



**CONSOLIDATED FINANCIAL STATEMENTS**  
together with  
**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**  
as of March 31,2022

**KUMAGAI GUMI CO., LTD.**  
TOKYO, JAPAN

## Consolidated Balance Sheet

March 31, 2022

	(JPY million)	(US\$ thousand)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 67,404	\$ 552,492
Notes receivable, accounts receivable from completed construction contracts and other	204,809	1,678,762
Costs on construction contracts in progress	10,205	83,648
Accounts receivable - other	16,989	139,254
Other	2,514	20,607
Allowance for doubtful accounts	(48)	(393)
<b>Total current assets</b>	<b>301,874</b>	<b>2,474,377</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	22,317	182,926
Machinery, vehicles, tools, furniture and fixtures	18,968	155,475
Land	15,399	126,221
Leased assets	934	7,656
Construction in progress	182	1,492
Accumulated depreciation	(30,352)	(248,787)
<b>Total property, plant and equipment</b>	<b>27,451</b>	<b>225,008</b>
<b>Intangible assets</b>	<b>876</b>	<b>7,180</b>
<b>Investments and other assets</b>		
Investment securities	27,927	228,910
Long-term loans receivable	272	2,230
Long-term non-operating accounts receivable	94	770
Distressed receivables	34	279
Deferred tax assets	8,021	65,746
Other	4,705	38,566
Allowance for doubtful accounts	(162)	(1,328)
<b>Total investments and other assets</b>	<b>40,893</b>	<b>335,189</b>
<b>Total non-current assets</b>	<b>69,221</b>	<b>567,385</b>
<b>Total assets</b>	<b>¥ 371,096</b>	<b>\$ 3,041,770</b>

	(JPY million)	(US\$ thousand)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	¥ 82,014	\$ 672,246
Electronically recorded obligations - operating	29,032	237,967
Short-term borrowings	3,145	25,779
Income taxes payable	4,330	35,492
Advances received on construction contracts in progress	12,920	105,902
Deposits received	26,402	216,410
Provision for warranties for completed construction	610	5,000
Provision for loss on construction contracts	849	6,959
Provision for contingent loss	41	336
Provision for bonuses	4,588	37,607
Other	11,464	93,967
Total current liabilities	<u>175,399</u>	<u>1,437,697</u>
Non-current liabilities		
Long-term borrowings	9,007	73,828
Provision for share awards	183	1,500
Retirement benefit liability	16,615	136,189
Other	587	4,811
Total non-current liabilities	<u>26,394</u>	<u>216,344</u>
Total liabilities	<u>201,794</u>	<u>1,654,049</u>
Net assets		
Shareholders' equity		
Share capital	30,108	246,787
Capital surplus	21,145	173,320
Retained earnings	114,967	942,352
Treasury shares	(631)	(5,172)
Total shareholders' equity	<u>165,589</u>	<u>1,357,287</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,758	22,607
Foreign currency translation adjustment	1,081	8,861
Remeasurements of defined benefit plans	(127)	(1,041)
Total accumulated other comprehensive income	<u>3,712</u>	<u>30,426</u>
Total net assets	<u>169,302</u>	<u>1,387,721</u>
Total liabilities and net assets	<u>¥ 371,096</u>	<u>\$ 3,041,770</u>

# Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

For the year ended March 31, 2022

## Consolidated Statement of Income

	(JPY million)	(US\$ thousand)
Net sales of completed construction contracts	¥ 425,216	\$ 3,485,377
Cost of sales of completed construction contracts	381,750	3,129,098
Gross profit on completed construction contracts	43,466	356,279
Selling, general and administrative expenses	20,723	169,861
Operating profit	22,743	186,418
Non-operating income		
Interest income	26	213
Dividend income	572	4,689
Share of profit of entities accounted for using equity method	245	2,008
Foreign exchange gains	168	1,377
Reversal of provision for contingent loss	119	975
Other	166	1,361
Total non-operating income	1,298	10,639
Non-operating expenses		
Interest expenses	174	1,426
Commission for syndicated loans	66	541
Other	68	557
Total non-operating expenses	309	2,533
Ordinary profit	23,732	194,525
Extraordinary income		
Gain on sales of non-current assets	59	484
Gain on sales of memberships	9	74
Subsidy income	67	549
Other	1	8
Total extraordinary income	137	1,123
Extraordinary losses		
Loss on sale of non-current assets	0	0
Impairment loss	18	148
Loss on retirement of non-current assets	69	566
Loss on tax purpose reduction entry of non-current assets	67	549
Compensation for damage	393	3,221
Loss on litigation	89	730
Infectious disease related costs	245	2,008
Other	65	533
Total extraordinary losses	950	7,787
Profit before income taxes	22,919	187,861
Income taxes - current	7,278	59,656
Income taxes - deferred	(209)	(1,713)
Total income taxes	7,069	57,943
Profit	15,850	129,918
Profit attributable to owners of parent	¥ 15,850	\$ 129,918

## Consolidated Statement of Comprehensive Income

	(JPY million)	(US\$ thousand)
Profit	¥ 15,850	\$ 129,918
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,478)	(12,115)
Foreign currency translation adjustment	697	5,713
Remeasurements of defined benefit plans, net of tax	203	1,664
Share of other comprehensive income of entities accounted for using equity method	(4)	(33)
Total other comprehensive income	(582)	(4,770)
Comprehensive income	¥ 15,267	\$ 125,139
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,267	125,139
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated Statement of Cash Flows

For the year ended March 31, 2022

	(JPY million)	(US\$ thousand)
Cash flows from operating activities		
Profit before income taxes	¥ 22,919	\$ 187,861
Depreciation	2,028	16,623
Impairment losses	18	148
Increase (decrease) in allowance for doubtful accounts	(203)	(1,664)
Increase (decrease) in provision for contingent loss	(1,440)	(11,803)
Increase (decrease) in retirement benefit liability	263	2,156
Interest and dividend income	(599)	(4,910)
Interest expenses	174	1,426
Foreign exchange losses (gains)	(131)	(1,074)
Share of loss (profit) of entities accounted for using equity method	(245)	(2,008)
Loss (gain) on sale of non-current assets	(59)	(484)
Loss on retirement of non-current assets	69	566
Decrease (increase) in trade receivables	(7,305)	(59,877)
Decrease (increase) in costs on construction contracts in progress	(3,714)	(30,443)
Increase (decrease) in trade payables	(12,263)	(100,516)
Increase (decrease) in advances received on construction contracts in progress	868	7,115
Decrease (increase) in accounts receivable - other	12,496	102,426
Increase (decrease) in deposits received	(8,220)	(67,377)
Decrease (increase) in other assets and other	5,165	42,336
Other, net	4,821	39,516
Subtotal	<u>14,641</u>	<u>120,008</u>
Interest and dividends received	634	5,197
Interest paid	(179)	(1,467)
Income taxes paid	<u>(6,838)</u>	<u>(56,049)</u>
Net cash provided by (used in) operating activities	<u>8,258</u>	<u>67,689</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,158)	(25,885)
Proceeds from sale of property, plant and equipment	56	459
Purchase of investment securities	(20)	(164)
Proceeds from sale of investment securities	1	8
Purchase of shares of subsidiaries and associates	(123)	(1,008)
Loan advances	(47)	(385)
Proceeds from collection of loans receivable	428	3,508
Other, net	<u>(531)</u>	<u>(4,352)</u>
Net cash provided by (used in) investing activities	<u>(3,395)</u>	<u>(27,828)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(275)	(2,254)
Proceeds from long-term borrowings	1,685	13,811
Repayments of long-term borrowings	(1,146)	(9,393)
Purchase of treasury shares	(4,212)	(34,525)
Proceeds from disposal of treasury shares	7	57
Dividends paid	(5,598)	(45,885)
Other, net	<u>(146)</u>	<u>(1,197)</u>
Net cash provided by (used in) financing activities	<u>(9,686)</u>	<u>(79,393)</u>
Effect of exchange rate change on cash and cash equivalents	891	7,303
Net increase (decrease) in cash and cash equivalents	<u>(3,931)</u>	<u>(32,221)</u>
Cash and cash equivalents at beginning of period	<u>71,335</u>	<u>584,713</u>
Cash and cash equivalents at end of period	<u>¥ 67,404</u>	<u>\$ 552,492</u>

## Notes to the Consolidated Financial Statements

### (1) Financial reporting framework

The accompanying consolidated financial statements have been prepared only for the purpose of submission to the parties concerned.

The accounting principles generally accepted in Japan have been applied in preparation of the financial statements and the presentation of the financial statements and notes to the financial statements have been prepared to satisfy the requirement of the parties concerned.

### (2) Consolidation

The Company applies the control or influence standard for determining the criteria of subsidiaries and affiliates included within the scope of consolidation.

The consolidated financial statements include the accounts of the Company, seven of its consolidated subsidiaries and three of its affiliates accounted for applying the equity method as at and for the year ended March 31, 2022.

The subsidiaries which are consolidated with the Company are listed below:

<u>Company Name</u>	<u>Fiscal Year-End</u>
GAEART Co., Ltd.	31 Mar. 2022
Technos Co., Ltd.	31 Mar. 2022
K&E Co., Ltd.	31 Mar. 2022
Techno-Space Creates Co., Ltd.	31 Mar. 2022
FATEC Co., Ltd.	31 Mar. 2022
Technical Support Co., Ltd.	31 Mar. 2022
Taiwan Kumagai Co., Ltd.	31 Dec. 2021

All significant intercompany accounts and transactions are eliminated in consolidation. Investments in unconsolidated subsidiaries and affiliates that are not accounted for applying the equity method are stated at cost.

The Company consolidates such subsidiaries' financial statements as of each subsidiary's most recent year-end. Unusual significant transactions occurring between subsidiaries' year-ends and the Company's are adjusted on consolidation.

### (3) United states dollar amounts

The United States dollar amounts included in the accompanying consolidated financial statements are presented solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of JPY122=US\$1, which was the approximate exchange rate at March 31, 2022, and rounded to the nearest US\$ thousand from JPY million.

These translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into United States dollars at that rate.