

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Year Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

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 Annual General Meeting of Shareholders: June 20, 2023
 Scheduled date of commencing dividend payments: June 21, 2023
 Scheduled date of filing annual securities report: June 23, 2023
 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, 2023 (April 01, 2022 to March 31, 2023)

(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, 2023	18,879	6.0	5,375	4.9	5,040	3.3	4,186	(18.9)
March 31, 2022	17,815	16.2	5,124	(3.2)	4,879	(4.0)	5,165	(37.4)

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥ 3,960 million [2.1%]
 Fiscal year ended March 31, 2022: ¥ 3,880 million [(52.0)%]

	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, 2023	84.66	84.44	5.9	3.3	28.5
March 31, 2022	102.34	101.98	7.3	3.2	28.8

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥ - million
 Fiscal year ended March 31, 2022: ¥ - million
 Ordinary income after tax before depreciation: Fiscal year ended March 31, 2023: ¥ 7,317 million [2.8%]
 Fiscal year ended March 31, 2022: ¥ 7,117 million [22.8%]

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, 2023	152,321	70,870	46.5	1,445.53
March 31, 2022	149,994	70,510	46.9	1,403.66

(Reference) Equity: As of March 31, 2023: ¥ 70,794 million
 As of March 31, 2022: ¥ 70,390 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, 2023	8,917	(12,104)	(1,376)	5,312
March 31, 2022	2,736	(8,652)	(5,757)	9,876

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, 2022	-	15.50	-	20.50	36.00	1,805	35.2	2.6
March 31, 2023	-	18.00	-	18.00	36.00	1,766	42.5	2.5
Fiscal year ending								
March 31, 2024 (Forecast)	-	18.00	-	18.00	36.00		55.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% 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	20,000	5.9	4,500	(16.3)	4,200	(16.7)	3,200	(23.6)	65.34

(Reference) : Business profit before depreciation and amortization : ¥ 8,300 million [(9.7%)]

: Ordinary income after tax before depreciation : ¥ 6,800 million [(7.1%)]

Operating profit + Share of profit (loss) of entities accounted for using equity method

* 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: No

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, 2023: 49,211,498 shares

March 31, 2022: 50,309,498 shares

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

March 31, 2023: 236,482 shares

March 31, 2022: 161,781 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2023: 49,450,773 shares

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

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

(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, 2023	18,573	6.1	5,175	5.0	4,951	3.7	4,160	(18.8)
March 31, 2022	17,511	16.5	4,927	(4.5)	4,772	(5.2)	5,122	(37.9)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	84.13	83.91
March 31, 2022	101.50	101.14

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2023	151,885	70,479	46.4	1,437.53
March 31, 2022	149,563	70,145	46.8	1,396.38

(Reference) Equity: As of March 31, 2023: ¥ 70,403 million
As of March 31, 2022: ¥ 70,025 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.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year under Review	2
(2) Overview of Financial Condition for the Fiscal Year under Review	3
(3) Overview of Cash Flows for the Fiscal Year under Review	4
(4) Future Outlook	4
2. Basic Concept for Selection of Accounting Standards	5
3. Consolidated Financial Statements and Principal Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Statements of Income and Comprehensive Income	8
(3) Consolidated Statements of Changes in Net Assets	10
(4) Consolidated Statements of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
(Notes on going concern assumption)	13
(Segment information)	13
(Per share information)	14
(Significant subsequent events)	15

1. Overview of Operating Results, etc.

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

During the fiscal year ended March 31, 2023, the Japanese economy showed a moderate recovery as personal consumption continued to increase due to factors including the easing of movement restrictions for preventing the spread of COVID-19 and the effects of the domestic travel subsidy program, while demand for domestic goods and services by foreign tourists to Japan grew as a result of the relaxation of border control measures and the benefits of a weaker yen. Meanwhile, the economic outlook remained unclear due to the surge in energy costs triggered by the situation in Russia and Ukraine and global inflation.

In the real estate leasing industry, the vacancy rate remained high as the supply of office spaces is likely to increase due to the new large-scale development at business areas while there has been a growing trend to reexamine business locations due to the proliferation of remote working and other new workstyles.

Under such circumstances, the Company focused on operating activities and continued to maintain a high occupancy rate, with the vacancy rate as of March 31, 2023 at 1.46%. In addition, as part of expansion of assets in the Tokyo metropolitan area, the Company proactively worked on new investments toward the next growth, including the acquisition of the land in Minamiaoyama, Minato-ku, Tokyo in November 2022. Also, in terms of existing buildings, we have been striving to enhance asset value of existing buildings through preventive maintenance against natural disasters and promotion of energy saving.

As a result, consolidated net sales for the fiscal year ended March 31, 2023 increased by 1,063 million yen (6.0%) year-on-year to 18,879 million yen due mainly to the contribution from income of the OBP Building with excellent occupancy rate, which was completed in April 2021. Meanwhile, gross profit increased only by 419 million yen (6.3%) year-on-year to 7,084 million yen due to an increase in cost of sales, including an increase in costs caused by skyrocketing electricity prices, although initial expenses for the acquisition of the OBP Building in the previous fiscal year such as its real estate acquisition tax were no longer recorded. Accordingly, operating profit increased by 250 million yen (4.9%) year-on-year to 5,375 million yen and ordinary profit increased by 161 million yen (3.3%) year-on-year to 5,040 million yen.

Profit attributable to owners of parent amounted to 4,186 million yen, a decrease of 978 million yen (18.9%) year-on-year, chiefly due to a decrease in extraordinary income from the sale of investment securities.

Keihanshin Building Co., Ltd. (“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.

	As of March 31, 2022		As of March 31, 2023	
	Net sales (million yen)	Rate (%)	Net sales (million yen)	Rate (%)
Office building business	4,286	24.1	4,476	23.7
Datacenter building business	9,073	50.9	9,903	52.5
WINS building business	3,473	19.5	3,498	18.5
Commercial buildings, logistics warehouses, and other properties business	982	5.5	1,001	5.3
Total	17,815	100.0	18,879	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. Our newest properties are equipped with advanced BCP functions based on our expertise in datacenter building operations. Even in older buildings, we strive to provide comfortable and safe business spaces that compare favorably with those in newly constructed buildings through planned facility renovations and maintenance.

There are concerns about rising office vacancy rates due to a combination of the reexamination of the

ideal form of office resulting from the progress of workstyle reform and supply of newly-completed large-scale properties. However, the impact on the Group's office building business has been minimal and we have maintained high occupancy rates. Owing to the contribution of the land in Minamiaoyama acquired in the current fiscal year to revenue gain, in addition to the existing Kawaramachi Building, consolidated net sales from the office building business amounted to 4,476 million yen, an increase of 189 million yen (4.4%) year-on-year.

2) Datacenter Buildings Business

The Group owns and leases a total of eight datacenter buildings in the heart of the Osaka central area. The datacenter buildings, which operate 24 hours a day, 365 days a year, ensure high reliability through advanced disaster-prevention functions with seismic isolation structures, stable electric power supply with large emergency-use generators, and advanced security systems, etc. Our extensive maintenance and management services, based on over 30 years of experience in the datacenter leasing business, are also highly regarded.

Against the backdrop of promotion of digital transformation (DX), the demand for datacenters is expected to remain robust. Owing to increased occupancy rates for equipment rooms of the OBP Building which was completed in the previous fiscal year and existing Nishishinsaibashi Building, consolidated net sales from the datacenter building business stood at 9,903 million yen, an increase of 830 million yen (9.2%) 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 dates back to the Company's founding, and has been one of our core businesses that generate stable revenue for many years.

Although the share of sales at WINS buildings is in a declining trend as online betting is spreading, the impact on the business performance is minor as the buildings are leased at fixed rents. Consolidated net sales from the WINS building business amounted to 3,498 million yen, an increase of 25 million yen (0.7%) year-on-year.

4) Commercial Buildings, Logistics Warehouses, and Other Properties Business

The Group has been operating six commercial buildings, logistics warehouses, and other properties particularly in the Tokyo metropolitan area and the Kansai area. We are working on information gathering activities targeting prime locations for transportation access, such as locations near terminal stations for commercial facilities and trunk roads for logistics warehouses, in order to acquire profitable properties. Consolidated net sales from the commercial buildings, logistics warehouses, and other properties business stood at 1,001 million yen, an increase of 18 million yen (1.9%) year-on-year.

(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, 2023 amounted to 152,321 million yen, an increase of 2,326 million yen (1.6%) from the end of the previous fiscal year. This was mainly due to an increase of 8,655 million yen in land in trust due to acquisition of beneficial interests in trust for land in Minamiaoyama in November 2022, despite a decrease of 4,563 million yen in cash and deposits and a decrease of 1,850 million yen in consumption taxes refund receivable due to tax refund.

2) Liabilities

Total liabilities at the end of the fiscal year ended March 31, 2023 amounted to 81,450 million yen, an increase of 1,966 million yen (2.5%) from the end of the previous fiscal year. This was mainly due to an increase of 2,296 million yen in interest-bearing debt due to financing required for acquisition of non-current assets and other factors.

3) Net Assets

Total net assets at the end of the fiscal year ended March 31, 2023 amounted to 70,870 million yen,

an increase of 360 million yen (0.5%) compared to the end of the previous fiscal year. This was due to an increase of 708 million yen in retained earnings, despite a decrease of 225 million yen in valuation difference on available-for-sale securities.

(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, 2023 amounted to 5,312 million yen, a decrease of 4,563 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 8,917 million yen (2,736 million yen provided in the previous fiscal year). Major inflows were 6,019 million yen in profit before income taxes, 3,818 million yen in depreciation, and 1,850 million yen in tax refund of consumption taxes refund receivable posted in the previous fiscal year. Major outflows were 1,635 million yen in income taxes paid and extraordinary income of 1,006 million yen in gain on sale of investment securities.

2) Cash Flows from Investing Activities

Net cash used in investing activities amounted to 12,104 million yen (8,652 million yen used in the previous fiscal year). Inflow was 1,087 million yen from the sale of investment securities. Outflow was 12,895 million yen due to the acquisition of beneficial interests in trust for land in Minamiaoyama and property, plant and equipment, including the Sekime-Takadono Apartment Building.

3) Cash Flows from Financing Activities

Net cash used in financing activities amounted to 1,376 million yen (5,757 million yen used in the previous fiscal year). This was due to the dividends paid of 1,912 million yen, purchase of treasury shares of 1,760 million yen, repayments of long-term borrowings of 1,703 million yen, and repayments of short-term borrowings of 700 million yen while raising 4,700 million yen through long-term borrowings as financing required for acquisition of non-current assets.

(4) Future Outlook

For the fiscal year ending March 31, 2024, we are expecting net sales of 20,000 million yen (an increase of 1,120 million yen (5.9%) year-on-year), supported by a full-year contribution of the land in Minamiaoyama and a further rise in the operation rates of equipment rooms of datacenter buildings. Meanwhile, operating profit is expected to be 4,500 million yen (a decrease of 875 million yen (16.3%) year-on-year) due to factors including continued high electricity and other expenses, and increased payments for taxes and dues. Accordingly, the estimated ordinary profit is 4,200 million yen (a decrease of 840 million yen (16.7%) year-on-year). With a decrease in extraordinary income, the estimated profit attributable to owners of parent is 3,200 million yen (a decrease of 986 million yen (23.6%) year-on-year). Business profit before depreciation and amortization, a new important management indicator for the Company, is expected to be 8,300 million yen (a decrease of 894 million yen (9.7%) year-on-year). Ordinary income after tax before depreciation is expected to be 6,800 million yen (a decrease of 517 million yen (7.1%) year-on-year).

While it is uncertain when COVID-19 will be fully 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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of March 31,2023
Assets		
Current assets		
Cash and deposits	9,876,282	5,312,956
Accounts receivable - trade	381,901	560,390
Other	2,002,494	829,196
Total current assets	12,260,678	6,702,542
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,575,415	104,377,130
Accumulated depreciation	(42,648,900)	(45,458,276)
Buildings and structures, net	59,926,514	58,918,854
Land	52,058,390	52,660,042
Buildings in trust	3,343,060	3,343,060
Accumulated depreciation	(1,586,289)	(1,754,247)
Buildings in trust, net	1,756,770	1,588,812
Land in trust	11,038,280	19,694,013
Construction in progress	80,790	100,640
Other	1,036,864	1,096,685
Accumulated depreciation	(738,174)	(785,973)
Other, net	298,690	310,711
Total property, plant and equipment	125,159,437	133,273,075
Intangible assets	126,838	109,720
Investments and other assets		
Investment securities	9,775,728	9,607,603
Leasehold and guarantee deposits	2,193,581	2,192,530
Deferred tax assets	14,808	13,793
Other	463,496	422,040
Total investments and other assets	12,447,614	12,235,967
Total non-current assets	137,733,890	145,618,763
Total assets	149,994,569	152,321,306

(Thousand yen)

	As of March 31,2022	As of March 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	342	849
Short-term borrowings	4,090,550	3,922,400
Income taxes payable	514,339	498,139
Provision for bonuses	43,730	44,811
Other	3,559,334	3,421,645
Total current liabilities	8,208,296	7,887,845
Non-current liabilities		
Bonds payable	45,000,000	45,000,000
Long-term borrowings	15,769,400	18,234,150
Long-term leasehold and guarantee deposits received	7,866,045	7,776,653
Deferred tax liabilities	1,093,669	1,148,490
Deferred tax liabilities for land revaluation	1,214,541	1,214,541
Retirement benefit liability	67,171	65,172
Asset retirement obligations	114,944	115,318
Other	150,027	8,200
Total non-current liabilities	71,275,799	73,562,526
Total liabilities	79,484,095	81,450,371
Net assets		
Shareholders' equity		
Share capital	9,827,611	9,827,611
Capital surplus	9,199,840	9,199,840
Retained earnings	51,728,266	52,436,792
Treasury shares	(232,293)	(310,708)
Total shareholders' equity	70,523,424	71,153,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,399,579	4,173,840
Revaluation reserve for land	(4,532,546)	(4,532,546)
Total accumulated other comprehensive income	(132,966)	(358,706)
Share acquisition rights	120,015	76,104
Total net assets	70,510,473	70,870,934
Total liabilities and net assets	149,994,569	152,321,306

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Net sales	17,815,768	18,879,148
Cost of sales	11,151,283	11,794,973
Gross profit	6,664,485	7,084,174
Selling, general and administrative expenses	1,539,648	1,708,746
Operating profit	5,124,836	5,375,427
Non-operating income		
Interest income	406	2,927
Dividend income	261,594	264,288
Insurance claim income	-	37,283
Other	11,863	7,843
Total non-operating income	273,864	312,343
Non-operating expenses		
Interest expenses	164,751	160,818
Interest expenses on bonds	335,600	335,600
Non-deductible consumption tax	2,181	136,952
Other	17,040	13,426
Total non-operating expenses	519,572	646,797
Ordinary profit	4,879,128	5,040,973
Extraordinary income		
Gain on sale of non-current assets	376,872	-
Gain on sale of investment securities	2,164,692	1,006,262
Other	45,254	500
Total extraordinary income	2,586,820	1,006,763
Extraordinary losses		
Loss on retirement of non-current assets	38,712	28,095
Other	317	126
Total extraordinary losses	39,030	28,221
Profit before income taxes	7,426,918	6,019,515
Income taxes - current	2,334,001	1,616,309
Income taxes - deferred	(72,288)	216,765
Total income taxes	2,261,712	1,833,075
Profit	5,165,205	4,186,440
Profit attributable to owners of parent	5,165,205	4,186,440

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Profit	5,165,205	4,186,440
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,284,215)	(225,739)
Total other comprehensive income	(1,284,215)	(225,739)
Comprehensive income	3,880,990	3,960,700
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,880,990	3,960,700
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Net Assets

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

For the fiscal year ended March 31,2023

(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	51,728,266	(232,293)	70,523,424
Changes during period					
Dividends of surplus			(1,913,178)		(1,913,178)
Profit attributable to owners of parent			4,186,440		4,186,440
Purchase of treasury shares				(1,760,788)	(1,760,788)
Disposal of treasury shares		(62,410)		180,047	117,637
Cancellation of treasury shares		(1,502,324)		1,502,324	-
Transfer from retained earnings to capital surplus		1,564,734	(1,564,734)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	708,526	(78,415)	630,111
Balance at end of period	9,827,611	9,199,840	52,436,792	(310,708)	71,153,536

	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	4,399,579	(4,532,546)	(132,966)	120,015	70,510,473
Changes during period					
Dividends of surplus					(1,913,178)
Profit attributable to owners of parent					4,186,440
Purchase of treasury shares					(1,760,788)
Disposal of treasury shares					117,637
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	(225,739)	-	(225,739)	(43,911)	(269,650)
Total changes during period	(225,739)	-	(225,739)	(43,911)	360,460
Balance at end of period	4,173,840	(4,532,546)	(358,706)	76,104	70,870,934

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2022	For the fiscal year ended March 31,2023
Cash flows from operating activities		
Profit before income taxes	7,426,918	6,019,515
Depreciation	3,731,089	3,818,926
Share-based payment expenses	56,324	70,967
Increase (decrease) in retirement benefit liability	3,400	(1,999)
Increase (decrease) in provision for bonuses	5,121	1,080
Interest and dividend income	(262,000)	(267,216)
Interest expenses	164,751	160,818
Interest expenses on bonds	335,600	335,600
Loss (gain) on sale of investment securities	(2,164,692)	(1,006,262)
Loss (gain) on sale of property, plant and equipment	(376,554)	-
Loss on retirement of property, plant and equipment	38,712	28,095
Other extraordinary loss (income)	(45,254)	(374)
Decrease (increase) in trade receivables	465,116	(236,173)
Increase (decrease) in trade payables	254,555	(944,797)
Decrease (increase) in consumption taxes refund receivable	(1,850,128)	1,850,128
Increase (decrease) in accrued consumption taxes	(55,767)	945,051
Other, net	24,690	9,248
Subtotal	7,751,882	10,782,609
Interest and dividends received	262,000	267,216
Interest paid	(503,106)	(497,028)
Income taxes paid	(4,774,520)	(1,635,017)
Net cash provided by (used in) operating activities	2,736,255	8,917,780
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,479,003)	(12,895,167)
Proceeds from sale of property, plant and equipment	1,262,359	-
Purchase of intangible assets	(24,232)	(550)
Purchase of investment securities	(50,029)	(300,065)
Proceeds from sale of investment securities	2,468,043	1,087,783
Proceeds from contribution received for construction	143,510	-
Other, net	26,509	3,152
Net cash provided by (used in) investing activities	(8,652,843)	(12,104,847)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(700,000)
Proceeds from long-term borrowings	-	4,700,000
Repayments of long-term borrowings	(1,785,200)	(1,703,400)
Purchase of treasury shares	(2,290,989)	(1,760,788)
Dividends paid	(1,681,590)	(1,912,137)
Other, net	-	65
Net cash provided by (used in) financing activities	(5,757,779)	(1,376,259)
Net increase (decrease) in cash and cash equivalents	(11,674,366)	(4,563,326)
Cash and cash equivalents at beginning of period	21,550,649	9,876,282
Cash and cash equivalents at end of period	9,876,282	5,312,956

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information)

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

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	1,403.66 yen	1,445.53 yen
Basic earnings per share	102.34 yen	84.66 yen
Diluted earnings per share	101.98 yen	84.44 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, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	5,165,205	4,186,440
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent pertaining to common shares (thousand yen)	5,165,205	4,186,440
Average number of common shares during the period (thousand shares)	50,472	49,450
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (thousand yen)	—	—
Increase in the number of common shares (thousand shares)	176	126
(of which share acquisition rights (thousand shares))	(176)	(126)
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, 2022	As of March 31, 2023
Total net assets (thousand yen)	70,510,473	70,870,934
Amount to be deducted from total net assets (thousand yen)	120,015	76,104
(of which share acquisition rights (thousand yen))	(120,015)	(76,104)
Total net assets pertaining to common shares at the end of the period (thousand yen)	70,390,457	70,794,829
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	50,147	48,975

(Significant subsequent events)

Not applicable.