

**Flash Report (Consolidated Basis)**  
**Results for the nine-month period ended August 31, 2020**  
**(Based on Japanese GAAP)**

Company name: **Samty Co., Ltd.**  
 Stock Listings: Tokyo Stock Exchange  
 Stock Code: 3244  
 URL: <https://www.samty.co.jp/en/>

**Representative**

Title: Representative Director and President

Name: Yasuhiro Ogawa

**Contact Person**

Title: Executive Officer, General Manager of Business Administration Division

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Quarterly report filing date (Planned): October 15, 2020

Start of dividend payments (Planned): —

Quarterly supplemental explanatory material prepared: Yes

Quarterly results briefing held: No

(Figures less than ¥1 million have been omitted.)

**1. Consolidated Results for the nine-month period of FY11/20**  
**(December 1, 2019 to August 31, 2020)**

**(1) Consolidated Operating results**

Nine months ended August 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2020	47,394	(34.0)	6,737	(54.6)	5,159	(60.8)	3,489	(62.2)
2019	71,789	15.8	14,832	46.3	13,148	54.1	9,232	46.9

(Note) Comprehensive Income: Nine months ended August 31, 2020: ¥2,674 million, (72.5%)  
 Nine months ended August 31, 2019: ¥9,717 million, 49.6%

	Net income per share	Net Income per share after adjustment for residual shares
	Yen	Yen
2020	85.69	74.77
2019	237.25	223.78

## (2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
August 31, 2020	253,160	70,159	27.5
November 30, 2019	218,803	71,627	32.5

(Reference) Total shareholders' equity: August 31, 2020: ¥69,520 million, November 30, 2019: ¥71,027 million

## 2. Dividends

Years ended/ending November 30

	Dividends per share				
	February 28	May 31	August 31	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2019	—	35.00	—	44.00	79.00
2020	—	38.00	—		
2020 (Forecast)				44.00	82.00

(Note) Revision of dividends forecast for this period: None

## 3. Forecasts for Fiscal Year Ending November 30, 2020

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	95,500~105,000	11.6~22.7	15,300~16,900	(0.6)~9.8	13,100~14,600	(0.7) ~10.7

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Fiscal year	9,100~10,100	(6.6) ~3.7	223.93~248.54

(Note) Revision of results forecast for this period: Yes

## Notes

(1) Significant changes in subsidiaries during the subject fiscal period: None  
(Changes in specified subsidiaries related to a change in the scope of consolidation)

Additions: (—)                      Deletions: (—)

(2) Application of special accounting practices in the preparation of the consolidated financial statements:  
None

(3) Changes in accounting policies, changes in accounting estimates, restatements  
1) Changes in accounting policies due to revision of accounting standards: None  
2) Changes in accounting policies other than 1) above: None  
3) Changes in accounting estimates: None  
4) Restatements: None

(4) Number of shares issued and outstanding (common share)

1) Number of shares issued and outstanding (including treasury stock)	Nine months ended August 31, 2020	41,020,140 shares	Year ended November 30, 2019	40,946,240 shares
2) Number of treasury stock	Nine months ended August 31, 2020	646,961 Shares	Year ended November 30, 2019	1,659 shares
3) Average number of shares outstanding for each period (cumulative term)	Nine months ended August 31, 2020	40,725,065 shares	Nine months ended August 31, 2019	38,913,517 shares

\* Quarterly financial statements are not subject to review by certified public accountants or audit firms.

\* Explanation regarding the appropriate use of results forecasts, and other items of note

- Results forecasts and other forward-looking statements contained in this report are based on information available to the Company at the time of disclosure, and certain assumptions the Company considers reasonable. Actual results may vary considerably due to a variety of factors.

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## 1. Qualitative Information on Consolidated Results for the Nine-Month Period of Fiscal 2020

### (1) Explanation of Business Results

During the subject third quarter cumulative period, the Japanese economy suffered a sharp downturn as a result the outbreak of the COVID-19 pandemic at the start of the fiscal year. However, the government's emergency declaration was lifted in May and restrictions on movement between prefectures removed in June, with signs of recovery appearing recently as economic activity has gradually resumed.

In Samty Group's main industry of real estate, for residential apartments, which are less susceptible to economic fluctuations or the impact from COVID-19, occupancy rates and rents have remained firm, and sales prices and leases have been stable. A report from a private research institute found that rents for residential apartments had risen in July compared to a year earlier in the major cities of Tokyo, Nagoya, Osaka, and Fukuoka, suggesting that the coronavirus has had little impact on market conditions. For office buildings, there has so far been no acute worsening of conditions. In B-to-B real estate sales, Samty Group's main type of transaction, the impact from COVID-19 has been limited. The financial system is stable, and growth has been steady amid globally low interest rates. There has also been no decline in the purchase price of development sites, or indication of price adjustments. In the tourism industry, restrictions on movement between prefectures was relaxed in June, local governments have conducted campaigns to subsidize accommodations, and the government's "Go To Travel" campaign was launched in July. According to statistics on travel and accommodations published by the Japan Tourism Agency (preliminary report in July 2020), hotel occupancy rates in May had fallen sharply to 12.9%, and have gradually recovered, reaching 22.8% in June and 30.4% in July.

Under such conditions, on June 30 Samty Group sold and transferred Mercure Kyoto Station (Shimogyo-ku, Kyoto-shi), the property that it had developed, at the initial sales price.

In August, Samty Group sold and transferred ten residential apartment buildings to Samty Residential Investment Corporation. In terms of hotels owned and operated by Samty Group, three properties were forced to close temporarily due to the government's call for people to refrain from unnecessary activities, restrictions on travel, and other effects of the coronavirus, as well as declining occupancy rates. However, operations resumed in June, and with the measures undertaken by local governments and the Go To Travel campaign, occupancy rates have been recovering. During the "Silver Week" holidays in September, some hotels had occupancy rates of more than 90%. Samty Group is assuming that social and economic activity will return to normal around fall 2021, when vaccines and therapies currently under development in countries around the world can be practically utilized, and the situation settles.

As a result, for the subject third quarter cumulative period, net sales amounted to ¥47,394 million (down 34.0% from the same period of the previous fiscal year), with operating income of ¥6,737 million (down 54.6%), ordinary income of ¥5,159 million (down 60.8%), and profit attributable to owners of parent of ¥3,489 million (down 62.2%).

Fixed costs at hotels where the occupancy rate dropped sharply amounted to around ¥850 million for the subject third quarter cumulative period. Of this amount, Samty Group recorded as an

extraordinary loss ¥101 million in fixed expenses from hotels subject to temporary closure.

In terms of the current situation, during the fourth quarter period Samty Group expects to sell 41 properties comprising residential apartments and office buildings, for a total of approximately ¥44,500 million (of which, sales contracts have already been concluded for 17 properties, totaling approximately ¥30,000 million).

## Results by Business Segment

### a. Real Estate Business

The Real Estate business comprises the planning, development, and sales of real estate properties, including the Samty brand S-RESIDENCE series, as well as the planning, development, revitalization and sales of income properties and other real estate.

During the subject third quarter cumulative period, properties sold in lots were, as the “S-RESIDENCE” series, “S-RESIDENCE Asahigaoka” (Chuo-ku, Sapporo-shi) and “S-RESIDENCE Nishinagahori” (Nishi-ku, Osaka-shi), and as income-generating apartments, “KURAMAE214” (Taito-ku, Tokyo), “SAMTY Yuurin Camarade” (Shimogyo-ku, Kyoto-shi), “SAMTY Nakoji” (Amagasaki-shi, Hyogo), “SAMTY Towers Atago” (Nishi-ku, Fukuoka-shi), and “S-GLANZ Osaka Doshin” (Kita-ku, Osaka-shi). Properties sold in lots were “STAGE FIRST Shin-Okachimachi II (Taito-ku, Tokyo). Hotel assets sold were “Ibis Styles Nagoya<sup>\*1</sup>” (Nakamura-ku, Nagoya-shi) and “Mercure Kyoto Station<sup>\*2</sup>” (Shimogyo-ku, Kyoto-shi). The Company also sold other facilities.

As a result, net sales in the Real Estate Business segment amounted to ¥39,583 million (down 38.1% from the same period of the previous fiscal year), with operating income of ¥8,344 million (down 48.0%).

- \*1. The sale of “Ibis Styles Nagoya” was conducted through transfer of land, based on a trust beneficiary right transfer contract concluded on February 26, 2020. Of note, construction was completed in July 2020, and preparations for opening are currently underway.
- \*2. The sale of “Mercure Kyoto Station” was conducted through transfer of land, based on a trust beneficiary right transfer contract concluded on May 31, 2019. Of note, the transfer of land was completed in the previous fiscal year.

### b. Property Leasing Business

The Property Leasing business comprises the leasing and management of rental apartments, office buildings, commercial facilities, hotels, and other properties.

The Samty Group continued its efforts to expand its area of business operations and strengthen purchasing of income properties, including acquiring “SAMTY Higashi kuyakusho mae” (Higashi-ku, Sapporo-shi), “SAMTY Tower N26” (Kita-ku, Sapporo-shi), “SAMTY Maruyama Residence” (Chuo-ku, Sapporo-shi), “SAMTY Nishi-Umeda Glorie” (Kita-ku, Osaka-shi), “SAMTY Namba Grace” (Naniwa-ku, Osaka-shi), “SAMTY Shukugawa Residence” (Nishinomiya-shi, Hyogo), “SAMTY Funairi II” (Naka-ku, Hiroshima-shi), “SAMTY Residence Hakataekiminami” (Hakata-ku, Fukuoka-shi), “SAMTY Tenjin-minami” (Chuo-ku, Fukuoka-shi), “SAMTY Suwajinja-mae” (Nagasaki-shi, Nagasaki), “SAMTY Gohuku Residence” (Chuo-ku, Kumamoto-shi), “SAMTY Minami-Kagoshima” (Kagoshima-shi, Kagoshima), “PALWISH Tama-plaza” (Miyamae-ku, Kawasaki-shi), and “RESIDENCIA Meiekiminami” (Nakamura-ku, Nagoya-shi).

As a result, net sales in the Property Leasing Business segment amounted to ¥6,076 million (up 22.5% from the same period of the previous fiscal year), with operating income of ¥2,721 million (up 47.1%).

### **c. Other Business**

Other business operations comprise the hotel business, including the holding and operating of “S-PERIA Hotel Kyoto” (Shimogyo-ku, Kyoto-shi), “NEST Hotel Hiroshima Hatchobori” (Naka-ku, Hiroshima-shi), “NEST Hotel Hiroshima ekimae” (Minami-ku, Hiroshima-shi), and “Center Hotel Tokyo” (Chuo-ku, Tokyo), and the management of “S-PERIA INN Nihombashihakozaki” (Chuo-ku, Tokyo), “S-PERIA INN Osakahommachi” (Nishi-ku, Osaka-shi), “S-PERIA Hotel Hakata” (Hakata-ku, Fukuoka-shi), “S-PERIA Hotel Nagasaki” (Nagasaki-shi, Nagasaki), and “Hotel Sunshine Utsunomiya” (Utsunomiya-shi, Tochigi). The Company also has a condominium management business and construction / renovation business.

As a result, net sales in the Other Business segment amounted to ¥1,734 million (down 40.9% from the same period of the previous fiscal year), with an operating loss of ¥602 million (compared to operating income of ¥16 million in the same period of the previous fiscal year).

## **(2) Qualitative Information on the Consolidated Financial Position**

### **Assets, Liabilities, and Net Assets**

#### **(Assets)**

Total assets at the end of the subject third quarter cumulative period amounted to ¥253,160 million, an increase of ¥34,357 million compared to the end of the previous fiscal year. Of this amount, current assets increased ¥42,393 million to ¥164,821 million, and non-current assets decreased ¥8,035 million to ¥88,339 million. The main factors for the increase in current assets were increases of ¥59,817 million in real estate for sale; against decreases of ¥14,944 million in cash and deposits; and ¥5,236 million in real estate for sale in process. The main factor for the decrease in non-current assets was a decrease of ¥10,023 million in net property and equipment; against an increase of ¥2,006 million in investments and other assets.

#### **(Liabilities)**

Total liabilities at the end of the subject third quarter cumulative period amounted to ¥183,000 million, an increase of ¥35,825 million compared to the end of the previous fiscal year. Of this amount, current liabilities increased ¥12,882 million to ¥35,464 million, while non-current liabilities increased ¥22,942 million to ¥147,536 million. The main factors for the increase in current liabilities were increases of ¥9,461 million in short-term borrowings; and ¥3,646 million in current portion of long-term debt. The main factor for the increase in non-current liabilities was an increase of ¥22,962 million in long-term debt.

#### **(Net Assets)**

Total net assets at the end of the subject third quarter cumulative period amounted to ¥70,159 million, a decrease of ¥1,468 million compared to the end of the previous fiscal year. This was due mainly to a decrease of ¥3,335 million in retained earnings from dividend payments; an increase of ¥892 million in treasury shares from the acquisition of treasury shares; and a decrease of ¥810 million in valuation

difference on available-for-sale securities from market valuation of held shares; against an increase of ¥3,489 million in retained earnings from the recording of profit attributable to owners of parent.

### **(3) Explanation of Consolidated Results Forecasts and Other Future Predictions**

In consideration of recent business results, earnings forecasts for the full fiscal year (December 1, 2019 – November 30, 2020) have been revised from those announced on July 15, 2020.

For details, see “Notice of Revision to Results Forecast” released today (September 30, 2020).



## 2. Consolidated Financial Statements and Main Explanatory Notes

### (1) Consolidated Balance Sheets

	Millions of yen	
	November 30, 2019	August 31, 2020
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	44,918	29,974
Receivables	814	421
Real estate for sale	28,637	88,455
Real estate for sale under construction	46,339	41,103
Goods	1	0
Supplies	10	12
Other	1,708	4,857
Allowance for doubtful accounts	(1)	(4)
Total current assets	<b>122,428</b>	<b>164,821</b>
<b>Non-current assets:</b>		
<b>Property and equipment:</b>		
Buildings and structures net	25,696	18,133
Buildings in trust net	7,623	3,710
Land	38,721	40,322
Land in trust	5,571	3,322
Other net	807	2,906
Net property and equipment	<b>78,420</b>	<b>68,396</b>
<b>Intangible assets:</b>		
Goodwill	11	10
Other intangible assets	161	143
Total intangible assets	172	154
<b>Investments and other assets:</b>		
Investment securities	13,224	15,379
Deferred tax assets	291	646
Other	4,318	3,816
Allowance for doubtful accounts	(53)	(53)
Total Investments and other assets	<b>17,781</b>	<b>19,788</b>
Total non-current assets	<b>96,374</b>	<b>88,339</b>
<b>Total assets</b>	<b>218,803</b>	<b>253,160</b>

	Millions of yen	
	November 30, 2019	August 31, 2020
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	477	539
Short-term borrowings	2,315	11,777
Current portion of long-term debt	16,387	20,034
Accrued income taxes	1,237	781
Other	2,163	2,331
Total current liabilities	<b>22,581</b>	<b>35,464</b>
<b>Non-current liabilities:</b>		
Bonds with share acquisition rights	10,000	10,000
Long-term debt	112,224	135,187
Liabilities for retirement benefits	183	208
Guarantee deposits	1,399	1,415
Construction assistance fund	483	441
Other long-term liabilities	303	283
Total non-current liabilities	<b>124,593</b>	<b>147,536</b>
<b>Total liabilities</b>	<b>147,175</b>	<b>183,000</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	16,184	16,227
Capital surplus	17,938	17,981
Retained earnings	36,335	36,489
Treasury stocks at cost	(3)	(895)
Total shareholders' equity	<b>70,455</b>	<b>69,804</b>
<b>Accumulated other comprehensive income:</b>		
Unrealized gain on available for-sale securities	634	(175)
Foreign currency translation adjustment	(62)	(108)
Total accumulated other comprehensive income	571	(284)
Non-controlling interests	600	639
<b>Total net assets</b>	<b>71,627</b>	<b>70,159</b>
<b>Total liabilities and net assets</b>	<b>218,803</b>	<b>253,160</b>

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

Nine months ended August 31

	Millions of yen	
	2019	2020
<b>Net sales</b>	<b>71,789</b>	<b>47,394</b>
Cost of sales	50,356	33,066
<b>Gross profit</b>	<b>21,433</b>	<b>14,327</b>
Selling, general and administrative expenses	6,601	7,589
<b>Operating income</b>	<b>14,832</b>	<b>6,737</b>
<b>Non-operating income:</b>		
Interest income	1	0
Dividends	13	13
Loss on valuation of interest swaps	—	36
Other	5	17
<b>Total non-operating income</b>	<b>20</b>	<b>68</b>
<b>Non-operating expenses:</b>		
Interest expenses	1,068	1,369
Commission fee	448	253
Loss on valuation of interest swaps	166	—
Other	20	23
<b>Total non-operating expenses</b>	<b>1,703</b>	<b>1,646</b>
<b>Ordinary income</b>	<b>13,148</b>	<b>5,159</b>
<b>Extraordinary income:</b>		
Gain on sales of non-current assets	259	0
Subsidy income	—	13
Reversal of consumption taxes for prior periods	—	138
<b>Total extraordinary income</b>	<b>259</b>	<b>153</b>
<b>Extraordinary loss:</b>		
Loss on sales of non-current assets	—	7
Loss on retirement of non-current assets	4	0
Loss due to temporary closures	—	101
<b>Total extraordinary losses</b>	<b>4</b>	<b>109</b>
<b>Income before income taxes</b>	<b>13,403</b>	<b>5,203</b>
Income taxes-current	3,706	1,670
Income taxes-deferred	371	2
Total income taxes	<b>4,077</b>	<b>1,672</b>
<b>Net income</b>	<b>9,325</b>	<b>3,530</b>
<b>Profit attributable to non-controlling interests</b>	<b>93</b>	<b>41</b>
<b>Profit attributable to owners of parent</b>	<b>9,232</b>	<b>3,489</b>

## Consolidated Statements of Comprehensive Income

Nine months ended August 31

	Millions of yen	
	2019	2020
Income before minority interests	9,325	3,530
<b>Other comprehensive income:</b>		
Unrealized gain on available for-sale securities	460	(810)
Foreign currency translation adjustment	(67)	(45)
Total other comprehensive income	392	(855)
<b>Comprehensive income</b>	<b>9,717</b>	<b>2,674</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of the parent	9,624	2,633
Comprehensive income attributable to non-controlling interests	93	41

### **(3) Notes Relating to Consolidated Financial Statements**

#### **(Note on Assumptions for Going Concern)**

Not applicable.

#### **(Notes in the Event of Major Changes in Shareholders' Equity)**

Not applicable.

## (Segment Information)

### I Results for the nine months of FY11/19 (from December 1, 2018 to August 31, 2019)

#### 1. Operating Revenues and Earnings (or Loss) by Reportable Segment

Nine months ended August 31, 2019

	Millions of yen					
	Reportable Segment				Adjustment (Note 1)	Amount Recorded on Consolidated Income Statement (Note 2)
	Real Estate Business	Property Leasing Business	Other Business	Total		
Net sales:						
Net sales from third parties	63,895	4,959	2,934	71,789	—	71,789
Inter-segment net sales and transfers	1	—	274	275	(275)	—
Total	63,896	4,959	3,209	72,065	(275)	71,789
Operating income (loss)	16,046	1,850	16	17,912	(3,080)	14,832

#### Notes

1. The ¥3,080 million downward adjustment to operating income (loss) comprises a positive ¥83 million in intersegment eliminations, and a negative ¥3,164 million in corporate expenses not allocated to any reportable segment. Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Segment operating income (loss) is adjusted to the operating income on the consolidated income statement.

#### 2. Disclosure of Impairment Loss of Non-Current Assets or Goodwill by Reportable Segment

Not applicable.

### II Results for the nine months of FY11/20 (from December 1, 2019 to August 31, 2020)

#### 1. Operating Revenues and Earnings (or Loss) by Reportable Segment

Nine months ended August 31, 2020

	Millions of yen					
	Reportable Segment				Adjustment (Note 1)	Amount Recorded on Consolidated Income Statement (Note 2)
	Real Estate Business	Property Leasing Business	Other Business	Total		
Net sales:						
Net sales from third parties	39,583	6,076	1,734	47,394	—	47,394
Inter-segment net sales and transfers	6	21	194	223	(223)	—
Total	39,589	6,098	1,929	47,617	(223)	47,394
Operating income (loss)	8,344	2,721	(602)	10,463	(3,726)	6,737

#### Notes

1. The ¥3,726 million downward adjustment to operating income (loss) comprises a negative ¥8 million in intersegment eliminations, and a negative ¥3,718 million in corporate expenses not allocated to any reportable segment. Corporate expenses are general and administrative expenses not attributed to any reportable segment.
2. Segment operating income (loss) is adjusted to the operating income on the consolidated income statement.

#### 2. Disclosure of Impairment Loss of Non-Current Assets or Goodwill by Reportable Segment

Not applicable.

## **(Additional Information)**

(Change in Presentation Methods)

### Quarterly Consolidated Income Statement

From the first quarter period of the subject fiscal year, the Company has changed the presentation method for refunds of insurance premiums for development projects, which previously had been presented as “Refund of premium for cancelled insurance” in “Non-operating income,” to presentation as part of “Cost of sales.” This change will better clarify the equivalence of expenses and costs, and more accurately present gross profit and the current state of business.

The consolidated income statement for the third quarter cumulative period of the previous fiscal year has been recombined to reflect this change in presentation method. As a result, the ¥21 million shown in “Refund of premium for cancelled insurance” in “Non-operating income” has been recombined as “Cost of sales.”

(Change in Holding Purpose)

Due to a change in holding purpose, ¥35,301 million was transferred from “Property, plant and equipment” to “Inventories.”

(Impact on Accounting Estimates Due to COVID-19)

Despite ongoing concerns about the impact from a second or third wave of the COVID-19 outbreak, the operating environment for the hotel business, the part of Samty Group most directly impacted by the pandemic, has maintained a tone of recovery following the resumption of social and economic activity. Going forward, as social conditions return to a normal state with the creation of a vaccine for this virus, currently under development in countries around the world, or the practical application of a medical treatment, socioeconomic activity is expected to normalize overall. Samty Group is assuming that the timing for such conditions will be autumn 2021, and has reflected these assumptions in its write-down of inventory, impairment of fixed assets, and other accounting estimates.

(Loss due to Temporary Closure)

In response to the Japanese government’s issuance of an emergency declaration to address the COVID-19 pandemic, the Company temporarily closed certain hotels and other Group assets. The fixed costs incurred at hotels and other assets during the temporary closure period (personnel costs, land rents, depreciation expense, etc.) were recorded as a “Loss due to temporary closures” in “Extraordinary losses.”

## **(Significant Events after the Reporting Period)**

Not applicable.

**END**