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Board of Directors Evaluation Report

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

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

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

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

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

Notable corporate governance developments since the 2021 board evaluation include.

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

The Company's Annual General Meeting of Shareholders held on June 26, 2025 appointed a total of eight directors, five internal directors and three independent outside directors. This brings the number of outside directors to more than one-third of the total number of directors, resulting in a well-balanced Board of Directors. In addition, there is two female director.

- CGC: In accordance with Supplementary Principle 4-11 (i), a so-called skills matrix listing the knowledge, experience, and abilities of each director and each auditor has been developed and published in the notice of convocation of annual general meetings of shareholders held after June 2021.
- CGC: As requested by Supplemental Principle 4-2 (ii), the Board of Directors, at its meeting held on December 13, 2021, adopted a Sustainability Policy after due deliberation, and established a Sustainability Committee. Furthermore, after evaluating social issues from the dual perspectives of their impact on our business over the medium to long term and the expectations of society, including various stakeholders, the Board of Directors resolved at its meeting in May 2025 to adopt eight materiality topics (priority issues).
- At the Sustainability Committee meeting for fiscal year 2025, the committee reported on the results of the calculation of GHG emissions for fiscal year 2024 and discussed initiatives related to decarbonization. In addition, we continuously conduct various training programs to enhance the technical and customer service skills of each employee, with the aim of becoming a "store praised by customers." Furthermore, in addition to a significant increase in starting salaries for new college

graduates, we have implemented substantial raises in monthly salaries for existing employees and granted restricted stock units to staff, thereby actively rewarding our employees. Furthermore, we have promoted environmental management system activities by establishing “preservation of the global environment” as one of our sustainability visions. We also disclosed information regarding four key areas related to environmental issues—governance, strategy, risk management, and metrics and targets—in accordance with the TCFD recommendations.

- Section 1-3 of the Guidelines for Investor-Company Dialogue states: “Are changes in the business environment—such as the progress of digital transformation and the need for cybersecurity measures—appropriately reflected in management strategies and plans?” However, in June 2025, the “IT Expert Council”—a consultative body comprising external experts—was established to facilitate more multifaceted and rapid decision-making regarding the formulation and promotion of DX and IT strategies. The ultimate goal of our DX strategy is to maximize the “value that only humans can create” through the introduction of “value created by digital technology.” To this end, we are optimizing the IT infrastructure that serves as the foundation for this strategy and actively advancing our DX initiatives.
- CGC: Supplementary Principle 4-10 (i) states, “In particular, prime market listed companies should make it a rule that a majority of the members of each committee should be independent outside directors, and disclose their approach, authority, and role regarding the independence of the composition of their committees.” The Nominating Advisory Committee, the Compensation Advisory Committee, and the Independent Outside Directors' Committee have long satisfied this requirement.

Future issues to be addressed include the following.

- We believe that the Board of Directors has appropriately secured the necessary expertise and diversity. Furthermore, with independent outside directors constituting more than one-third of the total, the composition is well-balanced. However, depending on future strategic directions—such as increasing the proportion of directors with specific expertise (e.g., information systems, finance, overseas operations), directors with management experience at other companies, and independent outside directors—it is desirable to further deepen discussions and deliberations on these matters.
- While discussions outlining the broad direction of corporate strategy are being conducted appropriately, further in-depth discussion is desired regarding capital policy, recruitment, executive development, employee development, digital transformation (DX) initiatives, sustainability efforts, M&A strategy, global strategy, and measures to address key risks.
- Succession of the Representative Director (Chief Executive Officer) is a topic of discussion at the Nominating Advisory Committee, which is followed by appropriate discussions at the Board of Directors meetings. In addition, the company is working to strengthen the training and executive ability of those who are candidates for succession by expanding the scope of their executive duties as CEOs. Continuous enhancement of succession training is desired in the future.
- The medium-term management plan is discussed at the Management Strategy Meeting, and since reporting on its progress and content at the Department Heads' Meeting has become standard practice, outside directors and outside auditors can gain a substantive understanding of the plan by attending these meetings. While progress is also scheduled to be reported to the Board of Directors, it is desirable that these matters be discussed even more vigorously within the Board of Directors as well.
- The establishment of the “Basic Sustainability Policy” and the establishment of the “Sustainability Committee” are currently required actions and have been discussed at the Board of Directors meetings.

Further discussion on the basic sustainability policy and efforts to improve it, further discussion on the concept and goals for ensuring the diversity of core human resources, human resource development policy and internal environment improvement policy, and further exercise of appropriate supervisory functions with regard to these efforts, sustainability-related investments, and securing and training human resources with sustainability backgrounds are desired.

- We have established the “Risk Management Regulations” and set up a “Risk Management Committee.” Based on the countermeasures (mid-term and annual plans) for priority risks identified by the Risk Management Committee, we designate the responsible departments to implement these measures. We regularly review progress and make necessary adjustments at the committee meetings, and while these matters are discussed at the Board of Directors meetings, further discussion at the Board level is desired.
- “Policies and Procedures for the Board of Directors in Determining the Compensation of Senior Management and Directors” is being properly implemented, but further discussion at Board meetings is warranted.
- With regard to the training required of board members, all board members have attended corporate governance training, but it would be desirable to consider how to provide training opportunities and training for newly appointed board members.
- It is evident that the Board of Directors engaged in further in-depth discussion based on the results of the previous year’s board evaluation. It is hoped that, moving forward, the Board will continue to advance the PDCA cycle through further discussion, taking these results into account.