



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

**Summary of Consolidated Financial Results for the
Fiscal Year Ended March 31, 2023**

[JGAAP]

May 2023

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

May 15, 2023

Name of listed company Kyoritsu Maintenance Co., Ltd. Listed exchange: Tokyo
Code 9616 URL <https://www.kyoritsugroup.co.jp/>
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Scheduled date for ordinary general meeting of shareholders: June 28, 2023
Scheduled filing date of Annual Securities Report: June 28, 2023
Scheduled date of start of dividend payment: June 29, 2023
Supplementary materials for the financial results: Yes
Investor conference for the financial results: Yes (For Institutional Investors)

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results

(Percentage figures represent year-over-year difference)

| | Net sales | | Operating income | | Ordinary income | | Income attributable to owners of parent | |
|---------------------------|-------------|------|------------------|-------|-----------------|-------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended March 31, 2023 | 175,630 | 1.1 | 7,326 | 411.8 | 7,115 | 292.2 | 4,241 | 686.8 |
| Year ended March 31, 2022 | 173,701 | 43.2 | 1,431 | – | 1,814 | – | 539 | – |

Note: Comprehensive income: Year ended March 31, 2023: 4,719 million yen (496.0%)
Year ended March 31, 2022: 791 million yen (–%)

| | Income per share | Diluted net income per share | Return on equity | Ordinary income to total assets | Operating income to net sales |
|---------------------------|------------------|------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2023 | 108.76 | 93.04 | 5.8 | 2.8 | 4.2 |
| Year ended March 31, 2022 | 13.83 | – | 0.8 | 0.8 | 0.8 |

Reference: Gain/loss on equity-method investments Year ended March 31, 2023: – million yen (–%)
Year ended March 31, 2022: – million yen (–%)

Note: Diluted net income per share for the previous fiscal year is not shown because there were no potential shares with dilution effects.

(2) Consolidated Financial Position

| | Total assets | Total net assets | Equity ratio | Net assets per share |
|----------------------|--------------|------------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2023 | 272,308 | 74,579 | 27.4 | 1,912.28 |
| As of March 31, 2022 | 241,723 | 70,586 | 29.2 | 1,810.40 |

Reference: Shareholders' Equity: As of March 31, 2023: 74,579 million yen As of March 31, 2022: 70,586 million yen

(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 |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| Year ended March 31, 2023 | 7,753 | -6,651 | 16,982 | 55,651 |
| Year ended March 31, 2022 | 25,721 | -16,731 | 4,130 | 37,565 |

2. Dividend Payments

| (Record date) | Dividend per share | | | | | Total dividend amount (annual) | Dividend payout ratio (consolidated) | Dividend to net assets (consolidated) |
|---------------------------------------|--------------------|----------------|---------------|----------|--------|--------------------------------|--------------------------------------|---------------------------------------|
| | First quarter | Second quarter | Third quarter | Year-end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Year ended March 31, 2022 | – | 10.00 | – | 10.00 | 20.00 | 779 | 144.6 | 1.1 |
| Year ended March 31, 2023 | – | 10.00 | – | 12.00 | 22.00 | 858 | 20.2 | 1.2 |
| Year ending March 31, 2024 (Forecast) | – | 16.00 | – | 16.00 | 32.00 | | 20.5 | |

3. Forecasted Consolidated Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentage figures represent year-over-year difference)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|-----------|-------------|------|------------------|------|-----------------|------|---|------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full Year | 198,000 | 12.7 | 10,000 | 36.5 | 9,400 | 32.1 | 6,100 | 43.8 | 156.41 |

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) 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

(3) Number of issued shares (common stock)

| | | | | |
|--|------------------------------|----------------------|------------------------------|----------------------|
| (i) Number of issued shares at the end of the period (including treasury shares) | Year ended March 31, 2023 | 39,219,818 shares | Year ended March 31, 2022 | 39,219,818 shares |
| (ii) Number of treasury shares at the end of the period | Year ended March 31, 2023 | 219,668 shares | Year ended March 31, 2022 | 230,499 shares |
| (iii) Average number of shares during the period | Year ended March 31, 2023 | 38,997,056 shares | Year ended March 31, 2022 | 38,989,870 shares |

(Reference) Summary of Non-Consolidated Financial Results

Results of the Non-Consolidated Fiscal Year Ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Results of Operations

(Figures in percentages denote the year-on-year difference.)

| | Net sales | | Operating income | | Ordinary income | | Income | |
|---------------------------|-------------|------|------------------|---|-----------------|---|-------------|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended March 31, 2023 | 160,469 | 13.9 | 5,773 | — | 8,011 | — | 5,631 | — |
| Year ended March 31, 2022 | 140,947 | 37.2 | -4,488 | — | -3,836 | — | -3,958 | — |

| | Net income per share | Diluted net income per share |
|---------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Year ended March 31, 2023 | 144.40 | 123.68 |
| Year ended March 31, 2022 | -101.53 | — |

Note: Diluted net income per share for the previous fiscal year is not shown because the Company recorded a net loss per share. There were no potential shares with dilution effects.

(2) Non-Consolidated Financial Position

| | Total assets | Total net assets | Shareholders' equity ratio | Net assets per share |
|----------------------|--------------|------------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2023 | 255,059 | 67,546 | 26.5 | 1,731.94 |
| As of March 31, 2022 | 224,161 | 62,142 | 27.7 | 1,593.83 |

Reference: Shareholders' equity: As of March 31, 2023: 67,546 million yen As of March 31, 2022: 62,142 million yen

* Summaries of 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 "(4) Future outlook" under "1. Overview of Operating Results, etc." on page "9" 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 of financial results)

Supplementary materials on financial results are released on TDnet and posted to the Company website.

In addition, a video of the financial results briefing will be posted to the Company website.

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1. Overview of Operating Results, etc.

(1) Overview of operating results

1). Overview of general financial position

(Consolidated Financial Results)

(Unit: million yen)

| | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 | Difference (%) |
|--|-------------------------------------|-------------------------------------|--------------------------------|
| Net sales | 173,701 (136,307) | 175,630 | 1.1 (28.8) |
| Operating income | 1,431 (-6,868) | 7,326 | 411.8 (Difference: +14,195) |
| Ordinary income | 1,814 | 7,115 | 292.2 |
| Net income attributable to owners of parent | 539 | 4,241 | 686.8 |

* Figures in parentheses represent comparisons after deducting amounts from the real-estate sale and leaseback conducted in the previous year.

During the fiscal year under review, as the effects of COVID-19 began to fade, the Japanese economy experienced a gradual return to normal economic activity. However, the future outlook remains uncertain due to soaring raw material and energy costs, among other factors.

Under these circumstances the Group experienced a strong recovery in business performance, centered on the Hotel Business, in part thanks to measures to stimulate tourism demand, including a national program to support the travel industry, as well as growing demand for domestic travel, accommodations for international students, and inbound tourism (mainly from Hong Kong, South Korea, and the US), as COVID-19 restrictions on immigration and other activities were lifted. In addition, numerous customers made use of the Kyoritsu Maintenance Group membership program—Dormy KYORITSU HOTELS & DORMITORIES—a new initiative launched in December of last year that offers special rewards for use as well as exclusive services for members.

As a result, the Company's consolidated operating results for the fiscal year under review were much stronger than anticipated, with net sales of 175,630 million yen (up 1.1% YoY), operating income of 7,326 million yen (up 411.8% YoY), ordinary income of 7,115 million yen (up 292.2% YoY), and net income attributable to owners of the parent of 4,241 million yen (up 686.8% YoY). Actual operating results, after deducting the amounts from the real-estate sale and leaseback conducted in the previous year (net sales of 37,394 million yen and operating income of 8,299 million yen) recovered, with increases of 39,323 million yen in net sales (up 28.8% YoY) and 14,195 million yen in operating income (vs. an operating loss of 6,868 million yen in the previous year).

See "Notice Concerning Differences between Consolidated Earnings Forecasts for the Fiscal Year Ended March 31, 2023, and Actual Figures," released, for a discussion of the differences between forecasts announced on November 9, 2022, and actual results for the fiscal year ended March 31, 2023.

2) Overview of financial position by major business segment

<Dormitory Business (student dormitories, employee dormitories, dormitory and contracted dormitories)

(Unit: million yen)

| | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 | Difference (%) |
|------------------|-------------------------------------|-------------------------------------|-------------------|
| Net sales | 47,246 | 50,358 | 6.6 |
| Operating income | 4,554 | 4,558 | 0.1 |

In the Dormitory Business, we opened a total of 1,921 new rooms at 19 facilities in April. The initial occupancy rate was 93.5%, reflecting an increase of 1.4 points YoY, as the number of Japanese student occupants rose significantly thanks in part to renewed marketplace appreciation for the safety and security provided by our dormitories during the pandemic and to a focus on capturing domestic demand. Demand from international students continued to grow and recovered steadily, thanks to factors such as the easing of immigration restrictions, despite the effects of rising energy costs and other factors.

As a result, net sales of the Dormitory Business overall totaled 50,358 million yen (up 6.6% YoY). Net sales were 28,075 million yen for student dormitories (up 10.9% YoY), 13,293 million yen for employee dormitories (up 1.4% YoY), 4,945 million yen for Domeal (studio-type dormitories) dormitories (up 4.0% YoY), and 4,043 million yen for subcontracted dormitories (i.e., dormitories owned by companies and schools managed and operated by the Company on consignment) (down 0.7% YoY). Operating income stood at 4,558 million yen (up 0.1% YoY), reflecting rising energy costs, the cost of opening new facilities, and other factors.

As of the end of March 2023, the number of facilities totaled 511 locations (down one facility YoY; not including subcontracted dormitories), with capacity for 43,291 occupants (up by 740 YoY). The number of residents totaled 42,422 (up 2,932 YoY).

<Hotel Business (Dormy Inn, resorts)>

(Unit: million yen)

| | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 | Difference (%) |
|------------------|-------------------------------------|-------------------------------------|-------------------|
| Net sales | 62,772 | 101,053 | 61.0 |
| Operating income | -9,451 | 5,513 | - |

In the Hotel Business, the Dormy Inn Business opened seven new facilities during the fiscal year under review: Natural Hot Springs Hana-Nami-No-Yu Onyado Nono Yodoyabashi; Natural Hotsprings Fuji-Zakura-No-Yu Dormy Inn Express Fujisan Gotemba; Natural Hot Springs Morito-No-Yu Onyado Nono Sendai; Natural Hot Springs Adumi-No-Yu Onyado Nono Matsumoto; Natural Hot Springs Dandan-No-Yu Onyado Nono Matsue; Natural Hot Springs Kibi-No-Yu Dormy Inn Okayama; and Natural Hot Springs Shippou-No-Yu Dormy Inn Premium Ginza. The resort business opened five new facilities: Kyoto Umekoji Kadensho; La Vista Tokyo Bay; Shio-No-Yu Onsen Rengetsu; Jozankei Yuraku Soan; and La Vista Hakodate Bay Annex.

The continuing recovery, spurred in part by measures to stimulate tourism demand, including a national program to support the travel industry, in addition to lifting of COVID-19 restrictions on immigration and other activities, contributed to these results. The market responded favorably to various aspects of the Company's hotels, which attracted numerous guests and contributed to substantial improvements in occupancy rates and room rates, as well as considerable growth in both sales and income. These aspects included large hot spring bath and authentic sauna facilities; carefully chosen menus with a focus on local dishes; and their nighttime soba noodle vendors and other services.

As a result, the Hotel Business recovered to profitability, recording significant growth in net sales, to 101,053 million yen (up 61.0% YoY), and in operating income, to 5,513 million yen (vs. an operating loss of 9,451 million yen in the previous fiscal year).

As of the end of March 2023, the Hotel Business as a whole operated 132 facilities (up 10 YoY) with 20,628 rooms (up 1,953 YoY).

<Comprehensive Building Management Business>

(Unit: million yen)

| | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 | Difference (%) |
|------------------|-------------------------------------|-------------------------------------|-------------------|
| Net sales | 15,108 | 18,593 | 23.1 |
| Operating income | 258 | 671 | 159.9 |

Due to factors such as higher sales of cleaning services and construction projects, the Building Management Business recorded net sales of 18,593 million yen (up 23.1% YoY) and operating income of 671 million yen (up 159.9% YoY).

<Food Service Business (Restaurants/ Contracted Food Service/ Contracted Hotel Restaurants, etc.)>

(Unit: million yen)

| | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 | Difference (%) |
|------------------|-------------------------------------|-------------------------------------|-------------------|
| Net sales | 6,827 | 9,528 | 39.6 |
| Operating income | -74 | 183 | - |

Due to factors including an increase in the number of hotel restaurant contracts, higher dining rates as hotel occupancy rates rose, and the lifting of restrictions on infection control, the Food Service Business recorded net sales of 9,528 million yen (up 39.6% YoY) and operating income of 183 million yen (vs. an operating loss of 74 million yen in the previous fiscal year).

<Development Business>

(Unit: million yen)

| | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 | Difference (%) |
|------------------|-------------------------------------|-------------------------------------|-------------------|
| Net sales | 40,661 (3,267) | 1,807 | -95.6 (-44.7) |
| Operating income | 8,608 (308) | 133 | -98.4 (-56.7) |

* Figures in parentheses represent comparisons after deducting amounts from the real-estate sale and leaseback conducted in the previous year.

Due to factors including a negative rebound from the real-estate sale and leaseback conducted in the previous year and fewer construction projects, the Development Business recorded net sales of 1,807 million yen (down 95.6% YoY) and operating income of 133 million yen (down 98.4% YoY).

<Other Businesses>

(Unit: million yen)

| | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 | Difference (%) |
|------------------|-------------------------------------|-------------------------------------|-------------------|
| Net sales | 15,195 | 15,684 | 3.2 |
| Operating income | 459 | -55 | - |

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); the support business for people who live alone; the insurance agency business; comprehensive human-resource services; the financial business; and the administrative outsourcing business. Total net sales recorded by these businesses rose to 15,684 million yen (up 3.2% YoY), with an operating loss of 55 million yen (vs. an operating income of 459 million yen in the previous fiscal year) due mainly to costs associated with opening new facilities in the Senior Life Business.

(2) Overview of financial position

(Assets)

The total assets as of the end of current fiscal year under review were 272,308 million yen, an increase of 30,584 million yen from the end of the previous fiscal year. This was mainly due to an increase in cash and deposits.

(Liabilities)

The liabilities as of the end of current fiscal year under review were 197,728 million yen, an increase of 26,591 million yen from the end of the previous fiscal year. This was mainly due to increases in short-term borrowings and long-term borrowings.

(Net Assets)

The net assets as of the end of current fiscal year under review were 74,579 million yen, an increase of 3,992 million yen from the end of the previous fiscal year. This was mainly due to an increase of retained earnings.

As a result, the equity ratio became 27.4%, a decrease of 1.8 points from the end of the previous fiscal year.

(3) Cash flow position

Cash and cash equivalent balance as of the end of current fiscal year under review were 55,651 million yen, an increase of 18,085 million yen from the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was 7,753 million yen, decreased by 17,967 million yen compared to the previous fiscal year due to the effect of increase/decrease in inventories.

(Cash Flows from Investment Activities)

Net cash used in investing activities was 6,651 million yen, down 10,080 million yen from the previous fiscal year due to the impact of payments for acquisition of property, plant, and equipment.

(Cash Flows from Financing Activities)

Net cash provided by financing activities was 16,982 million yen, increased by 12,851 million yen compared to the previous fiscal year due to the impact of proceeds from long-term borrowings.

(Reference) Trends in Cash Flow-related Indicators

| | Fiscal Year ended March 31, 2019 | Fiscal Year ended March 31, 2020 | Fiscal Year ended March 31, 2021 | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Equity ratio (%) | 39.3 | 38.7 | 29.6 | 29.2 | 27.4 |
| Equity ratio on a market value basis (%) | 105.7 | 42.8 | 59.8 | 74.5 | 76.6 |
| Cash flow to interest-bearing debt ratio (annual): | 4.6 | 5.7 | -7.3 | 5.3 | 19.9 |
| Interest coverage ratio (times): | 45.3 | 47.2 | -39.1 | 43.4 | 13.2 |

Equity ratio: $\text{Equity capital} / \text{total assets}$

Equity ratio on a market value basis: $\text{Market capitalization} / \text{total assets}$

Cash flow to interest-bearing debt ratio: $\text{Interest-bearing debt} / \text{cash flow}$

Interest coverage ratio: $\text{Cash flow} / \text{interest payments}$

Notes:

1. Each indicator is calculated based on the consolidated financial figures.
2. Market capitalization is calculated based on the number of outstanding shares not including treasury shares.
3. Cash flow used to calculate this indicator is operating cash flow.
4. Interest-bearing debts used to calculate this indicator are all debts recorded on the consolidated balance sheet that are subject to interest payments.
5. Interest payments used to calculate this indicator are the interest expenses paid that are stated on the consolidated statement of cash flows.

(4) Future outlook

(Consolidated Financial Results)

(Unit: million yen)

| | Results for the Fiscal Year ended March 31, 2023 | Outlook for the Fiscal Year ending March 31, 2024 | Difference (%) |
|--|---|--|-------------------|
| Net sales | 175,630 | 198,000 | 12.7 |
| Operating income | 7,326 | 10,000 | 36.5 |
| Ordinary income | 7,115 | 9,400 | 32.1 |
| Net income attributable to owners of parent | 4,241 | 6,100 | 43.8 |

A look at future prospects shows that while domestic and inbound travel demand appear likely to grow thanks to the designation of COVID-19 as a Class 5 infectious disease and lifting of related restrictions, international instability continues to grow, one example of which is the protracted Russia-Ukraine conflict.

Under such conditions, as part of strategies for achieving both swift recovery in business results and future growth, the Group plans to proceed with active efforts to open new facilities and carry out large-scale remodeling, and to address sustainability, human resource, and digital transformation (DX) strategies to establish solid business foundations capable of adapting to changing societal conditions.

The Dormitory Business reported an initial occupancy rate of 98.2% in April 2023 (up 4.7 points YoY). In addition to publicizing the Company's strengths of safety and security to large numbers of customers, demonstrated even during the COVID-19 pandemic, this business will promote cost savings through DX activities including the Domico app to support dormitory living in response to rising energy and other costs, as well as efforts to optimize selling prices.

The Hotel Business benefited from various positive trends, including the extension of a national program to support the travel industry and other measures to boost tourism demand and recovery in numbers of travelers to Japan from overseas. Both the Dormy Inn Business and the Resorts Business began the year with revenue per available room (RevPAR) significantly above figures for the previous year. The Dormy Inn Business plans to open four facilities in the fiscal year ending March 31, 2024: Dormy Inn Express Toyohashi; Onyado Nono Asakusa Bettei; Dormy Inn Aomori; and Nono Beppu (tentative names). The Resorts Business plans to open one new facility during the fiscal year: La Vista Kannonzaki Terrace (tentative name). In addition to such efforts to accelerate development and achieve further growth, the Hotel Business will seek to attract the human resources required by the new HR and DX strategies. It will also proceed with active efforts to carry out large-scale remodeling to further improve customer satisfaction. The Comprehensive Building Management Business will actively enhance its market competitiveness by improving its technological capability and product values including the expertise for gaining further trust from customers as well as providing quality building-related services through its new, integrated organizational structure.

The Food Service Business will seek to develop products and services that achieve higher levels of customer satisfaction and improve its earning structure by implementing a strict control over costs.

The Development Business will support Kyoritsu Group with its development and expansion plan as well as thoroughly develop new clients and strengthen its cost management system.

In its Other Businesses, the Company considers the Senior Life Business and the Public Kyoritsu Partnership (PKP) Business as development businesses and will work to quickly implement their business models.

Based on the above, for the next fiscal year, the Group forecast net sales of 198,000 million yen (up 12.7% YoY), operating income of 10,000 million yen (up 36.5% YoY), ordinary income of 9,400 million yen (up 32.1% YoY), and income attributable to owners of parent of 6,100 million yen (up 43.8% YOY).

The above forecasts are based on information available as of the date of publication of this document, and actual results may differ from the forecasts due to various factors.

The Company has also formulated "KYORITSU Growth Vision/Rise Up Plan 2028", a new medium-term management plan covering the five-year period whose first year is the fiscal year ending March 31, 2024. See the news release "Kyoritsu Maintenance Formulates New Medium-Term Management Plan," for an overview.

(5) Basic policy on distribution of surplus and dividends for the current and next period

Based on the conviction that it is entrusted the capital it raises from markets by its shareholders, the Company sees returning earnings to shareholders through performance-linked dividends that reflect earnings as a key instrument for distributing its surplus. We will strive to increase the dividends payout ratio based on the basic stance of assuring steady and stable rewards to shareholders over the long term, with a target payout ratio of 20 percent.

Among other factors, the lifting of COVID-19 restrictions on movement and measures to stimulate tourism demand, including a national program to support the travel industry, resulted in much faster recovery in the current period than expected. Income significantly exceeded consolidated financial forecasts. Accordingly, we plan to pay year-end dividends of 12 yen/share, for total annual dividends of 22 yen/share, up 2 yen (10%) from the previous fiscal year. We expect to increase full-year dividends by 10 yen/share in the next fiscal year, to 32 yen/share.

Pursuing even more dynamic policies on shareholder returns in the future, we will strive to achieve stable and continuous growth in dividends. We will retain internal reserves in the amounts needed to make effective capital investments, develop new businesses, and implement other forward-looking management policies, while adapting to changing business conditions.

2. Basic Policy on Selection of Accounting Standards

The Group's policy for the time being is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into consideration the comparability of consolidated financial statements over time and across companies.

The Group will properly deal with the application of IFRS taking into account domestic and international situations.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Unit: million yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 37,942 | 56,027 |
| Notes, accounts receivable - trade and contract assets | 11,856 | 15,211 |
| Real estate for sale | 7,681 | 11,750 |
| Real estate for sale in process | 7,719 | 6,873 |
| Costs on uncompleted construction contracts | 61 | 95 |
| Other | 7,769 | 8,918 |
| Allowance for doubtful accounts | -76 | -74 |
| Total current assets | 72,953 | 98,802 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 85,313 | 88,893 |
| Accumulated depreciation | -38,276 | -41,250 |
| Buildings and structures, net | 47,037 | 47,643 |
| Land | 39,359 | 39,862 |
| Construction in progress | 13,173 | 14,811 |
| Other | 16,984 | 19,486 |
| Accumulated depreciation | -13,335 | -14,849 |
| Other, net | 3,648 | 4,637 |
| Total property, plant and equipment | 103,218 | 106,954 |
| Intangible fixed assets | 3,384 | 4,154 |
| Investments and other assets | | |
| Investment securities | 3,151 | 3,525 |
| Long-term loans receivable | 1,709 | 1,612 |
| Guarantee deposits | 18,826 | 18,581 |
| Lease deposits | 19,033 | 19,915 |
| Deferred tax assets | 6,928 | 5,864 |
| Other | 12,133 | 12,606 |
| Allowance for doubtful accounts | -122 | -113 |
| Total investments and other assets | 61,660 | 61,991 |
| Total non-current assets | 168,264 | 173,100 |
| Deferred assets | | |
| Bond issuance costs | 502 | 405 |
| Other | 2 | - |
| Total deferred assets | 505 | 405 |
| Total assets | 241,723 | 272,308 |

(Unit: million yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 6,202 | 7,249 |
| Short-term borrowings | 14,820 | 23,947 |
| Current portion of bonds payable | 5,080 | 4,880 |
| Income taxes payable | 1,035 | 865 |
| Provision for bonuses | 979 | 1,935 |
| Provision for directors' bonuses | 76 | 289 |
| Provision for warranties for completed construction | 5 | 0 |
| Other | 21,234 | 28,214 |
| Total current liabilities | 49,433 | 67,383 |
| Non-current liabilities | | |
| Bonds payable | 23,460 | 18,580 |
| Convertible bonds with share acquisition rights | 30,112 | 30,082 |
| Long-term loans payable | 61,961 | 75,743 |
| Long-term guarantee deposited | 2,992 | 3,066 |
| Deferred tax liabilities | 7 | 23 |
| Net defined benefit liability | 1,013 | 1,029 |
| Provision for directors' retirement benefits | 254 | 255 |
| Asset retirement obligations | 610 | 492 |
| Other | 1,291 | 1,072 |
| Total non-current liabilities | 121,703 | 130,345 |
| Total liabilities | 171,137 | 197,728 |
| Net Assets | | |
| Shareholders' equity | | |
| Share capital | 7,964 | 7,964 |
| Capital surplus | 12,821 | 12,862 |
| Retained earnings | 50,383 | 53,845 |
| Treasury shares | -361 | -349 |
| Total shareholders' equity | 70,807 | 74,322 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 82 | 160 |
| Deferred hedge gain | 225 | 648 |
| Foreign currency translation adjustment | -583 | -589 |
| Remeasurements of defined benefit plans | 53 | 36 |
| Total accumulated other comprehensive income | -221 | 256 |
| Total net assets | 70,586 | 74,579 |
| Total liabilities and net assets | 241,723 | 272,308 |

(2) Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

(Unit: million yen)

| | Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022) | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) |
|--|--|--|
| Net sales | 173,701 | 175,630 |
| Cost of sales | 151,659 | 142,871 |
| Gross income | 22,042 | 32,758 |
| Selling, general and administrative expenses | | |
| Salaries, allowances and bonuses | 5,309 | 5,434 |
| Employee benefits expenses | 991 | 1,147 |
| Provision for bonuses | 293 | 606 |
| Provision for directors' bonuses | 77 | 289 |
| Retirement benefit expenses | 136 | 131 |
| Provision for directors' retirement benefits | 1 | 1 |
| Sales promotion expenses | 1,916 | 2,280 |
| Fees payable | 6,839 | 10,254 |
| Provision for allowance for doubtful accounts | 32 | - |
| Business consignment expenses | 1,813 | 2,085 |
| Rent expenses | 751 | 1,361 |
| Depreciation and amortization | 413 | 459 |
| Other | 2,035 | 1,378 |
| Total selling, general and administrative expenses | 20,610 | 25,431 |
| Operating income | 1,431 | 7,326 |
| Non-operating income | | |
| Interest income | 108 | 109 |
| Dividend income | 86 | 129 |
| Subsidy income | 600 | 208 |
| Income from cancelled security deposits | 105 | 111 |
| Other | 807 | 256 |
| Total non-operating income | 1,708 | 815 |
| Non-operating expenses | | |
| Interest expenses | 603 | 575 |
| Expenses for measures for COVID-19 | 195 | 100 |
| Other | 526 | 350 |
| Total non-operating expenses | 1,326 | 1,026 |
| Ordinary income | 1,814 | 7,115 |

(Unit: million yen)

| | Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022) | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) |
|---|--|--|
| Extraordinary income | | |
| Gain on sale of shares of subsidiaries and associates | 196 | – |
| Gain on sales of investment securities | – | 18 |
| Total extraordinary income | 196 | 18 |
| Extraordinary losses | | |
| Impairment loss | 51 | 345 |
| Loss on disaster | 65 | 119 |
| Loss on store closings | 453 | 111 |
| Demolition and removal expenses | – | 119 |
| Other | 40 | 21 |
| Total extraordinary losses | 611 | 716 |
| Net income before income taxes | 1,399 | 6,417 |
| Income taxes - current | 1,233 | 1,309 |
| Income taxes - deferred | -372 | 866 |
| Total income taxes | 860 | 2,175 |
| Net income | 539 | 4,241 |
| Net income attributable to owners of parent | 539 | 4,241 |

Consolidated statement of comprehensive income

(Unit: million yen)

| | Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022) | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) |
|---|--|--|
| Net income | 539 | 4,241 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 26 | 77 |
| Deferred hedge gain | 225 | 423 |
| Foreign currency translation adjustment | -28 | -5 |
| Remeasurements of defined benefit plans | 29 | -17 |
| Total other comprehensive income | 252 | 477 |
| Comprehensive income | 791 | 4,719 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 791 | 4,719 |

(3) Consolidated statement of changes in equity

Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Unit: million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 7,964 | 12,821 | 50,831 | -357 | 71,259 |
| Changes during period | | | | | |
| Dividends from surplus | | | -779 | | -779 |
| Net income attributable to owners of parent | | | 539 | | 539 |
| Change in scope of consolidation | | | -206 | | -206 |
| Share buybacks | | | | -4 | -4 |
| Disposal of treasury stock | | | | | |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during period | | | -447 | -4 | -451 |
| Balance at end of period | 7,964 | 12,821 | 50,383 | -361 | 70,807 |

| | Accumulated other comprehensive income | | | | | Total net assets |
|--|---|----------------------------|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Deferred hedge gain (loss) | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 55 | - | -555 | 24 | -474 | 70,784 |
| Changes during period | | | | | | |
| Dividends from surplus | | | | | | -779 |
| Net income attributable to owners of parent | | | | | | 539 |
| Change in scope of consolidation | | | | | | -206 |
| Share buybacks | | | | | | -4 |
| Disposal of treasury stock | | | | | | |
| Net changes of items other than shareholders' equity | 26 | 225 | -28 | 29 | 252 | 252 |
| Total changes during period | 26 | 225 | -28 | 29 | 252 | -198 |
| Balance at end of period | 82 | 225 | -583 | 53 | -221 | 70,586 |

Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 7,964 | 12,821 | 50,383 | -361 | 70,807 |
| Changes during period | | | | | |
| Dividends from surplus | | | -779 | | -779 |
| Net income attributable to owners of parent | | | 4,241 | | 4,241 |
| Change in scope of consolidation | | | | | |
| Share buybacks | | | | -6 | -6 |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Restricted stock units | | 41 | | 18 | 60 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during period | | 41 | 3,461 | 12 | 3,515 |
| Balance at end of period | 7,964 | 12,862 | 53,845 | -349 | 74,322 |

| | Accumulated other comprehensive income | | | | | Total net assets |
|--|---|----------------------------|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Deferred hedge gain (loss) | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 82 | 225 | -583 | 53 | -221 | 70,586 |
| Changes during period | | | | | | |
| Dividends from surplus | | | | | | -779 |
| Net income attributable to owners of parent | | | | | | 4,241 |
| Change in scope of consolidation | | | | | | |
| Share buybacks | | | | | | -6 |
| Disposal of treasury stock | | | | | | 0 |
| Restricted stock units | | | | | | 60 |
| Net changes of items other than shareholders' equity | 77 | 423 | -5 | -17 | 477 | 477 |
| Total changes during period | 77 | 423 | -5 | -17 | 477 | 3,992 |
| Balance at end of period | 160 | 648 | -589 | 36 | 256 | 74,579 |

(4) Consolidated statement of cash flows

(Unit: million yen)

| | Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022) | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) |
|--|---|---|
| Cash flows from operating activities | | |
| Net income before taxes | 1,399 | 6,417 |
| Depreciation and amortization | 6,070 | 6,117 |
| Amortization of long-term prepaid expenses | 470 | 484 |
| Amortization of guarantee deposits | 322 | 393 |
| Increase (decrease) in provision for bonuses | 264 | 956 |
| Interest and dividend income | -195 | -238 |
| Interest expenses | 603 | 575 |
| Subsidy income | -600 | -208 |
| Proceeds from cancelled security deposits | -105 | -111 |
| Expenses for measures for COVID-19 | 195 | 100 |
| Impairment loss | 51 | 345 |
| Loss on disaster | 65 | 119 |
| Loss on store closings | 453 | 111 |
| Demolition and removal expenses | - | 119 |
| Decrease (increase) in notes and accounts receivable - trade | -2,140 | -3,354 |
| Decrease (increase) in accounts receivable - other | 2,048 | -2,170 |
| Decrease (increase) in inventories | 17,100 | -3,619 |
| Increase (decrease) in notes and accounts payable - trade | 1,526 | 1,047 |
| Increase (decrease) in accrued expenses | -191 | 837 |
| Increase (decrease) in advances received | -69 | 1,486 |
| Increase (decrease) in accounts payable - other | -2,273 | 1,106 |
| Increase (decrease) in accrued consumption taxes | 4,633 | -1,707 |
| Increase (decrease) in deposits received | -629 | -171 |
| Increase (decrease) in guarantee deposits received | -299 | 269 |
| Other | -603 | 2,087 |
| Subtotal | 28,097 | 10,992 |
| Interest and dividends received | 90 | 163 |
| Interest expenses paid | -592 | -586 |
| Income taxes refund | 2 | 0 |
| Income taxes paid | -1,956 | -2,759 |
| Proceeds from subsidy income | 600 | 208 |
| Expenses for measures for COVID-19 | -195 | -100 |
| Loss on store closings | -325 | -162 |
| Net cash provided by (used in) operating activities | 25,721 | 7,753 |

(Unit: million yen)

| | Year Ended March 31, 2022 (April 1, 2021 - March 31, 2022) | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) |
|---|---|---|
| Cash flows from investing activities | | |
| Purchase of investment securities | – | -286 |
| Proceeds from sale of investment securities | 1,056 | 20 |
| Purchase of property, plant and equipment | -10,594 | -4,644 |
| Proceeds from sale of property, plant and equipment | 6 | 2 |
| Purchase of intangible assets | -352 | -381 |
| Purchase of long-term prepaid expenses | -133 | -267 |
| Payments of loan receivable | -530 | -102 |
| Collection of loans receivable | 167 | 183 |
| Payments for lease and guarantee deposits | -5,869 | -1,713 |
| Proceeds from collection of lease and guarantee deposits | 480 | 415 |
| Purchase of insurance funds | -991 | -677 |
| Proceeds from cancellation of insurance funds | 30 | 960 |
| Other | 0 | -158 |
| Net cash provided by (used in) investing activities | -16,731 | -6,651 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 2,400 | 300 |
| Proceeds from long-term loans payable | 12,480 | 26,130 |
| Repayments of long-term loans payable | -4,643 | -3,520 |
| Redemption of convertible bonds | -5,280 | -5,112 |
| Share buybacks | -4 | -6 |
| Cash dividend paid | -781 | -778 |
| Other | -40 | -29 |
| Net cash provided by (used in) financing activities | 4,130 | 16,982 |
| Effect of exchange rate changes on cash and cash equivalents | -1 | 0 |
| Increase (decrease) in cash and cash equivalents | 13,118 | 18,085 |
| Balance of cash and cash equivalents at beginning of period | 24,212 | 37,565 |
| Increase (decrease) in cash and cash equivalents resulting from change of consolidation | 234 | – |
| Balance of cash and cash equivalents at end of period | 37,565 | 55,651 |

(5) Notes on consolidated financial statement

(Notes on the going concern assumption)

Not applicable

(Change in accounting policies)

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; "Fair Value Measurement Guidance" hereinafter) since the start of the first quarter of the current consolidated fiscal year. The new accounting policies stipulated in the Fair Value Measurement Guidance are applied to future accounts in accordance with the transitional treatment provided for in Paragraph 27-2 of the Fair Value Measurement Guidance. This has had no impact on the quarterly consolidated financial statements.

(Additional information)

Application of accounting and disclosure via group tax-sharing system

Since the start of the first quarter of the current consolidated fiscal year, the Company and certain domestic consolidated subsidiaries have shifted from the consolidated taxation system to a group tax-sharing system. Accounting and disclosure of national and local corporate income tax and tax-effect accounting are handled in accordance with the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42, August 12, 2021). In addition, pursuant to Paragraph 32(1) of PITF No. 42, the change in accounting policies associated with application of PITF No. 42 is deemed to have had no effect on the consolidated financial statements.

(Segment Information etc.)

[Segment Information]

1. Summary of Reportable Segments

The Group's reportable segments are structural units of the Group, for which disaggregated financial information is available, that are subject to periodic review by the Board of Directors to make decisions on allocation of management resources and evaluate business performance.

The Group establishes business units for individual services (or subsidiaries for some services) within the Group. Each business unit or subsidiary formulates strategies for its services and engages in business activities.

Accordingly, the Group consists of service-specific segments based on these business units and subsidiaries. The Group's five reportable segments are the Dormitory Business, the Hotel Business, the Comprehensive Building Management Business, the Food Service Business, and the Development Business.

Each reporting segment is summarized below.

| | |
|---|---|
| Dormitory Business: | Operation and management of student dormitories, employee dormitories, Domeal, and subcontracted dormitories |
| Hotel Business: | The Dormy Inn (limited-service hotel) and resorts (resort hotel) businesses |
| Comprehensive Building Management Business: | The office-building management and residential-building management businesses |
| Food Service Business: | The businesses dealing with restaurants, contracted food service, and hotel restaurants and other facilities operated under contract |
| Development Business: | The construction, planning, design, and brokerage businesses, the condominium business, the real-estate sale and leaseback business and other development-related businesses. |

2. Calculation methods for net sales, income or losses, assets, and other amounts for each reporting segment

The accounting method for the reported business segments is the same as that described in "Significant Matters that Form the Basis for Preparing Consolidated Financial Statements."

Income of the reportable segments is based on operating income.

Intersegment sales and transfers are based on market prices.

3. Information on net sales, income or losses, assets and other items by reporting segment

Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Unit: million yen)

| | Segment Information | | | | | | Other Note 1 | Total | Adjustment Note 2 | Amount recorded on consolidated consolidated financial statements Note 3 |
|---|---------------------|---------|---|-----------------|-------------|---------|-----------------|---------|----------------------|--|
| | Dormitory | Hotel | Comprehensive Building Management | Food Service | Development | Total | | | | |
| Net sales | | | | | | | | | | |
| Net sales to external customers | 46,924 | 62,660 | 7,487 | 789 | 41,126 | 158,988 | 14,713 | 173,701 | - | 173,701 |
| Intersegmental sales or transfers | 322 | 111 | 7,621 | 6,038 | -464 | 13,628 | 481 | 14,109 | -14,109 | - |
| Total | 47,246 | 62,772 | 15,108 | 6,827 | 40,661 | 172,616 | 15,195 | 187,811 | -14,109 | 173,701 |
| Segment income or loss | 4,554 | -9,451 | 258 | -74 | 8,608 | 3,894 | 459 | 4,354 | -2,922 | 1,431 |
| Segment assets | 55,778 | 100,361 | 18,811 | 2,283 | 22,024 | 199,260 | 15,991 | 215,251 | 26,471 | 241,723 |
| Other items | | | | | | | | | | |
| Depreciation and amortization | 1,410 | 4,387 | 70 | 71 | 42 | 5,981 | 130 | 6,112 | -41 | 6,070 |
| Impairment loss | 49 | - | - | 2 | - | 51 | - | 51 | - | 51 |
| Increase in tangible fixed assets and intangible fixed assets | 2,373 | 6,985 | 39 | 130 | - | 9,528 | 55 | 9,584 | -64 | 9,519 |

Notes: 1. The Other Business segment consists of the following businesses which are not included in the other reportable 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 related businesses.

2. Details of adjustments are described below.

(Unit: million yen)

| Segment income | |
|--|--------|
| Elimination of intersegment transactions | 18 |
| Corporate expenses ^(Note) | -2,941 |
| Total | -2,922 |

Note: Corporate expenses mainly consist of expenses related to the Accounting Department and other administrative departments of the head office.

(Unit: million yen)

| Segment assets | |
|--|---------|
| Elimination of intersegment transactions | -18,535 |
| Corporate assets ^(Note) | 45,006 |
| Total | 26,471 |

Note: Corporate assets refer to cash and deposits, investment securities, assets related to administrative sections, and deferred tax assets retained by the head office.

3. Segment income or loss is adjusted against operating income on the consolidated financial statements.

Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

| | Segment Information | | | | | | Other Note 1 | Total | Adjustment Note 2 | Amount recorded on consolidated financial statements Note 3 |
|---|---------------------|---------|---|-----------------|-------------|---------|-----------------|---------|----------------------|--|
| | Dormitory | Hotel | Comprehensive Building Management | Food Service | Development | Total | | | | |
| Net sales | | | | | | | | | | |
| Net sales to external customers | 50,030 | 100,902 | 7,791 | 1,262 | 571 | 160,558 | 15,071 | 175,630 | – | 175,630 |
| Intersegmental sales or transfers | 327 | 151 | 10,802 | 8,265 | 1,235 | 20,781 | 613 | 21,394 | -21,394 | – |
| Total | 50,358 | 101,053 | 18,593 | 9,528 | 1,807 | 181,340 | 15,684 | 197,025 | -21,394 | 175,630 |
| Segment income or loss | 4,558 | 5,513 | 671 | 183 | 133 | 11,059 | -55 | 11,004 | -3,677 | 7,326 |
| Segment assets | 56,022 | 108,896 | 15,738 | 2,549 | 24,243 | 207,450 | 16,489 | 223,940 | 48,367 | 272,308 |
| Other items | | | | | | | | | | |
| Depreciation and amortization | 1,522 | 4,385 | 45 | 32 | 42 | 6,028 | 135 | 6,163 | -46 | 6,117 |
| Impairment loss | 50 | 232 | – | 61 | – | 345 | – | 345 | – | 345 |
| Increase in tangible fixed assets and intangible fixed assets | 1,878 | 11,745 | 44 | 132 | 8 | 13,809 | 152 | 13,961 | -623 | 13,338 |

Notes: 1. The Other Business segment consists of the following businesses which are not included in the other reportable 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 related businesses.

2. Details of adjustments are described below.

(Unit: million yen)

| Segment income | |
|--|--------|
| Elimination of intersegment transactions | -11 |
| Corporate expenses ^(Note) | -3,666 |
| Total | -3,677 |

Note: Corporate expenses mainly consist of expenses related to the Accounting Department and other administrative departments of the head office.

(Unit: million yen)

| Segment assets | |
|--|---------|
| Elimination of intersegment transactions | -15,781 |
| Corporate assets ^(Note) | 64,149 |
| Total | 48,367 |

Note: Corporate assets refer to cash and deposits, investment securities, assets related to administrative sections, and deferred tax assets retained by the head office.

3. Segment income or loss is adjusted against operating income on the consolidated financial statements.

[Relevant Information]

Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

1. Information by product and service

(Unit: million yen)

| | Student dormitories | Employee dormitories | Domeal | Subcontracted dormitories | Dormy Inn | Resorts | Office building custodial services | Residential building custodial services | Food Service | Development | Other | Total |
|---------------------------------|---------------------|----------------------|--------|---------------------------|-----------|---------|------------------------------------|---|--------------|-------------|--------|---------|
| Net sales to external customers | 25,193 | 12,938 | 4,732 | 4,059 | 35,249 | 27,411 | 4,017 | 3,469 | 789 | 41,126 | 14,713 | 173,701 |

2. Information by region

(1) Net sales

This item is omitted because the net sales to external customers in Japan account for more than 90% of the net sales on the consolidated income statement.

(2) Tangible fixed assets

This item is omitted because the amount of the tangible fixed assets located in Japan accounts for more than 90% of the amount of the tangible fixed assets on the consolidated balance sheet.

3. Information by major customer

This item is omitted because no single customer accounts for 10% or more of the net sales on the consolidated income statement.

Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

1. Information by product and service

(Unit: million yen)

| | Student dormitories | Employee dormitories | Domeal | Subcontracted dormitories | Dormy Inn | Resorts | Office building custodial services | Residential building custodial services | Food Service | Development | Other | Total |
|---------------------------------|---------------------|----------------------|--------|---------------------------|-----------|---------|------------------------------------|---|--------------|-------------|--------|---------|
| Net sales to external customers | 27,983 | 13,091 | 4,914 | 4,041 | 57,603 | 43,298 | 4,371 | 3,419 | 1,262 | 571 | 15,071 | 175,630 |

2. Information by region

(1) Net sales

This item is omitted because the net sales to external customers in Japan account for more than 90% of the net sales on the consolidated income statement.

(2) Tangible fixed assets

This item is omitted because the amount of the tangible fixed assets located in Japan accounts for more than 90% of the amount of the tangible fixed assets on the consolidated balance sheet.

3. Information by major customer

This item is omitted because no single customer accounts for 10% or more of the net sales on the consolidated income statement.

[Information on impairment loss on non-current assets by reporting segment]

Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

This item is omitted because the same information is disclosed in the Segment Information.

Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

This item is omitted because the same information is disclosed in the Segment Information.

[Information on the amortization of goodwill and the unamortized balance by reporting segment]

Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

Not applicable

Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

Not applicable

[Information on gain from negative goodwill by reporting segment]

Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

Not applicable

Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

Not applicable

(Per-share information)

| | Year ended March 31, 2022 (From April 1, 2021 to March 31, 2022) | Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) |
|------------------------------------|---|---|
| Net assets per share (yen) | 1,810.40 | 1,912.28 |
| Net income per share (yen) | 13.83 | 108.76 |
| Diluted net income per share (yen) | – | 93.04 |

Notes: 1. Diluted net income per share for the previous fiscal year is not shown because there were no potential shares with dilution effects.

2. The bases for calculation of net income per share are described below.

| | Year ended March 31, 2022 (April 1, 2021 - March 31, 2022) | Year ended March 31, 2023 (April 1, 2022 - March 31, 2023) |
|---|--|---|
| (1) Net income per share | | |
| Net income attributable to owners of parent (Unit: million yen) | 539 | 4,241 |
| Amount not attributable to common shareholders (Unit: million yen) | – | – |
| Net income attributable to owners of parent related to common shares (Unit: million yen) | 539 | 4,241 |
| Average number of common shares during the period (thousand shares) | 38,989 | 38,997 |
| (2) Diluted net income per share | | |
| Adjustment of net income attributable to owners of the parent (Unit: million yen) | – | -20 |
| (Interest income [after tax] included above) (Unit: million yen) | – | -20 |
| Increase in shares of common stock (thousand shares) | – | 6,365 |
| Summary of potential shares not included in the calculation of diluted net income per share due to the absence of dilutive effects | Euro-yen denominated convertible bonds that will mature in 2026 based on a resolution (of the Board of Directors) dated January 13, 2021 (3,000 units of share option) | – |

(Significant subsequent event)

Not applicable

4. Other

(Status of production, order and sale)

Segment sales performances for current fiscal year are shown below:

| Segment | Amount (Unit: million yen) | Year-on-year comparison (%) |
|--|----------------------------|-----------------------------|
| Dormitory | 50,358 | 6.6 |
| Student dormitories | 28,075 | 10.9 |
| Employee dormitories | 13,293 | 1.4 |
| Domeal | 4,945 | 4.0 |
| Subcontracted dormitories | 4,043 | -0.7 |
| Hotel | 101,053 | 61.0 |
| Dormy Inn Business | 57,665 | 63.4 |
| Resorts Business | 43,387 | 57.9 |
| Comprehensive Building Management | 18,593 | 23.1 |
| Office Building Custodial Services Business | 4,734 | 12.3 |
| Residential Building Custodial Services Business | 13,859 | 27.2 |
| Food Service | 9,528 | 39.6 |
| Development | 1,807 | -95.6 |
| Total of Reportable Segments | 181,340 | 5.1 |
| Other | 15,684 | 3.2 |
| Adjustment | -21,394 | 51.6 |
| Total | 175,630 | 1.1 |

Note: Amount does not include consumption taxes.