

# Consolidated Financial Statements for the Fiscal Year Ended March 31, 2022 [J-GAAP]

May 10, 2022

## NIPPON KANZAI Co., Ltd.

Listed exchange: Tokyo Stock Exchange, Prime Market  
 Securities code: 9728 URL: <https://www.nkanzai.co.jp/en/>  
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 Date of annual general meeting of shareholders: June 17, 2022  
 Filing date of securities report: June 17, 2022  
 Date to start dividends distribution: June 20, 2022  
 Supplementary materials for results: Yes  
 Results briefing meeting held: Yes (for institutional investors and analysts)

\*Amounts below one million yen have been rounded down.

## 1. Consolidated results for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

### (1) Consolidated business results

(Percentage figures indicate the rate of change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	103,737	(0.4)	7,500	(0.6)	8,276	3.7
Fiscal year ended March 31, 2021	104,124	(2.0)	7,546	10.1	7,982	10.4

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥6,968 million [17.5%]  
 Fiscal year ended March 31, 2021: ¥5,928 million [69.9%]

	Profit Attributable to Owners of Parent		Profit per Share	Diluted Profit per Share
	Millions of yen	%	Yen	Yen
Fiscal year ended March 31, 2022	6,177	20.0	165.24	—
Fiscal year ended March 31, 2021	5,149	18.5	137.74	—

	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	%	%	%
Fiscal year ended March 31, 2022	10.7	10.1	7.2
Fiscal year ended March 31, 2021	9.6	10.1	7.2

(Reference) Share of profit of entities accounted for using equity method:

Fiscal year ended March 31, 2022: ¥439 million  
 Fiscal year ended March 31, 2021: ¥70 million

### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	82,141	61,652	73.5	1,614.97
As of March 31, 2021	81,280	56,694	68.2	1,482.29

(Reference) Equity: As of March 31, 2022: ¥60,372 million  
 As of March 31, 2021: ¥55,413 million

### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2022	4,456	(1,840)	(3,074)	32,444
Fiscal year ended March 31, 2021	7,481	(17)	(3,053)	32,830

## 2. Dividends

	Annual dividends					Total Dividends Paid (full year)	Dividend Payout Ratio (consolidated)	Dividends to Net Assets (consolidated)
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	—	25.00	—	27.00	52.00	1,943	37.8	3.6
Fiscal year ended March 31, 2022	—	27.00	—	27.00	54.00	2,018	32.7	3.5
Fiscal year ending March 31, 2023 (forecast)	—	27.00	—	27.00	54.00		36.0	

## 3. Consolidated business forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentage figures for the full year indicate the rate of change from the previous fiscal year.

Percentage figures for the first six months indicate the rate of change from the same period of the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	51,800	3.8	3,700	1.3	4,100	1.1	2,700	(21.4)	72.22
Full year	108,000	4.1	7,800	4.0	8,500	2.7	5,600	(9.3)	149.80

### \* Notes

(1) Changes of significant subsidiaries during the period (changes in specific subsidiaries associated with changes in scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatement of revisions

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions of accounting standards, etc.: | Yes  |
| 2) Changes in accounting policies other than 1) above:                            | Yes  |
| 3) Changes in accounting estimates:   | None |
| 4) Restatement of revisions:  | None |

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

- Number of shares issued and outstanding (including treasury stock)
- Treasury stock (number of shares)
- Average number of shares issued and outstanding

1)	As of March 31, 2022	41,180,306 shares	As of March 31, 2021	41,180,306 shares
2)	As of March 31, 2022	3,797,012 shares	As of March 31, 2021	3,796,818 shares
3)	Fiscal year ended March 31, 2022	37,383,416 shares	Fiscal year ended March 31, 2021	37,383,524 shares

**(Reference) Summary of non-consolidated financial results****1. Non-consolidated results for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)****(1) Non-consolidated business results**

(Percentage figures indicate the rate of change from the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2022	64,253	0.5	4,590	2.2	6,664	6.4
Fiscal year ended March 31, 2021	63,941	(0.2)	4,491	24.4	6,263	14.7

	Profit		Profit per Share	Diluted Profit per Share
	Millions of yen	%	Yen	Yen
Fiscal year ended March 31, 2022	5,651	15.1	151.19	—
Fiscal year ended March 31, 2021	4,910	18.7	131.35	—

**(2) Non-consolidated financial position**

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	59,622	47,787	80.2	1,278.32
As of March 31, 2021	58,546	43,866	74.9	1,173.43

(Reference) Equity: As of March 31, 2022: ¥47,787 million  
As of March 31, 2021: ¥43,866 million

**2. Non-consolidated business forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)**

(Percentage figures for the full year indicate the rate of change from the previous fiscal year.)

Percentage figures for the first six months indicate the rate of change from the same period of the previous fiscal year.)

	Net Sales		Ordinary Income		Profit		Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	32,380	6.3	4,420	12.6	3,540	(6.9)	94.69
Full year	68,500	6.6	7,200	8.0	5,400	(4.5)	144.45

\* **This financial report is not subject to audit procedures by certified public accountants or audit corporations.****\* Explanation regarding the appropriate use of business forecasts and other notes**

(Notes to forward-looking statements)

The business forecasts reported herein were prepared based on information the Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. Actual results may differ significantly from forecasts due to various factors. Please refer to the disclaimers provided under “1. Overview of business results, etc.; (4) Future outlook” on page 3 of the Attached Document of this financial report regarding assumptions upon which forecasts are based and the use of forecasts.

(How to obtain supplementary materials on financial results)

The Company plans to hold a financial results briefing for institutional investors and analysts on Wednesday, May 25, 2022. The presentation materials for the financial results briefing will be posted on the Company’s website after the briefing is over.

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## 1. Overview of business results, etc.

From the fiscal year ended March 31, 2022, a change in accounting policy has been applied to configuration or customization costs in cloud computing contracts for overseas equity method affiliated companies that have adopted the International Financial Reporting Standards (IFRS). Based on this change, retroactive accounting treatment has been made to the figures of the previous fiscal year for comparison and analysis. For details, please refer to (Changes in accounting policies) in (5) Notes to consolidated financial statements, 3. Consolidated financial statements and key notes.

### (1) Overview of business results for the period

During the current fiscal year (fiscal year ended March 31, 2022), the Japanese economy faced with concerns about stagnancy in economic activity due to the impact of surging raw material prices caused by worsening situation in Ukraine and currency exchange fluctuation risks. This was on top of the re-spread of COVID-19 as a result of the generation of new variants. As such, the outlook has still remained uncertain.

The real estate services industry also saw the vacancy rates of office and retail facilities continue to stay on a mild upward trend except for some areas, with an ongoing shift from an urban-intensive society to a decentralized one as a result of introducing remote working and establishing satellite offices in the suburbs as countermeasures against COVID-19, among other factors. In addition, with clients becoming even more conscious of reducing management costs, a severe business environment is expected to continue.

In such a business environment, the Nippon Kanzai Group (hereinafter “the Group”) has continued to pursue “optimal building management” through its advanced technologies and responsiveness in order to continuously provide high-quality services that match customer needs, endeavoring to enhance the asset value of buildings.

The Group has also endeavored to further strengthen and improve the Building Management and Operations, its core business, while proactively developing business areas including private finance initiatives (PFI) and public facility management.

Consolidated net sales for the current fiscal year decreased by 0.4% year on year to 103,737 million yen due to sluggish growth in orders for construction-related work.

In terms of profit, operating income decreased 0.6% year on year to 7,500 million yen due to accrual of expenses for countermeasures against COVID-19 and strengthening of the corporate structure, despite efforts to secure profits through fee revision and review of work scope and work efficiency. However, thanks to an increase in share of profit from entities accounted for using equity method, ordinary income increased 3.7% to 8,276 million yen and profit attributable to owners of parent increased 20.0% to 6,177 million yen, all on a year-on-year basis.

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter, the “Revenue Recognition Accounting Standard”), etc. has been applied from the beginning of the first quarter of the fiscal year ended March 31, 2022, and net sales decreased by 64 million yen, cost of sales by 39 million yen, and operating income and ordinary income by 24 million yen each in the fiscal year ended March 31, 2022.

The following are business results by segment.

Segment income has been adjusted to operating income described in the consolidated statements of income.

#### Building Management and Operations

With regard to Building Management and Operations, the Group’s core business that focuses on building management and security services, although contract renewals were steady, sluggish growth in orders for construction-related work resulted in net sales for the segment for the current fiscal year decreasing by 2.4% year on year to 71,977 million yen.

In terms of profit, efforts to revise fees, review work scope and reduce costs resulted in segment income increasing by 0.2% year on year to 9,912 million yen.

The application of the Revenue Recognition Accounting Standard, etc. resulted in net sales decreasing by 69 million yen, cost of sales decreasing by 45 million yen and segment income decreasing by 24 million yen.

#### Residential Management and Operations

For Residential Management and Operations, which mainly consists of managing rental apartment buildings and condominiums as well as public housing, net sales for the current fiscal year was 16,980 million yen, up 4.6% year on year, due to an increase in repair work in the management of public housing.

In terms of profit, continuous efforts to reduce costs resulted in segment income of 1,693 million yen, a year-on-year increase of 8.1%.

The application of the Revenue Recognition Accounting Standard, etc. had minimal impact on net sales and profits.

#### Environmental Facilities Management

With regard to Environmental Facilities Management, which mainly consists of managing water treatment, sewage disposal and other public facilities related to the overall living environment, net sales for the current fiscal year increased by 1.8% year on year to 11,554 million yen as the Group was steadily awarded new management contracts and was successful in renewing existing contracts.

Looking at profit, segment income increased by 7.1% year on year to 1,580 million yen as a result of the Group’s efforts in cost reduction with a focus on realignment of personnel assignments.

The application of the Revenue Recognition Accounting Standard, etc. had minimal impact on net sales and profits.

**Real Estate Fund Management**

For Real Estate Fund Management, which mainly consists of asset management (i.e. arrangement and asset management of real estate funds) and handling of investments in silent partnership, net sales for the current fiscal year decreased by 7.3% year on year to 1,530 million yen as revenue from sale of assets under management dropped.

As for profit, segment income decreased by 4.3% year on year to 43 million yen as profit from sale of assets under management decreased, in spite of continuous efforts in cost reduction.

The application of the Revenue Recognition Accounting Standard, etc. did not have any impact on net sales and profits.

**Other Businesses**

In Other Businesses, which consist mainly of event planning and management, design and payroll accounting services, net sales for the current fiscal year increased by 32.7% to 1,995 million yen and segment income rose by 32.1% to 314 million yen, both on a year-on-year basis. This was due to highly profitable business the Company was successfully awarded and contribution of business performance of NEOTRUST Co., Ltd., which became a consolidated subsidiary at the end of the second quarter of the fiscal period ended March 31, 2022.

The application of the Revenue Recognition Accounting Standard, etc. did not have any impact on net sales and profits.

**(2) Overview of financial position for the period**

Total assets at the end of the current fiscal year increased by 861 million yen, or 1.1%, from the previous fiscal year-end to 82,141 million yen.

Current assets decreased by 1,633 million yen, or 3.1%, from the previous fiscal year-end to 51,849 million yen. Non-current assets increased by 2,494 million yen, or 9.0%, from the previous fiscal year-end to 30,291 million yen.

The increase was mainly due to an increase in investment securities (a year-on-year increase of 1,618 million yen) through purchase of shares of subsidiaries and associates, etc.

Total liabilities at the end of the current fiscal year decreased by 4,096 million yen, or 16.7%, from the end of the previous fiscal year to 20,489 million yen due to a decrease in notes and accounts payable - trade, etc. (a year-on-year decrease of 2,947 million yen).

Total net assets at the end of the current fiscal year increased by 4,957 million yen, or 8.7%, from the end of the previous fiscal year to 61,652 million yen.

The increase was mainly due to an increase in retained earnings as a result of recording profit attributable to owners of parent (a year-on-year increase of 4,271 million yen).

As a result, the equity ratio at the end of the current fiscal year increased by 5.3 percentage points from 68.2% at the end of the previous fiscal year to 73.5%.

The Group's financial policy is to secure the liquidity necessary for management and to maintain a sound balance sheet.

**(3) Overview of cash flows for the period**

Cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year decreased by 386 million yen, or 1.2%, from the previous fiscal year-end to 32,444 million yen.

The status and main factors of cash flows for the current fiscal year were as follows:

**(Cash flows from operating activities)**

Net cash provided by operating activities for the current fiscal year was 4,456 million yen, down 3,024 million yen year on year. This was mainly due to a decrease in notes and accounts payable – trade (a larger outflow by 2,125 million yen year on year) and an increase in income taxes paid (a larger outflow by 1,091 million yen year on year).

**(Cash flows from investing activities)**

Net cash used in investing activities for the current fiscal year was 1,840 million yen, a larger outflow by 1,822 million yen from the previous fiscal year. This was mainly due to a decrease in proceeds from sales of investment securities (a smaller inflow by 982 million yen year on year) and an increase in purchase of shares of subsidiaries resulting in change in scope of consolidation (a larger outflow by 511 million yen year on year).

**(Cash flows from financing activities)**

Net cash used in financing activities for the current fiscal year was 3,074 million yen, a larger outflow by 20 million yen year on year.

This was mainly due to an increase in cash dividends paid (a larger outflow of 164 million yen year on year) and a decrease in repayments of long-term non-recourse loans payable (a smaller outflow of 154 million yen year on year).

**(4) Future outlook**

Looking ahead, given the significant impact of the spread of COVID-19 and the situation in Ukraine on the entire world economy, it is presumed that uncertainty will continue to linger. In the real estate services industry, too, as clients become even more conscious of managing cost reduction, the market environment is expected to remain severe due to competition with rival companies and other factors.

The Group will endeavor to enhance customer satisfaction and profitability by way of continuously improving its service quality as well as proactively making proposals that offer high added value. Setting project proposal capabilities as the main focus, the Group will endeavor to further expand such business operations as PFI and public facilities management as well as proactively pursue M&A projects of related businesses to the Company in Japan and abroad.

The business forecasts for the next fiscal year (April 1, 2022 to March 31, 2023) are as follows: consolidated net sales increasing by 4.1% year on year to 108,000 million yen; consolidated operating income increasing by 4.0% year on year to 7,800 million yen; consolidated ordinary income increasing by 2.7% year on year to 8,500 million yen; and profit attributable to owners of parent decreasing by 9.3% year on year to 5,600 million yen.

## **2. Basic policy regarding selection of accounting standard**

The Group has a policy to prepare financial statements based on Japanese GAAP for the time being, considering the comparability of consolidated financial statements over time and between Japanese companies.

As for International Financial Reporting Standards, the Group will appropriately consider them based on the overall situation in Japan and overseas in the future.

**3. Consolidated financial statements and key notes****(1) Consolidated balance sheets**

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
<b>ASSETS</b>		
Current assets		
Cash and deposits	33,075	32,789
Notes and accounts receivable—trade	14,836	-
Notes, accounts receivable—trade and contract assets	-	14,296
Investments in silent partnership for business purposes	80	74
Supplies	147	183
Real estate for sale	3,519	2,907
Income taxes receivable	90	141
Other	1,742	1,465
Allowance for doubtful accounts	(8)	(8)
Total current assets	53,483	51,849
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,812	7,768
Accumulated depreciation	(3,827)	(3,922)
Buildings and structures, net	2,985	3,846
Machinery, equipment and vehicles	129	138
Accumulated depreciation	(105)	(98)
Machinery, equipment and vehicles, net	24	39
Tools, furniture and fixtures	1,488	1,628
Accumulated depreciation	(981)	(1,077)
Tools, furniture and fixtures, net	507	550
Land	1,224	1,226
Leased assets	1,116	1,252
Accumulated depreciation	(874)	(950)
Leased assets, net	241	302
Construction in progress	429	21
Total property, plant and equipment	5,411	5,988
Intangible assets		
Telephone subscription right	46	46
Software	414	405
Goodwill	1,551	1,825
Leased assets	1	9
Software in progress	10	70
Total intangible assets	2,024	2,357
Investments and other assets		
Investment securities	14,034	15,653
Long-term loans receivable	800	833
Long-term prepaid expenses	34	19
Lease and guarantee deposits	3,681	3,671
Membership	371	361
Net defined benefit asset	801	830
Deferred tax assets	298	245
Other	395	388
Allowance for doubtful accounts	(57)	(56)
Total investments and other assets	20,360	21,946
Total non-current assets	27,796	30,291
<b>TOTAL ASSETS</b>	<b>81,280</b>	<b>82,141</b>

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.



	(Millions of yen)	
	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable—trade	9,091	6,143
Current portion of long-term loans payable	375	375
Current portion of long-term non-recourse loans payable	19	16
Lease obligations	92	107
Accrued expenses	2,561	2,659
Income taxes payable	1,850	561
Accrued consumption taxes	1,402	930
Deposits received	300	277
Advances received	320	-
Contract liabilities	-	1,711
Provision for bonuses	787	768
Asset retirement obligations	-	21
Other	66	53
<b>Total current liabilities</b>	<b>16,868</b>	<b>13,626</b>
Non-current liabilities		
Long-term loans payable	750	375
Long-term non-recourse loans payable	2,336	1,871
Lease obligations	185	229
Deferred tax liabilities	493	731
Net defined benefit liability	169	166
Long-term guarantee deposited	2,580	2,475
Asset retirement obligations	266	284
Liabilities from application of equity method	1	22
Other	934	705
<b>Total non-current liabilities</b>	<b>7,717</b>	<b>6,862</b>
<b>TOTAL LIABILITIES</b>	<b>24,585</b>	<b>20,489</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus	3,785	3,785
Retained earnings	50,809	55,080
Treasury shares	(2,773)	(2,773)
<b>Total shareholders' equity</b>	<b>54,821</b>	<b>59,092</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,050	2,282
Foreign currency translation adjustment	(1,226)	(820)
Remeasurements of defined benefit plans	(232)	(181)
<b>Total accumulated other comprehensive income</b>	<b>591</b>	<b>1,280</b>
Non-controlling interests	1,281	1,279
<b>TOTAL NET ASSETS</b>	<b>56,694</b>	<b>61,652</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>81,280</b>	<b>82,141</b>

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**(2) Consolidated statements of income and consolidated statements of comprehensive income****Consolidated statements of income**

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net sales	104,124	103,737
Cost of sales	81,769	80,535
Gross profit	22,354	23,201
Selling, general and administrative expenses		
Selling expenses	688	628
Personnel expenses	8,275	8,746
Provision for bonuses	405	361
Retirement benefit expenses	290	316
Transportation and communication expenses	901	997
Supplies expenses	509	585
Rent expenses	1,038	1,176
Insurance expenses	470	434
Depreciation	410	468
Taxes and dues	110	108
Enterprise tax	329	336
Provision of allowance for doubtful accounts	1	(0)
Amortization of goodwill	135	157
Other	1,238	1,382
Total selling, general and administrative expenses	14,807	15,701
Operating income	7,546	7,500
Non-operating income		
Interest and dividend income	197	222
Rent income	48	57
Share of profit of entities accounted for using equity method	70	439
Dividend income of insurance	42	41
Subsidy income	79	49
Foreign exchange gains	122	149
Other	44	63
Total non-operating income	604	1,024
Non-operating expenses		
Interest expenses	24	21
Rent expenses	46	47
Loss on sales and retirement of non-current assets	35	113
Loss on valuation of membership	20	-
Other	41	65
Total non-operating expenses	168	248
Ordinary income	7,982	8,276

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Extraordinary income		
Gain on sales of investment securities	428	100
Total extraordinary income	428	100
Extraordinary losses		
Loss on valuation of investment securities	27	-
Total extraordinary losses	27	-
Profit before income taxes	8,384	8,376
Income taxes—current	2,916	1,983
Income taxes—deferred	205	108
Total income taxes	3,121	2,092
Profit	5,262	6,284
Profit attributable to non-controlling interests	113	106
Profit attributable to owners of parent	5,149	6,177

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**Consolidated statements of comprehensive income**

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Profit	5,262	6,284
Other comprehensive income		
Valuation difference on available-for-sale securities	433	233
Foreign currency translation adjustment	(43)	(6)
Remeasurements of defined benefit plans, net of tax	231	45
Share of other comprehensive income of entities accounted for using equity method	44	411
Total other comprehensive income	666	684
Comprehensive income	5,928	6,968
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,806	6,865
Comprehensive income attributable to non-controlling interests	122	102

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**(3) Consolidated statements of changes in equity**

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	3,000	3,785	47,833	(2,773)	51,845
Cumulative effects of changes in accounting policies			(303)		(303)
Restated balance at beginning of current period	3,000	3,785	47,529	(2,773)	51,541
Changes of items during period					
Dividends of surplus [year-end]			(934)		(934)
Dividends of surplus [interim]			(934)		(934)
Profit attributable to owners of parent			5,149		5,149
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,280	(0)	3,279
Balance at end of current period	3,000	3,785	50,809	(2,773)	54,821

	Accumulated other comprehensive income				Non-controlling interests	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 beginning of current period	1,621	(1,227)	(460)	(65)	1,249	53,029
Cumulative effects of changes in accounting policies						(303)
Restated balance at beginning of current period	1,621	(1,227)	(460)	(65)	1,249	52,726
Changes of items during period						
Dividends of surplus [year-end]						(934)
Dividends of surplus [interim]						(934)
Profit attributable to owners of parent						5,149
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	428	1	227	657	31	688
Total changes of items during period	428	1	227	657	31	3,968
Balance at end of current period	2,050	(1,226)	(232)	591	1,281	56,694

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	3,000	3,785	50,809	(2,773)	54,821
Cumulative effects of changes in accounting policies			113		113
Restated balance at beginning of current period	3,000	3,785	50,922	(2,773)	54,934
Changes of items during period					
Dividends of surplus [year-end]			(1,009)		(1,009)
Dividends of surplus [interim]			(1,009)		(1,009)
Profit attributable to owners of parent			6,177		6,177
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	4,158	(0)	4,157
Balance at end of current period	3,000	3,785	55,080	(2,773)	59,092

	Accumulated other comprehensive income				Non-controlling interests	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 beginning of current period	2,050	(1,226)	(232)	591	1,281	56,694
Cumulative effects of changes in accounting policies						113
Restated balance at beginning of current period	2,050	(1,226)	(232)	591	1,281	56,807
Changes of items during period						
Dividends of surplus [year-end]						(1,009)
Dividends of surplus [interim]						(1,009)
Profit attributable to owners of parent						6,177
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	231	405	50	688	(2)	686
Total changes of items during period	231	405	50	688	(2)	4,844
Balance at end of current period	2,282	(820)	(181)	1,280	1,279	61,652

**(4) Consolidated statements of cash flows**

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,384	8,376
Depreciation	601	620
Amortization of goodwill	135	157
Increase (decrease) in provision for bonuses	72	(48)
Increase (decrease) in net defined benefit (asset) liability	(325)	7
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Share of (profit) loss of entities accounted for using equity method	(70)	(439)
Interest and dividend income	(197)	(222)
Interest expenses	24	21
Foreign exchange losses (gains)	(108)	(127)
Loss (gain) on sales and retirement of non-current assets	32	110
Loss on valuation of membership	20	-
Loss (gain) on sales of investment securities	(428)	(100)
Loss (gain) on valuation of investment securities	27	-
Decrease (increase) in notes and accounts receivable – trade	(860)	979
Decrease (increase) in investments in silent partnership for business purposes	1	5
Decrease (increase) in inventories	774	575
Decrease (increase) in other assets	251	(114)
Increase (decrease) in notes and accounts payable – trade	541	(1,584)
Increase (decrease) in accrued consumption taxes	118	(504)
Increase (decrease) in other liabilities	321	(300)
Other, net	(48)	(99)
Subtotal	9,269	7,312
Interest and dividend income received	424	443
Interest expenses paid	(24)	(21)
Income taxes paid	(2,187)	(3,278)
Net cash provided by (used in) operating activities	7,481	4,456

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(245)	(445)
Proceeds from withdrawal of time deposits	245	345
Purchase of property, plant and equipment and intangible assets	(616)	(984)
Proceeds from sales of property, plant and equipment and intangible assets	31	2
Purchase of investment securities	(479)	(757)
Proceeds from sales of investment securities	1,088	105
Proceeds from redemption of investment securities	100	412
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(511)
Payments of loans receivable	(279)	(35)
Collection of loans receivable	110	46
Payments for lease and guarantee deposits	(349)	(457)
Proceeds from collection of lease and guarantee deposits	387	468
Proceeds from guarantee deposits received	293	378
Repayments of guarantee deposits received	(312)	(482)
Other, net	6	74
<b>Net cash provided by (used in) investing activities</b>	<b>(17)</b>	<b>(1,840)</b>
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	2,800	3,200
Decrease in short-term loans payable	(2,800)	(3,200)
Repayments of long-term loans payable	(375)	(375)
Repayments of long-term non-recourse loans payable	(622)	(468)
Repayments of lease obligations	(102)	(111)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,868)	(2,018)
Dividends paid to non-controlling interests	(84)	(99)
<b>Net cash provided by (used in) financing activities</b>	<b>(3,053)</b>	<b>(3,074)</b>
Effect of exchange rate change on cash and cash equivalents	77	71
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,487</b>	<b>(386)</b>
Cash and cash equivalents at beginning of period	28,343	32,830
<b>Cash and cash equivalents at end of period</b>	<b>32,830</b>	<b>32,444</b>

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.



**(5) Notes to consolidated financial statements****(Notes on the going concern assumption)**

Not applicable.

**(Changes in accounting policies)**

(Application of Accounting Standard for Revenue Recognition, etc.)

From the beginning of the fiscal year ended March 31, 2022, the Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter, the “Revenue Recognition Accounting Standard”), etc., and decided to recognize the revenue at an amount the Group is expected to receive in exchange for the promised goods or services when control of the goods or services is transferred to the customer.

Specifically, the Group’s general management businesses which comprehensively manage real estate for management, including building operations and facilities maintenance business, security business and cleaning business, are daily repetitive operations and the characteristics of each business and the pattern of transfer to customers are substantially the same. Therefore, all of these are regarded as a single performance obligation, and because they are judged to be fulfilled in accordance with the passage of time, the Group recognizes revenue evenly for each month over the contract period.

For contracts based on the performance of a single business such as facilities maintenance business, the Group individually recognizes the performance obligation with the customer. The performance obligation will be fulfilled when control of the service is transferred to the customer with the provision of said service, and revenue is recognized at the time of monthly inspection by the customer.

For long-term repair work included in the maintenance, management and operations business for PFIs, etc., the Group had recognized revenue evenly over the contract period, but such method has been changed to a method of recognizing revenue over a certain period based on the degree of progress. In addition, even for other construction-related work (excluding construction work for an extremely short period), the Group has decided to estimate the degree of progress regarding the fulfillment of performance obligation and recognize revenue over a certain period based on said degree of progress.

In applying the Revenue Recognition Accounting Standard, etc., the Group follows the transitional treatment prescribed in the proviso of Paragraph 84 of the said Standard, and has adopted a new accounting policy, starting with the balance at the beginning of the fiscal year ended March 31, 2022, in which the cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the said fiscal year is added to, or deducted from, the retained earnings at the beginning of the fiscal year. However, with the application of the method prescribed in Paragraph 86 of the Revenue Recognition Accounting Standard, the Group does not retrospectively apply the new accounting policy to the contracts for which almost all revenue was recognized in accordance with the previous treatment before the beginning of the fiscal year ended March 31, 2022. In addition, with the application of the method prescribed in item (1) of the supplementary provisions of Paragraph 86 of the Revenue Recognition Accounting Standard, the Group implemented accounting based on the contract conditions after reflecting all the changes made to the contracts before the beginning of the fiscal year ended March 31, 2022, and such cumulative effect was added to, or deducted from, the retained earnings at the beginning of the fiscal year.

This treatment has caused net sales to decrease by 64 million yen, cost of sales by 39 million yen, and operating income, ordinary income and profit before income taxes by 24 million yen, respectively, for the fiscal year ended March 31, 2022. In addition, the balance of retained earnings at the beginning of the current fiscal year increased by 113 million yen. Furthermore, the impact on the per share information is described in the relevant section.

Due to the application of the Revenue Recognition Accounting Standard, etc., “Notes and accounts receivable – trade,” which was presented in “Current assets” in the consolidated balance sheet for the previous fiscal year, has been included in “Notes, accounts receivable – trade and contract assets” from the fiscal year ended March 31, 2022, and “Advances received,” which was presented in “Current liabilities,” has been included in “Contract liabilities” from the said fiscal year. Furthermore, in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification based on the new presentation method has been made for the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

From the beginning of the fiscal year ended March 31, 2022, the Group has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 issued on July 4, 2019), etc., and decided to prospectively apply a new accounting policy set forth by the Accounting Standard for Fair Value Measurement, etc. in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Article 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 issued on July 4, 2019). Such application has not caused any impact on the consolidated financial statements.

(Changes in accounting policy for equity method affiliated companies)

At overseas equity method affiliated companies that have applied the International Financial Reporting Standards (IFRS), configuration or customization costs in cloud computing contracts had been recognized as intangible assets by applying the IAS No. 38 Intangible Assets. Starting from the fiscal year ended March 2022, however, the method has been changed to one with which the above costs are recognized as costs generated when the configuration or customization service is received, based on the agenda decision by the IFRS Interpretations Committee (IFRIC) that was announced in April 2021.

The change in the accounting policy is applied retroactively and has been reflected in the consolidated financial

statements for the previous fiscal year.

As a result, compared with the values before the retroactive application, ordinary income and profit before income taxes decreased by 144 million yen and profit and profit attributable to owners of parent decreased by 134 million yen, respectively, for the previous fiscal year. In the consolidated balance sheet for the previous fiscal year, investment securities, deferred tax liabilities and foreign currency translation adjustment decreased by 479 million yen, 30 million yen and 9 million yen, respectively. Furthermore, the impact on the per share information is described in the relevant section.

As the cumulative effect was reflected to the net assets at the beginning of the previous fiscal year, the balance of retained earnings at the beginning of the previous fiscal year decreased by 303 million yen.

## **(Segment information, etc.)**

### **[Segment information]**

#### 1. Overview of reportable segments

The Company's reportable segments are organizational units for which separate financial statements can be gathered. These reportable segments are subject to periodical review by the Board of Directors to decide business resource allocation and to evaluate performance.

The Company has five reportable segments that are classified by the characteristics and similarity in services provided by the Group companies: Building Management and Operations, Residential Management and Operations, Environmental Facilities Management, Real Estate Fund Management and Other Businesses.

Building Management and Operations focuses on building management and security services. Residential Management and Operations mainly comprises the management of apartments and condominiums to own and public housing. Environmental Facilities Management mainly comprises the management of water treatment, sewage disposal, and other public facilities that support the living environment in general. Real Estate Fund Management mainly comprises asset management (i.e., arrangement and asset management of real estate funds) and handling investments in silent partnership. Other Businesses include mainly event planning and management, design and payroll accounting services.

#### 2. Calculation methods of net sales, income or losses, assets, liabilities and other items for each reportable segment

The accounting methods used for reportable segments are basically the same as those used for consolidated financial statements.

#### 3. Matters on changes in reportable segments

(Application of Accounting Standard for Revenue Recognition, etc.)

As described in (Changes in accounting policies), the Revenue Recognition Accounting Standard, etc. has been applied from the beginning of the fiscal year ended March 31, 2022, and the accounting method concerning revenue recognition has been changed. Accordingly, the Company has also changed the calculation method for income (loss) of reportable segments.

Due to such change, net sales and segment income in Building Management and Operations for the current fiscal year decreased by 68 million yen and 24 million yen, respectively, compared with the figures calculated by the conventional method. Meanwhile, the impact on net sales and segment income of Residential Management and Operations and Environmental Facilities Management is immaterial, and there is no impact on net sales and segment income of Real Estate Fund Management and Other Businesses.

(Changes in accounting policy for equity method affiliated companies)

As described in (Changes in Accounting Policy), the changes in accounting policies made in the current fiscal year are applied retroactively and have been reflected in the consolidated financial statements for the previous fiscal year.

As a result of these changes, the segment assets and investments in entities accounted for using equity method of Residential Management and Operations decreased by 479 million yen and 479 million yen, respectively, compared with the values before the retroactive application.

## 4. Information on net sales, income or losses, assets, liabilities and other items for each reportable segment

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segment						Adjustments (Note)	Amount recorded on consolidated financial statements
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Total		
Net sales								
Net sales to external customers	73,768	16,227	11,349	1,651	1,127	104,124	—	104,124
Inter-segment net sales and transfer	—	—	—	—	376	376	(376)	—
Total	73,768	16,227	11,349	1,651	1,503	104,500	(376)	104,124
Segment income	9,891	1,566	1,476	45	238	13,217	(5,670)	7,546
Segment assets	26,812	11,406	4,312	4,684	814	48,030	33,250	81,280
Other items								
Depreciation	202	44	21	76	4	349	322	672
Investments in entities accounted for using equity method	1,297	5,559	62	25	—	6,944	—	6,944
Increase in property, plant and equipment and intangible assets	186	22	45	102	0	358	413	771

(Notes) 1. Adjustments are as follows:

- (1) Adjustments of -5,670 million yen for segment income are elimination of intersegment transactions and unallocated general administrative expenses.
- (2) Adjustments of 33,250 million yen for segment assets are corporate assets that are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities and the assets of the administration departments of the Company.
- (3) Adjustments of 413 million yen for increase in property, plant and equipment and intangible assets are due to renovation of training facilities and purchase of fixtures, etc.

2. Segment income has been adjusted to operating income described in consolidated statements of income.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Adjustments (Note)	Amount recorded on consolidated financial statements
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Total		
Net sales								
Net sales to external customers	71,977	16,980	11,554	1,530	1,694	103,737	—	103,737
Inter-segment net sales and transfer	—	—	—	—	300	300	(300)	—
Total	71,977	16,980	11,554	1,530	1,995	104,038	(300)	103,737
Segment income	9,912	1,693	1,580	43	314	13,544	(6,044)	7,500
Segment assets	25,732	12,245	4,298	4,228	1,057	47,563	34,578	82,141
Other items								
Depreciation	212	40	22	70	16	360	313	674
Investments in entities accounted for using equity method	1,358	6,313	64	25	—	7,761	—	7,761
Increase in property, plant and equipment and intangible assets	433	77	37	60	10	619	674	1,293

(Notes) 1. Adjustments are as follows:

- (1) Adjustments of -6,044 million yen for segment income are elimination of intersegment transactions and unallocated general administrative expenses.
  - (2) Adjustments of 34,578 million yen for segment assets are corporate assets that are not allocated to any of the reportable segments. They are mainly cash, time deposits, investment securities and the assets of the administration departments of the Company.
  - (3) Adjustments of 674 million yen for increase in property, plant and equipment and intangible assets are due to extension of training facilities and system construction, etc.
2. Segment income has been adjusted to operating income described in consolidated statements of income.

### **[Related information]**

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Information related to product and service

Please refer to “Segment information.”

2. Information related to geographic region

(1) Net sales

Not applicable because there are no net sales to external customers outside of Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside of Japan.

3. Information related to major customer

There is nothing to report because there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

1. Information related to product and service

Please refer to “Segment information.”

2. Information related to geographic region

(1) Net sales

Not applicable because there are no net sales to external customers outside of Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside of Japan.

3. Information related to major customer

There is nothing to report because there is no external customer accounting for 10% or more of net sales reported in the consolidated statements of income.

### **[Information on impairment loss on non-current assets by reportable segment]**

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Not applicable.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Not applicable.

**[Information on amortization of goodwill and unamortized balance of goodwill by reportable segment]**

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segment						Elimination or Corporate	Total
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Subtotal		
Amortization for the current period	16	119	—	—	—	135	—	135
Unamortized balance at the end of current year	89	1,461	—	—	—	1,551	—	1,551

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Elimination or Corporate	Total
	Building Management and Operations	Residential Management and Operations	Environmental Facilities Management	Real Estate Fund Management	Other Businesses	Subtotal		
Amortization for the current period	16	119	—	—	21	157	—	157
Unamortized balance at the end of current year	73	1,342	—	—	409	1,825	—	1,825

**[Information on gain on bargain purchase by reportable segment]**

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Not applicable.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

Not applicable.

**(Per share information)**

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net assets per share	1,482.29 yen	1,614.97 yen
Profit per share	137.74 yen	165.24 yen

- (Notes) 1. No diluted profit per share is presented as there were no potentially dilutive securities.  
2. The basis of calculations of profit per share is as follows.

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent (millions of yen)	5,149	6,177
Amount not attributable to owners of common stock (millions of yen)	—	—
Profit attributable to owners of parent associated with common stock (millions of yen)	5,149	6,177
Average number of shares of common stock during period (shares)	37,383,524	37,383,416

3. The basis of calculations of net assets per share is as follows.

	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
Total net assets (millions of yen)	56,694	61,652
Amount deducted from total net assets (millions of yen)	1,281	1,279
(Of which, non-controlling interests (millions of yen))	(1,281)	(1,279)
Net assets associated with common stock at the end of fiscal year (millions of yen)	55,413	60,372
Number of shares of common stock issued and outstanding (shares)	41,180,306	41,180,306
Number of shares of common stock as treasury stock (shares)	3,796,818	3,797,012
Number of shares of common stock at end of fiscal year used in the calculation of net assets per share	37,383,488	37,383,294

4. As described in (Application of Accounting Standard for Revenue Recognition, etc.) under (Changes in accounting policies), the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the fiscal year ended March 31, 2022. The application has caused net assets per share to increase by 2.57 yen and profit per share to decrease by 0.45 yen for the fiscal year.

In addition, as described in (Changes in accounting policy for equity method affiliated companies), the changes in accounting policies made in the current fiscal year are applied retroactively and have been reflected in the consolidated financial statements for the previous fiscal year. The changes have caused net assets per share and profit per share for the previous fiscal year to decrease by 12.01 yen and 3.61 yen, respectively, compared with the values before the retroactive application.

**(Significant subsequent events)**

Not applicable.

**4. Non-consolidated financial statements and key notes****(1) Non-consolidated balance sheets**

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
<b>ASSETS</b>		
Current assets		
Cash and deposits	21,740	21,732
Notes receivable—trade	25	55
Accounts receivable—trade	10,356	9,786
Contract assets	-	119
Supplies	58	64
Prepaid expenses	333	159
Accounts receivable—other	16	43
Short-term loans receivable	1,535	909
Advances paid	508	373
Income taxes receivable	-	116
Other	507	432
Allowance for doubtful accounts	(1)	(2)
Total current assets	35,080	33,790
Non-current assets		
Property, plant and equipment		
Buildings	4,928	5,866
Accumulated depreciation	(3,189)	(3,242)
Buildings, net	1,738	2,624
Structures	218	218
Accumulated depreciation	(108)	(118)
Structures, net	110	100
Machinery and equipment	6	6
Accumulated depreciation	(6)	(6)
Machinery and equipment, net	0	0
Vehicles	75	89
Accumulated depreciation	(58)	(54)
Vehicles, net	16	35
Tools, furniture and fixtures	1,076	1,223
Accumulated depreciation	(664)	(780)
Tools, furniture and fixtures, net	411	443
Land	971	971
Leased assets	689	697
Accumulated depreciation	(610)	(636)
Leased assets, net	78	60
Construction in progress	429	21
Total property, plant and equipment	3,756	4,256
Intangible assets		
Telephone subscription right	19	19
Software	370	374
Leased assets	0	0
Software in progress	10	70
Total intangible assets	400	464

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
<b>Investments and other assets</b>		
Investment securities	5,727	6,504
Shares of subsidiaries and associates	10,436	11,080
Long-term loans receivable	19	17
Long-term loans receivable from subsidiaries and associates	907	1,138
Prepaid pension cost	791	818
Lease and guarantee deposits	900	1,014
Membership	329	328
Claims provable in bankruptcy, claims provable in rehabilitation and other	24	24
Buildings for rent	107	107
Accumulated depreciation	(49)	(51)
Buildings for rent, net	57	55
Land for rent	53	53
Other	114	127
Allowance for doubtful accounts	(53)	(52)
Total investments and other assets	19,308	21,110
Total non-current assets	23,465	25,831
<b>TOTAL ASSETS</b>	58,546	59,622

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.



	(Millions of yen)	
	Fiscal year ended March 31, 2021 (As of March 31, 2021)	Fiscal year ended March 31, 2022 (As of March 31, 2022)
<b>LIABILITIES</b>		
Current liabilities		
Notes payable—trade	11	29
Accounts payable—trade	6,982	4,722
Current portion of long-term loans payable	375	375
Lease obligations	38	36
Accounts payable—other	462	528
Income taxes payable	1,141	-
Accrued consumption taxes	759	506
Accrued salaries	657	673
Accrued social insurance	266	272
Deposits received	166	150
Deposits received from subsidiaries and associates	800	800
Advances received	251	-
Contract liabilities	-	1,268
Provision for bonuses	377	386
Asset retirement obligations	-	7
Other	15	15
<b>Total current liabilities</b>	<b>12,305</b>	<b>9,773</b>
Non-current liabilities		
Long-term loans payable	750	375
Lease obligations	65	41
Deferred tax liabilities	357	586
Long-term guarantee deposited	326	310
Asset retirement obligations	107	122
Other	767	625
<b>Total non-current liabilities</b>	<b>2,374</b>	<b>2,061</b>
<b>TOTAL LIABILITIES</b>	<b>14,679</b>	<b>11,834</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,000	3,000
Capital surplus		
Legal capital surplus	498	498
Other capital surplus	3,257	3,257
<b>Total capital surpluses</b>	<b>3,756</b>	<b>3,756</b>
Retained earnings		
Legal retained earnings	251	251
Other retained earnings		
General reserve	12,310	12,310
Retained earnings brought forward	25,430	29,133
<b>Total retained earnings</b>	<b>37,991</b>	<b>41,694</b>
Treasury shares	(2,773)	(2,773)
<b>Total shareholders' equity</b>	<b>41,974</b>	<b>45,677</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,892	2,110
<b>Total valuation and translation adjustments</b>	<b>1,892</b>	<b>2,110</b>
<b>TOTAL NET ASSETS</b>	<b>43,866</b>	<b>47,787</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>58,546</b>	<b>59,622</b>

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**(2) Non-consolidated statements of income**

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net sales		
Service revenue	63,518	63,869
Net sales of goods	423	383
Total net sales	63,941	64,253
Cost of sales		
Cost of service sales	50,601	50,054
Cost of goods sold	325	302
Total cost of sales	50,926	50,356
Gross profit	13,015	13,896
Selling, general and administrative expenses		
Promotion expenses	4	5
Advertising expenses	405	334
Directors' compensations	616	586
Salaries and allowances	2,729	3,079
Bonuses	411	469
Provision for bonuses	149	165
Retirement benefit expenses	139	150
Legal welfare expenses	557	622
Welfare expenses	49	107
Training expenses	18	21
Offering expenses	26	29
Entertainment expenses	289	331
Traveling and transportation expenses	209	256
Vehicle expenses	94	105
Communication expenses	145	163
Utilities expenses	41	45
Supplies expenses	39	61
Stationery expenses	277	302
Taxes and dues	69	73
Enterprise tax	273	276
Depreciation	331	381
Repair expenses	21	5
Insurance expenses	434	402
Rent expenses	555	648
Membership expenses	18	18
Commission fee	444	468
Contribution	14	30
Provision of allowance for doubtful accounts	1	0
Other	152	164
Total selling, general and administrative expenses	8,523	9,305
Operating income	4,491	4,590

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

	(Millions of yen)	
	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Non-operating income		
Interest income	55	44
Dividend income	1,563	1,861
Rent income	48	57
Dividend income of insurance	29	28
Consulting fee income	36	-
Foreign exchange gains	122	149
Miscellaneous income	38	74
Total non-operating income	1,894	2,217
Non-operating expenses		
Interest expenses	21	18
Rent expenses	46	47
Loss on sales and retirement of non-current assets	23	48
Loss on valuation of membership	20	-
Miscellaneous loss	11	28
Total non-operating expenses	123	143
Ordinary income	6,263	6,664
Extraordinary income		
Gain on sales of investment securities	428	-
Gain on extinguishment of tie-in shares	2	-
Total extraordinary income	431	-
Extraordinary losses		
Loss on extinguishment of tie-in shares	-	26
Total extraordinary losses	-	26
Profit before income taxes	6,694	6,638
Income taxes—current	1,728	880
Income taxes—deferred	54	105
Total income taxes	1,783	986
Profit	4,910	5,651

\*English translation of some items has been changed to correspond with EDINET taxonomy published by FSA.

**(3) Non-consolidated statements of changes in equity**

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	3,000	498	3,257	3,756	251	12,310	22,388	34,950
Changes of items during period								
Dividends of surplus [year-end]							(934)	(934)
Dividends of surplus [interim]							(934)	(934)
Profit							4,910	4,910
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	3,041	3,041
Balance at end of current period	3,000	498	3,257	3,756	251	12,310	25,430	37,991

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,773)	38,933	1,510	1,510	40,444
Changes of items during period					
Dividends of surplus [year-end]		(934)			(934)
Dividends of surplus [interim]		(934)			(934)
Profit		4,910			4,910
Purchase of treasury stock	(0)	(0)			(0)
Net changes of items other than shareholders' equity			381	381	381
Total changes of items during period	(0)	3,041	381	381	3,422
Balance at end of current period	(2,773)	41,974	1,892	1,892	43,866

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of current period	3,000	498	3,257	3,756	251	12,310	25,430	37,991
Cumulative effects of changes in accounting policies							70	70
Restated balance at beginning of current period	3,000	498	3,257	3,756	251	12,310	25,500	38,061
Changes of items during period								
Dividends of surplus [year-end]							(1,009)	(1,009)
Dividends of surplus [interim]							(1,009)	(1,009)
Profit							5,651	5,651
Purchase of treasury stock								
Net changes of items other than shareholders' equity								
Total changes of items during period	—	—	—	—	—	—	3,633	3,633
Balance at end of current period	3,000	498	3,257	3,756	251	12,310	29,133	41,694

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(2,773)	41,974	1,892	1,892	43,866
Cumulative effects of changes in accounting policies		70			70
Restated balance at beginning of current period	(2,773)	42,045	1,892	1,892	43,937
Changes of items during period					
Dividends of surplus [year-end]		(1,009)			(1,009)
Dividends of surplus [interim]		(1,009)			(1,009)
Profit		5,651			5,651
Purchase of treasury stock	(0)	(0)			(0)
Net changes of items other than shareholders' equity			218	218	218
Total changes of items during period	(0)	3,632	218	218	3,850
Balance at end of current period	(2,773)	45,677	2,110	2,110	47,787