi Group Human Rights Policy in order to respect human rights and ensure there are no violations. In FY2025, the content of the policy was reviewed and revised. 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 FY2025.



Human Rights Due Diligence

Human rights due diligence process

With its business domains as the scope of coverage, the Kumagai Gumi Group extracts and organizes human rights issues with reference to materials such as the Guiding Principles on Business and Human Rights and the Guidelines on Respecting Human Rights in Responsible Supply Chains, and evaluates them using indicators of likelihood and severity. By visualizing evaluation through mapping, we recognize as priorities the human rights risks that should be addressed first, dividing them between the supply chain and our own company, and are advancing initiatives accordingly.



Initiatives for our own employees

As internal awareness-raising activities, we provide education such as e-learning and internal training that address human rights initiatives. During Human Rights Week in December, awareness-raising activities are conducted via the intranet, email distribution, and other means.

We are also promoting initiatives related to working hours through the workstyle reform Action Plan, which is reviewed every year. [▶P.83 Promotion of work style reform](#)

For occupational safety and health as well, a highly effective management system is operated, and by focusing on employee education, a mechanism for the PDCA cycle has been established.

[▶P.90 Occupational Health and Safety](#)

Initiatives in the supply chain

In FY2025, a procurement questionnaire survey was conducted for 300 partner companies selected in consideration of transaction amounts and handled items. Before and after the questionnaire survey, online briefing sessions and study sessions by specialists were held. The survey results showed that for human rights-related items, there were no matters requiring immediate corrective action. Items that we particularly want counterparties to address as priorities are communicated online to target companies together with the survey report. Going forward as well, our company will appropriately manage human rights risks in the supply chain and maintain a sound state. [▶P.106 Questionnaire survey result](#)

Rights of foreign workers

Regarding respect for the human rights of foreign technical intern trainees, we held dialogue through on-site interviews with partner companies employing them. We put together and shared throughout the Group many good examples of how to treat foreign workers, such as respecting each foreign technical intern trainee as an individual and conducting interviews and proposing career plans tailored to each person. [▶P.107 Dialogue with partner companies](#)

Access to Remedy

Kumagai Gumi has set up several hotlines inside and outside the company to allow all stakeholders, including employees, to consult and report at any time. We prohibit unfavorable treatment to whistleblowers, and we allow anonymous reporting.

List of hotlines available for consultation and report

Available for all employees			Available for the Kumagai Gumi Group stakeholders
- 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	- Inquiries(website) - Job-hunting harassment consultation desk

Measures Against Customer Harassment

In October 2025, we formulated the Basic Policy on Customer Harassment in order to build good relationships with customers, respect the human rights of all people involved in our business, and ensure a safe and secure work environment.

To protect officers and employees from customer harassment, we are providing in-house awareness and employee education on the content of the policy, including organizational responses, using e-learning and other means.

Initiatives to Respect Human Rights in Recruiting Activities

Kumagai Gumi has established the Code of Conduct for Recruiting Activities in order to respect human rights and create an environment in which students can engage in job hunting with peace of mind. This code requires measures such as restrictions on meeting locations during OB/OG visits and similar occasions in order to prevent various forms of harassment arising from power imbalances, thorough limitation of communication

methods to company email and mobile phones, and prior application to the company before meetings. In addition, we continue awareness education for employees and have established dedicated internal and external consultation desks to promote highly transparent recruiting activities. Going forward, we will continue striving to foster a corporate culture in which the human rights of all stakeholders are protected.

Expert comment

Kazuo Tase, President & CEO, SDG Partners Ltd.



Compared with other industries, the construction industry stands out for the extraordinary diversity of people involved. Extremely complex processes support the construction industry, including design, customer contact points, procurement of building materials, logistics, construction sites, and waste. These inevitably involve environmental and human rights risks, requiring strong governance to mitigate them.

In FY2025, Kumagai Gumi conducted a comprehensive supply chain survey in parallel with internal human rights awareness activities, enabling it to accurately understand human rights risks, including the rights of foreign workers. I feel that this deserves high praise.

Going forward, I hope the Company will continue further improving human rights awareness throughout the organization, including among management, and building robust systems to support it. I am also convinced that this will lead to the realization of the human rights of all people involved in construction.

Supply Chain Management

Specific issues	Risk of inaction	Opportunities
Strengthening of supply chain management	- Illegal conduct by procurement partners - Structural exhaustion of the entire industry due to the emergence of low-price competition - Increase in procurement costs	- Formation of appropriate markets - Optimization of procurement costs - Revitalization of supply chains

Fundamental Concept

We believe that, for the Kumagai Gumi Group to carry out sound business activities, it is important to work collaboratively across the entire supply chain in partnership with our business partners. 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

Our Company works with partner companies and business partners to increase added value throughout the 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

Procurement Policy and Procurement Policy Guidelines
<https://www.kumagaigumi.co.jp/news/2021/nw-20210331-2.html>



Implementation of Due Diligence Related to Procurement

Briefing sessions and study sessions

The procurement due diligence in FY2025 was carried out for the purpose of publicizing and deepening understanding of the Procurement Policy Guidelines and the Kumagai Gumi Group Human Rights Policy. Online briefing sessions that also served as study sessions were held before and after the questionnaire survey, and specialists gave lectures at the study sessions.

Questionnaire survey result

The questionnaire mainly investigated the degree of efforts in the areas of human rights, environment, and governance. While no results required immediate correction in any area, items that our company considers particularly important and wants counterparties to address as priorities are publicized through online result briefing sessions and the sending of result reports.

The detailed survey results showed that companies

implementing substantive human rights due diligence and engaging with business partners were still limited in number. We will continue communicating the importance of such efforts. By field, items identified as high risk—such as the rights of foreign workers and working hours—will be addressed with priority, and information security, where specific training was found to be lacking, is also scheduled to be reflected in future study sessions and other initiatives.

In addition, in FY2025, questions on the traceability of formwork plywood were included as a first step toward understanding the current situation in wood procurement.

▶ P.107 About wood procurement

Through sharing good practices obtained from interviews and exchanges of views after the questionnaire survey and through dialogue, we will work together with business partners to solve issues and build a sustainable system.

Survey responses	233/300 companies (response rate: 78%)
Target companies	Selected from the perspectives of transaction amount, membership in Yuuei Kyoryoku Kai, companies handling wood, and other factors
Implementation period	November to December 2025
Survey content	Confirmation of the status of corporate initiatives in areas such as human rights, environment, wood procurement, governance, and information security
Study sessions	Held once each before and after the questionnaire survey (approximately one hour each)

Dialogue with partner companies

For the purpose of understanding substantive risks and issues in the supply chain and collecting good examples, we conducted individual interviews and exchanges of views with major suppliers. In FY2025, these were conducted face-to-face or online with five companies of differing industries and corporate scales (specialty constructors, equipment and materials suppliers, etc.). We sought to grasp the current situation from multiple angles by hearing not only from management but also from operational personnel.



About Wood Procurement

Among the materials handled in our value chain, wood has been identified as carrying particularly high environmental risk. In particular, formwork plywood is attracting attention because of risks of deforestation and human rights abuses from raw material extraction through delivery to construction sites.

In FY2025, we conducted questionnaire surveys of some companies for the purpose of understanding the supply chain situation. Our company recognizes biodiversity conservation and the use of sustainable forest resources as one of the priority issues the construction industry should address. For the questionnaire items, we consulted with WWF Japan to provide supervision. By incorporating WWF Japan's specialized expertise into our own evaluation criteria, we aim to build a procurement

framework with high reliability and transparency and promote sustainable resource use.

In addition, for some business partners, we conducted in-person and online interviews to exchange views on the status of traceability and the handling of certified materials.

▶ P.112 Study sessions and opinion exchange meetings held in collaboration with WWF Japan

Examples of questionnaire items on wood

- Tree species name
- Country, state, prefecture, forest management compartment, etc. of origin
- Some form of documentation regarding product legality and environmental and social considerations Certificates

Publication of the “Partnership Building Declaration”

Kumagai Gumi supports and has published the content of the “Partnership



Building Declaration,” established by the Chairperson of Keidanren, the President of the Japan Chamber of Commerce and Industry, the President of Rengo, and relevant ministers.

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 (the “promotion standards” under the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises).

Partnership 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 2026 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. ▶ P.111 Yuuei Kyoryoku Kai

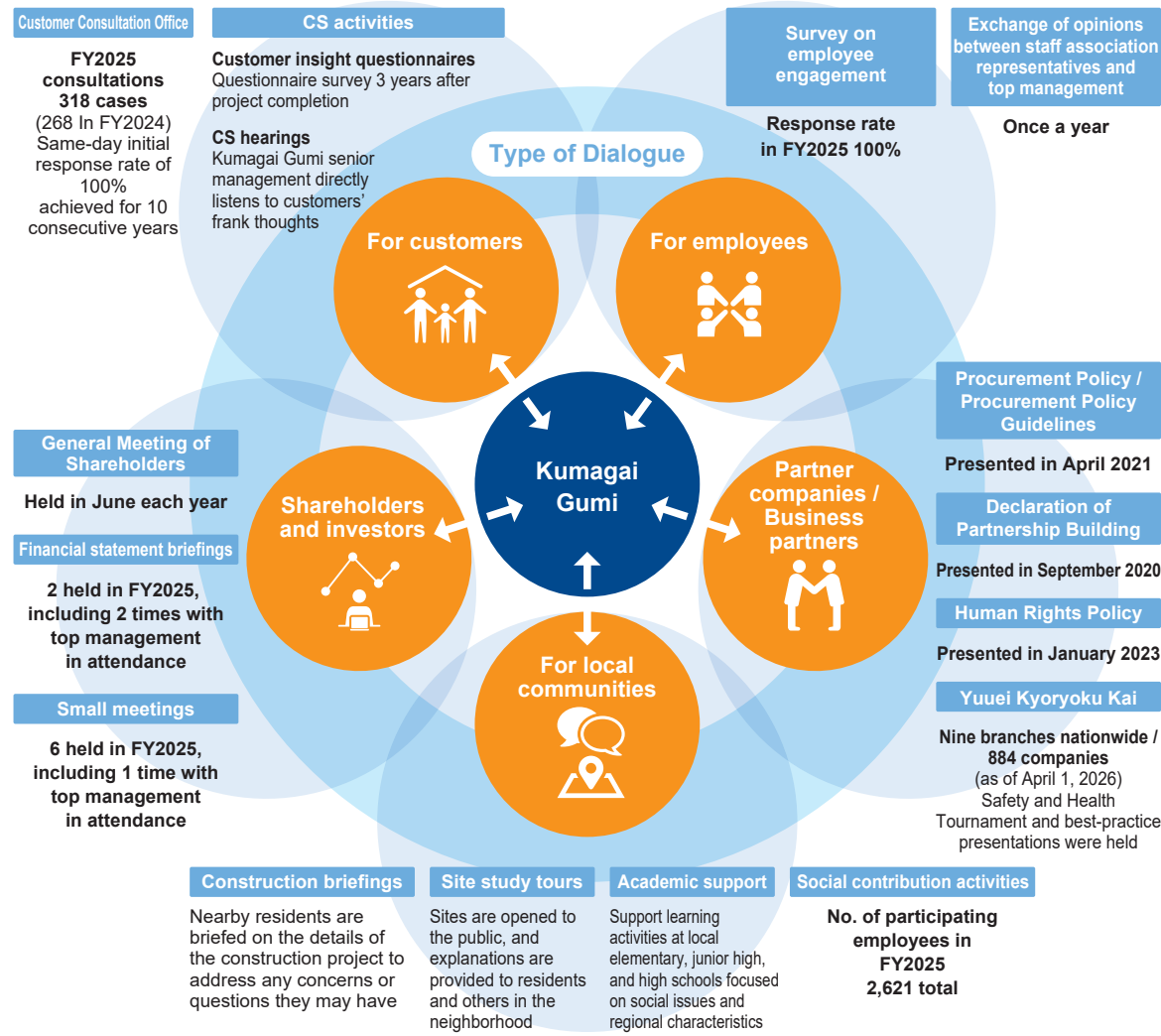
Stakeholder Engagement

Specific issues	Risk of inaction	Opportunities
Strengthening CS	- Loss of trust due to inappropriate response - Decline in long-term competitiveness - Disconnect from customers	- Increase in “earning power” and “customer appeal” - Increase in long-term competitiveness - Acquisition of customer loyalty
Active dialogs with investors	- Increase in cost of capital - Loss of investment opportunities	- Formation of appropriate market valuation - Incorporation of investor feedback into management
Securing skilled workers in the construction industry	- Difficulty in hiring and outflow of Human resources - Quality and safety problems due to labor shortages	- Expansion of business by securing construction capabilities - Improvement in image through occupational safety initiatives
Creation an environment of wellness	- Decrease in labor productivity and outflow of human resources - Increased workplace stress	- Creation of innovation by strengthening management base - Improvement in employee engagement and mental health - Increased productivity
Initiatives to solve social issues	- Decline in long-term competitiveness - Decrease in competitiveness due to lack of know-how	- Development of new technologies and new products - Strengthening on relationships with local communities - Promotion of CSR initiatives

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 them.



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.



CS training

Engagement with Employees

Giving back to employees

Kumagai Gumi has established a staff association for the purpose of promoting communication among employees and promoting welfare and for fostering communication between the company and employees, thereby contributing to the development of the company. 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 management, including the President, to exchange opinions. This has led to revisions of rules regarding employee benefits and welfare benefits, at the request of many employees.

Since FY2024, we have held an e-sports tournament organized by the staff association to promote internal communication and enhance engagement. In FY2025, more than 800 employees and their family members from



“KumaFes” e-sports tournament

all domestic and overseas bases, including Taiwan and India, participated in company-wide exchange through online games. At the opinion exchange meeting held after the event, future initiatives were discussed with reference to questionnaire results.

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.



Exchange of opinions between staff association representatives and management

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 FY2025, we engaged in dialogue through a variety of means, including one-on-one meetings and small meetings with domestic and overseas shareholders and investors using online tools, earnings briefings and site visits, and participation in investor conferences. The status of these activities and other matters was disclosed in the Corporate Governance Report, integrated report, website, and earnings briefings materials. We also strengthened the framework for promoting constructive dialogue with shareholders and investors by transferring the dedicated IR department into the Corporate Planning Department and enhancing coordination with management and the corporate planning division.

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. The opinions, requests, and other input from shareholders and investors identified through dialogue are analyzed in terms of gist and trends and discussed by the Board of Directors, thereby being fed back into management and used as reference for shareholder returns, capital policy, investment strategy, and the enhancement of corporate value.

Dialogues held

Number of times		Major participants
Small meetings	6 times	President and Representative Director, departments in charge, etc.
Individual meetings	138 times	President and Representative Director, executives in charge, departments in charge, etc.
SR interviews	10 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	2 times	President and Representative Director, executives in charge, departments in charge, etc.
Site study tours	2 times	Departments in charge, etc.

Main themes in the dialogues

Construction business environment
- Order situation and prospect of profit at the time of order - Medium- to long-term top line and target margin levels - Sustainability of a certain level of profit margin in the Domestic Civil Engineering Business - Factors behind the decline in the gross profit margin in the Domestic Building Construction Business and outlook - Factors that cause losses in construction work and completion times - Impact on performance of surging crude oil prices due to worsening conditions in the Middle East - Situation and outlook of soaring construction costs, such as material cost and labor cost - Pass-through of increased costs into prices and status of reflecting the price escalation clause in contracts - Status of securing partner companies and supply-demand balance - Recognition of the business environment and future outlook
Peripheral Businesses
- Status of Iidabashi redevelopment project and real estate investment - SEP investment and offshore wind power generation initiatives - Progress of investments and outlook for the timing of profit contribution

Alliance with Sumitomo Forestry Co., Ltd.
- Status of medium- and large-scale wooden construction business initiative - Change in equity ownership ratio with Sumitomo Forestry Co., Ltd. - Direction of the capital alliance with Sumitomo Forestry Co., Ltd.
Capital Policy/Return to Shareholders
- Progress of the Medium-term Management Plan and status of consideration of the next Medium-term Management Plan - Ideas about optimal capital structure - Approach to equity ratio level and additional shareholder returns - Background to the decision on the scale of treasury stock acquisition and use of funds
Sustainability, governance
- Human capital management 2024 Issue (application of overtime work upper limit regulations) and impact - ZEB, GX market, decarbonization biomass fuel Black Bark Pellet - Background to the transition to a company with an Audit and Supervisory Committee - Status of reduction in strategically held shares and policy for further reduction

Involvement with Business Partners

Yuuei Kyoryoku Kai

The Yuuei Kyoryoku Kai is an organization of 884 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 QCDSE and to promote the creation of positive workplace environments.

In FY2024, youth subcommittees were launched nationwide with 112 members active across nine branches. Kumagai Gumi will actively support exchanges among the youth divisions of each branch and provide opportunities for mutual learning in which participants can absorb each other's knowledge and technologies. In addition, by promoting network building with our young employees, we aim to create a strong relationship of trust that will together support future construction sites and to create attractive workplace environments.

We also actively recommend use of the Construction Career-Up System (CCUS) in order to support the career development of skilled workers and realize rewarding worksites. When each partner company introduces this system, it sends a powerful message that "we value Human resources," and this directly leads to securing and developing excellent skilled workers. Based on strong trust with our partners, our company is working to build a framework of coexistence and co-prosperity that will support the next generation of the construction industry.

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 92 submissions in FY2025.

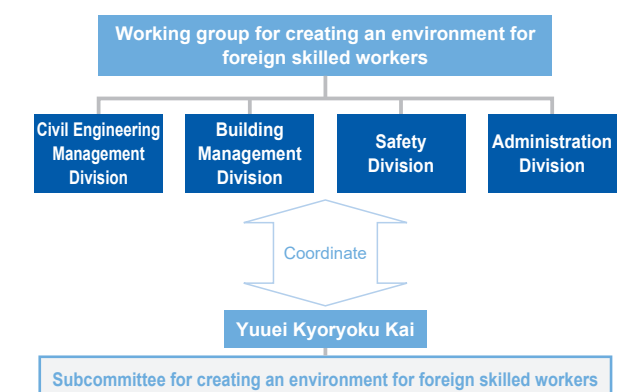
Initiatives for creating an environment for foreign skilled workers

As part of securing the future workforce, Kumagai Gumi

is advancing the creation of workplace environments in which foreign skilled workers can work safely and for the long term with peace of mind. To put this into concrete form, we established the working group for creating an environment for foreign skilled workers and are promoting measures in cooperation with Yuuei Kyoryoku Kai.

This working group centers its activities on the following four themes.

- Initiatives aimed at reducing occupational accidents involving foreign skilled workers
- Improvement of the environment for accepting foreign skilled workers at worksites
- Support for the career development of foreign skilled workers
- Promotion of the hiring of foreign skilled workers



In FY2025, we conducted a survey of Kumagai Gumi worksites on the employment status of foreign skilled workers to understand the acceptance situation and related issues. We also worked to deepen understanding of foreign skilled workers by holding lectures by the Japan Association for Construction Human Resources (JAC) for Kumagai Gumi officers and employees and partner companies.

Going forward, we will continue promoting the creation of environments in which foreign skilled workers can work safely and securely, while aiming to build a sustainable construction system in which diverse Human resources can thrive.

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
- Zenkoku Kodomo Shokudo Shien Center Musubie
- Kosodate Hiroba Zenkoku Renraku Kyogikai (Activities to support Childcare in the community)
- Japan Inclusive Football Federation
- WWF Japan

Study sessions and opinion exchange meetings held in collaboration with WWF Japan

From FY2025, Kumagai Gumi and WWF Japan have entered into a three-year corporate partnership to work together toward realizing a sustainable future in which people and nature can live in harmony. As part of this, in October 2025, with the cooperation of local people, we conducted an inspection tour of FSC-certified forests and a study session in Minamisanriku, Miyagi Prefecture.

In April 2026, we also held an opinion exchange meeting on the theme of “Green Steel.” In the construction industry, reducing CO₂ emissions across the entire building lifecycle is required, and interest is rising in materials that are important for decarbonization. The challenges to wider adoption of green steel are its price, supply volume, and evaluation standards. On this occasion, personnel in charge of operations from each of our divisions attended and exchanged views with WWF Japan on issues concerning green steel.



Inspection tour of FSC-certified forests

Study session on FSC-certified forests

Scene from the green steel opinion exchange meeting

Engagement 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 FY2025, 2,621 employees took part in 149 instances of activities nationwide, with the company donating 3.506 million yen in social contribution expenses for FY2026. 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.

* 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.

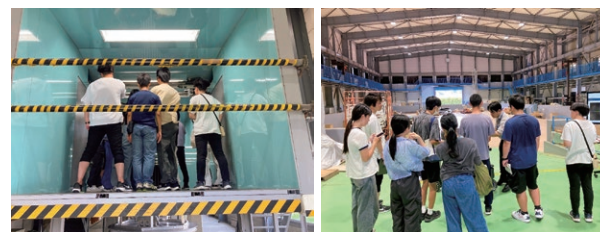
* FY2026 social contribution expenses include the combined total of activity points from FY2025 and any points carried over.

Mechanisms for promoting social contribution activities

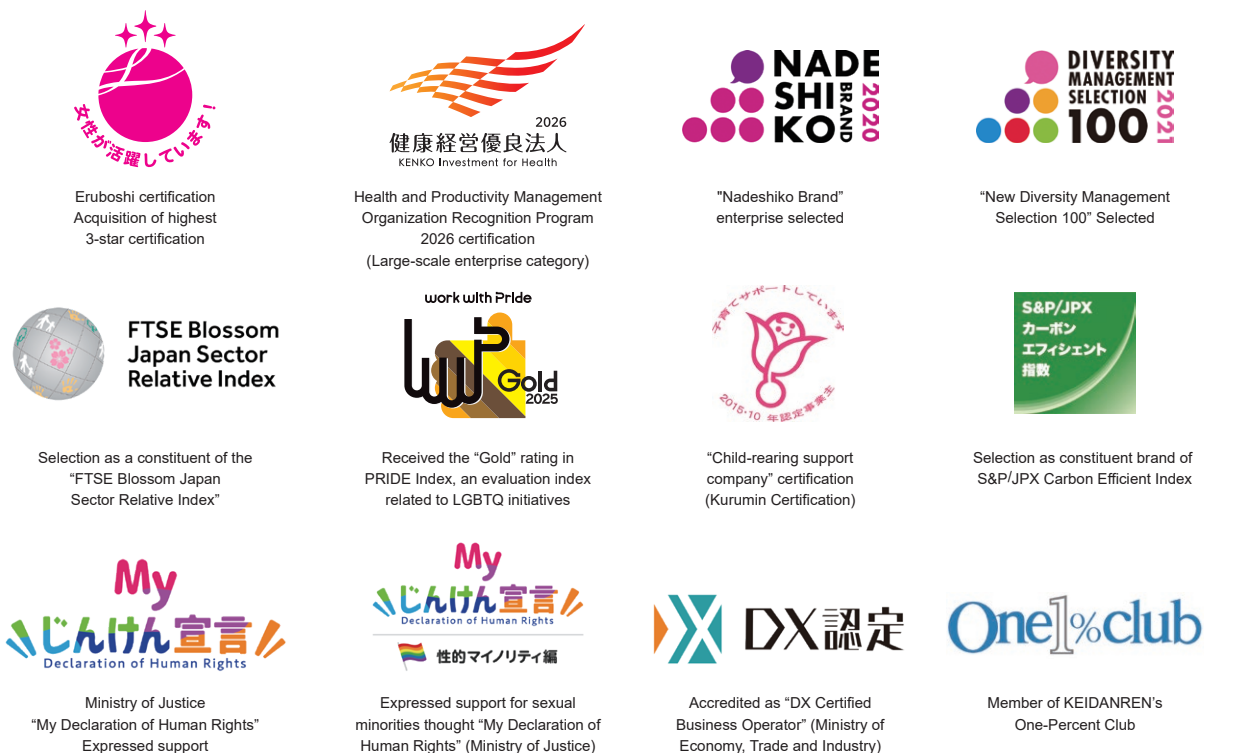
- **Volunteer support system regulations:** Established in 2008. They are revised flexibly in accordance with internal and external needs.
- **Volunteer leave:** Employees may take up to three days of special paid leave per year as volunteer leave. Volunteer leave can also be taken in half-day units or hourly units.
- **Volunteer insurance:** The Company handles procedures when employees participate in volunteer activities. 50 employees enrolled in FY2025.
- **Reporting to the Sustainability Promotion Committee:** Activities are reported to the Sustainability Promotion Committee, one of the management committees.
- **Activity reports:** Individual activity reports are posted on the Company intranet along with monthly summaries.
- **Smile Project representatives at Headquarters and branches:** A person in charge is assigned at each division and branch. They are responsible for disseminating information from the secretariat and providing administrative support. Overall meetings are held two to three times a year to discuss direction and share the status of activities.

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.



Evaluation by Society and Participation in Initiatives



Messages from Outside Directors



Continuous creation of innovation and sustainable growth

Until now, I have been involved in management at a chemical manufacturer and have worked to create social value through the provision of high-performance materials. The construction industry is a core industry that supports the social infrastructure and is required to contribute to a sustainable society in a more direct and larger-scale way.

For the Company to contribute to society and continue enhancing both its earning power and its customer appeal, the continuous creation of innovation is indispensable. I believe that realizing productivity, safety, quality, and sustainability that go beyond conventional extensions through transformation of technology, systems, and human resources will become the source of our competitiveness.

By leveraging the knowledge I have cultivated in a different industry and through constructive discussions at the Board of Directors, I will strive to help achieve both the sustainable growth of the Company and that of society.



Erisa Watanabe
Outside Director

Advances in the governance framework and an objective perspective

It has been four years since I became an Outside Director of the Company. During that time, there has been notable progress in the governance framework, including the change from a company with an Auditors Committee to a company with an Audit and Supervisory Committee, the establishment of the Risk Management Committee, and integrated management of Group companies.

In terms of operation, examples include a stricter stance toward internal misconduct and strengthening of the internal audit division.

One strength of our governance is that the company listens candidly to the issues raised by outside directors. This stands out even among the companies with which I am involved as an outside officer or outside counsel. Even if it takes time to actually resolve a problem, the company does not leave problems unattended.

Another strength is that the Company values its employees, and employees in turn have high loyalty to the Company. However, to ensure that this relationship does not generate mutual deference that conceals the essence of issues, I will continue to keep a close watch from an objective perspective.



Masaya Nara
Outside Director

Constructive proposals and customer appeal

One year has passed since the company transitioned to a company with an Audit and Supervisory Committee. At the Board of Directors, outside directors with diverse skills and experience provide constructive proposals from multifaceted perspectives, and active discussion is taking place. I feel that these discussions and proposals are reflected in management decision-making, that execution capability has grown even stronger, and that the company is moving powerfully toward the final year of the Medium-term Management Plan.

Through improvement in profit margins in the core construction business, earning power has been steadily strengthened, and results are also emerging from “strategic investment in Human resources,” such as enhancement of the human resources foundation and improvement of engagement. For the sustainable growth of the Kumagai Gumi Group, I will contribute to further enhancing customer appeal, strengthening trust from stakeholders even more firmly, and improving the effectiveness of governance that supports the enhancement of corporate value.



Miho Ueda
Outside Director (Audit Supervisory
Committee Member)

Awareness as “a public institution of society” and qualitative transformation of the business

I have newly been appointed as an Outside Director.

Global issues caused by social division and climate change, as well as Japan’s structural problems such as Human resources shortages and aging, are becoming manifest. Even though the essential mission of a general contractor remains unchanged, we need to recognize once again that qualitative transformation of our business model is being demanded of us.

Because of the high public nature of our business, awareness as “a public institution of society” is important. On that basis, we must aim to enhance our unique corporate value in areas where economic benefits and social benefits are synchronized.

For that purpose, outside directors are required to discern the essence of governance and create an environment for taking on new risks. That role is “oversight and support.”

As a former manager of a chemical manufacturer, I will draw on my experience on both the execution and oversight sides to reduce information asymmetry and contribute to qualitative transformation toward businesses that create new corporate value.



Kaoru Ino
Outside Director

Strengthening governance by leveraging many years of experience

I was newly appointed as an Outside Director starting in FY2026.

As a certified public accountant, I have spent more than 30 years engaged in statutory audits of companies of various sizes and industries, not only auditing the reliability of financial statements but also, as an independent third party able to stand on the front line, engaging in sincere discussions with management as necessary regarding companies’ compliance and risk management status and governance status.

By making use of that valuable experience and fully understanding the expectations placed on and responsibilities of independent outside directors, I intend to ask questions and make proposals at Board meetings and other forums without preconceptions and without currying favor, regarding management policy, business strategy, and the direction of management improvement. While also being conscious of the transparent disclosure with which I have long been involved, I will deepen meaningful discussion so as to serve as a preventive safeguard and contribute to enhancing corporate value and strengthening governance.



Hiroshi Tawara
Outside Director (Audit Supervisory
Committee Member)

Key Financial Data over 10-Year Period

		Unit (millions of yen)	2016 FY ended March 2017	2017 FY ended March 2018	2018 FY ended March 2019	2019 FY ended March 2020	2020 FY ended March 2021	2021 FY ended March 2022	2022 FY ended March 2023	2023 FY ended March 2024	2024 FY ended March 2025	2025 FY ended March 2026
Orders received	Orders received (Non-Consolidated)		284,711	381,784	454,007	324,959	283,361	350,236	348,647	375,589	379,364	316,196
	Civil Engineering		103,718	129,891	155,751	92,371	100,106	110,826	101,273	106,425	110,971	112,527
	Construction business		180,992	251,892	298,255	232,587	183,255	239,409	247,373	269,163	268,392	203,668
Performance	Sales		344,706	374,019	389,058	436,151	450,232	425,216	403,502	443,193	498,581	487,698
	Gross profit		41,080	40,230	45,530	45,498	48,084	43,466	33,211	36,080	38,315	53,239
	Gross profit margin	(%)	11.9	10.8	11.7	10.4	10.7	10.2	8.2	8.1	7.7	10.9
	SG&A expenses		15,945	17,188	19,065	20,057	20,015	20,723	21,728	23,430	24,016	26,147
	Operating income		25,135	23,041	26,464	25,440	28,069	22,743	11,483	12,649	14,299	27,092
	Operating income margin	(%)	7.3	6.2	6.8	5.8	6.2	5.3	2.8	2.9	2.9	5.6
	Ordinary income		25,358	22,682	26,553	25,718	28,400	23,732	12,236	13,040	14,411	27,049
	Profit attributable to owners of parent		16,433	15,783	13,312	19,447	17,925	15,850	7,973	8,316	9,354	20,068
	Comprehensive income		16,947	14,098	12,956	17,851	21,414	15,267	10,007	17,845	7,764	18,829
Financial position	Net assets		80,288	126,374	134,883	148,034	163,835	169,302	169,860	180,014	181,829	187,867
	Total assets		271,908	333,665	353,718	374,841	379,573	371,096	376,650	467,232	462,533	448,918
	Property, plant and equipment		17,199	19,504	24,836	25,347	25,658	27,451	29,309	29,803	32,472	37,260
	Interest-bearing debt		15,422	14,479	12,849	12,258	11,889	12,153	22,197	52,379	42,136	49,733
	Equity ratio	(%)	29.5	37.9	38.1	39.5	43.2	45.6	45.1	38.5	39.3	41.8
Cash flow	Cash flows from operating activities		8,625	17,641	(12,398)	345	6,572	8,258	(18,826)	16,971	8,233	25,016
	Cash flows from investing activities		(3,090)	(14,010)	(7,379)	(2,298)	(4,306)	(3,395)	(8,458)	(10,778)	(11,990)	(6,458)
	Cash flow from financing activities		(4,024)	30,856	(6,126)	(5,361)	(6,112)	(9,686)	456	22,319	(16,466)	(5,268)
	Cash and equivalents, end of period		73,926	108,532	82,446	75,155	71,335	67,404	40,974	70,073	50,156	64,679
Per-share information	Net assets per share (BPS)	(yen)	215.03	2,707.51	2,894.41	3,177.22	3,516.06	3,751.08	3,894.10	4,185.54	4,236.31	1,105.63
	Basic earnings per share (EPS)	(yen)	43.99	389.63	285.48	417.34	384.68	342.13	179.64	192.35	217.73	116.94
	Dividend per share	(yen)	7.00	90.00	100.00	120.00	120.00	120.00	130.00	130.00	130.00	47.00
	Payout ratio	(%)	15.9	23.1	35.0	28.8	31.2	35.1	72.4	67.6	59.7	40.2
Stock price indicators	Stock price at the end of the period	(yen)	290	3,420	3,460	2,501	3,005	2,710	2,659	4,175	4,030	1,532
	Price-earnings ratio (PER)	(multiple)	6.6	8.8	12.1	6.0	7.8	7.9	14.8	21.7	18.5	13.1
	Price-to-book ratio (PBR)	(multiple)	1.3	1.3	1.2	0.8	0.9	0.7	0.7	1.0	1.0	1.4
	Number of shares issued at the end of the period		377,544,607	46,805,660	46,805,660	46,805,660	46,805,660	45,411,660	43,900,360	43,285,560	43,285,560	173,142,240
Other	Return on equity (ROE)	(%)	22.6	15.3	10.2	13.7	11.5	9.5	4.7	4.8	5.2	10.9
	Ordinary income to total assets ratio (ROA)	(%)	9.6	7.5	7.7	7.1	7.5	6.3	3.3	3.1	3.1	5.9
	Capital investment		3,187	4,183	7,374	2,636	2,500	4,192	4,799	2,625	4,842	5,389
	Research and development expenses		1,784	1,987	2,348	2,581	2,660	2,725	2,812	3,148	3,137	3,418
	Depreciation		1,344	1,684	1,911	2,062	2,011	2,004	1,869	2,030	2,068	2,136
	Number of employees		3,798	3,892	4,032	4,154	4,259	4,338	4,406	4,432	4,536	4,507

* The company performed a stock merger at a ratio of 1 share per 10 shares of common stock, effective October 1, 2017.

* 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.

* The Company conducted a four-for-one stock split of its common stock, effective October 1, 2025.

Consolidated Financial Statements

Consolidated balance sheet (Unit: millions of yen)

	2024	2025		2024	2025
	(March 31, 2025)	(March 31, 2026)		(March 31, 2025)	(March 31, 2026)
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	50,156	64,679	Notes payable, accounts payable for construction contracts and other	102,267	78,356
Notes receivable, accounts receivable from completed construction contracts and other	264,450	240,570	Electronically recorded obligations - operating	43,502	30,222
Costs on uncompleted construction contracts	7,255	7,692	Short-term loans payable	8,109	11,575
Accounts receivable - other	32,113	22,433	Income taxes payable	1,372	8,372
Other	3,502	2,610	Advances received on uncompleted construction contracts	22,761	18,149
Allowance for doubtful accounts	(65)	(67)	Deposits received	36,636	40,604
Total current assets	357,413	337,919	Provision for warranties for completed construction	609	574
Non-current assets			Provision for loss on construction contracts	2,367	875
Property, plant and equipment			Provision for bonuses	4,144	4,618
Buildings and structures	25,585	25,670	Other	7,626	14,391
Machinery, vehicles, tools, furniture and fixtures	19,867	20,454	Total current liabilities	229,398	207,740
Land	19,638	19,470	Non-current liabilities		
Leased assets	737	601	Bonds	-	8,500
Construction in progress	57	5,488	Long-term loans payable	34,026	29,658
Accumulated depreciation	(33,414)	(34,425)	Provision for stock payments	263	205
Total property, plant and equipment	32,472	37,260	Retirement benefit liability	16,316	14,056
Intangible assets	1,725	2,012	Deferred tax liability	73	23
Investments and other assets			Other	625	867
Investment securities	50,372	49,226	Total non-current liabilities	51,305	53,310
Long-term loans receivable	9,324	8,460	Total liabilities	280,703	261,050
Long-term non-operating accounts receivable	98	101	Net assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	30	30	Shareholders' equity		
Deferred tax assets	3,488	4,024	Capital	30,108	30,108
Other	7,833	10,048	Capital surplus	15,170	15,166
Allowance for doubtful accounts	(225)	(166)	Retained earnings	123,852	134,447
Total investments and other assets	70,922	71,726	Treasury stock	(987)	(4,377)
Total non-current assets	105,120	110,998	Total shareholders' equity	168,143	175,344
Total assets	462,533	448,918	Accumulated other comprehensive income		
			Valuation difference on available- for-sale securities	11,467	8,604
			Deferred hedge gains/losses	4	70
			Foreign currency translation adjustment	2,282	2,646
			Remeasurements of defined benefit plans	(67)	1,200
			Total accumulated other comprehensive income	13,686	12,521
			Non-controlling interests	-	0
			Total net assets	181,829	187,867
			Total liabilities and net assets	462,533	448,918

Consolidated statement of income (Unit: millions of yen)

	2024	2025
	(April 01, 2024 to March 31, 2025)	(April 01, 2025 to March 31, 2026)
Net sales of completed construction contracts	498,581	487,698
Cost of sales of completed construction contracts	460,266	434,458
Gross profit on completed construction contracts	38,315	53,239
SG&A expenses	24,016	26,147
Operating income	14,299	27,092
Non-operating income		
Interest income	252	390
Dividend income	953	1,060
Share of profit of entities accounted for using equity method	157	-
Foreign exchange gains	-	185
Other	85	451
Total non-operating income	1,448	2,088
Non-operating expenses		
Interest expenses	571	998
Loss on sale of receivables	115	248
Share of loss of entities accounted for using equity method	-	49
Commission for syndicate loan	238	79
Loss on investment partnership operations	282	470
Foreign exchange losses	28	-
Other	99	284
Total non-operating expenses	1,336	2,130
Ordinary income	14,411	27,049
Extraordinary income		
Gain on sales of non-current assets	3	41
Gain on sales of investment securities	52	4,209
Other	7	28
Total extraordinary income	63	4,279
Extraordinary losses		
Loss on retirement of non-current assets	12	71
Loss on valuation of affiliated company shares	335	-
Provision for allowance for doubtful accounts	32	-
Compensation for damage	204	73
Loss on litigation	89	429
Impairment loss	0	735
Other	0	86
Total extraordinary losses	674	1,394
Profit before income taxes	13,799	29,934
Income taxes, inhabitant taxes, and enterprise taxes	3,646	9,714
Income taxes - deferred	798	153
Total income taxes	4,445	9,868
Profit	9,354	20,066
Net loss attributable to non-controlling interests	-	(2)
Profit attributable to owners of parent	9,354	20,068

Consolidated statement of comprehensive income (Unit: millions of yen)

	2024	2025
	(April 01, 2024 to March 31, 2025)	(April 01, 2025 to March 31, 2026)
Profit	9,354	20,066
Other comprehensive income		
Valuation difference on available- for-sale securities	(1,969)	(2,887)
Deferred hedge gains/losses	1	(5)
Foreign currency translation adjustment	395	363
Remeasurements of defined benefit plans, net of tax	(17)	1,267
Share of other comprehensive income of entities accounted for using equity method	0	24
Total other comprehensive income	(1,590)	(1,236)
Comprehensive income	7,764	18,829
(breakdown)		
Comprehensive income attributable to owners of parent	7,764	18,832
Comprehensive income attributable to non-controlling interests	-	(2)

Consolidated statements of changes in equity (Unit: millions of yen)

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

2025		(April 01, 2025 to March 31, 2026)										
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling Interests Equity interest	Net assets Total
	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	Remeasure- ments of defined benefit plans	Total ac- cumulated other com- prehensive income		
Balance at beginning of current period	30,108	15,170	123,852	(987)	168,143	11,467	4	2,282	(67)	13,686	—	181,829
Changes of items during period												
Dividends of surplus			(9,074)		(9,074)							(9,074)
Profit attributable to owners of parent			20,068		20,068							20,068
Purchase of treasury shares				(3,516)	(3,516)							(3,516)
Disposal of treasury shares		0		127	127							127
Changes in equity due to capital increase of consolidated subsidiaries		17			17							17
Changes in scope of consolidation			(148)		(148)						0	(148)
Decrease due to merger		(22)			(22)							(22)
Changes in scope of application of equity method			(250)		(250)		71			71		(178)
Net changes of items other than shareholders' equity						(2,863)	(5)	363	1,267	(1,236)	0	(1,236)
Total changes of items during period	—	(4)	10,595	(3,389)	7,201	(2,863)	66	363	1,267	(1,164)	0	6,037
Balance at end of current period	30,108	15,166	134,447	(4,377)	175,344	8,604	70	2,646	1,200	12,521	0	187,867

Consolidated statement of cash flows (Unit: millions of yen)

	2024	2025
	(April 01, 2024 to March 31, 2025)	(April 01, 2025 to March 31, 2026)
Cash flows from operating activities		
Profit before income taxes	13,799	29,934
Depreciation	2,068	2,136
Impairment loss	0	735
Increase (decrease) in allowance for doubtful accounts	23	0
Increase (decrease) in provision for loss on construction contracts	(1,452)	(1,491)
Increase (decrease) in net defined benefit liability	(143)	(408)
Interest and dividend income	(1,205)	(1,451)
Interest expenses	571	998
Foreign exchange losses (gains)	57	(66)
Share of loss (profit) of entities accounted for using equity method	(157)	49
Loss on valuation of affiliated company shares	335	-
Loss (gain) on investment partnership operations	282	470
Loss (gain) on valuation of investment securities	(52)	(4,203)
Loss (gain) on sales of non-current assets	(3)	(40)
Loss on retirement of non-current assets	12	71
Decrease (increase) in notes and accounts receivable - trade	2,608	24,453
Decrease (increase) in costs on uncompleted construction contracts	1,222	(423)
Increase (decrease) in notes and accounts payable - trade	15,051	(37,598)
Increase (decrease) in advances received on uncompleted construction contracts	(397)	(4,643)
Decrease (increase) in accounts receivable	(9,995)	9,838
Increase (decrease) in deposits received	(32)	3,967
Other	(9,231)	5,260
Subtotal	13,360	27,588
Interest and dividend income received	1,112	1,372
Interest expenses paid	(568)	(931)
Income taxes paid	(5,670)	(3,013)
Cash flows from operating activities	8,233	25,016
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,074)	(4,683)
Proceeds from sales of property, plant and equipment	4	185
Purchase of investment securities	(1,053)	(2,406)
Proceeds from sales of investment securities	73	761
Purchase of shares of subsidiaries and associates	(462)	(249)
Proceeds from sale of shares of affiliates	-	6,903
Expenditures for acquisition of securities of other affiliated companies	(3,381)	(4,405)
Payments of loans receivable	(2,814)	(1,953)
Collection of loans receivable	189	61
Other	(471)	(672)
Cash flows from investing activities	(11,990)	(6,458)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	1,490	(3,400)
Proceeds from long-term loans payable	9,070	3,957
Repayments of long-term loans payable	(5,804)	(1,459)
Net increase (decrease) in commercial paper	(15,059)	(159)
Proceeds from issuance of bonds	-	8,500
Purchase of treasury shares	(429)	(3,514)
Cash dividends paid	(5,614)	(9,062)
Other	(118)	(128)
Cash flow from financing activities	(16,466)	(5,268)
Effect of exchange rate change on cash and cash equivalents	306	517
Net increase (decrease) in cash and cash equivalents	(19,916)	13,807
Cash and cash equivalents at beginning of period	70,073	50,156
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	-	714
Increase in cash and cash equivalents due to merger	-	0
Cash and equivalents, end of period	50,156	64,679

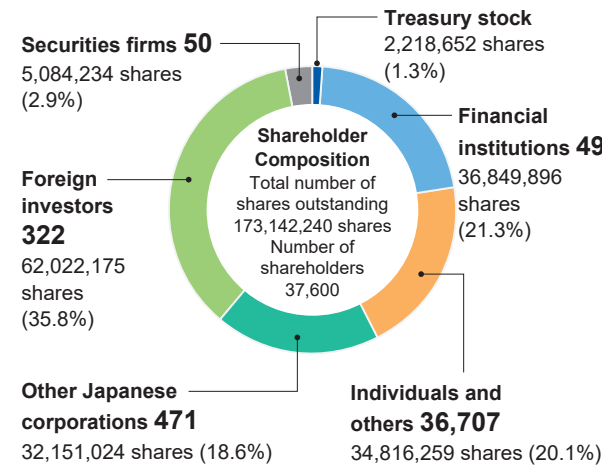
Corporate Information

Company name	Kumagai Gumi Co., Ltd.
Headquarters	2-1 Tsukudocho, Shinjuku-ku, Tokyo
Office	2-6-8 Chuo, Fukui, Fukui Prefecture
Representative	Shin Ueda, President and Representative Director
Founded	January 1, 1898
Incorporated	January 6, 1938
Capital	30.1 billion yen*
Number of employees	4,507 consolidated; 2,740 non-consolidated*
	* As of March 31, 2026
Scope of Business	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.

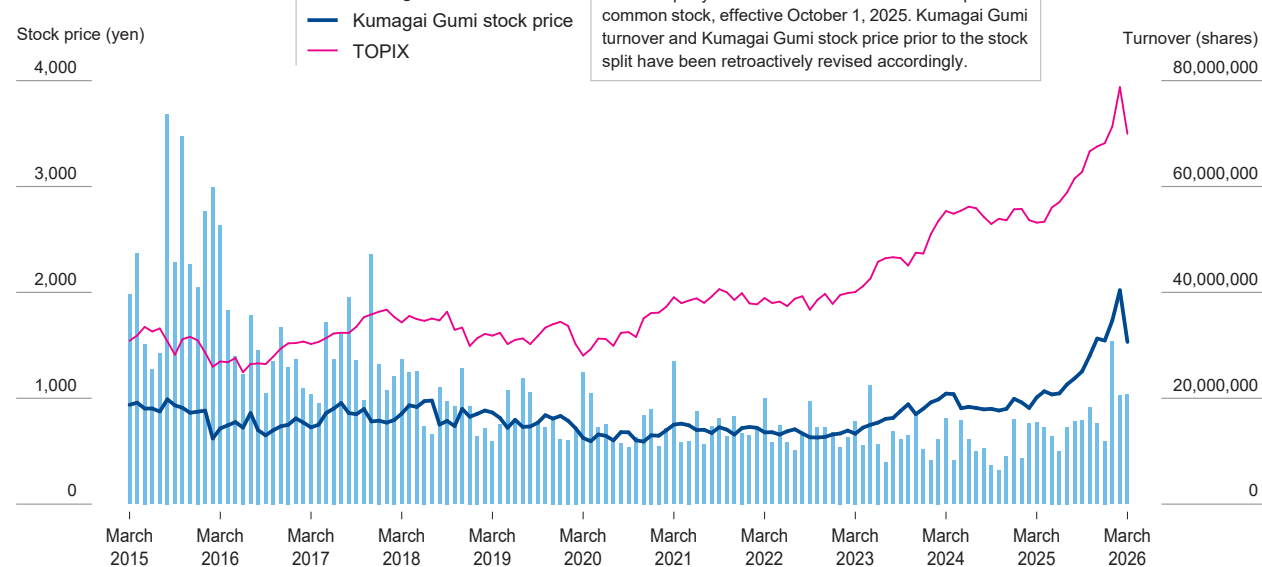
Domestic sites	Hokkaido Branch, Tohoku Branch, Tokyo Metropolitan Area Branch, Tokyo Architectural Branch, Nagoya Branch, Hokuriku Branch, Kansai Branch, Chushikoku Branch, Shikoku Branch, Kyushu Branch, Okinawa Branch, Technical Research & Development Institute
Overseas Offices	Vietnam, Indonesia, Myanmar
Group Companies	GAEART Co., Ltd. K&E Co. Ltd. Technos Co., Ltd. Techno-Space Creates Co., Ltd. FATEC Co., Ltd. Technical Support Co., Ltd. Local Energy System CO., LTD Taiwan Kumagai Co., Ltd.

Stock Information (as of March 31, 2026)

Securities Code	1861
Stock Exchange Listing	The Tokyo Stock Exchange Prime Market
Total Number of Shares Authorized to Be Issued	285,600,000 shares
Total number of shares outstanding	173,142,240 shares
Share Unit	100 shares
Number of shareholders	37,600
Administrator of Shareholders Registry	Sumitomo Mitsui Trust Bank, Limited
Fiscal Year	From April 1 through March 31
Base Date for Annual Dividend	March 31
Annual Shareholders' Meeting	June of the Year



Stock Trading Data



Organizational Chart (as of April 01, 2026)

