

## Sanyo Homes (1420)

| Consolidated Fiscal Year<br>(Million Yen) |     | Sales  | Operating Profit | Recurring Profit | Profit Attributable to Owners of Parent | EPS (Yen) | DPS (Yen) | BPS (Yen) |
|---|-----|--------|------------------|------------------|---|-----------|-----------|-----------|
| FY03/2017                                 |     | 55,504 | 1,517            | 1,554            | 972                                     | 77.9      | 15.0      | 1,284.7   |
| FY03/2018                                 |     | 54,117 | 1,894            | 1,911            | 1,243                                   | 100.9     | 15.0      | 1,374.3   |
| FY03/2019CoE                              |     | 60,000 | 2,110            | 2,010            | 1,350                                   | 109.6     | 25.0      | -         |
| FY03/2018                                 | YoY | (2.5%) | 24.8%            | 22.9%            | 27.8%                                   | -         | -         | -         |
| FY03/2019CoE                              | YoY | 10.9%  | 11.4%            | 5.2%             | 8.6%                                    | -         | -         | -         |
| Consolidated Half Year<br>(Million Yen)   |     | Sales  | Operating Profit | Recurring Profit | Profit Attributable to Owners of Parent | EPS (Yen) | DPS (Yen) | BPS (Yen) |
| Q1 to Q2 FY03/2018                        |     | 21,437 | 361              | 327              | 215                                     | -         | -         | -         |
| Q3 to Q4 FY03/2018                        |     | 32,680 | 1,533            | 1,583            | 1,027                                   | -         | -         | -         |
| Q1 to Q2 FY03/2019                        |     | 20,426 | (382)            | (444)            | (344)                                   | -         | -         | -         |
| Q3 to Q4 FY03/2019CoE                     |     | 39,573 | 2,492            | 2,454            | 1,694                                   | -         | -         | -         |
| Q1 to Q2 FY03/2019                        | YoY | (4.7%) | -                | -                | -                                       | -         | -         | -         |
| Q3 to Q4 FY03/2019CoE                     | YoY | 21.1%  | 62.5%            | 55.0%            | 64.9%                                   | -         | -         | -         |

Source: Company Data, WRJ Calculation

### 1.0 Results Update (15 November 2018)

#### Recovery of Housing Business

On 7 November 2018, Sanyo Homes to develop/sell houses and condos released its Q1 to Q2 FY03/2019 results. It has been revealed that the Company is seeing a recovery of earnings on the Housing Business side. Specifically, in Q1 to Q2, sales came in at ¥11,233m (up 17.3% YoY) and operating profit negative ¥195m (versus negative ¥336m during the same period in the previous year). More importantly, the Company suggests sales growth rate is to accelerate in H2, where sales are to concentrate, resulting in a turnaround of earnings on a full-year basis, which is expected to be the key driver for earnings as a whole for the Company. Given “impacts from natural disasters, etc.” as one of the factors, the Company has failed to meet initial assumptions in Q1 to Q2 in regards to sales on the Housing Business side. Still, sales have increased as fast as mentioned above and operating balance has improved by ¥141m over the same period in the previous year.


On the Housing Business side, the Company is heavily involved with rental/welfare houses, renovation, etc. on top of the mainstay detached houses, while spotting that operations associated with rental/welfare houses are currently doing well in particular. We are to attend the Company’s results meeting on 21 November in order to gather information more in depth as well as interviewing with management afterwards so that we should be able to update [Sanyo Homes \(1420\) Creating Shared Value \(30 July 2018\)](#) and to release anew.

IR Representatives: Yasuhiko Sugise (+81 6 6578 3405 [yasuhiko\\_sugise@sanyohomes.co.jp](mailto:yasuhiko_sugise@sanyohomes.co.jp))

Yuuki Murata (+81 6 6578 3405 [yuuki\\_murata@sanyohomes.co.jp](mailto:yuuki_murata@sanyohomes.co.jp))

## 2.0 Company Profile

### Developing/Selling Houses and Condos

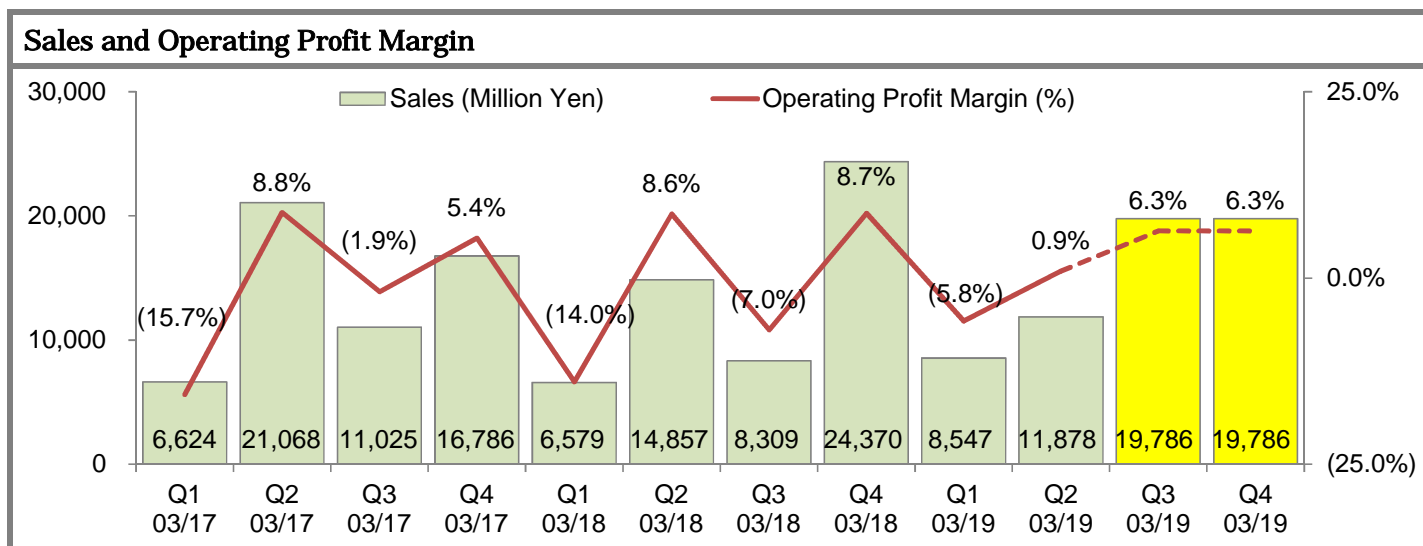
|                         |  |  |
|-------------------------|--|--|
| <b>Company Name</b>     | <p>Sanyo Homes Corporation</p> <p><a href="#">Website</a></p> <p><a href="#">IR Information</a></p> <p><a href="#">Share Price (Japanese)</a></p>  |  |
| <b>Inauguration</b>     | 1 February 1969  |  |
| <b>Listing</b>          | <p>9 April 2014: Tokyo Stock Exchange 1st Section (ticker: 1420)</p> <p>9 April 2013: Tokyo Stock Exchange 2nd Section</p>   |  |
| <b>Capital</b>          | ¥5,945m (as of the end of September 2018)  |  |
| <b>No. of Shares</b>    | 12,620,000 shares, including 300,883 treasury shares (as of the end of Sep. 2018)  |  |
| <b>Main Features</b>    | <ul style="list-style-type: none"> <li>● Roots in “Kubota House Co. Ltd.” or provider of custom home (steel-framed prefabricated structure)</li> <li>● Running operations mainly in Kinki region as well as in capital area, Chubu region, Kyushu region, etc.</li> <li>● Condos Business to develop and sell condos, the key earnings pillar</li> </ul> |  |
| <b>Business</b>         | <ul style="list-style-type: none"> <li>• Detached Houses • Condominiums • Renewal &amp; Distribution</li> <li>• Renovation • Rental/Welfare Houses</li> <li>• Life Support • Frontier</li> </ul>   |  |
| <b>Top Management</b>   | <p>Representative Director / Chairman: Yasusuke Tanaka</p> <p>Representative Director / Vice Chairman: Hisashi Matsuoka</p> <p>Representative Director / President: Fumio Matsumoto</p>  |  |
| <b>Shareholders</b>     | LIXIL Corporation 24.56%, ORIX Corporation 16.64% (as of the end of Sep. 2018)   |  |
| <b>Headquarters</b>     | Nishi-ku, Osaka-prefecture, JAPAN  |  |
| <b>No. of Employees</b> | Consolidated: 726, Parent: 469 (as of the end of September 2018)   |  |

Source: Company Data

## 3.0 Recent Trading and Prospects

### Q1 to Q2 FY03/2019 Results

In Q1 to Q2 FY03/2019, sales came in at ¥20,426m (down 4.7 YoY), operating profit negative ¥382m (versus ¥361m during the same period in the previous year), recurring profit negative ¥444m (¥327m) and profit attributable to owners of parent negative ¥344m (¥215m), while operating profit margin negative 1.9% (down 3.6% points).



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2019: H2 Company forecasts, pro rata)

Compared with initial Company forecasts, sales fell short by ¥2,824m (12.1%) and operating balance by ¥13m, implying limited shortfall of earnings in spite of major shortfall in sales. The Company suffered from shortfall of sales both on the Housing Business side and on the Condos Business side.

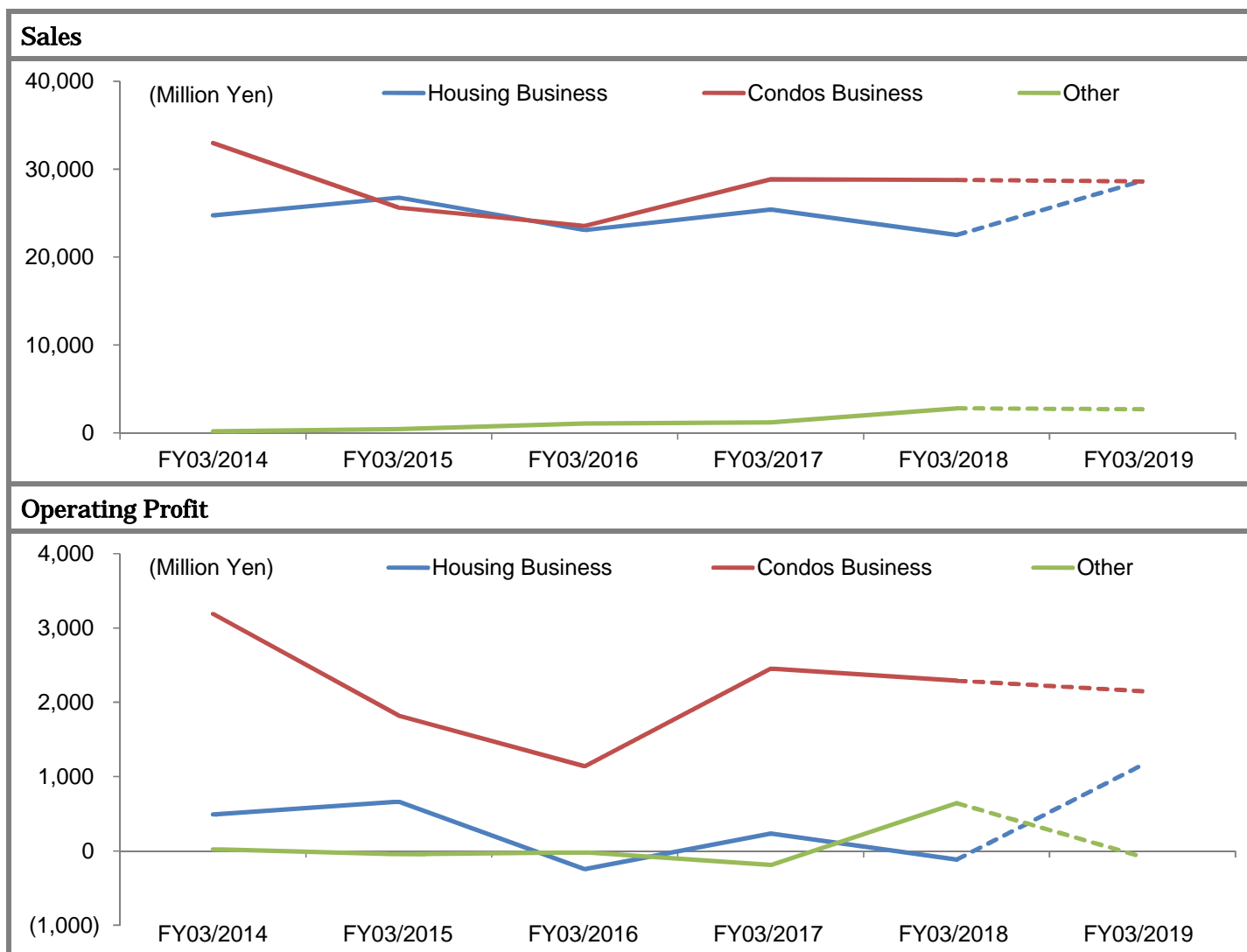
The former has a lot to do with “impacts from natural disasters, etc.,” while the latter is due mainly to “extended period to hold finished property prior to sales, etc.”. The Company proactively coped with first aid damage recovery for houses to have suffered from natural disasters, etc. and it was too hard to allocate own resources to sales promotions as much as initially assumed. As a result, the Company suffered from shortfall of both sales and order intake on the Housing Business side.

Meanwhile, on the Condos Business side, the Company is starting to suspend discount sales. This is in line with firm demand for finished property, but it currently takes longer than before to sell finished property after booked as inventory for sales. Still, the Company has started to see gross profit margin higher than initially assumed in regards to property to have been sold so far, while having seen SG&A expenses coming down, including those of ad and sales commission. This is the reason why Company forecasts were almost met in terms of operating balance as a whole for the Company.

Elsewhere, it should be spotted that the Company's sales and earnings are concentrated in H2 on a regular basis. Given 8 condos to be completed in H2 versus one in Q1 to Q2, the Company is to see the concentration more than regular years in FY03/2019. In the first place, the Company pays respect to needs from customers, including the timing of delivery for property, resulting in concentration of sales in Q2 and Q4, particularly in Q4. As a result, operating balance on a quarterly basis are unavoidably volatile.

### FY03/2019 Company Forecasts

FY03/2019 Company forecasts are going for prospective sales of ¥60,000m (up 10.9% YoY), operating profit of ¥2,110m (up 11.4%), recurring profit of ¥2,010m (up 5.2%) and profit attributable to owners of parent of ¥1,350m (up 8.6%), while operating profit margin of 3.5% (unchanged from the previous year). In regards to dividend, Company forecasts are going for ¥25.0 per share, implying payout ratio of 22.8%. Prospective sales have been downgraded by ¥2,650m (4.2%), but prospective earnings unchanged and thus dividend. Effectively, H2 Company forecasts have remained unchanged, while only shortfall of sales in Q1 to Q2 has been reflected so far.



Source: Company Data, WRJ Calculation

## 4.0 Financial Statements

### Income Statement (Cumulative, Quarterly)

| Income Statement                                | Cons.Act     | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act     | Cons.Act      | Cons.Act | Cons.Act | Cons.Act | YoY            |
|---|--------------|---------------|---------------|---------------|--------------|---------------|----------|----------|----------|----------------|
| (Million Yen)                                   | Q1           | Q1 to Q2      | Q1 to Q3      | Q1 to Q4      | Q1           | Q1 to Q2      | Q1 to Q3 | Q1 to Q4 |          | Net Chg.       |
|   | 03/2018      | 03/2018       | 03/2018       | 03/2018       | 03/2019      | 03/2019       | 03/2019  | 03/2019  |          |                |
| <b>Sales</b>                                    | <b>6,579</b> | <b>21,437</b> | <b>29,747</b> | <b>54,117</b> | <b>8,547</b> | <b>20,426</b> | -        | -        |          | <b>(1,010)</b> |
| CoGS  | 5,209        | 16,504        | 23,262        | 42,699        | 6,889        | 16,517        | -        | -        |          | +12            |
| Gross Profit                                    | 1,369        | 4,932         | 6,484         | 11,417        | 1,658        | 3,908         | -        | -        |          | (1,023)        |
| SG&A  | 2,289        | 4,570         | 6,705         | 9,522         | 2,152        | 4,291         | -        | -        |          | (279)          |
| <b>Operating Profit</b>                         | <b>(919)</b> | <b>361</b>    | <b>(220)</b>  | <b>1,894</b>  | <b>(494)</b> | <b>(382)</b>  | -        | -        |          | <b>(744)</b>   |
| Non Operating Balance                           | (4)          | (33)          | (52)          | 16            | (23)         | (61)          | -        | -        |          | (27)           |
| <b>Recurring Profit</b>                         | <b>(924)</b> | <b>327</b>    | <b>(272)</b>  | <b>1,911</b>  | <b>(518)</b> | <b>(444)</b>  | -        | -        |          | <b>(772)</b>   |
| Extraordinary Balance                           | -            | -             | -             | (37)          | -            | -             | -        | -        |          | -              |
| Profit before Income Taxes                      | (924)        | 327           | (272)         | 1,874         | (518)        | (444)         | -        | -        |          | (772)          |
| Total Income Taxes                              | (274)        | 112           | (61)          | 631           | (149)        | (99)          | -        | -        |          | (212)          |
| NP Belonging to Non-Controlling SHs             | -            | -             | -             | -             | -            | -             | -        | -        |          | -              |
| <b>Profit Attributable to Owners of Parent</b>  | <b>(649)</b> | <b>215</b>    | <b>(211)</b>  | <b>1,243</b>  | <b>(368)</b> | <b>(344)</b>  | -        | -        |          | <b>(560)</b>   |
| Sales YoY                                       | (0.7%)       | (22.6%)       | (23.2%)       | (2.5%)        | +29.9%       | (4.7%)        | -        | -        |          | -              |
| Operating Profit YoY                            | -            | (55.9%)       | -             | +24.8%        | -            | -             | -        | -        |          | -              |
| Recurring Profit YoY                            | -            | (62.0%)       | -             | +22.9%        | -            | -             | -        | -        |          | -              |
| Profit Attributable to Owners of Parent YoY     | -            | (64.0%)       | -             | +27.8%        | -            | -             | -        | -        |          | -              |
| Gross Profit Margin                             | 20.8%        | 23.0%         | 21.8%         | 21.1%         | 19.4%        | 19.1%         | -        | -        |          | (3.9%)         |
| (SG&A / Sales)                                  | 34.8%        | 21.3%         | 22.5%         | 17.6%         | 25.2%        | 21.0%         | -        | -        |          | (0.3%)         |
| Operating Profit Margin                         | (14.0%)      | 1.7%          | (0.7%)        | 3.5%          | (5.8%)       | (1.9%)        | -        | -        |          | (3.6%)         |
| Recurring Profit Margin                         | (14.0%)      | 1.5%          | (0.9%)        | 3.5%          | (6.1%)       | (2.2%)        | -        | -        |          | (3.7%)         |
| Profit Attributable to Owners of Parent Margin  | (9.9%)       | 1.0%          | (0.7%)        | 2.3%          | (4.3%)       | (1.7%)        | -        | -        |          | (2.7%)         |
| Total Income Taxes / Profit before Income Taxes | -            | 34.2%         | -             | 33.7%         | -            | -             | -        | -        |          | -              |
| Income Statement                                | Cons.Act     | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act     | Cons.Act      | Cons.Act | Cons.Act | Cons.Act | YoY            |
| (Million Yen)                                   | Q1           | Q2            | Q3            | Q4            | Q1           | Q2            | Q3       | Q4       |          | Net Chg.       |
|   | 03/2018      | 03/2018       | 03/2018       | 03/2018       | 03/2019      | 03/2019       | 03/2019  | 03/2019  |          |                |
| <b>Sales</b>                                    | <b>6,579</b> | <b>14,857</b> | <b>8,309</b>  | <b>24,370</b> | <b>8,547</b> | <b>11,878</b> | -        | -        |          | <b>(2,979)</b> |
| CoGS  | 5,209        | 11,295        | 6,757         | 19,437        | 6,889        | 9,627         | -        | -        |          | (1,667)        |
| Gross Profit                                    | 1,369        | 3,562         | 1,552         | 4,932         | 1,658        | 2,250         | -        | -        |          | (1,311)        |
| SG&A  | 2,289        | 2,281         | 2,134         | 2,817         | 2,152        | 2,139         | -        | -        |          | (142)          |
| <b>Operating Profit</b>                         | <b>(919)</b> | <b>1,280</b>  | <b>(581)</b>  | <b>2,115</b>  | <b>(494)</b> | <b>111</b>    | -        | -        |          | <b>(1,169)</b> |
| Non Operating Balance                           | (4)          | (28)          | (19)          | 69            | (23)         | (37)          | -        | -        |          | (8)            |
| <b>Recurring Profit</b>                         | <b>(924)</b> | <b>1,252</b>  | <b>(600)</b>  | <b>2,184</b>  | <b>(518)</b> | <b>73</b>     | -        | -        |          | <b>(1,178)</b> |
| Extraordinary Balance                           | -            | -             | -             | (37)          | -            | -             | -        | -        |          | -              |
| Profit before Income Taxes                      | (924)        | 1,252         | (600)         | 2,147         | (518)        | 73            | -        | -        |          | (1,178)        |
| Total Income Taxes                              | (274)        | 386           | (173)         | 692           | (149)        | 49            | -        | -        |          | (336)          |
| NP Belonging to Non-Controlling SHs             | -            | -             | -             | -             | -            | -             | -        | -        |          | -              |
| <b>Profit Attributable to Owners of Parent</b>  | <b>(649)</b> | <b>865</b>    | <b>(426)</b>  | <b>1,454</b>  | <b>(368)</b> | <b>23</b>     | -        | -        |          | <b>(841)</b>   |
| Sales YoY                                       | (0.7%)       | (29.5%)       | (24.6%)       | +45.2%        | +29.9%       | (20.1%)       | -        | -        |          | -              |
| Operating Profit YoY                            | -            | (31.0%)       | -             | +134.1%       | -            | (91.3%)       | -        | -        |          | -              |
| Recurring Profit YoY                            | -            | (34.3%)       | -             | +140.9%       | -            | (94.1%)       | -        | -        |          | -              |
| Profit Attributable to Owners of Parent YoY     | -            | (33.6%)       | -             | +160.9%       | -            | (97.2%)       | -        | -        |          | -              |
| Gross Profit Margin                             | 20.8%        | 24.0%         | 18.7%         | 20.2%         | 19.4%        | 18.9%         | -        | -        |          | (5.0%)         |
| (SG&A / Sales)                                  | 34.8%        | 15.4%         | 25.7%         | 11.6%         | 25.2%        | 18.0%         | -        | -        |          | +2.7%          |
| Operating Profit Margin                         | (14.0%)      | 8.6%          | (7.0%)        | 8.7%          | (5.8%)       | 0.9%          | -        | -        |          | (7.7%)         |
| Recurring Profit Margin                         | (14.0%)      | 8.4%          | (7.2%)        | 9.0%          | (6.1%)       | 0.6%          | -        | -        |          | (7.8%)         |
| Profit Attributable to Owners of Parent Margin  | (9.9%)       | 5.8%          | (5.1%)        | 6.0%          | (4.3%)       | 0.2%          | -        | -        |          | (5.6%)         |
| Total Income Taxes / Profit before Income Taxes | -            | 30.9%         | -             | 32.3%         | -            | 67.5%         | -        | -        |          | +36.6%         |

Source: Company Data, WRJ Calculation

### Segmented Information (Cumulative, Quarterly)

| Segmented Information          | Cons.Act       | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act | Cons.Act | Cons.Act | YoY            |
|--------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|----------|----------|----------|----------------|
| (Million Yen)                  | Q1             | Q1 to Q2      | Q1 to Q3      | Q1 to Q4      | Q1            | Q1 to Q2      | Q1 to Q3 | Q1 to Q4 |          | Net Chg.       |
|                                | 03/2018        | 03/2018       | 03/2018       | 03/2018       | 03/2019       | 03/2019       | 03/2019  | 03/2019  |          |                |
| Housing Business               | 4,106          | 9,573         | 15,318        | 22,534        | 4,862         | 11,233        | -        | -        |          | +1,660         |
| Condos Business                | 2,081          | 9,994         | 12,090        | 28,777        | 3,112         | 7,995         | -        | -        |          | (1,999)        |
| Other                          | 391            | 1,869         | 2,337         | 2,805         | 572           | 1,198         | -        | -        |          | (671)          |
| <b>Sales</b>                   | <b>6,579</b>   | <b>21,437</b> | <b>29,747</b> | <b>54,117</b> | <b>8,547</b>  | <b>20,426</b> | -        | -        |          | <b>(1,010)</b> |
| Housing Business               | (342)          | (336)         | (354)         | (118)         | (327)         | (195)         | -        | -        |          | +141           |
| Condos Business                | (318)          | 397           | 80            | 2,293         | 128           | 358           | -        | -        |          | (39)           |
| Other                          | -              | 748           | 696           | 642           | (70)          | (103)         | -        | -        |          | (851)          |
| <b>Total</b>                   | <b>(661)</b>   | <b>809</b>    | <b>422</b>    | <b>2,817</b>  | <b>(269)</b>  | <b>59</b>     | -        | -        |          | <b>(749)</b>   |
| Elimination                    | (258)          | (448)         | (642)         | (922)         | (224)         | (442)         | -        | -        |          | +5             |
| <b>Operating Profit</b>        | <b>(919)</b>   | <b>361</b>    | <b>(220)</b>  | <b>1,894</b>  | <b>(494)</b>  | <b>(382)</b>  | -        | -        |          | <b>(744)</b>   |
| Housing Business               | (8.3%)         | (3.5%)        | (2.3%)        | (0.5%)        | (6.7%)        | (1.7%)        | -        | -        |          | +1.8%          |
| Condos Business                | (15.3%)        | 4.0%          | 0.7%          | 8.0%          | 4.1%          | 4.5%          | -        | -        |          | +0.5%          |
| Other                          | 0.0%           | 40.0%         | 29.8%         | 22.9%         | (12.4%)       | (8.7%)        | -        | -        |          | (48.7%)        |
| Elimination                    | (3.9%)         | (2.1%)        | (2.2%)        | (1.7%)        | (2.6%)        | (2.2%)        | -        | -        |          | (0.1%)         |
| <b>Operating Profit Margin</b> | <b>(14.0%)</b> | <b>1.7%</b>   | <b>(0.7%)</b> | <b>3.5%</b>   | <b>(5.8%)</b> | <b>(1.9%)</b> | -        | -        |          | <b>(3.6%)</b>  |

| Segmented Information          | Cons.Act       | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act | Cons.Act | Cons.Act | YoY            |
|--------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|----------|----------|----------|----------------|
| (Million Yen)                  | Q1             | Q2            | Q3            | Q4            | Q1            | Q2            | Q3       | Q4       |          | Net Chg.       |
|                                | 03/2018        | 03/2018       | 03/2018       | 03/2018       | 03/2019       | 03/2019       | 03/2019  | 03/2019  |          |                |
| Housing Business               | 4,106          | 5,466         | 5,745         | 7,216         | 4,862         | 6,370         | -        | -        |          | +904           |
| Condos Business                | 2,081          | 7,913         | 2,096         | 16,686        | 3,112         | 4,882         | -        | -        |          | (3,031)        |
| Other                          | 391            | 1,477         | 468           | 467           | 572           | 625           | -        | -        |          | (852)          |
| <b>Sales</b>                   | <b>6,579</b>   | <b>14,857</b> | <b>8,309</b>  | <b>24,370</b> | <b>8,547</b>  | <b>11,878</b> | -        | -        |          | <b>(2,979)</b> |
| Housing Business               | (342)          | 5             | (18)          | 236           | (327)         | 131           | -        | -        |          | +126           |
| Condos Business                | (318)          | 716           | (317)         | 2,213         | 128           | 230           | -        | -        |          | (486)          |
| Other                          | -              | 747           | (51)          | (54)          | (70)          | (32)          | -        | -        |          | (780)          |
| <b>Total</b>                   | <b>(661)</b>   | <b>1,470</b>  | <b>(387)</b>  | <b>2,395</b>  | <b>(269)</b>  | <b>329</b>    | -        | -        |          | <b>(1,141)</b> |
| Elimination                    | (258)          | (189)         | (194)         | (280)         | (224)         | (217)         | -        | -        |          | (28)           |
| <b>Operating Profit</b>        | <b>(919)</b>   | <b>1,280</b>  | <b>(581)</b>  | <b>2,115</b>  | <b>(494)</b>  | <b>111</b>    | -        | -        |          | <b>(1,169)</b> |
| Housing Business               | (8.3%)         | 0.1%          | (0.3%)        | 3.3%          | (6.7%)        | 2.1%          | -        | -        |          | +2.0%          |
| Condos Business                | (15.3%)        | 9.1%          | (15.2%)       | 13.3%         | 4.1%          | 4.7%          | -        | -        |          | (4.3%)         |
| Other                          | 0.0%           | 50.6%         | (11.0%)       | (11.6%)       | (12.4%)       | (5.2%)        | -        | -        |          | (55.9%)        |
| Elimination                    | (3.9%)         | (1.3%)        | (2.3%)        | (1.2%)        | (2.6%)        | (1.8%)        | -        | -        |          | (0.6%)         |
| <b>Operating Profit Margin</b> | <b>(14.0%)</b> | <b>8.6%</b>   | <b>(7.0%)</b> | <b>8.7%</b>   | <b>(5.8%)</b> | <b>0.9%</b>   | -        | -        |          | <b>(7.7%)</b>  |

Source: Company Data, WRJ Calculation

## Balance Sheet (Quarterly)

| Balance Sheet<br>(Million Yen)          | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | Cons.Act      | YoY<br>Net Chg. |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
|   | Q1<br>03/2018 | Q2<br>03/2018 | Q3<br>03/2018 | Q4<br>03/2018 | Q1<br>03/2019 | Q2<br>03/2019 | Q3<br>03/2019 | Q4<br>03/2019 |               |                 |
| Cash and Deposit                        | 7,262         | 8,476         | 7,777         | 7,836         | 8,430         | 7,703         | -             | -             | (772)         |                 |
| Inventory                               | 38,999        | 36,135        | 38,730        | 34,536        | 37,987        | 37,560        | -             | -             | +1,424        |                 |
| Other                                   | 2,973         | 2,229         | 3,421         | 2,583         | 2,397         | 3,835         | -             | -             | +1,606        |                 |
| <b>Current Assets</b>                   | <b>49,236</b> | <b>46,841</b> | <b>49,929</b> | <b>44,956</b> | <b>48,815</b> | <b>49,099</b> | -             | -             | <b>+2,257</b> |                 |
| Tangible Assets                         | 664           | 654           | 703           | 758           | 764           | 818           | -             | -             | +163          |                 |
| Intangible Assets                       | 28            | 30            | 28            | 26            | 36            | 36            | -             | -             | +6            |                 |
| Investments and Other Assets            | 2,367         | 2,360         | 2,355         | 2,315         | 2,621         | 2,571         | -             | -             | +210          |                 |
| <b>Fixed Assets</b>                     | <b>3,060</b>  | <b>3,046</b>  | <b>3,087</b>  | <b>3,100</b>  | <b>3,421</b>  | <b>3,426</b>  | -             | -             | <b>+380</b>   |                 |
| <b>Total Assets</b>                     | <b>52,296</b> | <b>49,887</b> | <b>53,017</b> | <b>48,056</b> | <b>52,237</b> | <b>52,526</b> | -             | -             | <b>+2,638</b> |                 |
| Accounts Payables                       | 2,997         | 4,053         | 4,060         | 7,375         | 3,489         | 3,767         | -             | -             | (286)         |                 |
| Short Term Debt                         | 19,920        | 15,040        | 18,415        | 10,640        | 16,040        | 15,490        | -             | -             | +450          |                 |
| Advances Re. on Uncompleted Contracts   | 890           | 1,764         | 1,506         | 1,046         | 1,198         | 1,750         | -             | -             | (14)          |                 |
| Advances Received                       | 820           | 933           | 1,465         | 2,201         | 2,214         | 2,192         | -             | -             | +1,258        |                 |
| Other                                   | 1,588         | 2,059         | 1,397         | 2,492         | 1,563         | 1,814         | -             | -             | (245)         |                 |
| <b>Current Liabilities</b>              | <b>26,216</b> | <b>23,850</b> | <b>26,845</b> | <b>23,756</b> | <b>24,506</b> | <b>25,013</b> | -             | -             | <b>+1,162</b> |                 |
| Long Term Debt                          | 9,430         | 8,530         | 9,080         | 5,760         | 9,790         | 9,520         | -             | -             | +990          |                 |
| Other                                   | 1,693         | 1,684         | 1,692         | 1,597         | 1,580         | 1,607         | -             | -             | (77)          |                 |
| <b>Fixed Liabilities</b>                | <b>11,123</b> | <b>10,214</b> | <b>10,772</b> | <b>7,357</b>  | <b>11,370</b> | <b>11,127</b> | -             | -             | <b>+912</b>   |                 |
| <b>Total Liabilities</b>                | <b>37,340</b> | <b>34,065</b> | <b>37,617</b> | <b>31,113</b> | <b>35,877</b> | <b>36,141</b> | -             | -             | <b>+2,075</b> |                 |
| <b>Shareholders' Equity</b>             | <b>14,912</b> | <b>15,782</b> | <b>15,355</b> | <b>16,809</b> | <b>16,251</b> | <b>16,275</b> | -             | -             | <b>+493</b>   |                 |
| Other                                   | 43            | 39            | 44            | 133           | 108           | 109           | -             | -             | +69           |                 |
| <b>Net Assets</b>                       | <b>14,956</b> | <b>15,821</b> | <b>15,399</b> | <b>16,943</b> | <b>16,360</b> | <b>16,384</b> | -             | -             | <b>+563</b>   |                 |
| <b>Total Liabilities and Net Assets</b> | <b>52,296</b> | <b>49,887</b> | <b>53,017</b> | <b>48,056</b> | <b>52,237</b> | <b>52,526</b> | -             | -             | <b>+2,638</b> |                 |
| Equity Capital                          | 14,956        | 15,821        | 15,399        | 16,930        | 16,347        | 16,371        | -             | -             | +550          |                 |
| Interest Bearing Debt                   | 29,350        | 23,570        | 27,495        | 16,400        | 25,830        | 25,010        | -             | -             | +1,440        |                 |
| Net Debt                                | 22,087        | 15,093        | 19,717        | 8,563         | 17,399        | 17,306        | -             | -             | +2,212        |                 |
| Equity Ratio                            | 28.6%         | 31.7%         | 29.0%         | 35.2%         | 31.3%         | 31.2%         | -             | -             | -             |                 |
| Net Debt Equity Ratio                   | 147.7%        | 95.4%         | 128.0%        | 50.6%         | 106.4%        | 105.7%        | -             | -             | -             |                 |
| ROE (12 months)                         | 7.0%          | 3.8%          | 2.3%          | 7.6%          | 9.7%          | 4.2%          | -             | -             | -             |                 |
| ROA (12 months)                         | 3.0%          | 2.0%          | 1.2%          | 3.9%          | 4.4%          | 2.2%          | -             | -             | -             |                 |
| Days for Inventory Turnover             | 683           | 292           | 523           | 162           | 503           | 356           | -             | -             | -             |                 |
| Quick Ratio                             | 33%           | 40%           | 36%           | 39%           | 40%           | 42%           | -             | -             | -             |                 |
| Current Ratio                           | 188%          | 196%          | 186%          | 189%          | 199%          | 196%          | -             | -             | -             |                 |

Source: Company Data, WRJ Calculation

## Cash Flow Statement (Cumulative)

| Cash Flow Statement<br>(Million Yen)   | Cons.Act      | Cons.Act            | Cons.Act            | Cons.Act            | Cons.Act      | Cons.Act            | Cons.Act            | Cons.Act            | Cons.Act       | YoY<br>Net Chg. |
|--|---------------|---------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------------|----------------|-----------------|
|  | Q1<br>03/2018 | Q1 to Q2<br>03/2018 | Q1 to Q3<br>03/2018 | Q1 to Q4<br>03/2018 | Q1<br>03/2019 | Q1 to Q2<br>03/2019 | Q1 to Q3<br>03/2019 | Q1 to Q4<br>03/2019 |                |                 |
| Operating Cash Flow                    | -             | 961                 | -                   | 7,671               | -             | (8,470)             | -                   | -                   | (9,432)        |                 |
| Investing Cash Flow                    | -             | (43)                | -                   | (236)               | -             | (583)               | -                   | -                   | (539)          |                 |
| <b>Operating CF &amp; Investing CF</b> | -             | <b>918</b>          | -                   | <b>7,435</b>        | -             | <b>(9,053)</b>      | -                   | -                   | <b>(9,972)</b> |                 |
| Financing Cash Flow                    | -             | (209)               | -                   | (7,366)             | -             | 8,420               | -                   | -                   | +8,630         |                 |

Source: Company Data, WRJ Calculation

**Disclaimer**

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Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

Company name: Walden Research Japan Incorporated

Head office: 4F Hulic Ginza 1-chome Building, 1-13-1 Ginza, Chuo-city, Tokyo 104-0061 JAPAN

URL: [www.walden.co.jp](http://www.walden.co.jp)

E-mail: [info@walden.co.jp](mailto:info@walden.co.jp)

Phone : +81 3 3553 3769

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