



2nd Quarter of the Fiscal Year Ending on December 31, 2021

Financial Results (Presentation)

Shinoken Group Co., Ltd.

TSE Ticker : 8909

August 10, 2021

A life support company for
every generation across the world

Consolidated results	P.3
Business segments	P.7
Topics	P.14
Shareholder returns	P.25
Appendix	P.28



Financial Results (Presentation)

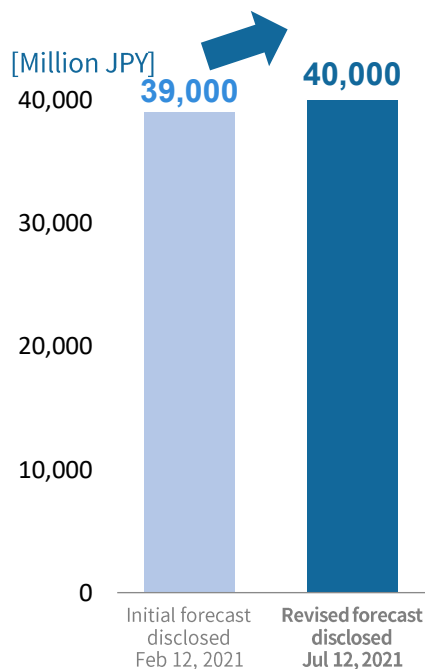
Consolidated results



- Consolidated Financial Forecast for the six months ending June 30, 2021 was revised, expecting to exceed the initial forecast disclosed on Feb 12, 2021
- Mainly because, the completions of construction projects were preponed than initially planned in the real estate sales business (Apartments)
- As for the fiscal year forecast, no revisions at this point, since there are no changes in the planned number of completions during this year

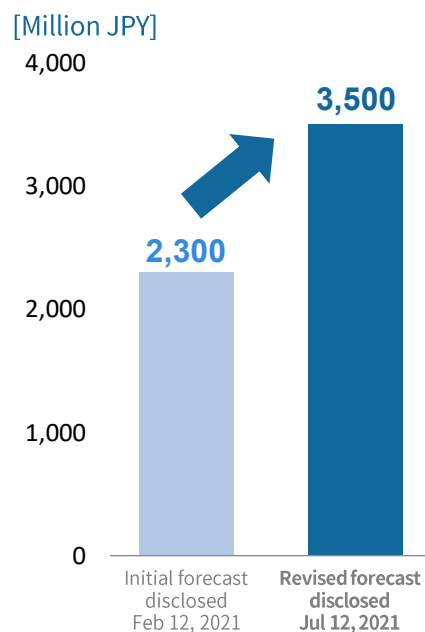
Net sales

2.5%UP



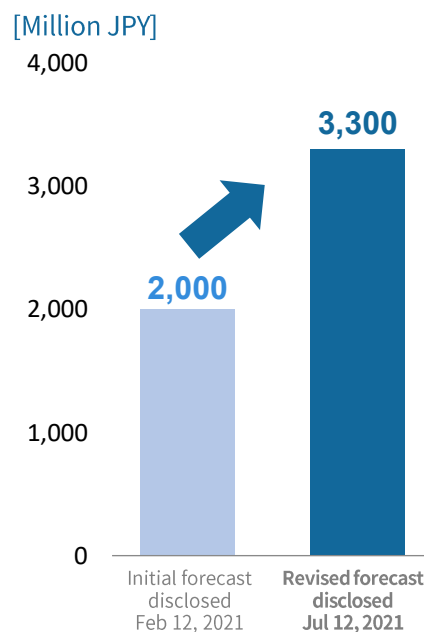
Operating income

52.1%UP



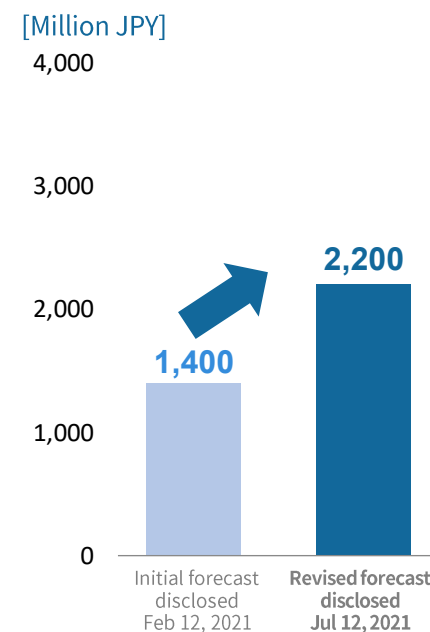
Ordinary income

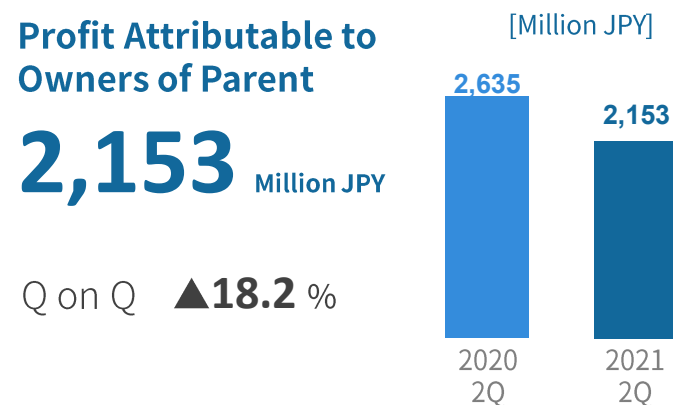
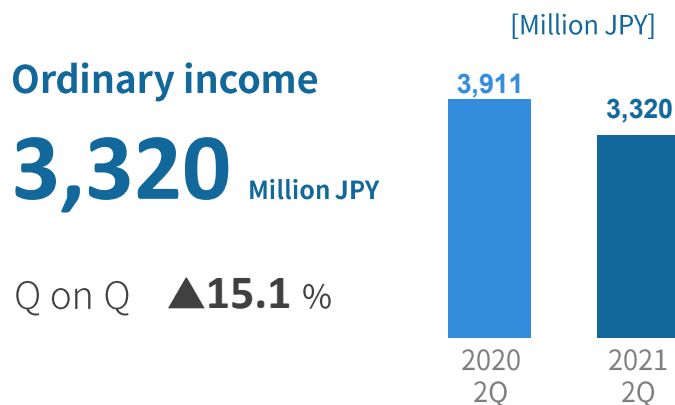
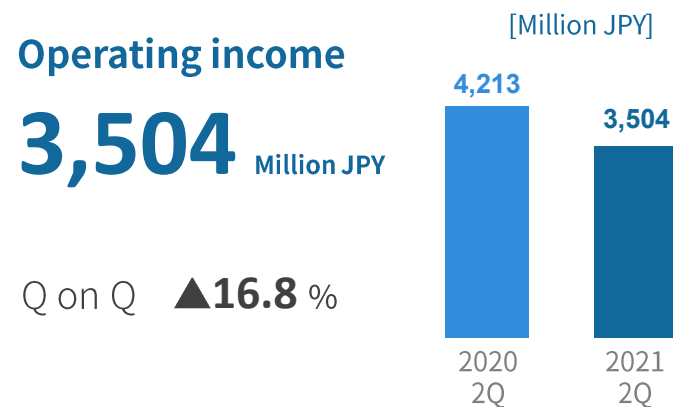
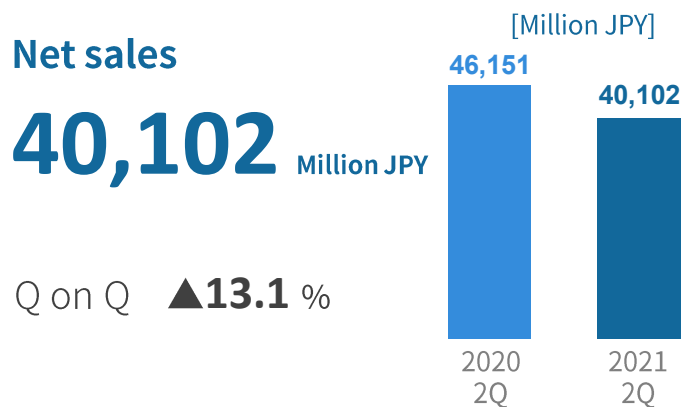
65.0%UP



Profit Attributable to Owners of Parent

57.1%UP





[Million JPY]

	2020 End	2021 2Q End	Increase/Decrease
Current Assets	74,539	82,082	+7,543
Cash and Deposits	35,387	36,395	① +1,007
Real estate for sale	14,205	18,648	+4,443
Costs on Real Estate Business	14,219	17,719	+3,500
Others	10,726	9,319	▲1,407
Non-current Assets	13,620	14,393	+772
Total Assets	88,159	96,476	+8,316
Current Liabilities	26,241	31,818	+5,576
Current portion of Bonds	564	526	▲38
Short-term loans payable	12,118	17,778	+5,660
Others	13,559	13,513	▲45
Non-current Liabilities	20,351	21,706	+1,355
Bonds	1,240	1,202	▲38
Long-term loans payable	18,180	19,518	+1,338
Others	931	986	+55
Total Net Assets (Capital Adequacy Ratio)	41,566 (47.0%)	42,950 (44.5%)	+1,384 (▲2.5pt)
Total Liabilities and Net Assets	88,159	96,476	+8,316

① Cash and Deposits +1,007Million JPY

2020 End : 35,387Million JPY
2021 2Q End : 36,395Million JPY

Inventory Movement +7,940Million JPY

Main movements

- Real estate for sale^{*1} +4,443Million JPY
- Costs on Real Estate Business^{*2} +3,500Million JPY

^{*1}Land for Apartments, etc.^{*2}Condominium Land and Construction in progress, etc.

② Interest-bearing debt +6,922Million JPY

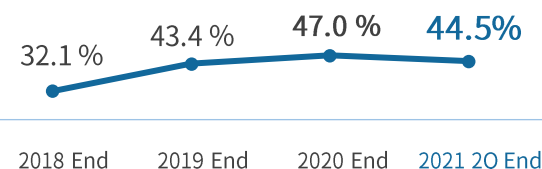
2020 End : 32,103Million JPY
2021 2Q End : 39,025Million JPY

Liabilities besides Interest-bearing debt

+9Million JPY

- Current Liabilities ▲45Million JPY
- Non-current Liabilities +55Million JPY

Capital Adequacy Ratio



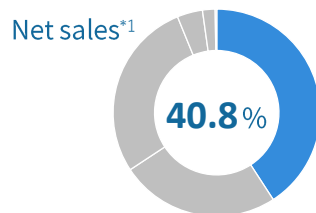
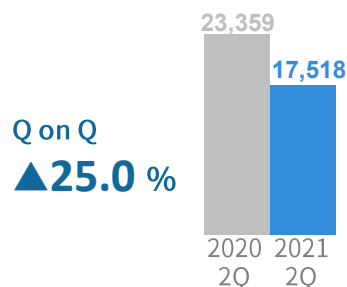
[The cause of decrease from 2020 End]
Increase in inventories and liabilities
due to progress in land purchase

Financial Results (Presentation)

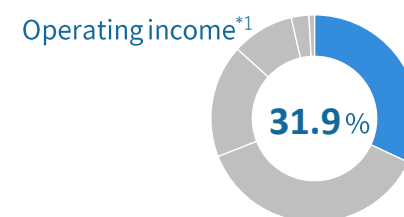
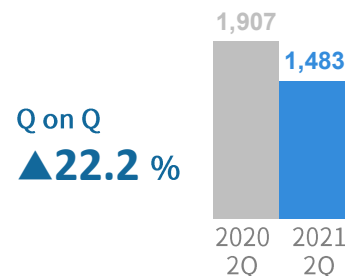
Business segments



Net sales **17,518** Million JPY



Segment profit **1,483** Million JPY



Movements of 2Q FY2021

- A large portion of completion and handovers are estimated to take place in the latter half of FY2021
※Due to COVID-19, apartment land purchase activities were stopped from March to Autumn of 2020
- The completions of construction projects were preponed than initially planned (no changes in the planned number of completions during this year)

【Regarding COVID-19】

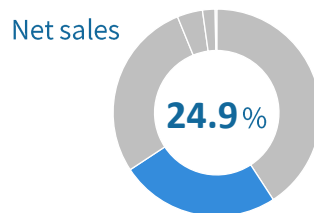
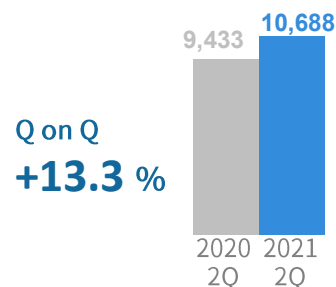
Sales activities were not largely affected
(Prudent face to face sales, Online sales)

Segment overview

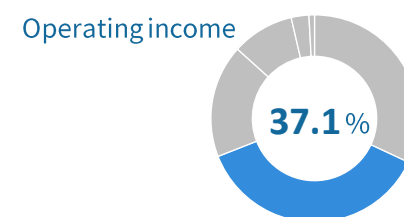
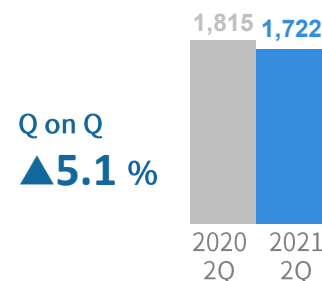
Business	Company in charge
Apartments Plan • Design • Build • Sell	Shinoken Produce Ranking for rental property construction #1 for 6 consecutive years (→P.15)
Condominiums Plan • Develop • Sell	Shinoken Harmony

*1 Before consolidation adjustments (P.9 – 13 also)

Net sales **10,688** Million JPY



Segment profit **1,722** Million JPY



Movements of 2Q FY2021

- Steady increase in managed units
- Maintaining high occupancy and stable revenue
- Continuous investment to real estate technology

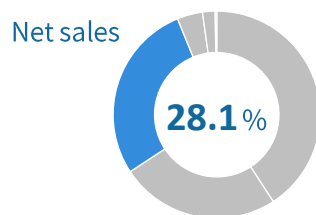
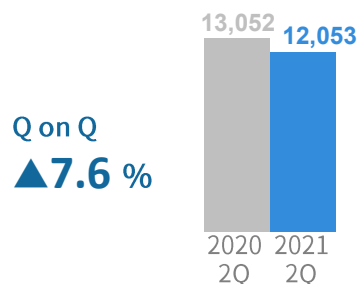
【Regarding COVID-19】

Due to prolonged rent period, the number of move-in / move-out cases show a decrease trend, resulting in partial decrease in profit opportunities

Segment overview

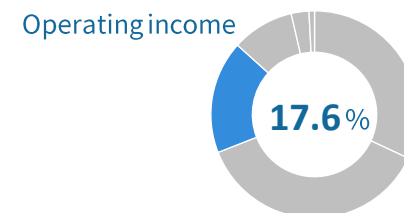
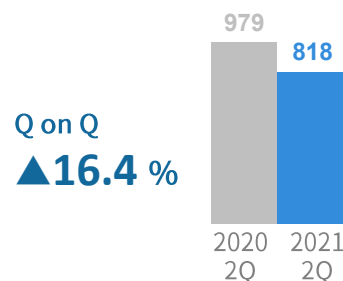
Business	Company in charge
Rental management	Shinoken Facilities Ranking for number of rooms managed #1 for 3 consecutive years (→P.15)
Rental brokerage	Bacchiri Chintai
Condominium management	Shinoken Amenity
Guarantee of rent, etc.	Shinoken Communications
Asset management	Shinoken Asset Management
Real estate technology	REaaS Technologies POINT EDGE Computer System
Small-amount short-term insurance	JICC SSI

Net sales **12,053** Million JPY



Segment profit

818 Million JPY



Movements of 2Q FY2021

- Construction of ordered projects progressed smoothly
- Receiving orders for projects planned to complete in 2022 and after
- Rise in personnel and material costs continues

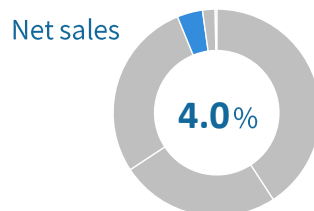
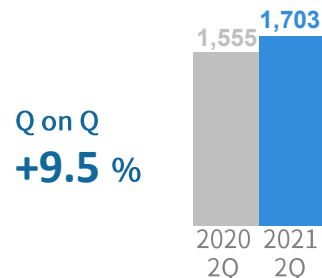
【Regarding COVID-19】

Staying cautious at construction sites, no large affects

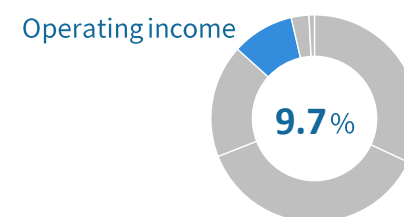
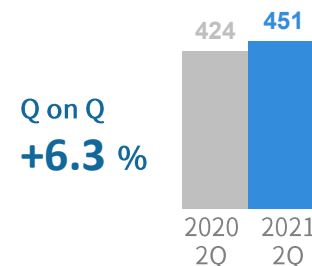
Segment overview

Business	Company in charge
General construction	Ogawa Construction

Net sales **1,703** Million JPY



Segment profit **451** Million JPY



Movements of 2Q FY2021

- Steady increase in LPG retail and power retail contracts
- Power retail is also supplied to common areas of rental housing and life care facilities owned by our group

【Regarding COVID-19】

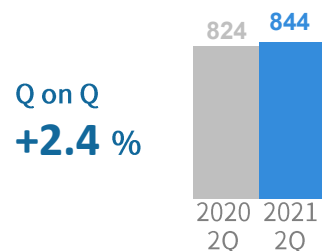
Demand increase in gas and electricity due to spending more time at home

Segment overview

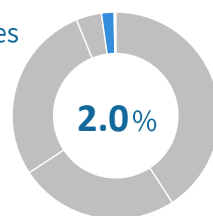
Business	Company in charge
LPG retail	SK Energy (Fukuoka) and 4 regional subsidiaries (Tokyo, Nagoya, Sendai, Osaka)
Power retail	SK Energy (Nationwide)

Net sales

844 Million JPY

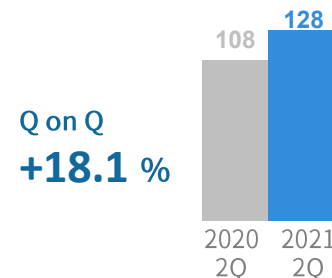


Net sales

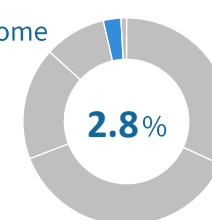


Segment profit

128 Million JPY



Operating income



Movements of 2Q FY2021

- Each facility maintained high occupancy rate
- Enhanced facilities and service quality according to the level of care required
- Opened the 4th serviced housing for the elderly "Ju-life Shakujidai" (→P.18)

【Regarding COVID-19】

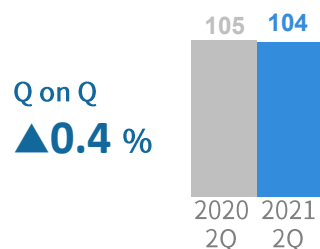
Elderly care service opportunities increased due to longer tenancy period

Segment overview

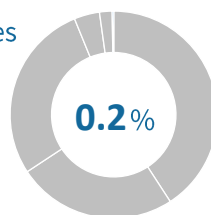
Business	Company in charge
Presiding company	Shinoken Wellness
Owning and managing housing for the elderly with home-care services	
Elderly care services <ul style="list-style-type: none"> • Day service • Home care • Home care support 	Apple Care
Owning and managing Group homes Small-scale multifunction home care	Friend
Services for people with Disabilities <ul style="list-style-type: none"> • After-school daycare service* • Employment transfer support (planned) 	Luminous

*After-school daycare Scheduled to take over business from Apple Care in April 2021

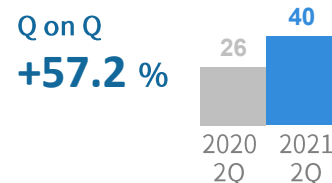
Net sales

104 Million JPY

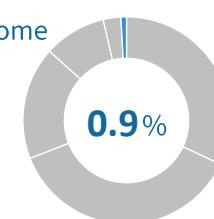
Net sales



Segment profit

40 Million JPY

Operating income



Movements of 2Q FY2021

- Development of “Sakura Terrace” No. 2, 3, 4 in progress
- Preparing to sell investment trust products for transmigration residents
- Preparation proceeding for selling property to the REIT, increase in investment inquiries, selection of candidate properties in progress

【Regarding COVID-19】

Due to travel restrictions and local restrictions, business negotiations and construction are affected

Segment overview

Business	Company in charge
Indonesian real estate Develop • Build • Manage “Sakura Terrace”	PT. Shinoken Development Indonesia
Indonesian finance Asset management	PT. Shinoken Asset Management Indonesia
Indonesian construction	PT. Mustika Cipta Kharisma
Real estate brokerage in China	Shinoken Real Estate (Shanghai)
Real estate brokerage in Singapore	Shinoken & Hecks Pte Ltd. (34.0%)

Financial Results (Presentation)

Topics



- “Ranking of Rental Housing builders” No. 1 for 6 consecutive years
- “Ranking of the number of rooms managed” No.1 for three consecutive years

Ranking of Rental Housing builders

6 consecutive years[※]



※ In-house development results
2015 – 2019 Number of construction kick-offs
2020 Number of constructions completed

Zenchin No.1466
(Issued Jun 28, 2021)

Announcing the ranking of the number of
completed projects for land use and in-house development
In the category of in-house development
Shinoken Produce, Inc. ranked No. 1 for six consecutive years



Ranking of the number of rooms managed

3 consecutive years[※]



※ Property management Companies
that have their headquarters in Kyushu/Okinawa area
2019 – 2021

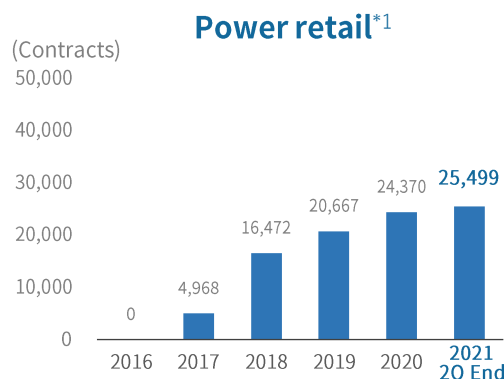
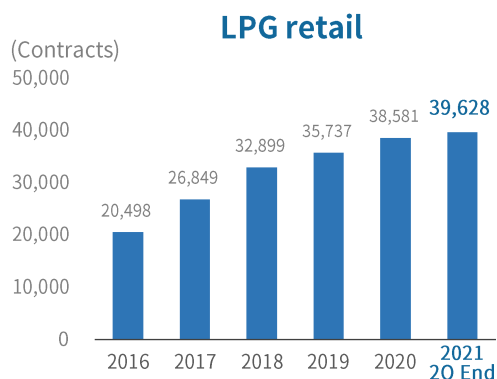
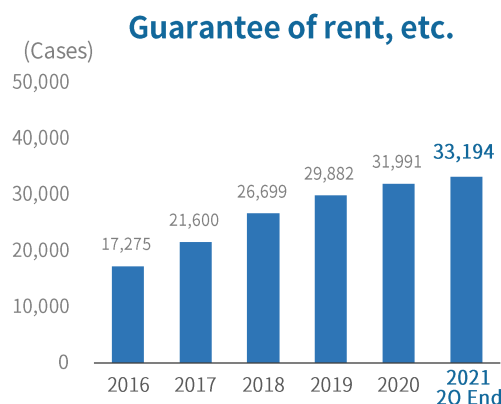
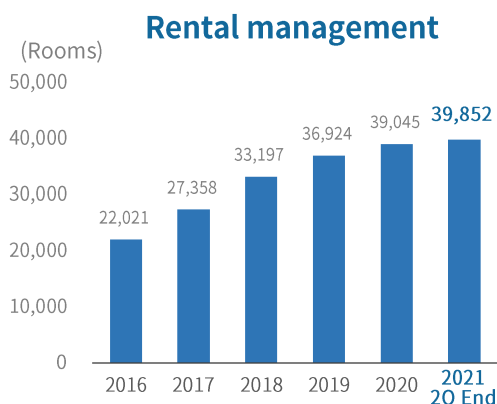
Zenchin No.1470
(Issued Jul 26, 2021)

Announcing the top 10 management companies by area,
based on the location of their headquarters.
In the category of Kyushu and Okinawa Area,
Shinoken Facilities, Inc. ranked No.1 for three consecutive years



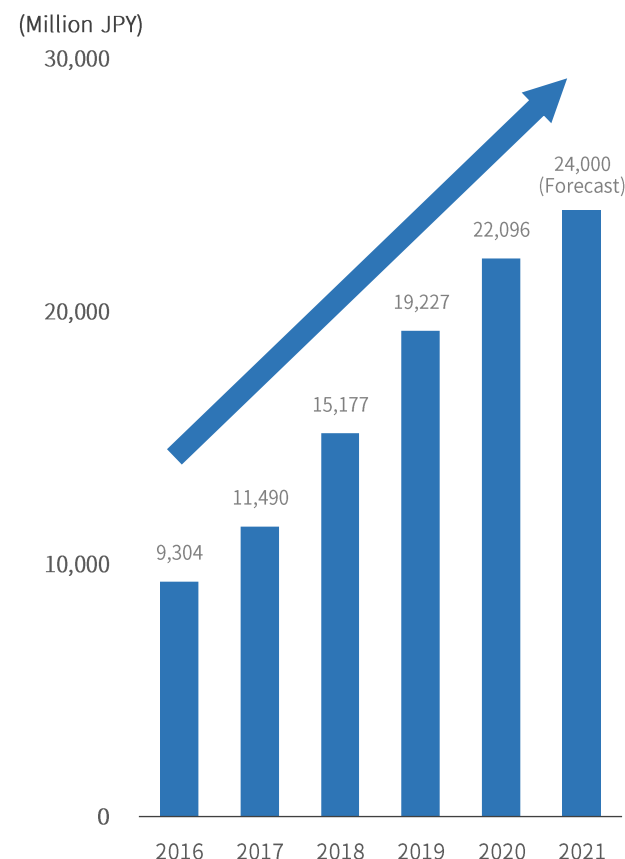
- The more sales made in the real estate sales business, the more units provided with various services are accumulated
- Stable annual growth; pace of growth will further accelerate with the addition of properties for REIT

【Main KPI】*Figures of 2016 - 2020 are as of end of the year



*1 Started in 2017

【Net sales*2】



*2 Simple sum of segment sales for Real estate service business and Energy business (including internal sales)

- Dormitory for elderly care workers from overseas construction completed in Osaka



[News Release](#)

Seiunkan Osaka

- Building a dormitory for foreign workers
- Wooden architecture
Reduce CO2 by shorter construction period
CO2 absorption and storage effects
Efforts to recycle waste wood
Achieving carbon neutrality

【Related SDGs】



Partnership with
Indonesian schools

Passing the
Required proficiency tests

Obtain
Passports and visas

On-line training

Construction
of the dormitory

COVID related restrictions
To be lifted

- Opening of a new serviced housing for the elderly “Ju-life Shakujiidai”



[News Release](#)

Ju-life Shakujiidai



- Meeting the demand for elderly care in the area by providing services at both facilities in the same building
- Renovating an existing building can shorten the construction period compared to building a new one, and reduce the use of building materials and CO2 emissions, making it more environmentally friendly

【Related SDGs】



Serviced housing for the elderly “Ju-life Shakujiidai”

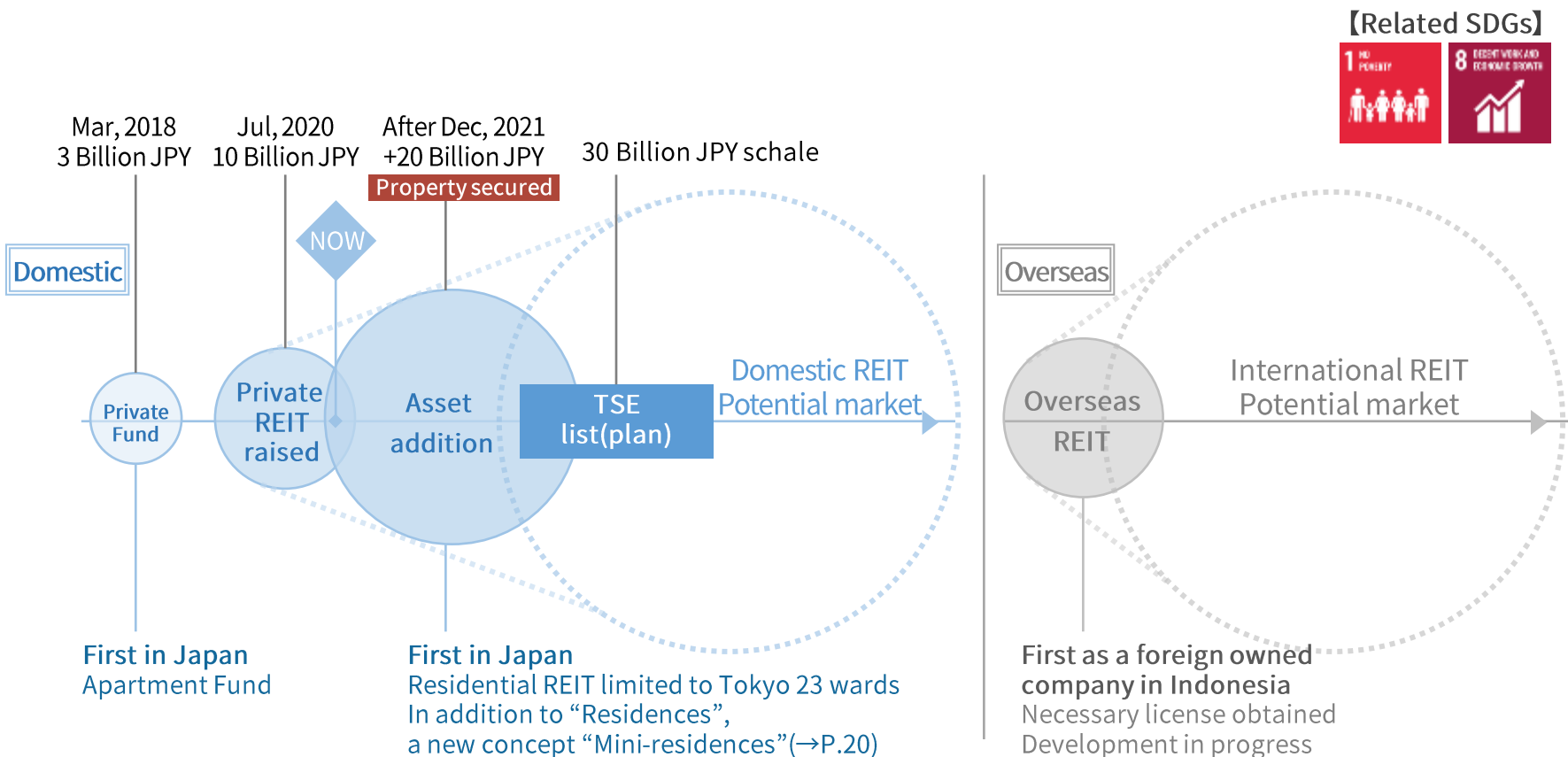


Day service “Applife Shakujiidai”



- Expanding B2B channels, to play an important roll in our growth strategy
- Plan to list domestic REIT and raise overseas REIT, expanding scale in both domestic and overseas

Strengthening B2B channels



- Rental home products sold B2C as “Designer Apartments”, distributed to Shinoken REIT Investment Corporation (B2B) as Mini-residences



[News Release](#)

Mini-residence

3 floors or less, and total floor space under 300sqm
(For the REIT, steel structure type)

- Eco-friendly ; Low electricity consumption (No elevators)
Contributes to low CO2 emission due to light weight structure and short construction period
- Flexible design capacity that makes it possible to build on small and irregularly shaped properties, contributing to resolve vacant house issues



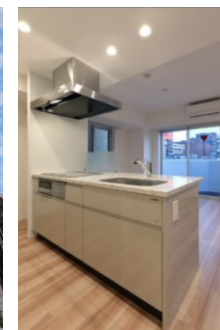
【Related SDGs】



Residence

4 floors or less, and total floor space 300sqm or more
(REIT raised in Jul, 2020 consists of this type)

- Long depreciation period / Stable yield based on the track record of high occupancy rate (average exceeding 99%) for properties managed by Shinoken
- Larger investment amount per building compared to Mini-residences, contributing to the rapid growth of the REIT scale



【Related SDGs】



- The first fund of real estate investment crowdfunding "Shinoken Owners Funding" reached its target of 120 Million JPY within 38 seconds after the start of subscription, and closed
- Demonstrated once again the demand for our apartments in the B2C small-lot investment channel, and we are considering new initiatives in the future

About Shinoken Owners Funding

【Outline of the first fund】

- Application Period : From 7:00 PM Aug 3, 2021
- Application Method : First-come-first-served
- Application Amount : 120 Million JPY
- Planned Yield : 4.0% (Annual, before taxes)
- Scheduled operation period : 3 months
- Possible Investment Amount : 10,000 JPY or more



【 Related SDGs 】



【Scheme】



※FUEL Co., Ltd. handles private placements, manages investors and operates the website.

- First in the industry; Digital ID Linked to My Number Card in the Real Estate Sales Domain Released an electronic contract platform that introduces a public personal authentication
- In the future, we plan to collaborate with financial institutions and government agencies to conduct integrated transactions using a common digital ID



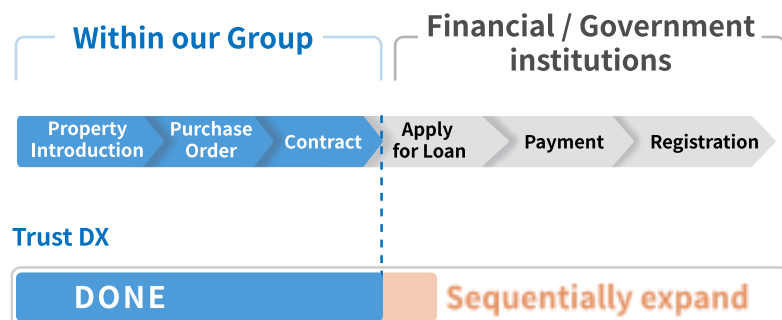
[News Release](#)

Outline



An electronic contract platform that introduces public personal authentication service using a digital ID linked to My Number Card

- Now, the "contract" procedure is covered
- We will proceed the discussions with financial institutions, and once the development is completed, planning to be able to complete the loan application



*Plan to apply to trust DX

Features

- In addition to convenience, the most important factor in real estate transactions is safety. Introducing Digital IDs to prevent fraud
- Identity verification upon contract is performed by using public personal authentication service through a Digital ID linked to My Number Card
- In the future, we plan to use the same digital ID for all transactions, from loan application to registration

【Related SDGs】



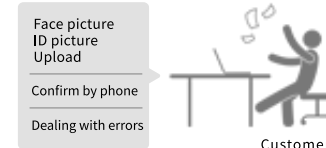
Before : In person



Trust DX : Public personal authentication using digital ID



Before : Other online confirmation



Identity verification using My Number Card



- Driving the growth of our group by making progress in REaaS (Real Estate as a Service)

Image of our business growth through REaaS

Toward a world where real estate transactions are easier, more convenient, and safer for more people

【Related SDGs】



Strengthen existing business

Improving efficiency
Improving productivity

Improving UX
Strengthening retention

DX

Expansion into new business fields

Real estate trust DX
safer transactions

New customer range

Expanding
International
transactions

Fin-tech/
collaborating with
life support domain

Creating
New services
New business

Trust DX

REaaS Platform

- Added residences of the rooms under our management (in the Tokyo area) to our workplace vaccination program, based on the judgement of “In order to prevent the spread of infection, it is necessary to vaccinate people in their 20s and 30s as soon as possible”

Using our Tokyo headquarter seminar room

- To help counter the spread of infection, especially among residents in their 20s and 30s, we called on residents, many of whom are young, to participate in our workplace vaccination program.
- Residents' needs are strong and we have received over 500 applications
- Started on June 25, and about 1,000 people have already been vaccinated

Providing vaccination opportunities to young people as part of the Group's social contribution activities

【Related SDGs】



【Tokyo headquarter seminar room】



When holding a seminar



On the day of vaccination

Financial Results (Presentation)

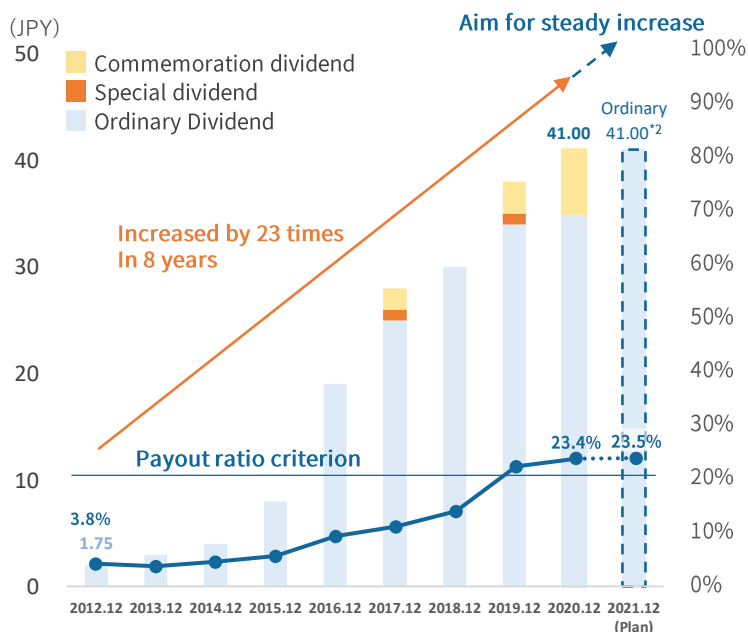
Shareholder returns



Dividend

Dividend per share^{*1} and Payout ratio

(Left/Bar graph: Ordinary Dividend, Right/Line graph: Pay out ratio)



*1: Yearly sum of Ordinary / Special / Commemoration dividends
The graph of the dividend amount is created assuming that all three stock splits (Jan 1, 2013, Jan 1, 2015, Jul 1, 2018) were carried out at the beginning of 2012

*2: In regards to ordinary dividend, 6 yen increase from 2020.12 (Planned)

Shareholder benefits

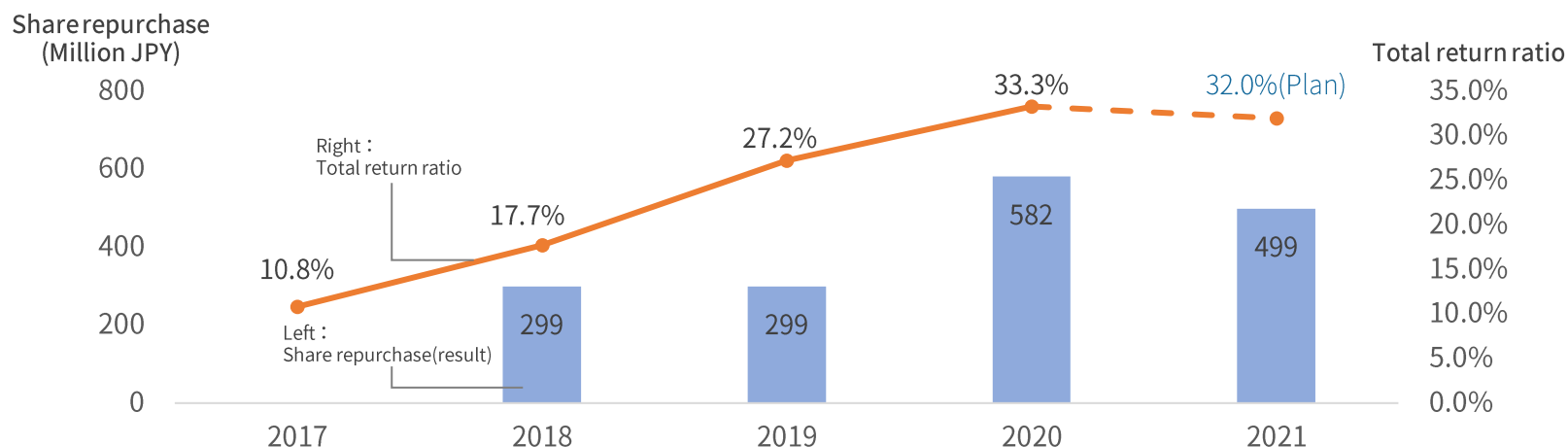
Shares held Period continuously held	Record date	Dec 31 2021
100 or more Less than 500 shares	Regardless	1,000 JPY Gift Card
500 or more Less than 1,000 shares	Regardless	2,000 JPY Gift Card
1,000 shares or more	Less than 3 years	3,000 JPY Gift Card
	3 years or more Less than 10 years	6,000 JPY Gift Card
	10 years or more	10,000 JPY Gift Card

* To confirm the retention period of 3 years or more, subjected shareholders are those who had been recorded in the shareholder list 7 or more times consecutively with the same registration number and more than 1,000 shares held on both Dec 31 and Jun 30 every year

* To confirm the retention period of 10 years or more, subjected shareholders are those who had been recorded in the shareholder list for more than 10 consecutive years with more than 100 shares held on each record dates every year

Share repurchases

- Implemented to improve capital efficiency and enable flexible capital policies in response to the business environment
- Comprehensive consideration of cash on hand, stock price level, etc.



Period	-	Aug 23 to 30	Aug 27 to Sep 19	Mar 11 to Apr 30 Aug 13 to Sep 2	Mar 29 to May 25
Share repurchases (Million JPY)	-	299	299	582	499
Total dividends (Million JPY)	919	1,015	1,301	1,401	1,423(Plan)*2
Total return (Million JPY)	919	1,315	1,601	1,983	1,923(Plan)*3
Total return ratio*1	10.8%	17.7%	27.2%	33.3%	32.0%(Plan)*4

*1 Total Return Ratio=(Total Return)÷(Full year net income attributable to owners of parent)

*2 Based on Interim and year-end dividend forecast for the fiscal year ending December 31, 2021, and the number of shares issued and the number of treasury stock as of June 30, 2021

*3 The sum of *2 and the total amount of share repurchases during 2021 at the time of disclosure of this material

*4 Based on the consolidated forecast for the fiscal year ending December 31, 2021 and *3

Financial Results (Presentation)

Appendix



Shinoken will contribute to achieving SDGs in our entire business

Wooden Apartments



- Reduction of CO2 emissions due to the short construction period
- CO2 absorption/storage effect (about four times that of steel structure)
- Efforts to recycle waste wood
- Realization of carbon neutrality



Construction



- Safety construction method, safety management standard
- Active use of recycled aggregate
- Start of raw material traceability

Sales service



- Support for foreigners moving in to the rooms our group manages
- Support for low-income elderly people
- Development and creation of long-term care personnel
- Employment transition support (planned)
- After-school day service for children with disabilities
- Started EV conversion of company-owned vehicles
- Formation and sales of investment trusts in developing countries (Financial Inclusion)

Indirect operations



- Dormitory for elderly care workers from overseas completed
- New graduate scholarship repayment support
- Benefit-type scholarship (no repayment required) – Benefits at Shinohara Foundation
- Promotion of female directors and managers
- Promotion of employment of people with disabilities
- New life support system
- Acceptance of technical intern trainees from overseas

Corporate social responsibility



- In response to the global rainforest decline problem Planting trees in rainforests in Indonesia (planned)
- Action started about carbon offset
- COVID-19 Vaccine

Life care Business

Contribution to society through support of elderly and people with disabilities (Establishment of Luminous Co., Ltd. On Feb 12, 2021)

Ju-life plan

140 Rooms

A safe rental housing for the elderly that utilizes the vacancy of existing rental housing. Highly convenient location with a reasonable rent. With 24-hour support from specialized operators and secure support in collaboration with medical institutions, food distributors, etc.

Received the Good Design Award for this business model



Housing for the elderly with home-care services

302rooms Occupancy97.3%

Care staff is present 24-hours. Achieving both peace of mind and the comfort of living at home, through collaboration between long-term care, nursing, and medical care

Fukuoka (201 rooms)



Ju-life Aqua villa Kashihiama

Tokyo

Ju-life Tokiwadai

Ju-life Takashimadaira

NEW

Ju-life Shakujidai

*Opened June 2021

Day service / Homecare Home care support

Providing services such as care plan creation by a care manager and home-visit care that visits your home and provides physical care and living support

Fukuoka



Applife Higashi Fukuoka

Tokyo

Applife Takashimadaira

NEW

Applife Shakujidai

*Opened June 2021

Group homes

Total 153rooms Occupancy97.3%

Creating a small group (in units of 9 people) and practice care so that one can lead a homely and secure life through communal living in a homely atmosphere

Osaka



Friend Tennoji

Friend Osaka chuo

Small-scale multifunction home care

Friend Tengachaya

Friend Fudegasaki

Friend Higashi Osaka

Tokyo

Friend Takashimadaira

Fukuoka

Friend Kasumigaoka

Small-scale multifunction home care

After-school daycare service Employment transition support (planned)

A service that aims to foster children aged 6 to 18 with disabilities by providing them with different times and spaces from school and home, relationships with people, and experiences

Fukuoka



Kidslife Higashi Fukuoka

For young people with disabilities over 18 years old (over 15 years old depending on the local government). Basic academic knowledge, and employment training / internships (employment transition support)

Luminous
(Established Feb 12, 2021)



*Number of rooms, occupancy are as of end of June 2021

Real estate sales

Apartments	Shinoken Produce
Condominiums	Shinoken Harmony

Real estate service

Rental management	Shinoken Facilities
Rental brokerage	Bacchiri Chintai
Condominium management	Shinoken Amenity
Guarantee of rent, etc.	Shinoken Communications
Asset management	Shinoken Asset Management
Real estate technology	REaaS Technologies
	POINT EDGE
	CSC
Small-amount short-term insurance	JICC SSI

General Contractor

Construction	Ogawa Construction
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Energy

LPG retail	SK Energy and 4 subsidiaries
Power retail	SK Energy

Life care

Presiding company	Shinoken Wellness
Housing for the elderly	
Elderly care service	Apple Care
Group homes	Friend
Service for people with disabilities	Luminous

Others

Indonesia	Real Estate	PT. Shinoken Development Indonesia
	Finance	PT. Shinoken Asset Management Indonesia
	Construction	PT. Mustika Cipta Kharisma
China	Real estate brokerage	Shinoken Real estate (Shanghai)
Singapore		Shinoken & Hecks Pte Ltd.
Shared service		Shinoken Office Service

Equity method affiliate

Real estate development/sales	Properst(TSE ticker 3236 Shares held 35.7%)
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DISCLAIMER

This document includes statements that are based on presumptions, forecasts and plans as of August 10th, 2021.
Actual results may greatly differ from any estimations contained herein due to a variety of unforeseen reasons and circumstances such as economic trends and the changing states of business environments.

Shinoken Group Co., Ltd.
Group PR & IR Office

TEL: +81 92 714 0040
WEB: <https://www.shinoken.co.jp/en/>

A life support company for
every generation across the world

