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Financial Results Briefing Materials for the First Quarter Ending March 31, 2022



Stock Code : 8893

August 6, 2021(FRI) SHIN-NIHON TATEMONO CO., LTD.

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Business Environment

- The domestic economy is expected to pick up by the recovery of the global economy with the progress of vaccination, increased exports, an accommodative financial environment, and the effects of the government's economic stimulus measures, despite facing the difficult conditions of a decline in personal consumption caused by the prolonged period of emergency declarations associated with COVID-19 infection.
- Due to the recent re-emergence of infectious diseases led by mutant strains, and soaring resource prices, the economic outlook remains uncertain with downside risks.
- Investors still have strong demand for Compact Condominium Buildings for Investment-Purpose with convenient access to central Tokyo which is expected to generate stable income. Demand for logistics facilities also remained strong leading to a shortage of supply in the Tokyo metropolitan area. For office properties, it is necessary to pay attention to the vacancy rate and rent trends in central Tokyo areas.

Business Performance

- [P/L] As a result of the delivery of condominium development sites to other developers and the sale of the entire property of high-quality Compact Condominium Buildings for Investment-Purpose in central Tokyo as planned, both sales and income increased with net sales of 4,134 million yen (up 16.0% y-on-y), ordinary income of 454 million yen (up 30.7% y-on-y), and net income of 444 million yen (up 57.3% y-o-y).
- [B/S] Real estate for sale and real estate for sale in process increased by 903 million yen y-o-y as a result of aggressive purchases of new business sites, such as land for logistics facilities, and land for condominium development. The equity ratio was maintained at 30.5%.

Business Management

- Dividend of 22 yen per share.
(Ordinary dividend excluding the commemorative dividend of the previous fiscal year: 20 yen → 22 yen)

Balance Sheet

| (Unit: Millions of yen) | March 31, 2021 | | March 31, 2022 | |
|---|----------------|---------------|----------------|--------------|
| | End of 1Q | Year End | End of 1Q | Change |
| Cash and deposits | 4,350 | 4,933 | 4,636 | (297) |
| Real estate for sale | 4,629 | 8,731 | ● 8,682 | (48) |
| Real estate for sale in process | 10,373 | 5,961 | ● 6,913 | 952 |
| Others | 99 | 304 | 368 | 63 |
| Total current assets | 19,453 | 19,930 | 20,600 | 670 |
| Total noncurrent assets | 1,771 | 1,531 | 1,796 | 265 |
| Total deferred assets | 1 | 0 | 0 | (0) |
| Total assets | 21,226 | 21,462 | 22,397 | 935 |
| Accounts payable for construction contracts | 352 | 100 | 170 | 69 |
| Short-term loans payable | 8,267 | 8,862 | ● 8,015 | (846) |
| Current portion of bonds | - | 250 | ● 250 | - |
| Others | 444 | 330 | 295 | (34) |
| Total current liabilities | 9,064 | 9,542 | 8,731 | (811) |
| Bonds | 250 | - | ● - | - |
| Long-term loans payable | 5,584 | 4,879 | ● 6,591 | 1,712 |
| Others | 227 | 230 | 238 | 8 |
| Total noncurrent liabilities | 6,061 | 5,109 | 6,830 | 1,720 |
| Total liabilities | 15,125 | 14,652 | 15,561 | 909 |
| Capital stock | 854 | 854 | 854 | - |
| Capital surplus | 40 | 40 | 40 | - |
| Retained earnings | 5,143 | 5,834 | 5,840 | 6 |
| Others | 61 | 80 | ● 99 | 18 |
| Total net assets | 6,100 | 6,810 | 6,835 | 25 |
| Total liabilities and net assets | 21,226 | 21,462 | 22,397 | 935 |

● Breakdown of Real estate for sale

| (Unit: Millions of yen) | Mar. 2021 | Mar.2022 1Q | Change |
|-------------------------|--------------|--------------|-------------|
| Asset solution | 3,064 | 3,076 | 11 |
| Condominium unit | 5,666 | 5,606 | (60) |
| Residential housing | - | - | - |
| Total | 8,731 | 8,682 | (48) |

● Breakdown of Real estate for sale in process

| (Unit: Millions of yen) | Mar. 2021 | Mar.2022 1Q | Change |
|-------------------------|--------------|--------------|------------|
| Asset solution | 3,971 | 3,684 | (287) |
| Condominium unit | 1,989 | 3,229 | 1,240 |
| Residential housing | - | - | - |
| Total | 5,961 | 6,913 | 952 |

● The balance of Interest-bearing debt

| (Unit: Millions of yen) | Mar. 2021 | Mar.2022 1Q | Change |
|-------------------------|---------------|---------------|------------|
| Short-term | 9,112 | 8,265 | (846) |
| Long-term | 4,879 | 6,591 | 1,712 |
| Total | 13,991 | 14,857 | 865 |

● Shareholders' equity ratio

| | Mar. 2021 | Mar.2022 1Q | Change |
|--------------|-----------|-------------|--------|
| Equity ratio | 31.7% | 30.5% | (1.2) |

Income Statement

| (Unit: Millions of yen) | March 31, 2021 | | March 31, 2022 | | | | |
|--|----------------|--------------|----------------|--------------|---------------|--------------|--------------|
| | 1Q | | 1Q | | Year-on -year | | Full year |
| | Actual | % of Total | Actual | % of Total | Change | Change (%) | Forecast |
| Net sales | 3,564 | 100.0% | ● 4,134 | 100.0% | 570 | 16.0% | 16,270 |
| Cost of sales | 2,792 | 78.4% | 3,179 | 76.9% | 386 | 13.9% | - |
| Gross profit | 771 | 21.6% | ● 955 | 23.1% | 183 | 23.9% | - |
| Selling, general and administrative expenses | 356 | 10.0% | ● 444 | 10.7% | 87 | 24.7% | - |
| Operating income | 414 | 11.6% | ● 510 | 12.4% | 96 | 23.2% | 1,650 |
| Non-operating income | 3 | 0.1% | 3 | 0.1% | 0 | 6.5% | - |
| Non-operating expenses | 70 | 2.0% | ● 60 | 1.5% | (10) | (14.6%) | - |
| Ordinary income | 347 | 9.7% | ● 454 | 11.0% | 106 | 30.7% | 1,460 |
| Extraordinary income | - | - | 1 | 0.0% | 1 | - | - |
| Extraordinary loss | - | - | - | - | - | - | - |
| Income before income taxes | 347 | 9.7% | ● 455 | 11.0% | 107 | 31.0% | - |
| Income tax | 64 | 1.8% | 10 | 0.3% | (54) | (84.0%) | - |
| Net income | 282 | 7.9% | ● 444 | 10.8% | 161 | 57.3% | 1,270 |

● Number of sales

| | Mar. 2021 1Q | Mar.2022 1Q | Change |
|---------------------|-----------------|----------------|-----------|
| Asset solution | 3projects | 6projects | 3projects |
| Condominium unit | 14units | 14units | 0units |
| Residential housing | 0 | 0 | - |

● Breakdown of selling, general and administrative expenses

| (Unit: Millions of yen) | Mar. 2021 1Q | Mar.2022 1Q | Change |
|-------------------------|-----------------|----------------|-----------|
| Personal expenses | 138 | 143 | 4 |
| Sales commission | 88 | 142 | 53 |
| Advertising expenses | 8 | 21 | 12 |
| Others | 120 | 136 | 16 |
| Total | 356 | 444 | 87 |

● Breakdown of non-operating expenses

| (Unit: Millions of yen) | Mar. 2021 1Q | Mar.2022 1Q | Change |
|-------------------------|-----------------|----------------|-------------|
| Interest expenses | 61 | 59 | (2) |
| Other | 9 | 0 | (8) |
| Total | 70 | 60 | (10) |

Sales and profit by reportable segments

- In the 1st quarter under review, the Company delivered development sites to other developers and systematically promoted sales of high-quality Compact Condominium Buildings for Investment-Purpose in central Tokyo, resulting in net sales of 4,134 million yen (up 16.0% y-o-y) and operating income of 510 million yen (up 23.2% y-o-y).

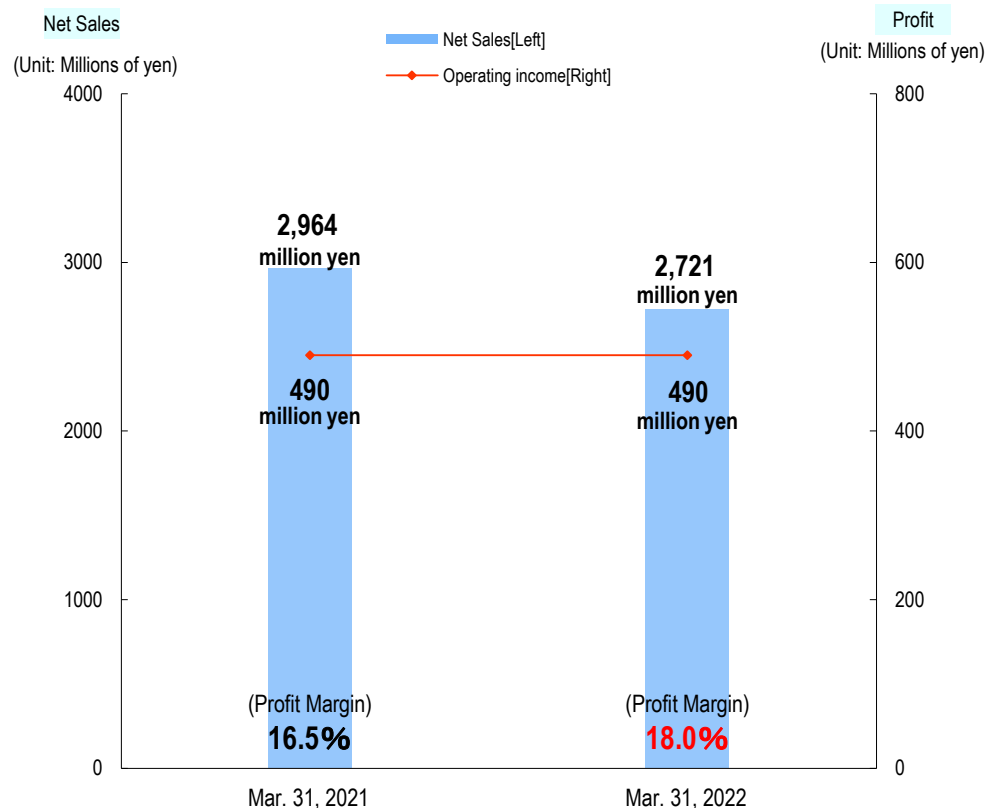
| 【Net Sales】 (Unit: Millions of yen) | | March 31, 2021 | | March 31, 2022 | | | |
|--|--------------|----------------|--------------|----------------|------------|--------------|------------|
| | | 1Q | | 1Q | | Year-on-year | |
| | | Actual | % of Total | Actual | % of Total | Change | Change (%) |
| Asset Solution Business | 2,964 | 83.2% | 2,721 | 65.8% | (243) | (8.2%) | |
| Condominium Unit Sales Business | 574 | 16.1% | 1,396 | 33.8% | 822 | 143.1% | |
| Residential Housing Sales business | 8 | 0.2% | - | - | (8) | - | |
| Others | 16 | 0.5% | 17 | 0.4% | 0 | 4.2% | |
| Elimination and/or corporate | - | - | - | - | - | - | |
| Net sales total | 3,564 | 100.0% | 4,134 | 100.0% | 570 | 16.0% | |

| 【Operating Income】 (Unit: Millions of yen) | | March 31, 2021 | | March 31, 2022 | | | |
|---|------------|----------------|------------------------|----------------|------------------------|--------------|------------|
| | | 1Q | | 1Q | | Year-on-year | |
| | | Actual | Operating Margin Ratio | Actual | Operating Margin Ratio | Change | Change (%) |
| Asset Solution Business | 490 | 16.5% | 490 | 18.0% | 0 | 0.1% | |
| Condominium Unit Sales Business | 63 | 11.1% | 174 | 12.5% | 110 | 171.9% | |
| Residential Housing Sales business | 3 | 46.5% | - | - | (3) | - | |
| Others | 5 | 31.2% | 5 | 32.7% | 0 | 9.3% | |
| Elimination and/or corporate | (148) | - | (159) | - | (11) | - | |
| Operating income total | 414 | 11.6% | 510 | 12.4% | 96 | 23.2% | |

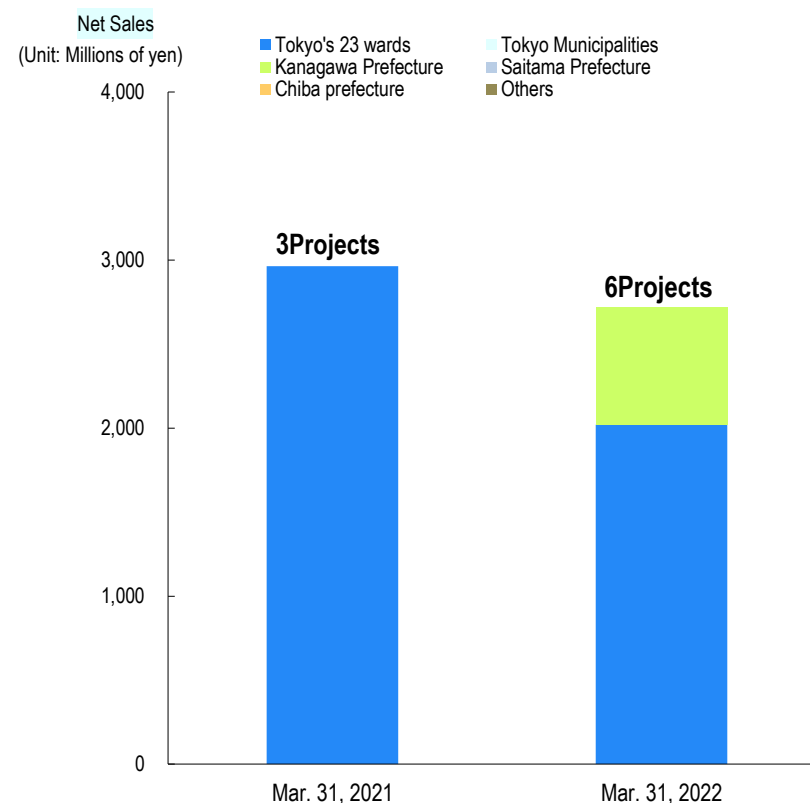
Overview of Asset Solution Business

- Delivered a total of 6 properties in the Tokyo and Kanagawa areas, mainly condominium development sites for other developers.
- Net sales of 2,721 million yen (down 8.2% y-o-y) and operating income of 490 million yen (up 0.1% y-o-y) were recorded.

Actual Result of 1Q



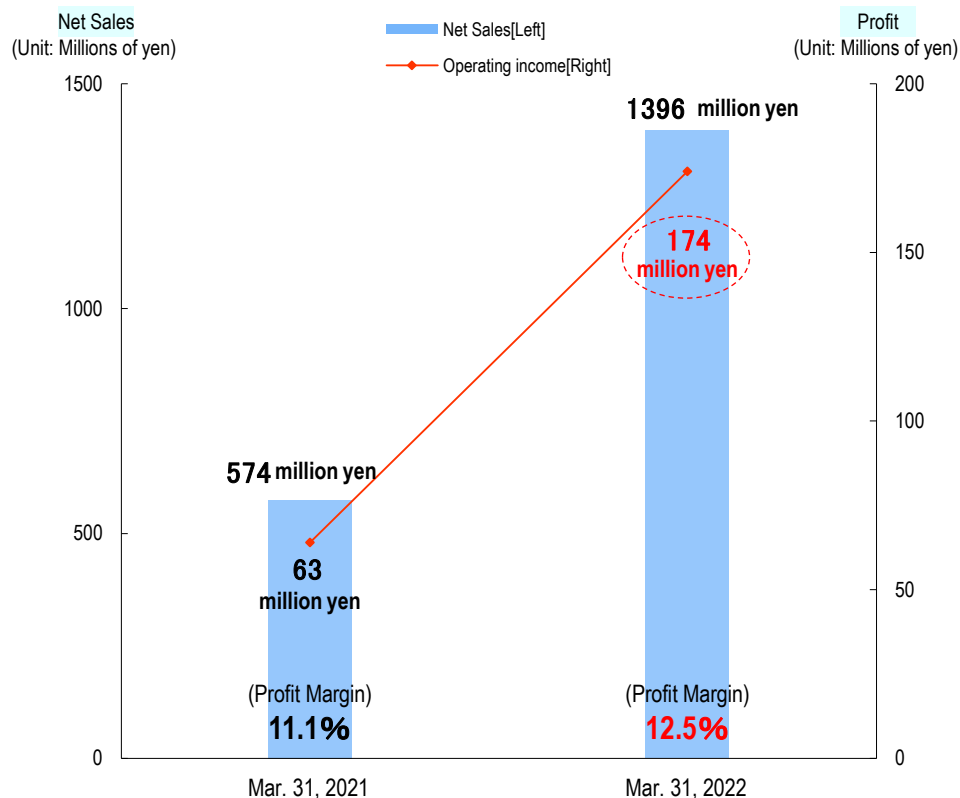
Net sales by area



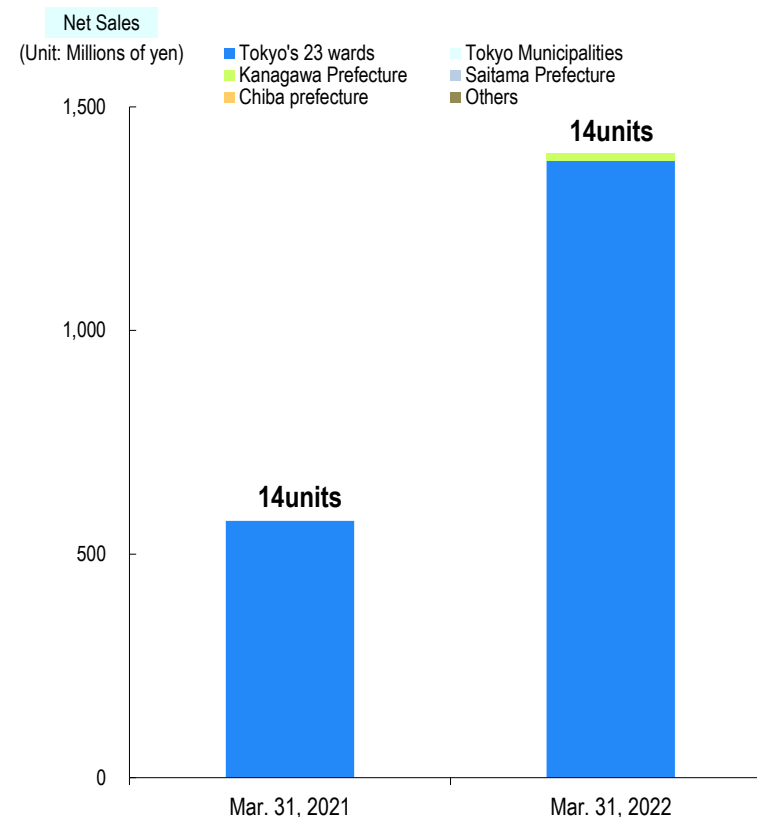
Overview of Condominium Unit Sales Business

- With a systematic approach to promoting high-quality Compact Condominium Buildings for Investment-Purpose in central Tokyo, such as "Renaissance Roppongi Premier Court," and handed over a total of 14 units.
- Net sales increased to 1,396 million yen (up 143.1% y-o-y) and operating income to 174 million yen (up 171.9% y-o-y).
- Moreover, the delivery of the Compact Condominium Buildings for Investment-Purpose, for which a sale contract was concluded in the previous fiscal year, is scheduled for the second quarter of the current fiscal year.

Actual Result

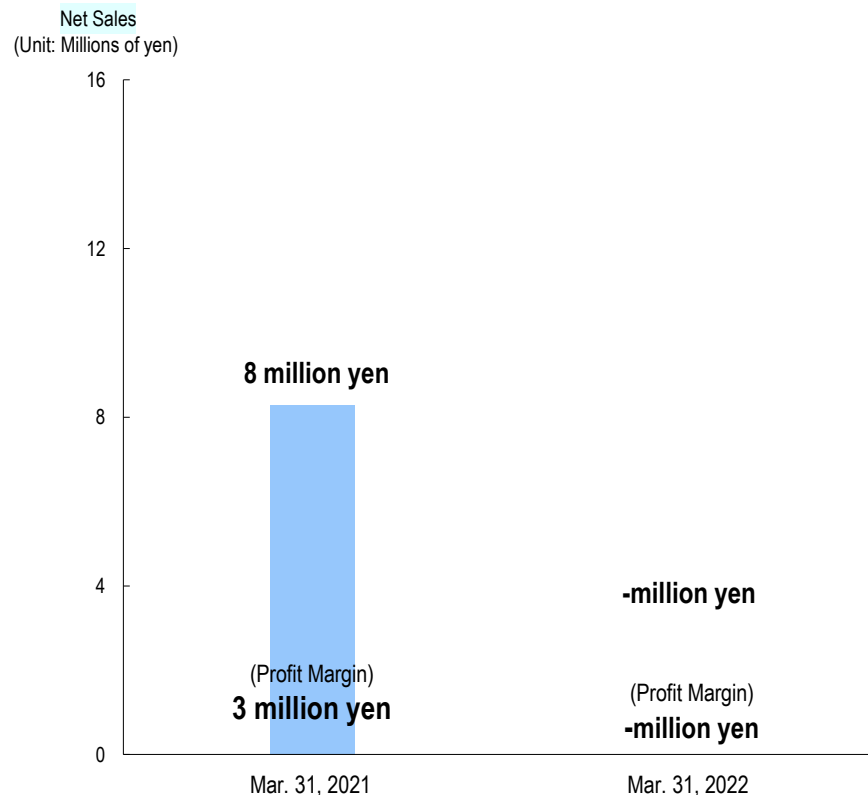


Net sales by area

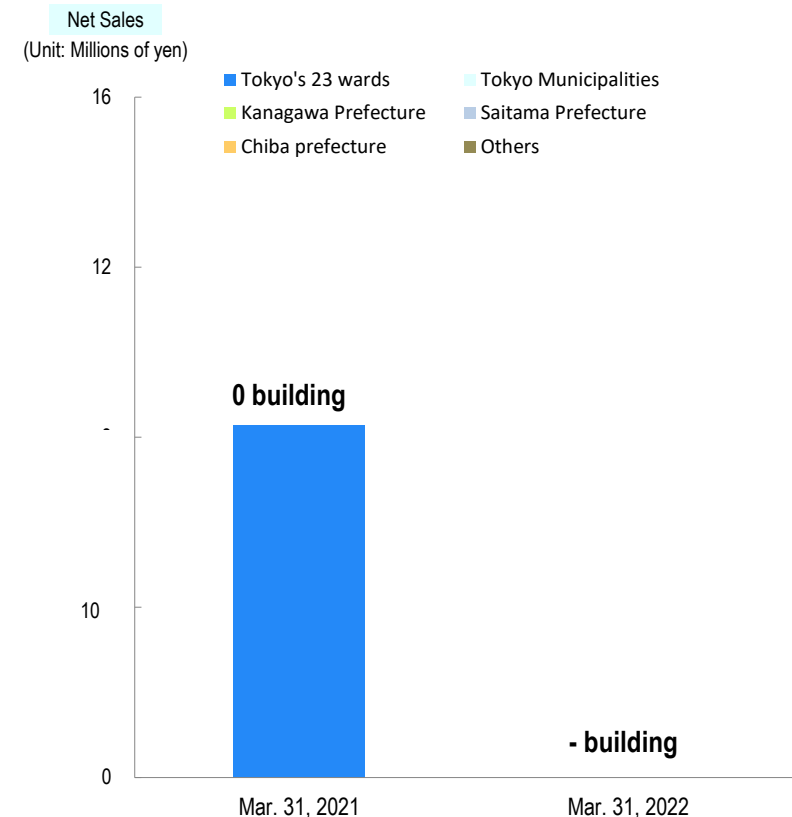


- Considering market conditions of real estate in Tokyo, the Company concentrated the business resources on the Asset Solution Business and Condominium Unit Sales Business, which are in high demand from investors, and thus no results related to Residential Housing Sales business were generated.

Actual Result



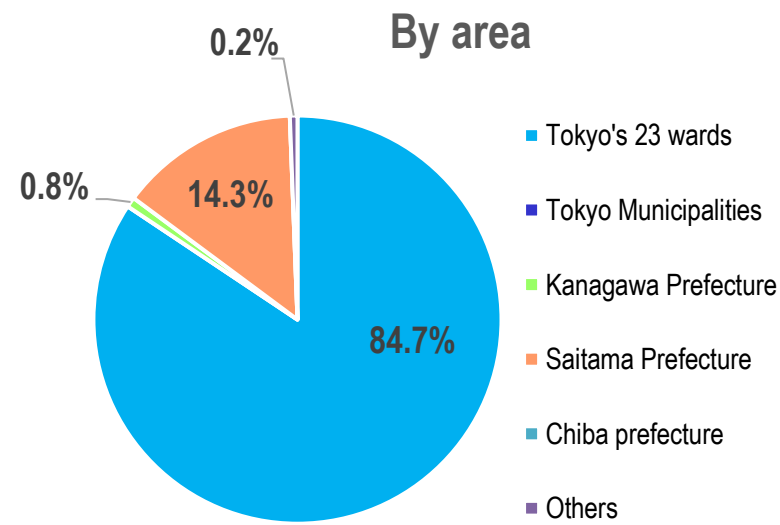
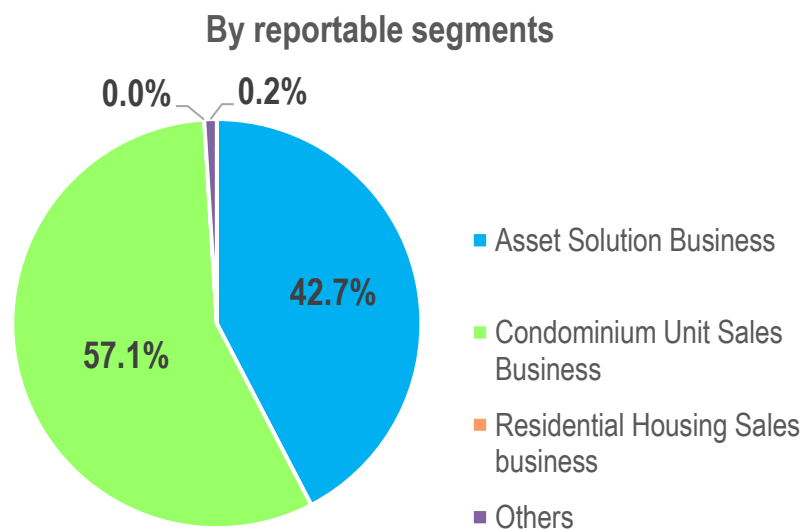
Net sales by area



Property Acquisitions

- The delivery of the Compact Condominium Buildings for Investment-Purpose, for which a sale contract was concluded in the previous fiscal year, is scheduled for the second quarter of the current fiscal year. In order to secure the planned sales after the delivery, the Company will keep an eye on the real estate market in Tokyo and future demand trends while actively purchasing new business sites, including land for logistics facilities.
- As of the end of June 2021, the Company had already concluded the land purchase agreements for planned sales of approximately 31.4 billion yen (an increase of 5.6 billion yen y-o-y).

Overview of the net sales of 31.4 billion yen planned



Project in Progress

【Asset Solution Business】 Hacchoubori Project (Compact Office with AI and IoT)

Overview

| | |
|------------|---|
| Location | : Shinkawa, Chuo city, Tokyo |
| Access | : 2-min. walk from Hacchoubori station on JR Keiyou line 4-min. walk from Hacchoubori station on Tokyo Metro Hibiya line 12-min. walk from Tokyo station on JR line |
| Total Area | : 574.56m ² |
| Utility | : Office space from 2 nd to 7 th floor Shop space from first basement to 1 st floor |
| Structure | : Reinforced Concrete (RC) 1 story underground and 7 stories above ground |
| Completion | : Feb 2021 |

Point 1

The 1st compact office property to introduce AI and IoT. 2-minute walk from Hatchobori Station on the JR Keiyo Line and a 12-minute walk from Tokyo Station, making it a convenient location for offices.

Point 2

Highly Accurate Face Recognition by AI for the New-Normal Era. Introduce the system of keyless entry with facial recognition even when wearing a mask, and an IoT intercom that can be operated remotely. Two types of offices layout are available: free-address type and traditional fixed-seat type. Flexible lease contracts are available for the lessee to choose from.



【Condominium Unit Sales Business】 Renaissance Court Ikebukuro WEST (Compact Condominium Buildings for Investment-Purpose)

Overview

| | |
|--------------------|--|
| Location | : Chihaya, Toshima city, Tokyo |
| Access | : 10-min. walk from Kaname-cho station on Tokyo Metro Yurakucho line 9-min. walk from Higashi-Nagasaki station on Seibu Ikebukuro |
| Total No. of Units | : 22 units |
| Structure | : Reinforced Concrete (RC) 4 stories above ground |
| Completion | : Feb 2021 |

Point 1

Only a 10-minute walk from Kaname-cho Station, which is one stop away from Ikebukuro Station, a huge terminal station with department stores and many restaurants. Located in a quiet area in a category 1 low-rise exclusive residential district, the property is surrounded by parks, museums, sports centers, and other public facilities that make it an easy place to live.

Point 2

Providing a wide range of safe and convenient facilities with camera-equipped hands-free auto-locks, Wi-Fi environment, dedicated delivery lockers, smartphone-compatible intercoms, and 24-hour garbage disposal facilities. All units have living space of 142 square feet or more, providing a comfortable living environment.



Renaissance Court SANGENJAYA CALME (The final phase is ON SALE NOW)

Overview

- Location : Wakabayashi, Setagaya City, Tokyo
- Access : 3-min. walk from Wakabayashi station on Tokyu Setagaya line
11-min. walk from Sangenjaya station on Tokyu Denentoshi line
- Total No. of Units : 15 Units
- Structure : Reinforced Concrete (RC) 4 stories above ground
- Completion : Mar 2019

Point 1

The 1st project of “ **Joint Owners**”, Sub-divided Real Estate for Investment-Purpose.

Point 2

Sangenjaya is nowadays a hot spot in Setagaya City. This condominium has commercial facilities, parks, medical facilities, and public offices within a walking distance. Comfortability and convenience are well-balanced here.



Joint Owners

An investment product which sub-divided the land and the building of blue-chip properties in Central Tokyo which usually demands a large amount of funds and made it reasonable.

Acquisitions are available from 1 increment for 100 million yen. Tax benefits, risk mitigation, no need for management.

Details and document requests are available in the link below.

Thanks to your support, the 3rd phase is sold out, and the final phase is NOW ON SALE!

Joint Owners URL : <https://www.kksnt.co.jp/jointowners/>

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