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## Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]

January 31, 2024

Company name: Keihanshin Building Co., Ltd.  
 Stock exchange listing: Tokyo  
 Code number: 8818  
 URL: <http://www.keihanshin.co.jp/english/>  
 Representative: Tsuneo Wakabayashi, President  
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 Scheduled date of filing quarterly securities report: February 2, 2024  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: No

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

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 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 |        |
|----------------------------------------|-----------------|-----|------------------|-------|-----------------|-------|-----------------------------------------|--------|
|                                        | Millions of yen | %   | Millions of yen  | %     | Millions of yen | %     | Millions of yen                         | %      |
| Nine months ended<br>December 31, 2023 | 14,655          | 4.1 | 4,185            | (3.7) | 4,016           | (5.4) | 3,242                                   | (10.7) |
| December 31, 2022                      | 14,073          | 5.6 | 4,347            | 15.1  | 4,245           | 16.4  | 3,630                                   | 6.4    |

(Note) Comprehensive income:     Nine months ended December 31, 2023:     ¥ 4,268 million   [ 41.3%]  
                                                       Nine months ended December 31, 2022:     ¥ 3,020 million   [ (8.0)%]

|                                        | Basic earnings<br>per share | Diluted earnings per<br>share |
|----------------------------------------|-----------------------------|-------------------------------|
|                                        | Yen                         | Yen                           |
| Nine months ended<br>December 31, 2023 | 66.20                       | 66.05                         |
| December 31, 2022                      | 73.19                       | 72.99                         |

#### (Reference) Business profit before depreciation and amortization

Nine months ended December 31, 2024:   ¥ 7,164 million   [(0.6)%]  
 Nine months ended December 31, 2023:   ¥ 7,206 million   [10.0%]

The Company has positioned business profit before depreciation and amortization as an important management indicator.

Business profit before depreciation and amortization

= Business profit (Operating Profit + Share of profit (loss) of entities accounted for using equity method) + Depreciation and amortization

#### (2) Consolidated Financial Position

|                   | Total assets    | Net assets      | Capital adequacy ratio |
|-------------------|-----------------|-----------------|------------------------|
| As of             | Millions of yen | Millions of yen | %                      |
| December 31, 2023 | 163,279         | 73,297          | 44.8                   |
| March 31, 2023    | 152,321         | 70,870          | 46.5                   |

(Reference) Equity:   As of December 31, 2023:   ¥ 73,221 million  
                           As of March 31, 2023:        ¥ 70,794 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, 2023                | -                | 18.00           | -               | 18.00    | 36.00 |
| Fiscal year ending March 31, 2024               | -                | 18.00           | -               |          |       |
| Fiscal year ending March 31, 2024<br>(Forecast) |                  |                 |                 | 19.00    | 37.00 |

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

(Note) Breakdown of year-end dividend for the fiscal year ending March 31, 2024 (Forecast):

Ordinary dividend 18.00 yen      Commemorative dividend 1.00 yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 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 |
|-----------|-----------------|-----|------------------|--------|-----------------|--------|-----------------------------------------|--------|--------------------------|
|           | Millions of yen | %   | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | %      | Yen                      |
| Full year | 19,500          | 3.3 | 4,600            | (14.4) | 4,400           | (12.7) | 3,500                                   | (16.4) | 71.53                    |

(Note) Revision to the financial results forecast announced most recently: Yes

(Reference) Business profit before depreciation and amortization      ¥ 8,600 million [(6.5)%]

\* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(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):

December 31, 2023: 49,211,498 shares

March 31, 2023: 49,211,498 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 283,188 shares

March 31, 2023: 236,482 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 48,981,992 shares

Nine months ended December 31, 2022: 49,605,911 shares

\*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. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the third quarter of the fiscal year ending March 31, 2024, the Japanese economy seemed to remain half-way through a full-scale business recovery as consumption recovery continued to be restrained due to the surge in commodity prices triggered by the situation in Russia and Ukraine, despite gradual recovery trend supported by strong corporate earnings, a rise in stock prices, and other factors. In the real estate leasing industry, the rent levels were on a downward trend and the vacancy rate still remains high. This is because, amid concerns about shrinking of demand for offices in conjunction with workstyle reforms and the proliferation of remote working, competition began to get fiercer with the successive completion of new office buildings in central urban areas.

Under such circumstances, the vacancy rate as of December 31, 2023 in the Group remained at 1.65%. The Group will continuously focus on strengthening good relationships with tenants through meticulous building management. In addition, as part of expansion of assets, we proactively worked on new businesses based on our Long-Term Business Plan, including the acquisition of the Asakusa Ekimae Building, a commercial building in Taito-ku, Tokyo, in June 2023, and our first equity investment made in October 2023.

For the nine months ended December 31, 2023, consolidated net sales increased by 581 million yen (4.1%) year-on-year to 14,655 million yen due mainly to an increase in electricity expenses received by datacenter buildings and rental income related to new investment properties. However, with respect to cost of sales, there was a reversal of 346 million yen of a difference from estimated real estate acquisition tax in the previous fiscal year, and due to a reactionary effect of this, operating profit decreased by 162 million yen (3.7%) year-on-year to 4,185 million yen and ordinary profit decreased by 228 million yen (5.4%) to 4,016 million yen in the period under review. Profit attributable to owners of parent amounted to 3,242 million yen, a decrease of 387 million yen (10.7%) year-on-year, due to a decrease in extraordinary income from the sale of investment securities, and other factors.

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.

|                                                                           | Nine months ended December 31, 2022 |          | Nine months ended December 31, 2023 |          |
|---------------------------------------------------------------------------|-------------------------------------|----------|-------------------------------------|----------|
|                                                                           | Net sales (million yen)             | Rate (%) | Net sales (million yen)             | Rate (%) |
| Office Building Business                                                  | 3,253                               | 23.1     | 3,352                               | 22.9     |
| Datacenter Building Business                                              | 7,367                               | 52.4     | 7,715                               | 52.6     |
| WINS Building Business                                                    | 2,712                               | 19.3     | 2,682                               | 18.3     |
| Commercial Buildings, Logistics Warehouses, and Other Properties Business | 739                                 | 5.2      | 905                                 | 6.2      |
| Total                                                                     | 14,073                              | 100.0    | 14,655                              | 100.0    |

#### 1) Office Building 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 the rising office vacancy rate due to a combination of the reconsideration of the ideal form of office resulting from the progress of workstyle reform and supply of newly-completed large-scale properties. While such a condition exists, the impact on the Group’s office building business has been minimal and we have maintained high occupancy rates.

Due in part to proceeds from the land in Minamiaoyama, which was acquired during the previous fiscal year, consolidated net sales from the office building business for the nine months ended December 31, 2023 amounted to 3,352 million yen, an increase of 99 million yen (3.0%) year-on-year.

## 2) Datacenter Building Business

The Group owns and leases a total of eight datacenter buildings in 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.

Mainly owing to an increase in electricity expenses received from the Nishishinsaibashi Building and the OBP Building, consolidated net sales from the datacenter building business for the nine months ended December 31, 2023 amounted to 7,715 million yen, an increase of 347 million yen (4.7%) year-on-year.

## 3) WINS Building 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 building 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 for the nine months ended December 31, 2023 amounted to 2,682 million yen, a decrease of 30 million yen (1.1%) year-on-year.

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

The Group owns and leases seven commercial buildings, logistics warehouses, and other properties in the country, 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. Under our Long-Term Business Plan, we are striving to expand our assets by acquiring properties, including new assets types such as housing and healthcare facilities.

Consolidated net sales from the commercial buildings, logistics warehouses, and other properties business for the nine months ended December 31, 2023 amounted to 905 million yen, an increase of 166 million yen (22.5%) year-on-year, due to proceeds from the Sekime-Takadono Residence, which was acquired during the previous fiscal year, and the Asakusa Ekimae Building, which was acquired during the fiscal year under review.

## (2) Explanation of Financial Condition

Total assets at the end of the nine months ended December 31, 2023 amounted to 163,279 million yen, an increase of 10,958 million yen (7.2%) from the end of the previous fiscal year. This was mainly due to an increase of 5,531 million yen in investment securities resulting from an increase due to implementation of equity investment, etc. of 4,126 million yen and a rise in prices of shares held by the Group and an increase of 4,310 million yen in property, plant and equipment due to the recording of buildings in trust and land in trust in conjunction with the acquisition of the Asakusa Ekimae Building.

Total liabilities at the end of the nine months ended December 31, 2023 amounted to 89,982 million yen, an increase of 8,532 million yen (10.5%) from the end of the previous fiscal year. This was mainly due to increases of 5,000 million yen in bonds payable, and 4,164 million yen in long- and short-term borrowings, both in conjunction with financing for new investment.

Total net assets at the end of the nine months ended December 31, 2023 amounted to 73,297 million yen, an increase of 2,426 million yen (3.4%) from the end of the previous fiscal year. This was mainly due to an

increase of 1,471 million yen in retained earnings resulting from the recording of 3,242 million yen of profit attributable to owners of parent, offset by payment of 1,726 million yen of dividends of surplus, and other factors, as well as an increase of 1,026 million yen in valuation difference on available-for-sale securities.

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

In consideration of recent trends in the Group's business performance, the consolidated financial results forecast for the fiscal year ending March 31, 2024 announced on May 12, 2023 has been revised as follows. Net sales have been revised to 19,500 million yen (down 500 million yen or 2.5% compared to the previous forecast) as electricity expenses received decreased due to a lower electricity price. Meanwhile, in cost of sales, burden of electricity expenses decreased by almost the same amount, and efforts were made to cut down on miscellaneous expenses. As a result, operating profit has been revised upward to 4,600 million yen (up 100 million yen or 2.2% compared to the previous forecast). In addition, since non-operating income (expenses) and extraordinary income (losses) also improved, ordinary profit and profit attributable to owners of parent have been revised upward respectively to 4,400 million yen (up 200 million or 4.8% compared to the previous forecast) and 3,500 million yen (up 300 million yen or 9.4% compared to the previous forecast).

In the real estate leasing industry, it is necessary to keep a close watch on the rise in the vacancy rate resulting from the shrinking of the office market triggered by the COVID-19 and the large supply of new office buildings to be completed in the future, 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.

Meanwhile, amid the recent increasingly tense situation in the Middle East, as well as the continuous trend of weak yen due in part to interest rate differences between U.S. and Japan, the future economic conditions have been getting more uncertain with the impact of inflation triggered by the situation between Russia and Ukraine, concerns about an increase in domestic long-term interest rates, and other factors. At the moment, it is unclear how the continued high electricity price caused mainly by surging resource prices 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

(Thousands of yen)

|                                     | As of March 31, 2023 | As of December 31, 2023 |
|-------------------------------------|----------------------|-------------------------|
| <b>Assets</b>                       |                      |                         |
| Current assets                      |                      |                         |
| Cash and deposits                   | 5,312,956            | 7,029,920               |
| Accounts receivable - trade         | 560,390              | 496,072                 |
| Other                               | 829,196              | 334,754                 |
| Total current assets                | 6,702,542            | 7,860,748               |
| Non-current assets                  |                      |                         |
| Property, plant and equipment       |                      |                         |
| Buildings and structures            | 104,377,130          | 105,437,493             |
| Accumulated depreciation            | (45,458,276)         | (48,098,726)            |
| Buildings and structures, net       | 58,918,854           | 57,338,766              |
| Land                                | 52,660,042           | 52,660,042              |
| Buildings in trust                  | 3,343,060            | 3,986,740               |
| Accumulated depreciation            | (1,754,247)          | (1,933,910)             |
| Buildings in trust, net             | 1,588,812            | 2,052,830               |
| Land in trust                       | 19,694,013           | 25,235,263              |
| Construction in progress            | 100,640              | 12,440                  |
| Other                               | 1,096,685            | 1,127,694               |
| Accumulated depreciation            | (785,973)            | (843,755)               |
| Other, net                          | 310,711              | 283,939                 |
| Total property, plant and equipment | 133,273,075          | 137,583,283             |
| Intangible assets                   | 109,720              | 98,869                  |
| Investments and other assets        |                      |                         |
| Investment securities               | 9,607,603            | 15,138,644              |
| Other                               | 2,628,364            | 2,598,052               |
| Total investments and other assets  | 12,235,967           | 17,736,696              |
| Total non-current assets            | 145,618,763          | 155,418,850             |
| Total assets                        | 152,321,306          | 163,279,598             |

(Thousands of yen)

|                                                       | As of March 31, 2023 | As of December 31, 2023 |
|-------------------------------------------------------|----------------------|-------------------------|
| <b>Liabilities</b>                                    |                      |                         |
| Current liabilities                                   |                      |                         |
| Notes and accounts payable - trade                    | 849                  | -                       |
| Short-term borrowings                                 | 3,922,400            | 4,408,016               |
| Income taxes payable                                  | 498,139              | 599,307                 |
| Provisions                                            | 44,811               | -                       |
| Other                                                 | 3,421,645            | 2,108,394               |
| Total current liabilities                             | 7,887,845            | 7,115,717               |
| Non-current liabilities                               |                      |                         |
| Bonds payable                                         | 45,000,000           | 50,000,000              |
| Long-term borrowings                                  | 18,234,150           | 21,912,876              |
| Retirement benefit liability                          | 65,172               | 71,857                  |
| Asset retirement obligations                          | 115,318              | 115,600                 |
| Other                                                 | 10,147,885           | 10,766,326              |
| Total non-current liabilities                         | 73,562,526           | 82,866,661              |
| Total liabilities                                     | 81,450,371           | 89,982,378              |
| <b>Net assets</b>                                     |                      |                         |
| Shareholders' equity                                  |                      |                         |
| Share capital                                         | 9,827,611            | 9,827,611               |
| Capital surplus                                       | 9,199,840            | 9,199,840               |
| Retained earnings                                     | 52,436,792           | 53,908,092              |
| Treasury shares                                       | (310,708)            | (382,048)               |
| Total shareholders' equity                            | 71,153,536           | 72,553,495              |
| Accumulated other comprehensive income                |                      |                         |
| Valuation difference on available-for-sale securities | 4,173,840            | 5,200,166               |
| Revaluation reserve for land                          | (4,532,546)          | (4,532,546)             |
| Total accumulated other comprehensive income          | (358,706)            | 667,620                 |
| Share acquisition rights                              | 76,104               | 76,104                  |
| Total net assets                                      | 70,870,934           | 73,297,220              |
| Total liabilities and net assets                      | 152,321,306          | 163,279,598             |



Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the nine months)

(Thousands of yen)

|                                              | For the nine months<br>ended December 31, 2022 | For the nine months<br>ended December 31, 2023 |
|----------------------------------------------|------------------------------------------------|------------------------------------------------|
| Net sales                                    | 14,073,075                                     | 14,655,049                                     |
| Cost of sales                                | 8,535,262                                      | 9,125,899                                      |
| Gross profit                                 | 5,537,812                                      | 5,529,149                                      |
| Selling, general and administrative expenses | 1,189,922                                      | 1,343,848                                      |
| Operating profit                             | 4,347,890                                      | 4,185,300                                      |
| Non-operating income                         |                                                |                                                |
| Interest income                              | 2,917                                          | 49                                             |
| Dividend income                              | 255,524                                        | 283,911                                        |
| Other                                        | 43,855                                         | 5,152                                          |
| Total non-operating income                   | 302,297                                        | 289,112                                        |
| Non-operating expenses                       |                                                |                                                |
| Interest expenses                            | 116,161                                        | 159,735                                        |
| Interest expenses on bonds                   | 253,395                                        | 259,353                                        |
| Other                                        | 35,514                                         | 38,639                                         |
| Total non-operating expenses                 | 405,071                                        | 457,728                                        |
| Ordinary profit                              | 4,245,116                                      | 4,016,684                                      |
| Extraordinary income                         |                                                |                                                |
| Gain on sale of investment securities        | 1,006,262                                      | 236,915                                        |
| Contribution received for construction       | -                                              | 406,300                                        |
| Other                                        | 500                                            | 28,257                                         |
| Total extraordinary income                   | 1,006,763                                      | 671,473                                        |
| Extraordinary losses                         |                                                |                                                |
| Loss on retirement of non-current assets     | 24,156                                         | 24,397                                         |
| Total extraordinary losses                   | 24,156                                         | 24,397                                         |
| Profit before income taxes                   | 5,227,723                                      | 4,663,760                                      |
| Income taxes - current                       | 1,310,779                                      | 1,391,002                                      |
| Income taxes - deferred                      | 286,430                                        | 30,171                                         |
| Total income taxes                           | 1,597,209                                      | 1,421,173                                      |
| Profit                                       | 3,630,514                                      | 3,242,587                                      |
| Profit attributable to owners of parent      | 3,630,514                                      | 3,242,587                                      |

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

(Thousands of yen)

|                                                                | For the nine months<br>ended December 31, 2022 | For the nine months<br>ended December 31, 2023 |
|----------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Profit                                                         | 3,630,514                                      | 3,242,587                                      |
| Other comprehensive income                                     |                                                |                                                |
| Valuation difference on available-for-sale securities          | (609,720)                                      | 1,026,326                                      |
| Total other comprehensive income                               | (609,720)                                      | 1,026,326                                      |
| Comprehensive income                                           | 3,020,793                                      | 4,268,913                                      |
| Comprehensive income attributable to                           |                                                |                                                |
| Comprehensive income attributable to owners of parent          | 3,020,793                                      | 4,268,913                                      |
| Comprehensive income attributable to non-controlling interests | -                                              | -                                              |

(3) 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.