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## Consolidated Financial Results for the Third Quarter Ended December 31, 2019 [Japanese GAAP]

February 10, 2020

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, 2020  
 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, 2019 (April 1, 2019 – December 31, 2019)

#### (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	%
FY2019 3rd Quarter	307,235	14.3	15,669	5.3	16,021	7.4	12,336	36.1
FY2018 3rd Quarter	268,902	(0.0)	14,883	(4.8)	14,912	(3.4)	9,063	(15.0)

(Note) Comprehensive income FY2019 3rd Quarter 12,706 million yen 57.1% FY2018 3rd Quarter 8,086 million yen (24.7)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019 3rd Quarter	264.74	—
FY2018 3rd Quarter	194.32	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019 3rd Quarter	343,028	142,890	41.7	3,066.69
FY2018	353,718	134,883	38.1	2,894.41

(Reference) Owner's equity FY2019 3rd Quarter 142,890 million yen FY2018 134,883 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
FY2018	—	—	—	100.00	100.00
FY2019	—	—	—		
FY2019 (forecast)				120.00	120.00

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

### 3. Forecast of Consolidated Operating Results for FY2019 (April 1, 2019 – March 31, 2020)

(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
FY2019	426,000	9.5	28,000	5.8	28,000	5.4	20,300	52.5	435.64

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

※ 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)

FY2019 Q3	46,805,660	FY2018	46,805,660
FY2019 Q3	211,149	FY2018	204,179
FY2019 Q3	46,599,379	FY2018 Q3	46,641,517

② Number of treasury stocks at the end of the period

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

※ “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, 2019 (April 1, 2019 – December 31, 2019)

(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	%
FY2019 3rd Quarter	246,232	17.7	12,361	4.8	12,882	2.7	8,988	16.1
FY2018 3rd Quarter	209,122	(1.3)	11,798	(1.8)	12,541	0.8	7,744	(13.3)

  

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019 3rd Quarter	192.45	—
FY2018 3rd Quarter	165.65	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019 3rd Quarter	285,576	114,683	40.2	2,455.58
FY2018	294,950	109,973	37.3	2,354.40

(Reference) Owner's equity FY2019 3rd Quarter 114,683 million yen FY2018 109,973 million yen

2. Forecast of Nonconsolidated Operating Results for FY2019 (April 1, 2019 – March 31, 2020)

(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
FY2019	342,000	11.4	23,400	7.4	16,000	13.0	342.56

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

# 1. Quarterly Consolidated Financial Statements

## (1) Quarterly consolidated balance sheet

(millions of yen)

	Prior Fiscal Year (As of March 31, 2019)	Current 3rd Quarter (As of December 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	82,449	70,164
Notes receivable, accounts receivable from completed construction contracts and other	175,696	171,875
Costs on uncompleted construction contracts	7,300	8,915
Other	22,694	29,626
Allowance for doubtful accounts	(191)	(192)
Total current assets	287,949	280,389
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,746	7,527
Land	14,587	14,777
Other, net	3,501	2,663
Total property, plant and equipment	24,836	24,968
Intangible assets	484	497
Investments and other assets		
Investment securities	24,438	23,714
Deferred tax assets	11,045	8,903
Other	5,070	4,686
Allowance for doubtful accounts	(189)	(176)
Total investments and other assets	40,365	37,126
Total non-current assets	65,686	62,593
Deferred assets		
Share issuance cost	82	45
Total deferred assets	82	45
Total assets	353,718	343,028

(millions of yen)

	Prior Fiscal Year (As of March 31, 2019)	Current 3rd Quarter (As of December 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	86,893	74,268
Electronically recorded obligations – operating	33,172	29,417
Short-term loans payable	3,030	3,580
Advances received on uncompleted construction contracts	14,739	17,058
Deposits received	19,411	30,382
Provision for warranties for completed construction	467	462
Provision for loss on construction contracts	626	334
Provision for contingent loss	10,736	8,287
Provision for loss on anti-monopoly act	3,933	2,622
Provision for bonuses	3,911	1,855
Other	14,218	6,407
<b>Total current liabilities</b>	<b>191,141</b>	<b>174,676</b>
<b>Non-current liabilities</b>		
Long-term loans payable	9,819	8,702
Provision for stock payments	42	83
Retirement benefit liability	16,499	16,382
Other	1,331	291
<b>Total non-current liabilities</b>	<b>27,692</b>	<b>25,461</b>
<b>Total liabilities</b>	<b>218,834</b>	<b>200,137</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	30,108	30,108
Capital surplus	25,157	25,157
Retained earnings	77,642	85,302
Treasury shares	(426)	(449)
<b>Total shareholders' equity</b>	<b>132,481</b>	<b>140,119</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,501	2,912
Foreign currency translation adjustment	349	215
Remeasurements of defined benefit plans	(449)	(357)
<b>Total accumulated other comprehensive income</b>	<b>2,402</b>	<b>2,771</b>
<b>Total net assets</b>	<b>134,883</b>	<b>142,890</b>
<b>Total liabilities and net assets</b>	<b>353,718</b>	<b>343,028</b>

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

(millions of yen)

	FY2018 3rd Quarter (Apr 1, 2018—Dec 31, 2018)	FY2019 3rd Quarter (Apr 1, 2019—Dec 31, 2019)
Net sales of completed construction contracts	268,902	307,235
Cost of sales of completed construction contracts	239,836	276,855
Gross profit on completed construction contracts	29,066	30,380
Selling, general and administrative expenses	14,182	14,711
Operating income	14,883	15,669
Non-operating income		
Interest income	27	32
Dividend income	326	333
Share of profit of entities accounted for using equity method	33	178
Foreign exchange gains	10	—
Other	74	85
Total non-operating income	471	630
Non-operating expenses		
Interest expenses	179	140
Foreign exchange losses	—	8
Commission for syndicate loan	176	26
Amortization of share issuance cost	37	37
Other	49	65
Total non-operating expenses	442	278
Ordinary income	14,912	16,021
Extraordinary income		
Gain on sales of non-current assets	12	4
Gain on sales of investment securities	—	18
Gain on sales of memberships	0	—
Reversal of provision for loss on anti-monopoly act	—	1,311
Total extraordinary income	13	1,334
Extraordinary losses		
Loss on retirement of non-current assets	29	41
Compensation for damage	23	123
Provision for contingent loss	1,349	—
Other	15	25
Total extraordinary losses	1,417	189
Profit before income taxes	13,507	17,166
Income taxes – current	3,153	2,906
Income taxes – deferred	1,290	1,923
Total income taxes	4,444	4,829
Profit	9,063	12,336
Profit attributable to owners of parent	9,063	12,336

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

	FY2018 3rd Quarter (Apr 1, 2018—Dec 31, 2018)	FY2019 3rd Quarter (Apr 1, 2019—Dec 31, 2019)
Profit	9,063	12,336
Other comprehensive income		
Valuation difference on available-for-sale securities	(945)	403
Foreign currency translation adjustment	(71)	(133)
Remeasurements of defined benefit plans, net of tax	42	92
Share of other comprehensive income of entities accounted for using equity method	(2)	7
Total other comprehensive income	(976)	369
Comprehensive income	8,086	12,706
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,086	12,706
Comprehensive income attributable to non-controlling interests	—	—

## 2. Quarterly Nonconsolidated Financial Statements

### (1) Quarterly nonconsolidated balance sheet

(millions of yen)

	Prior Fiscal Year (As of March 31, 2019)	Current 3rd Quarter (As of December 31, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	63,012	49,716
Notes receivable, accounts receivable from completed construction contracts and other	149,141	146,019
Costs on uncompleted construction contracts	5,943	7,641
Other	23,174	29,164
Allowance for doubtful accounts	(166)	(167)
<b>Total current assets</b>	<b>241,106</b>	<b>232,375</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,963	3,777
Land	11,654	11,826
Other, net	1,638	903
<b>Total property, plant and equipment</b>	<b>16,256</b>	<b>16,507</b>
<b>Intangible assets</b>	<b>337</b>	<b>371</b>
<b>Investments and other assets</b>		
Investment securities	12,308	12,484
Deferred tax assets	9,025	7,174
Other	15,856	16,634
Allowance for doubtful accounts	(22)	(18)
<b>Total investments and other assets</b>	<b>37,167</b>	<b>36,275</b>
<b>Total non-current assets</b>	<b>53,761</b>	<b>53,155</b>
<b>Deferred assets</b>		
Share issuance cost	82	45
<b>Total deferred assets</b>	<b>82</b>	<b>45</b>
<b>Total assets</b>	<b>294,950</b>	<b>285,576</b>



(millions of yen)

	Prior Fiscal Year (As of March 31, 2019)	Current 3rd Quarter (As of December 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	66,507	59,443
Electronically recorded obligations – operating	33,174	27,802
Short-term loans payable	2,808	3,360
Lease obligations	20	18
Advances received on uncompleted construction contracts	13,487	15,119
Deposits received	17,803	27,578
Provision for warranties for completed construction	417	416
Provision for loss on construction contracts	450	203
Provision for contingent loss	10,719	8,270
Provision for bonuses	2,614	1,050
Other	12,780	5,527
<b>Total current liabilities</b>	<b>160,783</b>	<b>148,791</b>
<b>Non-current liabilities</b>		
Long-term loans payable	9,780	8,677
Lease obligations	52	39
Provision for stock payments	42	83
Provision for retirement benefits	13,225	13,236
Other	1,092	64
<b>Total non-current liabilities</b>	<b>24,193</b>	<b>22,101</b>
<b>Total liabilities</b>	<b>184,977</b>	<b>170,893</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	30,108	30,108
Capital surplus	25,157	25,157
Retained earnings	52,559	56,871
Treasury shares	(300)	(322)
<b>Total shareholders' equity</b>	<b>107,524</b>	<b>111,815</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	2,448	2,867
<b>Total valuation and translation adjustments</b>	<b>2,448</b>	<b>2,867</b>
<b>Total net assets</b>	<b>109,973</b>	<b>114,683</b>
<b>Total liabilities and net assets</b>	<b>294,950</b>	<b>285,576</b>

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

(millions of yen)

	FY2018 3rd Quarter (Apr 1, 2018—Dec 31, 2018)	FY2019 3rd Quarter (Apr 1, 2019—Dec 31, 2019)
Net sales of completed construction contracts	209,122	246,232
Cost of sales of completed construction contracts	186,774	222,824
Gross profit on completed construction contracts	22,348	23,408
Selling, general and administrative expenses	10,549	11,047
Operating income	11,798	12,361
Non-operating income		
Interest income	23	15
Dividend income	1,019	661
Foreign exchange gains	11	—
Other	111	114
Total non-operating income	1,166	790
Non-operating expenses		
Interest expenses	167	135
Foreign exchange losses	—	3
Commission for syndicate loan	176	26
Amortization of share issuance cost	37	37
Other	42	67
Total non-operating expenses	423	269
Ordinary income	12,541	12,882
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of memberships	0	—
Total extraordinary income	1	—
Extraordinary losses		
Compensation for damage	23	123
Provision for contingent loss	1,349	—
Other	18	24
Total extraordinary losses	1,391	147
Profit before income taxes	11,151	12,734
Income taxes – current	2,440	2,080
Income taxes – deferred	966	1,665
Total income taxes	3,407	3,745
Profit	7,744	8,988

### 3. Supplementary Information

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

(millions of yen)

	FY2018 3rd Quarter Apr 1, 2018—Dec 31, 2018		FY2019 3rd Quarter Apr 1, 2019—Dec 31, 2019		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	21,929	6.9	38,865	24.2	16,935	77.2
Private	92,063	29.0	18,609	11.6	(73,454)	(79.8)
Domestic	113,993	35.9	57,475	35.8	(56,518)	(49.6)
Overseas	—	—	—	—	—	—
<b>Civil engineering</b>	113,993	35.9	57,475	35.8	(56,518)	(49.6)
Public	21,791	6.9	21,036	13.1	(755)	(3.5)
Private	181,727	57.2	79,864	49.8	(101,863)	(56.1)
Domestic	203,518	64.1	100,900	62.9	(102,618)	(50.4)
Overseas	45	0.0	2,123	1.3	2,077	—
<b>Building construction</b>	203,564	64.1	103,023	64.2	(100,540)	(49.4)
Public	43,721	13.8	59,901	37.3	16,180	37.0
Private	273,791	86.2	98,473	61.4	(175,317)	(64.0)
Domestic	317,512	100.0	158,375	98.7	(159,136)	(50.1)
Overseas	45	0.0	2,123	1.3	2,077	—
<b>Orders received—Total</b>	317,558	100	160,498	100	(157,059)	(49.5)
Public	42,917	20.5	44,303	18.0	1,385	3.2
Private	33,000	15.8	41,045	16.7	8,044	24.4
Domestic	75,917	36.3	85,348	34.7	9,430	12.4
Overseas	14	0.0	—	—	(14)	(100.0)
<b>Civil engineering</b>	75,931	36.3	85,348	34.7	9,416	12.4
Public	17,094	8.2	18,443	7.5	1,349	7.9
Private	115,694	55.3	142,241	57.7	26,547	22.9
Domestic	132,789	63.5	160,685	65.2	27,896	21.0
Overseas	401	0.2	199	0.1	(202)	(50.4)
<b>Building construction</b>	133,190	63.7	160,884	65.3	27,693	20.8
Public	60,011	28.7	62,746	25.5	2,734	4.6
Private	148,695	71.1	183,286	74.4	34,591	23.3
Domestic	208,706	99.8	246,033	99.9	37,326	17.9
Overseas	415	0.2	199	0.1	(216)	(52.1)
<b>Net sales—Total</b>	209,122	100	246,232	100	37,110	17.7
Public	70,120	13.2	68,695	14.2	(1,424)	(2.0)
Private	142,199	26.7	121,782	25.1	(20,416)	(14.4)
Domestic	212,319	39.9	190,478	39.3	(21,841)	(10.3)
Overseas	—	—	—	—	—	—
<b>Civil engineering</b>	212,319	39.9	190,478	39.3	(21,841)	(10.3)
Public	36,490	6.9	41,393	8.5	4,903	13.4
Private	283,079	53.2	250,759	51.8	(32,320)	(11.4)
Domestic	319,570	60.1	292,152	60.3	(27,417)	(8.6)
Overseas	18	0.0	2,038	0.4	2,019	—
<b>Building construction</b>	319,589	60.1	294,190	60.7	(25,398)	(7.9)
Public	106,611	20.1	110,089	22.7	3,478	3.3
Private	425,279	79.9	372,541	76.9	(52,737)	(12.4)
Domestic	531,890	100.0	482,631	99.6	(49,259)	(9.3)
Overseas	18	0.0	2,038	0.4	2,019	—
<b>Carried-forward—Total</b>	531,908	100	484,669	100	(47,239)	(8.9)

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

FY2018 3rd Quarter : Increased by 3 million yen      FY2019 3rd Quarter : Increased by 10 million yen

## (2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2018 3rd Quarter	B FY2019 3rd Quarter	B - A	
				%
Net sales	2,689	3,072	383	14.3
Gross profit	291	304	13	4.5
(Ratio)	10.8%	9.9%	(0.9)%	
SG&A expenses	142	147	5	
Operating income	149	157	8	5.3
(Ratio)	5.5%	5.1%	(0.4)%	
Non-operating income - net	0	4	3	
Ordinary income	149	160	11	7.4
Extraordinary income - net	(14)	11	25	
Profit before income taxes	135	172	37	27.1
Income taxes and others	44	48	4	
Profit attributable to owners of parent	91	123	33	36.1

(Forecasts of Operating Results for Full year)

	C FY2018 Result	D FY2019 (Forecasts)	D - C	
				%
	3,891	4,260	369	9.5
	455	484	29	6.3
	11.7%	11.4%	(0.3)%	
	191	204	13	
	265	280	15	5.8
	6.8%	6.6%	(0.2)%	
	1	0	(1)	
	266	280	14	5.4
	(54)	12	66	
	211	292	81	38.3
	78	89	11	
	133	203	70	52.5

Nonconsolidated

(Operating Results)

	A FY2018 3rd Quarter	B FY2019 3rd Quarter	B - A	
				%
Civil engineering	1,140	575	(565)	
Building construction	2,035	1,009	(1,026)	
Domestic	3,175	1,584	(1,591)	
Overseas	0	21	21	
Orders received	3,176	1,605	(1,571)	(49.5)
Civil engineering	759	853	94	
Building construction	1,328	1,607	279	
Domestic	2,087	2,460	373	
Overseas	4	2	(2)	
Net sales	2,091	2,462	371	17.7
Civil engineering	80	87	7	
(Ratio)	10.5%	10.1%	(0.4)%	
Building construction	143	147	4	
(Ratio)	10.8%	9.2%	(1.6)%	
Domestic	223	234	11	
(Ratio)	10.7%	9.5%	(1.2)%	
Overseas	1	0	(0)	
(Ratio)	14.4%	10.4%	(4.0)%	
Gross profit	223	234	11	4.7
(Ratio)	10.7%	9.5%	(1.2)%	
SG&A expenses	105	110	5	
Operating income	118	124	6	4.8
(Ratio)	5.6%	5.0%	(0.6)%	
Non-operating income - net	7	5	(2)	
Ordinary income	125	129	3	2.7
Extraordinary income - net	(14)	(1)	12	
Profit before income taxes	112	127	16	14.2
Income taxes and others	34	37	3	
Profit	77	90	12	16.1

(Forecasts of Operating Results for Full year)

	C FY2018 Result	D FY2019 (Forecasts)	D - C	
				%
	1,558	1,100	(458)	
	2,981	2,400	(581)	
	4,539	3,500	(1,039)	
	1	100	99	
	4,540	3,600	(940)	(20.7)
	1,116	1,150	34	
	1,950	2,260	310	
	3,067	3,410	343	
	4	10	6	
	3,071	3,420	349	11.4
	140	139	(1)	
	12.5%	12.1%	(0.4)%	
	213	244	31	
	10.9%	10.8%	(0.1)%	
	353	383	30	
	11.5%	11.2%	(0.3)%	
	1	1	0	
	20.4%	10.0%	(10.4)%	
	354	384	30	8.5
	11.5%	11.2%	(0.3)%	
	143	154	11	
	211	230	19	9.1
	6.9%	6.7%	(0.2)%	
	7	4	(3)	
	218	234	16	7.4
	(16)	(1)	15	
	202	233	31	15.4
	60	73	13	
	142	160	18	13.0