



Hotel & Spa Resort LA VISTA Kirishima Hills



Kotohira hot spring Onyado Shikishimakan

Overview of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021

August 2020

KYORITSU
HOTELS & DORMITORIES
9616

Agenda

- | | | |
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**Consolidated
financial results
for the first quarter
of the fiscal year
ending March 31,
2021**



*Hosei University Komagome
Dormitory*

Executive Summary

1

In 1Q of the Fiscal Year Ending March 31, 2021, both sales and profit decreased due to the COVID-19 pandemic.

- The Dormitory Business began with an initial occupancy rate of 93.7%, despite reduced demand from international students and new-employee training.
- In the Dormy Inn Business, occupancy rates bottomed out in April and May but began to rebound sharply in June.
- Despite COVID-19, the Resorts Business maintained unit prices per room that were largely unchanged from the previous year and has been recovering since June.
- With regard to development plans, in the Dormitory Business 1,095 rooms in 14 facilities opened in April, while no new facilities opened in the Hotel Business during 1Q. Decisions will be made on future openings based on consideration of COVID-19 conditions.

2

At this stage, full-year forecasts of business performance and projected dividends are yet to be determined.

- While business performance is improving since beginning to rebound in June, the impact of COVID-19 may continue to be felt in the future. Accordingly, the Company has determined that it would be difficult to estimate full-year forecasts at this stage. Accordingly, projected dividends also are to be determined.

Consolidated business results in FY 3/21 Q1

(Unit: 100 million yen)

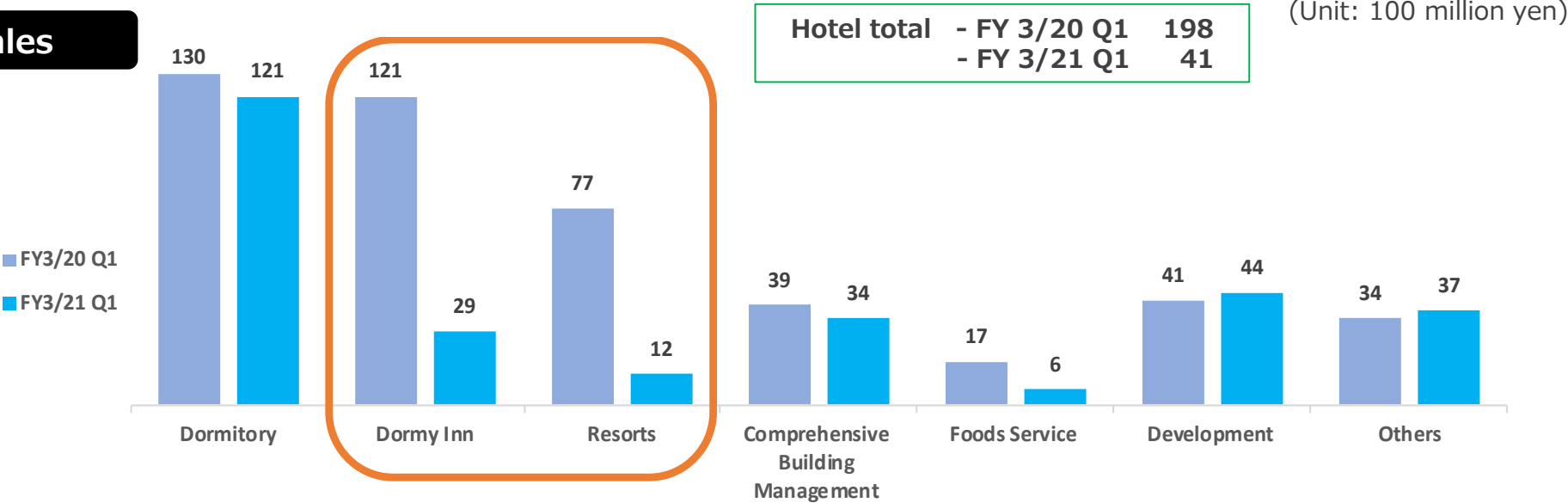
| | FY 3/20 Q1 Act | FY 3/21 | | |
|------------------|-------------------|---------|------------|--------|
| | | Q1 Act | YoY change | |
| Net sales | 421.6 | 236.0 | -185.6 | -44.0% |
| Operating profit | 31.5 | -45.2 | -76.7 | - |
| Ordinary profit | 30.1 | -48.0 | -78.2 | - |
| Net profit | 20.7 | -64.2 | -85.0 | - |
| EPS (JPY) | 53.2 | -164.7 | -218.0 | - |

| | | | | |
|--------------|------|-------|-------|-------|
| Depreciation | 12.2 | 12.7 | +0.4 | +4.0% |
| Cash flow* | 33.0 | -51.5 | -84.5 | - |

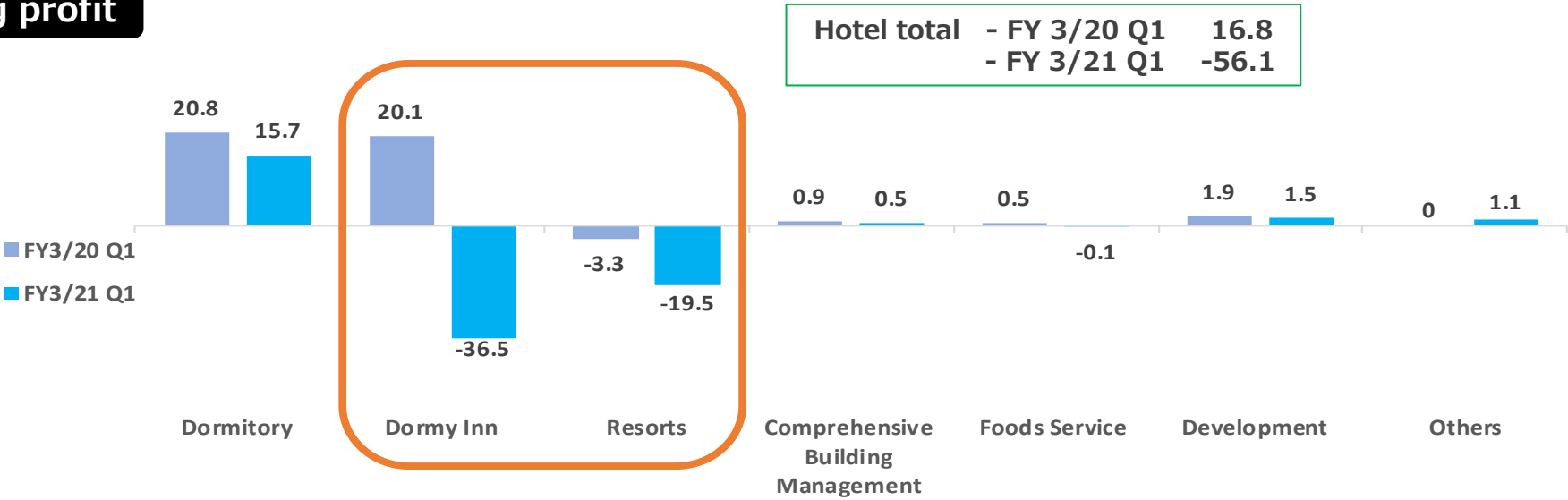
* Cash flow: Net profit + depreciation

FY 3/21 Q1 sales and operating profit broken down by segment

Net sales



Operating profit

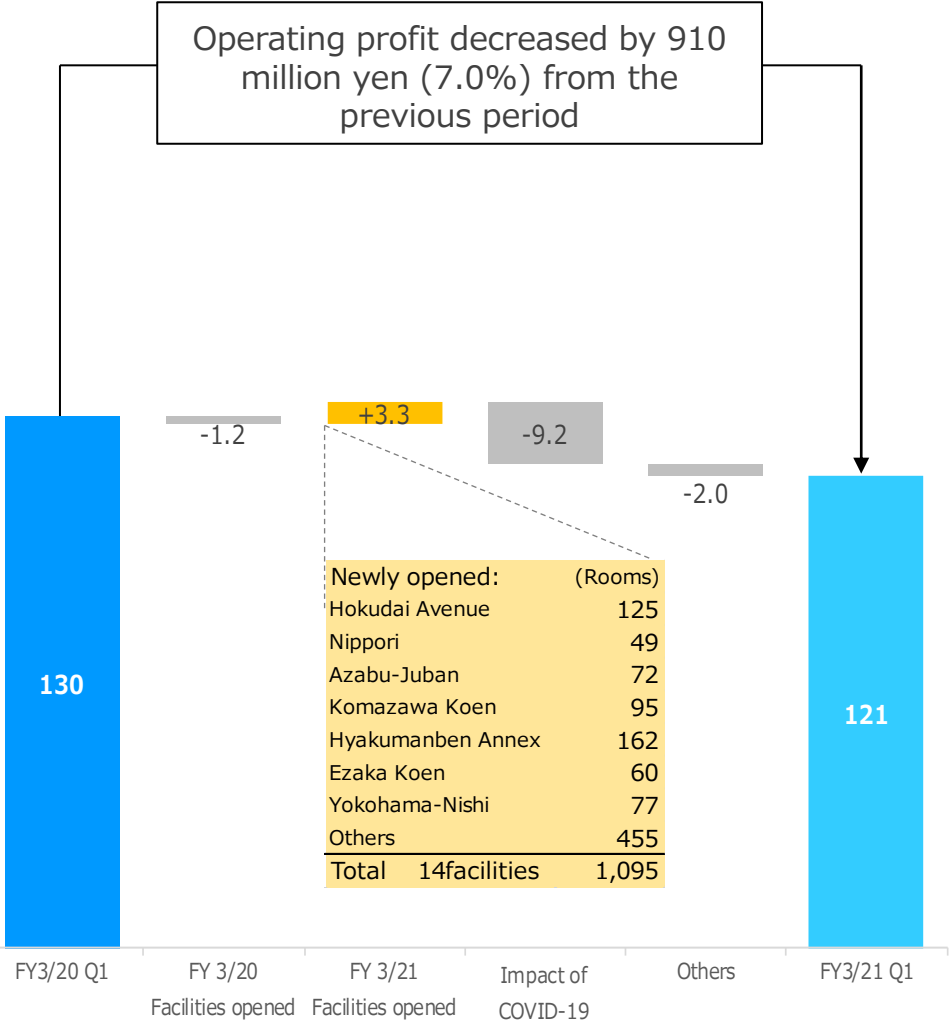


Dormitory Business: FY 3/21 Q1 Net sales and operating profit

(Unit: 100 million yen)

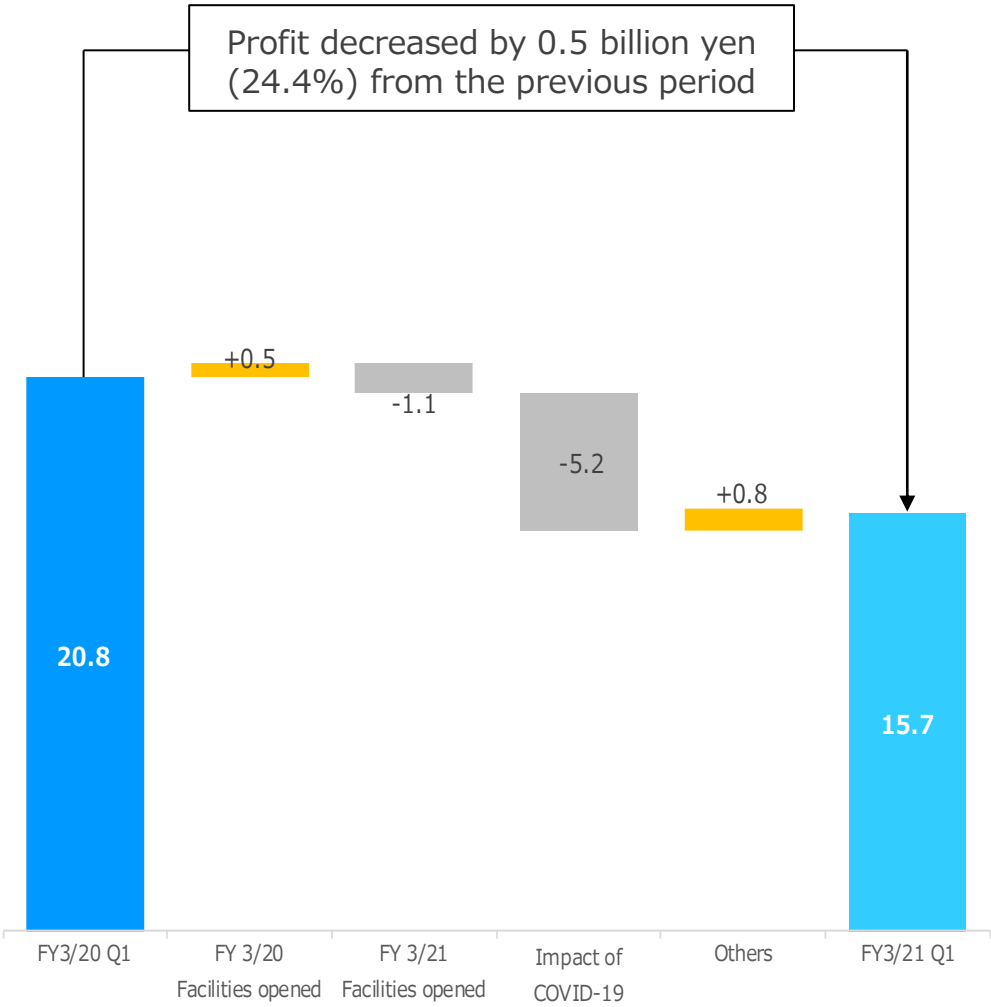
Net sales

Operating profit decreased by 910 million yen (7.0%) from the previous period



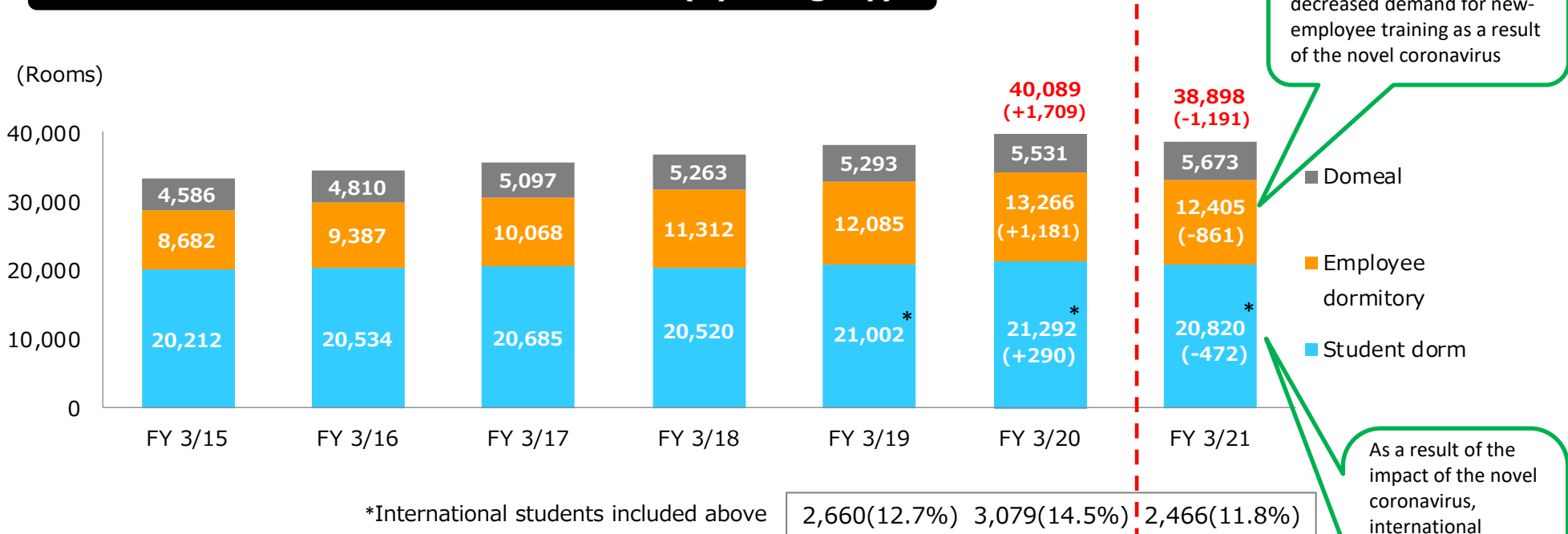
Operating profit

Profit decreased by 0.5 billion yen (24.4%) from the previous period

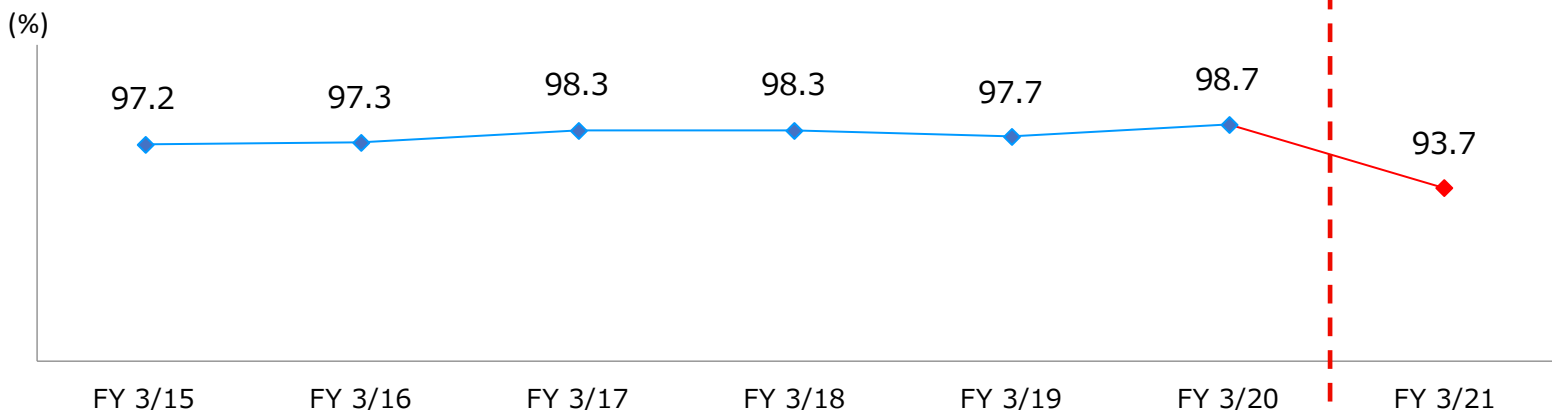


Dormitory Business: Trends in initial number of leased units/occupancy rate

Trend in initial number of leased units (by category)



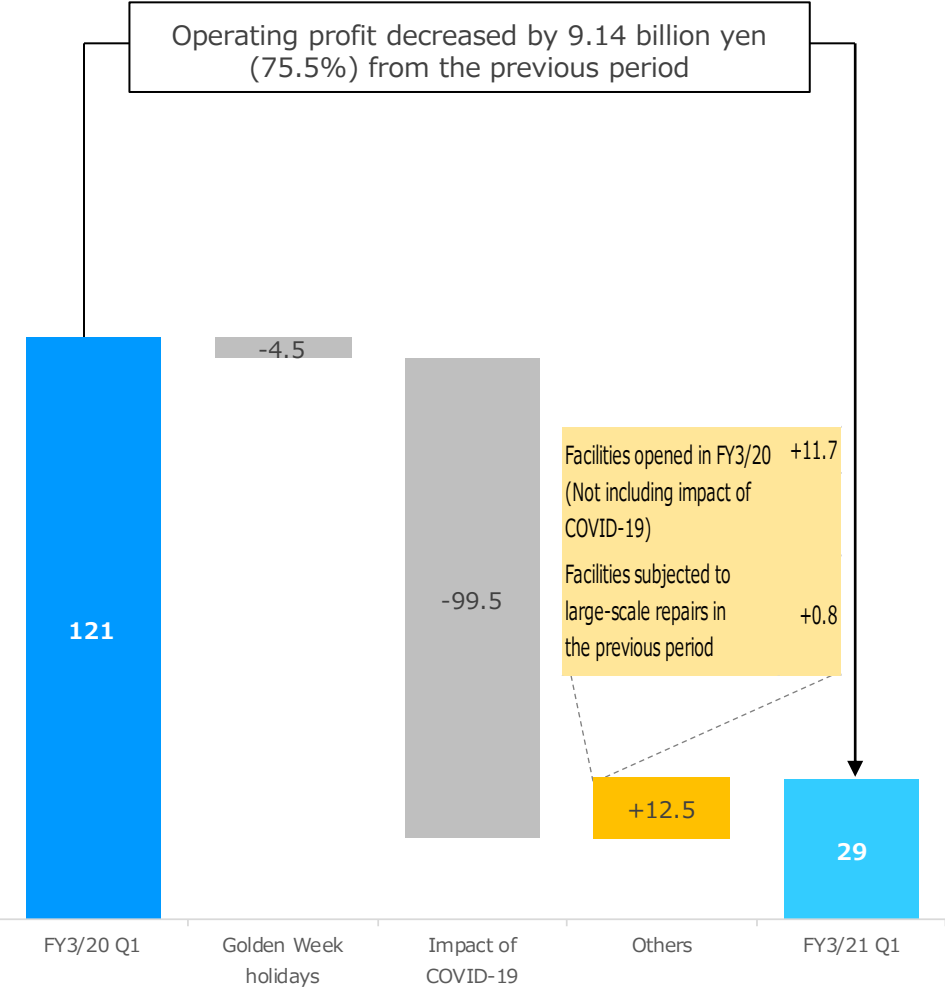
Trend in initial occupancy rate



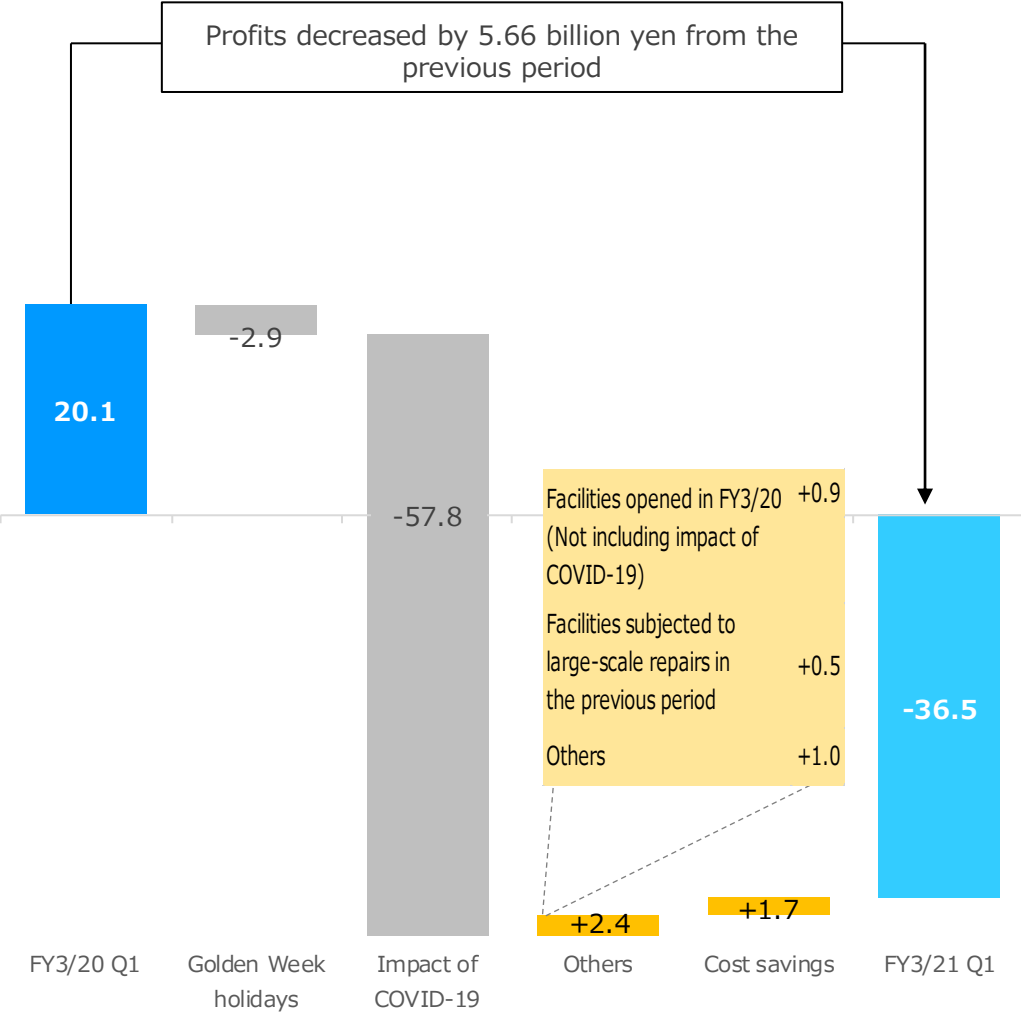
Dormy Inn Business: FY 3/21 Q1 Net sales and operating profit

(Unit: 100 million yen)

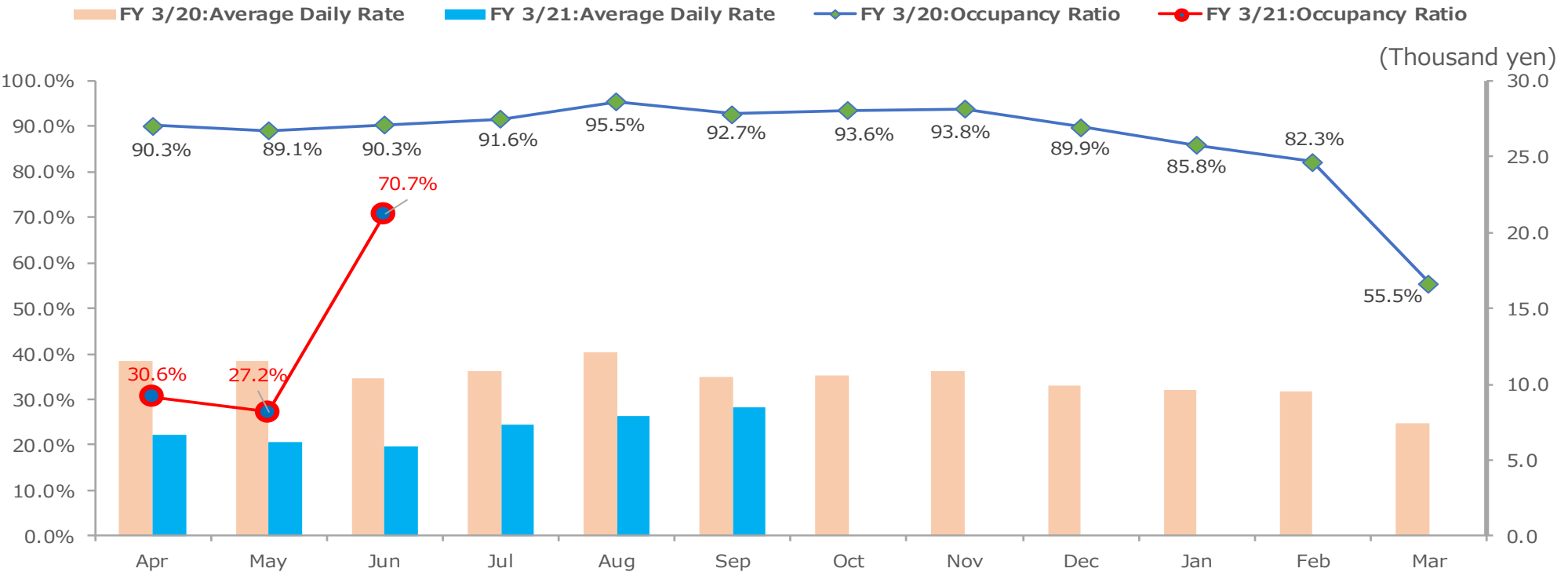
Net sales



Operating Profit



Dormy Inn Business: Monthly trends in Occupancy Ratio and Average Daily Rate



Occupancy Ratio

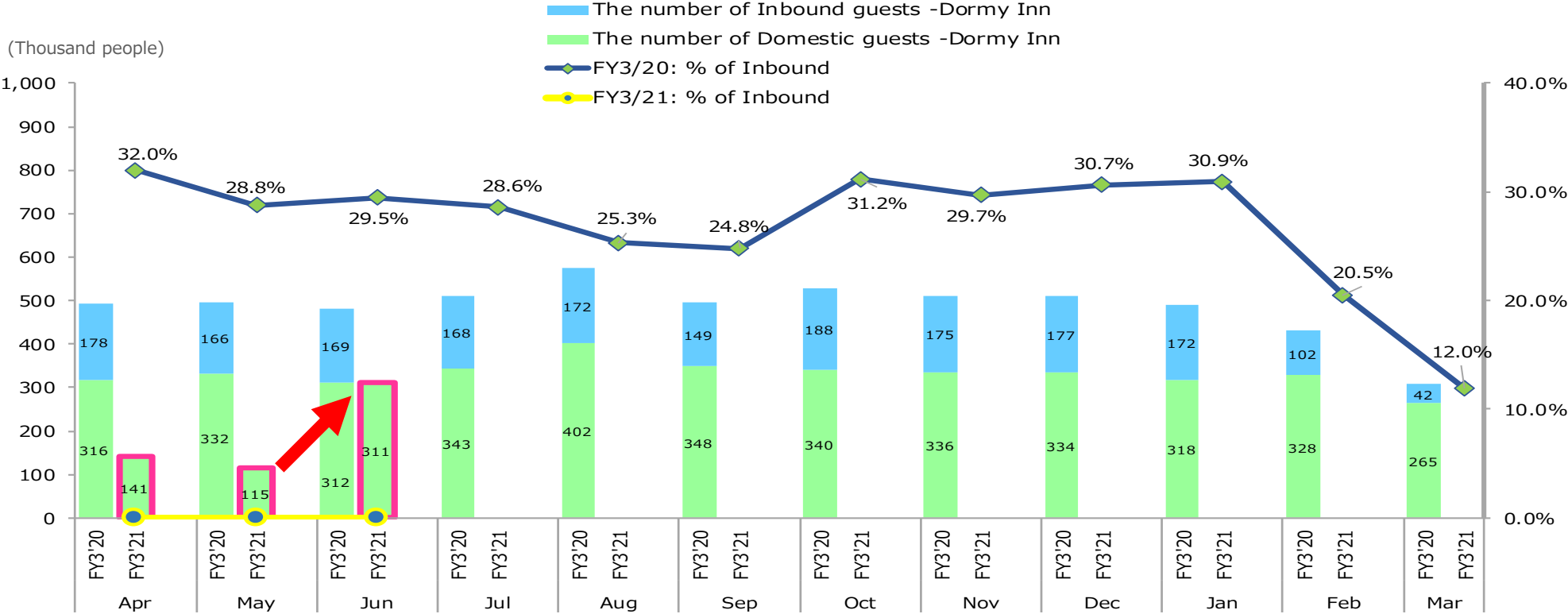
| | Q1 | Q2 | Q3 | Q4 | Annual cumulative total |
|-------------------------|---------|-------|-------|-------|-------------------------|
| FY 3/20(actual results) | 89.9% | 93.3% | 92.4% | 74.3% | 87.5% |
| FY 3/21(actual results) | 42.7% | | | | |
| YoY change | -47.2pp | | | | |

Average Daily Rate

| | Q1 | Q2 | Q3 | Q4 | Annual cumulative total |
|-------------------------|------|------|------|-----|-------------------------|
| FY 3/20(actual results) | 11.1 | 11.2 | 10.5 | 9.0 | 10.5 |
| FY 3/21(actual results) | 6.1 | | | | |
| YoY change | -4.9 | | | | |

(Note) The table above shows figures not including hotels that opened in April 2018 or later (to enable comparison between the two periods under similar conditions)

Dormy Inn Business: inbound tourism ratio by month



% of Inbound (On a revenue basis)

| | Q1 | Q2 | Q3 | Q4 | Annual cumulative total |
|-------------------------|---------|-------|-------|-------|-------------------------|
| FY 3/20(actual results) | 30.1% | 26.2% | 30.5% | 22.9% | 27.8% |
| FY 3/21(actual results) | 0.0% | | | | |
| YoY change | -30.1pp | | | | |

ADR

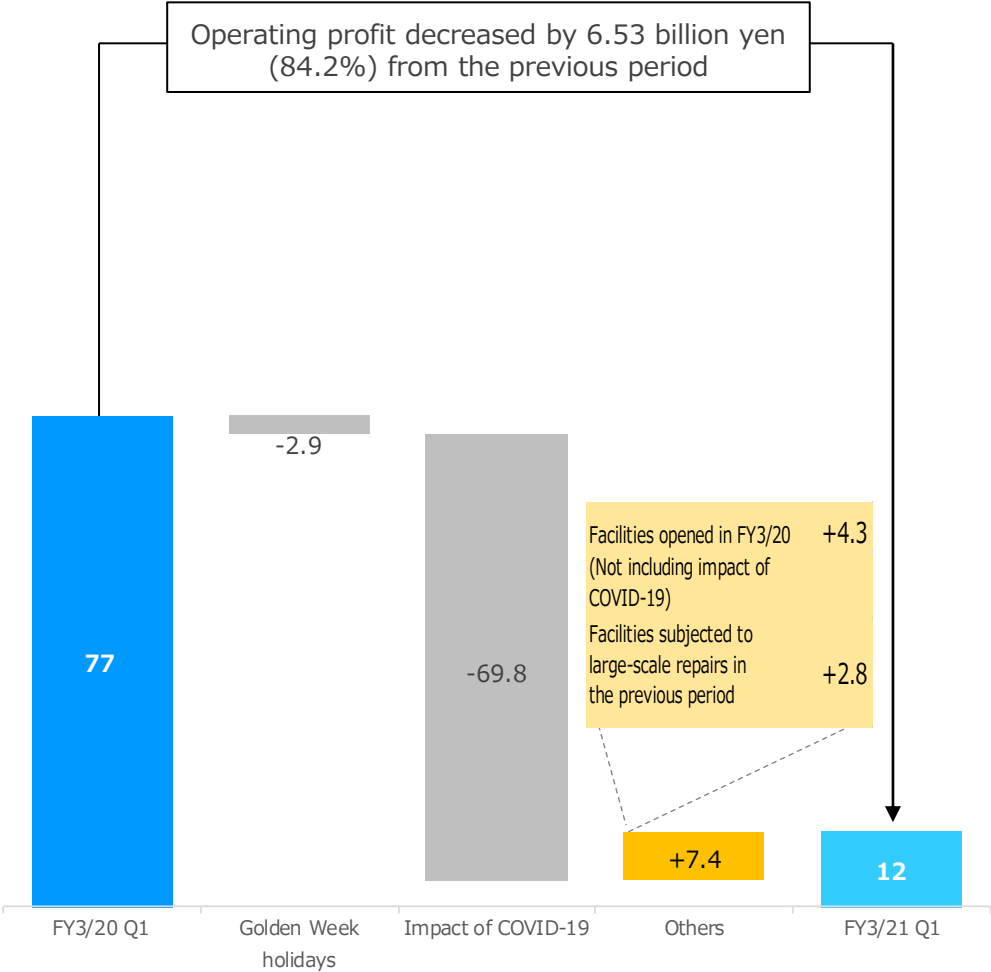
(Thousand yen)

| | FY 3/20 Q1 | FY 3/21 Q1 | Annual cumulative total |
|---------------|------------|------------|-------------------------|
| Excl. inbound | 10.7 | 6.2 | -4.5 -42.1% |
| Inbound | 12.3 | - | - - |
| Difference | +1.6 | - | - - |

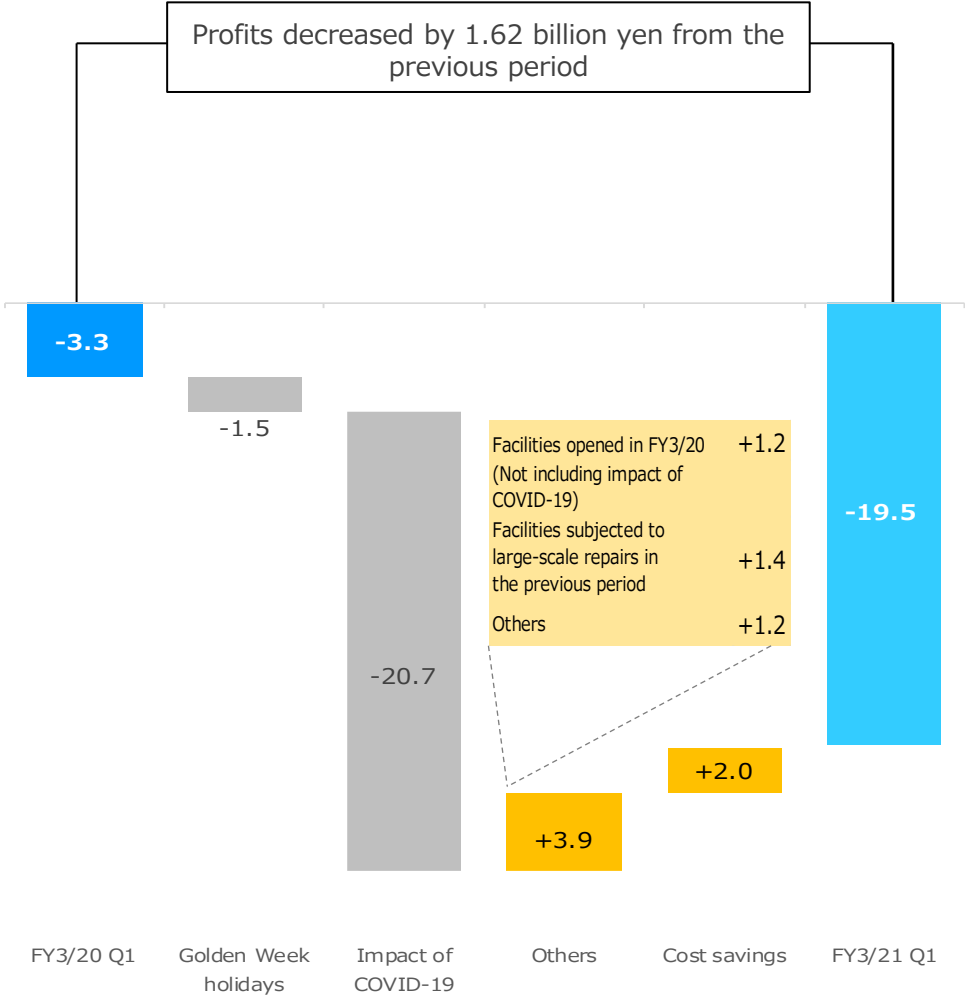
Resorts Business: FY 3/21 Q1 Net sales and operating profit

(Unit: 100 million yen)

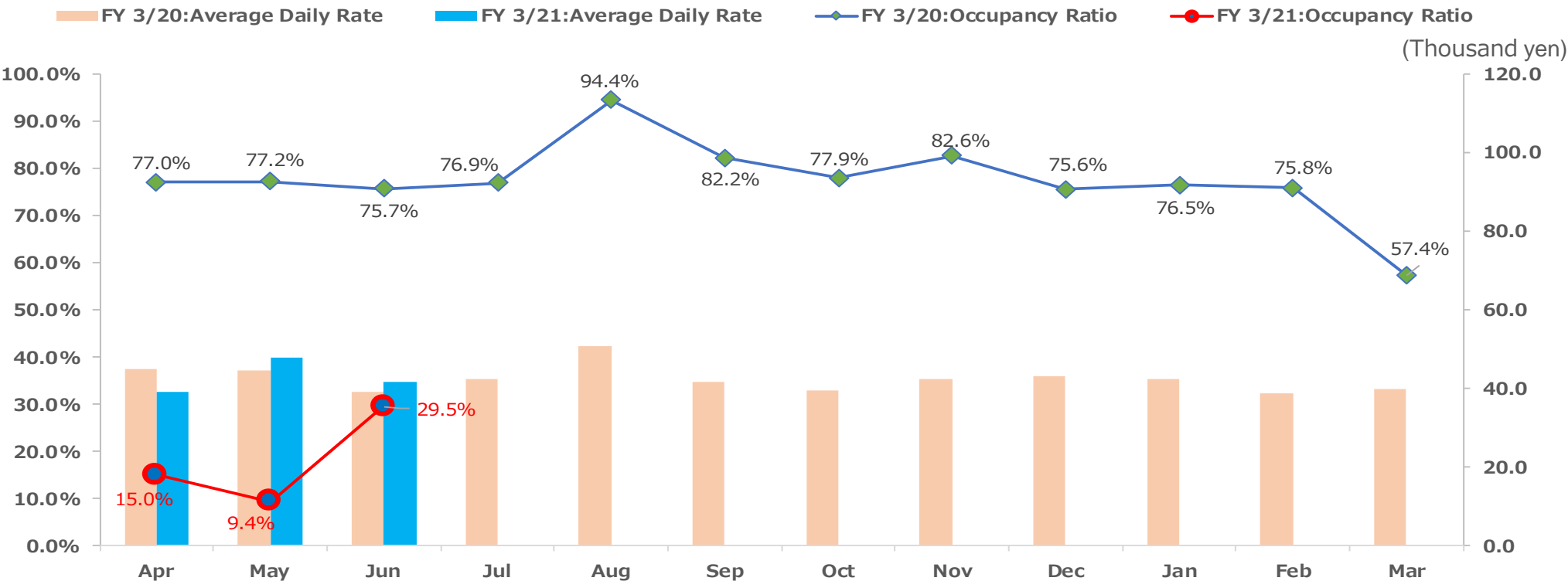
Net sales



Operating Profit



Resorts Business: Monthly trends in Occupancy Ratio and Average Daily Rate



Occupancy Ratio

| | Q1 | Q2 | Q3 | Q4 | Annual cumulative total |
|-------------------------|---------|-------|-------|-------|-------------------------|
| FY 3/20(actual results) | 76.7% | 84.6% | 78.7% | 69.7% | 77.4% |
| FY 3/21(actual results) | 17.0% | | | | |
| YoY change | -59.7pp | | | | |

Average Daily Rate

| | Q1 | Q2 | Q3 | Q4 | Annual cumulative total |
|-------------------------|------|------|------|------|-------------------------|
| FY 3/20(actual results) | 43.0 | 45.2 | 41.5 | 40.4 | 42.6 |
| FY 3/21(actual results) | 41.8 | | | | |
| YoY change | -1.1 | | | | |

(Thousand yen)

(Note) The table above shows figures not including hotels that opened in April 2018 or later (to enable comparison between the two periods under similar conditions)

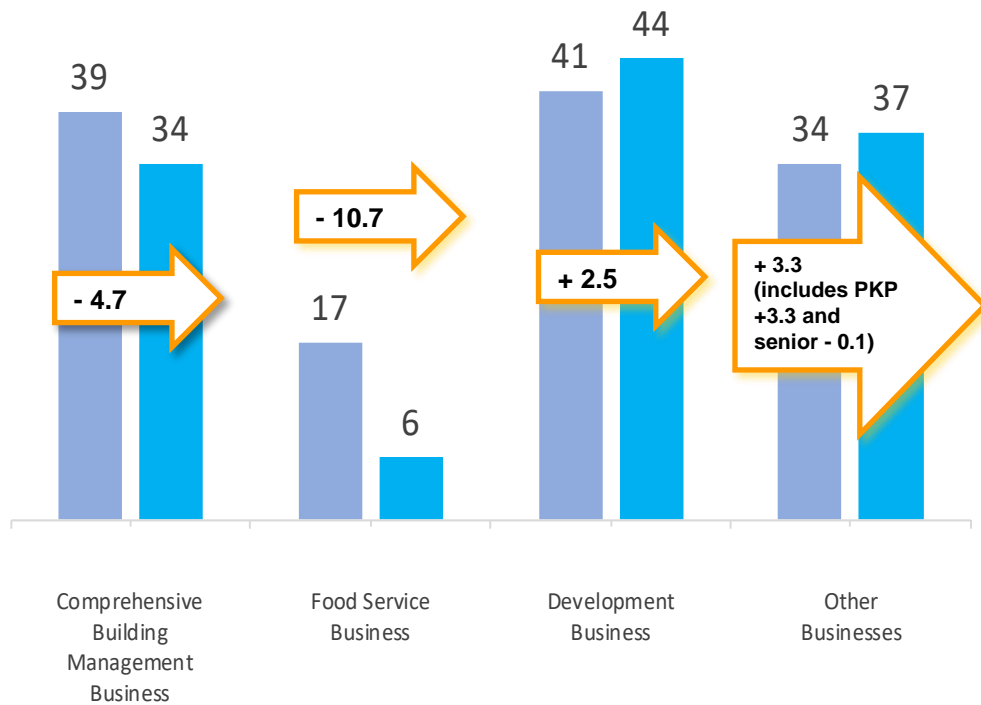
Other Businesses: FY 3/21 Q1 Net sales and operating profit

(Unit: 100 million yen)

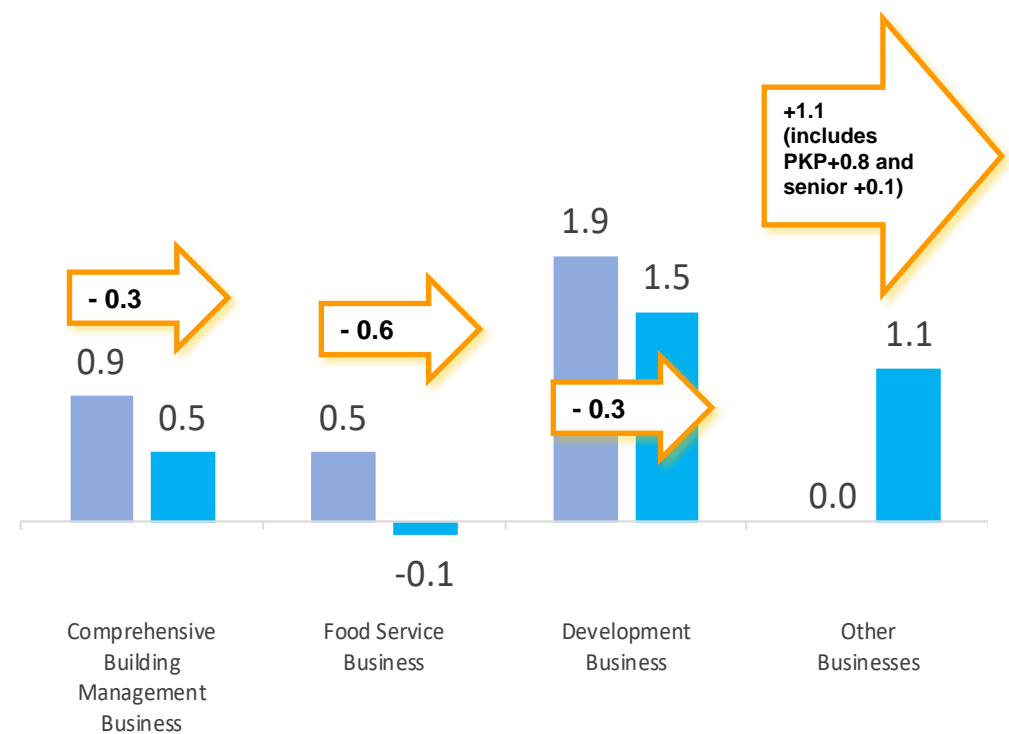
Net sales: YoY change -7.1%

Operating profit: YoY change -8.8%

■ FY3/20 Q1 ■ FY3/21 Q1



■ FY3/20 Q1 ■ FY3/21 Q1



ESG initiatives

- Enhancement of corporate governance

- Appointment of outside Directors

| | |
|----------------------|---|
| This fiscal year | With the appointment of three new outside Directors in June, outside Directors now account for more than one-third of Directors. Three outside Directors who are not members of the audit and supervisory board: Highly familiar with the fields of health and safety, education, economics, real estate, community development, and tourism |
| Previous fiscal year | Outside Director who is not a member of the audit and supervisory board (one Director): Newly appointed in June of last year Former Director, Japan Tourism Agency Highly familiar with the fields of land, infrastructure, and transport policy and tourism policy Outside Directors who are members of the audit and supervisory board (two Directors): Highly familiar with the fields of finance, accounting, business administration, and economics |

- * The Company has established a structure under which the above outside Directors monitor Company management as independent Directors (of whom the Tokyo Stock Exchange has been notified). These independent Directors attend all meetings of the Board of Directors, where they offer proactive and constructive opinions.
- Shareholders will be provided with sufficient time for thorough consideration of the resolutions to be submitted to the General Meeting of Shareholders through means such as early notification, by electronic means, of convocation of the meeting.

- Realizing gender equality



- The Company appointed its first woman Director in June 2019, and one of the outside Directors appointed in June 2020 is a woman.
- The percentage of managerial positions filled by women is 12.3% and continues to rise. (The national average for all businesses is 7.8%; source: Teikoku Databank corporate attitude survey on promotion of women)

- Clean, renewable energy for all



- Renewable energy - Participating in the activities of the town of Nakanojo, Gunma Prefecture to promote community vitalization through local production and local consumption of electricity etc.
- Environmental protection activities - Adoption of business cards made from limestone (LIMEX business cards) etc.

**Projected
results for
FY 3/21**



*Ogihamma Hot Spring
Dormy Inn Kawasaki*



Inishie no yado Keiun

Projected consolidated results for FY3/21

To be determined, due to the difficulty of making reasonable estimates at this stage in light of expectations that the impact of COVID-19 may continue to be felt in the future.

* Business performance has been recovering since June, as the occupancy rate in the Dormy Inn Business has been rising strongly since then and numbers of domestic guests have recovered to the same level they were at one year earlier. Unit prices per room in the Resorts Business maintained their levels from before COVID-19 and are in an increasing trend.

Main measures now underway

I. Thorough cost cutting

Building a solid business structure through thorough cost savings Companywide

II. Beginning to **rebound** after the release of the state of emergency

◇ Assumptions

- Thorough implementation of measures to prevent the spread of the coronavirus (e.g., in ways of serving meals and thorough disinfection and sterilization of guestrooms and common areas)
- A recovery in inbound tourism is expected to take one to one and one-half years or longer



Offering and announcing new plans and services chiefly targeting domestic customers

* See the next page for specific measures 

III. Securing the planned funding necessary

The Company has secured the funding expected to be needed for the time being through agreement with financial institutions on increased credit lines.

Specific measures

■ “Chokko Ofukubin” from home to the resort

- New lodging plans that include round-trip taxi transportation, jointly developed with a taxi company, have been introduced.
- These new plans help guests enjoy a relaxing trip by ensuring convenient door-to-door transportation.
- These lodging plans including dinner and breakfast offer hot-springs bathing and luxurious meals at eight facilities in the Kanto region, including Hakone, Kawaguchiko, and Izu, four facilities in the Kansai region, including Kinokuniya and Nanki Shirahama, and two facilities in the Ise and Okuhida areas.
 - * Eligible areas and facilities are increasing steadily.

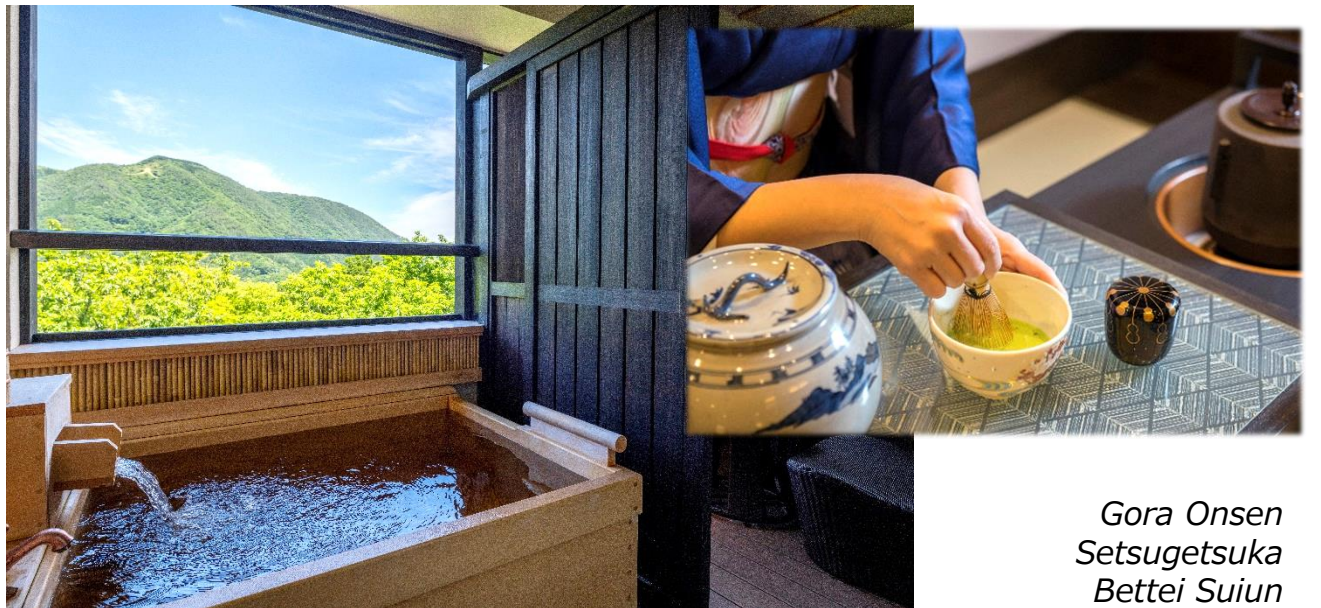


- COVID-19 school support program launched to reduce the economic impact of student dormitories through interest-free loans
- Long-term stay plans introduced for guests residing at Dormy Inn hotel facilities

*Kotohira hot spring
Onyado Shikishimakan*



Progress on the medium-term management plan



*Gora Onsen
Setsugetsuka
Bettei Suiun*

Main quantitative goals of the medium-term management plan (March 2018 – March 2022) and state of progress on them

Quantitative targets are now under verification in light of the impact of COVID-19. Development, which is key to achieving the targets of the medium-term management plan, is progressing faster than planned.

Quantitative targets of the "Kyoritsu Jump Up Plan" medium-term management plan

| Main quantitative goals | Results in FY 3/17, the starting point of the medium-term management plan | Progress as of FY 3/20 | Results in FY 3/22, the final fiscal year of the medium-term management plan |
|-------------------------|---|-------------------------------|--|
| Net sales | 135.8 billion yen | 169.7 billion yen (CAGR: +6%) | 220 billion yen (CAGR: +10%) |
| Operating profit | 11.8 billion yen | 11.2 billion yen (CAGR: —) | 19 billion yen (CAGR: +10%) |
| Net D/E Ratio | 0.9 times | 0.9 times | No greater than 1.0, the financial soundness target |
| Payout ratio | 16.8% | 25.3% | Gradually increasing, aiming for a target of more than 20% |
| ROE | 11.7% | 8.5% | 10% or more |

| Development plans | Results in FY 3/17, the starting point of the medium-term management plan | Progress at the end of FY 3/21 Q1 (FY 3/18 - FY 3/20 Q1 cumulative) | End of FY 3/22, the final fiscal year of the medium-term management plan |
|-------------------|---|---|--|
| Dormitory | 37,000 rooms | - Development basis: 5,412 rooms - Projects on which the institutions already have made decisions: Approximately 7,000 rooms (progress rate: 100%) | 7,000 rooms |
| Dormy Inn | 10,200 rooms | - Development basis: 4,636 rooms - Projects on which the institutions already have made decisions: Approximately 9,000 rooms (progress rate: 100%) | 9,000 rooms |
| Resorts | 2,200 rooms | - Development basis: 659 rooms - Projects on which the institutions already have made decisions: Approximately 1,500 rooms (progress rate: 107%) | 1,400 rooms |

Dormitory and hotel development plans to realize sustained growth

| | FY 3/18 Results | | FY 3/19 Results | | FY 3/20 Results | | FY 3/21 Planned | | FY 3/22 Planned | |
|--|--|---|---|---|--|---|--|---|--|---|
| Dormitories, Domeal | +10 facilities* | +963 rooms* | +14 facilities* | +1,780 rooms* | +15 facilities* | +1,574 rooms* | +15 facilities* | +1,181 rooms* | +20 facilities* | +1,583 rooms* |
| End of FY 3/17: 463 facilities/37,000 rooms Medium-term plan: 7,000 rooms Projects on which the institutions already have made decisions Around 7,000 rooms Progress rate 100% | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 473 facilities 88.5% 38,166 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 485 facilities 88.5% 39,450 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 494 facilities 87.6% 40,633 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 506 facilities 87.9% 41,621 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 524 facilities 87.4% 42,963 rooms |
| | Noda ANNEX, [L]Senjunakamachi, [L]Tsunashimaekimae, Higashiosaka, [L]Maihama, [L]Minamikoshigaya, [L]Irinaka II, [L]Koroen, and others. | | [L]Waseda, [L]Hikifune, [L]Keiotsunashima, [L]Tsurugashima, Omoromachi, [L]Kaihinmakuhari, [L]Tokorozawa, [L]Hakataekiminami II, [L]Kokuraekimae, and others. | | [L]Sendai Higashiguchi V, [L]Motoyama, [L]Osaka Tenma, [L]Kagoshima, [L]Kobe, [L]Ichigaya, [L]Komagome, Meiji University Global Village, [L]Setagaya Todoriki, and others | | [L]Hokudai Avenue, [L]Nippori, [L]Sendai Tsutsujigaoka, [L]Nagakute, [L]Hamadayama, [L]Komazawa Koen, [L]Esaka Koen, [L]Azabu-Juban, [L]Hyakumanben Annex, [L]Yokohama-Nishi, and others | | [L]Sakado II, Niigata II, [L]Kyoto-Kuinabashi, [L]Iriya, [L]Hirao-Ekimae, [L]Kameari, [L]Setagaya Todoroki, [L]Sapporo kita 14-jo, and others | |
| Dormy Inn | +9 facilities | +1,571 rooms | +9 facilities* | +1,530 rooms* | +7 facilities | +1,535 rooms | +7 facilities | +1,797 rooms | +13 facilities | +2,694 rooms |
| End of FY 3/17: 63 facilities/10,200 rooms Medium-term plan: 9,000 rooms Projects on which the institutions already have made decisions Around 9,000 rooms Progression rate 100% | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 72 facilities 98.8% 11,811 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 80 facilities 98.9% 13,248 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 87 facilities 99.0% 14,783 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 94 facilities 99.1% 16,580 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 107 facilities 99.3% 19,274 rooms |
| | [L]PREMIUM Kanda, [L]Miyazaki, [L]global cabin Suidobashi, [L]Kofumarunouchi, [L]Izumo, [L]EXPRESS Sendai-Seaside, [L]Nono Nara, [L]Kochi, [L]Matsuyama | | [L]Honhachinohe, [L]Osakatanimachi, [L]Korakuen, [L]Oita, [L]global cabin Hamamatsu, [L]global cabin Yokohamachukagai, [L]Takamatsuchukoenmae, [L]PREMIUM Namba ANNEX, [L]PREMIUM Osakakitahama | | [L]Maebashi, [L]Fukui, [L]Morioka, [L]Nono Asakusa, [L]Kawasaki, [L]Furano, [L]Mito | | [L]Nono Kyoto-Shichijo, [L]Kobe, [L]PREMIUM Ginza, [L]Ikebukuro, [L]Nagasaki-Ekimae, [L]Toyohashi, [L]Nono Kanazawa | | [L]Gotemba, [L]Nono Matsumoto, [L]Nono Sendai, [L]Fukuyama [L]Tokyo Bay (Toyosu), [L]Hiroshima ANNEX, [L]Aomori, [L]NonoYodoyabashi, [L]Okayama, [L]Nono Matsue, [L]Nono Kumamoto, [L]Yokohama, [L]Nono Asakusa Bettei, | |
| Resorts | +4 facilities | +253 rooms | +2 facilities | +171 rooms | +3 facilities | +235 rooms | +6 facilities | +486 rooms | +4 facilities | +407 rooms |
| End of FY3/17: 25 facilities/2,200 rooms Medium-term plan: 1,400 rooms Projects on which the institutions already have made decisions Around 1,500 rooms Progression rate 107% | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 29 facilities 58.7% 2,478 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 31 facilities 60.2% 2,649 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 34 facilities 61.6% 2,884 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 40 facilities 60.4% 3,370 rooms | Number of facilities in operation at end of year Leasing rate Number of rooms in operation at end of year | 44 facilities 68.9% 3,777 rooms |
| | Keiun (Izumo), Tsukiyo no Usagi (Izumo), [L]Le Chien Kyu-Karuizawa, [L]Suiun (Gora) | | [L]La Vista Kirishima (Kagoshima), [L]Shirakawago (Gifu) | | [L]Echigoyuzawa (Niigata), [L]Kotohira (Kagawa), Inazumi (Akita) | | [L]La Vista Kusatsu (Gunma), [L]Nasu-Shiohara Rengetsu (Tochigi), [L]Wakura Hot Spring (Ishikawa), Bettei Suigetsu (Shizuoka), and others Kikuya | | [L]Kawazu Hot Spring (Shizuoka), [L]Kyoto Umekoji, [L]La Vista Hakodate Bay ANNEX, [L]Jozankei | |
| Companywide leasing rate | 89.4% | | 89.7% | | 89.2% | | 89.4% | | 89.8% | |

Note: While as noted above development is proceeding during the period of the medium-term management plan, the timing of opening for business could vary depending on COVID-19 conditions.

* Indicates numbers of increases in facilities and rooms from development projects (does not indicate numbers of increases from the end of the previous year for facilities and rooms in operation at the end of the year)

Note: "L" indicates a leased facility; underlines indicate real-estate sale and leaseback projects including future plans

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The Company will strive to improve business results further through advancing the priority measures identified in the medium-term management plan (March 2018-March 2022) at an accelerating pace.

Thank you!

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