



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

**Summary of Consolidated Financial Results for the
Fiscal Year Ended March 31, 2021**

[JGAAP]

May 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [based on Japanese GAAP]

May 14, 2021

Name of listed company	Kyoritsu Maintenance Co., Ltd.	Listed exchange: Tokyo
Code	9616	URL https://www.kyoritsugroup.co.jp/
Representative Contact	(Title) President (Title) Managing Director	(Name) Koji Nakamura (Name) Manabu Takaku
Scheduled date of Regular General Meeting of Shareholders	June 25, 2021	Scheduled date of commencement of payment of dividends June 28, 2021
Scheduled date of submittal of Securities Report	June 25, 2021	
Supplementary materials prepared concerning 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 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results (Percentage figures represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2021	121,281	-28.6	-9,057	—	-9,116	—	-12,164	—
Year ended March 31, 2020	169,770	4.3	11,205	-23.1	12,499	-12.7	6,927	-27.6
(Note) Comprehensive income	Fiscal year ended March 31, 2021	-11,887	Million yen	(—%)	Fiscal year ended March 31, 2020	6,219	Million yen	(-33.7%)

	Net 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, 2021	-311.98	—	—	—	—
Year ended March 31, 2020	177.68	—	8.5	6.0	6.6

(Reference) Gain/loss on equity-method investments Year ended March 31, 2021 — Million yen Year ended March 31, 2020 — Million yen

Note: For the fiscal year ended March 31, 2020, diluted net income per share is not shown due to the absence of potential shares with dilutive effects. For the fiscal year ended March 31, 2021, diluted net income per share is not shown due to the recording of net loss per share and the absence of potential shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2021	239,032	70,784	29.6	1,815.45
Year ended March 31, 2020	217,086	83,954	38.7	2,153.24

(Reference) Equity capital Year ended March 31, 2021 70,784 Million yen Year ended March 31, 2020 83,954 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
Year ended March 31, 2021	-17,835	-10,006	34,239	24,212
Year ended March 31, 2020	16,460	-22,904	8,208	17,792

2. Dividends

	Annual dividends					Total amount of dividends (Total)	Dividend payout ratio (Consolidat ed)	Dividends to net assets (Consolidate d)
	Q1 end	Q2 end	Q3 end	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2020	—	22.00	—	23.00	45.00	1,754	25.3	2.1
Year ended March 31, 2021	—	10.00	—	10.00	20.00	779	—	1.0
Year ending March 31, 2022 (Forecast)	—	10.00	—	10.00	20.00		48.7	

3. Forecasted consolidated results for the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentage figures represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Net income attributable to owners of the parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	174,500	43.9	4,000	—	3,400	—	1,600	—	41.04

*Notes

(1) Changes in major subsidiaries during the 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 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

(3) Number of issued shares (common stock)

(i) Number of issued shares at the end of the period (including treasury shares)

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares during the period

Year ended March 31, 2021	39,219,818 shares	Year ended March 31, 2020	39,218,826 shares
Year ended March 31, 2021	229,475 shares	Year ended March 31, 2020	228,844 shares
Year ended March 31, 2021	38,990,301 shares	Year ended March 31, 2020	38,990,276 shares

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

(Percentage figures represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2021	102,698	-29.4	-10,105	—	-9,635	—	-13,038	—
Year ended March 31, 2020	145,469	2.8	9,983	-26.4	11,731	-15.0	7,127	-24.9

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2021	-334.41	—
Year ended March 31, 2020	182.81	—

Note: For the fiscal year ended March 31, 2020, diluted net income per share is not shown due to the absence of potential shares with dilutive effects. For the fiscal year ended March 31, 2021, diluted net income per share is not shown due to the recording of net loss per share and the absence of potential shares with dilutive effects.

Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share	
	Million yen	Million yen	%	Yen	
Year ended March 31, 2021	219,555	66,634	30.3	1,709.00	
Year ended March 31, 2020	196,946	80,783	41.0	2,071.91	
(Reference) Equity capital	Year ended March 31, 2021	66,634	Million yen	Year ended March 31, 2020	80,783
					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 business forecasts and other special notes
(Note concerning forward-looking statements)

The forward-looking statements, including business 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, therefore do not represent commitments that such results will be achieved. Actual business results may differ materially due to various factors.

Please refer to page 10, "1. Overview of Operating Results etc.: (4) Future Outlook," 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 financial results and content of briefings on financial results)

Supplementary materials on financial results and video recordings of briefings on financial results will be posted on the Company website.

Table of contents for attached materials

- 1. Overview of Operating Results, etc.6
 - (1) Overview of This Year’s Operating Results6
 - i. Overview of This Year’s General Financial Position6
 - ii. Overview of This Year’s Financial Position by Major Business Segment7
 - (2) Overview of Financial Position during the Period under Review9
 - (3) Cash-flow Position during the Period under Review10
 - (4) Future Outlook10
- 2. Basic Policy on Selection of Accounting Standards12
- 3. Consolidated Financial Statements and Major Notes13
 - (1) Consolidated Balance Sheet13
 - (2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income15
 - i. (Consolidated Income Statement)15
 - ii. (Consolidated Statement of Comprehensive Income)17
 - (3) Consolidated Statement of Changes in Equity18
 - (4) Consolidated Statement of Cash Flows20
 - (5) Notes on Consolidated Financial Statement22
 - i. (Notes on the Going Concern Assumption)22
 - ii. (Segment Information etc.)22
 - iii. (Per-share information)25
 - iv. (Significant Subsequent Event)25
- 4. Other26

1. Overview of Operating Results, etc.

(1) Overview of This Year's Operating Results

i. Overview of This Year's General Financial Position

(Consolidated Financial Results)

(in million yen)

	Previous fiscal year Fiscal year ended March 31, 2020	Current fiscal year Fiscal year ended March 31, 2021	Change (%)
Net sales	169,770	121,281	-28.6
Operating profit	11,205	-9,057	—
Ordinary profit	12,499	-9,116	—
Net income attributable to owners of the parent	6,927	-12,164	—

This consolidated fiscal year was a year of turbulence for the domestic economy. While continuing to face a difficult situation due to the worldwide spread of COVID-19, economic activities gradually resumed and the economy started to recover following the lifting of the Declaration of State of Emergency on May 25, 2020. However, the State of Emergency was declared again due to the resurgence of COVID-19, and the future of the economy once again became uncertain.

The Group's Dormitory Business started the fiscal year with an occupancy rate of 93.7%, slightly lower than the previous year, due to the postponement of foreign students coming to Japan due to the spread of COVID-19. Although the Hotel Business saw a sharp decline in inbound tourism, domestic demand began to rise from June and the "Go To Travel Campaign" also provided a tailwind. The Group, as a whole, returned from loss in the first quarter of the current consolidated accounting period to profitability in both operating income and ordinary income in the second and third quarters of the current consolidated accounting period, continuing the recovery trend. However, the occupancy rate in the Hotel Business dropped sharply as a result of the suspension of the "Go To Travel Campaign" in December followed by the Declaration of a State of Emergency due to the resurgence of COVID-19. Although the Company was back on a recovery track in February, it reported large deficit for the fourth quarter of this consolidated accounting period mainly due to new opening costs in the dormitory business and hotel business, as well as expenses associated with the conclusion of a committed syndicated loan agreement. Meanwhile, the Company has strived to provide services that customers can use safely, and proactively develop new products designed to address the COVID-19 disaster. The Company also has worked to secure long-term working capital for three fiscal years including this fiscal year. In addition, the Company has conducted a thorough review of business costs and taken steps to strengthen its business structure in anticipation of a V-shaped recovery in the future.

As a result, net sales amounted to 121,281 million yen (28.6% decrease YoY), the operating loss to 9,057 million yen (compared to a profit of 11,205 million yen in the previous period) and the ordinary loss to 9,116 million yen (compared to a profit of 12,499 million yen in the previous period). The loss attributable to owners of the parent amounted to 12,164 million yen (compared to a profit of 6,927 million yen in the previous period) due to extraordinary losses caused mainly by temporary closure of some hotels and restaurants as part of preventive measures against COVID-19, as well as the closure of one office in Korea and the Global Cabin (new-style compact hotel) business to further strengthen the Company's foundations.

In addition, we applied for employment adjustment subsidies to compensate for the absence allowances paid to employees who stayed at home due to temporary closures and suspensions, etc., which were recorded as non-operating income and extraordinary income, respectively.

ii. Overview of This Year's Financial Position by Major Business Segment

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

	Previous fiscal year Fiscal year ended March 31, 2020	Current fiscal year Fiscal year ended March 31, 2021	Change (%)
Net sales	50,303	46,489	-7.6
Operating profit	8,021	4,903	-38.9

Although the Dormitory Business opened 14 new offices and 1,095 new rooms nationwide in total in April, it started with an overall initial occupancy rate of 93.7% (5.0 points decrease YoY) mainly due to cancellation by foreign students coming to Japan due to the spread of COVID-19, and decreased corporate demand for training programs for new employees.

In the Student dormitory business, the Company introduced initiatives such as the "Novel Coronavirus Schooling Support Program" which provides financial support to dormitory students under the COVID-19 situation, whereby the Company provides interest-free loans to students to cover their dormitory fees. While many dormitory students have used the program, it has taken some time for foreign students to resume coming to Japan, resulting in net sales of 23,651 million yen (9.1% decrease YoY).

In the Employee dormitory business, although certain companies carried out their training program for new employees in a different period, this was not enough to achieve full-fledged recovery, resulting in net sales of 13,932 million yen (7.1% decrease YoY).

The Domeal business reported net sales of 4,833 million yen (3.1% increase YoY) mainly due to the introduction of tenant mediation from affiliated schools and companies for studio-type dormitories.

In the Subcontracted dormitory business, the Company manages and operates dormitories owned by companies and schools on a contract basis. The Business reported net sales of 4,072 million yen (11.2% decrease YoY) mainly due to partial suspension of meal services caused by COVID-19.

As a result of the above, the Dormitory Business, in aggregate, operates offices in 507 locations (increased by 13 YoY exclusive of subcontracted locations), and a capacity of 41,927 persons (increased by 1,294 YoY), and reported net sales of 46,489 million yen (7.6% decrease YoY) and an operating profit of 4,903 million yen (38.9% decrease YoY).

The number of residents as of the end of March 2021 was 37,906 (decreased by 218 YoY) mainly due to the spread of COVID-19.

<Hotel Business (Dormy Inn, resorts)> (in million yen)

	Previous fiscal year Fiscal year ended March 31, 2020	Current fiscal year Fiscal year ended March 31, 2021	Change (%)
Net sales	78,976	46,246	-41.4
Operating profit	4,853	-13,130	—

In the Hotel Business, the Company, in consideration of the future, opened 4 facilities: "Natural Hot Spring Tsuruno-minato no Yu Dormy Inn Premium Nagasaki Ekimae," "Natural Hot Spring Renka no Yu Onyado Nono Kyoto Shichiho," "Natural Hot Spring Roman no Yu Dormy Inn Kobe Motomachi," and "Natural Hot Spring Hojo no Yu Dormy Inn Ikebukuro" in the Dormy Inn Business, and opened 3 facilities, "Yumeguri no Yado Shuzenji Hot Spring Katsuragawa," "Yumeguri no Yado Okuhida Hot Spring Hirayukan," and "Wakura Hot Spring Shirasagi no Yu Noto Kaishu" in the Resorts Business.

Although the current fiscal year started with the impact of the spread of COVID-19, the occupancy rate recovered rapidly after the emergency declaration was lifted in May, and especially in the resort business, the average room rate, which had been an issue, exceeded that of the same period of the previous year due to an increase in domestic travelers, benefiting from the "Go To Travel Campaign. However, since the re-issuance of the State of Emergency in January, the capacity utilization rate plummeted again, and although it began to recover in February, it put significant pressure on earnings. In the Dormy Inn Business, although the occupancy rate has been significantly higher than the industry average, it has not been able to return to the previous year's level due to the decline in inbound tourism and the impact of business trip restraints, and it has taken time for the Osaka area in particular to recovering time to recover. The average room rate also remained below that of the same period last year.

Under such circumstances, the Company has promoted the development of new products responding to changes in the operating environment including preventive measures against COVID-19, such as "WORK PLACE DORMY (an office where guest can stay and a hotel where guest can live) which is designed to be used for telework and provides hot spring facilities and meals, and "Direct Round Trip Service (a plan that comes with taxi transportation)" which targets domestic travelers in the Resorts Business.

As a result of the above, the Hotel Business, in aggregate, operates offices in 121 locations, and 18,354 rooms (an increase of 698 rooms YoY), and reported net sales of 46,246 million yen (41.1% decrease YoY) and an operating loss of 13,130 million yen (compared to a profit of 4,853 million yen in the previous period).

<Comprehensive Building Management Business>

(in million yen)

	Previous fiscal year Fiscal year ended March 31, 2020	Current fiscal year Fiscal year ended March 31, 2021	Change (%)
Net sales	16,661	16,012	-3.9
Operating profit	611	624	2.1

Although the Comprehensive Building Management Business reported net sales of 16,012 million yen (3.9% decrease YoY) mainly due to partial delays and decreases in repair work, it reported an operating profit of 624 million yen (2.1% increase YoY) due to cost reduction mainly as a result of a shift to in-house operations.

<Food Service Business (Restaurants, Contracted food service and Contracted hotel restaurants)>

(in million yen)

	Previous fiscal year Fiscal year ended March 31, 2020	Current fiscal year Fiscal year ended March 31, 2021	Change (%)
Net sales	7,357	5,291	-28.1
Operating profit	110	-10	—

The Food Service Business reported net sales of 5,291 million yen (28.1% decrease YoY) and an operating loss of 10 million yen (compared to a profit of 110 million yen in the previous period), mainly due to a decrease in the number of hotel restaurant operations, caused by the spread of COVID-19, and the preventive measures undertaken including shortened opening hours and temporary closures of restaurants.

<Development Business>

(in million yen)

	Previous fiscal year Fiscal year ended March 31, 2020	Current fiscal year Fiscal year ended March 31, 2021	Change (%)
Net sales	16,703	12,610	-24.5
Operating profit	1,376	650	-52.8

The Development Business reported net sales of 12,610 million yen (24.5% decrease YoY) and an operating profit of 650 million yen (52.8% decrease YoY) mainly due to the absence of real estate sales and leaseback in this period.

<Other Businesses>

(in million yen)

	Previous fiscal year Fiscal year ended March 31, 2020	Current fiscal year Fiscal year ended March 31, 2021	Change (%)
Net sales	13,361	15,510	16.1
Operating profit	31	606	1,798.2

Other Businesses consist of the Senior Life Business (management and operation of senior residences), the Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, the insurance agency business, comprehensive human-resource services, the financial business and the administrative outsourcing business. The reported net sales of these businesses increased to 15,510 million yen (16.1% increase YoY), and operating income increased to 606 million yen (1,798.2% increase YoY). Mainly due to the steady improvement in earnings in the Senior Life Business and the PKP Business.

(2) Overview of Financial Position during the Period under Review

(Assets)

The total assets as of the end of this consolidated fiscal year were 239,032 million yen, an increase of 21,945 million yen from the end of the previous consolidated fiscal year. This was mainly due to increased holdings in cash and deposits, real estate for sale, and buildings and structures.

(Liabilities)

The liabilities as of the end of this consolidated fiscal year were 168,247 million yen, an increase of 35,115 million yen from the end of the previous consolidated fiscal year. This was mainly due to the additional issuance of convertible bonds with share acquisition rights and an increase in long-term borrowings.

(Net Assets)

The net assets as of the end of this consolidated fiscal year were 70,784 million yen, a decrease of 13,169 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease in retained earnings.

As a result, the equity ratio became 29.6%, a decrease of 9.1 points from the end of the previous consolidated fiscal year.

(3) Cash-flow Position during the Period under Review

Cash and cash equivalent holdings as of the end of this consolidated fiscal year were 24,212 million yen, an increase of 6,419 million yen from the end of the previous consolidated fiscal year.

(Cash Flows from Operating Activities)

“Net cash provided by (used in) operating activities” decreased by 34,296 million yen from the previous consolidated fiscal year to a negative 17,835 million yen due to the impact of net income (loss) before taxes.

(Cash Flows from Investment Activities)

“Net cash provided by (used in) investing activities” decreased by 12,898 million yen compared to the previous consolidated fiscal year to a negative 10,006 million yen, due to the impact of payments for purchase of property, plant and equipment.

(Cash Flows from Financing Activities)

“Net cash provided by (used in) financing activities,” increased by 26,031 million yen from the previous consolidated fiscal year to a positive 34,239 million yen due to the impact of proceeds from long-term borrowings.

(Reference) Trends in Cash Flow-related Indicators

	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
Equity ratio (%)	37.0	37.6	39.3	38.7	29.6
Equity ratio on a market value basis (%)	74.0	103.9	105.7	42.8	59.8
Cash flow to interest-bearing debt ratio (annual)	5.0	6.1	4.6	5.7	-7.3
Interest coverage ratio (times)	24.9	26.1	45.3	47.2	-39.1

Equity ratio: Equity capital / total assets

Equity ratio on a market value basis: Market capitalization / total assets

Cash flow to interest bearing debt ratio: Interest-bearing debt / cash flow

Interest coverage ratio: Cash flow / interest payments

(Note) 1. Each indicator is calculated based on the consolidated figures.

2. Market capitalization is calculated based on the number of issued shares exclusive of 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 for which interest is paid.

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)

(in million yen)

	Results for the current fiscal year Year ended March 31, 2021	Outlook for the next fiscal year Year ending March 31, 2022	Change (%)
Net sales	121,281	174,500	43.9
Operating profit	-9,057	4,000	—
Ordinary profit	-9,116	3,400	—
Net income attributable to owners of the parent	-12,164	1,600	—

As for the outlook of the future, the Company expects the situation to remain uncertain as the State of Emergency was declared for the third time in April 2021 in Japan due to the worldwide spread of COVID-19.

The Dormitory Business reported an initial occupancy rate of 92.1% in April 2021 (1.6 points decrease YoY). The Student dormitory business will focus on meeting domestic demand as well as promote the reinforcement of partnerships with large universities in order to deal with cancellation by foreign students coming to Japan. The Employee dormitory business will develop new services to provide “safe, secure and reasonable workspaces” near home.

In the Hotel Business, the Company will further refine the high level of satisfaction it has received from customers as well as promote the development of new services that respond to changes in the operating environment, including preventive measures against COVID-19. This includes “WORK PLACE DORMY (an office hotel where guests can stay and work)” which is designed to be used for telework and provides hot spring facilities and meals, and “Direct Round Trip Service (a plan that comes with taxi transportation)” which targets domestic travelers in the Resorts Business. The Hotel Business will also promote the development of new services such as “NEW LOCAL STAY Plan (a plan limited to local market)” and “No 3Cs, Safe Plan” which minimizes contact between customers including in-room check-ins. Further, the Hotel Business will work towards the improvement of its earning potential in anticipation of recovering from the COVID-19 pandemic, including the acceleration of the development of “local taxi tour plan” centered around hotels and the strategic opening of new hotels.

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 expenses.

The Development Business will support Kyoritsu Group with its development and expansion plan as well as thoroughly develop new clients and strengthen cost control system. The Development Business will also contribute to the improvement of the financial standing through the sale and leaseback of real estate.

In Other Businesses, a business model will be established as soon as possible to make the Senior Life Business and the Public Kyoritsu Partnership (PKP) Business the core pillar business and achieve further earnings growth in the future.

Based on the above, the Group expects to return to profitability in the next fiscal year with the expected net sales of 174,500 million yen (43.9% increase YoY), expected operating profit of 4,000 million yen (compared to a loss of 9,057 million yen in the current period), expected ordinary profit of 3,400 million yen (compared to a loss of 9,116 million yen in the current period), expected profit attributable to owners of the parent of 1,600 million yen (compared to a loss of 12,164 million yen in the current period).

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.

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 Sheet

(in million yen)

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Assets		
Current assets		
Cash and deposits	18,303	24,588
Notes and accounts receivable - trade	11,057	9,702
Real estate for sale	211	15,959
Real estate for sale in process	11,518	1,670
Costs on uncompleted construction contracts	256	513
Other	9,290	9,562
Allowance for doubtful accounts	(46)	(52)
Total current assets	50,590	61,944
Non-current assets		
Property, plant and equipment		
Buildings and structures	81,071	89,488
Accumulated depreciation	(33,464)	(36,079)
Buildings and structures, net	47,607	53,408
Land	44,509	45,827
Construction in progress	13,805	11,278
Other	14,809	16,463
Accumulated depreciation	(11,281)	(12,070)
Other, net	3,527	4,393
Total property, plant and equipment	109,450	114,907
Intangible fixed assets	3,918	4,235
Investments and other assets		
Investment securities	4,761	4,499
Long-term loans receivable	1,030	1,388
Guarantee deposits	17,337	16,489
Lease deposits	16,226	16,912
Deferred tax assets	3,416	7,029
Other	9,947	11,144
Allowance for doubtful accounts	(184)	(119)
Total investments and other assets	52,535	57,344
Total non-current assets	165,904	176,487
Deferred assets		
Bond issuance costs	591	600
Total deferred assets	591	600
Total assets	217,086	239,032

(in million yen)

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,124	4,667
Short-term borrowings	12,034	12,702
Current portion of bonds payable	5,280	5,280
Current portion of convertible bonds with share acquisition rights	19,992	—
Income taxes payable	1,900	1,764
Provision for bonuses	2,103	714
Provision for directors' bonuses	404	37
Provision for warranties for completed construction	9	3
Other	19,231	24,677
Total current liabilities	71,080	49,848
Non-current liabilities		
Bonds payable	33,820	28,540
Convertible bonds with share acquisition rights	—	30,142
Long-term loans payable	21,922	53,003
Long-term guarantee deposited	3,575	3,367
Deferred tax liabilities	352	350
Net defined benefit liability	1,140	1,045
Provision for directors' retirement benefits	251	252
Asset retirement obligations	597	699
Other	390	997
Total non-current liabilities	62,050	118,398
Total liabilities	133,131	168,247
Net assets		
Shareholders' equity		
Share capital	7,961	7,964
Capital surplus	12,817	12,821
Retained earnings	64,281	50,831
Treasury shares	(355)	(357)
Total shareholders' equity	84,706	71,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(117)	55
Foreign currency translation adjustment	(597)	(555)
Remeasurements of defined benefit plans	(36)	24
Total accumulated other comprehensive income	(751)	(474)
Total net assets	83,954	70,784
Total liabilities and net assets	217,086	239,032

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

i. (Consolidated Income Statement)

(in million yen)

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Sales	169,770	121,281
Cost of sales	135,554	111,293
Gross profit	34,215	9,987
Selling, general and administrative expenses		
Salaries, allowances and bonuses	4,948	5,162
Employee benefits expenses	1,033	1,029
Provision for bonuses	653	140
Provision for directors' bonuses	404	35
Retirement benefit expenses	120	149
Provision for directors' retirement benefits	1	1
Sales promotion expenses	2,126	1,822
Fees payable	8,780	4,917
Provision of allowance for doubtful accounts	—	7
Business consignment expenses	1,793	1,829
Rent expenses	761	1,338
Depreciation and amortization	320	345
Other	2,064	2,264
Total selling, general and administrative expenses	23,009	19,044
Operating income (loss)	11,205	(9,057)
Non-operating income		
Interest income	75	83
Dividend income	126	99
Subsidy income	17	777
Revenues from cancelled security deposits	119	129
Compensation income	—	937
Gain on investments in investment partnerships	1,224	—
Other	373	262
Total non-operating income	1,937	2,290
Non-operating expenses		
Interest expenses	342	455
Fees payable	49	978
Expenses for measures for COVID-19	—	502
Other	251	413
Total non-operating expenses	643	2,349
Ordinary income (loss)	12,499	(9,116)

(in million yen)

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Extraordinary income		
Gain on sale of investment securities	508	—
Subsidy income	—	153
Other	2	—
Total extraordinary income	510	153
Extraordinary losses		
Impairment loss	2,227	442
Loss on disaster	26	—
Loss on store closings	—	2,531
Loss on temporary closing, etc.	—	2,886
Other	63	45
Total extraordinary losses	2,316	5,907
Net income (loss) before taxes	10,693	(14,870)
Income taxes - current	4,163	1,012
Income taxes - deferred	(396)	(3,718)
Total income taxes	3,766	(2,705)
Current net income (loss)	6,927	(12,164)
Net income (loss) attributable to owners of parent	6,927	(12,164)

ii. (Consolidated Statement of Comprehensive Income)

(in million yen)

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Current net income (loss)	6,927	(12,164)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(484)	173
Foreign currency translation adjustment	(175)	42
Re measurements of defined benefit plans	(48)	61
Total accumulated other comprehensive income	(708)	277
Comprehensive income	6,219	(11,887)
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,219	(11,887)

(3) Consolidated Statement of Changes in Equity

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

(in million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,960	12,816	59,186	(349)	79,613
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)	1	1			3
Dividends from surplus			(1,832)		(1,832)
Net income attributable to owners of the parent			6,927		6,927
Share buybacks				(5)	(5)
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during 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	
Balance at the beginning of current period	367	(422)	11	(43)	79,570
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)					3
Dividends from surplus					(1,832)
Net income attributable to owners of the parent					6,927
Share buybacks					(5)
Disposal of treasury stock					
Net changes of items other than shareholders' equity	(484)	(175)	(48)	(708)	(708)
Total changes during period	(484)	(175)	(48)	(708)	4,384
Current year-end balance	(117)	(597)	(36)	(751)	83,954

Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)

(in million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	7,961	12,817	64,281	(355)	84,706
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)	3	3			6
Dividends from surplus			(1,286)		(1,286)
Net income attributable to owners of the parent			(12,164)		(12,164)
Share buybacks				(2)	(2)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes during period	3	3	(13,450)	(2)	(13,447)
Current year-end balance	7,964	12,821	50,831	(357)	71,259

	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	
Balance at the beginning of current period	(117)	(597)	(36)	(751)	83,954
Changes during period					
Issuance of new shares (Exercise of share acquisition rights)					6
Dividends from surplus					(1,286)
Net income attributable to owners of the parent					(12,164)
Share buybacks					(2)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	173	42	61	277	277
Total changes during period	173	42	61	277	(13,169)
Current year-end balance	55	(555)	24	(474)	70,784

(4) Consolidated Statement of Cash Flows

(in million yen)

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Net income (loss) before taxes	10,693	(14,870)
Depreciation and amortization	5,260	4,962
Amortization of long-term prepaid expenses	334	445
Amortization of guarantee deposits	263	304
Increase (decrease) in provision for bonuses	(256)	(1,389)
Interest and dividend income	(202)	(182)
Interest expenses	342	455
Commission expenses (non-operating)	49	978
Loss (gain) on sale of investment securities	(508)	—
Subsidy income	(17)	(931)
Compensation income	—	(937)
Loss (gain) on investments in investment partnerships	(1,224)	—
Expenses for measures for COVID-19	—	502
Loss on temporary closing, etc.	—	2,886
Loss on store closings	—	2,531
Impairment loss	2,227	442
Loss on disaster	26	—
Decrease (increase) in notes and accounts receivable - trade	(1,787)	1,356
Decrease (increase) in inventories	5,893	(6,059)
Increase (decrease) in notes and accounts payable - trade	3,338	(5,457)
Increase (decrease) in accrued expenses	(377)	240
Increase (decrease) in advances received	(397)	(579)
Increase (decrease) in accounts payable - other	(120)	1,516
Increase (decrease) in accrued consumption taxes	(862)	7
Increase (decrease) in deposits received	(397)	608
Increase (decrease) in guarantee deposits received	55	(243)
Other	(483)	(380)
Subtotal	21,850	(13,792)
Interest and dividends received	132	103
Interest expenses paid	(348)	(455)
Income taxes refund	0	0
Income taxes paid	(5,192)	(1,223)
Proceeds from subsidy income	17	931
Compensation income received	—	937
Expenses for measures for COVID-19 paid	—	(502)
Loss on temporary closing, etc.	—	(2,521)
Loss on store closings	—	(1,312)
Net cash provided by (used in) operating activities	16,460	(17,835)
Cash flows from investing activities		
Purchase of investment securities	(19)	(776)
Proceeds from sale of investment securities	1,359	1,243
Purchase of property, plant and equipment	(18,941)	(7,099)
Proceeds from sale of property, plant and equipment	750	12
Purchase of intangible assets	(917)	(533)
Purchase of long-term prepaid expenses	(467)	(607)
Payments of loans receivable	(1,164)	(763)
Collection of loans receivable	501	912
Payments for lease and guarantee deposits	(3,381)	(1,503)
Proceeds from collection of lease and guarantee deposits	177	116

(in million yen)

	Previous consolidated fiscal year (From April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (From April 1, 2020 to March 31, 2021)
Purchase of insurance funds	(1,021)	(1,018)
Proceeds from cancellation of insurance funds	160	24
Other	57	(14)
Net cash provided by (used in) investing activities	(22,904)	(10,006)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	700	950
Proceeds from long-term loans payable	18,000	34,900
Repayments of long-term loans payable	(2,870)	(4,101)
Proceeds from issuance of bonds	—	30,043
Redemption of convertible bonds	(5,732)	(25,268)
Commission for syndicated loans	—	(922)
Share buybacks	(5)	(2)
Cash dividends paid	(1,834)	(1,285)
Other	(49)	(74)
Net cash provided by (used in) financing activities	8,208	34,239
Effect of exchange rate changes on cash and cash equivalents	(41)	22
Increase (decrease) in cash and cash equivalents	1,722	6,419
Balance of cash and cash equivalents at the beginning of current period	16,070	17,792
Increase in cash and cash equivalents resulting from merger	—	—
Balance of cash and cash equivalents at the end of current period	17,792	24,212

(5) Notes on Consolidated Financial Statement

i. (Notes on the Going Concern Assumption)

Not applicable

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

Accordingly, the Group consists of service-specific segments based on these business units and subsidiaries. The Group's 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 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."

Profit of the reporting-segment is based on operating income.

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

3. Information on net sales, income or loss, assets and other items by reporting segment
Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(in million yen)

	Reporting segment						Other Note 1	Total	Adjustment amount Note 2	Amount on consolidated financial statements Note 3
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net 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 inter-segment transfers	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 (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. The Other Business segment consists of the following businesses not included in the other reporting segments: the Senior Life Business (management and operation of senior residences), the Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, the insurance agency business, comprehensive human-resource services, the financial business, the administrative outsourcing business, and other additional businesses.

2. Details of adjustments are described below.

(in million yen)

Segment profit	
Elimination of inter-segment transactions	(305)
Corporate expenses*	(3,494)
Total	(3,799)

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

(in million yen)

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

* Corporate 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 income on the consolidated financial statements.

Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)

(in million yen)

	Reporting segment						Other Note 1	Total	Adjustment amount Note 2	Amount on consolidated financial statements Note 3
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	46,190	46,159	7,166	657	6,082	106,256	15,024	121,281	—	121,281
Internal sales or inter-segment transfers	298	86	8,846	4,634	6,527	20,393	486	20,879	(20,879)	—
Total	46,489	46,246	16,012	5,291	12,610	126,650	15,510	142,160	(20,879)	121,281
Segment profit (loss)	4,903	(13,130)	624	(10)	650	(6,961)	606	(6,355)	(2,701)	(9,057)
Segment assets	54,074	105,849	11,349	1,893	28,530	201,698	12,344	214,042	24,989	239,032
Other items										
Depreciation and amortization	1,355	3,353	78	58	42	4,888	131	5,020	(58)	4,962
Impairment loss	41	364	—	37	—	442	—	442	—	442
Increase in property, plant and equipment, and intangible fixed assets	1,967	10,431	26	3	3	12,432	75	12,507	(66)	12,440

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

2. Details of adjustments are described below.

(In million yen)

Segment profit	
Elimination of inter-segment transactions	(213)
Corporate expenses*	(2,488)
Total	(2,701)

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

(In million yen)

Segment assets	
Elimination of inter-segment transactions	(13,857)
Corporate assets*	38,846
Total	24,989

* Corporate 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 income on the consolidated financial statements.

iii. (Per-share information)

	Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Net assets per share (Yen)	2,153.24	1,815.45
Net income (loss) per share (in yen)	177.68	(311.98)
Diluted net income per share (in yen)	—	—

Notes: 1. For the fiscal year ended March 31, 2020, diluted net income per share is not shown due to the absence of potential shares with dilutive effects. For the fiscal year ended March 31, 2021, diluted net income per share is not shown due to the recording of net loss per share and the absence of potential 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, 2019 to March 31, 2020)	Current consolidated fiscal year (from April 1, 2020 to March 31, 2021)
Net income (loss) per share		
Net income (loss) attributable to owners of the parent (in million yen)	6,927	(12,164)
Amount not attributable to common stock (in million yen)	—	—
Net income (loss) attributable to parent shareholders related to common stock (in million yen)	6,927	(12,164)
Average shares of common stock during the period (Shares)	38,990,276	38,990,301
Diluted net income per share		
Adjustment of net income attributable to owners of the parent (in million yen)	—	—
Increase in the number of common shares (Shares)	—	—
(Convertible bonds with share acquisition rights included in the above) (Shares)	—	—
Overview of potential shares not included in the calculation of diluted net income per share because they lack dilutive effects	Fourth series of unsecured convertible bonds issuance by resolution (of the Board of Directors) on March 7, 2016 resolution (number of the share acquisition rights: 19,992)	Issuance of euro yen-denominated convertible bonds with stock acquisition rights due 2026 by resolution (of the Board of Directors) on January 13, 2021 (number of the share acquisition rights: 3,000)

iv. (Significant Subsequent Event)

Not applicable

4. Other

(Production, orders received, and sales)

Sales results for the current consolidated fiscal year are shown below by segment.

Segment	Amount (In million yen)	Year-over-year change (%)
Dormitory	46,489	-7.6
Student dormitories	23,651	-9.1
Employee dormitories	13,932	-7.1
Domeal	4,833	3.1
Subcontracted dormitories	4,072	-11.2
Hotel	46,246	-41.4
Dormy Inn Business	25,269	-45.1
Resorts Business	20,977	-36.3
Comprehensive Building Management	16,012	-3.9
Office Building Custodial Services Business	4,142	-15.4
Residential Building Custodial Services Business	11,869	0.9
Food Service	5,291	-28.1
Development	12,610	-24.5
Total of reporting segments	126,650	-25.5
Other	15,510	16.1
Adjustment amount	(20,879)	—
Total	121,281	-28.6

Note: The amounts shown above do not include consumption tax and other expenses.