

Translation

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Summary of Consolidated Financial Results for the Six Months Ended February 28, 2018 (Based on Japanese GAAP)

April 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: April 13, 2018
 Scheduled date to commence dividend payments: May 18, 2018
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended February 28, 2018 (from September 1, 2017 to February 28, 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	%
Six months ended February 28, 2018	16,644	7.8	554	30.6	668	28.2	462	33.6
Six months ended February 28, 2017	15,443	(2.1)	424	(6.7)	520	(5.0)	345	(1.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended February 28, 2018	31.70		-	
Six months ended February 28, 2017	23.73		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of February 28, 2018	40,655		23,984		59.0	
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
Year ended August 31, 2017	Yen -	Yen 19.00	Yen -	Yen 19.00	Yen 38.00
Year ending August 31, 2018	-	19.00	-	19.00	38.00
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 six months ended February 28, 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 February 28, 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 February 28, 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)

Six months ended February 28, 2018	14,580,746 shares	Six months ended February 28, 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 February 28, 2018
Assets		
Current assets		
Cash and deposits	14,152,411	14,207,869
Notes receivable, accounts receivable from completed construction contracts and other	1,689,576	2,103,854
Real estate for sale	2,052,479	2,730,475
Development projects in progress	13,503,591	14,897,240
Costs on uncompleted construction contracts	1,380,877	2,015,243
Raw materials and supplies	9,100	28,236
Other	678,576	642,930
Allowance for doubtful accounts	(326)	(2,311)
Total current assets	33,466,287	36,623,538
Non-current assets		
Property, plant and equipment	2,664,792	2,660,638
Intangible assets	184,994	170,653
Investments and other assets		
Investment securities	866,978	830,948
Other	353,544	369,650
Total investments and other assets	1,220,522	1,200,598
Total non-current assets	4,070,309	4,031,890
Total assets	37,536,597	40,655,429
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,130,388	2,955,515
Short-term loans payable	6,124,751	6,697,700
Current portion of long-term loans payable	283,228	812,308
Income taxes payable	416,821	298,696
Advances received on uncompleted construction contracts	790,965	1,049,391
Provision for bonuses	121,329	88,524
Provision for warranties for completed construction	22,092	22,608
Other	928,545	699,331
Total current liabilities	11,818,122	12,624,074
Non-current liabilities		
Long-term loans payable	800,939	2,981,405
Provision for directors' retirement benefits	507,399	485,174
Net defined benefit liability	224,136	225,528
Other	358,854	354,580
Total non-current liabilities	1,891,329	4,046,688
Total liabilities	13,709,451	16,670,763

(Thousands of yen)

	As of August 31, 2017	As of February 28, 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	17,552,194
Treasury shares	(346,800)	(346,800)
Total shareholders' equity	23,737,514	23,922,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	89,630	62,009
Total accumulated other comprehensive income	89,630	62,009
Total net assets	23,827,145	23,984,665
Total liabilities and net assets	37,536,597	40,655,429

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2017	Six months ended February 28, 2018
Net sales	15,443,952	16,644,321
Cost of sales	12,909,708	13,924,521
Gross profit	2,534,244	2,719,800
Selling, general and administrative expenses	2,109,629	2,165,091
Operating profit	424,615	554,709
Non-operating income		
Interest income	3,510	3,222
Dividend income	2,330	2,664
Office work fee	15,506	19,642
Refunded real-estate acquisition tax	41,668	50,284
IncomeFromSafetyCooperatingAssociation	18,623	22,892
Other	48,147	42,351
Total non-operating income	129,787	141,057
Non-operating expenses		
Interest expenses	23,372	23,631
Other	10,080	4,100
Total non-operating expenses	33,452	27,731
Ordinary profit	520,950	668,035
Extraordinary income		
Gain on sales of non-current assets	79	1,560
Reversal of provision for directors' retirement benefits	–	25,319
Total extraordinary income	79	26,879
Extraordinary losses		
Loss on retirement of non-current assets	2,490	15,717
Other	–	1,000
Total extraordinary losses	2,490	16,717
Profit before income taxes	518,540	678,197
Income taxes	172,557	216,021
Profit	345,982	462,176
Profit attributable to owners of parent	345,982	462,176

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended February 28, 2017	Six months ended February 28, 2018
Profit	345,982	462,176
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,117)	(27,621)
Total other comprehensive income	(10,117)	(27,621)
Comprehensive income	335,865	434,554
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	335,865	434,554
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended February 28, 2017	Six months ended February 28, 2018
Cash flows from operating activities		
Profit before income taxes	518,540	678,197
Depreciation	88,464	83,636
Amortization of goodwill	12,343	12,343
Increase (decrease) in allowance for doubtful accounts	–	1,984
Increase (decrease) in provision for bonuses	(23,371)	(32,804)
Increase (decrease) in provision for warranties for completed construction	(450)	515
Increase (decrease) in net defined benefit liability	4,828	1,392
Increase (decrease) in provision for directors' retirement benefits	18,325	(22,225)
Interest and dividend income	(5,840)	(5,886)
Interest expenses	23,372	23,631
Loss (gain) on sales of property, plant and equipment	(79)	(1,560)
Loss on retirement of non-current assets	2,490	15,717
Decrease (increase) in notes and accounts receivable - trade	(858,915)	(414,278)
Decrease (increase) in inventories	(1,309,267)	(2,725,145)
Increase (decrease) in notes and accounts payable - trade	23,660	(174,873)
Increase (decrease) in advances received on uncompleted construction contracts	(129,291)	258,426
Other, net	(23,819)	(173,437)
Subtotal	(1,659,011)	(2,474,366)
Interest and dividend income received	4,200	3,277
Interest expenses paid	(23,691)	(23,537)
Income taxes paid	(250,348)	(358,997)
Net cash provided by (used in) operating activities	(1,928,851)	(2,853,625)
Cash flows from investing activities		
Payments into time deposits	(666,673)	(666,169)
Proceeds from withdrawal of time deposits	700,060	662,992
Purchase of property, plant and equipment	(49,681)	(75,388)
Proceeds from sales of property, plant and equipment	29,080	4,994
Purchase of intangible assets	(17,592)	(19,966)
Purchase of investment securities	(1,200)	(1,200)
Purchase of shares of subsidiaries	(73,686)	–
Other, net	(1,735)	(4,890)
Net cash provided by (used in) investing activities	(81,426)	(99,627)
Cash flows from financing activities		
Increase in short-term loans payable	5,259,131	5,264,000
Decrease in short-term loans payable	(3,876,200)	(4,691,051)
Proceeds from long-term loans payable	793,000	2,745,000
Repayments of long-term loans payable	(240,862)	(35,454)
Cash dividends paid	(277,034)	(276,959)
Net cash provided by (used in) financing activities	1,658,034	3,005,534
Net increase (decrease) in cash and cash equivalents	(352,243)	52,281
Cash and cash equivalents at beginning of period	10,770,086	12,482,670
Cash and cash equivalents at end of period	10,417,843	12,534,951