



Financial Results (Presentation)



SHINOKEN

FINANCIAL RESULTS

2022-1Q

1st quarter of FY2022.12 | Shinoken Group Co., Ltd. | Ticker : 8909 | May 11, 2022



Financial Results (Presentation)

LATEST RESULTS

Chapter I Results of 1Q 2022

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ABOUT SHINOKEN

Chapter II About Shinoken Group

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Vision

A Life Support Company for every generation across the world

Mission

Resolve the problems of the people and society through REaaS

REaaS : Real Estate as a Service

Value

- All for customers success
- Never forget Gratitude
- Challenge Spirit

“Selling” is not the end, we support the life of our customers

Life Support Company



Our business

Real estate sales business

Plan ▪ Develop ▪ Build ▪ Sell
rental residences

Real estate service business

Long term support of
rental management

General contractor business

Plan ▪ design ▪ build
buildings, condos, individual
homes, etc.

Energy business

Providing safe energy mainly
to residences

Life care business

Supporting the living of the
elderly, and children with
disabilities and their family

Other

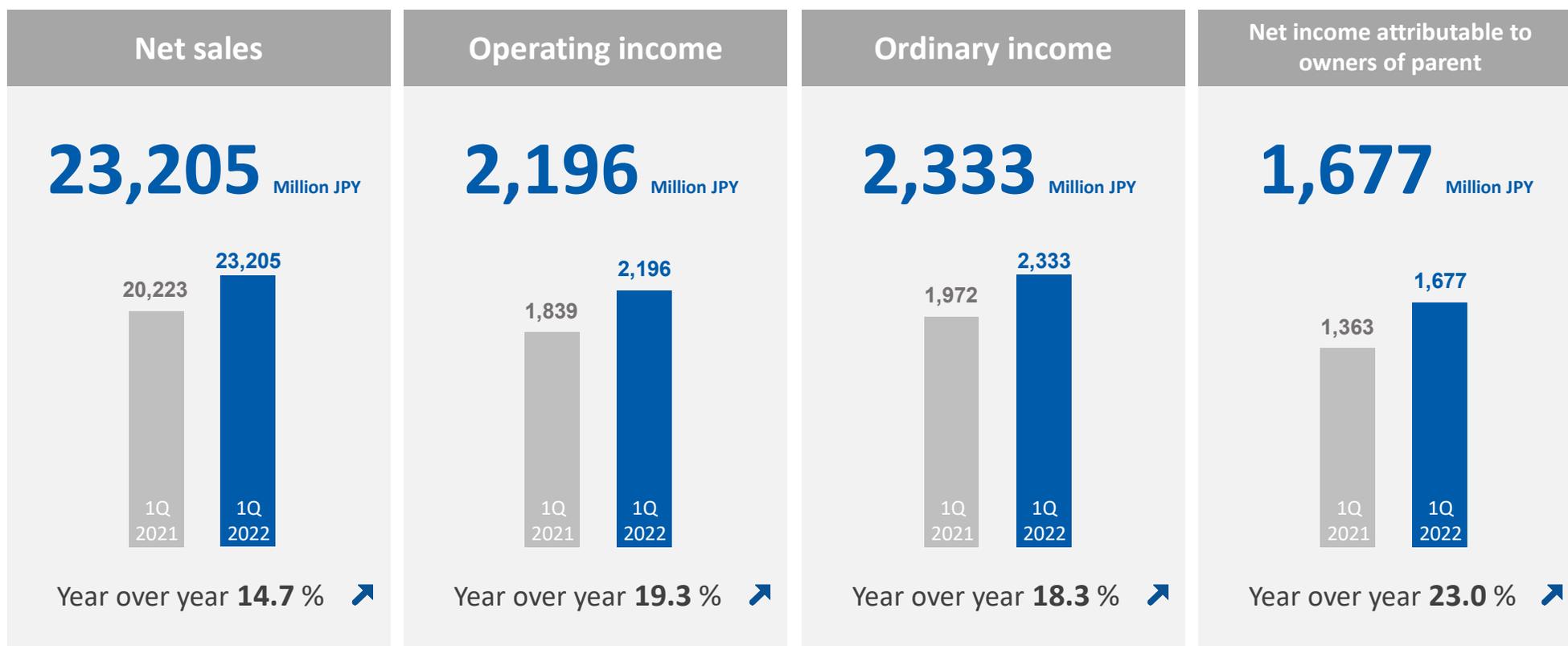
Indonesian real estate
development, funds,
REIT business, etc.

LATEST RESULTS

Chapter 1 | Results of 1Q 2022



- Net sales, income increased year over year^{*1}
- Operating income margin 9.4%, ordinary income margin 10.0%, both exceeded the previous 1Q
- Progress toward the full year forecast, net sales 21.0%, ordinary income 24.5%



^{*1} Revenue Recognition Accounting Standard, etc., is effective from the beginning of the first quarter of the current fiscal year, but the new accounting policy has not been applied retrospectively to the respective figures in the consolidated statements of income for the three months ended December 31, 2021, in accordance with the treatment prescribed in Paragraphs 84 and 86 of the Revenue Recognition Accounting Standard. (same applies for page 8)

| Segment | Net sales ^{*1} | | | | Segment income | | | |
|---|--------------------------|---------------------|--------------------------|----------------|--------------------------|---------------------|--------------------------|----------------|
| | 1Q 2022 (Million JPY) | Ratio ^{*2} | 1Q 2021 (Million JPY) | Year over year | 1Q 2022 (Million JPY) | Ratio ^{*2} | 1Q 2021 (Million JPY) | Year over year |
| Real estate sales business | 11,102 | 45.6% | 8,812 | 25.9% | 876 | 31.1% | 667 | 31.3% |
| Real estate service business | 6,027 | 24.7% | 5,317 | 13.3% | 1,160 | 41.1% | 912 | 27.1% |
| General contractor business | 5,694 | 23.3% | 5,788 | (1.6%) | 463 | 16.4% | 450 | 2.7% |
| Energy business | 1,073 | 4.4% | 909 | 18.0% | 262 | 9.3% | 240 | 9.3% |
| Life care business | 440 | 1.8% | 422 | 4.2% | 50 | 1.8% | 63 | (20.8%) |
| Other (Including overseas hereinafter) | 38 | 0.2% | 57 | (33.5%) | 8 | 0.3% | 27 | (67.4%) |

*1 Including Inter-segment sales and transfers

*2 Against figures before consolidation adjustments

| Segment | Status |
|------------------------------|---|
| Real estate sales business | <ul style="list-style-type: none"> • Handovers of both Apartments and Condominiums proceeded as planned • Land purchased for Apartments increased by 15% year over year |
| Real estate service business | <ul style="list-style-type: none"> • Though the application of accounting standards regarding revenue recognition resulted in 153 million JPY decrease in sales, and 107 million JPY decrease in profit, the number of rooms managed increased in accordance to sales, resulting in year over year increase in both sales and profit |
| General contractor business | <ul style="list-style-type: none"> • By adequately managing sales costs and reducing the effect of rising material prices, profit increased year over year • Receiving orders for projects planned to complete in 2023 and after |
| Energy business | <ul style="list-style-type: none"> • Contracts increased in accordance to the increasing number of rooms managed, resulting in year over year increase in both sales and profit |
| Life care business | <ul style="list-style-type: none"> • Although costs temporarily increased due to elderly care workers coming from Indonesia, it makes a large contribution to resolving the chronic workforce shortage in the elderly care business |
| Other | <ul style="list-style-type: none"> • Two service apartments “Sakura terrace” operating in central Jakarta • The third planning to start its operation around this summer |

- Cash and deposits : Decreased due to land purchase, share buyback, dividend payout, tax payment, etc.
- Real estate for sale : Land for Apartments increased through strengthening land purchase activities

(Million JPY)

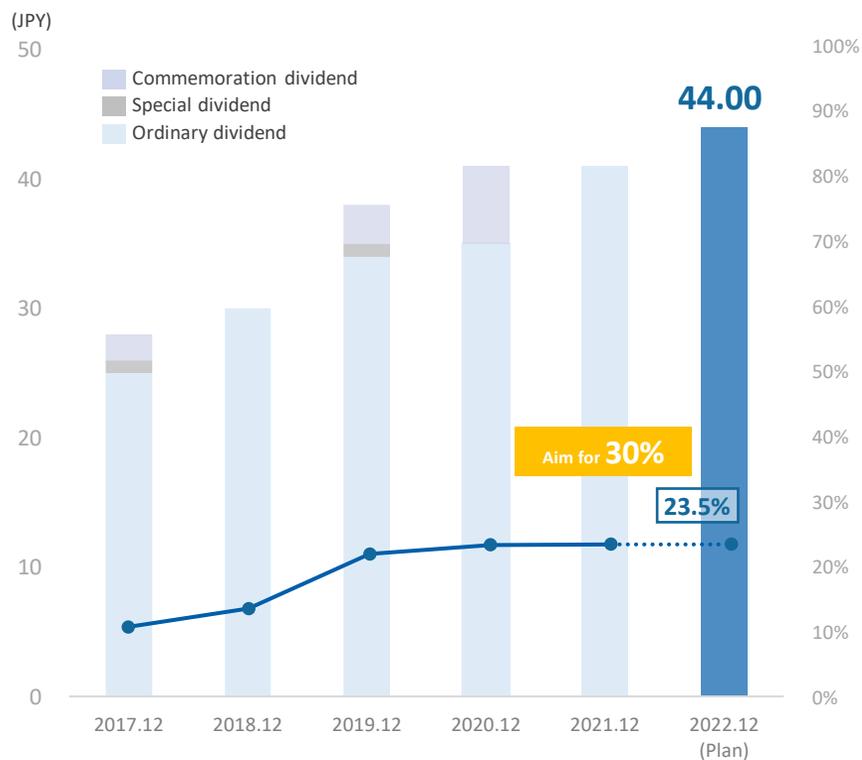
| | | 2021 End | 1Q 2022 End | Increase / Decrease |
|---|------------------------------------|----------|---------------|---------------------|
| Current assets | Cash and deposits | 40,485 | 34,098 | (6,386) |
| | Real estate for sale* ¹ | 30,463 | 31,911 | 1,448 |
| | Costs on real estate business | 3,092 | 3,647 | 555 |
| | Other | 10,120 | 11,363 | 1,243 |
| Non-current assets | | 14,848 | 15,334 | 486 |
| Total assets | | 99,010 | 96,356 | (2,653) |
| Current liabilities | Short-term loans payable | 16,045 | 14,212 | (1,833) |
| | Other | 17,338 | 15,291 | (2,046) |
| Non-current liabilities | Long-term loans payable | 18,266 | 19,683 | 1,416 |
| | Other | 2,039 | 1,946 | (93) |
| Total liabilities | | 53,690 | 51,133 | (2,556) |
| Total net assets | | 45,320 | 45,223 | (96) |
| Total liabilities and net assets | | 99,010 | 96,356 | (2,653) |

*1 Land for condominiums (12,217 million yen), which was included in "Costs on real estate business" in the previous consolidated fiscal year, is included in "Real estate for sale" from the current consolidated fiscal year due to the review of items presented, and the consolidated balance sheet as of the end of 2021 has been reclassified

Dividend

Dividend per share* and payout ratio

(Left/Bar: Price, Right/Line Graph: Payout ratio)



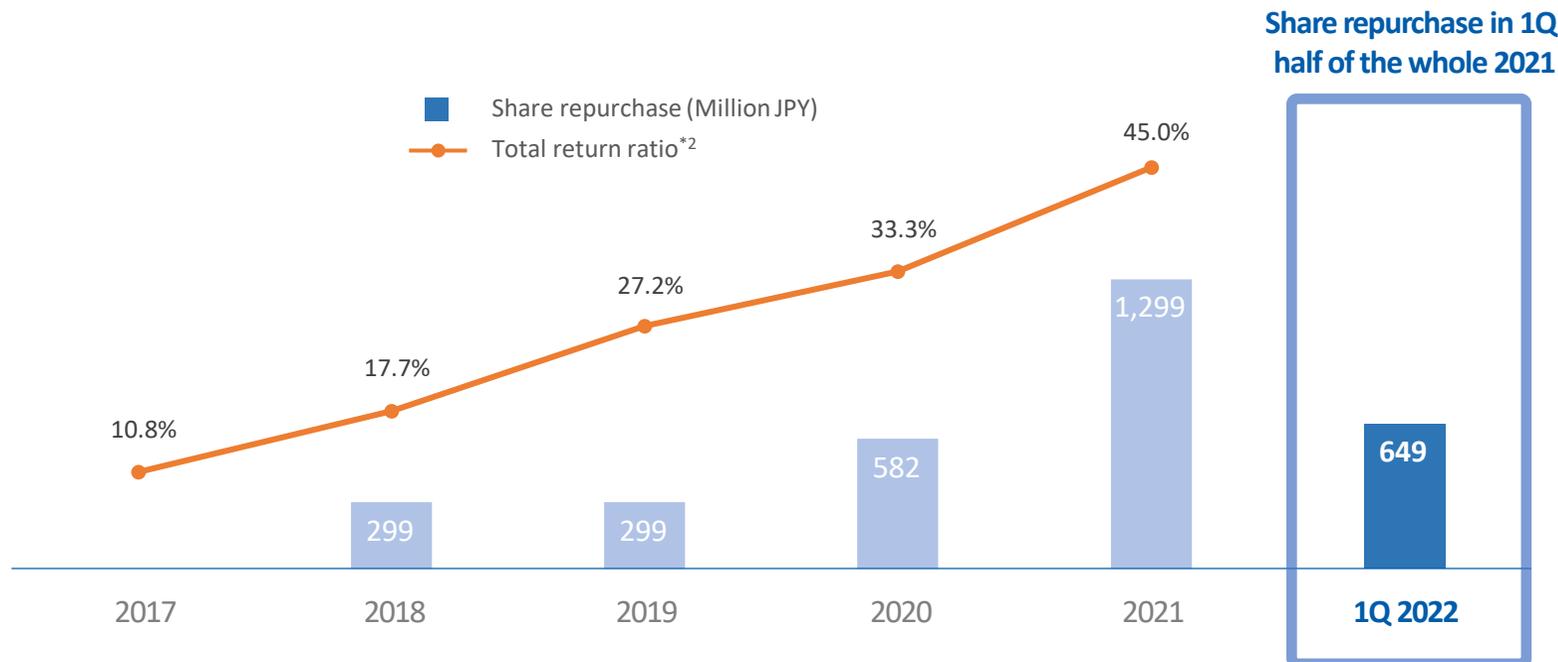
Shareholder benefits

| Shares held | Period continuously held | Record date Every Dec.31 |
|---------------------------------------|---------------------------------------|---------------------------------|
| 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 |

* Yearly sum of Ordinary / Special / Commemoration dividends
The graph of the dividend amount is created assuming that the stock split (Jul 1, 2018) was carried out at the beginning of 2017

- 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

- 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.



| | | | | | | |
|----------------------------|-----|-------|-------|-------|-------|---------------------|
| Share repurchases | - | 299 | 299 | 582 | 1,299 | 649* ³ |
| Total dividends | 919 | 1,015 | 1,301 | 1,401 | 1,408 | 1,478* ⁴ |
| Total return* ¹ | 919 | 1,315 | 1,601 | 1,983 | 2,708 | 2,128 |

*1 Sum of share repurchase and dividend

*2 $(\text{Total Return}) \div (\text{Full year net income attributable to owners of parent})$

*3 Share repurchase that took place from Jan.2022 to the point of disclosure of this presentation

*4 Based on the number of total shares and treasury shares as of the point of disclosure of this presentation

On Feb 17, Shinoken REIT investment corporation announced the postponement of listing the REIT

【Outline】

- Uncertainty rapidly increasing in the market environment due to growing caution about early monetary tightening in response to the rise in long-term interest rates in the U.S., and geopolitical risks caused by the growing tension in Ukraine
- Postponed the listing, from the perspective of contributing to [the value of the Investment Corporation and ultimately the interests of investors](#) to carefully assess the situation and aim to list at an appropriate time

Current situation

- Continuously keeping a close watch on the global situation, economic situation, and the market momentum, and aiming to nail down the appropriate timing of listing

ABOUT SHINOKEN

Chapter 2 | About Shinoken Group



Vision

A Life Support Company for every generation across the world

Shinoken, having innovated the way of Real Estate transaction in Japan over the course of 30 years, developed its distinctive life support model that stays close throughout the lives of our customers. Now, we will extend it from Japan to the world, across borders, and to the generations of our children and grandchildren

Mission

Resolve the problems of the people and society through REaaS

By driving REaaS, more people can take place in Real Estate transaction easily and safely for a smaller price. REaaS is possible by combining innovation of business model and technology, and will resolve not only future financial anxiety but also various problems in society, which includes elderly care and the shortage of workforce

REaaS : Real Estate as a Service

Value

- **All for customers success**
- **Never forget Gratitude**
- **Challenge Spirit**

The unchangeable values in achieving the Vision and Mission, and the common code of conduct for all employees of Shinoken since the establishment

- Staying close to the lifetime of our customers from age 6 to over 100, mainly in Japan
- Driving businesses under the vision “A life support company for every generation across the world”

| WHOM | Children with disabilities | Young people with disabilities | Single residences in city areas | Company workers | Elderly |
|---------|---|---|---|--|---|
| WHAT | Learning and raising | Employment | Housing & Living | Asset development for retirement life | Housing and living |
| HOW | Development support for children (Helping out the family) | Employment transition support (Preparing) | Providing necessary services required for single type rental rooms, gas & electricity | Develop, build, sell and manage designer apartments and condominiums | Providing close to the station, convenient, modestly priced housing, and various services |
| SEGMENT | Life care | | Real estate sales Real estate service General contractor | Energy Other | Real estate service Life care |



Real estate sales business

**Purchase land,
build & sell rental residences
mainly for single people**

**“Asset development through
rental management”,
different from “Land utilization” for
land owners**

Carefully selecting land within 10 min
walk from railroad stations

Designers Apartments and Condominiums,
based on 30 years of knowledge

100% direct response marketing

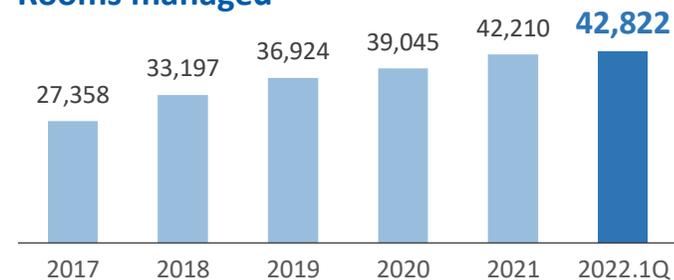
B2B sales channels such as funds and REIT, in
addition to the conventional B2C channel



Real estate service business

**Fully supporting
the living of the tenants,
rental management of the owners**

Rooms managed



Occupancy rate **99.2%**

※Property developed by Shinoken, as of Mar.31, 2022

Rent management ▪ Status report ▪ Rent payment

Leasing ▪ After service for tenants

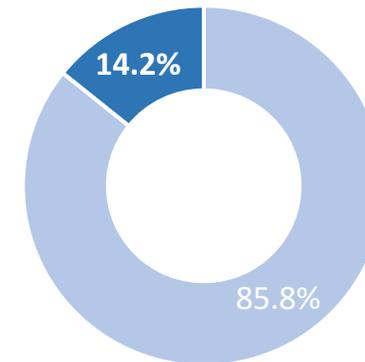
Maintenance ▪ Periodic cleaning, etc.



General contractor business

**Plan ▪ design ▪ build
buildings, condos,
individual homes, etc.**

■ Internal projects ■ External projects



※Ratio of net sales of 1Q 2022

OGAWA Construction Co., Ltd. Est.1909

Large presence in the consolidated earnings

Mainly external projects

Construction of our condominiums



Energy business

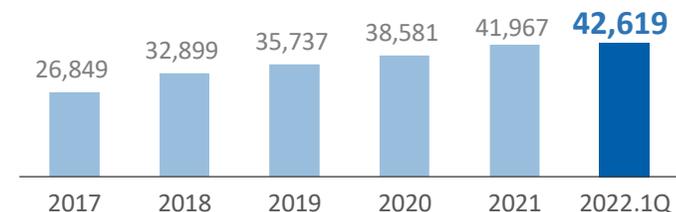
Providing safe energy mainly to residences

LPG retail contracts : **42,619**

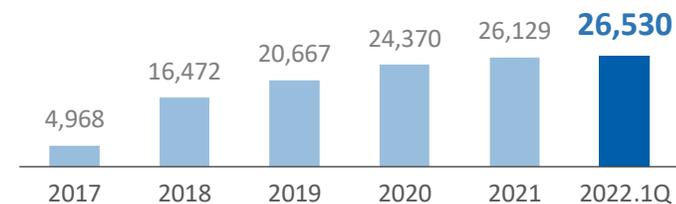
Power retail contracts : **26,530**

※As of Mar.31, 2022

LPG retail contracts



Power retail contracts





Life care business

Supporting the living of the elderly, and children with disabilities and their family

Housing for the elderly occupancy **97.7%**

Group home occupancy **98.0%**

※As of Mar.31, 2022

Ju-life plan **145 rooms**

Housing for the elderly **4 buildings**

Group homes **7 buildings**

After-school daycare **1 unit** etc.



Other

Indonesian real estate development, funds, REIT business, etc.



- Indonesian elderly care workers (19 people) arrived in Japan



This was featured in a Japanese TV program
BS TV TOKYO “NIKKEI SPECIAL”

[For details](#)



- Achieved “DX Certification” set by the Ministry of Economy, Trade and Industry

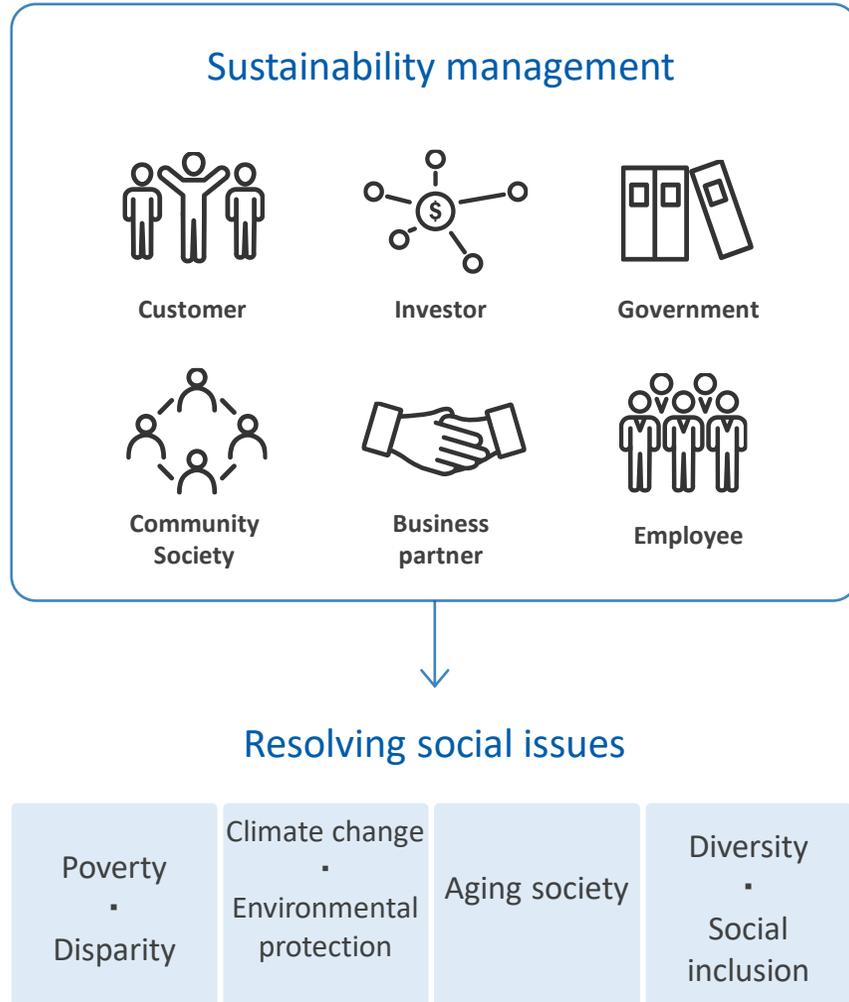


DX Certification System (The Ministry of Economy, Trade and Industry) is a system to certify businesses that are ready to promote DX, including the formulation of a vision for DX realization and the development of strategies and systems in accordance with the "Digital Governance Code".

Our group is **promoting REaaS (Real Estate as a Service), which facilitates real estate transactions from small amounts more easily and safely** through the fusion of real estate and technology.

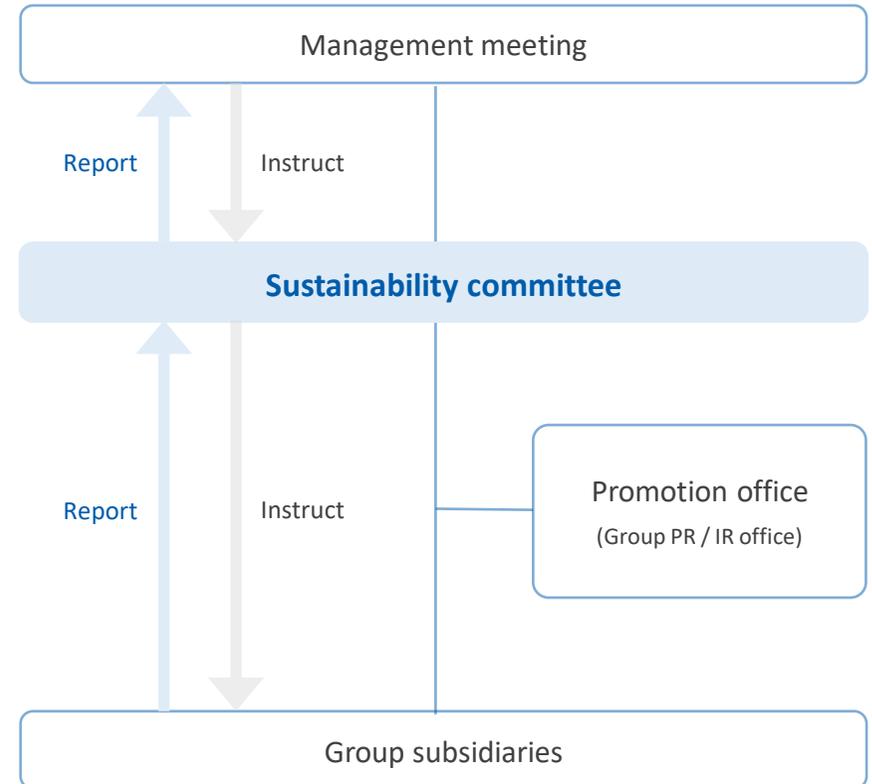
As a DX initiative, we are **developing "Real Estate Trust DX,"** which utilizes the My Number Card to ensure the reliability and safety of data that is essential to real estate transactions. In recognition of this development track record and our efforts to build a DX promotion system, Shinoken Group Co., Ltd. has been certified in April 2022.

Basic policy



Strengthening the structure

The sustainability committee is set to promote various actions including the development of sustainable products and services to resolve social issues



Contribution to SDGs

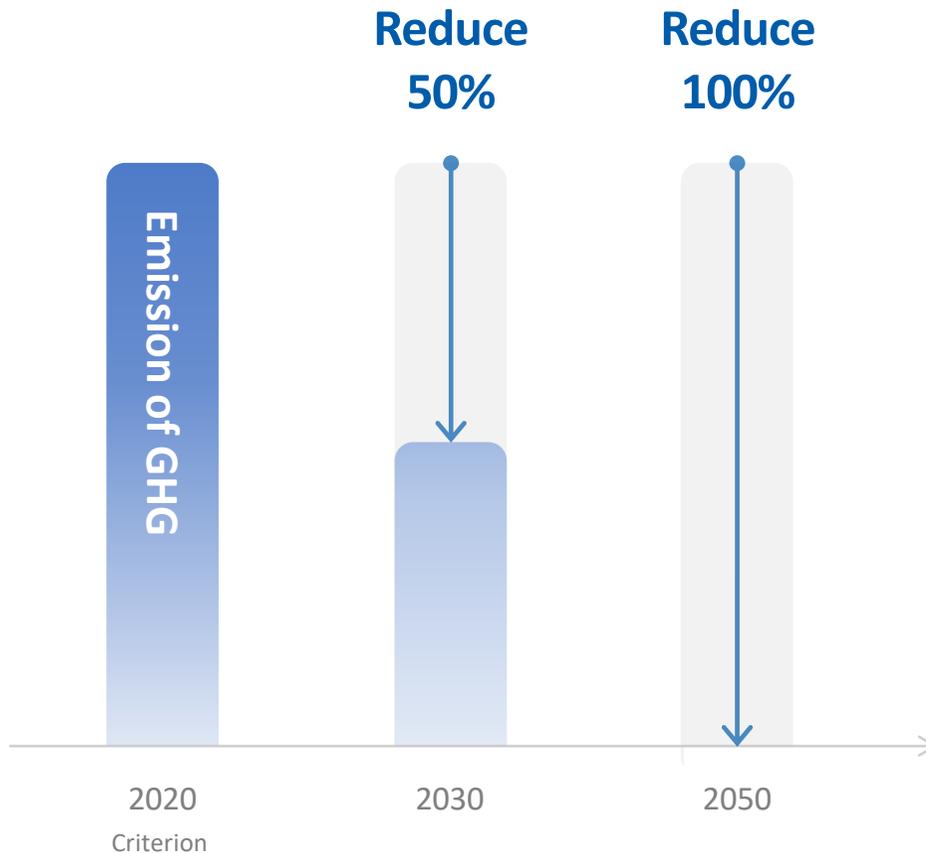
SUSTAINABLE DEVELOPMENT GOALS



Set important themes of ESG

| Item | Important themes |
|---------------------------------|--|
| <p>E Environment</p> | <ul style="list-style-type: none"> Environment protection, dealing with climate changes Environment friendly products and services |
| <p>S Society</p> | <ul style="list-style-type: none"> Social inclusion Action towards disparity problems Diversity Sustainable supply chain Compliance Respect for human rights |
| <p>G Governance</p> | <ul style="list-style-type: none"> Corporate governance Risk management |

Reduction goal of green house gas (GHG)
“Virtually zero in 2050”



Plan of 2020-2025

- Calculating GHG emission and setting / disclosing reduction goals
- Strengthen saving energy and electricity
- Advancing usage of renewable energy
- Offsetting CO2 emissions from all company vehicles

Plan of 2025-2030

- Strengthening forest management business by affiliated companies
- Strengthening the development of ZEH properties
- Challenge for the early achievement of the 50% reduction goal of 2030

Real estate sales

Apartment sales
Shinoken Produce Co., Ltd.
Condominium sales
Shinoken Harmony Co., Ltd.

Real estate service

Rental management · Condominium management
Shinoken facilities Co., Ltd.
Rental brokerage
Bacchiri chintai Co., Ltd.
Guarantee of rent, etc.
Shinoken Communications Co., Ltd.
Raising and managing real estate funds
Shinoken Asset management Co., Ltd.
Real estate technology
REaaS Technologies Co., Ltd.
POINT EDGE Co., Ltd.
Computer System Co., Ltd.
Small-amount short-term insurance
JICC SSI Co., Ltd.

Life care

Presiding company / Housing for the elderly
Shinoken Wellness Co., Ltd.
Elderly care service
Apple care Co., Ltd.
Group homes
Friend Co., Ltd.
Service for people with disabilities
Luminous Co., Ltd.

Overseas

Management of overseas business
SKG INVEST ASIA (HONG KING) LIMITED
Real estate brokerage in China
Shinoken real estate (Shanghai)
Indonesian real estate development / management
PT. Shinoken Development Indonesia
Indonesian real estate fund, etc.
PT. Shinoken Asset Management Indonesia
Real estate brokerage in Singapore
Shinoken & Hecks Pte Ltd

General contractor

Construction
OGAWA Construction Co., Ltd.

Energy

LPG retail / Power retail
SK energy Co., Ltd.

Business support

Back office
Shinoken Office Service Co., Ltd.

Equity method affiliate

Real estate development / sales
Shares held 35.8%
TSE STANDARD Ticker : 3236
Properst Co., Ltd.

This document includes statements that are based on presumptions,
forecasts and plans as of May 11th, 2022.

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.

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A life support company for
every generation across the world

