



Start your day off right.

KYORITSU
HOTELS & DORMITORIES
Integrated Report
2026



The spirit of the company is to put customers first

We aspire to always be a company chosen for our hospitality.

Driven by this commitment, Kyoritsu Maintenance has consistently put its company motto into practice since its founding:

“The spirit of the company is to put customers first.”

We put ourselves in our customers’ shoes and think deeply about their needs. What can we do to bring them even greater satisfaction?

A team that is committed to going above and beyond to put smiles on our customers’ faces—that’s Kyoritsu Maintenance.

Beginning with the operation of student dormitories designed to serve as a home away from home, we have diversified our business into the Dormitory, Hotel, and Senior Life Businesses to meet the needs of our customers and, by extension, the needs of society.

All of these businesses have something in common: a stance of consistently providing customers with relaxation and peace of mind at every stage of life through food and housing solutions.

The spirit passed down since our founding

Management Philosophy

The spirit of the company is to put customers first

1. Be thankful and be appreciated
2. Gather wisdom and work to improve the service
3. Always desire for prosperity and work to achieve mutual profits

Action Guidelines

1. Acquire skills and cultivate knowledge and courtesy
2. Consider others’ perspectives, act accordingly, and build trust
3. Hold yourself to high standards and continually pursue growth and innovation

Management Policies

Contributing broadly to social development through food and housing services

- | | |
|--------------------------------|---|
| 1. People are our foundation | We view human resource development as a long-term commitment spanning generations |
| 2. Change is the only constant | We stay attuned to the times, make swift decisions, and establish management systems that adapt to change |
| 3. Focus on results | We set clear and efficient goals, communicate them transparently, and share our achievements |
| 4. Follow nature’s principles | We grow by harmonizing the collective with the individual, and ideals with reality |
| 5. Continuity is our mission | We build trust and cultivate a corporate culture that serves society |

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Integrated Report 2026

What This Report Hopes to Convey

With “customers first” as our guiding principle, we strive to achieve coexistence with all our stakeholders, including our customers, while continuously enhancing corporate value by addressing social issues.

Centered on our medium-term management plan, “Rise Up Plan 2028,” this Integrated Report focuses not only on our strategies for sustainable growth, but also on our unique strengths

underpinning the achievement of this plan; that is, our “commitment to food,” “the power of people,” and “unique development capabilities.” We explain how these strengths have helped create social and economic value and support sustainable value creation.

We hope that the content in this Report enables readers to deepen their understanding of our Company and facilitates more constructive dialogue with stakeholders.

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Start your day off right.

● Editorial Policy and Disclosure in Media

Editorial Policy

This Integrated Report is intended to communicate the results of the previous year and future prospects in order to foster a comprehensive understanding of the Group's management strategies, performance, and sustainability initiatives among shareholders, investors, and all other stakeholders.

The International Integrated Reporting Framework advocated by the IFRS Foundation and Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry were referenced in the editing of this Report.

Organizations Covered in This Report

Kyoritsu Maintenance Co., Ltd. and Group companies

Reporting Period

FY 2025 (April 1, 2025 to March 31, 2026)

*Partially includes activities from FY 2026 as well

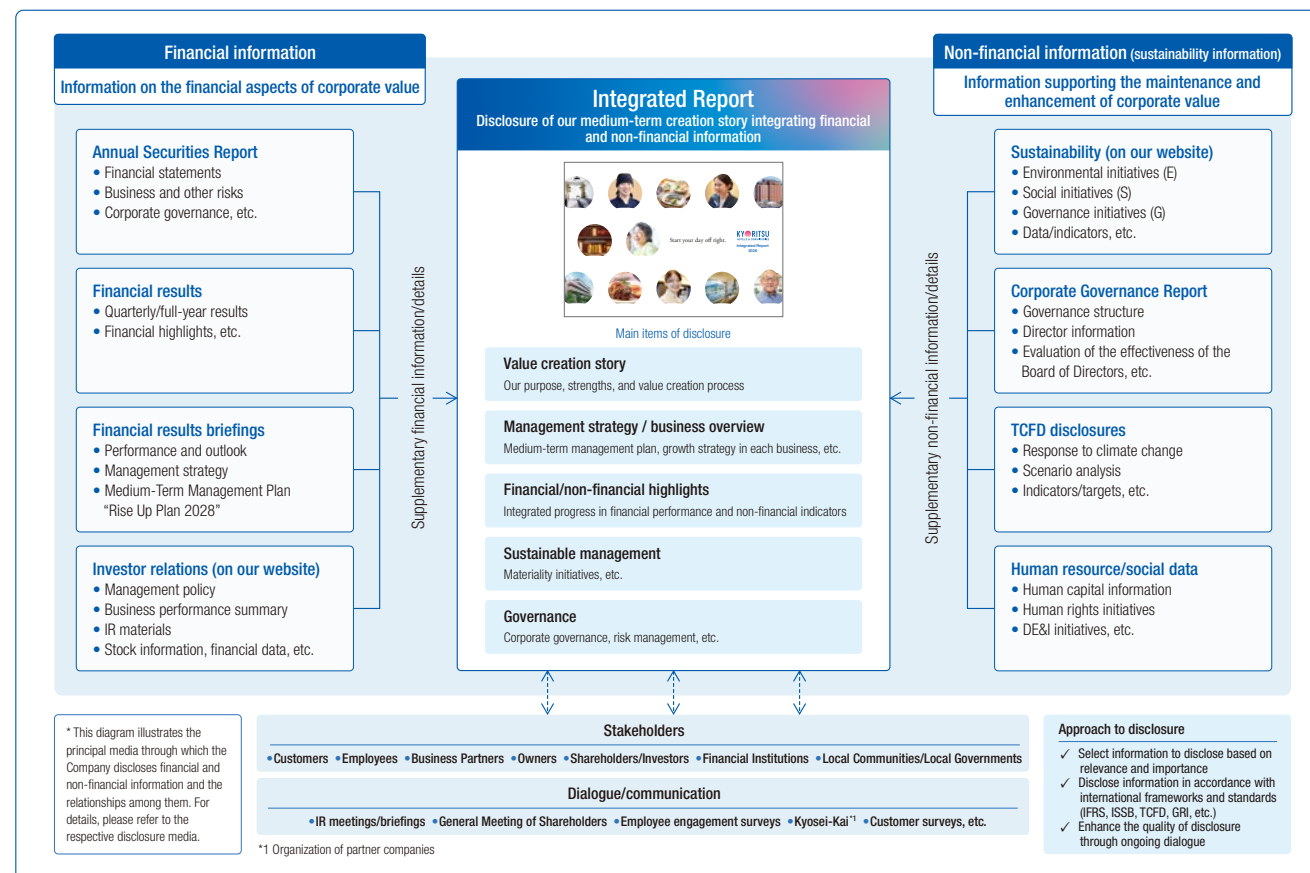
Publication Date

October 2026

Cautionary Statement Regarding Forward-Looking Statements

Earnings forecasts and other forward-looking statements contained in this Report are based on the information available to the Company at the time as well as on certain assumptions deemed reasonable by the Company, and as such do not constitute any sort of promise that the Company will achieve these. Additionally, content that does not constitute existing facts, such as the Company's current plans, strategies, and earnings forecasts, constitutes forward-looking statements. Actual business results may differ from forecasts due to a variety of factors.

Information disclosure system diagram



We carry out information disclosure through the Integrated Report and other types of media, as shown on the left. Comprehensive information that could not be included in this Integrated Report and related materials can be accessed via the QR codes and URLs provided below. Reading these as companion pieces to the Integrated Report will provide you with a deeper understanding of the business efforts and strategy of the Company, its initiatives for sustainability, and other areas.

Our Websites

Investor Relations

<https://www.kyoritsugroup.co.jp/en/ir/>



Sustainability

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



At a Glance

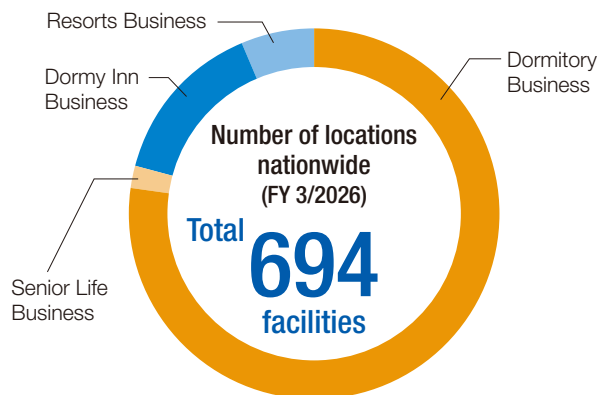
Kyoritsu Maintenance in numbers

Founded **September 27, 1979**

■ Figures are for Kyoritsu Maintenance (non-consolidated)
(As of March 31, 2026)

Business scale

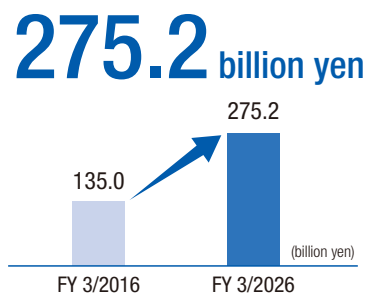
Business segments



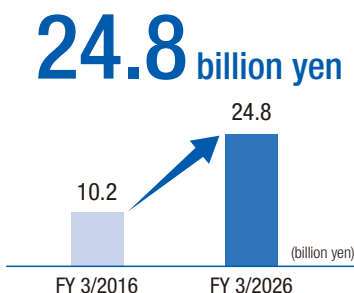
^{*1} As of April 1, 2026

Financial information^{*2}

Net sales



Operating income



^{*2} Kyoritsu Maintenance Group consolidated financial results

Non-financial information

Number of employees^{*3}

18,399

^{*3} Includes regular, contract, and part-time employees of Kyoritsu Maintenance Group

Number of regular employees hired

New graduate hires^{*4}: **330**
Mid-career hires: **272**

^{*4} As of April 1, 2026

Number of affiliated schools

1,766

Universities and junior colleges: **605**
Technical colleges: **630**
Preparatory schools: **116**
Others: **415**

Number of meals served

Dormitory Business: **5.858 million/year**
Senior Life Business: **795,000/year**
Dormy Inn Business^{*5}: **3.715 million/year**
Resorts Business^{*6}: **3.59 million/year**
No. of servings of Yonaki Soba (late-night ramen): **4.227 million/year**

^{*5} Number of guests served breakfast

^{*6} Number of guests served dinner and breakfast

Number of hotel guests

10.311 million
Dormy Inn: **7,784,553**
Kyoritsu Resort: **2,526,957**

Number of members in the "Dormy's" membership program: **2.01 million**

E (Environment)

GHG emissions

171,807 t-CO₂

Water usage

6.73 million m³

S (Society)

Percentage of female managers

20.1%

Percentage of foreign nationals

4.9%

Average years of service

6.3 years

G (Governance)

Percentage of outside directors

35.3%

Percentage of female directors

11.8%

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

Message From the President

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



Message From the President

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



Message From the President

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

Message From the President

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”

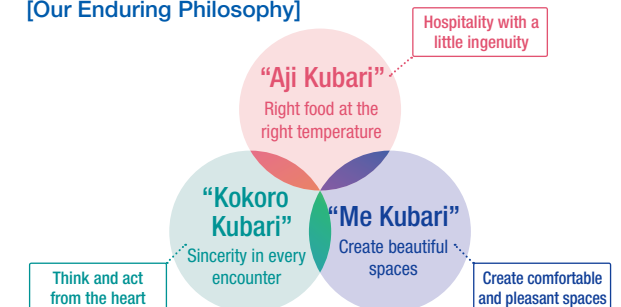
At the heart of our approach is a commitment to caring for and serving customers as we would our own family. This has been passed down through the generations as part of our corporate DNA, rooted in the spirit of room-and-board.

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

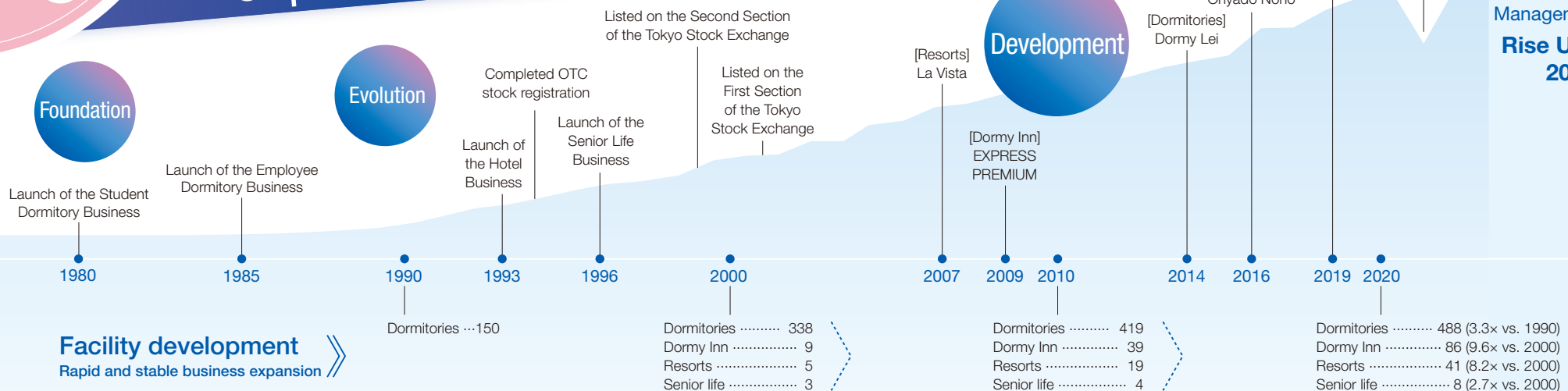
Unique operational approach

Endeavors

Foundation

Evolution

Development

Medium-Term
Management Plan
**Rise Up Plan
2028**

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.

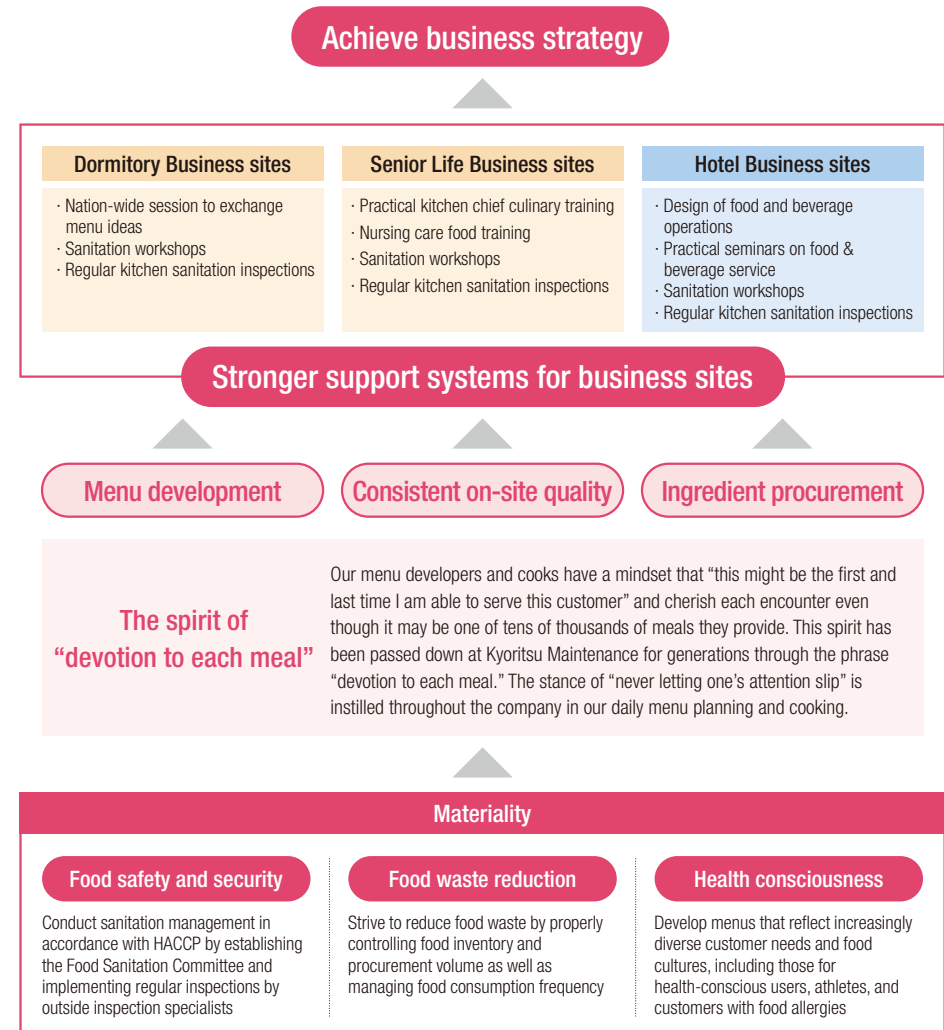
Consistent on-site quality

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

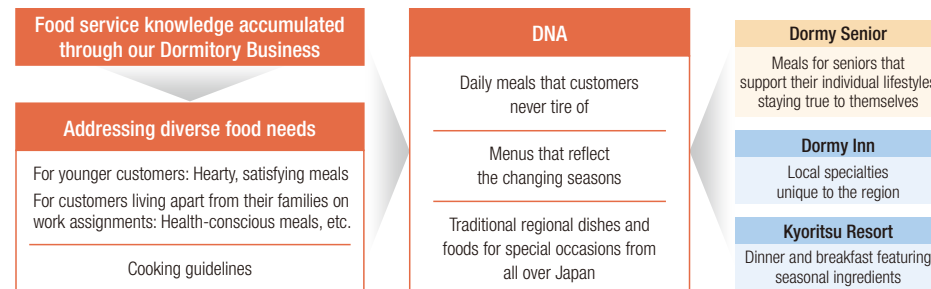


Kyoritsu Maintenance's Strengths **01**

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.



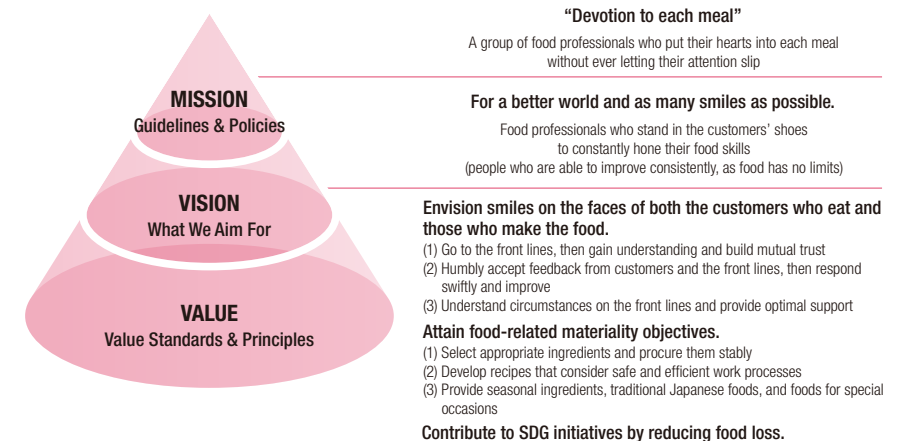
Consistent On-site Quality Delivering the same high quality nationwide

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

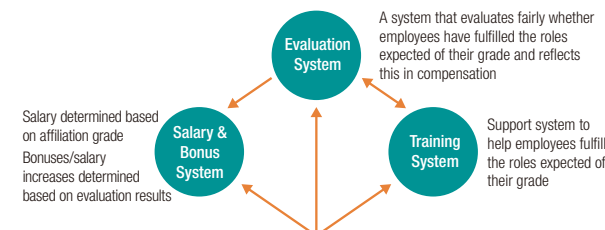
One of the management policies set out in our company motto is the belief that "People are our foundation." Viewing human resource development as a long-term commitment spanning generations, this belief reflects our core management value that the growth of people supports the sustainable development 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



Grade System (Hierarchy Categorized by Role)

Clearly indicates roles expected of each grade. Employees know what is expected of them and understand how they should act, achieving growth through work.

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)



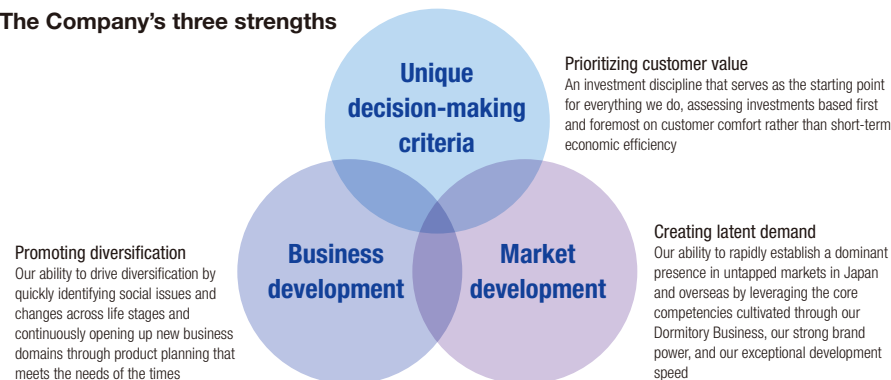
Unique Development Capabilities

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.



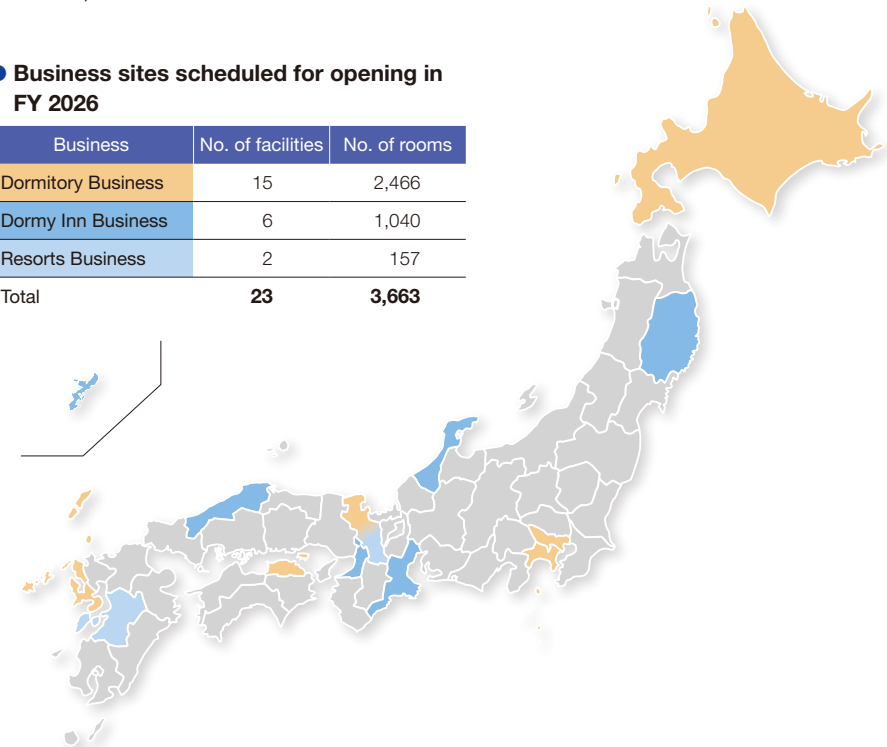
Market Development

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®

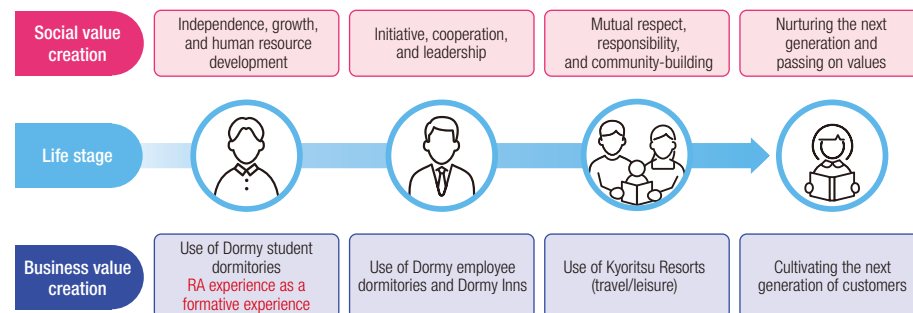
■ Creating Experiential Value Through the RA Program®

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.



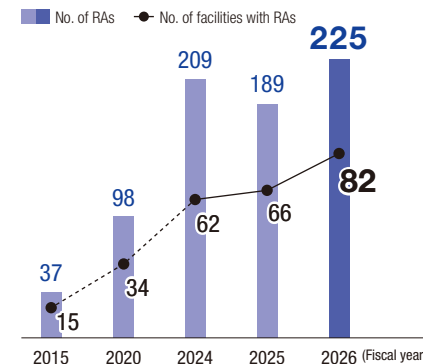
■ The RA Program® Creates Both Social Value and Economic Value

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

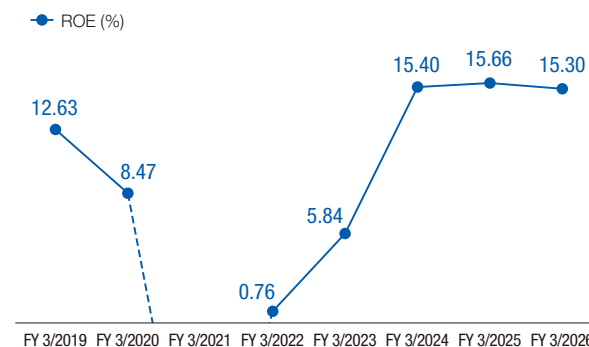
COVID-19 to achieve renewed growth” and “pursuing further growth in customer satisfaction and regional expansion” as frameworks. Key measures under the plan include lifting the top line even higher by “increasing the number of rooms through new development” and “normalizing selling prices” to achieve 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.

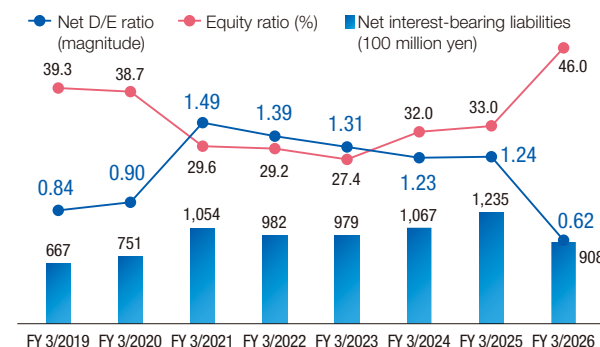
Moreover, since its foundation, Kyoritsu Maintenance has been practicing its management policy of “contributing broadly to social development through food and housing services” under the management philosophy of “the spirit of the company is to put customers first.” Also, we established the corporate 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.

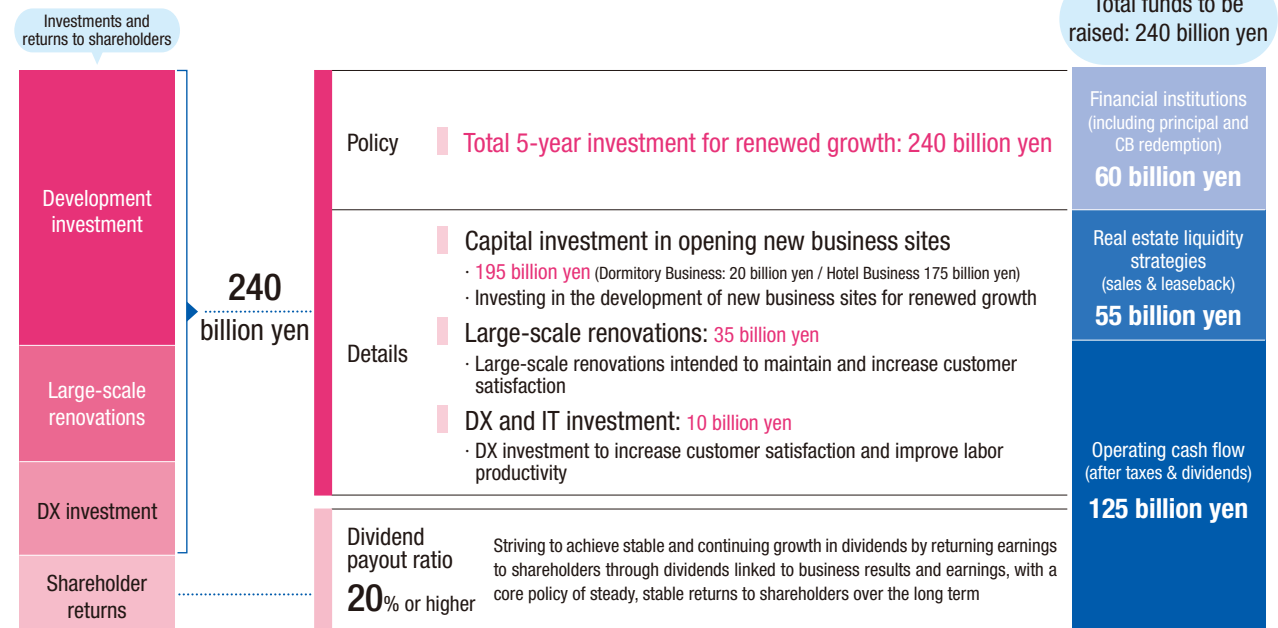
As for priority areas of growth investment, our focus will be on the Hotel Business, which holds the promise of higher growth potential, but we will also continue to carry out growth investment in the Dormitory Business.

● 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

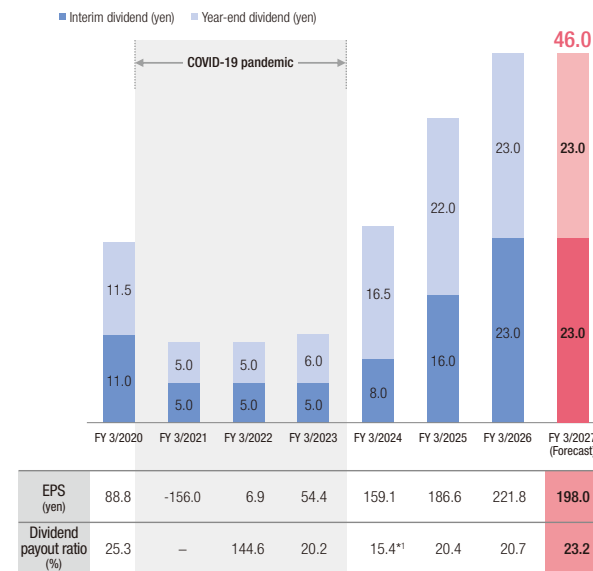


Financial Strategy: Message From the CFO

● 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

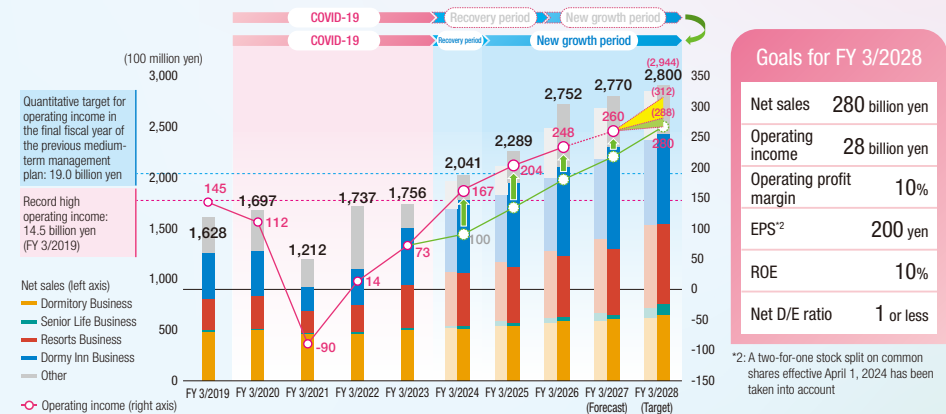
Goals for FY 3/2028

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

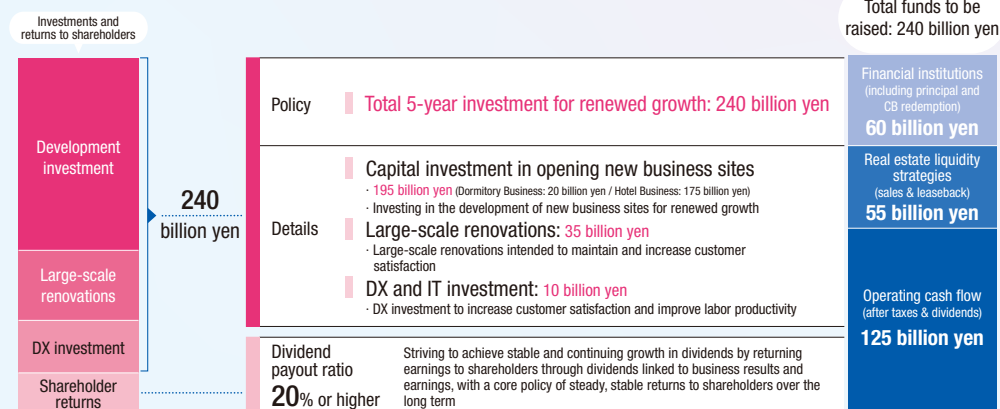
- Labor savings achieved through smart check-in systems at hotels and self-payment kiosks
Completed the installation of self-payment kiosks at all Dormy Inn facilities and expanded the use of smart check-in systems to improve service quality
- Use of cleaning and maintenance robotics
- Labor savings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

Business Overview

Residence Group

Dormitory Business



Safe, welcoming housing with a heartfelt “Welcome home”

Cherishing the “spirit of room-and-board” that has been passed down since our founding, we support each resident’s daily life through warm, home-style meals prepared with care and sincerity, one meal at a time, and supervision by resident managers and matrons. We provide a supportive environment where people can live with peace of mind while assisting them with their day-to-day issues in a warm and friendly manner, and we are working to create dormitories that meet the diverse lifestyles and needs that evolve with the times.

[Dormitory Business Overview]

Our core Dormitory Business operates 536 student and employee dormitories across Japan, totaling 46,147 rooms (as of March 31, 2026). In addition to furnished rooms and well-equipped common areas, student dormitories provide two meals a day (breakfast and dinner) designed under the guidance of a registered dietitian, thereby ensuring safe and comfortable living spaces. We also develop dormitories that meet diverse needs, including those for international students and concept-based dormitories.

At our employee dormitories, we employ flexible contract configurations allowing companies to lease only the rooms they require for the necessary term in accordance with their needs. We also support companies’ employee benefit systems by offering custom dormitory design and operation.

[Understanding Our Business Environment]

Strengths

Industry-leading scale and a wealth of operational experience

With a total of 536 student and employee dormitories nationwide, we hold the No. 1 market share in the industry. We have established a stable customer base of about 66,000 annual users through our partnerships with 1,766 educational institutions and 909 corporate entities.

High-quality hospitality and living environments with peace of mind

Resident managers and matrons are permanently stationed to provide warm service to residents. In addition to the warmth and peace of mind of room-and-board, facilities provide two meals a day (breakfast and dinner) designed by a registered dietitian and private furnished rooms, thereby ensuring safe and comfortable living spaces.

Facilities that accommodate forums for the promotion of exchange, learning, and growth

We hold numerous programs that promote exchange among fellow dormitory residents, such as welcome parties and seasonal events, to provide opportunities for communication. We introduced the Resident Assistant (RA) Program® to develop student leaders who advise dormitory residents and engage in event planning, operation, and other duties. We also operate a large number of dormitories for international students (273 facilities across Japan with about 5,640 residents as of March 31, 2026) through which we accumulate expertise in cross-cultural co-living.

Comprehensive handling capability for contract operation and facility management

We provide comprehensive management and operation on a contract basis for student and employee dormitories, training facilities, etc. owned by educational institutions and corporations. We offer total support that includes meals, cleaning, equipment procurement, and cost management. We provide a facility management network that covers everything from daily cleaning to statutory inspections and post-vacancy repairs and renovations based on a plan customized according to customer needs.

Challenges and Risks

- Soaring costs for construction, repairs, food, and utilities.
- Increasing difficulty in maintaining service levels due to a declining workforce and recruitment challenges.
- Intensifying price competition resulting from market entry by other industries and development firms.
- Decline in the population aged 18.
- Decreased demand due to the consolidation and elimination of schools, the relocation of campuses to city centers, etc.
- Changes in the demand structure for employee dormitories due to diversified work styles, including remote work and DX.

Opportunities

Creating wider corporate demand and expanding into new areas

We will bolster employee dormitory proposals for regional companies, handling training, placement, and transfers. We will expand into areas where we currently have no presence, and strengthen collaboration with our Hotel Business.

Addressing increasingly diverse needs

There has been an increase in international students coming to Japan and rising demand for student dormitories due to housing shortages. There has been growth in demand for employee dormitories due to increased hiring of personnel from overseas, including technical intern trainees. We will make comprehensive proposals for contractors that encompass operation/management, meals, and a safety network. We will also handle the needs and environments unique to individual regions across Japan through tailored approaches.

High-quality hospitality

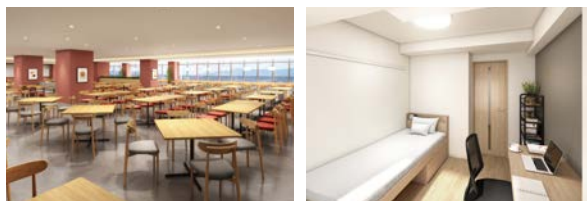
The RA Program® differentiates us from competitors and other companies in the industry through warm, home-style meals served at each dormitory. We have expectations that employee dormitories will be utilized as measures to deal with recruitment difficulties and prevent turnover.

Utilizing diverse human resources

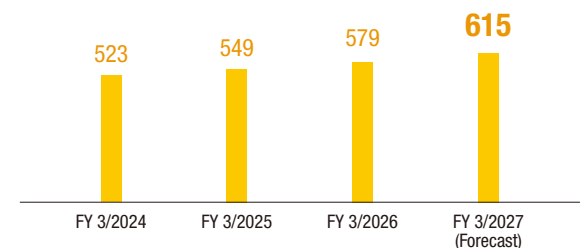
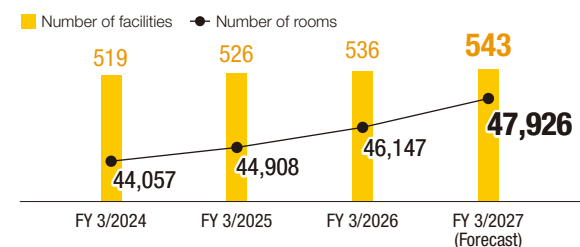
We will do our part for job creation by utilizing diverse human resources, including those in rural areas, elderly individuals, and foreign nationals.

Business Overview | **Dormitory Business****[Overview of FY 2025]**

In FY 2025, we opened 13 new properties with a total of 1,405 rooms nationwide, starting the year with a high initial occupancy rate of 97.4%. The business accurately identified the need for revising dormitory systems, driven by companies' human capital investments and strengthened recruitment, increasing the number of occupied rooms in employee dormitories by 247 over the previous fiscal year. In addition to supporting diverse learning environments, such as by opening the Dormy Sendai Kawauchi Hills student dormitory, we also focused on expanding into new markets, including the Chugoku and Shikoku regions. In terms of financial performance, sales remained strong, with net sales reaching 57,924 million yen (a year-on-year increase of 5.5%) and operating income reaching 6,194 million yen (a year-on-year increase of 1.9%) thanks to normalizing selling prices and increased occupancy. We absorbed the impact from cost inflation, including higher food and labor costs, too, through rigorous cost management and price adjustments, thus performance remained solid.

Dormy Tokai Univ. Hills 493 rooms Opened in April 2026**[FY 2026 Outlook]**

For FY 2026, we anticipate net sales of 61,510 million yen (+6.2% year on year) and operating income of 6,880 million yen (+11.1% year on year). In the current fiscal year, we plan new openings of 2,466 rooms at 15 properties nationwide, including Dormy Tokai Univ. Hills, a 493-room dormitory for Tokai University and one of the largest in the Kanto region, as well as two properties marking our first entry into Nagasaki Prefecture. We started the fiscal year with a high initial occupancy rate of 98.5% (a year-on-year increase of 1.1 percentage points). In addition, we will begin full-scale expansion of new types of Dormy properties designed to meet the diversifying needs of customers, including the reopening of a multigenerational Dormy property that conveys the appeal of Dormy to a wide range of age groups, not just students and company employees. At the same time, we will continue normalizing selling prices, addressing cost inflation, and implementing thorough cost management with the aim of stable growth through both expanding net sales and improving profit margins.

Net sales (100 million yen)**Number of facilities/rooms****Contribution to the medium-term management plan for achieving goals for 2028**

As part of the growth strategy cited in our medium-term management plan, we actively pursue the development and opening of new business sites. We will promote new openings in the vicinity of leading national universities across Japan, particularly the expansion of our market into areas where we have no locations, as we aim to establish a network of 50,000 rooms—an increase of 6,700 rooms—over five years.

For student dormitories, we will accelerate our expansion in alignment with market needs at major centers that include national universities across Japan, focusing particularly on partnership dormitories planned and developed jointly with schools. As for employee dormitories, we will strengthen development in anticipation of growing demand for high-value-added studio-type living arrangements that ensure private spaces while providing opportunities for social interaction. At our existing business sites, we will carry out large-scale renovations in our efforts to enhance common facilities such as training gyms, community lounges, and co-working spaces. In doing so, we will work to improve customer satisfaction. Moreover, in anticipation of increasingly diverse lifestyles and demographic changes, we will leverage the expertise cultivated in the Group to promote the building of a foundation for the future of Dormy where everyone from students to elderly individuals can co-exist together.

Going forward, we will continue to enforce our policy of “customers first,” work together with our business sites to practice dormitory operations that give joy to those customers, and work to fortify our relationships with them in order to further our bonds and trust.

Business Overview

Residence Group

Senior Life Business



Live the days ahead as the person you have always been.
Nursing care residences where you can live true to yourself.

By providing safe and comfortable housing, we aim to create an environment where residents can continue living their lives just as they always have. Drawing on the expertise developed through our Dormitory and Hotel Businesses, we provide a support system tailored to each resident's physical condition, helping them lead active lives every day throughout their entire lives.

[Senior Life Business Overview]

The Senior Life Business, which focuses on housing operations tailored to elderly individuals, operates a total of 15 nursing homes (1,002 rooms) for seniors. These include nine licensed paid nursing homes for seniors, one paid residential home for seniors, and five serviced housing facilities for the elderly (three of which are designated for Daily Life Long-Term Care for Persons Admitted to a Specified Facility), as well as two outpatient long-term care business sites. We aim to operate our facilities focused on the three themes of “meals, daytime activities, and sleep,” establishing a regular daily routine and working to maintain and improve daily living functions in order to help prevent and manage lifestyle-related diseases and dementia.

[Understanding Our Business Environment]

Strengths

Food and housing services developed through dormitory and hotel operations

We leverage our expertise in creating comfortable living environments and serving meals developed through the Dormitory and Hotel Businesses in expanding into housing for elderly individuals. Registered dietitians and nutritionists at headquarters and facilities work together to provide daily meals tailored to residents' health conditions, thereby helping to prevent lifestyle-related diseases and dementia.

Support focused on meals, daytime activities, and sleep

Using a unique approach that targets overall lifestyle habits, we support lifelong engagement for residents by providing health support that combines meals that encourage the joy of eating, activities that foster a sense of purpose, and high-quality sleep. We implement dementia prevention programs through learning, club activities, and hobbies.

Introduction of the use of cutting-edge monitoring systems

We have introduced system features that use AI sensors to monitor indicators such as heart rate, breathing, and falls. This ensures resident safety while simultaneously promoting the regulation of sleep rhythms through a dimmable, color-adjustable lighting system designed to mitigate disruption of their sleep. With the introduction of a facial recognition camera system, we now take action to prevent residents with dementia from wandering offsite without permission.

Diverse room configurations and operational performance

We have rolled out multiple facility configurations, including licensed paid nursing homes for seniors, paid residential homes for seniors, and serviced housing facilities for the elderly. As of March 31, 2026, we operate 15 properties with 1,002 rooms, primarily in the Tokyo metropolitan area, and have established a business foundation capable of meeting a diverse range of needs.

Challenges and Risks

- Issues with turnover and recruitment of employees at business sites.
- Increased development costs due to surging construction expenses.
- The trickiness in balancing the utilization of IoT and mechanization with human touch and care.

Opportunities

Continued growth in demand for housing and long-term care in line with the aging population

In Japan, the population aged 65 and over is estimated to reach approx. 36.77 million by 2025, with the elderly population ratio reaching 33.3% by 2036 and 38.4% by 2065. The need for serviced housing facilities for the elderly, paid nursing homes, and other such facilities will continue to grow in the future, and with it, opportunities for stable market development.

Differentiation and improved efficiency through the utilization of IT technology

With the introduction of IoT and AI sensor technology, we can now assist residents with their health management and safety in real time. We will boost our competitiveness in terms of resident satisfaction and operational efficiency.

Growing into a core business alongside dormitories and hotels

The Senior Life Business has formulated a focused business expansion plan as a prospective business. We will promote new product development, including the development of multi-generational dormitories.

Growing demand for community-based housing

There is growing interest in community-based housing that encourages exchanges with the community. Through supporting lifelong engagement, we will strengthen coordination between activities, learning, and community, and promote differentiation and improved resident satisfaction.

Business Overview | Senior Life Business

[Overview of FY 2025]

In FY 2025, we opened two new properties: Dormy Omorimachi and Dormy Oimachi Futaba. Meanwhile, due to the closure of Dormy Johoku Park in November 2025, the number of properties stood at 15, with 1,002 rooms, as of March 31, 2026 (compared to 14 properties and 890 rooms in the previous period). As a result of this business expansion, net sales reached 4 billion yen (up from 3.2 billion yen in the previous period), reflecting steady growth. For this business, we focus on creating living environments where residents can continue to staying true to themselves by making the most of the operational expertise developed through our Dormitory and Hotel Businesses. We are also continuously working to improve human resource development and workplace environments, with the aim of enhancing service quality and strengthening our organizational foundation.

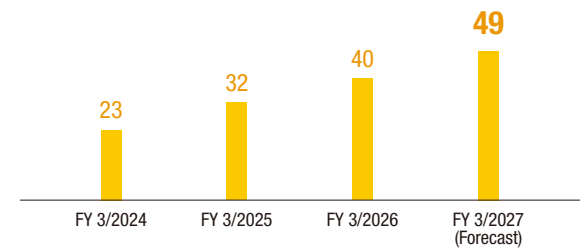
Dormy Omorimachi 80 rooms Opened in October 2025



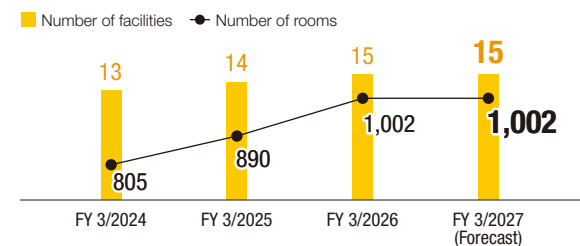
[FY 2026 Outlook]

We have positioned our Senior Life Business as a key prospective business for driving the Group's medium- to long-term growth. For FY 2026, we anticipate net sales of 4.9 billion yen (a year-on-year increase of 22.5%). While making the most of our expertise in "food and housing" developed through the operation of our Dormitory and Hotel Businesses, we are promoting the development of residences based on new concepts designed to meet a diverse range of needs, including those of elderly individuals. Specifically, with an eye toward a future transition to paid nursing homes and serviced housing facilities for the elderly, we will begin the full-scale launch of a multi-generational co-living business model that leverages the Group's business foundation, for example, by developing student dormitories capable of being converted to senior housing that comply with legal standards from the initial design stages. We will help resolve social issues through high-value-added services that support lifelong engagement for residents while working to strengthen our business foundation and improve profitability.

Net sales (100 million yen)



Number of facilities/rooms



Contribution to the medium-term management plan for achieving goals for 2028

In FY 2023, we revised our basic policy on business site development and temporarily suspended the development of paid nursing homes that we had pursued at that point, then newly reevaluated our growth strategy based on the business viability of this business. Having done that, we are currently planning the development of a new multi-generational dormitory configuration that breaks away from conventional paid nursing homes. We aim to provide a living environment where people of all ages, from students to elderly individuals, can live with peace of mind, and to establish a new business model that leverages the Group's strengths.

Meanwhile, as of March 31, 2026, our existing Senior Life Business has expanded to 15 properties and 1,002 rooms, including Dormy Omorimachi, which opened in October 2025. With this business expansion, we anticipate that all business sites developed over the past several years will achieve stable occupancy by FY 2028, with net sales generated from these sites estimated to reach the mid-5 billion yen range. Moreover, in terms of profits, we also expect to be able to make a positive contribution in FY 2027 and FY 2028.

Furthermore, by promoting the development of the multi-generational dormitories mentioned above, we will address a diverse range of needs, including those of elderly individuals, and create living environments where residents can live with peace of mind. At the same time, we aim to strengthen our revenue base and expand contribution of our Senior Life Business as outlined in the medium-term management plan.

Business Overview

Hotel Group

Dormy Inn Business

The ultimate business hotels
offering relaxing and comfortable
stays

Based on the concept of “a home away from home,” we provide a space where guests can relax just as they would at home, whether they are on a business trip or on vacation.

While carrying on the “spirit of room-and-board” developed through our Dormitory Business, we aim for hotels dedicated to comfort and coziness where guests can unwind from the fatigue of travel.

[Dormy Inn Business Overview]

The Dormy Inn Business provides hotel services to a wide range of guests, from business travelers to tourists and people traveling for pleasure. Based on the concept of “a home away from home,” we are working to enhance the value of the stay itself by not only offering comfortable guest rooms, but also rolling out unique services such as large communal baths, saunas, breakfasts featuring local specialties, and Yonaki Soba (late-night ramen).

In addition, by expanding our presence in major cities and tourist destinations nationwide, we are building a stable business foundation by capturing both business and tourism demand. In recent years, against the backdrop of a recovery in inbound tourism demand and growing demand for domestic travel, we have been working to improve the profitability of existing hotels and open new locations, in addition to practicing sustainable hotel management through the introduction of energy-efficient facilities and co-existence with local communities.

[Understanding Our Business Environment]

Strengths

Differentiated brand strategy and added value

We establish high-value-added brand positions that prioritize the customer experience.

We differentiate ourselves through unique services such as business hotels with hot springs and large communal baths, Yonaki Soba (late-night ramen), and local breakfasts.

Unique expertise and organizational culture based on synergy
with dormitory operations

We offer a unique brand of hospitality that combines the resident-centered service philosophy developed through our Dormitory Business with a warm and homely atmosphere and comfort.

Service quality achieved through human resource development

We promote human resource development that supports improved service quality on the front lines through fair and standardized personnel systems and on-the-job (OJT) training. We have a development structure in place that enables employees to develop skills with peace of mind, even without prior experience, with the introduction of training based on hierarchy and assessment-based training.

Enhanced work efficiency and improved convenience through
the promotion of DX

By focusing on reservation systems, smart check-in, and integrated database-building, we are helping to improve customer convenience, as well as our own profitability through enhanced work efficiency.

Stable customer base through multi-location expansion

We have expanded to 100 properties across Japan (as of March 31, 2026), thereby establishing a widespread customer base that spans regional cities and hot spring resort areas.

Taking advantage of a sales, recruitment, and operation framework capable of a nationwide response, we have penetrated the market and established robust competitive advantages in regional cities.

Challenges and Risks

- In addition to accommodating technological innovations such as AI and IoT, it is also crucial for us to recruit human resources and develop properties.
- Labor shortages and cost inflation are progressing due to the declining workforce.
- Economic downturns caused by trends in trade policies by various nations, exchange rate fluctuations, etc.
- Fluctuations in travel demand due to intensifying natural disasters and extreme heat.
- Intensified competition due to overseas companies entering the Japanese market.

Opportunities

Recovery and growth in inbound tourism demand

Backed by a recovery in the number of visitors to Japan following the end of the COVID-19 pandemic, we will promote a strategy for stably maintaining an inbound tourism ratio in excess of 30.0%.

Improved supply capacity through new openings and facility
enhancements

We will open locations in more regions and expand our brand variations. We are working toward the target of 20,000 rooms set forth in our medium-term management plan.

Enhanced work efficiency through DX and the introduction of
labor-saving technology

We will facilitate a balance between improving customer convenience and enhancing work efficiency through the introduction of smart check-in, automated payment machines, cleaning robots, and so forth, which will help us deal with labor shortages and improve profitability.

Strengthening organizational capabilities through human
resource strategies

Through enhanced conversion training, OJT, and flexible career path programs, we will work to retain and develop personnel, shaping a foundation for maintaining and elevating service quality.

Business Overview | Dormy Inn Business

[Overview of FY 2025]

In FY 2025, we opened 636 rooms across four new properties, including Dormy Inn Tsuruga, thereby meeting a wide range of accommodation needs, from business travel to tourism. Due to implementing thorough revenue management that effectively capitalized on robust domestic demand and an increase in inbound tourism, the average daily rate rose to 14,853 yen (a year-on-year increase of 7.7%), and the significant increase in RevPAR drove up financial performance.

On top of expanding the implementation of our smart check-in system as part of a DX strategy designed to both enhance customer convenience and improve operational efficiency, we also improved the ratio of direct reservations (27.1%), which led to reduced marketing fees. As a result, we were able to effectively offset increased costs, such as linens and labor costs, achieving significant growth in both revenue and profits: net sales reached 92,225 million yen (a year-on-year increase of 10.1%), while operating income reached 19,090 million yen (a year-on-year increase of 23.8%). We are also systematically carrying out large-scale renovation projects toward improving customer satisfaction and promoting efforts to enhance brand value and strengthen medium- to long-term profitability.

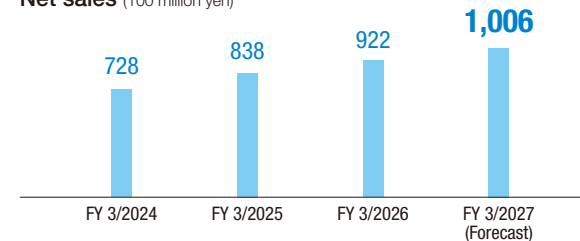
Dormy Inn Tsuruga 199 rooms Opened in March 2026



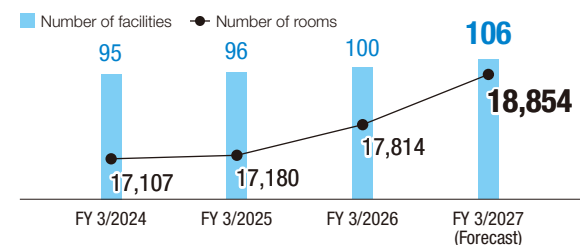
[FY 2026 Outlook]

For FY 2026, we anticipate strong growth, with net sales of 100,560 million yen and operating income of 20,660 million yen. By accurately capturing robust accommodation demand and implementing thorough revenue management through dynamic pricing, we aim to significantly improve RevPAR, thereby offsetting the rise in pre-opening and operating costs and factoring in double-digit growth. As part of our expansion strategy, we plan to open 1,040 rooms at six new properties, including Dormy Inn Naha Kenchomae, our first location in Okinawa Prefecture, thereby further expanding our nationwide network. In addition to carrying out planned large-scale renovation projects on an ongoing basis, we will work to improve both customer convenience and labor productivity through measures such as updating the Dormy's membership app and other enhancements to the membership program to normalize marketing costs, as well as the expanded implementation of the smart check-in system. This will lead to further increasing profitability.

Net sales (100 million yen)



Number of facilities/rooms



Contribution to the medium-term management plan for achieving goals for 2028

As the driving force behind the growth strategy outlined in the medium-term management plan, the Dormy Inn Business involves actively working on the development and opening of new locations, and it is already expected to achieve 100% of its target of 20,000 rooms by the final fiscal year of the plan. In addition to accelerating the expansion of Onyado Nono, a premium Japanese-style brand that leverages our dominant presence in areas with existing properties, we will also focus on developing the EXPRESS brand at new roadside locations. Through this, we aim to expand our nationwide network and achieve sustainable business growth.

We are focusing on normalizing marketing costs and improving labor productivity through DX as a core aspect of internal growth. We will work to expand functionality of the Dormy's membership app and enhance our membership program with the ultimate goal of achieving a 40% direct reservation rate. In addition, we will streamline operations by expanding the implementation of smart check-in systems and automated payment machines, etc., thereby creating an environment where frontline employees can focus on providing a high level of hospitality to our guests.

At our existing business sites, we will carry out planned large-scale renovation projects to enhance customer satisfaction and brand value. By implementing thorough revenue management that accurately captures ongoing robust domestic accommodation demand and inbound tourism, we will effectively offset cost inflation while further increasing profitability, thereby helping to achieve Group-wide medium-term targets and create sustainable value.

Business Overview

Hotel Group

Resorts Business



Tranquil resort hotels to relax the mind and body

We have combined refined spaces with simple hospitality, offering stays where guests can fully unwind. We are continuing to create Japanese-style resorts—inns evolved from room-and-board facilities where guests can experience the unique charm of each region: from scenic views and hot springs to local cuisine and a warm welcome.

[Resorts Business Overview]

In our Resorts Business, we are rolling out resort hotels and traditional Japanese-style hot spring inns at hot spring resort areas and scenic spots nationwide. Locations feature gourmet food made with seasonal, locally sourced ingredients and hot springs hospitality provided through a variety of bathing areas and free-to-use private baths, along with offering unique services such as Yonaki Soba (late-night ramen) and luxurious, relaxing spaces suited to diverse ways of traveling in the modern age. In recent years, we have been working to capture inbound tourism demand and expand our high-value-added premium brands. As a core business alongside the Dormitory and Dormy Inn Businesses, the Resorts Business has earned a high level of support among customers, particularly repeat guests.

[Understanding Our Business Environment]

Strengths

■ High product appeal focused on food and hot springs

We have established a unique style of hospitality that makes guests want to return, featuring dishes made with seasonal, locally sourced ingredients, along with elegantly designed large communal baths and free-to-use private baths, etc.

■ Catering to a diverse range of price points and needs

From luxurious, high-class hot spring inns to stylish resorts perfect for families and solo travelers alike, we offer a diverse range of brands suited to our guests' budgets and preferences.

■ Synergy with Dormy Inn and high brand recognition

We have achieved cross-promotion by leveraging the brand power of Dormy Inn and Onyado Nono, which enjoy overwhelming support in the Business Hotel Business, and the Dormy's membership app.

■ Unique style of hospitality and dominant-presence expansion

We have achieved high customer satisfaction and efficient operations by leveraging the warm hospitality originating from the "spirit of room-and-board," an ethos developed through our founding business of student and employee dormitories, and a dominant-presence strategy implemented through concentrated expansion in specific areas.

Challenges and Risks

- Severe labor shortages and rising recruitment and labor costs.
- Soaring energy, food, and construction costs.
- Fluctuations in travel demand due to natural disasters and climate change.

Opportunities

■ Spread of inbound tourism demand to regional areas

International tourists are increasingly traveling outside the Golden Route (Tokyo, Kyoto, Osaka, etc.) to regional hot spring resort and vacation areas, and there is growing demand for accommodation experiences that offer a modern spin on Japan's traditional hot spring inn culture.

■ Growing demand for high-value-added experiences

In addition to accommodation facilities, demand is also growing for trips that offer experiences and relaxation at the destination, with the market remaining strong for premium resort hotels that provide high-quality guest experiences.

■ Enhancing the value of customer experiences through DX

By leveraging AI and IoT in optimizing operations, we are building a system that will allow employees to focus on creating contact points with customers and providing high-value-added services.

Business Overview | Resorts Business

[Overview of FY 2025]

In FY 2025, we opened a new property in Shizuoka Prefecture, La Vista Atami Terrace (239 rooms), and worked to provide a resort atmosphere that leverages the region's unique appeal. Due to strengthened revenue management, the average daily rate increased to 39,708 yen (a year-on-year increase of 3.8%). Moreover, the proportion of inbound tourism increased to 14.9%, while the proportion of direct reservations increased to 23.7%, resulting in net sales of 57,031 million yen (a year-on-year increase of 2.9%). In terms of profit, however, operating income amounted to 1,950 million yen (a year-on-year decrease of 1.11 billion yen) due to a combination of factors, including cost inflation, such as labor and cleaning costs, upfront expenses incurred through new openings, and the impact of large-scale renovations undertaken in anticipation of the future. Even under these circumstances, we worked to normalize selling prices to reflect the value we provide and to improve our cost structure, while at the same time striving to further capture inbound tourism demand and enhance service quality, thereby strengthening our business foundation for future growth.

La Vista Atami Terrace 239 rooms Opened in March 2026

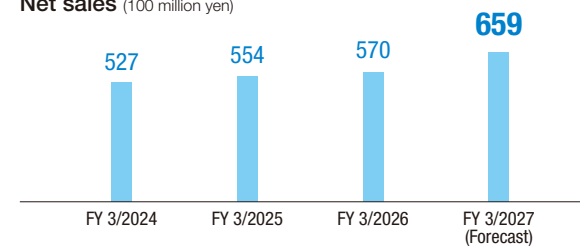


[FY 2026 Outlook]

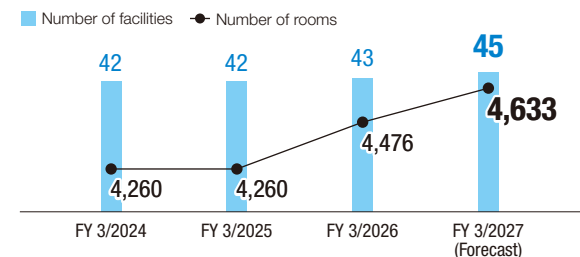
For FY 2026, we anticipate significant growth in both revenue and profits, with net sales of 65,880 million yen and operating income of 3,000 million yen. Against the backdrop of continued robust accommodation demand, including inbound tourism, we will strive to increase RevPAR and achieve steady improvements in profitability by normalizing selling prices to reflect the value we provide and implementing thorough revenue management. During the current fiscal year, we plan new openings of two properties with 157 rooms: Kyoto Omuro Kadensho, the latest addition to the Kadensho brand, as well as La Vista Minami-Aso, our first location in Kumamoto Prefecture. We will continue to actively expand into appealing tourist destinations throughout Japan.

In addition, we will carry out planned large-scale renovations to further enhance customer satisfaction, alongside working to maintain and improve brand value. In addition to effectively offsetting cost inflation, such as linens and cleaning costs, we will capture diverse domestic and overseas accommodation needs toward strengthening our revenue base.

Net sales (100 million yen)



Number of facilities/rooms



Contribution to the medium-term management plan for achieving goals for 2028

As a key element of our medium-term management plan, our Resorts Business involves continued efforts to open new locations at popular and renowned hot springs resorts and scenic spots both in Japan and overseas. We have already achieved 84% of our target of 5,500 rooms for the final fiscal year of the plan. In terms of development, we will adopt strategic development approaches as a way of addressing soaring construction costs and other issues, including renovating existing properties and utilizing mobility houses. With this, we aim to further accelerate our pace of development and achieve sustainable expansion.

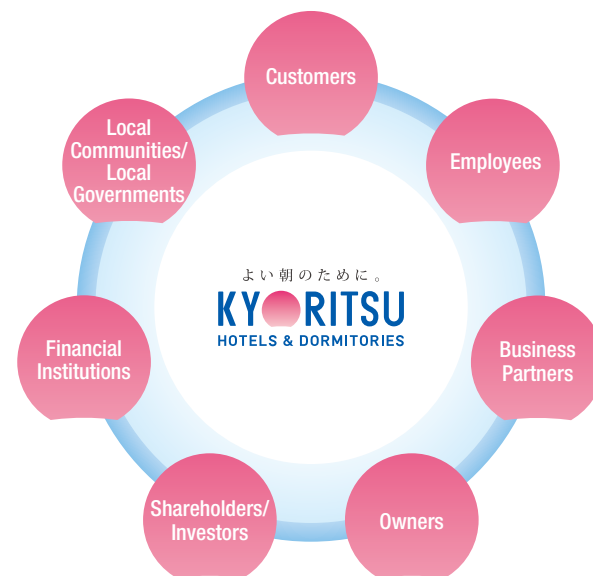
Moreover, we aim to attract new members and enhance services for repeat customers by providing extra content on the Dormy's membership app and improving usability of the app, thereby aiming toward normalizing marketing fees and ultimately achieving a 40% direct reservation rate. Furthermore, we will encourage "bath-hopping" around our facilities nationwide as a way of maximizing brand value.

At our existing business sites, we will carry out planned large-scale renovations in our efforts to enhance both customer satisfaction and brand value. Going forward, we will continue to provide our unique brand of "Japanese relaxation" to meet the diverse accommodation needs of guests both in Japan and overseas, thereby contributing to the sustainable creation of value Group-wide and achievement of our medium-term management plan.

Stakeholder Engagement

Value Created Through Kyoritsu Maintenance Partnerships

Kyoritsu Maintenance's management philosophy states: "Always desire for prosperity and work to achieve mutual profits." Coexistence and co-prosperity with stakeholders is a prerequisite for our business efforts. We build relationships of trust through two-way communication with a variety of stakeholders, including our customers, shareholders, and members of the local community, as we aim to improve our sustainable corporate value.



Stakeholders	Relationship with Stakeholders	Main Method of Dialogue	Stakeholder Expectations
Customers	Creating products and services that satisfy customers with a "customers first" mindset We focus on sensing what each customer wants, taking each situation seriously, and responding with care. We also work to improve and develop products and services based on customer feedback to improve customer satisfaction.	- Opinions and requests received at our facilities - Corporate inquiry desk - Facility support desks - Customer surveys - Community website - Social media	- That we pursue high-value-added products and services with safety and security as our top priority - That we anticipate needs that customers themselves are unaware of and propose solutions
Employees	Creating a workplace that lets individual talents shine Our corporate culture, where bringing customers joy serves as our own joy, has been passed down through generations of employees with whom our founder's company motto resonated. In pursuing new workstyles and supporting autonomous growth, we are working to create a workplace that draws out the potential of each and every employee.	- Education and training based on career - HR evaluation system and feedback interviews - Career surveys - Compliance hotline (internal reporting system) - Company newsletter, department bulletins, business chats - Interview sessions with the president	- Physical and mental health - Fair and impartial assessments and treatment - Flexible working styles that allow for work-life balance - Creating an environment that lets employees take on challenges - Opportunities for career advancement and learning - Respect for human rights and compliance with labor laws
Business Partners	Promoting coexistence, mutual benefit, and sustainability We practice fair, transparent dealings and responsible procurement. We also promote understanding and partnership throughout the supply chain (purchasers, manufacturers, contractors, etc.) to promote sustainable procurement efforts and maintain relationships where we can grow together.	- Publication of the Kyosei-Kai bulletin Banryu - Supplier shareholder association - Human rights due diligence - Declaration of partnership building - Compliance hotline (external reporting system)	- Provision of equal opportunities and fair and impartial selection - Information sharing and collaboration for sustainable procurement
Owners	Continuing stable asset management that respects the wishes of owners We preserve the assets important to owners over the long term and conduct renovations and upgrades in accordance with business plans, procure equipment, consumables, and energy for business sites, and promote safe, secure, and stable business operations.	- Regular visits by representatives - Management reports twice a year - Renovation work and regular inspections in accordance with the law - Contract renewal	- Stability and continuity of asset management - Trust in our products and services - Maintenance of asset value
Shareholders/Investors	Deeper mutual understanding to improve corporate value We provide corporate data that may influence investment decisions such as our financial conditions and future business plans in a timely, fair, and continuous manner. We also regularly report opinions and concerns received through dialogue at meetings attended by management, using this feedback to improve business management and increase corporate value over the medium to long term.	- Shareholders meetings - Financial results briefings - One-on-one meetings - International IR - Briefings for individual investors	- Communication through IR activities - Enhanced data disclosure - Responding to external evaluation organizations - Promoting sustainable management
Financial Institutions	Building trust to secure stable business funding We strive to provide clear data disclosure so that financial institutions can understand our business operations and financial situation and properly assess the soundness of our management as well as communicate proactively to build mutual understanding and trust.	- Regular visits by representatives - Performance reports	- Stable business expansion - Proactive growth investment that maintains financial discipline - Information sharing and collaboration that leads to business development
Local Communities/Local Governments	Creating jobs and revitalizing local economies We work to create jobs in areas where we open locations as well as form sustainable towns and revitalize local communities. We also participate in district councils and work to resolve regional issues through our business to help improve area value and create economic benefits.	- Recruitment briefings in areas where we open locations - Cleanup efforts in areas where we open locations - Event management that contributes to regional revitalization - Visits to various local governments in each region	- Creating economic benefits through business - Workplace tours and vocational experiences

Sustainability Management

Sustainability Policy

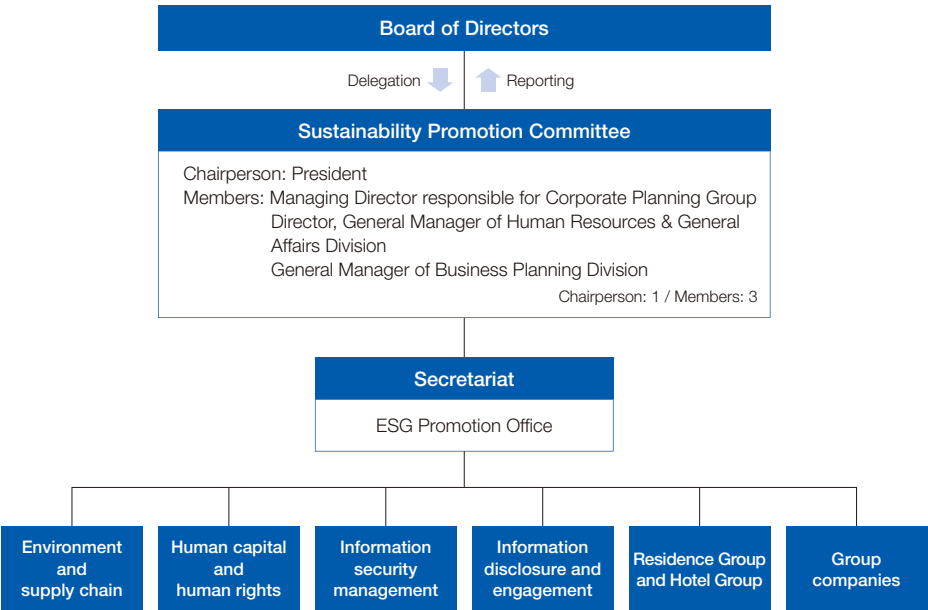
We, the Kyoritsu Maintenance Group, are engaged in business activities to create good mornings for our customers by providing true relaxation and comfort through food and housing so that they can greet each new day full of hope, vitality, and abundance. Naming ourselves “Kyoritsu” to imply that we stand together with our customers, society, and all the people who support us, and that we solidly maintain a presence in this world, since our founding, we have prioritized social responsibility as an important issue associated with our business activities.

This is also linked to our contribution to the achievement of the SDGs in recent years and our efforts to address environmental, social, and corporate governance (ESG) issues, and so we will continue to strive for the realization of a sustainable society while enhancing our corporate value over the medium to long term through our business activities.

Sustainability Promotion Structure

In April 2022, the Sustainability Promotion Committee was inaugurated as a direct control organization, chaired by the president, to promote efforts to address issues surrounding sustainability.

In response to a policy from the Board of Directors, this Committee will hold various discussions on sustainability, determine various policies, targets, and measures related to sustainability, and report regularly to the Board of Directors on the progress of these discussions.



Moreover, in January 2026, we established five subcommittees as subordinate bodies of this Committee.

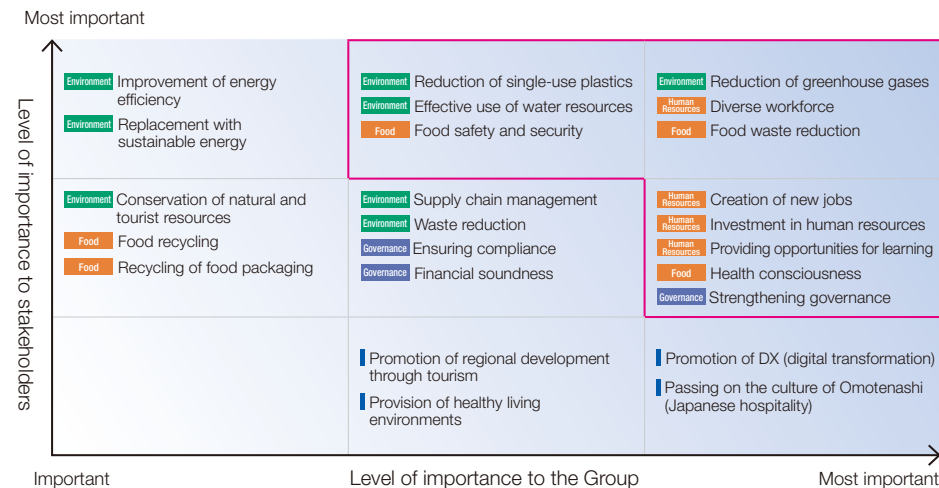
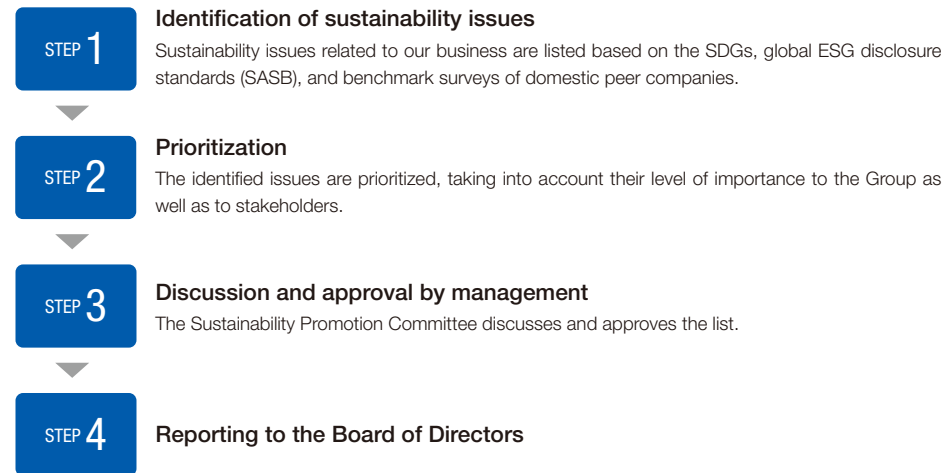
We will work in collaboration with each Group company to promote initiatives addressing materiality in a more strategic and practical manner. Each subcommittee is scheduled to meet four times a year (on a quarterly basis), and an overview of each is given below.

Subcommittees	Deliberated Matters
Environment and supply chain	Identifying issues and formulating countermeasures based on our Environmental Policy - Initiatives to curb environmental impact, including reducing greenhouse gas emissions - Initiatives related to the supply chain, including formulating procurement policies
Human capital and human rights	Expanding disclosure of human capital information, including human resource development and ensuring diversity - Implementing human rights due diligence - Initiatives for supporting autonomous career development and improving work environments
Information security management	Identifying key information assets and assessing security risks - Providing regular information security training for all officers and employees - Enhancing measures to prevent information leakage across the entire value chain
Information disclosure and engagement	Appropriate and timely ESG information disclosure to stakeholders - Collecting and analyzing non-financial information to improve ESG ratings evaluations - Promoting highly transparent reporting via the Integrated Report and other means
Residence Group and Hotel Group	Promoting initiatives addressing materiality at each department - Providing a safe and secure service environment enabling us to coexist alongside local communities - Promoting ESG activities at workplaces in accordance with our Environmental and Procurement Policies

Materiality

Materiality Identification Process

We have made a list of sustainability issues related to our business based on the SDGs, global ESG indicators, and benchmark surveys of domestic peer companies, prioritizing the identified issues based on their level of importance to the Group as well as to stakeholders.



The relevance of each materiality to the SDGs and the Company's initiatives are as follows.

	Materiality	The Company's initiatives	Related SDGs
E Environment	Reduction of greenhouse gases	- Switch to energy-efficient equipment - Secondary use of heat from hot springs - Support for promotion of EVs (electric vehicles) and other eco-cars - Management of industrial waste performance	6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Reduction of single-use plastics	Review of amenity offerings	13 CLIMATE ACTION, 14 LIFE BELOW WATER
	Effective use of water resources	- Cease routine changing of linens (WECO cleaning for consecutive nights) - Installation of water-saving equipment	
S Social	Creation of new jobs	- Active job creation - Employment of people with disabilities	
	Diverse workforce	- Increasing the percentage of women in management positions - Introduction of unisex uniforms	4 QUALITY EDUCATION, 5 GENDER EQUALITY
	Investment in human resources	Expansion of training programs	8 DECENT WORK AND ECONOMIC GROWTH
	Providing opportunities for learning	- Implementation of RA program® in dormitories - Implementation of work experience programs at hotel business sites - Support for overseas students through the KYORITSU INTERNATIONAL FOUNDATION SCHOLARSHIP - Offering programs to support school attendance	
	Food safety and security	Food safety and security through HACCP-compliant sanitation management	
G Governance	Food waste reduction	- Initiatives to reduce food waste through "Domico," a special app for residents of dormitory business sites - Food waste reduction and recycling	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Health consciousness	Provision of healthy meals	
	Strengthening governance	- Development of governance structure - Promoting compliance - Implementation of harassment prevention training	10 AFFORDABLE HOUSING AND STRONG COMMUNITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS

Environment

Initiatives for Environmental Issues & the Global Environment

We view our initiatives to address environmental issues and global warming as essential to our business development and for a sustainable society. We also aim to realize a sustainable society and business development based on the preservation of natural capital and will comply with the following items to reduce our environmental impact through the services of all of our businesses.

Environmental Policy

The Group’s management policy is “contributing broadly to social development through food and housing services,” and we recognize that, in our business efforts, appropriate measures to address environmental issues are essential for creating a sustainable society. In light of the characteristics of the Group’s businesses and the nature of its services, we will apply the following basic principles in raising awareness, reducing environmental impact, and complying with laws and regulations.

● Raising awareness

We will make our stance on environmental conservation and improvement clear, raise awareness of legal compliance and environmental considerations, and contribute to efforts aimed at creating a sustainable society and preserving local ecosystems.

We will also ask our customers and business partners to understand this policy and give their support.

● Reducing environmental impact

We will promote energy conservation by introducing high-efficiency equipment, regularly inspecting and repairing buildings, and striving to effectively use resources and reduce greenhouse gas emissions.

We will strive to preserve the environment by reducing waste, switching from disposable to reusable items, thoroughly separating waste, and promoting recycling.

● Legal compliance

We will comply with environmental laws, regulations, and agreements. In the event of development or waste that conflicts with laws, regulations, or agreements, we will obtain environmental permits and implement appropriate management.

This policy will be reviewed continuously to ensure that environmental issues are addressed appropriately. This policy has been approved by the Board of Directors.

Promotion Framework

Subcommittees have been established for initiatives to address environmental issues and global warming, and the ESG Promotion Office collaborates with each department to gather and share data on efforts, develop strategies, monitor targets, and improve policies to promote environmental conservation efforts in a unified manner as a company.



In January 2026, we established the Environment and Supply Chain Subcommittee as a subordinate body of the Sustainability Promotion Committee as a way of promoting Group initiatives addressing materiality in a more strategic and practical manner. Each subcommittee is scheduled to meet four times a year (on a quarterly basis).

Initiatives for Task Force on Climate-Related Financial Disclosures (TCFD)

We position our efforts to address climate change as essential both for our own business development and for the sake of a sustainable society. Therefore, in FY 2022, we endorsed the TCFD recommendations to assess and disclose the financial impact of climate change-related risks and opportunities on our management, and we will take an active role in the climate change initiative to disclose this information.



Environment

Governance

● Supervision of climate change-related issues by the Board of Directors

The Kyoritsu Maintenance Group has integrated climate change into its governance process, in which the Board of Directors, as the governing body for risk management, is involved in the process of managing climate change-related risks and opportunities. The Sustainability Promotion Committee, which is subordinate to the Board of Directors, plans, deliberates, and make decisions on climate change-related matters and manages and governs the initiatives to address climate change.

● Decision-making of climate change-related issues

The president receives reports from the Sustainability Promotion Committee on climate change-related issues, and as the chief executive, makes decisions on (confirms and approves) specific measures and the target management of climate change-related risks and opportunities, and reports to the Board of Directors twice a year.

Strategies

The Group conducted scenario analyses for its three main segments of the Dormitory Business, the Hotel Business, and the Senior Life Business in response to the high uncertainty surrounding the future in transitioning to a decarbonized society, under scenarios of less than 1.5°C and 4°C global warming compared to pre-industrial levels. For definitions of anticipated time frame, short-term is until 2026, medium-term until 2030, and long-term until 2050; for scale of financial impact, 1.5 billion yen or more is large, 500 million yen to less than 1.5 billion yen is medium, and less than 500 million yen is small.

Risks and opportunities in the 1.5°C scenario

Perspective	Expected events	Risks	Opportunities	Expected financial impact	Businesses affected				Anticipated timeframe & scale of financial impact		
					Dorm	Inn	Resorts	Senior	Short-term	Medium-term	Long-term
Policy/legal regulations	Taxation on greenhouse gas emissions, such as carbon taxes	✓		Carbon tax levied according to greenhouse gas emissions (Scopes 1 and 2)	✓	✓	✓	✓	—	Medium	Large
		✓		Rising prices for food, amenities, and equipment due to carbon taxes on business partners	✓	✓	✓	✓	—	Small	Medium
	Tighter regulations on food waste	✓		Review cooking methods and make new investments to reduce waste	✓	✓	✓	✓	—	Small	Medium
	Tighter regulations on plastic waste	✓		Promote reuse and reduction of plastic to mitigate impact from regulations	✓	✓	✓	✓	—	Small	Medium
Technology	Improved production efficiency of renewable energy		✓	Lower renewable energy prices make reducing carbon tax burden easier	✓	✓	✓	✓	—	Small	Medium
	Improved efficiency of energy-saving equipment	✓	✓	Equipment efficiency improvements may lead to both efficiency gains through replacements and stranded assets from replacing existing products	✓	✓	✓	✓	—	Small	Medium
Market	Shift in customer values due to growing climate crisis awareness and concerns	✓	✓	Greenhouse gas emission reduction efforts appeal to customers choosing residences	✓			✓	Small	Small	Medium
Reputation	Increased climate change concerns among investors and job applicants	✓		Climate change response affects stock prices and recruitment efforts	✓	✓	✓	✓	Small	Medium	Medium

Risks and opportunities in the 4°C scenario

Perspective	Expected events	Risks	Opportunities	Expected financial impact	Businesses affected				Anticipated timeframe & scale of financial impact		
					Dorm	Inn	Resorts	Senior	Short-term	Medium-term	Long-term
Acute	Increased frequency and expanded damage from typhoons, torrential rain, and accompanying floods and landslides	✓		Facility damage leading to repair costs	✓	✓	✓	*	Small	Small	Medium
		✓		Facility damage leading to business suspension	✓	✓	✓	*	Small	Small	Medium
		✓		Supply chain disruptions due to traffic blockages preventing food and materials from being delivered, resulting in business suspension	✓	✓	✓	*	Small	Small	Medium
		✓		Traffic blockages preventing employees from commuting, resulting in business suspension			✓		Small	Small	Medium
Chronic	Rising average temperature due to global warming	✓		Increased risk of heatstroke for customers, leading to behavioral changes and poorer health	✓	✓	✓	✓	—	Small	Medium
		✓		Increased risk of heatstroke for employees, leading to changes in commuting and working styles	✓	✓	✓	✓	—	Small	Medium
		✓		Increased air conditioning costs	✓	✓	✓	✓	—	Small	Medium

*In the Senior Life Business, we have a policy of not building facilities in locations with high risk of disaster.

Environment

Risk Management

● Identification & evaluation

The Group recognizes that climate change is an important issue for the survival of corporations and believes that responding appropriately to climate change, not only in terms of risks but also opportunities, will lead to sustainable growth.

The Sustainability Promotion Committee, which is delegated by the Board of Directors, discusses the identified risks and opportunities, and comprehensively evaluates the challenges facing the Group and impacts on the Group's management in terms of both financial impact and likelihood of occurrence to determine the priorities. Business risks and opportunities are identified by comprehensively considering factors such as challenges facing the Group, requests and expectations of stakeholders, and results of environmental impact assessments, then are managed and addressed in future management plans.

● Management

The Sustainability Promotion Committee, in response to the requests from the Board of Directors, discusses and approves various policies, targets, and measures related to sustainability, and reports to the Board of Directors.

● Process

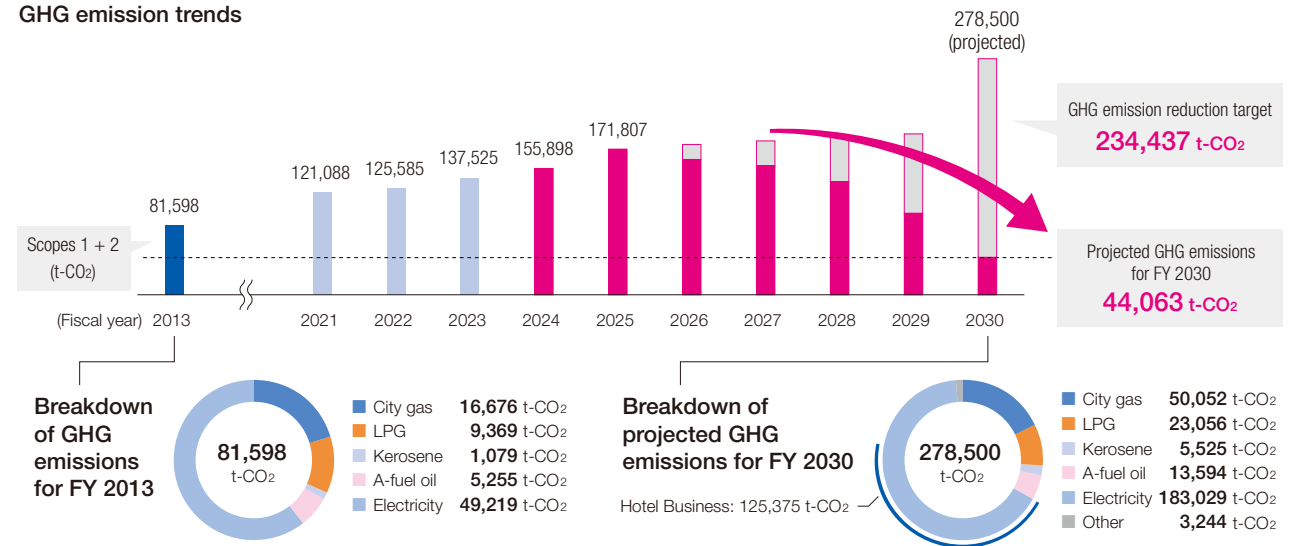
The Group believes that it is important to consider climate change from the perspectives of both risks and opportunities. To this end, we not only monitor climate change risks but also evaluate opportunities by strengthening collaboration with relevant departments and Group companies. Instructions are given to relevant departments after issues are deliberated and approved by the Sustainability Promotion Committee and reported to the Board of Directors.

Indicators and Targets

The Group aims to reduce greenhouse gas (Scopes 1 and 2) emissions by FY 2030 by 46% compared to FY 2013.

Indicator	Description
Scope 1 emissions	GHG emissions from fuel (city gas, LPG, kerosene, A-fuel oil) used by the Company * Usage is based on actual results; emission intensity is based on the "Accounting Methods and List of Emission Factors under the Mandatory GHG Accounting and Reporting System" by the Ministry of the Environment
Scope 2 emissions (market-based)	GHG emissions from electricity, etc. used by the Company * Usage is based on actual results; emission intensity is based on the "List of Emission Factors by Electric Power Supplier" and the "Accounting Methods and List of Emission Factors under the Mandatory GHG Accounting and Reporting System" by the Ministry of the Environment

GHG emission trends



Reduction plan

Scope 1

We will promote efficient energy use at each business site and transition to energy-efficient equipment.

Scope 2 (Electricity)

From FY 2026 onward, we will gradually switch to the procurement of power derived from renewable energy sources and acquisition of environmental value through non-fossil fuel certificates, focusing primarily on business sites that use large amounts of electricity and receive high-voltage power.

Environment

Reduction of Greenhouse Gases



Management of industrial waste performance

We have established a circular operation framework by systematically managing the performance data on the types of industrial waste and the amount of waste generated using the manifest, thereby contributing to reducing indirect GHG emissions.



Support for promotion of EVs (electric vehicles) and other eco-cars

We contribute to reducing indirect GHG emissions by supporting the popularization of electric vehicles by, for example, installing EV chargers at some of the Hotel Business sites. In addition, we will gradually change the vehicles we use for business and transportation to eco-cars in line with the future expansion of vehicle lineups.



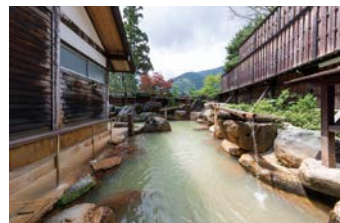
Switch to energy-efficient equipment

For equipment with high energy consumption such as air conditioners and boilers, we are implementing capital investments to optimize energy usage to achieve medium- to long-term greenhouse gas reductions. We will work to reduce GHG emissions generated from our business activities through scheduled replacement of equipment to highly efficient models.



Secondary use of heat from hot springs

A portion of the discharged hot spring water is used for secondary purposes such as preventing road surface icing (road heating) and melting snow on roofs in winter, making effective use of water resources and thermal energy.



Reduction of Single-Use Plastics



Review of amenity offerings

Disposable plastic amenities that originally used to be provided in Hotel Business guestrooms are now available to guests on an as-needed basis, and some of our resort hotels have introduced amenities made of biomass materials, thereby reducing the generation of plastic waste that causes ocean pollution.



Effective Use of Water Resources



Cease routine changing of linens (WECO cleaning for consecutive nights)

As part of our eco-friendly hospitality, we offer guests staying for consecutive nights a No Cleaning & Sheet Changing Required Card and encourage them to cooperate in the WECO Cleaning for Consecutive Nights program, which aims to reduce water used for laundry.



Installation of water-saving equipment

To make effective use of precious water resources, we are installing water-efficient facilities and equipment. For example, as showers and toilets are among the highest water-consuming equipment at our business sites, we are reducing water usage by adopting water-saving equipment.

Governance

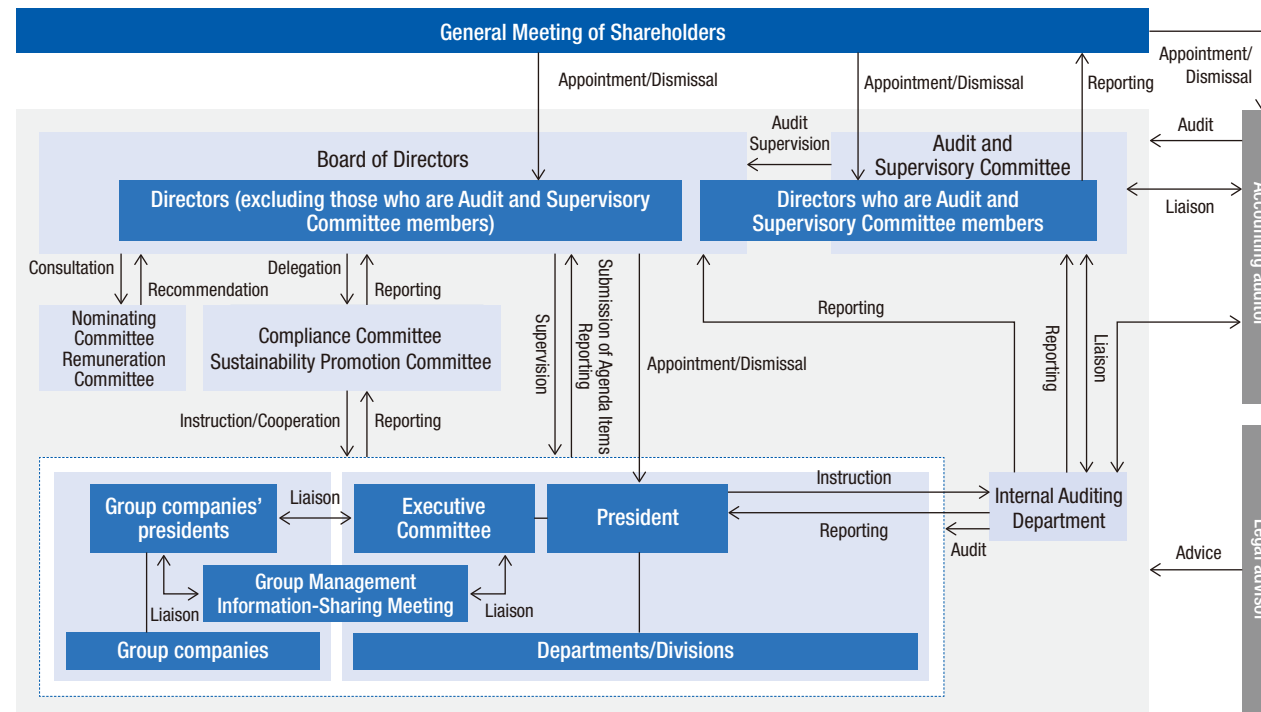
Corporate Governance

Basic Views

Since its foundation, the management philosophy at Kyoritsu Maintenance has been that “the spirit of the company is to put customers first,” with the management policy of “contributing broadly to social development through food and housing services.” The Company believes that enhancing corporate governance is essential for ongoing expansion and for the maximization of shareholder value over the long term. It is taking steps to speed up management decision-making, to strengthen supervision of management, to emphasize and fulfill accountability, and to disclose information promptly and appropriately, among other matters, and it recognizes that ensuring the transparency and soundness of management is an important issue.

Governance Structure

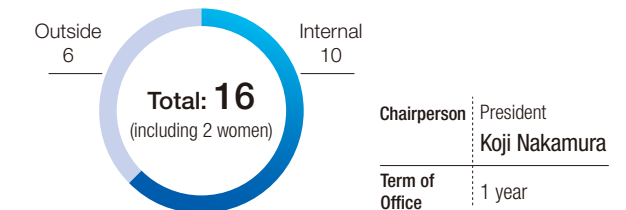
The Company has established a General Meeting of Shareholders, a Board of Directors, and an Audit and Supervisory Committee as organizations based on the Companies Act, and has appointed an accounting auditor in accordance with said Act. In addition to these organizations, it has established a Nominating Committee, a Remuneration Committee, a Group Management Information-Sharing Meeting, an Executive Committee, a Compliance Committee, and a Sustainability Promotion Committee.



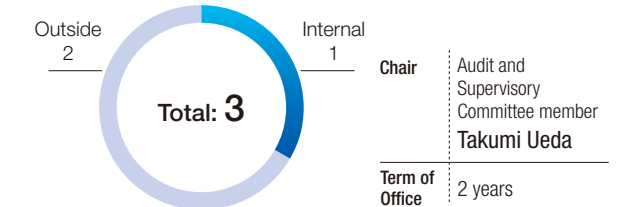
Overview of the Corporate Governance System

Organizational structure: Company with an Audit and Supervisory Committee (as of the end of June 2026)

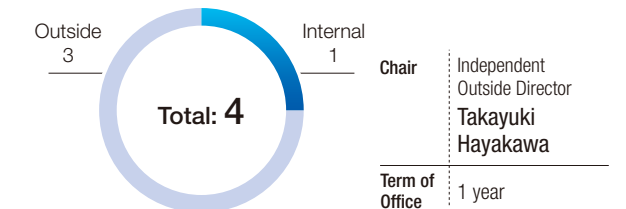
Board of Directors



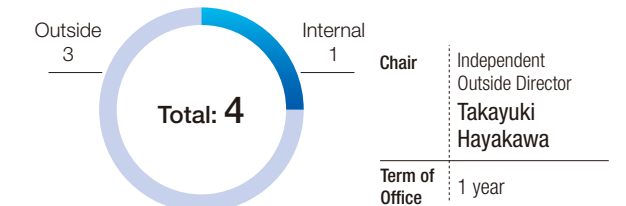
Audit and Supervisory Committee



Nominating Committee



Remuneration Committee



Governance

Board of Directors and Committee Overview

	Number of sessions per year	Overview
Board of Directors	12	The Board of Directors meets regularly once a month for a total of 12 times per year based on the Board of Directors Rules and also holds extraordinary board meetings as necessary to report, deliberate, and make decisions on matters stipulated by laws and regulations as well as the Articles of Incorporation.
Audit and Supervisory Committee	12	The Audit and Supervisory Committee meets at least once a month based on the Audit and Supervisory Committee Rules and also holds ad hoc meetings as necessary to audit the performance of duties by the Board of Directors, create audit reports, and perform other duties stipulated by laws and regulations and the Articles of Incorporation based on the Audit and Supervisory Committee Auditing Standards.
Nominating Committee	3	The Nominating Committee has been established to strengthen the fairness, transparency, and objectivity of procedures related to the nomination of directors and to enhance corporate governance at the Company. Specifically, the committee conducts interviews with candidates for directors and deliberates whether the selection reasons and capabilities of individual candidates are appropriate in light of the Company's director appointment policy. The committee also deliberates on matters such as succession plans and skills matrix of the Board of Directors.
Remuneration Committee	4	The Remuneration Committee has been established to strengthen the fairness, transparency, and objectivity of procedures related to director compensation and to enhance corporate governance at the Company. Specifically, the committee deliberates on individual director compensation, including basic compensation, director bonuses, and non-monetary compensation (stock compensation) related to restricted stock.

Initiatives to Strengthen Corporate Governance

1989	Established the company motto
2007	Established the Compliance Committee
2015	Transitioned to a company with an Audit and Supervisory Committee and introduced outside directors As resolved at the 36th Ordinary General Meeting of Shareholders held on June 25, 2015, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. This transition aims to enhance the effectiveness of auditing and supervision by having Audit and Supervisory Committee members with voting rights at Board of Directors meetings handle audits.
2019	Introduced female directors The composition of the Board of Directors prioritizes striking a balance between knowledge, experience, and capability regardless of gender, career history, or age, and seeks to advance initiatives aimed at achieving gender equality.
2020	Raised the ratio of outside directors in the Board of Directors to at least one-third In order to strengthen corporate governance, the Company increased the number of outside directors and ensured that outside directors constitute at least one-third of the Board of Directors as a whole.
2022	Established the Sustainability Promotion Committee To strengthen its sustainability promotion framework, the Company established a Sustainability Promotion Committee, an organization chaired by the president, to whom it directly reports. This committee advances activities in collaboration with the ESG Promotion Office, various departments, and Group companies. It seeks to implement measures involving addressing environmental issues, contributing to local communities, and promoting diversity.
	Established the Nominating Committee and the Remuneration Committee with a majority of independent outside directors The Company established a Nominating Committee and a Remuneration Committee, primarily composed of outside directors, to reinforce a structure ensuring the fairness, transparency, and objectivity of procedures related to directors. These committees submit recommendations to the Board of Directors based on deliberations following Board consultations, deliberate and decide on matters delegated by the Board of Directors, and report on the execution of their duties to the Board of Directors, thereby contributing to the enhancement of corporate governance.
	Introduced restricted share-based remuneration system The Company introduced a restricted share-based remuneration system to enable directors (excluding Audit and Supervisory Committee members and outside directors) to share the benefits and risks of stock price fluctuations with shareholders, thereby strengthening the incentives for increasing corporate value.
2024	Formulated a Basic Policy on Company President Succession Plan In order to ensure continuity in top management and clarify the development and selection process of candidates in anticipation of changes to the president, the Company formulates a policy following deliberations by the Nominating Committee primarily composed of outside directors based on a recommendation from the Board of Directors and a formal resolution at a Board of Directors meeting.
2026	Introduced an executive officer system At a Board of Directors meeting held on March 30, 2026, a resolution was passed to introduce an executive officer system. We will separate the Board of Directors' management supervision functions from business execution functions to strengthen governance and expedite decision-making.

Governance

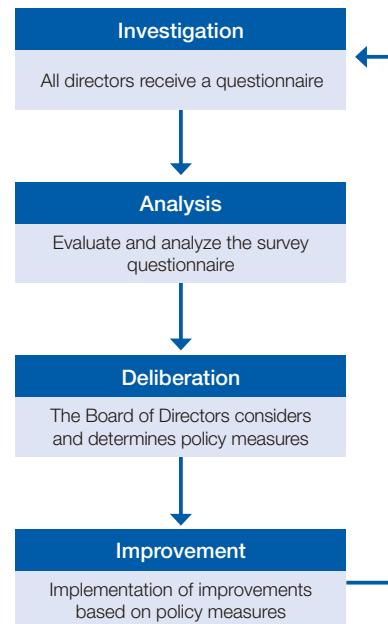
Effectiveness Assessment

The Company conducts an analysis and assessment of the effectiveness of the Board of Directors as a whole (Board of Directors Assessment) once a year from the end of March to May, the end of our fiscal year, in order to further improve the composition and operation of the Board of Directors in the future.

For the analysis and assessment method, all directors complete an anonymous self-assessment questionnaire based on the advice and insights of a third-party organization to ensure objectivity and transparency. The content of the analysis and assessment is reviewed by the Board of Directors once responses are received from all participants.

In the analysis and assessment for FY 2025, we were highly rated by a third-party organization on the composition and size of the Board of Directors, along with its operation, coordination with auditing bodies, relationships with shareholders and investors, and other aspects. Furthermore, since the overall score exceeded that of the previous year, our Board of Directors has analyzed the results and assessed that it has appropriately fulfilled its expected roles and continues to ensure Board effectiveness.

In order to further enhance the role and functions of the Board of Directors, we will continue to work toward improving the Board's effectiveness by clarifying the division of roles between supervision and execution through the implementation of the executive officer system and other measures introduced in FY 2026.



Succession Plan

The Company has established the “Basic Policy on Company President Succession Plan.”

In the selection of the president's successor, the representative directors will recommend a candidate to the Board of Directors at an appropriate time from among the successor candidates who have been developed over the medium to long term. The Board of Directors will then consult the Nominating Committee regarding the recommended candidate. The Nominating Committee, primarily composed of outside directors, engages in thorough discussions by incorporating independent perspectives, broad viewpoints, and managerial insights from outside directors with management experience, and submits its findings and recommendations to the Board of Directors. The Board of Directors, upon receiving the recommendations from the Nominating Committee, conducts final discussions and makes the decision on the appointment of the president.

In FY 2025, the progress of the succession plan and future initiatives based on the Basic Policy were discussed by the Board of Directors following deliberations by the Nominating Committee, which is primarily composed of outside directors.

[Selection Process]

1 Selection of successor candidates

Multiple successor candidates are selected from among individuals who are capable of practicing the Company's management philosophy and possess extensive knowledge and experience, regardless of nationality, race, gender, career history, or age.

2 Development of candidates

Development plans are formulated for the multiple successor candidates to allow them to gain experience in challenging operations on the ground and management on a daily basis, both within the Company and at Group companies, so that they are systematically developed over an adequate period of time with the necessary resources.

3 Narrowing down of final candidates

The representative directors recommend a candidate to the Board of Directors at an appropriate time from among the successor candidates who have been developed over the medium to long term. The Board of Directors then consults the Nominating Committee regarding the recommended candidate.

4 Evaluation by the Nominating Committee

The Nominating Committee engages in thorough discussions by incorporating independent perspectives, broad viewpoints, and managerial insights before submitting its findings and recommendations to the Board of Directors.

5 Decision by the Board of Directors

The Board of Directors, upon receiving the recommendations from the Nominating Committee, conducts final discussions and makes the decision on the appointment of the president.

Governance

Director Remuneration

Basic policy

Our basic policy is to establish a remuneration system for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) that effectively functions as an incentive to sustainably improve corporate value, and to ensure that when determining the remuneration of each individual director, said remuneration is appropriate in light of their respective responsibilities.

Composition of director remuneration

Director remuneration consists of basic remuneration paid on a monthly basis, as well as director bonuses paid at a specific time each year and restricted share-based remuneration. Basic remuneration consists of a position-based and role-based salary, which are determined based on a director's current position, tenure, and level of contribution to the business, as well as a performance-based bonus determined based on individual assessments. Director bonuses are performance-linked remuneration, with individual net income for the period used as the main indicator. The reason we adopted this indicator is because it indicates final performance figures for the fiscal year in question, and as such, we found it to be the most reasonable standard for the basis of calculating performance-linked remuneration. Restricted share-based remuneration is paid to each director based on their current position and tenure, etc. from the perspective of providing an incentive for improving corporate value over the long term.

Remuneration for outside directors and directors who are Audit and Supervisory Committee members consists of basic remuneration paid on a monthly basis. This is set as a fixed amount to ensure objectivity and fairness.

Types of remuneration	Calculation method
Basic remuneration	Individual evaluation of business performance, contribution to company management, etc.
Performance-linked remuneration (bonuses)	Individual net income for the period used as an indicator
Restricted share-based remuneration	Granted according to position and tenure

Total director remuneration, etc.

Category	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Number of eligible directors (persons)
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary compensation, etc. (share-based remuneration)	
Directors, excluding Audit and Supervisory Committee members (outside directors)	1,182 (19)	292 (19)	820 (-)	69 (-)	15 (4)
Directors who are Audit and Supervisory Committee members (outside directors)	27 (14)	27 (14)	- (-)	- (-)	3 (2)
Total (outside directors)	1,209 (34)	319 (34)	820 (-)	69 (-)	18 (6)

Process for determining director remuneration

The Company's policy for determining individual remuneration and other benefits for directors has been finalized by a resolution of the Board of Directors following prior consultation with the Remuneration Committee, a majority of whose members are independent outside directors. Individual remuneration and other benefits for directors (excluding directors who are Audit and Supervisory Committee members) are determined by the Remuneration Committee. Based on the abovementioned policy, the Committee holds meticulous deliberations and makes its decision within the limit of the total remuneration amount approved at the General Meeting of Shareholders while taking into account the Company's financial performance and other indicators. In addition, remuneration for directors who are Audit and Supervisory Committee members is determined through consultation among themselves and within the limit of the total remuneration amount approved at the General Meeting of Shareholders.

Cross-Shareholdings

Policy on cross-shareholdings

The Company holds shares of some of its clients as cross-shareholdings with the objective of strengthening business relationships.

The Corporate Planning Division and departments that supervise transactions make judgments on whether to hold the shares of such companies based on their current and future levels of profitability, etc., and from the perspective of whether strengthening relationships with the companies will help maintain and increase the corporate value of the Company.

Verification of cross-shareholdings

For shares of clients held by the Company, once a year the Corporate Planning Division validates the status of the shareholding with the departments that supervise transactions by considering the economic rationale, which includes the original objective of holding the shares, the status of the business relationship such as transaction amounts and the nature of the business, and the cost of capital.

The Company seeks to reduce shareholdings that are found, as a result of this process, to no longer match the original objective for holding shares by selling them or taking other steps.

The details of this verification are reported to the Board of Directors every year. For shares of business partners held by the Company as of March 31, 2026, as a result of verifying the objective and reasonability of the holdings, the Company has decided to maintain holdings of all nine listed stocks. Note that the total balance sheet amount of these shares accounts for only 2.0% of our consolidated net assets, and we will continue to conduct ongoing reviews and revisions toward improving capital efficiency.

Roundtable Among Outside Directors

Evolution and Deepening of Governance Toward Improving Corporate Value Sustainably Moving from the “Establishment” of Governance Reform to the “Effectiveness” Stage



Yasunobu Hirata Outside Director



Shigeto Kubo Outside Director



Keiko Oda Outside Director



Takayuki Hayakawa Outside Director



Tokio Kawashima
Outside Director (Audit and Supervisory Committee member)



Toshiaki Miyagi
Outside Director (Audit and Supervisory Committee member)

Evaluation and Challenges of the Governance Structure

Kubo: Corporate governance at the Company is steadily evolving. In addition to the establishment of a Nominating Committee and Remuneration Committee, activities by the Compliance Committee and Sustainability Promotion Committee are also gaining momentum, while the effectiveness of the Board of Directors is assessed on an ongoing, annual basis. Therefore, I believe that we have developed a fairly effective framework. I also feel that governance has become more effective thanks to everyone's efforts.

However, there is no final form when it comes to governance; compliance in particular is a never-ending challenge. It is meaningless if only the Headquarters ensures strict compliance with laws and regulations. The Company operates across numerous locations nationwide, including dormitories, hotels, and nursing care facilities, and we need to ensure that this mindset is instilled in every single person working at these locations. This can't just be something we understand on an intellectual level; it should be naturally ingrained in us as we take on our everyday duties. I believe that this is something that requires constant effort, and I intend to focus on it myself.

Hirata: The Company is currently seeing a rise in the number of incident and accident reports. Rather than signifying an increase in accidents, it is a sign that employees are becoming more aware of governance issues, and for that reason, I feel that governance efforts are taking root. Personally, I hope to contribute to the Company by paying even greater attention to such matters related to crisis management, corporate ethics, and safety.

Roundtable Among Outside Directors

Hayakawa: FY 2025 was a year in which we held a large number of deliberations on the ideal vision of the Board of Directors. We continue to discuss the effectiveness of the Board of Directors while also taking into account analyses conducted by external organizations. I believe the introduction of the executive officer system will be hugely significant in terms of what we can look forward to in the current fiscal year and beyond. The primary purpose of reducing the number of directors and increasing the number of executive officers is to clearly separate the roles of supervision and execution. This will lead to strengthened governance. We are participating in deliberations with executive officers while remaining mindful of our supervisory role, and through this, I feel that the content of these deliberations is gradually shifting.

The important thing from now on will be how much we can enrich these deliberations. Many parts are falling into place, but if I may be allowed to speak frankly, the fact is that we've only really just gotten started. Going forward, I expect that the nature of our deliberations will evolve as the Board of Directors places greater emphasis on its supervisory role and the executive officer team fully assumes its own executory role.

Miyagi: I also feel that compliance management and risk management are evolving each year. However, from the perspective of effectiveness of the Board of Directors, I believe



that there is still room for further improvement. While outside directors are expected to provide advice on management strategies and perform a supervisory role, we recognize that the Company is currently in the process of more deeply integrating our expertise and multifaceted perspectives into its management.

For example, during Q&A sessions at Board of Directors meetings, the current practice tends to focus primarily on detailed reports and confirmations. I expect to see even more active, back-and-forth sharing of opinions with management in future. In order to further enhance the effectiveness of the Board of Directors, I believe it is crucial to elevate the Board into a forum where the executive officer team and outside directors can engage in even deeper and more in-depth dialogue regarding management strategies and the Company's future vision.

Kawashima: In line with the effectiveness assessment of the Board of Directors, I feel that the key elements comprising the governance structure are now in place. I am keeping a close eye on risk management, and the Compliance Committee is providing thorough reports on risk management. However, going forward, our challenge will likely shift to further developing each of these elements. For example, how will the corporate departments work with each department to develop specific action plans for preventing risk, what will these plans entail, and how will they involve frontline staff in risk prevention? Moreover, while many measures have been introduced in respect of our human resource strategies, are these measures fully permeating worksites, and is our monitoring system adequate? It will likely be necessary to further deepen governance efforts from these perspectives.

Furthermore, I feel that the Board of Directors should engage in more in-depth discussions regarding the allocation of management resources, also a key focus of the Corporate Governance Code. Specifically, how should we analyze and assess the business portfolio while being mindful of capital costs?



How Should We Leverage Human Capital to Enhance Corporate Value

Hirata: Our founding principle of "customers first" is akin to a constitution, and I hope never to forget it. At the Tokyo Teishin Hospital, too, where I served as hospital director, we always strove to put patients first. While this does not directly lead to profits in the short term, it is something that users pay close attention to and that helps to build trust over the long term. I feel that this attitude is becoming increasingly important for maintaining mutual trust, especially at the present time, an era in which we never know whether natural disasters, pandemics, or international conflicts are around the corner.

Oda: The Company operates businesses in the areas of dormitories, hotels, and senior living; none of these would exist without people. Therefore, an extremely important issue will continue to be how we can secure and retain human resources.

In particular, I think we should take a more careful look at the factors behind why employees have left for other companies. What should we be doing to ensure that employees continue to find fulfillment in their work? Since these factors can't all be measured with figures, but also include non-quantifiable aspects such as workplace atmosphere, feelings, sensibilities, and friendliness, it will likely become even more important in the

Roundtable Among Outside Directors

future to analyze these aspects and use these analyses to find solutions.

I think we also need to approach designing work styles based on the premise of diversifying lifestyles. It is particularly important to design systems that enable women to continue working over the long term even as they go through major milestones such as marriage, childbirth, and child-rearing.

I also believe that improved efficiency through AI will lead to reduced working hours across society in future. The time that this will free up is precisely where opportunities lie. Having time to think deeply may lead to new ideas and encourage personal growth among individual employees. Or, while traveling with family during their time off, they might perhaps come up with ways to improve the hotel where they work. With people's lifestyles growing increasingly diverse, it would be great if we could design work systems that encourage corporate growth by listening to feedback based on employees' thoughts and experiences.

Miyagi: I believe our greatest strength is our people. There are so many highly talented people working on the front lines. We've previously talked about perhaps doing more with initiatives such as internal startups, and a large number of frontline employees had ideas like, "I'd like to try something like this" or "It would be even better if we changed it to be like this." I believe it is crucial to gather more of these opinions and leverage them Company-



wide. To that end, I think it is essential for those in leadership positions to continually encourage frontline employees to speak up and give their opinions more freely. Also, those who give great suggestions or take on challenges should be properly recognized and rewarded. While compensation is, of course, an extremely important reason as to why people go to work each day, we should be creating systems that foster feelings of fulfillment, purpose, and excitement among employees. That's surely the kind of energy that will propel the Company forward.

The Company exists because of our shareholders and many other stakeholders, but our businesses cannot survive without coexisting with local communities. Since our employees are a part of the local communities where we operate, we should here once again properly recognize the fact that they make up one of our most important stakeholders.

Kawashima: It is also the job of Audit and Supervisory Committee members to gather opinions from frontline employees. One of the missions of the Audit and Supervisory Committee members is to visit Company locations, identify the thoughts and needs of people on the front line, and bring that information back to Headquarters to discuss it with members of the management team. How are communication and meeting bodies at the front lines? Is the internal whistleblowing system functioning properly? Are human resource and performance evaluation systems being operated in a way that ensures personnel are being deployed effectively? It's also part of our job to check Company frameworks.

When it comes to utilizing human resources, I believe our human resource strategies are still in their early stages, and we have not yet been able to fully analyze and visualize our personnel portfolio. It's important to develop a comprehensive picture of where the weaknesses lie in our human resources network and where it needs to be strengthened. We aim to support the further development of these human resource strategies.



The Role to Be Fulfilled by Outside Directors in Improving Corporate Value Sustainability

Hayakawa: To date, the Company has been working toward compliance with the Corporate Governance Code, including transitioning to a company with an Audit and Supervisory Committee and increasing the number of outside directors. These efforts are currently taking shape fairly nicely. However, it's not just a matter of putting things into place and ending there. What's crucial is how we put our heart and soul into these efforts. Going forward, we need to listen more earnestly to the opinions of all our stakeholders, including not only shareholders and investors, but also employees, customers, business partners, and local communities, and reflect these perspectives in company management. Furthermore, deliberations on where to allocate management resources, such as investments in human capital and IT, will become increasingly important as time goes on.

From the perspective of management that takes into account capital costs and return on capital, we must also deepen deliberations to include ROIC. There is also a growing number of new issues coming to the fore, such as rising construction costs and lease accounting. Where should we invest limited

Roundtable Among Outside Directors

management resources, and what kinds of growth strategies should we be formulating? I believe that the Board of Directors will be required to enhance the quality of these deliberations going forward.

Miyagi: Along with the introduction of the executive officer system, a new structure for the executive officer team has also been established. With this, the division of supervisory and executory roles should be even clearer from now on. As outside directors, we should also be engaging in deliberations while fully understanding the visions held by management and what kinds of challenges they have identified.

Right now, investors aren't just looking at past figures. What kind of company are we aiming to be next year, the year after that, or in five or 10 years? What kinds of values are we trying to create? Interest in these non-financial aspects is growing significantly. That's precisely why I think the Company needs to share more information about what management is striving to achieve, and deepening such deliberations is also the role of outside directors.

Kawashima: Since we are a B2C company, our corporate value is ultimately tied to whether we are able to provide high-quality services at our facilities. That's why I believe my own role is to thoroughly examine whether frontline locations are functioning properly and what is actually going on at each location. I'm repeating what we've discussed before, but in that sense, it's extremely important for Audit and Supervisory Committee members to fully understand the feedback of frontline employees and share this feedback with management. When it comes to governance, the tendency is to focus on Headquarter functions and designing systems, but at our Company, frontline operations are what create value. Therefore, we must continually monitor whether our governance is effectively reaching those front lines.

I believe that risk management, too, will become even more important from now on. This includes issues such as responding to cyberattacks. Cyberattacks have recently become a critical issue for many companies, with such attacks actually having



a significant impact on their businesses. We also need to put thorough measures in place across all Group companies.

Kubo: Companies tend to focus on short-term profits. However, if we consider improving corporate value over the long term, we must also think about how we can create social value at the same time. By pursuing both social and economic value, companies can increase their overall corporate value. Kyoritsu Maintenance started out with the Dormitory Business. We have supported people's daily lives by providing hot meals at dormitories and expanding into the Hotel and Senior Life Businesses. I believe that this origin has a great deal of social significance.

Of course, profitability is important for business, but these businesses also have social value that cannot be measured by short-term figures alone. Alongside economic value, I believe that these will lead to an increase in corporate value. As an outside director, I will give my opinions while keeping both social and economic value in mind.

Hirata: I have high hopes for the Senior Life Business. While the business was launched after our Dormitory and Hotel Businesses and has faced a fair number of challenges, it is gradually hitting its stride. Independent living facilities are particularly highly regarded for the high degree of freedom they offer residents as a stepping stone to nursing homes, so I

believe such facilities offer great promise going forward. Having said that, there is a concern that these facilities may charge too high a price for the so-called Dankai Generation (those born between 1947 and 1949), so this could use a little more refinement to balance price with value.

Oda: We see Kyoritsu Maintenance as a company that provides food, housing, and relaxation services. Although our businesses—dormitories, hotels, and senior living—are all different, they have in common the fact that they are deeply connected to people's daily lives and wellbeing. In that sense, I think the Company is developing into something akin to “wellness infrastructure.”

Then, surely that value is now gradually becoming established as the “Kyoritsu Maintenance” brand? However, in order to continue evolving in future, all of us, including executive officers, will be required to engage more with the outside world.

If you stay within the same four walls, your vision will inevitably remain limited. There are things you can only see for the first time by encountering different cultures and values, and breathing new air. Such experiences and sensibilities will steadily grow in importance over the next decades. I would like to see more energetic deliberations at Board of Directors meetings as well. I, too, hope to be someone who doesn't always follow the current consensus on a topic, but instead offers a different perspective, thereby bringing a novel dimension to deliberations.



Governance

List of Directors and Reasons for Appointment

Name		Reasons for appointment
Directors	 Chairman Haruhisa Ishizuka Number of shares owned: 2,117,968 shares Attendance at Board of Directors meetings: 10/12 times	Mr. Ishizuka has led the Company's management and contributed to the Company's development for more than 40 years as a founder. The candidate's management achievements, broad business knowledge with excellent foresight, and leadership in continuously raising corporate value will be necessary for the Company's future growth, and accordingly, the Company requests that he be reelected.
	 President Koji Nakamura Number of shares owned: 29,854 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Nakamura has been involved in operations in planning and development for many years and has been responsible for management as a director for many years. Since April 2021, he has led management as president of the Company. In order to put into practice a corporate culture that puts customer satisfaction first, and realize the creation of a solid business base and further strengthening of the corporate structure, his abundant business experience, knowledge of management, and leadership will be necessary, and accordingly, the Company requests that he be reelected.
	 Managing Director responsible for Residence Group Yasuo Ohara Number of shares owned: 16,710 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Ohara has been involved in the Dormitory Business, has extensive business experience in the Company, and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.
	 Managing Director responsible for Corporate Planning Group Manabu Takaku Number of shares owned: 16,664 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Takaku has been involved in carrying out operations in management planning and finance and accounting. He also has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.
	 Managing Director responsible for Hotel Group Hiroshi Yokoyama Number of shares owned: 42,894 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Yokoyama has been involved in developing the Hotel Business and has been responsible for management as a director. He has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.
	 Director, General Manager of Hotel Business Strategy Division Masaki Suzuki Number of shares owned: 14,578 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Suzuki has been involved in the Hotel Business and has been responsible for management as a director. He has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.

Name		Reasons for appointment
Directors	 Director, General Manager of Food Division Rie Momose Number of shares owned: 8,006 shares Attendance at Board of Directors meetings: 12/12 times	Ms. Momose has been involved in execution of the food service business and has been responsible for management as director. She has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that she be reelected as director.
	 Director, General Manager of Human Resources & General Affairs Division Takayuki Musha Number of shares owned: 4,476 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Musha has been involved in carrying out operations in human resources and general affairs and has been responsible for management as director. He has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.
	 Director, General Manager of Corporate Division Hideaki Inaoka Number of shares owned: 4,219 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Inaoka has been involved in the securities industry for many years and has extensive knowledge in corporate sales. In addition, the candidate has extensive experience in management and corporate administration, as well as outstanding character and insight, and accordingly, the Company requests that he be reelected as director.

Please refer to the following for each director's career summary, position, and responsibilities in the Company.

<https://www.kyoritsugroup.co.jp/en/company/officer/>



Governance

List of Directors and Reasons for Appointment

	Name	Reasons for appointment
Outside Directors	 Director Shigeto Kubo Number of shares owned: – Attendance at Board of Directors meetings: 12/12 times	Independent Mr. Kubo has been involved in administration in the areas of land, infrastructure, and transport as well as tourism for many years. He commands an objective, broad, and advanced perspective based on that experience and abundant knowledge. The Company expects he will be able to utilize this to provide appropriate advice and supervision for the Company's management. Accordingly, the Company requests that he be reelected as outside director.
	 Director Yasunobu Hirata Number of shares owned: – Attendance at Board of Directors meetings: 12/12 times	Independent Mr. Hirata has been engaged for many years in medical and educational activities as a clinician and a university professor. He also has experience in management including at hospitals and universities based on this experience and knowledge. The Company expects that he will be able to utilize this to provide appropriate advice and supervision for the Company's management and health and hygiene aspects. Accordingly, the Company requests that he be reelected as outside director.
	 Director Takayuki Hayakawa Number of shares owned: – Attendance at Board of Directors meetings: 12/12 times	Independent Mr. Hayakawa has advanced knowledge regarding finance, accounting, and market analysis based on his working experience at a major city bank and extensive knowledge about corporate management based on his experience as a manager of real estate companies. The Company expects that he will be able to utilize this to provide valuable advice and supervision in respect of the Company's management's decision-making and business execution. Accordingly, the Company requests that he be reelected as outside director.
	 Director Keiko Oda Number of shares owned: – Attendance at Board of Directors meetings: 11/12 times	Independent Ms. Oda has been involved in the international promotion of tourism in Japan and its food culture and regional revitalization for many years. The Company expects that she will provide valuable advice and supervision in respect of the Company's management's decision-making and business execution based on her experience and extensive knowledge. Accordingly, the Company requests that she be reelected as outside director.
	 Director (Audit and Supervisory Committee member) Takumi Ueda Number of shares owned: 63,628 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Ueda has been involved in the management of the Company for many years and possesses abundant experience and knowledge regarding management. The Company expects that in addition to supervising the execution of duties of the Company's directors, he will properly perform his duties as a director who is an Audit and Supervisory Committee member, and accordingly, the Company requests that he be reelected as director and Audit and Supervisory Committee member.
Outside Directors	 Director (Audit and Supervisory Committee member) Toshiaki Miyagi Number of shares owned: – Attendance at Board of Directors meetings: 11/12 times	Independent Mr. Miyagi has been involved in management in the securities industry and has knowledge and experience in management. The Company expects that he will be able to utilize this to supervise and provide advice on the directors' execution of duties and properly perform his duties as a director who is an Audit and Supervisory Committee member. Accordingly, the Company requests that he be reelected as outside director and Audit and Supervisory Committee member.
	 Director (Audit and Supervisory Committee member) Tokio Kawashima Number of shares owned: – Attendance at Board of Directors meetings: 12/12 times	Independent Mr. Kawashima has many years of working experience in a financial institution and possesses considerable knowledge regarding finance and accounting. The Company expects that he will be able to utilize this to supervise and provide advice on the directors' execution of duties and properly perform his duties as director who is an Audit and Supervisory Committee member. Accordingly, the Company requests that he be reelected as outside director and Audit and Supervisory Committee member.

Board of Director Skills

The Board of Directors consists of directors who each possess a high level of expertise, with diversity ensured through a balance of different knowledge, experience, and capabilities as well as the appointment of female directors. This skills matrix will be reviewed as needed based on the external environment and the Company's circumstances.

Skills Matrix

No.	Name	Gender	Current position in the Company	Knowledge of the Company's business	Specific industry knowledge	Corporate Planning/ Management Strategy	Sales/ Marketing	Finance/ Accounting/ IR	Legal/Risk Management	HR/Labor/ Personnel Development	DX/IT Strategy	ESG/ Sustainability
1	Haruhisa Ishizuka	Male	Chairman	○		○	○	○	○	○		
2	Koji Nakamura	Male	President	○		○	○	○				○
3	Yasuo Ohara	Male	Managing Director	○		○	○				○	○
4	Manabu Takaku	Male	Managing Director	○		○	○	○			○	○
5	Hiroshi Yokoyama	Male	Managing Director	○		○						○
6	Masaki Suzuki	Male	Director	○		○	○					
7	Rie Momose	Female	Director	○		○						○
8	Takayuki Musha	Male	Director	○		○			○	○	○	○
9	Hideaki Inaoka	Male	Director		○	○	○	○	○	○		○
10	Shigeto Kubo	Male	Director	○	○	○			○	○		○
11	Yasunobu Hirata	Male	Director		○	○			○	○		
12	Takayuki Hayakawa	Male	Director		○	○	○	○	○	○		
13	Keiko Oda	Female	Director		○	○	○			○		
14	Takumi Ueda	Male	Audit and Supervisory Committee member	○	○	○		○	○	○		
15	Toshiaki Miyagi	Male	Audit and Supervisory Committee member		○	○	○					
16	Tokio Kawashima	Male	Audit and Supervisory Committee member		○	○		○	○			

Director Training

In addition to having newly appointed directors, including Audit and Supervisory Committee members, undergo external training in order to enhance their knowledge, the Company also provides opportunities for knowledge acquisition after they have been appointed, such as by holding study meetings with external specialists to address revisions to laws.

In order to ensure that the necessary knowledge is acquired by each operations division, the Company encourages appropriate participation in various external seminars, etc.

Compliance

Basic Stance on Compliance

The Company has established the following basic stance on compliance, which it enforces among all employees, and promotes the practice of that stance in day-to-day operations.

● The Kyoritsu Maintenance Group's basic stance on compliance

The company name “Kyoritsu Maintenance” embodies our desire to stand together with our customers, with society, and with all those who support us, and maintain a solid presence in the world. Abiding by the rules of the world and society is a fundamental premise for the survival of the Company and its business, and only by earning the trust of society can we grow. The Kyoritsu Maintenance Group views compliance as one of its most important management issues and the foundation for the actions of each officer and employee. By having each and every officer and employee comply with the Compliance Policy in our Compliance Manual in addition to our management philosophy, action guidelines, and management policies established as part of our company motto, we strive to be a company that is trusted on a deeper level and chosen by customers, business partners, shareholders, and all of our stakeholders.

Internal Reporting System

Based on the intent of the Whistleblower Protection Act, the Company has established a Compliance Hotline covering all Group officers and employees to maintain and enhance social trust in the Company through the early detection and rectification of misconduct and legal violations.

Operated in accordance with the Internal Reporting System Regulations, this hotline serves as an anonymous reporting and consultation channel accessible to all employees and related parties in the Group (including cohabiting family members and those who departed within the past year), through which 284 reports were received in FY 2025.

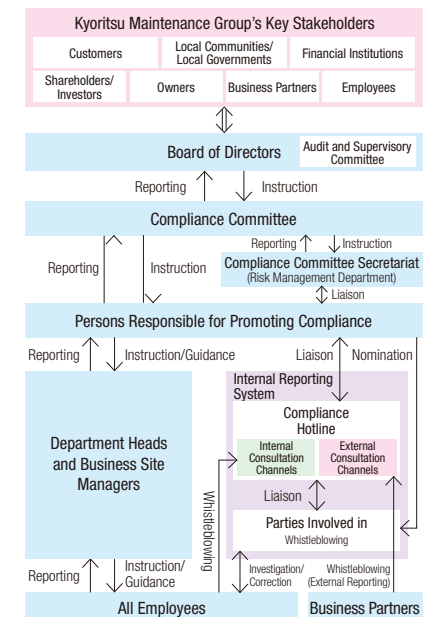
The Compliance Committee constantly promotes awareness of reporting methods and conducts awareness-raising activities regarding the internal reporting system to ensure its appropriate use and to encourage reporting.

In addition to channels for employees, we have established an external whistleblowing hotline to handle reports from external parties such as business partners and subcontractors. This enables the entire Group to work toward the early detection of misconduct and the improvement of business operations through these reports.

Compliance Promotion Framework

In 2007, the Company established its Compliance Regulations and set up a Compliance Committee, chaired by the president, under the Board of Directors to promote compliance with laws, regulations, and corporate ethics.

The Compliance Committee Secretariat is under the jurisdiction of the Risk Management Department, and oversees the operation of compliance. The Compliance Committee implements the PDCA cycle for compliance-related matters on a quarterly basis and distributes the Kyoritsu Maintenance Group Compliance Manual to all officers and employees to inform them of the Company's basic stance on compliance and compliance requirements, while working to raise awareness among officers and employees through internal training and the dissemination of information. Additionally, the general managers of Kyoritsu Maintenance as well as the presidents of Group companies have been designated as persons responsible for promoting compliance as part of efforts to implement compliance practices tailored to the operations of the respective departments within the Group. Furthermore, whistleblowing hotlines have been established to enable the early detection of inappropriate conduct.



Administration of Compliance Questionnaires

The Compliance Committee administers an annual compliance questionnaire for all officers and employees to foster compliance awareness and enhance the effectiveness of existing systems.

This questionnaire helps the Company to determine the extent of compliance and utilization of the internal reporting system across the entire Group, identify high-priority matters, and address organizational challenges. Additionally, the questionnaire aims to enhance interest in and awareness of compliance among officers and employees in the Group.

Risk Management

Basic Stance on Risk

The Company strives for the stable continuity of its business and further growth by implementing risk management practices to address various risks surrounding its businesses.

Furthermore, the Company prioritizes ensuring the quality and safety of its products and services, striving to eliminate or mitigate factors that could harm the interests of its stakeholders, including customers, shareholders, and business partners, as well as all officers and employees.

Furthermore, in the event of a major crisis, the Company recognizes its social responsibility and prioritizes ensuring human safety above all else. All officers and employees come together to respond accordingly, making every effort to minimize losses, recover from damage, and prevent recurrence.

Risk Management Promotion Framework

At the Company, risk management is overseen by the Compliance Committee based on the Basic Regulations on Risk Management and Basic Regulations on Crisis Management. The Compliance Committee Secretariat is under the jurisdiction of the Risk Management Department, and oversees risk management.

In day-to-day operations, the Compliance Committee implements a PDCA cycle for risk management-related matters on a quarterly basis, and works to identify, evaluate, and mitigate risks across the entire company through an annual risk assessment.

Furthermore, in the event of a major crisis, an Emergency Response Headquarters led by the president is promptly established to respond to the situation appropriately and in good faith while collaborating with the local community, with human safety as the top priority. At the same time, the Company maintains a setup that allows it to continue providing services to customers to the greatest extent possible.

Through this risk management promotion framework, the Company endeavors to achieve sustainable growth and increase corporate value.

Risk Assessment and Risk Map

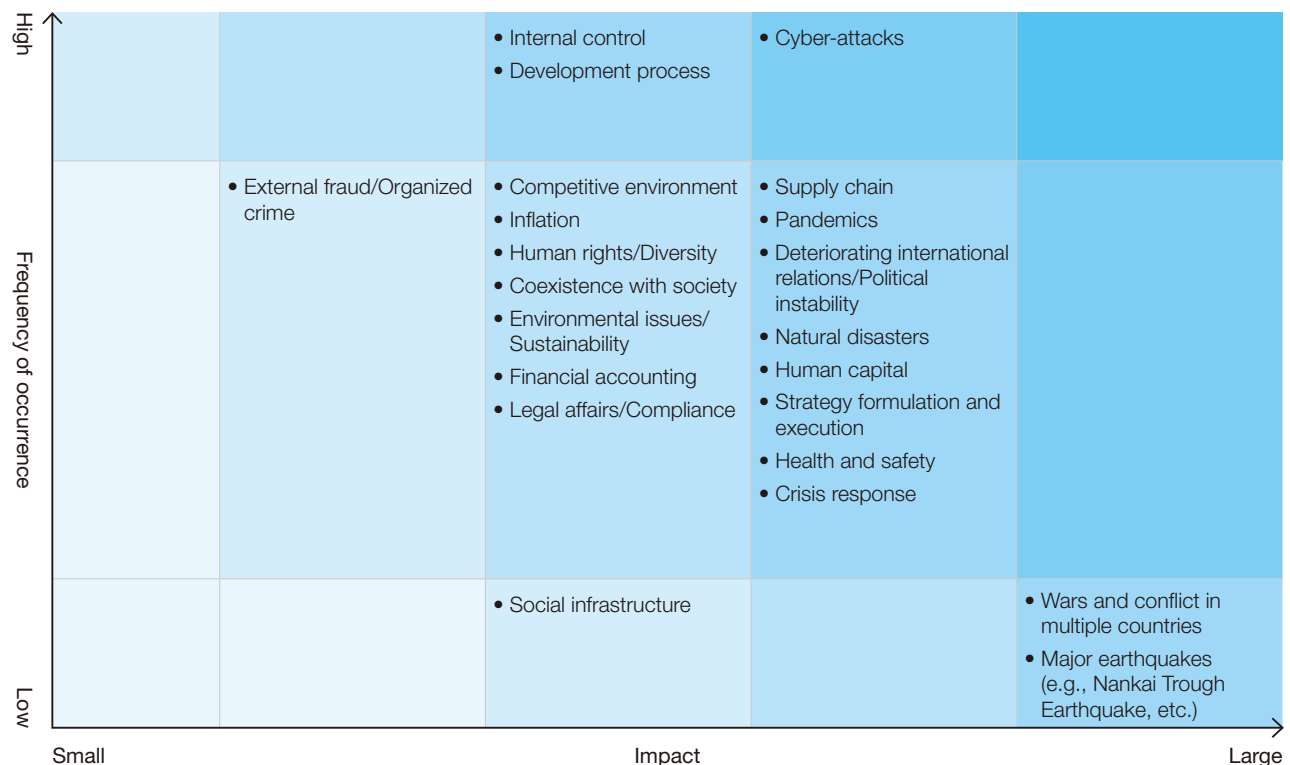
As risks surrounding businesses grow increasingly complex and diverse, the Company conducts a risk assessment to strengthen its overall risk awareness and management framework.

Through this initiative, the Company identifies business risks in view of the rapidly changing social environment and heightened uncertainty, thereby striving to enhance accountability to stakeholders with regard to the risks it faces.

Furthermore, a key objective in assessment efforts is to enhance risk management literacy and risk sensitivity among all officers and employees through the processes of risk visualization and evaluation.

Corporate activities necessarily involve increasing corporate value through appropriate risk-taking. The Company deems risk assessment a crucial means to ensure the effective and appropriate allocation of management resources and will persistently advance this initiative going forward.

Condensed Risk Map



Financial Highlights

■ Consolidated figures for the Kyoritsu Maintenance Group.

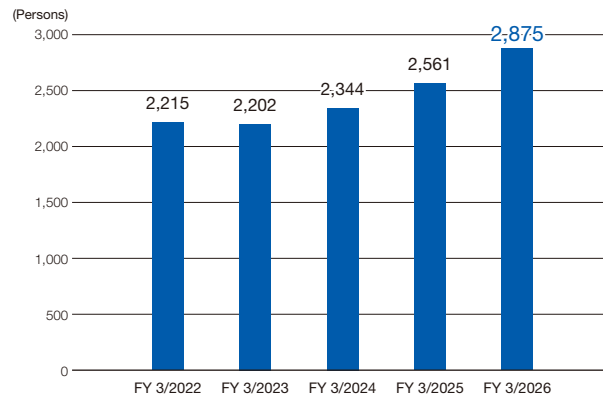
Category	Unit	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	FY 3/2025	FY 3/2026
Business performance											
Net sales	(Millions of yen)	135,828	152,021	162,811	169,770	121,281	173,701	175,630	204,126	228,933	275,247
Operating profit (operating loss)	(Millions of yen)	11,815	13,087	14,567	11,205	(9,057)	1,431	7,326	16,708	20,491	24,845
Ordinary profit (ordinary loss)	(Millions of yen)	7,135	8,778	9,567	12,499	(9,116)	1,814	7,115	21,116	21,417	26,204
Profit (loss)	(Millions of yen)	11,514	12,928	14,321	6,927	(12,164)	539	4,241	12,414	14,562	18,709
Operating income margin	(%)	8.7	8.6	8.9	6.6	—	0.8	4.2	8.2	9.0	9.0
Capital investment	(Millions of yen)	25,659	21,384	17,481	22,632	12,440	9,519	13,338	17,904	48,052	42,176
Depreciation and amortization	(Millions of yen)	3,945	4,429	4,759	5,260	4,962	6,070	6,117	6,780	7,716	9,036
Financial status											
Total assets	(Millions of yen)	173,609	190,929	202,531	217,086	239,032	241,723	272,308	270,921	301,470	316,655
Cash and deposits	(Millions of yen)	15,210	17,298	16,643	18,303	24,588	37,942	56,027	31,807	25,675	29,961
Liabilities	(Millions of yen)	109,289	119,157	122,961	133,131	168,247	171,137	197,728	184,317	202,109	171,126
Interest-bearing liabilities	(Millions of yen)	71,800	78,877	83,367	93,444	130,043	136,172	153,932	138,603	149,240	120,792
Net assets	(Millions of yen)	64,320	71,839	79,570	83,954	70,784	70,586	74,579	86,604	99,360	145,528
Cash flows											
Net cash provided by operating activities	(Millions of yen)	14,412	13,029	17,963	16,460	(17,835)	25,721	7,753	24,083	29,449	50,921
Net cash provided by investing activities	(Millions of yen)	(28,263)	(16,676)	(21,474)	(22,904)	(10,006)	(16,731)	(6,651)	(31,533)	(43,682)	(44,478)
Net cash provided by financing activities	(Millions of yen)	3,139	5,804	2,606	8,208	34,239	4,130	16,982	(16,792)	8,195	(2,166)
Free cash flow	(Millions of yen)	(13,851)	(3,646)	(3,511)	(6,444)	(27,841)	8,990	1,102	(7,450)	(14,233)	6,443
Per-share indicators											
BPS*	(Yen)	830.31	921.39	1,020.37	1,076.62	907.72	905.20	956.14	1,109.91	1,272.69	1,600.64
EPS*	(Yen)	92.18	112.93	122.70	88.84	(155.99)	6.91	54.38	159.12	186.56	221.84
Dividend per share*	(Yen)	15.5	20.0	22.5	22.5	10.0	10.0	11.0	24.5	38.0	46.0
Financial indicators											
Equity ratio	(%)	37.0	37.6	39.3	38.7	29.6	29.2	27.4	32.0	33.0	46.0
ROE	(%)	11.7	12.9	12.6	8.5	—	0.8	5.8	15.4	15.7	15.3
ROA	(%)	6.9	7.1	7.3	6.0	—	0.8	2.8	7.8	7.5	8.5
Dividend payout ratio	(%)	16.8	17.7	18.3	25.3	—	144.6	20.2	15.4	20.4	20.7

* The Company conducted two-for-one stock splits on common shares effective April 1, 2017, and April 1, 2024. Net income per share (net loss per share) as well as net assets per share have been calculated assuming these stock splits had taken place at the start of the fiscal year ended March 31, 2017.

Non-Financial Highlights

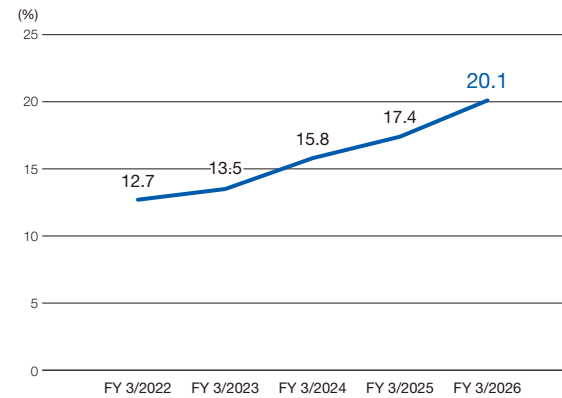
■ Figures for Kyoritsu Maintenance Co., Ltd. (non-consolidated)

Number of employees



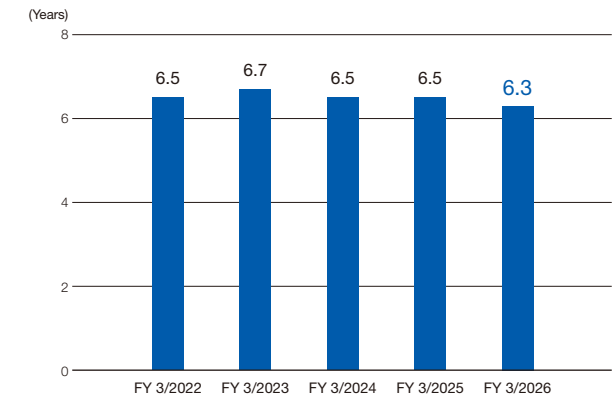
*Calculations include regular employees only.

Percentage of female managers



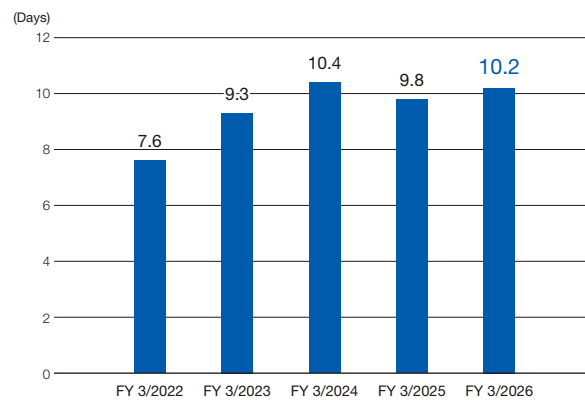
*Calculations include regular employees only.

Average years of service



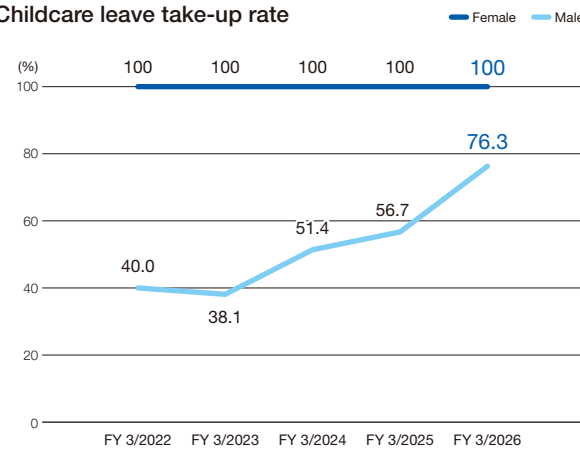
*Calculations include regular employees only.

Average number of paid vacation days taken



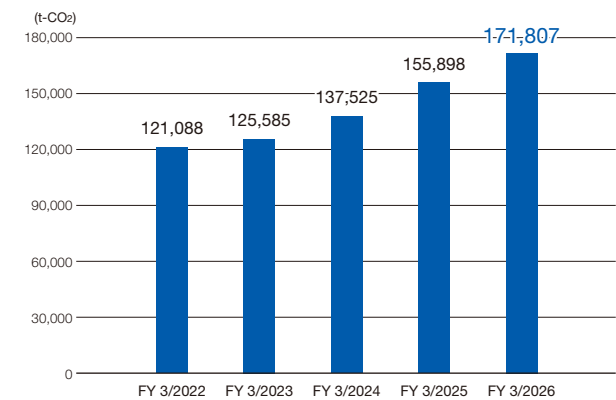
*Calculations include regular employees only.

Childcare leave take-up rate



*Calculations include regular employees only.

Greenhouse gas emissions



Corporate Data

Company Profile (as of March 31, 2026)

Company name	Kyoritsu Maintenance Co., Ltd.
Established	September 27, 1979
Number of employees	6,614 (consolidated)
Capital	22,971 million yen
Headquarters	2-18-8 Sotokanda, Chiyoda-ku, Tokyo 101-8621 Telephone: +81-3-5295-7777

Stock Information (as of March 31, 2026)

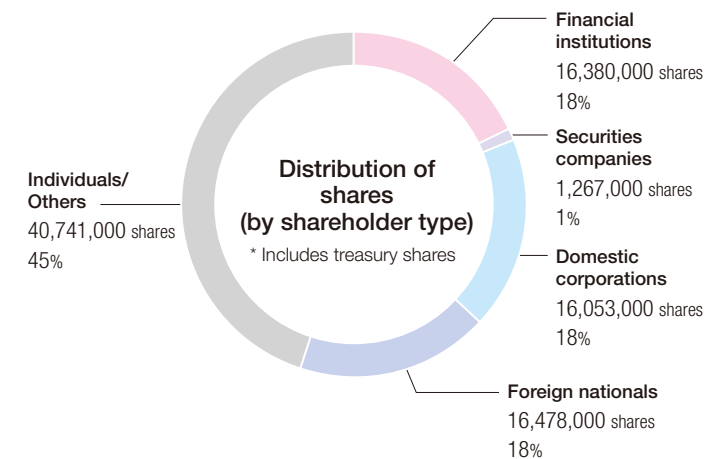
Total number of authorized shares	118,000,000 shares
Number of shares of stock issued and outstanding	91,243,720 shares (including 324,610 treasury shares)
Number of shareholders at the end of the fiscal year	78,325

Major Shareholders (as of March 31, 2026)

Shareholder name	Number of shares held (thousands)	Shareholding ratio (%)
Milestone Co., Ltd.	8,485	9.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,056	8.86
KYORITSU INTERNATIONAL FOUNDATION	4,075	4.48
Haruhisa Ishizuka	2,117	2.32
Custody Bank of Japan, Ltd. (Trust Account)	1,962	2.15
Sumitomo Mitsui Banking Corporation	1,585	1.74
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,524	1.67
GOLDMAN SACHS INTERNATIONAL Standing proxy: Goldman Sachs Securities Co., Ltd.	1,218	1.34
Nippon Life Insurance Company Standing proxy: The Master Trust Bank of Japan, Ltd.	1,097	1.20
JP MORGAN CHASE BANK 385781 Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.	1,021	1.12

* The shareholding ratio is calculated after treasury shares (324 thousand shares) have been deducted.

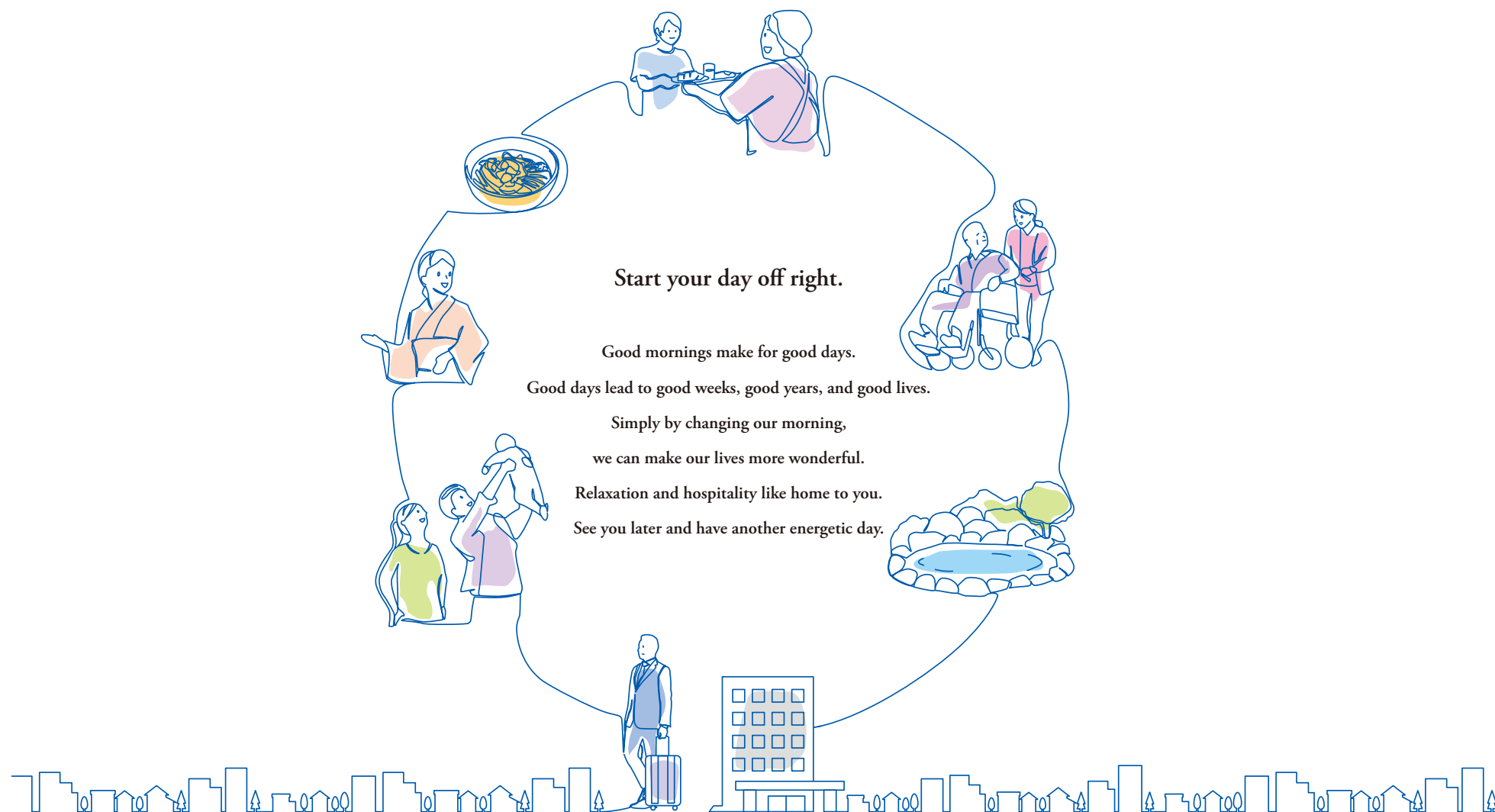
Share Ownership (as of March 31, 2026)



Group Company Data

The Group comprises Kyoritsu Maintenance Co., Ltd., 11 consolidated subsidiaries, and six non-consolidated subsidiaries. The consolidated and non-consolidated subsidiaries are primarily engaged in the Comprehensive Building Management Business, the Food Service Business, the Development Business, and other businesses.





We regularly publish a series of articles focusing on the spirit embodied in our corporate slogan and the challenges and specific initiatives undertaken by employees who shape that spirit on the frontlines. You can find these articles on "KYOMO," a Company-owned media platform on our corporate website (Japanese only). Be sure to check out the energy on the frontlines and the stories behind the evolution of our services.
<https://www.kyoritsugroup.co.jp/kyomo/>



Kyoritsu Maintenance Co., Ltd.

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