

FY 3/23 H1 (4-9/2022)

Consolidated Financial Results

November 2022

Kyoritsu Maintenance Co., Ltd.

[Securities Code 9616]

Shionoyu Hot Spring Rengetsu



| | | |
|------------------|--|-------------|
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01 Summary of Financial Results for FY 3/23 H1

02 Projected Consolidated Financial Results

03 Policy for Formulation of New Medium-Term Management Plan

First return to profitability in three fiscal years due to stable operations in the dormitory business and strong recovery in the hotel business

Dormitory Business

The occupancy rate at the beginning of the period started at 93.5%, up 1.4 points from the previous period due to a significant increase in the number of Japanese students, and during the period, the number of foreign students increased due to the easing of immigration restrictions.

Hotel Business

For the first time in three fiscal years, occupancy rates and average room rates rose sharply in an environment with no restrictions on activities, thanks in part to the effects of measures to stimulate tourism demand, such as the prefectural residents' discount, and recovered profitability by absorbing the cost of opening a new business.

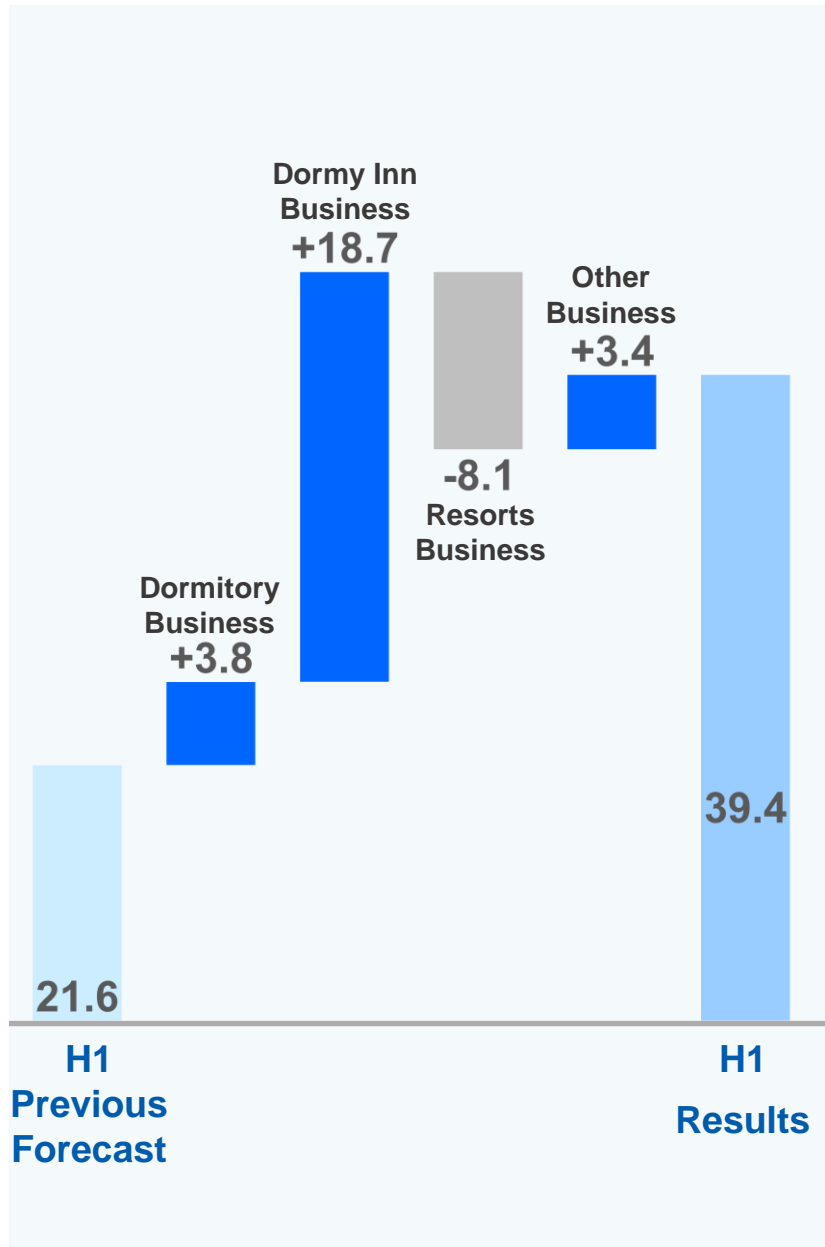
Consolidated Financial Results and Main Financial Indicators

| 100 million yen | FY 3/22 | FY 3/23 | FY 3/23 | YoY Comparison | | Comparison with Previous Forecasts*1 | | YoY Comparison of Increase/Decrease in Sales and Leaseback of Real Estate | YOY Comparison of Increase/Decrease in New Openings | YoY Comparison without Factors on the left | FY 3/23 | Rate of Achievement | FY 3/23 | Increase/Decrease |
|----------------------|--------------|------------------------|--------------|----------------|--------|--------------------------------------|--------|---|---|--|---------|---------------------|--------------|-------------------|
| | H1 Results | H1 Previous Forecast*1 | H1 Results | A | | | | | | | B | C | A - B - C | |
| | (4 - 9/2021) | (4 - 9/2022) | (4 - 9/2022) | | | | | | | | I | | II | |
| Net Sales | 677 | 838 | 830 | +153 | +22.7% | -7 | -0.9% | -51 | +24 | +180 | 1,740 | 47.8% | 1,700 | -40 |
| Operating Income | -56 | 21 | 39 | +95 | - | +17 | +82.4% | -5 | -16 | +118 | 30 | 131.5% | 55 | +25 |
| Ordinary Income | -52 | | 37 | +90 | - | | | | | | 22 | 171.9% | 51 | +29 |
| Net Income | -40 | | 22 | +63 | - | | | | | | 10 | 229.2% | 28 | +18 |
| EPS (yen) | -104.6 | | 58.8 | +163.3 | - | | | | | | 25.7 | 229.2% | 71.8 | +46.2 |
| Depreciation Expense | 29 | | 28 | -1 | -3.7% | | | | | | 65 | 44.2% | 65 | - |
| Cash Flow*2 | -10 | | 51 | +62 | - | | | | | | 75 | 68.9% | 93 | +18 |
| Capital Investment | 26 | | 33 | +6 | +25.5% | | | | | | 164 | 20.1% | 164 | - |

*1 Stated on page 25 of the "Consolidated Financial Results for FY 3/22" released on May 24, 2022.

*2 Cash Flow: Net Income + Depreciation Expense

Factors for Deviation from Operating Income Forecast



| Operating Income (100 million yen) | | Q1 (4 – 6/2022) | Q2 (7 – 9/2022) | H1 (4 – 9/2022) | Main Cause |
|---------------------------------------|--------------------------|--------------------|--------------------|--------------------|--|
| Dormitory Business | Previous Forecast | 10 | 8 | 18 | <ul style="list-style-type: none"> Number of foreign students exceeded the plan due to easing of immigration restrictions. Energy cost increasing was less than expected. |
| | Result | 12 | 9 | 22 | |
| | Comparison with Forecast | + 2 | + 1 | + 3 | |
| Dormy Inn Business | Previous Forecast | 8 | 14 | 22 | <ul style="list-style-type: none"> The effect of the prefectural discount and other measures to stimulate tourism demand Request for extension of the Corona Accommodation and Recuperation Facility Agreement |
| | Result | 14 | 26 | 41 | |
| | Comparison with Forecast | + 6 | +11 | +18 | |
| Resorts Business | Previous Forecast | -13 | 8 | -5 | <ul style="list-style-type: none"> Re-expansion of new coronavirus infection since late June Unachieved due to high recovery rate planned |
| | Result | -13 | - 0 | -13 | |
| | Comparison with Forecast | + 0 | - 8 | - 8 | |
| Other Business | Previous Forecast | -7 | -6 | -13 | <ul style="list-style-type: none"> Foods and PKP Businesses exceeded the plan. Senior Life Business opened two new facilities as planned. |
| | Result | -3 | -6 | -10 | |
| | Comparison with Forecast | + 3 | - 0 | + 3 | |
| Total | Previous Forecast | -2 | 24 | 21 | |
| | Result | 10 | 28 | 39 | |
| | Comparison with Forecast | +13 | + 4 | +17 | |

Breakdown of Net Sales and Operating Income by Business Segments

Net Sales

FY 3/19 H1 FY 3/22 H1 FY 3/23 H1

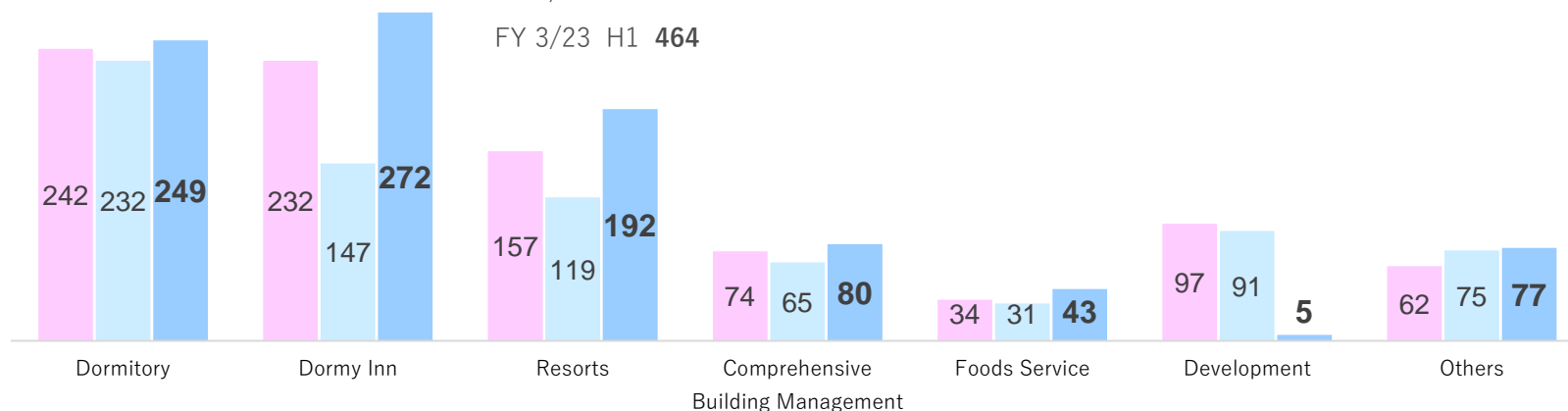
(100 million yen)

Hotel Business Total

FY 3/19 H1 389

FY 3/22 H1 266

FY 3/23 H1 464



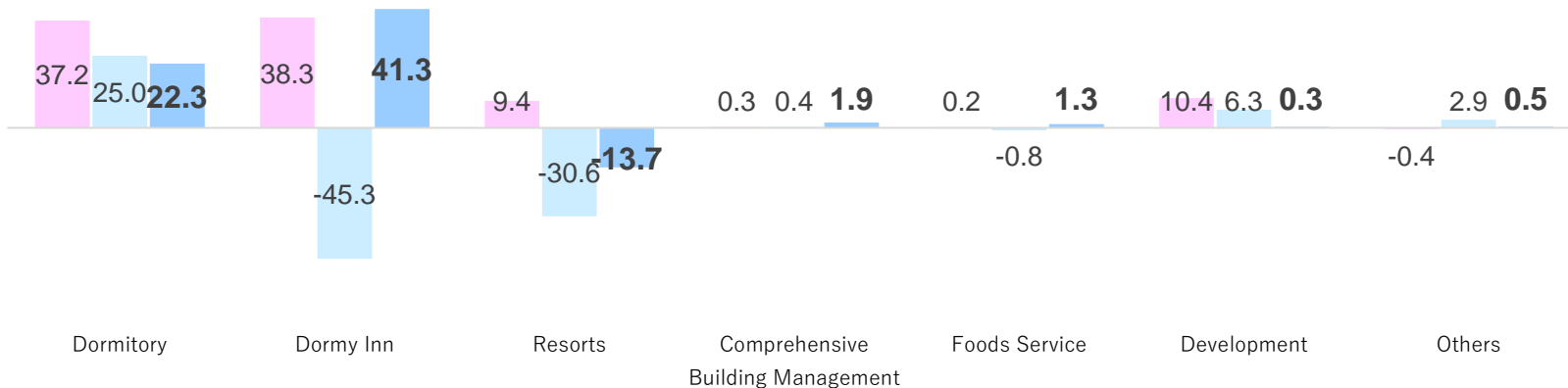
Operating Income

Hotel Business Total

FY 3/19 H1 47.7

FY 3/22 H1 -76.0

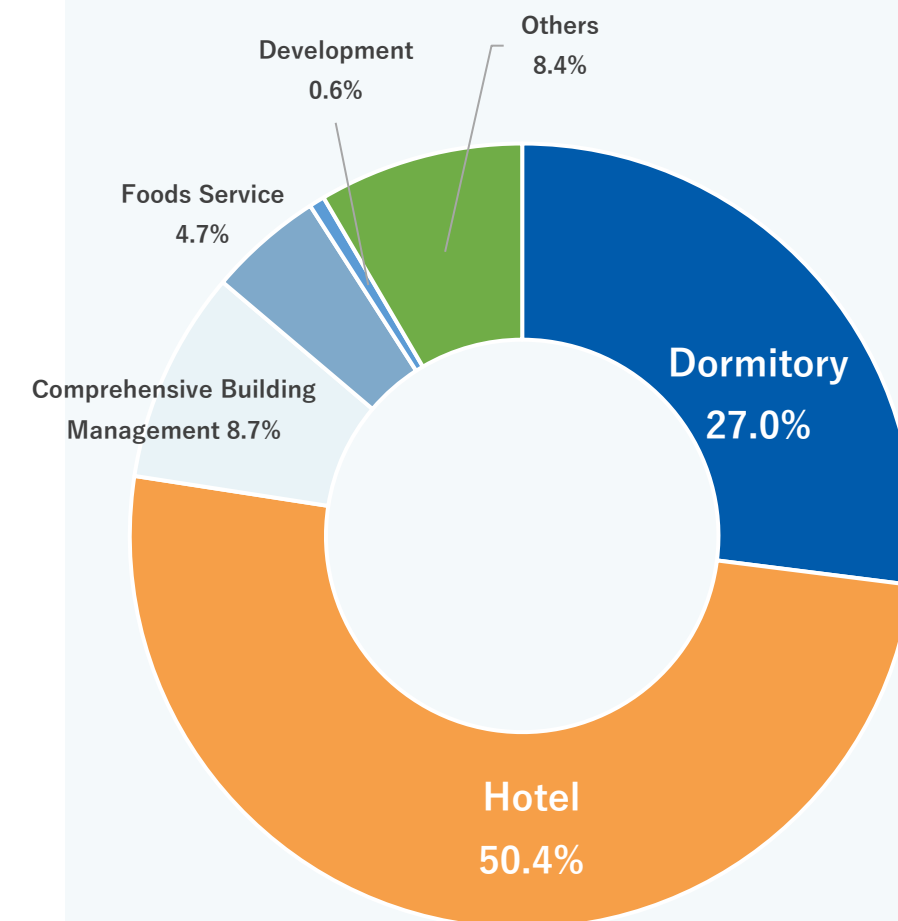
FY 3/23 H1 27.5



Sales Breakdown by Segment

FY 3/23 H1

(Including intersegment sales)

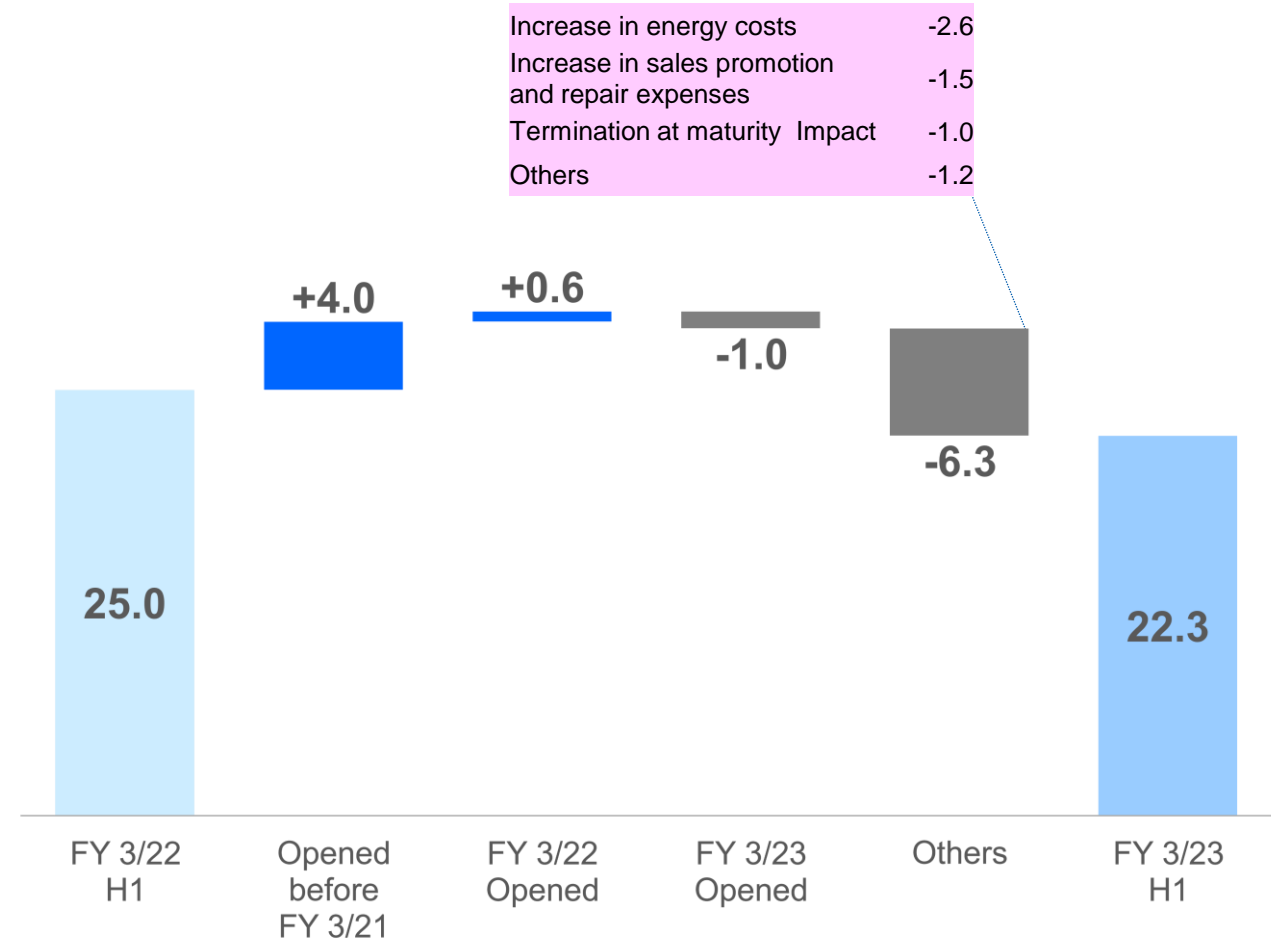
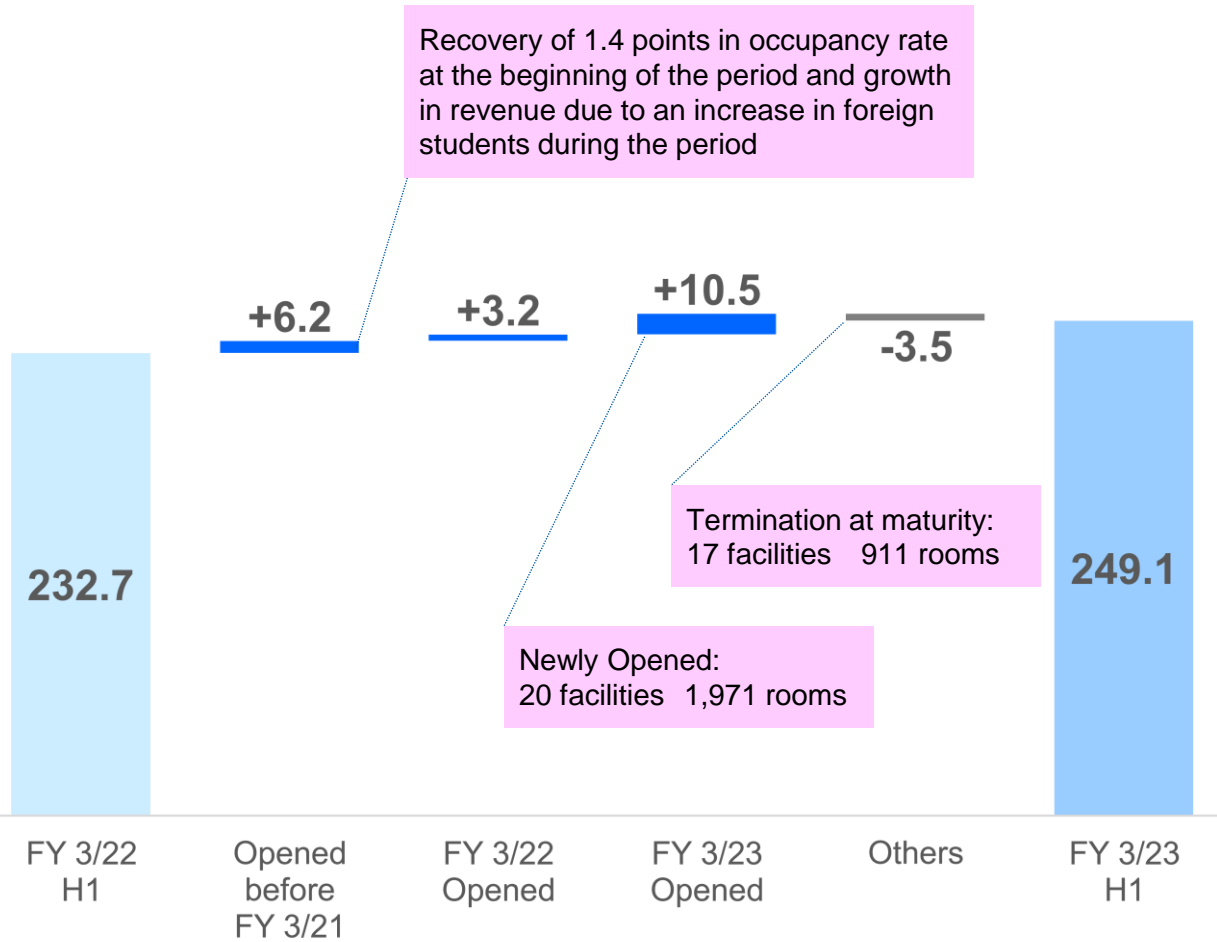


Dormitory Business: Net Sales and Operating Income

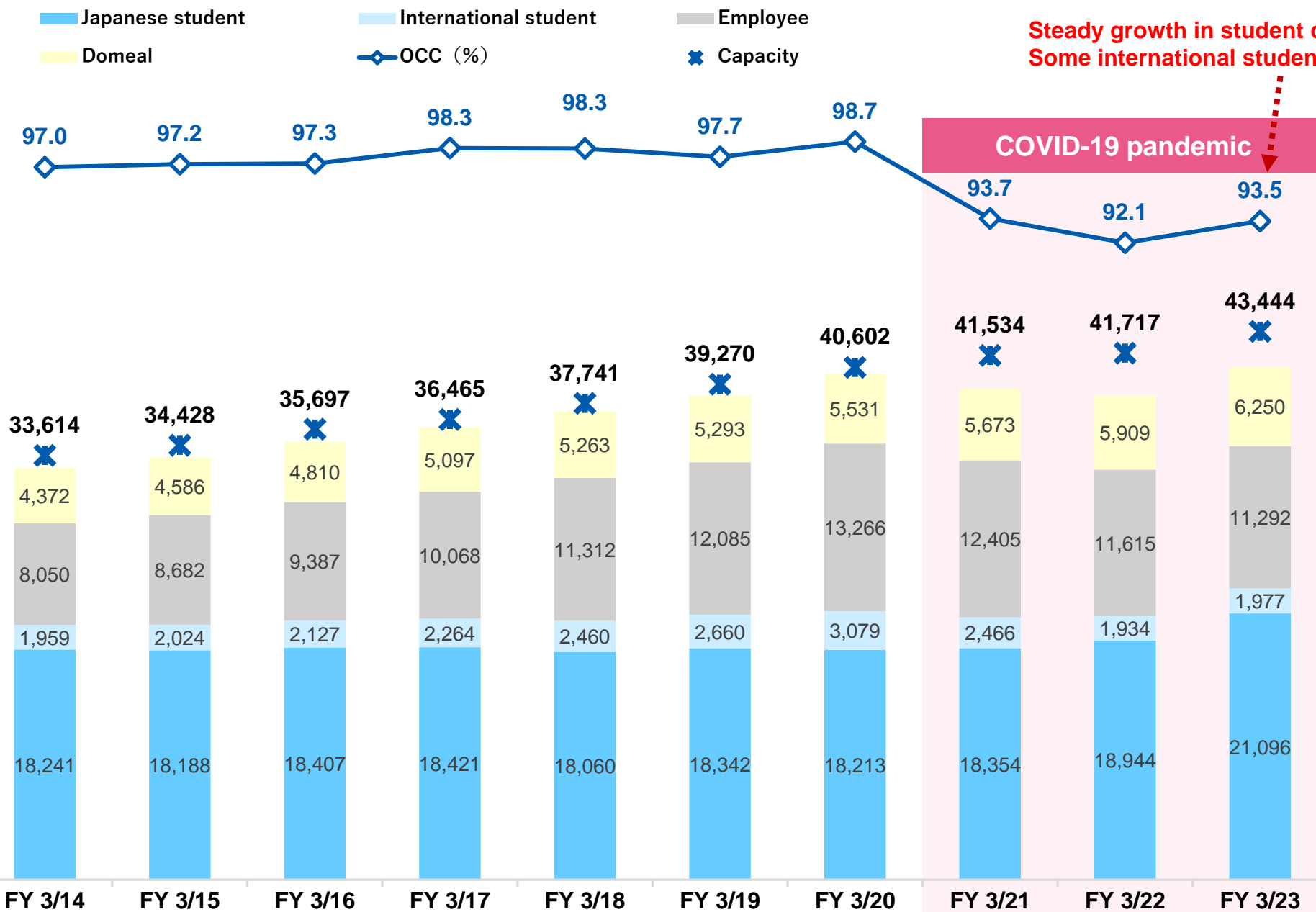
(100 million yen)

Net Sales Up 16.0 (+7.0%) YoY

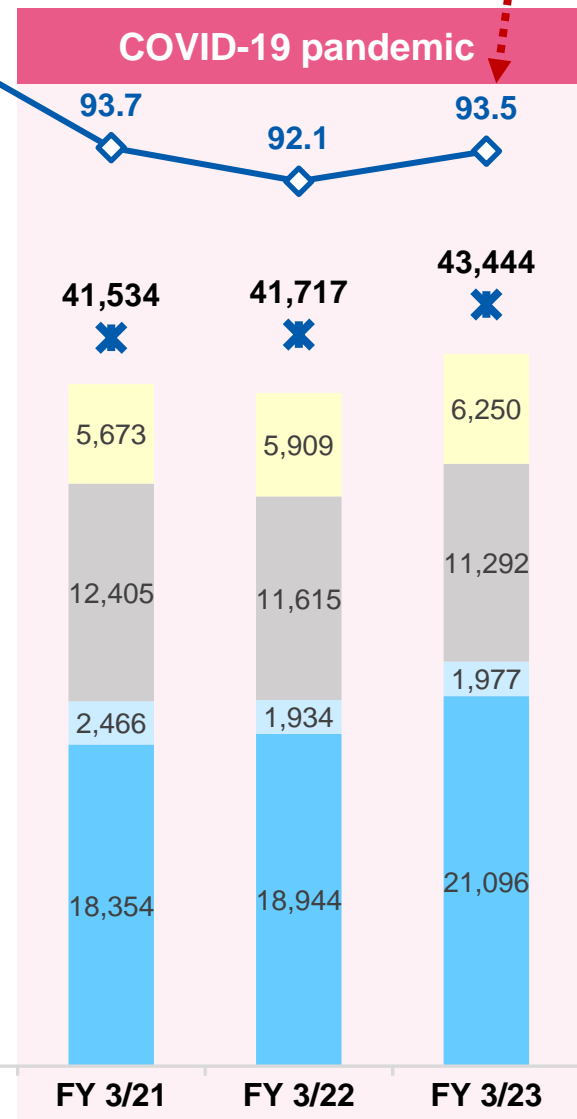
Operating Income Down 2.7 (-10.8%) YoY



Dormitory Business: Trends in Initial Number of Leased Units/Occupancy Ratio



**Steady growth in student contracts.
 Some international students postponed their entry.**



| | FY 3/22 | FY 3/23 | YOY |
|-----------------------------------|---------|---------|--------|
| Occupancy Ratio at the beginning | 92.1% | 93.5% | +1.4pt |
| Number of Properties (facilities) | 502 | 514 | +12 |
| Number of Rooms | 41,717 | 43,444 | +1,727 |
| Number of Rooms Occupied | 38,402 | 40,615 | +2,213 |

| Breakdown of occupied rooms (rooms) | | | |
|-------------------------------------|--------|--------|--------|
| Domeal | 5,909 | 6,250 | +341 |
| Employee | 11,615 | 11,292 | -323 |
| International Student | 1,934 | 1,977 | +43 |
| Japanese Student | 18,944 | 21,096 | +2,152 |

Dormitory Business: Newly Opened

Opened a total of 1,971 rooms at 20 facilities locations, including Dormy Nakakasai Global House, which opened in September

| Facility Name | Prefecture | Opening Month |
|------------------------------------|------------|---------------|
| Teikyo University Hachioji Otsuka | Tokyo | 4/2022 |
| Aichi Toho University Kyushinkan | Aichi | 4/2022 |
| Dormy Kyoto Yamashina | Kyoto | 4/2022 |
| Dormy Sazanuma | Kanagawa | 4/2022 |
| Dormy Utsunomiya | Tochigi | 4/2022 |
| Dormy Sapporo Oyachi | Hokkaido | 4/2022 |
| Dormy Sendai Yamamotocho | Miyagi | 4/2022 |
| Dormy Nishi-Shinjuku | Tokyo | 4/2022 |
| Dormy Kindaimae | Osaka | 4/2022 |
| Global House Nishinomiya Kitaguchi | Hyogo | 4/2022 |

| Facility Name | Prefecture | Opening Month |
|------------------------------|----------------------|--------------------|
| Dormy Minamimorimachi | Osaka | 4/2022 |
| Dormy Hiroshima Ekimae | Hiroshima | 4/2022 |
| RYUKOKU STUDENT HOME Koki | Kyoto | 4/2022 |
| DormyTokai University-Mae | Kanagawa | 4/2022 |
| Dormy Kokura Sakura-dori | Fukuoka | 4/2022 |
| Dormy Nakano-Sakaue | Tokyo | 4/2022 |
| Guranserio Oasa | Hokkaido | 4/2022 |
| Urban Terrace Ryokuchi Park | Osaka | 4/2022 |
| Domeal Kashiwa | Chiba | 4/2022 |
| Dormy Nakakasai Global House | Tokyo | 9/2022 |
| Total | 20 facilities | 1,971 rooms |



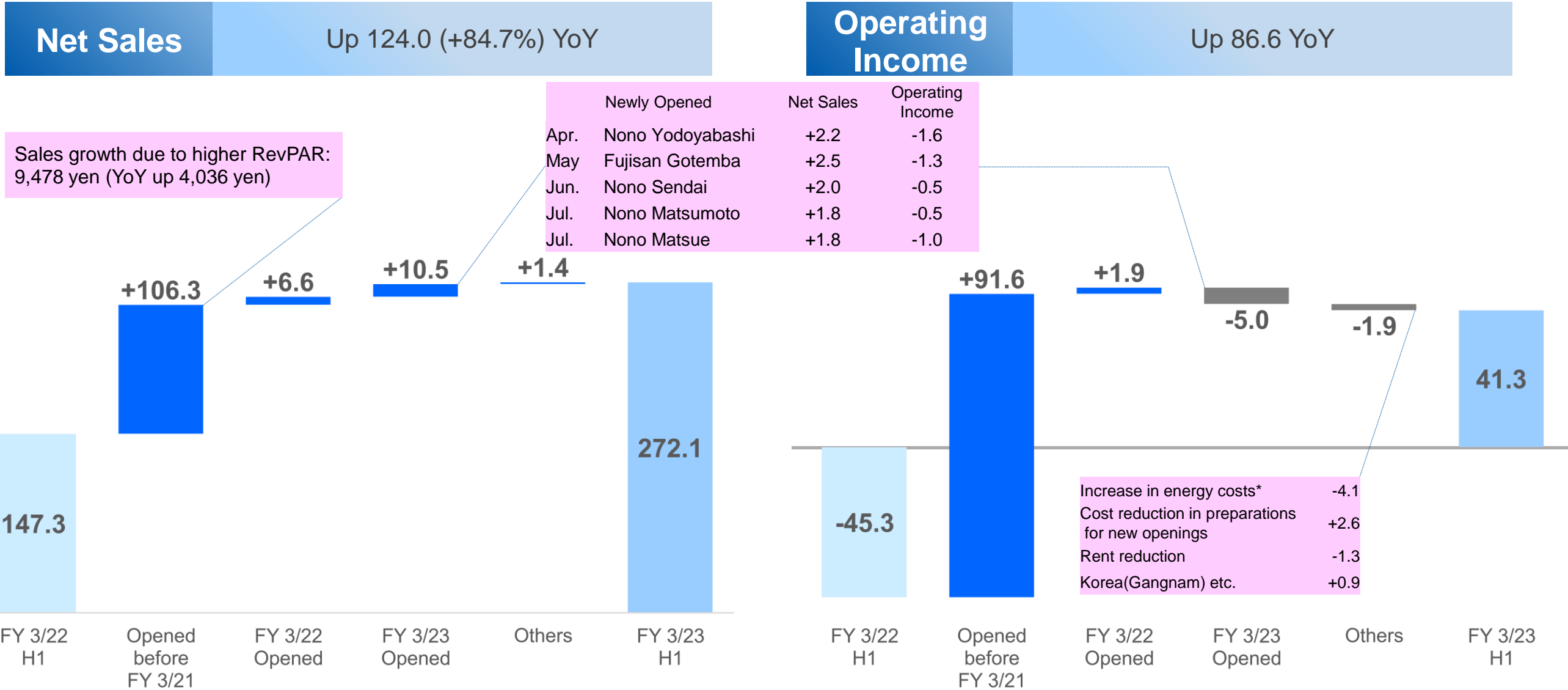
Teikyo University Hachioji Otsuka



RYUKOKU STUDENT HOME Koki

Dormy Inn Business: Net Sales and Operating Income

(100 million yen)

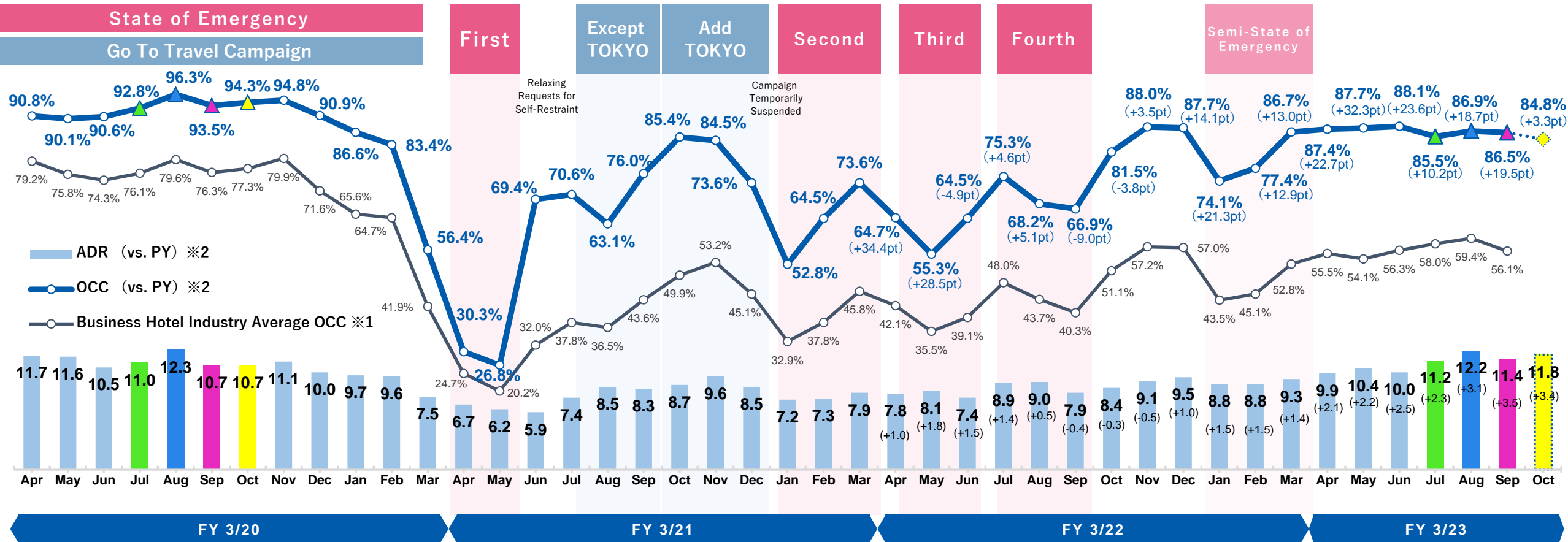


Sales growth due to higher RevPAR: 9,478 yen (YoY up 4,036 yen)

Increase in energy costs* -4.1
 Cost reduction in preparations for new openings +2.6
 Rent reduction -1.3
 Korea(Gangnam) etc. +0.9

*RevPAR recovered by 4,036 yen from the previous period and the increase in energy cost, which was expected to be 280 yen in terms of RevPAR, was settled at 160 yen.

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

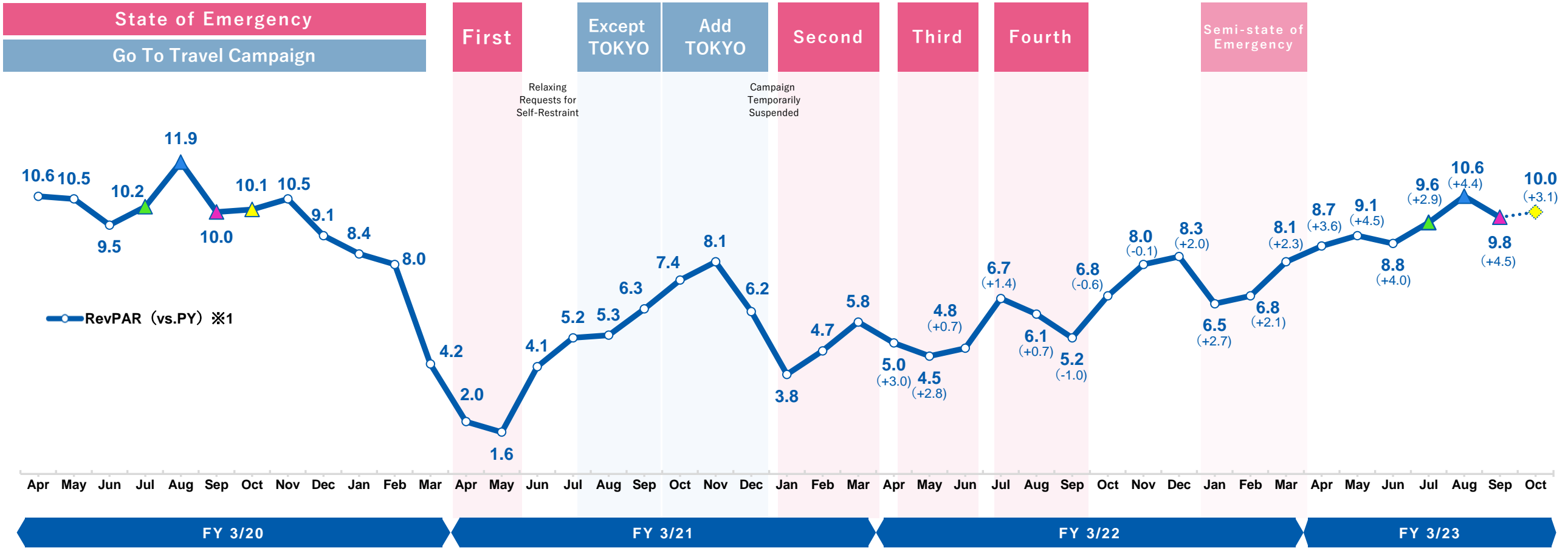


| | (%) | FY 3/20 | | | | | FY 3/21 | | | | | FY 3/22 | | | | | FY 3/23 | |
|--------------------------|------------------|---------|-------|-------|-------|-----------|---------|-------|-------|-------|-----------|-----------------|----------------|----------------|-----------------|----------------|-----------------|-----------------|
| | | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 |
| OCC by Quarter ※2 | Results (vs. PY) | 90.5% | 94.2% | 93.3% | 74.9% | 88.1% | 42.1% | 69.8% | 81.1% | 63.8% | 64.7% | 61.5% (+19.3pt) | 70.2% (+0.3pt) | 85.7% (+4.6pt) | 79.5% (+15.6pt) | 74.2% (+9.5pt) | 87.7% (+26.3pt) | 86.3% (+16.1pt) |
| ADR by Quarter ※2 | Results (vs. PY) | FY 3/20 | | | | | FY 3/21 | | | | | FY 3/22 | | | | | FY 3/23 | |
| | | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 |
| | | 11.3 | 11.4 | 10.6 | 9.1 | 10.6 | 6.2 | 8.0 | 8.9 | 7.5 | 7.9 | 7.8 (+1.6) | 8.6 (+0.5) | 9.0 (+0.0) | 9.0 (+1.5) | 8.7 (+0.7) | 10.1 (+2.3) | 11.6 (+3.0) |

※1 Source: Japan Tourism Agency Homepage

※2 The table above shows figures excluding hotels that opened in April 2021 or later, in order to enable comparison between the three periods under the same conditions.

Dormy Inn Business: RevPAR by Month



| RevPAR by Quarter ※1 (Thousand Yen) | FY 3/20 | | | | | FY 3/21 | | | | | FY 3/22 | | | | | FY 3/23 | |
|--|------------------|------|------|-----|-----------|---------|-----|-----|-----|-----------|---------|------------|------------|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 |
| | Results (vs. PY) | 10.2 | 10.7 | 9.9 | 6.8 | 9.4 | 2.6 | 5.6 | 7.2 | 4.8 | 5.1 | 4.8 (+2.1) | 6.0 (+0.4) | 7.7 (+0.4) | 7.2 (+2.3) | 6.4 (+1.3) | 8.8 (+4.0) |

※1 The table above shows figures excluding hotels that opened in April 2021 or later, in order to enable comparison between the three periods under the same conditions.

Dormy Inn Business: Evaluations and Awards

Dormy Inn attained first place for the business hotel department at JCSI in 2021

Score of Customer Satisfaction in the Business Hotel Category

| Ranking | 2019 | 2021 |
|---------|-------------------------------|---------------------------|
| 1 | ↑ Dormy Inn 81.7 | ⇒ Dormy Inn 82.3 |
| 2 | ↓ Richmond Hotels 81.0 | ⇒ Richmond Hotels 82.2 |
| 3 | ⇒ Comfort Hotels 79.1 | ↑ Super Hotels 78.8 |
| 4 | ⇒ Super Hotels 78.5 | ↓ Comfort Hotels 76.9 |
| 5 | ⇒ Daiwa Roynet Hotels 77.4 | |

*In FY2020, no survey was conducted due to the COVID-19.



“JCSI(Japanese Customer Satisfaction Index)” is a survey of the customer satisfaction index in the service industries.

Japan Productivity Center is conducting a survey at six times per year, approximately 30 industries, about 400 companies are targeted.

Dormy Inn won first place in the ranking of “your most favorite business hotel”

Survey period: April 17 to April 24, 2022

Research organization: Netorabo Survey Team (Softbank Group, IT media Inc.)

| Ranking | Name of Hotel | Vote tally |
|---------|----------------------|------------|
| 1 | Dormy Inn | 3,357 |
| 2 | Route Inn Hotels | 1,651 |
| 3 | TOYOKO INN | 1,096 |
| 4 | Daiwa Roynet Hotels | 992 |
| 5 | Super Hotels | 705 |
| 6 | Richmond Hotels | 560 |
| 7 | Mitsui Garden Hotels | 486 |
| 8 | APA Hotels | 414 |
| 9 | Sotetsu Hotels | 236 |
| 10 | Tokyu REI Hotels | 187 |
| 11 | Mystays | 111 |
| 12 | Hotel Livemax | 103 |
| 13 | Smile Hotels | 94 |
| | Others | 383 |

“Dormy Inn SEOUL KANGNAM” has received more than 8.0 customer points (out of 10 points) and Agoda Customer Review Awards 2022 for providing high quality service.



Agoda Customer Review Awards

Awarded to properties with an average customer review score of 8.0 or higher and meeting other criteria

Evaluated based on customer surveys in terms of cleanliness, facilities, location, room comfort, quality, service, and price

Dormy Inn Business: Newly Opened

"Nono" series is the center of the opening of 5 facilities with approximately 800 rooms, and EXPRESS Fujisan Gotemba, the first roadside store to open in 5 years, has also been very popular.

| Facility Name | Prefecture | Number of Rooms | Opening Month |
|--|--------------|-----------------|-----------------------------|
| Onyado Nono Yodoyabashi | Osaka | 159 rooms | 4/2022 |
| Dormy Inn EXPRESS Fujisan Gotemba | Shizuoka | 150 rooms | 5/2022 |
| Onyado Nono Sendai | Miyagi | 125 rooms | 6/2022 |
| Onyado Nono Matsumoto | Nagano | 168 rooms | 7/2022 |
| Onyado Nono Matsue | Shimane | 199 rooms | 7/2022 |
| Dormy Inn Okayama | Okayama | 152 rooms | 11/2022 |
| Dormy Inn PREMIUM Ginza | Tokyo | 154 rooms | Scheduled to open in 3/2023 |
| Total | 7 facilities | 1,107 rooms | |



Onyado Nono Yodoyabashi



Dormy Inn EXPRESS Fujisan Gotemba



Onyado Nono Sendai



Onyado Nono Matsumoto



Onyado Nono Matsue

Resorts Business: Net Sales and Operating Income

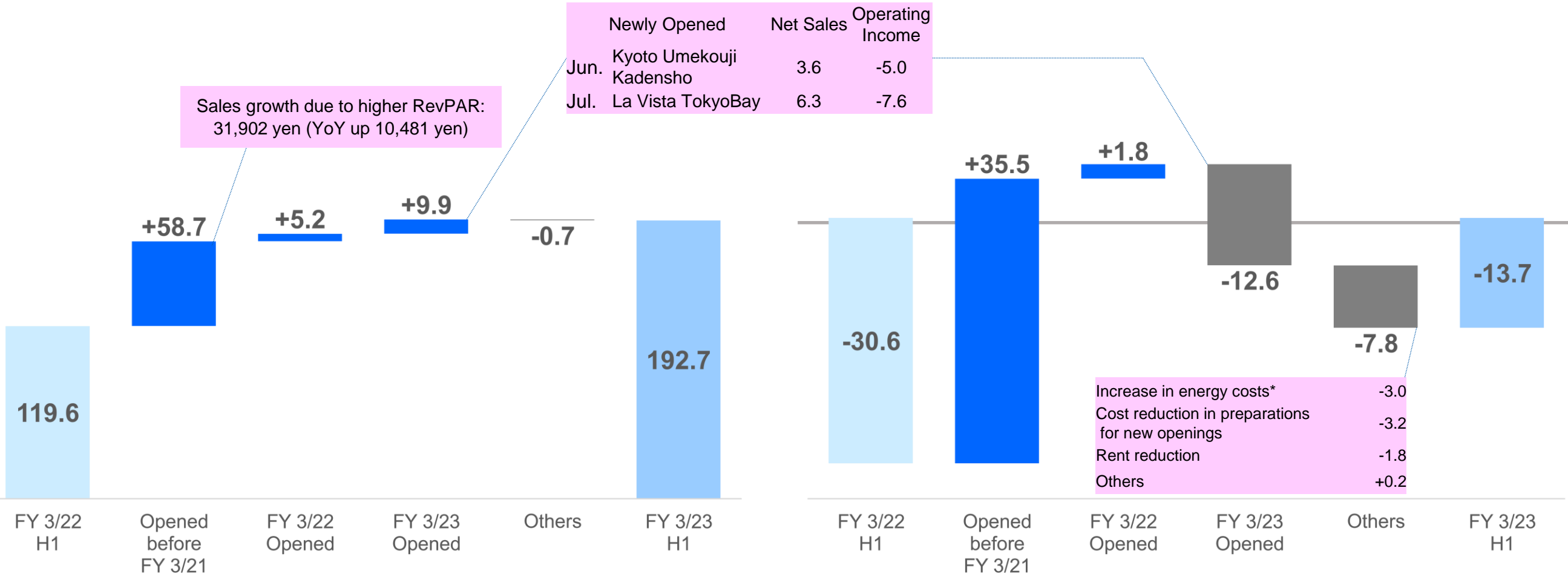
(100 million yen)

Net Sales

Up 73.0 (+61.1%) YoY

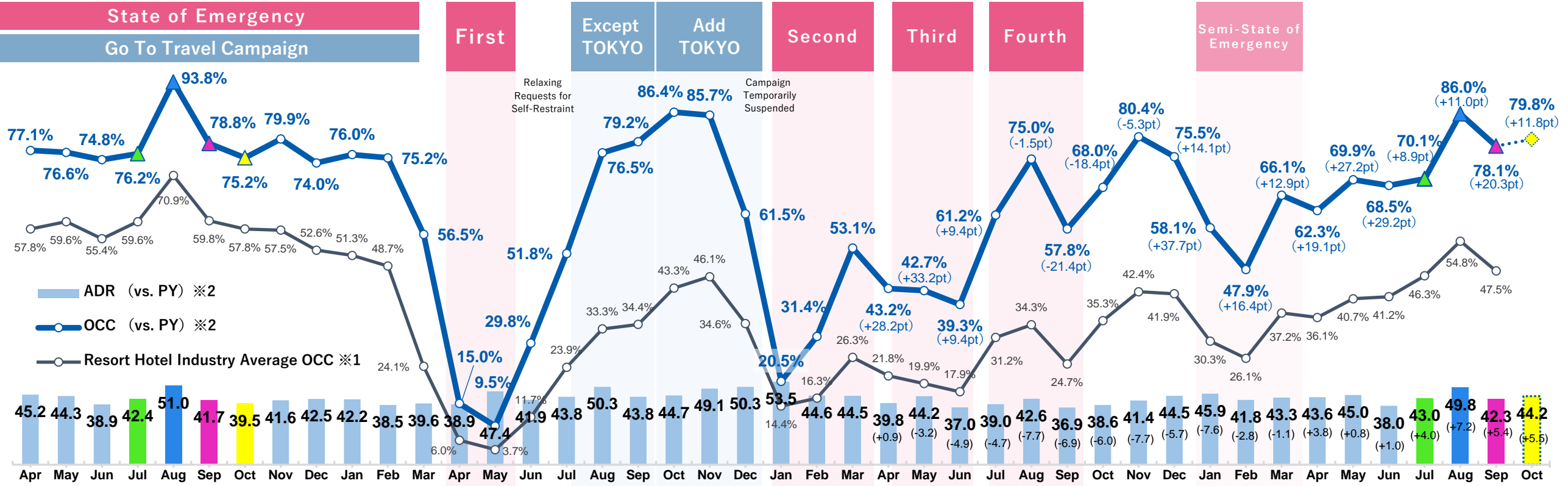
Operating Income

Up 16.9 YoY



*RevPAR recovered by 10,481 yen from the previous period and the increase in energy cost, which was expected to be 580 yen in terms of RevPAR, was settled at 551 yen.

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



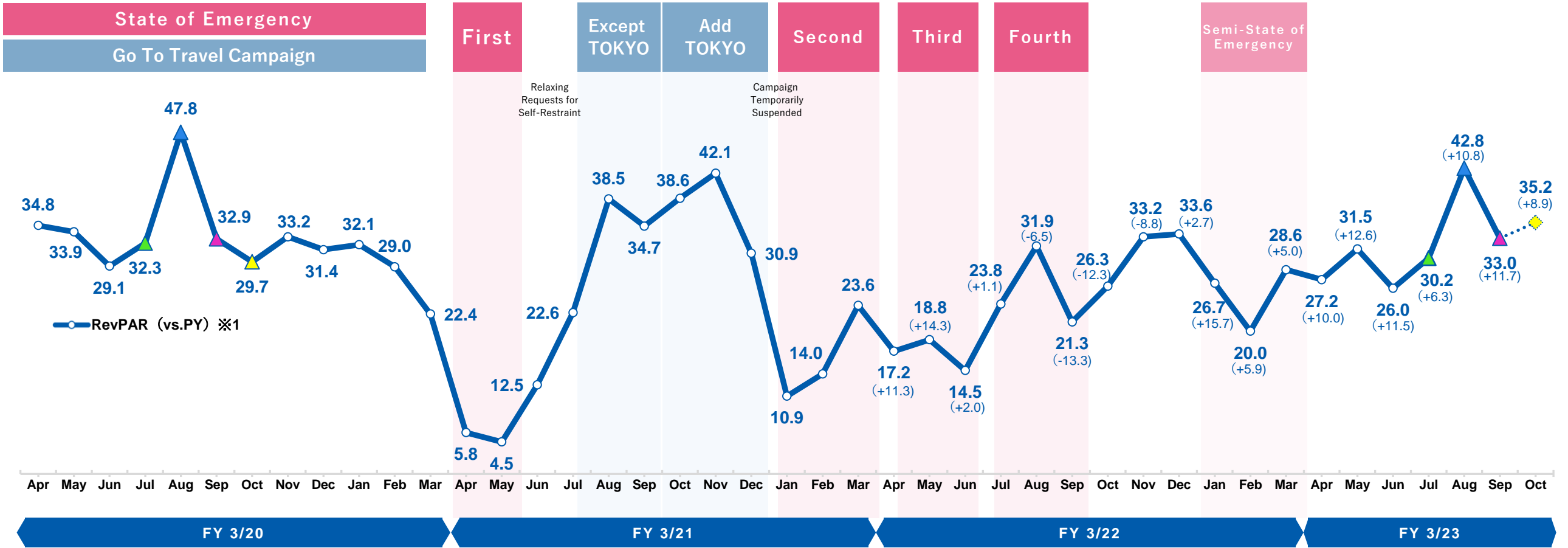
FY 3/20 **FY 3/21** **FY 3/22** **FY 3/23**

| | (%) | FY 3/20 | | | | | FY 3/21 | | | | | FY 3/22 | | | | | FY 3/23 | |
|--------------------------|------------------|---------|-------|-------|-------|-----------|---------|-------|-------|-------|-----------|-----------------|----------------|----------------|-----------------|----------------|-----------------|-----------------|
| | | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 |
| OCC by Quarter ※2 | Results (vs. PY) | 76.2% | 82.9% | 76.3% | 69.0% | 76.1% | 17.1% | 69.3% | 77.3% | 35.0% | 51.8% | 41.7% (+24.7pt) | 64.7% (-4.6pt) | 74.5% (-2.8pt) | 57.7% (+22.6pt) | 59.7% (+7.9pt) | 67.0% (+25.2pt) | 78.1% (+13.4pt) |
| ADR by Quarter ※2 | (Thousand Yen) | FY 3/20 | | | | | FY 3/21 | | | | | FY 3/22 | | | | | FY 3/23 | |
| | | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 |
| | Results (vs. PY) | 43.0 | 45.4 | 41.2 | 40.2 | 42.5 | 41.9 | 46.3 | 47.9 | 46.4 | 46.6 | 40.5 (-1.3) | 39.8 (-6.4) | 41.5 (-6.3) | 43.8 (-2.5) | 41.4 (-5.2) | 42.2 (+1.7) | 45.3 (+5.5) |

※1 Source: Japan Tourism Agency Homepage

※2 The table above shows figures excluding hotels that opened in April 2021 or later, in order to enable comparison between the three periods under the same conditions.

Resorts Business: RevPAR by Month



| RevPAR by Quarter ※1 | (Thousand Yen) | FY 3/20 | | | | | FY 3/21 | | | | | FY 3/22 | | | | | FY 3/23 | |
|----------------------|----------------|------------------|------|------|------|-----------|---------|-----|------|------|-----------|---------|-------------|-------------|-------------|-------------|-------------|--------------|
| | | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 | Q3 | Q4 | Full Year | Q1 | Q2 |
| | | Results (vs. PY) | 32.7 | 37.7 | 31.4 | 27.7 | 32.3 | 7.1 | 32.0 | 37.0 | 16.2 | 24.1 | 16.9 (+9.7) | 25.7 (-6.3) | 30.9 (-6.0) | 25.3 (+9.0) | 24.7 (+0.5) | 28.3 (+11.4) |

※1 The table above shows figures excluding hotels that opened in April 2021 or later, in order to enable comparison between the three periods under the same conditions.

Resorts Business: Evaluations and Awards

Japan Brand Collection 2022

Awarded for two consecutive years

Hotels TOP100 (MEDIA PAL Co., Ltd.)



Onyado Shikishimakan



Inazumi Hot Spring

JTB's Choice for Best Service Ryokan・Hotel 2021

JTB's Choice for Best Service Ryokan・Hotel 3 facilities awarded



Inazumi Hot Spring



Inishie no yado Keiun



La Vista Kirishima Hills

Rakuten Travel Awards 2021

Gold Award・Japan Inn Award TOP47



Hamachidori no Yu Kaishu

Tokenoyu Setsugetsuka
Arashiyama Hot Spring
Kadensho in Kyoto
La Vista Hakodate Bay
Onyado Shikishimakan

Jalan Awards 2021

Jalan Pack Professional Award



La Vista Hakodate Bay

60th Hokkaido Food Sanitation Conference

Hokkaido Governor's Award



Kita-no-Banya

Restaurant in La Vista Hakodate Bay "Kita-no-Banya" was awarded the Hokkaido Governor's Award for Excellence in Food Hygiene as a store with excellent food hygiene.

Resorts Business: Newly Opened

Grand opening of 2 urban resorts with about 760 rooms and, in the 2nd half of the year, 3 well-located facilities are in progress as planned.

| Facility Name | Prefecture | Number of Rooms | Opening Month |
|-------------------------------------|--------------|-----------------|---------------------------------|
| Kyoto Umekouji Kadensho | Kyoto | 180 rooms | 6/2022 |
| La Vista TokyoBay | Tokyo | 582 rooms | 7/2022 |
| Shionoyu Hot Spring Rengetsu | Tochigi | 89 rooms | 10/2022 |
| Jozankei Yuraku Souan | Hokkaido | 102 rooms | 11/2022 Pre-Opening |
| La Vista Hakodate Bay ANNEX | Hokkaido | 74 rooms | Scheduled to pre-open in 2/2023 |
| Total | 5 facilities | 1,027 rooms | |



Kyoto Umekouji Kadensho



La Vista TokyoBay



Shionoyu Hot Spring Rengetsu



Jozankei Yuraku Souan



La Vista Hakodate Bay ANNEX

Other Businesses: Newly Opened

Senior Life Business steadily opened 2 new facilities with 103 rooms, and Foods business resumed store openings.

| | Facility Name | prefecture | number of rooms | Opening Month |
|----------------------|--|------------|-----------------|---------------|
| Senior Life Business | Dormy Iwatsuki Levi II | Saitama | 50 rooms | 6/2022 |
| | Dormy Tsukishima Ekimae | Tokyo | 53 rooms | 9/2022 |
| Foods Business | Toki no Niwa La Vista TokyoBay Toyosu Store | Tokyo | | 4/2022 |
| | CAFE OASIS La Vista TokyoBay Toyosu Store | Tokyo | | 4/2022 |
| | Ryotei Sato Toki no Niwa Akasaka Store Koryori Koyuki | Tokyo | | 8/2022 |



Dormy Iwatsuki Levi II



Dormy Tsukishima Ekimae



Toki no Niwa La Vista TokyoBay Toyosu Store



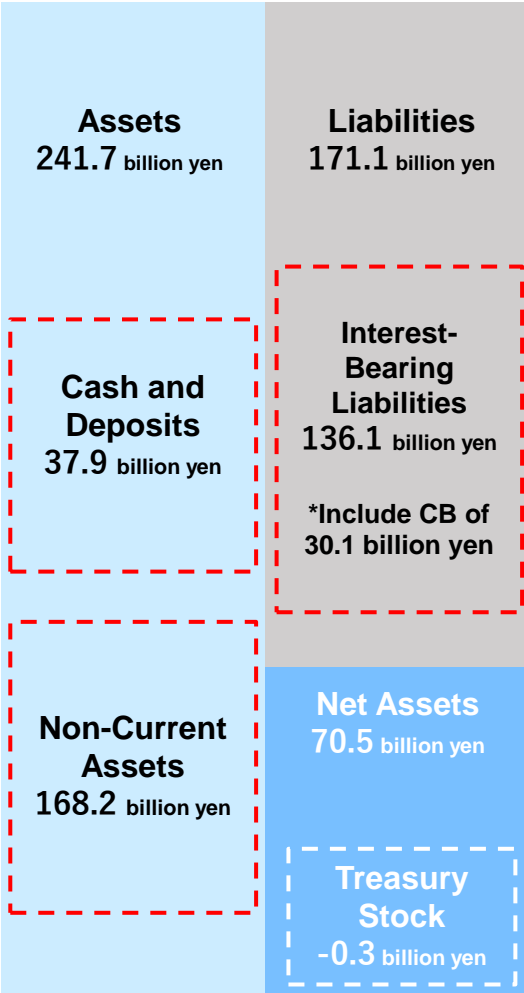
CAFE OASIS La Vista TokyoBay Toyosu Store



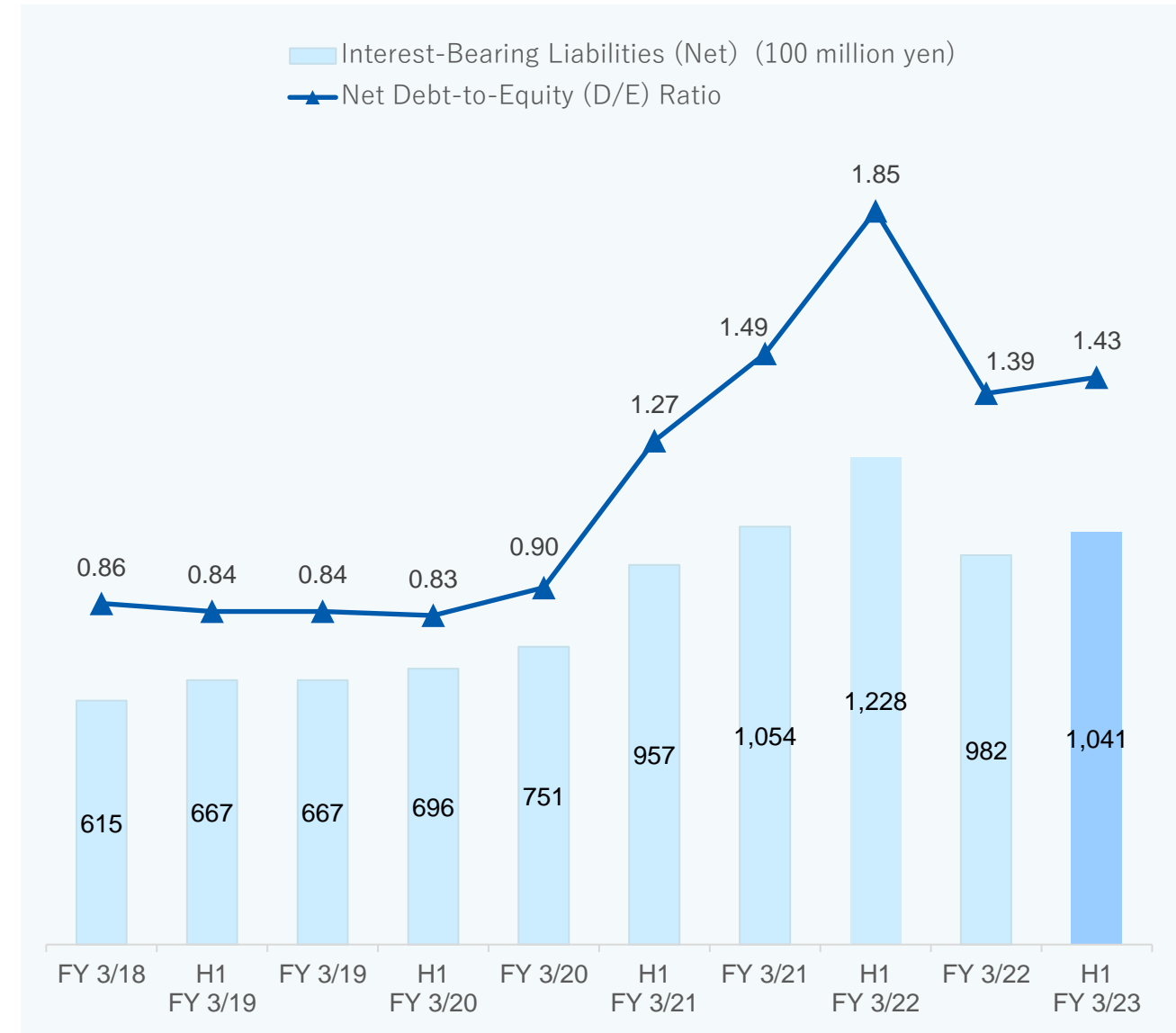
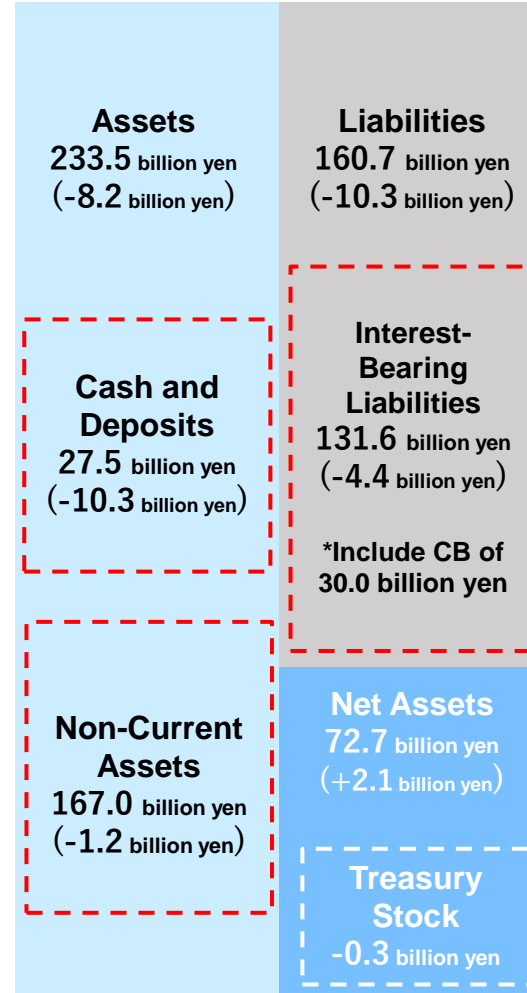
Ryotei Sato Toki no Niwa Akasaka Store Koryori Koyuki

Balance Sheet, Net D/E Ratio

End of March
2022

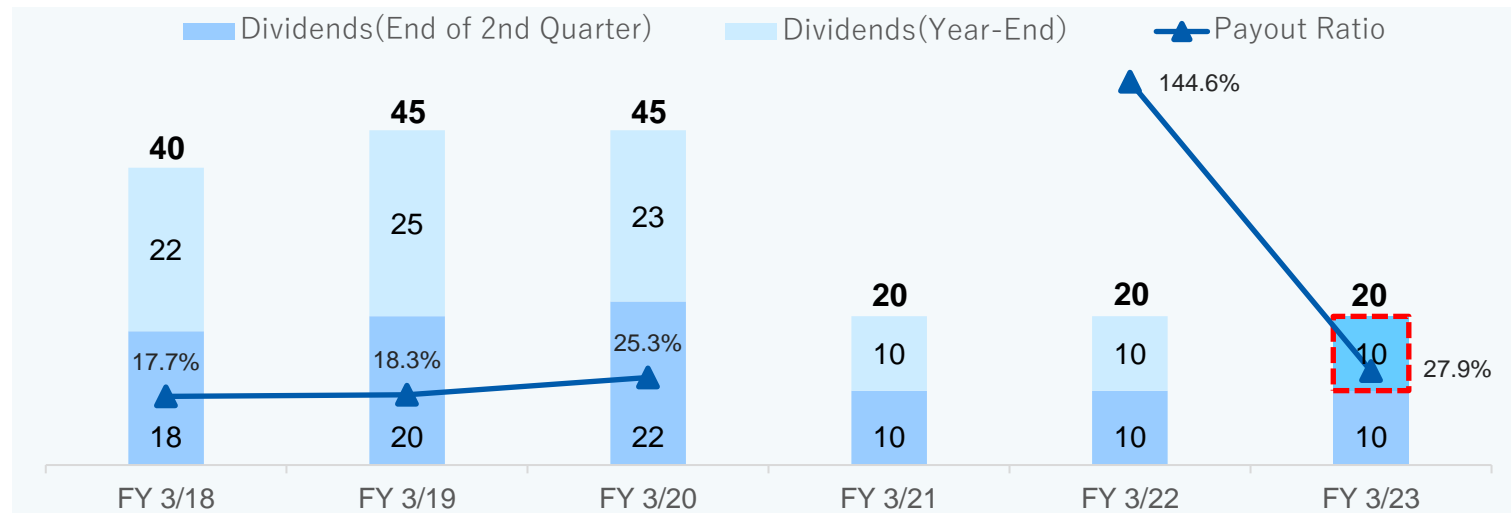
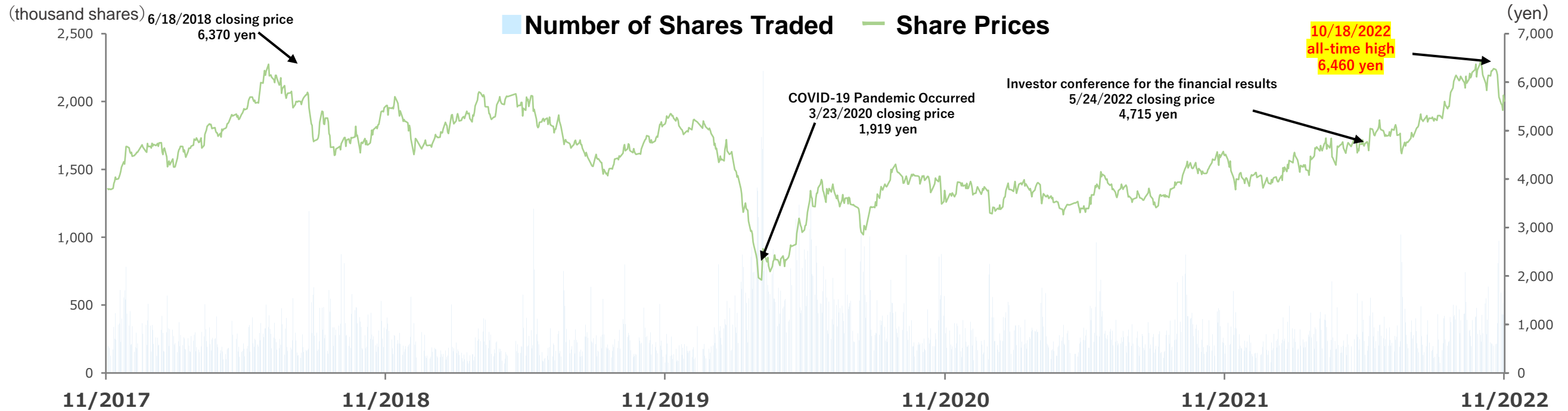


End of September
2022



Notes: Interest-bearing liabilities = Short-term loans payable + Current portion of bonds + Bonds + Long-term loans payable + Lease debts + Convertible bonds (CB)

Share Price and Dividend Trends



Note) The Company's profit distribution is determined based on the perspective of "returning profits to shareholders through performance-linked and earnings-responsive dividends" and the basic stance of "rewarding shareholders through stable and steady dividends over the long term."

【Credit Rating】 10/3/2022 **JCR**
 Long-term Issuer Rating **BBB**
 Rating Outlook **Negative → Stable**

Reasons for the rating (excerpt) :
 The business foundation of the dormitory business is strong and supports the Company's performance. The hotel business is recognized for its strong competitiveness, and its differentiation measures, such as special meals and large public baths, are highly valued by customers. We expect the company's financial performance to gradually improve and its financial base to improve as well.

01 Summary of Financial Results for FY 3/23 H1

02 **Projected Consolidated Financial Results**

03 Policy for Formulation of New Medium-Term
Management Plan

Projected Consolidated Financial Results: Main Financial Indicators

| 100 million yen | FY 3/22 | FY 3/23 | FY 3/23 | Increase/ | | FY 3/22 | YoY | Increase/ | YoY |
|-----------------------------|-------------------------------------|---|--|--------------------------|---------|--|--|---|---|
| | Results (4/2021 – 3/2022) | Previous Forecast (4/2022 – 3/2023) A | Revised Forecast (4/2022 – 3/2023) B | Decrease B – A | | Results excluding sales and leaseback C | Comparison of Increase/Decrease in New Openings*1 D | Decrease/ Increase in Work Cost for Large-Scale Renewal*1 E | comparison without factors on the left B – C – D – E |
| Net Sales | 1,737 | 1,740 | 1,700 | -40 | -2.3% | 1,363 | +77 | 0 | +259 |
| Operating Income | 14 | 30 | 55 | +25 | +83.3% | -68 | -29 | -7 | +160 |
| Ordinary Income | 18 | 22 | 51 | +29 | +131.8% | | | | |
| Net Income | 5 | 10 | 28 | +18 | +180.0% | | | | |
| EPS (yen) | 13.8 | 25.6 | 71.8 | +46.2 | +180.0% | | | | |
| DPS (yen) | 20 | 20 | 20 | — | — | | | | |
| Depreciation Expense | 60 | 65 | 65 | — | — | | | | |
| Cash Flow*2 | 66 | 75 | 93 | +18 | +24.0% | | | | |
| Capital Investment | 95 | 164 | 164 | — | — | | | | |

*1 Changed from the gross figures in the "Financial Results for the Fiscal Year Ended March 31, 2022" released on May 24, 2022 to the figures for the increase/decrease compared to the previous fiscal year.

*2 Cash Flow: Net Income + Depreciation Expense

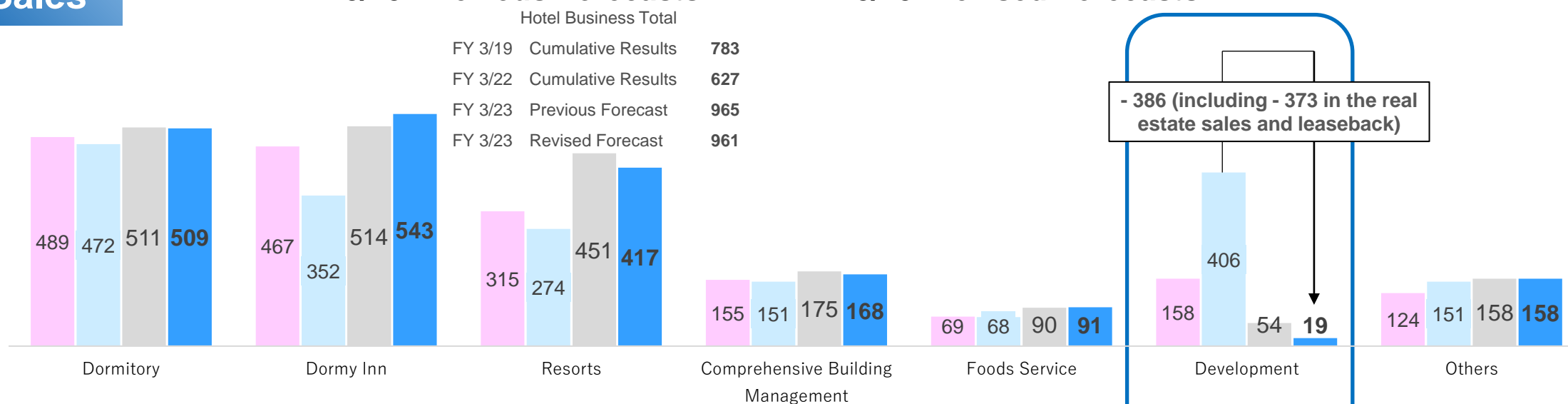
Projected Consolidated Financial Results : Breakdown by Segments

(100 million yen)

Net Sales

FY 3/19 Cumulative Results
 FY 3/23 Previous Forecasts

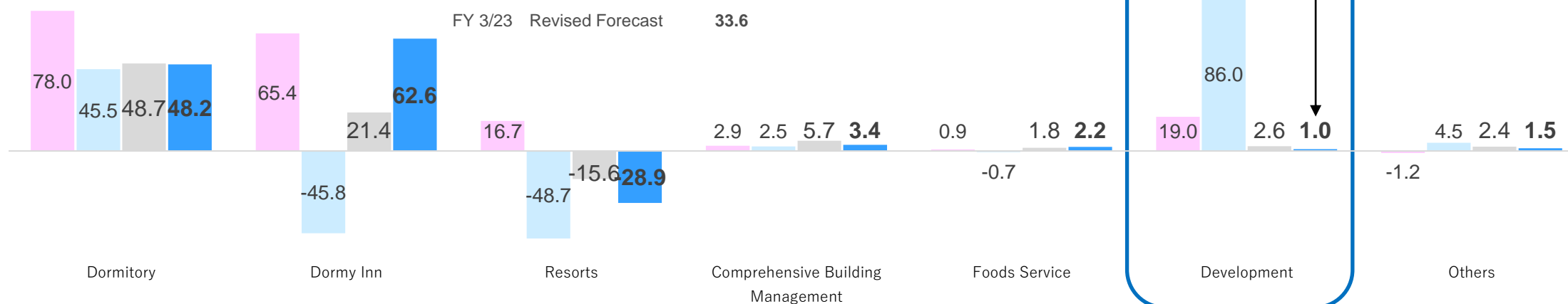
FY 3/22 Cumulative Results
 FY 3/23 Revised Forecasts



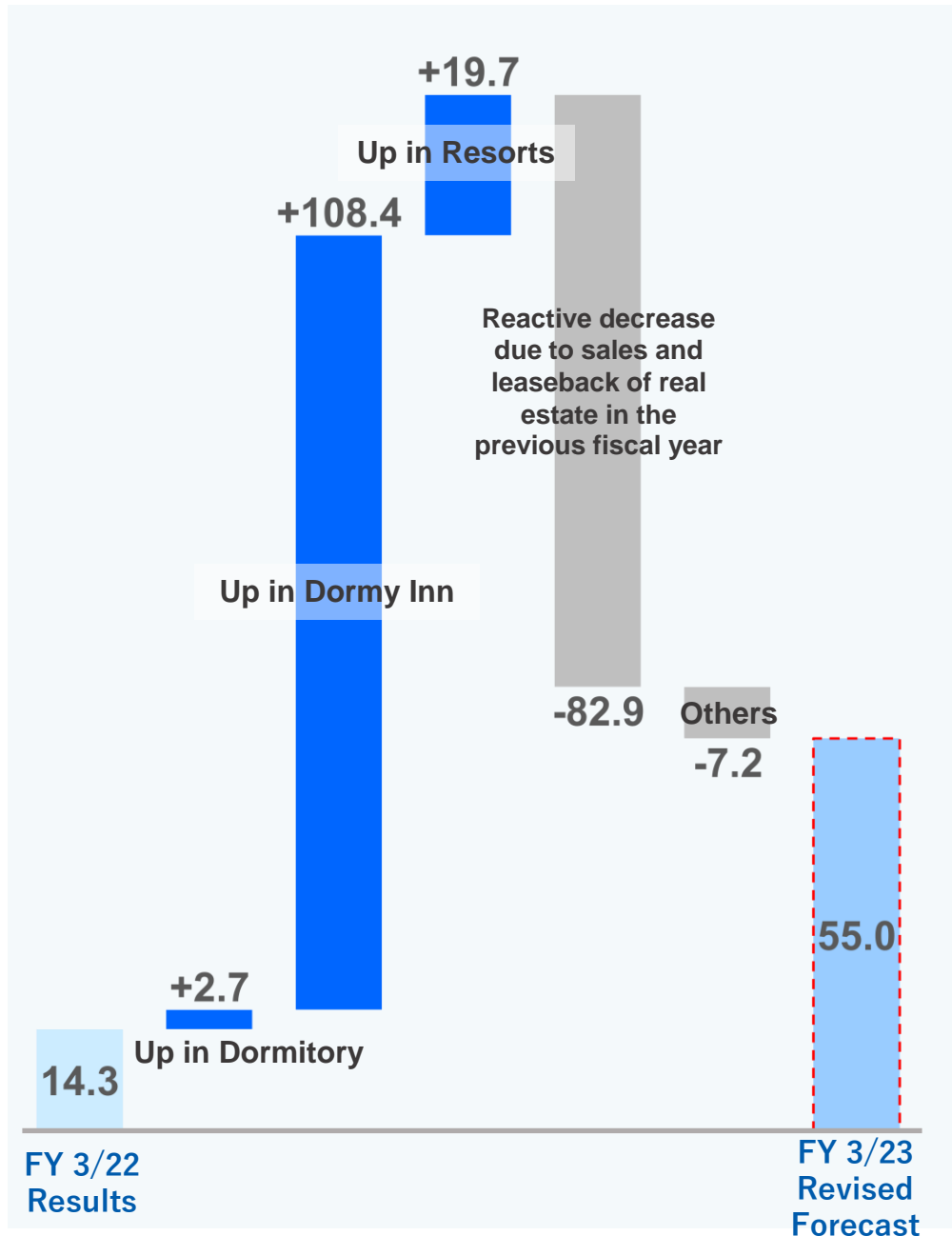
Operating Income

Hotel Business Total

| | |
|----------------------------|--------|
| FY 3/19 Cumulative Results | 82.1 |
| FY 3/22 Cumulative Results | - 94.5 |
| FY 3/23 Previous Forecast | 5.7 |
| FY 3/23 Revised Forecast | 33.6 |

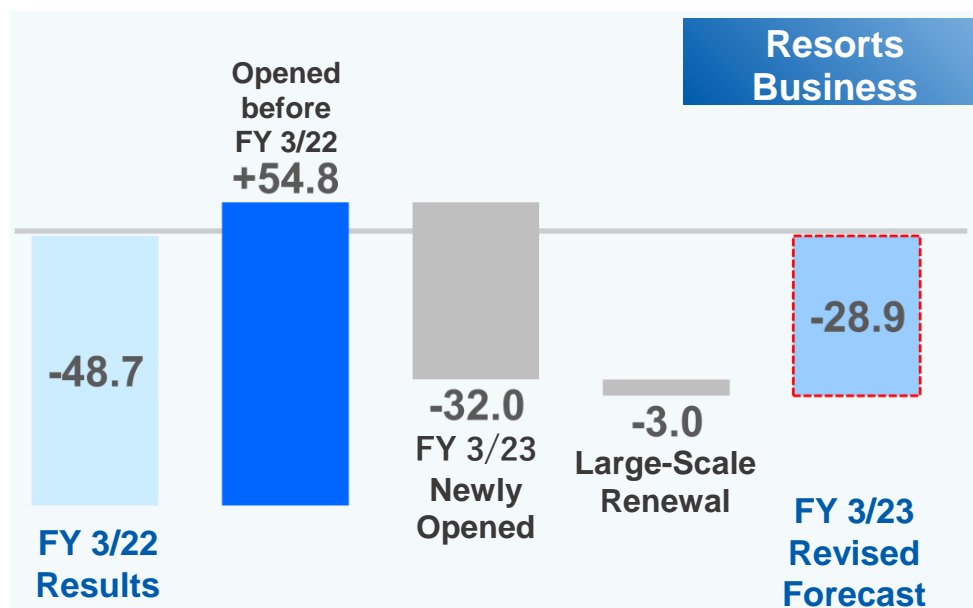
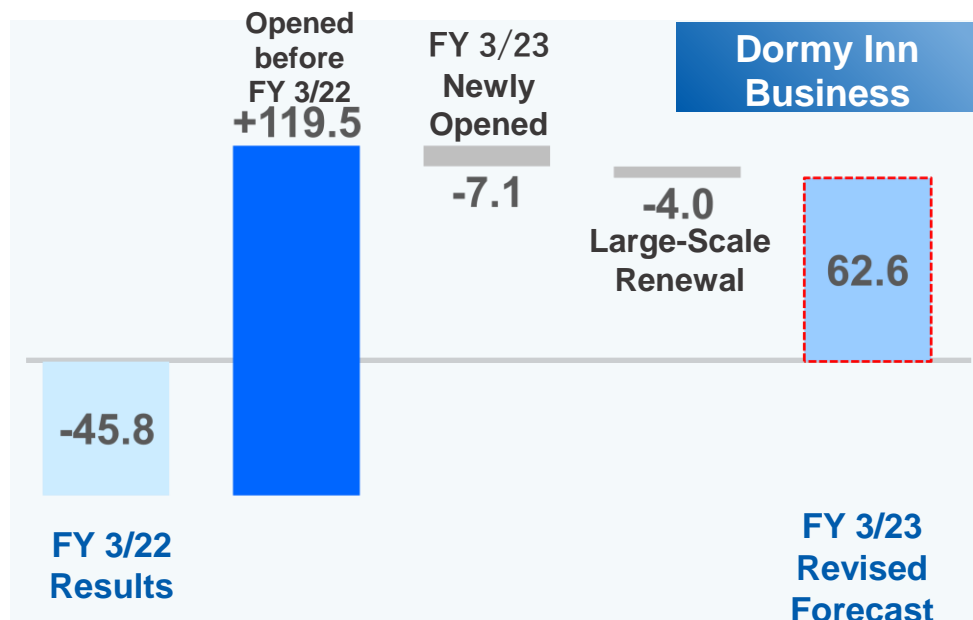


Projected Consolidated Financial Results : Quarterly Operating Income by Major Segments



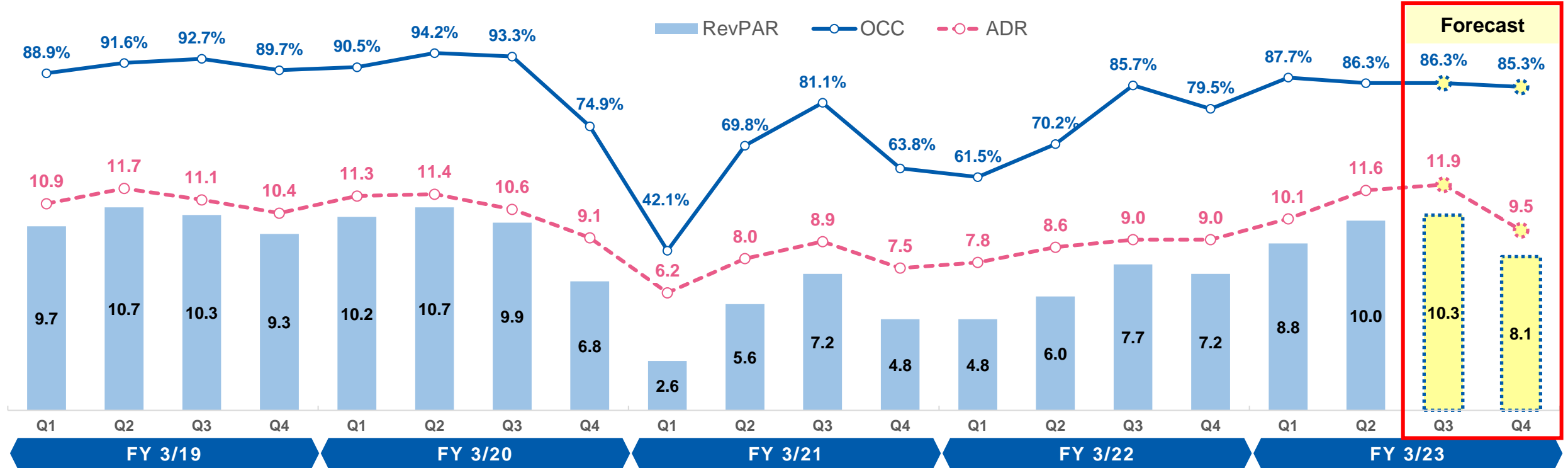
| Operating Income (100 million yen) | | Q1 (4 – 6) | Q2 (7 – 9) | Q3 (10 – 12) | Q4 (1 – 3) | Annual cumulative total |
|---|---------------------------------|---------------|---------------|-----------------|---------------|-------------------------------|
| Dormitory Business | FY 3/22 Results | 14 | 10 | 4 | 15 | 45 |
| | FY 3/23 Previous Forecast | 10 | 8 | 8 | 22 | 48 |
| | FY 3/23 Revised Forecast | 12 | 9 | 6 | 19 | 48 |
| Dormy Inn Business | FY 3/22 Results | - 27 | - 17 | 4 | - 5 | - 45 |
| | FY 3/23 Previous Forecast | 8 | 14 | 5 | - 6 | 21 |
| | FY 3/23 Revised Forecast | 14 | 26 | 29 | - 8 | 62 |
| Resorts Business | FY 3/22 Results | - 21 | - 9 | - 1 | - 16 | - 48 |
| | FY 3/23 Previous Forecast | - 13 | 8 | 1 | - 11 | - 15 |
| | FY 3/23 Revised Forecast | - 13 | - 0 | 5 | - 20 | - 28 |
| Sales and Leaseback of Real Estate Business | FY 3/22 Results | – | 5 | – | 77 | 82 |
| | FY 3/23 Previous Forecast | – | – | – | – | – |
| | FY 3/23 Revised Forecast | – | – | – | – | – |
| Others Business | FY 3/22 Results | - 5 | - 5 | - 4 | - 4 | - 19 |
| | FY 3/23 Previous Forecast | - 7 | - 6 | - 6 | - 4 | - 24 |
| | FY 3/23 Revised Forecast | - 3 | - 6 | - 9 | - 7 | - 26 |
| Total | FY 3/22 Results | - 40 | - 15 | 3 | 66 | 14 |
| | FY 3/23 Previous Forecast | - 2 | 24 | 8 | - 0 | 30 |
| | FY 3/23 Revised Forecast | 10 | 28 | 32 | - 16 | 55 |

Projected Consolidated Financial Results: Hotel Business by Sub-Segments



| | | Operating Income (100 million yen) | | 1Q (4 - 6) | 2Q (7 - 9) | 3Q (10 - 12) | 4Q (1 - 3) | Annual cumulative total |
|---------------------------------|-------------------------------------|---------------------------------------|-----------|---------------|---------------|-----------------|---------------|-------------------------|
| Dormy Inn Business | Opened before FY 3/22 | FY 3/22 Results | -27 | -17 | 4 | -5 | -45 | |
| | | FY 3/23 Previous Forecast | 10 | 16 | 8 | -2 | 32 | |
| | | FY 3/23 Revised Forecast | 18 | 27 | 30 | -3 | 73 | |
| | FY 3/23 Newly Opened (7 facilities) | FY 3/22 Results | - | - | - | - | - | |
| | | FY 3/23 Previous Forecast | -2 | -1 | -2 | -0 | -6 | |
| | | FY 3/23 Revised Forecast | -3 | -1 | 0 | -2 | -7 | |
| | Large-Scale Renewal | FY 3/22 Results | - | - | - | - | - | |
| | | FY 3/23 Previous Forecast | - | - | -1 | -3 | -4 | |
| | | FY 3/23 Revised Forecast | - | - | -1 | -3 | -4 | |
| | Total | FY 3/22 Results | -27 | -17 | 4 | -5 | -45 | |
| FY 3/23 Previous Forecast | | 8 | 14 | 5 | -6 | 21 | | |
| FY 3/23 Revised Forecast | | 14 | 26 | 29 | -8 | 62 | | |
| Resorts Business | Opened before FY 3/22 | FY 3/22 Results | -21 | -9 | -1 | -16 | -48 | |
| | | FY 3/23 Previous Forecast | -10 | 14 | 10 | 0 | 15 | |
| | | FY 3/23 Revised Forecast | -9 | 8 | 10 | -3 | 6 | |
| | FY 3/23 Newly Opened (5 facilities) | FY 3/22 Results | - | - | - | - | - | |
| | | FY 3/23 Previous Forecast | -3 | -6 | -8 | -9 | -28 | |
| | | FY 3/23 Revised Forecast | -3 | -8 | -4 | -14 | -32 | |
| | Large-Scale Renewal | FY 3/22 Results | - | - | - | - | - | |
| | | FY 3/23 Previous Forecast | - | - | - | -3 | -3 | |
| | | FY 3/23 Revised Forecast | - | - | - | -3 | -3 | |
| | Total | FY 3/22 Results | -21 | -9 | -1 | -16 | -48 | |
| FY 3/23 Previous Forecast | | -13 | 8 | 1 | -11 | -15 | | |
| FY 3/23 Revised Forecast | | -13 | -0 | 5 | -20 | -28 | | |

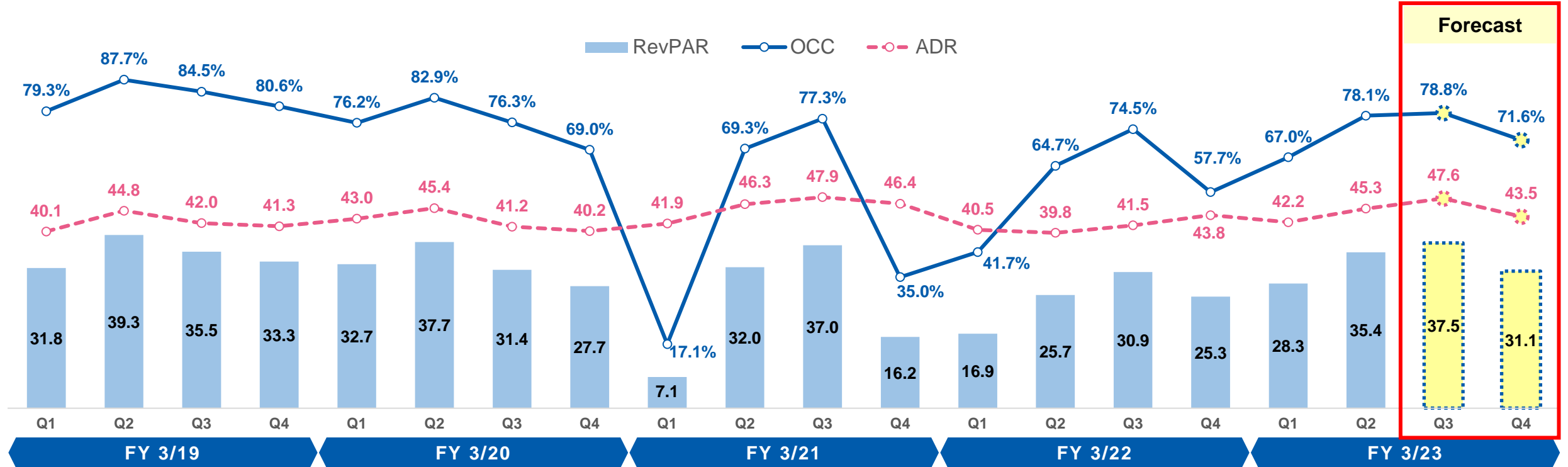
Projected Consolidated Financial Results: Quarterly Trends in KPI of the Dormy Inn Business



| | OCC (%) | | | | | ADR (Thousand yen) | | | | | RevPAR (Thousand yen) | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------------|-------------|-------------|------------|-------------|-----------------------|-------------|-------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Full year | Q1 | Q2 | Q3 | Q4 | Full year | Q1 | Q2 | Q3 | Q4 | Full year |
| FY 3/19 | 88.9 | 91.6 | 92.7 | 89.7 | 90.8 | 10.9 | 11.7 | 11.1 | 10.4 | 11.0 | 9.7 | 10.7 | 10.3 | 9.3 | 10.0 |
| FY 3/20 | 90.5 | 94.2 | 93.3 | 74.9 | 88.1 | 11.3 | 11.4 | 10.6 | 9.1 | 10.6 | 10.2 | 10.7 | 9.9 | 6.8 | 9.4 |
| FY 3/21 | 42.1 | 69.8 | 81.1 | 63.8 | 64.7 | 6.2 | 8.0 | 8.9 | 7.5 | 7.9 | 2.6 | 5.6 | 7.2 | 4.8 | 5.1 |
| FY 3/22 | 61.5 | 70.2 | 85.7 | 79.5 | 74.2 | 7.8 | 8.6 | 9.0 | 9.0 | 8.7 | 4.8 | 6.0 | 7.7 | 7.2 | 6.4 |
| FY 3/23 Previous Forecast | 87.3 | 89.1 | 88.9 | 85.3 | 87.7 | 9.6 | 10.5 | 9.8 | 9.5 | 9.9 | 8.4 | 9.4 | 8.7 | 8.1 | 8.6 |
| FY 3/23 Revised Forecast | 87.7 | 86.3 | 86.3 | 85.3 | 86.4 | 10.1 | 11.6 | 11.9 | 9.5 | 10.8 | 8.8 | 10.0 | 10.3 | 8.1 | 9.3 |
| FY 3/19 vs. | -1.1pt | -5.3pt | -6.4pt | -4.5pt | -4.3pt | -0.8 | -0.1 | +0.8 | -0.8 | -0.2 | -0.8 | -0.7 | +0.0 | -1.2 | -0.7 |

Note) The table above shows figures excluding hotels that opened in April 2021 or later, in order to enable comparison between the three periods under the same conditions

Projected Consolidated Financial Results: Quarterly Trends in KPI of the Resorts Business



| | OCC (%) | | | | | ADR (Thousand yen) | | | | | RevPAR (Thousand yen) | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------------|-------------|-------------|-------------|-------------|-----------------------|-------------|-------------|-------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Full year | Q1 | Q2 | Q3 | Q4 | Full year | Q1 | Q2 | Q3 | Q4 | Full year |
| FY 3/19 | 79.3 | 87.7 | 84.5 | 80.6 | 83.0 | 40.1 | 44.8 | 42.0 | 41.3 | 42.1 | 31.8 | 39.3 | 35.5 | 33.3 | 35.0 |
| FY 3/20 | 76.2 | 82.9 | 76.3 | 69.0 | 76.1 | 43.0 | 45.4 | 41.2 | 40.2 | 42.5 | 32.7 | 37.7 | 31.4 | 27.7 | 32.3 |
| FY 3/21 | 17.1 | 69.3 | 77.3 | 35.0 | 51.8 | 41.9 | 46.3 | 47.9 | 46.4 | 46.6 | 7.1 | 32.0 | 37.0 | 16.2 | 24.1 |
| FY 3/22 | 41.7 | 64.7 | 74.5 | 57.7 | 59.7 | 40.5 | 39.8 | 41.5 | 43.8 | 41.4 | 16.9 | 25.7 | 30.9 | 25.3 | 24.7 |
| FY 3/23 Previous Forecast | 66.9 | 80.2 | 77.8 | 71.1 | 74.1 | 43.5 | 49.2 | 47.9 | 46.4 | 46.9 | 29.1 | 39.5 | 37.3 | 33.0 | 34.8 |
| FY 3/23 Revised Forecast | 67.0 | 78.1 | 78.8 | 71.6 | 73.9 | 42.2 | 45.3 | 47.6 | 43.5 | 44.8 | 28.3 | 35.4 | 37.5 | 31.1 | 33.1 |
| FY 3/19 vs. | -12.3pt | -9.6pt | -5.6pt | -9.0pt | -9.1pt | +2.1 | +0.4 | +5.5 | +2.1 | +2.6 | -3.4 | -3.9 | +2.0 | -2.1 | -1.8 |

Note) The table above shows figures excluding hotels that opened in April 2021 or later, in order to enable comparison between the three periods under the same conditions

Dormitory/Hotel Development Plans

| | FY 3/21 | | FY 3/22 | | FY 3/23 | | FY 3/24 | | FY 3/25 | |
|--------------------------------|---|----------------|--|----------------|---|----------------|--|----------------|--|----------------|
| Dormitories, Domeal | +15 facilities* | +1,181 rooms* | +21 facilities* | +1,928 rooms* | +20 facilities* | +1,971 rooms* | +11 facilities* | +948 rooms* | +15 facilities* | +1,500 rooms* |
| | Ending number of facilities | 507 facilities | Ending number of facilities | 512 facilities | Ending number of facilities | 513 facilities | Ending number of facilities | 520 facilities | Ending number of facilities | 531 facilities |
| | Ending guest capacity | 41,927 rooms | Ending guest capacity | 42,551 rooms | Ending guest capacity | 43,280 rooms | Ending guest capacity | 43,828 rooms | Ending guest capacity | 44,928 rooms |
| | Leasing rate | 87.9% | Leasing rate | 87.7% | Leasing rate | 87.6% | Leasing rate | 87.8% | Leasing rate | 87.8% |
| | [L] Hokudai Avenue,[L] Nippori, [L] Sendai Tsutsujigaoka, [L] Nagakute,[L] Hamadayama, [L] Komazawa Park, [L] Esaka Park, [L] Yokohama-Nishi, [L] Hyakumanben Annex, [L] Azabujuban etc. | | [L] Sakado Hanamachi, Niigata Akashidori, [L] Chuo University Minamidaira, [L] Iriya,[L] Duo Jiyugaoka, [L] Kameari,[L] Angeliq Cour, [L] Tsuruma Park, [L] Osaka Fukushima, [L] Kyoto Kuinabashi, Gennanso, etc. | | [L] Nishi-Shinjuku, [L] Utsunomiya, [L]Kashiwa Teikyo University Hachioji, [L] Tokai University mae, [L] Sapporo Oyachi [L] Sendai Yamamotocho, [L] Minamimoricho, [L] Kyoto Yamashina, etc. | | [L] Hirosaki, [L] Sendai Komatsushima, [L] Yamagata Honcho, [L] Asuto Nagamachi, [L] Otsuka, [L] Kyoto Saiin, [L] Sagami ono, [L] yamatominami [L] Nakano-sakaue, etc. | | [L] Sapporo Nishi, [L] Sendai Kawauchi Mito wataricho [L] Kyoto Fushimi, [L] Osaka kyobashi, [L] Nigawa, [L] kobe rokkodai, etc. | |
| Dormy Inn | +4 facilities* | 1,166 rooms* | +2 facilities* | +471 rooms* | +7 facilities* | +1,107 rooms* | +4 facilities* | +766 rooms* | +3 facilities* | +550 rooms* |
| | Ending number of facilities | 85 facilities | Ending number of facilities | 85 facilities | Ending number of facilities | 91 facilities | Ending number of facilities | 95 facilities | Ending number of facilities | 98 facilities |
| | Ending guest capacity | 15,219 rooms | Ending guest capacity | 15,468 rooms | Ending guest capacity | 16,447 rooms | Ending guest capacity | 17,213 rooms | Ending guest capacity | 17,763 rooms |
| | Leasing rate | 99.1% | Leasing rate | 99.1% | Leasing rate | 99.1% | Leasing rate | 99.2% | Leasing rate | 99.2% |
| | [L] Premium Nagasaki Ekimae, [L] Nono Kyoto Shichijo, [L] Kobe Motomachi, [L] Ikebukuro. | | [L] Nono Kanazawa, [L] Hiroshima Annex. | | [L] Nono Osaka Yodoyabashi, [L] Express Fujisan Gotemba, [L] Nono Sendai, [L] Nono Matsumoto, [L] Nono Matsue, [L] Okayama, [L] Premium Ginza. | | <u>Express Toyohashi,</u> <u>Nono Asakusa Bettei,</u> [L] Nono Beppu, [L] Aomori. | | <u>"Nono" Series</u> <u>Roadside</u> <u>Dormy Inn</u> | |
| Resorts | +3 facilities* | +297 rooms* | +1 facilities* | +69 rooms* | +5 facilities* | +1,027 rooms* | +1 facilities* | +79 rooms* | +2 facilities* | +127 rooms* |
| | Ending number of facilities | 36 facilities | Ending number of facilities | 37 facilities | Ending number of facilities | 41 facilities | Ending number of facilities | 43 facilities | Ending number of facilities | 45 facilities |
| | Ending guest capacity | 3,135 rooms | Ending guest capacity | 3,207 rooms | Ending guest capacity | 4,193 rooms | Ending guest capacity | 4,272 rooms | Ending guest capacity | 4,399 rooms |
| | Leasing rate | 58.3% | Leasing rate | 64.2% | Leasing rate | 73.6% | Leasing rate | 74.1% | Leasing rate | 74.9% |
| | Shuzenji Hot Spring Katsuragawa, Okuhida Hot Spring Hirayukan, [L] Wakura Hot Spring Noto Kaishu. | | [L] La Vista Kusatsu Hills. | | [L] Kyoto Umekouji Kadensho, [L] La Vista Tokyo Bay, <u>Nasu Shiobara Rengetsu,</u> [L] Jozankei Yuraku Souan, [L] Hakodate Bay Annex. | | [L] Kannonzaki Hotel. | | <u>Ninnaji,</u> <u>Takayu Hot Spring.</u> | |
| Companywide leasing rate | 89.2% | | 89.3% | | 89.7% | | 89.9% | | 90.0% | |

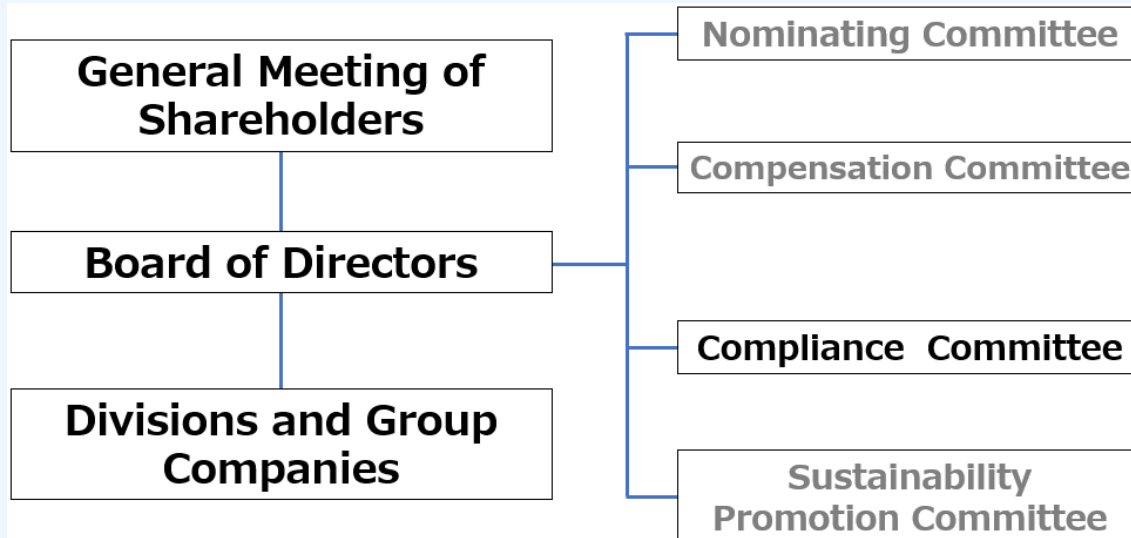
* Indicates numbers of increases in facilities and rooms from development projects (does not indicate numbers of increases from the end of the previous year for facilities and rooms in operation at the end of the year)
 (Note) [L] indicates a leased property; texts with underline indicate properties planned for real-estate securitization in the future.

Establishment and Operation of Sustainability Promotion Committee

The Sustainability Promotion Committee has been established since April 2022 and it has been consisted of five members in total including the president as a chairperson, each executive director and the general manager in charge of the Administration Group, the Planning and Development Group, the Human Resources & General Affairs Division and the Facilities Management Division.

An administrative office consisting of members from a wide range of departments has been also established as a subordinate organization of the committee to support the promotion of sustainability throughout the company.

With the aim of enhancing corporate value over the long term, they manage and supervise sustainability promotion efforts by formulating, discussing, and deciding on basic sustainability policy, materiality, and related policies.



Free Housing for Evacuee Students from Ukraine

As part of our support for Ukraine, we provide free housing for up to one year to students evacuated from Ukraine in cooperation with Kyoritsu International Exchange Scholarship Foundation. 12 students have currently moved in and we will continue to support Ukrainian students.

Human Resource Development

Various motivational activities utilizing our original training curriculum and "learning" from practice and experience

Realization of Gender Equality

Female employees will account for 72.5% of new hires in 2022. The ratio of female employees is 50.2%, and we have created a work environment where all employees can play an active role regardless of gender such as developing and introducing genderless uniforms. The percentage of women in management positions is currently 13.1% (up 1.4% from the previous year).

RA Program

RAs (Resident Assistants) are dormitory student leaders who support the activation of communicating within the dormitory and participate in various community-based events such as exhibiting at local events and holding collaborative events with local restaurants. RA activities can increase interest for the local community and promote communication and leadership skills, leading to the growth and development of dormitory students.

Diversity

151 foreign national employees, accounting for 5.5% out of all employees, play an active role in each region. We prepare various supporting system such as cross-cultural exchange training to ensure high motivation regardless of race or culture.

| | Hokkaido | Tohoku | Kanto-Koshinetsu | Tokai-Hokuriku | Kinki | Chugoku-Shikoku | Kyushu-Okinawa | Total |
|-----------------------------|----------|--------|------------------|----------------|-------|-----------------|----------------|-------|
| Number of foreign employees | 8 | 9 | 59 | 21 | 30 | 11 | 13 | 151 |
| Ratio of foreign employees | 3.7% | 6.7% | 4.4% | 6.1% | 9.3% | 7.2% | 6.0% | 5.5% |



Plastics Free

Since April 2022, with the aim of reducing Single-use plastic products, amenities such as toothbrushes and hairbrushes in guest rooms have been provided in dedicated booths in lobby and in-room amenities using decarbonized materials have been introduced in some resort hotels.



Electric Vehicle Charging Infrastructure Service

"Electric Vehicle Chargers", which is environmentally friendly by reducing CO2 emissions, have been installed at some of our business locations since 2016.

EV EXPERIENCE 2022 at La Vista Tokyo Bay

Participation in the latest electric vehicle experience event held at La Vista Tokyo Bay and Toyosu Smart City on October 23, 2022, which aims to promote and expand the use of electric vehicles.



- ◆ **Reduction and Recycling of Industrial Waste:** Collection and recycling of wasted cooking oil at dormitories and hotels.
- ◆ **Reduction of Food Waste:** Installation of dormitory life support application "Domico" leads to reduction of ordering mistakes and efficiency in managing the number of meals consumed.
- ◆ **Reduction of CO2 emissions by controlling electricity consumption:** Planned replacement with high-efficiency equipment at the time of renewal of construction facilities.
- ◆ **Hydroponics:** Initiation of "Agri-College," a new project that allows students to experience urban agriculture while living in dormitories.
- ◆ **Panda Bamboo Project:** Introducing of "Bamboo lights" made of bamboo left unfinished by giant pandas.

01 Summary of Financial Results for FY 3/23 H1

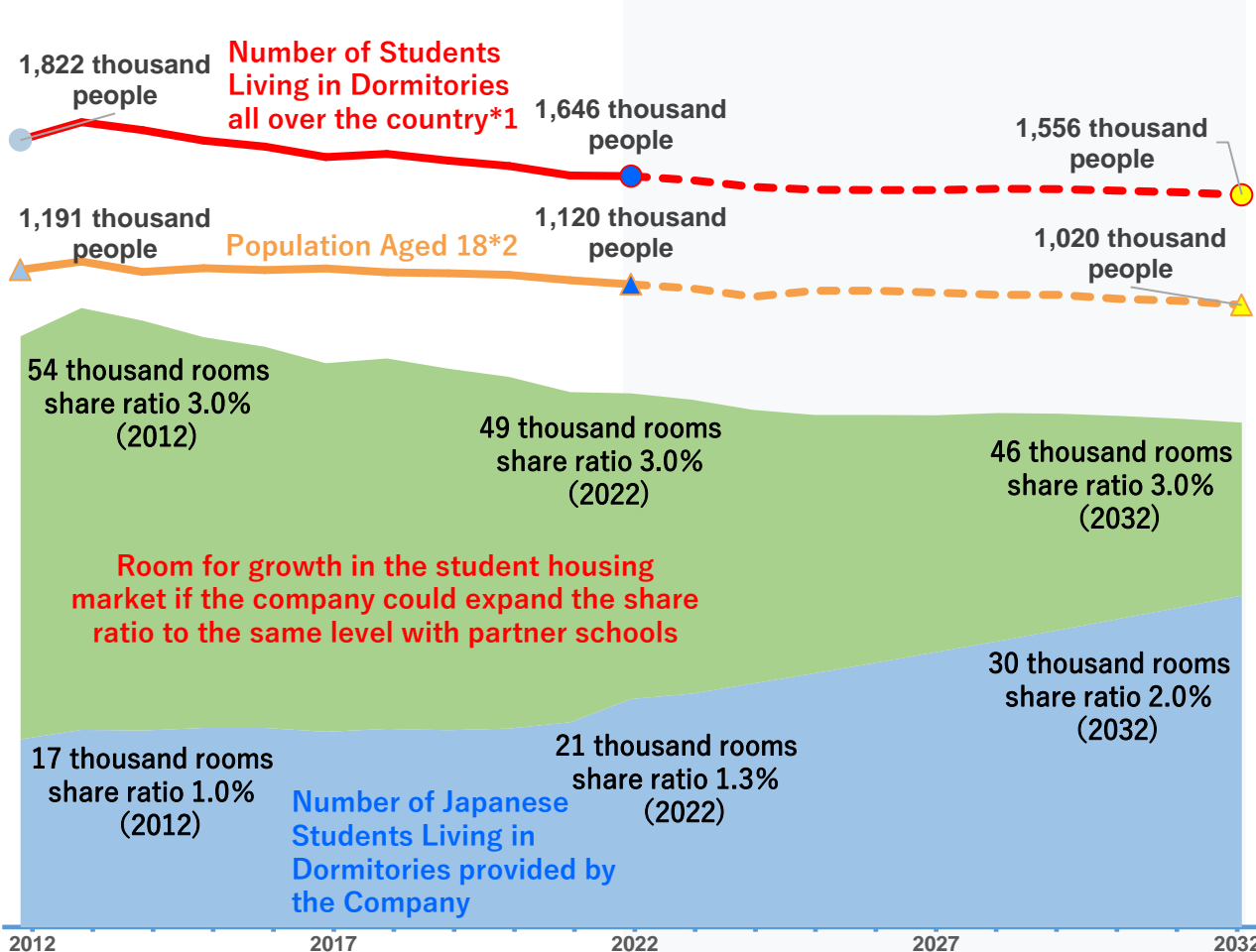
02 Projected Consolidated Financial Results

03 Policy for Formulation of New Medium-Term
Management Plan

Long-term Outlook for Market Conditions in the Dormitory Business

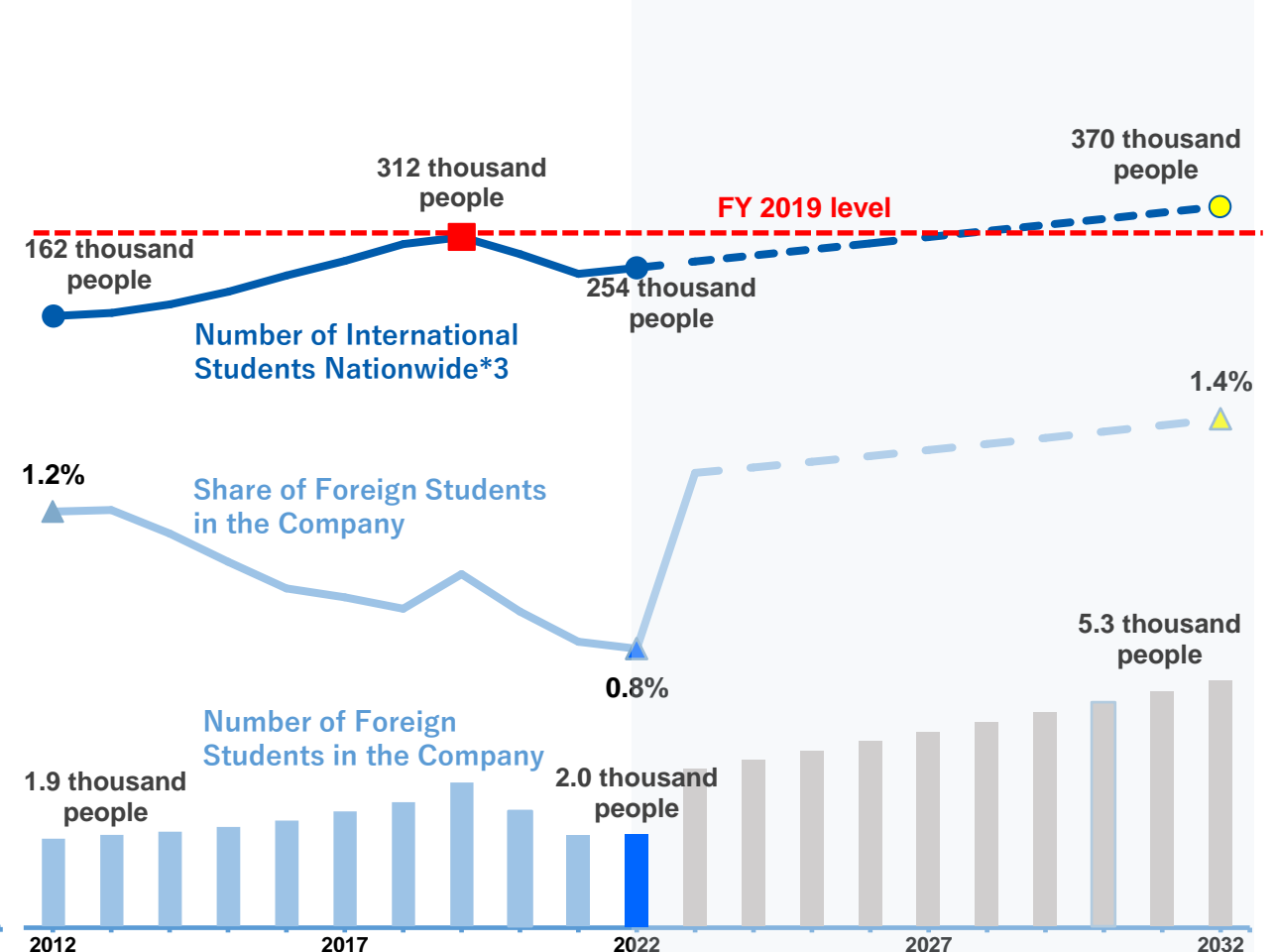
Impact Analysis of Japanese Students

Expanding business through growth in market share amid the continuing decline in the population of 18-year-olds



Impact Analysis of International Students

The proportions of overseas students are expected to recover moderately and increase thereafter. Planning to increase the number of rooms to meet the demand for internationalization of each university.



*1: Prepared by the Company based on "Results of the Survey on the Burden of Education Expenses" by Japan Finance Corporation and "Summary Report of the Survey on Student Lifestyles" by the National Federation of University Co-operative Associations.

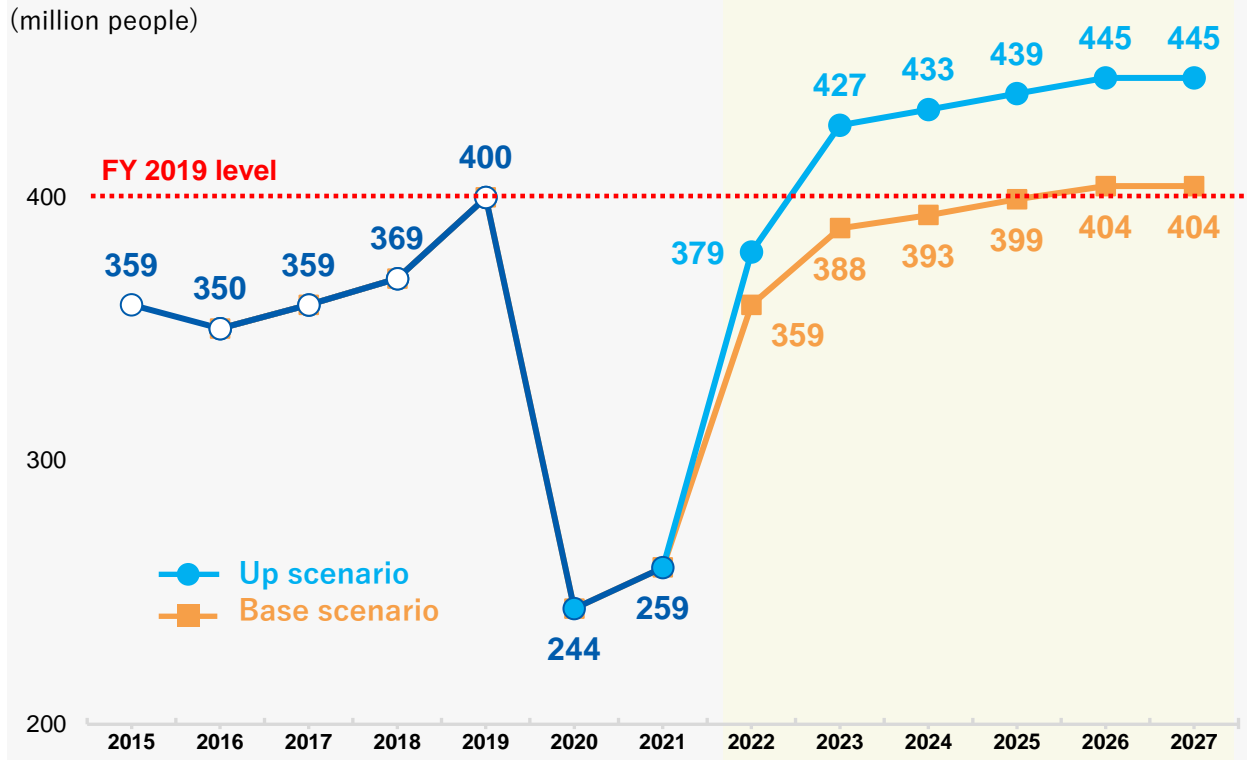
*2: Prepared by the Company based on "Future Estimates of the Number of Students Enrolling in Universities" by the Ministry of Education, Culture, Sports, Science and Technology's Future Vision Subcommittee.

*3: Forecasted based on the "Direction of Global Policy with a Focus on Higher Education (Draft)" by the Ministry of Education, Culture, Sports, Science and Technology's Subcommittee on Universities.

Outlook for Market Environment in the Hotel Business

Impact analysis of Total number of Japanese guests

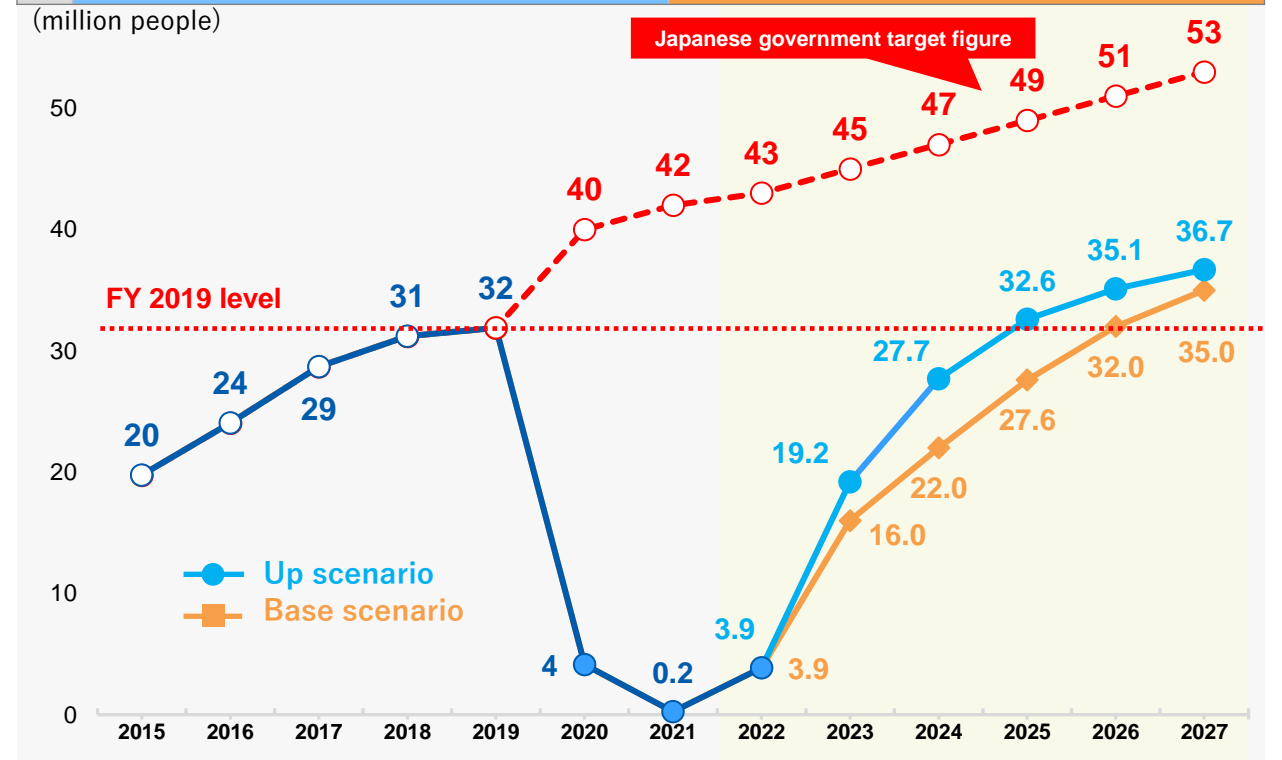
| | Up scenario | Base scenario |
|---------------------|---|---|
| Tourist | Achieved of 110% recovery rate compared to 2019. | Achieved of 100% recovery rate compared to 2019. |
| commercial customer | In light of the recent recovery trend in demand for commercial travel, assuming recovery rate by 100% at similar level to 2019. | Business travel demand declines due to the spread of digital devices. Assuming recovery rate by only 90% compared to the level in 2019. |
| Whole | ↓ Estimated Time for recovering to 2019 levels ↓ | |
| | CY2023 | CY2025~2026 |



※Source: Based on "Lodging Travel Statistics Survey" by Japan Tourism Agency and "Sanitation Administration Report" by Ministry of Health, Labour and Welfare, major research organizations.

Impact Analysis on the Number of Foreign Visitors to Japan

| | Up scenario | Base scenario |
|---------------------|--|--|
| Tourist | Considering the impact of refraining from overseas travel, 4 months in Asia and 6 months in Europe and the U.S. are assumed spent for changing and recovering. | |
| commercial customer | After the changing period, analyzing the recovering rate of foreign visitors to Japan by nationality as a result of increasing in the number of passengers. | |
| Whole | Recovering to 100% of CY2019 level by the end of 2022 | Recovering to 90% of CY2019 level by the end of 2022 |
| | ↓ Estimated Time for recovering to 2019 levels ↓ | |
| | CY2025 | CY2026~2027 |



*Source: Based on "Air Passenger Forecasts" by the International Air Transport Association (IATA), "Visitors to Japan" data by JNTO, and other major research organizations.

Policy for Formulation of New Medium-Term Management Plan I

| | | Previous Medium-Term Management Plan | New Medium-Term Management Plan(Policy Statement) |
|---|------------------|--|--|
| Applicable Period | | 4/2017 ~ 3/2022 | 4/2023 ~ 3/2028 |
| Topic | | ① Improve customer satisfaction ② Preliminary development | ① Recovery to Re-Growth External & Internal Growth ② Further pursuit of customer satisfaction and area expansion |
| Quantitative Target | Net sales | 220.0 billion yen | <div style="border: 1px solid black; width: 200px; height: 20px; margin: 0 auto;"></div> <div style="border: 1px solid black; width: 200px; height: 20px; margin: 0 auto;"></div> |
| | Operating Income | 19.0 billion yen | |
| Business Portfolio | | Stable Foundation (Dormitory Business) Leading Business (Hotel Business) Growing Business(Senior Life Business etc.) Supporting Background Business(Comprehensive Building Management etc.) | Stable Foundation (Dormitory Business) Main Business for Recovering to Re-Growth(Hotel Business) Growing Business(Senior Life Business etc.) Supporting Background Business(Comprehensive Building Management etc.) |
| Market Environment and Business Strategy | Dormitory | Expanding market share through stable supply in urban areas Promotion of International Exchange Dormitories and On-Campus Dormitories | In addition to the existing strategies listed on the left, new store openings in locations of national university |
| | Hotel | Expansion of the network of bases and optimization of value and price to meet the rapid increase in demand against inbound travel | In addition to the existing strategies listed on the left, diversification of customers targeted and area expansion |

Policy for Formulation of New Medium-Term Management Plan II

| | | Previous Medium-Term Management Plan | New Medium-Term Management Plan(Policy Statement) |
|-----------------|-----------|---|--|
| Top Line | Dormitory | <ul style="list-style-type: none"> • Increase in capacity of rooms at a pace of 1,000-2,000 per year • Occupancy rate at the beginning of the period 95-98%, unchanged room rate • Planning annual revenue growth of 3-5% due to the effect of rooms increased | <ul style="list-style-type: none"> • Increase in capacity of rooms at a pace of 1,000-2,000 per year • Occupancy rate at the beginning of the period 95-98%, corresponding to room rate inflation • Planning annual revenue growth of 3-5% due to the effect of rooms increased |
| | Hotel | <ul style="list-style-type: none"> • Rapid increase in the number of rooms in response to higher demand • Optimization of value and price, RevPAR rapidly increasing • 30% share of inbound tourism in the Dormy Inn Business | <ul style="list-style-type: none"> • Re-Expansion of Dormy Inn, “Nono” brand and special type of roadside • 30% share of inbound tourism in the Dormy Inn Business • Revenue growth by increasing the total number of rooms in the Resorts business • Steady operation regardless of seasons with comprehensive corporate membership program |
| Cost | | Compensation of soaring in construction costs by rising RevPAR | <ul style="list-style-type: none"> • A necessity for increasing labor cost per person • Measures against rising energy costs • Reduction in commission fee by improving the reservation website operated by the Company. • Responding to high construction costs |

Policy for Formulation of New Medium-Term Management Plan III

| | | Previous Medium-Term Management Plan | New Medium-Term Management Plan(policy statement) |
|-------------------------------|-----------|---|---|
| Development Investment | | Development investment plan total 140 billion yen over 5 years | Achieving an annual profit growth rate of around 10% through development investment plan based on conventional developing way of effective use of existing properties and comprehensive alliance agreement. |
| | Dormitory | <ul style="list-style-type: none"> Conventional developing way of effective use of existing properties Investing to build dormitories in the school's lands (Ownership for on-campus dormitories) | |
| | Hotel | <ul style="list-style-type: none"> Dormy Inn/ Conventional developing way of effective use of existing properties Resorts/Comprehensive alliance agreement in real estate securitization | |
| Fundraising | | Cash Flow Off-balance (sale & leaseback) External Financing D/E ratio (net) | 70 billion yen 30 billion yen 40 billion yen Less than 1.0 times Considering the balance between fundraising based on the financial discipline and the development investment plan, which is formulated by effective use of existing properties and comprehensive alliance agreement. |

Policy for Formulation of New Medium-Term Management Plan IV

| | | Previous Medium-Term Management Plan | New Medium-Term Management Plan(Policy Statement) |
|-----------------------|-----------|---|---|
| Human Resource | | Stable human resources, improved training programs, appropriate utilization of human resources in diversity and hiring around 400 new recruiting annually | Stable human resources, incorporation of functions between labor management and education team, reviewing of the evaluation system, significant improvement in employee satisfaction, actively recruiting human resources in diversity and strengthening educational and training program |
| DX | | Acquisition of regular customers through renewal of the company's website | Improving customer satisfaction and reducing costs through DX investment in human resources, customer management systems and office systems, etc. |
| ESG | | Promotion of WECO plan (omission of daily cleaning for customers staying for two or more nights in a row.) | Prevention of food waste, promotion of plastics free, creation of opportunities for employment in the elderly, enhancement of promotion of female executives, active recruitment of human resources in diversity and improvement of risk management system |
| Overseas | Dormitory | Opened a store in Thailand | Began researching areas targeted for opening student dormitories. |
| | Hotel | Expansion to Korea, Taiwan, Vietnam and Thailand | Started organizing existing projects and researching areas for reopening. |

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