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Financial Results Briefing Materials for the Fiscal Year Ended March 31, 2022



Stock Code : 8893

May 13, 2022(FRI) SHIN-NIHON TATEMONO CO., LTD.



SHIN-NIHON TATEMONO CO., LTD.

Business Environment

- Despite the difficult situation of the domestic economy impacted by the COVID-19 infection, there is a sign of recovery driven by the progress in vaccinations which lead the reduction of infected people, the effects of various government policies, and the gradual resumption of economic activity. The future outlook remains uncertain subject to the trends in COVID-19 infections, the impact of the conflict in Ukraine, and fluctuations in financial markets.
- In the real estate industry, with the investors' strong interest in the favorable financing environment of low-interest rates, the logistics facilities market and the market for newly-built condominiums performed well. But still, with the impact of the rising cost of land procurement due to the intensified competition for high-quality business sites and raising construction costs driven by the increasing material prices and the shortage of semiconductors, we are expected to face a range of challenges in the future.

Business Performance

- [P/L] The Asset Solution Business proceeded with selling hotels, logistics facilities, and urban-style compact offices, as well as planning and selling the development sites to other developers. Investment properties of quality high-yield reinforced concrete whole-building, and collective sales of investment properties are proceeding as scheduled in the Condominium Unit Sales Business. As a result, net sales were 19,468 million yen (up 23.3% y-o-y), ordinary income was 1,515 million yen (up 5.7% y-o-y), and net income was 1,236 million yen (up 27.0% y-o-y).
- [B/S] Net assets increased 802 million yen from the end of the previous fiscal year to 7,612 million yen, and the equity ratio was 37.3%, up 5.6 points from the end of the last fiscal year.

Business Management

- Achieved sales and profit growth through large-scale projects such as the Higashi-Shinjuku Project and logistics facility projects, and the collective sales of investment properties are proceeding as scheduled.
- Implemented a dividend payout ratio of 30% or more, a policy on shareholder returns, for 4 consecutive years since the fiscal year ended March 2019.
- Joined the KEIDANREN (Japan Business Federation) to realize a sustainable society.

Balance Sheet

(Unit: Millions of yen)	March 31, 2021		March 31, 2022		
	Actual	% of Total	Actual	% of Total	Change
Cash and deposits	4,933	23.0%	7,029	34.4%	2,096
Real estate for sale	8,731	40.7%	● 1,724	8.4%	(7,006)
Real estate for sale in process	5,961	27.8%	● 10,238	50.1%	4,277
Others	304	1.4%	152	0.7%	(151)
Total current assets	19,930	92.9%	19,145	93.8%	(785)
Total noncurrent assets	1,531	7.1%	1,270	6.2%	(260)
Total deferred assets	0	0.0%	3	0.0%	3
Total assets	21,462	100.0%	20,419	100.0%	(1,043)
Accounts payable for construction contracts	100	0.5%	296	1.5%	196
Short-term loans payable	8,862	41.3%	● 4,423	21.7%	(4,438)
Current portion of bonds	250	1.2%	● 50	0.2%	(200)
Others	330	1.5%	467	2.3%	137
Total current liabilities	9,542	44.5%	5,237	25.7%	(4,304)
Bonds	-	-	200	1.0%	200
Long-term loans payable	4,879	22.7%	● 7,157	35.1%	2,277
Others	230	1.1%	211	1.0%	(18)
Total noncurrent liabilities	5,109	23.8%	7,568	37.1%	2,459
Total liabilities	14,652	68.3%	12,806	62.7%	(1,845)
Capital stock	854	4.0%	854	4.2%	-
Capital surplus	40	0.2%	40	0.2%	-
Retained earnings	5,834	27.2%	6,632	32.5%	798
Others	80	0.4%	84	0.4%	4
Total net assets	6,810	31.7%	7,612	37.3%	802
Total liabilities and net assets	21,462	100.0%	20,419	100.0%	(1,043)

● Breakdown of Real estate for sale

(Unit: Millions of yen)	Mar. 2021	Mar. 2022	Change
Asset solution	3,064	-	(3,064)
Condominium unit	5,666	1,724	(3,942)
Residential housing	-	-	-
Total	8,731	1,724	(7,006)

● Breakdown of Real estate for sale in process

(Unit: Millions of yen)	Mar. 2021	Mar. 2022	Change
Asset solution	3,971	2,942	(1,029)
Condominium unit	1,989	7,296	5,306
Residential housing	-	-	-
Total	5,961	10,238	4,277

● The balance of Interest-bearing debt

(Unit: Millions of yen)	Mar. 2021	Mar. 2022	Change
Short-term	9,112	4,473	(4,638)
Long-term	4,879	7,357	2,477
Total	13,991	11,831	(2,160)

● Shareholders' equity

(Unit: Millions of yen)	Mar. 2021	Mar. 2022	Change
Equity	6,810	7,612	802

(Unit:Millions of yen)	March 31, 2021		March 31, 2022			
	Full year		Full year		Year-on -year	
	Actual	% of Total	Actual	% of Total	Change	Change (%)
Net sales	15,794	100.0%	● 19,468	100.0%	3,674	23.3%
Cost of sales	12,692	80.4%	15,798	81.1%	3,106	24.5%
Gross profit	3,102	19.6%	3,669	18.9%	567	18.3%
Selling, general and administrative expenses	1,412	8.9%	● 1,935	9.9%	523	37.1%
Operating income	1,689	10.7%	1,734	8.9%	44	2.6%
Non-operating income	34	0.2%	29	0.2%	(4)	(12.5)%
Non-operating expenses	290	1.8%	● 248	1.3%	(42)	(14.5)%
Ordinary income	1,433	9.1%	1,515	7.8%	82	5.7%
Extraordinary income	9	0.1%	27	0.1%	18	209.9
Extraordinary loss	188	1.2%	136	0.7%	(51)	(27.5)
Income before income taxes	1,253	7.9%	1,406	7.2%	152	12.2%
Income tax - current	229	1.5%	215	1.1%	(13)	(6.1)%
Income tax-deferred	51	0.3%	(45)	(0.2)%	(96)	(187.9)
Net income	973	6.2%	1,236	6.3%	262	27.0%

● Number of sales

	Mar. 2021	Mar.2022	Change
Asset solution	14 projects	16 projects	2 project
Condominium unit	190 units	221 units	31 units
Residential housing	5 buildings	- buildings	(5)buildings

● Breakdown of selling, general and administrative expenses

(Unit:Millions of yen)	Mar. 2021	Mar.2022	Change
Personnel expenses	599	692	92
Sales commission	233	596	362
Advertising expenses	35	51	16
Others	543	595	52
Total	1,412	1,935	523

● Breakdown of non-operating expenses

(Unit:Millions of yen)	Mar. 2021	Mar.2022	Change
Interest expenses	246	244	(1)
Other	44	4	(40)
Total	290	248	(42)

Sales and profit by reportable segments

- We progressed as scheduled in sales of hotels, logistics facilities, and urban-style compact offices, as well as the sale of reinforced concrete whole building investment properties and collective sales of investment properties, mainly in central Tokyo.
- As a result, net sales were 19,468 million yen (up 23.3% y-o-y), and operating income was 1,734 million yen (up 2.6% y-o-y).

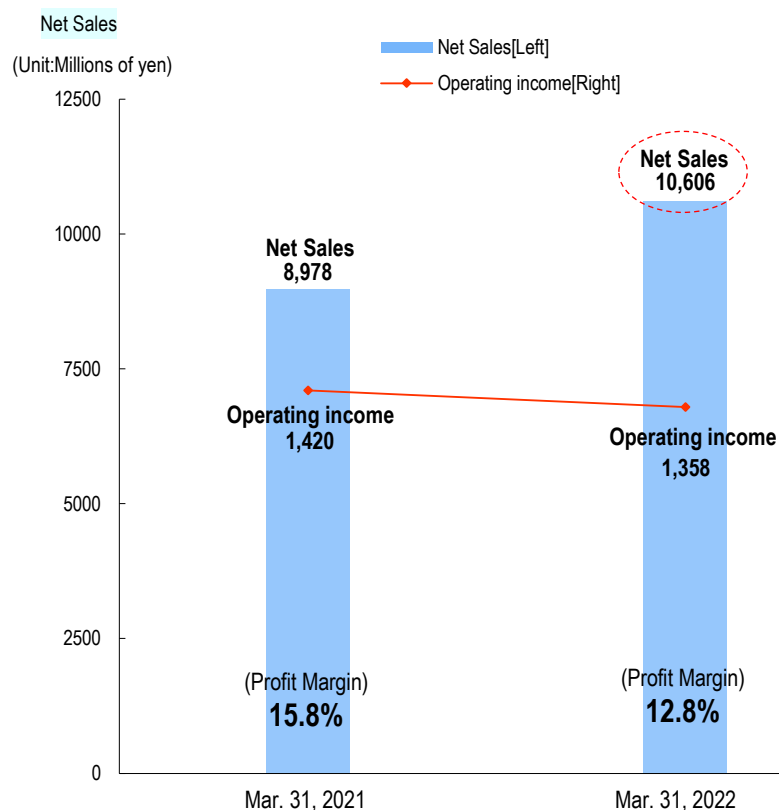
【Net Sales】 (Unit:Millions of yen)		March 31, 2021		March 31, 2022			
		Full year		Full year		Year-on-year	
		Actual	% of Total	Actual	% of Total	Change	Change (%)
Asset Solution Business	8,978	56.8%	10,606	54.5%	1,628	18.1%	
Condominium Unit Sales Business	6,228	39.4%	8,797	45.2%	2,568	41.2%	
Residential Housing Sales business	497	3.2%	-	-	(497)	-	
Others	89	0.6%	64	0.3%	(25)	(28.3)%	
Elimination and/or corporate	-	-	-	-	-	-	
Net sales total	15,794	100.0%	19,468	100.0%	3,674	23.3%	

【Operating Income】 (Unit:Millions of yen)		March 31, 2021		March 31, 2022			
		Full year		Full year		Year-on-year	
		Actual	% of Total	Actual	% of Total	Change	Change (%)
Asset Solution Business	1,420	15.8%	1,358	12.8%	(62)	(4.4)%	
Condominium Unit Sales Business	783	12.6%	1,072	12.2%	288	36.8%	
Residential Housing Sales business	74	14.9%	-	-	(74)	-	
Others	45	50.4%	20	31.4%	(25)	(55.3)%	
Elimination and/or corporate	(633)	-	(716)	-	(83)	-	
Operating income total	1,689	10.7%	1,734	8.9%	44	2.6%	

Overview of Asset Solution Business

- Delivered 16 projects by performing sales activities for hotels, logistics facilities, and urban-style compact offices, mainly in the 23 wards of Tokyo, Kanagawa, and Saitama prefectures, as well as purchasing and selling development sites for other developers in Tokyo.
- As a result, net sales were 10,606 million yen (up 18.1% y-o-y), and operating income was 1,358 million yen (down 4.4% y-o-y).

Actual Result

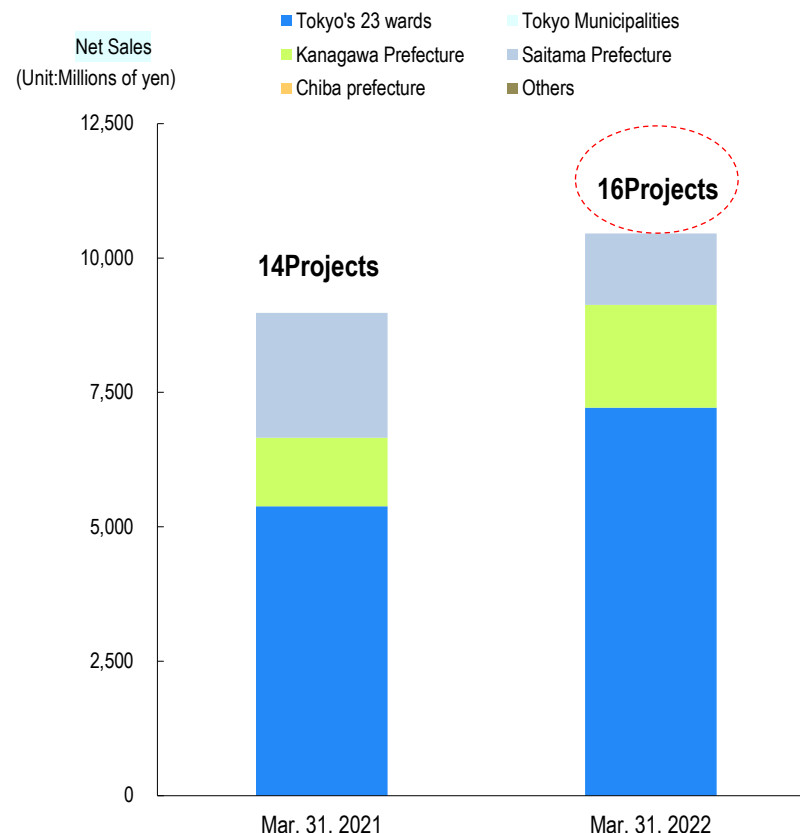


Profit

(Unit: Millions of yen)

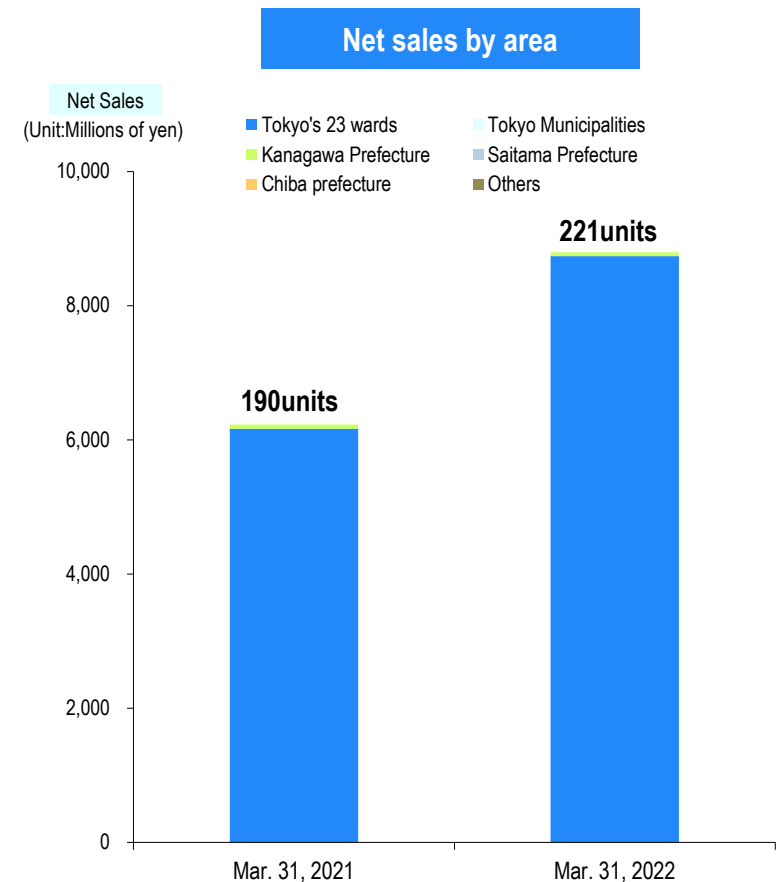
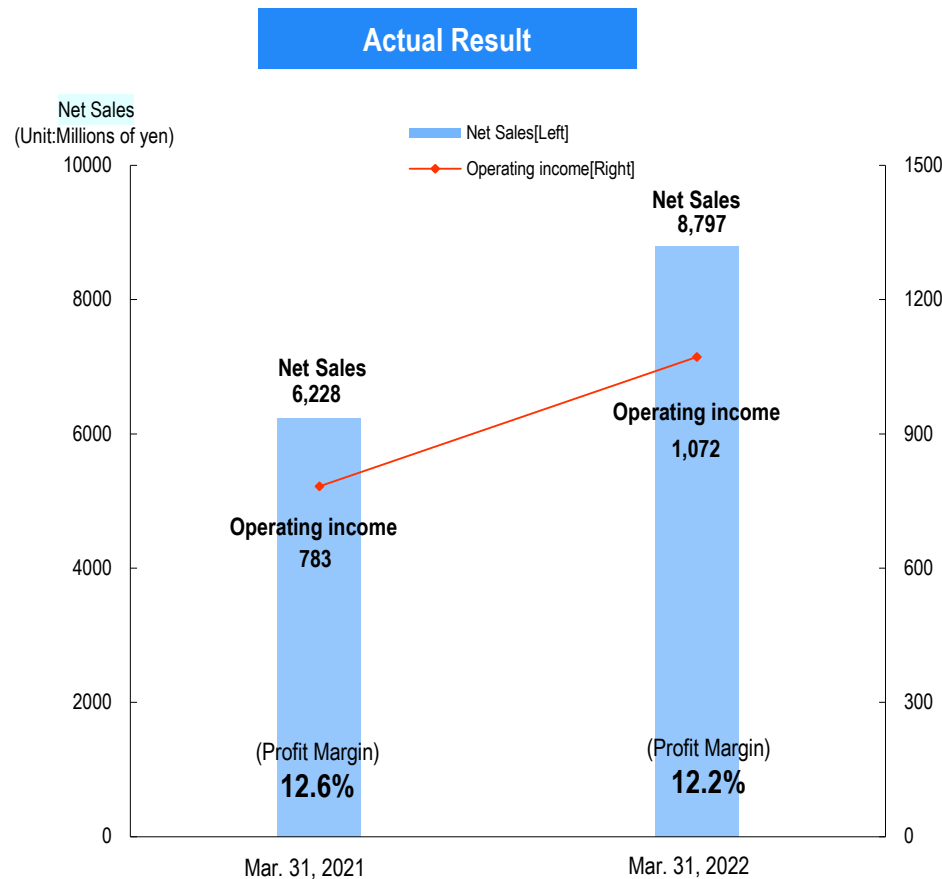
Net Sales

(Unit: Millions of yen)



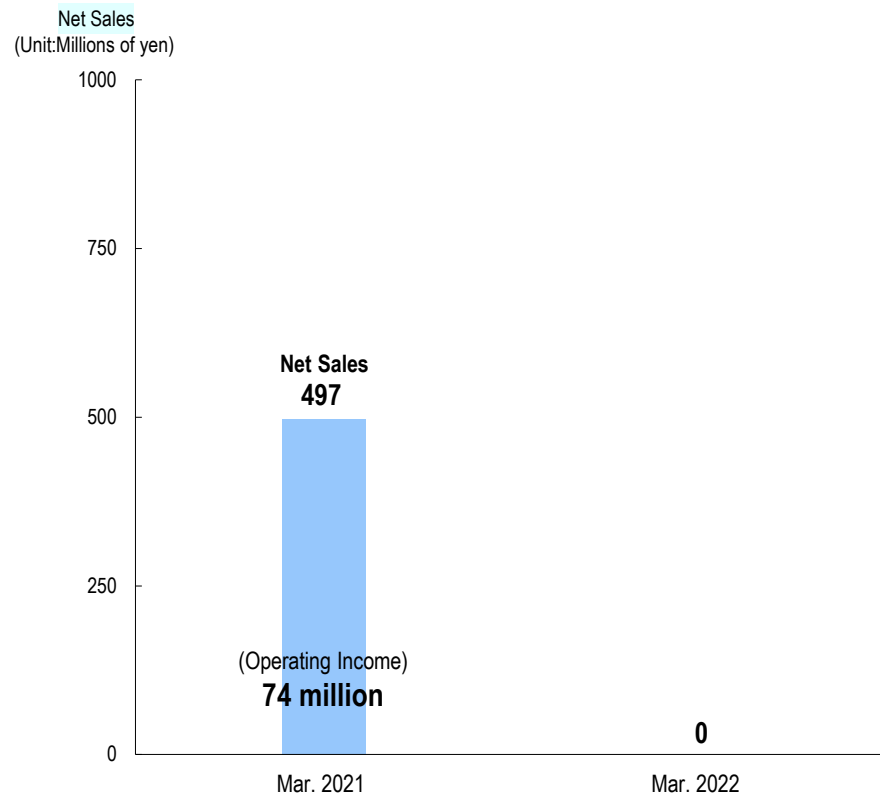
Overview of Condominium Unit Sales Business

- Delivered 13 buildings (221 units) of quality reinforced concrete whole building investment properties and collective sales of investment properties in the central Tokyo area, including Chiyoda, Minato, and Meguro wards.
- As a result, net sales were 8,797 million yen (up 41.2% y-o-y), and operating income was 1,072 million yen (down 36.8% y-o-y).

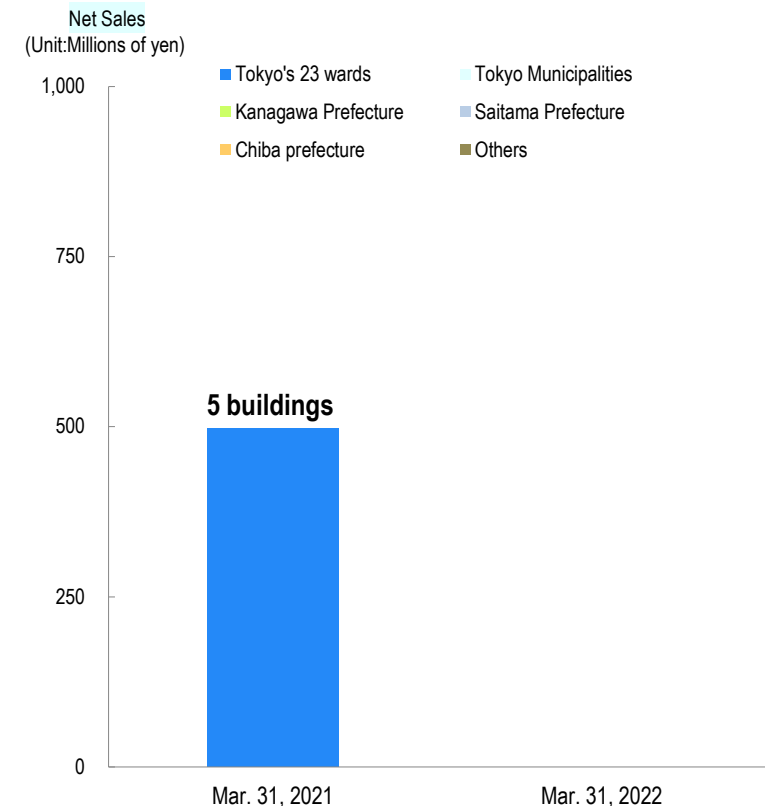


- There is no sales record related to this business as concentrated the business resources on the Asset Solution Business and Condominium Unit Sales Business in consideration of the high demand from investors in the real estate market in Tokyo.

Actual Result



Net sales by area

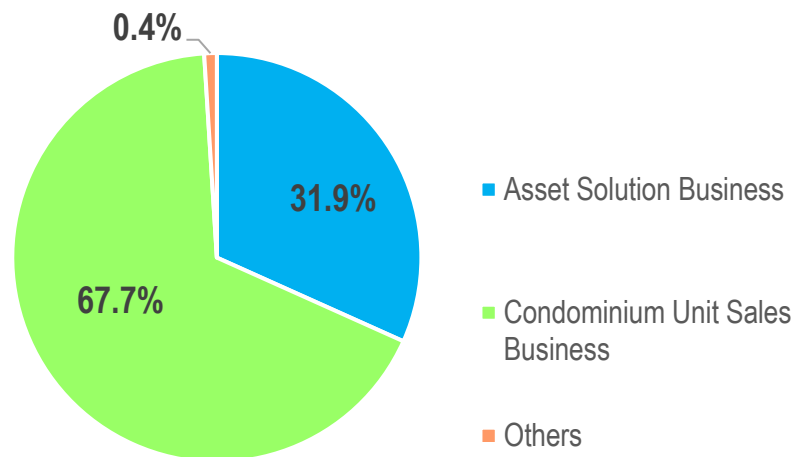


Property Acquisitions

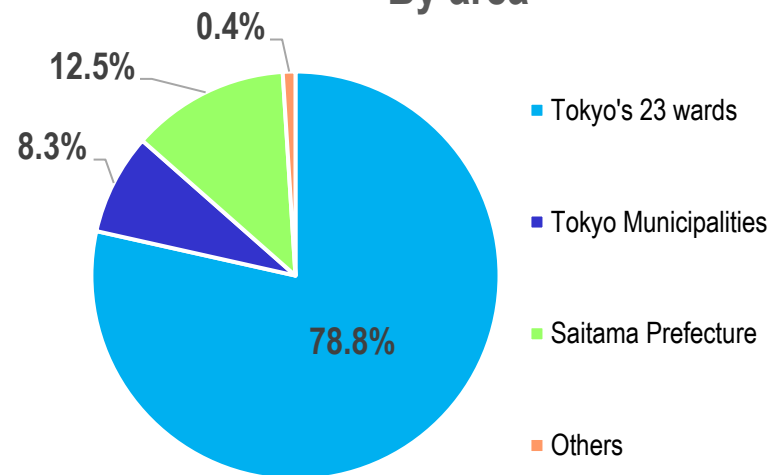
- Backed by strong demand for real estate in the 23 wards of Tokyo, we carefully selected and purchased “business sites near train stations in the 23 wards of Tokyo” by leveraging our strengths in procurement planning and business proposals.
- Planned, developed, and sold logistics facilities, and strengthen the procurement of business sites.
- As of the end of the current fiscal year, we had already concluded a purchase agreement for planned sales of approximately 30.8 billion yen. (Of which, the balance of existing sales contracts is approximately 16 billion yen.)

Overview of the net sales of 30.8 billion yen planned

By reportable segments



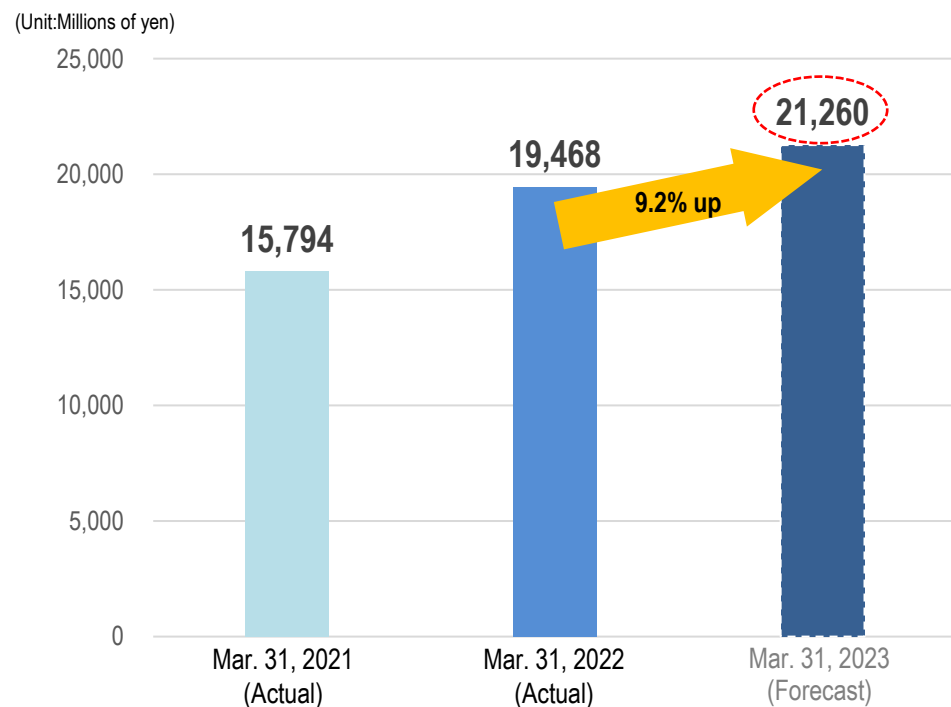
By area



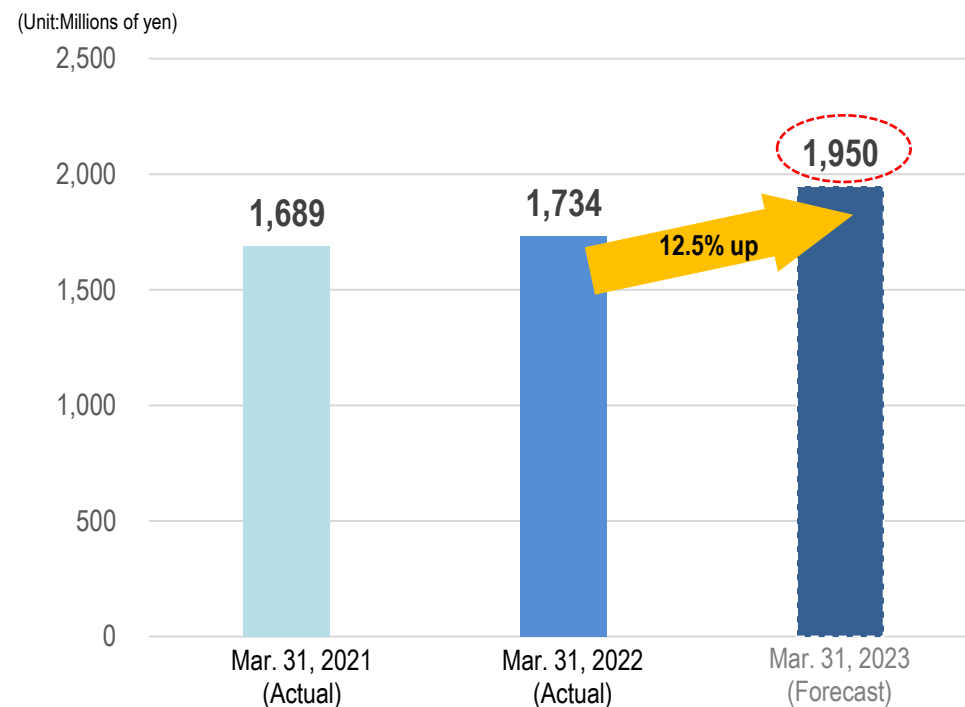
■ Comparison of previous year's results and business outlook for the FY2023

As sales contracts for several investment properties of reinforced concrete whole buildings and logistics facilities are proceeding as scheduled, the Company expects an increase in both net sales of 21,260 million yen (up 9.2% y-o-y) and operating income of 1,950 million yen (up 12.5% y-o-y) for the FY2023.

Net sales



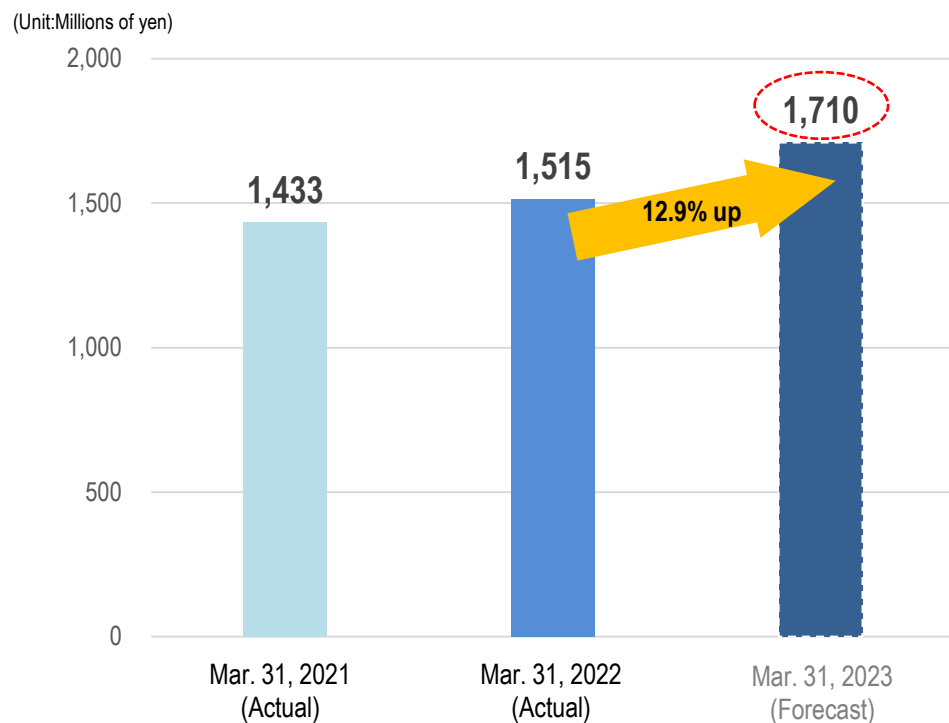
Operating income



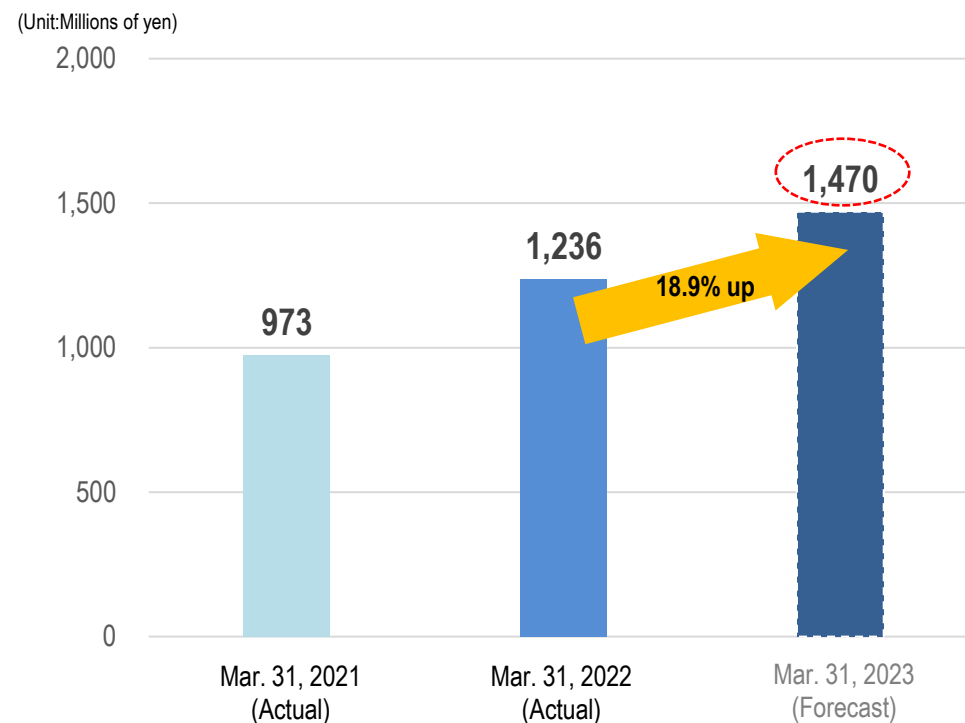
■ Comparison of previous year's results and business outlook for the FY2023

In addition, for the FY2023, ordinary income is expected to achieve 17.1 billion yen (up 12.9% y-o-y), while net income is 14.7 billion yen (up 18.9% y-o-y).

Ordinary income



Net income

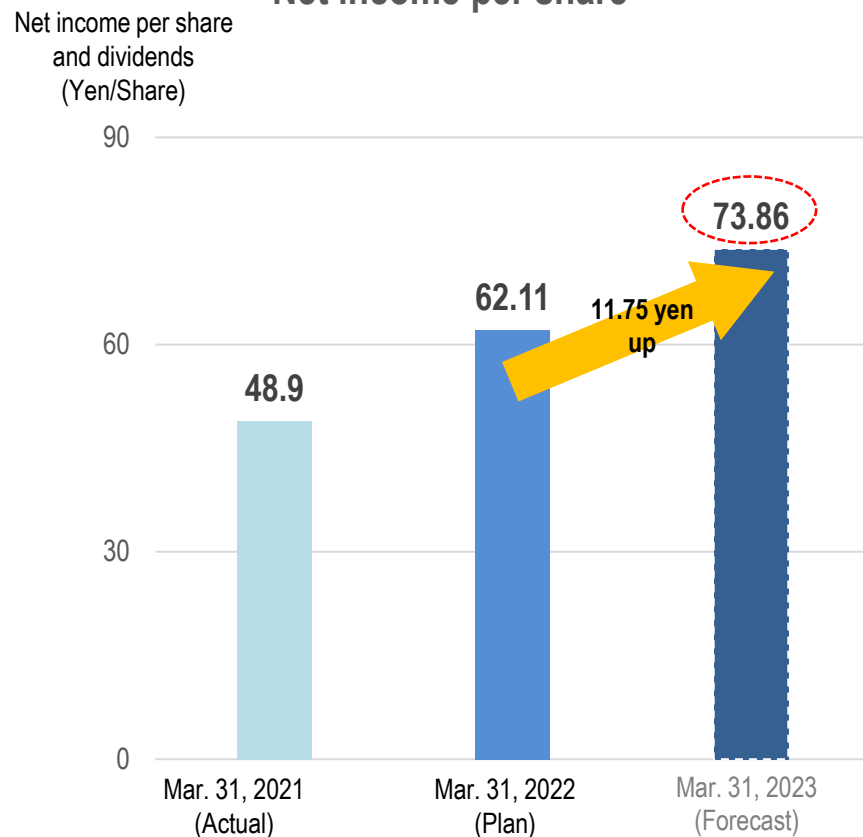


Overview of shareholder returns

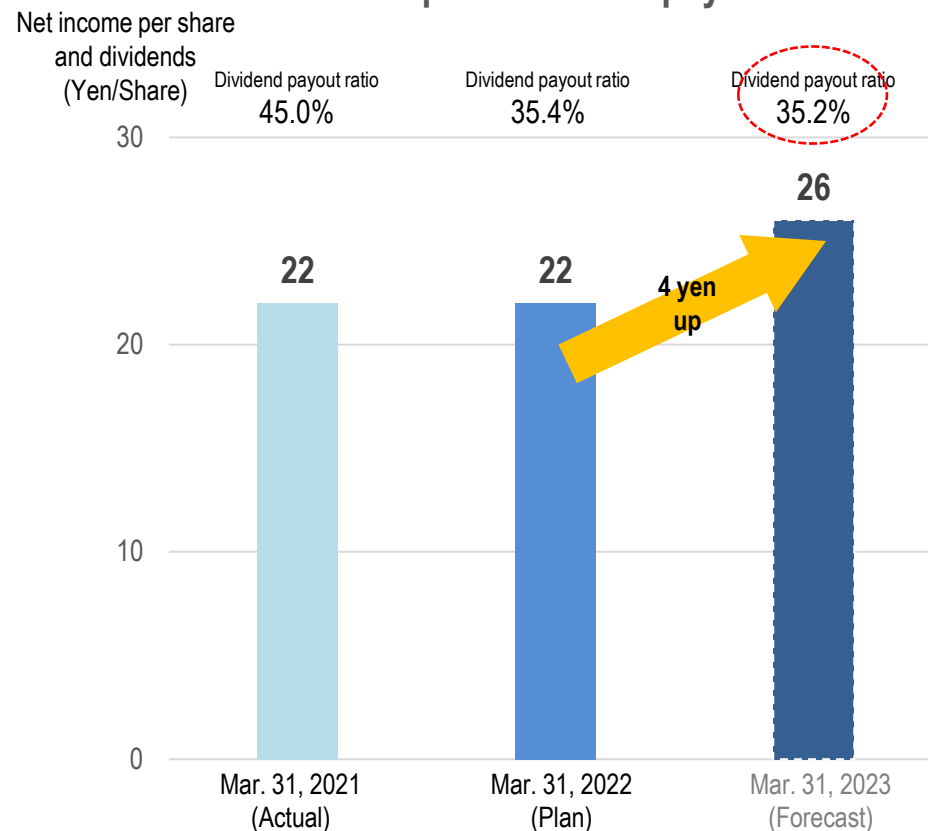
- According to the “Basic policy concerning profit distribution and dividends” announced on Mar. 2019, the dividend payout ratio was set at 30%.
- The Company plans to pay an ordinary dividend of 22 yen per share for the current fiscal year, continuing a dividend payout ratio of 30% or more for four consecutive fiscal years since FY2019.

Changes in net income per share and dividends

Net income per share



Dividend per share and payout ratio



Project in Progress

【Asset Solution Business】 Renaissance Court Yutenji (Reinforced Concrete Whole-building Investment Properties)



Overview

- Location : Shimoma, Setagaya city, Tokyo
- Access : 9-min. walk from Yutenji station on Tokyu Toyoko Line
- Total No. of Units : 24 units
- Structure : Reinforced Concrete (RC)
4 stories above ground
- Completion : Jul 2022 (Scheduled)

Point 1

Only a 9-min walk from Yutenji Station on the Tokyu Toyoko Line and about 6 minutes to Shibuya Station, a huge terminal station, and despite being a place with high transportation convenience, it is located in a quiet and calm living environment.

Point 2

Hands-free keys, delivery boxes, and Wi-Fi facilities are available, and there is a bike parking lot and a bicycle parking lot on the premises.
The living space can be divided into two rooms by partitions, and room types are available to freely arrange the living space to suit your needs, such as a web conference space for teleworking.



【Condominium Unit Sales Business】 Renaissance Court Ryogoku Basha-dori (Reinforced Concrete Whole-building Investment Properties)



Overview

- Location : Midori, Sumida City, Tokyo
- Access : 10-min. walk from Ryogoku station on JR Sobu line
6-min. walk from Ryogoku station on Toei Oedo line
7-min. walk from Morishita station on Toei Shinjuku Line
- Total No. of Units : 30 units
- Structure : Reinforced Concrete (RC)
9 stories above ground
- Completion : Jul 2022 (Scheduled)

Point 1

Located in a high transportation convenience area with access to three lines, the JR Sobu Line, Toei Oedo Line, and Toei Shinjuku Line, the location allows you to enjoy the historic townscape with the Ryogoku Kokugikan and Edo Tokyo Museum in the neighborhood.

Point 2

Safe and comfortable facilities such as hands-free keys, smartphone-compatible intercoms, touchless elevators, and delivery boxes are available.
1K, 1LDK, and 2LDK type floor plans suit various lifestyles. All 2LDK type has a roof balcony.



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