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For immediate release

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## **Summary of the Evaluation Results Regarding the Effectiveness of the Board of Directors**

As part of overall initiatives to strengthen corporate governance in an aim to achieve sustainable growth and improve medium-to long-term corporate value, we analyze and evaluate the effectiveness, etc. of the Board of Directors as a whole each fiscal year, and take continual action to improve the effectiveness.

We recently conducted an evaluation of the effectiveness of the Board of Directors for fiscal 2024 (fiscal year ended March 2025), and are pleased to announce a summary of the results.

### 1. Evaluation Process

We established the “Board of Directors Effectiveness Evaluation Committee” consisting of outside directors and auditors as a voluntary advisory body to the Board of Directors, and this committee took the initiative in conducting a survey on the effectiveness of the Board of Directors. Based on the results of the survey, the Board of Directors analyzed and evaluated the effectiveness of the Board of Directors and determined measures for improvement.

### 2. Evaluation Method

#### (1) Questionnaires

Questionnaires consisting of multiple items for each of the following evaluation categories were distributed to directors and auditors who are members of the Board of Directors, and responses were obtained.

|                       |   |
|-----------------------|---|
| Subject               | Directors and auditors  |
| Response method       | Anonymous   |
| Evaluation categories | 1. Composition of the Board of Directors (number of members and diversity)<br>2. Roles and responsibilities of the Board and directors<br>3. Qualifications, expertise, and skills of the Board and directors<br>4. Operation and deliberation of the Board of Directors<br>5. Supervision of the Board of Directors (nomination, compensation, succession) |

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|------------------------|--|
|                        | planning, etc.)<br>6. System to support appropriate risk-taking by directors<br>7. Roles of and expectations for outside directors and support system<br>8. Communication among directors and between outside directors and executive directors<br>9. Status of improvement of issues identified as challenges for fiscal 2024 |
| Compilation of results | The results of the questionnaire were compiled by outside directors and outside auditors, and were used by the Board of Directors to analyze and evaluate its effectiveness.   |

(2) Interviews with directors

Based on the results of the questionnaire, outside directors and outside auditors conducted interviews with executive directors regarding the effectiveness of the Board of Directors.

(3) Discussion at the Board of Directors and determination of measures for improvement

The results of the questionnaire and the interviews with directors were compiled by the Board of Directors Effectiveness Evaluation Committee, which summarized areas in which the operation of the Board of Directors was evaluated as highly effective and areas that require measures for improvement and enhancement, and reported to the Board of Directors.

In response to this report, the Board of Directors identified challenges for further strengthening the functions and improving the effectiveness of the Board of Directors, and determined measures for improvement and enhancement.

3. Initiatives for the Challenges for Fiscal 2024 and the Results

The Board of Directors took the following initiatives for the challenges for fiscal 2024.

(1) Challenges for fiscal 2024

Brushing up medium- and long-term management strategies and promoting more efficient management with a focus on capital costs

(2) Responses to challenges for fiscal 2024

- a. Recommendations from outside directors
  - Structural reform of the core home appliance retail business
  - Building a business portfolio that aligns with the two types of social value that will lead to the improvement of our corporate value (“Helping to strengthen the resilience of an aging society” and “Achieving household carbon neutrality.”)
  - Reformulation of the succession plan for human resources including the CEO
- b. Responses of the executive divisions (coordination between executive directors and executive officers)
  - Transformation of merchandising through full utilization of logistics functions
  - Expansion of operational structure of growth businesses: mobile communications, renovation, and support services
  - Reexamination of human resource portfolio in five business categories (home appliances, entertainment, mobile communications, renovation, and support services)

- Promotion of capital efficiency enhancement

### (3) Results of initiatives for fiscal 2024

#### Result 1) Brushing up medium- and long-term management strategies

- “Mobile communications,” which we position as a growth business, is driving performance, and “renovation” is also steadily expanding its business. “Support services” has taken a step forward from stable performance, and is expected to accelerate its growth in the future.
- The performance of EC has bottomed out and is beginning to expand again thanks to the structural reform centered on the “Joshin web shop” that we have been working on since fiscal 2023.

#### Result 2) Promoting more efficient management with a focus on capital costs

- At the beginning of the second year of the medium-term management plan (JT-2025 Management Plan), we recalculated capital costs and verified the validity of the plans for capital efficiency indicators such as ROE and ROIC, and disclosed the results.
- Due to sluggish performance of the core home appliance category, full-year results fell significantly short of plan, and the capital efficiency targets were also not met. However, the strengthening of our executive structure that began in the fourth quarter has led to an increase in sales, and improved inventory efficiency has led to financial soundness and improved capital efficiency.
- As a result of reducing cross-shareholdings, the number of listed shares held at the end of March 2025 fell to 23 companies, and the balance of shares held fell to 5.52% of net assets.

### 4. Summary of Evaluation Results for fiscal 2024

As a result of deliberations at the Board of Directors based on the report of the Board of Directors Effectiveness Evaluation Committee, the Board of Directors concluded that, with regard to the operation of the Board of Directors, the effectiveness of the Board of Directors has been generally maintained, as lively and constructive discussions and exchanges of opinions by the executive directors and outside directors utilizing their medium-to long-term perspective and diverse expertise, including active raising of issues by outside directors, have led to the above results.

On the other hand, as full-year results fell significantly short of plan due to the sluggish performance of the core home appliance category, and as discussions on the growth strategy aimed at improving corporate value—as outlined in the medium-term management plan “JT-2025 Management Plan”—are still only half-way through, there was a constructive opinion that, in conjunction with the transition to a company with an audit and supervisory committee, the Board of Directors should delegate substantial authority to the executive divisions and focus on discussions regarding medium-to long-term growth strategies while promoting to strengthen monitoring system.

### 5. Initiatives to Improve the Effectiveness of the Board of Directors for Fiscal 2025

Based on the above evaluation results, we will promote the following initiatives in fiscal 2025.

1. Deepening medium- to long-term growth strategies and promoting more efficient management with a focus on capital costs (ongoing initiative)
2. Exerting the agility of the Board of Directors and strengthening its monitoring function (new initiative)

Through these initiatives, we will enrich discussions at the Board of Directors and further improve its effectiveness, thereby realizing our medium- to long-term management strategies and improving corporate value.

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