



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

**Summary of Consolidated Financial Results for the
Fiscal Year Ended March 31, 2020**

[JGAAP]

May 2020

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [based on Japanese GAAP]

May 15, 2020

Name of listed company	Kyoritsu Maintenance Co., Ltd.	Listed exchange: Tokyo
Code	9616	U R L https://www.kyoritsugroup.co.jp/
Representative	(Title) President	(Name) Takumi Ueda
Contact	(Title) Managing Director	(Name) Koji Nakamura Tel 03-5295-7778
Scheduled date of Regular General Meeting of Shareholders	June 26, 2020	Scheduled date of commencement of payment of dividends June 29, 2020
Scheduled date of submittal of Securities Report	June 26, 2020	
Supplementary materials prepared for financial results:	Yes	
Briefing held on financial results:	No	

(rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended March 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results (Percentages represent rates of change from the previous year)

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2020	169,770	4.3	11,205	-23.1	12,499	-12.7	6,927	-27.6
Fiscal year ended March 2019	162,811	7.1	14,567	11.3	14,321	10.8	9,567	9.0
(Note) Comprehensive income	Fiscal year ended March 2020	6,219	Million yen	(-33.7%)	Fiscal year ended March 2019	9,374	Million yen	(11.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 2020	177.68	—	8.5	6.0	6.6
Fiscal year ended March 2019	245.41	245.37	12.6	7.3	8.9

(Reference) Gain/loss on equity-method investments Fiscal year ended March 2020 — Million yen Fiscal year ended March 2019 — Million yen

Note: Diluted net income per share for this fiscal year is not shown due to the absence of shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share		
	Million yen	Million yen	%	Yen		
Fiscal year ended March 2020	217,086	83,954	38.7	2,153.24		
Fiscal year ended March 2019	202,531	79,570	39.3	2,040.75		
(Reference) Shareholders' equity	Fiscal year ended March 2020	83,954	Million yen	Fiscal year ended March 2019	79,570	Million yen

(3) Consolidated cash flow position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Balance of cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 2020	16,460	-22,904	8,208	17,792
Fiscal year ended March 2019	17,963	-21,474	2,606	16,070

2. Dividends

	Annual dividends					Total amount of dividends (Total)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	Q1 end	Q2 end	Q3 end	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 2019	—	20.00	—	25.00	45.00	1,754	18.3	2.3
Fiscal year ended March 2020	—	22.00	—	23.00	45.00	1,754	25.3	2.1
FY ending March 2021 (projected)	—	—	—	—	—		—	

Note: Projections of dividends for the fiscal year ending March 2021 are yet to be determined at this time.

3. Projected consolidated financial results for the fiscal year ending March 2021 (April 1, 2020 to March 31, 2021)

Projected consolidated financial results for the fiscal year ending March 2021 are yet to be determined, due to the difficulty of making reliable estimates at the present time of the impact of the novel coronavirus pandemic. Projected financial results will be announced promptly as soon as it has become feasible to release them.

*Notes

- (1) Changes in significant subsidiaries during period under review (changes in specific subsidiaries accompanied by changes in the scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements
- ① Changes in accounting policies due to revision of accounting standards, etc.: None
- ② Changes in accounting policies other than those under (i) above: None
- ③ Changes in accounting estimates: None
- ④ Retrospective restatements: None

(3) Number of shares of stock issued and outstanding (common stock)

① Number of shares issued and outstanding at the end of the period (including shares of treasury stock)	Fiscal year ended March 2020	39,218,826 shares	Fiscal year ended March 2019	39,218,330 shares
② Number of shares of treasury stock at the end of the period	Fiscal year ended March 2020	228,844 shares	Fiscal year ended March 2019	227,634 shares
③ Average number of shares during period	Fiscal year ended March 2020	38,990,276 shares	Fiscal year ended March 2019	38,986,480 shares

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results (Percentages represent rates of change from the previous year)

	Sales		Operating income		Ordinary income		Current net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 2020	145,469	2.8	9,983	-26.4	11,731	-15.0	7,127	-24.9
Fiscal year ended March 2019	141,500	13.6	13,561	12.3	13,795	11.6	9,490	67.4

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 2020	182.81	—
Fiscal year ended March 2019	243.44	243.41

Note: Diluted net income per share for this fiscal year is not shown due to the absence of shares with dilutive effects.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Fiscal year ended March 2020	196,946	80,783	41.0	2,071.91
Fiscal year ended March 2019	185,726	75,976	40.9	1,948.58

(Reference) Shareholders' equity Fiscal year ended March 2020 80,783 Million yen Fiscal year ended March 2019 75,976 Million yen

*Summary financial statements are not subject to auditing by a certified public accountant or auditing firm.

*Description concerning appropriate use of projections of business results and other notes

(Note concerning forward-looking statements)

Projections of business results and other forward-looking statements contained in this document are based on information available to the Company at the time of preparation and certain assumptions judged to be reasonable. They do not represent commitments that such results will be achieved. Actual business results may differ widely due to various factors.

See p. 5, "1. Overview of Operating Results etc.: (4) Future Outlook," attached, concerning the assumptions on which projections of business results are based and the notes on use of such projections.

(How to obtain supplementary materials on financial results and content of briefings on financial results)

Supplementary materials on financial results and video recordings of briefings on financial results are posted to the Company website.

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1. Overview of operating results, etc.

(1) Overview of this year's operating results

1. Overview of this year's general financial position

(Consolidated results)

(Unit: millions yen)

	Previous year Fiscal year ended March 2019	This year Fiscal year ended March 2020	Rate of change (%)
Sales	162,811	169,770	4.3
Operating income	14,567	11,205	-23.1
Ordinary income	14,321	12,499	-12.7
Attributable to owners of the parent Current net income	9,567	6,927	-27.6

During the consolidated fiscal year under review, although Japan's economy showed a gently recovering trend backed by improving employment and income conditions, the spread of the novel coronavirus in the fourth quarter had a major impact not only on Japan but worldwide.

The environment in which the Group operates saw an increase in international students from abroad attending universities and colleges in Japan, a rise in the percentage of students advancing to college after high school, growth in the number of companies providing dormitories for employees, and continued growth in the number of inbound tourists visiting Japan from overseas, as well as stronger demand for domestic travel, particularly during the Golden Week holidays in May. Under such conditions, the Group made steady progress toward the fundamental goals of improving customer satisfaction and implementing advanced development initiatives, called for in its medium-term management plan. However, the broadening impact of the novel coronavirus during the fourth quarter led to results including a sudden decrease in inbound tourism and decreased domestic demand for leisure and business travel, which in turn had a major impact on the Group's consolidated business results as well.

As a result, revenue increased by 4.3% from the previous year to ¥169,770 million, operating profit decreased by 23.1% from the previous year to ¥11,205 million, ordinary profit decreased by 12.7% to ¥12,499 million, and net income attributable to owners of the parent decreased by 27.6% to ¥6,927 million.

In addition, due in part to the growing impact of the novel coronavirus, the Company recorded impairment losses of ¥2,227 million as a result of reassessment of operating conditions focused chiefly on assets such as those of the Global Cabin (New-style compact hotel) business in the Hotel Business segment, which initially began as part of the Company's response to growth in inbound tourism spurred by the Tokyo Olympic and Paralympic Games.

2. Overview of results in main segments

Dormitory Business (student dormitories, employee dormitories, Domeal, subcontracted dormitories) (Unit: millions yen)

	Previous year Fiscal year ended March 2019	This year Fiscal year ended March 2020	Rate of change (%)
Sales	48,936	50,303	2.8
Operating income	7,807	8,021	2.7

In the dormitory business, during the period under review the Company opened a total of 15 new dormitories with 1,574 rooms nationwide, including the Meiji University Global Village, a dormitory for international students. Initial occupancy rates at the beginning of the fiscal year in April 2019 were favorable, up 1.0 percentage points from the previous year to 98.7%.

Revenues from the student dormitory business were up 0.8% from the previous year to ¥26,027 million, due to strong conditions including increasing numbers of international students from abroad.

The employee dormitory business saw growth due to increasing numbers of companies newly adopting dormitory programs for their employees and increasing numbers of contracts with existing customers. As a result, revenue increased by 6.3% from the previous year to ¥15,002 million.

The Domeal business saw revenues increase by 3.6% from the previous year to ¥4,689 million, thanks to factors including partner schools and companies providing intermediary services for occupants of its studio-type dormitories.

Revenues in the contracted dormitories business, in which the Company operates and manages dormitories owned by businesses and schools under contract on the owners' behalf, grew by 2.8% from the previous year to ¥4,583 million, as the Company endeavored to differentiate itself from competitors based on its operation capabilities as Japan's leading operator of room-and-board facilities.

As a result, the dormitory business as a whole recorded revenues of ¥50,303 million (up 2.8% from the previous year) and operating profit of ¥8,021 million (up 2.7% from the previous year), at 494 locations (up nine from the previous year; not including contracted dormitories) with capacity for 40,633 residents (up 1,183 from the previous year).

As of the end of March, the total number of residents who had signed leases stood at 38,124 persons (down 733 year on year), due in part to the impact of the novel coronavirus.

Hotel Business (Dormy Inn, resorts) (Unit: millions yen)

	Previous year Fiscal year ended March 2019	This year Fiscal year ended March 2020	Rate of change (%)
Sales	78,342	78,976	0.8
Operating income	8,219	4,853	-41.0

Seven sites opened in the Dormy Inn Business during this period: Dormy Inn Maebashi, Dormy Inn Fukui, Dormy Inn Morioka, Onyado Nono Asakusa, Dormy Inn Kawasaki, Dormy Inn Mito, and La Vista Furano Hills. Three new sites opened in the resort business: Yukinohana, Shikishimakan, and Inazumi Hot Spring. Thanks to strong inbound tourism demand mainly from Hong Kong, China, and Taiwan, as well as other factors including growth in the number of domestic travelers and through cost controls, revenue during this period had been expected to be more than enough to cover the impact of typhoon damage on the Hakone region in the autumn and the development costs of new facilities. However, the novel coronavirus outbreak in the fourth quarter of this consolidated fiscal year led to a sudden decrease in inbound tourism as well as lower occupancy rates and revenues in the Dormy Inn business centered on the greater Tokyo and Kansai regions, as businesses refrained from sending employees on business trips. Due in part to the effects of opening new facilities, revenues were up by 1.0% from the previous period to ¥46,034 million in the Dormy business and up 0.6% over the same period to ¥32,941 million in the resorts business.

As a result of the above factors, the Hotel Business as a whole recorded ¥78,976 million in revenues (up 0.8% from the previous year) and ¥4,853 million in operating profit (down 41.0% from the previous year), from 17,656 guestrooms (up 1,716 from the previous year) in 121 sites (up 10 from the previous year).

Comprehensive Building Management Business (Unit: millions yen)

	Previous year Fiscal year ended March 2019	This year Fiscal year ended March 2020	Rate of change (%)
Sales	15,524	16,661	7.3
Operating income	296	611	106.1

In the Comprehensive Building Management Business, both revenues and profit increased thanks to factors including the effects

of increases in numbers of construction projects and office building custodial service contracts. Revenues in this business were ¥16,661 million (up 7.3% from the previous year), while its operating profit stood at ¥611 million (up 106.1% from the previous year).

Food Service Business (restaurants, contracted food service, contracted hotel restaurants etc.) (Unit: millions yen)

	Previous year Fiscal year ended March 2019	This year Fiscal year ended March 2020	Rate of change (%)
Sales	6,998	7,357	5.1
Operating income	95	110	15.6

In the Food Service Business, both revenues and profit increased thanks to factors including growth in numbers of transactions for management of hotel restaurant under contract. Revenues in this business were ¥7,357 million (up 5.1% from the previous year), while its operating profit stood at ¥110 million (up 15.6% from the previous year).

Development Business (Unit: millions yen)

	Previous year Fiscal year ended March 2019	This year Fiscal year ended March 2020	Rate of change (%)
Sales	15,851	16,703	5.4
Operating income	1,906	1,376	-27.8

In the Development Business, revenue increased by 5.4% from the previous year to ¥16,703 million, due in part to factors such as progress on development and sale and leaseback of real estate. However, operating profit decreased by 27.8% from the previous year to ¥1,376 million due to the reduction of development profit from the sale and leaseback of real estate.

Other Businesses (Unit: millions yen)

	Previous year Fiscal year ended March 2019	This year Fiscal year ended March 2020	Rate of change (%)
Sales	12,402	13,361	7.7
Operating income	-125	31	—

The Company's other business segments 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 for people who live alone, the insurance agency business, comprehensive human-resource services, the financial business, and the administrative outsourcing business. Revenues of other business segments increased 7.7% from the previous year to ¥13,361 million, while their operating profit totaled ¥31 million, vs. an operating loss of ¥125 million in the previous fiscal year.

(2) Overview of financial position during the period under review

(Assets)

Total assets at the end of this consolidated fiscal year stood at ¥217,086 million, up ¥14,554 million from the end of the previous consolidated fiscal year. This was due mainly to factors such as increases in real estate for sale in process, buildings and structures, and cash and deposits.

(Liabilities)

Liabilities at the end of this consolidated fiscal year stood at ¥133,131 million, up ¥10,170 million from the end of the previous consolidated fiscal year. This was due mainly to factors such as an increase in long-term loans payable.

(Net assets)

Net assets at the end of this consolidated fiscal year stood at ¥83,954 million, up ¥4,384 million from the end of the previous consolidated fiscal year. This was due mainly to factors such as an increase in retained earnings.

As a result, the equity ratio fell by 0.6 percentage points from the end of the previous consolidated fiscal year, to 38.7%.

(3) Cash-flow position during the period under review

The balance of cash and cash equivalents at the end of this consolidated fiscal year stood at ¥17,792 million, up ¥1,722 million from the end of the previous consolidated fiscal year.

(Cash flow from operating activities)

Cash flow from operating activities showed an inflow of ¥16,460 million, down ¥1,502 million from the previous consolidated fiscal year, due to the effects of changes in notes and accounts receivable – trade.

(Cash flow from investing activities)

Cash flow from investing activities showed an outflow of ¥22,904 million, up ¥1,430 million from the previous consolidated fiscal year, due to the effects of expenditures on purchase of property, plant, and equipment.

(Cash flow from financing activities)

Cash flow from financing activities showed an inflow of ¥8,208 million, up ¥5,601 million from the previous consolidated fiscal year, due to the effects of inflows from long-term loans payable.

(Reference) Trends in cash-flow-related indicators

	Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020
Equity ratio (%)	35.9	37.0	37.6	39.3	38.7
Equity ratio on mark-to-market basis (%)	116.4	74.0	103.9	105.7	42.8
Ratio of interest-bearing debt to cash flow (years)	8.2	5.0	6.1	4.6	5.7
Interest coverage ratio (times)	10.2	24.9	26.1	45.3	47.2

Equity ratio: Shareholders' equity/total assets

Equity ratio on mark-to-market basis: Total market capitalization/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/cash flow

Interest coverage ratio: Cash flow/interest paid

Notes: 1. Each indicator is calculated using financial figures on a consolidated basis.

2. Total market capitalization is calculated based on the number of shares issued and outstanding not including treasury stock.

3. Cash flow from operating activities is used for cash flow.

4. Interest-bearing debt refers to all debts recorded on the Consolidated Balance Sheet for which interest is paid.

5. The amount of interest paid as shown on the Consolidated Statement of Cash Flows is used for interest paid.

(4) Future outlook

As a result of the impact of the novel coronavirus, initial occupancy rates in the Dormitory Business have fallen due to postponement of international students' arrivals in Japan and other factors. In addition, to restrain the spread of the novel coronavirus the Hotel Business has taken measures based on giving top priority to the safety of guests and employees, such as temporary closure of some business facilities. At the same time, measures have been introduced in response to the novel coronavirus such as a program to support school attendance by lending funds for dormitory costs to students interest free and a program to support employment activities by enabling professionals to use facilities such as dormitories and hotels for telework and other activities at special rates. The future outlook is yet to be determined due to the difficulty of reliably estimating the impact of the novel coronavirus at this point in time.

The Company has secured the funding expected to be needed in the future through agreement with financial institutions on increased credit lines.

2. Basic thinking on selection of accounting standards

In consideration of comparability of consolidated financial statements for different periods and with other companies, the Group has adopted a policy of preparing consolidated financial statements based on Japanese GAAP for now.

With regard to application of the International Financial Reporting Standards (IFRS), the Group plans to respond appropriately in consideration of related domestic and international conditions.

3. Consolidated financial statements and major notes

(1) Consolidated Balance Sheet

(Unit: millions yen)

	Previous consolidated fiscal year (March 31, 2019)	This consolidated fiscal year (Tuesday, March 31, 2020)
Assets		
Current assets		
Cash and deposits	16,643	18,303
Notes and accounts receivable-trade	9,273	11,057
Real estate for sale	288	211
Real estate for sale in process	6,815	11,518
Costs on uncompleted construction contracts	297	256
Other	7,763	9,290
Allowance for doubtful accounts	-25	-46
Total current assets	41,056	50,590
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	73,486	81,071
Accumulated depreciation	-30,075	-33,464
Buildings and structures, net	43,411	47,607
Land	44,598	44,509
Construction in progress	17,615	13,805
Other	13,497	14,809
Accumulated depreciation	-10,132	-11,281
Other, net	3,365	3,527
Total property, plant and equipment	108,991	109,450
Intangible fixed assets	3,236	3,918
Investments and other assets		
Investment securities	5,126	4,761
Long-term loans receivable	610	1,030
Guarantee deposits	16,462	17,337
Lease deposits	14,981	16,226
Deferred tax assets	2,765	3,416
Other	8,825	9,947
Allowance for doubtful accounts	-202	-184
Total investments and other assets	48,569	52,535
Total noncurrent assets	160,796	165,904
Deferred assets		
Bond issuance cost	678	591
Total deferred assets	678	591
Total assets	202,531	217,086

(Unit: millions yen)

	Previous consolidated fiscal year (March 31, 2019)	This consolidated fiscal year (March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	6,788	10,124
Short-term loans payable	10,420	12,034
Current portion of bonds	5,730	5,280
Convertible bonds with stock options planned for redemption within one year	—	19,992
Income taxes payable	2,985	1,900
Advances received	11,336	10,934
Provision for bonuses	2,359	2,103
Provision for directors' bonuses	495	404
Provision for warranties for completed construction	9	9
Provision for point card certificates	3	6
Other	9,910	8,290
Total current liabilities	50,040	71,080
Noncurrent liabilities		
Bonds payable	39,100	33,820
Convertible bond-type bonds with subscription rights to shares	19,995	—
Long-term loans payable	7,707	21,922
Long-term guarantee deposited	3,483	3,575
Deferred tax liabilities	332	352
Net defined benefit liability	1,083	1,140
Provision for directors' retirement benefits	271	251
Provision for point card certificates	6	0
Asset retirement obligations	534	597
Other	406	390
Total noncurrent liabilities	72,921	62,050
Total liabilities	122,961	133,131
Shareholders' equity		
Shareholders' equity		
Capital stock	7,960	7,961
Capital surplus	12,816	12,817
Retained earnings	59,186	64,281
Treasury stock	-349	-355
Total shareholders' equity	79,613	84,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	367	-117
Foreign currency translation adjustment	-422	-597
Remeasurements of defined benefit plans	11	-36
Total accumulated other comprehensive income	-43	-751
Total net assets	79,570	83,954
Total liabilities and net assets	202,531	217,086

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

(Unit: millions yen)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Sales	162,811	169,770
Cost of sales	125,229	135,554
Gross profit	37,581	34,215
Selling, general, and administrative expenses		
Salaries, allowances and bonuses	4,719	4,948
Employee benefits expenses	995	1,033
Provision for bonuses	721	653
Provision for directors' bonuses	495	404
Retirement benefit expenses	85	120
Provision for directors' retirement benefits	1	1
Sales promotion expenses	2,087	2,126
Fees payable	8,398	8,780
Provision of allowance for doubtful accounts	4	—
Provision for point card certificates	6	0
Business consignment expenses	1,528	1,793
Rent expenses	801	761
Depreciation and amortization	275	320
Other	2,892	2,064
Total selling, general, and administrative expenses	23,014	23,009
Operating income	14,567	11,205
Non-operating income		
Interest	72	75
Dividend income	107	126
Revenues from cancelled security deposits	105	119
Gain on investments in partnership	4	1,224
Other	174	390
Total non-operating income	463	1,937
Non-operating expenses		
Interest expenses	394	342
Amortization of bond issuance cost	74	86
Other	240	214
Total non-operating expenses	709	643
Ordinary income	14,321	12,499

(Unit: millions yen)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Extraordinary income		
Gain on sales of investment securities	18	508
Other	—	2
Total extraordinary income	18	510
Extraordinary loss		
Impairment loss	50	2,227
Loss on disaster	23	26
Other	39	63
Total extraordinary loss	112	2,316
Net income before taxes	14,227	10,693
Income taxes-current	4,939	4,163
Income taxes-deferred	-278	-396
Total income taxes	4,660	3,766
Current net income	9,567	6,927
Net income attributable to owners of the parent	9,567	6,927

(Consolidated Statement of Comprehensive Income)

(Unit: millions yen)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Current net income	9,567	6,927
Other comprehensive income		
Valuation difference on available-for-sale securities	-148	-484
Foreign currency translation adjustment	-43	-175
Remeasurements of defined benefit plans	-0	-48
Total other comprehensive income	-192	-708
Comprehensive income	9,374	6,219
(Breakdown)		
Comprehensive income attributable to owners of parent	9,374	6,219

(3) Consolidated Statement of Changes to Shareholders' Equity

Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Unit: millions yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Starting balance	7,949	12,805	51,270	-336	71,690
Changes of items during the period					
Issuance of new shares (Exercise of subscription rights to shares)	10	10			21
Dividends of surplus			-1,637		-1,637
Net income attributable to owners of the parent			9,567		9,567
Changes accompanying merger of consolidated subsidiaries with non-consolidated subsidiaries			-14		-14
Purchase of treasury stock				-13	-13
Sale of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	10	10	7,915	-13	7,923
Current year-end balance	7,960	12,816	59,186	-349	79,613

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Starting balance	515	-378	12	149	71,839
Changes of items during the period					
Issuance of new shares (Exercise of subscription rights to shares)					21
Dividends of surplus					-1,637
Net income attributable to owners of the parent					9,567
Changes accompanying merger of consolidated subsidiaries with non-consolidated subsidiaries					-14
Purchase of treasury stock					-13
Sale of treasury stock					0
Net changes of items other than shareholders' equity	-148	-43	-0	-192	-192
Total changes of items during the period	-148	-43	-0	-192	7,730
Current year-end balance	367	-422	11	-43	79,570

This consolidated fiscal year (From April 1, 2019 to March 31, 2020)

(Unit: millions yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Starting balance	7,960	12,816	59,186	-349	79,613
Changes of items during the period					
Issuance of new shares (Exercise of subscription rights to shares)	1	1			3
Dividends of surplus			-1,832		-1,832
Net income attributable to owners of the parent			6,927		6,927
Changes accompanying merger of consolidated subsidiaries with non-consolidated subsidiaries					
Purchase of treasury stock				-5	-5
Sale of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during the period	1	1	5,095	-5	5,092
Current year-end balance	7,961	12,817	64,281	-355	84,706

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Starting balance	367	-422	11	-43	79,570
Changes of items during the period					
Issuance of new shares (Exercise of subscription rights to shares)					3
Dividends of surplus					-1,832
Net income attributable to owners of the parent					6,927
Changes accompanying merger of consolidated subsidiaries with non-consolidated subsidiaries					
Purchase of treasury stock					-5
Sale of treasury stock					
Net changes of items other than shareholders' equity	-484	-175	-48	-708	-708
Total changes of items during the period	-484	-175	-48	-708	4,384
Current year-end balance	-117	-597	-36	-751	83,954

(4) Consolidated Statement of Cash Flows

(Unit: millions yen)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Net cash provided by (used in) operating activities		
Net income before taxes	14,227	10,693
Depreciation and amortization	4,759	5,260
Amortization of long-term prepaid expenses	324	334
Amortization of guarantee deposits	283	263
Increase (decrease) in provision for bonuses	288	-256
Interest and dividends income	-179	-202
Interest expenses	394	342
Loss (gain) on sales of investment securities	-18	-508
Loss (gain) on investments in partnership	-4	-1,224
Impairment loss	50	2,227
Loss on disaster	23	26
Decrease (increase) in notes and accounts receivable-trade	1,327	-1,787
Decrease (increase) in inventories	306	5,893
Increase (decrease) in notes and accounts payable-trade	-1,213	3,338
Increase (decrease) in accrued expenses	450	-377
Increase (decrease) in advances received	146	-397
Increase (decrease) in accounts payable-other	156	-120
Increase (decrease) in accrued consumption taxes	470	-862
Increase (decrease) in deposits received	169	-397
Increase (decrease) in guarantee deposits received	160	55
Other	758	-434
Subtotal	22,883	21,868
Interest and dividends income received	111	132
Interest expenses paid	-396	-348
Income taxes refund	0	0
Income taxes paid	-4,634	-5,192
Net cash provided by (used in) operating activities	17,963	16,460
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	-275	-19
Proceeds from sales of short-term investment securities	49	1,359
Purchase of property, plant and equipment	-16,596	-18,941
Proceeds from sales of property, plant and equipment	2	750
Purchase of intangible assets	-284	-917
Purchase of long-term prepaid expenses	-224	-467
Payments of loans receivable	-729	-1,164
Collection of loans receivable	304	501
Payments for lease and guarantee deposits	-2,555	-3,381
Proceeds from collection of lease and guarantee deposits	133	177
Purchase of insurance funds	-1,006	-1,021
Proceeds from cancellation of insurance funds	2	160
Other	-295	57
Net cash provided by (used in) investing activities	-21,474	-22,904

(Unit: millions yen)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,096	700
Proceeds from long-term loans payable	2,300	18,000
Repayment of long-term loans payable	-6,879	-2,870
Proceeds from issuance of bonds	12,409	—
Redemption of bonds	-4,623	-5,732
Purchase of treasury stock	-13	-5
Cash dividends paid	-1,633	-1,834
Other	-49	-49
Net cash provided by (used in) financing activities	2,606	8,208
Effect of exchange rate change on cash and cash equivalents	-6	-41
Increase (decrease) in cash and cash equivalents	-911	1,722
Starting balance of cash and cash equivalents	16,972	16,070
Increase in cash and cash equivalents resulting from merger	9	—
Balance of cash and cash equivalents at end of period	16,070	17,792

(5) Notes on the consolidated financial statements

(Notes on the going concern assumption)

Not applicable

(Segment information etc.)

[Segment information]

1. Summary of reporting segments

The Group's reporting segments are structural units of the Group for which separate financial information is available and 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 sections for individual services (or subsidiaries for some services) within the Group. Each business section or subsidiary drafts strategies and engages in business activities for its services.

Accordingly, the Group consists of service-specific segments based on these business sections and subsidiaries. Its five reporting 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 of 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 revenues, profits or losses, assets, and other amounts for each reporting segment

The account processing methods for reported business segments are the same as those used in preparation of the consolidated financial statements.

Figures for reporting-segment profits are based on operating income.

Internal revenues and transfers between segments are based on prevailing market prices.

3. Information regarding amounts of net sales, profit/loss, assets, , and other items per reporting segment
Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)

(Unit: millions yen)

	Reporting segment						Other Notes: 1.	Total	Adjustment amount Notes: 2.	Amounts on consolidated financial statements Notes: 3.
	Dormitory	Hotel	Comprehensive building management	Food service	Development	Total				
Sales										
Net sales to external customers	48,593	78,182	7,613	1,306	15,229	150,926	11,885	162,811	—	162,811
Internal sales or transfers between segments	342	159	7,910	5,691	622	14,726	516	15,243	-15,243	—
Total	48,936	78,342	15,524	6,998	15,851	165,653	12,402	178,055	-15,243	162,811
Segment profit or loss (-)	7,807	8,219	296	95	1,906	18,325	-125	18,199	-3,632	14,567
Segment assets	50,542	107,584	12,457	1,542	17,287	189,414	9,203	198,617	3,914	202,531
Other items										
Depreciation and amortization	1,141	3,460	62	21	40	4,726	100	4,826	-66	4,759
Impairment loss	41	1	—	2	—	44	5	50	—	50
Increase in property, plant and equipment, and intangible fixed assets	3,012	14,998	52	38	130	18,232	25	18,258	-776	17,481

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

2. Details of adjustment amounts are described below.

(Unit: millions yen)

Segment profits	
Elimination of inter-segment transactions	-136
Companywide costs*	-3,495
Total	-3,632

* Companywide costs refer mainly to costs related to administrative sections such as the head office Accounting Division.

(Unit: millions yen)

Segment assets	
Elimination of inter-segment transactions	-11,190
Companywide assets*	15,104
Total	3,914

* Companywide assets refer to head-office cash and deposits, investment securities, assets related to administrative sections, and deferred tax assets.

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

This consolidated fiscal year (From April 1, 2019 to March 31, 2020)

(Unit: millions yen)

	Reporting segment						Other Notes: 1.	Total	Adjustment amount Notes: 2.	Amounts on consolidated financial statements Notes: 3.
	Dormitory	Hotel	Comprehensive building management	Food service	Development	Total				
Sales										
Net sales to external customers	49,976	78,831	7,721	1,316	19,119	156,965	12,805	169,770	—	169,770
Internal sales or transfers between segments	327	145	8,940	6,041	-2,416	13,037	556	13,594	-13,594	—
Total	50,303	78,976	16,661	7,357	16,703	170,003	13,361	183,365	-13,594	169,770
Segment profit or loss (-)	8,021	4,853	611	110	1,376	14,973	31	15,005	-3,799	11,205
Segment assets	53,607	105,729	11,541	1,660	22,879	195,418	10,435	205,854	11,232	217,086
Other items										
Depreciation and amortization	1,265	3,809	63	23	44	5,205	105	5,311	-51	5,260
Impairment loss	19	2,197	—	10	—	2,227	—	2,227	—	2,227
Increase in property, plant and equipment, and intangible fixed assets	4,526	14,936	74	16	7	19,561	404	19,965	2,666	22,632

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

2. Details of adjustment amounts are described below.

(Unit: millions yen)

Segment profits	
Elimination of inter-segment transactions	-305
Companywide costs*	-3,494
Total	-3,799

* Companywide costs refer mainly to costs related to administrative sections such as the head office Accounting Division.

(Unit: millions yen)

Segment assets	
Elimination of inter-segment transactions	-10,296
Companywide assets*	21,529
Total	11,232

* Companywide assets refer to head-office cash and deposits, investment securities, assets related to administrative sections, and deferred tax assets.

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

(Per-share information)

	Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Net assets per share (JPY)	2,040.75	2,153.24
Net income per share (JPY)	245.41	177.68
Diluted net income per share (JPY)	245.37	—

Notes: 1. Diluted net income per share for this consolidated fiscal year is not shown due to the absence of shares with dilutive effects.

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

		Previous consolidated fiscal year (From April 1, 2018 to March 31, 2019)	This consolidated fiscal year (From April 1, 2019 to March 31, 2020)
Net income per share			
Net income attributable to owners of the parent	(millions yen)	9,567	6,927
Amount not attributable to common stock	(millions yen)	—	—
Net income attributable to owners of the parent related to common stock	(millions yen)	9,567	6,927
Average shares of common stock during the period	(Shares)	38,986,480	38,990,276
Diluted net income per share			
Adjustment amount of net income attributable to owners of the parent	(millions yen)	—	—
Increase in shares of common stock	(Shares)	5,869	—
(Bonds with stock options included in above)	(Shares)	(5,869)	—
Overview of potential shares not included in calculation of diluted net income per share because they lack dilutive effects		Fourth issue of unsecured convertible bonds with stock options under March 7, 2016 resolution (of the Board of Directors) (number of stock options: 19,995)	Fourth issue of unsecured convertible bonds with stock options under March 7, 2016 resolution (of the Board of Directors) (number of stock options: 19,992)

(Important developments arising after the end of the fiscal year)

Not applicable

4. Other

(Production, orders received, and sales)

Sales during this consolidated fiscal year, by segment, are shown below.

Segment	Amount (millions yen)	Change from previous period (%)
Dormitory	50,303	2.8
Student dormitories	26,027	0.8
Employee dormitories	15,002	6.3
Domeal	4,689	3.6
Subcontracted dormitories	4,583	2.8
Hotel	78,976	0.8
Dormy Inn Business	46,034	1.0
Resorts Business	32,941	0.6
Comprehensive building management	16,661	7.3
Office Building Custodial Services Business	4,899	4.2
Residential Building Custodial Services Business	11,762	8.7
Food service	7,357	5.1
Development	16,703	5.4
Total for reporting segment	170,003	2.6
Other	13,361	7.7
Adjustment amount	-13,594	—
Total	169,770	4.3

Note: The amounts shown above do not include consumption tax etc.