

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

Consolidated Financial Results for the Fiscal Year Ended August 31, 2022 [Japanese GAAP]



October 14, 2022

Company name: SANEI ARCHITECTURE PLANNING CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3228

URL: <https://www.san-a.com>

Representative: Manabu Koike, Representative Director and Senior Managing Director

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Scheduled date of Annual General Meeting of Shareholders: November 28, 2022

Scheduled date of filing Annual Securities Report: November 29, 2022

Scheduled date of commencing dividend payments: November 29, 2022

Availability of supplementary briefing material on annual financial results: Available (Scheduled to be posted on the Company's website on October 14, 2022)

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, 2022 (September 1, 2021 to August 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended August 31, 2022	139,006	3.7	12,887	10.6	13,530	14.2	8,118	7.2
August 31, 2021	134,036	16.6	11,653	46.3	11,850	64.8	7,572	85.8

(Note) Comprehensive income: Fiscal year ended August 31, 2022: ¥9,154 million [10.4%]

Fiscal year ended August 31, 2021: ¥8,291 million [94.2%]

	Basic profit per share	Diluted profit per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
August 31, 2022	382.62	-	15.0	9.2	9.3
August 31, 2021	356.91	297.65	15.9	8.5	8.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended August 31, 2022: ¥- million

Fiscal year ended August 31, 2021: ¥- million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2022	153,094	60,572	37.7	2,717.61
As of August 31, 2021	141,791	53,319	35.8	2,395.27

(Reference) Equity: As of August 31, 2022: ¥57,659 million

As of August 31, 2021: ¥50,820 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 August 31, 2022	Million yen (1,587)	Million yen 1,879	Million yen (595)	Million yen 35,890
August 31, 2021	21,942	669	(15,420)	35,702

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 August 31, 2021	Yen -	Yen 35.00	Yen -	Yen 40.00	Yen 75.00	Million yen 1,591	% 21.0	% 3.3
August 31, 2022	-	37.50	-	37.50	75.00	1,644	19.6	3.0
Fiscal year ending August 31, 2023 (Forecast)	-	37.50	-	37.50	75.00		23.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2023 (September 1, 2022 to August 31, 2023)

(% 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	65,200	5.0	4,890	(8.3)	4,620	(24.6)	3,074	(21.4)	144.89
Full year	150,000	7.9	11,163	(13.4)	10,500	(22.4)	6,817	(16.0)	321.32

* Notes:

- (1) Changes in significant subsidiaries during the fiscal year ended August 31, 2022 (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
Newly included: one company (Meldia Development LLC)
Meldia Development LLC, a newly established company in the United States, has been consolidated in the third quarter of the current fiscal year.
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 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, 2022: 21,217,600 shares

August 31, 2021: 21,217,600 shares

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

August 31, 2022: 521 shares

August 31, 2021: 521 shares

3) Average number of shares during the period:

Fiscal year ended August 31, 2022: 21,217,079 shares

Fiscal year ended August 31, 2021: 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. Overview of Operating Results, etc. (4) Future Outlook” on page 6 (Japanese version only).

Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of August 31, 2021	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	36,283,555	36,019,023
Notes and accounts receivable - trade	7,773,374	-
Notes and accounts receivable - trade, and contract assets	-	10,880,130
Real estate for sale	34,446,282	43,956,024
Real estate for sale in process	40,478,646	42,362,443
Costs on construction contracts in progress	757,016	204,257
Other	1,811,226	3,099,150
Allowance for doubtful accounts	(7,523)	(17,009)
Total current assets	121,542,579	136,504,019
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,320,089	5,616,345
Accumulated depreciation	(1,046,068)	(1,354,043)
Buildings and structures, net	5,274,021	4,262,302
Vehicles	9,167	20,484
Accumulated depreciation	(9,167)	(11,828)
Vehicles, net	0	8,656
Land	4,069,961	3,124,791
Leased assets	202,062	208,890
Accumulated depreciation	(91,925)	(106,296)
Leased assets, net	110,136	102,593
Other	272,749	428,232
Accumulated depreciation	(205,317)	(255,690)
Other, net	67,431	172,542
Total property, plant and equipment	9,521,551	7,670,885
Intangible assets		
Goodwill	1,104,323	942,189
Other	334,006	340,129
Total intangible assets	1,438,330	1,282,318
Investments and other assets		
Investment securities	5,497,697	4,988,626
Long-term loans receivable	1,299,669	749,880
Deferred tax assets	1,658,544	1,085,264
Other	1,090,585	1,054,743
Allowance for doubtful accounts	(257,848)	(241,310)
Total investments and other assets	9,288,648	7,637,203
Total non-current assets	20,248,529	16,590,408
Total assets	141,791,109	153,094,427

(Thousand yen)

	As of August 31, 2021	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,008,432	18,590,704
Short-term borrowings	19,273,631	27,043,300
Current portion of long-term borrowings	10,536,506	9,664,675
Current portion of bonds payable	1,210,000	1,162,000
Income taxes payable	3,930,603	2,515,912
Provision for bonuses	468,425	428,869
Other	4,117,240	3,224,064
Total current liabilities	53,544,839	62,629,526
Non-current liabilities		
Bonds payable	3,274,500	5,089,430
Convertible-bond-type bonds with share acquisition rights	10,000,000	-
Long-term borrowings	19,910,946	23,188,228
Lease liabilities	114,421	104,937
Retirement benefit liability	644,987	716,975
Asset retirement obligations	125,810	135,123
Other	856,258	658,129
Total non-current liabilities	34,926,923	29,892,825
Total liabilities	88,471,763	92,522,351
Net assets		
Shareholders' equity		
Share capital	1,340,150	1,340,150
Capital surplus	1,238,646	1,233,992
Retained earnings	48,355,046	54,828,906
Treasury shares	(462)	(462)
Total shareholders' equity	50,933,380	57,402,586
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(35,302)	57,237
Foreign currency translation adjustment	(44,860)	235,539
Remeasurements of defined benefit plans	(32,561)	(35,519)
Total accumulated other comprehensive income	(112,724)	257,258
Non-controlling interests	2,498,689	2,912,231
Total net assets	53,319,345	60,572,076
Total liabilities and net assets	141,791,109	153,094,427

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

(Thousand yen)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Net sales	134,036,955	139,006,708
Cost of sales	112,917,325	115,995,835
Gross profit	21,119,629	23,010,873
Selling, general and administrative expenses	9,465,740	10,123,314
Operating profit	11,653,888	12,887,559
Non-operating income		
Interest income	35,550	29,062
Dividend income	245	390,384
Foreign exchange gains	95,048	822,206
Cancellation income	19,780	12,650
Insurance agent income	24,493	38,178
An introduction fee	14,659	20,768
Subsidy	367,324	122,724
Surrender value of insurance policies	114,026	1,169
Consumption taxes refund	134,734	-
Gain on investments in investment partnerships	-	213,801
Other	310,069	387,894
Total non-operating income	1,115,932	2,038,841
Non-operating expenses		
Interest expenses	563,723	550,388
Commission such as financings	145,201	753,067
Provision of allowance for doubtful accounts	68,771	-
Other	141,263	92,136
Total non-operating expenses	918,960	1,395,592
Ordinary profit	11,850,861	13,530,808
Extraordinary income		
Gain on sale of non-current assets	45,753	-
Gain on sale of investment securities	-	27,154
Total extraordinary income	45,753	27,154
Extraordinary losses		
Impairment losses	-	268,344
Total extraordinary losses	-	268,344
Profit before income taxes	11,896,615	13,289,619
Income taxes - current	4,191,803	4,017,853
Income taxes - deferred	(360,747)	487,691
Total income taxes	3,831,055	4,505,544
Profit	8,065,559	8,784,074
Profit attributable to non-controlling interests	492,883	665,890
Profit attributable to owners of parent	7,572,675	8,118,183

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Profit	8,065,559	8,784,074
Other comprehensive income		
Valuation difference on available-for-sale securities	135,545	92,539
Foreign currency translation adjustment	70,432	280,400
Remeasurements of defined benefit plans, net of tax	20,347	(2,957)
Total other comprehensive income	226,326	369,982
Comprehensive income	8,291,885	9,154,056
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,799,002	8,488,166
Comprehensive income attributable to non-controlling interests	492,883	665,890

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended August 31, 2021 (From September 1, 2020 to August 31, 2021)

(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	42,040,530	(462)	44,618,865
Changes during period					
Dividends of surplus			(1,251,807)		(1,251,807)
Profit attributable to owners of parent			7,572,675		7,572,675
Change of scope of consolidation, etc.			(6,352)		(6,352)
Net changes in items other than shareholders' equity			-		-
Total changes during period	-	-	6,314,515	-	6,314,515
Balance at end of period	1,340,150	1,238,646	48,355,046	(462)	50,933,380

	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	(170,847)	(115,293)	(52,909)	(339,050)	2,061,244	46,341,058
Changes during period						
Dividends of surplus						(1,251,807)
Profit attributable to owners of parent						7,572,675
Change of scope of consolidation, etc.						(6,352)
Net changes in items other than shareholders' equity	135,545	70,432	20,347	226,326	437,445	663,771
Total changes during period	135,545	70,432	20,347	226,326	437,445	6,978,286
Balance at end of period	(35,302)	(44,860)	(32,561)	(112,724)	2,498,689	53,319,345

For the fiscal year ended August 31, 2022 (From September 1, 2021 to August 31, 2022)
(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	48,355,046	(462)	50,933,380
Changes during period					
Dividends of surplus			(1,644,323)		(1,644,323)
Profit attributable to owners of parent			8,118,183		8,118,183
Change of scope of consolidation, etc.		(4,654)	-		(4,654)
Net changes in items other than shareholders' equity			-		-
Total changes during period	-	(4,654)	6,473,860	-	6,469,206
Balance at end of period	1,340,150	1,233,992	54,828,906	(462)	57,402,586

	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	(35,302)	(44,860)	(32,561)	(112,724)	2,498,689	53,319,345
Changes during period						
Dividends of surplus						(1,644,323)
Profit attributable to owners of parent						8,118,183
Change of scope of consolidation, etc.						(4,654)
Net changes in items other than shareholders' equity	92,539	280,400	(2,957)	369,982	413,542	783,524
Total changes during period	92,539	280,400	(2,957)	369,982	413,542	7,252,730
Balance at end of period	57,237	235,539	(35,519)	257,258	2,912,231	60,572,076

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	11,896,615	13,289,619
Depreciation	669,553	535,806
Amortization of goodwill	125,267	163,174
Impairment losses	-	268,344
Increase (decrease) in allowance for doubtful accounts	85,682	(7,051)
Increase (decrease) in provision for bonuses	105,972	(39,556)
Increase (decrease) in retirement benefit liability	9,254	67,724
Interest and dividend income	(35,796)	(419,447)
Interest expenses	563,723	550,388
Loss (gain) on sale of property, plant and equipment	(45,753)	-
Loss (gain) on sale of investment securities	-	(27,154)
Surrender value of insurance policies	(114,026)	(1,169)
Decrease (increase) in trade receivables	(1,229,436)	(2,461,585)
Decrease (increase) in inventories	8,460,065	(10,148,657)
Decrease (increase) in advance payments to suppliers	975,877	28,916
Increase (decrease) in trade payables	2,817,928	4,005,971
Increase (decrease) in advances received	(124,792)	(510,797)
Increase (decrease) in leasehold and guarantee deposits received	(69,090)	(163,883)
Other, net	226,324	(1,168,468)
Subtotal	24,317,370	3,962,173
Interest and dividends received	35,796	419,447
Interest paid	(533,924)	(559,645)
Income taxes paid	(1,876,683)	(5,409,968)
Net cash provided by (used in) operating activities	21,942,558	(1,587,992)
Cash flows from investing activities		
Payments into time deposits	(33,737)	(18,002)
Proceeds from withdrawal of time deposits	168,517	470,080
Purchase of property, plant and equipment	(129,398)	(122,807)
Proceeds from sale of property, plant and equipment	206,389	2,662
Purchase of intangible assets	(62,458)	(56,198)
Purchase of investment securities	(765,637)	-
Proceeds from share of profits on investment securities	-	23,334
Payments for investments in capital of subsidiaries and associates	-	(700,000)
Proceeds from withdrawal of investments in silent partnerships	-	1,170,451
Loan advances to subsidiaries and associates	(1,244)	-
Collection of loans receivable from subsidiaries and affiliates	929,250	683,268
Loan advances	(339,900)	(483,900)
Proceeds from collection of loans receivable	64,500	480,318
Proceeds from cancellation of insurance funds	250,621	9,336
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	428,027	-
Other, net	(45,366)	421,334
Net cash provided by (used in) investing activities	669,564	1,879,878

(Thousand yen)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	42,710,200	47,474,050
Repayments of short-term borrowings	(48,052,249)	(39,789,053)
Proceeds from long-term borrowings	13,150,848	15,922,548
Repayments of long-term borrowings	(21,108,068)	(14,080,329)
Proceeds from issuance of bonds	-	3,026,930
Redemption of bonds	(840,000)	(1,260,000)
Redemption of convertible bond-type bonds with share acquisition rights	-	(10,000,000)
Dividends paid	(1,252,075)	(1,643,360)
Dividends paid to non-controlling interests	(19,560)	(231,173)
Other, net	(9,107)	(15,112)
Net cash provided by (used in) financing activities	(15,420,012)	(595,500)
Effect of exchange rate change on cash and cash equivalents	72,820	491,160
Net increase (decrease) in cash and cash equivalents	7,264,930	187,545
Cash and cash equivalents at beginning of period	27,755,076	35,702,776
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	682,769	-
Cash and cash equivalents at end of period	35,702,776	35,890,322