

Financial Results Briefing Materials for the Second Quarter Ending March 31, 2024

November 7, 2023(TUE) SHIN-NIHON TATEMONO CO., LTD.

Business Environment

- In the domestic economy, economic normalization in wide range of business areas has boosted to recovery, initiated by the service industries like travels and restaurants which got benefits from the demand in rebound, while continued price rises mainly due to the depreciation of the yen, prolonged monetary tightening in western countries, and China's economic uncertainty make concerns about the future impact on the economy.
- With the background of the relative interest rate difference with overseas and the attractiveness of the city in Japan, assets of real estate investment is on the rise in the Tokyo metropolitan area. Demand is expected to remain strong in the newly built condominium market and other logistics facility markets.

Business Performance

- [P/L] Progressing sales of development sites, logistics facilities, and investment properties to other developers. We achieved 17,743 million yen in net sales, 1,915 million yen in ordinary income, and 1,328 million yen in quarterly net income. This progressed to 75.0% to the forecasted sales of 23,660 million yen, the year ending March 31, 2024.
- [B/S] By the accumulation of profits, net worth of 9,853 million yen was recorded and equity ratio increased to 42.7%.

Business Management

- Acquired new real estate for rent and reinforced asset holding business as “the third pillar”.
- Acquired ZEH-M Oriented certified in the “Higashi Shinjuku III” project, emphasizing asset value and global environmental sustainability.

Balance Sheet

(Unit: Millions of yen)	March 31, 2023	March 31, 2024	
	Year End	End of 2Q	Change
Cash and deposits	6,920	7,060	139
Real estate for sale	3,212	● 1,306	(1,905)
Real estate for sale in process	13,895	● 12,006	(1,889)
Others	538	598	60
Total current assets	24,565	20,971	(3,593)
Total noncurrent assets	1,744	2,107	363
Total deferred assets	2	2	(0)
Total assets	26,313	23,082	(3,230)
Accounts payable for construction contracts	391	357	(34)
Short-term loans payable	6,509	● 5,384	(1,125)
Current portion of bonds	50	● 50	-
Others	1,464	734	(730)
Total current liabilities	8,416	6,526	(1,890)
Bonds	150	● 125	(25)
Long-term loans payable	8,455	● 6,366	(2,089)
Others	194	210	16
Total noncurrent liabilities	8,800	6,702	(2,097)
Total liabilities	17,216	13,228	(3,987)
Capital stock	854	854	-
Capital surplus	40	40	-
Retained earnings	8,080	8,812	731
Others	119	● 145	25
Total net assets	9,096	9,853	757
Total liabilities and net assets	26,313	23,082	(3,230)

● Breakdown of Real estate for sale

(Unit: Millions of yen)	Mar. 2023	Mar.2024 2Q	Change
Asset solution	-	-	-
Condominium unit	3,212	1,306	(1,905)
Total	3,212	1,306	(1,905)

● Breakdown of Real estate for sale in process

(Unit: Millions of yen)	Mar. 2023	Mar.2024 2Q	Change
Asset solution	6,056	4,003	(2,052)
Condominium unit	7,839	8,002	163
Total	13,895	12,006	(1,889)

● The balance of Interest-bearing debt

(Unit: Millions of yen)	Mar. 2023	Mar.2024 2Q	Change
Short-term	6,559	5,434	(1,125)
Long-term	8,605	6,491	(2,114)
Total	15,165	11,926	(3,239)

● Shareholders' equity ratio

	Mar. 2023	Mar.2024 2Q	Change
Equity ratio	34.6%	42.7%	+8.1

(Unit: Millions of yen)	March 31, 2023 (consolidated)		March 31, 2024 (non-consolidated)			
	2Q		2Q		Full year	
	Actual	% of Total	Actual	% of Total	Forecast	Rate of progress
Net sales	12,521	100.0%	● 17,743	100.0%	23,660	75.0%
Cost of sales	10,092	80.6%	14,645	82.5%	-	-
Gross profit	2,428	19.4%	3,097	17.5%	-	-
Selling, general and administrative expenses	1,267	10.1%	● 1,112	6.3%	-	-
Operating income	1,160	9.3%	1,985	11.2%	2,680	74.1%
Non-operating income	7	0.1%	49	0.3%	-	-
Non-operating expenses	112	0.9%	● 118	0.7%	-	-
Ordinary income	1,055	8.4%	1,915	10.8%	2,430	78.8%
Extraordinary income	-	-	20	0.1%	-	-
Extraordinary loss	58	0.5%	17	0.1%	-	-
Income before income taxes	997	8.0%	1,918	10.8%	-	-
Income tax	241	1.9%	590	3.3%	-	-
Net income	756	6.0%	1,328	7.5%	1,680	79.1%

● Number of sales

	Mar.2023 2Q (consolidated)	Mar.2024 2Q (non-consolidated)
Asset solution	8projects	13projects
Condominium unit	125units	148units
Asset-Holding Business	2buildings	3buildings

● Breakdown of selling, general and administrative expenses

(Unit: Millions of yen)	Mar.2023 2Q (consolidated)	Mar.2024 2Q (non-consolidated)
Personal expenses	523	375
Sales commission	315	121
Advertising expenses	75	21
Others	352	594
Total	1,267	1,112

● Breakdown of non-operating expenses

(Unit: Millions of yen)	Mar.2023 2Q (consolidated)	Mar.2024 2Q (non-consolidated)
Interest expenses	111	116
Other	0	2
Total	112	118

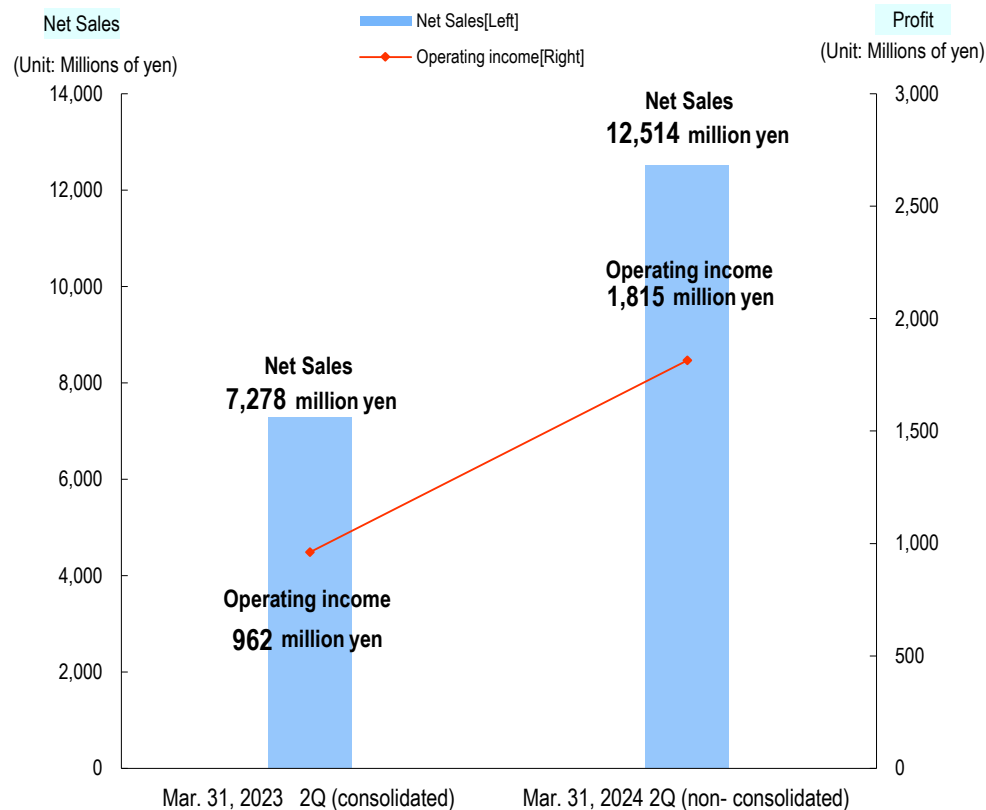
- Delivered development sites and collective sales of investment properties for other developers with strong demand and recorded net sales of 17,743 million yen and operating income of 1,985 million yen. Both sales and income increased compared to the previous year's second quarter (consolidated).

【Net Sales】 (Unit: Millions of yen)		March 31, 2023 (consolidated)		March 31, 2024 (non-consolidated)	
		2Q		2Q	
		Actual	% of Total	Actual	% of Total
Asset Solution Business	7,278	58.1%	12,514	70.5%	
Condominium Unit Sales Business	5,210	41.6%	5,193	29.3%	
Asset-Holding Business	31	0.3%	33	0.2%	
Others	0	0.0%	1	0.0%	
Elimination and/or corporate	-	-	-	-	
Net sales total	12,521	100.0%	17,743	100.0%	

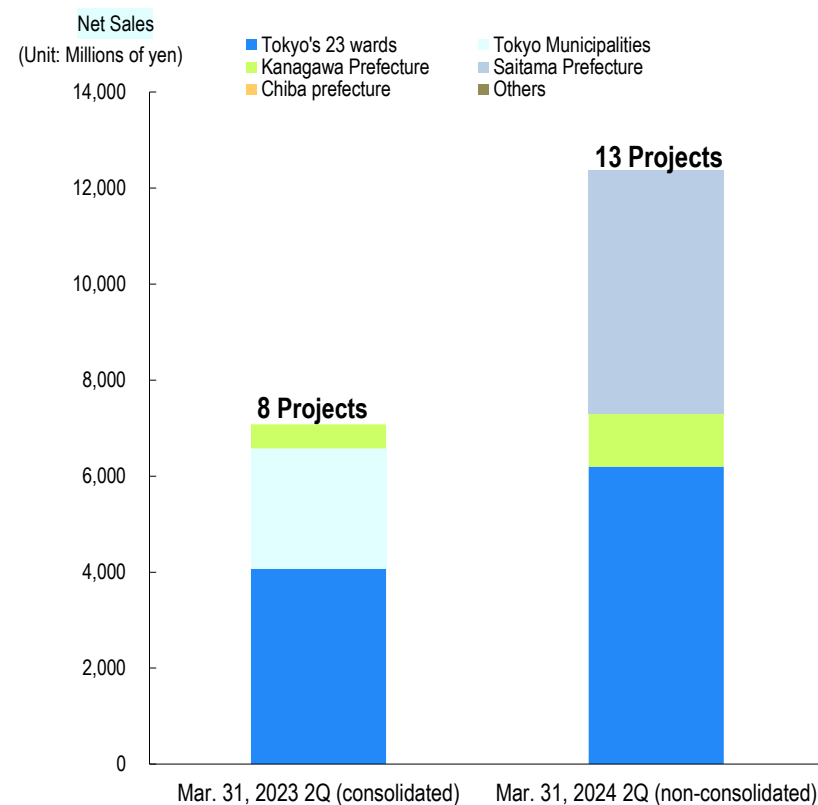
【Operating Income】 (Unit: Millions of yen)		March 31, 2023 (consolidated)		March 31, 2024 (non-consolidated)	
		2Q		2Q	
		Actual	Operating Margin Ratio	Actual	Operating Margin Ratio
Asset Solution Business	962	13.2%	1,815	14.5%	
Condominium Unit Sales Business	729	14.0%	692	13.3%	
Asset-Holding Business	10	32.8%	4	14.1%	
Others	0	100.0%	0	12.0%	
Elimination and/or corporate	(541)	-	(528)	-	
Operating income total	1,160	9.3%	1,985	11.2%	

- Actively sold development land for condominium development for other developers especially in 23 ward in Tokyo.
- Successfully sold 13 development lands for condominium development including the “Iruma project”, a large-scale logistics facility and both sales and income increased, with sales of 12,514 million yen and operating profit of 1,815 million yen.

Actual Result of 1Q

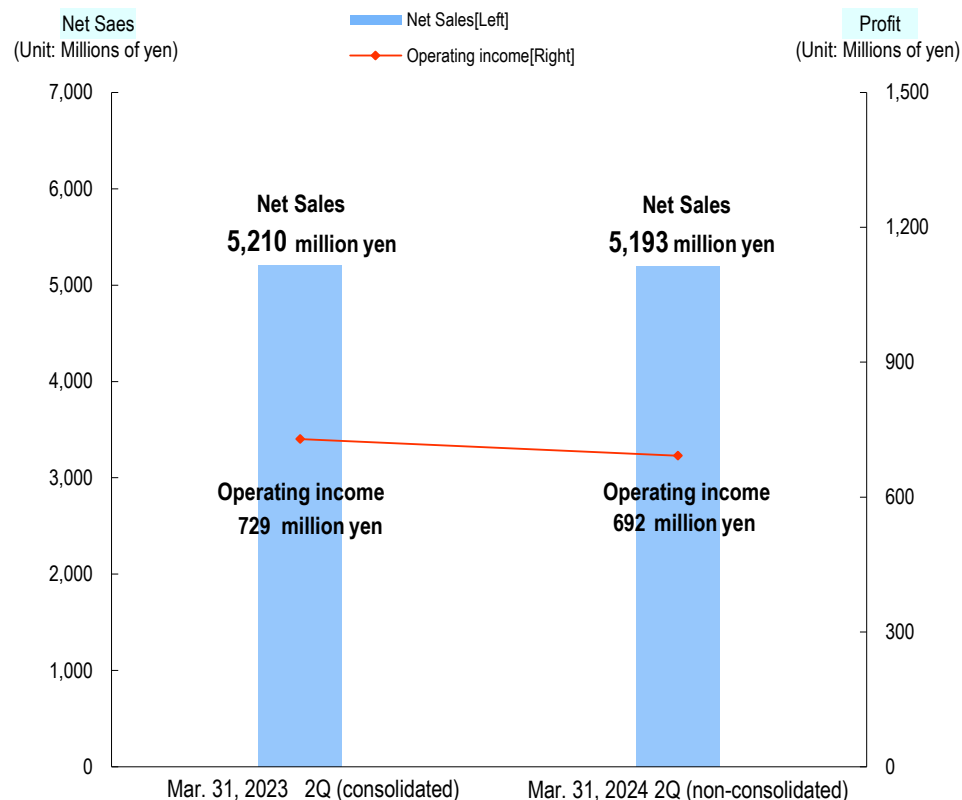


Net sales by area

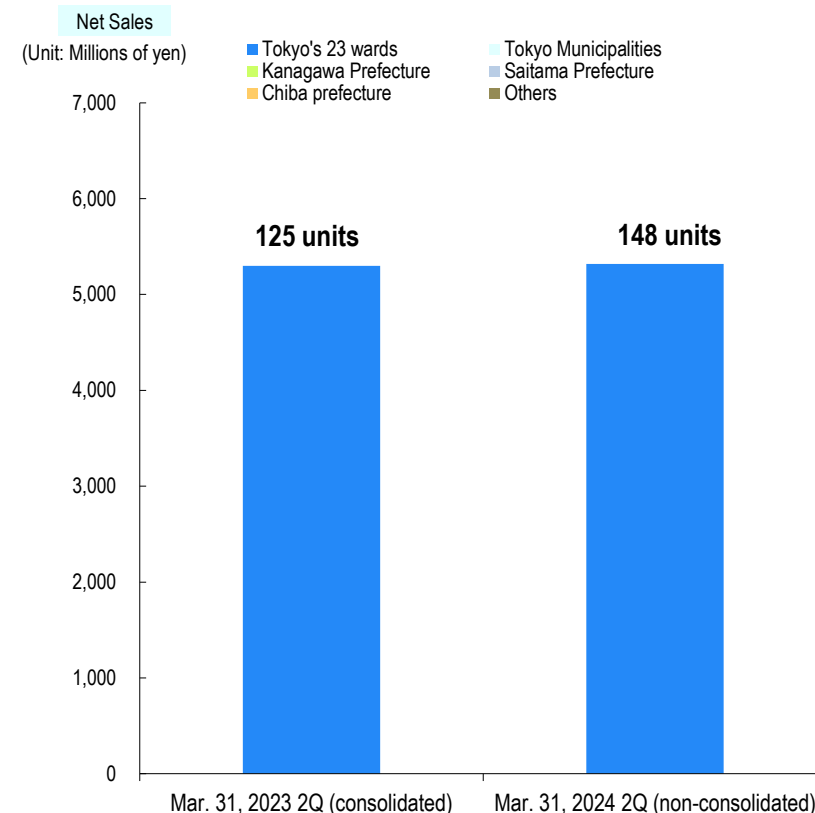


- Successfully sold and delivered 148 units of collective sales of quality high-yield investment properties near Tokyo stations, including Shinjuku and Bunkyo wards, as scheduled.
- Recorded net sales of 5,193 million yen and operating income of 692 million yen.

Actual Result

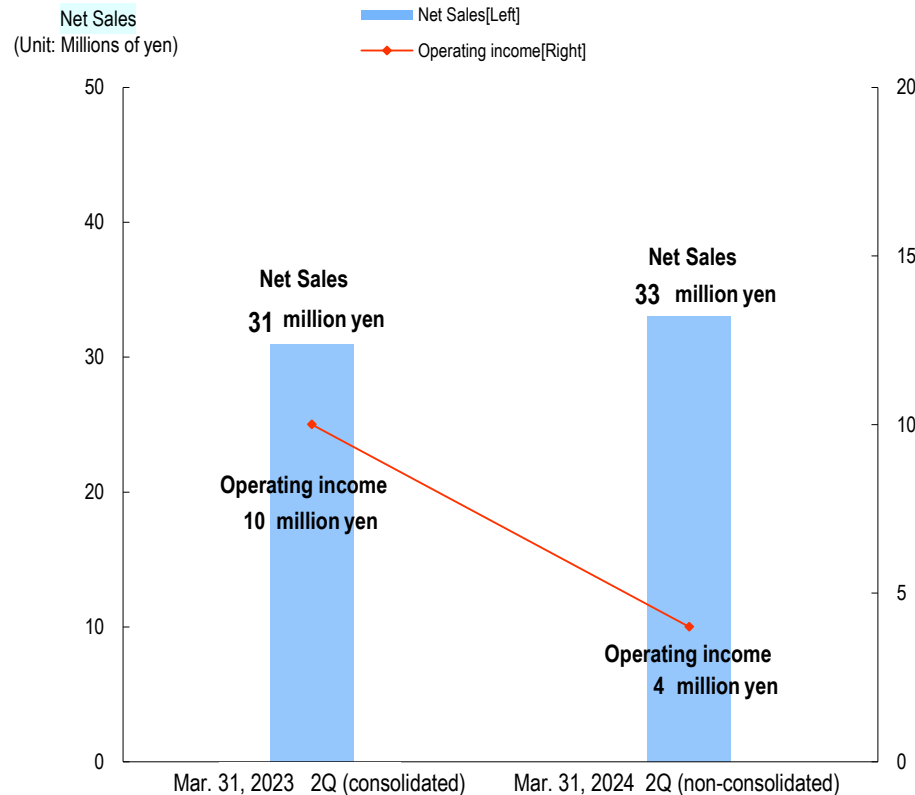


Net sales by area

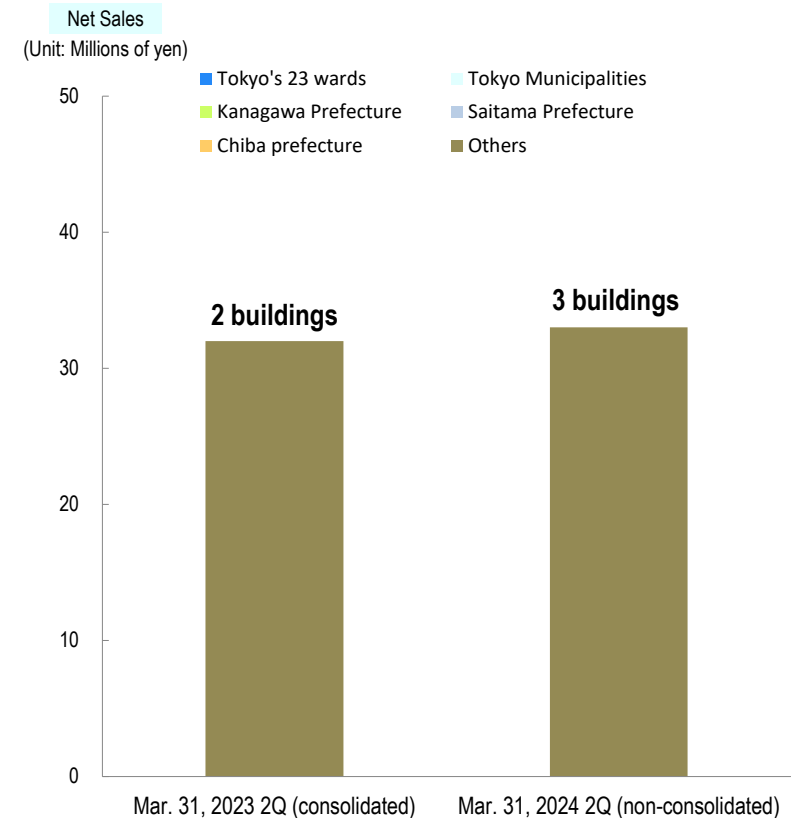


- Other than the two rental properties owned, we purchased another one in Suginami ward in Tokyo, operating three rental properties in total continuing to reinforce Asset-Holding Business.
- Recorded net sales of 33 million yen and operating income of 4 million yen. Reported a decrease in profits by the expense in acquisition of the new property, we forecast a far more increase in profit.

Actual Result



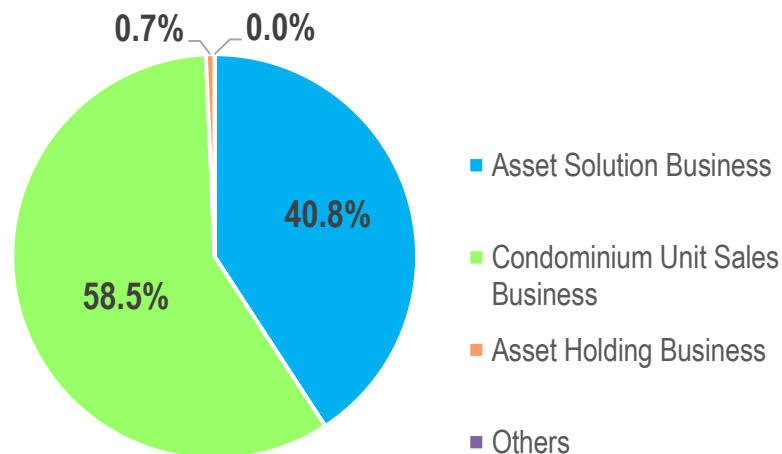
Net sales by area



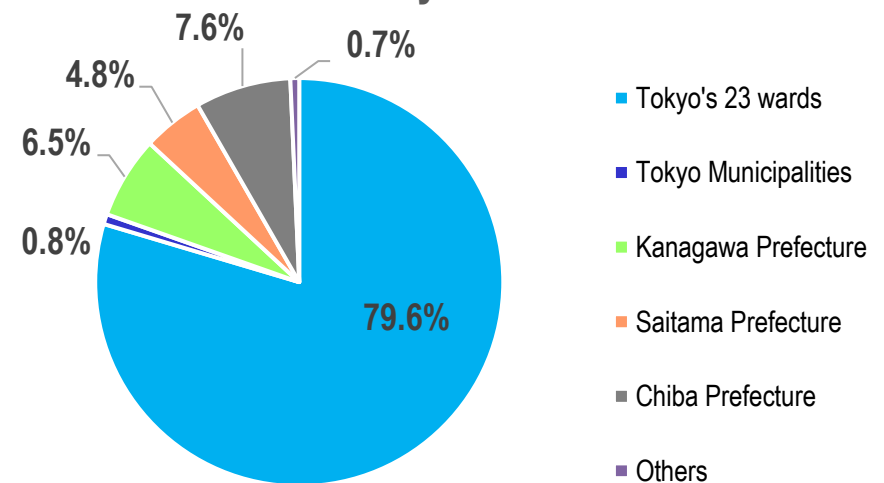
- Focusing and carefully purchasing properties with popularity and convenience mainly in Tokyo's 23 ward.
- Actively purchasing logistics facilities sites in popular, convenient areas, especially near Tokyo's 23 ward stations.
- As of the end of the second quarter, the company has concluded a purchase agreement for planned sales of approximately 39.4 billion yen.

Breakdown of the 39.4 billion yen purchase agreements

By reportable segments



By area



【 Condominium Unit Sales Business 】 (Tentative) Renaissance Roppongi IV Premium Court (Compact Condominium Buildings for Investment-Purpose)

Overview

Location : Nishiazabu, Minato-ku, Tokyo
Access : 5-min. walk from Roppongi station on Tokyo Metro Hibiya Line and Toei Oedo Line

No. of Units : 16 units (Planned)

Structure : RC 4 stories above ground

Completion : Jan 2024 (Scheduled)

Point 1

5 min walk from Roppongi station where variety of shopping area and with gorgeous atmosphere is near by. It is the forth project of our top grade series "Renaissance Premium Court".

Point 2

Modern and stylish design suitable for the atmosphere of the town emphasizes its luxury of our series "Renaissance Premium Court". Provided with 8 types of residential unit plans that realize comfortable residential environment making it suitable for the variety of lifestyles.



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

Overview

Location : Takadanobaba, Shinjuku-ku, Tokyo
Access : 8-min. walk from Takadanobaba station on JR Yamanote Line, Tokyo Metro Tozai Line, and Seibu Shinjuku Line

No. of Units : 18 units (Planned)

Structure : RC 4 stories above ground

Completion : Oct 2023 (Scheduled)

Point 1

Takadanobaba is a popular area where business workers and students visit. From the promenade of Kanda river near this condominium, it is suitable for a comfortable living area where you can feel variety of nature in different seasons.

Point 2

Provided with indoor hallway which blocks the view from the outside that secures the privacy of the residents as well as enhancing a noble style.



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