



CONSOLIDATED FINANCIAL STATEMENTS
together with
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
as of March 31,2021

KUMAGAI GUMI CO., LTD.
TOKYO, JAPAN

Consolidated Balance Sheet

March 31, 2021

	(JPY million)	(US\$ thousand)
Assets		
Current assets		
Cash and deposits	¥ 71,335	\$ 642,658
Notes receivable, accounts receivable from completed construction contracts and other	197,175	1,776,351
Costs on construction contracts in progress	6,454	58,144
Accounts receivable - other	29,477	265,559
Other	7,555	68,063
Allowance for doubtful accounts	(226)	(2,036)
Total current assets	311,770	2,808,739
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,216	182,126
Machinery, vehicles, tools, furniture and fixtures	18,189	163,865
Land	15,105	136,081
Leased assets	900	8,108
Construction in progress	375	3,378
Accumulated depreciation	(29,127)	(262,405)
Total property, plant and equipment	25,658	231,153
Intangible assets	558	5,027
Investments and other assets		
Investment securities	29,711	267,667
Long-term loans receivable	641	5,775
Long-term non-operating accounts receivable	116	1,045
Distressed receivables	26	234
Deferred tax assets	7,245	65,270
Other	4,025	36,262
Allowance for doubtful accounts	(177)	(1,595)
Total investments and other assets	41,587	374,658
Total non-current assets	67,803	610,838
Total assets	¥ 379,573	\$ 3,419,577

	(JPY million)	(US\$ thousand)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	¥ 84,610	\$ 762,252
Electronically recorded obligations - operating	37,435	337,252
Short-term borrowings	4,161	37,486
Income taxes payable	3,841	34,604
Advances received on construction contracts in progress	11,929	107,468
Deposits received	34,622	311,910
Provision for warranties for completed construction	473	4,261
Provision for loss on construction contracts	156	1,405
Provision for contingent loss	1,482	13,351
Provision for bonuses	4,256	38,342
Other	7,640	68,832
Total current liabilities	<u>190,605</u>	<u>1,717,163</u>
Non-current liabilities		
Long-term borrowings	7,728	69,622
Provision for share awards	140	1,261
Retirement benefit liability	16,644	149,946
Other	621	5,594
Total non-current liabilities	<u>25,133</u>	<u>226,423</u>
Total liabilities	<u>215,738</u>	<u>1,943,586</u>
Net assets		
Shareholders' equity		
Share capital	30,108	271,243
Capital surplus	25,156	226,631
Retained earnings	104,727	943,486
Treasury shares	(451)	(4,063)
Total shareholders' equity	<u>159,540</u>	<u>1,437,297</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,241	38,207
Foreign currency translation adjustment	384	3,459
Remeasurements of defined benefit plans	(330)	(2,972)
Total accumulated other comprehensive income	<u>4,295</u>	<u>38,694</u>
Total net assets	<u>163,835</u>	<u>1,475,991</u>
Total liabilities and net assets	<u>¥ 379,573</u>	<u>\$ 3,419,577</u>

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

For the year ended March 31, 2021

Consolidated Statement of Income

	(JPY million)	(US\$ thousand)
Net sales of completed construction contracts	¥ 450,232	\$ 4,056,144
Cost of sales of completed construction contracts	402,148	3,622,955
Gross profit on completed construction contracts	48,084	433,189
Selling, general and administrative expenses	20,015	180,315
Operating profit	28,069	252,874
Non-operating income		
Interest income	40	360
Dividend income	370	3,333
Share of profit of entities accounted for using equity method	226	2,036
Foreign exchange gains	24	216
Other	246	2,217
Total non-operating income	906	8,162
Non-operating expenses		
Interest expenses	190	1,712
Loss on sale of receivables	45	405
Commission for syndicate loans	210	1,892
Amortization of share issuance costs	33	297
Other	97	874
Total non-operating expenses	575	5,180
Ordinary profit	28,400	255,856
Extraordinary income		
Gain on sales of non-current assets	10	90
Gain on sales of investment securities	14	126
Gain on sales of memberships	2	18
Compensation for expropriation	14	126
Settlement received	102	919
Total extraordinary income	142	1,279
Extraordinary losses		
Loss on sale of non-current assets	12	108
Loss on retirement of non-current assets	58	523
Loss on valuation of investment securities	1	9
Compensation for damage	240	2,162
Infectious disease related costs	269	2,423
Provision for contingent loss	1,281	11,541
Loss on transfer of receivables	458	4,126
Loss on change in equity	44	396
Other	86	775
Total extraordinary losses	2,449	22,063
Profit before income taxes	26,093	235,072
Income taxes - current	6,629	59,721
Income taxes - deferred	1,539	13,865
Total income taxes	8,168	73,586
Profit	17,925	161,486
Profit attributable to owners of parent	¥ 17,925	\$ 161,486

Consolidated Statement of Comprehensive Income

	(JPY million)	(US\$ thousand)
Profit	¥ 17,925	\$ 161,486
Other comprehensive income		
Valuation difference on available-for-sale securities	3,429	30,892
Foreign currency translation adjustment	(6)	(54)
Remeasurements of defined benefit plans, net of tax	70	631
Share of other comprehensive income of entities accounted for using equity method	(4)	(36)
Total other comprehensive income	3,489	31,433
Comprehensive income	¥ 21,414	\$ 192,919
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,414	192,919
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statement of Cash Flows

For the year ended March 31, 2021

	(JPY million)	(US\$ thousand)
Cash flows from operating activities		
Profit before income taxes	¥ 26,093	\$ 235,072
Depreciation	2,029	18,279
Amortization of share issuance costs	33	297
Increase (decrease) in allowance for doubtful accounts	(19)	(171)
Increase (decrease) in provision for contingent loss	(6,131)	(55,234)
Increase (decrease) in retirement benefit liability	324	2,919
Interest and dividend income	(411)	(3,703)
Interest expenses	190	1,712
Foreign exchange losses (gains)	(36)	(324)
Share of loss (profit) of entities accounted for using equity method	(226)	(2,036)
Loss (gain) on valuation of investment securities	1	9
Loss (gain) on sale of investment securities	(14)	(126)
Loss (gain) on sale of non-current assets	1	9
Loss on retirement of non-current assets	58	523
Loss on transfer of receivables	458	4,126
Decrease (increase) in trade receivables	(6,535)	(58,874)
Decrease (increase) in costs on construction contracts in progress	1,410	12,703
Increase (decrease) in trade payables	(3,607)	(32,495)
Increase (decrease) in advances received on construction contracts in progress	(8,004)	(72,108)
Decrease (increase) in accounts receivable - other	350	3,153
Increase (decrease) in deposits received	5,133	46,243
Decrease (increase) in other assets and other	(137)	(1,234)
Other, net	1,247	11,233
Subtotal	<u>12,207</u>	<u>109,973</u>
Interest and dividends received	410	3,694
Interest paid	(190)	(1,712)
Income taxes paid	<u>(5,855)</u>	<u>(52,748)</u>
Net cash provided by (used in) operating activities	<u>6,572</u>	<u>59,207</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,094)	(18,865)
Proceeds from sale of property, plant and equipment	102	919
Purchase of investment securities	(21)	(189)
Proceeds from sale of investment securities	30	270
Purchase of shares of subsidiaries and associates	(1,723)	(15,523)
Loan advances	(517)	(4,658)
Proceeds from collection of loans receivable	214	1,928
Other, net	<u>(297)</u>	<u>(2,676)</u>
Net cash provided by (used in) investing activities	<u>(4,306)</u>	<u>(38,794)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	9,009
Proceeds from long-term borrowings	690	6,216
Repayments of long-term borrowings	(2,059)	(18,550)
Purchase of treasury shares	(19)	(171)
Dividends paid	(5,595)	(50,405)
Other, net	(129)	(1,162)
Net cash provided by (used in) financing activities	<u>(6,112)</u>	<u>(55,063)</u>
Effect of exchange rate change on cash and cash equivalents	26	236
Net increase (decrease) in cash and cash equivalents	<u>(3,820)</u>	<u>(34,414)</u>
Cash and cash equivalents at beginning of period	<u>75,155</u>	<u>677,072</u>
Cash and cash equivalents at end of period	<u>¥ 71,335</u>	<u>\$ 642,658</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, 2021.

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. 2021
Technos Co., Ltd.	31 Mar. 2021
K&E Co., Ltd.	31 Mar. 2021
Techno-Space Creates Co., Ltd.	31 Mar. 2021
FATEC Co., Ltd.	31 Mar. 2021
Technical Support Co., Ltd.	31 Mar. 2021
Taiwan Kumagai Co., Ltd.	31 Dec. 2020

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 JPY111=US\$1, which was the approximate exchange rate at March 31, 2021.

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.