

For Immediate Release
(This is an English translation of the Japanese original.)

Consolidated Financial Results for the Fiscal Year Ended August 31, 2020 [Japanese GAAP]



October 15, 2020

Company name: SANEI ARCHITECTURE PLANNING CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Code number: 3228
 URL: <https://www.san-a.com>
 Representative: Manabu Koike, Representative Director and Senior Managing Director
 Contact: Kazuo Kikkawa, Director and Executive Officer, General Manager of Administration Division
 Phone: +81-3-5381-3201
 Scheduled date of Annual General Meeting of Shareholders: November 26, 2020
 Scheduled date of filing Annual Securities Report: November 27, 2020
 Scheduled date of commencing dividend payments: November 27, 2020
 Availability of supplementary briefing material on annual financial results: Not available
 Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2020 (September 1, 2019 to August 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2020	114,938	(5.0)	7,964	(23.7)	7,191	(23.7)	4,076	(32.8)
August 31, 2019	121,017	20.2	10,441	27.6	9,431	21.6	6,068	17.1

(Note) Comprehensive income: Fiscal year ended August 31, 2020: ¥4,270 million [(32.8) %]

Fiscal year ended August 31, 2019: ¥6,350 million [14.5 %]

Fiscal year ended	Basic profit per share	Diluted profit per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
August 31, 2020	192.13	160.43	9.5	5.4	6.9
August 31, 2019	286.04	239.09	15.5	7.8	8.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended August 31, 2020: ¥- million

Fiscal year ended August 31, 2019: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2020	136,927	46,341	32.3	2,086.99
As of August 31, 2019	127,919	43,103	32.4	1,951.22

(Reference) Equity: As of August 31, 2020: ¥44,279 million

As of August 31, 2019: ¥41,399 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
August 31, 2020	7,106	(762)	(2,444)	27,755
August 31, 2019	(5,514)	(4,181)	6,741	23,810

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
August 31, 2019	-	24.00	-	24.00	48.00	1,018	16.8	2.6
August 31, 2020	-	24.00	-	24.00	48.00	1,018	25.0	2.4
Fiscal year ending August 31, 2021 (Forecast)	-	35.00	-	35.00	70.00		23.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2021 (September 1, 2020 to August 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	58,400	19.5	3,100	4.0	2,800	2.7	1,800	6.1	84.84
Full year	140,000	21.8	10,274	29.0	10,054	39.8	6,400	57.0	301.64

* Notes:

(1) Changes in significant subsidiaries during the fiscal year ended August 31, 2020 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(Note) The Company acquired all shares of Machome Co., Ltd. and made it a consolidated subsidiary during the fiscal year ended August 31, 2020, although Machome Co., Ltd. is not a specified subsidiary of the Company. As a result of making Machome Co., Ltd. a subsidiary of the Company, Tamura Construction Co., Ltd., a wholly-owned subsidiary of Machome Co., Ltd., was included in the scope of consolidation as a sub-subsidiary of the Company.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

August 31, 2020: 21,217,600 shares

August 31, 2019: 21,217,600 shares

2) Total number of treasury shares at the end of the period:

August 31, 2020: 521 shares

August 31, 2019: 521 shares

3) Average number of shares during the period:

Fiscal year ended August 31, 2020: 21,217,079 shares

Fiscal year ended August 31, 2019: 21,217,079 shares

* These consolidated financial results are outside the scope of audits by certified public accountants or audit firms

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable, and the Company does not promise the achievement of those forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions underlying the forecasts and the notes on the use of the forecasts, please refer to “1. (4) Future Outlook” on page 6 (Japanese version only).

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of August 31, 2019	As of August 31, 2020
Assets		
Current assets		
Cash and deposits	25,048,838	28,470,636
Notes and accounts receivable-trade	4,583,609	3,968,997
Real estate for sale	27,897,980	30,419,580
Real estate for sale in process	38,045,751	38,880,531
Costs on construction contracts in progress	870,997	969,691
Other	2,843,926	3,041,288
Allowance for doubtful accounts	(27,966)	(61,952)
Total current assets	99,263,136	105,688,774
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,457,197	6,601,997
Accumulated depreciation	(1,314,555)	(1,940,000)
Buildings and structures, net	4,142,642	4,661,996
Vehicles	7,800	21,118
Accumulated depreciation	(6,888)	(17,852)
Vehicles, net	912	3,265
Land	14,067,520	14,743,476
Leased assets	183,613	198,103
Accumulated depreciation	(67,148)	(79,307)
Leased assets, net	116,465	118,795
Other	775,828	856,811
Accumulated depreciation	(129,036)	(179,249)
Other, net	646,792	677,562
Total property, plant and equipment	18,974,333	20,205,096
Intangible assets		
Goodwill	59,659	1,026,532
Other	652,212	742,614
Total intangible assets	711,871	1,769,146
Investments and other assets		
Investment securities	5,427,222	4,558,997
Long-term loans receivable	2,112,977	2,753,692
Deferred tax assets	888,660	1,065,764
Other	667,890	1,003,510
Allowance for doubtful accounts	(126,824)	(117,736)
Total investments and other assets	8,969,925	9,264,229
Total non-current assets	28,656,130	31,238,472
Total assets	127,919,266	136,927,246

(Thousand yen)

	As of August 31, 2019	As of August 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,690,312	8,625,661
Short-term borrowings	23,712,634	24,543,968
Current portion of long-term borrowings	6,657,039	7,335,359
Current portion of bonds payable	985,500	840,000
Income taxes payable	1,931,159	1,595,139
Provision for bonuses	430,358	362,452
Other	2,640,147	3,302,218
Total current liabilities	45,047,151	46,604,799
Non-current liabilities		
Bonds payable	4,239,000	4,484,500
Convertible bond-type bonds with share acquisition rights	10,000,000	10,000,000
Long-term borrowings	23,681,736	27,553,098
Lease obligations	122,703	124,031
Retirement benefit liability	491,814	635,732
Asset retirement obligations	318,159	328,118
Other	914,929	855,907
Total non-current liabilities	39,768,343	43,981,388
Total liabilities	84,815,495	90,586,188
Net assets		
Shareholders' equity		
Share capital	1,340,150	1,340,150
Capital surplus	1,238,646	1,238,646
Retained earnings	38,982,408	42,040,530
Treasury shares	(462)	(462)
Total shareholders' equity	41,560,742	44,618,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(52,550)	(170,847)
Foreign currency translation adjustment	(76,027)	(115,293)
Remeasurements of defined benefit plans	(32,879)	(52,909)
Total accumulated other comprehensive income	(161,457)	(339,050)
Non-controlling interests	1,704,485	2,061,244
Total net assets	43,103,771	46,341,058
Total liabilities and net assets	127,919,266	136,927,246

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

(Thousand yen)

	For the fiscal year ended August 31, 2019	For the fiscal year ended August 31, 2020
Net sales	121,017,916	114,938,381
Cost of sales	102,678,365	98,676,332
Gross profit	18,339,550	16,262,048
Selling, general and administrative expenses	7,898,130	8,297,581
Operating profit	10,441,420	7,964,467
Non-operating income		
Interest income	21,714	23,750
Dividend income	2,055	14,465
Cancellation income	12,800	73,916
Insurance agent income	9,283	20,457
An introduction fee	32,640	17,920
Subsidy	-	45,509
Other	104,565	133,526
Total non-operating income	183,059	329,546
Non-operating expenses		
Interest expenses	534,379	616,154
Commission such as financings	518,741	421,944
Provision of allowance for doubtful accounts	881	2,879
Other	139,163	61,514
Total non-operating expenses	1,193,165	1,102,492
Ordinary profit	9,431,314	7,191,521
Extraordinary income		
Gain on sales of non-current assets	7,241	-
Total extraordinary income	7,241	-
Extraordinary losses		
Loss on valuation of inventories	-	410,948
Total extraordinary losses	-	410,948
Profit before income taxes	9,438,555	6,780,572
Income taxes - current	3,021,722	2,434,837
Income taxes - deferred	(593)	(102,233)
Total income taxes	3,021,129	2,332,603
Profit	6,417,426	4,447,968
Profit attributable to non-controlling interests	348,535	371,426
Profit attributable to owners of parent	6,068,891	4,076,542

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended August 31, 2019	For the fiscal year ended August 31, 2020
Profit	6,417,426	4,447,968
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,887)	(118,297)
Foreign currency translation adjustment	(48,447)	(39,265)
Remeasurements of defined benefit plans, net of tax	(6,988)	(20,030)
Total other comprehensive income	(67,323)	(177,593)
Comprehensive income	6,350,102	4,270,375
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,001,567	3,898,948
Comprehensive income attributable to non-controlling interests	348,535	371,426

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended August 31, 2019 (From September 1, 2018 to August 31, 2019)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,340,150	1,238,646	34,441,147	(462)	37,019,481
Changes during period					
Dividends of surplus			(1,527,629)		(1,527,629)
Profit attributable to owners of parent			6,068,891		6,068,891
Net changes in items other than shareholders' equity			-		-
Total changes during period	-	-	4,541,261	-	4,541,261
Balance at end of period	1,340,150	1,238,646	38,982,408	(462)	41,560,742

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(40,663)	(27,580)	(25,890)	(94,133)	1,368,175	38,293,523
Changes during period						
Dividends of surplus						(1,527,629)
Profit attributable to owners of parent						6,068,891
Net changes in items other than shareholders' equity	(11,887)	(48,447)	(6,988)	(67,323)	336,309	268,985
Total changes during period	(11,887)	(48,447)	(6,988)	(67,323)	336,309	4,810,247
Balance at end of period	(52,550)	(76,027)	(32,879)	(161,457)	1,704,485	43,103,771

For the fiscal year ended August 31, 2020 (From September 1, 2019 to August 31, 2020)
(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,340,150	1,238,646	38,982,408	(462)	41,560,742
Changes during period					
Dividends of surplus			(1,018,419)		(1,018,419)
Profit attributable to owners of parent			4,076,542		4,076,542
Net changes in items other than shareholders' equity			-		-
Total changes during period	-	-	3,058,122	-	3,058,122
Balance at end of period	1,340,150	1,238,646	42,040,530	(462)	44,618,865

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(52,550)	(76,027)	(32,879)	(161,457)	1,704,485	43,103,771
Changes during period						
Dividends of surplus						(1,018,419)
Profit attributable to owners of parent						4,076,542
Net changes in items other than shareholders' equity	(118,297)	(39,265)	(20,030)	(177,593)	356,758	179,165
Total changes during period	(118,297)	(39,265)	(20,030)	(177,593)	356,758	3,237,287
Balance at end of period	(170,847)	(115,293)	(52,909)	(339,050)	2,061,244	46,341,058

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended August 31, 2019	For the fiscal year ended August 31, 2020
Cash flows from operating activities		
Profit before income taxes	9,438,555	6,780,572
Depreciation	507,765	631,118
Amortization of goodwill	12,189	69,779
Increase (decrease) in allowance for doubtful accounts	6,879	22,404
Increase (decrease) in provision for bonuses	(5,591)	(92,924)
Increase (decrease) in retirement benefit liability	58,257	120,801
Interest and dividend income	(23,770)	(38,216)
Interest expenses	534,379	616,154
Loss (gain) on sales of property, plant and equipment	(7,241)	-
Decrease (increase) in trade receivables	(1,732,480)	686,517
Decrease (increase) in inventories	(11,221,737)	2,818,645
Decrease (increase) in advance payments - trade	377,726	(518,384)
Increase (decrease) in trade payables	817,044	(658,143)
Increase (decrease) in advances received	(324,854)	72,821
Increase (decrease) in leasehold and guarantee deposits received	615	(84,799)
Other, net	(473,855)	25,769
Subtotal	(2,036,118)	10,452,116
Interest and dividends received	23,770	38,216
Interest paid	(522,749)	(634,286)
Income taxes paid	(2,978,960)	(2,749,721)
Net cash provided by (used in) operating activities	(5,514,058)	7,106,324
Cash flows from investing activities		
Payments into time deposits	(1,160,288)	(26,290)
Proceeds from withdrawal of time deposits	573,283	712,353
Purchase of property, plant and equipment	(750,661)	(498,273)
Proceeds from sales of property, plant and equipment	20,032	34
Purchase of intangible assets	(27,688)	(124,670)
Purchase of investment securities	(605,135)	(14,746)
Proceeds from share of profits on investment securities	-	581,216
Loan advances to subsidiaries and associates	(2,331,839)	(511,710)
Collection of loans receivable from subsidiaries and affiliates	194,436	53,235
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(708,963)
Other, net	(94,060)	(225,043)
Net cash provided by (used in) investing activities	(4,181,920)	(762,858)
Cash flows from financing activities		
Proceeds from short-term borrowings	41,160,820	54,303,959
Repayments of short-term borrowings	(37,821,994)	(57,046,275)
Proceeds from long-term borrowings	27,275,900	18,222,500
Repayments of long-term borrowings	(25,358,413)	(16,399,940)
Proceeds from issuance of bonds	4,025,420	500,000
Redemption of bonds	(992,000)	(985,500)
Dividends paid	(1,526,806)	(1,018,684)
Dividends paid to non-controlling interests	(12,225)	(14,667)
Other, net	(9,075)	(6,018)
Net cash provided by (used in) financing activities	6,741,625	(2,444,627)
Effect of exchange rate change on cash and cash equivalents	19,031	46,187
Net increase (decrease) in cash and cash equivalents	(2,935,321)	3,945,026
Cash and cash equivalents at beginning of period	26,745,371	23,810,049
Cash and cash equivalents at end of period	23,810,049	27,755,076