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Securities Code: 9861
April 28, 2020

To All Shareholders

Yasutaka Kawamura, President
YOSHINOYA HOLDINGS CO., LTD.
36-2 Nihombashi Hakozaki-cho, Chuo-ku, Tokyo

Notice of Convocation of the 63rd Ordinary General Meeting of Shareholders

You are hereby informed that the 63rd Ordinary General Meeting of Shareholders of YOSHINOYA HOLDINGS CO., LTD. (the “Company”) (the “Meeting”) will be held as described below.

In the event that you exercise your voting rights in writing or through electromagnetic means (the Internet), please review the “Reference Documents for the General Meeting of Shareholders” provided below, and exercise your voting rights no later than 5:30 p.m. JST, Wednesday, May 20, 2020.

In light of the recent impact of the coronavirus disease 2019 (COVID-19) this year, shareholders are kindly advised to refrain from attending the Meeting in person regardless of their physical condition, and exercise their voting rights in advance.

1. Date & Time: 10:00 a.m., Thursday, May 21, 2020
2. Place of the Meeting: Sunplaza Hall, Nakano Sunplaza,
4-1-1, Nakano, Nakano-ku, Tokyo
*The Meeting venue may become unavailable due to the impact of the coronavirus disease 2019 (COVID-19). In case of a change in venue, a notice will be posted on the Company’s website. Shareholders planning to attend the Meeting are kindly advised to check out the Company’s website on the day before the Meeting.
The Company’s website: <http://www.yoshinoya-holdings.com>

3. Meeting Agenda Items:

Matters to be Reported:

1. The Business Report, the Consolidated Financial Statements and the Audit Reports of the Independent Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements for the 63rd Term (From March 1, 2019, to February 29, 2020)
2. The Non-Consolidated Financial Statements for the 63rd Term (From March 1, 2019, to February 29, 2020)

Matters to be Resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Six (6) Directors
- Proposal 3:** Election of One (1) Substitute Corporate Auditor
- Proposal 4:** Continuation of the Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of the Company’s Shares, etc.

<Notice Regarding Coronavirus Disease 2019 (COVID-19)>

To prevent the spread of the coronavirus disease 2019 (COVID-19), shareholders are kindly advised to refrain from attending the General Meeting of Shareholders in person regardless of their physical condition, and exercise their voting rights in writing or through the Internet this year.

Shareholders planning to attend the Meeting in person are requested to check the infection spread status and the condition of their own health before attending the Meeting, and take appropriate precautions such as wearing masks to prevent infection. In addition, at the venue of the General Meeting of Shareholders, officers and operating staff will be wearing masks, and other necessary measures will be taken to prevent the spread of infection. We may restrict admission in order to limit the number of participants and allow sufficient spacing between shareholders, restrict the admission of shareholders with symptoms of cough or fever and ask them to leave the venue, or shorten the Meeting time, as part of the measures. We would ask for your kind understanding and cooperation in advance.

In addition, please kindly refrain from attending the Meeting in person if the Government and the Tokyo Metropolitan Government enforced a shelter-in-place order or other measures as part of the emergency declaration at the date of the Meeting.

In the event of any significant changes in the operation of the General Meeting of Shareholders due to future circumstances, the Company will post a notice at the website below:

The Company's website: <http://www.yoshinoya-holdings.com>

Notes:

1. There is no distribution of a meal coupon to shareholders attending the Meeting. We would appreciate your understanding.
2. The reception desk will be opened at 9 a.m. We would appreciate it if you could come ahead of time to avoid last-minute congestions.
3. When you attend the Meeting, please present the enclosed Voting Rights Exercise Form at the reception desk upon arrival at the Meeting. If any shareholder wishes to exercise his/her voting rights by proxy, his/her qualified attorney-in-fact shall be limited to a single shareholder having voting rights. In this case, documents certifying the attorney-in-fact's power of representation must be submitted.
4. Should revisions be made to any of the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements, such changes will be posted on the Company's website.
5. Pursuant to the provisions of the relevant laws and regulations and Article 15 of the Company's Articles of Incorporation, the following matters are presented in the Company's website on the Internet and thus not provided in the documents attached to this Notice of Convocation.
 - 1) Consolidated Statements of Changes in Net Assets
 - 2) Non-Consolidated Statements of Changes in Net Assets
 - 3) Notes to the Consolidated Financial Statements
 - 4) Notes to the Non-Consolidated Financial StatementsThe Consolidated and Non-Consolidated Financial Statements attached to this Notice of Convocation are provided as part of the Consolidated and Non-Consolidated Financial Statements audited in preparing audit reports by the Independent Auditors and Corporate Auditors.

The Company's website: <http://www.yoshinoya-holdings.com>

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company's basic dividend policy ensures stable and consistent profit returns to its shareholders. The Company intends to determine the amount of dividends from a comprehensive standpoint, with due regard for the business environment, cash demand conditions, trends in the consolidated performance, an increase in internal reserves for the future growth of the Yoshinoya Group and other factors while maintaining this policy. Based on the above dividend policy, it is proposed that the following year-end dividends be distributed for the fiscal year under review.

- 1) Type of property for dividends
Cash
- 2) Allotment of property for dividends and the total amount thereof
It is proposed that ¥10 per share of the Company's common stock be distributed as a year-end dividend. If approved, a total dividend amount of ¥646,144,840 will be disbursed.
- 3) Effective date for the dividends from surplus
May 22, 2020

Proposal 2: Election of Six (6) Directors

The terms of office of the five (5) current Directors will expire at the conclusion of the Meeting. Accordingly, we propose to elect six (6) Directors, an increase of one (1) Director in order to further strengthen the management system. The candidates for Directors are described below.

Candidates for Directors

No.	Name (Date of birth)	Brief personal history, position, responsibilities and status of significant concurrent position(s) * Current position	Number of the Company's shares held
1	<u>Reappointment</u> Yasutaka Kawamura (November 18, 1968)	<p>April 1993 Joined the Company</p> <p>March 2003 In charge of Business Development, Corporate Planning Office, the Company</p> <p>July 2004 Director, Hanamaru, Inc.</p> <p>April 2007 Representative Director, President, Hanamaru, Inc.</p> <p>May 2010 Director, the Company</p> <p>September 2012 Representative Director, President, the Company*</p> <p>August 2013 Director, YOSHINOYA AMERICA, INC.*</p> <p>September 2013 Director, YOSHINOYA CO., LTD.</p> <p>March 2014 Director, KYOTARU CO., LTD.</p> <p>September 2014 Representative Director, President, YOSHINOYA CO., LTD.*</p> <p>Representative Director, President, YOSHINOYA ASSET MANAGEMENT CO., LTD.</p> <p>January 2015 Director, ASIA YOSHINOYA INTERNATIONAL SDN. BHD.*</p> <p>June 2015 Director, YOSHINOYA China Holdings Co., Ltd.*</p> <p>(Significant concurrent position) Representative Director, President, YOSHINOYA CO., LTD.</p>	29,096

No.	Name (Date of birth)	Brief personal history, position, responsibilities and status of significant concurrent position(s) * Current position	Number of the Company's shares held
2	<div>Reappointment</div> Toshiyuki Matsuo (October 23, 1955)	April 1979 Joined The Seiyu Ltd. (currently Seiyu GK) May 1999 Executive Officer, The Seiyu Ltd. May 2003 Executive Officer, Senior Vice President, Chief, Business Management Headquarter (CFO), The Seiyu Ltd. March 2008 General Manager, Financial Strategy Office, the Company May 2008 Corporate Auditor, Don Co., Ltd. (currently Arcmeal Co., Ltd.) March 2009 Corporate Auditor, KYOTARU CO., LTD. March 2011 General Manager, Group Financial Strategy Office, the Company March 2012 General Manager, Group Planning Office, the Company May 2014 Director, General Manager, Group Planning Office, the Company March 2015 Managing Director, General Manager, Group Planning Office, the Company June 2015 Director, YOSHINOYA China Holdings Co., Ltd.* September 2018 Director, Arcmeal Co., Ltd. January 2019 Chairman, YOSHINOYA AMERICA, INC.* September 2019 Managing Director, the Company* (Significant concurrent position) Chairman, YOSHINOYA AMERICA, INC.	14,672

No.	Name (Date of birth)	Brief personal history, position, responsibilities and status of significant concurrent position(s) * Current position	Number of the Company's shares held
3	<div>Reappointment</div> Tetsuya Naruse (July 25, 1967)	<p>June 1988 Joined the Company</p> <p>March 2001 Project General Manager, Sales Management, Sales Dept., POT & POT CO., LTD. (currently SENKICHI CO., LTD.)</p> <p>October 2007 Executive Officer, the Company and Representative Director, President, SENKICHI CO., LTD.</p> <p>January 2012 Managing Director, Director, Future Creation Laboratory, YOSHINOYA CO., LTD. and Representative Director, President, SENKICHI CO., LTD.</p> <p>September 2012 Representative Director, President, Hanamaru, Inc.</p> <p>May 2014 Director, the Company*</p> <p>January 2015 Director, YOSHINOYA HANAMARU MALAYSIA SDN. BHD.</p> <p>June 2015 Director, YOSHINOYA China Holdings Co., Ltd.</p> <p>January 2018 CEO, ASIA YOSHINOYA INTERNATIONAL SDN. BHD.* Chairman, YOSHINOYA HANAMARU MALAYSIA SDN. BHD.*</p> <p>(Significant concurrent positions) CEO, ASIA YOSHINOYA INTERNATIONAL SDN. BHD. Chairman, YOSHINOYA HANAMARU MALAYSIA SDN. BHD.</p>	9,172
4	<div>New Appointment</div> Norihiro Ozawa (January 22, 1970)	<p>April 1992 Joined OBAYASHI CORPORATION</p> <p>May 2005 Joined Seiyo Food Systems, Inc. (currently Seiyo Food-Compass Group, Inc.)</p> <p>January 2010 Seconded to Compass Group USA, Inc.; Finance Director, Contract Food Service Division</p> <p>June 2015 Director and Senior Executive Officer, Seiyo Food-Compass Group, Inc.</p> <p>September 2015 Group COO, Seiyo Food-Compass Group, Inc.</p> <p>October 2017 Chief Executive Officer and Group CEO, Seiyo Food-Compass Group, Inc.</p> <p>September 2019 Executive Officer, General Manager, Group Planning Office, the Company*</p>	0

No.	Name (Date of birth)	Brief personal history, position, responsibilities and status of significant concurrent position(s) * Current position	Number of the Company's shares held
5	<div>Reappointment</div> <div>Outside Director</div> <p>Eizo Uchikura (December 14, 1958)</p>	<p>April 1982 Joined Yamashita-Shinnihon Steamship Co., Ltd. (currently Mitsui O.S.K. Lines, Ltd.)</p> <p>September 1989 Joined Nomura Research Institute, Ltd.</p> <p>July 1994 Joined Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)</p> <p>June 2004 Director, Eizo Uchikura Office*</p> <p>September 2005 Corporate Auditor, AGASTA CO., LTD.</p> <p>September 2008 Representative Director, YUME Capital Co., Ltd.*</p> <p>May 2011 Director, the Company*</p> <p>(Significant concurrent position) Representative Director, YUME Capital Co., Ltd.</p>	5,286
6	<div>Reappointment</div> <div>Outside Director</div> <p>Nobuko Akashi (April 24, 1956)</p>	<p>August 1979 Joined Japan Airlines Co., Ltd. (Cabin Attendant)</p> <p>April 1988 Joined Temporary Center Inc. (currently Pasona Inc.)</p> <p>December 1989 Joined Image Plan Co., Ltd.</p> <p>November 1996 Representative Director, Buraiton Y.K.*</p> <p>March 2003 Chairman and Secretary General, NPO Japan Manners & Protocol Association</p> <p>June 2006 Director, Hotel Barmen's Association, Japan</p> <p>December 2012 Board Chairman, NPO Japan Manners & Protocol Association*</p> <p>September 2013 Expert Member, Liaison Conference for the Promotion of Gender Equality, Cabinet Office, Government of Japan</p> <p>June 2015 Outside Director, JAPAN POST BANK Co., Ltd.*</p> <p>April 2019 Member, Committee for Promotion of Development and Support for Children and Young People, Cabinet Office, Government of Japan*</p> <p>May 2019 Director, the Company*</p> <p>June 2019 Management Committee Member, Japan Broadcasting Corporation*</p> <p>(Significant concurrent positions) Representative Director, Buraiton Y.K. Board Chairman, NPO Japan Manners & Protocol Association Outside Director, JAPAN POST BANK Co., Ltd. Management Committee Member, Japan Broadcasting Corporation</p>	273

Notes:

- The candidates Mr. Eizo Uchikura and Ms. Nobuko Akashi are candidates for Outside Directors.
- Limited liability agreements with each candidate for Outside Director
The Company has entered into a limited liability agreement in accordance with Article 427, Paragraph 1 of the Companies Act with both Mr. Eizo Uchikura and Ms. Nobuko Akashi to limit the liability for damages as provided in Article 423, Paragraph 1 of the same act. Upon the approval of election of the candidates Mr. Eizo Uchikura and Ms. Nobuko Akashi, the Company intends to enter into the same agreements with them. The amount of liability for damages under such agreements shall be limited to the amount provided for in laws and regulations, if each of them has acted in good faith and without gross negligence in performing his or her duties.
- Reason for appointment of each Director candidate

- (1) Mr. Yasutaka Kawamura has been serving as Representative Director, President at the Company since September 2012. He has extensive knowledge and experience with all aspects of management as a business manager, demonstrates his strong leadership across the Group and strives to achieve medium- and long-term growth strategy of the Group. Therefore, the Company judged that he is qualified to be a Director and nominated him as a candidate for Director.
 - (2) Mr. Toshiyuki Matsuo has been serving as Managing Director at the Company since March 2015. He has been in charge of the Group's management strategies to promote its global expansion, finance, capital policy, public relations and IR activities for stakeholders. The Company judged that his achievements and experience are necessary for the Group to further enhance its corporate value, and nominated him as a candidate for Director.
 - (3) Mr. Tetsuya Naruse is serving as CEO of ASIA YOSHINOYA INTERNATIONAL, the company with specific responsibility for all operations of the ASEAN region from January 2018. He was the Representative Director of Hanamaru, Inc., the Company's operating subsidiary until December 2017. He has proven his expertise and experience as a business manager, mainly through his influence on the formulation of the Group's corporate strategy by promoting active global development of operating companies and leading the Group in initiatives for health. Therefore, the Company judged that he is qualified to be a Director and nominated him as a candidate for Director.
 - (4) Mr. Norihiro Ozawa has been engaged in the management of the restaurant business over the years, and has been in charge of the Group's business strategies and capital policy as General Manager of the Group Planning Office at the Company since September 2019. The Company judged that as a Director of the Company, he will be able to utilize his accumulated profound experience and management skills cultivated through business execution overseas and as a corporate executive, and nominated him as a candidate for Director.
4. Reasons for appointment of Mr. Eizo Uchikura and Ms. Nobuko Akashi as candidates for Outside Directors
 - (1) Mr. Eizo Uchikura has long-accumulated experience and expertise as an analyst and has provided the Company with suggestions on management from an objective standpoint, independent of the management personnel that execute business. The management of the Company believes that he is a qualified person to supervise and give advice on the execution of business for continuous improvement of corporate value. Accordingly, the Company proposes appointment of Mr. Eizo Uchikura as an Outside Director.
 - (2) Ms. Nobuko Akashi has abundant experience over the years in marketing of products and services for women, consulting services for customer survey, customer satisfaction improvement and other topics. Furthermore, she has been serving as Board Chairman of a non-profit organization, an expert member of Cabinet Office related conferences, and other positions. She has deep insights with respect to corporate management environment, centered on the promotion of a wider role for women such as gender equality. The Company judged that she would properly perform the duties of an Outside Director based on her considerable experience and expertise.
 5. The Company has designated the candidates Mr. Eizo Uchikura and Ms. Nobuko Akashi as Independent Directors pursuant to the relevant provisions of Tokyo Stock Exchange, Inc. and has submitted relevant notification to the said stock exchange. Upon the approval of election of the candidates Mr. Eizo Uchikura and Ms. Nobuko Akashi, they will continue to be Independent Directors.
 6. The candidate Mr. Eizo Uchikura is currently Outside Director of the Company, and his tenure will be 9 years as of the conclusion of the Meeting.
 7. The candidate Ms. Nobuko Akashi is currently Outside Director of the Company, and her tenure will be 1 year as of the conclusion of the Meeting.
 8. There is no special relationship of interests between each of the candidates for Directors and the Company.

Proposal 3: Election of One (1) Substitute Corporate Auditor

This proposal is to request in advance the election of one (1) Substitute Corporate Auditor to provide for the case in which the number of Corporate Auditors is insufficient of the number stipulated in laws and regulations. The effectiveness of the election under the proposal may be cancelled based on resolution of the Board of Directors, provided such cancellation is done prior to the assumption of office and with the consent of the Board of Corporate Auditors. The submission of the proposal at the Meeting has already been agreed upon by the Board of Corporate Auditors. The candidate for Substitute Corporate Auditor is as follows.

Candidate for Substitute Corporate Auditor

Name (Date of birth)	Brief personal history and position in the Company [Status of significant concurrent position(s)] * Current position	Number of the Company's shares held
Tomoo Nomura (May 7, 1955)	April 1980 Joined Nisshin Auditing Firm (currently Ernst & Young ShinNihon LLC) April 1983 Registered as certified public accountant October 1985 Joined Sanwa & Co. (currently Deloitte Touche Tohmatsu LLC) July 1992 Opened Nomura-Takemata Accounting Firm (currently ReEx Accounting Firm) July 2005 Representative Partner, ReEx Accounting Firm* June 2012 Outside Corporate Auditor, ASAHI RUBBER INC.	0

Notes:

1. There is no special relationship of interests between the candidate for Substitute Corporate Auditor and the Company.
2. Mr. Tomoo Nomura is a candidate for Substitute Outside Corporate Auditor.
3. Limited liability agreements with the candidate for Substitute Corporate Auditor
If Mr. Tomoo Nomura assumes the office of Outside Corporate Auditor, the Company will enter into a limited liability agreement in accordance with Article 427, Paragraph 1 of the Companies Act with him to limit the liability for damages as provided in Article 423, Paragraph 1 of the same act. The amount of liability for damages under such agreement shall be limited to the amount provided for in laws and regulations, if he has acted in good faith and without gross negligence in performing his duties.
4. Reason for appointment of Substitute Corporate Auditor candidate
As for the reason for appointing Mr. Tomoo Nomura as a candidate for Substitute Outside Corporate Auditor, the management of the Company believes that he would give accurate advice and perform audits based on his expertise, since he has engaged in audit operations at auditing firms as well as services at tax accounting firms as a certified public accountant. Although he has no experience in directly taking part in corporate management, the management of the Company judges that he would properly perform the duties of an Outside Corporate Auditor, since he is well versed in financial affairs and corporate accounting as a certified public accountant.
5. Mr. Tomoo Nomura satisfies the requirements for Independent Directors/Auditors stipulated by Tokyo Stock Exchange. If he assumes the office of Outside Corporate Auditor, the Company intends to designate him as Independent Auditor and submit relevant notification to the said stock exchange.

Proposal 4: Continuation of the Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of the Company's Shares, etc.

The Company implemented the "Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of the Company's Share Certificates, etc." (hereinafter the "Original Plan"), in accordance with the approval given by the Ordinary General Meeting of Shareholders held on May 29, 2008. Subsequently, the Company obtained the approval to make necessary changes to the Original Plan and the continuation of the Original Plan at the Ordinary General Meetings of Shareholders held on May 26, 2011, May 22, 2014 and May 25, 2017 respectively (hereinafter the modified Original Plan shall be referred to as the "Former Plan").

As the term of validity of the Former Plan is until the close of the Ordinary General Meeting of Shareholders of the Company to be held on May 21, 2020 (hereinafter the "Shareholders' Meeting"), the Company has reviewed the Former Plan, including whether the Former Plan should be continued, from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders. As a result, in consideration of revisions to relevant laws and regulations and changes in social environment, the Board of Directors made the resolution of continuation of the "Countermeasures (Takeover Defense Measures) toward Large-Scale Purchases of the Company's shares, etc." (hereinafter the continuing version shall be referred to as the "Plan"), after having modified parts of the Former Plan, such as wording, as well as having changed the candidates for Independent Committee members, on the condition that the Plan be approved by the shareholders at the Shareholders' Meeting.

At the Board of Directors' meeting when it was decided to continue the Plan, all four Corporate Auditors, including two Outside Corporate Auditors, were in attendance and expressed that the Plan would be appropriate as countermeasures toward large-scale purchases of the Company's shares, etc., on condition that operation of the Plan would be, in effect, appropriately conducted.

Accordingly, it is proposed that the Plan be approved in accordance with Article 19 of the Articles of Incorporation. The details of the Plan are described as follows.

1. Basic Policy Regarding the Persons Who Control the Company's Decisions on Financial and Management Policy

As a listed corporation, the Company respects the transactions of its shares in the market, and the Company does not generally oppose any large-scale purchase by a specific party to the extent that said purchase contributes to ensuring and enhancing the corporate value of the Yoshinoya Group (the "Group") and ultimately the common interests of the shareholders. Additionally, the Company believes that a decision on whether a proposed large-scale purchase of its shares is accepted must ultimately be based on a decision of the shareholders.

Nonetheless, among such large-scale purchase propositions, there might be cases that impair the Group's corporate value and ultimately the common interests of the shareholders. For example, such propositions may make it difficult to maintain good relations with stakeholders; others may not fully reflect the Group's values; and some may not provide sufficient information for the Company's shareholders to make an appropriate decision.

The Company regards such parties proposing large-scale purchases of its shares as inappropriate to be responsible for the Company's financial and business policies. As a responsible entity entrusted by the shareholders, the Company's Board of Directors considers that it should ensure the necessary time and information for the shareholders and negotiate with the party proposing such a large-scale purchase on behalf of the shareholders.

2. Special Initiatives to Contribute to Realizing the Basic Policy

The Company has taken the initiatives below to raise the Group's corporate value, reinforcing corporate governance for the purpose of enhancing the corporate value of the Company and ultimately the common interests of the shareholders, in an effort to encourage the shareholders to continue to invest in the Company over the medium to long term. The Company believes these initiatives contribute to realizing the basic policy regarding the persons who control the company's decisions on financial and management policy in 1 above.

(1) Initiatives to raise the corporate value

(A) Creating a groundbreaking "New business model"

Toward realizing a long-term vision "NEW BEGINNINGS 2025," the Group considers it a challenge to build a "New business model" which can be operated for a long term to replace the current business

model. We have already embarked on efforts that represent a departure from the past, such as ingredients development and improvements in how products are offered, in the course of forging a model that can create markets and provide value outside the reach of the existing restaurant industry. In the future, we will further bolster those efforts, while striding ahead with even more far-reaching “reforms.”

(B) Creating an organization as well as efforts to realize the “re-definition of the restaurant industry”

In order to realize “re-definition of the restaurant industry,” we will conduct a review of our Group management structure to enable a speedier decision-making. We will also work on operational reform of head office functions centering on the Group Administrative Department, while at the same time promoting work-style reform for employees. We will continue to engage in vitalization of group-wide personnel exchanges and standardization of purchasing through the Group Merchandising Department. Through the establishment of local business management structures in each overseas region as well as enabling local decision-making, we intend to further accelerate our global business development in the future.

We will also continue to promote diversity in the composition of human resources in order to realize “re-definition of the restaurant industry.”

(C) Towards the implementation of “people, health and technology”

Toward realizing “NEW BEGINNINGS 2025,” a long-term vision ending in 2025, the Group has been taking on the challenge of creating unprecedented new value in the restaurant industry guided by the keywords of “people, health and technology.”

As for efforts involving “people,” we will pursue the value that is created when “people” are put to full use, and will provide the value to our customers. With regard to “health,” we have introduced the Chief Wellness Officer (CWO) appointment system in line with the “wellness management,” which makes employees’ physical and mental wellbeing a pillar of our management. From now on, we will strive to improve and instill health literacy of employees. In addition, with regard to menu development, we will deepen our efforts by shifting the focus of our quest from “healthy” to “health” itself.

Lastly, in terms of efforts related to “technology,” by improving the work environment through introduction of facilities and equipment to simplify and streamline complicated store operations, and, by improving the work environment, we will enhance our ability to secure labor and provide better service to customers.

The next fiscal year will mark the first year of the second stage, or “expansion period,” in the long-term vision. With “Keep Trying, Choose Games, Get Goals” as its theme, we aim to achieve “expansion of profit” by steadily nurturing the seeds of growth identified in the first stage. Additionally, toward realizing the long-term vision, we will continue to actively promote “co-creation” with parties outside the Company so as to build a sustainable business model that puts “people” to full use.

(2) Basic concept on corporate governance

(A) Basic concept on corporate governance

The Company places “For the People” as its management philosophy, and is aware that we are a “public entity” that only exists to serve the needs of society and to contribute to the greater happiness of mankind. Based on this belief, we proclaim that all our business activities are for the people. We take people into consideration, we value people, and we hope to be needed by people. The Group engages in the implementation of our six core values, namely 1) delicious, inexpensive and fast, 2) more customers, 3) originality, 4) soundness, 5) people first, and 6) challenge and reform, and endeavors to consistently raise its corporate value. At the same time, in compliance with laws and regulations and in recognizing the importance of corporate ethics, the Company will make every effort to raise management efficiency, soundness and transparency based on the belief that these are key management tasks to becoming a reliable and respected enterprise in society.

Consequently, the Company intends to not only maintain but further develop good relations with its stakeholders, including shareholders, customers, employees, business partners and local

communities. In parallel, we will quickly and proactively disclose information (year earnings announcement, local and overseas IR activities, information disclosure on our homepage etc.) to shareholders and investors to improve transparency in corporate management.

(B) Substance of corporate organs and the improved status of internal control systems

The Directors of the Company aggressively discuss and exchange opinions at the Board of Directors meetings held monthly, as well as at a variety of Management Council and other meetings throughout the Group. The meetings of the Board of Corporate Auditors, which consist of four Corporate Auditors including two Outside Corporate Auditors, are held monthly. The Corporate Auditors attend every Board of Directors meeting and express their appropriate opinions on a timely basis to carry out the oversight function of the Corporate Auditors.

Additionally, the Company has introduced an Executive Officer system. Under the command of a representative director in charge, this system allows the Company to speed up managerial decision making through the delegation of power and by clarifying the responsibility of each Executive Officer. The Board of Directors shall appoint and supervise said Executive Officers.

As for the risk management systems of the Group, the Group Risk Management Rules has been formulated. The relevant business risks at each of the Group companies are reported on a quarterly basis to the Board of Directors via the Group Risk Management Committee, so that the Company identifies, assesses and manages the Group's risk. As for operating systems to manage risks associated with "food safety," which are the main business risk of the Group, the Quality Assurance Office has been established for guidance on hygiene and quality management in Group companies, and regular hygienic inspections of the stores and factories are conducted by external inspection organizations.

Furthermore, the Company has formulated the "Group Action Charter," a code of conduct as standards for corporate executives and employees of the respective Group companies to thoroughly encourage their compliance with laws and regulations and disseminate a complete understanding of corporate ethics. Furthermore, the Company and the Group companies have established their respective informant contact offices to accept input on breaches of regulations or norms from whistleblowers to enhance the internal self-improvement function as an enterprise.

The Company believes that the management structure described above will contribute to effectively utilizing management resources, developing and maintaining good relations with stakeholders and maximizing the corporate values of the Company and the Group, and ultimately the common interests of the shareholders.

3. Purpose of Introducing the Plan

The Board of Directors of the Company has determined that it elects to continue the Plan to ensure the necessary and sufficient time and information to allow the shareholders to make an appropriate decision as to whether a proposed large-scale purchase is acceptable and opportunities for the Company to negotiate with the party that intends to make said large-scale purchase of the Company's shares, etc., by clarifying the rules to be respected by said party.

As described below, the Plan stipulates the related rules to be respected by the party that intends to make a large-scale purchase of the Company's shares, etc. The Plan also aims to issue a warning to any disqualified party who intends to make such a large-scale purchase that would not contribute to ensuring and enhancing the corporate value and ultimately the common interests of the shareholders by showing that said party might incur damage from the Company's countermeasures, which would accompany the disclosure of the details of such countermeasures in certain cases of necessity.

In the Plan, to eliminate arbitrary judgments by the Board of Directors relating to the implementation of any countermeasures, the Company shall maximally respect the recommendations submitted by an independent committee composed of Outside Directors and Outside Corporate Auditors or external, learned individuals independent from the management executives who are engaged in the execution of the Company's business operation (proven corporate managers, ex-bureaucrats, lawyers, certified public accountants or academic experts, or those who are deemed equivalent thereto; hereinafter the "Independent Committee") in accordance with the rules concerning the Independent Committee (see Exhibit 1 for a summary). In addition, procedural transparency should be ensured via information disclosure to the shareholders and investors in a timely

manner. The four persons described in Exhibit 2 will assume the post of committee members at the time of the continuation of the Plan.

The major shareholders of the Company as of February 29, 2020, are as stated in the table “Shareholding Conditions of the Major Shareholders of the Company” in Exhibit 3. The Company has not received any actual proposal regarding a large-scale purchase of its shares, etc., at this time.

4. Content of the Plan (Initiatives to Prevent a Disqualified Party from Controlling the Company’s Decisions on Financial and Business Policies Based on the Basic Policy)

(1) Procedures related to the Plan

(A) Targeted large-scale purchases

The Plan will apply to cases where there is a purchase of the Company’s shares, etc., or any equivalent action that falls under (i) or (ii) below (excluding purchases approved by the Company’s Board of Directors; hereinafter the “Large-Scale Purchase”). The party who has made a Large-Scale Purchase or who intends to make a Large-Scale Purchase (hereinafter the “Purchaser”) shall be required to comply in advance with the procedures set forth in the Plan.

- (i) A purchase that would result in the holding ratio of shares, etc.³, of a holder² amounting to 20% or more of the shares, etc.¹, issued by the Company; or
- (ii) A tender offer⁵ in respect of the shares, etc., issued by the Company⁴, as a result of which the ratio⁶ of share certificates, etc., owned by the Purchaser and the ratio of shares, etc., owned by any special interested party⁷ of the Purchaser would become 20% or more.

(B) Prior submission of the Letter of Intention

The Company shall require a Purchaser to submit to the Company’s Board of Directors in a form prescribed by the Company, before effecting a Large-Scale Purchase, an agreement that said Purchaser will, upon conducting said Large-Scale Purchase, comply with the procedures established by the Plan (hereinafter the “Letter of Intention”). The language used in the Letter of Intention must be only Japanese.

Specifically, the following items shall be included in the Letter of Intention.

(i) Outline of the Purchaser

- (a) Name or designation and address or location thereof
- (b) Position and name of its representative
- (c) Purpose of incorporation and business line
- (d) Outline of the main shareholders or investors (top 10 in terms of shareholding ratio or investment ratio)
- (e) Contact information in Japan
- (f) Governing law for establishment

- (ii) Number of the Company’s shares, etc., actually held by the Purchaser and the status of transactions of the Company’s shares, etc., by the Purchaser during the 60 days prior to submitting the Letter of Intention

- (iii) Outline of the Large-Scale Purchase proposed by the Purchaser (including the type and number of the Company’s shares, etc., planned to be acquired by the Purchaser and the purpose of the Large-Scale Purchase (takeover or participation in management, pure investment or strategic investment, transfer of the Company’s shares, etc., to a third party after said Large-Scale Purchase, or any other purpose such as an action involving a significant proposal⁸: If there are several purposes, all of them shall be described)).

(C) Provision of Essential Information

In case the Letter of Intention in (B) above is submitted, the Purchaser is requested to provide the Company with the necessary and sufficient information (hereinafter the “Essential Information”), which would allow the Company’s shareholders to make decisions on said Large-Scale Purchase in accordance with the following procedures.

Within 10 business days⁹ (first day not to be counted) after the date of submitting the Letter of Intention, the Company will send an information list, on which information items to be initially entered and submitted to the Company are enumerated, to the domestic contact in Japan as specified in (B) (i) (e) above. The Purchaser will enter and submit sufficient information based on the information list.

If the information initially provided by the Purchaser in accordance with the information list is considered insufficient by the Board of Directors as the Essential Information to allow the shareholders to make appropriate decisions and the Company’s Board of Directors to assess and examine the content and nature of the Large-Scale Purchase, the Company’s Board of Directors may determine a reasonable deadline for responses and request that the Purchaser supply additional information as otherwise requested by the Board of Directors.

Meanwhile, regardless of the content and aspect of the Large-Scale Purchase, information set forth in the items below shall be included, in principle, in the information list.

The language used in the provision of the Essential Information, other notices and/or communications to the Company must be only Japanese.

- (i) Details (including the history, specific name, capital composition, business line, financial condition, and names and careers of the corporate officials) of the Purchaser and its group (including joint holders¹⁰, special interested party and, in the case of funds, each partner and other constituent members);
- (ii) The purpose of the Large-Scale Purchase (including the details regarding the purpose disclosed in the Letter of Intention) and the method and content thereof (including the intention of participating in management, type and amount of consideration for the Large-Scale Purchase, timing of said Large-Scale Purchase, the scheme of any related transactions, number of shares, etc., planned to be purchased, post-acquisition owning ratio of shares, etc., and the legality of the method for said Large-Scale Purchase);
- (iii) The basis for the calculation of the consideration for the Large-Scale Purchase (including the underlying facts of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Large-Scale Purchase, as well as the name of the third party, outline of the opinion of said third party and the background of the decision according to which the amount was decided with reference to said opinion if opinion is heard from any third party during the calculation);
- (iv) Supporting evidence of the funds for the Large-Scale Purchase (including the specific names of funds providers (including substantial providers), financing methods and the terms of any related transactions);
- (v) Existence of communications with a third party with regard to said Large-Scale Purchase and the content thereof, if any, as well as the outline of said third party;
- (vi) If the Purchaser has entered into any important agreements or arrangements on rental, hypothecation, sell-back and reservation on the sale and purchase for the Company’s shares, etc. (hereinafter the “Hypothecation Agreements, etc.”), already held by the Purchaser, the specific content thereof such as the type of such agreements/arrangements, contractual counterparts and the number of shares, etc., covered by said Hypothecation Agreements, etc.;
- (vii) If the Purchaser has planned for any agreement on the conclusion of the Hypothecation Agreements, etc., with any third party with regard to the Company’s shares, etc., which are planned to be purchased in said Large-Scale Purchase, the specific content thereof such as the type of the planned agreement, contractual counterparts and the number of shares, etc., covered by said agreement;

- (viii) Management policy, business plan, capital policy and dividend policy for the Company and the Group after the Large-Scale Purchase is conducted;
- (ix) Policies on the treatment of stakeholders in the Company such as the employees, trade unions, business partners, customers and local communities after the Large-Scale Purchase is conducted; and
- (x) Specific measures to avoid conflicts of interest with other shareholders of the Company.

The Board of Directors will promptly disclose the fact that the Large-Scale Purchase has been proposed by the Purchaser and the outline of the proposed Large-Scale Purchase. Furthermore, if any information is deemed necessary for the shareholders to make appropriate decisions with regard to the summary of the Essential Information or any other information, the Company's Board of Directors will disclose such information at the time it considers appropriate.

If the Board of Directors and the Independent Committee recognize that the provision of the Essential Information has been made sufficiently by the Purchaser, the Board of Directors shall inform the Purchaser of its determination (hereinafter the "Notice on Completed Provision of Information") and promptly disclose thereof.

(D) Setting of the Board of Directors Assessment Period

After having issued a Notice on Completed Provision of Information, the Company's Board of Directors shall set a period for assessment, examination, negotiation, forming an opinion and preparing alternative plans by the Board of Directors (hereinafter the "Board of Directors Assessment Period"), either (i) or (ii) below, depending on the degree of difficulty in evaluation regarding said Large-Scale Purchase (first day not to be counted in both cases).

- (i) A maximum 60-day period in the case of the tender offer covering all the Company's shares, etc., by a tender offer with cash-only (yen) consideration; or
- (ii) A maximum 90-day period in the case of any other Large-Scale Purchases.

Provided, however, that in either the case of (i) or (ii) above, the Board of Directors Assessment Period may be extended if the Board of Directors considers it necessary. In this case, the specific extension period and the reason for necessitating an extension of the Board of Directors Assessment Period shall be informed to the Purchaser and promptly disclosed to the shareholders. The extension of the Board of Directors Assessment Period shall be a maximum of 30 days.

The Company's Board of Directors shall fully assess and examine the Essential Information provided by the Purchaser within the Board of Directors Assessment Period while receiving, as required, advice from external experts or the like. The Company's Board of Directors shall also examine the content of the Large-Scale Purchase by the Purchaser from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders. The Company's Board of Directors shall carefully summarize its own opinion regarding the Large-Scale Purchase through the examination of the relevant information, inform the Purchaser of said opinion and appropriately disclose such opinion to the shareholders on a timely basis. In addition, the Board of Directors may negotiate with the Purchaser, as required, terms and methods regarding the Large-Scale Purchase and submit its own alternative plans to the shareholders.

(E) Recommendations on implementing countermeasures from the Independent Committee

The Independent Committee shall, within the Board of Directors Assessment Period, make recommendations on whether any countermeasure should be taken to the Board of Directors, in accordance with the following procedures, in parallel with the assessment, examination, negotiation, forming an opinion and preparing alternative plans to be executed by the Company's Board of Directors, which are stated in (D) above. In this case, to ensure that the determination of the Independent Committee be given in a way to contribute to ensuring and enhancing the corporate value of the Company and the common interests of the shareholders, the Independent Committee, at the

expense of the Company, may seek advice from third-party experts independent from the management executives who are engaged in the execution of the Company's business operation (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultants and other experts). In the case where a recommendation that is set forth in either (i) or (ii) below was made by the Independent Committee to the Company's Board of Directors, the latter shall promptly disclose the fact, a summary of the recommendation and any other matters that the Board of Directors considers appropriate.

(i) Cases where the Purchaser does not comply with any of the procedures set forth in the Plan

If the Purchaser does not follow any procedure stipulated in the Plan, the Independent Committee shall make recommendations for implementing any countermeasures to the Board of Directors, in principle.

(ii) Cases where the Purchaser complies with any of the procedures set forth in the Plan

If the Purchaser follows the procedures set forth in the Plan, the Independent Committee shall make recommendations for not implementing the countermeasures to the Board of Directors, in principle.

Provided, however, that even if the procedures in the Plan are complied with by the Purchaser, should said Large-Scale Purchase be considered to fall under any of the categories in Exhibit 4 and considerably impair the corporate value of the Company and the common interests of its shareholders, the Independent Committee may make recommendations for implementing countermeasures to the Board of Directors as an exception.

(F) Resolutions of the Board of Directors

The Company's Board of Directors shall maximally respect the recommendations given by the Independent Committee, which are provided for in (E), and promptly pass a resolution as to whether the countermeasures should be implemented from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders.

If the aforementioned resolution is passed, the Company's Board of Directors shall promptly disclose an outline of its resolution and other matters that the Board of Directors and the Independent Committee consider appropriate, regardless of whether the substance thereof is to implement the countermeasures.

(G) Discontinuing the implemented countermeasures or suspending implementing the countermeasures

After the Company's Board of Directors has resolved to implement countermeasures in accordance with the procedure in (F) above or even after the Board of Directors has implemented the countermeasures, the Company's Board of Directors shall discontinue or suspend the countermeasures having been implemented if (i) the Purchaser has suspended said Large-Scale Purchase or (ii) any variation is produced in the facts relevant to the basis of the judgment on whether the countermeasures should be implemented and a situation has become inappropriate to maintain the implemented countermeasures from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders.

After having passed the aforementioned resolution, the Company's Board of Directors shall promptly disclose an outline of its resolution and other matters that the Board of Directors considers appropriate.

(H) Initiating the Large-Scale Purchase

The Purchaser shall comply with the procedures set forth in Items (A) through (F) above and must not initiate a Large-Scale Purchase until a resolution on the implementation or non-implementation of any countermeasure is passed at the Company's Board of Directors.

(2) Specific content of the countermeasures in the Plan

A countermeasure that could be implemented by the Company's Board of Directors in accordance with the

resolution in (1) (F) above would be the gratis allotment of stock acquisition rights (hereinafter the “Stock Acquisition Rights”). Provided, however, that said or any other countermeasures could be used if implementing any such countermeasures, which are permitted under the Companies Act and other relevant laws and the Company’s Articles of Incorporation, are determined to be appropriate.

The gratis allotment of the Stock Acquisition Rights shall be as summarized in the “Outline of the Gratis Allotment of Stock Acquisition Rights” in Exhibit 5.

Even after the Company’s Board of Directors has resolved to implement the countermeasures or after such countermeasures are implemented, the Company’s Board of Directors may decide to discontinue or suspend the implemented countermeasures, as stated in (1) (G) above. For example, in the case where the Company’s Board of Directors resolved to conduct a gratis allotment of the Stock Acquisition Rights as a countermeasure, if the Purchaser has suspended the Large-Scale Purchase and the Company’s Board of Directors has passed the resolution stated in (1) (G) above, the implementation of said countermeasure may be suspended using the method by which the gratis allotment of the Stock Acquisition Rights be suspended by the day preceding the ex-right date associated with the reference date set for the gratis allotment of the Stock Acquisition Rights, or the Company acquire the Stock Acquisition Rights free of charge in the period on and after the effective date of the gratis allotment of the Stock Acquisition Rights until the day preceding the date of commencement of the exercise period for the Stock Acquisition Rights.

(3) Term of validity of the Plan, as well as abolition and revision thereof

The Plan shall remain effective until the close of the Ordinary General Meeting of Shareholders of the Company relating to the last one of the fiscal years that will end within three years after the close of the Shareholders’ Meeting if approval thereon is obtained at the Shareholders’ Meeting to be held on May 21, 2020.

Provided, however, that even before the expiry of such a term of validity, the Plan shall be immediately revised or abolished pursuant to the resolution if a general meeting of shareholders resolves to revise or abolish the Plan. In addition, the Plan shall be abolished at that time if the Company’s Board of Directors, which is composed of the Directors appointed at a general meeting of shareholders, resolves to abolish the Plan.

The Company’s Board of Directors may revise or modify the Plan, subject to the Independent Committee’s approval, to the extent such revision or modification is deemed reasonably necessary as a result of the necessity for preceding revision(s) in the Companies Act, the Financial Instruments and Exchange Law, any other relevant laws and regulations, the Financial Instruments Exchange Regulations or any relevant changes in interpretation or operation of these laws and regulations, relevant tax systems and judicial precedents or the like.

If the abolition or revision of the Plan is determined, the Company will disclose information with regard to the fact of said abolition or revision and (in case of a revision) the substance thereof and any other matters that the Board of Directors considers appropriate.

5. Reasonableness of the Plan

(1) Fully satisfying the requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Measures for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005: (i) Principle of protecting and enhancing corporate value and the interests of shareholders as a whole, (ii) Principle of prior disclosure and shareholders’ will and (iii) Principle of ensuring the necessity and reasonableness. The Plan also takes into account the substance of the “Takeover Defense Measures in Light of Recent Environmental Changes,” a report that was publicly released by the Corporate Value Study Group on June 30, 2008.

(2) Continuance for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders

As described in the aforementioned 3, the reason for upholding the Plan is to ensure and enhance the corporate value of the Company and the common interests of the shareholders, if a large-scale purchase of the Company’s shares, etc., is made by ensuring the necessary information and sufficient time to allow the

shareholders to make decisions as to whether said Large-Scale Purchase is acceptable or to allow the Board of Directors to devise an alternative proposal, and opportunities for the Company to negotiate with the Purchaser on behalf of the shareholders.

(3) Respect for the shareholders' intent

The continuation of the Plan will be subject to the approval of the shareholders at the Shareholders' Meeting. As described in 4 (3) above, the Plan will be revised or abolished if a subsequent general meeting of shareholders resolves to revise or abolish it after the Plan is approved at the Shareholders' Meeting. Therefore, the continuation, revision or abolishment of the Plan is designed to fully reflect the shareholders' intent.

(4) Respecting the advice of highly independent third-party experts and information disclosure

In the Plan, to eliminate arbitrary judgments of the Board of Directors, the Company has established the Independent Committee as a consultative body for the Board of Directors that is capable of objectively adopting resolutions and making recommendations with regard to the operation of the Plan, including the implementation of countermeasures.

The Independent Committee consists of not less than three committee members who are appointed from among the Outside Directors, the Outside Corporate Auditors or external, learned individuals (proven corporate managers, ex-bureaucrats, lawyers, certified public accountants or academic experts) independent from the management executives who are engaged in the execution of the Company's business operation.

The Company secures a mechanism to ensure the transparent operation of the Plan so that the Plan can contribute to the corporate value and the common interests of the shareholders through information disclosure, as required, regarding the judgments of the Independent Committee to the shareholders and investors on a timely basis.

(5) Establishment of reasonably objective requirements of implementation

As set out in 4 (1) above, the Plan is established so that it will not be implemented unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary implementing by the Company's Board of Directors.

(6) No Dead-Hand Takeover Defense Measure

As set out in 4 (3) above, the Plan is designed in such a way that it may be abolished at any time by the Board of Directors consisting of the Directors who are appointed at a general meeting of shareholders of the Company. Therefore, the Plan is not a Dead-Hand Takeover Defense Measure (a takeover defense measure which cannot be prevented from being implemented even if a majority of the members of the Board of Directors are replaced).

6. Impact on the Shareholders and Investors

(1) Impact of the continuation of the Plan on the shareholders and investors

In case the Plan is continued, the Stock Acquisition Rights themselves will not be issued. Consequently, the Plan will have no direct impact on the legal rights and economic interests of the shareholders and investors involved in the Company's shares held thereby.

As set out in 4 (1), the Company's response policy toward said Large-Scale Purchase differs depending on whether the Purchase complies with the Plan. Therefore, the shareholders and the investors are requested to monitor the movements of the Purchaser.

(2) Impact of the gratis allotment of the Stock Acquisition Rights on the shareholders and investors

If the Company's Board of Directors decides to implement countermeasures and conducts a gratis allotment of the Stock Acquisition Rights, said Stock Acquisition Rights shall be granted free of charge to the shareholders who are recorded in the register of shareholders as of the allotment date separately specified by the Company's Board of Directors for the Company's shares held thereby at the rate of one Stock

Acquisition Right per share as the upper limit. Given this mechanism, in case of the gratis allotment of the Stock Acquisition Rights, neither the dilution of economic value for the whole the Company's shares held by the shareholders and investors will take place nor will the dilution of the voting rights per share emerge although the economic value per share will be diluted for the Company's shares held thereby. Consequently, the gratis allotment of the Stock Acquisition Rights is not supposed to specifically have a direct impact on the legal rights and economic interests for the Company's shares held by the shareholders and investors.

To the contrary, there may be cases in which the Purchaser's legal rights and/or economic interests may be affected by the implementation of this countermeasure.

Even if the Company's Board of Directors has resolved to conduct a gratis allotment of the Stock Acquisition Rights, the stock price of the Company's shares might fluctuate accordingly if the Board of Directors decides to discontinue the implemented countermeasure or suspend implementing the countermeasure, in accordance with the procedures described in 4 (1) (G). Please note that if the Company suspends implementing the countermeasures, acquires the Stock Acquisition Rights free of charge and does not issue new shares after the qualified shareholders who are entitled to receive the Stock Acquisition Rights have been confirmed, the investors who have traded the Company's shares under the assumption of such dilution of per-share economic value might suffer losses due to possible fluctuations in the stock price because the economic value per share of the Company held by the shareholders and investors will not be diluted.

Meanwhile, if any discriminatory condition is imposed with regard to the exercise or acquisition of the Stock Acquisition Rights, some effect on the legal rights and/or economic interests of the Purchaser is supposed to take place in conducting said exercise or acquisition. Even in such a case, however, it is not supposed that there will be a direct effect on the legal rights and economic interests of the shareholders and investors other than the Purchaser, which are associated with the Company's shares held thereby.

(3) Procedures for shareholders upon the gratis allotment of Stock Acquisition Rights

No special application procedure should be followed for the shareholders who are recorded in the Company's last register of shareholders as of the allotment date of said Stock Acquisition Rights because they will be automatically entitled to the Stock Acquisition Rights as of the effective date of the gratis allotment of said Stock Acquisition Rights.

Moreover, it will be necessary for the shareholders to exercise the Stock Acquisition Rights within the predetermined period to acquire new shares. (In this case, the shareholders will have to pay a certain amount of money.)

Furthermore, as for the details such as allotment method, exercise method, acquisition method to be used by the Company or the like, the Company will appropriately disclose or make notices of the procedural details on a timely basis in accordance with applicable laws and regulations and the Financial Instruments Exchange Regulations after a resolution has been approved at the Company's Board of Directors on the gratis allotment of the Stock Acquisition Rights. Please confirm the disclosure information and the substance of the notices.

Outline of the Independent Committee Rules

1. The Independent Committee shall be established by a resolution of the Company's Board of Directors as an advisory organ thereto to eliminate arbitrary judgments of the Board of Directors on implementing countermeasures and guarantee the objectivity and rationality of the Board's response and judgment regarding the Large-Scale Purchase.
2. The Independent Committee shall consist of not less than three committee members who are appointed, upon resolution of the Company's Board of Directors, from among (1) the Outside Directors, (2) the Outside Corporate Auditors or (3) external, learned individuals (proven corporate managers, ex-bureaucrats, lawyers, certified public accountants or academic experts, or those who are deemed equivalent thereto) independent from the management executives who are engaged in the execution of the Company's business operation. The Company and each independent committee member shall enter into an agreement that contains relevant provisions regarding the duty of due diligence of a good manager and confidentiality.
3. The term of office of a committee member of the Independent Committee shall be from his/her election until the date of close of the Ordinary General Meeting of Shareholders of the Company relating to the last one of the fiscal years that will end within three years after said appointment or a date separately agreed by and between the Company and said committee member. Provided, however, that this rule shall not apply to the cases otherwise provided for upon resolution of the Company's Board of Directors.
4. The Independent Committee may be convened by the President of the Company or any of the committee members.
5. The Chairperson of the Independent Committee shall be elected via mutual vote from among all the committee members.
6. Resolutions of the Independent Committee shall be adopted by a majority of all the committee members who are present thereat, in principle. In the event any member is unable to act or in case of a particular reason, such resolutions shall be adopted by a majority of not less than half the committee members who must be present thereat.
7. The Independent Committee shall deliberate the following matters to vote for resolution. The Independent Committee shall make recommendations with due reasons for the substance of each resolution to the Company's Board of Directors.
 - (1) Whether any countermeasures set forth in the Plan should be implemented;
 - (2) Whether the countermeasures implemented according to the Plan should be discontinued or suspended;
 - (3) Whether the Plan should be abolished or revised; and
 - (4) Any other matters on which the Company's Board of Directors voluntarily asks for advice in association with the Plan.

In conducting deliberations and resolutions, each committee member shall make his/her judgment solely from the viewpoint of whether his/her judgment would contribute to ensuring and enhancing the corporate value of the Company and the common interests of the shareholders but not on behalf of his/her own interests or the interests of the Company's management executives.
8. The Independent Committee may compel Directors, Corporate Auditors or employees of the Company and/or any other persons deemed necessary to attend the Committee meetings to request and obtain opinion or explanation thereof on matters that the Independent Committee considers necessary.
9. The Independent Committee, at the Company's expense, may seek advice from third-party experts independent from the management executives who are engaged in the execution of the Company's business affairs (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultants and other experts) to perform its duties.

Brief Careers of Candidates for Members of the Independent Committee
(in the order of the Japanese syllabary)

Nobuko Akashi

August 1979	Joined Japan Airlines Co., Ltd. (Cabin Attendant)
April 1988	Joined Temporary Center Inc. (currently Pasona Inc.)
December 1989	Joined Image Plan Co., Ltd.
November 1996	Representative Director, Buraiton Y.K. (to present)
March 2003	Chairman and Secretary General, NPO Japan Manners & Protocol Association
June 2006	Director, Hotel Barmen's Association, Japan
December 2012	Board Chairman, NPO Japan Manners & Protocol Association (to present)
September 2013	Expert Member, Liaison Conference for the Promotion of Gender Equality, Cabinet Office, Government of Japan
June 2015	Outside Director, JAPAN POST BANK Co., Ltd. (to present)
April 2019	Member, Committee for Promotion of Development and Support for Children and Young People, Cabinet Office, Government of Japan (to present)
May 2019	Outside Director, the Company (to present)
June 2019	Management Committee Member, Japan Broadcasting Corporation (to present)

Eizo Uchikura

April 1982	Joined Yamashita-Shinnihon Steamship Co., Ltd. (currently Mitsui O.S.K. Lines, Ltd.)
September 1989	Joined Nomura Research Institute, Ltd.
July 1994	Joined Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)
June 2004	Director, Eizo Uchikura Office (to present)
September 2005	Corporate Auditor, AGASTA CO., LTD.
September 2008	Representative Director, YUME Capital Co., Ltd. (to present)
May 2011	Outside Director, the Company (to present)

Osamu Ohashi

April 1999	Registered as a certified public accountant
September 2000	Representative partner, Dia Auditing Firm
November 2004	Registered as a licensed tax accountant
May 2005	Representative partner, ReEx Accounting Firm (to present)
May 2011	Outside Corporate Auditor, the Company (to present)
November 2017	Representative partner, Reex Audit Firm (to present)

Kensuke Masuoka

April 1989	Joined the Tokyo Bar Association (to present)
	Joined Masuoka Sogo Horitsu Jimusho (to present)
May 1994	Outside Corporate Auditor, the Company (to present)
December 2004	Outside Corporate Auditor, ITOCHU-SHOKUHIN Co., Ltd. (to present)

Shareholding Status of the Major Shareholders of the Company

(As of February 29, 2020)

Shareholder's name	Number of shares held (shares)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd.	5,859,400	9.07
The Master Trust Bank of Japan, Ltd.	3,009,500	4.66
JPMorgan Securities Japan Co., Ltd.	893,895	1.38
<i>Kisshokai</i>	886,500	1.37
STATE STREET BANK WEST CLIENT-TREATY 505234	796,200	1.23
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	630,700	0.98
Trust & Custody Services Bank, Ltd.	624,500	0.97
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	619,074	0.96
UEDA YAGI TANSHI Co., Ltd.	590,600	0.91
TAIJU LIFE INSURANCE COMPANY LIMITED	550,000	0.85

Note: Treasury stock (515,074 shares) was excluded when calculating the percentage of shares held.

Share Distribution Chart

(As of February 29, 2020)

Category		Number of shareholders (persons)	Composition ratio (%)	Number of shares (shares)	Composition ratio (%)
Government and local public authorities		0	0.00	0	0.00
Financial institutions	Banks	1	0.00	14,000	0.02
	Trust banks	18	0.01	9,838,416	15.11
	Life insurance companies	17	0.01	769,600	1.18
	Non-life insurance companies	3	0.00	224,400	0.34
	Other financial institutions	4	0.00	40,200	0.06
Financial instruments business operators		39	0.01	2,449,747	3.76
Other Japanese corporations		1,322	0.42	3,593,469	5.52
(Including Japan Securities Depository Center, Inc.)		1	0.00	240	0.00
Foreign corporations, etc.		301	0.10	4,037,543	6.20
(Including foreign individuals)		153	0.05	17,454	0.03
Individuals and other		309,477	99.45	43,647,109	67.02
YOSHINOYA HOLDINGS CO., LTD.		1	0.00	515,074	0.79
Total		311,183	100.00	65,129,558	100.00

Categories That Are Deemed Improper by Considerably Impairing the Corporate Value of the Company and the Common Interests of the Shareholders

1. In case the Purchaser is deemed to be acquiring or intending to acquire the Company's shares, etc., with no true intention of participating in the Company's management, for the purpose of buying up a considerable ratio/number of the Company's shares, etc., only to raise the stock price and demand that the Company or any parties concerned with the Company buy back the shares, etc., at considerably higher prices (a so-called Green Mailer);
2. In case the Purchaser is deemed to be intending to purchase the Company's shares, etc., through temporary control of the Company's management for the purpose of the forced transfer of the assets of the Company and Group companies such as intellectual property, know-how and/or trade secrets, major business partners and customers, which are necessary for the Company's or the Group's business operations, to said Purchaser or any of its group companies;
3. In case the Purchaser is deemed to be intending to purchase the Company's shares, etc., after having controlled the Company's management for the purpose of appropriating the Company's assets or assets of any Group companies as collateral for liabilities or as underlying assets for payments for the sake of said Purchaser or any of its group companies;
4. In case the Purchaser is deemed to be intending to purchase the Company's shares, etc., through temporary control of the Company's management for the purpose of causing the Company's management to dispose of its highly valued assets such as real property and securities that have no specific relation to the Company's or its Group companies' ongoing businesses, to make management distribute temporarily higher dividends with the profit from the disposal or sale of the Company's shares, etc., at a profit, by leveraging a temporarily raised stock price through temporarily increased dividends;
5. In case the purchase method for the Company's shares, etc., proposed by the Purchaser refers to a structurally compulsory action, i.e., by restricting opportunities for or freedom in shareholders' judgments, in effect, through a forced two-tiered purchase procedure (tender offer in a manner wherein the second-tier purchase conditions are set unfavorable) or intentionally not clarifying the second-tier purchase conditions to the shareholders without inviting shareholders to purchase all shares, etc., at the first tier;
6. In case the Large-Scale Purchase is deemed, by allowing the Purchaser to take control of the Company, to significantly oppose ensuring or enhancing the common interests of the shareholders and the corporate value of the Company by causing a material impairment to the corporate value and the common interests of the shareholders by destroying any of the relationships with not only the shareholders but also the customers, employees and other stakeholders, all of whom are essential sources to creating the Company's corporate value;
7. In case the Purchaser is deemed, by being related to anti-social forces, etc., considerably improper to take up the role of controlling shareholder in terms of public order and morals;
8. In the equivalent cases similar to Items 1 through 7 above, which may significantly impair the corporate value of the Company and the common interests of the shareholders.

Outline of the Gratis Allotment of Stock Acquisition Rights

1. Total number of allotted Stock Acquisition Rights

The total number of the Stock Acquisition Rights to be allotted shall be the number separately determined in a resolution of the Board of Directors for a gratis allotment of the Stock Acquisition Rights (hereinafter the “Gratis Allotment Resolution on Stock Acquisition Rights”), with the number equivalent to the total number of the last issued the Company’s shares (excluding the number of the Company’s shares held by the Company at that time) on a certain day separately specified by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights (hereinafter the “Allotment Date”) being the upper limit.

2. Shareholders who are targeted in the allotment

The Company shall allot the Stock Acquisition Rights to the shareholders who are recorded in the last register of shareholders as of the Allotment Date free of charge at the rate separately determined by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights, with one (1) Stock Acquisition Right for each the Company’s common share held thereby (excluding those held by the Company at that time) being the upper limit.

3. Effective date of the gratis allotment of the Stock Acquisition Rights

The effective date of the allotment shall be a day separately determined by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights.

4. Type and number of shares subject to the Stock Acquisition Rights

The type of shares subject to the Stock Acquisition Rights shall be the Company’s common shares, and the number of shares subject to each Stock Acquisition Right (hereinafter the “Targeted Number of Shares”) shall be the number separately determined by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights, with one (1) share being the upper limit. Provided, however, that the Targeted Number of Shares shall be adjusted as necessary if the Company carries out a stock split or a stock consolidation.

5. Content and value of property to be invested upon exercise of the Stock Acquisition Rights

The form of investment in exercising the Stock Acquisition Rights shall be cash, and the value of the property to be invested upon exercise of the Stock Acquisition Rights for each the Company’s common share shall be one (1) yen or more, which shall be separately determined by the Company’s Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights.

6. Restriction on transfer of the Stock Acquisition Rights

Transfer of the Stock Acquisition Rights shall require the approval of the Company’s Board of Directors.

7. Exercise conditions of the Stock Acquisition Rights

(1) Specified large holders¹¹, (2) Joint holders of specified large holders, (3) Specified large acquirers¹², (4) Special interested party of specified large acquirers, (5) Any transferee of or successor to the Stock Acquisition Rights of any party falling under (1) through (4) without the approval of the Company’s Board of Directors or (6) Any affiliated party¹³ of any party falling under (1) through (5) (hereinafter collectively the “Unqualified Parties”) shall not be authorized to exercise the Stock Acquisition Rights. The details of the exercise conditions of the Stock Acquisition Rights shall be separately specified under the Gratis Allotment Resolution on Stock Acquisition Rights.

8. Acquisition of the Stock Acquisition Rights by the Company

On a date separately specified by the Board of Directors, the Company may acquire the Stock Acquisition Rights held by those other than the Unqualified Parties and issue, in exchange therefore, the Company's common shares at the rate of the Targeted Number of Shares for each Stock Acquisition Right. The details of acquisition conditions for the Stock Acquisition Rights shall be separately specified under the Gratis Allotment Resolution on Stock Acquisition Rights.

9. Gratis acquisition in case the implementation of countermeasures is suspended

The Company shall be authorized to acquire all the Stock Acquisition Rights free of charge in cases separately determined by the Company's Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights, including the case of suspended implementation of countermeasures.

10. Exercise period of the Stock Acquisition Rights or the like

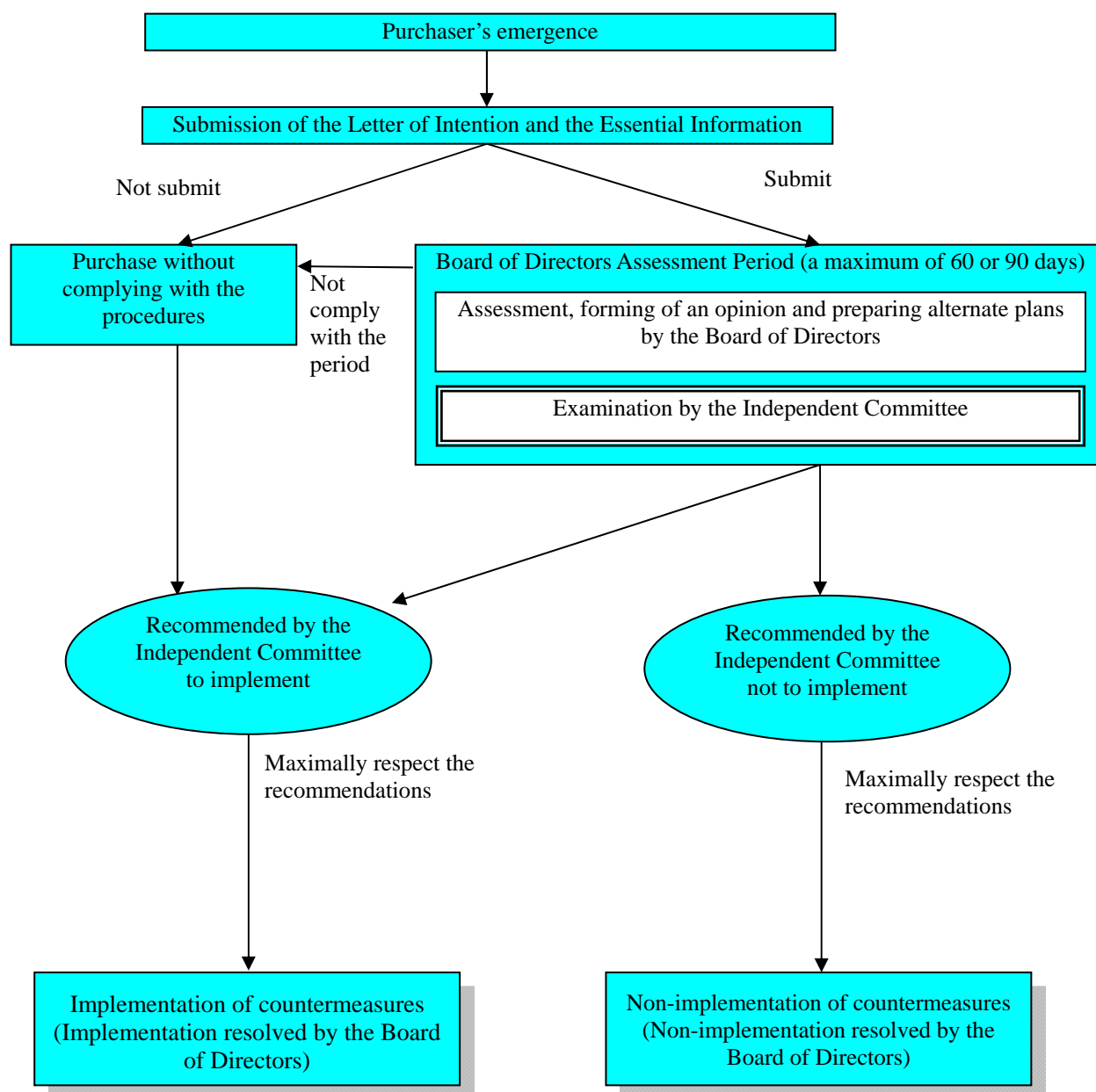
The exercise period of the Stock Acquisition Rights and other necessary matters shall be separately specified by the Company's Board of Directors under the Gratis Allotment Resolution on Stock Acquisition Rights.

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1. Defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law. Unless otherwise provided for in this document, this definition is applied throughout this document. In case of any revisions to any laws and/or regulations that are referenced in the Plan (including the change to the relevant law/regulation name and the establishment of a new law/regulation to replace the former law/regulation), the corresponding articles or paragraphs shall be read as those in the corresponding laws/regulations that have substantially replaced the former ones after said revisions, excluding the cases separately specified by the Board of Directors of the Company.
 2. Refers to a holder defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law, including persons described as a holder under Article 27-23, Paragraph 3 of said Law.
 3. Defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.
 4. Defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law. This definition is applied to this (ii).
 5. Defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.
 6. Defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.
 7. Refer to special interested party defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Law; provided, however, that persons provided for in Article 3, Paragraph 2 of the Cabinet Office Ordinance on Disclosure of Take Over Bid of Shares, etc. Conducted Those Other than the Issuing Corporation are excluded from the persons described in Item 1 of said Paragraph. This definition is applied throughout this document.
 8. Refers to an action involving a significant proposal that is provided for in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Law, Article 14-8-2, Paragraph 1 of the Enforcement Ordinance of the Financial Instruments and Exchange Law and Article 16 of the Cabinet Office Ordinance on Disclosure of Storage Situation of Significant Amount of shares, etc. Unless otherwise provided for in this document, this definition is applied throughout this document.
 9. "Business day" refers to days other than those listed in Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs. This definition is applied throughout this document.
 10. "Joint holders" are as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Law, including persons regarded as a joint holder by the Company's Board of Directors under Paragraph 6 of said Article. This definition is applied throughout this document.
 11. "Specified Large Holder" means a party who is a holder of shares, etc., issued by the Company and whose holding ratio of shares, etc., in respect of such shares, etc., is at least 20% or any party who is deemed to fall under the above by the Company's Board of Directors. Provided, however, that a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of shares, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders, and certain other parties that the Board of Directors determines under the Gratis Allotment Resolution on Stock Acquisition Rights are not a Specified Large Holder.
 12. "Specified Large Acquirers" means a party who makes a public announcement of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law; the same is applied throughout this Note), of shares, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law; the same is applied throughout this Note), issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such shares, etc., owned by such party after such purchase, etc. (including similar ownership as prescribed in Article 7, Paragraph 1 of the Enforcement Ordinance of the Financial Instruments and Exchange Law), is at least 20% when combined with the ratio of ownership of share certificates, etc., of special interested party of such party, or any party who is deemed to fall under the above by the Company's Board of Directors. Provided, however, that a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of shares, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders and certain other parties that the Company's Board of Directors determines under the Gratis

Allotment Resolution on Stock Acquisition Rights are not a Specified Large Acquirer.

13. An “Affiliated Party” of a given party means a person who substantially Controls, is Controlled by or is under common Control with such given party (including any party who is deemed to fall under the above by the Company’s Board of Directors), or a party deemed by the Company’s Board of Directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in Article 3, Paragraph 3 of the Enforcement Regulations of the Companies Act) of other corporations or entities.

Flow Chart on Procedures in the Plan



* This schematic shows the outline of the Plan. Please refer to the text for a specific description of the Plan.