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Securities code: 3561

June 4, 2019

Dear Shareholders,

Chikaranomoto Holdings Co., Ltd.

1-14-45 Daimyo, Chuo-ku

Fukuoka, Japan

Shigemi Kawahara

Representative Director, Chairman and President

Notice of Convocation of the 34th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 34th Ordinary General Meeting of Shareholders of Chikaranomoto Holdings Co., Ltd. (“the Company”). The meeting will be held as follows:

If you are unable to attend the Meeting, you can exercise your voting rights either in writing or via the Internet. Please review the “Reference Materials for the Ordinary General Meeting of Shareholders” herewith attached and exercise your voting rights by 5:30 p.m. Friday, June 21, 2019 (JST).

- 1. Date & Time:** 1:00 p.m. Monday, June 24, 2019 (JST)
(Registration begins at noon)
- 2. Venue:** The Grand Ballroom, 3rd Floor, Grand Hyatt Fukuoka
1-2-82 Sumiyoshi, Hakata-ku, Fukuoka, Japan
- 3. Purpose of the Meeting:**

Matters to be reported:

Item No.1: Business Report, Consolidated Financial Statements, Audit Reports of Consolidated Financial Statements by Financial Auditor and Audit and

Supervisory Committee for the 34th fiscal year (from April 1, 2018 to March 31, 2019)

Item No.2: Non-Consolidated Financial Statements for the 34th fiscal year (from April 1, 2018 to March 31, 2019)

Matters to be resolved:

Proposal No.1: Election of Five (5) Directors (who are not Audit and Supervisory Committee Members)

Proposal No.2: Election of Three (3) Directors who are Members of Audit and Supervisory Committee

Proposal No.3: Election of One (1) Substitute Director who is a Member of Audit and Supervisory Committee

Please note that if there arise any amendments to the Reference Materials for the Ordinary General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, such amendments will be posted on the Company's website:

[\(https://www.chikaranomoto.com/ir/library/meeting/\)](https://www.chikaranomoto.com/ir/library/meeting/).

Among the documents attached to this convocation notice, the followings are available on the Company's website on the Internet as per relevant laws regulations and the Article 14 of the Company's Articles of Association:

Business Report: Stock Acquisition Rights etc., of the Company, Matters Concerning the Accounting Auditor, and Systems to Ensure Proper Operations and the Operating Effectiveness of Such Systems;

Consolidated Financial Statements, Consolidated Statement of Changes in Shareholders' Equity, and Consolidated Financial Statements;

Non-consolidated Financial Statements, Non-consolidated Statement of Changes in Shareholders' Equity, Notes to Non-consolidated Financial Statements.

These items were also included in the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements, that were audited in the preparing of Audit Report by Audit and Supervisory Committee and Financial Audit Report prepared by Financial Auditor.

Exercising your voting rights

Shareholders may exercise voting rights by any one of the following methods:

1) For shareholders attending the Meeting in person

Please submit the enclosed Voting Rights Exercise Form at the registration.

(If you attend the Meeting in person, you do not need to exercise your voting rights by mail or via the Internet.)

Date & Time of the Meeting: 1:00 p.m. Monday, June 24, 2019 (JST)

2) For shareholders not attending the Meeting in person

1) Voting by mail

Please indicate your approval or disapproval for the items on the enclosed Voting Rights Exercise Form and send it back to the transfer agent of the Company (Mitsubishi UFJ Trust and Banking Corporation). A Voting Rights Exercise Form without an indication of approval or disapproval for the items will be treated as indicating approval.

Deadline for exercising voting rights: Received by 5:30 p.m. Friday, June 21, 2019 (JST)

2) Voting by Internet

On the designated **website** (<https://evote.tr.mufig.jp/>), enter the **login ID** and **temporary password** indicated on your Voting Rights Exercise Form, and then follow the on-screen instructions to exercise your voting rights.

Deadline for exercising voting rights: 5:30 p.m. Friday, June 21, 2019 (JST)

Exercise of voting rights via the Internet

Exercise of voting rights via the Internet is only possible by accessing the **website** (<https://evote.tr.mufig.jp/>) designated by the Company for the purpose of exercising voting rights from your computer or smartphone. This site, however, is only available in Japanese.

(Precautions)

Exercise of voting rights via the Internet

- 1) To prevent unauthorized access (e.g. identity fraud) and/or interference with voting decisions by a third party, you are asked to change **the temporary password** on the voting rights exercise site the first time you log in.
- 2) You will be provided with a new **login ID** and **temporary password** prior to each general meeting of shareholders in the future.

Multiple voting

- 1) If you exercise your voting rights by two different methods, for example, via the Internet as well as by mailing your Voting Rights Exercise Form, your voting results via the Internet shall be deemed valid.
- 2) If you exercise your voting rights via the Internet more than once, using computer or smartphone, only your final vote shall be deemed valid.

Charges incurred in relation to accessing the voting rights exercise site

Charges incurred in relation to accessing the voting rights exercise site (Internet connection charge, telephone charge, etc.) shall be borne by the shareholders. Similarly, mobile phone charges such as packet transmission charges shall be borne by the shareholders.

Contact for inquiries related to the exercise of voting

Transfer Agent (Help desk), Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (9:00 a.m. to 9:00 p.m. (JST), toll-free)

Please note that the above service is only available for calls from within Japan.

Reference Materials for the Ordinary General Meeting of Shareholders

Proposal No. 1: Election of Five Directors who are not Audit and Supervisory Committee Members

The terms of office of five Directors who are not Audit and Supervisory Committee Members (hereinafter the same shall apply in this Proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of five Directors is proposed. The Audit and Supervisory Committee has agreed that all the candidates for Directors are appropriate.

The candidates for Directors are as follows.

No.	Name	Current positions and responsibilities at the Company	
1	Mr. Shigemi Kawahara	Representative Director, Chairman and President	Reappointment
2	Mr. Toru Nakao	—	New
3	Mr. Hidehiko Nishihama	Director	Reappointment
4	Mr. Takashi Ajimura	—	New
5	Ms. Hideko Toba	—	New External Independent

Reappointment: Candidate for Director to be reappointed

New: Candidate for Director to be newly appointed

External: Candidate for External Director

Independent: Independent Director or Auditor to be registered with Tokyo Stock Exchange, Inc.

Candidate No. 1	Mr. Shigemi Kawahara		Date of birth: December 18, 1952
	Reappointment		
	Current Position with the Company		President and Representative Director
	Number of Company shares held		5,418,834 (8,823) shares
	Number of board meetings attended (FY2018-19)		13/13 (100%)
	Brief professional experience, positions held and important concurrent positions		
	November 1979	Founding of “After the Rain”	
	October 1985	Founding of IPPUDO	
	October 1986	Founding of Chikaranomoto Co., Ltd.	

	December 1994	Founding of Chikaranomoto Co., Ltd. (the Company), Representative Director
	April 2009	Watanabe Seimen Co., Ltd., Representative Director
	November 2013	CHKARANOMOTO GLOBAL HOLDINGS Pte. Ltd., Managing Director IPPUDO USA HOLDINGS, Inc., Director
	January 2014	The Company, Representative Director, Chairman and CEO
	April 2016	Watanabe Seimen Co., Ltd., Representative Director and Chairman
	August 2016	Watanabe Seimen Co., Ltd., Representative Director, Chairman and President
	April 2018	Chikaranomoto Co., Ltd., Director CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd., Director
	June 2018	The Company, Representative Director, Chairman and President (current position) CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd., Managing Director (current position)
	January 2019	Chikaranomoto Co., Ltd., President and Representative Director
	April 2019	Chikaranomoto Co., Ltd., Director (current position)
	Important concurrent positions	Chikaranomoto Co., Ltd., Director CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd. Managing Director

Note: Mr. Shigemi Kawahara, combined with the shares held by his spouse Ms. Emi Kawahara and her private asset management company E&RS' FORCE CREATION Pte. Ltd., owns 55.3% of the voting rights of the Company, and the Company is his "Subsidiary Company, etc."

Reasons for the candidacy:

Mr. Shigemi Kawahara has built the foundations of the Company since his founding of IPPUDO back in 1985. He has been spearheading the management of the Company for the last 34 years and continues to contribute to the growth of the Company through expansion of the business around its core brand, IPPUDO. Considering his wide-ranging knowledge of the restaurant industry and leadership to enable sustainable creation of corporate value are necessary for the further growth of the Company, the board has nominated him for reappointment.

Candidate No. 2	Mr. Toru Nakao		Date of birth: September 30, 1960
	New appointment		
	Current Position with the Company		Not applicable
	Number of Company shares held		None
	Number of board meetings attended (FY2018-19)		Not applicable
	Brief professional experience, positions held and important concurrent positions		
	July 1994	Joined S.G. Company Inc.	

	September 2000	S.G. Shoes Company, Representative Director
	June 2001	ABC-Mart Inc., Western Japan (currently ABC-Mart Inc.), Senior Managing Director
	May 2003	ABC-Mart Inc., Director
	April 2005	ABC-Mart Inc., Director and Head of Sales
	March 2007	ABC-Mart Inc., Managing Director and Head of Sales
	April 2009	ABC-Mart Inc., Senior Managing Director, Head of Sales and in charge of store development
	September 2015	ABC-Mart Inc., Senior Managing Director, Head of Sales
	June 2016	S.G. Company Inc., Director
	January 2019	Chikaranomoto Co. Ltd., Director
	April 2019	Chikaranomoto Co. Ltd., President and Representative Director (current position)
	Important concurrent positions	Chikaranomoto Co. Ltd., President and Representative Director

Reasons for the candidacy:

Mr. Toru Nakao possesses wide-ranging experience and knowledge concerning sales, store development and management through his professional experience being in charge of sales and store development as a director of a publicly listed company. In hopes that his experience and insights will contribute to improvement of customer satisfaction and optimization of store operations, the board has nominated him as a candidate.

Candidate No. 3	Mr. Hidehiko Nishihama		Date of birth: October 10, 1964
	Reappointment		
	Current Position with the Company		Director
	Number of Company shares held		445 (445) shares
	Number of board meetings attended (FY2018-19)		13/13 (100%)
	Brief professional experience, positions held and important concurrent positions		
	June 1992	Joined Anrakutei Co., Ltd.	
	March 1993	Joined Umenohana Co., Ltd.	
	December 2001	Umenohana Co., Ltd., Director, Operations of Kansai Area	
	September 2002	Umenohana Co., Ltd., Director, Head of Sales	
	September 2004	Umenohana Eastern Japan Co., Ltd., Representative director	
	October 2005	Umenohana Eastern Japan Co., Ltd., Managing Director and Head of Sales	
	December 2009	Koichian Co., Ltd., President and Representative Director	
	December 2015	Umenohana Co., Ltd., Director and Executive Officer	

	June 2018	The Company, Director (current position)
	October 2018	Watanabe Seimen Co., Ltd., Director (current position)
	April 2019	Chikaranomoto Co., Ltd., Director (current position)
	Important concurrent positions	Chikaranomoto Co. Ltd., Director Watanabe Seimen Co., Ltd., Director

Reasons for the candidacy:

Mr. Hidehiko Nishihama, in his capacity as Head of Sales and Director of a publicly listed restaurant company, possesses wide-ranging knowledge and experience in sales, procurement, logistics and management of a listed company. The board has deemed his experience and insights indispensable for the further growth of the Company, and nominated him for reappointment.

Candidate No. 4	Mr. Takashi Ajimura		Date of birth: November 11, 1958
	New appointment		
	Current Position with the Company		Not applicable
	Number of Company shares held		None
	Number of board meetings attended (FY2018-19)		Not applicable
	Brief professional experience, positions held and important concurrent positions		
	April 1983	Joined NGK Insulators Co. Ltd.	
	January 1988	NGK Metals Corporation USA	
	November 1992	AT&T Japan Network Systems, Contract Department Head	
	July 1996	DirecTV Japan, Vice President, Legal	
	July 2002	Culture Convenience Club Co., Ltd., Chief Legal Officer	
	June 2006	Sumiya Co., Ltd., Auditor	
	January 2011	Japan and International Motion Picture Copyright Association Inc., Representative Director	
	March 2012	Japan Professional Soccer League (Public Interest Company) “J-League,” Auditor	
	July 2016	B.Marketing Co., Ltd., Auditor (current position)	
	December 2018	Unifa Co., Ltd., Auditor (current position)	
	April 2019	Digital Hollywood University, Visiting Professor (Legal Management) (current position)	
	Important concurrent positions		

Reasons for the candidacy:

Mr. Takashi Ajimura possesses high levels of specialist knowledge in the areas of corporate law, corporate legal issues and risk management and wide-ranging insights from his appointments as a Chief Legal Officer of a publicly listed company and as a Auditor of J-League. Hoping that his

experience and insights will foster making important decisions as a board and reinforcing control over individual director's business decisions, the board has nominated him as a new candidate.

Candidate No. 5	Ms. Hideko Toba		Date of birth: July 28, 1956
	New appointment, External, Independent		
	Current Position with the Company		Not applicable
	Number of Company shares held		None
	Number of board meetings attended (FY2018-19)		Not applicable
	Brief professional experience, positions held and important concurrent positions		
	January 1989	Giorgio Armani Japan Co., Ltd., Public Relations Manager	
	January 1994	Bulgari Japan Co., Ltd., Marketing Manager	
	September 2000	Bulgari Japan Co., Ltd., Director and Chief Marketing Officer	
	September 2005	LVMH Watch Jewelry Japan Co., Ltd., Vice President	
	April 2008	LVMH Watch Jewelry Japan Co., Ltd., Executive Officer European Business Council, Member representing LVMH Group	
	July 2011	Link Theory Japan Co., Ltd., Chief Marketing Officer	
	March 2013	DoCLASSE Co., Ltd., Chief Operating Officer	
	January 2014	Founded Toba Consulting Network LLP. (currently Toba Consulting Network Co., Ltd.)	

Reasons for the candidacy:

Ms. Hideko Toba has held positions such as Director of Marketing at internationally well-known brands and companies, and has wide-ranging insights as well as high levels of specialist knowledge in the areas of branding and marketing. In addition, she has management and international experience. The board hopes that her wealth of experience and insights will strengthen the Company's branding and marketing strategies, as well as fostering governance structures, and has nominated her candidacy.

Notes:

1. There is no special conflict of interest between the Company and any of the above five candidates for Directors.
2. The number of shares held by each candidate are those as of March 31, 2019.
3. The number of shares indicated between brackets under "Number of Company shares held" are

those shares held by those candidates through Directors' Stock Ownership Program.

4. Ms. Hideko Toba is a nominee for External Director.

5. With the approval of her candidacy, the Company will enter into an agreement (liability limitation agreement) with Ms. Hideko Toba that the external director's liability to the Company under Article 423, paragraph 1 of the Japanese Companies Act shall be limited to the amount set forth in Article 425, paragraph 1 of the Japanese Companies Act, if she acts in good faith and is not grossly negligent in conducting her duties.

6. Ms. Hideko Toba meets the Company's Criteria for determining Independence of Directors, and also meets the criteria for independent directors set by Tokyo Stock Exchange Inc. The Company intends to register her as an independent director with the said Exchange.

7. The registered name of Ms. Hideko Toba, a candidate for External Director, is "Hideko Toba" (鳥羽 秀子 in Chinese characters).

Proposal No. 2: Election of Three (3) Directors who are Members of Audit and Supervisory Committee

The terms of office of three Directors who are Audit and Supervisory Committee Members, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of three Directors who are Audit and Supervisory Committee Members is proposed. This Proposal has received prior consent from the Audit and Supervisory Committee.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows.

Candidate No. 1	Mr. Yasuyoshi Suzuki		Date of birth: October 24, 1951
	Reappointment		
	Current Position with the Company		Director (Audit and Supervisory Committee)
	Number of Company shares held		40,445 (445) shares
	Number of board meetings attended (FY2018-19)		12/13 (92%)
	Brief professional experience, positions held and important concurrent positions		
	April 2006	Japan Airlines Co., Ltd., Western Area USA, Head of Branch	
	April 2007	Japan Business Association of Southern California, Chairman Japanese Chamber of Commerce of Southern California, Vice President	
	June 2009	JAL Hotels Co., Ltd., Director and Head of Sales	
	April 2011	Lekka Trading Co., Ltd., Senior Managing Director	
	December 2011	Chikaranomoto Co., Ltd. (currently the Company)	
	October 2014	CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd., Director	
	June 2015	The Company, Director	
	October 2016	The Company, Director and Head of President's Office	

	June 2017	The Company, Full-time Audit and Supervisory Committee Member (current position)
	September 2017	I&P Runway Japan Co., Ltd., Auditor (current position)
	Important concurrent positions	I&P Runway Japan Co., Ltd., Auditor

Reasons for the candidacy:

Mr. Yasuyoshi Suzuki joined the Company in December 2011, and was nominated at the 32nd General Meeting of Shareholders held on June 26, 2017 as a Director and Member of Audit and Supervisory Committee. By observing the important meetings of both domestic and international subsidiaries, he has functioned as a controller of business decisions and strengthened monitoring of management overall. The board has nominated him for reappointment in hopes that he will continue to audit and control the management decisions of the Company through his vast knowledge and high degree of insight in both operating and management functions of the Company.

Candidate No. 2	Mr. Tetsuya Tsuji		Date of birth: October 20, 1970
	Reappointment, External, Independent		
	Current Position with the Company		Director (Audit and Supervisory Committee)
	Number of Company shares held		None
	Number of board meetings attended (FY2018-19)		13/13 (100%)
	Brief professional experience, positions held and important concurrent positions		
	April 1997	Registered Lawyer at Daini Tokyo Bar Association	
	August 2003	Field-R Law Offices (current position)	
	June 2007	Gonzo Co., Ltd., External Auditor	
	November 2009	Yume no Machi Souzou Iinkai Co., Ltd., External Auditor (current position)	
	January 2014	The Company, External Auditor	
	May 2017	Plus D Inc., External Auditor	
	June 2017	The Company, External Director, Audit and Supervisory Committee Member (current position)	
Important concurrent positions	Field-R Law Offices Yume no Machi Souzou Iinkai Co., Ltd. External Auditor		

Reasons for the candidacy:

Mr. Tetsuya Tsuji is a lawyer and has high degrees of expert knowledge in the law. With the experience of being an auditor in publicly listed companies, the board expects that he will contribute to high degree of transparency and soundness, strengthening of corporate governance of the Company. The board hopes for his reappointment as an external director and a member of the Audit and

Supervisory Committee to capitalize on his wealth of experience and knowledge in the audit and control of the Company. Mr. Tsuji has no management experience apart from being an external director and independent director in the Company, but the board believes that he will have no issues carrying out his duties appropriately given his vast experience as outlined above.

Candidate No. 3	Mr. Shinji Tanabe		Date of birth: July 3, 1965
	Reappointment, External, Independent		
	Current Position with the Company		Director (Audit and Supervisory Committee)
	Number of Company shares held		445 (445) shares
	Number of board meetings attended (FY2018-19)		13/13 (100%)
	Brief professional experience, positions held and important concurrent positions		
	October 1990	Joined Audit Firm Tohmatsu (currently Deloitte Touche Tohmatsu LLC)	
	August 1994	Registered as Certified Public Accountant	
	July 1996	Hongo Certified Public Accountants (currently Hongo Tsuji Tax & Consulting)	
	September 1999	Founded Tanabe Certified Public Accountants Office	
	January 2009	Tanabe Certified Public Accountants Co., Ltd., Representative Director (current position)	
	December 2010	Eurasia Travel Co., Ltd., External Auditor (current position)	
	January 2014	The Company, External Auditor	
	June 2017	The Company, External Director, Audit and Supervisory Committee Member (current position)	
	Important concurrent positions	Tanabe Certified Public Accountants Co., Ltd., Representative Director Eurasia Travel Co., Ltd. External Auditor	

Reasons for the candidacy:

Mr. Shinji Tanabe is a Certified Public Accountant and has high degrees of knowledge and vast experience in the areas of accounting. The board hopes that his experience and knowledge will contribute to strengthening corporate governance of the Company by advising the board from the perspectives of transparency and management soundness. The board hopes that he will continue to contribute to the Company with his rich experience and deep insights, and as such, nominates him for reappointment.

Notes:

1. There is no special conflict of interest between the Company and any of the candidates.
2. The number of shares held by each candidate are as of March 31, 2019.
3. The number of shares indicated between brackets under “Number of Company shares held” are those shares held by each candidate through Director Stock Ownership Program.

4. Mr. Tetsuya Tsuji and Mr. Shinji Tanabe are candidates for external directors and members of the Audit and Supervisory Committee.
5. The Company has an agreement (liability limitation agreement) with Mr. Tetsuya Tsuji and Mr. Shinji Tanabe that the external director's liability to the Company under Article 423, paragraph 1 of the Japanese Companies Act shall be limited to the amount set forth in Article 425, paragraph 1 of the Japanese Companies Act, if they act in good faith and are not grossly negligent in conducting their duties. The Company intends to renew this agreement with them once their reappointments are approved.
6. Mr. Tsuji and Mr. Tanabe are both External Directors who are members of the Audit and Supervisory Committee, and their term at office will be two years at the conclusion of this General Meeting of Shareholders. Both of them had, in the past, been non-executive officers (auditors) at the Company.
7. Both Mr. Tsuji and Mr. Tanabe meet the Company's Criteria for determining Independence of Directors, and also meets the criteria for independent directors set by Tokyo Stock Exchange Inc., and they have been registered as such. The Company intends to enlist them as independent directors once their reappointments are approved.

Proposal No. 3: Election of One (1) Substitute Director who is a Member of Audit and Supervisory Committee

The term of office for Mr. Hideki Watanabe, who was appointed as a Substitute Director who is a Member of Audit and Supervisory Committee at the 33rd General Meeting of Shareholders, held on June 25, 2018, will expire at the beginning of this General Meeting of Shareholders. In order to prevent shortage of number of Directors as ruled by the law, the board proposes to nominate one Substitute Director who is a Substitute Member of Audit and Supervisory Committee. The appointment can be canceled, only before the candidate assumes the position and with the agreement of the Audit and Supervisory Committee, by the board's resolution. This Proposal has received prior consent from the Audit and Supervisory Committee. The details of the candidate for Substitute Director who is a Member of the Audit and Supervisory Committee are as follows:

Candidate No. 1	Mr. Hideki Watanabe External	Date of birth: March 16, 1960
	Current Position with the Company	Not applicable
	Number of Company shares held	None
	Number of board meetings attended (FY2018-19)	Not applicable
	Brief professional experience, positions held and important concurrent positions	

	April 1983	Joined Sumitomo Corporation
	April 1994	Registered at Tokyo Bar Association Kishi Iwao Law Offices
	April 2000	Wakabayashi Watanabe Law Offices (current position)
	March 2006	Honma Golf Co., Ltd., External Auditor
	April 2008	Supreme Court of Japan, Judicial Training and Research Institute, Instructor
	June 2008	Laos Co., Ltd., External Auditor
	June 2013	The National Bar Examination Committee, Member
	Important concurrent positions	Wakabayashi Watanabe Law Offices

Reasons for the candidacy:

Mr. Hideki Watanabe is a lawyer and an expert in the law, and the board proposes to nominate him as a Substitute Director who is a Member of Audit and Supervisory Committee so that he can capitalize on his wealth of knowledge and high degree of insight to foster audit and control functions of the Company. Mr. Watanabe has no management experience apart from being an external director and independent director, but the board believes that he will have no issues carrying out his duties appropriately given his vast experience as outlined above.

Notes:

1. There is no special conflict of interest between the Company and Mr. Watanabe.
2. Mr. Watanabe is a candidate for Substitute Director who is a Member of Audit and Supervisory Committee.
3. With the approval of his candidacy, the Company will enter into an agreement (liability limitation agreement) with Mr. Hideki Watanabe that the external director's liability to the Company under Article 423, paragraph 1 of the Japanese Companies Act shall be limited to the amount set forth in Article 425, paragraph 1 of the Japanese Companies Act, if he acts in good faith and is not grossly negligent in conducting his duties.

For Reference:

Criteria to determine the independence of independent officers

The Company shall deem external directors who meet the following requirements to be independent directors who have no possibility of conflict of interests with general shareholders.

The independent external director does not fall into any of the following:

1. Former and current executives of the Company and its subsidiaries (hereinafter "the Group")
2. Major customer of the Group, or its executives. "Major" hereby means the total sales amount of

the Group to such a customer for the fiscal year exceeds 2% of the consolidated revenue.

3. Business operator whose major customer is the Group, or its executives. “Major” hereby means the total sales amount of such an operator to the Group for the fiscal year exceeds 2% of the total revenue of such an operator.
4. Major shareholder holding more than 10% of the total voting rights of the Company, or its executive.
5. Certified Public Accountant, lawyer or consultant who receive more than JPY10 million or equivalent from the Company apart from the executive remuneration (if the recipient of such remuneration is a legal entity or association, any individual belonging to such entity receiving more than 2% of its total revenue for the fiscal year from the Group).
6. A person receiving more than JPY10 million in donation from the Group (if the recipient of such donation is a legal entity or association, any individual belonging to such entity receiving more than 2% of its total revenue for the fiscal year from the Group).
7. Persons belonging to a firm that is the Accounting Auditor of the Company, formerly or currently.
8. Any individual or entity meeting any one of the criteria from 2 to 7 of the above in the last 3 years.
9. Any person, whose spouse, or any relative within second degree of kinship of the following:
 - 1) An important executive of the Group, either current or in the previous fiscal year;
 - 2) Any person falling into one of the criteria between 2 and 4 above;
 - 3) Any person falling into either 5 or 6 of above.

Note: “Executive” means any individual falling in the category of Article 2, paragraph 3, item 6 of the Regulation for Enforcement of the Companies Act.

Note: “Important executive” means any executive person who is a director (but not an external director), executive officer or important executive such as department head.

Note: “Belonging to such entity” hereby means any important executive in such an entity, or person holding equivalent importance in such an entity, or, if such an entity is such a specialist entity as an Auditing firm or legal office, any individual holding a professional certificate such as certified public accountant or a lawyer.

Attached Materials:

Business Report (for the fiscal year between April 1, 2018 to March 31, 2019)

- 1) Current State of the Company and its Subsidiaries
 - 1. Results of the Business Activities for the Fiscal year
 - 1. Progression of the Business and its Results

During this fiscal year, the Japanese economy continued to recover gradually, propelled by corporate performance, increase in their capital expenditure, and improvement in the employment and overall wages. Internationally, there remain risk factors in the outlook of the global economy stemming from American protectionist policies and trade disputes with the European Union and China and also from the potential “Brexit” of the United Kingdom from the EU.

Within the restaurant industry where the company operates, domestically, it faces many challenges from hyper-competition across industries involving convenience store chains and food delivery services, rising wages from labor shortage, increase of raw materials and logistics costs. In addition, with the coming Tokyo Olympics in 2020, there are upward pressures on construction materials too. In the international markets, while there are many new entrants, the overall Japanese restaurant market is growing boosted by the increased awareness of Japanese food in general and ramen in particular. There are promising signs of further growth in this segment.

Under such circumstances, the Company stays true to its corporate philosophy of “Keep Changing to Remain Unchanged” and to spread Japanese culinary culture to the rest of the world by opening more stores, aiming to realize 600 stores worldwide by the year 2025. At the end of the fiscal year, the total number of stores, including those in the licensed territories, amounted to 266 (151 domestically and 115 internationally).

As such, the consolidated revenue during the fiscal year totaled 27,466 million yen, an increase of 12.3% from its previous fiscal year, its operating income amounted to 957 million yen (an increase of 5.8%), and its ordinary income 922 million yen (also an increase of 5.8%). The Company also recorded income from sales of investment shares held by its subsidiaries, while also booking impairment losses related to closures of certain stores in Japan. With additional tax expenses, the net income attributable to the Company resulted in 615 million yen (a decrease of 3.0%).

Explanation by segments

(Domestic Store Operations)

In this segment, the Company continued to open stores under the “IPPUDO” and “Ramen Express” brands. It also remodeled and renovated a certain number of high-performing stores to reinforce their profitability, as well as closing certain stores for strategic reasons. At the end of the period, there were 6 IPPUDO store openings, and 6 Ramen Express store openings. The total number of stores at the end of the period was 143 (a net increase of 9 stores).

At the 33rd Anniversary of IPPUDO on October 16, 2018, the Company offered “Furumai” free bowls of ramen, and also reinforced strong ties with loyal customers by issuing “IPPUDO Republic Premium Member’s Card” to the past “Premium Members.”

While there were operation disruptions caused by natural disasters, the new stores opened on schedule and the existing stores showing signs of recovery, the overall revenue from this segment amounted to 15,795 million yen (an increase of 4.9% from the previous fiscal year). The Company also endeavored to increase profitability by improving productivity in production and manufacturing processes and revamping supply chain, as the positive effects from these efforts are spread over time, and there were stronger pressures on the profitability from industry-wide increase in logistics cost, wages and raw materials cost, the operating income resulted in 910 million yen (a decrease of 8.9%).

(International Store Operations)

The Company opened its first Vietnamese store during this fiscal year, and continued to open more IPPUDO stores around the world. It has now presence in 13 countries and regions outside Japan, and its store count totaled 115 (a net increase of 33 stores). Additionally, the Company has consolidated the Taiwan operations, which had been a licensed area and reinforced its management and productivity improvements in this territory. Lastly, all of the stores participated in the 33rd Anniversary event throughout the world, which was the first-time ever globally coordinated event aimed at an increased brand recognition of IPPUDO.

As such, the total revenue from the segment resulted in a strong growth of 37.4%, amounting to 8,578 million yen, propelled by solid performance from existing stores and additions from the new stores opening. While its operating income was dragged downward by the initial start-up costs in the USA west coast operations, the strong performance from existing stores and additional income from licensed store openings more than offset this, and the operating income saw a significant increase of 24.2%, resulting in 609 million yen.

(Domestic Production and Merchandise)

The Company continued to reinforce its IPPUDO-related merchandising such as “Ouchi-de-IPPUDO,” a ready-to-eat products aimed at consumers, but its efforts were countered by the closure of instant-noodle manufacturing business during the previous year, as well as the self-initiated recall of “Hot Moyashi Sauce” (packaged condiment) during the period, which resulted in a decreased revenue. The revenue from the segment saw a decrease of 7.4% at 2,086 million yen, but its profitability increased by 35.0% to 50 million yen, thanks to an improved productivity and gross margin.

(Others)

Within this segment, although the Consulting division has been refocusing on its existing business rather than acquiring new ones, its revenue continued to increase. The brands under this segment such as “Ichika-Bachika” and a 68-year old brand “Inaba Udon” received much media attention during the period, which saw their brand recognition improve. Ichika-Bachika had 1 new opening but also closed 1 store, resulting in 8 stores under this segment at the end of the period. The revenue from the segment totaled 1,005 million yen (an increase of 12.1%) and its loss amounted to 8 million yen (previous year saw 20 million yen loss).

2. Status of Capital Expenditure

The amount of capital expenditure carried out by the Company totaled JPY1,487 million. Of these, Domestic Store Operations incurred JPY894 million, International Store Operations incurred JPY548 million, Domestic Production and Merchandise incurred JPY32 million and Others incurred JPY12 million.

3. Status of Financing

The Company financed a total of JPY1,703 million for new store developments both domestically and internationally from financial institutions in the form of long-term loans. Additionally, for the purpose of new store openings both domestically and internationally as well as strengthening production capacities through a new factory, the Company composed a multi-currency syndicate loan to dynamically and sustainably finance, and also to alleviate foreign currency exchange related risks. This comprises of JPY1,700 million of commitment-term attached term-loan and a term loan of EURO940 thousand and USD1,369 thousand. There is no borrowing balance from this loan at the end of the fiscal year.

4. Any sales of business, mergers or divisions

No item to report.

5. Any acquisition of others' business

No item to report.

6. Any mergers and acquisitions, absorption and split, or any inheritance of rights and obligations of other legal entities' business.

No item to report.

7. Any acquisition or disposal of other companies' shares or rights

CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd., a subsidiary of the Company, has acquired all of the shares of Kanpai Ramen Co., Ltd. (currently Taiwan IPPUDO Co., Ltd.) from Kanpai Group Co., Ltd. on October 3, 2018 and has consolidated it.

2. Business Results and Financial Positions of the previous 3 fiscal years.

1. Business Results and Financial Positions of the Group

	31 st term FY ending March 2016	32 nd term FY ending March 2017	33 rd term FY ending March 2018	34 th term FY ending March 2019 (current term)
Revenue (million yen)	20,865	22,430	24,451	27,466
Ordinary Income (million yen)	430	539	872	922
Income attributable to the Company (million yen)	125	271	634	615
Net income per share (yen)	6.08	13.14	27.85	26.26
Total Assets (million yen)	12,784	14,323	15,300	16,392
Net Assets (million yen)	2,665	3,576	4,720	4,724

Notes 1. Net income per share is calculated on the basis of the average number of shares during the period.

2. The Company has executed a share split of 1:2 on October 1, 2017. The calculation of net income per share is done as if the share-split was done at the beginning of the 31st term.

3. The Company has applied "Partial Changes to Accounting Standards relating to Tax Effect Accounting" (Corporate Accounting Principles No. 28 (effective February 16, 2018)) since the first quarter of current fiscal year, and comparison to previous terms are calculated by applying the standard retroactively.

2. Business Results and Financial Positions of the Company

	31 st term FY ending March 2016	32 nd term FY ending March 2017	33 rd term FY ending March 2018	34 th term FY ending March 2019 (current term)

Revenue (million yen)	1,674	1,983	2,172	2,503
Ordinary Income (million yen)	122	281	227	472
Income attributable to the Company (million yen)	78	242	389	-69
Net income per share (yen)	3.81	11.74	17.08	-2.98
Total Assets (million yen)	5,482	6,690	7,318	8,035
Net Assets (million yen)	2,717	3,573	3,825	3,611

Notes 1. Net income per share is calculated on the basis of the average number of shares during the period.

2. The Company has executed a share split of 1:2 on October 1, 2017. The calculation of net income per share or net loss per share is done as if the share-split was done at the beginning of the 31st term.

3. Business Results and Financial Positions of the previous 3 fiscal years.

1. Relationship with Parents

No item to report

2. Important Subsidiaries

Name of Subsidiary	Address	Capital	Voting Rights (%)	Main Businesses
Chikaranomoto Co., Ltd.	Chuo-ku, Fukuoka,	JPY 100 million	100.0%	Domestic restaurant operations
Watanabe Seimen Co., Ltd.	Chino, Nagano	JPY 85 million	100.0%	Production and merchandising of noodles, sauces and condiments and soba business
I&P Runway Japan Co., Ltd.	Chuo-ku, Fukuoka,	JPY 100 million	51.0% (51.0%)	Domestic restaurant operations
CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd.	Singapore, Singapore	SGD 25 million	100.0%	Operating, strategizing and managing international subsidiaries
IPPUDO USA HOLDINGS, Inc.	New York, USA	USD 3.8 million	100.0% (100.0%)	Management of USA subsidiaries
IPPUDO NY, LLC.	New York, USA	USD 3.8 million	100.0% (100.0%)	USA restaurant operations
I&P Runway, LLC.	California, USA	USD 8 million	51.0% (51.0%)	USA restaurant operations
IPPUDO Singapore Pte. Ltd.	Singapore, Singapore	SGD 1.5 million	100.0% (100.0%)	Singapore restaurant operations
IPPUDO Australia Pty. Ltd.	Sydney, Australia	AUD 4.8 million	100.0% (100.0%)	Australia restaurant operations
IPPUDO London Co., Ltd.	London, United	GBP 4.9	100.0% (100.0%)	UK restaurant operations

	Kingdom	million		
IPPUDO Paris	Paris, France	EUR 3.7 million	100.0% (100.0%)	France restaurant operations
PT IPPUDO Catering Indonesia	Jakarta, Indonesia	IRP 2.947 million	100.0% (100.0%)	Indonesia restaurant operations
Taiwan IPPUDO CO. Ltd.	Taipei, Taiwan	NTD 60 million	100.0% (100.0%)	Taiwan restaurant operations
YOU&ME Food Factory Pte. Ltd.	Singapore, Singapore	SGD 1.2 million	100.0% (100.0%)	Production and merchandising of noodles and soup in South East Asia

Note 1. The total number of consolidated subsidiaries are 18 including the 14 important subsidiaries above. 3 affiliates are accounted for using the equity method.

2. The percentage within brackets under the Voting Rights indicates the percentage of voting rights held by the subsidiaries of the Company.

3. I&P Runway LLC. and PT IPPUDO Catering Indonesia have become important subsidiaries following their business expansion.

4. Taiwan IPPUDO Co., Ltd. has become a consolidated subsidiary following its acquisition on October 3, 2018 by the Company's subsidiary, CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd.

4. Mid- and long-term strategies of the Company

The Company and its Group, under the corporate philosophy of “Keep Changing to Remain Unchanged” and in order to spread Japanese food and in particular ramen, aims to realize 600 stores worldwide by the year 2025.

There are many uncertainties on the way; domestically, the competition is heightened beyond traditional industry borders involving convenience store chains and food delivery services, wages and salaries are increasing due to labor shortage, the raw materials cost and logistics costs are rising, and, with the coming Olympics, the construction materials costs are also increasing, making the economic outlook opaque. Internationally as well, there are the American protectionist policies and its subsequent trade disputes with the EU and China, and a potential “Brexit” of the United Kingdom from the European Union. All these uncertainties may affect the Company's forecasts.

With the above in mind, the Company plans to tackle the below challenges and plans to continue its growth:

1) Strengthening its domestic operations

The Company recognizes the importance of strengthening its existing store performance. In order to retain and improve its value to the customers for its core brand IPPUDO, all of the new stores will go

through rigorous site selection process from both profitability and branding perspectives, and renovations of existing stores will aim to increase its seat efficiency and heighten hygiene standards. It will also strategize closure of stores if they are underperforming. In addition, in order to create new values for IPPUDO, it will also accelerate openings of 1/2PPUDO (“Nibun-no-IPPUDO”) and IPPUDO Stand sub-concepts to meet the diversifying and changing needs of the customers.

Furthermore, it will continue to aim to win the love of the customers by reinforcing Quality, Service and Cleanliness principles. Lastly, in order to counter the rising costs of raw materials and logistics costs, it will optimize the production processes and revamp its supply chain, to contribute to sustainable development and solidifying its business base.

2) Aggressive international expansion

In addition to its expansion in Asia, the Company will also aim to expand more quickly in the North American markets and to improve its profitability, building the basis for further expansion.

The Company will open more IPPUDO Express and Kuro-Obi stores and other new bands, which have better returns-on-investment, and to open stores in strategic areas such as high traffic trade zones and airports for brand recognition and improved profitability as well as management efficiency.

3) Reinforcing its human resources and development

One of the critical differentiating factors for the Company, and that improves its store operations, is human resources. The Company will aim to widen its human resources pool irrespective of nationality, and to retain those personnel by improving their satisfaction levels. In terms of human resources development, the Company places importance on understanding and embodying the corporate philosophy, knowledge of product and hygiene as well as service skills, store management skills and tools as well as compliance issues. It has introduced for its own employees “Seven Habits of Running Store Operations” program, and e-learning and performance appraisal system “Ichi-Tore” and it plans to reinforce their use. The Company also intends to expand its global recruitment even more.

4) Heightening its hygiene standards

These days there is much more attention paid to food safety in the society overall, triggered by cases of food poisoning and false labeling of products. The Company has designated specialized team of professionals to ensure hygiene and food standard protection protocols are followed, based on hygiene management manuals, at each of the stores and production facilities.

5. Main Businesses (as of March 31, 2019)

The Group constitutes of 18 subsidiaries and 3 affiliates accounted for using equity method. There are

“Domestic Store Operations” “International Store Operations” and “Domestic Production and Merchandise” as its main businesses.

The main activities conducted in each business segment is as follows:

Segment	Main Activities
Domestic Store Operations	This segments operates IPPUDO at its core, surrounded by brands such as Najimatei and Panda Express. Staying true to the corporate philosophy of “Keep Changing to Remain Unchanged,” it expands onto IPPUDO Ramen Express which are placed in food courts of shopping centers, IPPUDO-Stand which features “quick drink and ramen,” and 1/2PPUDO (“Nibun-no-IPPUDO”) which offers half-portion, half-carb bowls of ramen. Building on its 34 years’ history of IPPUDO, it explores new concepts and opportunities while remaining focused on evolving the brand value of IPPUDO.
International Store Operations	This segments operates company-owned restaurants as well as provides licenses to local operating partners around its core brand IPPUDO. Recently it has branched out to IPPUDO Ramen Express, expanding in Japan, as well as Kuro-Obi which features Chicken Paitan ramen and offers take-away. Existing territories includes 13 countries and regions (excluding Japan) North America, Europe, Asia, and Oceania, and it has already concluded a licensing agreement for New Zealand. This segment will continue to expand its basis in the existing territories as well as various new markets.
Domestic Production and Merchandise	This segment features, among others, “Ouchi-de-IPPUDO” (“IPPUDO at home”) products as well as Shinshu (Nagano) soba buckwheat noodles, sauces and condiments. The Company produces and merchandises these products for general consumers and other restaurant operators.
Others	Building on the previous knowledge and experience, the Company offers concept development, product development, education within its consulting services, as well as production and sales of ramen noodles internationally, education consulting, product manufacturing licensing, and experiential agricultural business.

6. Main places of operations, Factories and Stores

Segment	Company Name	Place of business and Factory	Store Count
Corporate Overhead	Chikaranomoto Holdings Co., Ltd.	Main Office (Fukuoka) Tokyo Branch (Tokyo)	0
Domestic Store Operations	Chikaranomoto Co., Ltd.	Main Office (Fukuoka) Tokyo Branch (Tokyo)	137
	Watanabe Seimen Co., Ltd.	Yokohama Factory (Kanagawa) Fukuoka Factory (Fukuoka) Satsunai Factory (Hokkaido)	3

	I&P Runway Japan Co., Ltd.	Main Office (Fukuoka)	3
International Store Operations	CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd.	Main Office (Singapore)	115
Domestic Production and Merchandise	Watanabe Seimen Co., Ltd.	Main Office (Nagano) Tokyo Branch (Tokyo) Fukuoka Office (Fukuoka) Chino Factory (Nagano) Satsunai Factory (Hokkaido)	0 0
Others	Chikaranomoto Co., Ltd.	Main Office (Fukuoka) Tokyo Branch (Tokyo)	2
	Inaba Udon Co., Ltd.	Main Office (Fukuoka)	6

7. Status of Employees

1. Status of the employees of the Company and its subsidiaries

Number of employees	In/Decrease from the end of the previous fiscal year
623 (2,061)	Increase of 20 (355)

Note: The number of employees between brackets is the number of temporary workers. The average number of employees (calculated at 8 hours a day) is indicated outside the brackets.

2. Status of the employees of the Company

Number of employees	In/Decrease from the end of the previous fiscal year	Average age	Average tenure at the Company
71 (3)	Increase of 4 (-4)	39.45 years old	5.23 years

8. Main Lenders

Lenders	Balance (in million yen)
The Nishi-Nippon City Bank Ltd.	2,176
MUFG Bank, Ltd.	1,607
Resona Bank, Ltd.	638
Hachijuni Bank, Ltd.	427
Mitsui Sumitomo Bank, Ltd.	421

Notes

1. In order to achieve dynamic and sustainable financing, the Company has agreed with financial institutions on a JPY 1,000 million commitment line. The above balance includes the loans financed through the agreement.

2. For the purpose of new store openings both domestically and internationally as well as strengthening production capacities through a new factory, the Company composed a multi-currency syndicate loan to

dynamically and sustainably finance, and also to alleviate foreign currency exchange related risks. There is a JPY1,700 million of commitment-term attached term-loan and a term loan of EURO940 thousand and USD1,369 thousand). There is no borrowing balance from this loan at the end of the fiscal year.

9. Other important notes concerning the Group

No item to report.

2) Current State of the Company

1. Status of the shares outstanding (March 31, 2019)

1. Total number of authorized shares: 82,400,000 shares
2. Total number of issued shares: 23,693,500 shares
3. Number of shareholders 12,516 shareholders
4. Major shareholders (top 10)

Shareholder's name	Number of shares held	Holding ratio (%)
E&RS' FORCE CREATION Pte. Ltd.	5,850	24.69%
Mr. Shigemi Kawahara	5,410	22.83%
Ms. Emi Kawahara	1,840	7.77%
CFT Japan Holdings Co., Ltd.	1,100	4.64%
Cool Japan Fund Inc.	580	2.45%
The Nishi-Nippon City Bank Ltd.	500	2.11%
Ariake Japan Co., Ltd.	400	1.69%
The Torigoe Co., Ltd.	400	1.69%
Nisshin Flour Milling Inc.	400	1.69%
Calibre Wealth Management Sdn. Bhd.	400	1.69%

Notes

1. The Company has no treasury shares except 89,600 shares held under the Employee Stock Ownership Program.
2. The holding ratio above is calculated with the 89,600 shares held by ESOP Trust included.
3. The number of shares held by Mr. Shigemi Kawahara does not include the 8,834 shares which is the portion of his share under the Director's Stock Ownership Program.
4. The number of shares held is rounded down to the nearest thousand shares.

5. Other important notes concerning shares

Due to exercise of stock acquisition rights, the total number of issued shares has increased by 386,200 shares during the fiscal year.

2. Status of Officers

1. Status of Directors (March 31, 2019)

Positions and Areas of Responsibilities	Name	Main concurrent positions
Representative Director, Chairman and President	Mr. Shigemi Kawahara	Chikaranomoto Co., Ltd. President and Representative Director CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd. Managing Director
Managing Director and CFO	Mr. Shinichi Kasuya	Watanabe Seimen Co., Ltd. Director
Director	Mr. Yoshiharu Harada	Inaba Udon Co., Ltd. President and Representative Director
Director	Mr. Hidehiko Nishihama	Watanabe Seimen Co., Ltd. Director
Director	Mr. Katsushi Kaneko	IKK Inc. President and Representative Director
Director (Full-time Member of Audit and Supervisory Committee)	Mr. Yasuyoshi Suzuki	I&P Runway Japan Co., Ltd., Auditor
Director (Member of Audit and Supervisory Committee)	Mr. Tetsuya Tsuji	Field-R Law Offices Lawyer Yume no Machi Souzou Inkai Co., Ltd., External Auditor
Director (Member of Audit and Supervisory Committee)	Mr. Shinji Tanabe	Tanabe Certified Public Accountants Co., Ltd., Representative Director Eurasia Travel Co., Ltd. External Auditor

Notes

1. Director Hidehiko Nishihama has been appointed as a new Director at the 33rd General Meeting of Shareholders held on June 25, 2018.
2. Director Katsushi Kaneko and Directors (Members of Audit and Supervisory Committee) Tetsuya Tsuji and Shinji Tanabe are External Directors as per Companies Act Article 2, paragraph 15.
3. Director (Member of Audit and Supervisory Committee) Tetsuya Tsuji is a lawyer and has significant amount of knowledge and expertise in the matter of the law.
4. Director (Member of Audit and Supervisory Committee) Shinji Tanabe is a Certified Public Accountant and holds significant knowledge and expertise in the matter of finance and accounting.
5. As of March 31, 2019, former Director Toshiyuki Kiyomiya has resigned from the position and there were no concurrent positions at the point of his resignation.
6. Director Yasuyoshi Suzuki is a full-time Member of Audit and Supervisory Committee, in order to allow sufficient level of information-gathering and to liaise efficiently with Internal Audit functions of the Group, so that effective audit and control are in place.
7. Director Katsushi Kaneko and Directors (Members of Audit and Supervisory Committee) Tetsuya Tsuji and Shinji Tanabe are registered as Independent Directors as per Tokyo Stock Exchange Inc. rules, by the Company.
8. Representative Director, Chairman and President Shigemi Kawahara has been Director of Chikaranomoto

Co., Ltd. And Director of CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd. On April 1, 2018, and subsequently Managing Director of CHIKARANOMOTO GLOBAL HOLDINGS Pte. Ltd. On June 25, 2018, and then Representative Director of Chikaranomoto Co., Ltd. On January 1, 2019. He has since resigned from the Representative Director of Chikaranomoto Co., Ltd. On April 1, 2019.

9. Director Shinichi Kasuya was appointed as Director of Chikaranomoto Co., Ltd. On April 1, 2018 and subsequently resigned from the post on January 1, 2019. He was appointed on April 1, 2019 as President and Representative Director of Watanabe Seimen Co., Ltd.
10. Director Hidehiko Nishihama has been appointed Director of Watanabe Seimen Co., Ltd. on October 1, 2018 and also as Director of Chikaranomoto Co., Ltd. on April 1, 2019.
11. Director Katsushi Kaneko has resigned from his posts as Representative Director of I Ceremony Inc., Director of I Care Inc. and Director of PT. International Kansha Kandou Indonesia as of January 29, 2019.
12. Director (Member of Audit and Supervisory Committee) Tetsuya Tsuji has resigned from his post as External Auditor of Plus-D Inc. as of October 29, 2018.

2. Limitation of Liability Agreements and its outlines

The Company has an agreement (limitation of liability agreement) with External Director Katsushi Kaneko, External Directors (Member of Audit and Supervisory Committee) Tetsuya Tsuji and Shinji Tanabe that the external director's liability to the Company under Article 423, paragraph 1 of the Japanese Companies Act shall be limited to the amount set forth in Article 425, paragraph 1 of the Japanese Companies Act, if they act in good faith and are not grossly negligent in conducting their duties.

3. Remuneration of Directors during the Fiscal year

Total amount of remuneration for the fiscal year

Category	Number of Directors	Total Amount of Remuneration
Directors, excluding those on the Audit and Supervisory Committee (of which External Directors)	7 (1)	151,900 thousand yen (3,600 thousand yen)
Directors, Members of Auditor and Supervisory Committee (of which External Directors)	3 (2)	17,200 thousand yen (7,200 thousand yen)
Total (of which External Directors)	10 (3)	169,100 thousand yen (10,800 thousand yen)

Notes

1. The above figures include amounts of two Directors who resigned on June 25, 2018 and March 31, 2019, respectively.
2. The amount of remuneration for Directors excluding those on Audit and Supervisory Committee has been approved at 32nd General Meeting of Shareholders held on June 26, 2017 at an amount

not exceeding 330 million yen (of which the amount for External Directors to be less than 30 million yen, excepting remuneration as an officer).

3. The amount of remuneration for directors who are Members of Audit and Supervisory Committee has been approved at 32nd General Meeting of Shareholders held on June 26, 2017 at an amount not exceeding 50 million yen,
4. The number of Directors at the end of the fiscal year is 5 Directors who are not Members of Audit and Supervisory Committee (of which 1 is External Director), 3 Directors who are Members of Audit and Supervisory Committee (of which 2 are External).

4. Notes concerning External Directors

a) Important concurrent positions and relationship with the Company

Category	Name	Concurrent positions	Relationship with the Company
Director	Mr. Katsushi Kaneko	IKK Inc., President and Representative Director	No material relationship with the Company
Director (Audit and Supervisory Committee Member)	Mr. Tetsuya Tsuji	Field-R Law Offices Yume no Machi Souzou Iinkai Co., Ltd., External Auditor	No material relationship with the Company
Director (Audit and Supervisory Committee Member)	Mr. Shinji Tanabe	Tanabe Certified Public Accountants Co., Ltd., Representative Director Eurasia Travel Co., Ltd. External Auditor	No material relationship with the Company

b) Main areas of activity during the fiscal year

Category	Name	Main areas of activity
Director	Mr. Katsushi Kaneko	He has attended 12 of 13 board meetings of the Company, and gave his opinions when necessary based on his vast experience and high degree of insights as a top executive of a company.
Director (Audit and Supervisory Committee Member)	Mr. Tetsuya Tsuji	He has attended all 13 of the board meetings of the Company, and all 13 of the Audit and Supervisory Committee meetings, and gave his opinions when necessary from his background as a lawyer and in view of building and maintaining an appropriate compliance structures of the Company. Additionally, he participates in the Audit and Supervisory Committee meetings to exchange opinions on the results of Audit from a professional perspective.

Director (Audit and Supervisory Committee Member)	Mr. Shinji Tanabe	He has attended all 13 of the board meetings of the Company, and all 13 of the Audit and Supervisory Committee meetings, and gave his opinions when necessary from his background as a Certified Public Accountant on all matters presented to such meetings. Additionally, he participates in the Audit and Supervisory Committee meetings to exchange opinions on the results of Audit from a professional perspective.
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c) Any remuneration for External Directors from the subsidiaries of the Company

No item to report.

3) Policy Concerning Determination of Dividends

The basic policy of the Company is to balance internal reserve for further growth of its business and building strong management structures, with business results and payout ratio, to achieve sustainable return of surplus to all the shareholders.

In terms of paying out dividends from retained earnings, the basic policy is to effect payments twice a year, at term's end and at mid-term.

The Company's Article of Association rules that the Board may resolve on the matters of paying dividends from its surplus, as per Companies Act article 459, paragraph 1. As for the dividends for the fiscal year, the board has resolved at its meeting on May 10, 2019, to payout 4 yen per share. Since the same board had ruled at its meeting on November 8, 2018 to pay out mid-term dividends of 4 yen per ordinary share, the total dividends for the fiscal year is 8 yen per share.

Consolidated Financial Statements

Consolidated Balance Sheet

Category		March 31, 2019	(Unit: thousand yen)		March 31, 2019
Assets			Liabilities		
Current Assets		5,792,574	Current Liabilities		5,135,610
Cash and deposits		3,615,246	Notes and Payables		701,619
Notes and Receivables		516,708	Short-term Loans		50,000
Inventories		360,332	Bonds maturing within 1 year		14,000
Others		1,301,182	Current portion of long-term loans		1,743,088
Allowance for Doubtful Accounts		-895	Lease Obligations		23,624
Non-current Assets		10,600,178	Payables		1,429,995
Tangible Non-current Assets		7,367,450	Taxes Payable		248,894
Building and Structures		5,805,089	Allowance for Bonus		2,700
Equipment and Machinery		309,571	Asset Retirement Obligations		18,369
Land		633,495	Others		903,317
Leased Assets		58,075	Non-current Liabilities		6,532,394
Construction in progress		82,040	Bonds		151,000
Others		479,177	Long-term Loans		5,232,806
Intangible Non-current Assets		336,234	Lease Obligations		38,262
Goodwill		253,526	Provision for ESOP		14,624
Leased Assets		6,917	Provision for ESOP for non-residents		1,822
Others		75,790	Net defined benefit liabilities		230,522
Investment and Other Assets		2,896,493	Asset Retirement Obligations		673,867
Investment Securities		429,235	Others		189,488
Long-term loans		4,449	Total liabilities		11,668,004
Deferred Tax Assets		443,432	Net Assets		
Deposits and Guarantees		1,750,633	Shareholder's Equity		4,027,081
Others		271,460	Capital		1,266,774
Allowance for Doubtful Accounts		-2,718	Capital Surplus		1,179,178
			Retained Earnings		1,680,407
			Treasury Shares		-99,278
			Other Comprehensive Income		295,743
			Valuation difference on available-for-sale securities		158,774
			Foreign Exchange Adjustment Account		136,969
			Minority Interests		401,923
Total Assets		16,392,753	Total net assets		4,724,748
			Total liabilities and net assets		16,392,753

Consolidated Statement of Income

	(Unit: thousand yen)
	34th Term
	At March 31, 2019
Net sales	27,466,448
Cost of sales	7,801,932
Gross profit	19,664,515
Sales, General and Administrative expenses	18,706,856
Operating profit	957,659
Non-operating income	88,425
Interest income	1,941
Dividends income	21,592
Lease income	28,227
Subsidy income	15,772
Other	20,891
Non-operating expenses	123,303
Interest expense	86,854
Share of loss of entities accounted for using equity method	1,497
Foreign exchange losses	3,238
Cost of lease income	10,181
Financing expenses	12,213
Other	9,318
Ordinary Income	922,780
Extraordinary income	321,246
Gain on sales of non-current assets	64,218
Gain on sales of shares of subsidiaries and associates	109
Gain on sales of investment securities	249,291
Other	7,628
Extraordinary losses	406,713
Loss from retirement of non-current assets	4,061
Impairment loss	250,419
Settlement	66,342
Other	85,891
Income before taxes	837,313
Income tax, resident tax and business tax	341,783
Adjustments on Income tax etc.	-39,804
Net income	535,333
Loss attributable to non-controlling interest (-)	-80,156
Net income attributable to the Company	615,490

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

Category		March 31, 2019	(Unit: thousand yen)		Category	March 31, 2019
Assets			Liabilities			
Current Assets			Current Liabilities			1,283,156
	Cash and deposits	1,328,880		Short-term Loans		50,000
	Receivables	246,129		Current portion of long-term loans		912,739
	Stock	4,086		Lease Obligations		3,660
	Prepaid Expenses	38,968		Payables		280,018
	Short-term loan to subsidiaries	230,000		Unpaid expenses		6,160
	Others	146,446		Deposits		14,333
Non-current Assets				Advances		3,193
Tangible Non-current Assets				Others		13,051
	Building	234,155	Non-current Liabilities			3,141,148
	Improvements	1,982		Long-term Loans		3,103,482
	Equipment and Machinery	936		Lease Obligations		4,371
	Vehicles	442		Provision for ESOP		14,624
	Tools and Supplies	44,550		Provision for ESOP for non-residents		1,822
	Land	292,941		Asset Retirement Obligations		12,293
	Leased Assets	3,560		Others		4,554
Intangible Non-current Assets			Liabilities Total			4,424,304
	Trademark	226	Net Assets			
	Software	65,326	Shareholder's Equity			3,524,978
	Leased Assets	4,384	Capital			1,266,774
	Others	616	Capital Surplus			1,186,054
Investment and Other Assets				Capital Reserve		1,170,774
	Investment Securities	184,170		Other Capital Surplus		15,280
	Shares of subsidiaries	2,520,068	Retained Earnings			1,171,427
	Long-term loans to subsidiaries	2,544,322		Legal retained earnings		40,000
	Long-term prepaid expenses	48,626		Other Retained Earnings		1,131,427
	Deferred Tax Assets	51,758		Contributions		145,982
	Others	43,157		Retained Earnings Carried Forward		985,445
Total Assets				Variation from Valuations		-99278
		8,035,737		Valuation and translation adjustments		86,454
				Valuation difference on available-for-sale securities		86,454
			Net Assets Total			3,611,432
			Net Assets and Liabilities Total			8,035,737

Non-Consolidated Statement of Income

(Unit: thousand yen)

34th Term	
At March 31, 2019	
Operating Revenue	
Operating Expenses	2,047,661
Operating Income	456,160
Non-operating revenue	100,743
Interests received	48,024
Dividends received	756
Rental Income	38,047
Foreign exchange difference	11,760
Others	2,157
Non-operating expenses	84,371
Interests expenses	42,460
Expense of rental income	29,624
Financial expenses	10,246
Others	2,040
Ordinary Income	472,533
Extraordinary Loss	477,214
Loss from write-off of non-current assets	23
Impairment Loss	3,328
Valuation of Affiliates	473,235
Others	628
Net Loss before Taxes	4,681
Corporate, Resident and Business Tax	47,379
Tax Adjustments	17,859
Net Loss for the Period	69,919

Report of Accounting Auditor on Consolidated Financial Statements (Copy)

Independent Auditors' Report (English Translation)

May 10, 2019

To the Board of Directors of Chikaranomoto Holdings Co., Ltd.

BDO Sanyu & Co.
Akira Torii
Certified Public Accountant
Designated Partner
Engagement Partner

Kenji Nishikawa
Certified Public Accountant
Designated Partner
Engagement Partner

We have audited, pursuant to paragraph 4 of Article 444 of the Companies Act of Japan, the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholder equity and the notes to the consolidated financial statements, of Chikaranomoto Holdings Co., Ltd. (hereinafter referred to as the "Company") for the fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and the fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes designing and operating internal controls deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making the risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the corporate group which consists of the Company and its consolidated subsidiaries for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Conflict of interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Report of Accounting Auditor on Non-Consolidated Financial Statements (Copy)

Independent Auditors' Report (English Translation)

May 10, 2019

To the Board of Directors of Chikaranomoto Holdings Co., Ltd.

BDO Sanyu & Co.
Akira Torii
Certified Public Accountant
Designated Partner
Engagement Partner

Kenji Nishikawa
Certified Public Accountant
Designated Partner
Engagement Partner

We have audited, pursuant to paragraph 2-1 of Article 436 of the Companies Act of Japan, the non-consolidated financial statements, which consist of the non-consolidated balance sheet, the non-consolidated statement of income, the statement of changes in shareholder equity, the notes to the non-consolidated financial statements and the supplementary schedules, of Chikaranomoto Holdings Co., Ltd. (hereinafter referred to as the "Company") for its 34th fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan. This responsibility includes designing and operating internal controls deemed necessary by management for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making the risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the purpose of the non-consolidated financial statements audit is not to express an opinion

on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as examining the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period covered by the non-consolidated financial statements and the supplementary schedules in conformity with accounting principles generally accepted in Japan.

Conflict of interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Report from Audit and Supervisory Committee

Audit Report

(English Translation)

We, the Audit and Supervisory Committee, have audited the performance of duties by the Directors for the 34th fiscal year from April 1, 2018 to March 31, 2019, and hereby submit the methods and results of the audit.

1. Auditing Methods and Contents

The Audit Committee received reports periodically from Directors, employees and other relevant personnel about the details of Board of Directors' resolutions concerning the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act, as well as the establishment and application of the internal control systems based on such resolutions and then sought explanations as necessary, expressed our opinions and conducted the audit through the methods described below.

(1) In conformity with the Auditing Policy, the Auditing Plan and other relevant matters established by the Audit and Supervisory Committee, cooperating with the internal control division and other relevant departments, we participated in important meetings, received reports from the Directors, employees, and other relevant personnel regarding the performances of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and financial positions at the head office and the principal business venues. With respect to the subsidiaries, we communicated with, and collected information from Directors, Auditors and other relevant personnel of the subsidiaries as well as received reports from the subsidiaries on their business as necessary.

(2) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that the "system to ensure that duties are performed properly" (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Account Deliberation Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the Supplementary Schedules thereof, the Non-consolidated Financial Statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes) and the Supplementary Schedules thereof, as well as the Consolidated Financial Statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes) for the relevant fiscal year.

2. Result of the Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1. In our opinion, the Business Report and the Supplementary Schedules are in accordance with the relevant laws and regulations, and the Articles of Association, and fairly represent the Company's status.
2. We have found no evidence of wrongful action or material violation of relevant laws and regulations, nor of any violation with respect to the Articles of Association, related to the performance of duties by the Directors.
3. In our opinion, the contents of resolutions of the Board of Directors related to the internal control system are fair and reasonable. In addition, we have found no matters on which to remark regarding in the description in the Business Report and the performance of duties by the Directors related to such internal control system.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by BDO Sanyu and Co. are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by BDO Sanyu and Co. are fair and reasonable.

May 10, 2019

Audit and Supervisory Committee

Chikaranomoto Holdings Co., Ltd.

Yasuyoshi Suzuki, Member

Tetsuya Tsuji, Member

Shinji Tanabe, Member

(Note) Audit and Supervisory Committee Members Mr. Tetsuya Tsuji and Mr. Shinji Tanabe are External Directors as defined in Article 2, Item 15 of the Companies Act.