Walden Research Japan

URL: www.walden.co.jp
Written by Yoshiyuki Muroya / Yusuke Maeda
E-mail: info@walden.co.jp
Tel: 81-(0)3-3553-3769

Sanyo Homes (1420)

Consolidated Fiscal Year (Million Yen)		Sales	Operaitng Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2020		56,351	412	415	359	29.78	25.00	1,537.65
FY03/2021		53,487	782	872	509	46.98	25.00	1,531.73
FY03/2022CoE		67,200	1,300	1,100	700	63.36	25.00	-
FY03/2021	YoY	(5.1%)	89.5%	110.2%	41.8%	-	-	-
FY03/2022CoE	YoY	25.6%	66.2%	26.1%	37.4%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (14 July 2021)

Passive to Proactive

Sanyo Homes, mainly running operations to build housings on a contract basis and develop condominiums, is trying to get at sustainable growth by means of making changeover from “passive” to “proactive” for its sales strategy principally on detached housings, the mainstay of Housing Business. As performance target for midterm management plan (FY03/2022 to FY03/2024), announced on 26 May 2021, the Company is calling for prospective sales of ¥62,900m, operating profit of ¥2,200m and operating profit margin of 3.5% for FY03/2024, the final year of the plan, implying CAGR of 5.6% for sales and 41.2% for earnings during the said period with an improvement by 2.0% points for operating profit margin. The Company is calling for increased earnings in Condos Business, currently the key source of earnings as a whole, while earnings to increase rather more in Other. More importantly, the Company is calling for earnings to increase even more in Housing Business, becoming the key factor for sustainable growth as a whole for the Company. It has been the case that the Company suffered from ongoing stagnation of earnings in Housing Business by FY03/2021, as a result of the mainstay detaching housings having had been on the downgrade. However, the Company suggests that order intake for Housing Business has been recovering from the beginning of FY03/2022, beefing up a probability for this segment to see soaring earnings as assumed in midterm management plan, having had hit the bottom for FY03/2021.

IR Representative: Yasuhiko Sugise, Manager of Business Administration
(81-(0)6-6578-3405 / yasuhiko_sugise@sanyohomes.co.jp)

2.0 Company Profile

Putting forward a Comprehensive Proposal for "Housing Life"

Company Name	Sanyo Homes Corporation Company Website IR Information Share price (Japanese)
Founded	1 February 1969
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 March 2021)
No. of Shares	12,620,000 shares, including 1,572,113 treasury shares (as of the end of March 2021)
Main Features	● Rooted in erstwhile Kubota House Co. Ltd. or provider of custom-built housings (steel frame prefabricated) ● Operations mainly in Kinki region (Kansai) and Kanto region (the Tokyo metropolitan area, etc.) ● Condos Business to develop condos for sale, the key earnings source
Business Domains	・Detached Housings ・Condos ・Renewal Distribution (distribution of secondhand housings) ・Renovations ・Rental/Welfare Housings ・Life Support ・Frontier
Representative	President & Representative Director: Hisashi Matsuoka
Shareholders	LIXIL Corp. 27.41%, ORIX Corp. 18.57%, Kansai Electric Power 13.53%, SECOM Co. 11.49% (as of the end March 2021, but for treasury shares)
Head Office	Nishi-ku, Osaka-city, JAPAN
No. of Employees	Consolidated: 884, Parent: 450 (as of the end of March 2021)

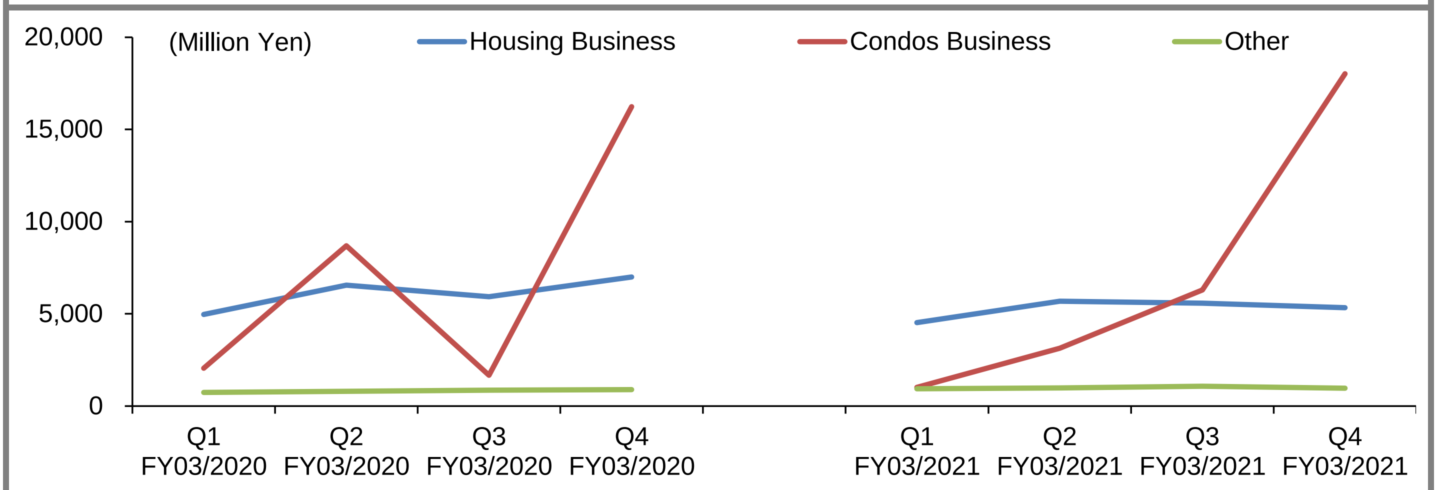
Source: Company Data

3.0 Recent Trading and Prospects

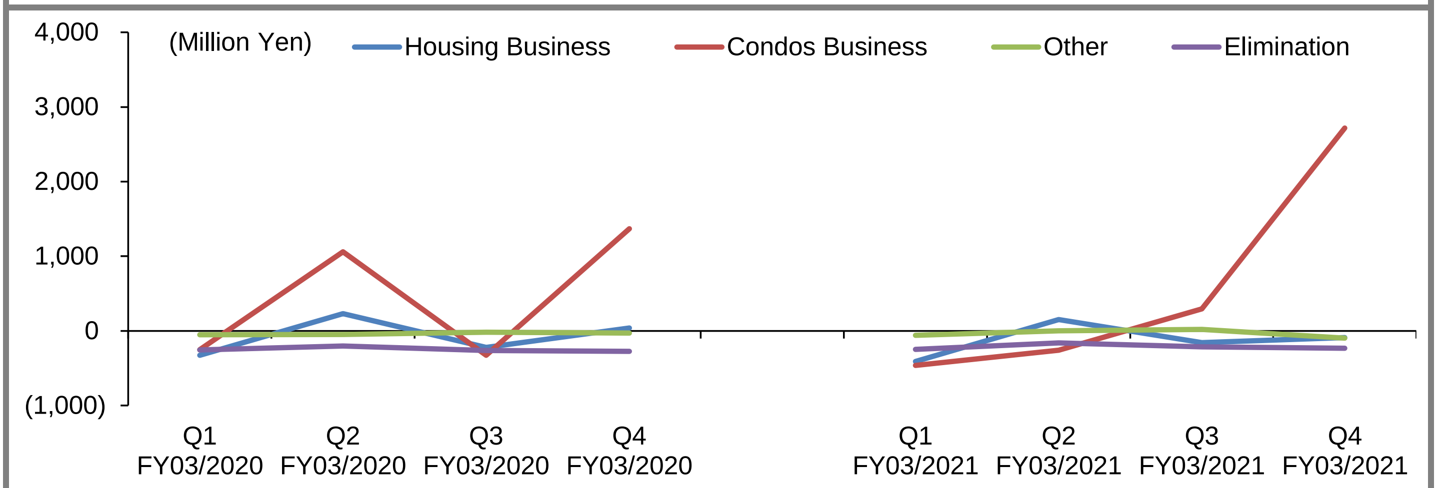
FY03/2021

For FY03/2021, sales came in at ¥53,487m (down 5.1% YoY), operating profit ¥782m (up 89.5%), recurring profit ¥872m (up 110.2%) and profit attributable to owners of parent ¥509m (up 41.8%), while operating profit margin 1.5% (up 0.7% points). At the same time, gross profit came in at ¥10,125m (up 4.4%) and SG&A expenses ¥9,343m (up 0.7%), implying gross profit margin of 18.9% (up 1.7% points) and sales to SG&A expenses ratio of 17.5% (up 1.0% point).

Segment Sales



Segment Profit



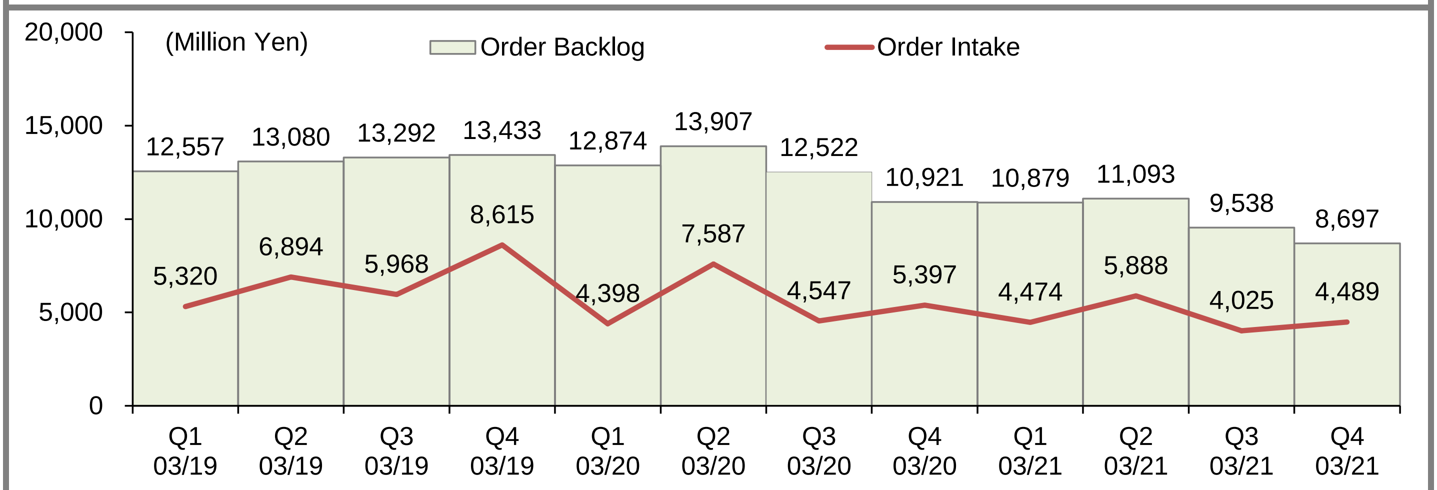
Source: Company Data, WRJ Calculation

The reason cited for the increase in gross profit margin is that cost rate has declined for Condos Business through restrained discount sales. Meanwhile, the rise in SG&A expenses has been limited, but the Company has been forced to see increased ratio to sales (sales to SG&A expenses ratio) due to the decline in sales as a whole. Still, operating profit margin has risen and the Company has seen substantially increased operating profit as the impacts of the former have exceeded those of the latter. Meanwhile, the Company saw unprecedented concentration of sales for Q4 in Condos Business, which was as expected.

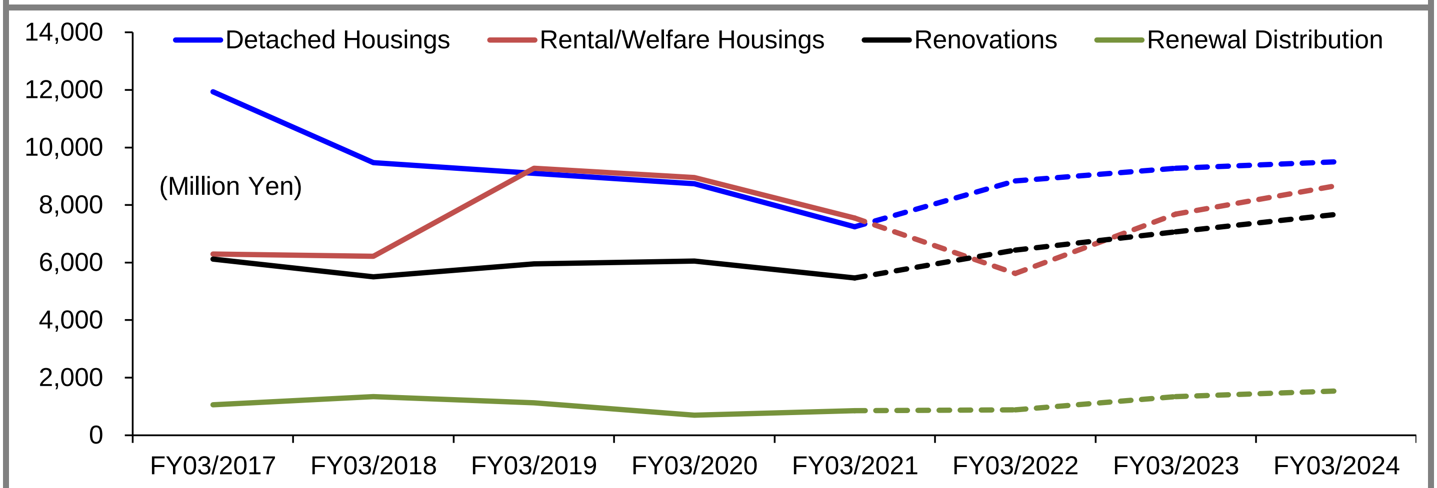
Housing Business

For Housing Business, segment sales came in at ¥21,101m (down 13.7%), segment profit minus ¥511m (versus minus ¥282m in the previous year) and segment profit margin 2.4% (down 1.3% points). For this segment, the Company is involved with operations to build detached housings and rental/welfare housings on a contract basis as well as those of renovations and renewal distribution (distribution of secondhand housings). Rental/welfare housings are of apartment buildings, nursing-care & welfare facilities, childcare facilities, etc. Meanwhile, this segment saw order intake of ¥18,877m (down 13.9%) on a full-year basis, while order backlog stood at ¥8,697m (down 20.4%) as of the end of the fiscal year.

Order Intake and Order Backlog of Housing Business



Sales Breakdown of Housing Business



Source: Company Data, WRJ Calculation

The impacts stemming from COVID-19 compelled the trading to weaken across the board, but there is a sense of recovery in trading since the beginning of FY03/2022. Cumulative order intake for April and May 2021 increased by 43% over the same period of the previous year, suggesting that the Company is on track to see a recovery of performance for FY03/2022. However, it takes a whole for order intake to book sales with respect to detaching housings and rental/welfare housings being built on a contract basis and thus sales are to be delayed to the same extent. For detached housings, the Company suggests it will take some half year to do so, while some one year to one and half years for rental/welfare housings which are larger is size. FY03/2022 Company forecasts, announced on 14 May 2021, assume prospective segment sales of ¥21,768m (up 3.2%), segment profit of ¥92m (versus minus ¥511m in the previous year) and segment profit margin of 0.4% (up 2.8% points) in Housing Business.

For FY03/2021, order intake edged up for renovations and renewal distribution (distribution of secondhand housings), but order intake for detached housings and rental/welfare housings being built on a contract basis was stagnating. With respect to rental/welfare housings, order intake declined in particular, leading to a major correction in prospective sales for FY03/2022. More importantly, however, Company forecasts are going for a V-shaped recovery in sales for FY03/2022 over FY03/2021 with respect to detached housings for order intake in Q1 to Q2 to be reflected in sales for H2.

Detached Housings

For detached housings, the Company is implementing measures to achieve sustainable sales growth by means of making changeover from "passive" to "proactive" for its sales strategy, while the Company suggests that this has started to be successful in some parts of the operations to date. The Company has been cutting back on its resources allocated to "passive" operations to wait for prospects to come to visit comprehensive housing exhibition grounds, while having been keen on allocating its resources on setting up Best Life Consulting Salons or the locations to work as sales offices for "proactive" operations. As of the beginning of the fiscal year, the exhibits stood at 15 in terms of the number of comprehensive housing exhibition grounds versus four as of the end of the fiscal year, having been reduced by 11 during the fiscal year. Meanwhile, the Company has set up Best Life Consulting Salons as many as 14 (8 standard ones and 6 small-sized ones) during the fiscal year. The Company suggests that all those scrap-and-build operations incurred additional expenses, which has become a factor to enlarge loss of Housing Business. More importantly, however, for FY03/2022, this is expected to correspondingly generate a factor to improve earnings and the impacts of the changeover of sales strategy are expected to take off in earnest at the same time.

Comprehensive housing exhibition grounds literally serve as places where the Company exhibits its actual detached housings being built on a contract basis, while the ability of the grounds to attract customers is limited, according to the Company. On top of this, since the number of visitors is declining following the impacts stemming from COVID-19, it is considered that the function of attracting customers at the comprehensive housing exhibition grounds has been reduced even more than in the past. In light of all those circumstances, the Company has implemented the aforementioned changeover in its sales strategy. In fact, the Company suggests that sales stemming from attracting customers at comprehensive housing exhibition grounds account for less than 20% of those as a whole for detached housings in the first place. Now, replacing comprehensive housing exhibition grounds for prospects to check up on actual stuffs with operations based on Best Life Consulting Salons, the Company has started to see improved efficiency in sales.

In the "proactive" operations advocated to promote sales, the Company configures several promising strategic regional areas and sets up Best Life Consulting Salon each on the scene, while the Company's sales representatives encourage prospects such as neighboring residents to visit this location equipped with functions as sales office through their sales activities, making proposals on housing across the board for them, i.e., corresponding to comprehensive needs on housing, including not only those of building detached housings but also of renovations and resale of properties. In addition, a scheme has been launched to enable online tour to virtually check up on actual stuffs, replacing an aspect of comprehensive housing exhibition grounds in a sense.

At the same time, the adoptions of ZEH (standing for net zero energy house in Japanese English) are being standardized. The Company saw the adoption rate increased up to 75% on a contract basis for FY03/2021, while going for almost 100% for FY03/2022. The Company is promoting the spread of ZEH in order to realize decarbonized society, while the Company will benefit from this for its performance of detached housings.

Compared with conventional detached housings, the Company says that it sees unit selling prices as well as gross profit margin higher, as ZEH needs installation of energy-saving equipment represented by photovoltaic system and additional construction to enhance thermal insulation. The Company also says that the merits are also great for residents, raising an example that they spend four seasons in a comfortable way due to the high thermal insulation capability and another one that they cut back on the energy bills by means of utilizing energy-saving equipment. It is also advantageous to be able to use electrical power, even in the event of a power outage, according to the Company.

Rental/Welfare Housings

For rental/welfare housings, the impacts stemming from COVID-19 were substantial in particular. The customers here, i.e., land owners to build revenue-generating properties represented by apartment buildings, nursing-care & welfare facilities and childcare facilities, were reluctant to carry out new investments. On top of this, the Company also spots an issue that it has become taking longer time to apply for subsidy schemes than in the past. Meanwhile, the Company suggests a high probability for demand to rise as a matter of necessity for the future in line with the advent of 2022 Urban Agricultural Area Problem. In CY2022, some 80% of urban agricultural area will be no further designated and thus owners of all those lands no further designated will see no further tax benefits, which is expected to drive demand to promote use of all those lands by means of investing in or building revenue-generating properties represented by apartment buildings, etc.

Meanwhile, the Company plans to start adopting ZEH as standard also for apartment buildings, etc. Although there is no track record for the actual adoptions here so far, this will also contribute to realization of decarbonized society and benefit the Company as in the case of detached housings. In a view of owners of apartment buildings, etc., the benefits are to curb repair costs (damages to buildings by bedewing and mold being reduced by high thermal insulation) and to be exposed to less risk of fires due to the use of all-electric specifications. At the same time, residents are to benefit as they do for detached housings. Going forward, the Company is planning to standardize ZEH also for condominiums developed in Condos Business in a way that matches the formats.

Renovations

For renovations, the Company is looking to future expansion in the market. For example, telework is expanding in response to the impacts stemming from COVID-19, which is driving demand for renovations to realize the integration of jobs and housings, according to the Company. At the same time, demand for renovations related to washing hands and ventilation is also increasing in order to respond to so-called new norms. Further, the Company also spots that demand for renovations is on the rise with an objective to enhance thermal insulation for the sake of realizing decarbonized society.

Renewal Distribution (distribution of secondhand housings)

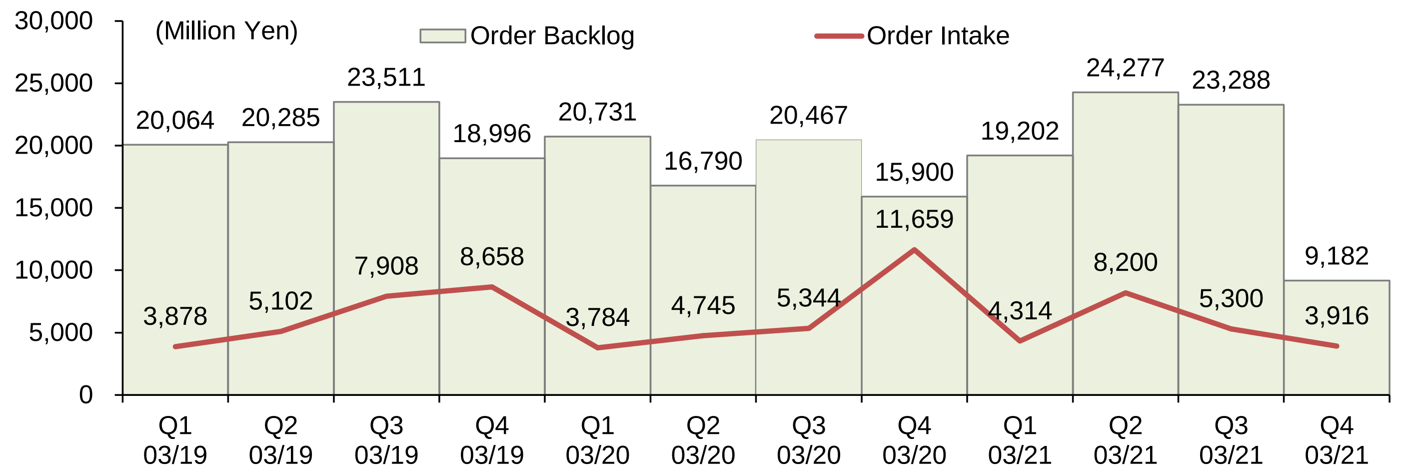
For renewal distribution (distribution of secondhand housings), the Company plans to support customers in purchasing and selling secondhand housings by focusing on efficient management of information held by the Company and partner real estate company through the proprietary San Living Link network system.

.

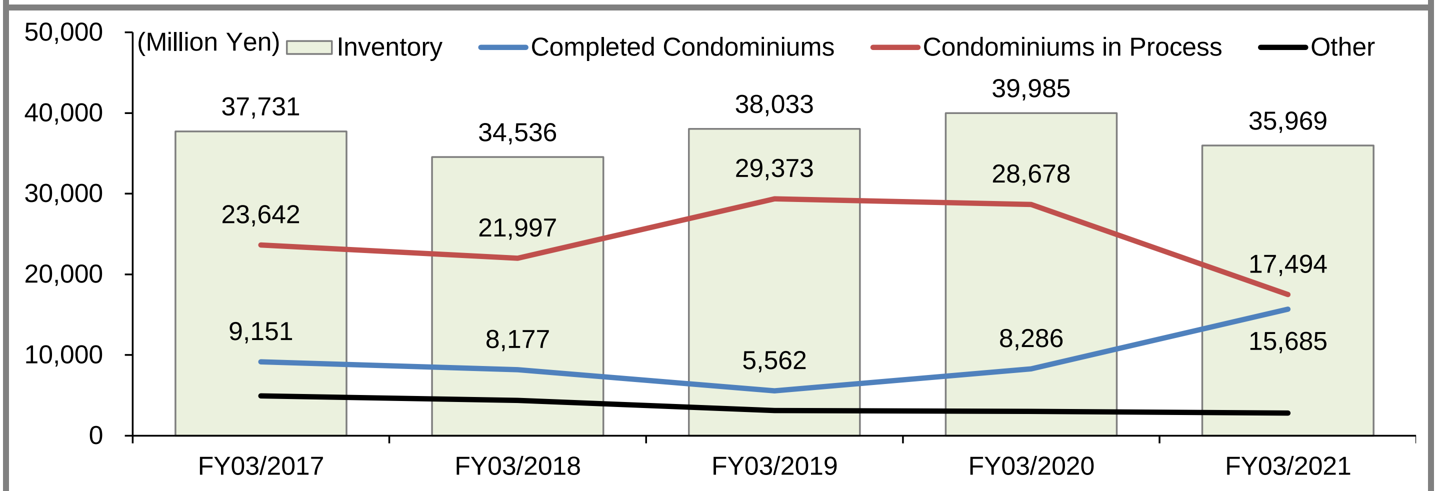
Condos Business

For Condos Business, segment sales came in at ¥28,449m (down 0.6%), segment profit ¥2,288m (up 23.9%) and segment profit margin 8.0% (up 1.6% points). Meanwhile, order intake came in at ¥21,732m (down 14.9%) on a full-year basis and order backlog stood at ¥9,182m (down 42.2%) as of the end of the fiscal year. Both of them suffered from trends of stagnation, but the sentiment has started to recover from the beginning of FY03/2022. Cumulative order intake in April and May 2021 increased by 64% over the same period of the previous year, suggesting that prospective sales are to be buoyant for FY03/2022.

Order Intake and Order Backlog of Condos Business



Completed Inventory (Completed Condominiums) and Condominiums in Process



Source: Company Data, WRJ Calculation

As a whole for the Company, total assets stood at ¥52,611m versus equity capital ¥16,922m as of the end of FY03/2021, implying equity ratio of 32.2%, while net debt equity ratio 85.8% (versus 122.7% as of the end of the previous year). At the same time, completed inventory (completed condominiums) outstanding stood at ¥15,685m (up 89.3% from the end of the previous year) and condominiums in process outstanding ¥17,494m (down 39.0%), while collectively ¥33,179m (down 10.2%) for both and inventory as a whole for the Company ¥35,969m (down 10.0%). That is to say, inventory as a whole for the Company mainly related to Condos Business accounted for 68.4% of total assets of the Company. Meanwhile, for FY03/2021, the Company saw some surplus (versus deficit in the previous year) in free cash flow due mainly to reduced inventory, having resulted in reduced leverage or reliance on interest-bearing debt.

Completed inventory (completed condominiums) outstanding increased exceptionally, which is due mainly to exceptional concentration in the number of properties completed and delivered toward the end of the fiscal year and order intake lower than expectations, according to the Company. In the actual results of FY03/2021, the Company saw no properties completed and delivered for Q1 to Q2, while having seen two for Q3 and 8 for Q4. In the first place, there is a strong tendency for the number of properties completed to be concentrated for Q4 with the Company, but it was an unprecedented concentration for Q4 this time around. According to the Company, there is an aspect that this has led to "delayed sale" for properties newly completed and thus order intake lower than expectations toward the end of the fiscal year. Meanwhile, completed inventory (completed condominiums) outstanding, having stood at ¥15,685m as of the end of the fiscal year, equates to ¥20,100m in sales, according to the Company, implying expected gross profit margin of 22.0%, when simply calculated.

Condominiums in process outstanding declined sharply, which is attributable to that the Company put a lid on land acquisitions for the sites of properties by the end of Q2 in light of uncertainty of the impacts stemming from COVID-19 for the future. As is taken for granted, another factor is that the balance has been reduced upon the above-mentioned completion of properties to a corresponding extent or having been transferred to completed inventory (completed condominiums) outstanding. Meanwhile, the Company suggests that this has led to some net increase in completed inventory (completed condominiums) outstanding as it did not see sales for all of the balance transferred by the end of the fiscal year. The balance of ¥17,494m for condominiums in process outstanding as of the end of the fiscal year equates to ¥40,400m in sales, according to the Company, comprising ¥29,200m for property scheduled to be completed for FY03/2022 and ¥11,200m for property scheduled to be completed thereafter.

In light of the above, the Company has disclosed that prospective sales could be ¥49,400m at most for FY03/2022, comprising ¥20,100m stemming from completed inventory (completed condominium) and ¥29,200m stemming from properties to be completed. Meanwhile, the Company plans to see sales for some 82% of this amount in fact. FY03/2022 Company forecasts assume prospective segment sales of ¥40,675m (up 43.0%), segment profit of ¥2,538m (up 10.9%) and segment profit margin of 6.2% (down 1.8% points) in Condos Business. In other words, Company forecasts are going for surging sales but lowering segment profit margin. With respect to performance for FY03/2021, which is what is compared with, the Company saw cost rate declined due to restrained discount sales, while it appears that Company forecasts assume cost rate to rise for FY03/2022, because of the Company's focus to promote sales of completed inventory (completed condominiums).

Other

For Other, segment sales came in at ¥3,936m (up 20.0%), segment profit minus ¥134m (versus minus ¥151m in the previous year) and segment profit margin minus 3.4% (up 1.2% points). By domain, sales of life support came in at ¥3,483m (up 18.5%) and sales of frontier ¥429m (up 36.1%), having accounted for 88.5% and 10.9% of segment sales respectively or 99.4% collectively, which suggests that the performance of Other hinges on that of the two domains. Meanwhile, FY03/2022 Company forecasts assume prospective segment sales of ¥4,755m (up 20.8%), segment profit of minus ¥40m (versus minus ¥134m in the previous year) and segment profit margin of minus 0.8% (up 2.6% points).

For recent trading of life support, the Company mentions that the mainstay operations of condominium management is trending nicely, while having opened new nurseries as well as shared workspace in Okayama-prefecture. In April 2021, the Company has opened up three new locations for its operations to run nurseries, currently running collective 29 locations, comprising 26 locations of the mainstay San Friends brand and three locations of industry-sponsored ones (including one location of entrusted business) or 14 locations in Osaka-prefecture, one location in Hyogo-prefecture, three locations in Shiga-prefecture, 10 locations in Aichi-prefecture and one location in Mie-prefecture by region. Meanwhile, the Company has announced the grand opening of SAN Share Office Hinase, the first shared workplace in Bizen-city, on the second floor of tourist information center building in front of Hinase station in Bizen-city, Okayama-prefecture.

For recent trading of frontier, the Company mentions that it focuses on cultivations of new customers to supply on an OEM basis for its GS Frame System, lightweight steel frame prefabricated system based on the Company's expertise. At the same time, the Company also mentions that it propels provision of "so-Life", proprietary photovoltaic system as well as accumulator. Meanwhile, all those operations belonging to frontier have been integrated with those of construction division of Sanyo Reform Corporation, the Company's subsidiary, since January 2021, which created Sanyo Architec Corporation comprehensively in charge of sales to construction and it started the operations in April 2021.

In light of the growing demand for a transition to decarbonized society, the Company has established the above-mentioned new subsidiary with the aim of accelerating its efforts to realize "Eco & Safety" which has long been its business concept. The Company says that we will thoroughly emphasize the conservation of the global environment and the safety and security of people with greater proactive stance than in the past. In other words, the Company will focus on proposing total energy solutions to customers with more aggressiveness than in the past. With respect to GS Frame System, lightweight steel frame prefabricated system, the Company says that this contributes to realization of decarbonized society in a respect that the adoptions should encourage the lengthening of life expectancy of detached housings, etc.

FY03/2021 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2021CoE	15-May-20	Q4 Results	-	-	-	-
FY03/2021CoE	31-Jul-20	Q1 Results	-	-	-	-
FY03/2021CoE	06-Nov-20	Q2 Results	59,600	900	750	500
FY03/2021CoE	05-Feb-21	Q3 Results	59,600	900	750	500
FY03/2021CoE	11-May-21	Revision	53,400	780	870	500
		Amount of Gap	(6,200)	(120)	120	0
		Rate of Gap	(10.4%)	(13.3%)	16.0%	0.0%
FY03/2021Act	14-May-21	Q4 Results	53,487	782	872	509
		Amount of Gap	87	2	2	9
		Rate of Gap	0.2%	0.3%	0.2%	1.8%
FY03/2021CoE	06-Nov-20	Q2 Results	59,600	900	750	500
FY03/2021Act	14-May-21	Q4 Results	53,487	782	872	509
		Amount of Gap	(6,112)	(117)	122	9
		Rate of Gap	(10.3%)	(13.1%)	16.3%	1.9%
Consolidated Half Year (Million Yen)	**Date**	**Event**	**Sales**	**Operating Profit**	**Recurring Profit**	**Profit Attributable to Owners of Parent**
Q1 to Q2 FY03/2021CoE	15-May-20	Q4 Results	-	-	-	-
Q1 to Q2 FY03/2021CoE	31-Jul-20	Q1 Results	-	-	-	-
Q1 to Q2 FY03/2021Act	06-Nov-20	Q2 Results	16,235	(1,451)	(1,467)	(1,029)
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Q1 to Q2 FY03/2021CoE	15-May-20	Q4 Results	-	-	-	-
Q1 to Q2 FY03/2021Act	06-Nov-20	Q2 Results	16,235	(1,451)	(1,467)	(1,029)
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Consolidated Half Year (Million Yen)	**Date**	**Event**	**Sales**	**Operating Profit**	**Recurring Profit**	**Profit Attributable to Owners of Parent**
Q3 to Q4 FY03/2021CoE	15-May-20	Q4 Results	-	-	-	-
Q3 to Q4 FY03/2021CoE	31-Jul-20	Q1 Results	-	-	-	-
Q3 to Q4 FY03/2021CoE	06-Nov-20	Q2 Results	43,365	2,351	2,217	1,529
Q3 to Q4 FY03/2021CoE	05-Feb-21	Q3 Results	43,365	2,351	2,217	1,529
Q3 to Q4 FY03/2021CoE	11-May-21	Revision	37,165	2,231	2,337	1,529
		Amount of Gap	(6,200)	(120)	120	0
		Rate of Gap	(14.3%)	(5.1%)	5.4%	0.0%
Q3 to Q4 FY03/2021Act	14-May-21	Q4 Results	37,252	2,233	2,339	1,538
		Amount of Gap	87	2	2	9
		Rate of Gap	0.2%	0.1%	0.1%	0.6%
Q3 to Q4 FY03/2021CoE	06-Nov-20	Q2 Results	43,365	2,351	2,217	1,529
Q3 to Q4 FY03/2021Act	14-May-21	Q4 Results	37,252	2,233	2,339	1,538
		Amount of Gap	(6,113)	(118)	122	9
		Rate of Gap	(14.1%)	(5.0%)	5.5%	0.6%

Source: Company Data, WRJ Calculation

Income Statement (Cumulative／Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	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	Net Chg.
Sales	**7,738**	**23,782**	**32,242**	**56,351**	**6,458**	**16,235**	**29,175**	**53,487**	**(2,863)**
Cost of Sales	6,447	19,047	26,101	46,656	5,499	13,603	24,239	43,362	(3,294)
Gross Profit	1,291	4,735	6,140	9,694	958	2,631	4,936	10,125	+430
SG&A Expenses	2,181	4,591	6,831	9,281	2,142	4,083	6,447	9,343	+61
Operating Profit	**(890)**	**143**	**(691)**	**412**	**(1,183)**	**(1,451)**	**(1,511)**	**782**	**+369**
Non Operating Balance	(4)	(33)	(67)	2	11	(15)	19	90	+88
Recurring Profit	**(895)**	**109**	**(758)**	**415**	**(1,172)**	**(1,467)**	**(1,491)**	**872**	**+457**
Extraordinary Balance	(11)	(11)	(11)	149	-	-	-	(64)	(214)
Profit before Income Taxes	(906)	98	(769)	564	(1,172)	(1,467)	(1,491)	807	+242
Total Income Taxes	(262)	63	(187)	205	(352)	(438)	(439)	298	+92
Profit Attributable to Owners of Parent	**(644)**	**34**	**(582)**	**359**	**(819)**	**(1,029)**	**(1,051)**	**509**	**+150**
Sales YoY	(9.5%)	+16.4%	+2.3%	+4.6%	(16.5%)	(31.7%)	(9.5%)	(5.1%)	-
Operating Profit YoY	-	-	-	(71.2%)	-	-	-	+89.5%	-
Recurring Profit YoY	-	-	-	(73.1%)	-	-	-	+110.2%	-
Profit Attributable to Owners of Parent YoY	-	-	-	(62.4%)	-	-	-	+41.8%	-
Gross Profit Margin	16.7%	19.9%	19.0%	17.2%	14.8%	16.2%	16.9%	18.9%	+1.7%
Sales to SG&A Expenses Ratio	28.2%	19.3%	21.2%	16.5%	33.2%	25.2%	22.1%	17.5%	+1.0%
Operating Profit Margin	(11.5%)	0.6%	(2.1%)	0.7%	(18.3%)	(8.9%)	(5.2%)	1.5%	+0.7%
Recurring Profit Margin	(11.6%)	0.5%	(0.3%)	0.7%	(18.2%)	(9.0%)	0.1%	1.6%	+0.9%
Profit Attributable to Owners of Parent Margin	(8.3%)	0.1%	(1.8%)	0.6%	(12.7%)	(6.3%)	(3.6%)	1.0%	+0.3%
Total Income Taxes／Profit before Income Taxes	-	64.5%	-	36.4%	-	-	-	36.9%	+0.5%

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	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	Net Chg.
Sales	**7,738**	**16,044**	**8,459**	**24,108**	**6,458**	**9,777**	**12,940**	**24,312**	**+203**
Cost of Sales	6,447	12,599	7,054	20,554	5,499	8,104	10,635	19,123	(1,431)
Gross Profit	1,291	3,444	1,404	3,553	958	1,673	2,304	5,188	+1,635
SG&A Expenses	2,181	2,410	2,239	2,449	2,142	1,941	2,364	2,895	+445
Operating Profit	**(890)**	**1,034**	**(835)**	**1,104**	**(1,183)**	**(268)**	**(59)**	**2,293**	**+1,189**
Non Operating Balance	(4)	(29)	(33)	69	11	(27)	35	70	+1
Recurring Profit	**(895)**	**1,005**	**(868)**	**1,173**	**(1,172)**	**(295)**	**(23)**	**2,364**	**+1,190**
Extraordinary Balance	(11)	0	-	160	-	-	-	(64)	(225)
Profit before Income Taxes	(906)	1,005	(868)	1,334	(1,172)	(295)	(23)	2,299	+964
Total Income Taxes	(262)	326	(250)	392	(352)	(85)	(1)	738	+345
Profit Attributable to Owners of Parent	**(644)**	**679**	**(617)**	**941**	**(819)**	**(209)**	**(22)**	**1,561**	**+619**
Sales YoY	(9.5%)	+35.1%	(23.7%)	+7.8%	(16.5%)	(39.1%)	+53.0%	+0.8%	-
Operating Profit YoY	-	+828.7%	-	(45.0%)	-	-	-	+107.7%	-
Recurring Profit YoY	-	-	-	(46.1%)	-	-	-	+101.4%	-
Profit Attributable to Owners of Parent YoY	-	-	-	(35.0%)	-	-	-	+65.8%	-
Gross Profit Margin	16.7%	21.5%	16.6%	14.7%	14.8%	17.1%	17.8%	21.3%	+6.6%
Sales to SG&A Expenses Ratio	28.2%	15.0%	26.5%	10.2%	33.2%	19.9%	18.3%	11.9%	+1.7%
Operating Profit Margin	(11.5%)	6.4%	(9.9%)	4.6%	(18.3%)	(2.7%)	(0.5%)	9.4%	+4.9%
Recurring Profit Margin	(11.6%)	6.3%	(10.3%)	4.9%	(18.2%)	(3.0%)	(0.2%)	9.7%	+4.9%
Profit Attributable to Owners of Parent Margin	(8.3%)	4.2%	(7.3%)	3.9%	(12.7%)	(2.1%)	(0.2%)	6.4%	+2.5%
Total Income Taxes／Profit before Income Taxes	-	32.4%	-	29.4%	-	-	-	32.1%	+2.7%

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative／Quarterly)

Segmented Information (Million Yen)	Cons.Act Q1 03/2020	Cons.Act Q1 to Q2 03/2020	Cons.Act Q1 to Q3 03/2020	Cons.Act Q1 to Q4 03/2020	Cons.Act Q1 03/2021	Cons.Act Q1 to Q2 03/2021	Cons.Act Q1 to Q3 03/2021	Cons.Act Q1 to Q4 03/2021	YoY Net Chg.
Housing Business	4,957	11,511	17,443	24,441	4,517	10,191	15,772	21,101	(3,339)
Condos Business	2,048	10,735	12,403	28,629	1,012	4,137	10,427	28,449	(180)
Other	732	1,535	2,395	3,279	928	1,906	2,975	3,936	+656
Sales	**7,738**	**23,782**	**32,242**	**56,351**	**6,458**	**16,235**	**29,175**	**53,487**	**(2,863)**
Housing Business	(328)	(98)	(322)	(282)	(412)	(260)	(419)	(511)	(228)
Condos Business	(252)	805	477	1,847	(463)	(723)	(428)	2,288	+441
Other	(51)	(102)	(121)	(151)	(59)	(58)	(37)	(134)	+17
Total	**(633)**	**605**	**34**	**1,412**	**(934)**	**(1,042)**	**(885)**	**1,642**	**+229**
Elimination	(257)	(461)	(725)	(999)	(248)	(409)	(625)	(860)	+139
Operating Profit	**(890)**	**143**	**(691)**	**412**	**(1,183)**	**(1,451)**	**(1,511)**	**782**	**+369**
Housing Business	(6.6%)	(0.9%)	(1.8%)	(1.2%)	(9.1%)	(2.6%)	(2.7%)	(2.4%)	(1.3%)
Condos Business	(12.3%)	7.5%	3.9%	6.5%	(45.7%)	(17.5%)	(4.1%)	8.0%	+1.6%
Other	(7.1%)	(6.7%)	(5.1%)	(4.6%)	(6.4%)	(3.1%)	(1.3%)	(3.4%)	+1.2%
Elimination	(3.3%)	(1.9%)	(2.3%)	(1.8%)	(3.9%)	(2.5%)	(2.1%)	(1.6%)	+0.2%
Operating Profit Margin	**(11.5%)**	**0.6%**	**(2.1%)**	**0.7%**	**(18.3%)**	**(8.9%)**	**(5.2%)**	**1.5%**	**+0.7%**

Segmented Information (Million Yen)	Cons.Act Q1 03/2020	Cons.Act Q2 03/2020	Cons.Act Q3 03/2020	Cons.Act Q4 03/2020	Cons.Act Q1 03/2021	Cons.Act Q2 03/2021	Cons.Act Q3 03/2021	Cons.Act Q4 03/2021	YoY Net Chg.
Housing Business	4,957	6,554	5,932	6,997	4,517	5,674	5,580	5,329	(1,668)
Condos Business	2,048	8,687	1,667	16,226	1,012	3,125	6,290	18,022	+1,795
Other	732	803	859	884	928	978	1,069	960	+76
Sales	**7,738**	**16,044**	**8,459**	**24,108**	**6,458**	**9,777**	**12,940**	**24,312**	**+203**
Housing Business	(328)	230	(223)	39	(412)	151	(159)	(91)	(131)
Condos Business	(252)	1,058	(327)	1,369	(463)	(260)	294	2,717	+1,347
Other	(51)	(50)	(19)	(30)	(59)	0	21	(97)	(66)
Total	**(633)**	**1,238**	**(571)**	**1,378**	**(934)**	**(107)**	**156**	**2,528**	**+1,149**
Elimination	(257)	(204)	(264)	(274)	(248)	(160)	(216)	(234)	+39
Operating Profit	**(890)**	**1,034**	**(835)**	**1,104**	**(1,183)**	**(268)**	**(59)**	**2,293**	**+1,189**
Housing Business	(6.6%)	3.5%	(3.8%)	0.6%	(9.1%)	2.7%	(2.9%)	(1.7%)	(2.3%)
Condos Business	(12.3%)	12.2%	(19.7%)	8.4%	(45.7%)	(8.3%)	4.7%	15.1%	+6.6%
Other	(7.1%)	(6.3%)	(2.2%)	(3.4%)	(6.4%)	0.1%	2.0%	(10.1%)	(6.7%)
Elimination	(3.3%)	(1.3%)	(3.1%)	(1.1%)	(3.9%)	(1.6%)	(1.7%)	(1.0%)	+0.2%
Operating Profit Margin	**(11.5%)**	**6.4%**	**(9.9%)**	**4.6%**	**(18.3%)**	**(2.7%)**	**(0.5%)**	**9.4%**	**+4.9%**

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act Q1 03/2020	Cons.Act Q2 03/2020	Cons.Act Q3 03/2020	Cons.Act Q4 03/2020	Cons.Act Q1 03/2021	Cons.Act Q2 03/2021	Cons.Act Q3 03/2021	Cons.Act Q4 03/2021	YoY Net Chg.
Cash and Deposit	7,557	8,921	7,265	8,220	8,085	10,665	7,198	8,884	+663
Accounts Receivables	1,718	1,985	2,461	2,734	1,920	1,912	2,809	1,888	(846)
Inventory	42,970	41,275	47,344	39,985	42,351	42,443	42,205	35,969	(4,015)
Other	1,689	1,900	2,490	2,430	2,245	2,402	2,471	1,358	(1,071)
Current Assets	**53,935**	**54,083**	**59,562**	**53,371**	**54,602**	**57,423**	**54,685**	**48,100**	**(5,270)**
Tangible Assets	2,077	2,064	2,046	2,183	2,162	2,168	2,212	2,249	+65
Intangible Assets	33	31	94	85	97	93	94	81	(4)
Investments and Other Assets	2,491	2,226	2,461	2,256	2,651	2,779	2,721	2,180	(75)
Fixed Assets	**4,603**	**4,323**	**4,601**	**4,525**	**4,910**	**5,041**	**5,029**	**4,510**	**(14)**
Total Assets	**58,538**	**58,406**	**64,163**	**57,896**	**59,513**	**62,464**	**59,714**	**52,611**	**(5,284)**
Accounts Payables	4,346	6,180	4,100	6,989	3,874	3,417	3,929	6,445	(543)
Short Term Debt	21,380	19,920	26,520	21,080	27,286	30,624	27,243	17,410	(3,670)
Advances Re. on Uncompleted Contracts	1,253	2,148	1,867	1,026	1,353	1,236	1,266	883	(143)
Advances Received	2,628	1,106	1,536	1,009	1,205	1,606	1,429	631	(378)
Other	1,562	1,723	1,431	1,988	1,391	1,388	1,402	2,375	+386
Current Liabilities	**31,171**	**31,078**	**35,454**	**32,094**	**35,112**	**38,272**	**35,270**	**27,745**	**(4,348)**
Long Term Debt	8,870	8,150	10,140	7,364	7,078	7,090	7,167	5,989	(1,375)
Other	1,883	1,889	1,888	1,939	1,918	1,889	1,889	1,954	+15
Fixed Liabilities	**10,753**	**10,039**	**12,028**	**9,303**	**8,996**	**8,979**	**9,056**	**7,943**	**(1,359)**
Total Liabilities	**41,924**	**41,117**	**47,483**	**41,397**	**44,108**	**47,252**	**44,327**	**35,689**	**(5,708)**
Shareholders' Equity	**16,614**	**17,300**	**16,682**	**16,491**	**15,396**	**15,201**	**15,375**	**16,936**	**+444**
Other	(0)	(11)	(2)	6	8	10	12	(14)	(20)
Net Assets	**16,613**	**17,288**	**16,680**	**16,498**	**15,405**	**15,212**	**15,387**	**16,922**	**+424**
Total Liabilities and Net Assets	**58,538**	**58,406**	**64,163**	**57,896**	**59,513**	**62,464**	**59,714**	**52,611**	**(5,284)**
Equity Capital	16,600	17,275	16,667	16,485	15,392	15,199	15,374	16,922	+437
Interest Bearing Debt	30,250	28,070	36,660	28,444	34,364	37,714	34,410	23,399	(5,045)
Net Debt	22,692	19,148	29,394	20,223	26,278	27,048	27,211	14,514	(5,708)
Equity Ratio	28.4%	29.6%	26.0%	28.5%	25.9%	24.3%	25.7%	32.2%	-
Net Debt Equity Ratio	136.7%	110.8%	176.4%	122.7%	170.7%	178.0%	177.0%	85.8%	-
ROE (12 months)	4.1%	7.9%	5.3%	2.1%	1.1%	(4.3%)	(0.7%)	3.0%	-
ROA (12 months)	2.1%	3.8%	2.4%	0.7%	0.2%	(1.9%)	(0.5%)	1.6%	-
Days for Inventory Turnover	608	299	612	178	703	478	362	172	-
Quick Ratio	30%	35%	27%	34%	28%	33%	28%	39%	-
Current Ratio	173%	174%	168%	166%	156%	150%	155%	173%	-

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

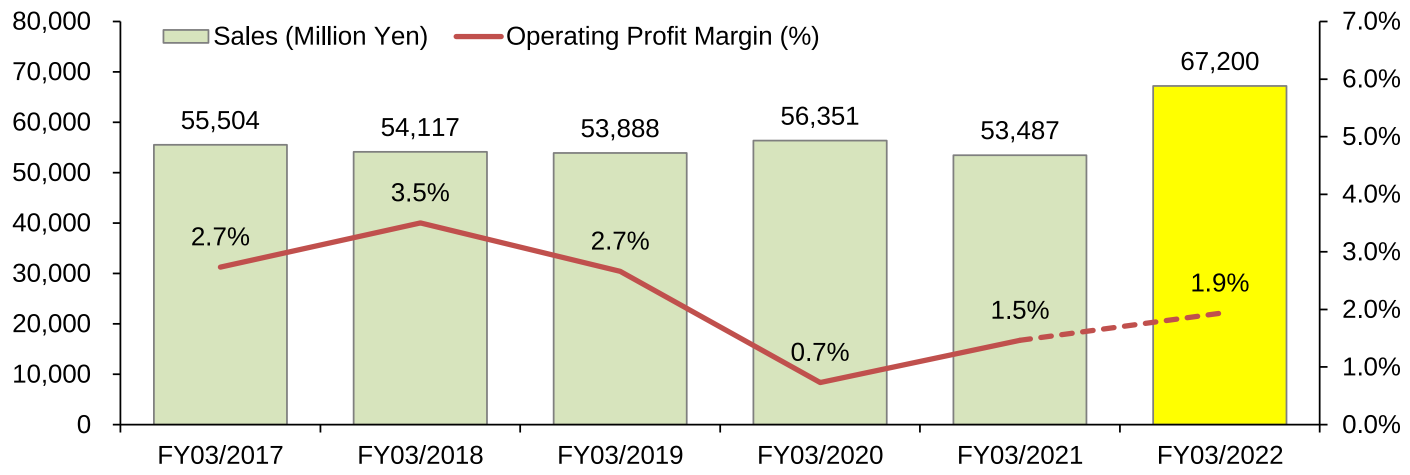
Cash Flow Statement (Million Yen)	Cons.Act Q1 03/2020	Cons.Act Q1 to Q2 03/2020	Cons.Act Q1 to Q3 03/2020	Cons.Act Q1 to Q4 03/2020	Cons.Act Q1 03/2021	Cons.Act Q1 to Q2 03/2021	Cons.Act Q1 to Q3 03/2021	Cons.Act Q1 to Q4 03/2021	YoY Net Chg.
Operating Cash Flow	-	(5,823)	-	(5,634)	-	(6,478)	-	6,107	+11,741
Investing Cash Flow	-	115	-	984	-	(72)	-	(106)	(1,090)
Operating CF and Investing CF	**-**	**(5,708)**	**-**	**(4,649)**	**-**	**(6,550)**	**-**	**6,001**	**+10,651**
Financing Cash Flow	-	5,934	-	5,175	-	8,994	-	(5,137)	(10,313)

Source: Company Data, WRJ Calculation

FY03/2022 Company Forecasts

FY03/2022 Company forecasts, announced on 14 May 2021, are going for prospective sales of ¥67,200m (up 25.6% YoY), operating profit of ¥1,300m (up 66.2%), recurring profit of ¥1,100m (up 26.1%) and profit attributable to owners of parent of ¥700m (up 37.4%), while operating profit margin of 1.9% (up 0.5% points). At the same time, Company forecasts are going for prospective annual dividend of ¥25.00 per share, implying payout ratio of 39.5%.

Sales and Operating Profit Margin



Source: Company Data, WRJ Calculation

Company forecasts assume prospective gross profit of ¥12,400m (up 22.5%) and SG&A expenses of ¥11,100m (up 18.8%), implying gross profit margin of 18.5% (down 0.4% points) and sales to SG&A expenses ratio of 16.5% (down 1.0% point). In other words, it appears that Company forecasts are going for a high growth in earnings by means of curbing the rise in SG&A expenses, which is to more than compensate for marginal decrease in gross profit margin.

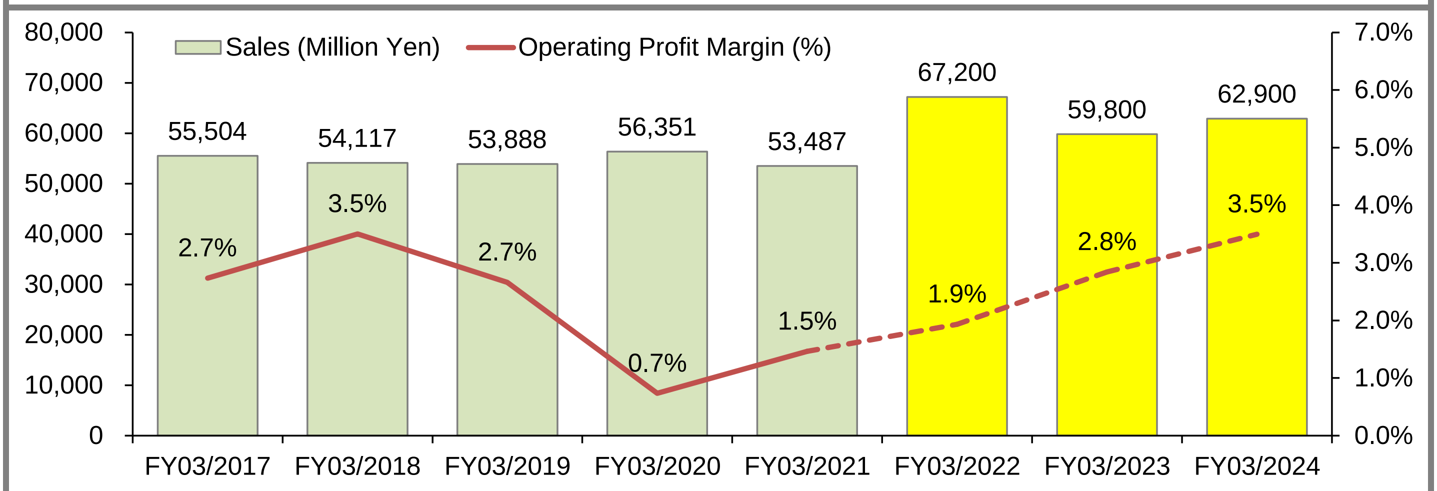
Gross profit margin will be under pressure, albeit not much, which appears to be mainly attributable to the Company's focus to promote sales for completed inventory (completed condominiums) in Condos Business. For the rise in SG&A expenses, the Company suggests that a key factor is to substantially increase spending on advertising, i.e., for sales promotions in Condos Business. More importantly, however, the rise in SG&A expenses will be rather curbed due to decline of expenses in Housing Business, resulting in lowering for sales to SG&A expenses ratio. The Company has had pulled out of the bulk of exhibits at comprehensive housing exhibition grounds, which will make no further expenses to a corresponding extent.

Meanwhile, the Company recognizes that returning earnings to shareholders is a key management priority. The basic policy is to continuously pay dividend, while securing retained earnings for growth in the future and strengthening of the management structure as a whole for the Company.

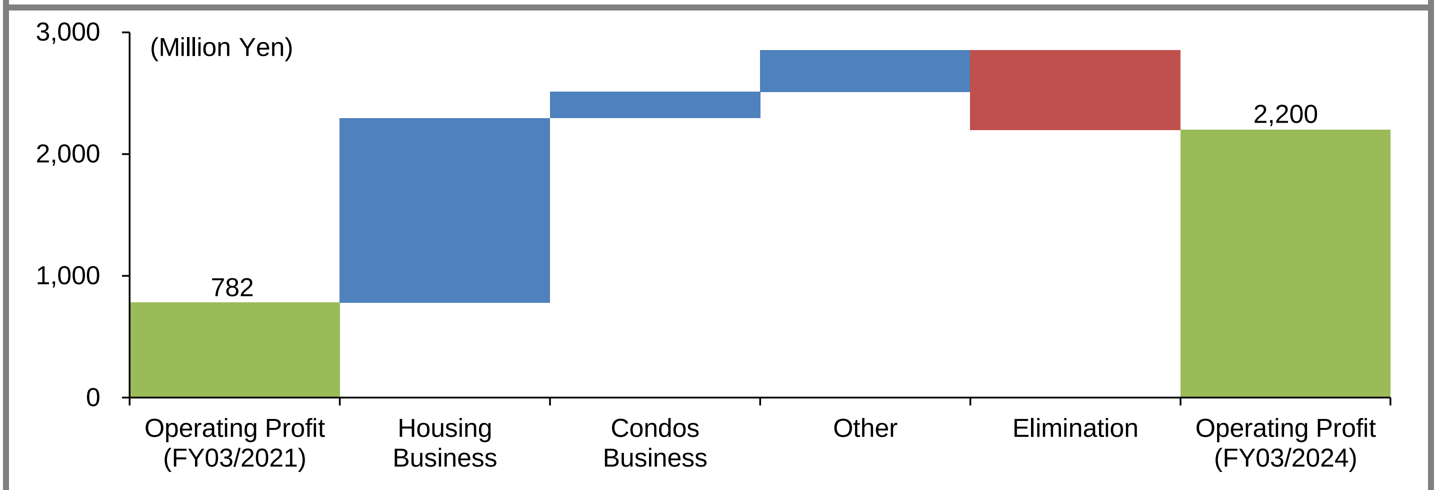
Long-Term Prospects

On 26 May 2021, the Company has accounted midterm management plan (FY03/2022 to FY03/2024), calling for prospective sales of ¥62,900m, operating profit of ¥2,200m and operating profit margin of 3.5% for FY03/2024, the final year of the plan, as performance target, implying CAGR of 5.6% for sales and 41.2% for operating profit during the said period with an improvement by 2.0% points for operating profit margin. The Company is calling for increased earnings in Condos Business, currently the key source of earnings as a whole, while earnings to increase rather more in Other. More importantly, the Company is calling for earnings to increase even more in Housing Business, becoming the key factor for sustainable growth as a whole for the Company.

Long-Term Prospects



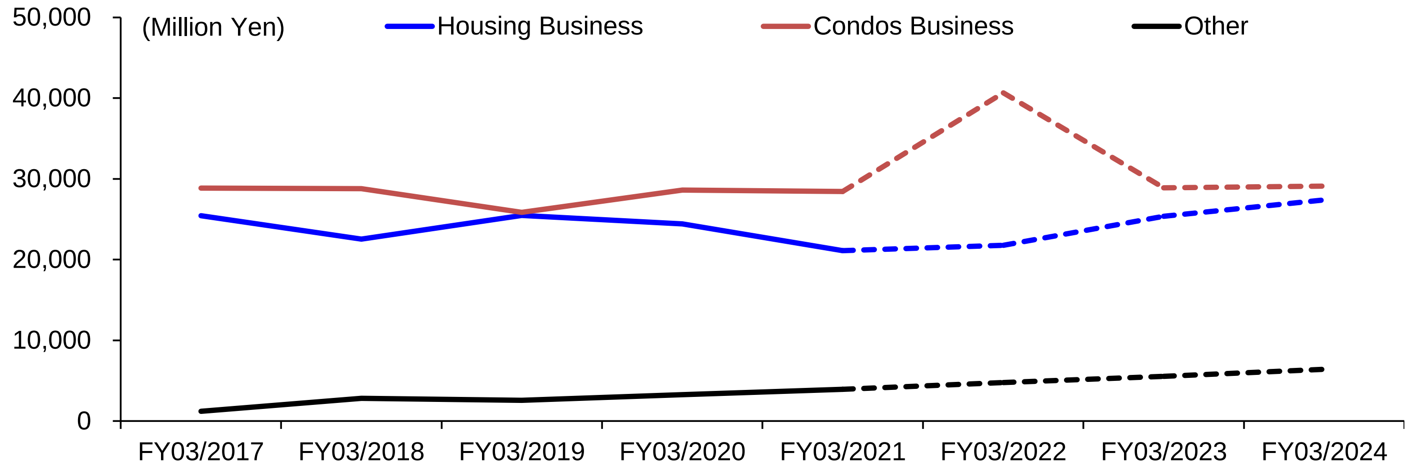
Segment Profit



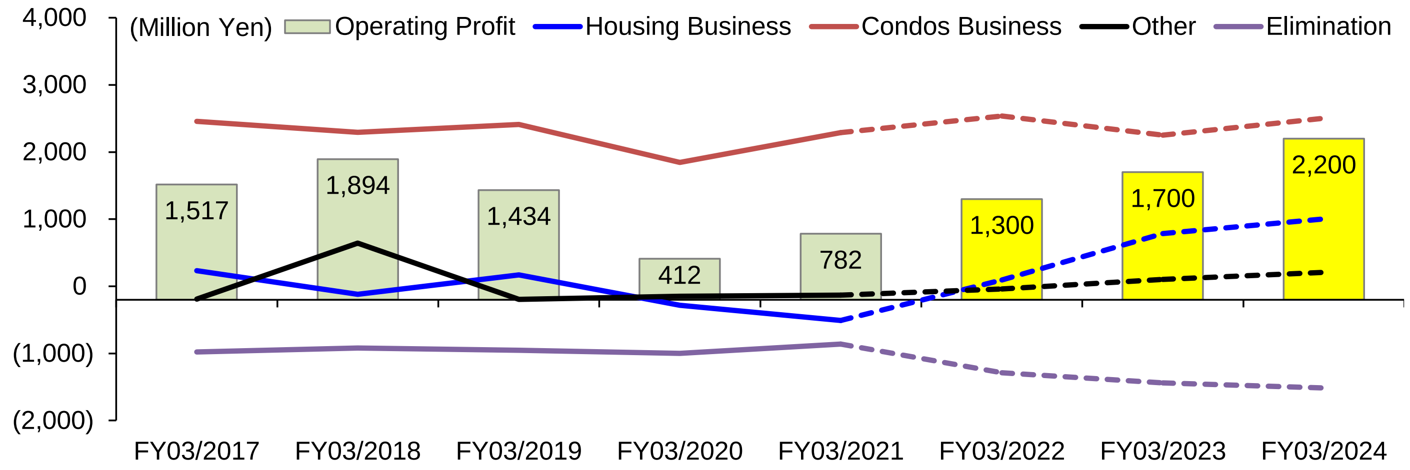
Source: Company Data, WRJ Calculation

From a perspective of changes from FY03/2021 to FY03/2024, midterm management plan is calling for increase in sales and earnings for all the segments across the board. With respect to Housing Business and Other, this is expected to take place continuously during the said period. Meanwhile, with respect to Condos Business, segment sales and segment profit are expected to once peak out for FY03/2022 and then recover for FY03/2024 after a correction for FY03/2023. It appears that this is attributable to a major decline in condominiums in process outstanding for FY03/2021.

Segment Sales



Operating Profit and Segment Profit



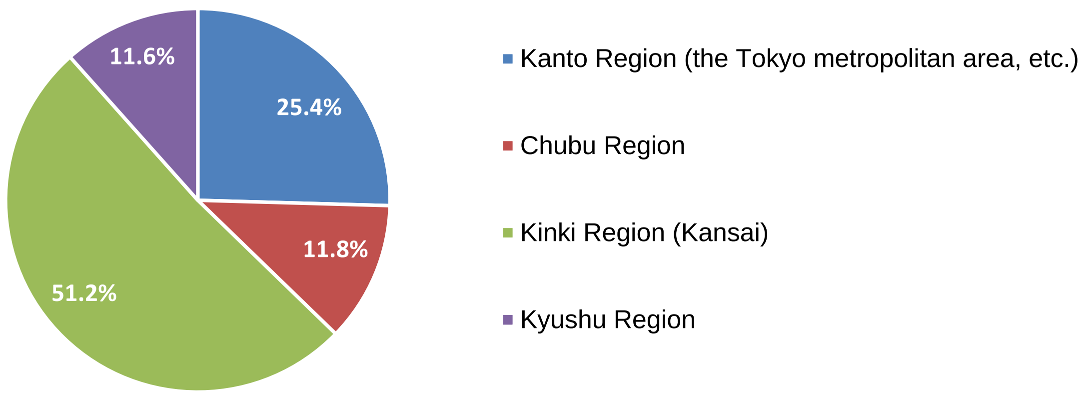
Source: Company Data, WRJ Calculation

4.0 Business Model

Putting Forward a Comprehensive Proposal for "Housing Life"

The Company puts forward a comprehensive proposal for "housing life". On top of running operations to build housings on a contract basis and develop condominiums principally in Kinki region (Kansai) and Kanto region (the Tokyo metropolitan area, etc.), the Company is also involved with provisions of diverse lifestyle support services, represented by condominium management, operations to run facilities for nursing-care and/or child-care as well as development and sale of caretaking robots for the elderly. Being also involved with sale of green energy equipment represented by photovoltaic systems and accumulators for housings on to of this, the Company runs the operations as an entity to literally put forward a comprehensive proposal for "housing life".

Sales Breakdown by Region (FY03/2021)



Source: Company Data, WRJ Calculation

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
Sales	**55,504**	**54,117**	**53,888**	**56,351**	**53,487**	**67,200**	**+13,712**
Cost of Sales	44,115	42,699	43,248	46,656	43,362	54,800	+11,437
Gross Profit	11,388	11,417	10,639	9,694	10,125	12,400	+2,274
SG&A Expenses	9,871	9,522	9,205	9,281	9,343	11,100	+1,756
Operating Profit	**1,517**	**1,894**	**1,434**	**412**	**782**	**1,300**	**+517**
Non Operating Balance	37	16	110	2	90	(200)	(290)
Recurring Profit	**1,554**	**1,911**	**1,544**	**415**	**872**	**1,100**	**+227**
Extraordinary Balance	(106)	(37)	(23)	149	(64)	-	-
Profit before Income Taxes	1,447	1,874	1,521	564	807	-	-
Total Income Taxes	475	631	567	205	298	-	-
Profit Attributable to Owners of Parent	**972**	**1,243**	**954**	**359**	**509**	**700**	**+190**
Sales YoY	+16.3%	(2.5%)	(0.4%)	+4.6%	(5.1%)	+25.6%	-
Operating Profit YoY	-	+24.8%	(24.3%)	(71.2%)	+89.5%	+66.2%	-
Recurring Profit YoY	-	+22.9%	(19.2%)	(73.1%)	+110.2%	+26.1%	-
Profit Attributable to Owners of Parent YoY	-	+27.8%	(23.2%)	(62.4%)	+41.8%	+37.4%	-
Gross Profit Margin	20.5%	21.1%	19.7%	17.2%	18.9%	18.5%	(0.5%)
Sales to SG&A Expenses Ratio	17.8%	17.6%	17.1%	16.5%	17.5%	16.5%	(0.9%)
Operating Profit Margin	2.7%	3.5%	2.7%	0.7%	1.5%	1.9%	+0.5%
Recurring Profit Margin	2.8%	3.5%	2.9%	0.7%	1.6%	1.6%	+0.0%
Profit Attributable to Owners of Parent Margin	1.8%	2.3%	1.8%	0.6%	1.0%	1.0%	+0.1%
Total Income Taxes／Profit before Income Taxes	32.8%	33.7%	37.3%	36.4%	36.9%	-	-

Source: Company Data, WRJ Calculation

Segmented Information

Segmented Information (Million Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
Housing Business	25,421	22,534	25,461	24,441	21,101	21,768	+666
Condos Business	28,870	28,777	25,850	28,629	28,449	40,675	+12,225
Other	1,212	2,805	2,576	3,279	3,936	4,755	+818
Sales	**55,504**	**54,117**	**53,888**	**56,351**	**53,487**	**67,200**	**+13,712**
Housing Business	232	(118)	170	(282)	(511)	92	+603
Condos Business	2,455	2,293	2,412	1,847	2,288	2,538	+249
Other	(190)	642	(195)	(151)	(134)	(40)	+94
Total	**2,497**	**2,817**	**2,386**	**1,412**	**1,642**	**2,590**	**+947**
Elimination	(979)	(922)	(952)	(999)	(860)	(1,290)	(429)
Operating Profit	**1,517**	**1,894**	**1,434**	**412**	**782**	**1,300**	**+517**
Housing Business	0.9%	(0.5%)	0.7%	(1.2%)	(2.4%)	0.4%	+2.8%
Condos Business	8.5%	8.0%	9.3%	6.5%	8.0%	6.2%	(1.8%)
Other	(15.7%)	22.9%	(7.6%)	(4.6%)	(3.4%)	(0.8%)	+2.6%
Elimination	(1.8%)	(1.7%)	(1.8%)	(1.8%)	(1.6%)	(1.9%)	(0.3%)
Operating Profit Margin	**2.7%**	**3.5%**	**2.7%**	**0.7%**	**1.5%**	**1.9%**	**+0.5%**

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet (Million Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
Cash and Deposit	7,767	7,836	8,895	8,220	8,884	-	-
Accounts Receivables	1,130	1,541	1,807	2,734	1,888	-	-
Inventory	37,731	34,536	38,032	39,985	35,969	-	-
Other	965	853	1,437	2,430	1,358	-	-
Current Assets	**47,595**	**44,768**	**50,173**	**53,371**	**48,100**	**-**	**-**
Tangible Assets	675	758	2,032	2,183	2,249	-	-
Intangible Assets	26	26	36	85	81	-	-
Investments and Other Assets	2,379	2,490	2,285	2,256	2,180	-	-
Fixed Assets	**3,081**	**3,275**	**4,354**	**4,525**	**4,510**	**-**	**-**
Total Assets	**50,676**	**48,043**	**54,527**	**57,896**	**52,611**	**-**	**-**
Accounts Payables	5,430	7,375	7,200	6,989	6,445	-	-
Short Term Debt	12,420	10,640	16,210	21,080	17,410	-	-
Advances Re. on Uncompleted Contracts	774	1,046	1,154	1,026	883	-	-
Advances Received	660	2,201	2,198	1,009	631	-	-
Other	2,706	2,492	2,703	1,988	2,375	-	-
Current Liabilities	**21,992**	**23,756**	**29,466**	**32,094**	**27,745**	**-**	**-**
Long Term Debt	11,170	5,760	5,610	7,364	5,989	-	-
Other	1,697	1,583	1,880	1,939	1,954	-	-
Fixed Liabilities	**12,867**	**7,343**	**7,490**	**9,303**	**7,943**	**-**	**-**
Total Liabilities	**34,859**	**31,100**	**36,957**	**41,397**	**35,689**	**-**	**-**
Shareholders' Equity	**15,751**	**16,809**	**17,574**	**16,491**	**16,936**	**-**	**-**
Other	65	133	(4)	6	(14)	-	-
Net Assets	**15,817**	**16,943**	**17,570**	**16,498**	**16,922**	**-**	**-**
Total Liabilities and Net Assets	**50,676**	**48,043**	**54,527**	**57,896**	**52,611**	**-**	**-**
Equity Capital	15,817	16,930	17,557	16,485	16,922	-	-
Interest Bearing Debt	23,590	16,400	21,820	28,444	23,399	-	-
Net Debt	15,822	8,563	12,924	20,223	14,514	-	-
Equity Ratio	31.2%	35.2%	32.2%	28.5%	32.2%	-	-
Net Debt Equity Ratio	100.0%	50.6%	73.6%	122.7%	85.8%	-	-
ROE (12 months)	6.3%	7.6%	5.5%	2.1%	3.0%	-	-
ROA (12 months)	3.0%	3.9%	3.0%	0.7%	1.6%	-	-
Days for Inventory Turnover	312	295	321	313	303	-	-
Quick Ratio	40%	39%	36%	34%	39%	-	-
Current Ratio	216%	188%	170%	166%	173%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
Operating Cash Flow	604	7,671	(3,789)	(5,634)	6,107	-	-
Investing Cash Flow	456	(236)	(782)	984	(106)	-	-
Operating CF and Investing CF	**1,061**	**7,435**	**(4,571)**	**(4,649)**	**6,001**	**-**	**-**
Financing Cash Flow	(484)	(7,366)	5,230	5,175	(5,137)	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act FY 03/2017	Cons.Act FY 03/2018	Cons.Act FY 03/2019	Cons.Act FY 03/2020	Cons.Act FY 03/2021	Cons.CoE FY 03/2022	YoY Net Chg.
No. of Shares FY End (thousand shares)	12,620	12,620	12,620	12,620	12,620	-	-
Earnings／EPS (thousand shares)	12,488	12,317	12,271	12,060	10,841	-	-
Treasury Shares FY End (thousand shares)	308	301	301	1,899	1,572	-	-
Earnings per Share	77.87	100.93	77.76	29.78	46.98	63.36	-
Earnings per Share (fully diluted)	-	-	-	-	-	-	-
Book Value per Share	1,284.70	1,374.32	1,425.21	1,537.65	1,531.73	-	-
Dividend per Share	15.00	15.00	25.00	25.00	25.00	25.00	-
Per Share Data (After Adjustments for Split) (Yen)	**Cons.Act FY 03/2017**	**Cons.Act FY 03/2018**	**Cons.Act FY 03/2019**	**Cons.Act FY 03/2020**	**Cons.Act FY 03/2021**	**Cons.CoE FY 03/2022**	**YoY Net Chg.**
Share Split Factor	1	1	1	1	1	1	-
Earnings per Share	77.87	100.93	77.76	29.78	46.98	63.36	-
Book Value per Share	1,284.70	1,374.32	1,425.21	1,537.65	1,531.73	-	-
Dividend per Share	15.00	15.00	25.00	25.00	25.00	25.00	-
Payout Ratio	19.3%	14.9%	32.2%	83.9%	53.2%	39.5%	-

Source: Company Data, WRJ Calculation

6.0 Other Information

Housing and Living Conceived for People and the Earth

On 1 February 1969, the Company was founded as a wholly-owned subsidiary in charge of prefabricated housings for Kubota Iron Works KK (currently, Kubota Corporation). Meanwhile, the Company was identified as Sanyo（三洋）Homes Corporation in April 2002, which was followed by acquisition of condominium business from Sanyo Estate KK (established in November 1987 to start up condominium business in order to utilize idle assets of SANYO Electric Co., Ltd.) in December 2003. Then, the Company has been identified as Sanyo（サンヨー）Homes Corporation since December 2012.

.

The Company runs up a slogan that we aim to be an entity that people and the earth are pleased with (and that is indispensable to society), saying that we hope to be a lifelong partner for each of our customers by working together with them to solve the issues of "housing" and "living", while constantly staying closely in touch with changes in the way they live. At the same time, the Company is focusing on creation of new "pleasures" in customers' lives by making various proposals that help to create “Eco & Safety” housings that protect the global environment as well as people's safety and security by running business that responds to the needs of society.

Meanwhile, Company advocates to practice CSV (Creating Shared Value) management. That is to say, by developing its business based on above-mentioned slogan, the Company steadily resolves social issues related to "housing" and "living", while generating earnings stemming from here for the sake of increasing own corporate value at the same time.

Company History: Erstwhile Kubota House Co. Ltd.

Date	Contents of Transitions
February 1969	Econ Housing KK, a housing sales company, belonging to the current NIPPON STEEL group, being acquired by Kubota Iron Works KK (currently, Kubota Corporation) with an aim of comprehensively enter the housing sector and identified as Kubota House Co. Ltd. to start the operations
October 1969	Launched lightweight steel frame prefabricated housings
October 1971	Merged with Kubota Tochi Kaihatsu KK
	Acquired prefabricated housing production business from Kubota Iron Works KK (currently, Kubota Corporation)
February 1995	Established Kansai Kubota House Builder KK with an aim of building housings in Kansai region
February 1997	Established Kubota Reform Kansai KK with an aim of providing renovation services
October 2000	Prefabricated housing business and condominium business of Kubota House Co. Ltd., being split - for condominium business, identification changed from Kubota House Co. Ltd. to Kubota Mansion KK - for prefabricated housing business, sale of business implemented to Hoki Sangyo KK, wholly-owned subsidiary of Kubota Corporation group (currently, the Company)

Company History: Sanyo Homes Corporation

Date	Contents of Transitions
October 1996	Nishi Nippon Kosan KK (wholly-owned by Kubota Corporation), commenced operations in Naniwa-ku, Osaka-city, with capital of ¥250m with an aim of building repair and contract maintenance services as well as sale, lease and management of real estate
June 2000	Identified as Takara Sangyo KK
October 2000	Acquired prefabricated housing business of erstwhile Kubota House Co. Ltd. and identified as Kubota House Co. Ltd.
April 2002	Identified as Sanyo（三洋）Homes Corporation (wholly owned by Sanyo Electric Co., Ltd., capital of ¥3,000m)
	Kubota Reform Kansai KK, identified as Sanyo（三洋）Reform Corporation
	Kansai Kubota House Builder KK, identified as Sanyo Homes Builder KK
April 2003	Sanyo Sumairu KK, acquired Sanyo Reform Corporation and being identified as Sanyo Reform Corporation
December 2003	Acquired condominium business from Sanyo Estate KK
October 2008	Established consolidated subsidiary Sanyo Community Service KK with an aim of condominium management
March 2009	Sanyo Community Service KK, identified as Sanyo Homes Community Corporation
April 2009	Sanyo Homes Community Corporation, acquired contract condominium management business from Sanyo Creative Service KK
April 2011	Head office, relocated to Nishi-ku, Osaka-city
	Sanyo Reform Corporation and Sanyo Homes Builder KK merged (the surviving company: Sanyo Reform Corporation)
	Established the brand logo, the brand mark and corporate slogan "For the best life"
December 2012	Identified as Sanyo（サンヨー）Homes Corporation
	Sanyo（三洋）Reform Corporation, identified as Sanyo（サンヨー）Reform Corporation (currently, consolidated subsidiary)
	Sanyo（三洋）Homes Community Corporation, identified as Sanyo（サンヨー）Homes Community Corporation
April 2013	Listed on Tokyo Stock Exchange 2nd section
	Established San Advance KK, with an aim of running nursing care business
April 2014	Listing change to Tokyo Stock Exchange 1st section
May 2014	Established e-kurashi Co., ltd. (affiliate)
April 2016	Sanyo Homes Community Corporation (currently, consolidated subsidiary) merged with San Advance KK (surviving company; Sanyo Homes Community Corporation)
	Acquired shares of Tien Phat Sanyo Homes Corporation
January 2017	Acquired equity in NK Property Limited Liability Company
March 2017	Merged with NK Properties Limited Liability Company (surviving company : the Company)
January 2021	Established Sanyo Architec Corporation (currently, consolidated subsidiary)

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.

Company name: Walden Research Japan Incorporated
Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN
URL: www.walden.co.jp
E-mail: info@walden.co.jp
Tel: 81-(0)3-3553-3769