



CONSOLIDATED FINANCIAL STATEMENTS
together with
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
as of March 31,2023

KUMAGAI GUMI CO., LTD.
TOKYO, JAPAN

Consolidated Balance Sheet

March 31, 2023

	(JPY million)	(US\$ thousand)
Assets		
Current assets		
Cash and deposits	¥ 40,977	\$ 305,799
Notes receivable, accounts receivable from completed construction contracts and other	225,453	1,682,485
Costs on construction contracts in progress	10,437	77,888
Accounts receivable - other	19,169	143,052
Other	2,295	17,127
Allowance for doubtful accounts	(56)	(418)
Total current assets	298,276	2,225,940
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,530	175,597
Machinery, vehicles, tools, furniture and fixtures	19,124	142,716
Land	17,053	127,261
Leased assets	936	6,985
Construction in progress	93	694
Accumulated depreciation	(31,429)	(234,545)
Total property, plant and equipment	29,309	218,724
Intangible assets	1,478	11,030
Investments and other assets		
Investment securities	34,131	254,709
Long-term loans receivable	296	2,209
Long-term non-operating accounts receivable	101	754
Distressed receivables	25	187
Deferred tax assets	6,914	51,597
Other	6,277	46,843
Allowance for doubtful accounts	(160)	(1,194)
Total investments and other assets	47,586	355,119
Total non-current assets	78,374	584,881
Total assets	¥ 376,650	\$ 2,810,821

	(JPY million)	(US\$ thousand)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	¥ 83,341	\$ 621,948
Electronically recorded obligations - operating	27,107	202,291
Short-term borrowings	3,893	29,052
Income taxes payable	766	5,716
Advances received on construction contracts in progress	12,789	95,440
Deposits received	26,043	194,351
Provision for warranties for completed construction	550	4,104
Provision for loss on construction contracts	994	7,418
Provision for contingent loss	4	30
Provision for bonuses	4,057	30,276
Other	11,372	84,866
Total current liabilities	<u>170,922</u>	<u>1,275,537</u>
Non-current liabilities		
Long-term borrowings	18,303	136,590
Provision for share awards	250	1,866
Retirement benefit liability	16,711	124,709
Other	601	4,485
Total non-current liabilities	<u>35,867</u>	<u>267,664</u>
Total liabilities	<u>206,789</u>	<u>1,543,201</u>
Net assets		
Shareholders' equity		
Share capital	30,108	224,687
Capital surplus	17,133	127,858
Retained earnings	117,498	876,851
Treasury shares	(626)	(4,672)
Total shareholders' equity	<u>164,113</u>	<u>1,224,724</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,512	33,672
Foreign currency translation adjustment	1,372	10,239
Remeasurements of defined benefit plans	(137)	(1,022)
Total accumulated other comprehensive income	<u>5,747</u>	<u>42,888</u>
Total net assets	<u>169,860</u>	<u>1,267,612</u>
Total liabilities and net assets	<u>¥ 376,650</u>	<u>\$ 2,810,821</u>

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

For the year ended March 31, 2023

Consolidated Statement of Income

	(JPY million)	(US\$ thousand)
Net sales of completed construction contracts	¥ 403,502	\$ 3,011,209
Cost of sales of completed construction contracts	370,291	2,763,366
Gross profit on completed construction contracts	33,211	247,843
Selling, general and administrative expenses	21,728	162,149
Operating profit	11,483	85,694
Non-operating income		
Interest income	36	269
Dividend income	816	6,090
Share of profit of entities accounted for using equity method	146	1,090
Foreign exchange gains	156	1,164
Other	194	1,448
Total non-operating income	1,349	10,067
Non-operating expenses		
Interest expenses	208	1,552
Loss on sale of receivables	18	134
Commission for syndicated loans	213	1,590
Loss on investments in investment partnerships	94	701
Other	61	455
Total non-operating expenses	596	4,448
Ordinary profit	12,236	91,313
Extraordinary income		
Gain on sales of non-current assets	6	45
Gain on sales of memberships	77	575
Compensation for damage income	81	604
Other	1	7
Total extraordinary income	167	1,246
Extraordinary losses		
Loss on retirement of non-current assets	42	313
Impairment loss	0	0
Compensation for damage	86	642
Loss on litigation	19	142
Infectious disease related costs	42	313
Additional taxes	155	1,157
Other	25	187
Total extraordinary losses	372	2,776
Profit before income taxes	12,030	89,776
Income taxes - current	3,718	27,746
Income taxes - deferred	339	2,530
Total income taxes	4,057	30,276
Profit	7,973	59,500
Profit attributable to owners of parent	¥ 7,973	\$ 59,500

Consolidated Statement of Comprehensive Income

	(JPY million)	(US\$ thousand)
Profit	¥ 7,973	\$ 59,500
Other comprehensive income		
Valuation difference on available-for-sale securities	1,752	13,075
Foreign currency translation adjustment	290	2,164
Remeasurements of defined benefit plans, net of tax	(9)	(67)
Share of other comprehensive income of entities accounted for using equity method	1	7
Total other comprehensive income	<u>2,034</u>	<u>15,179</u>
Comprehensive income	<u>¥ 10,007</u>	<u>\$ 74,679</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,007	74,679
Comprehensive income attributable to non-controlling interests	—	—

Consolidated Statement of Cash Flows

For the year ended March 31, 2023

	(JPY million)	(US\$ thousand)
Cash flows from operating activities		
Profit before income taxes	¥ 12,030	\$ 89,776
Depreciation	1,898	14,164
Impairment losses	0	0
Increase (decrease) in allowance for doubtful accounts	2	15
Increase (decrease) in provision for contingent loss	(37)	(276)
Increase (decrease) in retirement benefit liability	81	604
Interest and dividend income	(852)	(6,358)
Interest expenses	208	1,552
Foreign exchange losses (gains)	(128)	(955)
Share of loss (profit) of entities accounted for using equity method	(146)	(1,090)
Loss (gain) on investments in investment partnerships	94	701
Loss (gain) on sale of non-current assets	(6)	(45)
Loss on retirement of non-current assets	42	313
Decrease (increase) in trade receivables	(20,421)	(152,396)
Decrease (increase) in costs on construction contracts in progress	(206)	(1,537)
Increase (decrease) in trade payables	(2,092)	(15,612)
Increase (decrease) in advances received on construction contracts in progress	(151)	(1,127)
Decrease (increase) in accounts receivable - other	(1,407)	(10,500)
Increase (decrease) in deposits received	(358)	(2,672)
Decrease (increase) in other assets and other	286	2,134
Other, net	(436)	(3,254)
Subtotal	<u>(11,602)</u>	<u>(86,582)</u>
Interest and dividends received	859	6,410
Interest paid	(211)	(1,575)
Income taxes paid	<u>(7,871)</u>	<u>(58,739)</u>
Net cash provided by (used in) operating activities	<u>(18,826)</u>	<u>(140,493)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,343)	(32,410)
Proceeds from sale of property, plant and equipment	199	1,485
Purchase of investment securities	(358)	(2,672)
Purchase of shares of subsidiaries and associates	(50)	(373)
Purchase of investment in other securities of subsidiaries and associates	(3,235)	(24,142)
Loan advances	(103)	(769)
Proceeds from collection of loans receivable	88	657
Other, net	(655)	(4,888)
Net cash provided by (used in) investing activities	<u>(8,458)</u>	<u>(63,119)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	300	2,239
Proceeds from long-term borrowings	10,150	75,746
Repayments of long-term borrowings	(405)	(3,022)
Purchase of treasury shares	(4,012)	(29,940)
Dividends paid	(5,430)	(40,522)
Other, net	(144)	(1,075)
Net cash provided by (used in) financing activities	<u>456</u>	<u>3,403</u>
Effect of exchange rate change on cash and cash equivalents	<u>399</u>	<u>2,978</u>
Net increase (decrease) in cash and cash equivalents	<u>(26,429)</u>	<u>(197,231)</u>
Cash and cash equivalents at beginning of period	<u>67,404</u>	<u>503,015</u>
Cash and cash equivalents at end of period	<u>¥ 40,974</u>	<u>\$ 305,776</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, 2023.

The subsidiaries which are consolidated with the Company are listed below:

Company Name	Fiscal Year-End
GAEART Co., Ltd.	31 Mar. 2023
Technos Co., Ltd.	31 Mar. 2023
K&E Co., Ltd.	31 Mar. 2023
Techno-Space Creates Co., Ltd.	31 Mar. 2023
FATEC Co., Ltd.	31 Mar. 2023
Technical Support Co., Ltd.	31 Mar. 2023
Taiwan Kumagai Co., Ltd.	31 Dec. 2022

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 JPY134=US\$1, which was the approximate exchange rate at March 31, 2023, and rounded to the nearest US\$ thousand from JPY million.

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.