

Summary of Business Results for the Second Quarter Ended June 30 2020 [Japan GAAP] (Consolidated)

August 12, 2020

Company **Sansei Landic Co.,Ltd** Listed on the TSE
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 Expected date of filing of quarterly report: August 12, 2020 Expected starting date of dividend payment: -
 Preparation of quarterly supplementary financial document: Yes
 Quarterly results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

1. Consolidated business results for the six months ended June 30, 2020 (January 1, 2020 through June 30, 2020)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Jun. 2020	8,354	8.5	395	-50.0	291	-61.1	182	-61.5
Six months ended Jun. 2019	7,701	12.7	790	-3.3	750	0.7	473	8.9

(Note) Comprehensive income

Six months ended June 2020: 182 million yen (-61.5%)

Six months ended June 2019: 473 million yen (8.9%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended Jun. 2020	21.58		21.52	
Six months ended Jun. 2019	56.04		55.94	

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Jun. 2020	21,962	9,891	45.0
As of Dec. 2019	19,293	9,894	51.3

(Reference) Shareholders' equity:

As of June 2020: 9,887 million yen

As of December 2019: 9,890 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 2019	-	0.00	-	23.00	23.00
Year ending Dec. 2020	-	0.00	-	-	-
Year ending Dec. 2020(forecast)	-	-	-	25.00	25.00

(Note) Revisions to dividend forecast for the current quarter: None

3. Forecast of consolidated business results for the fiscal year ending December 2020

(January 1, 2020 through December 31, 2020) (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending Dec. 2020	16,725	-7.2	647	-65.2	450	-74.4	268	-76.8	31.81

(Note) Revisions to business forecast for the current quarter: None

***Notes**

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

(2) Applications of simplified accounting procedures and accounting procedures unique to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, accounting estimates and restatement

① Changes in accounting policies associated with revision of accounting standards: : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(4) Shares outstanding (common stock)

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

As of June 2020 8,468,300 shares

As of December 2019 8,456,300 shares

② Treasury stock at the end of period

As of June 2020 29,942 shares

As of December 2019 242 shares

③ Average number of stock during period (quarterly cumulative period)

Six months ended June 2020 8,449,207 shares

Six months ended June 2019 8,447,558 shares

***Quarterly financial summary is not subject to the quarterly review procedure by certified public accountants or auditing firms.**

***Explanation regarding appropriate use of business forecasts and other special instructions**

Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. Actual results may differ significantly from the forecasts due to various factors.

1. Qualitative Information on Quarterly Financial Results

(1) Results of Operations

In the second quarter of the current fiscal year, net sales were 8,354 million (up by 8.5% YoY), operating income was 395 million yen (down by 50.0% YoY), ordinary income was 291 million yen (down by 61.1% YoY), and net income attributable to owners of parent was 182 million yen (down by 61.5% YoY).

Results by business segment are as follows.

① Real Estate Sales Business

In the Real Estate Sales Business, the segment recorded net sales of 7,431 million yen (up by 6.6% YoY) and segment income of 953 million yen (down by 29.9% YoY).

Sales and purchase results for the second quarter of the current fiscal year are as follows.

i Sales Results

Classification	Number of contracts	YoY (%)	Sales (million yen)	YoY (%)
Leasehold land	129	-25.0	2,332	-11.4
Old unutilized properties	37	+42.3	3,077	-23.2
Freehold	8	+166.7	1,770	-
Other Real Estate Sales Business	-	-	250	+16.8
Total	174	-13.4	7,431	+6.6

(Note) 1. The amounts shown above do not include consumption taxes.

2. Inter-segment transactions have been eliminated.

3. "Number of contracts" indicates the number of transactions.

4. "Classification" of Leasehold land, Old unutilized properties, and Freehold is stated according to the classification at the time of purchase. When leasehold land has changed to freehold with rights adjustment after purchase, this case is included in "Leasehold land" based on the classification at the time of purchase. As for the classification of mixed properties with leasehold land, old unutilized properties, and freehold, properties including leasehold land are classified as "Leasehold land", and properties containing a mix of old unutilized properties and freehold are classified as "Old unutilized properties."

5. "Other Real Estate Sales Business" consists of rent income, income from brokerage fees, and commission income from outsourcing.

Although sales of leasehold land and old unutilized properties decreased, total sales increased year-on-year due to a large increase in sales of freehold.

Compared to the plan, sales were lower than expected due to delays in real estate sales and postponement of transactions caused by the spread of COVID-19.

ii Purchase Results

Classification	Number of lots	YoY (%)	Purchase amount (million yen)	YoY (%)
Leasehold land	192	-4.0	3,183	+84.8
Old unutilized properties	27	-41.3	4,416	+61.2
Freehold	8	+14.3	1,450	+71.9
Total	227	-10.3	9,051	+70.5

(Note) 1. The amounts shown above do not include consumption taxes.

2. "Number of lots" indicates the number of sales lots expected at the time of purchase of the property, such as the number of leaseholders in the case of leasehold land.

3. As for the classification of mixed properties with leasehold land, old unutilized properties, and freehold, properties including leasehold land are classified as "Leasehold land", and properties containing a mix of old unutilized properties and freehold are classified as "Old unutilized properties."

The purchase amount increased year-on-year thanks to the significant growth in purchases in all categories.

② Construction Business

In the Construction Business, the segment recorded net sales of 923 million yen (up 26.7% YoY) and segment loss of 0 million yen (segment loss of 73 million yen in the same period of the previous fiscal year).

Sales and orders in the second quarter of the current fiscal year are as follows.

i Sales Results

Number of contracts	YoY (%)	Sales (million yen)	YoY (%)
89	+21.9	923	+26.7

- (Note) 1. The amounts shown above do not include consumption taxes.
2. Inter-segment transactions have been eliminated.
3. "Number of contracts" indicates the number of contracts received.
4. "Number of contracts" and "Sales" include the number and amount of renovation works and reconstruction works.

As for sales, net sales increased significantly year-on-year, despite falling slightly short of the plan due to delays in business negotiations and the postponement of some contracts caused by the spread of the new coronavirus (COVID-19) infections.

ii Order Results

Orders received (million yen)	YoY (%)	Order backlog (million yen)	YoY (%)
548	-59.8	649	-48.3

- (Note) 1. The amounts shown above do not include consumption taxes.
2. Inter-segment transactions have been eliminated.
3. The above amounts are based on selling prices.

As for orders, there were delays in business negotiations and the postponement of some contracts due to the spread of COVID-19. In addition, in the same period of the previous fiscal year, both orders and order backlogs were at a higher level than in previous years due to a rush in demand prior to the consumption tax hike, resulting in a significant decrease in both orders and order backlogs year-on-year.

(2) Financial Position

① Assets, liabilities and net assets

(Current assets)

Current assets increased by 2,703 million yen from the end of the previous fiscal year to 20,798 million yen at the end of the second quarter of the current fiscal year. This was mainly due to a decrease of 651 million yen in cash and deposits and an increase of 3,429 million yen in property for sale.

(Fixed assets)

Fixed assets decreased by 35 million yen from the end of the previous fiscal year to 1,163 million yen at the end of the second quarter of the current fiscal year. This was mainly due to a decrease of 7 million yen in property, plant and equipment, a decrease of 11 million yen in intangible assets, and a decrease of 15 million yen in investments and other assets.

(Current liabilities)

Current liabilities decreased by 1,280 million yen from the end of the previous fiscal year to 7,767 million yen at the end of the second quarter of the current fiscal year. This was mainly due to a decrease of 657 million yen in short-term loans payable, a decrease of 239 million yen in income taxes payable, and a decrease of 275 million yen in current liabilities and others.

(Fixed liabilities)

Fixed liabilities at the end of the second quarter of the current fiscal year increased by 3,952 million yen from the end of the previous fiscal year to 4,303 million yen. This was mainly due to an increase of 3,958 million yen in long-term loans payable.

(Net assets)

Net assets at the end of the second quarter of the current fiscal year decreased by 3 million yen from the end of the previous fiscal year to 9,891 million yen. This was mainly due to an increase of 4 million yen in capital, an increase of 4 million yen in capital surplus, and a decrease of 12 million yen in retained earnings.

② Cash Flows

Cash and cash equivalents (hereinafter “cash”) at the end of the second quarter of the current fiscal year decreased by 671 million yen from the end of the previous fiscal year to 3,287 million yen.

The status of each cash flow and its factors for the second quarter are as follows.

(Cash flows from operating activities)

Net cash used in operating activities was 3,683 million yen (up by 3,397 million yen YoY).

The main inflows were profit before income taxes and minority interests of 291 million yen, and a decrease in other assets of 135 million yen. The main outflows were an increase in inventories of 3,415 million yen, income taxes paid of 338 million yen, an increase in other liabilities of 199 million yen, and a decrease in notes and accounts payable-trade of 106 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 9 million yen (down by 18 million yen YoY).

The main inflows were proceeds from withdrawal of time deposits of 26 million yen. The main outflows were payments for time deposits of 29 million yen, payments for purchase of property, plant and equipment of 2 million yen, and payments for purchase of intangible assets of 2 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities was 3,021 million yen (compared with 446 million yen used in the same period of the previous fiscal year).

The main inflows were proceeds from long-term loans payable of 4,058 million yen. The main outflows were a decrease in short-term loans payable of 657 million yen, cash dividends paid of 194 million yen, and repayments of long-term loans payable of 192 million yen.

(3) Consolidated Business Forecasts and Other Forward-Looking Information

There are no changes to the business forecasts announced on July 31, 2020.

For details of the business forecasts, please refer to the "Notice of Revisions to Business Forecasts for the Fiscal Year ending December 2020" announced on July 31, 2020.