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May 13, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: Keihanshin Building Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 8818
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 Scheduled date of annual general meeting of shareholders: June 19, 2026
 Scheduled date to commence dividend payments: June 22, 2026
 Scheduled date to file annual securities report: June 17, 2026
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	%
Fiscal year ended March 31, 2026	20,255	3.4	5,646	13.3	5,603	16.0	4,675	6.5
March 31, 2025	19,584	1.4	4,983	(2.0)	4,829	(0.3)	4,388	15.7

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 8,753 million [128.1%]
 For the fiscal year ended March 31, 2025: ¥ 3,838 million [(34.3)%]

	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, 2026	96.86	96.77	5.9	3.1	27.9
March 31, 2025	89.90	89.69	5.8	2.8	25.4

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

For the fiscal year ended March 31, 2026: ¥ (51) million

For the fiscal year ended March 31, 2025: ¥ - million

Business profit before depreciation and amortization:

For the nine months ended December 31, 2026: ¥ 10,207 million [12.2 %]

For the nine months ended December 31, 2025: ¥ 9,099 million [(0.3) %]

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

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	185,602	81,397	43.8	1,706.00
March 31, 2025	177,104	76,323	43.1	1,569.84

Reference: Equity

As of March 31, 2026: ¥ 81,380 million

As of March 31, 2025: ¥ 76,246 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 end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	7,692	(2,054)	(2,679)	16,911
March 31, 2025	7,294	(8,219)	6,258	14,060

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	18.50	-	21.50	40.00	1,950	44.5	2.6
Fiscal year ended March 31, 2026	-	20.00	-	20.00	40.00	1,927	41.3	2.4
Fiscal year ending March 31, 2027 (Forecast)	-	15.00	-	15.00	30.00		58.4	

Note: At the Board of Directors' meeting held on May 13, 2026, the Company resolved to carry out a 2-for-1 stock split of common stock effective on July 1, 2026. The annual dividends per share for the fiscal year ending March 31, 2027 (forecast) are based on the amount taking into consideration the stock split. Annual dividends per share for the fiscal year ending March 31, 2027 (forecast) without taking the stock split into account would be 60.00 yen.

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(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	20,500	1.2	5,500	(2.6)	4,900	(12.6)	4,900	4.8	51.36

(Reference) Business profit before depreciation and amortization: ¥ 10,400 million [1.9 %]

Business profit before depreciation and amortization

=Business profit (Operating profit + loss (gain) on investments in investment partnerships + loss (gain) on sale of non-current assets) + Depreciation and amortization

Note: Basic earnings per share is calculated considering the effect of the stock split as noted in "2. Cash dividends." Without considering the stock split, basic earnings per share in the consolidated earnings forecast for the fiscal year ending March 31, 2027 is 102.72 yen.

* Notes

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

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

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2026	48,811,498 shares
As of March 31, 2025	48,811,498 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	1,109,167 shares
As of March 31, 2025	241,708 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	48,269,605 shares
Fiscal Year ended March 31, 2025	48,816,479 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	20,255	3.4	5,673	12.5	5,689	7.4	4,761	(2.0)
March 31, 2025	19,584	3.2	5,045	3.9	5,295	12.1	4,857	29.5

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	98.65	98.56
March 31, 2025	99.51	99.29

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	185,446	81,241	43.8	1,702.74
March 31, 2025	176,990	76,208	43.0	1,567.49

Reference: Equity

As of March 31, 2026: ¥ 81,224 million

As of March 31, 2025: ¥ 76,132 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

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)

Amounts for items and other matters presented in the Company's consolidated financial statements had previously been stated in units of thousands of yen. However, from the current consolidated fiscal year, these amounts are now stated in units of millions of yen.

For ease of comparison, the figures for the previous consolidated fiscal year have also been restated in millions of yen.

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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, 2026, the Japanese economy showed a gradual trend toward recovery, due primarily to a pickup in personal consumption owing to an improvement in employment and income conditions. Meanwhile, the economic outlook remained unclear due to various factors, including rising commodity prices as a result of escalating geopolitical risks and expectations of higher interest rates.

In the real estate leasing industry, although there remain concerns about persistently high prices of construction materials, soaring personnel costs, and intensifying competition due to new supply of large-scale properties, as well as changes in office demand due to diversifying work styles, vacancy rates remained low, mainly in metropolitan 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, with the vacancy rate as of March 31, 2026 remaining low at 0.39%. In addition, based on its Long-Term Business Plan, the Group proactively worked on new investments in Japan and abroad toward the next growth, including equity investments in a multifamily property in Dallas, Texas in the U.S. in November 2025, a large-scale hotel in Osaka City in December 2025, and a multifamily residence in Charlotte, North Carolina in the U.S. in March 2026. Also, in terms of existing buildings, we continued 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, 2026 increased by 670 million yen (3.4%) year-on-year to 20,255 million yen due mainly to the contribution from new investment properties and an increase in rental income with some tenants of datacenter buildings that shifted to formal contracts. Accordingly, operating profit increased by 662 million yen (13.3%) year-on-year to 5,646 million yen. Ordinary profit increased by 773 million yen (16.0%) to 5,603 million yen mainly due to an increase in gain on investments in investment partnerships and the absence of financing-related expenses recorded in the previous fiscal year despite an increase in interest expenses.

Profit attributable to owners of parent amounted to 4,675 million yen, an increase of 286 million yen (6.5%) year-on-year, mainly because gain on sale of non-current assets was recorded while gain on sale of investment securities decreased.

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 the Group’s operations by asset type is as follows.

	For the fiscal year ended March 31, 2025		For the fiscal year ended March 31, 2026	
	Net sales (million yen)	Rate (%)	Net sales (million yen)	Rate (%)
Office Buildings	4,488	22.9	4,661	23.0
Datacenter Buildings	10,452	53.4	11,012	54.4
WINS Buildings	3,359	17.1	3,351	16.5
Commercial Buildings, Logistics Warehouses, and Other Properties	1,285	6.6	1,229	6.1
Total	19,584	100.0	20,255	100.0

(Note) From the fiscal year ended March 31, 2026, the names of the above categories have been changed from “Office Building Business,” “Datacenter Building Business,” “WINS Building Business,” and “Commercial Building, Logistics Warehouse, and Other Properties Business” to “Office Buildings,” “Datacenter Buildings,” “WINS Buildings,” and “Commercial Buildings, Logistics Warehouses, and Other Properties,” respectively. This is purely a change of names and has no impact on business operations.

1) Office Buildings

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 revenue has been minimal and occupancy rates remain high.

Consolidated net sales from the office buildings amounted to 4,661 million yen, an increase of 173 million yen (3.9%) 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 Buildings

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, 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 buildings amounted to 11,012 million yen, an increase of 559 million yen (5.4%) year-on-year, mainly owing to an increase in rental income with some tenants who shifted to formal contracts.

3) WINS Buildings

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 areas of the cities of Kyoto, Osaka, and Kobe. The WINS building business dates back to the Group's founding, and the WINS buildings have been our core properties 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 buildings amounted to 3,351 million yen, a decrease of 7 million yen (0.2%) year-on-year.

4) Commercial Buildings, Logistics Warehouses, and Other Properties

The Group owns and leases a total of seven commercial buildings, logistics warehouses, and other properties particularly in the Tokyo metropolitan area and the Kansai area. As part of the revolving-type investment business, we sold Asakusa Ekimae Building, a commercial facility, in September 2025. As for property acquisitions, 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 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 buildings, logistics warehouses, and other properties amounted to 1,229 million yen, a decrease of 55 million yen (4.3%) year-on-year, due to the impact of the sale of Asakusa Ekimae Building despite the full-year contribution from newly acquired Komaki Logistics Center.

(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, 2026 amounted to 185,602 million yen, an increase of 8,498 million yen (4.8%) from the end of the previous fiscal year. This was mainly due to an increase of 2,850 million yen in cash and deposits, as well as an increase of 14,355 million yen in investment securities resulting from equity investments in Japan and the U.S. and an increase in the market value of shares held, despite a decrease in property, plant and equipment of 8,709 million yen in total owing primarily to the sale of Asakusa Ekimae Building.

2) Liabilities

Total liabilities at the end of the fiscal year ended March 31, 2026 amounted to 104,205 million yen, an increase of 3,423 million yen (3.4%) from the end of the previous fiscal year. This was mainly due to an increase of 1,069 million yen in interest-bearing debt as a result of financing required for new investments, as well as an increase of 1,881 million yen in deferred tax liabilities, which are included in non-current liabilities, due to an increase in the market value of shares held.

3) Net Assets

Total net assets at the end of the fiscal year ended March 31, 2026 amounted to 81,397 million yen, an increase of 5,074 million yen (6.6%) compared to the end of the previous fiscal year. This was mainly due to an increase of 3,950 million yen in valuation difference on available-for-sale securities, as well as an increase of 2,590 million yen in retained earnings, despite a decrease of 1,535 million yen resulting from purchase of treasury shares.

(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, 2026 amounted to 16,911 million yen, an increase of 2,850 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 7,692 million yen (7,294 million yen provided in the previous fiscal year). Major inflows were 6,753 million yen in profit before income taxes and 3,785 million yen in depreciation. Major outflows were 2,013 million yen in income taxes paid, as well as extraordinary income of 701 million yen in gain on sale of investment securities and 454 million yen in gain on sale of property, plant and equipment.

2) Cash Flows from Investing Activities

Net cash used in investing activities amounted to 2,054 million yen (8,219 million yen used in the previous fiscal year). Inflows included 6,437 million yen from the sale of property, plant and equipment. Outflows included 8,478 million yen in purchase of investment securities arising from equity investments in Japan and the U.S.

3) Cash Flows from Financing Activities

Net cash used in financing activities amounted to 2,679 million yen (6,258 million yen provided in the previous fiscal year). This was due to outflows of 5,000 million yen in redemption of bonds, 4,937 million yen in repayments of long-term borrowings, 2,018 million yen in dividends paid, and 1,724 million yen in purchase of treasury shares, despite the raising of 11,000 million yen through long-term borrowings as financing for acquisition of non-current assets and equity investments.

(4) Future Outlook

For the fiscal year ending March 31, 2027, although a halt in operations at WINS Kyoto due to renewal construction work is expected to weigh on rental income, supported by rising operation rates of equipment rooms of datacenter buildings, office tenant occupancy and rent revisions, and other factors, we are expecting net sales of 20,500 million yen (an increase of 244 million yen (1.2%) year-on-year), operating profit of 5,500 million yen (a decrease of 146 million yen (2.6%) year-on-year), ordinary profit of 4,900 million yen (a decrease of 703 million yen (12.6%) year-on-year), and profit attributable to owners of parent of 4,900 million yen (an increase of 224 million yen (4.8%) year-on-year). Business profit before depreciation and amortization = business profit (operating profit + loss (gain) on investments in investment partnerships + loss (gain) on sale of non-current assets) + depreciation and amortization, an important management indicator for the Group, is expected to be 10,400 million yen (an increase of 192 million yen (1.9%) year-on-year). In addition, we have changed our dividend policy as we are projected to achieve the performance indicators set for the final fiscal year of Phase I of the Long-Term Business Plan. For details, please refer to the “Notice Concerning Stock Split, Partial Amendment to the Articles of Incorporation in Connection with the Stock Split, Change to the Dividend Policy and Dividend Forecast, and Establishment of a Shareholder Benefit Program” announced today.

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.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	14,060	16,911
Accounts receivable - trade	548	513
Other	411	452
Total current assets	15,020	17,877
Non-current assets		
Property, plant and equipment		
Buildings and structures	106,224	106,923
Accumulated depreciation	(51,845)	(55,113)
Buildings and structures, net	54,379	51,809
Land	55,332	55,425
Buildings in trust	3,986	3,343
Accumulated depreciation	(2,258)	(2,258)
Buildings in trust, net	1,727	1,084
Land in trust	25,235	19,694
Construction in progress	117	113
Other	1,151	1,139
Accumulated depreciation	(895)	(928)
Other, net	255	210
Total property, plant and equipment	137,048	128,338
Intangible assets	107	86
Investments and other assets		
Investment securities	22,399	36,754
Leasehold and guarantee deposits	2,192	2,192
Deferred tax assets	9	9
Other	327	343
Total investments and other assets	24,928	39,300
Total non-current assets	162,084	167,725
Total assets	177,104	185,602

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Short-term borrowings	6,336	7,037
Current portion of bonds payable	5,000	-
Income taxes payable	1,129	1,107
Provision for bonuses	51	55
Other	3,244	3,627
Total current liabilities	15,761	11,828
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	23,017	28,378
Long-term leasehold and guarantee deposits received	8,770	8,794
Deferred tax liabilities	1,785	3,666
Deferred tax liabilities for land revaluation	1,250	1,250
Retirement benefit liability	72	72
Asset retirement obligations	116	116
Other	8	97
Total non-current liabilities	85,019	92,377
Total liabilities	100,781	104,205
Net assets		
Shareholders' equity		
Share capital	9,827	9,827
Capital surplus	9,199	9,199
Retained earnings	56,434	59,024
Treasury shares	(358)	(1,893)
Total shareholders' equity	75,103	76,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,561	9,512
Deferred gains or losses on hedges	-	(9)
Revaluation reserve for land	(4,568)	(4,568)
Foreign currency translation adjustment	150	287
Total accumulated other comprehensive income	1,143	5,222
Share acquisition rights	76	16
Total net assets	76,323	81,397
Total liabilities and net assets	177,104	185,602

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	19,584	20,255
Cost of sales	12,670	12,633
Gross profit	6,914	7,621
Selling, general and administrative expenses	1,930	1,975
Operating profit	4,983	5,646
Non-operating income		
Interest income	5	19
Dividend income	368	417
Gain on investments in investment partnerships	224	373
Other	10	8
Total non-operating income	608	819
Non-operating expenses		
Interest expenses	215	341
Interest expenses on bonds	410	451
Other	137	69
Total non-operating expenses	763	862
Ordinary profit	4,829	5,603
Extraordinary income		
Gain on sale of non-current assets	-	454
Gain on sale of investment securities	1,491	701
Total extraordinary income	1,491	1,156
Extraordinary losses		
Loss on retirement of non-current assets	21	5
Other	-	0
Total extraordinary losses	21	6
Profit before income taxes	6,299	6,753
Income taxes - current	1,890	2,013
Income taxes - deferred	21	64
Total income taxes	1,911	2,078
Profit	4,388	4,675
Profit attributable to owners of parent	4,388	4,675

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	4,388	4,675
Other comprehensive income		
Valuation difference on available-for-sale securities	(664)	3,950
Revaluation reserve for land	(35)	-
Foreign currency translation adjustment	150	137
Share of other comprehensive income of entities accounted for using equity method	-	(9)
Total other comprehensive income	(550)	4,078
Comprehensive income	3,838	8,753
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,838	8,753
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,827	9,199	54,459	(382)	73,104
Changes during period					
Dividends of surplus			(1,835)		(1,835)
Profit attributable to owners of parent			4,388		4,388
Purchase of treasury shares				(625)	(625)
Disposal of treasury shares		15		56	71
Cancellation of treasury shares		(592)		592	-
Transfer from retained earnings to capital surplus		577	(577)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,975	23	1,998
Balance at end of period	9,827	9,199	56,434	(358)	75,103

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	6,226	-	(4,532)	-	1,693	76	74,874
Changes during period							
Dividends of surplus							(1,835)
Profit attributable to owners of parent							4,388
Purchase of treasury shares							(625)
Disposal of treasury shares							71
Cancellation of treasury shares							-
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity	(664)	-	(35)	150	(550)	-	(550)
Total changes during period	(664)	-	(35)	150	(550)	-	1,448
Balance at end of period	5,561	-	(4,568)	150	1,143	76	76,323

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,827	9,199	56,434	(358)	75,103
Changes during period					
Dividends of surplus			(2,018)		(2,018)
Profit attributable to owners of parent			4,675		4,675
Purchase of treasury shares				(1,724)	(1,724)
Disposal of treasury shares		(67)		188	121
Cancellation of treasury shares					-
Transfer from retained earnings to capital surplus		67	(67)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,590	(1,535)	1,054
Balance at end of period	9,827	9,199	59,024	(1,893)	76,158

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	5,561	-	(4,568)	150	1,143	76	76,323
Changes during period							
Dividends of surplus							(2,018)
Profit attributable to owners of parent							4,675
Purchase of treasury shares							(1,724)
Disposal of treasury shares							121
Cancellation of treasury shares							-
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity	3,950	(9)	-	137	4,078	(59)	4,019
Total changes during period	3,950	(9)	-	137	4,078	(59)	5,074
Balance at end of period	9,512	(9)	(4,568)	287	5,222	16	81,397

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	6,299	6,753
Depreciation	3,891	3,785
Share-based payment expenses	82	65
Increase (decrease) in retirement benefit liability	0	0
Increase (decrease) in provision for bonuses	2	3
Interest and dividend income	(373)	(437)
Interest expenses	215	341
Interest expenses on bonds	410	451
Loss (gain) on sale of investment securities	(1,491)	(701)
Loss (gain) on sale of property, plant and equipment	-	(454)
Loss on retirement of property, plant and equipment	21	5
Loss (gain) on investments in investment partnerships	(224)	(373)
Decrease (increase) in trade receivables	(172)	(80)
Increase (decrease) in trade payables	174	75
Decrease (increase) in consumption taxes refund receivable	(22)	22
Increase (decrease) in accrued consumption taxes	153	82
Other, net	132	115
Subtotal	9,099	9,655
Interest and dividends received	536	834
Interest paid	(605)	(782)
Income taxes paid	(1,736)	(2,013)
Net cash provided by (used in) operating activities	7,294	7,692
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,937)	(732)
Proceeds from sale of property, plant and equipment	-	6,437
Purchase of intangible assets	(14)	(5)
Purchase of investment securities	(5,870)	(8,478)
Proceeds from sale of investment securities	1,602	741
Other, net	-	(17)
Net cash provided by (used in) investing activities	(8,219)	(2,054)
Cash flows from financing activities		
Proceeds from long-term borrowings	7,000	11,000
Repayments of long-term borrowings	(3,176)	(4,937)
Proceeds from issuance of bonds	5,000	-
Payments for issuance of bonds	(33)	-
Redemption of bonds	-	(5,000)
Purchase of treasury shares	(625)	(1,724)
Dividends paid	(1,834)	(2,018)
Other, net	(71)	(0)
Net cash provided by (used in) financing activities	6,258	(2,679)
Effect of exchange rate change on cash and cash equivalents	58	(108)
Net increase (decrease) in cash and cash equivalents	5,391	2,850
Cash and cash equivalents at beginning of period	8,668	14,060
Cash and cash equivalents at end of period	14,060	16,911

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

In the fiscal year ended March 31, 2026, the Company invested in CBRE UIV II MASTER FUND, L.P., 13100 NOEL ROAD JV LLC, and FDG DECLAN URP, LLC. Accordingly, we have included them in the scope of application of the equity method.

(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, 2025	For the fiscal year ended March 31, 2026
Net assets per share	1,569.84 yen	1,706.00 yen
Basic earnings per share	89.90 yen	96.86 yen
Diluted earnings per share	89.69 yen	96.77 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, 2025	For the fiscal year ended March 31, 2026
Basic earnings per share		
Profit attributable to owners of parent (million yen)	4,388	4,675
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent pertaining to common shares (million yen)	4,388	4,675
Average number of common shares during the period (thousand shares)	48,816	48,269
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (million yen)	–	–
Increase in the number of common shares (thousand shares)	111	43
(of which share acquisition rights (thousand shares))	(111)	(43)
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, 2025	As of March 31, 2026
Total net assets (million yen)	76,323	81,397
Amount to be deducted from total net assets (million yen)	76	16
(of which share acquisition rights (million yen))	(76)	(16)
Total net assets pertaining to common shares at the end of the period (million yen)	76,246	81,380
Number of common shares at the end of the period used to calculate net assets per share (thousand shares)	48,569	47,702

(Significant subsequent events)

(Stock split and partial amendment to the Articles of Incorporation in connection with the stock split)

The Company resolved at the meeting of the Board of Directors held on May 13, 2026 to carry out a stock split and make partial amendment to the Articles of Incorporation in connection with the stock split.

1. Stock split

(1) Purpose of the stock split

The purpose of the stock split is to reduce the amount per trading unit, thereby creating an environment in which shares are more approachable for investors, while improving share liquidity and expanding the investor base.

(2) Overview of the stock split

1) Method of the split

With a record date of Tuesday, June 30, 2026, each share of common stock held by shareholders entered or recorded in the final shareholder register as of the record date will be split into two shares.

2) Number of shares to be increased by the split

Total number of shares issued before the split	48,811,498 shares
Number of shares to be increased by the split	48,811,498 shares
Total number of shares issued after the split	97,622,996 shares
Total number of shares authorized to be issued after the split	160,000,000 shares

3) Schedule of the split

Date of the public notice of the record date (planned)	Monday, June 15, 2026
Record date	Tuesday, June 30, 2026
Effective date	Wednesday, July 1, 2026

4) Impact on per share information

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net assets per share	784.92 yen	853.00 yen
Basic earnings per share	44.95 yen	48.43 yen
Diluted earnings per share	44.85 yen	48.39 yen

(3) Others

1) Change in the amount of share capital

The stock split will result in no change in the amount of share capital.

2) Year-end dividend for the fiscal year ended March 31, 2026

The effective date of the stock split is July 1, 2026. Accordingly, the year-end dividend for the fiscal year ended March 31, 2026, whose record date is March 31, 2026, will be paid based on the shares held prior to the stock split.

2. Partial amendment to the Articles of Incorporation

(1) Reason for the amendment to the Articles of Incorporation

In connection with the stock split and by a resolution of the Board of Directors pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, the following amendment will be made to the Company's Articles of Incorporation effective Wednesday, July 1, 2026.

(2) Details of the amendment

(The amended portions are underlined.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Shares Authorized to be Issued) Article 6 The total number of shares authorized to be issued by the Company shall be <u>eighty million (80,000,000)</u> shares.	(Total Number of Shares Authorized to be Issued) Article 6 The total number of shares authorized to be issued by the Company shall be <u>one hundred sixty million (160,000,000)</u> shares.

(3) Schedule of the amendment

Effective date: Wednesday, July 1, 2026