

June 23, 2022

To our shareholders and investors:

KYORITSU MAINTENANCE CO., LTD.

Supplementary Explanation for “Proposal 4: Determination of remuneration for allocating transfer restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)” of the 43rd Ordinary General Meeting of Shareholders

The Company is providing a supplementary explanation for “Proposal 4: Determination of remuneration for allocating transfer restricted shares to Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors),” that is to be resolved at the 43rd Ordinary General Meeting of Shareholders in order to ensure the shareholders’ understanding of the proposal.

1. Overview of this proposal

(1) Objective for introducing this proposal

In order to have the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) (hereinafter referred to as “Eligible Directors”) share the merits and risks of fluctuating share prices with shareholders and further increase their incentive to contribute to the enhancement of increasing share price and corporate value, the Company proposes to introduce a system of remuneration for allocating transfer restricted shares to the Eligible Directors (hereinafter referred to as the “Plan”).

(2) Conditions for introducing the Plan

Since the Plan involves paying monetary compensation receivable for allocating transfer restricted shares to the Eligible Directors as a remuneration, the introduction of the Plan is subject to the condition of obtaining the approval of the shareholders at this General Meeting of Shareholders for the payment of remuneration that is involved. Note that at the Company’s 40th Ordinary General Meeting of Shareholders held on June 26, 2019, the remuneration amount for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved as a maximum amount of 1,000 million yen per year (not including the employee’s salaries portion for Directors who also serve as employees). Now, at the upcoming General Meeting of Shareholders the Company is requesting the shareholders’ approval to set, separately from the aforementioned remuneration amount for the Directors, the total amount of monetary compensation receivable to be paid as remuneration, etc. regarding transfer restricted shares for Eligible Directors to a maximum of 200 million yen per year, and also to specify that the aggregate number of transfer restricted shares to be allocated to Eligible Directors shall not exceed 260,000 transfer restricted shares per fiscal year in comprehensive consideration of various matters such as the level of contribution of Eligible Directors.

2. Purpose of the Plan

(1) Total amount of monetary compensation receivable and the aggregate number of transfer restricted shares

The Company shall provide each Eligible Director an amount of monetary compensation

receivable within the aforementioned annual limit as remuneration etc., regarding transfer restricted shares, and each Eligible Director shall receive their allocation of transfer restricted shares by paying all of the monetary compensation receivable by the method of in-kind contribution in accordance with the resolution of the Board of Directors of the Company. The maximum number of transfer restricted shares to be allocated to Eligible Directors per fiscal year shall be either “not more than 260,000 shares, the upper limit for transfer restricted shares” or “not more than the number equivalent to 200 million yen, which has been set as the maximum amount for the amount of monetary compensation receivable,” whichever is the lower value. To provide examples, two cases are given below:

[Case 1]

In a case where 260,000 shares, the upper limit for transfer restricted shares, are allocated over a ten-year period, then as stated in the Notice of the 43rd Ordinary General Meeting of Shareholders, the dilution rate would be 6.6%.

[Case 2]

In a case where the transfer restricted shares equivalent to 200 million yen, which is the maximum amount for the total amount of monetary compensation receivable, are allotted based on a share price of “1,800 yen,” which is the lowest share price of the Company in the past five years, the number of transferable shares calculated by dividing 200 million yen by 1,800 yen would be “111,100 shares,” and the dilution rate for ten years would be 2.8%.

We ask shareholders to understand that this proposal is drafted in a way that the aggregate number of transfer restricted shares and total amount of monetary compensation receivable proposed in this proposal are simply the respective “upper limits,” and we plan to make appropriate allotments within these limits with the understanding of our shareholders.