

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 11, 2019

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, 2019
 Scheduled date to commence dividend payments: December 2, 2019
 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, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	13,780	31.5	407	504.7	399	481.8	212	–
Six months ended September 30, 2018	10,481	(5.6)	67	(91.2)	68	(91.1)	7	(98.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	5.41		5.35	
Six months ended September 30, 2018	0.20		0.20	

(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, 2019	27,365	6,331	22.8	157.66
As of March 31, 2019	23,017	6,261	26.6	156.24

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, 2019	–	3.00	–	4.00	7.00
Year ending March 31, 2020	–	4.00			
Year ending March 31, 2020 (Forecast)			–	4.00	8.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	34,000	24.4	1,750	26.2	1,700	20.1	1,050	41.6	26.68

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(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, 2019	39,700,000 shares	As of March 31, 2019	39,700,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	195,796 shares	As of March 31, 2019	475,996 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, 2019	39,360,814 shares	Six months ended September 30, 2018	39,058,296 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	2,812	3,229
Notes receivable, accounts receivable from completed construction contracts and other	9,926	11,585
Costs on construction contracts in progress	3,145	4,098
Merchandise and finished goods	1,238	1,704
Work in process	132	184
Raw materials and supplies	110	131
Accounts receivable - other	310	657
Other	26	171
Total current assets	17,703	21,763
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,635	2,146
Land	2,081	2,081
Other, net	790	576
Total property, plant and equipment	4,508	4,805
Intangible assets	91	84
Investments and other assets		
Investment securities	518	466
Deferred tax assets	61	116
Other	161	155
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	714	711
Total non-current assets	5,314	5,601
Total assets	23,017	27,365

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,706	3,759
Electronically recorded obligations - operating	2,621	2,328
Short-term borrowings	2,400	5,300
Current portion of long-term borrowings	975	661
Income taxes payable	269	167
Advances received on construction contracts in progress	3,541	4,741
Provision for bonuses	–	141
Provision for loss on construction contracts	45	44
Provision for warranties for completed construction	45	35
Other	1,002	996
Total current liabilities	14,608	18,175
Non-current liabilities		
Long-term borrowings	2,050	2,750
Other	97	108
Total non-current liabilities	2,147	2,858
Total liabilities	16,756	21,033
Net assets		
Shareholders' equity		
Share capital	1,317	1,317
Capital surplus	889	951
Retained earnings	3,792	3,848
Treasury shares	(30)	(12)
Total shareholders' equity	5,968	6,105
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	160	123
Total accumulated other comprehensive income	160	123
Share acquisition rights	133	103
Total net assets	6,261	6,331
Total liabilities and net assets	23,017	27,365

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, 2018	Six months ended September 30, 2019
Net sales	10,481	13,780
Cost of sales	9,221	12,208
Gross profit	1,260	1,571
Selling, general and administrative expenses	1,193	1,164
Operating profit	67	407
Non-operating income		
Interest and dividend income	4	3
Gain on sales of scraps	12	8
Other	9	12
Total non-operating income	26	24
Non-operating expenses		
Interest expenses	10	14
Constraction guarantee fee	12	14
Other	2	3
Total non-operating expenses	25	32
Ordinary profit	68	399
Profit before income taxes	68	399
Income taxes - current	102	226
Income taxes - deferred	(41)	(39)
Total income taxes	60	187
Profit	7	212
Profit attributable to owners of parent	7	212

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	7	212
Other comprehensive income		
Valuation difference on available-for-sale securities	37	(36)
Total other comprehensive income	37	(36)
Comprehensive income	45	176
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	45	176
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	68	399
Depreciation	140	156
Share-based remuneration expenses	100	49
Increase (decrease) in provision for bonuses	134	141
Increase (decrease) in provision for loss on construction contracts	(139)	(1)
Increase (decrease) in provision for warranties for completed construction	(0)	(10)
Interest and dividend income	(4)	(3)
Interest expenses	10	14
Decrease (increase) in trade receivables	833	(1,659)
Decrease (increase) in costs on construction contracts in progress	(640)	(952)
Decrease (increase) in inventories	(533)	(538)
Decrease (increase) in accounts receivable - other	(47)	(396)
Increase (decrease) in trade payables	490	(239)
Increase (decrease) in advances received on construction contracts in progress	574	1,200
Other, net	(121)	(105)
Subtotal	863	(1,945)
Interest and dividends received	4	3
Interest paid	(8)	(16)
Income taxes paid	(331)	(327)
Net cash provided by (used in) operating activities	527	(2,285)
Cash flows from investing activities		
Payments into time deposits	(120)	(260)
Purchase of property, plant and equipment	(312)	(419)
Purchase of intangible assets	(13)	(7)
Purchase of investment securities	(0)	(0)
Loan advances	(0)	(0)
Collection of loans receivable	2	2
Net cash provided by (used in) investing activities	(444)	(685)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(125)	2,900
Proceeds from long-term borrowings	–	1,000
Repayments of long-term borrowings	(417)	(614)
Proceeds from exercise of employee share options	0	0
Dividends paid	(115)	(156)
Repayments of lease obligations	(1)	(1)
Net cash provided by (used in) financing activities	(660)	3,128
Net increase (decrease) in cash and cash equivalents	(576)	156
Cash and cash equivalents at beginning of period	3,609	2,232
Cash and cash equivalents at end of period	3,032	2,389