

## 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)
FY03/2021	53,487	782	872	509	46.98	25.00	1,531.73
FY03/2022	51,123	548	545	326	29.49	25.00	1,358.62
FY03/2023CoE	49,800	600	570	350	31.60	25.00	-
FY03/2022	YoY (4.4%)	(29.8%)	(37.5%)	(35.9%)	-	-	-
FY03/2023CoE	YoY (2.6%)	9.3%	4.5%	7.3%	-	-	-

Source: Company Data, WRJ Calculation

### 1.0 Executive Summary (15 July 2022)

#### Housings for Rent


Sanyo Homes, running operations to build housings on a contract basis and develop condos for sale, is to make a move from decreased earnings to increased earnings for FY03/2023 over FY03/2022. It is assumed that the operations to build housings on a contract basis run on the Housing Business side will return to profitability with FY03/2023 Company forecasts, which is the key contributor. Order intake on the Housing Business side has been nicely picking up as the Company is steadily capturing a recovery in demand for housings for rent (mainly, multi-unit apartment buildings), which is expected to result in consistent increase in sales stemming from here for FY03/2023. For housings for rent, the Company basically runs operations to construct multi-unit apartment buildings on a contract basis with landowners as clients, who need to make effective use of the lands they own. There had been a phase of correction when landowners or clients withheld investing because of uncertainties accompanying the spread of COVID-19, but the Company perceives that a phase of recovery has prevailed for FY03/2022, having had already gone out of a phase of correction. Meanwhile, on the Condos Business side in charge of developing condos for sale, it is inevitable that decreased sales and decreased earnings are to persist for FY03/2023 over FY03/2022, according to the Company. Sales of properties newly completed were sluggish for FY03/2022, which is to be followed by a period of temporary slowdown in the number of properties to be newly completed for FY03/2023. However, the Company says that the most recent state of procurement for lands to build condos suggests that sales on the Condos Business side will recover for FY03/2024.

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## 2.0 Company Profile

### Putting forward a Comprehensive Proposal for “Housing Life”

<b>Company Name</b>	Sanyo Homes Corporation <a href="#">Company Website</a> <a href="#">IR Information</a> <a href="#">Share price (Japanese)</a>	
<b>Founded</b>	1 February 1969	
<b>Listing</b>	4 April 2022: Tokyo Stock Exchange Standard Market (ticker: 1420) 9 April 2014: Tokyo Stock Exchange 1st section 9 April 2013: Tokyo Stock Exchange 2nd section	
<b>Capital</b>	¥5,945m (as of the end of March 2022)	
<b>No. of Shares</b>	12,620,000 shares, including 1,543,988 treasury shares (as of the end of March 2022)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Rooted in erstwhile Kubota House Co. Ltd. or provider of custom-built housings (steel-framed / prefabricated)</li> <li>● Operations mainly in Kinki region (Kansai) and Kanto region (the Tokyo metropolitan area, etc.)</li> <li>● Condos Business to develop condos for sale, the key earnings pillar</li> </ul>	
<b>Business Segments</b>	I . Housing Business (detached housings, housings for rent, renovation, trading of secondhand housings and frontier) II . Condos Business (condos) III. Other (life support)	
<b>Representative</b>	President & Representative Director: Hisashi Matsuoka	
<b>Shareholders</b>	LIXIL Corp. 26.59%, ORIX Corp. 18.01%, Kansai Electric Power 13.12%, SECOM Co. 11.15%, Custody Bank of Japan, Ltd. 5.67% (as of the end of March 2022, but for treasury shares)	
<b>Head Office</b>	Nishi-ku, Osaka-city, JAPAN	
<b>No. of Personnel</b>	Consolidated: 865, Parent: 421 (as of the end of March 2022)	

Source: Company Data

## 3.0 Management Philosophy

### 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's name was changed to Sanyo (三洋) Homes Corporation in April 2002, which was followed by acquisition of condos business from Sanyo Estate KK (established in November 1987 to start up condos business in order to utilize idle assets of SANYO Electric Co., Ltd.) in December 2003. Then, the Company's name was changed to the current Sanyo (サンヨー) Homes Corporation in December 2012. The Company upholds "Housing and Living Conceived for People and the Earth (aiming to become an indispensable entity for 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 closely staying in touch with changes in the way they live. At the same time, the Company focuses on creation of new "pleasures" in customers' lives by making various proposals that help to create housings to correspond to the corporate concept of "Ecology & Safety", protecting the earth's environment as well as people's safety and security by running operations to respond to the needs of society.

Meanwhile, the Company advocates to practice CSV (Creating Shared Value) management. That is to say, by developing its operations based on the above-mentioned management philosophy, the Company steadily resolves social issues related to "housing" and "living", while generating earnings stemming from here for the sake of enhancing own corporate value at the same time. By the way, on 10 February 2022, the Company was certified by the Ministry of the Environment as an "Ecology-First Company" or an environmentally advanced company in the housing industry. Based on its corporate concept of "Ecology & Safety", the Company has been standardizing ZEH for detached housings and multi-unit apartment buildings for rent, improving quake resistance and thermal insulating properties for residence stock, creating a system for trading of secondhand housings and proposing green energy to factories and warehouses, all for the sake of cutting back on the burden on the environment. Furthermore, in light of the current situation where such corporate efforts have been highly appreciated, the Company plans to further strengthen its environmental conservation efforts as an environmentally advanced company.

## 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 into the housing sector and named as Kubota House Co. Ltd. to start the operations
October 1969	Launched light-gauge steel-framed / 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 condos business of Kubota House Co. Ltd., being split — for condos business, company name 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)

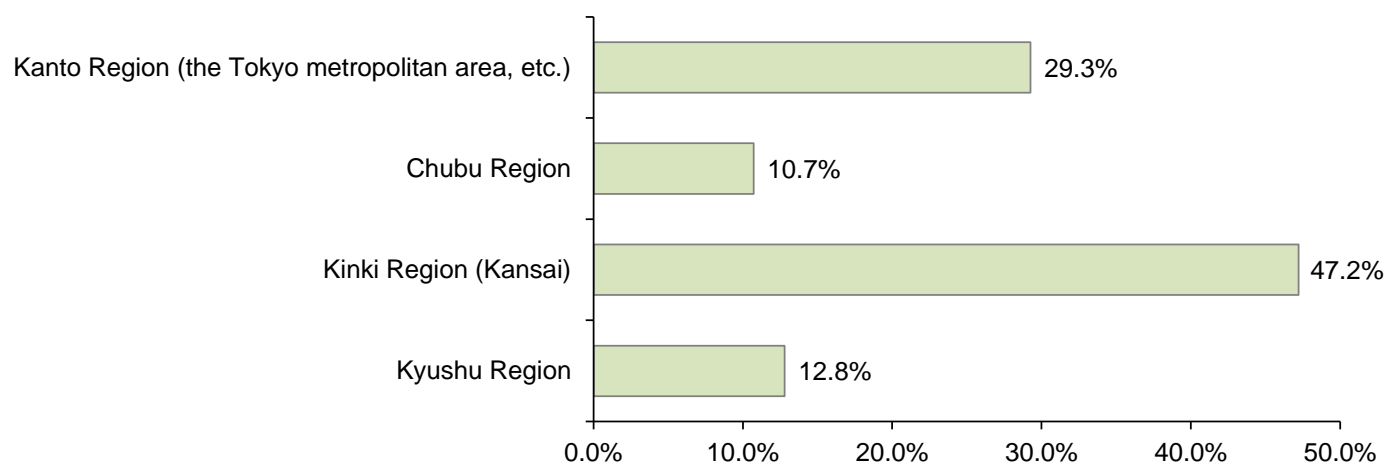
## Company History: Sanyo Homes Corporation

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, aimed at building repair and contract maintenance services as well as sale, lease and management of real estate
June 2000	Company name changed to Takara Sangyo KK
October 2000	Acquired prefabricated housing business of erstwhile Kubota House Co. Ltd. and company name changed to Kubota House Co. Ltd.
April 2002	Company name changed to Sanyo (三洋) Homes Corporation (wholly owned by Sanyo Electric Co. Ltd., capital of ¥3,000m) Kubota Reform Kansai KK, company name changed to Sanyo (三洋) Reform Corporation Kansai Kubota House Builder KK, company name changed to Sanyo Homes Builder KK
April 2003	Sanyo Sumairu KK, acquired Sanyo Reform Corporation and company name changed to Sanyo Reform Corporation
December 2003	Acquired condos business from Sanyo Estate KK
October 2008	Established consolidated subsidiary Sanyo Community Service KK with an aim of condos management
March 2009	Sanyo Community Service KK, company name changed to Sanyo Homes Community Corporation
April 2009	Sanyo Homes Community Corporation, acquired contract condos 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	Company name changed to Sanyo (サンヨー) Homes Corporation Sanyo (三洋) Reform Corporation, company name changed to Sanyo (サンヨー) Reform Corporation (currently, consolidated subsidiary) Sanyo (三洋) Homes Community Corporation, company name changed to 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)
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)
April 2022	Listing change to Standard Market from 1st section on Tokyo Stock Exchange due to its review of market classification

## 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 condos 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, including management of condos, operations to run facilities for nursing-care and/or child-care and development and sale of caretaking robots for the elderly. Being also involved with sale of green energy equipment such as photovoltaic power generation system and storage battery for housings at the same time, the Company does run its operations as an entity to literally put forward a comprehensive proposal for “housing life”.

### Sales Breakdown by Region (FY03/2022)



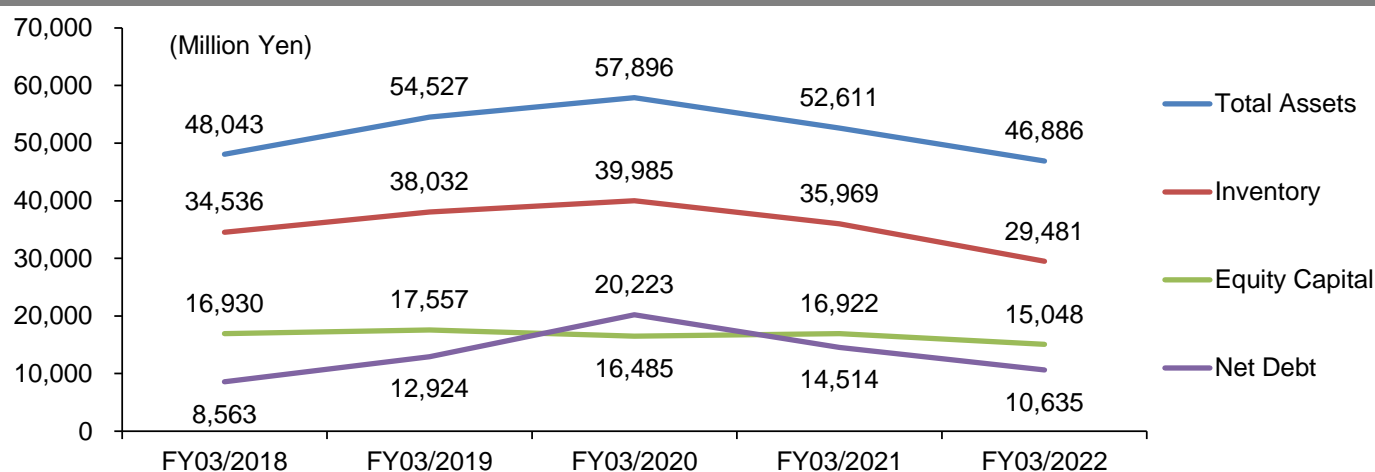
Source: Company Data, WRJ Calculation

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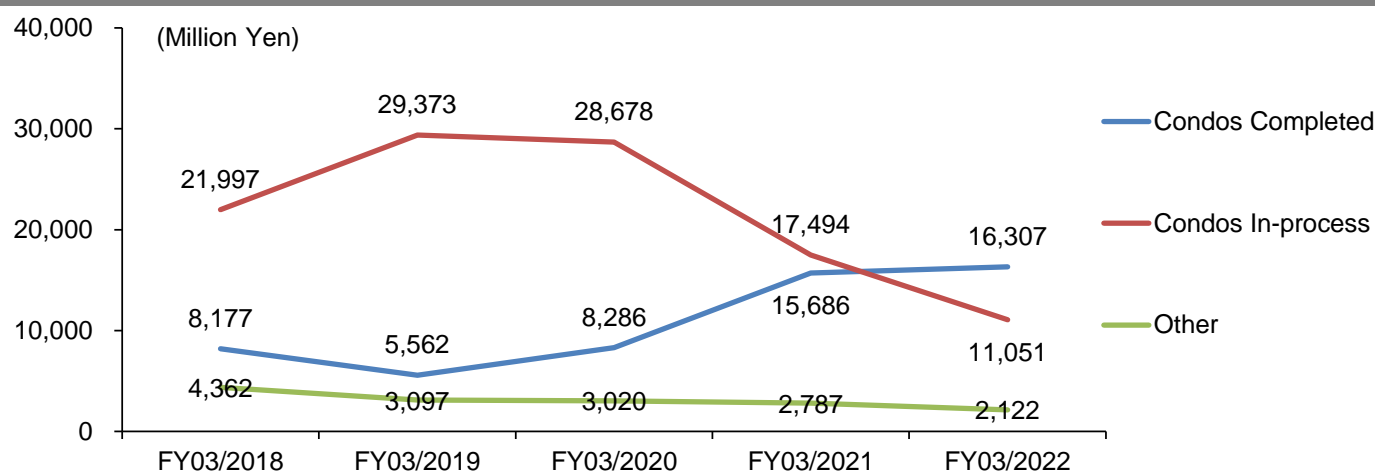
On the Housing Business side in charge of building housings on a contract basis, specifically for detached housings and housings for rent (mainly, multi-unit apartment buildings), the Company is also involved with operations of renovation, trading of secondhand housing and frontier (sale of green energy equipment, etc.). With respect to the mainstay operations of building detached housings, housings for rent, etc., on a contract basis, the Company is literally in charge of building housings on a contract basis and thus being hardly involved with procurement of lands for housings. Meanwhile, the Company has to go through a few stages to book sales for properties, i.e., order receipt, construction, completion and delivery.

Meanwhile, on the Condos Business side in charge of developing condos for sale, there is an aspect that the process to book sales starts with acquisition of lands for condos in anticipation of order receipt for the future. Going through construction of properties on the lands for condos acquired, launch, order receipt, completion and delivery, the Company sees sales eventually. By the way, for properties with superior location conditions, it is sometimes the case that order receipt for all the units are completed at the same time as the launch and then all the units delivered at the same time as the completion as well as booking of sales at the same time. For FY03/2022, it appears that this did take place to SAN MASION Kobe Shin-Nagata. As far as such a case is concerned, order receipt takes place prior to completion as above-mentioned, while the Company capitalizes book value of properties on balance sheet as condos completed (effectively, properties for sale), when delivery and/or sales do not take place after completion.

### Total Assets / Inventory / Equity Capital / Net Debt



### Breakdown of Inventory



Source: Company Data, WRJ Calculation

For FY03/2022 (on a yearend basis), equity capital stood at ¥15,048m versus total assets of ¥46,886m, implying equity ratio of 32.1% (versus 32.2% for FY03/2021). Both total assets and equity capital have declined from FY03/2021, having resulted in equity ratio roughly unchanged. Meanwhile, inventory has declined sharply, having resulted in a generation of cash flow on an operating basis to a corresponding extent, i.e., ¥5,954m. Meanwhile, the Company has implemented repayment of borrowings, i.e., ¥4,225m, funded by this, having resulted in a decrease for net debt.

The Company's total assets has once peaked for FY03/2020 (on a yearend basis), having declined for FY03/2021 and then further for FY03/2022. This is basically in line with the same trend for inventory accounting for almost 70% of total assets. In fact, the Company's inventory has been declining for a while in line with that of the Condo's Business side accounting for the majority of total. Condos completed (effectively, property for sale) has been on the rise, but Condos in-process (effectively, properties in-process, including lands acquired for condos) has declined sharply, resulting in a situation that the former has been offset by the latter. According to the Company, condos completed has continued rising for FY03/2022 as some part of properties newly completed had a weak startup of sales. Meanwhile, it is attributable to delayed acquisitions of lands for condos that condos in-process have declined, according to the Company.

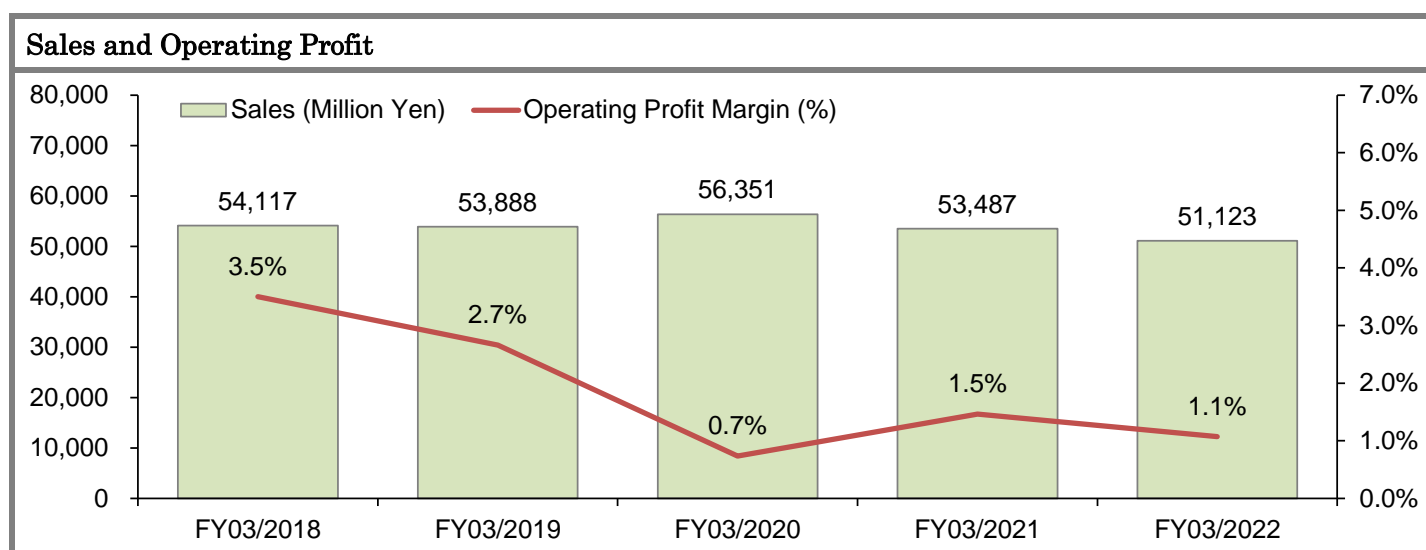
In the first place, it appears that the Company had been refraining from acquisitions of lands for condos for some time in light of uncertainties on the impacts stemming from the spread of COVID-19. However, most recently, the Company has already restarted acquisitions of lands for condos in earnest, implying that condos in-process is likely to increase for FY03/2023. Meanwhile, condos in-process of ¥11,051m (book value to increase in line with progress of construction towards completion) for FY03/2022 equates to some ¥26,100m in terms of sales, according to the Company, comprising some ¥7,000m for properties to be completed by the end of FY03/203 and some ¥19,100m for properties to be completed after that.



## 3.0 Recent Trading and Prospects

### FY03/2022

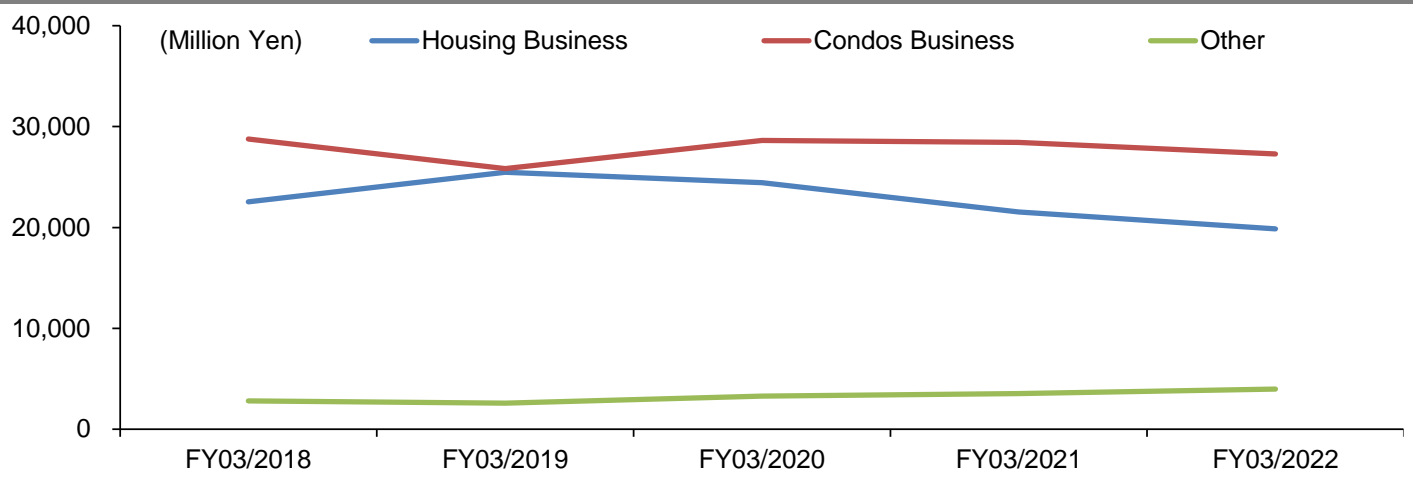
For FY03/2022, sales came in at ¥51,123m (down 4.4% YoY), operating profit ¥548m (down 29.8%), recurring profit ¥545m (down 37.5%) and profit attributable to owners of parent ¥326m (down 35.9%), while operating profit margin 1.1% (down 0.4% points). The Company saw a limited impact for sales and operating profit, i.e., net decrease by ¥253m and net increase by ¥72m, respectively, due to the change in accounting standards or the adoption of Accounting Standard for Revenue Recognition and other standards that started at the beginning of the year, while the impact was not insignificant for order backlog, i.e., net increase by some ¥2,000m (mostly on the Housing Business side), according to the Company. By the way, we calculate and indicate changes on a simple year-on-year basis in this report for reference only.



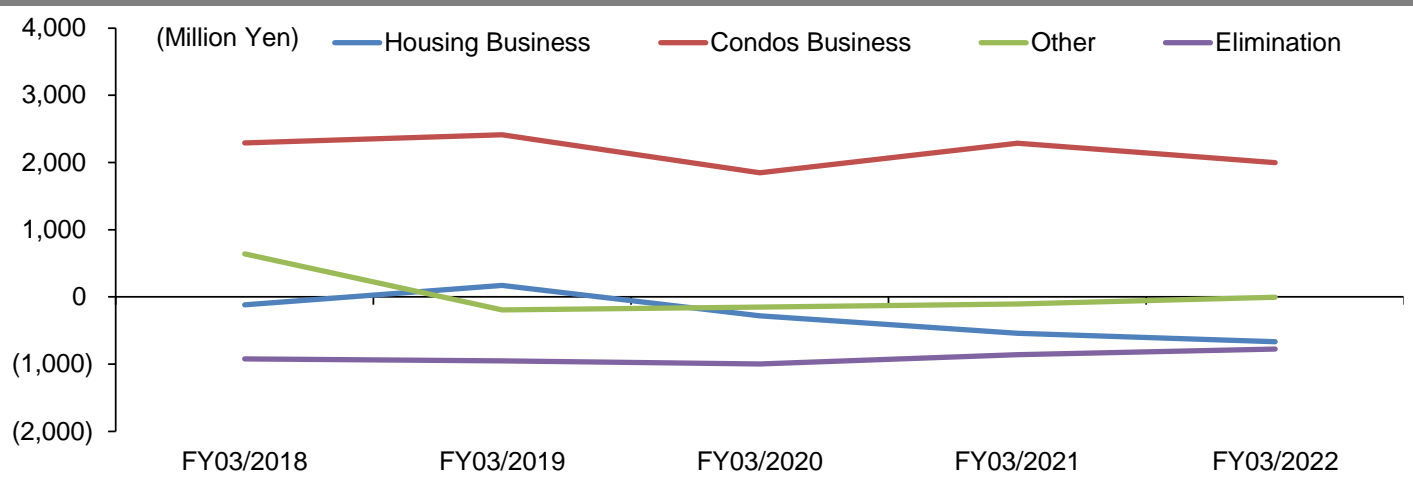
Source: Company Data, WRJ Calculation

At the same time, gross profit came in at ¥9,307m (down 8.1%) and SG&A expenses ¥8,758m (down 6.3%), implying gross profit margin of 18.2% (down 0.7% points) and sales to SG&A expenses ratio of 17.1% (down 0.3% points). Meanwhile, the latest FY03/2022 Company forecasts (announced on 5 November 2021) were rather exceeded for earnings, although sales have fallen short of. The amount of downside for sales equated to ¥8,876m (14.8%) and that of upside for earnings equated to ¥48m (9.8%) in operating profit, ¥45m (9.1%) in recurring profit and ¥26m (8.8%) in profit attributable to owners of parent. Given the downside of sales, gross profit has fallen short of by ¥1,192m, but SG&A expenses more than that, i.e., by ¥1,241m, having resulted in an upside for earnings. By segment, sales on the Condos Business side have fallen short of in particular, which accounted for a majority of shortfall in sales for the Company as a whole.

**Sales**



**Operating Profit**

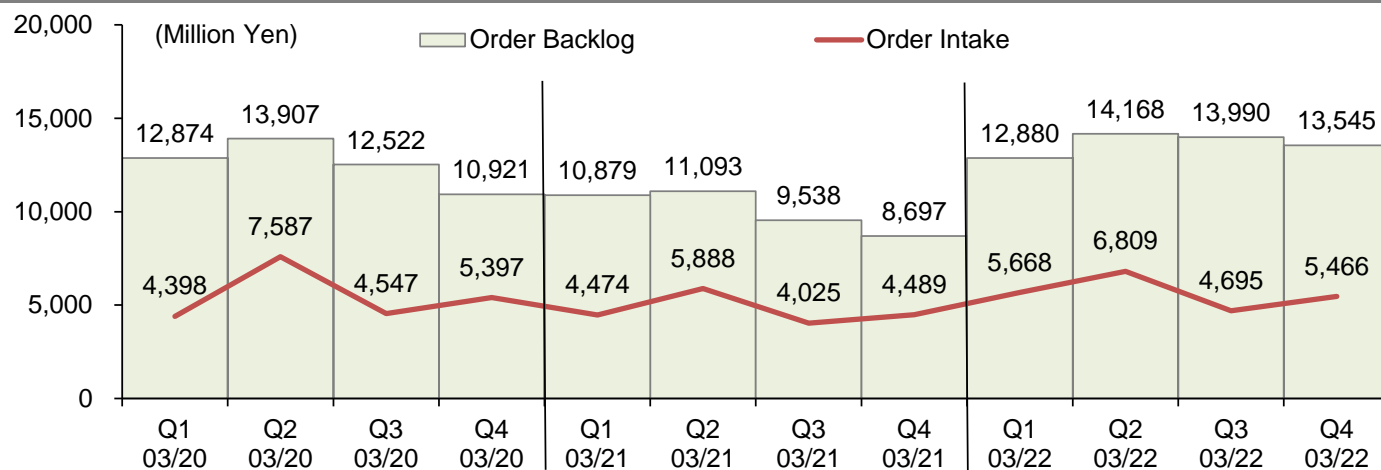


Source: Company Data, WRJ Calculation

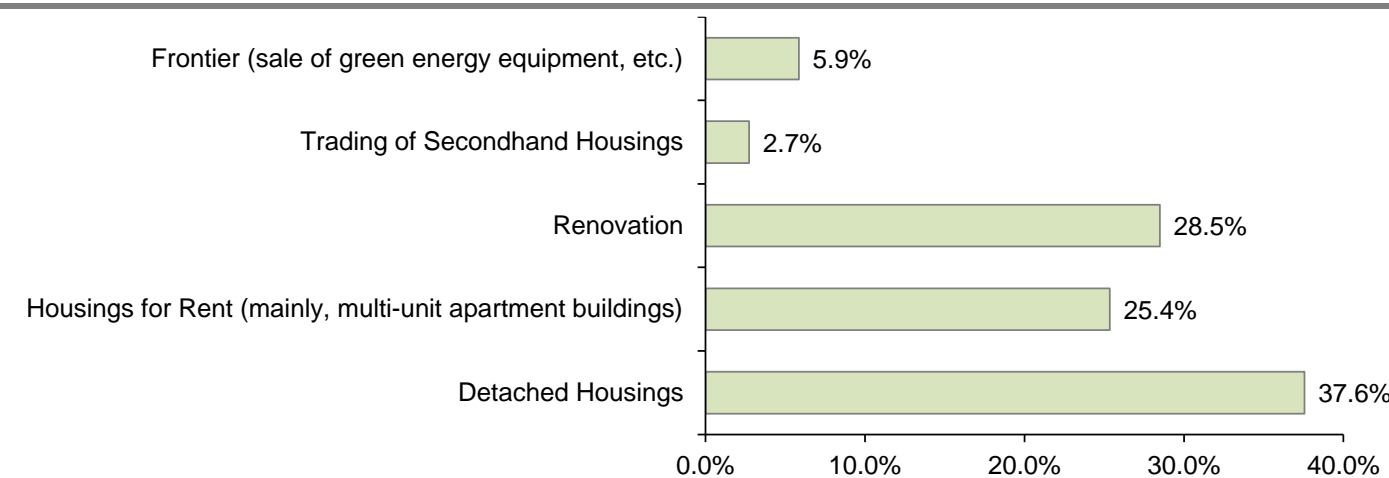
### Housing Business / 38.9% of Sales / Minus 50.2% of Operating Profit

On the Housing Business side, sales came in at ¥19,869m (down 7.7%), operating profit minus ¥665m (versus minus ¥542m in the previous year) and operating profit margin minus 3.4% (down 0.8% points), while order intake came in at ¥22,638m (up 19.9%) and order backlog stood at ¥13,545m (up 55.7%) as of the end of the year. By the way, it appears that order backlog increased by some 33%, when excluding the impacts of the change in accounting standards.

#### Order Intake and Order Backlog on the Housing Business side



#### Sales Breakdown on the Housing Business side (FY03/2022)



Source: Company Data, WRJ Calculation

For FY03/2022, sales of housings for rent (mainly, multi-unit apartment buildings) declined sharply, having given a key negative impact to sales for this segment as a whole. More importantly, order intake of this segment was driven particularly by housings for rent (mainly, multi-unit apartment buildings) at the same time. For the mainstay detached housings, it often requires a lead time of some 6 months for order intake to book sales versus 12 months or more sometimes for housings for rent (mainly, multi-unit apartment buildings) as the latter is relatively larger than the former in terms of the scale as architecture. It appears that the Company has seen a situation that the recent recovery in order intake has not yet led to a recovery in sales for FY03/2022, but this will realize increased sales of housings for rent (mainly, multi-unit apartment buildings) for FY03/2023, driving sales in this segment as a whole.

### **Detached Housings / 37.6% of Sales / Housing Business**

Sales came in at ¥7,563m (up 4.4%), order intake ¥7,862m (up 9.3%) and order backlog ¥5,582m. The Company suggests that it has been successfully focused on so-called ZEH, standing for net-Zero Energy House in Japanese English, for which Ministry of Economy, Trade and Industry is implementing various measures and policies aimed at promoting widespread adoption as a choice for "realizing affordable and comfortable lifestyles." As far as the Company's detached housings are concerned, the ZEH ratio came in at 93% for FY03/2022 versus 75% for FY03/2021, having risen favorably. The reason why the Company is focusing on ZEH is that this contributes to decarbonization and SDGs. The aim of ZEH, which features high thermal insulating performance and the use of high-efficiency equipment, is to reduce the consumption of energy necessary for people to live in their homes to a minimum through raising energy efficiency, while covering energy to be consumed with private power generation such as photovoltaic power generation system installed in conjunction with, realizing a literally "net-Zero Energy House".

Meanwhile, it has been bespoken that the Company's detached housings are highly appreciated from various quarters. For example, "Outstanding Performance Award" of "House of the Year in Energy 2021" has gone to the Company's detached housing product "lifestyle KURASHITE (2020 next-generation ZEH plus model)," according to the Company. On top of this, the Company also refers to another one gone to the Company's "premium package of air-conditioning to keep one's good health" to propose a circulation of air with respect to "Infection-preventing Grand Prize" or a category of "Japan Resilience Award 2022."

### **Housings for Rent (mainly, multi-unit apartment buildings) / 25.4% of Sales / Housing Business**

Sales came in at ¥5,105m (down 32.3%), order intake ¥8,169m (up 54.5%) and order backlog ¥6,298m. Sales have declined sharply as there used to be a tendency that clients here or landowners who need to make effective use of the lands that they own by means of constructing housings for rent such as multi-unit apartment buildings were withholding investment in new projects because of uncertainties accompanying the spread of COVID-19. However, while all those landowners have already resumed investing in new projects, the Company continues to steadily capture demand from here, having seen a surging order intake for FY03/2022. The order backlog as of the end of the year equated to no less than 1.23 times sales during the year.

Meanwhile, with respect to housings for rents (mainly, multi-unit apartment buildings), ZEH has been standardized since FY03/2022 or 100% adoption rate of ZEH has been achieved as of June 2021, but for "garage housings" for which ZEH could not be adopted. Elsewhere, the Company says that it is actively responding to needs of clients or landowners, e.g., propelling the use of a "hybrid construction method of light-gauge steel structure and RC structure" that can reduce the construction period and expenses for realizing a large space, which is often demanded by them.

### **Renovation / 28.5% of Sales / Housing Business**

Sales came in at ¥5,737m (up 5.0%), order intake ¥5,851m (up 4.4%) and order backlog ¥1,228m. The Company says that it is working to promote decarbonization and SDGs also in renovation. By diagnosing energy-saving measures and CO2 measures in individual households, the Company is implementing advice and suggestions on energy conservation, including those of thermal insulation to match the current status of each individual household and of the use of renewable energy. Meanwhile, this is said to be undertaken by qualified "ecology-diagnostics" professionals, who are officially certified by Ministry of the Environment. At the same time, the Company is promoting digitization and improving productivity in the office.

### **Trading of Secondhand Housings / 2.7% of Sales / Housing Business**

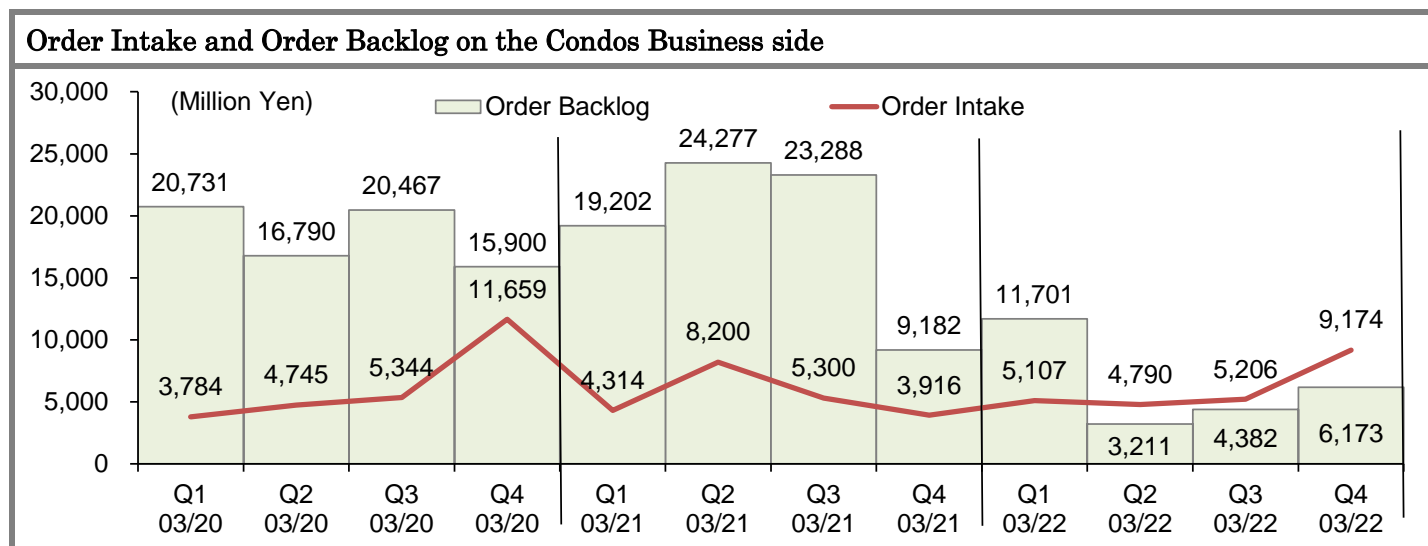
Sales came in at ¥552m (down 35.1%), order intake ¥757m (down 3.9%) and order backlog ¥438m. In trading of secondhand housings, the Company is supporting the purchase and sale of renovated housings with improved thermal insulating properties and seismic resistance, utilizing information from partner real estate companies and Hope Net (the Company's proprietary network system).

### **Frontier (sale of green energy equipment, etc.) / 5.9% of Sales / Housing Business**

Sales came in at ¥1,180m (up 155.4%) and order intake ¥1,180m (up 155.4%). In frontier, the Company is in charge of selling green energy equipment, represented by photovoltaic power generation system and storage battery as well as selling its proprietary steel-framed structures to the trades on an OEM basis. By the way, Sanyo Architec Corporation runs operations of frontier, which started up in April 2021, This is a subsidiary newly set up by the integration between frontier business division separated from the parent company and construction division of Sanyo Reform Corporation, while the Company has seen a favorable startup for the first year of the operations with this new subsidiary.

### Condos Business / 53.4% of Sales / 150.6% of Operating Profit

On the Condos Business side, sales came in at ¥27,288m (down 4.1%), operating profit ¥1,996m (down 12.8%) and operating profit margin 7.3% (down 0.7% points). At the same time, order intake came in at ¥24,279m (up 11.7%), while order backlog stood at ¥6,173m (down 32.8%) as of the end of the year, condos completed at ¥16,307m (up 4.0%) and condos in-process at ¥11,051m (down 36.8%).



Source: Company Data, WRJ Calculation

Meanwhile, the Company says that it saw 7 buildings of condos newly completed as initially scheduled, while suggesting that the sales situations for the properties were rather mixed. For example, a family-oriented property of SAN MASION Kobe Shin-Nagata (based in Kobe-city, Hyogo-prefecture / 91 units) saw all the units sold at the stage of completion and delivery already done for all the units. On the other hand, there are some properties, amongst those of the remaining 6 buildings of condos newly completed, that suffered from an extended time to obtain orders even after the completion, having resulted in sales slower than expected for this segment as a whole. The downside of sales, when compared with assumptions of the latest Company forecasts (announced on 5 November 2021), equated to as much as ¥7,992m (22.7%). In other words, there is an involvement with properties that have location and other conditions superior enough to enjoy conspicuously strong inquiries and also with ones that do not at the same time, having generated a major negative impact.

According to the Company, this is partly due to the Company's efforts to curb discount sales. In fact, many of the properties sold are said to have seen a high level of gross profit margin. Furthermore, as the Company made steady progress in its efforts to reduce SG&A expenses allocated to the Condos Business side, the extent of the downside in operating profit was rather limited. Meanwhile, as a result of the above-mentioned situation, condos completed have edged up. With respect to a sharp decline in condos in-process, the Company cites a reason that it suspended procurement of lands for condos due to coronavirus crisis for FY03/2021. The Company has proceeded with the procurement for FY03/2022, but it was not enough to enlarge condos in-process. More importantly, the Company has been placing the utmost emphasis on the procurement of lands for condos from the beginning of FY03/2023, which is expected to result in an increase in condos in-process for the near future.

### Other / 7.8% of Sales / Minus 0.4% of Operating Profit

On the Other side, sales came in at ¥3,964m (up 12.9%), operating profit minus ¥5m (versus minus ¥104m in the previous year) and operating profit margin minus 0.1% (up 2.8% points). This segment comprises operations of life support, mainly those of running health salon San Advances (3 locations in Osaka-prefecture), which provide rehabilitation-type day care services, those of running San Friends nursery schools (authorized childcare centers based in 30 locations mainly in Osaka-prefecture and Aichi-prefecture) and those of management of condos.

#### FY03/2022 Company Forecasts and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2022CoE	14-May-21	Q4 Results	67,200	1,300	1,100	700
FY03/2022CoE	30-Jul-21	Q1 Results	67,200	1,300	1,100	700
FY03/2022CoE	05-Nov-21	Q2 Results	60,000	500	500	300
		Amount of Gap	(7,200)	(800)	(600)	(400)
		Rate of Gap	(10.7%)	(61.5%)	(54.5%)	(57.1%)
FY03/2022CoE	04-Feb-22	Q3 Results	60,000	500	500	300
FY03/2022Act	13-May-22	Q4 Results	51,123	548	545	326
		Amount of Gap	(8,876)	48	45	26
		Rate of Gap	(14.8%)	9.8%	9.1%	8.8%
FY03/2022CoE	14-May-21	Q4 Results	67,200	1,300	1,100	700
FY03/2022Act	13-May-22	Q4 Results	51,123	548	545	326
		Amount of Gap	(16,077)	(752)	(555)	(374)
		Rate of Gap	(23.9%)	(57.8%)	(50.5%)	(53.4%)
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2022CoE	14-May-21	Q4 Results	-	-	-	-
Q1 to Q2 FY03/2022CoE	30-Jul-21	Q1 Results	-	-	-	-
Q1 to Q2 FY03/2022Act	05-Nov-21	Q2 Results	26,847	328	339	219
		Amount of Gap	-	-	-	-
		Rate of Gap	-	-	-	-
Q1 to Q2 FY03/2022CoE	14-May-21	Q4 Results	-	-	-	-
Q1 to Q2 FY03/2022Act	05-Nov-21	Q2 Results	26,847	328	339	219
		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 FY03/2022CoE	14-May-21	Q4 Results	-	-	-	-
Q3 to Q4 FY03/2022CoE	30-Jul-21	Q1 Results	-	-	-	-
Q3 to Q4 FY03/2022CoE	05-Nov-21	Q2 Results	33,153	172	161	81
Q3 to Q4 FY03/2022CoE	04-Feb-22	Q3 Results	33,153	172	161	81
Q3 to Q4 FY03/2022Act	13-May-22	Q4 Results	24,276	220	205	107
		Amount of Gap	(8,877)	48	44	26
		Rate of Gap	(26.8%)	27.9%	27.3%	32.1%
Q3 to Q4 FY03/2022CoE	05-Nov-21	Q2 Results	33,153	172	161	81
Q3 to Q4 FY03/2022Act	13-May-22	Q4 Results	24,276	220	205	107
		Amount of Gap	(8,877)	48	44	26
		Rate of Gap	(26.8%)	27.9%	27.3%	32.1%

Source: Company Data, WRJ Calculation

## Income Statement (Cumulative / Quarterly)

Income 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 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021	Q1 03/2022	Q1 to Q2 03/2022	Q1 to Q3 03/2022	Q1 to Q4 03/2022		
<b>Sales</b>	<b>6,458</b>	<b>16,235</b>	<b>29,175</b>	<b>53,487</b>	<b>7,278</b>	<b>26,847</b>	<b>36,744</b>	<b>51,123</b>	<b>(2,364)</b>	
Cost of Sales	5,499	13,603	24,239	43,362	6,148	21,942	30,125	41,815	(1,546)	
Gross Profit	958	2,631	4,936	10,125	1,130	4,905	6,618	9,307	(817)	
SG&A Expenses	2,142	4,083	6,447	9,343	2,196	4,576	6,717	8,758	(584)	
<b>Operating Profit</b>	<b>(1,183)</b>	<b>(1,451)</b>	<b>(1,511)</b>	<b>782</b>	<b>(1,065)</b>	<b>328</b>	<b>(99)</b>	<b>548</b>	<b>(233)</b>	
Non Operating Balance	11	(15)	19	90	(1)	11	(12)	(3)	(93)	
<b>Recurring Profit</b>	<b>(1,172)</b>	<b>(1,467)</b>	<b>(1,491)</b>	<b>872</b>	<b>(1,067)</b>	<b>339</b>	<b>(112)</b>	<b>545</b>	<b>(326)</b>	
Extraordinary Balance	-	-	-	(64)	-	-	(1)	(24)	+40	
Profit before Income Taxes	(1,172)	(1,467)	(1,491)	807	(1,067)	339	(113)	521	(286)	
Total Income Taxes	(352)	(438)	(439)	298	(312)	120	(20)	195	(103)	
<b>Profit Attributable to Owners of Parent</b>	<b>(819)</b>	<b>(1,029)</b>	<b>(1,051)</b>	<b>509</b>	<b>(754)</b>	<b>219</b>	<b>(93)</b>	<b>326</b>	<b>(183)</b>	
Sales YoY	(16.5%)	(31.7%)	(9.5%)	(5.1%)	+12.7%	+65.4%	+25.9%	(4.4%)	-	
Operating Profit YoY	-	-	-	+89.5%	-	-	-	(29.8%)	-	
Recurring Profit YoY	-	-	-	+110.2%	-	-	-	(37.5%)	-	
Profit Attributable to Owners of Parent YoY	-	-	-	+41.8%	-	-	-	(35.9%)	-	
Gross Profit Margin	14.8%	16.2%	16.9%	18.9%	15.5%	18.3%	18.0%	18.2%	(0.7%)	
Sales to SG&A Expenses Ratio	33.2%	25.2%	22.1%	17.5%	30.2%	17.0%	18.3%	17.1%	(0.3%)	
Operating Profit Margin	(18.3%)	(8.9%)	(5.2%)	1.5%	(14.6%)	1.2%	(0.3%)	1.1%	(0.4%)	
Recurring Profit Margin	(18.2%)	(9.0%)	0.1%	1.6%	(14.7%)	1.3%	(0.0%)	1.1%	(0.6%)	
Profit Attributable to Owners of Parent Margin	(12.7%)	(6.3%)	(3.6%)	1.0%	(10.4%)	0.8%	(0.3%)	0.6%	(0.3%)	
Total Income Taxes / Profit before Income Taxes	-	-	-	36.9%	-	35.5%	-	37.4%	+0.5%	

Income 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 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021	Q1 03/2022	Q2 03/2022	Q3 03/2022	Q4 03/2022		
<b>Sales</b>	<b>6,458</b>	<b>9,777</b>	<b>12,940</b>	<b>24,312</b>	<b>7,278</b>	<b>19,568</b>	<b>9,896</b>	<b>14,379</b>	<b>(9,932)</b>	
Cost of Sales	5,499	8,104	10,635	19,123	6,148	15,793	8,183	11,689	(7,433)	
Gross Profit	958	1,673	2,304	5,188	1,130	3,774	1,712	2,689	(2,499)	
SG&A Expenses	2,142	1,941	2,364	2,895	2,196	2,380	2,141	2,040	(854)	
<b>Operating Profit</b>	<b>(1,183)</b>	<b>(268)</b>	<b>(59)</b>	<b>2,293</b>	<b>(1,065)</b>	<b>1,394</b>	<b>(428)</b>	<b>648</b>	<b>(1,645)</b>	
Non Operating Balance	11	(27)	35	70	(1)	12	(23)	9	(61)	
<b>Recurring Profit</b>	<b>(1,172)</b>	<b>(295)</b>	<b>(23)</b>	<b>2,364</b>	<b>(1,067)</b>	<b>1,407</b>	<b>(451)</b>	<b>657</b>	<b>(1,706)</b>	
Extraordinary Balance	-	-	-	(64)	-	-	(1)	(22)	+41	
Profit before Income Taxes	(1,172)	(295)	(23)	2,299	(1,067)	1,407	(452)	634	(1,664)	
Total Income Taxes	(352)	(85)	(1)	738	(312)	433	(140)	215	(523)	
<b>Profit Attributable to Owners of Parent</b>	<b>(819)</b>	<b>(209)</b>	<b>(22)</b>	<b>1,561</b>	<b>(754)</b>	<b>974</b>	<b>(312)</b>	<b>419</b>	<b>(1,141)</b>	
Sales YoY	(16.5%)	(39.1%)	+53.0%	+0.8%	+12.7%	+100.1%	(23.5%)	(40.9%)	-	
Operating Profit YoY	-	-	-	+107.7%	-	-	-	(71.7%)	-	
Recurring Profit YoY	-	-	-	+101.4%	-	-	-	(72.2%)	-	
Profit Attributable to Owners of Parent YoY	-	-	-	+65.8%	-	-	-	(73.1%)	-	
Gross Profit Margin	14.8%	17.1%	17.8%	21.3%	15.5%	19.3%	17.3%	18.7%	(2.6%)	
Sales to SG&A Expenses Ratio	33.2%	19.9%	18.3%	11.9%	30.2%	12.2%	21.6%	14.2%	+2.3%	
Operating Profit Margin	(18.3%)	(2.7%)	(0.5%)	9.4%	(14.6%)	7.1%	(4.3%)	4.5%	(4.9%)	
Recurring Profit Margin	(18.2%)	(3.0%)	(0.2%)	9.7%	(14.7%)	7.2%	(4.6%)	4.6%	(5.2%)	
Profit Attributable to Owners of Parent Margin	(12.7%)	(2.1%)	(0.2%)	6.4%	(10.4%)	5.0%	(3.2%)	2.9%	(3.5%)	
Total Income Taxes / Profit before Income Taxes	-	-	-	32.1%	-	30.8%	-	33.9%	+1.8%	

Source: Company Data, WRJ Calculation



## Segmented Information (Cumulative / Quarterly)

Segmented Information (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	YoY Net Chg.
	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021	Q1 03/2022	Q1 to Q2 03/2022	Q1 to Q3 03/2022	Q1 to Q4 03/2022		
Housing Business	4,517	10,435	16,169	21,527	3,511	9,085	13,958	19,869	(1,657)	
Condos Business	1,012	4,137	10,427	28,449	2,570	15,869	19,905	27,288	(1,161)	
Other	928	1,662	2,578	3,501	1,121	1,892	2,879	3,964	+463	
<b>Sales</b>	<b>6,458</b>	<b>16,235</b>	<b>29,175</b>	<b>53,478</b>	<b>7,204</b>	<b>26,847</b>	<b>36,744</b>	<b>51,123</b>	<b>(2,354)</b>	
Housing Business	(412)	(242)	(391)	(542)	(409)	(494)	(751)	(665)	(123)	
Condos Business	(463)	(723)	(428)	2,288	(252)	1,334	1,329	1,996	(292)	
Other	(59)	(77)	(65)	(104)	(168)	(57)	(41)	(5)	+98	
<b>Total</b>	<b>(934)</b>	<b>(1,042)</b>	<b>(885)</b>	<b>1,642</b>	<b>(830)</b>	<b>781</b>	<b>536</b>	<b>1,325</b>	<b>(316)</b>	
Elimination	(248)	(409)	(625)	(860)	(235)	(453)	(635)	(776)	+83	
<b>Operating Profit</b>	<b>(1,183)</b>	<b>(1,451)</b>	<b>(1,511)</b>	<b>782</b>	<b>(1,065)</b>	<b>328</b>	<b>(99)</b>	<b>548</b>	<b>(233)</b>	
Housing Business	(9.1%)	(2.3%)	(2.4%)	(2.5%)	(11.7%)	(5.4%)	(5.4%)	(3.4%)	(0.8%)	
Condos Business	(45.7%)	(17.5%)	(4.1%)	8.0%	(9.8%)	8.4%	6.7%	7.3%	(0.7%)	
Other	(6.4%)	(4.6%)	(2.5%)	(3.0%)	(15.1%)	(3.1%)	(1.4%)	(0.1%)	+2.8%	
Elimination	(3.9%)	(2.5%)	(2.1%)	(1.6%)	(3.3%)	(1.7%)	(1.7%)	(1.5%)	+0.1%	
<b>Operating Profit Margin</b>	<b>(18.3%)</b>	<b>(8.9%)</b>	<b>(5.2%)</b>	<b>1.5%</b>	<b>(14.8%)</b>	<b>1.2%</b>	<b>(0.3%)</b>	<b>1.1%</b>	<b>(0.4%)</b>	

Segmented Information (Million Yen)	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	Cons. Act	YoY Net Chg.
	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021	Q1 03/2022	Q2 03/2022	Q3 03/2022	Q4 03/2022		
Housing Business	4,517	5,917	5,733	5,357	3,511	5,573	4,872	5,911	+553	
Condos Business	1,012	3,125	6,290	18,022	2,570	13,299	4,036	7,382	(10,639)	
Other	928	734	916	922	1,121	770	987	1,084	+162	
<b>Sales</b>	<b>6,458</b>	<b>9,777</b>	<b>12,940</b>	<b>24,302</b>	<b>7,204</b>	<b>19,643</b>	<b>9,896</b>	<b>14,379</b>	<b>(9,923)</b>	
Housing Business	(412)	169	(149)	(150)	(409)	(85)	(256)	85	+236	
Condos Business	(463)	(260)	294	2,717	(252)	1,586	(5)	667	(2,049)	
Other	(59)	(17)	11	(38)	(168)	110	16	35	+74	
<b>Total</b>	<b>(934)</b>	<b>(107)</b>	<b>156</b>	<b>2,528</b>	<b>(830)</b>	<b>1,612</b>	<b>(245)</b>	<b>789</b>	<b>(1,738)</b>	
Elimination	(248)	(160)	(216)	(234)	(235)	(217)	(182)	(140)	+93	
<b>Operating Profit</b>	<b>(1,183)</b>	<b>(268)</b>	<b>(59)</b>	<b>2,293</b>	<b>(1,065)</b>	<b>1,394</b>	<b>(428)</b>	<b>648</b>	<b>(1,645)</b>	
Housing Business	(9.1%)	2.9%	(2.6%)	(2.8%)	(11.7%)	(1.5%)	(5.3%)	1.5%	+4.3%	
Condos Business	(45.7%)	(8.3%)	4.7%	15.1%	(9.8%)	11.9%	(0.1%)	9.0%	(6.0%)	
Other	(6.4%)	(2.4%)	1.3%	(4.2%)	(15.1%)	14.4%	1.7%	3.3%	+7.5%	
Elimination	(3.9%)	(1.6%)	(1.7%)	(1.0%)	(3.3%)	(1.1%)	(1.8%)	(1.0%)	(0.0%)	
<b>Operating Profit Margin</b>	<b>(18.3%)</b>	<b>(2.7%)</b>	<b>(0.5%)</b>	<b>9.4%</b>	<b>(14.8%)</b>	<b>7.1%</b>	<b>(4.3%)</b>	<b>4.5%</b>	<b>(4.9%)</b>	

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 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021	Q1 03/2022	Q2 03/2022	Q3 03/2022	Q4 03/2022		
Cash and Deposit	8,085	10,665	7,198	8,884	7,212	8,114	8,562	9,038		+153
Accounts Receivables	1,920	1,912	2,809	1,888	1,705	2,049	2,425	2,572		+684
Inventory	42,351	42,443	42,205	35,969	36,626	29,156	30,072	29,481		(6,488)
Other	2,245	2,402	2,471	1,358	1,605	984	1,006	697		(660)
<b>Current Assets</b>	<b>54,602</b>	<b>57,423</b>	<b>54,685</b>	<b>48,100</b>	<b>47,149</b>	<b>40,305</b>	<b>42,067</b>	<b>41,790</b>		<b>(6,310)</b>
Tangible Assets	2,162	2,168	2,212	2,249	2,301	2,283	2,255	2,701		+452
Intangible Assets	97	93	94	81	77	74	94	85		+4
Investments and Other Assets	2,651	2,779	2,721	2,180	2,638	2,210	2,442	2,308		+128
<b>Fixed Assets</b>	<b>4,910</b>	<b>5,041</b>	<b>5,029</b>	<b>4,510</b>	<b>5,016</b>	<b>4,568</b>	<b>4,792</b>	<b>5,096</b>		<b>+585</b>
<b>Total Assets</b>	<b>59,513</b>	<b>62,464</b>	<b>59,714</b>	<b>52,611</b>	<b>52,165</b>	<b>44,874</b>	<b>46,860</b>	<b>46,886</b>		<b>(5,724)</b>
Accounts Payables	3,874	3,417	3,929	6,445	2,322	3,112	3,536	4,038		(2,407)
Short Term Debt	27,286	30,624	27,243	17,410	22,822	15,122	11,582	9,103		(8,307)
Corporate Bond (Less Than 1 Year)	-	-	-	-	-	-	-	100		+100
Advances Re. on Uncompleted Contracts	1,353	1,236	1,266	883	3,277	3,498	3,720	4,091		+3,208
Advances Received	1,205	1,606	1,429	631	975	186	249	190		(441)
Other	1,391	1,388	1,402	2,375	1,476	2,016	1,765	1,905		(470)
<b>Current Liabilities</b>	<b>35,112</b>	<b>38,272</b>	<b>35,270</b>	<b>27,745</b>	<b>30,873</b>	<b>23,935</b>	<b>20,853</b>	<b>19,427</b>		<b>(8,317)</b>
Long Term Debt	7,078	7,090	7,167	5,989	5,436	4,098	9,461	10,071		+4,082
Corporate Bond	-	-	-	-	-	-	-	400		+400
Other	1,918	1,889	1,889	1,954	1,904	1,900	1,913	2,339		+385
<b>Fixed Liabilities</b>	<b>8,996</b>	<b>8,979</b>	<b>9,056</b>	<b>7,943</b>	<b>7,340</b>	<b>5,998</b>	<b>11,374</b>	<b>12,410</b>		<b>+4,467</b>
<b>Total Liabilities</b>	<b>44,108</b>	<b>47,252</b>	<b>44,327</b>	<b>35,689</b>	<b>38,213</b>	<b>29,934</b>	<b>32,228</b>	<b>31,838</b>		<b>(3,850)</b>
<b>Shareholders' Equity</b>	<b>15,396</b>	<b>15,201</b>	<b>15,375</b>	<b>16,936</b>	<b>13,964</b>	<b>14,951</b>	<b>14,642</b>	<b>15,062</b>		<b>(1,874)</b>
Other	8	10	12	(14)	(12)	(11)	(10)	(13)		+0
<b>Net Assets</b>	<b>15,405</b>	<b>15,212</b>	<b>15,387</b>	<b>16,922</b>	<b>13,952</b>	<b>14,940</b>	<b>14,632</b>	<b>15,048</b>		<b>(1,874)</b>
<b>Total Liabilities and Net Assets</b>	<b>59,513</b>	<b>62,464</b>	<b>59,714</b>	<b>52,611</b>	<b>52,165</b>	<b>44,874</b>	<b>46,860</b>	<b>46,886</b>		<b>(5,724)</b>
Equity Capital	15,392	15,199	15,374	16,922	13,952	14,940	14,632	15,048		(1,874)
Interest Bearing Debt	34,364	37,714	34,410	23,399	28,258	19,220	21,043	19,674		(3,725)
Net Debt	26,278	27,048	27,211	14,514	21,045	11,105	12,480	10,635		(3,878)
Equity Ratio	25.9%	24.3%	25.7%	32.2%	26.7%	33.3%	31.2%	32.1%		-
Net Debt Equity Ratio	170.7%	178.0%	177.0%	85.8%	150.8%	74.3%	85.3%	70.7%		-
ROE (12 months)	1.1%	(4.3%)	(0.7%)	3.0%	3.9%	11.7%	9.8%	2.0%		-
ROA (12 months)	0.2%	(1.9%)	(0.5%)	1.6%	1.8%	5.0%	4.2%	1.2%		-
Days for Inventory Turnover	703	478	362	172	544	168	335	230		-
Quick Ratio	28%	33%	28%	39%	29%	42%	53%	60%		-
Current Ratio	156%	150%	155%	173%	153%	168%	202%	215%		-

Source: Company Data, WRJ Calculation

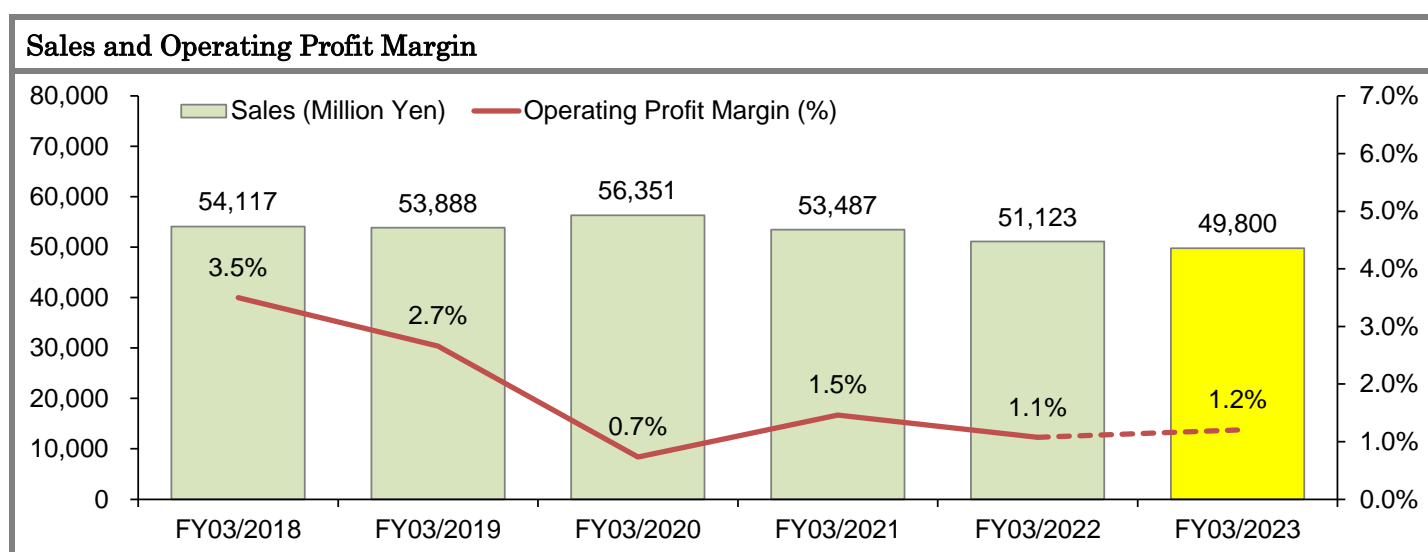
## Cash Flow Statement (Cumulative)

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 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021	Q1 03/2022	Q1 to Q2 03/2022	Q1 to Q3 03/2022	Q1 to Q4 03/2022		
Operating Cash Flow	-	(6,478)	-	6,107	-	3,654	-	4,179		(1,927)
Investing Cash Flow	-	(72)	-	(106)	-	417	-	462		+568
<b>Operating CF and Investing CF</b>	<b>-</b>	<b>(6,550)</b>	<b>-</b>	<b>6,001</b>	<b>-</b>	<b>4,072</b>	<b>-</b>	<b>4,642</b>		<b>(1,359)</b>
Financing Cash Flow	-	8,994	-	(5,137)	-	(4,442)	-	(3,988)		+1,149

Source: Company Data, WRJ Calculation

### FY03/2023 Company Forecasts

FY03/2023 Company forecasts (announced on 13 May 2022) are going for prospective sales of ¥49,800m (down 2.6% YoY), operating profit of ¥600m (up 9.3%), recurring profit of ¥570m (up 4.5%) and profit attributable to owners of parent of ¥350m (up 7.3%), while operating profit margin of 1.2% (up 0.1% point). At the same time, Company forecasts are going for prospective annual dividend of ¥25.00 per share, implying payout ratio of 79.1%. By the way, Company forecasts assume prospective gross profit of ¥9,550m (up 2.6%) and SG&A expenses of ¥8,950m (up 2.2%), implying gross profit margin of 19.2% (up 1.0% point) and sales to SG&A expenses ratio of 18.0% (up 0.8% points). That is to say, while sales is sluggish, it is expected that an improvement in gross profit margin will bring the Company a recovery in operating profit margin and an increase in earnings.



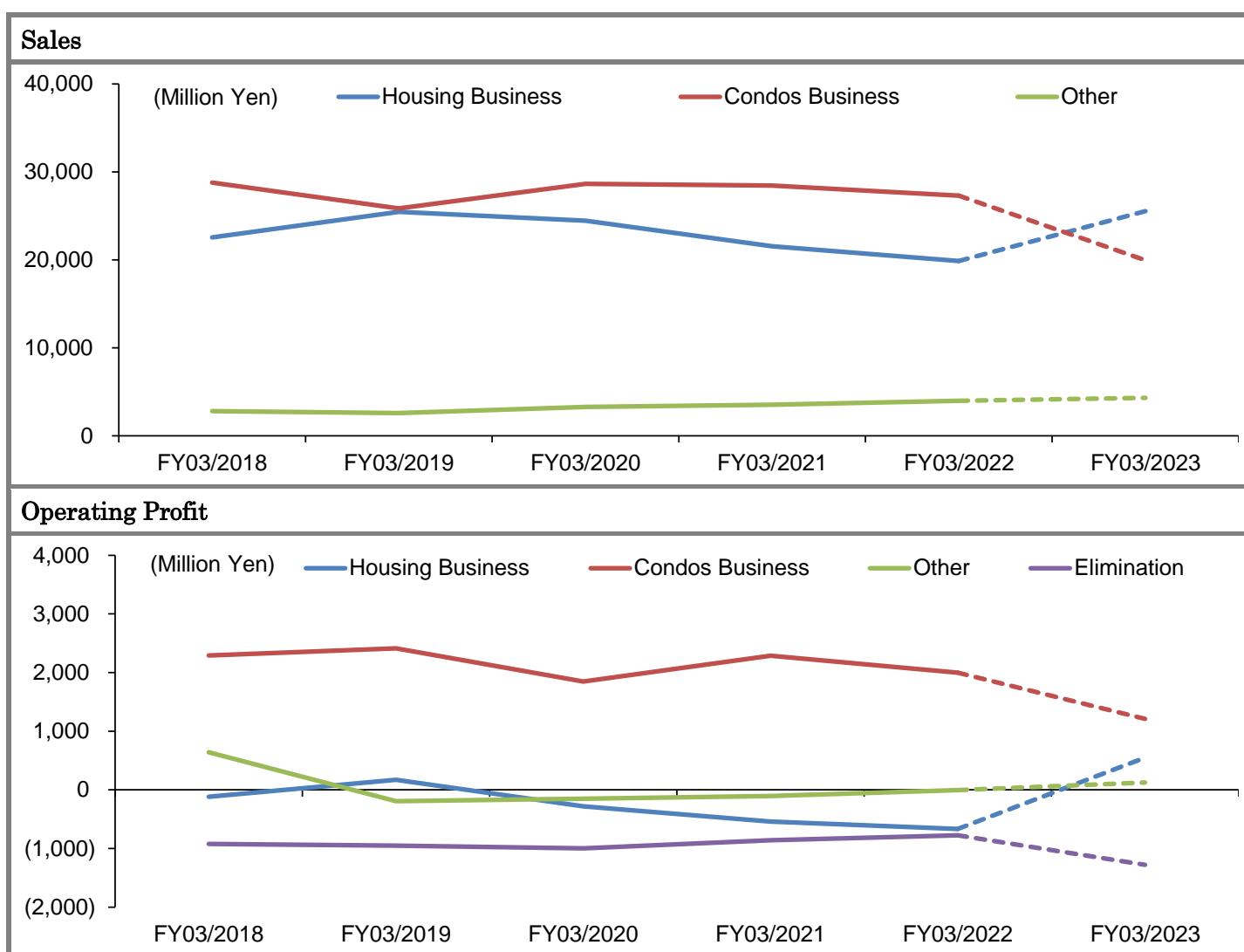
Source: Company Data, WRJ Calculation

By segment, Company forecasts are going for prospective sales to rise sharply on the Housing Business side, but this is expected to be more than offset by sluggishness in sales on the Condos Business side. Still, Company forecasts are going for increased operating profit as a whole, assuming a return to profitability at the operating level on the Housing Business side, which is expected to more than compensate for decreased operating profit on the Condos Business side.

Meanwhile, it has been disclosed at the results briefing, held on 30 May 2022, that gross profit margin for the Company as a whole will rise due to a sharp rise in sales on the Housing Business side where the Company sees a high marginal profit ratio and that the extent of deterioration on the Condos Business side will be rather limited.

On the Housing Business side, the Company develops operations mainly of building detached housings, multi-unit apartment buildings, etc. on a contract basis, which are those of a high marginal profit ratio. There is an aspect that the Company manufactures components and materials used in this type of construction of architecture on a contract basis at its own factories, which is cited as a reason for a high marginal profit ratio. Meanwhile, the Company, building detached housings, multi-unit apartment buildings, etc. with light-gauge steel structures on a contract basis, is said to be almost immune to sticker shock on lumber for its gross profit margin. Meanwhile, the Company says that it will pass on to selling prices via revision on them in regard to the impact of steel price hikes.

On the Condos Business side, the Company says that existing condos completed to be sold for FY03/2023 will carry a fairly high gross profit margin. What is suggested as the background here is that the cost of lands for condos for the said properties is relatively low, having been acquired roughly three years ago.



Source: Company Data, WRJ Calculation

### **Housing Business / 51.3% of Sales / 29.1% of Operating Profit**

Company forecasts assume prospective sales of ¥25,536m (up 28.5%), operating profit of ¥547m (versus minus ¥665m in the previous year) and operating profit margin of 2.1% (up 5.5% points). Sales are expected to be driven by those of housings for rent (mainly, multi-unit apartment buildings) to surge after sharp rise in order backlog.

With respect to the measures and policies to enhance sales of detached housings, the Company is making a changeover from “passive” to “proactive” for its sales strategy. The Company has been cutting back on its resources to wait for visitors at housing exhibition grounds, which is “passive,” while allocating increased resources on newly setting up Best Life Concierge Salons to operate as a business office, which is “proactive.” For such operations, the Company launched the first location in November 2020, while having expanded the number of locations up to 13 to date. According to the Company, the first step is to identify a geographical area where demand is high for newly building detached housings to replace the existing ones, etc., which is followed by launch of a location to be deployed with four to five sales representatives who are to get an overwhelming share for all those sales activities in the said geographical area. Meanwhile, with respect to housing exhibition grounds, the number of locations stood at 14 as of the end of FY03/2020, 7 as of the end of FY03/2021 and four as of the end of FY03/2022, having been dramatically cut back on.

### **Condos Business / 40.1% of Sales / 64.3% of Operating Profit**

Company forecasts assume prospective sales of ¥19,953m (down 26.9%), operating profit of ¥1,209m (down 39.4%) and operating profit margin of 6.1% (down 1.3% points). As of the end of FY03/2022, condos completed stood at ¥16,307m and ¥11,051m for condos in-process as mentioned earlier. Company estimates that the former quates to some ¥21,700m on a sales basis, comprising book value of ¥16,307m and gross profit of ¥5,393m and thus gross profit margin of 24.9%. With respect to the latter, meanwhile, the Company estimates expected completion of the properties included here equates to some ¥7,000m in sales by the end of FY03/2023, implying that prospective sales for FY03/2023 could be as much as some ¥28,800m potentially. Meanwhile, Company forecasts are going for prospective sales of ¥19,953m equating to some 70% of the potentiality. In light of this, it appears that condos completed is supposed to decline remarkably as of the end of the year from the end of FY03/2022.

For FY03/2023, it is unavoidable to suffer from sluggish sales in a respect that the number of properties to be completed will be in a period of one-off correction. The Company saw the number of buildings of condos completed as many as 7 for FY03/2022 versus no more than two scheduled for FY03/2023. More importantly, however, the Company suggests that prospective sales for FY03/2024 would be rather buoyant, judging from the most recent state of condos in-process, etc.

### **Other / 8.7% of Sales / 6.6% of Operating Profit**

Company forecasts assume prospective sales of ¥4,310m (up 8.7%), operating profit of ¥125m (versus minus ¥5m in the previous year) and operating profit margin of 2.9% (up 3.0% points).

## 5.0 Financial Statements

### Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
<b>Sales</b>	<b>54,117</b>	<b>53,888</b>	<b>56,351</b>	<b>53,487</b>	<b>51,123</b>	<b>49,800</b>	<b>(1,323)</b>
Cost of Sales	42,699	43,248	46,656	43,362	41,815	40,250	(1,565)
Gross Profit	11,417	10,639	9,694	10,125	9,307	9,550	+242
SG&A Expenses	9,522	9,205	9,281	9,343	8,758	8,950	+191
<b>Operating Profit</b>	<b>1,894</b>	<b>1,434</b>	<b>412</b>	<b>782</b>	<b>548</b>	<b>600</b>	<b>+51</b>
Non Operating Balance	16	110	2	90	(3)	(30)	(26)
<b>Recurring Profit</b>	<b>1,911</b>	<b>1,544</b>	<b>415</b>	<b>872</b>	<b>545</b>	<b>570</b>	<b>+24</b>
Extraordinary Balance	(37)	(23)	149	(64)	(24)	-	-
Profit before Income Taxes	1,874	1,521	564	807	521	-	-
Total Income Taxes	631	567	205	298	195	-	-
<b>Profit Attributable to Owners of Parent</b>	<b>1,243</b>	<b>954</b>	<b>359</b>	<b>509</b>	<b>326</b>	<b>350</b>	<b>+23</b>
Sales YoY	(2.5%)	(0.4%)	+4.6%	(5.1%)	(4.4%)	(2.6%)	-
Operating Profit YoY	+24.8%	(24.3%)	(71.2%)	+89.5%	(29.8%)	+9.3%	-
Recurring Profit YoY	+22.9%	(19.2%)	(73.1%)	+110.2%	(37.5%)	+4.5%	-
Profit Attributable to Owners of Parent YoY	+27.8%	(23.2%)	(62.4%)	+41.8%	(35.9%)	+7.3%	-
Gross Profit Margin	21.1%	19.7%	17.2%	18.9%	18.2%	19.2%	+1.0%
Sales to SG&A Expenses Ratio	17.6%	17.1%	16.5%	17.5%	17.1%	18.0%	+0.8%
Operating Profit Margin	3.5%	2.7%	0.7%	1.5%	1.1%	1.2%	+0.1%
Recurring Profit Margin	3.5%	2.9%	0.7%	1.6%	1.1%	1.1%	+0.1%
Profit Attributable to Owners of Parent Margin	2.3%	1.8%	0.6%	1.0%	0.6%	0.7%	+0.1%
Total Income Taxes / Profit before Income Taxes	33.7%	37.3%	36.4%	36.9%	37.4%	-	-

Source: Company Data, WRJ Calculation

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### Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Housing Business	22,534	25,461	24,441	21,527	19,869	25,536	+5,666
Condos Business	28,777	25,850	28,629	28,449	27,288	19,953	(7,335)
Other	2,805	2,576	3,279	3,510	3,964	4,310	+345
<b>Sales</b>	<b>54,117</b>	<b>53,888</b>	<b>56,351</b>	<b>53,487</b>	<b>51,123</b>	<b>49,800</b>	<b>(1,323)</b>
Housing Business	(118)	170	(282)	(542)	(665)	547	+1,212
Condos Business	2,293	2,412	1,847	2,288	1,996	1,209	(787)
Other	642	(195)	(151)	(104)	(5)	125	+130
<b>Total</b>	<b>2,817</b>	<b>2,386</b>	<b>1,412</b>	<b>1,642</b>	<b>1,325</b>	<b>1,881</b>	<b>+555</b>
Elimination	(922)	(952)	(999)	(860)	(776)	(1,280)	(503)
<b>Operating Profit</b>	<b>1,894</b>	<b>1,434</b>	<b>412</b>	<b>782</b>	<b>548</b>	<b>600</b>	<b>+51</b>
Housing Business	(0.5%)	0.7%	(1.2%)	(2.5%)	(3.4%)	2.1%	+5.5%
Condos Business	8.0%	9.3%	6.5%	8.0%	7.3%	6.1%	(1.3%)
Other	22.9%	(7.6%)	(4.6%)	(3.0%)	(0.1%)	2.9%	+3.0%
Elimination	(1.7%)	(1.8%)	(1.8%)	(1.6%)	(1.5%)	(2.6%)	(1.1%)
<b>Operating Profit Margin</b>	<b>3.5%</b>	<b>2.7%</b>	<b>0.7%</b>	<b>1.5%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>+0.1%</b>

Source: Company Data, WRJ Calculation

## Balance Sheet

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Cash and Deposit	7,836	8,895	8,220	8,884	9,038	-	-
Accounts Receivables	1,541	1,807	2,734	1,888	2,572	-	-
Inventory	34,536	38,032	39,985	35,969	29,481	-	-
Other	853	1,437	2,430	1,358	697	-	-
<b>Current Assets</b>	<b>44,768</b>	<b>50,173</b>	<b>53,371</b>	<b>48,100</b>	<b>41,790</b>	-	-
Tangible Assets	758	2,032	2,183	2,249	2,701	-	-
Intangible Assets	26	36	85	81	85	-	-
Investments and Other Assets	2,490	2,285	2,256	2,180	2,308	-	-
<b>Fixed Assets</b>	<b>3,275</b>	<b>4,354</b>	<b>4,525</b>	<b>4,510</b>	<b>5,096</b>	-	-
<b>Total Assets</b>	<b>48,043</b>	<b>54,527</b>	<b>57,896</b>	<b>52,611</b>	<b>46,886</b>	-	-
Accounts Payables	7,375	7,200	6,989	6,445	4,038	-	-
Short Term Debt	10,640	16,210	21,080	17,410	9,103	-	-
Corporate Bond (Less Than 1 Year)	-	-	-	-	100	-	-
Advances Re. on Uncompleted Contracts	1,046	1,154	1,026	883	4,091	-	-
Advances Received	2,201	2,198	1,009	631	190	-	-
Other	2,492	2,703	1,988	2,375	1,905	-	-
<b>Current Liabilities</b>	<b>23,756</b>	<b>29,466</b>	<b>32,094</b>	<b>27,745</b>	<b>19,427</b>	-	-
Long Term Debt	5,760	5,610	7,364	5,989	10,071	-	-
Corporate Bond	-	-	-	-	400	-	-
Other	1,583	1,880	1,939	1,954	2,339	-	-
<b>Fixed Liabilities</b>	<b>7,343</b>	<b>7,490</b>	<b>9,303</b>	<b>7,943</b>	<b>12,410</b>	-	-
<b>Total Liabilities</b>	<b>31,100</b>	<b>36,957</b>	<b>41,397</b>	<b>35,689</b>	<b>31,838</b>	-	-
<b>Shareholders' Equity</b>	<b>16,809</b>	<b>17,574</b>	<b>16,491</b>	<b>16,936</b>	<b>15,062</b>	-	-
Other	133	(4)	6	(14)	(13)	-	-
<b>Net Assets</b>	<b>16,943</b>	<b>17,570</b>	<b>16,498</b>	<b>16,922</b>	<b>15,048</b>	-	-
<b>Total Liabilities and Net Assets</b>	<b>48,043</b>	<b>54,527</b>	<b>57,896</b>	<b>52,611</b>	<b>46,886</b>	-	-
Equity Capital	16,930	17,557	16,485	16,922	15,048	-	-
Interest Bearing Debt	16,400	21,820	28,444	23,399	19,674	-	-
Net Debt	8,563	12,924	20,223	14,514	10,635	-	-
Equity Ratio	35.2%	32.2%	28.5%	32.2%	32.1%	-	-
Net Debt Equity Ratio	50.6%	73.6%	122.7%	85.8%	70.7%	-	-
ROE (12 months)	7.6%	5.5%	2.1%	3.0%	2.0%	-	-
ROA (12 months)	3.9%	3.0%	0.7%	1.6%	1.2%	-	-
Days for Inventory Turnover	295	321	313	303	257	-	-
Quick Ratio	39%	36%	34%	39%	60%	-	-
Current Ratio	188%	170%	166%	173%	215%	-	-

Source: Company Data, WRJ Calculation

## Cash Flow Statement

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
Operating Cash Flow	7,671	(3,789)	(5,634)	6,107	4,179	-	-
Investing Cash Flow	(236)	(782)	984	(106)	462	-	-
<b>Operating CF and Investing CF</b>	<b>7,435</b>	<b>(4,571)</b>	<b>(4,649)</b>	<b>6,001</b>	<b>4,642</b>	-	-
Financing Cash Flow	(7,366)	5,230	5,175	(5,137)	(3,988)	-	-

Source: Company Data, WRJ Calculation

## Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.
No. of Shares FY End (thousand shares)	12,620	12,620	12,620	12,620	12,620	-	-
Earnings/ EPS (thousand shares)	12,317	12,271	12,060	10,841	11,065	-	-
Treasury Shares FY End (thousand shares)	301	301	1,899	1,572	1,544	-	-
Earnings per Share	100.93	77.76	29.78	46.98	29.49	31.60	-
Earnings per Share (fully diluted)	-	-	-	-	-	-	-
Book Value per Share	1,374.32	1,425.21	1,537.65	1,531.73	1,358.62	-	-
Dividend per Share	15.00	25.00	25.00	25.00	25.00	25.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
FY	FY	FY	FY	FY	FY	FY	YoY
03/2018	03/2019	03/2020	03/2021	03/2022	03/2023	Net Chg.	
Share Split Factor	1	1	1	1	1	1	-
Earnings per Share	100.93	77.76	29.78	46.98	29.49	31.60	-
Book Value per Share	1,374.32	1,425.21	1,537.65	1,531.73	1,358.62	-	-
Dividend per Share	15.00	25.00	25.00	25.00	25.00	25.00	-
Payout Ratio	14.9%	32.2%	83.9%	53.2%	84.8%	79.1%	-

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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