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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

October 28, 2022

Company name: Keihanshin Building Co., Ltd.  
 Stock exchange listing: Tokyo  
 Code number: 8818  
 URL: <http://www.keihanshin.co.jp/english/>  
 Representative: Tsuneo Wakabayashi, President  
 Contact: Toshiki Tabuchi, Executive Officer, General Manager (Finance & Accounting Dept)  
 Phone: 06-6202-7331  
 Scheduled date of filing quarterly securities report: November 04, 2022  
 Scheduled date of commencing dividend payments: December 05, 2022  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: Yes

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 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	%
Six months ended September 30, 2022	9,330	5.7	3,072	30.1	2,973	32.5	2,747	74.9
September 30, 2021	8,824	15.3	2,361	(20.9)	2,243	(23.2)	1,570	(39.0)

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 2,018 million [ 0.5%]

Six months ended September 30, 2021: ¥ 2,008 million [(61.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	55.09	54.94
September 30, 2021	30.93	30.82

(Reference) Ordinary income after tax before depreciation Six months ended September 30, 2022: ¥ 3,968 million [ 17.2%]

Six months ended September 30, 2021: ¥ 3,386 million [ 8.3%]

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
	Million yen	Million yen	%
As of September 30, 2022	148,930	70,075	47.0
March 31, 2022	149,994	70,510	46.9

(Reference) Equity: As of September 30, 2022: ¥ 69,998 million

As of March 31, 2022: ¥ 70,390 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	15.50	-	20.50	36.00
Fiscal year ending March 31, 2023	-	18.00			
Fiscal year ending March 31, 2023 (Forecast)			-	18.00	36.00

(Note) Revision to the forecast for dividends announced most recently: No

## 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)	87.44

(Note) Revision to the financial results forecast announced most recently: No

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

### \* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

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

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

September 30, 2022: 50,309,498 shares

March 31, 2022: 50,309,498 shares

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

September 30, 2022: 1,134,472 shares

March 31, 2022: 161,781 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 49,863,934 shares

Six months ended September 30, 2021: 50,792,900 shares

\*This summary is not subject to quarterly 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. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the second quarter of the fiscal year ending March 31, 2023, while the Japanese economy was expected to recover toward resuming social and economic activities due to gradual easing of movement restrictions and border measures caused by COVID-19, the economic outlook still remains unclear. With the price surge triggered by the situation in Russia and Ukraine and the rapid depreciation of the yen, concerns about business confidence are increasing. In the real estate leasing industry, there has been an increasing trend of the proliferation of remote working and other new workstyles and the reexamination of significance of business sites, while the supply of office buildings is likely to increase due to the new large-scale development at business areas. Therefore, it is necessary to keep a close watch on the real estate market conditions.

Under such circumstances, Keihanshin Building Co., Ltd. (“the Group”) maintained high occupancy rate, with the vacancy rate at 0.49%. In terms of existing buildings, we will strive to enhance their asset value through preventive maintenance against natural disasters and promotion of energy saving, maintain competitive edge against surrounding buildings and actively work on new investments for our further growth.

For the six months ended September 30, 2022, consolidated net sales increased by 506 million yen (5.7%) year-on-year to 9,330 million yen due mainly to the contribution from income of the OBP Building with excellent occupancy rate, which was completed in April last year. Meanwhile, as for cost of sales, due to decreases in one-time burdens including real estate acquisition tax associated with acquisition of the OBP Building (652 million yen), operating profit increased by 711 million yen (30.1%) year-on-year to 3,072 million yen, ordinary profit increased by 730 million yen (32.5%) to 2,973 million yen and profit attributable to owners of parent amounted to 2,747 million yen, an increase of 1,176 million yen (74.9%) year-on-year, due to the recording of 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.

	Six months ended September 30, 2021		Six months ended September 30, 2022	
	Net sales (million yen)	Rate (%)	Net sales (million yen)	Rate (%)
Office building business	2,132	24.2	2,161	23.1
Datacenter building business	4,469	50.6	4,850	52.0
WINS building business	1,730	19.6	1,825	19.6
Commercial buildings and logistics warehouses business	491	5.6	492	5.3
Total	8,824	100.0	9,330	100.0

#### 1) Office Buildings Business

The Group owns and leases a total of eight office buildings, mainly in business areas of Osaka and Tokyo. The newest buildings have advanced BCP functions leveraging our expertise in the operation of datacenter buildings. Even with aged buildings, we strive to offer comfortable and safe business spaces comparable to new buildings by means of planned facility renewal and maintenance.

Office vacancy rates have been increasing as the significance of offices has been reconsidered due to the progress of workstyle reforms triggered by the COVID-19 pandemic. However, the impact on the Group’s office building business has been currently minimal and we have maintained high occupancy rates. Owing to the increase in rental income thanks to an improved occupancy rate of the Toranomom Building, consolidated net sales from the office building business for the six months ended September 30, 2022 amounted to 2,161 million yen, an increase of 28 million yen (1.4%) year-on-year.

## 2) Datacenter Buildings Business

The Group owns and leases eight urban-type datacenter buildings in Osaka. The Group's 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.

Owing to the contribution from rental income of the OBP Building which was completed in April 2021 and an increased occupancy rate for equipment rooms of existing buildings, consolidated net sales from the datacenter building business for the six months ended September 30, 2022 stood at 4,850 million yen, an increase of 381 million yen (8.5%) year-on-year.

## 3) WINS Buildings Business

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. The WINS buildings business, history of which dates back to the Group's founding, has continued to be one of our core businesses that generate stable revenue for many years.

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 for the six months ended September 30, 2022 amounted to 1,825 million yen, an increase of 94 million yen (5.5%) year-on-year.

## 4) Commercial Buildings and Logistics Warehouses Business

The Group has been developing the leasing business for commercial buildings and logistics warehouses since the 1970s, and owns and leases five commercial buildings and logistics warehouses in the country, particularly in the Kansai Region and the Tokyo metropolitan area. We used to have road-side-type commercial facilities located across Japan, but these have been progressively sold in response to changing needs of the times and we are currently promoting acquisition of more conveniently located properties in accordance with our Mid-Term Business Plan. The impact of the COVID-19 pandemic on our facilities has been minor, as our commercial buildings 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 EC (electronic commerce). Consolidated net sales from the commercial buildings and logistics warehouses business for the six months ended September 30, 2022 stood at 492 million yen, an increase of 1 million yen (0.3%) year-on-year.

## (2) Explanation of Financial Condition

### 1) Assets, liabilities and net assets

Total assets at the end of the six months ended September 30, 2022 amounted to 148,930 million yen, a decrease of 1,063 million yen (0.7%) from the end of the previous fiscal year. This was mainly due to a decrease of 1,850 million yen in consumption taxes refund receivable due to tax refund, a decrease of 1,147 million yen in investment securities due to sale and a decrease of 854 million yen in property, plant and equipment due to the recording of depreciation, despite an increase of 2,488 million yen in cash and deposits.

Total liabilities at the end of the six months ended September 30, 2022 amounted to 78,855 million yen, a decrease of 628 million yen (0.8%) from the end of the previous fiscal year. This was mainly due to a decrease of 1,001 million yen in interest-bearing debt as a result of repayment, despite an increase of 529 million yen in income taxes payable.

Total net assets at the end of the six months ended September 30, 2022 amounted to 70,075 million yen, a decrease of 435 million yen (0.6%) compared to the end of the previous fiscal year. This was mainly due to a decrease of 1,319 million yen in treasury shares and a decrease of 728 million yen in valuation difference on available-for-sale securities, despite an increase of 1,656 million yen in retained earnings reflecting the recording

of 2,747 million yen of profit attributable to owners of parent, 1,028 million yen of dividend of surplus, and other factors.

## 2) Cash flows

Cash and cash equivalents at the end of the six months ended September 30, 2022 amounted to 12,364 million yen, an increase of 2,488 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.

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,632 million yen (9 million yen used in the same period of the previous fiscal year). Major inflows were 3,957 million yen in profit before income taxes, 1,904 million yen in depreciation, and 1,850 million yen of consumption taxes refund receivable posted at the end of previous fiscal year. Major outflows were gain on sale of investment securities of 1,006 million yen in extraordinary income and a decrease of 830 million yen in trade payable.

### (Cash flows from investing activities)

Net cash provided by investing activities amounted to 385 million yen (10,728 million yen used in the same period of the previous fiscal year). This was mainly due to purchase of property, plant and equipment of 702 million yen, despite proceeds from sale of investment securities of 1,087 million yen.

### (Cash flows from financing activities)

Net cash used in financing activities amounted to 3,528 million yen (4,168 million yen used in the same period of the previous fiscal year). This was mainly due to share repurchase of 1,499 million yen, dividends paid of 1,027 million yen, and repayments of long-term borrowings of 801 million yen.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no change in the consolidated financial results forecast announced on May 13, 2022. The progress of consolidated financial results at the end of the six months ended September 30, 2022 is as originally planned. In the real estate leasing industry, the rise in vacancy rates associated with reexamination of the significance of business sites triggered by the COVID-19 is an issue to keep a close watch on, 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.

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of September 30,2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,876,282	12,364,575
Accounts receivable - trade	381,901	516,339
Other	2,002,494	354,761
Total current assets	12,260,678	13,235,675
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,575,415	103,075,135
Accumulated depreciation	(42,648,900)	(43,856,092)
Buildings and structures, net	59,926,514	59,219,042
Land	52,058,390	52,058,390
Buildings in trust	3,343,060	3,343,060
Accumulated depreciation	(1,586,289)	(1,670,268)
Buildings in trust, net	1,756,770	1,672,791
Land in trust	11,038,280	11,038,280
Construction in progress	80,790	29,940
Other	1,036,864	1,039,063
Accumulated depreciation	(738,174)	(752,287)
Other, net	298,690	286,775
Total property, plant and equipment	125,159,437	124,305,220
Intangible assets	126,838	116,526
Investments and other assets		
Investment securities	9,775,728	8,627,802
Other	2,671,886	2,645,354
Total investments and other assets	12,447,614	11,273,156
Total non-current assets	137,733,890	135,694,904
Total assets	149,994,569	148,930,579

(Thousand yen)

	As of March 31,2022	As of September 30,2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	342	785
Short-term borrowings	4,090,550	3,874,200
Income taxes payable	514,339	1,043,833
Provisions	43,730	42,747
Other	3,559,334	3,590,751
Total current liabilities	8,208,296	8,552,317
Non-current liabilities		
Bonds payable	45,000,000	45,000,000
Long-term borrowings	15,769,400	14,984,100
Retirement benefit liability	67,171	72,486
Asset retirement obligations	114,944	115,131
Other	10,324,283	10,131,467
Total non-current liabilities	71,275,799	70,303,185
Total liabilities	79,484,095	78,855,503
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,827,611	9,827,611
Capital surplus	9,199,840	9,199,840
Retained earnings	51,728,266	53,384,901
Treasury shares	(232,293)	(1,552,227)
Total shareholders' equity	70,523,424	70,860,126
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,399,579	3,671,391
Revaluation reserve for land	(4,532,546)	(4,532,546)
Total accumulated other comprehensive income	(132,966)	(861,154)
Share acquisition rights	120,015	76,104
Total net assets	70,510,473	70,075,076
Total liabilities and net assets	149,994,569	148,930,579



Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	8,824,083	9,330,197
Cost of sales	5,712,444	5,450,201
Gross profit	3,111,639	3,879,996
Selling, general and administrative expenses	750,503	807,176
Operating profit	2,361,135	3,072,819
Non-operating income		
Interest income	98	2,861
Dividend income	140,907	145,390
Other	6,477	4,504
Total non-operating income	147,484	152,756
Non-operating expenses		
Interest expenses	84,776	76,195
Interest on bonds	169,201	169,201
Other	11,206	6,602
Total non-operating expenses	265,184	251,999
Ordinary profit	2,243,434	2,973,577
Extraordinary income		
Gain on sale of investment securities	10,852	1,006,262
Contribution for construction	20,300	-
Other	-	500
Total extraordinary income	31,152	1,006,763
Extraordinary losses		
Loss on sale of non-current assets	317	-
Loss on retirement of non-current assets	3,610	23,280
Total extraordinary losses	3,928	23,280
Profit before income taxes	2,270,659	3,957,060
Income taxes - current	792,346	986,433
Income taxes - deferred	(92,500)	223,553
Total income taxes	699,845	1,209,986
Profit	1,570,813	2,747,073
Profit attributable to owners of parent	1,570,813	2,747,073

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	1,570,813	2,747,073
Other comprehensive income		
Valuation difference on available-for-sale securities	437,881	(728,187)
Total other comprehensive income	437,881	(728,187)
Comprehensive income	2,008,695	2,018,885
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,008,695	2,018,885
Comprehensive income attributable to non-controlling interests	-	-

## Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,270,659	3,957,060
Depreciation	1,829,713	1,904,597
Share-based payment expenses	24,881	34,136
Increase (decrease) in retirement benefit liability	2,476	5,315
Increase (decrease) in provision for bonuses	8,408	(983)
Interest and dividend income	(141,006)	(148,252)
Interest expenses	84,776	76,195
Interest expenses on bonds	169,201	169,201
Loss (gain) on sale of investment securities	(10,852)	(1,006,262)
Loss (gain) on sale of property, plant and equipment	317	-
Loss on retirement of property, plant and equipment	3,610	23,280
Proceeds from contribution for construction	(20,300)	-
Other extraordinary loss (income)	-	(500)
Decrease (increase) in trade receivables	279,188	(284,890)
Increase (decrease) in trade payables	365,111	(830,703)
Decrease (increase) in consumption taxes refund receivable	(1,789,391)	1,850,128
Increase (decrease) in accrued consumption taxes	(59,105)	456,695
Other, net	5,380	4,687
Subtotal	3,023,069	6,209,705
Interest and dividends received	141,006	148,252
Interest paid	(254,464)	(245,893)
Income taxes paid	(2,919,122)	(480,015)
Net cash provided by (used in) operating activities	(9,510)	5,632,048
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,752,439)	(702,654)
Proceeds from sale of property, plant and equipment	1,922	-
Purchase of intangible assets	(11,069)	-
Proceeds from sale of investment securities	31,805	1,087,783
Other, net	1,555	-
Net cash provided by (used in) investing activities	(10,728,224)	385,128
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	-	(200,000)
Repayments of long-term borrowings	(973,550)	(801,650)
Purchase of treasury shares	(2,290,689)	(1,499,981)
Dividends paid	(904,470)	(1,027,319)
Other, net	-	65
Net cash provided by (used in) financing activities	(4,168,709)	(3,528,885)
Net increase (decrease) in cash and cash equivalents	(14,906,445)	2,488,292
Cash and cash equivalents at beginning of period	21,550,649	9,876,282
Cash and cash equivalents at end of period	6,644,204	12,364,575

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Segment information)

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

(Significant subsequent events)

Not applicable.