FUKUDA CORPORATION Official Mascots

Story behind Creation

The construction business plays a role in supporting the community and everyday life, while it may project a conservative or unapproachable image. Yet the business harnesses endless on-site creativity—a source of our pride—and workers bring passion and warmth to their work. None of this can be fully conveyed with words. This is why we welcomed Fukutan and Fukurin in 2024 as our official mascots. They act as our ambassadors who clearly and approachably communicate the appeal of construction work and the energy of FUKUDA CORPORATION.

Always sincere from now until the next century and beyond

2026

FUKUDA REPORT

Integrated Report

FUKUDA CORPORATION
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Katsuyuki Fukuda
Chairman & Representative Director
Chairman of the Board
FUKUDA CORPORATION

Masanori Araaki
President & Representative Director
President of the Board
FUKUDA CORPORATION

FUKUDA GROUP Spirit

"Always sincere from now until the next century and beyond"

Company Motto

Acting with sincerity and creativity, we contribute to society through construction

Management Philosophy

We value people and the environment, and aim to create inspirational value based on a corporate structure designed to face challenges

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Editorial Policy

This report is published with the aim of helping our shareholders, investors, and other multi-stakeholders understand the initiatives of the FUKUDA GROUP to enhance corporate value, by disclosing not only financial information such as our results for the period, but also non-financial information such as our management strategy and ESG-related information.

[Reporting Period]

Fiscal 2025 (January 1, 2025–December 31, 2025)
Certain activities conducted before and after the above period are also covered.

[Date of Issue]

July 2026

[Note]

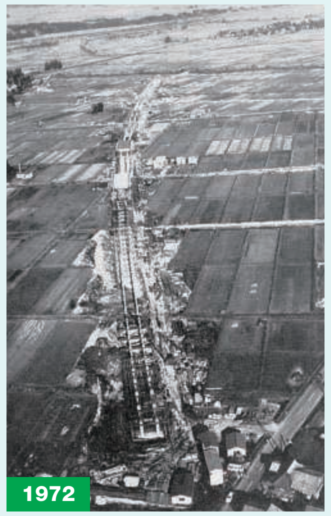
Forward-looking statements in this report, such as business results forecasts, are based on judgments made from currently available information and may differ from actual results due to various future uncertainties.

Originally a civil engineering and construction contracting company founded in Niigata in 1902, the FUKUDA GROUP has upheld the spirit of "sincerity" from the Meiji era to the Reiwa era, engaging in a wide range of businesses including architecture, roads, railways, ports, housing, and real estate. In order to pass on its 120-year tradition to the next generation, the FUKUDA GROUP consistently responds to the needs of society, strives for sustainable growth, and endeavors to contribute to society. Going forward, we will continue to value coexistence with local communities and actively engage in environmental protection and technological innovation, working tirelessly to build a better future.

Yamanoshita Bridge, Niigata (Niigata Prefecture)

Paving work on Ote Street, Nagaoka (shortly after the establishment of the Paving Division)

Niigata Prefectural Civic Center (Post-earthquake Rebuilding Project) (Niigata Prefecture)



Joetsu Shinkansen Kokonokamachi Viaduct (Section 2) construction

Joetsu Shinkansen Tsubame-Sanjo Station (Niigata Prefecture)

Aburumagawa Dam, the first large-scale dam construction project for the Company

Bang Pakong Power Plant (Kingdom of Thailand)

Takashimaya Times Square (Tokyo)

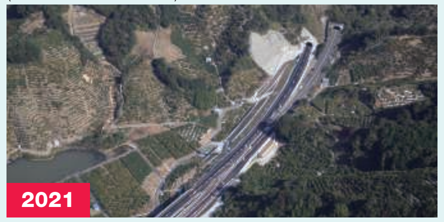
Ueda Roman Bridge (Nagano Prefecture)

Grandeur Nishibori (Niigata Prefecture)

Tatsumi Dam (Ishikawa Prefecture)

iias Kasugai (Aichi Prefecture)

Daiichi Shirakawa Bridge Restoration (Kumamoto Prefecture)



Yanase Tunnel (Wakayama Prefecture)

BRANCH Chofu (Tokyo)

Tokai-Kanjo Gifu Yamagata No. 1 Tunnel (Gifu Prefecture)

Nasu Mega Solar (Tochigi Prefecture)

Post-disaster reconstruction of Ryori Fishing Port and the coast (Iwate Prefecture)

Yumegaoka Soratos (Kanagawa Prefecture)

Iconic Tower and Iconic Building (Niigata Prefecture)

Fukushimagata Floodgate Main Structure (Niigata Prefecture)

1902 | 1950 | 1990 | 2000 | 2020 | 2025

Building the Foundation

1902–1989

- **1902** Founder Tokichi Fukuda establishes "Fukuda-gumi," a sole proprietorship
- **1927** Reorganized as FUKUDA CORPORATION with capital of ¥100,000
- **1953** Tadashi Fukuda assumes office as the fourth President & Representative Director
- **1955** Opened the Nagoya Branch
- **1960** Opened the Tokyo Branch (currently the Tokyo Main Branch)
- **1962** Established Fukuda Ikueikai (currently the Public Interest Incorporated Foundation Fukuda Ikueikai)
  Opened the Osaka Sales Office (currently the Osaka Branch) and increased capital to ¥100 million
- **1965** Opened the Sendai Sales Office (currently the Tohoku Branch)
- **1970** Established FUKUDA ROAD CONSTRUCTION CO., LTD. by spinning off the Road Division
- **1983** Listed shares on the First Section of the Tokyo Stock Exchange and increased capital to ¥2.0 billion
- **1987** Opened the Fukuoka Sales Office (currently the Kyushu Branch)

Era of Growth and Advancement

1990–2019

- **1992** Minoru Fukuda assumes office as the fifth President & Representative Director
  Increased capital to ¥5.0 billion and established THAI FUKUDA, an overseas local subsidiary
- **1997** Became the first general contractor in Niigata Prefecture to obtain ISO 9001 certification
- **2003** Katsuyuki Fukuda assumes office as the sixth President & Representative Director
- **2005** Introduced the Executive Officer system
- **2009** Katsuyuki Fukuda assumes office as Chairman & Representative Director (Incumbent)
- **2013** Certified as a "Company with Excellent Record of Construction Projects for Fiscal 2013" from the Hokuriku Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism (13 consecutive years since)
  Katsuyuki Fukuda appointed as the 21st Chairman of the NIIGATA Chamber of Commerce & Industry
- **2016** Completion of new head office building in Niigata
- **2019** Masanori Araaki assumes office as the ninth President & Representative Director (Incumbent)
  Concluded an "Agreement on Systematic Industry-Academia Collaboration" with Niigata University

Shaping the Future

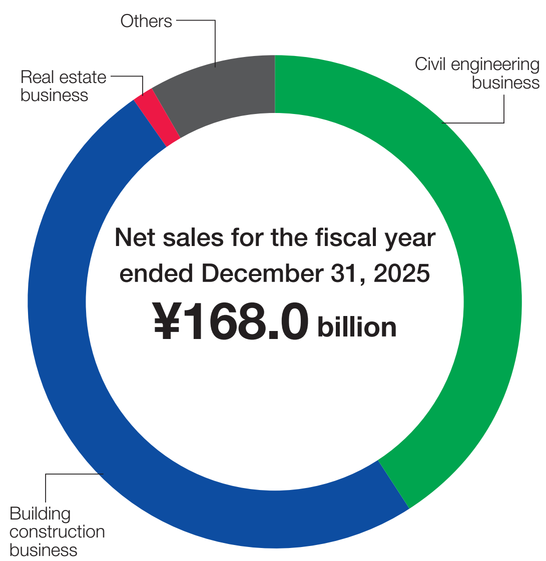
2020–2025

- **2020** Established the Work Style Reform Initiative Committee
- **2022** Listed on the Prime Market of the Tokyo Stock Exchange
  120th anniversary of founding
  Work uniforms renewed for the first time in 30 years
- **2023** Certified as a "2023 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)" by the Ministry of Economy, Trade and Industry
  Transitioned to a company with an Audit and Supervisory Committee
- **2024** Certified as an "Eruboshi-Certified Company" for promoting women's participation
- **2025** Became a Gold-certified company rated by Niigata Prefecture under its "Ni-ful" program for practicing diverse and flexible work styles and women's participation

**With 2026 as a new starting point, the FUKUDA GROUP has established a long-term vision and Medium-Term Business Plan.
We remain committed to achieving sustainable growth and enhancing our corporate value by accomplishing our goals set out in the vision and the plan.**

The Company is a general contractor with a history of over 120 years in the construction industry, and we value sincere craftsmanship backed by technology and trust. Founded as a sole proprietorship in Niigata, we have since expanded our operations across Japan and overseas, constantly taking on challenges in new fields. The Company's goal is to refine its technological and hands-on capabilities responding to an ever-changing society and to provide customers with the highest value. We strive to be a company where each and every employee responds to customer needs and creates experiences that inspire.

Net sales composition (consolidated)



Civil engineering business	40.9%
Building construction business	49.6%
Real estate business	1.4%
Others	8.1%

Civil engineering business

Building the foundations of society through civil engineering

The development of social infrastructure, such as disaster countermeasures and the need for infrastructure renewal, is becoming increasingly important. With reliable technology and a proven track record, the Company supports the foundations of local communities and contributes to the creation of a safe and secure society. In the fields of roads and rivers, we have developed disaster prevention facilities and strengthened and maintained drainage systems. In the field of recovery and reconstruction, we have responded swiftly during disasters in the past.

On the technical front, we have developed methods such as the dual shield method and the water cure method, and are constantly striving to improve construction quality. In terms of environmental initiatives, we make proposals and designs that take into account regional characteristics and the surrounding environment, including final disposal site technologies, thereby contributing to the reduction of environmental impact.

We will continue to contribute to society through a wide range of civil engineering projects and aim to help realize a sustainable future.

Building construction business

A team of construction professionals contributing to society

The Company is a team of construction professionals with trusted technology and a talented workforce. We give concrete form to our customers' "visions," such as desired functions, individuality, and added value, and deliver high-quality buildings that ensure their satisfaction. To date, we have worked on a wide range of buildings, from commercial facilities to public facilities and medical and welfare facilities, continually contributing to society as a whole.

At construction sites, we strive to create buildings that pursue both safety and efficiency. In addition, by employing advanced construction technologies such as the precast reinforced concrete (PRC) method, the seismic isolation method, and the concrete-filled steel tube method, we aim to extend building longevity and enhance seismic resistance. We are also engaged in building construction projects overseas, earning high acclaim for our speedy and meticulous responsiveness.

Going forward, we will continue to create building value that endures into the future as we strive to be a partner that contributes to the well-being of society as a whole.

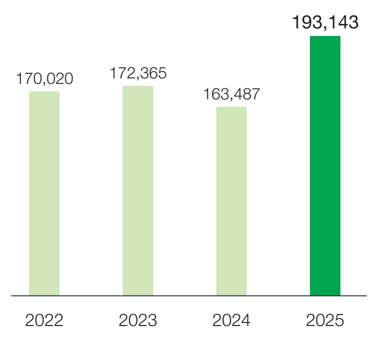
Real estate business

Developing a diverse range of projects tailored to customer needs

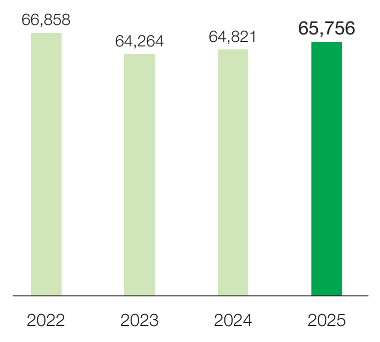
We make effective use of idle real estate and develop a diverse range of projects tailored to customer needs. We are engaged in a wide range of projects, including commercial facilities, residential land development, logistics parks, and land readjustment projects, and we consistently propose best practices to our customers based on surveys and analyses.

Through various projects across the country, we will contribute to the realization of a better society.

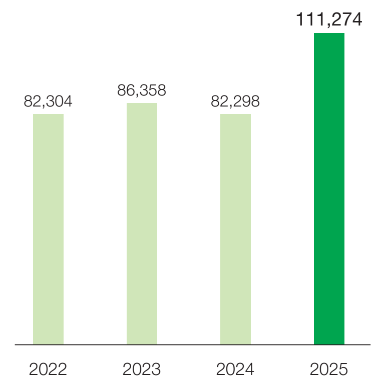
Consolidated orders
(Unit: Million yen)



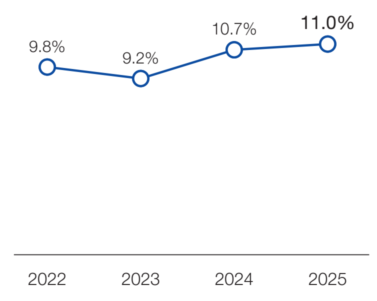
Consolidated orders (Civil engineering)
(Unit: Million yen)



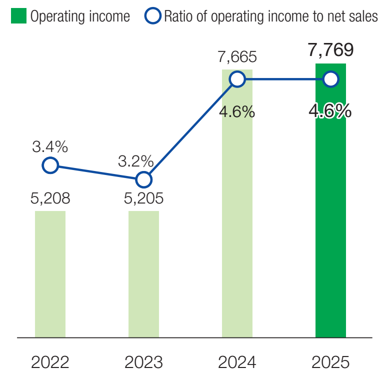
Consolidated orders (Construction)
(Unit: Million yen)



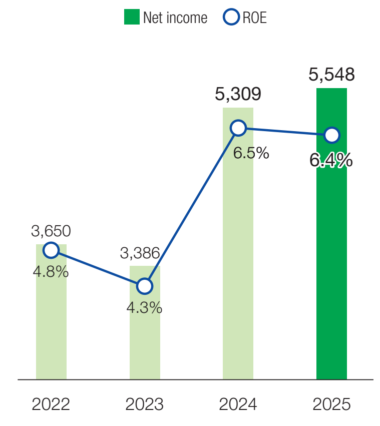
Consolidated gross profit margin



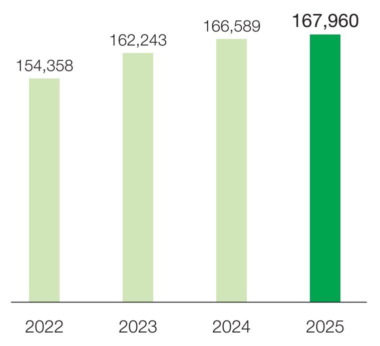
Consolidated operating income/ Ratio of consolidated operating income to consolidated net sales
(Unit: Million yen)



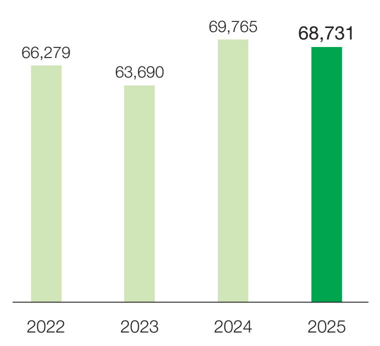
Consolidated net income/ROE
(Unit: Million yen)



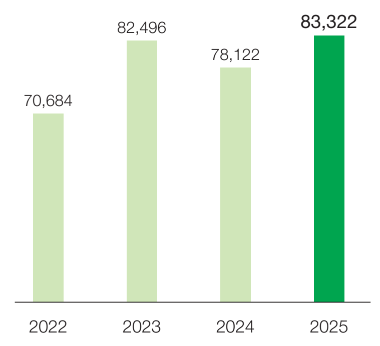
Consolidated net sales
(Unit: Million yen)



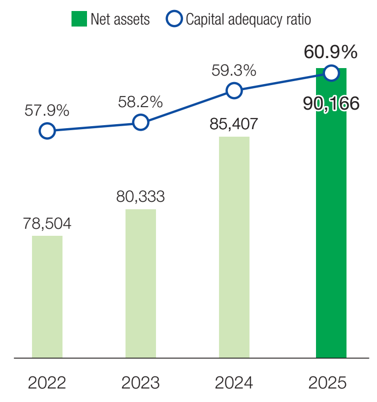
Consolidated net sales (Civil engineering)
(Unit: Million yen)



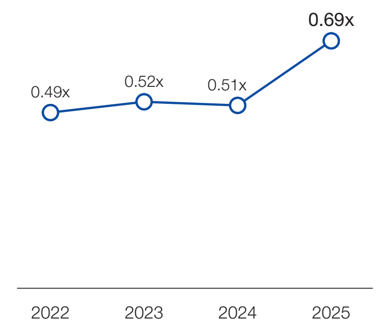
Consolidated net sales (Construction)
(Unit: Million yen)



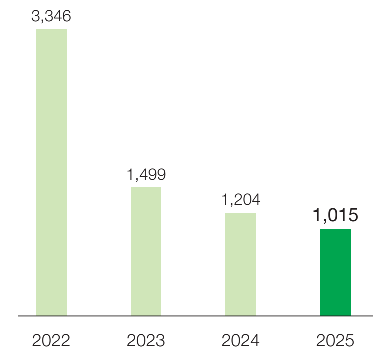
Consolidated net assets/ Consolidated capital adequacy ratio
(Unit: Million yen)



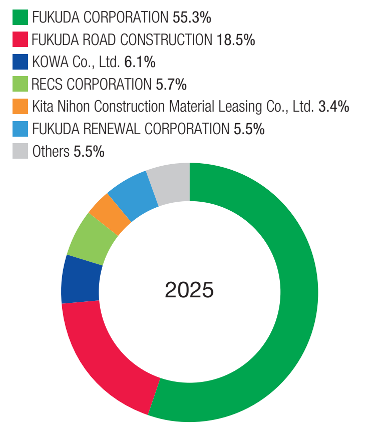
PBR



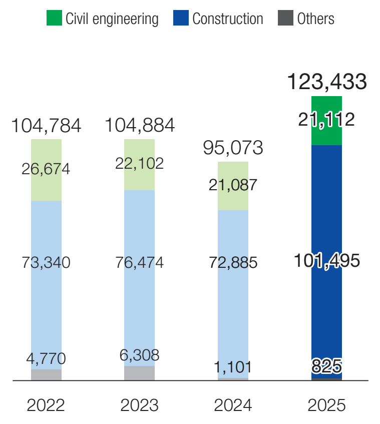
Consolidated interest-bearing debt
(Unit: Million yen)



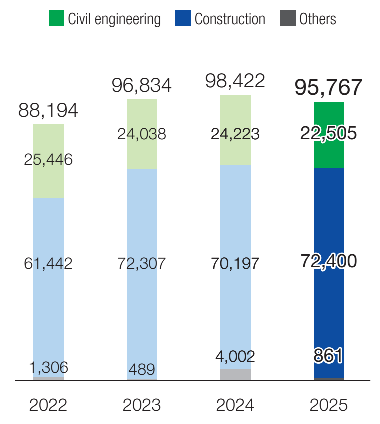
Ratio of net sales by consolidated group



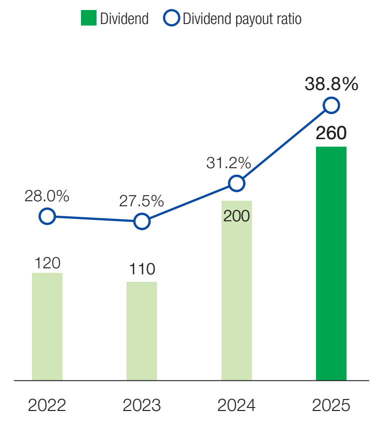
Non-consolidated orders
(Unit: Million yen)



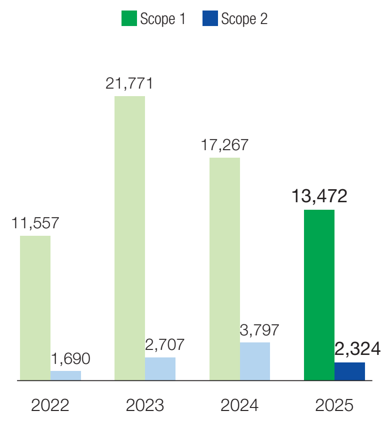
Non-consolidated net sales
(Unit: Million yen)



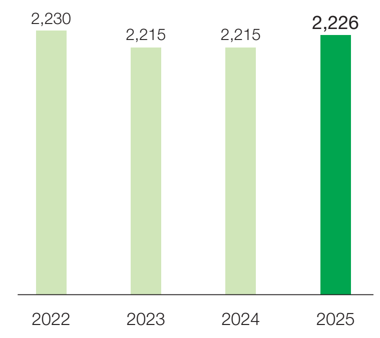
Dividend per share/Dividend payout ratio
(Unit: Yen)



CO_2 emissions
(Unit: t-CO_2)



Number of employees (consolidated)



With a new long-term vision and Medium-Term Business Plan in place, we will continue striving to remain "Always sincere from now until the next century and beyond" while creating and offering a valuable future.

Masanori Araaki
President & Representative Director
President of the Board
FUKUDA CORPORATION

A Quantitative and Qualitative Review of the Previous Medium-Term Business Plan

Since our establishment in 1902, our company has maintained its base in Niigata and developed operations closely connected with local communities as a leading construction company in the prefecture. We have also expanded into major cities across Japan and developed general construction operations nationwide. Fiscal 2025 marks the final year of Medium-Term Business Plan 2025, which we have been implementing since fiscal 2022.

First, looking back at the Medium-Term Business Plan from a quantitative perspective, we achieved our targets for the operating income-to-net sales ratio and the dividend payout ratio. Unfortunately, both net sales and operating income fell short of their targets. The COVID-19 pandemic and the sharp rise in material prices also had a significant impact. In addition, because we exercised caution in our decision-making, investment spending did not reach the level set out in the plan. From the latter half of the plan period, inquiries for orders remained strong, particularly in the construction business. We sought sustainable growth while prioritizing investment in our people, including workstyle reform. However, labor shortages and other personnel constraints meant that order volume and profitability fell below expectations, which was one factor behind the shortfall.

Turning to the qualitative aspects of the plan, we made progress in advancing and further developing our core businesses—construction and real estate. Specific results included an increase in opportunities to win non-competitive project orders, a stronger earnings base supported by growth in large-scale projects, and our entry into the renewable energy business. To promote ESG management and enhance corporate value, we also established the Sustainability Basic Policies and put in place a framework for initiatives aimed at realizing ESG management.

Inevitably, quantitative targets are impacted by unforeseeable social developments, such as the COVID-19 pandemic and the Ukraine conflict. Recent surges in raw material prices caused by escalating tensions in the Middle East are also beyond our control. While calmly assessing the situation and making appropriate decisions, we will continue pursuing our qualitative targets to improve the quality of our business and achieve sustainable growth as a company.

The Group Spirit, "Always sincere from now until the next century and beyond," constantly underlies all of our activities. We have many issues that still require attention, including further embedding this commitment throughout the Group and communicating it more proactively outside the Group to increase recognition of the FUKUDA GROUP nationwide. We face conditions every day that we cannot control. As we work through those difficulties, I believe the key is not to react too strongly to fluctuations in quantitative performance, but to keep confronting our qualitative challenges directly and persistently.

The Intent Behind the Long-Term Vision, FUKUDA VISION 2035

The FUKUDA GROUP has set out FUKUDA VISION 2035, a long-term vision covering the period from the fiscal year ending December 31, 2026 through the fiscal year ending December 31, 2035. To formulate FUKUDA VISION 2035, we conducted workshops and other initiatives across the Group and drew out a wide range of opinions beyond the boundaries of individual companies and departments. This accumulation of new initiatives enabled us to define the future that the FUKUDA GROUP aims to achieve. It is built around one slogan and the Six Aspirations.

The slogan is "Take pride, Pass it on, Take on challenges, and Create the future." Based on this slogan, we will strive to achieve the following Six Aspirations: (i) We work energetically and take pride in each other's growth; (ii) We maintain our motivation to keep taking on challenges to advance our business and create the future; (iii) We grow alongside and create the future together with local communities; (iv) We contribute to community development with pride as a construction company; (v) We deliver fundamental safety and quality and build trust with society and people; (vi) We create new value united as a group.

To realize these six aspirations, we will pursue sustainable growth by positioning people, business, and brand as the three pillars of our strategy. Our targets for the fiscal year ending December 31, 2035 are net sales of ¥220.0 billion, operating income of ¥14.3 billion, a ratio of operating income to net sales of 6.5%, and ROE of 8.5%. In the fiscal year ended December 31, 2025, the corresponding results were ¥168.0 billion, ¥7.8 billion, 4.6%, and 6.4%.

There is still much that the construction industry must contribute to society. As professionals in the construction industry, we take pride in helping to build communities that form the foundation of people's lives. We also have a responsibility to make social infrastructure safer and protect people's lives and livelihoods. The FUKUDA GROUP has always grown steadily together with local communities. Going forward, we must continue to do so while embracing diverse values and working as one Group to create new value for the future. We will work toward realizing the aspirations we seek to achieve 10 years from now, and we believe that achieving the numerical targets outlined above will follow as a result of those efforts.

Three Priority Strategies of Medium-Term Business Plan 2030

Together with FUKUDA VISION 2035, we have also announced Medium-Term Business Plan 2030. Under this new plan, we have designated the first five years of the long-term vision as a Strengthening Phase. As with the long-term vision, we have positioned people, business, and brand as the three priority strategies to strengthen our management foundation steadily and achieve business growth. We place particular priority on proactive investment in human resources and will establish a framework in which every employee can grow steadily together with the company. To continue preserving the trust and quality

we have built over more than 120 years, it is also extremely important that we firmly develop the next generation of human resources.

As Japan's population declines, securing and developing talented human resources is becoming an extremely important and difficult challenge. Compared with the past, the number of young people aspiring to work in manufacturing has clearly decreased. If we are to pass our work on to the next generation, we will need to address a variety of recruitment challenges. For example, through initiatives such as giving students opportunities to visit our worksites, we need to provide occasions that will spark their interest in the construction industry. The Brand Strategy discussed later will also become increasingly important in encouraging people to feel that they would like to work for the FUKUDA GROUP. We need to communicate more actively the sincerity and care we bring to our work, as well as our commitment to craftsmanship. When people select an employer, the factors that matter most are job satisfaction and a supportive working environment. Accordingly, workstyle reform must address substantive issues rather than remain at a superficial level.

Through the initiatives undertaken to date, we believe the working environment within the FUKUDA GROUP has steadily improved. By continuing to make sustained improvements, we hope to increase the number of people who wish to pursue careers in the construction industry and, above all, who aspire to work for the FUKUDA GROUP.

Developing the human resources we recruit is also an extremely important theme for the sustainable growth of the company. To maintain and expand the high level of construction capabilities that are the pride of the FUKUDA GROUP, we plan to restructure our engineer training curriculum, strengthen the development of next-generation management personnel, and make proactive capital investments in the training center to enhance the development environment further.

In promoting our Business Strategy and Brand Strategy, we intend to place greater emphasis than ever on collaboration within the FUKUDA GROUP and strengthen the framework through which Group companies can generate synergies with one another. As the FUKUDA GROUP, we will unite our Group companies in pursuing our business activities, while always keeping in mind how we can provide new value to stakeholders, including our customers and shareholders. We have positioned both the long-term vision and the new Medium-Term Business Plan as common targets to be pursued across the entire Group.

A review of our consolidated performance shows that Group companies account for approximately 40% of total net sales. We are already working to promote collaboration among Group companies in Niigata Prefecture. Going forward, we believe it will be important not only to deepen these efforts but also to expand them beyond the prefecture.

As part of our Business Strategy, the building construction business will seek to increase orders for large-scale projects, including the redevelopment of urban commercial facilities. At the same time, we will focus on growth areas such as ZEB/ZEH projects that contribute to a decarbonized society, while improving productivity through the promotion of DX, including the use of AI.

In the civil engineering business, we will respond steadily to needs related to disaster prevention and mitigation by drawing on our strengths in tunnels, jacking and shield tunneling technologies, and the comprehensive capabilities of the Group. We will also seek to improve productivity and profitability by establishing construction systems that make effective use of ICT to address labor shortages, while ensuring adherence to construction schedules and further enhancing cost management. In the real estate business, we aim to stabilize its scale while contributing to growth in the civil engineering and building construction businesses. More specifically, we will promote large-scale development projects, strengthen the leasing business as a recurring revenue business, and strengthen sales activities and planning proposals for exit strategies to secure order opportunities for the building construction business.

Concerning our Brand Strategy, we recognize that we have tended to take a passive stance, expecting customers to understand the value of the FUKUDA GROUP through our achievements. Going forward, we will take a more proactive approach to communicating our strengths and appeal to a broad range of stakeholders. We aim to establish the FUKUDA brand as one that is trusted throughout Japan, while also focusing on projects related to regional revitalization and collaboration across the Group. We believe that the consistent implementation of this Brand Strategy will ultimately contribute to greater job satisfaction and engagement among employees working throughout the FUKUDA GROUP.

In essence, I believe the brand value of the FUKUDA GROUP is rooted in our outstanding human resources, quality, safety, and management capabilities. We have conducted our business with sincerity, consistently delivering high-quality work so that customers will feel that entrusting their projects to the FUKUDA GROUP was the right decision. We take pride in having built the FUKUDA GROUP brand in this way over more than 120 years, and we intend to communicate its strengths to a wider audience.

Promoting Management Conscious of Cost of Capital and Sustainability

As part of our efforts to promote management conscious of cost of capital, Medium-Term Business Plan 2030 also sets a target of achieving ROE of 6.7% or more in the fiscal year ending December 31, 2030. Compared with the 6.4% recorded in the fiscal year ended December 31, 2025, this may appear to be a relatively modest increase. However, this is the target for the Strengthening Phase of the long-term vision. Our top priority is to establish a foundation for steadily improving ROE. In the "Development" phase that follows, we will seek further improvement and aim to achieve ROE of 8.5% in the fiscal year ending December 31, 2035.

There are several possible measures for increasing ROE. Even so, we believe the most effective approach is to steadily improve the profitability of our businesses and raise profit margins, as this will also contribute to sustainable growth. We will promote the efficient use of capital not only at FUKUDA CORPORATION but also throughout the Group to strengthen our management foundation. From the "Development" phase that follows Medium-Term Business Plan 2030, we will further accelerate and enhance business profitability and the efficiency of capital utilization.

At the same time, we will promote sustainability-oriented management that links social issues with the management challenges facing our company and aims to achieve sustainable growth. As part of this approach, the FUKUDA GROUP has identified eight material issues (materiality) related to ESG and, under the new Medium-Term Business Plan, established targets for each to be achieved by December 2030.

Concerning "E" (the environment), we aim to reduce Scope 1, 2, and 3 CO_2 emissions to contribute to a decarbonized society and help build a circular society. For "S" (society), based on the long-term vision described earlier, we will develop a workplace environment in which diverse human resources can take on challenges with confidence and fully demonstrate their capabilities. We will also advance initiatives that enable employees to achieve both job satisfaction and good health. In addition, we will emphasize securing and developing human resources, strengthening employee engagement, and preventing occupational accidents.

In the area of "G" (governance), we have worked to achieve sustainable growth and contribute to society by responding to evolving needs, with the Group Spirit, "Always sincere from now until the next century and beyond," as our fundamental premise. To continue adhering to this principle, we will further strengthen corporate governance and risk management and practice sound management with enhanced transparency and fairness. Having our Outside Directors monitor and supervise the management of the FUKUDA GROUP forms part of this approach. We receive valuable opinions from perspectives that those of us inside the Group may overlook and use them as a reference in our management decisions.

Emphasizing Shareholder Returns Together with Investment in People and Brand Strategies

In addition to making proactive investments in our People Strategy and Brand Strategy, we intend to place greater emphasis on shareholder returns. Over the next five years, the FUKUDA GROUP plans to generate approximately ¥59.0 billion through core operations and capital efficiency improvements and allocate these funds in a balanced manner between strategic growth investments and shareholder returns. Regarding shareholder returns, we aim to increase dividends per share on a sustained basis through higher EPS and achieve a dividend payout ratio of 50% by the fiscal year ending December 31, 2030. In addition, we plan to carry out approximately ¥5.0 billion in share repurchases over the next five years.

As described above, the FUKUDA GROUP has newly formulated a long-term vision covering the next 10 years and will move steadily forward toward its realization. The fiscal year ending December 31, 2026, will be the first year of the long-term vision and will also serve as the starting point for Medium-Term Business Plan 2030, which represents its Strengthening Phase. Over the next 10 years, we hope that shareholders and our other stakeholders will have high expectations for the value that the FUKUDA GROUP will be able to provide. To fully meet those expectations, we will work toward achieving Medium-Term Business Plan 2030 while further strengthening unity across the Group. We sincerely ask for your continued support and guidance.

Value Creation Process

External environment

- Population decline
- Abnormal weather
- Natural disasters
- Aging infrastructure
- Carbon neutrality

INPUT

Fiscal 2025 results

Management capital

- Total assets (consolidated) **¥147.4 billion**
- Net assets (consolidated) **¥90.1 billion**
- Capital adequacy ratio (consolidated) **60.9%**

Manufacturing capital

- Main branch, branches, sales offices **18 locations**
- Number of group companies (including parent) **30 companies**

Social and relationship capital

- Number of member companies of FUKUDA CORPORATION Partner Association and Fukujukai **Approx. 550 companies**

Human capital

- Number of employees (consolidated) **2,226**
- Number of qualified employees (consolidated)

Professional engineers	60
First-class architects	144
First-class civil engineering works execution managing engineers	696
First-class paving works execution managing engineers	198
First-class building works execution managing engineers	310

FUKUDA VISION 2025 / FUKUDA VISION 2035

FUKUDA VISION 2025	FUKUDA VISION 2035	
Medium-Term Business Plan 2025	Medium-Term Business Plan 2030 ▶▶▶ Currently ▶▶▶	Medium-Term Business Plan 2035
Phase "Establishment"	Phase "Strengthen"	Phase "Development"
Enhance our business management foundation (p. 15)	To be a strong company that continually evolves and deepens its core businesses while enhancing human capital, and continues to take on challenges (p. 17)	Propose value for the future
Materiality	Materiality	
Materiality of FUKUDA CORPORATION	New Group-wide materiality (p. 32)	

Core businesses

- **Civil engineering** (p. 21)
  - Tunnels
  - Shields
  - Rivers and ports
  - Land development
  - Roads
- **Construction** (p. 25)
  - Commercial facilities
  - Housing and resorts
  - Logistics facilities
  - Schools and hospitals
  - Renewal
- **Real estate** (p. 29)
  - Sales
  - Leasing and brokerage
- **Others** Building-related works
  - Leasing
  - Nursing facilities

Fukuda's strengths

From Niigata to everywhere in Japan

- Solid technical expertise backed by 120 years of history
- Comprehensive group strength covering a wide range of business domains
- Human resources embodying the DNA of "Sincerity"

Company Motto Acting with sincerity and creativity, we contribute to society through construction

Group Spirit "Always sincere from now until the next century and beyond"

Management Philosophy

We value people and the environment, and aim to create inspirational value based on a corporate structure designed to face challenges

FUKUDA VISION 2035
"Take pride, Pass it on, Take on challenges, and Create the future."

The Six Aspirations

1. We work energetically and **take pride in each other's growth**
2. We maintain our motivation to **keep taking on challenges** to advance our business and create the future
3. We grow alongside and **create the future** together with local communities
4. We contribute to community development **with pride as a construction company**
5. We deliver fundamental safety and quality and **build trust** with society and people
6. **We create new value united as a group**

OUTPUT

Fiscal 2025 results

Economic value

- Net sales (consolidated) **¥168.0 billion**
- Operating income/Ratio of operating income (consolidated) **¥7.8 billion/4.6%**
- Dividend/Dividend payout ratio **¥260 per share/38.8%**

Environmental value

- CO_2 emissions (non-consolidated) Scope 1 + 2 **15,796 t-CO_2**
  → Down **35.5%** from Fiscal 2023
  (Target: 30% reduction from Fiscal 2023 by 2030)
- No. of ZEB/ZEH certifications (design and construction) **1 case** (Target: 2 or more per year)

OUTCOME

Providing value to multiple stakeholders

福田組 FUKUDA

- **Administrative agencies**
  - Disaster recovery support
  - Infrastructure maintenance and renewal
- **Customers (corporate and individual)**
  - Improved customer satisfaction
  - High-quality services
- **Shareholders and investors**
  - Stable shareholder returns
  - Information disclosure and engagement
- **Employees**
  - Skill development
  - Improvement of job satisfaction
  - Supportive work environment
- **Environment and local communities**
  - Environmental conservation
  - Regional revitalization
- **Business partners**
  - Fair transactions
  - Mutual prosperity and coexistence
- **Other businesses and organizations in the same industry**
  - Collaborative technology development
  - Productivity improvement

Long-term Vision 2025 Slogan (10 Years SINCE 2016)

A century of history and tradition; New challenges for the next 100 years

Medium-Term Business Plan 2025 Slogan (4 years SINCE 2022)

Planting our roots in the local region and building strong bonds with our multiple stakeholders that go beyond the region

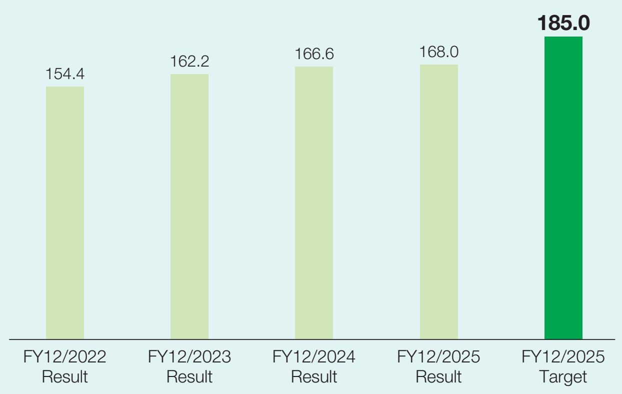
The previous Medium-Term Business Plan 2025 was the third and final phase of the Long-term Vision 2025, and its basic concept geared to sustainable growth was balancing "quantity" and "quality." In addition to expanding our mainstay businesses, we were committed to addressing sustainability as we worked to enhance our corporate value.

We also prioritized investment in human capital, which included work style reforms, to prepare ourselves for changes in the market environment, thereby developing a stronger foundation for sustainable growth.

[Consolidated] Progress toward key numerical targets (fiscal year ended December 31, 2025)

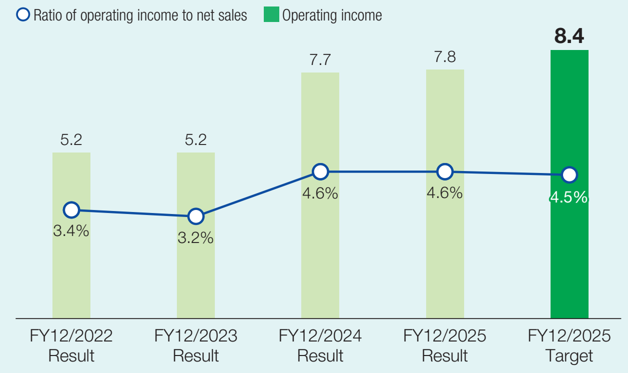
We received robust order inquiries mostly for construction projects, yet workforce constraints led to unachieved sales and profit targets. Nevertheless, we made steady progress in establishing a solid foundation for our future growth. ROE, however, fell short of the planned value, which presented the challenge of improving capital efficiency we need to meet.

Net sales trends (Unit: Billion yen)



Operating income and ratio of operating income trends

(Unit: Billion yen)



Indicator	Plan	Result	Status (Progress rate)
Net sales	¥185.0 billion	¥168.0 billion	Unachieved (90.8%)
Operating income	¥8.4 billion	¥7.8 billion	Unachieved (92.9%)
Ratio of operating income to net sales	4.5%	4.6%	Achieved
ROE	Around 8.0%	6.4%	Unachieved

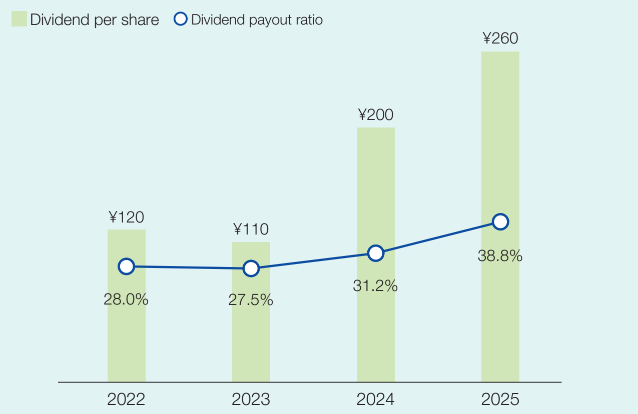
Medium-Term Business Plan 2025 Basic Policies in review

We steadily seized opportunities in our mainstay businesses and acted to meet social demands in good faith. We are also aware that we need to establish a much stronger management foundation to achieve further growth.

Medium-Term Business Plan 2025 Basic Policies	Rating	Achievements	Ongoing challenges
1 Evolution and deeper development of mainstay businesses (construction and real estate businesses)	Achieved	· Increase in opportunities to win non-competitive project orders · Stronger earnings base supported by growth in large-scale projects · Entry into the renewable energy business	· Establishing a stronger framework for more large-scale orders · Expanding our renewable energy business
2 Establishment of the sincere brand image of the FUKUDA GROUP	Half achieved	· The Group Spirit "Always sincere from now until the next century and beyond" established across the Group	· Increasing our brand awareness across Japan by focusing more on publicizing our sincere image
3 Strengthening and ensuring safety and quality	Half achieved	· Group companies advancing their activities to keep improving safety and quality · Occurrence of serious accidents	· Further improving safety and quality across the Group · Achieving zero occupational accidents and quality defects
4 Enrichment and growth of human resources	Half achieved	· Workforce size maintained · Growth of human resources facilitated through training and OJT	· Enhancing talent competitiveness to reinforce our system · Preparing for an aging workforce, including skills transfer
5 ESG management for the enhancement of corporate value	Achieved	· Sustainability Basic Policies developed · Framework for practicing ESG management established	· Advancing and accelerating actions to achieve carbon neutrality · Continuing community engagement activities and launching new ones

Shareholder returns

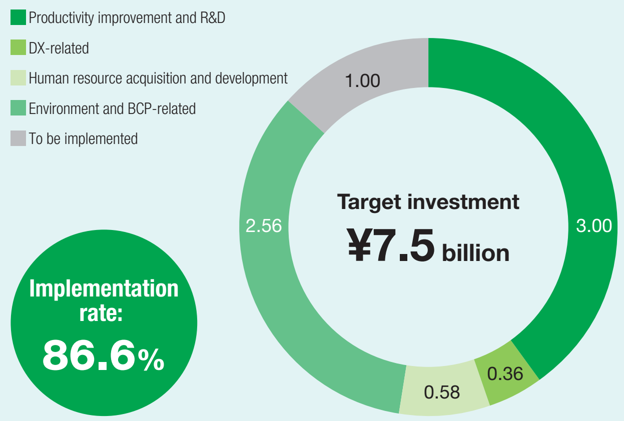
Guided by our basic policy of stable dividends, we have been working to enhance shareholder returns by actively making growth investments and strengthening our financial health to increase our corporate value. As part of these efforts, we raised our base dividend per share from ¥110 to ¥200 and further increased the dividends when results surpassed planned figures, among others, which resulted in three consecutive years of dividend increases.



Investment plan

To enhance quality, we have planned and launched a total investment of ¥7.5 billion in DX and human resources, among others, as a consolidated growth investment. However, because of the pandemic, we had to take a cautious approach to investment decisions. Consequently, the implementation rate against the investment plan was 86.6%.

Status of planned investment (Unit: Billion yen)



FUKUDA VISION 2035

FUKUDA VISION 2035 (Fiscal 2026–Fiscal 2035)

"Take pride, Pass it on, Take on challenges, and Create the future."

The FUKUDA GROUP has established a long-term vision FUKUDA VISION 2035 to make a new start from the fiscal year ending December 31, 2026. Under the slogan "Take pride, Pass it on, Take on challenges, and Create the future.," we will proactively embrace change to create new value as we pass on the technologies, track record, and trust the Group has developed to the next generation.

To remain "always sincere from now until the next century and beyond," we will continue to shape and offer a valuable future with pride.

FUKUDA VISION 2035 (the Six Aspirations for the next 10 years)

We work energetically and take pride in each other's growth

A company grows only when its people grow. We have a vision that all officers and employees work with passion, and feel and celebrate each other's growth. To bring this vision to life, we are committed to investing in human resources.

We maintain our motivation to keep taking on challenges to advance our business and create the future

Taking fresh approaches and meeting new business challenges is key to the continuous creation of inspirational value as we adapt to changes in the world. Our vision is an organization that supports each employee in maintaining their drive to pursue meaningful challenges.

We grow alongside and create the future together with local communities

We have continued to grow with local communities who have always supported us. This is our strength. We aspire to remain as a company that proposes and creates a future for and with local communities.

We contribute to community development with pride as a construction company

We have contributed to society through our construction business for more than 120 years. This is a source of pride for us. We will continue our contributions to creating vibrant communities with pride in the construction industry, and with a sense of responsibility for and dedication to craftsmanship.

We deliver fundamental safety and quality and build trust with society and people

With the principle "Always sincere from now until the next century and beyond," we have been committed to offering safe and high-quality services. By consistently delivering fundamental safety and quality, we have built solid technologies and trust. We will pass on these technologies and trust to the next generation.

We create new value united as a group

To keep achieving growth with finite resources, the FUKUDA GROUP needs to ensure that its Group companies work even more closely to elevate the brand. The FUKUDA GROUP remains committed to creating new value through a company-wide effort, thereby enhancing its corporate value.

Strategies Key to the Six Aspirations

People Strategy | **Business Strategy** | **Brand Strategy**

Medium-Term Business Plan 2030

Medium-Term Business Plan 2030 (Fiscal 2026–Fiscal 2030)

"Strengthen our management base alongside the growth of our people and shape a valuable future through challenges"

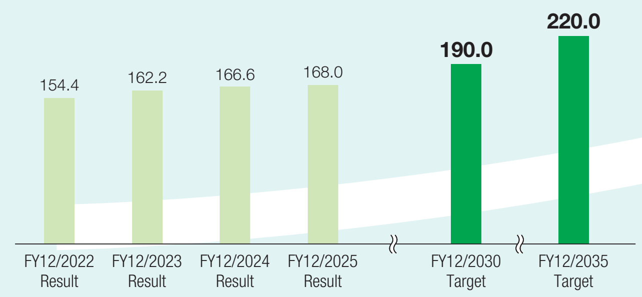
The Medium-Term Business Plan 2030 constitutes the first phase of FUKUDA VISION 2035, and we have designated it as a Strengthening Phase. Over the next five years, we will establish a stronger management foundation that will support our sustainable growth. Our primary focus is to secure human resources, the bedrock of our enterprise, and achieve growth. We also plan to further enhance our mainstay businesses in order to offer higher added value to multiple stakeholders.

With an eye to achieving further growth beyond this five-year period, we aim to evolve into a corporate group that continues to propose and deliver value for the future. We will steadily move forward to deliver on the Six Aspirations of FUKUDA VISION 2035.

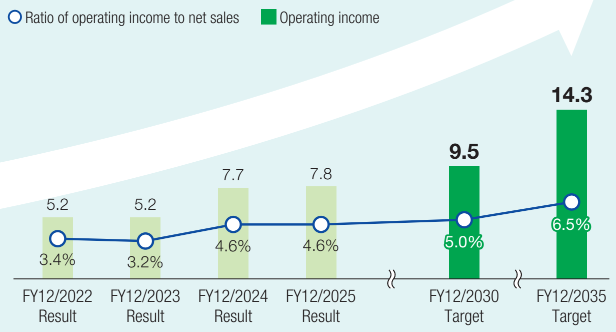
Executive Summary

FUKUDA VISION 2025	FUKUDA VISION 2035	
Medium-Term Business Plan 2025	Medium-Term Business Plan 2030	Medium-Term Business Plan 2035
Phase "Establishment" To be a company with a solid management base that makes sustained growth possible	Phase "Strengthen" To be a strong company that continually evolves and deepens its core businesses while enhancing human capital, and continues to take on challenges	Phase "Development" To be a company that can leverage its strengthened management base and the Group's collective capabilities to expand the FUKUDA brand across multiple sectors and offer a more valuable future

[Consolidated] Target net sales (Unit: Billion yen)



[Consolidated] Target operating income and ratio of operating income (Unit: Billion yen)



[Consolidated] Key numerical targets

Indicator	Result for the fiscal year ended December 31, 2025	Plan for the fiscal year ending December 31, 2030	Plan for the fiscal year ending December 31, 2035
Net sales	¥168.0 billion	¥190.0 billion	**¥220.0 billion**
Operating income	¥7.8 billion	¥9.5 billion	**¥14.3 billion**
Ratio of operating income to net sales	4.6%	5.0%	**6.5%**
ROE	6.4%	6.7% or more	**8.5%**

Three Priority Strategies for the Medium-Term Business Plan

1 People Strategy | 2 Business Strategy | 3 Brand Strategy

Guided by the aspirations of FUKUDA VISION 2035, Medium-Term Business Plan 2030 prioritizes three strategies: People, Business, and Brand. Our primary focus among these three strategies is People Strategy. We plan to proactively invest in recruitment, training, and measures to improve job satisfaction, thereby enhancing our talent foundation that will support our sustainable growth.

We will steadily and systematically deliver on initiatives aligned with the priority strategies in order to achieve business growth and enhance our corporate value.

1 People Strategy Build a business structure that enables sustained growth through active investment in our people

Numerical targets (during the Medium-Term Business Plan 2030 period)	Initiatives to reach targets
Human capital investment: ¥1.6 billion	1 Secure personnel in a stable manner
Employees: 2,340	2 Developing talent to drive sustainable growth
New recruits: 551	3 Improve engagement

2 Business Strategy To become a construction company that continues to grow by taking organized challenges while maintaining trust and quality

[Consolidated] Numerical targets (during the Medium-Term Business Plan 2030 period)*1		Initiatives to reach targets
Civil engineering business	Net sales from civil engineering business ¥96.0 billion	1 Focus on growth areas aligned with social needs 2 Deepen specialized technologies to strengthen competitiveness 3 Improve productivity and profitability
Building construction business	Net sales from building construction business ¥102.0 billion	1 Enhancing our large-scale project management system 2 Focus on growth areas aligned with social needs 3 Improve productivity and profitability
Real estate business	Net sales from real estate business*2 ¥2.6 billion	1 Promote large development projects*3 to stabilize revenue 2 Enhance rental business 3 Contribution to construction business

*1 The target net sales from these businesses do not take account of consolidated elimination.
*2 The figure for the real estate business is the average net sales during the Medium-Term Business Plan 2030 period.
*3 “PJ” refers to a project. (Subsequent notes have been omitted.)

3 Brand Strategy To become a trusted FUKUDA brand that works alongside local communities nationwide

Numerical targets (during the Medium-Term Business Plan 2030 period)	Initiatives to achieve targets
Number of regional revitalization PJ: 4	1 Help to enhance regional value
Number of collaborative PJs within the Group: 4	2 Strengthen communication capabilities
	3 Promote collaboration within the Group

Cash Allocation

We will generate approximately ¥59.0 billion over 5 years through core operations and capital efficiency improvements, which will be allocated to strategic growth investments and shareholder returns

Cash inflow

Generate stable cash flow from core operations while improving capital efficiency

Cash generation through core operations Approx. ¥44.0 billion	**Operating cash flow: Approx. ¥44.0 billion** *Cost included in the figure calculated using the formula “Projected operating income + Depreciation and amortization - Tax + ¥7.0B expenses included in cash outflows (personnel/brand/DX/technology)”
Cash generation through capital efficiency improvements Approx. ¥15.0 billion	**Generated through working capital efficiency improvements: Approx. ¥10.0 billion** **Raise interest-bearing debt in line with the timing of growth investments: Approx. ¥5.0 billion+α**

Cash outflow

Implement disciplined capital allocation that balances growth investments and shareholder returns

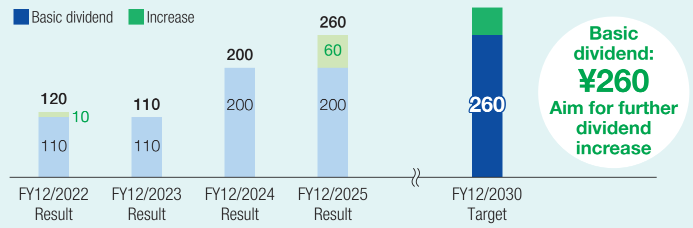
Growth investments Approx. ¥43.0 billion	**[Personnel & brand investments: Approx. ¥3.5 billion]** Recruitment/development expenses, advertising expenses, etc. **[DX & technology investments: Approx. ¥6.5 billion]** DX/systems investments, technological development expenses, etc. **[Capital investment: Approx. ¥13.0 billion]** Ships, operational equipment replacement, etc. **[Strategic investments: Approx. ¥20.0 billion+α]** M&A, development project investments, etc.
Shareholder returns Approx. ¥16.0 billion	**Shareholder return policy/targets**: **Dividend payout ratio: 50% target; Basic dividend: ¥260; Share repurchases: Around ¥5.0 billion**

Shareholder Return Policy

We will promote stable and proactive shareholder returns with a target dividend payout ratio of 50%.

Basic policy on distribution of profits	· Through profit growth, aim for continuous increases in dividends per share, raise the basic dividend to ¥260, and **target a dividend payout ratio of 50%** · Aiming for management conscious of cost of capital and for proactive shareholder returns, **plan for share repurchases of around ¥5.0 billion over 5 years**

Dividend per Share Target (Unit: Yen)



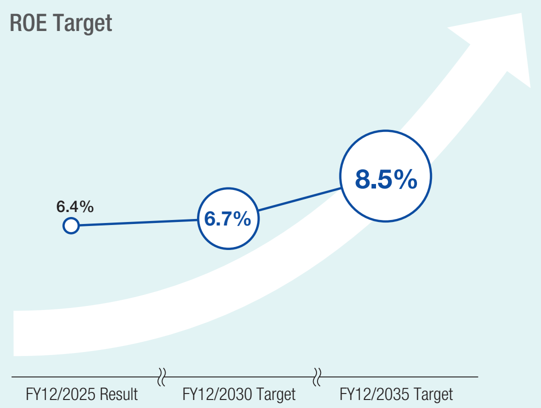
	FY12/2025 results	FY12/2030 targets
Dividend payout ratio	38.8%	**50% Target**
Basic dividend	¥200	**¥260*1**
Share repurchases*2	¥1.3 billion	**Around ¥5.0 billion**

*1 We executed a 2-for-1 common stock split effective July 1, 2026. Consequently, the basic dividend is ¥130.
*2 The actual result is the total for the previous Medium-Term Business Plan 2025 period, and the target is the total for the Medium-Term Business Plan 2030 period.

Promotion of Management Conscious of Cost of Capital

Remaining conscious of capital profitability and growth expectations for enhancement of corporate value, we will promote multifaceted initiatives aimed at achieving an ROE of 8.5% for the fiscal year ending December 31, 2035

ROE Target



Improve capital profitability =

Component indicators		Initiatives targeting each component factor
Net income margin	Net income / Net sales	· Enhance project profitability management · Rebuild procurement system · Promote operational efficiency and labor reduction through DX
Total asset turnover	Net sales / Total assets	· Strengthen order-taking system through talent and organizational capacity expansion · Expand net sales by winning large projects, etc. · Make effective use of real estate business assets
Financial leverage	Total assets / Shareholders' equity	· Expand strategic investments for growth · Optimize capital composition · Actively promote shareholder returns

Civil Engineering Works

Shuichi Sunada

Director & Executive Officer
General Manager of Department of Civil Engineering

In the civil engineering business, we leverage strengths such as proprietary technologies including the dual shield method and construction techniques for mountain tunnels, responding to diverse needs related to social infrastructure development. We have also concluded disaster agreements with ordering agencies, and we strive to maintain social infrastructure by conducting river and road patrols after heavy rain disasters and earthquakes.

In private-sector civil engineering works, we are actively engaged in projects such as waste disposal sites and renewable energy (e.g., offshore wind power generation).

Strengths

- Accumulation of technologies in existing construction fields such as tunnels and dual shield methods
- Hands-on capabilities guided by the creed of “Always sincere from now until the next century and beyond”
- Proposal capabilities for design and construction through the unity of Group companies

Opportunities

- Public investment associated with the National Resilience Policy
- Expansion of the renewable energy market toward the realization of carbon neutrality
- Greater demand for maintenance and renovation of aging infrastructure

Risks

- Intensification of natural disasters
- Shortage of construction industry workers due to declining birthrate and aging population
- Contraction of the infrastructure construction market

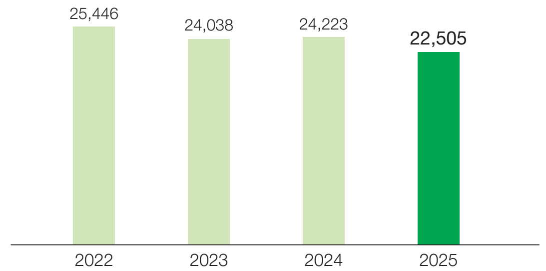
Business overview and review of 2025

In 2025, our civil engineering business secured ¥21.1 billion in orders (¥4.9 billion short of the target), and net sales totaled ¥22.5 billion (¥3.5 billion ahead of the target). We concluded that the causes of the unachieved target orders were the bids for mountain tunnels and other large-scale projects we could not win, and smaller-scale orders from municipalities for construction work or other equivalents. The bidder selection for a public-sector project is based on comprehensive evaluation, and submitting the best technical proposal is a prerequisite. This means that we are unable to ensure a win for all projects. To maintain a stable revenue base, we believe that it is essential to focus on private-sector civil engineering projects.

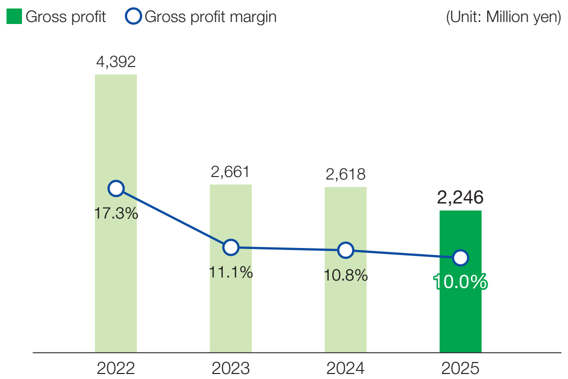
Future outlook

The Company set forth the Medium-Term Business Plan 2030 for the five years from January 2026 to December 2030, and we are already in the first year of the plan. Our mission is to achieve the civil engineering business segment’s aspiration for 2030, that is, to become an organization ready to embrace the challenges of consistently securing orders for public-sector projects and increasing orders received for private-sector civil engineering projects. We plan to fast-track younger employees into the roles of site managers and enhance operational efficiency through ICT and DX as part of the civil engineering business’s strategy. Our target public-sector projects are those for renovating aging structures, and for retrofitting to prevent or mitigate disasters. As for private-sector projects, we plan to rebuild our sales operation framework to align public- and private-sector sales teams to secure contracts for land development and waste disposal site projects. In delivering these plans, we aim to achieve greater sales.

Net sales trends (non-consolidated)



Gross profit and gross profit margin trends (non-consolidated)



TOPICS

Outlook for DX in the civil engineering segment

Given the industry-wide construction labor shortages coupled with the demand for work style reforms, we need to increase productivity at construction sites. DX-related efforts—including the digitalization of construction processes, the use of ICT construction and robotics to reduce labor and workload, and the use of digital twins for streamlined construction management—are now essential. The civil engineering segment also set up a DX department in order to advance digital transformation across construction work. We plan to roll out DX in stages, thereby continuing to enhance our competitiveness.

Initiative Examples

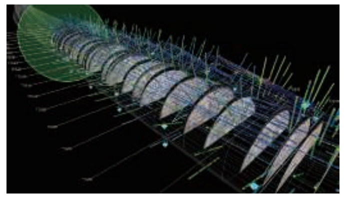
1 RTK drone and cloud services combined for enhanced aerial photogrammetry efficiency

We have established a system for autonomous aerial photogrammetry by combining a drone equipped with real-time kinematic (RTK) positioning functionality with a cloud-based geospatial data platform. The system has made as-built management, progress management, and topographic surveys easier at large-scale earthwork sites. It has also significantly reduced person-hours compared to conventional manual surveying, contributing to greater productivity of construction management.

Example point cloud of land development

2 Use of BIM and CIM

By checking a 3D model against the on-the-ground conditions, we identify design-to-field discrepancies in an early stage to reduce the risk of rework. The data is also transferred to ICT machinery for construction that does not depend on experienced operators, thereby saving labor. When we share information with an ordering party or a partner company, communication through a 3D model makes decision-making more efficient, improving productivity.



Example use of BIM/CIM for a mountain tunnel

3 Use of generative AI

Guided by the civil engineering segment’s generative AI initiative policy, we have introduced generative AI solutions that support the enhancement of operations and are advancing the use of those solutions as part of our work. We will continue to raise AI literacy and improve business processes by providing feedback on how the technology is used and sharing examples.

Major projects completed in 2025

Construction of the substructures of the Kurinoki elevated bridge on the Kurinoki Road (Northbound P18–20, ONA2–P2) (Niigata Prefecture)

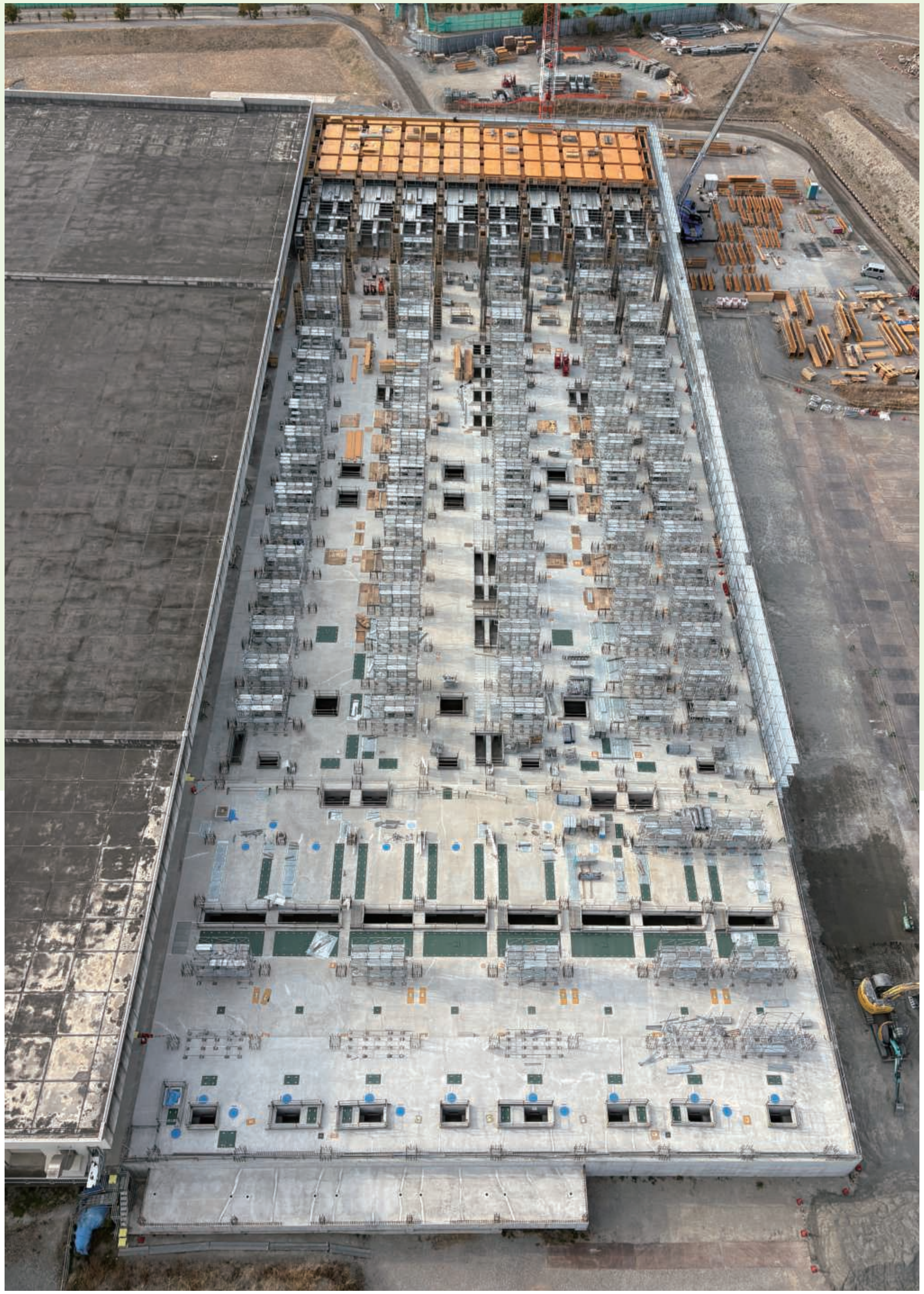
Road improvement works for disaster prevention, safety, and snow hazard mitigation on Primary Municipal Road 26 (proxy execution by the prefecture for remote island municipalities) (Niigata Prefecture)

Civil Engineering Work for the 2nd Water Treatment Train at the Edogawa No. 1 Terminal Treatment Facility

Water treatment infrastructure is the linchpin of each regional sewerage system that safeguards the urban water environment. A sustainable operation system delivers a sense of security and a future of the local community.

The construction was carried out alongside the existing system in operation. Despite the constraints that this condition placed on it, the project successfully delivered a future-proof facility expansion while maintaining existing functions for stable treatment. It also built a sustainable operation system. The infrastructure built to last and serve the region maintains dependable sanitation and delivers peace of mind in daily life to the local community.

Ordering party:	Chiba Prefecture
Project summary:	Reinforced concrete construction
Primary sedimentation basin:	W 51.20 m × L 35.50 m × H 9.60 m
Aeration tank:	W 51.20 m × L 48.45 m × H 10.65 m
Secondary sedimentation basin:	W 51.20 m × L 48.45 m × H 10.65 m
[Major earthworks]	42,900 m^3 excavation, 10,600 m^3 backfill with excavated soil, 4,860 m^3 backfill with controlled low-strength material
[Principal materials]	approx. 21,000 m^3 concrete, approx. 2,800 t reinforcing bars, approx. 39,000 m^2 formwork



Water treatment facility added to be integrated into the existing one for greater treatment capacity

The Edogawa No. 1 Terminal Treatment Facility is one of the two terminal treatment facilities in Chiba Prefecture's Edogawa left bank basin sewerage plan, which is to broadly collect and treat wastewater from eight regional cities (Ichikawa, Urayasu, Matsudo, Nagareyama, Noda, Kashiwa, Funabashi, Kamagaya) to discharge it into Tokyo Bay. It is designed to function organically and seamlessly with the Edogawa No. 2 Terminal Treatment Facility, which has already been brought into operation.

Civil Engineering Work for the 2nd Water Treatment Train at the Edogawa No. 1 Terminal Treatment Facility is to build a second train adjacent to the existing first train that is already in operation. It is a project to add a new water treatment facility in order to manage increasing wastewater influent and continue stable water treatment.

Takaaki Ito

Construction Site Manager

This project was to build a new water treatment facility while maintaining operations at the existing one (the first train). Constructing the large and complex structure required advanced construction techniques. Since we had to build the massive concrete structure in a limited working space, it was essential to make minute adjustments to each process and ensure full safety management. We also focused on constructing a high-quality concrete structure in order to build a foundation of the facility that is meant to last and stably operate. As for the working environment, we consciously used low-noise and low-vibration techniques to minimize the impact of the construction on the surrounding areas to foster a positive relationship with the local community. With help from numerous engineers and stakeholders, we successfully completed the construction without incident. We hope that this facility continues to support stable water treatment and contribute to the growth of the local community.

Construction Projects

Yutaka Yamaga

Director & Managing Executive Officer General Manager of Department of Building

In the building construction business, we have accumulated achievements across a wide range of fields, including large-scale commercial facilities and logistics facilities, as well as factories, office buildings, condominiums, and lodging facilities, while undertaking projects in each region with distinctive characteristics and with consideration for environmental impact. Going forward as well, while passing on technological capabilities and know-how, we will identify and faithfully respond to the needs required for various uses, from design to construction to aftercare.

Strengths

- Human resources with the integrity to conduct business sincerely and the perseverance to steadily pursue a reform-oriented mindset
- Integrated strengths to meet diverse needs leveraging the ability to make proposals built on our track record
- Competitiveness in applications and projects where we have a proven track record, such as large-scale commercial facilities

Opportunities

- Improvement of productivity driven by ICT and the further progress of and initiatives for AI and DX
- Initiatives for environmentally conscious design and construction that drive customer needs and demand associated with social issues
- More opportunities to take on the challenges of large-scale projects to fulfill diversifying customer needs

Risks

- Constraints on material supply that drive up costs and affect the progress of construction
- Chronic shortages of skilled workers that lead to labor shortages
- Shortages of construction management personnel that cause delays in talent acquisition and development, along with poorly managed on-site operations

Business overview and review of 2025

We continue to face structural issues, including rising personnel costs, persistently high material prices, and chronic labor shortages. Despite these conditions, with an upward trend in private-sector investment, orders continued to rise mostly for large-scale commercial facilities and logistics facilities, significantly surpassing the target.

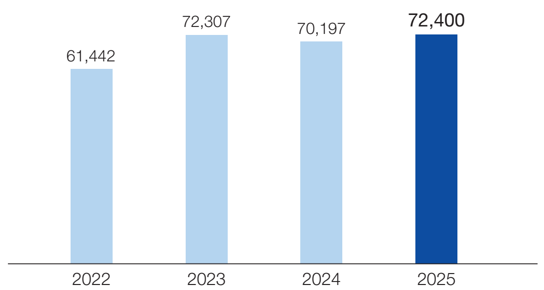
Revenue from completed contracts also grew compared to the previous year as on-site work made steady progress in each project. Gross profit on completed contracts recorded another year-on-year increase owing to the greater profitability driven by cost- and productivity-conscious process management.

Future outlook

Guided by the Medium-Term Business Plan 2030, we will pursue service delivery with higher added value by accelerating our efforts toward sustainable value creation centered on our human resources. To expand our business primarily by securing contracts for large-scale projects, we plan to upgrade our sales and construction teams as well as to train younger employees to become site managers. We will also focus more on capturing projects in growth fields (e.g., urban redevelopment, renovation work) and decarbonization fields, and data center projects. Our focus is also on increasing productivity, improving profit margins, and enhancing safety and quality through DX and BIM standardization, thereby driving our competitiveness as a building construction business.

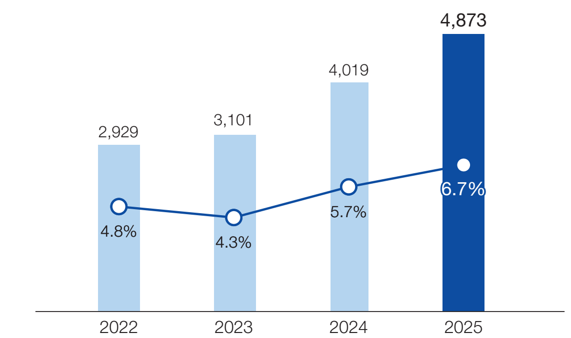
Net sales trends (non-consolidated)

(Unit: Million yen)



Gross profit and gross profit margin trends (non-consolidated)

(Unit: Million yen)



TOPICS

Step 1 Mass model by BIM

Step 2 Multiple conceptual visuals by AI image generator

Step 3 Exterior image sharing by BIM model

Initiative and outlook for architectural design using an AI image generator

Advances in AI image generation are fundamentally changing architectural design workflows. The use of an AI image generator has dramatically sped up the creation of concept renderings in the early design stage, enabling us to quickly generate and compare several proposed designs. When we propose an architectural design, we work to make effective use of an AI image generator to ensure our accurate understanding of customer requests and quickly achieve client alignment on visual design intent. We hope that faster client alignment and the greater transparency and reliability of the overall design process will drive significantly higher customer satisfaction.

Examples of projects

In a project to rebuild a 40-year-old office building in an industrial park, we used BIM to create a mass model based on customer requests in an early stage of the project. We validated multiple conceptual visuals using Veras, an AI image generator. Before we presented the exterior concept renderings to the customer, we internally verified the visuals, and then the design concepts of the facilities, over and over, using AI modeling, to create exterior renderings with BIM. In the conventional process, we created an elevation view and then converted it into a 3D model for design verification. The use of an AI image generator has enabled us to complete the task in considerably less time and compare multiple design concepts, speeding up client alignment.

Major projects completed in 2025

Encrest Garden Fukuoka Construction Project Phase I (tentative name) (Fukuoka Prefecture)

Uonuma City Lifelong Learning Center Construction Work (Niigata Prefecture)

Core hub for "Brand-new City Life" to harmoniously connect the city and daily life Design and function integrated with urban life create the future for people and the city

Amamiya-machi, Tsutsumidori, Aoba-ku, Sendai, Miyagi Prefecture is a historic land where the Amamiya Campus of the Faculty of Agriculture, Tohoku University was once located. AEON MALL Sendaikamisugi opened in this town as urban commercial facilities. Our role in this project was to design the building and manage the construction. The urban setting placed quite a few constraints on the project. Nevertheless, guided by the concept "Brand-new City Life," the project successfully delivered a new community hotspot where people gather not just for its commercial functions, but also for community engagement, rest and recreation, and entertainment. People of all ages from different walks of life are drawn into spaces such as the food court and the open-air square seamlessly connected to the indoors. The mall features such spaces throughout, designed to enrich everyday life.

Ordering party:	AEON MALL Co., Ltd.
Design & Supervision:	FUKUDA CORPORATION First-Class Registered Architects Office of Tokyo Head Office
Project overview:	4 stories above ground, steel frame structure
Total floor area:	75,000 m^2 (including multi-tier parking garages)
Building area:	33,000 m^2

Creation of a next-generation mall integrated into the city

Close to central Sendai and also known as an educational district, Amamiya-machi, Tsutsumidori is at a vibrant intersection of local life. The mall built in this area needs to serve not just as commercial facilities, but as a community hub where people of all ages regularly stop by to socialize. Large-scale construction in an urban area with high vehicle and foot traffic is highly challenging, which kept our engineers, including experienced ones, on high alert at all times as they tackled their on-site work. With consideration for the local environment and safety as our priorities, we took up the challenge of creating a mall in harmony with its urban setting and community. Our design and construction teams worked closely together to successfully deliver this new urban-style AEON MALL that is seamlessly integrated into local life.

Our design and on-site teams worked as one to create extra value

In this project, we made a series of proposals from the design phase, drawing on our expertise in construction work. With the cost, schedule, and safety in mind, we incorporated features for elevating the space throughout the structure.

KAMISUGI ONE PARK creates a seamless transition between indoors and outdoors. The exterior wall of the food court serves as a giant screen for live sports viewing and other events. The interior walls feature distinctive designs.

Each of these details is a product of exhaustive planning by our design and construction teams to deliver what the client looked to have. We worked to create a functional yet memorable space for visitors to unwind and enjoy themselves. These efforts we made came to fruition as facilities where visitors can experience city life.

Urban mall construction guided by an elaborate execution plan and management

Given the site constraints that the urban setting placed on the project, we needed to meticulously manage vehicle flow and material delivery routing. We visualized the construction steps in each work area and clearly communicated "When, Where, Who, and What" to our partner companies to enhance coordination with them.

To minimize the impact on the adjacent roads and local facilities, we also developed a precise execution plan in an early project stage. We focused on flexibly overcoming challenges specific to an urban setting, especially schedule adjustments for landscaping and hardscaping, and scaffold dismantling, among others. These efforts led to the completion of the construction as planned.

The construction management, built upon the vision of a future scene bustling with many people, has supported the creation of this new hub in town.

Kenji Sato

Construction Site Manager

Since this project to build AEON MALL Sendaikamisugi was located in an urban area with high vehicle and foot traffic, we took care to maintain constant harmony with the local community and infrastructure. By developing a meticulous plan beforehand and ensuring accurate on-site construction management throughout, we successfully completed the project on schedule. We hope that this mall will be a place where people regularly stop by, breathing new life into the local community.

Real Estate

Satoshi Yahata

General Manager of Department of Development

The Company's real estate business, which has a high affinity with our core construction operations, is being developed as a third pillar following our civil engineering and building construction businesses, through both the sales business and leasing business.

In the sales business, we have been engaged in agency services for land readjustment projects, as well as development projects and other engagements for logistics, commercial, and residential land in recent years. The new Medium-Term Business Plan published this year (2026) also clearly defines our role to support the construction business. We aim to generate new businesses that align with this role.

Strengths

- Responding to the needs of upstream stakeholders such as landowners, local communities, and government authorities
- It is possible to develop real estate by leveraging construction expertise of our core business
- Track record in agency services and development projects

Opportunities

- Ongoing demand for real estate investment business driven by the interest rate environment that remains lower than in other countries
- Increasing number of projects requiring general contractor involvement from the initial stages
- Increasing demand for logistics hubs driven by work style reforms

Risks

- Rising business costs due to persistently high material prices and increasing personnel expenses, the situation in the Middle East
- Decline in real estate demand due to inflation, economic downturn, and a further rise in interest rates
- Deterioration of the market environment due to population decline and the accelerating trend of a declining birthrate and aging population

TOPICS

Project:	Logistics Park Development in Aoyagi-Ouchida, Koga, Fukuoka Prefecture
Location:	Ouchida area, Aoyagi, Koga, Fukuoka Prefecture
Development area:	189,416.73 m^2
Development permit issued:	September 8, 2022
Date of completion inspection: (site preparation)	July 15, 2025

In Koga, Fukuoka Prefecture, we worked on this logistics park development project aligned with regional logistics demand. With the development area spanning about 189,000 m^2, the project helps stimulate the local economy and enhance the industrial foundation through the development of logistics infrastructure. Our civil engineering department worked on site preparation. We ensured thorough quality and process management as we advanced the project.

Once we obtained a development permit in September 2022, we proceeded with site preparation according to plan and completed it in July 2025. Going forward, we plan phased site handovers upon completion of construction on each plot, anticipating steady business revenue.

We will remain committed to creating value for development projects and contributing to sustainable regional development throughout this project.

Business overview and review of 2025

Overall, while real estate demand has remained generally firm, in 2025 our real estate business exceeded targets for orders, net sales, and income, supported by steady progress in the commercial land development project in the Ouchida district of Koga, Fukuoka Prefecture, and the performance of our leasing business that included the sale of income-producing properties.

Future outlook

Due to rising business costs, concerns over a deteriorating market environment, and the uncertain situation in the Middle East, the outlook for real estate demand remains uncertain, making site selection a matter of even stricter judgment.

The Department of Development will strive to pursue new projects capable of withstanding such conditions while also contributing to order intake for our core business. In the leasing business, we plan to take an even more strategic approach to the acquisition and sale of income-producing properties and aim to contribute to the new Medium-Term Business Plan that started this year.

Message from the Chief Financial Officer

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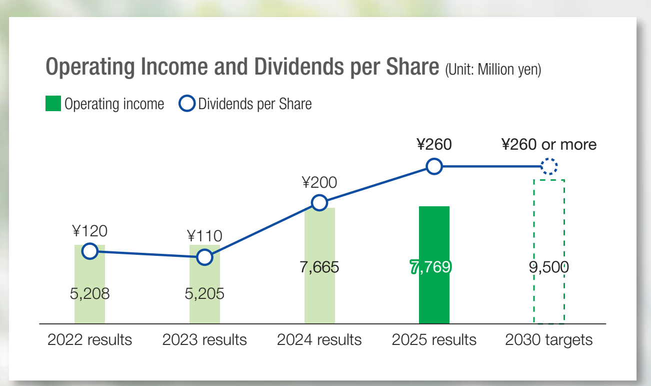
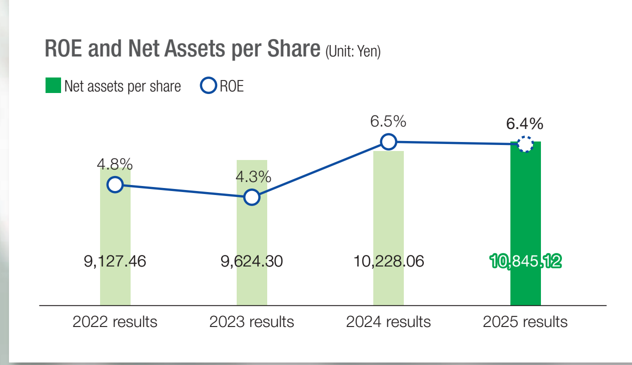




Toshio Omi

Director & Executive Officer, General Manager of Department of Business Administration

Progress of the Medium-Term Business Plan and Results for 2025

The Medium-Term Business Plan concluded with the fiscal year ended December 31, 2025 as its final year. Financial KPIs for net sales and operating income missed their targets by approximately 10%. I believe this can be attributed to factors including the sharp rise in material prices since the onset of the COVID-19 pandemic, heightened global uncertainty, and our cautious approach to accepting orders. Recruitment also fell below plan, which was another contributing factor. Recently, business profitability has continued to improve, and we believe we can now transition smoothly to the new Medium-Term Business Plan that began this year. At the same time, we were unable to achieve substantial improvements in efficiency indicators like ROE during the plan period. We need to establish a cycle to generate greater profit with less capital by raising productivity and improving efficiency. We must also develop the capacity to make necessary investments without hesitation. This applies not only to expanding our businesses but also to investments needed to implement and advance ESG management. Last year, our current shareholders conducted a secondary offering of shares. The purpose was to improve share liquidity, attract a wider range of investors, and encourage them to learn more about the appeal of the FUKUDA GROUP. As a result, requests for meetings from institutional investors have increased, enabling constructive dialogue. We will continue to enhance our IR activities. As a responsible company committed to growing with local communities, we will continue to conduct our business while always considering what value we can provide to our stakeholders.

2026 Outlook and Future Outlook

In 2026, both the Medium-Term Business Plan and the 10-year vision have been renewed. This marks a new stage to reaffirm the FUKUDA GROUP's purpose and carry it forward into the future. For the current fiscal year, we expect an increase in net sales. Still, underlying risks remain, such as higher prices for petroleum-based products due to instability in the Middle East, supply delays, and longer construction periods caused by labor shortages. Accordingly, we expect profit to remain approximately at the same level as last fiscal year. Nevertheless, our business strategies are progressing steadily. We have positioned this Medium-Term Business Plan as a period in which we will leverage the management foundation built to date and further evolve our businesses. To enable sustainable growth, we have placed People Strategy at the top of our priorities. By strengthening human capital management, we will be able to achieve the performance targets set in the plan. Developing human resources who earn society's trust will also enhance our corporate value and brand. Shareholder returns are another objective of this Medium-Term Business Plan. Over the course of the plan period, we aim to achieve a dividend payout ratio of 50% and will also carry out approximately ¥5.0 billion in share repurchases. Good employees do good work, and the resulting value is returned to our stakeholders. People Strategy is a management strategy. Human resources drive the FUKUDA GROUP's growth and form the foundation of sustainability-oriented management. United as one Group, we will press forward to realize the plan and create a valuable future.

The Company's Sustainability

The Company has established the Sustainability Committee, which is responsible for formulating important policies and other matters related to sustainability issues and for monitoring them. Based on the following basic policies, we aim to resolve sustainability issues and achieve sustainable growth.

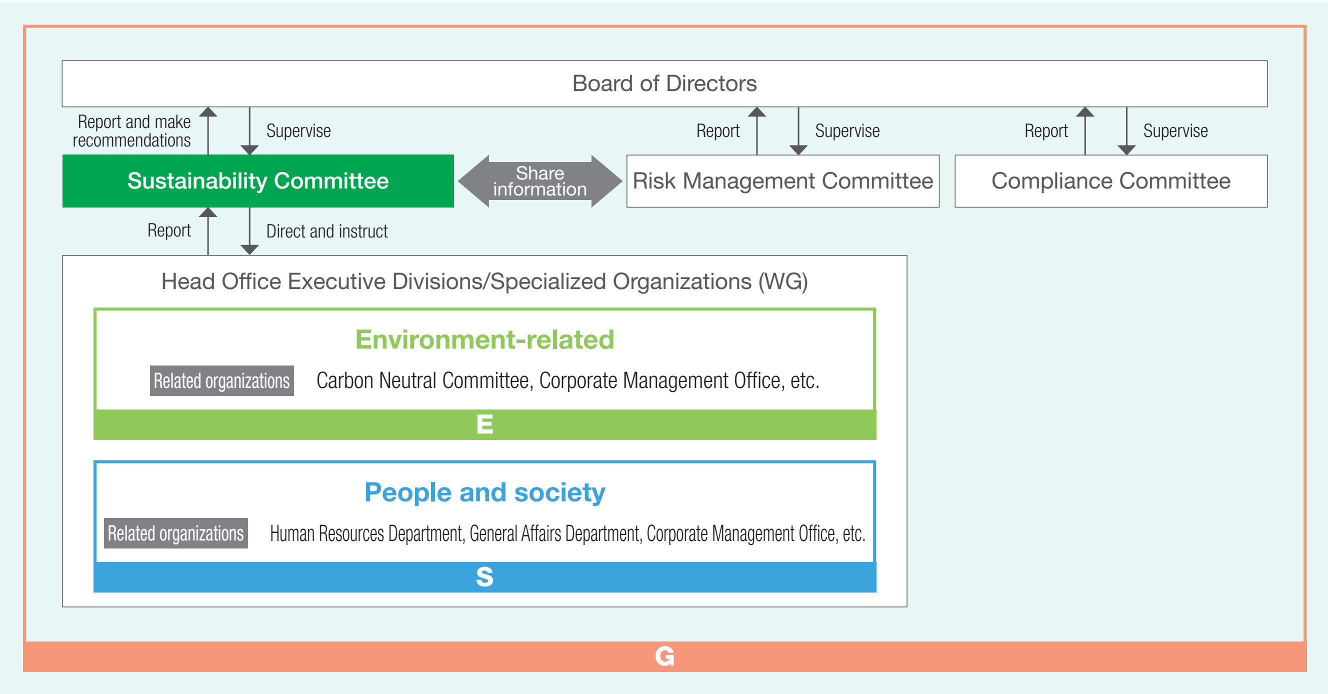
Basic Approach

Since its founding, the FUKUDA GROUP has inherited the spirit of "sincerity," and through construction over its long history, has grown into a corporate group rooted in local communities and extending beyond them. As the core company of the FUKUDA GROUP, the Company has adopted the management philosophy of "To value people and the environment, and aim to create inspirational value based on a corporate structure designed to face challenges," and is striving to pursue management precisely in line with the concept of sustainability.
In order to share this aspiration throughout the Group, we adopted the FUKUDA GROUP Spirit, "Always sincere from now until the next century and beyond" in 2015.
With all officers and employees always keeping in mind "sincerity," "bonds with local communities," and "passing on to the next generation," we will continue to address sustainability issues and fulfill our mission to "protect their lives and livelihoods," thereby contributing to the realization of a sustainable society.

Sustainability promotion systems

The Company has established the "Sustainability Committee," an organization for strengthening sustainability management. It is chaired by the Director & Executive Officer and General Manager of the Corporate Planning Department. The Committee formulates, deliberates, and decides on policies, management issues, strategies, and directions for measures related to sustainability as a whole, while reporting and making recommendations on important matters to the Board of Directors. The Board of Directors, in turn, receives reports and recommendations of the Sustainability Committee and supervises the Committee.

In addition, based on the strategies and directions formulated and decided by the "Sustainability Committee," each department and organization establishes and implements specific measures, and, as necessary, forms working groups to carry out initiatives. In addition, the Sustainability Committee investigates, evaluates, and manages risks and opportunities related to environmental and social fields. For the risks identified through these investigations, the Committee evaluates their significance and urgency, and then formulates policies, strategies, and directions for measures.



Materiality of the FUKUDA GROUP

In conjunction with the formulation of FUKUDA VISION 2035 and the Medium-Term Business Plan 2030, the FUKUDA GROUP revised its materiality. The FUKUDA GROUP will work as one to achieve sustainable growth as an attractive company that continues to earn the trust of its stakeholders.

Materiality identification process

Step1	Step2	Step3	Step4
Identifying social issues	**Assessing the importance of social issues**	**Identifying priority social issues**	**Identifying the FUKUDA GROUP's materiality**
As part of the process of formulating the Long-Term Vision, workshops involving Group companies and relevant divisions were held to identify a broad range of social issues, taking into account the business environment and future risks and opportunities.	The Sustainability Committee assessed and mapped the identified social issues along two axes: importance to society and stakeholders and importance to the Company.	Based on the assessment results, the Company identified the priority social issues it should address, taking into account their relationship with its management strategy and the effectiveness of Group-wide initiatives.	The priority social issues were organized and grouped to identify the materiality of the FUKUDA GROUP.

Item	No.	Materiality	Key numerical targets	Fiscal 2030 targets
E Environment	1	Contribution to a decarbonized society	Scope 1 and 2 CO_2 emissions (percentage reduction from fiscal 2023)	17,000 tons (30% reduction from fiscal 2023)
	2	Formation of a recycling-oriented society	Number of orders received for renewable energy-related construction projects*1	35 or more*2
S Social	3	Promotion of a diverse and sustainable People Strategy	· Number of hierarchical training sessions held · Training coverage rate*3	· 63 or more · 140% or more
	4	Creation of a healthy, supportive, and rewarding workplace	Overtime hours*1	Monthly average of 20 hours or less
	5	Earning the trust of customers and society	Investment in technology development and DX*1	¥6.5 billion or more (cumulative investment from 2026 to 2030)
	6	Contribution to the development of safe and secure communities	Launch of a Group PJ to develop proposals that contribute to extending the service life of infrastructure	At least 1 project per year
G Governance	7	Strengthening corporate governance	Number of serious compliance violations*1	0
	8	Strengthening risk management	Number of serious security incidents*1	0

*1 Figures represent the combined totals for the Company and certain consolidated subsidiaries with net sales of ¥5.0 billion or more (FUKUDA ROAD CONSTRUCTION, KOWA Co., Ltd., RECS CORPORATION, FUKUDA RENEWAL CORPORATION, Kita Nihon Construction Material Leasing Co., Ltd.).
*2 Note that the figure also includes the number of leases of building materials for renewable energy-related construction projects.
*3 The training coverage rate is calculated by dividing the cumulative number of participants by the number of employees at the end of the fiscal year.

For details of the FUKUDA GROUP's materiality, please visit our website.
https://www.fkd.co.jp/sustainability/materiality/matrix/

Quality and environmental policies

Recognizing leaving a rich natural environment for future generations as a corporate responsibility, the Company is promoting ESG initiatives through construction toward the realization of a sustainable society.

All officers and employees will work together to promote activities that emphasize consideration for the environment, including reducing CO_2 emissions, utilizing renewable energy, and conserving biodiversity.

Basic philosophy

Through business activities in quality and environment, the Company will sincerely respond to the trust placed in it by its multiple stakeholders by providing high-quality products and services and by conserving the environment in a manner that meets society's expectations, thereby contributing to the realization of a sustainable society through construction.

Code of conduct

- In all business activities, we will meet customer requirements and aim to improve customer satisfaction.
- Through its business activities, the Company will strive to conserve the global environment, prevent global warming, and preserve biodiversity, with the aim of achieving coexistence between nature and humanity and compatibility between civilization and the environment.
- We will comply with laws, regulations, and other requirements to which the Company agrees, and continuously improve the effectiveness of the management system with the aim of enhancing the achievement of established objectives and targets.
- We will establish, document, and review quality targets and environmental objectives and targets so that these targets are understood by all employees, and strive to raise employees' awareness and understanding of these targets through all available means, including internal communication.

Targets and results

Business domains	Item	Fiscal 2025 targets	Fiscal 2025 results	Self-evaluation
Civil engineering business	Conservation of the surrounding environment and harmony with it	Prevention of serious complaints: 0	0	Achieved
	Design proposals considerate of the surrounding environment	Active environmental proposals in design and technical projects: 10 or more cases	12 cases	Achieved
Building construction business	Reduction of construction waste (mixed waste)	Housing sector: 2.05 tons or less per ¥100 million	Company-wide average: 1.70 tons per ¥100 million	Achieved
		Non-housing sector: 1.05 tons or less per ¥100 million	Company-wide average: 0.66 tons per ¥100 million	Achieved
	Promotion of construction waste recycling	All applications: 90% or more	Company-wide average: 89.7%	Half achieved
	Conservation of the surrounding environment and harmony with it	Prevention of serious complaints: 0	0	Achieved
	Environmentally conscious design	For design projects with a total floor area of 1,000 m² or more, we will conduct building environmental efficiency assessments using CASBEE and achieve a ratio of 80% or more of buildings rated B+ (BEE=1.0) or higher, and within that, a ratio of 20% or more of buildings rated A (BEE=1.5) or higher.	83.3% (5 out of 6 rated B+ or higher) 0% (0 out of 6 rated A or higher)	Unachieved

Environmental accounting

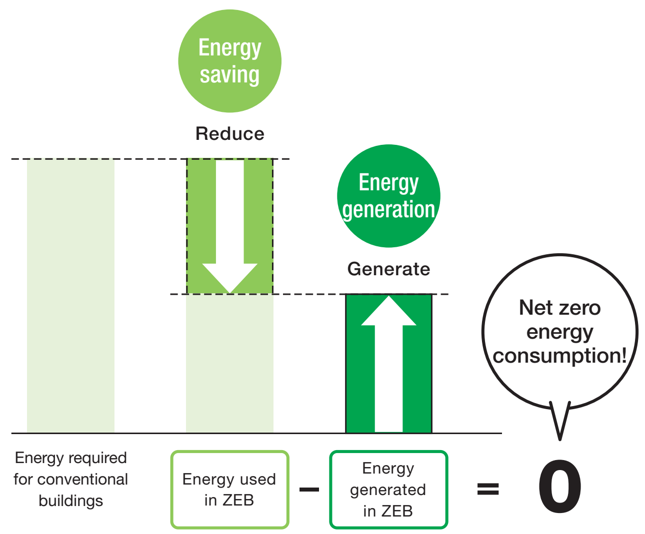
We have introduced environmental accounting to identify the costs and benefits of environmental conservation activities conducted under our environmental management system and improve our environmental performance. We use environmental accounting as a tool for the efficient implementation of environmental conservation activities.

	Major category	Subcategory	Breakdown	Investment amount (fiscal 2025 results)	
1	Costs within business areas	1. Costs for pollution prevention and global environmental conservation	・Air pollution prevention ・Water pollution prevention ・Soil contamination prevention ・Noise prevention ・Vibration prevention ・Odor prevention ・Land subsidence prevention ・Global warming prevention measures ・Energy conservation ・Prevention of ozone layer depletion	Civil engineering	¥148,796,371
				Construction	¥438,935,561
					¥587,731,932
		2. Resource recycling costs	・Costs for recycling industrial waste and related activities ・Costs for the treatment and disposal of industrial waste		¥616,546,016
2	Upstream and downstream costs	Additional costs for providing environmentally conscious goods and other products	・Costs associated with environmentally conscious design proposals and technical proposals		¥10,153,339
3	Management activity costs	Costs for establishing and operating the environmental management system (EMS)	・ISO 14001 registration and audit fees, venue costs, and other related expenses		¥1,605,361
4	Research and development costs				¥27,875,865
5	Social activity costs	Costs of donations and support for organizations engaged in environmental conservation activities	・Donations and contributions to funds		¥1,791,000
6	Environmental remediation costs	Provision expenses and insurance premiums relating to environmental damage	・Fund-related portion of manifest form purchase costs		¥23,790
				Total	¥1,245,727,303

Initiatives for ZEB/ZEH (Net Zero Energy Building/House)

As part of our environmental initiatives, we are promoting the construction of ZEB (Net Zero Energy Building) and ZEH (Net Zero Energy House), which aim to achieve a net zero annual balance of primary energy consumption in buildings while realizing a comfortable indoor environment. Through these efforts, we are suppressing CO_2 emissions during building operation and contributing to the mitigation of climate change.

	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2025 results
Construction projects designed and constructed by the Company	12	18	12
Of which, ZEB/ZEH projects	2	4	1



Information Disclosure Based on TCFD Recommendations

In conjunction with the formulation of the Medium-Term Business Plan 2030, the FUKUDA GROUP revised its materiality and identified "Contribution to a decarbonized society" as one of its material issues. Recognizing the impact of climate change on its business as one of its key management issues, the FUKUDA GROUP has joined the GX Future Consortium, the successor to the Task Force on Climate-related Financial Disclosures (TCFD) Consortium, and conducted scenario analysis based on the TCFD recommendations. Based on these results, we disclose climate-related information in accordance with the disclosure framework recommended by the TCFD (governance, strategy, risk management, and indicators and targets).

Governance

- We have established the "Sustainability Committee," an organization to examine and deliberate on basic policies, key matters, risks, and opportunities related to sustainability, including climate change. We convene the committee at least twice a year.
- The Sustainability Committee examines matters related to sustainability, including climate change, submits and reports them to the Board of Directors, and the Board of Directors supervises these activities.
- Proposals deliberated and resolved by the Board of Directors are disseminated to divisions and reflected in management plans and business operations.

Strategy

- Recognizing climate change as one of the medium- to long-term risks, we examine strategies and the organizational capacity for flexible responses based on related risks and opportunities. To this end, the Company refers to climate change scenarios developed by the IEA (International Energy Agency) and the IPCC (Intergovernmental Panel on Climate Change), the 1.5°C scenario and the 4°C scenario, and assess the long-term impact on the Company through 2050. We conduct scenario analyses covering our domestic civil engineering and building construction businesses.

  * 1.5°C scenario: IEA-NZE, etc. * 4°C scenario: IPCC-AR6 (Sixth Assessment Report) - SSP5-8.5, etc.
- The Company identifies risks and opportunities and rates their significance based on two axes, the magnitude of their impact on the Company and their likelihood of occurrence. It then narrows them down to the priority items and organizes corresponding countermeasures. Going forward, while enhancing our organizational flexibility as a strategy, we will align with business plans and other initiatives to contribute to the realization of a decarbonized society.

Risk management

- As part of its climate change risk management process, the Carbon Neutral Committee, a cross-functional body comprising members from across the Company, analyzes climate change risks, develops and implements measures, and monitors progress. In prioritizing climate change risks, the Company focuses its efforts on items rated as highly significant based on their likelihood and impact.
- The matters analyzed and reviewed by the Carbon Neutral Committee are reported to the Sustainability Committee. The Sustainability Committee shares information with the Risk Management Committee and the Compliance Committee, manages sustainability-related risks, and reports to the Board of Directors.

Transition risks/opportunities

Factor	Change	Risk/opportunity	Impact on the Company	The Company's response measures	Significance	
					1.5°C scenario	4°C scenario
Introduction of carbon pricing	Increase in procurement costs	Risk	• Increase in procurement costs for key raw materials and construction materials and equipment	• Consider switching to environmentally friendly materials • Promote and strengthen initiatives for decarbonization together with business partners	High	Low
	Increase in operating costs	Risk	• Increase in the Company's operating costs	• "Promote energy-saving investment and measures at our facilities and construction sites" • Consider introducing renewable energy and carbon credits	Medium	Low
Expansion of renewable energy demand	Increase in orders received for renewable energy-related construction	Opportunity	• Increase in renewable energy power generation construction projects	• Strengthen capability to respond to renewable energy-related construction projects	Medium	Low
Heightened decarbonization needs	Increase in orders received for environmentally conscious construction	Opportunity	• Increase in demand for environmentally conscious buildings	• Strengthen capability to propose and design to win more orders for environmentally conscious buildings • Establish a procurement network for decarbonized materials	Medium	Low
	Impact on business from increasing customer needs	Risk	• Environmental requirements added to contract terms with business partners, resulting in investments and costs for compliance • Loss of business opportunities if the Company is unable to fully meet these needs		Medium	Low
	Increase in demand for various types of renovation	Opportunity	• Increase in orders for seismic retrofitting, renovation, and related projects	• Strengthening proposal capabilities for energy-saving renovations of existing buildings • Establishing technologies for service-life extension methods of existing infrastructure	Medium	Medium

Physical risks/opportunities

Factor	Change	Risk/opportunity	Impact on the Company	The Company's response measures	Significance	
					1.5°C scenario	4°C scenario
Natural disaster damage	Impact on supply chain	Risk	• Suspension of construction due to disruption of the supply chain caused by procurement delays and natural disaster damage such as heavy rain or typhoons	• Continuously improve our BCPs with partner companies	Low	Medium
	Impact on the Company's facilities	Risk	• Occurrence of damage to the Company's business activities caused by natural disasters such as heavy rain or typhoons	• Continued enhancement of BCP response	Low	Medium
	Increase in demand for natural disaster countermeasures	Opportunity	• Increase in demand for natural disaster countermeasure works and for development of disaster prevention bases	• Strengthening proposal capabilities for infrastructure maintenance business • Strengthening proposal capabilities for packaged offerings that carry out the entire sequence, from inspection and diagnosis through repair work, using ICT.	Medium	Medium
Chronic temperature rise	Decline in labor productivity in construction work	Risk	• As chronic temperature increases progress, labor productivity in construction declines, and labor costs rise due to the need for additional skilled workers	• Improving productivity through research into labor-saving construction techniques	Low	Medium

Indicators and targets

- In order to evaluate and manage the impact of climate-related issues on management, we set reduction targets using the total amount of greenhouse gas (CO_2) emissions as an indicator.

(Unit: t-CO_2)

	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2025 results	Fiscal 2030 targets	Fiscal 2050 targets
Scope 1	21,771	17,267	13,472	30% reduction from fiscal 2023	Carbon neutrality
Scope 2	2,707	3,797	2,324		
Scope 3	—	1,450,994	1,131,896	15% reduction from fiscal 2024	

Note: The above analysis covers FUKUDA CORPORATION only.

TOPICS

Energy-saving project: Completion of Niigata Hozai Co., Ltd.'s Teraji Plant
(Upgrading to an environmentally conscious asphalt plant)

The reconstruction of Niigata Hozai Co., Ltd.'s Teraji Plant was completed in September 2025. The Company was responsible for both the design and construction of the project as part of its energy-saving project.

In this project, as part of a facility upgrading initiative promoted by FUKUDA ROAD CONSTRUCTION CO., LTD., a member of the FUKUDA GROUP, the Company provided integrated design and construction services for the environmental investment undertaken by its affiliate, Niigata Hozai Co., Ltd. The former plant, which had been in operation for more than 60 years, was demolished and replaced with a new environmentally conscious plant. This resulted in improved operating efficiency and substantial reductions in greenhouse gas (GHG) emissions.

A key feature of the new plant is the adoption of a burner that co-fires city gas and waste cooking oil. This reduces reliance on fossil fuels while enabling the effective use of waste cooking oil generated in the local community, thereby helping to reduce fossil fuel-derived energy consumption and reduce GHG emissions.

An agreement has been concluded with the Japan Federation of UC Oil Business Cooperative Associations (UCO Japan) for the stable supply of 300 tons of waste cooking oil annually. Following the commencement of operations at the new plant, CO_2 emissions have been reduced to less than 50% of the previous level.

In addition, we are working to continuously improve the plant's energy-saving performance even after the commencement of operations by regularly monitoring operating data and using the results to optimize fuel input and combustion temperatures. Also, by giving due consideration to air quality and noise levels in the vicinity of the plant and maintaining ongoing dialogue with members of the local community, we have established an operating framework designed to ensure harmonious coexistence with the community.

Through this project, the Company has strengthened its capabilities to implement environmentally conscious plant renewals through design, construction, and schedule management. Through the operation of this plant, FUKUDA ROAD CONSTRUCTION CO., LTD. will promote the use of locally sourced, circular energy resources and continue working to reduce GHG emissions. Furthermore, by applying the design and construction technologies and operational management expertise gained through this project and continuing to enhance proposal capabilities and quality, the FUKUDA GROUP will contribute to realizing sustainable initiatives across the Group and maximizing GHG emission reductions.

Panoramic view of Teraji Plant

Happy-smile team

Fukuyukai, an association comprising FUKUDA ROAD CONSTRUCTION CO., LTD., and its partner companies, annually conducts the Fukuyukai Happy Smile Team Worksite Patrol, in which female employees of the member companies participate. The patrols examine safety and working conditions from perspectives unique to women, thereby helping to foster a safety culture and prevent accidents. Through exchanges of views, the initiative also seeks to enhance participants' skills and motivation while promoting interaction among female employees.

TOPICS

Enhancing disclosure of information on measures to address climate change

We received a score of B in CDP Climate Change 2025, conducted by CDP, a non-profit organization that promotes environmental disclosure worldwide. This score is awarded to companies that recognize the impact of climate change on their business activities and advance specific initiatives while integrating measures to address climate change into their management and business processes.

The Company works to reduce environmental impact throughout the entire construction process, from design and construction through to maintenance, while proposing environmentally conscious buildings and infrastructure. Going forward, we will further advance our initiatives toward the realization of a decarbonized society, taking into account the roles and responsibilities expected of the construction industry.

CDP
Discloser
2025

Community engagement activities and development of next generation through cooperation with partner companies

We place importance on coexistence with local communities and continuously engage in the development of next-generation human resources and social contribution activities. To promote understanding of the appeal of the construction industry, we host construction site tours and workplace experience programs for high school students studying construction and for local children, providing opportunities to experience the sites of craftsmanship.

In addition, Fukujukai, which consists of the Company and its partner companies, conducts a wide range of social contribution activities, including fundraising for disaster relief, community clean-up activities, and voluntary blood donation. As part of these initiatives, the Company's longstanding blood donation activities were recognized with an award from Niigata Prefecture for contributions to blood donation.

Going forward, the Company will continue to strengthen its collaboration with partner companies as it works both to contribute to local communities and to nurture the next generation, thereby helping to realize a sustainable society.

感謝状

新潟分会 様

貴団体は献血事業の趣旨を良く理解しその推進に多大の貢献をされました
新潟県はその功績に対し深く感謝の意を表します

令和七年七月三十日

新潟県知事 花角 英世

Initiatives to revitalize local communities through sport

As part of its efforts to contribute to local revitalization, the Company worked with Albirex Niigata Ladies, with which it has a sponsorship agreement, to hold soccer clinics at elementary schools in Niigata Prefecture. Under the guidance of professional players and coaches, the children had the opportunity to learn football skills while also discovering the importance of working together with others and the enjoyment of taking on challenges. The Company will continue to value its connections with members of the local community and advance initiatives that contribute to enhancing the vitality and sustainable development of local communities.

Contribution to local cultural and welfare activities

Fukuhoukai, a Bandai Daiko drumming club, founded by employees of the FUKUDA GROUP, has developed community-oriented activities such as performing at medical and welfare facilities and participating in local festivals. Through these activities, the club seeks to pass on local culture while contributing to social welfare.

Human capital management

The FUKUDA GROUP has positioned its People Strategy as its most important strategy under FUKUDA VISION 2035 and the Medium-Term Business Plan 2030, both of which begin in fiscal 2026. We will also continue to advance initiatives for human capital management with close collaboration across all divisions of each company, while setting the goal of "build a business structure that enables sustained growth through active investment in our people."

The FUKUDA GROUP is implementing four key measures based on the Human Resource Development Policies and the Workplace Environment Improvement Policies described below.

Human Resource Development Policies

For a company to continue to grow sustainably, the growth of each employee is important, and in order to promote that growth, the development of human resources is indispensable. The FUKUDA GROUP aims to develop human resources who grow on their own, have the independence to persevere and carry tasks through to completion, even in difficult situations, and who, with "sincerity," are able to look ahead.

Workplace Environment Improvement Policies

Employees are valuable assets that support the growth of the company, and we recognize that respect for values shaped by diverse perspectives contributes to the growth of the company. The FUKUDA GROUP pursues employees' "health," "job satisfaction," and "safety," and works on developing an environment where diverse human resources can maximize their strengths and continue to work with vitality.

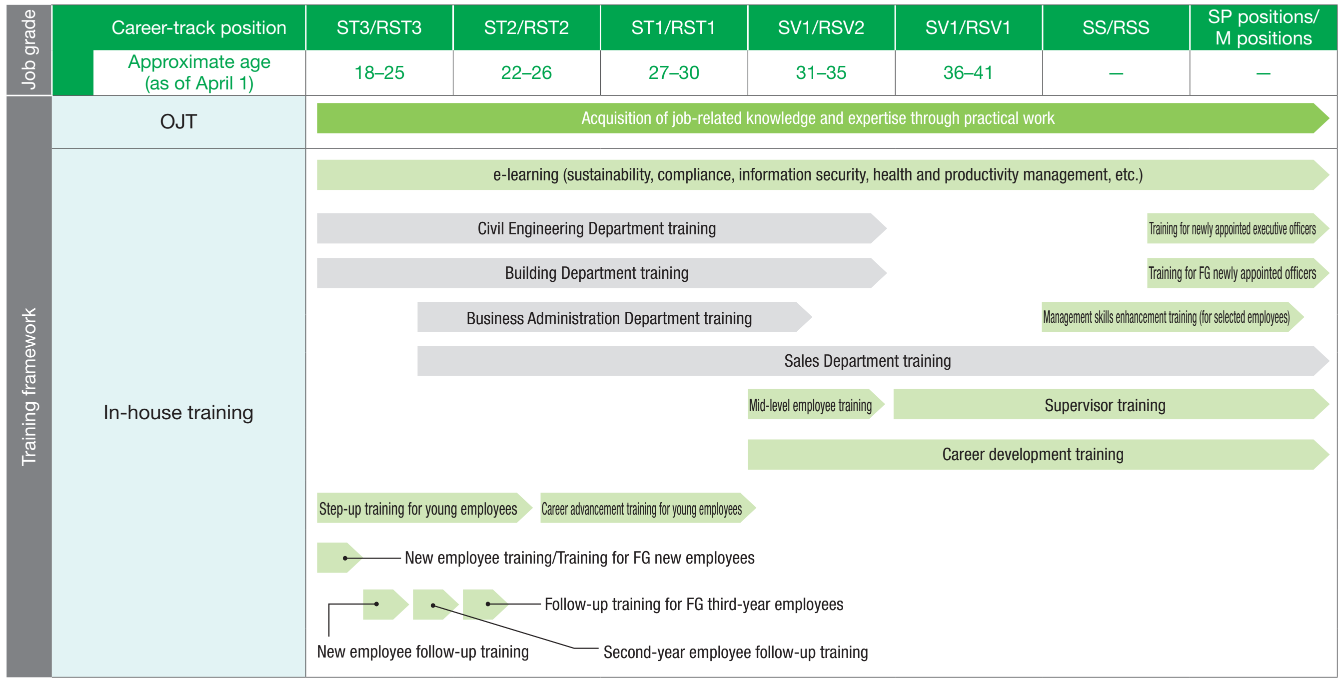
Human resource development

Enhancing training programs

The Company regards human resources as an important form of capital and aims to create human value through systematic investment in employee development. In addition to hierarchical training covering all levels from new employees to newly appointed officers, the Company has established department-specific training programs organized by the Civil Engineering Department, Building Department, Business Administration Department, and Sales Department. In the previous fiscal year, the Company held a total of 50 training sessions, with cumulative attendance exceeding 900, excluding e-learning. We will continue to focus on enhancing our training framework to create opportunities for learning and discovery and thereby support the growth of our employees.


Training session

Employee training framework



Strengthening human resource development

For the purpose of early development of employees and improvement of business knowledge, we regularly provide training by level and by job category.

Starting with introductory training for new employees, we also actively carry out training for young employees, and training for mid-level employees and managers. Through this, we support each employee in steadily polishing their skills and being able to demonstrate high performance.

Initiatives and achievements in human capital management

	Fiscal 2024 results	Fiscal 2025 results	Fiscal 2030 targets
Percentage of female workers among management positions	0.6%	0.9%	1.0%
Childcare leave utilization rate among male employees	52.2%	100%	100%
Rate of participation in comprehensive medical checkups and health examinations	100%	100%	100%
Percentage of employees with high stress according to stress checks	9.4%	6.9%	6.0% or less
Pass rate for the Second Examination of the First-Class Civil Engineering Works Execution Management Engineer	50.0%	52.9%	70%
Pass rate for the Design and Drafting Examination of First-Class Architects	25.0%	33.3%	50%
Pass rate for the Second Examination of First-Class Building Works Execution Managing Engineers	56.5%	57.9%	60%

Support for obtaining professional qualifications

The Company offers a variety of support measures to encourage employees to obtain professional qualifications at an early stage. The Company subsidizes nearly the full cost of tuition at preparatory schools attended by employees seeking qualifications such as those for architects and construction management engineers. In addition, the Civil Engineering, Building, and Business Administration Departments support candidates right up to their examinations by offering mock examinations and exam preparation seminars. Employees who successfully obtain qualifications receive an incentive payment in recognition of their achievement and efforts (e.g., ¥200,000 for obtaining a first-class architect license). The Company also bears all examination-related expenses. The Company will further enhance its support framework so that employees who are motivated to learn independently can continue studies and work toward obtaining qualifications without having to worry about the financial burden, while receiving support from their senior colleagues and supervisors.

Employee engagement

To improve employee satisfaction, the Company has conducted employee engagement surveys since 2025. By continuously surveying employee attitudes, the Company identifies its organizational strengths and weaknesses and uses the findings to improve the organization. As engagement scores are available by business location and division, the Company compares and analyzes the survey results from various perspectives. Based on the findings, each business location and each division considers future measures aimed at resolving identified issues and strengthening organizational capabilities.

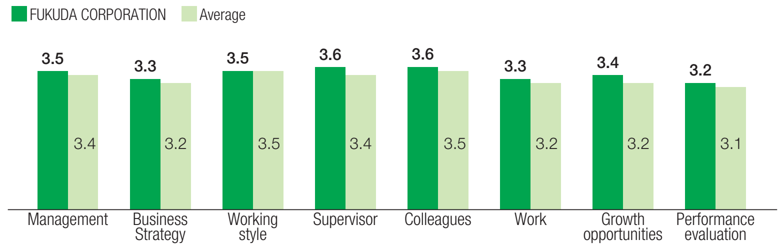
Organizational survey results

Current eNPS: –54

Average of Geppo surveys: –59

Note: eNPS (employee Net Promoter Score) is calculated by subtracting the percentage of detractors from the percentage of promoters.

Scores for each survey question (compared with the average)



Note: Based on the results of the employee engagement survey conducted via Geppo on November 17.

SKIP System

The Company has introduced an accelerated promotion system, known as the SKIP System, to facilitate the early advancement of outstanding employees. Previously, eligibility for promotion was subject to age and time-in-grade requirements. Under the new system, however, employees may be promoted earlier based on a comprehensive assessment of factors such as their ability to perform their duties and their approach to work, without being constrained by such fixed criteria. Through the active application of this system, the Company aims to provide as many opportunities as possible for talented and highly motivated younger employees to play active roles. This is expected to improve employee motivation and engagement and, ultimately, enhance the Company's corporate value.

Health and Productivity Management

Certified as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)

The Health & Productivity Management Outstanding Organization Certification Program is a system that recognizes corporations, including large enterprises and SMEs, that are implementing excellent health and productivity management based on initiatives addressing regional health issues and health promotion measures advanced by the Nippon Kenko Kaigi.

The Company has been certified since 2023 as a "Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category)," jointly implemented by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Providing information through e-learning

In 2024, the Company introduced an e-learning system for all employees.

The system offers a wide range of courses covering beyond construction-related subjects. Employees are encouraged to pursue self-directed learning in areas that interest them at a time and place of their choosing.

The curriculum also includes mandatory courses designated by the Company, thereby providing standardized employee training to all employees.

Diversity

The Company considers efforts to achieve greater diversity a priority. As part of its efforts to promote women's active participation, female recruiters are taking a leading role in strengthening the recruitment of female engineers. In recent years, the Company has also provided training to support the promotion of women's active participation, creating opportunities for female employees to reflect on their career paths. The Company is also promoting the development of a workplace in which people from diverse backgrounds can work together, including through the recruitment of foreign nationals and the acceptance of temporary staff.

Promotion of women's active participation

We recognize initiatives to promote women's participation as a priority issue for the Company. We are working to dispel conventional images of the construction industry and to develop systems and workplace environments where women can fully demonstrate their abilities and work comfortably. In recruitment activities, female recruiters highlight the attractiveness of the Company to female students, and we strive to secure human resources by recruiting female engineers.

In addition, since office-based female employees have few opportunities to visit construction sites, we hold site tours for them and actively communicate the appeal of the construction industry.

Construction site tours for women

Initiatives for childcare support

To create a workplace in which employees can balance work with childbirth and childcare with confidence, the Company has introduced No Overtime Days, promoted the use of childcare and family-care leave, and offered reduced working-hour arrangements. In particular, the Company is encouraging male employees to take childcare leave and is working to increase the childcare leave utilization rate among male employees.

Eruboshi

新潟県多様で柔軟な働き方・女性活躍推進企業
Niigata
ニーフル
Ni-ful
ゴールド認定
女性が活躍しています!

The Company has received Gold Certification under Ni-ful, Niigata Prefecture's certification program for companies that promote diverse and flexible working styles and women's active participation.

In January 2024, the Company received Eruboshi Stage 2 Certification from the Minister of Health, Labour and Welfare. The Company will continue to promote work style reform so that diverse human resources can play active roles regardless of age or gender.

Work-life balance

Reduction of excessive working hours

● Awareness reform toward accurate timekeeping	Strictly ensure accurate clock-in and clock-out times by linking with PC startup and shutdown, raising awareness of proper attendance management
● Introduction of attendance management system	Introduced an attendance management system linked with PC logins to ensure accurate attendance management
● Visualization of attendance performance through dashboard	Utilize a dashboard to enable real-time visibility of each employee's attendance performance, and conduct organizational management aimed at reducing overtime hours

Improvement of productivity

● Utilization of BPO	Outsourcing the non-core portions of on-site employees' construction management, construction drawing, and clerical work to BPO in order to reduce workload
● Active utilization of construction management apps and tools	The Civil Engineering and Building Departments each actively utilize designated apps and tools best suited for their respective operations.
● Company-wide utilization of tablet devices	Providing tablet devices to on-site employees to perform tasks such as data entry, photo capture, and organizing documents at job sites
● Digitization of documents	Promoting paperless operations by using an internal electronic approval (ringi) system and cloud storage for the sharing of internal meeting documents
● In-house production of on-site operations	Shifting tasks such as safety document checks, previously performed on-site, to remote-based in-house operations
● Continuation of improvement activities	Establishing an awards system to recognize "best practices" in work style reform initiatives, and implementing it annually

Promotion of flexible work styles

● Implementation of "No Overtime Day"	Designated every Wednesday as "No Overtime Day," encouraging employees to develop work-life balance habits
● Encouragement of taking leave	Established a system with at least five days of "Paid Leave Encouragement Days" per year, improving the environment for planned leave-taking
● Operation of the hourly paid leave system	Revised the conventional half-day leave system, introducing an hourly paid leave system that allows employees to take leave in one-hour increments
● Operation of flextime system	Designed a flextime system centered on work sites, promoting flexible work styles

Recruitment

In addition to the declining birthrate, the construction industry faces major challenges arising from the decreasing number of students studying civil engineering and architecture, resulting in fewer new entrants to the industry, as well as the early departure of young employees. To convey the importance and appeal of the construction industry, the Company has its activities featured in career education materials for elementary and junior high school students and actively hosts students for work experience programs, with the aim of encouraging more young people to enter the industry in the future.

The Company also works closely with high school teachers on construction site tours, outreach classes, and other programs to convey to students the appeal and rewards of working in the industry.

For university and vocational school students approaching graduation and employment, the Company continues to participate in on-campus information sessions and off-campus recruitment events in order to establish direct connections with students. The Company also offers internships at locations throughout Japan to give participants a clear understanding of the work and help prevent mismatches after they join the Company.

Internship

Career exploration activities at junior high schools

For details of safety and health initiatives, please refer to the website below.
https://www.fkd.co.jp/sustainability/safety-quality/

Recognizing that ensuring occupational safety and health is fundamental to corporate management, each officer and employee remains aware of the importance of human life and, together with partner companies, promotes safety and health management activities to prevent occupational accidents.

Fiscal 2025 Safety and Health Management Policies

1. Strengthening risk management to prevent occupational accidents, disasters, and other incidents
2. Promotion of employees' mental and physical health
3. Implementation of safety management activities in close collaboration with partner companies
4. Compliance with occupational safety and health-related laws and regulations and company rules
5. Proper implementation and operation of the Occupational Safety and Health Management System

Safety and Health Slogan

Eliminating hazards through "calling out to one another"

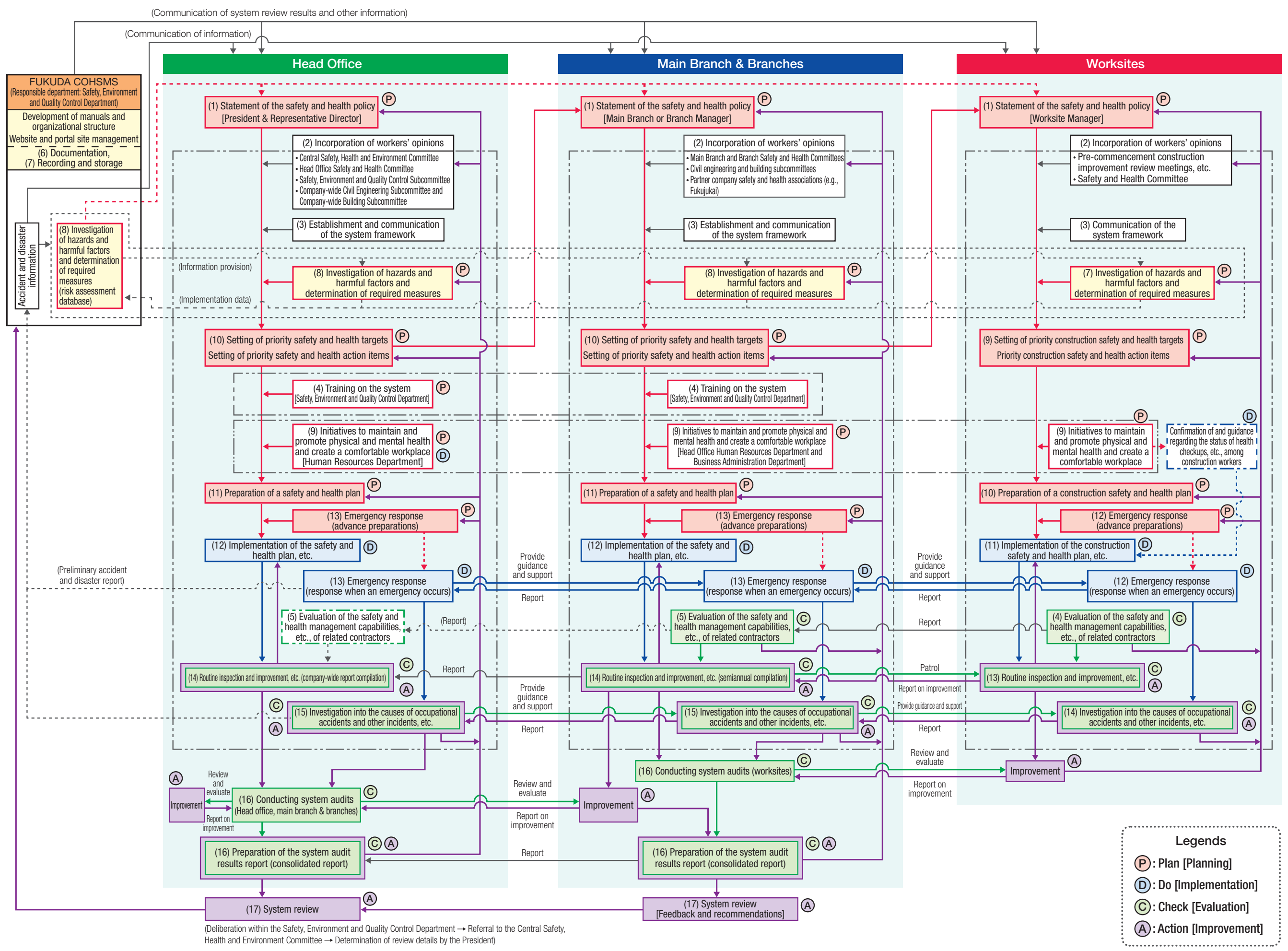
Raising awareness through "pointing and calling"

A firm commitment to following the "rules"

Targets and results

The FUKUDA CORPORATION Occupational Safety and Health Management System (FUKUDA COHSMS) sets forth the fundamental matters of safety and health activities that the Company voluntarily undertakes in cooperation with employees and partner companies. By systematizing these matters and carrying out continuous and ongoing activities, our head office, main branch and branches, and worksites work together to promote the assurance of occupational safety and health, the creation of a comfortable work environment, and the improvement of safety and health standards.

FUKUDA COHSMS Basic Flowchart



Safety and health patrols

Safety and health patrols are conducted as part of safety activities aimed at preventing occupational accidents and incidents. We consider them indispensable for promoting the creation of a safe and comfortable workplace, and they are carried out in collaboration between the Civil Engineering and Building Departments and the Safety, Environment and Quality Control Department.

In addition, during National Occupational Safety Week and National Occupational Health Week, patrols are also conducted by executives.

Appointments of Outside Directors and Outside Directors who are Audit and Supervisory Committee Members

Appointments of Outside Directors (as of March 26, 2026)

Name	Independent officer	Significant concurrent positions	Reasons for appointment	Attendance at Board of Directors meetings
Jumatsu Eizuka	○	–	He possesses extensive knowledge, experience, and capabilities gained through his career as an executive at a financial institution. The Company has determined that he is well qualified to serve as an Outside Director because he brings this expertise to key decision-making and appropriate oversight of management.	15 of 15 meetings (100%)
Sayuri Uehara	○	Television Niigata Network Co., Ltd. Director, General Manager of Corporate Management Promotion Headquarters, and Supervising Group Companies TeNY Service Co., Ltd. President & Representative Director	She possesses extensive knowledge, experience, and capabilities gained as a corporate executive. The Company has determined that she is suitable to serve as an Outside Director because she draws on this expertise in important decision-making and the appropriate supervision of management.	13 of 15 meetings (87%)

Appointment of Outside Directors who are Audit and Supervisory Committee Members (as of March 26, 2026)

Name	Independent officer	Significant concurrent positions	Reasons for appointment, etc.	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
Yoshinao Nakata	○	Certified Public Tax Accountant, Yoshinao Nakata Certified Public Tax Accountant Office	He possesses extensive knowledge, experience, and capabilities as a certified public tax accountant with previous experience at a Regional Taxation Bureau. The Company has determined that he is suitable to serve as an Outside Director who is an Audit and Supervisory Committee Member because he has expressed appropriate opinions at meetings of the Board of Directors and the Audit and Supervisory Committee based on this expertise.	15 of 15 meetings (100%)	16 of 16 meetings (100%)
Yoshihiro Wakatsuki	○	Representative Attorney, Aoyama Law Office Outside Director, Seihyo Co., Ltd. (Member of the Audit and Supervisory Committee)	He possesses extensive knowledge, experience, and capabilities as an attorney-at-law. The Company has determined that he is suitable to serve as an Outside Director who is an Audit and Supervisory Committee Member because he has expressed appropriate opinions at meetings of the Board of Directors and the Audit and Supervisory Committee based on this expertise.	15 of 15 meetings (100%)	16 of 16 meetings (100%)
Takako Ikarashi	○	Certified Public Accountant, Ikarashi Public Accountant Office	She possesses extensive knowledge, experience, and capabilities gained as a certified public accountant. The Company has determined that she is suitable to serve as an Outside Director who is an Audit and Supervisory Committee Member because she is expected to draw on this expertise to help strengthen the oversight of management as a whole and of conflicts of interest, particularly from the perspectives of ensuring the reliability of financial reporting and assessing the adequacy of internal controls.	Not applicable (newly appointed)	Not applicable (newly appointed)

Site inspections by Outside Directors

In addition to worksite management activities such as safety patrols, Outside Directors visit the Company's construction sites to directly observe safety and quality management practices.

During these visits, the Outside Directors review the implementation of safety and health activities, the systems in place to ensure construction quality, and worksite operations involving partner companies, and provide assessments and recommendations for improvement from their independent perspectives.

Our company is strengthening the supervisory function of its Outside Directors to ensure greater transparency and objectivity in management.

By applying their extensive expertise and experience, our Outside Directors participate in decision-making by the Board of Directors and perform a supervisory role. Through these activities, they help enhance management transparency and objectivity while contributing to the sustainable growth of the FUKUDA GROUP and the enhancement of corporate value.

This section introduces their perspectives on our company and their expectations for its future, taking into account the roles they perform as Outside Directors.

Jumatsu Eizuka
Outside Director

I believe the FUKUDA GROUP has continued to make forward-looking efforts over the years, reflecting on itself at every stage while maintaining trust as its foundation. I also believe that Group governance has evolved, further strengthening the Company's foundation. Although my professional background is in the financial sector, over my three years as an Outside Director I have observed the Group's approach and sustained efforts up close, and this has reinforced my view. This fiscal year, the Group unveiled a new long-term vision and took the first step toward creating a new future. Going forward, the Group will be expected to strengthen governance further and enhance corporate value. As an outside officer, I will continue to address the challenges facing our company and work alongside management to realize sustainable growth.

Sayuri Uehara
Outside Director

As I begin my fourth term as an Outside Director, I approach my role as a member contributing to greater diversity on the Board of Directors. I place particular importance on developing human resources, improving job satisfaction, and enhancing management transparency and effectiveness. As expressed in the Group Spirit, "Always sincere from now until the next century and beyond," the FUKUDA GROUP has cultivated a warm corporate culture in which people engage sincerely with others, their work, and local communities. Meanwhile, amid major changes in the environment surrounding the construction industry, creating a workplace where diverse human resources can take on challenges with confidence and fully exercise their capabilities is becoming even more important for sustainable growth. From my independent standpoint as an outside officer, I will continue to support initiatives that link the growth of people to the growth of the company, offering encouragement with warmth and, where necessary, speaking candidly.

Yoshinao Nakata
Outside Director
Member of the Audit and Supervisory Committee

As an Outside Director serving as a Member of the Audit and Supervisory Committee, I conduct audits while directly participating in management decision-making. In addition, as a member of the Nomination and Compensation Committee, I deliberate and provide recommendations on executive appointments and compensation. Through these roles, I help improve the transparency and objectivity of management and strengthen corporate governance. One thing I have come to appreciate through my duties is how deeply the Group Spirit, "Always sincere from now until the next century and beyond," has permeated throughout the Group. Medium-Term Business Plan 2030 "Strengthening Phase" has now begun. I hope the Group will continue to enhance corporate value and move forward in unity. I will continue to make use of the experience gained in my previous career and as a tax accountant, while maintaining the perspective of stakeholders, and do my utmost to contribute to the further progress of the FUKUDA GROUP.

Yoshihiro Wakatsuki
Outside Director
Member of the Audit and Supervisory Committee

I have high regard for the steadfast approach of FUKUDA CORPORATION, which is grounded in the technological capabilities it has cultivated over many years and the trust it has earned from local communities. The company has consistently worked sincerely to ensure quality, safety, and compliance. Building on this stable foundation, I expect the company to address medium- to long-term challenges such as investing in human capital, developing next-generation human resources, and promoting DX. I also hope to see the company take forward-looking steps, including expanding into new business fields and generating further Group synergies. Based on my experience as a legal professional, I will carry out my supervisory role from the perspectives of sound social judgment and the protection of minority shareholders. At the same time, I will devote my efforts to realizing highly transparent governance and enhancing corporate value.

Takako Ikarashi
Outside Director
Member of the Audit and Supervisory Committee

Through the implementation of Medium-Term Business Plan 2030, which was formulated this spring, the FUKUDA GROUP is working to strengthen its management foundation. An environment in which every member of the Group can fully exercise their capabilities is indispensable to realizing the plan. I therefore believe that promoting DE&I—diversity, equity, and inclusion—and further advancing diversity management will be important. It will also be necessary to enhance Group governance further so that management resources throughout the Group can be utilized efficiently and fairly. I will draw on my experience as a certified public accountant to monitor management and provide recommendations, while working to contribute to the medium- to long-term enhancement of the FUKUDA GROUP's corporate value.

For details of governance, please refer to the website below.
https://www.fkd.co.jp/sustainability/governance/
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Basic approach to corporate governance

The Company recognizes the importance of corporate social responsibility and compliance, and, with a focus on the sustainability of society and the environment, the need to address sustainability issues such as global environmental problems and respect for human rights. With an awareness of these responsibilities, we regard corporate governance as a key management issue in order to contribute to the satisfaction of our stakeholders, including shareholders, customers, business partners, local communities, and employees.

In order to realize an optimal corporate governance structure, we strive to ensure the rights and equality of shareholders, enhance the functioning of the Board of Directors, and secure management transparency through proactive information disclosure. We believe that these corporate governance functions enable prompt decision-making, efficient business execution, and effective supervision, thereby helping to enhance corporate value over the medium to long term and contribute to society.

Overview of corporate governance structure

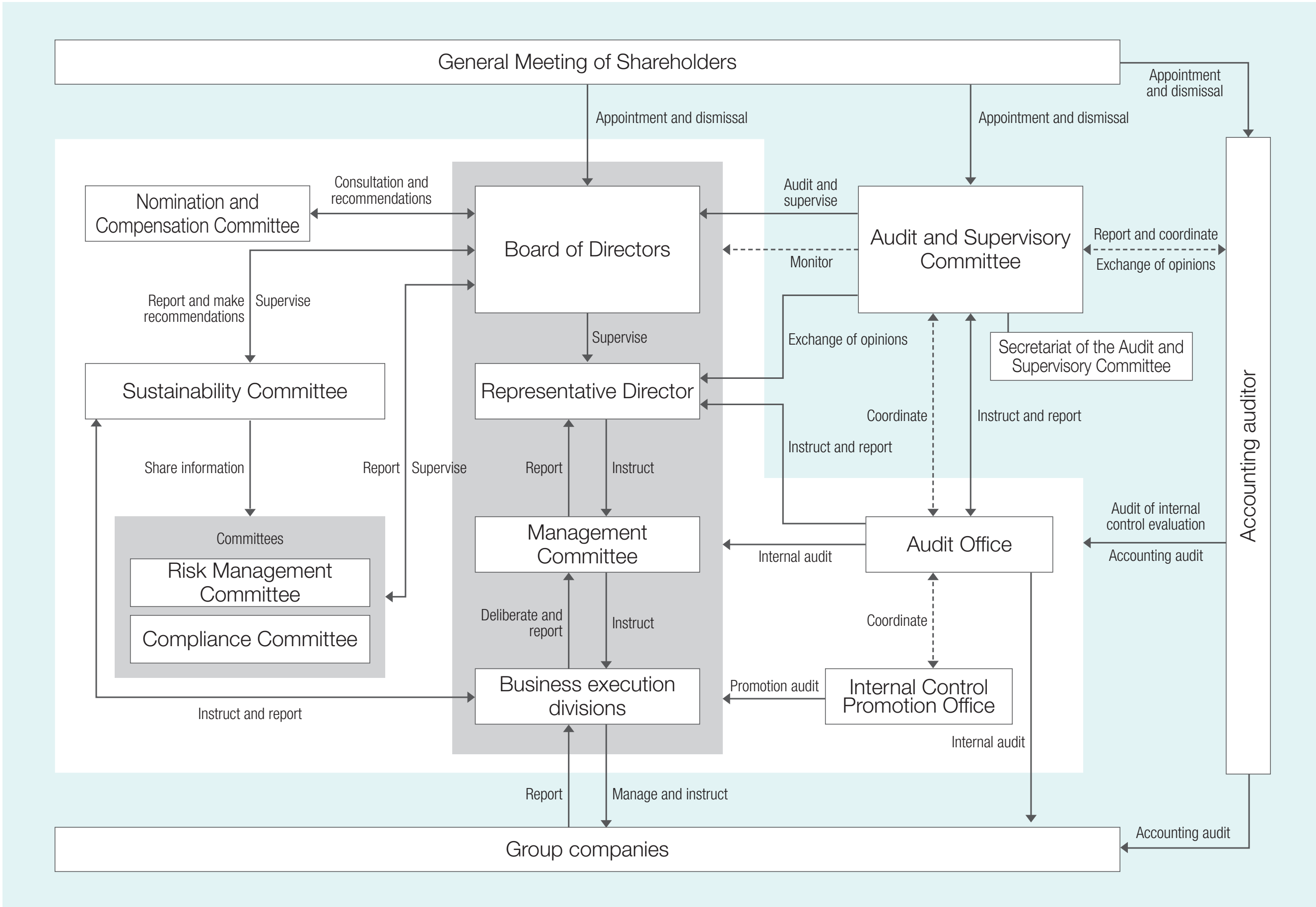
The Company's Board of Directors deliberates on management strategies and other important management matters, makes necessary decisions, and supervises business execution.

In addition, with the aim of further enhancing the supervisory function of the Board of Directors and expediting management decision-making, as well as strengthening our corporate governance structure, we transitioned to a company with an Audit and Supervisory Committee effective March 28, 2023. The Audit and Supervisory Committee is composed of four directors concurrently serving as Audit and Supervisory Committee members (including three outside directors). One director from within the company has been appointed as a full-time committee member, and through attendance at important meetings such as Board of Directors meetings and the conduct of operational audits, the committee audits and supervises the execution of duties by directors.

Furthermore, in order to enhance our corporate governance structure by ensuring the transparency and objectivity of the evaluation and decision-making processes when considering important matters such as the appointment, dismissal, and compensation of directors, we established the Nomination and Compensation Committee, a voluntary committee, effective September 11, 2024.

Note: The composition of the Board of Directors presented in this report reflects the composition following the conclusion of the Ordinary General Meeting of Shareholders held in March 2026.

Corporate governance structure



Evaluation of the effectiveness of the Board of Directors

The Company's Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole at least once a year. With respect to the evaluation of effectiveness for fiscal 2025, Directors were requested to sign and answer a self-assessment questionnaire, and at the Board of Directors meeting held in March 2026, discussions were held on the analysis and evaluation results regarding the effectiveness of the Board of Directors. Based on the results of the evaluation of the effectiveness of the Board of Directors, the Company will work to address issues, enhance the effectiveness of the Board of Directors, and further strengthen its corporate governance system.

Compensation System for Directors

With respect to compensation for Directors, the individual compensation amounts for Directors who are not Audit and Supervisory Committee members consist of a base compensation plus performance-linked compensation. The Board of Directors entrusts the determination of the compensation amounts to the President and Representative Director, who finalizes the proposed compensation after deliberation by the Nomination and Compensation Committee, a voluntary committee where Outside Directors form a majority. In addition, with respect to the individual compensation amounts for Directors concurrently serving as Audit and Supervisory Committee members, such amounts are determined through discussions among the Audit and Supervisory Committee members within the scope of the compensation limit approved at the General Meeting of Shareholders.

Meanwhile, with respect to non-monetary compensation in the form of ordinary shares, points are granted in accordance with the calculation method stipulated in the Rules on the Granting of Shares to Officers.

Human Resource Development of Directors and Other Officers

In order to enhance the knowledge of Directors and other officers across the FUKUDA GROUP and to promote unity of purpose, the Company holds group-wide meetings of officers, such as officer training sessions and management roundtable meetings, on an annual basis. In addition, for newly appointed officers, the Company provides opportunities to understand the roles and responsibilities required of Directors and other officers by holding a "Group Training Program for Newly Appointed Directors" or encouraging participation in comparable external seminars. Furthermore, when a new Outside Director takes office, the Company provides explanations regarding the business, organization, and finances of the FUKUDA GROUP, thereby striving to ensure the appropriate provision of information.

Skills matrix

Name	Position	Corporate management	Finance and accounting	Legal risk	Civil engineering business	Building construction business	Sales and marketing	Human resources and human capital	Technology and IT
Katsuyuki Fukuda	Representative Director, Chairman of the Board	●					●	●	
Masanori Araaki	Representative Director, President of the Board	●	●				●	●	
Hideaki Saito	Director & Senior Managing Executive Officer				●		●		●
Yutaka Yamaga	Director & Managing Executive Officer					●			●
Shinichi Otsuka	Director & Managing Executive Officer	●	●	●			●		●
Shuichi Sunada	Director & Executive Officer				●				●
Toshio Omi	Director & Executive Officer	●	●	●					
Yusuke Fukuda	Director & Executive Officer	●	●				●		
Jumatsu Eizuka	Outside Director	●	●				●	●	
Sayuri Uehara	Outside Director	●						●	
Katsuhiko Iwasaki	Director, Full-Time Audit and Supervisory Committee Member		●	●				●	●
Yoshinao Nakata	Outside Director, Audit and Supervisory Committee Member		●	●				●	
Yoshihiro Wakatsuki	Outside Director, Audit and Supervisory Committee Member			●				●	
Takako Ikarashi	Outside Director, Audit and Supervisory Committee Member		●						

Note: The table above does not represent all of the knowledge, experience, and abilities possessed by Directors.

For details of risk management, please refer to the website below.
https://www.fkd.co.jp/sustainability/governance/risk/
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Basic Policies

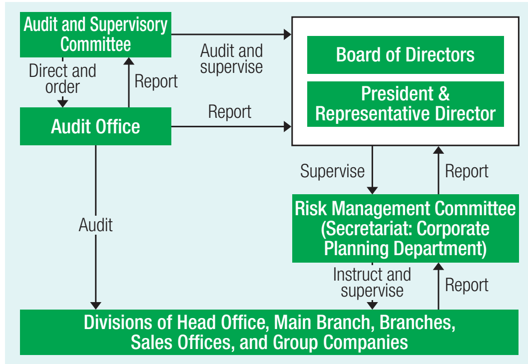
1. **We place the highest priority on ensuring the quality and safety of our business activities, and we sincerely strive to reduce and eliminate factors that may hinder the health, safety, or interests of all stakeholders surrounding the Company, including customers, business partners, shareholders, local communities, the global environment, and officers and employees.**
2. **Guided by a spirit of compliance, we not only comply with laws and internal regulations but also act in accordance with the "FUKUDA CORPORATION Code of Conduct," with each individual exercising autonomy and taking responsible action.**
3. **In the event that risks materialize, we will respond appropriately and promptly to minimize losses, while making every effort to prevent recurrence.**

Risk Management System

The Company has established the Risk Management Committee, a committee responsible for promoting company-wide risk management. The Committee identifies risks that may have a significant impact on the continuity of business, evaluates them by taking into account their degree of impact and urgency, designates the responsible divisions according to the classification of such risks, and monitors the status of responses while promoting corrective and improvement measures in each division. In addition, the Board of Directors supervises the status of operations by receiving such reports at least once a year.

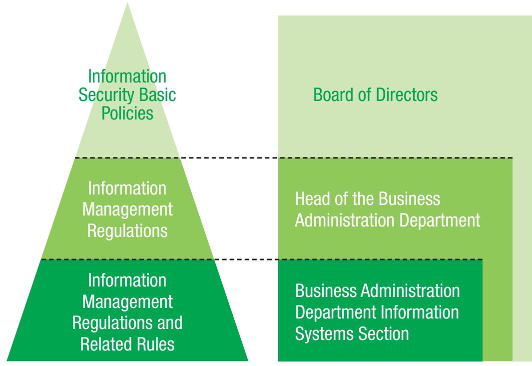
Each division also carries out its operations while implementing necessary measures to avoid and mitigate risks that have materialized.

Risk Management System



Information Security

The Company appropriately and securely manages the information assets entrusted to it through its business activities, such as customers' personal information and transaction information, and strives in good faith to protect them from various threats, and contributes to society. As part of these efforts, the Company has established the "Information Security Basic Policies." These policies are intended to ensure that all officers and employees engaged in the Company's operations, in its aim to become the leading company in customer satisfaction, deepen their understanding of the necessity and responsibility of protecting information assets, and appropriately manage and operate information in compliance with relevant rules and regulations. With the Head of the Business Administration Department serving as the responsible officer, the Company will continue to maintain information security while developing a company-wide management framework.



Business Continuity Plan (BCP)

The Company has formulated a business continuity plan (BCP) to rescue officers, employees, and stakeholders and ensure their safety, to engage as a construction company to the fullest extent possible in rescue and recovery activities for business partners and local communities, and to meet the expectations of customers and the community in the event of large-scale disasters or accidents.

The Company conducts regular drills to test the effectiveness of the BCP. Last year, in light of the increasingly diverse range of disasters, it conducted a company-wide drill covering all worksites and involving all officers and employees to strengthen systems for confirming personnel safety, gathering information, and reporting, thereby enhancing the operational effectiveness of the BCP.

Disaster Response Headquarters of the Head Office (Drill)

Management Philosophy

We shall approach our work with sincerity and technology and contribute to society through construction.

Message from the Leadership of FUKUDA ROAD CONSTRUCTION

FUKUDA ROAD CONSTRUCTION CO., LTD. was established in 1970, with its origins in the road paving division of the FUKUDA GROUP's general construction operations. With "We shall approach our work with sincerity and technology and contribute to society through construction" as our management philosophy, we have centered our operations on the road business, which supports essential social infrastructure, and devoted ourselves to building safe and reliable roads.

The outlook for the Japanese economy is becoming increasingly uncertain due to recent price increases, developments in U.S. policy, and concerns over the situation in the Middle East, among other factors. In particular, prices for key raw materials, such as fuel oil and straight asphalt, have remained elevated, and the business environment surrounding our company remains difficult to predict.

Nevertheless, against a backdrop of sustained wage increases and higher capital investment, the Japanese economy as a whole continues on a gradual recovery path. In construction-related markets, we expect steady public investment under the government's First Medium-Term Implementation Plan for National Resilience to lead to expanded order opportunities for our company.

FUKUDA ROAD

Hironori Sakagami
President & Representative Director
President of the Board

Employee Happiness Reform—Everything Toward Work Fulfillment

In 2025, we established Employee Happiness Reform as a company policy. By improving employees' work fulfillment, we seek to increase their happiness and promote the company's sustainable growth. We have positioned this policy as our own 18th Sustainable Development Goal (SDG). The policy is built around three themes: the Field-Oriented Principle, Well-Being, and the Absolute Safety Principle.

The Field-Oriented Principle means that all employees, irrespective of their department, place the highest importance on frontline worksites. By strengthening both our capabilities in the field and the support provided to those worksites, we will enhance the company's strength and value and improve job satisfaction.

At our company, we define Well-Being as "living better." To increase fulfillment in work and improve personal satisfaction, we will expand meaningful learning opportunities and enhance various programs, including employee benefits. In doing so, we aim to create an environment in which employees are motivated to grow both professionally and personally and can feel hopeful about the future.

Under the Absolute Safety Principle, we regard safety as the core of the company and the foundation of management. Based on this recognition, we will elevate both awareness and behavior to a higher level, improve the quality of our occupational safety and health management activities, and promote initiatives aimed at achieving zero occupational accidents each year at every business site, including those of affiliated companies.

Sustainability Initiatives

The production of asphalt mixtures, one of our principal materials, generates substantial CO_2 emissions because it requires the use of fuel oil. Reducing these emissions has therefore become a major challenge in ensuring the continuity of our business.

In 2025, we began operating Niigata Prefecture's first environmentally conscious asphalt plant using waste cooking oil and natural gas, both of which have a lower environmental impact, as alternatives to fuel oil. By operating this plant, we will significantly reduce annual CO_2 emissions and contribute to both local community development and environmental conservation through the construction of sustainable roads.

Focusing on Enhanced Employee Benefits and Human Resources Development

In addition to establishing a scholarship repayment support program and a next-generation support program that provides benefits in accordance with employees' family life events, we received KURUMIN certification as a company committed to supporting childcare.

We also regard Health and Productivity Management as an important management strategy and are working to improve the health of employees and their families. As one of these initiatives, we recommend comprehensive medical checkups as part of regular health examinations. Employees who receive such checkups are granted special leave and financial assistance with the examination costs. Employees' spouses are also eligible for this support, helping employees and their families build healthy lifestyles together.

With regard to human resources development, we have established a Human Resources Development Program that systematizes our training framework. It provides high-quality opportunities to learn and take on challenges for employees at every career stage, from younger and mid-career employees to senior personnel and candidates for management positions, thereby supporting the career development of each individual. Our in-house university, which offers e-learning courses, and our correspondence education programs also provide opportunities for continuous learning not only to employees but also to members of their families. Through these programs, we promote personal growth and self-realization.

Employees can experience genuine job satisfaction only when they are in sound physical and mental health and able to demonstrate their capabilities. That sense of job satisfaction also has a positive effect on their personal lives and makes life as a whole more fulfilling. Our company aims to create both a workplace and ways of working that sustain this virtuous cycle.

The Group Spirit, "Always sincere from now until the next century and beyond"

To support the growth of the Group, we place being sincere, maintaining bonds with local communities, and connecting with the next generation at the core of our management. Guided by these values, we will contribute to enhancing Group value by enabling employees to carry out fulfilling work, advancing our businesses strategically, taking on the challenge of resolving social issues, and aiming to become a company of choice.

Construction Business

The Construction Business Division uses its head office and branches in Niigata, Tokyo, Chubu, Kansai, and Tohoku, as well as 33 sales offices nationwide, as its operating bases. Focusing primarily on the paving of ordinary roads and expressways, it also undertakes a broad range of projects involving commercial facilities and sports facilities such as athletics stadiums.

In addition to maintaining and managing road infrastructure under normal conditions, the division rapidly puts emergency response systems in place when large-scale disasters occur. By drawing on its advanced technical capabilities and mobility, it supports the recovery and reconstruction of affected communities through emergency restoration and other activities beginning immediately after a disaster. We will continue to support the safety and security of local communities and provide a foundation for sustainable economic activity.

Isamu Sano

Director and Senior Executive Officer
General Manager of the Business Headquarters and General Manager of the Construction Business Division

Disaster Recovery

To contribute to recovery from the Noto Peninsula Earthquake, we leveraged our mobility, one of the company's strengths, and commenced restoration work immediately after the disaster. We have so far completed four pavement restoration and repair projects on national highways. At present, we are working to complete pavement restoration as quickly as possible in the Wajima area and at Noto Airport, where runways, taxiways, and other facilities suffered extensive damage. Despite the difficult construction environment in the disaster-affected area, we are working swiftly to strengthen infrastructure functions through measures including pavement replacement and seismic reinforcement. We are also making every effort to put in place a reliable snow-removal system in heavy-snow areas.

Noto Airport

Damage Sustained at Noto Airport

Status of Restoration Work in Noto

Snow Removal Operations at Niigata Airport

Future outlook

We regard public investment based on the First Medium-Term Implementation Plan for National Resilience as an opportunity to expand orders. By drawing on our accumulated track record in projects for the Ministry of Land, Infrastructure, Transport and Tourism and NEXCO and further strengthening our construction systems, we will work to increase orders from government agencies. In response to rising costs for raw materials and labor, we will also promote the appropriate pass-through of cost increases to prices. At the same time, we will seek to improve productivity and construction quality and enhance profitability through the appropriate allocation of personnel according to project volume and greater operational efficiency enabled by DX. Furthermore, to address the shortage of people who will support the industry going forward, we will strengthen recruitment and human resources development and promote the securing and retention of skilled workers, including foreign personnel. Through these initiatives, we will reinforce a sustainable business foundation.

Products Business

The Products Business Division serves as the core division responsible for the manufacture and sale of asphalt mixtures used in road paving. Across the FUKUDA ROAD GROUP, it operates 20 plants nationwide and provides a stable annual supply of approximately 500,000 tons. Our supply network of seven plants in Niigata Prefecture benefits from advantageous locations, state-of-the-art production facilities, and a rigorous quality management system. Together, these strengths give us a clear competitive advantage. By providing high-quality products in a broad range of specifications through a just-in-time supply system, we respond flexibly to the needs of our customers.

Teppei Tsujimoto

Executive Officer
General Manager of the Products Business Division, Business Headquarters

Environmental Initiatives

As part of our initiatives to reduce environmental impact, we have introduced warm-mix asphalt, which lowers the temperature required during production and thereby reduces CO_2 emissions. We also recycle 100% of waste asphalt materials to promote the circular use of resources. In addition, we are investing in equipment to support the transition away from fossil fuels and introducing IoT technologies into our production lines to improve operating efficiency. Through these measures, we are working to achieve further energy savings and reductions in CO_2 emissions.

Intermediate Treatment Facility at the Teraji Plant

Foamed Asphalt Device

UCO (Used Cooking Oil) Tank

Promotion of Diversity

As part of our People Strategy, we are leveraging the advantages of asphalt mixture plants, which, unlike road paving worksites, are fixed-site operations and provide a more accessible working environment. Women are actively contributing across all departments, including manufacturing, quality control, sales, and accounting. We are strengthening our organization by incorporating diverse perspectives. Going forward, we will further enhance measures supporting work-life balance, including systems that enable employees to balance work with childcare and nursing care and improvements to rest areas. In doing so, we will focus on securing and developing the human resources who will lead the next generation.

Advancement of Female Employees

Future outlook

In fiscal 2026, we expect the business environment to remain difficult due to a decline in shipments of asphalt mixtures and rising transportation costs associated with tighter regulations in the logistics sector. The Products Business Division has identified improvement in the gross profit margin as its highest priority. We will work to reduce costs by thoroughly managing procurement and transportation expenses and reviewing variable costs. Furthermore, by strengthening collaboration with the Construction Business Division, we will raise the proportion of products manufactured in-house and promote stable growth of the business. We will remain committed to the three pillars of high quality, environmental consideration, and diversity. Through the provision of products and services that contribute to building a sustainable society, we will respond to the expectations of our stakeholders.

FUKUDA GROUP overview

A corporate group based in Niigata Prefecture with the construction business at its core, the FUKUDA GROUP has a history of various structural changes, including capital alliances with local general contractors and specialists, and spin-offs to launch new businesses or locally specialized companies.

Therefore, each group company values the spirit of "independence and self-reliance" as it conducts autonomous management based on its own business vision and management philosophy.

To demonstrate our strong unity as one FUKUDA GROUP while relying on the strength of each company's independence, we have established the spirit "Always sincere from now until the next century and beyond" as our shared belief. This spirit, the foundation for realizing each company's motto and philosophy, is embodied by all FUKUDA GROUP officers and employees. That is, it is a commitment that each FUKUDA GROUP officer and employee has to society.

With this spirit shared across the Group, we continue to value the technical expertise and trust we have built as we work to achieve the Group's further growth with our stakeholders.

The FUKUDA GROUP has also established a long-term vision FUKUDA VISION 2035 to make a new start from the fiscal year ending December 31, 2026. Guided by our new 10-year vision "Take pride, Pass it on, Take on challenges, and Create the future," we will continue to be a company that achieves sustainable growth.

FUKUDA GROUP Spirit

Always sincere from now until the next century and beyond

FUKUDA VISION 2035 Slogan

"Take pride, Pass it on, Take on challenges, and Create the future."

FUKUDA GROUP new employee training

Direction for Relation 福田道路株式会社

Niigata, Niigata Prefecture	Number of employees 408	Capital ¥2.0 billion	Established 1949	2025 net sales ¥31.98 billion

FUKUDA ROAD CONSTRUCTION CO., LTD. operates a nationwide road construction business, engaging in paving works for a wide range of clients, including expressways, various types of roads, airports, commercial facilities, and sports facilities. The company also operates plants across the country that are responsible for manufacturing and selling asphalt mixture, a key paving material. The company has also made the utmost contribution to recovery and reconstruction efforts following the frequent natural disasters to date.

Guided by its management philosophy with the primary focus on sincerity and technology, its medium-term management policy, which is in its second year, sets out "Employee Happiness Reform." The company is fully committed to meeting customer requests and increasing customer satisfaction in addition to generating profit and ensuring high-quality workmanship. FUKUDA ROAD CONSTRUCTION endeavors to make its employees happy and become a company of choice.

Technology Research Institute of FUKUDA ROAD CONSTRUCTION CO., LTD. (Niigata, Niigata Prefecture)

株式会社興和

Niigata, Niigata Prefecture	Number of employees 247	Capital ¥93.88 million	Established 1955	2025 net sales ¥10.49 billion

KOWA Co., Ltd. started as a specialist in the development of underground resources such as groundwater, hot springs, and gas, among others. Over the years the company has engaged as professionals in ground and water-related fields in order to help ensure the safety and security of people's daily life, undertaking businesses in disaster prevention and mitigation, infrastructure management, and environmental energy.

In recent years, KOWA has actively participated in restoration work following frequent natural disasters and promoted the use of renewable thermal energy sources such as geothermal and sewage heat. The company has also advanced their adoption in its own facilities, rebuilding the building of the Chuetsu Branch as a new "ZEB" office. In 2024, KOWA received an Award for Climate Action and Energy Conservation Award in recognition of the initiatives it had taken.

While adapting to the rapidly changing social environment, KOWA will continue to contribute to local communities, maintaining a spirit of taking on new challenges.

The Net Zero Energy Building (ZEB) of the Chuetsu Branch of KOWA Co., Ltd. (Nagaoka, Niigata Prefecture)

北日本建材リース株式会社 Kita Nihon Construction Material Leasing Co.,Ltd.

Niigata, Niigata Prefecture	Number of employees 97	Capital ¥30.00 million	Established 1971	2025 net sales ¥5.97 billion

Kita Nihon Construction Material Leasing Co., Ltd. rents out and sells temporary steel materials used for temporary works that are essential to road and bridge construction. The company undertakes the design and execution of mostly public works, thereby contributing to local infrastructure development through construction projects by general contractors and local construction companies. It also draws on the technical expertise it has built over the years in temporary works to fully support professionals in their on-site tasks, which range from drawing preparation and steel processing at factories to proposing construction methods, catering to a diverse array of needs.

The heavy temporary works industry where the company operates anticipates material and logistics costs remaining high and severe labor shortages, which makes the business's profitability increasingly uncertain. Moreover, public budget allocation has shifted from new construction to maintenance, and toward disaster prevention and mitigation. Nevertheless, the company works to enhance its assets for lease, develop new products, and optimize rents. It also aims to become a knowledge-driven value creation enterprise by improving the workplace environment, and actively hiring and training human resources. Kita Nihon Construction Material Leasing is committed to advancing human capital management to fulfill customer needs.

Head Office and Higashi Port Plant of Kita Nihon Construction Material Leasing Co., Ltd. (Niigata, Niigata Prefecture)

株式会社レックス

Niigata, Niigata Prefecture	Number of employees 348	Capital ¥80.00 million	Established 1975	2025 net sales ¥9.95 billion

As a comprehensive regional environmental maintenance and management company, RECS CORPORATION is engaged in the upkeep and repair of social infrastructure (e.g., road traffic safety facilities, sewer systems, tunnels, and bridges), and road patrols and the sale and rental of construction safety equipment. In recent years, there is an urgent need to address aging infrastructure. However, repairs have been completed on only about 30% of Niigata Prefecture's approximately 3,848 aging bridges. The company's business is to meet a wide range of needs, including crack and spalling repairs; surface protection, coating, and waterproofing; repair to bridge expansion joints and unseating prevention systems; and carbon fiber reinforcement. Also, road cave-ins due to aging sewer pipes have become a social problem. The National Special Priority Investigation conducted by the Ministry of Land, Infrastructure, Transport and Tourism found that a total of 4.4 km of the prefecture's pipelines are severely corroded and damaged, requiring repairs. The company's integrated maintenance services, which span the process from cleaning and inspection to diagnosis and reconstruction, are increasingly in demand. The company will continue to contribute to the realization of a sustainable, safe, and secure society through regional environmental conservation.

Kozuradani-Sasame Road Reconstruction and Disaster Prevention Project (bridge repair) by Niigata Regional Promotion Bureau Re-coating works (Gosen, Niigata Prefecture)

Group Companies

福田リニューアル株式会社

Chiyoda-ku, Tokyo	Number of employees 80	Capital ¥100 million	Established 1996	2025 net sales ¥9.57 billion

Founded in 1996 as a company specializing in renovation, FUKUDA RENEWAL CORPORATION celebrated its 30th anniversary. As a comprehensive renovation company handling everything from building inspection and diagnosis to design, construction, and after-sales service, the company continues to meet diverse needs of our customers. FUKUDA RENEWAL carries out a wide range of renovation work for various types of buildings, including hotels, offices, stores, hospitals, factories, and warehouses. Since 2022, the company has also been engaged in the real estate business, steadily building up a track record. With its extensive track record and experience, the company not only protects and preserves customers' valuable assets but also works to maximize their value.

Urban spa facility construction in Nihonbashi

フクダハウジング株式会社

Niigata, Niigata Prefecture	Number of employees 60	Capital ¥24.00 million	Established 1972	2025 net sales ¥2.14 billion

Deeply rooted in the local community, FUKUDA HOUSING CO., LTD. is a housing company with a diverse business portfolio of new residential construction and renovation, real estate, commercial construction, and condominium and building management, among others. The company offers integrated services, ranging from property search and design to construction and after-sales support, as it focuses on housing services best suited to each customer's values and lifestyle. To offer comfortable, well-designed living spaces that are also functional, the company works to create housing environments for long-term living with peace of mind. It also makes proposals that factor in the local climate, natural features, and way of living, and flexibly tailors its offerings to customers' family composition and lifestyles. Furthermore, the company puts extra effort into quality management and after-sales support in order to ensure that customers continue to live their daily lives with a sense of assurance after moving into their completed home. Going forward, FUKUDA HOUSING will also remain committed to contributing to the local community in order to offer even more comfortable, sustainable homes as it works to improve energy-saving performance and makes effective use of existing houses.

Head Office of FUKUDA HOUSING CO., LTD. (Niigata, Niigata Prefecture)

Group companies

(Unit: Billion yen)

Segment	Company name	Head office	Business	Net sales
Civil engineering business related to construction	FUKUDA ROAD CONSTRUCTION CO., LTD.	Niigata	Paving works, general civil engineering works, pavement damage diagnosis, and manufacture and sale of asphalt mixtures	31.98
	KOWA Co., Ltd.	Niigata	Civil engineering works, construction consulting, and geological surveys	10.49
	Kita Nihon Construction Material Leasing Co., Ltd.	Niigata	Rental, repair, and sale of temporary construction steel materials, and temporary construction works	5.97
	RECS CORPORATION	Niigata	Maintenance of road auxiliary facilities and sales and rental of safety equipment	9.95
	Saido Co., Ltd.	Saitama	Paving works, civil engineering works	0.67
	Sagami Enji Co., Ltd.	Kanagawa	Paving works, civil engineering works	0.72
	Niigata Zouen Corporation	Niigata	Landscaping works and general civil engineering works, as well as maintenance of parks and gardens	1.10
	Pabig Aizu Co., Ltd.	Fukushima	Paving works, civil engineering works	0.51
	Murakami Hozai Co., Ltd.	Niigata	Manufacture and sale of asphalt mixtures	0.24
	Rise Pave Co., Ltd.	Aomori	Paving works, civil engineering works	0.89
	Re Earth Corporation	Tokyo	Construction, surveys, and consulting related to ground improvement, contaminated soil, and environmental facilities	1.80
	OhHIRO Industries Co., Ltd.	Niigata	Paving works, civil engineering works	0.25
	Okumikawa Co., Ltd.	Aichi	Paving works, civil engineering works	0.38
	Geoc Giken Co., Ltd.	Niigata	Geotechnical surveys and ground improvement works, geothermal snow-melting construction	1.51
	GeotecService Co., Ltd.	Niigata	Construction and operation of geotechnical and meteorological disaster prevention networks, installation and monitoring of measuring instruments, sales of snow-melting equipment and drilling materials	0.45
	Shinsei Road Co., Ltd.	Hokkaido	Paving works, civil engineering works	0.28
	DiaTec Corporation	Niigata	Survey, diagnosis, and design of concrete and steel structures	0.21
	Fine Road Consultant Co., Ltd.	Niigata	Surveys, planning, construction management, and consulting related to paving and soil	0.11
	TAKAKEN CO., LTD.	Niigata	Collection and sale of gravel, sand, and crushed stone, general civil engineering works, and real estate business	1.03
	Create Center Corp.	Niigata	Construction consulting	0.52
	Soshin Corp.	Niigata	Civil engineering works, water supply facility construction, steel structure construction, paving works, and rental, maintenance, and repair of construction machinery	1.15
	Niigata Hozai Co., Ltd.	Niigata	Manufacture and sale of asphalt mixtures	2.02
Construction business related to building construction	FUKUDA RENEWAL CORPORATION	Tokyo	Building inspection and diagnosis, building renovation, and new construction work	9.57
	FUKUDA HOUSING CO., LTD.	Niigata	Housing construction, renovations, real estate business, condominium management, and building maintenance	2.14
	THAI FUKUDA CORPORATION LIMITED	Bangkok	Construction Projects	1.99
Business related to real estate and service	FUKUDA ASSET & SERVICE CO., LTD.	Niigata	Sale, leasing, and brokerage of real estate	0.80
	Design Workshop Co., Ltd.	Miyagi	Operation, management, and administration of fee-based nursing homes, and long-term care insurance business	0.52
	PSC Co., Ltd.	Niigata	Disposal of general and industrial waste	0.10
	IT Support Co., Ltd.	Niigata	Sale, rental, leasing, repair, and maintenance of computer equipment, communication devices, and software	0.51

Company Overview/Stock Information

Company Overview (as of December 31, 2025)

Company name:	FUKUDA CORPORATION
Representative:	Katsuyuki Fukuda Chairman & Representative Director Chairman of the Board Masanori Araaki President & Representative Director President of the Board
Head office:	3-10 Ichibanboridoricho, Chuo-ku, Niigata, Niigata Prefecture 951-8668 Japan
Established:	January 1902
Founded:	December 1927
Capital:	5,158,408,496 yen
Employees:	840
Business:	· Contracting, planning, design, supervision, and consulting services for construction projects · Purchase, sale, exchange, leasing, brokerage, and management of real estate · Construction and sale of housing, as well as land development and sales · Projects related to regional development, urban development, and environmental maintenance, as well as contracting, planning, design, supervision, and consulting services related thereto · Ownership, leasing, and operation of lodging facilities, sports facilities, recreational facilities, health and medical facilities, etc. · Processing, sale, and leasing of construction materials, equipment, and machinery · All businesses incidental to the foregoing items
Main Branch & Branches:	· Niigata Main Branch (Chuo-ku, Niigata, Niigata Prefecture) · Tokyo Main Branch (Chiyoda-ku, Tokyo) · Chuetsu Branch (Nagaoka, Niigata Prefecture) · Tohoku Branch (Aoba-ku, Sendai, Miyagi Prefecture) · Nagoya Branch (Naka-ku, Nagoya, Aichi Prefecture) · Osaka Branch (Kita-ku, Osaka, Osaka Prefecture) · Kyushu Branch (Hakata-ku, Fukuoka, Fukuoka Prefecture) · Hokkaido Branch (Chuo-ku, Sapporo, Hokkaido Prefecture)
Domestic Sales Offices, etc.:	10 locations
License/Permit Number:	· Construction Business License: Minister of Land, Infrastructure, Transport and Tourism (Special-6) No. 3057 · Construction Consultant Registration: No. Ken-07-5532 · First-Class Architect Office Registration Niigata Head Office of FUKUDA CORPORATION: Registered with the Governor of Niigata Prefecture (Ri) No. 1634 Tokyo Head Office of FUKUDA CORPORATION: Registered with the Governor of Tokyo No. 3033 · Real Estate Brokerage License: Minister of Land, Infrastructure, Transport and Tourism (13) No. 2341 · Designated Investigation Agency under the Soil Contamination Countermeasures Act: 2020-3-1018

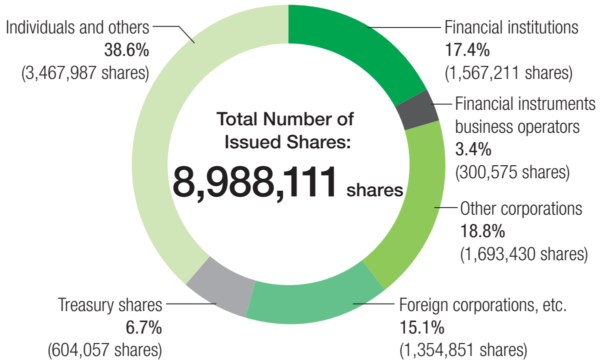
Stock Information (as of December 31, 2025)

Stock overview

Stock Code:	1899
Listed on:	Tokyo Stock Exchange
Total Number of Shares Authorized to be Issued:	20,000,000 shares*1
Total Number of Issued Shares:	8,988,111 shares*1
Number of Shareholders:	7,717
Administrator of Shareholder Registry:	Mitsubishi UFJ Trust and Banking Corporation

*1 We executed a 2-for-1 common stock split effective July 1, 2026. Consequently, the total number of shares authorized to be issued and the total number of issued shares have increased to 40,000,000 shares and 17,976,222 shares, respectively.

Distribution of shares by shareholder category



Major shareholders

Name of shareholder	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	702	8.4
(Public Interest Incorporated Foundation) Fukuda Ikueikai	688	8.2
FUKUDA CORPORATION Kyoei-kai	297	3.5
Katsuyuki Fukuda	232	2.8
Hiroshi Fukuda	231	2.8
Daishi Hokuetsu Bank, Ltd.	195	2.3
Yuko Honjo	178	2.1
Kyoko Igarashi	177	2.1
BBH FOR THE ADVISORS' INNER CIRCLE FUND II/ KOPERNIK GLO ALL-CAP FUND	153	1.8
Naomi Fukuda	141	1.7

Note: Shareholding ratio is calculated after deducting the number of treasury shares (604,057 shares). The number of treasury shares does not include the shares of the Company (103,300 shares) held by Trust & Custody Services Bank, Ltd. (trust account E) as the trust assets of the Employee Stock Ownership Plan (J-ESOP) and Board Benefit Trust (BBT).

Information for shareholders

Record Date:	Ordinary General Meeting of Shareholders: December 31
Year-End Dividend Record Date:	December 31
Interim Dividend Record Date:	June 30
Administrator of Shareholder Registry: Account Management Institution for Special Accounts:	Mitsubishi UFJ Trust and Banking Corporation [Contact Information] Mitsubishi UFJ Trust and Banking Corporation, Stock Transfer Agency Department, 1-1 Nikkocho, Fuchu, Tokyo Tel: 0120-232-711 (Toll-free) [Mailing Address] Shin-Tokyo Post Office, PO box No. 29, Tokyo 137-8081 Japan
Number of Shares Per Unit:	100
Listed on:	Prime Market of Tokyo Stock Exchange
Method of Public Notice:	Public notices will be made electronically. However, when electronic public notices cannot be made due to circumstances beyond our control, we will post a notice in the Nihon Keizai Shimbun. URL for Public Notices: https://www.fkd.co.jp/

Notes:
- Please contact the securities company where you have your account regarding procedures for matters such as change of address of shareholders and requests for purchase of shares. These procedures are not handled by the Administrator of Shareholder Registry (Mitsubishi UFJ Trust and Banking Corporation). Unclaimed dividends are payable at the main office/branches of Mitsubishi UFJ Trust and Banking Corporation.
- Procedures related to shares recorded in special accounts are handled by Mitsubishi UFJ Trust and Banking Corporation as the account management institution. Shareholders are therefore requested to contact the account management institution (Mitsubishi UFJ Trust and Banking Corporation) for the aforementioned special accounts. The services are also provided at nationwide branches of Mitsubishi UFJ Trust and Banking Corporation.