

TOTETSU KOGYO CO.,LTD.  
Consolidated Financial statements  
·Consolidated Balance Sheets

(Thousands of Yen)

|                                                                                       | FY2016<br>(As of March 31,2017) | FY2017<br>(As of March 31,2018) |
|---------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Assets                                                                                |                                 |                                 |
| Current assets                                                                        |                                 |                                 |
| Cash and deposits                                                                     | 17,357,680                      | 15,788,110                      |
| Notes receivable, accounts receivable from completed construction contracts and other | 75,718,823                      | 82,342,494                      |
| Costs on uncompleted construction contracts and other                                 | 3,304,316                       | 3,425,492                       |
| Deferred tax assets                                                                   | 1,243,639                       | 931,119                         |
| Other                                                                                 | 3,496,361                       | 2,232,357                       |
| Allowance for doubtful accounts                                                       | △7,335                          | △7,777                          |
| Total current assets                                                                  | 101,113,486                     | 104,711,796                     |
| Non-current assets                                                                    |                                 |                                 |
| Property, plant and equipment                                                         |                                 |                                 |
| Buildings and structures                                                              | 8,387,130                       | 8,842,778                       |
| Machinery, vehicles, tools, furniture and fixtures                                    | 10,748,998                      | 11,495,694                      |
| Land                                                                                  | 1,629,952                       | 1,627,341                       |
| Leased assets                                                                         | 42,864                          | 10,452                          |
| Construction in progress                                                              | 259,692                         | 240,261                         |
| Accumulated depreciation                                                              | △14,117,728                     | △14,745,968                     |
| Total property, plant and equipment                                                   | 6,950,909                       | 7,470,558                       |
| Intangible assets                                                                     | 321,592                         | 432,290                         |
| Investment securities                                                                 | 13,413,475                      | 14,198,373                      |
| Net defined benefit asset                                                             | 98,421                          | 560,201                         |
| Other                                                                                 | 2,266,648                       | 919,479                         |
| Allowance for doubtful accounts                                                       | △1,843,834                      | △453,583                        |
| Total investments and other assets                                                    | 13,934,711                      | 15,224,471                      |
| Total non-current assets                                                              | 21,207,213                      | 23,127,320                      |
| Total assets                                                                          | 122,320,699                     | 127,839,116                     |
| Liabilities                                                                           |                                 |                                 |
| Current liabilities                                                                   |                                 |                                 |
| Notes payable, accounts payable for construction contracts and other                  | 32,971,664                      | 32,205,607                      |
| Other, net                                                                            | 2,149,687                       | 1,440,360                       |
| Advances received on uncompleted construction contracts                               | 1,184,508                       | 605,441                         |
| Provision for warranties for completed construction                                   | 593,207                         | 438,693                         |
| Provision for loss on construction contracts                                          | 719,997                         | 119,725                         |
| Provision for bonuses                                                                 | 1,521,706                       | 1,656,370                       |
| Provision for loss on guarantees                                                      |                                 |                                 |
| Other                                                                                 | 9,539,130                       | 9,984,473                       |
| Total current liabilities                                                             | 48,679,902                      | 46,450,670                      |
| Non-current liabilities                                                               |                                 |                                 |
| Long-term accounts payable - other                                                    | 51,780                          | 42,730                          |
| Lease obligations                                                                     | 85,479                          | 29,450                          |
| Long-term lease and guarantee deposited                                               | 355,054                         | 345,507                         |
| Deferred tax liabilities                                                              | 1,769,362                       | 1,714,775                       |
| Provision for repairs                                                                 | 305,830                         | 398,283                         |
| Net defined benefit liability                                                         | 600,842                         | 597,645                         |
| Asset retirement obligations                                                          | 130,453                         | 132,490                         |
| Total non-current liabilities                                                         | 3,298,802                       | 3,260,882                       |
| Total liabilities                                                                     | 51,978,705                      | 49,711,553                      |
| Net assets                                                                            |                                 |                                 |
| Shareholders' equity                                                                  |                                 |                                 |
| Capital stock                                                                         | 2,810,000                       | 2,810,000                       |
| Capital surplus                                                                       | 2,351,082                       | 2,351,082                       |
| Retained earnings                                                                     | 61,707,930                      | 69,876,087                      |
| Treasury shares                                                                       | △1,793,673                      | △2,794,021                      |
| Total shareholders' equity                                                            | 65,075,338                      | 72,243,147                      |
| Accumulated other comprehensive income                                                |                                 |                                 |
| Valuation difference on available-for-sale securities                                 | 4,571,810                       | 5,057,481                       |
| Remeasurements of defined benefit plans                                               | △316,251                        | △248,138                        |
| Total accumulated other comprehensive income                                          | 4,255,558                       | 4,809,342                       |
| Non-controlling interests                                                             | 1,011,097                       | 1,075,072                       |
| Total net assets                                                                      | 70,341,994                      | 78,127,562                      |
| Total liabilities and net assets                                                      | 122,320,699                     | 127,839,116                     |

TOTETSU KOGYO CO.,LTD.  
Consolidated Financial statements  
·Consolidated Statements of Income

(Thousands of Yen)

|                                                   | FY2016<br>(As of March 31,2017) | FY2017<br>(As of March 31,2018) |
|---------------------------------------------------|---------------------------------|---------------------------------|
| Net sales                                         |                                 |                                 |
| Net sales of completed construction contracts     | 124,113,894                     | 123,912,323                     |
| Net sales for incidental businesses               | 6,520,745                       | 7,296,921                       |
| Total net sales                                   | 130,634,639                     | 131,209,245                     |
| Cost of sales                                     |                                 |                                 |
| Cost of sales of completed construction contracts | 105,581,052                     | 105,767,166                     |
| Cost of sales on incidental businesses            | 4,968,478                       | 5,656,790                       |
| Total cost of sales                               | 110,549,530                     | 111,423,957                     |
| Gross profit                                      |                                 |                                 |
| Gross profit on completed construction contracts  | 18,532,841                      | 18,145,157                      |
| Gross profit on incidental businesses             | 1,552,267                       | 1,640,130                       |
| Total gross profit                                | 20,085,108                      | 19,785,287                      |
| Selling, general and administrative expenses      | 6,713,258                       | 6,783,162                       |
| Operating income                                  | 13,371,850                      | 13,002,125                      |
| Non-operating income                              |                                 |                                 |
| Interest income                                   | 1,413                           | 1,670                           |
| Dividend income                                   | 213,401                         | 222,956                         |
| Equity in earnings of affiliates                  | 57,958                          | 50,447                          |
| Other                                             | 31,921                          | 28,250                          |
| Total non-operating income                        | 304,694                         | 303,325                         |
| Non-operating expenses                            |                                 |                                 |
| Interest expenses                                 |                                 |                                 |
| Commission fee                                    | 6,834                           | 3,260                           |
| Other                                             | 1,300                           | 691                             |
| Total non-operating expenses                      | 8,135                           | 3,951                           |
| Ordinary income                                   | 13,668,410                      | 13,301,499                      |
| Extraordinary income                              |                                 |                                 |
| Gain on sales of non-current assets               | 2,243                           | 92,835                          |
| Gain on sales of golf memberships                 | 2,621                           | 1,370                           |
| Other                                             | 14                              | 3                               |
| Other, net                                        | 4,879                           | 94,208                          |
| Extraordinary losses                              |                                 |                                 |
| Loss on sales of non-current assets               | 133                             | 円                               |
| Loss on retirement of non-current assets          | 49,130                          | 45,565                          |
| Loss on valuation of golf club membership         | 18,714                          | 13,412                          |
| Other                                             | 2,175                           | 円                               |
| Total extraordinary losses                        | 70,153                          | 58,977                          |
| Profit before income taxes                        | 13,603,136                      | 13,336,730                      |
| Income taxes - current                            | 4,083,828                       | 3,308,032                       |
| Income taxes - deferred                           | △114,587                        | △11,419                         |
| Total income taxes                                | 3,969,240                       | 3,296,613                       |
| Profit                                            | 9,633,896                       | 10,040,116                      |
| Profit attributable to non-controlling interests  | 50,871                          | 57,776                          |
| Profit attributable to owners of parent           | 9,583,025                       | 9,982,340                       |

TOTETSU KOGYO CO.,LTD.  
Consolidated Financial statements  
·Consolidated Statements of Cash Flows

(Thousands of Yen)

|                                                                                | FY2016<br>(As of March 31,2017) | FY2017<br>(As of March 31,2018) |
|--------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Cash flows from operating activities                                           |                                 |                                 |
| Profit before income taxes                                                     | 9,983,516                       | 12,678,782                      |
| Depreciation                                                                   | 914,718                         | 878,392                         |
| Increase (decrease) in allowance for doubtful accounts                         | △16,789                         | △18,999                         |
| Increase (decrease) in long-term accounts payable - other                      | 3,800                           | △5,460                          |
| Increase (decrease) in provision for loss on construction contracts            | 21,562                          | 11,091                          |
| Increase (decrease) in provision for bonuses                                   | △21,970                         | △243,942                        |
| Increase (decrease) in provision for loss on guarantees                        | △4,985                          | △3,500                          |
| Increase (decrease) in net defined benefit liability                           | △162,949                        | △264,615                        |
| Increase (decrease) in provision for repairs                                   |                                 | 267,253                         |
| Interest and dividend income                                                   | △189,029                        | △205,331                        |
| Interest expenses                                                              | 1,040                           |                                 |
| Share of (profit) loss of entities accounted for using equity method           | △69,694                         | △49,489                         |
| Loss (gain) on sales and retirement of property, plant and equipment           | △410,519                        | 74,405                          |
| Decrease (increase) in notes and accounts receivable - trade                   | △6,644,542                      | △13,344,746                     |
| Decrease (increase) in costs on uncompleted construction contracts and other   | 111,201                         | △533,571                        |
| Increase (decrease) in notes and accounts payable - trade                      | 2,450,512                       | 1,729,292                       |
| Increase (decrease) in advances received on uncompleted construction contracts | △45,222                         | 851,320                         |
| Increase (decrease) in accrued consumption taxes                               | △754,401                        | 1,210,376                       |
| Other, net                                                                     | 1,966,718                       | 2,031,877                       |
| Subtotal                                                                       | 7,132,966                       | 5,063,135                       |
| Interest and dividend income received                                          | 195,108                         | 211,319                         |
| Interest expenses paid                                                         | △1,040                          |                                 |
| Income taxes paid                                                              | △3,857,020                      | △3,150,732                      |
| Net cash provided by (used in) operating activities                            | 3,470,013                       | 2,123,722                       |
| Cash flows from investing activities                                           |                                 |                                 |
| Purchase of property, plant and equipment                                      | △2,209,754                      | △1,746,504                      |
| Proceeds from sales of property, plant and equipment                           | 1,831,638                       | 1,008,534                       |
| Purchase of intangible assets                                                  | △39,074                         | △30,154                         |
| Purchase of investment securities                                              | △10,928                         | △3,589                          |
| Other, net                                                                     | △16,423                         | △29,333                         |
| Net cash provided by (used in) investing activities                            | △444,540                        | △801,047                        |
| Cash flows from financing activities                                           |                                 |                                 |
| Repayments of lease obligations                                                | △85,709                         | △18,216                         |
| Purchase of treasury shares                                                    | △198,509                        | △549,864                        |
| Proceeds from sales of treasury shares                                         |                                 | 1                               |
| Cash dividends paid                                                            | △855,100                        | △1,629,165                      |
| Dividends paid to non-controlling interests                                    | △1,756                          | △1,756                          |
| Net cash provided by (used in) financing activities                            | △1,141,075                      | △2,199,000                      |
| Net increase (decrease) in cash and cash equivalents                           | 1,884,397                       | △876,325                        |
| Cash and cash equivalents at beginning of period                               | 16,822,166                      | 18,706,564                      |
| Cash and cash equivalents at end of period                                     | 18,706,564                      | 17,830,238                      |

TOTETSU KOGYO CO.,LTD.  
 Consolidated Financial statements  
 ·Consolidated Statements of Comprehensive Income

(Thousands of Yen)

|                                                                                   | FY2016<br>(As of March 31,2017) | FY2017<br>(As of March 31,2018) |
|-----------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Profit                                                                            | 6,606,233                       | 8,563,537                       |
| Other comprehensive income                                                        |                                 |                                 |
| Valuation difference on available-for-sale securities                             | 1,753,512                       | Δ261,730                        |
| Remeasurements of defined benefit plans, net of tax                               | 411,912                         | Δ293,077                        |
| Share of other comprehensive income of entities accounted for using equity method | 24,116                          | Δ3,694                          |
| Total other comprehensive income                                                  | 2,189,540                       | Δ558,502                        |
| Comprehensive income                                                              | 8,795,773                       | 8,005,035                       |
| Comprehensive income attributable to                                              |                                 |                                 |
| Comprehensive income attributable to owners of parent                             | 8,664,175                       | 7,959,683                       |
| Comprehensive income attributable to non-controlling interests                    | 131,598                         | 45,351                          |