

May 15, 2020

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (FY3/20) [Japanese GAAP]

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 Securities code: 1420
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 Scheduled date of Annual General Meeting of Shareholders: June 25, 2020
 Scheduled date of filing of Annual Securities Report: Undecided
 Scheduled date of payment of dividend: June 4, 2020
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for FY3/20 (April 1, 2019 – March 31, 2020)

(1) Consolidated results of operations (Percentages shown for net sales and profits represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/20	56,351	4.6	412	(71.2)	415	(73.1)	359	(62.4)
FY3/19	53,888	(0.4)	1,434	(24.3)	1,544	(19.2)	954	(23.2)

Note: Comprehensive income (million yen) FY3/20: 370 (down 54.7%) FY3/19: 816 (down 37.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
FY3/20	29.78	-	2.1	0.7	0.7
FY3/19	77.46	-	5.5	3.0	2.7

Reference: Equity in earnings of associates (million yen) FY3/20: (38) FY3/19: (74)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	57,896	16,498	28.5	1,537.65
As of Mar. 31, 2019	54,527	17,570	32.2	1,425.21

Reference: Shareholders' equity (million yen) As of Mar. 31, 2020: 16,485 As of Mar. 31, 2019: 17,557

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/20	(5,634)	984	5,175	6,320
FY3/19	(3,789)	(782)	5,230	5,795

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
FY3/19	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00	Million yen 315	% 32.3	% 1.8
FY3/20	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00	Million yen 275	% 83.9	% 1.7
FY3/21 (forecasts)	Yen -	Yen 0.00	Yen -	Yen -	Yen -		% -	% -

Note: The dividend forecast for fiscal year ending March 31, 2021 has not been determined at this time.

3. Consolidated Forecast for FY3/21 (April 1, 2020 – March 31, 2021)

Due to the COVID-19 outbreak, it is difficult to make a reasonable calculation of consolidated forecast at this time. Therefore, the Company has temporarily withdrawn the consolidated forecast for the fiscal year ending March 31, 2021 and will disclose it when reasonable forecast becomes available.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, and others: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2020: 12,620,000 shares As of Mar. 31, 2019: 12,620,000 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2020: 1,898,853 shares As of Mar. 31, 2019: 300,883 shares

3) Average number of shares outstanding during the period

FY3/20: 12,058,416 shares FY3/19: 12,319,119 shares

Note: Number of treasury shares at the end of the period includes the Company shares held by the Management Board Incentive Plan Trust (FY3/20: 289,150 shares, FY3/19: 300,880 shares). The Company shares held by the said Trust (FY3/20: 293,300 shares, FY3/19: 300,880 shares) are also included to treasury shares that are exempted in a calculation of the average number of shares outstanding during the period.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for FY3/20 (April 1, 2019 – March 31, 2020)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/20	47,468	3.2	212	(84.1)	139	(89.3)	20	(97.6)
FY3/19	46,006	(3.5)	1,342	(26.2)	1,306	(27.2)	845	(28.5)

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/20	1.66	-
FY3/19	68.61	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2020	56,380	15,569	27.6	1,451.04
As of Mar. 31, 2019	52,944	16,991	32.1	1,378.25

Reference: Shareholders' equity (million yen) As of Mar. 31, 2020: 15,556 As of Mar. 31, 2019: 16,978

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Note concerning forward-looking statements

Due to the COVID-19 outbreak, it is difficult to make a reasonable calculation at this time. Therefore, the Company has temporarily withdrawn the forecast for the fiscal year ending March 31, 2021 and will disclose it when reasonable forecast becomes available.

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1. Overview of Results of Operations

(1) Analysis of Results of Operations

For the current fiscal year ended March 31, 2020, the Japanese economy maintained a gradual recovery, but the economic outlook remains unprecedentedly uncertain because the spread of the novel coronavirus disease (COVID-19) is heavily damaging our social life and economic activities.

Despite ongoing monetary easing policy to maintain low mortgage rate, Japan's housing sector also remains unclear due to the COVID-19 outbreak coupled with lingering negative consumer sentiment after the consumer tax hike in October 2019.

Under such circumstances, Sanyo Homes ("the Company") aims to enhance corporate value through practicing the "CSV (Creating Shared Value) Management" under which we will solve social issues concerning "housing and living" and create both social and economic values.

During the current fiscal year, the Company took advantage of changing social situations. Specifically, the Company started selling "SANMIT Hitachino Higashi STATION FRONT" (a 226-unit condominium in Ushiku City, Ibaraki Prefecture), a station-connected condo dedicated to the elderly which was solely adopted in the "Next Generation Housing Project 2019 (First edition)" which is to take the head for sustainable building (next generation housing type) by Ministry of Land, Infrastructure and Transport; and opened a licensed nursery school (capacity: 60 kids) integrated into Family Mart, a convenience store, in Nagoya City in April 2020.

The factors mentioned above led to results of operations for the current fiscal year as follows: net sales increased by 4.6% from one year earlier to 56,351 million yen backed by sales increase offset by profit decline mainly due to deteriorated cost of goods sold ratio, operating profit decreased by 71.2 % from one year earlier to 412 million yen, ordinary profit decreased by 73.1% from one year earlier to 415 million yen, and profit attributable to owners of parent decreased by 62.4% from one year earlier to 359 million yen.

Overview by Segment

Performance by business segment is as follows.

In the housing sector, we won the Excellence Awards for the fifth consecutive year and won the Special Excellence Company Award for the third consecutive year in the "House of the Year in Energy 2019." Additionally, we started selling "*Genki Ippai no Kurashi*" (which literally means "Lively living"), a healthy housing version of life style KURASI'TE series, in October 2019.

In the asset utilization sector, sales increased against the plan on the back of construction contracts for various facilities such as nursing-care facilities for the elderly, child-care facilities, medical facilities, rental housings exclusively for students, community-style rental housings with inner garage and factories.

In the remodeling sector, we continued to work on the response to and recovery from the natural disasters that took place during the current and previous fiscal years and in the meantime, started combining the use of drones with the "Home Dock," a system to diagnose the conditions of a building, to propose safer and more secure housing.

In the residential renewal and resale (distribution of existing houses) sector, we have proposed a renovation tailored to customers' lifestyle coupled with examination of earthquake resistance and degree of deterioration with the "Home Dock" inspection system. Additionally, we have supported the purchase and sales of pre-owned housing in line with the "ECO & SAFETY" business concept.

Consequently, sales in this segment for the current fiscal year were 24,441 million yen, down 4.0% from one year earlier, and operating loss was 282 million yen, a deterioration of 452 million yen from one year earlier.

In the Condominium Business segment, sales increased year-on-year, supported by the following strong sales activities: During the current fiscal year, we started sales of a 250-unit family-type condominium constructed above the subway station in Sakai City, Osaka, with the tentative name of the Midosuji Line "Shin-Kanaoka" Station Condominium Project. Other new condominiums include "SANMAISON Kobe Shin-Nagata" in a public-private redevelopment area in front of a JR station (a 91-unit condominium in Nagata-ku, Kobe) and "THE SANMAISON

Shirokanedai” (a 19-unit premium class condominium under the SANMAISON brand). Furthermore, we completed the sale of “SANMAISON Mizuho Sakurayama” (a 35-unit condominium in Kita-ku, Nagoya). However, higher cost of sales ratio of some properties led to sales decrease. We are selling six condominiums under the SANRENO brand in the Tokyo metropolitan area whenever they are ready. This brand is for a renovated condominium with the added value of safety and peace of mind we have focused on.

As a result, sales in this segment for the current fiscal year were 28,629 million yen, up 10.8% from one year earlier, and operating profit was 1,847 million yen, down 23.4% from one year earlier.

Our frontier business sector engages in new businesses such as sales of structural steel frameworks and eco-energy facilities including solar power and storage batteries. We have started developing and selling a lightweight steel frame storehouse leveraging our prefabrication technology.

The life support business sector engages in management of condominiums and nursing/child-care facilities. We have particularly focused on child-care operations recently and opened four nursery schools under the San Friends brand in April 2020. One of them is a licensed nursery school, the Japan’s first joint project with a local government, which utilizes an integrated facility with Family Mart, a convenience store. Thus, the number of our nursery school totals 26 (including one school under management contract), of which 16 are in the Kansai area and 10 in the Chubu area.

The “companion robot,” which we have been developing until now, has increasingly been adopted in hospitals and other medical facilities, and we are further promoting sales toward the future. In the field of regional revitalization, we aim to make profit by consolidating the know-how of not only our Group but also industry, government and academia, and contributing to the regional revitalization in Bizen City, Okayama Prefecture, and Wakayama City, Wakayama Prefecture, in the near future.

As a result, sales in the other businesses segment for the current fiscal year were 3,279 million yen, up 27.3% from one year earlier and operating loss was 151 million yen, an improvement of 43 million yen from one year earlier.

Forecasts for the next fiscal year

The outlook of the housing sector for the next fiscal year remains unclear in the midst of significant changes in social landscape such as spreading teleworking, voluntary cancellation of events and temporary closure of retail stores. The housing sector has been suffering significant economic impact since the COVID-19 outbreak which led the Japanese government to declare the state of emergency in April 2020. Accordingly, there may be potential uncertainties in condominium prices and its supply trend.

Under the situation, we aim to enhance corporate value, let more people know about our management philosophy, and practice the “ECO & SAFETY” business concept to make our brand established. Additionally, we will achieve sustainable growth, even amid ever-changing social and economic situations. More specifically, we will offer our skills to solve social issues concerning “housing and living” and concurrently make profits from our business activities. We aim to become a distinctive company under the mantra of “CSV (Creating Shared Value) Management” that pursues social and economic values.

There are many undetermined factors regarding the impact of COVID-19 outbreak on the society and economy at this time, and it is difficult to make a reasonable calculation of consolidated forecasts. Therefore, the Company has temporarily withdrawn the consolidated forecast for the fiscal year ending March 31, 2021 and will disclose it when reasonable forecast becomes available.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Total assets increased 3,368 million yen from the end of the previous fiscal year to 57,896 million yen at the end of the current fiscal year on a consolidated basis. The main factors were increases of 2,574 million yen in real estate for sale and 926 million yen in notes receivable, accounts receivable from completed construction contracts and other, which were partially offset by decreases of 674 million yen in cash and deposits, and 646 million yen in costs

on real estate business.

Total liabilities increased 4,440 million yen from the end of the previous fiscal year to 41,397 million yen. The main factor was an increase of 6,624 million yen in long- and short-term borrowings which was partially offset by decreases of 1,188 million yen in advances received and 432 million yen in income taxes payable.

Total net assets decreased 1,071 million yen from the end of the previous fiscal year to 16,498 million yen. The main factor was a decrease of 1,133 million yen due to purchase of treasury shares. As a result, the equity ratio was 28.5%.

2) Cash Flow

Cash and cash equivalents (hereafter “net cash”) increased 525 million yen from the end of the previous fiscal year to 6,320 million yen at the end of the current fiscal year on a consolidated basis. This net increase of 525 million yen can be explained by cash inflows of 984 million yen from investing activities and 5,175 million yen from financing activities, which were partially offset by a cash outflow of 5,634 million yen from operating activities.

A summary of cash flows and major components are as follows.

Cash flows from operating activities

For the fiscal year ended March 31, 2020, net cash used in operating activities totaled 5,634 million yen (compared with net cash used of 3,789 million yen in the previous fiscal year). The main factors were a 1,953 million yen increase in inventories, a 926 million yen increase in notes and accounts receivable-trade, a 1,188 million yen decrease in advances received, and income taxes paid of 578 million yen.

Cash flows from investing activities

For the fiscal year ended March 31, 2020, net cash provided by investing activities totaled 984 million yen (compared with net cash used of 782 million yen in the previous fiscal year). The main factors were net proceeds from withdrawal of time deposits of 1,200 million yen and purchase of property, plant and equipment of 295 million yen.

Cash flows from financing activities

For the fiscal year ended March 31, 2020, net cash provided by financing activities totaled 5,175 million yen (compared with net cash provided of 5,230 million yen in the previous fiscal year). The main factors were net proceeds of 6,624 million yen from long- and short-term borrowings and payments for purchase of treasury shares of 1,133 million yen.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The distribution of earnings to shareholders is one of our highest priorities. The basic policy is to pay a consistent dividend to shareholders while retaining sufficient earnings for sustaining growth and building a sound infrastructure for our operations.

Regarding the profit distribution for the current fiscal year, we will follow the above policy and pay the annual total dividend of 25 yen per share. We have made this decision because we are keen on ensuring the shareholder return while improving the financial soundness through increasing shareholders' equity. As for the dividend for the next fiscal year, it is undecided at this time because of the uncertainty about the impact of the spread of the COVID-19 infection on the Company's business among other factors.

2. Basic Approach to the Selection of Accounting Standards

The Sanyo Homes Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	8,895,464	8,220,883
Notes receivable, accounts receivable from completed construction contracts and other	1,807,715	2,734,677
Securities	276,978	49,919
Real estate for sale	7,120,964	9,695,177
Costs on construction contracts in progress	43,682	69,204
Costs on real estate business	30,724,921	30,078,067
Other inventories	142,493	142,777
Prepaid expenses	428,717	637,792
Other	734,418	1,743,194
Allowance for doubtful accounts	(2,119)	(508)
Total current assets	50,173,236	53,371,186
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,226,221	1,395,939
Land	747,755	747,755
Other, net	58,873	39,416
Total property, plant and equipment	2,032,850	2,183,111
Intangible assets		
Software	32,456	21,307
Other	3,932	64,432
Total intangible assets	36,389	85,739
Investments and other assets		
Investment securities	475,458	110,197
Deferred tax assets	723,795	753,738
Other	1,093,984	1,398,204
Allowance for doubtful accounts	(7,821)	(5,967)
Total investments and other assets	2,285,417	2,256,174
Total non-current assets	4,354,657	4,525,025
Total assets	54,527,893	57,896,211

	(Thousands of yen)	
	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	7,200,868	6,989,125
Short-term borrowings	7,980,000	12,390,000
Current portion of long-term borrowings	8,230,000	8,690,000
Accrued expenses	730,054	621,364
Income taxes payable	631,664	199,099
Advances received on construction contracts in progress	1,154,762	1,026,992
Advances received	2,198,030	1,009,590
Provision for bonuses	349,714	263,714
Provision for warranties for completed construction	79,200	71,700
Other	912,626	833,050
Total current liabilities	29,466,920	32,094,637
Non-current liabilities		
Long-term borrowings	5,610,000	7,364,000
Deferred tax liabilities	58,793	80,482
Provision for share-based remuneration for directors (and other officers)	95,055	122,958
Provision for retirement benefits for directors (and other officers)	9,158	11,158
Retirement benefit liability	1,292,813	1,311,408
Other	424,769	413,173
Total non-current liabilities	7,490,590	9,303,181
Total liabilities	36,957,510	41,397,818
Net assets		
Shareholders' equity		
Share capital	5,945,162	5,945,162
Capital surplus	3,611,796	3,611,796
Retained earnings	8,188,282	8,231,921
Treasury shares	(170,741)	(1,297,313)
Total shareholders' equity	17,574,500	16,491,567
Accumulated other comprehensive income		
Foreign currency translation adjustment	(12,614)	-
Remeasurements of defined benefit plans	(4,532)	(6,204)
Total accumulated other comprehensive income	(17,147)	(6,204)
Share acquisition rights	13,030	13,030
Total net assets	17,570,383	16,498,392
Total liabilities and net assets	54,527,893	57,896,211

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Thousands of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	53,888,674	56,351,143
Cost of sales	43,248,800	46,656,791
Gross profit	10,639,873	9,694,352
Selling, general and administrative expenses	9,205,647	9,281,723
Operating profit	1,434,225	412,628
Non-operating income		
Interest income	6,660	6,014
Rental income	30,035	32,768
Penalty income	36,862	47,283
Subsidy income	212,852	78,750
Subsidy income	21,060	41,580
Other	39,391	22,378
Total non-operating income	346,861	228,775
Non-operating expenses		
Interest expenses	135,261	169,118
Share of loss of entities accounted for using equity method	74,669	38,630
Other	26,560	18,540
Total non-operating expenses	236,492	226,289
Ordinary profit	1,544,595	415,114
Extraordinary income		
Gain on sales of property, plant and equipment	-	608
Gain on sales of shares of subsidiaries and associates	-	250,362
Total extraordinary income	-	250,970
Extraordinary losses		
Loss on retirement of non-current assets	9,080	33,709
Impairment loss	14,122	67,590
Total extraordinary losses	23,202	101,300
Profit before income taxes	1,521,392	564,785
Income taxes-current	602,060	213,163
Income taxes-deferred	(34,867)	(7,517)
Total income taxes	567,192	205,646
Profit	954,200	359,138
Profit attributable to owners of parent	954,200	359,138

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY3/19	FY3/20
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Profit	954,200	359,138
Other comprehensive income		
Foreign currency translation adjustment	(16,214)	12,614
Remeasurements of defined benefit plans, net of tax	(121,759)	(1,671)
Total other comprehensive income	(137,973)	10,943
Comprehensive income	816,226	370,082
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	816,226	370,082
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,945,162	3,611,796	7,423,382	(170,738)	16,809,603	3,599	117,226	120,825	13,030	16,943,459
Changes of items during period										
Dividends of surplus			(189,300)		(189,300)			-		(189,300)
Profit attributable to owners of parent			954,200		954,200			-		954,200
Purchase of treasury shares				(2)	(2)			-		(2)
Disposal of treasury shares					-			-		-
Net changes of items other than shareholders' equity					-	(16,214)	(121,759)	(137,973)	-	(137,973)
Total changes of items during period	-	-	764,900	(2)	764,897	(16,214)	(121,759)	(137,973)	-	626,924
Balance at end of current period	5,945,162	3,611,796	8,188,282	(170,741)	17,574,500	(12,614)	(4,532)	(17,147)	13,030	17,570,383

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,945,162	3,611,796	8,188,282	(170,741)	17,574,500	(12,614)	(4,532)	(17,147)	13,030	17,570,383
Changes of items during period										
Dividends of surplus			(315,499)		(315,499)			-		(315,499)
Profit attributable to owners of parent			359,138		359,138			-		359,138
Purchase of treasury shares				(1,133,228)	(1,133,228)			-		(1,133,228)
Disposal of treasury shares				6,656	6,656			-		6,656
Net changes of items other than shareholders' equity					-	12,614	(1,671)	10,943	-	10,943
Total changes of items during period	-	-	43,638	(1,126,572)	(1,082,933)	12,614	(1,671)	10,943	-	(1,071,990)
Balance at end of current period	5,945,162	3,611,796	8,231,921	(1,297,313)	16,491,567	-	(6,204)	(6,204)	13,030	16,498,392

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	1,521,392	564,785
Depreciation	77,514	115,482
Impairment loss	14,122	67,590
Increase (decrease) in provision for bonuses	19,876	(86,000)
Interest income	(6,660)	(6,014)
Interest expenses	135,261	169,118
Decrease (increase) in trade receivables	(265,884)	(926,962)
Decrease (increase) in inventories	(4,465,798)	(1,953,165)
Increase (decrease) in trade payables	(174,767)	(211,743)
Increase (decrease) in advances received on construction contracts in progress	108,291	(127,770)
Increase (decrease) in advances received	(3,729)	(1,188,440)
Increase (decrease) in accrued consumption taxes	147,514	(165,853)
Decrease (increase) in consumption taxes refund receivable	(1,625)	(555,793)
Decrease (increase) in prepaid expenses	(28,601)	(209,074)
Other, net	(202,232)	(375,160)
Subtotal	(3,125,324)	(4,889,003)
Interest and dividends received	2,091	2,101
Interest paid	(136,010)	(168,890)
Income taxes paid	(529,838)	(578,331)
Net cash provided by (used in) operating activities	(3,789,080)	(5,634,123)
Cash flows from investing activities		
Payments into time deposits	(3,300,000)	(2,400,000)
Proceeds from withdrawal of time deposits	2,900,000	3,600,000
Purchase of property, plant and equipment	(361,126)	(295,499)
Other, net	(21,424)	79,660
Net cash provided by (used in) investing activities	(782,551)	984,160
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,760,000	4,410,000
Proceeds from long-term borrowings	8,520,000	10,464,000
Repayments of long-term borrowings	(6,860,000)	(8,250,000)
Purchase of treasury shares	(2)	(1,133,228)
Dividends paid	(189,269)	(315,389)
Net cash provided by (used in) financing activities	5,230,727	5,175,381
Net increase (decrease) in cash and cash equivalents	659,095	525,418
Cash and cash equivalents at beginning of period	5,136,369	5,795,464
Cash and cash equivalents at end of period	5,795,464	6,320,883

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Segment and Other Information

Segment information

1. Overview of reportable segment

The reportable segments of the Group are constituent units of the Company for which separate financial information is available and for which the Board of Directors conducts a regular review for the purposes of determining the allocation of management resources and evaluating business performance.

The Company establishes a manufacturing and sales structure by each product and service and conducts business operations based on a comprehensive strategy for all products and services.

Consequently, based on the types of business activities, there are two reportable segments by product and service: the Housing Business and the Condominium Business.

The Housing Business includes designs, construction supervision and contracting, sales and other activities for housing, asset utilization and residential remodeling. The Condominium Business includes the development, sales, rental and other activities for condominium buildings.

2. Calculation methods for net sales, profit or loss, assets, and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as the methods listed in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Profits for reportable segments are operating profit figures. Inter-segment sales and transfers are determined in the same manner as for general transactions based on market prices.

3. Information related to net sales, profit or loss, assets, and other items for each reportable segment

FY3/19 (Apr. 1, 2018 - Mar. 31, 2019)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Housing Business	Condominium Business	Subtotal				
Net sales							
Sales to external customers	25,461,379	25,850,408	51,311,787	2,576,886	53,888,674	-	53,888,674
Inter-segment sales or transfers	248,266	2,160	250,426	28,187	278,613	(278,613)	-
Total	25,709,646	25,852,568	51,562,214	2,605,073	54,167,287	(278,613)	53,888,674
Segment profit (loss)	170,001	2,412,051	2,582,053	(195,087)	2,386,966	(952,740)	1,434,225
Segment assets	5,940,855	36,084,960	42,025,816	1,081,795	43,107,611	11,420,282	54,527,893
Other items							
Depreciation and amortization	25,181	1,837	27,019	31,002	58,022	19,492	77,514
Increase in property, plant and equipment and intangible assets (Note 4)	999,229	-	999,229	339,663	1,338,892	15,598	1,354,491

Notes: 1. The Other segment represents the businesses which are not included in any of the reportable segments and mainly consist of the lifestyle support services.

2. Adjustments to segment profit (loss) and assets are as follows.

(1) The negative adjustment of 952,740 thousand yen to segment profit or loss includes company-wide costs that are not allocated to any of the reportable segments. Company-wide costs consist of general and administrative expenses that cannot be attributable to any of the reportable segments.

(2) The 11,420,282 thousand yen adjustment to segment assets includes company-wide assets that are not

- allocated to any of the reportable segments. Company-wide assets mainly include excess working capital, working capital and other assets not attributable to any of the reportable segments.
- (3) The 19,492 thousand yen adjustment to depreciation and amortization includes depreciation of company-wide assets that cannot be allocated to reportable segments.
 - (4) The 15,598 thousand yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures not attributable to any of the reportable segments.
3. Segment profit and assets are adjusted with operating profit and total assets shown on the consolidated financial statements, respectively.
 4. "Increase in property, plant and equipment and intangible assets" includes the transfer of 969,936 thousand yen from real estate for sale to property, plant and equipment due to a change in holding purpose.

FY3/20 (Apr. 1, 2019 - Mar. 31, 2020)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Housing Business	Condominium Business	Subtotal				
Net sales							
Sales to external customers	24,441,576	28,629,893	53,071,470	3,279,673	56,351,143	-	56,351,143
Inter-segment sales or transfers	262,038	2,160	264,198	66,304	330,502	(330,502)	-
Total	24,703,614	28,632,053	53,335,668	3,345,978	56,681,646	(330,502)	56,351,143
Segment profit (loss)	(282,965)	1,847,463	1,564,498	(151,923)	1,412,574	(999,946)	412,628
Segment assets	6,690,102	38,192,081	44,882,183	1,717,150	46,599,333	11,296,877	57,896,211
Other items							
Depreciation and amortization	39,773	1,763	41,536	55,059	96,596	18,885	115,482
Increase in property, plant and equipment and intangible assets	53,404	-	53,404	311,312	364,716	1,365	366,081

- Notes: 1. The Other segment represents the businesses which are not included in any of the reportable segments and mainly consist of the lifestyle support services.
2. Adjustments to segment profit (loss) and assets are as follows.
 - (1) The negative adjustment of 999,946 thousand yen to segment profit or loss includes company-wide costs that are not allocated to any of the reportable segments. Company-wide costs consist of general and administrative expenses that cannot be attributable to any of the reportable segments.
 - (2) The 11,296,877 thousand yen adjustment to segment assets includes company-wide assets that are not allocated to any of the reportable segments. Company-wide assets mainly include excess working capital, working capital and other assets not attributable to any of the reportable segments.
 - (3) The 18,885 thousand yen adjustment to depreciation and amortization includes depreciation of company-wide assets that cannot be allocated to reportable segments.
 - (4) The 1,365 thousand yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures not attributable to any of the reportable segments.
 3. Segment profit and assets are adjusted with operating profit and total assets shown on the consolidated financial statements, respectively.

Related information

1. Information by product and service

Omitted because the same information is presented in the segment information.

2. Information by region

(1) Sales

Not applicable because there are no sales to external customers outside Japan.

(2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

3. Information by major customer

(Thousands of yen)

Name of the customer	Sales	Relevant operating segment
Company A	6,455,500	Condominium Business

Note: The name of the customer is not disclosed here based on confidentiality agreement with Company A.

Information related to an impairment loss on non-current assets for each reportable segment

FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Housing Business	Condominium Business	Other	Elimination or corporate	Total
Impairment loss	14,122	-	-	-	14,122

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Housing Business	Condominium Business	Other	Elimination or corporate	Total
Impairment loss	67,590	-	-	-	67,590

Information related to amortized amounts and the unamortized balance of goodwill for each reportable segment

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net assets per share	1,425.21	1,537.65
Net income per share	77.46	29.78

Notes: 1. The amounts of diluted net income per share for the current and previous fiscal years are not presented because there are no potentially dilutive shares for both fiscal years.

2. For the purpose of calculating the amounts of net assets per share, the number of shares of the Company held by the Management Board Incentive Plan Trust (FY3/19: 300,880 shares, FY3/20: 289,150 shares) was included in the number of treasury shares, which was to be deducted from the calculation of the number of shares issued at the end of the period. For the purpose of calculating the amounts of net income per share, the number of shares of the Company held by the said Trust was included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares outstanding during the period (FY3/19: 300,880 shares, FY3/20: 293,300 shares).

3. The basis of calculating the net assets per share is as follows:

	FY3/19 (As of Mar. 31, 2019)	FY3/20 (As of Mar. 31, 2020)
Total net assets (Thousands of yen)	17,570,383	16,498,392
Deduction on total net assets (Thousands of yen) [of which, share acquisition rights (Thousands of yen)]	13,030 [13,030]	13,030 [13,030]
Net assets at the end of the fiscal year applicable to common stock (Thousands of yen)	17,557,353	16,485,362
Number of shares of common stock used in calculation of net assets per share (Shares)	12,319,117	10,721,147

4. The basis of calculating the net income per share is as follows:

	FY3/19 (Apr. 1, 2018 – Mar. 31, 2019)	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	954,200	359,138
Profit not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to common shareholders of parent (Thousands of yen)	954,200	359,138
Average number of common shares outstanding during the period (Shares)	12,319,119	12,058,416
Summary of potential shares not included in the calculation of diluted net income per share due to no dilutive effect	<Subscription rights to shares> Issue No. 1: 12,000 rights (for 1,200,000 common shares) Issue No. 2: 10,000 rights (for 1,000,000 common shares)	<Subscription rights to shares> Issue No. 1: 12,000 rights (for 1,200,000 common shares) Issue No. 2: 10,000 rights (for 1,000,000 common shares)

Subsequent Events

Not applicable.

4. Other Information

1) Orders Received

Orders received in FY3/20 are broken down by segment as follows. (Thousands of yen)

Operating segment	Orders received	Year-on-year (%)	Order backlog	Year-on-year (%)
Housing Business	21,929,970	81.9	10,921,669	81.3
Condominium Business	25,534,145	99.9	15,900,380	83.7
Other	3,279,673	127.3	-	-
Total	50,743,789	92.4	26,822,050	82.7

- Notes: 1. Inter-segment transactions have been eliminated.
 2. The above amounts do not include consumption taxes.
 3. No order backlog is shown in the "Other" segment because net sales are the same as the orders received.

Orders received by region are as follows. (Thousands of yen)

Kanto area	Chubu area	Kinki area	Kyushu area	Total
13,198,109	5,954,360	24,387,273	7,204,045	50,743,789

2) Sales

Sales in FY3/20 are broken down by segment as follows.

Operating segment	Sales (Thousands of yen)	Year-on-year (%)
Housing Business	24,441,576	96.0
Condominium Business	28,629,893	110.8
Other	3,279,673	127.3
Total	56,351,143	104.6

- Notes: 1. Inter-segment transactions have been eliminated.
 2. The above amounts do not include consumption taxes.

Sales by region are as follows. (Thousands of yen)

Kanto area	Chubu area	Kinki area	Kyushu area	Total
16,884,660	6,330,419	26,060,582	7,075,481	56,351,143

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.