
Medium-Term Management Plan

KYORITSU Growth Vision
Rise Up Plan 2028

May 26, 2023

Kyoritsu Maintenance Co., Ltd.

(Securities Code: 9616)

2028

Management vision

Making *Customer First* the heart of the Company

- Expressing and earning gratitude · Striving to improve services by integrating our expertise
- Prospering while contributing to the public interest

Mission

Contributing to the progress of society as a whole through food and housing

Corporate slogan

For better mornings

Better mornings make great days. Great days lead to great weeks, great years, and great lives.
Changing mornings can make our lives wonderful. We welcome guests with an atmosphere that feels like home.
Our goal is to deliver healthy, happy stays every day.

Long-term vision

KYORITSU Growth Vision

Our goals for 2030

Marking the 50th anniversary of our founding by continuing to strengthen customer satisfaction, employee satisfaction, brand power, and worker productivity while expanding our new service areas

2030: Net sales of 300 billion yen and operating income of 30 billion yen

Under our vision—to make *Customer First* the heart of the Company—we've established the strengths we have today through a wide range of state-of-the-art initiatives in food and residential services.

- Stable and continuing growth to become Japan's largest operator of lodgings and student and employee dormitories
- Serving more than 8.4 million guests per year, our Dormy Inn and Kyoritsu Resort facilities rate highly in user satisfaction
- Our rapid growth is possible through streamlined management and provision of quality services by focusing on operations

■ Track record (end of fiscal year ending March 31, 2023)



- Student and employee dormitories
- 43,300 rooms in 511 facilities



- Dormy Inn series
- 16,400 rooms in 91 facilities



- Relaxing Kyoritsu Resort series
- 4,200 rooms in 41 facilities

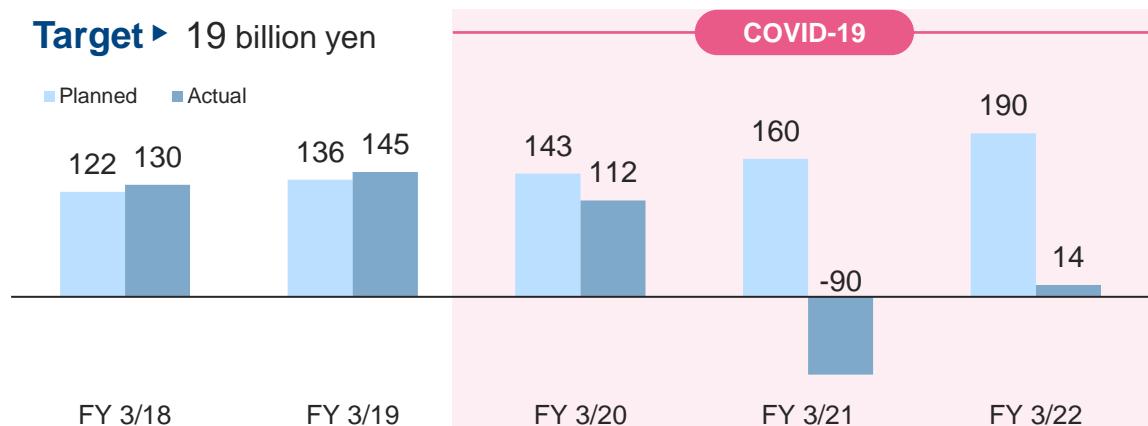


- Senior life residences
- 560 rooms in 11 facilities

Despite steady progress ahead of quantitative targets during the first two years of the previous Medium-Term Management Plan, the COVID-19 pandemic compelled us to suspend work on the plan in November 2020. Nevertheless, we were able to secure development projects capable of realizing benefits of scale and to achieve a V-shaped recovery from COVID-19 through steady progress on the development activities specified in the previous plan. Despite the one-year delay, development progressed ahead of plans.

Operating income

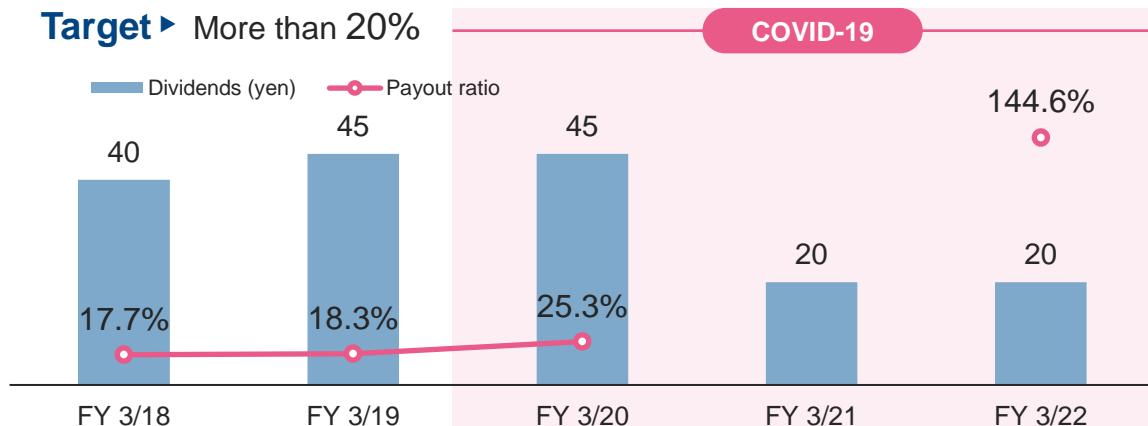
Target ▶ 19 billion yen



- COVID-19 in 2020 had a dramatic impact on business results

Payout ratio

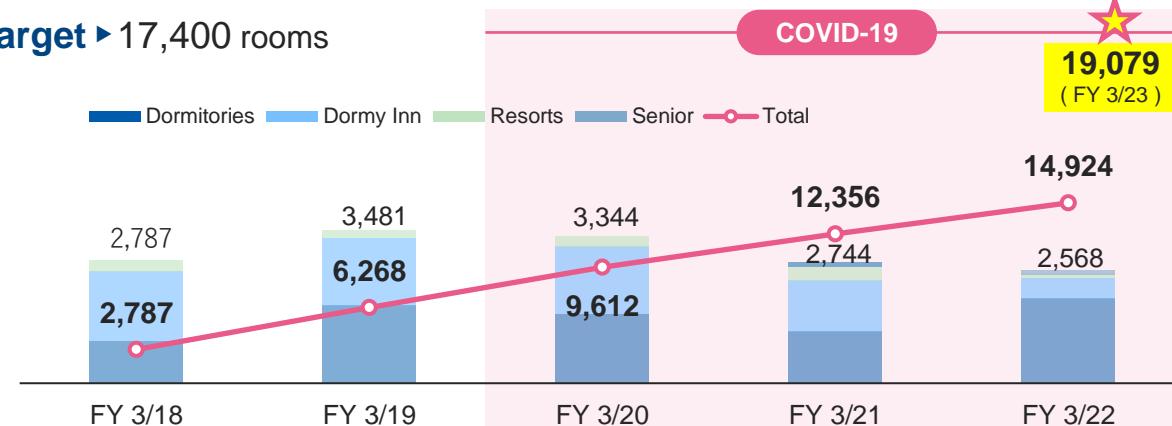
Target ▶ More than 20%



- We maintained stable dividends despite operating losses attributable to COVID-19.

New rooms

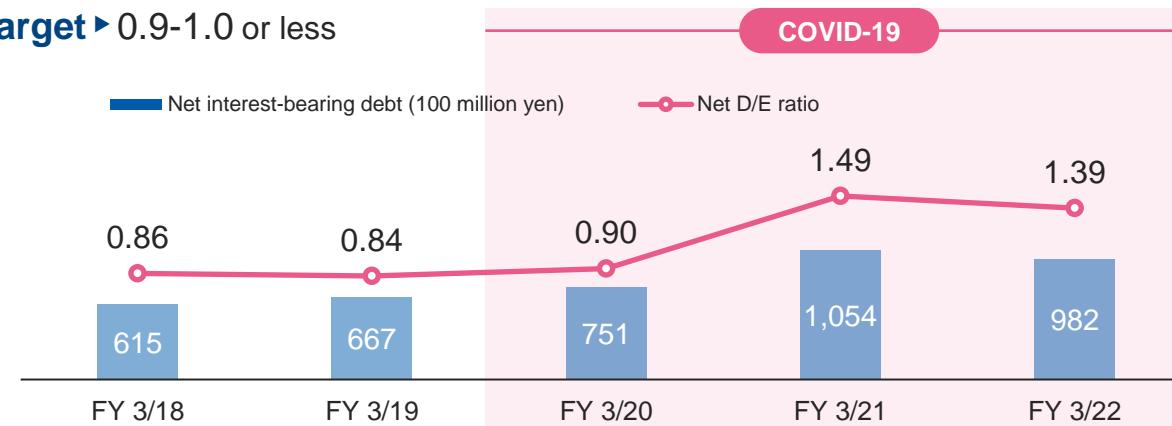
Target ▶ 17,400 rooms



- While openings tended to be delayed, by the end of March 2023, we opened about 19,000 new rooms—more than planned.

Net D/E ratio

Target ▶ 0.9-1.0 or less



- In March 2021, we concluded a syndicated loan agreement for a line of credit to secure working capital for the medium to long term.

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



Growing shareholder value

Basic policy

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

Goals for 2028

Actively promoting initiatives to realize a sustainable society

Four priority themes

Environment	Human resources
Food	Governance

Basic policy

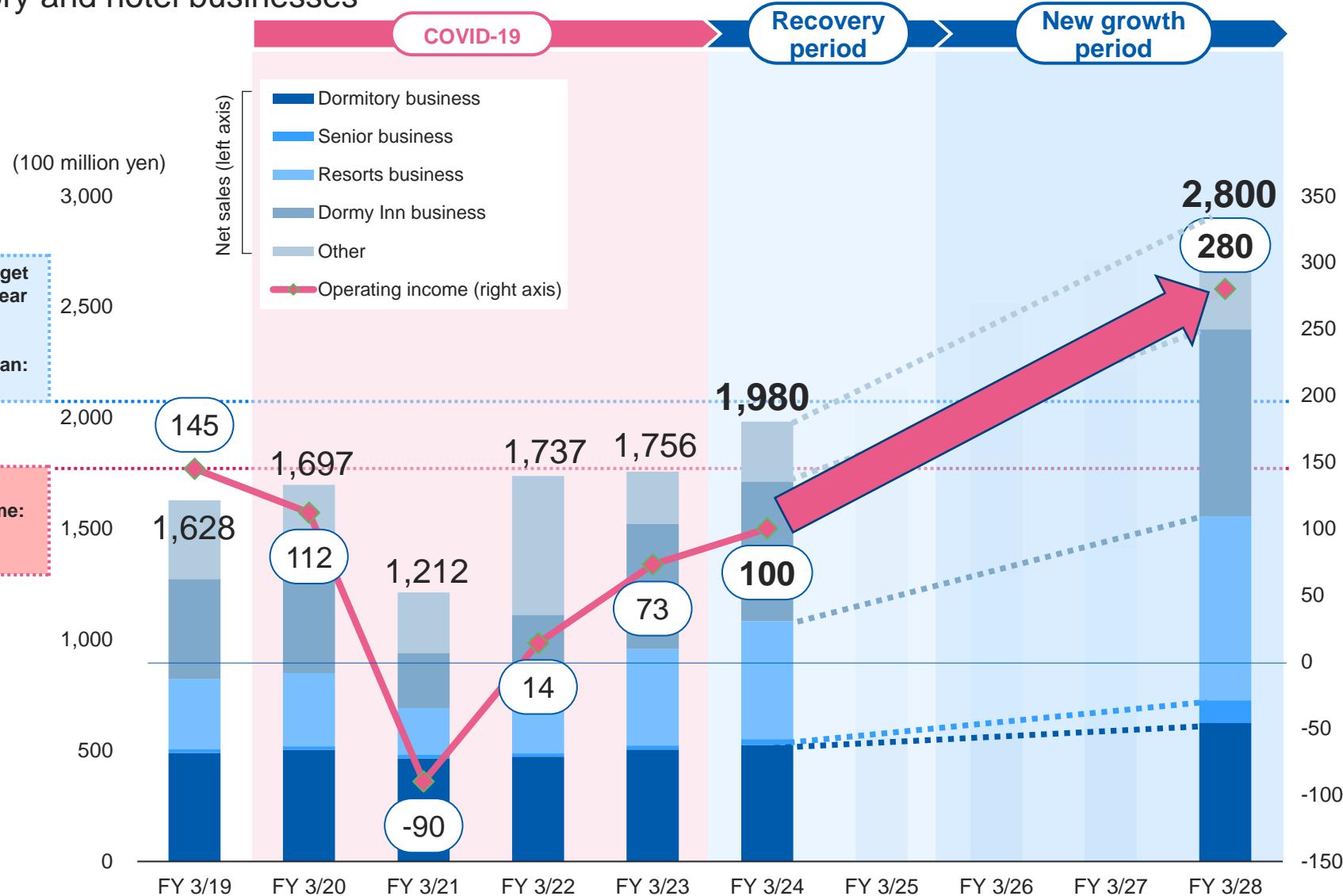
Achieving sustained growth based on sound, robust **business foundations** designed to adapt to environmental change

Goals for 2028

ROE ▶▶ 10%

EPS ▶▶ 400 yen

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



Quantitative target for final fiscal year of the previous Medium-Term Management Plan: 19.0 billion yen

Record high operating income: 14.6 billion yen (FY3/19)

Goals for 2028

Net sales	280 billion yen
Operating income	28.0 billion yen
Operating income margin	10%
EPS	400 yen
ROE	10%
Net D/E ratio*	1 or less

* Conversion of euro-yen CB redeemable in January 2026

Lifting the top line even higher by promoting new development and growth in numbers of residential and guest rooms as well as normalized selling prices

Increasing numbers of rooms through new development



Normalizing selling prices



Raising the top line

Development plans

	FY 3/23	FY 3/28
Dormitories	43,300 rooms	50,000 rooms
Dormy Inn	16,400 rooms	20,000 rooms
Resorts	4,200 rooms	5,500 rooms

Offsetting cost inflation

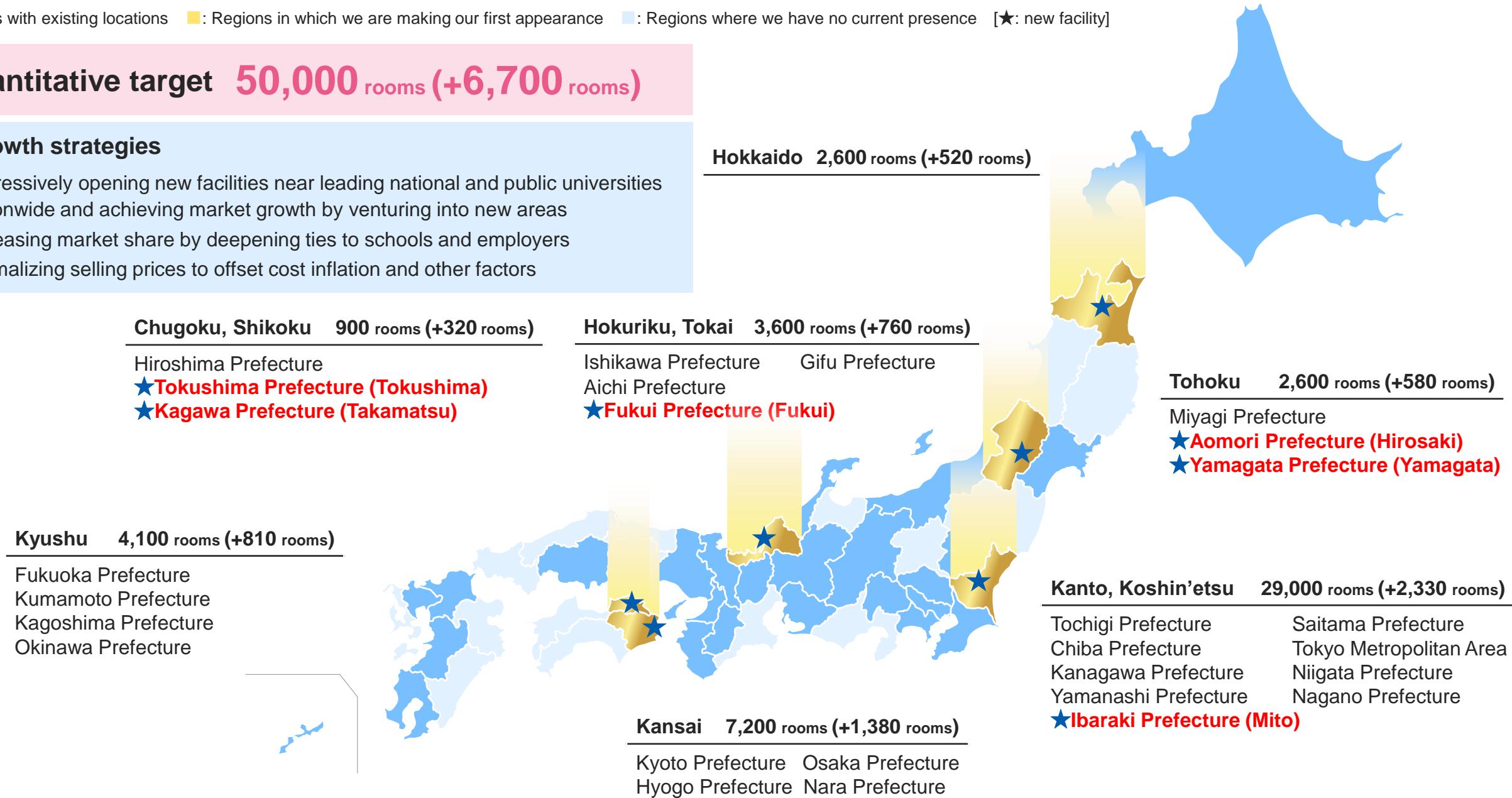
- Energy costs
- Labor shortage, labor costs
- Construction costs
- Food costs
- Outsourced services (e.g., laundry, cleaning)

■: Regions with existing locations ■: Regions in which we are making our first appearance □: Regions where we have no current presence [★: new facility]

Quantitative target **50,000** rooms (+6,700 rooms)

Growth strategies

- Aggressively opening new facilities near leading national and public universities nationwide and achieving market growth by venturing into new areas
- Increasing market share by deepening ties to schools and employers
- Normalizing selling prices to offset cost inflation and other factors



Chugoku, Shikoku 900 rooms (+320 rooms)

Hiroshima Prefecture

★Tokushima Prefecture (Tokushima)

★Kagawa Prefecture (Takamatsu)

Hokuriku, Tokai 3,600 rooms (+760 rooms)

Ishikawa Prefecture

Gifu Prefecture

Aichi Prefecture

★Fukui Prefecture (Fukui)

Tohoku 2,600 rooms (+580 rooms)

Miyagi Prefecture

★Aomori Prefecture (Hirosaki)

★Yamagata Prefecture (Yamagata)

Kyushu 4,100 rooms (+810 rooms)

Fukuoka Prefecture

Kumamoto Prefecture

Kagoshima Prefecture

Okinawa Prefecture

Kanto, Koshin'etsu 29,000 rooms (+2,330 rooms)

Tochigi Prefecture

Saitama Prefecture

Chiba Prefecture

Tokyo Metropolitan Area

Kanagawa Prefecture

Niigata Prefecture

Yamanashi Prefecture

Nagano Prefecture

★Ibaraki Prefecture (Mito)

Kansai 7,200 rooms (+1,380 rooms)

Kyoto Prefecture Osaka Prefecture

Hyogo Prefecture Nara Prefecture

■: Area with existing locations ■: Area newly entered [★: new facility ●: existing facility] ●★: dormy inn ●★: Premium dormy inn ●★: Onyado Nono ●★: Express dormy inn

Quantitative target 20,000 rooms (+ 3,600 rooms)

Growth strategies

- Opening new facilities centered on roadside locations of the Nono, Express, and other series
- Normalizing selling prices through daily control that reflects cost inflation and other factors
- Aggressively targeting foreign visitors to Japan (targeting a percentage of more than 30% inbound guests)
- Nationwide development based on opening facilities in areas not yet entered in Japan's 47 prefectures

Hokkaido

- Dormy Inn PREMIUM Kushiro
- Dormy Inn PREMIUM Otaru
- La Vista Furano Hills
- Dormy Inn PREMIUM Sapporo
- Dormy Inn Wakkanai
- Dormy Inn Kitami
- Dormy Inn Tomakomai
- Dormy Inn Asahikawa
- Dormy Inn Higashimuroran
- Dormy Inn Abashiri
- Dormy Inn Sapporo ANNEX
- Dormy Inn Obihiro
- ★ Dormy Inn Tomakomai Annex

Overseas

- Dormy Inn SEOUL Gangnam



Chugoku, Shikoku

- ONYADO NONO Sakaiminato
- ONYADO NONO Matsue
- Dormy Inn EXPRESS Matsue
- Dormy Inn PREMIUM Shimonoseki
- Dormy Inn Izumo
- Dormy Inn Kurashiki
- Dormy Inn Okayama
- Dormy Inn Hiroshima ANNEX
- Dormy Inn Hiroshima
- Dormy Inn Takamatsu
- Dormy Inn Takamatsu Chuo Koenmae
- Dormy Inn Matsuyama
- Dormy Inn Kochi
- ★ ONYADO NONO Kochi
- ★ Dormy Inn EXPRESS Unnan
- ★ Dormy Inn EXPRESS Tokushima

Hokuriku, Tokai

- ONYADO NONO Toyama
- ONYADO NONO Kanazawa
- Dormy Inn EXPRESS Mikawa Anjyo
- Dormy Inn EXPRESS Kakegawa
- Dormy Inn EXPRESS Gotemba
- Dormy Inn PREMIUM Fukui
- Dormy Inn PREMIUM Nagoya Sakae
- ★ ONYADO NONO Fukui
- ★ Dormy Inn EXPRESS Toyohashi
- ★ Dormy Inn EXPRESS Tsuruga
- ★ Dormy Inn Komatsu
- Dormy Inn Mishima
- Dormy Inn Toyama
- Dormy Inn Kanazawa
- Dormy Inn Gifu Ekimae
- Dormy Inn Tsu

Tohoku

- ONYADO NONO Sendai
- Dormy Inn EXPRESS Sendai seaside
- Dormy Inn EXPRESS Sendai Hirose-dori
- Dormy Inn EXPRESS Koriyama
- Dormy Inn Hirosaki
- Dormy Inn Honhachinohe
- Dormy Inn Morioka
- Dormy Inn Sendai ANNEX
- Dormy Inn Sendai Ekimae
- Dormy Inn Akita
- ★ Dormy Inn EXPRESS Rikuzen-Takata
- ★ Dormy Inn EXPRESS Yamagata
- ★ Dormy Inn Aomori

Kyushu

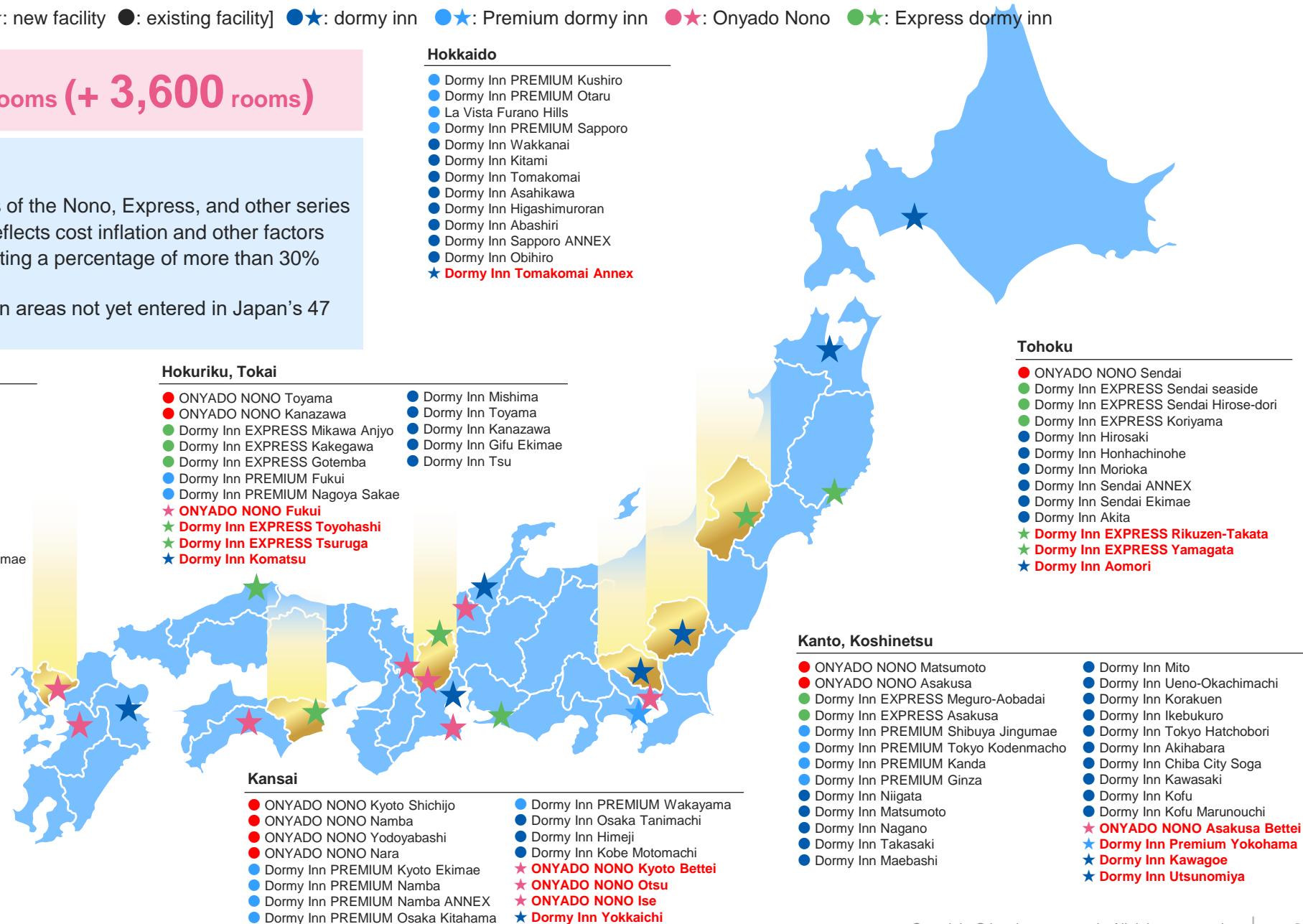
- Dormy Inn PREMIUM Hakata Canal City mae
- Dormy Inn PREMIUM Nagasaki Ekimae
- Dormy Inn Hakata Gion
- Dormy Inn Nagasaki-Shinchi Chukagai
- Dormy Inn Kumamoto
- Dormy Inn Oita
- Dormy Inn Miyazaki
- Dormy Inn Kagoshima
- ★ ONYADO NONO Saga
- ★ ONYADO NONO Kumamoto
- ★ Dormy Inn Beppu
- ★ Dormy Inn Naha

Kansai

- ONYADO NONO Kyoto Shichijo
- ONYADO NONO Namba
- ONYADO NONO Yodoyabashi
- ONYADO NONO Nara
- Dormy Inn PREMIUM Kyoto Ekimae
- Dormy Inn PREMIUM Namba
- Dormy Inn PREMIUM Namba ANNEX
- Dormy Inn PREMIUM Osaka Kitahama
- Dormy Inn PREMIUM Wakayama
- Dormy Inn Osaka Tanimachi
- Dormy Inn Himeji
- Dormy Inn Kobe Motomachi
- ★ ONYADO NONO Kyoto Bettei
- ★ ONYADO NONO Otsu
- ★ ONYADO NONO Ise
- ★ Dormy Inn Yokkaichi

Kanto, Koshinetsu

- ONYADO NONO Matsumoto
- ONYADO NONO Asakusa
- Dormy Inn EXPRESS Meguro-Aobadai
- Dormy Inn EXPRESS Asakusa
- Dormy Inn PREMIUM Shibuya Jingumae
- Dormy Inn PREMIUM Tokyo Kodenmacho
- Dormy Inn PREMIUM Kanda
- Dormy Inn PREMIUM Ginza
- Dormy Inn Niigata
- Dormy Inn Matsumoto
- Dormy Inn Nagano
- Dormy Inn Takasaki
- Dormy Inn Maebashi
- Dormy Inn Mito
- Dormy Inn Ueno-Okachimachi
- Dormy Inn Korakuen
- Dormy Inn Ikebukuro
- Dormy Inn Tokyo Hatchobori
- Dormy Inn Akihabara
- Dormy Inn Chiba City Soga
- Dormy Inn Kawasaki
- Dormy Inn Kofu
- Dormy Inn Kofu Marunouchi
- ★ ONYADO NONO Asakusa Bettei
- ★ Dormy Inn Premium Yokohama
- ★ Dormy Inn Kawagoe
- ★ Dormy Inn Utsunomiya



★: new facility

Quantitative target **5,500 rooms (+1,300 rooms)**

Growth strategies

- Opening an average of 3-4 new facilities per year in candidate locations nationwide
- Normalizing selling prices through daily controls that reflect cost inflation and other factors
- Aggressively targeting foreign visitors to Japan (targeting a percentage of more than 15% inbound guests)
- Preparatory stage for establishing subbrands

Hokuriku, Tokai

La Vista Izusan	Ancient Rest Inn Ikyu
Wellness Forest Ito	Okuhida Onseno Miyama Ouan
Komeya	Takayama Ouan
Yukairo Kikuya	Yururinoyu Natural Hot Spring ONYADO Yuinoshō
Yawatano Hot Spring Kiranosato	Wakura Hot Spring Noto Kaishu
Yumegurino-yado Shuzenji Hot Springs Katsuragawa	Yumegurino-yado Okuhida Hot Spring Hirayukan
★ La Vista Atami Terrace	
★ Kawazu Hot Spring	

Chugoku, Shikoku

Izumo Inishie no yado Keiun
Izumo Oyado Tsukiyo no Usagi
Kotohira Hot Spring ONYADO Shikishimakan

Kyushu

La Vista Kirishima Hills
The Beach Tower Okinawa Hotel
★ Kannawa Hot Spring
★ Yufuin

Hokkaido

Jozankei Yuraku Souan
La Vista Akangawa
La Vista Daisetsuzan
La Vista Hakodate Bay
La Vista Hakodate Bay ANNEX

Tohoku

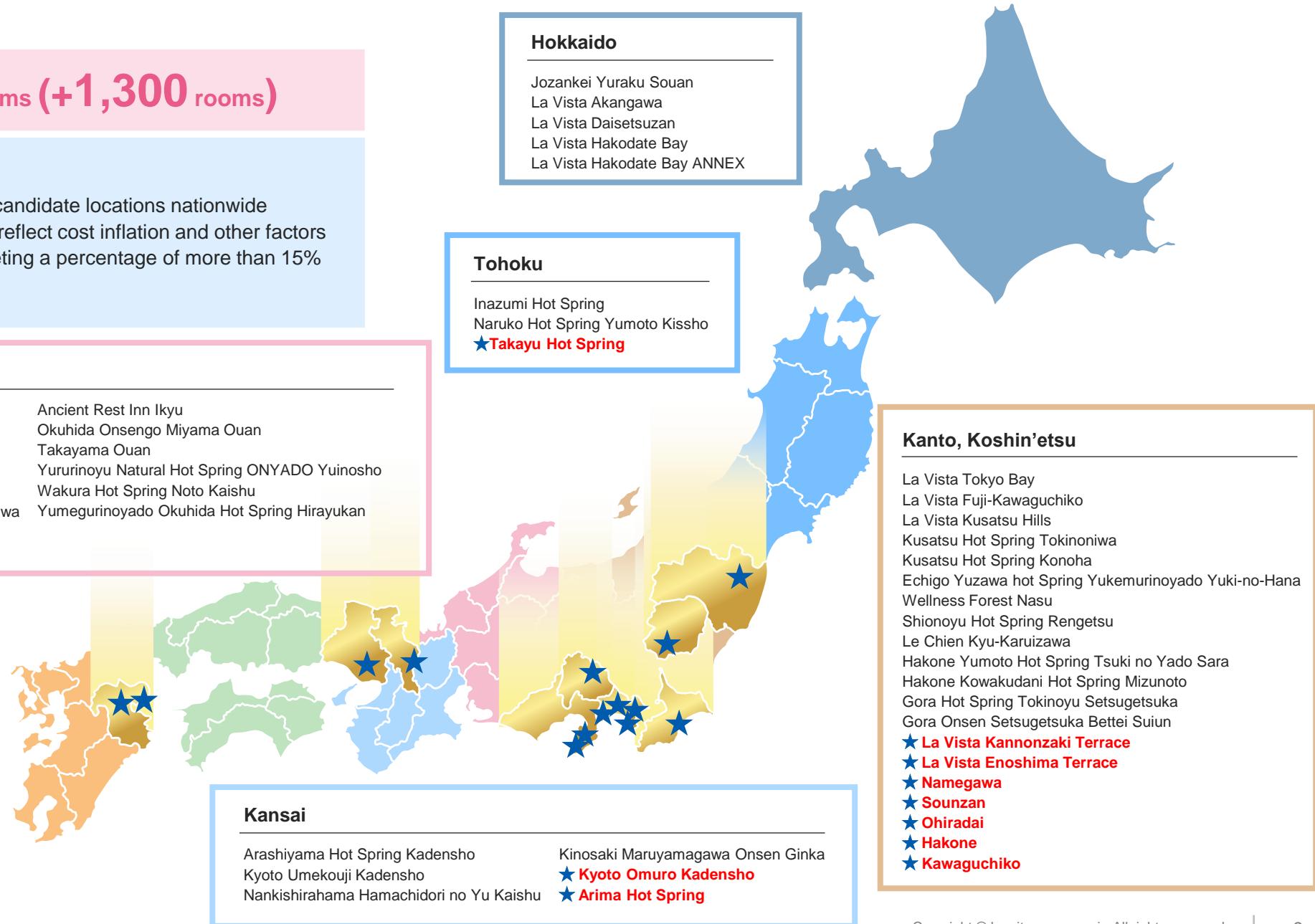
Inazumi Hot Spring
Naruko Hot Spring Yumoto Kissho
★ Takayu Hot Spring

Kanto, Koshin'etsu

La Vista Tokyo Bay
La Vista Fuji-Kawaguchiko
La Vista Kusatsu Hills
Kusatsu Hot Spring Tokinoniwa
Kusatsu Hot Spring Konoha
Echigo Yuzawa hot Spring Yumegurino-yado Yuki-no-Hana
Wellness Forest Nasu
Shionoyu Hot Spring Rengetsu
Le Chien Kyu-Karuizawa
Hakone Yumoto Hot Spring Tsuki no Yado Sara
Hakone Kowakudani Hot Spring Mizunoto
Gora Hot Spring Tokinoyu Setsugetsuka
Gora Onsen Setsugetsuka Bettei Suiun
★ La Vista Kannonzaki Terrace
★ La Vista Enoshima Terrace
★ Namegawa
★ Sounzan
★ Ohiradai
★ Hakone
★ Kawaguchiko

Kansai

Arashiyama Hot Spring Kadensho	Kinosaki Maruyamagawa Onsen Ginka
Kyoto Umekouji Kadensho	★ Kyoto Omuro Kadensho
Nankishirahama Hamachidori no Yu Kaishu	★ Arima Hot Spring



Striving to increase profitability by normalizing marketing costs and improving labor productivity through digital transformation (DX)

**Normalizing
marketing costs
through DX**



**Improving labor
productivity through
DX**



**Increasing
profitability**

■ **Increasing 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

2028 target: 40%

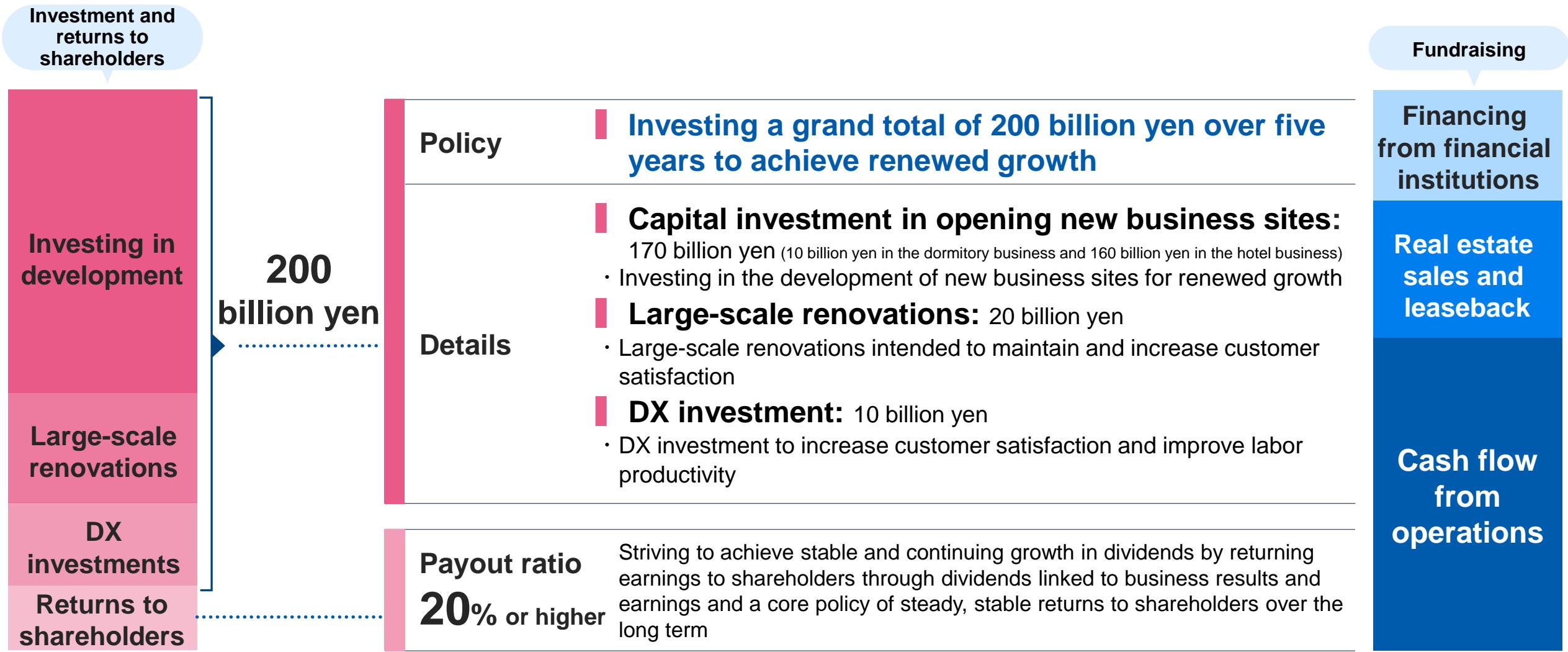
■ **Responding to labor shortages and higher labor costs**

- Labor savings achieved through smart check-in systems at hotels and payment kiosks
- Use of cleaning and maintenance robotics
- Labor savings through robotic process automation, paperless workflows, etc.

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 real estate sales and leaseback 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.



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

Business site renovations, improvements in sales support systems

Raising service value

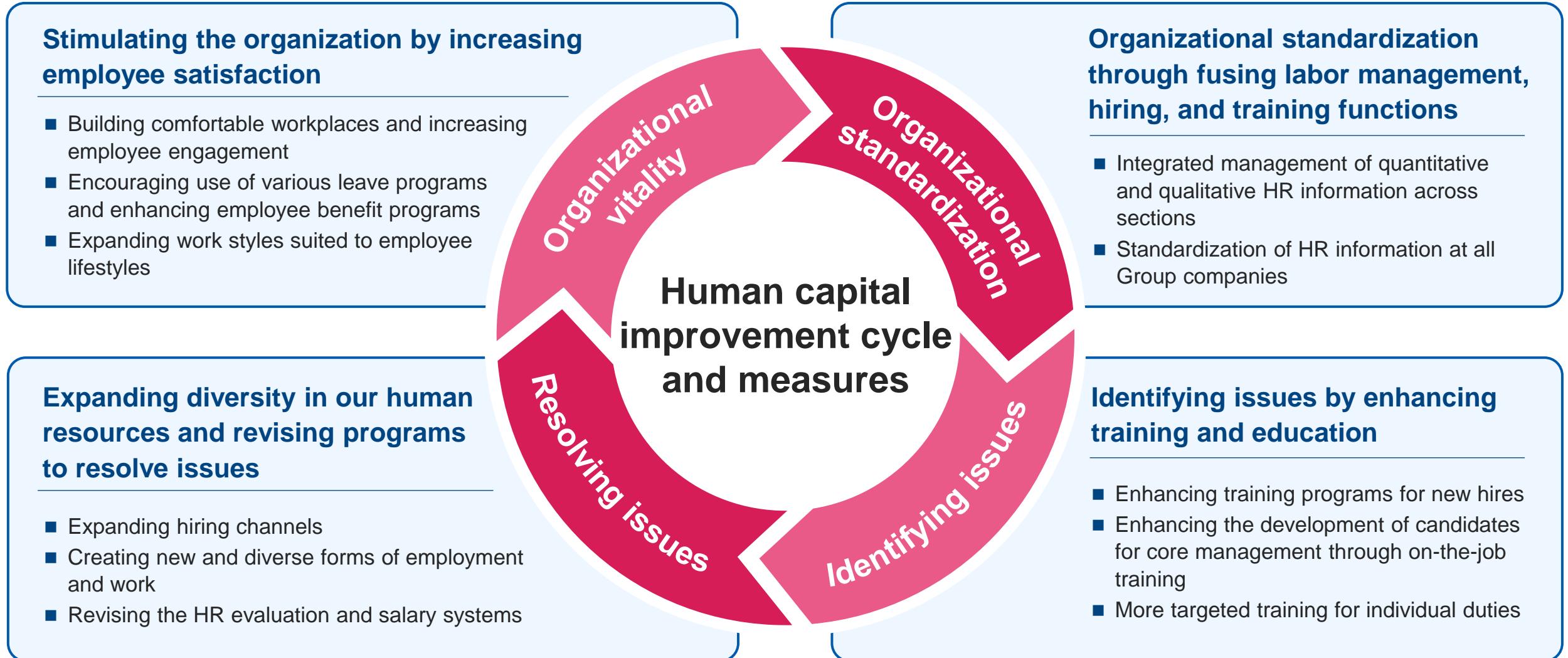
- Upgrading the hotel reservations system
- Introducing smart check-in systems at hotels
- Providing Web-based support services for dormitory residents
- Upgrading corporate sales and contract management systems

Developing and deploying integrated backbone databases

Increasing the value of our intellectual property held

- Continual review of business processes
- Building databases of customers, buildings, and human resources
- Analyzing and responding to system risks
- Enhancing network security

Increasing employee satisfaction by enhancing and revising training and HR systems and securing a stable supply of capable human resources as the foundations for business growth



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.

Mission

Contributing to the progress of society as a whole through food and housing

Environment

Social

Governance

Priority themes	1 Environment	2 Human resources	3 Food	4 Governance
Materiality topics	<p>Reducing greenhouse gases Reducing single-use plastics Effective use of water resources</p>	<p>Creating new employment Promoting diversity in our human resources Investing in human resources Providing learning opportunities</p>	<p>Achieving food safety and reliability Reducing food loss Health orientation</p>	<p>Enhancing governance</p>
Practical initiatives	<ul style="list-style-type: none"> Managing results related to industrial wastes Switching to energy-saving devices Providing support to promote EVs and other eco-vehicles Putting waste heat from hot springs to secondary use Reviewing in-room amenities Reducing replacement of bed linen (No cleaning for two or more nights' stay) Adopting water-saving equipment 	<ul style="list-style-type: none"> Proactive employment creation Employing people with disabilities Increasing percentage of women managers Adopting genderless uniforms Enhancing training programs Adopting a resident advisor system in dormitories Providing programs to support schooling Supporting international students through the Kyoritsu International Foundation 	<ul style="list-style-type: none"> Achieving food safety and reliability through HACCP-compliant sanitation management Reducing and recycling food loss Providing healthy meals 	<ul style="list-style-type: none"> Improving governance structures Promoting compliance Providing training on harassment

- Actively developing the Senior Life Business (management and operation of senior residences), which will play a main role of the Company.
- 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.

Prospective Business

The Senior Life Business

- Actively expecting the expansion of business scale for aging society in the future.
- Developing new products such as private residential home with nursing care and other type of housing for the elderly with



Dormy Tsukishima
Ekimae

International business expansion

Dormitory business

- We opened serviced apartments in Sriracha, Thailand in April 2020.
- Future market research will focus on North America, Hawaii, Oceania, and Europe.



Dormy Residence Sriracha



North America, Hawaii



Europe



Oceania

Dormy Inn business

- In January 2017, we opened a limited-service hotel in Seoul, Korea.
- We will resume studying a potential expansion into Asia and North America.



Dormy Inn Seoul Gangnam



Asia



North America