

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 12, 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 Junya Kikuchi
 Inquiries: Headquarters TEL 03-5439-6070
 Scheduled date to file Quarterly Securities Report: November 15, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2021	32,331	(5.2)	210	–	236	522.4	358	(30.3)
Six months ended September 30, 2020	34,109	(8.3)	(73)	–	37	(95.4)	514	146.1

Note: Comprehensive income Six months ended September 30, 2021 ¥118 million [(93.7)%]
 Six months ended September 30, 2020 ¥1,886 million [163.2%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	10.19	10.18
Six months ended September 30, 2020	14.63	14.61

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	68,100	25,492	37.3
As of March 31, 2021	79,175	25,895	32.6

Reference: Equity As of September 30, 2021 ¥25,426 million
 As of March 31, 2021 ¥25,821 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	15.00	15.00
Year ending March 31, 2022	–	0.00			
Year ending March 31, 2022 (Forecast)			–	0.00	0.00

Note: Revisions to the cash dividend forecasts most recently announced: Yes

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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	84,000	8.4	2,100	—	2,400	227.6	1,400	325.5	39.82

Note: Revisions to the earnings forecasts most recently announced: None

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2021	35,556,584 shares	As of March 31, 2021	35,556,584 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	170,086 shares	As of March 31, 2021	194,454 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	35,176,677 shares	Six months ended September 30, 2020	35,145,104 shares
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Note: The number of treasury shares at the end of each period does not include shares of the Company held by share-based benefit trusts (194,308 shares as of September 30, 2021 and 200,508 shares as of March 31, 2021). 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 (198,069 shares for the six months ended September 30, 2021 and 202,001 shares for the six months ended September 30, 2020).

* Quarterly financial results reports are exempt from quarterly review 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	6,654	5,582
Notes receivable, accounts receivable from completed construction contracts	20,965	—
Notes receivable accounts receivable from completed construction contracts and contract assets	—	15,183
Accrued rental income	6,560	—
Accrued rental income and contract assets	—	5,373
Real estate for sale	1,654	1,909
Real estate for sale in process	255	1,253
Costs on construction contracts in progress	1,580	1,011
Other inventories	750	966
Other	1,555	1,502
Allowance for doubtful accounts	(167)	(63)
Total current assets	39,809	32,718
Non-current assets		
Property, plant and equipment		
Rental ,net	2,774	2,785
Buildings and structures, net	5,591	5,469
Land	8,318	8,318
Other, net	5,219	4,494
Total property, plant and equipment	21,904	21,068
Intangible assets		
Goodwill	2,819	2,717
Other	1,527	1,593
Total intangible assets	4,347	4,310
Investments and other assets		
Investment securities	11,164	7,984
Other	2,356	2,441
Allowance for doubtful accounts	(406)	(422)
Total investments and other assets	13,113	10,004
Total non-current assets	39,366	35,382
Total assets	79,175	68,100

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	14,567	11,379
Short-term borrowings	9,144	4,500
Current portion of long-term borrowings	3,737	3,984
Income taxes payable	694	516
Advances received on construction contracts in progress	1,364	1,718
Advances received-rental	2,001	864
Provision for loss on construction contracts	1,087	1,049
Provision for warranties for completed construction	368	491
Provision for bonuses	689	669
Other provisions	82	75
Other	4,076	2,798
Total current liabilities	37,814	28,046
Non-current liabilities		
Long-term borrowings	10,460	9,976
Retirement benefit liability	1,891	1,902
Other provisions	152	163
Other	2,961	2,517
Total non-current liabilities	15,465	14,561
Total liabilities	53,279	42,607
Net assets		
Shareholders' equity		
Share capital	7,000	7,000
Capital surplus	1,774	1,224
Retained earnings	13,687	14,046
Treasury shares	(380)	(345)
Total shareholders' equity	22,081	21,925
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,784	3,517
Foreign currency translation adjustment	18	37
Remeasurements of defined benefit plans	(62)	(54)
Total accumulated other comprehensive income	3,740	3,500
Share acquisition rights	73	66
Total net assets	25,895	25,492
Total liabilities and net assets	79,175	68,100

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales		
Net sales of completed construction contracts	26,990	24,298
Rental sales	6,918	7,887
Sales in development business	200	145
Total net sales	34,109	32,331
Cost of sales		
Cost of sales of completed construction contracts	23,852	21,466
A rental cost	5,291	5,866
Cost of sales in development business	79	78
Total cost of sales	29,223	27,412
Gross profit		
Gross profit on completed construction contracts	3,138	2,832
Gross profit on rental	1,627	2,020
Gross profit - development business	120	66
Total gross profit	4,886	4,919
Selling, general and administrative expenses	4,959	4,708
Operating profit (loss)	(73)	210
Non-operating income		
Interest income	10	8
Dividend income	54	53
Land and house rent received	15	16
Purchase discounts	9	8
Subsidy income	136	—
Other	133	120
Total non-operating income	360	208
Non-operating expenses		
Interest expenses	92	82
Rent cost of real estate	7	7
Commission for syndicated loans	31	33
Settlement package	80	—
Other	37	57
Total non-operating expenses	249	182
Ordinary profit	37	236
Extraordinary income		
Gain on sale of non-current assets	1	7
Gain on sale of investment securities	0	504
Other	1	29
Total extraordinary income	2	541

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Extraordinary losses		
Loss on sale of non-current assets	15	0
Loss on retirement of non-current assets	10	27
Loss on liquidation of business	—	72
Total extraordinary losses	25	100
Profit before income taxes	15	677
Income taxes	(499)	318
Profit	514	358
Loss attributable to non-controlling interests	(0)	—
Profit attributable to owners of parent	514	358

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	514	358
Other comprehensive income		
Valuation difference on available-for-sale securities	1,351	(266)
Foreign currency translation adjustment	13	18
Remeasurements of defined benefit plans, net of tax	6	8
Total other comprehensive income	1,372	(240)
Comprehensive income	1,886	118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,886	118
Comprehensive income attributable to non-controlling interests	(0)	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	15	677
Depreciation	1,893	1,743
Amortization of goodwill	107	101
Increase (decrease) in allowance for doubtful accounts	(25)	(94)
Increase (decrease) in retirement benefit liability	(2)	23
Increase (decrease) in provision for bonuses for directors (and other officers)	(28)	(29)
Increase (decrease) in provision for bonuses	22	(20)
Increase (decrease) in provision for share awards for directors (and other officers)	27	5
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5	5
Increase (decrease) in provision for warranties for completed construction	156	123
Increase (decrease) in provision for loss on construction contracts	9	(37)
Interest and dividend income	(65)	(62)
Interest expenses	92	82
Loss (gain) on sale of property, plant and equipment	13	(6)
Loss on retirement of non-current assets	10	27
Loss (gain) on sale of investment securities	(0)	(504)
Decrease (increase) in trade receivables	8,341	6,969
Decrease (increase) in inventories	(1,490)	(900)
Increase (decrease) in trade payables	(5,111)	(3,187)
Increase (decrease) in advances received on construction contracts in progress	25	354
Increase (decrease) in advances received-rental	(444)	(1,137)
Other, net	(548)	(1,372)
Subtotal	3,005	2,759
Interest and dividends received	64	62
Interest paid	(89)	(83)
Income taxes paid	(611)	(343)
Net cash provided by (used in) operating activities	2,369	2,395
Cash flows from investing activities		
Purchase of property, plant and equipment	(477)	(845)
Proceeds from sale of property, plant and equipment	23	19
Purchase of intangible assets	(118)	(117)
Proceeds from sale of investment securities	3	3,300
Proceeds from withdrawal of investments in silent partnerships	177	—
Other, net	(0)	(19)
Net cash provided by (used in) investing activities	(392)	2,336

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,900	(4,647)
Proceeds from long-term borrowings	302	1,682
Repayments of long-term borrowings	(1,956)	(1,914)
Repayments of lease obligations	(690)	(430)
Dividends paid	(532)	(537)
Other, net	(0)	22
Net cash provided by (used in) financing activities	1,022	(5,824)
Effect of exchange rate change on cash and cash equivalents	13	19
Net increase (decrease) in cash and cash equivalents	3,013	(1,072)
Cash and cash equivalents at beginning of period	4,126	6,564
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(0)	—
Cash and cash equivalents at end of period	7,140	5,491