

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2018 (Based on Japanese GAAP)

July 13, 2018

Company name: SANYO HOUSING NAGOYA CO.,LTD.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 8904 URL <http://www.sanyo-hn.co.jp>
 Representative: Representative Director Souichi Miyazaki
 President
 Senior Managing Director
 Inquiries: Department Manager of Takuya Miyazaki TEL 052-859-0034
 Operations and Administration
 Scheduled date to file Quarterly Securities Report: July 13, 2018
 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, 2018 (from September 1, 2017 to May 31, 2018)

(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, 2018	25,515	8.8	876	58.2	1,045	47.9	685	51.1
Nine months ended May 31, 2017	23,461	0.9	554	0.8	707	2.2	453	7.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended May 31, 2018	47.00		–	
Nine months ended May 31, 2017	31.10		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2018	39,194	23,941	61.1
As of August 31, 2017	37,536	23,827	63.5

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, 2017	–	19.00	–	19.00	38.00
Year ending August 31, 2018	–	19.00	–	–	–
Year ending August 31, 2018 (Forecast)	–	–	–	19.00	38.00

3. Forecast of consolidated financial results for the year ending August 31, 2018 (from September 1, 2017 to August 31, 2018)

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	38,845	4.4	1,823	6.8	2,000	4.6	1,348	5.1	92.50

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended May 31, 2018
 (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, 2018	14,884,300 shares	As of August 31, 2017	14,884,300 shares
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Number of treasury shares at the end of the period

As of May 31, 2018	303,554 shares	As of August 31, 2017	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, 2018	14,580,746 shares	Nine months ended May 31, 2017	14,580,746 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2017	As of May 31, 2018
Assets		
Current assets		
Cash and deposits	14,152,411	13,335,076
Notes receivable, accounts receivable from completed construction contracts and other	1,689,576	970,710
Real estate for sale	2,052,479	2,921,444
Development projects in progress	13,503,591	14,998,343
Costs on uncompleted construction contracts	1,380,877	2,217,295
Raw materials and supplies	9,100	25,434
Other	678,576	571,291
Allowance for doubtful accounts	(326)	–
Total current assets	33,466,287	35,039,597
Non-current assets		
Property, plant and equipment	2,664,792	2,764,128
Intangible assets	184,994	159,127
Investments and other assets		
Investment securities	866,978	848,642
Other	353,544	388,780
Allowance for doubtful accounts	–	(5,428)
Total investments and other assets	1,220,522	1,231,994
Total non-current assets	4,070,309	4,155,250
Total assets	37,536,597	39,194,847
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,130,388	2,572,078
Short-term loans payable	6,124,751	5,241,700
Current portion of long-term loans payable	283,228	583,308
Income taxes payable	416,821	80,076
Advances received on uncompleted construction contracts	790,965	1,017,082
Provision for bonuses	121,329	172,016
Provision for warranties for completed construction	22,092	22,854
Other	928,545	720,391
Total current liabilities	11,818,122	10,409,507
Non-current liabilities		
Long-term loans payable	800,939	3,770,828
Provision for directors' retirement benefits	507,399	497,783
Net defined benefit liability	224,136	203,055
Other	358,854	371,757
Total non-current liabilities	1,891,329	4,843,424
Total liabilities	13,709,451	15,252,931

	(Thousands of yen)	
	As of August 31, 2017	As of May 31, 2018
Net assets		
Shareholders' equity		
Capital stock	3,732,673	3,732,673
Capital surplus	2,984,589	2,984,589
Retained earnings	17,367,052	17,498,233
Treasury shares	(346,800)	(346,800)
Total shareholders' equity	23,737,514	23,868,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	89,630	73,220
Total accumulated other comprehensive income	89,630	73,220
Total net assets	23,827,145	23,941,916
Total liabilities and net assets	37,536,597	39,194,847

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, 2017	Nine months ended May 31, 2018
Net sales	23,461,695	25,515,239
Cost of sales	19,621,047	21,277,977
Gross profit	3,840,647	4,237,261
Selling, general and administrative expenses	3,286,423	3,360,647
Operating profit	554,224	876,614
Non-operating income		
Interest income	5,154	4,842
Dividend income	2,330	2,664
Office work fee	26,669	30,226
Refunded Real Estate Acquisition Tax	69,895	76,164
Income From Safety Cooperating Association	31,003	34,705
Other	66,987	65,765
Total non-operating income	202,039	214,368
Non-operating expenses		
Interest expenses	35,845	38,353
Other	13,217	6,998
Total non-operating expenses	49,063	45,352
Ordinary profit	707,201	1,045,630
Extraordinary income		
Gain on sales of non-current assets	496	1,560
Reversal of provision for directors' retirement benefits	-	25,319
Total extraordinary income	496	26,879
Extraordinary losses		
Loss on sales of non-current assets	-	24,580
Loss on retirement of non-current assets	2,490	15,745
Impairment loss	-	4,738
Other	-	1,000
Total extraordinary losses	2,490	46,063
Profit before income taxes	705,207	1,026,446
Income taxes	251,709	341,197
Profit	453,498	685,248
Profit attributable to owners of parent	453,498	685,248

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2017	Nine months ended May 31, 2018
Profit	453,498	685,248
Other comprehensive income		
Valuation difference on available-for-sale securities	(25,748)	(16,409)
Total other comprehensive income	(25,748)	(16,409)
Comprehensive income	427,750	668,839
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	427,750	668,839
Comprehensive income attributable to non-controlling interests	—	—