

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 14, 2021

Company name: SPACE VALUE HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1448 URL <https://www.svh.co.jp>
 Representative: President & CEO Naoki Morioka
 Director/General Manager of Corporate Headquarters Junya Kikuchi TEL 03-5439-6070
 Scheduled date of ordinary general meeting of shareholders: June 29, 2021
 Scheduled date to file Securities Report: June 30, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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	%
Year ended March 31, 2021	77,510	(9.3)	14	(99.4)	732	(74.3)	329	(67.0)
Year ended March 31, 2020	85,481	(0.2)	2,483	(40.5)	2,855	(33.8)	997	318.0

Note: Comprehensive income Year ended March 31, 2021 ¥1,845 million [-%]
 Year ended March 31, 2020 ¥(554) million [-%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	9.36	9.35	1.3	0.9	0.0
Year ended March 31, 2020	28.39	28.32	4.0	3.4	2.9

Reference: Share of profit (loss) of entities accounted for using equity method Year ended March 31, 2021 ¥— million
 Year ended March 31, 2020 ¥(0) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	79,175	25,895	32.6	734.38
As of March 31, 2020	79,307	24,558	30.9	696.62

Reference: Equity As of March 31, 2021 ¥25,821 million
 As of March 31, 2020 ¥24,472 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	3,768	(465)	(882)	6,564
Year ended March 31, 2020	2,377	3,102	(8,846)	4,126

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	—	0.00	—	15.00	15.00	529	52.8	2.1
Year ended March 31, 2021	—	0.00	—	15.00	15.00	530	160.3	2.1
Year ending March 31, 2022 (Forecast)	—	0.00	—	15.00	15.00		37.7	

Note: The year-end dividend resources for the year ended March 31, 2021 include capital surplus.

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	33,800	(0.9)	400	—	400	953.1	200	(61.1)	5.69
Full year	84,000	8.4	2,100	—	2,400	227.6	1,400	325.5	39.82

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

Yes

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of March 31, 2021	35,556,584 shares	As of March 31, 2020	35,556,584 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	194,454 shares	As of March 31, 2020	223,468 shares
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Average number of shares during the period

Year ended March 31, 2021	35,153,087 shares	Year ended March 31, 2020	35,123,375 shares
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The number of treasury shares at the end of each period does not include shares of the Company held by share-based benefit trusts (200,508 shares as of March 31, 2021 and 202,948 shares as of March 31, 2020). Also, the shares of the Company held by the share-based benefit trusts are included in treasury shares that are deducted for calculation of the average number of outstanding shares during the period (201,257 shares for the year ended March 31, 2021 and 205,289 shares for the year ended March 31, 2020).

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	1,655	74.4	(56)	—	(280)	—	(571)	—
Year ended March 31, 2020	949	21.7	(499)	—	(32)	—	(579)	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2021	(16.26)	—
Year ended March 31, 2020	(16.47)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	43,696	15,981	36.4	452.42
As of March 31, 2020	41,194	17,077	41.3	483.76

Reference: Equity As of March 31, 2021 ¥15,907 million

As of March 31, 2020 ¥16,994 million

<Reason for difference compared with the previous fiscal year's actual non-consolidated financial results>

In the fiscal year under review, the Company's operating revenue increased due to an increase in dividends from consolidated subsidiaries, causing operating loss to contract. In addition, in the previous fiscal year, reversal of allowance for doubtful accounts and reversal of provision for loss on business of subsidiaries and associates were recorded in the Company's non-operating income, causing ordinary loss to expand. On the other hand, loss on valuation of shares of subsidiaries under extraordinary losses decreased in comparison with the previous fiscal year, causing the difference in loss to contract.

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

* Explanation of proper use of financial results forecast, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements shown in this document, including the financial results forecast, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	4,245	6,654
Notes receivable, accounts receivable from completed construction contracts	23,584	20,965
Accrued rental income	6,094	6,560
Real estate for sale	2,080	1,654
Real estate for sale in process	—	255
Costs on construction contracts in progress	1,625	1,580
Other inventories	937	750
Other	1,335	1,555
Allowance for doubtful accounts	(87)	(167)
Total current assets	39,815	39,809
Non-current assets		
Property, plant and equipment		
Rental ,net	3,069	2,774
Buildings and structures, net	5,575	5,591
Machinery, vehicles, tools, furniture and fixtures, net	4,020	3,556
Land	8,895	8,318
Leased assets, net	1,552	1,416
Construction in progress	345	246
Total property, plant and equipment	23,459	21,904
Intangible assets		
Goodwill	2,852	2,819
Other	1,566	1,527
Total intangible assets	4,418	4,347
Investments and other assets		
Investment securities	9,500	11,164
Deferred tax assets	615	444
Other	1,910	1,911
Allowance for doubtful accounts	(413)	(406)
Total investments and other assets	11,613	13,113
Total non-current assets	39,491	39,366
Total assets	79,307	79,175

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	17,288	14,567
Short-term borrowings	3,256	9,144
Current portion of long-term borrowings	3,898	3,737
Lease obligations	1,116	647
Income taxes payable	750	694
Advances received on construction contracts in progress	1,121	1,364
Advances received-rental	3,721	2,001
Provision for loss on construction contracts	40	1,087
Provision for warranties for completed construction	256	368
Provision for bonuses for directors (and other officers)	52	59
Provision For Management Board Incentive Plan Trust	12	—
Provision for bonuses	735	689
Provision for shareholder benefit program	24	22
Other	2,956	3,428
Total current liabilities	35,230	37,814
Non-current liabilities		
Long-term borrowings	15,123	10,460
Lease obligations	880	1,135
Deferred tax liabilities	1,001	1,205
Provision for retirement benefits for directors (and other officers)	34	45
Provision For Management Board Incentive Plan Trust	44	106
Retirement benefit liability	1,928	1,891
Other	506	620
Total non-current liabilities	19,519	15,465
Total liabilities	54,749	53,279
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	2,337	1,774
Retained earnings	13,358	13,687
Treasury shares	(428)	(380)
Total shareholders' equity	22,267	22,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,504	3,784
Foreign currency translation adjustment	(200)	18
Remeasurements of defined benefit plans	(99)	(62)
Total accumulated other comprehensive income	2,204	3,740
Share acquisition rights	83	73
Non-controlling interests	2	—
Total net assets	24,558	25,895
Total liabilities and net assets	79,307	79,175

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales		
Net sales of completed construction contracts	70,327	61,515
Rental sales	13,085	13,829
Sales in development business	2,068	2,165
Total net sales	85,481	77,510
Cost of sales		
Cost of sales of completed construction contracts	60,536	54,859
A rental cost	10,811	10,615
Cost of sales in development business	1,684	1,798
Total cost of sales	73,031	67,274
Gross profit		
Gross profit on completed construction contracts	9,791	6,656
Gross profit on rental	2,273	3,213
Gross profit - development business	384	366
Total gross profit	12,449	10,236
Selling, general and administrative expenses	9,965	10,221
Operating profit	2,483	14
Non-operating income		
Interest income	20	18
Dividend income	496	453
Land and house rent received	37	32
Purchase discounts	22	17
Subsidy income	—	300
Other	214	263
Total non-operating income	792	1,086
Non-operating expenses		
Interest expenses	267	180
Rent cost of real estate	14	16
Commission for syndicated loans	4	33
Settlement package	27	80
Share of loss of entities accounted for using equity method	0	—
Other	106	59
Total non-operating expenses	421	369
Ordinary profit	2,855	732
Extraordinary income		
Gain on sale of non-current assets	126	737
Other	20	1
Total extraordinary income	146	739
Extraordinary losses		
Loss on sale of non-current assets	25	58
Loss on retirement of non-current assets	23	79
Impairment losses	215	546
Loss on liquidation of business	126	—
Other	12	0
Total extraordinary losses	403	685

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit before income taxes	2,598	786
Income taxes - current	1,138	671
Income taxes - deferred	422	(214)
Total income taxes	1,560	457
Profit	1,038	328
Profit (loss) attributable to non-controlling interests	40	(0)
Profit attributable to owners of parent	997	329

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,038	328
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,315)	1,280
Foreign currency translation adjustment	(262)	199
Remeasurements of defined benefit plans, net of tax	(14)	36
Total other comprehensive income	(1,592)	1,516
Comprehensive income	(554)	1,845
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(558)	1,845
Comprehensive income attributable to non-controlling interests	3	(0)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,000	3,259	12,361	(452)	22,168
Changes during period					
Dividends of surplus		(918)			(918)
Profit attributable to owners of parent			997		997
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(3)		23	20
Net changes in items other than shareholders' equity					
Total changes during period	—	(921)	997	23	98
Balance at end of period	7,000	2,337	13,358	(428)	22,267

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	3,780	63	(84)	3,759	107	1,118	27,155
Changes during period							
Dividends of surplus							(918)
Profit attributable to owners of parent							997
Purchase of treasury shares							(0)
Disposal of treasury shares							20
Net changes in items other than shareholders' equity	(1,276)	(264)	(14)	(1,555)	(24)	(1,116)	(2,695)
Total changes during period	(1,276)	(264)	(14)	(1,555)	(24)	(1,116)	(2,597)
Balance at end of period	2,504	(200)	(99)	2,204	83	2	24,558

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,000	2,337	13,358	(428)	22,267
Changes during period					
Dividends of surplus		(529)			(529)
Profit attributable to owners of parent			329		329
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(33)		48	15
Change in scope of consolidation			0		0
Net changes in items other than shareholders' equity					
Total changes during period	—	(563)	329	48	(186)
Balance at end of period	7,000	1,774	13,687	(380)	22,081

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,504	(200)	(99)	2,204	83	2	24,558
Changes during period							
Dividends of surplus							(529)
Profit attributable to owners of parent							329
Purchase of treasury shares							(0)
Disposal of treasury shares							15
Change in scope of consolidation							0
Net changes in items other than shareholders' equity	1,280	219	36	1,535	(9)	(2)	1,523
Total changes during period	1,280	219	36	1,535	(9)	(2)	1,337
Balance at end of period	3,784	18	(62)	3,740	73	—	25,895

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,598	786
Depreciation	3,873	3,809
Impairment losses	215	480
Amortization of goodwill	224	206
Increase (decrease) in allowance for doubtful accounts	3	79
Increase (decrease) in retirement benefit liability	30	15
Increase (decrease) in provision for bonuses for directors (and other officers)	(6)	7
Increase (decrease) in provision for bonuses	65	(46)
Increase (decrease) in provision for share awards for directors (and other officers)	2	50
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(10)	11
Increase (decrease) in provision for warranties for completed construction	20	111
Increase (decrease) in provision for loss on construction contracts	(86)	1,046
Interest and dividend income	(517)	(472)
Interest expenses	267	180
Gain on sale of non-current assets	(126)	(737)
Loss on retirement of non-current assets	23	79
Decrease (increase) in trade receivables	(1,391)	2,163
Decrease (increase) in inventories	424	410
Increase (decrease) in trade payables	(2,617)	(2,718)
Increase (decrease) in advances received on construction contracts in progress	(225)	248
Increase (decrease) in advances received-rental	(383)	(1,719)
Other, net	1,265	257
Subtotal	3,649	4,251
Interest and dividends received	517	472
Interest paid	(270)	(178)
Income taxes paid	(1,519)	(777)
Net cash provided by (used in) operating activities	2,377	3,768
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,688)	(1,705)
Proceeds from sale of property, plant and equipment	5,980	1,287
Purchase of intangible assets	(153)	(218)
Loan advances	(14)	(19)
Proceeds from collection of loans receivable	16	5
Proceeds from withdrawal of investments in silent partnerships	—	177
Other, net	(37)	7
Net cash provided by (used in) investing activities	3,102	(465)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,680)	5,896
Proceeds from long-term borrowings	1,638	1,240
Repayments of long-term borrowings	(4,589)	(6,220)
Repayments of lease obligations	(1,407)	(1,262)
Dividends paid	(919)	(535)
Dividends paid to non-controlling interests	(41)	—
Repayments to non-controlling shareholders	(848)	(1)
Other, net	(0)	0
Net cash provided by (used in) financing activities	(8,846)	(882)
Effect of exchange rate change on cash and cash equivalents	(34)	16
Net increase (decrease) in cash and cash equivalents	(3,401)	2,437
Cash and cash equivalents at beginning of period	7,528	4,126
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(0)
Cash and cash equivalents at end of period	4,126	6,564