

CORPORATE GOVERNANCE

Last Update: August 31, 2026
BOOKOFF GROUP HOLDINGS LIMITED
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The state of corporate governance of BOOKOFF GROUP HOLDINGS LIMITED is described below.

I. Fundamental Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Fundamental Views

Under the leadership of BOOKOFF GROUP HOLDINGS LIMITED (hereinafter “the Company”), which is a pure holding company, the Group’s common corporate philosophy is “Contributing to the economic and social development through our corporate activities” and “Providing opportunities for fulfillment both professionally and personally to all our dedicated employees,” and the basic principles of its corporate governance are “ensuring transparency and efficiency of management,” “rapid decision-making,” and “enhancing accountability.” Based on these principles, the Group will establish good relationships with its stakeholders, including shareholders, customers, employees, business partners, and local communities, and establish a system to enable transparent, fair, prompt, and decisive decision-making, aiming to achieve sustainable growth and increase corporate value over the medium to long term.

The Group has disclosed its basic policies on each of the principles of the Corporate Governance Code in “Our Approach to the Corporate Governance Code—Japanese only.”

■ Our Approach to the Corporate Governance Code – Japanese only

<https://www.bookoffgroup.co.jp/sustainability/top/governance/>

[Reasons for Non-compliance with Principles of Japan’s Corporate Governance Code] Updated

The following principles are the versions in the Corporate Governance Code that was revised in June 2021.

[Principle 1-4]

The Company has established a policy that, in principle, it does not acquire shares for the purpose of strategic cross-shareholdings. In exceptional cases, however, the Company can hold shares of participating companies in its franchised chain. The Company’s Board of Directors examines the shares held by the Company and verifies the significance of each individual cross-shareholding.

(Details of verification)

□ Qualitative criteria

- Background to the acquisition
- Existence of business relationship
- Significance of holding
- Possibility of future business
- Risk of not holding shares
- Advantages and disadvantages of continuing to hold

□ Quantitative criteria

- Annual dividends received
- Gain or loss on valuation of shares

Regarding exercising voting rights along with the cross-shareholdings, the Company exercises them in an appropriate manner after carefully examining matters such as details of the proposal and business results and financial position for the most recent three years, communicating with the company as necessary, and deciding whether the proposal contributes to increasing value for shareholders or not.

[Supplementary Principle 4-1(3)]

The Company has not formulated a succession plan, but has established a framework for the transparent and fair selection of successors, which reflects the recommendations of the Nomination Advisory Committee.

[Disclosure Based on Principles of Japan's Corporate Governance Code] **Updated**

The following principles are the versions in the Corporate Governance Code that was revised in June 2021.

[Principle 1-4]

See "[Reasons for Non-compliance with Principles of Japan's Corporate Governance Code]" of this report.

[Principle 1-7]

When the Company engages in competition and conflicting interest transactions, a resolution at the Board meeting is required in advance as stipulated in laws, regulations and our internal regulations. That resolution is made exempting the number of relevant directors as special stakeholders from quorum for such resolution. In addition, the Company conducts a survey about related party transactions, surveying related parties including officers of the Company and its subsidiaries for the purpose of identifying related parties and confirming the existence and details of any transactions between those related parties. Any transactions that need to be disclosed are reported to the Board of Directors and then disclosed.

[Supplementary Principle 2-4(1)]

The Group has established a human resources development policy, internal environment development policy and targets to be achieved for sustainability including ensuring diversity and it discloses these together with the status of their implementation on its website.

■ Diversity policy (and targets, actions plans and status)

<https://www.bookoffgroup.co.jp/sustainability/top/society/diversity-equityand-inclusion/>

[Principle 2-6]

The Company does not participate in a particular corporate pension fund but has introduced a defined contribution pension plan. The Company provides education to participants on an ongoing basis, including regularly holding seminars to explain the plan to employees, supporting employees to build up assets in a stable manner.

[Principle 3-1]

(i) The corporate philosophy, the management strategies and other information are disclosed through the Company's website, financial results presentation materials, etc.

■ Corporate Philosophy

https://www.bookoffgroup.co.jp/our_company/top/corporate-policy/

■ Financial Results Presentation Materials

<https://www.bookoffgroup.co.jp/ir/top/ir-library/presentation-materials-for-institutional-investors/>

(ii) Under the leadership of the Company, which is a pure holding company, the Group's common corporate philosophy is "Contributing to the economic and social development through our corporate activities" and "Providing opportunities for fulfillment both professionally and personally to all our dedicated employees", and the basic principles of its corporate governance are "ensuring transparency and efficiency of management," "rapid decision-making," and "enhancing accountability." Based on these principles, the Group will establish good relationships with its stakeholders, including shareholders, customers, employees, business partners, and local communities, and establish a system to make transparent, fair, prompt, and decisive decision-making, aiming to achieve sustainable growth and increase corporate value over the medium to long term.

(iii) Details are as described in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" later in this report.

(iv) Election and dismissal of senior management are considered at the Nomination Advisory Committee, which is composed of the President and Independent Outside Directors, and determined by the Board of Directors. Candidates for Directors are selected by the Nomination Advisory Committee through interviews, etc. based on whether they can contribute to the Company's sustainable growth and enhancement of its corporate value. The Audit & Supervisory Committee is also notified of the candidates before they are determined by the Board of Directors. Candidates for Directors who are Audit & Supervisory Committee Members are selected based on whether they can contribute to maintaining and improving the Company's sound management and social credibility and can conduct audits objectively and neutrally. After the Audit & Supervisory Committee has given its consent to the candidates, the Board of Directors makes a final decision. In addition, the Company has established guidelines on the selection of Outside Directors and discloses independence criteria of the Outside Directors in the convocation notice of the general meeting of shareholders, the corporate governance report and other materials.

(v) Information about election and dismissal of senior management and the nominations of director candidates includes their backgrounds and experience. For director candidates, the reasons for their selections and statements by the candidates are included as reference material in the convocation notice of the general meeting of shareholders.

[Supplementary Principle 3-1(3)]

When disclosing the Group's management strategies, the Company explains and discloses information about matters such as sustainability initiatives and investment in human capital and intellectual property. The Company also discloses information about the impact of the Group's business activities on climate change on its website and elsewhere, in accordance with the recommendations of the TCFD, a globally recognized framework for climate-related disclosures.

■ Action on climate change (TCFD)

<https://www.bookoffgroup.co.jp/sustainability/top/bookoff-group-esg-management/#seven>

[Supplementary Principle 4-1(1)]

Our criteria for decision-making authority specify the authority given to the Board of Directors, the Management Committee, the President, Executives in charge, General Managers, and other relevant organizations and personnel. These decision-making organizations and personnel conduct deliberations and make final decisions in accordance with this authority. The Board of Directors has an oversight function to ensure that the Company continues to grow sustainably and to enhance its corporate value, and, based on fair criteria, makes the best decisions regarding matters of significance specified by laws, Articles of Incorporation, and the criteria for decision-making authority. The Management Committee consisting of Inside Directors and Executive Officers executes matters resolved by the Board and addresses issues delegated to it, in addition to matters stipulated in the criteria for decision-making authority.

[Principle 4-9]

The Company has established independence criteria of Outside Directors and discloses them in the convocation notice of the general meetings of shareholders, the corporate governance report and other materials. The Company's three Independent Outside Directors have wealth of experiences in corporate management, store operations in the retail sector, marketing and digital transformation (DX), as well as expertise and practical experiences in corporate audit as a certified public accountant. Based on these skills and by using diverse perspectives, they provide oversight and advice from an independent standpoint to ensure that business operations and organizations across the Group are appropriate.

[Supplementary Principle 4-10(1)]

The Company is a company with an Audit & Supervisory Committee, and although the Company has appointed three Independent Outside Directors based on its independence criteria of Outside Directors, Independent Outside Directors do not make up a majority of the Board of Directors. Therefore, to strengthen the independence and objectivity of the function of the Board of Directors as well as its accountability on the matters of nomination and remuneration of senior management and Directors, the Company has established a Nomination Advisory Committee and Remuneration Advisory Committee as optional organizations.

Each committee is composed of the President and three Independent Outside Directors, making a total of four members, with Independent Outside Directors making up the majority of each committee. Each committee is responsible for the following matters, and it makes resolutions by a majority vote and determines the content of reports, and makes reports and recommendations to the Board of Directors.

(Nomination Advisory Committee)

- Matters related to proposals to the General Meeting of Shareholders on the election or dismissal of Directors
- Matters related to proposals to the Board of Directors on the election or dismissal of Representative Directors
- Matters related to the development of standards for the election and dismissal of Directors and the election and dismissal of Representative Directors
- Matters related to the establishment of independence criteria of Outside Directors
- Other matters delegated by the Board of Directors

(Remuneration Advisory Committee)

- Matters related to the determination of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Matters related to proposals to the General Meeting of Shareholders on the maximum amount of remuneration for Directors
- Other matters delegated by the Board of Directors

[Supplementary Principle 4-11(1)]

The Company believes it is reasonable to have eight to ten Directors to ensure effective and substantive discussions at the meetings of the Board of Directors. Currently, the Board of Directors is made up of four Inside Directors and four Outside Directors (three of whom are Independent Outside Directors), and the areas each Director is expected to oversee and the major categories of knowledge, experience, capabilities and professional skills possessed by Directors are as shown in [Board of Directors Membership (Skills Matrix)] at the end of this report.

Candidates for Directors are selected by the Nomination Advisory Committee, which is composed of the President and Independent Outside Directors, through interviews, etc. based on whether they can contribute to the Company's sustainable growth and enhancement of its corporate value. The Audit & Supervisory Committee is also notified of the candidates before they are determined by the Board of Directors. Candidates for Directors who are Audit & Supervisory Committee Members are selected based on whether they can contribute to maintaining and enhancing the Company's sound management and social credibility and can conduct audits objectively and neutrally. After the Audit & Supervisory Committee has given its consent to the candidates, the Board of Directors makes a final decision. In addition, the Company has established guidelines on the selection of Outside Directors and discloses independence criteria of Outside Directors in the convocation notice of the general meeting of shareholders, the corporate governance report and other

materials.

[Supplementary Principle 4-11(2)]

The Company's Board of Directors shares information about Directors' concurrently held positions and checks that the Company's Directors are able to properly fulfill their respective roles and responsibilities. Information about concurrently held positions is disclosed in the annual securities report each year.

[Supplementary Principle 4-11(3)]

The Company has developed a system to analyze and evaluate the effectiveness of the Board of Directors. This system is based on the results of a questionnaire survey of each director (including self-assessment) and the analysis and evaluation of these results at the Board of Directors meetings.

The analysis and evaluation of effectiveness of the Board of Directors for the fiscal year ended May 31, 2026 was conducted as follows:

<Overall summary>

(1) Questionnaire

- Coverage: Directors and Executive Officers of the Company who attend the meeting of Board of Directors
- Period: May and June 2026
- Method: Anonymous responses submitted by using the internet
- Responses: 13
- Evaluation items: 29 questions about the following subjects
 - 1) Composition and operation of the Board of Directors
 - 2) Management and business strategies
 - 3) Corporate ethics and risk management
 - 4) Evaluation and remuneration of management
 - 5) Dialogue with shareholders
 - 6) Progress with improvements following the previous evaluation
- Method: Questions with multiple choice responses and extra space for comments

(2) Board of Directors

- Based on results of the questionnaire, directors at Board of Directors meetings discuss the effectiveness of the board, responses to issues identified by the previous evaluation, and issues and actions for further improving effectiveness.

<Summary of evaluations>

(1) Questionnaire

- There were generally positive evaluations for all items concerning the overall performance of the Board of Directors.
- There were positive assessments of items that support the effectiveness of the Board of Directors: neutral and efficient operation of the board by the chairman, use of the knowledge of Independent Outside Directors, fostering an environment that encourages thorough discussions, and support provided by the Board of Directors Secretariat.
- For issues identified in the previous evaluation of effectiveness, the questionnaire results showed that there is progress with activities for improvements, including a reexamination of how agenda items and the allocation of time are determined for Board of Directors meetings.

(2) Board of Directors

- Discussions about information in questionnaires take place. The evaluation of the effectiveness of the Board of Directors is "generally effective."
- Continuous activities are needed to further improve the effectiveness of the Board of Directors concerning more discussions about the digital transformation (DX), providing more information to Outside Directors, giving Outside Directors more opportunities for involvement in discussions of medium to long-term agenda items, reporting information about shareholder dialogues at board meetings, and incorporating a medium to long-term perspective in the structure of remuneration.

<Actions involving issues identified in the previous effectiveness evaluation>

(Issues identified in the previous evaluation)

- Time is needed at Board of Directors meetings for reports and discussions about themes involving sustainability.
- Time is needed at Board of Directors meetings for reports and discussions about shareholder dialogues.

(Actions and improvements)

- Reexamined the determination of agenda items and allocation of time at Board of Directors meetings regarding sustainability themes and shareholder dialogues, which are issues identified in the previous evaluation, and took other actions to make improvements. This year's evaluation confirmed progress following the previous evaluation concerning items involving sustainability and the establishment of a framework for constructive dialogues with shareholders.
- Some directors included comments in the questionnaires stating that Board of Directors meetings are operated more effectively regarding the proper establishment of agenda items and allocation of time.

<Issues identified by this effectiveness evaluation and planned actions>

(Issues)

- Progress has been confirmed concerning the use of digital transformation (DX) for the sustainable growth of corporate value. However, more actions are needed for more thorough discussions about this subject at Board of Directors meetings.
- Continuous improvements are needed to provide more information to Outside Directors, better enable Outside Directors to participate in discussions about medium to long-term topics, and receive more beneficial advice from Outside Directors.
- Discussions about medium to long-term management and business strategies, linkage of medium to long-term KPI and remuneration, and feedback of shareholder dialogue information to the Board of Directors are issues to be considered for improving effectiveness.

(Actions)

- For progress with the digital transformation (DX), the Board of Directors will increase the oversight of measures for the growth of corporate value by continuously holding discussions about DX/IT investments, the use of digital technologies, business process reforms and other subjects. During the fiscal year that ended in May 2026, IT investment plan progress, DX/IT progress and current and future use of digital technologies, the IT investment plan for the next fiscal year, and other subjects were submitted to the Board of Directors.
- To improve the quality of discussions by the Board of Directors, the Directors will share with Outside Directors information about the background, key points, assumptions and other items about important proposals in a more timely and appropriate manner.
- For medium to long-term management and business strategies, remuneration, shareholder dialogues and other subjects, there are constant reexaminations of the annual plan for agenda items, the determination of these items, the allocation of time for holding meetings, and other topics. These actions will ensure that the Board of Directors had sufficient opportunities for discussions and oversight.
- The analysis and evaluation of effectiveness of the Board of Directors will continue for more confirmations of progress concerning issues that were identified and for making the Board of Directors even more effective.

[Supplementary Principle 4-14(2)]

The Company provides explanations, as appropriate, of the Group's business activities, finances, organization and other matters at the Board of Directors, Audit & Supervisory Committee and other meetings to give Directors a better understanding of these subjects. The Company also provides opportunities for e-learning and various materials for Directors of the listed company and other information. In addition, a seminar led by one or more experts in a particular field is held to give Directors a better understanding of their roles and duties. Furthermore, as needed, Directors can attend external seminars and other events with the Company covering the associated expenses.

[Principle 5-1]

The Company appoints an executive in charge of IR, and the Group Strategy Planning Department is the department in charge of IR. The Company holds semiannual financial results meetings for shareholders and investors, along with small meetings and individual interviews. In addition, the Company has established an IR policy, which is disclosed on its website.

■ IR Policy <Policy for encouraging constructive dialogue with shareholders>

https://www.bookoffgroup.co.jp/investor_relations/top/ir-policy/

[Measures for Realizing Management with Emphasis on Capital Cost and the Share Price]

Information	Activities (Update)
English Disclosure	Yes
Date of Disclosure Update Updated	August 31, 2026

Supplementary Explanation **Updated**

In terms of implementing management that is conscious of cost of capital and the stock price, the Company's medium-term management policy specifies reflecting the cost of capital in activities and improving the return on capital as financial policies and clearly sets out a policy of aiming to reshape the business portfolio. The plan also explains in detail a medium-term action plan for each business. For details, see the pages on the medium-term management policy in the Financial Results Presentation Materials for the Fiscal Year Ended May 2026.

■ Financial Results Presentation Materials for the Fiscal Year Ended May 2026

<https://ssl4.eir-parts.net/doc/9278/tdnet/2860044/00.pdf>

2. Capital Structure

Percentage of Foreign Shareholders	Less than 10%
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[Status of Major Shareholders] **Updated**

Name	Number of Shares Owned (Shares)	Percentage (%)
HARD OFF CORPORATION Co., Ltd.	1,435,900	8.18
The Master Trust Bank of Japan, Ltd. (Trust account)	1,172,600	6.68
BOOKOFF GROUP HOLDINGS Employee Share Ownership Association	904,611	5.15
ITOCHU Corporation	879,000	5.00
MARUZEN-YUSHODO Company, Limited	612,000	3.48
Kodansha Ltd.	540,300	3.07
Shueisha Inc.	540,300	3.07
SHOGAKUKAN Inc.	540,300	3.07
TRC Library Service Inc.	375,000	2.13
BOOKOFF CORPORATION Franchisee Stock Ownership Association	352,654	2.00

Controlling Shareholder (except for Parent Company)

Parent Company

None

Supplementary Explanation **Updated**

The information in “2. Capital Structure” is as of May 31, 2026.

3. Corporate Attributes

Listed Exchange and Market Division	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	May
Sector Classification	Retail
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Revenue (consolidated) for the Previous Fiscal Year	JPY 100 billion or more but less than JPY 1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Special Circumstances Which May Have a Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	19
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Officers Designated from among Outside Directors	3

Outside Directors' Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masaaki Takano	From another company											
Kayo Murakami	From another company											
Satsuki Miyahara	Certified public accountant											
Yasuhiro Tsujii	From another company								○			

* **Categories for Relationship with the Company**

* “○” indicates that the director currently falls under the category, or did so recently, and “△” indicates that the director fell under the category in the past.

* “●” indicates that a close relation falls under the category, or did so recently, and “▲” indicates that a close relation fell under the category in the past.

a Executive (a person who executes business; hereinafter the same) of the Company or its subsidiaries

b Non-executive director or executive of a parent company of the Company

c Executive of a fellow subsidiary of the Company

d A party whose major client or supplier is the Company or an executive thereof

e Major client or supplier of the Company or an executive thereof

f Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

g Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a corporation)

h Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)

i Executive of a company, between which and the Company Outside Officers are mutually appointed (the director himself/herself only)

j Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k Others

Name	Audit & Supervisory Committee Members	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Masaaki Takano		○	-----	Mr. Takano has management experience at major department group stores and experience with the management of subsidiaries. He has extensive knowledge about current trends in the retail sector, services for affluent customers, customer-driven marketing, store governance, human resource development and other fields. As a Director, he has used his experience to provide many opinions and other input concerning the Company's management policies, business plans and other matters. The Company judges that he will continue to provide oversight and advice to ensure that business operations and organizations across the Group are appropriate. In addition, as a member of the Nomination Advisory Committee and Remuneration Advisory Committee, Mr. Takano uses an objective and neutral standpoint for involvement in the selection of Director and other candidates, the process used for determining their remuneration, and other decisions. He meets the criteria for independence stipulated by the Tokyo Stock Exchange on which the Company is listed and Independence Criteria of Outside Directors of the Company.
Kayo Murakami		○	-----	Ms. Murakami has many years of internal and external experience at companies involving operations and support in the fields of digital, IT, internet, marketing and other operations. In addition, she uses her knowledge of management to serve as an outside director of listed companies in many sectors. As a result, she has expertise and practical experience and knowledge concerning corporate governance and other areas. The Company judges that she will provide oversight and advice to ensure that business operations and organizations across the Group are appropriate. In addition, as a member of the Nomination Advisory Committee and Remuneration Advisory Committee, Ms. Murakami is expected to use an objective and neutral standpoint for involvement in the selection of Director and other candidates, the process used for determining their remuneration, and other decisions. She meets the criteria for independence stipulated by the Tokyo Stock Exchange on which the Company is listed and Independence Criteria of Outside Directors of the Company.

Satsuki Miyahara	○	○	----	As a certified public accountant, Ms. Miyahara brings extensive global practical experience gained over many years at a major accounting firm, together with specialized professional and international expertise in finance and corporate accounting. By providing appropriate oversight of management through timely reviews of accounting matters and business risks, she has contributed to ensuring sound corporate governance. The Company judges that she will continue to provide oversight and advice to ensure that business operations and organizations across the Group are appropriate. In addition, as a member of the Nomination Advisory Committee and Remuneration Advisory Committee, Ms. Miyahara uses an objective and neutral standpoint for involvement in the selection of Director and other candidates, the process used for determining their remuneration, and other decisions. She meets the criteria for independence stipulated by the Tokyo Stock Exchange on which the Company is listed and Independence Criteria of Outside Directors of the Company.
Yasuhiro Tsujii	○		----	Mr. Tsujii has experience as an executive officer of a group company of a listed company, involvement with the installation of equipment and interior and exterior design work at book and other stores, and specialized knowledge in these fields. The Company judges that he will use his experience and knowledge for the oversight of compliance, risk management, safety management and other activities and to provide specialized opinions and advice about store facilities and other subjects.

[Audit & Supervisory Committee]

Member Composition and Chairperson's Attribute

	All Committee Members	Full-time Members	Inside Directors	Outside Director	Chairperson
Audit & Supervisory Committee	3	1	1	2	Inside Directors
Directors or Employees Responsible for Assisting the Audit & Supervisory Committee in Fulfilling Its Duties	None				

Reasons for Adoption of Current System

The Company has adopted a corporate governance structure defined as a Company with an Audit and Supervisory Committee that will allow it to conduct systematic audits using internal control systems.

Directors who are Audit & Supervisory Committee Members have voting rights at meetings of the Board of Directors in an attempt to strengthen the management and business execution monitoring function.

The Audit & Supervisory Committee exchanges information and opinions with the Internal Audit Department whenever necessary and also exchanges information and opinions about audit plans and audit results on a regular basis with the accounting auditors.

[Voluntary Committees]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee

Yes

Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Others	Chairperson
Committee Corresponding to Nomination Committee	Nomination Advisory Committee	4	0	1	3	0	0	Inside Directors
Committee Corresponding to Compensation Committee	Remuneration Advisory Committee	4	0	1	3	0	0	Inside Directors

Supplementary Explanation

The Nomination Advisory Committee is composed of the Representative Director (Chair) and Independent Outside Directors, and it meets in a timely manner to deliberate on and determine matters related to the election and dismissal of Directors and Executive Officers that will be referred to the Board of Directors.

The Remuneration Advisory Committee is as described in (Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods) later in this report.

[Independent Officers]

Number of Independent Officers

3

Matters Related to Independent Officers

All Outside Officers who meet eligibility criteria for Independent Officers are designated as Independent Officers.

■ Independence Criteria of Outside Directors

The Company shall deem any Outside Director lacking independence if he or she falls under any of the following items:

1. As of the present day or within the past one year, any Outside Director is/was an executive director, executive officer, other similar officer or employee (hereinafter "Executive Person") of "a present customer with whom the Company and its subsidiaries (hereinafter "the Group") cannot promptly discontinue transactions" or "a present business partner who cannot promptly discontinue transactions with the Group."
2. As of the present day or within the past one year, any Outside Director is/was a professional belonging to an organization that is the Group's "present recipient of fees with whom the Group cannot promptly terminate the contractual relationship" or the Group's "present recipient of fees who cannot promptly terminate the contractual relationship with the Group."
3. Within the past 10 years, any Outside Director is/was an Executive Person or non-executive director of the present parent company of the Company.
4. Within the past 10 years, any Outside Director is/was an Audit & Supervisory Board member of the present parent company of the Company.

5. Within the past 10 years, any Outside Director is/was an Executive Person of the present fellow subsidiary of the Company.
 6. As of the present day or within the past one year, any Outside Director receives/received from the Group cash or other properties at the amount of ¥2.4 million or more per year other than remuneration as an Outside Director.
 7. A spouse or a person within the second degree of kinship of any Outside Director is/was a person who falls/fell under any of the above items 1 to 6.
 8. Within the past one year, a spouse or a person within the second degree of kinship of any Outside Director was an Executive Person or a non-executive director of the Company.
 9. As of the present day or within the past one year, a spouse or a relative within the second degree of kinship of any Outside Director is/was an Executive Person or a non-executive director of the Company's subsidiaries.
 10. Any Outside Director holds 10% or more of the voting rights of the Company (or is an Executive Person of a legal entity that holds 10% or more of the voting rights of the Company).
 11. Any Outside Director is an Executive Person of a legal entity for whom an Executive Person of the Group is an Outside Director.
 12. Any Outside Director receives from the Group donations that he or she cannot promptly discontinue receiving (or is an Executive Person of an organization that receives from the Group donations that it cannot promptly discontinue receiving).
 13. As of the present day or within past one year, any Outside Director is/was an Executive Person of a present "other associated companies" or the "parent company or subsidiaries of the other associated companies" of the Company.
 14. An aggregate term of office as Outside Director of the Company exceeds 10 years.
- End

[Incentives]

Implementation of Measures to Provide Incentives to Directors

Introduction of a Performance-linked Remuneration System

Supplementary Explanation **Updated**

The Company has introduced a restricted stock remuneration system for Directors (excludes Directors and Outside Directors who are Audit & Supervisory Committee Members) to provide an incentive for them to sustainably increase the Company's corporate value and to further promote value sharing with shareholders. In addition, the amount of annual performance-linked bonuses paid is determined through multiplication by a coefficient to ensure that the amount paid fluctuates according to the degree of achievement of the Company's targets (consolidated ordinary profit, consolidated net income and consolidated ROA), which are set every fiscal year.

Recipients of Stock Options

Supplementary Explanation

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[Remuneration for Directors]

Disclosure of Individual Directors' Remuneration

No individual disclosure

Supplementary Explanation

The Company discloses the total amount of remuneration paid to Inside Directors and the total amount paid to Outside Directors as well as a breakdown by type of remuneration in the convocation notice of the general meeting of shareholders and the Annual Securities Report.

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has established officers' remuneration systems according to business execution and management oversight functions to ensure that each function is demonstrated appropriately, leading to continuous enhancement of corporate value based on the fundamental views on corporate governance.

(Policy for determining the details of remuneration, etc. for each individual Director (excluding Directors who are Audit & Supervisory Committee Members))

a. Basic policy

- The remuneration, etc. of the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be set at an appropriate level in consideration of their responsibilities and business performance.
- Decisions will be made through procedures that ensure objectivity and transparency.

b. Policy on fixed remuneration

- Fixed remuneration shall consist of a fixed amount of money.
- The amount of fixed remuneration for each individual shall be determined in consideration of his/her position and responsibilities.

c. Policy on performance-linked remuneration

- Performance-linked remuneration shall consist of an annual performance-linked bonus in cash and in a variable amount.
- The amount of the annual performance-linked bonus for each individual shall be determined by a predetermined formula based on the performance indicators for the applicable period.

d. Policy on non-monetary remuneration

- Non-monetary remuneration shall consist of restricted stock remuneration that is a stock-based remuneration.
- Details of the restricted stock remuneration for each individual shall be determined in consideration of his/her position and responsibilities.

e. Policy on percentage of remunerations, etc.

- The combined percentage of the performance-linked and non-monetary remunerations shall not exceed the percentage of the fixed remuneration.
- Remuneration for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), who are in a position independent from the execution of business operations, shall consist solely of fixed remuneration in light of their duties.

f. Policy on timing and conditions for granting remuneration, etc.

- The fixed remuneration shall be paid in 12 monthly installments of the annual amount.
- Performance-linked remuneration shall be paid in a lump sum after performance indicators are finalized for the applicable period.
- The timing and conditions for granting non-monetary remuneration shall be determined by the Board of Directors after review by the Remuneration Advisory Committee.

g. Matters concerning delegation of determination of remuneration, etc.

- The amount of remuneration for each individual shall be determined by the Remuneration Advisory Committee delegated by a resolution of the Board of Directors, and the total amount, etc. shall be reported to the Board of Directors.
- From the viewpoint of ensuring objectivity and transparency, the Remuneration Advisory Committee shall consist of the President and multiple Independent Outside Directors, and a resolution shall be adopted by a majority of the votes of the committee members.

(Matters concerning delegation of determination of remuneration, etc. for each individual Director (excluding Directors who are Audit & Supervisory Committee Members))

The specific details of remuneration, etc. for each individual Director (excluding Directors who are Audit & Supervisory Committee Members) are determined by the Remuneration Advisory Committee delegated by a resolution of the Board of Directors, based on the policy for determining the details of remuneration, etc. for each individual Director (excluding Directors who are Audit & Supervisory Committee Members).

[Supporting System for Outside Directors]

The Company provides necessary materials about management and explanations of the situation whenever necessary to enable Outside Directors to carry out supervision and oversight of management accurately and effectively. In addition, the Director who is a full-time Audit & Supervisory Committee Member attends important meetings within the Company to gather sufficient information from each division within the Company, and shares this information with Outside Directors who are Audit & Supervisory Committee Members.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System) Updated

The Board of Directors is comprised of five Directors (excluding Directors who are Audit & Supervisory Committee Members) and three Directors who are Audit & Supervisory Committee Members. It holds ordinary meetings once a month and extraordinary meetings whenever necessary and also makes paper-based resolutions. The Board of Directors verifies the management status of the Company and operating companies and also makes decisions about important matters concerning the group based on appropriate discussions.

The Audit & Supervisory Committee consists of three Directors who are Audit & Supervisory Committee Members (including one full-time Director who is an Audit & Supervisory Committee Member). It holds ordinary meetings once a month and extraordinary meetings whenever necessary. The Audit & Supervisory Committee is provided with information about meetings within the company by the full-time Director who is an Audit & Supervisory Committee Member, exchanges information, and conducts deliberations on audit matters, in order to increase the effectiveness of audits.

The Management Committee is made up of three Inside Directors, one full-time Director who is an Audit & Supervisory Committee Member, and five Executive Officers. It meets once a week, in principle. The Management Committee deliberates and makes decisions on important matters related to the management of the Company and the operating companies.

The Nomination Advisory Committee consists of the President and Representative Director and three Independent Outside Directors. It is convened whenever necessary to deliberate and determine matters related to the appointment and dismissal of Directors and Executive Officers that are to be referred to the Board of Directors.

The Remuneration Advisory Committee is made up of the President and Representative Director and three Independent Outside Directors. In addition to being delegated by the Board of Directors to determine the remuneration of individual Directors and Executive Officers, the committee also reviews remuneration-related policies and systems, and reports to the Board of Directors as appropriate.

The Sustainability Strategy Committee is chaired by the President and Representative Director, and meets at least once every six months. The committee's responsibilities include identifying various risks and opportunities including climate change, reviewing policies and strategies for addressing them, and monitoring the progress of action plans in each division.

The Compliance Management Committee is chaired by the officer in charge of compliance, and is mainly responsible for verifying groupwide compliance with laws and regulations, the Articles of Incorporation and internal regulations, identifying any problems, and proposing improvements.

The Risk Management Committee is chaired by the officer in charge of risk management, and is responsible for the development of the risk management structure mainly through the verification of groupwide risks and the deliberation and proposal of countermeasures.

The Internal Audit Department consists of four employees. Members of the department perform audits throughout each year in accordance with an internal audit plan that complies with internal audit rules and was approved by the Board of Directors. Audits confirm and evaluate the suitability and effectiveness of business operations and the associated internal controls.

3. Reasons for Adoption of Current Corporate Governance System

- The Company has adopted a Company with an Audit & Supervisory Committee structure that will allow it to conduct audits systematically through the use of internal control systems.
- Directors who are Audit & Supervisory Committee Members have voting rights at board meetings to strengthen the management and business execution monitoring function.
- Regarding the composition of the Board of Directors, the Company attaches importance to the appointment of Outside Directors to ensure management transparency and objectivity.
- The Company has Executive Officers who are responsible for business execution and are also members of the Management Committee, in order to speed up the execution of business operations and to clarify accountability.
- To continually advance the development and nomination of successors from a broad perspective, the Company has a system under which matters related to the appointment and remuneration of Directors and Executive Officers are deliberated by a committee that is chaired by the President and CEO and includes multiple Outside Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholders Meeting and Smooth Exercise of Voting Rights Updated

	Supplementary Explanation
Early Notification of General Shareholders Meeting	The Company strives for the early dispatch of notices of convocation of general meetings of shareholders, aiming to disclose the notice of convocation on its website and the website of the Tokyo Stock Exchange at least one month before the date of the general meeting of shareholders to ensure that shareholders have sufficient time to consider proposals.
Scheduling of the General Shareholders Meeting on a Non-Peak Day	The Company holds general meetings of shareholders on Saturday.
Allowing Electronic Exercise of Voting Rights	The Company ensures that shareholders are able to exercise their voting rights online using a smartphone, personal computer, etc.
Participation in Electronic Voting Platform and Other Initiatives to Enhance the Environment for Institutional Investors to Exercise Their Voting Rights	The Company uses the electronic voting platform.
Providing Convocation Notice in English	The Company produces English translations that are abridged versions of the notice of convocation and the reference documents for the general meeting of shareholders and publishes them on its website and the website of the Tokyo Stock Exchange on the same day that these Japanese versions are disclosed.

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Regular Investor Briefings for Individual Investors	The Company holds briefings where the President and Representative Director provides explanations directly to individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefings for institutional investors twice a year to explain financial results for the full fiscal year and financial results for the first six months.	Yes
Posting of IR Materials on Website	In addition to financial information, various reports, timely disclosures and notices of convocation of general meetings of shareholders, the Company publishes financial results presentation materials on its website along with a video of the financial results briefing.	
Establishment of Department and/or Manager in Charge of IR	Department in charge; Group Strategy Planning Department	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Internal Rules Stipulated for Respecting the Position of Stakeholders	The Company considers thoroughgoing compliance to be fundamental to corporate social responsibility and has established Compliance Guidelines as guidelines to be upheld by officers and employees of the Group in order to build relationships of trust with various stakeholders.
Implementation of Environmental Activities, CSR Activities, etc.	The Group's mission is to "Be a source of enjoyable and enriching lives for as many people as possible" and the Group aims to be a leading company engaged in the reuse of a variety of goods. The Group recognizes that the implementation of such a reuse-oriented business model will contribute to protection of the environment, and is in line with its CSR goals and corporate philosophy.
Development of Policies on Information Provision to Stakeholders	The Company's Group Strategy Planning Department plays a central role in the centralized collection and management of internal information. In addition, the Company selects an information officer from among its officers and puts in place a system under which information is disclosed to shareholders and investors in a timely and fair manner.

IV. Matters Related to the Internal Control System

1. Fundamental Views on Internal Control System and the Progress of System Development **Updated**

1. System to ensure that execution of duties by Directors and employees conforms to laws, regulations, and the Articles of Incorporation
 - (1) The Company will establish Compliance Guidelines, which serve as basic guidelines or a code of conduct for complying with and respecting laws and regulations, social norms, corporate ethics, etc., and will make these guidelines known to Directors and Executive Officers (hereinafter, “officers”) as well as employees of the Company and its subsidiaries (hereinafter, the “Group”).
 - (2) The Company will establish a Compliance Management Committee, which will be mainly responsible for verifying groupwide compliance with laws and regulations, the Articles of Incorporation and internal regulations, identifying any problems, and proposing improvements.
 - (3) The Company will establish a whistleblowing hotline, with an outside law firm as the point of contact and with whistleblowing protections, for officers and employees of the Group to use to make whistleblowing reports.
 - (4) The internal audit division, which will be independent from business execution divisions, will conduct internal audits across the whole Group.
 - (5) The Company will eliminate any connection with antisocial forces and will also cooperate with external specialized institutions, including police and lawyers, to deal with any unjust demands from antisocial forces with a resolute attitude.
2. Systems to store and manage information on the execution of duties by Directors
 - (1) The Company will establish regulations on the storage and management of documents (including electromagnetic recordings), setting out matters such as responsibility and authority for managing documents within the Group as well as document storage periods and methods.
 - (2) The Company will formulate regulations on information security management and establishes and maintain an appropriate level of information security.
 - (3) The Company will establish regulations on information system management, and safely manage and maintain information systems.
3. Regulations concerning the management of risk of loss and other systems
 - (1) The Company will establish regulations on measures to address risks, communicate and share risk information within the Group, make appropriate first responses, and establish and operate task forces.
 - (2) The Sustainability Strategy Committee and the Risk Management Committee will verify risks within the Group and deliberate and propose countermeasures.
4. System to ensure the efficient execution of duties by Directors
 - (1) The Company will set out in regulations provisions on meetings and business units within the group as well as the authority of positions, to ensure appropriate and efficient decision-making and execution of duties.
 - (2) The Company will promote greater business efficiency across the Group.
 - (3) The Company will promote appropriate information transmission and communication among officers and employees of the Group through the use of information systems, and materials for meetings will also be verified in advance and stored and made available for inspection in an appropriate manner.
5. Systems to ensure the adequacy of operations in the Group
 - (1) The Company will establish frameworks for the chain of command, the delegation of authority and reporting requirements for the entire Group, including subsidiaries and organizations within subsidiaries, and manage the Group in a comprehensive and integrated manner.
 - (2) The internal audit division will conduct internal audits across the whole Group including the Company’s subsidiaries.
6. System for ensuring appropriate financial reporting
 - (1) The Company will establish regulations on accounting, and implement appropriate accounting in accordance with laws and regulations and accounting standards.
 - (2) The Company will make financial reports in a timely and appropriate manner, in compliance with laws and stock exchange regulations.
 - (3) The internal audit division will assess the status of internal controls and business processes on a groupwide, as well as their records, and reports the results of improvements.
 - (4) The Company will continually evaluate whether internal controls over financial reporting are functioning effectively and make improvements as appropriate.
7. Matters related to Directors and employees required to assist the duties of the Audit & Supervisory Committee, matters related to the independence of such Directors and employees from other Directors (excluding Directors who are Audit & Supervisory Committee Members), and matters for ensuring the effectiveness of the Audit & Supervisory Committee’s instructions to such Directors and employees
 - (1) If the Audit & Supervisory Committee has requested the appointment of employees to assist the committee in its duties, the Company will appoint employees to assist Audit & Supervisory Committee Members in their duties.
 - (2) The personnel matters of such employees will be determined through prior consultation with the Audit & Supervisory Committee and with the committee’s consent.
 - (3) In the case where said employees concurrently serve as employees of other departments, said employees will engage in duties by prioritizing those pertaining to the Audit & Supervisory Committee.

8. System for reporting to the Audit & Supervisory Committee and system to ensure that persons who reported to the Audit & Supervisory Committee will not be mistreated as a result
 - (1) Officers and employees of the Group will report facts which might cause serious damage to the Group and other important business and management-related matters to the Audit & Supervisory Committee in a timely and appropriate manner.
 - (2) The internal audit division will report audit results to the Audit & Supervisory Committee in a timely and appropriate manner.
 - (3) The Company will report the status of whistleblowing reports to the whistleblowing helpline, which has whistleblowing protections, as well as the status of steps taken to deal with such reports to the Audit & Supervisory Committee on a regular basis.
 - (4) The Audit & Supervisory Committee will be promptly notified if the content of a whistleblowing report to the whistleblowing hotline is needed for the Audit & Supervisory Committee to execute its duties or if a whistleblower wishes to make a whistleblowing report to the Audit & Supervisory Committee.
9. Matters concerning policies on the handling of costs and debts arising from the Audit & Supervisory Committee discharging its duties (limited to matters that concern the Audit & Supervisory Committee executing its duties)
 - (1) When a Director who is an Audit & Supervisory Committee Member requests the prepayment or reimbursement of expenses arising in connection with execution of his or her duties, the Company will promptly dispose of such expenses or liabilities unless they are deemed unnecessary for execution of the duties of the Directors who are Audit & Supervisory Committee Members.
10. Other systems used to ensure that the Audit & Supervisory Committee can conduct audits effectively
 - (1) The Representative Director will hold regular meetings with the Audit & Supervisory Committee and also provide appropriate and necessary information to the full-time Director who is an Audit & Supervisory Committee Member and seek to communicate with the Audit & Supervisory Committee.
 - (2) The internal audit division and the Audit & Supervisory Committee will exchange information as appropriate and cooperate over the implementation of audits.
 - (3) Officers and employees of the Group will promptly take appropriate action when requested by the Audit & Supervisory Committee or its assistants to provide reports and relevant materials about matters related to the execution of their duties.
 - (4) The full-time Director who is an Audit & Supervisory Committee Member will take part in important meetings of the Group and will also inspect approval documents and other important documents related to the execution of duties and monitor the process of making important decisions and the status of execution of duties.

2. Fundamental Approach to Eliminating Anti-Social Forces and State of Related Efforts

The Group will sever any relationship with antisocial forces that pose a threat to the order and safety of civil society and take a resolute attitude towards them. In addition, the Group will avoid any contact with antisocial forces and also refuse any unjustified demands by antisocial forces and take legal measures against them.

The elimination of any connection with antisocial forces as well as cooperation with external specialized institutions, including police and lawyers, to deal as a Group with any unjust demands from antisocial forces with a resolute attitude is considered to be system within the internal control system for ensuring that Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

<Overview of the timely disclosure system>

1. Basic stance

As a listed company, the Company is working to build and maintain strong relationships of trust with all market participants by disclosing important company information that affects investment decisions accurately, fairly and promptly.

Going forward, the Company will continue constantly putting itself in the shoes of investors and making a sincere effort to disclose company information in a timely and appropriate manner.

2. Internal structure

(Chief Information Manager)

The Company appoints the officer in charge of the Corporate Planning Department as Chief Information Manager, and the disclosure of important information internally and externally and the explanation of such information is centrally managed by the Group Strategy Planning Department.

(Decisions)

Important decisions are made at ordinary meetings of the Board of Directors held once a month, in principle, or at meetings of the Inside Directors (full-time Directors) held once a week, in principle, and are also made swiftly at extraordinary meetings of the Board of Directors convened whenever necessary.

The Chief Information Officer plays a central role in considering whether decisions require timely disclosure in accordance with the timely disclosure rules of the Tokyo Stock Exchange (hereinafter, the “Timely Disclosure Rules”) and if disclosure is required, efforts to do this promptly are made.

(Occurred facts)

In the event of the occurrence of some kind of management-related fact, officers, etc. are required to report immediately to the Chief Information Officer, and employees, etc. are required to report immediately to the Chief Information Officer through the manager of their department.

The Chief Information Officer plays a central role in considering whether occurred facts require timely disclosure in accordance with the Timely Disclosure Rules and if disclosure is required, efforts to do this promptly are made.

(Information on the settlement of accounts, etc.)

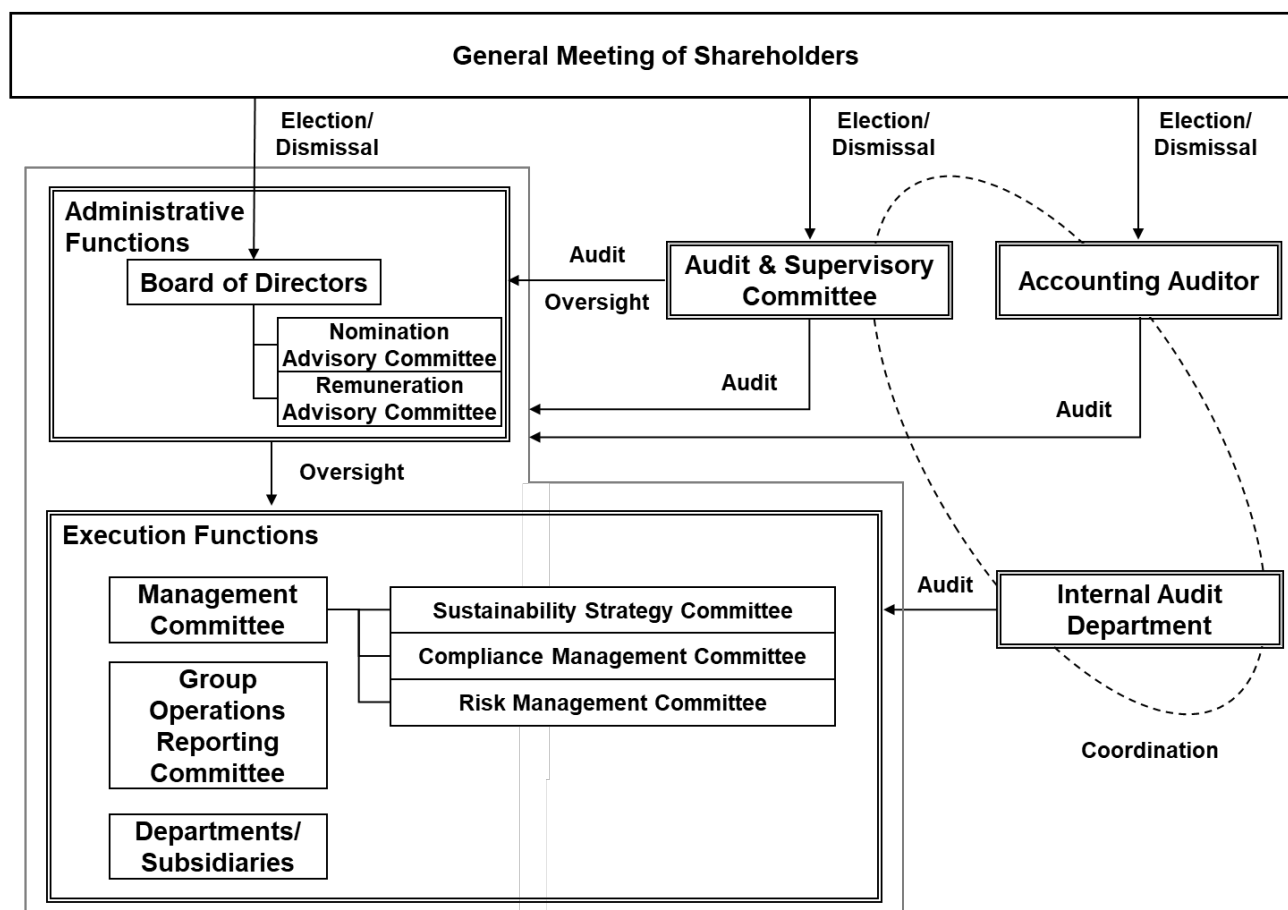
The Chief Information Officer plays a central role in considering whether information on the settlement of accounts, etc. requires timely disclosure in accordance with the Timely Disclosure Rules and if disclosure is required, efforts to do this promptly are made.

3. Monitoring

Important meetings within the company are attended by the full-time Director who is an Audit & Supervisory Committee Member.

Timely disclosures are made via the approval procedure, and the internal audit division verifies their appropriateness and effectiveness.

■ Overview of the Corporate Governance Structure



■ Board of Directors Membership (Skills Matrix)

	Name	Corporate management	Marketing	Industry knowledge	IT/ technology	Finance/ accounting	Compliance	Risk management	HR development/ diversity	Environment/ society	Governance
Directors	Yasutaka Horiuchi	●		●	●	●		●			
	Yoshiko Kawaguchi		●				●		●		●
	Yasuhiko Mizuno	●				●	●	●			●
	Masaaki Takano	●	●	●					●	●	●
	Kayo Murakami	●	●		●						●
Directors (Audit and Supervisory Committee Members)	Hideaki Tamura					●	●				●
	Satsuki Miyahara					●			●		●
	Yasuhiro Tsujii		●	●				●			

* The above information does not represent all the knowledge, experience, capabilities and professional skills possessed by the Directors.

Item details

Corporate management	Experience serving as Representative Director of a company that is not a Group company
Marketing	Practical experience and expertise related to marketing
Industry knowledge	Practical experience and expertise related to store-based retailing, reuse, publication and circulation
IT/technology	Practical experience and expertise related to the development and operation of IT services
Finance/accounting	Practical experience and expertise related to management accounting, financial accounting and finance
Compliance	Practical experience and expertise related to compliance and law
Risk management	Expertise related to risk management including changes in the business environment and natural disasters
HR development/diversity	Expertise related to the appointment of human resources to ensure diversity and development of the internal environment
Environment/society	Practical experience and expertise related to the environment, society and CSR
Governance	Experience serving as a Director, Audit & Supervisory Board Member at a company that is not a Group company, or as an accounting auditor