

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, 2022 (Japanese Standard)

August 6, 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 : August 6, 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 First Quarter Ending March 31, 2022 (April 1, 2021~ June 30, 2021)

(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, 2022	4,134	16.0	510	23.2	454	30.7	444	57.3
First Quarter Ended March 31, 2021	3,564	(7.1)	414	(33.2)	347	(36.9)	282	(37.7)

	Earnings per share	Diluted Earnings per Share
	Yen	Yen
First Quarter Ending March 31, 2022	22.34	—
First Quarter Ended March 31, 2021	14.21	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First Quarter Ending March 31, 2022	22,397	6,835	30.5
Year Ended March 31, 2021	21,462	6,810	31.7

(Reference) Equity: First Quarter Ending March 31, 2022: 6,835 million yen March 31, 2021: 6,810 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, 2021	—	0.00	—	22.00	22.00
Year ending Mar. 31, 2022	—				
Year ending Mar. 31, 2022 (Forecast)		0.00	—	22.00	22.00

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

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) 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 : No
- (2) Changes in accounting policies, changes in accounting estimates, and restatements.
- ① Changes in accounting policies due to revisions of accounting standards, etc. : Yes
- ② Changes in accounting policies other than stated in ① : No
- ③ Changes in accounting estimates : No
- ④ Restatements : No
- (3) Number of issued shares (common stock)

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

1Q Ending March 31, 2022	19,914,617 shares
Year Ended March 31, 2021	19,914,617 shares

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

1Q Ending March 31, 2022	12,416 shares
Year Ended March 31, 2021	12,276 shares

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

1Q Ending March 31, 2022	19,902,285 shares
1Q Ended March 31, 2021	19,903,341 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 “(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 6, 2021.

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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, 2021, to June 30, 2021), with the re-spread of the COVID-19 infection, the Japanese economy continued to face tough conditions as the repeated declarations of a state of emergency and a decline in personal consumption, especially in the service industry. Going forward, against the backdrop of a recovery in the global economy following the progress of vaccination, the economy is expected to pick up again, supported by an expected increase in exports, an accommodative financial environment, and the effects of various government policies. However, the future outlook remains unpredictable and opaque due to the recent re-emergence of infectious diseases caused by mutant strains, soaring resource prices, and other factors.

In the real estate industry, of which the Company is a part, taking advantage of the favorable financing environment continues, the demand for investors in Compact Condominium Buildings for Investment-Purpose with convenient access to central Tokyo areas, which is expected to generate a stable income, continued to be strong in the property investment market. Demand for logistics facilities also remained strong due to the expansion of e-commerce (EC), which led to a shortage of supply in the Tokyo metropolitan area. On the other hand, in the commercial and office markets, future trends in rents and vacancy rates in the central Tokyo area require attention.

In such a business environment, the Company worked to systematically deliver development sites to other developers in the Asset Solution Business, and to sell the entire property of high-quality assets such as “Renaissance Roppongi Premium Court” in the Condominium Unit Sales Business.

As a result, both the sales and income achieved growth with net sales of 4,134 million yen (up 16.0% year on year), operating income of 510 million yen (up 23.2% year on year), ordinary income of 454 million yen (up 30.7% year on year), and quarterly net income of 444 million yen (up 57.3% year-on-year).

	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	2,964	6 projects	2,721
Condominium Unit Sales Business	14 units	574	14 units	1,396
Residential Housing Sales business	—	8	—	—
Others	—	16	—	17
Total Net Sales	—	3,564	—	4,134
Operating income	—	414	—	510

Results by segment are as follows.

(Asset Solution Business)

During the first quarter cumulative period, the Company delivered six properties in the Tokyo and Kanagawa areas, mainly condominium development sites for other developers, resulting in net sales of 2,721

million yen (down 8.2% year-on-year) and operating income of 490 million yen (up 0.1% year-on-year).

(Condominium Unit Sales Business)

In the first quarter cumulative period, the Company proceeded as planned with the sale of the entire property of high-quality assets in central Tokyo, including “Renaissance Roppongi Premium Court”, and handed over a total of 14 units, resulting in both sales and income increase with net sales of 1,396 million yen (up 143.1% year-on-year) and operating income of 174 million yen (up 171.9% year-on-year).

Moreover, the delivery of the compact condominium building for investment purposes, for which a sale contract was concluded in the previous fiscal year, is scheduled for the second quarter of the current fiscal year.

(Residential Housing Sales business)

During the first quarter cumulative period, considering market conditions of real estate in Tokyo, the Company concentrated the business resources on the Asset Solution Business and Condominium Unit Sales Business, which are in high demand from investors, and thus no results related to Residential Housing Sales business were generated.

(Others)

The net sales for the first quarter cumulative period were 17 million yen (up 4.2% year on year), and operating income was 5 million yen (up 9.3% year-on-year).

(2) Explanation of Financial Position

Status of Assets, Liabilities and Net assets

(Assets)

Total assets at the end of the first quarter of the current fiscal year increased 935 million yen (up 4.4% year-on-year) to 22,397 million yen. Current assets increased 670 million yen (up 3.4% year-on-year) to 20,600 million yen, and noncurrent assets increased 265 million yen (up 17.3% year-on-year) to 1,796 million yen.

Current assets increased mainly due to a decrease of 297 million yen in cash and deposits (down 6.0% year-on-year) and an increase of 952 million yen in work in process real estate for sale (up 16.0% year-on-year).

(Liabilities)

Total liabilities at the end of the first quarter of the current fiscal year increase 909 million yen (up 6.2% year-on-year) to 15,561 million yen. Current liabilities decreased 811 million yen (down 8.5% year-on-year) to 8,731 million yen, and the noncurrent liabilities increase 1,720 million yen (up 33.7% year-on-year) to 6,830

million yen.

Current liabilities decreased mainly due to a 166 million yen decrease in short-term loans payable (down 6.0% year-on-year) and a 679 million yen decrease in current portion of long-term loans payable (down 11.2% year-on-year).

The main factor for the increase in noncurrent liabilities was a 1,712 million yen increase in long-term loans payable (up 35.1% year-on-year).

(Net assets)

Total net assets increased 25 million yen (up 0.4% year-on-year) to 6,835 million yen at the end of the first quarter of the current fiscal year. The main factors were a quarterly net income of 444 million yen and an increase of 18 million yen in valuation difference on available-for-sale securities, while there was a Capital surplus of 437 million yen.

(3) Explanation of forecast information such as business forecasts

For the year ending March 31, 2022, there are no changes to the forecasts announced on May 14, 2021.

2. Financial statements and main notes

(1) Quarterly Balance Sheet

(Thousands of yen)

	Previous Fiscal Year (March 31, 2021)	1 st Quarter Ending March 31, 2022 (June 30, 2021)
Assets		
Current assets		
Cash and deposits	4,933,785	4,636,738
Real estate for sale	8,731,547	8,682,573
Real estate for sale in process	5,961,007	6,913,448
Raw materials and supplies	487	543
Advance payments-trade	64,250	65,900
Prepaid expenses	29,596	38,750
Current portion of Long-term loans receivable from subsidiaries and associates	10,000	10,000
Others	199,999	253,016
Total current assets	19,930,673	20,600,969
Noncurrent assets		
Property, plant and equipment		
Buildings	596,178	596,178
Accumulated depreciation	(78,553)	(83,313)
Buildings, net	517,625	512,865
Structures	14,192	14,192
Accumulated depreciation	(4,706)	(5,061)
Structures, net	9,485	9,130
Tools, furniture and fixtures	67,929	67,929
Accumulated depreciation	(39,730)	(41,777)
Tools, furniture and fixtures, net	28,199	26,152
Land	79,594	79,594
Leased assets	18,506	18,506
Accumulated depreciation	(9,489)	(10,714)
Leased assets, net	9,017	7,792
Total property, plant and equipment	643,922	635,534
Intangible assets		
Leasehold right	1,465	1,465
Software	1,258	1,101
Leased assets	13,075	12,037
Total intangible assets	15,798	14,603
Investments and other assets		
Investment securities	232,854	458,994
Stocks of subsidiaries and affiliates	63,880	63,880
Investments in capital	31,530	31,530
Long-term loans receivable from subsidiaries and associates	468,610	468,136
Claims provable in bankruptcy, claims provable in rehabilitation and others	8,116	8,075
Long-term prepaid expenses	1,057	542
Guarantee deposits	76,944	80,924
Deferred tax assets	181,887	227,468
Others	19,047	20,299
Allowance for doubtful accounts	(212,468)	(213,505)
Total investments and other assets	871,459	1,146,345
Total noncurrent assets	1,531,180	1,796,483
Deferred assets		
Bond issuance cost	677	338
Total deferred assets	677	338
Total assets	21,462,531	22,397,791

	(Thousands of yen)	
	Previous Fiscal Year	1 st Quarter Ending
	(March 31, 2021)	March 31, 2022 (June 30, 2021)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	100,178	170,095
Short-term loans payable	2,769,300	2,602,500
Current portion of long-term loans payable	6,092,880	5,412,980
Current portion of bonds	250,000	250,000
Lease obligations	9,837	9,837
Accounts payable—other	12,472	63,148
Accrued expenses	53,088	32,012
Income taxes payable	129,369	73,076
Advances received	55,983	28,444
Deposits received	16,581	66,520
Provision for bonuses	51,535	21,375
Others	1,421	1,305
Total current liabilities	9,542,649	8,731,294
Noncurrent liabilities		
Long-term loans payable	4,879,677	6,591,707
Lease obligations	14,123	11,664
Asset retirement obligation	25,743	25,801
Provision for retirement benefits	47,079	48,962
Provision for directors' retirement benefits	106,696	110,725
Others	36,391	41,843
Total noncurrent liabilities	5,109,711	6,830,704
Total liabilities	14,652,360	15,561,998
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	115,449	159,234
Other retained earnings		
Retained earnings brought forward	5,718,613	5,681,675
Total retained earnings	5,834,062	5,840,909
Treasury stock	(3,789)	(3,844)
Total shareholders' equity	6,725,755	6,732,548
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	84,414	103,244
Total valuation and translation adjustments	84,414	103,244
Total net assets	6,810,170	6,835,792
Total liabilities and net assets	21,462,531	22,397,791

(2) Quarterly Income Statement

First Quarter Cumulative Period

(Thousands of yen)

	1 st Quarter Ended March 31, 2021 (April 1, 2020 to June 30, 2020)	1 st Quarter Ending March 31, 2022 (April 1, 2021 to June 30, 2021)
Net sales		
Net sales from the Asset solution business	2,964,679	2,721,231
Net sales from the condominium unit sales business	574,532	1,396,538
Net sales from the residential housing sales business	8,288	-
Others	16,518	17,206
Total net sales	3,564,018	4,134,975
Cost of sales		
Cost of sales of the Asset solution business	2,344,649	2,096,093
Cost of sales of the condominium unit sales business	438,711	1,074,794
Cost of sales of the residential housing sales business	404	-
Others	9,108	8,977
Total cost of sales	2,792,875	3,179,866
Gross profit	771,142	955,109
Selling, general and administrative expenses	356,469	444,376
Operating income	414,673	510,733
Non-operating income		
Interest income	1,311	1,634
Dividends income	365	464
Land and house rent received	982	1,308
Others	1,021	511
Total non-operating income	3,680	3,919
Non-operating expenses		
Interest expenses	61,943	59,783
Others	9,044	819
Total non-operating expenses	70,987	60,602
Ordinary income	347,366	454,049
Extraordinary income		
Gain on sales of investment securities	-	1,001
Total extraordinary income	-	1,001
Income before income taxes	347,366	455,050
Income tax-current	42,037	64,242
Income tax-deferred	22,564	(53,891)
Total income taxes	64,602	10,351
Net income	282,764	444,699

(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.

(Change in accounting policy)

- Application of Accounting Standard for Revenue Recognition, etc.

“Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No.29, March 31, 2020) and other related accounting standards had applied from the beginning of the first quarter of the current fiscal year, and the Company recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services is transferred to the customer.

The application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Standard, has no impact on the opening balance of retained earnings.

There is no impact on the quarterly financial statements as well. Furthermore, in accordance with the transitional treatment stipulated in paragraphs 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information that breaks down revenue from contracts with customers for the first quarter of the previous fiscal year is not presented.

- Application of Accounting Standard for Measurement of Fair Value

“Accounting Standard for Measurement of Fair Value” (ASBJ Statement No. 30, July 4, 2019) and other related accounting standards had applied from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in paragraph 19 of the Accounting Standard for Fair Value Calculation and paragraphs 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Fair Value Calculation will be applied prospectively.

There is no impact on the quarterly financial statements.

(Segment information, etc.)

[Segment information]

1. 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.

2. The 1st Quarter cumulative period (from April 1, 2021, to June 30, 2021)

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								
Goods transferred at a point in time	2,679,862	1,378,655	—	4,058,517	103	4,058,621	—	4,058,621
Goods transferred over time	—	—	—	—	—	—	—	—
Revenue from contracts with customers	2,679,862	1,378,655	—	4,058,517	103	4,058,621	—	4,058,621
Other income (Note 4)	41,369	17,882	—	59,252	17,102	76,354	—	76,354
Sales to external customers	2,721,231	1,396,538	—	4,117,769	17,206	4,134,975	—	4,134,975
Intersegment sales	—	—	—	—	—	—	—	—
Total	2,721,231	1,396,538	—	4,117,769	17,206	4,134,975	—	4,134,975
Segment margin	490,788	174,035	—	664,824	5,626	670,450	(159,716)	510,733

- (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 -159,716 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.
 4. "Other income" includes income based on the accounting standard for lease transactions.

(Revenue Recognition)

Information on the revenue breakdown of contracts with customers has stated in the "Notes (Segment Information, etc.)" section.