Corporate Governance Report

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OHSHO FOOD SERVICE CORP.

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The corporate governance of OHSHO FOOD SERVICE CORP. (the "Company") is described below.

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

1. Basic Views

Under our management philosophy: "Create restaurants that earn the praise of customers! Efforts to accomplish this goal will contribute to our own growth and happiness and enable us to contribute to society" as a basic policy for management, we will comply with laws, social norms, and corporate ethics, and continue to derive stakeholder satisfaction by making the workplace an environment full of happiness and smiles for all employees. For that, we will use the profits obtained as a result of management effects and efficiency as a source of fund. In addition, believing what the Corporate Governance Code demands are transparent and fair decision-making, full utilization of management resources, and prompt and courageous decision-making to increase management vitality, we will contribute widely to society by strengthening our corporate governance, improving the management organization structure, and implementing necessary measures to realize the sustainable growth of our company and the long-term improvement of corporate value.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

This report is based on the Corporate Governance Code revised in June 2021.
The Company complies with all principles of the revised Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] **Updated**

[Principle 1.4 Cross-Shareholdings]
(1) Policy for holding shares of other listed companies as cross-shareholdings
1) Standards and concepts for classification of shares held
Shares held are classified as cross-shareholdings (shares held for reasons other than pure investment purposes) if it is determined that it will contribute to the improvement of corporate value for the purpose of business expansion and sustainable growth of the Company from a medium- to long-term perspectives. The other shares held are classified as those held for pure investment purposes.
2) Shares held for reasons other than pure investment purposes
Policy on holding shares, method of examining the rationality of shareholdings, and details of examination on the appropriateness of holding specific shares by the Board of Directors, etc.
The Company's basic policy is not to hold shares of other listed companies as cross-shareholdings unless holding such shares is recognized to be necessary or useful for the maintenance and reinforcement of transactional relations, etc.
We will hold shares as such when we determine that they will contribute to expanding our business and achieving sustainable growth in consideration of the following matters from medium- to long-term perspectives. In addition, based on this policy, we will regularly report and assess whether or not to hold each individual cross-shareholding at the Board of Directors meetings. If the benefit of holding shares is deemed to be limited, the Company will sell the shares.

a. It shall be the shares of a business partner whose transactions with us are stable, continuous, or have the potential to expand.
b. It shall be the shares of a company that will contribute to the expansion of our business through a business alliance or other methods.
c. The total acquisition price of each individual cross-shareholding shall not exceed three one-hundredth of total assets.
d. A quantitative judgment shall be made for each cross-shareholding based on the relation between the holding benefit to the acquisition price and the capital cost of the Company.
e. The Board of Directors shall determine whether to hold, expand, reduce or abolish each cross-shareholding, based on verification of its economic rationality that is judged from risks and returns, etc., and of necessity of holding.
At the monthly meetings, the Board of Directors verifies the results of quantitative judgment based on the relation between the ratio of dividends to the acquisition price and the capital cost of the Company.

(2) Standard for exercising the voting rights of shares held as cross-shareholdings
The Company appropriately exercises voting rights of shares held as cross-shareholdings after it comprehensively investigates the details of proposals and determines whether they are conducive to the increased relationship between the business partner and the Company, the sustainable growth of the Company, the enhancement of corporate value over the medium to long term, or the improvement of shareholder value.

[Principle 1.7 Framework for Related Party Transactions]
When the Company engages in transactions with its Directors/Corporate Auditors or major shareholders (i.e., related party transactions), the transactions must be deliberated and resolved at the Board of Directors meetings in order to ensure that such transactions do not harm the interests of the Company or the common interests of its shareholders.
When resolving a competitive transaction or conflict-of-interest transaction of related parties, the Board of Directors will determine whether or not to approve the transaction by comprehensively considering the significance and risk of the transaction and other factors so as to ensure that the transaction in no way deviates from terms of a transaction with a third party, and will continuously monitor the transaction if it is approved.

[Principle 2.3, Supplementary Principle 2.3.1, Supplementary Principle 3.1.3, Supplementary Principle 4.2.2, Sustainability Initiatives]
(1) Sustainability initiatives
Under its social mission—Comfortable dining space, heartwarming hospitality and delicious foods make us "happy"—the Company conducts businesses in accordance with its management philosophy "Creating stores praised by our customers." Sustainability is the basis for accomplishing this mission. This is why sustainability activities are one of the major goals of our medium-term management plan for implementing management strategies. In addition, we have a Sustainability Committee that oversees sustainability activities.
The Company proclaimed its sustainability vision, "Realizing an affluent society without food insecurity," "Prospering in harmony with all stakeholders" and "Protecting the global environment." We are actively working on these goals as described below.
For the above basic sustainability policy and sustainability vision, please refer to "Implementation of Environmental Activities, CSR Activities etc." under "III.3. Measures to Ensure Due Respect for Stakeholders."

1) Initiative for "Realizing an affluent society without food insecurity"
The Company contributes to society through food, that is, providing safe, secure and delicious food. To this end, we use domestic products for the main ingredients to ensure safety and security, and at the same time contribute to maintaining and improving the domestic self-sufficiency rate. In order to secure a stable supply of high-quality domestic ingredients, we are building close cooperation with producers and fair business relationships to enhance the sustainability of our company.
The Company makes donations to Save the Children, a private, non-profit international organization that has the mission of helping improve the lives of children worldwide. In addition, the Company provides at no cost Bento for Kids (lunch box for children) meals to facilities that feed children throughout Japan during

the school summer vacation period. There are also other programs to provide assistance as needed. In response to the Noto Peninsula Earthquake in 2024, we donated a portion of proceeds (80 yen per bowl, totaling 61 million yen) of "Vegetable Stew Ramen," a limited menu item in February and March 2024, as disaster relief donation through the Japanese Red Cross Society; placed a donation collection box at stores; and provided PET bottles of natural water to Nanao City in Ishikawa Prefecture in cooperation with Kyoto Prefecture. We also ran a soup kitchen at a shelter in Nanao City to provide those affected with 540 bowls of "Vegetable Stew Ramen" and 770 dishes of gyoza.
We, as a company operates food business, will continue pursuing to realize an enriched society where nobody suffers from hunger.

2) Initiative for "Prospering in harmony with all stakeholders"
Aiming to prosper in harmony with all stakeholders, the Company has returned business results to customers, shareholders, business partners, and employees. Specifically, it has provided customers with the added value of safety and security through using domestic products for main ingredients, raised dividend levels and bought back shares for shareholders, worked on increasing added value across the entire supply chain from the standpoint of business partners, and improved treatment and working environment for employees.
Furthermore, the Company has a strong commitment to corporate social responsibility. One activity is support for youth development programs that enable children to use sports to develop a healthy mind, strong body and proper manners. There are also activities for the invigoration of communities and regions, such as support for corporate and local government events.
For the logistics issue in 2024, we consider that the issue should be addressed by the entire company. First, as a store effort, we reduced delivery work hours by reorganizing and repairing delivery aisles and storages. Second, we reduced the number of delivery-destination stores per truck, promoted division of delivering and picking operations, and employed joint delivery, to reduce labor hours of drivers. As a result of these efforts, we are confident that our delivery system is fully sustainable now.

3) Initiative for "Protecting the global environment"
We have been promoting the environment management system activity to reduce the environmental impact related to sales activities and the provision of food to customers. As part of that, we are working on the reduction in utility costs or general wastes. Following the enactment of Japan's Act on Promotion of Resource Circulation for Plastics, we started charging customers for biomass plastic spoons and plastic soup spoons. We also switched from plastic to paper straws and changed disposable mini-spoons from plastic to metal dessert spoons. Many activities are under way to protect the environment in accordance with this new law. In addition, to reduce food loss due to customers not eating an entire portion, we are offering a "just the right size menu" to enable customers to order the amount of food they can eat. Another initiative is the installation of environmentally responsible equipment for lowering the cost of energy at stores and plants, which helps lower CO_2 emissions.
We believe that such efforts to reduce burden on the global environment and take measures against natural disasters or climate change risks will lead us to gain the trust of our customers and enhance our sustainability.

(2) Investment in human capital and intellectual property and business portfolio
Investing in human capital is the cornerstone of our business and our primary focus.
We believe that constantly working on raising employee satisfaction results in a virtuous cycle that leads to customer satisfaction and the growth of sales and earnings that can provide even more benefits for employees. Our goal is to operate restaurants (workplaces) that are happy places where all employees are passionate about their jobs, having their own ideas and advancing their skills.
One of Ohsho's most important roles is giving employees opportunities to learn and upgrade skills to support their advancement. To provide these opportunities, we operate the Ohsho Cooking Dojo and Ohsho Academy. There are also a variety of investments to give employees access to e-learning, educational programs using digital technologies and other programs. For example, the Ohsho Academy encompasses a broad range of training programs that include hands-on meal preparation, cooking knowledge, customer service, management seminars and other types of classes. For people who joined Ohsho in April 2024, Ohsho Academy held a hands-on meal preparation program using external consultants. The intense four-day program, with the participation of Ohsho's president, was centered on the theme of "starting my career with the mindset of appreciation for everything." All of these training programs contribute directly to the growth

and higher productivity of employees. A big increase in work engagement is another benefit. The result is even more passion for doing jobs well for the creation of more value.
Employee compensation is increasing. For the 2023 summer bonus, we agreed to the labor union's request for an addition of 8.5% to the bonus table 100% and to the union's request to add 10% to the winter bonus table, resulting in bonuses of 110%. We then went one more step by adding 10% as a special additional bonus, resulting in payments of 120% of the bonus table, an all-time high. Furthermore, due to the strong sales and earnings in the fiscal year that ended in March 2024, employees received a record-high fiscal year-end closing bonus.
In revising the monthly payment for the fiscal year ending in March 2025, the base pay was increased as in the previous fiscal year. The average increase in the monthly payment is 39,162 yen per employee (pay raise including the increase in the base pay by 11.5%), which is far more than the union had requested and ranks among the highest of all companies in Japan.
For newly hired college graduates, the initial salary has been increased by 52,000 yen to 278,500 yen, among the highest in Japan's restaurant industry. Raising the starting salary helps attract the number of people we need as well as the diverse range of people that our operations require. We will continue to place priority on investments in human resources.
Regarding intellectual property, the know-how (dumpling manufacturing method, etc.) that we have accumulated since our founding and the trademark are important resources that form the basis of our business activities. We believe that further developing while firmly protecting those rights will lead to the sustainable growth of the Company.
Regarding the business portfolio, we are operating a single segment of "Gyoza no Ohsho" and implementing our business strategy based on the judgment that focusing on this single segment and further refining management resources will lead to the sustainable growth of the Company.

(3) TCFD disclosure concerning climate change
The Company recognizes that the global environment is vital for sustainability. We have established "Protecting the global environment" as one element of our sustainability vision and are dedicated to reducing the environmental impact of our business activities and working to realize a recycling-based society. We have been using many activities to accomplish these goals. Climate change is an important issue concerning the management of business operations. We understand that we must take actions concerning this issue in order to help achieve a sustainable society and improve the sustainability of our business operations.
We are collecting and analyzing the data required for determining the effects of climate change risk and opportunities on our business activities, earnings and other aspects of operations. We are also moving ahead with measures to disclose information in accordance with the TCFD.
More information about activities involving the TCFD is in the Annual Securities Report.
Annual Securities Report: https://ir.ohsho.co.jp/ir/library/securities.html

[Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources]
It is our goal to make more people feel "happy," by providing comfortable dining space, heartwarming hospitality and delicious foods through our employees cooperating with each other regardless of gender, age, nationality, etc. and enhance team strength.
Therefore, we have been hiring and training human resources regardless of gender, nationality, midcareer or new graduate hires, and thus, not only women, foreign nationals, and midcareer hires, but a variety of personnel have been active. Going forward, we will continue to actively improve the internal environment in which these personnel can play active roles to ensure diversity, incorporate diverse values, and lead to the sustainable growth of the Company and the enhancement of the corporate value.

<Voluntary and measurable goals and their current status>
(1) Promoting women to managerial positions
The Company has one (1) female Director, who is a labor and social security attorney, and is engaged in improving diversity in the workplace from a professional standpoint. The goal for the percentage of female managers is at least 4% by the end of March 2029. The percentage was 1.9% at the end of March 2024. Female managers are expected to increase as there are nine (9) women who are assistant store managers or assistant section managers and therefore in a position to advance to become a manager. We will continue to work on enabling women to achieve their full potential in the workplace and accomplishing the goal of 4% or more.

(2) Promoting foreign nationals to managerial positions
The Company has evaluated foreign employees with a fair personnel evaluation system regardless of nationality, and thus, four (4) foreign nationals have been active as store managers in the Company as of the end of March 2024.
We continue to improve the internal system where foreign nationals can be active in managerial positions, although the situation may fluctuate due to the hiring environment.

(3) Promoting midcareer hires to managerial positions
We have appointed a variety of human personnel as Directors/Corporate Auditors, and two (2) out of five (5) Directors/Corporate Auditors are midcareer hires. Also, as of the end of March 2024, more than 50% of managers are midcareer hires, who are active in work related to their careers and areas of expertise, and are actually occupying important positions in our personnel strategy.
We will continue to appoint talented personnel to managerial positions regardless of whether they are new graduate hires or midcareer hires.

<Policy and status of human resources development and internal environment improvement>
To ensure diversity, we continue strengthening human resource development at Osho University and on the job regardless of gender, nationality, and new graduate hires or midcareer hires, and appointing them to each position according to their competency. In addition, the Company strives to develop a working environment where employees can continue working for a longer period without anxiety, by establishing an adaptable career advancement system that allows flexible working conditions. Specifically, allowing employees to switch from part-time to full-time and to work as a local employee without transfer or as a short-time employee so that they can choose their working hours or employment style according to their life plans. For foreign nationals, we have store manuals in multiple languages to build a comfortable working environment where they do not feel the language barrier. For midcareer hires, we develop a system that enables them to play an active role as managers at an early stage by providing dedicated training and creating an environment where they can deepen their understanding of the Company, cultivate knowledge, experience, and competence. Through these efforts, we incorporate diverse values and aim for sustainable growth. Moreover, we have established a special subsidiary to actively promote the employment of people with disabilities.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]
We outsource the management of our corporate pension fund to trust banks or other institutions that are considered to fulfill fiduciary duties (including stewardship activities) for us.
We have established a basic operation policy and set up a department in charge of selecting and evaluating management trustees.
The department in charge receives regular reports from the trustees and examines whether the corporate pension fund is properly managed, including whether the investment objectives or necessary asset formation have been achieved.

[Principle 3.1 Full Disclosure]
(i) In the medium-term management plan, four support strategies support the three main strategies, “sales strategy,” “franchise chain promotion strategy,” and “restaurant opening strategy,” with the strategies overall covered by the “digital strategy” aimed at overall optimization and efficiency.
By steadily implementing these strategies, we aim to improve engagement between the Company and employees, realize our management philosophy, and achieve business results that far outrank those of other companies.
1) The three main strategies
a. Sales strategy
Training programs and customer satisfaction
b. Franchise chain promotion strategy
Stronger partnerships
c. Restaurant opening strategy
Well-planned restaurant openings
2) Four support strategies
a. Promotion strategy
Attract new customers

b. Employee skill advancement strategy
Recruiting and skill enhancement
c. Factory strategy
Low-cost/Best value
d. Environmental activities strategy
Business continuity planning/Sustainability initiatives
3) Back up strategies
a. Digital strategy
Comprehensive use of digital technologies
b. Capital strategy
Upgrade budget management

(ii) Basic views and guidelines on corporate governance based on each of the principles of the Code (draft)
The Company's basic views on corporate governance are disclosed on the Company website, as well as in the Corporate Governance Report.
Basic views on corporate governance: https://ir.ohsho.co.jp/csr/governance/

(iii) Policies and procedures of the Board of Directors in determining the remuneration of the senior management and Directors
The Board of Directors of the Company has resolved a basic policy that determines to make a decision process of remuneration for Directors and Corporate Auditors transparent to strengthen governance. Regarding remuneration, resolutions was made at the 45th Ordinary General Meeting of Shareholders on June 26, 2019 for Directors. In details, the remuneration amount for Directors of the Company was resolved to be within ¥400 million (¥50 million for Outside Directors) per year. Separately, at the 48th Ordinary General Meeting of Shareholders held on June 28, 2022, shareholders approved a resolution that the total amount of monetary remuneration receivables for Directors (excluding Outside Directors) shall not exceed ¥200 million per year and that the maximum number of restricted shares to be allocated to eligible directors in a fiscal year shall be 40,000 shares. In the Articles of Incorporation, the number of Directors is stipulated to be 13 or less and there are eight (8) Directors as of the submission date of this report. The amount of annual remuneration for Corporate Auditors of the Company was resolved at the 41st Ordinary General Meeting of Shareholders held on June 26, 2015, for no more than ¥40 million. The number of Corporate Auditors is stipulated to be four (4) or less in the Articles of Incorporation and it is four (4) as of the date of submission of this report.
The total amount of the remuneration for Directors and Corporate Auditors has been determined by resolution at the General Meeting of Shareholders. The allocation to each Director is decided by the Board of Directors through deliberations at the Remuneration Advisory Committee, whereas the allocation to each Corporate Auditor is determined through consultations among the Corporate Auditors. Prior to deliberation at the Remuneration Advisory Committee, we conduct interviews with each Director (excluding Outside Directors) to evaluate their duties, responsibilities and achievement of goals. Specifically, each Director (excluding Outside Directors) meets with the President to set their duties, job descriptions, and goals at the beginning of a period, and to review the results or progress during the period. At the end of the period, members of the Remuneration Advisory Committee conduct performance interviews with each Director (excluding Outside Directors). The Remuneration Advisory Committee deliberates on overall policies and standards for determining remuneration for Directors/Corporate Auditors, and the policy on determining remuneration for each Director (excluding Outside Directors) based on the results of interviews. The members of the Remuneration Advisory Committee shall be the President, Independent Outside Directors (including Outside Directors who are Independent Directors and Outside Directors of the Company's standards) and Directors appointed by a resolution of the Board of Directors (There are one (1) Inside and three (3) Outside Directors for a total of four (4) members). The Remuneration Advisory Committee shall be chaired by Independent Outside Director appointed by the Board of Directors. The advisory resolution of the Remuneration Advisory Committee shall be made by a majority of the voting members and shall be passed by a majority of the attending members. The advisory resolution without the consent of all attending members who are Independent Outside Directors shall be reported to the Board of Directors as not receiving the recommendation from the Remuneration Advisory Committee. The Board of Directors determines the remuneration amount in line with the policy for determining remuneration, etc., through deliberation on the Remuneration Advisory Committee resolutions and the policy on individual remuneration.

Remuneration for Directors shall be monthly remuneration, which is monetary remuneration, and restricted stock remuneration, which is non-monetary remuneration, etc. Restricted stock remuneration has been introduced in order to further increase the willingness of Directors to enhance corporate value and contribute to a rise in the stock price by sharing the results of their management decisions with shareholders. Restricted stock cannot be transferred, be subject to the establishment of a security interest or be otherwise disposed of until such time that Directors, etc. retire from their position. Outside Directors are in a position of overseeing management, and are not subject to restricted stock remuneration for reasons of governance. The specific amount of remuneration depends on business results of the Company and the position of each Director. Since the responsibilities and duties differ for each position, we set a basic amount of remuneration for each position. Based on this, the amount of remuneration for each Director shall be determined according to the experience, capabilities, and results, etc. of each Director, within a range from the basic amount of remuneration (lower limit) to the upper limit set for each position.
Fixed amounts shall be paid to the respective Corporate Auditors, from the perspective of ensuring high independence in their duties through consultations among the Corporate Auditors.

For details, please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" under "II.1. Remuneration of Directors."

(iv) Policies and procedures of the Board of Directors in the appointment and dismissal of the senior management and the nomination of candidates for Directors and Corporate Auditors
The Company has introduced the executive officer system to separate the decision-making function from the execution of operations and clarify the respective responsibilities of its Directors and executive officers. The Company carries out highly fair and transparent procedures for the nomination of candidates for Directors through deliberation at the Nomination Advisory Committee chaired by an Independent Outside Director (including Outside Director who is an Independent Director or Outside Director of the Company's standards) and for the nomination of executive officers through deliberation at the Board of Directors.
The Nomination Advisory Committee shall, upon consultation from the Board of Directors or at the initiative of a member of the committee, propose the Board of Directors to dismiss the President if he/she is applicable to the following criteria stipulated in the rules of the Nominating Advisory Committee. The reappointment shall also be decided based on the same criteria.
1) Committing an act that is offensive to public order and morals
2) Becoming difficult to perform his/her duties appropriately due to health reasons
3) Causing significant damage on the corporate value by neglecting his/her duties
4) Being judged not to meet the qualities stipulated in the criteria for selecting a successor
Candidates for Corporate Auditors shall be appointed based on the consent of the Board of Corporate Auditors, of which three (3) out of four (4) members are Outside Corporate Auditors, to ensure a standpoint independent of the Company when auditing the status of decision-making and supervision by the Board of Directors or the execution of duties by each Director.

(v) Explanations with respect to the individual appointments and nominations based on (iv) above
The reasons for nominating candidates for Outside Directors and Outside Corporate Auditors are stated in the "Reference Documents for the General Meeting of Shareholders," materials in which the details of the proposed election are presented. With respect to the appointment and nomination of Directors and Corporate Auditors, individual career summaries for the appointed and nominated Directors and Corporate Auditors are provided in the "Reference Documents for the General Meeting of Shareholders."

The "Notice of the General Meeting of Shareholders" is announced on the Company website.
Notice of the General Meeting of Shareholders: https://ir.ohsho.co.jp/shareholder/meeting.html

[Supplementary Principle 4.1.1 Brief Summary of the Scope and Content of the Matters Delegated to the Management]
The Company separates the managerial decision-making from the execution of operations by entrusting the managerial decision-making and supervisory function to the Board of Directors and establishing a Management Strategy Committee, executive officers, and respective committees based on the decisions made.
The Board of Directors determines statutory matters, matters set forth in the Articles of Incorporation, and other important matters for the Company.

The Management Strategy Committee chaired by the President discusses and deliberates business execution policies with respect to the Company's management and business operations and administration based on policies determined by the Board of Directors. In addition, Corporate Auditors and Outside Directors may attend and render their opinions at the Management Strategy Committee at any time.

[Supplementary Principle 4.1.3 The Succession Plan for the CEO and Other Top Executives and the Development of Succession Candidates]
When the President deems it appropriate, after comprehensively considering the qualities stipulated in the Company's regulations, they will consult with the Nomination Advisory Committee, which is an advisory body to the Board of Directors, to nominate one or more candidates for succession. The Nomination Advisory Committee shall then advise the Board of Directors to appoint the most appropriate candidate from among the candidates, taking into consideration the following qualities that are stipulated in the Company's regulations. The Company will develop succession candidates from this perspective.

1) A person who will earn full trust of employees and will make them want to work as hard as they can for the person
2) A person who shows excellent competence in goal setting or in problem-solving
3) A person with great personal magnetism who talks about dreams and has excellent ability to attract and lead people
4) A person who has an eye for people and has an excellent ability to objectively grasp and analyze the situation to make decisions
5) A person who is mentally and physically strong
6) A person who is highly conscious of legal compliance

[Principle 4.8 Effective Use of Independent Outside Directors]
Three (3) of the eight (8) Directors are Independent Outside Directors, which makes these directors more than one-third (1/3) of all Directors.
As was explained earlier, although Independent Outside Directors are not a majority of all Directors, these directors cover a broad range of experience and expertise, including a lawyer, Certified Public Accountant, and specialized labor and social security attorney. These individuals can use their experience for the oversight of management and use an objective perspective for strengthening the oversight function of the Board of Directors and the transparency of management. Overall, the Independent Outside Directors are adequately performing their expected roles and performing their duties.
The Independent Outside Directors and the Inside Directors, who are accurately monitoring business operations and have a thorough knowledge of the Company's business activities, hold discussions by using many perspectives. We believe that these discussions enable the Directors to reach proper and appropriate decisions that lead to sustained growth and the medium- to long-term growth of corporate value.

[Principle 4.9 Independence Standards for Independent Outside Directors]
The Company considers that it is important to supervise the management of the Company from an independent standpoint without any conflict of interest with general shareholders. Therefore, the following standards of independence have been established regarding the appointment of Outside Directors and Outside Corporate Auditors, to ensure supervision by Outside Directors and audits by Outside Corporate Auditors on the Board of Directors, which has a management decision-making function, function effectively.
Specifically, the Company observes the following standards of independence:

1) A person who has never belonged to the Company as a Director with executive authority over operations, an executive officer, or an employee;
2) A person who is not a person executing business (an executive) of the Company whose annual transactions with the Company exceed 1% of the Company's net sales or the other party's consolidated net sales;
3) A person who is not a major shareholder holding a stake of 5% or more of the voting rights of the Company or an executive thereof at the end of the fiscal year of the Company;
4) A person who is not an executive of any company in which the Company holds a stake of 5% or more of the voting rights at the end of the fiscal year of the Company;
5) A person who is not an executive of a financial institution from which the Company has borrowed with a balance of loans payable exceeding 3% of the Company's total assets or the financial institution's consolidated total assets, as of the end of the fiscal year of the Company;

6) A person from whom the Company has not received donations of ¥10 million or more in any of the past ten years or an executive thereof; or
7) A person who is not a consultant, accounting professional, legal professional, an Accounting Auditor, or advisor who has received cash or other financial gains of ¥10 million or more per year from the Company other than remuneration for Directors and Corporate Auditors, etc.

[Supplementary Principle 4.10.1 Stance Concerning Independence of the Nomination and Remuneration Advisory Committees]
The Company has a Nomination Advisory Committee and a Remuneration Advisory Committee as advisory bodies to the Board of Directors. The purpose of these committees is to strengthen the independence and objectivity of the nomination and remuneration functions of the Board of Directors as well as the obligation to explain these decisions to stakeholders.
Both committees are chaired by an Independent Outside Director and consist of three (3) Independent Outside Directors and one (1) Inside Director. The Company believes that these committees are sufficiently independent because Independent Outside Directors are the majority of the members of both committees. One (1) member of each committee is women for gender diversity and the committee members have professional expertise as a Certified Public Accountant, a lawyer and specialized labor and social security attorney. The members also have many years of experience in the fields of human resources and remuneration. As a result, both committees can perform their roles properly with respect to the skills of members.

Nomination Advisory Committee
The members of this committee discuss primarily the following subjects. The committee has the authority to submit advice and recommendations to the Board of Directors, which is the role of this committee.
1) Resolutions about the or appointment or dismissal of Directors that are submitted at shareholders meetings
2) Appointment or dismissal of the President and Representative Director (CEO) and the CEO succession plan
3) Appointment or dismissal of other Representative Directors
4) Disciplinary actions concerning a Director who has violated a law or regulation or internal rule, who failed to fulfill the duty of care, or who acted in some other improper manner
5) Standards for independence of Independent Directors/Corporate Auditors
6) Establishment, revision, termination of basic policy, rules, procedures and other items required for the resolutions in the preceding five items.
7) Other items that the Nomination Advisory Committee must discuss to reach decisions about the preceding six items.

Remuneration Advisory Committee
The members of this committee discuss primarily the following subjects. The committee has the authority to submit advice and recommendations to the Board of Directors, which is the role of this committee.
1) Policies concerning decisions about remuneration for individual Directors
2) Remuneration for individual Directors
3) Establishment, revision and termination of basic policy, rules, procedures and other items required for the resolutions in the preceding two items.
4) Other items that the Remuneration Advisory Committee must discuss regarding remuneration for Directors.

[Supplementary Principle 4.11.1 View on the Appropriate Balance Between Knowledge, Experience and Skills of the Board of Directors as a Whole and the Diversity and Appropriate Size of the Board of Directors]
The Company has identified the skills expected in the execution of the Company's management strategy and created a matrix list. (Page 10 of the Notice of the 50th Ordinary General Meeting of Shareholders: https://ir.ohsho.co.jp/shareholder/meeting.html)
Inside Directors familiar with the Company's operations and management and Outside Directors with professional knowledge and management experience in their respective fields as a Certified Public Accountant, lawyer, and specified labor and social security attorney are appointed in a well-balanced

manner to maintain management transparency and ensure responsiveness to the ever-changing managerial environment and diversity.
As we believe that accelerated decision making over business execution and increasing the ratio of Outside Directors on the Board of Directors will lead to strengthened governance, we set the number of Inside Directors at five (5) and set that of Outside Directors at three (3). We consider these numbers are appropriate.
We appoint talented persons with deep insight and rich experience, such as Certified Public Tax Accountants, former Tokyo Metropolitan Police Department officials or those with corporate management experience, as Outside Corporate Auditors, and has developed a structure that enables the Outside Corporate Auditors to audit the execution of Directors' duties and express opinions on management from an independent standpoint.
Regarding the appointment of Directors, the Nomination Advisory Committee chaired by an Independent Outside Director judges its appropriateness based on fair standards and advises to the Board of Directors.
We believe that Outside Directors have rich management experiences gained through the provision of management consultation or support to other companies based on their field of expertise.

[Supplementary Principle 4.11.2 Directors with Concurrent Positions]
Each year the Company discloses the significant concurrent positions of Outside Directors and Outside Corporate Auditors in disclosure documents such as the Notice of the General Meeting of Shareholders and the "Directors (and other officers)" section of the Annual Securities Report.
Because no Outside Director or Outside Corporate Auditor of the Company concurrently serves as an inside director or inside corporate auditor of another listed company, the Company is judged to have established a structure that enables the Outside Directors and Outside Corporate Auditors to devote themselves to their operations.
Notice of the General Meeting of Shareholders: https://ir.ohsho.co.jp/shareholder/meeting.html
Securities Report: https://ir.ohsho.co.jp/ir/library/securities.html

[Supplementary Principle 4.11.3 Evaluation of the Board of Directors]
Each year the Company has the Board of Independent Outside Directors analyze and evaluate the effectiveness of the Board of Directors in performing the operations of the Board of Directors and discloses the Board Evaluation Report summarizing the results of the evaluation and the directions the Company should advance for the improvement and reinforcement of the Board of Directors. Based on this evaluation report, the Company improves and strengthens an organizational structure that enables the Board of Directors to demonstrate its functions to the maximum extent. Recognizing the significant importance for the Board of Directors to promote management transparency, we also disclose the evaluation procedure, a list of questions, answers to individual questions, and evaluations/comments along with the summary.
See below for a summary the results of the Board of Directors evaluation conducted in 2024.
Board Evaluation Report (May 15, 2024): https://www.ohsho.co.jp/pdf/20240515.pdf
The Board Evaluation Report disclosed on May 15, 2024 evaluated that the Company practices management that places the highest priority on corporate governance and largely complies with the requirements of corporate governance such as the development of the Corporate Governance Code.
The Report mentioned that many Directors appropriately offer recommendations and contribute to the Board of Directors.
In addition, the Report generally confirmed the effectiveness of voluntary committees supporting the Board of Directors such as the Nomination Advisory Committee, the Remuneration Advisory Committee and the Board of Independent Outside Directors.

The followings are notable progress in corporate governance witnessed after the previous effectiveness evaluation of the Board of Directors in 2021.

- In accordance with Principle 4.8 of the Corporate Governance Code, at least one-third (1/3) of the directors must be independent outside directors at companies listed on the Prime Market of the Tokyo Stock Exchange. Furthermore, the Tokyo Stock Exchange requires companies on the Prime Market to take actions with the goal of having at least one female officer by 2025 and raising the percentage of female officers to at least 30% by 2030 (Code of Corporate Conduct, Matters Desired to be Observed, enacted October 10, 2023). The Company appointed five (5) Inside Directors and three (3) Independent Outside Directors at the General Meeting of Shareholders held on June 28, 2023. This raised the number of

Outside Directors to one-third (1/3), resulting in a balanced composition of the Board of Directors. There is one (1) female Director. (See Section 6.1)

- Based on Supplementary Principle 4.11.1 of the Corporate Governance Code, the Company prepared a skill matrix that covers the knowledge, experience, capabilities and other characteristics of all Directors and Corporate Auditors and included this matrix in the notice of the shareholders meeting held after June 2021. (See Section 6.1 (3))
- In accordance with the requirements of Supplementary Principle 4.2.2 of the Corporate Governance Code, on December 13, 2021, the Board of Directors established a Basic Policy for Sustainability and established a Sustainability Committee, following thorough discussions about these actions. During the fiscal year that ended in March 2024, this committee examined measures for the disclosure of decarbonization activities and discussed an investment plan for lowering greenhouse gas emissions. To further upgrade employee training programs, the Ohsho Academy was established in July 2023 as a base for practical training activities that upgrade a variety of employees' skills. Based on the goal of protecting the global environment, which is part of Ohsho's sustainability vision, there were environmental management system activities. In accordance with the recommendations of the TCFD, the Company disclosed information about four subjects concerning environmental issues: governance, strategies, risk management, and indicators/targets. (See Section 6.4).
- Supplementary Principle 4.10.1 of the Corporate Governance Code states that "In particular, for companies listed on the Prime Market, Independent Outside Directors should be the majority of all committees and companies should disclose stances, authority, roles and other information concerning the independence of committee members." The Nomination Advisory Committee, the Remuneration Advisory Committee and the Board of Independent Outside Directors have met this requirement in prior years.

The followings issues were identified for upcoming actions.

- We believe that the composition of the Board of Directors is suitable with regard to professional skills and diversity. Independent Outside Directors are at least one-third (1/3) of all Directors, which gives the Board of Directors a suitable balance. However, the composition should be revised to reflect upcoming policies for a need for people with many years of management experience, raising the percentage of female Directors and other items. (See Section 6.1 (2), (6)).
- Information about discussions at management meetings and other important conferences/meetings should be shared with Directors to facilitate even more thorough discussions by the Board of Directors. (See Section 6.2 (8), (13)).
- Documents concerning agenda items for meetings of the Board of Directors are distributed three (3) days before meetings (the three-day rule). However, in some cases the distribution of these materials is not completed until immediately before meetings. More actions are needed for compliance with the three-day rule. (See Section 6.2 (9), (13)).
- Discussions using a medium to long-term perspective are needed concerning the global strategy, franchised store strategy, the development of products, activities involving equity and other subjects. (See Section 6.3 (14), (15)).
- More thorough discussions are needed based on a sufficient awareness of the need for consistency between management strategies/business plans and sustainable growth/creation of corporate value. (See Section 6.3 (14),(15), (22), (27)).
- Determining a successor for the Representative Director (CEO) is one of the subjects examined by the Nomination Advisory Committee. The Board of Directors also discusses this subject in an appropriate manner after receiving this committee's conclusions. For individuals who have the skills for being candidates to become a successor, the enlargement of their business management roles is used to further upgrade the characteristics and business operation skills required to become a CEO. More measures are needed to strengthen this continuous education of individuals who can be the next CEO. (See Section 6.3 (15), (19)).
- Medium-term management plans are discussed by the Management Strategy Committee and reports regarding progress and other information about these plans are submitted to the Department Manager Conference. Outside Directors and Outside Corporate Auditors attend meetings of this conference, enabling them to monitor activities. Medium-term management plan progress reports are submitted to the Board of Directors. Some people think that more thorough discussions about these plans are needed at the Board of Directors. (See Section 6.3 (15), (22), (27)).

- The Board of Directors discusses major risks and potential risks that can affect the businesses of the Ohsho Group and methods and systems to deal with these risk factors. However, more discussions about this subject are needed. (See Section 6.3 (14), (15), (23), (24), (25), (27)).
- The Company currently meets demands concerning sustainability by establishing a Basic Policy for Sustainability and a Sustainability Committee. Although the Board of Directors discusses sustainability, more discussions are needed about this policy and activities for further upgrading sustainability. In addition, more discussions are needed about stance and targets for achieving diversity of key personnel, and the policies for human resources development and internal environment improvement. Furthermore, the Board of Directors should make more use of an appropriate supervision function regarding these activities, investments involving sustainability and activities for recruiting and training people with a commitment to sustainability. (See Section 6.3 (14), (15), Section 6.4 (28)-(32)).

[Supplementary Principle 4.12.1 Active Board Deliberations]
Agenda and supporting materials for ordinary and extraordinary Board of Directors meetings are submitted to the General Affairs Department five (5) business days prior to the meetings and distributed to each Director three (3) business days prior to the meetings so that Directors can fully understand the agenda prior to deliberations at the meetings. In addition to Board materials, and as necessary, sufficient information is provided to Directors.
The schedule of Board of Directors meetings for the current year is notified in advance to facilitate participation by each Director, and the frequency of the meetings other than monthly ordinary meetings is limited, in principle, to those related to financial results, etc. The Board of Directors meetings secure sufficient time for deliberations and have free and open discussion.

[Supplementary Principle 4.14.2 Training Policy for Directors]
To enable all Directors and Corporate Auditors to fully fulfill their functions, the Company provides them with opportunities to acquire knowledge using official e-learning courses provided by the Tokyo Stock Exchange, etc., and provides Outside Directors and Outside Corporate Auditors with information to deepen their understanding about Company management and business operations.

[Principle 5.1 Policies Concerning the Organizational Structures, Measures Aimed at Promoting Constructive Dialogue with Shareholders and the Status of Shareholder Dialogues and Related Matters]
To achieve sustained growth and increase corporate value, the Company accepts shareholder requests for a dialogue with management within reasonable limits. As needed the Director in charge of administrative departments handles the request or the Director responsible for the business activity that is the subject of the request responds. In some cases, the President also participates in these dialogues. We remain committed to facilitating a constructive dialogue with shareholders and other stakeholders.
The Public and Investor Relations Department or the General Affairs Department play supporting roles regarding specific subjects at shareholder dialogues. In addition, information is shared with other departments to facilitate seamless collaboration across the entire organization.
Dialogues are primarily for managers of actively managed funds and securities analysts in Japan and other countries. Explanations cover trends in our markets, current results of operations and the fiscal year outlook, longer-term outlooks and associated activities, and other subjects.
In addition, we hold a financial results briefing twice every year as opportunities to explain management policies and management plans to a large number of shareholders and other investors. We also hold one-to-one meetings with shareholders and other investors as needed.
When holding a dialogue with shareholders and other investors, as is explained in the Basic IR Policy on the IR section of the Company's website, there are measures to prevent the disclosure of inside information and other problems in order to ensure that information is properly managed.
To continue managing business operations with a focus on the cost of capital and returns on capital, we will fully consider the feedback received from shareholders and other investors at dialogues and incorporate this information in management. We will also focus on our framework and activities for maintaining a constructive dialogue.

[Measures for management that reflects the cost of capital and stock price]
An overview of activities for achieving sustained growth and the medium- to long-term growth of corporate value is in the investor relations section of the Company's website.
https://ir.ohsho.co.jp/ir/management/governance.html

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%

[Status of Major Shareholders] Updated

Name / Company Name	Number of Shares Held	Percentage (%)
ASAHI BREWERIES, LTD.	2,053,700	10.91
The Master Trust Bank of Japan, Ltd. (trust account)	1,900,500	10.10
Japan Food Business Co., Ltd.	1,400,000	7.44
Ariake Japan Co., Ltd.	1,100,000	5.84
Umeko Kato	611,508	3.25
Hiromi Kato	602,758	3.20
Kato Asao International Scholarship Foundation	528,000	2.81
Custody Bank of Japan, Ltd. (trust account)	519,100	2.76
Ohsho Food Service Client Stock Ownership Association	369,400	1.96
Eri Yoshida	268,060	1.42

Controlling Shareholders (excluding Parent Company)	-----
Parent Company	None

Supplementary Explanation **Updated**

The above Major Shareholders are as of March 31, 2024. Other than the above, the Company has 4,465,639 treasury shares.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Retail Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Net Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Operations, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with a Board of Corporate Auditors

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board of Directors	President
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors among the Outside Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yasuhiro Nonaka	CPA											
Sho Iwamoto	Lawyer											
Naoko Tsusaka	Other											

* Categories for "Relationship with the Company"

* "○" if the director presently falls or has recently fallen under the category;
"△" if the director fell under the category in the past

* "●" if a close relative of the director presently falls or has recently fallen under the category;
"▲" if a close relative of the director fell under the category in the past

a. Executive 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 company 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 remuneration as a director/corporate auditor
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company where there is mutual appointment of outside directors/corporate auditors between the said company and the Company (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

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yasuhiro Nonaka	○	Not applicable.	Mr. Yasuhiro Nonaka has professional expertise and many years of experience as a certified public accountant managing an accounting consulting firm and in other positions. He uses his knowledge to state opinions and suggestions in order to properly supervise the management of business operations as an Outside Director. In addition, he has fulfilled his responsibilities as a member of the Nomination Advisory Committee and Remuneration Advisory Committee. Due to his experience and accomplishments, the Company believes that he is an essential part of the composition of the Board of Directors. Although he does not have any management experience outside his field of expertise, the Company expects that he will continue to make a significant contribution to improving the effectiveness of the decision-making and supervisory functions of the Board of Directors by providing useful advice and active recommendations for the management of the Company, particularly in his professional field of accounting. He has no special interests in the Company, and has been designated as an Independent Director for whom there is no possibility of conflicts of interest with general shareholders.
Sho Iwamoto	○	Mr. Sho Iwamoto is a Representative Partner at Knowledge Wing Law Firm, and there is a business relationship between this law firm and the Company (undertaking of the outsourced whistleblowing operations under the Company's internal reporting system and crisis management response operations). However, since the annual commission fee is less than ¥10 million, which is Independence Standard for Independent Outside	Mr. Sho Iwamoto has actively made statements and provided useful advice about management of the Company as an Outside Director from a professional and objective perspective concerning compliance and risk management. In addition, he has properly fulfilled his responsibilities regarding the management supervision function of the Board of Directors. Due to his experience and accomplishments, the Company believes that he is an essential part of the composition of the Board of Directors. Although he does not have any management experience outside his field of expertise, the Company expects that he will continue to make a significant contribution to improving the effectiveness of the decision-making and supervisory functions of the Board of Directors by providing useful advice and active recommendations from a legal standpoint based on the expertise as an attorney and deep understanding of the Company's businesses. He has no special interests in the Company, and has been designated as an Independent Director for whom there is no possibility of conflicts of interest with general shareholders.

		Directors of the Company, it does not influence his independence as an Outside Director.	
Naoko Tsusaka	○	There is a business relationship between Ms. Naoko Tsusaka and the Company (outsourcing of production of internal training materials and holding seminars about child care and nursing care systems and harassment). However, since the annual commission fee is less than ¥10 million, which is Independence Standard for Independent Outside Directors of the Company, it does not influence her independence as an Outside Director.	Ms. Naoko Tsusaka has professional knowledge as a specified labor and social security attorney. She also has many years of experience as an instructor and as a human resources development consultant. Based on her large volume of experience with corporate human resource development activities, she has actively provided opinions and suggestions at the Board of Directors as an Outside Director. She has properly fulfilled her responsibilities regarding the management supervision function of the Board of Directors. Due to her experience and accomplishments, the Company believes that she is an essential part of the composition of the Board of Directors. Although she does not have any management experience outside her field of expertise, the Company expects that she will continue to make a significant contribution to improving the effectiveness of the decision-making and supervisory functions of the Board of Directors by providing useful advice and active recommendations based on her expertise as a specified labor and social security attorney and her abundant experience in human resource development, etc. She has no special interests in the Company, and has been designated as an Independent Director for whom there is no possibility of conflicts of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Voluntary Establishment of Committee(s), Composition of Committee(s), and Attributes of Chairperson(s)

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Name of Committee	Nomination Advisory Committee	Remuneration Advisory Committee
Total Number of Committee Members	4	4
Full-Time Members	0	0
Inside Directors	1	1
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

To strengthen the independence and objectivity of the Board functions and accountability of the Board of Directors on the matters of nomination and remuneration of Directors, the Company has established "Nomination Advisory Committee" and "Remuneration Advisory Committee," both of which are chaired by an Independent Outside Director and serve as advisory organs of the Board of Directors. The "Nomination Advisory Committee" formulates policies regarding the appointment and dismissal of Directors and selects candidate for the President. The "Remuneration Advisory Committee" deliberates the remuneration policy for each Director (excluding Outside Directors) based on the policy, standards and interview results for determining remuneration for Directors and Corporate Auditors.
Matters for resolution by the "Nomination Advisory Committee" and the "Remuneration Advisory Committee" are determined by a majority of members at meetings attended by a majority of the members who are able to vote. However, in the event that agreement is not obtained by all members attending the meeting who are Independent Outside Directors present, the matter for resolution shall be reported to the Board of Directors as not receiving the recommendation of the Remuneration Advisory Committee.

[Corporate Auditors]

Establishment of the Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	4
Number of Corporate Auditors	4

Cooperation among Corporate Auditors, Accounting Auditor and Internal Auditing Department

The Internal Auditing Department, the body conducting internal audits, provides each Corporate Auditor with the results of the audits through the Board of Corporate Auditors or Full-Time Corporate Auditor. In addition, the Corporate Auditors, an Accounting Auditor, and the Internal Auditing Department gather quarterly to receive reports from the Accounting Auditor on the policy for accounting audits and results of audits, etc., and to exchange information. By taking these steps, the Company strives to provide Corporate Auditors with adequate information through coordination among three parties and has developed a structure for effectively conducting the Corporate Auditors' audit, accounting audit, and internal audit.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	3
Number of Independent Outside Corporate Auditors among the Outside Corporate Auditors	3

Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hideki Matsuyama	Tax Accountant													
Shigeo Nakajima	From another company													
Yuichi Usui	From another company													

* Categories for "Relationship with the Company"
* "○" if the corporate auditor presently falls or has recently fallen under the category;
"△" if the corporate auditor fell under the category in the past
* "●" if a close relative of the corporate auditor presently falls or has recently fallen under the category;
"▲" if a close relative of the corporate auditor fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company
d. Corporate auditor of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/corporate auditor
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the corporate auditor himself/herself only)
k. Executive of a company where there is mutual appointment of outside directors/corporate auditors between the said company and the Company (the corporate auditor himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the corporate auditor himself/herself only)
m. Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons for Appointment
Hideki Matsuyama	○	Not applicable.	Mr. Hideki Matsuyama has properly conducted auditing operations at the Company by using his many years of experience as a certified tax accountant and his professional expertise and experience to actively provide opinions and suggestions. Due to his experience and accomplishments, the Company believes that he is an essential member of the Board of Corporate Auditors. Although he does not have any management experience outside his field of expertise, the Company expects that he will continue to make a significant contribution to strengthening functions of the Company's audit system by using his knowledge as a certified tax accountant to provide useful advice and actively make statements. He has no special interests in the Company, and has been designated as an Independent Corporate Auditor for whom there is no possibility of conflicts of interest with general shareholders.
Shigeo Nakajima	○	Not applicable.	Mr. Shigeo Nakajima's experiences as a corporate manager over the years and his experience as an outside director at other companies have provided him with abundant knowledge regarding governance, and a high level of insight into management auditing. Since we believe that he will perform his duties appropriately as an Outside Corporate Auditor, the Company judges that he is indispensable to strengthen functions of the Company's audit system. He has no special interests in the Company, and has been designated as an Independent

			Corporate Auditor for whom there is no possibility of conflicts of interest with general shareholders.
Yuichi Usui	○	Not applicable.	Mr. Yuichi Usui has many years of experience as a police officer and was then directly involved with corporate management. He has also experience as an outside director. As a result, he has considerable knowledge and a high level of insight about governance. The Company believes that he is essential for strengthening the functions of the Company's audit system because he can use this diverse experience and insight in the oversight of the Company's management for performing his duties as a corporate auditor properly. He has no special interests in the Company, and has been designated as an Independent Corporate Auditor for whom there is no possibility of conflicts of interest with general shareholders.

[Independent Directors/Corporate Auditors]

Number of Independent Directors/Corporate Auditors	6

Other Matters Relating to Independent Directors/Corporate Auditors

The Company designates all qualified Outside Directors/Corporate Auditors as Independent Directors/ Corporate Auditors.

[Incentives]

Implementation of Measures on Granting Incentives to Directors	Other

Supplementary Explanation

The remuneration for Directors shall be monetary remuneration consisting of monthly compensation and non-monetary restricted stock remuneration, etc.
Restricted stock remuneration was introduced with the aim of further increasing the willingness of Directors to enhance corporate value and contribute to a rise in the stock price by sharing the results of their management decisions with shareholders.
Restricted stock cannot be transferred, be subject to the establishment of a security interest, or be otherwise disposed of until such time that Directors, etc. retire from their position. Outside Directors are in a position of overseeing management, and are not subject to restricted stock remuneration for reasons of governance.

Eligible Recipients of Stock Options	

Supplementary Explanation

[Remuneration of Directors]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation **Updated**

The details of remuneration, etc. per classification of Directors/Corporate Auditors for the fiscal year ended March 31, 2024 are as follows.

	Total amount of remuneration	Monetary remuneration	Non-monetary remuneration, etc.	Number of members covered
Directors (excluding Outside Directors)	¥319 million	¥218 million	¥101 million	7
Corporate Auditors (excluding Outside Corporate Auditors)	¥7 million	¥7 million	--	1
Outside Directors and Outside Corporate Auditors	¥53 million	¥53 million	--	7

Note: 1. The amount of non-monetary remuneration, etc. represents the amount recorded as expenses in accordance with the restricted stock remuneration plan resolved at the 45th Ordinary General Meeting of Shareholders held on June 26, 2019.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Board of Directors of the Company has resolved a basic policy that determines to make a decision process of remuneration for Directors and Corporate Auditors transparent to strengthen governance.
Regarding remuneration, resolutions was made at the 45th Ordinary General Meeting of Shareholders on June 26, 2019 for Directors. In details, the remuneration amount for Directors of the Company was resolved to be within ¥400 million (¥50 million for Outside Directors) per year. Separately, at the 48th Ordinary General Meeting of Shareholders held on June 28, 2022, shareholders approved a resolution that the total amount of monetary remuneration receivables for Directors (excluding Outside Directors) shall not exceed ¥200 million per year and that the maximum number of restricted shares to be allocated to eligible directors in a fiscal year shall be 40,000 shares. In the Articles of Incorporation, the number of Directors is stipulated to be 13 or less and there are eight (8) Directors as of the submission date of this report. The amount of annual remuneration for Corporate Auditors was resolved at the 41st Ordinary General Meeting of Shareholders held on June 26, 2015, for no more than ¥40 million. The number of Corporate Auditors is stipulated to be four (4) or less in the Articles of Incorporation and it is four (4) as of the date of submission of this report.
The total amount of the remuneration for Directors and Corporate Auditors has been determined by resolution at the General Meeting of Shareholders. The allocation to each Director is decided by the Board of Directors through deliberations at the Remuneration Advisory Committee, whereas the allocation to each Corporate Auditor is determined through consultations among the Corporate Auditors. Prior to deliberation at the Remuneration Advisory Committee, we conduct interviews with each Director (excluding Outside Directors) to evaluate their duties, responsibilities and achievement of goals. Specifically, each Director (excluding Outside Directors) meets with the President to set their duties, job descriptions, and goals at the beginning of a period, and to review the results or progress during the period.
At the end of the period, members of the Remuneration Advisory Committee conduct performance interviews with each Director (excluding Outside Directors). The Remuneration Advisory Committee deliberates on overall policies and standards for determining remuneration for Directors/Corporate Auditors, and the policy on determining remuneration for each Director (excluding Outside Directors) based on the results of interviews. The members of the Remuneration Advisory Committee shall be the President, Independent Outside Directors (including Outside Directors who are Independent Directors and Outside Directors of the Company's standards) and Directors appointed by a resolution of the Board of Directors. There are one (1) Inside and three (3) Outside Directors for a total of four (4) members. The Remuneration Advisory Committee shall be chaired by Independent Outside Director appointed by the Board of Directors. The advisory resolution of the Remuneration Advisory Committee shall be made by a majority of the voting members and shall be passed by a majority of the attending members. The advisory resolution without the

consent of all attending members who are Independent Outside Directors shall be reported to the Board of Directors as not receiving the recommendation from the Remuneration Advisory Committee.
The Board of Directors determines the remuneration amount in line with the policy for determining remuneration, etc., through deliberation on the Remuneration Advisory Committee resolutions and the policy on individual remuneration.
Remuneration for Directors shall be monthly remuneration, which is monetary remuneration, and restricted stock remuneration, which is non-monetary remuneration, etc.
Restricted stock remuneration has been introduced in order to further increase the willingness of Directors to enhance corporate value and contribute to a rise in the stock price by sharing the results of their management decisions with shareholders.
Restricted stock cannot be transferred, be subject to the establishment of a security interest, or be otherwise disposed of until such time that Directors, etc. retire from their position. Outside Directors are in a position of overseeing management, and are not subject to restricted stock remuneration for reasons of governance.
The specific amount of remuneration depends on business results of the Company and the position of each Director. Since the responsibilities and duties differ for each position, we set a basic amount of remuneration for each position. Based on this, the amount of remuneration for each Director shall be determined according to the experience, capabilities, and results, etc. of each Director, within a range from the basic amount of remuneration (lower limit) to the upper limit set for each position.
Fixed amounts shall be paid to the respective Corporate Auditors from the perspective of ensuring high independence in their duties through consultations among the Corporate Auditors.

[Support System for Outside Directors and/or Outside Corporate Auditors]

The Company has the following support system in place to ensure appropriate supervision and audit by Outside Directors and Outside Corporate Auditors.
To strengthen supervisory function of the Board of Directors, the body charged with the managerial decision-making function, the Company appoints three (3) Outside Directors. By appointing Outside Directors capable of participating in and supervising decision-making from an independent standpoint without interests in the Company, the Company enables the Board of Directors to conduct more objective deliberations and more effective supervision. The Company provides Outside Directors with important managerial information in a timely and appropriate fashion to ensure that their supervision can effectively function. Specifically, the Company endeavors to improve the materials provided to the Board of Directors. Outside Directors are allowed to attend the Management Strategy Committee as observers. The Company also provides auditing results from the Internal Auditing Department, opinions from the Board of Corporate Auditors, audit results from the Accounting Auditor, and other information. Furthermore, the Company exchanges necessary information and shares awareness to contribute to active discussions at the Board of Directors meetings. Moreover, the Company has established a Board of Independent Outside Directors composed of Independent Outside Directors under the Board of Directors to freely discuss the Company's business and matters regarding corporate governance, etc. The Board of Independent Outside Directors is held in principle prior to the date of the Board of Directors, with the attendance of Outside Corporate Auditors who are independent officers, and discussions at the Board of Corporate Auditors and important managerial information that Corporate Auditors are aware of within the Company are shared.
In addition, to duly audit the status of decision-making and supervisory functions of the Board of Directors and the execution of operations by each executive officer from a standpoint independent from the Company, three (3) of the four (4) Corporate Auditors of the Company are Outside Corporate Auditors.
The Company provides Outside Corporate Auditors with information conducive to the formulation of audit opinions in a timely and appropriate fashion, in order to increase the effectiveness of the audits. Specifically, a Full-Time Corporate Auditor shares audit information through the Board of Corporate Auditors, while the Internal Auditing Department, the body that independently evaluates the internal control developed by each department, provides information to each Corporate Auditor through the Board of Corporate Auditors or Full-Time Corporate Auditor. Further, the Corporate Auditors, an Accounting Auditor, and the Internal Auditing Department gather quarterly to receive reports from the Accounting Auditor on the policy for accounting audits, the results of audits, etc., and exchange information. To receive advice as otherwise necessary, the Company has concluded an advisory agreement with a law office, etc. to improve its risk management and has maintained a system for providing required information at the request of each Corporate Auditor. Therefore, the Company is judged to have developed an environment conducive to formulating appropriate auditing judgments.

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

The Company has chosen a company with a Board of Corporate Auditors, and has put in place as its main organs under the corporate governance structure, the Board of Directors, Board of Corporate Auditors and Accounting Auditor, and Management Strategy Committee, as an organ to complement the Board of Directors. Moreover, there are two Advisory Committees, the Board of Independent Outside Directors and the Sustainability Committee, etc.

1. Board of Directors

The Board of Directors consists of eight (8) Directors, including three (3) Outside Directors, and the Company has designated one-third (1/3) of its Directors as Independent Outside Directors stipulated by the Tokyo Stock Exchange. The Board of Directors meeting is held at least once per month, is chaired by the President, decides management policies and other important managerial matters pursuant to laws and regulations, the Articles of Incorporation and various internal rules, and supervises the execution of duties by the executive officers. In addition, the Board of Directors meeting receives reports on monthly performance and discusses important matters, while the four (4) Corporate Auditors attending the meeting check the status of decision-making and supervision by the Board of Directors and the execution of operations by each executive officer, and express their opinions, as necessary.

The Management Strategy Committee, a body that complements the Board of Directors, meets weekly in principle to discuss and determine the direction of important policies and plans related to the execution of operations.

In addition, to strengthen the independence, objectivity and accountability of the Board of Directors functions on the matters of nomination and remuneration of Directors, etc., the Company has established "Nomination Advisory Committee," "Remuneration Advisory Committee" and "Board of Independent Outside Directors," each of which are chaired by an Independent Outside Director and serve as advisory organs of the Board of Directors. In addition, the Company has established "Sustainability Committee" for the purpose of promoting sustainability management.

The role of the "Nomination Advisory Committee" is to adequately fulfill the responsibility to provide explanations by strengthening the independence and objectivity of the process used by the Board of Directors to nominate representative director and director.

The role of the "Remuneration Advisory Committee" is to adequately fulfill the responsibility to provide explanations by strengthening the independence and objectivity of the process used by the Board of Directors to determine the remuneration of directors.

The "Board of Independent Outside Directors" is a forum for exchanging information and sharing viewpoints which are necessary to enable these directors to be active participants of discussions at the Board of Directors. This makes possible unrestricted discussions about business operations, corporate governance and other subjects.

The "Sustainability Committee" discusses and deliberates on the formulation of policies, targets, and plans related to sustainability (including climate change initiatives), the selection of important issues, and the development of promotion systems (organization, systems, etc.) and information disclosure systems, etc.

The Company has stipulated provisions in the Articles of Incorporation to the effect of the following: the number of Directors of the Company shall not exceed 13; resolutions for the election of Directors shall be adopted by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights; and no cumulative voting shall be used for the election of Directors. In addition, the Company has stipulated the requirements for dismissal of Directors in the Articles of Incorporation to the effect that resolutions for the dismissal of Directors shall be adopted by two-thirds (2/3) or more of the votes of the attending shareholders who hold a majority of the voting rights of shareholders entitled to exercise voting rights. In order to enable Directors to fulfill their expected roles in the Company, the Company has stipulated provisions in the Articles of Incorporation to the effect that, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may limit the liabilities of Directors (including former Directors) to an amount set by laws and regulations, by resolution of the Board of Directors. In order to enable Directors (excluding those who have executive authority over operations) to fulfill their expected roles in the Company, the Company has, pursuant to Article 427, Paragraph 1 of the Companies Act, entered into an agreement with such Directors that limits their liabilities to a prescribed amount that is ¥5 million or an amount set by laws and regulations, whichever is higher, provided that such Directors perform their duties in good faith and without gross negligence in relation to such liabilities.

The Company endeavors to strengthen a structure that ensures the decision-making functions of the Board of Directors and facilitates prompt responses to changes to the management environment. First of all, to implement a flexible capital policy for shareholders, the Company has stipulated provisions in the Articles of Incorporation to the effect that the Company may, by resolution of the Board of Directors, acquire the Company's own shares through market trading etc. pursuant to Article 165, Paragraph 2 of the Companies Act. In addition, the Company has stipulated provisions in the Articles of Incorporation to the effect that, pursuant to Article 454, Paragraph 5 of the Companies Act, the Company may distribute interim dividend with the record date of September 30 every year, by resolution of the Board of Directors. Besides the above, in order to smoothly carry out the General Meeting of Shareholders, the Company has stipulated provisions in the Articles of Incorporation to the effect that resolutions to be adopted pursuant to Article 309, Paragraph 2 of the Companies Act may be adopted by two-thirds (2/3) or more of the votes of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.

2. Management Strategy Committee
Based on a policy established by the Board of Directors, the Management Strategy Committee holds discussions and examinations about policies for conducting business processes concerning corporate management and the operation and administration of all business activities. The committee is chaired by the President and meets once every week, in principle. The President supervises the status of the execution of operations and presents the Board of Directors with summaries of the deliberations and reports at the meeting of the Management Strategy Committee.

3. Internal Auditing Department
The Internal Auditing Department evaluates internal controls concerning internal audits and financial reports. The department, which has three (3) members, is independent of other departments and is supervised directly by the Board of Directors. Members of the department perform audits in accordance with an annual plan to confirm the suitability of business operations at the Company and subsidiaries, and evaluate the internal controls concerning financial reports. During the fiscal year that ended in March 2024, there were audits of the business operations of five head office departments, one plant and 171 stores. In addition, evaluations of internal controls concerning financial reports were performed for company-wide internal controls and business processes at the Company.
The results of these audits and evaluations are reported to the department audited and the department responsible for internal controls in order to improve the quality of business operations. In addition, results are periodically reported to the Board of Directors and President in order to upgrade the internal control system. There is a close relationship with the Corporate Auditors, such as by submitting periodic reports of the results of audits, and audits and evaluations are performed while maintaining lines of communication with the Accounting Auditor.

4. Board of Corporate Auditors
The Board of Corporate Auditors of the Company consists of four (4) Corporate Auditors. To duly audit the status of decision-making and supervisory functions of the Board of Directors and the execution of operations by each executive officer from a standpoint independent from the Company, three (3) of the four (4) Corporate Auditors of the Company are Outside Corporate Auditors. Among them, one (1) Corporate Auditor is full-time and one (1) Corporate Auditor (part-time) is a Certified Public Tax Accountant having considerable knowledge about finance and accounting. The Corporate Auditors attend the Board of Directors meetings, audit on the status of the decision-making and supervisory functions of the Board of Directors and the execution of operations by each executive officer, and express their opinions, as necessary. The three (3) Outside Corporate Auditors exchange opinions with the Directors at the meetings of the Board of Directors as needed. These auditors also have opportunities to make statements about the measures concerning management and other subjects. These measures enable the Outside Corporate Auditors to supervise management and perform other duties. In order to enable the Corporate Auditors to fully fulfill their expected roles in the Company, the Company has stipulated provisions in the Articles of Incorporation to the effect that, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may limit the liabilities of Corporate Auditors (including former Corporate Auditors) to an amount set by laws and regulations, by resolution of the Board of Directors, provided that such Corporate Auditors perform their duties in good faith and without gross negligence in relation to such liabilities; and that the Company may enter into a liability limitation agreement with the Corporate Auditors. Pursuant to Article

427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with all of the Corporate Auditors that limits their liabilities to a prescribed amount that is ¥5 million or an amount set by laws and regulations, whichever is higher, provided that such Corporate Auditors perform their duties in good faith and without gross negligence in relation to such liabilities.
In the fiscal year under review, the Company held in total 18 meetings of the Board of Corporate Auditors and the attendance of each Corporate Auditor is as below:

Category	Name	Attendance to the Board of Corporate Auditors meetings
Internal Corporate Auditor (full-time)	Chikara Sekijima	18 out of a total of 18 meetings
Outside Corporate Auditor	Hideki Matsuyama	18 out of a total of 18 meetings
Outside Corporate Auditor	Shigeo Nakajima	16 out of a total of 18 meetings
Outside Corporate Auditor	Yuichi Usui	13 out of a total of 13 meetings
Outside Corporate Auditor	Tetsuya Hara	5 out of a total of 5 meetings

The Board of Corporate Auditors meets at least once every month in order to examine audit policies and plans, agenda items for the Board of Directors, audits of the internal control system, and other matters. A Full-Time Corporate Auditor participates in the Board of Directors meeting and other important meetings in accordance with the audit plan, conducts audits based on examination of important authorized (*kessai*) documents, etc., physical verification, and reports and interviews with the Internal Auditing Department, the body that independently evaluates the internal control established by each department, and shares the results of the audits at the Board of Corporate Auditors meetings. In addition, the Corporate Auditors conduct audits by periodically coordinating with Accounting Auditor to confirm accounting audit policy and accounting audit results and to receive reports on accounting audits, etc.
The Board of Corporate Auditors compiles specific advice and recommendation for improving operations based on the results of audits, notifies the Board of Directors or President of its opinions as necessary, requests improvement, and thereby endeavors to ensure the effectiveness of the audits.

5. Outside Directors and Outside Corporate Auditors
The Company considers it important, in establishing corporate governance, to monitor the management of the Company from an independent standpoint without any conflict of interest with general shareholders. To that end, the Company has strengthened its monitoring functions over management by improving the environment for the supervision and auditing of the Board of Directors, the managerial decision-making body of the Company, through the appointment of three (3) Outside Directors and three (3) Outside Corporate Auditors.
To ensure that the supervision by Outside Directors and audits by Outside Corporate Auditors can effectively function, the Company has stipulated the Independence Standards on the election of Outside Directors and Outside Corporate Auditors as below:

1. A person who has never belonged to the Company as a Director with executive authority over operations, an executive officer, or an employee;
2. A person who is not a person executing business (an executive) of a customer or supplier, etc. of the Company whose annual transactions with the Company exceed 1% of the Company's net sales or the other party's consolidated net sales;
3. A person who is not a major shareholder holding a stake of 5% or more of the voting rights of the Company or an executive thereof at the end of the fiscal year of the Company;
4. A person who is not an executive of any company in which the Company holds a stake of 5% or more of the voting rights at the end of the fiscal year of the Company;
5. A person who is not an executive of a financial institution from which the Company has borrowed with a balance of loans payable exceeding 3% of the Company's total assets or the financial institution's consolidated total assets, as of the end of the fiscal year of the Company;
6. A person from whom the Company has not received donations of ¥10 million or more in any of the past ten years or an executive thereof; or
7. A person who is not a consultant, accounting professional, legal professional, an Accounting Auditor, or advisor who has received cash or other financial gains of ¥10 million or more per year from the Company other than remuneration for Directors and Corporate Auditors, etc.

Outside Director Mr. Sho Iwamoto is a Representative Partner of Knowledge Wing Law Firm and there is a business relationship between this law firm and the Company (undertaking of the outsourced

whistleblowing operations under the Company's internal reporting system and crisis management response operations). There is also a business relationship between Outside Director Ms. Naoko Tsusaka and the Company (outsourcing of production of internal training materials and holding seminars about child care and nursing care systems and harassment). However, since the annual commission fee is less than ¥10 million, which is Independence Standard for Independent Outside Directors of the Company, it does not influence their independence as an Outside Director. In addition, Outside Directors and Outside Corporate Auditors have shares of the Company, but there are no human relations, capital relations, transactional relations, other relations, and special interests affecting their independence when supervising and auditing.
Each year the Company has the Board of Independent Outside Directors analyze and evaluate the effectiveness of the Board of Directors in performing the operations of the Board of Directors and discloses the Board Evaluation Report summarizing the results of the evaluation and the directions the Company should advance for the improvement and reinforcement of the Board of Directors. Based on this evaluation report, the Company improves and strengthens an organizational structure that enables the Board of Directors to demonstrate its functions to the maximum extent.
The Board Evaluation Report issued on May 15, 2024 shows that the Company places utmost priority on corporate governance, and generally satisfies the requirements under the Corporate Governance Code, etc.

6. Accounting Audit
With respect to an accounting auditor under the Companies Act and audits by an accounting auditor under the Financial Instruments and Exchange Act, the Company has entered into an audit agreement with Deloitte Touche Tohmatsu LLC to undergo audits. There are no material conflicts of interest between the Company and Deloitte Touche Tohmatsu LLC or its engagement partners involved in audits of the Company. The names of the Certified Public Accountants engaged in audits are Mr. Hirokazu Miura and Mr. Hideki Yasuda. The assistants assigned to support the audit engagement consist of four (4) Certified Public Accountants and thirteen (13) others (staff members who have passed the Certified Public Accountants examination and other members). The outline of the limited liability agreement entered into between the Company and the Accounting Auditor in accordance with the Articles of Incorporation of the Company is as follows:
1. The Accounting Auditor shall be liable for damages in the following.
   The amount of such liability shall be up to ¥50 million or the amount that is obtained by multiplying the highest value of the totals of financial profits having been received or to be received in the respective business years as remuneration and in consideration of any other execution of duties during the tenure as the Accounting Auditor by 2, whichever is higher, unless there has been any act, intentional or by gross negligence, with regard to damage that the Company incurred in the course or as a result of the performance of said agreement by the Accounting Auditor.
2. The Company shall judge whether said act of the Accounting Auditor meets the requirement in 1. above, and notify the result to the Accounting Auditor as soon as possible.

3. Reasons for Adoption of Current Corporate Governance System

Based on the status of the organs and internal control system in the preceding section and the status of their operations, the Company believes a company with a Board of Corporate Auditors is the most effective for the following reasons, and has selected this governance system for the following reasons.
(1) The Company is able to strengthen the independency, objectivity, and accountability of the functions of the Board of Directors in relation to the nomination, remuneration, etc. of Directors by establishing a "Nomination Advisory Committee" and "Remuneration Advisory Committee," each chaired by an Independent Outside Director, as advisory organs to the Board of Directors.
(2) The Company is able to maintain management transparency and ensure responsiveness to the ever-changing managerial environment and diversity by appointing Inside Directors familiar with the company's operations and management and Outside Directors with professional knowledge and audits the management of the Company from a standpoint independent from the Company in a well-balanced manner.
(3) The Board of Corporate Auditors consists of three (3) Outside Auditors out of four (4) Corporate Auditors, which enables to audit the status of the decision-making and supervisory functions of the Board of Directors and the execution of operations by each executive officer from a standpoint independent from the Company.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company strives to send the Notice of the General Meeting of Shareholders early to ensure that shareholders have a sufficient period to review proposals. We dispatch the notice at least one week before the legal deadline and disclose the notice on the TSE website and the Company website before the date of dispatch.
Avoiding the Peak Day when Scheduling Meetings	The Company sets a date, basically in the afternoon of one day prior to the peak date to facilitate the exercise of voting rights by shareholders and encourage their attendance.
Allowing Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet or smartphone.
Participation in Electronic Voting Platform and Other Initiatives to Improve the Voting Environment of Institutional Investors	Electronic Voting Platform is available for institutional investors.
Providing Convocation Notice (Summary) in English	A Notice of the General Meeting of Shareholders in English is disclosed on the TSE website and the Company website.
Others	The Company makes efforts to carry out the meeting clearly and smoothly using OHP screen projections and scripted narrations to present the Business Report. In addition, the "Resolutions of the General Meeting of Shareholders," the "Business Report," and other materials on the shareholder's meetings are posted on the Company website. Furthermore, to prevent the risk of COVID-19 contagion, the Company posted early the presentation materials with a narrative text on its website to promote exercise of voting rights in advance.

2. IR Activities **Updated**

	Supplementary Explanations	Explanation by representative
Preparation and Publication of Disclosure Policy	A "Basic IR Policy" specifying basic views, etc. on information disclosure by the Company is posted on the Company website. https://ir.ohsho.co.jp/ir/management/irpolicy.html	
Regular Investor Briefings for Analysts and Institutional Investors	Currently, regular investor briefings for analysts and institutional investors are held after the disclosure of financial results for the second quarter and the fiscal year. For the fiscal year that ended in March 2024, the Company provided a live broadcast of the briefing session by placing emphasis on the convenience of participants.	Yes
Regular Investor Briefings for Overseas Investors	The ratio of overseas investors of the Company to total shareholders is currently less than 10% and there are few contacts and inquiries from overseas investors. Investor briefings for overseas investors are therefore not currently held, but the Company posts English versions of Notice of the General Meeting of Shareholders, financial results, Corporate Governance Report, presentation materials, annual report, etc. on the Company website, in light of the importance of providing disclosure in English, not just in terms of ratios.	No

Posting of IR Materials on Website	Currently, the Company provides pages dedicated to IR information on its website to in order to post IR information (IR Library, financial results and information, etc.), CSR, shareholders information (Notice of the General Meeting of Shareholders, Resolution of the General Meeting of Shareholders, Business Report and stock information, etc.,) IR news, press releases, etc. https://ir.ohsho.co.jp/	
Establishment of Department and/or Manager in Charge of IR	Person in charge: Masahiro Inagaki, Managing Director, Executive Officer, General Manager of Administration Division, General Manager of Accounting Department, General Manager of General Affairs Department, General Manager of Public and Investor Relations Department Department in charge: Public and Investor Relations Department	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company discloses the “Compliance Declaration” and “Code of Conduct” on its website to declare that it will put the said rules into practice and respect the position of stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	The Company addresses sustainability issues under the following Sustainability Basic Policy and Sustainability Vision. <Sustainability Basic Policy> Comfortable dining space, heartwarming hospitality and delicious foods make us “happy.” The Company has a social mission of making more people feel “happy” through its business which goes hand in hand with food ingredients bestowed by the nature and supply chain operations. Therefore, our social mission is synonymous with pursuing sustainability and the Company’s management philosophy of “creating restaurants that earn the praise of customers” is also a sustainability initiative. The Company, while pursuing its management philosophy, aims to create a sustainable society as well as enhance its corporate value. <Sustainability Vision> Based on the above Basic Policy, the Company aims, through its business activities, to realize an affluent society without food insecurity, prosperity in harmony with all stakeholders, and protection of the global environment. ・ Realizing an affluent society without food insecurity As a food company, contribute to realize a healthy and rich society with enough food for all. ・ Prospering in harmony with all stakeholders For “customers,” provide comfortable dining space, heartwarming hospitality and delicious foods that are safe and secure; for “shareholders,” achieve strong performance, enhance corporate value to return profit, and build a win-win relationship with the “supply chain” which produces and distributes food ingredients; for “employees,” invest proactively in talent development, etc. and create a workplace where all employees can demonstrate their strengths, regardless of gender and age, etc. The Company makes utmost effort to thrive and prosper with every stakeholder.

	・ Protecting the global environment Global environment forms the basis of sustainability, and the Company proactively takes measures for environmental protection such as reducing the environmental impact of its business, and working to realize a recycling-based society.
Formulation of Policies on Information Provision to Stakeholders	The Company specifies the practice of rapid, accurate, and fair disclosure of information in its “Timely Disclosure Rules” to give stakeholders an accurate understanding of the Company and to receive fair evaluations and trust from stakeholders.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company has resolved the Basic Policy on Establishing an Internal Control System at its Board of Directors meeting. The content and the status of operations are as follows:

(1) System to ensure that Directors' and employees' execution of duties complies with the laws and regulations, and the Articles of Incorporation

We shall formulate the Code of Conduct, which stipulates that awareness of compliance including the elimination of relations with anti-social forces should be raised, and keep the Directors and employees well-informed about said code via training sessions and the appropriation of relevant booklets. This approach has the purpose of ensuring that we can fulfil our social corporate responsibility by ensuring that Directors' and employees' execution of duties complies with laws and the Articles of Incorporation. In addition, we shall establish the Compliance Committee to streamline compliance-related provisions for internal education.
We shall appropriately perform important operations such as store operation, etc., and report the operating reports without omission. We also shall streamline diverse rules such as the Duty Authority Rules aimed at fulfilling inter-organizational and intra-organizational mutual supervision in the decision-making and business execution processes.
Furthermore, the Company shall establish a whistleblower system, an internal reporting system for reporting to or consulting with an external expert or a law firm in case an employee identifies a compliance-related issue, to pursue the prevention, early detection and solution of such issues.
The Company shall establish the Internal Auditing Department as an organization that is under the direct control of the Board of Directors and is independent from the business-executing departments/divisions. The Internal Auditing Department shall conduct internal audits to examine stores, plants, the head office and/or subsidiaries with regard to the compliance status of laws and regulations and internal regulations, as well as the content of business execution thereat. The Internal Auditing Department shall report the results of its audits to the President, the Board of Directors and the respective Corporate Auditors.
[Status of operations]
The Company has disclosed the Compliance Declaration and the Code of Conduct internally and externally by posting them on the Company's website. To raise awareness of compliance, all employees undergo compliance training sessions.
The Compliance Committee reviews and deliberates on companywide policies, and measures are implemented by relevant departments. The Company has also formulated a basic policy regarding the elimination of relations with anti-social forces and posted it on the Company's website and at each business establishment. With an aim to cultivate awareness of compliance and elimination of anti-social forces, the Company has developed a brochure to distribute to all the permanent employees. Furthermore, the Company has appointed managers of directly operated stores as those responsible for preventing loss or damage caused by unreasonable demands, and has them attend a training session organized by the Center for Removal of Criminal Organization of each prefecture.
The Company has internal rules for the division of responsibility for business operations, delegation of authority for making decisions, conducting procedures and other activities. All business units conduct business operations in compliance with these rules.
To ensure the smooth functioning of the internal reporting system, external counselors and outside lawyers handle the contact with informants. Information transmitted through the system is reported to the Compliance Committee members for subsequent improvement and the prevention of a recurrence.
The Internal Auditing Department formulates internal auditing plans and conducts various audits every fiscal year.

(2) System for storage and management of information related to Directors' execution of duties

The Company shall store and record documents and other information related to Directors' execution of duties in an appropriate manner, in accordance with the relevant provisions of the Document Management Rules and IT System Management Rules.
[Status of operations]
The documents associated with the Board of Directors are appropriately managed by specifying the maximum storage period and the department in charge and other matters with the above rules.

(3) Regulations and any other systems for management of risk of loss

The Company shall draw out, select and analyze risks mainly at the Risk Management Conference in

accordance with the Risk Management Rules, and determine response policies, and the relevant department in charge and training policies for each risk. At the same time, the Company shall conduct, as required, companywide or department-specific internal audits through the Internal Auditing Department.
Each Department Chief shall swiftly take corrective and/or improvement measures with regard to the problems that have been revealed through the self-inspection process, internal audits and other means, and revise or abandon the relevant rules, etc., as the need arises.
We shall establish a posteriori response system by formulating the Detailed Emergency Response Rules in advance to minimize the risk-related loss even if a risk surfaces.
[Status of operations]
Based on measures (in the medium-term and annual plan) developed by the Risk Management Conference to respond to priority risks, each department in charge is responsible for implementing such measures. The Conference regularly monitors the progress of implementation and corrects measures, if necessary. The Company has also developed the Basic Crisis Management Manual, the PR Crisis Management Manual, and other manuals to stipulate the basic response when risks occur.

(4) System to ensure that Directors' execution of duties is efficient
The Company shall hold meetings of the Board of Directors once per month or ad hoc, as the need arises. The Board of Directors shall prepare statutory matters, as well as management targets including medium-term management plan and ordinary budgeting, and monitor the status of business execution with reference to its prescribed plans. Each department shall prepare and execute its own specific measures toward the achievement of its targets.
In addition to the meetings of the Board of Directors, the Company shall hold the meetings of the Management Strategy Committee, once per week regularly or ad hoc, as the need arises. The Management Strategy Committee shall thoroughly discuss important managerial projects to ensure efficient execution thereof. In addition, the Management Strategy Committee shall have departmental heads attend meetings, as the need arises, to ensure efficient business execution by receiving reports therefrom on executed/managed circumstances of the matters of concern and giving appropriate directions thereto.
The Company shall promote assignment of authority in accordance with the relevant provisions of the Organization Rules, the Job Authorization Rules and the Regulations for Segregation of Duties to ensure prompt and efficient operations at the respective departments by clarifying the responsibilities.
[Status of operations]
Monthly, quarterly and annual budgets, as well as the planning and/or achievement status of individual policies, are reported to the Board of Directors and Management Strategy Committee for multifaceted review, which will ensure appropriate achievement and/or control of management targets.

(5) System to ensure proper business execution within the Company Group consisting of the Company and its subsidiaries
The Company shall formulate the Affiliated Companies Management Rules to ensure proper business execution at its subsidiaries and provide necessary administrative services in response to the circumstances of the affiliates' operations.
In addition, the Company shall, as the need arises, dispatch its Directors and/or other executives to its subsidiaries to understand and resolve problems thereat.
The Internal Auditing Department shall regularly or ad hoc, as the need arises, audit such administrative supervisory structure to report the results to Representative Directors, the respective Directors and Corporate Auditors. Receiving reports from the Internal Auditing Department, the Corporate Auditors shall consult with each other at the Board of Corporate Auditors meetings and provide proposals and/or recommendations to the Board of Directors, as necessary.
[Status of operations]
The Company established a system in place whereby the Company can monitor the subsidiaries' cash and deposits management and sales management to ensure proper execution of operations by the subsidiaries.

(6) Matters regarding employees in cases where a Corporate Auditor requests that the Company place several employees as assistants to support his/her duties and the independence of the employees concerned from Directors in such cases
If a Corporate Auditor requests that the Company place several employees as assistants to support his/her duties, the Company shall consult with said Corporate Auditor and designate several Internal Auditing Department members as dedicated assistants who should support said Corporate Auditor.

To ensure the independence of such employees as assistants, the decisions on authority over personnel affairs such as the assignment and transfer of said employees shall require prior consent of the Corporate Auditor concerned without being under the direction or subject to an order of any Director.
[Status of operations]
The Company established a secretariat function for the Board of Corporate Auditors within the Company to provide necessary audit materials, manage schedules, etc., to ensure smooth execution of audits by the Corporate Auditors.

(7) Systems to help Directors and employees report to any Corporate Auditors and other systems relating to reporting to the Corporate Auditors, as well as other systems to ensure effective audits by the Corporate Auditors

In addition to cases where they have recognized any possible matters and/or misconduct that could cause significant damage to the Company and/or an act that has violated any important laws/regulations and the relevant provision(s) of the Articles of Incorporation, Directors and employees shall report to the Corporate Auditors such matters as agenda items submitted for deliberation at the Board of Directors meetings, matters discussed and deliberated at the Management Strategy Committee meetings, the status of the implemented internal audits, important monthly reports and other important matters, in accordance with laws and regulations.
The Corporate Auditors shall attend the meetings of the Board of Directors to understand important decision-making processes and the status of business execution. Meanwhile, the Full-Time Corporate Auditors shall attend important conferences/meetings other than those of the Board of Directors, examine important authorized (*kessai*) documents and associated information regarding the performance of their duties and seek explanations from the Directors and employees, as necessary.
The Corporate Auditors shall keep close and tight cooperation with the Internal Auditing Department and the Accounting Auditor to achieve their audit results. If deemed necessary, they shall be allowed to leverage external advisers such as lawyers and consultants.
[Status of operations]
The Corporate Auditors obtain necessary information from Directors, employees and other personnel by attending the Board of Directors, Management Strategy Committee and other meetings, as well as receive information from the Internal Auditing Department. In addition, the Corporate Auditors, the Accounting Auditor, and the Internal Auditing Department meet on a quarterly basis to receive reports on accounting auditing policies and audit results from the Accounting Auditor, as well as for the exchange of information.

(8) System to ensure fairness of financial reporting

To ensure the fairness of financial reporting in compliance with the Financial Instruments and Exchange Act, the Company has established its internal structure to streamline, operate and assess its internal control systems for financial reporting in accordance with relevant laws and regulations.
[Status of operations]
The Internal Auditing Department independently assesses the internal control systems established by the respective departments. This department always communicates and coordinates with the Corporate Auditors and the Accounting Auditor to pursue the execution of efficient audits.

2. Basic Views on Eliminating Anti-Social Forces and the Progress of System Development

Basic Views on Eliminating Anti-Social Forces and the Progress of System Development

(1) Basic views

The Company's basic policy is to adopt a resolute stand toward, and eliminate any and all relations with, anti-social forces and bodies threatening the order and security of civil society, and to never conduct any acts that encourage their activities.

In addition, the Company hereby declares the following basic policies for preventing damage caused by anti-social forces, which are individuals or groups pursuing economic interest by the use of violent, coercion or other fraudulent methods.

(Organizational response)

1. The Company responds to anti-social forces as an entire organization and secures safety of its employees who respond to anti-social forces.

(Coordination with external professional agencies)

2. The Company regularly develops close relationships with external professional agencies including police agencies, the Center for Removal of Criminal Organization and lawyers.

(Severing any and all relations including business transactions)

3. The Company severs any and all relations, including business transactions, with anti-social forces. The Company also rejects all unreasonable demands by anti-social forces.

(Civil and criminal legal actions in the case of emergency)

4. The Company will pursue all available civil and criminal legal actions against unreasonable demands by anti-social forces.

(Prohibition of backroom deals or the provision of funds)

5. The Company will not engage in any action that entails backroom deals or the provision of funds to anti-social forces.

(2) Development of an internal system toward eliminating anti-social forces

The Company shall formulate a basic policy and internal regulations regarding the elimination of relations with anti-social forces and make the elimination of anti-social forces thoroughly known to all of its Directors, Corporate Auditors, executive officers and employees.

With respect to concrete measures, the General Affairs Department is designated as an administrative supervisory department to eliminate anti-social forces and plays a leading role in developing a system for the said purpose. Our other efforts include education about the elimination of anti-social forces at compliance training sessions, and distribution of relevant booklets to raise awareness for eliminating anti-social forces.

Furthermore, the Company shall appoint managers of directly operated stores as those responsible for preventing loss or damage caused by unreasonable demands and have them attend a training session organized by the Center for Removal of Criminal Organization.

With respect to the selection of business partners, etc., the Company has stipulated an "Implementation Guideline on the Investigation of Business Partners" and conducts prescribed investigations in accordance with the guideline, either at the beginning of transactions in the case of new business partners or periodically in the case of existing business partners.

In addition, if involvement with anti-social forces is initially undetected during prior investigations but later revealed after employment or transactions begin, the Company will address the fact by arranging for the suspension of the transactions or retirement from employment, and take thorough measures against anti-social forces.

In addition, the Company has joined a council on corporate defense countermeasures, etc. and collects and administrates information in coordination with external professionals and relevant agencies, etc., including lawyers and police agencies, and has established a system to solve problems that arise when confronted by undue demands from anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
Not applicable.

2. Other Matters Concerning the Corporate Governance System

Overview of Timely Disclosure System

The Company positions proactive efforts for disclosure as a part of its corporate governance regime and works to develop a timely disclosure system under a basic policy to promote further improved transparency of management for shareholders and stakeholders.

Specifically, the Company appoints a Public and Investor Relations Department as a department in charge of timely disclosure and a General Manager of Public and Investor Relations Department as a person responsible for handling information. The Company has also developed its "Timely Disclosure Rules" to rapidly, accurately, and fairly disclose important information on the business, operations, performance, and other matters of the Company Group that are expected to have significant effects on the investment judgments of investors in securities, in order to ensure fair price formation and the smooth distribution of the Company's stock, etc., to prevent insider trading in advance, and to earn the trust of shareholders.

The Timely Disclosure Rules primarily set forth a department in charge, procedures for collection, analysis, judgment, disclosure, etc. of information, and audits to maintain a timely disclosure system. The details of the Rules are made thoroughly known to related parties.

Based on the Rules, the Company strives to proactively disclose information useful for judging investments, such as monthly net sales, and PR information, in addition to matters required to be disclosed under the rules of stock exchanges, including financial results, quarterly financial results, and the acquisition of the Company's own shares.

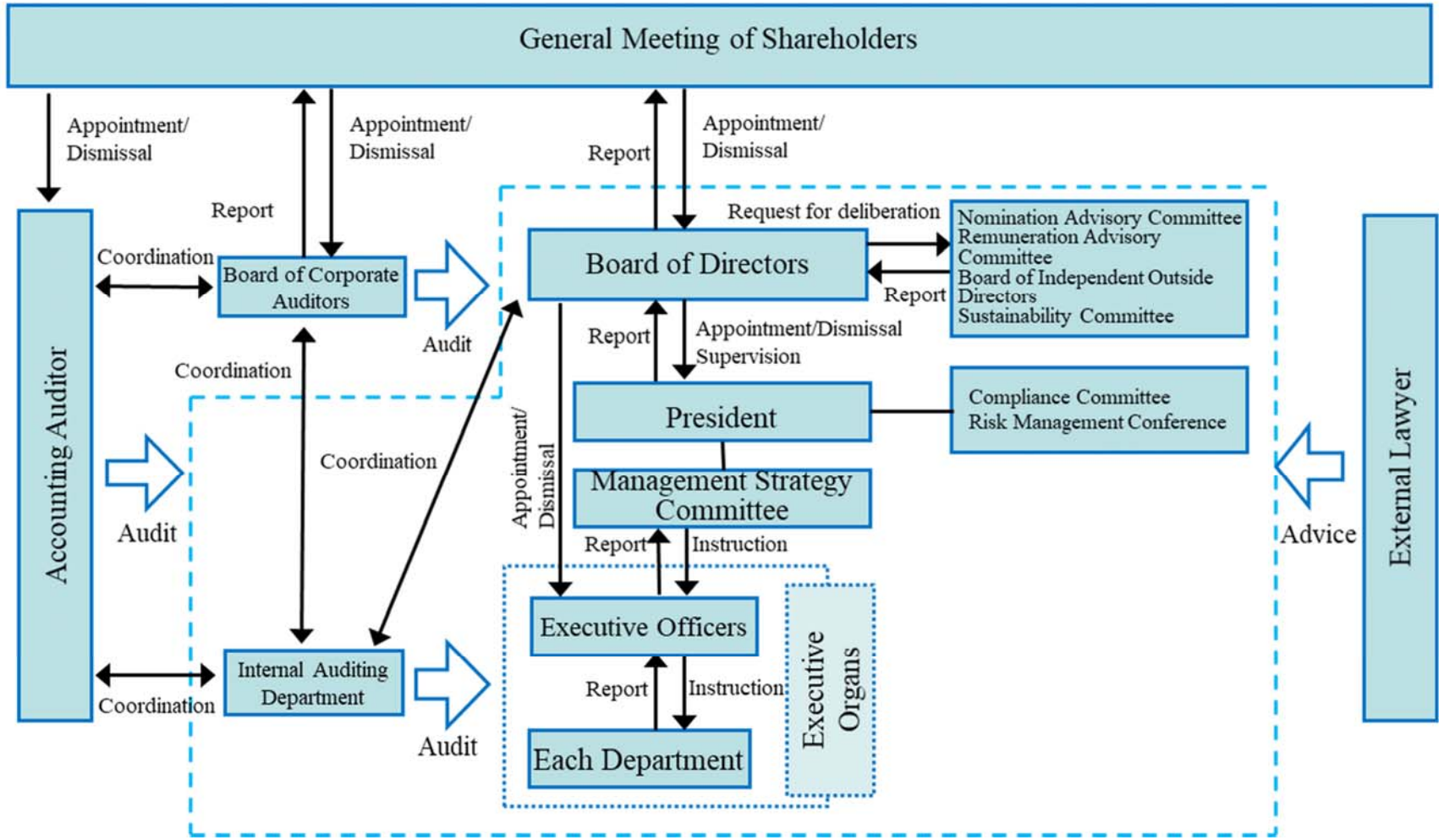
The actual information disclosure procedures under the Rules are as follows: when disclosing financial results and quarterly financial results, the Accounting Department prepares materials for disclosure, and the General Manager of Public and Investor Relations Department, a person responsible for handling information, examines them. The materials are then disclosed with approval from the Board of Directors.

When disclosing facts decided by the Company such as the acquisition of the Company's own shares, a person responsible for handling information grasps matters approved by the Board of Directors and other important matters, the Public and Investor Relations Department prepares materials for disclosure, and the General Manager of Public and Investor Relations Department, a person responsible for handling information, examines them. The materials are then disclosed with approval from the Board of Directors.

When disclosing the occurrence of other facts, etc., the Department Chief who has received reports on the facts, etc. from the person who originally acquired the information reports them to the General Manager of Public and Investor Relations Department, a person responsible for handling information, either directly or via the Public and Investor Relations Department. Next, the General Manager of Public and Investor Relations Department examines the necessity of information disclosure and, if necessary, the Public and Investor Relations Department prepares materials for disclosure through consultation with the related Department Chief. The materials are then disclosed with approval from the President or General Manager of Public and Investor Relations Department.

With respect to the compliance status of the above procedures for timely disclosure, the Internal Auditing Department audits whether timely disclosure is operated in accordance with the rules, and the results of the audit are reported to the Board of Directors and the Corporate Auditors.

[Schematic Depiction of the Corporate Governance System]



[Schematic Depiction of Timely Disclosure System]

