

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	45,000	300	250	100	9.01	25.00	-
FY03/2022	YoY	(4.4%)	(29.8%)	(37.5%)	(35.9%)	-	-
FY03/2023CoE	YoY	(12.0%)	(45.3%)	(54.2%)	(69.4%)	-	-
Consolidated Q1 to Q3 (Million Yen)	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q3 FY03/2022	36,744	(99)	(112)	(93)	-	-	-
Q1 to Q3 FY03/2023	26,269	(1,206)	(1,237)	(890)	-	-	-
Q1 to Q3 FY03/2023	YoY	(28.5%)	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (10 February 2023)

Recovery in Sight

On 3 February 2023, Sanyo Homes, running operations to build housings on a contract basis and develop condos for sale, released its Q1 to Q3 FY03/2023 results. It has been revealed that the Company is to see a turnaround for Q4 and thereafter, having seen operating loss increased over the same period of the previous year in the actual results. On the Condos Business side (operations to develop condos for sale), the key earnings pillar for the Company as a whole, the Company says that it had to suspend the acquisition of land for condos for a certain period of time in the wake of the Corona disaster, having resulted in no new condos completed for Q1 to Q2 FY03/2023 and inevitably sold condos completed only. However, the Company's resumption for the acquisition of land for condos after the said period has led to a new condo completed for Q3 and such a trend is to persist thereafter, according to the Company, i.e., one property having been newly completed for Q3 and another one scheduled to be completed for Q4 and 7 properties for FY03/2024. In light of the fact that the Company saw 7 properties newly completed for the actual results of FY03/2022, it appears that the Company will see a normalization on the Condos Business side for FY03/2024.

The Company's business model, etc. / Company Report:


[Sanyo Homes \(1420\) Housings for Rent \(15 July 2022\)](#)

IR Representative: Yasuhiko Sugise, Manager, Business Administration Division

(81-(0)6-6578-3405 / yasuhiko_sugise@sanyohomes.co.jp)

2.0 Company Profile

Putting forward a Comprehensive Proposal for “Housing Life”

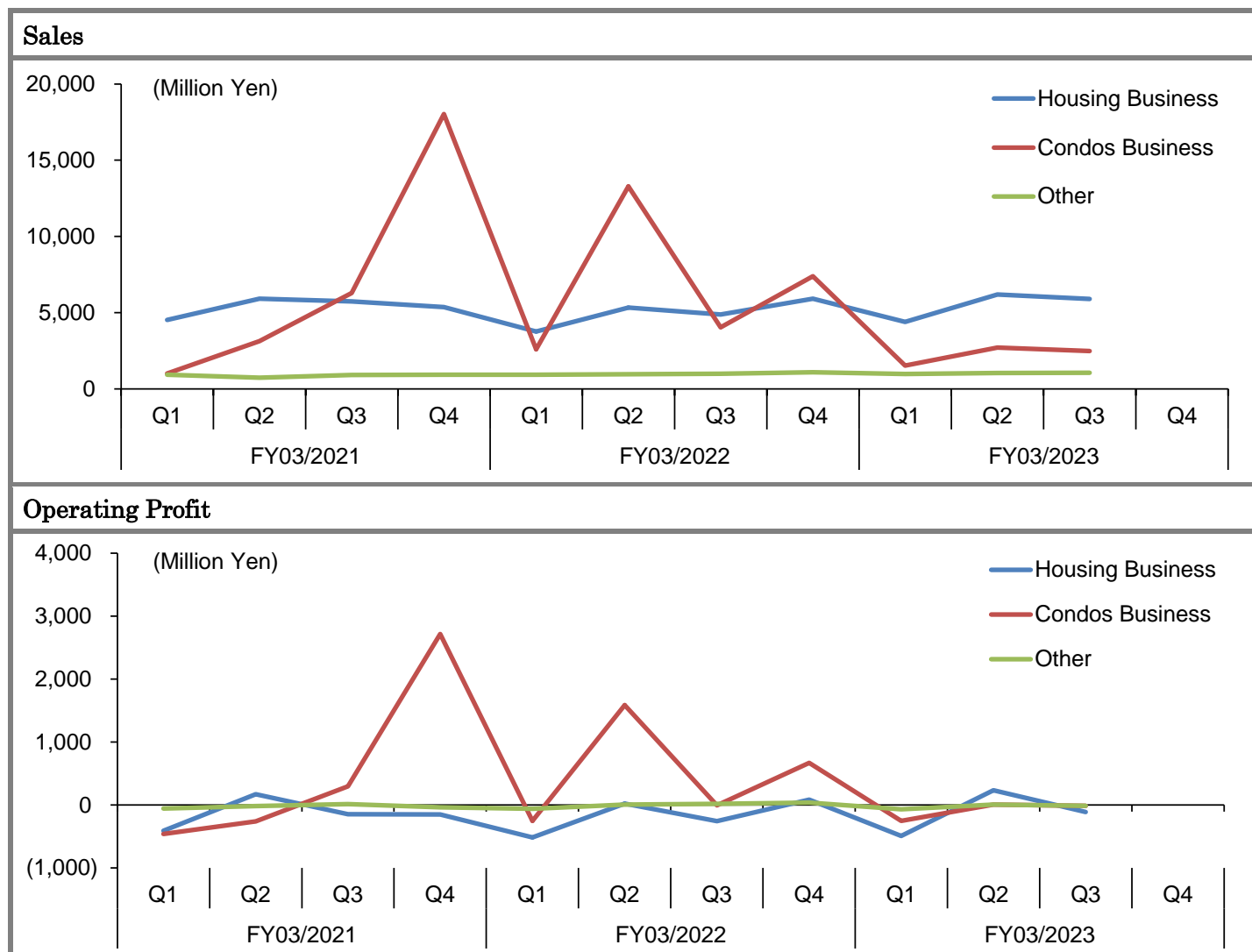
Company Name	Sanyo Homes Corporation Company Website IR Information Share price (Japanese)	
Founded	11 October 1996	
Listing	4 April 2022: Tokyo Stock Exchange Standard Market (ticker: 1420) 9 April 2014: Tokyo Stock Exchange 1st section 9 April 2013: Tokyo Stock Exchange 2nd section	
Capital	¥5,945m (as of the end of December 2022)	
No. of Shares	12,620,000 shares, including 1,522,536 treasury shares (as of the end of Dec. 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 (operations to develop condos for sale) 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. 5.53% (as of the end of September 2022, but for treasury shares)	
Head Office	Nishi-ku, Osaka-city, JAPAN	
No. of Personnel	Consolidated: 838, Parent: 392 (as of the end of December 2022)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q3 FY03/2023

For Q1 to Q3 FY03/2023, sales came in at ¥26,269m (down 28.5% YoY), operating profit minus ¥1,206m (versus minus ¥99m during the same period of the previous year), recurring profit minus ¥1,237m (minus ¥112m) and profit attributable to owners of parent minus ¥890m (minus ¥93m), while operating profit margin minus 4.6% (down 4.3% points).



Source: Company Data, WRJ Calculation

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

On the Housing Business side, sales came in at ¥16,482m (up 18.1%), operating profit minus ¥373m (versus minus ¥751m during the same period of the previous year) and operating profit margin minus 2.3% (up 3.1% points), while order intake ¥15,023m (down 12.5%) and order backlog stood at ¥12,086m (down 13.6% from the end of Q3 in the previous year) as of the end of Q3. Sales on the Housing Business side were principally driven by strengths on housings for rent (mainly, multi-unit apartment buildings). The Company says that it saw a concentration of sales for large-sized properties. However, the Company currently suffers from a phase of adjustment in demand after this concentration, cutting back on order intake and order backlog on the Housing Business side as a whole.

Condos Business (operations to develop condos for sale)

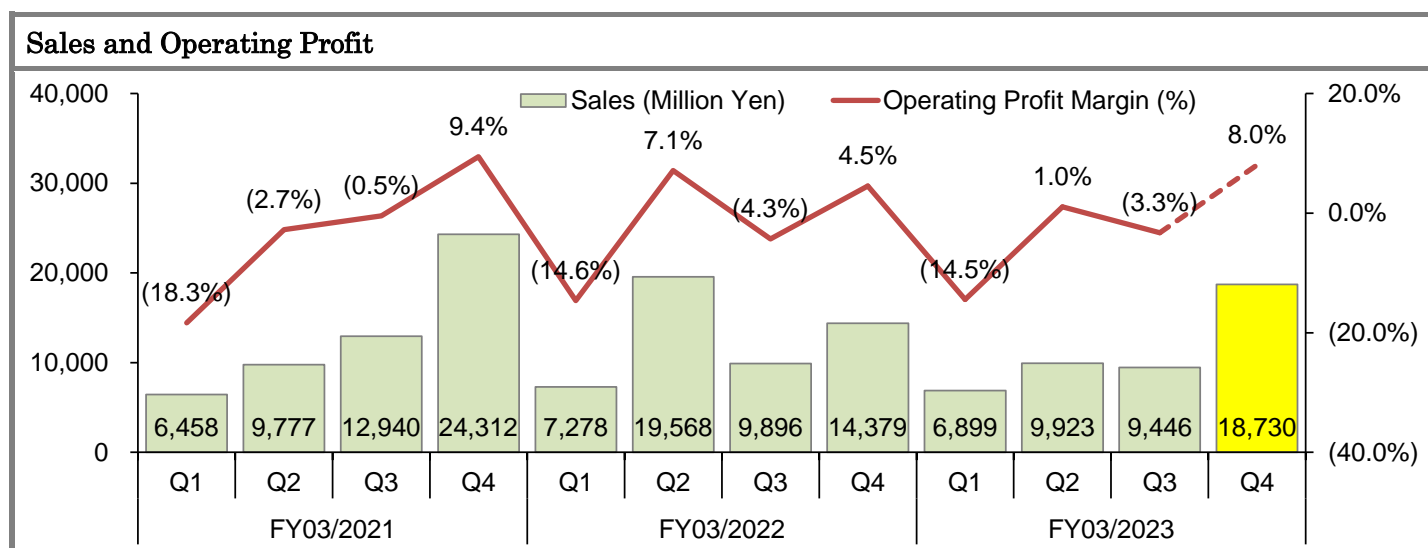
On the Condos Business side, sales came in at ¥6,076m (down 66.3%), operating profit minus ¥265m (versus ¥1,329m during the same period of the previous year) and operating profit margin minus 4.0% (down 10.6% points), while order intake ¥13,314m (down 11.9%) and order backlog stood at ¥12,782m (up 191.7% from the end of Q3 in the previous year) as of the end of Q3.

With respect to a situation for Q3, the Company refers to that it saw a property newly completed, i.e., Laurel Court KAMEOKA EKIMAE (JV property), based in Kameoka-city, Kyoto-prefecture, comprising 96 units. Meanwhile, the Company has implemented a launch for SANMAISON NAKAMOZU EKIMAE, based in Sakai-city, Osaka-prefecture, comprising 68 units, at the same time, which is scheduled to be newly completed at the beginning of FY03/2024. Nevertheless, it was too early to benefit from all those properties newly completed for sales during the period for Q1 to Q3. Thus, it was inevitable for the Company to suffer from decreased sales during the relevant period.

On the other hand, the Company has concluded contracts for the acquisition of land for condos as many as three in the number of properties for Q1 to Q3. At the same time, the balance of real estate for sale in process stood at ¥17,208m as of the end of Q3 versus ¥12,356m at the beginning of the fiscal year, having shown a net increase by as much as ¥4,852m. This does suggest that the Company will see a normalization on the Condos Business side.

FY03/2023 Company Forecasts

FY03/2023 Company forecasts (announced on 7 November 2022) have remained unchanged, going for prospective sales of ¥45,000m (down 12.0% YoY), operating profit of ¥300m (down 45.3%), recurring profit of ¥250m (down 54.2%) and profit attributable to owners of parent of ¥100m (down 69.4%), while operating profit margin of 0.7% (down 0.4% points). At the same time, Company forecasts have also remained unchanged for planned annual dividend, going for ¥25.00 per share (as of the end of the fiscal year only) for FY03/2023.



Source: Company Data, WRJ Calculation

4.0 Financial Statements

Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	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	16,822	26,269	-	-	(10,474)
Cost of Sales	6,148	21,942	30,125	41,815	5,902	13,942	21,779	-	-	(8,346)
Gross Profit	1,130	4,905	6,618	9,307	996	2,880	4,490	-	-	(2,128)
SG&A Expenses	2,196	4,576	6,717	8,758	1,994	3,774	5,696	-	-	(1,021)
Operating Profit	(1,065)	328	(99)	548	(997)	(894)	(1,206)	-	-	(1,106)
Non Operating Balance	(1)	11	(12)	(3)	3	(12)	(30)	-	-	(18)
Recurring Profit	(1,067)	339	(112)	545	(993)	(906)	(1,237)	-	-	(1,125)
Extraordinary Balance	-	-	(1)	(24)	-	-	-	-	-	+1
Profit before Income Taxes	(1,067)	339	(113)	521	(993)	(906)	(1,237)	-	-	(1,124)
Total Income Taxes	(312)	120	(20)	195	(297)	(260)	(347)	-	-	(327)
Profit Attributable to Owners of Parent	(754)	219	(93)	326	(696)	(646)	(890)	-	-	(797)
Sales YoY	+12.7%	+65.4%	+25.9%	(4.4%)	(5.2%)	(37.3%)	(28.5%)	-	-	-
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%	17.1%	17.1%	-	-	(0.9%)
SG&A Ratio	30.2%	17.0%	18.3%	17.1%	28.9%	22.4%	21.7%	-	-	+3.4%
Operating Profit Margin	(14.6%)	1.2%	(0.3%)	1.1%	(14.5%)	(5.3%)	(4.6%)	-	-	(4.3%)
Recurring Profit Margin	(14.7%)	1.3%	(0.0%)	1.1%	(14.4%)	(5.4%)	(0.1%)	-	-	(0.1%)
Profit Attributable to Owners of Parent Margin	(10.4%)	0.8%	(0.3%)	0.6%	(10.1%)	(3.8%)	(3.4%)	-	-	(3.1%)
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	9,923	9,446	-	-	(450)
Cost of Sales	6,148	15,793	8,183	11,689	5,902	8,040	7,836	-	-	(346)
Gross Profit	1,130	3,774	1,712	2,689	996	1,883	1,609	-	-	(103)
SG&A Expenses	2,196	2,380	2,141	2,040	1,994	1,780	1,921	-	-	(219)
Operating Profit	(1,065)	1,394	(428)	648	(997)	102	(312)	-	-	+115
Non Operating Balance	(1)	12	(23)	9	3	(15)	(18)	-	-	+4
Recurring Profit	(1,067)	1,407	(451)	657	(993)	87	(330)	-	-	+120
Extraordinary Balance	-	-	(1)	(22)	-	-	-	-	-	+1
Profit before Income Taxes	(1,067)	1,407	(452)	634	(993)	87	(330)	-	-	+122
Total Income Taxes	(312)	433	(140)	215	(297)	36	(86)	-	-	+53
Profit Attributable to Owners of Parent	(754)	974	(312)	419	(696)	50	(244)	-	-	+68
Sales YoY	+12.7%	+100.1%	(23.5%)	(40.9%)	(5.2%)	(49.3%)	(4.5%)	-	-	-
Operating Profit YoY	-	-	-	(71.7%)	-	(92.6%)	-	-	-	-
Recurring Profit YoY	-	-	-	(72.2%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(73.1%)	-	(94.8%)	-	-	-	-
Gross Profit Margin	15.5%	19.3%	17.3%	18.7%	14.5%	19.0%	17.0%	-	-	(0.3%)
SG&A Ratio	30.2%	12.2%	21.6%	14.2%	28.9%	17.9%	20.3%	-	-	(1.3%)
Operating Profit Margin	(14.6%)	7.1%	(4.3%)	4.5%	(14.5%)	1.0%	(3.3%)	-	-	+1.0%
Recurring Profit Margin	(14.7%)	7.2%	(4.6%)	4.6%	(14.4%)	0.9%	(3.5%)	-	-	+1.1%
Profit Attributable to Owners of Parent Margin	(10.4%)	5.0%	(3.2%)	2.9%	(10.1%)	0.5%	(2.6%)	-	-	+0.6%
Total Income Taxes / Profit before Income Taxes	-	30.8%	-	33.9%	-	42.2%	-	-	-	-

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	10,579	16,482	-	+2,524	
Condos Business	2,588	15,869	19,905	27,288	1,522	4,222	6,706	-	(13,199)	
Other	926	1,892	2,879	3,964	979	2,021	3,080	-	+200	
Sales	7,278	26,847	36,744	51,123	6,899	16,822	26,269	-	(10,474)	
Housing Business	(515)	(494)	(751)	(665)	(492)	(258)	(373)	-	+378	
Condos Business	(252)	1,334	1,329	1,996	(255)	(251)	(265)	-	(1,594)	
Other	(62)	(57)	(41)	(5)	(69)	(62)	(77)	-	(36)	
Total	(830)	781	536	1,325	(816)	(572)	(716)	-	(1,252)	
Elimination	(235)	(453)	(635)	(776)	(180)	(321)	(490)	-	+145	
Operating Profit	(1,065)	328	(99)	548	(997)	(894)	(1,206)	-	(1,106)	
Housing Business	(13.7%)	(5.4%)	(5.4%)	(3.4%)	(11.2%)	(2.4%)	(2.3%)	-	+3.1%	
Condos Business	(9.7%)	8.4%	6.7%	7.3%	(16.8%)	(5.9%)	(4.0%)	-	(10.6%)	
Other	(6.7%)	(3.1%)	(1.4%)	(0.1%)	(7.1%)	(3.1%)	(2.5%)	-	(1.1%)	
Elimination	(3.2%)	(1.7%)	(1.7%)	(1.5%)	(2.6%)	(1.9%)	(1.9%)	-	(0.1%)	
Operating Profit Margin	(14.6%)	1.2%	(0.3%)	1.1%	(14.5%)	(5.3%)	(4.6%)	-	(4.3%)	

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	6,181	5,903	-	+1,030	
Condos Business	2,588	13,281	4,036	7,382	1,522	2,699	2,484	-	(1,551)	
Other	926	965	987	1,084	979	1,041	1,058	-	+70	
Sales	7,278	19,568	9,896	14,379	6,899	9,923	9,446	-	(450)	
Housing Business	(515)	21	(256)	85	(492)	233	(114)	-	+142	
Condos Business	(252)	1,586	(5)	667	(255)	4	(14)	-	(8)	
Other	(62)	4	16	35	(69)	6	(14)	-	(31)	
Total	(830)	1,612	(245)	789	(816)	244	(143)	-	+101	
Elimination	(235)	(217)	(182)	(140)	(180)	(141)	(168)	-	+13	
Operating Profit	(1,065)	1,394	(428)	648	(997)	102	(312)	-	+115	
Housing Business	(13.7%)	0.4%	(5.3%)	1.5%	(11.2%)	3.8%	(1.9%)	-	+3.3%	
Condos Business	(9.7%)	11.9%	(0.1%)	9.0%	(16.8%)	0.2%	(0.6%)	-	(0.4%)	
Other	(6.7%)	0.5%	1.7%	3.3%	(7.1%)	0.6%	(1.4%)	-	(3.1%)	
Elimination	(3.2%)	(1.1%)	(1.8%)	(1.0%)	(2.6%)	(1.4%)	(1.8%)	-	+0.1%	
Operating Profit Margin	(14.6%)	7.1%	(4.3%)	4.5%	(14.5%)	1.0%	(3.3%)	-	+1.0%	

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	9,123	9,062	-	+500	
Accounts Receivables	1,705	2,049	2,425	2,572	1,507	1,720	1,983	-	(441)	
Inventory	36,626	29,156	30,072	29,481	28,529	29,152	29,713	-	(359)	
Other	1,605	984	1,006	697	803	817	843	-	(163)	
Current Assets	47,149	40,305	42,067	41,790	38,771	40,815	41,602	-	(464)	
Tangible Assets	2,301	2,283	2,255	2,701	2,699	3,440	3,425	-	+1,170	
Intangible Assets	77	74	94	85	84	83	78	-	(15)	
Investments and Other Assets	2,638	2,210	2,442	2,308	2,616	2,627	2,729	-	+286	
Fixed Assets	5,016	4,568	4,792	5,096	5,401	6,151	6,234	-	+1,441	
Total Assets	52,165	44,874	46,860	46,886	44,172	46,966	47,837	-	+976	
Accounts Payables	2,322	3,112	3,536	4,038	3,149	3,937	4,313	-	+777	
Short Term Debt	22,822	15,122	11,582	9,103	8,130	9,872	9,141	-	(2,441)	
Corporate Bond (Less Than 1 Year)	-	-	-	100	100	100	100	-	+100	
Advances Re. on Uncompleted Contracts	3,277	3,498	3,720	4,091	3,860	3,947	3,781	-	+61	
Advances Received	975	186	249	190	360	416	579	-	+329	
Other	1,476	2,016	1,765	1,905	1,355	1,346	1,464	-	(300)	
Current Liabilities	30,873	23,935	20,853	19,427	16,956	19,619	19,380	-	(1,472)	
Long Term Debt	5,436	4,098	9,461	10,071	10,806	10,905	12,250	-	+2,789	
Corporate Bond	-	-	-	400	400	350	350	-	+350	
Other	1,904	1,900	1,913	1,939	1,950	1,966	1,974	-	+61	
Fixed Liabilities	7,340	5,998	11,374	12,410	13,156	13,221	14,574	-	+3,200	
Total Liabilities	38,213	29,934	32,228	31,838	30,112	32,841	33,955	-	+1,727	
Shareholders' Equity	13,964	14,951	14,642	15,062	14,073	14,138	13,894	-	(747)	
Other	(12)	(11)	(10)	(13)	(13)	(13)	(13)	-	(2)	
Net Assets	13,952	14,940	14,632	15,048	14,060	14,125	13,881	-	(751)	
Total Liabilities and Net Assets	52,165	44,874	46,860	46,886	44,172	46,966	47,837	-	+976	
Equity Capital	13,952	14,940	14,632	15,048	14,060	14,125	13,881	-	(751)	
Interest Bearing Debt	28,258	19,220	21,043	19,674	19,436	21,227	21,841	-	+798	
Net Debt	21,045	11,105	12,480	10,635	11,505	12,103	12,778	-	+297	
Equity Ratio	26.7%	33.3%	31.2%	32.1%	31.8%	30.1%	29.0%	-	-	
Net Debt Equity Ratio	150.8%	74.3%	85.3%	70.7%	81.8%	85.7%	92.1%	-	-	
ROE (12 months)	3.9%	11.7%	9.8%	2.0%	2.7%	(3.7%)	(3.3%)	-	-	
ROA (12 months)	1.8%	5.0%	4.2%	1.2%	1.3%	(1.5%)	(1.2%)	-	-	
Days for Inventory Turnover	544	168	335	230	441	331	346	-	-	
Quick Ratio	29%	42%	53%	60%	56%	55%	57%	-	-	
Current Ratio	153%	168%	202%	215%	229%	208%	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 03/2022	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	-	(1,114)	-	-	-	
Investing Cash Flow	-	417	-	462	-	(60)	-	-	-	
Operating CF and Investing CF	-	4,072	-	4,642	-	(1,175)	-	-	-	
Financing Cash Flow	-	(4,442)	-	(3,988)	-	1,261	-	-	-	

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.

Company name: Walden Research Japan Incorporated

Head office: Level 4 Ginza Ishii Building, 6-14-8 Ginza Chuo-ku Tokyo 104-0061, JAPAN

URL: <https://walden.co.jp/>

E-mail: info@walden.co.jp

Tel: 81-(0)3-3553-3769
