

Last Update: September 25, 2026

The Monogatari Corporation

Hisayuki Kato, President and Representative Director

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Securities Code: 3097

<https://www.monogatari.co.jp/>**The corporate governance of The Monogatari Corporation is described below.****I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information****1. Basic Views**

We have established five basic policies for corporate governance: prompt decision-making and pursuit of management efficiency, clarification of management responsibilities, enhancement of management transparency and compliance systems, strengthening of the audit function by auditors for the status of business execution by directors, and realization of risk management philosophy. By committing to this management stance, we believe that we can earn the trust of our shareholders and all other stakeholders, increase corporate value over the long term, and enable sustainable growth.

[Reasons for not Implementing Each Principle of the Corporate Governance Code]

We have implemented all the principles set forth in the Corporate Governance Code and have posted them on our website as "Our Initiatives Regarding the Corporate Governance Code" below. (only available in Japanese)

http://www.monogatari.co.jp/ir/c_g.html

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

The status of implementation of each principle of the Corporate Governance Code is described in the "Initiatives Related to Japan's Corporate Governance Code" posted on our website below.

http://www.monogatari.co.jp/ir/c_g.html

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

It is described in Principle 4-1 of "Our Initiatives Regarding the Corporate Governance Code".

Please refer to the following for the Company's financial results presentation materials and medium-term management plan.

https://ircms.irstreet.com/contents/data_file.php?template=2058&brand=257&data=464463&filename=pdf_file.pdf

<https://www.monogatari.co.jp/ir/library/lib07/>

<https://www.monogatari.co.jp/ir/library/lib08/>

[Status of Dialogue with Shareholders]

It is described in Principle 1-1 of "Our Initiatives Regarding the Corporate Governance Code". During the fiscal year ended June 30, 2026, the Company's management team engaged in dialogue with an aggregate of 208 domestic and overseas institutional investors.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

Contents	Disclosure of Initiatives (Updated)
Availability of English Disclosure	Yes
Update Date (Updated)	August 19, 2026

Explanation of the Relevant Item (Updated)

[Achieving Returns Above the Cost of Capital]

To enhance sustainable corporate value, we are promoting management that consistently targets returns exceeding our cost of capital.

Specifically, we aim to achieve an ROE of 15% or higher, surpassing the cost of equity, and to expand TSR by 15% or more. To this end, we will implement the following measures in combination to drive corporate value enhancement.

For information on the progress, please refer to our website below.

<https://www.monogatari.co.jp/ir/library/lib08/>

1. Growth in Sales, Profitability, and Capital Efficiency

We will reinforce our business foundation by driving growth in both sales and profitability.

- Sales Growth: We will pursue business expansion by accelerating new store openings and overseas development. At the same time, we will foster sales and customer growth at existing stores to strengthen business stability.
- Profitability Improvement: In addition to improving profitability through appropriate price adjustments, we will strengthen cost competitiveness and enhance productivity per employee to drive higher margins.

- Capital Efficiency Enhancement: We will allocate capital effectively by investing in brands with high investment efficiency, undertaking new store investments with a focus on high returns, and promoting investments that balance sustainable growth with improved capital efficiency.

2. Balancing Financial Soundness and Shareholder Returns

In parallel with improving ROE, we will expand TSR, which directly contributes to shareholder value.

- Maintaining Financial Soundness: We will maintain an appropriate equity ratio to establish a stable management foundation.
- Strengthening Shareholder Returns: We will reinforce shareholder returns by maintaining our progressive dividend policy.

3. Investor Engagement and Promotion of Sustainability

Aiming to raise our PER, a key component of corporate value, we will actively create non-financial value.

- Investor Engagement: We will enhance communication through strengthened disclosure, including the preparation of an integrated report, to foster greater investor expectations for our corporate growth.
- Promotion of Sustainability: We will strengthen initiatives to address environmental and social challenges, such as climate change response (contribution to a net-zero emissions economy), resource conservation and waste reduction, and ensuring food safety. In addition, we will promote customer satisfaction, diversity and inclusion, and establish a management foundation for sustainable growth. We recognize that creating such non-financial value is essential to medium- to long-term enhancement of corporate value and contributes directly to strengthening our overall value proposition.

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%
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[Status of Major Shareholders] (Updated)

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,897,300	10.14
Yusuke Kobayashi	1,588,800	4.13
Custody Bank of Japan, Ltd. (Trust Account)	1,136,200	2.95
Yoshio Kobayashi	1,109,942	2.89
NORTHERN TRUST CO. (AVFC) REFIDELITY FUNDS	1,005,688	2.61
Sanae Kobayashi	778,440	2.02
Kota Kobayashi	624,610	1.62
Yohei Kobayashi	624,610	1.62
KANEMATSU CORPORATION	600,000	1.56
Shunichi Katono	541,400	1.40

Controlling Shareholder (except for Parent Company)	----
Parent Company	NA

Supplementary Explanations (Updated)

Although the Company holds 802,578 shares of treasury stock, it is not included in the above Status of Major Shareholders.

The percentage of shareholding is calculated excluding treasury stock (802,578 shares).

Of the above number of shares owned, the number of shares related to the trust business is as follows.

The Master Trust Bank of Japan, Ltd. (Trust Account): 3,897,300 shares

Custody Bank of Japan, Ltd. (Trust Account): 1,136,200 shares

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	June
Type of Business	Retail trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of 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

10 or more but less than 50 companies

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

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

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

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors out of Outside Directors	3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kana Yasuda	Certified Public Accountant											
Kaoru Kurashima	From another company											
Kuniko Usagawa	From another company								○			

* Selection Items Regarding Relationships with the Company

* If the individual currently or recently falls under any of the following categories, mark “○”; if in the past, mark “△”.

* If a close relative currently or recently falls under any of the following categories, mark “●”; if in the past, mark “▲”.

a Executive of the Company or its subsidiary

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 listed 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 compensation as a director/Audit & Supervisory Board Member

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 only)

i Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Member are mutually appointed (the director only)

j Executive of a company or organization that receives a donation from the Company (the director only)

k Others

Relationship with the Company (2) (Updated)

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kana Yasuda	○	Not applicable	She possesses extensive expertise and experience in accounting and taxation, and we believe that by leveraging this background, she will contribute to strengthening the governance of our Group and enhancing management decision-making from an objective and professional perspective. Accordingly, she has been appointed as an Outside Director. She concurrently serves as head of Yasuda Tax & Accountant Office, an outside director of Geo Holdings Corporation and Chuo Spring Co., Ltd., and an outside director (audit and supervisory committee member) of Kondotec Inc. However, there is no special relationship between our company and this office and any of these four companies. Accordingly, it was concluded that there would be no conflict of interest with general shareholders, so she was designated as an Independent Officer.
Kaoru Kurashima	○	Not applicable	He has held key executive positions, including Director and Senior Managing Executive Officer, at a globally operating food company, both in Japan and overseas, and has extensive experience in corporate management. Leveraging this background, we believe he will make significant contributions to the management decision-making of our Group from an objective and professional perspective, and have therefore appointed him as an Outside Director. He concurrently serves as an Outside Director of JSP Corporation, and Outside Director of KING JIM Co., Ltd. However, there are no special interests between our Company and any of these organizations. For these reasons, we have determined that there is no risk of conflicts of interest with general shareholders, and have designated him as an Independent Officer.
Kuniko Usagawa	○	Ms. Kuniko Usagawa, Outside Director, is currently employed at the Research Planning Office, Research Department, Public Policy & Government Relations Division of Indeed Recruit Partners Inc. Our Company receives recruitment support services from Indeed Recruit Partners Inc. This corresponds to approximately 0.02% of Indeed Recruit Partners Inc.'s annual sales. In line with the independence criteria published by the Tokyo Stock Exchange, our Company is not considered a major client of Indeed Recruit Partners Inc. Accordingly, we deem Ms. Usagawa to be independent.	She has long been engaged in recruitment, human resource development and retention, and promotion of workforce participation across various industries, and possesses deep expertise and extensive experience in the field of human resources. Leveraging this background, we believe she will contribute to the management decision-making of our Group from an objective and professional perspective, and have therefore appointed her as an Outside Director. In addition, she concurrently serves as an Outside Director (Audit and Supervisory Committee Member) of The Yamaguchi Bank, Ltd., Visiting Researcher at the Institute of Spatiotemporal and Behavioral Chain Studies, Chairperson of the Women's Empowerment and Attractiveness Promotion Research Committee of the National Federation of Small Business Associations, and Member of the Ministry of Health, Labour and Welfare's Committee on the Comprehensive Information Provision Project for Promoting Women's Empowerment and Work-Life Balance. However, there are no special relationships between our Company and any of these organizations. For these reasons, we have determined that there is no risk of conflicts of interest with general shareholders, and have designated her as an Independent Officer.

State of establishment of Voluntary Committee(s) Corresponding to Nomination Committee or Compensation Committee

Yes

Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members (Name)	Inside Directors (Name)	Outside Director (Name)	Outside Experts (Name)	Other (Name)	Chairperson
Voluntary Committee Corresponding to Nomination Committee	Nomination and Compensation Committee	6	0	2	3	0	1	Outside Director
Committee Corresponding to Compensation Committee	Nomination and Compensation Committee	6	0	2	3	0	1	Outside Director

Supplementary Explanations

In order to increase the transparency and objectivity of the process of deciding candidates for Directors and Auditors, as well as the process of determining compensation for Directors, we have established the Nomination and Compensation Committee, which is composed of a majority of independent outside directors and independent outside auditors. The Nomination and Compensation Committee deliberates on the following matters and reports to the Board of Directors.

- (1) Matters concerning the election of candidates for directors and auditors
- (2) Matters concerning the policy for determining director compensation, etc.
- (3) Matters concerning determination of individual compensation, etc. for directors
- (4) Matters concerning dismissal of directors and auditors
- (5) Matters concerning the appointment and dismissal of representative director
- (6) Matters concerning the succession plan

The selection of the chairperson of the Nomination and Compensation Committee is elected by resolution of the Nomination and Compensation Committee. The Growth Strategy Dept. is in charge of the committee's secretariat.

[Audit & Supervisory Board Members]

Establishment of a Board of Auditors	Established
Maximum Number of Auditors Stipulated in Articles of Incorporation	5
Number of Auditors	4

Cooperation among Auditors, Accounting Auditors and Internal Audit Office

The auditors will exchange information with the accounting auditors and the Internal Audit Office and work together to ensure the effectiveness of the Company's audits. We will create an environment in which Audit & Supervisory Board Members can cooperate with lawyers, certified public accountants, and other outside experts when deemed necessary in the execution of their duties. In addition, in the event an auditor requests advance payment or reimbursement of expenses incurred in the performance of his/her duties, such expenses or liabilities shall be promptly disposed of unless deemed unnecessary for the performance of duties by such auditor.

Employees of the Internal Audit Dept., which reports directly to the President and Representative Director, assist the auditors as needed. The appointment and dismissal of such employees will also be decided upon prior consultation with the Board of Auditors.

In order to ensure the independence from directors of the employees assisting the Audit & Supervisory Board Members as described above, we establish a system that enables them to perform their duties under the direction and orders of the Audit & Supervisory Board Members, and will consult with the Board of Auditors to determine the personnel evaluation of the employees.

Appointment of Outside Auditors	Appointed
Number of Outside Auditors	4
Number of Independent Directors out of Outside Auditors	4

Relationship with the Company (1) (Updated)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Koichi Enomoto	From another company													
Ayako Nakagawa	Lawyer													
Megumi Yasuda	Certified Public Accountant													
Toshinori Shirai	From another company													

* Selection Items Regarding Relationships with the Company

* If the individual currently or recently falls under any of the following categories, mark “○”; if in the past, mark “△”.

* If a close relative currently or recently falls under any of the following categories, mark “●”; if in the past, mark “▲”.

a Executive of the Company or its subsidiary

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 Audit & Supervisory Board Member 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 compensation as a Audit & Supervisory Board Member

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 Audit & Supervisory Board Member only)

k Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member only)

l Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member only)

m Others

Relationship with the Company (2)

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Koichi Enomoto	○	Not applicable	He has developed extensive management expertise in the distribution and consumer industries and has held key positions including General Manager of the Corporate Planning Division and Senior Executive Officer responsible for corporate functions. He possesses outstanding knowledge and extensive experience in the overall management and administrative operations of the restaurant and food distribution industries. We have appointed him as an Outside Audit & Supervisory Board Member, having determined that his extensive track record and experience will contribute to strengthening our audit framework and corporate governance. It was concluded that there would be no conflict of interest with general shareholders, so he was designated as an Independent Officer.
Ayako Nakagawa	○	Not applicable	As an attorney, she has a wide range of knowledge and experience through her work at a law firm. The Company appointed her as an outside Audit & Supervisory Board Member because we believe that she will utilize her objective and professional viewpoint to help the Company build a compliance system and internal controls. She concurrently serves as a lawyer at Shibata & Nakagawa Law and Patent Office, an outside director (audit and supervisory committee member) of AUTO SERVER Co.,LTD., and an outside auditor of Yume Corporation Co., Ltd. However, there is no special relationship between our company and the office and the company. Accordingly, it was concluded that there would be no conflict of interest with general shareholders, so she was designated as an Independent Officer.

Megumi Yasuda	○	Not applicable	She has a wide range of knowledge and experience as a certified public accountant through her work experience at an auditing firm and an accounting firm. The Company appointed her as an outside Audit & Supervisory Board Member in the hope that she would utilize her objective and professional viewpoint to help the Company build a compliance system and internal controls. In addition, she concurrently serves as Head of the Megumi Yasuda Certified Public Accountant Office; Outside Audit & Supervisory Board Member of Soken Chemical & Engineering Co., Ltd.; Outside Director (Audit & Supervisory Committee Member) of Avex Inc.; Outside Audit & Supervisory Board Member of Marvelous Inc.; member of the Bid Monitoring Committee of the Japan Meteorological Agency; Visiting Associate Professor at Showa Women's University; Part-time Lecturer at Meiji Gakuin University; Councilor of the Hayao Nakayama Foundation for Science & Technology and Culture; and Auditor of the National Institute for Environmental Studies. There are no special relationships between us and any of the organizations at which she concurrently serves. Accordingly, it was concluded that there would be no conflict of interest with general shareholders, so she was designated as an Independent Officer.
Toshinori Shirai	○	Not applicable	He has held key positions such as the Chairman of the Audit & Supervisory Board in the globally expanding retail and distribution companies, and has outstanding knowledge and abundant experience in corporate management and governance, including the establishment of an advanced and highly effective governance system in listed companies. The Company appointed him as an outside Audit & Supervisory Board Member as it determines that these abundant achievements and experiences will be utilized in strengthening its governance. He also serves as Representative and Designer of FaSING Management Design and as an Outside Audit & Supervisory Board Member of SHINDEN HIGHTEX CORPORATION. There is no particular relationship between the Company and each of the companies where he holds a concurrent position. Accordingly, it was concluded that there would be no conflict of interest with general shareholders, so he was designated as an Independent Officer.

[Independent Directors]

Number of Independent Directors (Updated)	7
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Other Matters concerning Independent Directors

In appointing Outside Directors and Outside Audit & Supervisory Board Members, we have established our own independence criteria, with reference to the criteria for independent officers stipulated by the Tokyo Stock Exchange and other relevant standards. In making such appointments, we require candidates not only to satisfy the requirements for outside officers under the Companies Act, but also to meet our own independence criteria.

[Incentives]

Status of Incentive Policies for Directors	Introduction of a performance-based compensation system, and others
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Supplementary Explanation (Updated)

I. [Introduction of Stock-based Compensation System with Restriction on Transfer]

At the meeting of the Board of Directors held on August 17, 2020, we reviewed the compensation system for executives, and resolved to adopt a stock-based compensation system with restriction on transfer (hereinafter referred to as "this system"). The proposal for adoption of this system was discussed, approved, and adopted at the 51st annual meeting of shareholders (hereinafter referred to as "the shareholders meeting") held on September 24, 2020.

[Overview of the Plan]

Directors who are eligible for this system will pay all of the monetary compensation provided by our company based on this system as properties contributed in kind, and common shares of our company will be issued or disposed of.

The total amount of compensation for eligible directors is up to 90 million yen per year in addition to the current monetary compensation, and the total number of common shares of our company to be issued or disposed of in accordance with this system is up to 15,000 per year (provided, however, that it is possible to reasonably adjust the number of shares to be issued or disposed of, if there is a compelling reason for said adjustment, such as the split or reverse split of common shares of our company.)

So that the sharing of shareholder value, which is one of the purposes of the adoption of this system, will be realized in the medium/long term, the transfer restriction period is from the date of issuance of shares with restriction on transfer to the date of resignation or retirement of each eligible director as a director of our company or from other posts designated by the board of directors of our company. The exact date of payment and allocation to each eligible director will be determined at a meeting of the board of directors.

In addition, the paid-in amount per common share of our company to be issued or disposed of in accordance with this system will be determined by the board of directors within a range that is not advantageous to eligible directors, with reference to the closing price of common shares of our company at Tokyo Stock Exchange on the business day before the date of resolution regarding said issuance or disposal at a meeting of the board of directors (if shares are not traded on that date, the closing price on the preceding trading day).

When issuing or disposing of common shares of our company in accordance with this system, our company and eligible director will sign a contract for allocation of shares with restriction on transfer (hereinafter referred to as "the allocation contract"), which includes the following provisions:

- (1) Eligible directors will not transfer or pledge common shares of our company allocated to them in accordance with the allocation contract or dispose of said shares for a predetermined period.
- (2) If certain events occur, the Company will acquire the relevant common shares without consideration.

II. [Introduction of Restricted Stock Compensation Linked to Achievement of ESG Targets]

At the meeting of the Board of Directors held on August 18, 2025, we reviewed the compensation system for executives, and resolved to adopt a stock-based compensation system with restriction on transfer (hereinafter referred to as "this system"). The proposal for adoption of this system was discussed, approved, and adopted at the 56th annual meeting of shareholders (hereinafter referred to as "the shareholders meeting") held on September 26, 2025.

[Overview of the Plan]

Directors who are eligible for this system will pay all of the monetary compensation provided by our company based on this system as properties contributed in kind, and common shares of our company will be issued or disposed of.

Under this system, the total annual amount of compensation to be paid for the purpose of granting restricted shares to the eligible Directors shall be set separately from the compensation limits described in (i) and (ii) above, and shall not exceed ¥15 million per year. The total number of shares of common stock of the Company to be issued or disposed of under this system shall not exceed 5,000 shares per year (provided, however, that if a stock split, reverse stock split, or any other unavoidable event occurs requiring an adjustment to the number of shares, the number of shares to be issued or disposed of may be reasonably adjusted).

In order to realize long-term alignment with shareholder value, the restriction period under this system shall be determined by the Board of Directors within a maximum of three years from the date of grant of the restricted shares. Furthermore, to provide incentives for Directors to achieve ESG-related numerical targets, the number of shares for which transfer restrictions will be lifted shall be determined based on the degree of achievement of the pre-defined ESG-related numerical targets at the end of the restriction period.

The exact date of payment and allocation to each eligible director will be determined at a meeting of the board of directors.

In addition, the paid-in amount per share of the Company's common stock to be issued or disposed of under this system shall be determined by the Board of Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board resolution (or, if no trade is executed on that day, the closing price on the most recent prior trading day), within a scope that does not confer any special benefit on the eligible Directors.

When issuing or disposing of common shares of our company in accordance with this system, our company and eligible director will sign a contract for allocation of shares with restriction on transfer (hereinafter referred to as "the allocation contract"), which includes the following provisions:

- (1) Eligible directors will not transfer or pledge common shares of our company allocated to them in accordance with the allocation contract or dispose of said shares for a predetermined period.
- (2) If certain events occur, the Company will acquire the relevant common shares without consideration.
- (3) The lifting of transfer restrictions on restricted shares shall be subject to the conditions that the eligible Directors remain in office as Directors of the Company or in other positions determined by the Board of Directors during the restriction period, and that the ESG-related numerical targets predetermined by the Company are achieved.

* Subject to the approval of this system at the General Meeting of Shareholders, the Company plans to grant restricted shares under this system in October 2025. For such grant, the restriction period will run from the date of grant until the conclusion of the Annual General Meeting of Shareholders to be held in September 2028. The number of shares for which transfer restrictions will be lifted will be determined based on the degree of achievement of the Company's numerical targets relating to employee turnover rate and the ratio of female managers as of the end of the restriction period.

III. [Introduction of Performance-Based Restricted Stock Compensation]

At the meeting of the Board of Directors held on August 21, 2026, we reviewed our officer compensation system and resolved to introduce a restricted stock compensation plan (the "Plan"). A proposal concerning the Plan was submitted to the 57th Annual General Meeting of Shareholders held on September 25, 2026 (the "General Meeting of Shareholders"), at which the proposal was approved.

[Overview of the Plan]

Eligible directors shall contribute in kind all monetary compensation claims provided by the Company under the System and, in return, receive common shares of the Company to be issued or disposed of by the Company.

In addition, upon the issuance or disposal of common shares of the Company under the System, the Company and each eligible director shall enter into a restricted stock unit allocation agreement (hereinafter referred to as "the Allocation Agreement") that includes the following provisions, among others.

- (1) Eligible directors shall not transfer, pledge, or dispose of in any other way the common shares of the Company allocated under the Allocation Agreement (hereinafter referred to as "the Allocated Shares") during the period predetermined by the Board of Directors of the Company (hereinafter referred to as "the Transfer Restriction Period") (hereinafter referred to as "the Transfer Restriction").

(2) If an eligible director resigns his/her post as a director of the Company or any other position predetermined by the Board of Directors of the Company before the expiration of the Transfer Restriction Period, the Company shall automatically acquire the Allocated Shares without charge, except where there is a justifiable reason for such resignation, such as the expiration of his/her term of office.

(3) The Company shall lift the Transfer Restriction on all the Allocated Shares upon expiration of the Transfer Restriction Period, under the conditions that the eligible director has continuously held a position as a director of the Company or any other position predetermined by the Board of Directors of the Company during the Transfer Restriction Period and that the Company has achieved the numerical performance targets predetermined by the Company.

However, if the eligible director resigns from a position specified in (2) above before the expiration of the Transfer Restriction Period for a justifiable reason as specified in (2) above, such as the expiration of his/her term of office, provisions may be established to reasonably adjust, as necessary, the number of the Allocated Shares for which the Transfer Restriction will be lifted and the timing of such lifting. In addition, immediately after the Transfer Restriction is lifted in accordance with the provisions above, the Company shall automatically acquire without charge any Allocated Shares for which the Transfer Restriction has not been lifted.

(4) Notwithstanding the provisions of (1) above, if a merger agreement under which the Company will become a disappearing company, a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or any other matter concerning organizational restructuring, etc. is approved at a general meeting of shareholders of the Company (or at a meeting of the Board of Directors of the Company if approval at a general meeting of shareholders of the Company is not required for such organizational restructuring, etc.) during the Transfer Restriction Period, the Company shall, by resolution of the Board of Directors, lift the Transfer Restriction, prior to the effective date of such organizational restructuring, etc., on the number of the Allocated Shares reasonably determined in consideration of the period from the commencement date of the Transfer Restriction Period to the date of approval of such organizational restructuring, etc. In addition, in the case specified above, immediately after the Transfer Restriction is lifted, the Company shall automatically acquire without charge any Allocated Shares for which the Transfer Restriction has not been lifted.

(5) Any other matters concerning the Allocation Agreement shall be determined by the Board of Directors of the Company.

*Subject to approval of the adoption of the System at the General Meeting of Shareholders, the Company plans to grant restricted stock units under the System in October 2026. For such grant, the Company plans to establish a structure under which the Transfer Restriction Period will run from the grant date through September 30, 2030, and the Transfer Restriction will be lifted if the performance targets for consolidated net sales for the fiscal years from FY6/28 through FY6/30 are achieved.

Subject to approval of the adoption of the System at the General Meeting of Shareholders, the Company also plans to grant its executive officers restricted stock units similar to those granted under the System.

Recipients of Stock Options

Inside Directors

Supplementary Explanation

At the meeting of the Board of Directors held on August 17, 2020, the Company resolved to revise its executive compensation system and introduce a restricted stock compensation system. At that time, it was also resolved that, except for stock options already granted, the stock option system for Directors would be abolished, and that no new stock acquisition rights would be issued as stock options for Directors going forward.

[Director Compensation]

Disclosure of Individual Directors' Compensation

No Individual Disclosure

Supplementary Explanation (Updated)

Executive compensation for directors and auditors for the fiscal year ended June 30, 2026 was as follows.

Director: 188 million yen

Auditor: 33 million yen

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

Yes

Details of disclosure of policy for determining the amount of remuneration or its calculation method

We regard sustainable growth and the enhancement of corporate value over the medium to long term as our highest management priorities. We believe that the compensation system for directors should also contribute to our growth and the enhancement of corporate value. To this end, we have established the following basic policies: "Compensation to be able to recruit outstanding human resources who put our management philosophy into practice," "Compensation system to motivate sustainable increases in corporate value," and "Highly transparent and objective compensation decision-making process."

[Supporting System for Outside Directors and/or Outside Auditors]

Our company distributes materials to outside directors and outside auditors in advance of the Board of Directors meeting and provides advance explanations of particularly important matters to be discussed at the Board of Directors meeting.

The Internal Audit Dept. provides support to Outside Audit & Supervisory Board Members as necessary. In addition, full-time auditors communicate information to part-time auditors by holding meetings of the Board of Auditors.

[Status of Former Representative Directors and Presidents]

Names and details of advisors or counselors who previously served as representative directors or presidents

Name	Title/Position	Responsibilities	Working Arrangement and Conditions (full-time/part-time, with/without compensation, etc.)	Date of Resignation from Office as President, etc.	Term of Office
-	-	-	-	-----	-

Total Number of Advisors or Counselors Who Previously Served as Representative Directors or Presidents

0

Other Matters

There are no advisors or counselors who previously served as Representative Directors or Presidents currently in office.

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

1. Business execution and auditing structure

To ensure that directors execute their duties efficiently, we hold regular meetings of the Board of Directors once a month and extraordinary meetings as necessary to make decisions on important matters and supervise the status of execution of duties.

In addition, the management meeting, consisting of full-time directors, shall be held once a week in principle to discuss individual management issues from a practical standpoint and supplement the system to ensure efficient execution of duties by directors.

2. Status of Internal Audits and Audits by Audit & Supervisory Board Members

The Internal Audit Dept., which has 8 personnel under the direct control of the president, conducts internal audits based on an annual audit plan approved by the president, with respect to operations stipulated in the rules for asset management, labor management, hygiene management, cash management, etc. for each store, mainly through on-site inspections. The Internal Audit Office also conducts internal audits of each division on the status of internal processing procedures (rules) and legal compliance, and provides advice and recommendations to improve operations. In addition, the Company prepares audit reports on the results of audits and reports them to the directors and the heads of the divisions. We also require the divisions to submit improvement plans, and have a system in place for timely follow-up to determine whether improvements are being made in an appropriate manner.

Auditors audit the execution of duties by directors and accompany the Internal Audit Dept. in its audits to determine whether the Company's decision-making and execution of duties are rational from the perspectives of laws and regulations, public service, and management efficiency. Audit results are reported to the Board of Auditors, the president and the Executive Committee. In addition, the Board of Auditors and the accounting auditors meet regularly once a quarter and exchange information and opinions as necessary.

3. Status of Accounting Audit

Audits by certified public accountants are commissioned to Deloitte Touche Tohmatsu LLC, and accounting audits are regularly conducted during the fiscal year without being biased toward the end of the fiscal year. The auditing system for the fiscal year under review is as follows.

Continuous audit period: 21 years

Certified public accountant who executed the audits: Yasuhiko Goto, Atsushi Horiba

Composition of assistants for audit work:

Certified public accountants: 11

Other: 31

4. Determination of directors' compensation

Compensation for our directors and auditors is determined by the Board of Directors in accordance with the Executive Compensation System Policy, which was resolved in September 2019, within the limit of the amount of compensation for directors approved at the General Meeting of Shareholders. In addition, apart from the above monetary compensation, compensation in the form of restricted stock for transfer is determined by the Board of Directors within the limit approved by the General Meeting of Shareholders.

Compensation for auditors is determined by consultation at the Board of Auditors within the compensation limit for Audit & Supervisory Board Members approved at the General Meeting of Shareholders, etc. approved at the General Meeting of Shareholders.

3. Reasons for Adoption of Current Corporate Governance System

We have adopted a corporate audit system and have established the General Meeting of Shareholders, the Board of Directors, the Board of Auditors and the Independent Auditors as stipulated in the Companies Act.

As of the date of this report, the Board of Directors is composed of 7 directors, including 3 outside directors. The Board of Directors holds regular meetings once a month and extraordinary meetings as necessary. In addition to matters stipulated by law or the Articles of Incorporation, the Board of Directors makes decisions on important matters related to basic management policies and plans, and reports on monthly and annual financial results.

We appoint and assign outside directors to strengthen management decision-making and supervisory functions and improve transparency. The assignment of outside directors is intended to enable personnel with broad knowledge and experience in management to express their opinions from an objective standpoint as management experts and to supervise the execution of business by directors.

As of the date of this report, the Board of Auditors has established a system that enables all four auditors, as outside auditors, to ensure objectivity and neutrality, and to audit the status of execution of duties. In addition to the Board of Directors, auditors also attend management meeting and other important meetings, freely expressing opinions from the standpoint of auditors, and auditing the status of the execution of duties by directors. The Company believes that they are functioning sufficiently from the perspective of the effectiveness of business management.

In the execution of business, we hold the management meeting in order to speed up decision-making and realize flexible management. The management meeting is a forum for discussions among senior management (full-time directors, executive officers, general managers and managers of each division), and is held once a week in principle. We discuss important matters, including matters to be submitted to the Board of Directors. Some employees other than senior executives may also participate as needed.

With regard to the executive officer system, the Company aims to clarify responsibilities and improve the fairness and transparency of management by separating the decision-making and supervisory functions for important management matters from the business execution functions, and to further strengthen the functions of the Board of Directors and accelerate and improve the efficiency of operations. In addition, we have established the Internal Control Promotion Committee with the aim of further observing laws and regulations within the Company, promoting the development of an internal control system, promoting the development of a risk management system, and ensuring thorough implementation of corporate ethics.

Our company has adopted the current corporate governance system based on the belief that appropriate corporate governance can be achieved by the management oversight function by auditors and the check and balance function by the internal control system described below.

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 Dispatch of Convocation Notice of General Meeting of Shareholders.	We send the convocation notice 20 days before the date of the General Meeting of Shareholders.
Scheduling of General Meeting of Shareholders to Avoid Peak Periods	Because the Company's fiscal year ends in June, we do not consider its Annual General Meeting of Shareholders to fall on the dates generally regarded as peak meeting dates.
Allowing Electronic Exercise of Voting Rights	We have introduced the system for exercising voting rights via the Internet (including smartphones and mobile phones).
Participation in Electronic Voting Platform and other methods to improve the environment for exercise of voting rights by institutional investors	We participate in the Electronic Voting Platform for Institutional Investors operated by ICJ, Inc.
Providing Convocation Notice in English	Considering the composition of the Company's shareholders, we recognize the need to provide information in English to overseas shareholders, and have disclosed English translations of the convocation notice (convocation notice and reference documents in the narrow sense) on the website of the Financial Instruments Exchange.
Other	The PDF file of the convocation notice is posted on the Tokyo Stock Exchange and our website on the day before the date of dispatch of the convocation notice. In addition, at the General Meeting of Shareholders, presentation slides are used for visualization.

2. IR Activities

	Supplementary Explanations	Explanation by the representative himself/herself
Preparation and Publication of Disclosure Policy	The Company has formulated a disclosure policy and disclosed it on its website. https://www.monogatari.co.jp/ir/d_policy/	
Holding Regular Briefings for Analysts and Institutional Investors	As a general rule, we consider the timing for holding briefings for analysts and institutional investors to be after the end of the fiscal year, the first half of the fiscal year, and each quarter, and our policy is to hold briefings on a regular basis.	Yes
Holding Regular Briefings for Overseas Investors	As a general rule, we consider the timing of briefings for analysts and institutional investors to be after the end of the fiscal year, the first half of the fiscal year and each quarter, and our policy is to hold briefings on a regular basis.	None
Posting of IR Materials on Website	We have set up a place on our website to post IR materials, including press releases, financial results, monthly information, and materials for financial results briefings.	
Establishment of Department and/or Manager in Charge of IR	The Public Relations & Investor Relations Dept. is in charge.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Making Provisions for Respecting the Position of Stakeholders through Internal Rules and Regulations, etc.	In July 2023, the Company formulated the human rights policy and the multi-stakeholder policy. In February 2025, the Company revised the Human Rights Policy.
Implementation of Environmental Preservation and CSR Activities, etc.	In July 2023, the Company formulated the environmental policy and the procurement policy. In September 2023, the Company expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures. In February 2025, the Company revised the Procurement Policy.
Other	The Basic Policy on Sustainability was formulated in June 2022. The Company also established an anti-bribery and corruption policy in July 2023. In February 2025, the Company formulated the Customer Responsibility Policy.

IV. Matters Related to the Internal Control System

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

Basic Views on Internal Control System

Our company's main business is the direct management of restaurant chains and the development of franchise chains. Therefore, there are many laws to be complied with, such as the Food Sanitation Law, and the risk of loss due to food poisoning, fire, etc. is predicted. Based on these business characteristics, we believe that it is an important management issue to establish and appropriately operate an internal control system to achieve sound and sustainable development.

Overview of Status of Internal Control System

At the Board of Directors meeting held on July 18, 2023, our Group resolved to revise part of our basic policy on internal control systems as a basic policy for the development and operation of systems for the proper execution of business. The status of the development of our Group's internal control system is as follows.

We have established Compliance and Risk Management Rules to ensure that the execution of duties by directors and employees of the Group complies with laws and the Articles of Incorporation, and strive to ensure that they are implemented and thoroughly implemented. In addition, in accordance with the division of duties regulations, administrative authority regulations, and organizational regulations, our company shall disclose such information to directors and employees at all times for inspection in accordance with the duties and authorization of directors and employees and shall ensure that the execution of operations is conducted in compliance with the Articles of Incorporation.

The Internal Control Promotion Committee, chaired by the President and Representative Director, meets once every two months to verify the appropriateness and effectiveness of internal compliance and internal management controls, identify any problems, and take specific measures to address them. The committee is responsible for establishing and implementing overall internal controls. To ensure that the execution of our duties follows laws, regulations, and the Articles of Incorporation, we regularly conduct audits by Audit & Supervisory Board members and internal audits of each division by the Internal Audit Dept., which reports directly to the President and Representative Director. Moreover, we have established and operate an internal reporting system as a means for employees to directly provide information on suspicious acts under laws and regulations, in order to detect and rectify improprieties at an early stage.

For more information, please visit the Company's website. (https://www.monogatari.co.jp/ir/c_g/) *only available in Japanese

2. Basic Views on Excluding Antisocial Forces and State of Development of Related Measures

Our Group's "Basic Policy on Sustainability", "Compliance and Risk Management Rules", and "Basic Policy on Internal Control System" stipulate that we shall block any relationship with antisocial forces that threaten the order and safety of civil society, and we have formulated a "Manual for Exclusion of Antisocial Forces including Organized Crime Groups and Response to Unreasonable Requests," which clearly states our Group's blocking of any relationship with antisocial forces. In addition, the Company has established the following management system for the exclusion of antisocial forces.

a. Establishment of Response Departments and Countermeasures Committees

We make the department in charge of dealing with antisocial forces the general affairs planning department, and the general manager of the general affairs planning department acts as the person in charge of dealing with antisocial forces in an effort to block relationships with antisocial forces. When necessary, the General Manager of the General Affairs Planning Department, with the approval of the General Manager of the Administration Division, appoints appropriate human resources (both internal and external) and temporarily establishes an Antisocial Forces Countermeasures Committee to respond to antisocial forces.

b. Response to antisocial forces in stores

At stores, the person in charge of primary response for this matter is the store manager (or, if absent, a secondary employee). In addition, in accordance with the points to be noted, the person in charge shall make an oral emergency report in accordance with the procedures and prepare a document concerning the response as "Report on Response to Antisocial Forces including Organized Crime Groups".

c. Cooperation with External Specialized Institutions

Centered on the General Affairs and Planning Department, we work in close cooperation with the local police department, the Prefectural Council for the Elimination of Organized Crime Groups, and lawyers.

d. Survey with business partners

For new business partners, we have introduced a mechanism to conduct an Antisocial Forces Survey in advance in accordance with the "Manual for Response to New Business Partners." For existing business partners, we conduct an Antisocial Forces Survey once a year.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	NA
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Supplementary Explanation

No anti-takeover measures have been established at present.

2. Other Matters Concerning the Corporate Governance System



