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COLOWIDE Co., Ltd.
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The corporate governance of COLOWIDE Co., Ltd. (the "Company") is described below.

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

1. Basic Views Updated

The Company's corporate philosophy is to contribute to society through "food" and to achieve happiness for our employees by doing work that makes our customers happy with "fun and delicious".

The Group's main business activities include the development of directly managed restaurants, the development of restaurant franchises, and the purchase, processing, distribution, and sales of various food materials and foodstuffs. The Food Sanitation Law, the Fire Service Law, and the Personal Information Protection Law are among the laws that companies engaged in the restaurant business must comply with, and the Corporate Governance Code is among the rules that listed companies must follow. The Company believes that the establishment of an appropriate compliance system will provide a foundation for the steady implementation of our corporate philosophy and management strategy, and will contribute to our sustainable growth and enhancement of our corporate value over the medium to long term.

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

[Supplementary Principle 1-2-4] (Exercise of rights at shareholders' meetings)
The Company provides shareholders with the opportunity to exercise their voting rights via the Internet, and the English translation of the Convocation Notice is scheduled to be disclosed from the next meeting. To enable overseas investors to understand the Company, we already disclose the Annual Securities Report, Financial Statements, Materials Related to Timely Disclosure, Financial Results Presentation Materials, Medium-Term Management Plan Materials, Integrated Report, Company Brochures, and Company Introduction VTR in English.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1-4] (Cross-shareholdings)

1. Criteria and Ideas for Classification of Investment Stocks

The Company holds stocks of business partners as cross-shareholdings for the purpose of strengthening cooperative relationships with business partners and promoting smoother business activities. In making investment decisions, the Company takes into consideration the benefits to be gained by strengthening business relationships and the amount of investment required.

2. Examination of appropriateness for policy shareholdings

The Company examines the appropriateness of its policy shareholdings by reconfirming the significance of each shareholding and examining whether the benefits of holding these shares are commensurate with their value. In light of recent changes in the business environment, we have decided to reduce our policy stockholdings to 17 issues as of March 31, 2024 (18 issues as of March 31, 2023).

3. Criteria for Exercise of Voting Rights in relation to Cross-shareholdings

With respect to the exercise of voting rights for cross-shareholdings, the Company carefully examines the content of the proposals and exercises its voting rights appropriately after determining whether such proposals contribute to the maintenance and strengthening of business relationships through the sustainable enhancement of the corporate value of the company in question.

[Principle 1-7] (Related Party Transactions)

When the Company enters into a transaction with a director, the transaction is subject to prior approval by the Board of Directors, which monitors the transaction. In addition, when the Company enters into a transaction with a major shareholder, etc., the transaction is approved in accordance with the prescribed rules, as is the case with general transactions, and the details are disclosed in the Annual Securities Report.

[Supplementary Principle 2-4-1] (Ensuring diversity within the company, including promotion of female employees)

The Group has set the following targets for its policy on human resource development, including ensuring diversity of human resources, and policy on the development of the internal environment, using the ratio of female employees and the ratio of female managers as indicators.

[Targets regarding the ratio of female employees]

30% for the entire Group by FY2026 (23.4% in FY2023)

[Targets related to the ratio of female managers]

30% for the entire Group by FY2026 (11.4% in FY2023)

In addition, the ratio of foreign national employees among new graduates hired in April 2024 is 31.8%.

The Group's basic policy is to provide all employees with opportunities for autonomous growth and to develop human resources who will grow and develop themselves, because as each and every one of our employees feels rewarded for work and grows, then it will lead to the development of the entire Group and will enable us to both "contribute to a sustainable society" and "increase corporate value". In addition, the Company's basic policy for the internal environment is to create a comfortable and rewarding work environment by providing a variety of working styles and opportunities, including a system that allows diverse human resources to choose the way they work according to their abilities, skills, and life stages. In line with these basic policies, the Company has implemented a rank-based training system, a job-based personnel system, a flexible employee system, a career challenge system, and other systems.

[Principle 2-6] (Roles of Corporate Pension Funds as Asset Owners)

As our retirement pension plan is a defined contribution corporate pension plan, we do not manage our own corporate pension funds reserves and have no impact on the financial situation.

[Principle 3-1] (Full Disclosure)

1. The company's goals (corporate philosophy, etc.) and management strategies, management plans

The Company aims to contribute to society through "food" and has established the corporate philosophy, management strategies, and medium to long-term and short-term management plans, which are disclosed on the Company's website.

2. Basic views and basic policies on corporate governance based on each Principle of this Code

They are described in this Report I-1. Basic Views.

3. Policies and procedures for the Board of Directors in determining the remuneration of senior management and directors

They are described in this Report II-1, Director Remuneration.

4. Policies and procedures for the board's election and dismissal of senior management and nomination of candidates for

directors and outside directors
With respect to the nomination of directors and outside directors, the Company's policy is to nominate suitable candidates who are capable of fulfilling the duties and responsibilities, without distinction as to gender, age, or nationality, and with due consideration given to their qualifications, insight, and experience.
After the Nomination and Remuneration Advisory Committee elects candidates for directors and outside directors, it reports its decision to the Board of Directors, which then makes a resolution.
5. Explanation of individual elections and nominations for election of senior management and nomination of nominees for directors and outside directors by the Board of Directors based on the above 4.
Explanation of the election and nomination of directors is provided in the "The Notice of Convocation of the Ordinary General Meeting of Shareholders", which includes a brief biography and other information and the reasons for individual elections.

[Supplementary Principle 3-1-3] (Initiatives on Sustainability)
The Company discloses its initiatives on sustainability on its website.
https://www.colowide.co.jp/en_us/sustainability/
The Company discloses the impact of climate change-related risks and opportunities on its business activities and earnings in "2. [Concepts and Initiatives on Sustainability] " of " II. [Status of Business] " on Annual Securities Report.

[Supplementary Principle 4-1-1] (Scope and content of the matters delegated to the management as the Board of Directors)
The Company's Articles of Incorporation stipulate that the Board of Directors may delegate all or part of important business execution decisions to directors by resolution of the Board of Directors. This is intended to allow the Board of Directors to concentrate on supervising the execution of business by the management team by delegating individual business execution decisions to the management team in accordance with internal regulations and rules.
In addition, as the corporate governance system, we have chosen to establish the Company Audit and Supervisory Committee. We believe that the Company Audit and Supervisory Committee will improve the effectiveness of auditing and supervision by having directors who are members of the Audit and Supervisory Committee with voting rights on the Board of Directors conduct audits, and will improve the effectiveness of internal control by conducting audits by using the Internal Audit Department.

[Principle 4-8] (Effective use of independent outside directors)
The Company has elected five independent outside directors, representing more than one-third of the 11 directors. The Company has a system in place to receive advice and recommendations from these independent outside directors on the Company's overall management from an independent standpoint, based on their diverse perspectives, experience, and advanced expertise, and to incorporate their opinions into the Company's management.

[Principle 4-9] (Independence standards and Qualification of independent outside directors)
In order to maintain independence, the Company's outside directors must satisfy the requirements set forth below.
1. Not be an executive officer(*1) of the Company or its subsidiary, and not have been an executive officer of the Company for the past 10 years.
2. Not be a partner of the Company's accounting auditor or an employee, etc. engaged in auditing the Company, and not have been in charge of auditing the Company for the recent past two years.
3. Not be a business executor of a major shareholder of the Company (a person who directly or indirectly holds 10% or more of the voting rights of the Company) or a business executor of a company in which the Company is a major shareholder.
4. Not be a business executor of our major lender (*2) and has not been a business executor of our major lender for the recent past two years.
5. Not be a business executor of a major business partner of the Company (*3) and not a business executor of a major business partner for the recent past two years.

6. Not be a lawyer or consultant, etc., who receives annual remuneration exceeding 10 million yen from the Company other than remuneration as a director or an executive officer.
7. Not be a business executor of an organization that receives donations exceeding 10 million yen per year from the Company
8. Not be a relative within the second degree kinship of a director of the Company; and
9. Not be in a relationship of mutual dispatch of directors, Audit and Supervisory Board members, or executive officers to the Company.
(Note)
*1 Executive officers are directors, executive officers, and key employees who execute business affairs.
*2. Major lenders are lenders that account for 2% or more of the total consolidated assets.
*3. Major business partners are those with whom The Company's transactions on a consolidated basis exceed 2% of the business partner's annual sales in the last fiscal year of the business partner.

[Supplementary Principle 4-10-1] (Establishment of voluntary advisory committees)
The Company has established the Nomination and Remuneration Advisory Committee as a voluntary committee to consider the nomination and remuneration of directors. The Nomination and Remuneration Advisory Committee is composed of directors selected by the Board of Directors, with at least three members, half of whom are outside directors. Currently, two representative directors and two independent outside directors who are members of the Audit and Supervisory Committee serve on the committee, and the independence of the committee is ensured by appointing an independent outside director as its chairperson.

[Supplementary Principle 4-11-1] (Approach to the balance, diversity, and size of the Board of Directors' knowledge, experience, and abilities as a whole)
As a holding company with operating subsidiaries, the Company delegates much of its business execution to its subsidiaries, while the holding company is responsible for developing group strategies and managing and supervising the business execution of each operating subsidiary. The Board of Directors also ensures a balance of knowledge, experience, and ability to cover group strategies and each business division, and is composed of directors with excellent management judgment and diversity, including in terms of gender and internationality.
In addition, the Company's policies and procedures regarding the Skill Matrix and the election of directors are described in "the Notice of Convocation of the Ordinary General Meeting of Shareholders" and are also disclosed on The Company's website.

[Supplementary Principle 4-11-2] (Status of concurrent directorships)
The status of concurrent directorships is stated in "the Notice of Convocation of the Ordinary General Meeting of Shareholders" and in the "4 [Status of Corporate Governance, etc.], (2) [Status of Directors]" section of the Annual Securities Report.

[Supplementary Principle 4-11-3] (Analysis and evaluation of the effectiveness of the Board of Directors)
In order to improve the effectiveness of the Board of Directors, the Company conducts an analysis and evaluation of the Board of Directors and discloses a summary of the results.
https://ssl4.eir-parts.net/doc/7616/announcement/101562/00.pdf (Japanese Only)

[Supplementary Principle 4-14-2] (Training Policy for Directors and Audit & Supervisory Committee Members)
The Company makes directors and Audit and Supervisory Committee members to acquire the knowledge necessary to perform their duties as directors by participating in seminars with content appropriate to the business environment at the time.
In addition, for the purpose of deepening their understanding of the Company's business and issues, it is the Company's policy to provide outside directors with regular monthly briefings on the business strategies, financial position, and risk management of the Company and each subsidiary, as well as other important information necessary for management supervision and

auditing.

[Principle 5-1] (Policy for Constructive Dialogue with Shareholders)

1. Basic Views

The Company strives to promote constructive dialogue with its shareholders in order to contribute to the sustainable growth of the Company and to enhance its corporate value over the medium to long term.

2. Measures and initiatives

The Company is increasing opportunities for the President and Representative Director to have direct dialogues with major shareholders and investors in Japan and overseas, and is actively exchanging opinions with them. The opinions of shareholders and investors obtained through dialogue will be reflected in the management of the Company.

1) General Manager for Constructive Dialogue

The President and Representative Director oversees the company, and the Corporate Planning Department is in charge of operations.

2) Measures for organic collaboration among internal departments to assist dialogue

The Corporate Planning Department serves as the point of contact for initial contact with shareholders. During dialogue with shareholders, the Company has established the system in which relevant departments provide support as necessary.

3) Efforts to enhance means of dialogue other than individual interviews

The Company holds semi-annual financial results briefings to explain management strategies and business performance to analysts and financial institutions, and discloses materials on these briefings. In addition, the Company is working to enhance dialogue outside of individual meetings by participating in conferences sponsored by securities firms and holding small meetings as necessary. Furthermore, we regularly hold conferences and meetings for overseas investors, which we refrained from during the Corona disaster.

4) Feedback measures to senior management and the Board of Directors on the content of the dialogue

The President and Representative Director directly communicates with shareholders and investors to the extent reasonable, and incorporates their opinions into the company's operations. When necessary, he feeds back a summary of the dialogue to senior management and the Board of Directors for discussion.

5) Measures to manage insider information on dialogue

The Company has established rules for the management of insider information, etc., and when engaging in dialogue, we take care to prevent the leakage of information prior to disclosure, and appropriately disclose necessary information to shareholders through the Company's website and other means.

[Principle 5-2] (Establishing and Disclosing Business strategies and Business plans)

The Company has established a long-term vision, and in order to achieve this vision, we have established a medium-term management plan and set medium- and short-term targets. In each case, the Company analyzes the current situation in order to realize the goals and discloses the review results in the financial results presentation materials. Each Group company also makes decisions on individual investments after quantitatively verifying the return on investment.

[Actions to achieve cost of capital and stock price conscious management]

(English Disclosure Available Updated on: November 14, 2024)

The Company is updating our business plan every fiscal year for the next three fiscal years in order to realize our medium-term management plan, "COLOWIDE Vision 2030". Through the achievement of this business plan, we have confirmed that key management indicators such as ROE will exceed targets, and we recognize that this will lead to an increase in the

corporate value of The Group. In addition, we will continue our policy of returning profits to shareholders, and we will continue our efforts to maintain and improve PBR.

<Numerical Targets for the fiscal year ending March 31, 2027>
Consolidated revenues: 289.3 billion yen
EBITDA: 25.8 billion yen *Assuming no new M&As

<Major management indicators>
(1) ROE: 8% or more to be achieved in the fiscal year ending March 31, 2027
(2) EBITDA ratio: 8% or more to be achieved in the fiscal year ending March 31, 2026
(3) Net Debt/EBITDA: 3 times or less to be achieved in the fiscal year ending March 31, 2027
(4) Total consolidated equity ratio: 30% or more to be achieved in the fiscal year ending March 31, 2028

<Medium-term management plan "COLOWIDE Vision 2030">
https://www.colowide.co.jp/en_us/img/ir/pdf_COLOWIDE_Vision_2030.pdf

[Status of Dialogue with Shareholders]
The status of dialogue with shareholders is disclosed on the Company's website.
https://www.colowide.co.jp/en_us/ir/constructive/

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,094,900	8.56
Sankurodo Co	5,766,930	5.43
Ryoko Kuroudo	4,062,750	3.82
Masaki Kuroudo	2,864,617	2.70
Kaneo Kuroudo	2,699,605	2.54
Custody Bank of Japan, Ltd. (Trust account)	1,476,600	1.39
Rie Suzuki	1,094,625	1.03
STATE STREET BANK WEST CLIENT - TREATY 505234	684,100	0.64
JP MORGAN CHASE BANK 385781	585,054	0.55
The Mizuho Bank Ltd.	354,375	0.33

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	None

Supplementary Explanation

Note: All shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. above are related to the trust business. The status of major shareholders is as of September 30, 2024. The above percentages (shareholding ratio) are calculated excluding treasury stock (170,924 shares).

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo (Prime Market)
Fiscal Year-End	March
Business Sector	Services
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	100 billion yen or more but less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but fewer than 100

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

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

The Group has been promoting multi-line, multi-store developments. In addition to self-development, we have adopted M&A as a method of developing new businesses since January 2002. Currently, the Group consists of the Company and 59 consolidated subsidiaries and is engaged in a wide range of food service businesses. We will continue to promote M&A with the aim of achieving sustainable growth through diversification of business categories and expansion of our restaurant stores network, and to enhance our corporate value over the medium to long term.

The Company's basic policy is to maintain the independence of each group company, and while management policy decisions for group companies are left to the individual companies, new store openings, store remodeling, etc. are submitted to the "Location Development Committee," whose main members include the Company's director in charge and representative directors of the Group companies.

i. Views and policies concerning Group management
The Company and its Group companies work closely together in areas where they can mutually benefit from synergies to ensure smooth management and comprehensive business development as the COLOWIDE Group.

ii. Significance of having a listed subsidiary
The Company has positioned M&A as a pillar of our growth strategy and has optimized our business portfolio as well as expanded our operations. Each listed subsidiary has become a consolidated subsidiary of the Company as a result of M&A to date, and the Company believes that it is desirable to maintain the listing of the target company after it becomes a consolidated subsidiary and to share the fruits of the increase in the corporate value of the target company with existing shareholders.
Thus, The Company believes that the sustainable growth of each listed subsidiary will be contributed to by its business activities while receiving recognition in the stock market, and by autonomous management that takes into consideration the interests of minority shareholders.

ATOM CORPORATION
ATOM CORPORATION is mainly engaged in the operation of directly managed restaurants such as "Steak Miya" and "Nigiri no Tokubei," as well as franchise business. Because its business areas are centered on the Tohoku, North Kanto, Hokuriku, and Chukyo regions, and there is a high degree of complementary within the Group, the Company believes that the development of the business of restaurants, with its spirit of independence and autonomy as a listed company, while working closely together in areas where they can enjoy synergy and operate in a flexible manner to achieve mutual growth, will contribute to the enhancement of the corporate value of the Company Group as a whole.

KAPPA-CREATE CO., LTD.
KAPPA-CREATE CO., LTD. operates a chain of "Kappa Sushi" restaurants under the direct management of a conveyor-belt sushi restaurant chain. The company's location, ingredients, and other characteristics are unique and highly complementary within the Group, and we believe that we should work closely with the company in areas where we can benefit from its synergies, while maintaining a spirit of independence and autonomy as a listed company, in order to develop its business and achieve growth together. We believe that this will contribute to the enhancement of the corporate value of the entire Group.

OOTOYA Holdings Co., Ltd.
OOTOYA Holdings Co., Ltd. operates directly managed restaurants in Japan and overseas, mainly in the "OOTOYA Gohandokoro" set meal category, as well as recruits franchisees, provides management guidance to franchisees, plans and sells products, and supplies food materials and other items. We believe that the development of the business based on the company's spirit of independence and autonomy as a publicly listed company, while working closely with the Company in areas where we can benefit from synergies, and pursuing flexible management and joint development will contribute to the enhancement of the corporate value of the Group as a whole.

iii. Measures to ensure the effectiveness of the governance system of listed subsidiaries
In addition to the regular meeting of the Board of Directors, the Company has established a meeting with the participation of directors (hereinafter referred to as" the Group Executive Committee") in order to activate the deliberations of the Board of Directors and to manage and supervise the management of the Group companies in more detail.

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

1. Organizational Composition and Operation

Corporate Governance System	Company Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	15
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	11
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Shinya Fukuzaki	Lawyer											
Junko Mokuno	From another company											
Saiko Kumaou	Lawyer											
Kazunari Higuchi	From another company											
Morio Fukuda	From another company											

***Categories for "Relationship with the Company".**
(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shinya Fukuzaki	○	○	Designated as Independent Director	The Company has judged that Mr. Fukuzaki will be able to perform his duties appropriately based on his expertise and extensive business experience in corporate legal affairs. （Reason for designation as independent director) He has no special interest that could influence the Company's decision-making.
Junko Mokuno		○	Designated as Independent Director	Ms. Mokuno has been involved in strategy development and business operations in the fields of IT services, e-commerce, and digital marketing for a variety of companies, including foreign-affiliated firms. In light of the increasing importance of these fields to the Company and its group companies, we believe that she will be able to appropriately execute her duties from the perspective of formulating and promoting digital marketing strategies, etc. （Reason for designation as independent director) She has no special interest that could influence the Company's decision-making.
Saiko Kumaou	○	○	Designated as Independent Director	The Company has judged that Ms. Kumaou will be able to perform her duties appropriately based on her expertise and extensive business experience in corporate legal affairs. （Reason for designation as independent director) She has no special interest that could influence the Company's decision-making.
Kazunari Higuchi	○	○	Designated as Independent Director	Based on the wide range of business knowledge and experience he gained during his tenure at financial institutions, Mr. Higuchi has extensive knowledge of finance and accounting, and we believe that he would be able to utilize this knowledge to provide expert advice on governance and compliance related to finance and accounting. （Reason for designation as independent director) He has no special interest that could influence the Company's decision-making.
Morio Fukuda		○	Designated as Independent Director	The Company believes that Mr. Fukuda has a wealth of knowledge and broad experience in the police force over many years and that he will be able to provide advice from an independent standpoint based on his knowledge and experience, thereby contributing to strengthening the

				Company's legal risk management. （Reason for designation as independent director) He has no special interest that could influence the Company's decision-making.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Not Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

Since the Audit and Supervisory Committee conducts audits in cooperation with the internal audit staff, the Company has not appointed any employees to assist the Audit and Supervisory Committee in its duties.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

(1) The Audit and Supervisory committee members and the accounting auditors exchange information on mutual audit results from time to time to understand and monitor the status of the Company's business execution and accounting operations.
(2) The Internal Control Desk, which reports directly to the President, has been established as the department in charge of internal control of the corporate group, and provides guidance and support to each Group company. The Internal Control Desk summarizes the status of internal controls at each Group company and reports regularly to the Board of Directors and the Audit and Supervisory Committee.

Voluntary Established Committee(s)

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

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Advisory Committee	4	0	2	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	4	0	2	2	0	0	Outside Director

Supplementary Explanation

Matters Concerning Independent Directors

Number of Independent Directors	5

Other Matters Concerning Independent Directors

All outside directors who meet the qualifications for independent directors are designated as independent directors.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Other

Supplementary Explanation for Applicable Items

The remuneration, etc. for directors of the Company (excluding directors who are members of the Audit and Supervisory Committee and outside directors) is based on fixed remuneration, with performance-linked remuneration as a short-term incentive and stock-based remuneration as a long-term incentive for sustainable enhancement of shareholder value. The details are described in the "Director Remuneration" section in II-1 of this report.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The amount of remuneration for directors (excluding members of the Audit and Supervisory Committee and outside directors) for the fiscal year ended March 31, 2024 was 395 million yen, while that for members of the Audit and Supervisory Committee (excluding outside directors) was 10 million yen and that for outside directors was 49 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Matters concerning resolutions of the General Meeting of Shareholders regarding remuneration, etc. of directors

The amount of monetary remuneration for the Company's directors (excluding directors who are members of the Audit and Supervisory Committee) was resolved at the 53rd Ordinary General Meeting of Shareholders held on June 24, 2015 to be no more than 500 million yen per year (not including employee salaries for directors who are also employees). The amount of monetary remuneration for directors who are members of the Audit and Supervisory Committee of the Company was resolved at the 53rd Ordinary General Meeting of Shareholders held on June 24, 2015 to be no more than 50 million yen per year. Separately from the above monetary remuneration, the Company resolved at the 59th Ordinary General Meeting of

Shareholders held on June 24, 2021 that the amount of monetary claims to be paid for the grant of restricted transferable shares shall not exceed 150 million yen per year (not including the portion of employee salary of directors who also serve as employees), all such monetary claims shall be paid as assets contributed in kind, and the total number of shares of the Company's common stock to be issued or disposed of as a result of the grant is 50,000 shares or less per year (directors who are members of the Audit and Supervisory Committee and outside directors are not eligible for the grant).

2. Policy for determining the content of remuneration, etc. for individual directors

(1) Method of decision of the policy for determining the content of remuneration, etc., for individual directors

The Company's Board of Directors resolved at its meeting held on May 25, 2021 to adopt a policy for determining the content of the remuneration of current director by individual (hereinafter referred to as the "Determination Policy"). A summary of the details of the Policy is provided in (2) below.

(2) Summary of Determination Policy

1) Basic Policy

The Company's remuneration, etc. for the directors shall be based on a fixed remuneration system that allows them to devote themselves to their duties by ensuring a stable base for their livelihood, while at the same time improving performance by providing a certain amount of incentive remuneration through the partial introduction of performance-linked remuneration, etc. and stock remuneration. The Company's basic policy is to set an appropriate level of remuneration based on the responsibilities of each director.

Specifically, the remuneration, etc. for executive directors shall consist of base remuneration as fixed remuneration, bonuses as performance-linked remuneration, etc. (short-term incentives), and stock-based remuneration as non-monetary remuneration, etc. (long-term incentives). Outside directors, who are responsible for supervisory functions, shall be paid only the basic remuneration as fixed remuneration in consideration of their duties.

2) Details of Policy on Determination of contents of Remuneration, etc. by individual

1. Policy on determining the amount of monetary remuneration, etc. (other than performance-linked remuneration, etc.) by individual or the calculation method thereof

Monetary remuneration, etc. (other than performance-linked remuneration, etc.) shall be determined individually within the limit of remuneration by the representative director who has been entrusted with the responsibility by resolution of the Board of Directors as described in 6 below, after receiving a report from “the Nomination and Remuneration Advisory Committee," taking into consideration the position, responsibilities, performance of the Company, and the level of employee salaries, and shall be paid as a fixed basic remuneration at a certain period of time each month.

2. If there are performance-linked remuneration, etc., the policy regarding the determination of the details of the performance indicators and the method of calculation of the amount or number of such performance-linked remuneration, etc.

Performance-linked remuneration, etc., shall be monetary remuneration reflecting performance indicators (KPI) in order to raise awareness of the need to improve performance in each fiscal year and to ensure sustainable and reliable increase in financial value, and if the financial results exceed the predetermined index determined by "the Nomination and Remuneration Advisory Committee" based on the Company's past performance, etc., and after receiving a report from "the Nomination and Remuneration Advisory Committee," taking into consideration the performance and contribution of each director in the business year for which he/she is in charge, the representative director who has been entrusted with the responsibility by resolution of the Board of Directors, as described in 6 below, will individually determine the amount of remuneration within the limit and pay it as a bonus in a lump sum at a certain time each year. In addition, a bonus will not be paid in principle if the financial results are below the predetermined performance indicators (KPI).

3. The details of non-monetary remuneration, if any, and the policy for determining the amount or number of such non-monetary remuneration or the method for calculating the amount or number of such non-monetary remuneration

Non-monetary remuneration, etc. shall be stock-based remuneration (restricted stock remuneration) with the aim of providing incentives to continuously improve the Company's corporate value, securing excellent management personnel, and promoting further value sharing with shareholders, and shall be determined by a resolution of the Board of Directors after receiving a

report from "the Nomination and Remuneration Advisory Committee", and shall be paid at a certain time each year. The shares of common stock issued or disposed of as restricted stock remuneration are subject to restrictions on transfer until the time of retirement or resignation from any position as a director, executive officer, or employee of the Company or its subsidiaries (hereinafter referred to as "officer, etc."), and the restrictions on transfer shall be lifted upon expiration of term of office, retirement age, death, or other reasons deemed justifiable by the Board of Directors of the Company (hereinafter referred to as "justifiable reasons"). In addition, the Company may acquire at no cost any shares with transfer restrictions that have not been cancelled, such as in the event of retirement or resignation for reasons other than justifiable reasons.

4. Policy on determination of the ratio of amounts of remuneration, etc. of individual directors

The ratio of base remuneration, bonuses (performance-linked remuneration, etc.) and stock-based remuneration (non-monetary remuneration, etc.) is based on the basic policy of the remuneration system that allows directors to devote themselves to their duties by ensuring a stable livelihood based on base remuneration as fixed remuneration, while also improving business performance by partially introducing performance-linked and stock-based remuneration and providing a certain amount of incentive remuneration. Based on this basic policy, bonuses (performance-linked remuneration, etc.) shall be within the ratio determined based on the base remuneration amount, and stock-based remuneration (non-monetary remuneration, etc.) shall be determined in accordance with the position, responsibilities, etc., with the appropriate remuneration ratio determined by the Board of Directors after receiving reports from “the Nomination and Remuneration Advisory Committee". The ratio for outside directors is 100% of base salary, since they are paid only base salary.

5. Policy for determining the timing and conditions for granting remuneration, etc.

As described in 1, 2, and 3 above, basic remuneration (monetary remuneration, etc. (other than performance-linked remuneration, etc.)) shall be paid as a monthly fixed salary at a fixed time each month, bonuses (performance-linked remuneration, etc.) shall be paid at a certain time each year if they exceed performance indicators, and stock remuneration (non-monetary remuneration, etc.) shall be paid at a certain time each year subject to the execution of an allotment agreement for restricted stock.

6. Details, etc., when decisions on the details of individual compensation are delegated in whole or in part to directors or other third parties

With respect to the amount of remuneration, etc. for each individual director, the representative director shall be delegated the authority to determine the specific details thereof in accordance with the resolution of the Board of Directors, and such authority shall include the amount of base remuneration for each director and the allocation of bonuses for each director. The representative director, in order to exercise the authority appropriately, shall consult with "the Nomination and Remuneration Advisory Committee" and obtain its report on the amount of remuneration, etc. for each individual, and shall determine the amount of remuneration, etc. for each individual within the limit of remuneration, based on the content of the said report.

Support System for Outside Directors

The Company's Corporate Planning Department and Legal Department are in charge of supporting outside directors and share information by sharing reporting materials, providing advance explanations of agenda items for Board of Directors meetings, and establishing an annual schedule of items to be discussed. The Company has also established the Group Executive Committee in addition to Board of Directors meetings, and actively provides opportunities for the exchange of opinions and focuses on ensuring the effectiveness of the Board of Directors.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

The Board of Directors meets once a month. At this meeting, the Board of Directors makes decisions on management policies, legal matters, and other important management matters, and manages the status of business execution. In addition to the regular meeting of the Board of Directors, the Company also holds a meeting for the Board of Directors to receive reports from the presidents of group companies, which allows for more detailed management and supervision of the management status of each group company.

The certified public accountants who audited the Company during the 62nd term were Mr. Masahiro Ide, Mr. Michiyuki Yamamoto, and Mr. Yosuke Aizawa, all of whom belong to Deloitte Touche Tohmatsu LLC.

The Company has established an Audit and Supervisory Committee to further strengthen the supervisory function of the Board of Directors and enhance the governance system. Three of the four directors who serve as Audit and Supervisory Committee members are outside directors, and the committee aims to enhance the management oversight function from the perspective of strengthening the check function from outside the Company. In addition, the Nomination and Remuneration Advisory Committee has been established as a voluntary advisory body to the Board of Directors to ensure fairness, transparency, and objectivity in the evaluation and procedures for nomination and remuneration of directors.

In order for the audit system to fully function, a system of status reports is in place from the persons in charge of not only business promotion but also administrative divisions. The main items are as follows.

1. Each officer in charge of a department meets with the Audit and Supervisory Committee members on a regular basis or as requested by the Audit and Supervisory Committee members to exchange opinions.
2. The Internal Control Department, which is responsible for internal control reporting requirements under the Financial Instruments and Exchange Law, meets regularly or as requested by the Audit and Supervisory Committee members to exchange opinions with them.
3. The department in charge of internal audits for compliance with the Food Sanitation Law, the Fire Service Law, and other laws and regulations meets regularly or at the request of the Audit and Supervisory Committee members to exchange opinions with them.
4. The Audit and Supervisory Committee members shall meet with the accounting auditors from time to time in order to hear audit results and exchange opinions with the accounting auditors.

3. Reasons for Adoption of Current Corporate Governance System

In order to respond flexibly and speedily to changes in the business environment, the Company believes it is important to ensure the appropriateness and speed of decision-making and to build a highly transparent corporate management structure. The Company believes that the current system of supervising and auditing business execution by the Board of Directors including outside directors, and the Audit and Supervisory Committee including outside directors, is optimal.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of Convocation of the General Meeting of Shareholders was disclosed on the Company's and TSE's website on May 31, approximately four weeks prior to the date of the General Meeting of Shareholders, and sent out on June 5, 22 days prior to the date of the meeting.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The 62nd Annual General Meeting of Shareholders to be held in June 2024 was held on Thursday, June 27. In the future, we will hold the General Meeting of Shareholders by avoiding the concentrated days.
Electronic Exercise of Voting Rights	The Shareholders who are unable to attend the Meeting may exercise their voting rights in writing or via the Internet.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Analysts and Institutional Investors	Semiannual financial results briefings are held to explain management strategies and business results to analysts and financial institutions, and materials are disclosed. In addition, the Company is working to enhance dialogue with other than individual meetings by participating in conferences hosted by securities firms and holding small meetings as necessary.	Held
Online Disclosure of IR Information	We disclose company information, including financial results and timely disclosure data, through our IR site. Documents such as Annual Securities Reports, Financial Statements, Timely Disclosures, YoY Monthly Revenues, Integrated Report, Corporate Brochures, Fact Book, Corporate Information VTR, and Financial Results Presentation Materials are available in both Japanese and English. Additionally, archived videos of earnings briefings are posted, ensuring that disclosures are made with investor convenience in mind.	
Establishment of Department and/or Placement of a Manager in Charge of IR	A department (person in charge) for IR is established and a person in charge of IR is assigned.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company discloses its sustainability initiatives on its website. https://www.colowide.co.jp/sustainability/ (Japanese Only) The impact of climate change-related risks and opportunities on the Company's business activities and earnings is disclosed in the Annual Securities Report under "2 [Business Status]", "2 [Sustainability Policy and Initiatives]". In addition, the Group has set the following targets for its policy on human resource development, including ensuring diversity of human resources, and its policy on the development of the internal environment, using the ratio of female employees and the ratio of female managers as indicators. [Target for the ratio of female employees] 30% for the entire Group by FY2026 (23.4% in FY2023) [Targets for the ratio of female managers] 30% for the entire Group by FY2026 (11.4% in FY2023) In addition, the ratio of foreign national employees among new graduates hired in April 2024 is 31.8%.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The basic policy of the Company's internal control system is as follows

The Company's Board of Directors has adopted the following resolution regarding "the system to ensure the appropriateness of business operations".

1. The basic policy

Based on the Companies Act and the Companies Act Enforcement Regulations, the Company has established the basic policy for internal control to achieve the three objectives of "effectiveness and efficiency of operations," "ensuring reliability of financial reporting," and "compliance with laws, regulations, and the Articles of Incorporation.

(1) The Board of Directors shall formulate the basic policy for internal control, receive reports on the status of implementation of internal control by directors on a regular or ad-hoc basis, direct such reports, supervise the status of implementation of internal control, and review the basic policy for internal control from time to time.

(2) The representative director shall be responsible for the development and operation of internal controls based on this basic policy on internal control as determined by the Board of Directors, and shall ensure that all employees are informed that the above three objectives are the Company's top priorities.

(3) The Internal Control Office shall be established under the direct control of the President to develop and supervise internal controls related to compliance with laws, regulations, and social ethical standards (compliance).

2. The system to ensure the appropriateness of business operations

(1) The systems to ensure that the execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

The directors and employees of the Company and its subsidiaries (hereinafter referred to as "the Group") shall comply with laws, regulations, the Articles of Incorporation and internal regulations and rules in accordance with the Group Compliance Policy. In order to ensure compliance with related laws and regulations, the Company's Group Compliance Promotion Office will play a central role in promoting the development of a compliance system and promoting compliance throughout the Group. In addition, the Group shall not have any relationship with Anti-Social Forces and shall take a firm stand against any unreasonable demands and shall ensure the thorough implementation of these policies.

(2) The system for the storage and management of information related to the execution of duties by directors

The minutes of the Board of Directors meetings, the minutes of the General Meetings of Shareholders, and other important documents related to the execution of duties by directors (information that must be maintained in response to requests for inspection as stipulated by the Companies Act) shall be properly stored and managed in accordance with the Rules of the Board of Directors and the Document Management Rules, and directors, Audit and Supervisory Committee members and employees designated by them shall be able to view such information at any time.

(3) The regulations and other systems for managing the risk of loss of the Company and its subsidiaries

The Group has established the individual rules and procedures to deal with various identified internal and external risks, centering on the Risk Management Regulations, in order to prevent the occurrence of losses, and minimize losses when they do occur.

(4) The systems to ensure the efficient execution of duties by directors of the Company and its subsidiaries

In formulating the annual action plan based on the medium-term management plan of each subsidiary, the Company shall set the budget (performance targets) for the relevant fiscal year based on the medium-term management plan of the entire group, and the president of each subsidiary shall determine specific measures to be implemented by each company and establish an efficient business execution system. The progress of these activities will be reviewed monthly at a meeting attended by all

directors to closely monitor the progress. In addition, in order to continuously improve the functions of the Board of Directors while flexibly responding to changes in the business environment, the number of directors (excluding directors who are members of the Audit and Supervisory Committee) shall be kept within the limit of 10, and the frequency of reviews of their qualifications shall be increased.

(5) The systems to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

With respect to the management of the Company's subsidiaries, while respecting the independence of each subsidiary, the Company shall establish the system to receive regular reports on business activities in accordance with the Group Company Management Rules, and the corporate planning department shall promote ensuring the appropriateness and efficiency of operations across the Group. The representative directors and executive directors and executive officers shall, in accordance with their respective duties, provide guidance to ensure that subsidiaries maintain appropriate internal control systems.

(6) The system to ensure the reliability of financial reporting

To ensure the reliability of financial reporting, the Internal Control Office evaluates, improves, and documents the status of company-wide internal controls and business processes, and the Board of Directors periodically confirms these activities.

(7) The matters concerning employees to assist the duties of the Company's Audit and Supervisory Committee

In the event the Audit and Supervisory Committee requests the Company to appoint the Audit and Supervisory Committee staff, the Company shall appoint and assign appropriate personnel.

(8) The matters concerning the independence of the employee described in (7) from other directors of the Company (excluding directors who are members of the Audit and Supervisory Committee) and ensuring the effectiveness of the Audit and Supervisory Committee's instructions to the employee

The appointment, evaluation, transfer, and discipline of employees to assist the Audit and Supervisory Committee in its duties must be approved in advance by the Audit and Supervisory Committee. The instructions of the Audit and Supervisory Committee to such employees shall not be unreasonably restricted, and such employees shall follow the instructions of the Audit and Supervisory Committee.

(9) The system for reporting to the Audit and Supervisory Committee by directors (excluding directors who are the Audit and Supervisory Committee Members), executive officers and employees, and directors, executive officers and employees of subsidiaries.

Directors (excluding directors who are members of the Audit and Supervisory Committee), executive officers, and employees, as well as directors, executive officers, and employees of subsidiaries, shall report to the Audit and Supervisory Committee any facts that may cause significant harm to the Group, or any events that violate laws, regulations, or the Articles of Incorporation.

(10) The system to ensure that a person who makes a report as described in (9) above will not be treated disadvantageously by reason of making such a report

Employees, etc. who report to the Audit and Supervisory Committee shall be prohibited of any disadvantageous treatment on the basis of such report.

(11) The policy for handling expenses incurred in the performance of duties by the Audit and Supervisory Committee members

When the Audit and Supervisory Committee member makes a request for prepayment of expenses to the Company in connection with the performance of the duties, the Company shall promptly dispose of such expenses or obligations, unless the expenses or obligations are deemed not necessary for the performance of the duties.

(12) The other systems to ensure that the audits of the Company's Audit and Supervisory Committee are conducted effectively

In order to ensure the effectiveness of the audits by the Audit and Supervisory Committee, the Company's directors and executive officers shall ensure that the Audit and Supervisory Committee has opportunities to exchange information and opinions with the directors or external auditors when deemed necessary by the Audit and Supervisory Committee.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

1. The basic policy on elimination of Anti-Social Forces

The Group will not have any relationship with Anti-Social Forces.

2. The status of maintenance for elimination of Anti-Social Forces

The "Customer Service Voice" center is the contact point for handling issues, and related parties respond according to the nature of the issue, and the Company actively collects and manages information in cooperation with the Corporate Defense Council, lawyers, police, etc.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

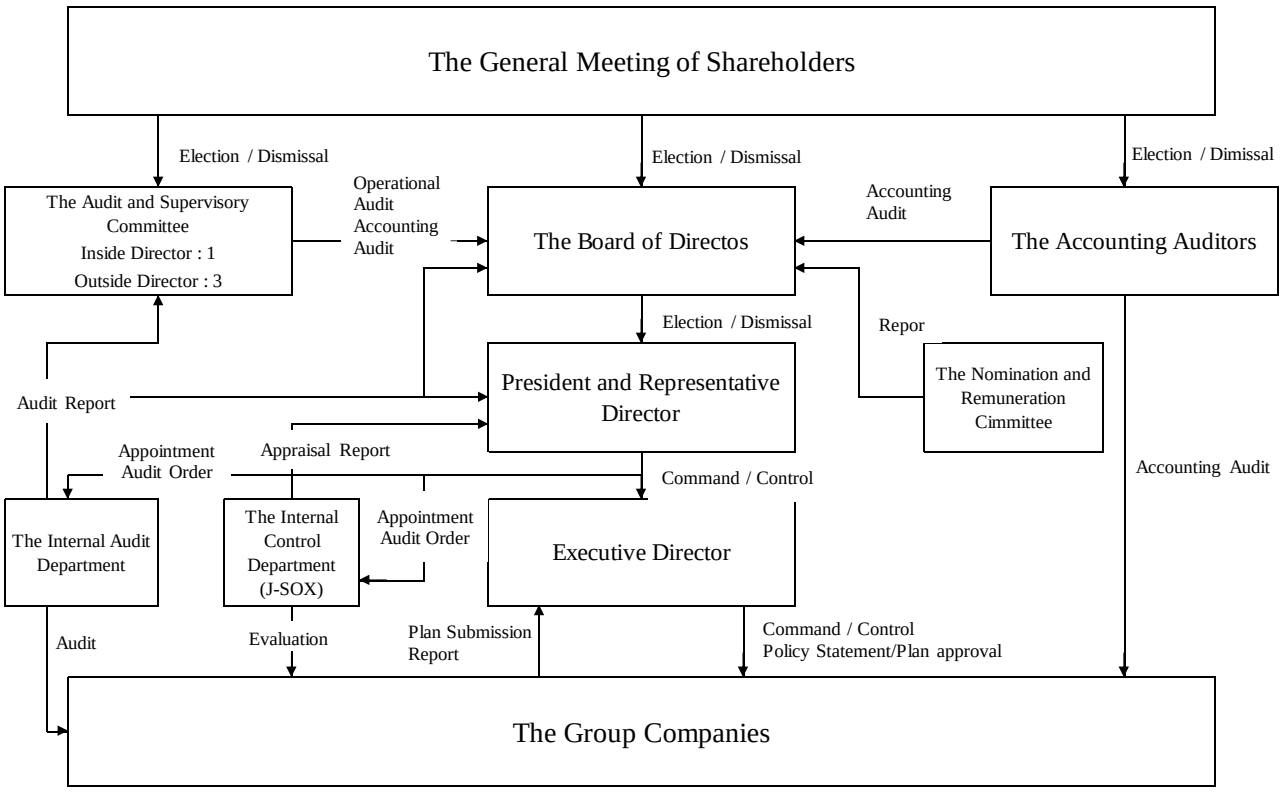
The Company considers the enhancement of our corporate value to be the greatest Anti-Takeover Measures.

3. Other Matters Concerning the Corporate Governance System

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END

【Corporate Governance Structure】



【System of Timely Disclosure】

