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Board of Directors Evaluation Report

We are pleased to announce that, in accordance with the requirements of the Corporate Governance Code ("CGC"), we analyzed and evaluated the overall effectiveness of our Board of Directors ("Board Evaluation").

Summary of the results of the evaluation of the board of directors

The Company practices management that places the highest priority on corporate governance, and can be evaluated as generally meeting the requirements of corporate governance, including CGC.

In our opinion, many directors and auditors contribute to the Board of Directors by speaking appropriately at Board meetings

In addition, the voluntary committees that support the Board of Directors, such as the Nominating Advisory Committee, the Compensation Advisory Committee, and the Independent Outside Directors' Committee, are also generally evaluated to be functioning effectively.

Notable corporate governance developments since the 2021 board evaluation include.

- CGC: Principle 4-8 requires at least one-third of prime market listed companies to have at least one independent outside director. In addition, the Tokyo Stock Exchange has imposed an obligation on prime market listed companies to make efforts to have at least one female director by 2025 and at least 30% female directors by 2030 (Code of Corporate Conduct "Desired Matters," effective October 10, 2023).

The Company's Annual General Meeting of Shareholders held on June 28, 2023 appointed a total of eight directors, five internal directors and three independent outside directors. This brings the number of outside directors to more than one-third of the total number of directors, resulting in a well-balanced Board of Directors. In addition, there is one female director.

- CGC: In accordance with Supplementary Principle 4-11 (i), a so-called skills matrix listing the knowledge, experience, and abilities of each director and each auditor has been developed and published in the notice of convocation of annual general meetings of shareholders held after June 2021.
- CGC: As requested by Supplemental Principle 4-2 (ii), the Board of Directors, at its meeting held on December 13, 2021, adopted a Sustainability Policy after due deliberation, and established a Sustainability Committee. In FY2024, the committee held discussions on the disclosure of efforts to "decarbonize" the company and on investment plans that will lead to emission reductions. In addition, the company is continuously conducting various training programs to improve the technical and customer service skills of each employee, thereby realizing "a store that receives praise from customers. Furthermore, in order to secure human resources, the company set the starting salary for new college graduates at the top level in the industry and actively promoted returns to employees. Furthermore, as part of its sustainability vision, the company promoted environmental management system activities with the goal of "preserving the global environment. In addition, the company disclosed four items related to environmental issues: governance, strategy, risk management, and indicators/targets, based on TCFD

recommendations.

- CGC: Supplementary Principle 4-10 (i) states, “In particular, prime market listed companies should make it a rule that a majority of the members of each committee should be independent outside directors, and disclose their approach, authority, and role regarding the independence of the composition of their committees.” The Nominating Advisory Committee, the Compensation Advisory Committee, and the Independent Outside Directors' Committee have long satisfied this requirement.

Future issues to be addressed include the following.

- The expertise and diversity of the board's members appear to be adequate. In addition, the number of independent outside directors accounts for more than one-third of the total number of directors, which is well-balanced. On the other hand, it is desirable to review the ratio of independent outside directors and other issues in accordance with the future direction of the company.
- Discussion from a mid- to long-term perspective is desired on capital policy, hiring, executive management development, human resource development, DX promotion, D&I initiatives, overseas strategy, etc.
- Further discussion on the company's sustainable growth and creation of corporate value is desirable.
- Succession of the Representative Director (Chief Executive Officer) is a topic of discussion at the Nominating Advisory Committee, which is followed by appropriate discussions at the Board of Directors meetings. In addition, the company is working to strengthen the training and executive ability of those who are candidates for succession by expanding the scope of their executive duties as CEOs. Continuous enhancement of succession training is desired in the future.
- The medium-term management plan is discussed at the management strategy meeting, and reports on its progress and contents have been established, so outside directors and outside corporate auditors can grasp the substance of the plan by attending the meeting, and the progress is reported at the board meeting. It is desirable to have more active discussions on these issues at the Board of Directors meetings.
- The establishment of the “Basic Sustainability Policy” and the establishment of the “Sustainability Committee” are currently required actions and have been discussed at the Board of Directors meetings. Further discussion on the basic sustainability policy and efforts to improve it, further discussion on the concept and goals for ensuring the diversity of core human resources, human resource development policy and internal environment improvement policy, and further exercise of appropriate supervisory functions with regard to these efforts, sustainability-related investments, and securing and training human resources with sustainability backgrounds are desired.
- “Policies and Procedures for the Board of Directors in Determining the Compensation of Senior Management and Directors” is being properly implemented, but further discussion at Board meetings is warranted.
- Further discussion on the results of the board effectiveness assessment and how to address them is warranted.
- With regard to the training required of board members, all board members have attended corporate governance training, but it would be desirable to consider how to provide training opportunities and training for newly appointed board members.