

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended November 30, 2018 (Based on Japanese GAAP)

January 11, 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: January 11, 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 three months ended November 30, 2018 (from September 1, 2018 to November 30, 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	%
Three months ended November 30, 2018	6,286	(2.5)	(291)	–	(243)	–	(129)	–
Three months ended November 30, 2017	6,444	27.6	(44)	–	26	–	21	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended November 30, 2018	(8.86)		–	
Three months ended November 30, 2017	1.48		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2018	38,258	23,617	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	–				
Year ending August 31, 2019 (Forecast)		19.00	–	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
Six months ending February 28, 2019	16,546	(0.6)	216	(60.9)	338	(49.3)	223	(51.6)	15.36
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 three months ended November 30, 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 November 30, 2018	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 November 30, 2018	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)

Three months ended November 30, 2018	14,580,745 shares	Three months ended November 30, 2017	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 November 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,878,417	10,051,645
Notes receivable, accounts receivable from completed construction contracts and other	1,744,343	2,225,724
Real estate for sale	2,245,172	2,890,811
Development projects in progress	13,669,854	15,483,212
Costs on uncompleted construction contracts	1,685,186	2,275,613
Raw materials and supplies	26,908	8,262
Other	514,009	598,143
Allowance for doubtful accounts	(700)	(591)
Total current assets	34,763,192	33,532,821
Non-current assets		
Property, plant and equipment	2,802,015	2,791,029
Intangible assets	165,968	166,777
Investments and other assets		
Investment securities	863,473	827,012
Other	937,430	946,190
Allowance for doubtful accounts	(5,758)	(5,758)
Total investments and other assets	1,795,145	1,767,443
Total non-current assets	4,763,129	4,725,251
Total assets	39,526,321	38,258,072
<b>Liabilities</b>		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,849,435	2,578,293
Short-term loans payable	3,928,700	2,961,500
Current portion of long-term loans payable	154,308	154,308
Income taxes payable	367,639	50,613
Advances received on uncompleted construction contracts	726,341	1,215,868
Provision for bonuses	116,519	226,937
Provision for warranties for completed construction	19,416	19,328
Other	1,010,387	726,308
Total current liabilities	9,172,747	7,933,157
Non-current liabilities		
Long-term loans payable	4,232,251	4,613,674
Provision for directors' retirement benefits	1,492,775	1,500,296
Net defined benefit liability	212,563	216,796
Other	377,163	376,643
Total non-current liabilities	6,314,752	6,707,410
Total liabilities	15,487,499	14,640,568

(Thousands of yen)

	As of August 31, 2018	As of November 30, 2018
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	17,180,111
Treasury shares	(346,800)	(346,801)
Total shareholders' equity	23,956,828	23,550,572
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81,993	66,932
Total accumulated other comprehensive income	81,993	66,932
Total net assets	24,038,822	23,617,504
Total liabilities and net assets	39,526,321	38,258,072

**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, 2017	Three months ended November 30, 2018
Net sales	6,444,740	6,286,112
Cost of sales	5,394,161	5,373,137
Gross profit	1,050,578	912,974
Selling, general and administrative expenses	1,095,277	1,204,649
Operating loss	(44,699)	(291,675)
Non-operating income		
Interest income	1,670	1,200
Dividend income	300	330
Office work fee	12,851	12,672
Refunded Real Estate Acquisition Tax	32,255	20,426
Income From Safety Cooperating Association	10,884	10,892
Other	25,170	20,186
Total non-operating income	83,132	65,708
Non-operating expenses		
Interest expenses	11,433	11,205
Other	846	6,070
Total non-operating expenses	12,279	17,275
Ordinary profit (loss)	26,152	(243,241)
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	–	31,011
Insurance income	–	44,423
Total extraordinary income	26,879	75,434
Extraordinary losses		
Loss on retirement of non-current assets	6,025	–
Total extraordinary losses	6,025	–
Profit (loss) before income taxes	47,006	(167,807)
Income taxes	25,479	(38,586)
Profit (loss)	21,526	(129,221)
Profit (loss) attributable to owners of parent	21,526	(129,221)

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

(Thousands of yen)

	Three months ended November 30, 2017	Three months ended November 30, 2018
Profit (loss)	21,526	(129,221)
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,910)	(15,061)
Total other comprehensive income	(4,910)	(15,061)
Comprehensive income	16,616	(144,282)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,616	(144,282)
Comprehensive income attributable to non-controlling interests	—	—