

May 12, 2023

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (FY3/23)**

[Japanese GAAP]

Company name: Sanyo Homes Corporation

Listing: Tokyo Stock Exchange

Securities code: 1420

URL: <https://www.sanyohomes.co.jp/>

Representative: Hisashi Matsuoka, Chairman &amp; Chief Executive Officer

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Scheduled date of Annual General Meeting of Shareholders: June 23, 2023

Scheduled date of filing of Annual Securities Report: June 26, 2023

Scheduled date of payment of dividend: June 2, 2023

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for securities analysts)

*(All amounts are rounded down to the nearest million yen)***1. Consolidated Financial Results for FY3/23 (April 1, 2022 – March 31, 2023)**

(1) Consolidated results of operations (Percentages shown for net sales and profits represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/23	40,970	(19.9)	(149)	-	(191)	-	(245)	-
FY3/22	51,123	-	548	-	545	-	326	-

Note: Comprehensive income (million yen) FY3/23: (253) (-%) FY3/22: 326 (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
FY3/23	(22.15)	-	(1.7)	(0.4)	(0.4)
FY3/22	29.49	-	2.0	1.2	1.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	49,913	14,517	29.1	1,308.19
As of Mar. 31, 2022	46,886	15,048	32.1	1,358.62

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 14,517 As of Mar. 31, 2022: 15,048

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/23	2,555	(117)	1,776	12,052
FY3/22	4,179	462	(3,988)	7,838

**2. Dividends**

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/22	-	0.00	-	25.00	25.00	291	84.8	1.7
FY3/23	-	0.00	-	25.00	25.00	291	-	1.9
FY3/24 (forecasts)	-	0.00	-	25.00	25.00		39.6	

**3. Consolidated Forecast for FY3/24 (April 1, 2023 – March 31, 2024)**

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	56,800	38.6	1,200	-	1,100	-	700	-	63.08

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, and others: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2023: 12,620,000 shares As of Mar. 31, 2022: 12,620,000 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2023: 1,522,536 shares As of Mar. 31, 2022: 1,543,988 shares

3) Average number of shares outstanding during the period

FY3/23: 11,089,735 shares FY3/22: 11,064,961 shares

Note: Number of treasury shares at the end of the period includes the Company shares held by the Management Board Incentive Plan Trust (FY3/23: 562,795 shares, FY3/22: 584,247 shares). The Company shares held by the said Trust (FY3/23: 570,524 shares, FY3/22: 443,791 shares) are also included to treasury shares that are exempted in a calculation of the average number of shares outstanding during the period.

**Reference: Summary of Non-consolidated Financial Results**

**Non-consolidated Financial Results for FY3/23 (April 1, 2022 – March 31, 2023)**

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/23	30,257	(26.3)	(337)	-	(416)	-	(388)	-
FY3/22	41,052	-	303	-	235	-	137	-

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/23	(35.01)	-
FY3/22	12.39	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	47,656	13,241	27.8	1,193.18
As of Mar. 31, 2022	44,820	13,906	31.0	1,255.54

Reference: Shareholders' equity (million yen) As of Mar. 31, 2023: 13,241 As of Mar. 31, 2022: 13,906

\* The current financial report is not subject to audit by certified public accountants or auditing firms.

\* Cautionary statement with respect to forward-looking statements and other special items

Note concerning forward-looking statements

Forecasts regarding future performance in this report are based on assumptions judged to be valid and information available to the Company at the time this report was prepared. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations" on page 2 for forecast assumptions and notes of caution for usage.

**Contents of Attachments**

1. Overview of Results of Operations	2
(1) Analysis of Results of Operations	2
(2) Analysis of Financial Position	3
(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years	4
2. Basic Approach to the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Income	7
Consolidated Statement of Comprehensive Income	8
(3) Consolidated Statement of Changes in Equity	9
(4) Consolidated Statement of Cash Flows	10
(5) Notes to Consolidated Financial Statements	11
Going Concern Assumption	11
Significant Changes in Shareholders' Equity	11
Segment and Other Information	12
Per Share Information	15
Subsequent Events	15
4. Other Information	16

## 1. Overview of Results of Operations

### (1) Analysis of Results of Operations

Social and economic activity resumed despite new waves of the pandemic in July and October 2022, resulting in a slow recovery of the Japanese economy during the fiscal year that ended on March 31, 2023. However, the outlook for the economy is still unclear because of the prolonged Ukraine conflict, rapid depreciation of the yen, high prices of resources and energy, and interest rate hikes to combat inflation.

In Japan's housing sector, mortgage rates remained low because of monetary easing. Interest rates in Japan are moving up in response to rising interest rates worldwide, the yen's depreciation and other events. In addition, prices of some wood products are declining but the price of steel products is continuing to climb. The cost of land is also increasing. As a result, the outlook for Japan's housing sector is uncertain.

Guided by the slogan "housing for the wellbeing of people and the earth," the Sanyo Homes Group has the goal of supplying houses with outstanding "ECO & SAFETY" features for the growth of corporate value. In October 2022, the Renewal Cycle Carbon Minus (RCCM) House concept of Sanyo Homes was one of the structures selected in the First 2022 Sustainable Building Leading Project Program (foresight and leadership for reducing CO<sub>2</sub>) of the Ministry of Land, Infrastructure, Transport and Tourism. This innovative house takes the Life Cycle Carbon Minus (LCCM) concept of Sanyo Homes, which is for newly built houses, to a new stage to allow use at existing homes with no need for demolition and reconstruction. Enabling people to remain in their homes for many years contributes to the reduction of carbon. In the fiscal year that ended in March 2023, there was a small number of condominium building completions (two buildings were completed) because of the decision to hold down purchases of land for condominium developments during the first year of the pandemic. Condominium sales were mainly at already completed buildings classified as real estate for sale. As a result, there was a large decrease in sales. Furthermore, the cost of sales ratio increased because of delays in raising prices in the Housing Business to reflect the rising cost of building materials.

Housing Business sales were higher than in the previous fiscal year but Condominium Business sales decreased significantly. Net sales were 40,970 million yen, down 19.9% from one year earlier, operating loss was 149 million yen, down 698 million yen from the profit one year earlier, and ordinary loss was 191 million yen, down 736 million yen from the profit one year earlier. There were income taxes-current of 103 million yen and income taxes-deferred of 130 million yen. Loss attributable to owners of parent was 245 million yen, down 571 million yen from the profit one year earlier.

### Overview by Segment

Performance by business segment is as follows.

In the housing sector, performance exceeding the ZEH (net-zero energy house) standards has been standard for houses since April 2022. The ZEH ratio for newly built houses increased from 93% in the prior fiscal year to 99% in the fiscal year that ended in March 2023. Our goal is to reach 100%. In February 2023, we started selling Double Eco Design houses, which have designs that reflect both ecological and economical considerations. The primary target is the millennial generation, which is an age segment that wants products that are both eco-friendly and economical.

In the asset utilization sector, we made ZEH the standard for all apartment buildings starting in April 2021 as one way to contribute to achieving a zero-carbon society. The ZEH compliance ratio increased from 84% in the prior fiscal year to 90% in the fiscal year that ended in March 2023. This ratio excludes garages, which are structures unable to comply with the ZEH standard.

In the renovation sector, Sanyo Homes has been certified by the Ministry of the Environment as a Green Life Point company. This allows Sanyo Homes to issue Green Life Points to customers who use purchase the customers' environmental products and services. The points can be used to purchase a variety of products from Sanyo Homes. Due to activities like this, orders are increasing because of sales activities centered on services for upgrading the environmental characteristics of existing residences.

The residential renewal and resale (sale of existing houses) sector has activities involving abandoned houses, which are a serious problem in Japan, and the sustainable reuse of houses to prevent the need for demolition and rebuilding. The primary activity of this sector is the supply of Renewal Cycle Carbon Minus Houses.

The frontier business is the operations of subsidiary Sanyo Architec Corporation, which sells and installs solar power, storage battery and other environmentally responsible energy facilities and structural steel frames.

Consequently, sales in the Housing Business segment were 23,032 million yen, up 15.9% from one year earlier, and there was an operating loss of 5 million yen compared with a 665 million yen loss one year earlier.

In the Condominium Business segment, we completed the construction of two condominium buildings in the fiscal year that ended March 31, 2023 as was explained earlier. As a result, there were large downturns in sales and operating profit. We plan to complete the construction of seven condominium buildings during the fiscal year ending in March 2024.

As with houses, we are also making progress involving ZEH condominiums. The first project is SUNMAISON Nakamozu Ekimae (68 units) in the city of Sakai in Osaka. This ZEH-M Oriented condominium building is scheduled for completion in February 2024.

Sales in this segment were 13,761 million yen, down 49.6% from one year earlier, and operating profit was 598 million yen, down 70.0%.

The life support business sector manages condominiums and nursing/child-care facilities. We currently operate 30 nursery schools, including one location using management contract. In July 2022, we started operating SUN KIDS ZONE, an English-language immersion after-school child-care center located in city of Kasugai in Saitama prefecture.

Sales of companion robots are going well for use at rehabilitation, senior care and other facilities. We are continuing to work on making more improvements to robots and this business model, including the leasing of robots.

As a result, sales in the other businesses segment were 4,176 million yen, up 5.3% from one year earlier, and operating loss was 80 million yen compared with 5 million yen loss one year earlier.

### **Forecasts for the next fiscal year**

The housing industry of Japan in the fiscal year ending in March 2024 will be severely impacted by the rising prices of steel and other building materials, the high cost of crude oil and other resources, the rising corporate goods price index, and the increasing cost of land. In addition to this negative economic climate, higher interest rates on mortgages are affecting the balance between the supply and demand for residences. As a result, the business environment for housing companies will be uncertain. Furthermore, the ongoing shift to a sustainable society with even more measures to protect the environment is altering the housing industry's business climate.

Our goal is the sustainable growth of corporate value by focusing on the theme of "housing for the wellbeing of people and the earth" and the "ECO & SAFETY" business concept. We are dedicated to protecting the environment while meeting the needs of our customers as we continue to evolve in order to achieve steady growth.

## **(2) Analysis of Financial Position**

### **1) Assets, Liabilities and Net Assets**

Total assets increased 3,026 million yen from the end of the previous fiscal year to 49,913 million yen at the end of the current fiscal year on a consolidated basis. The main factors were increases of 5,772 million yen in real estate for sale in process and 4,214 million yen in cash and deposits, which were partially offset by a decrease of 7,139 million yen in real estate for sale.

Total liabilities increased 3,557 million yen from the end of the previous fiscal year to 35,396 million yen. The main factors were net increases of 2,168 million yen in long- and short-term borrowings and 1,926 million yen in

notes payable, accounts payable for construction contracts and other, which were partially offset by a decrease of 747 million yen in advances received on construction contracts in progress.

Total net assets decreased 530 million yen from the end of the previous fiscal year to 14,517 million yen. The main factors include a decrease of 537 million yen in retained earnings. As a result, the equity ratio was 29.1%.

## 2) Cash Flows

Cash and cash equivalents (hereafter “net cash”) increased 4,214 million yen from the end of the previous fiscal year to 12,052 million yen at the end of the current fiscal year on a consolidated basis. This net increase of 4,214 million yen can be explained by a cash inflow of 2,555 million yen from operating activities and 1,776 million yen from financing activities, which was partially offset by cash outflows of 117 million yen from investing activities.

A summary of cash flows and major components are as follows.

### *Cash flows from operating activities*

For the fiscal year ended March 31, 2023, net cash provided by operating activities totaled 2,555 million yen (compared with net cash provided of 4,179 million yen in the previous fiscal year). The main factors were a 1,926 million yen increase in trade payables, a 662 million yen decrease in inventories, a 610 million yen decrease in trade receivables and a 747 million yen decrease in advances received on construction contracts in progress.

### *Cash flows from investing activities*

For the fiscal year ended March 31, 2023, net cash used in investing activities totaled 117 million yen (compared with net cash provided of 462 million yen in the previous fiscal year). The main factors were purchase of property, plant and equipment of 107 million yen.

### *Cash flows from financing activities*

For the fiscal year ended March 31, 2023, net cash provided by financing activities totaled 1,776 million yen (compared with net cash used of 3,988 million yen in the previous fiscal year). The main factors were net proceeds of 2,168 million yen from long- and short-term borrowings, cash dividends paid of 291 million yen and redemption of bonds of 100 million yen.

## **(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years**

The distribution of earnings to shareholders is one of our highest priorities. The basic policy is to pay a consistent dividend to shareholders while retaining sufficient earnings for sustaining growth and building a sound infrastructure for our operations.

Regarding the profit distribution for the current fiscal year, we will follow the above policy and pay the annual total dividend of 25 yen per share. We have made this decision because we are keen on ensuring the shareholder return while improving the financial soundness through increasing shareholders’ equity. As for the dividend for the next fiscal year, we plan to pay the annual total dividend of 25 yen per share, the same amount as for the current fiscal year.

## **2. Basic Approach to the Selection of Accounting Standards**

The Sanyo Homes Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

**3. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	9,038,497	13,252,669
Notes receivable, accounts receivable from completed construction contracts and other	2,572,912	1,962,089
Real estate for sale	16,790,462	9,651,084
Real estate for sale in process	12,356,270	18,129,054
Costs on construction contracts in progress	139,358	115,568
Other inventories	195,441	171,532
Prepaid expenses	334,065	325,925
Other	368,526	451,789
Allowance for doubtful accounts	(5,000)	(476)
Total current assets	41,790,534	44,059,237
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,678,767	2,219,720
Land	980,243	1,083,287
Other, net	42,956	61,755
Total property, plant and equipment	2,701,967	3,364,763
Intangible assets		
Software	47,497	36,527
Other	38,032	24,832
Total intangible assets	85,529	61,359
Investments and other assets		
Investment securities	31,340	31,340
Deferred tax assets	793,166	922,926
Other	1,488,420	1,477,942
Allowance for doubtful accounts	(4,068)	(3,740)
Total investments and other assets	2,308,858	2,428,467
Total non-current assets	5,096,355	5,854,590
Total assets	46,886,890	49,913,828

	(Thousands of yen)	
	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable, accounts payable for construction contracts and other	4,038,438	5,964,536
Short-term borrowings	6,470,000	4,408,000
Current portion of long-term borrowings	2,633,000	5,883,000
Current portion of bonds payable	100,000	100,000
Accrued expenses	470,267	420,170
Income taxes payable	143,799	104,893
Advances received on construction contracts in progress	4,091,403	3,343,944
Advances received	190,046	378,620
Provision for bonuses	218,315	124,679
Provision for warranties for completed construction	105,400	106,200
Other	967,283	1,204,226
<b>Total current liabilities</b>	19,427,955	22,038,270
<b>Non-current liabilities</b>		
Long-term borrowings	10,071,000	11,051,000
Bonds payable	400,000	300,000
Deferred tax liabilities	24,492	20,297
Provision for share awards for directors (and other officers)	155,560	173,727
Provision for retirement benefits for directors (and other officers)	15,283	10,658
Retirement benefit liability	1,359,483	1,404,346
Other	385,061	397,899
<b>Total non-current liabilities</b>	12,410,881	13,357,928
<b>Total liabilities</b>	31,838,836	35,396,199
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,945,162	5,945,162
Capital surplus	3,600,398	3,600,398
Retained earnings	6,575,630	6,038,462
Treasury shares	(1,059,181)	(1,044,598)
<b>Total shareholders' equity</b>	15,062,009	14,539,424
<b>Accumulated other comprehensive income</b>		
Remeasurements of defined benefit plans	(13,955)	(21,795)
<b>Total accumulated other comprehensive income</b>	(13,955)	(21,795)
<b>Total net assets</b>	15,048,053	14,517,628
<b>Total liabilities and net assets</b>	46,886,890	49,913,828



**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**Consolidated Statement of Income**

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	51,123,408	40,970,625
Cost of sales	41,815,816	33,479,129
Gross profit	9,307,592	7,491,496
Selling, general and administrative expenses	8,758,809	7,641,482
Operating profit (loss)	548,782	(149,986)
Non-operating income		
Interest income	6,952	5,832
Rental income	38,370	38,951
Subsidy income	31,692	37,266
Other	119,345	39,312
Total non-operating income	196,361	121,363
Non-operating expenses		
Interest expenses	128,106	132,362
Other	71,438	30,323
Total non-operating expenses	199,544	162,686
Ordinary profit (loss)	545,599	(191,308)
Extraordinary losses		
Loss on sales of non-current assets	872	-
Loss on retirement of non-current assets	438	1,046
Impairment losses	22,959	80,314
Total extraordinary losses	24,270	81,360
Profit (loss) before income taxes	521,328	(272,669)
Income taxes-current	207,857	103,493
Income taxes-deferred	(12,835)	(130,501)
Total income taxes	195,022	(27,008)
Profit (loss)	326,306	(245,661)
Profit (loss) attributable to owners of parent	326,306	(245,661)

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Profit (loss)	326,306	(245,661)
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	45	(7,840)
Total other comprehensive income	45	(7,840)
Comprehensive income	326,352	(253,501)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	326,352	(253,501)
Comprehensive income attributable to non-controlling interests	-	-

**(3) Consolidated Statement of Changes in Equity**

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	5,945,162	3,596,197	8,465,977	(1,070,940)	16,936,396	(14,001)	(14,001)	16,922,395
Cumulative effects of changes in accounting policies			(1,933,897)		(1,933,897)		-	(1,933,897)
Restated balance	5,945,162	3,596,197	6,532,079	(1,070,940)	15,002,499	(14,001)	(14,001)	14,988,498
Changes during period								
Dividends of surplus			(282,756)		(282,756)		-	(282,756)
Profit attributable to owners of parent			326,306		326,306		-	326,306
Purchase of treasury shares				(250,600)	(250,600)		-	(250,600)
Disposal of treasury shares		4,200		262,358	266,559		-	266,559
Net changes in items other than shareholders' equity					-	45	45	45
Total changes during period	-	4,200	43,550	11,758	59,510	45	45	59,555
Balance at end of period	5,945,162	3,600,398	6,575,630	(1,059,181)	15,062,009	(13,955)	(13,955)	15,048,053

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income		Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	5,945,162	3,600,398	6,575,630	(1,059,181)	15,062,009	(13,955)	(13,955)	15,048,053
Changes during period								
Dividends of surplus			(291,506)		(291,506)		-	(291,506)
Loss attributable to owners of parent			(245,661)		(245,661)		-	(245,661)
Purchase of treasury shares					-		-	-
Disposal of treasury shares				14,582	14,582		-	14,582
Net changes in items other than shareholders' equity					-	(7,840)	(7,840)	(7,840)
Total changes during period	-	-	(537,168)	14,582	(522,585)	(7,840)	(7,840)	(530,425)
Balance at end of period	5,945,162	3,600,398	6,038,462	(1,044,598)	14,539,424	(21,795)	(21,795)	14,517,628

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	521,328	(272,669)
Depreciation	135,494	162,191
Impairment losses	22,959	80,314
Increase (decrease) in provision for bonuses	(174,699)	(93,635)
Interest income	(7,072)	(5,880)
Interest expenses	128,106	132,362
Decrease (increase) in trade receivables	(684,602)	610,823
Decrease (increase) in inventories	5,954,970	662,290
Increase (decrease) in trade payables	(2,407,549)	1,926,097
Increase (decrease) in advances received on construction contracts in progress	1,160,430	(747,459)
Increase (decrease) in advances received	(441,344)	188,574
Decrease (increase) in prepaid expenses	52,266	7,998
Decrease (increase) in accounts receivable-other	(6,584)	62,041
Increase (decrease) in accrued consumption taxes	232,968	268,703
Other, net	145,471	(188,794)
Subtotal	4,632,145	2,792,959
Interest and dividends received	6,619	5,989
Interest paid	(125,668)	(132,438)
Income taxes paid	(333,245)	(110,635)
Net cash provided by (used in) operating activities	4,179,851	2,555,874
Cash flows from investing activities		
Payments into time deposits	(1,400,000)	(1,200,000)
Proceeds from withdrawal of time deposits	1,900,000	1,200,000
Purchase of property, plant and equipment	(40,761)	(107,107)
Other, net	3,531	(10,695)
Net cash provided by (used in) investing activities	462,769	(117,803)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,670,000)	(2,062,000)
Proceeds from long-term borrowings	8,460,000	8,660,000
Repayments of long-term borrowings	(6,015,000)	(4,430,000)
Proceeds from issuance of bonds	500,000	-
Redemption of bonds	-	(100,000)
Proceeds from sale of treasury shares	250,600	-
Purchase of treasury shares	(231,600)	-
Dividends paid	(282,811)	(291,899)
Net cash provided by (used in) financing activities	(3,988,811)	1,776,100
Net increase (decrease) in cash and cash equivalents	653,809	4,214,171
Cash and cash equivalents at beginning of period	7,184,688	7,838,497
Cash and cash equivalents at end of period	7,838,497	12,052,669

**(5) Notes to Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

## Segment and Other Information

### Segment information

#### 1. Overview of reportable segment

The reportable segments of the Sanyo Homes Group are constituent units of the group for which separate financial information is available and for which the Board of Directors conducts a regular review for the purposes of determining the allocation of management resources and evaluating business performance.

Sanyo Homes establishes a manufacturing and sales structure for each product and service and conducts business operations based on a comprehensive strategy for all products and services.

Consequently, based on the types of business activities, there are two reportable segments based on products and services: the Housing Business and the Condominium Business.

The Housing Business includes designs, construction supervision and contracting, sales and other activities for housing, asset utilization and residential remodeling. The Condominium Business includes the development, sales, rental and other activities for condominium buildings.

#### 2. Calculation methods for net sales, profit or loss, assets, and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as the methods in “Significant Accounting Policies in the Preparation of Consolidated Financial Statements.”

Profits for reportable segments are operating profit. Inter-segment sales and transfers are determined in the same manner as for general transactions based on market prices.

#### 3. Information related to net sales, profit or loss, assets, and other items for each reportable segments and breakdown of revenue

FY3/22 (Apr. 1, 2021 - Mar. 31, 2022)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Housing Business	Condominium Business	Subtotal				
Net sales							
Kanto	3,779,539	11,091,582	14,871,122	-	14,871,122	-	14,871,122
Chubu	4,128,034	1,349,458	5,477,493	-	5,477,493	-	5,477,493
Kinki	7,605,614	11,230,645	18,836,259	-	18,836,259	-	18,836,259
Kyushu	2,970,094	3,516,261	6,486,355	-	6,486,355	-	6,486,355
Other (Not classified)	1,180,876	-	1,180,876	3,948,405	5,129,281	-	5,129,281
Revenue from contracts with customers	19,664,158	27,187,948	46,852,107	3,948,405	50,800,512	-	50,800,512
Other revenue	205,777	100,799	306,576	16,320	322,896	-	322,896
Sales to external customers	19,869,935	27,288,747	47,158,683	3,964,725	51,123,408	-	51,123,408
Inter-segment sales or transfers	127,099	2,160	129,259	8,540	137,800	(137,800)	-
Total	19,997,035	27,290,907	47,287,943	3,973,266	51,261,209	(137,800)	51,123,408
Segment profit (loss)	(665,888)	1,996,621	1,330,732	(5,254)	1,325,477	(776,695)	548,782
Segment assets	5,450,515	29,051,167	34,501,683	1,730,883	36,232,566	10,654,324	46,886,890
Other items							
Depreciation and amortization	29,262	3,292	32,554	90,720	123,275	12,219	135,494
Increase in property, plant and equipment and intangible assets	375,041	77,285	452,326	135,114	587,441	28,847	616,288

Notes: 1. The Other segment is businesses which are not included in any reportable segment and mainly consists of lifestyle support services.

2. Adjustments to segment profit (loss) and assets are as follows.

- (1) The negative adjustment of 776,695 thousand yen to segment profit or loss includes company-wide costs that are not allocated to any reportable segment. Company-wide costs consist of general and administrative expenses that cannot be attributable to any reportable segment.
  - (2) The 10,654,324 thousand yen adjustment to segment assets includes company-wide assets that are not allocated to any reportable segment. Company-wide assets mainly include excess working capital, working capital and other assets not attributable to any of the reportable segments.
  - (3) The 12,219 thousand yen adjustment to depreciation and amortization includes depreciation of company-wide assets that cannot be allocated to reportable segments.
  - (4) The 28,847 thousand yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures not attributable to any reportable segment.
3. Segment profit and assets are adjusted for consistency with operating profit and total assets shown on the consolidated financial statements, respectively.

FY3/23 (Apr. 1, 2022 - Mar. 31, 2023)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Housing Business	Condominium Business	Subtotal				
Net sales							
Kanto	3,668,950	4,461,730	8,130,681	-	8,130,681	-	8,130,681
Chubu	3,841,452	316,149	4,157,602	-	4,157,602	-	4,157,602
Kinki	10,015,104	6,273,241	16,288,345	-	16,288,345	-	16,288,345
Kyushu	3,444,463	2,605,878	6,050,342	-	6,050,342	-	6,050,342
Other (Not classified)	1,852,572	-	1,852,572	4,141,381	5,993,954	-	5,993,954
Revenue from contracts with customers	22,822,544	13,657,000	36,479,544	4,141,381	40,620,925	-	40,620,925
Other revenue	210,130	104,251	314,381	35,318	349,699	-	349,699
Sales to external customers	23,032,674	13,761,251	36,793,925	4,176,700	40,970,625	-	40,970,625
Inter-segment sales or transfers	10,814	2,160	12,974	12,098	25,073	(25,073)	-
Total	23,043,489	13,763,411	36,806,900	4,188,798	40,995,699	(25,073)	40,970,625
Segment profit (loss)	(5,446)	598,916	593,470	(80,046)	513,423	(663,409)	(149,986)
Segment assets	5,791,079	27,363,636	33,154,716	1,599,440	34,754,156	15,159,671	49,913,828
Other items							
Depreciation and amortization	37,137	13,102	50,240	82,452	132,692	16,130	148,822
Increase in property, plant and equipment and intangible assets	87,274	752,001	839,276	24,894	864,170	5,119	869,290

Notes: 1. The Other segment is businesses which are not included in any reportable segment and mainly consists of lifestyle support services.

2. Adjustments to segment profit (loss) and assets are as follows.
  - (1) The negative adjustment of 663,409 thousand yen to segment profit or loss includes company-wide costs that are not allocated to any reportable segment. Company-wide costs consist of general and administrative expenses that cannot be attributable to any reportable segment.
  - (2) The 15,159,671 thousand yen adjustment to segment assets includes company-wide assets that are not allocated to any reportable segment. Company-wide assets mainly include excess working capital, working capital and other assets not attributable to any of the reportable segments.
  - (3) The 16,130 thousand yen adjustment to depreciation and amortization includes depreciation of company-wide assets that cannot be allocated to reportable segments.
  - (4) The 5,119 thousand yen adjustment to increase in property, plant and equipment and intangible assets is capital expenditures not attributable to any reportable segment.
3. Segment profit and assets are adjusted for consistency with operating profit and total assets shown on the consolidated financial statements, respectively.

## Related information

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

## 1. Information by product and service

Omitted because the same information is presented in the segment information.

## 2. Information by region

## (1) Sales

Not applicable because there are no sales to external customers outside Japan.

## (2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

## 3. Information by major customer

Omitted because no sales to external customer account for 10% or more of net sales on the consolidated statement of income.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

## 1. Information by product and service

Omitted because the same information is presented in the segment information.

## 2. Information by region

## (1) Sales

Not applicable because there are no sales to external customers outside Japan.

## (2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

## 3. Information by major customer

Omitted because no sales to external customer account for 10% or more of net sales on the consolidated statement of income.

## Information related to impairment loss on non-current assets for each reportable segment

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Housing Business	Condominium Business	Other	Elimination or corporate	Total
Impairment loss	12,285	-	10,674	-	22,959

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Housing Business	Condominium Business	Other	Elimination or corporate	Total
Impairment loss	79,847	-	466	-	80,314

## Information related to amortized amounts and the unamortized balance of goodwill for each reportable segment

Not applicable.

## Information related to gain on bargain purchase for each reportable segment

Not applicable.



**Per Share Information**

(Yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	1,358.62	1,308.19
Net income (loss) per share	29.49	(22.15)

Notes: 1. Diluted net income per share in FY3/23 is not presented since Sanyo Homes has no outstanding dilutive securities, and posted a net loss. Diluted net income per share in FY3/22 is not presented since Sanyo Homes has no outstanding dilutive securities.

2. For the purpose of calculating the amounts of net assets per share, the number of shares of the Company held by the Management Board Incentive Plan Trust (FY3/22: 584,247 shares, FY3/23: 562,795 shares) was included in the number of treasury shares, which was to be deducted from the calculation of the number of shares issued at the end of the period. For the purpose of calculating the amounts of net income (loss) per share, the number of shares of the Company held by the said Trust was included in the number of treasury shares, which was to be deducted from the calculation of the average number of shares outstanding during the period (FY3/22: 443,791, FY3/23: 570,524 shares).

3. The basis of calculating the net assets per share is as follows:

	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
Total net assets (Thousands of yen)	15,048,053	14,517,628
Deduction on total net assets (Thousands of yen) [of which, share acquisition rights (Thousands of yen)]	- [-]	- [-]
Net assets at the end of the fiscal year applicable to common stock (Thousands of yen)	15,048,053	14,517,628
Number of shares of common stock used in calculation of net assets per share (Shares)	11,076,012	11,097,464

4. The basis of calculating the net income (loss) per share is as follows:

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	326,306	(245,661)
Profit not attributable to common shareholders (Thousands of yen)	-	-
Profit (loss) attributable to common shareholders of parent (Thousands of yen)	326,306	(245,661)
Average number of common shares outstanding during the period (Shares)	11,064,961	11,089,735
Summary of potential shares not included in the calculation of diluted net income per share due to no dilutive effect	-	-

**Subsequent Events**

Not applicable.

## 4. Other Information

### 1) Orders Received

Orders received in FY3/23 are broken down by segment as follows. (Thousands of yen)

Operating segment	Orders received	Year-on-year (%)	Order backlog	Year-on-year (%)
Housing Business	22,064,068	97.5	12,577,109	92.8
Condominium Business	17,501,039	72.1	9,913,773	160.6
Other	4,176,700	105.3	-	-
Total	43,741,808	86.0	22,490,883	114.1

Notes: 1. Inter-segment transactions have been eliminated.

2. No order backlog is shown in the "Other" segment because net sales are the same as the orders received.

Orders received by region are as follows. (Thousands of yen)

Kanto area	Chubu area	Kinki area	Kyushu area	Total
7,724,464	4,655,918	25,144,553	6,216,871	43,741,808

### 2) Sales

Sales in FY3/23 are broken down by segment as follows.

Operating segment	Sales (Thousands of yen)	Year-on-year (%)
Housing Business	23,032,674	115.9
Condominium Business	13,761,251	50.4
Other	4,176,700	105.3
Total	40,970,625	80.1

Note: Inter-segment transactions have been eliminated.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*