

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT.

This document has been translated from the original Japanese-language document as a guide for non-Japanese investors. In all cases, the Japanese-language original shall take precedence.

SUMMARY OF FINANCIAL STATEMENTS (Non-Consolidated) for the Third Quarter Ending March 31, 2020 (Japanese Standard)

Feb 14, 2019

Company name : SHIN-NIHON TATEMONO CO., LTD.
 Stock exchange listing : Tokyo Stock Exchange
 Code Number : 8893 URL <http://www.kksnt.co.jp/>
 Representative : Tomohiko Ikeda, President and Chief Executive Officer
 IR Contact : Hiroaki Sato, Director, Managing Executive Officer, Administrative Department Manager
 Tel : (81) 3-5962-0776
 Scheduled date to file Quarterly Securities Report : Feb 14, 2020
 Scheduled date to commence dividend payments : None
 Preparation of supplementary materials of quarterly financial statement : Yes
 Holding of quarterly financial results briefing : None

(Amounts are rounded down to the nearest million yen)

1. Financial Results for the Third Quarter Ending March 31, 2020 (April 1, 2019~December 31, 2019)

(1) Operating Result (Cumulative)

(% represent the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third Quarter Ending March 31, 2020	9,602	76.5	981	90.9	635	70.7	518	92.0
Third Quarter Ended March 31, 2019	5,440	(46.6)	514	(29.9)	372	(42.4)	269	(50.6)

	Earnings per share	Diluted Earnings per Share
	Yen	Yen
Third Quarter Ending March 31, 2020	26.04	—
Third Quarter Ended March 31, 2019	13.56	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Third Quarter Ending March 31, 2020	22,368	5,512	24.6
Year ended Mar. 31, 2019	18,882	5,322	28.2

(Reference) Equity: Second Quarter Ended March 31, 2020: 5,701 Million yen March 31, 2019: 5,322 Million yen

2. Dividends

	Dividend per share				
	End of the 1 st quarter	End of the 2 nd quarter	End of the 3 rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2019	—	0.00	—	18.00	18.00
Year ending Mar. 31, 2020	—	0.00			
Year ending Mar. 31, 2020 (Forecast)			—	20.00	20.00

(Notes) Revisions of the dividend forecast most recently announced: None

3. Business Forecasting for the fiscal year ending March 2020 (April 1, 2019~March 31, 2020)

(% represent the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	17,850	36.0	1,710	7.0	1,540	10.9	1,320	13.1	66.31

(Notes) Revisions of the business forecast most recently announced: None

※ Notes

(1) Application of special accounting methods in preparation of quarterly financial statements : None

(2) Changes in accounting policies, changes in accounting estimates, and restatements.

- ① Changes in accounting policies due to revisions of accounting standards, etc. : No
- ② Changes in accounting policies other than stated in ① : No
- ③ Changes in accounting estimates : No
- ④ Restatements : No

(3) Number of issued shares (common stock)

① Number of issued shares at the end of the period (including treasury shares)	3Q Ended March 31, 2020	19,914,617 shares	Year ending Mar. 31, 2019	19,914,617 shares
② Number of shares of treasury at the end of the period	3Q Ended March 31, 2020	10,776 shares	Year ending Mar. 31, 2019	9,456 shares
③ Average number of shares during the period (cumulative)	3Q Ended March 31, 2020	19,904,684 shares	3Q Ended March 31, 2019	19,905,540 shares

※ Summary of the quarterly financial statements are not subject to quarterly reviews by certified public accountants or audit corporations.

※ Explanation as to appropriate use of business forecasts and other special instructions

- The forward-looking statements in this document are based on information available on the data of the Company and on certain assumptions deemed to be reasonable. Accordingly, the statements in this document are not the promise intended in respect of the actual results by the company. Actual financial results may differ significantly due to various factors. Regarding the precautions of using the data of financial forecasts and the premises and conditions, please refer to "Explanation on Future Forecast Information such as Earnings Forecasts" on page 3 of the attachment.
- The supplementary material on financial results will be posted on our company's website on February 14, 2020.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

Operating results for the third-quarter cumulative period are driven by promoting the sales and the handover of hotel properties, logistics land use, and Compact Condominium Buildings for Investment-Purpose. Consequently, the net sales was 9,602 million yen (up 76.5% year on year), operating income was 981 million yen (up 90.9% year on year), ordinary income was 635 million yen (up 70.7% year on year), and net income was 518 million yen (up 92.0% year-on-year).

	Previous 3 rd quarter cumulative period		Current 3 rd quarter cumulative period	
	Amount	Net Sales (millions of yen)	Amount	Net Sales (millions of yen)
Asset Solution Business	8 projects	3,337	7 projects	5,701
Condominium Unit Sales Business	44 units	1,144	110 units	3,428
Residential Housing Sales business	12 buildings	861	4 buildings	422
Others	—	97	—	49
Total Net Sales	—	5,440	—	9,602
Operating income	—	514	—	981

Results by segment are as follows.

(Asset Solution Business)

In the third-quarter cumulative period, the handover of hotel properties and sales of development land to other developers were actively promoted. Thus, sales and profit increased year on year that net sales was 5,701 million yen (up 70.8% year-on-year), and operating income was 909 million yen (up 31.5% year-on-year).

(Condominium Unit Sales Business)

In the third-quarter cumulative period, the promoting of Compact Condominium Buildings for Investment-Purpose which located in Tokyo 23 wards and handover of 6 buildings led to an increase of net sales to 3,428 million yen (up 199.7% year on year) and operating income increased to 479 million yen (up 580.7% year on year).

(Residential Housing Sales business)

In the third-quarter cumulative period, due to a decrease in the number of handing over the Wooden Apartment Building for Investment-Purpose, net sales was 422 million yen (down 51.0% year-on-year) and operating income was 57 million yen (down 44.1% year-on-year).

(Others)

Net sales for the third-quarter cumulative period was 49 million yen (down 49.3% year-on-year), and operating income was 15 million yen (down 67.3% year-on-year).

(2) Explanation of Financial Position

[1] Status of Assets, Liabilities and Net assets

(Assets)

Total assets at the end of the third-quarter were 22,368 million yen, which have increased 3,485 million yen (up 18.5% year-on-year). Current assets increased 3,474 million yen (up 20.1% year-on-year) to 20,733 million yen, and noncurrent assets increased 11 million yen to 1,632 million yen.

The main factors in the increase in current assets were a decrease of 681 million yen (down 16.2% year-on-year) in cash and deposits, while real estate for sale increased 146 million yen (up 4.0% year-on-year) and real estates for sale in progress increased to 4,014 million yen (up 43.6% year-on-year).

(Liabilities)

Total liabilities at the end of the third-quarter were 16,855 million yen, an increase of 3,295 million yen (up 24.3% year-on-year). Current liabilities decreased 1,759 million yen (down 22.4% year-on-year) to 6,114 million yen, and noncurrent liabilities increased 5,055 million yen (up 88.9% year-on-year) to 10,741 million yen.

The main factors of the decrease in current liabilities were a decrease of 1,988 million yen (down 63.5% year-on-year) in short-term loans payable and a increase of 470 million yen (down 12.2% year-on-year) in current portion of long-term loans payable.

The main factor of the increase in noncurrent liabilities was long-term loans payable which increased 5,038 million yen (up 95.9% year-on-year) at the end of the third-quarter.

(Net assets)

At the end of the third-quarter, total net assets increased 190 million yen (up 3.6% year-on-year) to 5,512 million yen compared to the end of the previous fiscal year. The main factors of the increase in total net assets were the posting of net income of 518 million yen and the increase of the valuation difference on available-for-sale securities to 30 million yen, meanwhile, dividends of surplus were 358 million yen.

(3) Explanation of forecast information such as business forecasts

For the Year ending March 31, 2020, there are no changes to the forecasts announced on May 15, 2019.

2. Quarterly financial statements and main notes

(1) Quarterly balance sheet

	Previous Fiscal Year (Mar 31, 2019)	(Thousands in yen) 3 rd quarter Ending Mar 31, 2020 (Dec 31, 2019)
Assets		
Current assets		
Cash and deposits	4,191,103	3,510,070
Real estate for sale	3,677,047	3,823,089
Real estate for sale in process	9,204,478	13,218,515
Raw materials and supplies	1,511	1,003
Advance payments–trade	67,850	99,050
Prepaid expenses	53,109	27,041
Current portion of Long-term loans receivable from subsidiaries and associates	11,000	4,000
Others	52,781	50,971
Total current assets	17,258,881	20,733,742
Noncurrent assets		
Property, plant and equipment		
Buildings	571,123	571,123
Accumulated depreciation	(39,819)	(53,788)
Buildings, net	531,303	517,334
Structures	39,268	33,418
Accumulated depreciation	(26,770)	(22,159)
Structures, net	12,498	11,259
Tools, furniture and fixtures	55,564	70,989
Accumulated depreciation	(27,944)	(35,333)
Tools, furniture and fixtures, net	27,620	35,655
Land	79,594	79,594
Leased assets	9,510	17,905
Accumulated depreciation	(1,743)	(3,403)
Leased assets, net	7,766	14,502
Total property, plant and equipment	658,784	658,346
Intangible assets		
Leasehold right	1,465	1,465
Software	2,170	1,796
Leased assets	4,675	18,265
Total intangible assets	8,311	21,526
Investments and other assets		
Investment securities	97,927	142,202
Stocks of subsidiaries and affiliates	61,120	71,120
Investments in capital	18,030	27,030
Long-term loans receivable from subsidiaries and associates	415,698	410,342
Claims provable in bankruptcy, claims provable in rehabilitation and others	5,779	5,459
Long-term prepaid expenses	5,157	3,625
Guarantee deposits	115,595	96,281
Deferred tax assets	233,203	195,376
Others	17,344	17,194
Allowance for doubtful accounts	(16,797)	(16,477)
Total investments and other assets	953,059	952,155
Total noncurrent assets	1,620,154	1,632,028
Deferred assets		
Bond issuance cost	3,385	2,369
Total deferred assets	3,385	2,369
Total assets	18,882,421	22,368,141

	(Thousands in yen)	
	Previous Fiscal Year	3 rd quarter Ending
	(Mar 31, 2019)	Mar 31, 2020 (Dec 31, 2019)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	243,332	216,664
Short-term loans payable	3,132,100	1,143,800
Current portion of long-term loans payable	3,868,020	4,338,780
Lease obligations	2,922	6,054
Accounts payable–other	19,893	13,631
Accrued expenses	93,624	49,856
Income taxes payable	139,742	-
Advances received	226,406	247,280
Deposits received	101,870	85,024
Provision for bonuses	46,592	13,412
Total current liabilities	7,874,504	6,114,504
Noncurrent liabilities		
Bonds	250,000	250,000
Long-term loans payable	5,253,037	10,291,297
Lease obligations	10,514	29,497
Provision for retirement benefits	38,674	43,871
Provision for directors' retirement benefits	75,023	86,297
Others	58,482	40,348
Total noncurrent liabilities	5,685,732	10,741,312
Total liabilities	13,560,237	16,855,816
Net assets		
Shareholders' equity		
Capital stock	854,500	854,500
Capital surplus		
Legal capital surplus	40,983	40,983
Total capital surplus	40,983	40,983
Retained earnings		
Legal retained earnings	29,861	65,690
Other retained earnings		
Retained earnings brought forward	4,358,437	4,482,546
Total retained earnings	4,388,299	4,548,236
Treasury stock	(2,687)	(3,204)
Total shareholders' equity	5,281,094	5,440,515
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	41,090	71,808
Total valuation and translation adjustments	41,090	71,808
Total net assets	5,322,184	5,512,324
Total liabilities and net assets	18,882,421	22,368,141

(2) Quarterly Income Statement

Third-quarter cumulative period

	(Thousands in yen)	
	3 rd quarter Ended Mar 31, 2019 (April 1, 2018 to Dec 31, 2018)	3 rd quarter Ending Mar 31, 2020 (April 1, 2019 to Dec 31, 2019)
Net sales		
Net sales from the Asset solution business	3,337,280	5,701,600
Net sales from the condominium unit sales business	1,144,205	3,428,941
Net sales from the residential housing sales business	861,212	422,094
Others	97,740	49,531
Total net sales	5,440,438	9,602,167
Cost of sales		
Cost of sales of the Asset solution business	2,407,345	4,415,669
Cost of sales of the condominium unit sales business	952,682	2,667,039
Cost of sales of the residential housing sales business	656,844	319,937
Others	42,714	28,031
Total cost of sales	4,059,587	7,430,677
Gross profit	1,380,850	2,171,490
Selling, general and administrative expenses	866,666	1,189,796
Operating income	514,184	981,694
Non-operating income		
Interest income	1,957	4,176
Dividends income	313	335
Land and house rent received	17,226	8,928
Guarantee commission received	-	12,804
Others	6,380	2,753
Total non-operating income	25,878	28,997
Non-operating expenses		
Interest expenses	158,385	200,780
Foreign exchange losses	2,594	5,359
Contract Cancellation Fee	-	167,500
Others	6,649	1,240
Total non-operating expenses	167,629	374,880
Ordinary income	372,434	635,811
Extraordinary income		
Gain on sales of non-current assets	1,200	-
Total extraordinary income	1,200	-
Extraordinary loss		
Loss on sales of non-current assets	374	-
Impairment loss	46,503	-
Total extraordinary loss	46,877	-
Income before income taxes	326,756	635,811
Income tax-current	49,065	93,311
Income tax-deferred	7,812	24,269
Total income taxes	56,877	117,580
Net income	269,879	518,230

(3) Notes on quarterly financial statements

(Notes for the going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment information]

I. 3rd quarter cumulative period (from April 1, 2018, to December 31, 2018) Information on sales and profit /loss by reportable segment.

(Thousands of yen)

	Reportable Segment				Others (Note) 1	Total	Adjustment (Note) 2	Recorded amount in quarterly income statement (Note)3
	Asset solution business	Condominium unit sales business	Residential housing sales business	Total				
Net sales								
Sales to external customers	3,337,280	1,144,205	861,212	5,342,698	97,740	5,440,438	—	5,440,438
Intersegment sales	—	—	—	—	—	—	—	—
Total	3,337,280	1,144,205	861,212	5,342,698	97,740	5,440,438	—	5,440,438
Segment Margin	691,628	70,446	103,249	865,324	47,759	913,084	(398,899)	514,184

(Notes) 1. "Other" is a business segment not included in the reportable segment, and includes rental business, construction contracting business, brokerage business, consulting business, etc.

2. The Segment Margin adjustment of -398,899 thousand yen is corporate expenses that are not allocated to each reportable segment and are mainly general administrative expenses that do not belong to any reportable segment.

3. Segment Margin is adjusted with operating income in the quarterly income statement.

II. 3rd quarter cumulative period (from April 1, 2019, to December 31, 2019) Information on sales and profit /loss by reportable segment.

(Thousands of yen)

	Reportable Segment				Others (Note) 1	Total	Adjustment (Note) 2	Recorded amount in quarterly income statement (Note)3
	Asset solution business	Condominium unit sales business	Residential housing sales business	Total				
Net sales								
Sales to external customers	5,701,600	3,428,941	422,094	9,552,636	49,531	9,602,167	—	9,602,167
Intersegment sales	—	—	—	—	—	—	—	—
Total	5,701,600	3,428,941	422,094	9,552,636	49,531	9,602,167	—	9,602,167
Segment Margin	909,599	479,545	57,715	1,446,861	15,593	1,462,454	(480,760)	981,694

(Notes) 1. "Other" is a business segment not included in the reportable segment, and includes rental business, construction contracting business, brokerage business, consulting business, etc.

2. The Segment Margin adjustment of -480,760 thousand yen is corporate expenses that are not allocated to each reportable segment and are mainly general administrative expenses that do not belong to any reportable segment.

3. Segment Margin is adjusted with operating income in the quarterly income statement.