

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended November 30, 2017 (Based on Japanese GAAP)

January 12, 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  
 Director and Executive Officer,  
 Inquiries: Department Manager of Administration Takaharu Omori TEL 052-859-0034  
 and Department Head of Personnel  
 Scheduled date to file Quarterly Securities Report: January 12, 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 three months ended November 30, 2017 (from September 1, 2017 to November 30, 2017)

(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	%
Three months ended November 30, 2017	6,444	27.6	(44)	–	26	–	21	–
Three months ended November 30, 2016	5,049	(18.4)	(266)	–	(219)	–	(161)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended November 30, 2017	1.48		–	
Three months ended November 30, 2016	(11.08)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2017	37,073	23,566	63.6
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				
Year ended August 31, 2017	–	19.00	–	19.00	38.00
Year ending August 31, 2018	–				
Year ending August 31, 2018 (Forecast)		19.00	–	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
Six months ending February 28, 2018	15,947	3.3	397	(6.3)	477	(8.3)	313	(9.3)	21.52
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 three months ended November 30, 2017  
(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 November 30, 2017	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 November 30, 2017	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)

Three months ended November 30, 2017	14,580,746 shares	Three months ended November 30, 2016	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 November 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	14,152,411	10,418,536
Notes receivable, accounts receivable from completed construction contracts and other	1,689,576	2,021,748
Real estate for sale	2,052,479	2,223,697
Development projects in progress	13,503,591	15,648,081
Costs on uncompleted construction contracts	1,380,877	2,139,434
Raw materials and supplies	9,100	28,144
Other	678,576	523,457
Allowance for doubtful accounts	(326)	(2,311)
Total current assets	33,466,287	33,000,788
Non-current assets		
Property, plant and equipment	2,664,792	2,653,793
Intangible assets	184,994	186,370
Investments and other assets		
Investment securities	866,978	861,860
Other	353,544	370,940
Total investments and other assets	1,220,522	1,232,800
Total non-current assets	4,070,309	4,072,963
Total assets	37,536,597	37,073,752
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	3,130,388	2,619,674
Short-term loans payable	6,124,751	6,574,950
Current portion of long-term loans payable	283,228	283,228
Income taxes payable	416,821	65,978
Advances received on uncompleted construction contracts	790,965	949,653
Provision for bonuses	121,329	219,451
Provision for warranties for completed construction	22,092	22,338
Other	928,545	681,413
Total current liabilities	11,818,122	11,416,688
Non-current liabilities		
Long-term loans payable	800,939	1,032,382
Provision for directors' retirement benefits	507,399	472,565
Net defined benefit liability	224,136	226,439
Other	358,854	358,949
Total non-current liabilities	1,891,329	2,090,336
Total liabilities	13,709,451	13,507,025

(Thousands of yen)

	As of August 31, 2017	As of November 30, 2017
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	17,111,545
Treasury shares	(346,800)	(346,800)
Total shareholders' equity	23,737,514	23,482,007
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	89,630	84,720
Total accumulated other comprehensive income	89,630	84,720
Total net assets	23,827,145	23,566,727
Total liabilities and net assets	37,536,597	37,073,752

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended November 30, 2016	Three months ended November 30, 2017
Net sales	5,049,972	6,444,740
Cost of sales	4,242,915	5,394,161
Gross profit	807,056	1,050,578
Selling, general and administrative expenses	1,073,666	1,095,277
Operating loss	(266,610)	(44,699)
Non-operating income		
Interest income	1,877	1,670
Dividend income	300	300
Office work fee	9,194	12,851
Refunded Real Estate Acquisition Tax	22,812	32,255
Income From Safety Cooperating Association	8,555	10,884
Other	21,644	25,170
Total non-operating income	64,384	83,132
Non-operating expenses		
Interest expenses	11,129	11,433
Other	5,676	846
Total non-operating expenses	16,806	12,279
Ordinary profit (loss)	(219,032)	26,152
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	1,972	6,025
Total extraordinary losses	1,972	6,025
Profit (loss) before income taxes	(220,924)	47,006
Income taxes	(59,437)	25,479
Profit (loss)	(161,487)	21,526
Profit (loss) attributable to owners of parent	(161,487)	21,526

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended November 30, 2016	Three months ended November 30, 2017
Profit (loss)	(161,487)	21,526
Other comprehensive income		
Valuation difference on available-for-sale securities	6,335	(4,910)
Total other comprehensive income	6,335	(4,910)
Comprehensive income	(155,151)	16,616
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(155,151)	16,616
Comprehensive income attributable to non-controlling interests	—	—