

Consolidated Financial Statements
(For the Second Quarter of FY2020)

Consolidated Balance Sheets

(Millions of Yen)

| | FY2019 | Current Second Quarter |
|---|----------------------|--------------------------|
| | As of March 31, 2019 | As of September 30, 2019 |
| Assets | | |
| Current assets: | | |
| Cash and deposits | 34,847 | 19,435 |
| Notes receivable, accounts receivable from completed construction contracts and other | 101,041 | 99,809 |
| Securities | 17,000 | 16,000 |
| Real estate for sale | 991 | 768 |
| Costs on construction contracts in progress | 4,336 | 4,872 |
| Costs on real estate business | 2,736 | 2,943 |
| Work in process | 1,438 | 956 |
| Raw materials and supplies | 75 | 75 |
| Other | 7,974 | 9,510 |
| Allowance for doubtful accounts | (700) | (685) |
| Total current assets | 169,742 | 153,687 |
| Non-current assets: | | |
| Property, plant and equipment: | | |
| Land | 31,758 | 33,604 |
| Other, net | 17,320 | 21,102 |
| Total property, plant and equipment | 49,079 | 54,707 |
| Intangible assets: | | |
| Goodwill | 497 | 482 |
| Other | 439 | 553 |
| Total intangible assets | 937 | 1,035 |
| Investments and other assets: | | |
| Investment securities | 74,168 | 70,513 |
| Retirement benefit asset | 3,140 | 3,128 |
| Other | 2,631 | 2,558 |
| Allowance for doubtful accounts | (2,009) | (1,987) |
| Total investments and other assets | 77,930 | 74,213 |
| Total non-current assets | 127,947 | 129,956 |
| Total assets | 297,690 | 283,643 |

(Millions of Yen)

| | FY2019 | Current Second Quarter |
|--|----------------------|--------------------------|
| | As of March 31, 2019 | As of September 30, 2019 |
| Liabilities | | |
| Current liabilities: | | |
| Notes payable, accounts payable for construction contracts and other | 43,337 | 38,184 |
| Short-term borrowings | 8,075 | 9,289 |
| Income taxes payable | 2,298 | 1,217 |
| Advances received on construction contracts in progress | 13,942 | 15,591 |
| Provisions | 4,225 | 3,404 |
| Provision for loss on construction contracts | 1,118 | 1,614 |
| Asset retirement obligations | 86 | 86 |
| Other | 34,936 | 36,220 |
| Total current liabilities | 108,020 | 105,608 |
| Non-current liabilities: | | |
| Long-term borrowings | 7,122 | 6,016 |
| Asset retirement obligations | 57 | 58 |
| Other | 14,089 | 13,310 |
| Total non-current liabilities | 21,269 | 19,386 |
| Total liabilities | 129,289 | 124,994 |
| Net assets | | |
| Shareholders' equity: | | |
| Share capital | 19,838 | 19,838 |
| Capital surplus | 25,330 | 25,243 |
| Retained earnings | 103,250 | 99,994 |
| Treasury shares | (16,069) | (19,757) |
| Total shareholders' equity | 132,349 | 125,319 |
| Accumulated other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 34,414 | 31,808 |
| Remeasurements of defined benefit plans | 1,693 | 1,520 |
| Total accumulated other comprehensive income | 36,108 | 33,329 |
| Non-controlling interests | (57) | — |
| Total net assets | 168,400 | 158,649 |
| Total liabilities and net assets | 297,690 | 283,643 |

Consolidated Statements of Income

(Six-month Period Ended September 30)

(Millions of Yen)

| | 2Q / FY2019 April 1, 2018 through September 30, 2018 | 2Q / FY2020 April 1, 2019 through September 30, 2019 |
|---|--|--|
| Net sales: | | |
| Net sales of completed construction contracts | 101,151 | 101,394 |
| Net sales in real estate business and other | 4,391 | 4,901 |
| Total net sales | 105,543 | 106,295 |
| Cost of sales: | | |
| Cost of sales of completed construction contracts | 88,162 | 92,083 |
| Cost of sales in real estate business and other | 2,340 | 2,771 |
| Total cost of sales | 90,503 | 94,855 |
| Gross profit: | | |
| Gross profit on completed construction contracts | 12,988 | 9,310 |
| Gross profit on real estate business and other | 2,050 | 2,129 |
| Total gross profit | 15,039 | 11,439 |
| Selling, general and administrative expenses | 8,228 | 8,147 |
| Operating profit | 6,810 | 3,292 |
| Non-operating income: | | |
| Interest income | 19 | 25 |
| Dividend income | 691 | 735 |
| Other | 354 | 170 |
| Total non-operating income | 1,066 | 931 |
| Non-operating expenses: | | |
| Interest expenses | 77 | 83 |
| Foreign exchange losses | — | 55 |
| Other | 13 | 33 |
| Total non-operating expenses | 90 | 172 |
| Ordinary profit | 7,786 | 4,051 |
| Extraordinary income: | | |
| Gain on sales of non-current assets | 79 | 0 |
| Total extraordinary income | 79 | 0 |
| Extraordinary losses: | | |
| Loss on sales of non-current assets | 42 | 3 |
| Loss on retirement of non-current assets | 4 | 4 |
| Total extraordinary losses | 46 | 8 |
| Profit before income taxes | 7,819 | 4,042 |
| Income taxes - current | 1,239 | 1,043 |
| Income taxes - deferred | 890 | 342 |
| Total income taxes | 2,129 | 1,386 |
| Profit | 5,689 | 2,656 |
| Loss attributable to non-controlling interests | — | (28) |
| Profit attributable to owners of parent | 5,689 | 2,684 |

Consolidated Statements of Comprehensive Income

(Six-month Period Ended September 30)

(Millions of Yen)

| | 2Q / FY2019 | 2Q / FY2020 |
|--|---|---|
| | April 1, 2018 through September 30, 2018 | April 1, 2019 through September 30, 2019 |
| Profit | 5,689 | 2,656 |
| Other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 3,171 | (2,606) |
| Remeasurements of defined benefit plans, net of tax | (151) | (172) |
| Total other comprehensive income | 3,020 | (2,778) |
| Comprehensive income | 8,709 | (122) |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of parent | 8,709 | (93) |
| Comprehensive income attributable to non-controlling interests | — | (28) |

Consolidated Statements of Cash Flows

(Six-month Period Ended September 30)

(Millions of Yen)

| | 2Q / FY2019 April 1, 2018 through September 30, 2018 | 2Q / FY2020 April 1, 2019 through September 30, 2019 |
|--|--|--|
| Cash flows from operating activities: | | |
| Profit before income taxes | 7,819 | 4,042 |
| Depreciation | 566 | 655 |
| Amortization of goodwill | — | 14 |
| Loss on retirement of non-current assets | 4 | 4 |
| Increase (decrease) in allowance for doubtful accounts | (203) | (37) |
| Decrease (increase) in retirement benefit asset | (141) | (235) |
| Increase (decrease) in provision for loss on construction contracts | (1,064) | 495 |
| Interest and dividend income | (711) | (761) |
| Interest expenses | 77 | 83 |
| Loss (gain) on sales of non-current assets | (37) | 3 |
| Decrease (increase) in trade receivables | 28,235 | 1,231 |
| Decrease (increase) in costs on construction contracts in progress | 690 | (535) |
| Decrease (increase) in other inventories | (859) | 498 |
| Increase (decrease) in trade payables | (12,788) | (3,864) |
| Increase (decrease) in advances received on construction contracts in progress | 3,834 | 1,649 |
| Other, net | (1,700) | (2,266) |
| Subtotal | 23,721 | 978 |
| Interest and dividends received | 710 | 760 |
| Interest paid | (77) | (83) |
| Income taxes (paid) refund | (2,480) | (2,088) |
| Net cash provided by (used in) operating activities | 21,874 | (432) |

(Millions of Yen)

| | 2Q / FY2019 | 2Q / FY2020 |
|--|---|---|
| | April 1, 2018 through September 30, 2018 | April 1, 2019 through September 30, 2019 |
| Cash flows from investing activities: | | |
| Net decrease (increase) in time deposits | (612) | 725 |
| Purchase of short-term and long-term investment securities | (23,155) | (22) |
| Proceeds from sales and redemption of short-term and long-term investment securities | 90 | 36 |
| Purchase of property, plant and equipment and intangible assets | (1,065) | (6,639) |
| Proceeds from sales of property, plant and equipment and intangible assets | 149 | 0 |
| Loan advances | (1) | (3) |
| Collection of loans receivable | 12 | 186 |
| Other, net | (8) | (5) |
| Net cash provided by (used in) investing activities | (24,591) | (5,720) |
| Cash flows from financing activities: | | |
| Net increase (decrease) in short-term borrowings | (2,164) | 147 |
| Proceeds from long-term borrowings | 2,000 | — |
| Repayments of long-term borrowings | (8) | (9) |
| Purchase of treasury shares | (1,692) | (3,687) |
| Dividends paid | (7,299) | (5,915) |
| Other, net | (4) | (1) |
| Net cash provided by (used in) financing activities | (9,168) | (9,467) |
| Effect of exchange rate change on cash and cash equivalents | 4 | (3) |
| Net increase (decrease) in cash and cash equivalents | (11,881) | (15,623) |
| Cash and cash equivalents at beginning of period | 54,486 | 49,833 |
| Cash and cash equivalents at end of period | 42,605 | 34,210 |

Breakdown of Orders (Nonconsolidated)

(Millions of Yen)

| | | | 2Q / FY2019 April 1, 2018 through September 30, 2018 | | | 2Q / FY2020 April 1, 2019 through September 30, 2019 | | | Change Increase (Decrease) | % Change Increase (Decrease) | |
|-----------------------------|--------------------------------|-------------------------|--|---------|--------|--|---------|------|----------------------------------|------------------------------------|---------|
| | | | | % | % | | % | % | % | | |
| Construction orders awarded | Civil engineering | Domestic public sector | 19,795 | 45.3 | 53.3 | 11,689 | 20.9 | 67.8 | (8,106) | (40.9) | |
| | | Domestic private sector | 23,898 | 54.7 | | 36,500 | 65.2 | | 12,601 | 52.7 | |
| | | Overseas | 1 | 0.0 | | 7,765 | 13.9 | | 7,764 | — | |
| | | Subtotal | 43,695 | 100 | | 55,955 | 100 | | 12,259 | 28.1 | |
| | Architectural construction | Domestic public sector | 5,475 | 14.3 | 46.7 | 6,907 | 26.0 | 32.2 | 1,431 | 26.1 | |
| | | Domestic private sector | 32,787 | 85.7 | | 19,687 | 74.0 | | (13,100) | (40.0) | |
| | | Overseas | — | — | | — | — | | — | — | |
| | | Subtotal | 38,263 | 100 | | 26,594 | 100 | | (11,669) | (30.5) | |
| | Total | Domestic public sector | 25,271 | 30.8 | 100 | 18,596 | 22.5 | 100 | (6,675) | (26.4) | |
| | | Domestic private sector | 56,685 | 69.2 | | 56,187 | 68.1 | | (498) | (0.9) | |
| | | Overseas | 1 | 0.0 | | 7,765 | 9.4 | | 7,764 | — | |
| | | Total | 81,959 | 100 | | 82,549 | 100 | | 590 | 0.7 | |
| Net sales | Projects completed | Civil engineering | Domestic public sector | 32,598 | 78.3 | [41.1] | 33,875 | 71.2 | [46.9] | 1,276 | 3.9 |
| | | | Domestic private sector | 8,616 | 20.7 | 40.0 | 11,452 | 24.1 | 45.7 | 2,836 | 32.9 |
| | | | Overseas | 394 | 1.0 | | 2,224 | 4.7 | | 1,830 | 464.3 |
| | | | Subtotal | 41,609 | 100 | | 47,552 | 100 | | 5,942 | 14.3 |
| | Architectural construction | Domestic public sector | 11,864 | 19.9 | [58.9] | | 4,725 | 8.8 | | [53.1] | (7,139) |
| | | Domestic private sector | 47,677 | 80.1 | 57.3 | 49,116 | 91.2 | 51.8 | 1,438 | 3.0 | |
| | | Overseas | — | — | | — | — | | — | — | |
| | | Subtotal | 59,542 | 100 | | 53,842 | 100 | | (5,700) | (9.6) | |
| | Subtotal | Domestic public sector | 44,463 | 44.0 | | [100] | 38,600 | | 38.1 | [100] | (5,862) |
| | | Domestic private sector | 56,294 | 55.6 | 97.3 | 60,569 | 59.7 | 97.5 | 4,274 | 7.6 | |
| | | Overseas | 394 | 0.4 | | 2,224 | 2.2 | | 1,830 | 464.3 | |
| | | Subtotal | 101,151 | 100 | | 101,394 | 100 | | 242 | 0.2 | |
| | Real estate business and other | 2,810 | 2.7 | 2,585 | | 2.5 | (224) | | (8.0) | | |
| | Total | | | 103,962 | 100 | | 103,980 | 100 | | 18 | 0.0 |
| Period-end backlog | Civil engineering | Domestic public sector | 108,196 | 64.6 | 61.7 | 102,621 | 53.4 | 58.1 | (5,574) | (5.2) | |
| | | Domestic private sector | 50,703 | 30.3 | | 75,808 | 39.4 | | 25,105 | 49.5 | |
| | | Overseas | 8,619 | 5.1 | | 13,775 | 7.2 | | 5,156 | 59.8 | |
| | | Subtotal | 167,518 | 100 | | 192,205 | 100 | | 24,687 | 14.7 | |
| | Architectural construction | Domestic public sector | 13,544 | 13.0 | 38.3 | 25,123 | 18.1 | 41.9 | 11,578 | 85.5 | |
| | | Domestic private sector | 90,577 | 87.0 | | 113,465 | 81.9 | | 22,887 | 25.3 | |
| | | Overseas | — | — | | — | — | | — | — | |
| | | Subtotal | 104,122 | 100 | | 138,588 | 100 | | 34,466 | 33.1 | |
| | Total | Domestic public sector | 121,741 | 44.8 | 100 | 127,744 | 38.6 | 100 | 6,003 | 4.9 | |
| | | Domestic private sector | 141,280 | 52.0 | | 189,274 | 57.2 | | 47,993 | 34.0 | |
| | | Overseas | 8,619 | 3.2 | | 13,775 | 4.2 | | 5,156 | 59.8 | |
| | | Total | 271,640 | 100 | | 330,794 | 100 | | 59,153 | 21.8 | |