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Consolidated Financial Results for the First Quarter Ended June 30, 2022 [Japanese GAAP]

August 9, 2022

Company name : Kumagai Gumi Co., Ltd.
 Stock exchange listings : Tokyo Stock Exchange, Prime Market
 Securities code : 1861 URL : <https://www.kumagaigumi.co.jp/>
 Representative : Yasunori Sakurano, President
 Contact : Chihiro Nosaka, General Manager, Accounting Department, Administration Division
 Tel. 03-3235-8606
 Date of filing of quarterly securities report : August 9, 2022
 Scheduled date of dividend payment : —
 Supplemental materials for quarterly financial results : None
 Presentation on quarterly financial results : None

(Rounded down to the nearest million yen)

1. Consolidated Results for the First Quarter Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(1) Consolidated Operating Results (Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022 1st Quarter	91,669	3.7	505	(82.1)	771	(74.0)	575	(71.5)
FY2021 1st Quarter	88,382	(11.4)	2,824	(33.7)	2,965	(33.0)	2,023	(25.6)

(Note) Comprehensive income FY2022 1st Quarter 150 million yen (79.2)% FY2021 1st Quarter 721 million yen (68.6)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022 1st Quarter	12.79	—
FY2021 1st Quarter	43.43	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022 1st Quarter	362,103	163,207	45.1	3,640.20
FY2021	371,096	169,302	45.6	3,751.09

(Reference) Owner's equity FY2022 1st Quarter 163,207 million yen FY2021 169,302 million yen

2. Dividends

	Annual cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	—	—	120.00	120.00
FY2022	—	—	—	—	—
FY2022 (forecast)	—	—	—	130.00	130.00

(Note) Revision to the latest forecasts of cash dividends announced : None

3. Forecast of Consolidated Operating Results for FY2022 (April 1, 2022 – March 31, 2023)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022	442,000	3.9	23,200	2.0	23,500	(1.0)	16,200	2.2	364.56

(Note) Revision to the latest forecasts of consolidated operating results announced : None

※Basic earnings per share reflects the impact of the "Acquisition and Cancellation of Own Shares" announced on May 13, 2022.

※ Notes

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries that resulted in a change in the scope of consolidation) : None

(2) Application of specific accounting for quarterly consolidated financial statements : None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

① Changes in accounting policies due to the revision of the accounting standards : Yes

② Changes in accounting policies other than ① : Yes

③ Changes in accounting estimates : Yes

④ Retrospective restatements : None

(4) Number of shares issued (common stock)

(Shares)

① Number of shares issued at the end of the period (including treasury stocks)

② Number of treasury stocks at the end of the period

③ Average number of shares outstanding during the period
(quarterly cumulative total)

FY2022 Q1	45,411,660	FY2021	45,411,660
FY2022 Q1	576,998	FY2021	277,460
FY2022 Q1	45,040,706	FY2021 Q1	46,598,279

※ "Kessan Tanshin" is not subject to the quarterly review.

※ Explanation regarding the appropriate use of forecasts of operating results, and other specific comments

The financial forecast of operating results in this document are based on information available at present and logical assessments. Actual results may be materially different from expectations due to a variety of factors.

(Reference) Summary of Nonconsolidated Financial Results

(Rounded down to the nearest million yen)

1. Nonconsolidated Results for the First Quarter Ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(1) Nonconsolidated Operating Results

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022 1st Quarter	70,147	0.6	328	(86.8)	2,077	(48.7)	1,872	(42.6)
FY2021 1st Quarter	69,717	(13.4)	2,491	(33.5)	4,049	(17.2)	3,262	(4.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022 1st Quarter	41.47	—
FY2021 1st Quarter	69.86	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022 1st Quarter	293,752	128,714	43.8	2,864.22
FY2021	303,997	133,749	44.0	2,956.56

(Reference) Owner's equity FY2022 1st Quarter 128,714 million yen FY2021 133,749 million yen

2. Forecast of Nonconsolidated Operating Results for FY2022 (April 1, 2022 – March 31, 2023)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
FY2022	334,000	0.9	18,700	(6.3)	13,300	(3.1)	298.60

(Note) Revision to the latest forecasts of nonconsolidated operating results announced : None

※Basic earnings per share reflects the impact of the "Acquisition and Cancellation of Own Shares" announced on May 13, 2022.

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1. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(millions of yen)

	Prior Fiscal Year (As of March 31, 2022)	Current 1st Quarter (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	67,404	72,115
Notes receivable, accounts receivable from completed construction contracts and other	204,809	191,329
Costs on construction contracts in progress	10,205	10,630
Accounts receivable – other	16,989	13,554
Other	2,514	3,201
Allowance for doubtful accounts	(48)	(43)
Total current assets	301,874	290,788
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,989	8,927
Land	15,399	15,314
Other, net	3,062	3,105
Total property, plant and equipment	27,451	27,346
Intangible assets	876	941
Investments and other assets		
Investment securities	27,927	27,926
Deferred tax assets	8,021	8,216
Other	5,107	7,040
Allowance for doubtful accounts	(162)	(156)
Total investments and other assets	40,893	43,026
Total non-current assets	69,221	71,314
Total assets	371,096	362,103

(millions of yen)

	Prior Fiscal Year (As of March 31, 2022)	Current 1st Quarter (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	82,014	64,869
Electronically recorded obligations – operating	29,032	36,524
Short-term borrowings	3,145	3,145
Income taxes payable	4,330	537
Advances received on construction contracts in progress	12,920	21,967
Deposits received	26,402	31,233
Provision for warranties for completed construction	610	534
Provision for loss on construction contracts	849	790
Provision for contingent loss	41	40
Provision for bonuses	4,588	2,226
Other	11,464	10,548
Total current liabilities	175,399	172,418
Non-current liabilities		
Long-term borrowings	9,007	9,007
Provision for share awards	183	195
Retirement benefit liability	16,615	16,720
Other	587	554
Total non-current liabilities	26,394	26,478
Total liabilities	201,794	198,896
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	21,145	21,145
Retained earnings	114,967	110,100
Treasury shares	(631)	(1,434)
Total shareholders' equity	165,589	159,920
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,758	2,094
Foreign currency translation adjustment	1,081	1,313
Remeasurements of defined benefit plans	(127)	(121)
Total accumulated other comprehensive income	3,712	3,286
Total net assets	169,302	163,207
Total liabilities and net assets	371,096	362,103

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income (Cumulative total)

(millions of yen)

	FY2021 1st Quarter (Apr 1, 2021—Jun 30, 2021)	FY2022 1st Quarter (Apr 1, 2022—Jun 30, 2022)
Net sales of completed construction contracts	88,382	91,669
Cost of sales of completed construction contracts	80,880	86,034
Gross profit on completed construction contracts	7,502	5,634
Selling, general and administrative expenses	4,677	5,129
Operating profit	2,824	505
Non-operating income		
Interest income	5	4
Dividend income	108	60
Share of profit of entities accounted for using equity method	59	53
Foreign exchange gains	8	215
Reversal of allowance for doubtful accounts	1	8
Other	25	14
Total non-operating income	209	357
Non-operating expenses		
Interest expenses	41	44
Commission for syndicated loans	10	10
Loss on investments in investment partnerships	—	22
Other	16	13
Total non-operating expenses	68	90
Ordinary profit	2,965	771
Extraordinary income		
Gain on sales of non-current assets	0	2
Gain on sales of memberships	—	64
Compensation for damage income	—	81
Other	0	—
Total extraordinary income	0	147
Extraordinary losses		
Loss on retirement of non-current assets	18	14
Compensation for damage	0	3
Infectious disease related costs	16	12
Other	3	1
Total extraordinary losses	39	31
Profit before income taxes	2,926	886
Income taxes – current	121	215
Income taxes – deferred	781	95
Total income taxes	902	310
Profit	2,023	575
Profit attributable to owners of parent	2,023	575

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

	FY2021 1st Quarter (Apr 1, 2021—Jun 30, 2021)	FY2022 1st Quarter (Apr 1, 2022—Jun 30, 2022)
Profit	2,023	575
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,684)	(663)
Foreign currency translation adjustment	347	231
Remeasurements of defined benefit plans, net of tax	31	6
Share of other comprehensive income of entities accounted for using equity method	3	(1)
Total other comprehensive income	(1,302)	(425)
Comprehensive income	721	150
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	721	150
Comprehensive income attributable to non-controlling interests	—	—

(3) Segment Information

FY2021 1st Quarter (Apr 1, 2021 — Jun 30, 2021)

Reportable segment sales, profit or loss and revenue breakdown information

(millions of yen)

	Reportable segments				Adjustments (Note1)	Amounts on Quarterly consolidated statement of income (Note2)
	Civil engineering	Building construction	Subsidiaries	Total		
Net Sales						
Revenue from contracts with customers	21,946	47,770	20,047	89,765	(1,382)	88,382
Sales to customers	21,946	47,770	18,665	88,382	—	88,382
Intersegment sales and transfers	—	—	1,382	1,382	(1,382)	—
Total	21,946	47,770	20,047	89,765	(1,382)	88,382
Segment profit	549	1,942	314	2,806	18	2,824

(Note1) The segment profit adjustment is for the elimination of intersegment transactions.

(Note2) Segment profit is adjusted with operating profit recorded under the quarterly consolidated statement of income.

FY2022 1st Quarter (Apr 1, 2022 — Jun 30, 2022)

Reportable segment sales, profit or loss and revenue breakdown information

(millions of yen)

	Reportable segments				Adjustments (Note1)	Amounts on Quarterly consolidated statement of income (Note2)
	Civil engineering	Building construction	Subsidiaries	Total		
Net Sales						
Revenue from contracts with customers	19,022	51,088	21,201	91,311	—	91,311
Other revenue	—	32	324	357	—	357
Sales to customers	19,022	51,121	21,526	91,669	—	91,669
Intersegment sales and transfers	—	3	2,446	2,450	(2,450)	—
Total	19,022	51,125	23,972	94,119	(2,450)	91,669
Segment profit (loss)	(587)	915	172	500	4	505

(Note1) The segment profit (loss) adjustment is for the elimination of intersegment transactions.

(Note2) Segment profit (loss) is adjusted with operating profit recorded under the quarterly consolidated statement of income.

2. Quarterly Nonconsolidated Financial Statements

(1) Quarterly nonconsolidated balance sheet

	(millions of yen)	
	Prior Fiscal Year (As of March 31, 2022)	Current 1st Quarter (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	42,744	44,350
Notes receivable, accounts receivable from completed construction contracts and other	176,589	168,188
Costs on construction contracts in progress	9,259	8,673
Other	17,152	14,191
Allowance for doubtful accounts	(19)	(17)
Total current assets	245,726	235,386
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,883	4,713
Land	12,474	12,389
Other, net	1,356	1,593
Total property, plant and equipment	18,714	18,696
Intangible assets	749	818
Investments and other assets		
Investment securities	9,431	9,753
Deferred tax assets	6,428	6,532
Other	22,947	22,564
Total investments and other assets	38,806	38,849
Total non-current assets	58,270	58,365
Total assets	303,997	293,752

(millions of yen)

	Prior Fiscal Year (As of March 31, 2022)	Current 1st Quarter (As of June 30, 2022)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	64,825	46,172
Electronically recorded obligations – operating	25,050	32,763
Short-term borrowings	2,945	2,945
Lease obligations	13	10
Income taxes payable	3,927	154
Advances received on construction contracts in progress	11,005	19,871
Deposits received	24,570	28,779
Provision for warranties for completed construction	566	487
Provision for loss on construction contracts	835	783
Provision for contingent loss	38	37
Provision for bonuses	3,083	1,487
Other	10,135	8,193
Total current liabilities	146,996	141,687
Non-current liabilities		
Long-term borrowings	9,007	9,007
Lease obligations	11	10
Provision for stock payments	183	195
Provision for retirement benefits	13,922	14,010
Other	125	125
Total non-current liabilities	23,251	23,349
Total liabilities	170,247	165,037
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	21,145	21,145
Retained earnings	80,263	76,693
Treasury shares	(506)	(1,309)
Total shareholders' equity	131,011	126,638
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,738	2,076
Total valuation and translation adjustments	2,738	2,076
Total net assets	133,749	128,714
Total liabilities and net assets	303,997	293,752

(2) Quarterly nonconsolidated statement of income (Cumulative total)

(millions of yen)

	FY2021 1st Quarter (Apr 1, 2021—Jun 30, 2021)	FY2022 1st Quarter (Apr 1, 2022—Jun 30, 2022)
Net sales of completed construction contracts	69,717	70,147
Cost of sales of completed construction contracts	63,827	66,029
Gross profit on completed construction contracts	5,889	4,117
Selling, general and administrative expenses	3,397	3,788
Operating profit	2,491	328
Non-operating income		
Interest income	3	1
Dividend income	1,587	1,623
Foreign exchange gains	3	195
Other	30	17
Total non-operating income	1,625	1,837
Non-operating expenses		
Interest expenses	40	43
Commission for syndicated loans	10	10
Loss on investments in investment partnerships	—	22
Other	15	11
Total non-operating expenses	66	88
Ordinary profit	4,049	2,077
Extraordinary income		
Gain on sales of non-current assets	—	2
Gain on sales of memberships	—	64
Total extraordinary income	—	66
Extraordinary losses		
Compensation for damage	0	3
Infectious disease related costs	12	9
Other	3	0
Total extraordinary losses	15	13
Profit before income taxes	4,034	2,130
Income taxes – current	60	70
Income taxes – deferred	711	187
Total income taxes	771	257
Profit	3,262	1,872

3. Supplementary Information

(1) Orders received, net sales and carried-forward (Nonconsolidated)

(millions of yen)

	FY2021 1st Quarter Apr 1, 2021—Jun 30, 2021		FY2022 1st Quarter Apr 1, 2022—Jun 30, 2022		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	4,863	10.1	8,829	23.4	3,966	81.5
Private	7,102	14.6	7,823	20.8	721	10.2
Domestic	11,965	24.7	16,653	44.2	4,687	39.2
Overseas	—	—	—	—	—	—
Civil engineering	11,965	24.7	16,653	44.2	4,687	39.2
Public	2,484	5.1	932	2.5	(1,552)	(62.5)
Private	34,043	70.2	20,062	53.2	(13,980)	(41.1)
Domestic	36,528	75.3	20,995	55.7	(15,533)	(42.5)
Overseas	—	—	27	0.1	27	—
Building construction	36,528	75.3	21,022	55.8	(15,505)	(42.4)
Public	7,348	15.2	9,762	25.9	2,414	32.9
Private	41,146	84.8	27,886	74.0	(13,259)	(32.2)
Domestic	48,494	100.0	37,649	99.9	(10,845)	(22.4)
Overseas	—	—	27	0.1	27	—
Orders received—Total	48,494	100	37,676	100	(10,818)	(22.3)
Public	9,658	13.9	8,420	12.0	(1,238)	(12.8)
Private	12,287	17.6	10,601	15.1	(1,685)	(13.7)
Domestic	21,946	31.5	19,022	27.1	(2,924)	(13.3)
Overseas	—	—	—	—	—	—
Civil engineering	21,946	31.5	19,022	27.1	(2,924)	(13.3)
Public	4,182	6.0	3,170	4.5	(1,012)	(24.2)
Private	43,389	62.3	47,586	67.9	4,196	9.7
Domestic	47,572	68.3	50,756	72.4	3,183	6.7
Overseas	198	0.2	368	0.5	170	85.8
Building construction	47,770	68.5	51,125	72.9	3,354	7.0
Public	13,841	19.9	11,590	16.5	(2,251)	(16.3)
Private	55,677	79.9	58,187	83.0	2,510	4.5
Domestic	69,518	99.8	69,778	99.5	259	0.4
Overseas	198	0.2	368	0.5	170	85.8
Net sales—Total	69,717	100	70,147	100	429	0.6
Public	38,563	8.7	58,617	12.9	20,053	52.0
Private	118,479	26.6	122,786	27.1	4,306	3.6
Domestic	157,043	35.3	181,403	40.0	24,360	15.5
Overseas	—	—	—	—	—	—
Civil engineering	157,043	35.3	181,403	40.0	24,360	15.5
Public	24,162	5.4	38,750	8.6	14,587	60.4
Private	261,392	58.8	231,702	51.1	(29,690)	(11.4)
Domestic	285,555	64.2	270,452	59.7	(15,103)	(5.3)
Overseas	2,293	0.5	1,217	0.3	(1,076)	(46.9)
Building construction	287,849	64.7	271,670	60.0	(16,179)	(5.6)
Public	62,726	14.1	97,367	21.5	34,641	55.2
Private	379,872	85.4	354,488	78.2	(25,383)	(6.7)
Domestic	442,598	99.5	451,856	99.7	9,257	2.1
Overseas	2,293	0.5	1,217	0.3	(1,076)	(46.9)
Carried-forward—Total	444,892	100	453,074	100	8,181	1.8

(Note) The carried-forward amount of overseas work has been translated at the closing rate.

FY2021 1st Quarter : Decreased by 6 million yen FY2022 1st Quarter : Increased by 88 million yen

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2021 1st Quarter	B FY2022 1st Quarter	B - A	
				%
Net sales	884	917	33	3.7
Gross profit	75	56	(19)	(24.9)
(Ratio)	8.5%	6.1%	(2.4)%	
SG&A expenses	47	51	5	
Operating profit	28	5	(23)	(82.1)
(Ratio)	3.2%	0.6%	(2.6)%	
Non-operating income - net	1	3	1	
Ordinary profit	30	8	(22)	(74.0)
Extraordinary income - net	(0)	1	2	
Profit before income taxes	29	9	(20)	(69.7)
Income taxes and others	9	3	(6)	
Profit attributable to owners of parent	20	6	(14)	(71.5)

(Forecasts of Operating Results for Full year)

	C FY2021 Result	D FY2022 (Forecasts)	D - C	
				%
	4,252	4,420	168	3.9
	435	458	23	5.4
	10.2%	10.4%	0.2%	
	207	226	19	
	227	232	5	2.0
	5.3%	5.2%	(0.1)%	
	10	3	(7)	
	237	235	(2)	(1.0)
	(8)	(1)	7	
	229	234	5	2.1
	71	72	1	
	159	162	3	2.2

Nonconsolidated

(Operating Results)

	A FY2021 1st Quarter	B FY2022 1st Quarter	B - A	
				%
Civil engineering	120	167	47	
Building construction	365	210	(155)	
Domestic	485	376	(108)	
Overseas	—	0	0	
Orders received	485	377	(108)	(22.3)
Civil engineering	219	190	(29)	
Building construction	476	508	32	
Domestic	695	698	3	
Overseas	2	4	2	
Net sales	697	701	4	0.6
Civil engineering	19	9	(9)	
(Ratio)	8.6%	4.9%	(3.7)%	
Building construction	40	33	(7)	
(Ratio)	8.4%	6.4%	(2.0)%	
Domestic	59	42	(17)	
(Ratio)	8.4%	6.0%	(2.4)%	
Overseas	0	(1)	(1)	
(Ratio)	10.4%	(22.5)%	(32.9)%	
Gross profit	59	41	(18)	(30.1)
(Ratio)	8.4%	5.9%	(2.5)%	
SG&A expenses	34	38	4	
Operating profit	25	3	(22)	(86.8)
(Ratio)	3.6%	0.5%	(3.1)%	
Non-operating income - net	16	17	2	
Ordinary profit	40	21	(20)	(48.7)
Extraordinary income - net	(0)	1	1	
Profit before income taxes	40	21	(19)	(47.2)
Income taxes and others	8	3	(5)	
Profit	33	19	(14)	(42.6)

(Forecasts of Operating Results for Full year)

	C FY2021 Result	D FY2022 (Forecasts)	D - C	
				%
	1,108	1,150	42	
	2,393	2,450	57	
	3,501	3,600	99	
	1	120	119	
	3,502	3,720	218	6.2
	941	1,000	59	
	2,357	2,320	(37)	
	3,298	3,320	22	
	12	20	8	
	3,310	3,340	30	0.9
	91	105	14	
	9.7%	10.5%	0.8%	
	242	234	(8)	
	10.3%	10.1%	(0.2)%	
	333	339	6	
	10.1%	10.2%	0.1%	
	1	2	1	
	5.7%	10.0%	4.3%	
	333	341	8	2.3
	10.1%	10.2%	0.1%	
	156	170	14	
	178	171	(7)	(3.8)
	5.4%	5.1%	(0.3)%	
	22	16	(6)	
	200	187	(13)	(6.3)
	(8)	0	8	
	192	187	(5)	(2.5)
	55	54	(1)	
	137	133	(4)	(3.1)