

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 11, 2020

Company name: Br. Holdings Corporation
 Stock exchange listing: Tokyo
 Stock code: 1726 URL <https://www.brhd.co.jp>
 Representative: President Kimiyasu Fujita
 Director, General Manager, Administration
 Inquiries: Division Takeshi Amatsu TEL 082-261-2860
 Scheduled date to file Quarterly Securities Report: November 12, 2020
 Scheduled date to commence dividend payments: December 1, 2020
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2020	17,860	29.6	995	144.2	985	146.3	604	183.9
Six months ended September 30, 2019	13,780	31.5	407	504.7	399	481.8	212	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	15.59		15.43	
Six months ended September 30, 2019	5.41		5.35	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	29,769	7,368	24.4	186.77
As of March 31, 2020	26,398	6,871	25.6	174.86

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	—	4.00	—	5.00	9.00
Year ending March 31, 2021	—	5.00			
Year ending March 31, 2021 (Forecast)			—	5.00	10.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	36,000	3.5	2,250	4.2	2,150	2.5	1,400	3.8	36.09

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2020	39,700,000 shares	As of March 31, 2020	39,700,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	802,596 shares	As of March 31, 2020	995,796 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	38,786,552 shares	Six months ended September 30, 2019	39,360,814 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	2,732	2,192
Notes receivable, accounts receivable from completed construction contracts and other	13,907	16,704
Costs on construction contracts in progress	1,416	1,695
Merchandise and finished goods	1,876	2,000
Work in process	168	162
Raw materials and supplies	157	146
Accounts receivable - other	489	1,071
Other	35	23
Total current assets	20,784	23,996
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,272	2,248
Land	2,081	2,081
Other, net	588	664
Total property, plant and equipment	4,943	4,995
Intangible assets	74	64
Investments and other assets		
Investment securities	387	360
Deferred tax assets	83	228
Other	150	148
Allowance for doubtful accounts	(25)	(25)
Total investments and other assets	596	712
Total non-current assets	5,614	5,772
Total assets	26,398	29,769

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	4,756	4,568
Electronically recorded obligations - operating	2,763	2,450
Short-term borrowings	3,800	6,700
Current portion of long-term borrowings	1,000	1,300
Income taxes payable	337	458
Advances received on construction contracts in progress	1,425	1,960
Provision for bonuses	–	283
Provision for warranties for completed construction	35	35
Other	1,235	1,259
Total current liabilities	15,353	19,017
Non-current liabilities		
Long-term borrowings	4,050	3,250
Other	123	134
Total non-current liabilities	4,173	3,384
Total liabilities	19,527	22,401
Net assets		
Shareholders' equity		
Share capital	1,317	1,317
Capital surplus	951	979
Retained earnings	4,826	5,237
Treasury shares	(395)	(318)
Total shareholders' equity	6,699	7,215
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68	49
Total accumulated other comprehensive income	68	49
Share acquisition rights	103	103
Total net assets	6,871	7,368
Total liabilities and net assets	26,398	29,769

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	13,780	17,860
Cost of sales	12,208	15,604
Gross profit	1,571	2,256
Selling, general and administrative expenses	1,164	1,261
Operating profit	407	995
Non-operating income		
Interest and dividend income	3	4
Gain on sales of scraps	8	6
Other	12	14
Total non-operating income	24	25
Non-operating expenses		
Interest expenses	14	21
Constraction guarantee fee	14	14
Other	3	0
Total non-operating expenses	32	35
Ordinary profit	399	985
Profit before income taxes	399	985
Income taxes - current	226	517
Income taxes - deferred	(39)	(136)
Total income taxes	187	380
Profit	212	604
Profit attributable to owners of parent	212	604

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	212	604
Other comprehensive income		
Valuation difference on available-for-sale securities	(36)	(19)
Total other comprehensive income	(36)	(19)
Comprehensive income	176	585
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	176	585
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	399	985
Depreciation	156	159
Share-based remuneration expenses	49	104
Increase (decrease) in provision for bonuses	141	283
Increase (decrease) in provision for loss on construction contracts	(1)	–
Increase (decrease) in provision for warranties for completed construction	(10)	–
Interest and dividend income	(3)	(4)
Interest expenses	14	21
Decrease (increase) in trade receivables	(1,659)	(2,797)
Decrease (increase) in costs on construction contracts in progress	(952)	(278)
Decrease (increase) in inventories	(538)	(106)
Decrease (increase) in accounts receivable - other	(396)	(669)
Increase (decrease) in trade payables	(239)	(500)
Increase (decrease) in advances received on construction contracts in progress	1,200	534
Other, net	(105)	122
Subtotal	(1,945)	(2,145)
Interest and dividends received	3	4
Interest paid	(16)	(20)
Income taxes paid	(327)	(392)
Net cash provided by (used in) operating activities	(2,285)	(2,553)
Cash flows from investing activities		
Payments into time deposits	(260)	(742)
Proceeds from withdrawal of time deposits	–	800
Purchase of property, plant and equipment	(419)	(192)
Purchase of intangible assets	(7)	(1)
Purchase of investment securities	(0)	(0)
Loan advances	(0)	(0)
Collection of loans receivable	2	2
Net cash provided by (used in) investing activities	(685)	(134)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,900	2,900
Proceeds from long-term borrowings	1,000	–
Repayments of long-term borrowings	(614)	(500)
Proceeds from exercise of employee share options	0	–
Dividends paid	(156)	(193)
Repayments of lease obligations	(1)	(0)
Net cash provided by (used in) financing activities	3,128	2,205
Net increase (decrease) in cash and cash equivalents	156	(481)
Cash and cash equivalents at beginning of period	2,232	2,312
Cash and cash equivalents at end of period	2,389	1,830