

# Summary of Business Results for the Year Ended December 31, 2020

## [Japan GAAP] (Consolidated)

February 12, 2021

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 Listed on the TSE  
 URL: <https://www.sansei-l.co.jp>  
 Expected date of annual shareholders' meeting: March 26, 2021 Expected starting date of dividend payment: March 29, 2021  
 Expected date of filing of annual securities report: March 26, 2021  
 Preparation of supplementary financial document: Yes  
 Results briefing: Yes (for institutional investors and analysts)

(Rounded down to million yen)

### 1. Consolidated business results for the fiscal year ended December 2020 (January 1, 2020 through December 31, 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	%
Year ended Dec. 2020	17,774	-1.4	847	-54.5	709	-59.7	357	-69.1
Year ended Dec. 2019	18,020	7.1	1,860	5.4	1,758	7.0	1,158	15.1

(Note) Comprehensive income:

Year ended December 2020: 357 million yen (-69.1%)

Year ended December 2019: 1,158 million yen (15.1%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Dec. 2020	42.34	42.25	3.6	3.6	4.8
Year ended Dec. 2019	137.08	136.60	12.3	9.8	10.3

(Reference) Investment earnings/loss on equity-method:

Year ended December 2020: -million yen

Year ended December 2019: -million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 2020	20,070	10,066	50.1	1,192.45
As of Dec. 2019	19,293	9,894	51.3	1,169.65

(Reference) Shareholders' equity:

As of December 2020: 10,062 million yen

As of December 2019: 9,890 million yen

#### (3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Dec. 2020	-916	-287	952	3,707
Year ended Dec. 2019	-419	-70	984	3,958

### 2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Dec. 2019	-	0.00	-	23.00	23.00	194	16.8	2.1
Year ended Dec. 2020	-	0.00	-	25.00	25.00	210	59.0	2.1
Year ending Dec. 2021 (forecast)	-	0.00	-	25.00	25.00		41.8	

**3. Forecast of consolidated business results for the year ending December 2021  
(January 1, 2021 through December 31, 2021)**

(% 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
For the six months ending June 30, 2021	8,375	0.2	286	-27.6	214	-26.5	137	-24.6	16.29
Year ending Dec. 2021	18,385	3.4	919	8.5	762	7.5	505	41.3	59.88

**\*Notes**

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

(2) 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

(3) Shares outstanding (common stock)

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

As of December 2020 8,468,300 shares

As of December 2019 8,456,300 shares

② Treasury stock at the end of period:

As of December 2020 29,942 shares

As of December 2019 242 shares

③ Average number of stock during period (cumulative period)

Year ended December 2020 8,443,753 shares

Year ended December 2019 8,451,610 shares

**(Reference) Summary of non-consolidated business results**

**1. Non-consolidated business results for the fiscal year ended December 2020**

**(January 1, 2020 through December 31, 2020)**

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 2020	16,111	-1.0	845	-55.5	671	-61.7	177	-84.9
Year ended Dec. 2019	16,266	1.3	1,898	-2.2	1,752	9.1	1,172	9.8

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Dec. 2020	21.00	20.96
Year ended Dec. 2019	138.79	138.30

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 2020	19,838	10,083	50.8	1,194.51
As of Dec. 2019	19,028	10,092	53.0	1,193.00

(Reference) Shareholders' equity:

As of December 2020: 10,079 million yen

As of December 2019: 10,088 million yen

**2. Forecast of non-consolidated business results for the fiscal year ending December 2021  
(January 1, 2021 through December 31, 2021)**

(% change from the previous  
corresponding period)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending June 30, 2021	7,695	3.6	214	-26.9	60	-67.3	7.14
Year ending Dec. 2021	17,706	9.9	762	13.6	505	185.2	59.93

**\*Financial summary is not subject to the review procedures by certified public accountants or auditing firms.**

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

The forecasts regarding future performance in this report are based on information available at the time this report was prepared. However, actual results may differ from the forecasts due to various factors.

## 1. Summary of Results of Operations

### (1) Summary of results of operations for the fiscal year under review

#### ① Results of operations for the fiscal year under review

In the fiscal year under review, net sales were 17,774 million yen (down by 1.4% YoY), operating income was 847 million yen (down by 54.5% YoY), ordinary income was 709 million yen (down by 59.7% YoY), and a net income attributable to owners of parent was 357 million yen (down by 69.1% YoY).

Results by business segment are as follows.

#### I Real Estate Sales business

In the Real Estate Sales Business, the segment recorded net sales of 16,111 million yen (down by 1.0% YoY) and income of 1,935 million yen (down by 34.5% YoY).

Sales and purchase results for the fiscal year under review are as follows.

##### i Sales Results

Classification	Number of contracts	YoY (%)	Sales (million yen)	YoY (%)
Leasehold land	345	+1.8	6,326	-5.5
Old unutilized properties	75	+11.9	7,050	-4.7
Freehold	13	±0.0	2,271	+33.3
Other Real Estate Sales Business	—	—	463	-0.5
Total	433	+3.3	16,111	-1.0

(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 freehold increased, sales decreased year-on-year due to a decrease in sales of leasehold land and old unutilized properties.

##### ii Purchase Results

Classification	Number of lots	YoY (%)	Purchase amount (million yen)	YoY (%)
Leasehold land	353	-21.9	4,988	-2.1
Old unutilized properties	56	-44.6	6,593	+4.6
Freehold	11	-52.2	1,708	-4.0
Total	420	-27.1	13,290	+0.9

(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 due to an increase in purchases of old underutilized properties, despite a decrease in purchases of leasehold land and freehold.

## II Construction business

In the Construction Business, the segment recorded net sales of 1,662 million yen (down 5.2% YoY) and segment loss of 4 million yen (segment loss of 44 million yen in the same period of the previous fiscal year).

Sales and orders in the fiscal year under review are as follows.

### i Sales Results

Number of contracts	YoY (%)	Sales (million yen)	YoY (%)
163	-6.9	1,662	-5.2

- (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, the business had yet to achieve profitability, as net sales decreased year-on-year, despite the decreased deficit.

### ii Order Results

Orders received (million yen)	YoY (%)	Order backlog (million yen)	YoY (%)
1,095	-49.3	456	-55.4

- (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.

Both the amount of orders received and the order backlogs decreased year-on-year. This was attributable to the facts that in the previous fiscal year, both the amount of orders received and the order backlog were higher than usual due to the rush demand prior to the consumption tax hike, and there were delays in business negotiations and postponement of some contracts caused by the spread of COVID-19.

## ② Outlook for the next fiscal year

In the Real Estate Sales business, we plan net sales of 16,678 million yen (up by 3.5% year-on-year) and expect each profit to increase. Expenses decreased significantly in the fiscal year under review due to the voluntary restraint in sales activities due to COVID-19. However, we expect expenses to increase in the next fiscal year due to an increase in expenses associated with the expansion of purchasing, the resumption of promotion activities, and an increase in personnel expenses associated with an increase in personnel for future growth.

In the Construction Business, although we were unable to return to profitability in the fiscal year under review, the deficit has been reduced due to thorough cost control and cost reduction in construction. We plan to return to profitability in the next fiscal year by continuing to implement measures to strengthen sales and reduce construction costs.

As a result of the above, we forecast net sales of 18,385 million yen (up by 3.4% YoY), operating income of 919 million yen (up by 8.5% YoY), ordinary income of 762 million yen (up by 7.5% year on year), and net income attributable to owners of the parent of 505 million yen (up by 41.3% YoY).

We promoted our three-year medium-term management plan, which ended in 2020, with quantitative targets of more than 2,000 million yen in consolidated operating income and more than 1,900 million yen in consolidated ordinary income.

Under the medium-term management plan, we have focused on further business expansion by promoting aggressive sales activities and strengthening of organizational capabilities, with a basic policy of steady growth of existing businesses. However, due to the prolonged period of voluntary restraint in our sales activities caused by the spread of COVID-19 in the fiscal year under review, we were unable to achieve the quantitative targets set out in our mid-term management plan.

Amid the continuing restrictions on sales activities due to the spread of COVID-19, our company, which had mainly conducted sales activities face-to-face, is facing management issues that we had not previously anticipated. In order to address such important management issues, after careful consideration, we have decided to delay the formulation of the new medium-term management plan for 2021 and beyond until mid-2021 or later.

Although we are in a business environment where the spread of COVID-19 is not yet expected to be contained, we will continue to steadily grow existing businesses, raise profits from new businesses, and expand the return of profits. At the same time, we will proceed with the formulation of a new medium-term management plan and disclose it as soon as it will be determined.

## (2) Summary of Financial Position

Net assets increased by 777 million yen from the end of the previous fiscal year to 20,070 million yen (up by 4.0% year-on-year) at end of the fiscal year under review. The major factors for this change were an increase of 196 million yen in cash and deposits, an increase of 931 million yen in property for sale, a decrease of 140 million yen in current assets and others, a decrease of 111 million yen in real estate for lease (net), and a decrease of 49 million yen in deferred tax assets.

Total liabilities increased by 605 million yen from the end of the previous fiscal year to 10,004 million yen (up by 6.4% year-on-year) at end of the fiscal year under review. This was mainly due to a decrease of 242 million yen in accounts payable-trade, a decrease of 2,747 million yen in short-term loans payable, a decrease of 307 million yen in income taxes payable, and an increase of 3,878 million yen in long-term loans payable.

Net assets increased by 171 million yen from the end of the previous fiscal year to 10,066 million yen (up by 1.7% year-on-year) at end of the fiscal year under review. This was mainly due to an increase of 163 million yen in retained earnings.

As a result, the equity ratio was 50.1%, a decrease of 1.2 percentage points from the end of the previous fiscal year.

## (3) Summary of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter “cash”) at the end of the fiscal year under review were 3,707 million yen (down by 6.4% YoY).

The status of each cash flow and its factors for the fiscal year under review are as follows.

### (Cash flows from operating activities)

Net cash used in operating activities for the fiscal year under review was 916 million yen. The main factors were income before income taxes and minority interests of 712 million yen, expenditure of 881 million yen due to an increase in inventories, expenditure of 242 million yen due to a decrease in notes and accounts payable-trade, and income taxes paid of 604 million yen.

### (Cash flows from investing activities)

Net cash used in investing activities for the fiscal year under review was 287 million yen. The main factors were payments into time deposits of 537 million yen, proceeds from withdrawal of time deposits of 104 million yen, and proceeds from sales of real estate for rent of 138 million yen.

### (Cash flows from financing activities)

Net cash provided by financing activities for the fiscal year under review was 952 million yen. The main factors were a decrease in short-term loans payable of 2,747 million yen, proceeds from long-term loans payable of 4,363 million yen, repayment of long-term loans payable of 476 million yen, and cash dividends paid of 194 million yen.

## (Ref.) Changes in cash flow indicators

	FY12/16	FY12/17	FY12/18	FY12/19	FY12/20
Shareholders' equity ratio	63.3	47.3	53.1	51.3	50.1
Shareholders' equity ratio based on market value	53.5	55.1	40.9	40.0	30.8
Interest-bearing debt/cash flow	168.3	-	374.1	-	-
Interest coverage ratio	19.6	-	12.9	-	-

Equity ratio: Equity/Total assets

Market value equity ratio: Total market capitalization/Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt/cash flow

Interest coverage ratio: Operating cash flow/Interest payment

(Note) 1. All figures are calculated based on the consolidated financial data.

2. Total market capitalization is calculated based on the total number of shares issued excluding treasury stock.

3. Cash flows is taken from operating cash flow.

4. The interest-bearing debt refers to the debts posted in the consolidated balance sheets for which we are paying interests.

5. The ratio of cash flow to interest-bearing debt and interest coverage ratio for FY12/17, FY12/19 and FY12/20 are not presented because operating cash flow was negative.

(4) Basic policy on distribution of profits and dividends for the current and next fiscal years

Our basic dividend policy is to pay dividends continuously and stably and to actively return profits to shareholders in accordance with our business performance by improving profitability and securing dividend sources. As we recognize that returning profits to shareholders is an important management issue, we will strive to improve profitability and expand our business base with promoting management strategies aimed at maximizing shareholder profits. About the use of internal reserves, the Company will make effective investments to respond to anticipated changes in the business environment, such as expanding its business base by strengthening its management structure. In addition, the Articles of Incorporation stipulates that the Company may pay an interim dividend upon resolution of the Board of Directors, but the Company's basic policy is to pay a year-end dividend from surplus once a year.

For the fiscal year under review, the Company plans to propose to pay a year-end dividend of 25.00 yen per share to the Ordinary General Meeting of Shareholders to be held on March 26, 2021. The annual dividend for the fiscal year under review is expected to be 25.00 yen per share.

For the next fiscal year, the Company plans to pay a year-end dividend of 25.00 yen per share based on the above policy.

2. Basic policy regarding selection of accounting standards

Considering the comparability of consolidated financial statements between periods and among companies, the Group will continue to prepare its consolidated financial statements under Japanese GAAP for the time being.

The Group considers to adopt the International Financial Reporting Standards (IFRS) appropriately, taking into account future business developments and various conditions in Japan and overseas.