

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)
FY03/2022		51,123	548	545	326	29.49	25.00	1,358.62
FY03/2023		40,970	(149)	(191)	(245)	(22.15)	25.00	1,308.19
FY03/2024CoE		49,100	800	750	480	43.16	25.00	-
FY03/2023	YoY	(19.9%)	-	-	-	-	-	-
FY03/2024CoE	YoY	19.8%	-	-	-	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2023		16,822	(894)	(906)	(646)	-	-	-
Q3 to Q4 FY03/2023		24,147	744	715	400	-	-	-
Q1 to Q2 FY03/2024		17,641	(549)	(573)	(382)	-	-	-
Q3 to Q4 FY03/2024CoE		31,458	1,349	1,323	862	-	-	-
Q1 to Q2 FY03/2024	YoY	4.9%	-	-	-	-	-	-
Q3 to Q4 FY03/2024CoE	YoY	30.3%	81.3%	85.0%	115.3%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (11 December 2023)

Significant Momentum

On 27 November 2023, Sanyo Homes, running operations to build housings on a contract basis and develop condos for sale, held its financial results briefing for Q1 to Q2 FY03/2024. It has been revealed that the Condos Business side, which runs operations to develop condos for sale, is on track to generate significant momentum. While the Company completed only two new condos for FY03/2023, it expects to complete 7 new condos for FY03/2024. Following the completion of one property for Q2 (July to September), the Company expects to complete 6 new properties by the end of the fiscal year. Meanwhile, order intake on the Condos Business side for Q1 to Q2 has increased more than 50% over the same period of the previous year, which will realize a large increase in sales from the delivery of newly completed properties toward the end of the fiscal year. On the Housing Business side, which runs operations to building housings on a contract basis, sales of renovation are firm, but sales of real estate solution (cluster housings for rent and welfare facilities) have been in the process of correction as well as order intake. Still, more importantly, the said weakness will be far more than compensated for by the strengths on the Condos Business side, which will enable the Company's performance return to profitability from FY03/2023 to FY03/2024.

The Company's business model, etc.: [Sanyo Homes \(1420\) Return to Profitability \(5 July 2023\)](#)

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2.0 Company Profile

Putting forward a Comprehensive Proposal for “Housing Life”

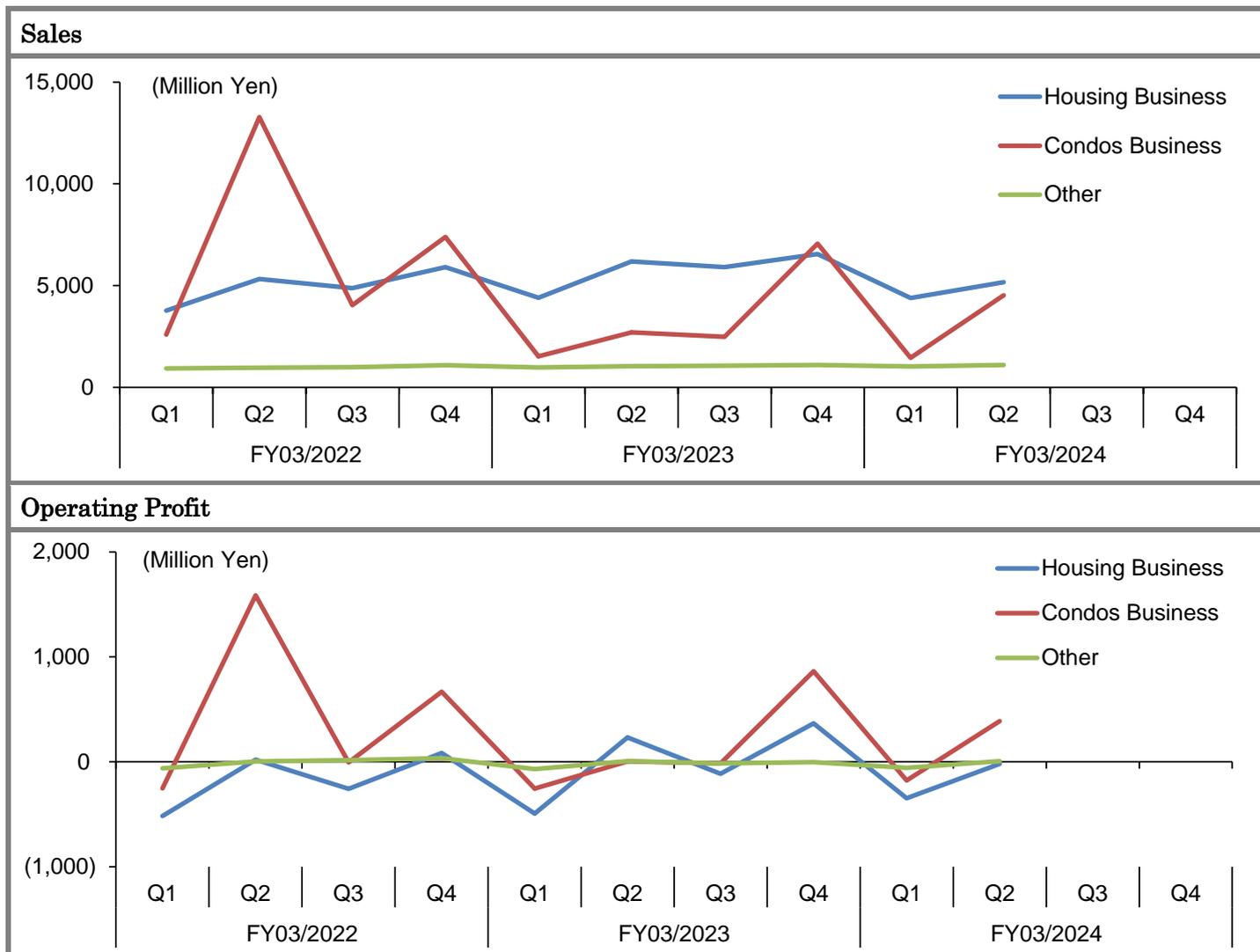
Company Name	Sanyo Homes Corporation Company Website IR Information Share price (Japanese)	
Founded	11 October 1996	
Listing	4 April 2022: Tokyo Stock Exchange Standard Market (ticker: 1420) 9 April 2014: Tokyo Stock Exchange 1st section 9 April 2013: Tokyo Stock Exchange 2nd section	
Capital	¥5,945m (as of the end of September 2023)	
No. of Shares	12,620,000 shares, including 1,485,386 treasury shares (as of the end of Sep. 2023)	
Main Features	<ul style="list-style-type: none"> ● Rooted in 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 (operations to build housings on a contract basis: detached housings, real estate solution, renovation, renewal distribution and frontier) II . Condos Business (development of condos for sale) III. Other (life support)	
Representative	President & Representative Director: Hisashi Matsuoka	
Shareholders	LIXIL Corp. 26.59%, ORIX Corp. 17.70%, Kansai Electric Power 13.12%, SECOM Co. 11.15%, Custody Bank of Japan 4.93% (as of the end of September 2023, but for treasury shares)	
Head Office	Nishi-ku, Osaka-city, JAPAN	
No. of Personnel	Consolidated: 812, Parent: 366 (as of the end of September 2023)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q2 FY03/2024

For Q1 to Q2 FY03/2024, sales came in at ¥17,641m (up 4.9% YoY), operating profit minus ¥549m (versus minus ¥894m during the same period of the previous year), recurring profit minus ¥573m (minus ¥906m) and profit attributable to owners of parent minus ¥382m (minus ¥646m), while operating profit margin minus 3.1% (up 2.2% 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 ¥9,550m (down 9.7%), operating profit minus ¥366m (versus minus ¥258m during the same period of the previous year) and operating profit margin minus 3.8% (down 1.4% points). Meanwhile, order intake came in at ¥10,607m (down 4.4%) and order backlog stood at ¥13,633m (down 3.0%). The weakness of the performance has a lot to do with that of sales and order intake associated with real estate solution (cluster housings for rent and welfare facilities). According to the Company, it has been the case for some time that a building contract requires period of time longer than before for being concluded due to enlarging size of properties and rising cost of building materials.

Meanwhile, sales are firm for renovation, where the Company well succeeds in its measures to focus on the 2023 Housing Energy Saving Campaign, i.e., steadily capturing demand generated by subsidies of the said campaign. However, the impact of this is not substantial enough to compensate for the sluggish trend of real estate solution (cluster housings and welfare facilities), according to the Company.

Housing Business: Order Intake and Order Backlog



Condos Business: Order Intake and Order Backlog



出所：会社データ、弊社計算

Condos Business (development of condos for sale)

On the Condos Business side, sales came in at ¥5,967m (up 41.3%), operating profit ¥209m (versus minus ¥251m during the same period of the previous year) and operating profit margin 3.5% (up 9.5% points). Meanwhile, order intake came in at ¥12,622m (up 51.5%) and order backlog stood at ¥16,568m (up 61.1%).

The Company saw THE CROSS CITY TOWER (Naniwa-ku, Osaka-city; 190 units) completed in September, having generated sales of ¥2,171m. Meanwhile, the Company has launched SANMAISON KORIEN EKIMAE (Neyagawa-city, Osaka-prefecture: 153 units), which has been certified as the ZEH-M Oriented (conforming to Net Zero Energy House standards), in August, having generated order intake of ¥1,014m, according to the Company.

As of the end of Q2, the Company suggests that condos completed outstanding stood at some ¥13,600m, when being valued in terms of sales, while prospective sales of condos to be completed (6 properties) for H2 (October to March) collectively equate no less than some ¥15,000m. At the same time, book balance outstanding of condos in progress stood at ¥18,490m versus ¥16,637m as of the end of FY03/2023, showing a steady expansion most recently. In light of the above, the Company is to see firm sales for H2, which is to be followed by further strengths for sales on the Condos Business side for FY03/2025.

FY03/2024 Company Forecasts

FY03/2024 Company forecasts, announced on 6 November 2023, are going for prospective sales of ¥49,100m (up 19.8% YoY), operating profit of ¥800m (versus minus ¥149m in the previous year), recurring profit of ¥750m (minus ¥191m) and profit attributable to owners of parent of ¥480m (minus ¥245m), while operating profit margin of 1.6% (up 2.0% points). At the same time, Company forecast are going for planned annual dividend of ¥25.00 per share, implying payout ratio of 57.9%.

.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	
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY	
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	Net Chg.	
Sales	6,899	16,822	26,269	40,970	6,860	17,641	-	-	+818	
Cost of Sales	5,902	13,942	21,779	33,479	5,694	14,252	-	-	+310	
Gross Profit	996	2,880	4,490	7,491	1,165	3,389	-	-	+508	
SG&A Expenses	1,994	3,774	5,696	7,641	1,946	3,938	-	-	+163	
Operating Profit	(997)	(894)	(1,206)	(149)	(781)	(549)	-	-	+345	
Non Operating Balance	3	(12)	(30)	(41)	(21)	(24)	-	-	(12)	
Recurring Profit	(993)	(906)	(1,237)	(191)	(802)	(573)	-	-	+333	
Extraordinary Balance	-	-	-	(81)	(0)	(0)	-	-	(0)	
Profit before Income Taxes	(993)	(906)	(1,237)	(272)	(802)	(573)	-	-	+332	
Total Income Taxes	(297)	(260)	(347)	(27)	(242)	(191)	-	-	+69	
Profit Attributable to Owners of Parent	(696)	(646)	(890)	(245)	(559)	(382)	-	-	+263	
Sales YoY	(5.2%)	(37.3%)	(28.5%)	(19.9%)	(0.6%)	+4.9%	-	-	-	
Operating Profit YoY	-	-	-	-	-	-	-	-	-	
Recurring Profit YoY	-	-	-	-	-	-	-	-	-	
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-	-	
Gross Profit Margin	14.5%	17.1%	17.1%	18.3%	17.0%	19.2%	-	-	+2.1%	
SG&A Ratio	28.9%	22.4%	21.7%	18.7%	28.4%	22.3%	-	-	(0.1%)	
Operating Profit Margin	(14.5%)	(5.3%)	(4.6%)	(0.4%)	(11.4%)	(3.1%)	-	-	+2.2%	
Recurring Profit Margin	(14.4%)	(5.4%)	(4.7%)	(0.5%)	(11.7%)	(3.3%)	-	-	+2.1%	
Profit Attributable to Owners of Parent Margin	(10.1%)	(3.8%)	(3.4%)	(0.6%)	(8.2%)	(2.2%)	-	-	+1.7%	
Total Income Taxes / Profit before Income Taxes	-	-	-	-	-	-	-	-	-	
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Net Chg.	
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	Net Chg.	
Sales	6,899	9,923	9,446	14,701	6,860	10,781	-	-	+857	
Cost of Sales	5,902	8,040	7,836	11,700	5,694	8,557	-	-	+517	
Gross Profit	996	1,883	1,609	3,001	1,165	2,223	-	-	+340	
SG&A Expenses	1,994	1,780	1,921	1,944	1,946	1,991	-	-	+210	
Operating Profit	(997)	102	(312)	1,056	(781)	232	-	-	+129	
Non Operating Balance	3	(15)	(18)	(10)	(21)	(3)	-	-	+12	
Recurring Profit	(993)	87	(330)	1,046	(802)	228	-	-	+141	
Extraordinary Balance	-	-	-	(81)	(0)	-	-	-	-	
Profit before Income Taxes	(993)	87	(330)	964	(802)	228	-	-	+141	
Total Income Taxes	(297)	36	(86)	320	(242)	51	-	-	+14	
Profit Attributable to Owners of Parent	(696)	50	(244)	644	(559)	177	-	-	+126	
Sales YoY	(5.2%)	(49.3%)	(4.5%)	+2.2%	(0.6%)	+8.6%	-	-	-	
Operating Profit YoY	-	(92.6%)	-	+62.9%	-	+125.8%	-	-	-	
Recurring Profit YoY	-	-	-	+59.1%	-	-	-	-	-	
Profit Attributable to Owners of Parent YoY	-	(94.8%)	-	+53.7%	-	+251.9%	-	-	-	
Gross Profit Margin	14.5%	19.0%	17.0%	20.4%	17.0%	20.6%	-	-	+1.6%	
SG&A Ratio	28.9%	17.9%	20.3%	13.2%	28.4%	18.5%	-	-	+0.5%	
Operating Profit Margin	(14.5%)	1.0%	(3.3%)	7.2%	(11.4%)	2.2%	-	-	+1.1%	
Recurring Profit Margin	(14.4%)	0.9%	(3.5%)	7.1%	(11.7%)	2.1%	-	-	+1.2%	
Profit Attributable to Owners of Parent Margin	(10.1%)	0.5%	(2.6%)	4.4%	(8.2%)	1.6%	-	-	+1.1%	
Total Income Taxes / Profit before Income Taxes	-	42.2%	-	33.2%	-	22.5%	-	-	(19.7%)	

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 03/2023	Q1 to Q2 03/2023	Q1 to Q3 03/2023	Q1 to Q4 03/2023	Q1 03/2024	Q1 to Q2 03/2024	Q1 to Q3 03/2024	Q1 to Q4 03/2024		
Housing Business	4,397	10,579	16,482	23,032	4,384	9,550	-	-	-	(1,028)
Condos Business	1,522	4,222	6,706	13,761	1,449	5,967	-	-	-	+1,745
Other	979	2,021	3,080	4,176	1,026	2,123	-	-	-	+101
Sales	6,899	16,822	26,269	40,970	6,860	17,641	-	-	-	+818
Housing Business	(492)	(258)	(373)	(5)	(346)	(366)	-	-	-	(107)
Condos Business	(255)	(251)	(265)	598	(178)	209	-	-	-	+460
Other	(69)	(62)	(77)	(80)	(57)	(50)	-	-	-	+12
Total	(816)	(572)	(716)	513	(583)	(207)	-	-	-	+365
Elimination	(180)	(321)	(490)	(663)	(197)	(342)	-	-	-	(20)
Operating Profit	(997)	(894)	(1,206)	(149)	(781)	(549)	-	-	-	+345
Housing Business	(11.2%)	(2.4%)	(2.3%)	(0.0%)	(7.9%)	(3.8%)	-	-	-	(1.4%)
Condos Business	(16.8%)	(5.9%)	(4.0%)	4.4%	(12.3%)	3.5%	-	-	-	+9.5%
Other	(7.1%)	(3.1%)	(2.5%)	(1.9%)	(5.6%)	(2.4%)	-	-	-	+0.7%
Elimination	(2.6%)	(1.9%)	(1.9%)	(1.6%)	(2.9%)	(1.9%)	-	-	-	(0.0%)
Operating Profit Margin	(14.5%)	(5.3%)	(4.6%)	(0.4%)	(11.4%)	(3.1%)	-	-	-	+2.2%

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 03/2023	Q2 03/2023	Q3 03/2023	Q4 03/2023	Q1 03/2024	Q2 03/2024	Q3 03/2024	Q4 03/2024		
Housing Business	4,397	6,181	5,903	6,550	4,384	5,166	-	-	-	(1,015)
Condos Business	1,522	2,699	2,484	7,054	1,449	4,518	-	-	-	+1,818
Other	979	1,041	1,058	1,096	1,026	1,096	-	-	-	+55
Sales	6,899	9,923	9,446	14,701	6,860	10,781	-	-	-	+857
Housing Business	(492)	233	(114)	367	(346)	(19)	-	-	-	(252)
Condos Business	(255)	4	(14)	864	(178)	388	-	-	-	+384
Other	(69)	6	(14)	(2)	(57)	7	-	-	-	+0
Total	(816)	244	(143)	1,229	(583)	376	-	-	-	+132
Elimination	(180)	(141)	(168)	(173)	(197)	(144)	-	-	-	(3)
Operating Profit	(997)	102	(312)	1,056	(781)	232	-	-	-	+129
Housing Business	(11.2%)	3.8%	(1.9%)	5.6%	(7.9%)	(0.4%)	-	-	-	(4.1%)
Condos Business	(16.8%)	0.2%	(0.6%)	12.2%	(12.3%)	8.6%	-	-	-	+8.4%
Other	(7.1%)	0.6%	(1.4%)	(0.2%)	(5.6%)	0.7%	-	-	-	+0.0%
Elimination	(2.6%)	(1.4%)	(1.8%)	(1.2%)	(2.9%)	(1.3%)	-	-	-	+0.1%
Operating Profit Margin	(14.5%)	1.0%	(3.3%)	7.2%	(11.4%)	2.2%	-	-	-	+1.1%

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 03/2023	Q1 to Q2 03/2023	Q1 to Q3 03/2023	Q1 to Q4 03/2023	Q1 03/2024	Q1 to Q2 03/2024	Q1 to Q3 03/2024	Q1 to Q4 03/2024		
Operating Cash Flow	-	(1,114)	-	2,555	-	(429)	-	-	-	+685
Investing Cash Flow	-	(60)	-	(117)	-	(9)	-	-	-	+51
Operating CF and Investing CF	-	(1,175)	-	2,438	-	(438)	-	-	-	+736
Financing Cash Flow	-	1,261	-	1,776	-	(2,500)	-	-	-	(3,761)

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	YoY Net Chg.								
	Q1 03/2023	Q2 03/2023	Q3 03/2023	Q4 03/2023	Q1 03/2024	Q2 03/2024	Q3 03/2024	Q4 03/2024		
Cash and Deposit	7,930	9,123	9,062	13,252	8,915	10,313	-	-	+1,189	
Accounts Receivables	1,507	1,720	1,983	1,962	2,430	2,134	-	-	+413	
Inventory	28,529	29,152	29,713	28,067	30,168	31,288	-	-	+2,135	
Other	803	817	843	777	876	1,121	-	-	+303	
Current Assets	38,771	40,815	41,602	44,059	42,390	44,858	-	-	+4,042	
Tangible Assets	2,699	3,440	3,425	3,364	3,337	3,309	-	-	(130)	
Intangible Assets	84	83	78	61	54	49	-	-	(34)	
Investments and Other Assets	2,616	2,627	2,729	2,428	2,665	2,669	-	-	+41	
Fixed Assets	5,401	6,151	6,234	5,854	6,057	6,028	-	-	(123)	
Total Assets	44,172	46,966	47,837	49,913	48,448	50,886	-	-	+3,919	
Accounts Payables	3,149	3,937	4,313	5,964	3,491	7,068	-	-	+3,130	
Short Term Debt	8,130	9,872	9,141	10,291	14,146	10,695	-	-	+823	
Corporate Bond (Less Than 1 Year)	100	100	100	100	100	100	-	-	0	
Advances Re. on Uncompleted Contracts	3,860	3,947	3,781	3,343	3,450	4,032	-	-	+85	
Advances Received	360	416	579	378	587	569	-	-	+153	
Other	1,355	1,346	1,464	1,960	1,302	3,834	-	-	+2,488	
Current Liabilities	16,956	19,619	19,380	22,038	23,077	26,300	-	-	+6,680	
Long Term Debt	10,806	10,905	12,250	11,051	9,396	8,488	-	-	(2,417)	
Corporate Bond	400	350	350	300	300	250	-	-	(100)	
Other	1,950	1,966	1,974	2,006	2,008	1,980	-	-	+14	
Fixed Liabilities	13,156	13,221	14,574	13,357	11,704	10,718	-	-	(2,502)	
Total Liabilities	30,112	32,841	33,955	35,396	34,781	37,018	-	-	+4,177	
Shareholders' Equity	14,073	14,138	13,894	14,539	13,688	13,889	-	-	(249)	
Other	(13)	(13)	(13)	(21)	(21)	(21)	-	-	(8)	
Net Assets	14,060	14,125	13,881	14,517	13,666	13,867	-	-	(257)	
Total Liabilities and Net Assets	44,172	46,966	47,837	49,913	48,448	50,886	-	-	+3,919	
Equity Capital	14,060	14,125	13,881	14,517	13,666	13,867	-	-	(258)	
Interest Bearing Debt	19,436	21,227	21,841	21,742	23,942	19,533	-	-	(1,694)	
Net Debt	11,505	12,103	12,778	8,489	15,026	9,219	-	-	(2,883)	
Equity Ratio	31.8%	30.1%	29.0%	29.1%	28.2%	27.3%	-	-	-	
Net Debt Equity Ratio	81.8%	85.7%	92.1%	58.5%	110.0%	66.5%	-	-	-	
ROE (12 months)	2.7%	(3.7%)	(3.3%)	(1.7%)	(0.8%)	0.1%	-	-	-	
ROA (12 months)	1.3%	(1.5%)	(1.2%)	(0.4%)	0.0%	0.3%	-	-	-	
Days for Inventory Turnover	441	331	346	219	483	334	-	-	-	
Quick Ratio	56%	55%	57%	69%	49%	47%	-	-	-	
Current Ratio	229%	208%	215%	200%	184%	171%	-	-	-	

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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