



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

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year
Ending March 31, 2024

[JGAAP]

February 2024

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024 [based on Japanese GAAP]

February 9, 2024

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
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 Scheduled filing date of Quarterly Report: February 13, 2024
 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, 2024 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Income (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	151,096	17.0	13,583	99.0	13,320	102.6	7,930	91.4
Nine months ended December 31, 2022	129,131	22.9	6,825	-	6,575	-	4,143	-

(Note) Comprehensive income: The nine months ended December 31, 2023: 8,120 million yen (58.9%)
 The nine months ended December 31, 2022: 5,110 million yen (-%)

	Income (loss) per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2023	203.30	174.44
Nine months ended December 31, 2022	106.27	91.01

(2) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	262,831	81,688	31.1	2,093.76
As of March 31, 2023	272,308	74,579	27.4	1,912.28

(Reference) Shareholders' equity: As of December 31, 2023: 81,688 million yen As of March 31, 2023: 74,579 million yen

2. Dividends

	Annual dividends				
	Q1 end	Q2 end	Q3 end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	-	10.00	-	12.00	22.00
Year ending March 31, 2024	-	16.00	-		
Year ending March 31, 2024 (Forecast)				28.00	44.00

(Note) Revision from most recently announced dividends forecasts: Yes

See "Notice of revised forecasts of consolidated financial results and year-end dividends" released today (February 9, 2024) for revisions of year-end dividend forecasts.

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 changes)

	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	203,000	15.6	15,000	104.7	14,000	96.8	8,500	100.4	217.86

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

See "Notice of revised forecasts of consolidated financial results and year-end dividends" released today (February 9, 2024) 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 “(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.: None

(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, 2023	39,219,818 shares	Year ended March 31, 2023	39,219,818 shares
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(ii) Number of treasury shares at the end of the period

As of December 31, 2023	204,812 shares	Year ended March 31, 2023	219,668 shares
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(iii) Average number of shares during the period

As of December 31, 2023	39,009,041 shares	As of December 31, 2022	38,996,022 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

During the first nine months of this consolidated fiscal year, despite the receding impact of COVID-19, an uncertain outlook for the Japanese economy remained due to factors including the soaring cost of energy and raw materials and continuing geopolitical instability.

Under these conditions, despite the impact of rising food and labor costs, the Group entered a new growth phase. Results for the Hotel Business exceeded those in the corresponding period before COVID (April to December 2019), while the Dormitory Business made solid contributions to business results. This was due in part to strong recovery in inbound demand as dormitory leases for international students returned to and exceeded previous levels, nationwide tourism support measures were extended, and numbers of visitors to Japan in October to December 2023 surpassed 2019 pre-COVID figures (source: the Japan National Tourism Organization [JNTO]).

As a result, Group income grew significantly in the first nine months of this consolidated fiscal year, with net sales of 151,096 million yen (up 17.0% YoY), operating income of 13,583 million yen (up 99.0% YoY), ordinary income of 13,320 million yen (up 102.6% YoY), and net income attributable to owners of parent of 7,930 million yen (up 91.4% YoY).

Segment business performance is reviewed below.

(i) Dormitory Business

In its Dormitory Business, the Group opened 12 facilities nationwide in April, a total of 1,037 new rooms. Due in part to the security measures implemented at our dormitory facilities and their reputation for safety, the number of leases to Japanese students increased. Leases to foreign students also rose sharply, thanks to the lifting of border restrictions. The period began with an initial occupancy rate of 98.2% (up 4.7 percentage points from the previous year).

Net sales were 38,351 million yen (up 4.5% YoY). Operating income was 3,834 million yen (up 35.2% YoY).

(ii) Hotel Business

In the Hotel Business segment, the Company opened the Natural Hot Springs Awayuki no Yu Dormy Inn Aomori in its Dormy Inn Business and La Vista Kannonzaki Terrace in its Resorts Business.

Backed by the weak yen and lifting of border restrictions, as well as resumption of international flights, inbound tourism grew, while the extension of nationwide tourism promotion measures boosted demand for domestic business and leisure travel. Our proactive promotion activities at overseas travel exhibitions and domestic travel promotional campaigns also contributed to high occupancy rates and high unit prices. Another contributing factor was the strength of our reputation for attentive service focusing on customer satisfaction. Our Dormy Inn business ranked first in the 2023 Japanese Customer Satisfaction Index (JCSI) among limited service hotels for the fourth consecutive year, which testified to our reputation and satisfaction among numerous guests.

The resulting net sales amounted to 94,371 million yen (up 26.5% YoY). Operating income was 12,590 million yen (up 114.5% YoY).

As of the publication date (February 9, 2024), one resort hotel had suspended operations due to the January 1, 2024 Noto Peninsula earthquake. It is preparing to reopen after completing rigorous evaluations to confirm safety.

(iii) Comprehensive Building Management Business

In the Comprehensive Building Management Business, growth in remodeling projects and other factors resulted in net sales of 16,098 million yen (up 30.2% YoY) and operating income of 519 million yen (up 133.2% YoY).

(iv) Food Service Business

In the Food Service Business, despite growing numbers of contracted hotel restaurants, the higher expenses, including due to food and labor costs, resulted in operating income of 156 million yen (down 12.0% YoY), while net sales rose to 8,281 million yen (up 18.4% YoY).

(v) Development Business

In the Development Business, despite growth in real estate sales, declining numbers of new construction projects and other factors resulted in net sales of 1,275 million yen (up 36.2% YoY) and operating income of 59 million yen (down 39.2% 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. In total, these businesses recorded net sales of 12,021 million yen (up 2.8% YoY) and operating loss of 236 million yen (vs. operating income of 70 million yen in the same period of the previous fiscal year). Contributing factors included the effects of new business development in the Senior Life Business.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the third quarter of this consolidated fiscal year stood at 262,831 million yen, down by 9,476 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 181,143 million yen, down by 16,585 million yen from the end of the previous consolidated fiscal year. This was due mainly to declines in accounts payable-other and long-term loans payable.

(Net assets)

Net assets at the end of the third quarter of this consolidated fiscal year stood at 81,688 million yen, up 7,108 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 31.1%, an increase of 3.7 points from the end of the previous consolidated fiscal year.

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

Although forecasts of consolidated financial results announced on November 9, 2023 had reflected expectations of large-scale improvements in business performance during the third quarter, average daily rates in the Hotel Business leapt past these forecasts as a result of the weak yen and other factors, which boosted numbers of visitors to Japan past the pre-COVID figures recorded during the same period (October to December 2019).

Accordingly, we have revised upward our forecasts of consolidated financial results for the fiscal year ending March 31, 2024. These revisions reflect the fact that projected income for the first nine months of the year was achieved earlier than previously forecast, as well as expectations for continually improving business performance in the fourth quarter.

For more information, see “Notice of revised forecasts of consolidated financial results and year-end dividends,” released today (February 9, 2024).

“KYORITSU Growth Vision / Rise Up Plan 2028,” the Medium-term Management Plan, for which the fiscal year ending March 31, 2024 is the first fiscal year, remains unchanged.

2. Quarterly Financial Statements and Major Notes
(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	56,027	38,931
Notes and accounts receivable - trade	15,211	16,361
Real estate for sale	11,750	11,589
Real estate for sale in process	6,873	8,027
Costs on uncompleted construction contracts	95	705
Other	8,918	8,851
Allowance for doubtful accounts	-74	-73
Total current assets	98,802	84,392
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,643	49,078
Land	39,862	42,038
Construction in progress	14,811	18,245
Other, net	4,637	4,703
Total property, plant and equipment	106,954	114,066
Intangible fixed assets	4,154	4,265
Investments and other assets		
Investment securities	3,525	3,930
Guarantee deposits	18,581	19,059
Lease deposits	19,915	20,391
Other	20,082	16,499
Allowance for doubtful accounts	-113	-109
Total investments and other assets	61,991	59,771
Total non-current assets	173,100	178,103
Deferred assets	405	335
Total assets	272,308	262,831

(Unit: million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,249	7,107
Short-term borrowings	23,947	25,682
Current portion of bonds payable	4,880	4,880
Income taxes payable	865	2,512
Provision for bonuses	1,935	1,783
Provision for directors' bonuses	289	362
Provision for loss on business withdrawal	–	870
Other	28,215	20,655
Total current liabilities	67,383	63,854
Non-current liabilities		
Bonds payable	18,580	15,740
Convertible bonds with share acquisition rights	30,082	30,060
Long-term loans payable	75,743	65,443
Provision for directors' retirement benefits	1,029	1,163
Retirement benefit liability	255	257
Other	4,653	4,624
Total non-current liabilities	130,345	117,289
Total liabilities	197,728	181,143
Net assets		
Shareholders' equity		
Share capital	7,964	7,964
Capital surplus	12,862	12,920
Retained earnings	53,845	60,683
Treasury shares	-349	-327
Total shareholders' equity	74,322	81,242
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	160	431
Deferred gains or losses on hedges	648	587
Foreign currency translation adjustment	-589	-602
Remeasurements of defined benefit plans	36	30
Total accumulated other comprehensive income	256	445
Total net assets	74,579	81,688
Total liabilities and net assets	272,308	262,831

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

(Quarterly Consolidated Income Statement)
(Nine Months Ended December 31, 2023)

(Unit: million yen)

	Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net sales	129,131	151,096
Cost of sales	104,130	114,046
Gross income	25,001	37,050
Selling, general and administrative expenses	18,176	23,467
Operating income	6,825	13,583
Non-operating income		
Interest income	81	87
Dividend income	67	99
Other	388	264
Total non-operating income	538	450
Non-operating expenses		
Interest expenses	434	512
Expenses for measures for COVID-19	85	–
Other	268	201
Total non-operating expenses	788	713
Ordinary income	6,575	13,320
Extraordinary income		
Gain on sales of investment securities	18	–
Total extraordinary income	18	–
Extraordinary losses		
Loss on business withdrawal	–	768
Other	247	157
Total extraordinary losses	247	925
Net income before taxes	6,345	12,394
Income taxes	2,201	4,463
Net income	4,143	7,930
Net income attributable to owners of parent	4,143	7,930

(Quarterly Consolidated Statement of Comprehensive Income)
(Nine Months Ended December 31, 2023)

(Unit: million yen)

	Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine Months Ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net income	4,143	7,930
Other comprehensive income		
Valuation difference on available-for-sale securities	21	271
Deferred gains or losses on hedges	963	-61
Foreign currency translation adjustment	-10	-13
Remeasurements of defined benefit plans	-7	-6
Total other comprehensive income	966	189
Comprehensive income	5,110	8,120
(Breakdown)		
Comprehensive income attributable to owners of parent	5,110	8,120

(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 income (loss) before income taxes for the consolidated fiscal year, including the third quarter of the fiscal year, and multiplying income (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)

Not applicable

(Additional information)

Not applicable

(Segment Information etc.)

[Segment Information]

I 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 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	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 income (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 income (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 income (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, 2023 (April 1, 2023 – December 31, 2023)

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	38,175	94,272	5,370	1,265	477	139,561	11,535	151,096	–	151,096
Inter-segmental sales or transfers	176	98	10,728	7,015	798	18,817	486	19,304	-19,304	–
Total	38,351	94,371	16,098	8,281	1,275	158,379	12,021	170,401	-19,304	151,096
Segment income (loss)	3,834	12,590	519	156	59	17,159	-236	16,923	-3,339	13,583

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 income (loss) of -3,339 million yen includes the amount of elimination of inter-segment transactions of -322 million yen and corporate expenses of -3,017 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 income (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