

Financial Results FY2021 2nd Quarter

November 22, 2021



Kumagai Gumi Co., Ltd.



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1.Highlight

1	Rise in orders received [non-consolidated] In civil engineering, orders received were weak as priority projects are concentrated in the second half. In building construction, orders grew as large projects were won. Total orders received grew.
2	Decline in net sales. Slides in all income figures [consolidated] Completed construction contracts fell due to a decrease in contracts carried forward at the beginning of the term. Income dropped due to a decline in net sales, and operating income and ordinary income both fell as a reaction to their figures for the second quarter of previous fiscal year, which were the highest since results began to be disclosed.
3	Full-year forecast At the moment, orders received and net sales are below the plan; we expect to achieve the plan by boosting performance for the second half. The dividend forecast is kept on hold at 120 yen per share.
4	Own share acquisition To increase returns to shareholders and capital efficiency, we will acquire own shares worth a total of 10 billion yen during the period of the current Midium-term Management Plan. For the current fiscal year, we will acquire 4 billion yen worth of own shares.

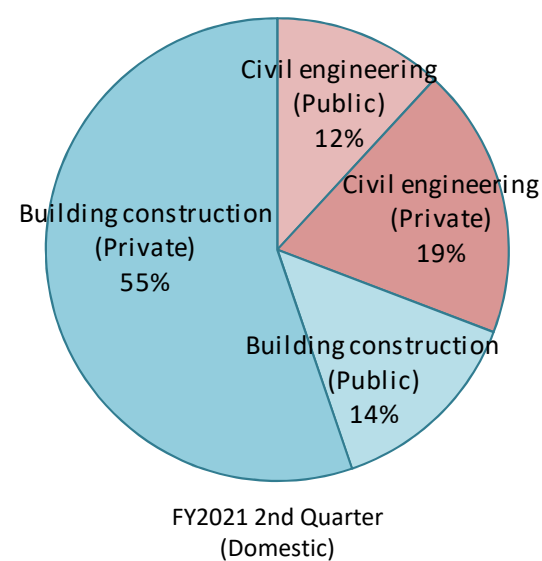
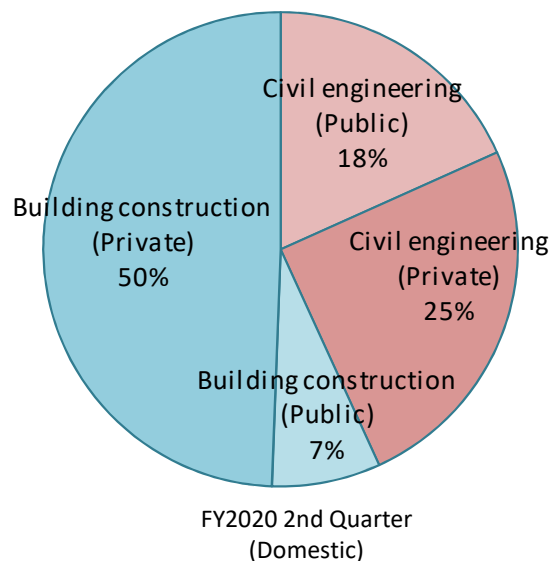
2.Orders Received-1(Non-Consolidated) Result and Forecasts

Non-consolidated

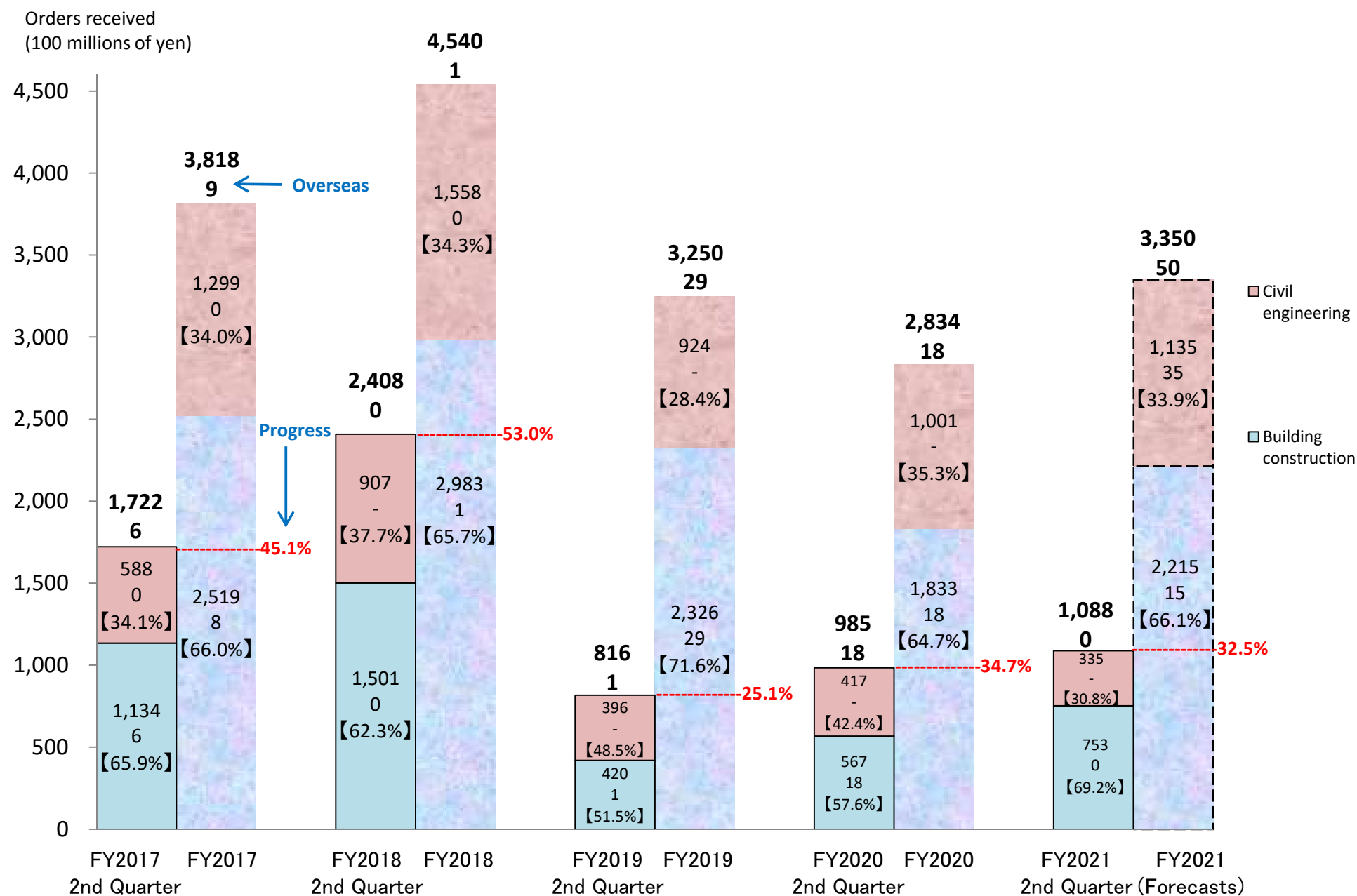
				A	B	B-A	
				FY2020	FY2021		
				2nd Quarter	2nd Quarter		%
			Public	177	129	(48)	(27.1)
			Private	240	206	(34)	(14.3)
		Civil engineering		417	335	(82)	(19.7)
			Public	72	152	80	112.3
			Private	478	601	123	25.8
		Building construction		549	753	204	37.1
		Domestic		966	1,088	121	12.6
		Overseas		18	0	(18)	(100.0)
		Orders received		985	1,088	103	10.5

(100 millions of yen)

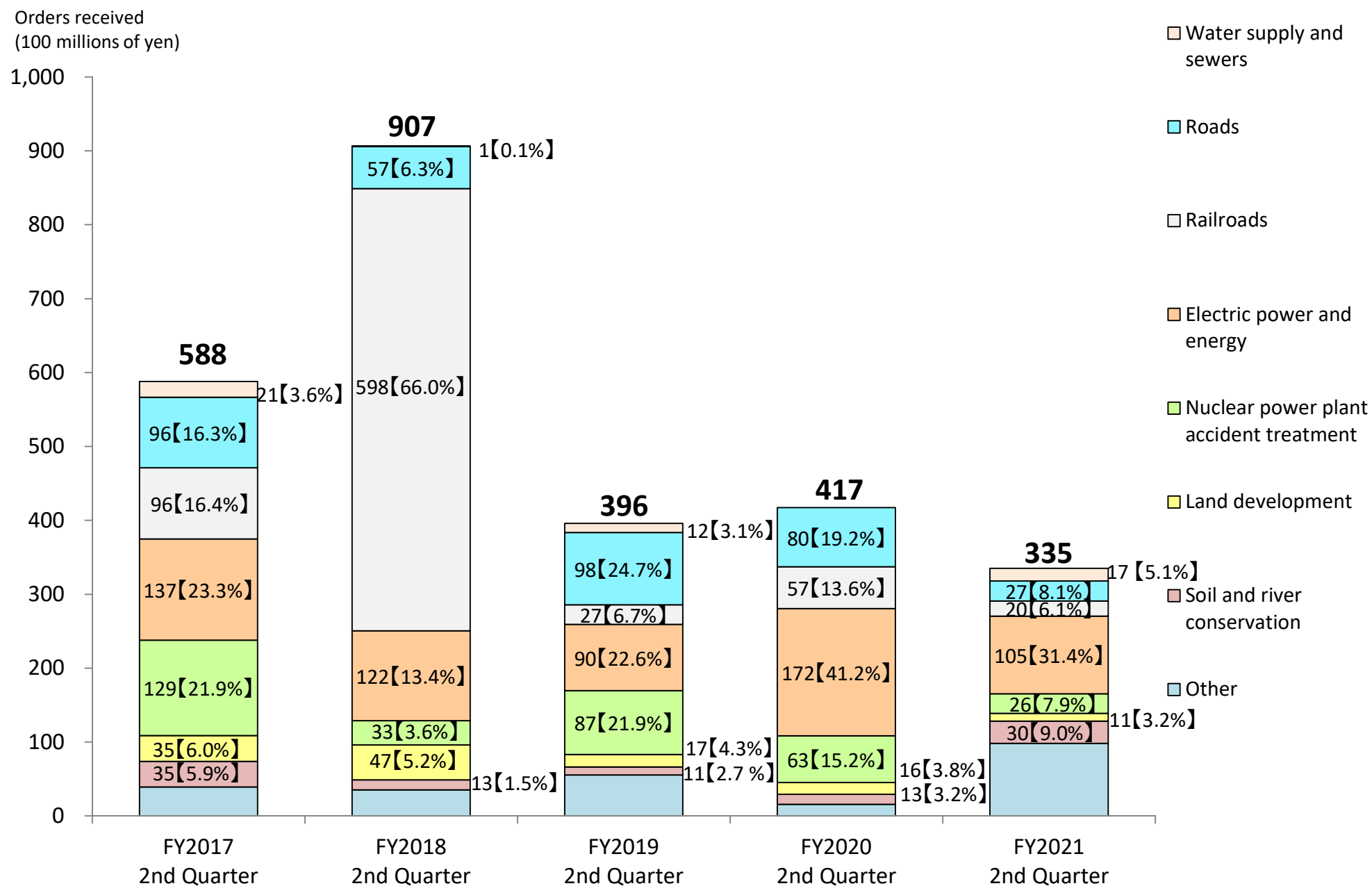
		C	D	D-C	
		FY2020	FY2021		%
			(Forecasts)		
		454	710	256	56.4
		547	390	(157)	(28.7)
		1,001	1,100	99	9.9
		140	300	160	114.6
		1,674	1,900	226	13.5
		1,814	2,200	386	21.3
		2,815	3,300	485	17.2
		18	50	32	171.3
		2,834	3,350	516	18.2



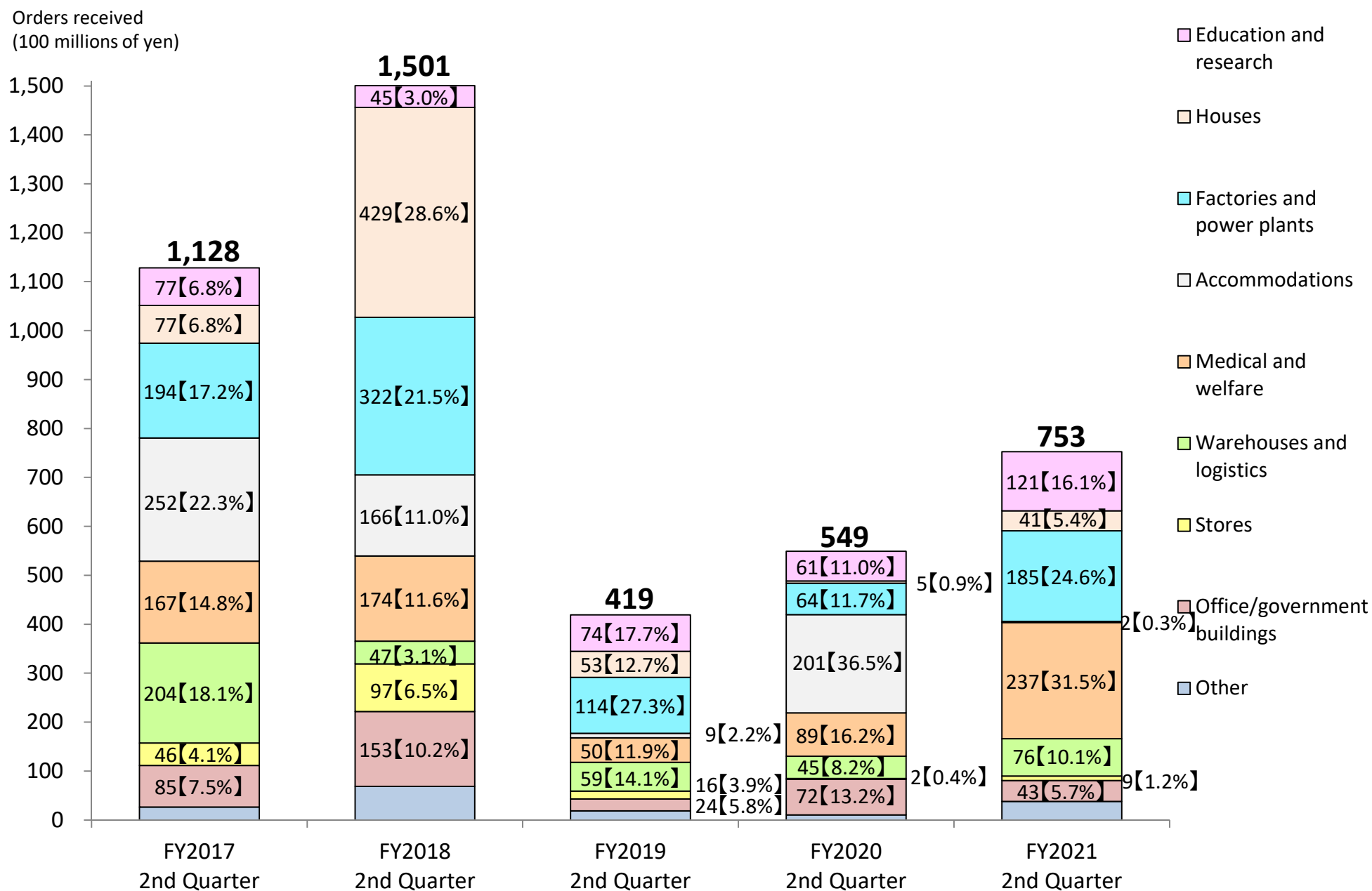
2.Orders Received-2(Non-Consolidated) Change



2.Orders Received-3(Non-Consolidated) Change(Domestic Civil Engineering)



2.Orders Received-4(Non-Consolidated) Change(Domestic Building Construction)



3.Statement of Income-1(Non-Consolidated)

Result and Forecasts

Non-consolidated

(100 millions of yen)

			A		B		B-A		
			FY2020		FY2021				
			2nd Quarter		2nd Quarter				
				Ratio		Ratio		%	Ratio
		Civil engineering	593		469		(124)	(20.9)	
		Building construction	1,073		1,007		(66)	(6.1)	
		Domestic	1,666		1,476		(189)	(11.4)	
		Overseas	8		3		(5)	(66.4)	
		Net sales	1,673		1,479		(194)	(11.6)	
		Civil engineering	60	10.2%	50	10.6%	(11)		0.4%
		Building construction	113	10.6%	96	9.5%	(17)		(1.1)%
		Domestic	174	10.4%	146	9.9%	(28)		(0.5)%
		Overseas	0	4.3%	0	14.2%	0		9.9%
		Gross profit	174	10.4%	146	9.9%	(28)	(16.1)	(0.5)%
		Personnel	36		38		2		
		Nonpersonnel	35		34		(1)		
SG&A expenses			71		72		1		
Operating income			103	6.1%	74	5.0%	(29)	(28.1)	(1.1)%
Non-operating income			13		20		7		
Non-operating expenses			2		1		(0)		
Ordinary income			114	6.8%	92	6.2%	(22)	(19.1)	(0.6)%
Extraordinary income			0		0		0		
Extraordinary losses			4		0		(4)		
Profit before income taxes			110		92		(18)	(16.4)	
Income taxes-current			20		20		(0)		
Income taxes-deferred			12		4		(8)		
Profit			77	4.6%	68	4.6%	(10)	(12.4)	0.0%

C		D		D-C		
FY2020		FY2021 (Forecasts)				
	Ratio		Ratio		%	Ratio
1,214		1,050		(164)	(13.5)	
2,369		2,370		1	0.0	
3,584		3,420		(164)	(4.6)	
18		20		2	8.1	
3,602		3,440		(162)	(4.5)	
137	11.3%	118	11.2%	(19)		(0.1)%
238	10.0%	250	10.5%	12		0.5%
375	10.5%	368	10.8%	(7)		0.3%
1	5.0%	1	5.0%	0		0.0%
376	10.4%	369	10.7%	(7)	(1.9)	0.3%
75		72		(3)		
76		84		8		
152		156		4		
224	6.2%	213	6.2%	(11)	(5.1)	0.0%
16		16		(0)		
5		3		(2)		
235	6.5%	226	6.6%	(9)	(4.0)	0.1%
1		0		(1)		
22		0		(22)		
215		226		11	5.2	
51		65		14		
13		3		(10)		
150	4.2%	158	4.6%	8	5.0	0.4%

3.Statement of Income-2(Consolidated)

Result and Forecasts

Consolidated

	A			B			B-A			
	FY2020			FY2021						
	2nd Quarter			2nd Quarter						
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	%
Net sales	2,069	1,673	395	1,896	1,479	416	(173)	(194)	21	(8.4)
Gross profit	214	174	40	185	146	39	(29)	(28)	(1)	
(Ratio)	10.3%	10.4%	10.0%	9.8%	9.9%	9.3%	(0.5)%	(0.5)%	(0.7)%	
SG&A expenses	95	71	24	98	72	26	3	1	2	
Operating income	118	103	16	87	74	13	(31)	(29)	(2)	(26.5)
(Ratio)	5.7%	6.1%	4.0%	4.6%	5.0%	3.2%	(1.1)%	(1.1)%	(0.8)%	
Non-operating income	4	13	(9)	6	20	(14)	2	7	(5)	
Non-operating expenses	2	2	0	1	1	0	(0)	(0)	(0)	
Ordinary income	120	114	7	91	92	(1)	(29)	(22)	(7)	(24.1)
(Ratio)	5.8%	6.8%	1.7%	4.8%	6.2%	(0.2)%	(1.0)%	(0.6)%	(1.9)%	
Extraordinary income	0	0	0	0	0	0	0	0	0	
Extraordinary losses	5	4	1	1	0	1	(4)	(4)	(0)	
Profit before income taxes	115	110	6	91	92	(1)	(25)	(18)	(7)	(21.5)
Income taxes-current	24	20	4	23	20	3	(1)	(0)	(1)	
Income taxes-deferred	14	12	1	5	4	1	(9)	(8)	(1)	
Profit attributable to owners of parent	77	77	0	63	68	(5)	(15)	(10)	(5)	(19.0)
(Ratio)	3.7%	4.6%	0.0%	3.3%	4.6%	(1.2)%	(0.4)%	0.0%	(1.2)%	

【Subsidiaries】

GAEART Co.,Ltd.
K&E Co.,Ltd.
TECHNOS Co.,Ltd.
FATEC Co.,Ltd.

TECHNO SPACE CREATES Co.,Ltd.
TECHNICAL SUPPORT Co.,Ltd.
TAIWAN KUMAGAI Co.,Ltd.

(100 millions of yen)

	C			D			D-C			
	FY2020			FY2021						
				(Forecasts)						
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	%
Net sales	4,502	3,602	900	4,510	3,440	1,070	8	(162)	170	0.2
Gross profit	481	376	105	478	369	109	(3)	(7)	4	
(Ratio)	10.7%	10.4%	11.7%	10.6%	10.7%	10.2%	(0.1)%	0.3%	(1.5)%	
SG&A expenses	200	152	49	208	156	52	8	4	3	
Operating income	281	224	56	270	213	57	(11)	(11)	1	(3.8)
(Ratio)	6.2%	6.2%	6.2%	6.0%	6.2%	5.3%	(0.2)%	0.0%	(0.9)%	
Non-operating income	9	16	(7)	7	16	(9)	(2)	(0)	(2)	
Non-operating expenses	6	5	0	3	3	0	(3)	(2)	(0)	
Ordinary income	284	235	49	274	226	48	(10)	(9)	(1)	(3.5)
(Ratio)	6.3%	6.5%	5.4%	6.1%	6.6%	4.5%	(0.2)%	0.1%	(0.9)%	
Extraordinary income	1	1	0	0	0	0	(1)	(1)	(0)	
Extraordinary losses	24	22	3	1	0	1	(23)	(22)	(2)	
Profit before income taxes	261	215	46	273	226	47	12	11	1	4.6
Income taxes-current	66	51	15	82	65	17	16	14	2	
Income taxes-deferred	15	13	2	5	3	2	(10)	(10)	(0)	
Profit attributable to owners of parent	179	150	29	186	158	28	7	8	(1)	3.8
(Ratio)	4.0%	4.2%	3.2%	4.1%	4.6%	2.6%	0.1%	0.4%	(0.6)%	

【Equity method】

SASAJIMA CONSTRUCTION Co.,Ltd.
KYOEI MACHINERY ENGINEERING Co.,Ltd.
MAEDA Co.,Ltd.

3.Statement of Income-3(Consolidated)

Non-Operating Income and Extraordinary Income

Non-operating income(Consolidated)

(100 millions of yen)

		A FY2020 2nd Quarter			B FY2021 2nd Quarter			B-A		
		Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
	Interest and dividend income	1.9	11.7	(9.8)	3.2	17.9	(14.7)	1.3	6.2	(4.9)
	Share of profit of entities accounted for using equity method	0.6	–	0.6	0.7	–	0.7	0.1	–	0.1
	Other	1.3	1.1	0.2	1.7	1.6	0.1	0.5	0.5	(0.0)
Non-operating income		3.8	12.8	(9.0)	5.6	19.5	(13.9)	1.8	6.7	(4.9)
	Interest expenses	0.9	0.8	0.0	0.8	0.8	0.0	(0.0)	(0.0)	(0.0)
	Foreign exchange losses	0.2	0.2	0.0	–	–	–	(0.2)	(0.2)	(0.0)
	Commission for syndicate loan	0.2	0.2	–	0.2	0.2	–	0.0	0.0	–
	Amortization of share issuance cost	0.2	0.2	–	–	–	–	(0.2)	(0.2)	–
	Other	0.3	0.2	0.1	0.4	0.3	0.0	0.0	0.1	(0.1)
Non-operating expenses		1.9	1.8	0.1	1.4	1.4	0.0	(0.5)	(0.4)	(0.1)

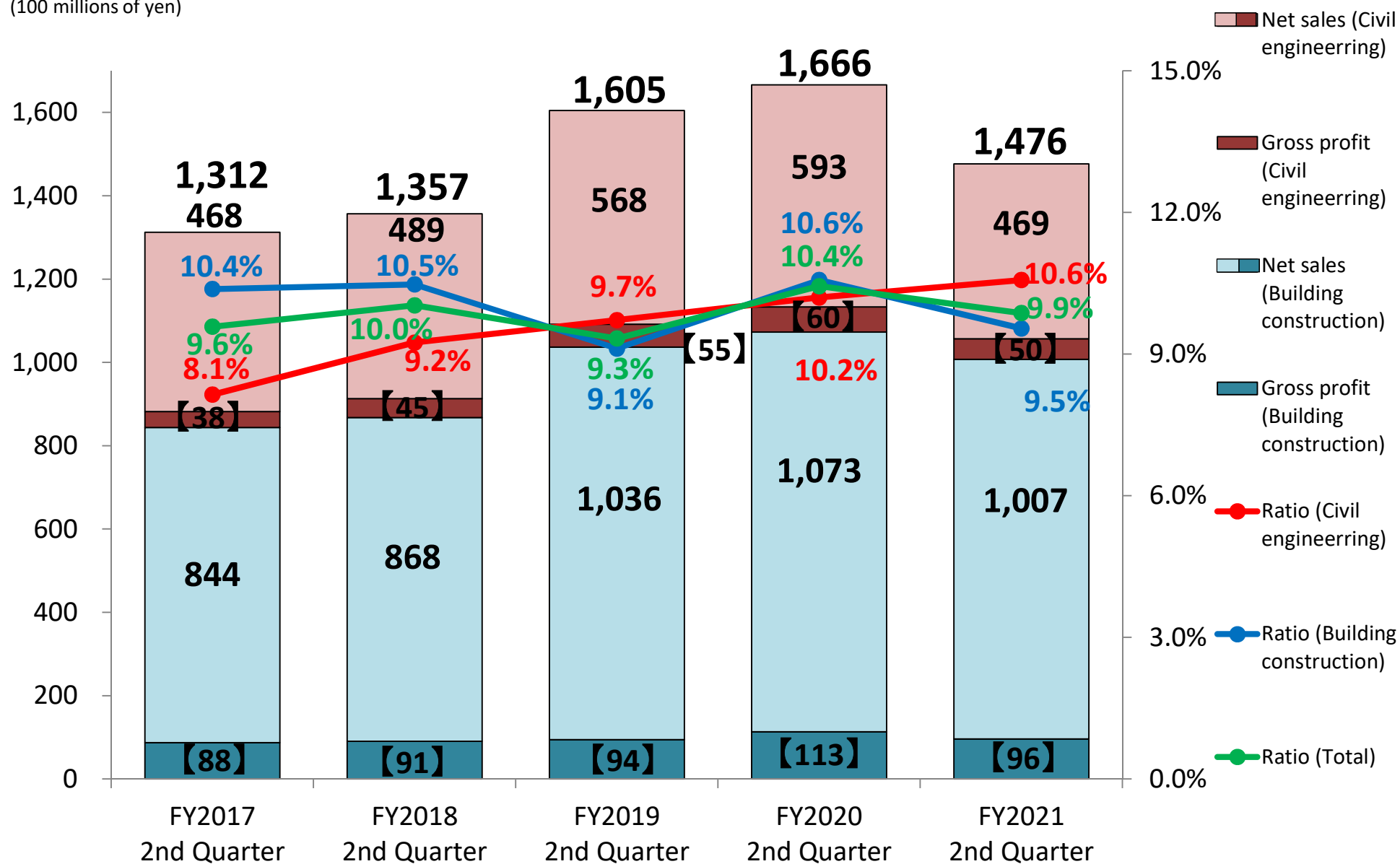
Extraordinary income(Consolidated)

(100 millions of yen)

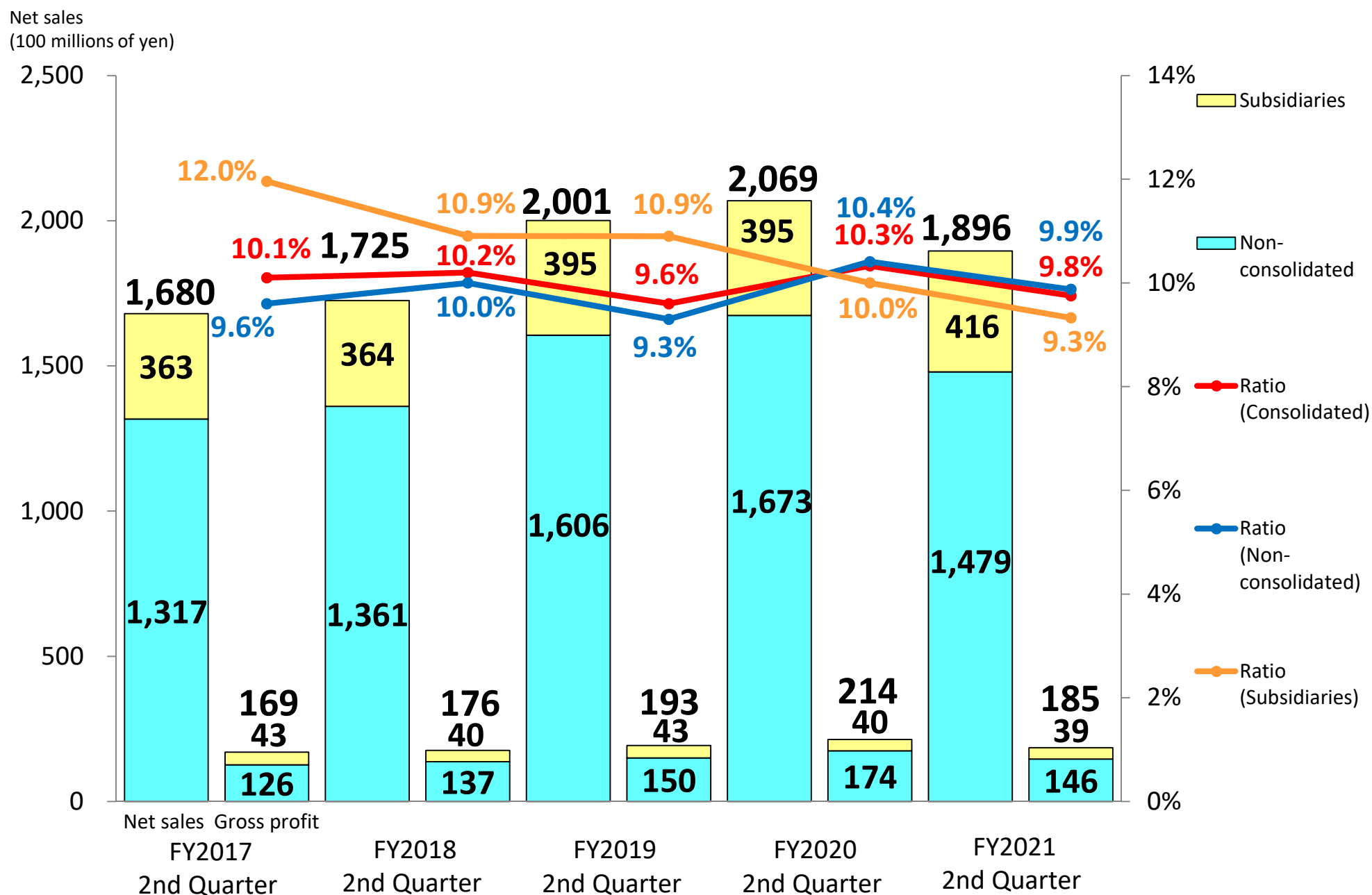
		A FY2020 2nd Quarter			B FY2021 2nd Quarter			B-A		
		Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
	Gain on sales of non-current assets	0.0	0.0	0.0	0.1	–	0.1	0.0	(0.0)	0.0
	Gain on sales of memberships	0.0	0.0	–	0.1	0.1	–	0.1	0.1	–
	Other	–	–	–	0.0	–	0.0	0.0	–	0.0
Extraordinary income		0.1	0.0	0.0	0.2	0.1	0.1	0.1	0.1	0.0
	Compensation for damage	0.9	0.9	0.0	0.0	0.0	–	(0.9)	(0.9)	(0.0)
	Provision for contingent loss	1.0	1.0	–	–	–	–	(1.0)	(1.0)	–
	Infectious disease related costs	2.2	1.9	0.3	0.5	0.3	0.2	(1.8)	(1.6)	(0.2)
	Other	0.9	0.3	0.6	0.5	0.1	0.4	(0.4)	(0.2)	(0.2)
Extraordinary losses		5.0	4.0	1.0	0.9	0.4	0.6	(4.1)	(3.7)	(0.4)

4.Net Sales and Gross Profit(Non-Consolidated) Change(Domestic)

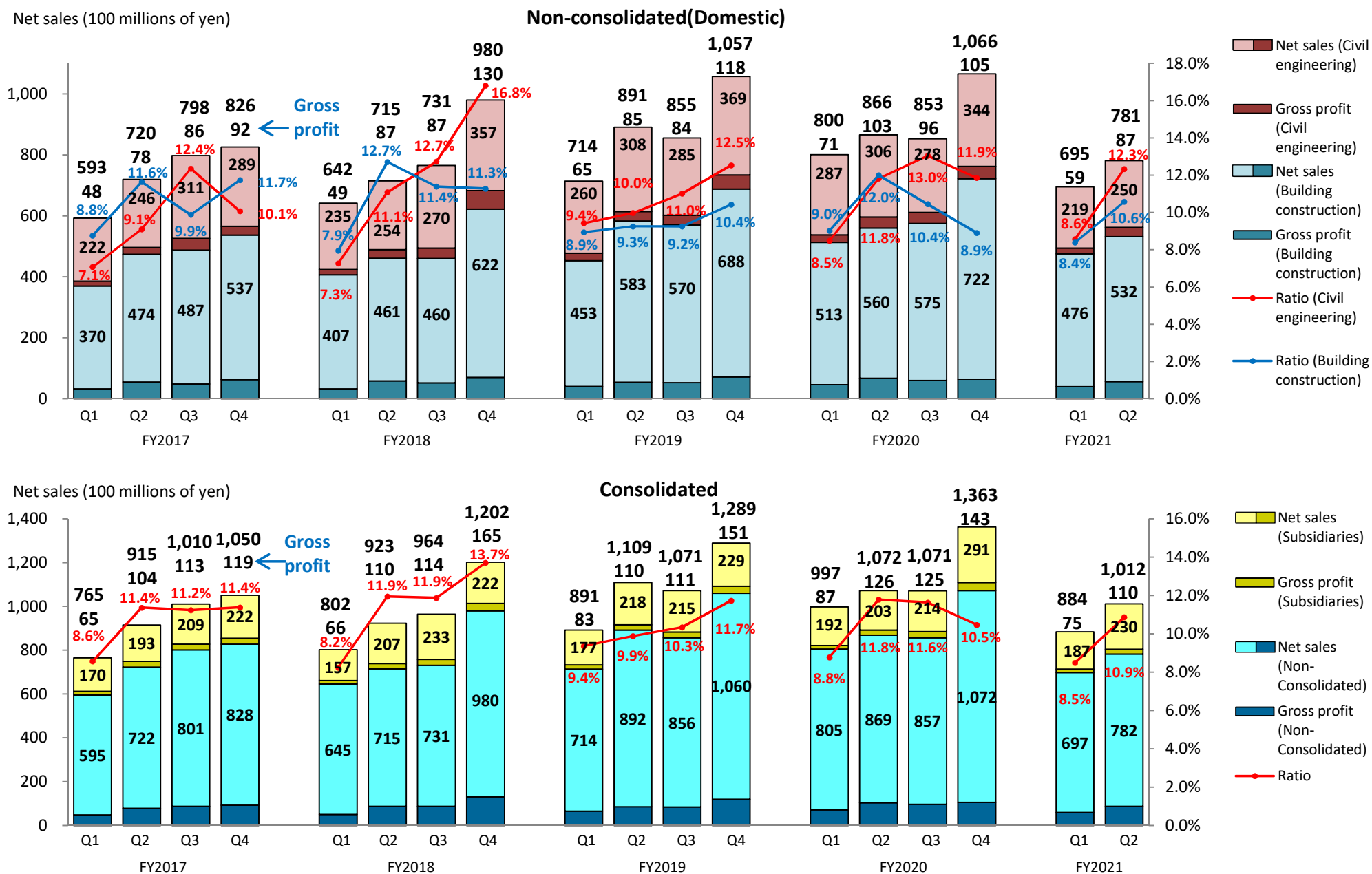
Net sales
(100 millions of yen)



5.Net Sales and Gross Profit(Consolidated) Change



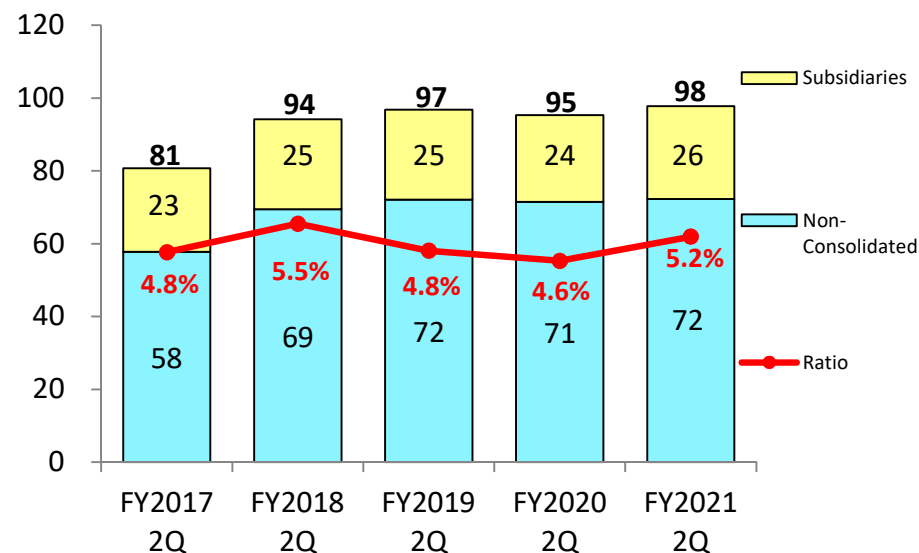
6.Net Sales and Gross Profit(Non-Consolidated and Consolidated) Quarterly Change



7.SG&A Expenses, Operating Income and Profit Attributable to Owners of Parent(Consolidated) Change

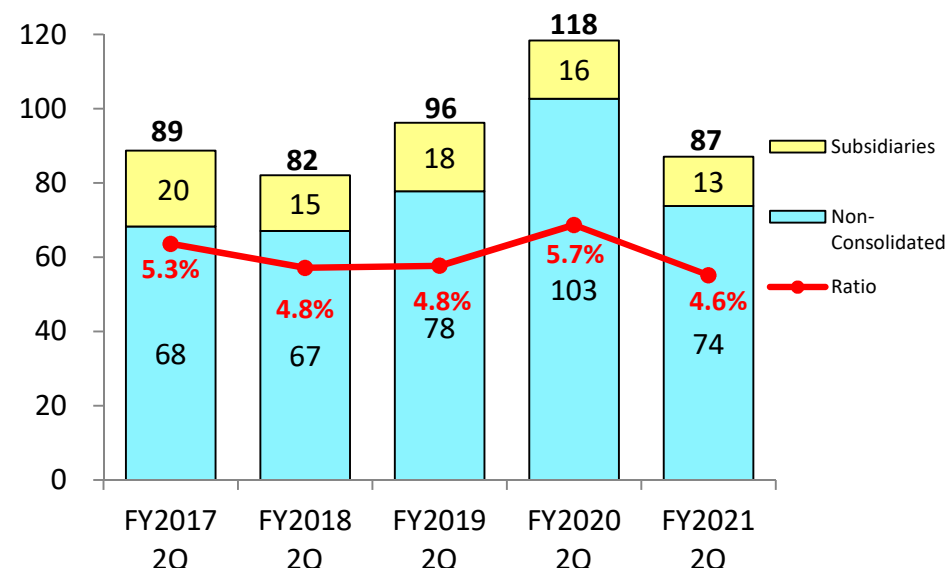
(100 millions of yen)

SG&A expenses



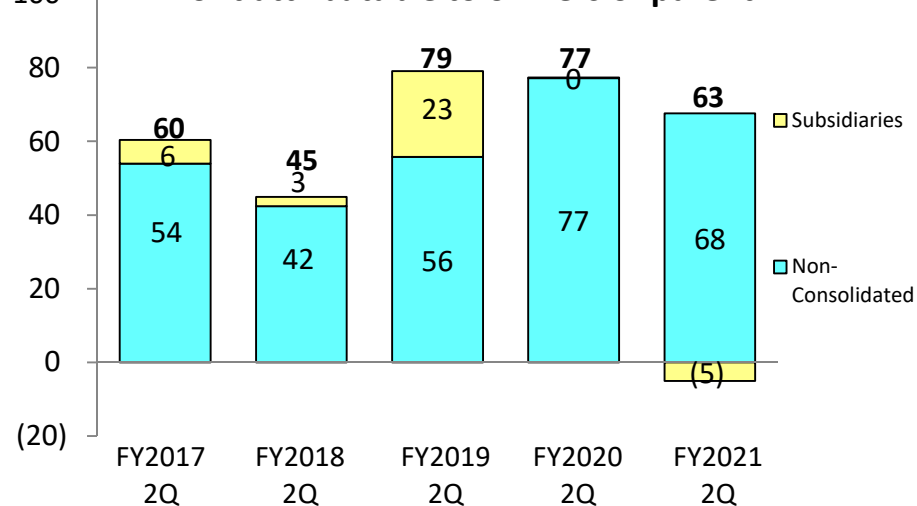
(100 millions of yen)

Operating income



(100 millions of yen)

Profit attributable to owners of parent



8. Subsidiaries Change

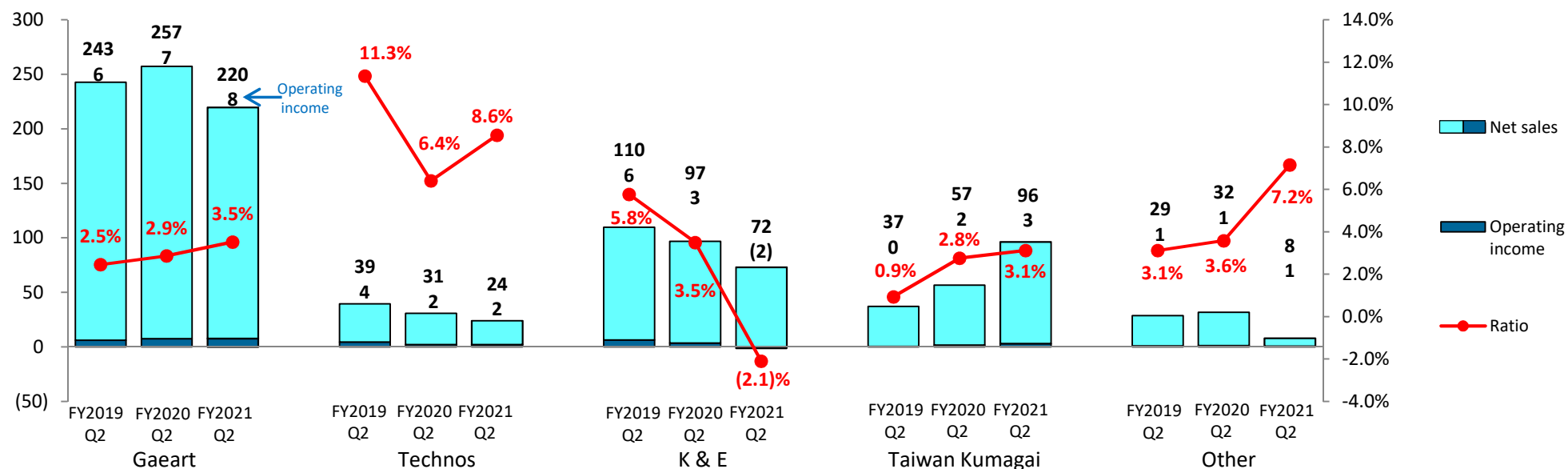
Subsidiaries

(100 millions of yen)

	Gaeart Co., Ltd.			Technos Co., Ltd.			K & E Co., Ltd.		
	FY2019 Q2	FY2020 Q2	FY2021 Q2	FY2019 Q2	FY2020 Q2	FY2021 Q2	FY2019 Q2	FY2020 Q2	FY2021 Q2
Net sales	243	257	220	39	31	24	110	97	72
Operating income	6	7	8	4	2	2	6	3	(2)
Ordinary income	6	8	8	4	2	2	6	3	(1)
Net income	17	5	5	3	1	1	5	3	(1)

	Taiwan Kumagai Co., Ltd.			Other		
	FY2019 Q2	FY2020 Q2	FY2021 Q2	FY2019 Q2	FY2020 Q2	FY2021 Q2
Net sales	37	57	96	29	32	8
Operating income	0	2	3	1	1	1
Ordinary income	0	2	3	1	1	1
Net income	0	1	2	1	1	0

(100 millions of yen)



9. Balance Sheet-1(Consolidated)

Assets

Assets(Consolidated)

(100 millions of yen)

	A FY2020			B FY2021 2nd Quarter			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Cash and deposits	713	518	196	680	456	224	(33)	(61)	28
Notes receivable,accounts receivable from completed construction contracts and other	1,972	1,653	319	1,813	1,574	239	(159)	(79)	(80)
Costs on uncompleted construction contracts	65	54	10	111	103	8	47	48	(2)
Accounts receivable-other	295	295	0	227	212	15	(68)	(83)	15
Other	76	74	2	33	24	9	(43)	(50)	7
Allowance for doubtful accounts	(2)	(2)	(0)	(0)	(0)	(0)	2	2	0
Total current assets	3,118	2,591	527	2,863	2,368	495	(254)	(223)	(32)
Buildings and structures, net	75	36	39	80	41	39	5	6	(0)
Land	151	122	29	151	122	29	(0)	(0)	(0)
Other	31	12	18	29	10	19	(2)	(2)	1
Total property,plant and equipment	257	170	86	260	173	86	3	3	(0)
Intangible assets	6	4	1	7	6	1	1	1	(0)
Investment securities and stocks of subsidiaries and affiliates	297	333	(36)	281	316	(36)	(16)	(17)	1
Other	121	68	53	125	69	57	5	1	4
Allowance for doubtful accounts	(2)	(0)	(2)	(2)	-	(2)	(0)	0	(0)
Total investments and other assets	416	401	15	404	385	19	(12)	(16)	5
Total non-current assets	678	576	102	671	564	107	(7)	(12)	4
Total assets	3,796	3,167	629	3,534	2,932	602	(262)	(234)	(27)

9. Balance Sheet-2(Consolidated)

Liabilities and Net Assets

Liabilities and net assets(Consolidated)

(100 millions of yen)

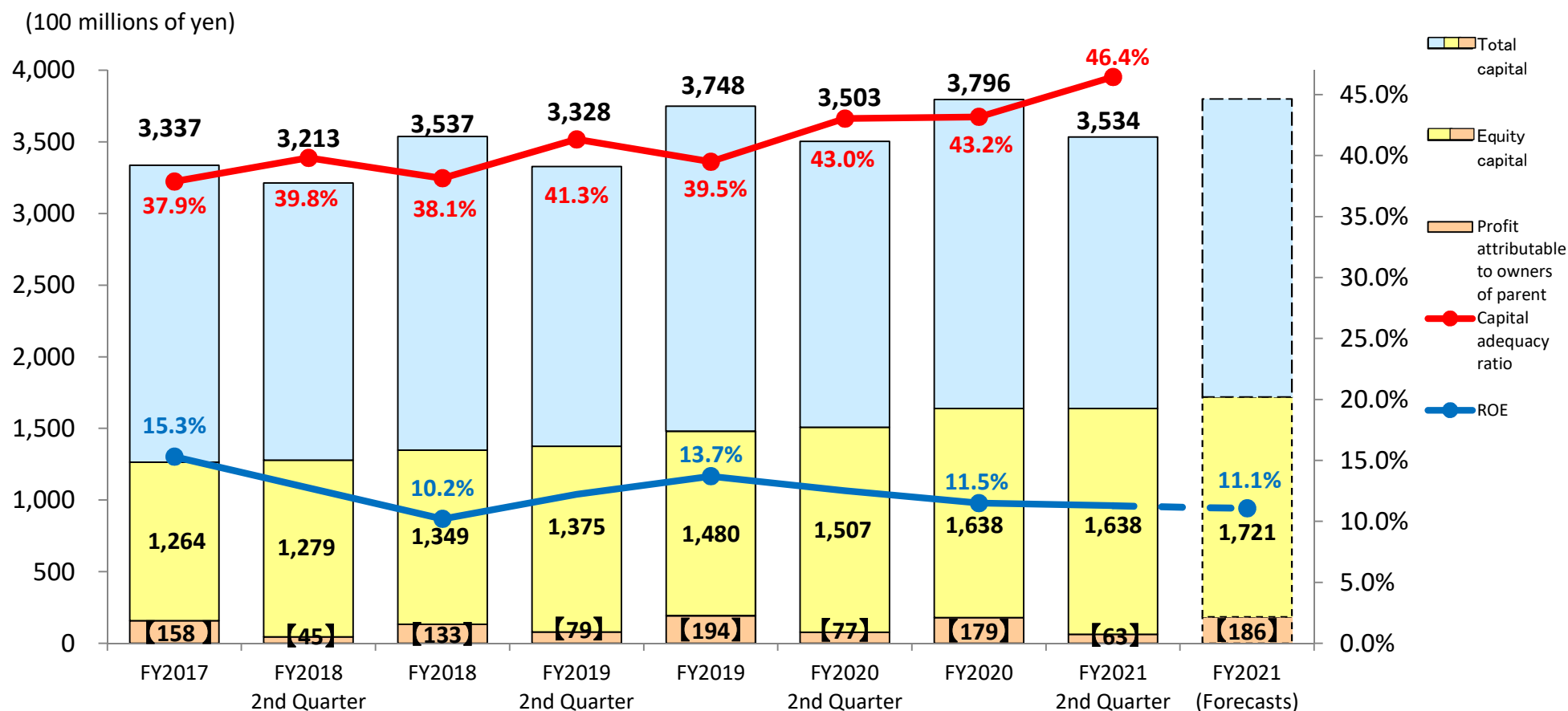
	A FY2020			B FY2021 2nd Quarter			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Notes payable, accounts payable for construction contracts and other	846	699	147	644	496	148	(202)	(203)	1
Electronically recorded obligations – operating	374	330	45	262	231	31	(113)	(99)	(14)
Short-term borrowings	42	39	2	32	30	2	(9)	(9)	(0)
Income taxes payable	38	35	4	24	22	2	(14)	(13)	(1)
Advances received on construction contracts in progress	119	99	20	213	198	15	94	98	(5)
Deposits received	346	333	13	360	338	22	13	5	9
Provision for contingent loss	15	15	0	1	1	0	(14)	(14)	(0)
Provision for bonuses	43	28	15	40	27	14	(2)	(1)	(1)
Other	83	60	22	59	51	7	(24)	(9)	(15)
Total current liabilities	1,906	1,638	268	1,635	1,393	241	(271)	(245)	(27)
Long-term borrowings	77	77	–	86	86	–	9	9	–
Net defined benefit liability	166	136	30	167	138	30	1	1	(1)
Other	8	2	5	7	2	5	(0)	0	(0)
Total non-current liabilities	251	216	36	261	226	35	9	10	(1)
Total liabilities	2,157	1,854	304	1,895	1,619	276	(262)	(234)	(28)
Total shareholders' equity	1,595	1,271	325	1,602	1,282	320	7	12	(5)
Total accumulated other comprehensive income	43	42	1	36	30	6	(6)	(12)	5
Total net assets	1,638	1,313	325	1,638	1,313	326	0	(0)	0
Total liabilities and net assets	3,796	3,167	629	3,534	2,932	602	(262)	(234)	(27)
(Capital adequacy ratio)	43.2%	41.5%	51.7%	46.4%	44.8%	54.1%	+3.2%	+3.3%	+2.4%

10.Equity Capital(Consolidated) Change

Equity capital(Consolidated)

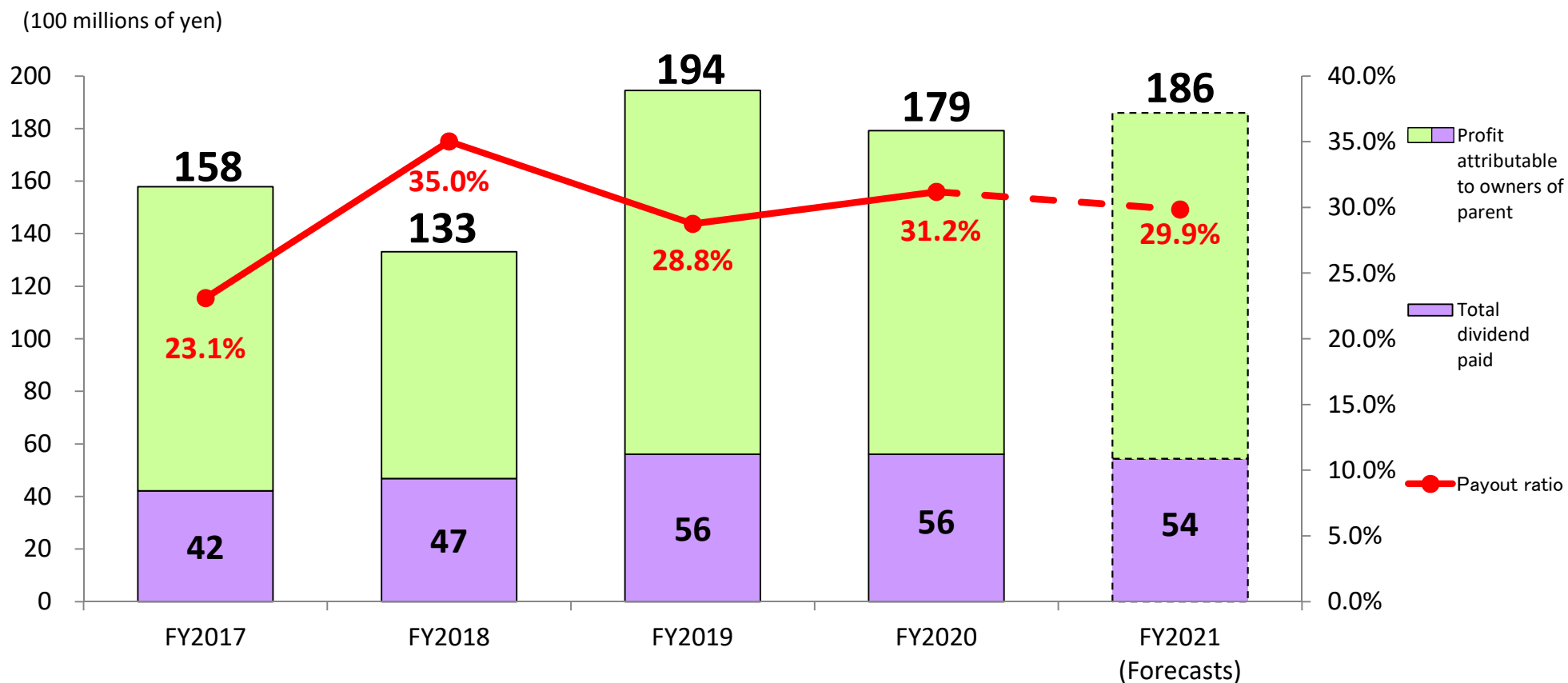
(100 millions of yen)

	FY2017	FY2018 2Q	FY2018	FY2019 2Q	FY2019	FY2020 2Q	FY2020	FY2021 2Q	FY2021 (Forecasts)
Equity capital	1,264	1,279	1,349	1,375	1,480	1,507	1,638	1,638	1,721
Total capital	3,337	3,213	3,537	3,328	3,748	3,503	3,796	3,534	—
Capital adequacy ratio	37.9%	39.8%	38.1%	41.3%	39.5%	43.0%	43.2%	46.4%	—
Profit attributable to owners of parent	158	45	133	79	194	77	179	63	186
ROE	15.3%	—	10.2%	—	13.7%	—	11.5%	—	11.1%



11.Dividend(Consolidated) Change

Dividend	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecasts)
Number of shares issued	46,805,660 shares	46,805,660 shares	46,805,660 shares	46,805,660 shares	46,805,660 shares
Number of treasury stocks	22,471 shares	36,826 shares	45,563 shares	52,116 shares	1,434,888 shares
Dividend per share	90.00 yen	100.00 yen	120.00 yen	120.00 yen	120.00 yen
Total dividend paid	42	47	56	56	54
Profit attributable to owners of parent	158	133	194	179	186
Basic earnings per share	389.63 yen	285.49 yen	417.35 yen	384.69 yen	401.92 yen
Payout ratio	23.1%	35.0%	28.8%	31.2%	29.9%



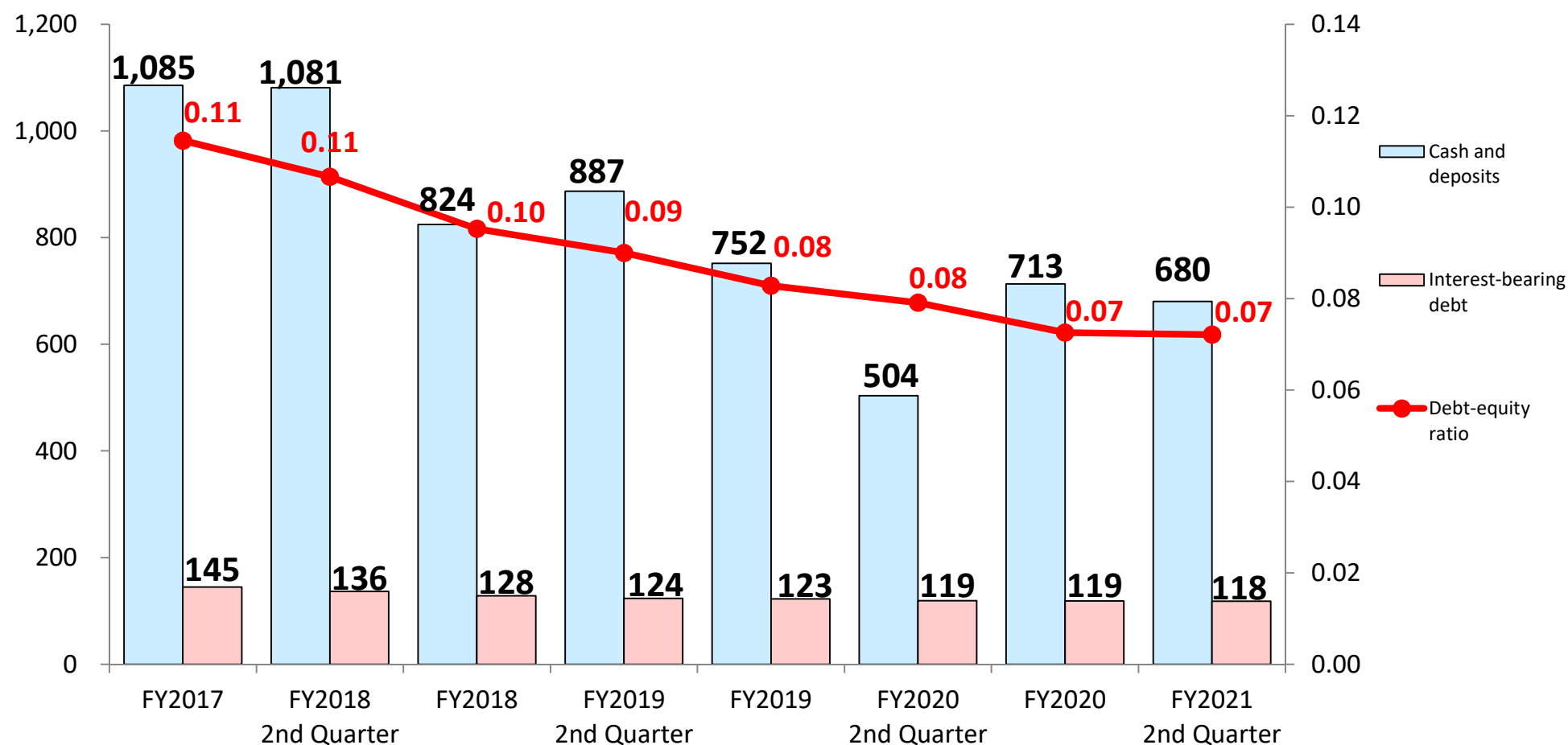
12. Interest-Bearing Debt (Consolidated) Change

Interest-bearing debt

(100 millions of yen)

	FY2017	FY2018 2Q	FY2018	FY2019 2Q	FY2019	FY2020 2Q	FY2020	FY2021 2Q
Interest-bearing debt	145	136	128	124	123	119	119	118
Debt-equity ratio	0.11	0.11	0.10	0.09	0.08	0.08	0.07	0.07

(100 millions of yen)



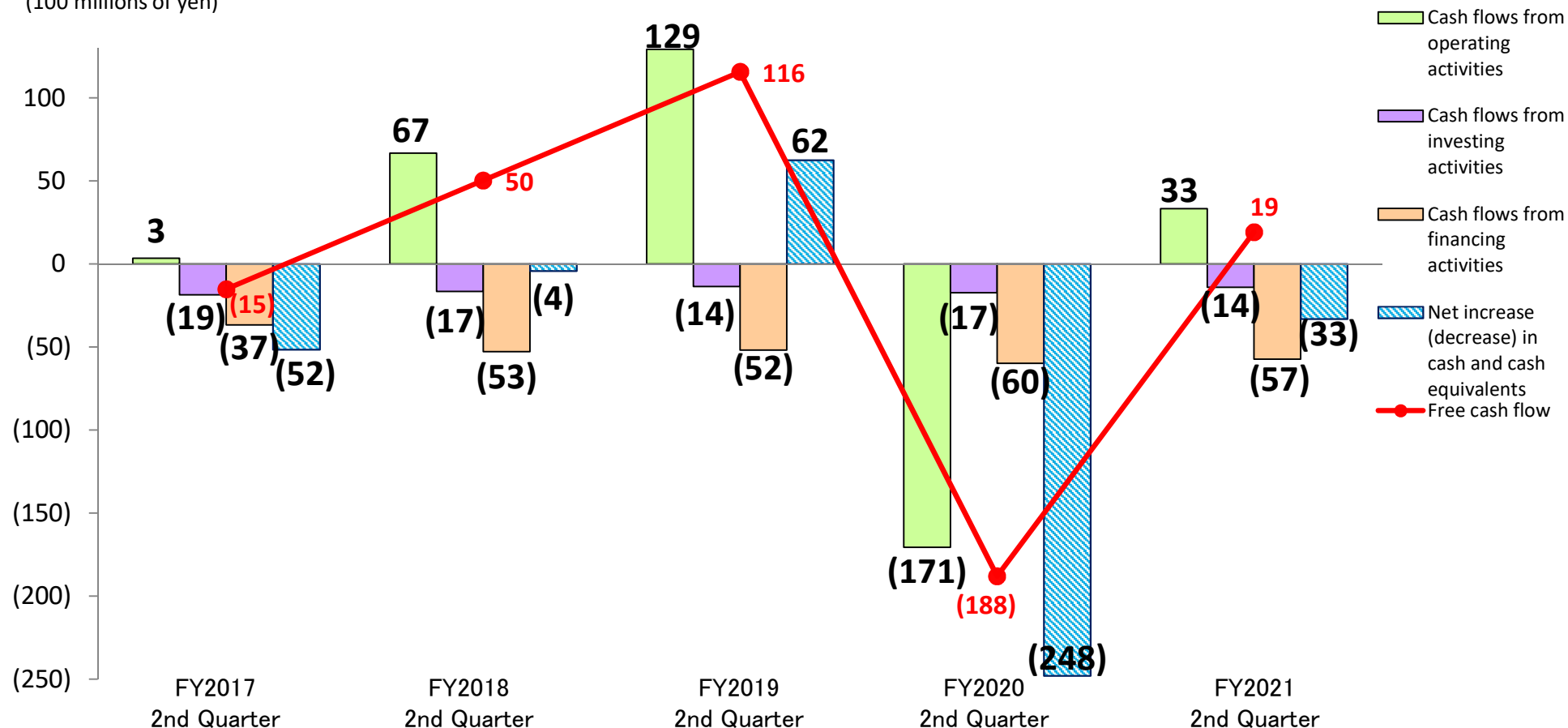
13.Cash Flows(Consolidated) Change

Cash Flows

(100 millions of yen)

	FY2017 2Q	FY2018 2Q	FY2019 2Q	FY2020 2Q	FY2021 2Q
Cash flows from operating activities	3	67	129	(171)	33
Cash flows from investing activities	(19)	(17)	(14)	(17)	(14)
Cash flows from financing activities	(37)	(53)	(52)	(60)	(57)
Net increase (decrease) in cash and cash equivalents	(52)	(4)	62	(248)	(33)

(100 millions of yen)



14.Capital Investment, Depreciation and Research and Development Expense(Consolidated) Change

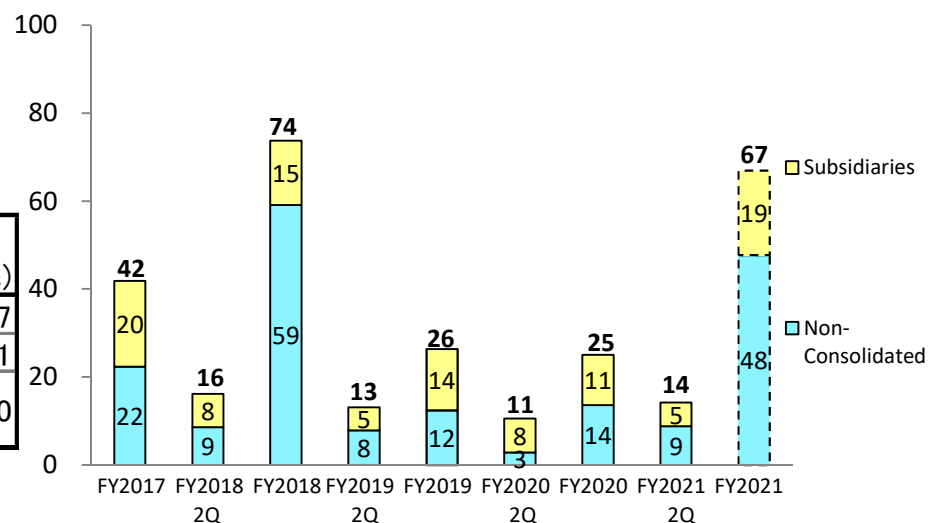
Capital investment and other (100 millions of yen)

	FY2017	FY2018 2Q	FY2018	FY2019 2Q
Capital investment	42	16	74	13
Depreciation	17	9	19	10
Research and development expense	20	11	23	11

	FY2019	FY2020 2Q	FY2020	FY2021 2Q	FY2021 (Forecasts)
Capital investment	26	11	25	14	67
Depreciation	21	10	20	9	21
Research and development expense	26	13	27	13	30

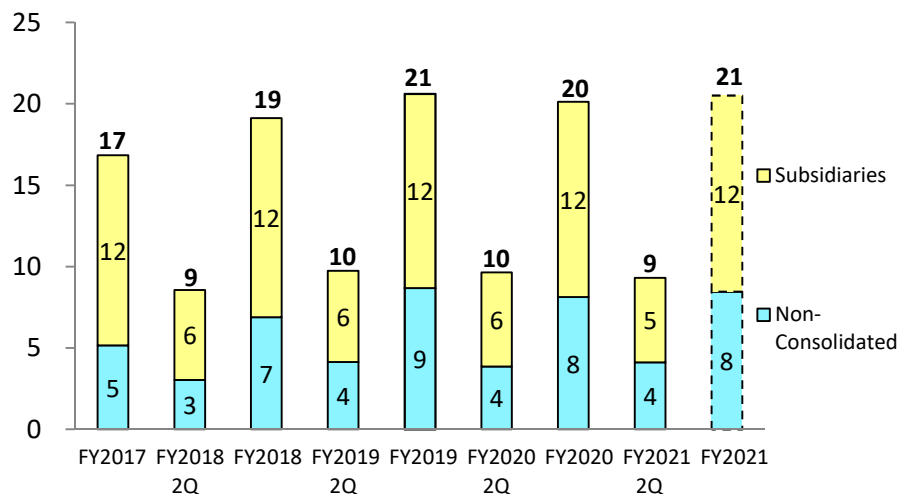
(100 millions of yen)

Capital investment



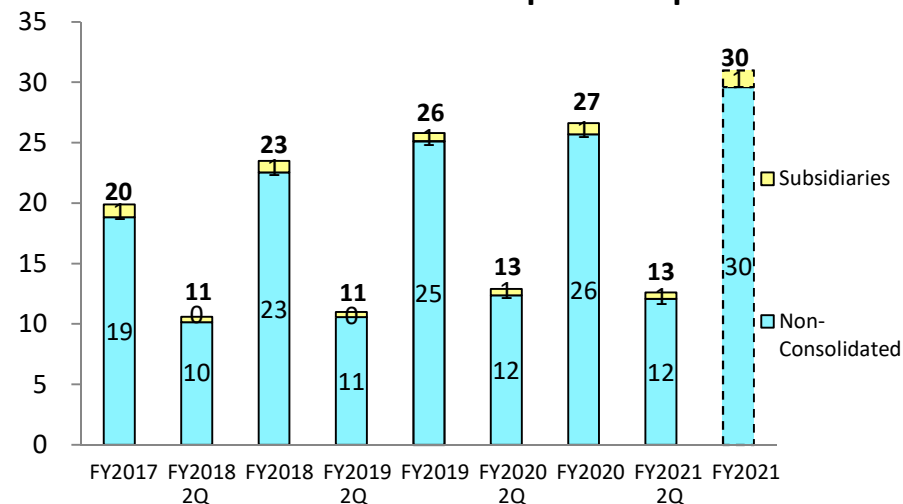
(100 millions of yen)

Depreciation



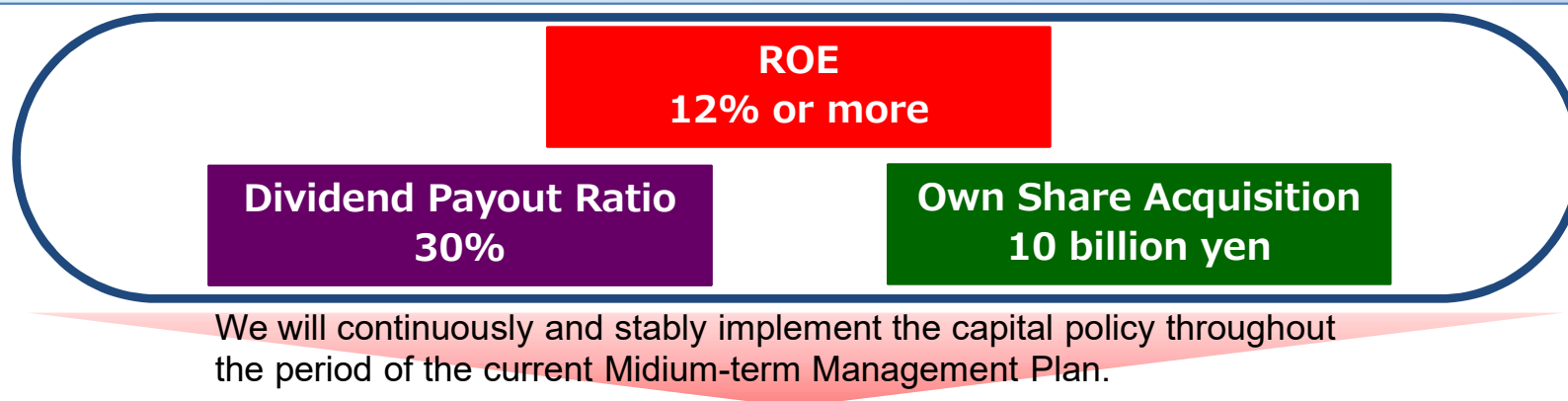
(100 millions of yen)

Research and development expense

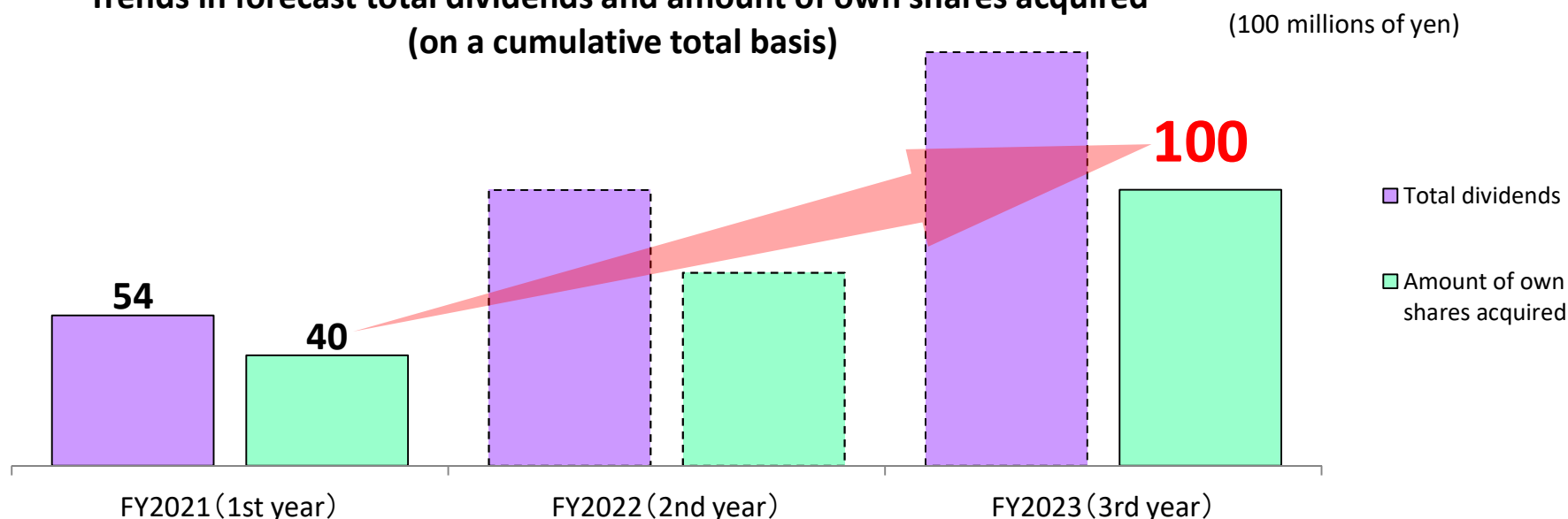


15. Own share acquisition

- To increase returns to shareholders and capital efficiency, we will acquire own shares worth a total of 10 billion yen during the period of the current Midium-term Management Plan.
- Own shares acquired will be cancelled as needed.



**Trends in forecast total dividends and amount of own shares acquired
(on a cumulative total basis)**



16. Impact of the Spread of COVID-19

■ Impact on Business Performance

Negative Impact

- Decrease in capital investment by private companies due to economic downturn
- Decrease in new construction of accommodations facilities due to shrinking demand for inbound tourism
- Difficulty in negotiations for additional design changes
- Intensifying domestic competition due to a decrease in overseas construction
- Delays in work schedule due to suspension of construction
- Delays in work schedule due to delivery delay of construction parts and materials
- Increased risk of bankruptcy of clients and subcontractors
- Increase in costs associated with countermeasures against infectious diseases

etc

Positive Impact

- Increase in public works as a measure to support the economy
- Lower construction costs due to deflation
- Expansion and relocation of medical, warehouse, and distribution facilities
- Expansion and relocation of factories and other facilities due to the return of overseas production bases to Japan and their reorganization
- Improvement of digital infrastructure for our lives, society, and telecommunication
- Increase in renovation work in line with changes in consumer behavior
- Shift from centralized to decentralized offices
- Progress in M&As
- Decline in real estate purchase costs related to redevelopment projects
- Reduction in expenses associated with working from home and going online

etc

The main things that have become clear and apparent after the Covid-19 outbreak, both negative and positive, include:

- (-) **Difficulties in negotiating additional design changes and the like:** reduced opportunities due to limited mobility and prolonged negotiations due to online meetings
- (-) **Increased costs associated with infectious disease control:** about 50 million yen was posted as an extraordinary loss
- (+) **Increased public works:** construction orders from the government sector increased for the overall industry. They are projected to remain solid
- (+) **Addition of plants and other facilities in association with a reorganization of production bases:** a number of projects using the government subsidization program were received