

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 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 FY03/2023		26,269	(1,206)	(1,237)	(890)	-	-	-
Q1 to Q3 FY03/2024		27,139	(863)	(901)	(622)	-	-	-
Q1 to Q3 FY03/2024	YoY	3.3%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (20 February 2024)

New Completions to Surge

On 5 February 2024, Sanyo Homes, running operations to build housings on a contract basis and develop condos for sale, released its Q1 to Q3 FY03/2024 results. It has been revealed that the Company is seeing steady sales of completed properties on the Condos Business side to develop condos for sale, while the number of buildings to be newly completed will surge for Q4. Meanwhile, this will result in recoding of sales for the said properties for which orders have been already placed and thus the Company is to return to profitability from FY03/2023 to FY03/2024. The Company also suggests that it will see ongoing new completions for FY03/2025, which is expected to lead to a further recovery for prospective earnings. Due to the fact that the Company had been holding off on starting new constructions given the impact of the Corona disaster for some time, the number of buildings newly completed for FY03/2023 was limited to no more than two for H2 (one for Q3 and one for Q4), while the number of buildings to be newly completed for FY03/2024 will increase up to seven, collectively, comprising one to have been already completed for Q2 and six to be completed for Q4.


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”

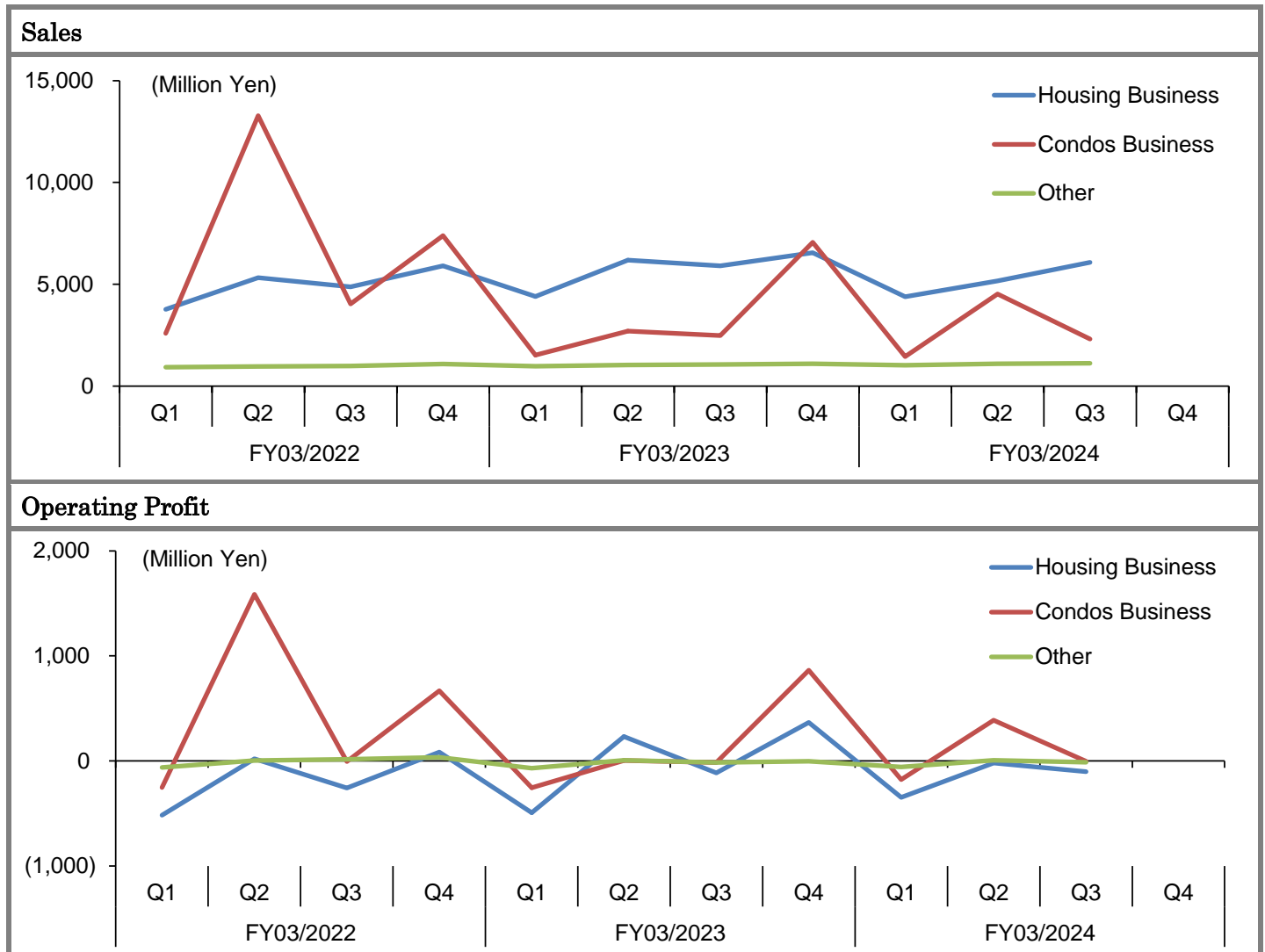
Company Name	Sanyo Homes Corporation Company Website IR Information Share price (Japanese)	
Founded	11 October 1996	
Listing	4 April 2022: Tokyo Stock Exchange Standard Market (ticker: 1420) 9 April 2014: Tokyo Stock Exchange 1st section 9 April 2013: Tokyo Stock Exchange 2nd section	
Capital	¥5,945m (as of the end of December 2023)	
No. of Shares	12,620,000 shares, including 1,485,386 treasury shares (as of the end of Dec. 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: 810, Parent: 350 (as of the end of December 2023)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 to Q3 FY03/2024

For Q1 to Q3 FY03/2024, sales came in at ¥27,139m (up 3.3% YoY), operating profit minus ¥863m (versus minus ¥1,206m during the same period of the previous year), recurring profit minus ¥901m (minus ¥1,237m) and profit attributable to owners of parent minus ¥662m (minus ¥890m), while operating profit margin minus 3.2% (up 1.4% points).

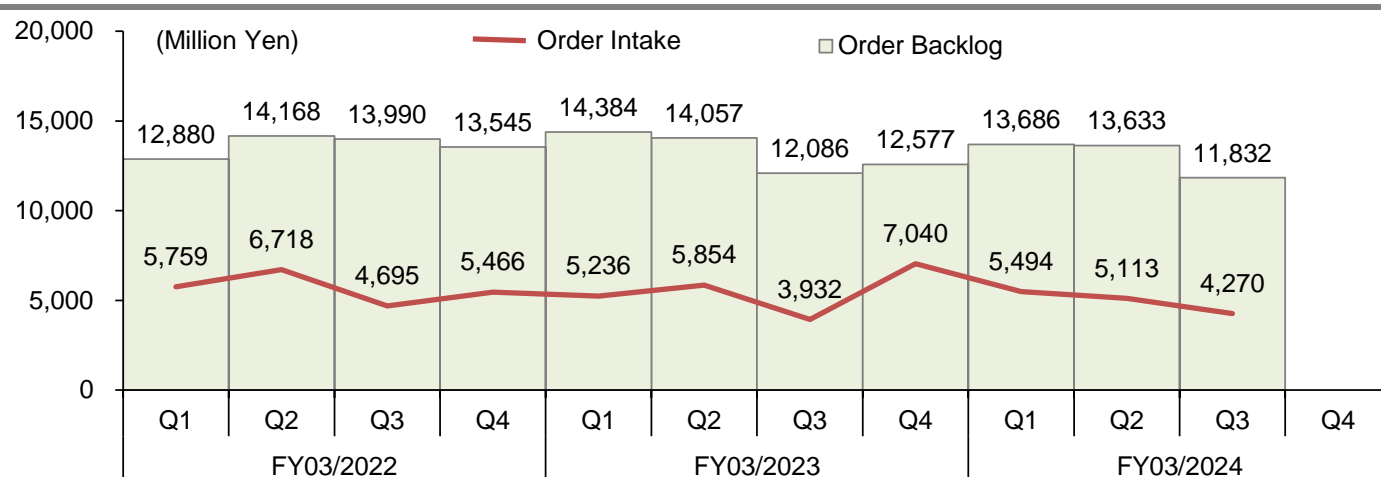


Source: Company Data, WRJ Calculation

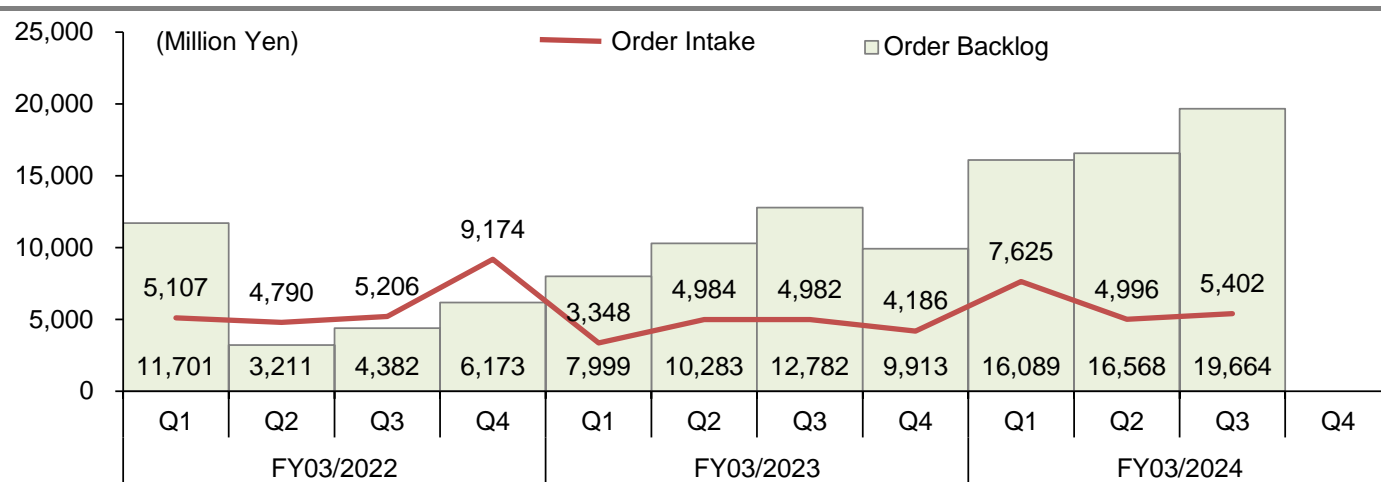
Housing Business (57.6% of sales)

On the Housing Business side to build housings on a contract basis, sales came in at ¥15,622m (down 5.2%), operating profit minus ¥467m (versus minus ¥373m during the same period of the previous year) and operating profit margin minus 3.0% (down 0.7% points). Meanwhile, order intake came in at ¥14,877m (down 1.0%) and order backlog stood at ¥11,832m (down 2.1%). The Company suggests that the weakness in sales and order intake on the Housing Business side is basically attributable to that of real estate solution (previously referred to as rental/welfare housings, i.e., residential apartments and nursing-care facilities). The Company notes that it is currently focusing on a recovery of order intake in the near future by means of adopting “w-eco design” to realize a high economic rationality proposal of designing, which has been adopted in detached housings since FY03/2023, to residential apartments. On the other hand, the Company saw order intake increased 24.8% over the same period of the previous year for renovation. The Company notes that it has been well capturing demand, generated by 2023 Housing Energy Saving Campaign promoted by the government through subsidies and/or Green Life Point. Nevertheless, this has not been enough to fully compensate for the sluggishness of real estate solution.

Housing Business: Order Intake and Order Backlog



Condos Business: Order Intake and Order Backlog



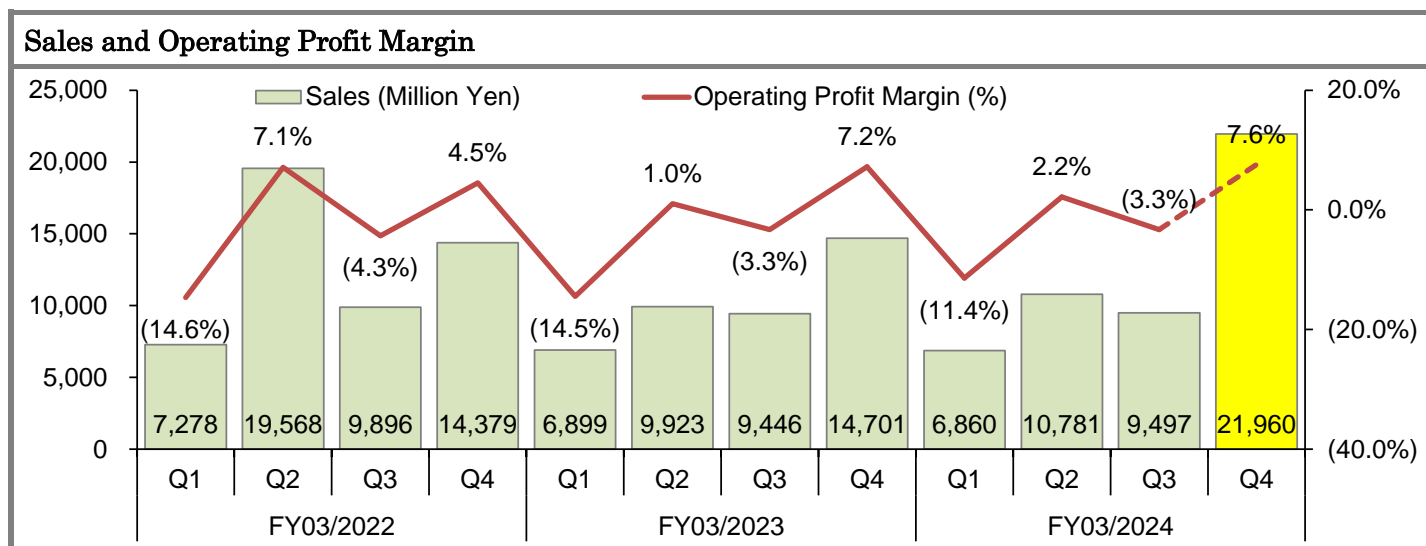
Source: Company Data, WRJ Calculation

Condos Business (30.5% of sales)

On the Condos Business side to develop condos for sale, sales came in at ¥8,273m (up 23.4%), operating profit ¥205m (versus minus ¥265m during the same period of the previous year) and operating profit margin 2.5% (up 6.4% points). Meanwhile, order intake came in at ¥18,024m (up 35.4%) and order backlog stood at ¥19,664m (up 53.8%). Although the Company did not see any new buildings newly completed for Q3, sales have increased sharply over the same period of the previous year due to a steady progress made for sale of completed properties, which realized a return to profitability on this side. Meanwhile, the Company has begun to accept order placement for properties of two buildings to be newly completed for FY03/2025 and thereafter, having resulted in a strength in order intake and order backlog. At the same time, inventory as of the end of Q3 stood at ¥32,335m, up ¥4,288m (15.3%) from the beginning of the fiscal year. Completed properties outstanding has been steadily declining, while properties in progress outstanding has surged. According to the Company, the latter is mainly attributable to its purchase of land to build condos for three projects in the near future.

FY03/2024 Company Forecasts

FY03/2024 Company forecasts, announced on 6 November 2023, have remained unchanged, 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 forecasts have remained unchanged also for planned annual dividend, going for ¥25.00 per share, implying payout ratio of 57.9%.



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.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	03/2024	
Sales	6,899	16,822	26,269	40,970	6,860	17,641	27,139	-	-	+869
Cost of Sales	5,902	13,942	21,779	33,479	5,694	14,252	21,998	-	-	+219
Gross Profit	996	2,880	4,490	7,491	1,165	3,389	5,140	-	-	+650
SG&A Expenses	1,994	3,774	5,696	7,641	1,946	3,938	6,004	-	-	+307
Operating Profit	(997)	(894)	(1,206)	(149)	(781)	(549)	(863)	-	-	+343
Non Operating Balance	3	(12)	(30)	(41)	(21)	(24)	(38)	-	-	(7)
Recurring Profit	(993)	(906)	(1,237)	(191)	(802)	(573)	(901)	-	-	+336
Extraordinary Balance	-	-	-	(81)	(0)	(0)	(0)	-	-	(0)
Profit before Income Taxes	(993)	(906)	(1,237)	(272)	(802)	(573)	(901)	-	-	+335
Total Income Taxes	(297)	(260)	(347)	(27)	(242)	(191)	(279)	-	-	+67
Profit Attributable to Owners of Parent	(696)	(646)	(890)	(245)	(559)	(382)	(622)	-	-	+267
Sales YoY	(5.2%)	(37.3%)	(28.5%)	(19.9%)	(0.6%)	+4.9%	+3.3%	-	-	-
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%	18.9%	-	-	+1.8%
SG&A Ratio	28.9%	22.4%	21.7%	18.7%	28.4%	22.3%	22.1%	-	-	+0.4%
Operating Profit Margin	(14.5%)	(5.3%)	(4.6%)	(0.4%)	(11.4%)	(3.1%)	(3.2%)	-	-	+1.4%
Recurring Profit Margin	(14.4%)	(5.4%)	(4.7%)	(0.5%)	(11.7%)	(3.3%)	(3.3%)	-	-	+1.4%
Profit Attributable to Owners of Parent Margin	(10.1%)	(3.8%)	(3.4%)	(0.6%)	(8.2%)	(2.2%)	(2.3%)	-	-	+1.1%
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	Q4	Net Chg.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	03/2024	
Sales	6,899	9,923	9,446	14,701	6,860	10,781	9,497	-	-	+51
Cost of Sales	5,902	8,040	7,836	11,700	5,694	8,557	7,746	-	-	(90)
Gross Profit	996	1,883	1,609	3,001	1,165	2,223	1,751	-	-	+142
SG&A Expenses	1,994	1,780	1,921	1,944	1,946	1,991	2,065	-	-	+143
Operating Profit	(997)	102	(312)	1,056	(781)	232	(313)	-	-	(1)
Non Operating Balance	3	(15)	(18)	(10)	(21)	(3)	(13)	-	-	+4
Recurring Profit	(993)	87	(330)	1,046	(802)	228	(327)	-	-	+3
Extraordinary Balance	-	-	-	(81)	(0)	-	(0)	-	-	(0)
Profit before Income Taxes	(993)	87	(330)	964	(802)	228	(327)	-	-	+3
Total Income Taxes	(297)	36	(86)	320	(242)	51	(87)	-	-	(1)
Profit Attributable to Owners of Parent	(696)	50	(244)	644	(559)	177	(239)	-	-	+4
Sales YoY	(5.2%)	(49.3%)	(4.5%)	+2.2%	(0.6%)	+8.6%	+0.5%	-	-	-
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%	18.4%	-	-	+1.4%
SG&A Ratio	28.9%	17.9%	20.3%	13.2%	28.4%	18.5%	21.7%	-	-	+1.4%
Operating Profit Margin	(14.5%)	1.0%	(3.3%)	7.2%	(11.4%)	2.2%	(3.3%)	-	-	(0.0%)
Recurring Profit Margin	(14.4%)	0.9%	(3.5%)	7.1%	(11.7%)	2.1%	(3.4%)	-	-	+0.1%
Profit Attributable to Owners of Parent Margin	(10.1%)	0.5%	(2.6%)	4.4%	(8.2%)	1.6%	(2.5%)	-	-	+0.1%
Total Income Taxes / Profit before Income Taxes	-	42.2%	-	33.2%	-	22.5%	-	-	-	-

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative / Quarterly)

Segmented Information	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		Net Chg.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024		
Housing Business	4,397	10,579	16,482	23,032	4,384	9,550	15,622	-		(860)
Condos Business	1,522	4,222	6,706	13,761	1,449	5,967	8,273	-		+1,567
Other	979	2,021	3,080	4,176	1,026	2,123	3,243	-		+162
Sales	6,899	16,822	26,269	40,970	6,860	17,641	27,139	-		+869
Housing Business	(492)	(258)	(373)	(5)	(346)	(366)	(467)	-		(94)
Condos Business	(255)	(251)	(265)	598	(178)	209	205	-		+470
Other	(69)	(62)	(77)	(80)	(57)	(50)	(63)	-		+14
Total	(816)	(572)	(716)	513	(583)	(207)	(325)	-		+390
Elimination	(180)	(321)	(490)	(663)	(197)	(342)	(537)	-		(47)
Operating Profit	(997)	(894)	(1,206)	(149)	(781)	(549)	(863)	-		+343
Housing Business	(11.2%)	(2.4%)	(2.3%)	(0.0%)	(7.9%)	(3.8%)	(3.0%)	-		(0.7%)
Condos Business	(16.8%)	(5.9%)	(4.0%)	4.4%	(12.3%)	3.5%	2.5%	-		+6.4%
Other	(7.1%)	(3.1%)	(2.5%)	(1.9%)	(5.6%)	(2.4%)	(2.0%)	-		+0.6%
Elimination	(2.6%)	(1.9%)	(1.9%)	(1.6%)	(2.9%)	(1.9%)	(2.0%)	-		(0.1%)
Operating Profit Margin	(14.5%)	(5.3%)	(4.6%)	(0.4%)	(11.4%)	(3.1%)	(3.2%)	-		+1.4%

Segmented Information	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		
Housing Business	4,397	6,181	5,903	6,550	4,384	5,166	6,071	-		+168
Condos Business	1,522	2,699	2,484	7,054	1,449	4,518	2,306	-		(178)
Other	979	1,041	1,058	1,096	1,026	1,096	1,120	-		+61
Sales	6,899	9,923	9,446	14,701	6,860	10,781	9,497	-		+51
Housing Business	(492)	233	(114)	367	(346)	(19)	(101)	-		+12
Condos Business	(255)	4	(14)	864	(178)	388	(4)	-		+9
Other	(69)	6	(14)	(2)	(57)	7	(12)	-		+2
Total	(816)	244	(143)	1,229	(583)	376	(118)	-		+24
Elimination	(180)	(141)	(168)	(173)	(197)	(144)	(195)	-		(26)
Operating Profit	(997)	102	(312)	1,056	(781)	232	(313)	-		(1)
Housing Business	(11.2%)	3.8%	(1.9%)	5.6%	(7.9%)	(0.4%)	(1.7%)	-		+0.3%
Condos Business	(16.8%)	0.2%	(0.6%)	12.2%	(12.3%)	8.6%	(0.2%)	-		+0.4%
Other	(7.1%)	0.6%	(1.4%)	(0.2%)	(5.6%)	0.7%	(1.1%)	-		+0.3%
Elimination	(2.6%)	(1.4%)	(1.8%)	(1.2%)	(2.9%)	(1.3%)	(2.1%)	-		(0.3%)
Operating Profit Margin	(14.5%)	1.0%	(3.3%)	7.2%	(11.4%)	2.2%	(3.3%)	-		(0.0%)

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow 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		Net Chg.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024		
Operating Cash Flow	-	(1,114)	-	2,555	-	(429)	-	-		-
Investing Cash Flow	-	(60)	-	(117)	-	(9)	-	-		-
Operating CF and Investing CF	-	(1,175)	-	2,438	-	(438)	-	-		-
Financing Cash Flow	-	1,261	-	1,776	-	(2,500)	-	-		-

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet	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	YoY	
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	03/2024	Net Chg.
Cash and Deposit	7,930	9,123	9,062	13,252	8,915	10,313	7,539	-	-	(1,523)
Accounts Receivables	1,507	1,720	1,983	1,962	2,430	2,134	2,710	-	-	+726
Inventory	28,529	29,152	29,713	28,067	30,168	31,288	32,355	-	-	+2,642
Other	803	817	843	777	876	1,121	1,497	-	-	+654
Current Assets	38,771	40,815	41,602	44,059	42,390	44,858	44,102	-	-	+2,499
Tangible Assets	2,699	3,440	3,425	3,364	3,337	3,309	3,287	-	-	(138)
Intangible Assets	84	83	78	61	54	49	44	-	-	(34)
Investments and Other Assets	2,616	2,627	2,729	2,428	2,665	2,669	2,759	-	-	+29
Fixed Assets	5,401	6,151	6,234	5,854	6,057	6,028	6,091	-	-	(143)
Total Assets	44,172	46,966	47,837	49,913	48,448	50,886	50,193	-	-	+2,356
Accounts Payables	3,149	3,937	4,313	5,964	3,491	7,068	3,943	-	-	(370)
Short Term Debt	8,130	9,872	9,141	10,291	14,146	10,695	15,746	-	-	+6,605
Corporate Bond (Less Than 1 Year)	100	100	100	100	100	100	100	-	-	0
Advances Re. on Uncompleted Contracts	3,860	3,947	3,781	3,343	3,450	4,032	3,473	-	-	(308)
Advances Received	360	416	579	378	587	569	935	-	-	+356
Other	1,355	1,346	1,464	1,960	1,302	3,834	2,076	-	-	+611
Current Liabilities	16,956	19,619	19,380	22,038	23,077	26,300	26,275	-	-	+6,894
Long Term Debt	10,806	10,905	12,250	11,051	9,396	8,488	8,057	-	-	(4,193)
Corporate Bond	400	350	350	300	300	250	250	-	-	(100)
Other	1,950	1,966	1,974	2,006	2,008	1,980	1,983	-	-	+9
Fixed Liabilities	13,156	13,221	14,574	13,357	11,704	10,718	10,290	-	-	(4,283)
Total Liabilities	30,112	32,841	33,955	35,396	34,781	37,018	36,566	-	-	+2,610
Shareholders' Equity	14,073	14,138	13,894	14,539	13,688	13,889	13,649	-	-	(244)
Other	(13)	(13)	(13)	(21)	(21)	(21)	(22)	-	-	(9)
Net Assets	14,060	14,125	13,881	14,517	13,666	13,867	13,627	-	-	(253)
Total Liabilities and Net Assets	44,172	46,966	47,837	49,913	48,448	50,886	50,193	-	-	+2,356
Equity Capital	14,060	14,125	13,881	14,517	13,666	13,867	13,627	-	-	(254)
Interest Bearing Debt	19,436	21,227	21,841	21,742	23,942	19,533	24,153	-	-	+2,312
Net Debt	11,505	12,103	12,778	8,489	15,026	9,219	16,613	-	-	+3,835
Equity Ratio	31.8%	30.1%	29.0%	29.1%	28.2%	27.3%	27.2%	-	-	-
Net Debt Equity Ratio	81.8%	85.7%	92.1%	58.5%	110.0%	66.5%	121.9%	-	-	-
ROE (12 months)	2.7%	(3.7%)	(3.3%)	(1.7%)	(0.8%)	0.1%	0.2%	-	-	-
ROA (12 months)	1.3%	(1.5%)	(1.2%)	(0.4%)	0.0%	0.3%	0.3%	-	-	-
Days for Inventory Turnover	441	331	346	219	483	334	381	-	-	-
Quick Ratio	56%	55%	57%	69%	49%	47%	39%	-	-	-
Current Ratio	229%	208%	215%	200%	184%	171%	168%	-	-	-

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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