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Joshin Denki Co., Ltd.
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https://www.joshin.co.jp/joshintop/ir_en.asp

The status of the Company's corporate governance is as follows.

I. Basic concept of corporate governance, capital structure, corporate attributes and other basic information

1. Basic concept of corporate governance

Based on our management philosophy of "connecting people and society to the future with a smile," the Company formulated a management vision of "becoming a hub for the infrastructure of life through the power of home appliances and ICT." The Company promotes management that contributes to developing a sustainable society by creating two forms of social value: "helping to strengthen the resilience of an aging society" and "achieving household carbon neutrality."

Amid ever and rapidly changing operating conditions, building an organizational structure that can respond quickly and flexibly is an important management task for the Joshin Group's sustainable growth and higher corporate value. Under this understanding, the Company has worked on enhancing its corporate governance system. For example, we have secured the diversity of the Board of Directors by increasing the number of independent outside directors and appointing female directors. We have also introduced the executive officer system, setting up the Nomination and Compensation Committee, whose majority are outside directors, and the Effectiveness Evaluation Committee, and introducing the performance-linked stock compensation system.

To further strengthen these initiatives, the Company transitioned from a company with a Board of Company Auditors to a company with an Audit and Supervisory Committee, as approved at the 77th Annual General Meeting of Shareholders held on June 24, 2025. We will take the opportunity of the transition to make decision-making even faster by transferring significant portions of the Board of Directors' authority to make business execution decisions, while increasing the effectiveness of the Board of Directors by focusing its deliberations on medium- to long-term management strategies, capital policy, and other matters that will help raise our corporate value. In addition, we will make our management more transparent with a stronger corporate governance system under which the Audit and Supervisory Committee, consisting of only independent outside directors, will audit and oversee the legality and appropriateness of business execution.

[Reasons for not implementing individual principles of the Corporate Governance Code]

The information is based on the revised code as of June 2021.

[Supplementary Principle 2-4-(1): Ensuring diversity in appointing core personnel, etc.]

1. Ensuring diversity

We believe that diverse talents playing active roles are essential to our organizational strength, enabling us to address risks related to social changes, take advantage of new business opportunities, and achieve sustainable growth. We actively recruit a wide range of human resources throughout the year and promote them to management positions, focusing on increasing the ratio of female employees and hiring career professionals with immediate expertise in various fields.

(1) Promotion of women to management positions

Women account for 36.7% of the Group's total workforce (including non-regular employees) and 15.3% of full-time long- term employees. The share of women in manager positions is 4.5%, and their share is only 2.0% in section chief and above positions. We, however, will increase the number of female employees by enhancing the recruitment of female employees (46.5% of new graduates hired in fiscal 2025) and actively encouraging non-regular female employees to become full-time, long-term employees. In addition, we are planning to increase the ratio of female managers to 20% by fiscal 2030 by promoting the creation of role models for appointment to executive positions and promotion to managerial positions (holding forums to foster career awareness of female employees).

	FY 2023 Actual	FY 2024 Actual	FY 2030 Plan	FY 2050 Plan
Ratio of female full-time employees	14.1 %	15.3 %	30.0 %	50.0 %
Ratio of female employees*	36.7 %	36.7 %	50.0 %	50.0 %
Ratio of female managers	4.3 %	4.5 %	20.0 %	50.0 %
Incl. section chief and above	1.8 %	2.0 %	5.0 %	

*Including non-regular employees

<Reference> New graduates hired

	FY 2023		FY 2024		FY 2025	
	Actual	As a percentage of all employees	Actual	As a percentage of all employees	Actual	As a percentage of all employees
Male	48	43.6 %	46	44.7 %	46	53.5 %
Female	62	56.4 %	57	55.3 %	40	46.5 %
Total	110	100.0%	103	100.0%	86	100.0%

(2) Appointment of non-Japanese employees to management positions

We do not bind foreigners to their nationality, but rather classify each person as a human resource with rich overseas experience and a global perspective. Although we do not currently set a specific numerical target for the number of non- Japanese employees, we will continue to proactively hire non-Japanese employees and appoint them to executive positions in anticipation of a future increase in the number of international customers.

	FY 2023 Actual	FY 2024 Actual
Number of non-Japanese employees	19	20
As a percentage of all employees	0.22 %	0.23 %

*Number of employees as of March 31, 2025

(3) Appointment of mid-career hires to management positions

We believe that knowledge and experience in various fields are necessary to create diverse values and solve social issues. Accordingly, we plan to increase the percentage of mid-career hires (in the form of mid-career talent who can contribute immediately) to approximately 50% of planned new hires for each fiscal year.

	FY 2023 Actual	FY 2024 Actual
Mid-career hires as a percentage of all employees	38.5 %	39.2 %
Mid-career hires as a percentage of all management positions	27.8 %	29.1 %

*Number of employees as of March 31, 2025
*The number of mid-career hires includes non-regular employees.

2. Human resources development policy and internal environment improvement policy to ensure diversity and the current situation

We believe that employee ownership leads to sustainable growth by improving CS (creation of new social value). To facilitate the advancement of employee engagement through ensuring diversity and inclusion, we are nurturing our human resources and building a work environment that enables diverse people to thrive and play active roles. We are implementing these in line with our human resources strategy, which is based on “respect for human rights” and “health and productivity management.”

The following documents are posted on our website to provide information on our human resource development policy and internal environmental improvement policy.

〇Integrated Report
https://www.joshin.co.jp/en/ir/library/report.html

[Disclosure based on the principles of the Corporate Governance Code]

[Principle 1-4: Cross-shareholdings]

The Company currently holds listed stocks as policy from the perspective of enhancing the Company's corporate value over the medium to long term for the purpose of strengthening business relationships and promoting smooth business operations. We are gradually reducing the number of cross-held stocks, and, in principle, will not newly hold such stocks.

Regarding the current shares that are strategically held by the Company, the Board of Directors conducts quarterly qualitative verification of the purpose of holding such shares, including the maintenance of smooth and good business relationships with business partners and the establishment of supply chains, as well as quantitative verification of the percentage of total assets, profits from business relationships, dividends, etc. As for shares for which the significance of the holdings has been deemed to be diluted, we proceed to dispose of them as appropriate through dialogue and negotiation with the companies concerned. We will continue disposing of our cross-held shares in view of increasing capital efficiency.

Furthermore, regarding the exercising of voting rights, the Company shall exercise such rights in light of the purpose of holding such shares and by comprehensively taking into consideration the governance structure and business performance of the issuing company.

*Status of cross-shareholdings

Fiscal year ended	March 2021	March 2022	March 2023	March 2024	March 2025
Listed stocks (number of different stocks)	31	30	26	25	23

[Principle 1-7: Transactions with related parties]

Regarding all transactions that may cause conflicts of interest, such as transactions between related parties, the Company has established internal rules that require the Board of Directors to deliberate and pass resolutions on such transactions. In addition, the Company shall regularly confirm each year whether there are any transactions between the Company's officers and their close relatives (including companies in which such people hold a majority of voting rights) and the Company. In addition, a whistleblowing system has been established as part of the system to monitor and ensure the appropriateness of business operations.

[Principle 2-6: Demonstrating our function as an asset owner of corporate pensions]

The Company appoints personnel with experience and expertise in asset management, and who have been involved in asset management for many years at organizations entrusted with the management of corporate pension assets, as internal consultants.

In asset management, our basic policy is "sound and stable asset development for the employees," under which we avoid fixed investment in domestic/international stocks and corporate bonds, and flexibly reconfigure our portfolio and change the stocks of the institutions we entrust with asset management in response to changes in the business environment. In addition, since fiscal 2019, we have been contributing to risk response premiums in preparation for a worsening business environment, thereby minimizing the potential impact on the Company's financial position as much as possible.

In addition, verification of investment results is carried out by the Asset Management Committee on a quarterly basis to continuously improve operations, and reports on the stewardship activities of institutions entrusted with asset management are requested as a monitoring system.

[Principle 3-1: Enhancement of information disclosure]

(i)

Our management philosophy structure and medium- to long-term management strategies are published in the Company's Integrated Report 2024, which is available on the Company's website (https://www.joshin.co.jp/en/ir/library/report.html).

In May 2023, we published the “JT-2025 Management Plan,” a medium-term management plan covering the three-year period from April 2023 to March 2026, which is available on our website. (https://www.joshin.co.jp/en/ir/management/medium-term.html)

(ii)

Basic views and guidelines on corporate governance based on each of the principles of the Corporate Governance Code are as described in “1. Basic concept of corporate governance” at the beginning of this report.

(iii)

The total remuneration amount of directors (excluding Audit and Supervisory Committee Members; the same applies hereinafter) is determined by the General Meeting of Shareholders, and monetary compensation has been set at no more than 240 million yen per year. A system of stock compensation has also been approved by the General Meeting of Shareholders. The Nomination and Compensation Committee, three-quarters of whose members are independent outside directors, one of whom chairs the committee, consults with the Board of Directors, deliberates on the allocation of compensation to individual directors based on the “Regulations on Compensation for Directors,” and the Board of Directors makes decisions based on the committee’s report.

The Company’s executive compensation system links director compensation to management strategy as a functional enhancement of the Board of Directors, which is the driver of management strategy. The purpose of the Company’s executive compensation system is to connect the achievement of the strategy to the Company’s sustainable growth and enhancement of corporate value.

Compensation for each director is determined by the compensation multiplier based on the director’s position and the Company’s business performance. The amount of standard monthly compensation for Director and Executive Officer is up to 300% of the maximum monthly salary under the employee salary system, and the compensation multiplier is set at 1.0 for “Director and Executive Officer,” 1.2 for “Director and Managing Executive Officer,” 1.4 for “Director and Senior Managing Executive Officer,” 1.7 for “Director and Executive Vice President,” 2.0 for “Director and President,” and 1.7 for “Director and Chairman.”

An additional 0.3 is added to the compensation multiplier for the CEO, while an additional 0.2 is added to the compensation multiplier for representative directors.

Furthermore, the ratio of fixed compensation to performance-linked compensation in the total amount of director compensation is set at 50%:50%. The ratio of monetary compensation to stock compensation is 70%:30%. By setting these ratios, management responsibility was clarified, and the compensation system contributes to the medium- to long-term enhancement of corporate value by introducing ESG indicators in the calculation basis for stock compensation. For executive officers, we transitioned to a delegation-based executive officer structure in April 2022 and introduced a compensation system in April 2023, with a ratio of monetary compensation to performance-linked compensation of 80%:20%.

<table>
<tr><td>Regular compensation
(50%)</td><td colspan="5">Variable compensation (50%)</td></tr>
<tr><td rowspan="2">Fixed compensation
(50 %)</td><td rowspan="2">Linked to
individual
performance
(10 %)</td><td colspan="2">Linked to financial indicators
(20%)</td><td colspan="2">Linked to sustainability
indicators (20%)</td></tr>
<tr><td>Linked to
operating profit*1
(10 %)</td><td>Linked to
ROE

(10 %)</td><td>Linked to the
environmental
management
indicator
(10 %)</td><td>Linked to
employee
engagement
index
(10 %)</td></tr>
<tr><td colspan="3">Monetary compensation (70%)
Short term</td><td colspan="3">Stock compensation (30%)
Long term</td></tr>
</table>

*The tables above are based on a model in which a payment rate of 100% indicates performance goal achievement.

The system is intended to further incentivize executive officers to contribute to the improvement of medium- and long-term business performance and enhancement of corporate value by clarifying the linkage with the compensation of directors and executive officers, and by enabling directors and executive officers to share the benefits and risks associated with stock price fluctuations with shareholders.

Compensation of outside directors and directors serving on the Audit and Supervisory Committee consists solely of fixed monetary compensation, the amount of which is determined on an individual basis, taking into consideration factors such as societal standards, career of the outside director concerned, and knowledge and experience in specialized fields.

(iv)

In the selection of candidates, the overall balance of knowledge, experience, and capabilities of the Board of Directors is considered, and set guidelines concerning certain skills the Board of Directors considers optimal are followed in light of the Company's fundamental thinking about the number of directors and diversity. The basis for selecting director candidates should be whether the individual can contribute to enhancing the Company's corporate value over the medium to long term. The Nomination and Compensation Committee, three-quarters of whose members are independent outside directors, one of whom chairs the committee, consults with the Board of Directors and deliberates on the allocation of compensation to individual directors, and the Board of Directors makes decisions based on the committee's report.

For directors serving on the Audit and Supervisory Committee, in addition to the above-mentioned elements, those with knowledge and experience in finance, accounting, and legal affairs who can apply insights, based on their individual career backgrounds, to audits are basically selected as candidates. The Nomination and Compensation Committee deliberates appointments after consultation with the Board of Directors based on the makeup of the Audit and Supervisory Committee and selection standards of directors serving on the Audit and Supervisory Committee. Then, candidates are decided in Board of Directors meetings with the consent of the Audit and Supervisory Committee.

When appointing outside directors, importance is placed on the wealth of experience and high level of insight that such persons possess in their respective fields. In addition, from the perspective of enhancing the supervisory function or appropriately checking the execution of duties of directors, possession of independence that does not cause a conflict of interest with general shareholders is an important criterion in candidate selection.

In the dismissal of directors, the Nomination and Compensation Committee deliberates on dismissal after consultation with the Board of Directors in light of dismissal, selection, and independence standards. When it is deemed that dismissal standards apply, that selection standards have not been met significantly, or that the independence standards of outside directors have not been satisfied by far, based on the committee's report, the Board of Directors takes a similar procedure to the one for candidate nomination.

The Company transitioned to a company with an audit and supervisory committee after obtaining approval to amend the Articles of Incorporation at the 77th Annual General Meeting of Shareholders, which was held in June 2025. Consequently, the Board of Directors under the new Board of Directors structure is comprised of eight members (reduced by one from nine members) and six outside directors, which increased from four, (ratio of outside directors: 75%), and four female directors, which is an increase from two (ratio of female directors: 50%).

(v)

The Company believes that the degree of diversity in directors determines the Board of Directors' effectiveness and has a significant impact on the Company's sustainable growth and increasing its medium- to long-term corporate value. Based on this idea, the Board of Directors regularly deliberates on the balance and diversity of its makeup in terms of directors' knowledge, experience, and abilities. The Board of Directors identifies skills required of directors, summarizes them in a "Skills Matrix," and discloses it in the reference documents of the "Notice of the Annual General Meeting of Shareholders," together with the reasons for selecting the skill sets and methods of utilizing them.

[Supplementary Principle 3-1-(3): Initiatives for sustainability, etc.]

(1) Our approach to sustainability

The Company formulated its management philosophy of "Connecting the futures of people and society with smiles" toward 2050. We aim to achieve the ideal image of the Joshin Group by 2030, which is the intermediate point until 2050, described as a company that supports the growth of local communities and contributes to the future of people and the environment. In addition, by creating two forms of social value, "helping to strengthen resilience of an aging society" and "achieving household carbon neutrality," we will link our contributions to developing a sustainable society to the Company's sustainable growth and enhanced corporate value. For this end, the Company decided to change its trade name as of April 2026, with the aim of transitioning to a flexible organizational structure capable of going beyond the boundaries of electronic appliances.

In order to create the above two forms of social value, we defined our management vision as "becoming an infrastructure hub for a better life through the power of home appliances and ICT" and have been working to achieve this vision. As important issues to be addressed, we have identified seven material issues (major challenges) and 14 challenges, and we have formulated initiatives for the intermediate point of 2030 with a view to what kind of company we want to be 25 years from now in 2050.

(2) Investment in human capital, intellectual property, etc.

We believe that employee ownership leads to sustainable growth by improving CS (creation of new social value). We are working to create employee ownership by actively investing in the development of human resources, as well as in building a work environment that enables diverse people to thrive and play active roles, thereby facilitating the advancement of employee engagement through ensuring diversity and inclusion. We implement these in line with our human resources strategy, which is based on “respect for human rights” and “health and productivity management.”

Furthermore, since our founding, we have constantly built up positive relationships with our customers by practicing our Corporate Credo of “Thoughtfulness,” which means to always think and act in consideration of other perspectives. Likewise, through repeated trial and error, we have accumulated expertise in store development and the operation of brick-and-mortar stores and an e-commerce shop. We have also developed know-how in marketing and after-sales support based on customer information, while also crafting a corporate brand image through collaboration with sponsor companies. Moreover, our tagline—“People, towns, smiles. Joshin”—functions as a tool for further building understanding of our management philosophy—“Connecting people and society to the future with a smile”—and our corporate brand image. All of the above are incredibly important intellectual properties that are indispensable to our value creation process. Going forward, we will continue to actively invest to increase our expertise and enhance our corporate brand image.

(3) Risks related to climate change and the impact of profit opportunities on the Company’s business activities and earnings

In addition to endorsing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in July 2021, the Company discloses information related to climate change based on the TCFD recommendations. The Company also sees the transition to a decarbonized society as an opportunity and is working to create social value in the form of “achieving household carbon neutrality” by promoting the use of home appliances with high performance in energy generation, energy storage, and energy saving.

○ TCFD response by the Joshin Group

https://www.joshin.co.jp/en/csr/environment/climate_change.html

Furthermore, in September 2023, we also announced our support for the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and disclosed biodiversity-related information. While awareness of the importance of conservation and recovery of natural capital is increasing globally, the Company joined the TNFD Forum to respond to the possible impact on nature by business activities.

○ TNFD response by the Joshin Group

https://www.joshin.co.jp/en/csr/environment/biodiversity.html#01

To achieve decarbonization in business, we are working to increase the ratio of renewable energy sources by installing solar power generation systems and transitioning to CO2-free power sources. In March 2024, we achieved the renewable energy ratio of 100% for approximately 150 business places receiving electricity under power purchase agreements. The Company will continuously work toward carbon neutrality in all of its business sites, including leased business sites.

○ Eco-friendly, energy-saving store

https://www.joshin.co.jp/en/csr/environment/sale.html

On the information disclosure front, we have established a transition plan to address the goal of limiting the average global temperature rise to 1.5°C. Going forward, we will work to raise the level of information disclosure to cover IFRS Sustainability Disclosure Standards S2 Climate-related Disclosures. As for greenhouse gas emissions, we assessed scopes 1, 2, and 3 emissions and obtained third-party verification to ensure the reliability of our figures for scopes 1, 2, and 3 (categories 1 and 11) emissions.

As a result of these efforts, we earned CDP’s highest rating of “A” in the climate change category for two consecutive years in fiscal 2024. Furthermore, we obtained an “AAA” in the MSCI ESG rating.

We will continue to pursue sustainable management that creates “social values in harmony with the global environment” with all stakeholders in fiscal 2025.

The following documents are posted on the Company’s website to disclose the details of our response policies for

(1), (2) and (3).

○ Sustainability page

https://www.joshin.co.jp/en/csr.html

[Supplementary Principle 4-1-(1): Scope of delegation to management]

As the highest decision-making body, the Board of Directors holds meetings (at least once a month in principle) and makes decisions on important management matters such as medium- to long-term management policies and business strategies aimed at creating social and corporate value. In addition, the Board of Directors supervises the execution of duties by the executive officers appointed by the directors and the Board of Directors according to the Board of Directors regulations.

Furthermore, the Company sets forth in the Articles of Incorporation (Article 26) that the Company may delegate decision making on the execution of important operations (excluding matters listed in Article 399-13, paragraph (5) of the Companies Act) to directors by resolution of the Board of Directors according to stipulations of Article 399-13, paragraph (6) of the said act. Accordingly, a significant portion of authority for business execution of the Board of Directors is delegated to the directors. Specifically, by clearly defining the scope of delegation in detail through the Board of Directors regulations, executive officer regulations, regulations for the division of duties, and rules for decision-making, the Company is striving to accelerate decision-making.

[Principle 4-9: Criteria to determine the degree of independence of independent outside directors and their qualifications]

Criteria to determine independence at the Company is based on satisfying both the requirements for outside officers required by the Companies Act and independence standards required by stock exchanges, and appropriate personnel who can contribute to the enhancement of corporate value and shareholder interests are deemed eligible to be outside officers, and are registered with the stock exchanges as independent officers based on the approval of the General Meeting of Shareholders. Criteria to determine independence are deliberated by the Nomination and Compensation Committee, in consultation with the Board of Directors as appropriate, and the Board of Directors decides the criteria based on the received report. The independence of individual outside officers is disclosed in the Corporate Governance Report.

[Supplementary Principle 4-10-(1): Approach, authority, and role of the independence of the composition of committees]

(1) Nomination and Compensation Committee

The Company has established a Nomination and Compensation Committee, which consists of three independent outside directors and the Chairman and Representative Director. Three-quarters of the committee’s members are independent outside directors, one of whom chairs the committee, in order to ensure the committee’s independence. The committee deliberates the appointment and dismissal of directors, succession planning, the design of the directors’ (except for directors serving on the Audit and Supervisory Committee) compensation system, and the amount of individual compensation for directors (except for directors serving on the Audit and Supervisory Committee). The Board of Directors makes decisions based on its report.

(2) Board of Directors Evaluation Committee

The Company has established an Evaluation Committee for the Board of Directors, which consists only of six independent outside directors. Under the system, independent outside directors provide appropriate advice to the Board of Directors from various perspectives through the evaluation of the effectiveness of the Board of Directors.

[Supplementary Principle 4-11-(1): Concept regarding the balance of knowledge, experience and skills, diversity and size of the Board of Directors as a whole]

Based on the belief that diversity of the directors comprising the Board of Directors affects its effectiveness and significantly impacts sustainable growth and the enhancement of corporate value over the medium to long term, the Company’s Board of Directors has repeatedly deliberated on the balance and diversity of the composition of the Board of Directors, including the knowledge, experience, and abilities of the directors. As a result, the Company summarizes the optimal skills, etc., required by the Board of Directors in a “Skills Matrix” for directors and auditors(*) and has published it in the “Notice of the Annual General Meeting of Shareholders” since the 73rd Annual General Meeting of Shareholders held in June 2021, as a nomination proposal prerequisite for directors and auditors(*).

(*) Due to the transition of the Company from a Company with a Board of Company Auditors to a Company with an Audit and Supervisory Committee by resolution at the 77th Annual General Meeting of Shareholders, the position of auditor was discontinued.

The Company considers the skills matrix to be a tool to ensure diversity in the Board of Directors by recruiting a wide range of personnel with strengths in specific fields, and uses it to visualize the process to determine any excess or deficiency in skills among the directors and to balance such excess or deficiency through the appointment and dismissal of internal and outside directors.

In the "Notice of the 74th Annual General Meeting of Shareholders," we explained the thinking behind how we utilize the skills matrix. In addition to this, we have considered the management strategies we formulated in fiscal 2021 and redefined the skill sets that the Board of Directors deems necessary, including knowledge, experience, and capabilities. Items have also been organized into skills needed for corporate management and skills and experience required to achieve our business strategies or address our material issues. Furthermore, "ICT/DX" and "Environment & Energy," which were previously classified as skills related to business specialization, were redefined as management skills in light of recent trends, and we utilize this skills matrix as follows.

1. Identification of the necessary skills for the Board of Directors in light of the business strategy
2. Understanding the gap between the ideal composition of the Board of Directors and the current situation
3. Appointment of people who have skills that directors lack to the Board of Directors
4. Enhanced director training for skills that directors lack
5. Utilization in succession plans for directors
6. Utilization in succession plans for executive officers and other senior management

In addition, we disclosed the reason for the selection of skill sets required for the Board of Directors, such as knowledge, experience, and abilities in the "Notice of the 76th Annual General Meeting of Shareholders."

The skills matrix is disclosed on pages 25 to 28 of the "Notice of the 77th Annual General Meeting of Shareholders."

(https://www.joshin.co.jp/en/ir/meeting.html)

[Supplementary Principle 4-11-(2): Directors holding concurrent positions at other listed companies]

When a proposal on candidates for directors in the General Meeting of Shareholders is submitted, the status of concurrently held positions is disclosed in the business reports and reference documents of the "Notice of the Annual General Meeting of Shareholders." Some candidates may hold concurrent positions as outside officers of other listed companies, but this is not particularly considered to be an obstacle in their attendance at the meetings of the Board of Directors and the Audit and Supervisory Committee of the Company, and the number of concurrent positions remains within a reasonable range.

[Supplementary Principle 4-11-(3): Analysis and evaluation of the effectiveness of the Board of Directors as a whole]

The Company continuously promotes efforts to improve the effectiveness of the Board of Directors, which plays a central role in the efforts of the Company to enhance its corporate value and shareholder profits over the medium to long term. For the fiscal year ended March 2025 as well, the Evaluation Committee for the Board of Directors, which consists of outside directors and auditors(*), was established to investigate the effectiveness of the Board of Directors, targeting all directors and auditors(*) who were members of the Board of Directors. The Company conducted anonymous questionnaires and interviews with the directors, and the results were reported to the Board of Directors, along with the opinions of outside directors. The Board of Directors confirmed that the Board of Directors is functioning effectively based on the analysis of the survey results, and also identified constructive opinions and suggestions obtained in the course of the survey as issues which can contribute to the further improvement of the effectiveness of the Board of Directors and is formulating action plans to address such issues. A summary of the evaluation results of the effectiveness of the Board of Directors for the fiscal year ended March 2025 was disclosed on June 17, 2025.

(*) Due to the transition of the Company from a Company with a Board of Company Auditors to a Company with an Audit and Supervisory Committee by resolution at the 77th Annual General Meeting of Shareholders, the position of auditor was discontinued.

[Supplementary Principle 4-14-(2): Training policy for directors]

The Company provides opportunities for directors to improve their skills by acquiring the necessary knowledge and to remain up to date on the appropriate knowledge, so they can properly fulfill their expected roles and responsibilities. For directors and executive officers, we provide ongoing training to supplement skill gaps against the skills matrix, such as "management skills" and "skills related to business specialization," for their performance of duties, or to periodically update their knowledge. In addition, we provide practical training for directors and executive officers to update their knowledge on sustainability management and build practical experience by giving them responsibilities successively for overseeing important meetings on issues such as compliance, internal controls, risk management, and environmental management.

At the same time, the system to obtain advice from lawyers, certified public accountants, tax accountants, and other specialists on a case-by-case basis has been enhanced. As many of our directors and executive officers are in charge of various operations in the Company and are engaged in tasks that require a high level of judgment, we believe that overall training is indispensable for the execution of each operation in the Company.

[Principle 5-1: Policy for constructive dialogue with shareholders]

We believe that constructive dialogue with shareholders will lead to sustainable growth and medium- to long-term enhancement of corporate value. Based on the belief that positioning IR activity is an important task, we established the IR Promotion Office under the Management Planning Department in July 2024. At the Company, IR activity is carried out under the leadership of the President, who is also Chief Executive Officer and Representative Director, and in coordination with executive officers overseeing each division. Regarding specific activities related to IR, a forum for dialogue, such as financial results briefings, individual IR sessions for institutional investors, and IR seminars for individuals, is provided, and questions and requests received by phone or from the Company website are appropriately handled on a daily basis.

We also made our disclosure policy public in December 2022. Given how timely and appropriate disclosure of important information of the Company that may be useful to stakeholders leads to a deeper understanding of the Group, we will engage in IR activities that promote constructive dialogue.

[Measures to realize management that is conscious of the cost of capital and the stock price]

Description updated	Disclosure of initiatives (update)
English Disclosure updated	Yes
Date of update updated	December 5, 2025

Supplementary explanation on corresponding matters updated

In formulating and disclosing its management strategy and management plans, Joshin Denki Co., Ltd. has accurately assessed its cost of capital (cost of equity [capital asset pricing model, or CAPM] and the weighted average cost of capital [WACC]), while taking into account the opinions of external organizations. We have presented our basic policies for our revenue plan and capital policy in order to raise awareness of sustainable growth and the enhancement of corporate value in the medium to long term. At the same time, we have clearly presented the target level of ROE as the key indicator of capital profitability we aim to achieve. To improve PBR through the achievement of this target, we have also disclosed our plans for the allocation of management resources, including the review of the business portfolio, investments to expand business domains and enhance human capital, and shareholder returns.

Based on the progress made under the Medium-term Management Plan that concludes in the fiscal year ending March 31, 2026 (JT-2025 Management Plan), we formulated a new three-year Medium-term Management Plan through the fiscal year ending March 31, 2029 (JT-2028 Management Plan [FY2026–FY2028]) to accelerate improvements in capital efficiency and address the Company's low ROE and PBR. We announced this new plan in November 2025. In the new Medium-term Management Plan, we set the improvement of PBR as a key goal by strengthening profitability through rebuilding our business foundation and steadily executing an optimal capital policy, with the aim of realizing management that is conscious of capital cost and the stock price. The plan targets operating income of 10 billion yen or more, ROE of 7.0% or higher, a payout ratio of 40% or higher, and DOE of 2.5% or higher. To enhance the effectiveness of this plan, we have adopted the achievement rate of the consolidated operating income plan as the basis for calculating performance-linked monetary compensation for directors, while ROE is used as the basis for calculating performance-linked stock compensation, thereby clarifying management responsibility. The details of these policies, strategies, and plans are disclosed in documents such as our integrated report, Medium-term Management Plans, and other related publications.

■Medium-term Management Plan JT-2028 Management Plan

(https://www.joshin.co.jp/en/ir/management/medium-term.htmlh)

■ Integrated Report 2024

The medium- to long-term growth scenario is described on page 27, and the cost of capital and cash allocation are on pages 41 to 44.

(https://www.joshin.co.jp/en/ir/library/report.html)

We recalculated the cost of equity (CAPM)" and weighted average cost of capital (WACC) at the end of March 2025 and posted the updated figures on page 24 of the "Fiscal Year Ended March 31, 2025 (FY2024) Consolidated Financial Results."

2. Capital structure

Foreign Shareholding Ratio	Less than 10%

[Status of major shareholders]

Name and/or title	Number of shares owned (stock)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,271,400	8.55%
Joshin Denki Employee Shareholding Association	1,794,425	6.75%
Custody Bank of Japan, Ltd. (trust account)	1,176,222	4.43%
Resona Bank, Ltd.	800,000	3.01%
The Dai-ichi Life Insurance Company, Limited	675,000	2.54%
Sharp Corporation	542,500	2.04%
Sompo Japan Insurance Inc.	426,700	1.60%
Sumitomo Mitsui Trust Bank, Limited	336,000	1.26%
Joshin Denki Business Partner Shareholding Association	334,325	1.25%
Mitsubishi UFJ Trust and Banking Corporation	320,000	1.20%

Existence of controlling shareholders (excluding the parent company)	—
Parent company	No

Supplementary explanation

1. "Status of major shareholders" is based on the shareholder registry as of March 31, 2025.
2. "Percentage (%)" in the above table is calculated after excluding treasury stock (1,453,786 shares).

3. Corporate attributes

Stock exchange listing and market segment	Tokyo Prime Market
Fiscal year	March
Industry	Retail
Number of employees as of the end of the previous fiscal year (consolidated)	1,000 or more
Net sales for the previous fiscal year (consolidated)	100 billion yen or more and less than 1 trillion yen
Number of consolidated subsidiaries as of	10 or more and less than 50

the end of the previous fiscal year	

4. Guidelines on measures to protect minority shareholders in transactions with controlling shareholders

—

5. Other special circumstances which may significantly affect corporate governance

—

II. Status of management control organizations and other corporate governance systems related to management decision-making, execution and supervision

Organizational structure	Company with an Audit and Supervisory Committee

[Directors]

Number of directors as stipulated in the Articles of Incorporation	12 persons
Term of office of directors as stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman (unless he also serves as President)
Number of directors	8 persons
Appointment of outside directors	Nominated
Number of outside directors	6 persons
Number of outside directors who are designated as independent officers	6 persons

Relationship with the company (1)

Name	Affiliation	Relationship with the Company(*)										
		a	b	c	d	e	f	g	h	i	j	k
Keiko Yamahira	From another company											Yes
Junko Kawano	From another company											Yes
Seiji Nishikawa	From another company											Yes
Kinya Naito	Attorney at law											Yes
Kazumi Yoshikawa	Certified public accountant											Yes
Kazuko Otsuki	Certified public accountant											Yes

*Categories for “Relationship with the Company”
*Use “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past; “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.
a. Person who executes business for the Company or a subsidiary
b. Person who executes business for or a non-executive director of the Company’s parent company

c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for the said person/entity
e. Major client of the Company or a person who executes business for the said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to the director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to the director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to the director him/herself only)
k. Other

Relationship with the Company (2)

Name	Audit and Supervisory Committee member	Independent officer	Supplementary explanation on applicable items	Reason for appointment
Keiko Yamahira		Yes	—	Keiko Yamahira has abundant experience and insight in corporate management, and has been judged as a person who can provide advice and recommendations on the corporate activities of the Company from an objective, broad and sophisticated perspective. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Junko Kawano		Yes	—	Junko Kawano has abundant experience and knowledge in the field of business development consulting, and has been judged as a person who can provide advice and recommendations on the corporate activities of the Company from an objective, broad, and sophisticated perspective. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Seiji Nishikawa		Yes	—	Seiji Nishikawa has abundant experience and knowledge in the fields of ICT and DX since he played a central

				role in the information system division of a major telecommunication company. He has been judged as a person who can provide advice and recommendations on the corporate activities of the Company from an objective, broad, and sophisticated perspective. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Kinya Naito	Yes	Yes	Attorney at law (No business relationship with the Company)	Using his experience and expertise as a lawyer, Kinya Naito has been judged as a person who can provide advice and recommendations on the compliance management of the Company from an objective, broad, and sophisticated perspective. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Kazumi Yoshikawa	Yes	Yes	—	Kazumi Yoshikawa is experienced as a director and auditor at other companies in addition to her expertise and experience as a certified public accountant. The Company has judged that she is a person who can supervise Company directors from an impartial and neutral standpoint and provide advice and recommendations to ensure valid and appropriate decision making from the Board of Directors. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Kazuko Otsuki	Yes	Yes	—	Kazuko Otsuki is experienced as a director at other companies in addition to her expertise and experience as a certified public accountant. The Company has judged that she is a person who can supervise Company directors from an impartial and neutral standpoint and provide advice and recommendations to ensure valid and appropriate decision making from the

				Board of Directors. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.

[Audit and Supervisory Committee]

Composition of committee members and attributes of the committee chairman (chairperson)

	Committee members (Persons)	Full-time committee members (Persons)	Company directors (Persons)	Outside directors (Persons)	Committee chairman (Chairperson)
Audit and Supervisory Committee	3	0	0	3	Outside director

Directors and employees to assist with the duties of the Audit and Supervisory Committee	Yes

Matters Related to the Independence of Said Directors and/or Staff from Executive Directors

The Company assigns employees to assist with the duties of the Audit and Supervisory Committee. Such employees shall work solely for the Audit and Supervisory Committee and prioritize work for the Audit and Supervisory Committee even if they concurrently work for other departments

Specific personnel matters of such employees shall be determined by the Board of Directors with the consent of the Audit and Supervisory Committee. Performance evaluations of the said employees are conducted by the Audit and Supervisory Committee.

Coordination between the Audit and Supervisory Committee, the accounting auditor, and the internal audit department

The Auditor and Supervisory Committee shall receive reports from the accounting auditor regarding details of accounting audits, exchange information, and actively collaborate with the accounting auditor to raise the effectiveness of audits as needed.

The Auditor and Supervisory Committee shall receive reports from the Audit Department on the details of internal audits of the Company and each subsidiary company, exchange information, and actively collaborate to raise the effectiveness of audits as needed. In the event that instructions and orders from the President and Executive Officer are different from those of the Auditor and Supervisory Committee, the instructions and orders from the Auditor and Supervisory Committee shall be prioritized.

[Voluntary committee]

Existence of a voluntary committee corresponding to a nomination committee or compensation	Yes

committee	

Status of the establishment of a voluntary committee, composition of committee members, and attributes of the committee chairman (chairperson)

	Name of the committee	Committee members (Persons)	Full-time committee members (Persons)	Company directors (Persons)	Outside directors (Persons)	External experts (Persons)	Others (Persons)	Chairman (Chairperson)
Voluntary committee corresponding to a nomination committee	Nomination committees	4	0	1	3	0	0	Outside director
Voluntary committee corresponding to a compensation committee	Compensation Committee	4	0	1	3	0	0	Outside director

Supplementary explanation

The Company has established a Nomination and Compensation Committee, which consists of three independent outside directors and the Chairman and Representative Director. Three-quarters of the committee's members are independent outside directors, one of whom chairs the committee, in order to ensure the committee's independence. The committee deliberates the appointment and dismissal of directors, succession planning, the design of the directors' (except for Directors serving on the Audit and Supervisory Committee) compensation system, and the amount of individual compensation for directors (except for directors who are members of the Audit and Supervisory Committee). The Board of Directors makes decisions based on its report.

[Independent officers]

Number of independent officers	6 persons

Other matters concerning independent officers

The Company has designated all outside directors as independent officers based on the stipulations by the Tokyo Stock Exchange and reported to the Tokyo Stock Exchange.

[Incentives]

Implementation status of policies regarding the granting of incentives to directors	Performance-linked compensation system introduced

Supplementary explanation on corresponding matters

■Basic policy

Encourage directors to perform their duties to the fullest in line with the management strategies and management goals.

Provide advise on compensation to officers of the Company based on job position and contribution to performance.

Compensation shall be designed to share profits and risks with shareholders, and provide incentives to manage the Company from the perspective of shareholders.

Transparency and objectivity are ensured by having compensation to officers considered by the Nomination and Compensation Committee, in which outside directors make up a majority of members.

Persons to whom stock options are granted	No

Supplementary explanation on corresponding matters

[Compensation for directors]

Status of disclosure (of individual director compensation)	Individual compensation is not disclosed

Supplementary explanation on corresponding matters

The Company discloses information on the total amount of compensation for directors and auditors by type in the Securities Report and Notice of the Annual General Meeting of Shareholders.

The total amount of compensation to directors in the 77th fiscal year (April 1, 2024, to March 31, 2025) is as follows.

[Details of compensation to directors]

1. Amount of compensation for directors and auditors

Directors: 9 persons, 215 million yen

Auditors: 5 persons, 36 million yen

Note: Of this amount, 53 million yen was paid to outside directors (8 persons) as remuneration, etc. The total amount of remuneration, etc., for directors includes a provision of 51 million yen for stock compensation recorded in the current fiscal year.

2. Bonus allowance for the directors

No payment was made for the interim fiscal year.

Existence of policy to determine the amount of compensation and method of calculation	Yes

Disclosed content on the policy to determine the amount of compensation and its method of calculation

■Composition of compensation

Compensation of directors (excluding directors serving on the Audit and Supervisory Committee) consists of fixed monetary compensation (50%), monetary compensation linked to individual performance (10%), monetary compensation linked to financial indicators (10%), stock compensation linked to financial indicators (10%), and as stock compensation linked to sustainability, compensation linked to the environmental management indicator (10%), and compensation linked to the employee engagement index (10%). Individual allocations are based on compensation multipliers set according to position and role.

The composition of officer compensation is summarized below.

<table>
<tr><th colspan="2">Composition of compensation</th><th>Composition ratio</th><th></th></tr>
<tr><td colspan="2">Fixed monetary compensation</td><td>50 %</td><td rowspan="3">Monetary compensation 70%</td></tr>
<tr><td>Individual performance-linked monetary compensation</td><td>Linked to monitoring evaluation</td><td>10 %</td></tr>
<tr><td>Financial indicator-linked monetary compensation</td><td>Linked to operating profit</td><td>10 %</td></tr>
<tr><td>Financial indicator-linked stock compensation</td><td>Linked to ROE</td><td>10 %</td><td rowspan="3">Stock compensation 30%</td></tr>
<tr><td rowspan="2">Sustainability indicator- linked stock compensation</td><td>Linked to the environmental management indicator</td><td>10 %</td></tr>
<tr><td>Linked to employee engagement index</td><td>10 %</td></tr>
</table>

<Director compensation by position>

The reference value of compensation for directors is defined as “Director and Executive Officer,” for which the standard monthly compensation is set at no more than 300% of the maximum monthly salary as set forth in the employee salary system. Compensation for each director is determined by the compensation multiplier based on the director’s position and the Company’s business performance. The compensation multipliers according to position are as follows.

Position	Compensation multiplier	Compensation multiplier for representative director	Compensation multiplier for CEO	Compensation multiplier (Total)
Director and Chairman	1.7	0.2	-	1.9
Director, President and Executive Officer	2.0	0.2	0.3	2.5
Director, Vice President and Executive Officer	1.7	-	-	1.7
Director and Senior Managing Executive Officer	1.4	-	-	1.4
Director and Managing Executive Officer	1.2	-	-	1.2
Director and Executive Officer	1.0	-	-	1.0

<Summary of director compensation components>

[Monetary compensation (70%)]

・Fixed monetary compensation (50%)

The amount is determined according to the director’s position and paid as fixed monthly compensation.

(Monetary compensation as short-term incentives)

・Individual performance-linked monetary compensation (10%)

Each fiscal year, the Nomination and Compensation Committee evaluates the results of the business execution of each director, and the amount paid varies between 50% and 150%, with 100% indicating achievement of the targets. This amount is added to the fixed monetary compensation and paid monthly as monetary compensation.

・Financial indicator-linked monetary compensation (10%)

To encourage both management and labor to work toward the improvement of business performance, this compensation is determined according to the achievement of the operating profit target, in the same way as year-end bonuses for employees. The amount paid varies between 0% and 150%, with 100% indicating achievement of the target.

[Stock compensation (30%)]

(Stock compensation as long-term incentives)

・Financial indicator-linked stock compensation (10%)

To reflect the improvement of the profitability of capital in compensation, we grant shares of stock as compensation based on the level of achievement of the ROE target in the medium-term management plan.

・Stock compensation based on the environmental management indicator (10%)

To embed environmental issues related to climate change into management strategy from the perspective of risks and opportunities, and connect our positive impacts on society to the sustainable growth of the Company, we have introduced this compensation as an incentive to encourage the active involvement of directors, and grant shares of stock as compensation based on an environmental management indicator (the CDP Climate Change score).

・Stock compensation based on the employee engagement index (10%)

In order to link the improvement of CS (creation of social value) through the advancement of employee engagement to the Company's sustainable growth by actively investing in the creation of an internal environment in which diverse human resources can thrive and in the development of human resources, based on the four themes of "securing human resources in response to environmental changes," "diversity & inclusion," "work-life balance," and "respect for human rights," we continuously measure the progress of these activities as an "engagement score," and grant shares of stock as compensation based on the engagement score.

Stock compensation is provided for the purpose of encouraging the sharing of value between the Company's directors and shareholders, and to raise directors' awareness of contributing to the improvement of medium- to long-term business performance and increasing corporate value. Once each year, directors are awarded points calculated by multiplying the number of basic points by position, which is the total of the number of position points set for each position plus the number of additional points set for each role, by a payment coefficient according to the level of achievement of the financial indicator and sustainability indicator targets. One point is equivalent to one share of the Company's common stock, and directors receive shares of the Company's common stock (a portion of which is sold and converted into cash) upon their retirement.

Position points are set as follows according to position.

Position	Position points
Director and Chairman	2,040 pts.
Director, President and Executive Officer	2,400 pts.
Director, Vice President and Executive Officer	2,040 pts.
Director and Senior Managing Executive Officer	1,680 pts.
Director and Managing Executive Officer	1,440 pts.
Director and Executive Officer	1,200 pts.

Additional points are set as follows according to role.

Position	Additional points
CEO	360 pts.
Right of representation	240 pts.

The payment coefficient is set according to the level of achievement of the financial indicator and sustainability indicator targets, varying between 0.00 and 1.50, with 1.00 as the coefficient when the target is reached.

Variable compensation, such as performance-linked compensation, is not necessarily appropriate for outside directors and directors serving on the Audit and Supervisory Committee, whose roles are independent from that of business execution. Therefore, outside directors are paid fixed compensation only, which is determined on an individual basis, considering factors such as societal standards and the outside director's career background, and knowledge and experience in the field of expertise.

The retirement benefit system for directors and auditors was also abolished at the General Meeting of Shareholders held on June 24, 2005.

■Decision-making procedure

The decision-making policy for compensation of directors is to determine compensation by resolution of the Board of Directors within the total amount approved in advance by the General Meeting of Shareholders. When resolutions on

Board of Directors Compensation Rules, including the Basic Policy for Decisions on Executive Compensation of Directors, are adopted by the Board of Directors, the results of deliberations by the Nomination and Compensation Committee, an advisory body to the Board of Directors that has outside directors as a majority of its members and is chaired by an outside director, are submitted to the Board of Directors to increase transparency and make decisions through a fair process. In determining the specific details of compensation of individual directors, the Nomination and Compensation Committee conducts a multifaceted review of the draft proposal that includes consistency with the decision-making policy, and the Board of Directors basically respects the committee's report in the belief that it is in line with the decision-making policy.

Note: Information on the compensation of directors is disclosed in the following documents posted on our website.

1. "Securities Report" (in Japanese only)

2. "Notice of the Annual General Meeting of Shareholders" (attached "Business Report" in Japanese only)

3. Integrated Report

[Support system for outside directors]

A system has been established to notify the date of the Board of Directors' meeting and its agenda in advance. The director in charge shall explain the purpose of the meeting as needed.

2. Matters related to functions such as business execution, auditing and supervision, nomination, and determination of remuneration (overview of current corporate governance system)

To further strengthen these initiatives, the Company transitioned from a company with a Board of Company Auditors to a company with an Audit and Supervisory Committee, as resolved at the 77th Annual General Meeting of Shareholders held on June 24, 2025. Consequently, Directors serving on the Audit and Supervisory Committee, who play the main role in auditing the job duties of directors, have become members of the Board of Directors. These directors will audit and oversee the legality and appropriateness of business execution. This enables the Company to strive for the enhancement of its corporate governance system. In addition, it will be possible to make decision-making even faster by transferring significant portions of the Board of Directors' authority to make business execution decisions. As a result, the Board of Directors is able to focus on deliberations on medium- to long-term management strategies, capital policy, and other matters that will help raise our corporate value. In addition, we will make our management more transparent with a stronger corporate governance system under which the Audit and Supervisory Committee, consisting of only independent outside directors, will audit and oversee the legality and appropriateness of business execution.

The Board of Directors is comprised of eight directors, including six independent outside directors. In addition to regular meetings held at least once a month, the Board of Directors holds extraordinary meetings to make decisions on medium- to long-term management policies and business strategies for the creation of social and corporate value, matters stipulated by law, and other important management matters, and for supervising the status of business operations by each director, as needed. The Company's Articles of Incorporation set forth that the Company may delegate decision-making on the execution of important operations to directors by resolution of the Board of Directors for faster decision-making.

Before transitioning to a company with an Audit and Supervisory Committee, the Board of Auditors meeting for fiscal 2024 established audit policies for auditors in accordance with laws and regulations and the Articles of Incorporation, based on the Board of Auditors' Rules. The Board also prepared audit reports that incorporated reports from each auditor. Auditors supervised and audited the decision-making process of the Board of Directors and the execution of duties by the directors by attending important meetings, including those of the Board of Directors, and by reviewing important documents.

Following the transition to a Company with an Audit and Supervisory Committee, directors serving on the Audit and Supervisory Committee will all be independent outside directors, and the Audit and Supervisory Committee will meet once a month in principle. Outside directors who are members of the Audit and Supervisory Committee share information and exchange opinions on the execution of the directors' duties and gain a timely understanding of the actual management situation by reviewing relevant documents. Furthermore, they grasp the decision-making process and audit the execution of the directors' duties through information exchange with the Auditing Department, which is the internal audit function, and the accounting auditor. In addition, the Company has appointed certified public accountants and lawyers with advanced knowledge and experience in their respective fields, as outside directors serving on the Audit and Supervisory Committee, to strengthen the auditing and supervising functions of the committee.

In addition, the Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors in order to strengthen corporate governance by ensuring the independence, objectivity, and transparency of the functions of the Board of Directors concerning decisions on the nomination and compensation of representative directors and directors, etc., as well as personnel matters such as plans of succession for the CEO. The Nomination and Compensation Committee consists of independent outside directors, representative directors, and directors appointed by resolution of the Board of Directors, with three-quarters of the members being independent outside directors. The chairman of the committee is elected from among the independent outside directors.

As an internal audit function, the Audit Department, which reports directly to the President who is also an Executive Officer, conducts regular internal audits of each department to check the status of business execution, prevent fraud and errors, and provide advice on business improvement. The results of internal audits are reported to the President and the Audit and Supervisory Committee on a regular basis and whenever audits are carried out. In addition, the Audit Department, in coordination with the accounting auditor, has established a system to check for any deficiencies in the maintenance and operation of internal control of financial reporting for all processes within the scope of evaluation.

The Sustainability Committee, which consists of executive directors, executive officers, directors serving on the Audit and Supervisory Committee full time, and department heads (including directors of subsidiaries), manages the progress of issues set by backcasting from long-term goals toward the realization of value creation for the Joshin Group, carries out activities of business divisions, and provides promotion, development, management, and guidance, etc. in cross-departmental projects.

The retirement benefit system for directors and auditors was also abolished at the General Meeting of Shareholders held on June 24, 2005.

As stipulated in the Companies Act, Article 427, Paragraph 1, the Company has concluded contracts with all outside directors in order to limit compensation liability as stipulated in Article 423, Paragraph 1 of the same act. The limit on compensation liability under the said contracts is set to the minimum liability amount stipulated by the law.

The Company has concluded a liability insurance contract for officers, etc. with an insurance company as stipulated in the Companies Act, Article 430-3, Paragraph 1 and renewed the contract on July 1, 2024 with the same terms and conditions. Under the insurance contract, the Company will cover any damage that may occur for which an insured officer is held liable, which has occurred in the performance of his/her duties, or is subject to a claim pertaining to the pursuit of such responsibility. The insurance premiums are fully borne by the Company, including the special contract, so there is no substantial burden on the insured. The insurance policy is subject to certain exemptions, such as if the act was performed with due knowledge that such is in violation of laws and regulations.

The Company has also concluded an advisory contract with a law firm and can receive advice as needed. In addition, the accounting auditor, Ernst & Young ShinNihon LLC, conducts accounting audits and internal control audits from a fair and unbiased standpoint, and reports the details and results of audits to the Board of Auditors regarding settlement of accounts and quarterly financial results.

[Accounting auditor] (Fiscal year ended March 2025)

(1) Name of accounting auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration payable to the accounting auditor

1. Total remuneration and other amounts payable by the Company for services under Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan: 50 million yen

2. Total amount of cash and other financial benefits payable by the Company and its subsidiaries: 67 million yen

Notes:1. In the audit contract between the Company and the accounting auditor, remuneration paid for audits under the Companies Act of Japan and remuneration paid for audits under the Financial Instruments and Exchange Act of Japan are not clearly distinguished. Therefore, the amount in item 1. above includes the amount of remuneration paid for audits under the Financial Instruments and Exchange Act.

2. The Company's Board of Auditors has reviewed the contents of the audit plan prepared by the accounting auditor, and the performance of duties and the basis for calculation of the estimated amount of remuneration in the

previous fiscal year by way of obtaining the necessary documents from the Board of Directors, relevant internal departments and the accounting auditor, and by listening to reports. As a result, it has been determined that the fees paid to the accounting auditor are in accordance with Article 399, Paragraph 1 of the Companies Act.

(3) Description of non-auditing services

The Company pays compensation to the accounting auditor for “climate change response support services,” etc. as services other than the auditing services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non- auditing services).

3. Reasons for selecting the current corporate governance system

The Company introduced the executive officer system in June 2016. In addition to regular meetings of the Board of Directors held at least once a month and extraordinary meetings of the Board of Directors held as needed, meetings of the Board of Executive Officers where Executive Directors gather are held weekly, in principle, and prior to the submission of proposals to the Board of Directors, a system to provide detailed information before such meetings is in place. As a result, more active discussions within the Board of Directors have been encouraged, leading to faster management decision making and stronger governance. Moreover, in order to utilize objective viewpoints that differ from those within the Company, strengthen the management system, and further improve transparency, one independent outside director was appointed since 2014, two since 2017, three since 2019, and four since 2021, while the number of outside auditors was increased from two to three with the election of one person by resolution of the 75th Annual General Meeting of Shareholders in June 2023, bringing the total number of independent outside directors and auditors to seven. In June 2024, following the retirement of an outside auditor (full-time), a female outside auditor (part-time) was newly elected by resolution of the 76th Annual General Meeting of Shareholders, making two out of four auditor women (+1). This ensures independence as well as diversity. By this system, valuable opinions and suggestions from a management perspective can be obtained and this information can be used to revitalize management. Furthermore, two women have been appointed as independent outside directors, and four out of seven independent outside officers are women. The Evaluation Committee for the Board of Directors, consisting of outside directors and auditors, was established in fiscal 2016 as an advisory body to the Board of Directors, and works to strengthen corporate governance.

To strengthen these measures further, the Company transitioned from a company with a board of company auditors to a company with an Audit and Supervisory Committee with approval at the 77th Annual General Meeting of Shareholders held on June 24, 2025. We will take the opportunity of the transition to make decision-making even faster by transferring significant portions of the Board of Directors’ authority to make business execution decisions, while increasing the effectiveness of the Board of Directors by focusing its deliberations on medium- to long-term management strategies, capital policy, and other matters that will help raise our corporate value. In addition, the Audit and Supervisory Committee, consisting of only independent outside directors, audits and oversees the legality and appropriateness of business execution. Therefore, the Company believes that the current management monitoring system is functioning appropriately to improve corporate value.

III. Status of implementation of measures concerning shareholders and other concerned parties

1. Efforts to vitalize the General Meeting of Shareholders and to facilitate the exercise of voting rights

	Supplementary explanation
Early notification of convocation of General Meeting of Shareholders	The Company shall send these convocations approximately three weeks before the date of the General Meeting of Shareholders. The notice to convene the General Meeting of Shareholders shall be posted on TDnet and the Company’s website (https://www.joshin.co.jp/en/ir/meeting.html) prior to the sending date.
Scheduling the General Meeting of Shareholders to avoid dates on which there are many other shareholders’ meetings	The Company shall strive to avoid scheduling the General Meeting of Shareholders on dates corresponding to other shareholders’ meetings whenever possible so that as many shareholders as possible can attend.

Exercising voting rights by electromagnetic methods	Electronic voting is also available.
Participation in electronic platforms for exercising voting rights and other efforts to improve the voting rights exercising environment for institutional investors	It is possible to participate in and use the electronic platform managed by the joint venture ICJ, Inc. established by the Tokyo Stock Exchange and other companies for exercising voting rights.
Providing notices (summaries) in English	The Company has been posting English translations of the notices on its website approximately three weeks before the date of the General Meeting of Shareholders.
Others	The Company posts notices to convene the General Meeting of Shareholders on its website, and after the meeting, various corporate information along with the notice of any resolutions, is sent to the shareholders in writing.

2. Status of activities related to investor relations (IR)

	Supplementary explanation	Explanation by the representative directly
Creation and announcement of disclosure policy	The Joshin Group Disclosure Policy regarding information disclosure was made publicly available in its website. https://www.joshin.co.jp/en/ir/news.html As a basic policy, with the aim of becoming a company that is trusted and supported by society, the Company thoroughly discloses information in a timely, accurate, and fair manner from the perspective of all stakeholders, including shareholders and investors, and works on proactive and straightforward disclosure of information.	
Holding regular briefings for individual investors	The Managing Executive Officer in charge of financial strategy periodically participates in online company briefings held by securities companies for individual investors, serving as the main speaker.	No
Conducting regular briefings for analysts and institutional investors	The Company holds financial results briefings via live streaming with participation of all executive officers, including representative directors, twice a year after releasing interim and fiscal year-end financial results. Moreover, in response to requests from institutional investors, analysts, etc. the Company shall hold individual briefings in the form of meetings in a timely manner.	Yes
Holding regular briefings for overseas investors	No. We hold IR meetings individually if requested.	Yes
Posting IR materials on the website	The Company posts brief notes on financial results, briefing data for financial results, securities reports, notices to convene the General Meeting of Shareholders, integrated reports, and other data to be timely disclosed on its website to enhance information distribution. https://www.joshin.co.jp/en/ir/library.html	
Establishing an IR department (department in charge)	The Company has established an IR Promotion Office under the Management Planning Department as the department in	

	charge of IR.
Others	The Company carries out IR activities mainly targeting individual investors by publishing information regarding the Company and shareholder benefit programs in IR-related magazines. The Company also holds briefing sessions via video streaming and teleconferencing on the financial results of the first six months and the full year, in order to explain the financial results, business conditions, and future business development in detail. Furthermore, the Company renewed the IR page on its website. In addition to newly created pages to introduce our businesses, we released corporate reports by FISCO and online financial statement content by logmi.

3. Status of efforts to respect the position of stakeholders

	Supplementary explanation
Regulations that respect the position of stakeholders through internal regulations, etc.	The Company made a commitment to and signed the U.N. Global Compact in July 2022. As part of this initiative, we established and announced the Joshin Group Human Rights Policy in December 2022, the Joshin Group Procurement Policy and Procurement Guidelines in February 2023, and the Joshin Group D&I Policy and Joshin Group Anti-Corruption Policy in March 2023. We also formulated and released the Partnership Declaration in July 2024 and the Multi-stakeholder Policy in June 2025. The Joshin Group Declaration on Actions stipulates respect for the position of our stakeholders, including customers, business partners, shareholders, and employees. In addition, to ensure all Group employees comply with the Joshin Group Declaration on Actions, we have codified our action guidelines in the Joshin Group Code of Conduct.
Implementation of environmental conservation activities, CSR activities, etc.	We have set “contributing to the creation of an enriching society that is in harmony with the global environment” as one of our material issues (major challenges) and are promoting the establishment of a resource-recycling society and addressing climate change issues. Through these and other efforts to achieve a society with net-zero carbon emissions, we are working to create social value by achieving household carbon neutrality and improve our corporate value. The Company’s efforts to address environmental issues have been organized and announced as the Joshin Group Environmental Principles, the Joshin Group Basic Environmental Policy, the Joshin Group Environmental Action Guidelines, and the Joshin Green Smile Challenge 2050. In practicing sustainability management, we disclose information based on TCFD recommendations. Furthermore, we also announced our support for TNFD recommendations and disclose information accordingly. In addition, in fiscal 2023, we have established a transition plan to address the goal of limiting the average global temperature rise to 1.5°C. Going forward, we will work to raise the level of information disclosure to cover IFRS Sustainability Disclosure Standards S2 Climate-related Disclosures. For greenhouse gas (GHG) emissions in fiscal 2023, we assessed scopes 1, 2, and 3 emissions, and obtained third-party verification to ensure the reliability of our figures for scopes 1, 2, and 3 (categories 1, 4, and 11) emissions. We obtained third-party verification for 98.8% of our total GHG emissions. As a result of these efforts, we earned the highest rating of “A” in the climate change category of the questionnaire conducted by CDP for two consecutive years of fiscal

	2023 and 2024. We have begun efforts toward the early realization of carbon neutrality at each business site. Having actively introduced photovoltaic systems through onsite and offsite power purchase agreements (PPAs), we have photovoltaic systems at 76 business sites (including introduction through feed-in tariff and PPA projects) as of March 2025. Furthermore, we aim to increase off-grid consumption by introducing storage batteries, energy-saving equipment, and other means. The percentage of off-grid consumption among our business sites that have PPAs to receive electricity reached 28.43% in fiscal 2024, and we achieved the fiscal 2030 target of 25% six years ahead of schedule. Going forward, we will prepare for the risk of surging electricity bills with the target of raising the percentage of off-grid consumption among our business sites that have PPAs to receive electricity to 50% in fiscal 2050. Moreover, we achieved a renewable energy ratio of 100% for business sites with power purchase agreements to receive electricity in March 2024. The rate of renewable energy conversion at all business sites, including tenants, is 63.2%, and we plan to realize a 100% conversion to renewable energy by around 2040. The Company's head office building has acquired ISO 14001 certification, an international standard for environmental management systems. Furthermore, as part of our effort to engage in responsible corporate activities, we have installed chargers for electric vehicles at all of our stores where such installation is possible in fiscal 2024. In addition, our social mission is to maintain and create an environment where people in the local community can live in safety, comfort, and good health. We carry out sales promotion activities for energy-saving home appliances, actively promote energy saving, energy generation, and energy storage, and conduct activities such as estimating the installation cost of household charging outlets for electric vehicles and selling household storage batteries. In order to promote compliance and make policies regarding the social responsibilities which should be fulfilled by the Group, the Company has established a standard Code of Conduct for the Group through operation of the Sustainability Committee and the Risk Management Committee. The Company has already enacted the Basic Policy on Information Security and the Personal Information Protection Policy, and has established an information security management system and a personal information protection management system. It is also expanding promotional activities for these across the entire Group in order to protect information assets, including the personal information of customers. As a result, Joshin was certified by the Japan Information Processing Development Center (currently the Japan Institute for Promotion of Digital Economy and Community) with the "Privacy Mark" on April 25, 2005, the first for a large corporate retailer, and the mark has been used since May 13, 2005. Furthermore, we have established systems and promote activities to fulfill our social responsibilities toward the stakeholders of the Group, including the enactment of the Basic Policy on the Construction of the Internal Control System in May 2006 (last revised on May 20, 2025) and the Product Safety Voluntary Action Guidelines in December 2007. As a result, we were the first to receive the METI Minister's Award at the Best Contributors to Product Safety Awards in the large retailer category three consecutive times, in November 2008, November 2010, and November 2012. We were also the first recipient of METI's newly established Gold Product Safety Company mark in June 2014, and first to receive an additional "★" certification mark indicating a higher level of achievement under the program's follow-up

	assessment in 2019. Furthermore, in 2024, Joshin was granted "★★" certification mark, which was newly added in the year. In January 2017, we became the first major retailer in Japan to acquire ISO 22301:2012 certification for our business continuity management system to prepare for significant risks and respond to negative impacts efficiently and effectively. In 2021, we were also certified in the transition to the new standard, ISO 22301:2019. These initiatives are disclosed in our integrated report. (https://www.joshin.co.jp/en/ir/library/report.html)
Formulating policies for provision of information to stakeholders	The Joshin Group Disclosure Policy was made publicly available in December 2022. The Company stipulates a policy for disclosure of corporate information to stakeholders in the Joshin Group Code of Conduct and informs all employees of the Group. Based on these provisions, the Company has established an internal system to enable prompt, accurate, fair and timely disclosure to all stakeholders, including shareholders and investors, and provides information in a timely and appropriate manner through its website, briefings on six-month and full-year financial results, and IR seminars for individual investors.
Others	—

IV. Matters related to internal control systems, etc.

1. Basic concept on internal control system and the status of its maintenance

The Company has established the following basic policy regarding the creation of an internal control system. Based on this basic policy, the Company has created and operates a system to ensure the appropriateness of the Group's operations as stipulated in the Companies Act and the Regulations for Enforcement of the Companies Act, as well as internal control over financial reporting as stipulated in the Financial Instruments and Exchange Act.

(1) System to ensure that the execution of duties by directors, executive officers, and employees are in compliance with laws and regulations and the Articles of Incorporation

1) The Sustainability Committee, chaired by the Representative Director, President and Executive Officer, shall oversee compliance in general in coordination with the Risk Management Committee.

2) To promote compliance, we shall enact the Human Rights Policy, D&I Policy, Basic Environmental Policy, Procurement Policy and Procurement Guidelines, Anti-Corruption Policy, Disclosure Policy, Basic Policy on Information Security, Personal Information Protection Policy, Product Safety Voluntary Action Guidelines, Code of Conduct, and other Group-wide policies. We shall provide guidance through continuous training and other means to ensure that all officers and employees of the Company and its subsidiaries view compliance as an issue that concerns them and conduct their business operations accordingly.

3) In the event that a compliance-related incident should occur, a system shall be established whereby the details of the incident and measures to handle it shall be reported to top management, the Board of Directors, the Board of Executive Officers, and the Audit and Supervisory Committee through the Chief Compliance Officer (the executive officer appointed under the sustainability promotion framework).

4) The Company shall establish Whistleblower System Operating Standards and establish a contact point for consultation and reporting on organizational and individual violations of laws and regulations, and introduce a whistleblower system that specifically stipulates that whistleblowers will not be treated unfavorably on the grounds that they have made a consultation or report.

5) The Company shall not have any connections with antisocial forces and groups which threaten the order and safety of civil society, and shall thoroughly educate all employees in accordance with the Basic Policy on Exclusion of Antisocial Forces and the Joshin Group Code of Conduct to resolutely respond to such forces and groups, and shall establish a system to deal with such forces and groups.

(2) System for the storage and management of information related to the execution of duties by directors

1) Information and documents related to the execution of duties by directors shall be stored and managed in accordance with the Company's internal regulations and related manuals, etc., and the status of operation shall be verified and the regulations, etc. shall be reviewed as needed.

2) For information management, information security management standards and personal information management standards shall be established.

(3) Regulations for managing the risk of loss and other systems

1) As an organization for managing the risk of loss, a Risk Management Committee, chaired by the Representative Director, President and Executive Officer, shall be established and the development of a risk management system shall be promoted by identifying, analyzing, and evaluating various risks around the corporate group consisting of the Company and its subsidiaries, and implementing appropriate measures.

2) The Risk Management Committee shall have a Compliance Unit that controls compliance overall, an Internal Control Unit which handles the internal control system, a Personal Information Protection Unit, an Information Security Unit, and a BCMS Promotion Unit that develops and promotes the Business Continuity Management System (BCMS) as a system for effective and functional business continuity even in the event of an emergency. In addition, the Company shall establish other committees for each individual business for risk management based on necessity. Through these activities, the Company shall manage the risks of the corporate group.

3) In the event of an unforeseen event, the Disaster (Accident) Countermeasures Committee shall be convened in accordance with the Risk Management Rules to prevent the spread of damage.

4) The Company shall establish an Audit Department, which reports directly to the President and Executive Officer, and the department shall be in charge of internal auditing of the Company and its subsidiaries. The Audit Department shall conduct internal audits on a regular basis according to the Internal Audit Regulations in coordination with the Audit and Supervisory Committee. The Audit Department shall periodically review the items and methods of audit implementation and operate with approval from the Audit and Supervisory Committee.

5) The executive officer in charge of internal control shall report to the Board of Directors on the status of internal control operations in the Company and its subsidiaries on a quarterly basis.

(4) System to ensure that the execution of duties by directors is carried out efficiently

1) The Board of Directors shall hold regular meetings at least once a month to make decisions on important matters and to supervise the execution of duties by the directors and executive officers.

2) Based on the Board of Directors regulations, executive officer regulations, regulations for division of duties, and rules for decision-making, the authority to make decisions on business execution shall be transferred to executive officers, and the monitoring functions of the Board of Directors shall be strengthened.

3) Directors and executive officers shall report the status of their own duties that they execute to the Board of Directors on a quarterly basis.

4) Independent outside directors shall be appointed to further vitalize deliberations by the Board of Directors and strengthen the management supervision function.

5) The term of office of the directors shall be one year in order to promptly respond to a rapidly changing business environment.

6) Management of the operation plan shall be based on the annual and medium-term management plans formulated each year according to the management philosophy, and each business line shall work to achieve its goals. The Sustainability Committee shall manage the progress.

7) Digitalization shall be promoted in order to improve operational efficiency.

(5) System to ensure the appropriateness of business operations of the corporate group

1) Directors of subsidiaries shall be appointed from the executive officers and other senior management of the Company.

2) Auditors of subsidiaries shall be appointed from the directors serving full-time on the Audit and Supervisory Committee of the Company. When there are no directors serving full time on the Audit and Supervisory Committee, those with experience in senior management of internal control departments or sales

departments shall be appointed.

3) The Company and each of its subsidiaries shall appoint a person in charge of compliance promotion, and the Chief Compliance Officer shall oversee and promote compliance of its subsidiaries.

4) Regarding management of subsidiaries, the Company shall periodically request a report on their business activities and discuss important matters with them in advance, while respecting their autonomy.

5) As a system to ensure efficient execution of duties by the directors, etc. of the subsidiaries, (4) 5) 6) 7) shall apply mutatis mutandis to the subsidiaries.

(6) Matters concerning employees to assist with the Audit and Supervisory Committee’s duties and independence of such employees from the directors (excluding directors serving on the Audit and Supervisory Committee)

1) The Company assigns employees to assist with the duties of the Audit and Supervisory Committee. Such employees shall work solely for the Audit and Supervisory Committee and prioritize the work for the Audit and Supervisory Committee even if they concurrently work for other departments.

2) Specific personnel matters of such employees shall be determined by the Board of Directors with the consent of the Audit and Supervisory Committee. Performance evaluation of the said employees is conducted by the Audit and Supervisory Committee.

(7) System for directors (excluding directors serving on the Audit and Supervisory Committee), executive officers, and other employees to report to the Audit and Supervisory Committee

1) If any director (excluding directors serving on the Audit and Supervisory Committee), executive officer, or other employee discovers a fact that may cause significant damage to the Company, he or she shall immediately report it to the Audit and Supervisory Committee in accordance with laws and regulations.

2) Directors (excluding directors serving on the Audit and Supervisory Committee), executive officers, and other employees shall prepare the necessary reports and provide information in response to requests from the Audit and Supervisory Committee in accordance with the provisions of the Audit and Supervisory Committee.

3) Directors, auditors, and employees of the Company’s subsidiaries shall promptly prepare the appropriate reports when requested by the Audit and Supervisory Committee of the Company to report on matters related to the execution of business.

4) The Company shall prohibit any disadvantageous treatment of its directors (excluding directors serving on the Audit and Supervisory Committee), auditors, executive officers, and employees and those of the Company and its subsidiaries who have reported to the Audit and Supervisory Committee for making such reports, and shall inform all directors (excluding directors serving on the Audit and Supervisory Committee), auditors, executive officers, and employees of the Company and its subsidiaries to that effect.

5) The aforementioned 1) to 4) shall apply mutatis mutandis to outside directors in order for them to effectively perform their duties.

(8) System to ensure that audits by the Audit and Supervisory Committee are carried out effectively

1) Directors serving on the Audit and Supervisory Committee shall attend meetings of the Board of Directors and other important meetings, inspect major documents requiring managerial approval, and other important documents related to the execution of business, and request explanations from directors (except for directors serving on the Audit and Supervisory Committee), executive officers, and other employees as needed.

2) The Audit and Supervisory Committee shall receive reports from the accounting auditor regarding details of the accounting audit, exchange information, and actively collaborate with the accounting auditor to raise the effectiveness of the audit as needed.

3) The Audit and Supervisory Committee shall receive reports from the Audit Department on the details of internal audits of the Company and each subsidiary company and may provide instructions and give orders to raise the effectiveness of the audit as needed. In the event that instructions and orders from the President and Executive Officer, are different from the ones of the Auditor and Supervisory Committee, the instructions and orders from the Auditor and Supervisory Committee shall be prioritized.

4) In the event that a director serving on the Audit and Supervisory Committee requests prepayment or reimbursement of expenses to the Company in connection with the execution of his or her duties, the

Company shall promptly process such expenses or debts after deliberation by the department in charge, unless such expenses or debts related to such request are proven not to be necessary for the performance of the said director's duties.

5) The aforementioned 1) to 4) shall apply mutatis mutandis to outside directors in order for them to effectively perform their duties.

2. Basic concept on the elimination of antisocial forces and the status of its maintenance

The Company has established the following basic policy regarding the elimination of antisocial forces.

In accordance with the "Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces" (published by the Meeting of Cabinet Ministers for Anti-Crime Measures), the Company and its Group Companies will resolutely oppose and reject any intervention by antisocial forces that threaten social order and safety.

In addition, the Company shall adhere to the following basic principles to fulfill its social responsibility as a business enterprise and to be a company that is trusted by society.

(1) Basic Principles to Prevent Damage Caused by Antisocial Forces

1) Organizational measures

2) Cooperation with external specialized agencies

3) Severing relations, including business transactions

4) Civil and criminal legal response in cases of emergency

5) Prohibition of backdoor transactions and funding

(2) Response based on basic principles

1) Unreasonable demands by antisocial forces can cause anxiety and fear in a person's mind, and if the manager or department in charge takes measures alone, they may be forced to comply with the demands. Therefore, the entire organization shall respond to the matter.

2) The Company shall ensure the safety of employees who respond to unreasonable demands from antisocial forces.

3) In preparation against unreasonable demands from antisocial forces, the Company shall establish close solidarity with external specialized agencies such as the police, the Center for Elimination of Boryokudan, lawyers, etc.

4) The Company shall not have any connection, including business relationships, with antisocial forces. The Company shall also reject unreasonable demands from antisocial forces.

5) The Company will take legal action, both civil and criminal, against unreasonable demands from antisocial forces.

6) The Company shall not engage in backdoor transactions to conceal the facts, even if unreasonable demands by antisocial forces are based on scandals in the business activities or misconduct of employees in the Company.

7) The Company shall not provide funds to antisocial forces.

V. Others

1. Introduction of takeover countermeasures

Introduction of takeover countermeasures	No

Supplementary explanation on corresponding matters

2. Other matters concerning the corporate governance system, etc.

Overview of the timely disclosure system

1. Basic policy of timely disclosure

As a listed Company that participates in the securities market, the Company recognizes that in order to build and maintain a relationship of trust with its shareholders and investors, the Company has the extremely important responsibility to provide prompt, accurate, fair, and timely disclosure of important facts and financial information that may affect investment decisions and the Company. The Company formulated the Joshin Group Disclosure Policy (released in December 2022) and works to provide information according to the policy.

2. In-house system for timely disclosure

The Company's internal system for timely disclosure is shown in the attachment.

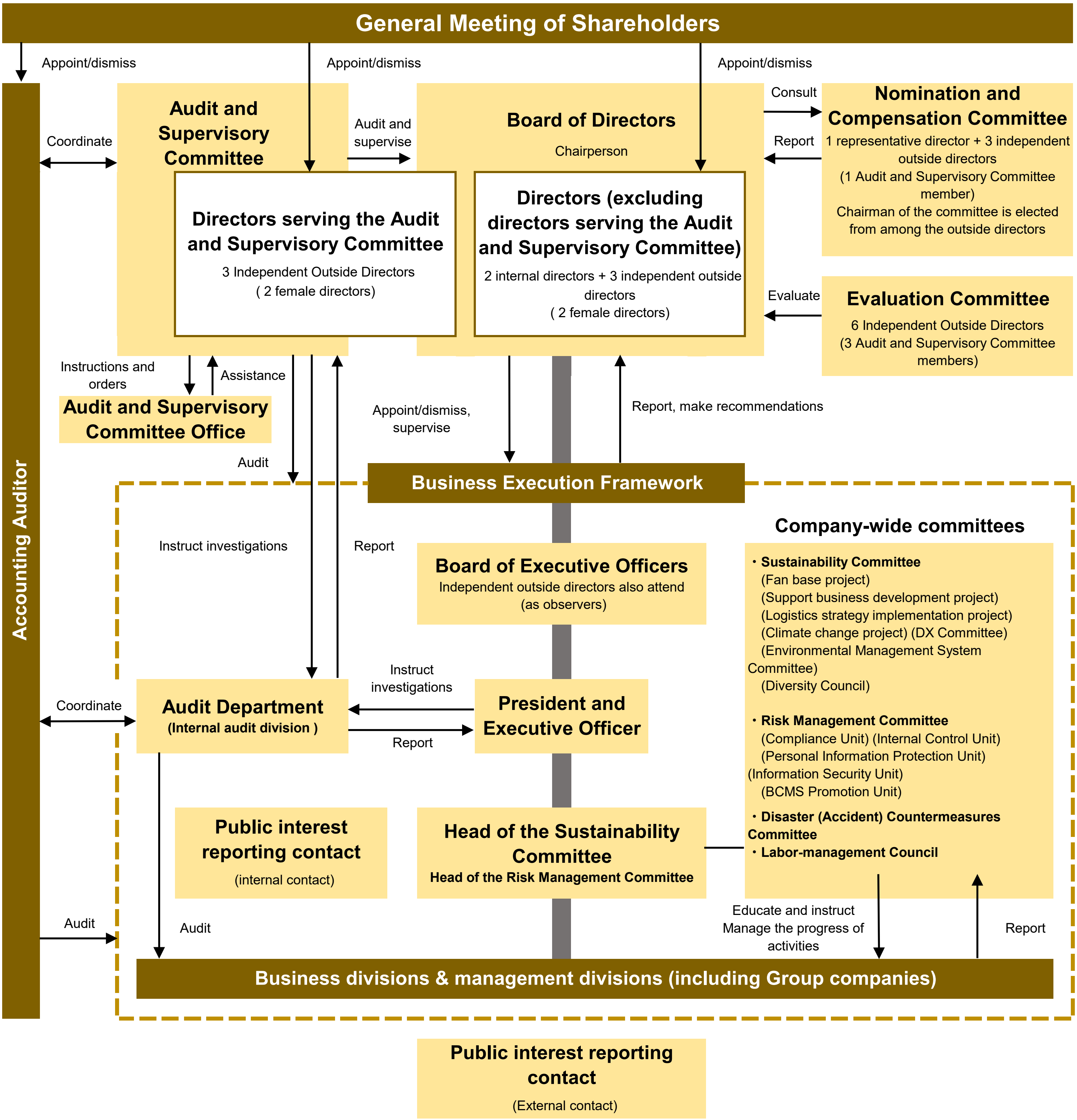
3. Method of timely disclosure

In principle, timely disclosure is made through the "Timely Disclosure Network (TDnet)" operated by the Japan Exchange Group. Resources are also posted to each press club. In addition, disclosure resources are promptly posted on the Company's website.

[Outline diagram (reference data)]

[Overview of the timely disclosure system (outline diagram)]

○Corporate governance system



[Schematic diagram of timely disclosure system]