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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 14, 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
Contact: Matashi Takemoto Executive Officer, General Manager (Finance & Accounting Dept)
Phone: 06-6202-7331

Scheduled date of Annual General Meeting of Shareholders: June 21, 2024
Scheduled date of commencing dividend payments: June 24, 2024
Scheduled date of filing annual securities report: June 28, 2024
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, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	19,310	2.3	5,083	(5.4)	4,842	(3.9)	3,793	(9.4)
March 31, 2023	18,879	6.0	5,375	4.9	5,040	3.3	4,186	(18.9)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 5,846 million [47.6%]
Fiscal year ended March 31, 2023: ¥ 3,960 million [2.1%]

	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, 2024	77.47	77.30	5.2	3.0	26.3
March 31, 2023	84.66	84.44	5.9	3.3	28.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ - million
Fiscal year ended March 31, 2023: ¥ - million
Buisiness profit before depreciation and amortization: Fiscal year ended March 31, 2024: ¥ 9,128 million [(0.7)%]
Fiscal year ended March 31, 2023: ¥ 9,194 million [3.8%]

The Company has positioned business profit before depreciation and amortization as an important management indicator. To express the Company's profitability more appropriately, the formula for calculating business profit before depreciation and amortization has been changed from "business profit (operating profit + share of profit (loss) of entities accounted for using equity method) + depreciation and amortization" to "business profit (operating profit + loss (gain) on investments in investment partnerships) + depreciation and amortization."

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2024	166,616	74,874	44.9	1,528.74
March 31, 2023	152,321	70,870	46.5	1,445.53

(Reference) Equity: As of March 31, 2024: ¥ 74,798 million
As of March 31, 2023: ¥ 70,794 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, 2024	8,221	(11,273)	6,407	8,668
March 31, 2023	8,917	(12,104)	(1,376)	5,312

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, 2023	-	18.00	-	18.00	36.00	1,766	42.5	2.5
March 31, 2024	-	18.00	-	19.00	37.00	1,810	47.8	2.5
Fiscal year ending March 31, 2025 (Forecast)	-	18.50	-	18.50	37.00		47.6	

(Note) Breakdown of the year-end dividend for the fiscal year ending March 31, 2024 :
Ordinary dividend 18.00 yen Commemorative dividend 1.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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	19,700	2.0	5,600	10.2	5,500	13.6	3,800	0.2	77.66

(Reference) Business profit before depreciation and amortization ¥ 9,800 million [7.4%]

* 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, 2024: 49,211,498 shares
March 31, 2023: 49,211,498 shares

2) Total number of treasury shares at the end of the period:
March 31, 2024: 283,234 shares
March 31, 2023: 236,482 shares

3) Average number of shares during the period:
Fiscal Year ended March 31, 2024: 48,968,676 shares
Fiscal Year ended March 31, 2023: 49,450,773 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	18,984	2.2	4,856	(6.2)	4,725	(4.6)	3,751	(9.8)
March 31, 2023	18,573	6.1	5,175	5.0	4,951	3.7	4,160	(18.8)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	76.62	76.45
March 31, 2023	84.13	83.91

(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, 2024	166,131	74,440	44.8	1,519.87
March 31, 2023	151,885	70,479	46.4	1,437.53

(Reference) Equity: As of March 31, 2024: ¥ 74,364 million
As of March 31, 2023: ¥ 70,403 million

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

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

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1. Overview of Operating Results, etc.

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

During the fiscal year ended March 31, 2024, the Japanese economy showed a gradual trend toward recovery in line with the normalization of social and economic activities such as rising demand for domestic goods and services by foreign tourists to Japan as the country transitioned to a post-pandemic era. Meanwhile, the economic outlook remained unclear due to the prolonged situation in Russia and Ukraine and rising tensions in the Middle East.

In the real estate leasing industry, although remote working is becoming more established in some areas due to the progress of workstyle reforms, the current vacancy rate remained relatively stable, driven by improved corporate earnings and a trend toward returning to office.

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, 2024 at 1.87%. 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 a commercial building in Asakusa, Taito-ku, Tokyo in June 2023, and equity investments into office buildings, etc., in the Tokyo metropolitan area. Also, in terms of existing buildings, we have been striving to enhance asset value of them through preventive maintenance against natural disasters and promotion of energy saving.

As a result, consolidated net sales for the fiscal year ended March 31, 2024 increased by 431 million yen (2.3%) year-on-year to 19,310 million yen due mainly to the contribution from new investment properties. Meanwhile, gross profit decreased by 201 million yen (2.8%) year-on-year to 6,883 million yen due to increased cost of sales on account of payments for taxes and dues, as well as repair costs and other expenses. Accordingly, operating profit decreased by 292 million yen (5.4%) year-on-year to 5,083 million yen and ordinary profit decreased by 198 million yen (3.9%) year-on-year to 4,842 million yen.

Profit attributable to owners of parent amounted to 3,793 million yen, a decrease of 392 million yen (9.4%) 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, 2023		As of March 31, 2024	
	Net sales (million yen)	Rate (%)	Net sales (million yen)	Rate (%)
Office Building Business	4,476	23.7	4,448	23.0
Datacenter Building Business	9,903	52.5	10,110	52.4
WINS Building Business	3,498	18.5	3,519	18.2
Commercial Buildings, Logistics Warehouses, and Other Properties Business	1,001	5.3	1,231	6.4
Total	18,879	100.0	19,310	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.

Intensifying competition following the completion of a series of new office buildings in central Tokyo requires attention, although the impact on the Group’s office building business has been minimal and occupancy rates remain higher than the market average.

Consolidated net sales from the office building business amounted to 4,448 million yen, a decrease of 27

million yen (0.6%) year-on-year due to factors such as rent reductions on account of the departures of some tenants.

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.

Consolidated net sales from the datacenter building business amounted to 10,110 million yen, an increase of 206 million yen (2.1%) year -on-year, mainly owing to a rise in OBP Building operation rates.

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 3,519 million yen, an increase of 21 million yen (0.6%) 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 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 amounted to 1,231 million yen, an increase of 230 million yen (23.0%) year-on-year, partly due to the contribution by Asakusa Ekimae Building, acquired in June 2023.

(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, 2024 amounted to 166,616 million yen, an increase of 14,294 million yen (9.4%) from the end of the previous fiscal year. This was mainly due to an increase of 3,355 million yen in cash and deposits, as well as an increase of 5,940 million yen, in total, in land in trust and buildings in trust, due to the acquisition of beneficial interests in trust for the Asakusa Ekimae Building in June 2023, and an increase of 7,775 million yen in investment securities due to equity investments into office buildings in the Tokyo metropolitan area and increased market value of securities held due to rising stock market prices.

2) Liabilities

Total liabilities at the end of the fiscal year ended March 31, 2024 amounted to 91,741 million yen, an increase of 10,291 million yen (12.6%) from the end of the previous fiscal year. This was mainly due to an increase of 8,373 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, 2024 amounted to 74,874 million yen, an increase of 4,003 million yen (5.6%) compared to the end of the previous fiscal year. This was due to an increase of 2,052 million yen in valuation difference on available-for-sale securities, in addition to an increase

of 2,022 million yen in retained earnings.

(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, 2024 amounted to 8,668 million yen, an increase of 3,355 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 8,221 million yen (8,917 million yen provided in the previous fiscal year). Major inflows were 5,476 million yen in profit before income taxes, 3,976 million yen in depreciation, and an increase of 1,321 million yen in deposits received and other trade payables. Major outflows were 1,277 million yen in income taxes paid and a decrease in accrued consumption taxes of 855 million yen, as well as extraordinary income of 236 million yen in gain on sale of investment securities.

2) Cash Flows from Investing Activities

Net cash used in investing activities amounted to 11,273 million yen (12,104 million yen used in the previous fiscal year). Inflows were 297 million yen from the sale of investment securities and 312 million yen in proceeds from contribution received for construction. Outflows were 6,931 million yen due to the purchase of property, plant and equipment, mainly for the acquisition of land in trust and buildings in trust for the Asakusa Ekimae Building, as well as a 4,919 million yen in the purchase of investment securities with equity investments into office buildings, etc., in the Tokyo metropolitan area.

3) Cash Flows from Financing Activities

Net cash provided by financing activities amounted to 6,407 million yen (1,376 million yen used in the previous fiscal year). This was due to raising 6,300 million yen through long-term borrowings and 5,000 million yen in bonds payable as financing for acquisition of non-current assets and equity investments, despite outflows of 1,761 million yen in dividends paid, 167 million yen in purchase of treasury shares, repayments of long-term borrowings of 2,626 million yen and repayments of short-term borrowings of 300 million yen.

(4) Future Outlook

For the fiscal year ending March 31, 2025, we are expecting net sales of 19,700 million yen (an increase of 389 million yen (2.0%) year-on-year), supported by rising operation rates of equipment rooms of datacenter buildings, office tenant occupancy, a full-year contribution by Asakusa Ekimae Building and other factors. We project operating profit of 5,600 million yen (an increase of 516 million yen (10.2%) year-on-year) due to factors including decreased repair expenses and depreciation, and the estimated ordinary profit is 5,500 million yen (an increase of 657 million yen (13.6%) year-on-year). With a decrease in extraordinary income, the estimated profit attributable to owners of parent is 3,800 million yen (an increase of 6 million yen (0.2%) year-on-year). Business profit before depreciation and amortization (business profit (operating profit + loss (gain) on investments in investment partnerships) + depreciation and amortization), an important management indicator for the Company, is expected to be 9,800 million yen (an increase of 671 million yen (7.4%) year-on-year).

In the real estate leasing industry as well, it is necessary to continue to keep a close watch on the rise in the vacancy rate against the backdrop of a new supply of completed large-scale properties, and we cannot be optimistic about the future outlook. However, in the current situation, the impact on the Group’s business performance has been 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 the chaotic situations Russia and Ukraine, and in the Middle East 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

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	5,312,956	8,668,714
Accounts receivable - trade	560,390	486,123
Other	829,196	230,414
Total current assets	6,702,542	9,385,252
Non-current assets		
Property, plant and equipment		
Buildings and structures	104,377,130	105,765,523
Accumulated depreciation	(45,458,276)	(48,795,378)
Buildings and structures, net	58,918,854	56,970,145
Land	52,660,042	52,660,042
Buildings in trust	3,343,060	3,986,740
Accumulated depreciation	(1,754,247)	(1,998,911)
Buildings in trust, net	1,588,812	1,987,829
Land in trust	19,694,013	25,235,263
Construction in progress	100,640	17,640
Other	1,096,685	1,136,189
Accumulated depreciation	(785,973)	(854,943)
Other, net	310,711	281,246
Total property, plant and equipment	133,273,075	137,152,167
Intangible assets	109,720	107,436
Investments and other assets		
Investment securities	9,607,603	17,382,863
Leasehold and guarantee deposits	2,192,530	2,192,789
Deferred tax assets	13,793	12,587
Other	422,040	383,000
Total investments and other assets	12,235,967	19,971,240
Total non-current assets	145,618,763	157,230,845
Total assets	152,321,306	166,616,097

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	849	-
Short-term borrowings	3,922,400	4,676,616
Income taxes payable	498,139	940,767
Provision for bonuses	44,811	49,425
Other	3,421,645	3,064,272
Total current liabilities	7,887,845	8,731,081
Non-current liabilities		
Bonds payable	45,000,000	50,000,000
Long-term borrowings	18,234,150	20,853,372
Long-term leasehold and guarantee deposits received	7,776,653	8,451,019
Deferred tax liabilities	1,148,490	1,975,605
Deferred tax liabilities for land revaluation	1,214,541	1,214,541
Retirement benefit liability	65,172	71,550
Asset retirement obligations	115,318	115,694
Other	8,200	328,663
Total non-current liabilities	73,562,526	83,010,447
Total liabilities	81,450,371	91,741,528
Net assets		
Shareholders' equity		
Share capital	9,827,611	9,827,611
Capital surplus	9,199,840	9,199,840
Retained earnings	52,436,792	54,459,351
Treasury shares	(310,708)	(382,119)
Total shareholders' equity	71,153,536	73,104,684
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,173,840	6,226,326
Revaluation reserve for land	(4,532,546)	(4,532,546)
Total accumulated other comprehensive income	(358,706)	1,693,780
Share acquisition rights	76,104	76,104
Total net assets	70,870,934	74,874,569
Total liabilities and net assets	152,321,306	166,616,097

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	18,879,148	19,310,701
Cost of sales	11,794,973	12,427,571
Gross profit	7,084,174	6,883,129
Selling, general and administrative expenses	1,708,746	1,799,851
Operating profit	5,375,427	5,083,278
Non-operating income		
Interest income	2,927	59
Dividend income	264,288	293,943
Insurance claim income	37,283	-
Gain on investments in investment partnerships	-	69,137
Other	7,843	8,772
Total non-operating income	312,343	371,913
Non-operating expenses		
Interest expenses	160,818	212,410
Interest expenses on bonds	335,600	358,312
Non-deductible consumption tax	136,952	-
Other	13,426	42,256
Total non-operating expenses	646,797	612,978
Ordinary profit	5,040,973	4,842,213
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	28,095	36,826
Other	126	-
Total extraordinary losses	28,221	36,826
Profit before income taxes	6,019,515	5,476,860
Income taxes - current	1,616,309	1,704,989
Income taxes - deferred	216,765	(21,976)
Total income taxes	1,833,075	1,683,013
Profit	4,186,440	3,793,846
Profit attributable to owners of parent	4,186,440	3,793,846

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	4,186,440	3,793,846
Other comprehensive income		
Valuation difference on available-for-sale securities	(225,739)	2,052,486
Total other comprehensive income	(225,739)	2,052,486
Comprehensive income	3,960,700	5,846,333
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,960,700	5,846,333
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Thousands of 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

For the fiscal year ended March 31, 2024

(Thousands of 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	52,436,792	(310,708)	71,153,536
Changes during period					
Dividends of surplus			(1,762,261)		(1,762,261)
Profit attributable to owners of parent			3,793,846		3,793,846
Purchase of treasury shares				(167,975)	(167,975)
Disposal of treasury shares		(9,026)		96,565	87,538
Transfer from retained earnings to capital surplus		9,026	(9,026)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,022,558	(71,410)	1,951,147
Balance at end of period	9,827,611	9,199,840	54,459,351	(382,119)	73,104,684

	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	4,173,840	(4,532,546)	(358,706)	76,104	70,870,934
Changes during period					
Dividends of surplus					(1,762,261)
Profit attributable to owners of parent					3,793,846
Purchase of treasury shares					(167,975)
Disposal of treasury shares					87,538
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity	2,052,486	-	2,052,486	-	2,052,486
Total changes during period	2,052,486	-	2,052,486	-	4,003,634
Balance at end of period	6,226,326	(4,532,546)	1,693,780	76,104	74,874,569

Consolidated Statements of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	6,019,515	5,476,860
Depreciation	3,818,926	3,976,012
Share-based payment expenses	70,967	84,069
Increase (decrease) in retirement benefit liability	(1,999)	6,378
Increase (decrease) in provision for bonuses	1,080	4,613
Interest and dividend income	(267,216)	(294,003)
Interest expenses	160,818	212,410
Interest expenses on bonds	335,600	358,312
Loss (gain) on sale of investment securities	(1,006,262)	(236,915)
Loss on retirement of property, plant and equipment	28,095	36,826
Loss (gain) on investments in investment partnerships	-	(69,137)
Contribution received for construction	-	(406,300)
Other extraordinary loss (income)	(374)	(28,257)
Decrease (increase) in trade receivables	(236,173)	96,425
Increase (decrease) in trade payables	(944,797)	1,321,075
Decrease (increase) in consumption taxes refund receivable	1,850,128	-
Increase (decrease) in accrued consumption taxes	945,051	(855,577)
Other, net	9,248	15,515
Subtotal	10,782,609	9,698,306
Interest and dividends received	267,216	350,025
Interest paid	(497,028)	(548,815)
Income taxes paid	(1,635,017)	(1,277,926)
Net cash provided by (used in) operating activities	8,917,780	8,221,590
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,895,167)	(6,931,178)
Purchase of intangible assets	(550)	(32,450)
Purchase of investment securities	(300,065)	(4,919,800)
Proceeds from sale of investment securities	1,087,783	297,322
Proceeds from contribution received for construction	-	312,851
Other, net	3,152	-
Net cash provided by (used in) investing activities	(12,104,847)	(11,273,255)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(700,000)	(300,000)
Proceeds from long-term borrowings	4,700,000	6,300,000
Repayments of long-term borrowings	(1,703,400)	(2,626,562)
Proceeds from issuance of bonds	-	5,000,000
Payments for issuance of bonds	-	(36,293)
Purchase of treasury shares	(1,760,788)	(167,975)
Dividends paid	(1,912,137)	(1,761,745)
Other, net	65	-
Net cash provided by (used in) financing activities	(1,376,259)	6,407,422
Net increase (decrease) in cash and cash equivalents	(4,563,326)	3,355,758
Cash and cash equivalents at beginning of period	9,876,282	5,312,956
Cash and cash equivalents at end of period	5,312,956	8,668,714

(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, 2023	For the fiscal year ended March 31, 2024
Net assets per share	1,445.53 yen	1,528.74 yen
Basic earnings per share	84.66 yen	77.47 yen
Diluted earnings per share	84.44 yen	77.30 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, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (thousand yen)	4,186,440	3,793,846
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent pertaining to common shares (thousand yen)	4,186,440	3,793,846
Average number of common shares during the period (thousand shares)	49,450	48,968
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (thousand yen)	—	—
Increase in the number of common shares (thousand shares)	126	111
(of which share acquisition rights (thousand shares))	(126)	(111)
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, 2023	As of March 31, 2024
Total net assets (thousand yen)	70,870,934	74,874,569
Amount to be deducted from total net assets (thousand yen)	76,104	76,104
(of which share acquisition rights (thousand yen))	(76,104)	(76,104)
Total net assets pertaining to common shares at the end of the period (thousand yen)	70,794,829	74,798,464
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	48,975	48,928

(Significant subsequent events)

Not applicable.