

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2019 (Based on Japanese GAAP)

May 15, 2019

Company name: Br. Holdings Corporation
 Stock exchange listing: Tokyo
 Stock code: 1726 URL <https://www.brhd.co.jp>
 Representative: President Kimiyasu Fujita
 Director, Deputy Executive Manager, Administration Division Takeshi Amatsu TEL 082-261-2860
 Inquiries: Takeshi Amatsu
 Scheduled date of ordinary general meeting of shareholders: June 21, 2019
 Scheduled date to file Securities Report: June 24, 2019
 Scheduled date to commence dividend payments: June 24, 2019
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	27,333	15.5	1,386	(17.2)	1,415	(13.3)	741	(27.7)
Year ended March 31, 2018	23,669	(2.9)	1,674	22.0	1,632	22.8	1,025	14.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	18.94	18.68	12.8	6.6	5.1
Year ended March 31, 2018	26.36	25.97	20.4	8.1	7.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	23,017	6,261	26.6	156.24
As of March 31, 2018	19,611	5,611	27.8	140.13

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	(1,372)	(1,013)	1,009	2,232
Year ended March 31, 2018	3,422	(1,036)	(542)	3,609

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	—	2.50	—	3.00	5.50	213	20.9	4.3
Year ended March 31, 2019	—	3.00	—	4.00	7.00	274	37.0	4.7
Year ending March 31, 2020 (Forecast)	—	4.00	—	4.00	8.00		29.8	

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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	34,000	24.4	1,750	26.2	1,700	20.1	1,050	41.6	26.83

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2019	39,700,000 shares	As of March 31, 2018	39,700,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2019	475,996 shares	As of March 31, 2018	793,176 shares
----------------------	----------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2019	39,140,923 shares	Year ended March 31, 2018	38,892,008 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	3,949,432	2,812,579
Notes receivable, accounts receivable from completed construction contracts and other	6,167,180	9,926,119
Costs on uncompleted construction contracts	3,082,165	3,145,670
Merchandise and finished goods	911,996	1,238,564
Work in process	82,383	132,821
Raw materials and supplies	102,382	110,802
Accounts receivable - other	374,431	310,224
Other	11,342	26,374
Total current assets	14,681,315	17,703,157
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,160,447	5,644,883
Machinery, vehicles, tools, furniture and fixtures	5,145,724	5,366,505
Land	2,097,557	2,081,927
Leased assets	19,752	19,752
Construction in progress	260,045	309,486
Accumulated depreciation and impairment loss	(8,591,587)	(8,914,461)
Total property, plant and equipment	4,091,939	4,508,095
Intangible assets		
Software	83,102	71,118
Telephone subscription right	20,303	20,244
Other	1,508	555
Total intangible assets	104,913	91,918
Investments and other assets		
Investment securities	454,950	518,338
Shares of subsidiaries and associates	15,000	15,000
Deferred tax assets	149,189	61,678
Other	153,562	146,682
Allowance for doubtful accounts	(39,765)	(26,892)
Total investments and other assets	732,937	714,807
Total non-current assets	4,929,790	5,314,821
Total assets	19,611,106	23,017,978

(Thousands of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,802,268	3,706,545
Electronically recorded obligations - operating	1,746,741	2,621,484
Accounts payable - other	131,635	222,357
Short-term loans payable	325,000	2,400,000
Current portion of long-term loans payable	828,480	975,500
Income taxes payable	300,133	269,513
Accrued consumption taxes	105,549	164,912
Advances received on uncompleted construction contracts	3,895,506	3,541,403
Provision for loss on construction contracts	175,680	45,748
Provision for warranties for completed construction	127,703	45,700
Other	337,162	615,648
Total current liabilities	10,775,861	14,608,814
Non-current liabilities		
Long-term loans payable	3,025,500	2,050,000
Deferred tax liabilities	119,085	—
Other	79,175	97,249
Total non-current liabilities	3,223,760	2,147,249
Total liabilities	13,999,622	16,756,064
Net assets		
Shareholders' equity		
Capital stock	1,317,541	1,317,541
Capital surplus	783,126	889,092
Retained earnings	3,285,228	3,792,245
Treasury shares	(50,621)	(30,386)
Total shareholders' equity	5,335,275	5,968,493
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116,710	160,013
Total accumulated other comprehensive income	116,710	160,013
Share acquisition rights	159,499	133,407
Total net assets	5,611,484	6,261,914
Total liabilities and net assets	19,611,106	23,017,978

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	23,669,948	27,333,010
Cost of sales	19,789,223	23,687,899
Gross profit	3,880,725	3,645,110
Selling, general and administrative expenses	2,205,792	2,258,523
Operating profit	1,674,932	1,386,587
Non-operating income		
Interest income	804	1,259
Dividend income	5,904	5,714
Land and house rent received	8,248	6,625
Royalty income	5,047	3,680
Gain on sales of scraps	19,814	26,556
Insurance income	—	37,059
Subsidy income	7,033	556
Reversal of allowance for doubtful accounts	—	12,873
Other	8,261	13,717
Total non-operating income	55,115	108,043
Non-operating expenses		
Interest expenses	21,956	22,423
Constraction guarantee fee	21,935	18,721
Financing expenses	43,893	22,465
Other	10,010	15,762
Total non-operating expenses	97,797	79,373
Ordinary profit	1,632,251	1,415,257
Extraordinary income		
Gain on sales of investment securities	5,014	—
Total extraordinary income	5,014	—
Extraordinary losses		
Loss on valuation of investment securities	39	—
Impairment loss	—	167,264
Total extraordinary losses	39	167,264
Profit before income taxes	1,637,226	1,247,993
Income taxes - current	501,006	557,252
Income taxes - deferred	110,724	(50,669)
Total income taxes	611,730	506,583
Profit	1,025,495	741,409
Profit attributable to non-controlling interests	465	—
Profit attributable to owners of parent	1,025,029	741,409

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	1,025,495	741,409
Other comprehensive income		
Valuation difference on available-for-sale securities	15,767	43,303
Total other comprehensive income	15,767	43,303
Comprehensive income	1,041,263	784,713
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,040,797	784,713
Comprehensive income attributable to non-controlling interests	465	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,317,541	785,582	2,435,151	(54,705)	4,483,568
Changes of items during period					
Dividends of surplus			(174,952)		(174,952)
Profit attributable to owners of parent			1,025,029		1,025,029
Purchase of treasury shares					
Disposal of treasury shares		7,391		4,084	11,476
Change in ownership interest of parent due to transactions with non-controlling interests		(9,846)			(9,846)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(2,455)	850,077	4,084	851,706
Balance at end of current period	1,317,541	783,126	3,285,228	(50,621)	5,335,275

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	100,942	100,942	87,583	42,687	4,714,781
Changes of items during period					
Dividends of surplus					(174,952)
Profit attributable to owners of parent					1,025,029
Purchase of treasury shares					
Disposal of treasury shares					11,476
Change in ownership interest of parent due to transactions with non-controlling interests					(9,846)
Net changes of items other than shareholders' equity	15,767	15,767	71,916	(42,687)	44,995
Total changes of items during period	15,767	15,767	71,916	(42,687)	896,702
Balance at end of current period	116,710	116,710	159,499	–	5,611,484

Fiscal year ended March 31, 2019

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,317,541	783,126	3,285,228	(50,621)	5,335,275
Changes of items during period					
Dividends of surplus			(234,392)		(234,392)
Profit attributable to owners of parent			741,409		741,409
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		105,966		20,244	126,210
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	105,966	507,017	20,234	633,218
Balance at end of current period	1,317,541	889,092	3,792,245	(30,386)	5,968,493

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	116,710	116,710	159,499	—	5,611,484
Changes of items during period					
Dividends of surplus					(234,392)
Profit attributable to owners of parent					741,409
Purchase of treasury shares					(9)
Disposal of treasury shares					126,210
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity	43,304	43,304	(26,092)		17,212
Total changes of items during period	43,304	43,304	(26,092)	—	650,430
Balance at end of current period	160,013	160,013	133,407	—	6,261,914

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	1,637,226	1,247,993
Depreciation	243,586	311,227
Impairment loss	—	167,264
Share-based compensation expenses	83,328	100,007
Increase (decrease) in allowance for doubtful accounts	18,756	(12,873)
Increase (decrease) in provision for loss on construction contracts	(112,900)	(129,931)
Increase (decrease) in provision for warranties for completed construction	(20,998)	(82,003)
Interest and dividend income	(6,709)	(6,973)
Interest expenses	21,956	22,423
Loss (gain) on sales of investment securities	(5,014)	—
Loss (gain) on valuation of investment securities	39	—
Decrease (increase) in notes and accounts receivable - trade	1,977,587	(3,758,538)
Decrease (increase) in costs on uncompleted construction contracts	(1,142,222)	(63,504)
Decrease (increase) in other inventories	(62,253)	(385,426)
Decrease (increase) in accounts receivable - other	2,590,459	140,756
Increase (decrease) in notes and accounts payable - trade	(3,877,464)	1,779,020
Increase (decrease) in advances received on uncompleted construction contracts	2,402,572	(354,102)
Increase (decrease) in accrued consumption taxes	118,731	(17,187)
Decrease (increase) in other assets	47,134	(10,857)
Increase (decrease) in other liabilities	21,387	281,980
Subtotal	3,935,203	(770,726)
Interest and dividend income received	6,709	6,973
Interest expenses paid	(21,350)	(21,503)
Income taxes paid	(497,740)	(587,398)
Net cash provided by (used in) operating activities	3,422,821	(1,372,654)
Cash flows from investing activities		
Payments into time deposits	(570,000)	(780,025)
Proceeds from withdrawal of time deposits	355,000	540,000
Purchase of property, plant and equipment	(803,777)	(761,186)
Purchase of intangible assets	(22,613)	(16,603)
Purchase of investment securities	(1,871)	(1,888)
Proceeds from sales of investment securities	9,730	900
Payments of loans receivable	(7,051)	(500)
Collection of loans receivable	4,580	5,750
Net cash provided by (used in) investing activities	(1,036,002)	(1,013,553)

	(Thousands of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,585,000)	2,075,000
Proceeds from long-term loans payable	3,000,000	—
Repayments of long-term loans payable	(724,825)	(828,480)
Proceeds from exercise of share options	64	111
Purchase of treasury shares	—	(9)
Cash dividends paid	(174,952)	(234,392)
Repayments of lease obligations	(4,672)	(2,900)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(53,000)	—
Net cash provided by (used in) financing activities	(542,386)	1,009,329
Net increase (decrease) in cash and cash equivalents	1,844,432	(1,376,878)
Cash and cash equivalents at beginning of period	1,765,000	3,609,432
Cash and cash equivalents at end of period	3,609,432	2,232,554