fine food is our business

Integrated Report 2026

Royal Holdings Co., Ltd.

ROYAL

Royal Holdings Co., Ltd.

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The Royal Credo

Royal is in the business of providing food services.
In return for the customer's patronage, we must provide:

-Delicious food
-Cleanliness in food preparation and handling
-Cheerful service to provide a pleasant atmosphere

Royal's reward for following these principles will be
a fair profit and continued prosperity.

Established in June 1956

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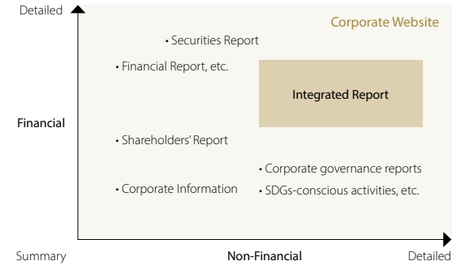
Editorial Policy
The Royal Group's Integrated Report 2026 has been published to communicate the Group's medium- to long-term value creation from both a financial and non-financial perspective. It is our hope that this report will create a better understanding among all stakeholders regarding our dedication to initiatives aimed at realizing a sustainable society and the Group's long-term corporate value creation. This report has been prepared with reference to the Integrated Reporting Framework, as recommended by the IFRS Foundation, Guidance for Collaborative Value Creation produced by the Ministry of Economy, Trade and Industry, and other guidelines. For more comprehensive and detailed information, please visit our website.
https://www.royal-holdings.co.jp/en/

Scope of Reporting
This report covers a total of 14 companies, including Royal Holdings Co., Ltd., eight consolidated subsidiaries, and five equity-method affiliates (as of December 31, 2025).

Period of Reporting
This report primarily covers fiscal 2025 (January 1, 2025–December 31, 2025). However, it may also include information as of and beyond January 1, 2026.

Forward-Looking Statements
Statements in this integrated report, with respect to forecasts and other data, are based on the Company's judgments in light of the latest information available at the time of this report's publication. For that reason, due to various changing factors, attainment of these targets, as well as any forecasts stated in this report, are not guaranteed. Furthermore, information stated in this report may be subject to future change without prior notice. Therefore, we request that this report, and the information contained within, be used at the discretion of the reader after confirming with information obtained by other means. The Company does not assume responsibility for any damages incurred as a result of this report.

Information Provision Framework



The History of the Royal Group *History*

Our Founder's Philosophy

Recognizing the Legitimacy of Japan's Food and Drink Industry

Cultivating Japan's food and drink industry into a legitimate way to improve lives. With this aspiration close to our hearts, we have worked vigorously since our founding to create stores, restaurants, and other establishments indispensable to their communities by maintaining three traits: delicious food and proper service; comfortable and clean interiors; and a healthy, cheerful image. We have held this aspiration, which has fueled our aim to be the highest-quality food and drink company in Japan, since our establishment 75 years ago, and we will continue to pursue it in the future.



Kyoichi Egashira, Founder
(1923–2005)



1953


1956


1969


1971

1950 Established Kilroy Tokushu Boeki Co., Ltd.

1951 Founding

With the start of Japan Airlines' domestic flights, we launched in-flight catering and opened a café inside the terminal at Itazuke Air Base (currently, Fukuoka Airport). Also in 1951, we constructed a bakery in Katakasu, Fukuoka, where we began creating confectionery and baked goods.

1953 Opened French restaurant Royal Nakasu Main Store (currently, Hananoki) in Higashi Nakasu, Fukuoka. Three months after opening, actress Marilyn Monroe and her husband, Yankees slugger Joe DiMaggio, visited Fukuoka while on their honeymoon, which included a visit to the local U.S. military base. When visiting the restaurant, Marilyn ordered onion gratin soup.

1956 Developed cake freezing techniques and ventured into the frozen food business

Establishment of the Royal Credo

1959 Opened Royal Shintencho, a family restaurant with a jointly-established confectionery shop

1962 Adopted a central kitchen system

In April 1962, the Royal Fukuoka Building store opened in the newly constructed Fukuoka Building, located in the bustling Tenjin district of Fukuoka. To offer high-quality cuisine at a reasonable price in a busy commercial district where rents were high, we consolidated the preparation and processing of vegetables at a separate location from the restaurant. This enabled us to make effective use of limited cooking space in the restaurant itself and, above all, to provide consistently high-quality cuisine. This was the origin of the central kitchen system we continue to employ today.

1969 Constructed the Royal Center, a core facility supporting the industrialization of Japan's food and drink industry, equipped with a central kitchen and head office functions, in the Naka district of Hakata-ku

The Group introduced a preparation method in which sauces and other ingredients are prepared at a central kitchen and final preparation is done at each establishment before the dish is served. Central kitchens produce food based on the idea that every meal should deliver warmth, as if made by a head chef. Therefore, these kitchens provide a steady supply of different products developed with great care, from the selection of ingredients to the refinement of flavors and preparation, while taking advantage of our freezing techniques.

1970 We opened four restaurants, including the Royal American Cafeteria and Western Steakhouse Royal, in the U.S. zone of the Osaka World Expo, and established an operations system utilizing Japan's first full-scale central kitchen, which began operations in 1969.

1971 Opened the first Royal Host suburban family restaurant

With the rise in personal income and the advancement of motorization accompanying Japan's economic growth, Royal Host opened a suburban restaurant with a parking lot in Kurosaki, Kitakyushu, which mainly targeted families. This was subsequently expanded to other parts of the country.


1973



1995


2023



2025



2025

1973 Opened first highway restaurant in the Mekari parking area on the Kanmon expressway

The Royal Group has been a part of the food, beverage, and retail businesses in airports since its establishment. Then, in 1973 when private vehicle ownership became widespread, the Group opened a restaurant and store at a highway parking area. Today, we provide food menus emphasizing regional characteristics at various facilities that include airports, expressways, and department stores throughout Japan.

1978 Listed on the Fukuoka Stock Exchange

1983 Listed on the First Section of the Tokyo Stock Exchange
Established Tokyo Food Facility in Funabashi, Chiba

1991 Opened the first Sizzler in Japan, a restaurant featuring a salad bar and grilled dishes

1995 Opened the First Roynet Hotel (Currently, Richmond Hotel) in Higashi-Osaka, Osaka

We operate the Hotel Business by taking full advantage of the food and hospitality skills we have cultivated over many years in the Restaurant Business. In 2004, we established RNT Hotels Co., Ltd., which operates hotels around the country. Our goal is to provide hotels that are friendly to both people and nature while constantly improving for the sake of our guests, which we achieve through spacious rooms, well-equipped facilities, and a universal design.

2005 Switched to a holding company framework and changed name to Royal Holdings Co., Ltd.

2006 Made TEN CORPORATION (currently, Royal Food Service Co., Ltd.) a consolidated subsidiary

2008 Opened the first Royal Garden Cafe in Kita-Aoyama, Minato-ku, Tokyo

2013 Opened the first overseas franchise store of Tendon Tenya (Currently, TENYA)

2015 Established a manufacturing line dedicated to halal meals at the Fukuoka Central Kitchen Factory

2019 Began full-scale development of Royal Deli frozen meals for home use

2021 Entered into a capital and business tie-up with Sojitz Corporation
Established subsidiary in Singapore via a joint venture agreement with Sojitz Corporation

2022 Transitioned to the Prime Market segment of the Tokyo Stock Exchange following market segment revisions

2023 Established Sojitz Royal Cafe Corporation and made a full-scale launch of Costa Coffee to the Japanese market

2024 Royal Contract Service Co., Ltd. absorbed Highway Royal Co., Ltd.
to further expand the highway-related business, part of the Group's growth strategy.
Opened two overseas directly managed establishments in Singapore

2025 Formulated Royal Group Management Vision 2035

Guided by our Management Vision, "Bringing joy to communities and society through food and hospitality," we aim to become a food- and hospitality-centered Group that offers high-quality experiences and settings and grows internationally.

Expo 2025 Osaka, Kansai, Japan

In collaboration with Coca-Cola Bottlers Japan Inc., we opened a Lounge & Dining venue at the Expo 2025 in Osaka to serve as a reception and dining area for invited guests and dignitaries from around the world. Additionally, we were responsible for operating the employee cafeteria, providing food and hospitality to all staff working at the venue and supporting Expo operations.

Bringing "food and hospitality" to the world—entering a new phase of overseas expansion to bring joy to everyday life in communities outside Japan

Building on more than 70 years of experience in food and hospitality, we are accelerating the growth of our overseas business as we pursue global expansion. In 2025, we opened six consecutive locations in Vietnam under new business formats developed for the THE ROYAL and Ineya brands, launched the TENYA franchise in Indonesia, and opened SUSHI NIGIRIBA in California in collaboration with Choushimaru Co., Ltd. and Sojitz Corporation as a new sushi-based business format. Making the fullest use of the many years of experience we have accumulated operating restaurants and specialty establishments, we aim to support the growth of local food and beverage industries by crafting welcoming dining experiences and spaces that are an indispensable part of the communities we serve. Ultimately, we will bring joy to everyday life.

The Royal Group Today

The Royal Group's Business

GROUPWIDE

Fiscal 2025 Consolidated Net Sales **¥165,495 million**

Fiscal 2025 Consolidated Ordinary Profit **¥7,917 million**

Notes: 1. Consolidated net sales include net sales from other businesses.
2. Net sales for each segment include intersegment sales.

RESTAURANT BUSINESS

Group Company
Royal Food Service Co., Ltd.
Royal Food Services (Singapore) Pte. Ltd.
ROYAL SOJITZ VIETNAM COMPANY LIMITED
Royal Contract Service Co., Ltd. (restaurant operations)
(Equity-method affiliates: Sojitz Royal Cafe Corporation
SUSHI-TEN USA Inc.)

Business Summary
Development and operation of a wide variety of eating and drinking establishments, including chains such as the hospitality-themed restaurant Royal Host, tempura and tempura bowl specialist TENYA, salad bar and grill Sizzler, and pizza restaurant Shakey's, as well as beer gardens, cafés, and a variety of other specialty establishments.

Net Sales (Fiscal 2025)
¥66,844 million

Ordinary Profit (Fiscal 2025)
¥2,337 million

CONTRACT FOOD SERVICE

Group Company
Royal Contract Service Co., Ltd.

Business Summary
Highway Royal receives contracts from corporations to operate a wide variety of eating and drinking establishments. These establishments are tailored to their locations, which include airport terminals, highway service areas (SAs) and parking areas (PAs), convention centers, entertainment facilities, office buildings, medical and nursing care facilities, department stores, and government offices.

Note: On January 1, 2024, Royal Contract Service Co., Ltd. absorbed Highway Royal Co., Ltd.

Net Sales (Fiscal 2025)
¥53,364 million

Ordinary Profit (Fiscal 2025)
¥2,656 million

ROYAL

Net Sales (Fiscal 2025)
¥41,416 million

Ordinary Profit (Fiscal 2025)
¥6,849 million



HOTEL BUSINESS

Group Company
RNT Hotels Co., Ltd.
(Equity-method affiliate: K&R Hotel Development Co., Ltd.)

Business Summary
We operate hotels, including the Richmond Hotel, across Japan.
In 2025, we opened a new lifestyle hotel brand, THE BASEMENT.



Net Sales (Fiscal 2025)
¥12,955 million

Ordinary Profit (Fiscal 2025)
¥452 million

FOOD MANUFACTURING

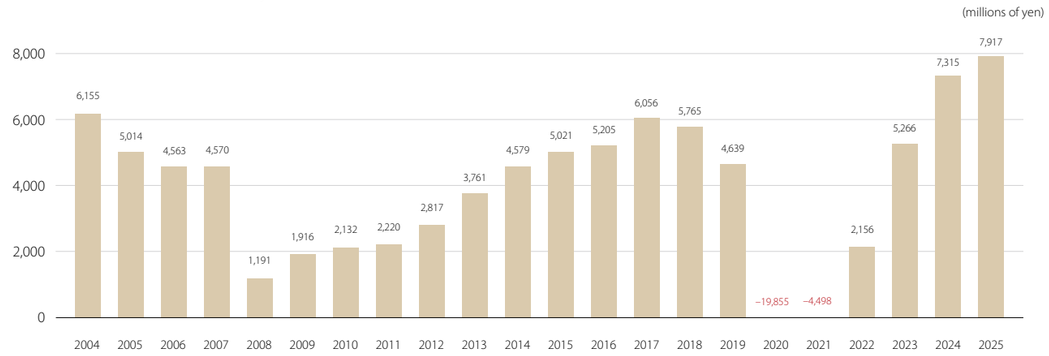
Group Company
Royal Co., Ltd.
TABISUL Co., Ltd.

Business Summary
Food manufacturing, purchasing, logistics, and other infrastructure-related functions for Group businesses, in addition to manufacturing meals for sale by large retailers and other companies outside the Group, Royal Host Deli meals for home consumption, and a subscription snack delivery service for corporations.

Consolidated Results for Fiscal 2025

Net sales increased, driven by growth at existing stores following pricing revisions and other measures, together with contributions from new store openings. Ordinary profit increased despite rising raw material costs and initial expenses associated with new store openings, supported by solid net sales at existing stores and an increase in equity-method earnings. As a result, net sales and ordinary profit for fiscal 2025 (January to December) reached record-high levels.

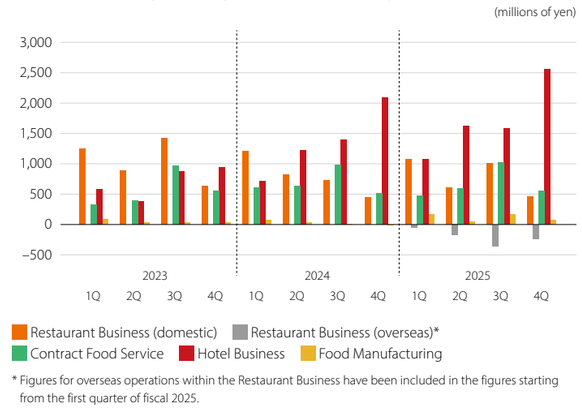
Trends in Consolidated Ordinary Profit (Full Year)



Fiscal 2025 Results by Segment

Ordinary profit in the Restaurant and Contract Food Service Businesses declined slightly year on year, reflecting higher raw material costs and expenses associated with new store openings. However, ordinary profit in the Hotel Business increased considerably as a result of strong demand from domestic and international travelers.

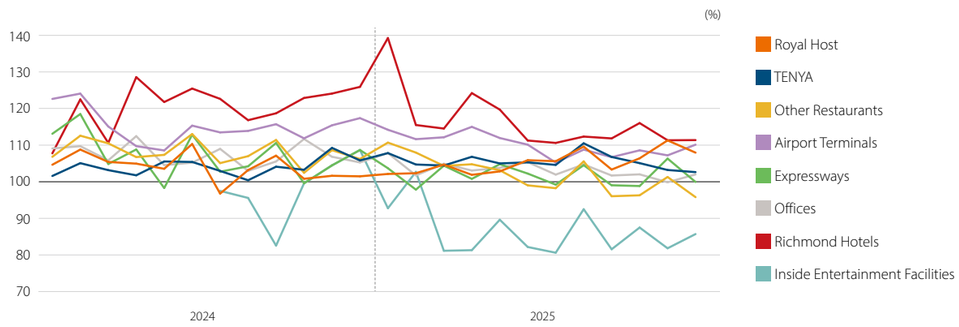
Trends in Ordinary Profit by Segment (Quarterly)



* Figures for overseas operations within the Restaurant Business have been included in the figures starting from the first quarter of fiscal 2025.

Same-Store Sales Growth (YoY)

In fiscal 2025, Richmond Hotels and stores located in airport terminals continued to perform strongly, supported by domestic and international tourism demand. Sales for TENYA exceeded the previous year's results for 58 consecutive months (since March 2021) and Royal Host for 17 consecutive months (since August 2024).



The Royal Group's Unchanging Strengths



The Pursuit of "Food"

Food must be delicious.
It also requires hygienic preparation and handling.

Food Safety and Security

To ensure the products we provide are always safe and delicious, we established a system to comprehensively oversee food safety and security across the entire Group in accordance with the Royal Group Quality & Food Safety Standards. Under strict quality control, we pursue food that meets the needs of the times.

Please refer to pages 50–51, Customers, for details on specific initiatives.

The Pursuit of Delicious Flavors

The Royal Group develops products with the mentality of providing many meals to many people but making sure each one maintains the flavor of a single meal prepared lovingly by a head chef. Each and every product we develop is infused with love, whether it's tried and true favorites based on the recipes built up since our founding or original, carefully crafted products.

Please refer to pages 20–23, Special Feature: Carrying on Traditions and Developing the Next Generation of Talent—The Purpose of the Royal Academy

The Pursuit of "Hospitality"

Our sales and the services we provide must bring joy to our customers and make society brighter.

Our Approach to Hospitality

The Royal Group put forth its Declaration to be a Hospitality-Based Company in July 1995. We want customers to enjoy delicious, high-quality food with pleasant service. We always act with maximum customer satisfaction in mind, so people can spend valuable time with their loved ones in a comfortable space. This is what we mean by the "spirit of hospitality."

Please refer to pages 50–51, Customers, for details on specific initiatives.

Developing Human Resources Brimming with Hospitality

Each employee adheres to the Royal Credo and the Royal Group Code of Conduct, focusing their thoughts and actions, day in, day out, toward demonstrating the hospitality of the Royal Group, regardless of industry, business type, job type, or position. As a hospitality-focused Group, we develop human resources with the aim of creating establishments beloved by local communities.

Please refer to pages 48–49, Human Resources, for details on specific initiatives.



Message from the President



Masataka Abe
President and
Representative Director

Looking ahead to the next quarter century, a time when taking on challenges and achieving integration will intersect, with the unchanging Royal Credo as our guide.

Creating new value through strategic alliances and accelerating our growth in Japan and overseas through food and accommodation.

Digitally driven evolution alongside value that only people can provide.
Together, they open the way to a future that brings joy to society.

A Strong Start to Medium-Term Management Plan 2025–2027

In fiscal 2025, despite a challenging external environment marked by persistent inflation, our existing businesses, including Royal Host and Richmond Hotels, steadily drove earnings. As a result, we achieved record highs in net sales and ordinary profit for the second consecutive year, ensuring a highly valuable start for the first year of Medium-Term Management Plan 2025–2027. In addition, in the off-premises Business Creation Domain, TABISUL Co., Ltd., which we converted into a wholly owned subsidiary, achieved profitability in its first year. This achievement provides support for the validity of our M&A strategy. We will therefore continue to examine a wide range of opportunities that align with Royal's approach to M&A to ensure business and cultural continuity in both Japan and overseas.

In fiscal 2026, we plan to further accelerate our growth momentum, raising the profitability of all Group businesses. We will continue striving to strengthen the earnings structure of the Restaurant Business while transitioning to a new growth phase in the Hotel Business, which achieved its profit target for the entire medium-term management plan in its first year and in which we aim for even greater heights, without allowing ourselves to become complacent. In the Contract Food Service, we will solidify our business foundation by maintaining our strategy of dominating areas, expanding from single locations to clusters. With this series of initiatives, we are committed to realizing ordinary profit of ¥8.8 billion and a fifth consecutive year of increases in earnings and ordinary profit in fiscal 2026, thereby taking a solid step toward achieving ordinary profit of ¥10.0 billion, our target for fiscal 2027.

Pursuing an Alliance Strategy for Becoming a 100-Year Company, Guided by the Unchanging Royal Credo

In 2025, the Royal Group celebrated its 75th anniversary. Looking back on the Group's history, the first 50 years were a period of taking on challenges and the following 25 years were a period of pursuing integration. I am convinced the next 25 years, when we aim to become a 100-year company, will be a phase of further growth in which we combine taking on challenges and pursuing integration to a high degree through our alliance strategy.

Since our founding, we have diversified our business activities by taking on challenges for the development of the restaurant industry and pursuing integration through co-creation with other companies, expanding the domains in which we provide food and hospitality. Although the companies that have joined the Royal Group span a wide range of business domains and categories, all have undoubtedly been united by a shared affinity with the Royal Credo. As we work toward becoming a 100-year company over the next 25 years, we will endeavor to create new value through alliances guided by this unchanging credo.

In the Restaurant Business, we will promote overseas business expansion through development centered on both directly managed and franchised stores under a global strategy, at the same time maintaining our business foundation in Japan. In highly uncertain overseas markets, we will aim to further expand directly managed businesses in key areas, including Vietnam, Singapore, and North America, by fully leveraging the network of Sojitz Corporation. Furthermore, in addition to developing new markets for TENYA, which has been expanding overseas since 2013, we will maintain an aggressive approach to franchise developments with other brands.

Although the Restaurant Business (Overseas) incurred an ordinary loss in fiscal 2025, we view this setback as growing pains on the road to growth over the medium to long term. We believe that we must make investment decisions and monitor progress overseas with even greater caution and care than we do in Japan while minimizing the risk of losses. In Japan, on the other hand, we view the Contract Food Service Business and the Hotel Business as core elements of our growth. Our strength lies in our ability to combine the know-how we have cultivated in the Restaurant Business to create new value. In fiscal 2025, we established an extensive service provision structure centered on combining food and accommodation. For example, the Contract Food Service Business concluded contracts to operate high-value-added lounges and the Hotel Business entered into the luxury domain through a joint venture with Minor Hotels. Building on this strength, the Group will deliver its value propositions to a more diverse range of customers by expanding the scope of its provision of food and hospitality across the full spectrum from existing to luxury domains and promoting an alliance strategy.

Responding to Uncertain Conditions and Making Decisions with the Interests of All Stakeholders in Mind

Remaining flexible as an organization is essential to addressing changes in the environment, such as recent rising inflation and geopolitical risks. The Royal Group has built a structure capable of responding agilely to changing conditions by optimizing the role of each of its operating companies.

For example, while establishments are focusing exhaustively on enhancing frontline operations and training functions, we have separated upstream operational roles, including product development, planning, and procurement, into their own specific divisions. This distinction clarifies focus domains for each division even under volatile conditions, enabling the Group to enhance both its overall response speed and organizational agility.

When confronted with difficult management decisions, I view matters from the perspective of whether they will satisfy all stakeholders. In other words, I ask whether the decision benefits all parties involved. For example, the strong relationships we have built over many years with business partners have enabled us to realize the stable year-round supply of domestically produced rice, even under unstable conditions in the supply and demand balance. As a result, we have been able to honor our pledge to customers to continue serving domestically produced rice, without using imported or older rice. At the root of this stance is the Royal Credo, which has been passed down since our founding. It serves not only as a guide for management but also as a touchstone to which all employees can return.

Group Branding and Maximizing the Value That Only People Can Provide

The essential value embodied in the Royal Credo is the pursuit of delicious food, attentive service and cleanliness, and a comfortable space for customers; namely, quality, service, cleanliness, and atmosphere (QSCA).

Although this credo will never change, we must revise the way we apply it to be in step with the times. We are currently redefining the essential value we offer to customers and advancing Group branding that incorporates this value into the behaviors to be practiced by employees in each of our businesses. Helping employees perceive our starting point as their personal responsibility will ensure it becomes a value shared across the Group. To highlight this to customers, we are focusing on rebranding, including renovations of existing stores, and on improving our brand recognition through MyROYAL, our Groupwide app.

At the heart of this value are service and culinary skills that only people can provide, those which cannot be replaced by digital technology or AI. We prioritize personal interactions with customers, such as greeting them on arrival, carefully presenting dishes, and offering a word as they leave. The essential value we offer lies not simply in delicious food but in providing an experience that makes customers feel glad they came, including attentive service grounded in hospitality and the warm atmosphere of our restaurants. We have positioned refining and passing on this value at the core of our human-centered management.

For this reason, Group training is primarily focused on ensuring that frontline members, who engage directly with customers, examine their own roles while also embodying and instilling the Royal Credo through putting it into practice at establishments. Such a mindset and approach will only spread when passed from one member to another on the front lines. Staff members can learn about the Credo and acquire skills at the newly established Royal Academy, while ultimately completing their training on these front lines.

At the same time, we are proactively aiming to improve efficiency by promoting data-driven management for store management and back-office operations. Establishing new marketing and brand divisions and conducting data analysis internally has enabled quicker decision-making. We will use the time saved through more efficient non-face-to-face operations to enable frontline members to engage more with customers. We believe that this is the best way to maximize our value propositions.

Sustainability Management That Brings Joy to Communities and Society

In fiscal 2025, the Royal Group identified the overarching concepts of the activities it must pursue to realize its management vision for 2035 of "bringing joy to communities and society through food and hospitality." For example, we have clarified our course for coexisting with local communities through activities such as children's cafeterias at Royal Host and the "Classic Live for 1,000,000 People" (an initiative for holding classical music concerts at a variety of venues) at Richmond Hotels. We have also advanced our initiatives in the environmental field by including the planet as one of our stakeholders. To reduce greenhouse gas (GHG) emissions and food loss, we are promoting initiatives that transform the characteristics of our business model into strengths, such as building a recycling loop to utilize food residues and using renewable energy generated through food recycling.

Our history, which began with food, has expanded to also include contract food service, hotel, and overseas businesses. Although we will continue to venture into new domains through our alliance strategy, all these efforts are evolutions of providing food and hospitality based on the Royal Credo. By continuously refining our value propositions, we will aim to bring joy to all the communities and societies we engage with.

April 2026



Realizing Management Vision 2035

Based on the Royal Credo, the Group has promoted the industrialization of the food and beverage industry with the aim of contributing to society.

At the same time, the business and social environments surrounding the Group are changing dramatically with each passing era.

To respond flexibly to these changes and move forward alongside all our stakeholders, we formulated Management Vision 2035, which outlines the future we aspire to as a Group.

While staying true to the unchanging Royal Credo, we will adapt to changing times and business environments and evolve as the ever-changing Royal Group.

The Royal Credo

Strengths

The Pursuit of "Food" × The Pursuit of "Hospitality"

- Commitment to quality
- Stores that are indispensable to communities
- Food safety and reliability, and contribution to society
- Value creation through human resources

What must not change

Formulation Background

Business Environment

Economic
- Declining domestic population
- Increasing inbound tourism
- Rising raw material prices
- Global economic growth

Human Resources
- Declining working-age population
- Increasing workforce mobility
- Leveraging foreign talent

Society
- Increasing awareness of sustainability

Management issues

Economic
- Creating growth domains
- Aging facilities
- Reliance on human mobility

Human Resources
- Workforce retention
- Diversity in human resources
- Aging employees

Society
- Adaptation for sustainable growth

Medium-Term Management Plan 2025–2027

From Transformation to Growth, Then Leaping Forward

Our Vision

Strong growth and building a sound foundation to leap forward toward achieving Management Vision 2035

What must change

Management Vision 2035

Bringing joy to communities and society through food and hospitality

Our Vision

A food and hospitality-centered Group that offers high-quality experiences and settings and grows internationally

Establishing Four Priority Areas

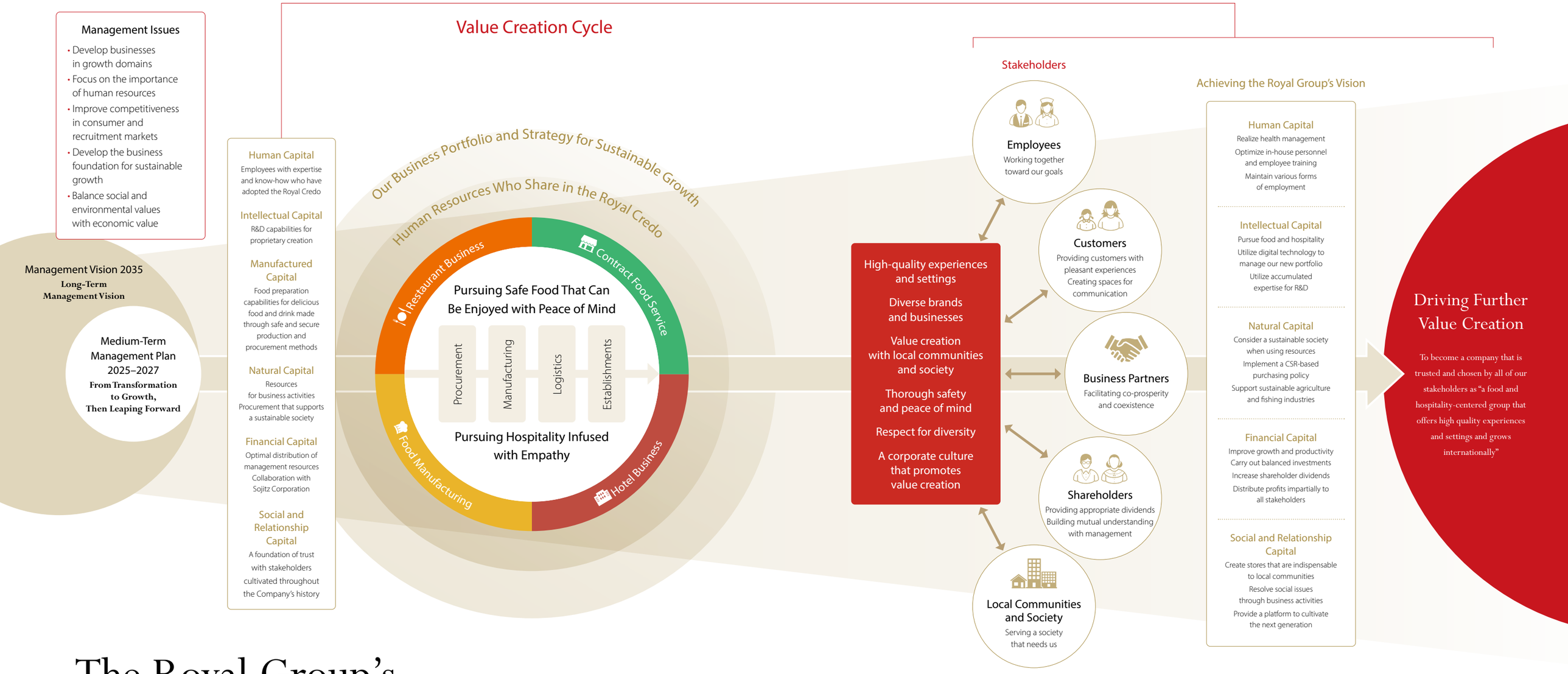
BRAND
- Establishing the Royal Group brand
- Creating new value through diverse contact points

GLOBAL
- Expanding businesses in growth domains
- Recruiting and developing global human resources

SUSTAINABILITY
- Balancing social and environmental values with economic value
- Promoting sustainability transformation (SX)

HUMAN-CENTERED MANAGEMENT
- Transforming to a corporate culture that respects diversity and taking on challenges

Business Strategy | Input | Business Activity | Output | Outcome



The Royal Group's Value Creation Model

The Royal Credo was crafted in 1956. Since then, the Group has maintained this credo as the cornerstone of its corporate activities in order to be a business group trusted by society. We will continue to make efforts to ensure that all employees of the Group are united through the shared goal of satisfying customers and are highly committed to their various roles. Through these efforts, we will realize the sustainable growth of the Group and take gradual steps toward the further creation of added value.

Safe and Delicious Food and Hospitality Infused with Empathy

To ensure customer satisfaction, we must provide safe and delicious food that can be enjoyed with peace of mind. In addition to daily education and training, this requires care to make sure every corner of an establishment is maintained well and every employee has a smile that makes customers feel welcome.

Human Resources Who Share in the Royal Credo

Each and every employee constantly thinks about how to satisfy our customers, acts with spirit and feeling, and works sincerely to refine themselves. We aim for sustainable growth as an entire Group, with our shared Royal Credo forming the cornerstone.

Medium-Term Management Plan 2025–2027

Basic Policy

As a logical extension of Medium-Term Management Plan 2022–2024, which was built around moving "From Revitalization and Transformation to Growth," our current plan reflects our strong determination to begin with transformation, achieve solid growth, and take further leaps forward.

To deliver a clear and easily understood message to all Group stakeholders, we have also defined the vision for Medium-Term Management Plan 2025–2027.

Medium-Term Management Plan Basic Policy

From Transformation to Growth, Then Leaping Forward

Our Vision

Strong growth and building a solid foundation to leap forward toward achieving Management Vision 2035

Performance indicators (FY2024 Results) — **FY2027 Targets**

- Net sales: ¥187.5 billion (¥152.1 billion)
- Ordinary profit: ¥10.0 billion (¥7.3 billion)

Financial indicators (FY2024 Results) — **FY2027 Targets**

- ROE: 12% (12%)
- EPS: ¥135 (¥120)
- Equity ratio: 40% (39%)

Shareholder returns

- DOE: 3.5%
- Dividend payout ratio: 30% in stable dividends (target)

Four Groupwide Strategies

Under Medium-Term Management Plan 2025–2027, we have formulated brand, global, sustainability, and human resource strategies as Groupwide strategies aligned with the priority areas of Management Vision 2035—all in pursuit of a "Royal Group, Ever-Changing."

The brand strategy focuses on optimizing data analysis infrastructure, enhancing marketing functions, and evolving individual brands to establish the Royal Group brand.

The global strategy focuses on recruiting and developing global human resources, pursuing growth and profitability through both directly managed and franchised overseas businesses, and capturing inbound demand in domestic businesses.

The sustainability strategy focuses on enhancing sustainability infrastructure, strengthening communication and promotion capabilities, and promoting value creation with communities and society to transform into a company and brand of choice.

The human resources strategy focuses on realizing human resource-centered management by further investing in human capital, including the establishment of the Royal Academy, and transforming corporate culture to respect challenges and diversity.

1 Brand strategy

Optimize data analysis infrastructure and enhance marketing functions to establish the Royal Group brand and evolve individual brands

Initiatives

- Enhancement of marketing and branding, and development of data analysis infrastructure
- Expansion of participating brands on the Groupwide MyROYAL app
- Groupwide system optimization, AI utilization, and IT governance enhancement
- Consideration of strategic M&As

Brand strategy: p.16 Royal Group's DX: p.40

2 Global strategy

Recruit and develop global human resources, pursue growth and profitability through both directly managed and franchised overseas businesses, and capture inbound demand in domestic businesses

- Continued recruitment, training, and retention support for global human resources
- Mutual and complementary growth of overseas directly managed and franchised businesses
- Developing business formats to meet the dining expectations of inbound visitors to Japan

Global Strategy: p.17

3 Sustainability strategy

Enhance sustainability infrastructure, strengthen communication and promotion capabilities, and promote value creation with communities and society to transform into a company and brand of choice

- Utilization of sustainability infrastructure
- Sustainability investment to reduce environmental impact
- Value creation activities with communities and society

Sustainability strategy: p.18

4 Human resources strategy

Realize human-centered management by further investing in human capital, transforming corporate culture, and developing human resources capable of creating new value

- Enhancement of training programs at the Royal Academy
- Continued recruitment of diverse human resources
- Promoting initiatives for improved employee compensation, taking on challenges, and respecting diversity

Human resources strategy: p.19

1 Brand Strategy



Norihisa Sasaki

Senior Managing Executive Officer
in charge of Brand Marketing,
Restaurant Business,
Contract Food Service Business, and
Directly Managed Overseas Businesses

Enhancing Deliciousness and Hospitality

The Royal Group refines the distinctiveness of its individual brands, including Royal Host, TENYA, and Richmond Hotels, based on its unchanging credo of deliciousness and hospitality. At the same time, we are promoting the establishment of our Group brand through our Groupwide app MyROYAL. However, leveraging digital technology is never an end in itself. Its true purpose is to gain deeper customer insights through data and support frontline operations, thereby empowering our employees to focus on engaging with our customers. Relieving employees from routine tasks creates an environment where they can bring out their service sensibilities to deliver hospitality, fostering genuine pride in their work. Energized employees spread bright smiles, enriching Japanese food culture. This virtuous cycle is the source of our sustainable growth.

Establishment of the Royal Group brand

Completed formulation of Groupwide shared values
Launched internal branding from March 2026

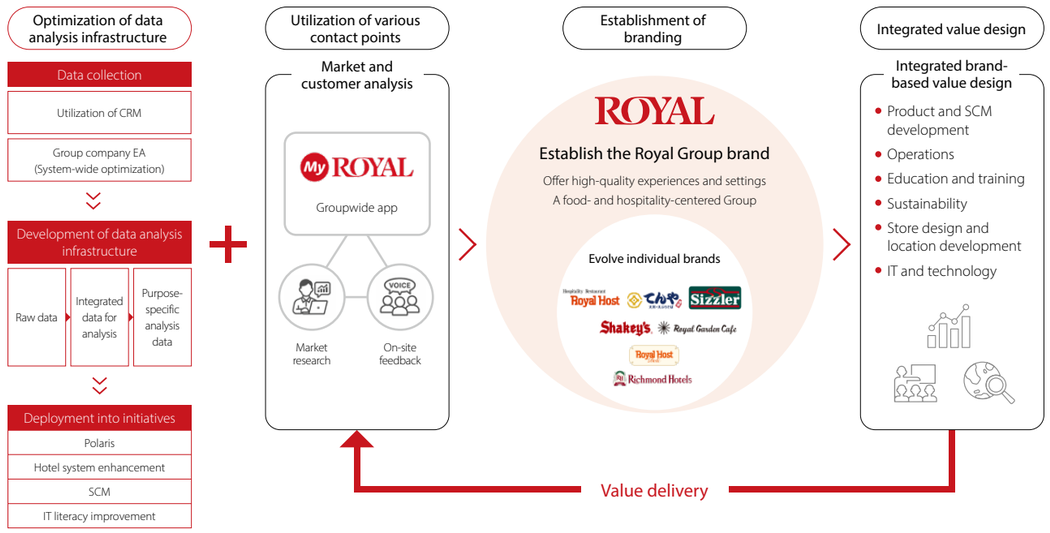
Evolution of individual brands

Created Brand Guidelines for Royal Host, TENYA, Sizzler, Shakey's, and Royal Garden Cafe, and started trial implementation, including overseas franchised business. Moving forward, planning to expand to other brands.



Optimization of data analysis infrastructure and enhancement of marketing functions through the MyROYAL app

Achieve brand integration within the current Medium-Term Management Plan period



Integration timeline by brand (as of March 31, 2026)



Hospitality Restaurant Royal Host
Sizzler
Royal Garden Cafe
Richmond Hotels
てんや 天丼・天ぷらそば
Shakey's
Royal Host Deli

Topics

First collaboration event with Kirin
(May: Yokohama, June: Fukuoka)



2 Global Strategy



Hirofumi Kono

Executive Officer
in charge of Overseas
Business Development

Developing Overseas Businesses as a Medium to Long-Term Growth Foundation

The Royal Group's global strategy under the current medium-term management plan focuses on developing overseas businesses into a medium- to long-term growth foundation leveraging both directly operated and franchise business models.

In directly managed businesses, we focus on establishing a foothold in strategic areas and adapting to local markets to accumulate practical insights for future growth. Meanwhile, franchised businesses serve as a growth model that leverages capital efficiency and scalability. However, we emphasize business sustainability and investment return certainty in our expansion, as it relies on collaboration with local partners. Going forward, we will concentrate management resources on markets with a high probability of delivering results rather than pursuing comprehensive expansion. Through the establishment of a highly reproducible business model, we seek to enhance the value of our overseas businesses as a whole.

FY2027 Targets ≫ **Overseas stores** Directly managed **50** stores Franchised stores, etc. **100** stores **Countries and regions entered** Total **10** locations

Development and expansion of directly managed businesses

Target area

Asia and North America

- Expand domestic brands through directly managed stores
- Promote development of business formats tailored to local needs and properties by leveraging the Group's know-how

Strengthening of franchised businesses

Target area

Asia and North America

- Create franchise packages for domestic and international brands
- Expand multiple brands within the same country
- Promote new market development and enhance the value of franchise offerings



Capture of inbound demand

Target area

Japan

- Enhance infrastructure for inbound visitors
- Increase awareness of the Royal Group brand



Kohei Motoyama

Executive Officer in charge of the Hotel Business and Business Development in Japan

In fiscal 2025, the inbound ratio in the Hotel Business reached 26.4%. To capture further increasing demand, we will refine the essential value of our hotels by combining Japanese hospitality and reliability with convenience and functionality. In domestic business development, we will also develop business formats that meet the dining expectations of inbound visitors, while expanding store locations into airports and expressway areas.

Recruitment and development of global human resources

Target area

Global

- Promote overseas recruitment activities
- Establish career paths for global human resources
- Develop human resources capable of handling overseas expansion



Takahiro Wada

General Manager,
Human Resources Planning Department
Royal Holdings Co., Ltd.

The Royal Group promotes the recruitment and development of global human resources as one of its top management priorities. In fiscal 2025, we achieved steady progress in the diversification and retention of human resources through the active recruitment of foreign nationals on the frontlines and the enhancement of our training frameworks.

We have also begun cultivating the next generation of executive candidates for our growth businesses, including by offering endowed courses and internships at overseas university. By seamlessly aligning our corporate strategy with our human resource strategy, we will build a robust human resource foundation to globally create continuous value.

3 Sustainability Strategy



Atsuko Fujita
Director in charge of Sustainability and Royal Co., Ltd.

Working to Both Address Social Issues and Enhance Our Corporate Value, Accelerating Sustainability Transformation (SX)

The Royal Group has developed sustainability infrastructure reflecting social issues and changes in the business environment based on its material issues to realize sustainability transformation. We steadily monitor the progress of the key performance indicators for each of our material issues to achieve the targets adopted in the medium-term management plan. In terms of specific actions unique to the Group, we focus on addressing social issues through our business activities, such as using food waste to create energy and using food that would otherwise be thrown away for a children's cafeteria initiative. In these ways, we will aim to both realize a sustainable society and enhance our corporate value by creating a framework for making people and the planet smile.

FY2027 Targets

- **GHG emissions**: 36% reduction
  (22.6% reduction in fiscal 2023)
  Compared with fiscal 2013
- **Food loss**: 15% reduction
  (12.9% reduction in fiscal 2023)
  Compared with fiscal 2016

Develop sustainability infrastructure

In fiscal 2025, we identified the overarching concept of our sustainability efforts and established a system that forms the foundation of our sustainability strategy. In accordance with this system, we reassessed our priority social issues (materiality) to make them easier for employees to understand and use in implementing the strategy.

Please refer to The Royal Group and Materiality on pages 44 and 45 for details on specific initiatives.

Management Vision 2035

Bringing joy to communities and society through food and hospitality

Our Vision: A food- and hospitality-centered Group that offers high-quality experiences and settings and grows internationally

Royal Group Sustainability Management Strategy

Basic Policy

As a corporate group centered on food and hospitality, the Royal Group will actively address social and environmental issues through its business activities, thereby contributing to the creation of a bright future and a sustainable society as it enhances ties with each stakeholder.

Human Rights / Environmental Policy

Stakeholders:	Materiality:
Employees, Customers, Business Partners, Shareholders, Communities and Society, the Planet	**Resources and the Environment, Human Resources, Customers, Local Communities, Governance**

Key message: Making people and the planet smile

Initiatives for resources and the environment

We added the planet to our stakeholders and updated our responses to achieving decarbonization and reducing both food loss and plastic use in accordance with our environmental policy. Under this policy, we have formulated and are steadily pursuing a transition plan and road map for reducing our environmental impact.

4 Human Resource Strategy



Kenji Ohsaka
Executive Officer in Charge of Corporate Planning, Human Resources, Public Relations, Systems, and Royal Management Co., Ltd.

Positioning Human-Centered Management as the Foundation of Our Strategy, Aiming to Become a Group of Food and Hospitality Business Professionals

For the Royal Group, which aims to become a group of food and hospitality business professionals, human-centered management serves as one of the foundations of our human resource strategy. Employee growth and the Group's growth are one and the same, and we view human resources as a vital form of capital creating new value for both companies and society. To unlock the full value of our human capital, we promote initiatives to maximize individual employee performance and foster an organizational culture that enables employees to perform at their best.

FY2027 Targets

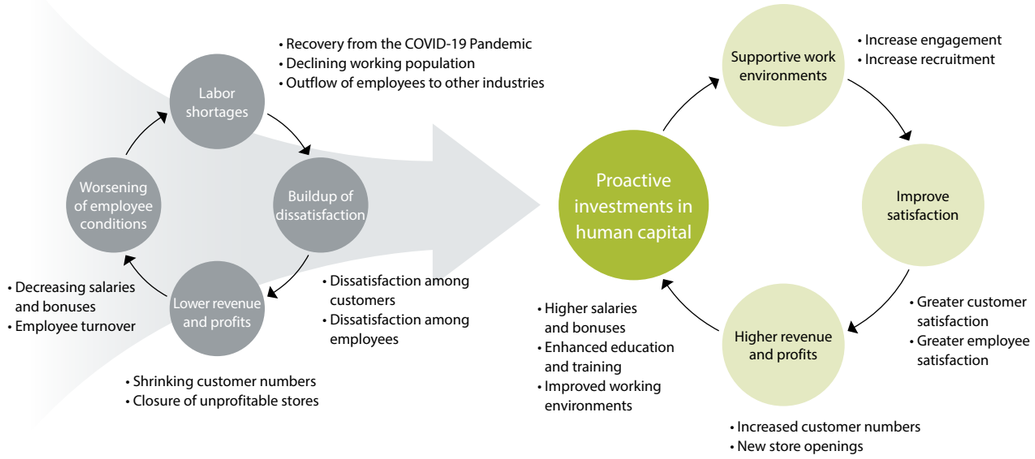
- **Employee Satisfaction Survey**: 3.4
  (previous record high: 3.37)
  Note: 5-point scale
- **Ratio of foreign employees**: 20%
  (5.8% in fiscal 2024)
  Note: Including overseas subsidiaries
- **Ratio of women in management**: 25%
  (20% in fiscal 2024)

Policy on Human Resource Development

- ✓ Develop food and hospitality business professionals
- ✓ Develop human resources with strong critical thinking skills who can approach business with a broad outlook, a higher perspective, and fresh insights

Risks: A Downward Spiral | Vision: A Virtuous Cycle for Growth

Employee Growth = Group Growth



Current Initiatives and Future Vision

The Royal Group aims to become a company that is an employee's first choice by offering rewarding work and supportive work environments. We will maintain a virtuous cycle whereby the growth of each employee leads to the growth of the Group through not only continuous wage increases but also proactive investment in human capital.

We have strengthened our follow-up system tailored to individual aptitudes by enhancing education and training led by the Royal Academy, our education and training institution established in April 2025, and visualizing talent information (For details, please see pages 20 to 23). Through these efforts, we aim to help employees perform to their fullest potential and achieve growth while pursuing rewarding work.



Takahiro Wada
General Manager, Human Resources Planning Department, Royal Holdings Co., Ltd.

Yuko Morishige
Head of the Royal Academy Office, Royal Management Co., Ltd.

Toshihiro Terada
Head Chef of the Royal Academy Office, Royal Management Co., Ltd.

Carrying on Traditions and Developing the Next Generation of Talent—The Purpose of the Royal Academy

ROUNDTABLE DISCUSSION

Background to the Establishment of the Royal Academy and Its Role

Wada The Royal Group formulated its Basic Policy on Investment in Human Capital in response to the growing trend for greater emphasis on human capital investment that started around 2022.

- We regard all human resources as a source of added value. Accordingly, we invest proactively in both recruiting and developing human resources and improving working environments as a top priority.
- We also strive to improve the position of the restaurant industry in the labor market and become a leading player in this industry.

Guided by the aforementioned policy, we have aimed to create a virtuous cycle in which the growth of our people drives the growth of the Group. In Management Vision 2035, which we unveiled in fiscal 2025, we positioned human-centered management as a key strategy, reaffirming the importance of human resource development for the Group.

Although education and training systems aligned with the business characteristics of each of the Group's operating companies had become established, the Group had no mechanism in place to provide position-based education in the knowledge and skills required by all employees across the Group, presenting a challenge for the Group to address in human resource development. To address this challenge, we established the Royal Academy as an educational institution for developing human resources through a consistent approach across the Group. We view the Royal Academy as a key factor in creating a new cycle in which the growth of our people drives the growth of the Group.

Terada Although operations may vary according to business format, a shared understanding based on the Royal Credo of what constitutes the standard for the Group's cuisine is essential, including for developing chefs. For example, a principle passed down from our founder is that Royal's chefs must pursue excellence not only in Western cuisine but in a broad range of culinary styles, including Japanese and Chinese cuisine. I believe the Royal Academy can help all our chefs refine their outlook on Royal's cuisine by communicating those unchanging values that should be shared across the Group.

Morishige The Group emphasizes driving the growth cycles of its people through off-site and on-the-job training (OJT) and personnel rotations. However, as Mr. Terada just mentioned, OJT on the front lines is the linchpin of development due to the high level of specialization in the front-line operations of each of our business formats. Laying the groundwork for that OJT is one of the roles of the Royal Academy. In addition to off-site human resource development, which serves as a shared foundation for the Group, we regard the establishment of frontline-led education infrastructure that aligns with the business characteristics of each operating company as a key mission of the Royal Academy.

Focus Areas of the Royal Academy

Wada The Group currently sets the development of food and hospitality professionals and of human resources with strong critical thinking skills who can approach business with a broad outlook, a higher perspective, and fresh insights as the two major pillars of its human resource development policy. As frontline human resources who embody food and hospitality are a strength of the Group, the first pillar places particular emphasis on the development of chefs. As for the second pillar, we believe that the Group's future business growth will depend on human resources with fresh insights who are not bound by conventional thinking. Without such talent, fresh growth will be difficult. The Royal Academy is sure to play an increasingly important role in nurturing this kind of management and strategic mindset.

Morishige Of the four priority areas established in Management Vision 2035, human-centered management is the crucial foundation that underpins and helps realize the Brand, Global, and Sustainability strategies. The Royal Academy plays a key role in leading the Group's human resource development, which drives its human-centered management. We are working to instill the Royal Credo based on the Group's human resource development policy, teach specialized skills and knowledge, pass down techniques, and develop the next generation of leadership talent. Ensuring that the Royal Academy functions as a platform to implement these initiatives systematically will enable us to strengthen the Group's overall educational foundation.

Terada Passing down the concept of uniquely Royal deliciousness is the top priority in our development of chefs who lead the provision of high-quality food. Looking back on the history of the Group's pursuit of food, the foundation of Royal's distinctive flavors was originally passed down through on-site preparation in the kitchens of its restaurants.

However, the introduction of central kitchens has reduced on-site food preparation, raising concerns that opportunities to pass down Royal's distinctive flavors are being lost. In this respect, the Royal Academy will allow us to renew our focus on passing down the foundation of uniquely Royal deliciousness for generations to come.

Review of the Inaugural Year and Early Progress

Wada Fiscal 2025, the Royal Academy's inaugural year, was a period for establishing a Groupwide educational system and steadily laying the foundation for the development and implementation of training programs for fiscal 2026 and beyond. Key initiatives included transferring responsibility for training, which had previously been led by the Personnel Department, to the Royal Academy. In fiscal 2026, we will begin providing position-based training on an ongoing and recurring basis to all employees—approximately 3,000 in total—across the four key development areas of management and strategic thinking, organizational management, human resource development and communication, and professional skills, which we stipulated as priority areas based on our human development policy.

Morishige In fiscal 2025, the training we implemented primarily comprised executive training, training for new employees, practical management training, training for culinary staff, and training for leaders. In training for leaders (restaurant managers, head chefs, managers, and supervisors), members of management from across operating companies participated in education and training and engaged in lively discussions. We have been encouraged by the way opportunities for employees to engage in dialogue with members of management from across operating companies, in addition to the R Sessions*, have broadened their awareness of future career possibilities. These opportunities have also helped foster a stronger sense of unity around the goal of enhancing the Group's overall corporate value by providing employees with fresh perspectives and enabling them to learn about diverse businesses within the Group, beyond their own division. To strengthen understanding of the Royal Credo and ensure that it is passed down to future generations, we also held training in Fukuoka for employees at the general manager level and above, taking participants to the birthplace of the Group to learn about its history and corporate DNA. For leaders with many years of service, the training provided an opportunity for them to realign their outlook and return to the Group's starting point, deepening their understanding of how the Royal Credo relates to their day-to-day work. In fiscal 2026, we will promote human resource development based on the Royal Credo by providing these training programs on an ongoing and recurring basis, rather than as one-off events.

As for global talent, a focus of the medium-term management plan, the Royal Academy has consolidated introductory and follow-up training for Specified Skilled Worker (i) employees, which had previously been conducted by certain operating companies. Going forward, in cooperation with the D&I Promotion Section of the Human Resources Department—responsible for the recruitment of foreign employees—we will create a system that allows employees from diverse backgrounds to continuously take pride in playing an active role by optimizing our development policy and designing training programs tailored to hands-on work.

* A networking event where employees participate in financial results briefings and roundtable discussions; around 2,000 employees participate annually

Terada Even before the establishment of the Royal Academy, I recognized one of the challenges faced by developing chefs was that they were uncertain about what they should learn. The training programs in the inaugural year of the Royal Academy have reinforced my awareness of this challenge. In my view, the most important aspect of developing chefs is to communicate the enjoyment of cooking, including discovering unfamiliar ingredients and seasonings, repeatedly applying that knowledge when preparing food, and ultimately experiencing the joy of creating cuisine that brings pleasure to others. Consistently communicating this message enhances interest in and curiosity about cooking, thereby improving the mindset and raising the level of chefs across the Group.

We expect that instilling the essence of food that forms the foundation of manuals through recurring training on the same content at the Royal Academy will help further spread education on the fundamentals to restaurant crews when chefs return to their workplaces. Over the course of our long history, we have seen differences emerge between Royal's own cooking methods and techniques commonly used in society. We remain committed to updating our training programs while passing on both our distinctive methods and the latest techniques.

The Purpose of the Yokohama Training Center

Morishige Beginning with the establishment of the Fukuoka Training Center in 1969, the Group's training centers have served as locations in various regions where employees can acquire specialized skills and knowledge. The Yokohama Training Center, established in fiscal 2025, primarily promotes the training of new employees, with the goal of developing talent who will create the future of the Group. With its lobby prominently displaying panels and videos of new businesses and projects taken on across the Group, we hope the center will foster a culture that celebrates taking on challenges and that it will serve as a facility for supporting employees to take pride in their work.

Terada At our Tokyo facilities, we had previously used kitchens designed for product development and prototyping for training as well. However, the establishment of the new Yokohama Training Center, which is designed specifically for education and training, has enabled us to separate education and training from product development and prototyping functions. This separation and concentration of functions was a major step forward for education and training at the Group.

Outlook for the Royal Academy

Wada Looking ahead, management must adopt a mindset that embraces new insights and outlooks, rather than continuing with established ways of thinking, if it is to create optimal solutions in domains that remain uncharted territory for the restaurant industry, including the use of AI. Our belief that human resources capable of drilling down into issues and conceiving ideas effectively from various perspectives will lead the Group's growth going forward drives our focus on developing the next generation of talent.

Terada Our founder taught that while we must embrace cutting-edge developments, we must not focus solely on what is new. This approach means that the Group must carry on Royal's culinary traditions, cultivated since its founding, while adapting them to suit the present age, if it is to remain viable. Our mission is to develop, then pass the baton to, the next generation of talent who will link these traditions from the past to the future and expand them further.

Morishige One of the principal objectives of establishing the Royal Academy is to drive forward the twin priorities of carrying on the Group's traditions and developing the next generation of talent. Our mission is to raise the level of growth of our people across the Group by leveraging the strength of our diverse business portfolio and building a comprehensive education and training system that is not overly focused on any specific domain.

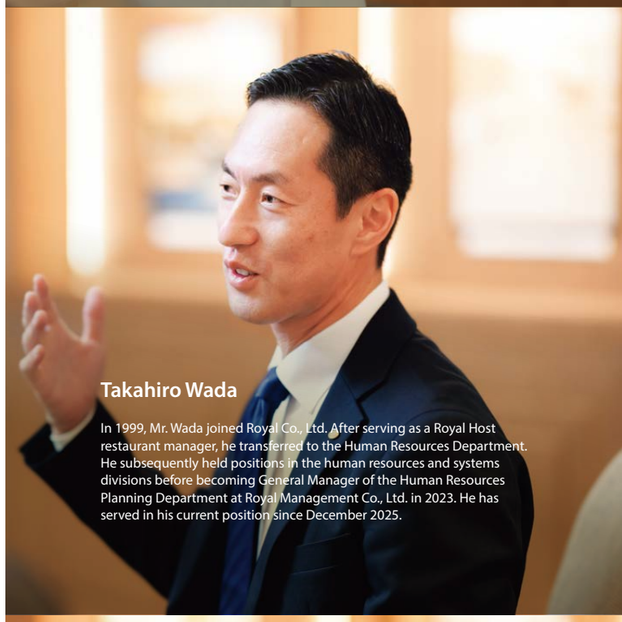
Traditionally, the Group's businesses have cultivated advanced know-how individually under education and training policies optimized to suit their own business characteristics. However, there is no denying that there have been variations between businesses in passing on the Group's shared DNA and developing the next generation of leaders.

Going forward, through the Royal Academy we will aim to integrate education and training by fully respecting the highly specialized know-how cultivated by each of our businesses while standardizing and systematizing it as a shared Group asset and using it to enable other businesses and business formats to learn from each other.



Toshihiro Terada

In 1982, Mr. Terada joined Royal Co., Ltd. (currently ROYAL HOLDINGS Co., Ltd.). After honing his skills outside the Company, he rejoined Royal in 1998, serving in a number of positions, including head chef at Hananoki. In 2019, he led the restaurant to the awarding of a Michelin star. After holding important positions, including executive chef of the Specialty Restaurant Business Division at Royal Food Service Co., Ltd., he transferred to the Royal Academy Office in 2025, where he currently serves.



Takahiro Wada

In 1999, Mr. Wada joined Royal Co., Ltd. After serving as a Royal Host restaurant manager, he transferred to the Human Resources Department. He subsequently held positions in the human resources and systems divisions before becoming General Manager of the Human Resources Planning Department at Royal Management Co., Ltd. in 2023. He has served in his current position since December 2025.



Yuko Morishige

In 2007, Ms. Morishige joined R&K Food Service Co., Ltd. (currently Royal Food Service Co., Ltd.). After serving as a restaurant manager, in 2016 she took charge of in-house education in the Education Planning Office. Following her return from childcare leave in 2020, she held roles in the human resources, recruitment, and education divisions. In 2025, she became general manager of human resources education, and in 2026 she transferred to Royal Management Co., Ltd., where she currently serves.

The Royal Group's Financial Strategy

Consolidated Results for Fiscal 2025

In fiscal 2025, the first year of Medium-Term Management Plan 2025–2027 (the current medium-term management plan), the Royal Group achieved record highs of ¥165.4 billion yen in consolidated net sales, ¥7.6 billion yen in operating income, and ¥7.9 billion yen in ordinary profit. The achievement of ordinary profit of ¥7.9 billion and net income of ¥5.6 billion exceeded our initial forecasts. As a result, we were able to raise our dividend per share* from ¥32 to ¥35, higher than projected at the beginning of the fiscal year.

By business segment, the Hotel Business, which captured robust tourism demand from home and abroad, achieved net sales of ¥41.4 billion, up 18.1% year on year, and ordinary profit of ¥6.8 billion, up 26.3% year on year, thereby already exceeding the ordinary profit target for fiscal 2027, the final year of the current medium-term management plan. In 2025, we developed and opened THE BASEMENT, which we have positioned as a leisure-focused hotel brand, to complement the accommodation-focused Richmond Hotel, to expand the foundation of our highly profitable Hotel Business. We also established a joint venture with Minor Hotels, which operates more than 91,000 rooms and over 630 hotels worldwide, to begin developing sites for the rollout of the international luxury hotel brands Anantara, Avani, and Tivoli in Japan. In these ways, we put in place a framework for expanding the Hotel Business. To address ongoing sharp increases in raw material and labor costs, we mitigated the impact of higher costs by implementing menu measures and store management initiatives optimized for our high-value-added strategy. Through these efforts, we were able to expand the business foundation of the domestic Restaurant Business and the Contract Food Service Business without a significant decline in profit levels. In the Restaurant Business (Overseas), where we have shifted to an aggressive expansion strategy, we opened seven new establishments through joint ventures (six in Vietnam and one in the United States). However, in financial terms, we are incurring upfront expenses in order to expand our business foundation. We also achieved higher profits in the Food Manufacturing Business and in Other Businesses, where consolidated results primarily comprise an in-flight catering joint venture accounted for using the equity method.

Total assets increased 9.4% from the end of the previous fiscal year to ¥139.7 billion due to proactive growth investments in new store openings, renovations, and M&A. Liabilities rose 9.1% to ¥84.2 billion, reflecting our use of bank borrowings to finance a portion of our growth investments, while net assets increased 9.9% to ¥55.4 billion, supported by the steady accumulation of net income. As a result, the equity ratio at the end of fiscal 2025 stood at 39.2%, remaining close to the 40% target adopted in the current medium-term management plan.

As for cash flows, cash flows from operating activities increased 52.2% year on year to ¥15.7 billion; cash flows from investing activities resulted in an outflow of ¥16.6 billion, up 69.3%; and cash flows from financing activities resulted in an inflow of ¥0.7 billion due to the procurement of financing for growth investments. These figures reflect our policy of prioritizing cash generated from operating activities for growth investments while sourcing external financing in a flexible manner.

Our Financial Strategy for Underpinning Value Creation

In fiscal 2027, the final year of the current medium-term management plan, we aim to achieve net sales of ¥187.5 billion and ordinary profit of ¥10.0 billion as performance indicators, as well as return on equity (ROE) of 12%, earnings per share (EPS) of ¥135*, and an equity ratio of 40% as financial indicators. For shareholder returns, we aim to maintain stable dividends, with a dividend on equity (DOE) of 3.5% and a dividend payout ratio of around 30%.

* Before reflecting the stock split effective January 1, 2026.

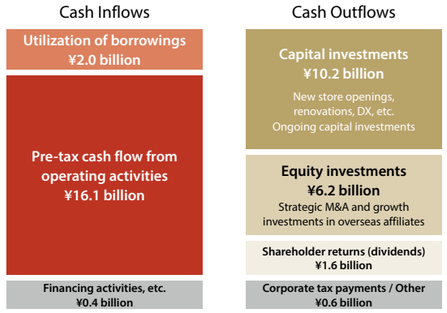
Cash Allocation for Achieving Sustainable Growth

We believe that pursuing proactive growth investments while focusing on capital efficiency is imperative if we are to achieve the targets of the current medium-term management plan and translate them into sustainable growth toward becoming a 100-year company. In fiscal 2025, cash inflows totaled ¥18.5 billion, including ¥16.1 billion in cash flows from operating activities before income tax payments and a net increase of ¥2.0 billion in bank borrowings. Excluding tax payments, we allocated cash outflows primarily to growth investments and shareholder returns, including ¥10.2 billion in capital investments for new store openings and renovations, ¥6.2 billion in investments for M&A and overseas joint ventures, ¥1.6 billion in shareholder returns (year-end dividend payments), and ¥0.3 billion in corporate tax payments. In fiscal 2026, we will continue to pursue a basic policy of proactive growth investments. Under this policy, we plan cash inflows totaling ¥20.6 billion, comprising ¥17.5 billion in cash flows from operating activities before corporate tax payments and ¥3.1 billion from the use of cash and deposits on hand, and cash outflows of ¥15.0 billion for capital investments, ¥1.6 billion for shareholder returns (year-end dividend payments), and ¥4.0 billion for corporate tax payments.



Satoshi Fujioka
Executive officer in charge of financial planning

Fiscal 2025 Cash Flow Allocation



Proactive Growth Investments with an Emphasis on Capital Efficiency

Under the current medium-term management plan, we have formulated a three-year capital investment plan totaling ¥46.5 billion. By business segment, the plan allocates ¥19.0 billion to the Hotel Business, ¥17.0 billion to the Restaurant Business (including ¥2.5 billion for overseas use), ¥4.0 billion to the Contract Food Service Business, ¥1.5 billion to the Food Manufacturing Business, and ¥5.0 billion to business foundation development. By purpose, allocations comprise ¥17.8 billion for renovations, ¥14.0 billion for new store openings, ¥13.2 billion for equipment replacement and systems, and ¥1.5 billion for factory equipment.

In addition to expanding our business foundation through investments in new store openings and new businesses, we are advancing investments in existing businesses aimed at enabling the provision of greater added value, increased productivity, improved operations, and maximized synergies across the Group.

To steadily make growth investments that improve our capital efficiency, we endeavor to make investment decisions that take into consideration the cost of capital and our current level of return on invested capital (ROIC). The Group's weighted average cost of capital (WACC), as calculated in March 2026, is approximately 5% to 6%, while ROIC based on fiscal 2025 results is approximately 7% on a Companywide basis. We therefore believe that we are currently maintaining a sound level of capital efficiency. When making investment decisions, we will continue to pursue proactive growth investments in projects that exceed the cost of capital and improve capital efficiency, while factoring in relative risk levels in new and existing businesses.

Stable Shareholder Returns

We believe that achieving sustainable increases in corporate value will also contribute to shareholder returns. Based on this belief, we aim to proactively allocate cash flow from operating activities generated as outlined above to growth investments, while increasing shareholder returns in line with the growth of our business performance. In the current medium-term management plan, we aim to maintain stable dividends, with a DOE of 3.5% and a dividend payout ratio of around 30%.

We conducted a 2-for-1 stock split, effective January 1, 2026. With this split, we aim to improve the liquidity of our stock and expand our investor base by creating an environment that makes it easier for investors to invest in our shares.

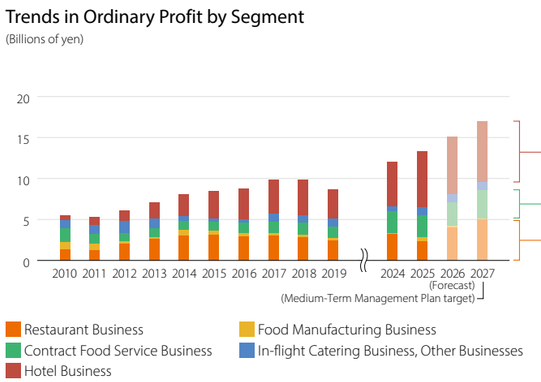
Message to Shareholders and Investors

In 2025, the Royal Group celebrated its 75th anniversary. Since our founding, we have launched a wide range of businesses related to food, enhancing our capabilities and establishing the foundation for today's Restaurant, Contract Food Service, and Food Manufacturing businesses. Over the 30 years since 1995, we have established Richmond Hotel as a highly profitable business and put in place a structure that enables us to further expand our accommodation-related businesses across multiple categories. Aiming to become a 100-year company, we recognize that achieving sustainable increases in corporate value through steady growth investments is currently our most important management issue.

To this end, we will proactively promote growth investments to capture business opportunities in the Hotel, Contract Food Service, and Restaurant (Overseas) businesses, which we have positioned as growth drivers. At the same time, we will invest in new store openings and upgrades to ensure that our chain restaurants such as Royal Host and TENYA, and our specialty stores and central kitchen functions, can continue to support the reliability, brand equity, and food-related capabilities of the Royal Group. We also believe that we can improve capital efficiency in a balanced way by proactively leveraging asset-light models, such as business contracts in the Contract Food Service and Hotel businesses and franchise developments in the Restaurant Business.

Although the Japanese economy has continued on a moderate recovery track, the effect of instability in the Middle East is growing and geopolitical risks are exerting a significant negative impact on the global economy. With issues including persistent inflation, U.S. trade policy, concerns over a slowdown in the Chinese economy, sharp fluctuations in foreign exchange markets, and ongoing labor shortages, the outlook for the business environment remains highly uncertain. Under these challenging circumstances, the Group's Financial Planning Division will respond flexibly to changes in the business environment and keep a close eye on the implementation of measures for maintaining a sound financial base, all while striving to ensure that the Group achieves sustainable growth and increases its corporate value as it moves toward becoming a 100-year company.

Trends in Ordinary Profit by Segment



Hotel Business
- Richmond Hotel is growing steadily
- As a growth driver, the Hotel Business advances a multi-brand strategy including Richmond Hotel, THE BASEMENT (co-working with Sojitz) and ACTUS, and Royal Minor Hotels (a joint venture with Minor Hotels of Thailand).

Contract Food Service Business
- Leveraging ROYAL's F&B capabilities acquired to date, Contract Food Businesses will continue to serve as a growth driver in the B-to-B-to-C areas, while also utilizing asset-light store openings.

Restaurant Business
- Chain restaurants such as Royal Host and TENYA, specialty restaurants, and central kitchen functions have been supported by and will support ROYAL's brand value and capabilities.
- We are accelerating the expansion of our overseas business, positioning it as a key growth driver going forward.

Mission and Portfolio Transformation by Business



Kenji Ohsaka
Executive Officer in Charge of Corporate Planning, Human Resources, Public Relations, Systems, and Royal Management Co., Ltd.

In fiscal 2025, the first year of Medium-Term Management Plan 2025–2027, all businesses executed their respective missions, achieving record highs in net sales and ordinary profit. The Hotel Business, our earnings base, drove overall performance with a significant increase in profits. At the same time, the Restaurant Business in Japan, which aims to continuously evolve its brands, enhanced profitability by providing higher added value. Meanwhile, Overseas Business and the Contract Food Service Business, which serve as our growth and development engines, accelerated their growth through new store openings and the development of new domains, while the Food Manufacturing Business expanded its business domains through M&A. In these ways, we are steadily optimizing our business portfolio.

Growth investments totaling ¥46.5 billion over three years are spearheading our business portfolio transformation. In the first year of the plan, we invested approximately ¥11.7 billion in growth domains and infrastructure development, achieving steady progress. Going forward, our investment strategy will focus on maximizing capital efficiency. In the Hotel and Contract Food Service businesses, we will promote asset-light expansion centered on management contracts and expand our earnings base while minimizing investment. In addition, we will combine the provision of higher added value through rebranding in the Restaurant Business with higher productivity driven by a Groupwide data platform, thereby achieving sustainable sales growth and raising the level of profitability.

Medium-Term Management Plan Targets Set for Each Business

(Billions of yen) (Billions of yen) Restaurants

Business Segment	FY 2025		FY 2026 (plan)		FY 2027 (target)		Investment over 3 years	Store openings over 3 years	
	Net sales	Ordinary profit	Net sales	Ordinary profit	Net sales	Ordinary profit		Directly managed stores	Franchised stores
Restaurant Business (overseas)	66.8 (0.7)	2.3 (–0.8)	72.3 (1.9)	4.0 (–0.3)	80.0 (7.5)	5.0 (0.5)	17.0 (2.5)	+69 (+50)	+82 (+72)
Contract Food Service Business	53.3	2.6	53.0	2.9	57.5	3.5	4.0	+31	–
Hotel Business	41.4	6.8	43.8	7.1	45.5	6.5	19.0	+5	–
Food Manufacturing Business	12.9	0.4	15.4	0.2	13.0	0.1	1.5	–	–
Other businesses	0.3	0.9	0.4	0.9	0.5	0.9	–	–	–
Intersegment Eliminations	–9.4	–	–10.1	–	–9.0	–	–	–	–
Companywide	–	–5.3	–	–6.3	–	–6.0	5.0	–	–
Total	**165.4**	**7.9**	**174.8**	**8.8**	**187.5**	**10.0**	**46.5**	**+105**	**+82**

Clarifying the Mission of Each Business

Business Segment	Strategic Segment	Mission Keywords
Restaurant Business	Brand Business (Royal Host, てんや)	Brands that continue to evolve
	Specialty Restaurant Business (Sizzler, Shakey's, Royal Garden Cafe)	Royal Group growth and development engines
	Overseas Business	
Contract Food Service Business	Contract Food Service Business	
Hotel Business	Hotel Business (Richmond Hotels, THE BASEMENT)	Earnings base and further growth
Food Manufacturing Business	Infrastructure Businesses	Source of value and passing on core values
	Food Product Sales Business (Royal Host Deli, たびスル)	Strategic business and further growth

Proactively Considering M&A

Target	Domestic or overseas businesses with attractive brands, centered on the restaurant sector
	Businesses that • Enable the Royal Group to leverage its expertise and capabilities • Demonstrate strong future growth potential • Are capable of disciplined financial management and appropriate governance

Topics Acquisition of TABISUL Co., Ltd. (Conversion into a Wholly Owned Subsidiary)

The Royal Group converted TABISUL Co., Ltd., a provider of snack delivery services to after-school childcare and nursing care facilities, into a wholly owned subsidiary to diversify its earnings base through the expansion of the Food Product Sales Business. With this acquisition, we will support essential workers through the provision of snacks and create value by bringing joy to facility users through food.

Strategic Synergies Created by New Business TABISUL

From a management strategy perspective, the aim of the TABISUL acquisition is to strengthen the Group's business portfolio by establishing a non-facility-based business model that is both asset-light and not dependent on foot traffic.

Meanwhile, from a sustainability strategy perspective, we believe TABISUL's commitment to easing the workload of essential workers aligns with the Group's management vision of "Bringing joy to communities and society through food and hospitality".

In terms of customer development, we believe that providing snacks to after-school childcare and nursing care facilities will enable us to both establish new touchpoints and build brand value with children and older demographics. We anticipate that customers who encounter Royal through TABISUL at a young age will go on to make greater use of the Group's facilities as adults and enjoy Royal's food again in their senior years once more through TABISUL. In this way, we aim to contribute to making the Group a preferred choice across all life stages by building lifelong relationships with our customers.



Akitsugu Tominaga
Executive Officer in Charge of TABISUL Co., Ltd. and President and Representative Director of TABISUL Co., Ltd.

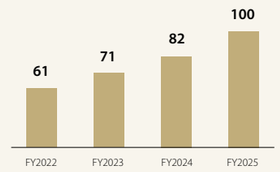
Overview of the Acquisition

Business summary	Operation of TABISUL, a snack subscription delivery service for nursing care, childcare, and other facilities
Established	August 4, 2021 (Service launched: August 2015)
Percentage of voting rights acquired	100%
Acquisition consideration	¥5.7 billion in cash
Share transfer date	August 5, 2025

たびスル

Number of Deliveries to Facilities

(thousands)



The Royal Group's Medium-Term Management Plan 2025–2027 (Strategies by Business)

Restaurant Business (Japan)



Kunihiro Kawakatsu
Royal Food Service Co., Ltd.
President and Representative Director

The restaurant industry currently faces a challenging external environment, including soaring raw material prices centered on domestically produced rice, skyrocketing construction costs, and increasingly severe labor shortages. During the current medium-term management plan, we will address these challenges by focusing on optimizing earnings through the creation of value at existing stores and enhancing the value created by our people. Specifically, we will promote the rebranding of each of our brands and the relocation of aging stores to further enhance customer experience value. At the same time, we will improve operational precision through co-creation with AI and other digital tools, thereby creating environments that allow employees to focus on value that only people can create, such as hospitality and culinary skills. Through these measures, we will aim to return to a cycle of sustainable growth and build a robust earnings structure.

In fiscal 2025, net sales in the Restaurant Business in Japan increased, thanks to the success of initiatives including offering products with high added value and renovating stores. Royal Host, our flagship brand, achieved higher net sales and profits by implementing measures including improving product appeal through menu revisions. However, despite recording higher net sales, a sharp rise in prices for raw materials centered on domestically produced rice weighed on the profits of TENYA and other brands, leading to a decline in profits.

Going forward, to address ongoing uncertainty regarding cost increases, we will strengthen our purchasing and development departments while promoting efforts to optimize our supply chain and reduce food loss through AI-driven demand forecasting and automated ordering. We will also prioritize store openings for brands that contribute significantly to profits and establish a model for achieving profitability as early as possible to maximize return on investment, thereby building a solid earnings base.

Fiscal 2025 Performance

Net sales ¥66.0 billion　Ordinary profit ¥3.1 billion

Fiscal 2027 Target

Net sales ¥72.5 billion　Ordinary profit ¥4.5 billion

Fiscal 2026 Store Openings in Japan

Outlet-mall shopping center directly accessible from the station
Sizzler
OIMACHI TRACKS

Interior of a hotel reopened by another company
Royal Host
Naha Kokusai-dori

Station-front commercial facilities
JB's TOKYO: Four stores
Mrs. Elizabeth's Muffin: One store

Planned resort hotel (Moji Port Retro)
Standard Coffee

Planned mixed-use building (Hakata Station area)
Beer stand concept

Enhance Customer Experience Value and Realize the Highest-Quality Restaurant Brand in Japan

Brand

Evolve individual brands
- Pursue a high-value-added strategy
- Establish business schemes and open new stores
- Establish new store models and expand area for possible store openings

Global

Capture inbound tourism demand
- Develop infrastructure to capture demand
- Improve information communicated to inbound tourists
- Recruit and develop global human resources

Sustainability

Promote sustainability and value creation with local communities and society
- Reduce food loss and GHG emissions
- Continue to promote industry-academia collaboration, work experience, etc.

Human Resources

Promote human capital investment and transform our corporate culture
- Create an environment for diverse work styles
- Diversify recruitment channels
- Strengthen human resource development programs

Brand

Fiscal 2025 Store Openings in Japan

Hospitality Restaurant Royal Host

- AEON Mall Sendai Kamisugi
- Komazawa Park Quarter
- Nagoya Nayabashi

New store openings at newly opened commercial facilities and Richmond Hotels



Sizzler

- Shinjuku Toho Building
- Shinjuku Mitsui Building
  Note: Reopened following 18 months of renovations

New store openings in large commercial facilities in Tokyo



てんや 天丼・天ぷらそば

- AEON Mall Kawaguchi Maekawa
- KAMEIDO CLOCK
- Chitose Funabashi
- Sakurashinmachi
- Kochi Interchange*
  * First store opening in Kochi Prefecture



Specialty stores: Tiki's Tokyo / North Shore Cafe

New format developments and multi-brand offerings through alliances with other companies

- Tiki's Tokyo
- THE CONTINENTAL ROYAL & Goh
- Royal Garden Cafe Umekita
- Beer Port
- COSTA COFFEE Musashi-Kosugi and Sakurashinmachi



New Concept for TENYA: **Happiness in a Bowl of Tendon** Delivering a richer and happier experience to a broader range of customers

Logo design

天丼てんや TEMPURA TENDON TENYA ASAKUSA TOKYO → てんや 天丼・天ぷらそば

Restaurant design





Pursuing Rebranding Renovations

Fiscal 2025: 17 store renovations | Renovation Investment: ¥300.0 million

Sustainability

Resources and the Environment

- Royal Host @ Children's Cafeteria
- Launched the Children's Cafeteria initiative and held the second session at Sakurashinmachi



Venue: Royal Host Sakurashinmachi
Dates: First session on July 10, 2025, and second session on November 6, 2025
Attendance: First session with 24 families (78 people) and second session with 22 families (62 people)

- Under the theme of "Turning *Mottainai* (waste) into Delicious Food" we implemented food loss reduction initiatives using leftover ingredients from central kitchens and prototype products.



We held these sessions with the cooperation of the following companies and organizations.
- Kirin Brewery Company, Limited
- Certified Nonprofit Corporation Nationwide Children's Cafeteria Support Center
- Setagaya Council of Social Welfare

Community-Based Activities

- Reducing Food Loss

Since July 2022, we have been promoting mottECO initiatives encouraging customers to take home leftover food at all Royal Host stores.

Endorsed by the Ministry of the Environment, mottECO aims to reduce food loss by encouraging diners to take home, at their own responsibility, food they are unable to finish at restaurants as this has not previously been common in Japan.

mottECO

Human Resources

Education and Development

In collaboration with the Royal Academy, we established a training system embodying The Royal Credo that reaffirms QSCA standards and trains chefs, thereby preserving and passing on Royal traditions. Additionally, we hold crew contests and brand conventions for all employees to share each brand's vision, improve engagement through team building aimed at achieving QSCA in stores, and share success stories from each store.

The Royal Group's Medium-Term Management Plan 2025–2027 (Strategies by Business)

Restaurant Business (Overseas)

We expanded the Restaurant Business (Overseas) through both directly managed and franchised businesses. In directly managed businesses, we advanced the establishment of our business foundation through a joint venture that leverages the know-how and strengths of both the Royal Group and Sojitz Corporation. At the same time, we expedited store openings in franchised businesses by fully using the expansion capabilities and resources of local partners.

Fiscal 2025 Performance

Number of stores overseas: Directly managed 8 stores; Franchised stores, etc. 21 stores

Fiscal 2027 Target

Number of stores overseas: Directly managed 50 stores; Franchised stores, etc. 100 stores

Build a Business Foundation in Overseas Growth Markets with Both Directly Managed and Franchised Businesses as Growth and Development Engines

Brand

Identify appealing content in Japan and overseas
- Leverage and evolve Group-Owned formats
- Identify and develop brands from outside the Royal Group
- Deploy locally developed content globally

Global

Achieve Business Expansion in Growth Markets
- Establish a business foundation for directly managed businesses in Asia, North America, etc.
- Expand franchised businesses through multi-brand offerings
- Create new growth domains

Sustainability

Contribute as a restaurant operator rooted in the markets of various countries and regions
- Conduct initiatives that contribute to environmental preservation
- Respect and coexist with diversity
- Contribute to local communities and society

Human Resources

Establish a scheme to attract, nurture, and circulate global human resources
- Recruit human resources in Japan and overseas required for business expansion
- Enable employees to achieve growth through involvement in launching new businesses
- Expand opportunities for employees to play active roles through cross-border personnel rotations

TENYA Overseas Franchise Business

✓ TENYA Overseas Franchise Business: 20 stores (8 in the Philippines, 5 in Hong Kong, 3 in Singapore, and 4 in Indonesia, as of March 31, 2026)

TENYA Franchise Reopens in Indonesia

TENYA franchise closed in 2019 and reopened in 2025 after an interval of 6 years and 10 months



TENYA Gandaria City (November 2025)



TENYA Plaza Senayan (November 2025)

Planned TENYA openings in the first half of 2026

✓ 7th store in Hong Kong: TENYA Sai Sha Go Park (opens February 2026)
✓ 3rd store in Indonesia: TENYA Central Park (opens March 2026)
✓ 4th store in Indonesia: TENYA Living World Alam Sutera (opens March 2026)
✓ 5th store in Indonesia: Scheduled to open in May 2026

Expanding Directly Managed Businesses in Singapore and Vietnam

During the period of the current medium-term management plan, we will advance quality control and brand building through direct management in Singapore and Vietnam. In Singapore, we will thoroughly optimize operations in a high-cost environment, making it our flagship base for expanding brand recognition across Southeast Asia. Positioning Vietnam as the Group's second home market, we will first accelerate multi-restaurant expansion in the country, then lay the groundwork for dramatic growth from 2026 onward. At the heart of our strategy is the establishment of a two-way, cross-border human resources cycle. By respecting each other's cultures and values and fostering open communication, we will firmly embed Japanese-style quality hospitality in the local market. In anticipation of vibrant talent exchanges between Japan and Vietnam in the future, we will establish a solid organizational foundation to ensure that we continuously grow together.

In fiscal 2025, we strengthened foundations in both countries through store openings and operational improvements. Going forward, our key tasks are to pursue profitability and put in place a development system for circulating human resources. In Vietnam, we will focus on targeting upper-middle-income customers with the aim of achieving an additional eight store openings in 2026. At the same time, we will expedite the development of global leaders who will enhance competitiveness across the Group by integrating the insights of human resources developed in both Vietnam and Japan through two-way exchanges.



Yoshitake Nakanishi
General Director,
ROYAL SOJITZ VIETNAM COMPANY LIMITED,
and Managing Director and CEO,
Royal Food Services (Singapore) Pte. Ltd.

Singapore

2 stores
(As of March 31, 2026)

- ✓ August 2021 Established a joint venture company in Singapore with Sojitz Corporation
- ✓ July 2024 Opened Royal Host Singapore Jewel, first Royal Host restaurant in Singapore
- ✓ December 2024 Opened Royal Host Takashimaya Shopping Centre, second restaurant

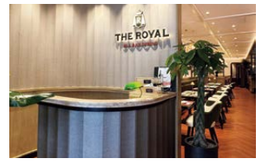
Vietnam

6 stores
(As of March 31, 2026)

- ✓ August 2024 Established a joint venture company in Vietnam with Sojitz Corporation
- ✓ April 2025 Opened THE ROYAL, first restaurant in Vietnam
- ✓ May 2025 Opened Hakata Ineya, second restaurant
- ✓ August 2025 Opened Sumibi Ineya, third restaurant
- ✓ November 2025 Opened Yakiniku Ineya, fourth restaurant, and in December opened ROLL Ineya, fifth restaurant
- ✓ December 2025 Opened ROLL & TEPPAN Ineya, sixth restaurant



Royal Host Takashimaya Shopping Centre



THE ROYAL



Hakata Ineya



Yakiniku Ineya

The Joy of Working as a Member of Royal

I joined as part of the first locally hired team in Vietnam, contributing to brand development and restaurant operations at THE ROYAL. I now oversee three stores.

Royal is a company with a long history and strong philosophy. I take pride in being part of an organization that values hospitality and people, while creating restaurants that are essential to their communities.

As Vietnam's food and beverage industry continues to grow, I hope to spread smiles to both customers and employees. At the same time, I aim to keep developing myself as a professional and contribute to the industry's growth.



VÕ THỊ TRÚC PHƯƠNG
Area Manager

Business Expansion in North America

North America

2 stores
(As of March 31, 2026)

- ✓ March 2024 Established SUSHI-TEN USA Inc., a local joint venture in the United States, with Sojitz Corporation and Choushimaru Co., Ltd.
- ✓ December 2025 Opened SUSHI NIGIRIBA, a new restaurant format centered on sushi
  - First location: Huntington Beach, California (December 2025)
  - Second location: Culver City, California (March 2026)

ROYAL × sojitz × 株式会社銚子丸







The Royal Group's Medium-Term Management Plan 2025–2027 (Strategies by Business)

Contract Food Service



Takao Sasaki
Royal Contract Service Co., Ltd. President and Representative Director

Amid a rapidly changing social environment, Royal Contract Service Co., Ltd. aims to both achieve sustainable growth and create social value. In fiscal 2026, we will focus on the three currents of 1) establishing workplaces that employees can be proud of, 2) creating strategic businesses, and 3) realizing sustainability in cooperation with local communities. We will fully leverage the Group's comprehensive capabilities to offer unique value by advancing our B2B2C businesses and expanding into the sports and events domain, alongside creating new business formats. Inspired by the belief that every challenge helps create future value, we will work as one to achieve these goals.

In fiscal 2025, we endeavored to strengthen our frontline and organizational capabilities with the aim of becoming a company of choice, a company that embraces challenges, and, above all, a sustainable company. We advanced efforts to create clean and lively store environments and to establish workplace environments that emphasize the psychological safety of employees, steadily gaining trust internally and externally. At the same time, rising raw material prices and costs for store openings significantly affected our earnings structure. In response, we are making strategic investment decisions, optimizing labor and production costs, and acting quickly to address unprofitable stores. We will continue to expedite initiatives to create sustainable value by collaborating with local communities and leveraging food tech.

Fiscal 2025 Performance

Net sales ¥53.3 billion　Ordinary profit ¥2.6 billion

Fiscal 2027 Target

Net sales ¥57.5 billion　Ordinary profit ¥3.5 billion

Expanding from Single Locations to Clusters

- Build barriers to entry for other companies by leveraging the Royal Group's strengths in food and hospitality and maintaining a commitment to quality
- Promote area expansion by strengthening relationships with owners

Airport Stores

13 locations 45 stores
(As of March 31, 2026)

We operate food and beverage outlets and airport lounges under contract at nine of the top ten airports, as defined by passenger volume

(Source: Airport management survey by the Civil Aviation Bureau, Ministry of Land, Infrastructure and Transport)

Expressway Stores

20 locations
(As of March 31, 2026)

No. 1 in the number of contracted locations

Improve Location Development Capabilities as a Growth Engine and Business Format Development Capabilities as a Development Engine

Brand

Establish the Royal brand as a Contract Food Service Business
- Pursue quality and establish-barriers to entry
- Expand locations and establish development structures
- Develop growth domains (entertainment, sports facilities, etc.)

Global

Capture inbound tourism demand
- Develop infrastructure to capture demand
- Strengthen information communicated to inbound tourists
- Recruit and develop global human resources

Sustainability

Promote sustainability and value creation with local communities and society
- Reduce food loss and GHG emissions
- Create social value through partnerships, etc.

Human Resources

Promote human capital investment and transform corporate culture
- Create an environment for diverse work styles
- Diversify recruitment channels
- Strengthen human resource development programs

Brand

Airports

▶ 2025 Airport Store Openings

Area Expansion
Naha Airport 1 store
Fukuoka Airport 1 store
Chubu Centrair International Airport 2 stores

New Locations
Oita Airport 2 stores



Standard Coffee by ROYAL, Chubu Centrair International Airport Terminal 2

Expressways

▶ 2025 Airport Store Renovations

Nanjo SA (Outbound)	July 23	Comprehensive renovation
Kotani SA (Outbound)	August 1	Food court and bakery renovation
	December 19	Store renovation



Nanjo SA

Other

▶ Participating in the World Expo Through Alliances with External Companies and Incorporating New Expertise
The Royal Group Participates in the World Expo for the Third Time (Expo 2025, Osaka)

- Lounge & Dining
We combined with our alliance partners to offer the Royal Group's signature food and hospitality in the three areas of dining, counter-service specialty stores, and reception rooms.
Alliance partners: Coca-Cola Bottlers Japan Inc., UKAI CO., LTD., the Osaka Sushi Business Life Hygiene Trade Association, OryLab Inc., Kirin Brewery Company, Limited, etc
- Employee Cafeterias
We offered Expo staff from around the world an abundant menu that leveraged our employee cafeteria management know-how and the Group's brands. During Expo 2025, the cafeteria served more than 600,000 diners, supporting staff working there.

▶ 2025 Store Openings
- Sports and convention facilities 2 stores
Now operating at five of the six Pacific League ballparks
- Stores within entertainment facilities 1 store
Opened a new location in 2025, the first in two years
- Employee cafeterias 1 store
Converting existing contracted stores into new formats



Expo 2025 Osaka, Kansai Dining & Lounge

Sustainability

▶ Partnership with OryLab Inc.
We introduced OriHime customer service robots at Royal Host Haneda Airport and Osaka Kansai Expo stores, promoting the creation of employment opportunities for people who have difficulties going out.



Promoting Industry-Academia Collaboration with High Schools and Universities

▶ Industry–Academia Collaboration Project with the Faculty of Business Administration, SANNO University
- The Group continues to pursue this project with the objective of offering learning opportunities on the topic of addressing business issues for students who will lead the next generation and incorporating the fresh perspectives of Generation Z into the Group's operations.
- On December 26, 2025, the Group held the final presentation session for an industry–academia collaboration project conducted with Professor Takashi Urushida's seminar at the Faculty of Business Administration, SANNO University.
- Over a period of approximately three months, students developed and presented measures to increase sales, receiving awards for their efforts.

▶ Participating brands: Lucky Rocky Chicken and STAND T

▶ Launch of Menu Developed Jointly with Nanjo SA and Okuetsu Meisei High School (November 1 to December 31, 2025)
- New menu developed jointly by four organizations
- Fukui Prefectural Okuetsu Meisei High School
- Central Nippon Exis Company Limited
- Mitani Corporation
- Royal Contract Service Co., Ltd.



Human Resources

▶ Establishing a comfortable workplace environment
- Developing opportunities for women in managerial roles, implementing position-based training
We conduct career design training with the aim of achieving a 25% ratio of women in managerial roles by fiscal 2027. We also regularly conduct training specific to each employee's position, including head chef, lead cook, store manager, and shift leader.

The Royal Group's Medium-Term Management Plan 2025–2027 (Strategies by Business)

Hotel Business



Kohei Motoyama
Executive Officer in charge of the Hotel Business

Although we expect to see continued growth in demand on the back of increasing inbound tourism, the accommodation needs of customers are becoming more personalized and diverse. In light of this external environment, we will promote a multi-brand strategy across the Hotel Business to accurately meet increasingly diverse needs. Specifically, in addition to offering high-value-added stays through the well-established Richmond Hotels, we will combine THE BASEMENT, our newly launched lifestyle hotel, with the luxury brands developed by Royal Minor Hotels. Through this strategy, we will offer optimal value to every customer segment with the aim of achieving sustainable growth and a stronger earnings base during the period of the current medium-term management plan.

In fiscal 2025, we advanced efforts to enhance the intrinsic value of our established hotels, investing proactively in renovations. In addition, we have delegated authority for revenue management to each hotel as a measure to improve profit margins. We delegate authority to enable our hotels to constantly verify whether their pricing matches the value they offer. Meanwhile, a key challenge in achieving the targets of the medium-term management plan is promoting new hotel openings. Despite skyrocketing construction costs and other headwinds, we will expand our options for new openings and strive proactively to acquire properties by diversifying contract schemes.

Fiscal 2025 Performance

Net sales ¥41.4 billion　Ordinary profit ¥6.8 billion

Fiscal 2027 Target

Net sales ¥45.5 billion　Ordinary profit ¥6.5 billion

Note: Although performance in fiscal 2025 exceeded the final target of the medium-term management plan (fiscal 2027), the original target is presented here.

Business Expansion Plan

• Richmond Hotel Accommodation focused

Richmond Hotel aims to become a hotel that is always evolving for the sake of its guests and is friendly to both people and nature, including by leveraging hospitality insights cultivated through the Restaurant Business and offering spacious guest rooms, extensive facilities, and a universal design approach.

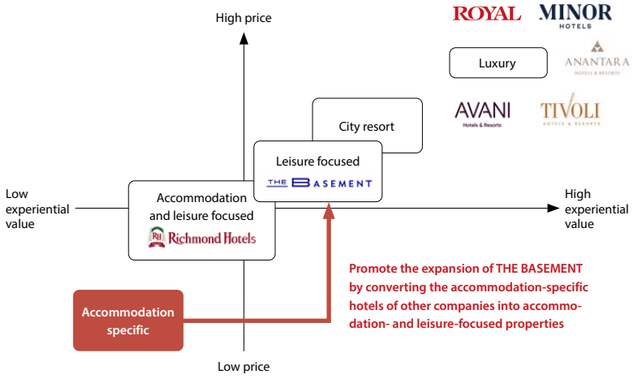
• THE BASEMENT Accommodation and leisure focused

THE BASEMENT is a new lifestyle hotel brand designed to meet growing inbound tourism demand. We aim to make this brand an accommodation and leisure-focused hotel that meets increasingly diverse guest needs.

• Anantara / Avani / Tivoli Luxury

These luxury hotel brands are making their first entry into Japan through a joint venture with Thailand's Minor Hotels. We plan to develop 21 hotels by 2035 with the aim of joining the luxury hotel market in Japan, which is expected to grow.

Hotel Business Portfolio Map



Expand Hotel Business Scale by Evolving Existing Brands and Entering New Domains

Brand

Evolve existing brands and enter new domains
- Invest in enhancing the value of existing hotels
- Improve added value by utilizing digital technologies
- Create new business models
- Strengthen location development functions and expand business domains through collaborations with other companies

Global

Capture inbound tourism demand
- Renovate with inbound tourism and leisure customers in mind
- Take on challenge of entering luxury and concept hotel businesses
- Utilize overseas OTAs
- Recruit and develop global human resources

Sustainability

Promote sustainability and value creation with local communities and society
- Global Sustainable Tourism Council (GSTC) certification
- Use environmentally-friendly materials

Human Resources

Promote human capital investment and transform corporate culture
- Enhance capacity building opportunities
- Long-term vacation system
- Ensure flexibility in work locations

Brand

Richmond Hotels

▶ Richmond Hotel Sendai
- December 28, 2024: Renovated the lobby and guest rooms and created a kids' space, a sports gym, and a business lounge.
- April 19, 2025: Opened a new private sauna floor



THE BASEMENT

▶ Launch of THE BASEMENT, a New Hotel Brand, in Partnership with Sojitz Corporation and ACTUS CO., LTD.

Surrounded by our favorite colors, materials, designs, and objects, resting our minds and bodies while putting our senses in order. This is our secret hideaway.

Comfort, Originality and Appeal, Strength to Support from Below, and a Spirit of Adventure and Discovery

Through this partnership, THE BASEMENT will offer diverse experiential value that meets a wide range of guest needs beyond business and leisure.
- The Royal Group: Operational know-how in the hotel business
- Sojitz: Know-how in project management and in enhancing the value of real estate
- ACTUS: Know-how in brand design, planning, and construction



THE BASEMENT HOTEL Osaka Honmachi
(The brand's first hotel in Osaka, opened in April 2025)

Global

▶ Royal Minor Hotels Co., Ltd., Joint Venture Established in March 2025

Royal Minor Hotels Co., Ltd. plans to open a total of 21 hotels by 2035 under the Anantara, Avani, and Tivoli brands, all of which are entering the Japanese market for the first time. The partnership aims to combine the Group's know-how in operating hotels in Japan with Minor Hotels' expertise to offer new experiential value. By 2030, Royal Minor Hotels plans to open Anantara Karuizawa Retreat. Surrounded by approximately 10 acres (about 40,000 m^2) of lush forest with views of Mount Asama in Karuizawa, Nagano Prefecture, the property will open as a luxury resort with 51 guest rooms, including suites and villas.



Sustainability

▶ Received Sakura Quality Green Certification

All properties under the Richmond Hotels brand and one property under the THE BASEMENT brand received a 3 Gyoiko Sakura rating under the Sakura Quality Green certification program. In addition to recognizing environmentally conscious and sustainable operations that maintain a balance among ESG considerations to society and local communities, the 3 Gyoiko Sakura rating also places particular emphasis on high levels of comfort and a consideration for local culture.

▶ Industry–Academia Collaboration with Japan Women's University



As part of an industry–academia collaboration with the Kobayashi Seminar at Japan Women's University, Richmond Hotel Premier Asakusa conducted activities to reduce food loss at its breakfast buffet. The collaboration examined how specific interventions influenced the mindset and behavior of guests, including distributing items to guests, reusing ingredients that might otherwise be thrown away, and providing information about the initiative. Participants in the collaboration presented the results of the initiative at the 4th Sustainability-Related Initiatives Presentation and Discussion Meeting for Universities in Bunkyo Ward.

Human Resources

▶ (1) WORTH (Value Creation and Branding) Project

Based on a bottom-up approach, the WORTH Project brings together representatives at the supervisor level from all hotels to redefine the true value and appeal of Richmond Hotels. The project maximizes brand value by facilitating extensive discussions on methods of communicating value from the customer's perspective and linking the outcomes to improvements in service.

▶ (2) Tsunagaru Project (Giving Shape to Hospitality)

For the Tsunagaru Project, representatives at the staff level from all hotels assemble based on a bottom-up approach to pursue hospitality that only people can provide within the extraordinary setting of a hotel, building on the Hospitality Origins and Legacy Conference, an earlier incarnation. By articulating and giving shape to hospitality, the project aims to build deep connections with guests.



▶ (3) Level-Specific Training (Developing Human Resources and Strengthening Our Foundations)

Level-specific training seeks to raise the skill level of human resources through multifaceted programs on topics including management capabilities, risk management, and diversity. By refining the expertise and hospitality required at each level, these programs develop professionals who support hotel management that is resilient to change.

The Royal Group's Medium-Term Management Plan 2025–2027 (Strategies by Business)

Food Manufacturing (SCM / Food Product Sales)



Masahiro Shiraiwa
Royal Co., Ltd.
President and Representative Director

With food product sales, planning and development, and purchasing and logistics functions, Royal Co., Ltd. fulfills three roles as part of the Royal Group's food infrastructure.

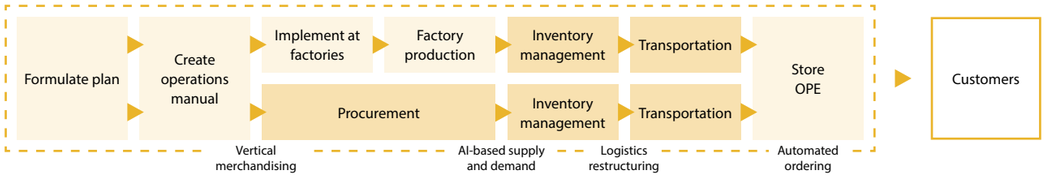
In the current operating environment, Royal faces many challenges, including inflation, yen depreciation, soaring raw material prices due to climate change, and a declining labor force. Royal has promoted Royal Host's Good JAPAN fair and expanded it to other business formats to enable it to maximize the added value of each of its brands. In addition, we will adopt factory equipment and hardware that help realize AI-driven demand forecasting and productivity improvements as food infrastructure.

In food product sales, we launched Royal Host Deli, a new brand, on June 30, 2025, to make delicious flavors cultivated by the Group's central kitchens more accessible to customers. Viewing the Royal Host Deli as the mainstay of the food product sales business, in the current medium-term management plan we will aim to expand sales by introducing new products and strengthening the sales network so that more people will choose Royal Host Deli products.

As for planning and development and logistics and purchasing functions, we introduced oysters (fried oysters) certified with the Marine Stewardship Council's Ocean Eco Label from Oku Town, Okayama Prefecture, for a limited period. In the current medium-term management plan, we will endeavor to offer even more appealing products with high added value by developing highly specialized products that leverage our central kitchens and by adopting ingredients with an emphasis on origin and quality.

Royal Group SCM Reforms

- ✓ Optimizing SCM to create a foundation for Royal merchandising
- ✓ Eliminate inefficiencies, waste, and inconsistencies in the logistics structure to maximize product and customer value



SCM fully leveraging Royal's strengths

- ✓ Reduce operating and management costs through logistics cost optimizations and material value pass-throughs
- ✓ Create a supply and demand control system linking the establishment and deployment of automated ordering with inventory management
- ✓ In response to market instability, strengthen competitive purchasing over single-source purchasing to optimize purchase prices

Medium-Term Management Plan 2022–2024
1) Transition to a pay-as-you-go system for logistics centers and visualize logistics costs
2) Visualize logistics center inventories, improve inventory turnover ratio
3) Lower purchasing cost

Medium-Term Management Plan 2025–2027
1) Reorganize and optimize logistics efficiency
2) Use DX and other mechanisms to control supply and demand
3) Promotion of vertical MD, from raw materials to stores

Perpetuate Royal's Core Values and Expand Food Product Sales as a Business Not Dependent on the Flow of People, While Supporting Brand Evolution

Brand
Source of value / passing on core values
- Product development that combines added value with productivity
- Continue SCM reform and improve central kitchen productivity
- Increase the value of Royal Deli
- Establish new food product sales brands

Global
Address diversity through food
- Formulate product strategies that incorporate inbound tourism
- Develop products that meet diverse needs
- Recruit and develop global human resources

Sustainability
Promote sustainability and value creation with local communities and society
- Proactively introduce environmentally friendly materials
- Reduce food loss and GHG emissions through advanced SCM

Human Resources
Promote human capital investment and transform corporate culture
- Strategic job rotations and internal recruitment
- Clarify the duties of each department
- Promote diversity

Introduction and Use of HANZO

At Royal Host and TENYA, we have introduced HANZO Automated Ordering, a demand-forecasting, AI-driven automated ordering service for restaurant operators provided by Goals Inc. Using this service enables Royal Host and TENYA to optimize their ingredient procurement and inventory management, reduce food loss, and significantly streamline the ordering process. Furthermore, we aim to optimize inventory across the Food Manufacturing Business, reduce food loss, and realize a sustainable food supply chain by using demand-forecasting data for restaurants at all stages, not only at establishments but also in our logistics and manufacturing domains.



Brand

Launch of Royal Host Deli, Our New Brand (June 30, 2025)

▶ Inspired by our commitment to deliver the delicious flavors long cultivated by the Royal Group's central kitchens in a more accessible way

Product offerings by storage temperature

Frozen food



Chilled food



Room temperature food



Good JAPAN

▶ Providing products with high added value using domestic and seasonal ingredients leveraging the development capabilities of Royal Co., Ltd.

In 2013, we launched the Good JAPAN campaign at Royal Host to promote domestically produced ingredients. Under this initiative, employees in charge of planning and purchasing personally visit production regions to source carefully selected ingredients, transforming them into high-value-added dishes through our unique product development capabilities and culinary skills. In 2023, we expanded these activities across the Group. By leveraging the unique strengths of each of our brands, we continue to communicate the appeal of Japanese ingredients together with the dedicated work of producers across Japan.



Sustainability

Dialogue with Stakeholders

▶ Fifth Royal Supply Partner Conference 2026 (April 2026)

We invited business partners who provide ingredients, secondary materials, designs, and other support for Group activities to discuss our management policies, business performance, procurement policies, and other topics. We also conducted the Royal Supplier Award 2026 ceremony at this event, recognizing business partners in the three categories of Annual Award, Sustainability Award, and the Expo Contribution Award.



Human Resources

▶ Royal Factory Classic Project for enhancing frontline capabilities

With the aim of becoming Japan's leading hospitality-focused factories, the Fukuoka and Tokyo factories held the second Royal Factory Classic following last year's inaugural event. This competition aims to highlight the efforts and skills of employees working in factory manufacturing divisions, demonstrate our appreciation for each individual contribution, and foster a culture of mutual teaching.



Special Feature

Collaboration with Sojitz Corporation

It has been five years since Sojitz Corporation and the Royal Group entered into a capital and business tie-in. Over this time, co-creation has developed at an increasingly rapid pace. What began as an effort to overcome a crisis has now evolved into a phase of taking on new challenges focused on achieving sustainable growth.

Thanks to this tie-in, overseas business is expanding at a pace that the Royal Group could not have achieved on our own. This expansion includes initiatives like our strategy of building a concentrated presence in key markets in Vietnam (dominant area strategy). It also involves leveraging Sojitz's network development of new business formats in the United States through co-creation between Royal Group, Sojitz, and one other company. The tie-in has also had an impact in Japan, allowing us to bolster earnings by building new business models that go beyond the boundaries of existing businesses, exemplified by the launch of the new hotel brand, THE BASEMENT.

At the heart of it all is the co-creation of human resources. Through active personnel exchanges, we have now entered a second generation of professionals from Sojitz working within the Group, fostering deeper mutual understanding at the operational level. At Sojitz, the number of people with a strong understanding of our strengths has also grown, allowing the expertise of both companies to come together in an organic way. Going forward, we will continue striving to create greater value, guided by a shared commitment to food and hospitality.



Taizo Nishiyama
Executive Officer in charge of strategy

Initiatives Under the Partnership with Sojitz Corporation

During meetings of the Profit and Growth for All (PGA) joint committee, members from Sojitz Corporation and the Royal Group apply their respective points of view and knowledge to discuss ways to improve the Group's performance and corporate value. The table below outlines the key activities and achievements through our tie-in with Sojitz that took place in 2025.

Subcommittee	Subcommittee Activities and Achievements
Supply Chain	Established a target future-state for Groupwide supply chains and organized and examined the approaches required to achieve it. As a first step, we advanced discussions toward automating supply-demand adjustments using AI-driven demand forecasting data, with the aim of creating optimal inventory levels at stores, distribution centers (warehouses), and factories that match market demand. At stores, automated ordering has been implemented, which uses order amounts based on AI-driven demand forecasts.
Hotels	Promoted hotel openings through development and conversion projects across the Group's brands, including Richmond Hotels and THE BASEMENT, and with external partner Minor Hotels, which operates in the luxury segment. In addition, we established a hotel contracting business, which follows a new business model aimed at securing Hotel and Food and Beverage Business contracts for third-party brands.
Overseas	Designated Singapore, Vietnam, and the United States as priority markets and utilized our business relationship with Sojitz Corporation to gradually build a foundation for expanding our directly managed overseas business. Accelerated development of an operating framework that integrates Sojitz's global network and insight into local markets with Royal's restaurant operating know-how, enabling agile multi-establishment expansion tailored to local regulations, business practices, and customer needs.
In-Flight Meals	As a joint initiative with Sojitz, we advanced measures to address both short-term priorities for in-flight meal operations, including improving cost efficiency at production facilities and enhancing quality using PPM metrics, and initiatives focused on sustainable growth, such as expanding market share for existing locations and growing our network.
Costa Coffee	We went forth with the Japan launch and expansion of COSTA COFFEE, Europe's leading coffee brand. This included rolling out multiple store types tailored to different combinations of locations and store size. As we work to optimize our product lineup, operations, and customer acquisition initiatives for each pattern, we are also verifying their effectiveness in the market and refining them into a reproducible store opening model.
Sustainability	Developed and discussed the overarching concepts and strategies to promote Sustainability Transformation (SX). We also promoted the development and verification of solutions focused on reducing food waste and GHG emissions.

Opening New Establishments Overseas via a "Dominant Area Strategy" in Vietnam

Accelerating Overseas Expansion: Building a Strong Market Presence in Vietnam Through a "Location-Kick Dominant Area Strategy"

Combining the respective strengths of the Sojitz Corporation and the Royal Group has enabled us to accelerate business expansion in Asian markets.

ROYAL × sojitz

Strategy and Co-Creation

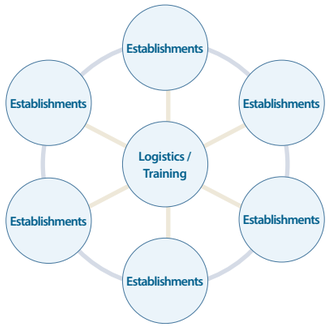
Since establishing a local subsidiary in 2024, we have accelerated our dominant strategy in Ho Chi Minh City, which is a type of location-led expansion marked by opening multiple establishments in a concentrated area.

More specifically, this strategy involves securing prime locations with high market potential as an initial step, then using a flexible and tailored approach to open ideal types of establishments, ranging from premium casual to fast food, based on local characteristics and customer insights. As a result, we are able to reduce the risk of our establishment being a poor fit for the area, which is often a major roadblock in overseas expansion.

As of March 2026, we operate six establishments in Vietnam and are enhancing our lineup by taking full advantage of the robust logistics and supply chain infrastructure that Sojitz has established in the country. In addition, this dominant area strategy of concentrated expansion creates unique synergies, including optimized human resource allocation and greater brand visibility within the market. This combination of high-added-value offerings and efficient store operations are key ingredients for a sustainable growth model.







The Benefits of a Dominant Area Strategy

Optimized logistics/supply chains, enhanced staff mobility, efficient management, and greater brand visibility

Launching THE BASEMENT: A New Hotel Brand Born from Co-Creation

Co-Creating New Value in the Hotel Business: The Launch of THE BASEMENT, a Hotel Brand for a New Kind of Lifestyle

Working in collaboration with Sojitz Corporation and ACTUS CO., LTD., we launched a new brand primed for lodging and leisure.

THE BASEMENT

Strategy and Co-Creation

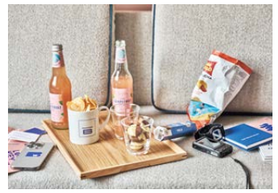
Our new collaborative venture combines the Royal Group's long-cultivated expertise in food, hospitality, and operations with Sojitz's expertise in enhancing real estate value. The close integration of these strengths led to the launch of a new brand, THE BASEMENT, designed to meet diversifying lodging needs.

Under this business model, a special purpose company (SPC) backed by Sojitz owns the property, while the Royal Group focuses on renovation and operations, combining an asset-light approach with operational strengths. This enables highly efficient growth by maximizing asset value and minimizing risk.

This brand is built around the concept of "Our secret hideaway." THE BASEMENT transcends the boundaries of business and leisure to provide value in a new type of experience designed to let guests reset their minds throughout their stay. Our first location, THE BASEMENT HOTEL Osaka Honmachi, opened in April 2025 and recorded a high cumulative occupancy rate of over 90% in its first year.

This success demonstrates the value created through co-creation between the two companies and reflects the strong support the brand has received from the market. Going forward, we will continue to leverage this model to enhance corporate value and drive sustainable growth.





The Royal Group's DX

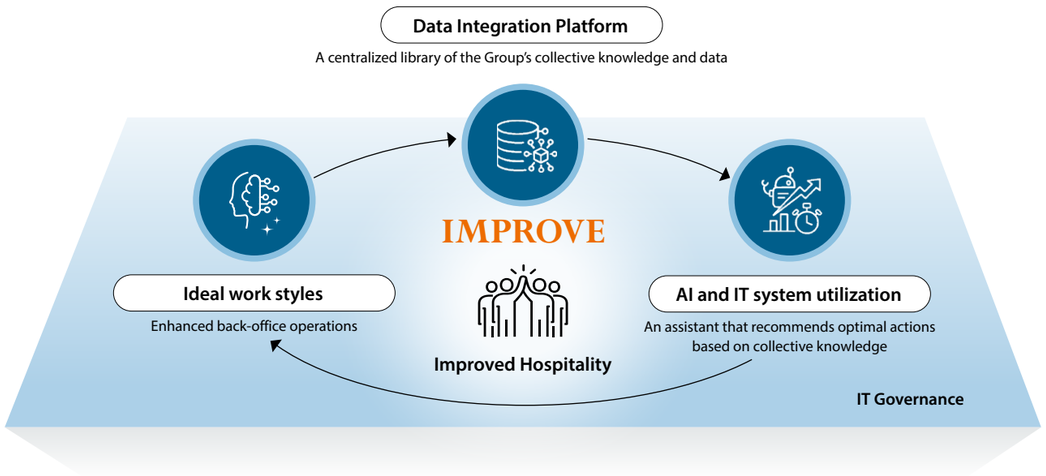
The Royal Group's approach to digital transformation (DX) is rooted in hospitality, a concept that lies at the heart of who we are. AI and other digital technologies are being used to visualize and streamline business processes and create new business models. However, our approach to DX goes far beyond frontline improvements. Instead, we are advancing these wide-ranging transformation initiatives across the Group, which will generate synergies and contribute directly to the continued evolution of portfolio management. Using strategic investments, we will add depth to our human-centered style of management and address key issues such as sustainability and regional revitalization. Sustainable growth and a strong footing as an industry leader are our ultimate goals.



Hiroaki Ohsawa
Royal Holdings Co., Ltd.
General Manager, Systems and DX Promotion Department

Reaching an Ideal Future State Through Data-Driven Management

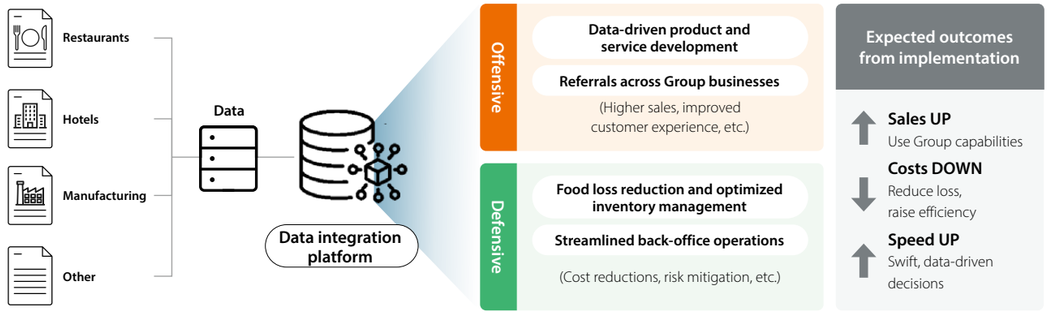
AI and IT systems will transform the way we work by leveraging the Group's collective knowledge and data through an integrated data platform to support day-to-day operations. The ultimate objective of this transformation is to elevate the hospitality we deliver to our customers.



	Current state	Ideal state
Customer service	Well-developed hospitality services	Personalized hospitality powered by data
Role of employees	Significant time spent on back-office tasks	The value of uniquely human service and culinary expertise used to its full potential
Sustainability (inventory management, ordering, etc.)	Food waste and stockouts caused by fluctuations in demand	Highly accurate demand forecasting enabling a sustainable operating model and the circulation of valuable food resources

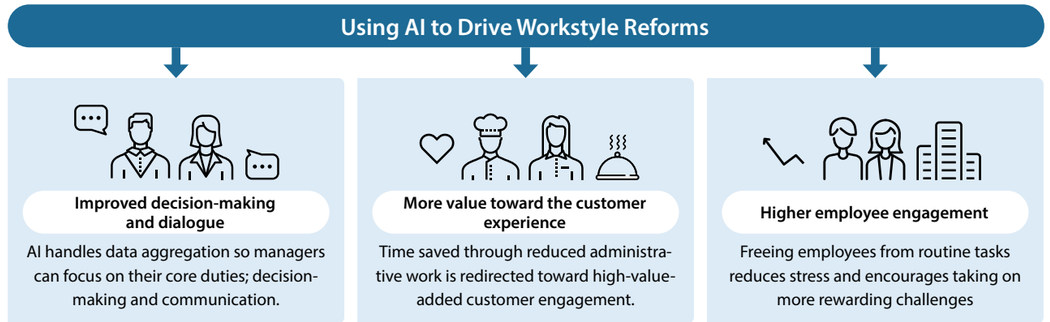
Building a Data Integration Platform

We are working to consolidate data scattered across the Group's operating companies into a single repository; our data integration platform. By providing timely data to Group management, we will maximize profits across the Group from both an offensive perspective (increasing sales) and a defensive perspective (reducing waste and risk).



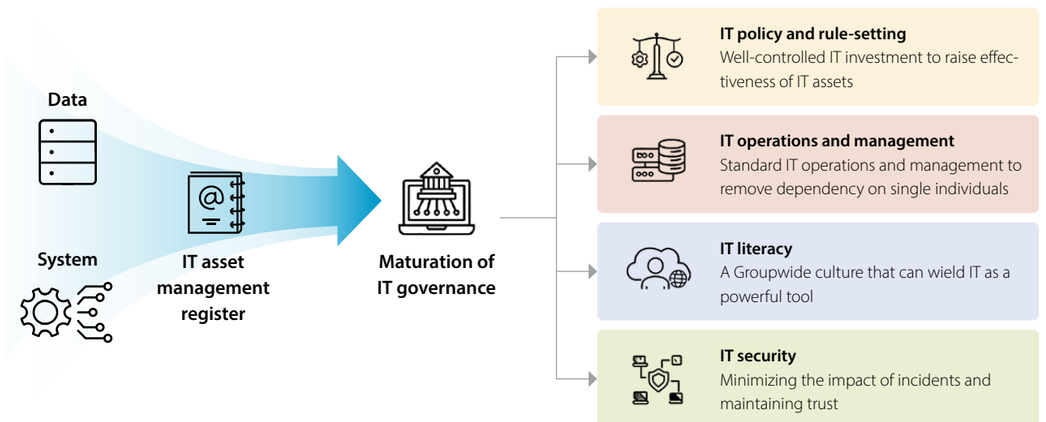
Transforming Business Operations with AI

We are embracing AI as a powerful partner that can increase productivity throughout the organization and help create conditions where people have more time for creative work—work that is uniquely human.



The Maturation of IT Governance

We will begin by establishing an IT asset management register that provides centralized visibility into the Group's systems and data assets, laying the foundation for four key measures to further the maturation of IT governance and bring our management strategy and our IT infrastructure into closer alignment.



The Royal Group's Sustainability Management

Basic Sustainability Policy

As a corporate group centered on food and hospitality, the Royal Group will actively address social and environmental issues through its business activities, thereby contributing to the creation of a bright future and a sustainable society as it enhances its ties with each stakeholder.

The Royal Group's Vision for Value Creation

In line with The Royal Credo, we strive to be a company rooted in local communities and society, receiving the empathy and support of all stakeholders.

The importance we place on maintaining good relationships with stakeholders creates social value and, by providing food and hospitality, we will accumulate intangible assets and good will, both of which generate economic value.

We aim to realize value creation by providing food and hospitality to customers across all business segments based on The Royal Credo, which serves as the Group's foundation.

In terms of social value, we make a point to serve delicious food with the highest priority placed on quality, hygiene, and safety. We will further improve frozen meals and other products as a way of contributing to society, accommodating such social categories as working women, men engaged in childcare, and others, supporting lifestyle diversification as we move toward a brighter society. At the same time, we recognize that supply chain management reform, which is essential for sustainable business continuity, is indispensable. Accordingly, we will develop and promote a road map for this reform under the current medium-term management plan.

We aim to achieve a balance between social value and economic value while sustainably enhancing our corporate value.

Our stakeholders have traditionally been employees, customers, business partners, shareholders, and local communities and society. Following discussions by the Sustainability Promotion Committee in the first half of fiscal 2025, the committee reported the addition of the planet as a stakeholder at a subsequent meeting of the Board of Directors. With the addition of the planet, we have adopted the slogan of "Making people and the planet smile" to reflect the direction in which we are heading. Through the pursuit of safe and delicious food that can be enjoyed with peace of mind and hospitality infused empathy, we aim to enhance corporate value as a company and a brand that is trusted and chosen by customers, employees, shareholders, business partners, local communities, society, and all others.

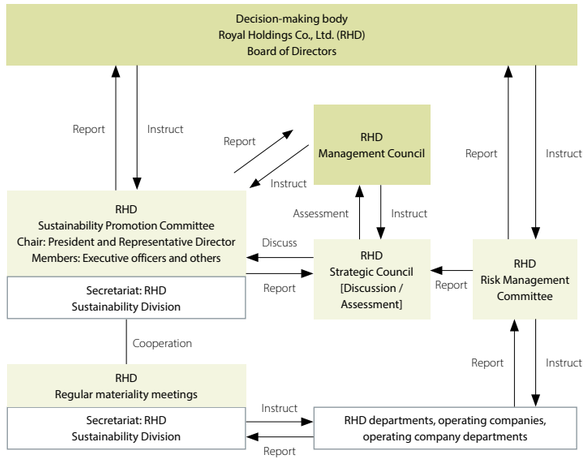
Sustainability Governance

In January 2023, under the supervision of the Board of Directors, we established the Sustainability Promotion Committee, chaired by the President and Representative Director. The Sustainability Promotion Committee meets twice a year to discuss and evaluate the progress of initiatives aimed at formulating sustainability policies, targets, plans, and measures, which include responses to climate change and human capital strategies, both positioned as important management issues, as well as the identification, review, and promotion of strategies, risks, and priority issues (materiality). The details of these discussions are reported to the Board of Directors. As the highest decision-making body, the Board of Directors deliberates important matters related to sustainability, including strategies and risks, establishing a system for monitoring and supervising the promotion of sustainability efforts.

The various initiatives are discussed at Strategic Council meetings, with the Representative Director and President and all executive officers serving as key members, to reach consensus on execution.

In addition to reporting to the Board of Directors, major policies are discussed by full-time directors, outside directors, executive officers, and the other members of the Management Council. Additionally, to ensure specific actions are implemented throughout the Group, the Sustainability Division and each operating company hold regular meetings once every two months to review progress. To strengthen Groupwide initiatives, reports are regularly submitted to the Strategic Council, a forum for discussion among executive officers. After an agreement is reached by the Strategic Council, systems are created to promote various measures in cooperation with each business company and department. At Strategic Council meetings, discussions focus on enhancing corporate value and creating social and economic value.

Sustainability Promotion Framework



Sustainability-Related Bodies (as of March 31, 2026)

Name	Role	Members	Meeting frequency
Board of Directors	Monitors and supervises whether appropriate measures are being taken to address sustainability issues, including the management and assessment of climate change risks and opportunities and changing stakeholder expectations.	Chairperson, President and Representative Director, full-time directors, outside directors	13 times a year (Held regularly, with extraordinary meetings convened as necessary)
Management Council	Discusses important issues regarding risks and opportunities related to sustainability measures.	President and Representative Director, full-time directors, outside directors, executive officers, subsidiary presidents, and persons nominated by directors	Monthly
Strategic Council	Reports and evaluates progress of business company initiatives.	President and Representative Director, executive officers, and persons nominated by the President and Representative Director	Weekly
Sustainability Promotion Committee	Plans, formulates, and proposes policies, systems, strategies, risks, and targets related to sustainability.	Full-time directors, executive officers, subsidiary presidents, and persons nominated by the committee chairperson	Twice a year
Risk Management Committee	Discusses policies, plans, and measures related to risk management	Executive officers, general managers, and equivalent personnel in charge of the Risk Management Division, Corporate Planning Department (including the General Affairs Division and Legal Affairs Office), Quality Assurance Promotion Division, Human Resources Planning Division, Financial Planning Division, Sustainability Division, System Division, and Overseas Business Development Department, as well as subsidiary presidents, and the general manager of the Store Design and Development Division of Royal Management Co., Ltd.	Annually (regular meeting) Quarterly for important matters
Regular materiality meetings	Monitors business progress toward materiality targets and exchanges opinions on policies, strategies, and plans.	Committee Chairperson: Executive officer in charge of Sustainability Committee Members: Sustainability Division, business company presidents, and sustainability managers from each business	Every other month

Fiscal 2025 Sustainability Promotion Committee Meetings	
Meetings held	June and November
Main Topics	• Climate change response deliberations • Materiality-related progress discussions • Governance system-related (establishment of regular materiality meetings) resolutions

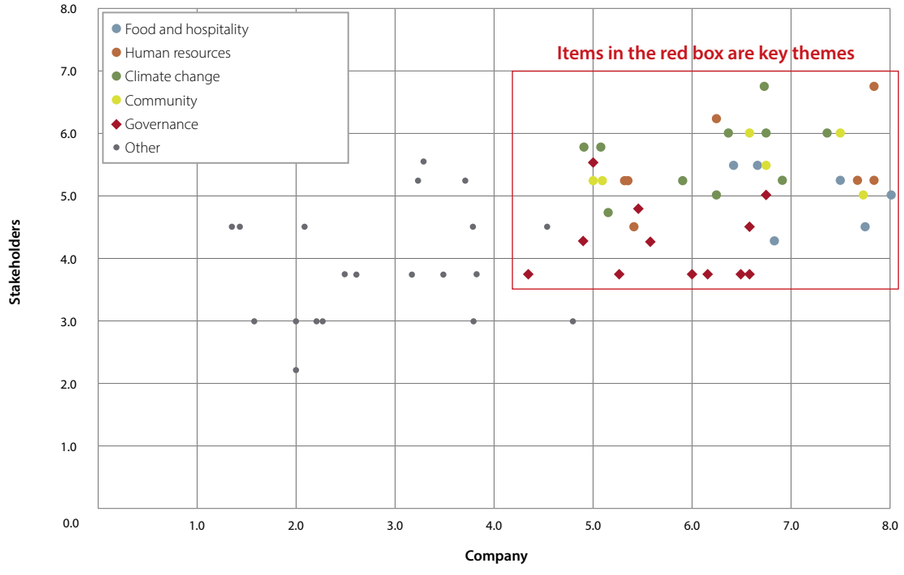
Determining Materiality Based on The Royal Credo

To promote sustainability management, we referenced frameworks produced by the Global Reporting Initiative (GRI), the Sustainable Accounting Standards Board (SASB), and the International Sustainability Standards Board (ISSB) to narrow down the list of issues that the Royal Group should address to five priority issues, then drafted proposals for their materiality based on key themes. We then consulted with external research institutes and the sustainability departments of several financial institutions that we do business with. In addition, we collected opinions from stakeholders, including customers, employees, shareholders, business partners, local communities, and in relation to the planet, and researched and investigated the importance of various social issues from the perspective of both the Group's business and its stakeholders. Following these steps, and after deliberations by the Strategic Council and Management Council, we determined the materiality of issues that the Company should address (material issues) by resolution of the Board of Directors.

Please refer to The Royal Group and Materiality on page 44 for details about our specific initiatives.

The ranking of items inside the red box is based on the scores below (institution / importance to stakeholders: importance to the Company)

- #1: Human resources (dark orange) ····· Human resource development (GRI / 6.8: 7.8), diversity (GRI / 6.2: 6.3)
- #2: Business promotion (blue) ····· Product safety (SASB / 5.0: 8.0), health and nutrition (SASB / 5.5: 6.4)
- #3: Resources and the Environment (green) ····· Reduction of waste (GRI / 6.8: 6.7), reduction of GHGs (GRI / 6.0: 7.5), reduction of raw material losses (GRI / 6.0: 6.8)
- #4: Communities (yellow) ····· Presence in the local economy (GRI / 6.0: 6.6), procurement of raw materials (SASB / 5.0: 7.7)
- #5: Governance (red) ····· Supply chain management and food procurement (SASB / 5.6: 5.0), enhanced handling of customer information (GRI / 4.5: 6.6), enhanced stakeholder engagement (GRI / 4.8: 5.5), proper product labeling (GRI / 3.8: 6.6)



The Royal Group and Materiality

We regularly review our vision, targets, key initiatives, risks, and opportunities for each materiality theme against societal expectations. In fiscal 2025, we reviewed our materiality structure, the materiality themes identified as priority issues, and key performance indicators (KPIs) to deepen understanding among employees involved in promoting materiality initiatives. We reorganized our materiality structure around an ESG framework, changed the theme from food and hospitality to customers, which allows us to address a wider range of initiatives as a hospitality company, and updated the content to make it more effective, including by adding plastic reduction as a KPI under the category of resources and environment. By steadily implementing these materiality initiatives, we aim to enhance our corporate value as a company indispensable to local communities and society through the provision of safe, reliable, and high-quality food and hospitality.

Material issues	Materiality	Message to Stakeholders	Medium-Term Management Plan Fiscal 2027 Targets		Vision for Fiscal 2027	Risks	Opportunities	Applicable SDGs and Targets
			2027 Targets	Initiatives				
The Environment (E)	**Resources and Environment** 	We aim to reduce GHG emissions by developing systems to reduce food waste and promote recycling, while also continuing to implement energy-saving measures.	• Achieve a 36% reduction in GHG emissions (Scope 1, 2) from FY2013 levels • Systematization of GHG emissions calculations • Achieve a 15% reduction in food losses compared to FY2016 • Formulate a direction for reducing the use of plastic	• Continue to adapt to climate change and a recycling-oriented society • Build system infrastructure for the achievement of carbon neutrality • Support store, factory, and hotel sustainability • Introduce food loss reduction equipment and utilize food recycling loops • Use environmentally friendly materials, including through plastic reduction initiatives	Be a company that remains mindful of the environment, promotes initiatives for reducing food loss, realizing decarbonization, creating a recycling-oriented society, and continues achieving its targets	• Impact on business continuity due to stricter climate change-related regulations and rising compliance costs • Deliveries to establishments negatively impacted by SCM development not progressing according to plan and delays in responding to nationwide logistics issues (Japan's 2024 problem) • Decline in Company image and number of customers due to delay in response to environmental issues	• Increase in customer trust due to strong environmental response • Delivery dates being met due to amicable relationships with logistics-related business partners, preventing any sales losses	
Society (S)	**Human Resources** 	With employee growth as our top priority, we will maintain and improve sound labor practices and healthy work environments, instill diversity and inclusion (D&I), and proactively invest in human resources.	• Achieve a 25% ratio of women in managerial positions • Achieve a turnover rate of 6% or lower • Achieve a 2.9% ratio of employees with disabilities	• Transform our corporate culture • Ensure respect for diversity and taking on challenges • Increase engagement • Promote D&I	Be the company of choice for employees and lead the industry via active investment in securing human resources, training them, and improving working environments	• Slowdown in business growth due to outflow of human resources and recruiting difficulties • Major impact on business due to loss of credibility as a company • Lack of diversity due to failure to promote the active participation of women	• Increased popularity among students, invigorating recruitment activities • Acquisition of talented human resources • Invigorated crew recruitment • Greater happiness of employees and their families due to emphasis on well-being	
	Customers 	We will prioritize food safety and security, focus on being health conscious, and improve the added value of food services as ways to create a brighter society.	• Utilize ISO certification systems, continue to acquire certification • Improve customer satisfaction survey scores	• Ensure thorough safety and peace of mind • Promote brand strategy • Promote integrated brand-based value design	Be a company that consistently provides high quality, from planning to development and operations	• Loss of empathy from customers and customer decline due to delayed response to environmental issues • Decrease in customers due to delayed efforts to meet demand for health-conscious menus • Loss of trust from society due to frequent food accidents	• Increase in customers due to reflecting their demands in Group menus • Gain in customer trust	
	Local Communities 	We will promote social contribution activities that meet the diversifying needs of local communities and society in general.	• Ongoing implementation of various activities that contribute to local communities • Establishment of mechanisms that enable voluntary and ongoing initiatives, including food education, educational support, and disaster recovery assistance	• Promote company-led, community-based CSR activities • Collaborate with various educational institutions • Collaborate with local governments • Continue participating in volunteer activities in disaster-stricken areas	Be a company that deepens connections with local communities, society, and the economy, and continues to grow together with local communities	• Decrease in customers due to delays in conducting local activities • Loss of empathy from local communities and decrease in customers due to lack of participation in disaster response and other efforts	• Gain in customer trust • Gain in trust from local residents	
Governance (G)	**Governance** 	We will build a trustworthy system for food procurement, product labeling, and information management, and strengthen stakeholder engagement.	• Implement a disclosure strategy based on the disclosure policy • Ensure appropriate procurement activities through SCM • Implement and embed the Human Rights Policy and Basic Purchasing Policy in procurement activities	• Disclose information, enhance communication capabilities • Utilize certification systems • Promote respect for human rights	Be a company that continues to exercise advanced governance functions on the basis of solid relationships of trust with stakeholders	—	—	

Materiality-Based Initiatives

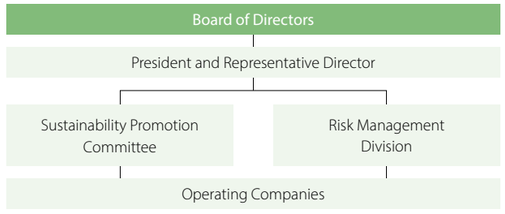
Resources and Environment

The Royal Group's Response to Climate Change

Governance

Under its Basic Sustainability Policy, the Group has positioned addressing environmental issues, including climate change, as an indispensable initiative for achieving sustainable growth. Governance of these issues is conducted under the supervision of the Board of Directors. The Sustainability Promotion Committee formulates strategies and policies based on an analysis of risks and opportunities and evaluates their effectiveness while integrating them into the Group's management strategy by incorporating them into Companywide risk management.

Governance and Risk Management System Related to Climate Change



Initiatives to Address Climate Change

The Group has positioned addressing climate change as one of its most important management issues, targeting the achievement of Scope 1 and 2 carbon neutrality by 2050. We have also established interim targets to achieve a 46% reduction in emissions by 2030 and a 36% reduction (compared with fiscal 2013 levels) by 2027, the final year of the current medium-term management plan. We are advancing initiatives to achieve these targets. To identify climate change-related risks and opportunities and develop response measures, we will strengthen our resilience through scenario analysis based on the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

Please visit our website for information disclosure in accordance with the TCFD framework. https://www.royal-holdings.co.jp/sustainability/ (Japanese only)

In fiscal 2024, our Scope 1 and Scope 2 GHG emissions were 3,700 t-CO_{2e} lower than in the previous fiscal year. The decrease was primarily attributable to factors including an increase in the number of sites using renewable energy, the continued implementation of daily energy-saving measures at stores, such as appropriate management of air-conditioner settings and switching off unnecessary lighting, and the phased conversion of lighting to LED fixtures. As part of our future initiatives, we will formulate emissions reduction road maps for each of our operating companies through emissions analysis and promote specific measures, including thorough energy saving and the expanded adoption of renewable energy.

GHG Emissions (1,000 t-CO_2e)

		2013 (base year)	FY2023	FY2024
Scope 1		30	23	23
Scope 2	(Location based)	82	74	71
	(Market based)	–	61	57
Total	(Location based)	112	97	94
	(Market based)	–	84	80

Notes: 1. Base year GHG emissions were calculated in accordance with the calculation method used in periodic reports under Japan's Energy Conservation Act, covering the period from April of the reporting year through March of the following year.
2. From 2023 onward, GHG emissions are reported for the period from January 1 to December 31.

GHG Emissions Per ¥1 Million of Net Sales (t-CO_2e / ¥1 million in net sales)

Business	2013 (base year)	FY2023	FY2024	Increase / Decrease
Restaurant Business	0.97	0.49	0.47	–0.02
Contract Food Service Business	0.57	0.47	0.39	–0.08
Hotel Business	1.29	0.80	0.68	–0.12
Food Manufacturing	0.90	0.78	0.53	–0.25

Notes: 1. GHG emissions for 2013 were calculated in accordance with the calculation method used in periodic reports under the Energy Conservation Act, covering the period from April 2013 through March 2014.
2. From 2023 onward, GHG emissions are reported for the period from January 1 to December 31.
3. Calculated on the basis of location.

GHG Emissions Per Establishment (t-CO_2e / Establishment)

Business	2013 (base year)	FY2023	FY2024	Increase / Decrease
Restaurant Business	125	65	64	–1
Contract Food Service Business	80	123	115	–8
Hotel Business	737	455	366	–89
Food Manufacturing	4,099	4,652	3,349	–1,303

Notes: 1. Food Manufacturing Business calculations are on a per-factory basis.
2. GHG emissions for 2013 were calculated in accordance with the calculation method used in periodic reports under the Energy Conservation Act, covering the period from April 2013 through March 2014.
3. From 2023 onward, GHG emissions are reported for the period from January 1 to December 31.
4. Calculated on the basis of location.

A significant portion of the Group's GHG emissions stems from emissions associated with purchased products and services (Scope 3, Category 1) and indirect emissions resulting from the use of electricity, heat, and steam supplied by other companies (Scope 2). We believe efforts to reduce GHG emissions should prioritize the procurement of low-carbon raw materials, the procurement of electricity from renewable energy sources, and the use of decarbonized equipment and materials.

In this area, the efforts of Royal Co., Ltd., which is engaged in the Food Manufacturing Business, are important and we will hold regular materiality meetings that will include department managers to evaluate GHG emissions reduction targets, measures, and their verification and implementation.

GHG Emissions (1,000 t-CO_2e)

	2023*	2024
Scope 3	205	290

* The previously disclosed FY2023 results have been revised to reflect refinements in the calculation method.

Scope 3 GHG Emissions by Category (1,000 t-CO_2e)

Scope 3	GHG emissions	Share of Total Emissions (Scope 1, 2 & 3)
1. Purchased goods and services	240.6	65.0%
2. Capital goods	25.9	7.0%
3. Fuel- and energy-related activities not included in Scope 1 and Scope 2	14.4	3.9%
4. Upstream transportation	3.7	1.0%
5. Waste generated in operations	0.9	0.3%
6. Business travel	0.3	0.1%
7. Employee commuting	1.9	0.5%
8. Upstream leased assets	–	–
9. Downstream transportation and distribution	0.0	0.0%
10. Processing of sold products	–	–
11. Product usage	0.0	0.0%
12. End-of-life treatment of sold products	–	–
13. Downstream leased assets	–	–
14. Franchises	1.9	0.5%
15. Investments	–	–
Total Scope 3 Emissions	289.6	78.3%

Notes: 1. Scope 3 GHG emissions are rough estimates calculated jointly with Mizuho Research & Technologies, Ltd. Please note that figures may change due to factors including revisions to calculation methods and improvements in calculation accuracy.
2. As calculation standards, we use the accounting, reporting, and disclosure system (SHK system) in compliance with domestic law alongside methods used by the GHG Protocol, which are used as international calculation methods.
3. The presented figures cover the period from January 1, 2024, to December 31, 2024.
4. Scope 3 emissions were calculated in the following categories: Category 1 (purchased goods and services); 2 (capital goods); 3 (fuel- and energy-related activities not included in Scope 1 and Scope 2); 4 (upstream transportation and distribution); 5 (waste generated in operations); 6 (business travel); 7 (employee commuting); 9 (downstream transportation and distribution); 11 (use of sold products); 14 (franchises)
5. Categories excluded from Scope 3 calculations are those with few applicable activities and little impact on overall emissions.

Reduction of Food Waste

The Royal Group recognizes that reducing food waste is an important management issue when addressing environmental issues. In terms of resources and the environment, which is one of the material issues highlighted by the Group, we are using the 2016 value of 52.7kg of waste per ¥1 million in net sales as a baseline indicator and are working to achieve targets of 44.8kg in 2027, a 15% decrease from 2016, and 42.1kg in 2030, a 20% decrease from 2016. The amount of food waste reduced by the Group to date is shown on the right.

Food Waste Per ¥1 Million of Net Sales (kg / ¥1 million in net sales)

	2016 (base year)	FY2023	FY2024	Increase / Decrease
Groupwide	52.7	44.3	45.4	1.1

Note: Due to revisions to the calculation method in the fiscal year under review, figures for the base year, target year, and all fiscal years through the most recent year have been revised.

Recycling Food

The Group also proactively promotes food recycling initiatives.

In Fukuoka Prefecture, we have established a food recycling loop centered on our factories by composting food residues and using the compost for applications including onion cultivation and pig feed. In 2025, we implemented an initiative to collect food waste generated by factories and restaurants in Fukuoka City and ferment it to produce methane for recycling into electricity. This initiative allows us to promote reductions in both food loss and GHG emissions. As a result, at our Tokyo and Fukuoka factories we have effectively reduced GHG emissions associated with electricity consumption to zero. At our restaurants, we have expanded food residue collection to approximately 10 locations in the Fukuoka area. Going forward, we will extend this initiative to other regions, further expanding our circular model.

Food Recycling Rate (%)

	FY2023	FY2024	Increase / Decrease
Groupwide	50.6	43.9	–6.7
Food Manufacturing Business (food manufacturing)	99.7	99.4	–0.3

Materiality-Based Initiatives

Human Resources

Initiatives Aimed at Transforming Our Corporate Culture

The Royal Group's Promotion of Diversity and Inclusion

The Royal Group aims to achieve sustainable growth for both the Company and its employees by embracing, respecting, and leveraging individual differences.

Fiscal 2025 was a highly productive year in which we made significant progress in transforming mindsets across the Group and establishing systems and environments.





Fiscal 2025 Achievements and Current Status

Foreign Employees Playing Active Roles: Beginning to Provide In-House Support as a Registered Support Organization

With foreign nationals accounting for 18.4% of all employees, the Group is accelerating its globalization internally. The Group established an in-house system to provide support services for employees with Specified Skilled Worker status. Going forward, we will create a workplace culture that encourages closer communication among employees, regardless of nationality.





Achieving Our Target Employment Rate for Employees with Disabilities: 2.79% on a Groupwide Basis

Our employment rate for people with disabilities reached 2.79% on a Groupwide basis, exceeding Japan's statutory employment rate. Efforts to bolster recruitment channels and offer support to employees with disabilities, such as interviews after settling into their roles, were successful. We create rewarding work, taking into account each individual's aptitude and capabilities.

Balancing Work and Family: Increasing the Uptake of Childcare Leave

To create workstyles tailored to all life stages, we have established consultation services on childcare and caregiving, provided support for employees during pregnancy, and created opportunities for employees to share their experiences, thereby promoting greater understanding in the workplace.

KPI	2025 Results	2026 Targets
Ratio of women in managerial positions	20.4%	23.0%
Ratio of male employees that take paternal leave	67.0%	70.0%
Ratio of employees with disabilities	2.79%	2.80%
Gender wage difference (Ratio of female to male wages)	75.5%	78.0%
Ratio of foreign national employees	18.4%	20.0%

Initiatives Promoting Taking on Challenges

Fostering a Culture That Encourages Taking on Challenges

Launching the ROYAL AWARD

In December 2025, we held the inaugural ROYAL AWARD, which recognized recipients in six Challenge Award categories and four Special Thanks Award categories.

ROYAL AWARD

Challenge Category

- Demonstrating a proactive attitude toward achieving new goals and tackling difficult challenges
- Endeavoring to surpass personal limits and enhance skills

By acknowledging the efforts of employees, the Royal Group will build an organizational culture that encourages and rewards the taking on challenges across the Group.

Special Thanks Category

- We believe that employees are a valuable human resource. As part of this approach, the Special Thanks Award recognizes departments and restaurants that have enhanced brand value and contributed to society.

The Royal Group expresses its deep appreciation, which it shares across the Group.



Efforts to Increase Engagement

Since 2011, the Group has conducted annual Employee Satisfaction Surveys with the aim of continuously listening to employee opinions and requests to realize an organizational culture and working environment in which employees, who constitute the basis for enhancing Group value, can work with pride and enthusiasm.

	2023	2024	2025
Response rate	94%	94%	94%
Overall employee satisfaction (5-point scale)	3.08	3.35	3.47

Improving the Working Environment

Promoting Health & Productivity Management

In June 2022, the Royal Group unveiled its Health & Productivity Management Declaration. Under its system for promoting health management, headed by the president, the Group works in tandem with each operating company, the health insurance society, and the labor union to implement various measures.

Please visit our website for basic information on our health and productivity management accounting and a strategic road map. (Japanese only)
https://www.royal-holdings.co.jp/assets/pdf/sustainability/management/health-management-map.pdf

Under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, the Group was selected as a Certified Health & Productivity Management Outstanding Organization for the ninth consecutive year since fiscal 2017, when the program began.

Measures	Results				Goals	
	2022	2023	2024	2025	2026	2027
Rate of employees completing health checkups	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rate of anomaly observation for medical examination	74.7%	74.2%	74.0%	72.3%	70.0%	70.0%
Rate of second-stage examinations	60.7%	51.5%	49.7%	70.0%	70.0%	80.0%
Smoking rate	26.8%	25.0%	26.3%	23.2%	20.0%	17.0%
Stress check examination rate	77.4%	73.7%	90.0%	97.6%	90.0%	90.0%
Ratio of stress checks showing high stress	21.3%	19.7%	17.8%	17.8%	14.0%	14.0%
Rate of employees completing gynecological checkups	66.7%	66.3%	66.9%	60.2%	60.0%	60.0%
Rate of employees completing specific health guidance examinations	17.9%	41.8%	66.9%	58.4%	60.0%	60.0%
Job Satisfaction (5-Point Scale)	3.04 points	3.09 points	3.29 points	3.39 points	3.35 points	3.40 points

Note: Due to revisions to the reporting boundary and calculation methodology, figures from previous years have been revised.

Health Issues and Specific Initiatives

The Royal Group's rates for abnormal findings in health checkups, smoking, and other categories remain above the national averages of 59.4% for abnormal findings*1, 15.7% for smoking*2, and 14.6% for high stress levels*3. With more than 600 locations nationwide, the Group faces challenges in deploying and embedding its measures. Nevertheless, we are promoting initiatives with the aim of creating workplaces where employees can work in good physical and mental health, while combining digital tools with human intervention. We have also established medium-term targets for promoting these initiatives. In particular, with respect to job satisfaction, which serves as the key goal indicator (KGI) for our health and productivity management, we are advancing initiatives to improve satisfaction beyond current levels.

*1 Source: Ministry of Health, Labour and Welfare, FY2024 Results of Periodic Health Examinations *2 Source: Ministry of Health, Labour and Welfare, FY2023 National Health and Nutrition Survey
*3 Source: Japan Federation of Occupational Health Organizations, FY2024 Report on Stress Check Service Results

Initiatives for Strengthening Education and Recruitment

Initiatives for Recruiting, Retaining, and Developing Human Resources

In fiscal 2025, we hired a total of 324 new graduate and mid-career employees.

In anticipation of future global expansion, we are advancing new initiatives, including internships at overseas universities. Going forward, we will continue to recruit diverse talent, including foreign nationals. In addition, in April 2025 we established the Royal Academy in accordance with our human resource development policy. We have reorganized our system for position-based education and enhanced our training. We have also strengthened our follow-up system tailored to individual aptitudes by visualizing talent information, with the aim of creating environments in which employees can perform at their best.


Hanoi University Internship Program


Induction ceremony for new employees


Yokohama Training Center


Culinary training for chefs

Message from an Executive Officer

In fiscal 2025, guided by the human-centered management approach set forth in Management Vision 2035, the Group implemented a number of new initiatives. These include the establishment of the Royal Academy, an education and training institution; the development of a system to support the working environments of foreign nationals; and the creation of the ROYAL AWARD to foster an organizational culture that encourages taking on challenges. We are continuing to make steady progress in areas including the promotion of health and productivity management, which we have long pursued proactively, and the advancement of employment opportunities for people with disabilities. To achieve sustainable growth, we will also continue striving to pursue the creation of environments in which all employees can work with pride and perform at their best.



Mika Katsumata
Royal Management Co., Ltd.
President and Representative Director

Materiality-Based Initiatives



Customers Food Safety and Security

Commitment to Quality —A Consistent Management System from Upstream to Downstream



Our Approach to Food Safety and Security

Based on the Royal Credo and the Royal Group Code of Conduct, we have adopted the following basic approach regarding food safety and security.

1. Confirm safety and continue developing a system that earns the trust of stakeholders
2. Improve this system continuously to ensure an appropriate response to changes in internal and external environments
3. Make steady efforts toward 1 and 2 to foster peace of mind (security) among stakeholders

(Safety Confirmation + A Trusted System) × Continuous Improvement = **Security**

Message from the Head of Quality Assurance



Takara Takeshita
General Manager,
Quality Assurance Promotion Department
Royal Holdings Co., Ltd.

The Quality Assurance Promotion Department continuously monitors revisions to laws and social trends related to food safety to provide customers with safe products. The department strives to learn from issues that emerge both inside and outside the industry while communicating relevant information to enable the Group to respond without delay.

The Quality Assurance Promotion Department's primary responsibilities are as follows.

- Formulating and revising standards related to Group quality assurance
- Conducting quality assurance audits through unannounced inspections of Group restaurants once every two years and providing objective audits of whether each operating company manages and operates its business in compliance with the Quality and Sanitation Management Manual. Conducting annual audits of Group-owned factories based on the Royal Group Quality & Food Safety Standards. Identifying issues revealed through restaurant and factory audits and working with each operating company to make improvements
- Conducting approximately 50,000 microbiological tests annually as part of quality assurance inspections in accordance with ISO 17025 to verify the safety of products at restaurants and Group-owned factories. Ensuring that Group-owned factories ship only products that have passed microbiological testing based on scientific evidence
- Strengthening the quality assurance promotion system by providing guidance and oversight on quality assurance for operating companies (including subsidiaries), and by conducting audits at overseas restaurants in the same manner as at restaurants in Japan
- Conducting regular educational programs through the Royal Academy to improve the quality assurance capabilities of all Group employees, comprising training on appropriate responses to on-site incidents, such as food poisoning and contamination, and incident case studies, and developing position-based e-learning programs

Trusted Safety System

Groupwide Initiatives

The Group has established the Royal Group Quality & Food Safety Standards, covering purchasing, design and development, logistics, cooking, and manufacturing. In addition, we have established the Quality Assurance Promotion Department, an organization under the direct control of the president, to ensure that these processes are interconnected and function as a Group system. This department also works to obtain information on changes in internal and external environments and makes corresponding revisions to the Royal Group Quality & Food Safety Standards, sets new guidelines and standards, and disseminates them within the Group.

In addition, the department conducts unannounced audits of each operating company's stores to confirm their effectiveness. We conduct annual audits based on a systems approach for purchasing, design and development, logistics processes, and our manufacturing processes.

Based on the results, we categorize and identify issues by site, operating company, and process, then make continuous efforts to improve.





Systems at Each Subsidiary

The Group's operating companies formulate and implement their own regulations based on the Royal Group Quality & Food Safety Standards. In addition to the audits conducted by the Quality Assurance Promotion Department, operating companies conduct regular independent and internal audits. The results of these audits are shared with the Quality Assurance Promotion Department and used to support continuous improvements.

All operating companies also maintain their own respective quality assurance departments. For the heads of these departments, operating companies establish competency requirements and require the heads to participate in training conducted by the Quality Assurance Promotion Department and to submit monthly reports and other information on quality assurance within their companies. In these ways, the Group works as one to maintain and enhance quality assurance levels.

Ensuring Inspection Validity

The Group has established an Inspection Office within the Quality Assurance Promotion Department to conduct a variety of objective inspections. To ensure suitable food inspections, in 2013 we acquired ISO / IEC 17025: 2005 for our Hygiene Inspection Laboratory in Tokyo, among other efforts.

Creating a System for Leveraging Customer Feedback

Bringing Joy to Communities and Society through Food and Hospitality

The Group aims to become a food and hospitality group that offers high quality experiences and grows internationally. To this end, we take customer feedback seriously and use it to enhance our services. The Customer Service Office consistently maintains a customer-focused and sincere approach and promptly shares customer feedback with operating companies. The office works to address issues identified at restaurants and prevent recurrence. It also reports customer feedback to management on a regular basis and uses it to drive Companywide improvement activities. In addition, the Group strives to offer higher-quality products and services and more comfortable spaces through measures such as reintroducing popular products, improving the convenience of menus and tablet ordering, renovating existing stores, and updating facilities and equipment.



Initiatives to Build on Customer Appreciation and Fostering a Culture of Recognition

Compliments and words of appreciation from customers are an important source of motivation that helps enhance employee engagement. To build on customer appreciation, the Group awards certificates of appreciation and shares outstanding examples. In addition, the Group has established the Special Thanks Award to recognize employees and stores that have contributed to improving customer satisfaction. In fiscal 2025, the Group selected and recognized four teams from among 691 commendations received from customers.



Special Thanks Award, 2025

Materiality-Based Initiatives

Local Communities

Since its founding, the Royal Group has placed a strong emphasis on coexistence with local communities and society and treats contributions to both as part of its duty.

It is our hope that social contributions meeting the diversifying needs of local communities will make us an indispensable part of these communities.

Children's Cafeterias

Launching the Royal Host @ Children's Cafeteria Initiative

In July 2025, driven by a desire to bring joy to communities and society through food and hospitality, the Group held its first children's cafeteria at the Royal Host Sakurashinmachi. We chose days on which the store is regularly closed and the children's cafeteria was made possible through collaboration with various stakeholders, including the Certified Nonprofit Organization National Children's Cafeteria Support Center Musubie, the Setagaya Council of Social Welfare, and Kirin Brewery Company, Limited.

Across two sessions, we welcomed a total of 46 families comprising 140 people, offering warm meals and a welcoming setting where participants could gather around the table and enjoy dining together. On the session days, we incorporated items including leftover ingredients from central kitchens and prototype products into the menu under the theme of "Turning *Mottainai* (waste) Into Delicious Food." Serving these items in a delicious way also helped reduce food loss.

In addition, we will donate proceeds from the initiative to the National Agriculture and Food Research Organization (NARO), which supports the future of agriculture in Japan, for use in the development of sustainable agricultural production and environmental conservation technologies.

As a company that provides food, we will contribute to society through the circulation of food, aiming to create a system that connects ingredients, people, communities, and the planet through joy.







Industry–Academia Collaboration

As part of its efforts to develop future generations, the Group offers work experience opportunities, including restaurant tours for elementary school students and outreach classes at junior high schools. Work experience offers learning opportunities that help participants develop an outlook on their future careers and understand the value of work, which includes gaining a firsthand understanding of jobs in the restaurant industry.

We also promote industry–academia collaboration initiatives with the aim of developing future generations and creating new value. In December 2025, for an initiative in collaboration with SANNO University, students developed and presented measures to increase sales and promote two of the Group's restaurant brands. The flexible thinking unique to Generation Z, informed by fieldwork, provided the Group with fresh insights.



Industry–academia project presentation ceremony

Collaborations between Companies

The Group conducts many activities in collaboration with business partners and organizations. In September 2025, 40 employees participated in a grape-harvesting volunteer program with the support of Mercian Corporation (Château Mercian Mariko Vineyard). The program offered participants a firsthand experience of farming that engages with the natural environment at a production site, helping deepen their understanding of the responsibilities held by a company that provides food.

Meanwhile, in March 2026, 36 restaurants representing nine Group brands participated in a lights-off action for Earth Hour 2026, an environmental conservation activity run by the World Wildlife Fund as part of Food with Sustainability*. This activity enabled employees to deepen their understanding of sustainability initiatives and incorporate them into their daily actions by providing them with an opportunity to reflect on the future of the planet with customers and local community members.

* An environmental awareness project involving 22 restaurant chains, hotels, and other companies



Grape-harvesting volunteer program at Château Mercian Mariko Vineyard



Participating in Earth Hour 2026

Recovery Support for Disaster-Stricken Areas

As a company that works together with local communities in a country frequently affected by natural disasters, the Group advances initiatives aimed not only at supporting disaster-stricken areas but also at providing prompt assistance when disasters occur. Following a major fire in the Saganoseki district of Oita Prefecture in November 2025, we distributed food at an evacuation site on Christmas Eve. Under the slogan of "Bringing the Best Possible Christmas and Joy to Victims of the Fire!", we provided warm meals and decorated the site for Christmas, offering hospitality to support those affected.

In December 2025, we also concluded an agreement on the supply of materials during disasters with Fukuoka City in Fukuoka Prefecture, where the Group was founded. Drawing on our disaster relief experience and food manufacturing know-how, we will continue contributing to local communities through the provision of warm meals.



Distributing food in the Saganoseki district of Oita Prefecture





Ceremony to mark the conclusion of an agreement with Fukuoka City



Corporate Governance

Basic Approach

Based on the Royal Credo, the Group positions thorough compliance with laws and regulations and adherence to corporate ethics as one of its highest priority management issues in order to achieve sustainable growth, enhance corporate value over the medium to long term, and build long-term trust relationships with shareholders and other stakeholders.

Specifically, as a company with food at its core the Group has maintained strict standards regarding food safety and hygiene management since its founding. At the same time, as a company with hospitality as its foundation, the Group formulated the Royal Group Code of Conduct in July 2005. All officers and employees share this Code as they strive for sensible corporate management grounded in compliance, high ethics, and strong morals. To ensure effective corporate governance, the Group will continuously review its organizational structure and systems and establish a transparent and fair system.

Corporate Governance Structure

In addition to the General Meeting of Shareholders, Board of Directors, Audit and Supervisory Committee, and Accounting Auditor stipulated under the Companies Act, the Company has established a Management Advisory Committee to respond to consultations from the Board of Directors regarding the nomination and compensation determination of directors and mandated executive officers.

In addition, the Company has introduced an executive officer system, appointing directors and executive officers responsible for the execution of business operations at key businesses or subsidiaries as officers in charge. The Company has thereby established a system in which directors supervise the execution of duties by executive officers, and the Audit and Supervisory Committee audits the execution of duties by directors.

Furthermore, the Company ensures management transparency and objectivity through its independent outside directors. To deliberate on Group management issues, the Company has established the Management Council comprising directors and executive officers, as well as the Strategic Council comprising the Representative Director and President and officers in charge. Combined with the Board of Directors' oversight function, these councils enable agile decision-making and effective information sharing through the Strategic Council, alongside thorough deliberation of critical matters at the Management Council to ensure sound management decisions.

Internal Control System

The Company has established a basic policy regarding its internal control system. Based on this policy, the Company establishes concrete systems and executes business operations from the perspective of ensuring compliance, risk management, and operational efficiency.

The Company has also adopted a holding company structure for the purpose of building an agile and flexible group management system. Under this structure, the Company's directors, executive officers, or equivalent individuals serve as directors and auditors of its subsidiaries. Furthermore, the Company has established an Internal Control Committee to identify and address internal control issues across the Group and supervise the status of implementation from the perspectives of operational effectiveness and efficiency as well as the safeguarding of assets. In addition, the Company has established a system of checks and balances by requiring subsidiaries to regularly report management information and other important information.

Moreover, the Internal Audit Department conducts internal audits of Group companies, ensuring appropriate operations Groupwide.

Furthermore, in addition to the Royal Credo, the Company has formulated the Royal Group Code of Conduct and the Royal Group Guidelines as standards by which directors, officers, and employees of Group companies should be guided at all times, thereby fostering compliance awareness Groupwide. At the same time, the Company has set up a Compliance Helpline for internal and external consultation, and implements corrective measures and recurrence prevention measures under the leadership of an Investigation Committee as necessary.

Additionally, the Company has established a risk management system to appropriately address various risks, including large-scale disasters, food-related incidents, and security incidents. Under this system, the Risk Management Committee evaluates and analyzes risks Groupwide, examines countermeasures, and strives to minimize losses.

Internal Audits

The Company has established the Internal Audit Department, comprising seven members, including the head of the department. Based on the annual audit plan, the division conducts audits to ensure Groupwide operations are executed in compliance with laws and in fulfillment of its social responsibilities.

The Internal Audit Department regularly exchanges information and communicates with the Accounting Auditor and the Audit and Supervisory Committee. It also reports on the status of audits on a quarterly basis to the Representative Director, the Audit and Supervisory Committee, and the Board of Directors, as well as sharing this information with the audited departments and executive officers as appropriate, thereby ensuring the effectiveness of internal controls.

Composition and Description of the Board of Directors and Other Meeting Bodies

Name	Description
Board of Directors	The Board of Directors, chaired by Chairperson and Director Tadao Kikuchi, consists of nine directors, including five outside directors, three of whom are independent outside directors. Serving as the highest decision-making body for management and business execution, the Board meets 13 times a year in principle and holds extraordinary meetings flexibly as necessary to decide on critical management matters while supervising the status of business execution on an ongoing basis.
Audit & Supervisory Committee	The Audit & Supervisory Committee consists of four directors who are Audit & Supervisory Committee members, including three independent outside directors with specialized expertise in fields such as law, accounting, finance, and corporate management. The committee audits the status of operations and assets, directors' execution of duties, and compliance with laws, regulations, and the Articles of Incorporation. To fulfill its function of oversight and checks and balances over management and business execution, the Committee receives reports and deliberates and resolves on important audit-related matters.
Management Advisory Committee	The Management Advisory Committee consists of four directors who are Audit & Supervisory Committee members, including three independent outside directors. Acting as an advisory body to the Board of Directors on the nomination and compensation determination of directors and delegated executive officers, the Committee ensures the appropriateness of decisions and transparency of processes.
Management Council	The Management Council, chaired by Representative Director and President Masataka Abe, meets once a month in principle and comprises nine directors, including five outside directors as optional attendees, eight executive officers, five presidents of subsidiaries, and individuals designated by directors. To make appropriate management decisions based on basic management policies through in-depth discussions, the Council reports on and deliberates critical matters concerning Groupwide business execution.
Strategic Council	The Strategic Council, chaired by President and Representative Director Masataka Abe, meets weekly in principle and is attended by the President and Representative Director, one director responsible for supervising business execution in key businesses or subsidiaries, eight executive officers, and individuals designated by the chair. The Council aims to promote initiatives that contribute to enhancing corporate value. Furthermore, under the capital and business alliance agreement with Sojitz Corporation, the activities of the joint committee, Profit and Growth for All (PGA), are reported to the Strategic Council for application in business execution. Subsequently, the Strategic Council reports these to the Management Council, establishing a collaborative system with Sojitz Corporation aimed at enhancing corporate value.

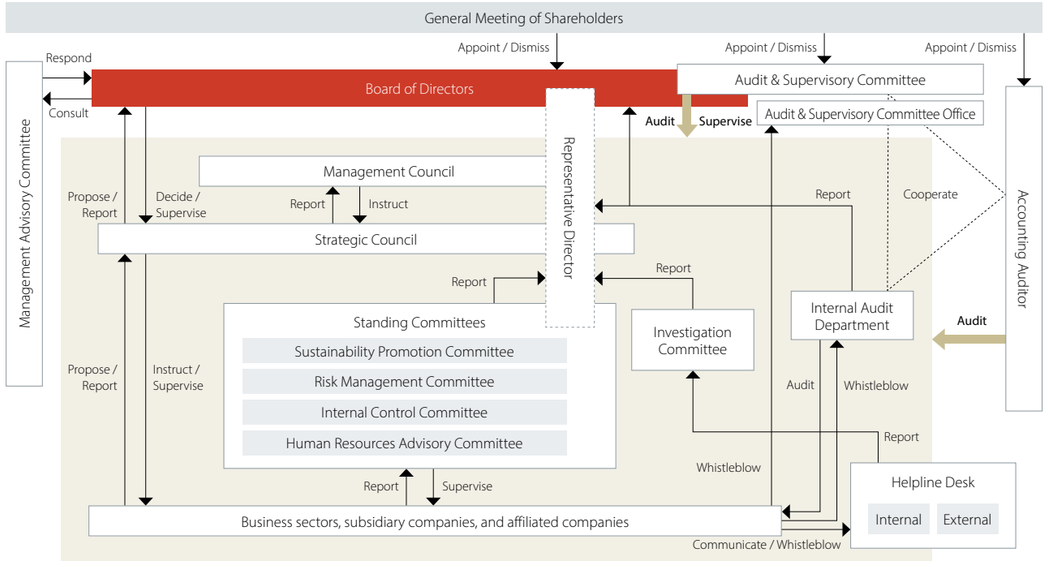


Board of Directors



Management Advisory Committee

Corporate Governance Structure (As of March 31, 2026)

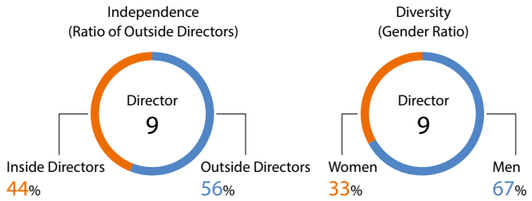




Corporate Governance

Composition of the Board of Directors

To become a group offering the highest quality food and hospitality in Japan, the Group strives to maintain a Board of Directors capable of making objective and decisive judgments on management issues from diverse and independent perspectives. To this end, the Group works to balance an appropriate board size with diversity, comprising members with varied perspectives, extensive experience, and advanced skills.



Succession Plan

President and CEO succession plays a central role in achieving sustainable corporate growth and enhancing corporate value over the medium to long term. To this end, the Company has established a succession plan to ensure that the presidential transition occurs with optimal timing for a highly qualified successor.

Based on a three-year plan formulated in fiscal 2023 to develop executive candidates, including executive officers, we conducted selection assessments and dispatched employees to external training programs. By continuing these initiatives, we believe we can cultivate future executive candidates, including potential CEOs, among operating company presidents and executive officers, in an early and planned manner. The Board of Directors will remain actively involved in this process and appropriately oversee the development and operation of the succession plan, guided by the Royal Credo and specific management strategies.

Executive Compensation

The Company's executive compensation structure is as follows:

• Directors (excluding outside directors and Audit & Supervisory Committee members)

To attract and retain talented individuals capable of realizing Group growth and the Group's Vision, and to provide sufficient incentives for the sustainable enhancement of corporate value, the Company has established a three-tiered compensation structure consisting of basic compensation provided as a fixed amount, performance-linked compensation provided as a bonus linked to consolidated net profit and other indicators, and stock compensation linked to the medium-term management plan. Specifically, stock compensation linked to Medium-Term Management Plan 2025–2027 is determined based on consolidated ordinary profit for each fiscal year and the achievement of consolidated earnings per share (EPS) during the plan period. Furthermore, as non-financial indicators, sustainability initiatives regarding SDGs status are evaluated via targets based on deliberations and recommendations by the Management Advisory Committee, incorporating qualitative assessments of target achievements for the ratio of women in management, the ratio of foreign employees, food waste reduction, GHG emissions reduction, and the degree of improvements in employee satisfaction surveys.

• Outside Directors (excluding Audit & Supervisory Committee members)

From the perspective of their role and independence, compensation for outside directors consists solely of fixed basic compensation, determined by comprehensively considering each director's role, compensation levels at other companies, and individual circumstances.

(Fiscal 2025)

		Fixed compensation	Variable compensation	(Millions of yen)
	Number of eligible persons	Basic compensation	Performance-linked compensation	Stock compensation (non-monetary)
Directors (excluding Audit & Supervisory Committee members and outside directors)	3	78	48	23
Directors (Audit & Supervisory Committee member) (Excluding outside directors)	1	19	—	—
Outside Directors	3	19	—	—

Evaluation of the Effectiveness of the Board of Directors

In evaluating the effectiveness of the Board of Directors for fiscal 2025, the Company gathered feedback from each director, which was then analyzed and evaluated at a Board meeting in January 2026.

Going forward, the Company will continue to strive to enhance the functions of the Board based on these evaluation results.

Target	All 9 directors as of the end of fiscal 2025
Evaluation and analysis method	Open questionnaire
Description of questions	**Questions were provided under five main categories** ① Board composition ② Board operation ③ Meeting agenda and contents ④ Board support systems ⑤ Other issues and opinions
Overview of the results	**① Board composition** • An appropriate number and diversity of directors, including outside directors, are ensured, enabling management issues to be discussed from multiple viewpoints. **② Board operation** • Measures such as the early submission of materials, clarification of discussion points, and use of advance briefings have been implemented, and the Board is operating appropriately and conducting meaningful discussions. • To further improve effectiveness, setting agenda topics from a broader perspective is expected. **③ Meeting agenda and contents** • The selection and number of agenda topics are generally appropriate, with discussions taking place regarding the overall direction of the Company. • Further deepening of discussions is expected of management with awareness of capital costs and share price, succession planning, sustainability, and other matters. **④ Board support systems** • The secretariat and other management systems are in place to support the Board of Directors and directors, including outside directors, have opportunities to obtain necessary information. • Coordination between the Audit and Supervisory Committee, Internal Audit Department, and other departments, has been ensured, and opportunities for the Audit and Supervisory Committee to gather information have also been secured. • The functions of the Board of Directors, Management Council, and Strategic Council are clearly defined, and the separation of management oversight and execution is appropriately maintained.

Message from an Executive Officer



Kenji Ohsaka

Executive Officer in Charge of Corporate Planning, Human Resources, Public Relations, Systems, and Royal Management Co., Ltd.

The Royal Group formulated Management Vision 2035 to realize a "Changing Royal Group" that responds in a timely and appropriate manner to changing times and the business environment while valuing the Unchanging Royal Credo.

If the Group is to achieve sustainable growth and enhance corporate value over the medium to long term, it must establish highly transparent and effective corporate governance. Recently, the level of governance expected by capital markets has continued to rise. The Group has positioned corporate governance as a management strategy for fundamentally enhancing corporate value, rather than as merely a formal framework.

Today, after recovering and transforming itself following the COVID-19 pandemic, the Group has entered a new stage for achieving its next leap forward. Under Medium-Term Management Plan 2025-2027, the Group will fully leverage its strong partnership with Sojitz Corporation with the aim of achieving discontinuous growth through initiatives including expanding its overseas business with a focus on Asia and North America, and pursuing strategic M&As targeting high-quality brands that enable the Group to use its specialized expertise and skills.

In this period of transformation, the Group must embrace proactive governance that entails taking appropriate risks with a sense of speed and driving business strategy forward with conviction. In a highly uncertain business environment, the ability to anticipate developments and respond flexibly to change through swift decision-making and rapid PDCA cycles, rather than adhering rigidly to predetermined strategies, is essential. At the same time, the foundation that underpins this proactive governance is defensive governance, which entails maintaining strict financial discipline, rigorously evaluating investment returns, and responding accurately to an increasingly diverse range of management risks.

The Group will build a resilient governance structure that integrates proactive and defensive governance at a high level and devote its full efforts to enhancing corporate value to meet the expectations of all stakeholders.

Risk Management

Basic Stance

In an effort to maintain and improve corporate value, the Royal Group looks at the factors that could impede achievement of its management goals from a top-down vantage point and addresses several management risks, including natural disasters, human-made disasters such as accidents, and changes in the social landscape, in a prompt and accurate manner.

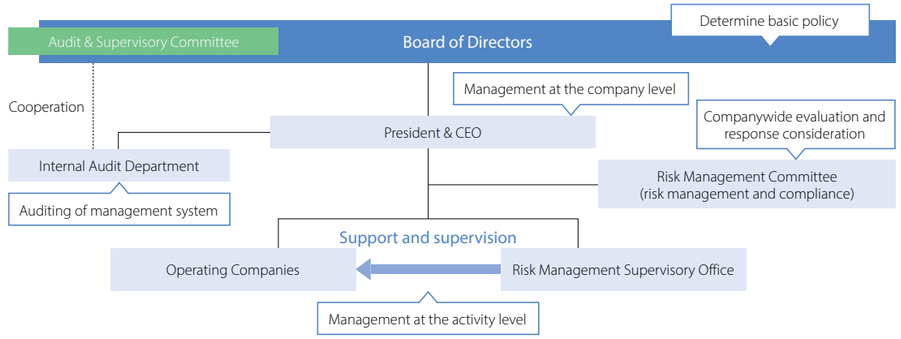
Major Risks and Measures

ISO 31000: 2018, an international standard for risk management, defines risk as "the effect of uncertainty on objectives." The representative risks that have a major effect of uncertainty on the Group's business, and the Group's countermeasures, are as follows.

Risk Category		Risks Identified	Initiatives and Policies
Strategy and Planning	External Factors	• Changes in the business environment • Intensifying competition • Labor shortages • Unstable situations overseas • Increased frequency and scale of natural disasters	Strengthen control functions, centering on executive officers Promote cross-sectional involvement via the Risk Management Supervisory Office
	Management Strategy	• Lower earnings due to investments and acquisitions • Possible inability to continue new businesses gained through investments and acquisitions • Delayed development of new products and business formats • Insufficient research into the business environment • Insufficient preparation and instability in overseas business development	Enhance corporate governance structure
	Corporate Responsibility and Sustainability	• Late or insufficient efforts as a Group • Increased costs from providing responses • Greater demands due to stronger regulations in Japan and overseas	Strengthen all-round response via the Sustainability Headquarters Promote target items and disclose information
Business Operations and Management Infrastructure	Supply Chain	• Increases in the cost of ingredients and other items • Greater demand for quality assurance from society • Shortage of human resources in logistics • Insufficient management system for purchased goods and in-house products • Delayed response to legal reforms related to food safety and security	Develop more sophisticated processes for production, development, purchasing, and quality assurance
	Legal Affairs, Compliance, and Governance	• Stricter labor laws and regulations • Strengthening of various regulations • Delayed compliance and insufficient guidance • Decline in profitability due to changes in accounting and taxation systems, etc.	Utilize the Corporate Planning Department, Legal Affairs Office, and Personnel and Financial Divisions to collect and analyze information
	Company Assets	• Leaked technology and techniques due to improperly trained human resources • Insufficient system for managing employee health • Increased accidents and damage caused by aging store facilities • Delayed or postponed overseas expansion due to a shortage of foreign staff	Implement systematic human resource development and ensure a fair working environment Develop and implement plans for facility maintenance
	Information Systems	• Loss of trust due to personal information leaks • Loss of trust and decline in profitability due to leaks of confidential information • Suspension of store operations due to suspension of payment functions	Promote thorough management via the Human Resources Department, Corporate Planning Department, Information Systems Division and Public Relations Division
	Sales and Marketing	• Decline in competitiveness due to insufficient consideration of our brand strategy	Rebuild existing brands

Risk Management System

The Risk Management Committee holds regular meetings to isolate and identify risks, conduct analyses, provide assessments, develop responses, and conduct monitoring. These efforts help ensure effective risk management as a whole. In fiscal 2025, the Group established the Internal Control Committee to strengthen internal controls and compliance at the Company and its subsidiaries. The committee meets four times annually. The Group further solidifies the foundations of its risk management system by rigorously supervising and supporting the status of internal controls, including at subsidiaries. In addition, weekly meetings led by executive officers promptly share and discuss important risks such as workforce retention, responses to rising raw material prices, food safety and security, natural disasters, and cybersecurity. Through these meetings, the Group comprehensively promotes the development of Groupwide systems and responses to significant risk cases.



Message from an Executive Officer



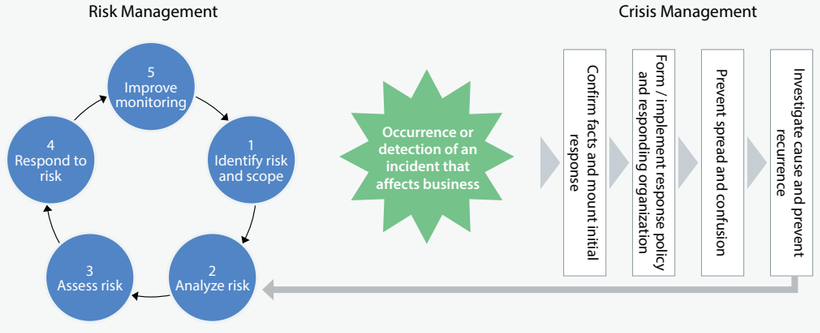
Kenichiro Uehara

Executive Officer in charge of the Risk Management Supervisory Office

The Company's risk management consists of two systems: risk management for normal conditions and crisis management for emergencies. The first system employs a PDCA cycle in which we formulate and implement response plans based on risk assessments, while also monitoring progress to make improvements. The second system is deployed in response to major or unexpected incidents. These systems enable us to quickly and accurately grasp situations and circumstances and systematically determine response policies. In addition to mitigating adverse impacts, we strive to investigate causes and prevent recurrence, incorporating resulting measures into risk management for normal conditions when necessary.

In fiscal 2025, we renewed infrastructure for enhancing the reliability of communications during disasters. In addition to expanding our contact network, we introduced video-based information sharing, enabling rapid and accurate assessment of conditions during emergencies. We also conducted practical drills through simulated press conferences aimed at enhancing crisis management communications, thereby strengthening the Group's external response capabilities. As for educational activities, we continued to provide training for established department and section managers alongside newly appointed section managers, and e-learning programs for more than 1,000 participants, further instilling risk awareness.

We will continue to expand our Groupwide risk management system, including TABISUL Co., Ltd., which joined the Group in August 2025. At the same time, based on the management cycle shown in the diagram below, we will improve the effectiveness of crisis management and make risk-based decisions that take into account the potential impact of uncertainty.



List of Directors

As of April 1, 2026



Masataka Abe
President and Representative Director

1993 Joined the Company
2009 General Manager, Business Department of CENTRESTA Co., Ltd. (currently Royal Contract Service Co., Ltd.)
2016 General Manager, Business Planning Department of Royal Contract Service Co., Ltd.
2017 General Manager, Metropolitan Sales Department of Royal Contract Service Co., Ltd.
2018 Director and General Manager of Royal Contract Service Co., Ltd.
2019 President and Representative Director of Royal Contract Service Co., Ltd.
2021 Executive Officer and Deputy General Manager, Joint Project Management Project Office of the Company
2022 President and Representative Director of the Company (present)



Tadao Kikuchi
Chairperson

1988 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
1997 Secretariat, Office of the Secretary of The Nippon Credit Bank, Ltd.
2000 Joined the Tokyo Branch of Deutsche Bank Group
2003 Director, Global Corporate Finance of Deutsche Bank Group
2004 Joined the Company; Executive Officer, Head of Corporate Planning Department, and Head of Legal Office of the Company
2007 Director, Head of Corporate Planning Department, Head of Legal Affairs, and Head of Group Management Department of the Company
2010 President and Representative Director of the Company
2016 Chairperson and Representative Director of the Company & CEO
2018 Outside Director of QB Net Holdings Co., Ltd.
2019 Representative Director and Chairperson of the Company
2020 Distinguished Professor of the Graduate School of Management, Kyoto University
2021 Outside Director (Audit & Supervisory Committee Member) of QB Net Holdings Co., Ltd. (present)
2024 Vice Chairperson, Japan Association of Corporate Executives (present)
2024 Adjunct Professor of Graduate School of Management, Kyoto University (present)
2026 Chairperson of the Company (present)

Important positions held at other companies

Outside Director and Audit & Supervisory Committee Member, QB Net Holdings Co., Ltd.
Vice Chairperson, Japan Association of Corporate Executives
Adjunct Professor of Graduate School of Management, Kyoto University



Atsuko Fujita
Director

1989 Joined the Company
2015 General Manager, Human Resources Department of Royal Management Co., Ltd.
2016 General Manager, Human Resources Planning Department of the Company, and Director and General Manager, Human Resources Department of Royal Management Co., Ltd.
2018 Executive Officer in charge of human resources planning and General Manager of Human Resources Planning Department of the Company, and Director and General Manager, Human Resources Department of Royal Management Co., Ltd.
2022 Executive Officer in charge of human resources planning and General Manager of Human Resources Planning Department of the Company, and Executive Officer in charge of Royal Management Co., Ltd.
2023 Executive Officer in charge of the Food Manufacturing Business of the Company, and President and Representative Director of Royal Co., Ltd.
2024 Director in charge of sustainability, General Manager of Sustainability Headquarters, and General Manager of the Sustainability Promotion Department of the Company
2025 Director, General Manager of Sustainability Headquarters, Head of Royal Academy of the Company
2025 Director in charge of sustainability of the Company, and in charge of Royal Co., Ltd. (present)



Ryutaro Hirai
Outside Director

1982 Joined Nissho Iwai Corporation (currently Sojitz Corporation)
2003 General Manager, Corporate Planning Department of Nissho Iwai American Corporation
2007 General Manager, Corporate Planning Department of Nissho Iwai American Corporation and General Manager, Los Angeles Branch of Sojitz Corporation of America
2009 General Manager of Human Resources & General Affairs of Sojitz Corporation
2013 Executive Officer of Sojitz Corporation
2015 Managing Executive Officer of Sojitz Corporation
2017 President & CEO of Asia & Oceania region of Sojitz Corporation, Managing Director of Sojitz Asia Pte. Ltd., and General Manager, Singapore Branch of Sojitz Corporation
2019 Senior Managing Executive Director of Sojitz Corporation
2020 Executive Vice President of Sojitz Corporation
2020 Representative Director and Executive Vice President of Sojitz Corporation (present)
2022 Outside Director of the Company (present)
2024 Corporate Advisor, Sojitz Corporation (present)

Important positions held at other companies

Corporate Advisor, Sojitz Corporation
Representative Director, President & CEO, Sojitz Professional Share Co., Ltd.
Director of Metal One Corporation
Director of Sojitz Korea Corporation
Director of Sojitz Taiwan Corporation



Hidenobu Saito
Outside Director

1996 Joined Nissho Iwai Corporation (currently Sojitz Corporation)
2017 Head of Overseas Project Development Office of Sojitz Corporation
2019 General Manager, Energy & Nuclear Business Department of Sojitz Corporation
2020 General Manager, Energy Business Department of Sojitz Corporation
2021 COO for the Americas and COO of Sojitz Corporation of America
2025 Corporate Officer of Sojitz Corporation
2026 Deputy General Manager, Retail Business Department, Retail & Consumer Service Division of Sojitz Corporation
2026 Outside Director of the Company (present)
2026 Executive Officer, and General Manager, Retail & Consumer Service Division of Sojitz Corporation (present)
2026 Outside Director of JALUX Inc. (present)

Important positions held at other companies

General Manager, Retail & Consumer Service Division of Sojitz Cooperation
Outside Director, JALUX Inc.



Tomoatsu Kimura
Director (Full-Time Audit & Supervisory Committee Member)

1982 Joined Sony Corporation (currently Sony Group Corporation)
1988 Joined Mitsui Trust Bank, Limited (currently Sumitomo Mitsui Trust Bank, Limited)
1989 Joined The Nippon Credit Bank, Ltd. (currently Aozora Bank, Ltd.)
2005 General Manager of Accounting Department of The Nippon Credit Bank, Ltd.
2006 Vice President and Director of Royal Management Co., Ltd.
2007 Executive Officer and General Manager of Accounting Division of the Company
2011 Director and General Manager of Accounting Division of the Company
2013 Director and General Manager of Financial Planning Division of the Company
2019 Managing Director and General Manager of Financial Planning of the Company
2020 Outside Auditor of HUB CO., LTD.
2022 Managing Director of the Company
2024 Director and Full-Time Audit & Supervisory Committee Member of the Company (present)



Hitomi Nakayama
Outside Director (Audit & Supervisory Committee Member)

1991 Registered as an attorney at law; joined Daini Tokyo Bar Association; joined Kasumigaseki-Sogo Law Offices
1994 Partner at Kasumigaseki-Sogo Law Offices (present)
2011 Vice-Chair of Daini Tokyo Bar Association
2013 Managing Director of Japan Federation of Bar Associations
2016 Auditor of Japan Electric Meters Inspection Corporation
2017 Outside Auditor of Teijin Limited
2020 Outside Director and Audit & Supervisory Committee Member of the Company (present)
2022 Outside Audit and Supervisory Board Member of Japan Post Co., Ltd. (present)

Important positions held at other companies

Partner at Kasumigaseki-Sogo Law Offices
Outside Audit and Supervisory Board Member of Japan Post Co., Ltd.



Mayumi Umezawa
Outside Director (Audit & Supervisory Committee Member)

2002 Joined Tokyo Office, Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
2006 Registered as certified public accountant
2006 Opened Mayumi Umezawa CPA Office; Director of Umezawa Accountant Office (currently Mayumi Umezawa CPA Office) (present)
2007 Joined McDonald's Holdings Company (Japan), Ltd.
2012 Finance Manager, Disney Store Department of The Walt Disney Company (Japan), Ltd.
2016 Representative Director of Accounting Labo (currently Accounting Labo Co., Ltd.)
2016 Outside Audit & Supervisory Board Member of Retty, Inc.
2017 Outside Director and Audit & Supervisory Committee Member of Retty, Inc.
2019 Supervisory Director of Japan Hotel REIT Investment Corporation
2021 Outside Director of Wellness Communications Corporation
2022 Outside Director and Audit & Supervisory Committee Member of the Company (present)
2024 Outside Director of Mercari, Inc. (present)
2025 Director of Accounting Labo Co., Ltd. (present)

Important positions held at other companies

Director of Mayumi Umezawa CPA Office
Outside Director of Mercari, Inc.
Representative Director of Accounting Labo Co., Ltd.



Koichiro Sakamoto
Outside Director (Audit & Supervisory Committee Member)

1981 Joined Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
2006 General Manager, Administration Department of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
2008 General Manager, Marunouchi-Chuo Branch Division II of Mizuho Bank, Ltd.
2010 Executive Officer, General Manager, Internal Audit Division of Mizuho Bank, Ltd.
2011 Executive Officer of Taiyo Oil Company, Limited
2014 Managing Executive Officer of Taiyo Oil Company, Limited
2017 Director, Managing Executive Officer of Taiyo Oil Company, Limited
2020 Outside Corporate Auditor of Nippon Steel Kowa Real Estate Co., Ltd.
2020 Outside Audit & Supervisory Board Member of Nippon Hume Corporation (present)
2024 Outside Director and Audit & Supervisory Committee Member of the Company (present)

Skills Matrix

	 Masataka Abe President and Representative Director Male / Reappointed	 Tadao Kikuchi Chairperson Male / Reappointed	 Atsuko Fujita Director Female / Reappointed	 Ryutaro Hirai Outside Director Male / Reappointed / Outside	 Hidenobu Saito Outside Director Male / Newly appointed / Outside	 Tomoatsu Kimura Full-Time Audit & Supervisory Committee Member Male / Reappointed	 Hitomi Nakayama Audit & Supervisory Committee Member Female / Reappointed / Outside / Independent	 Mayumi Umezawa Audit & Supervisory Committee Member Female / Reappointed / Outside / Independent	 Koichiro Sakamoto Audit & Supervisory Committee Member Male / Reappointed / Outside / Independent
Corporate management	○	○	○	○		○		○	○
Business operations	○		○					○	
Brand strategy, marketing, DX	○		○					○	
Human resource strategy	○		○	○	○		○		○
Sustainability	○	○	○				○		
Global		○		○	○				○
Finance and accounting		○				○		○	○
Legal affairs and risk management		○			○	○	○	○	○

Roles and Skills	Reasons for Appointment
Corporate management	Possesses extensive knowledge and experience related to corporate management, which is important for maintaining awareness of capital markets and promoting business portfolio creation for sustainable growth, corporate governance enhancements, and other efforts, in line with the Royal Credo and the Medium-Term Management Plan 2025–2027 basic policy, "From Transformation, to Growth, Then Leaping Forward".
Business operations	Possesses extensive knowledge and experience related to business management, which is important for appropriately supervising and promoting the execution of business strategies under Medium-Term Management Plan 2025–2027, given the diverse nature of the Company's business, which includes restaurant and hotel facilities management, planning and development, food manufacturing, and quality management.
Brand strategy, marketing, DX	Possesses extensive knowledge and experience related to branding, marketing, and DX, which is important for formulating strategies aimed at increasing Group brand value, advancing marketing functions, and promoting the use of data and technology in line with the Medium-Term Management Plan 2025–2027 brand strategy.
Human resource strategy	Possesses extensive knowledge and experience related to human resources and organizations, which is important for ensuring compliance in the labor field, promoting the transition to a corporate culture that respects diversity and taking on challenges, as well as human-centered management aimed at realizing business growth through employee growth in line with the Medium-Term Management Plan 2025–2027 human resources strategy.
Sustainability	Possesses extensive knowledge and experience related to sustainability, which is important for establishing a foundation for promoting sustainability aimed at transforming into a company and brand of choice, and promoting value creation in local communities and society, in line with the Medium-Term Management Plan 2025–2027 sustainability strategy.
Global	Possesses extensive knowledge and experience related to global business development, which is important for understanding geopolitics, economic conditions, and policy trends overseas, as well as respect for cultural diversity and international human networks, in line with the Medium-Term Management Plan 2025–2027 global strategy.
Finance and accounting	Possesses extensive knowledge and experience related to finance and accounting, which is important for ensuring appropriate financial reporting, as well as establishing a solid financial base and promoting efforts to increase profitability and capital efficiency, in line with the Medium-Term Management Plan 2025–2027 financial strategy.
Legal affairs and risk management	Possesses extensive knowledge and experience related to legal affairs and risk management, which is important for promoting appropriate legal responses, strengthening compliance, and advancing risk management by identifying changes in laws, regulations, and risk factors, all of which constitute the basis for promoting Medium-Term Management Plan 2025–2027.

Reasons for Appointing Outside Directors

Appointing outside directors to the Board of Directors serves to enhance corporate governance by improving management transparency and ensuring objectivity. The Company maintains its own criteria for the independence of its outside directors. These criteria are stated in the Criteria for Determining the Independence of Outside Directors section in the Company's Basic Policy on Corporate Governance. Outside directors are appointed based on their career history and relationship with the Company to ensure they have sufficient independence to perform their duties from a viewpoint that is separate from the Company's management.

Name	Reason for Appointment
Ryutaro Hirai	Mr. Hirai has been appointed as an outside director for his wealth of business experience across several fields, including sales, human resources, general affairs, and overseas operations, gained from many years working at trading companies. It is expected that he will maximize collaborative ties with Sojitz Corporation and the Group, thereby contributing to the expansion of the Group's business and enhancement of its corporate value.
Hidenobu Saito	Mr. Saito has been appointed as an outside director for his wealth of business experience gained from many years working at trading companies. It is expected that he will maximize collaborative ties with Sojitz Corporation and the Group, thereby contributing to the expansion of the Group's business and enhancement of its corporate value.
Hitomi Nakayama	Ms. Nakayama has been appointed as an outside director and Audit & Supervisory Committee member for her specialized knowledge as an attorney and extensive track record and experience as an outside auditor for other companies, and as a committee member for government agencies. It is expected that she will continue to make appropriate recommendations from an independent standpoint regarding the overall management of the Company.
Mayumi Umezawa	Ms. Umezawa has been appointed as an outside director and Audit & Supervisory Committee member for her wealth of specialized knowledge related to finance and accounting and her experience as a certified public accountant. It is expected that she will make appropriate recommendations from an independent standpoint regarding the overall management of the Company.
Koichiro Sakamoto	Mr. Sakamoto has been appointed as an outside director and Audit & Supervisory Committee member based on his business experience working for many years at financial institutions and his broad insight. It is expected that he will make appropriate recommendations regarding the overall management of the Company.



Governance for Enhancing the Royal Group's Corporate Value

In this roundtable discussion, three outside directors, who also serve as Audit & Supervisory Committee members, and Chairperson Kikuchi discuss governance for enhancing the corporate value of the Royal Group.

Current State of Corporate Governance: Assessment and Challenges

Proactive Governance Needed to Support the Group's Business Diversification

Kikuchi Ms. Nakayama, as the longest-serving outside director, could you share your views on how corporate governance at the Group has changed, your assessment of its current state, and the challenges it faces?

Nakayama In the six years since I became an outside director, I believe the Group's governance has made significant improvements. With that said, employees are earnest and hard-working but always strongly inclined to follow precedent. I would like to see a greater willingness from them to enter new domains and think more proactively about the needs of the Group going forward. I believe the Group must closely examine the way its internal controls and internal audits operate to support a proactive mindset of stepping outside established boundaries. If such a mindset of daring to step outside boundaries grows, the Group could make an even bigger leap forward.

Umezawa I agree. I welcome the progress made in separating business management and execution in the decade since the transition to a company with an Audit & Supervisory Committee. When I became an outside director four years ago, meeting agendas were somewhat lengthy. However, steps have been taken since then to streamline meetings and put in place a structure in which executive officers engage in discussions at the Strategic Council and execute business. As society changes rapidly and the Royal Group diversifies its businesses, including overseas expansion with Sojitz Corporation, I believe it must explore initiatives for further expediting business execution in addition to strengthening its structures.

Sakamoto From a textbook perspective, the Royal Group's current governance is in a highly commendable state. However, the executive team must commit greater energy toward proactively engaging in businesses in order to expedite business management. I am constantly mindful of how outside directors should share their views in discussions between the management team and the executive team to create conditions that enable spontaneous proposals to emerge naturally from the executive team when management decides on a course.

Kikuchi In my opinion, the executive team must create more connections outside the Group to draw out the kind of energy that can encourage stepping outside of established boundaries. At present, although internal perspectives dominate, members of the executive team are inclined to accede to external standards when observations are made on the basis of those standards. I believe the executive team can energize spontaneous, two-way discussions by gaining direct exposure to external standards.

Umezawa On that point, outside directors, with their internal and external connections, can serve as catalysts for members of the executive team who are more internally focused to create connections outside the Group.

Sakamoto In addition to building external networks, proactive governance must also focus on fostering a corporate culture that recognizes and supports people who seek to pursue new challenges, even if doing so means breaking out of established boundaries. With the concept of the "Unchanging Royal Credo" and the "Changing Royal Group" set out in the Management Vision as a jumping-off point, I hope frontline employees will take ownership of what "changing" means and embrace new challenges.

Nakayama In terms of fostering a corporate culture that supports taking on challenges, I commend the establishment of programs such as the ROYAL AWARD that promote and recognize employees who do so. Employees should continue to consciously create opportunities that allow them to take on challenges together, rather than exploring them individually.

Kikuchi Over the past few years, the Group has continuously worked to evaluate and improve the effectiveness of the Board of Directors and separate business management and execution, thereby evolving to the Governance 1.0 level, the textbook model for corporate governance. However, for the Group to make faster progress, it must evolve to Governance 2.0, where proactive governance is effective. The best way to do this is by helping the executive team build external networks and create mechanisms to facilitate new challenges to improve two-way discussions.

The Ideal Form of Governance for the Hospitality Industry and Dispersed, Multi-Location Businesses

Management That Creates the Spare Capacity Required for Frontline Employees to Offer Value

Kikuchi The Royal Group operates dispersed, multi-location businesses as a player in the hospitality industry. Given this feature, the Group must think about what its ideal form of governance should look like.

Sakamoto To industrialize hospitality, I believe management must build a structure that enables the creation and advancement of systems, such as central kitchens, that support establishments, rather than relying solely on the efforts of frontline employees.

Nakayama Since hospitality is most prominently displayed at establishments, people too readily conclude that the problem lies there whenever it falls short. As the labor force that serves as the foundation for frontline capabilities declines, management must put systems in place in response to this unavoidable structural change to enable frontline employees to better display hospitality.

Kikuchi A desire to please customers is essential for offering good service. Although this is a strength of the Royal Group, ensuring that establishments have spare capacity, in addition to that desire, is crucial for maximizing frontline capabilities. Management's role lies in offering ideas for that purpose and then allowing autonomous evolution.

To give an example I share with employees at R-Sessions,* the value a company offers can be classified into value and worth. Value is rational, comparable value, whereas worth is the kind of irrational value that makes people prefer to use one company's services over another's. Worth creates a differentiating factor that is difficult to replicate. The Eastern concept of worth emphasizes an ethos of sensing invisible cues. These cues correspond to attentiveness—in other words, hospitality—and perceiving them requires spare capacity. For this reason, management must create the spare capacity that allows frontline employees to perceive cues from customers.

* A networking event where employees participate in financial results briefings and roundtable discussions; around 2,000 employees participate annually

Nakayama Investment in human capital who embody worth is vital. I recently visited the Royal Academy in Yokohama, which conducts training programs for first-rate chefs who seek to further enhance their skills. This is exactly the kind of human resource development initiative that enables the Group to offer worth. Devoting that much time and effort to training is no easy task. I hope the Group will continue conducting such training for employees of all levels until it translates into business growth.



Well-Balanced Vertical and Horizontal Group Governance

Umezawa In dispersed, multi-location businesses, there is no doubt that the capabilities of frontline employees who embody the concept of worth drive those businesses. At the same time, management must explore ways to make Group governance

work effectively as its operations become increasingly diverse. I believe the Group can achieve faster management by defining its overall trajectory through medium-term management plans and other strategies on its horizontal axis, while entrusting business execution to the executive team on its vertical axis. Management should transfer authority, design organizational structure and operate the Group in a way that allows each business to make quick decisions based on its own characteristics and circumstances.

Kikuchi In fact, when the Royal Group adopted a holding company structure in 2005, individual business optimization took priority, with the overall interests of the Group taking a backseat. As a result, the Group subsequently recorded losses for two consecutive fiscal years. However, personnel rotations across businesses over the past three or four years have strengthened Groupwide cooperation, making it easier to pursue cross-organizational efforts. This development has put us in a good position to build Group governance going forward.

Nakayama To strengthen Group governance, the Group may also want to discuss the positioning of the roles of the boards of directors and auditors of each operating company. Cooperation among the auditors of operating companies is extremely important. If the Group can create a forum for regular discussions among auditors across the Group, the information they consolidate could become valuable material for strengthening governance.

Sakamoto I regard the current balance between the vertical and horizontal axes at the Royal Group as generally sound. Although there is still room to further establish the distinctiveness and authority of each operating company, I believe the Governance 3.0 that management must aim to achieve is Group governance that enables each operating company to operate autonomously and quickly.

The Importance of Presenting a Narrative Outlining How Partial Irrationality Enhances Corporate Value

Sakamoto According to management textbooks, outside directors emphasize discussions aimed at optimizing capital efficiency as businesses diversify. For the Royal Group, that means communicating to stakeholders a narrative of industrializing hospitality and raising profitability while developing itself into a faultless business from a capital-efficiency standpoint, which I find extremely challenging.

Kikuchi In a previous discussion with management academic Ken Kusunoki,*1 I learned about the concept of partial and overall rationality. Management that is rational both partially and overall can be imitated by other companies. Partial irrationality and overall rationality are the strongest state of management. That is, a state in which partially irrational domains create value for a corporate Group as a whole that cannot be imitated by other companies. Applied to the Royal Group, hospitality may be exactly that kind of partial irrationality. I have experienced the difficulty of appreciating the importance of partial irrationality from an outside perspective, as we are inclined to judge management on rational grounds. That is why it is critical for those inside the Group to construct a logical narrative outlining how such partial irrationality leads to overall rationality, and outline it to external stakeholders.

*1 Specially Appointed Professor, Hitotsubashi University Business School Author, Competitive Strategy as a Narrative Story

Umezawa As outside directors, I believe we must increase opportunities for outlining to shareholders a narrative of how a company's partial irrationality leads to overall rationality, and then to corporate value.

To go a step further, it would also be a positive step to communicate regarding sustainability, which is a focus of the Royal Group, that non-financial initiatives are part of a narrative in which they ultimately create financial value and thereby enhance corporate value.

Kikuchi When Royal Group employees helped remove mud from houses during recovery efforts after the Noto Peninsula earthquake, there was some discussion about the rationale for participating in those efforts when the Group did not have a single establishment in Ishikawa Prefecture. In the end, I believe not only the 50 or so employees who volunteered to join the activity but also the Group's stance in conducting that kind of initiative resonated with employees, thereby improving engagement. Along with the time the Royal Group revived the Good JAPAN campaign to support domestically produced seafood when seafood exports from Japan declined due to the release of treated water into the ocean, I view the Group's activities in the Noto Peninsula as a clear case in which social value translated into economic value. The Group must increase the number of opportunities to share such stories.

Nakayama I view children's cafeterias*2 as a similar initiative. I hope the Group will continue with them as an initiative that enhances corporate value. At the same time, I think the Group should position and communicate non-financial value, which is often deemed to be irrational, within a narrative that links it to corporate value.

*2 Please refer to page 52, Local Communities, for details on specific initiatives.



Sakamoto It would be beneficial if building such narratives led to a deeper discussion on the way sustainability initiatives translate into profitability. As commitment to further enhancing profitability grows across the Group, hospitality may become more closely integrated into its businesses, which may create a virtuous cycle in which social and economic value reinforce each other.

Kikuchi This narrative of partial irrationality and overall rationality connects to our earlier discussion on value and worth. I believe what may be viewed as partial irrationality is in fact worth, which equates to hospitality for the Royal Group. External insights are vital to building a narrative that outlines how social and economic value lead to higher corporate value. This point also relates to the external connections I mentioned at the beginning of our discussion. The Royal Group is taking on the difficult task of industrializing hospitality. The Group's ultimate mission is to incorporate hospitality into its business model and ensure it leads to a better future for its employees.

A Message to Stakeholders

Sakamoto When communicating with stakeholders, I believe the Group needs to promote its own values to not only shareholders but also employees and customers. Although this is far from easy, I believe that difficult tasks are the most rewarding to take on. To help employees share this outlook, the Group should foster a culture of taking on challenges and encouraging interactions with people outside it. Moving forward through a process of trial and error will ultimately benefit all stakeholders, including shareholders.

Umezawa In addition, I would like to share two perspectives with shareholders. First, I believe the Royal Group must fulfill its duty of accountability as a publicly listed company to offer peace of mind to its shareholders by further deepening discussions on the Group's business portfolio and clearly outlining how it will grow over the medium to long term. Second, as the Group broadens collaborative ties with various companies to expand its businesses going forward, I believe the role of independent outside directors is to continue to conduct monitoring, including of conflicts of interest, to protect minority shareholders.

Nakayama The needs of stakeholders differ depending on their position. Investors are interested in capital efficiency and medium-term targets; customers look to quality, safety, and brand value; employees seek meaningful and rewarding work, fair treatment, and psychological safety; business partners want stable and fair transactions; and society and governments expect contributions to communities and respect for human rights. I think the Group can raise the quality of its engagement by properly addressing each of those needs and improving the quality of disclosure, in turn earning the trust of stakeholders. Since becoming an outside director in 2020, I have seen the Group recover from the COVID-19 pandemic to achieve record-high profit in fiscal 2025. I am full of admiration for everyone's efforts and cooperation. Although we are likely to encounter many difficulties in a highly uncertain environment, I am confident that we can confront any future difficulties head on.

Kikuchi In Japan's business environment, where deflation has long persisted, many companies, including the Group, have endured an era when they could not meet the expectations of all stakeholders, with the consequences shifting onto employees and business partners. I believe this stems from the fact that, among stakeholders, employees and business partners were in a position of having been chosen. However, as supply constraints intensify, employees and business partners are increasingly in a position where they can choose companies. In other words, companies must treat all stakeholders more fairly, which should ultimately benefit shareholders as well. In governance going forward, companies must take responsibility for outlining the roles that their portfolios play to improve satisfaction among all stakeholders. With the help of its outside directors, the Royal Group will continue aiming to achieve Governance 3.0.





Driving the Royal Group's Growth Strategy through Collaboration with Sojitz Corporation

A roundtable discussion was held with two of our outside directors from Sojitz Corporation and Chairperson Kikuchi, where they shared their perspectives on the outcomes of collaboration between Sojitz and the Royal Group and their expectations for future growth.

Kikuchi Perhaps we could start with a brief introduction from each of you, along with how you view your roles.

Hirai This is my fifth year as an outside director. At Sojitz Corporation, I worked in the corporate and sales departments in addition to overseas business. Toward the latter part of my career, I also served as a representative director. Drawing on my experience both as a trading company professional and as a representative director, I see my primary role as supporting and advising on global growth strategies and governance.

Saito As for me, this is my first year as an outside director, having been appointed on March 26, 2026. At Sojitz Corporation, I have been involved in various sales activities related to industrial projects, energy, and infrastructure and am currently General Manager of the Retail and Consumer Service Division. I believe my role is to combine the Royal Group's strengths in food and hospitality with the scalability and business model design capabilities of a trading company. I would also like to make use of my experience in sustainability, such as my knowledge of carbon credits, to contribute in this area.

Achievements and Challenges from Our Capital and Business Tie-Up

Kikuchi Following the spread of COVID-19 in 2020, our net sales shrunk from approximately ¥140.0 billion to about ¥84.0 billion, while equity capital fell from roughly ¥50.0 billion to around ¥20.0 billion, pushing our equity ratio down from about 50% to below 20%. All of our businesses were affected and it was clear we needed to reassess our growth strategy. In February 2021, we formed a capital and business tie-up with Sojitz Corporation. Initially, this tie-up served as a defensive partnership during the pandemic, providing strong support toward reducing costs and controlling our cash outflow. However, over the past two years, our alliance has transitioned to an offensive phase that involves us working together to expand overseas. Mr. Hirai, looking back on this tie-up, how would you assess the achievements and challenges to date?

Hirai In my view, working with Sojitz has fundamentally reshaped the conditions under which the Royal Group can pursue new initiatives, particularly in areas such as overseas business. The other day, as I was looking through the Group's brand book, I came across the phrase "70% of our effort goes into protecting the traditions and values we have built to date and 30% goes to venturing into unknown areas." I feel this captures today's Royal Group to a tee. At Sojitz we tend to flip this on its head and dedicate 70% toward these latter ventures, giving an emphasis to speed. I think that marrying these two corporate cultures has been our greatest achievement.

Kikuchi I think that if there had been no pandemic, there is a very good chance we would not have even reached our current 70/30 split. By partnering with a trading company that strives for dynamic change, we developed a real sense of urgency as a Group to undergo our own transformation. To me, that is a highly significant outcome. Mr. Saito, as someone who was just recently appointed to your position on the Board, how do you see the tie-up?

Saito Given the fundamental constraints affecting Japanese growth, such as population decline, companies need to extend their reach to overseas markets. During my five years on assignment in the United States, I came to see these markets as areas where Japanese companies could play a much greater role. As it stands, overseas expansion is focused on the Group's Restaurant Business, but I see significant room to broaden this effort into other segments such as the Hotel Business and the Food Product Sales Business. If Japanese companies can capitalize on Japan's distinct ability to deliver high quality relative to price and consistently deliver value above expectations, I believe they will find more growth opportunities in the global market.

Kikuchi When we entered this tie-up, we communicated our intention to increase corporate value by combining the Royal Group's assets with Sojitz's strong network. In my view, these capabilities are not limited to restaurants, but are applicable across a wide range of sectors.

Hirai Sojitz has long had a large base of overseas shareholders and, in response to requests from proxy advisory firms, it has spent over a decade strengthening its frameworks for compliance and for promoting sustainability. Of course, restaurant businesses, general trading companies, and operating entities differ in nature, but I believe that the Royal Group can put this knowledge to good use.

Kikuchi Our shareholders are mostly individual investors in Japan. So, relatively speaking, we do not face the same pressure from the capital market. However, this brings with it the risk that dramatic change driven by a sense of urgency may be harder to attain. Sojitz, on the other hand, does face this pressure from the capital market, which has driven its transformation, so being able to draw on this experience is incredibly valuable for us.



Accelerating Overseas Expansion

Kikuchi How would each of you evaluate the Royal Group's overseas expansion efforts?

Hirai It has become clear that a restaurant business needs time to achieve positive results since it requires building a brand in target markets, establishing supply chains, and developing human resources. Now, thanks to the knowledge gained through trial and error, I think the Group is at a stage where it can start accelerating its overseas expansion efforts.

Kikuchi We have made a number of attempts to expand overseas but have experienced repeated setbacks along the way. Following this experience, we realized that we needed to establish a track record of success, so we expanded into other countries in Asia using a franchise model, which helped mitigate risk. As the impact of Japan's declining population becomes more pronounced, any further expansion of overseas business will require a greater investment in people and capital directly into these local markets. This is a difficult task for us to do alone. The capital and business tie-in with Sojitz has given us the opportunity to materialize this ambition for the first time.

Saito To succeed overseas, you need a market-in approach. What works in Japan may not work overseas—for a restaurant business this means finding food offerings that align with local tastes and preferences. Success hinges on localization, which includes the local perspectives, marketing, and supply chains, while still preserving the identity that makes a restaurant special. Even trading companies with more than a century of overseas operations can remain in a state where overseas businesses are run by Japanese teams based on Japanese perspectives, which prevents them from ever becoming truly global companies.

Kikuchi Our current efforts, focused on Vietnam and North America, are very much shaped by those lessons learned. Royal Host and TENYA are well-established brands, but they have been specifically tailored to Japan. This made them rather difficult to adapt for overseas markets, which ultimately created an issue when embracing a market-in approach. In Vietnam, our approach is to apply our know-how with a market-in perspective, rapidly creating new types of businesses and building a successful track record. This is not an approach we could have undertaken on our own; the tie-in made it possible to commit considerably more risk capital toward these efforts.

Human Resource Strategy and Organizational Reform

Kikuchi One critical factor for achieving sustainable growth overseas is having the right people. Our pool of global talent is still somewhat limited, so we have been gradually expanding external hiring.

Hirai Sojitz has been committed to human capital management from an early stage. We lost a significant amount of talent before and after we integrated management, but this experience taught us that retaining high-caliber talent is essential for sustainable growth. For people to grow, they need work that is challenging. In addition, companies need to support their younger employees through on-the-job training to ensure they can flourish in their roles. Throughout the Royal Group of today, young employees are taking on new, unprecedented challenges in regions around the world. I believe that these people are the ones who will bring change to the Company over the next five to ten years. When a company plants seeds, steadily and across a range of business areas, the people involved go on to contribute to that company's growth.

Kikuchi Our Group has traditionally been structured around strong vertical silos, such as individual businesses and formats, while Groupwide functions like marketing, IT, human resources, finance, and sustainability struggled to gain traction across the organization. However, our tie-up with Sojitz brought with it external perspectives and, as increased mobility across businesses added some fluidity to overly rigid structures, cross-organizational functions started to take hold. I believe this will provide a solid foundation for growth and that partnering with Sojitz, which has gone through similar experiences, has been of significant value.

Progress of our M&A Strategy

Kikuchi Restaurant companies with rising share prices make efforts in three key areas: M&As, overseas expansion, and digital transformation. The Royal Group pursued expansion through M&As from 2000 to 2010 in sectors that include in-flight meals, hotels, TENYA, and segments of the Contract Food Service Business. As a result, in fiscal 2018 we achieved net sales of approximately ¥137.7 billion and ordinary profit of approximately ¥5.7 billion. Had we not carried out these M&As, the Company would likely be operating at a completely different scale, in terms of both revenue and profit.

Saito Although a company may have an established set of criteria for M&As, I believe the first step is to determine what the company wants to gain when pursuing a certain M&A. Of course, scale is important. For the Royal Group, the key question is what it wants to get out of the M&A, be it a well-developed franchise model or strong sales capabilities.

Kikuchi I agree. For instance, when we acquired TABISUL Co., Ltd., it was based on a lesson we had learned from the COVID-19 pandemic. Specifically, we wanted to add businesses to our portfolio that are less dependent on the flow of people. M&As can be viewed in many ways, including as a way to purchase capabilities that the Group lacks, as well as shortening the time it would take to develop them.

Hirai In addition to reinforcing a company's core business, driving non-linear growth involves investments in fields that may initially seem outside the range of core operations. Instead of basing M&As around opportunities alone, the Group should think about a strategy-based approach, thinking in terms of business areas, functions, and regions, then determine targets and invest a measured level of risk capital toward future growth.







Kikuchi Looking ahead, our goal is to be a food- and hospitality-centered group that expands globally through co-creation. There are two aspects to corporate value: "value," which refers to comparable value or the sense of getting a good deal for one's money, and "worth," which reflects the intrinsic appeal that makes customers choose a company's services because of what it represents. In Japan, there are many brands that, despite their relatively small scale, build strong connections with customers because of their worth. Co-creation with these types of brands could invite outcomes that might not be possible otherwise and could very well reshape the Japanese restaurant and hospitality industries in the process.

Expectations for the Future

Hirai I genuinely hope that the Royal Group will flourish as a provider of a premium casual dining experiences that can compete in global markets, especially throughout Asia. The key to success is the Group's employees driving this effort. I firmly believe that as these individuals continue to grow and build their perspectives, that energy will translate directly into the future growth of the Group. I would like to support and encourage the efforts of each and every one of them.

Saito To me, the Royal Group is guided by the principle of *fueki ryuko*, preserving those traditions and constants that cannot and should not change while still evolving with the changing times. When faced with uncertainty or difficult decisions, having such a guiding principle is extremely important. Leveraging this principle effectively will be central to the Group's growth. Whether pursuing overseas expansion or domestic M&As, having a clear guiding principle will enable it to consistently build strong, resilient businesses. I would like to play a meaningful role in these endeavors.

Kikuchi *Fueki ryuko* is a concept I often shared with employees during the COVID-19 pandemic. It reflects the belief that preserving the essence of the Royal Group requires evolution and change and that, in this day and age, both our essence and our evolution are indispensable.

We are committed to being a food- and hospitality-centered Group that offers high-quality experiences and settings and grows internationally and we will achieve this by accelerating overseas expansion, pursuing strategic M&As, cultivating the next generation of talent, and driving organizational transformation. We intend to keep taking on new challenges, combining the Group's strength of content with the scalability of a trading company to create a unique kind of worth that stands out from the rest. I am confident that this very process is the path to meeting the expectations of our shareholders and building a future where our employees can take pride in their work.

Remarks from Chairperson Kikuchi



Tadao Kikuchi
Chairperson

In this year's report we decided to engage in roundtable discussions with two different perspectives; in one, I discussed topics with three Audit & Supervisory Committee members and in the other, I discussed topics with two outside directors from Sojitz Corporation. I believe that these objective exchanges on what the Company should aspire to were highly meaningful; such talks are hard to come by during regular Board meetings, where discussions are typically focused on specific agenda items.

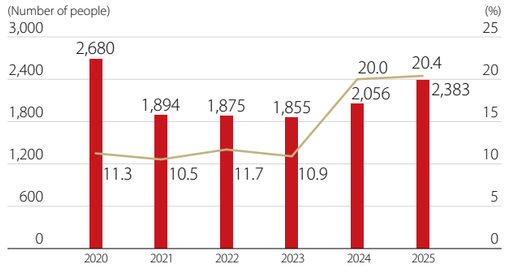
It was particularly striking that both discussions converged on similar key themes: value (comparable value) and worth (the intrinsic appeal that leads customers to choose a company's services) alongside rationality and non-rationality. As advances in AI continue to place value and rationality at the heart of society, the importance of worth and non-rational factors—the value created by people—will only increase, becoming a key and irreplaceable driver of the Group's growth. Going forward, the challenge for management will be how to turn this narrative into reality.

Financial and Non-Financial Highlights (Fiscal 2015–2025)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Results (Millions of yen)											
Net sales	130,327	133,025	135,563	137,701	140,578	84,304	83,975	104,015	138,940	152,150	**165,495**
Operating income (loss)	4,899	5,222	5,952	5,709	4,648	(19,269)	(7,366)	2,192	6,074	7,366	**7,685**
Ordinary profit (loss)	5,021	5,205	6,056	5,765	4,639	(19,855)	(4,498)	2,156	5,266	7,315	**7,917**
Profit (loss) attributable to owners of parent	2,728	2,377	3,533	2,791	1,923	(27,532)	(2,873)	2,754	4,035	5,926	**5,660**
Financial Position (Millions of yen)											
Total assets	90,912	94,070	97,138	99,262	102,540	105,896	109,767	123,570	125,869	127,738	**139,763**
Net assets	46,634	48,234	51,973	51,125	52,028	21,011	33,999	44,808	47,821	50,474	**55,481**
Per-Share Information (Yen)											
Earnings per share	70.79	62.18	93.06	73.71	51.54	(737.44)	(68.60)	52.86	76.82	120.40	**114.96**
Net assets per share	1,198.16	1,247.30	1,343.02	1,336.77	1,361.56	559.62	640.47	833.31	905.66	1,020.67	**1,111.15**
Dividend per share	20	20	26	28	28	0	5	10	20	32	**35**
Cash Flows (Millions of yen)											
Cash flows from operating activities	8,179	9,212	9,350	8,478	9,849	(7,234)	(1,886)	7,389	12,536	10,364	**15,778**
Cash flows from investing activities	(5,081)	(5,961)	(4,279)	(6,121)	(5,941)	(9,918)	2,061	(8,552)	(6,593)	(9,843)	**(16,664)**
Cash flows from financing activities	(3,366)	(2,650)	(2,580)	(4,591)	(4,774)	26,590	9,070	3,702	(5,197)	(7,743)	**774**
Management Indicators (%)											
ROE	6.1	5.1	7.2	5.5	3.8	–	–	7.0	8.8	12.1	**10.8**
ROA	5.8	5.6	6.3	5.9	4.6	–	–	1.8	4.2	5.8	**5.9**
Equity ratio	50.4	50.3	52.5	50.3	49.6	19.7	31.0	35.8	38.0	39.3	**39.2**

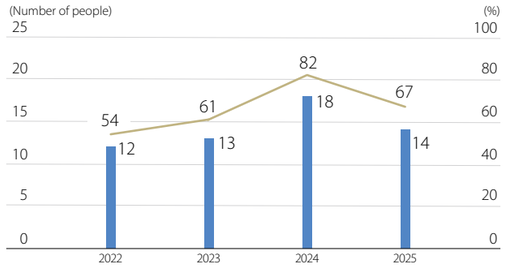
Non-Financial Data

Number of Employees (Consolidated) / Ratio of Women in Managerial Positions (Consolidated)



Note: Scope excludes overseas subsidiaries

Number of Employees that Took Paternal Leave / Ratio of Employees that Took Paternal Leave

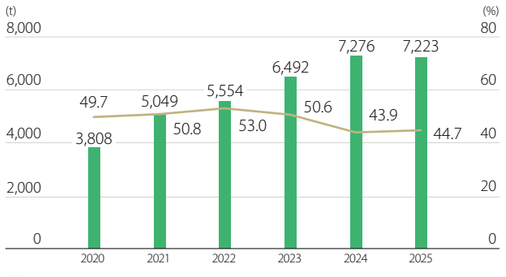


Number of Employees with Disabilities and Employment Rate



Note: The legally mandated employment rate is 2.5% (as of April 2024).

Amount of Food Waste / Food Recycling Rate



Note: The target food recycling rate for the Restaurant and Food Manufacturing Businesses is 50%.

Corporate Data (As of December 31, 2025)

Company Information

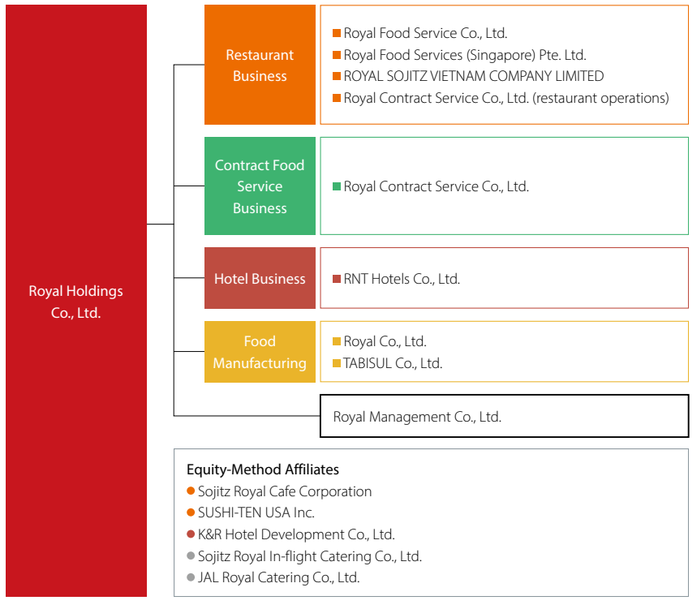
Company Name	Royal Holdings Co., Ltd.
Founding	April 1950
Capital	¥17,830,138,262
Number of Employees	2,383 (Consolidated)
Head Office	3-28-5 Naka, Hakata-ku, Fukuoka-shi, Fukuoka, 812-0893, Japan
Tokyo Headquarters	1-34-6 Sakurashimmachi, Setagaya-ku, Tokyo, 154-8584 URL: https://www.royal-holdings.co.jp/en
Business Summary	Pure holding company that oversees and manages Group operations

Investor Information

Market Listing	Tokyo Stock Exchange, Prime Market segment; Fukuoka Stock Exchange
Securities Code	8179
IPO Date	August 1978
Total Number of Authorized Shares	120,000,000
Total Number of Issued Shares	49,742,717 (excluding 119,145 treasury shares)
Number of Shares per Unit	100
Number of Shareholders	30,822

Note: At a meeting of the Board of Directors held on November 28, 2025, the Company approved a two-for-one stock split of its common stock, effective January 1, 2026, and amended its Articles of Incorporation to revise the total number of authorized shares. With this split, the total number of authorized shares increased to 240,000,000 and the total number of issued shares increased to 99,485,434 (excluding 238,290 treasury shares). However, the investor information presented in this section is based on figures prior to the stock split.

Group Overview

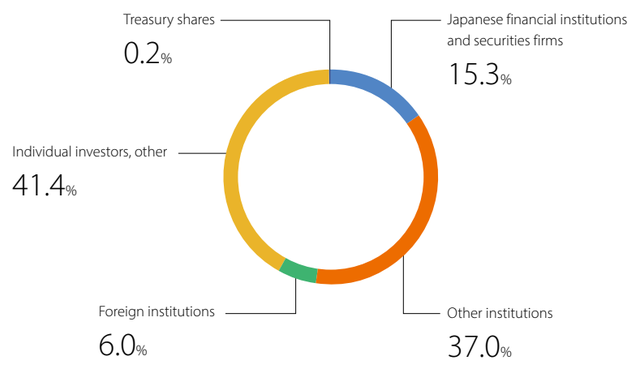


Major Shareholders

Name of Shareholder	Number of Shares (Thousands)	Shareholding Ratio (%)
Sojitz Corporation	9,933	19.97
The Master Trust Bank of Japan, Ltd. (Trust account)	3,588	7.21
Egashira Foundation (public interest)	2,452	4.93
Kilroy Kosan Co., Ltd.	1,624	3.26
Nippon Life Insurance Company	803	1.61
THE NISHI-NIPPON CITY BANK, LTD.	765	1.54
DUSKIN CO., LTD.	700	1.41
HANEWFOODS INC.	692	1.39
Isetan Mitsukoshi Holdings Ltd.	681	1.37
The Bank of Fukuoka, Ltd.	673	1.35

Note: 1. In addition to the above, the Company has 119,145 treasury shares (0.24%). This amount excludes Company shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the employee incentive plan "Stock Benefit Trust (J-ESOP)" and the performance-linked stock compensation plan "Stock Benefit Trust (BBT)," which are presented as treasury shares in consolidated financial statements and non-consolidated financial statements.
2. Although the Company conducted a two-for-one stock split of its common shares effective January 1, 2026, the shareholding figures presented above are based on the number of shares held prior to the stock split.

Breakdown of Shareholders by Investor Type



Stock Price

Note: January 2021 to April 2026



Note: The Company conducted a two-for-one stock split of its common shares effective January 1, 2026.
Stock prices have been calculated as if the stock split was implemented at the beginning of the reporting period.