

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2019 (Based on Japanese GAAP)

July 12, 2019

Company name: SANYO HOUSING NAGOYA CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8904 URL <https://sanyo-hn.co.jp>
 Representative: Representative Director Yasunari Sawada
 President
 Inquiries: Senior Managing Director Takuya Miyazaki TEL 052- 859- 0034
 Scheduled date to file Quarterly Securities Report: July 12, 2019
 Scheduled date to commence dividend payments: –
 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 nine months ended May 31, 2019 (from September 1, 2018 to May 31, 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	%
Nine months ended May 31, 2019	23,894	(6.4)	219	(74.9)	379	(63.7)	301	(56.0)
Nine months ended May 31, 2018	25,515	8.8	876	58.2	1,045	47.9	685	51.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2019	20.70	–
Nine months ended May 31, 2018	47.00	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2019	38,482	23,738	61.7
As of August 31, 2018	39,526	24,038	60.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2018	–	19.00	–	19.00	38.00
Year ending August 31, 2019	–	19.00	–		
Year ending August 31, 2019 (Forecast)				19.00	38.00

3. Forecast of consolidated financial results for the year ending August 31, 2019 (from September 1, 2018 to August 31, 2019)

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	40,669	5.8	1,457	(21.7)	1,685	(19.0)	1,157	49.7	79.39

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended May 31, 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: Yes
- (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 May 31, 2019	14,884,300 shares	As of August 31, 2018	14,884,300 shares
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Number of treasury shares at the end of the period

As of May 31, 2019	303,555 shares	As of August 31, 2018	303,554 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended May 31, 2019	14,580,745 shares	Nine months ended May 31, 2018	14,580,746 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2018	As of May 31, 2019
Assets		
Current assets		
Cash and deposits	14,878,417	7,215,305
Notes receivable, accounts receivable from completed construction contracts and other	1,744,343	1,131,499
Real estate for sale	2,245,172	3,568,036
Development projects in progress	13,669,854	18,308,633
Costs on uncompleted construction contracts	1,685,186	2,783,432
Raw materials and supplies	26,908	8,586
Other	514,009	808,372
Allowance for doubtful accounts	(700)	(554)
Total current assets	34,763,192	33,823,312
Non-current assets		
Property, plant and equipment	2,802,015	2,774,095
Intangible assets	165,968	143,400
Investments and other assets		
Investment securities	863,473	780,336
Other	937,430	968,253
Allowance for doubtful accounts	(5,758)	(6,714)
Total investments and other assets	1,795,145	1,741,875
Total non-current assets	4,763,129	4,659,372
Total assets	39,526,321	38,482,685
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,849,435	2,915,737
Short-term loans payable	3,928,700	4,239,000
Current portion of long-term loans payable	154,308	877,308
Income taxes payable	367,639	85,336
Advances received on uncompleted construction contracts	726,341	1,154,317
Provision for bonuses	116,519	174,177
Provision for warranties for completed construction	19,416	19,213
Other	1,010,387	724,412
Total current liabilities	9,172,747	10,189,502
Non-current liabilities		
Long-term loans payable	4,232,251	3,866,520
Provision for directors' retirement benefits	1,492,775	109,555
Net defined benefit liability	212,563	211,936
Other	377,163	366,410
Total non-current liabilities	6,314,752	4,554,422
Total liabilities	15,487,499	14,743,925

(Thousands of yen)

	As of August 31, 2018	As of May 31, 2019
Net assets		
Shareholders' equity		
Capital stock	3,732,673	3,732,673
Capital surplus	2,984,589	2,984,589
Retained earnings	17,586,366	17,334,057
Treasury shares	(346,800)	(346,801)
Total shareholders' equity	23,956,828	23,704,518
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81,993	34,241
Total accumulated other comprehensive income	81,993	34,241
Total net assets	24,038,822	23,738,759
Total liabilities and net assets	39,526,321	38,482,685

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2018	Nine months ended May 31, 2019
Net sales	25,515,239	23,894,219
Cost of sales	21,277,977	20,161,078
Gross profit	4,237,261	3,733,141
Selling, general and administrative expenses	3,360,647	3,513,272
Operating profit	876,614	219,869
Non-operating income		
Interest income	4,842	3,322
Dividend income	2,664	2,964
Office work fee	30,226	27,610
Refunded Real Estate Acquisition Tax	76,164	66,642
Income From Safety Cooperating Association	34,705	31,041
Other	65,765	74,968
Total non-operating income	214,368	206,550
Non-operating expenses		
Interest expenses	38,353	36,840
Other	6,998	10,332
Total non-operating expenses	45,352	47,173
Ordinary profit	1,045,630	379,246
Extraordinary income		
Gain on sales of non-current assets	1,560	-
Reversal of provision for directors' retirement benefits	25,319	-
Gain on sales of investment securities	-	67,291
Insurance income	-	44,423
Total extraordinary income	26,879	111,715
Extraordinary losses		
Loss on sales of non-current assets	24,580	-
Loss on retirement of non-current assets	15,745	5,019
Impairment loss	4,738	-
Loss on valuation of investment securities	-	15,185
Other	1,000	-
Total extraordinary losses	46,063	20,205
Profit before income taxes	1,026,446	470,756
Income taxes	341,197	168,997
Profit	685,248	301,758
Profit attributable to owners of parent	685,248	301,758

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2018	Nine months ended May 31, 2019
Profit	685,248	301,758
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,409)	(47,751)
Total other comprehensive income	(16,409)	(47,751)
Comprehensive income	668,839	254,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	668,839	254,007
Comprehensive income attributable to non-controlling interests	—	—