

**TORIDOLL→**

**TORIDOLL Holdings Corporation**

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KANDO REPORT 2023

**KANDO REPORT 2023**

TORIDOLL Holdings Integrated Report

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# The KANDO Dining Experience is the TORIDOLL Group's paramount fundamental value.

Guided by the slogan, *Fill Our Planet with KANDO Dining Experiences that will Move You*, we develop a variety of restaurant brands, activating not just taste but all five of the senses to seek inspiring sensations that delight our instincts.

By relentlessly pursuing awe-inspiring dining experiences and extending our reach across the world, we aspire to become a unique global food company originating from Japan.

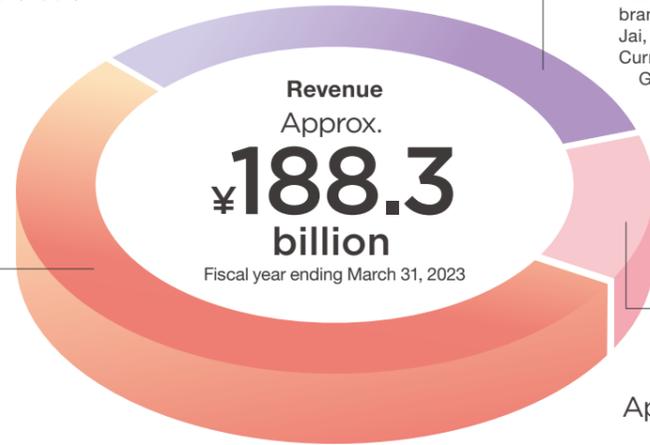
This integrated report highlights our commitment to providing awe-inspiring dining experiences and outlines our strategies toward becoming a global food company that is a trailblazer into the future through unceasing innovation. Furthermore, the report outlines our Group's ongoing efforts to improve its corporate value.

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# About the TORIDOLL Group

The TORIDOLL Group operates various restaurant brands both domestically and internationally, offering customers around the world a KANDO Dining Experience that is an exciting culinary exploration.



Overseas  
Approx. **¥61.5 billion**

The Group's overseas portfolio includes Marugame Seimen's international brand, Marugame Udon, as well as Tam Jai, Wok to Walk, Pokeworks, Monster Curry, SHORYU and Boat Noodle. The Group's global reach is expanding thanks to the addition of the pizza brand Franco Manca and the Greek cuisine brand The Real Greek.

Other Brands within Japan  
Approx. **¥24.7 billion**

## Marugame Seimen

Approx.  
**¥102.1 billion**

Marugame Seimen, an authentic Sanuki udon specialty restaurant chain, makes udon noodles from dough using only Japanese wheat, salt, and water at all of its locations. Customers can savor the freshness of the food and observe the handmade preparation process in an open kitchen atmosphere.

The TORIDOLL Group operates a variety of brands, including Kona's Coffee, Nikuno-Yamagyu, Buta-ya Tonichi, Toridoll, Nagata Honjyouken, Tempura Makino, Ramen Zundo-ya, and Banpai-ya.

## Business profit\*

Approx.  
**¥70 billion**

\*Calculated as total revenue less cost of goods sold (COGS) and selling, general, and administrative (SG&A) expenses

Founded  
**1985**

## Global reach

Approx.  
**30 countries/regions**

Number of employees  
**5,795**

Average number of temporary workers  
**12,134**

## Employee domestic/overseas ratio (consolidated)



## Employee gender ratio (consolidated)



## Social recognition

Marugame Seimen was awarded first place in the Customer Experience Ranking for the first time, embodying its vision of being the leader in customer experience.

Marugame Udon UK was highly acclaimed in the highly competitive UK restaurant industry for its introducing udon as a new part of the UK's culinary culture.

Tam Jai International received high praise for its marketing activities, which further elevated the store and product brand image, which have been its main strengths.

The TORIDOLL Holdings was recognized by the Japan Investor Relations Association (JIRA) for its proactive approach to investor relations and its achievement of excellent results, including the strong support of market participants.

Interbrand

Customer Experience Ranking  
First place in 2022  
Fourth place in 2023



Japan Branding Award 2022  
Awarded  
"Best of the Best"



Awarded  
"New Comer" 2022



Awarded "Best Value Restaurant Group" 2022



2022 "Marketer of the year" and 2023 "Excellence in Launch/Rebranding"



Best IR Award 2023  
Awarded the Best IR Award for Encouragement

## Our Brands around the World

このうどんは、生きている。  
**丸亀製麺**

Marugame Seimen



A Sanuki udon specialty restaurant chain that offers the authentic flavor of fresh, handmade noodles prepared in-house at all its locations

**肉のヤマギユ**

Nikuno-Yamagyu



Offers char-grilled beef bowls and homemade *reimen* using beef that is freshly cut when each order is received

**立呑み 晩杯屋**

Banpaiya



A casual standing bar that welcomes everyone, whether they are alone or with others

**MARUGAME UDON**  
JAPANESE NOODLES & TEMPURA

Marugame Udon



The overseas brand of Marugame Seimen. Offers fresh noodles made from flour in the store, which are cooked right in front of customers

**FRANCO MANCA**  
Authentic Pizza

Franco Manca



An authentic Neapolitan pizza restaurant that originated in London that bakes aged handmade dough upon order

**WOK TO WALK**

Wok to Walk



A Thai-style fast-food restaurant chain inspired by Thai street food

**SHORYU**

Shoryu



Offers authentic Hakata ramen with genuine *tonkotsu* soup

**Kona's Coffee**  
Hawaiian pancake Cafe

Kona's Coffee



A café that serves home-roasted coffee and pancakes, based on the concept of bringing a Hawaiian home-dining experience to the customer

**天ぷらまきの**  
TEMPURA MAKINO

Tempura Makino



A specialty shop that serves tempura set meals, with each piece freshly fried and served one at a time to maximize the flavor

**炭火焼鳥・唐揚げ・釜めし とりどーる**

Toridoll



A family-friendly restaurant that specializes in char-grilled dishes, including skewered *yakitori* prepared in-house daily since its establishment

**Tamjai**  
INTERNATIONAL 連店展開

Tam Jai



A popular noodle shop in Hong Kong that allows customers to personalize their bowl by choosing from a variety of rice flour noodles, soups, and toppings

**ZUNDO-YA**

Zundo-ya



A specialty ramen shop from Himeji in Hyogo Prefecture, known for its dedication to *tonkotsu* broth, prepared by simmering pork bones for a full 20 hours

**とんかつとん一**

Butaya Tonichi



A *tonkatsu* specialty shop that serves freshly fried pork cutlets prepared and cooked in front of the customer

**焼そば専門店 長田本庄軒**

Nagata Honjyouken



A restaurant known for its specialty *yakisoba* and the *bokkake yakisoba* in particular. It is a home-style dish from the Nagata ward of Kobe with chewy, medium-thick noodles made in-house

**焼きたて コッペ製パン**  
KOPPE-PAN

Koppe Sei Pan



A sandwich specialty shop that uses handmade *koppe* bread, performing the entire process from mixing ingredients to baking in the store's on-site bakery

**MONSTER CURRY**  
MONSTER PLANET

Monster Curry



Offers popular, rich roux-based curry on big exciting plates, gaining popularity in Singapore

**Boat Noodle**  
Boat Noodle



A casual, halal-certified restaurant chain that serves Thai soup noodles in a stackable bowl

**Pokeworks**

Pokeworks



Offers Hawaiian poke, a classic local favorite that has now evolved into a wide variety of options, including traditional poke bowls, sushi roll-style poke burritos and poke salads

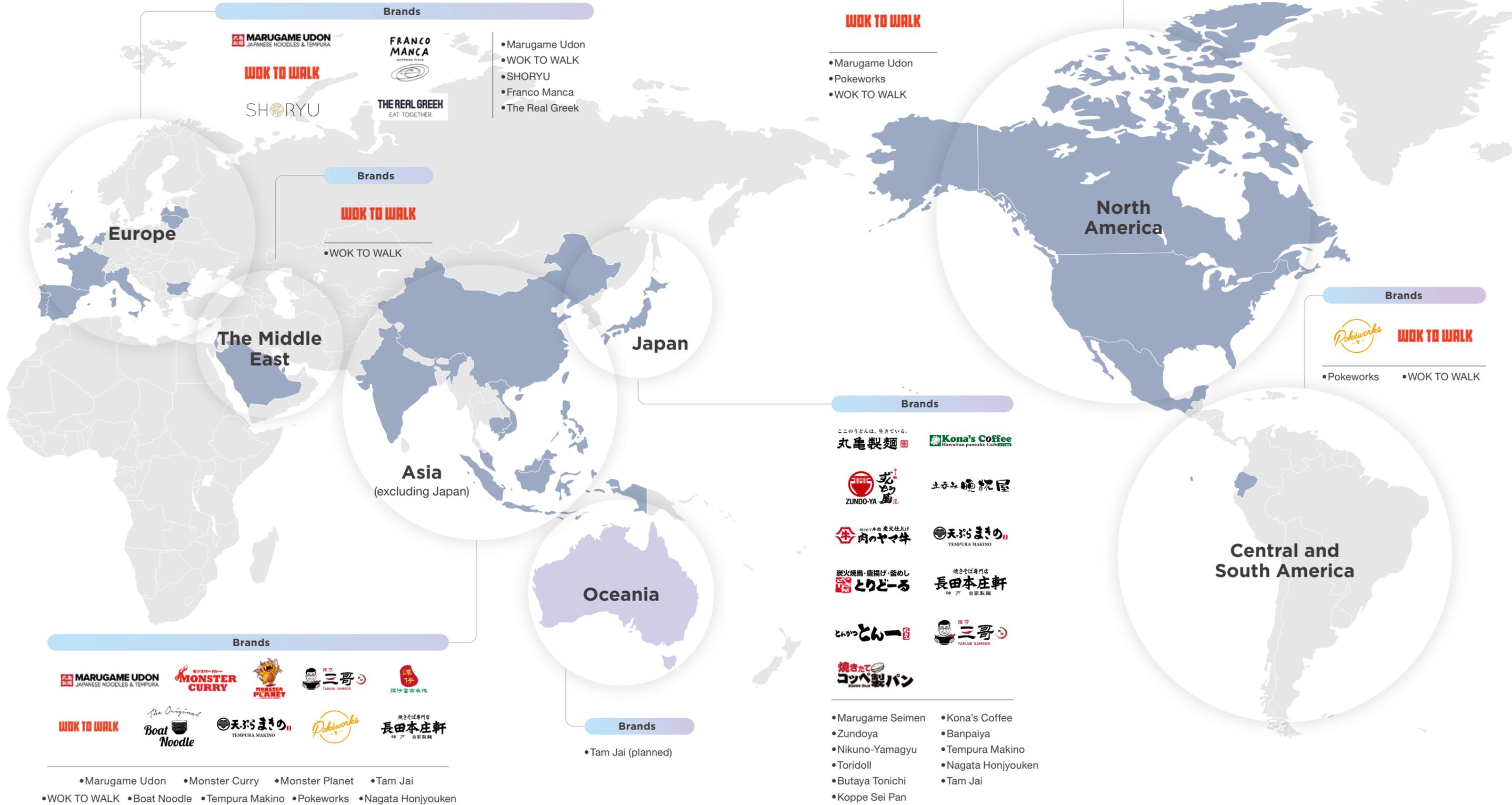
Number of stores worldwide  
**1,968 stores**

\*As of December 31, 2023

TORIDOLL Group's Global Expansion (as of December 2023)

# Operating in approximately 30 countries and regions around the world

Countries of expansion



## Message from the CEO

# Aiming to Become a Global Food Company Originating from Japan

  
Takaya Awata  
President and CEO  
TORIDOLL Holdings Corporation

## Challenges in Difficult Times Lead to New Vitality

In fiscal year 2021, we were severely affected by the COVID-19 pandemic, resulting in a significant decrease in sales and profits. Over the following two years, we continued to make various attempts to bounce back. Thanks to these efforts, the fiscal 2023 (consolidated) results are promising, not only for Marugame Seimen but also for the other domestic and international brands, with sales reaching ¥188.32 billion, operating profit at ¥7.466 billion and profit attributable to owners of the parent at ¥3.827 billion. This year showed signs of a new and powerful breath of life, in addition to the growth of Marugame Seimen.

While there are challenges regarding the profitability of our overseas operations, some regions, such as Taiwan and Hong Kong, have entered a growth stage, so we plan to continue addressing the characteristics and challenges of each region to improve our overseas business.

In fiscal 2024, our domestic and overseas operations both performed well in the first quarter. While it is necessary to continue to vigilantly watch future trends, we are off to a good start.

## Redefining the Unwavering Core of Our Company: Steadfast Beliefs in an Era of Flux

In November 2022, we revised our company's core "Mission and Vision" and established a new slogan for the future we aim to achieve. Additionally, we defined the philosophy that has been essential to our continuous growth as the "Philosophy of Growth" and are actively working to promote its understanding and integration among all employees.

The spread of COVID-19 has significantly altered lifestyles and values worldwide. In addition, the increasing geopolitical risks, soaring costs of energy and food ingredients, chronic labor shortages, and rising labor costs have intensified the challenges surrounding our business. Over the 38 years since our founding, we have faced various crises, but this is the first time I have felt so completely cornered.

In such an environment, food tech and DX (digital transformation) aimed at labor-saving and efficiency have been gaining attention, frequently making headlines

in the media. While I believe that addressing issues with technology is the right course, I have also started to think that we should not hastily steer towards labor-saving and efficiency.

I have become concerned that our large workforce of 30,000 colleagues in Japan might be influenced by the news of such technologies, which seem to promise to solve all problems amidst societal uncertainties, leading to an efficiency-first mindset that could undermine our strengths.

Given the expanding scale of our group, it is crucial to revisit why customers value us and why they have supported us to date. We believe it is important for everyone to share the core of our company, which must not waver, and we redefined our mission statement and formulated new strategies.

## The Initial Experience of Our Founding Era Is the Cornerstone of Our Business

My steadfast faith stems from an initial experience during our founding days when we had few customers. In 1985, I opened a small *yakitori* restaurant called *Toridoll Sanban-kan* in Kakogawa City, Hyogo Prefecture. Initially, we struggled to attract customers. This challenge prompted us to identify and fill gaps between what customers desired and what other stores hadn't addressed, persevering through trial and error and continuing our business.

My initial experience recognizing that patronage is not a given continues to be the cornerstone of our business, and our commitment to building a customer base remains our top priority today.

The chain restaurant industry often benefits from economies of scale, creating diverse worlds on the assumption that customers will come. We have seen success stories from central kitchens which ensure consistent quality and stable supply and the streamlining of store services to increase productivity. While not rejecting any of these activities, we view this as the homogenization of restaurant brands, which we believe often leads to price competition. This does not make anyone happy in the long run. Therefore, we chose to operate under the premise that customers will not come naturally, focusing on enhancing the appeal of each individual store to create a customer base, enabling us to expand.

## The Appeal of the Experience Itself Is What Truly Differentiates Us

*Toridoll Sanban-kan* gradually became a prosperous business, albeit constantly changing its form. Despite the favorable performance, I always harbored a fear of being caught in a red ocean of intense competition. New ideas and initiatives may work in the short term, but rivals can quickly imitate them. We felt a pressing need for something that overwhelmingly differentiated us that others could not easily replicate.

During this time I encountered a Sanuki udon noodle restaurant in Kagawa Prefecture. The Japanese restaurant industry (with a market size of 30 trillion yen) peaked in 1997. When I first visited the noodle restaurant in 1998, there were already udon specialty stores and chain restaurants, and udon was available everywhere in Japan, including at family restaurants, in expressway rest areas, and at small local eateries. Despite this, the noodle restaurant in Kagawa attracted people from outside the prefecture. It had long lines every day. This noodle restaurant had an overwhelming appeal that made people want to visit it and eat there, even if they had to wait in line.

Observing the visitors, I realized that they were not there solely to eat udon but were enchanted by the experience itself, including the atmosphere of the noodle restaurant and the process of making udon. I was also captivated by the noodle restaurant, and at the same time, there were hints there for the creation of something that could enable overwhelming differentiation.

Thus, we decided to open Marugame Seimen in 2000, a chain that offers the experiential value of udon, with the concept of recreating the noodle restaurant in Kagawa Prefecture.

## Employees Became the Ramparts Protecting the Company

While many chains focused on streamlining and efficiency, Marugame Seimen chose a different path, building its customer base by providing freshly handmade noodles with great care. Through its emphasis on delivering experiential value and awe-inspiring experiences, Marugame Seimen experienced rapid growth, opening a new store every three days and establishing a nationwide presence in 2011. This was also a demonstration of its successfully balancing the

enhancement of each store's appeals with the scaling up of its business, two tasks that had been considered challenging to achieve simultaneously.

As Marugame Seimen's growth unfolded, various major players in the restaurant industry entered the udon chain market. However, their numbers gradually decreased, and Marugame Seimen was never engulfed in a "red ocean." Each and every one of our employees protected our overwhelming advantage. Surrounded by countless udon shops, our employees' dedication ensured that our noodles were always freshly handmade with utmost care, despite facing significant challenges and putting in tremendous effort. The growth of Marugame Seimen is a testament to the hard work and dedication of our employees, which I believe has become a successful experience for them.

By focusing on providing freshly handmade noodles made with great care, our employees can truly delight customers. By engaging sincerely with customers, our employees have earned their customers' favor, resulting in our stores prospering. They have gradually refined and sharpened their skills for delivering experiential value and awe-inspiring experiences every day, becoming the ramparts that protected the core of the TORIDOLL Group. Indeed, not a single employee at the time suggested switching to frozen udon. The overwhelming differentiation that we had been desperately seeking since our founding was the pursuit of awe-inspiring experiences, with the creation of a customer base being our most critical challenge.

## My Role is to Correctly and Repeatedly Communicate Philosophy

The pursuit of awe-inspiring experiences is our source of growth. It might sound a bit harsh, but this can also be an advantage in the battles we face. To the employees who joined Marugame Seimen after the brand was established, having this advantage might seem like a given. Nevertheless, I feel compelled to express my concern that this advantage has undergone extensive refinement, and it should not be assumed that a small amount of innovation will be sufficient to entice customers. While it is not the case currently, we must not allow our cherished pursuit of awe-inspiring experiences to become routine or reduced to a mere formality. As the founder of the company, I believe it is my role to consistently emphasize the need to seek awe-inspiring experiences and to correctly communicate this along with our early experiences.



## Plans Do Not Change the Present, but Dreaming Initiates Transformation

*Toridoll Sanban-kan* ("Sanban-kan" means "third branch"), our founding restaurant, was named to reflect my initial goal or dream of owning three *yakitori* restaurants. Since then, I have shared my dreams and ambitions with my colleagues and updated them as the company grew. I believe corporate plans and dreams serve different roles. A plan is based on our current capabilities to create a projection of the future and does not change what we are doing today. A dream, on the other hand, is what you want to do or what you want to be, regardless of where you are today. Setting ambitious dreams forces us to change the present, making our transformation a reality. Initially, there may be doubts. People may ask if we can really do this or think that it may be impossible. However, repeatedly discussing how we achieve our dreams results in our transformation. For me, sharing dreams and ambitions is crucial.

My current dream is to become a global food service group originating from Japan, which we describe as a Global Food Company in our vision. While we still struggle to define what makes a company truly global, Japanese companies lead the world in various other industries, but I believe that a globally recognized food service business from

Japan has yet to emerge. That's why I aim to create a global food company. With markets around the world that have potential similar to Japan's in the 1970s, I see ample opportunity. With the support of my colleagues worldwide who have the same dream, I will work tirelessly to make it a reality.

## Towards a Global Food Company Aimed at Coexistence with Society

To become a leading global food company, we need to have a sustainable perspective. We have a stronger awareness of this, and we acknowledge that we should continue to push forward with initiatives to achieve it as a Group. Business, in a sense, can be seen as corporate ego. While businesses may have previously succeeded without giving special consideration to sustainability, moving forward, becoming a good corporate citizen will be crucial. In particular, the younger generation has a stronger interest in coexisting with society. After all, the survival of our planet is a tangible issue for us all. We aim to become a global food company through unceasing innovation, while also striving to be a corporate group that considers the future and coexists in harmony with society. We hope that you continue to have high hopes and expectations for the TORIDOLL Group.

# Trajectory of Corporate Value Enhancement

The TORIDOLL Group boasts a variety of dining brands, including Marugame Seimen and Marugame Udon, which has grown to become the world's largest udon restaurant chain.\*

Since its inception, the Group has continually thought about how to attract and delight customers, accumulating experience and unique know-how to provide awe-inspiring dining experiences that stir not just taste but all five senses.

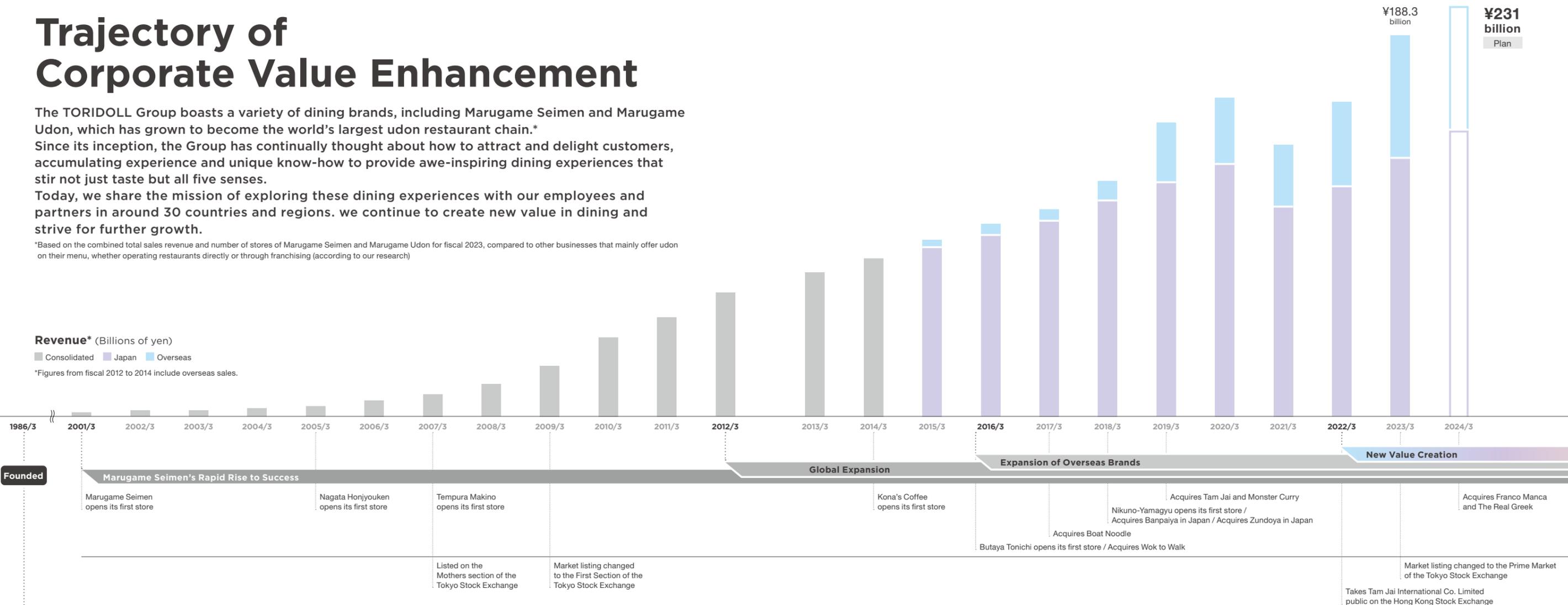
Today, we share the mission of exploring these dining experiences with our employees and partners in around 30 countries and regions. We continue to create new value in dining and strive for further growth.

\*Based on the combined total sales revenue and number of stores of Marugame Seimen and Marugame Udon for fiscal 2023, compared to other businesses that mainly offer udon on their menu, whether operating restaurants directly or through franchising (according to our research)

Revenue\* (Billions of yen)

■ Consolidated ■ Japan ■ Overseas

\*Figures from fiscal 2012 to 2014 include overseas sales.



## 1985

### TORIDOLL Founded

Takaya Awata founds the charcoal-grilled yakitori restaurant Toridoll Sanban-kan in Kakogawa City, Hyogo Prefecture.



The sign for the first Toridoll Sanban-kan store, handwritten by Takaya Awata, is on display at TORIDOLL's headquarters.

## 2000

### Encounter with an Awe-Inspiring Dining Experience

Takaya Awata visits an udon noodle restaurant in Sanuki, Kagawa Prefecture, where he is deeply inspired by the deliciousness of freshly made noodles and the engaging noodle-making process. Realizing that customers truly desire to experience dining with all of their senses, he decides to create a restaurant business that replicates a Sanuki udon noodle restaurant to deliver awe-inspiring dining experiences across Japan.



At noodle restaurants in Sanuki, customers are just steps away from the noodle maker and can even feel the steam from the boiling pot.

## 2003

### Opening of the First Marugame Seimen Store

The first Marugame Seimen store opens in Kakogawa, Hyogo Prefecture. The store's open kitchen, equipped with a noodle-making machine, offers a unique experience for customers as dough is prepared and noodles are cut and boiled. The self-service udon shop was a novel concept nationwide.



Marugame Seimen's first store in Kakogawa, displaying a timeline of the company's 20-year history

## 2003

### First Entry into the Shopping Mall Food Court Business

Marugame Seimen attracts long lines of customers, earning a good reputation and receiving numerous offers to open in food courts across various regions. Without a central kitchen, the business easily opened stores in any region, expanding into different formats, such as roadside and in-building storefronts. Subsequently, the number of stores in Japan exceeded 500 in 2010.

## From 2006

### Focus on Developing and Cultivating In-House Brands

The Group begins the development and cultivation of new domestic brands, including Tempura Makino, Kona's Coffee and Nikuno-Yamagyu.

## 2011

### Group's First Overseas Store Opens

The Group's first overseas store, Marugame Udon, opens in Hawaii. After that, the Group expanded to Asian countries, and by 2018, the total number of stores globally had surpassed 1,000.



Marugame Udon Waikiki continues to have the top individual store sales, among the stores of all of the Group's brands.

## From 2015

### Expansion of Overseas Brands through Mergers and Acquisitions

The Group begins to acquire and incorporate Tam Jai and other overseas brands into its portfolio, targeting brands with a solid customer base and strong brand recognition that are capable of expanding across multiple regions. In 2017, the Group acquired Zundoya and Banpaiya in Japan.

## 2018

### Establishment of Overseas Partnerships

The Group strengthens its alliances with local partners who possess extensive knowledge and experience in restaurant markets across Europe, the United States and Asia.

## 2021

### Strengthening the Management Structure during COVID-19

Marugame Seimen's Marugame Udon Bento becomes a big hit, establishing take-out as a new category. The Group's other brands also strengthen their take-out and delivery offerings. The Company implements ambitious restructuring and reform projects to establish a high-margin structure for its domestic businesses.



Marugame Udon Bento, freshly made udon, broth, tempura and side dishes packed into a portable box, makes enjoying udon at home or work a breeze.



Marugame Shake Udon offers a convenient and enjoyable way to eat freshly made udon and toppings on the go by simply shaking the cup, which is designed to fit perfectly in a drink holder.

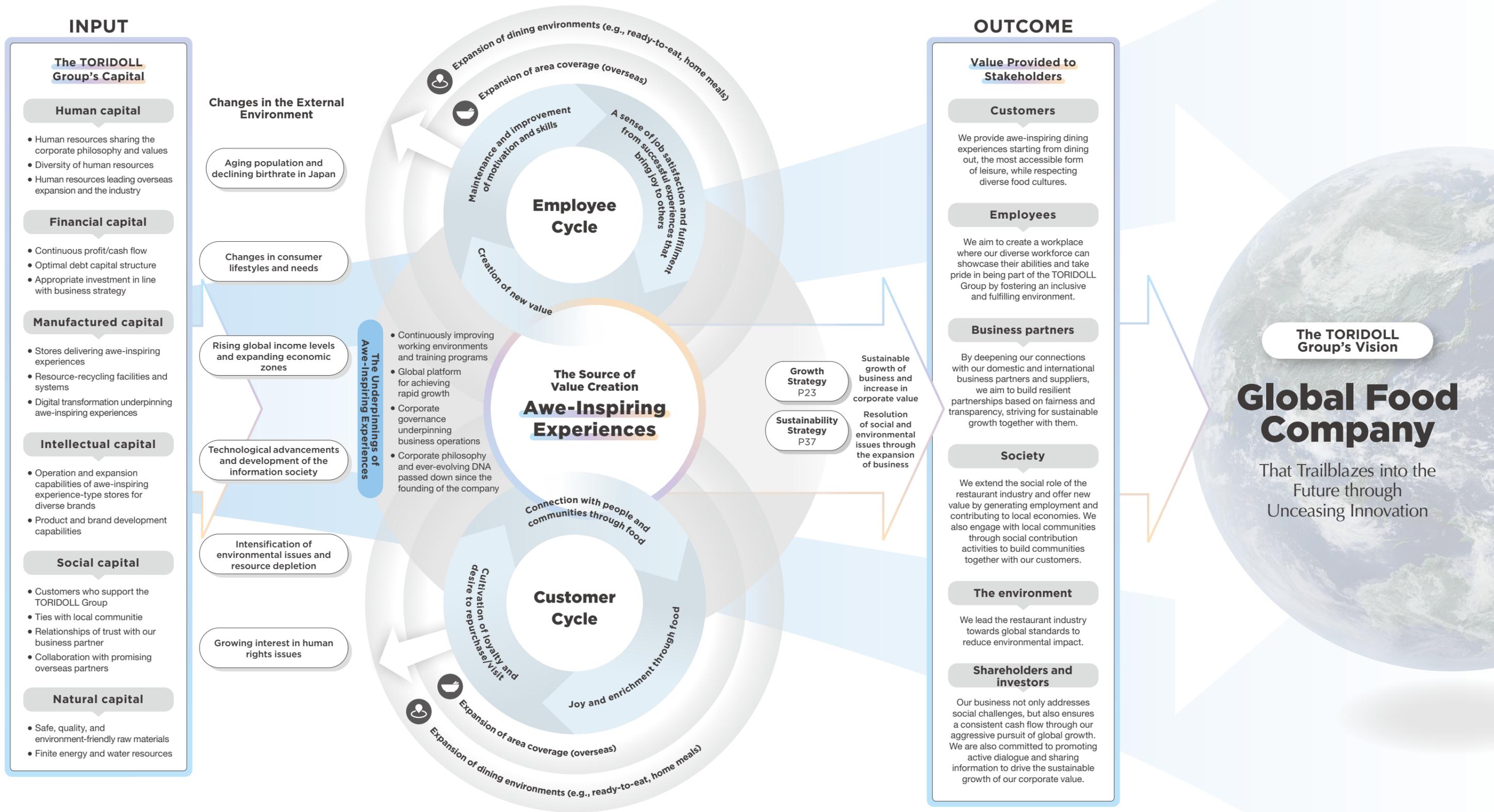
## From 2021

### Multinational Expansion of Multiple Brands

Tam Jai embarks on expansion into China while Tempura Makino debuts in Singapore, marking the start of the multinational growth of multiple brands.

# Value Creation Model

The TORIDOLL Group's primary focus is creating value for all stakeholders, not solely financial gain. The source of our value creation is the awe-inspiring dining experience. Through the cycle of the dynamic interaction of the customer and the employees shaped by these experiences, we aim to achieve the sustainable growth of business, enhance our corporate value and diversify our business, ultimately addressing social and environmental challenges.



# Uniting Our Passions, We Venture into the World

Aiming to become a global food company originating from Japan



Philosophy on Growth: 3 Pinnacles of TORIDOLL

## Why We Have Transformed Our Mission Statement

In envisioning the future of the TORIDOLL Group, people are the most important factor. We have articulated our corporate slogan, mission, vision, strategy and growth philosophy to unite our employees' aspirations and take on the world, ensuring that these principles are deeply embedded.

### The future we aim for

A statement to express our determination, connecting "KANDO dining experiences" that shapes TORIDOLL since its inception, and our final destination, "filling our planet" with such moving experiences.

*Fill Our Planet with KANDO Dining Experiences that will Move You.*  
— This slogan originates from the awe-inspiring dining experience, the most fundamental value that takes precedence over anything else in the TORIDOLL Group.

We aim to share these profound dining experiences beyond the borders of countries to the entire world, ultimately reaching the pinnacle of the food business. This strong resolution is expressed as an imperative.

### Our vision

We aim to become a one-and-only company that will continue to exceed the world's expectations and carry out unceasing innovation.

We are committed to spreading awe-inspiring dining experiences across the globe, embracing changes that exceed even our own imagination.

Through awe-inspiring dining experiences, we aim to pave a unique path that no one else has taken, envisioning a future where we emerge as an unparalleled global food company that does not yet exist anywhere in the world.

### Our mission

The raison d'être of TORIDOLL, which is to continually innovate "KANDO dining experiences" and bring more excitement and joy into the world.

The awe-inspiring dining experience transcends the five senses, appealing directly to our instincts. Achieving this requires more than just products. It involves the utilization of every possible means, including ambiance and customer service, to explore and realize value that is not known even to the customers themselves.

We are committed to this endless pursuit on a global scale, as stated in our mission.

### Our strategy

We strive to turn "trade-off" activities into "trade-on" activities, by creating unique KANDO experiences and delivering them around the world as a team.

Our strategy, the KANDO Trade-on Strategy, aims to deliver awe-inspiring dining experiences to the world by balancing activities that are typically seen as contradictory trade-offs. The deliberate use of "KANDO" (meaning emotional impact in Japanese) signifies our intention to share our most fundamental value, the KANDO Dining Experience, globally.

Through our collaborations with local partners worldwide, we aim to leverage our diverse portfolio of brands, known for their awe-inspiring dining experiences, and expand their presence globally. As we achieve rapid growth, the interaction between the knowledge and expertise of our brands and our partners will enhance the awe-inspiring dining experiences and performance of each brand, propelling us toward the future we aim for.

Growth Strategy P23

### Our values

Building on the unchanging philosophy of our founder and embodying it in our daily activities, we will continue to create new KANDO experiences.

Our Growth Philosophy embodies the most essential and immutable principles that guide the decisions and behaviors of all our employees.

The pinnacle of KANDO involves creating emotional experiences so profound that they resonate at a primal level. The pinnacle of trade-on is about overcoming the trade-offs we face when spreading KANDO across the globe. The pinnacle of praise and mutual support represents a culture where the people supporting these goals commend and help one another. Together, we strive as one to reach these three pinnacles.

- 1 To the Pinnacle of KANDO
- 2 To the Pinnacle of Trade-on
- 3 To the Pinnacle of Praise and Mutual Support

# Making KANDO Dining Experiences the Core of Our Business

The TORIDOLL Group recognizes the challenges posed by the external factors surrounding our business, such as the pandemic, Japan's aging population and declining birth rate, and the increasing cost of raw materials and energy.

We have thoroughly discussed the reasons behind our Group's ability to grow in these challenging conditions, the fundamental expectations of our customers and our true competitive advantages. As a result, we have revised our corporate mission, vision and slogan and introduced a new set of universal values that we call our growth philosophy.

It is crucial for all TORIDOLL Group staff worldwide to deeply identify with these principles, apply them in their work every day and make sure they are integrated into our corporate culture. To this end, we have initiated various projects aimed at ensuring this philosophy becomes entrenched throughout the company.

## Embarking on a Journey to Unite Global Team Members through the Shared Vision

To share our fundamental value with our employees across over 1,940 stores around the world, we have articulated our new slogan, "Fill Our Planet with KANDO Dining Experiences That Will Move You" in addition to our mission, vision and growth philosophy. We firmly believe that if all of our employees around the world can provide awe-inspiring dining experiences to our customers, we can gain a substantial competitive edge over other dining establishments.

However, ensuring that the fundamental value that we provide is embedded in our diverse and multicultural

workforce, so that it is not only known but also deeply embraced and acted upon, is no easy task. Therefore, the TORIDOLL Group has established a new internal structure and embarked on initiatives to ensure these principles are deeply entrenched across the organization. We have taken the first step toward sharing our unified vision with our global team members to ensure that our Group remains true to our identity and continues to be loved by our customers, even 50 or 100 years from now, despite the rapid changes in society.

Mission, Vision, Slogan and Growth Philosophy P15

## Establishing a New Structure to instill "KANDO"

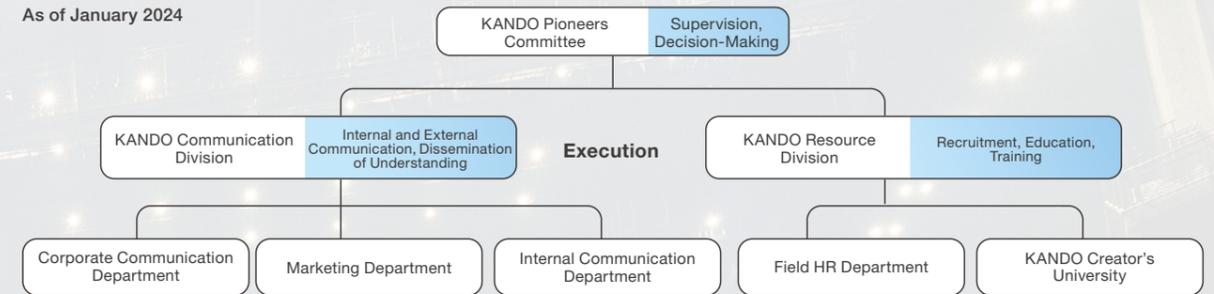
To ensure that our fundamental value, rooted in our Japanese origin, is communicated globally, we have established a new organizational structure using the term "KANDO," reflecting our unique perspective. The KANDO Pioneers Committee has been established to formulate and revise our mission, vision, slogan and growth philosophy. This committee, consisting of 16 key members, including Takaya Awata, the president, and Takashi Sugiyama, the vice president, acts as the main decision-making body responsible for

shaping corporate culture. It has met 15 times since its establishment in March 2022 to discuss a wide range of measures in detail.

The strategies decided by the KANDO Pioneers Committee are brought to life by the KANDO Communication Division and the KANDO Resource Division, both established in December 2022. The Communication Division is responsible for internal and external communication, marketing and branding, while the Resource Division takes charge of educational activities.

## Organizational Structure for Increasing Understanding and Penetration of "KANDO"

As of January 2024



## Prioritizing Engagement between Top Management and Front-Line Staff

The success of delivering awe-inspiring dining experiences lies in the hands of our staff members, who are right in front of customers at this very moment. It is crucial for them to genuinely embrace and act on these principles for the experiences to truly resonate. Furthermore, without the empathy, resonance and cooperation of the entire team, including corporate staff, supervisors and other team members, it is impossible to continue providing awe-inspiring experiences to customers.

We want to convey our experiences directly and sincerely, without relying on others. To share this passion with all employees, we have chosen a method that may seem roundabout and challenging, but is the most earnest. Awata, the president, personally engages in dialogue with employees at every level, expanding the circle of KANDO Creators who share our passion.

This approach has created many opportunities for dialogue during the fiscal 2022 to 2023 period.

- A dialogue between the CEO and all employees about "KANDO"
- ALL KANDO CREATORS MEETING**
- Praise for KANDO Creators
- KANDO CREATORS' AWARD**
- A dialogue between the CEO and front-line staff about "KANDO"
- AWATA FUTURE ACADEMY**
- A dialogue between the CEO and corporate staff about "KANDO"
- EATING MEETING**
- A dialogue between the CEO and all executives about "KANDO"
- KANDO PEAK CAMP**

Recognizing the importance of employee satisfaction in the creation of awe-inspiring experiences, the KANDO Pioneers Leadership Forum is held to address ways to improve work systems and environments to increase employee happiness.

## KANDO Pioneers Leadership Forum

The forum serves as a platform for discussing and designing work systems and environments to create awe-inspiring dining experiences and ensure employee happiness. The themes cover management models that are not bound by conventional frameworks.



Furthermore, the growth philosophy is integrated into the goals of each department and individual evaluations to ensure that it permeates the company as a mechanism.

## Awata's Commitment to the Activities of the KANDO Pioneers Committee

Total hours spent	205.5 hour
Total days spent	89 times
Total number of participants	2,584

Period: November 2022 to October 2023

Note: For more details on the initiatives above, see page 19.

**A Dialogue between the CEO and All Employees about “KANDO”**

In 2022, we introduced a new corporate slogan and held the very first TORIDOLL Group all-employee meeting. This allowed us to directly communicate our future vision with all team members. Another all-employee meeting was held in November 2023. Bringing together our entire global workforce, these meetings are our primary means of spreading our philosophy. During them, Awata shares his thoughts on the company’s philosophy directly to all of the Group’s employees. Our international brand leaders also join

us to discuss our shared philosophy of creating value across different countries and brands during interactive panel discussions. Furthermore, we present messages of gratitude from customers to recognize situations where employees’ voluntary actions in stores deeply moved customers. The goal of this is to increase employees’ understanding of and encourage them to strive to create “KANDO.” Various other events also contribute to the enhancement of employee engagement.



**Celebrating Unity: KANDO Creators Award**

The TORIDOLL Group hosts an internal competition for its employees worldwide, recognizing outstanding projects and stories that embody “KANDO” creation in its stores. The grand prize is awarded during the All KANDO Creators Meeting that more than 2,000 employees from around the world attend. Across brands, departments and national borders, this award brings our employees together to reaffirm our common mission, celebrate and inspire each other and embrace learning opportunities.



**COLUMN Interview with a Key Player on the KANDO Pioneers Committee**

**Transforming from a restaurant industry to the Creating “KANDO” industry**

I have dedicated 20 years to the field of marketing, including in other positions that I previously held. From a marketing perspective, I have long recognized the challenges within the restaurant business model. The industry often falls into short-term thinking, focusing on the immediate competition. This leads to price wars and an excessive couponing, which reduces profitability. Consequently, it is challenging to increase workers’ wages. Ideally, we should focus more on creating new value and considering the value that we can offer to customers, as this is a more essential aspect of value creation. Observing the challenges within the industry, I joined this project in

hopes of transforming the industry’s business model and positively impacting both the industry and the status of its workers.

Our approach is to use “KANDO” (awe-inspiring) experiences as a starting point, transitioning from a mere restaurant establishment to a “KANDO” creator. We refer to “KANDO” as the starting point because our ultimate strength and the source of all our value lies in the pursuit of awe-inspiring experiences. Through the efforts of the KANDO Pioneers Committee, we share this concept and its importance with our global team, expecting that it will foster behavioral shifts through enhanced understanding and empathy.

**A Dialogue between the CEO and All the Front-Line Staff about “KANDO”**

In September 2023, Awata, the CEO, established the management academy, serving as its principal (facilitator). The Awata Future Academy is open to all employees. Participants are selected through a lottery from the people that apply. This academy is a place for learning about management philosophy, where all participants bring their stories of awe-inspiring experiences to analyze the factors that contributed to their success. It is not just about sharing success stories but also about conveying our growth philosophy.

During the sessions, participants sit with Awata to engage in deep conversations about the future while enjoying a meal together. As of January 2024, a total of 85

employees have taken part in the program, with plans for it to continue in the future.



**A Dialogue between the CEO and the Corporate Staff about “KANDO”: Eating Meeting**

Awata fosters connections with the corporate staff during lunch gatherings called Eating Meetings, where they discuss the company’s founding principles, its history and their awe-inspiring experiences. These intimate sessions, limited to a maximum of eight participants at a time, encourage a direct exchange of ideas between Awata and employees. For example, Awata passionately communicates the importance of the TORIDOLL Three Pinnacles, a philosophy the company has upheld since its founding, emphasizing its relevance across all times, departments and positions. While corporate staff may not frequently interact directly with customers, these meetings provide an opportunity to reflect on how their work contributes to creating awe-inspiring experiences in stores, reinforcing the notion that every employee is part of the KANDO Creator team. To date, 48 Eating Meetings have been held and approximately 200 employees have participated in them.

**A Dialogue between the CEO and Executives about “KANDO”: KANDO Peak Camp**

Approximately 100 top executives, including directors and presidents of our subsidiaries, gathered at a campground surrounded by nature to share their thoughts on awe-inspiring experiences. This two-day camping retreat included a lecture by Tohru Yamai, the President and Representative Director of Snow Peak, Inc., a renowned company known for its commitment to creating new value. By participating in activities, such as BBQs, campfires and sleeping in tents, executives reaffirmed the effectiveness of our “trade-on” approach and understood each other’s values. Through these out-of-the-ordinary experiences, the participants strengthened their relationships and increased their understanding of awe-inspiring experiences.



from our customers.

Despite the trend of restaurant chains prioritizing efficiency and reducing their staff size, we would like to demonstrate that creating KANDO, even if it may be less efficient, can ultimately drive sustainable growth.

**Katsuaki Nagumo**

Executive Director  
Chief Marketing Officer  
Head of KANDO Communication Division



From Thoughtfulness for the Customer

# Episodes of the KANDO Dining Experience

Our mission, vision, slogan and growth philosophy come to life through our thoughtfulness for customers. It is not uncommon for our employees' actions to move our customers deeply, prompting them to send warm messages, contacting us directly or through our website's inquiry form. Here, we share three heartwarming pieces of praise that we have received over the years.

**KANDO Episode**  
**1 | Marugame Seimen**

## Handmade Raincoats Bringing Smiles to Children

“ I visited the restaurant with my children who were six and three years old. Right before we were about to leave after our meal, a sudden downpour caught us off guard. We were standing at the entrance, bewildered by the rain, when a female staff member, who seemed to be on break, approached us and kindly made makeshift ponchos out of new, large plastic bags for my children. Though I wanted to call and thank them personally, I opted to use this form instead to avoid any potential interruptions during their busy hours. Marugame Seimen is a place my family and I like to visit frequently. We look forward to continuing our visits. Thank you for your continued excellence. ”



**KANDO Episode**  
**2 | Kona's Coffee**

## A Welcome in Sign Language



“ Hello. Today, something beautiful happened. We have difficulty hearing and speaking. At the reception counter, we informed them of our speaking difficulties and a staff member communicated with us through writing. Once we were seated, another staff member came to our table and greeted us using sign language. This person initially did not use sign language at the reception, suggesting that someone may have taught them or they researched it for us. I could only say thank you in sign language, unable to express my feelings any other way. Please kindly pass on our sincerest thanks to the staff. ”

**KANDO Episode**  
**3 | Franco Manca**

## Pizza Over the years

“ I visited this restaurant with my young child from Japan about three years ago. Normally restless and unable to sit still during meals out, my son was completely engaged when a chef asked, “Would you like to make a pizza together?” My son was so fascinated and this helped tremendously. Ever since, his dream has been to become a pizza chef, and he has all the tools for it. The pandemic delayed our return, but we vowed to visit again. This year, we finally did and by chance, met the same chef, who was surprised at my son's growth and invited him to make pizza together again. I am profoundly grateful for his kindness which nurtured my son's passion for pizza-making, crossing the boundaries of countries and generations. ”



**Pursuing Awe-Inspiring Dining Experiences:  
Marugame Seimen's Superiority**

## Appreciate the Deliciousness of Fresh, Handmade Noodles with All Five Senses

Step under the *noren* curtain and you will be greeted with the sight of dedicated chefs perfecting their noodles, immersing you in the authentic ambiance of an udon noodle restaurant in Sanuki. Stacks of Japanese wheat flour tower beside the counter, while the rhythmic sound of noodles being cut pierces through the noise of the bustling restaurant. Fresh broth which is prepared multiple times throughout the day simmers invitingly. The pot, right before your eyes, releases clouds of steam as noodles bubble to the surface. Beside them, a heap of golden, freshly fried tempura tempts you, beckoning you to pick them up and enjoy their flavor. Immersed in this vibrant atmosphere, you relish the unparalleled taste of noodles made fresh before you. The joy of customizing your toppings and spices enhances the experience. Each store is like a true noodle restaurant, filled with the warmth of caring people. This is the unique experiential value that only Marugame Seimen can offer.



**Systems Underpinning Awe-Inspiring Experiences**

**Open Kitchen Atmosphere Inspired by the Sanuki Udon Noodle Restaurant**

As the name suggests, Marugame Seimen is dedicated to recreating the emotional experience of an udon noodle restaurant in Sanuki, with the term “Seimen” referring to the process of noodle making. In other words, we seek to enable our customers to experience the udon-making process with all five senses and enjoy noodles that are served fresh from the *kama* right in front of their eyes. In our restaurants, our noodle-making machines and *kama* are placed where our customers can see them to recreate the setting of a *seimenjo*. Our open-kitchen format allows the customer to enjoy the experience with all five senses—the sight of noodles being chopped, the aroma of flour, the sound of tempura being fried, and so on. After ordering, the customer enjoys the sight of their food being prepared.

**Artisanship that Underpins Handmade and Freshly Made Meals**

At Marugame Seimen, noodle-making techniques are taught not from a uniform manual but as a form of craftsmanship that involves individual judgment. The Udon and Tempura Masters system have been introduced as part of the technical skills improvement and training systems available to those who wish to pursue such craftsmanship. These systems also contribute to the motivation and retention of specialized human resources through their connection with promotion and benefits.

**Operating “Inefficient” Stores without Central Kitchens to Emphasize Our Dedication to Handmade and Freshly Made Products**

Chains of a similar size to Marugame Seimen typically have central kitchens in pursuit of production efficiency and to reduce in-store operational procedures. However, Marugame Seimen's dedication to serving handmade and freshly made udon noodles means that, rather than having a central kitchen, udon noodles are made from flour at all of its restaurants. Since each of Marugame Seimen's restaurants is also a *seimenjo*, capital expenditures are high and the equipment takes up a lot of space. Moreover, the labor and utility costs involved in production contribute to higher costs compared to ordinary restaurants. Even so, Marugame Seimen is dedicated to serving handmade and freshly made dishes at its restaurants. This is because we believe that the customer's awe-inspiring experience arises from seeing their udon noodles made fresh from flour before them and enjoying the noodles the moment they are ready to eat.

**Supply Chain Management System in which All Restaurants are Directly Managed**

All of Marugame Seimen's restaurants in Japan are directly managed. This is despite the fact that adopting the franchise system applied by many other restaurant chains would lead to a reduction in the cost of opening new restaurants and other operations. However, in order to uphold our corporate philosophy and commitment to quality as well as to ensure that our employees learn techniques properly, we have adopted a supply chain management system in which all of our stores are directly managed.



# Growth Strategy

By endlessly pursuing awe-inspiring dining experiences, we aspire to become a unique global food company originating from Japan.

Guided by the slogan, "Fill Our Planet with KANDO Dining Experiences That Will Move You," the TORIDOLL Group strives to grow dynamically as a unique global food company by expanding its portfolio of brands worldwide.

The Group's medium- to long-term management

plan, culminating in the fiscal year ending March 31, 2028, sets the targets of ¥420 billion in revenue and ¥42 billion in business profit as significant milestones toward its ambitious goals.

Results up to the fiscal year ended March 31, 2023	Three-Year Plan	Medium- to Long-Term Targets
<ul style="list-style-type: none"> <li>Achieved a V-shaped recovery after the drop in performance during fiscal 2021 due to the pandemic.</li> <li>Created a take-out market, closed unprofitable brands and stores, and increased the number of overseas Group partners, laying the groundwork for growth.</li> </ul>	<ul style="list-style-type: none"> <li>Strive for rapid growth by aggressively opening new stores and expanding business operations both at home and abroad.</li> <li>Engage in business management that considers financial health and capital efficiency while pursuing active investments.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a position comparable to the world's leading restaurant companies, solidifying our unique global presence in the restaurant industry.</li> <li>Drive further growth and profit.</li> </ul>
<p><b>Fiscal year ended March 31, 2024</b></p> <ul style="list-style-type: none"> <li>Acquired Fulham Shore Plc.</li> <li>Increased per-store sales both domestically and internationally, with a significant increase in the profit margin in Japan.</li> </ul>	<p><b>Plan for the fiscal year ending March 31, 2026</b></p> <p>Revenue: <b>¥3,100 billion</b>            Business profit: <b>¥226 billion</b>            (Business profit margin: <b>7.3%</b>)            Operating profit: <b>Approx. ¥186 billion</b>            (Operating profit margin: <b>6.0%</b>)            Number of stores: <b>Approx. 2,800</b></p>	<p><b>Plan for the fiscal year ending March 31, 2028</b></p> <p>Revenue: <b>¥4,200 billion</b>            Business profit: <b>¥420 billion</b>            (Business profit margin: <b>10.0%</b>)            Operating profit: <b>Approx. ¥380 billion</b>            (Operating profit margin: <b>9.0%</b>)            Number of stores: <b>Approx. 4,900</b></p>
<p><b>Results for the fiscal year ended March 31, 2023</b></p> <p>Revenue: <b>Approx. ¥188.3 billion</b>            Business profit: <b>Approx. ¥7.0 billion</b>            (Business profit margin: <b>3.7%</b>)            Operating profit: <b>Approx. ¥7.5 billion</b>            (Operating profit margin: <b>4.0%</b>)            Number of stores: <b>Approx. 1,700</b></p>		

## Medium- to Long-Term Management Plan (Fiscal 2023 to 2028 Period)

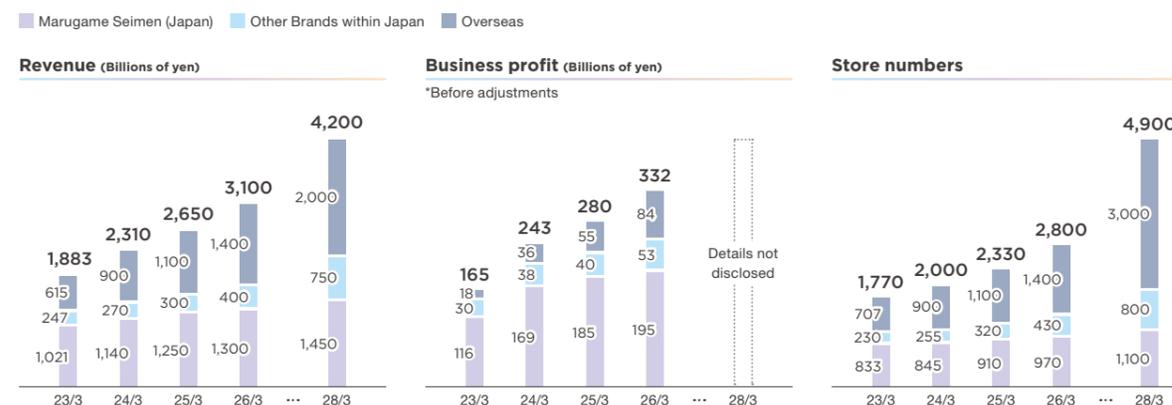
The TORIDOLL Group has formulated a medium- to long-term management plan that will conclude in the fiscal year ending March 31, 2028. It has also developed a three-year plan to guide its progress.

The plan originally announced in May 2022 has been adjusted upwards as a result of the Group's recent robust performance and the acquisition of Fulham Shore.

The Group's total revenue is projected to surpass

¥200 billion in fiscal 2024 and then exceed ¥300 billion in fiscal 2026, driven by significant growth in each segment. Simultaneously, it also aims to steadily increase both the profit margin and total profit. Note that the three-year plan does not take into account any potential growth from future mergers or acquisitions, and is solely based on the current brands, including Fulham Shore which was acquired in July 2023.

### Three-Year Plan (Revised on November 14, 2023)



### Management Indicators

As we aim to strengthen our global presence by opening new stores, renovating stores and other investments, such as mergers and acquisitions, we have defined growth potential, profitability, efficiency, and financial health as key management indicators and monitor these indicators.

Among these indicators, a principal indicator is Return on Equity (ROE). We aim to achieve a 10% ROE by fiscal 2026, the final year of the three-year plan, and 12% by fiscal 2028, the final year of the medium- to long-term management plan.

	Fiscal year ended March 31, 2023 Results	Fiscal year ending March 31, 2026 Three-year plan	Fiscal year ending March 31, 2028 Medium- to long-term targets
<b>Growth potential</b>	Store numbers	1,770 stores	4,900 stores
	Revenue	¥188.3 billion	¥3,100 billion
	Business profit	¥7.0 billion	¥226 billion
	Business profit margin	3.7%	7.3%
<b>Profitability</b>	Operating profit	¥75 billion * Exclusions/ subsidies: ¥3.1 billion	¥186 billion
	Operating profit margin	4.0% * Exclusions/ subsidies: 1.6%	6.0%
	Adjusted EBITDA	¥32.6 billion	516 billion
	EBITDA margin	17.3%	16.6%
<b>Capital efficiency</b>	Profit	¥38 billion	91 billion
	EPS (after adjustment for non-controlling interest)	¥39.6	¥104.9
<b>Financial soundness</b>	ROE	5.8%	10%
	ROIC	1.9%	12%
<b>Financial soundness</b>	Debt equity ratio	1.30 times	Improve capital efficiency by strengthening ROIC management to further enhance ability to generate cash flows, and secure a certain level of financial soundness and funding capacity in preparation for measures such as large-scale investments
	Debt/EBITDA ratio	2.78 times	

Rationale for the Upward Revision of Medium- To Long-Term Targets

In light of our progress in our business and our performance, we reviewed our plans in November 2023 and significantly raised the sales and profit targets in the medium- to long-term and three-year plans.

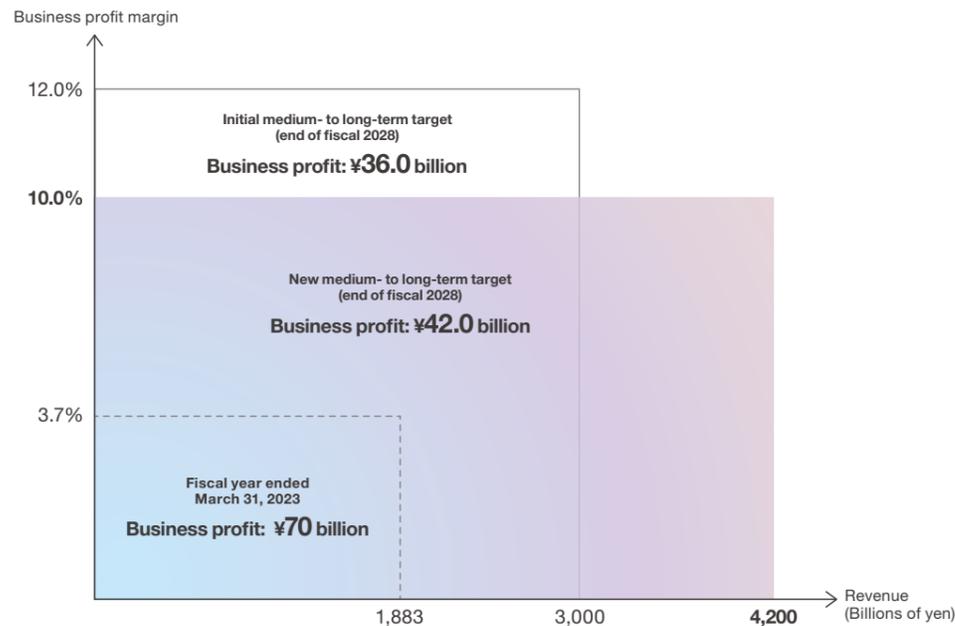
This upward revision is based on four major changes:

2) the strong sales and improved profitability of overseas directly managed stores, 3) the progress in the franchise business, and 4) the acquisition of Fulham Shore Plc.

These goals are ambitious enough to be aligned with our vision of becoming a unique global food company, and they are also considered fully achievable.

<p><b>1 Increased profitability of domestic brands</b></p>	<ul style="list-style-type: none"> <li>•The Marugame Seimen and Other Domestic segments have exceeded their expected sales and business profit margins.</li> <li>•By addressing take-out demand and investing in digital transformation and equipment, operational improvements are expected to drive increased productivity and profitability.</li> </ul>
<p><b>2 Strong sales and improved profitability of overseas directly managed stores</b></p>	<ul style="list-style-type: none"> <li>•Sales per directly managed overseas store have remained high.</li> <li>•Enhanced store-level profitability and optimized head office expenditures are expected to maximize profit as more directly managed stores open.</li> </ul>
<p><b>3 Progress in the franchise business</b></p>	<ul style="list-style-type: none"> <li>•The franchise business has been expanding its store locations slower than the directly managed business.</li> <li>•A cautious approach has been prioritized over rapid expansion, focusing on finding strong partners and establishing franchise business models.</li> </ul>
<p><b>4 Acquisition of Fulham Shore Plc</b></p>	<ul style="list-style-type: none"> <li>•The acquisition of Fulham Shore Plc has allowed the Group to expand its brand umbrella to include pizza, a major dining category.</li> <li>•The updated three-year plan now reflects the contributions of acquisitions which were not previously taken into account.</li> </ul>

Breakdown of Medium- To Long-Term Targets



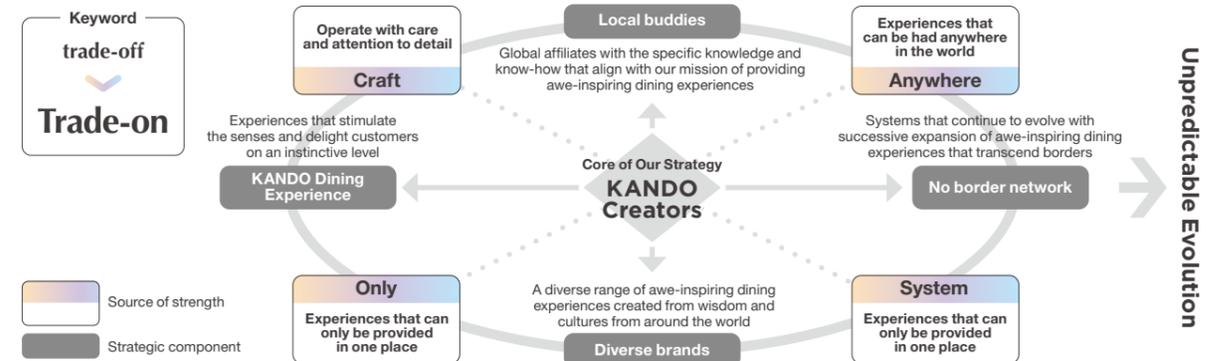
Strategy for Achieving Medium- to Long-Term Goals

KANDO Trade-on Strategy

The TORIDOLL Group provides awe-inspiring dining experiences with care and attention to detail, while also aiming to be agile and efficient. It aims to transform unique local encounters into experiences that can be shared worldwide. Our ability to reconcile these seemingly contradictory activities—typically seen as mutually exclusive—is our strength.

We aim to use this strategy, the KANDO Trade-on Strategy, to far exceed expectations and achieve the unpredictable evolution of the TORIDOLL Group. The deliberate use of “KANDO” (meaning emotional impact in Japanese) signifies our intention to share our most fundamental value, the KANDO Dining Experience, globally.

This strategy is anchored in the KANDO Dining Experience, the core value that runs through our Group and the reason our customers keep coming back to us. Diverse Brands is our diverse lineup of brands that offer awe-inspiring experiences. Our partners, also known as Local Partners, share emotional experiences and offer valuable knowledge, expertise and networks supporting our global expansion. The cornerstone of our strategy is the interplay between these brands and partners, creating a web-like network that enables the simultaneous growth and development of numerous brands around the globe. We define ourselves as KANDO Creators, who will continue to expand the KANDO Dining Experience globally by pursuing a trade-on approach.

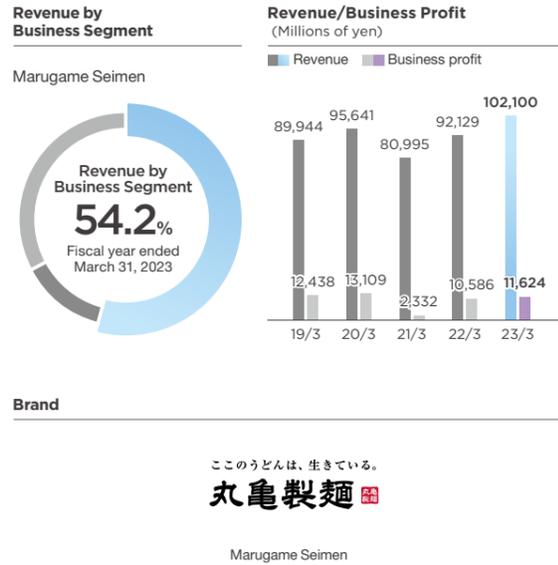


Four Key Medium- to Long-Term Themes

The KANDO Trade-on Strategy is based on strategic components: the KANDO Dining Experience, Diverse Brands, Local Buddies and the No Border Network. In line

with these strategic components, we have defined four key themes and eleven initiatives. We will prioritize and implement these measures by brand and by country/region.

Key Themes	Summary of Initiatives	Marugame Seimen	Other Brands within Japan	Overseas
Pursuing of awe-inspiring dining experiences	1 Creation and refinement of awe-inspiring experiences	✓	✓	✓
	2 Human resource development and retention	✓	Horizontal expansion (✓)	✓
	3 Creating a stage for emotional experiences	✓	Horizontal expansion (✓)	✓
Expanding the size and quality of our business portfolio	4 Acquisition of new brands via M&A		(✓)	✓
	5 Selection and concentration		✓	(✓)
	6 Branding campaigns		(✓)	✓
Establishing a lineup of buddies	7 Seeking of potential new affiliates			✓
	8 Simultaneous development of brands by affiliates in key markets			✓
Building a foundation to support global expansion	9 Global collaboration centered on brands	(✓)	Synergy (✓)	✓
	10 Globalization of Group functions	(✓)	Outcome feedback (✓)	✓
	11 Enhancement of store-opening capabilities	✓	✓	✓



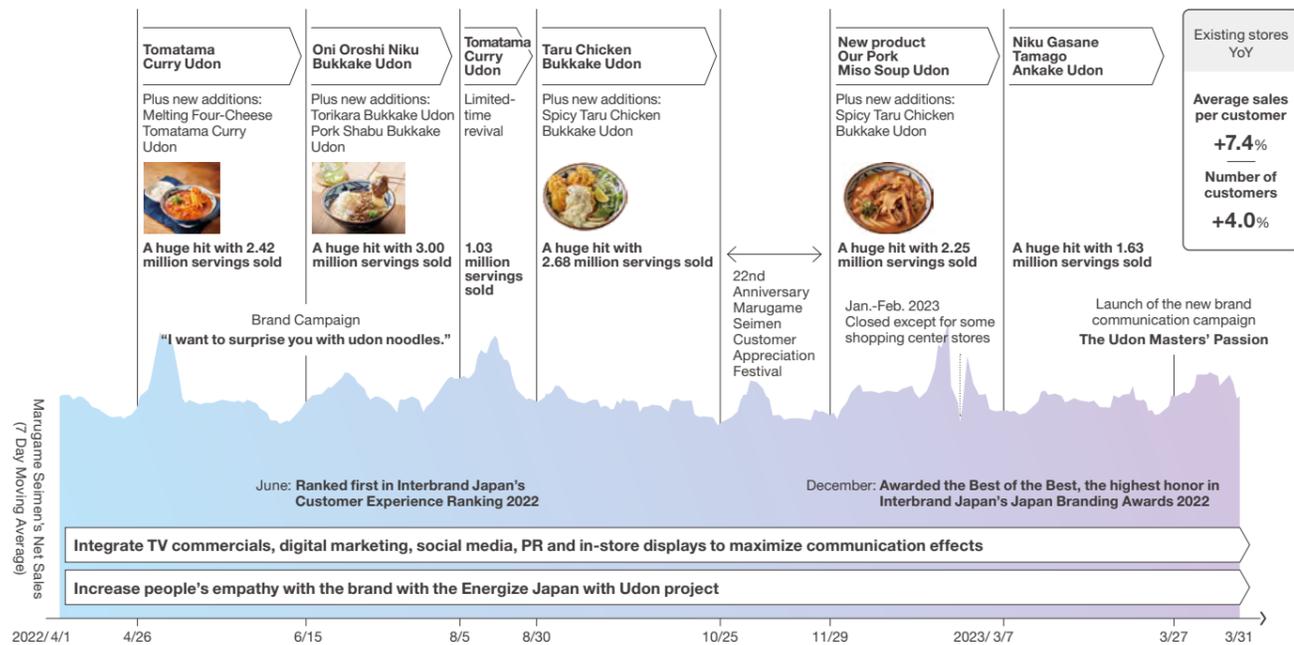
## Marugame Seimen

### Business Outline

Marugame Seimen operates over 840 stores in Japan as of the end of December 2023. By using the catchphrase, "I want to surprise you with udon noodles," the brand effectively improves its communication to increase people's empathy with the brand and their favorable impression of the brand. This also highlights the authentic flavors of fresh, handmade noodles and the value of masters' noodle-making skills.

### Results for Fiscal 2023

The product strategies, branding and integrated marketing, both offline (TV commercials, in-store displays) and online (digital marketing, social media), proved highly effective, resulting in strong sales of seasonal fair products throughout the year. Even with price modifications, the brand maintained its appeal to customers and surpassed 100 billion yen in revenue for the first time.



### Key Initiatives for Fiscal 2024

#### Continued Expansion of Roadside Locations and Accelerated Development in Urban Areas

Regarding the opening of new locations, Marugame Seimen's main focus is on strengthening its presence in urban areas. In addition to its conventional suburban roadside locations, it is planning to establish compact urban roadside stores and in-building stores close to train stations and residential areas, expecting high sales efficiency per unit of store area.

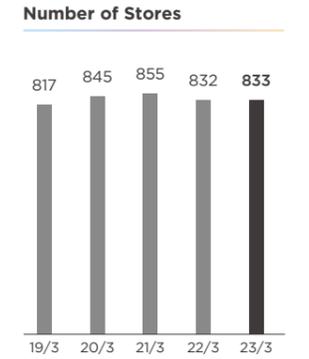
The brand uses data from its official app and open source data to map out store trading areas when evaluating new locations, with the goal of avoiding cannibalization and precisely pinpointing the most optimal sites. In addition, it is evaluating potential areas for take-out and delivery services that it did not previously consider.

To avoid longer payback periods caused by the increase in the cost of construction materials and labor, it has begun examining store designs that can

reduce opening expenses. The Company will gradually introduce cost-effective designs tailored to the specific characteristics of each location.



Marugame Seimen's urban, compact model store in Shonandai



#### Establishing a Robust Brand

Marugame Seimen ensures that all of its stores have qualified Udon Masters (Menshokunin). It has launched the Udon Masters' Passion brand communication campaign which highlights skilled Udon makers to promote the authentic flavors of Udon handmade by experienced masters. In 2022, the brand ranked first in Interbrand's Customer Experience Ranking and received the highest honor presented by the Japan Branding Awards, the Best of the Best. The Company remains committed to establishing a robust brand and increasing customer loyalty.



#### Awards Won by the Marugame Seimen Brand in 2022

Awarded first place in the Customer Experience Ranking for the first time, embodying the Company's vision of being the leader in customer experiences.

**Interbrand**  
Customer Experience Ranking 1st

**Interbrand**  
Japan Branding Award 2022 "Best of the Best" Top Rank

#### Increasing Business Profit Margins

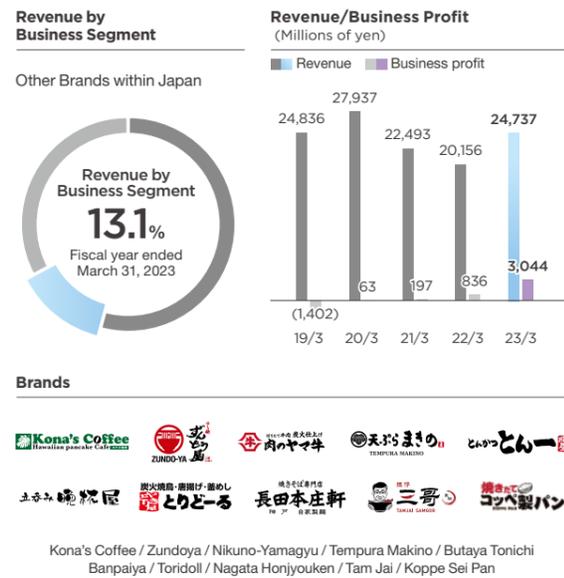
In the face of the rising cost of raw materials, labor and utilities, Marugame Seimen is working to enhance management efficiency by improving store operations and facilities, optimizing staff allocation for different times of the day, and embracing digital transformation (DX). To meet the solid demand for take-out and delivery, the brand continuously reevaluates its operations and facilities to efficiently serve both dine-in and take-out customers.

#### Creating New Take-out Demand

In response to the evolving dining landscape after the COVID-19 pandemic, Marugame Seimen introduced Marugame Shake Udon in May 2023 to provide new dining value. Marugame Shake Udon has sold approximately 5 million servings in the first six months since its launch. With this new product, the brand aims to appeal to a wider range of customers and increase take-out sales together with its popular Marugame Udon Bento.



Marugame Shake Udon



## Other Brands within Japan

### Business Outline

The TORIDOLL Group operates nine domestic brands with 241 stores as of the end of December 2023, including Kona's Coffee, a Hawaiian cafe, Zundoya, a tonkotsu ramen brand, Nikuno-Yamagyu, known for their charcoal-grilled beef bowls, and Tempura Makino, which serves freshly fried tempura.

### Results for Fiscal 2023

The Group decisively closed unprofitable stores and brands in the previous fiscal year, a time when the COVID-19 pandemic continued to affect its businesses. It also aimed to motivate customers and drive traffic to all of its brands, resulting in the noticeable improvement of existing stores' sales and business profit margins. Aiming to become the leading domestic brands behind Marugame Seimen, Zundoya, Kona's Coffee, and Nikuno-Yamagyu opened new stores to test the replicability of their successful models.

### Key Initiatives for Fiscal 2024

#### Focused Investment in Winning Formulas and Location Models

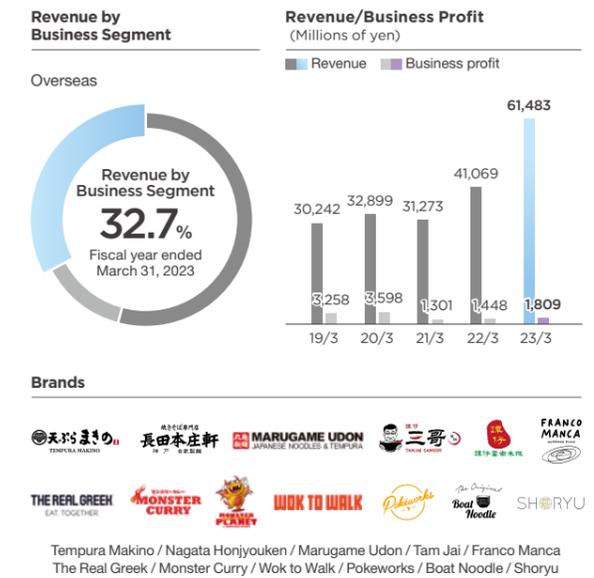
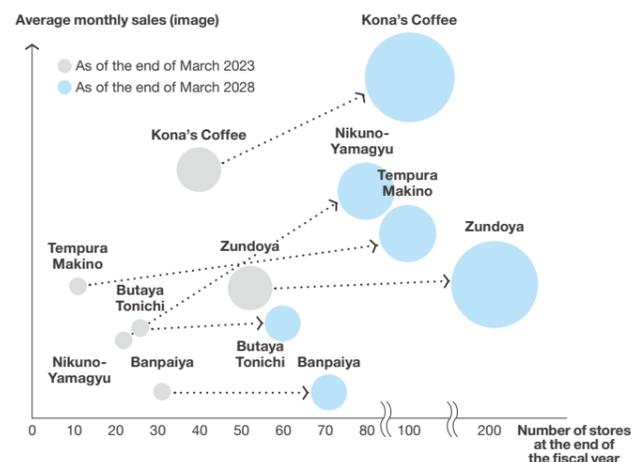
Brands that have verified the replicability of their successful models in terms of location and store design have moved into the phase of accelerating the opening of new stores. After thoroughly analyzing their key customers, each brand has started to expand into specific areas or tap into new markets using their proven tactics.

#### Enjoying Benefits of Scale and Maintaining High-Profit Structures

Brands in the Other Domestic segment have fewer stores compared to the leading brands in other segments. Therefore, it is expected that the future increase in the number of new stores opened will lower both raw materials and opening costs and also dilute head office expenses. In response to rising costs, each brand will also consider adjusting prices and reviewing the product mix.

#### Development by Brand

Establishing successful brands with a network of more than 100 stores and sales exceeding ¥10 billion in Japan



## Overseas

### Business Outline

The TORIDOLL Group operates 856 stores in approximately 30 countries and regions around the world as of the end of December 2023 under ten brand names, including Tam Jai, a spicy noodle chain from Hong Kong, Marugame Udon, the overseas brand of Marugame Seimen, and Franco Manca, a Fulham Shore pizza chain acquired by the Group in July 2023.

### Results for Fiscal 2023

In its Hong Kong base, Tam Jai gradually recovered from the impact of COVID-19, but its profitability decreased in mainland China due to movement restrictions. Marugame Udon invested and managed earnings according to its stage of growth in each region, leading to increased profits in Taiwan and Indonesia. In regions experiencing strong growth, such as the United States, both revenue and profitability increased. In the United Kingdom, strong sales led to the opening of new stores and increased investment in growth. Other overseas brands examined the establishment of their store models and overseas expansion.

### Key Initiatives for Fiscal 2024

#### Collaboration with Local Buddies

In July 2023, the TORIDOLL Group and Capdesia Group Limited, a local partner in Europe, jointly invested in Fulham Shore. Sriboga, the local operator of Marugame Udon in Indonesia, has opened its first Monster Curry store. Suyen Corporation, which operates Marugame Udon and Boat Noodle in the Philippines, agreed to run Tam Jai. The Group will continue to consider collaborations between local buddies and its brands.

#### Investment and Performance Management According to the Stage of Growth

The Group aimed to enhance the overall profitability of its business by strategically prioritizing the increase of profits and the opening of new stores, depending on the stage of growth. It continues to improve its investment rules and governance across the organization to enhance investment efficiency as each brand looks to expand into new countries and regions.

#### Establishment of Model Stores and Lateral Sharing of Knowledge

To quickly establish model stores for each brand, the Group improved profitability and examined store designs. In addition, the Group is strengthening its head office's overseas support system. It also encourages the lateral sharing of knowledge among its overseas subsidiaries through organic collaboration of their management teams. The Group not only experienced the growth of its franchise business, but it also exceeded its projected number of directly managed store openings. It is predicted that these stores will generate profit.

#### Accelerating Growth through Synergy with Fulham Shore

The TORIDOLL Group plans to establish a governance system, share its values and strategies, and enhance the knowledge of the brands and operations for its new acquisition, Fulham Shore. The Group aims to combine its expansion capabilities with those of its local buddies while simultaneously tapping into the immense potential of Fulham Shore to achieve global expansion starting from Europe.

COO Interview



# Rapid Growth of Global Business Driven by Awe-Inspiring Experiences

**Takashi Sugiyama**  
Executive Vice President and Chief Operating Officer

After working for ABeam Consulting Ltd. and PwC Advisory LLC, Sugiyama joined TORIDOLL Holdings Corporation in 2019. He has served as General Manager of International Business Preparation Office, General Manager of International Business Planning Department, and General Manager of International Business Division. In 2022, he was appointed to be Executive Vice President, Chief Operating Officer and General Manager of International Business Division. Sugiyama is responsible for the TORIDOLL Group's global expansion efforts.

**Q The TORIDOLL Group now has more than 800 locations worldwide. What is your evaluation of the Company's global growth to date?**

Overall, I believe we have been on the right track in establishing a new foundation for future growth, especially given that our previous success relied mainly on Marugame Seimen in Japan. Our Group took its first step into the global market with the opening of Marugame Udon in Hawaii in 2011. This store continues to boast the highest sales of all our Group's stores around the world. Our initial venture into the global market has proven successful in a region that draws customers from all corners of the world. This experience has instilled in us the confidence to pursue our goal of becoming a global food company. In 2015, we started to seek merger and acquisition opportunities to drive growth, welcoming overseas companies into our Group. Despite encountering many challenges, we have acquired extensive expertise in a range of strategies for global

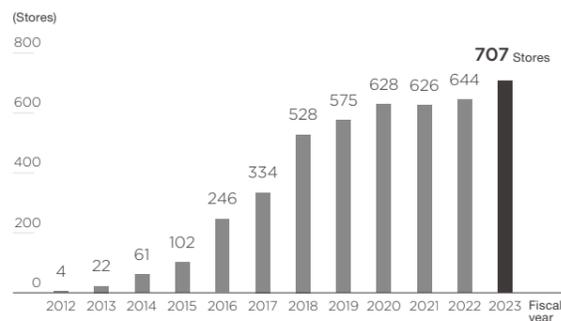
success, including strategies for collaborating with local businesses, franchising, localization, and global management practices.

With over 800 Marugame Seimen stores in Japan, we have developed expertise in delivering awe-inspiring experiences on a large scale. With over 200 Marugame Udon stores worldwide, we have also gained experience in the successful expansion of the brand internationally. With networks of more than ten other brands in about 30 countries and regions, we have developed a powerful ability to expand globally. In my opinion, bringing in brands that have created awe-inspiring experiences in certain countries or regions and using their expertise and networks to accelerate the global growth of our Group is an effective way to quickly expand multiple brands worldwide.

**Q What do you think has been the most important factor in the Company's success to date?**

I believe it is the clarity of our most cherished value: awe-inspiring dining experiences that stir the senses. We have had over 100 brand acquisition proposals, but only a few fit the awe-inspiring dining experiences that we envision. When brands meet our criteria, Mr. Awata, the CEO, and I visit their store personally to verify the awe-inspiring dining experiences they offer. This has been our consistent practice since our Group's first acquisition of an international brand, WOK TO WALK. From the moment we walk into the store to the moment we depart, we carefully look for anything that stirs our senses and fully embraces the emotional encounter.

Number of Stores Overseas



**Q Tam Jai, a brand your company acquired in 2017, went public on the Hong Kong market in 2020. What changed for Tam Jai after joining the Group?**

"A well-known noodle shop in Hong Kong evolved into a global brand," I believe. Under our strong leadership, we brought together two brands, Tam Jai Yunnan and Tam Jai Samgor, to establish an environment that enabled them to grow through healthy competition and synergy. We also hired top-notch location developers and marketers in Hong Kong to refresh the brand and accelerate store openings.

Furthermore, we swiftly updated the organization to be globally competitive. As a result, the brand has now grown to become the top ranking\* brand in Hong Kong in a brand value ranking. It has also expanded its presence overseas by opening stores in Singapore, China and Japan.

\*According to the AC Nielsen HK Brand Index Tracking 2021, it ranks first in customer satisfaction.

**Q A target business profit margin of at least 10% was set in the medium-to long-term management plan. There is a significant gap between this and the current profitability of your overseas operations. What is your perspective on this?**

As we aim to grow significantly, with our overseas business expected to surpass our domestic operations in the next five years, our current focus is on securing our position through up-front investments. We are investing substantial amounts in each brand to build strong teams that drive global expansion while accelerating domestic growth, enhance brand recognition through marketing and advertising activities, and establish a system for sharing franchise expertise. In addition, we are preparing to launch our domestic brands overseas, opening new stores starting in 2024. As we move beyond this foundational stage, we will continue to expand our directly managed stores and franchise businesses, both of which have proven to be successful models that will ultimately drive greater profitability. Marugame Udon in Taiwan has had significant success with direct management, while its counterpart in Indonesia has surpassed 100 stores through franchising. Leveraging these experiences, our business in the United States is also moving beyond this foundational period. By expanding our already successful models, especially on the West Coast, we are entering a period of major changes in our revenue structure. Similarly, in other regions, we anticipate completing this foundational stage within this year and the next.

**Q Which brands and regions will play a crucial role in driving the Company's global business?**

Marugame Udon and Tam Jai are the main drivers that have already been established within our Group. Each boasts about 200 stores internationally at a time when we have 856 overseas restaurants (as of December 31, 2023). We hope these two brands will pave the way for the growth of the entire Group. Geographically, China stands out because of the massive size of its population and market. In terms of potential opportunities presented by culinary diversity, the United States and Europe are crucial. Southeast Asia is also vital because of its population and the growth of its market. Our strategy is to simultaneously target these four areas. Borderless collaboration between our brands is a key factor in our pursuit of simultaneous global growth. To facilitate the international growth of each brand, it is essential to share knowledge and offer mutual support within the Group.

In practice, worldwide collaborations are under way, such as Tam Jai in Hong Kong utilizing the management expertise and know-how of Monster Curry during the expansion of its business in Singapore.

We believe that by fostering brands' autonomous discussions and synergistic initiatives, we can achieve a truly unpredictable evolution. In light of our current situation, our successful domestic brands, such as Zundoya and Nikuno-Yamagyu, will be key players in propelling our growth forward. By leveraging their strong brands and our extensive expertise and global network, they can showcase their potential for rapid international growth.

**Q What brands does Fulham Shore, your new acquisition in the United Kingdom, have?**

Fulham Shore owns two brands: Franco Manca, a pizza chain with 70 stores, and The Real Greek, a Greek cuisine restaurant with 27 stores. Notably, Franco Manca is like a pizza version of Marugame Seimen. They make the dough from scratch in the store and skilled chefs bake the pizza in a central oven upon order, providing hot handmade pizzas. It is a delicious and affordable pizza place that you'd want to eat at every day. Having dined at countless restaurants worldwide, we are especially thrilled about the growth potential of this brand, where we have personally had awe-inspiring experiences. Please look forward to it.



## Financial Strategy

# Basic Financial Strategy Policy and Role of the CFO

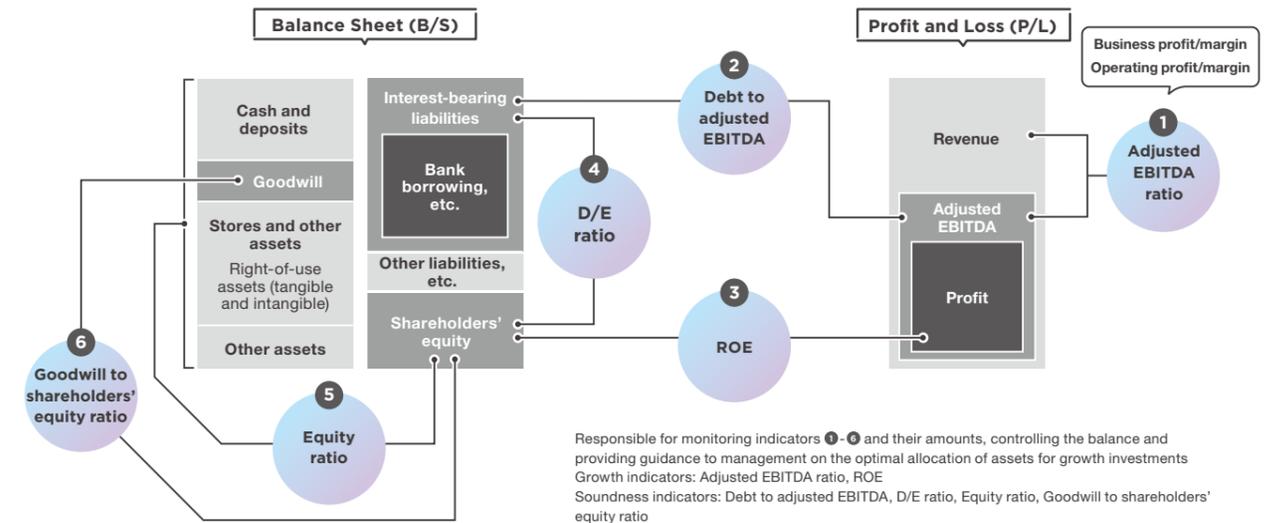
### Satoshi Yamaguchi

With approximately 25 years of experience in a wide range of roles from finance to the planning and implementation of the restructuring of businesses in various industries, including finance, information technology (IT), strategic consulting and electronics manufacturing, Mr. Yamaguchi joined the company in February 2020. In October 2020, he rose to the position of Head of Finance Division, followed by his appointment as Executive Director and Chief Financial Officer in July 2022. He then took on the role of Director and Chief Financial Officer in June 2023.



### Overview of the Basic Financial Strategy Policy

## Monitor six financial indicators to guide management on the balanced growth investments



### Q You took on the role of Chief Financial Officer in July 2022. Could you talk about what you have been focusing on since taking on this role?

I joined the company as the head of finance in February 2020. At that time, the company was grappling with increasing tasks through a mix of ad-hoc solutions involving both internal team members and external resources.

To address this, we established the Finance Division to consolidate and streamline finance and accounting operations. We also restructured our system to incorporate the use of external experts and business process outsourcing (BPO).

The goal was to transform the Finance Division from a traditional accounting and finance workgroup, focused on its bookkeeping and treasury duties, into a department that contributes to corporate decision-making and value creation.

As the Head of the Finance Division, my role involves setting policies and making decisions that align with the company's future vision and the ideal state of finance operations. Additionally, I facilitate communication to ensure these policies and decisions are understood and independently implemented.

Having been passionate about soccer since I was a child, I advocate a soccer-style management approach in my work. Specifically, this involves strategies such as defending as a unit and quickly transitioning to offense, communicating with your teammates when playing zone defense, the coach setting strategy while team members making the best decisions at the time and

acting independently, and maintaining a positive attitude and keeping the idea that while giving up is not necessary, you should be adept at changing your thinking in mind.

I believe that with TORIDOLL's rapid growth and change, soccer-style organizational management, where players understand the strategy and autonomously move in an integrated offense and defense, is suitable.

Since becoming CFO in July 2022, my responsibilities have expanded on a global scale. The Finance Division is now moving into a phase of refinement while adapting to significant change.

### Q Could you explain the basic financial strategy policy?

Our basic policy focuses on allocating resources appropriately to achieve our high growth potential and sustainable profitability. We also aim to improve our fundraising capability by balancing financial soundness and capital efficiency. Just as our medium- to long-term management plan promotes the "trade-on" concept in the KANDO Trade-on Strategy, in finance, we also aim for the trade-on of business growth and financial and capital soundness.

The key to achieving both growth and profitability is the appropriate allocation of funds. For example, if a business department requests investment funds, even if the investment is expected to expand the business, we should instead consider the

allocation of resources to other areas within the Group that have higher growth potential or investment efficiency, or to initiatives that could potentially enhance profitability.

Part of the CFO's role is to oversee both domestic and international operations and make investment efficiency decisions from a broad perspective.

Moreover, the relationship between financial soundness and capital efficiency can sometimes be a trade off. As a growing company, stakeholders may have different expectations for financial soundness and capital efficiency based on their positions and perspectives. Due to a lack of clear internal guidelines, I recognize there is a need to establish indicators to support these decisions.

### Q What do you focus on in particular in your role as the CFO?

First, I prioritize the balancing of risk, equity and profit.

As TORIDOLL is a mega-venture company aiming for high growth globally, it has a strong desire for growth investments and a robust demand for funds. However, focusing solely on expansion could expose us to significant risks.

Now that the scope of our business has expanded globally, there are many latent risks. In light of this, it is important to have a comprehensive understanding of potential risks and to perform defensive functions, like a goalkeeper, to minimize the impact of any risks that may materialize.

I believe that in an era of high uncertainty, nothing can be achieved without taking risks. I focus on identifying risks from different perspectives and finding ways to overcome them.

Additionally, I recognize that part of the CFO's role is to make swift decisions to adjust course or halt when necessary.

Companies that have the resolve to move forward and the courage to retreat can survive and evolve even in a rapidly changing environment. I aim to support these decisions and actions from a financial standpoint.

Another key aspect is dialogue. We receive various proposals and requests from various departments within the company. Being a good listener is my initial focus, and I make sure to express my opinions in a fair and neutral manner.

After understanding their arguments, I offer my views in light of the basic financial strategy policy. Sometimes I encourage them to take risks to move forward, and other times I urge them to reconsider due to financial balance or governance reasons.

When I talk to people outside the company, I try to share a range of news and events related to the Group. By sharing our specific stories, I intend to show why our seemingly inefficient strategies are, in fact, our strengths. I also aim to let people know our president and corporate culture, with the hope of turning them into fans.

I create ample opportunities to engage in dialogue and participate in investor relations meetings because the opinions of investors, audit firms and financial institutions are incredibly valuable.

**Q Can you share your approach to understanding and responding to risks?**

To meet TORIDOLL's goal of rapid and expansive growth, it is essential that we expedite the trial-and-error process.

Intentionally taking risks is a part of this process, but it is crucial that we have predetermined checkpoints in case things do not go according to plan. It is also preferable that with challenging initiatives we start small rather than immediately allocating a large amount of resources.

When evaluating an investment, regardless of its size, we assess the relevance of the objective and the suitability of the methods using a variety of information and materials. However, no matter how meticulously we assess them, operations rarely proceed exactly as hypothesized. Whether we view the deviation from the hypotheses as a risk or opportunity is crucial.

The true nature of a company or individual is put to the test when risks become reality. I always try to face challenges with a sense of ownership, a broad and generous heart, perseverance and the determination and drive to see them through without giving up.

Before the pandemic, the Other Domestic segment included different types of businesses and stores under various management situations. We adapted to the challenges of the COVID-19 pandemic by implementing

structural reforms, including the closure of stores and the integration of business formats. The result was a segment that was as profitable as the Marugame Seimen segment.

Currently, there are several brands with the potential to become the next Marugame Seimen, and I am thrilled about what lies ahead.

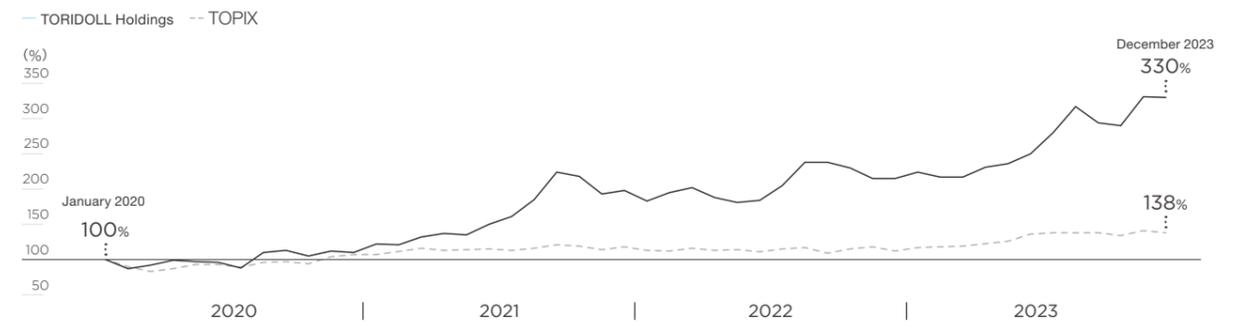
Our overseas business has also used valuable lessons learned from past failures and it is collaborating with local partners and carrying out M&A activities. Many of our brands are still in their growth phase, so we need to be patient in terms of investment efficiency. However, we have many promising brands for the future.

Mr. Awata, our president, always exudes an energetic, positive, and magnetic presence as the founder and manager, driven by a strong passion for business. It must have been a difficult decision for him to close down some of the brands he created and the stores he has managed for such a long time. However, his skill in calmly strategizing for TORIDOLL's future, attentively considering others' perspectives, and confidently implementing reforms is a noteworthy accomplishment that has greatly influenced our current success.

I also do not believe in immediately retreating just because of a deficit. Effort that is a little more consistent can lead to the development of a profitable business model and an efficient system.

**Steady Stock Price Growth**

The graph shows the monthly closing price since January 2020, using the January 2020 closing price as a reference point.



Nonetheless, deciding how much to invest in potential but uncertain future successes is challenging. Conclusions cannot be drawn by the Finance Division alone. The opinions of the Corporate Planning Office and the commitment level of the business managers also factor into decision making.

Real, firsthand information is vital, so I attend various meetings to gather direct feedback from brands and visit stores in different locations on business trips, ensuring that I see, eat and experience them firsthand.

financial institutions and engaging in honest communication and dialogue with the market.

We will continue to address challenges focused on growth and creating awe-inspiring experiences to enhance corporate value, aiming to return value to our shareholders and share KANDO with them.

**Q Please share your thoughts on balancing cash flow and growth investments.**

In our medium- to long-term management plan, we focus on capital efficiency and we have stated to set the ROE and ROIC indicators. We are currently considering specific initiatives.

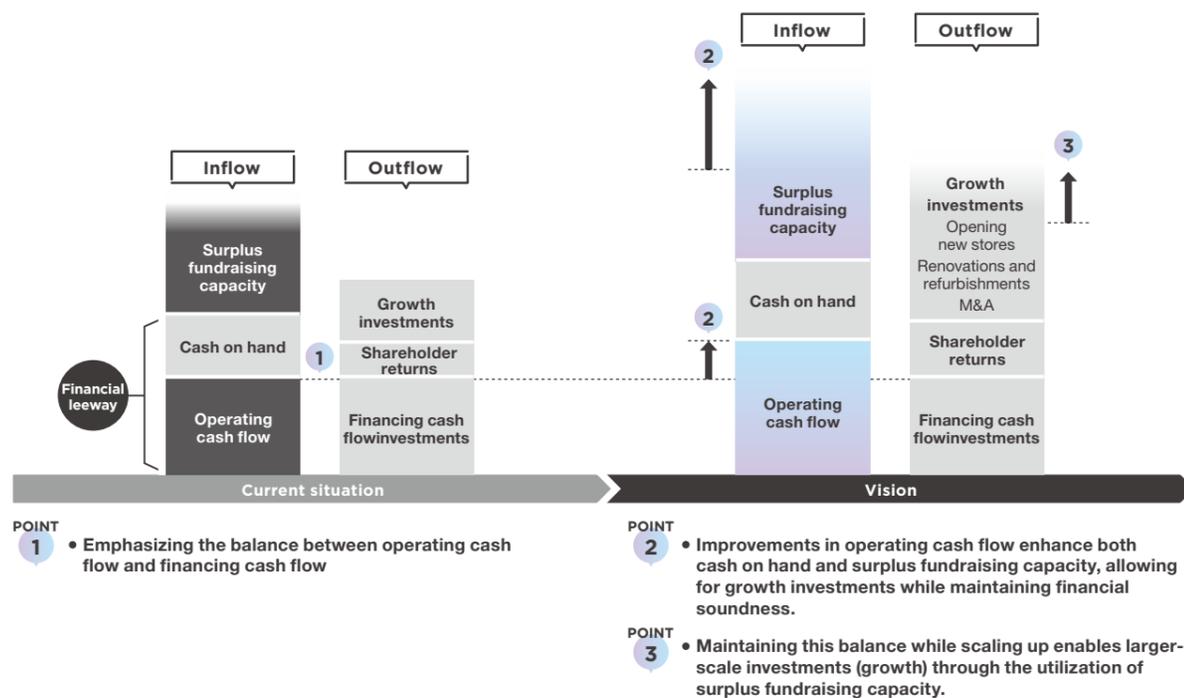
Our approach to growth investment has been to use financial leverage.

We have always been aware of WACC (Weighted Average Cost of Capital, combining the cost of equity and debt), but it has been trending upward due to rising long-term interest rates, market instability and other factors.

We are currently increasing our investments in the Overseas Business, using some of the funds earned from both the Marugame Seimen and Other Domestic segments to establish future growth pillars. We strive to maintain financial soundness by balancing investments, financing and repayments around operating cash flow.

Given the short cash conversion cycle in the restaurant industry, we do not see the need to hold large amounts of cash as long as investment funds can be procured. However, ensuring surplus fundraising capacity is crucial, and I am committed to maintaining a range of financing options by diversifying funding methods, building good relationships with

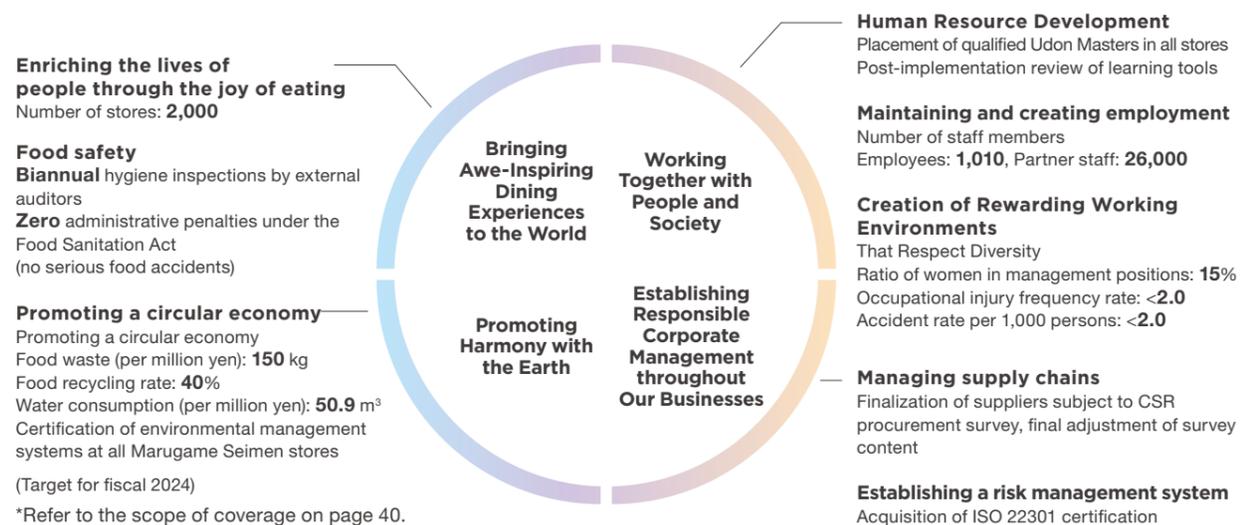
**Overview of Cash Allocation**





# Sustainability Strategy

**Our sustainability strategy is rooted in our identification and collaboration with all stakeholders as we continue to create awe-inspiring experiences and new value.**



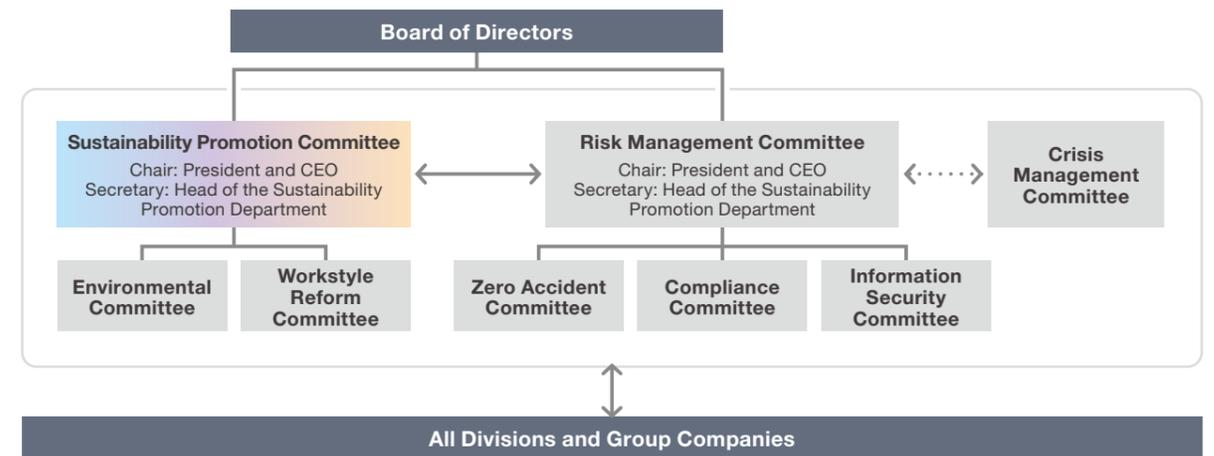
## Basic Sustainability Policy

With the corporate slogan, “Fill Our Planet with Kando Dining Experiences That Will Move You,” the TORIDOLL Group aims to create new value and excitement by engaging closely with customers, employees, and all other stakeholders, fostering communication and collaboration to realize a sustainable society. We prioritize high ethical standards and sincere business practices, thinking globally while promoting practical activities rooted in local communities.

## Sustainability Promotion System

The TORIDOLL Group has established the Sustainability Promotion Committee chaired by the President and CEO. Its members include directors, executive officers, division managers, presidents of domestic subsidiaries and key division managers from overseas subsidiaries. This committee is a cross-organizational body addressing a wide range of management issues, including environmental and social issues. It develops policies and plans to address

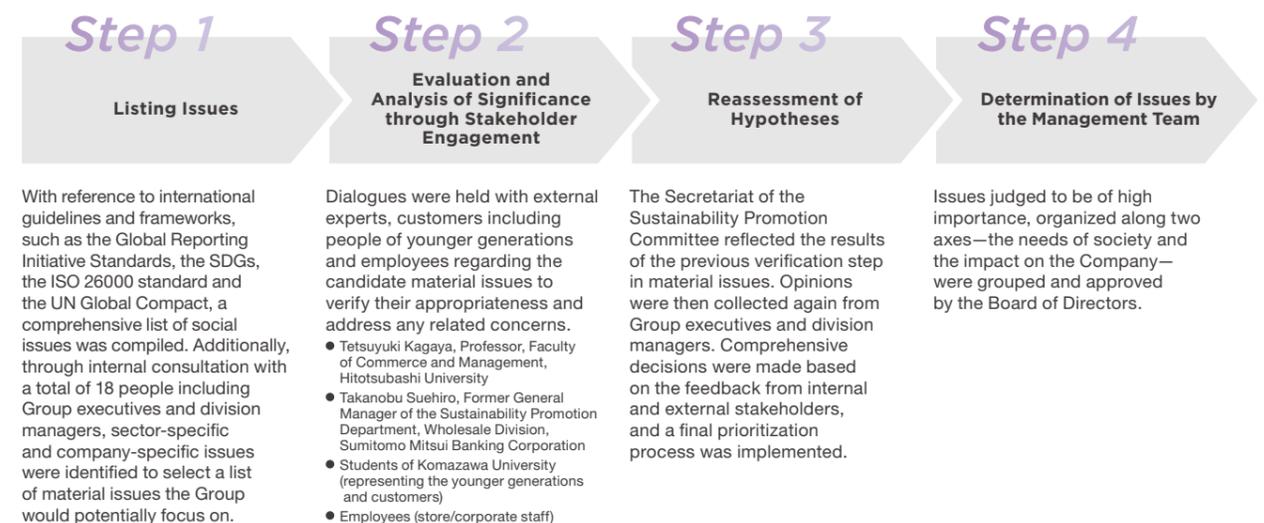
these challenges, coordinates with various organizations, and monitors and evaluates the progress of measures. Furthermore, the Sustainability Promotion Department has been established under the direct supervision of the President and CEO to manage the operations of the Risk Management Committee, the Workstyle Reform Committee and the Environmental Committee, promoting sustainability activities across the company.



## ESG Materiality (Material Issue) Identification Process

With its global reach, a wide range of social issues impact the TORIDOLL Group. Therefore, it is important to prioritize these social issues and carry out activities effectively through the careful selection of the focused efforts it engages in. In March 2022, the Group identified and selected specific social issues that are of great interest to society and have a substantial impact on the

Company as its ESG materiality (material issues). To help every employee engage specifically with ESG issues, it will establish specific key performance indicators (KPIs) to track the progress of its activities. Moreover, considering the evolving social landscape, the Group will periodically review its ESG materiality.



# ESG-Related Material Issues

The TORIDOLL Group categorizes its ESG-related material issues into four main categories: Bringing Awe-Inspiring Dining Experiences to the World, Working Together with People and Society, Promoting Harmony with the Earth, and Establishing Responsible Corporate Management throughout Our Business. Within these categories, we have set eight themes. We monitor the progress of the KPIs for each material issue in our sustainability promotion system and actively work to advance these initiatives.

Category	ESG Materiality	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2023	Scope	Related SDGs
		Target (KPI)	Result	Target (KPI)		
 <p>Bringing Awe-Inspiring Dining Experiences to the World P41</p>	Enriching the lives of people through the joy of eating	<ul style="list-style-type: none"> <li>Establish a network of 1,864 restaurants</li> </ul>	<ul style="list-style-type: none"> <li>Establish a network of 1,770 restaurants <b>Not Achieved</b></li> </ul>	<ul style="list-style-type: none"> <li>Establish a network of 2,000 restaurants</li> </ul>	<ul style="list-style-type: none"> <li>4 companies</li> </ul>	
	Food safety	<ul style="list-style-type: none"> <li>Biannual hygiene inspections by external auditors</li> <li>Zero administrative penalties under the Food Sanitation Act (no serious food accidents)</li> <li>Introduce digital technology-enabled food safety at all Marugame Seimen restaurants by the end of fiscal 2022</li> </ul>	<ul style="list-style-type: none"> <li>Biannual hygiene inspections by external auditors <b>Achieved</b></li> <li>Zero administrative penalties under the Food Sanitation Act <b>Achieved</b></li> <li>Introduced digital technology-enabled food safety at 24 Marugame Seimen restaurants by the end of fiscal 2022 <b>Not Achieved</b></li> </ul>	<ul style="list-style-type: none"> <li>Biannual hygiene inspections by external auditors</li> <li>Zero administrative penalties under the Food Sanitation Act</li> <li>Introduced digital technology-enabled food safety at all Marugame Seimen restaurants by the end of fiscal 2022</li> </ul>	<ul style="list-style-type: none"> <li>4 companies</li> </ul>	
 <p>Working Together with People and Society P45</p>	Human Resource Development	<ul style="list-style-type: none"> <li>Number of certified Udon Masters (Approx. 1,180)</li> <li>Review training systems</li> </ul>	<ul style="list-style-type: none"> <li>Number of certified Udon Masters: More than 1,180 <b>Achieved</b></li> <li>Reviewed training systems <b>Achieved</b></li> </ul>	<ul style="list-style-type: none"> <li>Place qualified Udon Masters in all restaurants</li> </ul>	<ul style="list-style-type: none"> <li>Marugame Seimen</li> </ul>	
	Maintaining and creating employment	<ul style="list-style-type: none"> <li>Early resignations as a percentage of all resignations: 70.0% or below for employees and 50.0% or below for partner staff*</li> <li>* Employees: Employees resigning from their positions within three years / Employees resigning from their positions</li> <li>Partner staff: Employees leaving their positions within six months / Employees resigning from their positions</li> </ul>	<ul style="list-style-type: none"> <li>Early resignations as a percentage of all resignations: 66% for employees <b>Achieved</b></li> <li>53.5% for partner staff <b>Not Achieved</b></li> </ul>	<ul style="list-style-type: none"> <li>Conduct a post-implementation review of learning tools</li> <li>Number of staff members: Employees: 1,010 / Partner staff: 26,000</li> </ul>	<ul style="list-style-type: none"> <li>Marugame Seimen</li> </ul>	
 <p>Promoting Harmony with the Earth P49</p>	Embracing diversity and building an inspiring work environment	<ul style="list-style-type: none"> <li>Have women account for 12.0% of managers</li> <li>Occupational accidents per million hours worked: &lt;2.0 / Occupational accidents per thousand employees: &lt;2.0</li> </ul>	<ul style="list-style-type: none"> <li>Women accounted for 12.6% of managers <b>Achieved</b></li> <li>Occupational accidents per million hours worked: &lt;2.0 / Occupational accidents per thousand employees: &lt;2.0 <b>Achieved</b></li> </ul>	<ul style="list-style-type: none"> <li>Women accounted for 15% of managers</li> <li>Occupational accidents per million hours worked: &lt;2.0 / Occupational accidents per thousand employees: &lt;2.0</li> </ul>	<ul style="list-style-type: none"> <li>6 companies</li> </ul>	 
	Promoting a circular economy	<ul style="list-style-type: none"> <li>Food waste emissions intensity: 170 kg per ¥1.0 million of net sales</li> <li>Food recycling rate: 30.0%</li> <li>Water consumption: 51.4 m3 per ¥1.0 million of net sales</li> <li>Introduce certification of environmental management systems to all Marugame Seimen restaurants</li> </ul>	<ul style="list-style-type: none"> <li>Food waste emissions intensity: 189.8 kg per ¥1.0 million of net sales <b>Not Achieved</b></li> <li>Food recycling rate: 16.1% <b>Not Achieved</b></li> <li>Water consumption: 26.3 m3 per ¥1.0 million of net sales <b>Achieved</b></li> <li>Introduced certification of environmental management systems to all Marugame Seimen restaurants <b>Achieved</b></li> </ul>	<ul style="list-style-type: none"> <li>Food waste emissions intensity: 150 kg per ¥1.0 million of net sales</li> <li>Food recycling rate: 40%</li> <li>Water consumption: 50.9 m3 per ¥1.0 million of net sales</li> <li>Obtain external certification of all Marugame Seimen restaurants</li> </ul>	<ul style="list-style-type: none"> <li>4 companies</li> </ul>	 
 <p>Establishing Responsible Corporate Management throughout Our Businesses P51</p>	Managing supply chains	<ul style="list-style-type: none"> <li>Revise in-house standards for CSR-based purchasing</li> </ul>	<ul style="list-style-type: none"> <li>Revised in-house standards for CSR-based purchasing <b>Achieved</b></li> </ul>	<ul style="list-style-type: none"> <li>Finalize the CSR procurement survey suppliers and adjust and finalize the content of the survey</li> </ul>	<ul style="list-style-type: none"> <li>4 companies</li> </ul>	
	Establishing a risk management system	<ul style="list-style-type: none"> <li>Acquisition of ISO 22301 certification</li> <li>Revise risk assessment standards</li> </ul>	<ul style="list-style-type: none"> <li>Acquired ISO 22301 certification <b>Achieved</b></li> <li>Revised risk assessment standards <b>Achieved</b></li> </ul>	<ul style="list-style-type: none"> <li>Maintain ISO 22301 certification</li> </ul>	<ul style="list-style-type: none"> <li>6 companies*</li> </ul>	

\*4 companies" refers to Marugame Udon, Inc., Kona's Inc., Nikuno-Yamagyu Inc. and Toridoll Japan Corporation.  
 \*6 companies" refers to the four companies above plus TORIDOLL Holdings Corporation and Toridoll D&I Co., Ltd.  
 \*The TORIDOLL Holdings Corporation has obtained ISO 22301 certification.

# Bringing Awe-Inspiring Dining Experiences to the World

## Diverse KANDO Dining Experiences

### Marugame Shake Udon for a New Experience

Bringing Awe-Inspiring Dining Experiences to the World is our goal. For many people, dining out is the most readily available form of leisure. We believe that our dining experiences satisfy and energize the mind and body.

To bring awe-inspiring dining experiences to even more people, Marugame Seimen introduced Marugame Shake Udon in May 2023, a novel take-out option allowing customers to savor freshly made udon with a simple shake. This product offers the thrill of a new experience, the convenience of eating on the go, and the satisfaction of a full regular serving size.

Since its launch in May 2023, it has been well received and a total of 5 million servings have been sold in about six months.



Marugame Shake Udon

### Udon Through Drive-Thru

To bring fun and excitement to more customers, Marugame Seimen opened its first drive-thru store in Shibukawa City, Gunma Prefecture, in June 2023. We offer a variety of products exclusively available at our drive-thru store which are designed to be easily eaten in a car. To ensure the freshness of our udon, we do not prepare it in advance. We serve each dish fresh upon receiving the order. The design of the store allows customers to see the lively kitchen and cooking process even from their cars.

In addition to its drive-thru, the Shibukawa Store also has a take-out counter and welcomes dine-in customers, catering to a wide range of customer needs.



Marugame Seimen Shibukawa Store offering the brand's new drive-thru service

### Bringing Japanese Cuisine to the World

To provide emotional culinary experiences around the world, Nagata Honjyouken, a restaurant specializing in *bokkake yakisoba*, debuted internationally in Taipei, Taiwan in November 2023.

Nagata Honjyouken is known for its fresh homemade noodles and its signature *bokkake yakisoba* using stewed beef tendon and konjac. The restaurant aims to create awe-inspiring experiences by cooking *yakisoba* noodles in front of its customers, allowing them to enjoy the sizzling sounds of the iron plate and the aroma of the sauce.

Additionally, our Tempura Makino brand that originated in Japan expanded to Singapore in 2021, highlighting our company's global outreach.



Nagata Honjyouken in Taipei, Taiwan

### Bringing International Cuisine to the World

The key to bringing KANDO Dining Experiences to the world is to extend the reach of brands that offer emotional culinary experiences across the globe. In November 2023, we opened Pokeworks, a restaurant specializing in Hawaiian local food, in Toronto, Canada's largest city.

Poke, a long-cherished local food in Hawaii, means "chunks" in the local language. It is a healthy dish made with bite-sized pieces of fresh seafood like tuna or octopus, mixed with seaweed, onions, and flavoring ingredients, and it is dressed lightly with soy sauce and sesame oil. Customers can customize their dish with a variety of ingredients, catering to diverse preferences, including vegan and gluten-free options.



Pokeworks in Toronto

### A More Immersive Noodle-Making Experience for Customers

At the TORIDOLL Group, we prioritize creating awe-inspiring food experiences for our customers. To this end, Marugame Seimen makes noodles from flour in each store, and to further enhance this immersive experience, it has developed a new conveyor cutter.

The conveyor cutter is strategically placed to enable customers to have a live view of the noodle preparation process. The chopping sounds also contribute to the excitement. We have incorporated this cutter into our operations since November 2022 and intend to further expand its usage.



New conveyor cutter

## Diverse KANDO Dining Experiences

### New Additions to the TORIDOLL Group

To fill the world with KANDO Dining Experiences, it is essential to broaden our offerings to meet the diverse needs of our customers by adding new Group members who deliver awe-inspiring dining experiences. The TORIDOLL Group welcomed UK-based Fulham Shore Plc, the operator of popular pizza brand Franco Manca and Greek cuisine restaurant The Real Greek, to its team in July 2023.

Franco Manca makes its dough from scratch and bakes pizzas in an on-site oven, serving customers piping hot pizzas with a delicious aroma. As a pioneer in sourdough pizza in the United Kingdom, Franco Manca has 70 locations across the country that feature open kitchens where customers can enjoy watching their pizzas being made and the flames dancing in the oven.

The Real Greek brings together traditional Greek delicacies and urban trends in its Mediterranean cuisine. With a menu brimming with variety, the restaurant invites diners to savor the joy of selecting and combining different small plates.



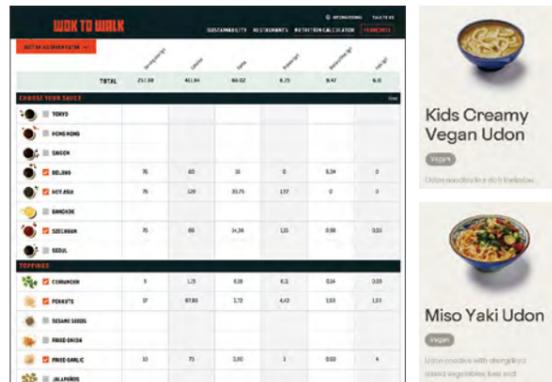
Above: Franco Manca, Below: The Real Greek

### Catering to Diverse Dietary Habits and Customer Health

WOK TO WALK offers modern twists on traditional Thai street food, allowing customers to freely choose ingredients from the base to the toppings, all cooked right in front of them.

The restaurant has a website specifically designed to help customers manage their health. Customers can use the website to check the nutritional balance of dishes created using their selected ingredients before finalizing their choices. The website also caters to different dietary preferences. They provide vegan, vegetarian, gluten-free, dairy-free, soy-free and other options, enabling customers to customize the ingredients used.

Similarly, Marugame Udon in the United Kingdom also offers vegan menu options tailored to local needs. The TORIDOLL Group is committed to meeting the diverse dietary needs of a broader customer base.



Above: WOK TO WALK's special website, Below: Marugame Udon's vegan menu

## Food safety

### Thorough Quality Management

The TORIDOLL Group is committed to providing awe-inspiring dining experiences to as many customers as possible and ensuring the quality and safety of its products and services is a fundamental and critical effort.

Since 2019, the Group has implemented management practices based on HACCP, an international food hygiene control system. Since 2020, it has implemented food hygiene control plans at all of its domestic stores. In addition to on-site inspections and instructions provided by the Food Safety Management Division, the Group also receives biannual hygiene inspections from independent external auditors. This showcases the Group's strong commitment to maintaining stringent hygiene practices and continually striving to improve.

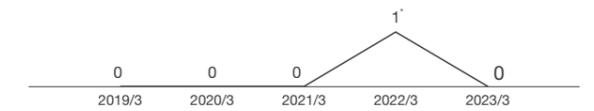
Moreover, the Group enforces strict measures to prevent any foreign material contamination by conducting thorough supplier investigations and factory audits with the support of its quality assurance team. At the stores, team members are regularly trained to

prioritize the safety and quality of food ingredients during preparation, ensuring that they can consistently deliver reliable products to customers.

### Hygiene inspections conducted by an external specialist body

over 900 stores

### Serious Hygiene Accidents (Administrative penalties under the Food Sanitation Act)



\*In fiscal 2022, Active Source Inc. received guidance from the public health department and suspended operations for half a day.

### Enhancing Cleanliness

To promote cleanliness, the TORIDOLL Group regularly organizes workshops designed to enhance knowledge and motivation. In fiscal 2023, the Group hosted the Shine & Smile: The Cleaning Transformative Experience interactive photo competition. Stores with participants received detergent as a gift, and nearly all participating staff members reported that they were "very satisfied" or "satisfied" with this initiative.



### Increasing Praise from Customers

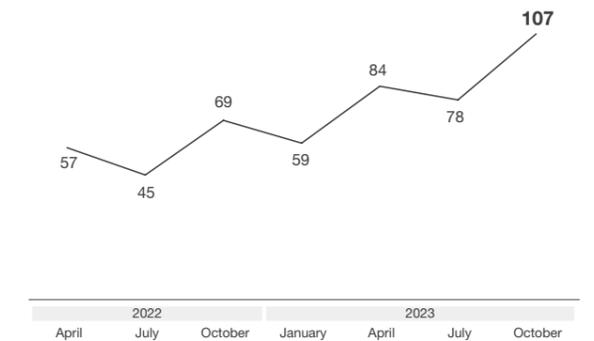
The TORIDOLL Group centrally manages customer feedback and requests at its Customer Service Center. In fiscal 2023, we received approximately 23,985 pieces of feedback. The requests were categorized as follows: about 17.2% were about products, about 40.4% were about service and about 10.6% were about hygiene-related issues.

Customer feedback is promptly shared with the relevant divisions and the status of responses is visualized and managed. Additionally, the information is stored in a database for analysis, contributing to cross-organizational improvements.

Customer feedback includes praise for the TORIDOLL Group. In October 2023 alone, we were delighted to receive 107 customer statements praising us.

Fueled by the support of our customers, we will remain committed to providing awe-inspiring experiences.

### Number of Compliments from Customers





# Working Together with People and Society

## Human Resource Development

### Skill Development through the Udon Master Certification

Bringing Awe-Inspiring Dining Experiences to the World is our goal. To achieve this, it is crucial that we support our partner (employee) and enable them to develop as they are responsible for creating delicious dishes and emotional experiences. For example, Marugame Seimen ensures the perfect noodle texture and taste by adapting a temperature and fermentation time that matches the season and the conditions of the ingredients. Our team has successfully devised the Udon Master System to establish these techniques.

We have four Udon master ranks. The ranking system includes the completion of over 100 different tasks, including lectures and hands-on skills. The amount of customer feedback is also considered during rank advancement evaluations.

At Marugame Seimen, we are dedicated to training

our udon chefs to the highest standards, ensuring that all of our stores have certified Udon masters.

KPI: Number of certified Udon masters P.62



(Left) The only Takumi Udon Master  
(Right) Udon Master Certification Examination

## Creation of Rewarding Working Environments That Respect Diversity

### Promotion of Women's Participation and Advancement in the Workplace

In the TORIDOLL Group, women are 23% of our entire workforce (about 60% when including temporary employees), with many women playing active roles in the Group. Additionally, a significant number of our store managers, 31% of all store managers, are women. The Group is currently establishing systems to support parents' establishment of a healthy work-life balance.

During the fiscal 2022 to fiscal 2023 period, our main goal was to promote women in leadership positions by organizing study groups and roundtable discussions, aiming to address the lack of women managers within our operating companies' sales departments. As a result, as of December 2023, 9% of our operating companies' managers are women. When you include TORIDOLL Holdings, the percentage of the Group's managers that are women increased to 15.9%, nearly a 10% increase over five years.

We continue to work to create an environment that

accommodates people pursuing diverse careers and enables individuals to take on challenges in a way that fits their work styles. In recognition of our efforts to promote women's participation and advancement, we obtained Eruboshi certification in fiscal 2023.

KPI: Percentage of women in management P.62



Roundtable discussion of the promotion of women's participation and advancement in the workplace

## DE&I\*1 Initiatives

With the goal of promoting DE&I\*1, the TORIDOLL Group has launched the Diversity Promotion Project guided by the WorkStyle Reform Committee. We have revised our policies in consideration of the LGBTQ+ community. In April 2023, we also participated in Asia's largest LGBTQ+ event, Tokyo Rainbow Pride 2023. We had a Marugame Seimen food truck at the event selling event-exclusive udon and sharing our Group's diversity efforts with the many attendees. We were also awarded the highest Gold rank in the 2023 PRIDE Index\*2 by

the voluntary organization Work with Pride. This is the third consecutive year we have received this honor.

Further, the TORIDOLL Group has established TORIDOLL D&I as a special subsidiary to promote the employment of people with disabilities, where over 160 staff members are actively involved in store cleaning and administrative support roles. In August 2023, we opened the Marugame Seimen Oke Workshop, where our employees take pride in repairing udon oke bowls as skilled craftsmen.



(Left) Booth at Tokyo Rainbow Pride 2023 (Center) PRIDE Index Gold (Right) Marugame Seimen Oke Workshop

\*1 DE&I: Diversity, equity and inclusion. This effort involves recognizing diversity and individuality while ensuring fairness.

\*2 PRIDE Index: An evaluation metric established by Work with Pride that is designed to assess the efforts of Japanese corporations regarding sexual minorities

## Strengthening of Occupational Safety and Health

Protecting the safety and health of our staff is a crucial and fundamental effort for the TORIDOLL Group.

The Safety and Health Committee is responsible for implementing and strengthening the occupational safety and health management system in accordance with our safety and health policy. We are continuously improving various aspects, including changes to work

procedures, uniforms and footwear, as well as the assessment of kitchen equipment and the reduction of working hours. Furthermore, we have created safety resources, including the Dangerous Work Prevention Guidelines and the Dangerous Appliance Manuals. We also hold biannual training sessions for all employees to ensure safe working procedures.

## Inclusion, Diversity & Equity

The TORIDOLL Group is home to a diverse group of talented individuals who work in harmony, recognizing and respecting each other.

At TORIDOLL Holdings' headquarters, seven foreign nationals play a significant role in the global expansion of our business. Approximately half (45.3%) of TORIDOLL Holdings employees have direct sales experience in our stores. They use their knowledge and experience to contribute to various initiatives.

The people that we hire mid-career, which specialize in corporate fields, come from a wide range of backgrounds beyond the restaurant industry, including consulting, government organizations, trading companies, software and telecommunications, using their expertise to support store operations.

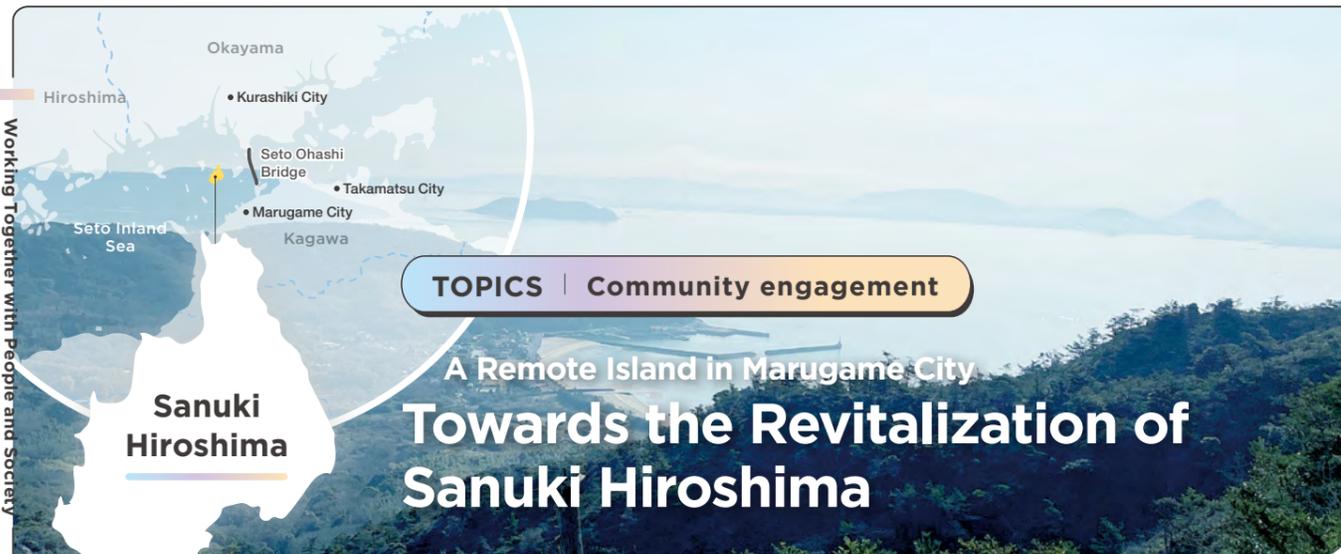
Furthermore, our stores encourage the involvement of women and senior staff members (60 years old or older), emphasizing the Group's commitment to DE&I efforts.

### Composition of Headquarters Employees (Number of Employees at the Shibuya Headquarters: 382)



### Senior Staff





The TORIDOLL Group is dedicated to building strong relationships with the communities in which we serve and fulfilling our role as a good corporate citizen by addressing social issues through various initiatives.

Our initiatives are primarily focused on community support, nurturing future generations, social welfare, cultural and sports promotion, and disaster relief.

Here, we spotlight our community-based initiatives in Marugame City.

Sanuki Hiroshima is the nickname of an inhabited island in the Seto Inland Sea, a place of rich natural beauty and culture embraced by crystal-clear water and verdant mountains. It is home to about 150 people, the majority of whom are elderly, 65 years of age and older. The population has been gradually declining, leading to a loss of the island's original vibrancy.

In response, the TORIDOLL Group launched the

co-creation project, Voyage to the Future for Three Islands,\* initiated by an invitation from the city of Marugame, Kagawa Prefecture. Under the mission of transforming Sanuki Hiroshima into a bustling center for handmade products, our team members have relocated to the island to work on this project through various activities aimed at revitalizing the island.

In 2022, we launched a project to create locally

\*Hiroshima, Teshima and Oteshima

Past Activities

2011

Takaya Awata, President and CEO, appointed the Tourism Ambassador of Marugame City



2018

Udon-making classes for pantry shelfhosted in Akitora no Yakata, a historical building in Marugame City

2019



Donation boxes set up and charity events hosted at Marugame Seimen stores nationwide (some excluded)  
Reconstruction of the stone walls of Marugame Castle, damaged by the Western Japan Heavy Rain, supported

2021



Celebration held at Marugame City Hall to honor the drafting of Takeru Furuichi, a local player in the TORIDOLL Group-sponsored Shikoku Island League Plus baseball league

2022



Group team members relocated to Sanuki Hiroshima, an island in Marugame City  
Regional revitalization activities in Marugame City started  
Comprehensive partnership agreement with Marugame City signed



Tea rooms of the Onoe Residence renovated. The residence is a constituent cultural property of the Islands of Stone, a Japanese Heritage Site.  
Corporate version of the hometown tax donation system implemented  
Ticket center at Sanuki Hiroshima's Enoura Port renovated

2023



Food trucks sent to children's cafeterias in Marugame City for the first time

Supporting Food Education: Food Trucks and Udon-Making Workshops

All year round, our trucks travel across the country to bring Marugame Seimen's fresh, handmade udon noodles to customers even in areas without physical stores or where accessibility is limited.

We also support children's cafeterias, nursing homes, schools and municipalities throughout Japan. In fiscal 2023, our food trucks visited a total of 41 places and served 7,620 servings of udon.

Through our food education initiatives, we aim to showcase the joy of eating and emphasize the significance and preciousness of food. We host udon-making workshops and offer on-site classes. In November 2023, we opened a hands-on learning

facility, Handmade Workshop Tokyo Tachikawa. Even children who usually have small appetites or particular tastes finish the udon they make themselves and even ask for seconds. This pleasant surprise delights their parents, who occasionally send us thank-you letters.

The TORIDOLL Group will continue its food education activities to support the healthy growth of children.



First in the Restaurant Industry to Receive the ACAP Consumer-Oriented Company Award

In 2023, the TORIDOLL Group received the Consumer-Oriented Company Award at the 8th ACAP Commendation for Consumer-Oriented Activities organized by the Association of Consumer Affairs Professionals (ACAP) in recognition of its social contribution through food. This made TORIDOLL the first restaurant company to receive such an honor.

ACAP is a public interest incorporated association aiming to realize a consumer civil society. This award program recognizes entities engaged in commendable consumer-oriented management practices.

This year, we were recognized for providing food truck and food pantry services, working with local

governments to revitalize remote islands and deliver emergency supplies during disasters and organizing food education activities such as udon-making workshops. As a business dedicated to providing awe-inspiring dining experiences that enrich people's lives, we will strive to continue our efforts in the future.



sourced Sanuki udon on Sanuki Hiroshima. We cultivated a dormant 1,000-square-meter field on the island and, guided by the islanders, planted Sanuki no Yume 2009, a type of wheat specifically used for making udon noodles. Every step, from planting seeds, trampling the wheat, harvesting and threshing to milling, is meticulously done by hand. We even handcraft the salt, which is an important ingredient in making udon, from seawater surrounding the island. Using this wheat and salt, we host a series of events for islanders, including tasting sessions and udon-making workshops.

This initiative, from cultivating the soil to making udon, is an educational program that enables participating employees to increase their understanding of the origins of food, to have a renewed appreciation of nature and the earth, and to take pride in delivering food to customers.

Comprehensive Partnership Agreement with Marugame City

The city of Marugame in Kagawa Prefecture is a special place for the TORIDOLL Group, which is known for its dedication to recreating the authentic ambiance of a Sanuki udon noodle restaurant by producing fresh, handmade noodles. The Group has built a strong relationship with the city over the past decade. The partnership has included supporting the reconstruction of the stone walls of Marugame Castle, a landmark of the city, and promoting the traditional art of Marugame Uchiwa (Japanese fans). In 2022, the Group concluded a comprehensive partnership agreement to further strengthen its collaboration with the city. Centered on the concept of regional development through co-creation, the agreement reflects the priorities of the local community, promoting initiatives in nine areas, including the revitalization of and migration of people to Sanuki Hiroshima and other remote islands, industry, tourism, arts and culture, sports, food education, safety and security, disaster response, childcare, elderly support, the environment and municipal services.





## Promoting Harmony with the Earth

### Responding to Climate Change

#### Achieving the First ZEB Certification in the Restaurant Industry in Japan

The TORIDOLL Group acknowledges its responsibilities as a business that heavily relies on natural resources, especially food ingredients. We have implemented an environmental management policy and have set specific goals for environmental sustainability, including the active reduction of CO<sub>2</sub> emissions.

As part of these initiatives, the Group has successfully opened a net zero energy building (ZEB) store. The store uses natural energy sources, such as solar power, to achieve net zero energy consumption within the building. In January 2023, the Marugame Seimen Suzuka Store became the first in the restaurant industry to obtain ZEB certification, setting a precedent in Japan.

The Marugame Seimen Suzuka Store is carefully designed with high-performance windows and walls that provide enhanced thermal insulation. The building also features high-efficiency air conditioning systems, electric heat pump water heaters, and LED lighting with control functions, all aimed at conserving energy. To generate energy, solar panels are installed on roofs, eaves and carports. Together, these efforts resulted

in the achievement of net zero energy consumption.

We understand that the development of net zero energy buildings is a challenge for restaurant establishments. Our goal is to share our insights with other stores to collectively address climate change as a group.



Marugame Seimen in Suzuka, the first restaurant to obtain ZEB certification

#### Conserving Energy in Boiling and Air Conditioning Systems

At Marugame Seimen, an initial survey and analysis for energy savings revealed that about 50% of the energy used in stores was attributed to boiling and air conditioning systems. In response, we developed an energy-saving boiling pot in 2019 in collaboration with our suppliers. This achievement was recognized with a Minister of Economy, Trade and Industry Award, the highest honor in the Energy Conservation Grand Prize that year. As of September 2023, this energy-efficient boiling pot is used in around 300 Marugame Seimen locations and roughly 20 stores have also been equipped with automatic air conditioning control systems.

Compared with conventional products, this pot uses approximately 30% less electricity and 40% less hot water.\* By digitalizing and automating the adjustment of boiling water and salt concentration, which were previously dependent on employees'

experience, we optimize output and water volume.

Furthermore, the automatic air conditioning control system maintains a comfortable in-store environment and ensures efficient operations. We will continue to introduce more eco-friendly equipment to reduce energy consumption.

\*Based on actual measurements in store operations

KPI: Water consumption P62



Using an energy-efficient pot

### Waste Reduction

#### Reducing Boiled Noodle Waste Using Digital Forecasting

At the TORIDOLL Group, we use natural food ingredients in our cooking. These ingredients are nature's bounty. Therefore, we must be dedicated to reducing food waste as a way to show our appreciation for nature. Marugame Seimen has created the Boiled Noodle Management Table which uses digital traffic data from each store to determine the optimal timing and quantity of boiled noodles.

Preparing fresh noodles for different customer visits based on the season and time of day is a challenging task that requires experience. With the management table, even less experienced employees can provide customers with fresh udon noodles without delay or overboiling, thus avoiding food loss.

KPI: Food waste/Food recycling ratio P62



Staff using the Boiled Noodle Management Table

#### Food Loss Reduction through Collaboration

To efficiently use natural resources and reduce waste, the TORIDOLL Group has installed equipment in certain restaurant locations, such as SINKPIA, a biodegradable commercial food waste processor, and an oil press machine for recycling the oil from tempura crumbs. Every day, we are continuously working to reduce food waste and promote recycling.

The Group has also collaborated with Matsuya Foods Holdings Co., Ltd. to establish a system that converts food waste into pig feed at 25 store locations as of September 2023. In partnership with other restaurant operators, we are actively pursuing the creation of a food recycling loop.



SINKPIA, a biodegradable commercial food waste processor

At a pig farm

#### Promoting Customer Engagement to Reduce Food Waste

The TORIDOLL Group provides a wide range of handmade delicacies at its stores, offering customers the pleasure of choice at any time. Sometimes, this results in leftover products at the end of the day. Marugame Seimen and Koppe-Pan have started testing TABETE, an app designed by CoCooking Co., Ltd. to reduce food waste, in some stores as of January 2024. The app connects users with unsold but still delicious and safe-to-eat products just before stores close, promoting food sharing. By encouraging customers to join us, we are making progress in our mission to reduce food loss.



A store equipped with CoCooking's TABETE app for reducing food waste

# Establishing Responsible Corporate Management throughout Our Business

## Supply Chain

### Thorough Quality Management

The Group operates in various countries and regions around the world and has an extensive supply chain of approximately 130 companies in Japan that provides food ingredients and materials. Adhering to our Basic Policy on Procurement, we ensure quality and supply stability, and conduct purchasing based on consideration for the sustainability of natural resources and social issues such as human rights.

Further, we seek coexistence and co-prosperity through active communication and collaboration with food ingredient producers and other suppliers. For example, we held a TORIDOLL corporate information seminar and networking event for all of our suppliers in March 2023.

Other initiatives include establishing comprehensive cooperation agreements with the Biei Agricultural Cooperative Association in Biei, Hokkaido, known for its high-quality wheat, and JA Zen-Noh Tokushima and Tokushima Brand Promotion Organization, which

are famous for their specialty, sudachi citrus fruit. We believe that collaborating with our producers and forging strong partnerships addressing various issues will bring about the development of sustainable local communities.



Specialty products from Biei, Hokkaido available for purchase at TORIDOLL's headquarters

## Risk Management

### Reinforcing the Business Continuity Management System

The TORIDOLL Group has developed a Business Continuity Plan (BCP) with the help of external experts to ensure that its operations can continue, both at the corporate and store levels, even in the event of a natural disaster such as a major earthquake, storm or flood, or a pandemic caused by an infectious disease. Furthermore, the effectiveness of the BCP is regularly tested through drills to continuously improve the BCP.

In fiscal 2023, the Group successfully obtained ISO/IEC 27001 certification of its Information Security Management System (ISMS) and ISO/IEC 27701 certification of its Privacy Information Management System (PIMS). It also obtained ISO 22301 certification of its Business Continuity Management System (BCMS). By following global

standards and implementing the plan-do-check-act (PDCA) process, we will build a stronger Business Continuity Management System (BCMS).



The certification ceremony celebrating the simultaneous acquisition of the three standard certifications, a first in the domestic restaurant industry

## Promoting Digital Transformation

### Promoting DX Vision 2022 and Developing DX Vision 2028

The TORIDOLL Group kicked off its digital transformation (DX) efforts by releasing an IT roadmap in December 2019. Since then, it has made significant progress through the implementation of DX Vision 2022. The aim of DX Vision

2022 is to abolish legacy systems. As of September 2023, the project is on track to be completed. We have a positive outlook on it. We will continue to proceed with the plan according to the situation of each business.

DX Vision 2022: Transformation to Abolish Legacy Systems		
<b>Construction of business systems leveraging a combination of cloud and subscription services</b> <ul style="list-style-type: none"> <li>SaaS1 implementation rate: 88.0%</li> <li>DaaS2 implementation rate: 97.4%</li> <li>Legacy system abolition rate: 86.5%</li> </ul>	<b>Realization of a zero trust security model</b> <ul style="list-style-type: none"> <li>Zero trust security3 implementation rate: 100%</li> <li>VPN4 abolition rate: 0.3% (To be discontinued after legacy systems are abolished)</li> </ul>	<b>Consolidation of routine headquarters tasks (contact center, accounting, payroll processing tasks, etc.) to BPO service providers</b> <ul style="list-style-type: none"> <li>BPO5 implementation rate: 100%</li> <li>Shared service abolition rate: 100%</li> </ul>

Note: Progress is as of September 2023 for the Company and its four domestic subsidiaries using the Group's legacy systems  
 1. SaaS: Software as a Service  
 2. DaaS: Desktop as a Service, the provision of virtual desktop environments as a service

3. Zero trust security: A new security model that verifies the safety of information rather than simply trusting all communications  
 4. VPN: Virtual Private Network  
 5. BPO: Business Process Outsourcing

The Group has also developed DX Vision 2028 which will follow DX Vision 2022. Our efforts revolve around eight key pillars as we strive to transform into a unique global food company, constantly pursuing

awe-inspiring dining experiences. We will create a new business platform and expand its reach to our subsidiaries and franchisees in Japan and abroad.

DX Vision 2028: Transforming into a Unique Global Food Company by Constantly Pursuing Awe-Inspiring Dining Experiences	
<b>Construction of a Business Platform</b> <ol style="list-style-type: none"> <li>Automation of store management operations using AI demand forecasting</li> <li>Education management system</li> <li>Digital marketing platform</li> <li>Energy management system</li> <li>Carbon management system</li> </ol>	<b>Enhancement of Business Platform and Evolution of Group Operations</b> <ol style="list-style-type: none"> <li>Store management platform</li> <li>Financial accounting and consolidated accounting platform</li> <li>Data management platform</li> </ol>

### IT Grand Prize Awarded

TORIDOLL Holdings received the prestigious IT Grand Prize (Transformation Category) at the Japan Institute of Information Technology (JIIT)'s 2022 Information Technology Awards in recognition of its successful implementation of multiple DX initiatives.



#### JIIT's rationale for presenting the award Excerpt

TORIDOLL has successfully established a clear organizational framework by implementing innovative business processes utilizing both time and space. SaaS and DaaS have been strategically integrated into the company's operations to expand humans' roles in the delivery of emotional experiences.

# Corporate Governance

In 2015, TORIDOLL Holdings transitioned to a company with an audit and supervisory committee to accelerate decision-making and increase transparency as well as strengthen its audit and supervisory functions. Since then, the Company has continued to reinforce its structure by establishing voluntary committees, further enhancing its corporate governance practices.

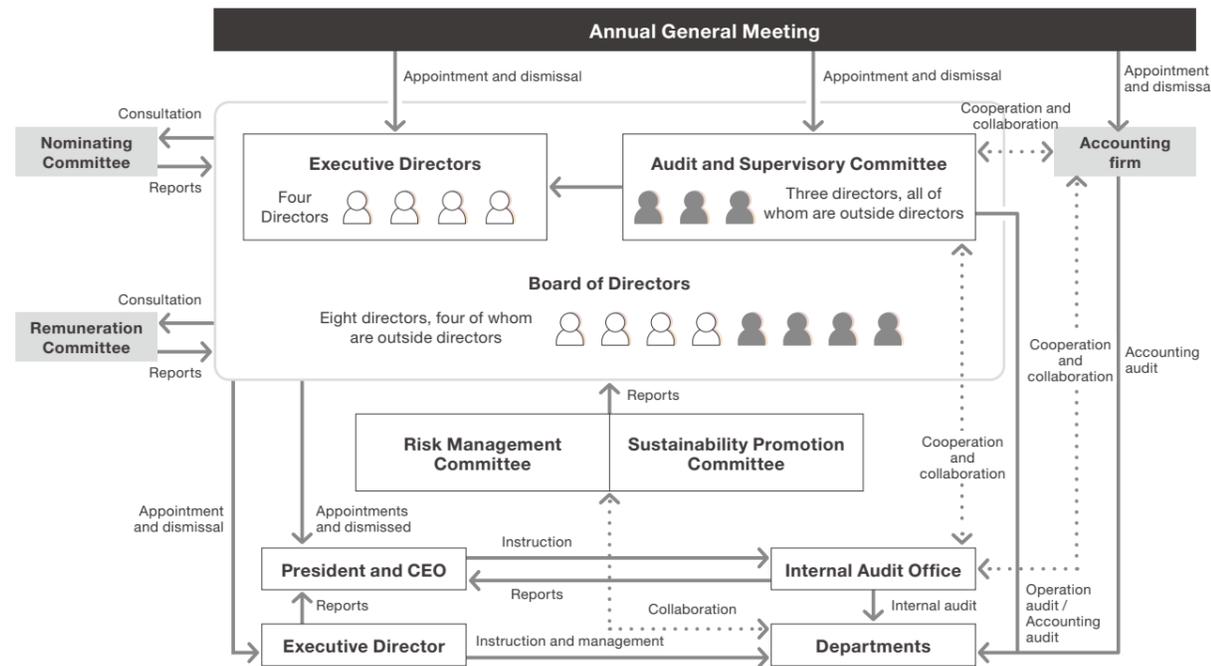
## Approach

TORIDOLL's corporate governance policy is to demonstrate agility through prompt decision-making and maintain the speed, soundness, and transparency of its business expansion activities. With this in mind, the Company is developing the management structure and systems necessary to realize this policy.

In addition, in 2015, TORIDOLL Holdings transitioned to a company with an audit and supervisory committee. Each Audit and Supervisory Committee member

attends Board of Directors' meetings and, when making management decisions, speaks from the standpoint of closely observing the soundness of management, provides necessary advice, exercises voting rights, and shares information at the Audit and Supervisory Committee meetings that are held concurrently.

Furthermore, we strive to disclose information in a prompt manner in an effort to achieve management that is highly transparent to our stakeholders.



As of July 2023

To strengthen its governance structure from the perspective of enhancing corporate value over the medium to long term, the Company has adopted a small Board of Directors (as of June 30, 2023), consisting of four internal directors and four external directors—a total of eight—which enables agile decision-making. In addition, to appropriately supervise the execution of business operations, we have elected three independent outside directors (including one woman), who are either certified public accountants or lawyers and have been appointed as members of the Audit and Supervisory

Committee. We have also brought in one independent outside director (a woman) with management experience at other companies to enhance the auditing framework.

Moreover, the Company has established a voluntary committee led by outside directors to improve the validity and transparency of director elections and remuneration.

In addition, we have established Risk Management and Sustainability Promotion committees, consisting of members who include all directors as well as executives at the level of division manager or above, to address Companywide issues.

## Roles of the Board of Directors and Key Committees, and Meeting Attendance Status

The roles and meeting attendance status of the Board of Directors and key committees in the fiscal year ended March 31, 2023, are as follows.

Committee	Role	Meetings held in the fiscal year ended March 31, 2023	Takaya Awata	Takashi Sugiyama	Masatoshi Kamihara	Satoshi Yamaguchi	Toshiyasu Umeki	Hiroaki Umeda	Maki Kataoka	Yasunori Isomura	Atsushi Kusano	Kouji Hayashi	Katsuaki Nagumo
Board of Directors	Comprising directors entrusted by shareholders with the management of the Company, the Board of Directors makes decisions on important corporate matters in accordance with laws, regulations, and the Articles of Incorporation.	15	○ Attended 15 out of 15 meetings	● Attended 15 out of 15 meetings	● Attended 15 out of 15 meetings		● Attended 15 out of 15 meetings	● Attended 15 out of 15 meetings	● Attended 15 out of 15 meetings				
Audit and Supervisory Committee	Consisting of Audit and Supervisory Committee members appointed by shareholders to audit and oversee the management of the Company, the Audit and Supervisory Committee audits and oversees the execution of duties by directors.	14				○ Attended 14 out of 14 meetings	● Attended 14 out of 14 meetings	● Attended 14 out of 14 meetings					
Nomination Committee	Comprising mainly outside directors, the Nomination Committee deliberates on the selection and dismissal of directors (including Audit and Supervisory Committee members) and executive officers, and reports to the Board of Directors and the Audit and Supervisory Committee.	4	● Attended 4 out of 4 meetings			○ Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings					
Remuneration Committee	Consisting mainly of outside directors, the Remuneration Committee deliberates on the remuneration of directors (including Audit and Supervisory Committee members) and executive officers and reports the outcome to the Board of Directors and the Audit and Supervisory Committee.	1	● Attended 1 out of 1 meetings			○ Attended 1 out of 1 meetings	● Attended 1 out of 1 meetings	● Attended 1 out of 1 meetings					
Risk Management Committee	The Risk Management Committee was established under the Board of Directors to deliberate on and approve issues and countermeasures related to the promotion of Companywide risk management.	4	○ Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings						
Sustainability Promotion Committee	The Sustainability Promotion Committee was established under the Board of Directors to deliberate on and approve issues and measures related to the promotion of sustainability throughout the Company.	4	○ Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings	● Attended 4 out of 4 meetings						

\*○: Chairperson

\*Since Shofu assumed the role of external director in June 2023 and Takesue assumed the role of executive officer in July 2023, their records are omitted.

\*Director Yamaguchi (current) was an executive officer until the fiscal year ending March 2023, so his attendance at meetings is recorded.

## Evaluation of the Effectiveness of the Board of Directors

The Company invited an external advisor to attend Board of Directors meetings for the six months starting January 2023, with the purpose of conducting a third-party evaluation. Following the Board of Directors meeting on July 11, 2023, we analyzed and assessed the overall effectiveness of our Board, with all eight directors present.

As a result, we concluded that our Board of Directors adequately fulfills its role as a management board.

It was also concluded that our outside directors sufficiently fulfill their roles in ensuring the transparency of the decision-making process.

Concurrently, we have identified the following issues and will work towards the further enhancement of the effectiveness of the Board of Directors.

### Evaluation by category

Positioning of the Board of Directors	● Adequately fulfills its role as a management board
Role of outside directors	● Sufficiently fulfill their role in ensuring the transparency of the decision-making process.
Review of agenda items and improvement of operations	<ul style="list-style-type: none"> <li>● Should acknowledge its leadership role in enhancing corporate value and shift its focus towards meaningful discussions of management and business strategies that promote this objective.</li> <li>● Should reevaluate investments with a stronger focus on capital efficiency.</li> </ul>

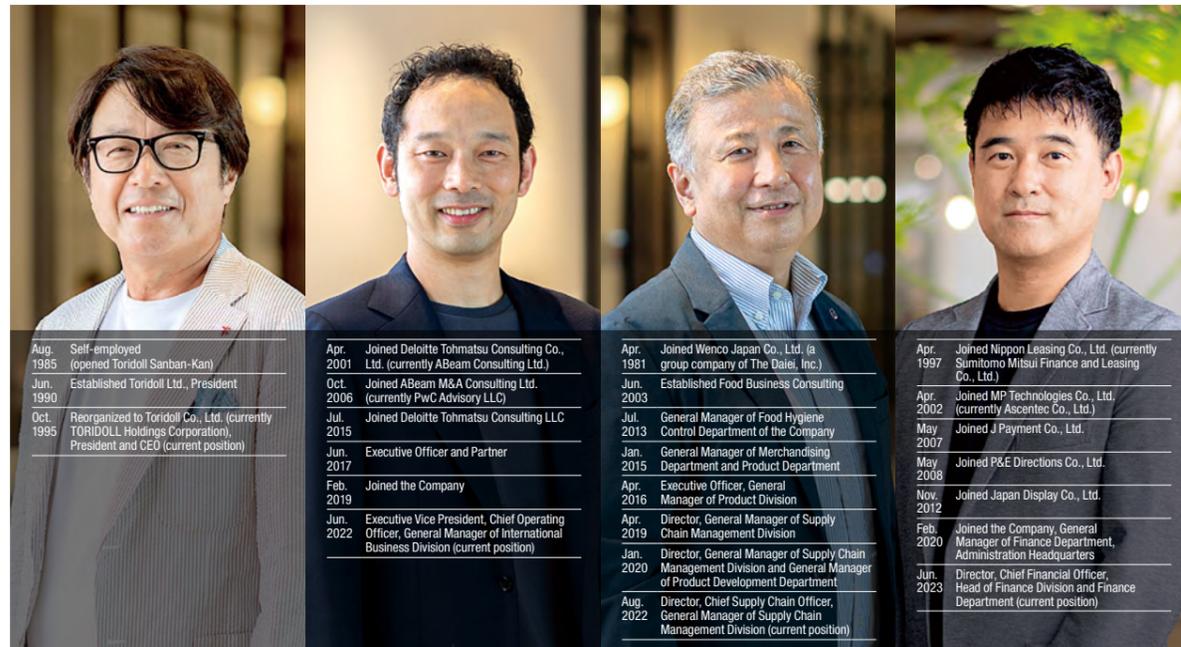
## Appointment of Directors

TORIDOLL Holdings has established a voluntary Nomination Committee, of which all independent outside directors are members and constitute a majority. It is the Company's policy to consult with the Nomination Committee when nominating candidates for directors (including outside directors who are members of the Audit and Supervisory Committee).

Upon deliberating whether each candidate meets the selection criteria established by the Board of Directors, the Nomination Committee determines the content of its findings to ensure that the Board of Directors has an adequate balance of knowledge, experience, and ability to effectively fulfill its roles and responsibilities, is composed in a manner that promotes diversity, and is an appropriate size.

# Directors (As of July 2023)

## Directors



Aug. 1985	Self-employed (opened Toridoll Sanban-Kan)	Apr. 2001	Joined Deloitte Tohmatsu Consulting Co., Ltd. (currently ABeam Consulting Ltd.)	Apr. 1981	Joined Wenco Japan Co., Ltd. (a group company of The Dalei, Inc.)	Apr. 1997	Joined Nippon Leasing Co., Ltd. (currently Sumitomo Mitsui Finance and Leasing Co., Ltd.)
Jun. 1990	Established Toridoll Ltd., President	Oct. 2006	Joined ABeam M&A Consulting Ltd. (currently PwC Advisory LLC)	Jun. 2003	Established Food Business Consulting	Apr. 2002	Joined MP Technologies Co., Ltd. (currently Ascenec Co., Ltd.)
Oct. 1995	Reorganized to Toridoll Co., Ltd. (currently TORIDOLL Holdings Corporation), President and CEO (current position)	Jul. 2015	Joined Deloitte Tohmatsu Consulting LLC	Jul. 2013	General Manager of Food Hygiene Control Department of the Company	May 2007	Joined J Payment Co., Ltd.
		Jun. 2017	Executive Officer and Partner	Jan. 2015	General Manager of Merchandising Department and Product Department	May 2008	Joined P&E Directions Co., Ltd.
		Feb. 2019	Joined the Company	Apr. 2016	Executive Officer, General Manager of Product Division	Nov. 2012	Joined Japan Display Co., Ltd.
		Jun. 2022	Executive Vice President, Chief Operating Officer, General Manager of International Business Division (current position)	Apr. 2019	Director, General Manager of Supply Chain Management Division	Feb. 2020	Joined the Company, General Manager of Finance Department, Administration Headquarters
				Jan. 2020	Director, General Manager of Supply Chain Management Division and General Manager of Product Development Department	Jun. 2023	Director, Chief Financial Officer, Head of Finance Division and Finance Department (current position)
				Aug. 2022	Director, Chief Supply Chain Officer, General Manager of Supply Chain Management Division (current position)		

**Takaya Awata**  
President and CEO

**Takashi Sugiyama**  
Executive Vice President and Chief Operating Officer

**Masatoshi Kamihara**  
Director and Chief Supply Chain Officer

**Satoshi Yamaguchi**  
Director and Chief Financial Officer

## Outside Directors



Apr. 1990	Joined Hakuhodo Inc.	Oct. 1992	Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)	Oct. 1994	Joined Asahi Audit Corporation (currently KPMG AZSA LLC)	Dec. 2009	Registered as attorney-at-law, Joined Dojima Law Office
May 2015	President and CEO of Sensing Asia Ltd. (current position)	Apr. 1997	Registered as certified public accountant	Apr. 1998	Registered as certified public accountant	Jun. 2014	Seceded to Regional Economy Vitalization Corporation of Japan (REVIC)
Apr. 2016	Deputy Director of Corporate Planning Headquarters and Director of Corporate Planning Department of Pokka Sapporo Food & Beverage Ltd.	Oct. 2003	Director of Hino General Accounting Office (current position)	Aug. 2004	Director of Hiroaki Umeda Certified Public Accountant Office (current position)	Sep. 2016	Returned to Dojima Law Office
Jan. 2023	Director of Sapporo Holdings Ltd. (current position), Vice President and Representative Director of Pokka Sapporo Food & Beverage Ltd., President and Representative Director of Sapporo Group Foods Ltd. (current position)	Sep. 2008	Representative Director of Hino Business Consulting Inc. (current position)	Mar. 2011	Outside Audit and Supervisory Board Member of Fujiseki Co., Ltd. (current position)	Jun. 2017	Director (Audit and Supervisory Committee Member) (current position)
Jun. 2023	Director of the Company (current position)	Jun. 2011	Audit and Supervisory Board Member of the Company	Apr. 2013	Representative Director of E-serve Co., Ltd. (current position)		
		Jun. 2015	Director (Audit and Supervisory Committee Member) (current position)	May 2017	Partner, IPO Audit & Co. (current position)		
		Jun. 2016	Partner, IPO Audit & Co.				
		Jun. 2019	Representative Partner, IPO Audit & Co. (current position)				

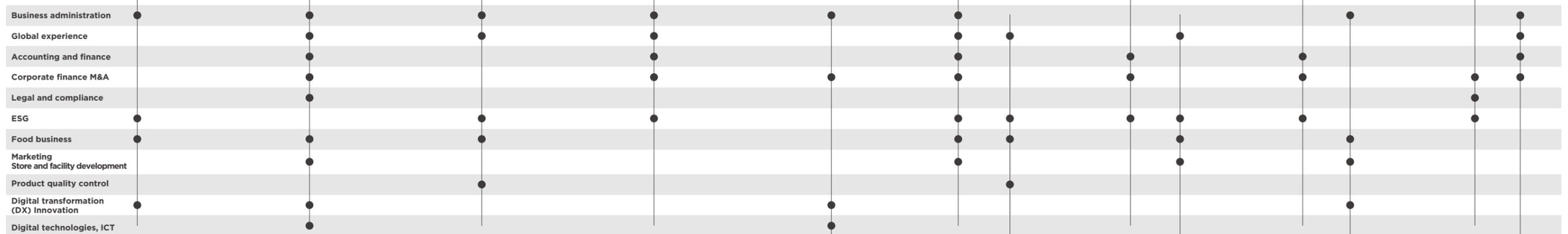
**Rieko Shofu**  
Outside Director

**Toshiyasu Umeki**  
Outside Director (Audit and Supervisory Committee Member)

**Hiroaki Umeda**  
Outside Director (Audit and Supervisory Committee Member)

**Maki Kataoka**  
Outside Director (Audit and Supervisory Committee Member)

## Officer-> Director Skill Matrix



We appoint executive directors who bring a extensive experience and profound knowledge in the restaurant industry, food distribution, and international business. For independent outside directors serving as Audit and Supervisory Committee members, our selection criteria focus on individuals with specialized expertise in internal controls, a strong grasp of legal matters, and a deep understanding of finance and accounting. Furthermore, for those outside directors not serving as Audit and Supervisory Committee members, we prioritize appointing individuals with significant management experience in other companies. This approach is designed to create a diverse board, encompassing the essential knowledge and experience required to fulfill the responsibilities of independent outside directors. Furthermore, in consideration of gender diversity, two female directors are appointed.

The specific expertise and experience of the directors and executive directors are detailed in the table above.

## Executive Director



**Yasunori Isomura**  
Executive Director, Chief Information Officer and Chief Technology Officer

**Atsushi Kusano**  
Executive Director and Chief Food Safety Officer

**Kouji Hayashi**  
Executive Director and Chief Store Development Officer

**Katsuaki Nagumo**  
Executive Director and Chief Marketing Officer

**Michisuke Takesue**  
Executive Director and Chief Corporate Planning Officer

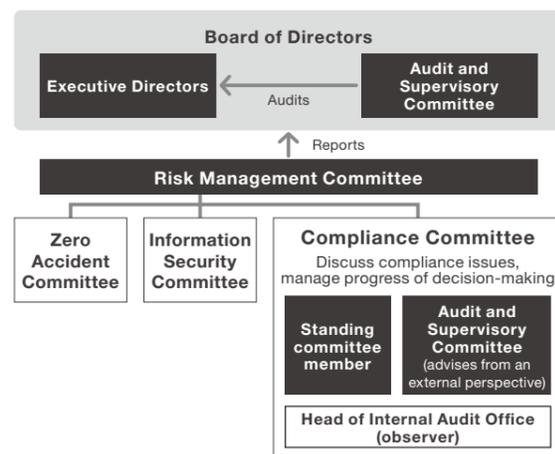
# Compliance

The TORIDOLL Group implements the TORIDOLL Corporation Code of Ethics and the TORIDOLL Code of Conduct as its basic compliance policies. We promote continuous training and education of our officers and employees on compliance, which is a major premise of our business activities, and have established systems to ensure not only compliance with laws and regulations but also high ethical standards.

## Compliance Promotion System

TORIDOLL Holdings has established a Compliance Committee for discussing compliance issues within the Group and formulating a compliance program.

The committee includes three independent outside directors who are also members of the Audit and Supervisory Committee. The Compliance Committee promotes thorough compliance while receiving expert advice from outside directors.



## Internal Reporting System

The TORIDOLL Group has established its Internal Whistleblowing Provisions in accordance with the Whistleblower Protection Act. The Internal Audit Office has set up a whistleblowing hotline to identify, investigate, and correct misconduct at an early stage. The Internal Whistleblowing Provisions also stipulate that confidentiality of the contents of reports is guaranteed, the reporting individual is not treated with prejudice, and matters that may reveal the identity of individuals concerned are kept confidential.

Internal reports are accepted by telephone, e mail, in writing, in person, or via an online form (external hotline), and an investigation team is formed as necessary to respond to each case. We accept reports from Group employees as well as our business partners.

Depending on the nature of the matter, the external contact may report directly to the Company's Audit and Supervisory Committee. Further, our Human Resources Department provides consultation services for mental and physical health, as well as support for LGBT and harassment concerns. Additionally, there are

consultation services for labor and human rights issues, facilitated by the labor union.

In 2022, 54 internal reports were made, and 15 reports were made directly to the external hotline. We confirmed the facts of the content of each report and carried out activities for improvements in line with the report's contents as necessary.



Interview with Outside Directors

## Challenges and Prospects of the TORIDOLL Group

Four of the Group's outside directors gathered to share their perspectives on the challenges facing the company and its prospects. (This interview was conducted in October 2023.)

### Q. What are your thoughts on the roles of outside directors?

**Umeki** As outside directors, it is our responsibility to ensure business operations are properly conducted. Furthermore, our company is currently carrying out significant mergers and acquisitions with a focus on international markets. Mergers and acquisitions require accurate corporate valuation and an integrated verification mechanism within the company. As a certified public accountant, my goal is to apply my skills and knowledge in accounting to contribute meaningfully.

**Umeda** As a certified public accountant, my views are similar to Mr. Umeki's. Monitoring management is a critical part of our job. As outlined in the Corporate Governance Code, it is our duty to ensure that decisions made by our Board of Directors contribute to the sustainable enhancement of corporate value.

**Kataoka** I also think that examining the processes leading to decisions is a crucial role for outside directors. It is important to understand what needs to be decided and what kind of discussions are necessary for those decisions. My main aim is to clarify the points that need to be discussed and then make sound decisions based on those points.

**Shofu** Beyond the supervisory function of management, I believe our role as outside directors is to enhance the Board's effectiveness from a practical business perspective. This requires the creation of an environment where the voting members of the Board can actively participate in discussions. Given this, I am intrigued by the opportunity to assist in the operational setup and design of the Board.

**Report Secretary** Ms. Shofu, as you have become a director this term, have you noticed any challenges faced by our Board of Directors?

**Shofu** I appreciate the openness of the Board and its willingness to welcome diverse perspectives to improve its functionality and effectiveness. However, a considerable amount of time during Board meetings is often spent on Q&A sessions with operational staff. Of course, addressing questions and filling in gaps for decision-making is important. However, we need to find ways to allocate the time for more in-depth discussions between Board members. While retaining positive aspects, we aim to improve other areas whenever possible.

**Q. In discussing major merger and acquisition deals, what are the main points the Board concentrates on?**

**Kataoka** To successfully achieve our vision, it is imperative that we undertake critical mergers, acquisitions and investments. Although it is crucial that we examine investment potential, understanding the associated risks is more important.

**Shofu** That's right. I also believe that the proper assessment of risks and opportunities should be the central topic of our discussions. Generally speaking, internal discussions tend to underestimate risks and overestimate opportunities. We are responsible for rectifying these mistakes by taking an outside perspective and properly aligning the risks and opportunities. Another crucial aspect to consider is the availability of internal resources after a merger or acquisition, in particular, finding the right individuals to support the investment. Securing resources to implement governance and manage the company that we plan to merge with or acquire is crucial. Based on past challenges I have experienced in this area, I believe securing resources that can support the investment is one of the key points we should emphasize.

**Umeda** As Mr. Umeki mentioned earlier, from an accountant's perspective, valuation is the most important part of mergers and acquisitions. While decisions often need to be made in a relatively short timeframe, the credibility of the business plan and the fairness of the valuation price need to be scrutinized. Specifically, the feasibility of the plan should be significantly emphasized.

**Umeki** For international mergers and acquisitions, we have established contracts with local "buddies" or business partners. As these contracts are long-term commitments, we need to assess their value and the contract amount to ensure they are appropriate.



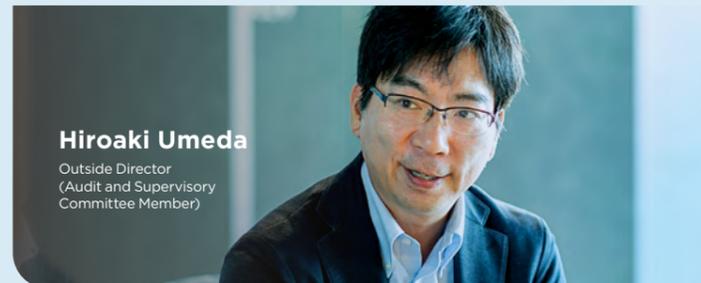
**Toshiyasu Umeki**  
Outside Director  
(Audit and Supervisory Committee Member)

**Q. In your opinion, how successful has the medium- to long-term management plan been so far and what challenges have arisen?**

**Shofu** I believe the plan is progressing well, especially in Japan, where we have moved forward ahead of schedule. That being said, I feel that our discussions have been somewhat focused on expanding the number of stores and increasing sales. To reach a new stage, we need to change our management mindset, shifting our focus from profit and loss to capital efficiency.

**Umeki** Regarding growth, I believe we are on track. As Ms. Shofu pointed out, our attention may have been on increasing sales and the number of stores. In light of our future focus on capital efficiency, I believe we also need to reconsider our approach to financing, shifting towards direct financing, rather than relying on indirect sources.

**Umeda** When our primary source of growth was the domestic Marugame Seimen segment, sales and profits increased proportionally with the number of stores. However, as the domestic market matures and we shift our growth axis overseas, it will be important to increase capital efficiency. Internally, we have begun discussions using ROIC as an indicator. We must now take our discussions to the next level and target an ROIC that exceeds our WACC for each part of our business portfolio. I look forward to seeing how management evolves as we continue to grow.



**Hiroaki Umeda**  
Outside Director  
(Audit and Supervisory Committee Member)

**Kataoka** Taking a different angle, I have identified some potential problems with the medium- to long-term management plan roadmap. It is admirable to set high goals, and indeed, the TORIDOLL Group has thrived by establishing ambitious objectives. However, to enable stakeholders to better understand and identify with us, we need to improve our methods for creating the roadmap and its accuracy.

**Q. Do you see any other group-wide issues?**

**Shofu** The high fluidity of our workforce is a concern that needs to be addressed. While the high fluidity of the workforce enables us to have a range of perspectives, which is positive, considering the future decline in the labor force, the sustainability of management, and the establishment of our corporate culture, I believe that it is necessary to find a balance between personnel stability and an appropriate amount of fluidity. The management team is aware of this, so I am hopeful it will improve.



**Rieko Shofu**  
Outside Director

**Umeki** While it may not be urgent, I do feel there is a need to start preparing for the development of successors and creating a succession plan.

**Q. To connect the pursuit of awe-inspiring dining experiences to corporate value, what efforts or perspectives do you think are necessary?**

**Umeki** I believe that not just seeking efficiency but also ensuring customer satisfaction through considerable effort and care increases corporate value. For this purpose, it is crucial that each employee and staff member at our stores interacts with customers wholeheartedly to capture their hearts. Overall, it is essential to pursue the comfort and ambiance of our stores.

**Umeda** I agree. The basis for this is how we can spend more time interacting with our customers. In other words, we should strive to maximize efficiency in all other aspects of our business. Parts that do not contribute to awe-inspiring dining experiences should undergo a digital transformation.

**Kataoka** We started the initiative to pursue awe-inspiring dining experiences at the All KANDO Creators Meeting held in November 2022. Since then, our employees have become more aware that we are more than just a restaurant establishment and we are a company dedicated to creating excitement and inspiring people (KANDO).

I believe that by being mindful of making everyone happy, including our customers and employees, we will ultimately enhance our corporate value.

**Shofu** Ultimately, each initiative that enhances corporate value will be carried by our employees. For this reason, having easily understandable metrics for initiatives would likely facilitate individual actions. TORIDOLL has unique internal branding and communication department called the KANDO Communication Division, and for education, it has the KANDO Resource Division. I am looking forward to the measures and initiatives of these departments.

**Q. Finally, please tell us what you expect from the TORIDOLL Group.**

**Umeki** I hope it becomes a truly global food company, as stated in its vision. I am sure that the Company will experience even more mergers and acquisitions abroad in the future. Drawing on the knowledge obtained from its international ventures, I hope it can fill any gaps and continue to progress towards its vision in its own unique manner.

**Umeda** I feel the same as Mr. Umeki. I want TORIDOLL to become a global food company originating from Japan. It is my wish that it not only fulfills its social responsibilities, but also meets the expectations of its supportive shareholders by becoming a global corporate group in terms of its market value.

**Kataoka** I dream of this company being a place where everyone can find happiness and fulfillment. This includes not just our customers but also our employees, staff, and partners, all of whom should feel joy and grow together. I believe the company is already on its way to becoming such a place.



**Maki Kataoka**  
Outside Director  
(Audit and Supervisory Committee Member)

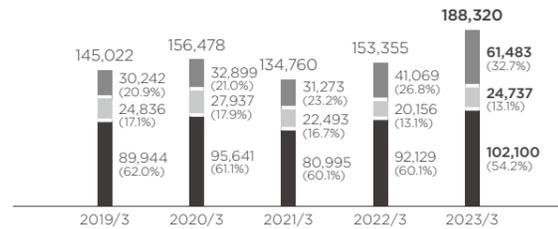
**Shofu** I believe food is culture. Beyond just succeeding in business, I hope that as TORIDOLL grows, it shares its culture of moving experiences with the world. I look forward to it becoming a driving force in expanding the circle of awe-dining experience alongside various regional cuisines.

# Financial and Non-Financial Highlights

## Financial Highlights

### Consolidated Revenue

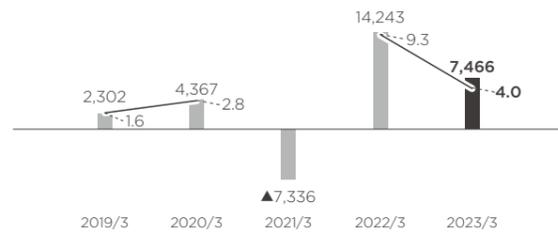
■ Marugame Seimen (Millions of yen) ■ Other Domestic (Millions of yen) ■ Overseas (Millions of yen)  
Note: Figures in parentheses indicate percentage of revenue by business segment (%)



As COVID-19 restrictions were gradually eased and lifted worldwide, people's mobility increased significantly, resulting in the number of customers in the restaurant sector trending toward a recovery. This contributed to Marugame Seimen and Overseas segments' achievement of their highest revenue ever, with the revenue of the Other Domestic segment also increasing, resulting in a record high of ¥188.32 billion.

### Operating Profit / Operating Profit Margin

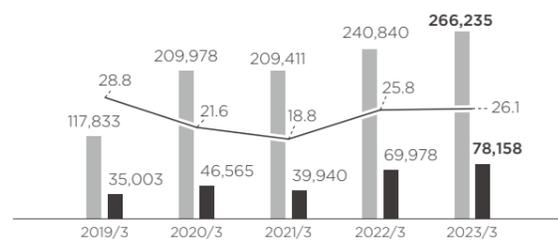
■ Operating profit (Millions of yen) — Operating profit margin (%)



Operating profit amounted to ¥7.466 billion, a decline from the previous term. This was attributed to a decrease in government subsidies received for adjusting to the shortened business hours during the COVID-19 pandemic, as well as one-time expenses for restructuring the China business.

### Total Assets and Total Equity/Equity Ratio

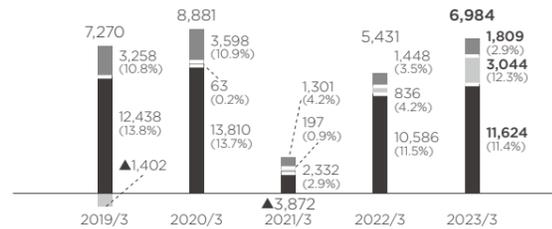
■ Total assets (Millions of yen) ■ Total equity (Millions of yen)  
— Ratio of equity attributable to owners of the parent (%)



Despite an increase in interest-bearing debt, such as long-term loans, the equity ratio increased by 0.3% to 26.1%, indicating that financial soundness has been maintained. This was mainly due to securing cash and cash equivalents in preparation for external changes and an increase in retained earnings from higher revenue.

### Business Profit (Consolidated, By Segment)/ Business Profit Margin

■ Marugame Seimen (Millions of yen) ■ Other Domestic (Millions of yen) ■ Overseas (Millions of yen)  
Note: Figures in parentheses indicate business profit margin (%)

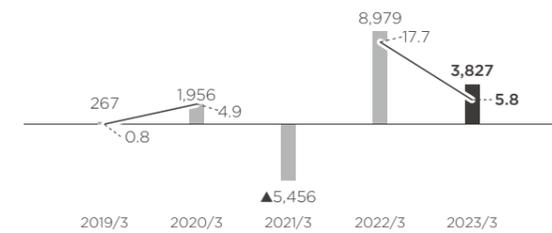


The increase in revenue offset the impact of the globally increasing cost of raw materials, labor and utilities, resulting in business profit increasing to ¥6.984 billion. Exceeding initial projections, the Other Domestic segment successfully evolved into a more profitable business, leading to its highest business profit to date.

Note: Consolidated operating profit includes adjustment amounts allocated to corporate expenses not distributed to each segment.

### Profit Attributable to Owners of the Parent / ROE

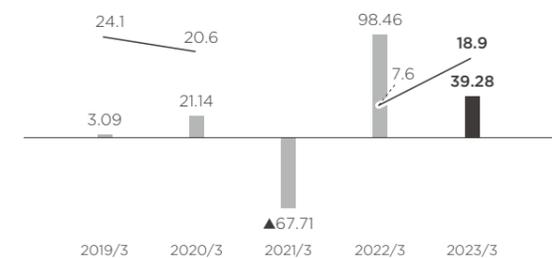
■ Profit attributable to owners of the parent (Millions of yen) — ROE(%)



Profit attributable to owners of the parent declined to ¥3.827 billion primarily because of a decline in other operating profit. ROE decreased compared to the previous term, dropping to 5.8%, mainly due to a decrease in profit.

### Profit (Loss) per Share / Payout Ratio

■ Profit (loss) per share (Yen) — Payout ratio (%)



Profit per share decreased ¥59 from the previous term to ¥18.9, and the dividend per share was ¥7.50. In principle, the TORIDOLL Group's dividend policy targets a dividend payout ratio of 20% or more, while setting a minimum adjusted dividend payout ratio of 2% in order to ensure stable and continuous dividend payments.

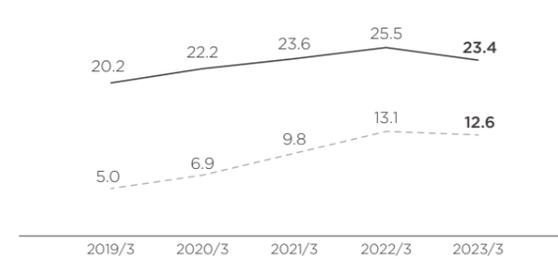
Note: Adjusted dividend payout ratio = Total dividends ÷ (Profit attributable to owners of the parent + Depreciation and amortization + Other operating expenses - Other operating profit + Impairment losses + Extraordinary expenses) x 100  
Note: The Company conducted a two-for-one stock split on April 1, 2020.

## Non-Financial Highlights

ESG Materiality P39

### Percentage of Female Employees/Percentage of Female Managers

— Percentage of female employees (%) — Percentage of female managers (%)

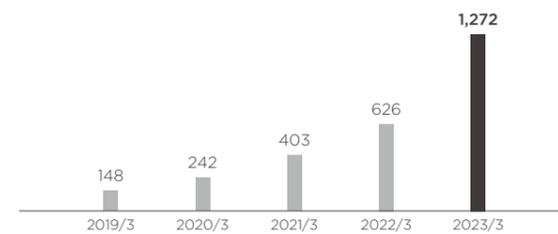


The percentage of female employees has steadily increased over time through recruitment, career support, and other measures. While there has also been a gradual increase in the percentage of female managers over the years, achieving our goals will require further significant efforts. We will proactively work to encourage the career advancement of female employees.

### Certified Udon Masters (Menshokunin)

Working Together with People and Society

■ Number of certified noodle specialists

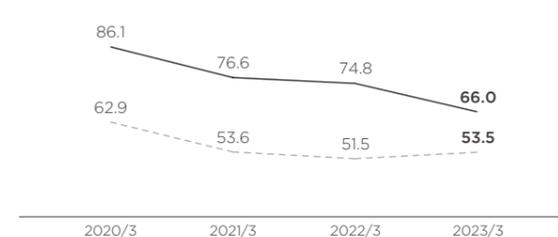


TORIDOLL launched its Udon Masters(Menshokunin) system in 2016 as an in-house qualification system. In 2019 and 2021, the number of examiners was increased to promote the acquisition of qualifications. Our goal was to have Udon Masters stationed at all Marugame Seimen stores by the end of fiscal 2023, expanding the operation of the system. As a result, there was a substantial increase in the number of qualified Udon Masters.

### Percentage of Employee Turnover Accounted for by Early Resignations

Working Together with People and Society

— Early resignation rate (%) — Early resignation rate of partner staff (%)



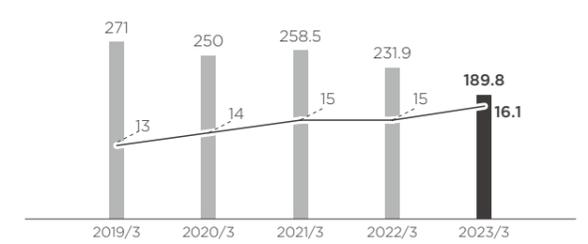
Early resignation rates have improved over time for both employees and partner staff\*.

\* Employees: Number of employees resigning within three years of commencing employment / Total turnover  
Partner staff: Number of employees resigning within six months of commencing employment / Total turnover

### Emissions from Food Waste / Food Recycling Ratio

Promoting Harmony with the Earth

■ Emissions intensity (Kilograms per million yen)  
— Implementation rate of recycling and other measures (%)

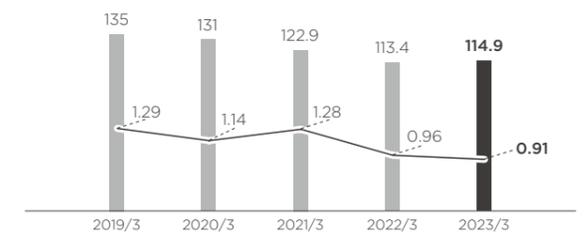


Thanks to the stores' actions, there was a decrease in the total volume of food waste in fiscal 2023 compared to the previous year. Coupled with an increase in sales, this also led to a decrease in food waste per million yen. However, there was only a small increase in the recycling rate, highlighting the need to continue to progress in the future.

### CO<sub>2</sub> Emissions

Promoting Harmony with the Earth

■ Total emissions (Kilotons of CO<sub>2</sub>) — Emissions intensity (Tons of CO<sub>2</sub> per million yen)

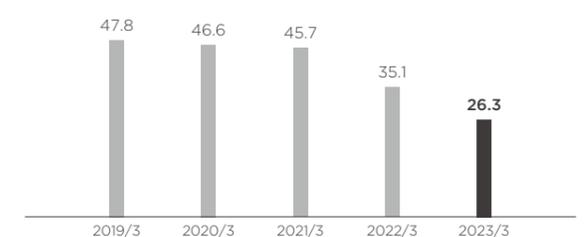


Despite a slight increase in total CO<sub>2</sub> emissions due to higher sales, emissions per million yen decreased in fiscal 2023. We will continue to promote environmental management based on the implementation of Eco-Action 21 at our stores.

### Water Consumption

Promoting Harmony with the Earth

■ Water consumption intensity (Cubic meters per million yen)



The careful installation of water-saving valves customized for each piece of equipment within the store led to a significant reduction in water consumption in fiscal 2022. We successfully continued our efforts to reduce water usage during fiscal 2023.

\*Refer to the scope of coverage on page 40.

# Corporate Information and Stock Information

## Corporate Profile

(As of March 31, 2023)

<b>Company Name</b>	TORIDOLL Holdings Corporation
<b>Founded</b>	August 1985
<b>Established</b>	June 1990
<b>Capital</b>	¥4,519 million
<b>Headquarters</b>	SHIBUYA SOLASTA 19th floor, 1-21-1 Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan
<b>Number of Employees</b>	Regular staff (consolidated): 5,795 Part-time and temporary staff (consolidated): 12,134
<b>Consolidated Subsidiaries</b>	71
<b>Equity-Method Affiliates</b>	21

## Stock Information

(As of March 31, 2023)

<b>Common Stock Authorized</b>	230,400,000
<b>Share Trading Unit</b>	100 shares
<b>Common Stock Issued</b>	87,920,752 (including 844,025 shares of treasury stock)
<b>Number of Shareholders</b>	158,391
<b>Stock Code</b>	3397
<b>Stock Exchange Listing</b>	Tokyo Stock Exchange Prime Market

## Major Shareholders

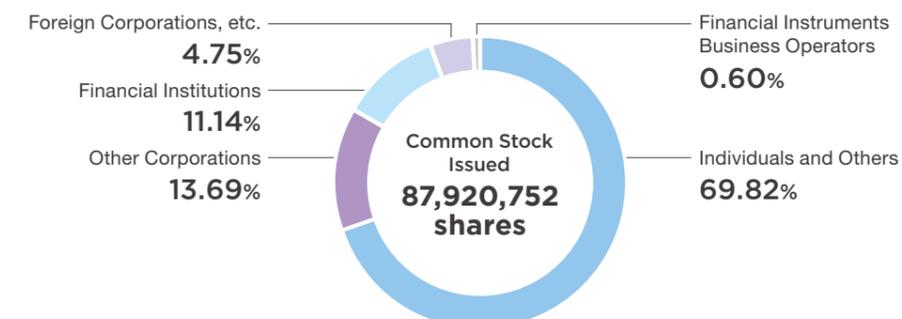
(As of March 31, 2023)

Name of person or organization	Number of shares owned (shares)	Ratio of shares owned to total common stock issued (excluding treasury stock) (%)
<b>Takaya Awata</b>	27,578,662	31.67
<b>T&amp;T Co., Ltd.</b>	11,160,000	12.82
<b>The Master Trust Bank of Japan, Ltd. (Trust account)</b>	4,827,300	5.54
<b>Trustee for Specified Securities, SMBC Trust Bank, Ltd.</b>	3,738,000	4.29
<b>Custody Bank of Japan, Ltd. (Trust account)</b>	864,700	0.99
<b>STATE STREET BANK WEST CLIENT TREATY 505234</b>	605,500	0.70
<b>ARIAKE JAPAN Co., Ltd.</b>	600,000	0.69
<b>SMBC Nikko Securities Inc.</b>	253,600	0.29
<b>JP MORGAN CHASE BANK 381593</b>	250,700	0.29
<b>CGMI RETAIL CLEARANCE ACCOUNT</b>	231,222	0.27
<b>Total</b>	50,109,684	57.55

Note: Ownership ratio is calculated excluding treasury stock (844,025 shares).

## Composition of Shareholders

(As of March 31, 2023)



## Editorial Postscript

We wish to extend our deepest condolences to the family members, loved ones and friends of the people who lost their lives in the Noto Peninsula Earthquake that originated in Ishikawa Prefecture's Noto region on January 1, 2024, and our heartfelt sympathies go out to all of those affected, their families and all concerned.

Thank you for taking the time to read this report. We are proud to have published our first integrated report last fiscal year. We are now excited to present our second report this year, now named the KANDO Report. The name represents our most fundamental value and slogan, the KANDO Dining Experience.

For over a year, we have been promoting our global slogan, Fill Our Planet with KANDO Dining Experiences That Will Move You, which was established in 2022. We are already witnessing its impact growing around the world. While refining the authentic ambiance of a Sanuki udon noodle restaurant through our noodle master training programs, we at Marugame Seimen also embrace modern innovation with the Shake Udon concept, exploring new awe-inspiring experiences. Our other domestic brands are also polishing their awe-inspiring experiences and moving towards

international expansion. With Marugame Udon and Tempura Makino already having expanded overseas, Nagata Honjyouken opened its first store abroad in November 2023. We are thrilled to announce that more of our brands will be introduced to the global market. As mentioned earlier in this report, our acquisition of Fulham Shore has allowed us to expand our brand umbrella to include pizza, a major food category. By conveying the food culture of ethnic cuisines like those of Asia and delivering awe-inspiring experiences in the globally beloved category of pizza, we move closer to our goal of Filling Our Planet with KANDO Dining Experiences That Will Move You.

Finally, we would like to express our sincere gratitude to all those involved in the production of this Integrated Report. We will continue to value opportunities to engage in dialogue with you all and strive to enhance our disclosure of information. Your comments and requests enable the evolution of the report, and we appreciate your candid feedback.

We look forward to your continued support of the TORIDOLL Group in the years to come.

## Scope of Reporting and Referencing Standards

### Reporting Period

Fiscal 2023 (April 1, 2022 to March 31, 2023)

Note: This report includes some activities in fiscal 2024, noted where applicable.

### Scope of Reporting

The TORIDOLL Group is our entire domestic and international group. Where specific data or figures are limited in scope, annotations are provided. For instance, the "main businesses of the TORIDOLL Group" are four of its Group companies: Marugame Udon, Inc., Kona's Inc., Nikuno-Yamagyu Inc., and Toridoll Japan Corporation.

### Publication Information

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### Referenced Guidelines

- International Integrated Reporting Council (IIRC) Integrated Reporting <IR>
- Ministry of Economy, Trade and Industry of Japan, Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation
- Global Reporting Initiative GRI Sustainability Reporting Standards