

**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 Year Ended March 31, 2021 (Japanese Standard)

May 14, 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 of ordinary general meeting of shareholders : June 25, 2021  
 Scheduled date to commence dividend payments : June 28, 2021  
 Scheduled date to file Quarterly Securities Report : June 28, 2021  
 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 Year Ended March 31, 2021 (April 1, 2020~ March 31, 2021)

#### (1) Operating Result (cumulative)

(% represents the year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
Year Ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	15,794	(6.6)	1,689	(14.5)	1,433	(8.8)	973	(26.7)
March 31, 2020	16,907	28.8	1,975	24.1	1,570	13.1	1,328	13.8

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary income to total assets	Operating income margin
Year Ended:	Yen	Yen	%	%	%
March 31, 2021	48.90	—	14.9	6.4	10.7
March 31, 2020	66.73	—	22.9	7.5	11.7

(Reference) Share of profit (loss) of investments accounted for using the equity method: March 31, 2021 —million yen  
March 31, 2020 —million yen

#### (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
Year Ended:	Millions of yen	Millions of yen	%	Yen
March 31, 2021	21,462	6,810	31.7	342.18
March 31, 2020	23,254	6,298	27.1	316.47

(Reference) Equity: Year Ended March 31, 2021: 6,810 million yen March 31, 2020: 6,298 million yen

#### (3) Cash Flows

	Cash flows from (used in) operating activities	Cash flows from (used in) investing activities	Cash flows from (used in) financing activities	Cash and cash equivalents at the end of the period
Year Ended:	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	2,322	(139)	(2,197)	4,933
March 31, 2020	(2,030)	(25)	2,812	4,947

### 2. Dividends

	Dividend per share					Total amount of dividends (annual)	Payout ratio	Dividends ratio to Net Assets
	End of the 1st quarter	End of the 2nd quarter	End of the 3rd quarter	Year-end	Annual			
Year Ended:	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	—	0.00	—	25.00	25.00	497	37.5	8.6
March 31, 2021	—	0.00	—	22.00	22.00	437	45.0	6.7
Year ending Mar. 31, 2022 (Forecast)	—	0.00	—	22.00	22.00		34.5	

(Notes) 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)

For the basic dividend policy, please refer to “(5) Basic policy concerning profit distribution and dividends for the current and next fiscal years” under the contents of “1. Overview of Operating Results” on page 6 of the attachment.

### 3. Business Forecasting for the fiscal year ending March 2022 (April 1, 2021~March 31, 2022)

(% 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	16,270	3.0	1,650	(2.4)	1,460	1.9	1,270	30.5	63.81

#### ※ Notes

#### (1) 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 : Yes
- ③ Changes in accounting estimates : No
- ④ Restatements : No

#### (2) Number of issued shares (common stock)

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

Year Ended 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

Year Ended March 31, 2021	12,276 shares
Year Ended March 31, 2020	11,196 shares

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

Year Ended March 31, 2021	19,902,946 shares
Year Ended March 31, 2020	19,904,409 shares

※ Summary of the quarterly financial statements is 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 “(4) Business Outlook” under the contents of “1. Overview of Operating Results” on page 6 of the attachment.
- The supplementary material on financial results will be posted on our company’s website on May 14, 2021.

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Year Ended March 31, 2021

During the fiscal year under review, the Japanese economy faced an extremely difficult situation due to the spread of the COVID-19 infection, which led to the declaration of a state of emergency twice and the tightening of restrictions on social and economic activities and the movement of people. In consequence, there was a significant drop in consumer spending, especially service consumption, and the first negative growth rate in the gross domestic product (GDP) in 11 years.

Under these circumstances, although there was a temporary recovery due to the effects of various government economic policies, business confidence is polarized between the manufacturing sector, which is showing a recovery trend, and the service sector, which is experiencing a marked deterioration, as the effects of the new coronavirus infection are prolonged.

In the real estate industry, to which our company belongs, the demand in the market for condominiums for sale in the Tokyo metropolitan area, especially for condominiums in favorable locations, was still high, despite the temporary suspension of sales activities due to COVID-19 and the rising price caused by the effects of high land costs and high construction costs. As a result, the supply of condominium units in the Tokyo metropolitan area in fiscal 2020 was on a recovery trend, which increased slightly year on year.

In the property investment market, taking advantage of the favorable financing, domestic and overseas investors were highly motivated to invest for stable income. The stability of residential assets was once again recognized, resulting in relatively steady sales of Compact Condominium Buildings for Investment-Purpose. In addition, investment in logistics facilities increased significantly due to the rapid expansion of the e-commerce market, driven by demand for stay-at-home and changes in purchasing activities. On the other hand, sales of commercial and office properties remained sluggish due to rising vacancy rates in central Tokyo areas.

However, careful business management is required in the future since it is difficult to predict the impact of the trend of the COVID-19 infection on the real estate market, as there is no prospect of the infection being contained.

In such a challenging business environment, the Company is aggressively pursuing the acquisition of development sites, mainly in the 23 wards of Tokyo, as well as land for logistics facility development projects that are expected to grow in the future, in order to achieve the medium- to long-term growth. Moreover, to diversify our business portfolio, we implemented new sales initiatives through an en bloc sales of Compact Condominium Buildings for Investment-Purpose to institutional investors and the conclusion of pipeline contracts. In addition, the Company has focused on sales activities to systematically promote sales, while striving to reduce selling, general and administrative expenses, and other costs by reviewing our sales methods.

As a result, net sales for the fiscal year under review were 15,794 million yen (down 6.6% year-on-year), operating income was 1,689 million yen (down 14.5% year-on-year), ordinary income was 1,433 million yen (down 8.8% year-on-year), and net income was 973 million yen (down 26.7% year-on-year). One of the factors was a part of the delivery of an en bloc sales of Compact Condominium Buildings for Investment-Purpose, which concluded the collective sales agreement, was scheduled in the following period.

Results by segment are as follows.

#### (Asset Solution Business)

In the fiscal year under review, the Company planned, developed, and sold income-producing properties mainly in the 23 wards of Tokyo, Kanagawa, and Saitama prefectures. On the other hand, the Company also engaged in planning and selling logistics lands, as well as purchasing and reselling development sites to other developers.

For the sales results, compare to the previous year, there are 14 projects (1 project increased from the previous period) in total which include "Suidobashi Project" (Chiyoda-ku, Tokyo), "Roppongi Project" (Minato-ku, Tokyo), "Keisei Takasago V Project" (Katsushika-Ku, Tokyo), and "Higashitokorozawa Project" (Tokorozawa City, Saitama Prefecture) had been handed over.

Consequently, net sales were 8,978 million yen (up 0.4% year on year), and operating income was 1,420 million yen (down 5.3% year on year).

#### (Condominium Unit Sales Business)

During the fiscal year under review, the Company conducted procurement, development, and sales activities mainly in the 23 wards of Tokyo, selling Compact Condominium Buildings for Investment-Purpose, condominium buildings exclusively for other developers, and apartment units through joint ventures.

In terms of sales, the Company recorded total sales of 190 housing units (down 42 units from the previous fiscal year) which included 4 properties: "Renaissance Court Jiyugaoka (20 units)" (Setagaya-ku, Tokyo), "Renaissance Court Okachimachi (14 units)" (Taito-ku, Tokyo), "Renaissance Court Sangenjaya Garden (19 units)" (Tokyo) Setagay-ku), and "Renaissance Court Honjo Azumabashi (20 units)" (Sumida Ward, Tokyo), 6 en bloc sales of Compact Condominium Buildings for Investment-Purpose, sales of condominiums through joint ventures, and sales of sub-divided real estate products of "Joint Owners". In addition, part of the delivery of the en bloc sales of Compact Condominium Buildings for Investment-Purpose, which concluded the collective sales agreement, was scheduled in the following period.

As a result, net sales were 6,228 million yen (down 13.0% year on year) and operating income was 783 million yen (down 28.9% year on year).

#### (Residential Housing Sales business)

In the fiscal year under review, the Company conducted sales activities for the Wooden Apartment Building for Investment-Purpose in the 23 wards of Tokyo, selling a total of 5 properties (3 properties less than the previous fiscal year): "Rena Court Takasago (Building A and Building B)" (Katsushika-ku, Tokyo), "Rena Court Takasago West (Building A and Building B)" (Katsushika-ku, Tokyo) and "Rena Court Mizue" (Edogawa-ku, Tokyo).

As a result of forgoing new procurement and development in order to concentrate management resources during the period under review, net sales amounted to 497 million yen (down 32.9% from the previous period) and operating income was 74 million yen (down 24.4% from the previous period).

#### (Others)

Net sales for the current fiscal year were 89 million yen (up 38.6% year-on-year), and operating income was 45 million yen (up 145.8% year-on-year).

### (2) Overview of Financial Position for the Year Ended March 31, 2021

#### (Current Assets)

Current assets at the end of the current fiscal year were 19,930 million yen, down 1,679 million yen from the end of the previous fiscal year (down 7.8% from the end of the previous period). The main reason for the decrease was a 4,195 million yen increase in real estate for sale (up 92.5% from the end of the previous period), while real estate for sale in process decreased by 6,029 million yen (down 50.3% from the end of the previous period).

#### (Noncurrent assets)

Fixed assets at the end of the current fiscal year decreased by 110 million yen (down 6.7% from the end of the previous fiscal year) to 1,531 million yen. The main reason for the decrease was a 124 million yen increase in investment securities (up 114.8% from the end of the previous period), while the allowance for doubtful accounts increased from 23 million yen to 212 million yen as a result of examining the possibility of future collection of long-term loans to affiliates and other items. The increase in the allowance for doubtful accounts is mainly due to the allowance for loans to unconsolidated overseas subsidiaries affected by the COVID-19 infection.

In consequence, total assets decreased by 1,791 million yen (down 7.7% from the end of the previous period) to 21,462 million yen.

#### (Current Liabilities)

Current liabilities at the end of the current fiscal year increased 1,654 million yen (up 21.0% from the end of

the previous fiscal year) to 9,542 million yen. The main factors of increase were a 263 million yen decrease in accounts payable for construction contracts (down 72.4% from the end of the previous period) and a 201 million yen decrease in advances received (down 78.3% from the end of the previous period), while the current portion of long-term loans payable increased by 2,071 million yen (up 51.5% from the end of the previous period).

(Noncurrent Liabilities)

Long-term liabilities at the end of the current fiscal year decreased 3,957 million yen (down 43.6% from the end of the previous fiscal year) to 5,109 million yen. The main reason for the decrease was a 3,717 million yen decrease in long-term loans payable (down 43.2% from the end of the previous period).

As a result, total liabilities decreased by 2,322 million yen (down 13.6% from the end of the previous fiscal year) to 14,652 million yen.

(Net assets)

Total net assets at the end of the current fiscal year increased by 511 million yen (up 8.1% from the end of the previous fiscal year) to 6,810 million yen. The main factors of the increase were a 973 million yen increase in net income (down 26.7% from the end of the previous period), a decrease due to a 497 million yen payment of dividends from surplus, and a 36 million yen increase in valuation difference on available-for-sale securities.

(3) Overview of Cash flow positions for the Year Ended March 31, 2021

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the current fiscal year decreased by 14 million yen from the end of the previous fiscal year to 4,933 million yen.

The status and the factors in each cash flow in the Year Ended March 31, 2021, are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities in the current fiscal year increased by 2,322 million yen (net cash used in the previous fiscal year was 2,030 million yen). This was mainly due to a decrease in inventories of 1,833 million yen from the end of the previous fiscal year as a result of recording 1,253 million yen in income before income taxes and the en bloc sales of existing properties.

(Cash flow from investing activities)

Net cash used in investing activities during the current fiscal year decreased by 139 million yen (a decrease of 25 million yen year-on-year). This was mainly due to proceeds of 205 million yen from sales of investment securities and proceeds of 152 million yen from the collection of long-term loans receivable, while there were payments of 268 million yen for purchases of investment securities and a loan disbursement of 217 million yen.

(Cash flow from financing activities)

Net cash used in financing activities during the current fiscal year decreased by 2,197 million yen (an increase of 2,812 year-on-year). This was mainly due to a decrease in loans payable of 1,689 million yen and cash dividends paid of 497 million yen.

	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2021
Capital Adequacy Ratio (%)	28.2	27.1	31.7
Market-based Capital Adequacy Ratio (%)	33.3	24.2	37.7
Interest-bearing debt/ cash flow ratio (Annum)	—	—	6.0
Interest coverage ratio (Times)	—	—	9.4

(Note) The calculation methods for each index are as follows. The calculation result is shown as “—” when the numerical value is

negative.

- Capital Adequacy Ratio: Shareholders' equity / Total Assets
  - Market-based Capital Adequacy Ratio: Market capitalization/ Total Assets
  - Interest-bearing debt/ cash flow ratio: Interest-bearing Debt/ Cash flow
  - Interest coverage ratio: Cash flow/ Interest paid
- ※Market capitalization is calculated based on the number of issued shares excluding treasury stock.
- ※Cash flow refers to the net cash provided by (used in) operating activities.
- ※Interest-bearing debt refers to all debts on the balance sheet for which interest is paid.

#### (4) Business Outlook

As for the future business environment, although there are concerns about the re-expansion of COVID-19 infections, the business environment is expected to move toward a gradual recovery due to the effects of government economic and financial policies and progress in vaccinations.

For the next fiscal year, we plan net sales of 16,270 million yen (up 3.0% year-on-year), operating income of 1,650 million yen (down 2.4% year-on-year), ordinary income of 1,460 million yen (up 1.9% year-on-year), and net income of 1,270 million yen (up 30.5% year-on-year).

The forecast for the next fiscal year is based on information available as of the date of publication of this document. It is very difficult to predict when the impact of the COVID-19 infection will subside, and our business performance may be affected depending on the timing. We will promptly announce any matters that should be publicly announced in the future.

#### (5) Basic policy concerning profit distribution and dividends for the current and next fiscal years

The Company considers the return of profits to shareholders as one of its most important management policies. Our basic policy is to maintain a stable dividend payout ratio of 30% or more, taking into consideration each fiscal year's business performance and social conditions, while securing the internal reserves necessary for future business development.

The Company plans to pay a year-end dividend of 22 yen per share for the current fiscal year.

The dividend forecast for the next fiscal year has been set at 22 yen per share as an ordinary dividend (payout ratio of 34.5%).

#### 2. The basic approach to the selection of accounting standards

The Company has decided to adopt Japanese GAAP for the time being, taking into consideration that the Company does not raise funds from overseas, the low ratio of foreign shareholders, and the comparability of financial statements from period to period and between companies. The Company's policy is to respond appropriately to the application of International Financial Reporting Standards, taking into consideration the status of fundraising, shareholder composition, and trends among domestic peer companies.



### 3. Financial statements and main notes

#### (1) Balance Sheet

(Thousands of yen)

	Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,947,881	4,933,785
Real estate for sale	4,535,672	8,731,547
Real estate for sale in process	11,990,711	5,961,007
Raw materials and supplies	254	487
Advance payments—trade	74,050	64,250
Prepaid expenses	29,973	29,596
Short-term receivables from subsidiaries and affiliates	-	10,000
Current portion of Long-term loans receivable from subsidiaries and associates	4,000	-
Others	28,076	199,999
<b>Total current assets</b>	<b>21,610,621</b>	<b>19,930,673</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	596,178	596,178
Accumulated depreciation	(59,511)	(78,553)
Buildings, net	536,667	517,625
Structures	14,192	14,192
Accumulated depreciation	(3,287)	(4,706)
Structures, net	10,904	9,485
Tools, furniture and fixtures	71,143	67,929
Accumulated depreciation	(38,016)	(39,730)
Tools, furniture and fixtures, net	33,127	28,199
Land	79,594	79,594
Leased assets	18,085	18,506
Accumulated depreciation	(4,588)	(9,489)
Leased assets, net	13,496	9,017
<b>Total property, plant and equipment</b>	<b>673,790</b>	<b>643,922</b>
<b>Intangible assets</b>		
Leasehold right	1,465	1,465
Software	1,904	1,258
Leased assets	17,227	13,075
<b>Total intangible assets</b>	<b>20,596</b>	<b>15,798</b>
<b>Investments and other assets</b>		
Investment securities	108,392	232,854
Stocks of subsidiaries and affiliates	71,120	63,880
Investments in capital	27,030	31,530
Long-term loans receivable from subsidiaries and associates	396,756	468,610
Claims provable in bankruptcy, claims provable in rehabilitation and others	5,368	8,116
Long-term prepaid expenses	3,109	1,057
Guarantee deposits	87,256	76,944
Deferred tax assets	249,004	181,887
Others	22,051	19,047
Allowance for doubtful accounts	(23,078)	(212,468)
<b>Total investments and other assets</b>	<b>947,011</b>	<b>871,459</b>
<b>Total noncurrent assets</b>	<b>1,641,398</b>	<b>1,531,180</b>
<b>Deferred assets</b>		
Bond issuance cost	2,031	677
<b>Total deferred assets</b>	<b>2,031</b>	<b>677</b>
<b>Total assets</b>	<b>23,254,050</b>	<b>21,462,531</b>

(Thousands of yen)

	Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	363,488	100,178
Short-term loans payable	2,812,800	2,769,300
Current portion of long-term loans payable	4,021,580	6,092,880
Current portion of bonds	-	250,000
Lease obligations	9,682	9,837
Accounts payable—other	21,541	12,472
Accrued expenses	70,177	53,088
Income taxes payable	179,561	129,369
Advances received	257,856	55,983
Deposits received	42,745	16,581
Provision for bonuses	49,511	51,535
Provision for director's bonuses	50,050	-
Others	9,399	1,421
Total current liabilities	7,888,395	9,542,649
Noncurrent liabilities		
Bonds	250,000	-
Long-term loans payable	8,596,957	4,879,677
Lease obligations	23,651	14,123
Asset retirement obligation	25,511	25,743
Provision for retirement benefits	44,124	47,079
Provision for directors' retirement benefits	90,293	106,696
Others	36,374	36,391
Total noncurrent liabilities	9,066,913	5,109,711
Total liabilities	16,955,308	14,652,360
<b>Net assets</b>		
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	5,718,613
Total retained earnings	5,358,305	5,834,062
Treasury stock	(3,398)	(3,789)
Total shareholders' equity	6,250,390	6,725,755
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	48,350	84,414
Total valuation and translation adjustments	48,350	84,414
Total net assets	6,298,741	6,810,170
Total liabilities and net assets	23,254,050	21,462,531

## (2) Income Statement

(Thousands of yen)

	Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net sales		
Net sales from the Asset solution business	8,944,563	8,978,486
Net sales from the condominium unit sales business	7,157,376	6,228,378
Net sales from the residential housing sales business	741,169	497,610
Others	64,810	89,801
Total net sales	16,907,918	15,794,276
Cost of sales		
Cost of sales of the Asset solution business	6,938,637	7,210,084
Cost of sales of the condominium unit sales business	5,566,278	5,050,079
Cost of sales of the residential housing sales business	579,566	395,563
Others	38,399	36,508
Total cost of sales	13,122,881	12,692,236
Gross profit	3,785,037	3,102,040
Selling, general and administrative expenses	1,809,513	1,412,154
Operating income	1,975,524	1,689,885
Non-operating income		
Interest income	5,455	16,402
Dividends income	1,600	2,259
Land and house rent received	12,429	6,349
Subsidy income	12,804	1,598
Commission received	4,800	6,000
Others	3,299	1,539
Total non-operating income	40,388	34,149
Non-operating expenses		
Interest expenses	268,158	246,013
Contract Cancellation Fee	167,500	30,000
Others	9,427	14,771
Total non-operating expenses	445,086	290,785
Ordinary income	1,570,826	1,433,248
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	-	9,001
Total extraordinary income	-	9,001
Extraordinary loss		
Loss on valuation of stocks of subsidiaries and affiliates	-	11,239
Provision of allowance for doubtful accounts	-	177,078
Total extraordinary loss	-	188,318
Income before income taxes	1,570,826	1,253,931
Income tax-current	261,532	229,388
Income tax-deferred	(19,005)	51,200
Total income taxes	242,527	280,589
Net income	1,328,299	973,342

### (3) Statement of changes in Shareholders' equity

For the Previous Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	854,500	40,983	40,983	29,861	4,358,437	4,388,299
Changes during period						
Dividends of surplus				35,829	(394,122)	(358,292)
Net income of current period					1,328,299	1,328,299
Purchase of treasury shares						
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	35,829	934,177	970,006
Balance at the end of current period	854,500	40,983	40,983	65,690	5,292,614	5,358,305

	Shareholder's equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total Shareholders' Equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,687)	5,281,094	41,090	41,090	5,322,184
Changes during period					
Dividends of surplus		(358,292)			(358,292)
Net income of current period		1,328,299			1,328,299
Purchase of treasury shares	(710)	(710)			(710)
Net changes of items other than shareholders' equity			7,260	7,260	7,260
Total changes during the period	(710)	969,296	7,260	7,260	976,556
Balance at the end of current period	(3,398)	6,250,390	48,350	48,350	6,298,741

For the Current Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	854,500	40,983	40,983	65,690	5,292,614	5,358,305
Changes during period						
Dividends of surplus				49,758	(547,344)	(497,585)
Net income of current period					973,342	973,342
Purchase of treasury shares						
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	—	49,758	425,998	475,756
Balance at the end of current period	854,500	40,983	40,983	115,449	5,718,613	5,834,062

	Shareholder's equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total Shareholders' Equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(3,398)	6,250,390	48,350	48,350	6,298,741
Changes during period					
Dividends of surplus		(497,585)			(497,585)
Net income of current period		973,342			973,342
Purchase of treasury shares	(391)	(391)			(391)
Net changes of items other than shareholders' equity			36,063	36,063	36,063
Total changes during the period	(391)	475,365	36,063	36,063	511,429
Balance at the end of current period	(3,789)	6,725,755	84,414	84,414	6,810,170

## (4) Cash Flow Statement

(Thousands of yen)

	Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net cash flow from operating activities		
Net income before taxes	1,570,826	1,253,931
Depreciation and amortization	38,499	41,225
Increase (decrease) in allowance for doubtful accounts	6,280	189,390
Increase (decrease) in provision for retirement benefits	5,450	2,955
Increase (decrease) in provision for directors' retirement benefits	15,270	16,402
Interest and dividends income	(7,055)	(18,662)
Interest expenses	268,158	246,013
Decrease (increase) in inventories	(3,643,601)	1,833,597
Decrease (increase) in advance payments	(6,200)	9,800
Increase (decrease) in notes and accounts payable-trade	120,156	(263,309)
Loss (gain) on sales of investment securities	-	(9,001)
Increase (decrease) in advances received	31,449	(201,872)
Increase (decrease) in deposits received	(59,124)	(26,164)
Others	130,554	(245,086)
Subtotal	(1,529,335)	2,829,218
Interest and dividends income received	4,652	13,430
Interest expenses paid	(280,892)	(247,267)
Income taxes paid	(224,946)	(272,410)
Net cash from operating activities	(2,030,521)	2,322,971
Net cash from investing activities		
Purchase of property, plant, and equipment	(16,009)	(6,138)
Purchase of intangible assets	(500)	-
Purchase of investment securities	-	(268,331)
Proceeds from sales of investment securities	-	205,000
Payments for investments in capital	(9,000)	(4,500)
Purchase of stocks of subsidiaries and affiliates	(10,000)	(110,000)
Proceeds from sales of shares of subsidiaries and affiliates	-	119,001
Net decrease (increase) in short-term loans receivable	7,000	(10,000)
Payments of long-term loans receivable	-	(217,800)
Collection of long-term loans receivable	10,988	152,800
Others	(7,907)	152
Net cash from investing activities	(25,428)	(139,816)
Net cash from financing activities		
Net increase (decrease) in short-term loans payable	(319,300)	(43,500)
Proceeds from long-term loans payable	10,982,680	6,415,100
Repayment of long-term loans payable	(7,485,200)	(8,061,080)
Repayments of lease obligations	(6,447)	(9,794)
Cash dividends paid	(358,292)	(497,585)
Others	(710)	(391)
Net cash from financing activities	2,812,728	(2,197,251)
Net increase (decrease) in cash and cash equivalents	756,778	(14,095)
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	4,947,881	4,933,785

(5) Notes on financial statements

(Notes for the going concern assumption)

Not applicable.

(Change in accounting policy)

Change in accounting for consumption taxes not deductible on real estate for sale and real estate for sale in process.

Previously, consumption taxes on real estate for sale and real estate for sale in progress that were not deductible from consumption taxes were recorded as expenses in selling, general and administrative expenses in the fiscal year in which they were incurred. However, the Company has changed its method of accounting for consumption taxes on the acquisition of residential rental buildings on or after October 1, 2020, as a periodic expense in the fiscal year of sale and delivery of such real estate for sale and real estate for sale in progress, recording them as current assets.

Under the fiscal 2020 tax reform, the amount of taxable purchases related to residential rental buildings acquired on or after October 1, 2020 will be deducted from the consumption tax credit for purchases, except in cases where it is clear that the building will not be used for rental, etc. The tax credit system will not be applied until the building is transferred, regardless of the purpose of ownership (hereinafter referred to as the "Tax Reform"). In accordance with the Tax Reform, it is expected that most taxable purchases related to residential rental buildings will be eligible for the purchase tax credit in the future, taking into account our sales policy. Therefore, rather than recognizing the taxable purchases as expenses in the fiscal year in which they are made, we decided to change our accounting policy, believing that it would be more reasonable from the perspective of proper periodic profit-and-loss calculation and cost-profit correspondence to defer until the fiscal year in which they are sold and to recognize the portion not eligible for tax credits as periodic expenses corresponding to net sales. The change has been applied retroactively from the beginning of the current fiscal year. As a result, selling, general and administrative expenses decreased by 150,094 thousand yen, and operating income, ordinary income and income before income taxes increased by 150,094 thousand yen, respectively, in the statement of income for the current fiscal year. No retroactive adjustment was made for the previous fiscal year, as there was no impact in the previous fiscal year.

(Segment information, etc.)

[Segment information]

# 1. Segment reporting

This segment reporting provides disaggregated financial information of the reportable segments separately and is subject to regular review, as it will be used in the board of directors meeting to evaluate the business performance and determine the allocation of management resources.

The business divisions of the Company, which are located at the head office, formulate comprehensive strategies and develop business activities for the products and services handled by the Company.

Therefore, the reportable segments of the Company are classified based on the content of the products /services and identified as “Asset Solution Business”, “Condominium Unit Sales Business”, and “Residential Housing Sales business”, total 3 reportable segments.

The “Asset Solution Business” plans and sells land for development and other income-producing properties such as logistics facilities to other developers. The “Condominium Unit Sales Business” focuses on the development and sales of the Compact Condominium Buildings for Investment-Purpose developed by the Company or jointly with other companies. The “Residential Housing Sales business” develops and sells detached houses, detached housing sites, and Wooden Apartment Buildings for Investment-Purpose.

# 2. The calculation and accounting methods of sales amount, profit or loss, assets, and other items used in this reporting segment are the same as the method used for preparing financial statements.

# 3. Information on sales and profit /loss by reportable segments

For the Previous Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	8,944,563	7,157,376	741,169	16,843,108	64,810	16,907,918	—	16,907,918
Intersegment sales	—	—	—	—	—	—	—	—
Total	8,944,563	7,157,376	741,169	16,843,108	64,810	16,907,918	—	16,907,918
Segment margin	1,500,283	1,101,735	98,140	2,700,159	18,405	2,718,564	(743,040)	1,975,524
Segment assets	11,069,987	9,872,214	612,246	21,554,448	666,122	22,220,571	1,033,479	23,254,050
Others								
Depreciation	70	32	68	172	26,043	26,215	12,283	38,499
The increase of property, plant, equipment, and Intangible assets	—	—	—	—	25,055	25,055	40,744	65,800

(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 adjustment amounts are as follows:

(1) The segment margin adjustment of -743,040 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.

(2) The segment assets adjustment of 1,033,479 thousand yen is corporate expenses that are not allocated to each reportable segment and are mainly property, plant and equipment, investment securities, and guarantee deposits that do not belong to any reportable segment.

3. The segment margin is adjusted with operating income in the quarterly income statement.



For the Current Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	8,978,486	6,228,378	497,610	15,704,475	89,801	15,794,276	—	15,794,276
Intersegment sales	—	—	—	—	—	—	—	—
Total	8,978,486	6,228,378	497,610	15,704,475	89,801	15,794,276	—	15,794,276
Segment margin	1,420,128	783,409	74,178	2,277,717	45,241	2,322,958	(633,073)	1,689,885
Segment assets	9,871,948	9,659,276	155,452	19,686,677	651,403	20,338,081	1,124,450	21,462,531
Others								
Depreciation	904	1,111	1	2,016	24,042	26,059	15,165	41,225
The increase of property, plant, equipment, and Intangible assets	—	—	—	—	—	—	6,559	6,559

- (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 adjustment amounts are as follows:
    - (1) The segment margin adjustment of -633,073 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.
    - (2) The segment assets adjustment of 1,124,450 thousand yen is corporate expenses that are not allocated to each reportable segment and are mainly property, plant and equipment, investment securities, and guarantee deposits that do not belong to any reportable segment.
  3. The segment margin is adjusted with operating income in the quarterly income statement.

[Related Information]

For the Previous Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Products and Services provide  
Description omitted as the same information is disclosed in the segment information.
2. Regions
  - (1) Net sales  
Not applicable as there is no sales record from other regions except Japan.
  - (2) Property, plant and equipment  
Not applicable as there is no property, plant, and equipment exist in other regions except Japan.
3. Main customers

(Thousands of yen)

Customer name	Net sales	Related reportable segment
KHF4 LLC	2,209,164	Asset Solution Business
Shallon Tec Co., Ltd.	1,700,053	Asset Solution Business
Global Link Management Co., Ltd.	1,134,580	Condominium Unit Sales Business

For the Current Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Products and Services provide

Description omitted as the same information is disclosed in the segment information.

2. Regions

(1) Net sales

Not applicable as there is no sales record from other regions except Japan.

(2) Property, plant and equipment

Not applicable as there is no property, plant, and equipment exist in other regions except Japan.

3. Main customers

(Thousands of yen)

Customer name	Net sales	Related reportable segment
ZETA 1 LLC	3,889,530	Condominium Unit Sales Business
Shallon Tec Co., Ltd.	2,322,050	Asset Solution Business
Liberty Co., Ltd.	1,644,376	Asset Solution Business

[Information on impairment loss on noncurrent assets by reportable segments]

For the Previous Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

Not applicable.

For the Current Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Not applicable.

[Information on amortization of goodwill and undepreciated balance by reporting segments]

Not applicable.

[Information on Gain on bargain purchase by reporting segments]

Not applicable.

(Gains/ losses from Equity Method Investments)

Not applicable.

(The detailed information of a share)

	Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net assets per share	316.47 yen	342.18 yen
Net income per share	66.73 yen	48.90 yen

(Notes) 1. Diluted net income per share is not stated as the latent share does not exist.

2. The basis of calculating net income per share is as follows.

	Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)	Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Net income per share		
Net income (Thousands of yen)	1,328,299	973,342
Amount not attributable to common shareholders (Thousands of yen)	—	—
Net income applicable to common stock (Thousands of yen)	1,328,299	973,342
Average number of common shares during the period (Thousands of share)	19,904	19,902

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

	Year Ended March 31, 2020	Year Ended March 31, 2021
Total net assets (Thousands of yen)	6,298,741	6,810,170
Net assets applicable to common shares at the year-end (Thousands of yen)	6,298,741	6,810,170
Number of common shares at the year-end used in calculation of net assets per share (Thousands of share)	19,903	19,902

(Significant subsequent events)

Not applicable.