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Consolidated Financial Results for the First Quarter Ended June 30, 2020 [Japanese GAAP]

August 7, 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 : August 7, 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 First Quarter Ended June 30, 2020 (April 1, 2020 – June 30, 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 1st Quarter	99,726	11.9	4,258	16.2	4,424	13.2	2,719	(30.6)
FY2019 1st Quarter	89,142	11.1	3,665	80.1	3,909	90.2	3,920	180.5

(Note) Comprehensive income FY2020 1st Quarter 2,296 million yen (9.1)% FY2019 1st Quarter 2,527 million yen 65.2%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2020 1st Quarter	58.36	—
FY2019 1st Quarter	84.13	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2020 1st Quarter	371,526	144,727	39.0	3,105.81
FY2019	374,841	148,034	39.5	3,177.22

(Reference) Owner's equity FY2020 1st Quarter 144,727 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	438,000	0.4	25,500	0.2	25,800	0.3	17,500	(10.0)	375.55

(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)

FY2020 Q1	46,805,660	FY2019	46,805,660
FY2020 Q1	206,707	FY2019	213,148
FY2020 Q1	46,598,127	FY2019 Q1	46,601,322

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 First Quarter Ended June 30, 2020 (April 1, 2020 – June 30, 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 1st Quarter	80,487	12.7	3,749	22.7	4,893	38.1	3,416	39.5
FY2019 1st Quarter	71,426	10.7	3,055	87.2	3,542	51.1	2,448	32.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2020 1st Quarter	73.15	—
FY2019 1st Quarter	52.42	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2020 1st Quarter	311,597	115,837	37.2	2,480.26
FY2019	315,780	118,438	37.5	2,536.08

(Reference) Owner's equity FY2020 1st Quarter 115,837 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	346,000	(1.8)	21,400	3.4	14,800	(0.2)	316.89

(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, 2020)	Current 1st Quarter (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	75,155	98,950
Notes receivable, accounts receivable from completed construction contracts and other	190,642	168,084
Costs on uncompleted construction contracts	7,864	11,072
Accounts receivable – other	29,827	22,395
Other	7,395	8,162
Allowance for doubtful accounts	(219)	(189)
Total current assets	310,667	308,476
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,491	7,758
Land	14,795	14,814
Other, net	3,060	2,935
Total property, plant and equipment	25,347	25,508
Intangible assets	540	531
Investments and other assets		
Investment securities	22,870	22,537
Deferred tax assets	10,328	9,190
Other	5,258	5,465
Allowance for doubtful accounts	(204)	(204)
Total investments and other assets	38,252	36,988
Total non-current assets	64,141	63,028
Deferred assets		
Share issuance cost	33	20
Total deferred assets	33	20
Total assets	374,841	371,526

(millions of yen)

	Prior Fiscal Year (As of March 31, 2020)	Current 1st Quarter (As of June 30, 2020)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	96,503	75,243
Electronically recorded obligations – operating	29,572	37,575
Short-term loans payable	4,074	4,617
Advances received on uncompleted construction contracts	19,933	27,174
Deposits received	29,489	39,561
Provision for warranties for completed construction	422	454
Provision for loss on construction contracts	469	400
Provision for contingent loss	7,614	6,037
Provision for bonuses	3,689	1,738
Other	9,819	9,203
Total current liabilities	201,590	202,007
Non-current liabilities		
Long-term loans payable	8,184	7,577
Provision for stock payments	97	104
Retirement benefit liability	16,421	16,465
Other	513	643
Total non-current liabilities	25,216	24,791
Total liabilities	226,807	226,799
Net assets		
Shareholders' equity		
Capital stock	30,108	30,108
Capital surplus	25,157	25,157
Retained earnings	92,413	89,521
Treasury shares	(450)	(443)
Total shareholders' equity	147,228	144,343
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	816	404
Foreign currency translation adjustment	391	349
Remeasurements of defined benefit plans	(401)	(370)
Total accumulated other comprehensive income	806	383
Total net assets	148,034	144,727
Total liabilities and net assets	374,841	371,526

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

(millions of yen)

	FY2019 1st Quarter (Apr 1, 2019—June 30, 2019)	FY2020 1st Quarter (Apr 1, 2020—June 30, 2020)
Net sales of completed construction contracts	89,142	99,726
Cost of sales of completed construction contracts	80,795	90,976
Gross profit on completed construction contracts	8,346	8,749
Selling, general and administrative expenses	4,680	4,490
Operating income	3,665	4,258
Non-operating income		
Interest income	21	12
Dividend income	174	159
Share of profit of entities accounted for using equity method	79	—
Reversal of allowance for doubtful accounts	53	29
Other	18	55
Total non-operating income	347	257
Non-operating expenses		
Interest expenses	48	42
Share of loss of entities accounted for using equity method	—	0
Foreign exchange losses	15	4
Commission for syndicate loan	9	9
Amortization of share issuance cost	12	12
Other	18	21
Total non-operating expenses	104	92
Ordinary income	3,909	4,424
Extraordinary income		
Gain on sales of non-current assets	1	1
Reversal of provision for loss on anti-monopoly act	1,311	—
Total extraordinary income	1,312	1
Extraordinary losses		
Compensation for damage	120	81
Infectious disease related costs	—	204
Other	11	24
Total extraordinary losses	131	310
Profit before income taxes	5,089	4,116
Income taxes – current	83	90
Income taxes – deferred	1,085	1,306
Total income taxes	1,169	1,396
Profit	3,920	2,719
Profit attributable to owners of parent	3,920	2,719

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

	FY2019 1st Quarter (Apr 1, 2019—June 30, 2019)	FY2020 1st Quarter (Apr 1, 2020—June 30, 2020)
Profit	3,920	2,719
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,415)	(412)
Foreign currency translation adjustment	(6)	(42)
Remeasurements of defined benefit plans, net of tax	30	31
Share of other comprehensive income of entities accounted for using equity method	(1)	0
Total other comprehensive income	(1,392)	(422)
Comprehensive income	2,527	2,296
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,527	2,296
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, 2020)	Current 1st Quarter (As of June 30, 2020)
Assets		
Current assets		
Cash and deposits	54,434	73,366
Notes receivable, accounts receivable from completed construction contracts and other	162,022	146,335
Costs on uncompleted construction contracts	6,692	9,922
Other	39,416	29,692
Allowance for doubtful accounts	(194)	(169)
Total current assets	262,371	259,148
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,712	3,706
Land	11,844	11,865
Other, net	984	921
Total property, plant and equipment	16,541	16,492
Intangible assets	420	412
Investments and other assets		
Investment securities	10,693	10,266
Deferred tax assets	8,196	7,222
Other	17,541	18,051
Allowance for doubtful accounts	(16)	(17)
Total investments and other assets	36,413	35,523
Total non-current assets	53,376	52,428
Deferred assets		
Share issuance cost	33	20
Total deferred assets	33	20
Total assets	315,780	311,597

(millions of yen)

	Prior Fiscal Year (As of March 31, 2020)	Current 1st Quarter (As of June 30, 2020)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	82,138	61,578
Electronically recorded obligations – operating	25,974	34,307
Short-term loans payable	3,853	4,397
Lease obligations	17	16
Advances received on uncompleted construction contracts	17,448	24,079
Deposits received	27,526	35,866
Provision for warranties for completed construction	357	402
Provision for loss on construction contracts	293	235
Provision for contingent loss	7,596	6,020
Provision for bonuses	2,163	1,064
Other	8,367	6,721
Total current liabilities	175,737	174,690
Non-current liabilities		
Long-term loans payable	8,166	7,564
Lease obligations	35	30
Provision for stock payments	97	104
Provision for retirement benefits	13,241	13,306
Other	63	63
Total non-current liabilities	21,604	21,070
Total liabilities	197,342	195,760
Net assets		
Shareholders' equity		
Capital stock	30,108	30,108
Capital surplus	25,157	25,157
Retained earnings	62,706	60,511
Treasury shares	(327)	(320)
Total shareholders' equity	117,645	115,457
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	793	379
Total valuation and translation adjustments	793	379
Total net assets	118,438	115,837
Total liabilities and net assets	315,780	311,597

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

(millions of yen)

	FY2019 1st Quarter (Apr 1, 2019—June 30, 2019)	FY2020 1st Quarter (Apr 1, 2020—June 30, 2020)
Net sales of completed construction contracts	71,426	80,487
Cost of sales of completed construction contracts	64,916	73,404
Gross profit on completed construction contracts	6,510	7,083
Selling, general and administrative expenses	3,455	3,333
Operating income	3,055	3,749
Non-operating income		
Interest income	5	11
Dividend income	503	1,145
Other	75	72
Total non-operating income	584	1,228
Non-operating expenses		
Interest expenses	46	42
Foreign exchange losses	7	4
Commission for syndicate loan	9	9
Amortization of share issuance cost	12	12
Other	19	15
Total non-operating expenses	96	84
Ordinary income	3,542	4,893
Extraordinary losses		
Compensation for damage	120	81
Infectious disease related costs	—	175
Other	7	21
Total extraordinary losses	127	278
Profit before income taxes	3,415	4,614
Income taxes – current	(0)	42
Income taxes – deferred	967	1,156
Total income taxes	967	1,198
Profit	2,448	3,416

3. Supplementary Information

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

(millions of yen)

	FY2019 1st Quarter Apr 1, 2019—June 30, 2019		FY2020 1st Quarter Apr 1, 2020—June 30, 2020		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	4,202	27.2	4,658	13.2	456	10.9
Private	4,211	27.3	9,757	27.6	5,546	131.7
Domestic	8,413	54.5	14,416	40.8	6,003	71.4
Overseas	—	—	—	—	—	—
Civil engineering	8,413	54.5	14,416	40.8	6,003	71.4
Public	1,378	9.0	6,893	19.5	5,514	400.0
Private	5,637	36.5	12,154	34.5	6,516	115.6
Domestic	7,016	45.5	19,047	54.0	12,031	171.5
Overseas	0	0.0	1,828	5.2	1,827	—
Building construction	7,017	45.5	20,876	59.2	13,859	197.5
Public	5,580	36.2	11,552	32.7	5,971	107.0
Private	9,848	63.8	21,912	62.1	12,063	122.5
Domestic	15,429	100.0	33,464	94.8	18,034	116.9
Overseas	0	0.0	1,828	5.2	1,827	—
Orders received—Total	15,430	100	35,293	100	19,862	128.7
Public	14,222	19.9	12,912	16.1	(1,309)	(9.2)
Private	11,823	16.6	15,813	19.6	3,989	33.7
Domestic	26,045	36.5	28,725	35.7	2,680	10.3
Overseas	—	—	—	—	—	—
Civil engineering	26,045	36.5	28,725	35.7	2,680	10.3
Public	3,812	5.3	7,335	9.1	3,522	92.4
Private	41,508	58.1	43,967	54.6	2,459	5.9
Domestic	45,320	63.4	51,302	63.7	5,981	13.2
Overseas	60	0.1	459	0.6	398	660.5
Building construction	45,381	63.5	51,761	64.3	6,380	14.1
Public	18,034	25.2	20,247	25.2	2,213	12.3
Private	53,331	74.7	59,780	74.2	6,448	12.1
Domestic	71,366	99.9	80,028	99.4	8,662	12.1
Overseas	60	0.1	459	0.6	398	660.5
Net sales—Total	71,426	100	80,487	100	9,061	12.7
Public	64,113	12.4	47,694	9.6	(16,418)	(25.6)
Private	136,606	26.6	126,483	25.4	(10,122)	(7.4)
Domestic	200,720	39.0	174,178	35.0	(26,541)	(13.2)
Overseas	—	—	—	—	—	—
Civil engineering	200,720	39.0	174,178	35.0	(26,541)	(13.2)
Public	36,367	7.1	43,827	8.8	7,459	20.5
Private	277,265	53.9	276,050	55.4	(1,215)	(0.4)
Domestic	313,632	61.0	319,877	64.2	6,244	2.0
Overseas	42	0.0	3,823	0.8	3,780	—
Building construction	313,675	61.0	323,700	65.0	10,025	3.2
Public	100,480	19.5	91,521	18.4	(8,958)	(8.9)
Private	413,872	80.5	402,533	80.8	(11,338)	(2.7)
Domestic	514,352	100.0	494,055	99.2	(20,297)	(3.9)
Overseas	42	0.0	3,823	0.8	3,780	—
Carried-forward—Total	514,395	100	497,878	100	(16,516)	(3.2)

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

FY2019 1st Quarter : Decreased by 1 million yen FY2020 1st Quarter : Decreased by 40 million yen

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2019 1st Quarter	B FY2020 1st Quarter	B - A	
				%
Net sales	891	997	106	11.9
Gross profit	83	87	4	4.8
(Ratio)	9.4%	8.8%	(0.6)%	
SG&A expenses	47	45	(2)	
Operating income	37	43	6	16.2
(Ratio)	4.1%	4.3%	0.2%	
Non-operating income - net	2	2	(1)	
Ordinary income	39	44	5	13.2
Extraordinary income - net	12	(3)	(15)	
Profit before income taxes	51	41	(10)	(19.1)
Income taxes and others	12	14	2	
Profit attributable to owners of parent	39	27	(12)	(30.6)

(Forecasts of Operating Results for Full year)

	C FY2019 Result	D FY2020 (Forecasts)	D - C	
				%
	4,362	4,380	18	0.4
	455	456	1	0.2
	10.4%	10.4%	0.0%	
	201	201	0	
	254	255	1	0.2
	5.8%	5.8%	0.0%	
	3	3	0	
	257	258	1	0.3
	14	0	(14)	
	271	258	(13)	(4.7)
	76	83	7	
	194	175	(19)	(10.0)

Nonconsolidated

(Operating Results)

	A FY2019 1st Quarter	B FY2020 1st Quarter	B - A	
				%
Civil engineering	84	144	60	
Building construction	70	190	120	
Domestic	154	335	180	
Overseas	0	18	18	
Orders received	154	353	199	128.7
Civil engineering	260	287	27	
Building construction	453	513	60	
Domestic	714	800	87	
Overseas	1	5	4	
Net sales	714	805	91	12.7
Civil engineering	25	24	(0)	
(Ratio)	9.4%	8.5%	(0.9)%	
Building construction	41	46	6	
(Ratio)	8.9%	9.0%	0.1%	
Domestic	65	71	6	
(Ratio)	9.1%	8.8%	(0.3)%	
Overseas	0	0	0	
(Ratio)	8.6%	5.1%	(3.5)%	
Gross profit	65	71	6	8.8
(Ratio)	9.1%	8.8%	(0.3)%	
SG&A expenses	35	33	(1)	
Operating income	31	37	7	22.7
(Ratio)	4.3%	4.7%	0.4%	
Non-operating income - net	5	11	7	
Ordinary income	35	49	14	38.1
Extraordinary income - net	(1)	(3)	(2)	
Profit before income taxes	34	46	12	35.1
Income taxes and others	10	12	2	
Profit	24	34	10	39.5

(Forecasts of Operating Results for Full year)

	C FY2019 Result	D FY2020 (Forecasts)	D - C	
				%
	924	1,050	126	
	2,297	1,900	(397)	
	3,221	2,950	(271)	
	29	60	31	
	3,250	3,010	(240)	(7.4)
	1,222	1,150	(72)	
	2,295	2,290	(5)	
	3,517	3,440	(77)	
	5	20	15	
	3,522	3,460	(62)	(1.8)
	133	125	(8)	
	10.9%	10.9%	0.0%	
	219	227	8	
	9.5%	9.9%	0.4%	
	352	352	0	
	10.0%	10.2%	0.2%	
	1	1	(0)	
	26.0%	5.0%	(21.0)%	
	353	353	(0)	(0.0)
	10.0%	10.2%	0.2%	
	151	150	(1)	
	202	203	1	0.3
	5.7%	5.9%	0.2%	
	4	11	7	
	207	214	7	3.4
	2	0	(2)	
	209	214	5	2.6
	60	66	6	
	148	148	(0)	(0.2)