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, 2020 [Japanese GAAP]

May 14, 2020

Company name: Keihanshin Building Co., Ltd.
Stock exchange listing: Tokyo
Code number: 8818
URL: http://www.keihanshin.co.jp/english/
Representative: Koichi Minami, President
Contact: Toshiki Tabuchi Operating Officer, General Manager (Accounting Dept)
Phone: 06-6202-7331
Scheduled date of Annual General Meeting of Shareholders: June 16, 2020
Scheduled date of commencing dividend payments: June 17, 2020
Scheduled date of filing annual securities report: June 26, 2020
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: No(Preventing the spread of the novel coronavirus infection, the analyst meeting has been cancelled.)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 01, 2019 to March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	15,319	2.2	5,414	(0.7)	5,214	0.0	3,919	(2.0)
March 31, 2019	14,995	1.3	5,451	2.9	5,214	3.4	3,998	11.5

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥ 2,449 million [(39.6)%]
Fiscal year ended March 31, 2019: ¥ 4,054 million [(6.0)%]

	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, 2020	74.63	74.37	6.1	3.9	35.3
March 31, 2019	74.63	74.41	6.3	4.1	36.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2020: ¥ - million
Fiscal year ended March 31, 2019: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2020	136,605	64,377	47.0	1,236.50
March 31, 2019	132,780	64,228	48.3	1,217.26

(Reference) Equity: As of March 31, 2020: ¥ 64,256 million
As of March 31, 2019: ¥ 64,133 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, 2020	6,693	(9,705)	298	13,205
March 31, 2019	5,259	(1,619)	5,227	15,918

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, 2019	-	10.00	-	13.00	23.00	1,222	30.8	1.9
March 31, 2020	-	11.50	-	15.50	27.00	1,411	36.2	2.2
Fiscal year ending March 31, 2021 (Forecast)	-	13.50	-	13.50	27.00		35.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 01, 2020 to March 31, 2021)

(% 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	15,300	(0.1)	5,400	(0.3)	5,100	(2.2)	4,000	2.1	76.97

* 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, 2020: 52,882,298 shares
March 31, 2019: 53,998,798 shares

2) Total number of treasury shares at the end of the period:
March 31, 2020: 916,057 shares
March 31, 2019: 1,312,174 shares

3) Average number of shares during the period:
Fiscal Year ended March 31, 2020: 52,516,869 shares
Fiscal Year ended March 31, 2019: 53,572,647 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 01, 2019 to March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	14,954	2.8	5,263	(0.3)	5,174	0.4	3,926	(1.6)
March 31, 2019	14,548	0.8	5,279	2.6	5,153	3.1	3,992	11.3

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2020	74.77	74.51
March 31, 2019	74.52	74.31

(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, 2020	136,200	64,057	46.9	1,230.35
March 31, 2019	132,410	63,901	48.2	1,211.04

(Reference) Equity: As of March 31, 2020: ¥ 63,936 million
As of March 31, 2019: ¥ 63,805 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.

Consolidated Financial Statements

Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2019	As of March 31,2020
Assets		
Current assets		
Cash and deposits	15,918,547	13,205,088
Notes and accounts receivable - trade	473,037	408,750
Other	128,934	129,071
Total current assets	16,520,519	13,742,910
Non-current assets		
Property, plant and equipment		
Buildings and structures	65,973,619	67,041,896
Accumulated depreciation	(36,788,019)	(38,143,867)
Buildings and structures, net	29,185,600	28,898,029
Land	52,640,231	52,664,231
Buildings in trust	3,343,060	3,343,060
Accumulated depreciation	(1,077,013)	(1,250,372)
Buildings in trust, net	2,266,046	2,092,687
Land in trust	11,038,280	11,038,280
Construction in progress	3,118,301	12,614,237
Other	791,084	811,357
Accumulated depreciation	(638,642)	(658,187)
Other, net	152,441	153,170
Total property, plant and equipment	98,400,902	107,460,636
Intangible assets	79,357	116,323
Investments and other assets		
Investment securities	15,104,819	12,629,349
Leasehold and guarantee deposits	2,192,699	2,193,232
Deferred tax assets	13,289	12,111
Other	468,760	450,550
Total investments and other assets	17,779,568	15,285,244
Total non-current assets	116,259,828	122,862,203
Total assets	132,780,347	136,605,113

(Thousand yen)

	As of March 31,2019	As of March 31,2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,746	8,356
Current portion of bonds payable	5,000,000	-
Short-term borrowings	4,422,900	4,146,000
Income taxes payable	1,006,190	1,013,600
Provision for bonuses	33,990	32,972
Other	2,007,542	3,177,760
Total current liabilities	12,478,369	8,378,689
Non-current liabilities		
Bonds payable	35,000,000	40,000,000
Long-term borrowings	11,286,850	14,255,950
Long-term leasehold and guarantee deposits received	5,634,743	6,212,865
Deferred tax liabilities	2,674,052	1,971,127
Deferred tax liabilities for land revaluation	1,214,541	1,142,377
Retirement benefit liability	66,704	75,349
Asset retirement obligations	113,827	114,198
Other	82,400	76,800
Total non-current liabilities	56,073,119	63,848,668
Total liabilities	68,551,488	72,227,357
Net assets		
Shareholders' equity		
Share capital	9,827,611	9,827,611
Capital surplus	9,786,093	9,199,840
Retained earnings	43,029,004	45,281,222
Treasury shares	(1,126,658)	(1,200,452)
Total shareholders' equity	61,516,050	63,108,221
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,385,655	5,844,230
Revaluation reserve for land	(4,768,378)	(4,696,213)
Total accumulated other comprehensive income	2,617,277	1,148,016
Share acquisition rights	95,530	121,518
Total net assets	64,228,858	64,377,755
Total liabilities and net assets	132,780,347	136,605,113

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Net sales	14,995,099	15,319,075
Cost of sales	8,224,683	8,487,813
Gross profit	6,770,416	6,831,262
Selling, general and administrative expenses	1,318,820	1,416,881
Operating profit	5,451,595	5,414,380
Non-operating income		
Interest income	629	1,124
Dividend income	282,021	301,475
Other	20,936	9,064
Total non-operating income	303,587	311,664
Non-operating expenses		
Interest expenses	170,948	164,979
Interest on bonds	260,982	295,755
Bond issuance costs	97,161	35,720
Other	11,383	14,661
Total non-operating expenses	540,476	511,116
Ordinary profit	5,214,706	5,214,928
Extraordinary income		
Gain on sales of non-current assets	523,812	1,833
Gain on sales of investment securities	138,927	696,084
Compensation income	2,200	-
Total extraordinary income	664,940	697,917
Extraordinary losses		
Loss on retirement of non-current assets	9,032	23,778
Loss on valuation of investment securities	87,822	147,080
Total extraordinary losses	96,854	170,858
Profit before income taxes	5,782,792	5,741,987
Income taxes - current	1,742,993	1,826,083
Income taxes - deferred	41,667	(3,188)
Total income taxes	1,784,660	1,822,895
Profit	3,998,131	3,919,092
Profit attributable to owners of parent	3,998,131	3,919,092

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Profit	3,998,131	3,919,092
Other comprehensive income		
Valuation difference on available-for-sale securities	56,482	(1,541,425)
Revaluation reserve for land	-	72,164
Total other comprehensive income	56,482	(1,469,261)
Comprehensive income	4,054,614	2,449,830
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,054,614	2,449,830
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2019

(Thousand yen)

	Shareholder's equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,827,611	9,786,472	40,187,902	(97,244)	59,704,742
Changes during period					
Dividends of surplus			(1,049,398)		(1,049,398)
Profit attributable to owners of parent			3,998,131		3,998,131
Reversal of revaluation reserve for land			(107,631)		(107,631)
Purchase of treasury shares				(1,039,614)	(1,039,614)
Disposal of treasury shares		(378)		10,200	9,821
Net changes in items other than shareholders' equity					
Total changes during period	-	(378)	2,841,101	(1,029,414)	1,811,308
Balance at end of period	9,827,611	9,786,093	43,029,004	(1,126,658)	61,516,050

	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	7,329,172	(4,876,010)	2,453,162	69,249	62,227,153
Changes during period					
Dividends of surplus					(1,049,398)
Profit attributable to owners of parent					3,998,131
Reversal of revaluation reserve for land					(107,631)
Purchase of treasury shares					(1,039,614)
Disposal of treasury shares					9,821
Net changes in items other than shareholders' equity	56,482	107,631	164,114	26,281	190,396
Total changes during period	56,482	107,631	164,114	26,281	2,001,704
Balance at end of period	7,385,655	(4,768,378)	2,617,277	95,530	64,228,858

For the fiscal year ended March 31,2020

(Thousand yen)

	Shareholder's equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,827,611	9,786,093	43,029,004	(1,126,658)	61,516,050
Changes during period					
Dividends of surplus			(1,290,563)		(1,290,563)
Profit attributable to owners of parent			3,919,092		3,919,092
Purchase of treasury shares				(1,046,095)	(1,046,095)
Disposal of treasury shares		(3,913)		13,652	9,738
Cancellation of treasury shares		(958,649)		958,649	-
Transfer from retained earnings to capital surplus		376,309	(376,309)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	(586,253)	2,252,218	(73,794)	1,592,171
Balance at end of period	9,827,611	9,199,840	45,281,222	(1,200,452)	63,108,221

	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	7,385,655	(4,768,378)	2,617,277	95,530	64,228,858
Changes during period					
Dividends of surplus					(1,290,563)
Profit attributable to owners of parent					3,919,092
Purchase of treasury shares					(1,046,095)
Disposal of treasury shares					9,738
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	(1,541,425)	72,164	(1,469,261)	25,987	(1,443,273)
Total changes during period	(1,541,425)	72,164	(1,469,261)	25,987	148,897
Balance at end of period	5,844,230	(4,696,213)	1,148,016	121,518	64,377,755

Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31,2019	For the fiscal year ended March 31,2020
Cash flows from operating activities		
Profit before income taxes	5,782,792	5,741,987
Depreciation	2,210,187	2,183,777
Share-based remuneration expenses	36,085	35,709
Increase (decrease) in retirement benefit liability	10,136	8,645
Increase (decrease) in provision for bonuses	4,943	(1,018)
Interest and dividend income	(282,650)	(302,600)
Interest expenses	170,948	164,979
Interest expenses on bonds	260,982	295,755
Bond issuance costs	97,161	35,720
Loss (gain) on sales of investment securities	(138,927)	(696,084)
Loss (gain) on valuation of investment securities	87,822	147,080
Loss (gain) on sales of property, plant and equipment	(523,812)	(1,833)
Loss on retirement of property, plant and equipment	9,032	23,778
Compensation income	(2,200)	-
Decrease (increase) in trade receivables	(233,238)	79,020
Increase (decrease) in trade payables	(214,533)	845,904
Increase (decrease) in accrued consumption taxes	(177,123)	105,742
Other, net	7,201	9,149
Subtotal	7,104,807	8,675,715
Interest and dividends received	282,650	302,600
Interest paid	(416,709)	(463,894)
Income taxes paid	(1,711,575)	(1,821,043)
Net cash provided by (used in) operating activities	5,259,173	6,693,378
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,096,908)	(10,432,128)
Proceeds from sales of property, plant and equipment	1,228,543	1,833
Purchase of intangible assets	(61,722)	(59,850)
Proceeds from sales of investment securities	351,033	784,490
Payments for long-term accounts payable-other	(42,300)	-
Other, net	1,555	-
Net cash provided by (used in) investing activities	(1,619,799)	(9,705,655)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	5,000,000
Repayments of long-term borrowings	(2,542,800)	(2,307,800)
Proceeds from issuance of bonds	15,000,000	5,000,000
Redemption of bonds	(5,000,000)	(5,000,000)
Payments for issuance of bonds	(140,314)	(57,695)
Purchase of treasury shares	(1,039,614)	(1,046,095)
Dividends paid	(1,049,365)	(1,289,606)
Other, net	17	15
Net cash provided by (used in) financing activities	5,227,922	298,818
Net increase (decrease) in cash and cash equivalents	8,867,296	(2,713,458)
Cash and cash equivalents at beginning of period	7,051,250	15,918,547
Cash and cash equivalents at end of period	15,918,547	13,205,088