

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, 2021 (Japanese Standard)

Feb 5, 2021

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 : Feb 8, 2021
 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 Third Quarter Ending March 31, 2021 (April 1, 2020~ Dec 31, 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	%
Third Quarter Ending March 31, 2021	8,879	(7.5)	811	(17.3)	588	(7.5)	484	(6.4)
Third Quarter Ended March 31, 2020	9,602	76.5	981	90.9	635	70.7	518	92.0

	Earnings per share	Diluted Earnings per Share
	Yen	Yen
Third Quarter Ending March 31, 2021	24.37	—
Third Quarter Ended March 31, 2020	26.04	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Third Quarter Ending March 31, 2021	21,527	6,328	29.4
Year Ended March 31, 2020	23,254	6,298	27.1

(Reference) Equity: Third Quarter Ending March 31, 2021: 6,328 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)

3Q 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

3Q Ending March 31, 2021	11,936 shares
Year Ended March 31, 2020	11,196 shares

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

3Q Ending March 31, 2021	19,903,089 shares
3Q Ended March 31, 2020	19,904,684 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 3 of the attachment.

• The supplementary material on financial results will be posted on our company’s website on Feb 5, 2021.

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

(1) Explanation of Operating Results

During the Third Quarter cumulative period (April 1, 2020, to December 31, 2020), in Japan, economic activity stagnated due to the spread of the COVID-19, but there were signs of a recovery in personal consumption and production activities as an outcome of various government policies and the improvement in world economy has begun to have an effect. However, since the infection started to spread again since November, there are concerns about the impact on the employment environment, and the future is still uncertain.

In the real estate industry, selling prices increased and numbers of supply is in decrease because of the high construction fee, however, Metropolitan area and suburbs are still popular due to the low interest rates.

In the real estate investment market, although the market conditions of offices and retail stores are declining due to self-restraint in order to curb the spread of the new coronavirus infection, investors' strong investment sentiment continues and interest rates continue to be low. Therefore, asset types such as rental condominiums and logistics facilities that are expected to generate stable profits are preferred, and it is expected that the market will continue to be stable. In the future, since there is no prospect of convergence of the spread of the infectious disease, more careful business management is required.

Under such a business environment, paying close attention to the market trends, SNT achieved the total net sales of 8,879 million yen (down 7.5% year-on-year) and recorded the operating income of 811 million yen (down 17.3% year on year), the ordinary income of 588 million yen (down 7.5% year on year), and the net income of 484 million yen (down 6.4% 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.

	Previous 3rd quarter cumulative period		Current 3rd quarter cumulative period	
	Amount	Net Sales (millions of yen)	Amount	Net Sales (millions of yen)
Asset Solution Business	7 projects	5,701	11 projects	6,015
Condominium Unit Sales Business	110 units	3,428	76 units	2,317
Residential Housing Sales business	4 buildings	422	5 buildings	497
Others	—	49	—	48
Total Net Sales	—	9,602	—	8,879
Operating income	—	981	—	811

Results by segment are as follows.

(Asset Solution Business)

In the Third Quarter cumulative period, carefully paying attention to the market trends, SNT promoted land sales to other developers diligently and handed over commercial buildings. As the result, the net sales increased to 6,015 million yen (up 5.5% year-on-year) while the operating income decreased to 897million yen

(down 1.4% year-on-year).

(Condominium Unit Sales Business)

In the Third Quarter cumulative period, SNT handed over 4 buildings 76 units of Compact Condominium Buildings for Investment-Purpose, resulting in net sales of 2,317 million yen (down 32.4% year-on-year) and operating income of 240 million yen (down 49.8% year-on-year).

(Residential Housing Sales business)

In the Third Quarter cumulative period, there were 5 handovers of the Wooden Apartment Building for Investment-Purpose. As the result, the net sales were 497 million yen (up 18.0% year-on-year) and operating income was 72 million yen (up 25.8% year-on-year).

(Others)

The net sales for the Third Quarter cumulative period were 48 million yen (down 1.6% year-on-year), and operating income was 15 million yen (up 0.8% year-on-year).

(2) Explanation of Financial Position

① Status of Assets, Liabilities and Net assets

(Assets)

The total assets at the end of the Third Quarter decreased by 1,726 million yen (down 7.4% year-on-year) to 21,527 million yen. The current assets decreased by 1,920 million yen (down 8.9% year-on-year) to 19,689 million yen, and the noncurrent assets increased by 195 million yen (up 11.9% year-on-year) to 1,837 million yen.

The main factors of the decrease in the current assets were the decrease of cash and deposits of 757 million yen (down 15.3% year-on-year) and in the real estate for sale of 644 million yen (down 14.2% year-by-year) and in the real estate for sale in progress of 534 million yen (down 4.5% year-on-year).

(Liabilities)

The total liabilities at the end of the Third Quarter decreased by 1,756 million yen (down 10.4% year-on-year) to 15,199 million yen. The current liabilities increased by 1,145 million yen (up 14.5% year-on-year) to 9,033 million yen and the noncurrent liabilities decreased by 2,901 million yen (down 32.0% year-on-year) to 6,165 million yen.

The main factors of the increase in the current liabilities were the increase of 364 million yen (up 12.9% year-on-year) in short-term loans payable, and 1,338 million yen (up 33.3% 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 2,660 million yen (down 30.9% year-on-year) at the end of the Third Quarter.

(Net assets)

The total net assets at the end of the Third Quarter increased by 30 million yen (up 0.5% year-to-year) to 6,328 million yen. The main factors of the change in the total net assets were the net income of 484 million yen and the increase of the valuation difference on available-for-sale securities by 42 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)	3rd Quarter Ending March 31, 2021 (Dec 31, 2020)
Assets		
Current assets		
Cash and deposits	4,947,881	4,190,222
Real estate for sale	4,535,672	3,890,790
Real estate for sale in process	11,990,711	11,456,356
Raw materials and supplies	254	2,099
Advance payments—trade	74,050	53,900
Prepaid expenses	29,973	23,096
Current portion of Long-term loans receivable from subsidiaries and associates	4,000	-
Others	28,076	73,161
Total current assets	21,610,621	19,689,626
Noncurrent assets		
Property, plant and equipment		
Buildings	596,178	596,178
Accumulated depreciation	(59,511)	(73,792)
Buildings, net	536,667	522,385
Structures	14,192	14,192
Accumulated depreciation	(3,287)	(4,351)
Structures, net	10,904	9,840
Tools, furniture, and fixtures	71,143	73,612
Accumulated depreciation	(38,016)	(42,594)
Tools, furniture and fixtures, net	33,127	31,017
Land	79,594	79,594
Leased assets	18,085	18,506
Accumulated depreciation	(4,588)	(8,262)
Leased assets, net	13,496	10,244
Total property, plant and equipment	673,790	653,082
Intangible assets		
Leasehold right	1,465	1,465
Software	1,904	1,420
Leased assets	17,227	14,113
Total intangible assets	20,596	16,998
Investments and other assets		
Investment securities	108,392	345,851
Stocks of subsidiaries and affiliates	71,120	75,120
Investments in capital	27,030	31,530
Long-term loans receivable from subsidiaries and associates	396,756	427,325
Claims provable in bankruptcy, claims provable in rehabilitation and others	5,368	8,198
Long-term prepaid expenses	3,109	1,573
Guarantee deposits	87,256	80,991
Deferred tax assets	249,004	202,308
Others	22,051	17,013
Allowance for doubtful accounts	(23,078)	(22,760)
Total investments and other assets	947,011	1,167,152
Total noncurrent assets	1,641,398	1,837,233
Deferred assets		
Bond issuance cost	2,031	1,015
Total deferred assets	2,031	1,015
Total assets	23,254,050	21,527,875

	(Thousands of yen)	
	Previous Fiscal Year	3 rd Quarter Ending
	(March 31, 2020)	March 31, 2021 (Dec 31, 2020)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	363,488	38,380
Short-term loans payable	2,812,800	3,176,800
Current portion of long-term loans payable	4,021,580	5,359,580
Current portion of bonds	-	250,000
Lease obligations	9,682	9,837
Accounts payable—other	21,541	11,757
Accrued expenses	70,177	48,478
Income taxes payable	179,561	-
Advances received	257,856	55,174
Deposits received	42,745	20,645
Provision for bonuses	49,511	13,147
Provision for director's bonuses	50,050	-
Others	9,399	49,632
Total current liabilities	7,888,395	9,033,434
Noncurrent liabilities		
Bonds	250,000	-
Long-term loans payable	8,596,957	5,936,537
Lease obligations	23,651	16,583
Asset retirement obligation	25,511	25,685
Provision for retirement benefits	44,124	48,530
Provision for directors' retirement benefits	90,293	102,667
Others	36,374	35,613
Total noncurrent liabilities	9,066,913	6,165,616
Total liabilities	16,955,308	15,199,051
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	5,230,264
Total retained earnings	5,358,305	5,345,713
Treasury stock	(3,398)	(3,648)
Total shareholders' equity	6,250,390	6,237,548
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	48,350	91,276
Total valuation and translation adjustments	48,350	91,276
Total net assets	6,298,741	6,328,824
Total liabilities and net assets	23,254,050	21,527,875

(2) Income Statement
3rd quarter cumulative period

(Thousands of yen)

	3rd Quarter Ended March 31, 2020 (Apr 1, 2019 to Dec 31, 2019)	3rd Quarter Ending March 31, 2021 (Apr 1, 2020 to Dec 31, 2020)
Net sales		
Net sales from the Asset solution business	5,701,600	6,015,215
Net sales from the condominium unit sales business	3,428,941	2,317,709
Net sales from the residential housing sales business	422,094	497,894
Others	49,531	48,759
Total net sales	9,602,167	8,879,578
Cost of sales		
Cost of sales of the Asset solution business	4,415,669	4,803,802
Cost of sales of the condominium unit sales business	2,667,039	1,889,489
Cost of sales of the residential housing sales business	319,937	395,563
Others	28,031	27,381
Total cost of sales	7,430,677	7,116,238
Gross profit	2,171,490	1,763,340
Selling, general and administrative expenses	1,189,796	951,771
Operating income	981,694	811,568
Non-operating income		
Interest income	4,176	9,759
Dividends income	335	695
Land and house rent received	8,928	3,043
Subsidy income	12,804	-
Others	2,753	1,259
Total non-operating income	28,997	14,757
Non-operating expenses		
Interest expenses	200,780	179,933
Foreign exchange losses	5,359	19,658
Contract Cancellation Fee	167,500	30,000
Others	1,240	8,669
Total non-operating expenses	374,880	238,261
Ordinary income	635,811	588,065
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	-	9,001
Total of extraordinary income	-	9,001
Income before income taxes	635,811	597,066
Income taxes-current	93,311	84,322
Income taxes-deferred	24,269	27,750
Total of income taxes	117,580	112,073
Net income	518,230	484,993

(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 3rd Quarter cumulative period (from April 1, 2019, to December 31, 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	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. The segment margin is adjusted with operating income in the quarterly income statement.

2. The 3rd Quarter cumulative period (from April 1, 2020, to December 31, 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	6,015,215	2,317,709	497,894	8,830,819	48,759	8,879,578	—	8,879,578
Intersegment sales	—	—	—	—	—	—	—	—
Total	6,015,215	2,317,709	497,894	8,830,819	48,759	8,879,578	—	8,879,578
Segment margin	897,097	240,628	72,623	1,210,349	15,724	1,226,073	△414,504	811,568

- (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 -414,504 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.