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News Release

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Notice of new mid-term management plan

We wish to announce that we have established “KYORITSU Growth Vision / Rise Up Plan 2028”, a new five-year mid-term management plan. This plan (“Plan” hereinafter) will begin from the fiscal year ending in March 2024.

Details

1. Background of plan development

In our previous mid-term management plan—Kyoritsu Jump Up Plan (April 2017 to March 2022; “Previous Plan” hereinafter)—we focused on enhancing customer satisfaction and anticipatory development activities, and worked toward 220 billion yen in net sales and 19 billion yen in operating income in the fiscal year ending in March 2022. The first two years were successful in that we exceeded our quantitative targets; however, the outbreak of COVID-19 in 2020 and its subsequent growth into a pandemic compelled us to withdraw the Previous Plan in November of the same year. In the meantime, we were able to steadily implement the business opening plan included in the Previous Plan and achieved more openings than contemplated in the original plan, despite running one year behind schedule.

The current management environment shows positive signs, including the lifting of human flow restrictions necessitated by COVID-19 and steady recovery in the numbers of domestic travelers and inbound tourists. However, global conditions have grown increasingly uncertain, as exemplified by the protracted Russian-Ukrainian conflict, and Japan confronts several serious issues, including energy and construction cost hikes and labor shortages. It therefore remains unclear how the business environment will change.

Under these conditions, we developed the Plan based on the long-term vision of “3&3&3” (triple threes: 300 billion yen in net sales and 30 billion yen in operating income by the year 2030). We focused on the themes of recovery from the COVID-19 crisis and regrowth as well as further pursuit of customer satisfaction and area expansion. Underlying all this is our recognition that attaining sustainable growth will require the company to follow through on its ambition to be a 100-year-old company, and to expand the business and establish solid business bases that will enable us to overcome future environmental changes, while maintaining our strengths cultivated to date.

2. Main points of the Plan

(1) Recovery from the COVID-19 crisis and regrowth

First, to establish the solid foundations needed to recover to the pre-COVID-19 business performance levels as markets recover and to respond quickly to the changing markets to attain regrowth, we will implement human resources and DX strategies, in addition to implementing sustainability strategies to achieve further growth.

(2) Further pursuit of customer satisfaction and area expansion

In further pursuit of our customer-first management philosophy, we will create goods and services that increase customer satisfaction and will open new facilities in new areas at the same time. For example, we are considering the new ones targeting regional areas which are close to national universities and colleges in Dormitory business, Japanese style accommodation called "Nono" and "Dormy Inn EXPRESS" brand located along road-side in Dormy Inn business and new unique style of resort hotels, especially "LA VISTA" series offering superb views in Resorts business.

3. Quantitative targets

(1) Business results plan (for the fiscal year ending in March 2028)

Item	Indicator
Net sales	280 billion yen
Operating income	28 billion yen
Net D/E ratio	1.0 or less
Dividend payout ratio	20 % or more
ROE	10 %

(2) Investment plan (total for April 2023 to March 2028)

Type	Amount
Development investment	170 billion yen
Large-scale repairs	20 billion yen
DX investment	10 billion yen
Total	200 billion yen

4. Promoting sustainability

We have identified and will work on the following material issues (key issues) that need to be addressed to solve social issues and achieve sustainable growth:

Environment	<ul style="list-style-type: none">• Reducing greenhouse gases• Reducing disposable plastics• Making productive use of water resources
Society	<ul style="list-style-type: none"><Human resources> <ul style="list-style-type: none">• Creating new jobs• Attracting and engaging a diversity of personnel• Investing in human resources• Creating learning opportunities<Food> <ul style="list-style-type: none">• Food security and safety• Reducing food waste• Improved health awareness
Governance	<ul style="list-style-type: none">• More effective governance

The details of the Plan will be explained on May 26, 2023, at our financial briefing for the fiscal year ended in March 2023. Reference materials will be posted to the website before the briefing begins.

The Plan is based on information available as of the present time. Actual results may differ significantly from those specified in the Plan due to various factors in the future.

END OF NOTICE