

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)
FY03/2020		56,351	412	415	359	29.78	25.00	1,537.65
FY03/2021		53,487	782	872	509	46.98	25.00	1,531.73
FY03/2022CoE		67,200	1,300	1,100	700	63.36	25.00	-
FY03/2021	YoY	(5.1%)	89.5%	110.2%	41.8%	-	-	-
FY03/2022CoE	YoY	25.6%	66.2%	26.1%	37.4%	-	-	-
Consolidated Quarter (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY03/2021		6,458	(1,183)	(1,172)	(819)	-	-	-
Q2 FY03/2021		9,777	(268)	(295)	(209)	-	-	-
Q3 FY03/2021		12,940	(59)	(23)	(22)	-	-	-
Q4 FY03/2021		24,312	2,293	2,364	1,561	-	-	-
Q1 FY03/2022		7,278	(1,065)	(1,067)	(754)	-	-	-
Q1 FY03/2022	YoY	12.7%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation (YoY chg in Q1 FY03/2022: after impacts from adoption of new accounting standard)

1.0 Results Update (6 August 2021)

Increased Order Intake

On 30 July 2021, Sanyo Homes, mainly running operations to build housings on a contract basis and develop condominiums, released its Q1 FY03/2022 results. It has been revealed that order intake is increasing steadily. On the Housing Business side, order intake came in at ¥5,668m (up 26.7% YoY). The Company suggests that its measure of making changeover from “passive” to “proactive” for its sales strategy principally on the mainstay detached housings is starting to succeed. With respect to rental/welfare housings, it appears that the Company is now seeing a recovery in order intake. Meanwhile, on the Condos Business side, order intake came in at ¥5,107m (up 18.4%). Order intake related to four properties scheduled to be completed in Q2 is trending strongly. On top of this, order intake related to completed properties (completed condominiums) is also trending strongly, resulting in a surge in sales and an improvement in operating balance on the Condos Business side. In other words, recent trading suggests that the Company's midterm management plan (FY03/2022 to FY03/2024) is off to a good start. During the said period of the plan, the Company is calling for CAGR of 5.6% for sales and 41.2% for operating profit.


For your reference: [Sanyo Homes \(1420\) Passive to Proactive \(14 July 2021\)](#)

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2.0 Company Profile

Putting forward a Comprehensive Proposal for “Housing Life”

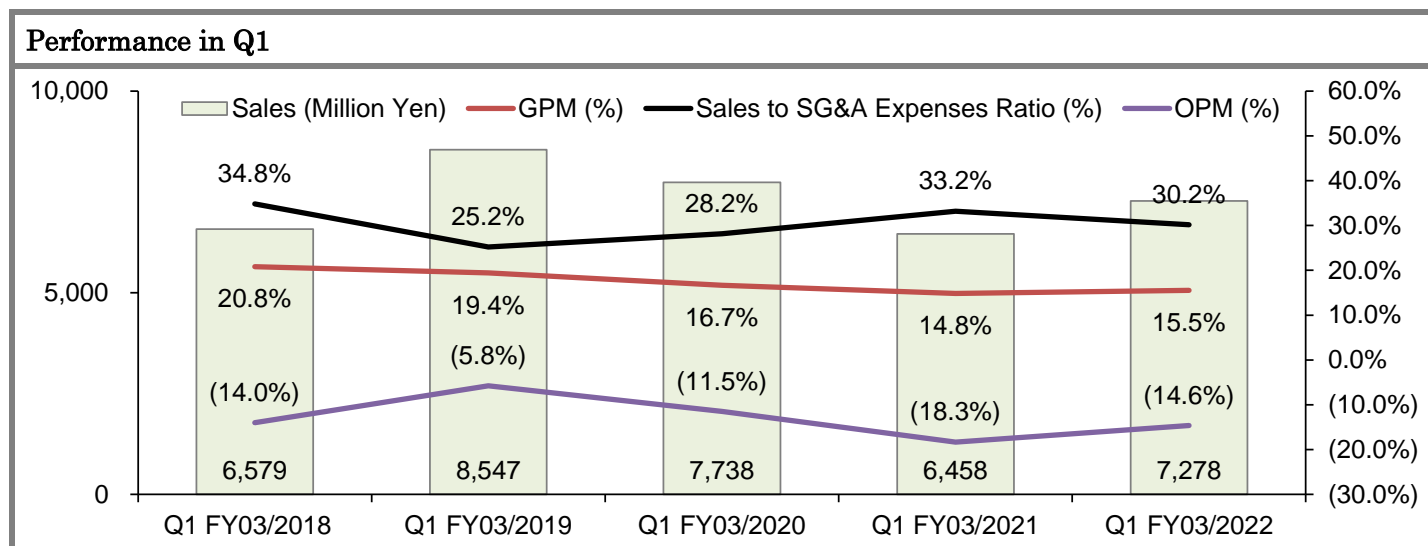
Company Name	Sanyo Homes Corporation Company Website IR Information Share price (Japanese)	
Founded	1 February 1969	
Listing	9 April 2014: Tokyo Stock Exchange 1st section (ticker: 1420) 9 April 2013: Tokyo Stock Exchange 2nd section	
Capital	¥5,945m (as of the end of June 2021)	
No. of Shares	12,620,000 shares, including 1,572,113 treasury shares (as of the end of June 2021)	
Main Features	<ul style="list-style-type: none"> ● Rooted in erstwhile Kubota House Co. Ltd. or provider of custom-built housings (steel frame 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 source 	
Business Domains	<ul style="list-style-type: none"> • Detached Housings • Condos • Renewal Distribution (distribution of secondhand housings) • Renovations • Rental/Welfare Housings • Life Support • Frontier 	
Representation	President & Representative Director: Hisashi Matsuoka	
Shareholders	LIXIL Corp. 27.41%, ORIX Corp. 18.57%, Kansai Electric Power 13.53%, SECOM Co. 11.49% (as of the end March 2021, but for treasury shares)	
Head Office	Nishi-ku, Osaka-city, JAPAN	
No. of Employees	Consolidated: 894, Parent: 465 (as of the end of June 2021)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 FY03/2022

In Q1 FY03/2022, sales came in at ¥7,278m (up 12.7% YoY), operating profit minus ¥1,065m (versus minus ¥1,183m during the same period of the previous year), recurring profit minus ¥1,067m (minus ¥1,172m) and profit attributable to owners of parent minus ¥754m (minus ¥819m), while operating profit margin minus 14.6% (up 3.7% points).



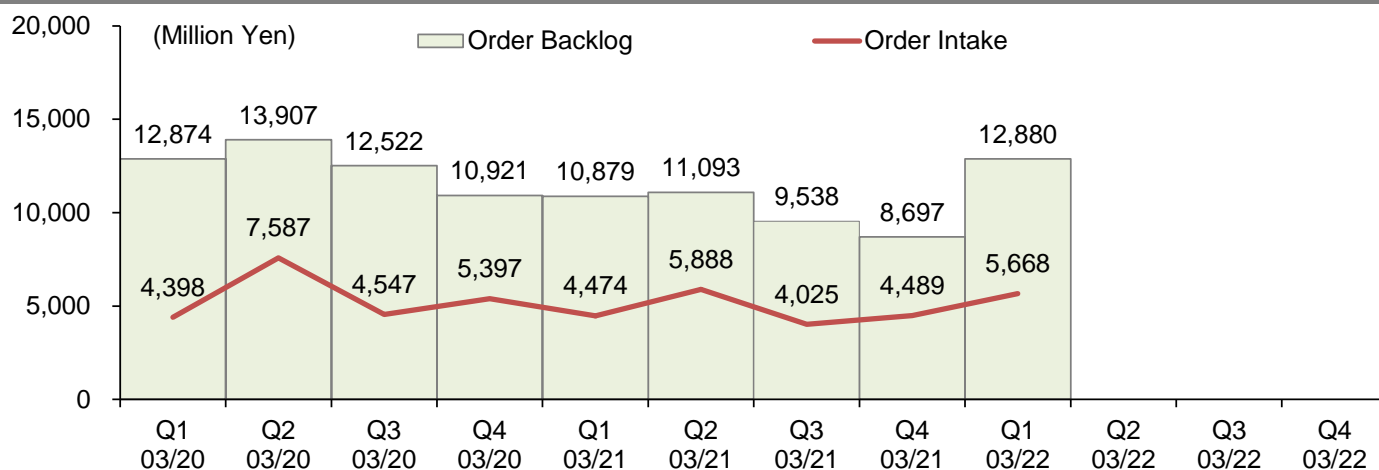
Source: Company Data, WRJ Calculation

What is cited as a characteristic of performance in Q1 for years is that it has been inevitable to see the size of sales relatively small due to seasonal factors, etc., while it has been also inevitable to suffer from operating loss as a result of the issue. However, for Q1 FY03/2022, sales and operating balance on the Condos Business side increased nicely over the same period of the previous year and thus as a whole for the Company at the same time as above mentioned.

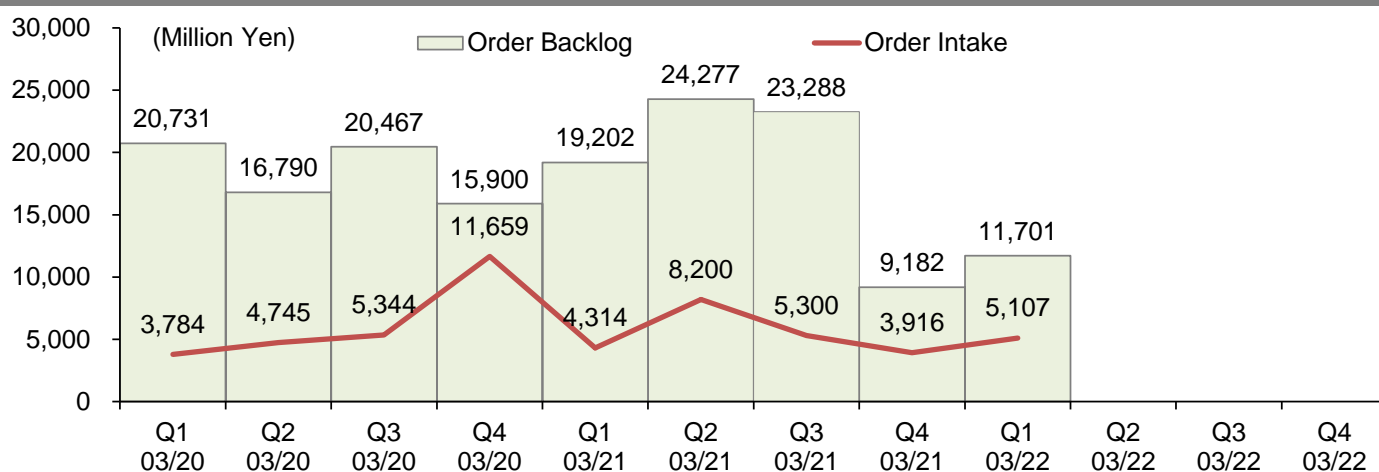
From the beginning of FY03/2022, meanwhile, Accounting Standard for Revenue Recognition has been adopted, whose impacts equated to up ¥18m (0.3%) in sales and down ¥2m (0.1%) in SG&A expenses, collectively up ¥21m (2.0%) at the operating level. Order intake has been immune to the impacts, while the impacts equated to no less than ¥2,079m (8.5%) in order backlog, according to the Company.

On the Housing Business side, sales came in at ¥3,511m (down 22.3%), segment profit minus ¥409m (minus ¥412m) and segment profit margin minus 11.7% (down 2.5% points). Order intake is increasing steadily, while it takes a while for this to be reflected in sales. According to the Company, it takes some 6 months for detached housings and some 12 months for rental/welfare housings. Meanwhile, the Company saw loss roughly unchanged from the same period of the previous year in spite of significantly decreased sales, which is attributable to increased adoption rate of ZEH (standing for net zero energy house in Japanese English) up to 92% from 75% in the previous year with respect to detached housings, according to the Company. For ZEH, the Company says that unit selling prices are higher than those of conventional equivalents and gross profit margin higher too at the same time. Meanwhile, on a full-year basis, the Company is to benefit from a factor that expenses to pull out of exhibiting at comprehensive housing exhibition grounds will not reappear.

Order Intake and Order Backlog of Housing Business



Order Intake and Order Backlog of Condos Business



Source: Company Data, WRJ Calculation

On the Condos Business side, sales came in at ¥2,570m (up 154.0%), segment profit minus ¥252m (minus ¥463m) and segment profit margin minus 9.8% (up 35.9% points). Following the completion of four properties in Q2, the Company is to complete three more properties for H2, implying that prospective sales on a full-year basis are likely to maintain the strengths.

For the segment of Other, sales came in at ¥1,121m (up 20.8%), segment profit minus ¥168m (minus ¥59m) and segment profit margin minus 15.1% (down 8.6% points). Sanyo Architec Corporation, newly established with an objective of pursuing long-term growth, has started its operations since April 2021. In this segment, the Company is now seeing increased expenses in line with this, which has a lot to do with increased loss as a whole for this segment.

FY03/2022 Company Forecasts

FY03/2022 Company forecasts (announced on 14 May 2021) have remained unchanged, going for prospective sales of ¥67,200m (up 25.6% YoY), operating profit of ¥1,300m (up 66.2%), recurring profit of ¥1,100m (up 26.1%) and profit attributable to owners of parent of ¥700m (up 37.4%), while operating profit margin of 1.9% (up 0.5% points). At the same time, Company forecasts have remained unchanged also for prospective annual dividend, going for ¥25.00 per share, implying payout ratio of 39.5%.

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.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Sales	6,458	16,235	29,175	53,487	7,278	-	-	-	-	+820
Cost of Sales	5,499	13,603	24,239	43,362	6,148	-	-	-	-	+648
Gross Profit	958	2,631	4,936	10,125	1,130	-	-	-	-	+171
SG&A Expenses	2,142	4,083	6,447	9,343	2,196	-	-	-	-	+53
Operating Profit	(1,183)	(1,451)	(1,511)	782	(1,065)	-	-	-	-	+117
Non Operating Balance	11	(15)	19	90	(1)	-	-	-	-	(12)
Recurring Profit	(1,172)	(1,467)	(1,491)	872	(1,067)	-	-	-	-	+105
Extraordinary Balance	-	-	-	(64)	-	-	-	-	-	-
Profit before Income Taxes	(1,172)	(1,467)	(1,491)	807	(1,067)	-	-	-	-	+105
Total Income Taxes	(352)	(438)	(439)	298	(312)	-	-	-	-	+40
Profit Attributable to Owners of Parent	(819)	(1,029)	(1,051)	509	(754)	-	-	-	-	+64
Sales YoY	(16.5%)	(31.7%)	(9.5%)	(5.1%)	+12.7%	-	-	-	-	-
Operating Profit YoY	-	-	-	+89.5%	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	+110.2%	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	+41.8%	-	-	-	-	-	-
Gross Profit Margin	14.8%	16.2%	16.9%	18.9%	15.5%	-	-	-	-	+0.7%
Sales to SG&A Expenses Ratio	33.2%	25.2%	22.1%	17.5%	30.2%	-	-	-	-	(3.0%)
Operating Profit Margin	(18.3%)	(8.9%)	(5.2%)	1.5%	(14.6%)	-	-	-	-	+3.7%
Recurring Profit Margin	(18.2%)	(9.0%)	0.1%	1.6%	(14.7%)	-	-	-	-	+3.5%
Profit Attributable to Owners of Parent Margin	(12.7%)	(6.3%)	(3.6%)	1.0%	(10.4%)	-	-	-	-	+2.3%
Total Income Taxes/Profit before Income Taxes	-	-	-	36.9%	-	-	-	-	-	-
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.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022	03/2022	
Sales	6,458	9,777	12,940	24,312	7,278	-	-	-	-	+820
Cost of Sales	5,499	8,104	10,635	19,123	6,148	-	-	-	-	+648
Gross Profit	958	1,673	2,304	5,188	1,130	-	-	-	-	+171
SG&A Expenses	2,142	1,941	2,364	2,895	2,196	-	-	-	-	+53
Operating Profit	(1,183)	(268)	(59)	2,293	(1,065)	-	-	-	-	+117
Non Operating Balance	11	(27)	35	70	(1)	-	-	-	-	(12)
Recurring Profit	(1,172)	(295)	(23)	2,364	(1,067)	-	-	-	-	+105
Extraordinary Balance	-	-	-	(64)	-	-	-	-	-	-
Profit before Income Taxes	(1,172)	(295)	(23)	2,299	(1,067)	-	-	-	-	+105
Total Income Taxes	(352)	(85)	(1)	738	(312)	-	-	-	-	+40
Profit Attributable to Owners of Parent	(819)	(209)	(22)	1,561	(754)	-	-	-	-	+64
Sales YoY	(16.5%)	(39.1%)	+53.0%	+0.8%	+12.7%	-	-	-	-	-
Operating Profit YoY	-	-	-	+107.7%	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	+101.4%	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	+65.8%	-	-	-	-	-	-
Gross Profit Margin	14.8%	17.1%	17.8%	21.3%	15.5%	-	-	-	-	+0.7%
Sales to SG&A Expenses Ratio	33.2%	19.9%	18.3%	11.9%	30.2%	-	-	-	-	(3.0%)
Operating Profit Margin	(18.3%)	(2.7%)	(0.5%)	9.4%	(14.6%)	-	-	-	-	+3.7%
Recurring Profit Margin	(18.2%)	(3.0%)	(0.2%)	9.7%	(14.7%)	-	-	-	-	+3.5%
Profit Attributable to Owners of Parent Margin	(12.7%)	(2.1%)	(0.2%)	6.4%	(10.4%)	-	-	-	-	+2.3%
Total Income Taxes/Profit before Income Taxes	-	-	-	32.1%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation (YoY chg in Q1 FY03/2022: after impacts from adoption of new accounting standard)

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.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		
Housing Business	4,517	10,191	15,772	21,101	3,511	-	-	-		(1,005)
Condos Business	1,012	4,137	10,427	28,449	2,570	-	-	-		+1,558
Other	928	1,906	2,975	3,936	1,121	-	-	-		+193
Sales	6,458	16,235	29,175	53,487	7,204	-	-	-		+746
Housing Business	(412)	(260)	(419)	(511)	(409)	-	-	-		+2
Condos Business	(463)	(723)	(428)	2,288	(252)	-	-	-		+210
Other	(59)	(58)	(37)	(134)	(168)	-	-	-		(109)
Total	(934)	(1,042)	(885)	1,642	(830)	-	-	-		+104
Elimination	(248)	(409)	(625)	(860)	(235)	-	-	-		+13
Operating Profit	(1,183)	(1,451)	(1,511)	782	(1,065)	-	-	-		+117
Housing Business	(9.1%)	(2.6%)	(2.7%)	(2.4%)	(11.7%)	-	-	-		(2.5%)
Condos Business	(45.7%)	(17.5%)	(4.1%)	8.0%	(9.8%)	-	-	-		+35.9%
Other	(6.4%)	(3.1%)	(1.3%)	(3.4%)	(15.1%)	-	-	-		(8.6%)
Elimination	(3.9%)	(2.5%)	(2.1%)	(1.6%)	(3.3%)	-	-	-		+0.6%
Operating Profit Margin	(18.3%)	(8.9%)	(5.2%)	1.5%	(14.8%)	-	-	-		+3.5%
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.
	03/2021	03/2021	03/2021	03/2021	03/2022	03/2022	03/2022	03/2022		
Housing Business	4,517	5,674	5,580	5,329	3,511	-	-	-		(1,005)
Condos Business	1,012	3,125	6,290	18,022	2,570	-	-	-		+1,558
Other	928	978	1,069	960	1,121	-	-	-		+193
Sales	6,458	9,777	12,940	24,312	7,204	-	-	-		+746
Housing Business	(412)	151	(159)	(91)	(409)	-	-	-		+2
Condos Business	(463)	(260)	294	2,717	(252)	-	-	-		+210
Other	(59)	0	21	(97)	(168)	-	-	-		(109)
Total	(934)	(107)	156	2,528	(830)	-	-	-		+104
Elimination	(248)	(160)	(216)	(234)	(235)	-	-	-		+13
Operating Profit	(1,183)	(268)	(59)	2,293	(1,065)	-	-	-		+117
Housing Business	(9.1%)	2.7%	(2.9%)	(1.7%)	(11.7%)	-	-	-		(2.5%)
Condos Business	(45.7%)	(8.3%)	4.7%	15.1%	(9.8%)	-	-	-		+35.9%
Other	(6.4%)	0.1%	2.0%	(10.1%)	(15.1%)	-	-	-		(8.6%)
Elimination	(3.9%)	(1.6%)	(1.7%)	(1.0%)	(3.3%)	-	-	-		+0.6%
Operating Profit Margin	(18.3%)	(2.7%)	(0.5%)	9.4%	(14.8%)	-	-	-		+3.5%

Source: Company Data, WRJ Calculation (YoY chg in Q1 FY03/2022: after impacts from adoption of new accounting standard)

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	-	-	-	-	(873)
Accounts Receivables	1,920	1,912	2,809	1,888	1,705	-	-	-	-	(215)
Inventory	42,351	42,443	42,205	35,969	36,626	-	-	-	-	(5,725)
Other	2,245	2,402	2,471	1,358	1,605	-	-	-	-	(639)
Current Assets	54,602	57,423	54,685	48,100	47,149	-	-	-	-	(7,453)
Tangible Assets	2,162	2,168	2,212	2,249	2,301	-	-	-	-	+138
Intangible Assets	97	93	94	81	77	-	-	-	-	(20)
Investments and Other Assets	2,651	2,779	2,721	2,180	3,126	-	-	-	-	+475
Fixed Assets	4,910	5,041	5,029	4,510	5,505	-	-	-	-	+594
Total Assets	59,513	62,464	59,714	52,611	52,654	-	-	-	-	(6,859)
Accounts Payables	3,874	3,417	3,929	6,445	2,322	-	-	-	-	(1,551)
Short Term Debt	27,286	30,624	27,243	17,410	22,822	-	-	-	-	(4,464)
Advances Re. on Uncompleted Contracts	1,353	1,236	1,266	883	3,277	-	-	-	-	+1,923
Advances Received	1,205	1,606	1,429	631	975	-	-	-	-	(230)
Other	1,391	1,388	1,402	2,375	1,476	-	-	-	-	+84
Current Liabilities	35,112	38,272	35,270	27,745	30,873	-	-	-	-	(4,238)
Long Term Debt	7,078	7,090	7,167	5,989	5,436	-	-	-	-	(1,642)
Other	1,918	1,889	1,889	1,954	1,904	-	-	-	-	(14)
Fixed Liabilities	8,996	8,979	9,056	7,943	7,340	-	-	-	-	(1,656)
Total Liabilities	44,108	47,252	44,327	35,689	38,213	-	-	-	-	(5,895)
Shareholders' Equity	15,396	15,201	15,375	16,936	14,453	-	-	-	-	(943)
Other	8	10	12	(14)	(12)	-	-	-	-	(21)
Net Assets	15,405	15,212	15,387	16,922	14,440	-	-	-	-	(964)
Total Liabilities and Net Assets	59,513	62,464	59,714	52,611	52,654	-	-	-	-	(6,859)
Equity Capital	15,392	15,199	15,374	16,922	14,423	-	-	-	-	(969)
Interest Bearing Debt	34,364	37,714	34,410	23,399	28,258	-	-	-	-	(6,106)
Net Debt	26,278	27,048	27,211	14,514	21,045	-	-	-	-	(5,232)
Equity Ratio	25.9%	24.3%	25.7%	32.2%	27.4%	-	-	-	-	-
Net Debt Equity Ratio	170.7%	178.0%	177.0%	85.8%	145.9%	-	-	-	-	-
ROE (12 months)	1.1%	(4.3%)	(0.7%)	3.0%	3.9%	-	-	-	-	-
ROA (12 months)	0.2%	(1.9%)	(0.5%)	1.6%	1.7%	-	-	-	-	-
Days for Inventory Turnover	703	478	362	172	544	-	-	-	-	-
Quick Ratio	28%	33%	28%	39%	29%	-	-	-	-	-
Current Ratio	156%	150%	155%	173%	153%	-	-	-	-	-

Source: Company Data, WRJ Calculation (YoY chg in Q1 FY03/2022: after impacts from adoption of new accounting standard)

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	-	-	-	-	-	-
Investing Cash Flow	-	(72)	-	(106)	-	-	-	-	-	-
Operating CF and Investing CF	-	(6,550)	-	6,001	-	-	-	-	-	-
Financing Cash Flow	-	8,994	-	(5,137)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation (YoY chg in Q1 FY03/2022: after impacts from adoption of new accounting standard)

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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