

Sanyo Homes (1420)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2019		53,888	1,434	1,544	954	77.46	25.00	1,425.21
FY03/2020		56,351	412	415	359	29.78	25.00	1,537.65
FY03/2021CoE		59,600	900	750	500	46.12	25.00	-
FY03/2020	YoY	4.6%	(71.2%)	(73.1%)	(62.4%)	-	-	-
FY03/2021CoE	YoY	5.8%	118.1%	80.7%	39.2%	-	-	-
Consolidated Q1 to Q3 (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2020		32,242	(691)	(758)	(582)	-	-	-
Q1 to Q3 FY03/2021		29,175	(1,511)	(1,491)	(1,051)	-	-	-
Q1 to Q3 FY03/2021	YoY	(9.5%)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (15 March 2021)

Unprecedented

On 5 February 2021, Sanyo Homes, which develops housing and condominiums for sale, released its Q1 to Q3 FY03/2021 results. It has been revealed that the Company sees performance in line with assumptions of Company forecasts. Over the same period of the previous year, sales have declined and loss has expanded, but sales on the Condos Business side will surge in Q4, which is expected to result in steady increases in sales and earnings on a full-year basis as a whole for the Company. Meanwhile, the Company, being keen on returning earnings to shareholders, is to pay year-end dividend of ¥25.00 per share, implying payout ratio of 54.2%, for FY03/2021. In Q4, the Company is to complete 8 buildings on the Condos Business side, including THE SANMAISON Shirokanedai (19 units: Minato-ku, Tokyo) and San Maison Shinkanaoka Residential (250 units: Sakai-city, Osaka-prefecture). To a large extent, the Company has already got orders and sales as a whole for the Company will surge driven by a series of delivery of all those properties to have been awarded contracts to do so in line with completion of construction. Meanwhile, this will bring a major improvement in earnings at the same time. It has been the case that sales on the Condos Business side were concentrated in Q4, while this trend is to accelerate markedly to an unprecedented extent for FY03/2021.


For your reference: [Sanyo Homes \(1420\) Extreme Concentration \(26 January 2021\)](#)

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2.0 Company Profile

Putting forward a Comprehensive Proposal for “Housing Life”

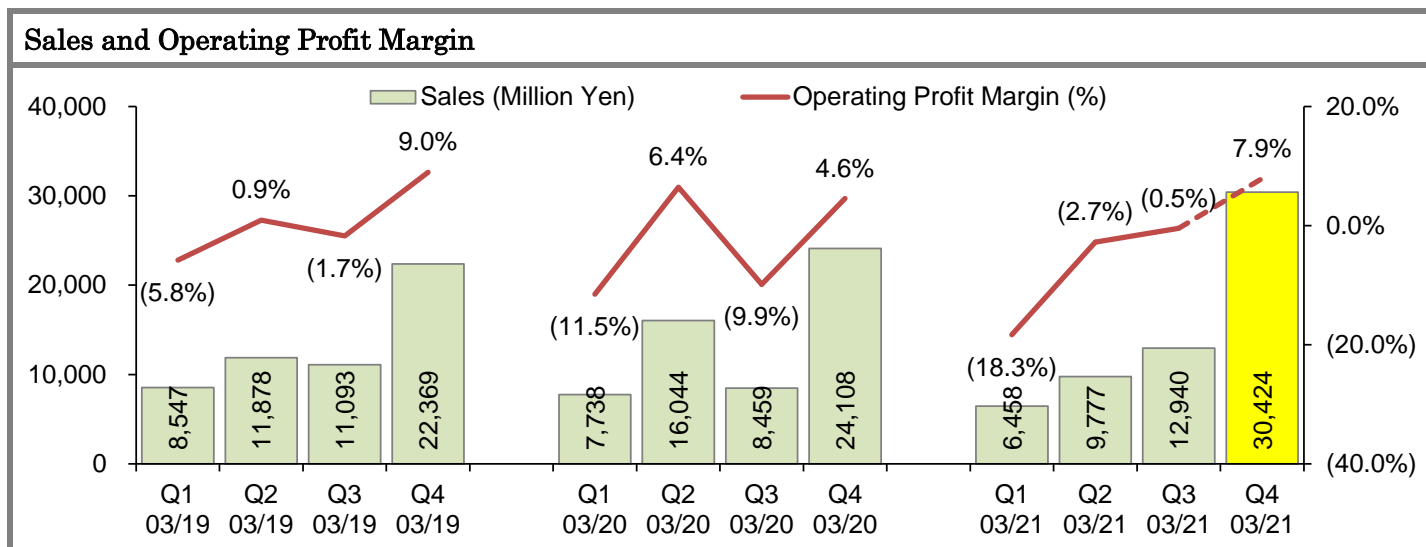
Company Name	Sanyo Homes Corporation Website IR Information Share Price (Japanese)	
Established	11 October 1996	
Listing	9 April 2014: Tokyo Stock Exchange 1st section (ticker: 1420) 9 April 2013: Tokyo Stock Exchange 2nd section	
Capital	¥5,945m (as of the end of December 2020)	
No. of Shares	12,620,000 shares, including 1,572,113 treasury shares (as of the end of Dec. 2020)	
Main Features	<ul style="list-style-type: none"> ● Rooted in (erstwhile) Kubota House Co. Ltd. or provider of custom-built house (steel-frame prefabrication) ● Operations mainly in Kinki region (Kansai) and Kanto region (the Tokyo metropolitan area, etc.) ● Condos Business to develop condos for sale, the key earnings pillar 	
Business Domains	<ul style="list-style-type: none"> · Detached Housing · Condos · Renewal Distribution (distribution of existing houses) · Renovation · Rental Welfare Housing · Life Support · Frontier 	
Top Management	President & Representative Director: Hisashi Matsuoka	
Shareholders	LIXIL Corp. 28.16%, ORIX Corp. 19.07%, Kansai Electric Power 13.90%, SECOM Co. 9.08% (as of the end September 2020, but for treasury shares)	
Head Office	Nishi-ku, Osaka-city, JAPAN	
No. of Employees	Consolidated: 892, Parent: 455 (as of the end of December 2020)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q3 FY03/2021

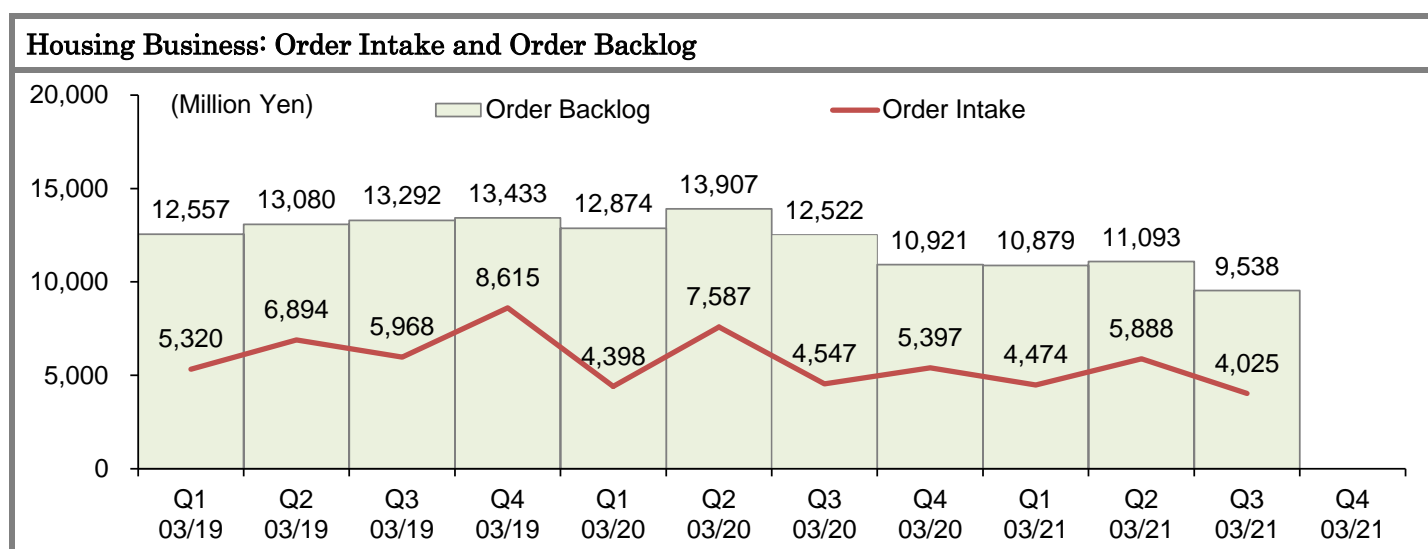
In Q1 to Q3 FY03/2021, sales came in at ¥29,175m (down 9.5% YoY), operating profit minus ¥1,511m (versus minus ¥691m during the same period of the previous year), recurring profit minus ¥1,491m (minus ¥758m) and profit attributable to owners of parent minus ¥1,051m (minus ¥582m), while operating profit margin minus 5.2% (down 3.0% points). Performance as a whole for the Company depends on that of the Condos Business side. Meanwhile, sales have been concentrated in Q2 and Q4 on the Condos Business side as an underlying trend. With respect to the current fiscal year, sales are to conspicuously concentrate in Q4, which is attributable to the impacts stemming from the fact that concentration of sales in Q2 did not take place.



Source: Company Data, WRJ Calculation

Housing Business

On the Housing Business side, where the Company undertakes construction of Detached Housing and Rental Welfare Housing as well as running Renovation and Renewal Distribution (distribution of existing houses), sales came in at ¥15,772m (down 9.6%), operating profit minus ¥419m (minus ¥322m) and operating profit margin minus 2.7% (down 0.8% points). Meanwhile, order intake came in at ¥14,388m (down 13.0%) and order backlog stood at ¥9,538m (down 23.8%).

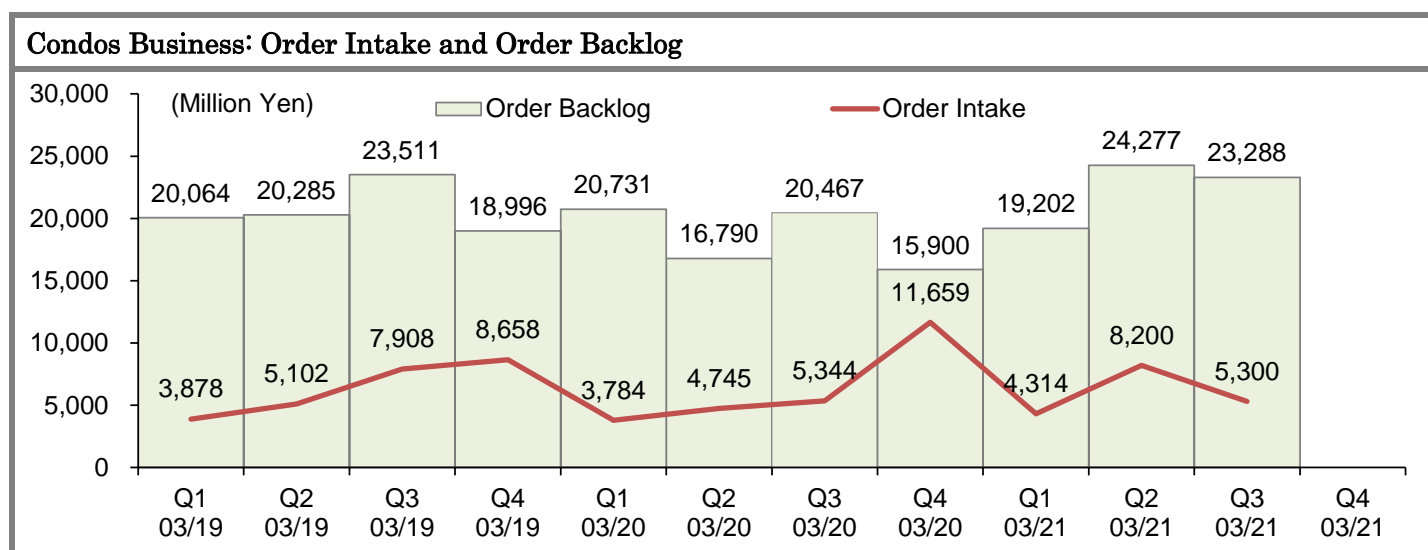


Source: Company Data, WRJ Calculation

Order intake and order backlog are trending downward also on a quarter on quarter basis, i.e., for Q3 over Q2. The Company suggests that it sees weakness of order intake with respect to Rental Welfare Housing in particulars. However, the Company is now implementing measures to see a recovery in order intake for the near future, e.g., trying to expand the business domains by means of being involved with large-scale facilities as well as establishing a special website on “garage house” which enables stable rental operations over the long-term with its characteristics highly satisfactory for both land owners and tenants.

Condos Business

On the Condos Business side, sales came in at ¥10,427m (down 15.9%), operating profit minus ¥428m (¥477m) and operating profit margin minus 4.1% (down 8.0% points). Meanwhile, order intake came in at ¥17,815m (up 28.4%) and order backlog stood at ¥23,288m (up 13.8%).



Source: Company Data, WRJ Calculation

In Q1 to Q2, the Company did not see any properties completed and only booked sales by means of selling so-called completed inventory and renovated properties. Meanwhile, the Company saw two buildings completed and delivered in Q3, having driven sales on the Condos Business and thus sales as a whole for the Company at the same time. This is to be followed by completion and delivery of 8 buildings in Q4, which is expected to realize an unprecedented surge in sales, diving earnings as a whole for the Company.

FY03/2021 Company Forecasts

FY03/2021 Company forecasts (announced on 6 November 2020) have remained unchanged, going for prospective sales of ¥59,600m (up 5.8% YoY), operating profit of ¥900m (up 118.1%), recurring profit of ¥750m (up 80.7%) and profit attributable to owners of parent of ¥500m (up 39.2%), while operating profit margin of 1.5% (up 0.8% points). At the same time, Company forecasts have remained unchanged also for prospective year-end dividend, going for ¥25.00 per share, implying payout ratio of 54.2%.

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.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
Sales	7,738	23,782	32,242	56,351	6,458	16,235	29,175	-	-	(3,066)
Cost of Sales	6,447	19,047	26,101	46,656	5,499	13,603	24,239	-	-	(1,862)
Gross Profit	1,291	4,735	6,140	9,694	958	2,631	4,936	-	-	(1,204)
SG&A Expenses	2,181	4,591	6,831	9,281	2,142	4,083	6,447	-	-	(384)
Operating Profit	(890)	143	(691)	412	(1,183)	(1,451)	(1,511)	-	-	(820)
Non Operating Balance	(4)	(33)	(67)	2	11	(15)	19	-	-	+86
Recurring Profit	(895)	109	(758)	415	(1,172)	(1,467)	(1,491)	-	-	(733)
Extraordinary Balance	(11)	(11)	(11)	149	-	-	-	-	-	+11
Profit before Income Taxes	(906)	98	(769)	564	(1,172)	(1,467)	(1,491)	-	-	(721)
Total Income Taxes	(262)	63	(187)	205	(352)	(438)	(439)	-	-	(252)
Profit Attributable to Owners of Parent	(644)	34	(582)	359	(819)	(1,029)	(1,051)	-	-	(469)
Sales YoY	(9.5%)	+16.4%	+2.3%	+4.6%	(16.5%)	(31.7%)	(9.5%)	-	-	-
Operating Profit YoY	-	-	-	(71.2%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(73.1%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(62.4%)	-	-	-	-	-	-
Gross Profit Margin	16.7%	19.9%	19.0%	17.2%	14.8%	16.2%	16.9%	-	-	(2.1%)
Sales to SG&A Expenses Ratio	28.2%	19.3%	21.2%	16.5%	33.2%	25.2%	22.1%	-	-	+0.9%
Operating Profit Margin	(11.5%)	0.6%	(2.1%)	0.7%	(18.3%)	(8.9%)	(5.2%)	-	-	(3.0%)
Recurring Profit Margin	(11.6%)	0.5%	(0.3%)	0.7%	(18.2%)	(9.0%)	0.1%	-	-	+0.3%
Profit Attributable to Owners of Parent Margin	(8.3%)	0.1%	(1.8%)	0.6%	(12.7%)	(6.3%)	(3.6%)	-	-	(1.8%)
Total Income Taxes/Profit before Income Taxes	-	64.5%	-	36.4%	-	-	-	-	-	-
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.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
Sales	7,738	16,044	8,459	24,108	6,458	9,777	12,940	-	-	+4,480
Cost of Sales	6,447	12,599	7,054	20,554	5,499	8,104	10,635	-	-	+3,581
Gross Profit	1,291	3,444	1,404	3,553	958	1,673	2,304	-	-	+899
SG&A Expenses	2,181	2,410	2,239	2,449	2,142	1,941	2,364	-	-	+124
Operating Profit	(890)	1,034	(835)	1,104	(1,183)	(268)	(59)	-	-	+775
Non Operating Balance	(4)	(29)	(33)	69	11	(27)	35	-	-	+69
Recurring Profit	(895)	1,005	(868)	1,173	(1,172)	(295)	(23)	-	-	+844
Extraordinary Balance	(11)	0	-	160	-	-	-	-	-	-
Profit before Income Taxes	(906)	1,005	(868)	1,334	(1,172)	(295)	(23)	-	-	+844
Total Income Taxes	(262)	326	(250)	392	(352)	(85)	(1)	-	-	+249
Profit Attributable to Owners of Parent	(644)	679	(617)	941	(819)	(209)	(22)	-	-	+595
Sales YoY	(9.5%)	+35.1%	(23.7%)	+7.8%	(16.5%)	(39.1%)	+53.0%	-	-	-
Operating Profit YoY	-	+828.7%	-	(45.0%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(46.1%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(35.0%)	-	-	-	-	-	-
Gross Profit Margin	16.7%	21.5%	16.6%	14.7%	14.8%	17.1%	17.8%	-	-	+1.2%
Sales to SG&A Expenses Ratio	28.2%	15.0%	26.5%	10.2%	33.2%	19.9%	18.3%	-	-	(8.2%)
Operating Profit Margin	(11.5%)	6.4%	(9.9%)	4.6%	(18.3%)	(2.7%)	(0.5%)	-	-	+9.4%
Recurring Profit Margin	(11.6%)	6.3%	(10.3%)	4.9%	(18.2%)	(3.0%)	(0.2%)	-	-	+10.1%
Profit Attributable to Owners of Parent Margin	(8.3%)	4.2%	(7.3%)	3.9%	(12.7%)	(2.1%)	(0.2%)	-	-	+7.1%
Total Income Taxes/Profit before Income Taxes	-	32.4%	-	29.4%	-	-	-	-	-	-

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
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY	
(Million Yen)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	Net Chg.
Housing Business	4,957	11,511	17,443	24,441	4,517	10,191	15,772	-	-	(1,671)
Condos Business	2,048	10,735	12,403	28,629	1,012	4,137	10,427	-	-	(1,975)
Other	732	1,535	2,395	3,279	928	1,906	2,975	-	-	+580
Sales	7,738	23,782	32,242	56,351	6,458	16,235	29,175	-	-	(3,066)
Housing Business	(328)	(98)	(322)	(282)	(412)	(260)	(419)	-	-	(97)
Condos Business	(252)	805	477	1,847	(463)	(723)	(428)	-	-	(906)
Other	(51)	(102)	(121)	(151)	(59)	(58)	(37)	-	-	+84
Total	(633)	605	34	1,412	(934)	(1,042)	(885)	-	-	(920)
Elimination	(257)	(461)	(725)	(999)	(248)	(409)	(625)	-	-	+100
Operating Profit	(890)	143	(691)	412	(1,183)	(1,451)	(1,511)	-	-	(820)
Housing Business	(6.6%)	(0.9%)	(1.8%)	(1.2%)	(9.1%)	(2.6%)	(2.7%)	-	-	(0.8%)
Condos Business	(12.3%)	7.5%	3.9%	6.5%	(45.7%)	(17.5%)	(4.1%)	-	-	(8.0%)
Other	(7.1%)	(6.7%)	(5.1%)	(4.6%)	(6.4%)	(3.1%)	(1.3%)	-	-	+3.8%
Elimination	(3.3%)	(1.9%)	(2.3%)	(1.8%)	(3.9%)	(2.5%)	(2.1%)	-	-	+0.1%
Operating Profit Margin	(11.5%)	0.6%	(2.1%)	0.7%	(18.3%)	(8.9%)	(5.2%)	-	-	(3.0%)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	Net Chg.
Housing Business	4,957	6,554	5,932	6,997	4,517	5,674	5,580	-	-	(351)
Condos Business	2,048	8,687	1,667	16,226	1,012	3,125	6,290	-	-	+4,623
Other	732	803	859	884	928	978	1,069	-	-	+209
Sales	7,738	16,044	8,459	24,108	6,458	9,777	12,940	-	-	+4,480
Housing Business	(328)	230	(223)	39	(412)	151	(159)	-	-	+64
Condos Business	(252)	1,058	(327)	1,369	(463)	(260)	294	-	-	+622
Other	(51)	(50)	(19)	(30)	(59)	0	21	-	-	+40
Total	(633)	1,238	(571)	1,378	(934)	(107)	156	-	-	+727
Elimination	(257)	(204)	(264)	(274)	(248)	(160)	(216)	-	-	+47
Operating Profit	(890)	1,034	(835)	1,104	(1,183)	(268)	(59)	-	-	+775
Housing Business	(6.6%)	3.5%	(3.8%)	0.6%	(9.1%)	2.7%	(2.9%)	-	-	+0.9%
Condos Business	(12.3%)	12.2%	(19.7%)	8.4%	(45.7%)	(8.3%)	4.7%	-	-	+24.4%
Other	(7.1%)	(6.3%)	(2.2%)	(3.4%)	(6.4%)	0.1%	2.0%	-	-	+4.2%
Elimination	(3.3%)	(1.3%)	(3.1%)	(1.1%)	(3.9%)	(1.6%)	(1.7%)	-	-	+1.5%
Operating Profit Margin	(11.5%)	6.4%	(9.9%)	4.6%	(18.3%)	(2.7%)	(0.5%)	-	-	+9.4%

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021		
Cash and Deposit	7,557	8,921	7,265	8,220	8,085	10,665	7,198	-	-	(66)
Accounts Receivables	1,718	1,985	2,461	2,734	1,920	1,912	2,809	-	-	+348
Inventory	42,970	41,275	47,344	39,985	42,351	42,443	42,205	-	-	(5,139)
Other	1,689	1,900	2,490	2,430	2,245	2,402	2,471	-	-	(19)
Current Assets	53,935	54,083	59,562	53,371	54,602	57,423	54,685	-	-	(4,876)
Tangible Assets	2,077	2,064	2,046	2,183	2,162	2,168	2,212	-	-	+166
Intangible Assets	33	31	94	85	97	93	94	-	-	+0
Investments and Other Assets	2,491	2,226	2,461	2,256	2,651	2,779	2,721	-	-	+260
Fixed Assets	4,603	4,323	4,601	4,525	4,910	5,041	5,029	-	-	+427
Total Assets	58,538	58,406	64,163	57,896	59,513	62,464	59,714	-	-	(4,449)
Accounts Payables	4,346	6,180	4,100	6,989	3,874	3,417	3,929	-	-	(170)
Short Term Debt	21,380	19,920	26,520	21,080	27,286	30,624	27,243	-	-	+723
Advances Re. on Uncompleted Contracts	1,253	2,148	1,867	1,026	1,353	1,236	1,266	-	-	(600)
Advances Received	2,628	1,106	1,536	1,009	1,205	1,606	1,429	-	-	(106)
Other	1,562	1,723	1,431	1,988	1,391	1,388	1,402	-	-	(29)
Current Liabilities	31,171	31,078	35,454	32,094	35,112	38,272	35,270	-	-	(184)
Long Term Debt	8,870	8,150	10,140	7,364	7,078	7,090	7,167	-	-	(2,973)
Other	1,883	1,889	1,888	1,939	1,918	1,889	1,889	-	-	+0
Fixed Liabilities	10,753	10,039	12,028	9,303	8,996	8,979	9,056	-	-	(2,972)
Total Liabilities	41,924	41,117	47,483	41,397	44,108	47,252	44,327	-	-	(3,156)
Shareholders' Equity	16,614	17,300	16,682	16,491	15,396	15,201	15,375	-	-	(1,307)
Other	(0)	(11)	(2)	6	8	10	12	-	-	+14
Net Assets	16,613	17,288	16,680	16,498	15,405	15,212	15,387	-	-	(1,292)
Total Liabilities and Net Assets	58,538	58,406	64,163	57,896	59,513	62,464	59,714	-	-	(4,449)
Equity Capital	16,600	17,275	16,667	16,485	15,392	15,199	15,374	-	-	(1,293)
Interest Bearing Debt	30,250	28,070	36,660	28,444	34,364	37,714	34,410	-	-	(2,250)
Net Debt	22,692	19,148	29,394	20,223	26,278	27,048	27,211	-	-	(2,183)
Equity Ratio	28.4%	29.6%	26.0%	28.5%	25.9%	24.3%	25.7%	-	-	-
Net Debt Equity Ratio	136.7%	110.8%	176.4%	122.7%	170.7%	178.0%	177.0%	-	-	-
ROE (12 months)	4.1%	7.9%	5.3%	2.1%	1.1%	(4.3%)	(0.7%)	-	-	-
ROA (12 months)	2.1%	3.8%	2.4%	0.7%	0.2%	(1.9%)	(0.5%)	-	-	-
Days for Inventory Turnover	608	299	612	178	703	478	362	-	-	-
Quick Ratio	30%	35%	27%	34%	28%	33%	28%	-	-	-
Current Ratio	173%	174%	168%	166%	156%	150%	155%	-	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021		
Operating Cash Flow	-	(5,823)	-	(5,634)	-	(6,478)	-	-	-	-
Investing Cash Flow	-	115	-	984	-	(72)	-	-	-	-
Operating CF and Investing CF	-	(5,708)	-	(4,649)	-	(6,550)	-	-	-	-
Financing Cash Flow	-	5,934	-	5,175	-	8,994	-	-	-	-

Source: Company Data, WRJ Calculation

Disclaimer

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.

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