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Consolidated Financial Results for the Third Quarter Ended December 31, 2020 [Japanese GAAP]

February 10, 2021

Company name : Kumagai Gumi Co., Ltd.
 Stock exchange listings : Tokyo Stock Exchange, 1st Section
 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 : February 10, 2021
 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 Third Quarter Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(1) Consolidated Operating Results

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

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2020 3rd Quarter	313,967	2.2	19,156	22.3	19,244	20.1	12,108	(1.8)
FY2019 3rd Quarter	307,235	14.3	15,669	5.3	16,021	7.4	12,336	36.1

(Note) Comprehensive income FY2020 3rd Quarter 14,559 million yen 14.6% FY2019 3rd Quarter 12,706 million yen 57.1%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2020 3rd Quarter	259.86	—
FY2019 3rd Quarter	264.74	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2020 3rd Quarter	358,718	156,987	43.8	3,368.92
FY2019	374,841	148,034	39.5	3,177.22

(Reference) Owner's equity FY2020 3rd Quarter 156,987 million yen FY2019 148,034 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
FY2019	—	—	—	120.00	120.00
FY2020	—	—	—		
FY2020 (forecast)				120.00	120.00

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

3. Forecast of Consolidated Operating Results for FY2020 (April 1, 2020 – March 31, 2021)

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

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2020	438,500	0.5	26,500	4.2	26,800	4.2	17,600	(9.5)	377.69

(Note) Revision to the latest forecasts of consolidated operating results announced : Yes

※ 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 : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

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)

FY2020 Q3	46,805,660	FY2019	46,805,660
FY2020 Q3	206,967	FY2019	213,148
FY2020 Q3	46,598,682	FY2019 Q3	46,599,379

※ “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 Third Quarter Ended December 31, 2020 (April 1, 2020 – December 31, 2020)

(1) Nonconsolidated Operating Results

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

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2020 3rd Quarter	253,049	2.8	15,984	29.3	16,963	31.7	11,008	22.5
FY2019 3rd Quarter	246,232	17.7	12,361	4.8	12,882	2.7	8,988	16.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2020 3rd Quarter	235.71	—
FY2019 3rd Quarter	192.45	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2020 3rd Quarter	299,568	126,197	42.1	2,702.21
FY2019	315,780	118,438	37.5	2,536.08

(Reference) Owner's equity FY2020 3rd Quarter 126,197 million yen FY2019 118,438 million yen

2. Forecast of Nonconsolidated Operating Results for FY2020 (April 1, 2020 – March 31, 2021)

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

	Net sales of completed construction contracts		Ordinary income		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
FY2020	349,000	(0.9)	23,000	11.2	15,200	2.5	325.46

(Note) Revision to the latest forecasts of nonconsolidated operating results announced : Yes

1. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(millions of yen)

	Prior Fiscal Year (As of March 31, 2020)	Current 3rd Quarter (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	75,155	53,250
Notes receivable, accounts receivable from completed construction contracts and other	190,642	188,174
Costs on construction contracts in progress	7,864	14,070
Accounts receivable – other	29,827	30,218
Other	7,395	8,037
Allowance for doubtful accounts	(219)	(216)
Total current assets	310,667	293,534
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,491	7,581
Land	14,795	14,818
Other, net	3,060	2,949
Total property, plant and equipment	25,347	25,349
Intangible assets	540	522
Investments and other assets		
Investment securities	22,870	28,050
Deferred tax assets	10,328	6,564
Other	5,258	4,894
Allowance for doubtful accounts	(204)	(198)
Total investments and other assets	38,252	39,310
Total non-current assets	64,141	65,183
Deferred assets		
Share issuance cost	33	—
Total deferred assets	33	—
Total assets	374,841	358,718

(millions of yen)

	Prior Fiscal Year (As of March 31, 2020)	Current 3rd Quarter (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	96,503	69,459
Electronically recorded obligations – operating	29,572	33,683
Short-term borrowings	4,074	4,403
Advances received on construction contracts in progress	19,933	19,323
Deposits received	29,489	38,663
Provision for warranties for completed construction	422	447
Provision for loss on construction contracts	469	331
Provision for contingent loss	7,614	2,553
Provision for bonuses	3,689	1,889
Other	9,819	6,083
Total current liabilities	201,590	176,838
Non-current liabilities		
Long-term borrowings	8,184	7,463
Provision for share-based remuneration	97	126
Retirement benefit liability	16,421	16,699
Other	513	603
Total non-current liabilities	25,216	24,892
Total liabilities	226,807	201,730
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	25,157	25,156
Retained earnings	92,413	98,910
Treasury shares	(450)	(445)
Total shareholders' equity	147,228	153,730
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	816	3,176
Foreign currency translation adjustment	391	387
Remeasurements of defined benefit plans	(401)	(307)
Total accumulated other comprehensive income	806	3,256
Total net assets	148,034	156,987
Total liabilities and net assets	374,841	358,718

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

(millions of yen)

	FY2019 3rd Quarter (Apr 1, 2019—Dec 31, 2019)	FY2020 3rd Quarter (Apr 1, 2020—Dec 31, 2020)
Net sales of completed construction contracts	307,235	313,967
Cost of sales of completed construction contracts	276,855	280,143
Gross profit on completed construction contracts	30,380	33,824
Selling, general and administrative expenses	14,711	14,668
Operating income	15,669	19,156
Non-operating income		
Interest income	32	34
Dividend income	333	240
Share of profit of entities accounted for using equity method	178	101
Other	85	179
Total non-operating income	630	555
Non-operating expenses		
Interest expenses	140	133
Foreign exchange losses	8	40
Commission for syndicate loan	26	202
Amortization of share issuance cost	37	33
Other	65	57
Total non-operating expenses	278	467
Ordinary income	16,021	19,244
Extraordinary income		
Gain on sales of non-current assets	4	4
Gain on sales of investment securities	18	—
Gain on sales of memberships	—	2
Reversal of provision for loss on anti-monopoly act	1,311	—
Total extraordinary income	1,334	7
Extraordinary losses		
Loss on retirement of non-current assets	41	18
Compensation for damage	123	96
Infectious disease related costs	—	250
Provision for contingent loss	—	311
Loss on transfer of receivables	—	458
Other	25	82
Total extraordinary losses	189	1,218
Profit before income taxes	17,166	18,033
Income taxes – current	2,906	3,245
Income taxes – deferred	1,923	2,679
Total income taxes	4,829	5,924
Profit	12,336	12,108
Profit attributable to owners of parent	12,336	12,108

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

	FY2019 3rd Quarter (Apr 1, 2019—Dec 31, 2019)	FY2020 3rd Quarter (Apr 1, 2020—Dec 31, 2020)
Profit	12,336	12,108
Other comprehensive income		
Valuation difference on available-for-sale securities	403	2,364
Foreign currency translation adjustment	(133)	(3)
Remeasurements of defined benefit plans, net of tax	92	93
Share of other comprehensive income of entities accounted for using equity method	7	(4)
Total other comprehensive income	369	2,450
Comprehensive income	12,706	14,559
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,706	14,559
Comprehensive income attributable to non-controlling interests	—	—

Segment Information

FY2019 3rd Quarter (Apr 1, 2019—Dec 31, 2019)

Information on Net Sales and Profit of Each Reportable Segment

(millions of yen)

	Reportable segments				Adjustments (Note1)	Amounts on Quarterly consolidated statement of income (Note2)
	Civil engineering	Building construction	Subsidiaries	Total		
Net Sales						
Sales to customers	85,348	160,882	61,004	307,235	—	307,235
Intersegment sales and transfers	—	1	10,438	10,440	(10,440)	—
Total	85,348	160,884	71,443	317,675	(10,440)	307,235
Segment income	4,485	7,875	3,280	15,642	27	15,669

(Note1) The adjustments on segment income are eliminations of intersegment transactions.

(Note2) The segment income is reconciled with operating income in the quarterly consolidated statement of income.

FY2020 3rd Quarter (Apr 1, 2020—Dec 31, 2020)

Information on Net Sales and Profit of Each Reportable Segment

(millions of yen)

	Reportable segments				Adjustments (Note1)	Amounts on Quarterly consolidated statement of income (Note2)
	Civil engineering	Building construction	Subsidiaries	Total		
Net Sales						
Sales to customers	87,050	165,998	60,918	313,967	—	313,967
Intersegment sales and transfers	—	0	12,709	12,709	(12,709)	—
Total	87,050	165,999	73,627	326,677	(12,709)	313,967
Segment income	5,267	10,717	3,145	19,130	25	19,156

(Note1) The adjustments on segment income are eliminations of intersegment transactions.

(Note2) The segment income is reconciled with operating income in 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, 2020)	Current 3rd Quarter (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	54,434	32,260
Notes receivable, accounts receivable from completed construction contracts and other	162,022	163,092
Costs on construction contracts in progress	6,692	12,583
Other	39,416	36,615
Allowance for doubtful accounts	(194)	(192)
Total current assets	262,371	244,359
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,712	3,631
Land	11,844	11,868
Other, net	984	1,049
Total property, plant and equipment	16,541	16,549
Intangible assets	420	424
Investments and other assets		
Investment securities	10,693	10,104
Deferred tax assets	8,196	4,876
Other	17,541	23,269
Allowance for doubtful accounts	(16)	(14)
Total investments and other assets	36,413	38,235
Total non-current assets	53,376	55,209
Deferred assets		
Share issuance cost	33	—
Total deferred assets	33	—
Total assets	315,780	299,568

(millions of yen)

	Prior Fiscal Year (As of March 31, 2020)	Current 3rd Quarter (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	82,138	56,345
Electronically recorded obligations – operating	25,974	30,253
Short-term borrowings	3,853	4,182
Lease obligations	17	16
Advances received on construction contracts in progress	17,448	16,824
Deposits received	27,526	35,245
Provision for warranties for completed construction	357	384
Provision for loss on construction contracts	293	194
Provision for contingent loss	7,596	2,535
Provision for bonuses	2,163	1,117
Other	8,367	5,027
Total current liabilities	175,737	152,127
Non-current liabilities		
Long-term borrowings	8,166	7,458
Lease obligations	35	23
Provision for share-based remuneration	97	126
Provision for retirement benefits	13,241	13,571
Other	63	63
Total non-current liabilities	21,604	21,243
Total liabilities	197,342	173,370
Net assets		
Shareholders' equity		
Share capital	30,108	30,108
Capital surplus	25,157	25,156
Retained earnings	62,706	68,103
Treasury shares	(327)	(323)
Total shareholders' equity	117,645	123,045
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	793	3,152
Total valuation and translation adjustments	793	3,152
Total net assets	118,438	126,197
Total liabilities and net assets	315,780	299,568

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

(millions of yen)

	FY2019 3rd Quarter (Apr 1, 2019—Dec 31, 2019)	FY2020 3rd Quarter (Apr 1, 2020—Dec 31, 2020)
Net sales of completed construction contracts	246,232	253,049
Cost of sales of completed construction contracts	222,824	225,989
Gross profit on completed construction contracts	23,408	27,060
Selling, general and administrative expenses	11,047	11,076
Operating income	12,361	15,984
Non-operating income		
Interest income	15	28
Dividend income	661	1,223
Other	114	172
Total non-operating income	790	1,424
Non-operating expenses		
Interest expenses	135	130
Foreign exchange losses	3	38
Commission for syndicate loan	26	202
Amortization of share issuance cost	37	33
Other	67	39
Total non-operating expenses	269	444
Ordinary income	12,882	16,963
Extraordinary income		
Gain on sales of non-current assets	—	0
Gain on sales of memberships	—	2
Total extraordinary income	—	2
Extraordinary losses		
Compensation for damage	123	94
Infectious disease related costs	—	206
Provision for contingent loss	—	311
Loss on transfer of receivables	—	458
Other	24	42
Total extraordinary losses	147	1,112
Profit before income taxes	12,734	15,853
Income taxes – current	2,080	2,566
Income taxes – deferred	1,665	2,279
Total income taxes	3,745	4,845
Profit	8,988	11,008

3. Supplementary Information

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

(millions of yen)

	FY2019 3rd Quarter Apr 1, 2019—Dec 31, 2019		FY2020 3rd Quarter Apr 1, 2020—Dec 31, 2020		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	38,865	24.2	23,762	12.7	(15,103)	(38.9)
Private	18,609	11.6	39,707	21.3	21,098	113.4
Domestic	57,475	35.8	63,469	34.0	5,994	10.4
Overseas	—	—	—	—	—	—
Civil engineering	57,475	35.8	63,469	34.0	5,994	10.4
Public	21,036	13.1	8,972	4.8	(12,063)	(57.3)
Private	79,864	49.8	112,274	60.2	32,409	40.6
Domestic	100,900	62.9	121,246	65.0	20,345	20.2
Overseas	2,123	1.3	1,841	1.0	(281)	(13.2)
Building construction	103,023	64.2	123,088	66.0	20,064	19.5
Public	59,901	37.3	32,734	17.5	(27,167)	(45.4)
Private	98,473	61.4	151,981	81.5	53,508	54.3
Domestic	158,375	98.7	184,716	99.0	26,340	16.6
Overseas	2,123	1.3	1,841	1.0	(281)	(13.2)
Orders received—Total	160,498	100	186,558	100	26,059	16.2
Public	44,303	18.0	42,187	16.7	(2,115)	(4.8)
Private	41,045	16.7	44,863	17.7	3,817	9.3
Domestic	85,348	34.7	87,050	34.4	1,702	2.0
Overseas	—	—	—	—	—	—
Civil engineering	85,348	34.7	87,050	34.4	1,702	2.0
Public	18,443	7.5	23,786	9.4	5,343	29.0
Private	142,241	57.7	141,000	55.7	(1,241)	(0.9)
Domestic	160,685	65.2	164,787	65.1	4,102	2.6
Overseas	199	0.1	1,211	0.5	1,012	508.8
Building construction	160,884	65.3	165,999	65.6	5,114	3.2
Public	62,746	25.5	65,974	26.1	3,227	5.1
Private	183,286	74.4	185,863	73.4	2,576	1.4
Domestic	246,033	99.9	251,838	99.5	5,804	2.4
Overseas	199	0.1	1,211	0.5	1,012	508.8
Net sales—Total	246,232	100	253,049	100	6,816	2.8
Public	68,695	14.2	37,523	7.9	(31,172)	(45.4)
Private	121,782	25.1	127,383	26.7	5,600	4.6
Domestic	190,478	39.3	164,906	34.6	(25,571)	(13.4)
Overseas	—	—	—	—	—	—
Civil engineering	190,478	39.3	164,906	34.6	(25,571)	(13.4)
Public	41,393	8.5	29,454	6.2	(11,939)	(28.8)
Private	250,759	51.8	279,136	58.6	28,377	11.3
Domestic	292,152	60.3	308,590	64.8	16,438	5.6
Overseas	2,038	0.4	2,979	0.6	941	46.2
Building construction	294,190	60.7	311,570	65.4	17,379	5.9
Public	110,089	22.7	66,977	14.1	(43,112)	(39.2)
Private	372,541	76.9	406,520	85.3	33,978	9.1
Domestic	482,631	99.6	473,497	99.4	(9,133)	(1.9)
Overseas	2,038	0.4	2,979	0.6	941	46.2
Carried-forward—Total	484,669	100	476,476	100	(8,192)	(1.7)

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

FY2019 3rd Quarter : Increased by 10 million yen FY2020 3rd Quarter : Decreased by 145 million yen

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2019 3rd Quarter	B FY2020 3rd Quarter	B - A	
				%
Net sales	3,072	3,140	67	2.2
Gross profit	304	338	34	11.3
(Ratio)	9.9%	10.8%	0.9%	
SG&A expenses	147	147	(0)	
Operating income	157	192	35	22.3
(Ratio)	5.1%	6.1%	1.0%	
Non-operating income - net	4	1	(3)	
Ordinary income	160	192	32	20.1
Extraordinary income - net	11	(12)	(24)	
Profit before income taxes	172	180	9	5.0
Income taxes and others	48	59	11	
Profit attributable to owners of parent	123	121	(2)	(1.8)

(Forecasts of Operating Results for Full year)

C FY2019 Result	D FY2020 Initial Forecasts	E FY2020 Revised Forecasts	E - C		E - D	
				%		%
4,362	4,380	4,385	23	0.5	5	0.1
455	456	465	10	2.2	9	2.0
10.4%	10.4%	10.6%	0.2%		0.2%	
201	201	200	(1)		(1)	
254	255	265	11	4.2	10	3.9
5.8%	5.8%	6.0%	0.2%		0.2%	
3	3	3	0		—	
257	258	268	11	4.2	10	3.9
14	0	(13)	(27)		(13)	
271	258	255	(16)	(5.8)	(3)	(1.2)
76	83	79	3		(4)	
194	175	176	(18)	(9.5)	1	0.6

Nonconsolidated

(Operating Results)

	A FY2019 3rd Quarter	B FY2020 3rd Quarter	B - A	
				%
Civil engineering	575	635	60	
Building construction	1,009	1,212	203	
Domestic	1,584	1,847	263	
Overseas	21	18	(3)	
Orders received	1,605	1,866	261	16.2
Civil engineering	853	871	17	
Building construction	1,607	1,648	41	
Domestic	2,460	2,518	58	
Overseas	2	12	10	
Net sales	2,462	2,530	68	2.8
Civil engineering	87	97	10	
(Ratio)	10.1%	11.1%	1.0%	
Building construction	147	173	26	
(Ratio)	9.2%	10.5%	1.3%	
Domestic	234	270	36	
(Ratio)	9.5%	10.7%	1.2%	
Overseas	0	0	0	
(Ratio)	10.4%	4.1%	(6.3)%	
Gross profit	234	271	37	15.6
(Ratio)	9.5%	10.7%	1.2%	
SG&A expenses	110	111	0	
Operating income	124	160	36	29.3
(Ratio)	5.0%	6.3%	1.3%	
Non-operating income - net	5	10	5	
Ordinary income	129	170	41	31.7
Extraordinary income - net	(1)	(11)	(10)	
Profit before income taxes	127	159	31	24.5
Income taxes and others	37	48	11	
Profit	90	110	20	22.5

(Forecasts of Operating Results for Full year)

C FY2019 Result	D FY2020 Initial Forecasts	E FY2020 Revised Forecasts	E - C		E - D	
				%		%
924	1,050	1,050	126		—	
2,297	1,900	1,900	(397)		—	
3,221	2,950	2,950	(271)		—	
29	60	60	31		—	
3,250	3,010	3,010	(240)	(7.4)	—	—
1,222	1,150	1,180	(42)		30	
2,295	2,290	2,290	(5)		—	
3,517	3,440	3,470	(47)		30	
5	20	20	15		—	
3,522	3,460	3,490	(32)	(0.9)	30	0.9
133	125	131	(2)		6	
10.9%	10.9%	11.1%	0.2%		0.2%	
219	227	237	18		10	
9.5%	9.9%	10.3%	0.8%		0.4%	
352	352	368	16		16	
10.0%	10.2%	10.6%	0.6%		0.4%	
1	1	1	(0)		—	
26.0%	5.0%	5.0%	(21.0)%		—	
353	353	369	16	4.5	16	4.5
10.0%	10.2%	10.6%	0.6%		0.4%	
151	150	150	(1)		—	
202	203	219	17	8.2	16	7.9
5.7%	5.9%	6.3%	0.6%		0.4%	
4	11	11	7		—	
207	214	230	23	11.2	16	7.5
2	0	(11)	(13)		(11)	
209	214	219	10	5.0	5	2.3
60	66	67	7		1	
148	148	152	4	2.5	4	2.7