



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

**Summary of Consolidated Financial Results for the
Fiscal Year Ended March 31, 2024**

[JGAAP]

May 2024

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

May 15, 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
 Contact (Title) Executive Director (Name) Manabu Takaku Tel +81-3-5295-7778
 Scheduled date for ordinary general meeting of shareholders: June 26, 2024
 Scheduled filing date of Annual Securities Report: June 27, 2024
 Scheduled date of start of dividend payment: June 26, 2024
 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: Yes (For Institutional Investors)

(Rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(Percentage figures represent year-over-year changes)

| | Net sales | | Operating income | | Ordinary income | | Income attributable to owners of parent | |
|---------------------------|-------------|------|------------------|-------|-----------------|-------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended March 31, 2024 | 204,126 | 16.2 | 16,708 | 128.0 | 21,116 | 196.8 | 12,414 | 192.7 |
| Year ended March 31, 2023 | 175,630 | 1.1 | 7,326 | 411.8 | 7,115 | 292.2 | 4,241 | 686.8 |

Note: Comprehensive income: Year ended March 31, 2024: 13,041 million yen (176.3%)
 Year ended March 31, 2023: 4,719 million yen (496.0%)

| | 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, 2024 | 159.12 | 136.57 | 15.4 | 7.8 | 8.2 |
| Year ended March 31, 2023 | 54.38 | 46.52 | 5.8 | 2.8 | 4.2 |

Reference: Gain/loss on equity-method investments Year ended March 31, 2024: 5,025 million yen (-%)
 Year ended March 31, 2023: - million yen (-%)

Note: The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Net income per share and diluted net income per share have been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.

(2) Consolidated Financial Position

| | Total assets | Total net assets | Equity ratio | Net assets per share |
|----------------------|--------------|------------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2024 | 270,921 | 86,604 | 32.0 | 1,109.91 |
| As of March 31, 2023 | 272,308 | 74,579 | 27.4 | 956.14 |

Reference: Shareholders' Equity: As of March 31, 2024: 86,604 million yen As of March 31, 2023: 74,579 million yen

Note: The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Net assets per share have been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| Year ended March 31, 2024 | 24,083 | -31,533 | -16,792 | 31,431 |
| Year ended March 31, 2023 | 7,753 | -6,651 | 16,982 | 55,651 |

2. Dividend Payments

| (Record date) | Dividend per share | | | | | Total dividend amount (annual) | Dividend payout ratio (consolidated) | Dividend to net assets (consolidated) |
|---------------------------------------|--------------------|----------------|---------------|----------|--------|--------------------------------|--------------------------------------|---------------------------------------|
| | First quarter | Second quarter | Third quarter | Year-end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Year ended March 31, 2023 | - | 10.00 | - | 12.00 | 22.00 | 858 | 20.2 | 1.2 |
| Year ended March 31, 2024 | - | 16.00 | - | 33.00 | 49.00 | 1,911 | 15.4 | 2.4 |
| Year ending March 31, 2025 (Forecast) | - | 16.00 | - | 16.00 | 32.00 | | 20.0 | |

Note: The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Figures above for the years ended March 31, 2023 and March 31, 2024 indicate actual dividend amounts prior to this stock split. Second-quarter and year-end dividends for the year ending March 31, 2025 (forecasts) reflect the impact of this stock split.

3. Forecasted Consolidated Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentage figures represent year-over-year changes)

| | Net sales | | Operating income | | Ordinary income | | Income attributable to owners of parent | | Income per share |
|-----------|-------------|------|------------------|------|-----------------|-------|---|-----|------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full Year | 226,000 | 10.7 | 18,500 | 10.7 | 19,000 | -10.0 | 12,500 | 0.7 | 160.20 |

Note: The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Income per share in the Forecast Consolidated Results has been calculated using the number of shares issued and outstanding (not including treasury stock) after this stock split.

Notes

- (1) Changes in major subsidiaries during the period under review (changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatements
 - (i) Changes in accounting policies due to revision of accounting standards, etc.: 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) | Year ended March 31, 2024 | 78,439,636 shares | Year ended March 31, 2023 | 78,439,636 shares |
| (ii) Number of treasury shares at the end of the period | Year ended March 31, 2024 | 410,902 shares | Year ended March 31, 2023 | 439,336 shares |
| (iii) Average number of shares during the period | Year ended March 31, 2024 | 78,020,925 shares | Year ended March 31, 2023 | 77,994,113 shares |

Note: The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Number of issued shares has been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.

(Reference) Summary of Non-Consolidated Financial Results

Results of the Non-Consolidated Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-Consolidated Results of Operations

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

| | Net sales | | Operating income | | Ordinary income | | Income | |
|---------------------------|-------------|------|------------------|-------|-----------------|------|-------------|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended March 31, 2024 | 178,696 | 11.4 | 15,092 | 161.4 | 14,865 | 85.6 | 6,602 | 17.3 |
| Year ended March 31, 2023 | 160,469 | 13.9 | 5,773 | - | 8,011 | - | 5,631 | - |

| | Income per share | Diluted net income per share |
|---------------------------|------------------|------------------------------|
| | Yen | Yen |
| Year ended March 31, 2024 | 84.63 | 72.53 |
| Year ended March 31, 2023 | 72.20 | 61.84 |

Note: The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Net income per share and diluted income per share have been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.

(2) Non-Consolidated Financial Position

| | Total assets | Total net assets | Shareholders' equity ratio | Net assets per share |
|----------------------|--------------|------------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2024 | 242,961 | 73,543 | 30.3 | 942.52 |
| As of March 31, 2023 | 255,059 | 67,546 | 26.5 | 865.97 |

Reference: Shareholders' equity: As of March 31, 2024: 73,543 million yen As of March 31, 2023: 67,546 million yen

Note: The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Net assets per share have been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.

* Summaries of financial results are not subject to auditing by a certified public accountant or auditing firm.

* Explanation of the appropriate use of earnings forecasts and other special notes

(Note concerning forward-looking statements)

The forward-looking statements, including earnings forecasts and other future projections contained in this document are based on information available to the Company at the time of preparation and on certain assumptions deemed reasonable by the Company. As such, they do not constitute an assurance that the Company promises to achieve these projected results. Actual business results may differ materially from the forecasts due to various factors.

Please see "(4) Future outlook" under "1. Overview of Operating Results, etc." on page "10" for the assumptions used for the forecast of financial results and notes concerning the use of the forecast of financial results.

(How to obtain supplementary materials of financial results)

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

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

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1. Overview of Operating Results, etc.

(1) Overview of operating results

1). Overview of general financial position

(Consolidated Financial Results)

(in million yen)

| | Fiscal Year ended March 31, 2023 | Fiscal Year ended March 31, 2024 | Change (%) |
|--|-------------------------------------|-------------------------------------|---------------|
| Net sales | 175,630 | 204,126 | 16.2 |
| Operating income | 7,326 | 16,708 | 128.0 |
| Ordinary income | 7,115 | 21,116 | 196.8 |
| Net income attributable to owners of parent | 4,241 | 12,414 | 192.7 |

Despite the waning effects of COVID-19 on economic activity, the outlook for the Japanese economy during the consolidated fiscal year remained uncertain for various reasons, including exchange-rate fluctuations, inflation, and rising geopolitical risks.

However, despite the impact of rising food, labor, and other costs, the Group's income exceeded the previous record high set in the year ended March 31, 2019. In the Dormitory Business, dormitory leases for students returned to levels exceeding pre-COVID. This contributed to favorable business performance, as did booming inbound tourism demand in the Hotel Business as the numbers of visitors to Japan surpassed three million in the year ended March 31, 2024 for the first time ever (according to the Japan National Tourism Organization [JNTO]).

As a result, the Company's consolidated operating results for the fiscal year under review recovered after COVID-19, with net sales of 204,126 million yen (up 16.2% YoY), operating income of 16,708 million yen (up 128.0% YoY), ordinary income of 21,116 million yen (up 196.8% YoY), and net income attributable to owners of the parent of 12,414 million yen (up 192.7% YoY).

Key reasons for the differences between actual figures and consolidated earnings forecasts announced in the Notice of Revised Forecasts of Consolidated Financial Results and Year-End Dividends released February 9, 2024 were growth of net sales and operating income due to continued growth in the Hotel Business resulting from faster-than-expected recovery in the number of visitors to Japan and related sustained improvements in the business environment, in addition to lower than expected utilities costs. Another reason was the boost to ordinary income of 5,025 million yen in non-operating income (gain on equity-method investments), as announced in the Notice of Rerecording of Non-operating Income, released May 9, 2024. Net income attributable to owners of the parent, meanwhile, was affected by the recording of 2,015 million yen in impairment loss as announced in "Notice of Recording of Extraordinary Loss and Income Taxes-Deferred (Loss)" issued today. For more information, see the Notice Concerning Differences between Consolidated Earnings Forecasts for the Fiscal Year Ended March 31, 2024, and Actual Figures, released today.

2) Overview of financial position by major business segment

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

(in million yen)

| | Fiscal Year ended March 31, 2023 | Fiscal Year ended March 31, 2024 | Change (%) |
|------------------|-------------------------------------|-------------------------------------|---------------|
| Net sales | 50,358 | 52,303 | 3.9 |
| Operating income | 4,558 | 5,881 | 29.0 |

In April, in its Dormitory Business, the Group opened 12 facilities nationwide, accounting for a total of 1,037 rooms. The number of leases to Japanese students grew, due in part to our reputation for safety and security measures at our dormitory facilities. Leases to foreign students also rose sharply, resulting in a strong start to the period, with an initial occupancy rate of 98.2% (up 4.7 percentage points from the previous year).

Net sales of the Dormitory Business overall totaled 52,303 million yen (up 3.9% YoY). Net sales were 29,999 million yen for student dormitories (up 6.9% YoY), 13,406 million yen for employee dormitories (up 0.9% YoY), 5,027 million yen for Domeal (studio) dormitories (up 1.6% YoY), and 3,869 million yen for contracted dormitories, which are dormitories owned by companies and schools managed and operated by the Company on consignment (down 4.3% YoY). Operating income stood at 5,881 million yen (up 29.0% YoY), as factors such as increases in the utilization rate and number of business facilities thanks to new openings more than offset the cost of opening new facilities, rising food costs, and other costs.

As of the end of March 2024, the number of facilities totaled 519 locations (up by eight facilities YoY; not including contracted dormitories), corresponding to a capacity for 44,057 occupants (up by 766 YoY). The number of residents totaled 42,732 (up 310 YoY).

< Hotel Business (Dormy Inn, Resorts) >

(in million yen)

| | Fiscal Year ended March 31, 2023 | Fiscal Year ended March 31, 2024 | Change (%) |
|------------------|-------------------------------------|-------------------------------------|---------------|
| Net sales | 101,053 | 125,570 | 24.3 |
| Operating income | 5,513 | 14,843 | 169.2 |

The Company opened five new facilities in its Hotel Business during the course of the year: Natural Hotsprings Awayuki-No-Yu Dormy Inn Aomori, Natural Hotsprings Beppu Hatto Onyado Nono Beppu, Natural Hotsprings Tsutsuji-No-Yu Dormy Inn EXPRESS Toyohashi, and Natural Hotsprings Ryoten-No-Yu Onyado Nono Asakusabettei (in the Dormy Inn Business), and La Vista Kannonzaki Terrace (in the Resorts Business).

Thanks to growing demand for domestic business and leisure travel, the extension of nationwide tourism support measures, and significant growth in inbound tourism spurred by the weak yen and the resumption of and growth in international flights following the easing of immigration restrictions, sales promotions and publicity efforts at overseas travel exhibitions and domestic travel campaigns led to high occupancy rates and unit prices. Our reputation for attentive service and an emphasis on customer satisfaction contributed, helping to win the satisfaction and support of numerous guests.

The recovery in our Hotel Business resulted in figures exceeding those pre-COVID, including net sales at 125,570 million yen (up 24.3% YoY) and a record high operating income of 14,843 million yen (up 169.2% YoY).

As of the end of March, 2024, the Hotel Business as a whole operated 137 facilities (up five YoY) accounting for 21,367 rooms (up 739 YoY).

<Comprehensive Building Management Business>

(in million yen)

| | Fiscal Year ended March 31, 2023 | Fiscal Year ended March 31, 2024 | Change (%) |
|------------------|-------------------------------------|-------------------------------------|---------------|
| Net sales | 18,593 | 22,604 | 21.6 |
| Operating income | 671 | 824 | 22.9 |

In the Comprehensive Building Management Business, growth in remodeling projects and other factors resulted in net sales of 22,604 million yen (up 21.6% YoY) and operating income of 824 million yen (up 22.9% YoY).

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

(in million yen)

| | Fiscal Year ended March 31, 2023 | Fiscal Year ended March 31, 2024 | Change (%) |
|------------------|-------------------------------------|-------------------------------------|---------------|
| Net sales | 9,528 | 11,103 | 16.5 |
| Operating income | 183 | 208 | 13.8 |

In the Food Service Business, various factors, including growing numbers of contracted hotel restaurants, lifted net sales to 11,103 million yen (up 16.5% YoY) and operating income to 208 million yen (up 13.8% YoY).

<Development Business>

(in million yen)

| | Fiscal Year ended March 31, 2023 | Fiscal Year ended March 31, 2024 | Change (%) |
|------------------|-------------------------------------|-------------------------------------|---------------|
| Net sales | 1,807 | 3,623 | 100.5 |
| Operating income | 133 | 340 | 155.0 |

In the Development Business, an increase in new construction projects and other factors resulted in net sales of 3,623 million yen (up 100.5% YoY) and operating income of 340 million yen (up 155.0% YoY).

<Other Businesses>

(in million yen)

| | Fiscal Year ended March 31, 2023 | Fiscal Year ended March 31, 2024 | Change (%) |
|------------------|-------------------------------------|-------------------------------------|---------------|
| Net sales | 15,684 | 16,190 | 3.2 |
| Operating income | -55 | -310 | — |

Other Businesses consist of the Senior Life Business (management and operation of senior residences); the Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments); the support business for people who live alone; the insurance agency business; comprehensive human-resource services; the financial business; and the administrative outsourcing business. Total net sales recorded by these businesses rose to 16,190 million yen (up 3.2% YoY), with an operating loss of 310 million yen (vs. an operating loss of 55 million yen in the previous fiscal year) due mainly to costs associated with opening new facilities in the Senior Life Business.

(2) Overview of financial position

(Assets)

The total assets as of the end of current fiscal year under review were 270,921 million yen, a decrease of 1,386 million yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits.

(Liabilities)

Liabilities at the end of this consolidated fiscal year stood at 184,317 million yen, a decrease of 13,411 million yen from the end of the previous consolidated fiscal year, due mainly to a decrease in bonds and long-term loans payable.

(Net Assets)

The net assets as of the end of current fiscal year under review were 86,604 million yen, an increase of 12,025 million yen from the end of the previous fiscal year. This was mainly due to an increase of retained earnings.

As a result, the equity ratio became 32.0%, an increase of 4.6 points from the end of the previous fiscal year.

(3) Cash flow position

Cash and cash equivalent balance as of the end of current fiscal year under review were 31,431 million yen, a decrease of 24,219 million yen from the end of the previous fiscal year.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was 24,083 million yen, increased by 16,329 million yen compared to the previous fiscal year due to the effect of net income before income taxes.

(Cash Flows from Investment Activities)

Net cash used in investing activities was 31,533 million yen, increased by 24,881 million yen compared to the previous fiscal year due to the impact of payments for acquisition of property, plant, and equipment.

(Cash Flows from Financing Activities)

Net cash provided by financing activities was 16,792 million yen, increased by 33,774 million yen compared to the previous fiscal year due to the impact of repayments of long-term loans payable.

(Reference) Trends in Cash Flow-related Indicators

| | Fiscal Year ended March 31, 2020 | Fiscal Year ended March 31, 2021 | Fiscal Year ended March 31, 2022 | Fiscal Year ended March 31, 2023 | Fiscal Year ended March 31, 2024 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Equity ratio (%) | 38.7 | 29.6 | 29.2 | 27.4 | 32.0 |
| Equity ratio on a market value basis (%) | 42.8 | 59.8 | 74.5 | 76.6 | 100.9 |
| Cash flow to interest-bearing debt ratio (annual): | 5.7 | -7.3 | 5.3 | 19.9 | 5.8 |
| Interest coverage ratio (times): | 47.2 | -39.1 | 43.4 | 13.2 | 35.8 |

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

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

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

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

Notes:

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

(4) Future outlook

(Consolidated Financial Results)

(in million yen)

| | Results for the Fiscal Year ended March 31, 2024 | Outlook for the Fiscal Year ending March 31, 2025 | Change (%) |
|---|--|---|------------|
| Net sales | 204,126 | 226,000 | 10.7 |
| Operating income | 16,708 | 18,500 | 10.7 |
| Ordinary income | 21,116 | 19,000 | -10.0 |
| Net income attributable to owners of parent | 12,414 | 12,500 | 0.7 |

In addition to growing demand for domestic business and leisure travel, inbound tourism demand appears likely to grow as the fiscal year ending March 31, 2025 will mark the first full year entirely free of travel restrictions since 2019. However, with the protracted Russia-Ukraine conflict and the growing dispute over Gaza in the Middle East, geopolitical instability continues to grow as well. Current European and American monetary policies add to this instability.

As part of its strategy to assure future growth, the Group plans to open new facilities, undertake large-scale remodeling while enhancing the features of the Dormy's-KYORITSU HOTELS&DORMITORIES ("Dormy's") membership program and implementing sustainability, human resource, and digital transformation (DX) strategies to establish solid business foundations in order to adapt to changing societal conditions.

The Dormitory Business opened a total of eight facilities, accounting for 907 rooms nationwide, reporting an initial occupancy rate of 97.0% (down 1.2 points YoY) in April 2024. In addition to efforts to promote the Company's strengths in safety and security to prospective customers, an approach demonstrated during the COVID-19 pandemic, this business will continue to optimize selling prices and to respond to rising energy and other costs through rigorous cost controls.

In the Hotel Business, the number of travelers to Japan from overseas showed an increasing trend along with continued booming domestic demand. Both the Dormy Inn Business and the Resorts Business began the year with revenue per available room (RevPAR) significantly above figures for the previous year. As part of new business development efforts, the Hotel Business plans to reopen Global Cabin Yokohama Chukagai, which has been closed since April 2020 due to COVID-19, after remodeling the facility. While only one new facility is planned to open in the year ending March 2025 as a result of restraint in new openings under development adjustments related to COVID-19, in the year ending March 2026 the Dormy Inn business plans to open six facilities and the Resorts Business one facility. Progress will be made on further new openings in accordance with the medium-term management plan thereafter. The business also will enhance measures to grow the customer base and increase customer satisfaction through means including updates to the reservation site in February 2024 and adoption of a status system for Dormy's members.

The Comprehensive Building Management Business plans remodeling work and other projects for the Hotel Business, which is expected to lead to increased earnings. It also will enhance its market competitiveness by strengthening its sales structure and improving its technological capability and product value including specialized functions for gaining further trust from customers as well as providing quality building-related services.

The Food Service Business expects increased earnings from the businesses of operating hotel restaurants under contract and the restaurant business thanks to the market recovery. It will continue to develop products and services that achieve higher levels of customer satisfaction and improve its earning structure by implementing strict cost controls.

The Development Business will continue to support Kyoritsu Group with its development and expansion plans as well as thoroughly developing new clients and strengthening its cost management system. It also expects to earn increased revenues from sale of condominiums.

Among Other Businesses, the Company considers the Senior Life Business to be a target for business development and will work to quickly achieve profitability for its existing certified premium senior residences. It also plans to launch a new business to offer a new style of senior residence.

Based on the above, for the fiscal year ending March 31, 2025 the Group forecasts net sales of 226,000 million yen (up 10.7% YoY), operating income of 18,500 million yen (up 10.7% YoY), ordinary income of 19,000 million yen (down 10.0% YoY), and net income attributable to owners of the parent of 12,500 million yen (up 0.7% YOY).

While ordinary income is forecast to decrease and net income attributable to owners of the parent to increase only slightly, each is projected to increase by more than 10% YoY after excluding the extraordinary factors of gain on equity-method investments and impairment losses both recorded in the fiscal year under review.

The above forecasts are based on information available as of the date of publication of this document. Actual results may differ for various reasons.

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

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

During the fiscal year, the Company recorded a new record high in income thanks to stable growth in results for its main Dormitory Business and significant growth, powered by strong customer satisfaction, in its Hotel Business. Accordingly, we plan to pay year-end dividends of 33 yen/share, higher than the dividends forecasts announced February 9, 2024, for total annual dividends of 49 yen/share (a 15.4% payout ratio), up 27 yen (123%) from the previous fiscal year on a full-year basis. The payout ratio is 20.3% after excluding 5,025 million yen in gain on equity-method investments and 2,015 million yen in impairment loss, recorded as extraordinary factors arising during the period. For more information, see “Notice of allocation of surplus,” released today.

We plan to increase full-year dividends effectively by 31% in the next fiscal year (after adjustment for the recent stock split), to 32 yen/share (64 yen/share prior to the April 1, 2024 stock split, for a 20.0% payout ratio).

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

2. Basic Policy on Selection of Accounting Standards

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

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

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(in million yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 56,027 | 31,807 |
| Notes, accounts receivable - trade and contract assets | 15,211 | 17,915 |
| Real estate for sale | 11,750 | 11,451 |
| Real estate for sale in process | 6,873 | 9,643 |
| Costs on uncompleted construction contracts | 95 | 265 |
| Other | 8,918 | 9,367 |
| Allowance for doubtful accounts | -74 | -64 |
| Total current assets | 98,802 | 80,385 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 88,893 | 94,006 |
| Accumulated depreciation | -41,250 | -45,323 |
| Buildings and structures, net | 47,643 | 48,682 |
| Land | 39,862 | 42,646 |
| Construction in progress | 14,811 | 18,850 |
| Other | 19,486 | 21,766 |
| Accumulated depreciation | -14,849 | -16,643 |
| Other, net | 4,637 | 5,123 |
| Total property, plant and equipment | 106,954 | 115,303 |
| Intangible fixed assets | 4,154 | 4,487 |
| Investments and other assets | | |
| Investment securities | 3,525 | 15,018 |
| Long-term loans receivable | 1,612 | 526 |
| Guarantee deposits | 18,581 | 18,893 |
| Lease deposits | 19,915 | 20,551 |
| Deferred tax assets | 5,864 | 3,525 |
| Other | 12,606 | 12,026 |
| Allowance for doubtful accounts | -113 | -106 |
| Total investments and other assets | 61,991 | 70,433 |
| Total non-current assets | 173,100 | 190,224 |
| Deferred assets | | |
| Bond issuance costs | 405 | 311 |
| Total deferred assets | 405 | 311 |
| Total assets | 272,308 | 270,921 |

(in million yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 7,249 | 9,394 |
| Short-term borrowings | 23,947 | 26,860 |
| Current portion of bonds payable | 4,880 | 4,880 |
| Income taxes payable | 865 | 2,640 |
| Provision for bonuses | 1,935 | 2,928 |
| Provision for directors' bonuses | 289 | 486 |
| Other | 28,215 | 23,936 |
| Total current liabilities | 67,383 | 71,127 |
| Non-current liabilities | | |
| Bonds payable | 18,580 | 13,700 |
| Convertible bonds with share acquisition rights | 30,082 | 30,052 |
| Long-term loans payable | 75,743 | 62,453 |
| Long-term guarantee deposited | 3,066 | 3,305 |
| Deferred tax liabilities | 23 | 0 |
| Net defined benefit liability | 1,029 | 986 |
| Provision for directors' retirement benefits | 255 | 258 |
| Allowance for loss on business withdrawal | – | 1,160 |
| Asset retirement obligations | 492 | 499 |
| Other | 1,072 | 773 |
| Total non-current liabilities | 130,345 | 113,189 |
| Total liabilities | 197,728 | 184,317 |
| Net Assets | | |
| Shareholders' equity | | |
| Share capital | 7,964 | 7,964 |
| Capital surplus | 12,862 | 12,920 |
| Retained earnings | 53,845 | 65,167 |
| Treasury shares | -349 | -331 |
| Total shareholders' equity | 74,322 | 85,721 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 160 | 675 |
| Deferred hedge gain (loss) | 648 | 692 |
| Foreign currency translation adjustment | -589 | -601 |
| Remeasurements of defined benefit plans | 36 | 117 |
| Total accumulated other comprehensive income | 256 | 882 |
| Total net assets | 74,579 | 86,604 |
| Total liabilities and net assets | 272,308 | 270,921 |

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

Consolidated income statement

(in million yen)

| | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) | Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024) |
|--|--|--|
| Net sales | 175,630 | 204,126 |
| Cost of sales | 142,871 | 155,132 |
| Gross income | 32,758 | 48,993 |
| Selling, general and administrative expenses | | |
| Salaries, allowances and bonuses | 5,434 | 5,842 |
| Employee benefits expenses | 1,147 | 1,301 |
| Provision for bonuses | 606 | 1,009 |
| Provision for directors' bonuses | 289 | 486 |
| Retirement benefit expenses | 131 | 145 |
| Provision for directors' retirement benefits | 1 | 2 |
| Sales promotion expenses | 2,280 | 2,540 |
| Business consignment expenses | 2,085 | 2,504 |
| Rent expenses | 1,361 | 519 |
| Fees payable | 10,254 | 14,733 |
| Depreciation and amortization | 459 | 551 |
| Other | 1,378 | 2,649 |
| Total selling, general and administrative expenses | 25,431 | 32,285 |
| Operating income | 7,326 | 16,708 |
| Non-operating income | | |
| Interest income | 109 | 119 |
| Dividend income | 129 | 161 |
| Gain on equity-method investments | – | 5,025 |
| Other | 577 | 497 |
| Total non-operating income | 815 | 5,804 |
| Non-operating expenses | | |
| Interest expenses | 575 | 672 |
| Fees payable | 35 | 482 |
| Expenses for measures for COVID-19 | 100 | – |
| Other | 314 | 240 |
| Total non-operating expenses | 1,026 | 1,395 |
| Ordinary income | 7,115 | 21,116 |

(in million yen)

| | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) | Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024) |
|---|--|--|
| Extraordinary income | | |
| Gain on sales of investment securities | 18 | – |
| Total extraordinary income | 18 | – |
| Extraordinary losses | | |
| Loss on valuation of shares of subsidiaries | – | 441 |
| Loss on business withdrawal | – | 1,137 |
| Impairment loss | 345 | 2,015 |
| Other | 371 | 453 |
| Total extraordinary losses | 716 | 4,047 |
| Net income before income taxes | 6,417 | 17,069 |
| Income taxes - current | 1,309 | 2,620 |
| Income taxes - deferred | 866 | 2,033 |
| Total income taxes | 2,175 | 4,654 |
| Net income | 4,241 | 12,414 |
| Net income attributable to owners of parent | 4,241 | 12,414 |

Consolidated statement of comprehensive income

(in million yen)

| | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) | Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024) |
|---|--|--|
| Net income | 4,241 | 12,414 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 77 | 515 |
| Deferred hedge gain (loss) | 423 | 43 |
| Foreign currency translation adjustment | -5 | -12 |
| Remeasurements of defined benefit plans | -17 | 80 |
| Total other comprehensive income | 477 | 626 |
| Comprehensive income | 4,719 | 13,041 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 4,719 | 13,041 |

(3) Consolidated statement of changes in equity

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

(in million yen)

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

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

Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(in million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 7,964 | 12,862 | 53,845 | -349 | 74,322 |
| Changes during period | | | | | |
| Dividends from surplus | | | -1,092 | | -1,092 |
| Net income attributable to owners of parent | | | 12,414 | | 12,414 |
| Share buybacks | | | | -5 | -5 |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Restricted stock units | | 58 | | 24 | 82 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes during period | - | 58 | 11,322 | 18 | 11,398 |
| Balance at end of period | 7,964 | 12,920 | 65,167 | -331 | 85,721 |

| | Accumulated other comprehensive income | | | | | Total net assets |
|--|---|----------------------------|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Deferred hedge gain (loss) | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at beginning of period | 160 | 648 | -589 | 36 | 256 | 74,579 |
| Changes during period | | | | | | |
| Dividends from surplus | | | | | | -1,092 |
| Net income attributable to owners of parent | | | | | | 12,414 |
| Share buybacks | | | | | | -5 |
| Disposal of treasury stock | | | | | | 0 |
| Restricted stock units | | | | | | 82 |
| Net changes of items other than shareholders' equity | 515 | 43 | -12 | 80 | 626 | 626 |
| Total changes during period | 515 | 43 | -12 | 80 | 626 | 12,025 |
| Balance at end of period | 675 | 692 | -601 | 117 | 882 | 86,604 |

(4) Consolidated statement of cash flows

(in million yen)

| | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) | Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024) |
|--|---|---|
| Cash flows from operating activities | | |
| Net income before taxes | 6,417 | 17,069 |
| Depreciation and amortization | 6,117 | 6,780 |
| Amortization of long-term prepaid expenses | 484 | 512 |
| Amortization of guarantee deposits | 393 | 391 |
| Increase (decrease) in provision for bonuses | 956 | 992 |
| Interest and dividend income | -238 | -280 |
| Interest expenses | 575 | 672 |
| Expenses for measures for COVID-19 | 100 | — |
| Commission fee | 35 | 482 |
| Share of (profit) loss of entities accounted for using equity method | — | -5,025 |
| Loss on valuation of shares of subsidiaries | — | 441 |
| Loss on business withdrawal | — | 1,137 |
| Impairment loss | 345 | 2,015 |
| Decrease (increase) in notes and accounts receivable - trade | -3,354 | -2,696 |
| Decrease (increase) in accounts receivable - other | -2,170 | 432 |
| Decrease (increase) in inventories | -3,619 | -3,079 |
| Increase (decrease) in notes and accounts payable - trade | 1,047 | 2,143 |
| Increase (decrease) in accrued expenses | 837 | 566 |
| Increase (decrease) in advances received | 1,486 | 409 |
| Increase (decrease) in accounts payable - other | 1,106 | -897 |
| Increase (decrease) in accrued consumption taxes | -1,707 | 999 |
| Increase (decrease) in deposits received | -171 | 517 |
| Increase (decrease) in guarantee deposits received | 269 | 322 |
| Other | 2,126 | 681 |
| Subtotal | 11,038 | 24,588 |
| Interest and dividends received | 163 | 171 |
| Interest expenses paid | -586 | -672 |
| Income taxes refund | 0 | 1,051 |
| Income taxes paid | -2,759 | -977 |
| Expenses for measures for COVID-19 | -100 | — |
| Loss on store closings | — | -78 |
| Net cash provided by (used in) operating activities | 7,753 | 24,083 |

(in million yen)

| | Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023) | Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024) |
|--|---|---|
| Cash flows from investing activities | | |
| Purchase of investment securities | -286 | -6,164 |
| Proceeds from sale of investment securities | 20 | 6 |
| Purchase of property, plant and equipment | -4,644 | -22,892 |
| Proceeds from sale of property, plant and equipment | 2 | - |
| Purchase of intangible assets | -381 | -652 |
| Purchase of long-term prepaid expenses | -267 | -555 |
| Payments of loan receivable | -102 | -284 |
| Collection of loans receivable | 183 | 224 |
| Payments for lease and guarantee deposits | -1,713 | -1,742 |
| Proceeds from collection of lease and guarantee deposits | 415 | 61 |
| Purchase of insurance funds | -677 | -431 |
| Proceeds from cancellation of insurance funds | 960 | 1,078 |
| Other | -158 | -181 |
| Net cash provided by (used in) investing activities | -6,651 | -31,533 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 300 | - |
| Proceeds from long-term loans payable | 26,130 | 1,970 |
| Repayments of long-term loans payable | -3,520 | -12,347 |
| Redemption of convertible bonds | -5,112 | -4,880 |
| Syndicate loan fees paid | -2 | -428 |
| Share buybacks | -6 | -5 |
| Cash dividend paid | -778 | -1,089 |
| Other | -27 | -12 |
| Net cash provided by (used in) financing activities | 16,982 | -16,792 |
| Effect of exchange rate changes on cash and cash equivalents | 0 | 22 |
| Increase (decrease) in cash and cash equivalents | 18,085 | -24,219 |
| Balance of cash and cash equivalents at beginning of period | 37,565 | 55,651 |
| Balance of cash and cash equivalents at end of period | 55,651 | 31,431 |

(5) Notes on consolidated financial statement

(Notes on the going concern assumption)

Not applicable

(Change in accounting policies)

Not applicable

(Additional information)

Not applicable

(Segment Information etc.)

[Segment Information]

1. Summary of Reportable Segments

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

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

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

Each reporting segment is summarized below.

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

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

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

Income of the reportable segments is based on operating income.

Intersegment sales and transfers are based on market prices.

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

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

(in million yen)

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

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

2. Details of adjustments are described below.

(in million yen)

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

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

(in million yen)

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

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

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

Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(in million yen)

| | Segment Information | | | | | | Other Note 1 | Total | Adjustment Note 2 | Amount recorded on consolidated financial statements Note 3 |
|---|---------------------|---------|---|-----------------|-------------|---------|-----------------|---------|----------------------|--|
| | Dormitory | Hotel | Comprehensive Building Management | Food Service | Development | Total | | | | |
| Net sales | | | | | | | | | | |
| Net sales to external customers | 52,062 | 125,433 | 7,784 | 1,651 | 1,653 | 188,585 | 15,540 | 204,126 | – | 204,126 |
| Intersegmental sales or transfers | 240 | 136 | 14,819 | 9,452 | 1,969 | 26,619 | 649 | 27,269 | -27,269 | – |
| Total | 52,303 | 125,570 | 22,604 | 11,103 | 3,623 | 215,205 | 16,190 | 231,396 | -27,269 | 204,126 |
| Segment income or loss | 5,881 | 14,843 | 824 | 208 | 340 | 22,098 | -310 | 21,788 | -5,079 | 16,708 |
| Segment assets | 59,209 | 118,672 | 16,309 | 2,525 | 27,565 | 224,283 | 16,775 | 241,059 | 29,862 | 270,921 |
| Other items | | | | | | | | | | |
| Depreciation and amortization | 1,525 | 5,006 | 60 | 38 | 42 | 6,672 | 130 | 6,802 | -21 | 6,780 |
| Impairment loss | 211 | 1,727 | – | 77 | – | 2,015 | – | 2,015 | – | 2,015 |
| Increase in tangible fixed assets and intangible fixed assets | 3,900 | 14,089 | 121 | 192 | 4 | 18,308 | 271 | 18,579 | -675 | 17,904 |

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

2. Details of adjustments are described below.

(in million yen)

| Segment income | |
|--|--------|
| Elimination of intersegment transactions | -563 |
| Corporate expenses ^(Note) | -4,516 |
| Total | -5,079 |

Note: 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 intersegment transactions | -15,609 |
| Corporate assets ^(Note) | 45,471 |
| Total | 29,862 |

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

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

[Relevant Information]

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

1. Information by product and service

(in million yen)

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

2. Information by region

(1) Net sales

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

(2) Tangible fixed assets

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

3. Information by major customer

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

Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

1. Information by product and service

(in million yen)

| | Student dormitories | Employee dormitories | Domeal | contracted dormitories | Dormy Inn | Resorts | Office building custodial services | Residential building custodial services | Food Service | Development | Other | Total |
|---------------------------------|---------------------|----------------------|--------|------------------------|-----------|---------|------------------------------------|---|--------------|-------------|--------|---------|
| Net sales to external customers | 29,949 | 13,258 | 5,003 | 3,851 | 72,753 | 52,680 | 4,489 | 3,294 | 1,651 | 1,653 | 15,540 | 204,126 |

2. Information by region

(1) Net sales

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

(2) Tangible fixed assets

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

3. Information by major customer

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

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

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

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

Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

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

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

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

Not applicable

Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

Not applicable

[Information on gain from negative goodwill by reporting segment]

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

Not applicable

Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

Not applicable

(Per-share information)

| | Year ended March 31, 2023 (From April 1, 2022 to March 31, 2023) | Year ended March 31, 2024 (From April 1, 2023 to March 31, 2024) |
|------------------------------------|---|---|
| Net assets per share (yen) | 956.14 | 1,109.91 |
| Net income per share (yen) | 54.38 | 159.12 |
| Diluted net income per share (yen) | 46.52 | 136.57 |

- Notes: 1. Based on a resolution passed by the Board of Directors in its meeting held February 9, 2024, the Company conducted a two-for-one stock split on common stock effective April 1, 2024. Net assets per share, net income per share, and diluted net income per share have been calculated assuming this stock split had taken place at the start of the previous consolidated fiscal year.
2. The bases for calculation of net income per share and diluted net income per share are described below.

| | Year ended March 31, 2023 (April 1, 2022 - March 31, 2023) | Year ended March 31, 2024 (April 1, 2023 - March 31, 2024) |
|---|---|---|
| (1) Net income per share | | |
| Net income attributable to owners of parent (in million yen) | 4,241 | 12,414 |
| Amount not attributable to common shareholders (in million yen) | – | – |
| Net income attributable to owners of parent related to common shares (in million yen) | 4,241 | 12,414 |
| Average number of common shares during the period (thousand shares) | 77,994 | 78,020 |
| (2) Diluted net income per share | | |
| Adjustment of net income attributable to owners of the parent (in million yen) | -20 | -20 |
| (Interest income [after tax] included above) (in million yen) | -20 | -20 |
| Increase in shares of common stock (thousand shares) | 12,730 | 12,730 |
| Summary of potential shares not included in the calculation of diluted net income per share due to the absence of dilutive effects | – | – |

(Significant subsequent events)

[Stock split and related partial amendment of the articles of incorporation]

Based on a resolution passed by the Board of Directors in its meeting held February 9, 2024, the Company conducted a stock split on common stock and partial amendment of the articles of incorporation effective March 31, 2024.

1. Purpose of the stock split

The purpose of the stock split is to lower the stock price of the Company per investment unit, promote a more investor-friendly environment, improve stock liquidity, and expand the number of shareholders.

2. Overview of stock split

(1) Method of split

Each share of common stock held by shareholders indicated or registered on the final shareholder registry as of the basis date of March 31, 2024 was split into two shares as of that basis date.

(2) Number of shares to be added by the stock split

| | |
|---|-------------|
| Total number of issued shares before the stock split | 39,219,818 |
| Number of shares to be added by the stock split | 39,219,818 |
| Total number of issued shares after the stock split | 78,439,636 |
| Total number of authorized shares after the stock split | 118,000,000 |

(3) Timetable of split

| | |
|---------------------------------|----------------|
| Date of record of public notice | March 15, 2024 |
| Date of record: | March 31, 2024 |
| Effective date: | April 1, 2024 |

(4) Effects on per-share information

The effects on per-share information are described in the relevant section.

3. Partial amendment of the articles of incorporation

(1) Reason for the amendment

In conjunction with the stock split, in accordance with Article 184 (2) of the Companies Act of Japan, the total number of authorized shares stipulated in Article 5 of the Company's Articles of Incorporation was amended effective April 1, 2024.

(2) Details of the amendment

Details of the amendment are as follows:

(Changed portions are underlined.)

| Current Articles of Incorporation | Articles of Incorporation after Amendment |
|---|---|
| (Total Number of Authorized Shares) | (Total Number of Authorized Shares) |
| Article 5 | Article 5 |
| The total number of shares authorized to be issued by the Company is 59,000,000 shares. | The total number of shares authorized to be issued by the Company is <u>118,000,000</u> shares. |

(3) Timetable of the amendment

Effective Date

April 1, 2024

4. Other

(1) Changes in the amount of stated capital

The stock split does not affect the amount of stated capital.

(2) Adjustment to conversion price

In conjunction with the stock split, the conversion price of convertible bonds with stock acquisition rights issued by the Company was adjusted as follows. The adjusted conversion price has been effective since April 1, 2024.

| Issue name | Pre-adjustment conversion price | Adjusted conversion price |
|---|---------------------------------|---------------------------|
| Euro-Yen Convertible Bonds with Share Acquisition Rights due 2026 | 4,713 yen | 2,356.5 yen |

4. Other

(Status of production, order and sale)

Segment sales performances for current fiscal year are shown below:

| Segment | Amount (in million yen) | Year-on-year comparison (%) |
|--|-------------------------|-----------------------------|
| Dormitory | 52,303 | 3.9 |
| Student dormitories | 29,999 | 6.9 |
| Employee dormitories | 13,406 | 0.9 |
| Domeal | 5,027 | 1.6 |
| contracted dormitories | 3,869 | -4.3 |
| Hotel | 125,570 | 24.3 |
| Dormy Inn Business | 72,800 | 26.2 |
| Resorts Business | 52,769 | 21.6 |
| Comprehensive Building Management | 22,604 | 21.6 |
| Office Building Custodial Services Business | 4,920 | 3.9 |
| Residential Building Custodial Services Business | 17,683 | 27.6 |
| Food Service | 11,103 | 16.5 |
| Development | 3,623 | 100.5 |
| Total of Reportable Segments | 215,205 | 18.7 |
| Other | 16,190 | 3.2 |
| Adjustment | -27,269 | - |
| Total | 204,126 | 16.2 |

Note: Amount does not include consumption taxes.