



January 11, 2024

News Release

| | |
|------------------------|----------------------------------|
| Name of listed company | Kyoritsu Maintenance Co., Ltd. |
| Representative | Koji Nakamura, President |
| (Securities Code: | 9616) |
| Contact | Manabu Takaku, Managing Director |
| (TEL | +81-3-5295-7778) |

Notice of capital and business partnership with Daiwa House Industry Co., Ltd. and
Cosmos Initia Co., Ltd. and acquisition of shares of Cosmos Initia Co., Ltd
(making it an affiliated company by application of the equity method)

The Board of Directors of the Company hereby announces the following after resolving today to enter into a capital and business partnership agreement (“Capital and Business Partnership Agreement” hereinafter) with Daiwa House Industry Co., Ltd. (Securities Code: 1925, listed on the Prime Market of the Tokyo Stock Exchange; “Daiwa House Industry” hereinafter) and Cosmos Initia Co., Ltd. (Securities Code: 8844, listed on the Standard Market of the Tokyo Stock Exchange; “Cosmos Initia” hereinafter) and to acquire all shares of Cosmos Initia held by Daiwa House Industry in connection with such agreement.

Details

I. Capital and Business Partnership

1. Reasons for capital and business partnership

Since its founding, the Company has pursued a management policy focused on providing services in food, housing, and healing for various life stages. This approach, grounded in the ‘customer first’ principle, contributes significantly to the broader development of society. Taking into account the recent business environment surrounding the Company, in May 2023 we formulated KYORITSU Growth Vision / Rise Up Plan 2028, our Medium-Term Management Plan to achieve sustainable growth and establish ourselves as a centennial company. We aim to build solid business foundations capable of withstanding a changing environment while leveraging our strengths cultivated to date to expand the market.

The Medium-Term Management Plan articulates the themes of both “Recovering from COVID-19 to achieve renewed growth” and “Pursuing further growth in customer satisfaction and regional expansion.” Our long-term vision is to achieve net sales of 300 billion yen and operating income of 30 billion yen by 2030, with a total of 200 billion yen planned for investment, including development investment. This time, the Company will enter into a capital and business partnership with Daiwa House Industry and Cosmos Initia. Daiwa House Industry offers information on development projects in various fields and a record of development achievements, and our goal is to strategically launch new businesses through this capital and business partnership. Cosmos Initia has a wealth of experience in housing and accommodation-related development, and we aim, through this capital and business partnership, to further accelerate the development and promotion of the hotel business, dormitory business, and senior life business (residences for the elderly), and to raise operational efficiency in the management business. We will also strive to

promote collaboration among the three companies, including in promoting joint business projects and personnel exchanges.

2. Details of the capital and business partnership

(1) Details of the capital partnership

The Company is to acquire 8,480,000 shares of the 21,428,616 shares of Cosmos Initia held by Daiwa House Industry for 6,029 million yen. As a result, the number of Cosmos Initia shares held by the Company will be 8,480,000 shares (representing 25.05% of the total number of voting rights).

Through this share acquisition, Cosmos Initia will become an affiliated company by application of the equity method.

(2) Details of the business partnership

The Company, Daiwa House Industry, and Cosmos Initia have determined to take the following actions pursuant to the capital and business partnership:

(i) Business partnership among the three companies

The Daiwa House Group and Cosmos Initia Group will proactively provide information on the hotel business, dormitory business, senior life business, etc. promoted by our Group and promote collaboration, including the promotion of joint business projects and personnel exchanges.

(ii) Business partnership between the two companies (our Group and the Daiwa House Group)

Our Group and the Daiwa House Group will promote joint business projects (such as cases where our Group undertakes the operation of buildings constructed by the Daiwa House Group), exchanges of personnel, and other forms of partnerships in the businesses conducted by each Group.

(iii) Business partnership between the two companies (our Group and the Cosmos Initia Group)

Our Group and the Cosmos Initia Group aim to achieve synergies between the hotel, dormitory, and senior life businesses promoted by our Group and the real estate development capabilities of the Cosmos Initia Group (land information, planning, cost and schedule management, etc.), and will promote partnerships by mutually acquiring business opportunities through proactive information sharing, utilizing each other's business expertise, launching joint business projects, exchanging human resources, and engaging in other initiatives.

(iv) Business partnership between the two companies (Daiwa House Group and Cosmos Initia Group)

The Daiwa House Group and Cosmos Initia Group will continue to promote cooperation in the businesses pursued by each group. The business partnership based on business partnership agreements between Daiwa House Group and Cosmos Initia Group (including those relating to the promotion of joint business projects, exchange of personnel, cooperation with Daiwa House Group's investment companies and the granting of Daiwa House Industry's loan guarantee facility to Cosmos Initia) already concluded as of the date of execution of this Capital and Business Partnership Agreement will continue for the time being.

3. Overview of counterparty to the capital and business partnership

(i) Cosmos Initia

| | |
|--------------------------------------|--|
| (1) Name | Cosmos Initia Co., Ltd. |
| (2) Location | Shintamachi bldg., Shiba 5-34-6, Minato-ku, Tokyo |
| (3) Name and title of representative | Ryotaro Takachi, President |
| (4) Business areas | Real estate sales, real estate rental, and real estate brokerage |

| | | | | |
|-----|---|---|---------------------------|---------------------------|
| (5) | Share capital | 5,000 million yen | | |
| (6) | Established | June 20, 1969 | | |
| (7) | Major shareholders and ratio of shares held to total number of shares issued as of September 30, 2023 (excluding treasury shares) | Daiwa House Industry | 63.25% | |
| | | Akihiko Tokitsu | 2.29% | |
| | | Hisanao Mitsu | 1.29% | |
| | | GOLDMAN SACHS INTERNATIONAL | 1.20% | |
| | | UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT | 1.18% | |
| | | Takeshi Yamaji | 0.97% | |
| | | Youichi Maruta | 0.73% | |
| | | BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) | 0.66% | |
| | | Koi Kuroda | 0.61% | |
| | | JPMorgan Securities Japan Co., Ltd. | 0.55% | |
| (8) | Relationship between listed company and company in question | Capital relationship | Not applicable | |
| | | Personnel relationship | Not applicable | |
| | | Business relationship | Not applicable | |
| | | Related parties | Not applicable | |
| (9) | Consolidated operating results and consolidated financial position of the company for the last three years | | | |
| | Financial period | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2023 |
| | Consolidated net assets | 34,981 million yen | 36,607 million yen | 41,512 million yen |
| | Consolidated total assets | 143,513 million yen | 145,210 million yen | 157,384 million yen |
| | Consolidated net assets per share | 1,016.29 yen | 1,063.23 yen | 1,205.03 yen |
| | Consolidate net sales | 107,257 million yen | 107,349 million yen | 123,374 million yen |
| | Consolidated operating income | 2,376 million yen | 3,351 million yen | 4,924 million yen |
| | Consolidated ordinary income | 2,207 million yen | 2,610 million yen | 4,469 million yen |
| | Net income attributable to owners of parent | 2,007 million yen | 1,703 million yen | 3,524 million yen |
| | Consolidated net income per share | 59.25 yen | 50.29 yen | 104.78 yen |
| | Income per share | 7.00 yen | 7.00 yen | 14.00 yen |

(ii) Daiwa House Industry

| | | |
|-----|----------------------------------|---|
| (1) | Name | Daiwa House Industry Co., Ltd. |
| (2) | Location | 3-3-5 Umeda, Kita-ku, Osaka |
| (3) | Name and title of representative | Keiichi Yoshii, President and CEO |
| (4) | Business areas | General construction business, urban development business, overseas business, and other |
| (5) | Share capital | 161,957 million yen |
| (6) | Established | March 4, 1947 |

| | | | | |
|-----|---|--|---------------------------|---------------------------|
| (7) | Major shareholders and ratio of shares held to total number of shares issued as of September 30, 2023 (excluding treasury shares) | The Master Trust Bank of Japan, Ltd. (Trust account) | 16.39% | |
| | | Custody Bank of Japan Ltd (Trust account) | 6.96% | |
| | | Sumitomo Mitsui Banking Corporation | 2.20% | |
| | | Daiwa House Employee Stock Ownership Association | 2.18% | |
| | | STATE STREET BANK WEST CLIENT – TREATY 505234 | 1.83% | |
| | | Nippon Life Insurance Company | 1.81% | |
| | | SSBTC CLIENT OMNIBUS ACCOUNT | 1.49% | |
| | | JPMorgan Securities Japan Co., Ltd. | 1.39% | |
| (8) | Relationship between listed company and company in question | Capital relationship | Not applicable | |
| | | Personnel relationship | Not applicable | |
| | | Business relationship | Not applicable | |
| | | Related parties | Not applicable | |
| (9) | Consolidated operating results and consolidated financial position of the company for the last three years | | | |
| | Financial period | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2023 |
| | Consolidated net assets | 1,893,504 million yen | 2,111,385 million yen | 2,388,914 million yen |
| | Consolidated total assets | 5,053,052 million yen | 5,521,662 million yen | 6,142,067 million yen |
| | Consolidated net assets per share | 2,805.09 yen | 3,081.07 yen | 3,466.86 yen |
| | Consolidate net sales | 4,126,769 million yen | 4,439,536 million yen | 4,908,199 million yen |
| | Consolidated operating income | 357,121 million yen | 383,256 million yen | 465,370 million yen |
| | Consolidated ordinary income | 337,830 million yen | 376,246 million yen | 456,012 million yen |
| | Net income attributable to owners of parent | 195,076 million yen | 225,272 million yen | 308,399 million yen |
| | Consolidated net income per share | 297.18 yen | 343.82 yen | 469.12 yen |
| | Income per share | 116.00 yen | 126.00 yen | 130.00 yen |

4. Dispatching of directors

Upon the execution of the Capital and Business Partnership Agreement, the Company will acquire the right to nominate one candidate for the director of Cosmos Initia, and Daiwa House Industry will acquire the right to nominate two candidates for the director of the same company. This fact will be submitted to the annual general meeting of shareholders of Cosmos Initia to be held in June 2024.

5. Schedule

| | | |
|-----|--|-------------------------------|
| (1) | Date of Board of Directors resolution | January 11, 2024 |
| (2) | Execution date of the Capital and Business Partnership Agreement | January 11, 2024 |
| (3) | Start date of the capital and business partnership | February 26, 2024 (scheduled) |

6. Future outlook

The impact of this capital and business partnership on our consolidated results is currently under evaluation. Any matters that arise and warrant disclosure will be promptly disclosed.

II. Acquisition of Shares

1. Reason for acquisition of shares

Please refer to 1. Reasons for capital and business partnership in I. Capital and Business Partnership above.

2. Overview of the company to become the affiliated company by application of the equity method

Please refer to 3. Overview of counterparty to the capital and business partnership, (i) Cosmos Initia, in I. Capital and Business Partnership above.

3. Overview of the party from which the Company will acquire the shares

Please refer to 3. Overview of counterparty to the capital and business partnership, (ii) Daiwa House Industry, in I. Capital and Business Partnership above.

4. Number of shares to be acquired, acquisition price, and status of shares held before and after acquisition

| | |
|------------------------------------|---|
| (1) Shares held before acquisition | 0 shares (Number of voting rights: 0) (Ratio to total number of voting rights: 0.00%) |
| (2) Shares to be acquired | 8,480,000 shares (The number of voting rights: 84,800) |
| (3) Acquisition price | Common stock of Cosmos Initia Co., Ltd.: 6,029 million yen |
| (4) Shares held after acquisition | 8,480,000 shares (Number of voting rights: 84,800) (Ratio to total number of voting rights: 25.05%) |

5. Schedule

| | |
|--|-------------------------------|
| (1) Date of Board of Directors resolution | January 11, 2024 |
| (2) Execution date of the stock transfer agreement | January 11, 2024 |
| (3) Date of the share acquisition | February 26, 2024 (scheduled) |

6. Future outlook

The impact of this share acquisition on our consolidated results is currently under evaluation. Any matters that arise and warrant disclosure will be promptly disclosed.

(Reference) Forecast of consolidated earnings for the current fiscal year (announced on November 9, 2023)
and consolidated results for the previous fiscal year

| | Consolidated net sales (Millions of yen) | Consolidated operating income (Millions of yen) | Consolidated ordinary income (Millions of yen) | Net income attributable to owners of parent (Millions of yen) |
|---|--|---|--|--|
| Forecasts of consolidated financial results (Fiscal year ending March 31, 2024) | 200,000 | 13,000 | 12,000 | 7,000 |
| Consolidated results for the previous fiscal year (Fiscal year ended March 31, 2023) | 175,630 | 7,326 | 7,115 | 4,241 |