

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended May 31, 2017 (Based on Japanese GAAP)

July 13, 2017

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: July 13, 2017
 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, 2017 (from September 1, 2016 to May 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended May 31, 2017	23,461	0.9	554	0.8	707	2.2	453	7.8
Nine months ended May 31, 2016	23,261	1.9	549	3.6	692	(0.1)	420	8.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended May 31, 2017	31.10		–	
Nine months ended May 31, 2016	28.77		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2017	36,993	22,992	62.2
As of August 31, 2016	34,960	23,118	66.1

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, 2016	–	19.00	–	19.00	38.00
Year ending August 31, 2017	–	19.00	–	–	–
Year ending August 31, 2017 (Forecast)	–	–	–	19.00	38.00

3. Forecast of consolidated financial results for the year ending August 31, 2017 (from September 1, 2016 to August 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	37,911	9.3	1,475	8.0	1,644	4.9	1,106	29.8	75.86

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended May 31, 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 May 31, 2017	14,884,300 shares	As of August 31, 2016	14,884,300 shares
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Number of treasury shares at the end of the period

As of May 31, 2017	303,554 shares	As of August 31, 2016	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, 2017	14,580,746 shares	Nine months ended May 31, 2016	14,624,132 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of August 31, 2016	As of May 31, 2017
Assets		
Current assets		
Cash and deposits	12,432,074	11,456,325
Notes receivable, accounts receivable from completed construction contracts and other	1,213,699	1,218,018
Real estate for sale	1,590,346	1,964,199
Development projects in progress	14,112,250	15,184,043
Costs on uncompleted construction contracts	1,100,851	2,468,297
Raw materials and supplies	9,975	7,591
Other	586,038	605,117
Allowance for doubtful accounts	(326)	(326)
Total current assets	31,044,910	32,903,266
Non-current assets		
Property, plant and equipment	2,558,971	2,693,031
Intangible assets	158,441	201,430
Investments and other assets		
Investment securities	889,997	858,479
Other	311,430	337,105
Allowance for doubtful accounts	(3,000)	–
Total investments and other assets	1,198,428	1,195,585
Total non-current assets	3,915,841	4,090,048
Total assets	34,960,751	36,993,314
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	2,841,637	2,716,238
Short-term loans payable	5,146,000	6,797,750
Current portion of long-term loans payable	427,000	313,228
Income taxes payable	277,933	67,260
Advances received on uncompleted construction contracts	999,834	1,303,888
Provision for bonuses	112,893	170,938
Provision for warranties for completed construction	19,736	20,888
Other	864,937	722,686
Total current liabilities	10,689,972	12,112,878
Non-current liabilities		
Long-term loans payable	180,000	814,496
Provision for directors' retirement benefits	434,387	497,536
Net defined benefit liability	185,463	219,571
Other	352,395	356,618
Total non-current liabilities	1,152,246	1,888,222
Total liabilities	11,842,219	14,001,101

(Thousands of yen)

	As of August 31, 2016	As of May 31, 2017
Net assets		
Shareholders' equity		
Capital stock	3,732,673	3,732,673
Capital surplus	2,984,589	2,984,589
Retained earnings	16,637,245	16,536,675
Treasury shares	(346,800)	(346,800)
Total shareholders' equity	23,007,707	22,907,137
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	110,824	85,076
Total accumulated other comprehensive income	110,824	85,076
Total net assets	23,118,531	22,992,213
Total liabilities and net assets	34,960,751	36,993,314

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, 2016	Nine months ended May 31, 2017
Net sales	23,261,689	23,461,695
Cost of sales	19,532,747	19,621,047
Gross profit	3,728,941	3,840,647
Selling, general and administrative expenses	3,179,280	3,286,423
Operating income	549,661	554,224
Non-operating income		
Interest income	7,260	5,154
Dividend income	2,078	2,330
Office work fee	27,826	26,669
Cancellation Penalty Income	5,650	-
Refunded Real Estate Acquisition Tax	57,383	69,895
Income From Safety Cooperating Association	31,907	31,003
Other	53,356	66,987
Total non-operating income	185,462	202,039
Non-operating expenses		
Interest expenses	34,590	35,845
Other	8,403	13,217
Total non-operating expenses	42,994	49,063
Ordinary income	692,129	707,201
Extraordinary income		
Gain on sales of non-current assets	1,731	496
Other	262	-
Total extraordinary income	1,994	496
Extraordinary losses		
Loss on retirement of non-current assets	2,581	2,490
Repayment of Cancellation Penalty Income	36,900	-
Other	44	-
Total extraordinary losses	39,526	2,490
Profit before income taxes	654,597	705,207
Income taxes	233,886	251,709
Profit	420,710	453,498
Profit attributable to owners of parent	420,710	453,498

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended May 31, 2016	Nine months ended May 31, 2017
Profit	420,710	453,498
Other comprehensive income		
Valuation difference on available-for-sale securities	53,928	(25,748)
Total other comprehensive income	53,928	(25,748)
Comprehensive income	474,639	427,750
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	474,639	427,750
Comprehensive income attributable to non-controlling interests	—	—