

Financial Results FY2020

May 20,2021



Kumagai Gumi Co.,Ltd.



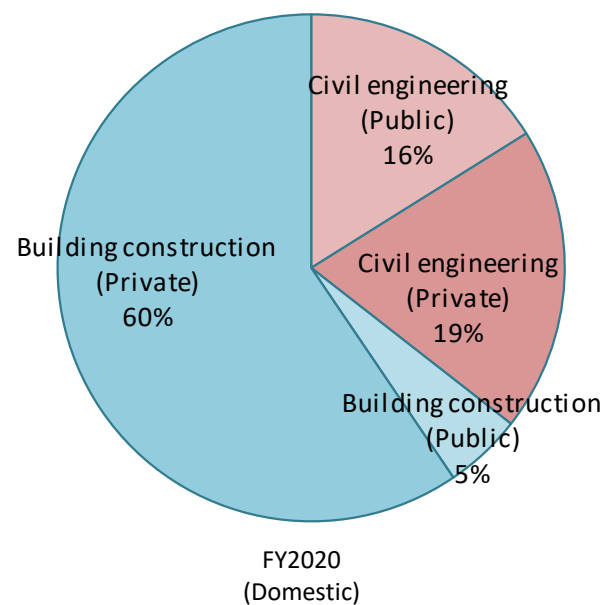
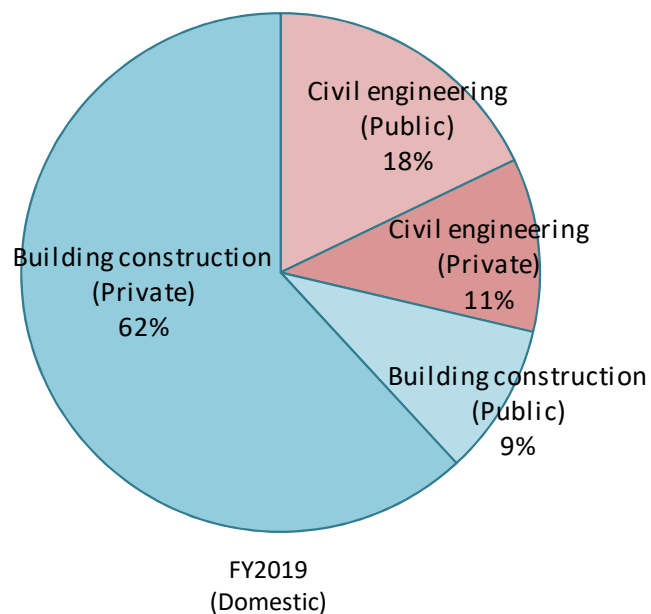
1.Orders Received-1(Non-Consolidated)

Result and Forecasts

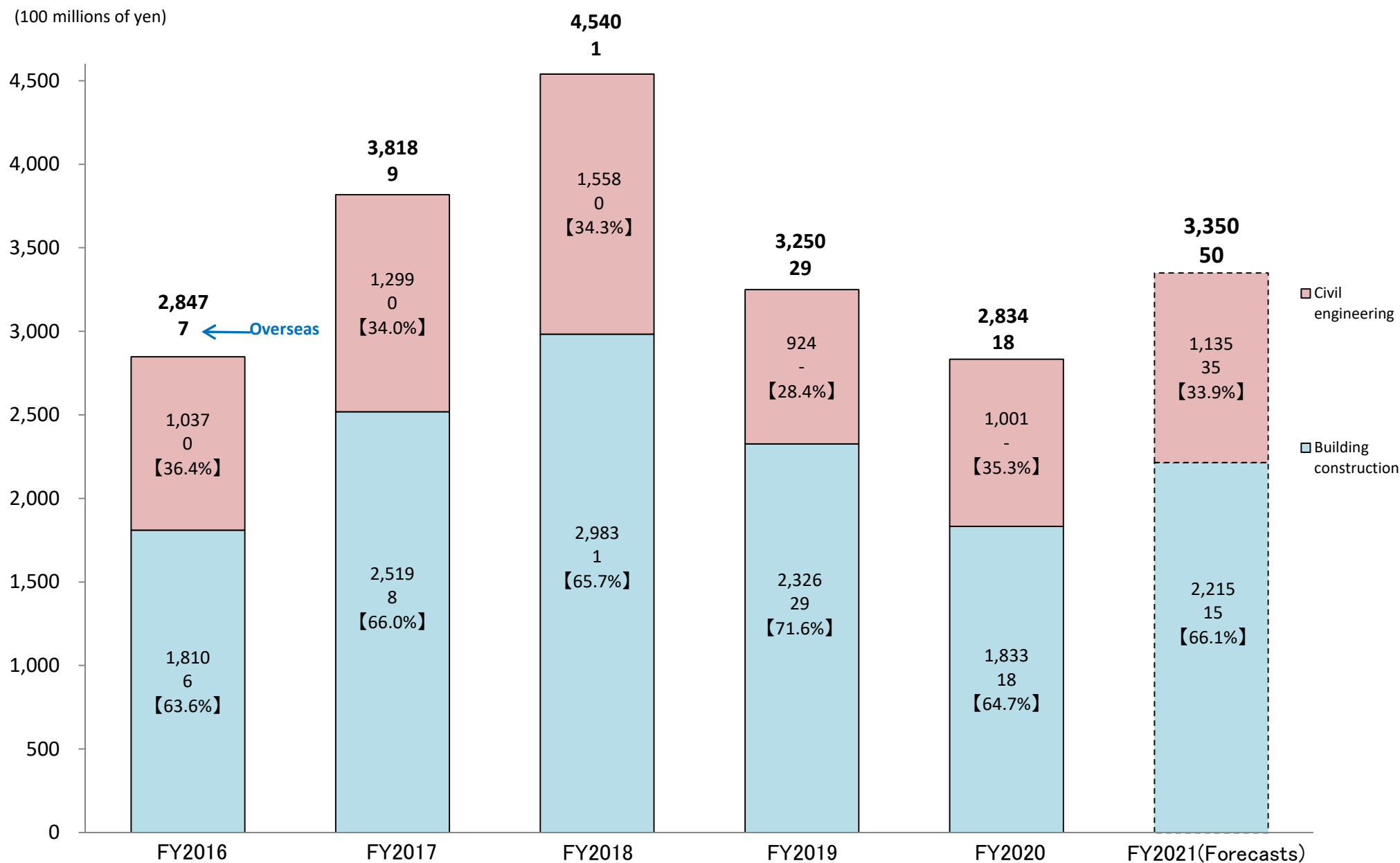
Non-consolidated

(100 millions of yen)

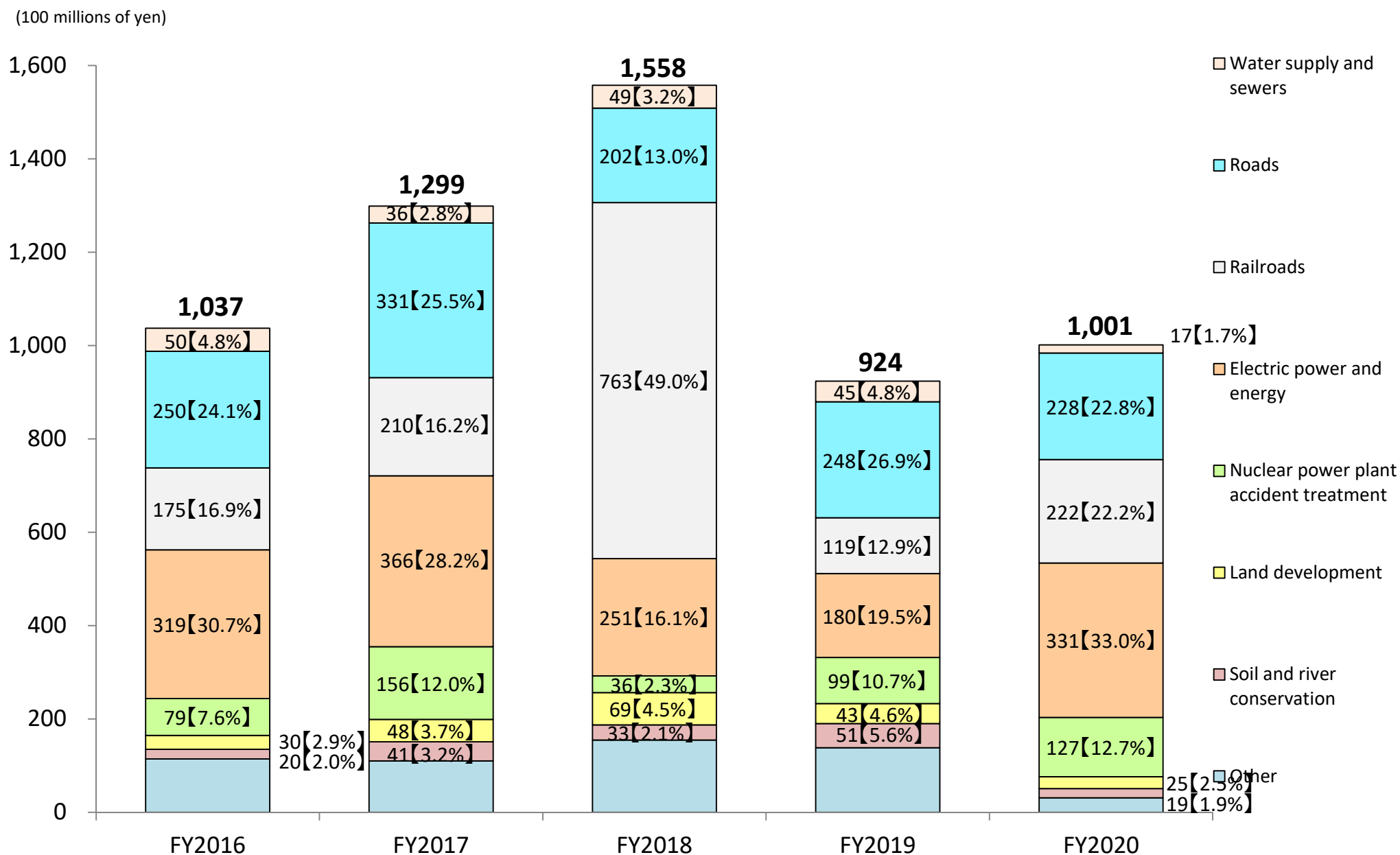
Non-consolidated				A	B	C	C-A		C-B		D	D-C		
				FY2019	FY2020 (Forecast at the beginning of FY2020)	FY2020		%		%	FY2021 (Forecasts)		%	
		Public		575	650	454	(122)	(21.1)	(196)	(30.2)	710	256	56.4	
			Private	348	400	547	199	57.1	147	36.8	390	(157)	(28.7)	
		Civil engineering		924	1,050	1,001	77	8.4	(49)	(4.7)	1,100	99	9.9	
		Public	305	400	140	(165)	(54.1)	(260)	(65.0)	300	160	114.6		
			Private	1,992	1,500	1,674	(318)	(16.0)	174	11.6	1,900	226	13.5	
		Building construction		2,297	1,900	1,814	(483)	(21.0)	(86)	(4.5)	2,200	386	21.3	
	Domestic		3,221	2,950	2,815	(405)	(12.6)	(135)	(4.6)	3,300	485	17.2		
	Overseas		29	60	18	(11)	(36.4)	(42)	(69.3)	50	32	171.3		
	Orders received				3,250	3,010	2,834	(416)	(12.8)	(176)	(5.9)	3,350	516	18.2



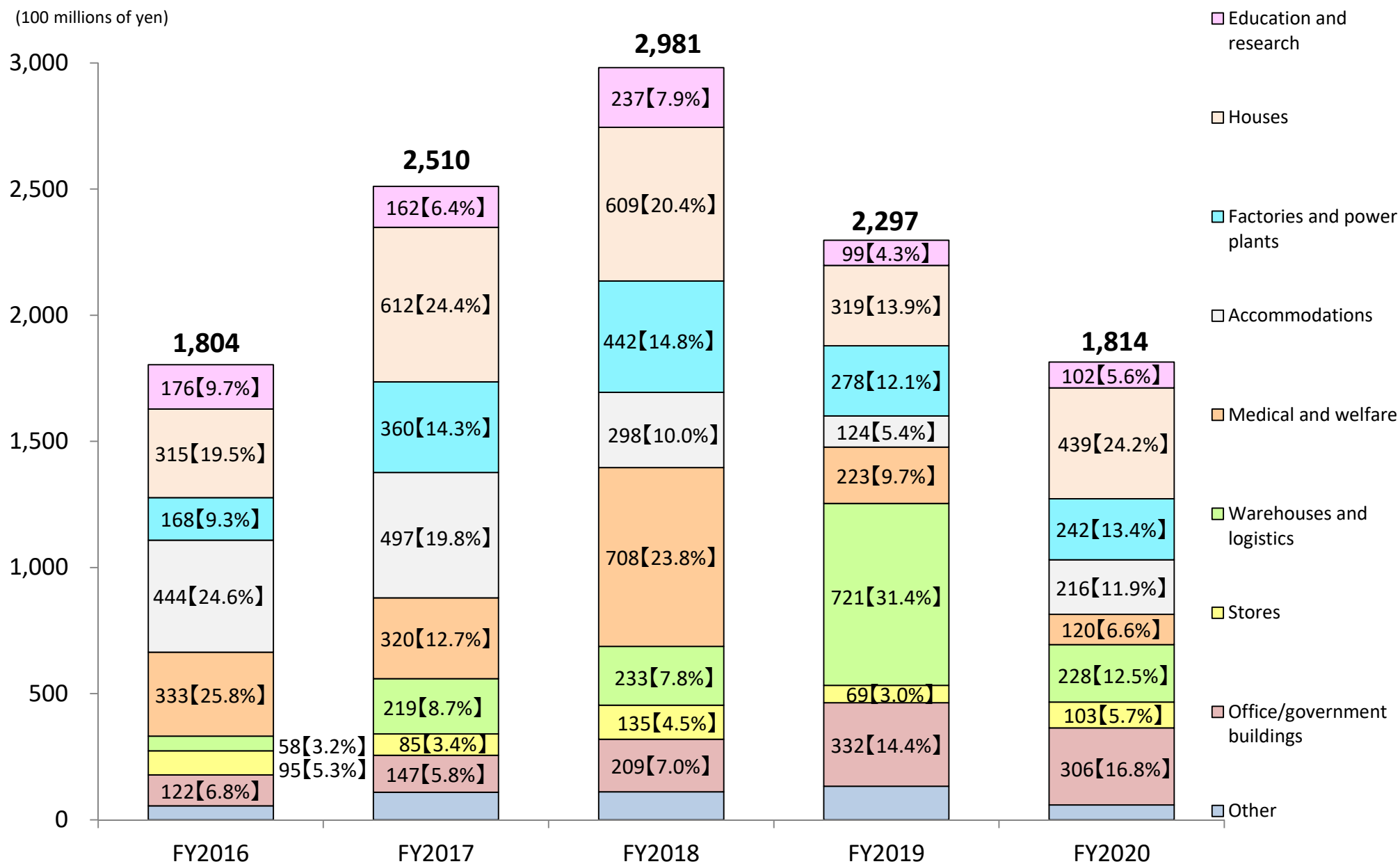
1.Orders Received-2(Non-Consolidated) Change



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



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



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

Result and Forecasts

Non-consolidated

(100 millions of yen)

			A FY2019		B FY2020 (Forecast at the beginning of FY2020)		C FY2020		C-A			C-B			D FY2021 (Forecasts)		D-C		
				Ratio		Ratio		Ratio		%	Ratio		%	Ratio		Ratio		%	Ratio
		Civil engineering	1,222		1,150		1,214		(8)	(0.6)		64	5.6		1,050		(164)	(13.5)	
		Building construction	2,295		2,290		2,369		74	3.2		79	3.5		2,370		1	0.0	
	Domestic		3,517		3,440		3,584		67	1.9		144	4.2		3,420		(164)	(4.6)	
	Overseas		5		20		18		14	275.5		(2)	(7.5)		20		2	8.1	
	Net sales			3,522		3,460		3,602		80	2.3		142	4.1		3,440		(162)	(4.5)
		Civil engineering	133	10.9%	125	10.9%	137	11.3%	5		0.4%	12		0.4%	118	11.2%	(19)	(0.1)%	
		Building construction	219	9.5%	227	9.9%	238	10.0%	19		0.5%	11		0.1%	250	10.5%	12	0.5%	
	Domestic		352	10.0%	352	10.2%	375	10.5%	23		0.5%	23		0.3%	368	10.8%	(7)	0.3%	
	Overseas		1	26.0%	1	5.0%	1	5.0%	(0)		(21.0)%	(0)		0.0%	1	5.0%	0	0.0%	
	Gross profit			353	10.0%	353	10.2%	376	10.4%	23	6.5	0.4%	23	6.5	0.2%	369	10.7%	(7)	(1.9)
		Personnel	73		74		75		3			1			72		(3)		
		Nonpersonnel	78		76		76		(2)			0			84		8		
SG&A expenses			151		150		152		1			2			156		4		
Operating income			202	5.7%	203	5.9%	224	6.2%	22	10.9	0.5%	21	10.6	0.3%	213	6.2%	(11)	(5.1)	0.0%
Non-operating income			8		14		16		8			2			16		(0)		
Non-operating expenses			4		3		5		1			2			3		(2)		
Ordinary income			207	5.9%	214	6.2%	235	6.5%	29	13.8	0.6%	21	10.0	0.3%	226	6.6%	(9)	(4.0)	0.1%
Extraordinary income			7		0		1		(6)			1			0		(1)		
Extraordinary losses			6		0		22		16			22			0		(22)		
Income before income taxes			209		214		215		6	3.0		1	0.4		226		11	5.2	
Income taxes-current			45		45		51		6			6			65		14		
Income taxes-deferred			16		21		13		(2)			(8)			3		(10)		
Net income			148	4.2%	148	4.3%	150	4.2%	2	1.5	0.0%	2	1.7	(0.1)%	158	4.6%	8	5.0	0.4%

2.Statement of Income-2(Consolidated)

Result and Forecasts

Consolidated																								(100 millions of yen)
	A FY2019			B FY2020 (Forecast at the beginning of FY2020)			C FY2020			C-A				C-B				D FY2021 (Forecast)			D-C			
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	%	Consolidated	Non- Consolidated	Subsidiaries	%	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	%
Net sales	4,362	3,522	839	4,380	3,460	920	4,502	3,602	900	141	80	61	3.2	122	142	(20)	2.8	4,510	3,440	1,070	8	(162)	170	0.2
Gross profit	455	353	102	456	353	103	481	376	105	26	23	3		25	23	2		478	369	109	(3)	(7)	4	
(Ratio)	10.4%	10.0%	12.1%	10.4%	10.2%	11.2%	10.7%	10.4%	11.7%	0.3%	0.4%	(0.4)%		0.3%	0.2%	0.5%		10.6%	10.7%	10.2%	(0.1)%	0.3%	(1.5)%	
SG&A expenses	201	151	50	201	150	51	200	152	49	(0)	1	(1)		(1)	2	(3)		208	156	52	8	4	3	
Operating income	254	202	52	255	203	52	281	224	56	26	22	4	10.3	26	21	4	10.1	270	213	57	(11)	(11)	1	(3.8)
(Ratio)	5.8%	5.7%	6.2%	5.8%	5.9%	5.7%	6.2%	6.2%	6.2%	0.4%	0.5%	0.0%		0.4%	0.3%	0.5%		6.0%	6.2%	5.3%	(0.2)%	0.0%	(0.9)%	
Non-operating income	7	8	(1)	6	14	(8)	9	16	(7)	2	8	(6)		3	2	1		7	16	(9)	(2)	(0)	(2)	
Non-operating expenses	4	4	0	3	3	0	6	5	0	1	1	0		3	2	0		3	3	0	(3)	(2)	(0)	
Ordinary income	257	207	50	258	214	44	284	235	49	27	29	(2)	10.4	26	21	4	10.1	274	226	48	(10)	(9)	(1)	(3.5)
(Ratio)	5.9%	5.9%	6.0%	5.9%	6.2%	4.8%	6.3%	6.5%	5.4%	0.4%	0.6%	(0.6)%		0.4%	0.3%	0.6%		6.1%	6.6%	4.5%	(0.2)%	0.1%	(0.9)%	
Extraordinary income	21	7	13	0	0	0	1	1	0	(19)	(6)	(13)		1	1	0		0	0	0	(1)	(1)	(0)	
Extraordinary losses	7	6	2	0	0	0	24	22	3	17	16	1		24	22	3		1	0	1	(23)	(22)	(2)	
Income before income taxes	271	209	62	258	214	44	261	215	46	(10)	6	(16)	(3.6)	3	1	2	1.1	273	226	47	12	11	1	4.6
Income taxes-current	62	45	17	61	45	16	66	51	15	4	6	(2)		5	6	(1)		82	65	17	16	14	2	
Income taxes-deferred	14	16	(1)	22	21	1	15	13	2	1	(2)	3		(7)	(8)	1		5	3	2	(10)	(10)	(0)	
Net income attributable to owners of parent	194	148	46	175	148	27	179	150	29	(15)	2	(17)	(7.8)	4	2	2	2.4	186	158	28	7	8	(1)	3.8
(Ratio)	4.5%	4.2%	5.5%	4.0%	4.3%	2.9%	4.0%	4.2%	3.2%	(0.5)%	0.0%	(2.3)%		0.0%	(0.1)%	0.3%		4.1%	4.6%	2.6%	0.1%	0.4%	(0.6)%	

【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.

【Equity method】

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

2.Statement of Income-3(Consolidated)

Non-Operating Income and Extraordinary Income

Non-operating income(Consolidated)

(100 millions of yen)

		A FY2019			B FY2020			B-A		
		Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
	Interest and dividend income	3.7	6.8	(3.1)	4.1	13.9	(9.8)	0.4	7.0	(6.7)
	Share of profit of entities accounted for using equity method	2.0	–	2.0	2.3	–	2.3	0.3	–	0.3
	Other	1.3	1.7	(0.4)	2.7	2.6	0.1	1.4	0.9	0.5
Non-operating income		7.0	8.5	(1.4)	9.1	16.4	(7.4)	2.0	8.0	(5.9)
	Interest expenses	1.9	1.8	0.1	1.9	1.9	0.0	0.0	0.1	(0.0)
	Commission for syndicate loans	0.3	0.3	–	2.1	2.1	–	1.8	1.8	–
	Amortization of share issuance costs	0.5	0.5	–	0.3	0.3	–	(0.2)	(0.2)	–
	Other	1.5	1.4	0.2	1.4	1.2	0.2	(0.1)	(0.2)	0.1
	Non-operating expenses	4.3	4.0	0.2	5.7	5.5	0.3	1.5	1.5	0.0

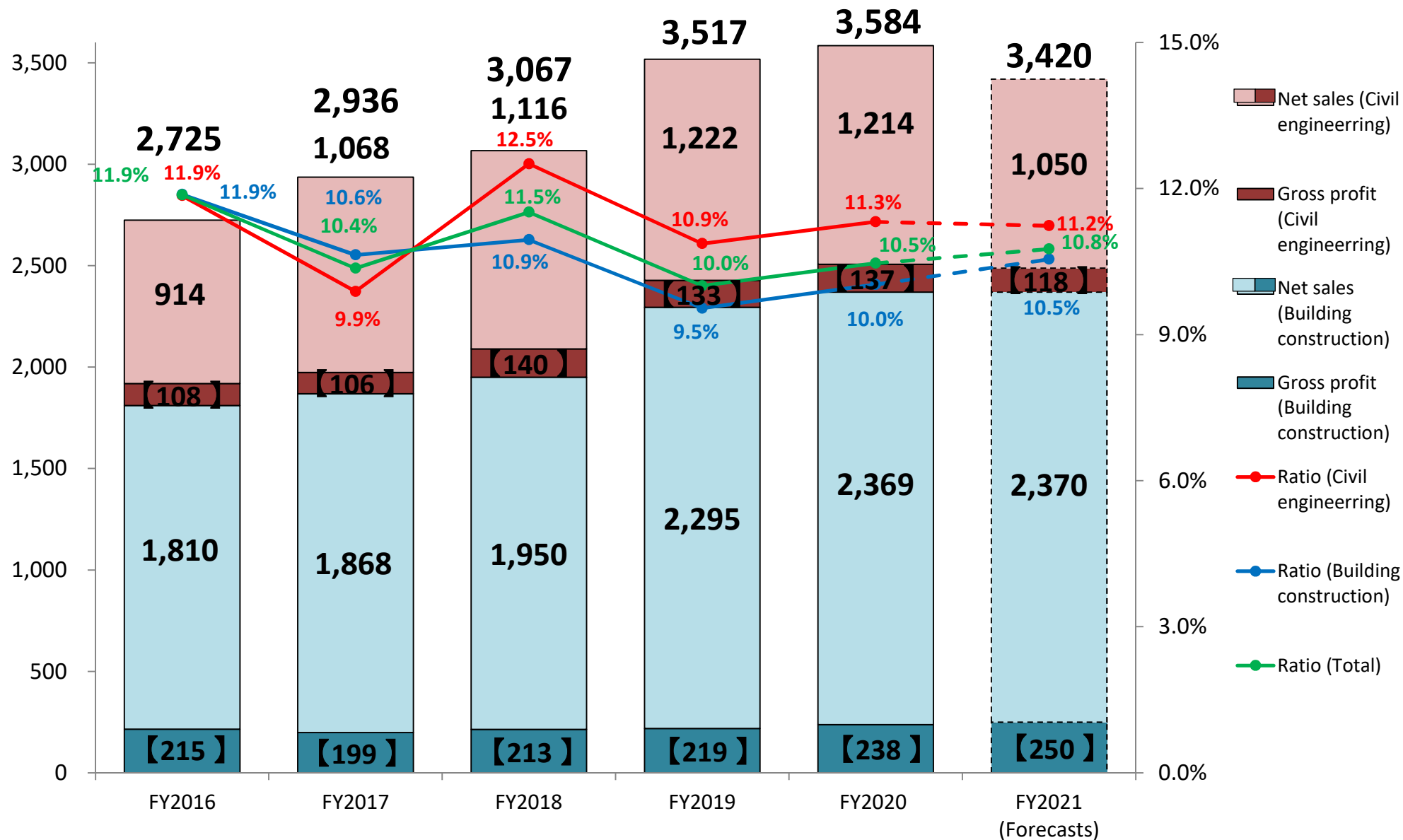
Extraordinary income(Consolidated)

(100 millions of yen)

		A FY2019			B FY2020			B-A		
		Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
	Gain on sales of memberships	7.3	7.3	–	0.0	0.0	–	(7.3)	(7.3)	–
	Settlement receipt	–	–	–	1.0	1.0	–	1.0	1.0	–
	Reversal of provision for loss on anti-monopoly act	13.1	–	13.1	–	–	–	(13.1)	–	(13.1)
	Other	0.3	–	0.3	0.4	0.2	0.2	0.1	0.2	(0.1)
Extraordinary income		20.7	7.3	13.4	1.4	1.2	0.2	(19)	(6)	(13)
	Compensation for damage	1.4	1.4	–	2.4	1.6	0.8	1.0	0.2	0.8
	Infectious disease related costs	0.1	0.0	0.0	2.7	2.2	0.5	2.6	2.2	0.5
	Provision for contingent loss	2.7	2.7	–	12.8	12.8	0.0	10.2	10.1	0.0
	Loss on transfer of receivables	–	–	–	4.6	4.6	–	4.6	4.6	–
	Other	3.1	1.6	1.5	2.0	0.6	1.4	(1.1)	(0.9)	(0.1)
	Extraordinary losses	7.2	5.6	1.5	24.5	21.8	2.7	17.3	16.2	1.1

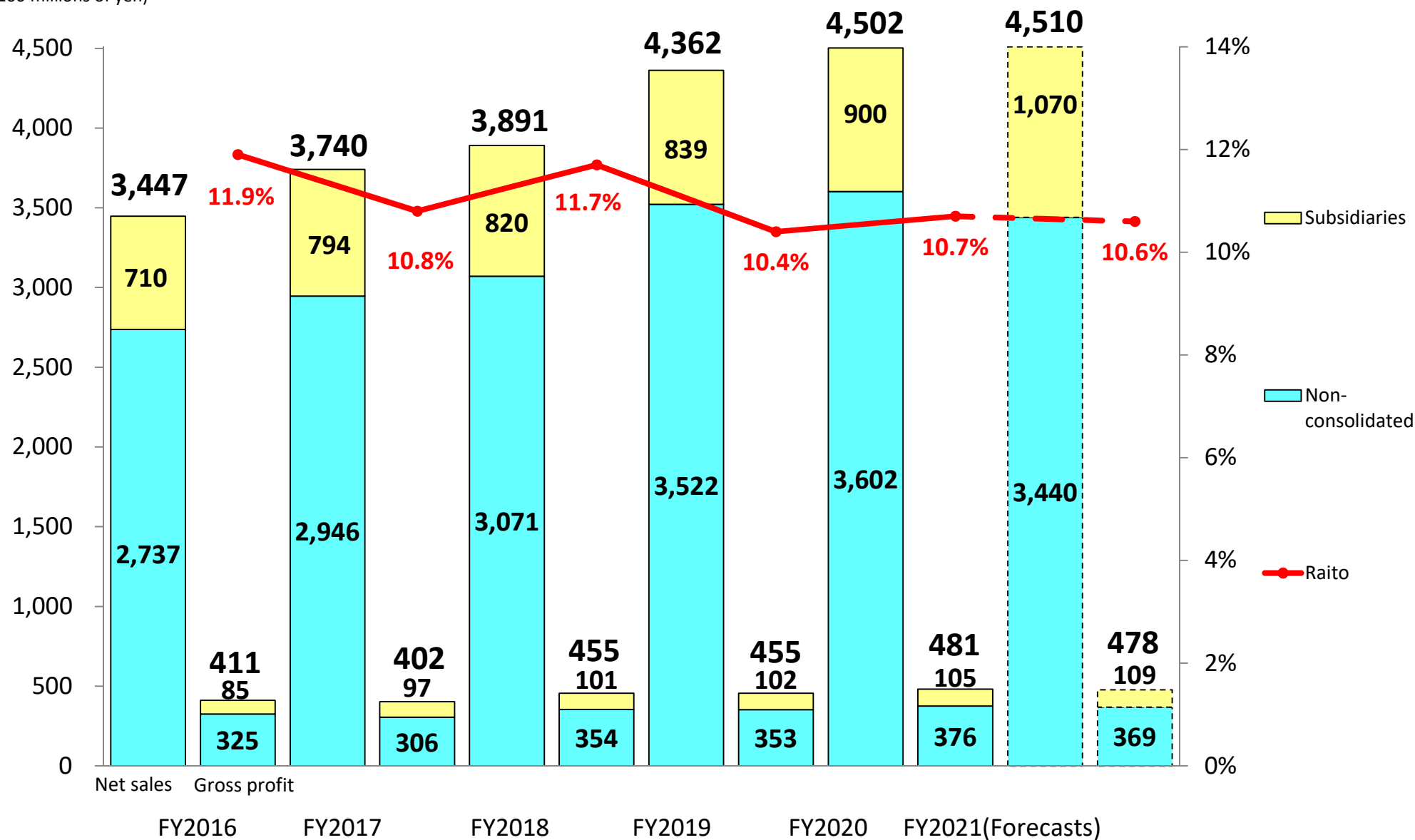
3.Net Sales and Gross Profit(Non-Consolidated) Change(Domestic)

(100 millions of yen)



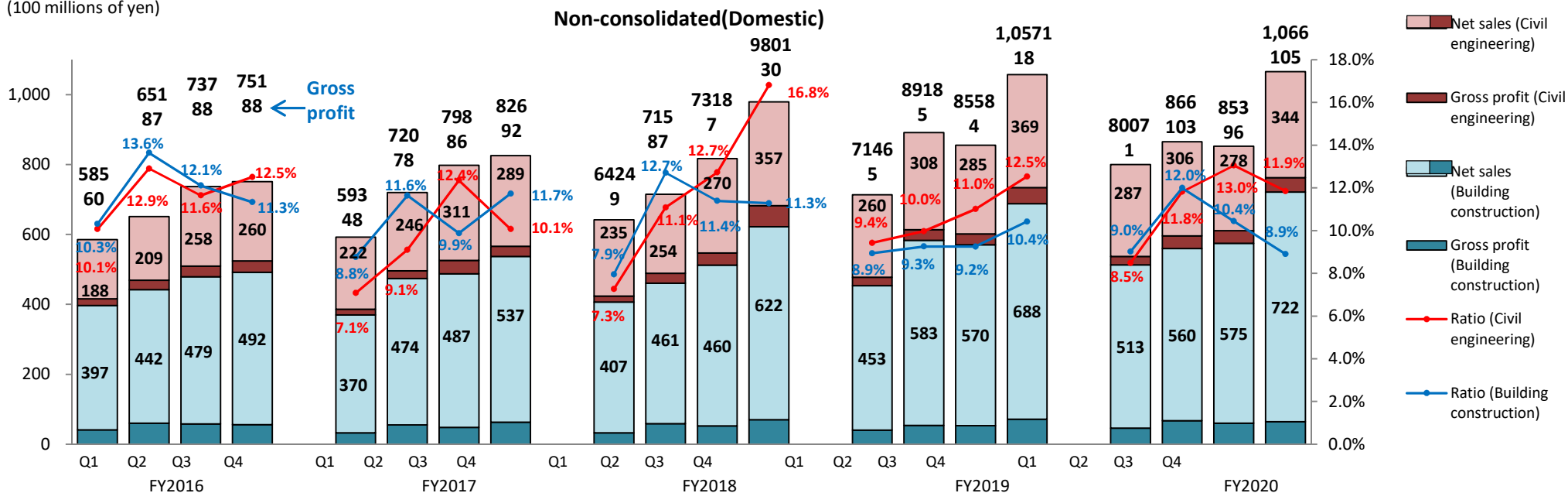
4.Net Sales and Gross Profit(Consolidated) Change

(100 millions of yen)

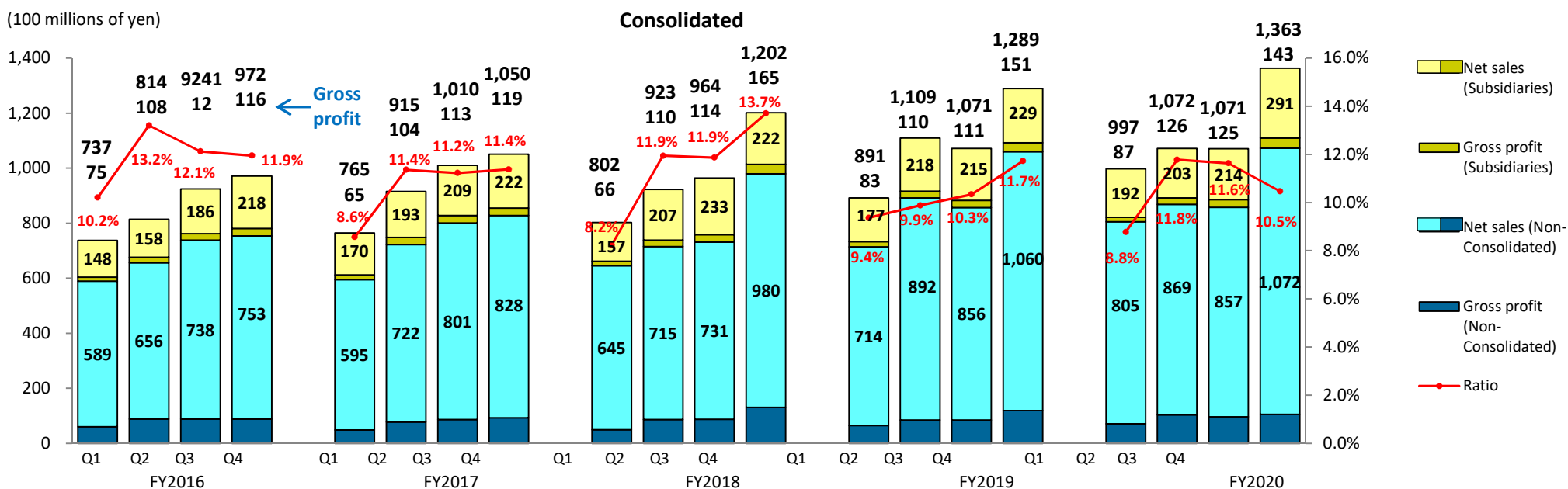


5.Net Sales and Gross Profit(Non-Consolidated and Consolidated) Quarterly Change

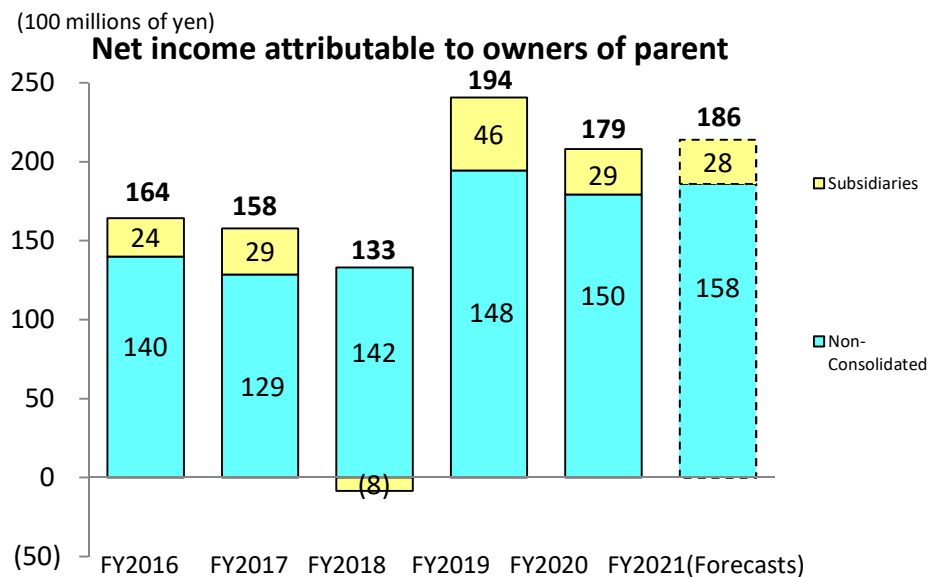
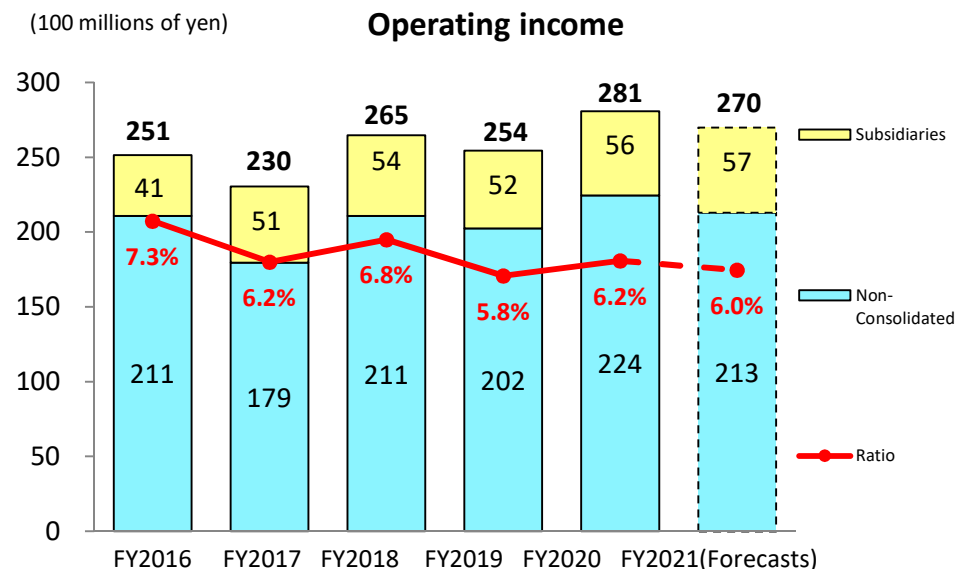
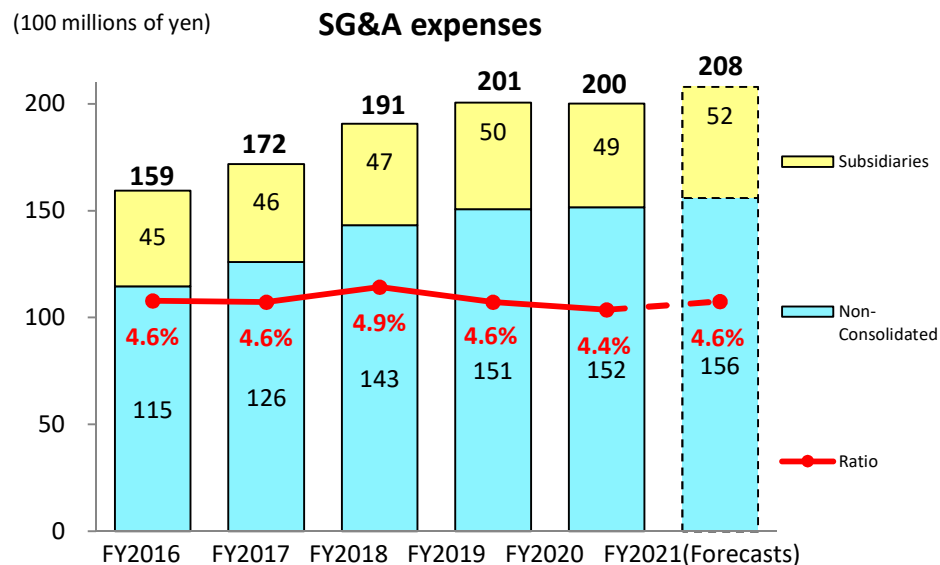
(100 millions of yen)



(100 millions of yen)



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



7. Subsidiaries Change

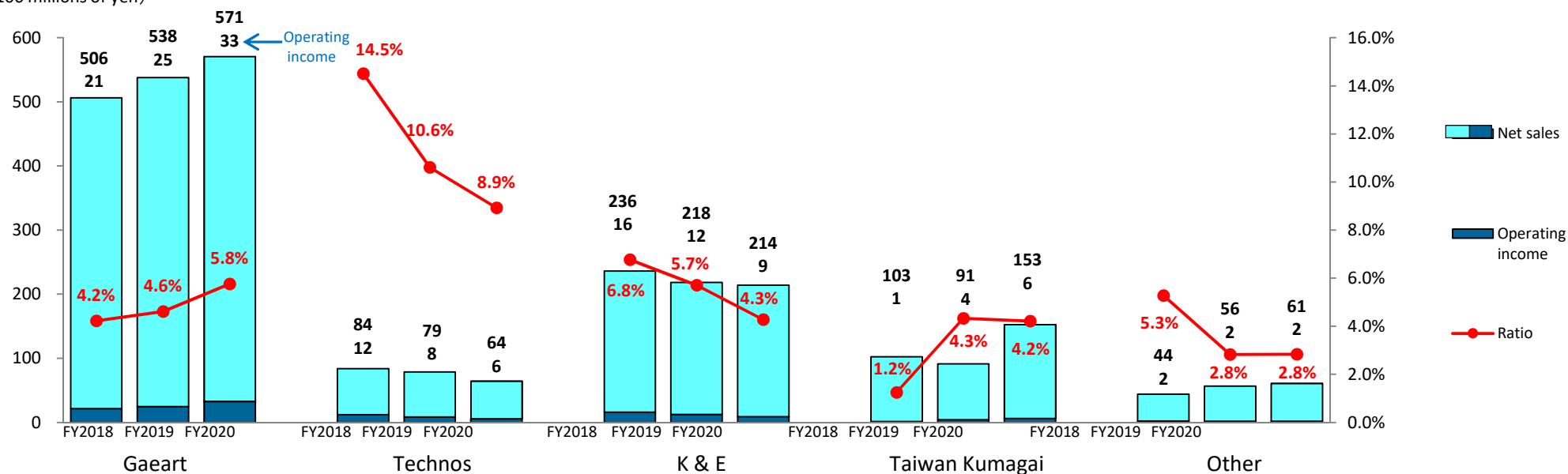
Subsidiaries

(100 millions of yen)

	Gaeart Co., Ltd.			Technos Co., Ltd.			K & E Co., Ltd.		
	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Net sales	506	538	571	84	79	64	236	218	214
Operating income	21	25	33	12	8	6	16	12	9
Ordinary income	21	25	33	12	8	6	16	12	9
Net income	(25)	29	22	9	6	4	11	9	6

	Taiwan Kumagai Co., Ltd.			Other		
	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
Net sales	103	91	153	44	56	61
Operating income	1	4	6	2	2	2
Ordinary income	1	4	7	2	2	2
Net income	1	3	5	2	1	1

(100 millions of yen)



8.Balance Sheet-1(Consolidated)

Assets

Assets(Consolidated)

(100 millions of yen)

	A FY2019			B FY2020			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Cash and deposits	752	544	207	713	518	196	(38)	(27)	(12)
Notes receivable,accounts receivable from completed construction contracts and other	1,906	1,620	286	1,972	1,653	319	65	32	33
Costs on construction contracts in progress	79	67	12	65	54	10	(14)	(12)	(2)
Accounts receivable-other	298	311	(13)	295	295	0	(4)	(17)	13
Other	74	83	(9)	76	74	2	2	(9)	11
Allowance for doubtful accounts	(2)	(2)	(0)	(2)	(2)	(0)	(0)	(0)	(0)
Total current assets	3,107	2,624	483	3,118	2,591	527	11	(33)	44
Buildings and structures	75	37	38	75	36	39	0	(2)	2
Land	148	118	30	151	122	29	3	4	(1)
Other	31	10	21	31	12	18	0	3	(3)
Total property,plant and equipment	253	165	88	257	170	86	3	5	(2)
Intangible assets	5	4	1	6	4	1	0	0	0
Investment securities and stocks of subsidiaries and affiliates	229	267	(38)	297	333	(36)	68	66	2
Other	156	97	59	121	68	53	(35)	(30)	(6)
Allowance for doubtful accounts	(2)	(0)	(2)	(2)	(0)	(2)	0	0	0
Total investments and other assets	383	364	18	416	401	15	33	37	(4)
Total non-current assets	641	534	108	678	576	102	37	42	(5)
Share issuance costs	0	0	-	-	-	-	(0)	(0)	-
Total deferred assets	0	0	-	-	-	-	(0)	(0)	-
Total assets	3,748	3,158	591	3,796	3,167	629	47	9	39

8. Balance Sheet-2(Consolidated)

Liabilities and Net Assets

Liabilities and net assets(Consolidated)

(100 millions of yen)

	A FY2019			B FY2020			B-A		
	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
Notes payable, accounts payable for construction contracts and other	965	821	144	846	699	147	(119)	(123)	4
Electronically recorded obligations – operating	296	260	36	374	330	45	79	70	9
Short-term borrowings	41	39	2	42	39	2	1	1	(0)
Income taxes payable	31	27	4	38	35	4	7	8	(1)
Advances received on construction contracts in progress	199	174	25	119	99	20	(80)	(75)	(5)
Deposits received	295	275	20	346	333	13	51	58	(7)
Provision for contingent loss	76	76	0	15	15	0	(61)	(61)	0
Provision for bonuses	37	22	15	43	28	15	6	6	(0)
Other	76	64	13	83	60	22	6	(3)	10
Total current liabilities	2,016	1,757	259	1,906	1,638	268	(110)	(119)	10
Long-term borrowings	82	82	0	77	77	–	(5)	(4)	(0)
Net defined benefit liability	164	132	32	166	136	30	2	4	(2)
Other	6	2	4	8	2	5	1	0	1
Total non-current liabilities	252	216	36	251	216	36	(1)	(0)	(1)
Total liabilities	2,268	1,973	295	2,157	1,854	304	(111)	(120)	9
Total shareholders' equity	1,472	1,176	296	1,595	1,271	325	123	94	29
Total accumulated other comprehensive income	8	8	0	43	42	1	35	34	1
Total net assets	1,480	1,184	296	1,638	1,313	325	158	128	30
Total liabilities and net assets	3,748	3,158	591	3,796	3,167	629	47	9	39
(Capital adequacy ratio)	39.5%	37.5%	50.1%	43.2%	41.5%	51.7%	+3.7%	+4.0%	+1.6%

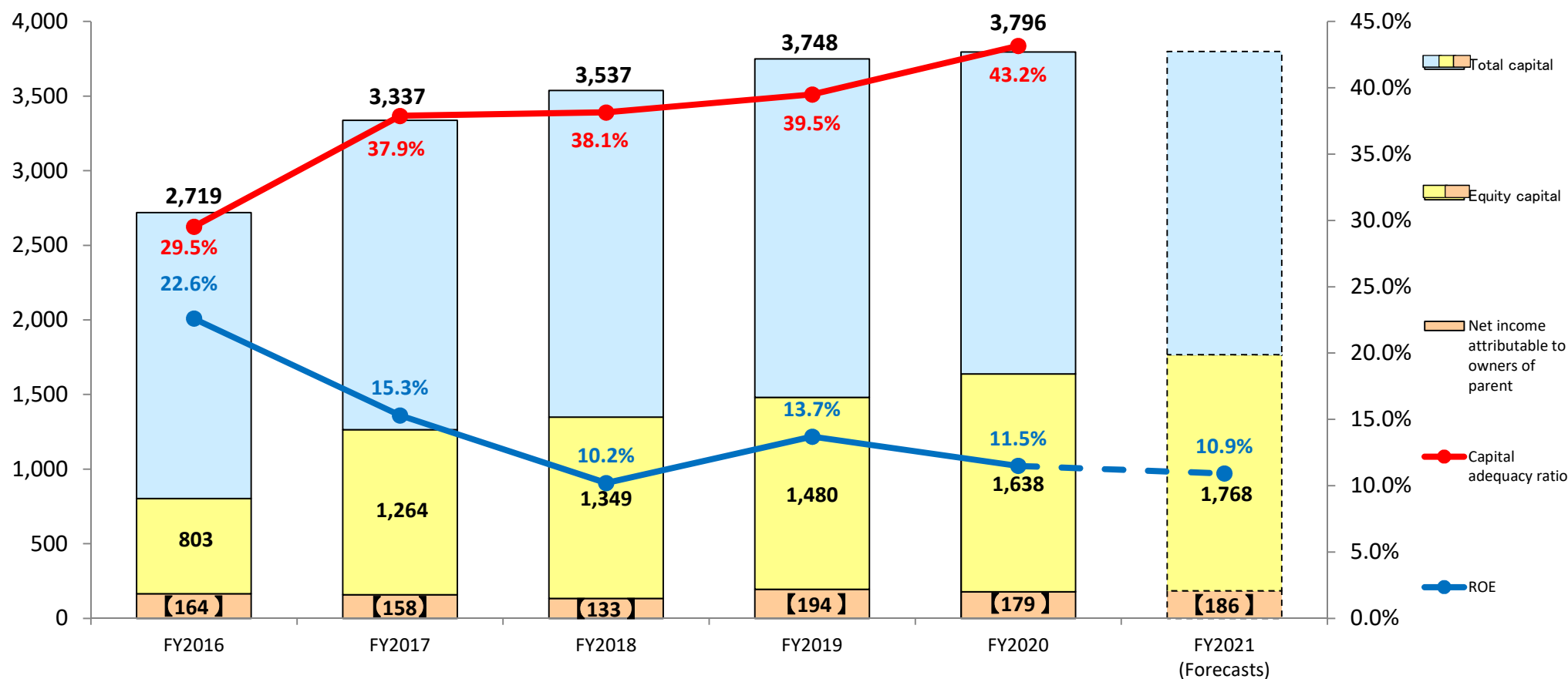
9.Equity Capital(Consolidated) Change

Equity capital(Consolidated)

(100 millions of yen)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecasts)
Equity capital	803	1,264	1,349	1,480	1,638	1,768
Total capital	2,719	3,337	3,537	3,748	3,796	—
Capital adequacy ratio	29.5%	37.9%	38.1%	39.5%	43.2%	—
Net income attributable to owners of parent	164	158	133	194	179	186
ROE	22.6%	15.3%	10.2%	13.7%	11.5%	10.9%

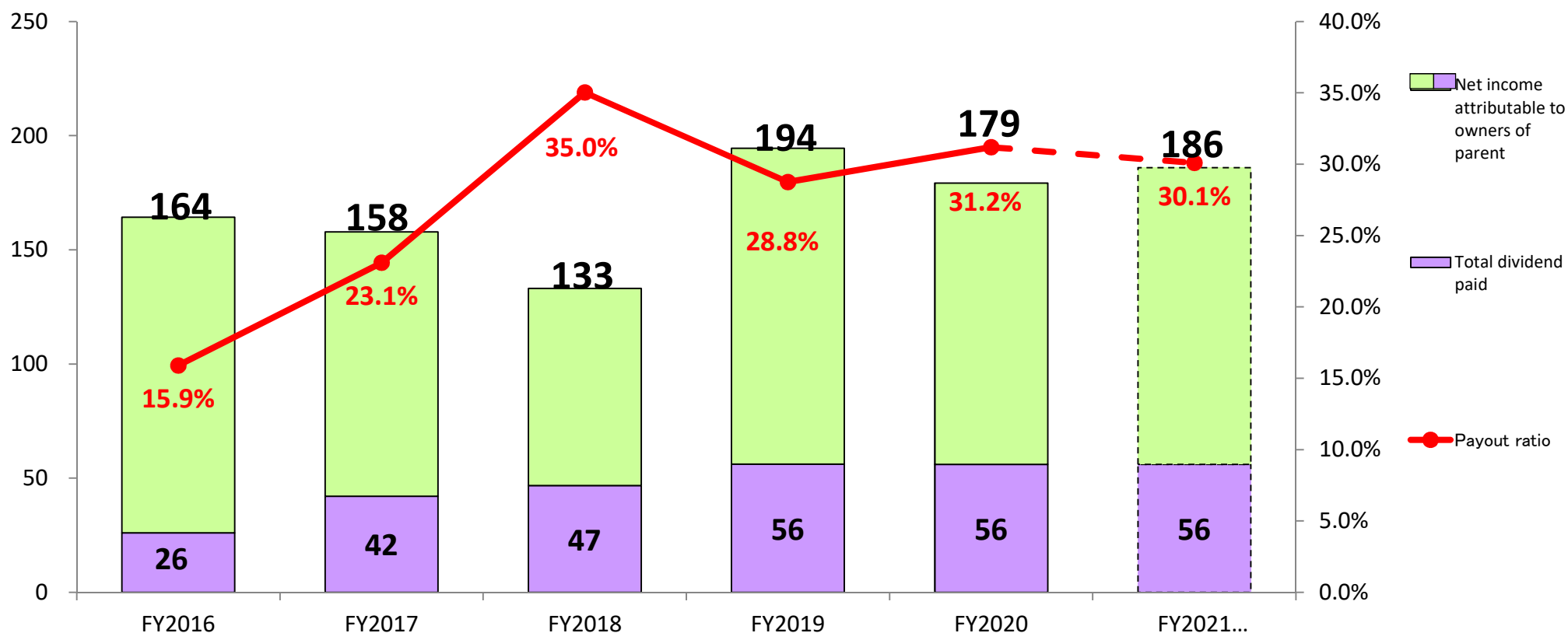
(100 millions of yen)



10.Dividend(Consolidated) Change

Dividend							(100 millions of yen)
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecasts)	
Number of shares issued	377,544,607 shares	46,805,660 shares	46,805,660 shares	46,805,660 shares	46,805,660 shares	46,805,660 shares	※ The company conducted a one-for-ten reverse stock split of common stock on October 1, 2017.
Number of treasury stocks	3,097,013 shares	22,471 shares	36,826 shares	45,563 shares	52,116 shares	52,116 shares	
Dividend per share	7.00 yen	90.00 yen	100.00 yen	120.00 yen	120.00 yen	120.00 yen	
Total dividend paid	26	42	47	56	56	56	
Net income attributable to owners of parent	164	158	133	194	179	186	
Basic earnings per share	43.99 yen	389.63 yen	285.49 yen	417.35 yen	384.69 yen	399.17 yen	
Payout ratio	15.9%	23.1%	35.0%	28.8%	31.2%	30.1%	

(100 millions of yen)



11. Interest-Bearing Debt (Consolidated)

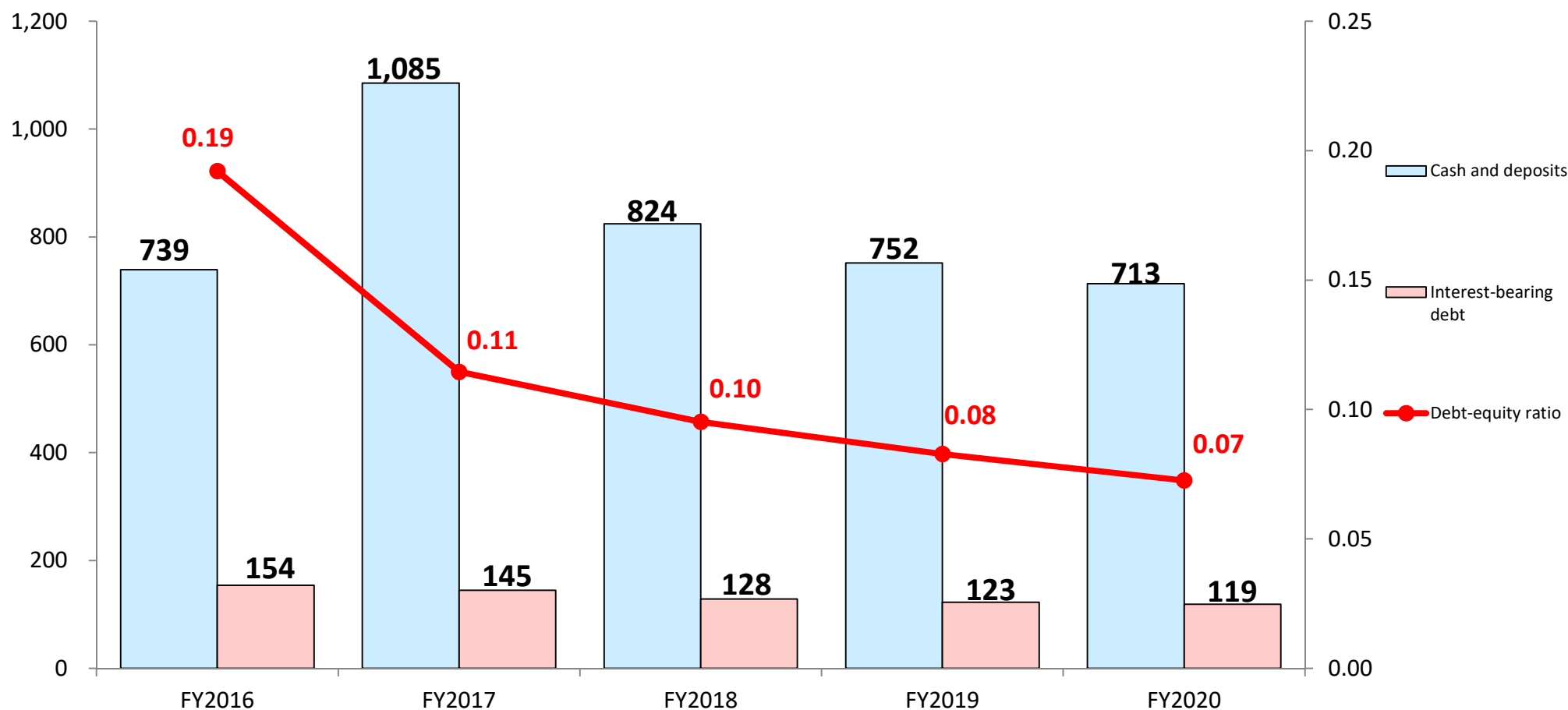
Change

Interest-bearing debt

(100 millions of yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Interest-bearing debt	154	145	128	123	119
Debt-equity ratio	0.19	0.11	0.10	0.08	0.07

(100 millions of yen)



12.Cash Flows(Consolidated)

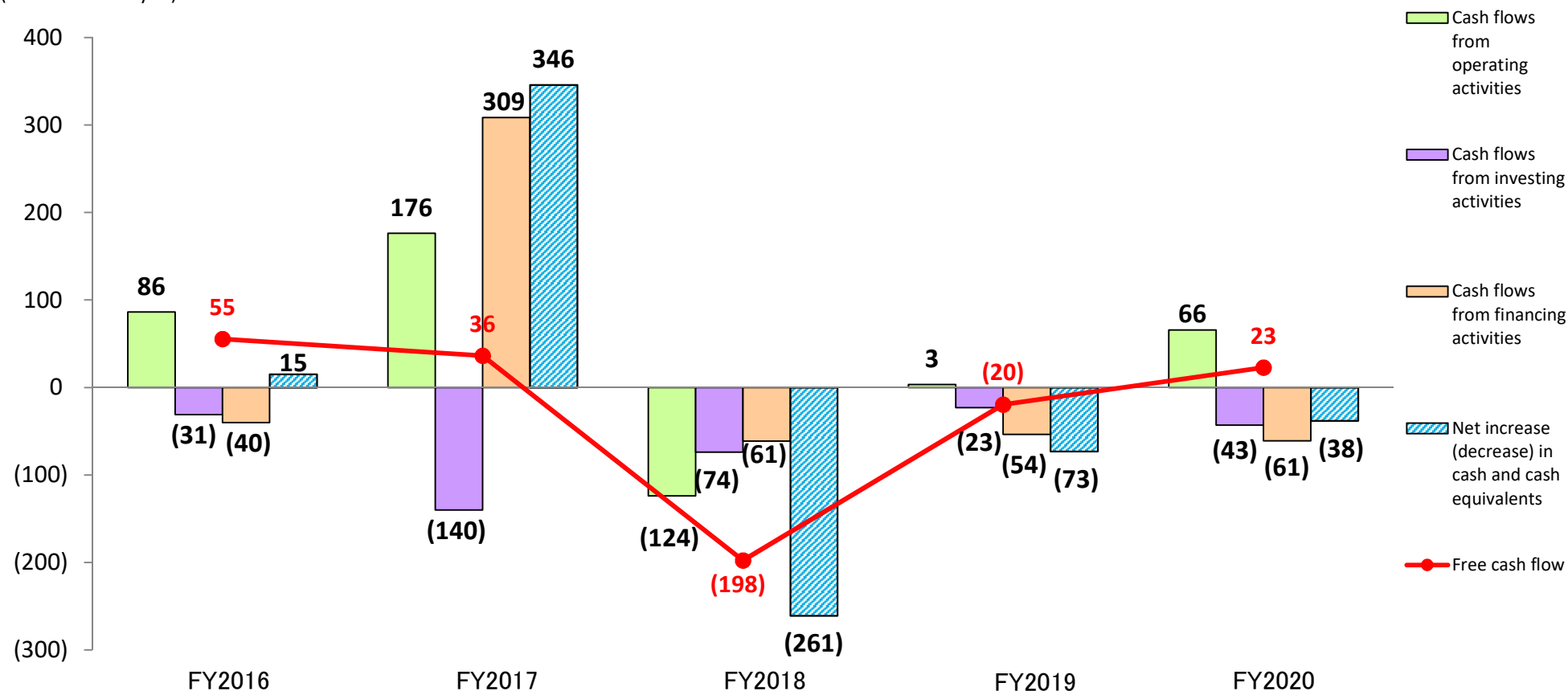
Change

Cash Flows

(100 millions of yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Cash flows from operating activities	86	176	(124)	3	66
Cash flows from investing activities	(31)	(140)	(74)	(23)	(43)
Cash flows from financing activities	(40)	309	(61)	(54)	(61)
Net increase (decrease) in cash and cash equivalents	15	346	(261)	(73)	(38)

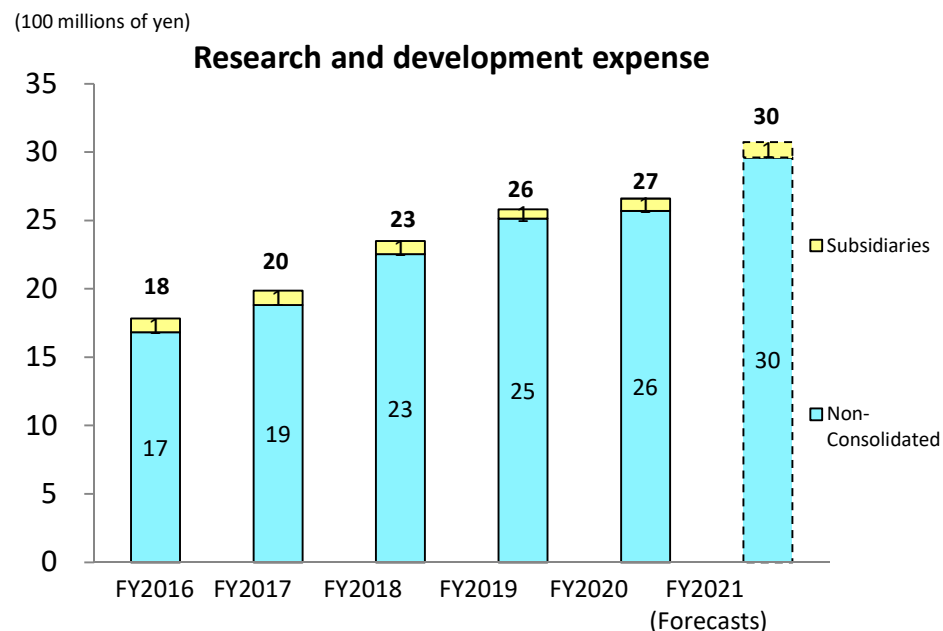
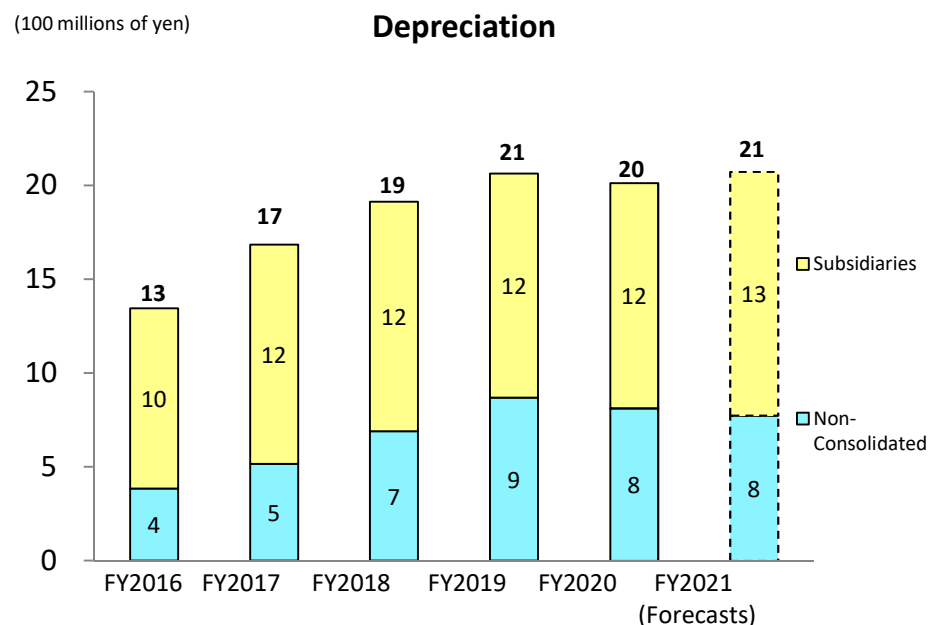
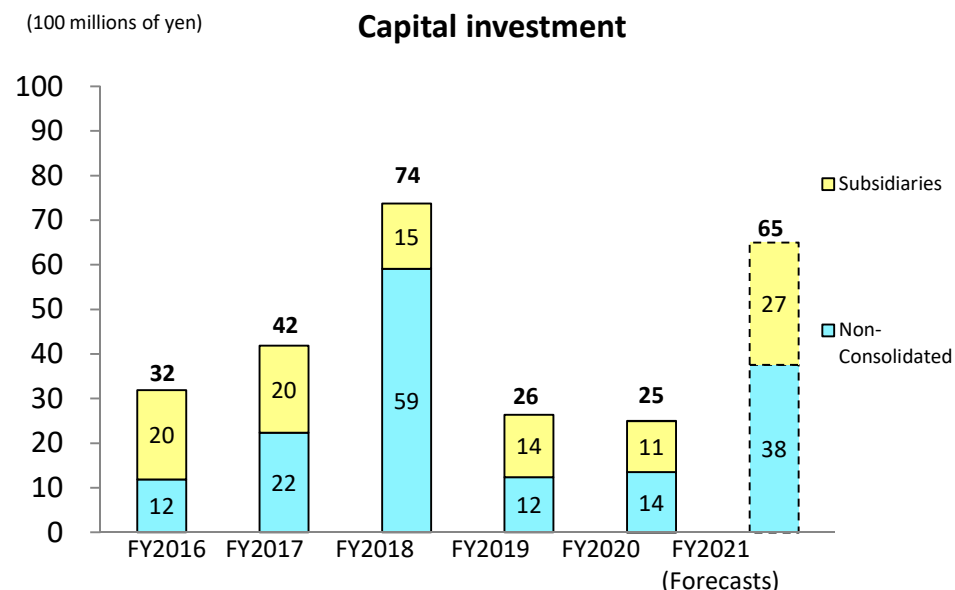
(100 millions of yen)



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

Capital investment and other		(100 millions of yen)		
	FY2016	FY2017	FY2018	
Capital investment	32	42	74	
Depreciation	13	17	19	
Research and development expense	18	20	23	

	FY2019	FY2020	FY2021
			(Forecasts)
Capital investment	26	25	65
Depreciation	21	20	21
Research and development expense	26	27	30



14. Status of Collaboration with Sumitomo Forestry

Areas of Collaboration	Current status (～March 2021)	Immediate Goals (April 2021～)
Green and Wood Construction Business	<ul style="list-style-type: none"> ■ Launched a "with TREE" brand for medium- and large-scale wooden buildings ■ Received an order for H10 Gaienmae, a branded "human first office" building, from Nomura Real Estate Development Co ■ Rebuilding our Fukui Head Office using fire-resistant wood and the ZEB (net Zero Energy Building) System 	<ul style="list-style-type: none"> ■ Establish the "with TREE" brand image and achieve market penetration ■ Increase orders for medium- and large-scale wooden construction projects ■ Increase orders for large-scale projects with greening proposals
Renewable Energy Business	<ul style="list-style-type: none"> ■ Promoting commercialization of wood biomass power generation ■ Currently working on a wind power generation business 	<ul style="list-style-type: none"> ■ Start a joint venture for woody biomass power generation ■ Participate in a large-scale wind power generation business
Overseas Business	<ul style="list-style-type: none"> ■ Established a joint venture SFKG in Singapore to participate in the real estate development business in Asia ■ Currently working on a project in Indonesia 	<ul style="list-style-type: none"> ■ Promote and expand the real estate development business in Asia, centering around Indonesia and Taiwan
Peripheral Business Areas (Healthcare, product development and sale, etc.)	<ul style="list-style-type: none"> ■ Building a supply chain for steel frame procurement from overseas ■ Developing sales channels for in-house developed technological products utilizing Sumitomo Forestry's domestic and overseas offices ■ The sale of "Flora Tender," a mobility aid for independent walking at home, has started 	<ul style="list-style-type: none"> ■ Establish a supply chain for procuring materials to reduce costs in order to further develop "with TREE" architecture that offers both environmental and health benefits ■ Increase sales of Flora Tender, mobility aids for home use
Joint Research and Development (New construction methods, materials, and robotics, etc.)	<ul style="list-style-type: none"> ■ Conducting research and development of various technologies, including earthquake-resistant wooden walls ■ Conducting joint research with JAXA on research regarding labor-saving technologies through automation of forestry machinery systems 	<ul style="list-style-type: none"> ■ Adopt newly-developed technologies into projects ■ Implementation of W30 to realize the W350 Project

15. 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

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

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

- (-) **Decrease in private capital investment:** a large decrease especially in the manufacturing industry
- (-) **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 300 million yen was posted as an extraordinary loss
- (+) **Increased public works:** substantial increase in public construction. Continued firm growth expected in this sector this fiscal year