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Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

May 13, 2022

Company name: Keihanshin Building Co., Ltd.
 Stock exchange listing: Tokyo
 Code number: 8818
 URL: <http://www.keihanshin.co.jp/english/>
 Representative: Koichi Minami, President
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 Scheduled date of Annual General Meeting of Shareholders: June 21, 2022
 Scheduled date of commencing dividend payments: June 22, 2022
 Scheduled date of filing annual securities report: June 24, 2022
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	17,815	16.2	5,124	(3.2)	4,879	(4.0)	5,165	(37.4)
March 31, 2021	15,333	0.1	5,295	(2.2)	5,081	(2.6)	8,251	110.6

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 3,880 million [(52.0)%]
 Fiscal year ended March 31, 2021: ¥ 8,091 million [230.3%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	102.34	101.98	7.3	3.2	28.8
March 31, 2021	158.80	158.25	12.3	3.5	34.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ - million
 Fiscal year ended March 31, 2021: ¥ - million
 Ordinary income after tax before depreciation: Fiscal year ended March 31, 2022: ¥ 7,117 million [22.8%]
 Fiscal year ended March 31, 2021: ¥ 5,796 million [(0.1)%]

The Company has positioned ordinary income after tax before depreciation as an important management indicator.
 Ordinary income after tax before depreciation = (ordinary profit × (1 - effective tax rate) + depreciation)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	149,994	70,510	46.9	1,403.66
March 31, 2021	154,043	70,539	45.7	1,361.99

(Reference) Equity: As of March 31, 2022: ¥ 70,390 million
 As of March 31, 2021: ¥ 70,419 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	2,736	(8,652)	(5,757)	9,876
March 31, 2021	7,693	(5,566)	6,219	21,550

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	13.50	-	17.50	31.00	1,606	19.5	2.4
March 31, 2022	-	15.50	-	20.50	36.00	1,805	35.2	2.6
Fiscal year ending								
March 31, 2023 (Forecast)	-	18.00	-	18.00	36.00		42.0	

(Note) Breakdown of the year-end dividend for the fiscal year ended March 31, 2022 :

Ordinary dividend: 17.50 yen

Special dividend: 3.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	18,700	5.0	5,200	1.5	5,000	2.5	4,300	(16.8)	85.75

(Reference) : Ordinary income after tax before depreciation: ¥ 7,200 million [1.2%]

* Notes:

(1) Changes in significant subsidiaries during the period under review

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022: 50,309,498 shares

March 31, 2021: 52,184,498 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 161,781 shares

March 31, 2021: 481,029 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2022: 50,472,148 shares

Fiscal Year ended March 31, 2021: 51,964,295 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	17,511	16.5	4,927	(4.5)	4,772	(5.2)	5,122	(37.9)
March 31, 2021	15,034	0.5	5,157	(2.0)	5,034	(2.7)	8,248	110.1

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Fiscal year ended				
March 31, 2022	101.50	101.14		
March 31, 2021	158.73	158.18		

(2) Non-consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio		Net assets per share	
	Million yen	Million yen	Million yen	Million yen	%	Yen	Yen	
As of								
March 31, 2022	149,563	70,145			46.8	1,396.38		
March 31, 2021	153,682	70,216			45.6	1,355.74		

(Reference) Equity: As of March 31, 2022: ¥ 70,025 million
As of March 31, 2021: ¥ 70,096 million

*This summary is not subject to review procedures by a certified public accountant or audit firm.

*Appropriate use of business forecasts; other special items

Information described in this document, such as projections, is prepared based on available information at the time of the release this document and certain assumptions that the Company judged as rational. Actual results may be significantly different due to various factors.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2022, expectations mounted midway through the fiscal year for the Japanese economy to recover in terms of personal consumption and corporate revenue, due to progress in COVID-19 vaccination, easing of movement restrictions, and other relevant factors. However, the emergence of the Omicron variant hampered the rebound of personal consumption after the turn of the year to 2022, and the economic recovery remained moderate. In addition, a surge in crude oil prices caused by the escalating tension in Ukraine has accelerated the rise in energy and material costs, which has made the economic outlook increasingly unclear.

In the real estate leasing industry, there has been an increasing trend toward downsizing and withdrawal of business sites as well as spreading out of offices to suburban areas against the backdrop of the proliferation of remote working and other new workstyles, which raised the vacancy rate and put a downward pressure on rent levels. Meanwhile, demand for datacenters remained strong on the whole, thanks to an increase in data communication volume due to development in cloud services driven by the spread of remote working, among other factors.

Under such circumstances, the Group focused on operating activities and maintained an extremely high occupancy rate, with the vacancy rate as of March 31, 2022 at 0.31%. In April 2021, we completed the construction of the Keihanshin OBP Building, a datacenter building in Osaka which we had been working on as an investment project under our Mid-Term Business Plan “Challenges from here: Into the new stage of growth.” This has contributed to the expansion of our business foundations.

As a result, consolidated net sales for the fiscal year ended March 31, 2022 increased by 2,481 million yen (16.2%) year-on-year to 17,815 million yen, chiefly due to proceeds from the OBP Building. However, gross profit declined by 178 million yen (2.6%) year-on-year to 6,664 million yen due to an increase in cost of sales, including real estate acquisition tax and other initial expenses of the OBP Building. Accordingly, operating profit declined by 170 million yen (3.2%) year-on-year to 5,124 million yen and ordinary profit declined by 202 million yen (4.0%) year-on-year to 4,879 million yen.

Profit attributable to owners of parent amounted to 5,165 million yen, a decrease of 3,086 million yen (37.4%) year-on-year, chiefly due to a decrease in extraordinary income from the sale of investment securities.

The Group operates under a single segment of the “Building lease business,” which is primarily engaged in the leasing of land and buildings. The status of each business division operated by the Group is as follows.

1) Office Buildings

The Group owns and leases a total of eight office buildings, mainly in business areas of Osaka and Tokyo. We are developing safe and comfortable office buildings equipped with the latest features. Even with aged buildings, we strive to offer comfortable business spaces comparable to new buildings by means of systematic facility renewal and maintenance. Furthermore, at the newest buildings, we meet BCP needs by leveraging our expertise in the operation of datacenter buildings.

While office vacancy rates have been increasing due to the progress of workstyle reforms triggered by the COVID-19 pandemic, the impact on the Group’s office building business has been currently minimal and we have maintained high occupancy rates. Owing to the completion of the Toranomom Building and the contribution from rental income thanks to improved occupancy rates of existing buildings, consolidated net sales from the office building business amounted to 4,286 million yen (net sales ratio: 24.1%).

2) Datacenter Buildings

The Group is developing datacenter buildings mainly in the city center of Osaka, and owns and leases a total of eight datacenter buildings, including the OBP Building, which was completed in April 2021. The Group’s urban-type datacenter buildings boast the latest specifications including advanced disaster-prevention functions by the adoption of seismic isolation structures, among others, stable power supplies in emergencies

utilizing large emergency-use generators, and state-of-the-art security systems. Furthermore, our solid maintenance and management services based on our rich track record of datacenter building leases over more than 30 years are also highly regarded.

Against the backdrop of promotion of digital transformation (DX), the demand for datacenters is expected to remain robust, along with increases in data communication volume. Owing to the contribution from the OBP Building's rental income and increased occupancy rates for equipment rooms of existing buildings, consolidated net sales from the datacenter building business stood at 9,073 million yen (net sales ratio: 50.9%).

3) WINS Buildings

WINS buildings refer to the facilities that sell off-track betting tickets for Japan Racing Association (JRA) races held all over Japan. The Group owns and leases a total of five WINS buildings in the central area of the cities of Kyoto, Osaka, and Kobe. Since the Group's founding, the WINS building business has continued to be one of our core businesses that generate stable revenue. To provide safe, convenient, and comfortable premises to horse-racing fans, we have continued to clean up and make improvements to the facilities.

While the share of sales of betting tickets at WINS buildings is on a declining trend as online betting has become widespread due to the COVID-19 pandemic, the impact on our business performance is minimal owing to the leasing system by fixed rent. Consolidated net sales from the WINS building business amounted to 3,473 million yen (net sales ratio: 19.5%).

4) Commercial Buildings and Logistics Warehouses

The Group has been developing the leasing business for commercial buildings and logistics warehouses since the 1970s. We used to have road-side-type commercial facilities located across Japan, but these have been progressively sold in response to changing needs and we are currently promoting acquisition of more conveniently located properties in accordance with our Mid-Term Business Plan. The Group owns and leases five commercial buildings and logistics warehouses in the country, particularly in the Kansai Region and the Tokyo metropolitan area.

The impact of the COVID-19 pandemic on our facilities has been minor even for comparatively easily affected commercial buildings, as they are leased to retailers of daily necessities such as supermarkets. Also, strong demand for logistics warehouses is predicted to continue due to factors such as the proliferation of electronic commerce (EC). Consolidated net sales from the commercial buildings and logistics warehouses business stood at 982 million yen (net sales ratio: 5.5%).

(2) Overview of Financial Condition for the Fiscal Year under Review

1) Assets

Total assets at the end of the fiscal year ended March 31, 2022 amounted to 149,994 million yen, a decrease of 4,048 million yen (2.6%) from the end of the previous fiscal year. This was mainly due to a decrease of 11,674 million yen in cash and deposits as a result of the final payment for the OBP Building and a decrease of 2,134 million yen in investment securities due to the sale of listed stock, despite an increase of 8,393 million yen in property, plant and equipment due to factors such as the completion of the OBP Building and an increase of 1,850 million yen in consumption taxes refund receivable as a result of posting large amounts of suspense consumption tax paid in conjunction with the completion of the OBP Building.

2) Liabilities

Total liabilities at the end of the fiscal year ended March 31, 2022 amounted to 79,484 million yen, a decrease of 4,019 million yen (4.8%) from the end of the previous fiscal year. This was mainly due to a decrease of 2,529 million yen in income taxes payable and a decrease of 1,785 million yen in interest-bearing debt as a result of repayment.

3) Net Assets

Total net assets at the end of the fiscal year ended March 31, 2022 amounted to 70,510 million yen, a

decrease of 29 million yen (0.0%) compared to the end of the previous fiscal year. This was due to a decrease of 1,284 million yen in valuation difference on available-for-sale securities, despite an increase of 789 million yen in retained earnings and an increase of 465 million yen in treasury shares.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year ended March 31, 2022 amounted to 9,876 million yen, a decrease of 11,674 million yen from the end of the previous fiscal year. The status of each type of cash flows and reasons for cash inflow or outflow are as follows.

1) Cash Flows from Operating Activities

Net cash provided by operating activities amounted to 2,736 million yen (7,693 million yen provided in the previous fiscal year). Major inflows were 7,426 million yen in profit before income taxes and 3,731 million yen in depreciation. Major outflows were 4,774 million yen in income taxes paid and extraordinary income including 2,164 million yen in gain on sale of investment securities.

2) Cash Flows from Investing Activities

Net cash used in investing activities amounted to 8,652 million yen (5,566 million yen used in the previous fiscal year). Major inflows were 2,468 million yen from the sale of investment securities and 1,262 million yen from the sale of property, plant and equipment. Major outflows were 12,479 million yen from the purchase of property, plant and equipment.

3) Cash Flows from Financing Activities

Net cash used in financing activities amounted to 5,757 million yen (6,219 million yen provided in the previous fiscal year). This was due to the purchase of treasury shares of 2,290 million yen, repayments of long-term borrowings of 1,785 million yen, and dividends paid of 1,681 million yen.

(4) Future Outlook

For the fiscal year ending March 31, 2023, we are expecting a net sales of 18,700 million yen (an increase of 884 million yen (5.0%) year-on-year), an operating profit of 5,200 million yen (an increase of 75 million yen (1.5%) year-on-year), and an ordinary profit of 5,000 million yen (an increase of 120 million yen (2.5%) year-on-year), supported by an improved occupancy rate of the OBP Building completed in April 2021. Ordinary income after tax before depreciation, an important management indicator for the company, is expected to be 7,200 million yen (an increase of 82 million yen (1.2%) year-on-year). With a decrease in the large gains posted in the fiscal year under review under extraordinary income, the estimated profit attributable to owners of parent is 4,300 million yen (a decrease of 865 million yen (16.8%) year-on-year).

While it is uncertain when the spread of COVID-19 will be contained, in the real estate leasing industry as well, it is necessary to continue to keep a close watch on the rise in vacancy rates against the backdrop of the downsizing of office spaces as a result of reexamination of the significance of offices, and we cannot be optimistic about the future outlook. However, the impact of COVID-19 on the Group's business performance has been currently minimal as the number of tenant departures and requests for rent reductions by tenants have been limited.

At the moment, it is unclear how the electricity price increase caused by surging crude oil prices and transportation costs due to aggravated or prolonged conflict between Russia and Ukraine will affect our business in the future. We will continue to keep a close watch on the situation and, going forward, properly disclose information if there is any change.

2. Basic Concept for Selection of Accounting Standards

To ensure that data are comparable with previous years, the Group intends to prepare consolidated financial statements based on Japanese GAAP for the time being. Going forward, we will consider application of IFRS (International Financial Reporting Standards) in light of the status of adoption by other companies.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	21,550,649	9,876,282
Notes and accounts receivable - trade	331,797	-
Accounts receivable - trade	-	381,901
Other	720,947	2,002,494
Total current assets	22,603,394	12,260,678
Non-current assets		
Property, plant and equipment		
Buildings and structures	70,499,470	102,575,415
Accumulated depreciation	(39,354,505)	(42,648,900)
Buildings and structures, net	31,144,965	59,926,514
Land	52,424,697	52,058,390
Buildings in trust	3,343,060	3,343,060
Accumulated depreciation	(1,418,331)	(1,586,289)
Buildings in trust, net	1,924,729	1,756,770
Land in trust	11,038,280	11,038,280
Construction in progress	19,990,264	80,790
Other	932,810	1,036,864
Accumulated depreciation	(689,991)	(738,174)
Other, net	242,818	298,690
Total property, plant and equipment	116,765,755	125,159,437
Intangible assets	125,912	126,838
Investments and other assets		
Investment securities	11,910,639	9,775,728
Leasehold and guarantee deposits	2,193,646	2,193,581
Deferred tax assets	12,668	14,808
Other	431,365	463,496
Total investments and other assets	14,548,320	12,447,614
Total non-current assets	131,439,988	137,733,890
Total assets	154,043,383	149,994,569

(Thousand yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,533	342
Short-term borrowings	4,285,200	4,090,550
Income taxes payable	3,043,744	514,339
Provision for bonuses	38,609	43,730
Other	2,207,845	3,559,334
Total current liabilities	9,578,931	8,208,296
Non-current liabilities		
Bonds payable	45,000,000	45,000,000
Long-term borrowings	17,359,950	15,769,400
Long-term leasehold and guarantee deposits received	7,867,733	7,866,045
Deferred tax liabilities	1,759,638	1,093,669
Deferred tax liabilities for land revaluation	1,214,541	1,214,541
Retirement benefit liability	63,770	67,171
Asset retirement obligations	114,570	114,944
Other	544,556	150,027
Total non-current liabilities	73,924,761	71,275,799
Total liabilities	83,503,692	79,484,095
Net assets		
Shareholders' equity		
Share capital	9,827,611	9,827,611
Capital surplus	9,199,840	9,199,840
Retained earnings	50,938,631	51,728,266
Treasury shares	(697,656)	(232,293)
Total shareholders' equity	69,268,426	70,523,424
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,683,794	4,399,579
Revaluation reserve for land	(4,532,546)	(4,532,546)
Total accumulated other comprehensive income	1,151,248	(132,966)
Share acquisition rights	120,015	120,015
Total net assets	70,539,690	70,510,473
Total liabilities and net assets	154,043,383	149,994,569

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	15,333,960	17,815,768
Cost of sales	8,491,012	11,151,283
Gross profit	6,842,947	6,664,485
Selling, general and administrative expenses	1,547,429	1,539,648
Operating profit	5,295,518	5,124,836
Non-operating income		
Interest income	498	406
Dividend income	290,777	261,594
Other	12,268	11,863
Total non-operating income	303,544	273,864
Non-operating expenses		
Interest expenses	164,380	164,751
Interest on bonds	307,208	335,600
Bond issuance costs	33,220	-
Other	12,589	19,221
Total non-operating expenses	517,398	519,572
Ordinary profit	5,081,663	4,879,128
Extraordinary income		
Gain on sale of non-current assets	803,567	376,872
Gain on sale of investment securities	6,032,219	2,164,692
Other	1,320	45,254
Total extraordinary income	6,837,107	2,586,820
Extraordinary losses		
Loss on retirement of non-current assets	12,767	38,712
Other	-	317
Total extraordinary losses	12,767	39,030
Profit before income taxes	11,906,003	7,426,918
Income taxes - current	3,735,434	2,334,001
Income taxes - deferred	(81,235)	(72,288)
Total income taxes	3,654,199	2,261,712
Profit	8,251,804	5,165,205
Profit attributable to owners of parent	8,251,804	5,165,205

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	8,251,804	5,165,205
Other comprehensive income		
Valuation difference on available-for-sale securities	(160,435)	(1,284,215)
Total other comprehensive income	(160,435)	(1,284,215)
Comprehensive income	8,091,368	3,880,990
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,091,368	3,880,990
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,827,611	9,199,840	45,281,222	(1,200,452)	63,108,221
Changes during period					
Dividends of surplus			(1,507,194)		(1,507,194)
Profit attributable to owners of parent			8,251,804		8,251,804
Reversal of revaluation reserve for land			(163,667)		(163,667)
Purchase of treasury shares				(467,991)	(467,991)
Disposal of treasury shares		(9,097)		56,351	47,253
Cancellation of treasury shares		(914,436)		914,436	-
Transfer from retained earnings to capital surplus		923,534	(923,534)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	5,657,408	502,795	6,160,204
Balance at end of period	9,827,611	9,199,840	50,938,631	(697,656)	69,268,426

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income		
Balance at beginning of period	5,844,230	(4,696,213)	1,148,016	121,518	64,377,755
Changes during period					
Dividends of surplus					(1,507,194)
Profit attributable to owners of parent					8,251,804
Reversal of revaluation reserve for land					(163,667)
Purchase of treasury shares					(467,991)
Disposal of treasury shares					47,253
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	(160,435)	163,667	3,232	(1,502)	1,729
Total changes during period	(160,435)	163,667	3,232	(1,502)	6,161,934
Balance at end of period	5,683,794	(4,532,546)	1,151,248	120,015	70,539,690

For the fiscal year ended March 31,2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,827,611	9,199,840	50,938,631	(697,656)	69,268,426
Changes during period					
Dividends of surplus			(1,682,103)		(1,682,103)
Profit attributable to owners of parent			5,165,205		5,165,205
Purchase of treasury shares				(2,290,989)	(2,290,989)
Disposal of treasury shares		(1,178)		64,064	62,886
Cancellation of treasury shares		(2,692,288)		2,692,288	-
Transfer from retained earnings to capital surplus		2,693,466	(2,693,466)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	789,635	465,363	1,254,998
Balance at end of period	9,827,611	9,199,840	51,728,266	(232,293)	70,523,424

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income		
Balance at beginning of period	5,683,794	(4,532,546)	1,151,248	120,015	70,539,690
Changes during period					
Dividends of surplus					(1,682,103)
Profit attributable to owners of parent					5,165,205
Purchase of treasury shares					(2,290,989)
Disposal of treasury shares					62,886
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	(1,284,215)	-	(1,284,215)	-	(1,284,215)
Total changes during period	(1,284,215)	-	(1,284,215)	-	(29,216)
Balance at end of period	4,399,579	(4,532,546)	(132,966)	120,015	70,510,473

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	11,906,003	7,426,918
Depreciation	2,270,205	3,731,089
Share-based payment expenses	36,575	56,324
Increase (decrease) in retirement benefit liability	(11,579)	3,400
Increase (decrease) in provision for bonuses	5,637	5,121
Interest and dividend income	(291,275)	(262,000)
Interest expenses	164,380	164,751
Interest expenses on bonds	307,208	335,600
Bond issuance costs	33,220	-
Loss (gain) on sale of investment securities	(6,032,219)	(2,164,692)
Loss (gain) on sale of property, plant and equipment	(803,567)	(376,554)
Loss on retirement of property, plant and equipment	12,767	38,712
Other extraordinary loss (income)	(1,320)	(45,254)
Decrease (increase) in trade receivables	(494,685)	465,116
Increase (decrease) in trade payables	2,571,092	254,555
Decrease (increase) in consumption taxes refund receivable	-	(1,850,128)
Increase (decrease) in accrued consumption taxes	(50,656)	(55,767)
Other, net	8,686	24,690
Subtotal	9,630,472	7,751,882
Interest and dividends received	291,275	262,000
Interest paid	(454,246)	(503,106)
Income taxes paid	(1,774,394)	(4,774,520)
Net cash provided by (used in) operating activities	7,693,107	2,736,255
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,344,906)	(12,479,003)
Proceeds from sale of property, plant and equipment	1,269,467	1,262,359
Purchase of intangible assets	(23,084)	(24,232)
Purchase of investment securities	-	(50,029)
Proceeds from sale of investment securities	6,530,292	2,468,043
Proceeds from contribution received for construction	-	143,510
Other, net	1,555	26,509
Net cash provided by (used in) investing activities	(5,566,675)	(8,652,843)
Cash flows from financing activities		
Proceeds from long-term borrowings	5,000,000	-
Repayments of long-term borrowings	(1,756,800)	(1,785,200)
Proceeds from issuance of bonds	5,000,000	-
Payments for issuance of bonds	(49,703)	-
Purchase of treasury shares	(467,991)	(2,290,989)
Dividends paid	(1,506,390)	(1,681,590)
Other, net	15	-
Net cash provided by (used in) financing activities	6,219,129	(5,757,779)
Net increase (decrease) in cash and cash equivalents	8,345,561	(11,674,366)
Cash and cash equivalents at beginning of period	13,205,088	21,550,649
Cash and cash equivalents at end of period	21,550,649	9,876,282

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as “Accounting Standard for Revenue Recognition”), etc., effective from the beginning of the fiscal year ended March 31, 2022. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The application of the Accounting Standard for Revenue Recognition, etc. has no impact on the consolidated financial statements.

Furthermore, notes and accounts receivable - trade, which was presented under current assets in the consolidated balance sheets for the fiscal year ended March 31, 2021, is included in accounts receivable - trade from the fiscal year ended March 31, 2022. However, in accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the fiscal year ended March 31, 2021 have not been reclassified based on the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as “Accounting Standard for Fair Value Measurement”), etc., effective from the beginning of the fiscal year ended March 31, 2022, and in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement, etc. into the future. This application has no impact on the consolidated financial statements.

(Segment information)

I. For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

As stated in “II. For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022), (Matters pertaining to changes in reportable segments).”

II. For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

Statement is omitted as the Group operates under the single segment of the “Building lease business.”

(Matters pertaining to changes in reportable segments)

The Group had previously divided its reportable segments into the “Building lease business” and “Other.” However, in light of such factors as the Group’s business development, allocation of management resources, and actual conditions of its business management system, the Group has determined that it is appropriate to manage its business operations under the single segment of the “Building lease business.”

As a result of this change, segment information for the fiscal year ended March 31, 2021 and the fiscal year ended March 31, 2022 has been omitted.

(Per share information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	1,361.99 yen	1,403.66 yen
Basic earnings per share	158.80 yen	102.34 yen
Diluted earnings per share	158.25 yen	101.98 yen

(Notes) 1. The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	8,251,804	5,165,205
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent pertaining to common shares (thousand yen)	8,251,804	5,165,205
Average number of common shares during the period (thousand shares)	51,964	50,472
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (thousand yen)	—	—
Increase in the number of common shares (thousand shares)	180	176
(of which share acquisition rights (thousand shares))	(180)	(176)
Summary of potentially dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect		—

2. The basis for calculation of net assets per share is as follows:

	As of March 31, 2021	As of March 31, 2022
Total net assets (thousand yen)	70,539,690	70,510,473
Amount to be deducted from total net assets (thousand yen)	120,015	120,015
(of which share acquisition rights (thousand yen))	(120,015)	(120,015)
Total net assets pertaining to common shares at the end of the period (thousand yen)	70,419,674	70,390,457
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	51,703	50,147

(Significant subsequent events)

(Sales of investment securities)

On May 13, 2022, the Board of Directors passed a resolution to sell a portion of the Company's investment securities (one listed stock). As a result, the Company is expected to post a gain on sale of investment securities of approximately 900 million yen as extraordinary income for the fiscal year ending March 31, 2023.