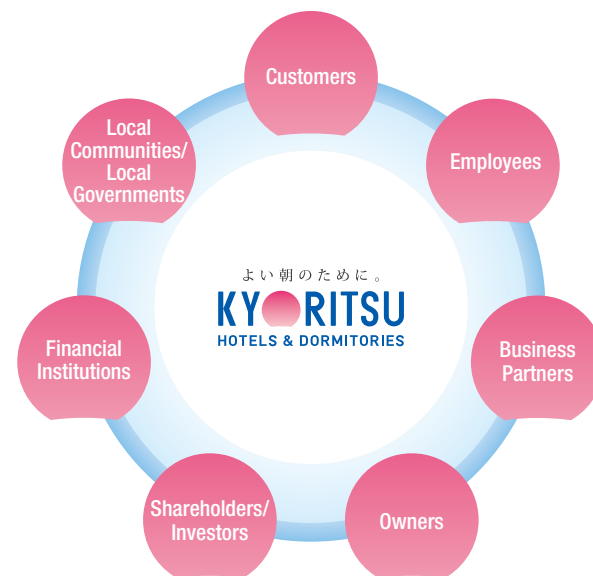


Stakeholder Engagement

Value Created Through Kyoritsu Maintenance Partnerships

Kyoritsu Maintenance's management philosophy states: "Always desire for prosperity and work to achieve mutual profits." Coexistence and co-prosperity with stakeholders is a prerequisite for our business efforts. We build relationships of trust through two-way communication with a variety of stakeholders, including our customers, shareholders, and members of the local community, as we aim to improve our sustainable corporate value.



Stakeholders	Relationship with Stakeholders	Main Method of Dialogue	Stakeholder Expectations
Customers	Creating products and services that satisfy customers with a "customers first" mindset We focus on sensing what each customer wants, taking each situation seriously, and responding with care. We also work to improve and develop products and services based on customer feedback to improve customer satisfaction.	- Opinions and requests received at our facilities - Corporate inquiry desk - Facility support desks - Customer surveys - Community website - Social media	- That we pursue high-value-added products and services with safety and security as our top priority - That we anticipate needs that customers themselves are unaware of and propose solutions
Employees	Creating a workplace that lets individual talents shine Our corporate culture, where bringing customers joy serves as our own joy, has been passed down through generations of employees with whom our founder's company motto resonated. In pursuing new workstyles and supporting autonomous growth, we are working to create a workplace that draws out the potential of each and every employee.	- Education and training based on career - HR evaluation system and feedback interviews - Career surveys - Compliance hotline (internal reporting system) - Company newsletter, department bulletins, business chats - Interview sessions with the president	- Physical and mental health - Fair and impartial assessments and treatment - Flexible working styles that allow for work-life balance - Creating an environment that lets employees take on challenges - Opportunities for career advancement and learning - Respect for human rights and compliance with labor laws
Business Partners	Promoting coexistence, mutual benefit, and sustainability We practice fair, transparent dealings and responsible procurement. We also promote understanding and partnership throughout the supply chain (purchasers, manufacturers, contractors, etc.) to promote sustainable procurement efforts and maintain relationships where we can grow together.	- Publication of the Kyosei-Kai bulletin Banryu - Supplier shareholder association - Human rights due diligence - Declaration of partnership building - Compliance hotline (external reporting system)	- Provision of equal opportunities and fair and impartial selection - Information sharing and collaboration for sustainable procurement
Owners	Continuing stable asset management that respects the wishes of owners We preserve the assets important to owners over the long term and conduct renovations and upgrades in accordance with business plans, procure equipment, consumables, and energy for business sites, and promote safe, secure, and stable business operations.	- Regular visits by representatives - Management reports twice a year - Renovation work and regular inspections in accordance with the law - Contract renewal	- Stability and continuity of asset management - Trust in our products and services - Maintenance of asset value
Shareholders/Investors	Deeper mutual understanding to improve corporate value We provide corporate data that may influence investment decisions such as our financial conditions and future business plans in a timely, fair, and continuous manner. We also regularly report opinions and concerns received through dialogue at meetings attended by management, using this feedback to improve business management and increase corporate value over the medium to long term.	- Shareholders meetings - Financial results briefings - One-on-one meetings - International IR - Briefings for individual investors	- Communication through IR activities - Enhanced data disclosure - Responding to external evaluation organizations - Promoting sustainable management
Financial Institutions	Building trust to secure stable business funding We strive to provide clear data disclosure so that financial institutions can understand our business operations and financial situation and properly assess the soundness of our management as well as communicate proactively to build mutual understanding and trust.	- Regular visits by representatives - Performance reports	- Stable business expansion - Proactive growth investment that maintains financial discipline - Information sharing and collaboration that leads to business development
Local Communities/Local Governments	Creating jobs and revitalizing local economies We work to create jobs in areas where we open locations as well as form sustainable towns and revitalize local communities. We also participate in district councils and work to resolve regional issues through our business to help improve area value and create economic benefits.	- Recruitment briefings in areas where we open locations - Cleanup efforts in areas where we open locations - Event management that contributes to regional revitalization - Visits to various local governments in each region	- Creating economic benefits through business - Workplace tours and vocational experiences

Sustainability Management

Sustainability Policy

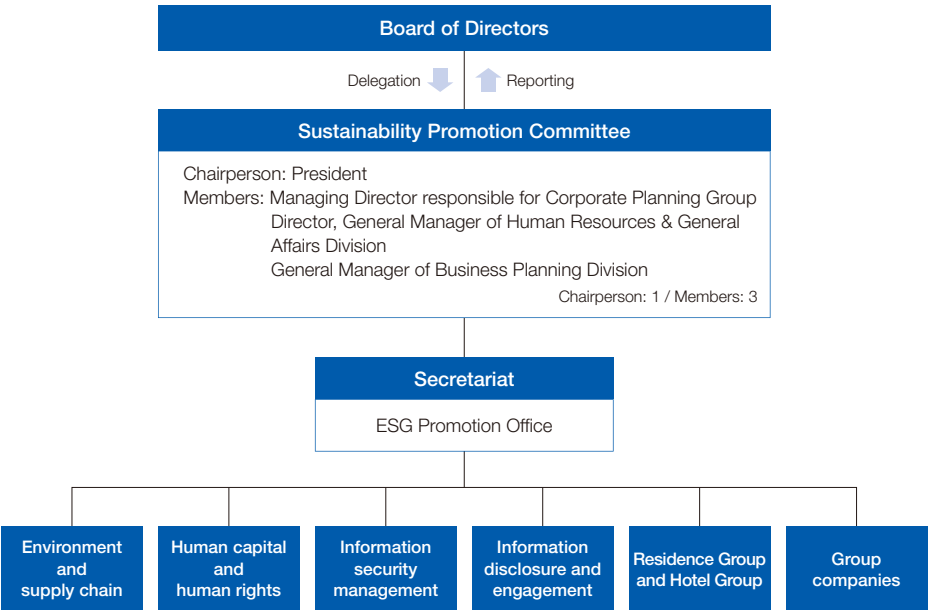
We, the Kyoritsu Maintenance Group, are engaged in business activities to create good mornings for our customers by providing true relaxation and comfort through food and housing so that they can greet each new day full of hope, vitality, and abundance. Naming ourselves “Kyoritsu” to imply that we stand together with our customers, society, and all the people who support us, and that we solidly maintain a presence in this world, since our founding, we have prioritized social responsibility as an important issue associated with our business activities.

This is also linked to our contribution to the achievement of the SDGs in recent years and our efforts to address environmental, social, and corporate governance (ESG) issues, and so we will continue to strive for the realization of a sustainable society while enhancing our corporate value over the medium to long term through our business activities.

Sustainability Promotion Structure

In April 2022, the Sustainability Promotion Committee was inaugurated as a direct control organization, chaired by the president, to promote efforts to address issues surrounding sustainability.

In response to a policy from the Board of Directors, this Committee will hold various discussions on sustainability, determine various policies, targets, and measures related to sustainability, and report regularly to the Board of Directors on the progress of these discussions.



Moreover, in January 2026, we established five subcommittees as subordinate bodies of this Committee.

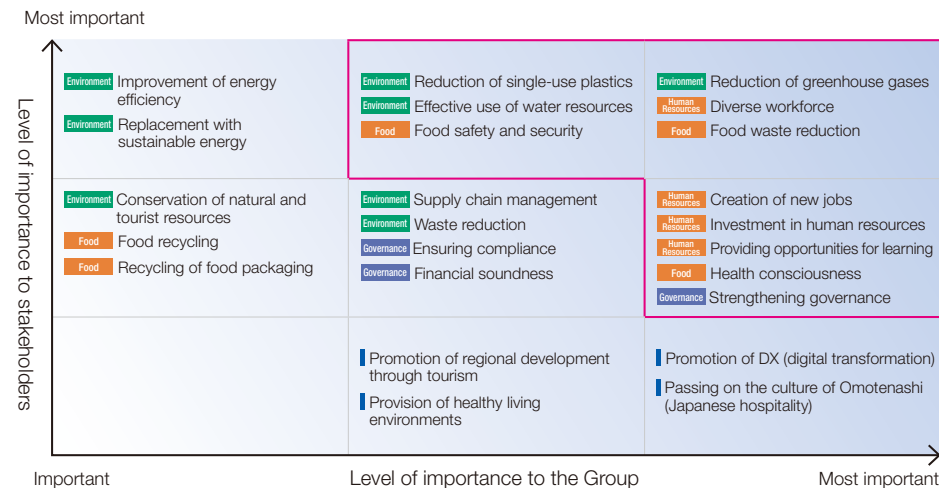
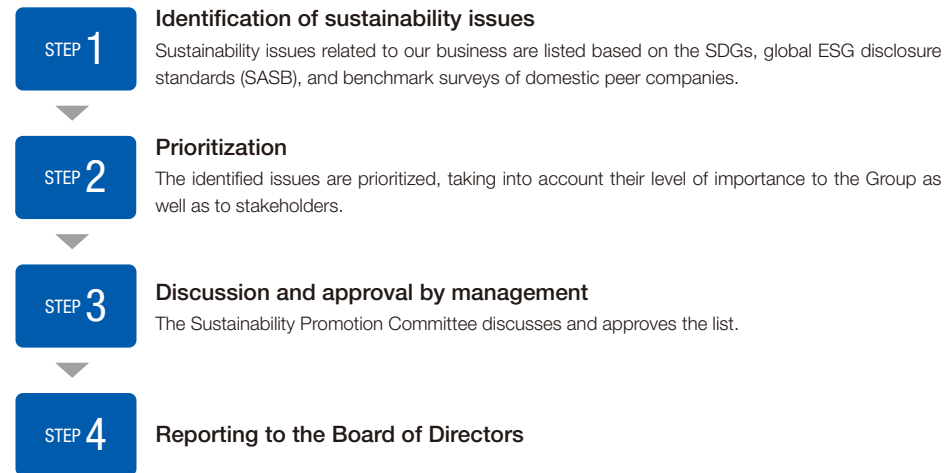
We will work in collaboration with each Group company to promote initiatives addressing materiality in a more strategic and practical manner. Each subcommittee is scheduled to meet four times a year (on a quarterly basis), and an overview of each is given below.

Subcommittees	Deliberated Matters
Environment and supply chain	Identifying issues and formulating countermeasures based on our Environmental Policy - Initiatives to curb environmental impact, including reducing greenhouse gas emissions - Initiatives related to the supply chain, including formulating procurement policies
Human capital and human rights	Expanding disclosure of human capital information, including human resource development and ensuring diversity - Implementing human rights due diligence - Initiatives for supporting autonomous career development and improving work environments
Information security management	Identifying key information assets and assessing security risks - Providing regular information security training for all officers and employees - Enhancing measures to prevent information leakage across the entire value chain
Information disclosure and engagement	Appropriate and timely ESG information disclosure to stakeholders - Collecting and analyzing non-financial information to improve ESG ratings evaluations - Promoting highly transparent reporting via the Integrated Report and other means
Residence Group and Hotel Group	Promoting initiatives addressing materiality at each department - Providing a safe and secure service environment enabling us to coexist alongside local communities - Promoting ESG activities at workplaces in accordance with our Environmental and Procurement Policies

Materiality

Materiality Identification Process

We have made a list of sustainability issues related to our business based on the SDGs, global ESG indicators, and benchmark surveys of domestic peer companies, prioritizing the identified issues based on their level of importance to the Group as well as to stakeholders.



The relevance of each materiality to the SDGs and the Company's initiatives are as follows.

	Materiality	The Company's initiatives	Related SDGs
E Environment	Reduction of greenhouse gases	- Switch to energy-efficient equipment - Secondary use of heat from hot springs - Support for promotion of EVs (electric vehicles) and other eco-cars - Management of industrial waste performance	6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Reduction of single-use plastics	Review of amenity offerings	13 CLIMATE ACTION, 14 LIFE BELOW WATER
	Effective use of water resources	- Cease routine changing of linens (WECO cleaning for consecutive nights) - Installation of water-saving equipment	
S Social	Creation of new jobs	- Active job creation - Employment of people with disabilities	
	Diverse workforce	- Increasing the percentage of women in management positions - Introduction of unisex uniforms	4 QUALITY EDUCATION, 5 GENDER EQUALITY
	Investment in human resources	Expansion of training programs	8 DECENT WORK AND ECONOMIC GROWTH
	Providing opportunities for learning	- Implementation of RA program® in dormitories - Implementation of work experience programs at hotel business sites - Support for overseas students through the KYORITSU INTERNATIONAL FOUNDATION SCHOLARSHIP - Offering programs to support school attendance	
	Food safety and security	Food safety and security through HACCP-compliant sanitation management	
	Food waste reduction	- Initiatives to reduce food waste through "Domico," a special app for residents of dormitory business sites - Food waste reduction and recycling	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
G Governance	Health consciousness	Provision of healthy meals	
	Strengthening governance	- Development of governance structure - Promoting compliance - Implementation of harassment prevention training	10 AFFORDABLE AND CLEAN ENERGY, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS

Environment

Initiatives for Environmental Issues & the Global Environment

We view our initiatives to address environmental issues and global warming as essential to our business development and for a sustainable society. We also aim to realize a sustainable society and business development based on the preservation of natural capital and will comply with the following items to reduce our environmental impact through the services of all of our businesses.

Environmental Policy

The Group’s management policy is “contributing broadly to social development through food and housing services,” and we recognize that, in our business efforts, appropriate measures to address environmental issues are essential for creating a sustainable society. In light of the characteristics of the Group’s businesses and the nature of its services, we will apply the following basic principles in raising awareness, reducing environmental impact, and complying with laws and regulations.

● Raising awareness

We will make our stance on environmental conservation and improvement clear, raise awareness of legal compliance and environmental considerations, and contribute to efforts aimed at creating a sustainable society and preserving local ecosystems.

We will also ask our customers and business partners to understand this policy and give their support.

● Reducing environmental impact

We will promote energy conservation by introducing high-efficiency equipment, regularly inspecting and repairing buildings, and striving to effectively use resources and reduce greenhouse gas emissions.

We will strive to preserve the environment by reducing waste, switching from disposable to reusable items, thoroughly separating waste, and promoting recycling.

● Legal compliance

We will comply with environmental laws, regulations, and agreements. In the event of development or waste that conflicts with laws, regulations, or agreements, we will obtain environmental permits and implement appropriate management.

This policy will be reviewed continuously to ensure that environmental issues are addressed appropriately. This policy has been approved by the Board of Directors.

Promotion Framework

Subcommittees have been established for initiatives to address environmental issues and global warming, and the ESG Promotion Office collaborates with each department to gather and share data on efforts, develop strategies, monitor targets, and improve policies to promote environmental conservation efforts in a unified manner as a company.



In January 2026, we established the Environment and Supply Chain Subcommittee as a subordinate body of the Sustainability Promotion Committee as a way of promoting Group initiatives addressing materiality in a more strategic and practical manner. Each subcommittee is scheduled to meet four times a year (on a quarterly basis).

Initiatives for Task Force on Climate-Related Financial Disclosures (TCFD)

We position our efforts to address climate change as essential both for our own business development and for the sake of a sustainable society. Therefore, in FY 2022, we endorsed the TCFD recommendations to assess and disclose the financial impact of climate change-related risks and opportunities on our management, and we will take an active role in the climate change initiative to disclose this information.



Environment

Governance

● Supervision of climate change-related issues by the Board of Directors

The Kyoritsu Maintenance Group has integrated climate change into its governance process, in which the Board of Directors, as the governing body for risk management, is involved in the process of managing climate change-related risks and opportunities. The Sustainability Promotion Committee, which is subordinate to the Board of Directors, plans, deliberates, and make decisions on climate change-related matters and manages and governs the initiatives to address climate change.

● Decision-making of climate change-related issues

The president receives reports from the Sustainability Promotion Committee on climate change-related issues, and as the chief executive, makes decisions on (confirms and approves) specific measures and the target management of climate change-related risks and opportunities, and reports to the Board of Directors twice a year.

Strategies

The Group conducted scenario analyses for its three main segments of the Dormitory Business, the Hotel Business, and the Senior Life Business in response to the high uncertainty surrounding the future in transitioning to a decarbonized society, under scenarios of less than 1.5°C and 4°C global warming compared to pre-industrial levels. For definitions of anticipated time frame, short-term is until 2026, medium-term until 2030, and long-term until 2050; for scale of financial impact, 1.5 billion yen or more is large, 500 million yen to less than 1.5 billion yen is medium, and less than 500 million yen is small.

Risks and opportunities in the 1.5°C scenario

Perspective	Expected events	Risks	Opportunities	Expected financial impact	Businesses affected				Anticipated timeframe & scale of financial impact		
					Dorm	Inn	Resorts	Senior	Short-term	Medium-term	Long-term
Policy/legal regulations	Taxation on greenhouse gas emissions, such as carbon taxes	✓		Carbon tax levied according to greenhouse gas emissions (Scopes 1 and 2)	✓	✓	✓	✓	—	Medium	Large
		✓		Rising prices for food, amenities, and equipment due to carbon taxes on business partners	✓	✓	✓	✓	—	Small	Medium
	Tighter regulations on food waste	✓		Review cooking methods and make new investments to reduce waste	✓	✓	✓	✓	—	Small	Medium
	Tighter regulations on plastic waste	✓		Promote reuse and reduction of plastic to mitigate impact from regulations	✓	✓	✓	✓	—	Small	Medium
Technology	Improved production efficiency of renewable energy		✓	Lower renewable energy prices make reducing carbon tax burden easier	✓	✓	✓	✓	—	Small	Medium
	Improved efficiency of energy-saving equipment	✓	✓	Equipment efficiency improvements may lead to both efficiency gains through replacements and stranded assets from replacing existing products	✓	✓	✓	✓	—	Small	Medium
Market	Shift in customer values due to growing climate crisis awareness and concerns	✓	✓	Greenhouse gas emission reduction efforts appeal to customers choosing residences	✓			✓	Small	Small	Medium
Reputation	Increased climate change concerns among investors and job applicants	✓		Climate change response affects stock prices and recruitment efforts	✓	✓	✓	✓	Small	Medium	Medium

Risks and opportunities in the 4°C scenario

Perspective	Expected events	Risks	Opportunities	Expected financial impact	Businesses affected				Anticipated timeframe & scale of financial impact		
					Dorm	Inn	Resorts	Senior	Short-term	Medium-term	Long-term
Acute	Increased frequency and expanded damage from typhoons, torrential rain, and accompanying floods and landslides	✓		Facility damage leading to repair costs	✓	✓	✓	*	Small	Small	Medium
		✓		Facility damage leading to business suspension	✓	✓	✓	*	Small	Small	Medium
		✓		Supply chain disruptions due to traffic blockages preventing food and materials from being delivered, resulting in business suspension	✓	✓	✓	*	Small	Small	Medium
		✓		Traffic blockages preventing employees from commuting, resulting in business suspension			✓		Small	Small	Medium
Chronic	Rising average temperature due to global warming	✓		Increased risk of heatstroke for customers, leading to behavioral changes and poorer health	✓	✓	✓	✓	—	Small	Medium
		✓		Increased risk of heatstroke for employees, leading to changes in commuting and working styles	✓	✓	✓	✓	—	Small	Medium
		✓		Increased air conditioning costs	✓	✓	✓	✓	—	Small	Medium

*In the Senior Life Business, we have a policy of not building facilities in locations with high risk of disaster.

Environment

Risk Management

● Identification & evaluation

The Group recognizes that climate change is an important issue for the survival of corporations and believes that responding appropriately to climate change, not only in terms of risks but also opportunities, will lead to sustainable growth.

The Sustainability Promotion Committee, which is delegated by the Board of Directors, discusses the identified risks and opportunities, and comprehensively evaluates the challenges facing the Group and impacts on the Group's management in terms of both financial impact and likelihood of occurrence to determine the priorities. Business risks and opportunities are identified by comprehensively considering factors such as challenges facing the Group, requests and expectations of stakeholders, and results of environmental impact assessments, then are managed and addressed in future management plans.

● Management

The Sustainability Promotion Committee, in response to the requests from the Board of Directors, discusses and approves various policies, targets, and measures related to sustainability, and reports to the Board of Directors.

● Process

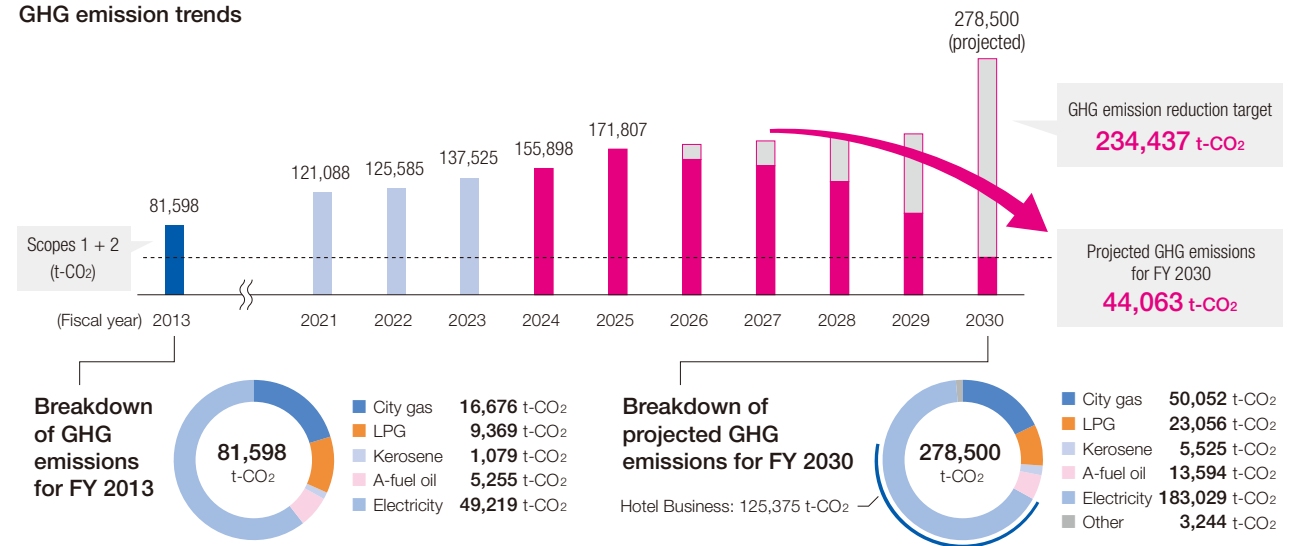
The Group believes that it is important to consider climate change from the perspectives of both risks and opportunities. To this end, we not only monitor climate change risks but also evaluate opportunities by strengthening collaboration with relevant departments and Group companies. Instructions are given to relevant departments after issues are deliberated and approved by the Sustainability Promotion Committee and reported to the Board of Directors.

Indicators and Targets

The Group aims to reduce greenhouse gas (Scopes 1 and 2) emissions by FY 2030 by 46% compared to FY 2013.

Indicator	Description
Scope 1 emissions	GHG emissions from fuel (city gas, LPG, kerosene, A-fuel oil) used by the Company * Usage is based on actual results; emission intensity is based on the "Accounting Methods and List of Emission Factors under the Mandatory GHG Accounting and Reporting System" by the Ministry of the Environment
Scope 2 emissions (market-based)	GHG emissions from electricity, etc. used by the Company * Usage is based on actual results; emission intensity is based on the "List of Emission Factors by Electric Power Supplier" and the "Accounting Methods and List of Emission Factors under the Mandatory GHG Accounting and Reporting System" by the Ministry of the Environment

GHG emission trends



Reduction plan

Scope 1

We will promote efficient energy use at each business site and transition to energy-efficient equipment.

Scope 2 (Electricity)

From FY 2026 onward, we will gradually switch to the procurement of power derived from renewable energy sources and acquisition of environmental value through non-fossil fuel certificates, focusing primarily on business sites that use large amounts of electricity and receive high-voltage power.

Environment

Reduction of Greenhouse Gases



Management of industrial waste performance

We have established a circular operation framework by systematically managing the performance data on the types of industrial waste and the amount of waste generated using the manifest, thereby contributing to reducing indirect GHG emissions.



Support for promotion of EVs (electric vehicles) and other eco-cars

We contribute to reducing indirect GHG emissions by supporting the popularization of electric vehicles by, for example, installing EV chargers at some of the Hotel Business sites. In addition, we will gradually change the vehicles we use for business and transportation to eco-cars in line with the future expansion of vehicle lineups.



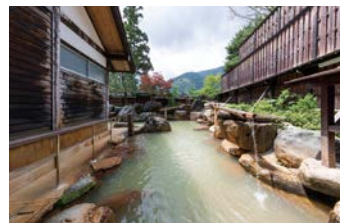
Switch to energy-efficient equipment

For equipment with high energy consumption such as air conditioners and boilers, we are implementing capital investments to optimize energy usage to achieve medium- to long-term greenhouse gas reductions. We will work to reduce GHG emissions generated from our business activities through scheduled replacement of equipment to highly efficient models.



Secondary use of heat from hot springs

A portion of the discharged hot spring water is used for secondary purposes such as preventing road surface icing (road heating) and melting snow on roofs in winter, making effective use of water resources and thermal energy.



Reduction of Single-Use Plastics



Review of amenity offerings

Disposable plastic amenities that originally used to be provided in Hotel Business guestrooms are now available to guests on an as-needed basis, and some of our resort hotels have introduced amenities made of biomass materials, thereby reducing the generation of plastic waste that causes ocean pollution.



Effective Use of Water Resources



Cease routine changing of linens (WECO cleaning for consecutive nights)

As part of our eco-friendly hospitality, we offer guests staying for consecutive nights a No Cleaning & Sheet Changing Required Card and encourage them to cooperate in the WECO Cleaning for Consecutive Nights program, which aims to reduce water used for laundry.



Installation of water-saving equipment

To make effective use of precious water resources, we are installing water-efficient facilities and equipment. For example, as showers and toilets are among the highest water-consuming equipment at our business sites, we are reducing water usage by adopting water-saving equipment.

Governance

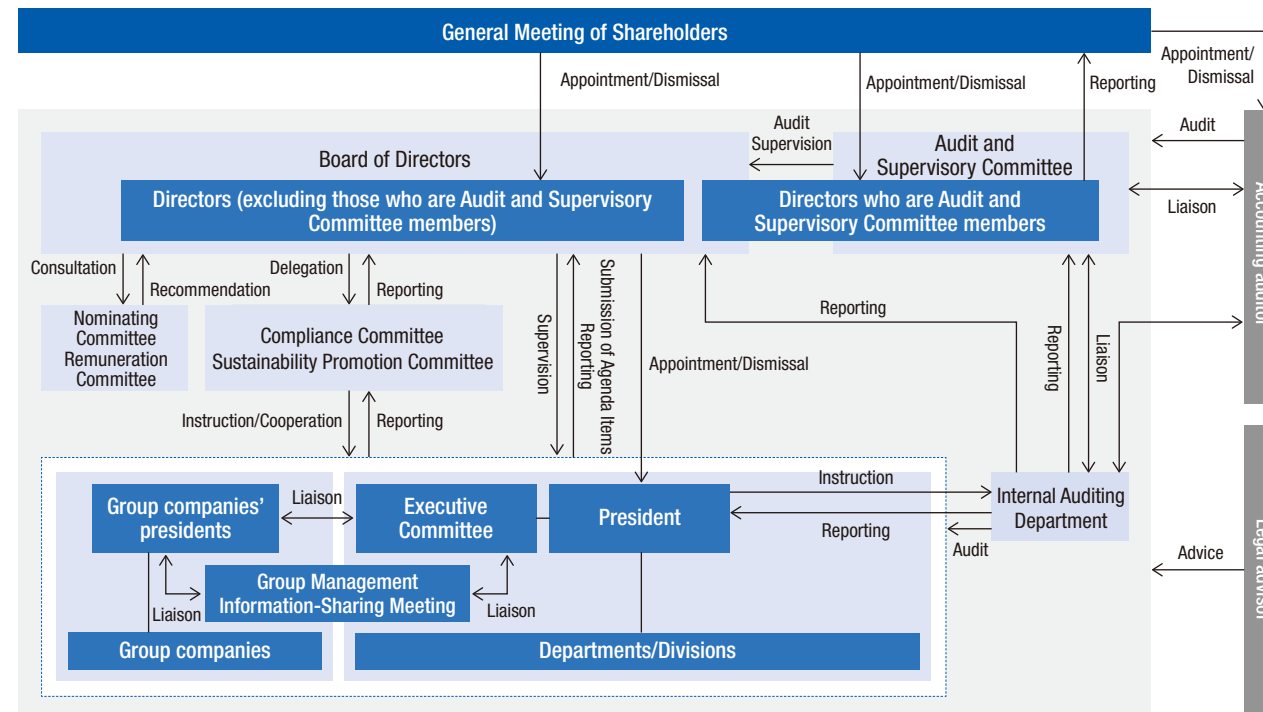
Corporate Governance

Basic Views

Since its foundation, the management philosophy at Kyoritsu Maintenance has been that “the spirit of the company is to put customers first,” with the management policy of “contributing broadly to social development through food and housing services.” The Company believes that enhancing corporate governance is essential for ongoing expansion and for the maximization of shareholder value over the long term. It is taking steps to speed up management decision-making, to strengthen supervision of management, to emphasize and fulfill accountability, and to disclose information promptly and appropriately, among other matters, and it recognizes that ensuring the transparency and soundness of management is an important issue.

Governance Structure

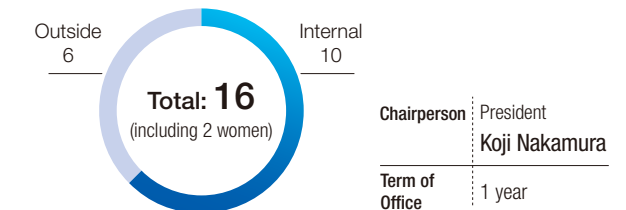
The Company has established a General Meeting of Shareholders, a Board of Directors, and an Audit and Supervisory Committee as organizations based on the Companies Act, and has appointed an accounting auditor in accordance with said Act. In addition to these organizations, it has established a Nominating Committee, a Remuneration Committee, a Group Management Information-Sharing Meeting, an Executive Committee, a Compliance Committee, and a Sustainability Promotion Committee.



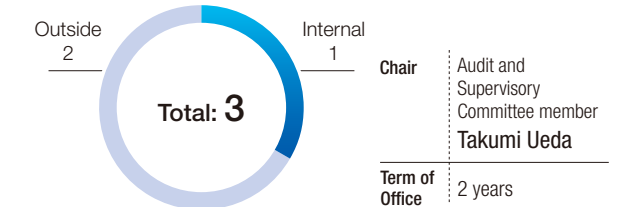
Overview of the Corporate Governance System

Organizational structure: Company with an Audit and Supervisory Committee (as of the end of June 2026)

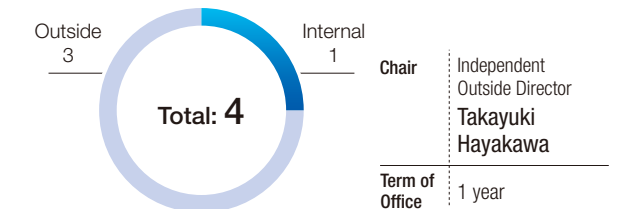
Board of Directors



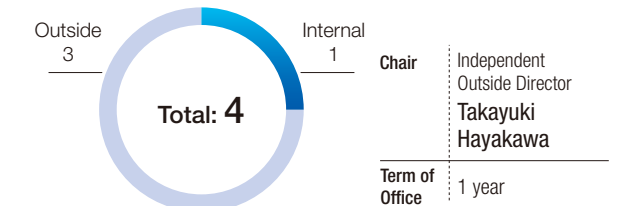
Audit and Supervisory Committee



Nominating Committee



Remuneration Committee



Governance

Board of Directors and Committee Overview

	Number of sessions per year	Overview
Board of Directors	12	The Board of Directors meets regularly once a month for a total of 12 times per year based on the Board of Directors Rules and also holds extraordinary board meetings as necessary to report, deliberate, and make decisions on matters stipulated by laws and regulations as well as the Articles of Incorporation.
Audit and Supervisory Committee	12	The Audit and Supervisory Committee meets at least once a month based on the Audit and Supervisory Committee Rules and also holds ad hoc meetings as necessary to audit the performance of duties by the Board of Directors, create audit reports, and perform other duties stipulated by laws and regulations and the Articles of Incorporation based on the Audit and Supervisory Committee Auditing Standards.
Nominating Committee	3	The Nominating Committee has been established to strengthen the fairness, transparency, and objectivity of procedures related to the nomination of directors and to enhance corporate governance at the Company. Specifically, the committee conducts interviews with candidates for directors and deliberates whether the selection reasons and capabilities of individual candidates are appropriate in light of the Company's director appointment policy. The committee also deliberates on matters such as succession plans and skills matrix of the Board of Directors.
Remuneration Committee	4	The Remuneration Committee has been established to strengthen the fairness, transparency, and objectivity of procedures related to director compensation and to enhance corporate governance at the Company. Specifically, the committee deliberates on individual director compensation, including basic compensation, director bonuses, and non-monetary compensation (stock compensation) related to restricted stock.

Initiatives to Strengthen Corporate Governance

1989	Established the company motto
2007	Established the Compliance Committee
2015	Transitioned to a company with an Audit and Supervisory Committee and introduced outside directors As resolved at the 36th Ordinary General Meeting of Shareholders held on June 25, 2015, the Company transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee. This transition aims to enhance the effectiveness of auditing and supervision by having Audit and Supervisory Committee members with voting rights at Board of Directors meetings handle audits.
2019	Introduced female directors The composition of the Board of Directors prioritizes striking a balance between knowledge, experience, and capability regardless of gender, career history, or age, and seeks to advance initiatives aimed at achieving gender equality.
2020	Raised the ratio of outside directors in the Board of Directors to at least one-third In order to strengthen corporate governance, the Company increased the number of outside directors and ensured that outside directors constitute at least one-third of the Board of Directors as a whole.
2022	Established the Sustainability Promotion Committee To strengthen its sustainability promotion framework, the Company established a Sustainability Promotion Committee, an organization chaired by the president, to whom it directly reports. This committee advances activities in collaboration with the ESG Promotion Office, various departments, and Group companies. It seeks to implement measures involving addressing environmental issues, contributing to local communities, and promoting diversity.
	Established the Nominating Committee and the Remuneration Committee with a majority of independent outside directors The Company established a Nominating Committee and a Remuneration Committee, primarily composed of outside directors, to reinforce a structure ensuring the fairness, transparency, and objectivity of procedures related to directors. These committees submit recommendations to the Board of Directors based on deliberations following Board consultations, deliberate and decide on matters delegated by the Board of Directors, and report on the execution of their duties to the Board of Directors, thereby contributing to the enhancement of corporate governance.
	Introduced restricted share-based remuneration system The Company introduced a restricted share-based remuneration system to enable directors (excluding Audit and Supervisory Committee members and outside directors) to share the benefits and risks of stock price fluctuations with shareholders, thereby strengthening the incentives for increasing corporate value.
2024	Formulated a Basic Policy on Company President Succession Plan In order to ensure continuity in top management and clarify the development and selection process of candidates in anticipation of changes to the president, the Company formulates a policy following deliberations by the Nominating Committee primarily composed of outside directors based on a recommendation from the Board of Directors and a formal resolution at a Board of Directors meeting.
2026	Introduced an executive officer system At a Board of Directors meeting held on March 30, 2026, a resolution was passed to introduce an executive officer system. We will separate the Board of Directors' management supervision functions from business execution functions to strengthen governance and expedite decision-making.

Governance

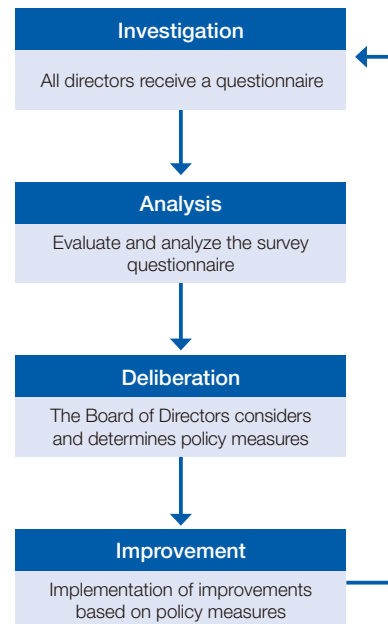
Effectiveness Assessment

The Company conducts an analysis and assessment of the effectiveness of the Board of Directors as a whole (Board of Directors Assessment) once a year from the end of March to May, the end of our fiscal year, in order to further improve the composition and operation of the Board of Directors in the future.

For the analysis and assessment method, all directors complete an anonymous self-assessment questionnaire based on the advice and insights of a third-party organization to ensure objectivity and transparency. The content of the analysis and assessment is reviewed by the Board of Directors once responses are received from all participants.

In the analysis and assessment for FY 2025, we were highly rated by a third-party organization on the composition and size of the Board of Directors, along with its operation, coordination with auditing bodies, relationships with shareholders and investors, and other aspects. Furthermore, since the overall score exceeded that of the previous year, our Board of Directors has analyzed the results and assessed that it has appropriately fulfilled its expected roles and continues to ensure Board effectiveness.

In order to further enhance the role and functions of the Board of Directors, we will continue to work toward improving the Board's effectiveness by clarifying the division of roles between supervision and execution through the implementation of the executive officer system and other measures introduced in FY 2026.



Succession Plan

The Company has established the “Basic Policy on Company President Succession Plan.”

In the selection of the president's successor, the representative directors will recommend a candidate to the Board of Directors at an appropriate time from among the successor candidates who have been developed over the medium to long term. The Board of Directors will then consult the Nominating Committee regarding the recommended candidate. The Nominating Committee, primarily composed of outside directors, engages in thorough discussions by incorporating independent perspectives, broad viewpoints, and managerial insights from outside directors with management experience, and submits its findings and recommendations to the Board of Directors. The Board of Directors, upon receiving the recommendations from the Nominating Committee, conducts final discussions and makes the decision on the appointment of the president.

In FY 2025, the progress of the succession plan and future initiatives based on the Basic Policy were discussed by the Board of Directors following deliberations by the Nominating Committee, which is primarily composed of outside directors.

[Selection Process]

1 Selection of successor candidates

Multiple successor candidates are selected from among individuals who are capable of practicing the Company's management philosophy and possess extensive knowledge and experience, regardless of nationality, race, gender, career history, or age.

2 Development of candidates

Development plans are formulated for the multiple successor candidates to allow them to gain experience in challenging operations on the ground and management on a daily basis, both within the Company and at Group companies, so that they are systematically developed over an adequate period of time with the necessary resources.

3 Narrowing down of final candidates

The representative directors recommend a candidate to the Board of Directors at an appropriate time from among the successor candidates who have been developed over the medium to long term. The Board of Directors then consults the Nominating Committee regarding the recommended candidate.

4 Evaluation by the Nominating Committee

The Nominating Committee engages in thorough discussions by incorporating independent perspectives, broad viewpoints, and managerial insights before submitting its findings and recommendations to the Board of Directors.

5 Decision by the Board of Directors

The Board of Directors, upon receiving the recommendations from the Nominating Committee, conducts final discussions and makes the decision on the appointment of the president.

Governance

Director Remuneration

Basic policy

Our basic policy is to establish a remuneration system for directors (excluding outside directors and directors who are Audit and Supervisory Committee members) that effectively functions as an incentive to sustainably improve corporate value, and to ensure that when determining the remuneration of each individual director, said remuneration is appropriate in light of their respective responsibilities.

Composition of director remuneration

Director remuneration consists of basic remuneration paid on a monthly basis, as well as director bonuses paid at a specific time each year and restricted share-based remuneration. Basic remuneration consists of a position-based and role-based salary, which are determined based on a director's current position, tenure, and level of contribution to the business, as well as a performance-based bonus determined based on individual assessments. Director bonuses are performance-linked remuneration, with individual net income for the period used as the main indicator. The reason we adopted this indicator is because it indicates final performance figures for the fiscal year in question, and as such, we found it to be the most reasonable standard for the basis of calculating performance-linked remuneration. Restricted share-based remuneration is paid to each director based on their current position and tenure, etc. from the perspective of providing an incentive for improving corporate value over the long term.

Remuneration for outside directors and directors who are Audit and Supervisory Committee members consists of basic remuneration paid on a monthly basis. This is set as a fixed amount to ensure objectivity and fairness.

Types of remuneration	Calculation method
Basic remuneration	Individual evaluation of business performance, contribution to company management, etc.
Performance-linked remuneration (bonuses)	Individual net income for the period used as an indicator
Restricted share-based remuneration	Granted according to position and tenure

Total director remuneration, etc.

Category	Total remuneration (millions of yen)	Total remuneration by type (millions of yen)			Number of eligible directors (persons)
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary compensation, etc. (share-based remuneration)	
Directors, excluding Audit and Supervisory Committee members (outside directors)	1,182 (19)	292 (19)	820 (-)	69 (-)	15 (4)
Directors who are Audit and Supervisory Committee members (outside directors)	27 (14)	27 (14)	- (-)	- (-)	3 (2)
Total (outside directors)	1,209 (34)	319 (34)	820 (-)	69 (-)	18 (6)

Process for determining director remuneration

The Company's policy for determining individual remuneration and other benefits for directors has been finalized by a resolution of the Board of Directors following prior consultation with the Remuneration Committee, a majority of whose members are independent outside directors. Individual remuneration and other benefits for directors (excluding directors who are Audit and Supervisory Committee members) are determined by the Remuneration Committee. Based on the abovementioned policy, the Committee holds meticulous deliberations and makes its decision within the limit of the total remuneration amount approved at the General Meeting of Shareholders while taking into account the Company's financial performance and other indicators. In addition, remuneration for directors who are Audit and Supervisory Committee members is determined through consultation among themselves and within the limit of the total remuneration amount approved at the General Meeting of Shareholders.

Cross-Shareholdings

Policy on cross-shareholdings

The Company holds shares of some of its clients as cross-shareholdings with the objective of strengthening business relationships.

The Corporate Planning Division and departments that supervise transactions make judgments on whether to hold the shares of such companies based on their current and future levels of profitability, etc., and from the perspective of whether strengthening relationships with the companies will help maintain and increase the corporate value of the Company.

Verification of cross-shareholdings

For shares of clients held by the Company, once a year the Corporate Planning Division validates the status of the shareholding with the departments that supervise transactions by considering the economic rationale, which includes the original objective of holding the shares, the status of the business relationship such as transaction amounts and the nature of the business, and the cost of capital.

The Company seeks to reduce shareholdings that are found, as a result of this process, to no longer match the original objective for holding shares by selling them or taking other steps.

The details of this verification are reported to the Board of Directors every year. For shares of business partners held by the Company as of March 31, 2026, as a result of verifying the objective and reasonability of the holdings, the Company has decided to maintain holdings of all nine listed stocks. Note that the total balance sheet amount of these shares accounts for only 2.0% of our consolidated net assets, and we will continue to conduct ongoing reviews and revisions toward improving capital efficiency.

Roundtable Among Outside Directors

Evolution and Deepening of Governance Toward Improving Corporate Value Sustainably Moving from the “Establishment” of Governance Reform to the “Effectiveness” Stage



Yasunobu Hirata Outside Director



Shigeto Kubo Outside Director



Keiko Oda Outside Director



Takayuki Hayakawa Outside Director



Tokio Kawashima
Outside Director (Audit and Supervisory Committee member)



Toshiaki Miyagi
Outside Director (Audit and Supervisory Committee member)

Evaluation and Challenges of the Governance Structure

Kubo: Corporate governance at the Company is steadily evolving. In addition to the establishment of a Nominating Committee and Remuneration Committee, activities by the Compliance Committee and Sustainability Promotion Committee are also gaining momentum, while the effectiveness of the Board of Directors is assessed on an ongoing, annual basis. Therefore, I believe that we have developed a fairly effective framework. I also feel that governance has become more effective thanks to everyone's efforts.

However, there is no final form when it comes to governance; compliance in particular is a never-ending challenge. It is meaningless if only the Headquarters ensures strict compliance with laws and regulations. The Company operates across numerous locations nationwide, including dormitories, hotels, and nursing care facilities, and we need to ensure that this mindset is instilled in every single person working at these locations. This can't just be something we understand on an intellectual level; it should be naturally ingrained in us as we take on our everyday duties. I believe that this is something that requires constant effort, and I intend to focus on it myself.

Hirata: The Company is currently seeing a rise in the number of incident and accident reports. Rather than signifying an increase in accidents, it is a sign that employees are becoming more aware of governance issues, and for that reason, I feel that governance efforts are taking root. Personally, I hope to contribute to the Company by paying even greater attention to such matters related to crisis management, corporate ethics, and safety.

Roundtable Among Outside Directors

Hayakawa: FY 2025 was a year in which we held a large number of deliberations on the ideal vision of the Board of Directors. We continue to discuss the effectiveness of the Board of Directors while also taking into account analyses conducted by external organizations. I believe the introduction of the executive officer system will be hugely significant in terms of what we can look forward to in the current fiscal year and beyond. The primary purpose of reducing the number of directors and increasing the number of executive officers is to clearly separate the roles of supervision and execution. This will lead to strengthened governance. We are participating in deliberations with executive officers while remaining mindful of our supervisory role, and through this, I feel that the content of these deliberations is gradually shifting.

The important thing from now on will be how much we can enrich these deliberations. Many parts are falling into place, but if I may be allowed to speak frankly, the fact is that we've only really just gotten started. Going forward, I expect that the nature of our deliberations will evolve as the Board of Directors places greater emphasis on its supervisory role and the executive officer team fully assumes its own executory role.

Miyagi: I also feel that compliance management and risk management are evolving each year. However, from the perspective of effectiveness of the Board of Directors, I believe



that there is still room for further improvement. While outside directors are expected to provide advice on management strategies and perform a supervisory role, we recognize that the Company is currently in the process of more deeply integrating our expertise and multifaceted perspectives into its management.

For example, during Q&A sessions at Board of Directors meetings, the current practice tends to focus primarily on detailed reports and confirmations. I expect to see even more active, back-and-forth sharing of opinions with management in future. In order to further enhance the effectiveness of the Board of Directors, I believe it is crucial to elevate the Board into a forum where the executive officer team and outside directors can engage in even deeper and more in-depth dialogue regarding management strategies and the Company's future vision.

Kawashima: In line with the effectiveness assessment of the Board of Directors, I feel that the key elements comprising the governance structure are now in place. I am keeping a close eye on risk management, and the Compliance Committee is providing thorough reports on risk management. However, going forward, our challenge will likely shift to further developing each of these elements. For example, how will the corporate departments work with each department to develop specific action plans for preventing risk, what will these plans entail, and how will they involve frontline staff in risk prevention? Moreover, while many measures have been introduced in respect of our human resource strategies, are these measures fully permeating worksites, and is our monitoring system adequate? It will likely be necessary to further deepen governance efforts from these perspectives.

Furthermore, I feel that the Board of Directors should engage in more in-depth discussions regarding the allocation of management resources, also a key focus of the Corporate Governance Code. Specifically, how should we analyze and assess the business portfolio while being mindful of capital costs?



How Should We Leverage Human Capital to Enhance Corporate Value

Hirata: Our founding principle of "customers first" is akin to a constitution, and I hope never to forget it. At the Tokyo Teishin Hospital, too, where I served as hospital director, we always strove to put patients first. While this does not directly lead to profits in the short term, it is something that users pay close attention to and that helps to build trust over the long term. I feel that this attitude is becoming increasingly important for maintaining mutual trust, especially at the present time, an era in which we never know whether natural disasters, pandemics, or international conflicts are around the corner.

Oda: The Company operates businesses in the areas of dormitories, hotels, and senior living; none of these would exist without people. Therefore, an extremely important issue will continue to be how we can secure and retain human resources.

In particular, I think we should take a more careful look at the factors behind why employees have left for other companies. What should we be doing to ensure that employees continue to find fulfillment in their work? Since these factors can't all be measured with figures, but also include non-quantifiable aspects such as workplace atmosphere, feelings, sensibilities, and friendliness, it will likely become even more important in the

Roundtable Among Outside Directors

future to analyze these aspects and use these analyses to find solutions.

I think we also need to approach designing work styles based on the premise of diversifying lifestyles. It is particularly important to design systems that enable women to continue working over the long term even as they go through major milestones such as marriage, childbirth, and child-rearing.

I also believe that improved efficiency through AI will lead to reduced working hours across society in future. The time that this will free up is precisely where opportunities lie. Having time to think deeply may lead to new ideas and encourage personal growth among individual employees. Or, while traveling with family during their time off, they might perhaps come up with ways to improve the hotel where they work. With people's lifestyles growing increasingly diverse, it would be great if we could design work systems that encourage corporate growth by listening to feedback based on employees' thoughts and experiences.

Miyagi: I believe our greatest strength is our people. There are so many highly talented people working on the front lines. We've previously talked about perhaps doing more with initiatives such as internal startups, and a large number of frontline employees had ideas like, "I'd like to try something like this" or "It would be even better if we changed it to be like this." I believe it is crucial to gather more of these opinions and leverage them Company-



wide. To that end, I think it is essential for those in leadership positions to continually encourage frontline employees to speak up and give their opinions more freely. Also, those who give great suggestions or take on challenges should be properly recognized and rewarded. While compensation is, of course, an extremely important reason as to why people go to work each day, we should be creating systems that foster feelings of fulfillment, purpose, and excitement among employees. That's surely the kind of energy that will propel the Company forward.

The Company exists because of our shareholders and many other stakeholders, but our businesses cannot survive without coexisting with local communities. Since our employees are a part of the local communities where we operate, we should here once again properly recognize the fact that they make up one of our most important stakeholders.

Kawashima: It is also the job of Audit and Supervisory Committee members to gather opinions from frontline employees. One of the missions of the Audit and Supervisory Committee members is to visit Company locations, identify the thoughts and needs of people on the front line, and bring that information back to Headquarters to discuss it with members of the management team. How are communication and meeting bodies at the front lines? Is the internal whistleblowing system functioning properly? Are human resource and performance evaluation systems being operated in a way that ensures personnel are being deployed effectively? It's also part of our job to check Company frameworks.

When it comes to utilizing human resources, I believe our human resource strategies are still in their early stages, and we have not yet been able to fully analyze and visualize our personnel portfolio. It's important to develop a comprehensive picture of where the weaknesses lie in our human resources network and where it needs to be strengthened. We aim to support the further development of these human resource strategies.



The Role to Be Fulfilled by Outside Directors in Improving Corporate Value Sustainability

Hayakawa: To date, the Company has been working toward compliance with the Corporate Governance Code, including transitioning to a company with an Audit and Supervisory Committee and increasing the number of outside directors. These efforts are currently taking shape fairly nicely. However, it's not just a matter of putting things into place and ending there. What's crucial is how we put our heart and soul into these efforts. Going forward, we need to listen more earnestly to the opinions of all our stakeholders, including not only shareholders and investors, but also employees, customers, business partners, and local communities, and reflect these perspectives in company management. Furthermore, deliberations on where to allocate management resources, such as investments in human capital and IT, will become increasingly important as time goes on.

From the perspective of management that takes into account capital costs and return on capital, we must also deepen deliberations to include ROIC. There is also a growing number of new issues coming to the fore, such as rising construction costs and lease accounting. Where should we invest limited

Roundtable Among Outside Directors

management resources, and what kinds of growth strategies should we be formulating? I believe that the Board of Directors will be required to enhance the quality of these deliberations going forward.

Miyagi: Along with the introduction of the executive officer system, a new structure for the executive officer team has also been established. With this, the division of supervisory and executory roles should be even clearer from now on. As outside directors, we should also be engaging in deliberations while fully understanding the visions held by management and what kinds of challenges they have identified.

Right now, investors aren't just looking at past figures. What kind of company are we aiming to be next year, the year after that, or in five or 10 years? What kinds of values are we trying to create? Interest in these non-financial aspects is growing significantly. That's precisely why I think the Company needs to share more information about what management is striving to achieve, and deepening such deliberations is also the role of outside directors.

Kawashima: Since we are a B2C company, our corporate value is ultimately tied to whether we are able to provide high-quality services at our facilities. That's why I believe my own role is to thoroughly examine whether frontline locations are functioning properly and what is actually going on at each location. I'm repeating what we've discussed before, but in that sense, it's extremely important for Audit and Supervisory Committee members to fully understand the feedback of frontline employees and share this feedback with management. When it comes to governance, the tendency is to focus on Headquarter functions and designing systems, but at our Company, frontline operations are what create value. Therefore, we must continually monitor whether our governance is effectively reaching those front lines.

I believe that risk management, too, will become even more important from now on. This includes issues such as responding to cyberattacks. Cyberattacks have recently become a critical issue for many companies, with such attacks actually having



a significant impact on their businesses. We also need to put thorough measures in place across all Group companies.

Kubo: Companies tend to focus on short-term profits. However, if we consider improving corporate value over the long term, we must also think about how we can create social value at the same time. By pursuing both social and economic value, companies can increase their overall corporate value. Kyoritsu Maintenance started out with the Dormitory Business. We have supported people's daily lives by providing hot meals at dormitories and expanding into the Hotel and Senior Life Businesses. I believe that this origin has a great deal of social significance.

Of course, profitability is important for business, but these businesses also have social value that cannot be measured by short-term figures alone. Alongside economic value, I believe that these will lead to an increase in corporate value. As an outside director, I will give my opinions while keeping both social and economic value in mind.

Hirata: I have high hopes for the Senior Life Business. While the business was launched after our Dormitory and Hotel Businesses and has faced a fair number of challenges, it is gradually hitting its stride. Independent living facilities are particularly highly regarded for the high degree of freedom they offer residents as a stepping stone to nursing homes, so I

believe such facilities offer great promise going forward. Having said that, there is a concern that these facilities may charge too high a price for the so-called Dankai Generation (those born between 1947 and 1949), so this could use a little more refinement to balance price with value.

Oda: We see Kyoritsu Maintenance as a company that provides food, housing, and relaxation services. Although our businesses—dormitories, hotels, and senior living—are all different, they have in common the fact that they are deeply connected to people's daily lives and wellbeing. In that sense, I think the Company is developing into something akin to “wellness infrastructure.”

Then, surely that value is now gradually becoming established as the “Kyoritsu Maintenance” brand? However, in order to continue evolving in future, all of us, including executive officers, will be required to engage more with the outside world.

If you stay within the same four walls, your vision will inevitably remain limited. There are things you can only see for the first time by encountering different cultures and values, and breathing new air. Such experiences and sensibilities will steadily grow in importance over the next decades. I would like to see more energetic deliberations at Board of Directors meetings as well. I, too, hope to be someone who doesn't always follow the current consensus on a topic, but instead offers a different perspective, thereby bringing a novel dimension to deliberations.



Governance

List of Directors and Reasons for Appointment

Name		Reasons for appointment
Directors	 Chairman Haruhisa Ishizuka Number of shares owned: 2,117,968 shares Attendance at Board of Directors meetings: 10/12 times	Mr. Ishizuka has led the Company's management and contributed to the Company's development for more than 40 years as a founder. The candidate's management achievements, broad business knowledge with excellent foresight, and leadership in continuously raising corporate value will be necessary for the Company's future growth, and accordingly, the Company requests that he be reelected.
	 President Koji Nakamura Number of shares owned: 29,854 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Nakamura has been involved in operations in planning and development for many years and has been responsible for management as a director for many years. Since April 2021, he has led management as president of the Company. In order to put into practice a corporate culture that puts customer satisfaction first, and realize the creation of a solid business base and further strengthening of the corporate structure, his abundant business experience, knowledge of management, and leadership will be necessary, and accordingly, the Company requests that he be reelected.
	 Managing Director responsible for Residence Group Yasuo Ohara Number of shares owned: 16,710 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Ohara has been involved in the Dormitory Business, has extensive business experience in the Company, and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.
	 Managing Director responsible for Corporate Planning Group Manabu Takaku Number of shares owned: 16,664 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Takaku has been involved in carrying out operations in management planning and finance and accounting. He also has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.
	 Managing Director responsible for Hotel Group Hiroshi Yokoyama Number of shares owned: 42,894 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Yokoyama has been involved in developing the Hotel Business and has been responsible for management as a director. He has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.
	 Director, General Manager of Hotel Business Strategy Division Masaki Suzuki Number of shares owned: 14,578 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Suzuki has been involved in the Hotel Business and has been responsible for management as a director. He has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.

Name		Reasons for appointment
Directors	 Director, General Manager of Food Division Rie Momose Number of shares owned: 8,006 shares Attendance at Board of Directors meetings: 12/12 times	Ms. Momose has been involved in execution of the food service business and has been responsible for management as director. She has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that she be reelected as director.
	 Director, General Manager of Human Resources & General Affairs Division Takayuki Musha Number of shares owned: 4,476 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Musha has been involved in carrying out operations in human resources and general affairs and has been responsible for management as director. He has extensive business experience in the Company and possesses management knowledge. In addition, the candidate has outstanding character and insight, and accordingly, the Company requests that he be reelected as director.
	 Director, General Manager of Corporate Division Hideaki Inaoka Number of shares owned: 4,219 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Inaoka has been involved in the securities industry for many years and has extensive knowledge in corporate sales. In addition, the candidate has extensive experience in management and corporate administration, as well as outstanding character and insight, and accordingly, the Company requests that he be reelected as director.

Please refer to the following for each director's career summary, position, and responsibilities in the Company.

<https://www.kyoritsugroup.co.jp/en/company/officer/>



Governance

List of Directors and Reasons for Appointment

	Name	Reasons for appointment
Outside Directors	 Director Shigeto Kubo Number of shares owned: – Attendance at Board of Directors meetings: 12/12 times	Independent Mr. Kubo has been involved in administration in the areas of land, infrastructure, and transport as well as tourism for many years. He commands an objective, broad, and advanced perspective based on that experience and abundant knowledge. The Company expects he will be able to utilize this to provide appropriate advice and supervision for the Company's management. Accordingly, the Company requests that he be reelected as outside director.
	 Director Yasunobu Hirata Number of shares owned: – Attendance at Board of Directors meetings: 12/12 times	Independent Mr. Hirata has been engaged for many years in medical and educational activities as a clinician and a university professor. He also has experience in management including at hospitals and universities based on this experience and knowledge. The Company expects that he will be able to utilize this to provide appropriate advice and supervision for the Company's management and health and hygiene aspects. Accordingly, the Company requests that he be reelected as outside director.
	 Director Takayuki Hayakawa Number of shares owned: – Attendance at Board of Directors meetings: 12/12 times	Independent Mr. Hayakawa has advanced knowledge regarding finance, accounting, and market analysis based on his working experience at a major city bank and extensive knowledge about corporate management based on his experience as a manager of real estate companies. The Company expects that he will be able to utilize this to provide valuable advice and supervision in respect of the Company's management's decision-making and business execution. Accordingly, the Company requests that he be reelected as outside director.
	 Director Keiko Oda Number of shares owned: – Attendance at Board of Directors meetings: 11/12 times	Independent Ms. Oda has been involved in the international promotion of tourism in Japan and its food culture and regional revitalization for many years. The Company expects that she will provide valuable advice and supervision in respect of the Company's management's decision-making and business execution based on her experience and extensive knowledge. Accordingly, the Company requests that she be reelected as outside director.
	 Director (Audit and Supervisory Committee member) Takumi Ueda Number of shares owned: 63,628 shares Attendance at Board of Directors meetings: 12/12 times	Mr. Ueda has been involved in the management of the Company for many years and possesses abundant experience and knowledge regarding management. The Company expects that in addition to supervising the execution of duties of the Company's directors, he will properly perform his duties as a director who is an Audit and Supervisory Committee member, and accordingly, the Company requests that he be reelected as director and Audit and Supervisory Committee member.
Outside Directors	 Director (Audit and Supervisory Committee member) Toshiaki Miyagi Number of shares owned: – Attendance at Board of Directors meetings: 11/12 times	Independent Mr. Miyagi has been involved in management in the securities industry and has knowledge and experience in management. The Company expects that he will be able to utilize this to supervise and provide advice on the directors' execution of duties and properly perform his duties as a director who is an Audit and Supervisory Committee member. Accordingly, the Company requests that he be reelected as outside director and Audit and Supervisory Committee member.
	 Director (Audit and Supervisory Committee member) Tokio Kawashima Number of shares owned: – Attendance at Board of Directors meetings: 12/12 times	Independent Mr. Kawashima has many years of working experience in a financial institution and possesses considerable knowledge regarding finance and accounting. The Company expects that he will be able to utilize this to supervise and provide advice on the directors' execution of duties and properly perform his duties as director who is an Audit and Supervisory Committee member. Accordingly, the Company requests that he be reelected as outside director and Audit and Supervisory Committee member.

Board of Director Skills

The Board of Directors consists of directors who each possess a high level of expertise, with diversity ensured through a balance of different knowledge, experience, and capabilities as well as the appointment of female directors. This skills matrix will be reviewed as needed based on the external environment and the Company's circumstances.

Skills Matrix

No.	Name	Gender	Current position in the Company	Knowledge of the Company's business	Specific industry knowledge	Corporate Planning/ Management Strategy	Sales/ Marketing	Finance/ Accounting/ IR	Legal/Risk Management	HR/Labor/ Personnel Development	DX/IT Strategy	ESG/ Sustainability
1	Haruhisa Ishizuka	Male	Chairman	○		○	○	○	○	○		
2	Koji Nakamura	Male	President	○		○	○	○				○
3	Yasuo Ohara	Male	Managing Director	○		○	○				○	○
4	Manabu Takaku	Male	Managing Director	○		○	○	○			○	○
5	Hiroshi Yokoyama	Male	Managing Director	○		○						○
6	Masaki Suzuki	Male	Director	○		○	○					
7	Rie Momose	Female	Director	○		○						○
8	Takayuki Musha	Male	Director	○		○			○	○	○	○
9	Hideaki Inaoka	Male	Director		○	○	○	○	○	○		○
10	Shigeto Kubo	Male	Director	○	○	○			○	○		○
11	Yasunobu Hirata	Male	Director		○	○			○	○		
12	Takayuki Hayakawa	Male	Director		○	○	○	○	○	○		
13	Keiko Oda	Female	Director		○	○	○			○		
14	Takumi Ueda	Male	Audit and Supervisory Committee member	○	○	○		○	○	○		
15	Toshiaki Miyagi	Male	Audit and Supervisory Committee member		○	○	○					
16	Tokio Kawashima	Male	Audit and Supervisory Committee member		○	○		○	○			

Director Training

In addition to having newly appointed directors, including Audit and Supervisory Committee members, undergo external training in order to enhance their knowledge, the Company also provides opportunities for knowledge acquisition after they have been appointed, such as by holding study meetings with external specialists to address revisions to laws.

In order to ensure that the necessary knowledge is acquired by each operations division, the Company encourages appropriate participation in various external seminars, etc.

Compliance

Basic Stance on Compliance

The Company has established the following basic stance on compliance, which it enforces among all employees, and promotes the practice of that stance in day-to-day operations.

● The Kyoritsu Maintenance Group's basic stance on compliance

The company name “Kyoritsu Maintenance” embodies our desire to stand together with our customers, with society, and with all those who support us, and maintain a solid presence in the world. Abiding by the rules of the world and society is a fundamental premise for the survival of the Company and its business, and only by earning the trust of society can we grow. The Kyoritsu Maintenance Group views compliance as one of its most important management issues and the foundation for the actions of each officer and employee. By having each and every officer and employee comply with the Compliance Policy in our Compliance Manual in addition to our management philosophy, action guidelines, and management policies established as part of our company motto, we strive to be a company that is trusted on a deeper level and chosen by customers, business partners, shareholders, and all of our stakeholders.

Internal Reporting System

Based on the intent of the Whistleblower Protection Act, the Company has established a Compliance Hotline covering all Group officers and employees to maintain and enhance social trust in the Company through the early detection and rectification of misconduct and legal violations.

Operated in accordance with the Internal Reporting System Regulations, this hotline serves as an anonymous reporting and consultation channel accessible to all employees and related parties in the Group (including cohabiting family members and those who departed within the past year), through which 284 reports were received in FY 2025.

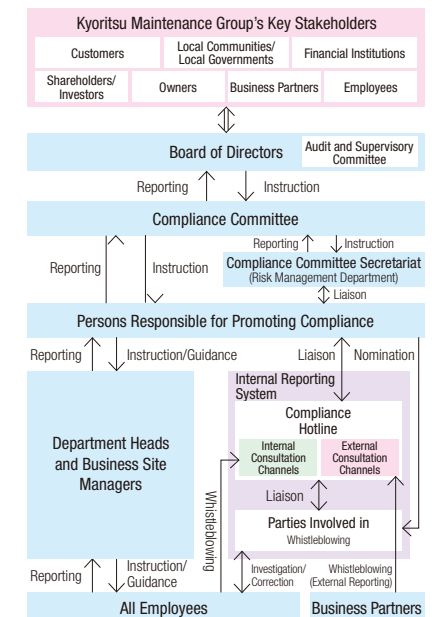
The Compliance Committee constantly promotes awareness of reporting methods and conducts awareness-raising activities regarding the internal reporting system to ensure its appropriate use and to encourage reporting.

In addition to channels for employees, we have established an external whistleblowing hotline to handle reports from external parties such as business partners and subcontractors. This enables the entire Group to work toward the early detection of misconduct and the improvement of business operations through these reports.

Compliance Promotion Framework

In 2007, the Company established its Compliance Regulations and set up a Compliance Committee, chaired by the president, under the Board of Directors to promote compliance with laws, regulations, and corporate ethics.

The Compliance Committee Secretariat is under the jurisdiction of the Risk Management Department, and oversees the operation of compliance. The Compliance Committee implements the PDCA cycle for compliance-related matters on a quarterly basis and distributes the Kyoritsu Maintenance Group Compliance Manual to all officers and employees to inform them of the Company's basic stance on compliance and compliance requirements, while working to raise awareness among officers and employees through internal training and the dissemination of information. Additionally, the general managers of Kyoritsu Maintenance as well as the presidents of Group companies have been designated as persons responsible for promoting compliance as part of efforts to implement compliance practices tailored to the operations of the respective departments within the Group. Furthermore, whistleblowing hotlines have been established to enable the early detection of inappropriate conduct.



Administration of Compliance Questionnaires

The Compliance Committee administers an annual compliance questionnaire for all officers and employees to foster compliance awareness and enhance the effectiveness of existing systems.

This questionnaire helps the Company to determine the extent of compliance and utilization of the internal reporting system across the entire Group, identify high-priority matters, and address organizational challenges. Additionally, the questionnaire aims to enhance interest in and awareness of compliance among officers and employees in the Group.

Risk Management

Basic Stance on Risk

The Company strives for the stable continuity of its business and further growth by implementing risk management practices to address various risks surrounding its businesses.

Furthermore, the Company prioritizes ensuring the quality and safety of its products and services, striving to eliminate or mitigate factors that could harm the interests of its stakeholders, including customers, shareholders, and business partners, as well as all officers and employees.

Furthermore, in the event of a major crisis, the Company recognizes its social responsibility and prioritizes ensuring human safety above all else. All officers and employees come together to respond accordingly, making every effort to minimize losses, recover from damage, and prevent recurrence.

Risk Management Promotion Framework

At the Company, risk management is overseen by the Compliance Committee based on the Basic Regulations on Risk Management and Basic Regulations on Crisis Management. The Compliance Committee Secretariat is under the jurisdiction of the Risk Management Department, and oversees risk management.

In day-to-day operations, the Compliance Committee implements a PDCA cycle for risk management-related matters on a quarterly basis, and works to identify, evaluate, and mitigate risks across the entire company through an annual risk assessment.

Furthermore, in the event of a major crisis, an Emergency Response Headquarters led by the president is promptly established to respond to the situation appropriately and in good faith while collaborating with the local community, with human safety as the top priority. At the same time, the Company maintains a setup that allows it to continue providing services to customers to the greatest extent possible.

Through this risk management promotion framework, the Company endeavors to achieve sustainable growth and increase corporate value.

Risk Assessment and Risk Map

As risks surrounding businesses grow increasingly complex and diverse, the Company conducts a risk assessment to strengthen its overall risk awareness and management framework.

Through this initiative, the Company identifies business risks in view of the rapidly changing social environment and heightened uncertainty, thereby striving to enhance accountability to stakeholders with regard to the risks it faces.

Furthermore, a key objective in assessment efforts is to enhance risk management literacy and risk sensitivity among all officers and employees through the processes of risk visualization and evaluation.

Corporate activities necessarily involve increasing corporate value through appropriate risk-taking. The Company deems risk assessment a crucial means to ensure the effective and appropriate allocation of management resources and will persistently advance this initiative going forward.

Condensed Risk Map

