

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, 2023 (Japanese Standard)

August 5, 2022

Company name : SHIN-NIHON TATEMONO CO., LTD.
 Stock exchange listing : Tokyo Stock Exchange
 Code Number : 8893 URL <https://www.kksnt.co.jp/>
 Representative : Manabu Kondo, President and Chief Executive Officer
 IR Contact : Takahiro Motegi, Director and Executive Officer, Division Director of Administration Department and General Manager of Finance & Accounting Department
 Tel : (81) 3-5962-0776
 Scheduled date to file Quarterly Securities Report : August 5, 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 First Quarter Ending March 31, 2023 (April 1, 2022~ June 30, 2022)

(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, 2023	829	(79.9)	(217)	(142.5)	(263)	(158.1)	(293)	(166.0)
First Quarter Ended March 31, 2022	4,134	16.0	510	23.2	454	30.7	444	57.3

	Earnings per share	Diluted Earnings per Share
	Yen	Yen
First Quarter Ending March 31, 2023	(14.75)	—
First Quarter Ended March 31, 2022	22.34	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
First Quarter Ending March 31, 2023	20,297	6,872	33.9
Year Ended March 31, 2022	20,419	7,612	37.3

(Reference) Equity: First Quarter Ending March 31, 2023: 6,874 million yen March 31, 2022: 7,612 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, 2022	—	0.00	—	22.00	22.00
Year ending Mar. 31, 2023	—				
Year ending Mar. 31, 2023 (Forecast)		0.00	—	26.00	26.00

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

3. Business Forecasting for the fiscal year ending March 2023 (April 1, 2022~March 31, 2023)

(% 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	21,260	9.2	1,950	12.5	1,710	12.9	1,470	18.9	73.86

(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. : No
- 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, 2023	19,914,617 shares
Year Ended March 31, 2022	19,914,617 shares

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

1Q Ending March 31, 2023	13,436 shares
Year Ended March 31, 2022	13,256 shares

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

1Q Ending March 31, 2023	19,901,305 shares
1Q Ended March 31, 2022	19,902,285 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 currently available to the Company and 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 5, 2022.

○ Table of Contents of the Attached Document

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1)Explanation of Operating Results	2
(2)Explanation of Financial Position.....	3
(3)Explanation of forecast information such as business forecasts	4
2. Financial statements and main notes.....	5
(1)Quarterly Balance Sheet	5
(2)Quarterly Income Statement	7
(3)Notes on quarterly financial statements.....	8
(Notes for the going concern assumption).....	8
(Notes on significant changes in the amount of shareholders' equity)	8
(Segment information, etc.).....	8
(Revenue Recognition).....	9

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

In the cumulative period of the first quarter of the fiscal year ending March 31, 2023, despite the continued risk of COVID-19's spread, with the lifting of restrictions on movement due to the progress of vaccination, the Japanese economy showed a sign of normalization of economic activity and a recovery in consumer spending in the travel and service industries. However, under the soaring prices of energy and resource caused by the sharp depreciation of the yen driven by the foreign interest rate hikes and the impact of the Ukraine Conflict, as well as the rising number of people infected with a mutant strain of the COVID-19 infections, the future outlook remains unpredictable and opaque.

In the real estate industry to which we belong, despite the land and construction costs tend to remain high, along with the favorable financing environment, the investors in both domestic and foreign still have high investment intentions. As for the property investment market, the demand for investment properties of reinforced concrete whole buildings, expected to generate a stable income with convenient access to central Tokyo areas, remained strong. Demand for distribution facilities also remained strong due to e-commerce (EC) expansion. On the other hand, in the commercial and office markets, future trends in rents and vacancy rates in the central Tokyo area require attention.

Under such a business environment, the Company worked to hand over development lands to other developers for the Asset Solution Business. As for the Condominium Unit Sales Business, the delivery of investment properties of reinforced concrete whole buildings that sold in the previous fiscal year was in the second quarter as initially planned. While preparing for the delivery, the Company actively acquired business sites near Tokyo train stations.

As a result, net sales were 829 million yen (down 79.9% year on year), operating loss was 217 million yen (down 142.5% year on year), ordinary loss was 263 million yen (down 158.1% year on year), and net loss was 293 million yen (down 166.0% 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	6 projects	2,721	3 projects	807
Condominium Unit Sales Business	14 units	1,396	—	6
Asset-Holding Business	—	17	—	16
Others	—	0	—	0
Total Net Sales	—	4,134	—	829
Operating income (loss)	—	510	—	(217)

Results by segment are as follows.

In addition, from the first quarter of the current fiscal year, to disclose management information more appropriately based on the actual status of management resources allocation and business management structure, the “Residential Housing Sales business,” previously a reportable segment, is included in “Others.” On the other hand, the “Asset-holding business,” which was included in “Others,” is now listed as a reportable segment.

Segment information for the first quarter of the previous fiscal year is shown in accordance with the changed classification.

(Asset Solution Business)

During the first quarter cumulative period, the Company actively purchased condominium development sites in Tokyo's 23 wards for other developers and proceeded with sales activities systematically while monitoring market conditions. As a result, we delivered three properties with sales of 807 million yen (down 70.3% year on year), and operating income was 36 million yen (down 92.6% year on year).

(Condominium Unit Sales Business)

During the first quarter of the current fiscal year, no properties were delivered because the deliveries of investment properties of reinforced concrete whole buildings, which had already been sold in the previous fiscal year, were scheduled for the second quarter as originally planned. However, while preparing the deliveries of the properties in the second quarter, the Company actively engaged in the procurement of business sites near train stations in Tokyo, and progress was made in the construction of properties for sale, resulting in net sales of 6 million yen (down 99.5% year on year) and operating loss of 56 million yen (down 132.4% year on year).

The deliveries of investment properties of reinforced concrete whole buildings, which had already been sold in the previous fiscal year, were scheduled for the second quarter of the current fiscal year.

(Asset-Holding Business)

During the first quarter of the current fiscal year, the Company continued to operate two rental properties it owns, resulting in net sales of 16 million yen (down 5.9% year on year) and operating income of 5 million yen (down 5.4% year on year).

(Others)

Net sales for the first quarter were 0 million yen (up 181.1% year on year), and operating income was 0 million yen (up 184.6% 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 decreased by 121 million yen (down 0.6% year on year) to 20,297 million yen. Current assets decreased 78 million yen (down 0.4% year on year) to 19,067 million yen; noncurrent assets decreased 43 million yen (down 3.4% year on year) to 1,227 million yen.

Current assets decreased mainly due to a 781 million yen increase in real estate for sale in process (up 7.6% year on year), while cash and deposits decreased by 1,530 million yen (down 21.8% year on year).

(Liabilities)

Total liabilities at the end of the first quarter of the current fiscal year increased by 618 million yen (up 4.8% year on year) to 13,424 million yen. Current liabilities decreased by 469 million yen (down 9.0% year on year) to 4,768 million yen, and the noncurrent liabilities increased by 1,087 million yen (up 14.4% year on year) to 8,656 million yen.

Current liabilities decreased mainly due to a 356 million yen decrease in current portion of long-term loans payable (down 15.8% year on year) and a 114 million yen decrease in income taxes payable (down 98.9% year on year).

The main factor for the increase in noncurrent liabilities was a 1,176 million yen increase in long-term loans payable (up 16.4% year on year).

(Net assets)

Total net assets decreased by 739 million yen (down 9.7% year on year) to 6,872 million yen at the end of the first quarter of the current fiscal year. The main factors were a quarterly net loss of 293 million yen and a capital surplus of 437 million yen.

(3) Explanation of forecast information such as business forecasts

For the year ending March 31, 2023, there are no changes to the forecasts announced on May 13, 2022.

2. Financial statements and main notes

(1) Quarterly Balance Sheet

(Thousands of yen)

	Previous Fiscal Year (March 31, 2022)	1 st Quarter Ending March 31, 2023 (June 30, 2022)
Assets		
Current assets		
Cash and deposits	7,029,853	5,499,834
Real estate for sale	1,724,566	2,093,704
Real estate for sale in process	10,238,427	11,020,172
Raw materials and supplies	1,063	2,681
Advance payments-trade	17,500	149,600
Prepaid expenses	25,636	34,174
Short-term loans receivable from subsidiaries and affiliates	-	100,000
Others	108,331	166,882
Total current assets	19,145,378	19,067,048
Noncurrent assets		
Property, plant and equipment		
Buildings	596,900	596,900
Accumulated depreciation	(97,618)	(102,380)
Buildings, net	499,282	494,519
Structures	14,192	14,192
Accumulated depreciation	(6,125)	(6,480)
Structures, net	8,066	7,711
Tools, furniture and fixtures	67,412	67,412
Accumulated depreciation	(47,497)	(48,926)
Tools, furniture and fixtures, net	19,915	18,486
Land	79,594	79,594
Leased assets	18,506	18,506
Accumulated depreciation	(14,389)	(15,379)
Leased assets, net	4,116	3,127
Total property, plant and equipment	610,974	603,439
Intangible assets		
Leasehold right	1,465	1,465
Software	629	542
Leased assets	8,923	7,885
Total intangible assets	11,017	9,892
Investments and other assets		
Investment securities	228,294	216,104
Stocks of subsidiaries and affiliates	26,027	26,027
Investments in capital	31,530	31,530
Long-term loans receivable from subsidiaries and associates	50,000	50,000
Claims provable in bankruptcy, claims provable in rehabilitation and others	7,733	7,577
Long-term prepaid expenses	5,719	5,416
Guarantee deposits	76,886	80,777
Deferred tax assets	224,938	198,938
Others	12,770	12,770
Allowance for doubtful accounts	(15,603)	(15,447)
Total investments and other assets	648,296	613,694
Total noncurrent assets	1,270,289	1,227,026
Deferred assets		
Bond issuance cost	3,723	3,524
Total deferred assets	3,723	3,524
Total assets	20,419,391	20,297,599

	(Thousands of yen)	
	Previous Fiscal Year	1 st Quarter Ending
	(March 31, 2022)	March 31, 2023 (June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable for construction contracts	296,858	318,116
Short-term loans payable	2,159,460	2,131,000
Current portion of long-term loans payable	2,264,228	1,907,235
Current portion of bonds	50,000	50,000
Lease obligations	8,799	7,632
Accounts payable—other	8,490	202,619
Accrued expenses	39,864	23,088
Income taxes payable	115,396	1,283
Advances received	23,020	44,020
Deposits received	18,936	69,500
Provision for bonuses	55,526	13,358
Others	197,387	695
Total current liabilities	5,237,968	4,768,550
Noncurrent liabilities		
Bonds payable	200,000	175,000
Long-term loans payable	7,157,408	8,333,971
Lease obligations	5,323	4,031
Asset retirement obligation	25,976	26,035
Provision for retirement benefits	49,616	50,304
Provision for directors' retirement benefits	123,808	60,470
Others	6,742	6,619
Total noncurrent liabilities	7,568,875	8,656,432
Total liabilities	12,806,844	13,424,982
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	159,234	172,641
Other retained earnings		
Retained earnings brought forward	6,473,138	5,728,332
Total retained earnings	6,632,373	5,900,974
Treasury stock	(4,192)	(4,266)
Total shareholders' equity	7,523,664	6,792,191
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	88,882	80,425
Total valuation and translation adjustments	88,882	80,425
Total net assets	7,612,547	6,872,616
Total liabilities and net assets	20,419,391	20,297,599

(2) Quarterly Income Statement

First Quarter Cumulative Period

(Thousands of yen)

	1 st Quarter Ended March 31, 2022 (April 1, 2021 to June 30, 2021)	1 st Quarter Ending March 31, 2023 (April 1, 2022 to June 30, 2022)
Net sales		
Net sales from the Asset solution business	2,721,231	807,117
Net sales from the condominium unit sales business	1,396,538	6,320
Net sales from the asset-holding business	17,102	16,093
Others	103	292
Total net sales	4,134,975	829,823
Cost of sales		
Cost of sales of the Asset solution business	2,096,093	713,016
Cost of sales of the condominium unit sales business	1,074,794	1,397
Cost of sales of the asset-holding business	8,977	8,899
Total cost of sales	3,179,866	723,312
Gross profit	955,109	106,510
Selling, general and administrative expenses	444,376	323,522
Operating income (loss)	510,733	(217,012)
Non-operating income		
Interest income	1,634	383
Dividends income	464	490
Land and house rent received	1,308	16
Others	511	154
Total non-operating income	3,919	1,044
Non-operating expenses		
Interest expenses	59,783	47,282
Others	819	377
Total non-operating expenses	60,602	47,660
Ordinary income (loss)	454,049	(263,627)
Extraordinary income		
Gain on sales of investment securities	1,001	-
Total extraordinary income	1,001	-
Income (loss) before income taxes	455,050	(263,627)
Income tax-current	64,242	208
Income tax-deferred	(53,891)	29,733
Total income taxes	10,351	29,941
Net income (loss)	444,699	(293,569)

(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.

(Segment information, etc.)

[Segment information]

I. Previous cumulative first quarter (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	Asset-holding 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	17,102	76,354	—	76,354	—	76,354
Sales to external customers	2,721,231	1,396,538	17,102	4,134,871	103	4,134,975	—	4,134,975
Intersegment sales	—	—	—	—	—	—	—	—
Total	2,721,231	1,396,538	17,102	4,134,871	103	4,134,975	—	4,134,975
Segment margin	490,788	174,035	5,523	670,347	103	670,450	(159,716)	510,733

(Notes)

1. "Other" is a business segment not included in the reportable segment, and includes 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.

II. Current cumulative first quarter (from April 1, 2022, to June 30, 2022)

1. 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	Asset-holding business	Total				
Net sales								
Goods transferred at a point in time	807,057	—	15	807,072	292	807,364	—	807,364
Goods transferred over time	—	—	—	—	—	—	—	—
Revenue from contracts with customers	807,057	—	15	807,072	292	807,364	—	807,364
Other income (Note 4)	60	6,320	16,077	22,458	—	22,458	—	22,458
Sales to external customers	807,117	6,320	16,093	829,530	292	829,823	—	829,823
Intersegment sales	—	—	—	—	—	—	—	—
Total	807,117	6,320	16,093	829,530	292	829,823	—	829,823
Segment margin	36,198	(56,384)	5,225	(14,959)	292	(14,667)	(202,344)	(217,012)

(Notes)

1. “Other” is a business segment not included in the reportable segment, and includes construction contracting business, brokerage business, consulting business, etc.
2. The segment margin adjustment of -202,344 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.

2. Changes to reportable segments

From the first quarter of the current fiscal year, to disclose management information more appropriately based on the actual status of management resources allocation and business management structure, the “Residential Housing Sales business,” previously a reportable segment, is included in “Others.” On the other hand, the “Asset-holding business,” which was included in “Others,” is now listed as a reportable segment.

Segment information for the first quarter of the previous fiscal year is shown in accordance with the changed classification.

(Revenue Recognition)

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