

## Corporate Governance

### 1. Overview of corporate governance

#### *Basic views on corporate governance*

The Company promotes the maximization of corporate value and shareholder value through the establishment of a structure that enables the maximum creation of new value through effective utilization of the Group's management resources and know-how and by integrating the Group's store deployment capabilities and business model development capabilities. We aim to establish our position of the "Top Excellent Leading Company in the Japanese restaurant industry" and to meet the heartfelt expectations of our diverse customers.

#### (1) Corporate governance structure and reason for adopting such structure

##### A. Overview of the corporate governance structure

###### · Board of Directors

The Board of Directors is comprised of, as of the filing date, a total of nine (9) members including the Chairman and Members listed below (excluding Directors who are Audit and Supervisory Committee Members). In addition to meeting monthly, the Board of Directors meets when required so that it deliberates and decides on the execution of important business, has ample discussion and timely decision-making, and be a forum for supervising the execution of duties by each director.

Chairman: Hirofumi Obayashi, Representative Director and Chairman

Members: Masanori Hoshino, Representative Director and President; Motoya Takebayashi, Managing Director; Yasuyuki Tenma, Director; Tomoyo Goda, Director; Kazuhiro Sekine, Director; Kazushige Enoki, Director; Tadashi Miyajima, Director; and Akiko Iwata, Outside Director

###### · Management Committee

The Management Committee meets monthly to deliberate and decide on important matters concerning the execution of business, and to preliminary review matters to be delivered to the Board of Directors. The Management Committee discusses important matters concerning the business performance of the Company and the Group, aimed at optimizing the execution of budgets and swifter decision-making. The Management Committee is chaired by Masanori Hoshino, Representative Director and President and includes inside Directors and persons in position of Managing Executive Officer and above.

###### · Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of a total of three (3) persons including the Chairman and Members listed below. We established the Audit and Supervisory Committee in order to strengthen the collection of the information and improve the effectiveness of the audit. The Audit and Supervisory Committee, in principle, meets monthly to decide the audit policy and audit plan, and report on the status of the execution of duties of each Audit and Supervisory Committee Member. Audit and Supervisory Committee Members share information among them at Audit and Supervisory Committee meetings, etc. and strengthen the oversight of management. We also strengthen the function of the Audit and Supervisory Committee and by enhancing cooperation between the internal audit office and Audit and Supervisory Committee through measures such as that Audit and Supervisory Committee receives reports from Audit & Supervisory Board Members of subsidiaries and the internal audit office, and issues instructions as necessary.

Chairman: Masaharu Kohno, Outside Director

Members: Hiroshi Asai, Outside Director; and Seizo Matsumoto, Outside Director

###### · Nomination Committee and Remuneration Committee

Nomination Committee and Remuneration Committee are comprised of the Chairmen and Members listed below. They are committees established to acquire appropriate contribution and advice from independent Outside Directors with the aim of strengthening independence, objectivity and accountability of the Board of Directors in relation to the nominations and remuneration of Executive Management and Directors.

Nomination Committee

Chairman: Masaharu Kohno, Outside Director (Audit and Supervisory Committee Member)

Members: Hiroshi Asai, Outside Director (Audit and Supervisory Committee Member); Seizo Matsumoto, Outside Director (Audit and Supervisory Committee Member); Hirofumi Obayashi, Representative Director and Chairman; and Masanori Hoshino, Representative Director and President

Remuneration Committee

Chairman: Masaharu Kohno, Outside Director (Audit and Supervisory Committee Member)

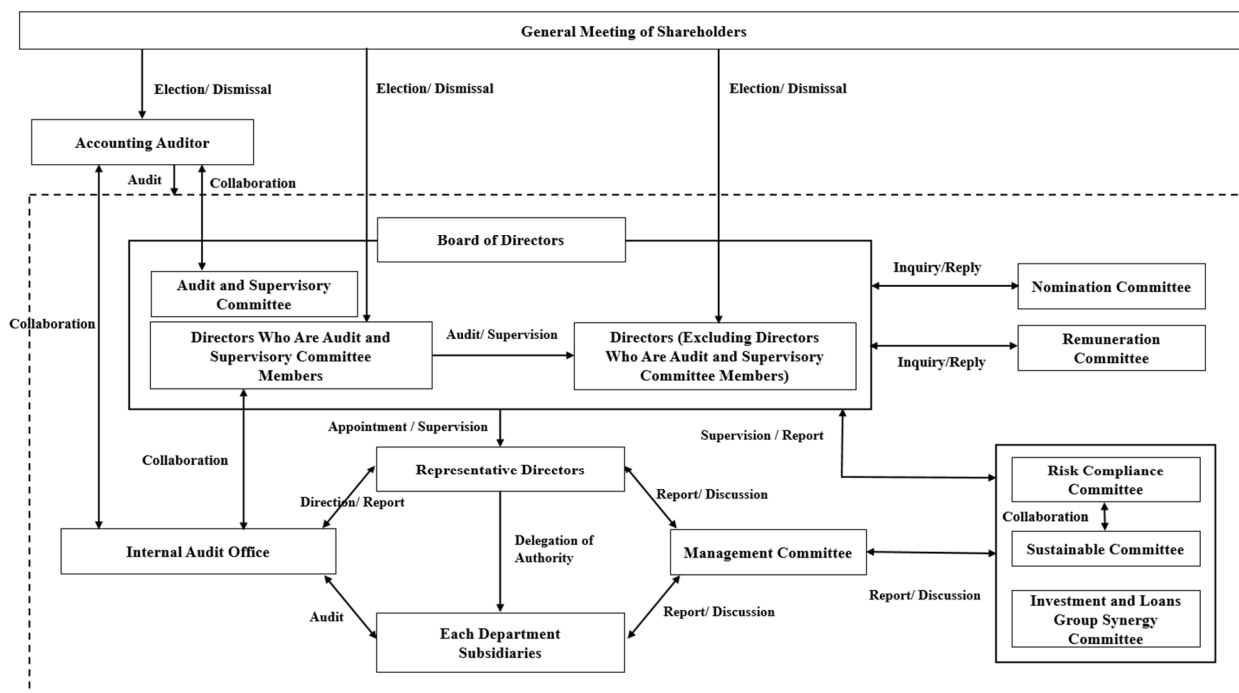
Members: Hiroshi Asai, Outside Director (Audit and Supervisory Committee Member); Seizo Matsumoto, Outside Director (Audit and Supervisory Committee Member); Hirofumi Obayashi, Representative Director and Chairman, and Masanori Hoshino, Representative Director and President

B. Reason for adopting such structure

The Group structure is of business companies that develop the business under a holding company. The Company, which is the holding company, is at the core of the Group’s unified governance. The Company plans, operates and manages for the optimization of the Group as a whole and controls the management of the Group as a whole, thus striving to maximize the corporate value for all stakeholders, including shareholders.

To further strengthen the corporate governance at the Company, we have introduced an outside director system and have also made Directors’ terms of office one year. As of the filing date of the Annual Securities Report, the Board of Directors (excluding Directors who are Audit and Supervisory Committee Members) is comprised of a total of nine (9) members including one (1) Outside Director. It strives to demonstrate an appropriate supervisory function in relation to the execution of business while maintaining and improving management efficiencies. The Audit and Supervisory Committee is comprised of a total of three (3) Outside Directors. It oversees management and strives to enhance its soundness.

An overview of the Company’s corporate governance structure as of the filing date is provided in the following diagram.



C. Status of Board of Directors’ Activities

- Status of attendance

During the fiscal year under review, the Company convened 17 meetings of the Board of Directors, and the status of attendance by each Director is as follows.

Position	Name	Status of attendance
Representative Director and Chairman (Chairman)	Hirofumi Obayashi	17/17 (100%)
Representative Director and President	Masanori Hoshino	17/17 (100%)
Managing Director	Motoya Takebayashi	17/17 (100%)
Managing Director	Yasuyuki Tenma	17/17 (100%)
Director	Masahiro Kanno	4/4 (100%) (retired in May 2023)
Director	Tomoyo Goda	17/17 (100%)
Director	Kazuhiro Sekine	17/17 (100%)
Director	Kazushige Enoki	13/13 (100%) (appointed in May 2023)
Outside Director	Masaharu Kohno	16/17 (94%)
Outside Director	Azuma Ohtsuka	9/17 (53%)

· Specifics of content examined by the Board of Directors

The Board of Directors deliberates and passes resolution on important matters of management, such as management policy and investment plans, and in addition, it hears reports on the status of execution of medium- and long-term strategies for domestic and overseas business operations, and on issues regarding the management foundation such as sustainability management, and considers and deliberates on matters for strengthening the supervisory function of management. The specific matters that were considered are provided below.

- Medium-term growth strategy based on the Company's medium- and long-term vision
- Shareholder return measure such as treasury share purchases and dividends, capital measures and financing plans
- Appointment of key personnel such as executive officers based on deliberations on the candidates for Director (including Director who is an Audit and Supervisory Committee Member) conducted by the Nomination Committee
- Important issues concerning sustainability management and status of progress of key themes

D. Status of Nomination Committee's and Remuneration Committee's Activities

· Status of attendance

During the fiscal year under review, the Company convened one meeting of the Nomination Committee and three meetings of the Remuneration Committee, and the status of attendance by each Director is as follows.

Position	Name	Attendance at Nomination Committee meetings	Attendance at Remuneration Committee meetings
Outside Director	Masaharu Kohno	1/1 (100%)	3/3 (100%)
Outside Director	Azuma Ohtsuka	0/1 (-%)	2/3 (67%)
Outside Director (Audit and Supervisory Committee Member)	Hiroshi Asai	1/1 (100%)	3/3 (100%)
Outside Director (Audit and Supervisory Committee Member)	Seizo Matsumoto	1/1 (100%)	3/3 (100%)
Representative Director and Chairman	Hirofumi Obayashi	1/1 (100%)	3/3 (100%)
Representative Director and President	Masanori Hoshino	1/1 (100%)	3/3 (100%)

- Key matters reported and deliberated on

In terms of matters considered, at the Nomination Committee, deliberation was conducted on the new candidates for Director (including Director who is an Audit and Supervisory Committee Member) and the election and dismissal of Executive Officers. Furthermore, at the Remuneration Committee, deliberation was conducted on the method of calculating officer remuneration that is more linked to the overall company performance and the remuneration amounts for individual officers.

## 2. Status of audit

### (1) Status of audit by Audit and Supervisory Committee

#### A. Organizational structure and personnel

In line with the Audit and Supervisory Committee Rules, the Company's Audit and Supervisory Committee comprises three (3) part-time Audit and Supervisory Committee Members (independent Outside Directors).

Masaharu Kohno, an Outside Director who is an Audit and Supervisory Committee Member, has extensive experiences as diplomat, and a wide range of professional knowledge about international affairs and has broad insight that qualifies him to accurately audit the lawfulness and suitability of the execution of the Company's business operations in future.

Hiroshi Asai, an Outside Director who is an Audit and Supervisory Committee Member, has served in a succession of important posts in various areas in the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism). He also has abundant experience as a corporate manager and has broad insight that qualifies him to accurately audit the lawfulness and suitability of the execution of the Company's business operations in future.

Seizo Matsumoto, an Outside Director who is an Audit and Supervisory Committee Member, has accumulated years of experience through working for the Ministry of Health, Labour and Welfare and the Ministry of the Environment. He possesses knowledge on labor issues, environmental issues, and SDGs issues and has broad insight that qualifies him to accurately audit the lawfulness and suitability of the execution of the Company's business operations in future.

In addition, one staff member has been concurrently assigned to the Audit and Supervisory Committee as an employee to assist with the duties of the Audit and Supervisory Committee.

The audit by the Audit and Supervisory Committee constituted the formulation of the audit plan and the main audit items in compliance with the rules of audits by the Audit and Supervisory Committee, attendance at important meetings such as the Board of Directors, confirmation of the status of execution of duties by Directors and employees, etc., the review of important decision-making documents, etc., the investigation of the status of operations and assets of the Company and its subsidiaries, and the confirmation of the status of construction and operation of the Group's internal control systems.

In addition, Audit and Supervisory Committee Members assess the appropriateness and reliability of the execution of duties by the Accounting Auditor while holding frequent meetings for exchange of information in addition to reports on the audit results with the Accounting Auditor, as well as hold frequent meetings for exchange of information in addition to reports at regular Audit and Supervisory Committee meetings with the internal audit office, to deepen the collaboration between the Accounting Auditor and the internal audit office

#### B. Status of Audit and Supervisory Committee's Activities

The Company, in principle, convenes meetings of the Audit and Supervisory Committee monthly, and the status of attendance by each Audit and Supervisory Committee Member is as follows.

Position	Name	Number of Meetings Attended/ Meetings Held (Attendance Rate)	
		Audit and Supervisory Committee	Board of Directors
Director and Audit and Supervisory Committee Member (full-time)	Kunio Hashimoto	12/12 (100%)	17/17 (100%)
Director and Audit and Supervisory Committee Member (part-time, outside)	Hiroshi Asai	11/12 (92%)	16/17 (94%)
Director and Audit and Supervisory Committee Member (part-time, outside)	Seizo Matsumoto	11/12 (92%)	15/17 (88%)

[Main items shared and matters considered]

- Audit policy, key audit items, audit plans and allocation of audit duties
- The Audit and Supervisory Committee's audit report
- Status of the execution of duties by Audit and Supervisory Committee Members (Monthly)
- Audit policy, audit plans and audit status of key domestic Group companies
- Reports from the internal audit office and Audit & Supervisory Board Members of subsidiaries
- Evaluation and selection of Accounting Auditor (non-reappointment, appointment)

[Main activities of Directors and Audit and Supervisory Committee Members]

- Attendance at the Board of Directors meetings and meetings of each Committee, auditing the management of proceedings and details of resolutions, etc. and expressing opinions as necessary

(Cooperation and information gathering with each department)

- Together with having timely exchange of opinions with Representative Directors, convene meetings for exchange of opinions at the end of the fiscal year
- Exchange opinions with Directors, as well as audit and interview responsible General Managers
- Receive monthly written reports from the internal audit office and exchange opinions as necessary, receive a briefing on the internal audit plans, audit structure and audit results, and express opinions as necessary.
- Receive an explanation and reports from, and exchange opinions with the Accounting Auditor concerning the audit plans, the results of the audit and quarterly review, and the results of the internal control audit (J-SOX), etc.
- Inspect important documents: Inspect documents and minutes, etc. for important meetings
- Attend important meetings and briefings, etc. of key domestic subsidiaries
- Audit and interview senior management of Group companies in Japan and overseas, and express opinions

### 3. Officer remuneration

- A. The policy and process for determining the policy on determination of the amount and calculation method of officer remuneration

The Company has determined the policy on determination of the amount and calculation method of officer remuneration. For the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company determines the amount of remuneration for each individual within the limit set for the total amount by resolution of the General Meeting of Shareholders. The amount of remuneration for each individual is determined upon consideration of the earnings trends, etc. and the evaluation of contribution to performance and management, taking account of whether or not the officer has representative authority, the officer's position, and scope of the role and responsibilities, and whether the position is full-time or not. The Board of Directors has entrusted the process for determination to the remuneration committee and the remuneration committee determines the amount of remuneration for each individual upon consideration of factors including comparison with general market levels and remuneration scales.

For the remuneration of Directors who are Audit and Supervisory Committee Members, the remuneration for each individual is determined through deliberation by the Audit and Supervisory Committee Members within the limit set for the total amount by resolution of the General Meeting of Shareholders.

The limit on remuneration of officers was approved at the 15th Annual General Meeting of Shareholders held on May 25, 2022. The approval is for a limit on the total remuneration per year for Directors (excluding Directors who are Audit and Supervisory Committee Members) of not more than ¥360 million and for Directors who are Audit and Supervisory Committee Members of not more than ¥120 million.

In addition, a restricted Stock Compensation plan was introduced at the 13th Annual General Meeting of Shareholders held on May 26, 2020 for the purpose of creating incentive for Directors to sustainably increase the Company's corporate value and to further enhance the alignment of interests with shareholders. The remuneration under this plan was separate from the aforementioned remuneration for Directors of ¥360 million and the total amount of monetary receivables to grant restricted stock to Directors was set at not more than ¥200 million per year.

The fixed remuneration of Directors is determined by Representative Director and President Masanori Hoshino, who has been delegated by resolution of the Board of Directors, within the limit of the total amount of remuneration approved at the General Meeting of Shareholders, taking account of elements including each Director's duties, level of contribution as well as status of execution, the Company's performance and the state of the economy. The Board of Directors activities in the process for determination of the amount of remuneration for the Company's officers for the fiscal year under review was based on a resolution at the Board of Directors held on May 26, 2020 of delegation to the Representative Director and President.

For performance-linked remuneration (Bonuses), the General Meeting of Shareholders approves the monetary remuneration that reflects performance indicators to heighten the awareness of increasing performance each fiscal year and the amount calculated with comprehensive consideration given to elements such as the level of achievement of the target consolidated operating profit each year. As a result of comprehensive consideration of the above processes there was no performance-linked remuneration (Bonuses) for the fiscal year under review.

For restricted Stock Compensation, the number of shares is calculated from the amount calculated with comprehensive consideration given to standards such as the level of achievement of the target operating profit for each business company and determined by the Board of Directors with the appropriate involvement and recommendation of the remuneration committee.

The Company judges that it is appropriate to link performance and remuneration, etc. of Executive Directors by setting performance-linked remuneration as remuneration of Directors. In addition, consolidated operating profit is used as an indicator to measure this performance, and such indicator is used because the Company's view is that Executive Directors of the Company are responsible for increasing the Group's overall performance and it is appropriate to evaluate with consolidated performance. Note there was a consolidated operating profit of ¥7,322 million (Target: Achieved budget) in the fiscal year under review.

B. Total amount of remuneration, etc. by officer category, total amount by type of remuneration, etc. and number of eligible officers

Category	Total amount of remuneration, etc. (million yen)	Total amount by type of remuneration, etc. (million yen)			Number of eligible officers
		Base remuneration	Performance-linked remuneration	Restricted Stock Compensation	
Directors (excluding Audit and Supervisory Committee Members)	265	198	40	26	10
(of which, Outside Directors)	(10)	(9)	(1)	–	(2)
Directors (Audit and Supervisory Committee Members)	22	22	–	–	3
(of which, Outside Directors)	(9)	(9)	–	–	(2)
Total	288	221	40	26	13
(of which, Outside Officers Total)	(20)	(19)	(1)	–	(4)

C. Total amount of consolidated remuneration, etc. for each officer of the filing company

Not listed since no individual is paid total remuneration, etc. in excess of ¥100 million.