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Financial Results Briefing Materials for the First Quarter Ending March 31, 2023



Stock Code : 8893

August 5, 2022(FRI) SHIN-NIHON TATEMONO CO., LTD.



SHIN-NIHON TATEMONO CO., LTD.

Business Environment

- Despite the risk of COVID-19's spread, with the lifting of restrictions on movement due to the progress of vaccination, the domestic economy showed a sign of recovery in consumer spending in the travel and service industries. The outlook remains opaque with the sharp depreciation of the yen, the impact of the Ukraine Conflict, and the re-expansion of COVID-19 infections.
- In the real estate industry, despite the land and construction costs tend to be high, with the favorable financing environment, the investors, both domestic and foreign, still have high investment intentions. The demand for the property investment market and distribution facilities remained strong. The office market requires attention to future trends such as consolidation and downsizing.

Business Performance

- [P/L] In the Asset Solution Business, we actively planned and sold condominium development sites to other developers. In the Condominium Unit Sales Business, we actively acquired business sites near train stations in Tokyo and prepared for the delivery of the properties in the 2nd quarter sold in the previous fiscal year. Resulting in net sales of 829 million yen (down 79.9% y-o-y), ordinary loss of 263 million yen (down 158.1% y-o-y), and net loss of 293 million yen (down 166.0% y-o-y).
- [B/S] As the acquisition of business sites progressed as planned, real estate for sale in process was 11,020 million yen, an increase of 781 million yen from the end of the previous fiscal year.

Business Management

- Mr. Manabu Kondo was appointed President and Representative Director at the Board of Directors meeting on June 28, 2022.
- Effective from the 1st quarter of the current fiscal year, the classification of reportable segments has been changed to disclose management information more appropriately based on the actual management resources allocation and business management structure.
- Dividend of 22 yen per share.

Balance Sheet

(Unit: Millions of yen)	March 31, 2022		March 31, 2023	
	End of 1Q	Year End	End of 1Q	Change
Cash and deposits	4,636	7,029	5,499	(1,530)
Real estate for sale	8,682	1,724	● 2,093	369
Real estate for sale in process	6,913	10,238	● 11,020	781
Others	368	152	453	300
Total current assets	20,600	19,145	19,067	(78)
Total noncurrent assets	1,796	1,270	1,227	(43)
Total deferred assets	0	3	3	(0)
Total assets	22,397	20,419	20,297	(121)
Accounts payable for construction contracts	170	296	318	21
Short-term loans payable	8,015	4,423	● 4,038	(385)
Current portion of bonds	250	50	● 50	-
Others	295	467	362	(105)
Total current liabilities	8,731	5,237	4,768	(469)
Bonds	-	200	● 175	(25)
Long-term loans payable	6,591	7,157	● 8,333	1,176
Others	238	211	147	(64)
Total noncurrent liabilities	6,830	7,568	8,656	1,087
Total liabilities	15,561	12,806	13,424	618
Capital stock	854	854	854	-
Capital surplus	40	40	40	-
Retained earnings	5,840	6,632	5,900	(731)
Others	99	84	● 76	(8)
Total net assets	6,835	7,612	6,872	(739)
Total liabilities and net assets	22,397	20,419	20,297	(121)

● Breakdown of Real estate for sale

(Unit: Millions of yen)	Mar. 2022	Mar.2023 1Q	Change
Asset solution	-	-	-
Condominium unit	1,724	2,093	369
Total	1,724	2,093	369

● Breakdown of Real estate for sale in process

(Unit: Millions of yen)	Mar. 2022	Mar.2023 1Q	Change
Asset solution	2,942	2,303	(639)
Condominium unit	7,296	8,716	1,420
Total	10,238	11,020	781

● The balance of Interest-bearing debt

(Unit: Millions of yen)	Mar. 2022	Mar.2023 1Q	Change
Short-term	4,473	4,088	(385)
Long-term	7,357	8,508	1,151
Total	11,831	12,597	766

● Shareholders' equity ratio

	Mar. 2022	Mar.2023 1Q	Change
Equity ratio	37.3%	33.9%	(3.4)

Income Statement

(Unit: Millions of yen)	March 31, 2022		March 31, 2023				
	1Q		1Q		Year-on-year		Full year
	Actual	% of Total	Actual	% of Total	Change	Change (%)	Forecast
Net sales	4,134	100.0%	● 829	100.0%	(3,305)	(79.9%)	21,260
Cost of sales	3,179	76.9%	723	87.2%	(2,456)	(77.3%)	-
Gross profit	955	23.1%	106	12.8%	(848)	(88.8%)	-
Selling, general and administrative expenses	444	10.7%	● 323	39.0%	(120)	(27.2%)	-
Operating income	510	12.4%	(217)	(26.2%)	(727)	(142.5%)	1,950
Non-operating income	3	0.1%	1	0.1%	(2)	(73.3%)	-
Non-operating expenses	60	1.5%	● 47	5.7%	(12)	(21.4%)	-
Ordinary income	454	11.0%	(263)	(31.8%)	(717)	(158.1%)	1,710
Extraordinary income	1	0.0%	-	-	(1)	(100.0)	-
Extraordinary loss	-	-	-	-	-	-	-
Income before income taxes	455	11.0%	(263)	(31.8%)	(718)	(157.9%)	-
Income tax	10	0.3%	29	3.6%	19	189.3%	-
Net income	444	10.8%	(293)	(35.4%)	(738)	(166.0%)	1,470

● Number of sales

	Mar. 2022 1Q	Mar. 2023 1Q	Change
Asset solution	6projects	3projects	(3projects)
Condominium unit	14units	0units	(14units)

● Breakdown of selling, general and administrative expenses

(Unit: Millions of yen)	Mar. 2022 1Q	Mar. 2023 1Q	Change
Personal expenses	143	219	75
Sales commission	142	-	(142)
Advertising expenses	21	10	(10)
Others	136	93	(43)
Total	444	323	(120)

● Breakdown of non-operating expenses

(Unit: Millions of yen)	Mar. 2022 1Q	Mar. 2023 1Q	Change
Interest expenses	59	47	(12)
Other	0	0	(0)
Total	60	47	(12)

Sales and profit by reportable segments

- In the 1st quarter of the current fiscal year, as a result of handing over condominium development sites to other developers and the delivery of investment properties of reinforced concrete whole-buildings sold in the previous fiscal year in the 2nd quarter as initially planned, net sales of 829 million yen (down 79.9% y-o-y) and operating loss of 217 million yen (down 142.5% y-o-y) were recorded.
- The deliveries of investment properties of reinforced concrete whole buildings, which had already been sold in the previous fiscal year, were scheduled for the 2nd quarter of the current fiscal year.

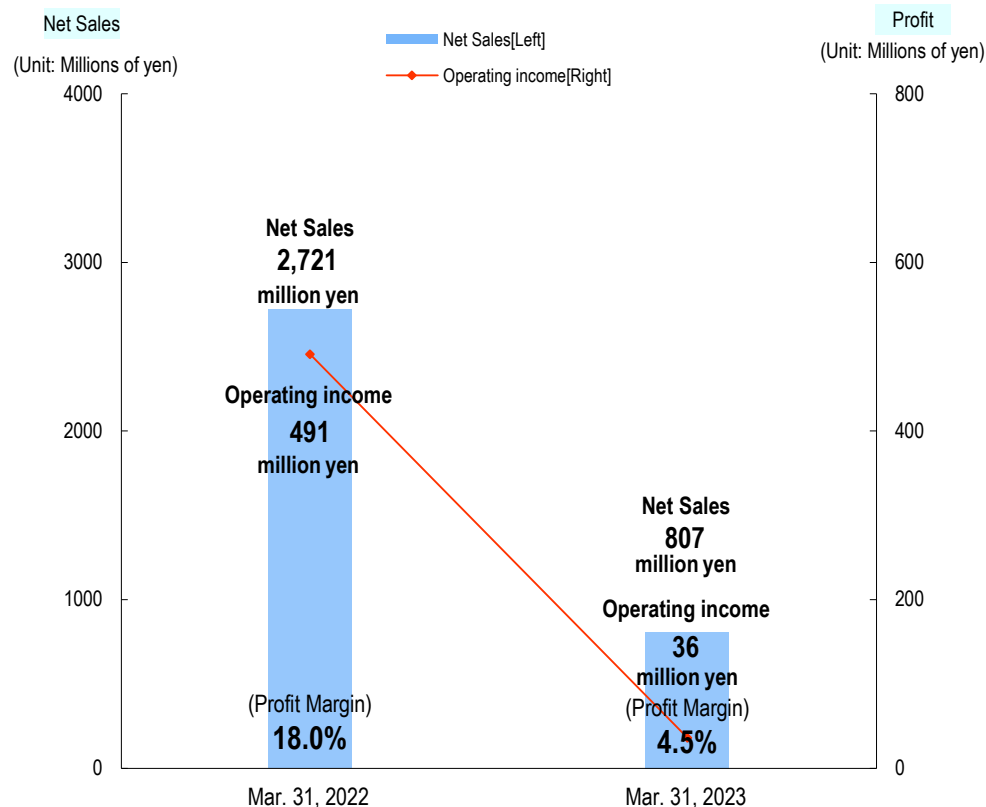
【Net Sales】		March 31, 2022		March 31, 2023			
		1Q		1Q		Year-on-year	
		Actual	% of Total	Actual	% of Total	Change	Change (%)
(Unit: Millions of yen)							
Asset Solution Business	2,721	65.8%	807	97.3%	(1,914)	(70.3%)	
Condominium Unit Sales Business	1,396	33.8%	6	0.8%	(1,390)	(99.5%)	
Asset-Holding Business	17	0.4%	16	1.9%	(1)	(5.9%)	
Others	0	0.0%	0	0.0%	0	181.1%	
Elimination and/or corporate	-	-	-	-	-	-	
Net sales total	4,134	100.0%	829	100.0%	(3,305)	(79.9%)	

【Operating Income】		March 31, 2022		March 31, 2023			
		1Q		1Q		Year-on-year	
		Actual	Operating Margin Ratio	Actual	Operating Margin Ratio	Change	Change (%)
(Unit: Millions of yen)							
Asset Solution Business	490	18.0%	36	4.5%	(454)	(92.6%)	
Condominium Unit Sales Business	174	12.5%	(56)	(892.1%)	(230)	(132.4%)	
Asset-Holding Business	5	32.3%	5	32.5%	(0)	(5.4%)	
Others	0	98.8%	0	100.0%	0	184.6%	
Elimination and/or corporate	(159)	-	(202)	-	(42)	-	
Operating income total	510	12.4%	(217)	(26.2%)	(727)	(142.5%)	

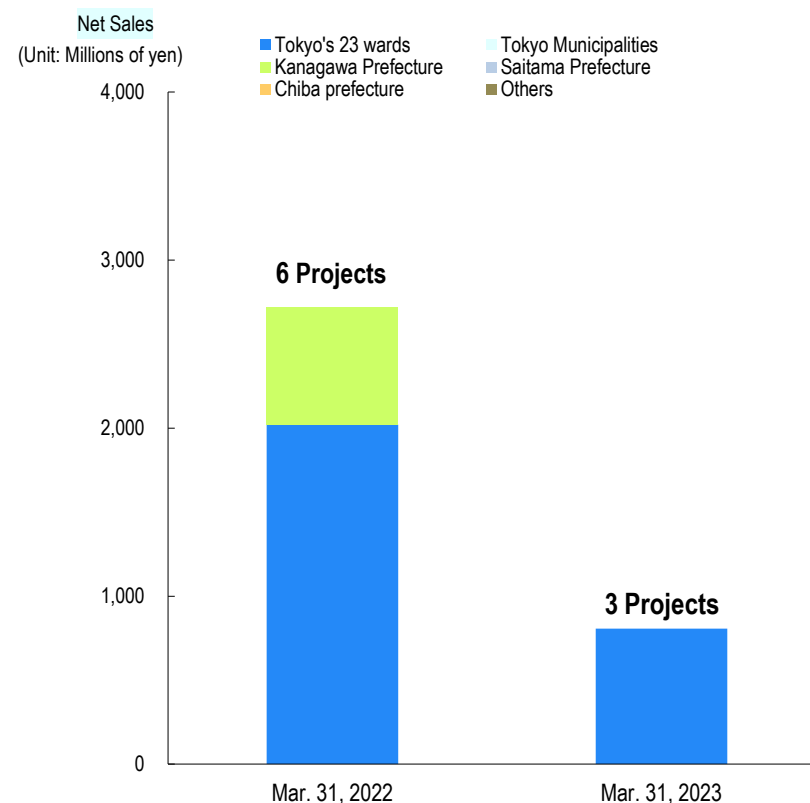
Overview of Asset Solution Business

- Actively purchased development sites in Tokyo's 23 wards for other developers and proceeded with sales activities systematically while monitoring market conditions, resulting in the delivery of 3 properties.
- Net sales of 807 million yen(down 70.3% y-o-y) and operating income of 36 million yen (up 92.6% y-o-y) were recorded.

Actual Result of 1Q

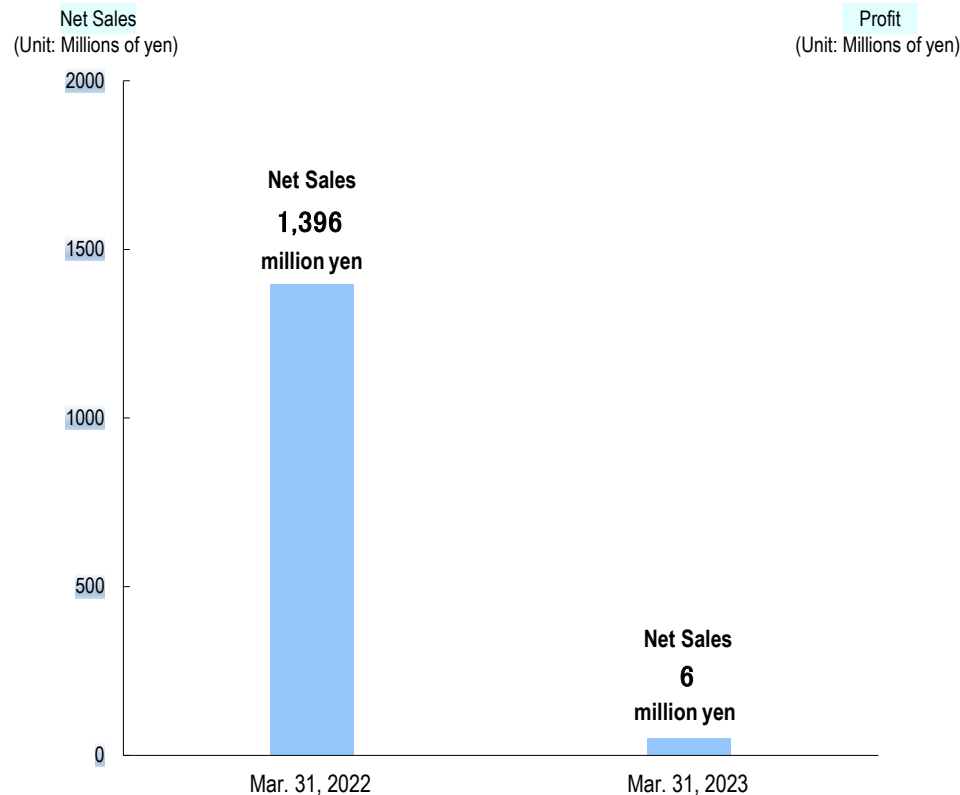


Net sales by area

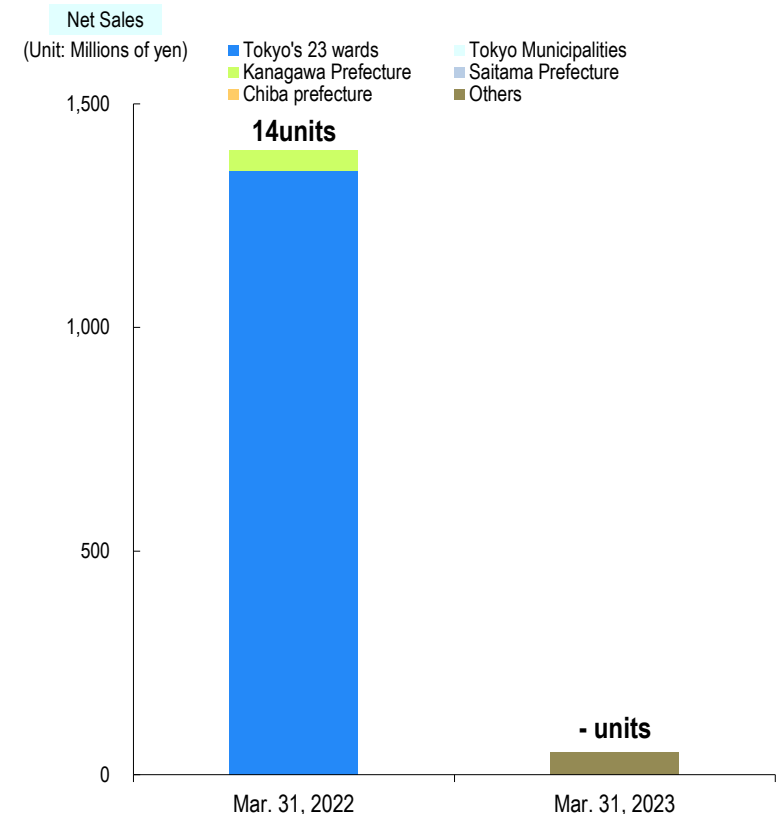


- No delivery of properties in the 1st quarter of the current fiscal year as the deliveries of investment properties of reinforced concrete whole-buildings sold in the previous fiscal year was scheduled for the 2nd quarter as planned. The procurement of business sites near train stations in Tokyo and the progress in the construction of properties for sale resulted 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).

Actual Result



Net sales by area

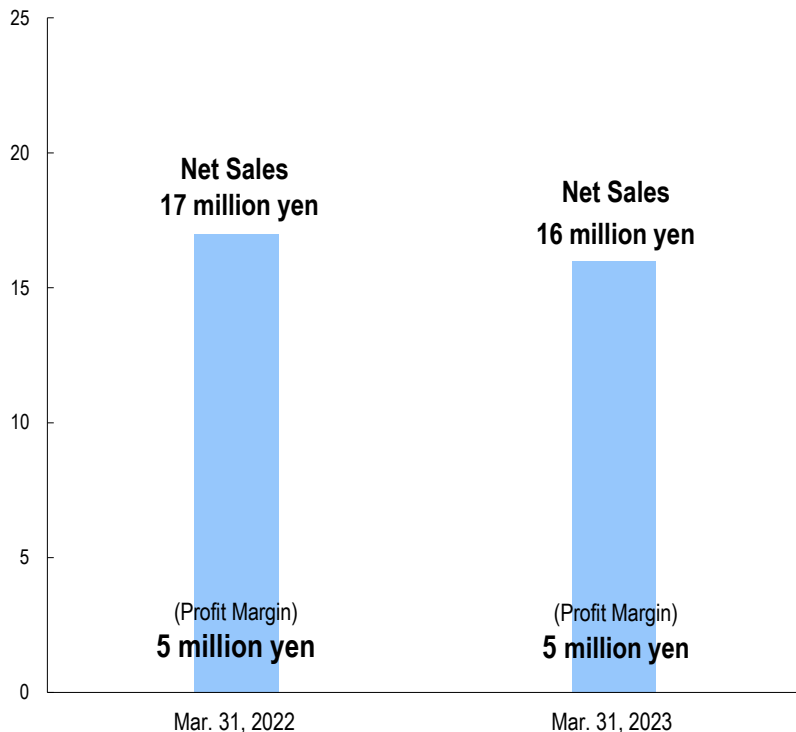


Overview of Asset-Holding Business

- 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.
- As a result of the continued operation of 2 rental properties owned, the net sales were 16 million yen (down 5.9% y-o-y), and the operating income was 5 million yen (down 5.4% y-o-y).

Actual Result

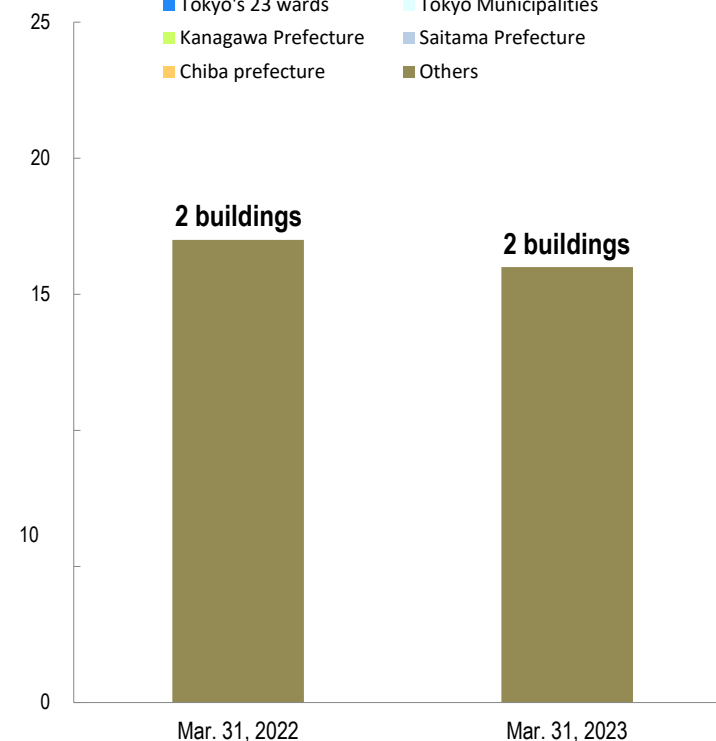
Net Sales
(Unit: Millions of yen)



Net sales by area

Net Sales
(Unit: Millions of yen)

- Tokyo's 23 wards
- Kanagawa Prefecture
- Chiba prefecture
- Tokyo Municipalities
- Saitama Prefecture
- Others

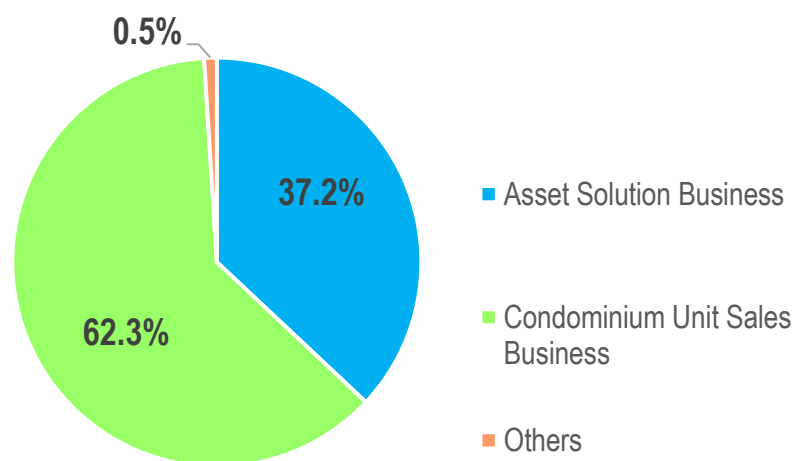


Property Acquisitions

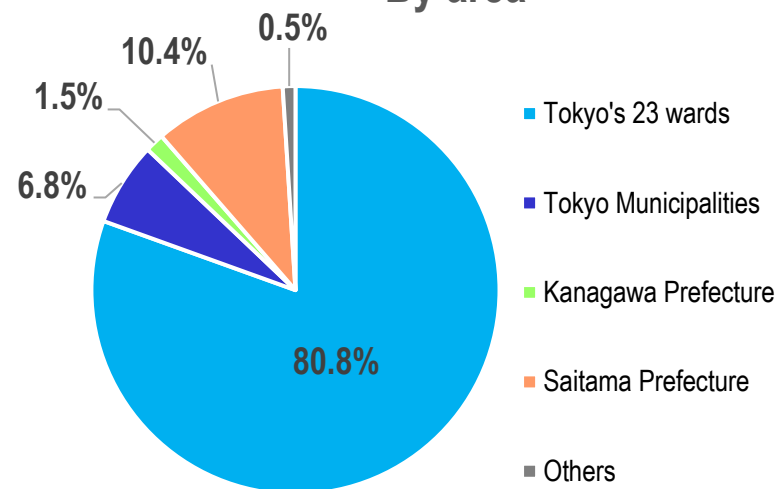
- Against the backdrop of strong real estate demand in Tokyo’s 23 wards, we engaged in acquiring activities by utilizing our strengths in business planning and land acquisition, mainly in “business sites near train stations in Tokyo’s 23 wards,” which are of great interest to investors.
- With the delivery of the collective sale of reinforced concrete whole-building investment properties sold in the previous fiscal year scheduled for the 2nd quarter, we will step up our acquiring activities to secure the number of properties/ lands for sale.
- The amount of purchase contracts as of the end of June 2022 increased by approximately 6.4 billion yen from the end of March 2022, and purchase contracts of approximately 37.2 billion yen have been concluded. (Of which, approximately 16.9 billion yen concluded the sale contracts.)

Breakdown of the 37.2 billion yen purchase agreements

By reportable segments



By area



Project in Progress

【 Condominium Unit Sales Business 】 Renaissance Court Honjo-Azumabashi (Reinforced Concrete Whole-Building Investment Properties)



Overview

- Location : Higashi-Komagata, Sumida City, Tokyo
- Access : 3-min. walk from Honjo-Azumabashi station on Toei Asakusa line
9-min. walk from Oshiage station on Tokyo Metro Hanzomon line
6-min. walk from Tokyo Skytree station on Tobu Skytree Line
- No. of Units : 18 units
- Structure : RC 7 stories above ground
- Completion : Aug 2022 (Scheduled)

Point 1

It is a 3-minute walk from Honjo-Azumabashi Station on the Toei Asakusa Line, and multiple lines, such as the Tokyo Metro Hanzomon Line and the Tobu Skytree Line, are available. Asakusa, a popular tourist attraction, is in the neighborhood, and Tokyo Skytree and Tokyo Solamachi, a large commercial complex, are also nearby, making it a location where you can enjoy the bustle of tourists and commerce.

Point 2

Equipped with hands-free keys, touchless elevators, and other equipment with hygiene concerns. Highly convenient facilities such as a smartphone-compatible intercom, Wi-Fi, and bicycle parking lot are also provided.
Some units with roof balconies can enjoy the view of Sumida Ward, including the Tokyo Sky Tree and fireworks displays.



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

Overview

- Location : Wakabayashi, Setagaya city, Tokyo
- Access : 4-min. walk from Wakabayashi station on Tokyu Setagaya line
3-min. walk from Shoujinjinja-mae station on Tokyu Setagaya line
- No. of Units : 38 units
- Structure : RC 4 stories above ground
- Completion : Sep 2022 (Scheduled)

Point 1

Located a 4-minute walk from Wakabayashi Station on the Tokyu Setagaya Line and is accessible from Sangenjaya Station to Shibuya Station in about five minutes. Nearby are “Karasuyamagawa Ryokudou” and “Wakabayashi Park,” where you can enjoy the colors of the seasons, allowing you to enjoy a colorful lifestyle with convenient access to traffic.

Point 2

Hands-free keys and smartphone-compatible intercoms are provided for a contactless and intelligent lifestyle. The units are fully equipped with a private garden where you can enjoy gardening and seasonal changes. A bicycle parking lot and a parking lot for 3 cars on the premises.



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