



Kyoritsu Maintenance Co., Ltd.
(Securities Code: 9616)

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year
Ending March 31, 2023

[JGAAP]

Nov 2022

Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 [based on Japanese GAAP]

Nov 9, 2022

Name of listed company Kyoritsu Maintenance Co., Ltd. Listed exchange: Tokyo
 Code 9616 URL <https://www.kyoritsugroup.co.jp/>
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 Scheduled filing date of Quarterly Report: Nov 11, 2022
 Scheduled date of start of dividend payment: Dec 5, 2022
 Supplementary materials for the quarterly financial results: Yes
 Investor conference for the quarterly financial results: Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated financial results for the first six months of the fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results

(Percentage figures represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
The six months ended September 30, 2022	83,093	22.7	3,945	–	3,780	–	2,292	–
The six months ended September 30, 2021	67,713	20.4	-5,619	–	-5,230	–	-4,076	–

(Note) Comprehensive income: The six months ended September 30, 2022: 2,536 million yen (–%)
 The six months ended September 30, 2021: -4,071 million yen (–%)

	Profit (loss) per share	Diluted net income per share
	Yen	Yen
The six months ended September 30, 2022	58.79	50.31
The six months ended September 30, 2021	-104.55	–

(Note) Diluted net income per share for the previous fiscal year is omitted since the Company recorded net loss per share for this period and there were no potentially dilutive shares.

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2022	233,515	72,751	31.2	1,865.40
As of March 31, 2022	241,723	70,586	29.2	1,810.40

(Reference) Shareholders' Equity: As of September 30, 2022: 72,751 million yen As of March 31, 2022: 70,586 million yen

2. Dividends

	Annual dividends				
	Q1 end	Q2 end	Q3 end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	10.00	–	10.00	20.00
Year ending March 31, 2023	–	10.00			
Year ending March 31, 2023 (Forecast)			–	10.00	20.00

(Note) Revision from most recently announced dividends forecasts: None

3. Forecasted consolidated results for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentage figures represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	170,000	-2.1	5,500	284.2	5,100	181.1	2,800	419.4	71.79

(Note) Revision from the most recently announced earnings forecasts: Yes

See "Notice of revised forecasts of consolidated financial results" announced today (November 9, 2022), for revised consolidated earnings forecasts.

*Notes

- (1) Changes in major subsidiaries during the period under review (changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Application of special accounting treatment in the preparation of the quarterly consolidated financial statements: Yes
 (Note) For details, please see “(4) Notes on Quarterly Consolidated Financial Statements, (Application of special accounting procedures in the preparation of quarterly consolidated financial statements)” under “2. Quarterly Financial Statements and Major Notes” on page 13.
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- (i) Changes in accounting policies due to revision of accounting standards, etc.: Yes
 - (ii) Changes in accounting policies other than those under (i) above: None
 - (iii) Changes in accounting estimates: None
 - (iv) Retrospective restatements: None

(4) Number of issued shares (common stock)

(i) Number of issued shares at the end of the period (including treasury shares)	As of September 30, 2022	39,219,818 shares	Year ended March 31, 2022	39,219,818 shares
(ii) Number of treasury shares at the end of the period	As of September 30, 2022	219,161 shares	Year ended March 31, 2022	230,499 shares
(iii) Average number of shares during the period	As of September 30, 2022	38,993,815 shares	As of September 30, 2021	38,990,123 shares

*Summaries of quarterly financial results are not subject to auditing by a certified public accountant or auditing firm.

*Explanation of the appropriate use of earnings forecasts and other special notes

(Note concerning forward-looking statements)

The forward-looking statements, including earnings forecasts and other future projections contained in this document are based on information available to the Company at the time of preparation and on certain assumptions deemed reasonable by the Company. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Actual business results may differ materially from the forecasts due to various factors.

Please see “(3) Explanation of Forecasts of Consolidated Results and Other Forward-Looking Information” under “1. Qualitative Information on Quarterly Results” on page 6 for the assumptions used for the forecast of financial results and notes concerning the use of the forecast of financial results.

(How to obtain supplementary materials on quarterly financial results)

Supplementary materials on quarterly financial results are posted to TDnet on the same date and to the Company website.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

Despite a trend toward normalization of social and economic activities during the first six months of the current fiscal year, as seen for example by the easing of immigration and behavior restrictions put in place to stop the spread of COVID-19, the future outlook for the Japanese economy remains uncertain due to factors including skyrocketing energy costs and dramatic exchange rate fluctuations.

The Group has been on a recovery track. The Hotel Business in particular saw a significant rise in numbers of guests during the Golden Week holiday and summer season, with both occupancy rates and average daily rates returning to the near pre-COVID levels recorded in April-September 2019. The Group continued to take thorough measures to prevent the spread of infection, including temperature checks, photocatalyst and other disinfection measures, and contactless services, while taking proactive measures to restrain overconsumption and reduce waste, as part of efforts to contribute to the Sustainable Development Goals (SDGs).

As a result, results for the first six months of the current fiscal year were net sales of 83,093 million yen (up 22.7% YoY), operating profit of 3,945 million yen (vs. operating loss of 5,619 million yen in the same period of the previous fiscal year), ordinary income of 3,780 million yen (vs. ordinary loss of 5,230 million yen in the same period of the previous fiscal year), and net income attributable to owners of parent of 2,292 million yen (vs. loss of 4,076 million yen in the same period of the previous fiscal year). Results for the first six months of the current fiscal year showed the Group restored profitability for the first time in three periods.

Segment business performance is reviewed below.

(i) Dormitory Business

In the Dormitory Business, the Group opened 19 facilities nationwide with a total of 1,921 rooms in April. Due in part to high regard for safety and security measures implemented at our dormitory facilities during COVID-19 and our focus on meeting domestic demand, the numbers of Japanese students residing in the dormitories increased sharply. The period began with an initial occupancy rate of 93.5% (up 1.4 percentage points from the previous year). The numbers of foreign students continued to rise as well, thanks to the easing of immigration restrictions and other factors. The number of rooms under contract as of October 1 was up approximately 1,000 rooms from the start of the period, approaching the level recorded during the same period in 2019.

As a result, net sales were 24,910 million yen (up 7.0% YoY). Operating profit fell to 2,239 million yen (down 10.8% YoY) due to the cost of opening new facilities, rising energy costs, and other factors.

(ii) Hotel Business

In the Hotel Business segment, the Company opened five facilities in the Dormy Inn Business: Natural Hotsprings Hananami-no-yu Onyado Nono Osaka-Yodoyabashi, Natural Hotsprings Fujisakura-no-yu Dormy Inn Express Fujisan-Gotemba, Natural Hotsprings Morito-no-yu Onyado Nono Sendai, Natural Hotsprings Azumi-no-yu Onyado Nono Matsumoto, and Natural Hotsprings Dandan-no-yu Onyado Nono Matsue. The Company also opened two facilities in the Resorts Business: Kyoto Umekoji Kadensho and La Vista Tokyo Bay. This timeframe included the first Golden Week holiday and summer season free of COVID-19 restrictions since 2019. Our facilities attracted numerous guests, based on our reputation for large hot spring public baths, full-fledged saunas, carefully prepared meals with a focus on local delicacies, and the Yonaki Soba noodle service. Policies intended to stimulate tourism demand, including discounts for prefectural residents and broader regional discounts, also proved effective. Both the Dormy Inn Business and the Resorts Business recorded significant growth in sales and profits.

As a result, net sales amounted to 46,490 million yen (up 74.1% YoY). Operating profit was 2,756 million yen (vs. operating loss of 7,601 million yen in the same period of the previous fiscal year), more than offsetting the cost of opening the new facilities.

In light of recent developments, including the lifting of the cap on foreign visitors, the return to unrestricted admission of individual travelers from overseas, and the launch of nationwide measures to support tourism, business conditions are recovering and improving. We will strive to build a structure to further enhance our business foundations through efforts like strategically opening new facilities.

(iii) Comprehensive Building Management Business

In the Comprehensive Building Management Business, growth in hotel cleaning services and construction projects resulted in net sales of 8,053 million yen (up 23.3% YoY) and operating profit of 193 million yen (up 288.0% YoY).

(iv) Food Service Business

In the Food Service Business, factors including growing numbers of contracted hotel restaurants, increased operations, and the easing of business restrictions on restaurants resulted in net sales of 4,353 million yen (up 40.3% YoY) and operating profit of 134 million yen (vs. operating loss of 88 million yen in the same period of the previous fiscal year).

(v) Development Business

Due to a rebound from liquidation of real estate in the same period of the previous fiscal year, a decrease in construction projects, and other factors, the Development Business reported net sales of 585 million yen (down 93.6% YoY) and operating profit of 30 million yen (down 95.2% YoY).

(vi) Other Businesses

Other Businesses consist of the Senior Life Business (management and operation of senior residences), the Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, the insurance agency business, comprehensive human-resource services, the financial business, and the administrative outsourcing business. The total of these businesses resulted in net sales of 7,785 million yen (up 2.9% YoY) and operating profit of 51 million yen (down 82.3% YoY).

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

(Assets)

Total assets at the end of the second quarter of this consolidated fiscal year stood at 233,515 million yen, down by 8,208 million yen from the end of the previous consolidated fiscal year. Main factors of this decrease included declines in cash and deposits.

(Liabilities)

Liabilities at the end of the second quarter of this consolidated fiscal year stood at 160,763 million yen, down by 10,373 million yen from the end of the previous consolidated fiscal year. This was mainly due to declines in bonds payable and long-term loans payable.

(Net Assets)

Net assets at the end of the second quarter of this consolidated fiscal year stood at 72,751 million yen, up 2,165 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings.

As a result, the equity ratio was 31.2%, an increase of 2.0 points from the end of the previous consolidated fiscal year.

(ii) Cash Flows

Cash and cash equivalents as of the end of second quarter of this consolidated fiscal year were 27,195 million yen, decreased by 10,370 million yen from the end of the previous consolidated fiscal year.

(Cash Flows from Operating Activities)

Net cash used in operating activities was 971 million yen, down 8,283 million yen from the same period last year due to the impact of net income before income taxes.

(Cash Flows from Investing Activities)

Net cash used in investment activities was 4,530 million yen, down 2,843 million yen from the same period last year due to the impact of purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

Net cash used in financing activities was 4,867 million yen, with net cash provided decreased by 10,639 million yen from the same period last year due to the effect of proceeds from long-term loans payable.

(3) Explanation of Forecasts of Consolidated Results and Other Forward-Looking Information

We have revised our forecasts of consolidated financial results for the fiscal year ending March 31, 2023 previously announced on May 13, 2022. Due in part to a trend toward normalization of social and economic activities, we achieved our full-year profit forecasts earlier than expected, during the cumulative period through the second quarter of the consolidated fiscal year.

For details, please refer to the “Notice of revised forecasts of consolidated financial results,” released today (November 9, 2022).

2. Quarterly Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	37,942	27,572
Notes and accounts receivable - trade	11,856	14,074
Real estate for sale	7,681	7,788
Real estate for sale in process	7,719	8,950
Costs on uncompleted construction contracts	61	105
Other	7,769	7,625
Allowance for doubtful accounts	-76	-90
Total current assets	72,953	66,025
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,037	47,321
Land	39,359	39,784
Construction in progress	13,173	9,385
Other, net	3,648	4,445
Total property, plant and equipment	103,218	100,937
Intangible fixed assets	3,384	4,233
Investments and other assets		
Investment securities	3,151	3,108
Guarantee deposits	18,826	18,698
Lease deposits	19,033	19,475
Other	20,771	20,709
Allowance for doubtful accounts	-122	-126
Total investments and other assets	61,660	61,865
Total non-current assets	168,264	167,035
Deferred assets	505	453
Total assets	241,723	233,515

(Unit: million yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,202	6,889
Short-term borrowings	14,820	15,217
Current portion of bonds payable	5,080	4,980
Income taxes payable	1,035	494
Provision for bonuses	979	1,106
Provision for directors' bonuses	76	141
Provision for warranties for completed construction	5	1
Other	21,234	15,152
Total current liabilities	49,433	43,983
Non-current liabilities		
Bonds payable	23,460	21,020
Convertible bonds with share acquisition rights	30,112	30,097
Long-term loans payable	61,961	59,653
Provision for directors' retirement benefits	254	254
Retirement benefit liability	1,013	1,080
Other	4,902	4,672
Total non-current liabilities	121,703	116,779
Total liabilities	171,137	160,763
Net assets		
Shareholders' equity		
Share capital	7,964	7,964
Capital surplus	12,821	12,825
Retained earnings	50,383	52,286
Treasury shares	-361	-346
Total shareholders' equity	70,807	72,729
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	82	42
Deferred gains or losses on hedges	225	513
Foreign currency translation adjustment	-583	-582
Remeasurements of defined benefit plans	53	48
Total accumulated other comprehensive income	-221	21
Total net assets	70,586	72,751
Total liabilities and net assets	241,723	233,515

(2) Quarterly Consolidated Income Statement and Quarterly Consolidated Statement of Comprehensive Income

(Quarterly Consolidated Income Statement)
(Six Months Ended September 30, 2022)

(Unit: million yen)

	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Net sales	67,713	83,093
Cost of sales	63,709	67,494
Gross profit	4,004	15,598
Selling, general and administrative expenses	9,623	11,653
Operating profit (loss)	-5,619	3,945
Non-operating income		
Interest income	55	54
Dividend income	23	46
Subsidy income	345	133
Other	654	95
Total non-operating income	1,078	330
Non-operating expenses		
Interest expenses	290	278
Expenses for measures for COVID-19	142	61
Other	257	154
Total non-operating expenses	689	494
Ordinary income (loss)	-5,230	3,780
Extraordinary income		
Gain on sales of investment securities	–	18
Total extraordinary income	–	18
Extraordinary losses		
Loss on disaster	29	39
Loss on store closings	110	54
Demolition and removal costs	–	110
Other	13	–
Total extraordinary losses	154	204
Net income (loss) before taxes	-5,384	3,594
Income taxes	-1,308	1,302
Net income (loss)	-4,076	2,292
Net income (loss) attributable to owners of parent	-4,076	2,292

(Quarterly Consolidated Statement of Comprehensive Income)
(Six Months Ended September 30, 2022)

(Unit: million yen)

	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Net income (loss)	-4,076	2,292
Other comprehensive income		
Valuation difference on available-for-sale securities	16	-40
Deferred gains or losses on hedges	–	288
Foreign currency translation adjustment	-10	0
Remeasurements of defined benefit plans	-2	-5
Total other comprehensive income	4	243
Comprehensive income	-4,071	2,536
(Breakdown)		
Comprehensive income attributable to owners of parent	-4,071	2,536

(3) Quarterly Consolidated Cash Flow Statement

(Unit: million yen)

	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Net income (loss) before taxes	-5,384	3,594
Depreciation and amortization	2,982	2,871
Amortization of long-term prepaid expenses	243	247
Amortization of security deposits	157	197
Increase (decrease) in provision for bonuses	8	127
Interest and dividend income	-78	-101
Interest expenses	290	278
Subsidy income	-345	-133
Expenses for measures for COVID-19	142	61
Loss on disaster	29	39
Loss on store closings	110	54
Demolition and removal costs	-	110
Decrease (increase) in notes and account receivables - trade	347	-2,223
Decrease (increase) in accounts receivable - other	416	374
Decrease (increase) in inventories	-4,883	-1,432
Increase (decrease) in notes and accounts payables - trade	1,633	687
Increase (decrease) in advances received	-2,838	-1,890
Increase (decrease) in accounts payable - other	-1,082	-689
Increase (decrease) in accrued consumption taxes	2,374	-1,687
Increase (decrease) in deposits received	-811	-651
Increase (decrease) in guarantee deposits received	-309	55
Other	-588	528
Subtotal	-7,584	419
Interest and dividends received	20	64
Interest paid	-268	-291
Income taxes refund	2	0
Income taxes paid	-1,518	-1,190
Proceeds from subsidy income	345	133
Expenses for measures for COVID-19 paid	-142	-61
Loss on store closings	-110	-45
Net cash provided by (used in) operating activities	-9,255	-971
Cash flows from investing activities		
Purchase of investment securities	-30	-31
Proceeds from sales of investment securities	26	0
Purchase of property, plant and equipment	-5,259	-3,367
Proceeds from sales of property, plant and equipment	2	2
Purchase of intangible assets	-200	-188
Payments for acquisition of long-term prepaid expenses	-82	-131
Payments of loans receivable	-502	-42
Collection of loans receivable	146	90
Payments of lease and guarantee deposits	-1,349	-841
Proceeds from collection of lease and guarantee deposits	424	165
Purchase of insurance funds	-548	-433
Proceeds from cancellation of insurance funds	26	418
Other	-27	-171
Net cash provided by (used in) investing activities	-7,373	-4,530

(Unit: million yen)

	Six Months Ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six Months Ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,540	-150
Proceeds from long-term loans payable	6,200	-
Repayments of long-term loans payable	-1,902	-1,760
Redemption of bonds	-2,641	-2,556
Share buybacks	-1	-3
Cash dividends paid	-389	-388
Other	-34	-8
Net cash provided by (used in) financing activities	5,772	-4,867
Effect of exchange rate change on cash and cash equivalents	-5	0
Net increase (decrease) in cash and cash equivalents	-10,862	-10,370
Balance of cash and cash equivalents at the beginning of current period	24,212	37,565
Balance of cash and cash equivalents at the end of current period	13,349	27,195

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable

(Notes concerning any notable changes in shareholders' equity)

Not applicable

(Application of special accounting procedures in the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by rationally assuming an effective tax rate after applying tax effect accounting to profit (loss) before income taxes for the consolidated fiscal year, including the first six months of the fiscal year, and multiplying profit (loss) before income taxes for the first half of the fiscal year by the estimated effective tax rate. However, if the result of calculation of tax expenses using the estimated effective tax rate is significantly unreasonable, the statutory effective tax rate is used.

(Changes in accounting policies)

(Application of accounting standards for calculation of fair value, etc.)

Since the beginning of the first quarter of this consolidated fiscal year, the Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021). The Company will continue to apply the new accounting policy prescribed in the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This change will not have any impact on the quarterly consolidated financial statements.

(Additional information)

(Application of handling of account processing and disclosure when applying the Group Tax Sharing System)

The Company and some of its domestic consolidated subsidiaries have transitioned from the Consolidated Taxation System to the Group Tax Sharing System since the first quarter of this consolidated fiscal year. Accordingly, account processing and disclosure for tax effect accounting for national and local income taxes will be carried out in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Practical Solution No. 42, August 12, 2021). In addition, the change in accounting policies accompanying the application of Practical Solution No. 42 is deemed to have no effect, pursuant to Paragraph 32 (1) of Practical Solution No. 42.

(Segment Information etc.)

[Segment Information]

I For the six months ended September 30, 2021 (April 1, 2021 – September 30, 2021)

1. Information on net sales, income or loss by each reporting segment

(Unit: million yen)

	Reporting segment						Other Note ¹	Total	Adjustment amount Note ²	Amount recorded on consolidated quarterly income statement Note ³
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	23,112	26,648	3,289	312	7,022	60,385	7,327	67,713	–	67,713
Inter-segmental sales or transfers	162	49	3,241	2,791	2,079	8,323	240	8,563	-8,563	–
Total	23,274	26,697	6,531	3,103	9,101	68,708	7,568	76,277	-8,563	67,713
Segment profit (loss)	2,509	-7,601	49	-88	633	-4,496	293	-4,203	-1,416	-5,619

Notes: 1. The Other Business segment consists of the following businesses which are not included in the other reporting segments: the Senior Life Business (management and operation of senior residences), the Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, the insurance agency business, comprehensive human-resource services, the financial business, the administrative outsourcing business, and other additional businesses.

2. Adjustment of segment profit (loss) of -1,416 million yen includes the amount of elimination of inter-segment transactions of 47 million yen and corporate expenses of -1,463 million yen that are not allocated to each reportable segment. Corporate expenses mainly consist of expenses related to the Accounting Department and other administrative departments of the head office.

3. Segment profit (loss) is adjusted with operating loss on the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reporting segment

Not applicable

II For the six months ended September 30, 2022 (April 1, 2022 – September 30, 2022)

1. Information on net sales, income or loss by each reporting segment

(Unit: million yen)

	Reporting segment						Other Note ¹	Total	Adjustment amount Note ²	Amount recorded on consolidated quarterly income statement Note ³
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	24,741	46,428	3,716	573	179	75,639	7,453	83,093	–	83,093
Inter-segmental sales or transfers	169	61	4,337	3,780	405	8,754	331	9,086	-9,086	–
Total	24,910	46,490	8,053	4,353	585	84,393	7,785	92,179	-9,086	83,093
Segment profit (loss)	2,239	2,756	193	134	30	5,354	51	5,405	-1,460	3,945

Notes: 1. The Other Business segment consists of the following businesses which are not included in the other reporting segments: the Senior Life Business (management and operation of senior residences), the Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, the insurance agency business, comprehensive human-resource services, the financial business, the administrative outsourcing business, and other additional businesses.

2. Adjustment of segment profit (loss) of -1,460 million yen includes the amount of elimination of inter-segment transactions of 182 million yen and corporate expenses of -1,642 million yen that are not allocated to each reportable segment. Corporate expenses mainly consist of expenses related to the Accounting Department and other administrative departments of the head office.

3. Segment profit (loss) is adjusted with operating loss on the quarterly consolidated statement of income.

2. Information on impairment loss of non-current assets or goodwill, etc. by reporting segment

Not applicable