

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, 2022 (Japanese Standard)

February 10, 2022

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 : February 10, 2022
 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, 2022 (April 1, 2021~ December 31, 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	%
Third Quarter Ending March 31, 2022	11,896	34.0	1,309	61.4	1,137	93.5	971	100.4
Third Quarter Ended March 31, 2021	8,879	(7.5)	811	(17.3)	588	(7.5)	484	(6.4)

	Earnings per share	Diluted Earnings per Share
	Yen	Yen
Third Quarter Ending March 31, 2022	48.83	—
Third Quarter Ended March 31, 2021	24.37	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Third Quarter Ending March 31, 2022	23,431	7,339	31.3
Year Ended March 31, 2021	21,462	6,810	31.7

(Reference) Equity: Third Quarter Ending March 31, 2022: 7,339 million yen Year Ended 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	—	0.00	—		
Year ending Mar. 31, 2022 (Forecast)			—	22.00	22.00

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

3. Business Performance 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

※ 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)

3Q 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

3Q Ending March 31, 2022	13,096 shares
Year Ended March 31, 2021	12,276 shares

③ Average number of shares during the period (cumulative)

3Q Ending March 31, 2022	19,902,001 shares
3Q Ended March 31, 2021	19,903,089 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 herein are based on information currently available to the Company and certain assumptions deemed reasonable. The Company does not constitute guarantees of future performance. Actual financial results may differ significantly due to various factors. Please refer to “(3) Explanation of forecast information such as business performance forecasts” on page 4 of the attached materials for the assumptions for the forecasts and notes on using the forecast estimates.
- The supplementary material on financial results will be posted on the Company’s website on February 10, 2022.

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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, 2021, to December 31, 2021), despite some restrictions on economic activities continued due to the prolonged COVID-19 pandemic, with an apparent lull in the spread of COVID-19 infection on account of progress in vaccination and the recovery in both face-to-face customer services such as the food and beverage and the hospitality industry and overseas demand, the Japanese economy showed signs of improvement in corporate performance. However, concerning the new infections by variant strains with highly transmissible, soaring prices of crude oil and other resources, and deteriorating consumer sentiment due to the price appreciation reflecting the yen's depreciation, the economic outlook remains uncertain and opaque.

In the real estate industry to which the Company belongs, the average sale price of a new construction condominium apartment in Tokyo's 23 wards exceeded the bubble period in 1990 as land and construction costs remained high in the Greater Tokyo Area. In addition, property prices skyrocketed, making it even more difficult to purchase land for development. As for the property investment market, under the background of a favorable financial environment, the demand for highly convenient Compact Condominium Buildings for Investment-Purpose in central Tokyo areas remained steady as assets expected to generate stable income with less susceptible to economic fluctuations and the COVID-19 pandemic. For the logistics facilities market, the demand for logistics facilities in the Greater Tokyo Area remained strong. On the other hand, the vacancy rate of offices in the Greater Tokyo Area is on an upward trend due to the boom in remote work and attention should be paid to future trends in rent.

Under such a business environment, the Company took advantage of land procurement planning and business proposals capabilities to vigorously promote sales of business sites and urban-style compact offices to other developers in the Asset Solution Business. As for the Condominium Sales Business, the Company systematically promoted the sale of the entire building of high-quality Compact Condominium Buildings for Investment-Purpose in Tokyo, mainly in the downtown area. As a result, net sales for the third quarter cumulative period were 11,896 million yen (up 34.0% year-on-year), operating income was 1,309 million yen (up 61.4% year-on-year), ordinary income was 1,137 million yen (up 93.5% year-on-year), and quarterly net income was 971 million yen (up 100.4% year-on-year), reflecting increases in both sales and income.

	Previous 3 rd quarter cumulative period		Current 3 rd quarter cumulative period	
	Amount	Net Sales (millions of yen)	Amount	Net Sales (millions of yen)
Asset Solution Business	11 projects	6,015	11 projects	4,979
Condominium Unit Sales Business	76 units	2,317	164 units	6,867
Residential Housing Sales business	5 buildings	497	—	—
Others	—	48	—	48
Total Net Sales	—	8,879	—	11,896
Operating income	—	811	—	1,309

Results by segment are as follows.

(Asset Solution Business)

During the third quarter cumulative period under review, with discerning the market trends, the Company made progress in sales of business sites and urban-style compact offices to other developers. Consequently, with the contribution of selling the high profit-making projects, net sales were 4,979 million yen (down 17.2 year-on-year) while operating income increased to 992 million yen (up 10.7% year-on-year).

(Condominium Unit Sales Business)

In the third quarter cumulative period under review, through the sale of the en bloc and the entire building of high-quality Compact Condominium Buildings for Investment-Purpose mainly in Tokyo's downtown areas such as Chiyoda and Minato wards, the Company handed over 164 units and achieved in both sales and income increases with net sales of 6,867 million yen (up 196.3% year-on-year) and operating income of 819 million yen (up 240.7% year-on-year).

(Residential Housing Sales business)

During the Third quarter cumulative period under review, 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 performance related to Residential Housing Sales business were generated.

(Others)

The net sales for the third quarter cumulative period under review were 48 million yen (up 0.1% year-on-year), and operating income was 15 million yen (down 2.6% year-on-year).

(2) Explanation of Financial Position

1. Status of Assets, Liabilities and Net assets

(Assets)

Total assets at the end of the third quarter of the current fiscal year increased 1,969 million yen (up 9.2% year-on-year) to 23,431 million yen. Current assets increased 2,030 million yen (up 10.2% year-on-year) to 21,961 million yen, and noncurrent assets decreased 65 million yen (down 4.2% year-on-year) to 1,466 million yen.

Current assets increased mainly due to the steady progress in property sales, resulting in a decrease in real estate for sale of 4,208 million yen (down 48.2% year-on-year). On the other hand, while the construction of properties scheduled to complete in the fourth quarter was progressed as planned, the progress in aggressive purchasing activities was in line with sales plans for the next fiscal year and beyond, resulting in real estate for sale in process increased 6,047 million yen (up 101.5% year-on-year).

(Liabilities)

At the end of the third quarter of the current fiscal year, total liabilities increased by 1,439 million yen (up 9.8% year-on-year) to 16,092 million yen. Current liabilities decreased by 2,602 million yen (down 27.3% year-on-year) to 6,940 million yen, and the noncurrent liabilities increased by 4,042 million yen (up 79.1% year-on-year) to 9,151 million yen.

The primary factors behind the reduction in current liabilities were a decrease in short-term loans payable of 1,250 million yen (down 45.1% year-on-year) and a decrease in current portion of long-term loans payable of 1,292 million yen (down 21.2% year-on-year) due to progress in repayment of project loans payable in line with steady sales progress.

The main reason for the increase in noncurrent liabilities was the increase in long-term loans payable of 3,833 million yen (up 78.6% year-on-year) due to the steady accumulation of real estate for sale in process resulting from aggressive procurement activities carefully selected in favorable locations.

(Net assets)

Total net assets increased 529 million yen (up 7.8% year-on-year) to 7,339 million yen at the end of the third quarter of the current fiscal year. This was mainly due to a quarterly net income of 971 million yen, while the dividend of the surplus was 437 million yen.

(3) Explanation of forecast information such as business performance forecasts

As for the fiscal year ending March 31, 2022, the business results for the third quarter cumulative period were progressing as originally planned, and there is no change to the forecasts announced on May 15, 2021. Henceforth, the Company will promptly announce if there is a change in the business performance forecasts.

2. Financial statements and main notes

(1) Quarterly Balance Sheet

(Thousands of yen)

	Previous Fiscal Year (March 31, 2021)	3 rd Quarter Ending March 31, 2022 (December 31, 2021)
Assets		
Current assets		
Cash and deposits	4,933,785	5,248,548
Real estate for sale	8,731,547	4,522,765
Real estate for sale in process	5,961,007	12,008,709
Raw materials and supplies	487	1,150
Advance payments—trade	64,250	30,500
Prepaid expenses	29,596	26,843
Current portion of Long-term loans receivable from subsidiaries and associates	10,000	-
Others	199,999	122,763
Total current assets	19,930,673	21,961,280
Noncurrent assets		
Property, plant and equipment		
Buildings	596,178	596,900
Accumulated depreciation	(78,553)	(92,845)
Buildings, net	517,625	504,054
Structures	14,192	14,192
Accumulated depreciation	(4,706)	(5,771)
Structures, net	9,485	8,420
Tools, furniture and fixtures	67,929	67,929
Accumulated depreciation	(39,730)	(45,871)
Tools, furniture and fixtures, net	28,199	22,058
Land	79,594	79,594
Leased assets	18,506	18,506
Accumulated depreciation	(9,489)	(13,164)
Leased assets, net	9,017	5,341
Total property, plant and equipment	643,922	619,471
Intangible assets		
Leasehold right	1,465	1,465
Software	1,258	786
Leased assets	13,075	9,961
Total intangible assets	15,798	12,212
Investments and other assets		
Investment securities	232,854	431,644
Stocks of subsidiaries and affiliates	63,880	51,737
Investments in capital	31,530	31,530
Long-term loans receivable from subsidiaries and associates	468,610	70,256
Claims provable in bankruptcy, claims provable in rehabilitation and others	8,116	7,869
Long-term prepaid expenses	1,057	5,299
Guarantee deposits	76,944	88,917
Deferred tax assets	181,887	170,420
Others	19,047	12,770
Allowance for doubtful accounts	(212,468)	(35,996)
Total investments and other assets	871,459	834,449
Total noncurrent assets	1,531,180	1,466,133
Deferred assets		
Bond issuance cost	677	4,315
Total deferred assets	677	4,315
Total assets	21,462,531	23,431,729

	(Thousands of yen)	
	Previous Fiscal Year	3 rd Quarter Ending
	(March 31, 2021)	March 31, 2022
	(December 31, 2021)	
Liabilities		
Current liabilities		
Accounts payable for construction contracts	100,178	319,925
Short-term loans payable	2,769,300	1,519,000
Current portion of long-term loans payable	6,092,880	4,800,190
Current portion of bonds	250,000	50,000
Lease obligations	9,837	9,580
Accounts payable—other	12,472	13,355
Accrued expenses	53,088	46,766
Income taxes payable	129,369	41,882
Advances received	55,983	23,086
Deposits received	16,581	18,222
Provision for bonuses	51,535	13,607
Others	1,421	84,752
Total current liabilities	9,542,649	6,940,367
Noncurrent liabilities		
Bonds payable	-	200,000
Long-term loans payable	4,879,677	8,713,306
Lease obligations	14,123	7,002
Asset retirement obligation	25,743	25,918
Provision for retirement benefits	47,079	50,975
Provision for directors' retirement benefits	106,696	119,392
Others	36,391	35,210
Total noncurrent liabilities	5,109,711	9,151,805
Total liabilities	14,652,360	16,092,173
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	6,208,857
Total retained earnings	5,834,062	6,368,091
Treasury stock	(3,789)	(4,125)
Total shareholders' equity	6,725,755	7,259,449
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	84,414	80,106
Total valuation and translation adjustments	84,414	80,106
Total net assets	6,810,170	7,339,555
Total liabilities and net assets	21,462,531	23,431,729

(2) Quarterly Income Statement

Third Quarter Cumulative Period

(Thousands of yen)

	3 rd Quarter Ended March 31, 2021 (Apr 1, 2020 to Dec 31, 2020)	3 rd Quarter Ending March 31, 2022 (Apr 1, 2021 to Dec 31, 2021)
Net sales		
Net sales from the Asset solution business	6,015,215	4,979,995
Net sales from the condominium unit sales business	2,317,709	6,867,768
Net sales from the residential housing sales business	497,894	-
Others	48,759	48,823
Total net sales	8,879,578	11,896,586
Cost of sales		
Cost of sales of the Asset solution business	4,803,802	3,721,192
Cost of sales of the condominium unit sales business	1,889,489	5,561,157
Cost of sales of the residential housing sales business	395,563	-
Others	27,381	26,824
Total cost of sales	7,116,238	9,309,173
Gross profit	1,763,340	2,587,412
Selling, general and administrative expenses	951,771	1,277,888
Operating income	811,568	1,309,524
Non-operating income		
Interest income	9,759	7,920
Dividends income	695	794
Land and house rent received	3,043	2,956
Others	1,259	738
Total non-operating income	14,757	12,409
Non-operating expenses		
Interest expenses	179,933	179,921
Contract Cancellation Fee	30,000	-
Others	28,327	4,090
Total non-operating expenses	238,261	184,012
Ordinary income	588,065	1,137,921
Extraordinary income		
Gain on sales of subsidiaries and affiliates' stocks	9,001	26,894
Gain on sales of investment securities	-	1,001
Total extraordinary income	9,001	27,895
Extraordinary loss		
Loss on valuation of stocks of subsidiaries and affiliates	-	9,999
Provision of allowance for doubtful accounts	-	20,256
Total extraordinary loss	-	30,256
Income before income taxes	597,066	1,135,560
Income tax-current	84,322	150,310
Income tax-deferred	27,750	13,368
Total income taxes	112,073	163,679
Net income	484,993	971,880

(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 3rd Quarter of the previous 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.

2. The 3rd Quarter cumulative period under review (from April 1, 2021, to December 31, 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	4,854,392	6,840,732	—	11,695,125	458	11,695,583	—	11,695,583
Goods transferred over time	—	—	—	—	—	—	—	—
Revenue from contracts with customers	4,854,392	6,840,732	—	11,695,125	458	11,695,583	—	11,695,583
Other income (Note 4)	125,602	27,035	—	152,638	48,364	201,002	—	201,002
Sales to external customers	4,979,995	6,867,768	—	11,847,763	48,823	11,896,586	—	11,896,586
Intersegment sales	—	—	—	—	—	—	—	—
Total	4,979,995	6,867,768	—	11,847,763	48,823	11,896,586	—	11,896,586
Segment margin	992,684	819,743	—	1,812,428	15,322	1,827,751	(518,226)	1,309,524

- (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 -518,226 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.