Corporate Governance

Kumagai Gumi Co., Ltd.

Last Updated: June 26, 2026
Kumagai Gumi Co., Ltd.
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Securities Code: 1861
https://www.kumagaigumi.co.jp/en/

The current corporate governance framework of Kumagai Gumi Co., Ltd. (herein after referred to as the "Company" or "Kumagai Gumi") is as follows:

I. Basic Views on Corporate Governance Practices, Capital Structure, Corporate Profile, and Other General Information

1. Our Approach to Corporate Governance

Through its core construction and other business activities, Kumagai Gumi is committed to maintaining a high standard of corporate governance practices and devotes considerable efforts to identifying and formalizing the best practices.

Under this basic policy, we have continued our efforts to enhance effectiveness under our previous organizational structure as a Company with an Audit & Supervisory Board. Effective June 27, 2025, however, we transitioned to a Company with an Audit & Supervisory Committee. By making Audit & Supervisory Committee members part of the Board of Directors, we aim to further strengthen the Board's supervisory function and enhance corporate governance. At the same time, by expanding the scope of important business execution delegated to directors, we are promoting a clearer separation between execution and oversight, accelerating management decision-making, and working to further enhance corporate value.

For directors (excluding those who are Audit and Supervisory Committee members), the term of office is one year to ensure clear accountability for management and to maintain an optimal management structure that can respond effectively to changes in the business environment. We have also introduced an executive officer system to facilitate the efficient execution of duties by directors (excluding those who are Audit and Supervisory Committee members). In addition, we have appointed five (5) outside directors (including

Audit and Supervisory Committee members) with proven track records in corporate management. By leveraging the extensive expertise and broad perspectives they have developed through their prior achievements, we aim to further enhance the Board of Directors' supervisory function.

In determining the appointment and compensation of directors (excluding those who serve as Audit and Supervisory Committee members) and executive officers, the Board of Directors makes its resolutions based on the recommendations of the Nomination and Compensation Advisory Committee, which is composed of the Representative Director and outside directors.

For the Audit and Supervisory Committee, we appoint outside directors who serve as committee members and possess the appropriate experience, capabilities, and expertise in finance, accounting, and law. By conducting highly effective audits from an objective standpoint, we seek to strengthen the committee's audit function.

With regard to accounting audits under the Companies Act and the Financial Instruments and Exchange Act, the Company undergoes impartial audits conducted by Gyosei & Co.

[Reasons for Non-compliance with the Principles of Corporate Governance Code]

Kumagai Gumi is in compliance with and stringently upholds all the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of Corporate Governance Code] Updated

[Principle 1-4] (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 alliances, 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 if 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
- Policy on responses to takeover bids and implementation of defensive measures

[Principle 1-7] (Related-Party Transactions)

With respect to related-party transactions, the Company implements appropriate procedures in line with the content and nature of the transaction, in accordance with applicable laws, regulations and internal rules, so as not to impair the common interests of the Company and shareholders, and such transactions are brought before the Board of Directors to confirm their appropriateness and economic rationality unless it is clear that the terms and conditions of such transactions are the same as those of general transactions.

In addition, the Company conducts an annual inspection in order to determine whether or not there are any related-party transactions between a Director or his/her close relative(s) and the Company.

[Supplementary Principle 2-4-1] (Ensuring Diversity in the Appointment of Key Personnel and Others)

(1) Our Approach to Ensuring Diversity

Based on the recognition that it will become more difficult for the construction industry to secure human resources due to a projected decrease in the working population, Kumagai Gumi is proactively working to secure key personnel and to create an environment and various systems that enable diverse human resources to maximize their abilities as a foundation to support the operations of the Company and its management.

Our basic approach is to promote the employment of women as core employees and managers, the employment of people with disabilities, and the reemployment of people after retirement, as well as to improve the employment environment as a management foundation.

Kumagai Gumi’s management philosophy is "to be a vibrant corporate organization that provides a wide range of opportunities for self-fulfillment to motivated employees with pride and confidence. We have established the Diversity Promotion Policy, which aims to create a work environment where all people can work diligently and spontaneously with pride, regardless of gender, age, nationality, gender identity, sexual orientation, or disability, and we are continuously working on ensuring diversity.

(2) Voluntary and Measurable Goals

Item: Percentage of women in management positions
Target: Women to account for 7% or more of newly appointed managers
Current Status: 32.3% in FY2025

The above ratio of female managers is the target of the fourth action plan based on the Act on the Promotion of Women's Active Engagement in Professional Life initiative, covering the period from January 2023 to March 2026.

Under the Fifth Action Plan, covering the period from April 2026 to March 2030, the Company has set a target of increasing the percentage of women in management positions to 8% or more.

The Company places importance on ability and personality in appointing managers, regardless of gender, nationality, or status as a new graduate or mid-career hire.
At present, we do not set individual targets for non-Japanese employees or mid-career recruitment.

(3) Human Resource Development and Work Style Reform Policies, and Their Current Status

The Kumagai Gumi Group has defined the human resources we seek as those who are capable of promoting the Group’s vision, "Enhance, Create, and Support," meaning employees who can "enhance themselves, create the future, and support others." We have formulated the "Human Resource Development Plan" as a guideline and are striving to systematically develop and enhance the skills of our employees through various initiatives.

With the changing working environment and the diversifying of employees' values, we are creating an environment and various systems that allow employees to choose their work styles flexibly while meeting their diverse needs. In order to create an environment where employees can maximize their abilities and obtain a sense of contribution to the company, we are working to promote reforms in the way we work.

For further information on the current status of human resource development and work style reforms, please refer to the Company's website and Corporate Report as follows:

Statements on Our Website:
https://www.kumagaigumi.co.jp/en/sustainability/society/

Integrated Report:
https://www.kumagaigumi.co.jp/en/sustainability/integratedreport/

[Principle 2-6] (Pension Funds as an Asset Owner)

The Company has introduced a defined contribution pension plan, and to ensure that the plan is properly managed, the Company will carefully select an appropriate fund management company and provide training to its participants.

[Principle 3-1] (Information Disclosure)

(1) With respect to Kumagai Gumi's management philosophy, management strategies, and management plan, please see the Company's website.

[Management Philosophy]

https://www.kumagaigumi.co.jp/en/company/vision.html

[Management Strategies/Management Plan]
(Medium-Term Management Plan)

https://www.kumagaigumi.co.jp/en/company/medium-term/

(2) With respect to our basic view on corporate governance, please see "I.1 Corporate Governance Practices" in this report. Kumagai Gumi's basic policy on corporate governance is set forth as follows:

<Basic Policy>

(a) Ensuring shareholders' rights and equality
The Company believes that protection of shareholders' rights is crucial and strives to maintain an environment where such rights can be appropriately exercised, and gives utmost consideration to the substantive equality of shareholders.

(b) Appropriate collaboration with all stakeholders
The Company strives to collaborate appropriately with all stakeholders, respect their rights and status, and give rise to a corporate culture and climate that allows for the sound operation of business.

(c) Appropriate information disclosure and ensuring transparency
In order to earn the trust of and obtain positive evaluations from stakeholders, the Company strives to ensure the proactive and appropriate disclosure of information and the transparency of corporate management.

(d) Duties and Responsibilities of the Board of Directors
The Board of Directors of the Company will fulfill its duties and responsibilities accordingly to create an environment that supports risk-taking when necessary in actively pursuing sustainable growth and to increase medium- to long-term corporate value.

(e) Communication with shareholders

For the purposes of sustainable growth and the increase of medium- to long-term corporate value, the Company strives to engage in constructive and proactive communication with shareholders.

(3) Please see [Director Compensation] of "II.1. Organizational Structure and Operations" in this report for the compensation of directors and senior executives.

(4) Candidates for senior management positions, including the President, as well as directors (excluding those who are Audit and Supervisory Committee members), are proposed by the President and carefully deliberated by the Board of Directors based on the recommendations of the Nomination and Compensation Advisory Committee. Candidates for directors who are Audit and Supervisory Committee members are proposed by the President and carefully deliberated by the Board of Directors, taking into consideration both the recommendations of the Nomination and Compensation Advisory Committee and the Audit and Supervisory Committee.

In choosing such candidates, the President carefully reviews their qualifications and qualities after considering whether such candidates have the knowledge, experience, and ability to perform the duties required for their roles in light of the professional and personal history of each candidate.

With regard to senior executives, including the President, in case there is a report by the Nomination and Compensation Committee that decides a senior executive falls under the dismissal criteria stipulated by the Board of Directors, the Board will examine and determine carefully as to whether it should dismiss the individual in question.

(5) For directors, we disclose their backgrounds, reasons for nomination, and other relevant information in the Notice of Convocation of the General Meeting of Shareholders and similar materials.

[Supplementary Principle 3-1-3] Our Approach to Sustainability and Others

The Kumagai Gumi Group recognizes that its role in society is to help realize "a society that continues to be rich in people, society, and nature, as well as one in which limited resources are recycled." In order to create a sustainable society and achieve sustainable growth for ourselves, the Company's basic policy on sustainability is to identify issues that are important to stakeholders from an ESG perspective, and to pursue both solutions to social issues (i.e., social value) and growth of business profits (i.e., economic value) through its business activities.

With regard to our sustainability initiatives, the Kumagai Gumi Group has set out its goals as non-financial targets in its Mid-term Management Plan, visualizes its relationship with its business activities based on our "ESG Action Policies" and the 17 goals of the SDGs in the "ESG/SDG Matrix," and uses this matrix to proactively resolve issues. We have established a Sustainability Promotion Committee, which examines, promotes, and evaluates various measures to further promote sustainability.

Please refer to our website for information on our major sustainability-related initiatives, including investment in human capital, intellectual property, respect for human rights, the health and working environment of our employees, and risk management for natural disasters.

In addition, we support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). We analyze the risks and opportunities that climate change and the natural environment present to our business activities, incorporate these insights into our management practices, and work to enhance our disclosures in line with the TCFD and TNFD recommendations.

Medium-Term Management Plan:
https://www.kumagaigumi.co.jp/en/company/medium-term/

ESG Initiative Policy- ESG/SDGs Matrix:
https://www.kumagaigumi.co.jp/en/sustainability/esg/

Major Sustainability Initiatives:
https://www.kumagaigumi.co.jp/en/sustainability/

Information Disclosure Based on Support for TCFD Recommendations
https://www.kumagaigumi.co.jp/en/sustainability/environment/tcfd-information/

Information Disclosure Based on Support for TNFD Recommendations
https://www.kumagaigumi.co.jp/en/sustainability/environment/tnfd-information/

[Supplementary Principle 4-1-1] (Outline of the scope of the matters delegated to the management)

The Company has established the Rules of Board of Directors, and the matters stipulated in the laws and regulations and the Articles of Incorporation, and the matters that are material to the business execution are determined by the Board of Directors' resolutions. The Board of Directors has set forth the matters to be reported on the status of the business execution by the management under the Rules of Board of Directors, and strives to supervise such execution.

[Principle 4-9] (Criteria for determining independence of independent Outside Directors)

The Company has selected independent Outside Directors from business managers, academic experts, lawyers, and certified public accountants, expecting them to bring their extensive experience and knowledge from their past achievements in the management of the Company. The Company determines that any person who falls under the following criteria, in addition to the Independence Standards prescribed by the Tokyo Stock Exchange, is not independent.

[Company's Criteria for Determination of Independence]

(1) A person who currently falls under any of (a) through (d) below:
   (a) a major shareholder of the Company (a shareholder holding 10% or more of the voting rights in the Company) or a person who executes the business thereof;

   (b) a person/entity whose annual business amount with the Company is over 2% of the respective consolidated total sales of the Company and such person/entity for their respective most recent fiscal years or a person who executes the business thereof;
   (c) a person/entity who has received donations from the Company in the amount of JPY 10 million or more on average for the past three (3) fiscal years or a person who executes the business thereof; or

   (d) a legal professional, an accounting professional, a consultant or a person belonging to any of such association who has received cash or other economic benefits from the Company, except for officer compensation, in the amount of JPY 10 million or more on average for the past three (3) fiscal years; or

(2) A person who has fallen under any of (a) through (d) above at any time during the past three (3) years.

[Supplementary Principle 4-10-1 (Approach, authority, and role regarding independence of the composition of voluntary committees)

The Company has established the Nomination and Compensation Advisory Committee consisting of the Representative Directors, and independent outside directors, which performs the functions of both the Nomination Committee and the Compensation Committee. The purpose of this committee is to ensure objectivity and transparency in the procedures for determining the nomination and dismissal, as well as the amount of compensation, compensation policy, and institutional design, for directors and executive officers.

As an advisory body to the Board of Directors, the Nomination and Compensation Advisory Committee deliberates on matters related to the nomination, dismissal, compensation, including compensation policy and institutional design of it, and evaluation of directors and executive officers, as well as appointment of advisors following the retirement of directors and executive officers. The Board of Directors makes its resolutions in accordance with the recommendations of the Nomination and Compensation Advisory Committee. Decisions regarding compensation for directors who serve as Audit and Supervisory Committee members are made following consultations with the Audit and Supervisory Committee.

[Supplementary Principle 4-11-1] (Our Approach to the Composition of the Board of Directors)

The Company's Board of Directors is composed of individuals with outstanding personalities and high ethical standards, and is selected from a variety of perspectives, including knowledge, experience, ability, expertise, international mindset, gender, and age, in order to achieve an optimal composition while taking into consideration the balance of the Board of Directors as a whole, the business environment, and management plans.

In order to obtain opinions and advice on management from an objective standpoint from outside the Company, we select appropriate candidates for Outside Directors, mainly those with management experience at other companies, as well as academic experts, lawyers, and certified public accountants.

The directors are decided by the Board of Directors after the candidates were proposed by the President based on the report from the Nomination and Compensation Committee.

In order to realize our long-term vision and achieve our medium-term management plan, we have defined the following eight areas as the skill set required by the Board of Directors, which plays a central role in the process：

1. Corporate management and management strategy, 2. Sales and marketing, 3. Global business, 4. Technology, R&D, and Digital Transformation, 5. Compliance and Risk Management, 6. Finance and Accounting, 7. Sustainability (ESG and SDGs), and 8. Human Resource Development and Diversity.

The Company appoints each director based on his or her responsibilities and experience, ensuring that the skills required for the Board of Directors are appropriately allocated and that diversity and balance are well maintained on the Board.

Please refer to our website for a list of the skills that our Board of Directors require and the skills that are particularly expected of each director (Skills Matrix):

https://www.kumagaigumi.co.jp/en/company/governance.html

[Supplementary Principle 4-11-2] (Concurrent positions in other organizations of Directors/Audit & Supervisory Board Members)

The concurrent positions held in other organizations by Directors and Audit & Supervisory Board Members are disclosed in the convocation notice of an ordinary general meeting of shareholders.

[Supplementary Principle 4-11-3] (Overview of the evaluation of the effectiveness of the Board of Directors)

Each Director and Audit & Supervisory Board Member is asked annually to evaluate the effectiveness of the Board of Directors through an anonymous questionnaire. The Board of

Directors reviews the results and considers a range of improvements to ensure its effectiveness. In addition, starting with the fiscal 2018 evaluation, an outside expert has set the evaluation criteria, and the results of the evaluation are used as a reference to ensure and improve the effectiveness of the Company's Board of Directors.

In the evaluation related to the effectiveness of the Board of Directors in fiscal year 2025, the Company also conducted a self-assessment based on the following evaluation criteria. Based on the evaluation by the outside expert, we confirmed that the Board of Directors as a whole is appropriately fulfilling its roles and responsibilities, and we are confident in our assessment that the Board of Directors on the whole has been surely effectual.

Main Evaluation Criteria:

- The composition of the Board of Directors, the operations of the Board of Directors, the agenda of the Board of Directors meetings, and the support system for the Board of Directors (including the Nomination and Compensation Advisory Committee), assessment of the Effectiveness of the Transition to a Company with an Audit and Supervisory Committee, and improvements from the previous year.

We implemented the following initiatives based on the issues addressed and shared from the Board of Directors' effectiveness evaluation for fiscal year 2024（ended in March 2025）. In addition, we actively worked to enhance the quality of discussions at Board meetings by holding informal exchanges of opinions after meetings and at other appropriate times.

【Main Issues Addressed and Shared in the FY2024 Board Effectiveness Evaluation】

The Short- to Medium-Term Priorities

- Exercise oversight to ensure steady implementation of the Medium-Term Management Plan. (the ongoing issue from the previous fiscal year)
- Further promotion of delegation of authority following the transition to a company with an Audit and Supervisory Committee
- Further consideration of the appropriate role and structure of the internal audit function following the transition to a company with an Audit and Supervisory Committee
- Further strengthening oversight to enhance the risk management framework (the ongoing issue from the previous fiscal year)
- Further promoting discussions to strengthen the Group's governance framework (the ongoing issue from the previous fiscal year)

The Medium- to Long-Term Priorities

- Promote discussions on medium- to long-term issues essential to achieving sustainable growth (the ongoing issue carried over from the previous fiscal year).
- Consideration of increasing the number of female directors and raising the proportion of outside directors in the future (the ongoing issue from the previous fiscal year)

- Consideration of reducing the total number of directors over the medium to long term and achieving an optimal composition of the Board of Directors
  (the ongoing issue from the previous fiscal year)

【Main Initiatives Undertaken in FY2025 to Address the Issues Identified in FY2024】

- Shift toward a management structure with a greater emphasis on monitoring through the transition to a Company with an Audit and Supervisory Committee
- Further delegation of authority to the executive side through a review of matters requiring Board approval
- Enhancement of the risk management framework through the establishment of a Risk Management Committee and more extensive deliberation on risks
- Enhancement of the internal audit function and improvement in the quality of reporting
- Improvement of the Board of Directors' operating effectiveness through measures such as the introduction of formal agenda papers and reports on discussions held at Management Committee meetings
- Enhancement of timely information sharing, including the communication of negative developments and other matters

To further enhance the effectiveness of the Board of Directors, we remain committed to fostering constructive and active discussions and strengthening oversight of management execution. In doing so, we will continue to address the key issues identified through the evaluation of the Board's effectiveness in fiscal year 2025 (ended in March 2026).

【Key Issues Identified and Shared in the FY2025 Board Effectiveness Evaluation】

The Short- to Medium-Term Priorities

- Discussion and oversight to ensure the steady implementation of the Medium-Term Management Plan and the formulation of the next Medium-Term Management Plan
- Consideration of measures to strengthen the Board's monitoring function
- Consideration of measures to strengthen the structure and capabilities of the Audit and Supervisory Committee
- Further discussion aimed at strengthening the Group governance framework
  (ongoing issue from the previous fiscal year)

The Medium- to Long-Term Priorities

- Advance discussions on medium- to long-term issues essential for sustainable growth (ongoing from the previous fiscal year).
- Consideration of increasing the number of female directors and raising the proportion of outside directors in the future (ongoing from the previous fiscal year).
- Enhancement of future reduction of the total number of directors and optimization of board composition (ongoing from the previous fiscal year).

[Supplementary Principle 4-14-2] (Training Policy for Directors)

In order for Directors to properly perform their roles and duties, the Company provides the following training opportunities, and bears the expenses thereof.

The Company provides newly-appointed Outside Directors with the information required for them to perform their duties and responsibilities, such as visits to the frontlines of the Company's operations; an overview of the construction industry; the history and the scope of the business, financial information, and various business strategies of the Company.

The Company provides newly-appointed Directors with training from internal and outside lecturers in order for them to obtain the necessary knowledge to perform their duties.

In addition, training on legal revisions, corporate governance, and compliance is adequately provided to all Directors by internal and outside lecturers.

[Principle 5-1] (Policy for Constructive Dialogue with Shareholders)

We actively engage in constructive dialogue with our shareholders and investors to deepen their understanding of the Kumagai Gumi Group and to build strong, trusting relationships.

1. The General Manager of the Administration Division is responsible for overseeing all activities related to dialogue with shareholders and investors, as well as associated initiatives.
2. The IR and SR functions, including communication with shareholders and investors, are jointly managed by the Sustainability Promotion Department of the Corporate Strategy Division and the Finance Department of the Administration Division. These departments coordinate with relevant internal divisions to promote effective IR and SR activities.
3. In addition to one-on-one meetings, we are committed to enhancing the variety of engagement opportunities by holding earnings briefings, business strategy sessions, presentations on the medium-term management plan, tours of company facilities and construction sites, and by participating in investor conferences and small meetings hosted by securities firms.
4. Comments and requests from shareholders and investors obtained through this dialogue will be reported to senior executives or the Board of Directors according to their importance.
5. In implementing the above-mentioned dialogues and various initiatives, the Company provides related information to all the shareholders and investors in a fair and equitable manner, in compliance with the internal rules on preventing insider trading stipulated by the Company.

[Initiatives to Promote Management Conscious of Capital Costs and Share Price]

Description of Initiatives	Disclosure of Initiatives Updated
English Disclosure	Available
Last Updated Updated	June 26, 2026

Explanation of Relevant Item

We recognize that achieving sustainable growth and enhancing corporate value over the medium to long term is our most important management mission. Under our Medium-Term Management Plan, which concludes in fiscal year 2026, we have set financial targets of an ROE of 10% or higher, an equity ratio of approximately 45%, and a dividend payout ratio of around 40%. We are implementing initiatives aimed at balancing financial soundness with capital efficiency.

In business investments, we use the cost of capital as the baseline hurdle rate to guide optimal management decisions. We have also resolved at the Board of Directors to further reduce cross-shareholdings and other strategic shareholdings. In addition, with a view to enhancing shareholder returns and improving capital efficiency while remaining mindful of our share price, we implement appropriate and stable dividend payments as well as share repurchases and cancellations.

Please refer to the section entitled "Initiatives to Enhance Corporate Value" on the Company's website, which provides information on initiatives to promote constructive dialogue with shareholders and investors, the status of such dialogue, the Company's current assessment of its cost of capital, and measures to improve capital efficiency.

[Initiatives to Enhance Corporate Value]

https://www.kumagaigumi.co.jp/en/ir/dialogue/

【Dialogue with Shareholders and Institutional Investors】

The Company is committed to engaging in constructive dialogue with shareholders and other stakeholders to support sustainable growth and enhance corporate value over the medium to long term.

As part of its efforts to promote such dialogue with shareholders and investors, the Company has appropriately allocated internal resources, including by transferring its dedicated investor relations function to the Corporate Planning Department and establishing a framework that facilitates closer coordination with management and the corporate planning function. The Company has disclosed the status of these initiatives and other relevant information on its corporate website, in its integrated report, and in its financial results presentation materials.

The status of engagement activities in fiscal year 2025 was as follows:

1. Primary Participants in Dialogue

   President and Representative Director, relevant executive officers, and department heads

2. Shareholders and Institutional Investors Engaged:

   Domestic and overseas institutional investors and analysts

   FY2025 Engagement Record (Actual)

   - Small meetings: 6
   - One-on-one meetings: 138
   - Shareholder relations (SR) meetings: 10
   - Financial Results briefings: 2
   - Conference hosted by a securities firm: 2
   - Site visits: 2

3. Key Agenda of Dialogue

   Business environment and operations, progress of the Medium-Term Management Plan, future strategies, shareholder returns, and initiatives related to ESG/SDGs.

4. Feedback to Management

   Opinions, requests, and other input from shareholders and investors obtained through dialogue are reported to management and the Board of Directors, and are reflected in decisions regarding shareholder returns, capital policy, investment strategies, and other initiatives to enhance corporate value.

For details on our specific initiatives, please refer to the following page on our corporate website:

【Dialogue with Shareholders and Institutional Investors】

https://www.kumagaigumi.co.jp/en/ir/dialogue/

2. Capital Structure

Foreign Shareholding Ratio	30% or more

[Status of Major Shareholders] Updated

Major Shareholders Name	Number of Shares Owned	Percentage (%)
Sumitomo Forestry Co., Ltd.	25,971,400	15.00
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,322,800	10.00
STATE STREET BANK AND TRUST COMPANY 505001	13,822,439	7.98
Custody Bank of Japan, Ltd. (Trust Account)	13,773,616	7.95
Kumagai Gumi Business Partner Shareholding Association	9,749,100	5.63
NOMURA PB NOMINEES LIMITED OMNIBUS – MARGIN (CASHPB)	4,440,924	2.56
STATE STREET BANK AND TRUST COMPANY 505103	3,633,782	2.09
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	3,293,420	1.90
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	3,139,464	1.81
JPMSPLC CLIENT ASSETS CL JPY	2,333,984	1.34

Presence or absence of controlling shareholders (excluding parent company)	—
Presence or absence of a parent company	None

Addendum: Updated

(1) Although a Report of Change to a Large Shareholding Report made available for public inspection on March 23, 2026 states that Capital Research and Management Company held the shares listed below as of March 13, 2026, the Company was unable to confirm the number of shares beneficially owned as of March 31, 2026. Accordingly, Capital Research and Management Company is not included in the above list of major shareholders.

- Shareholder: Capital Research and Management Company
- Number of shares held: 12,376,000 shares
- Ownership ratio: 7.24%

(2) Although a Report of Change to a Large Shareholding Report made available for public inspection on March 5, 2026 states that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder, Amova Asset Management Co., Ltd. (formerly Nikko Asset

Management Co., Ltd.), held the shares listed below as of February 27, 2026, the Company was unable to confirm the number of shares beneficially owned as of March 31, 2026. Accordingly, they are not included in the above list of major shareholders.

- Holders: Sumitomo Mitsui Trust Asset Management Co., Ltd. and one other joint holder
- Number of shares held: 15,472,000 shares
- Ownership ratio: 9.05%

(3) Although a Report of Change to a Large Shareholding Report made available for public inspection on February 6, 2026 states that Asset Management One Co., Ltd. and its joint holders, Mizuho Securities Co., Ltd. and Asset Management One International Ltd., held the shares listed below as of January 30, 2026, the Company was unable to confirm the number of shares beneficially owned as of March 31, 2026. Accordingly, they are not included in the above list of major shareholders. The details stated in the Report of Change to a Large Shareholding Report are as follows:

- Holders: Asset Management One Co., Ltd. and two other joint holders
- Number of shares held: 11,665,000 shares
- Ownership ratio: 6.82%

3. Corporate Profile

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Construction
Number of Employees (consolidated) as of the End of the Immediately Preceding Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Immediately Preceding Fiscal Year	JPY100 billion or more, but less than JPY1 trillion
Number of Consolidated Subsidiaries as of the End of the Immediately Preceding Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

N/A

II. Business Administration Organization and Other Corporate Governance Systems Regarding Managerial Decision-Making, Execution of Operations, and Supervision of Management

1. Organizational Structure and Execution of Operations

Organizational Form	A company with the Audit and Supervisory Committee

[Directors]

Number of Directors Stipulated in Articles of Incorporation	17
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors Updated	11
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors Designated from among Outside Directors	5

(1) Relationship with the Company-1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masaya Nara	From other companies											
Kaoru Ino	From other companies											
Erisa Watanabe	From other companies											
Miho Ueda	Lawyer											
Hiroshi Tawara	Certified Public Accountant											

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past

* “●” when a close relative of the Director presently falls or has recently fallen under the category; “▲” when a close relative of the Director fell under the category in the past

a. Executive (a person who executes business) of the listed company or its subsidiaries
b. Executive or Non-executive director of a parent company of the listed company
c. Executive of a fellow subsidiary company of the listed company
d. A party whose major client or supplier is the listed company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the listed company besides officer compensation
g. Major shareholder of the listed company (or an executive of the aforementioned major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the listed company (which does not correspond to any of “d,” “e,” or “f”) (the director himself/herself only)
i. Executive of a company for which outside officers are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the listed company (the director himself/herself only)
k. Others

2) Relationship with the Company-2 Updated

Name	Audit and Supervisory Committee Member	Independent Director	Supplementary Explanation about Conformity	Reasons for Appointment
Masaya Nara		○	---	After joining Yasuda Trust & Banking Co., Ltd. (now Mizuho Trust & Banking Co., Ltd.), Mr. Nara participated and was involved in the management of the company as Executive Officer, General Manager of Investment Planning Department, and full-time auditor. In addition, he is a partner in the Torikai Law Office as an attorney. He also served as an Outside Director (Audit and Supervisory Committee Member) of Tamron Co., Ltd., and Riso Kagaku Corporation. The Company appointed him as an Outside Director because it believes that, based on the extensive experience and broad expertise developed throughout his career, he can be expected to appropriately supervise the Company's management and provide valuable guidance and advice. In addition, he is designated as an independent director by a resolution of the Board of Directors because he satisfies the requirements for an independent director stipulated in the regulations of the Tokyo Stock Exchange and the Company's criteria for determining independence.

Kaoru Ino		○	---	After joining Dainippon Ink and Chemicals, Incorporated (currently DIC Corporation), he held a number of key positions, including General Manager of the Finance Department, General Manager of the Purchasing and Logistics Department, and Executive Officer and General Manager of the Corporate Planning Department. He subsequently served as Representative Director and President and later as Representative Director and Chairman of DIC Corporation, thereby accumulating extensive management experience. The Company appointed him as an Outside Director because it believes that, based on the extensive experience and broad expertise developed throughout his career, he can be expected to appropriately supervise the Company's management and provide valuable guidance and advice. In addition, as he satisfies both the requirements for an independent officer stipulated by the Tokyo Stock Exchange and the Company's criteria for determining independence, the Company has designated him as an independent officer by resolution of the Board of Directors.

Erisa Watanabe		○	---	After joining Zeon Corporation, she held a number of key positions, including General Manager of the Raw Materials Purchasing Department, Executive Officer responsible for the CSR Division, and Director and Executive Officer responsible for the Corporate Sustainability Division. Through these roles, she gained substantial experience in participating in and contributing to the management of Zeon Corporation as a director. The Company appointed her as an Outside Director because it believes that, based on the extensive experience and broad expertise developed throughout her career, she can be expected to appropriately supervise the Company's management and provide valuable guidance and advice. In addition, as she satisfies both the requirements for an independent officer stipulated by the Tokyo Stock Exchange and the Company's criteria for determining independence, the Company has designated her as an independent officer by resolution of the Board of Directors.

Miho Ueda	○	○	―――	After registering as an attorney, she served as a partner at Sunrise Law Office and, in addition to her legal practice, has held positions including Outside Director of Regal Corporation and Outside Audit and Supervisory Board Member of GECOSS Co., Ltd. The Company appointed her as an Outside Director serving as a member of the Audit and Supervisory Committee because it believes that he can leverage his extensive experience and specialist knowledge to appropriately audit and supervise the Company's management from an objective and independent perspective. In addition, as she satisfies both the requirements for an independent officer stipulated by the Tokyo Stock Exchange and the Company's criteria for determining independence, the Company has designated her as an independent officer by resolution of the Board of Directors.

Hiroshi Tawara	○	○	---	After registering as a Certified Public Accountant, he served as a partner at KPMG AZSA LLC and was responsible for auditing the financial statements of a wide range of companies. Through these roles, he acquired extensive practical experience and professional expertise in accounting and auditing. The Company appointed him as an Outside Director serving as a member of the Audit and Supervisory Committee because it believes that he can leverage his extensive experience and specialist knowledge to appropriately audit and supervise the Company's management from an objective and independent perspective. In addition, as he satisfies both the requirements for an independent officer stipulated by the Tokyo Stock Exchange and the Company's criteria for determining independence, the Company has designated her as an independent officer by resolution of the Board of Directors.

【The Audit and Supervisory Committee】

Committee Composition and Chairperson's Attributes

	Total Number of Committee Members (persons)	Number of Full-time Members (persons)	Number of Inside Directors	Number of Outside Directors	Committee Chairperson
The Audit and Supervisory Committee	3	1	1	2	Inside Director

Presence of Directors and Employees to Assist the Audit and Supervisory Committee	None

Reasons for the Current Structure

At present, the Company does not assign dedicated staff to assist the Audit and Supervisory Committee in the performance of its duties. However, to ensure the committee can carry out its responsibilities smoothly, relevant departments—such as the Internal Audit Department—work in close coordination and provide support as needed.

If requested by the Audit and Supervisory Committee, the Company will assign staff to assist the committee in its duties. In such cases, the appointment, transfer, or other personnel decisions concerning these staff members require the prior consent of a full-time Audit and Supervisory Committee member.

Coordination among the Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee holds regular discussions with the accounting auditor, the President, and outside directors (excluding those who serve as Audit and Supervisory Committee members). In addition, directors serving as Audit and Supervisory Committee members attend the accounting auditor's post-audit reviews and exchange information with the accounting auditor as appropriate.

The Audit and Supervisory Committee receives prior briefings on the Internal Audit Department's annual audit plan. The committee is also provided with reports on audit results on an as-needed basis and engages in ongoing information exchanges with the Internal Audit Department.

Voluntary Committee

Establishment of Voluntary Committee Equivalent to Nomination Committee or Compensation Committee	Established

Status of Voluntary Committees, Committee Member Composition, and Chairperson's Attribute Updated

	Committee Name	Total Number of Committee Members (persons)	Number of Full-time Members	Number of Inside Directors	Number of Outside Directors	Number of Outside Experts	Number of Other	Committee Chairperson
Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	4	0	1	3	0	0	Outside Director
Committee Equivalent to Compensation Committee	Nomination and Compensation Committee	4	0	1	3	0	0	Outside Director

Addendum: Updated

The Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors, consisting of the Representative Directors and the Outside Directors, in order to further ensure objectivity and transparency in the process of nominating and dismissing Directors and Executive Officers and determining the proper amount of compensation, including the design of such a system. This Committee is in charge of both nominating appropriate persons and determining their compensation.

In fiscal year 2025, the Nomination and Compensation Advisory Committee met five (5) times, with all members in attendance at each meeting. During the year, the committee reviewed matters including the evaluation of contributions by directors and executive officers to the Company's performance for the fiscal year ended March 31, 2025; the determination of individual remuneration amounts for the fiscal year ending March 31, 2026; the director structure for the fiscal year ending March 31, 2027; the transition to a company with an Audit and Supervisory Committee; the Company's future management structure; and the review of the executive remuneration system.

Given that the Audit and Supervisory Committee has the right to state its opinion at the General Meeting of Shareholders regarding the nomination and remuneration of directors (excluding those who serve as Audit and Supervisory Committee members), from June 27, 2025 onward, an outside director serving as an Audit and Supervisory Committee member—selected by the committee—has been participating in the Nomination and Compensation Advisory Committee as an observer.

[Current Committee Composition (Effective June 26, 2026)**]**

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

The chairperson serving on or after June 26, 2026 is expected to be selected from among the Outside Directors at a future meeting of the Nomination and Remuneration Advisory Committee.

[Independent Officers]

Number of Independent Officers	5

Other Matters Relating to Independent Officers

All eligible outside officers are designated as independent officers.

[Incentives]

Incentive Policies for Directors	Other

Addendum:

The Company has introduced a compensation program under which a portion of the fixed (cash) remuneration for directors—excluding those who serve as Audit and Supervisory Committee members, outside directors, and part-time non-executive directors—is determined based on their contributions to the Company's performance.

In addition, to further align the remuneration of these directors with the Company's share value, and to encourage them to share in both the benefits and risks of share price fluctuations alongside shareholders, the Company has introduced a performance-linked stock compensation plan utilizing an RS (Restricted Stock) trust. This program is designed to enhance directors' commitment to improving the Company's medium- to long-term performance and increasing corporate value.

Recipients of Stock Options	—

[Director Compensation]

Disclosure (of Each Director's Compensation)	Each Director's compensation is not disclosed.

Addendum: Updated

Total annual compensation for fourteen (11) directors(excluding Directors who are Audit and Supervisory Committee Members): ¥246 million (including ¥35 million for 3 outside directors)

The total annual remuneration paid to three Directors who are Audit and Supervisory Committee Members was ¥29 million, including ¥16 million paid to two Outside Directors.

The total annual remuneration paid to three Audit & Supervisory Board Members was ¥9 million, including ¥5 million paid to two Outside Audit & Supervisory Board Members.

The remuneration paid to Audit & Supervisory Board Members relates to the period prior to the Company's transition to a Company with an Audit and Supervisory Committee, while the remuneration paid to Directors who are Audit and Supervisory Committee Members relates to the period following the transition.

The total annual remuneration paid to Directors other than Directors who are Audit and Supervisory Committee Members includes ¥177 million in fixed cash remuneration, of which ¥35 million was paid to Outside Directors; ¥50 million in performance-linked cash remuneration reflecting individual contributions and performance; and ¥19 million in share-based remuneration, representing the provision for share benefits recognized in FY2025 under the share-based remuneration plan utilizing a trust.

In addition, under the share-based remuneration plan, a total of 15,039 shares were delivered in FY2025 to six individuals who had served as Directors, excluding Outside Directors. This figure includes 2,590 shares that were sold by the trust and paid to the recipients in cash in lieu of delivery of the shares.

The following illustrates the composition of remuneration for the Company's directors, excluding those who serve as Audit and Supervisory Committee members, outside directors, and part-time non-executive directors. The figures in parentheses represent the standard percentage of total remuneration.

(1) Monetary compensation (90%)

i. Compensation commensurate with position (fixed amount) (63%)
ii. Portion reflecting contribution performance (27%).

Regarding the performance-based component, the amount paid is adjusted within a range of 0% to 150% based on the previous fiscal year's performance—determined by the company-wide and departmental achievement levels as well as the individual's role-based performance.

Starting in July 2024, the performance-based component will be further adjusted within a range of 0% to a maximum of 200%, based not only on company-wide and departmental achievement levels and individual role performance but also on the degree of attainment of non-financial targets (ESG evaluation).

The assessment criteria and performance indicators used for the portion of performance-linked remuneration reflecting individual contributions and achievements are set out below. These indicators are aligned with the targets established in the Medium-Term Management Plan. The weighting assigned to each level of achievement is determined according to the responsibilities of each individual.

(a) Business performance

- Company-wide performance: Consolidated ordinary income
- Business unit performance: Operating income by business unit, including the performance of major subsidiaries

(b) Fulfilment of roles and responsibilities

- Qualitative assessment of individual performance

(c) ESG performance

- Progress during the plan period toward the following non-financial targets set out in the Medium-Term Management Plan:

- Reduction of CO_2 emissions: reduction rates for Scope 1 and 2 emissions and Scope 3 emissions
- Improvement in employee engagement: employee engagement rating
- Improvement in safety management standards: frequency rate
- Establishment of a framework to prevent legal and regulatory violations within and outside the Company: number of material violations of laws and regulations

Performance results are determined by the President and Representative Officer, based on deliberations by the Nomination and Compensation Advisory Committee. ESG evaluations, however, are decided by the Board of Directors.

(2) Stock compensation (10%)

A stock compensation plan using a trust is in place whereby points are granted based on position in each fiscal year. In principle, shares are awarded upon retirement according to the total number of accumulated points. The criteria and procedures for granting shares are determined in accordance with the Share Grant Rules established by the Board of Directors.

Since July 2024, the Company has adopted a stock compensation plan utilizing a trust (RS Trust) under which points are awarded each fiscal year based on position and the Company's total shareholder return (TSR) compared with selected peer companies, as determined by the Company. In principle, shares are granted at a specified time each year, and the standards and procedures for such grants are determined in accordance with the Share Grant Regulations established by the Board of Directors.

Bonus payments will be considered in the event that business performance significantly exceeds the plan.

(3) Other

The standard composition of total remuneration is 63% performance-independent remuneration (fixed remuneration) and 37% performance-linked remuneration, comprising the portion reflecting individual contributions and achievements and share-based remuneration.

Remuneration for directors who serve as Audit and Supervisory Committee members, outside directors, and part-time non-executive directors consists solely of fixed monetary remuneration determined according to position.

Policy on Determining Compensation Amounts or Calculation Methods thereof Updated	Established

Disclosure of Policy for Determining the Amount of Remuneration and Its Calculation Method

The Company's Board of Directors has adopted a resolution on the policy for determining the amount of remuneration for each individual Director, excluding the Audit and Supervisory Committee members, based on the report of the Nomination and Compensation Advisory Committee. The outline is as follows:

1. Basic policy

The remuneration of the Company's Directors shall be linked to the profits of shareholders so that it will function appropriately as an incentive to improve corporate value on a sustainable basis. In determining the compensation of individual Directors, the Company's basic policy is to set an appropriate level based on the responsibilities of each position.

Specifically, the compensation of each Director shall consist of monetary remuneration (fixed payment and bonuses) and stock-based remuneration. Outside Directors and part-time non-executive Directors, who are responsible for supervisory functions, shall be paid only a fixed monetary compensation commensurate with their position. Remuneration for Executive Officers shall be handled in the same manner as the basic policy and composition of remuneration for Directors described above.

2. Policy on determining the composition and amount of remuneration for individuals or the method of calculation

Fixed salary

Monetary compensation, which is a fixed monthly salary, consists of payment based on the position and remuneration based on the actual contribution to business performance. The amount is determined by the Board of Directors within the limit of the total amount of remuneration for Directors determined by the General Meeting of Shareholders, taking into consideration the salary level of employees and the market rate as well as the results of the Nomination and Compensation Advisory Committee's report.

With respect to the compensation for each Director's contribution to the Company's performance, the amount shall be determined by reflecting the evaluation of each Director's achievement of the performance plan for the previous year in the standard amount of salary according to the position determined by the Board of Directors. The evaluation of each Director shall be determined based on the degree of contribution to business results, the degree of achievement for the entire Company and each department, and achievement of non-financial targets (ESG evaluation).

Additionally, the Board of Directors shall delegate the evaluation decision to the President and Representative Director, and to ensure that such delegation is properly implemented, the President and Representative Director shall consult with the Nomination and Compensation Advisory Committee on the results of the evaluation.

Bonuses

Bonuses, which are temporary monetary remuneration, shall be linked to business performance and paid on an ad hoc basis. Within the limit of the total amount of remuneration for Directors determined by the General Meeting of Shareholders, bonuses shall be determined by the Board of Directors, taking into account the results of the Nomination and Compensation Advisory Committee's report and comprehensively taking into account business performance, contribution results, and the like for each fiscal year.

Stock-based remuneration

Stock-based remuneration is a compensation system using a trust that grants points to Directors, excluding Outside Directors and part-time non-executive Directors, each fiscal year in accordance with their positions and the total shareholder return (TSR) compared with other companies in the same industry as selected by the Company. In principle, shares will be granted at a fixed time each year. The criteria and procedures for the delivery of shares shall be determined in accordance with the Share Delivery Regulations established by the Board of Directors.

In the event that any of the grounds for acquisition without consideration separately specified by the Company applies, and the Board of Directors determines by resolution that it is appropriate for the Company to acquire the shares granted as stock-based compensation without consideration, the Company shall acquire all or part of such shares without consideration

3. **Policy on determining the ratio of compensation by type with respect to the amount of remuneration for each individual**

The Board of Directors shall determine the ratio of compensation composition by type for directors other than outside directors and part-time non-executive directors, taking into account the results of the report of the Nomination and Compensation Advisory Committee, so that the ratio will function appropriately as an incentive for Directors.

The composition and amount of compensation for each individual Director were determined in accordance with the procedures set forth in the above decision policy and, in particular, were based on careful consideration by the Nomination and Compensation Advisory Committee of which the majority is comprised of Outside Directors. Therefore, the Board of Directors believes that the method of remuneration for each individual Director for the current fiscal year is in line with the above decision policy.

The Company’s policy for determining the details of individual remuneration for directors, excluding those who serve as Audit and Supervisory Committee members, is resolved by the Board of Directors based on the recommendations of the Nomination and Compensation Advisory Committee. A summary of this policy is as follows.

Remuneration for directors who serve as Audit and Supervisory Committee members is determined through deliberation by the Audit and Supervisory Committee, within the total annual remuneration limit for such directors as approved by the General Meeting of Shareholders.

The resolutions of the General Meeting of Shareholders regarding the maximum remuneration amounts for directors, excluding those who serve as Audit and Supervisory

Committee members, and for directors who serve as Audit and Supervisory Committee members are as follows:

Directors excluding Audit and Supervisory Committee members

- Total monetary remuneration: Up to ¥450 million per year (of which up to ¥70 million is for outside directors)
  (Approved at the 88th Annual General Meeting of Shareholders held on June 27, 2025)
- Total stock-based remuneration: The maximum cash contribution by the Company to acquire the shares to be delivered to directors shall be an amount obtained by multiplying ¥75 million by the number of fiscal years in the applicable period of the stock compensation plan. The total number of points granted annually to directors (excluding outside directors) shall be capped at 75,000 points (one point corresponds to one share).
  (Approved at the 88th Annual General Meeting of Shareholders held on June 27, 2025)

Directors who serve as Audit and Supervisory Committee members

- Total monetary remuneration: Up to ¥75 million per year
  (Approved at the 88th Annual General Meeting of Shareholders held on June 27, 2025)

［Supporting System for Outside Directors］

The Corporate Strategy Division’s Secretariat Department and Corporate Planning Department, as the departments responsible, provide support to Outside Directors, including facilitating information sharing. In addition, they provide Outside Directors with necessary information as appropriate, such as advance explanations of Board of Directors’ agenda items, taking into account their importance and other relevant factors.

[Status of Persons who Retired from the Position of Representative Director and President]

The Names of the counselors/advisors who previously served as Representative Director and President, etc.: Updated

Name	Title/Position	Summary of Duties	Working Arrangements/Conditions (Full time or Part time, Paid or Unpaid)	Date of Retirement as President, etc.	Term of Office
Yasunori Sakurano	Chairman (to serve as Advisor from July 2026)	Advice and external activities (non-involvement in management) necessary to	Full-time, with remuneration	March 31, 2024	Term renewed annually

		maintain good relations with business partners and other stakeholders			

Total Number of Senior Advisors/Counselors Who Have Previously Served as Representative Director and President, etc.	1 person

Others:

The Company may, as necessary, appoint former Presidents or other former senior executives as Senior Advisors or Counselors for the purpose of obtaining counsel needed to maintain good relations with business partners and other stakeholders, and to engage in external activities that are beneficial to the Company's management.

The appointment of such Senior Advisors or Counselors, as well as the determination of their remuneration, is decided by resolution of the Board of Directors, taking into account the recommendations of the Nomination and Compensation Advisory Committee.

Each appointment is made on a one-year renewable term, and no authority is granted that would allow them to influence the Company's management decisions.

2. Matters Related to Management of Operations, Auditing, Supervision, Nomination and Decision on Compensation： Overview of Current Corporate Governance System Updated

On critical management issues, the Board of Directors makes decisions after the Management Meeting—chaired by the President—clarifies the key points and challenges for discussion. The Board of Directors, which in principle meets once a month, is composed of eleven (11) directors, including five Outside Directors. It decides on important matters related to management, receives regular reports on the status of business execution, and supervises overall corporate management. Audit and Supervisory Committee Members (including Outside Directors) also attend Board meetings to audit and oversee the execution of duties by Directors and, when necessary, provide their opinions.

The Management Meeting, in principle held twice a month, consists of the President, Executive Vice Presidents, Senior Managing Executive Officers, and others. It deliberates extensively on important matters of business execution that require careful discussion from multiple perspectives. Full-time members of the Audit and Supervisory Committee also attend to monitor management.

In addition, the Company holds the Officers and Branch Managers Meeting, chaired by the President, once every three months to review progress toward performance targets and ensure thorough communication of management strategies and initiatives for addressing key challenges. The Company has also established the Investment Strategy Committee, which meets quarterly and includes external advisors, to formulate and monitor investment strategies and rules based on expert and objective external evaluations. Furthermore, to strengthen company-wide risk management, the Risk Management Committee develops and monitors risk management policies, meeting as necessary.

Under the Management Meeting, the Officers and Branch Managers Meeting, Investment Strategy Committee, and Risk Management Committee, the Company has established issue-specific cross-functional committees, including the Information Strategy Committee, Technology Development Strategy Committee, Sustainability Promotion Committee, Human Resources Strategy Committee, Investment Review Committee, and Crisis Management Committee, and Branch Performance Review Meeting, which are convened as needed.

To strengthen its compliance framework, the Company has established the Legal and Compliance Department as a dedicated compliance unit. This department conducts regular employee training and operates the Compliance Audit Committee, which is composed of outside members and others, to provide objective and professional evaluations from the perspective of external stakeholders. This ensures continuous review and improvement of internal systems.

The Audit and Supervisory Committee, in principle meeting once a month, consists of one full-time and two part-time members (including two Outside Directors). It formulates audit policies, audit plans, and division of duties related to committee audits; shares updates on the implementation of such audits; and receives reports on accounting audits, internal audits, major meeting outcomes, and other important management matters.

As its internal audit function, the Company has established the Audit Office, which conducts operational audits of the Company and its group companies based on the annual audit plan, reporting results to the President as appropriate.

With respect to accounting audits under the Companies Act and the Financial Instruments and Exchange Act, the Company receives independent audits from GYOSEI & CO. For the fiscal year ended March 31, 2026, the names of the Certified Public Accountants who executed the audit, as well as the composition of their assistants, are as follows:

- Names of Certified Public Accountants who executed the audit**:**

  Naoko Enomoto

  Susumu Sugeno

  Sei Yamaguchi Certified Public Accountant assisting the audit

  Other audit personnel (including IT specialists): 22 persons

The Company has entered into agreements with its Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), Directors who are Audit and Supervisory

Committee Members, and part-time non-executive Directors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. Under these agreements, the maximum amount of liability is limited to the amount prescribed in Article 425, Paragraph 1 of the Companies Act.

3. Reasons for Adoption of the Current Corporate Governance System

To further strengthen the Board of Directors' oversight function and enhance corporate governance, the Company resolved at the 88th Annual General Meeting of Shareholders held on June 27, 2025, to transition from a Company with an Audit & Supervisory Board to a Company with an Audit and Supervisory Committee. By making Audit and Supervisory Committee Members—who are responsible for auditing and supervising the execution of duties by Directors—members of the Board, and by enabling the Board to delegate a broad scope of business execution authority to Directors, the Company aims to separate the execution and oversight functions, accelerate management decision-making, and further enhance corporate value.

The Company has adopted an Executive Officer system to improve the efficiency of Directors' execution of duties, and has appointed five (5) Outside Directors to further strengthen the Board's oversight function.

In addition, Directors who serve as Audit and Supervisory Committee Members participate as members of the Board of Directors, while full-time Audit and Supervisory Committee Members attend Management Meetings. The Audit and Supervisory Committee, which meets monthly, also receives reports on the content of important meetings, the status of internal audits, and other significant management matters.

To obtain opinions and advice on management from an external, objective standpoint, the Company primarily selects as Outside Directors individuals with proven records of participation in corporate management, as well as academics, attorneys, and other qualified professionals. By reflecting their extensive experience and broad insight—cultivated through their prior achievements—into the Company's management, we strive to further enhance the effectiveness of the Board of Directors.

In addition, the Company has established a Compliance Audit Committee composed mainly of external members, including attorneys-at-law, to provide specialized and objective evaluations of compliance from the perspective of external stakeholders with respect to internal business operations.

We believe that these frameworks ensure the Company's management oversight functions are fully maintained.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Revitalize the General Shareholders Meetings and Improve the Exercise of Voting Rights

	Supplemental Remarks
Early Notification of Convocation of General Shareholders Meeting	To ensure that shareholders have sufficient time to consider the matters to be voted on before exercising their voting rights, the Company sends the notice of convocation at least three weeks prior to the date of the General Meeting of Shareholders and electronically publishes it at least four weeks prior to the meeting through TDnet, the Company's website, and the electronic voting platform for institutional investors.
Electronic Exercise of Voting Rights	It is possible for shareholders to exercise voting rights on the website designated by the Company https://www.soukai-portal.net
Participation in the Electronic Voting Platform Initiatives to improve the voting environment for other institutional investors.	The Company has adopted the "Electronic Voting Platform for Institutional Investors."
English Version of Convocation Notice (Summary)	The Company provides an English version of the Convocation Notice translated from the original Japanese on TDnet, its website, and on the Electronic Voting Platform for Institutional Investors.
Others	The Company strives to facilitate the exercise of voting rights for both domestic and overseas shareholders by posting a convocation notice on its website. In addition, the Company make efforts to provide easily comprehensible explanations of reports on the settlement of accounts at the ordinary shareholders general meeting by illustrating the results of operations by using charts and graphs.

2. IR Activities

	Supplemental Remarks	Explanation by Representative
Formulation and Publication of Disclosure Policy	For further information, please refer to our website. https://www.kumagaigumi.co.jp/company/ir/disclosure-policy/	
Regular Briefings for Analysts and Institutional Investors	We hold briefings for securities analysts twice a year, following the announcement of the full-year and second-quarter financial results. At these briefings, the responsible executive officers and department heads provide explanations on the financial results, business developments, and other related matters.	Provided

Posting of IR Materials on the Company Website	https://www.kumagaigumi.co.jp/en/ir/ Content Posted: Financial results summaries and other timely disclosure materials, notices of convocation of the General Meeting of Shareholders, and accompanying documents.	
Establishment of Departments and Manager in Charge of IR	Corporate Strategy Office – Corporate Planning Department (IR Group) and Administration Division – Finance Department (Stock Group)	

3. Measures to Ensure Proper Respect for Stakeholders

	Supplemental Remarks and Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Kumagai Gumi's basic philosophy is to be a corporation that holds the highest value for all stakeholders in relation to its corporate activities, including customers, shareholders, and the local community, and such approach is described in the “Corporate Motto,” the “Management Philosophy,” and the “Kumagai Gumi's Code of Conduct,” respectively.
Implementation of Environmental Activities and CSR Activities	For further details, please visit our website: [Environment] https://www.kumagaigumi.co.jp/en/sustainability/environment/ [Society] https://www.kumagaigumi.co.jp/en/sustainability/society/
Development of Policies Regarding Information Distribution to Stakeholders	The “Kumagai Gumi Code of Conduct” has stipulated a basic policy, “We aim to become a corporation with "open communication" that discloses corporate information in a timely manner that is expected by society."

IV. Matters Related to the Internal Control System

Updated

1. Our Approach to the Internal Control System and the Progress of System Development

■ Our Approach to the Internal Control System

With the understanding that it is critical to enhance the effectiveness of corporate governance in order to realize our management philosophy, “We aim to be a corporate group that contributes to society through its business with construction as its core,” the Company has established its basic policies and procedures for the internal control systems, devised specific structures of internal control based thereon, and constantly checks—and reviews—the system that it has developed.

■ Progress of the Internal Control System

1. Structure to Ensure that Duties of Directors and Employees are Executed in Compliance with Laws, Regulations, and Articles of Incorporation

- Company has established and thoroughly implemented the Code of Corporate Conduct for all of the Directors, Executive Officers (hereinafter collectively the “Officers”) and employees.
- With respect to the procedures required to execute duties, the Company has established internal rules, such as Rules on Organization, Rules on Allocation of Duties, Rules on Management Authority, and Rules on Decision-Making Procedures.
- In order to strengthen and put in place a management that complies with laws and regulations, compliance training is held annually at the Head Office and all of the Branch Offices. Some of the Group Companies are invited to participate in these compliance training programs. Subsidiaries also participate in this training.
- The Company has set up a whistle-blowing system to encourage internal reporting.
- The Company has established the Legal Compliance Audit Committee, which is an organization independent of the management, that meets once a year for annual overviews and meets as needed for individual matters. It has received independent evaluations from the committee on its compliance structure.

2. The System for Storing and Managing Information Relating to Directors Executing their Duties

- The Company has established the proper storage and management of all information relating to the execution of the Directors’ duties.

3. Rules and Other Systems for Risk Management

- The risks assumed in business operations are classified by each department, and the supervising department has prepared relevant manuals based on these risks.
- In order to cope with large-scale disasters, the Company has created a business continuity and resilience plan and set up the Crisis Management Committee to deal with potential threats to the Company.
- The Company has established internal rules and regulations, including the Compliance Regulations, the Rules on Approval Procedures, and the Internal Audit Regulations. In addition, for matters requiring consideration of risks from multiple perspectives, the Company has established cross-functional, company-wide committees, including the Risk Management Committee.

- The Company has established internal rules and regulations, such as the Rules on Compliance, Rules on Decision-Making Procedures, and Rules on Internal

Audits. It has also established cross-sectional, company-wide committees for matters where multifaceted risks need to be considered.

4. The System to Ensure Efficient Execution of Duties by Directors

- With respect to important managerial issues including management strategy, business plans, and business investments are clarified in terms of key points and issues at management meetings before being decided by the Board of Directors.

- The Company holds the Officer-Branch Manager Meetings once in every quarter in order to inform the Executive Officer and Branch Managers thoroughly of the Company's policies as it relates to addressing management strategies and other relevant issues.

5. Systems to Ensure the Proper Execution of Business Operations within the Corporate Group Comprising the Company and Its Subsidiaries

- To manage and support the overall management of subsidiaries, including monitoring their business performance, ensuring appropriate reporting and responses to risks, and building efficient business execution systems, we have established Domestic Group Company Management and Administration Rules as well as Overseas Group Company Management and Administration Rules.
- From the perspective of group management, we have established the Group Management Promotion Committee to review the performance and examine management issues of core subsidiaries (consolidated subsidiaries) that play a central role in the group's strategy. This committee meets quarterly, and its results are reported to the Board of Directors. In addition, presidents of major consolidated subsidiaries attend Board meetings as appropriate to engage in discussions.
- Consolidated subsidiaries appoint statutory auditors, and we have established Group Company Statutory Auditor Audit Rules to ensure appropriate audits.
- Our Internal Audit Department conducts internal audits of the Company and its consolidated subsidiaries based on the annual audit plan.
- We have established a whistleblowing system that allows employees of subsidiaries to directly report to the Company's designated contact point.
- In the event of a serious compliance violation at a subsidiary, the matter is reported to the Company's Board of Directors.

6. Matters Related to Audits by the Audit and Supervisory Committee

- Directors (excluding those who are Audit and Supervisory Committee Members) and employees of the Company, as well as statutory auditors of subsidiaries, report to the Audit and Supervisory Committee on the execution status of their duties in connection with audits conducted by the committee. In addition, Audit and Supervisory Committee Members attend meetings of the Board of Directors, while full-time Audit and Supervisory Committee Members attend important meetings such as management meetings to understand the status of business execution and request reports from directors and employees as necessary.

- To enhance the effectiveness of audits by the Audit and Supervisory Committee, the committee reviews the audit results of the accounting auditor and the Internal Audit Department, and holds discussions as appropriate with the Representative Director, Outside Directors, the accounting auditor, and the Internal Audit Department.

  In addition, the Company convenes meetings of the Group Company Audit & Supervisory Board Members' Liaison Council, as appropriate, attended by Audit and Supervisory Committee Members of the Company and Audit & Supervisory Board Members of its principal consolidated subsidiaries.

  Furthermore, the committee holds Group Statutory Auditor Liaison Meetings, attended by statutory auditors of the Company and its major consolidated subsidiaries, as needed.

* Please refer to the attached "Diagram" for reference.

2. Basic Views on Eliminating Anti-Social Forces and the Status of Related Measures

■ Basic Views on Eliminating Anti-Social Forces

The Company does not and will not have any relationship with anti-social forces. In addition, the Company takes a resolute stance and firmly rejects any unlawful demands from anti-social forces.

■ Progress Report on Eliminating Anti-Social Forces

"Kumagai Gumi's Code of Conduct" clearly states that the Company takes a resolute stance toward anti-social forces that pose threats to social order, and thoroughly implements and informs all of its Officers and employees of such policies.
A chapter is dedicated to the "Handling of Anti-social Forces" in the "Compliance Program," which states that the Company firmly opposes any anti-social forces, such as *Boryokudan*, and completely severs any relation therewith, specifies how to handle cases where the Company receives any unlawful demands from anti-social forces, and thoroughly informs all of its Officers and employees of such matters.

In order to prevent any damage resulting from unlawful demands in cases where anti-social forces become a business partner, information regarding the elimination of antisocial forces has been provided in the "Agreement on Subcontracting of Specialized Construction."

In addition, any unlawful demands from anti-social forces will be handled in cooperation between the General Affairs Department and the Legal Department while closely working with outside institutions, including the police and lawyers.

V. Miscellaneous

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None

2. Other Matters Concerning Corporate Governance System

In order to earn the trust of and obtain an appropriate evaluation from stakeholders, one of the basic management policies of the Company is to strive to conduct proactive and proper information disclosure and secure transparency of the corporate management.

With respect to the disclosure of material information related to the Company's business, operations, and financial results, such information shall be completely under the control of the Company, and the Company strives to conduct prompt, accurate, and fair disclosures in line with the flow indicated below:

<The Flow of the Timely Disclosure of Company Information>

(1) Collection of Management Related Information
Relevant management-related information from each department concerning proposed matters, settlement of accounts, or other such events, are consolidated by Secretariat Department of Corporate Strategy Office.

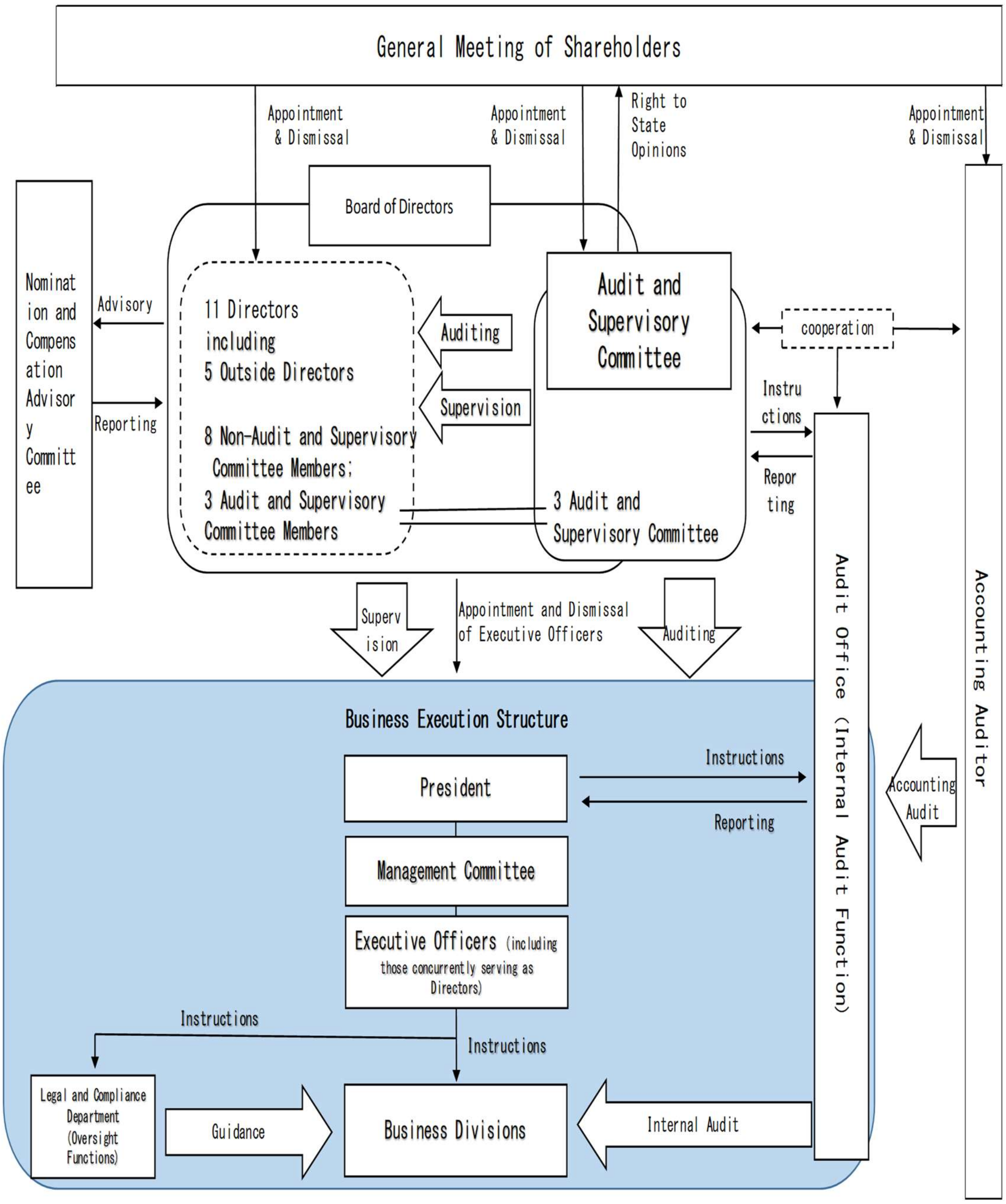
(2) Report to the Officer in Charge of Handling Information
(Senior Executive Director of the Administration Division)
The Secretariat Department of the Corporate Strategy Office initiates corporate decision-making procedures as necessary and reports such important information to the director responsible for handling information.

(3) Determination of Information Disclosure
The person in charge of handling information examines the necessity of disclosing such information based on the Timely Disclosure Rules. When disclosure is determined to be necessary, such person reports to the Board of Directors and gives the proper disclosure instruction to the division in charge of disclosure, i.e. the Corporate Planning Department (IR Group) of the Corporate Strategy Office.

(4) Information Disclosure
The department in charge of disclosure conducts the timely and appropriate disclosure of information to the Tokyo Stock Exchange, releases such information to the news media, and posts such information on the Company's website.

Please refer to the attached schematic diagrams provided as a reference.

[Diagram-1: Corporate Governance Structure]



Institutional Design	Company with Audit and Supervisory Committee
Board Composition	11 Directors (including 5 Outside Directors)
	・8 Non-Audit and Supervisory Committee Members (including 3 Outside Directors)
	・3 Audit and Supervisory Committee Members (including 2 Outside Directors)
	Of the above, there are 2 female directors (including 2 Outside directors)
	Of the above, there are 5 independent directors
	※◆Ratio of Outside Directors: 45.5% ◆ Ratio of Female Directors: 18.2%

[Diagram 2: Timely Disclosure System]