



Jan 8, 2026

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Notice of Change to Shareholding Ratios of Sumitomo Forestry Co., Ltd. and Kumagai Gumi Co., Ltd.

On November 9, 2017, Sumitomo Forestry Co., Ltd. ("Sumitomo Forestry") and Kumagai Gumi Co., Ltd. ("Kumagai Gumi") entered into an agreement concerning a capital and business alliance ("the Alliance") and published "Notice of Capital and Business Alliance Between Sumitomo Forestry Co., Ltd. and Kumagai Gumi Co., Ltd." that same day. In the time since, we have leveraged their strengths to drive collaboration, and on this occasion, while further strengthening the alliance relationship, we have decided to change their shareholding ratios with the aim of improving capital efficiency, as detailed below.

1. Reason for the change in shareholding ratios

Through the Alliance, Sumitomo Forestry and Kumagai Gumi have pursued the sharing of technology and expertise, new market development, and the development of technologies with high added value. These efforts have steadily yielded results. However, to enhance capital efficiency and further boost shareholder value, we have decided to partially sell their mutually held shares to optimize their capital relationship. The sales will be carried out on an equal basis for both companies, applying the same proportion to their respective shareholdings.

2. Details of the transaction

(1) Sale of shares in Kumagai Gumi by Sumitomo Forestry

- (i) Shares to be sold Common stock of Kumagai Gumi Co., Ltd.
- (ii) Method of sale Secondary offering through purchase and underwriting by the underwriter
 Additional sale connected with the exercise of a greenshoe option through a
 secondary offering via over-allotment (*)
- (iii) Number of shares to be sold 11,473,400 shares (maximum) (*)
 (Percentage of total shares outstanding, excluding treasury shares: 6.6%)

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- (iv) Planned sale date (delivery date) Any day between Monday, January 26, 2026 and Thursday, January 29, 2026 (*)

(*) The number of shares expected to be sold indicates the number of shares sold and ratios in the event that the secondary offering via over-allotment is carried out with the maximum number of shares, and the greenshoe option is exercised in full with respect to that maximum number.

(2) Sale of shares in Sumitomo Forestry by Kumagai Gumi

- (i) Shares to be sold Common stock of Sumitomo Forestry Co., Ltd.
- (ii) Method of sale Sale by a block trade through a securities firm
- (iii) Number of shares to be sold 4,777,600 shares
(Percentage of total shares outstanding, excluding treasury shares: 0.8%)
- (iv) Planned sale date (planned trade date) On or after Thursday, January 8, 2026

3. Future cooperative relationship

Aiming to adapt flexibly to changes in the management environment and pursuing sustained growth, Sumitomo Forestry and Kumagai Gumi will further strengthen the Alliance while proactively exploring and promoting further investment in areas of collaboration. By continuing to combine Sumitomo Forestry's knowledge of natural materials related to wood and greenery focused on medium- to large-scale wooden construction, environmental greening, and overseas construction and development fields with Kumagai Gumi's advanced civil engineering and construction technologies, we will create social infrastructure that harmonizes with the natural environment, while also driving expansion of both companies' business performance. Note that even following the implementation of this transaction, as we will continue to maintain the Alliance, the shareholdings remaining after the sale will continue to be held, and there are no plans for additional sales. Further, even after the sale of shares in Kumagai Gumi by Sumitomo Forestry, Kumagai Gumi will continue to be an equity-method affiliate of Sumitomo Forestry.

4. Impact on business performance

For Sumitomo Forestry, the impact of this transaction on consolidated business performance will be minor. For Kumagai Gumi, as a gain on sale of investment securities is expected to be generated through this transaction, Kumagai Gumi plans to post extraordinary income corresponding to that amount in the fourth quarter of the fiscal year ending March 31, 2026. For details, please refer to the "Notice of Recording of Extraordinary Income (Gain on Sale of Investment Securities) and Revisions to Operating Results Forecast and Dividend Forecast" issued by Kumagai Gumi today (January 8, 2026).

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