

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 Second Quarter Ending March 31, 2021 (Japanese Standard)

Nov 13, 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 : Nov 13, 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 Second Quarter Ending March 31, 2021 (April 1, 2020~ September 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	%
Second Quarter Ending March 31, 2021	7,500	3.0	734	(24.8)	571	(34.4)	473	(34.7)
Second Quarter Ended March 31, 2020	7,285	56.3	976	90.2	871	102.2	725	105.3

	Earnings per share	Diluted Earnings per Share
	Yen	Yen
Second Quarter Ending March 31, 2021	23.78	—
Second Quarter Ended March 31, 2020	36.43	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Second Quarter Ending March 31, 2021	20,158	6,299	31.2
Year Ended March 31, 2020	23,254	6,298	27.1

(Reference) Equity: Second Quarter Ending March 31, 2021: 6,299 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	—	0.00			
Year ending Mar. 31, 2021 (Forecast)		—	—	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

※ 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)

2Q 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

2Q Ending March 31, 2021	11,636 shares
Year Ended March 31, 2020	11,196 shares

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

2Q Ending March 31, 2021	19,903,208 shares
2Q Ended March 31, 2020	19,904,889 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 Nov 13, 2020.

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

(1) Explanation of Operating Results

During the Second Quarter cumulative period (April 1, 2020, to September 30, 2020), the Japanese Economy shifted harshly under the influence of the continuous spread of COVID-19, because of the decline in capital investment and the lower levels of employment and income, which were both caused by the deterioration in corporate results, even though the gradual resume of economic activities resulted in the recovery of consumer spending and the export trades.

In the real estate industry, when it comes to the condominium market, selling prices continued to increase partly due to the lasting high construction fee and the decrease in the amount of property supplies, and demands on properties remained strong especially in the Greater Tokyo Area. On the other hand, the commercial building market got hit by the slow rise in land prices which resulted from the dampening demands in tourism and the office building market suffered from the downward pressure on rent caused by the trend of working from home. Prudent business management was demanded for both markets.

Under such a business environment, SNT achieved the total net sales of 7,500 million yen (up 3.0% year-on-year) and recorded the operating income of 734 million yen (down 24.8% year on year), the ordinary income of 571 million yen (down 34.4% year on year), and the net income of 473 million yen (down 34.7% year on year) by promoting land sales to other developers diligently and by handing over Compact Condominium Buildings for Investment-Purpose and commercial buildings as planned.

Total net assets at the end of the second quarter of the fiscal year ending March 31, 2021 were 6,299 million yen, and the equity ratio increased 4.1 percentage points from the end of the previous fiscal year to 31.2%.

	Previous 2 nd quarter cumulative period		Current 2 nd quarter cumulative period	
	Amount	Net Sales (millions of yen)	Amount	Net Sales (millions of yen)
Asset Solution Business	5 projects	3,759	7 projects	5,061
Condominium Unit Sales Business	99 units	3,183	73 units	2,202
Residential Housing Sales business	3 buildings	307	2 buildings	203
Others	—	34	—	32
Total Net Sales	—	7,285	—	7,500
Operating income	—	976	—	734

Results by segment are as follows.

(Asset Solution Business)

In the Second Quarter cumulative period, carefully paying attention to the market trends, SNT promoted land sales to other developers diligently and handed over commercial buildings as planned. As the result, the net sales increased to 5,061 million yen (up 34.6% year-on-year) while the operating income decreased to 717million yen (down 11.3% year-on-year).

(Condominium Unit Sales Business)

In the Second Quarter cumulative period, the handover of Compact Condominium Buildings for Investment-Purpose was completed as planned, resulting in net sales of 222 million yen (down 30.8% year-on-year) and operating income of 262 million yen (down 46.4% year-on-year).

(Residential Housing Sales business)

In the Second Quarter cumulative period, there were 2 handovers of the Wooden Apartment Building for Investment-Purpose. As the result, the net sales were 203 million yen (down 33.8% year-on-year) and operating income was 3.9million yen (down 26.9% year-on-year).

(Others)

The net sales for the Second Quarter cumulative period were 32 million yen (down 5.6% year-on-year), and operating income was 9 million yen (down 10.4% year-on-year).

(2) Explanation of Financial Position

①Status of Assets, Liabilities and Net assets

(Assets)

The total assets at the end of the Second Quarter decreased by 3095 million yen (down 13.3% year-on-year) to 20,158 million yen. The current assets decreased by 3,341 million yen (down 15.5% year-on-year) to 18,268 million yen, and the noncurrent assets increased by 246 million yen (up 15.0% year-on-year) to 1,888 million yen.

The main factors of the decrease in the current assets were the decrease of cash and deposits of 638 million yen (down 12.9% year-on-year) and in the real estate for sale of 791 million yen (down 17.4% year-by-year) and in the real estate for sale in progress of 1,885 million yen (down 15.7% year-on-year).

(Liabilities)

The total liabilities at the end of the Second Quarter decreased by 3,096 million yen (down 18.3% year-on-year) to 13,858 million yen. The current liabilities decreased by 193 million yen (down 2.5% year-on-year) to 7,694 million yen and the noncurrent liabilities decreased by 292 million yen (down 32.0% year-on-year) to 6,164 million yen.

The main factors of the decrease in the current liabilities were the decrease of 255 million yen (down 70.2% year-on-year) in accounts payable on construction, 232 million yen (down 8.2% year-on-year) in short-term loans payable, and 227 million yen (down 88.3% year-on-year) in deposits received despite the increase

of 421 million yen (up 10.5% 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 2,659 million yen (down 30.9% year-on-year) at the end of the Second Quarter.

(Net assets)

The total net assets at the end of the Second Quarter were 6,299 million yen. The main factors of the change in the total net assets were the net income of 473 million yen and the increase of the valuation difference on available-for-sale securities by 25 million yen, meanwhile, dividends of surplus were 497 million yen.

② Status of Cash Flows

The cash and cash equivalents at end of the Second Quarter decreased by 638 million yen to 4,309 million yen. The status of Cash Flows of the Second Quarter cumulative period are as follows.

(Cash flows from operating activities)

In the Second Quarter cumulative period, Cash Flows from operating activities increased by 2,603 million yen (increased by 525-million-yen, last year). The main factors of the increase in the Cash Flows from operating activities were the recording of income before income taxes of 571 million yen and a decrease in inventories of 2,676 million yen.

(Cash flows from investing activities)

In the Second Quarter cumulative period, Cash Flows from investing activities decreased by 268 million yen (decreased by 26-million-yen, last year). The main factors of the decrease in the Cash Flows from operating activities were the purchase of securities of 165 million yen and payments of long-term loans receivable of 100 million yen.

(Cash flows from financing activities)

In the Second Quarter cumulative period, Cash Flows from financing activities decreased by 2,973 million yen (increased by 432-million-yen, last year). The main factors of the decrease in the Cash Flows from financing activities were the decrease in debts of 2,470 million yen, with the dividend of surplus of 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)	2 nd Quarter Ending March 31, 2021 (Sep 30, 2020)
Assets		
Current assets		
Cash and deposits	4,947,881	4,309,460
Real estate for sale	4,535,672	3,744,581
Real estate for sale in process	11,990,711	10,105,015
Raw materials and supplies	254	751
Advance payments-trade	74,050	38,500
Prepaid expenses	29,973	33,427
Current portion of Long-term loans receivable from subsidiaries and associates	4,000	-
Others	28,076	36,994
Total current assets	21,610,621	18,268,732
Noncurrent assets		
Property, plant and equipment		
Buildings	596,178	596,178
Accumulated depreciation	(59,511)	△69,032
Buildings, net	536,667	527,146
Structures	14,192	14,192
Accumulated depreciation	(3,287)	△3,997
Structures, net	10,904	10,194
Tools, furniture and fixtures	71,143	73,482
Accumulated depreciation	(38,016)	△39,902
Tools, furniture and fixtures, net	33,127	33,580
Land	79,594	79,594
Leased assets	18,085	18,506
Accumulated depreciation	(4,588)	△7,037
Leased assets, net	13,496	11,468
Total property, plant and equipment	673,790	661,985
Intangible assets		
Leasehold right	1,465	1,465
Software	1,904	1,581
Leased assets	17,227	15,151
Total intangible assets	20,596	18,197
Investments and other assets		
Investment securities	108,392	315,275
Stocks of subsidiaries and affiliates	71,120	75,120
Investments in capital	27,030	27,030
Long-term loans receivable from subsidiaries and associates	396,756	485,710
Claims provable in bankruptcy, claims provable in rehabilitation and others	5,368	8,321
Long-term prepaid expenses	3,109	2,089
Guarantee deposits	87,256	77,089
Deferred tax assets	249,004	223,299
Others	22,051	17,044
Allowance for doubtful accounts	(23,078)	△22,883
Total investments and other assets	947,011	1,208,096
Total noncurrent assets	1,641,398	1,888,279
Deferred assets		
Bond issuance cost	2,031	1,354
Total deferred assets	2,031	1,354
Total assets	23,254,050	20,158,365

	(Thousands of yen)	
	Previous Fiscal Year	2 nd Quarter Ending
	(March 31, 2020)	March 31, 2021 (Sep 30, 2020)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	363,488	108,186
Short-term loans payable	2,812,800	2,580,800
Current portion of long-term loans payable	4,021,580	4,442,780
Current portion of bonds	—	250,000
Lease obligations	9,682	9,837
Accounts payable—other	21,541	13,698
Accrued expenses	70,177	31,373
Income taxes payable	179,561	97,632
Advances received	257,856	30,140
Deposits received	42,745	28,640
Provision for bonuses	49,511	26,572
Provision for director's bonuses	50,050	-
Others	9,399	75,147
Total current liabilities	7,888,395	7,694,808
Noncurrent liabilities		
Bonds	250,000	-
Long-term loans payable	8,596,957	5,937,217
Lease obligations	23,651	19,042
Asset retirement obligation	25,511	25,627
Provision for retirement benefits	44,124	46,617
Provision for directors' retirement benefits	90,293	98,638
Others	36,374	36,929
Total noncurrent liabilities	9,066,913	6,164,072
Total liabilities	16,955,308	13,858,881
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	5,218,561
Total retained earnings	5,358,305	5,334,011
Treasury stock	(3,398)	(3,541)
Total shareholders' equity	6,250,390	6,225,953
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	48,350	73,531
Total valuation and translation adjustments	48,350	73,531
Total net assets	6,298,741	6,299,484
Total liabilities and net assets	23,254,050	20,158,365

(2) Income Statement
Second quarter cumulative period

(Thousands of yen)

	2 nd Quarter Ended March 31, 2020 (Apr 1, 2019 to Sep 30, 2019)	2 nd Quarter Ending March 31, 2021 (Apr 1, 2020 to Sep 30, 2020)
Net sales		
Net sales from the Asset solution business	3,759,708	5,061,480
Net sales from the condominium unit sales business	3,183,675	2,202,922
Net sales from the residential housing sales business	307,713	203,807
Others	34,038	32,116
Total net sales	7,285,135	7,500,326
Cost of sales		
Cost of sales of the Asset solution business	2,679,412	4,142,602
Cost of sales of the condominium unit sales business	2,452,795	1,796,114
Cost of sales of the residential housing sales business	226,560	157,537
Others	18,634	18,240
Total cost of sales	5,377,403	6,114,494
Gross profit	1,907,731	1,385,831
Selling, general and administrative expenses	931,312	651,699
Operating income	976,419	734,132
Non-operating income		
Interest income	2,795	2,966
Dividends income	335	695
Land and house rent received	4,067	2,226
Subsidy income	12,804	-
Others	2,393	1,212
Total non-operating income	22,396	7,100
Non-operating expenses		
Interest expenses	115,242	119,908
Foreign exchange losses	11,592	11,156
Contract Cancellation Fee	-	30,000
Others	902	8,331
Total non-operating expenses	127,737	169,395
Ordinary income	871,079	571,836
Income before income taxes	871,079	571,836
Income tax-current	136,599	83,954
Income tax-deferred	9,296	14,591
Total income taxes	145,895	98,545
Net income	725,183	473,291

(3) Cash Flow Statement

	(Thousands of yen)	
	2 nd Quarter Ended March 31, 2020 (Apr 1, 2019 to Sep 30, 2019)	2 nd Quarter Ending March 31, 2021 (Apr 1, 2020 to Sep 30, 2020)
Net cash flow from operating activities		
Net income before taxes	871,079	571,836
Depreciation and amortization	17,033	20,464
Increase (decrease) in allowance for doubtful accounts	(240)	(195)
Increase (decrease) in provision for retirement benefits	3,647	2,492
Increase (decrease) in provision for directors' retirement benefits	7,277	8,345
Interest and dividends income	(3,131)	(3,661)
Interest expenses	115,242	119,908
Decrease (increase) in inventories	(356,767)	2,676,290
Decrease (increase) in advance payments	(19,950)	35,550
Increase (decrease) in notes and accounts payable-trade	(102,115)	(255,302)
Increase (decrease) in advances received	85,962	(227,716)
Increase (decrease) in deposits received	2,946	(14,105)
Others	155,215	(69,455)
Subtotal	776,200	2,864,451
Interest and dividends income received	589	853
Interest expenses paid	(129,126)	(120,385)
Income taxes paid	(122,108)	(141,830)
Net cash from operating activities	525,554	2,603,088
Net cash from investing activities		
Purchase of property, plant, and equipment	(14,842)	(5,839)
Purchase of intangible assets	(150)	-
Purchase of investment securities	-	(165,681)
Purchase of stocks of subsidiaries and affiliates	(10,000)	-
Payments of long-term loans receivable	-	(100,000)
Collection of long-term loans receivable	7,240	-
Others	(8,899)	3,156
Net cash from investing activities	(26,652)	(268,365)
Net cash from financing activities		
Net increase (decrease) in short-term loans payable	(1,113,500)	(232,000)
Proceeds from long-term loans payable	4,419,990	916,500
Repayment of long-term loans payable	(2,514,480)	(3,155,040)
Repayments of lease obligations	-	(4,876)
Cash dividends paid	(358,292)	(497,585)
Others	(1,071)	(142)
Net cash from financing activities	432,645	(2,973,144)
Net increase (decrease) in cash and cash equivalents	931,547	(638,421)
Cash and cash equivalents at the beginning of the period	4,191,103	4,947,881
Cash and cash equivalents at the end of the period	5,122,650	4,309,460

(4) 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 2nd Quarter cumulative period (from April 1, 2019, to September 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	3,759,708	3,183,675	307,713	7,251,096	34,038	7,285,135	—	7,285,135
Intersegment sales	—	—	—	—	—	—	—	—
Total	3,759,708	3,183,675	307,713	7,251,096	34,038	7,285,135	—	7,285,135
Segment margin	808,010	489,649	53,596	1,351,256	11,097	1,362,354	(385,934)	976,419

- (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 -385,934 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 2nd Quarter cumulative period (from April 1, 2020, to September 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	5,061,480	2,202,922	203,807	7,468,210	32,116	7,500,326	—	7,500,326
Intersegment sales	—	—	—	—	—	—	—	—
Total	5,061,480	2,202,922	203,807	7,468,210	32,116	7,500,326	—	7,500,326
Segment margin	717,085	262,282	39,154	1,018,523	9,945	1,028,469	(294,337)	734,132

- (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 -294,337 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.