



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

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

**[JGAAP]**

**February 2023**

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

February 9, 2023

Name of listed company: Kyoritsu Maintenance Co., Ltd. Listed exchange: Tokyo  
 Code: 9616 URL <https://www.kyoritsugroup.co.jp/>  
 Representative: (Title) President (Name) Koji Nakamura  
 Contact: (Title) Managing Director (Name) Manabu Takaku Tel. +81-3-5295-7778  
 Scheduled filing date of Quarterly Report: February 13, 2023  
 Scheduled date of start of dividend payment: -  
 Supplementary materials for the quarterly financial results: Yes  
 Investor conference for the quarterly financial results: None

(Rounded down to the nearest million yen)

## 1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2023 (April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	129,131	22.9	6,825	-	6,575	-	4,143	-
Nine months ended December 31, 2021	105,066	15.0	-5,253	-	-4,871	-	-3,930	-

(Note) Comprehensive income: The nine months ended December 31, 2022: 5,110 million yen (-%)  
 The nine months ended December 31, 2021: -3,929 million yen (-%)

	Profit (loss) per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2022	106.27	91.01
Nine months ended December 31, 2021	-100.82	-

(Note) Diluted net income per share for the previous fiscal year is omitted since the Company recorded net loss per share 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 December 31, 2022	235,962	74,970	31.8	1,922.32
As of March 31, 2022	241,723	70,586	29.2	1,810.40

(Reference) Shareholders' equity: As of December 31, 2022: 74,970 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 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 most recently announced earnings forecasts: None

\*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 “(3) 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 11.

(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 December 31, 2022	39,219,818 shares	Year ended March 31, 2022	39,219,818 shares
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(ii) Number of treasury shares at the end of the period

As of December 31, 2022	219,557 shares	Year ended March 31, 2022	230,499 shares
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(iii) Average number of shares during the period

As of December 31, 2022	38,996,022 shares	As of December 31, 2021	38,990,010 shares
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\*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 nine months of this consolidated fiscal year, as seen by the easing of immigration and behavior restrictions imposed to stop the spread of COVID-19, the outlook for the Japanese economy remains uncertain due to factors including skyrocketing energy costs and nagging concerns about an eighth wave of COVID-19.

The Group remained on the track toward recovery. Occupancy rates and average daily rates in the Hotel Business returned to near pre-COVID levels thanks to increases in demand for domestic travel and inbound visitors to Japan as well as government policies to stimulate tourism, including nationwide tourism-support measures. In terms of preventing the spread of infection, while warnings of infection were receding, the Group continued to take thorough measures at all business sites, including temperature checks, photocatalyst and other disinfection measures, and contactless services, to ensure safe and comfortable stays for guests. Further, in December, the Group launched a new initiative, the Kyoritsu Maintenance Group membership program, otherwise known as Dormy's Kyoritsu Hotels & Dormitories, which provides rewards for use of Group facilities and member-only services.

As a result, the Group returned to profitability in the first nine months of this consolidated fiscal year, recording net sales of 129,131 million yen (up 22.9% YoY), operating profit of 6,825 million yen (vs. operating loss of 5,253 million yen in the same period of the previous fiscal year), ordinary income of 6,575 million yen (vs. ordinary loss of 4,871 million yen in the same period of the previous fiscal year), and net income attributable to owners of parent of 4,143 million yen (vs. net loss of 3,930 million yen in the same period of the previous fiscal year). As part of efforts for future recovery in business results and resumed growth, we expect the cost of opening new facilities and repair costs to arise in the fourth quarter of this consolidated fiscal year.

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 January 1 was up more than 1,000 rooms from the start of the period, almost returning to the pre-COVID level.

As a result, net sales were 36,706 million yen (up 7.9% YoY). Operating profit fell to 2,835 million yen (down 5.4% 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 six facilities in the Dormy Inn Business: Natural Hotsprings Hana-nami-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, Natural Hotsprings Dandan-no-yu Onyado Nono Matsue, and Natural Hotsprings Kibi-no-yu Dormy Inn Okayama. The Company also opened three facilities in the Resorts Business: Kyoto Umekoji Kadensho, La Vista Tokyo Bay, and Shionoyu Onsen Rengetsu.

Despite renewed growth in numbers of COVID-19 cases during the first nine months of this consolidated fiscal year, the Hotel Business maintained high occupancy rates and average daily rates thanks to gradual growth in inbound tourism, in addition to numerous guests using the highly regarded bathing, dining, and other services at Group hotels during the fall travel season, and achieved a record profit in the third quarter of this consolidated fiscal year.

As a result, net sales amounted to 74,624 million yen (up 61.4% YoY). Operating profit was 5,870 million yen (vs. operating loss of 7,296 million yen in the same period of the previous fiscal year), more than offsetting the cost of opening the 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 12,361 million yen (up 18.7% YoY) and operating profit of 222 million yen (up 103.2% 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 6,992 million yen (up 35.8% YoY) and operating profit of 177 million yen (vs. operating loss of 40 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 936 million yen (down 90.2% YoY) and operating profit of 97 million yen (down 85.0% 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 11,688 million yen (up 3.1% YoY) and operating profit of 70 million yen (down 80.4% YoY).

## **(2) Explanation of Financial Position**

(Assets)

Total assets at the end of the third quarter of this consolidated fiscal year stood at 235,962 million yen, down by 5,761 million yen from the end of the previous consolidated fiscal year. Main factors for this decrease included declines in cash and deposits and in construction in progress.

(Liabilities)

Liabilities at the end of the third quarter of this consolidated fiscal year stood at 160,991 million yen, down by 10,145 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 third quarter of this consolidated fiscal year stood at 74,970 million yen, up 4,384 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 31.8%, an increase of 2.6 points from the end of the previous consolidated fiscal year.

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

Despite favorable business performance in the first nine months of this consolidated fiscal year and expectations for the effects of initiatives including the resumption of nationwide tourism-support measures in the fourth quarter of this consolidated fiscal year, we have left unchanged our forecasts of consolidated financial results for the fiscal year ending March 31, 2023, which were previously announced on November 9, 2022. Reasons include the anticipated cost of opening new facilities and repair costs likely to arise in preparing for future recovery in business results and resumed growth, as well as expected increases in costs of raw materials and energy. Any necessary future revisions to forecasts of financial results will be promptly disclosed.

## 2. Quarterly Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	37,942	26,949
Notes and accounts receivable - trade	11,856	15,180
Real estate for sale	7,681	11,789
Real estate for sale in process	7,719	6,406
Costs on uncompleted construction contracts	61	68
Other	7,769	8,636
Allowance for doubtful accounts	-76	-88
Total current assets	72,953	68,941
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,037	47,200
Land	39,359	39,785
Construction in progress	13,173	8,915
Other, net	3,648	4,392
Total property, plant and equipment	103,218	100,294
Intangible fixed assets	3,384	4,300
Investments and other assets		
Investment securities	3,151	3,412
Guarantee deposits	18,826	18,566
Lease deposits	19,033	19,702
Other	20,771	20,440
Allowance for doubtful accounts	-122	-125
Total investments and other assets	61,660	61,995
Total non-current assets	168,264	166,590
Deferred assets	505	429
Total assets	241,723	235,962

(Unit: million yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,202	6,154
Short-term borrowings	14,820	15,232
Current portion of bonds payable	5,080	4,980
Income taxes payable	1,035	655
Provision for bonuses	979	1,118
Provision for directors' bonuses	76	213
Provision for warranties for completed construction	5	1
Other	21,234	16,509
Total current liabilities	49,433	44,864
Non-current liabilities		
Bonds payable	23,460	20,620
Convertible bonds with share acquisition rights	30,112	30,090
Long-term loans payable	61,961	59,409
Provision for directors' retirement benefits	254	255
Retirement benefit liability	1,013	1,104
Other	4,902	4,647
Total non-current liabilities	121,703	116,126
Total liabilities	171,137	160,991
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,964	7,964
Capital surplus	12,821	12,862
Retained earnings	50,383	53,747
Treasury shares	-361	-349
Total shareholders' equity	70,807	74,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	82	104
Deferred gains or losses on hedges	225	1,188
Foreign currency translation adjustment	-583	-594
Remeasurements of defined benefit plans	53	45
Total accumulated other comprehensive income	-221	744
Total net assets	70,586	74,970
Total liabilities and net assets	241,723	235,962



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

(Quarterly Consolidated Income Statement)  
(Nine Months Ended December 31, 2022)

(Unit: million yen)

	Nine Months Ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net sales	105,066	129,131
Cost of sales	95,537	104,130
Gross profit	9,529	25,001
Selling, general and administrative expenses	14,783	18,176
Operating profit (loss)	-5,253	6,825
Non-operating income		
Interest income	82	81
Dividend income	43	67
Subsidy income	474	170
Other	720	218
Total non-operating income	1,320	538
Non-operating expenses		
Interest expenses	442	434
Expenses for measures for COVID-19	158	85
Other	337	268
Total non-operating expenses	938	788
Ordinary income (loss)	-4,871	6,575
Extraordinary income		
Gain on sales of investment securities	–	18
Total extraordinary income	–	18
Extraordinary losses		
Loss on store closings	153	75
Loss on disaster	52	61
Demolition and removal costs	–	110
Other	14	–
Total extraordinary losses	220	247
Net income (loss) before taxes	-5,092	6,345
Income taxes	-1,161	2,201
Net income (loss)	-3,930	4,143
Net income (loss) attributable to owners of parent	-3,930	4,143

(Quarterly Consolidated Statement of Comprehensive Income)  
(Nine Months Ended December 31, 2022)

(Unit: million yen)

	Nine Months Ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Net income (loss)	-3,930	4,143
Other comprehensive income		
Valuation difference on available-for-sale securities	21	21
Deferred gains or losses on hedges	–	963
Foreign currency translation adjustment	-16	-10
Remeasurements of defined benefit plans	-3	-7
Total other comprehensive income	1	966
Comprehensive income	-3,929	5,110
(Breakdown)		
Comprehensive income attributable to owners of parent	-3,929	5,110

### **(3) 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 third quarter of the fiscal year, and multiplying profit (loss) before income taxes for the first nine months 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 nine months ended December 31, 2021 (April 1, 2021 – December 31, 2021)

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

(Unit: million yen)

	Reporting segment						Other Note <sup>1</sup>	Total	Adjustment amount Note <sup>2</sup>	Amount recorded on consolidated quarterly income statement Note <sup>3</sup>
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	33,781	46,157	5,523	583	8,031	94,078	10,988	105,066	–	105,066
Inter-segmental sales or transfers	240	75	4,894	4,565	1,527	11,302	353	11,656	-11,656	–
Total	34,022	46,232	10,417	5,149	9,558	105,381	11,342	116,723	-11,656	105,066
Segment profit (loss)	2,997	-7,296	109	-40	648	-3,580	358	-3,221	-2,031	-5,253

Notes: 1. The Other segment consists of the following businesses which are not included in the 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 -2,031 million yen includes the amount of elimination of inter-segment transactions of 47 million yen and corporate expenses of -2,078 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 nine months ended December 31, 2022 (April 1, 2022 – December 31, 2022)

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

(Unit: million yen)

	Reporting segment						Other Note <sup>1</sup>	Total	Adjustment amount Note <sup>2</sup>	Amount recorded on consolidated quarterly income statement Note <sup>3</sup>
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	36,456	74,529	5,604	947	369	117,907	11,223	129,131	–	129,131
Inter-segmental sales or transfers	249	94	6,756	6,044	567	13,713	464	14,177	-14,177	–
Total	36,706	74,624	12,361	6,992	936	131,620	11,688	143,309	-14,177	129,131
Segment profit (loss)	2,835	5,870	222	177	97	9,204	70	9,274	-2,449	6,825

Notes: 1. The Other segment consists of the following businesses which are not included in the 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 -2,449 million yen includes the amount of elimination of inter-segment transactions of 105 million yen and corporate expenses of -2,554 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 profit on the quarterly consolidated statement of income.

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

Not applicable