

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%	-	-	-
Consolidated Quarter (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY03/2022		7,278	(1,065)	(1,067)	(754)	-	-	-
Q2 FY03/2022		19,568	1,394	1,407	974	-	-	-
Q3 FY03/2022		9,896	(428)	(451)	(312)	-	-	-
Q4 FY03/2022		14,379	648	657	419	-	-	-
Q1 FY03/2023		6,899	(997)	(993)	(696)	-	-	-
Q1 FY03/2023	YoY	(5.2%)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (8 August 2022)

Securement of OPM

On 29 July 2022, Sanyo Homes, running operations to build housings on a contract basis and develop condos for sale, released its Q1 FY03/2023 results. It has been revealed that operating profit margin is ensured in spite of sluggish sales as assumed in full-year Company forecasts. On the Housing Business side in charge of operations to build housings on a contract basis, the Company saw increased sales and reduced losses due mainly to favorable sales of housings for rent (mainly, multi-unit apartment buildings). More importantly, Company forecasts are going for an acceleration of this trend for Q2 and thereafter. Meanwhile, on the Condos Business side in charge of operations to develop condos for sale, the Company saw a major decline in sales, having resulted in decreased sales as a whole for itself. For FY03/2023, as it has been disclosed since the beginning of the year, Company forecasts do assume that sales on the Condos Business side will decline on a full-year basis, which is attributable to a factor that the number of properties to be completed and/or launched will temporarily decline for FY03/2023, which is expected to result in decreased sales and earnings on the Condos Business side. Nevertheless, the Company suggests that it sees gross profit margin higher than a certain level and decreased earnings on the Condos Business side is to be more than compensated for by improved earnings on the Housing Business side. By the way, the Company, being keen on returning earnings to shareholders, will maintain a high level of payout ratio. FY03/2023 Company forecasts are going for prospective dividend of ¥25.00 per share (as of the end of the year), implying payout ratio of 79.1%.


The Company's business model, etc.: [Sanyo Homes \(1420\) Housings for Rent \(15 July 2022\)](#)

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2.0 Company Profile

Putting forward a Comprehensive Proposal for “Housing Life”

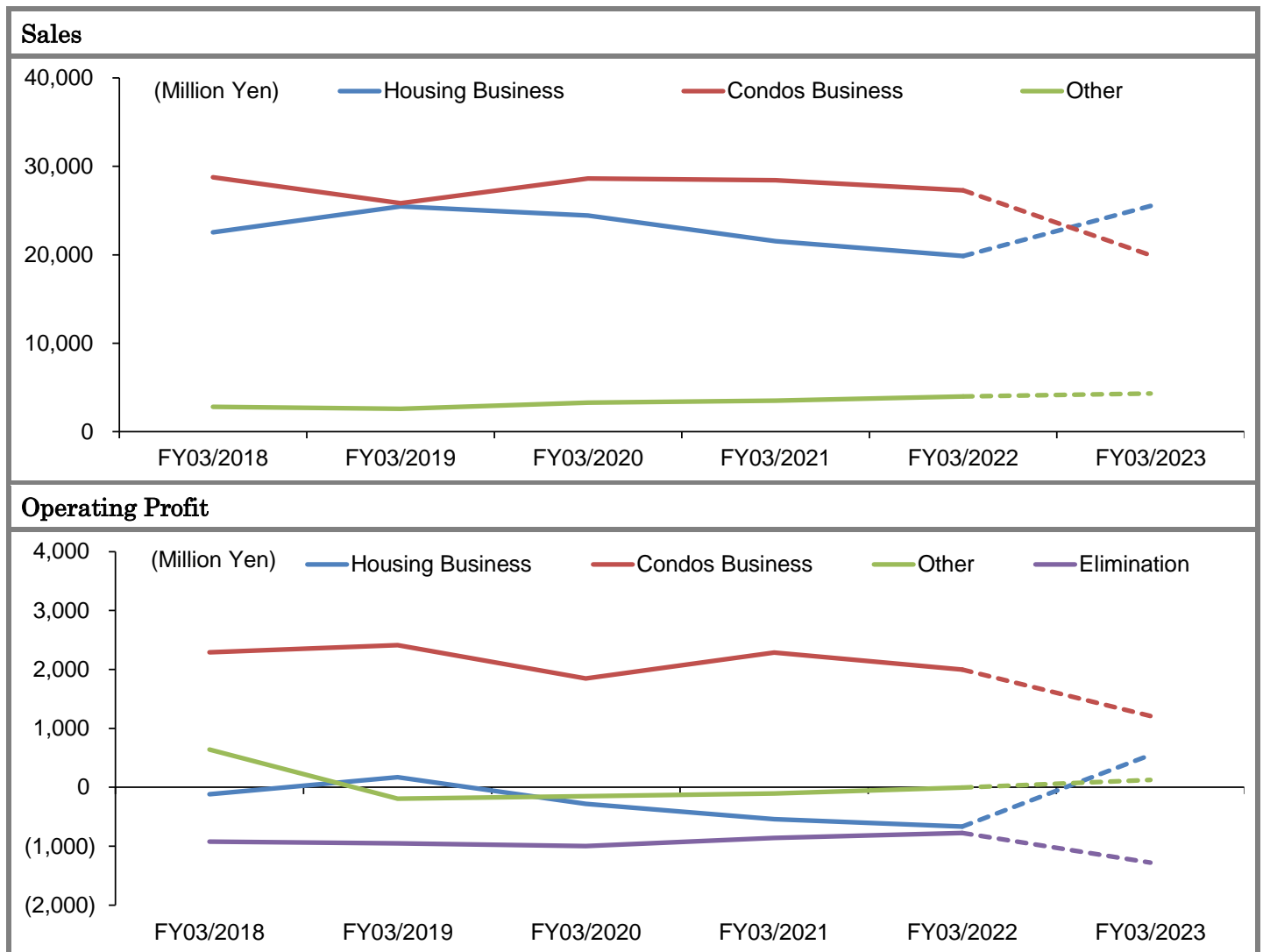
Company Name	Sanyo Homes Corporation Company Website IR Information Share price (Japanese)	
Founded	1 February 1969	
Listing	4 April 2022: Tokyo Stock Exchange Standard Market (ticker: 1420) 9 April 2014: Tokyo Stock Exchange 1st section 9 April 2013: Tokyo Stock Exchange 2nd section	
Capital	¥5,945m (as of the end of June 2022)	
No. of Shares	12,620,000 shares, including 1,543,988 treasury shares (as of the end of June 2022)	
Main Features	<ul style="list-style-type: none"> ● Rooted in erstwhile Kubota House Co. Ltd. or provider of custom-built housings (steel-framed / 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 pillar 	
Business Segments	I . Housing Business (detached housings, housings for rent, renovation, trading of secondhand housings and frontier) II . Condos Business (condos) III. Other (life support)	
Representative	President & Representative Director: Hisashi Matsuoka	
Shareholders	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)	
Head Office	Nishi-ku, Osaka-city, JAPAN	
No. of Personnel	Consolidated: 868, Parent: 431 (as of the end of June 2022)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 FY03/2023

For Q1 FY03/2023, sales came in at ¥6,899m (down 5.2% YoY), operating profit minus ¥997m (versus minus ¥1,065m during the same period of the previous year), recurring profit minus ¥993m (minus ¥1,067m) and profit attributable to owners of parent minus ¥696m (minus ¥754m), while operating profit margin minus 14.5% (up 0.2% points). By the way, the Company is supposed to see sales the smallest for Q1 out of all the quarters every year due mainly to seasonal factors, which inevitably leads to losses during the same period every year.

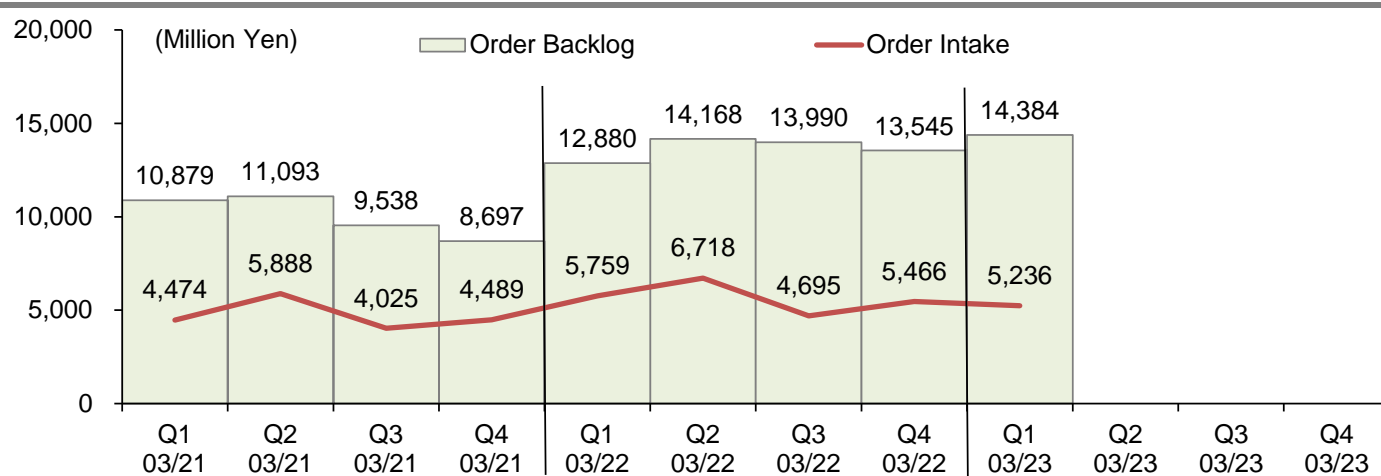


Source: Company Data, WRJ Calculation

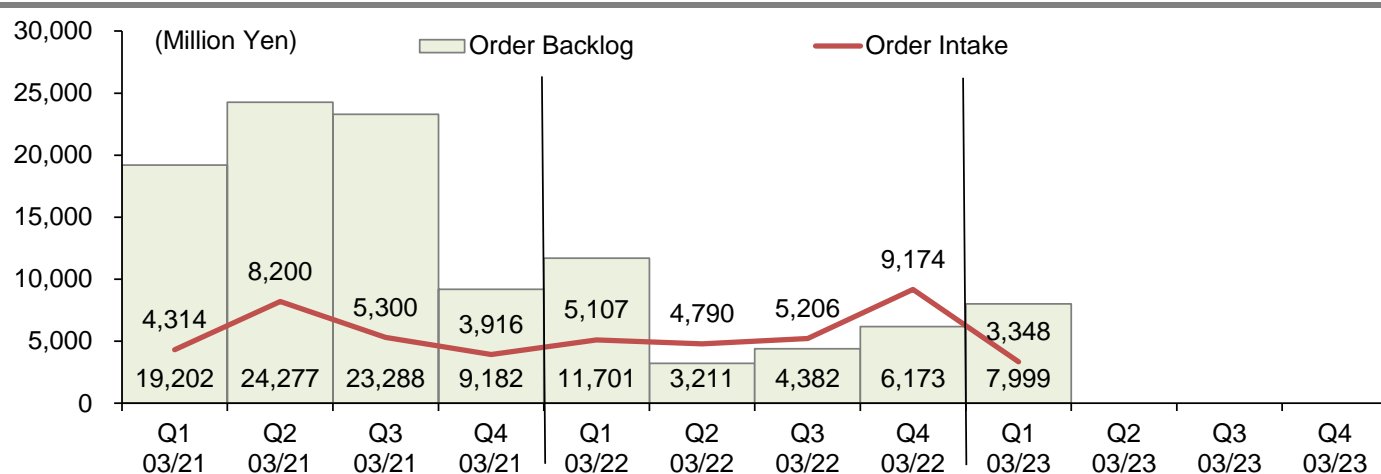
Housing Business (operations to build housings on a contract basis)

On the Housing Business side, sales came in at ¥4,397m (up 16.8%), operating profit minus ¥492m (minus ¥515m during the same period of the previous year) and operating profit margin minus 11.2% (up 2.5% points), while order intake ¥5,236m (down 9.1%) and order backlog stood at ¥14,384m (up 11.7%) as of the end of Q1. Despite the headwinds of intensifying competition and soaring material prices, the mainstay detached housings and housings for rent (mainly, multi-unit apartment buildings) are showing strengths as expected, according to the Company. With respect to order intake to have declined over the same period of the previous year, the Company suggests that this is due mainly to a temporary factor. The properties for housings for rent (mainly, multi-unit apartment buildings) include those of fairly large-scale, while the Company suggests that there was a concentration of order intake on all those such properties during the same period of the previous year.

Order Intake and Order Backlog of Housing Business



Order Intake and Order Backlog of Condos Business



Source: Company Data, WRJ Calculation

Condos Business (operations to develop condos for sale)

On the Condos Business side, sales came in at ¥1,522m (down 41.2%), operating profit minus ¥255m (minus ¥252m during the same period of the previous year) and operating profit margin minus 16.8% (down 7.0% points), while order intake ¥3,348m (down 34.4%) and order backlog stood at ¥7,999m (down 31.6%) as of the end of Q1. Inventory (on a cost basis), the bulk of which is of condos, stood at ¥28,529m as of the end of Q1, having seen a net decrease of ¥951m (3.2%) from the end of FY03/2022. Meanwhile, this is in line with decreased balance of condos completed and the above-mentioned sales appear to be almost all attributable to sales (cost of sales and gross profit) of condos completed. Meanwhile, the balance of condos in-process has remained roughly unchanged. However, the Company says that it is actually keen on purchasing lands for condos in order to drive a recovery of sales for the future, which is expected to lead to recovery of the balance of condos in-process.

FY03/2023 Company Forecasts

FY03/2023 Company forecasts (announced on 13 May 2022) have remained unchanged, 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 have remained unchanged also for prospective dividend, going for ¥25.00 per share (as of the end of the year), implying payout ratio of 79.1%.

4.0 Financial Statements

Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	03/2023	
Sales	7,278	26,847	36,744	51,123	6,899	-	-	-	-	(379)
Cost of Sales	6,148	21,942	30,125	41,815	5,902	-	-	-	-	(246)
Gross Profit	1,130	4,905	6,618	9,307	996	-	-	-	-	(133)
SG&A Expenses	2,196	4,576	6,717	8,758	1,994	-	-	-	-	(202)
Operating Profit	(1,065)	328	(99)	548	(997)	-	-	-	-	+68
Non Operating Balance	(1)	11	(12)	(3)	3	-	-	-	-	+4
Recurring Profit	(1,067)	339	(112)	545	(993)	-	-	-	-	+73
Extraordinary Balance	-	-	(1)	(24)	-	-	-	-	-	-
Profit before Income Taxes	(1,067)	339	(113)	521	(993)	-	-	-	-	+73
Total Income Taxes	(312)	120	(20)	195	(297)	-	-	-	-	+15
Profit Attributable to Owners of Parent	(754)	219	(93)	326	(696)	-	-	-	-	+58
Sales YoY	+12.7%	+65.4%	+25.9%	(4.4%)	(5.2%)	-	-	-	-	-
Operating Profit YoY	-	-	-	(29.8%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(37.5%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(35.9%)	-	-	-	-	-	-
Gross Profit Margin	15.5%	18.3%	18.0%	18.2%	14.5%	-	-	-	-	(1.1%)
Sales to SG&A Expenses Ratio	30.2%	17.0%	18.3%	17.1%	28.9%	-	-	-	-	(1.3%)
Operating Profit Margin	(14.6%)	1.2%	(0.3%)	1.1%	(14.5%)	-	-	-	-	+0.2%
Recurring Profit Margin	(14.7%)	1.3%	(0.0%)	1.1%	(14.4%)	-	-	-	-	+0.3%
Profit Attributable to Owners of Parent Margin	(10.4%)	0.8%	(0.3%)	0.6%	(10.1%)	-	-	-	-	+0.3%
Total Income Taxes / Profit before Income Taxes	-	35.5%	-	37.4%	-	-	-	-	-	-
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	03/2022	03/2022	03/2022	03/2022	03/2023	03/2023	03/2023	03/2023	03/2023	
Sales	7,278	19,568	9,896	14,379	6,899	-	-	-	-	(379)
Cost of Sales	6,148	15,793	8,183	11,689	5,902	-	-	-	-	(246)
Gross Profit	1,130	3,774	1,712	2,689	996	-	-	-	-	(133)
SG&A Expenses	2,196	2,380	2,141	2,040	1,994	-	-	-	-	(202)
Operating Profit	(1,065)	1,394	(428)	648	(997)	-	-	-	-	+68
Non Operating Balance	(1)	12	(23)	9	3	-	-	-	-	+4
Recurring Profit	(1,067)	1,407	(451)	657	(993)	-	-	-	-	+73
Extraordinary Balance	-	-	(1)	(22)	-	-	-	-	-	-
Profit before Income Taxes	(1,067)	1,407	(452)	634	(993)	-	-	-	-	+73
Total Income Taxes	(312)	433	(140)	215	(297)	-	-	-	-	+15
Profit Attributable to Owners of Parent	(754)	974	(312)	419	(696)	-	-	-	-	+58
Sales YoY	+12.7%	+100.1%	(23.5%)	(40.9%)	(5.2%)	-	-	-	-	-
Operating Profit YoY	-	-	-	(71.7%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(72.2%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(73.1%)	-	-	-	-	-	-
Gross Profit Margin	15.5%	19.3%	17.3%	18.7%	14.5%	-	-	-	-	(1.1%)
Sales to SG&A Expenses Ratio	30.2%	12.2%	21.6%	14.2%	28.9%	-	-	-	-	(1.3%)
Operating Profit Margin	(14.6%)	7.1%	(4.3%)	4.5%	(14.5%)	-	-	-	-	+0.2%
Recurring Profit Margin	(14.7%)	7.2%	(4.6%)	4.6%	(14.4%)	-	-	-	-	+0.3%
Profit Attributable to Owners of Parent Margin	(10.4%)	5.0%	(3.2%)	2.9%	(10.1%)	-	-	-	-	+0.3%
Total Income Taxes / Profit before Income Taxes	-	30.8%	-	33.9%	-	-	-	-	-	-

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 03/2022	Q1 to Q2 03/2022	Q1 to Q3 03/2022	Q1 to Q4 03/2022	Q1 03/2023	Q1 to Q2 03/2023	Q1 to Q3 03/2023	Q1 to Q4 03/2023		
Housing Business	3,763	9,085	13,958	19,869	4,397	-	-	-	-	+633
Condos Business	2,588	15,869	19,905	27,288	1,522	-	-	-	-	(1,066)
Other	926	1,892	2,879	3,964	979	-	-	-	-	+53
Sales	7,278	26,847	36,744	51,123	6,899	-	-	-	-	(379)
Housing Business	(515)	(494)	(751)	(665)	(492)	-	-	-	-	+23
Condos Business	(252)	1,334	1,329	1,996	(255)	-	-	-	-	(3)
Other	(62)	(57)	(41)	(5)	(69)	-	-	-	-	(7)
Total	(830)	781	536	1,325	(816)	-	-	-	-	+13
Elimination	(235)	(453)	(635)	(776)	(180)	-	-	-	-	+55
Operating Profit	(1,065)	328	(99)	548	(997)	-	-	-	-	+68
Housing Business	(13.7%)	(5.4%)	(5.4%)	(3.4%)	(11.2%)	-	-	-	-	+2.5%
Condos Business	(9.7%)	8.4%	6.7%	7.3%	(16.8%)	-	-	-	-	(7.0%)
Other	(6.7%)	(3.1%)	(1.4%)	(0.1%)	(7.1%)	-	-	-	-	(0.4%)
Elimination	(3.2%)	(1.7%)	(1.7%)	(1.5%)	(2.6%)	-	-	-	-	+0.6%
Operating Profit Margin	(14.6%)	1.2%	(0.3%)	1.1%	(14.5%)	-	-	-	-	+0.2%

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 03/2022	Q2 03/2022	Q3 03/2022	Q4 03/2022	Q1 03/2023	Q2 03/2023	Q3 03/2023	Q4 03/2023		
Housing Business	3,763	5,322	4,872	5,911	4,397	-	-	-	-	+633
Condos Business	2,588	13,281	4,036	7,382	1,522	-	-	-	-	(1,066)
Other	926	965	987	1,084	979	-	-	-	-	+53
Sales	7,278	19,568	9,896	14,379	6,899	-	-	-	-	(379)
Housing Business	(515)	21	(256)	85	(492)	-	-	-	-	+23
Condos Business	(252)	1,586	(5)	667	(255)	-	-	-	-	(3)
Other	(62)	4	16	35	(69)	-	-	-	-	(7)
Total	(830)	1,612	(245)	789	(816)	-	-	-	-	+13
Elimination	(235)	(217)	(182)	(140)	(180)	-	-	-	-	+55
Operating Profit	(1,065)	1,394	(428)	648	(997)	-	-	-	-	+68
Housing Business	(13.7%)	0.4%	(5.3%)	1.5%	(11.2%)	-	-	-	-	+2.5%
Condos Business	(9.7%)	11.9%	(0.1%)	9.0%	(16.8%)	-	-	-	-	(7.0%)
Other	(6.7%)	0.5%	1.7%	3.3%	(7.1%)	-	-	-	-	(0.4%)
Elimination	(3.2%)	(1.1%)	(1.8%)	(1.0%)	(2.6%)	-	-	-	-	+0.6%
Operating Profit Margin	(14.6%)	7.1%	(4.3%)	4.5%	(14.5%)	-	-	-	-	+0.2%

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 03/2022	Q2 03/2022	Q3 03/2022	Q4 03/2022	Q1 03/2023	Q2 03/2023	Q3 03/2023	Q4 03/2023		
Cash and Deposit	7,212	8,114	8,562	9,038	7,930	-	-	-	-	+718
Accounts Receivables	1,705	2,049	2,425	2,572	1,507	-	-	-	-	(197)
Inventory	36,626	29,156	30,072	29,481	28,529	-	-	-	-	(8,096)
Other	1,605	984	1,006	697	803	-	-	-	-	(802)
Current Assets	47,149	40,305	42,067	41,790	38,771	-	-	-	-	(8,377)
Tangible Assets	2,301	2,283	2,255	2,701	2,699	-	-	-	-	+398
Intangible Assets	77	74	94	85	84	-	-	-	-	+7
Investments and Other Assets	2,638	2,210	2,442	2,308	2,616	-	-	-	-	(21)
Fixed Assets	5,016	4,568	4,792	5,096	5,401	-	-	-	-	+384
Total Assets	52,165	44,874	46,860	46,886	44,172	-	-	-	-	(7,992)
Accounts Payables	2,322	3,112	3,536	4,038	3,149	-	-	-	-	+826
Short Term Debt	22,822	15,122	11,582	9,103	8,130	-	-	-	-	(14,692)
Corporate Bond (Less Than 1 Year)	-	-	-	100	100	-	-	-	-	+100
Advances Re. on Uncompleted Contracts	3,277	3,498	3,720	4,091	3,860	-	-	-	-	+583
Advances Received	975	186	249	190	360	-	-	-	-	(614)
Other	1,476	2,016	1,765	1,905	1,355	-	-	-	-	(120)
Current Liabilities	30,873	23,935	20,853	19,427	16,956	-	-	-	-	(13,917)
Long Term Debt	5,436	4,098	9,461	10,071	10,806	-	-	-	-	+5,370
Corporate Bond	-	-	-	400	400	-	-	-	-	+400
Other	1,904	1,900	1,913	2,339	2,350	-	-	-	-	+446
Fixed Liabilities	7,340	5,998	11,374	12,410	13,156	-	-	-	-	+5,816
Total Liabilities	38,213	29,934	32,228	31,838	30,112	-	-	-	-	(8,100)
Shareholders' Equity	13,964	14,951	14,642	15,062	14,073	-	-	-	-	+109
Other	(12)	(11)	(10)	(13)	(13)	-	-	-	-	(0)
Net Assets	13,952	14,940	14,632	15,048	14,060	-	-	-	-	+108
Total Liabilities and Net Assets	52,165	44,874	46,860	46,886	44,172	-	-	-	-	(7,992)
Equity Capital	13,952	14,940	14,632	15,048	14,060	-	-	-	-	+108
Interest Bearing Debt	28,258	19,220	21,043	19,674	19,436	-	-	-	-	(8,822)
Net Debt	21,045	11,105	12,480	10,635	11,505	-	-	-	-	(9,540)
Equity Ratio	26.7%	33.3%	31.2%	32.1%	31.8%	-	-	-	-	-
Net Debt Equity Ratio	150.8%	74.3%	85.3%	70.7%	81.8%	-	-	-	-	-
ROE (12 months)	3.9%	11.7%	9.8%	2.0%	2.7%	-	-	-	-	-
ROA (12 months)	1.8%	5.0%	4.2%	1.2%	1.3%	-	-	-	-	-
Days for Inventory Turnover	544	168	335	230	441	-	-	-	-	-
Quick Ratio	29%	42%	53%	60%	56%	-	-	-	-	-
Current Ratio	153%	168%	202%	215%	229%	-	-	-	-	-

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 03/2022	Q1 to Q2 03/2022	Q1 to Q3 03/2022	Q1 to Q4 03/2022	Q1 03/2023	Q1 to Q2 03/2023	Q1 to Q3 03/2023	Q1 to Q4 03/2023		
Operating Cash Flow	-	3,654	-	4,179	-	-	-	-	-	-
Investing Cash Flow	-	417	-	462	-	-	-	-	-	-
Operating CF and Investing CF	-	4,072	-	4,642	-	-	-	-	-	-
Financing Cash Flow	-	(4,442)	-	(3,988)	-	-	-	-	-	-

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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