

Message From the President

From a Food and Housing Company
to a Hospitality Company
Following “The Right Path”

A Growth Story for the Next 50 Years

President

中村 亨治

Koji Nakamura

Message From the President

● Our Founding Spirit and the Driving Force Behind Continuous Record Profits

In 1979, Kyoritsu Maintenance began its journey guided by the spirit of room-and-board: providing students living in our dormitories with warm and delicious home-style meals in safe and secure housing and offering families peace of mind. From our earliest years, we steadily built up trust with landowners and others, giving us the credibility to develop and open new business sites. This history laid the robust business foundation we have today, a nationwide network of approximately 50,000 dormitory rooms and more than 20,000 hotel rooms.

Whereas competitors have entered the market by focusing on accommodation, our competitive advantage lies in the value-added services we offer by bringing together food, housing, and relaxation. At the core of this approach are our longstanding management philosophy—"The spirit of the company is to put customers first"—and our distinctive commitment to food, embodied in the spirit of "devotion to each meal." Supporting our grounded, sustainable growth are the power of people, the frontline employees who deliver heartfelt, warm hospitality; and our ability to develop one-of-a-kind services and implement them continuously by prioritizing customer comfort over short-term economic efficiency, that is, our unique development capabilities.

In FY 2025, we faced an uncertain external environment. In addition to rising costs of ingredients, utilities, and other expenses, the year was marked by shifting trends in inbound tourism resulting from geopolitical risks, as well as a temporary decline in travel sentiment caused by the spread of misinformation regarding natural disasters. Even under

these challenging conditions, the fundamental strengths of the Group's food and housing services proved resilient, and the value of our robust business foundation became more evident than ever. The Dormitory Business, which started the fiscal year with high initial occupancy rates, maintained stable growth. In the Hotel Business, we responded to changes in inbound tourism trends by adopting swift and flexible sales strategies. By steadily capturing resilient domestic demand as well as inbound tourism demand from a broader range of regions, the business achieved a strong recovery. In the real estate liquidation business, whose purpose is to improve capital efficiency and quickly recover opening costs, we strategically executed sales and leaseback of real estate. Together with the steady contributions made by our Group companies, we were able to set a new record high in consolidated profits. I would like to express my deepest gratitude once again to all of our stakeholders for their continued support and encouragement throughout our journey.

● Application of the New Accounting Standard for Leases and Promoting Business Site Development in Japan and Overseas

The Company has been making use of lease agreements to significantly increase the number of rooms under its management and operation—a mechanism known as the asset-light management model.

From FY 2027, the new accounting standard for leases will apply, which will bring more lease assets and liabilities onto the balance sheet. We view this change as an opportunity to take our financial strategy to the next stage. In the current inflationary environment, there are advantages to owning



some properties. For example, we can reduce fixed costs by acquiring and taking over the operations of rebranded properties, such as existing student dormitories, employee dormitories, and hotels.

Meanwhile, global hotel operators such as the Marriott Group and the Hilton Group have built business models centered on management contracts and achieved high levels of capital efficiency. The Company will continue to maintain financial discipline with a net D/E ratio of approximately 1.0x as a benchmark for financial soundness. At the same time, we will carefully determine the optimal balance between leasing and owning operating assets, in pursuit of improving corporate value over the medium to long term.

We are evolving our financial strategy, looking ahead to expansion into global markets. While there remains considerable room for domestic expansion in both our Dormitory Business and Hotel Business, market growth will eventually reach its limits as Japan's birthrate declines and its population ages. As a stepping stone for our next phase of growth, we have therefore begun market research for entry into the U.S. student dormitory business. In the United

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States, the student population is four to five times that of Japan, while rents in areas around leading universities have been trending upward. For the future, we are carefully and ambitiously exploring the possibility of a new growth story: globally rolling out unique student housing services with a Japanese flair.

● Human Resources and Organizational Innovation: Embedding “The Right Path” in the Organization, Beyond Dependence on Individual Strengths

The Kyoritsu Maintenance Group has grown into an organization of around 18,000 employees in total. The most important management asset for sustaining our growth is our people. At the heart of this is the principle embodied in our corporate motto: “The spirit of the company is to put customers first.”

One cannot practice this principle overnight. It has taken root throughout the organization as a corporate culture passed down over many years, and it is reflected in the decisions and actions of each frontline employee. This principle is what enables us to provide personalized service for each customer and what gives us a competitive strength that is not easily replicated by others.

Meanwhile, given the size of our organization today, my most important task as president is to make certain that these strengths are not dependent on the knowledge and capabilities of particular individuals but are strengths of the whole organization. We have numerous human resources with outstanding creativity and a deep understanding of frontline operations.

Their knowledge and values must be transmitted in ways that allow everyone to apply them.

Our foundation for ensuring this is the unique training, education, and human resource development curriculums we have developed over many years. These are not mere employee training programs but a means of passing on values, such as what Kyoritsu Maintenance's services stand for and how employees should engage with customers. The curriculums are important intangible assets underpinning our competitiveness. To continue to grow, it will be essential to become an organization where the same values are shared and a consistently high standard of service is delivered by all human resources who interact with customers, from regular and contract employees to part-time and temporary employees.

Our initiatives in AI and digital transformation (DX) are an extension of this same concept. The purpose of digital

investment is not to reduce headcount. Rather, by using technology to handle routine tasks, we aim to create an environment in which employees can focus on the value that only people can offer, such as talking with customers and providing heartfelt hospitality. By enabling people and technology to play to their respective strengths, we believe we can deliver a higher quality of service.

Ultimately, we want to foster a corporate culture that supports every employee in working with vitality while continuing to grow. The human resources we seek to develop are not those who simply follow a manual, but those with a strong sense of ownership who can ask themselves what is best for the customer and act accordingly. We view investment in such human resources not as a cost but as the most reliable upfront investment in the future that will drive the Company's sustainable growth. To advance this shift in mindset, we have set “The Right Path” as our theme for FY 2026. It expresses our



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determination to hold ourselves to the highest standards and to act with sincerity and integrity. A company is the collective strength of its people. By encouraging every employee to keep exceeding the status quo in pursuit of customer satisfaction, we will grow into an organization with capabilities extending beyond the strengths of any one individual.

● Sustainability Achieved by Integrating Social and Economic Values

The Kyoritsu Maintenance Group believes that sustainability is not simply about conducting social contribution activities but about finding solutions to social issues through its core businesses and translating those outcomes into business growth. Based on this belief, we identified 11 materiality topics and are advancing sustainability management under those topics.

A representative example is the RA (Resident Assistant) Program® in the Dormitory Business. By positioning student dormitories as not just places to live but as places where students can connect with others, develop initiative, and acquire the skills needed to thrive in society, we are simultaneously contributing to society and achieving business growth.

Students themselves take the lead in building a dormitory community. This experience helps students gain skills needed as future professionals and adds value to society. At the same time, it fosters affinity with and trust in our Group, which can translate into a long-term preference for our product and service brands. In the Hotel Business, we also provide educational support in local communities through initiatives such as work experience programs for junior and senior high school students in the areas where we operate, as well as outreach classes conducted at schools.

We believe that promoting the hospitality business and cultivating its future workforce not only contribute to local communities, but also support the sustainability of the industry as a whole.

We are also steadily advancing our environmental and governance initiatives as part of our core business activities.

On the environmental front, we are working to decrease the environmental impact of our operations, such as by installing highly efficient energy-saving equipment and reducing food loss through an advanced system of ingredient management. On the governance front, we are strengthening our corporate governance framework as a platform for improving our corporate value over the medium to long term. In FY 2026, we introduced an Executive Officer system that separates the roles of supervision and

execution by management, enabling faster decision-making and a more effective governance structure. Furthermore, we are enhancing the functions of the Nominating Committee and the Remuneration Committee, alongside deepening the Board of Directors' discussions on the criteria for investment decisions. By embedding investment discipline that takes capital costs into account, we aim to sustainably improve our corporate value.

We will continue to value the philosophy that has guided us since our founding, "Contributing to society through business growth," and, by expanding the virtuous cycle between social value and economic value, we will contribute to the realization of a sustainable society.

● New Customer Value Created by People and Digital Technology

As I noted earlier, the purpose of the Group's digital strategy is not to replace people. Rather, it is to leverage the power of digital technology to improve operational efficiency and allow employees to devote more time to delivering value that only people can provide. One of our ongoing initiatives is the high-speed check-in system, which was introduced when we revamped the official Dormy's app, our own website for booking accommodations. By linking the app with self-payment kiosks, we have streamlined procedures that were previously handled at the front desk. This has simultaneously improved convenience for our guests and increased the efficiency of frontline operations. The time freed up can be used for conversing with guests and providing personalized hospitality, which in turn will further enhance the quality of the services that set us apart.

Additionally, we are focusing on enhancing our direct contacts with customers and improving the customer



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experience, without relying excessively on online travel agencies (OTAs). The official Dormy's app had more than two million members as of April 2026. We are continuing to evolve the app and maintain longer-term relationships with customers through our company points program, with the aim of increasing the share of bookings made through our own website and app.

These initiatives improve profitability and also provide an important platform for gaining a deeper understanding of each customer's needs and delivering services that are best suited for them. Looking ahead, we expect the spread of generative AI to significantly change how customers search for and book hotels. In anticipation of this shift, we are promoting the research and use of AI Optimization (AIO). It is part of our efforts to ensure that customers can find the Group's product brands even through AI-driven searches and choose the brands with confidence. By combining the power of people and the power of digital technology, we will further elevate the customer value that only our Group can provide and translate it into sustainable growth.

● Addressing Market Valuation and Maximizing Corporate Value

The current valuation of our stock price by the stock market needs to be addressed. We have achieved record-high profits for three consecutive years. Moreover, key management indicators, including a PBR of over 1.52x and ROE of approximately 15.3%, are both above the averages for Prime Market companies. Despite this, our current price-earnings ratio (PER) remains at around 12.29x.

Even taking into account that capital is increasingly concentrated in the technology sector, I believe the Company's intrinsic corporate value and medium- to long-

term growth potential, underpinned by strong earnings growth, the enduring strength of our brands, and high levels of customer satisfaction, have yet to be fully reflected in our current valuation.

Without accepting this situation, we are strongly determined to and placed it at the top of our management agenda to restore and raise our PER over the medium to long term to the 18–20x range seen before the COVID-19 pandemic.

● Staying Grounded and Creating Corporate Value for the Next 50 Years

Our "Rise Up Plan 2028" medium-term management plan has now entered its fourth year, and the progress rate for both our net sales target and operating income target is over 90%. In the previous fiscal year, we reached the milestone of operating 100 Dormy Inn hotels in Japan. For us, however, this is only one step along the path. With our sights set not only on achieving the plan but also on what lies beyond, we are steadily advancing toward the next stage of growth.

What I most want to convey to our stakeholders is the strength of our distinctive hybrid portfolio, which brings together two major business models that are different in nature but are highly complementary. Specifically, they are the residence domain (Dormitory Business and Senior Life Business) and the hotel domain (Dormy Inn Business and Resorts Business).

Our Hotel Business serves as a growth engine, capturing inbound tourism demand and driving growth through its strong profitability. However, it is susceptible to external shocks, including geopolitical risks and infectious diseases.

By contrast, the Dormitory Business, which is built on



long-term contracts, has maintained a high occupancy rate of around 98% despite various changes in the external environment. By generating stable cash flow, it serves as a defensive engine, providing strong support for the Company's management foundation.

It is precisely because we have a portfolio in which these growth and defensive engines reinforce one another that we are able to maintain resilience and achieve firm, sustainable growth even when economic conditions and the business environment change significantly.

Under the current plan, we will invest a total of 240 billion yen over five years and allocate capital optimally to domains that will drive future growth.

Specifically, we will invest 175 billion yen in the Hotel Business, where strong growth is expected (provided, however, that we intend to quickly recover invested capital through sales and leaseback of real estate after opening and subsequently transition to lease-based operations), combined with 20 billion yen in the Dormitory Business, which supports stable earnings, totaling to 195 billion yen in new development. In addition, we will allocate 35

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billion yen to major renovations to make existing facilities more appealing and improve customer satisfaction, as well as 10 billion yen to DX and IT investments to speed up labor saving of front-desk operations and convenience enhancement for hotel guests. By prioritizing investment in the hotel domain for top-line growth while continuing to invest in the Dormitory Business that delivers stable growth, we will further optimize the balance of our business portfolio.

We are already well within reach of achieving the final quantitative targets set out in the plan: net sales of 280 billion yen and operating income of 28 billion yen. For the current fiscal year ending March 31, 2027, we forecast net sales of 277 billion yen and operating income of 26 billion yen. For our core businesses, the plan targets a high 12.7% growth in operating income on a like-for-like basis, excluding extraordinary factors such as sales and leaseback of real estate.

After the plan is achieved, we will fully activate new growth drivers to propel the Company toward further growth. In the residence domain, we will pursue growth along two axes: geographic area and life stages. Geographically, we will further increase our presence in major urban centers, particularly the Tokyo metropolitan area, while strengthening our focus on national universities and companies across Japan. At the same time, we will develop multi-generational co-living residences that respond to needs arising from Japan's declining birthrate and aging population. This will include Hokkaido Ballpark and other regional revitalization projects involving the redefinition of housing. In the hotel domain, we will build on Dormy Inn's presence under a dominant-presence strategy centered on high-value-added, highly efficient brands, such as Onyado Nono and Dormy Inn EXPRESS. Through these efforts, we aim to expand

our domestic hotel network to 400 facilities. As for Kyoritsu Resort, which pursues an unrivaled level of quality, we will seek to expand it to a network of 80 facilities. We will also begin preparations for taking our one-of-a-kind student housing and Dormy Inn into global markets as our next phase of growth. By accelerating these growth engines, we aim to achieve our long-term vision, "Triple Threes (3&3&3)," which targets net sales of 300 billion yen and operating income of 30 billion yen by 2030, which will mark the 50th anniversary of our founding. We see this vision not as an end in itself but as a stepping stone toward creating new

corporate value for the next 50 years.

As we move forward, we will remain true to our founding principles of "the spirit of the company is to put customers first" and "contributing broadly to social development through food and housing services." By staying grounded and following the right path, we will remain committed to maximizing shareholder value, both in the near term and over the medium to long term. We ask our shareholders and investors for their continued support and encouragement.



Kyoritsu Maintenance's Journey: Origins

The True Meaning of “Customers First” Never Changes

It all started with the **spirit of room-and-board**, caring for students as we would our own children.

In his youth, Kyoritsu Maintenance founder and current chairman Haruhisa Ishizuka set off on a wandering journey with the hope of becoming a professional chef. As fate would have it, he stepped into the world of contracting operations for dining halls and employee dormitories.

Along the way, Ishizuka came up with an idea of using company dormitories as boarding houses for students, which is what led him to become involved in the business of student dormitories. He then came up with the system that he named “(School Name) Dormitories,” in which dormitories would carry the name of the school they served. This system would steadily spread throughout the industry as a means of providing all three parties to such facilities—the student, their parents or guardians, and the school—with peace of mind and dependability. However, when the company that Ishizuka was working for at the time proposed making a transition to student halls bearing the company's name, he started to have serious doubts.

He thought, “The schools entrusted their dormitories to us because they were designated school dormitories. The dormitory residents trusted the dormitory because it belonged



to the school they attended. Is it right to compromise the significance of that entrustment and the feelings of those students?” Even though the nature of the services offered may be the same, removing the label of “designated school dormitory” from a facility would constitute a betrayal of trust of the school, the resident students, and their families. Ishizuka therefore came to the conclusion that if he wanted to provide services that would truly delight customers, he would have to do it himself. To put that belief into action, in 1979, he established Kyoritsu Maintenance Co., Ltd. with his own two hands.

With dormitories under Kyoritsu Maintenance, which welcomed students who left their parents for the first time to start a new life in unfamiliar surroundings, Ishizuka placed utmost importance on the spirit of room-and-board, reflecting the will to properly take care of those students on behalf of their parents.

Two embodiments of that spirit on the front lines are the resident managers and matrons who are in close proximity to students in their day-to-day life. Taking meals as an example, even for just a single meal, the managers and matrons look every single resident in the eye and say, “Good morning” at breakfast time and “Welcome home” at dinnertime as they carefully serve them hot food. These individual actions reflect the sincerity of the managers and matrons, who never let their attention slip until the last dish is served. The compassion shown by managers and matrons gradually became embedded in Kyoritsu Maintenance's corporate culture.



The Concept Behind the Company Name “Kyoritsu Maintenance”

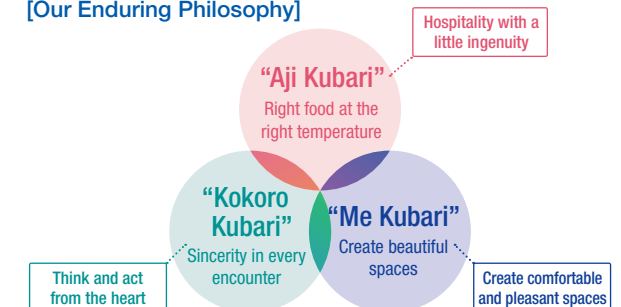
At the heart of our approach is a commitment to caring for and serving customers as we would our own family. This has been passed down through the generations as part of our corporate DNA, rooted in the spirit of room-and-board.

The company name, Kyoritsu Maintenance, was chosen to reflect this approach, as well as our strong aspiration to remain a meaningful presence in society together with all those who supported us at the time of our founding.

“Kyoritsu” means “stand together” and expresses our desire to stand together with customers, society, and all the people who support us. “Maintenance” derives from the root sense of the word, meaning “sustaining livelihoods.” It refers to supporting the everyday lives of our customers, employees, and all others connected with Kyoritsu Maintenance.

Our aim is not simply to maintain buildings and facilities but to support the lives of the people who gather there. The company name embodies both this unchanging commitment since our founding and our pride in the future we are building.

[Our Enduring Philosophy]



The Strengths We Have Cultivated

Creating New Businesses Around Our Expertise in Student Dormitories

Customers
firstUnique business concepts
aligned with customer needs

Rather than simply diversifying our businesses in pursuit of profit, we have evolved by developing new systems from the customer's perspective to address the social challenges of each era.

1979

Foundation

1980

Starting out with five student dormitories

Our journey began with the operation of a women's-only dormitory for a foreign-language specialty school, a two-story wooden building with 28 rooms, each 4.5 tatami mats in size. This is where the foundations of our food and housing approach were cultivated: a warm, home-style meals and a safe, secure, and comfortable environment. These became the core of all of our businesses.

1985

Employee dormitories allowing residents to rent single rooms

During Japan's bubble economy, maintaining company-owned dormitories became a significant fixed-cost risk for companies. To address this, we developed innovative employee dormitories that allowed companies to lease only the number of rooms they needed, when they needed them, through a single point of contact.



1993

The birth of Dormy Inn: a dormitory with accommodation starting from one-night stays

In response to companies seeking comfortable dormitory-style accommodations even for short business trips, we obtained a hotel license and launched an employee dormitory offering two meals a day, available for stays from just one night. This became the model of the Dormy Inn business hotel.



1993

Resort hotels developed from our corporate resort facilities operations

We launched corporate resort facilities operations to help enhance employee benefits for corporate clients. We then expanded these operations to form our Resorts Business, which offers lodging to general customers.



1996

Senior housing that addresses social challenges

"Maintain the same buildings, while flexibly shifting the target customer base in response to evolving social needs." Leveraging this unique "Dormy System," we entered the Senior Life Business in anticipation of an increasingly aging society.



Business Domains



What we provide is more than simply the physical space of a building. By standardizing the structure of our buildings, we are able to flexibly adapt their functions and services in response to the contraction and changing needs of society, enabling us to support our customers through every stage of their lives. Being there for our customers throughout their lives through food and housing embodies our mission to enrich their lives and is the key to our high capital efficiency and exceptional sustainability.

The Strengths We Have Cultivated

Building a Foundation for Growth to Put Customers First

Competitive advantage

Since its founding, Kyoritsu Maintenance has developed three unique strengths. Even amid an ever-changing business environment, we continue to hone these strengths as the unwavering driving force for creating value that only we can deliver.

Customers first

Commitment to food

Ingredient
procurementMenu
developmentConsistent
on-site
quality

The power of people

Front-line
-driven
planningHuman
resource
developmentHuman
resource
recruitmentUnique development
capabilitiesUnique
decision-
making
criteriaBusiness
developmentMarket
development

Unique operational approach

Endeavors

Foundation

Evolution

Development

Medium-Term
Management Plan
**Rise Up Plan
2028**Launch of the Student
Dormitory Business

1980

Launch of the Employee
Dormitory Business

1985

1990

Dormitories ...150

Launch of
the Hotel
BusinessCompleted OTC
stock registration

1993

Launch of the
Senior Life
Business

1996

Listed on the Second Section
of the Tokyo Stock ExchangeListed on the
First Section
of the Tokyo
Stock Exchange

2000

Dormitories	338
Dormy Inn	9
Resorts	5
Senior life	3

[Resorts]
La Vista

2007

[Dormy Inn]
EXPRESS
PREMIUM

2009

Dormitories	419
Dormy Inn	39
Resorts	19
Senior life	4

[Dormitories]
Dormy Lei

2014

[Dormy Inn]
Onyado Nono

2016

[Dormitories]
URBAN
TERRACE

2019

COVID-19
pandemic

2020

Dormitories	488 (3.3× vs. 1990)
Dormy Inn	86 (9.6× vs. 2000)
Resorts	41 (8.2× vs. 2000)
Senior life	8 (2.7× vs. 2000)

Facility development

Rapid and stable business expansion

Kyoritsu Maintenance's Strengths **01**

Commitment to Food

Serving Meals That Are Enjoyable and Nutritionally Balanced

Basic Views

We have brought customers joy by focusing on providing safe, secure, delicious, and healthy meals from our own kitchens based on the creed that food is the source of life. Our teams, comprised mainly of registered dietitians and chefs, select proper ingredients and tailor menus to the characteristics of each business. We serve meals that are both enjoyable and nutritionally balanced, including home-style cooking that provides vitality for the day, local cuisine unique to the region, and seasonal dining that carries forward Japan's culinary traditions.

Going forward, we will build a stronger support system to accommodate our growing businesses and further enhance our Foods Specialist training programs to foster next generation food professionals, aiming to pass down and develop our own unique food culture. We will accelerate our efforts to achieve the Company's materiality objectives of food safety and security, health consciousness, and food waste reduction and, at the same time, work proactively on addressing food allergy issues, promoting the use of locally sourced ingredients, and resolving other food-related social issues.

The Company's Three Strengths

To ensure uniform- and high-quality meals at directly operated kitchens across the Company's locations, including dormitories, hotels, and nursing care facilities, we have continuously strengthened the support systems for our business sites. At the core of this approach are three strengths that we have cultivated consistently since our founding. Through these strengths, we continue to carry forward a food culture unique to Kyoritsu Maintenance.

Menu development

Our research teams, comprised mainly of registered dietitians and chefs, develop delicious, nutritionally balanced daily menus and distinctive menus that showcase regional flavors.

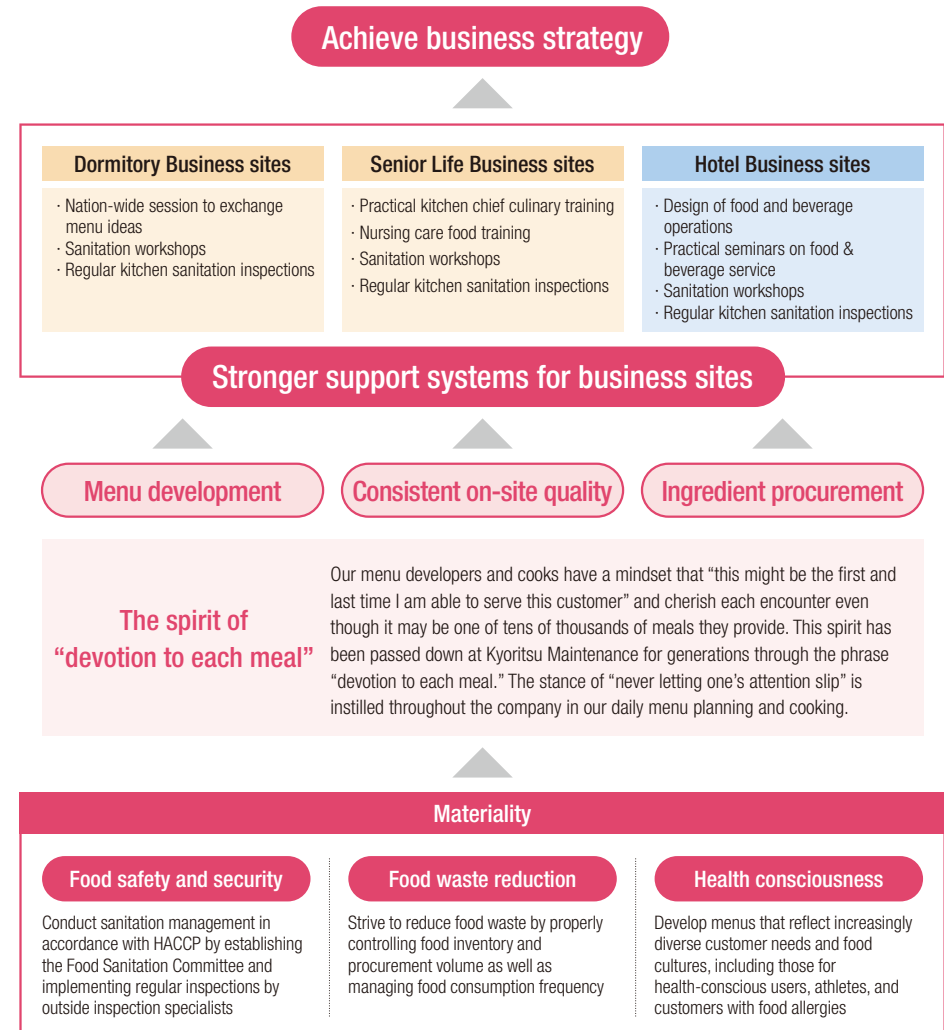
Consistent on-site quality

By combining quality control based on cooking standards with the care and attention of frontline operations, we deliver the same level of good taste and hospitality at every location across Japan.

Ingredient procurement

Due to our extensive nationwide network, we have a stable supply of safe ingredients, and, through bulk purchases, we can maintain high quality at appropriate cost levels.

Our Foundation of Food Creation

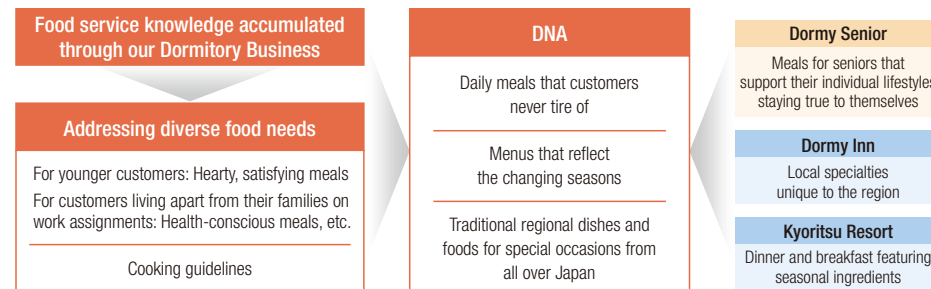


Kyoritsu Maintenance's Strengths **01**

Commitment to Food

Menu Development Optimized for diverse dietary needs

Teams comprised mainly of registered dietitians and chefs develop menus tailored to the characteristics of each business without compromising on health, nutritional balance, taste, and enjoyment. Our teams draw on the extensive food service knowledge we have accumulated through our Dormitory Business. To serve high-quality meals at all business sites nationwide and meet a wide range of needs, including providing satisfying, large-portion meals for young people starting life away from home and health-conscious meals sought by employees living away from their families, we have worked with frontline operations to gain expertise in planning menus that people will not get tired of even after eating them day after day. This know-how is applied to local specialties at Dormy Inns, seasonal breakfasts and dinners at Kyoritsu Resort, and senior-friendly meals at Dormy Seniors that provide assisted living for older adults. We provide foods optimized for different stages of life and purposes of stay.



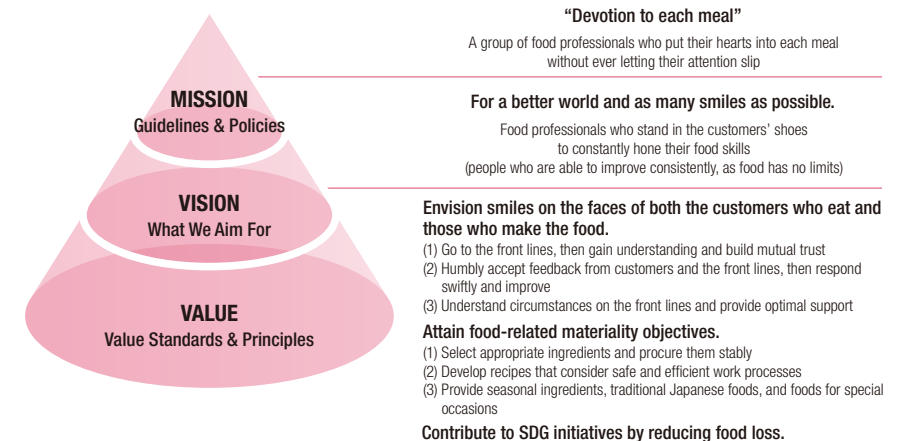
Consistent On-site Quality Delivering the same high quality nationwide

At the directly operated kitchens across all of our business sites, we ensure a high level of safety and prepare meals with care and attention, offering reliability, comfort, and other added values that competitors cannot match.

The Company's strengths lie in planning menus that take into account each kitchen's facilities and workflow and can be readily replicated by frontline staff, alongside providing on-site support that extends to the selection of kitchen equipment. Our safe and secure food service rests on cooking standards adapted to each site and strict sanitation management in accordance with the principles of HACCP. At the same time, we are committed to food waste reduction by making efficient use of ingredients.

A Workforce That Supports Menu Development

To pass on the spirit of "devotion to each meal" to the next generation and further enhance the quality of food, which is the Company's strength, we are building a foundation for training food professionals. In FY 2022, we established the Foods Specialist category in the course-based human resources system to provide a clear roadmap for employees pursuing professional careers. We have also organized the wisdom and techniques we accumulated through many years of experience into a structured framework of "MISSION," "VISION," and "VALUE." Through robust training and appropriate leadership, we will bring out the full potential of every employee, foster the next generation of successors, and continuously enhance our organizational capability.



Building on this foundation, we provide meticulous education and training for frontline employees, such as in preparing dashi stock, serving food at the appropriate temperature, and delivering attentive service.

Through these efforts, we have established a system that enables every business site nationwide to maintain rigorous food safety and security and consistently provide the taste of home-cooked meals and warm hospitality. Consistent on-site quality is a critical foundation of customers' unwavering trust in Kyoritsu Maintenance and its brand value.

Kyoritsu Maintenance's Strengths **01**

Commitment to Food

■ Ingredient Procurement A resilient procurement system

Valuing our links with designated suppliers across Japan, we have established a system to reliably deliver necessary ingredients to each business site every day while prioritizing “high quality at appropriate cost” and “continuous, stable procurement.” To address the surging cost of ingredients in recent years, we used centralized purchasing that leverages economies of scale to curb intermediary costs. To secure a stable supply of ingredients, we established a traceability system and proceeded with promptly switching to alternative ingredients that can flexibly adapt to changes in the procurement environment. Furthermore, with a view to future business expansion, we are also promoting the co-creation of a new distribution model together with our business partners.

Thorough Quality and Safety Management

● Dormitory Business

Flexible meals adapted to the on-site cooking environment and customer needs

We develop menus in close collaboration with on-site kitchen staff, taking into account the needs, kitchen facilities, and staffing structures that vary by business site. By considering operational efficiency and workload, we strive to serve high-quality meals that are nutritionally balanced and taste good, even when the facilities are limited. We also create opportunities for head chefs to share and spread their day-to-day knowledge, experience, and ideas, which are incorporated into actual dormitory menus. The innovations originating from frontline staff serve as a source of new menu ideas.



● Hotel Business

Building on-site management and risk management systems

Managers of food and beverage operations conduct regular site visits to identify operational issues, review sanitation and ingredient management practices, and provide feedback from multiple perspectives, including ways to enhance service quality. We also conduct thorough quality management by holding sanitation workshops for all employees, including part-time and temporary employees, and by enhancing audits during periods of heightened risk of infectious diseases. In addition to communication at meetings held before and after hotel service hours, vertical and horizontal reporting lines are closely coordinated to build a robust governance framework while ensuring that feedback from frontline staff is collected.



■ Sampling events to ensure food quality

We conduct sampling events at newly opening business sites to evaluate the flavor, quality, presentation, and other aspects of the meals to be served there. The heads of the Food Division and each business exchange views and make refinements. This process helps achieve a high level of quality from opening day and further improve the food service that sets Kyoritsu Maintenance apart.



● Senior Life Business

Multi-layered cooking training to increase expertise and nutrition care management

Meals served to seniors receiving nursing care require a high level of expertise. Since FY 2021, we have invited external instructors to provide both classroom lectures and culinary training for registered dietitians, dietitians, and chefs. The practical training focuses on meals routinely served at each business site. Participants acquire the techniques and knowledge needed to make food easier to eat and swallow. These skills are then applied in day-to-day operations. From FY 2026, the program has been divided into beginner- and intermediate-level training. Going forward, we aim to incorporate the outcomes into nutrition care management and provide meals tailored to each senior.



● Implementation of regular kitchen sanitation inspections

We conduct regular kitchen sanitation inspections of all of our business sites using outside contractors.

Inspection overview	
Implementation	Once a year (conducted sequentially from April to March of the following year)
Inspection process	Preparation → Inspection → Results report → Improvement efforts → Improvement report
No. of inspection items	43 items with 100 checks (visual audit)
Results reporting	Executive Committee and Food Sanitation Committee

Award ceremony for the Outstanding Sanitary Kitchen Award

Business sites that scored 100 points were recognized with the Outstanding Sanitary Kitchen Award, while business sites that scored 99 and 98 points were recognized with the Excellent Sanitary Kitchen Award. The Chairperson of the Food Sanitation Committee visited those business sites and held an award ceremony to once again express gratitude for their efforts in providing meals with careful attention to safety and security.



The Power of People

A Workforce to Actualize Our Customers First Philosophy

Basic Views

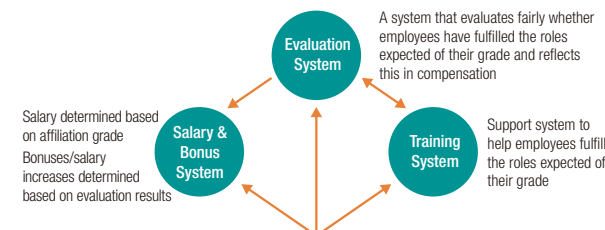
One of the management policies set out in our company motto is the belief that "People are our foundation." Viewing human resource development as a long-term commitment spanning generations, this belief reflects our core management value that the growth of people supports the sustainable development of companies. Furthermore, "The spirit of the company is to put customers first" serves as the starting point for every decision and action we take and has remained at the heart of our corporate culture since our founding. Believing that it is the power of each employee that puts the spirit of customers first into practice, we seek to maximize both the power of our people and the power of our organization. To achieve this, we have identified human resources, DE&I (diversity, equity & inclusion), and respect for human rights as key priorities and are systematically advancing initiatives in these areas. Specifically, we continue to invest in human resources by building on our three strengths: front-line-driven planning, human resource development, and human resource recruitment. At the same time, by promoting DE&I to allow employees from diverse backgrounds to thrive and by respecting human rights, we are fostering a corporate culture in which employees value and respect one another.



Front-Line-Driven Planning Embedding our philosophy into our systems

We have a course-based human resources system as part of our measures to strengthen human capital, which supports the growing organization and diversifying job types as we expand our businesses. This system adopts Management by Objectives (MBO) consisting of two pillars: performance targets that allocate goals to individual employees based on the management plans, and behavioral evaluation items that emphasize the practice of our management philosophy. We also have a system for promoting part-time and temporary employees to full-time positions, designed so that their independent initiatives and actions are evaluated fairly regardless of nationality, gender, and employment status. We will continue to have a system to reward employees impartially through promotions and salary increases and make efforts to promote the active participation of diverse human resources and improve retention rates.

Structure of the human resources system



Course categories

Course name	Applicable department
Generalist	All departments
Specialist	Food Division
Hotelier	Hotel Business sites
Welfare	Senior Life Business sites

About course transfers

Changing courses for the purpose of career development is called a "course transfer." Course transfers are determined through comprehensive assessments that take into account the staffing at the Company and individual aptitudes and wishes.

Empowering frontline employees by embedding the company motto

As customer needs vary widely, a standard manual alone cannot create truly moving experiences. Therefore, we have established business-specific action guidelines based on our company motto and have embedded them throughout the organization. Because these firmly established principles function as common rules for all employees, we can become a self-sustaining organization where each employee, based on their own judgment, can instantly identify and implement the best solution for the customer before them.



Kyoritsu Maintenance's Strengths 02

The Power of People

Human Resource Development

Combining strategic training and autonomous careers

To enable employees to progressively acquire roles and skills required at each grade within our human resources system, we provide hierarchy- and service year-based off-the-job training (OFF-JT) linked with practical on-the-job training (OJT), as part of our efforts to cultivate employees who can make decisions independently. In addition to grade-based training, we have also established the Next-Generation Leadership Program to produce personnel who will lead the organization from a medium- to long-term perspective.

● Expansion of hierarchy-based training and development of the next-generation leadership program

Training name	FY 2024 results	FY 2025 results
Selective training (managers)	· Tokyo University of Science Graduate School, Management of Technology (MOT) (2 years): One manager, graduated in Mar. 2025 · External training for managers: One trainee in trial phase · External training for female managers: Two trainees in trial phase	· Institute of Science Tokyo, Industry-Academia Collaboration Program: Two managers, three mid-level employees · External training for managers: Seven trainees · External training for next-generation leaders: Three trainees in trial phase
Selective training (regular employees)	· External training for young employees: One trainee in trial phase	· External training for mid-level employees: Two trainees in trial phase · Online training for young/mid-level employees: 10 trainees in trial phase
Training based on hierarchy or years of service	· Training for mid-level managers: 38 deputy general managers · Promotion training for entry-level managers: 71 leaders · Promotion training for mid-level employees: 27 employees with 4-5 years of service · Training for young employees: 84 employees with 1-3 years of service	· Training for mid-level managers: 25 deputy general managers and leaders · Promotion training for entry-level managers: 70 leaders · Promotion training for mid-level employees: 17 employees with 4-5 years of service · Training for young employees: 96 employees with 1-3 years of service
New employee training	· Training for new employees: 280 employees (Apr.) · Follow-up training for new employees: 217 employees (Oct.-Dec.) · Guidance for mid-career hires: 265 employees (every two months)	· Training for new employees: 330 employees (306 in Apr., 24 in Oct.) · Follow-up training for new employees: 264 employees (Oct.-Dec.) · Guidance for mid-career hires: 314 employees (every two months)

We are committed to creating an environment that supports each employee's desire to grow. As part of our training programs, we have introduced performance-linked training. Employees who meet the participation criteria based on length of service and evaluation scores may apply and receive the training following a screening process. This method has elevated the status attached to participating in training programs and has contributed to making employees more conscious of their performance evaluations and boosting their engagement. Going forward, we will promote optimal investments based on our human capital portfolio, while further accelerating the development of a culture in which each employee takes strong ownership and makes use of their individual strengths. We also conduct a Career Survey of all employees once a year to better understand their career aspirations and desires to contribute to the Company. Reflecting employee feedback, we have established initiatives that support autonomous career development, such as the Qualification Support System to help employees obtain qualifications, as well as the Continuing Education Support System, commonly known as "Kyoritsu University," which allows employees to pursue academic degrees while continuing to work at the Company. Furthermore, we respect the preferences of employees and allow transfer through internal job postings and promote appropriate human resources placement across organizations. Through such efforts, we provide support for career development that maximizes individual strengths.

The Hotel Group's training program

	Entry-level	Mid-level	Senior-level	Management candidates	Managers
Competency					
	Understand one's role and gain a sense of fulfillment through accomplishment	Critically assess one's own actions, identify issues, and strive for growth	Take ownership of matters and work with others to improve operations	Be able to seek optimal solutions through problem-solving	Be able to seek optimal solutions through diverse problem-solving across the entire business site
Training measures	New employee training Follow-up meetings Follow-up training Meetings with trainers	Mid-level training	Senior-level training	Practical issue identification projects Next-generation manager development training Training stays at other hotels Hotel Group internal job posting system	New manager training Manager training Practical problem-solving projects
	Dorimy Inn Business/Resorts Business conversion training				

■ Paving my career path by my own will

After joining the Company in 2021, I worked in front desk operations at La Vista Kusatsu Hills and was involved in the opening of Shionoyu Onsen Rengetsu. Subsequently, I served as a trainer for new employees, which furthered my interest in supporting frontline staff in a different capacity and broadening my perspective and skill set. Therefore, I decided to shift to the generalist career track. Since 2024, I have been a member of the Hotel Operations Management Division. Drawing on my frontline experience, I now review accounting operations, implement and roll out new systems, and otherwise support hotel operations behind the scenes.



Honoka Miyata

The Power of People

Human Resource Recruitment

A recruitment network that supports business expansion

The Company has fields where employees can thrive regardless of age and nationality. As we expand our businesses, we actively hire necessary human resources, whether they are new graduates or mid-career talents, and contribute to job creation.

Relationships with schools cultivated through the Dormitory Business

Through our student dormitory operations, we have built strong relationships of trust and networks over many years with schools across Japan, which provide a one-of-a-kind platform for our recruitment activities. These relationships enable us to conduct stable and efficient recruiting activities on a nationwide scale.

School briefings	FY 2023	FY 2024	FY 2025
No. of participating schools	116	149	170

Community-based recruiting: Expanding the number of facilities strengthens our recruitment ability

In areas where we open new hotels, each hotel serves as a community-based recruitment hub to strengthen hiring from the surrounding community. The more facilities we develop and operate, our distinctive recruitment channels become broader and stronger, creating a sustainable system of recruitment.

No. of high schools visited	FY 2024	FY 2025
Dormy Inn	165	201
Resorts	42	151
Total	207	325

Hotel manager and HR Department; through enhanced efforts, the number of schools visited increased by 1.7 times.

Fostering Career Awareness Among Future Generations

We offer a wide range of community-based activities for junior and senior high school students across Japan, including work experience programs at our business sites and outreach classes conducted at schools. Through these activities, we actively provide educational support to teach young people about the rewards of working and foster a career mindset. At the same time, we are broadening the talent base for the hospitality industry in the future.

	FY 2024	FY 2025
Workplace tour	6	10
Work experience	43	70
Outreach class	7	9
Lecture	1	1
Total	57	90

DE&I

Creating a workplace that allows diverse human resources to work with peace of mind over the long term

The Company provides support for employees who wish to balance work with childcare or nursing care by offering leave for certain periods, shortened working hours, and nursing care/family care leave. We are working to foster a culture where any employee regardless of gender can take childcare leave; the number of male employees taking childcare leave, including those working at business sites, is increasing each year. Furthermore, we have expanded the scope of the shortened working hours system for childcare from covering children under three years old to children under 18 years old as a way to support more flexible working styles. Going forward, we will strive to establish regulations for remote work as a working style that does not tie employees to a single location, as well as introduce systems that allow employees who have resigned due to childcare, nursing care, or studying abroad to rejoin the company.



Childcare leave take-up rate

Category	FY 2023	FY 2024	FY 2025
Female	100%	100%	100%
Male	51.4%	56.7%	76.3%

Promoting well-being to enhance psychological safety

We are creating workplace environments in which frontline employees can focus on their duties with greater peace of mind. For example, Fast Doctor, a medical consultation service introduced for dormitory residents, has been extended to resident managers and matrons as an employee benefit.

Respect for Human Rights

The Company issues a Compliance Manual stipulating respect for human rights and diversity, as well as prohibition against discrimination, harassment, and similar acts. We have clearly outlined in our work rules the mandatory prevention of harassment and the types of conduct subject to disciplinary action. We have also established an external third party Compliance Hotline for early detection and resolution of human rights incidents and harassment. We strive to prevent incidents from happening by ensuring that employees are made aware of and comply with the system through training for new employees, guidance for mid-career hires, and training for new managers. In December 2024, we established the Kyoritsu Maintenance Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights. Details can be found below.

<https://www.kyoritsugroup.co.jp/en/sustainability/social/humanresources/rights/>

Kyoritsu Maintenance's Strengths 02

The Power of People

Q. What does “customers first” mean for you?

With “Aji Kubari, Kokoro Kubari, Me Kubari” as our motto, we support residents as they take their next step.

Chie Chida
Matron (Dormy Kokubunji Community House)



To not only meet customers' expectations, but also provide satisfaction and peace of mind that go one step further.

Kei Tanaka
Manager (Dormy Inn PREMIUM Ginza)



To continue exploring ways to be of service through our dormitory operations and Kyoritsu's services as a whole, while responding to customer feedback.

Risa Tsutsumi
First Student Operations Department Leader



Working together as a team to provide the finest hospitality and bring a smile to each and every guest.

Daiki Higa
Head Chef (The Beach Tower Okinawa)



Building an environment from a sound financial perspective in which everyone on the front lines and headquarters can work with peace of mind.

Kaito Arakawa
Corporate Management Department



When each and every staff member provides hospitality from the customer's perspective, it leads to putting customers first.

Yuiko Noguchi
Manager (Mizunoto)



Our spirit is to put customers first

With the desire to bring joy to our customers always in our hearts, we will keep pursuing the philosophy of “customers first” through our work.

Continuing to create the best possible living environment by listening carefully to each person and looking one step beyond their expectations.

Kohei Yamane
Planning and Development Department



Valuing our staff. I believe that a fulfilling workplace at the front lines leads to better service for customers.

Marie Mitomo
Care staff (Dormy Mejirodai)



Pursuing food safety and great taste without compromise, bringing joy to both customers and those who make the food.

Mayu Serizawa
Foods Management Department Leader



Living up to the trust of guests who have chosen our hotel from among the many accommodation options available.

Kim Seung-hyun
Assistant Manager (Dormy Inn PREMIUM Otaru)



Fostering a workplace where employees can thrive and achieving customer satisfaction.

Tomomi Hashimoto
Human Resources Planning Department Leader



Thinking from the customer's perspective, anticipating their needs, and valuing thoughtful service that goes a step beyond.

Haruto Noine
Food and beverage staff
(Kyoto Omuro Kadensho)



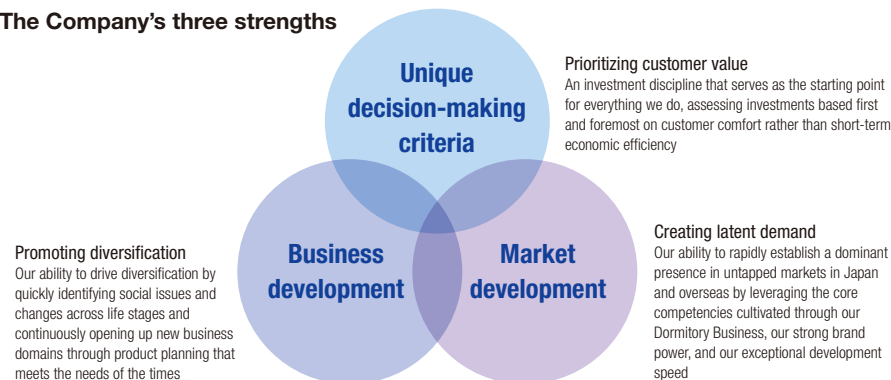
Unique Development Capabilities

Our Legacy of Creative Thinking Creates New Emotional Value

■ Basic Views

The Company has a legacy of unique development. We have continued to evolve by picking up on the social issues of the times and customers' unspoken needs, consistently creating new systems and levels of comfort from the customer's perspective. This capability forms the essence of our organizational capital. From establishing common standards for student and employee dormitories, to introducing communal baths and saunas into Dormy Inn business hotels and expanding into resort facilities and senior residences, we have developed innovations that fundamentally challenge industry conventions. Our creative thinking responds to constantly changing needs across different stages of life, while building a continuous sense of trust in our respective businesses and deep brand affinity. This creative mindset is shaped by three interconnected strengths. The first is our unique decision-making criteria, which prioritize customer comfort rather than short-term economic efficiency and serve as the starting point for everything we do. The second is business development—our ability to quickly identify changes in society and open up new business domains through optimal product planning based on the stages of life. The third is market development—our ability to rapidly expand into untapped markets by leveraging strong brand power and exceptional speed of development. Market development supports the first two strengths. By bringing these three strengths together, we have built a robust value-creation model that transforms solutions to social issues into opportunities for future growth.

● The Company's three strengths



■ Unique Decision-Making Criteria: Long-Term Customer Value over Short-Term Losses and Gains

Rather than only pursuing short-term profitability and efficiency, we have a long-term investment discipline of giving something a try if it will genuinely make our customers happy. This testifies to the steadfast practice of our company motto, "The spirit of the company is to put customers first." Linked with the decision-making criteria of management is a culture of giving shape to ideas originating from frontline staff, a culture of turning small, everyday discoveries into products and services that customers will be happy with. The countless acts of creativity shown by all employees who proactively anticipate customers' unspoken needs drive one-of-a-kind innovations and strong brand affinity.

■ The design concept for the communal bath that challenged convention and was the starting point for innovation

We attempted to introduce into business hotels three values we upheld in the Dormitory Business: spacious communal baths, comfortable beds, and delicious breakfast that provides energy for the day. At the time, this was considered unorthodox by industry standards. When we first introduced a communal bath at Dormy Inn Asakusa, it was met with skepticism, with some viewing it as an unnecessary, wasteful facility for a business hotel. However, as a result of prioritizing the unspoken needs of guests fatigued by travel and work over short-term room count (efficiency), the facility has achieved exceptionally high repeat-guest rates. The communal bath concept is now the new standard for the industry.



■ Frontline ideas help bring greater peace of mind



Some guests expressed a desire to bathe in our communal baths without feeling self-conscious. In response, we introduced dedicated bathing attire for women at all business sites in 2023, hoping to make bathing in our communal baths a more enjoyable experience for all of our guests. The Company and a manufacturer have jointly developed original bathing attire that can be worn regardless of gender and body type. We are committed to creating an environment where everyone can relax with peace of mind.

Unique Development Capabilities

Our Legacy of Creative Thinking Creates New Emotional Value

Business Development

Expanding businesses that support customers across their stages of life

When Japan saw a surge in young people leaving their hometowns and moving to the Tokyo metropolitan area for higher education or employment, we created a new market for safe and secure housing by establishing common standards for student dormitories. Later, as corporate welfare benefits began to come under scrutiny, we developed our own model of rental-style employee dormitories that reduce the risks of rising land prices and recruitment fluctuations. This model created a new market by addressing the challenges faced by companies for which owning and operating their own dormitories had become a burden. Furthermore, we have expanded into business hotels, resort facilities, and senior residences, continually opening up new business domains through forward-looking product development tailored to people's needs that change with the times. Guided by our management policy of "contributing broadly to social development through food and housing services," we will continue to find solutions to social issues while developing businesses that support customers across their stages of life.



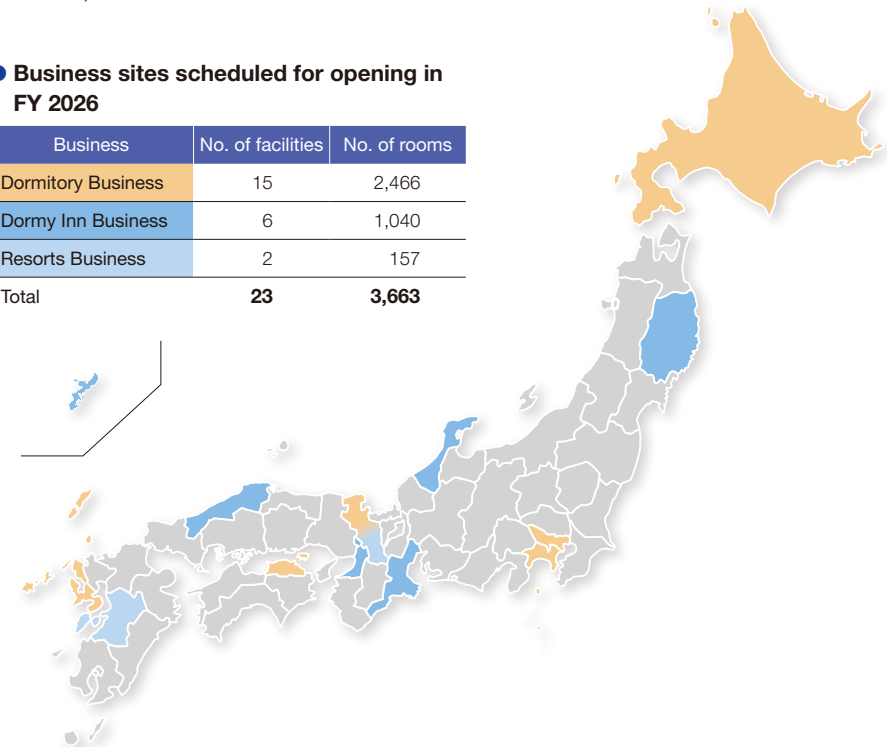
Market Development

Creating new value by looking ahead

By flexibly applying the core competencies refined through our Dormitory Business, we have quickly expanded businesses in closely related domains. This market development capability is underpinned by our ability to create powerful brands in each business and the exceptional speed with which we develop and roll out business sites nationwide. New-build development, as well as the rebranding of existing properties combined with asset-light approaches, enable us to respond to changing market trends and rapidly establish a dominant presence. By leveraging the brand power and development expertise cultivated in one business to drive growth in the next business, we are able to open up untapped markets rapidly and stably. This solid market development capability has become a strength supporting the sustainable improvement of our corporate value.

Business sites scheduled for opening in FY 2026

Business	No. of facilities	No. of rooms
Dormitory Business	15	2,466
Dormy Inn Business	6	1,040
Resorts Business	2	157
Total	23	3,663



Unique Development Capabilities

Special Feature: The Virtuous Cycle of Social Value and Economic Value Created by the RA Program®

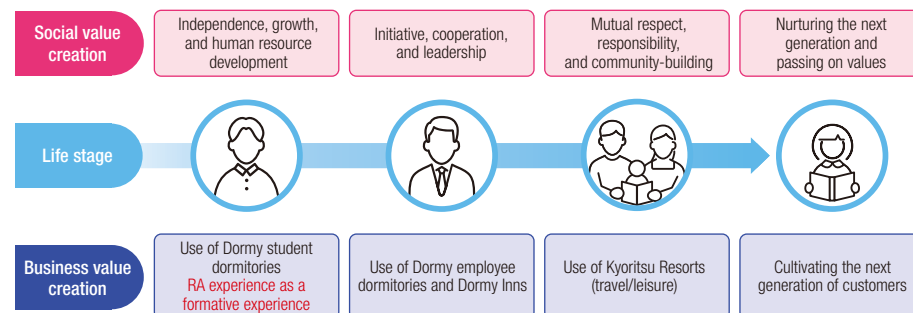
■ Creating Experiential Value Through the RA Program®

Kyoritsu Maintenance has introduced its own RA Program® at student dormitories. An RA (Resident Assistant) is a fellow student who is available to advise dormitory residents and helps increase interaction among the residents. We view dormitories not merely as places to live but as places that instill new values, such as the ability to survive in society and build bonds with others. We have created a framework that allows dormitories to function as communities where residents can gain experiential value.



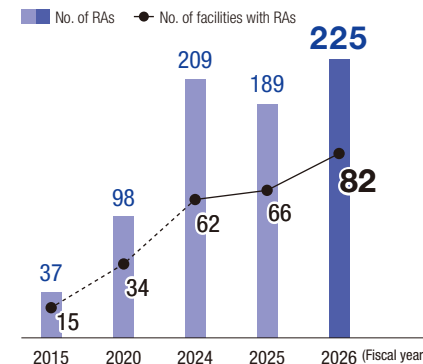
■ The RA Program® Creates Both Social Value and Economic Value

A dormitory where students from diverse backgrounds live together is a microcosm of society. By resolving issues through dialogue and planning events, for example, RAs acquire skills that are useful in society. Initiative, teamwork, and consideration for others cultivated through the above experiences allow RAs to contribute to their organizations, as well as connect with people in households and local communities and contribute to a better society. We create a virtuous cycle of supporting the personal growth of each RA and passing on their values to the next generation. Becoming a student RA may foster a lasting connection with the Group, leading them to stay at Dormy Inn or Kyoritsu Resort in the future. These enduring relationships strengthen trust in our brands and, in turn, support the long-term improvement of our corporate value.



■ Building a Unique Framework Supporting the RA Program®

The RA Program® has been able to operate and continue thanks to many years of support and investment. A dedicated RA promotion team works with individual dormitories to provide support. We invest more than 100 million yen annually to maintain the quality of the program, and we have built a network of approximately 1,000 former RAs as of March 2026. In addition, we organize events, such as RA SUMMIT, where RAs from across Japan gather together and present the results of their activities. These initiatives help foster the growth of RAs while deepening their affinity with our brands. These efforts create multifaceted value not only for dormitory residents but also for all stakeholders associated with the Company and help build strong engagement.



■ Feedback from a stakeholder who participated in RA SUMMIT

I strongly felt that the RA Program® not only enriches dormitory life but also helps students grow

The passion with which students conducted their RA activities exceeded my imagination. It was clear that the program not only enriches dormitory life but also helps students grow. I believe RA SUMMIT also raises motivation among the students.
(School representative)

■ “I hope to provide the next generation with the same memorable experiences I had as a student” —A former RA passes the baton of growth

Having lived in a student dormitory myself, I understand the value of dormitory life. I wanted to deliver that same value to society through my work, so I decided to join the Company. My role involves supporting RAs as well as resident managers and matrons who used to warmly take care of me like family. Being able to be a part of each individual's personal growth is very fulfilling. Based on my experience as an RA, I would like to create opportunities for resident leaders from across Japan to learn from one another, transcending the boundaries of dormitories and schools. By deepening the culture of training student dormitory leaders, I hope to contribute both to the growth of the next generation of human resources and to the realization of a better society.



Momoka Arita

Value Creation Process



Basics of Management

(As of March 31, 2026)



Financial capital

Backed by our robust and flexible financial base, we carry out strategic investments and agile capital policies geared towards sustainable growth.

Total assets	316,655 million yen
Net assets	145,528 million yen
Cash and deposits	29,961 million yen



Manufacturing capital

Another one of our strengths is manufacturing capital founded upon our operating assets that meet a variety of accommodation and residential needs.

Dormitory Business	536 facilities	46,147 rooms
Hotel Business	143 facilities	22,290 rooms
Senior Life Business	15 facilities	1,002 rooms



Intellectual capital

Through the utilization of our proprietary operation systems and customer data for more than 40 years, we have accumulated intellectual capital for providing high value-added services.

Expertise inherited based on operating dormitories nationwide

Regulations, manuals, and operational systems to maintain safety and security in food and housing

RA Program®

*A program that appoints student leaders called RAs (Resident Assistants) to stimulate communication among dormitory residents and foster an environment for learning and growth



Human capital

Leveraging our human resources with refined field competence and hospitality skills, we possess an advantage in human capital that underpins diverse forms of business site operation.

Number of employees	Implementation of educational training programs to develop conceptual skills
18,399	

* Includes regular, contract, and part-time employees of Kyoritsu Maintenance Group



Social and relationship capital

While building solid relationships of trust with the community and business partners and cooperating with diverse stakeholders, we have fostered social and relationship capital through safe and secure residential environments and the sustainable provision of services.

Number of affiliated schools	Number of dormitory residents	Number of dormitories with the RA Program®
1,766	47,225 *As of April 2026	66
Number of hotel guests	Number of residents in housing for the elderly	Number of Kyosei-Kai (organization of partner companies) member companies
10.311 million	737	121



Natural capital

Recognizing that our business activities are currently dependent on natural capital, we will proceed to examine and introduce measures aimed at mitigating our environmental footprint with a view to realizing sustainable management.

Power consumption	250 thousand MWh
City gas consumption	14.96 million m ³
Water usage	6.73 million m ³

* Kyoritsu Maintenance Co., Ltd. (non-consolidated)

Financial Strategy: Message From the CFO

Improving corporate value sustainably and establishing a resilient financial foundation capable of withstanding change

Managing Director responsible for Corporate Planning Group

Manabu Takaku



● Performance Review and Outlook

In the fiscal year ended March 31, 2026, amid a continued trend of moderate economic recovery, we were impacted by various changes in the external environment. These included ongoing increases in food and labor expenses and other costs, as well as a decline in travel demand for Japan due to rumors about potential natural disasters and a decrease in the number of visitors to Japan due to political issues.

In this context, in our Dormitory Business, we newly opened 1,364 rooms across 12 facilities in April, starting with a high initial occupancy rate of 97.4%. In addition, to address the rise in operating costs due to inflation, we implemented thorough cost management and normalized selling prices, thereby achieving stable growth.

In the Hotel Business, we opened five new facilities, maintaining high occupancy rates and high average daily rates by accurately capitalizing on increased accommodation demand due to Expo 2025 Osaka, Kansai, Japan, demand from inbound tourism, which exceeded 42 million visitors annually, and other demand, while also successfully normalizing selling prices in a thorough manner. We also worked to introduce our company points program, expand the use of smart check-in, and other initiatives

as a way of improving both customer convenience and labor productivity.

As a result, for the fiscal year ended March 31, 2026, we reported net sales of 275.2 billion yen, operating income of 24.8 billion yen, and profit attributable to owners of parent of 18.7 billion yen. We achieved strong growth, with profits exceeding 20%, and set a new record for profits for the third consecutive period.

Looking ahead, while the domestic economy is expected to stay on a moderate recovery trajectory and demand from international visitors to Japan is anticipated to increase, we recognize the need to pay careful attention to the impacts of geopolitical risks, such as the situation in the Middle East, and rising prices.

Under these circumstances, the Group will steadily move forward with initiatives such as developing new facilities to drive further growth and carrying out planned, large-scale renovations of existing facilities to maintain and enhance customer satisfaction. At the same time, we will also focus on sustainability, human resources, and DX strategies, thereby building a solid management foundation capable of adapting to changes in social conditions.

As for the fiscal year ending March 31, 2027, in our Dormitory Business, we opened 2,401 rooms at a total of 13 facilities nationwide in April, achieving a strong start with an initial occupancy rate of 98.5% (a year-on-year increase of 1.1 points). Alongside providing our core strengths of safety and security to an even greater number of customers, we will address cost inflation by maintaining thorough cost management and focusing on normalizing selling prices.

In our Hotel Business, in addition to continued robust domestic demand, inbound tourism has been on the rise, and both the Dormy Inn and Resorts Businesses started the fiscal year with RevPAR (a coefficient calculated by multiplying the average daily rate by the occupancy rate) exceeding that of the previous year. We plan to open a total of eight facilities in the current fiscal period, and by actively expanding into new areas, we will work to build a nationwide network and increase the scale of the business. In addition, we will work to improve both customer convenience and labor productivity through measures such as updating the membership program app “Dormy’s,” normalizing marketing costs by strengthening our membership base, and expanding the introduction of our smart check-in system. This will lead to further increasing profitability.

Taking these efforts into account, our performance forecast for the fiscal year ending March 31, 2027, is as follows: net sales of 277 billion yen, operating income of 26 billion yen, ordinary income of 26 billion yen, and profit attributable to owners of parent of 18 billion yen.

Note that while at first glance, ordinary income and profit attributable to owners of parent are projected to decrease year-on-year, this is due to the impact of extraordinary factors in the fiscal year ended March 31, 2026. Specifically, this is due to one-time factors such as the implementation of large-scale sales and leaseback of real estate, reporting of impairment losses, and a decrease in tax expenses resulting from tax effect accounting. Excluding these extraordinary factors, on a like-for-like basis, net sales increased by 9.9% year-on-year, operating income increased by 12.7%, ordinary income increased by 6.2%, and profit attributable to owners of parent increased by 4.2%. Growth is also expected to continue in the fiscal year ending March 31, 2027.

Financial Strategy: Message From the CFO

● Basic Policy for Financial and Capital Management

The basic policy for financial and capital management is to maintain and improve financial soundness while achieving sustained growth. To achieve this, we are conducting meticulous evaluations of future growth investments from both profitability and risk perspectives while maximizing capital efficiency.

Specifically, we have positioned ROE as a key management indicator and are mindful of securing returns exceeding capital costs. We have set a medium-term goal of stably maintaining an ROE of 10% or higher, and for the fiscal year ended March 31, 2026, actual ROE was 15.3%. We will continue to actively work on initiatives such as examining our business portfolio, restructuring costs, and allocating investments with a focus on capital efficiency.

Meanwhile, as we proactively conduct growth investment, we have positioned net D/E ratio as a core indicator of financial health based on a recognition of the importance of maintaining a sound financial foundation. At this time, we consider a net D/E ratio of 1.0 times or less to be an appropriate benchmark. For the fiscal year ended March 31, 2026, the ratio improved significantly, reaching 0.62 times and clearing the appropriate benchmark. This was due to a strong financial performance and from exercising the conversion of convertible bonds into

common stock.

Going forward, we will continue to make growth investments based on a stable financial foundation and strive to maintain an appropriate financial balance while also leveraging early fund collection through sales and leaseback of real estate and similar measures.

● Corporate Value Creation Strategies over the Medium to Long Term

We will soon celebrate our 50th anniversary. Moreover, we unveiled the “KYORITSU GROWTH VISION” in 2023 as a long-term vision serving as a stepping stone toward the next 50 years; that is, becoming a 100-year-old company. By further improving customer and employee satisfaction, brand strength, and labor productivity, along with expanding into new development areas, we aim to achieve net sales of 300 billion yen and operating income of 30 billion yen by 2030.

As a concrete measure to realize this long-term vision, we have formulated the “Rise Up Plan 2028,” a five-year medium-term management plan covering the fiscal year ended March 31, 2024, through the fiscal year ending March 31, 2028, and are steadily implementing various initiatives under this plan.

In the “Rise Up Plan 2028,” we have set “recovering from

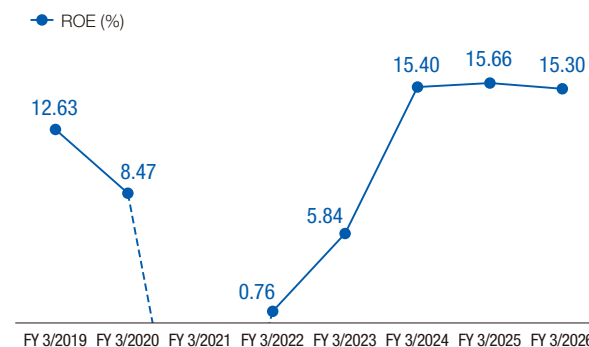
COVID-19 to achieve renewed growth” and “pursuing further growth in customer satisfaction and regional expansion” as frameworks. Key measures under the plan include lifting the top line even higher by “increasing the number of rooms through new development” and “normalizing selling prices” to achieve External Growth, and striving to increase profitability by “normalizing marketing costs through DX” and “improving labor productivity through DX” to achieve Internal Growth. In addition to these measures, we are working on our human resource and sustainability strategies in an integrated manner. We are also taking on challenges in new domains, such as developing and strengthening our Senior Life Business, which includes facilities for active seniors, and conducting investigative studies into international business operations.

In terms of the progress of our medium-term management plan, in the fiscal year ended March 31, 2026, which covers the quantitative targets for the final fiscal year of the plan, net sales reached 98.2% of the target, while operating income was 88.5%. The operating income margin is 9.0%, just 1.0 point away from the target. With ROE at 15.3%, EPS at 221.8 yen, and net D/E ratio at 0.62 times, we have performed extremely well, having already met our targets for these three key KPIs. While the external environment remains uncertain and the situation is one in which we cannot afford to be complacent, we believe that achieving the targets of our medium-term management plan is now within reach.

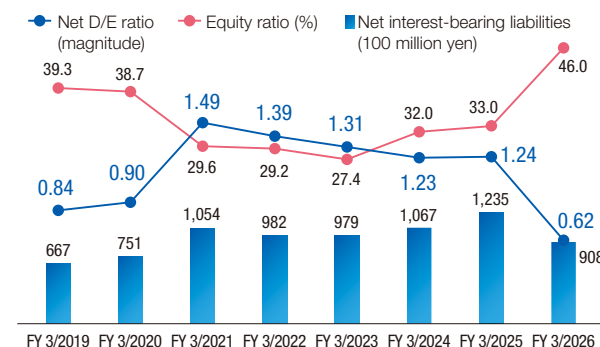
Moreover, since its foundation, Kyoritsu Maintenance has been practicing its management policy of “contributing broadly to social development through food and housing services” under the management philosophy of “the spirit of the company is to put customers first.” Also, we established the corporate slogan of “start your day off right” and have engaged in business activities to create good mornings for our customers by offering true relaxation and comfort through the provision of food and housing so that everyone can lead a vibrant and fulfilling life and greet each new day full of hope, vitality, and abundance.

In addition to achieving the goals in our medium-term management plan and realizing our long-term vision, we will strive to enhance sustainable economic and social value by continuously working on and improving these activities.

ROE trends



Net D/E ratio and related indicator trends



Financial Strategy: Message From the CFO



● Cash Allocation

With regard to cash allocation, operating cash flow over the five-year period of the medium-term management plan is projected to be 125 billion yen (after taxes and dividends). Along with 55 billion yen from sales and leaseback of real estate and 60 billion yen financed by financial institutions, this plan is financed by a base fund totaling 240 billion yen. Our policy is to allocate those funds in the amount of 195 billion yen to investment in new development for our two major engines, the steadily growing Dormitory Business and the high-growth Hotel Business, 35 billion yen to investment in large-scale renovations of existing facilities, and 10 billion yen to DX and IT investment aimed at enhancing customer convenience and operational efficiency.

While rising construction costs pose a significant challenge for investments in new development and large-scale renovations, we will continue to execute these investments at a steady pace while meticulously evaluating profitability through a multifaceted approach that includes exploring innovative design solutions and construction contractors, examining rebranding projects, and expanding the Onyado Nono series, which offers a relatively high return on investment.

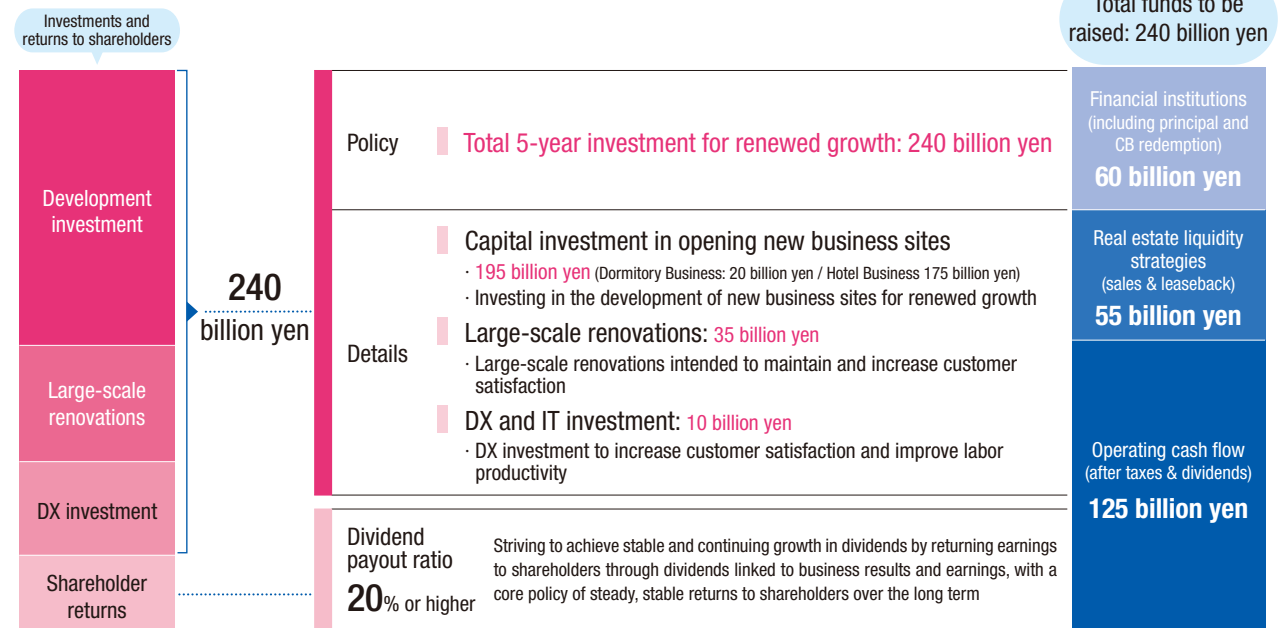
As for priority areas of growth investment, our focus will be on the Hotel Business, which holds the promise of higher growth potential, but we will also continue to carry out growth investment in the Dormitory Business.

● Improving Profitability and Capital Policy

We currently recognize our capital costs as being around 8% to 9%, and we regard the above medium-term target of an ROE of 10% or higher as a critical metric for generating an equity spread. For the fiscal year ended March 31, 2026, following the tailwind of increased inbound tourism demand in the Hotel Business and other factors, initiatives to enhance customer convenience and normalizing selling prices were successful, leading to improved profitability and an ROE of 15.3%. Going forward, we will continue to stably maintain an ROE of 10% or higher as our baseline and pursue further improvements in profitability and capital efficiency by promoting the various measures outlined in this plan.

Furthermore, we will share our growth strategies through timely and appropriate information disclosure and proactive IR and PR activities, while also engaging in ongoing dialogue with institutional and individual investors to deepen their understanding of the Company. Through this, we will enhance market trust while actively working to reduce capital costs.

Investments, returns to shareholders, and fundraising

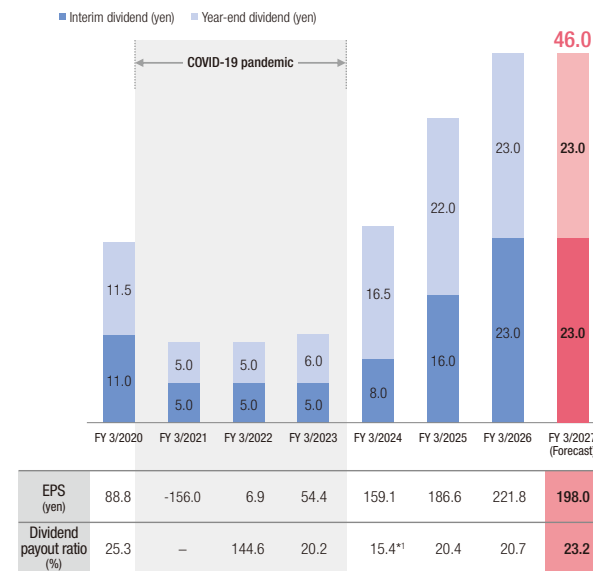


Financial Strategy: Message From the CFO

● Shareholder Returns

We recognize that returning profits to our shareholders, who support the Company's growth, is one of our most important management issues. For shareholder returns, we aim for stable and continuing growth in dividends by returning earnings to shareholders through dividends linked to business results and earnings, with a core policy of steady, stable returns to shareholders over the long term. Our policy is to examine optimum shareholder returns that will exceed the current target dividend payout ratio of 20% while maintaining our focus on financial balance. Given our future growth potential, at this point in time, we believe that placing greater emphasis on dividend payout ratio, which is based on net income, rather than dividend on equity ratio (DOE), which is based on shareholders' equity, will contribute to improving total shareholder return (TSR).

Dividend status



*1 The dividend payout ratio excluding the effects of special factors in FY 3/2024, i.e., the equity method investment gain of 5.02 billion yen and the impairment loss of 2.01 billion yen, is 20.3%.

*2 The dividend amounts and EPS are calculated taking into account the two-for-one stock split on common shares effective on April 1, 2024.

During the medium-term management plan period, we will proactively allocate funds to new development and other growth investments to pursue medium- to long-term corporate growth. At the same time, through the steady growth of existing businesses, we will enhance actual profits, raise earnings per share (EPS), and increase our dividend payments, thereby improving TSR.

With respect to dividends for the fiscal year ended March 31, 2026, these reflected strong financial performance that resulted in record-high profits. Annual dividend was increased by 8 yen per share from the previous fiscal year to 46 yen, which is a 21.1% increase year-on-year, while the dividend payout ratio was 20.7%. For the fiscal year ending March 31, 2027, while profit attributable to owners of parent is expected to decrease slightly due to the impact of extraordinary factors during the fiscal year ended March 31, 2026, we plan to maintain a stable

level of shareholder returns by paying an annual dividend of 46 yen, the same amount as the previous fiscal year, with a dividend payout ratio of 23.2%.

We are also working to expand our shareholder benefit program so that individual investors will become fans of our facilities. In FY 2025, we increased the value of shareholder discount electronic vouchers, extended their usage periods, and transitioned to electronic vouchers. In addition, we offer long-term shareholder discount electronic vouchers to shareholders who have held their shares for three consecutive years or more, as well as resort hotel benefit electronic vouchers that give holders a discount of about 30% off the regular weekday rate.

● Message to Stakeholders

The Group has been able to make forward progress thanks to the kind support of all our stakeholders. I would like to take this opportunity to express my sincere gratitude to each of you.

One part of our management philosophy is “always desire for prosperity and work to achieve mutual profits.” Under this philosophy, we recognize that coexistence and mutual prosperity with our stakeholders are fundamental to our business activities, and we will continue to conduct our business activities while making sure not to forget this.

The external environment currently facing us is becoming increasingly uncertain due to factors including ongoing cost inflation and fluctuations in demand caused by exchange rates and international conditions. Despite this, we will maintain a robust management structure capable of adapting to any environmental changes and further strengthen both our Dormitory Business, which is expected to offer stable growth, and our rapidly growing Hotel Business, while also working on developing new products and services.

We will continue working to improve corporate value sustainably while listening to the recommendations and advice of our stakeholders. We kindly ask for your continued support.

Shareholder benefit program

- Shareholder Discount Electronic Vouchers (Jul., Dec.)
- Long-term Shareholder Discount Electronic Vouchers (Jul.)
- Shareholder Resort Hotel Benefit Electronic Vouchers (Jul., Dec.)



Number of shares owned	Shareholder Discount Electronic Vouchers	Long-term Shareholder Discount Electronic Vouchers ²	Shareholder Resort Hotel Benefit Electronic Vouchers ³
100 to less than 200 shares	¥2,000	¥2,000	1 voucher
200 to less than 500 shares	¥4,000	¥4,000	2 vouchers
500 to less than 1,000 shares	¥8,000	¥6,000	
1,000 to less than 2,000 shares	¥16,000	¥10,000	3 vouchers
2,000 to less than 5,000 shares	¥30,000	¥20,000	10 vouchers
5,000 to less than 10,000 shares	¥50,000	¥40,000	
10,000 shares or more	¥120,000	¥60,000	

*2 Long-term Shareholder Discount Electronic Vouchers are available for shareholders who have continuously held the Company's shares for three years or more as of March 31.

*3 The following discount rates (approximate) will be applied upon using the Shareholder Resort Hotel Benefit Electronic Vouchers. For details, please refer to our corporate website.

Weekdays (and certain specific periods): Approximately 30% off regular rates.
Days before holidays and special days: Approximately 10% off regular rates.

To Achieve the Society We Aim for in 2030

KYORITSU GROWTH VISION 2030

The Kyoritsu Maintenance Group has formulated a five-year medium-term management plan for FY 2023 to FY 2027 to achieve its long-term vision for 2030 entitled “For The Next Future: 3&3&3.” Through the initiatives in the medium-term management plan, it will practice management to grow both social value and shareholder value to achieve the Group’s mission and sustained growth.

FY 2018–FY 2022

KYORITSU
JUMP UP
PLAN

FY 2023–FY 2027

KYORITSU
Rise Up
Plan

2030

KYORITSU GROWTH VISION
For The Next Future

3 & 3 & 3

Our Vision for 2030

Continuing to increase customer satisfaction, employee satisfaction, brand power, and labor productivity while expanding our new service areas to mark our 50th anniversary

Net sales **300** billion yen

Operating income **30** billion yen

Medium-Term Management Plan “Rise Up Plan 2028”

Recovering from COVID-19
to achieve renewed growth



Pursuing further growth in customer
satisfaction and regional expansion

Practicing management to grow both social value and shareholder value to achieve the Group’s mission and sustained growth

Growing social value

Basic policy

Sustained growth in the satisfaction of all stakeholders, including customers and employees

Goals for FY 3/2028

Actively promoting initiatives to realize a sustainable society

Environment	Human Resources
Food	Governance



Growing shareholder value

Basic policy

Achieving sustained growth based on sound, robust business foundations designed to adapt to environmental change

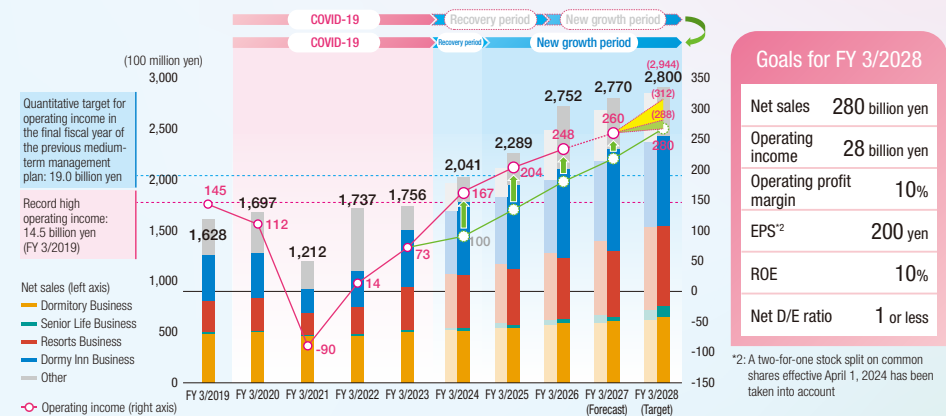
Goals for FY 3/2028

ROE	10%
EPS ^{*1}	200 yen

^{*1}: A two-for-one stock split on common shares effective April 1, 2024 has been taken into account

Quantitative targets

Targeting average rates of growth of 10% in net sales and 30% in operating income over five years based on steady growth in the Dormitory and Hotel Businesses



External growth

Striving to lift the top line even higher by promoting growth in numbers of residential and guest rooms through new development and normalized selling prices

Increasing numbers of rooms through new development

Progress of development plans

Capacity (thousand rooms)	FY 3/2028 medium-term plan target	FY 3/2026 result	Progress	FY 3/2028 (forecast)	Progress
Dormitories	50.0	46.1	92%	49.6	99%
Dormy Inn	20.0	17.8	89%	20.0	100%
Resorts	5.5	4.4	81%	4.9	89%



Normalizing selling prices

Progress of selling prices

ADR (thousand yen)	FY 3/2028 medium-term plan target	FY 3/2026 result	Progress
Dormitories (monthly rent)	106.5	96.8	91%
Dormy Inn	12.9	16.6	129%
Resorts	56.6	48.4	86%

Status of
cost inflation

Suppressing labor costs, food costs, laundry costs, and cleaning costs, while absorbing these costs through thorough normalized pricing



Raising the top line

Sales trends

Net sales (100 million yen)	FY 3/2028 medium-term plan target	FY 3/2026 result	Progress
Dormitories	620	579	93%
Dormy Inn	840	922	110%
Resorts	830	570	69%
Other	510	680	133%
Group total	2,800	2,752	98%

Planned opening of Dormitory Business and Hotel Business projects

	Results				Decision made and scheduled for implementation			
	FY 3/2024		FY 3/2025		FY 3/2026		FY 3/2027	
Dormitories, Domeal	+12 facilities ^{*1} +1,037 rooms ^{*1}		+8 facilities ^{*1} +907 rooms ^{*1}		+13 facilities ^{*1} +1,405 rooms ^{*1}		+15 facilities ^{*1} +2,466 rooms ^{*1}	
	No. of facilities at year end	519 facilities	No. of facilities at year end	526 facilities	No. of facilities at year end	536 facilities	No. of facilities at year end	543 facilities
	Room capacity at year end	44,057 rooms	Room capacity at year end	44,908 rooms	Room capacity at year end	46,147 rooms	Room capacity at year end	47,926 rooms
	Lease ratio	86.9%	Lease ratio	87.1%	Lease ratio	87.1%	Lease ratio	86.9%
	[L] Hiroaki, [L] Sendai Komatsushima, [L] Sendai Teppochi, [L] Yamagata Honcho, [L] Asuto Nagamachi, [L] Otsuka, [L] Kasai Global House, [L] Nakano-sakaue, [L] Sagami Ono, [L] Yamatominami, [L] Kyoto Saiin, [L] Kobe Yamate		[L] Omori-Kita, [L] Sakai Kaigan Dori, [L] Nishi-Kasai North Exit, [L] Nishi-Kasai South Exit, [L] Chikusa Minami, [L] Osaka Kyobashi, [L] Global House Nigawa, [L] KU ROKKO HOUSE		[L] Sapporo Nishi 11, [L] Sapporo Nishi 18, [L] Takamatsu, [L] Sendai Kawauchi Hills, [L] Nishioji Goto, [L] Mibu Sanjo, [L] Sakado Ekimae, [L] Mei Eki Kamejima Annex, [L] Tokushima Okayama Minamigata, [L] Urayasu 3, [L] Sagami Ono 2, [L] Higashi-Totsuka GR		[L] Hachioji-Otsuka, [L] Dormy Tokai Univ. Hills, [L] Ichigaya-Kaga, Ritsumeikan Uji Dormitory, [L] Yamashina-Higashino, [L] Kokubunji Community House, [L] Takamatsu Saihocho, [L] Nagasaki Shindaikumachi, [L] Nagasaki Peace Park, [L] Sousei East, [L] Kichijoji International Dormitory, [L] Ushigome-Kagurazaka, [L] URBAN TERRACE Hyoshi Takada, [L] Ryogoku, Kinugasa-Tohjin	
Dormy Inn	+4 facilities ^{*1} +750 rooms ^{*1}		+1 facilities ^{*1} +78 rooms ^{*1}		+4 facilities ^{*1} +636 rooms ^{*1}		+6 facilities ^{*1} +1,040 rooms ^{*1}	
	No. of facilities at year end	95 facilities	No. of facilities at year end	96 facilities	No. of facilities at year end	100 facilities	No. of facilities at year end	106 facilities
	Room capacity at year end	17,107 rooms	Room capacity at year end	17,180 rooms	Room capacity at year end	17,814 rooms	Room capacity at year end	18,854 rooms
	Lease ratio	97.5%	Lease ratio	98.5%	Lease ratio	97.6%	Lease ratio	96.6%
	EXPRESS Toyohashi, Nono Asakusa Bettei, [L] Nono Beppu, [L] Aomori		[L] global cabin Yokohama China town (renovation)		Tsuruga, EXPRESS Unnan, [L] Nono Fukui, [L] Nono Kumamoto		Yokkaichi [L] Chitose Komatsu Naha Kenchomae EXPRESS Rikuzentakata [L] Umeda-Higashi	
Resorts	+1 facilities ^{*1} +75 rooms ^{*1}				+1 facilities ^{*1} +239 rooms ^{*1}		+2 facilities ^{*1} +157 rooms ^{*1}	
	No. of facilities at year end	42 facilities	No. of facilities at year end	42 facilities	No. of facilities at year end	43 facilities	No. of facilities at year end	45 facilities
	Room capacity at year end	4,260 rooms	Room capacity at year end	4,260 rooms	Room capacity at year end	4,476 rooms	Room capacity at year end	4,633 rooms
	Lease ratio	73.8%	Lease ratio	73.8%	Lease ratio	75.1%	Lease ratio	72.6%
	[L] La Vista Yokosuka Kannonzaki Terrace				[L] La Vista Atami Terrace		Kyoto Omuro Kadensho La Vista Minami-Aso	
Company-wide lease ratio		88.7%	89.2%		89.0%		88.5%	
							88.2%	

*1 Shows the increase in number of facilities/rooms of projects under development (not the year-on-year increase in number of facilities/rooms in operation at year end)

* [L] are lease properties; underlined properties are eligible for sales and leaseback

Internal growth

Striving to increase profitability by **normalizing marketing costs** and **improving labor productivity** through DX

Normalizing marketing costs through DX

■ Status of percentage of reservations made through our own site

- Promoting membership and app use
- Updating the hotel reservations system
- Promoting use of comprehensive corporate membership program
- Growing product planning in-house

Result for FY 3/2026: **25.8%**
(Result for FY 3/2020: 18%)

Goals for FY 3/2028: **40%**



Improving labor productivity through DX

■ Status of staffing and labor costs

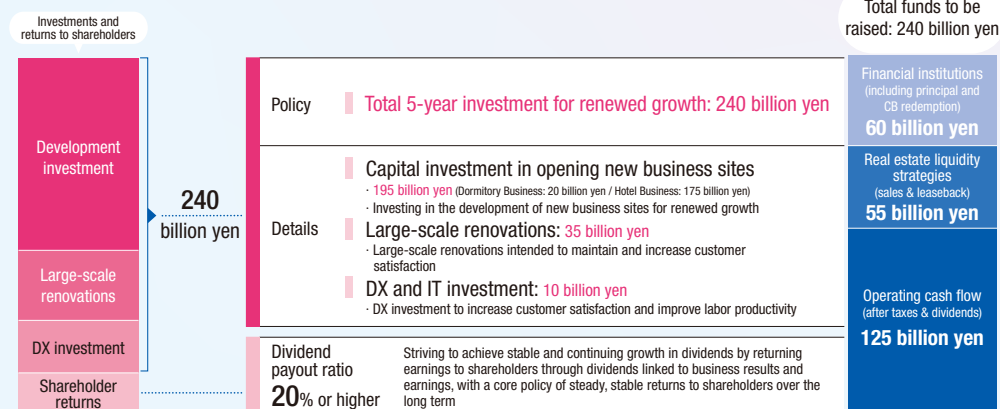
- Labor savings achieved through smart check-in systems at hotels and self-payment kiosks
Completed the installation of self-payment kiosks at all Dormy Inn facilities and expanded the use of smart check-in systems to improve service quality
- Use of cleaning and maintenance robotics
- Labor savings through robotic process automation, going paperless, etc.



Improving profitability

■ Investments, returns to shareholders, and fundraising

We plan to invest energetically in development, large-scale renovations, and DX to build the foundations needed for future growth. We will raise the funds needed for investments through means such as sales and leaseback of real estate and financing from financial institutions in addition to cash flow from operations, which is recovering. We will implement more practical real estate sales and leaseback efforts under a new comprehensive basic agreement concluded with SMFL Mirai Partners Co., Ltd.



New comprehensive basic agreement with SMFL Mirai Partners Co., Ltd.



■ DX strategy

Drawing on digital technologies, we will seek to improve labor productivity and increase profitability by making business operations more efficient in parallel with increasing customer convenience and satisfaction through higher-quality services.

■ Human resource strategies

We will increase employee satisfaction by enhancing and revising training and HR systems and secure a stable supply of capable human resources as the foundations for business growth.

■ Prospective business & International business expansion

- We will actively develop the Senior Life Business (management and operation of senior residences), which will become the third pillar.
- During the period covered by the new medium-term management plan, we will resume our study of international business expansion, particularly in the Dormitory and Dormy Inn Businesses, which had been suspended due to COVID-19, and proceed to the stage of business potential verification.

■ Sustainability strategies

Having identified 11 materiality topics in four priority themes reflecting the Group Mission, we will strive to strengthen corporate value over the medium to long term, as well as realize a sustainable society of healthy and happy individuals while anticipating changes in the Group's business environment.

■ Food initiatives

Food is at the center of our business model. A team of food professionals who put their heart into every meal will work on menu development for all of our businesses.