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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

July 31, 2025

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 Listing: Tokyo Stock Exchange
 Securities code: 8818
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	5,015	5.2	1,479	3.8	1,544	1.2	1,073	1.2
June 30, 2024	4,769	(3.9)	1,425	1.8	1,525	7.8	1,060	(16.9)

(Note) Comprehensive income: Three months ended June 30, 2025: ¥ 1,643 million [(20.2) %]
 Three months ended June 30, 2024: ¥ 2,060 million [(20.6) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	22.10	22.05
June 30, 2024	21.68	21.63

(Reference) Business profit before depreciation and amortization:

Three months ended June 30, 2025: ¥ 2,511 million [1.0 %]
 Three months ended June 30, 2024: ¥ 2,486 million [4.5 %]

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 + loss (gain) on investments in investments partnerships + loss (gain) on sale of non-current assets) + Depreciation and amortization

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	171,392	76,921	44.9
March 31, 2025	177,104	76,323	43.1

(Reference) Equity: As of June 30, 2025: ¥ 76,904 million
 As of March 31, 2025: ¥ 76,246 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, 2025	-	18.50	-	21.50	40.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		20.00	-	20.00	40.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026(April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	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	20,000	2.1	5,500	10.4	5,300	9.7	4,200	(4.3)	86.32

(Note) Revision to the financial results forecast announced most recently: None

(Reference) Business profit before depreciation and amortization: ¥ 9,700 million [6.6 %]

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

June 30, 2025: 48,811,498 shares

March 31, 2025: 48,811,498 shares

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

June 30, 2025: 153,654 shares

March 31, 2025: 241,708 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Three months ended June 30, 2025: 48,577,420 shares

Three months ended June 30, 2024: 48,928,251 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

*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.

(Changes in the display units for amounts)

The amounts for items listed in the quarterly consolidated financial statements and other items have hitherto been displayed in units of thousands of yen. Beginning in the consolidated first three-month period under review, this is changed to units of millions of yen.

For fair comparison, the amounts reported for both the first three-month period of the previous fiscal year and the entire previous fiscal year have been restated in units of millions of yen.

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Condition	4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Quarterly Consolidated Financial Statements and Principal Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
(Notes on going concern assumption)	9
(Changes in scope of consolidation or scope of application of the equity method)	9
(Notes in case of significant changes in shareholders' equity)	9
(Segment information)	9
(Notes to statements of cash flows)	9
(Significant subsequent events)	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the first quarter of the fiscal year ending March 31, 2026, the Japanese economy showed a gradual trend toward recovery, mainly due to an improvement in employment and income conditions, an increase in nominal wages, and brisk demand for domestic goods and services by foreign tourists to Japan. Meanwhile, the economic outlook remained unclear due to the continued increase in commodity prices, rising interest rates associated with the normalization of monetary policy, as well as the impact of U.S. tariff policy trends and increased geopolitical risks, which pose downside risks to the economy.

In the real estate leasing industry, although there are concerns about an increase in funds procurement costs due to higher interest rates, soaring construction costs, intensifying competition among areas due to urban redevelopment, as well as changes in office demand due to diversifying work styles, vacancy rates have remained stable, mainly in urban areas.

Under such circumstances, Keihanshin Building Co., Ltd. (“the Group”) focused on operating activities, mainly leasing. As a result, we continued to maintain a high occupancy rate, including the vacancy rate improving to 0.51% as of June 30, 2025 from 0.64% as of March 31, 2025. In addition, as we enter the third year of our Long-Term Business Plan, while examining new investment opportunities toward future growth, in terms of existing buildings, the Group has also been striving to enhance asset value of them through preventive maintenance against natural disasters and promotion of energy saving.

For the three months ended June 30, 2025, consolidated net sales increased by 246 million yen (5.2%) year-on-year to 5,015 million yen due mainly to the contribution from new investment properties and an increase in rental income from datacenter buildings.

Meanwhile, despite an increase in the cost of sales, such as repair costs and electricity expenses, as well as an increase in general and administrative expenses, including personnel costs and research expenses for new investments due to the promotion of the Long-Term Business Plan, operating profit increased by 54 million yen (3.8%) year-on-year to 1,479 million yen. In addition, although non-operating expenses, such as interest expenses increased, ordinary profit rose 19 million yen (1.2%) year-on-year to 1,544 million yen and profit attributable to owners of parent increased by 12 million yen (1.2%) year on year to 1,073 million yen, ensuring profit growth at each profit level.

The Group operates under a single segment of the “Building lease business,”

	Three months ended June 30, 2024		Three months ended June 30, 2025	
	Net sales (million yen)	Rate (%)	Net sales (million yen)	Rate (%)
Office Building Business	1,097	23.0	1,144	22.8
Datacenter Building Business	2,511	52.7	2,697	53.8
WINS Building Business	834	17.5	832	16.6
Commercial Building, Logistics Warehouse, and Other Properties Business	326	6.8	340	6.8
Total	4,769	100.0	5,015	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.

Intensifying competition following the completion of a series of new office buildings in metropolitan areas requires attention, although the impact on the Group's office building business has been minimal and occupancy rates remain high.

Consolidated net sales from the office building business for the three months ended June 30, 2025 amounted to 1,144 million yen, an increase of 47 million yen (4.3%) year-on-year due to factors such as improved vacancy rates as a result of progress in finding new tenants when tenants depart.

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.

Consolidated net sales from the datacenter building business for the three months ended June 30, 2025 amounted to 2,697 million yen, an increase of 186 million yen (7.4%) year-on-year, mainly owing to an increase in rental income with some tenants who shifted to formal contracts.

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 Group's founding, and has been one of our core businesses that generate stable earnings 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 limited as the buildings are leased at fixed rents.

Consolidated net sales from the WINS building business for the three months ended June 30, 2025 amounted to 832 million yen, a decrease of 1 million yen (0.2%) year-on-year.

4) Commercial Building, Logistics Warehouse, and Other Properties Business

The Group owns and leases a total of eight commercial buildings, logistics warehouses, and other properties particularly in the Tokyo metropolitan area and the Kansai area. We are targeting prime locations for transportation access, such as locations near terminal stations for commercial facilities and trunk roads for logistics warehouses, and in March 2025 we acquired a new logistics warehouse in Komaki City, Aichi Prefecture. Under our Long-Term Business Plan, we are striving to expand our assets by acquiring properties, including new asset types such as residences and healthcare buildings. We will continue to work on information gathering activities in order to acquire profitable properties.

Consolidated net sales from the commercial building, logistics warehouse, and other properties business for the three months ended June 30, 2025 amounted to 340 million yen, an increase of 14 million yen (4.4%) year-on-year, partly due to the contribution by Komaki Logistics Center, acquired in March 2025.

(2) Explanation of Financial Condition

Total assets at the end of the three months ended June 30, 2025 amounted to 171,392 million yen, a decrease of 5,712 million yen (3.2%) from the end of the previous fiscal year. This was mainly due to decreases of 7,689 million yen in cash and deposits and 805 million yen in property, plant and equipment, despite an increase of 2,543 million yen in investment securities mainly arising from equity investments.

Total liabilities at the end of the three months ended June 30, 2025 amounted to 94,470 million yen, a decrease of 6,310 million yen (6.3%) from the end of the previous fiscal year. This was mainly due to decreases of 5,707 million yen in interest-bearing debt due to factors such as the redemption of bonds and 766 million yen in income taxes payable as a result of the determination and payment of taxes, etc.

Total net assets at the end of the three months ended June 30, 2025 amounted to 76,921 million yen, an increase of 598 million yen (0.8%) from the end of the previous fiscal year. This was mainly due to an increase of 690 million yen in valuation difference on available-for-sale securities, despite a decrease of 42 million yen in retained earnings due to factors such as 1,115 million yen in dividends of surplus, offset by the recording of 1,073 million yen in profit attributable to owners of parent.

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

There is no change in the consolidated financial results forecast announced on May 15, 2025. The consolidated financial results at the end of the three months ended June 30, 2025 are as originally planned.

We recognize that the business environment outlook will continue to remain unclear, with many factors to watch closely, including the upward pressure on vacancy rates due to an increase in the supply of large-scale properties, as well as trends in commodity prices and interest rates.

However, the Group's business is strong at present, and the impact from tenant departures and requests for rent reductions has been limited.

We will continue to closely monitor this market environment and economic trends, and strive to operate our business appropriately. Furthermore, if any significant changes occur going forward, we will promptly disclose such information.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	14,060	6,371
Accounts receivable - trade	548	531
Other	411	680
Total current assets	15,020	7,582
Non-current assets		
Property, plant and equipment		
Buildings and structures	106,224	106,278
Accumulated depreciation	(51,845)	(52,689)
Buildings and structures, net	54,379	53,589
Land	55,332	55,425
Buildings in trust	3,986	3,986
Accumulated depreciation	(2,258)	(2,323)
Buildings in trust, net	1,727	1,662
Land in trust	25,235	25,235
Construction in progress	117	88
Other	1,151	1,153
Accumulated depreciation	(895)	(911)
Other, net	255	241
Total property, plant and equipment	137,048	136,242
Intangible assets	107	102
Investments and other assets		
Investment securities	22,399	24,942
Other	2,529	2,521
Total investments and other assets	24,928	27,464
Total non-current assets	162,084	163,809
Total assets	177,104	171,392

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Short-term borrowings	6,336	6,233
Current portion of bonds payable	5,000	-
Income taxes payable	1,129	363
Provisions	51	-
Other	3,244	2,982
Total current liabilities	15,761	9,579
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	23,017	22,412
Retirement benefit liability	72	75
Asset retirement obligations	116	116
Other	11,813	12,287
Total non-current liabilities	85,019	84,891
Total liabilities	100,781	94,470
Net assets		
Shareholders' equity		
Share capital	9,827	9,827
Capital surplus	9,199	9,199
Retained earnings	56,434	56,392
Treasury shares	(358)	(227)
Total shareholders' equity	75,103	75,191
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,561	6,252
Revaluation reserve for land	(4,568)	(4,568)
Foreign currency translation adjustment	150	29
Total accumulated other comprehensive income	1,143	1,713
Share acquisition rights	76	16
Total net assets	76,323	76,921
Total liabilities and net assets	177,104	171,392

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the three months ended June 30, 2024 and 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	4,769	5,015
Cost of sales	2,887	3,036
Gross profit	1,882	1,979
Selling, general and administrative expenses	457	500
Operating profit	1,425	1,479
Non-operating income		
Interest income	0	5
Dividend income	178	183
Gain on investments in investment partnerships	76	70
Other	2	2
Total non-operating income	256	260
Non-operating expenses		
Interest expenses	51	72
Interest expenses on bonds	101	118
Other	3	4
Total non-operating expenses	156	195
Ordinary profit	1,525	1,544
Extraordinary losses		
Loss on retirement of non-current assets	3	3
Total extraordinary losses	3	3
Profit before income taxes	1,522	1,541
Income taxes - current	376	348
Income taxes - deferred	85	119
Total income taxes	461	467
Profit	1,060	1,073
Profit attributable to owners of parent	1,060	1,073

Quarterly Consolidated Statement of Comprehensive Income
For the three months ended June 30, 2024 and 2025

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	1,060	1,073
Other comprehensive income		
Valuation difference on available-for-sale securities	999	690
Foreign currency translation adjustment	-	(120)
Total other comprehensive income	999	569
Comprehensive income	2,060	1,643
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,060	1,643
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in scope of consolidation or scope of application of the equity method)

During the first quarter of the fiscal year ending March 31, 2026, the Company included CBRE UIV II MASTER FUND, L.P., in which we have newly invested, in the scope of application of the equity method.

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

Not applicable.

(Segment information)

[Segment information]

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

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2025 have not been prepared. Depreciation and amortization for the three months ended June 30, 2025 are as follows.

	For the three months ended June 30, 2024		For the three months ended June 30, 2025	
Depreciation and amortization	985	million yen	961	million yen

(Significant subsequent events)

Not applicable.