

## 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

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

- The Company transitioned to a company with an audit and supervisory committee by resolution at the 15th Annual General Meeting of Shareholders convened on May 25, 2022 with the objective of further strengthening the corporate governance structure and further improving corporate value.

- 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; Masaharu Kohno, Outside Director; and Azuma Ohtsuka, 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. A Full-Time Audit and Supervisory Committee Member is designated 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, while the Full-Time Audit and Supervisory Committee Member attends important meetings. Thus Audit and Supervisory Committee Members share information among them and strengthen the oversight of management. We also strengthen the function of the Audit and Supervisory Committee and by enhancing cooperation between internal audit office and Audit and Supervisory Committee through measures such as that Audit and Supervisory Committee receives reports from internal audit office and issues instructions as necessary.

Chairman: Kunio Hashimoto, Director and Full-Time Audit and Supervisory Committee Member

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.



## 2. Status of audit

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

#### A. Organizational structure and personnel

In accordance with a resolution of the 15th Annual General Meeting of Shareholders held on May 25, 2022, the Company has transitioned from a company with an audit and supervisory board to a company with an audit and supervisory committee.

In line with the Audit and Supervisory Committee Rules, the Company's Audit and Supervisory Committee comprises one (1) full-time Audit and Supervisory Committee Member and two (2) part-time Audit and Supervisory Committee Members (independent Outside Directors).

Kunio Hashimoto, a full-time Audit and Supervisory Committee Member, has broad insight that qualifies him to audit the execution of Directors' duties from an objective and fair standpoint utilizing his extensive knowledge and experience in corporate management.

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, the full-time Audit and Supervisory Committee Member assesses 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 to deepen the collaboration between the accounting auditor and the internal audit office. Meetings for exchange of information are held frequently in addition to reports at regular Audit and Supervisory Committee meetings together with the Internal Audit Office.

#### B. Status of Audit and Supervisory Committee's Activities (including the status of activities of the Audit & Supervisory Board prior to the transition to a company with an audit and supervisory committee in the fiscal year under review)

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 (part-time, outside)	Kunio Hashimoto	13/13 (100%)	10/10 (100%)
Director and Audit and Supervisory Committee Member (part-time, outside)	Hiroshi Asai	11/13 (85%)	8/10 (80%)

Director and Audit and Supervisory Committee Member (part-time, outside)	Seizo Matsumoto	13/13 (100%)	10 /10 (100%)
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Note that the status of attendance at the Audit & Supervisory Board and the Board of Directors convened up until May 25, 2022, when the transition to a company with an audit and supervisory committee took place in the fiscal year under review is as follows.

Position	Name	Number of Meetings Attended/ Meetings Held (Attendance Rate)	
		Audit & Supervisory Board	Board of Directors
Full-time Audit & Supervisory Board Member	Yoshinori Kawasaki	2/2 (100%)	4/4 (100%)
Full-time Audit & Supervisory Board Member	Hideyuki Sotta	2/2 (100%)	4/4 (100%)
Outside Audit & Supervisory Board Member	Hiroshi Asai	1/2 (50%)	3 /4 (75%)
Outside Audit & Supervisory Board Member	Seizo Matsumoto	2/2 (100%)	4/4 (100%)

[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 a full-time Audit and Supervisory Committee Member (Monthly)
- Audit policy, audit plans and audit status of key domestic Group companies
- Reports from the internal audit division and internal control division
- Evaluation and selection of Accounting Auditor (non-reappointment, appointment)

[Main activities of a full-time Audit and Supervisory Committee Member and Outside Audit and Supervisory Committee Members]

- Attendance at the Board of Directors meetings, 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 division and exchange opinions as necessary, receive a briefing on the internal audit plans, audit structure and audit results every six months, and express opinions as necessary. Receive a briefing from the internal control department every six months, 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 transitioned to a company with an audit and supervisory committee pursuant to a resolution of the 15th Annual General Meeting of Shareholders held on May 25, 2022.

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. As of the conclusion of this General Meeting of Shareholders there were nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members) and three (3) Directors who are Audit and Supervisory Committee Members (including two (2) Outside Directors).

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 25, 2021 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 2,969 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)	232	200	32	—	10
(of which, Outside Directors)	(10)	(10)	(0)	—	(2)
Directors (Audit and Supervisory Committee Members)	17	17	—	—	3
(of which, Outside Directors)	(7)	(7)	—	—	(2)
Audit & Supervisory Board Members	6	6	—	—	4
(of which, Outside Audit & Supervisory Board Members)	(2)	(2)	—	—	(2)
Total	256	224	32	—	17
(of which, Outside Officers Total)	(19)	(19)	(0)	—	(6)

- 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.