

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 First Quarter Ending March 31, 2021 (Japanese Standard)

Aug 7, 2020

Company name : SHIN-NIHON TATEMONO CO., LTD.
 Stock exchange listing : Tokyo Stock Exchange
 Code Number : 8893 URL <https://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 : Aug 7, 2020
 Scheduled date to commence dividend payments : -
 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 First Quarter Ending March 31, 2021 (April 1, 2020~ June 30, 2020)

(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	%
First Quarter Ending March 31, 2021	3,564	(7.1)	414	(33.2)	347	(36.9)	282	(37.7)
First Quarter Ended March 31, 2020	3,835	12.4	620	18.0	550	14.2	453	15.0

	Earnings per share	Diluted Earnings per Share
	Yen	Yen
First Quarter Ending March 31, 2021	14.21	—
First Quarter Ended March 31, 2020	22.79	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First Quarter Ending March 31, 2021	21,226	6,100	28.7
Year Ended March 31, 2020	23,254	6,298	27.1

(Reference) Equity: First Quarter Ending March 31, 2021: 6,100 million yen March 31, 2020: 6,298 million yen

2. Dividends

	Dividend per share				
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2020	—	0.00	—	25.00	25.00
Year ending Mar. 31, 2021	—				
Year ending Mar. 31, 2021 (Forecast)		0.00	—	22.00	22.00

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

Breakdown of year-end dividend for the year ended March 31, 2020: Ordinary dividend of 20 yen; Commemorative dividend of 5 yen (45th anniversary commemorative dividend)

3. Business Forecasting for the fiscal year ending March 2021 (April 1, 2020~March 31, 2021)

(% 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	19,830	17.3	2,010	1.7	1,730	10.1	1,450	9.2	72.85

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

The predictions of the business forecasts for the 2nd quarter cumulative period have not been conducted.

※ 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. : None
- ② Changes in accounting policies other than stated in ① : None
- ③ Changes in accounting estimates : None
- ④ Restatements : None
- (3) Number of issued shares (common stock)

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

1Q Ending March 31, 2021	19,914,617 shares
Year Ended March 31, 2020	19,914,617 shares

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

1Q Ending March 31, 2021	11,336 shares
Year Ended March 31, 2020	11,196 shares

- ③ Average number of shares during the period (cumulative)

1Q Ending March 31, 2021	19,903,341 shares
1Q Ended March 31, 2020	19,905,002 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 SNT 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 “(3) Explanation of forecast information such as business forecasts” on page 4 of the attachment.

• The supplementary material on financial results will be posted on our company’s website on August 7, 2020.

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

(1) Explanation of Operating Results

During the first quarter cumulative period (April 1, 2020, to June 30, 2020), the Japan's economy was contained in an extremely severe situation due to the spread of COVID-19, the announcement of the emergency situation, which led to the decline in company performance, and the deterioration of the business environment. Having said that, with the Japanese government's Emergency Economic Measures and the dampening economic environment, the Japanese economy was expected to recover after the infectious are alleviated and the pandemic shall start to calm down.

Under the market uncertainty, in the rental property market of the real estate industry, which Shin-Nihon Tatemono Co., Ltd. (hereinafter, the "SNT") belongs, the demands of housing departments and logistics facilities were remained firm and the demands from investors remained high in the Greater Tokyo Area even with the national emergency declaration which affected the real estate transactions by restricting the movement of people. However, as long as the outbreak of COVID-19 becoming long-lasting, the economic outlook remains unpredictable as the business sentiment may further deteriorate and the government may request for suspension in business activities.

Under such a business environment, SNT achieved the total net sales of 3,564 million yen (down 7.1% year-on-year) and recorded the operating income of 414 million yen (down 33.2% year on year), the ordinary income of 347 million yen (down 36.9% year on year), and the net income of 282 million yen (down 37.7% year on year) by promoting the project of commercial building development and compact condominium buildings for investment-purpose as planned.

	Previous 1 st quarter cumulative period		Current 1 st quarter cumulative period	
	Amount	Net Sales (millions of yen)	Amount	Net Sales (millions of yen)
Asset Solution Business	3 projects	2,957	3 projects	2,964
Condominium Unit Sales Business	22 units	707	14 units	574
Residential Housing Sales business	2 buildings	153	—	8
Others	—	16	—	16
Total Net Sales	—	3,835	—	3,564
Operating income	—	620	—	414

Results by segment are as follows.

(Asset Solution Business)

In the first quarter cumulative period, starting with the handover of Suidobashi commercial building, one of the commercial building development projects, SNT delivered 3 commercial buildings in total. As the result, the net sales increased to 2,964 million yen (up 0.2% year-on-year) while the operating income decreased to 490 million yen (down 23.8% year-on-year).

(Condominium Unit Sales Business)

In the first quarter cumulative period, the handover of Compact Condominium Buildings for Investment-Purpose was completed as planned, resulting in net sales of 574 million yen (down 18.8% year-on-year) and operating income of 63 million yen (down 51.8% year-on-year).

(Residential Housing Sales business)

In the first quarter cumulative period, there was no handover of the Wooden Apartment Building for Investment-Purpose. As the result, the net sales came from the rent income was 8 million yen (down 94.6% year-on-year) and operating income was 3 million yen (down 87.5% year-on-year).

(Others)

The net sales for the first quarter cumulative period was 16 million yen (up 2.6% year-on-year), and operating income was 5 million yen (up 14.8% year-on-year).

(2) Explanation of Financial Position

Status of Assets, Liabilities and Net assets

(Assets)

The total assets at the end of the first quarter decreased by 2,027 million yen (down 8.7% year-on-year) to 21,226 million yen. The current assets decreased by 2,157 million yen (down 10.0% year-on-year) to 19,453 million yen, and the noncurrent assets increased by 130 million yen (up 8% year-on-year) to 1,771 million yen.

The main factors of the decrease in the current assets were the decrease of cash and deposits of 597 million yen (down 12.1% year-on-year) and the real estate for sale in progress of 1,617 million yen (down 13.5% year-on-year).

(Liabilities)

The total liabilities at the end of the first quarter decreased by 1,829 million yen (down 10.8% year-on-year) to 15,125 million yen. The current liabilities increased by 1,176 million yen (up 14.9% year-on-year) to 9,064 million yen, and the noncurrent liabilities decreased by 3,005 million yen (down 33.1% year-on-year) to 6,061 million yen.

The main factors of the increase in the current liabilities were the increase of 214 million yen (up 7.6% year-on-year) in short-term loans payable and 1,219 million yen (up 30.3% year-on-year) in current portion of long-term loans payable.

The main factor of the decrease in the noncurrent liabilities was long-term loans payable which decreased 3,012 million yen (down 35.0% year-on-year) at the end of the first quarter.

(Net assets)

The total net assets at the end of the first quarter decreased by 197 million yen (down 3.1% year-on-year) to 6.1 billion yen compared to the end of the previous fiscal year. The main factors of the decrease in the total net assets were the net income of 282 million yen and the increase of the valuation difference on available-for-sale securities by 17 million yen, meanwhile, dividends of surplus were 497 million yen.

(3) Explanation of forecast information such as business forecasts

For the year ending March 31, 2021, there are no changes to the forecasts announced on May 15, 2020.

2. Financial statements and main notes

(1) Balance Sheet

(Thousands of yen)

	Previous Fiscal Year (March 31, 2020)	1 st Quarter Ending March 31, 2020 (June 30, 2020)
Assets		
Current assets		
Cash and deposits	4,947,881	4,350,320
Real estate for sale	4,535,672	4,629,751
Real estate for sale in process	11,990,711	10,373,476
Raw materials and supplies	254	1,720
Advance payments—trade	74,050	34,300
Prepaid expenses	29,973	36,473
Current portion of Long-term loans receivable from subsidiaries and associates	4,000	4,000
Others	28,076	23,305
Total current assets	21,610,621	19,453,347
Noncurrent assets		
Property, plant and equipment		
Buildings	596,178	596,178
Accumulated depreciation	(59,511)	(64,272)
Buildings, net	536,667	531,906
Structures	14,192	14,192
Accumulated depreciation	(3,287)	(3,642)
Structures, net	10,904	10,549
Tools, furniture and fixtures	71,143	76,982
Accumulated depreciation	(38,016)	(40,709)
Tools, furniture and fixtures, net	33,127	36,273
Land	79,594	79,594
Leased assets	18,085	18,506
Accumulated depreciation	(4,588)	(5,812)
Leased assets, net	13,496	12,693
Total property, plant and equipment	673,790	671,018
Intangible assets		
Leasehold right	1,465	1,465
Software	1,904	1,742
Leased assets	17,227	16,189
Total intangible assets	20,596	19,397
Investments and other assets		
Investment securities	108,392	278,409
Stocks of subsidiaries and affiliates	71,120	71,120
Investments in capital	27,030	27,030
Long-term loans receivable from subsidiaries and associates	396,756	392,782
Claims provable in bankruptcy, claims provable in rehabilitation and others	5,368	5,214
Long-term prepaid expenses	3,109	2,605
Guarantee deposits	87,256	91,246
Deferred tax assets	249,004	218,903
Others	22,051	17,094
Allowance for doubtful accounts	(23,078)	(22,924)
Total investments and other assets	947,011	1,081,482
Total noncurrent assets	1,641,398	1,771,897
Deferred assets		
Bond issuance cost	2,031	1,692
Total deferred assets	2,031	1,692
Total assets	23,254,050	21,226,938

	(Thousands of yen)	
	Previous Fiscal Year	1 st Quarter Ending
	(March 31, 2020)	March 31, 2020 (June 30, 2020)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	363,488	352,467
Short-term loans payable	2,812,800	3,026,800
Current portion of long-term loans payable	4,021,580	5,241,080
Lease obligations	9,682	9,682
Accounts payable—other	21,541	104,277
Accrued expenses	70,177	27,225
Income taxes payable	179,561	51,269
Advances received	257,856	102,502
Deposits received	42,745	117,616
Provision for bonuses	49,511	13,691
Provision for director's bonuses	50,050	—
Others	9,399	18,099
Total current liabilities	7,888,395	9,064,713
Noncurrent liabilities		
Bonds	250,000	250,000
Long-term loans payable	8,596,957	5,584,087
Lease obligations	23,651	21,655
Asset retirement obligation	25,511	25,569
Provision for retirement benefits	44,124	45,653
Provision for directors' retirement benefits	90,293	94,290
Others	36,374	40,018
Total noncurrent liabilities	9,066,913	6,061,274
Total liabilities	16,955,308	15,125,987
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	65,690	115,449
Other retained earnings		
Retained earnings brought forward	5,292,614	5,028,035
Total retained earnings	5,358,305	5,143,484
Treasury stock	(3,398)	(3,442)
Total shareholders' equity	6,250,390	6,035,525
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	48,350	65,425
Total valuation and translation adjustments	48,350	65,425
Total net assets	6,298,741	6,100,950
Total liabilities and net assets	23,254,050	21,226,938

(2) Income Statement

(Thousands of yen)

	1 st Quarter Ended March 31, 2020 (April 1, 2019 to June 30, 2019)	1 st Quarter Ending March 31, 2021 (April 1, 2020 to June 30, 2020)
Net sales		
Net sales from the Asset solution business	2,957,726	2,964,679
Net sales from the condominium unit sales business	707,773	574,532
Net sales from the residential housing sales business	153,404	8,288
Others	16,102	16,518
Total net sales	3,835,007	3,564,018
Cost of sales		
Cost of sales of the Asset solution business	2,133,989	2,344,649
Cost of sales of the condominium unit sales business	506,827	438,711
Cost of sales of the residential housing sales business	108,236	404
Others	9,319	9,108
Total cost of sales	2,758,373	2,792,875
Gross profit	1,076,634	771,142
Selling, general and administrative expenses	456,190	356,469
Operating income	620,444	414,673
Non-operating income		
Interest income	1,385	1,311
Dividends income	25	365
Land and house rent received	2,507	982
Others	2,776	1,021
Total non-operating income	6,694	3,680
Non-operating expenses		
Interest expenses	63,699	61,943
Foreign exchange losses	12,085	4,008
Others	460	5,036
Total non-operating expenses	76,245	70,987
Ordinary income	550,893	347,366
Income before income taxes	550,893	347,366
Income tax-current	81,487	42,037
Income tax-deferred	15,828	22,564
Total income taxes	97,315	64,602
Net income	453,577	282,764

(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]

1. The 1st Quarter cumulative period (from April 1, 2019, to June 30, 2019)

Information on sales and profit /loss by reportable segments

(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	2,957,726	707,773	153,404	3,818,905	16,102	3,835,007	—	3,835,007
Intersegment sales	—	—	—	—	—	—	—	—
Total	2,957,726	707,773	153,404	3,818,905	16,102	3,835,007	—	3,835,007
Segment margin	643,150	132,755	30,773	806,679	4,484	811,163	(190,719)	620,444

- (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 -190,719 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. The segment margin is adjusted with operating income in the quarterly income statement.

2. The 1st Quarter cumulative period (from April 1, 2020, to June 30, 2020)

Information on sales and profit /loss by reportable segments

(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	2,964,679	574,532	8,288	3,547,499	16,518	3,564,018	—	3,564,018
Intersegment sales	—	—	—	—	—	—	—	—
Total	2,964,679	574,532	8,288	3,547,499	16,518	3,564,018	—	3,564,018
Segment margin	490,056	63,999	3,854	557,910	5,149	563,059	(148,386)	414,673

- (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 -148,386 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. The segment margin is adjusted with operating income in the quarterly income statement.