

Summary of the Results of the Analysis and Evaluation of the Board of Directors' Effectiveness

The Company's Board of Directors has conducted an evaluation of its effectiveness in the fiscal year of 2023, with the aim of further enhancing the role and function of the Board of Directors. The overview of the results of the same is as follows:

(Evaluation Method)

At first, an assessment questionnaire to Directors and Corporate Auditors was conducted on the items described below. The said questionnaires took a form that allowed a four-level quantitative evaluation of each question and the free writing of comments. Additionally, to further understand in more depth the contents of the responses to the questionnaires, individual interviews of all of the Outside Directors and Outside Corporate Auditors were made; and based on the foregoing, the evaluation results were discussed at the meeting of the Board of Directors held in March 2024.

[Major Categories of the Questionnaire Items]

1. The operation and constitution of the Board of Directors
2. The managerial strategy and business strategy
3. Corporate ethics and risk control
4. The monitoring of achievements and evaluation-based remuneration for the executives
5. Conversations with shareholders

and other stakeholders Measures were taken to make qualitative progress in the evaluation by earning the support of third party organizations in the implementation and analysis of the evaluation of effectiveness.

(Summary of Results)

The Company's Board of Directors has assessed that its effectiveness was confirmed for the fiscal year of 2023. The reason therefor is that the overall average evaluation mark response was "mostly effective," and responses for each questionnaire item indicated "effective" and "mostly effective" at a high rate (approximately 80%).

Among all the responses, the following items obtained a high evaluation in the questionnaire and the individual interviews:

- The Board of Directors is composed of Outside Officers that make up majority of both the Directors and Corporate Auditors, and constituted by human resources to be diverse.

- Independent Outside Directors can express their unfettered opinions openly under any circumstances, and fulfil their roles.

Also, in this evaluation, the evaluation items that improved the most were the items classified as monitoring of achievements and evaluation-based remuneration for the executives. We recognize that this shows that our efforts undertaken to address last year's evaluation towards further strengthening of cooperation between the committee and the Board of Directors in the aspect of remuneration, the strengthening of the evaluation indicator for investment matter/progress as well as conducting satisfactory discussions and other efforts are producing results. We intend to strengthen the foundation for the Board of Directors and governance which the Company aims to achieve, while moving ahead gradually on other items as well.

On the other hand, as stated below, some aspects for which further enhancement of discussions and other aspects which require further ingenuity were acknowledged by the Board of Directors. The Board of Directors intends to suggest and direct the executives while clarifying its priorities. Concurrently therewith, the Board of Directors will make efforts to work with the executives in an integrated manner to achieve the benefits of such improvements.

(Initiatives Going Forward)

Based on the circumstances that the Company is facing, high-priority matters for enhancing decision-making at and the supervisory functions of the Board of Directors were discussed. Specific issues and an outline of the actions to be taken towards improvement were acknowledged as follows:

- Enhancing medium-and-long term strategic discussions and qualitative enhancement thereof the monitoring of progress in strategic matters as well as research and development matters

As to the monitoring, while we achieved an evaluation that there was improvement in terms of the quality of information and the timing of reporting as a result of prior continuous efforts, we reached a recognition that further qualitative enhancement of the monitoring of research and development as well as pipelines is integral in light of the role to be fulfilled by the Board of Directors. Also, based on the recognition that it is necessary for such qualitative

enhancement of the monitoring to enhance discussions from the medium-to-long term business viewpoint which serves as a foundation, the Board of Directors decided to make the following efforts:

- ✓ Enhance discussions more satisfactory on medium-and-long term strategies on business/pipelines and create occasions and opportunities for inputs thereon (in the Corporate Strategy Committee or the Board of Directors)

- ✓ Continue to develop and improve the provision of materials/information in deliberations on respective agenda to present more clearly the positioning thereof in the whole business and impact to the whole performance and the like

- Strengthen systems for corporate ethics, internal control and risk management As to the strengthening of systems for corporate ethics, internal control and risk management, based on changes of the Company's internal and external environment and recognizing that the time is right for us to strengthen them from every perspective of the organizational structure, work responsibilities, personnel distribution and functioning of the system, the Board of Directors decided to make the following efforts:

- ✓ Formulate a construction of organizational structure/system as proposed by the executives covering the perspective of compliance

- ✓ Verify the functioning of the organizational structure/system, and concurrently therewith, discuss the modality of the monitoring to be performed by the Board of Directors

- Make efforts on personnel resources/strategy Recognizing that it is necessary for the Board of Directors to enhance discussions on personnel strategy, the Board of Directors decided to make the following efforts:

- ✓ Establish a structure to review personnel strategy, formulate a plan focusing on a "personnel strategy needed to realize business strategy" and discuss the same at the meetings of the Board of Directors

- ✓ Thereafter, continuously report the PDCA (plan-do-check-act) of the progress of the strategy.

In this fiscal year, the Company will focus on the three points above as key initiatives, and review and implement measures that contribute to enhancing the effectiveness of the Board of Directors. The Company believes that, for the continued enhancement of its corporate value as it addresses internal and external changes, it is crucial to improve the governance of the Board of Directors and other corporate organs. Based on these evaluation results, the Company endeavors to continuously improve the functions of the Board of Directors.