



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

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year
Ending March 31, 2025

[JGAAP]

August 2024

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 [based on Japanese GAAP]

August 9, 2024

Name of listed company: Kyoritsu Maintenance Co., Ltd. Listed exchange: Tokyo
 Code: 9616 URL <https://www.kyoritsugroup.co.jp/>
 Representative: (Title) President (Name) Koji Nakamura
 Contact: (Title) Executive Director (Name) Manabu Takaku Tel. +81-3-5295-7778
 Scheduled date of start of dividend payment: -
 Supplementary materials for the financial results: Yes
 Investor conference for the financial results: None

(Rounded down to the nearest million yen)

1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2025 (April 1, 2024 to June 30, 2024)

(1) Consolidated operating results

(Percentage figures represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Income (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2024	52,080	11.5	3,821	31.2	4,117	47.1	2,695	54.1
Three months ended June 30, 2023	46,699	19.0	2,912	170.4	2,798	160.3	1,749	153.0

(Note) Comprehensive income: The three months ended June 30, 2024: 3,123 million yen (86.9%)
 The three months ended June 30, 2023: 1,670 million yen (82.6%)

	Income (loss) per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2024	34.55	29.64
Three months ended June 30, 2023	22.44	19.23

(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 June 30, 2024	269,533	88,439	32.8	1,133.42
As of March 31, 2024	270,921	86,604	32.0	1,109.91

(Reference) Shareholders' equity: As of June 30, 2024: 88,439 million yen As of March 31, 2024: 88,604 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.

2. Dividends

	Annual dividends				
	Q1 end	Q2 end	Q3 end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	-	16.00	-	33.00	49.00
Year ending March 31, 2025	-				
Year ending March 31, 2025 (Forecast)		16.00	-	16.00	32.00

(Note) Revision from most recently announced dividends forecasts: None

(Note) The Company conducted a two-for-one stock split on common stock effective April 1, 2024. Figures above for the year ended 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		Net income attributable to owners of parent		Net 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) Revision from most recently announced earnings forecasts: None

(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) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting treatment in the preparation of the quarterly consolidated financial statements: Yes

(Note) For details, please see “(3) Notes on Quarterly Consolidated Financial Statements, (Notes on Special Accounting Procedures in The Preparation of Quarterly Consolidated Financial Statements)” under “2. Quarterly Financial Statements and Major Notes” on page 11

(3) Changes in accounting policies, changes in accounting estimates, and restatements

- | | |
|---|------|
| (i) Changes in accounting policies due to revision of accounting standards, etc.: | Yes |
| (ii) Changes in accounting policies other than those under (i) above: | None |
| (iii) Changes in accounting estimates: | None |
| (iv) Retrospective restatements: | None |

(4) Number of issued shares (common stock)

- (i) Number of issued shares at the end of the period (including treasury shares)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares during the period

As of June 30, 2024	78,439,636 shares	Year ended March 31, 2024	78,439,636 shares
As of June 30, 2024	411,262 shares	Year ended March 31, 2024	410,902 shares
As of June 30, 2024	78,028,470 shares	As of June 30, 2023	77,999,998 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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

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

(Note concerning forward-looking statements)

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

Please see “(3) Explanation of Forecasts of Consolidated Results and Other Forward-Looking Information” under “1. Overview of Operating Results, etc.” on page 6 for the assumptions used for the forecast of financial results and notes concerning the use of the forecast of financial results.

(How to obtain supplementary materials on financial results)

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

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results During The Period Under Review

Despite gradual improvements in the conditions of employment and income in the Japanese economy during the three months ended June 30, 2024, the recovery in personal consumption stalled due to rising prices, reflecting factors such as the depreciation of the yen. Rising costs due to high prices and labor shortages, affected corporate revenues.

Rising costs also affected Group performance. Nevertheless, our hotel business fared well due to growing numbers of inbound tourists. The number of foreign visitors to Japan since March 2024 has exceeded three million (Source: “Number of Foreign Visitors to Japan,” Japan National Tourism Organization (JNTO)).

As a result, the Group saw substantial earnings growth in the first three months of the current consolidated fiscal year, recording net sales of 52,080 million yen (up 11.5% YoY), operating income of 3,821 million yen (up 31.2% YoY), ordinary income of 4,117 million yen (up 47.1% YoY), and net income attributable to owners of parent of 2,695 million yen (up 54.1% YoY).

Segment business performance is reviewed below.

(i) Dormitory Business

In its Dormitory Business, the Company opened eight new facilities nationwide in April, adding 907 rooms. The occupancy rate at the start of the quarter for all dormitories, including the rooms newly added, was 97.0%, down 1.2 points YoY. In addition to publicizing its strengths of safety and security to a wider market, the Company has implemented thoroughgoing cost controls and worked to optimize sales prices in response to rising costs.

As a result, net sales increased 5.3% year on year to 14,202 million yen, and operating income increased 20.4% year on year to 1,961 million yen, offsetting the decline in occupancy rates at the beginning of the period.

(ii) Hotel Business

The Hotel Business saw solid domestic demand and continuing growth in inbound tourism. Aggressive sales activities and rigorous revenue management (to optimize selling prices) helped maintain high occupancy rates and unit prices. During the period under review, the Company actively implemented wide-ranging renovation work to improve customer satisfaction. However, significant growth in both sales and income offset the impact of construction costs, losses due to facility closures, and inflation.

Net sales amounted to 31,409 million yen (up 14.9% YoY). Operating income was 2,945 million yen (up 31.6% YoY).

(iii) Comprehensive Building Management Business

In the Comprehensive Building Management Business, despite growth in the numbers of facility management and cleaning projects, sales recoiled slightly from the previous fiscal year due to the absence this year of a large construction order. Sales were 4,300 million yen (down 0.9% YoY); operating loss was 73 million yen (vs. 3 million yen during the same period of the previous fiscal year).

(iv) Food Service Business

In the Food Service Business, despite growing numbers of contracted hotel restaurants, various factors, including the higher cost of food and labor, resulted in net sales of 2,853 million yen (up 18.1% YoY) and operating income of 35 million yen (down 22.5% YoY).

(v) Development Business

Due to an increase in dormitory and hotel development projects and other factors, the Development Business reported net sales of 364 million yen (up 154.2% YoY) and an operating loss of 14 million yen (vs. operating loss of 41 million yen in the same period of the previous fiscal year).

(vi) Other Businesses

Other Businesses consist of the Senior Life Business (management and operation of senior residences), the Public Kyoritsu Partnership (PKP) Business (services provided under contract to local governments), support business for people who live alone, the insurance agency business, comprehensive human-resource services, the financial business, and the administrative outsourcing business. The total of these businesses resulted in net sales of 4,378 million yen (up 9.1% YoY) and operating income of 24 million yen (down 28.6% YoY) due to the impact of operating deficits in the Senior Life Business, which opened the previous fiscal year.

(2) Overview of Financial Position During The Period Under Review

(Assets)

Total assets at the end of the first quarter of this consolidated fiscal year stood at 269,533 million yen, down by 1,388 million yen from the end of the previous consolidated fiscal year. Main factors for this decrease included declines in cash and deposits.

(Liabilities)

Liabilities at the end of the third quarter of this consolidated fiscal year stood at 181,094 million yen, down by 3,222 million yen from the end of the previous consolidated fiscal year. The main factors for this decrease included declines in notes and accounts payable—trade, income taxes payable, etc.

(Net assets)

Net assets at the end of the first quarter of this consolidated fiscal year stood at 88,439 million yen, up 1,834 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in retained earnings.

As a result, the equity ratio was 32.8 %, an increase of 0.8 points from the end of the previous consolidated fiscal year.

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

We have left our forecasts of consolidated financial results, announced on May 15, 2024, unchanged for the time being.

2. Quarterly Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: million yen)

	Previous fiscal year As of March 31, 2024	First quarter under review As of June 30, 2024
Assets		
Current assets		
Cash and deposits	31,807	21,451
Notes and accounts receivable - trade	17,915	15,874
Real estate for sale	11,451	11,312
Real estate for sale in process	9,643	10,688
Costs on uncompleted construction contracts	265	334
Other	9,367	9,189
Allowance for doubtful accounts	-64	-64
Total current assets	80,385	68,786
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,682	48,305
Land	42,646	44,333
Construction in progress	18,850	26,907
Other, net	5,123	5,342
Total property, plant and equipment	115,303	124,889
Intangible fixed assets	4,487	4,603
Investments and other assets		
Investment securities	15,018	15,622
Guarantee deposits	18,893	18,885
Lease deposits	20,551	20,674
Other	16,078	15,889
Allowance for doubtful accounts	-106	-106
Total investments and other assets	70,433	70,965
Total non-current assets	190,224	200,458
Deferred assets	311	288
Total assets	270,921	269,533

(Unit: million yen)

	Previous fiscal year As of March 31, 2024	First quarter under review As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,394	6,408
Short-term borrowings	26,860	27,421
Current portion of bonds payable	4,880	4,880
Income taxes payable	2,640	792
Provision for bonuses	2,928	892
Provision for directors' bonuses	486	157
Other	23,936	24,638
Total current liabilities	71,127	65,189
Non-current liabilities		
Bonds payable	13,700	13,300
Convertible bonds with share acquisition rights	30,052	30,045
Long-term loans payable	62,453	65,402
Net defined benefit liability	986	1,072
Provision for directors' retirement benefits	258	259
Provision for losses on withdrawal from business	1,160	1,160
Other	4,578	4,665
Total non-current liabilities	113,189	115,905
Total liabilities	184,317	181,094
Net assets		
Shareholders' equity		
Share capital	7,964	7,964
Capital surplus	12,920	12,921
Retained earnings	65,167	66,575
Treasury shares	-331	-332
Total shareholders' equity	85,721	87,128
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	675	874
Deferred gains or losses on hedges	692	911
Foreign currency translation adjustment	-601	-585
Remeasurements of defined benefit plans	117	110
Total accumulated other comprehensive income	882	1,310
Total net assets	86,604	88,439
Total liabilities and net assets	270,921	269,533

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

(Quarterly Consolidated Income Statement)
(Three Months Ended June 30, 2024)

(Unit: million yen)

	Three Months Ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net sales	46,699	52,080
Cost of sales	36,509	39,932
Gross income	10,190	12,148
Selling, general and administrative expenses	7,277	8,326
Operating income	2,912	3,821
Non-operating income		
Interest income	27	30
Dividend income	30	39
Share of income of investment accounted for using equity method	–	436
Other	104	69
Total non-operating income	162	574
Non-operating expenses		
Interest expenses	175	167
Other	101	110
Total non-operating expenses	276	278
Ordinary income	2,798	4,117
Extraordinary losses		
Loss on store closings	21	–
Loss on disaster	11	97
Demolition and removal costs	44	–
Total extraordinary losses	78	97
Net income before taxes	2,720	4,020
Income taxes	970	1,324
Net income	1,749	2,695
Net income attributable to owners of parent	1,749	2,695

(Quarterly Consolidated Statement of Comprehensive Income)
(Three Months Ended June 30, 2024)

(Unit: million yen)

	Three Months Ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Net income	1,749	2,695
Other comprehensive income		
Valuation difference on available-for-sale securities	141	198
Deferred gains or losses on hedges	-209	218
Foreign currency translation adjustment	-9	7
Remeasurements of defined benefit plans	-2	-6
Share of other comprehensive income of affiliates accounted for by the equity method	-	8
Total other comprehensive income	-79	427
Comprehensive income	1,670	3,123
(Breakdown)		
Comprehensive income attributable to owners of parent	1,670	3,123

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on The Going Concern Assumption)

Not applicable

(Notes Concerning Any Notable Changes in Shareholders' Equity)

Not applicable

(Notes on Special Accounting Procedures in The Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

The Company calculates tax expenses by rationally assuming an effective tax rate after applying tax effect accounting to income (loss) before income taxes for the consolidated fiscal year, including the first quarter of the fiscal year, and multiplying income (loss) before income taxes for the first three months of the fiscal year by the estimated effective tax rate. However, if the result of calculation of tax expenses using the estimated effective tax rate is significantly unreasonable, the statutory effective tax rate is used.

(Notes on Changes in Accounting Policies)

(Application of the Accounting Standard for Income Taxes - Current)

We applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27; "Revised Accounting Standard 2022" hereinafter) from the beginning of the first quarter under review.

Revisions of income categories for tax purposes (taxation of other comprehensive income) are in accordance with the transitional treatment specified by the provisions of paragraph 20-3 of Revised Accounting Standard 2022 and with the transitional treatment specified by the provisions of paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; "Revised Implementation Guidance 2022" hereinafter). This has no impact on quarterly consolidated financial statements.

In addition, we applied the provisions of Revised Implementation Guidance 2022 from the start of the first quarter under review. This entailed the revised treatment of consolidated financial statements for cases involving deferred tax on gains or losses arising from the sale of shares of subsidiaries and of other securities held by consolidated companies. These changes in accounting policies have been applied retrospectively. Quarterly consolidated financial statements for the same quarter of the previous year and consolidated financial statements for the previous fiscal year have been restated to reflect this retrospective application.

This change does not affect quarterly consolidated financial statements for the same quarter of the previous year or consolidated financial statements for the previous fiscal year.

(Notes on Quarterly Consolidated Cash Flow Statement)

Quarterly consolidated statements of cash flows have not been prepared for the three months ended June 30, 2024. Depreciation and amortization expenses (including amortization of intangible assets excluding goodwill) for the three months ended June 30 were as follows:

	Three Months Ended June 30, 2023 (From April 1, 2023 to June 30, 2023)	Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)
Depreciation and amortization	1,580 million yen	1,763 million yen

(Notes on Segment Information)

[Segment information]

I For the three months ended June 30, 2023 (April 1, 2023 – June 30, 2023)

1. Information on net sales, income or loss by each reporting segment

(Unit: million yen)

	Reporting segment						Other Note ¹	Total	Adjustment amount Note ²	Amount recorded on consolidated quarterly income statement Note ³
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	13,425	27,300	1,660	399	84	42,871	3,828	46,699	–	46,699
Inter-segmental sales or transfers	57	34	2,680	2,015	58	4,846	186	5,033	-5,033	–
Total	13,483	27,334	4,340	2,415	143	47,717	4,015	51,732	-5,033	46,699
Segment income (loss)	1,629	2,237	-3	46	-41	3,869	34	3,903	-991	2,912

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

2. Adjustment of segment income (loss) of -991 million yen includes the amount of elimination of inter-segment transactions of 26 million yen and corporate expenses of -1,017 million yen that are not allocated to each reportable segment. Corporate expenses mainly consist of expenses related to the Accounting Department and other administrative departments of the head office.

3. Segment income (loss) is adjusted with operating income on the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets or goodwill, etc. by reporting segment
Not applicable

II For the three months ended June 30, 2024 (April 1, 2024 – June 30, 2024)

1. Information on net sales, income or loss by each reporting segment

(Unit: million yen)

	Reporting segment						Other Note ¹	Total	Adjustment amount Note ²	Amount recorded on consolidated quarterly income statement Note ³
	Dormitory	Hotel	Comprehensive Building Management	Food Service	Development	Total				
Net sales										
Net sales to external customers	14,115	31,330	1,685	473	274	47,879	4,201	52,080	–	52,080
Inter-segmental sales or transfers	87	79	2,615	2,379	90	5,251	177	5,428	-5,428	–
Total	14,202	31,409	4,300	2,853	364	53,130	4,378	57,509	-5,428	52,080
Segment income (loss)	1,961	2,945	-73	35	-14	4,855	24	4,879	-1,058	3,821

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

2. Adjustment of segment income (loss) of -1,058 million yen includes the amount of elimination of inter-segment transactions of 25 million yen and corporate expenses of -1,084 million yen that are not allocated to each reportable segment. Corporate expenses mainly consist of expenses related to the Accounting Department and other administrative departments of the head office.

3. Segment income (loss) is adjusted with operating income on the quarterly consolidated statement of income.

2. Information on impairment loss of non-current assets or goodwill, etc. by reporting segment

Not applicable