



Royal Group

Management Vision 2035

Medium-term Management Plan 2025-2027



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1. Management Vision 2035



Royal Group Management Vision 2035

Bringing joy to communities and society through food and hospitality

ROYAL

February 14, 2025
Royal Holdings Co., Ltd.

Consideration of our vision for 10 years from now, from the perspective of what must change and what must not

Royal Group Management Vision 2020

Aiming to be the highest quality food and hospitality group in Japan

What must not change

- The Royal Credo
- Intrinsic values



What must change

- Business environment
- Management issues

Royal Group Management Vision 2035

ロイヤル経営基本理念

ロイヤルは食品企業である。

お客様から代金をいただくからには、

一、食品は美味しくなければならぬ。

一、調理・製造も取扱いも衛生的でなければならない。

一、サービス・販売は、お客様の心を楽しませ、社会を明るくするものでなければならない。

以上のつとめを果す報酬として、

正当な利潤を得られ、

ロイヤルも私共も、永遠に繁栄する。

昭和三十一年六月制定



Identifying the Business Environment and Management Issues

Business environment

Economy	<ul style="list-style-type: none">- Declining domestic population - Increasing inbound tourism- Increasing raw material prices- International economic growth
HR	<ul style="list-style-type: none">- Decreasing productive population- Increasing employment fluidity- Utilization of foreign talent
Society	<ul style="list-style-type: none">- Increasing awareness of sustainability

Management issues

Economy	<ul style="list-style-type: none">- Creation of growth domains- Aging facilities- Dependence on the flow of people
HR	<ul style="list-style-type: none">- Securing the workforce - Diversity in human resources- Aging employees
Society	<ul style="list-style-type: none">- Response to sustainable growth

- **Develop businesses in growth domains**
- **Focus on the importance of human resources**
- **Improve competitiveness in consumer and recruitment markets**
- **Develop the business foundation for sustainable growth**
- **Balance social and environmental values with economic value**



Management Vision

Bringing joy to communities and society through food and hospitality

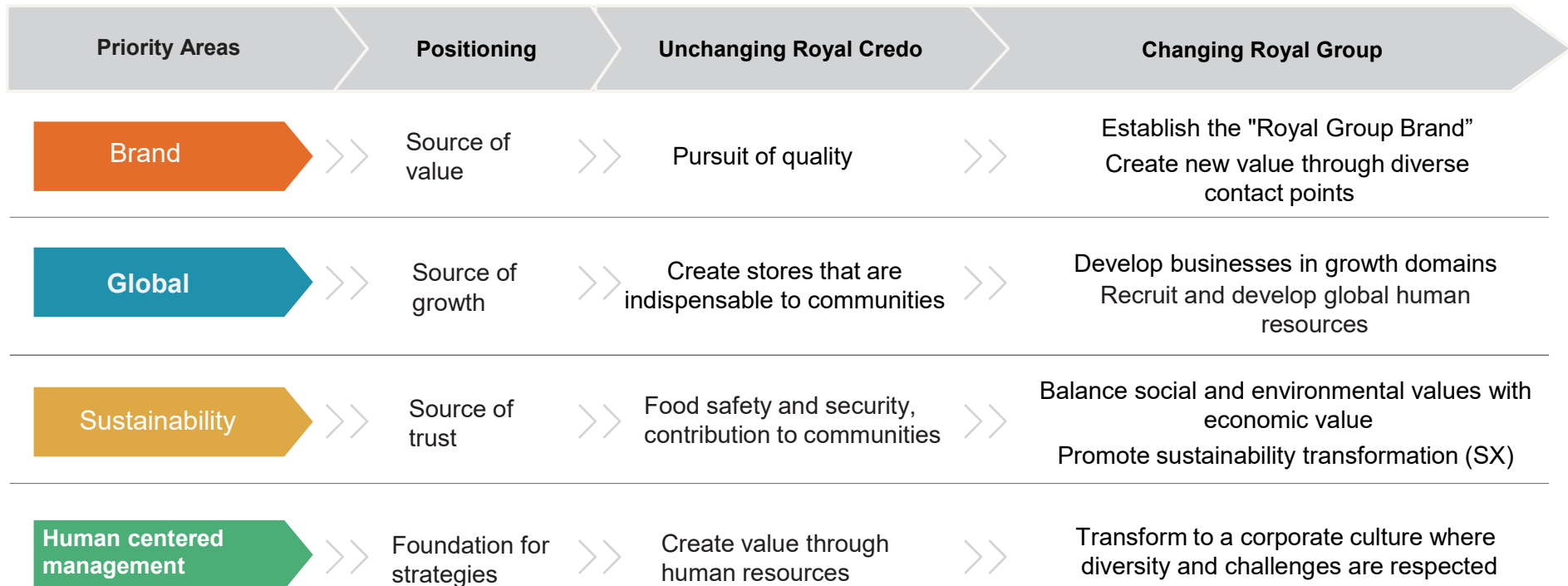
Aim

A food and hospitality group that offers high quality experiences and grows internationally



**Management Strategy**

Establish four priority areas in order to realize a "Changing Royal Group" while valuing the "Unchanging Royal Credo"





To become a company that is trusted and chosen by all of our stakeholders as “a food and hospitality-centered group that offers high quality experiences and settings and grows internationally”



2. Medium-term Management Plan 2025-2027



Medium-term Management Plan - Basic Policy

From transformation to growth, then leaping forward

Aim

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

Performance indicators

(FY2024 results)

FY2027

Net sales

187.5 bn yen

(152.1 bn yen)

Ordinary profit

10 bn yen

(7.3 bn yen)



Financial indicators

(FY2024 results)

FY2027

ROE

12%

(12%)

EPS

135 yen

(120 yen)

Equity ratio

40%

(39%)



Shareholder returns

DOE

3.5%

Dividend payout ratio

30%

in stable dividends is the target





Formulation of four Group-wide strategies corresponding to the Management Vision 2035 priority areas in order to realize the "Changing Royal Group"

1

Brand strategy

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



2

Global strategy

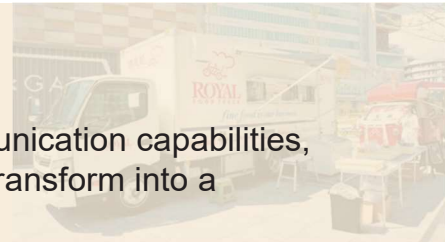
Hire and train global human resources, pursue growth and profitability in both directly managed and franchised overseas businesses, and capture inbound tourist demand in domestic businesses



3

Sustainability strategy

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



4

Human resources strategy

Work on further investment in human capital and transformation of corporate culture, and develop human resources to create new value, in order to realize human centered management





Utilize various contact points, evolve individual brands and promote integrated brand-based value design in order to establish the Royal Group brand

Enhance marketing functions

Utilize various contact points



Establish branding

ROYAL

Establish the Royal Group brand

A food and hospitality-centered group that offers high quality experiences and settings

Evolve individual brands



Integrated value design

Integrated brand-based value design

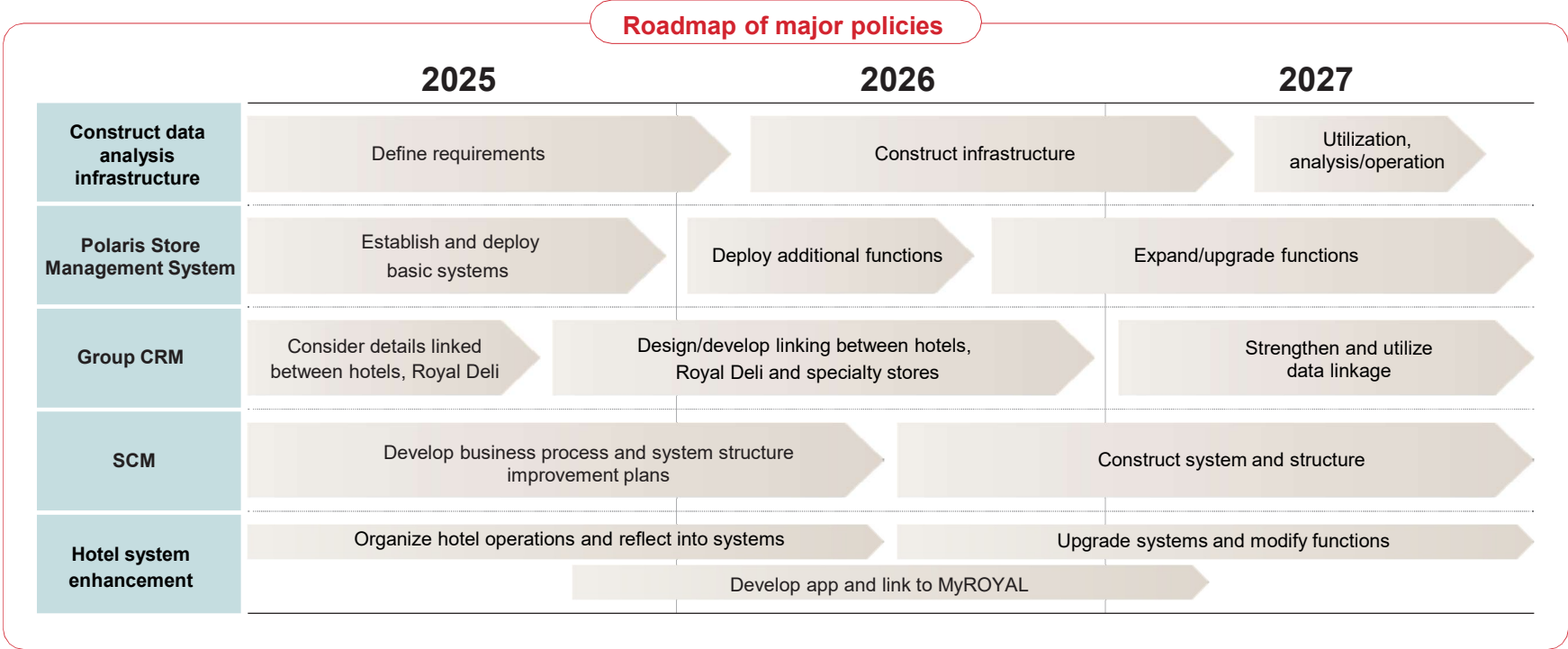
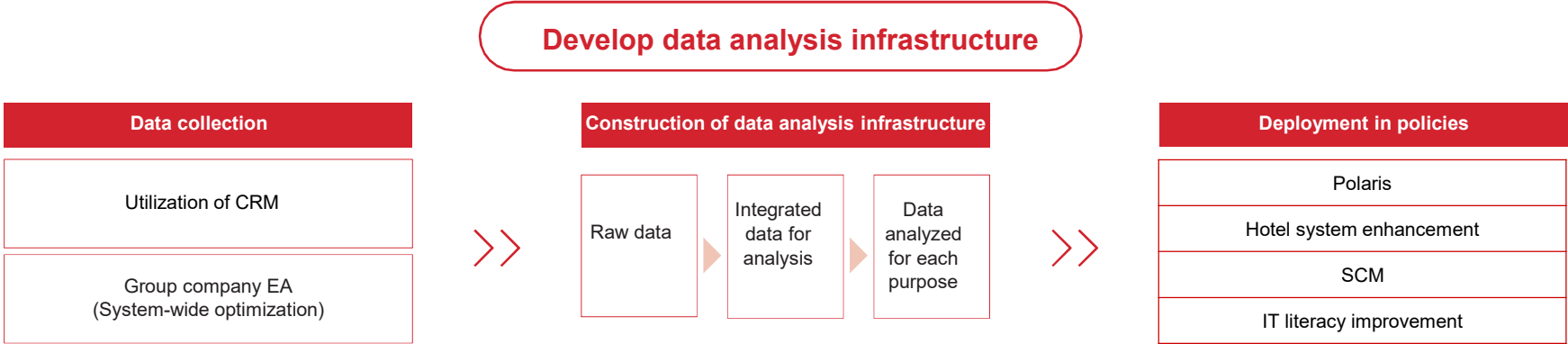
- Product development and SCM construction
- Operations
- Education and training
- Sustainability
- Store design and location development
- IT & technology



Provide value



Develop data analysis infrastructure for enhanced marketing functions





Hire and train global human resources, pursue growth and profitability in both directly managed and franchised overseas businesses, and capture inbound tourist demand in domestic businesses

FY2027 Targets



Number of
overseas
stores

Directly managed: 50

Franchised: 100

Countries/
regions
entered

10 in total

Develop and expand directly-managed businesses

Target
Area

Asia & North America

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

Strengthen franchise businesses

Target
Area

Asia & North America

- Franchise packaging of domestic and international brands
- Multi-brand development within a country
- Promote new business development and increase the value of franchise content

Capture inbound tourism demand

Target
Area

Japan

- Develop infrastructure for inbound tourism
- Increase awareness of the Royal Group brand

Recruit and develop global human resources

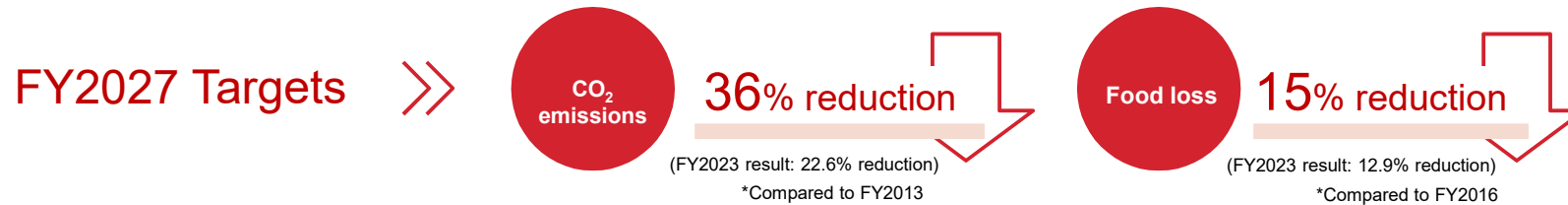
Target
Area

Global

- Overseas recruitment activities
- Develop career paths for global human resources
- Nurture human resources capable of handling overseas expansion



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



Establish sustainability infrastructure and strengthen promotion and communication abilities

Promote value creation with communities and society

Enhance brand strength through creation of economic value and social/environmental value

Become a company and brand of choice

Perspective	Relationship with the SDGs	Medium-term Management Plan 2025-2027
Human Resources	   	<p>Promote human resources strategy</p> <p>Promote human rights initiatives</p>
Food & Hospitality	  	<p>Ensure safety and security</p> <p>Promote brand strategy</p>
Resources & Environment	     	<p>Reduce food loss and CO₂ emissions</p> <p>Promote measures for biodiversity and water resources</p>
Communities	   	<p>Promote CSR activities</p> <p>Value creation in collaboration with communities and society</p>
Governance	    	<p>Promote information disclosure</p> <p>Strengthen the ability to communicate information</p>



Work on further investment in human capital and transformation of corporate culture, and develop human resources to create new value, in order to realize human resource-centered management

FY2027 Targets



Employee
satisfaction
survey

3.4

(Record high 3.37)
*5-point scale

Ratio of
foreign
employees

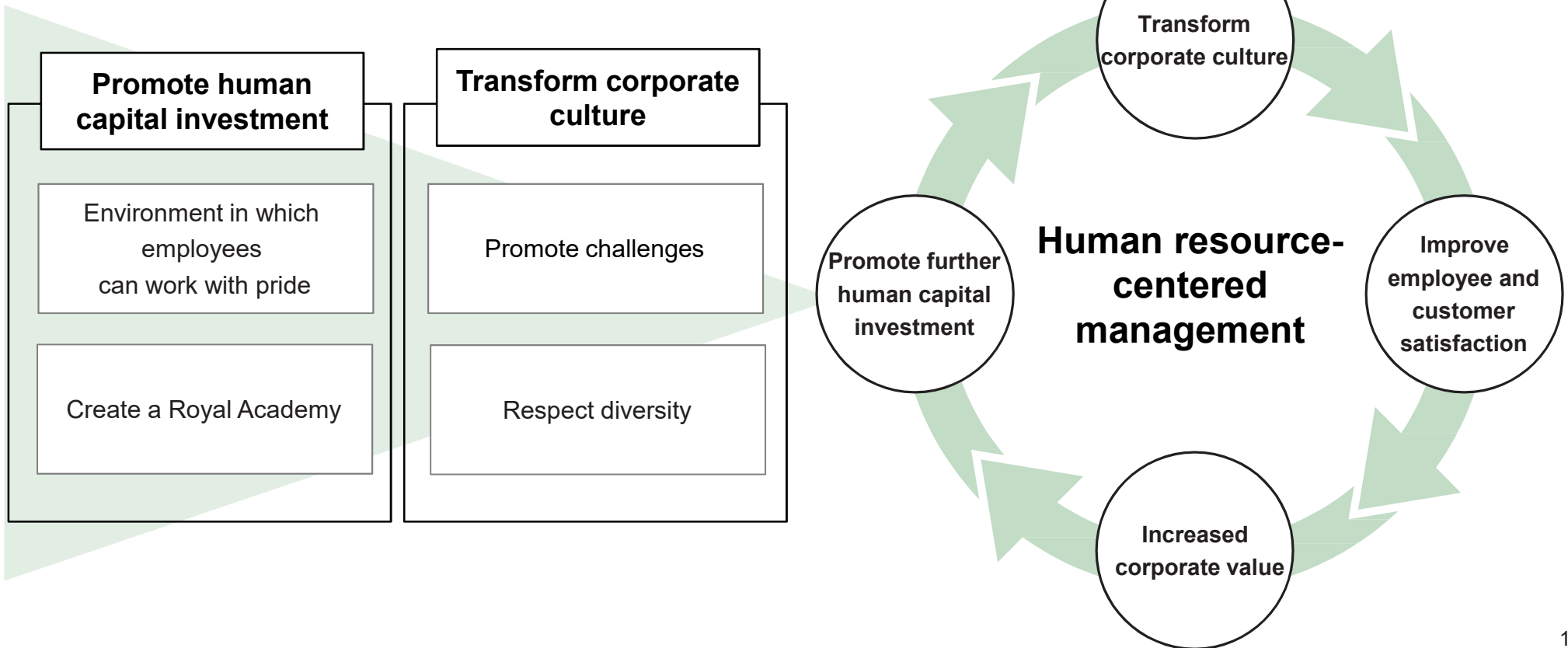
20%

(FY2024: 5.8%)
*Including overseas
subsidiaries

Ratio of
female
managers

25%

(FY2024: 20%)





Clarify the mission of each segment and build a business portfolio that grows strongly

Business Segment	Strategic Segment	Mission Keywords
 Restaurants	Brand business  	Brands that continue to evolve
	Specialty store business   	Royal Group's growth and development engine
	Overseas business	
 Contract Food Service	Contract food service business	
 Hotels	Hotel business 	Earnings base and further growth
 Food manufacturing	Infrastructure business	Source of value, succession of core values
	Food product sales business 	Strategic businesses and further growth





Active consideration of M&A

Target	Domestic and international businesses with excellent brands, mainly in the food and beverage industry
	<ul style="list-style-type: none"> - Businesses in which the Royal Group's expertise and skills can be utilized - Businesses with growth potential - Businesses capable of maintaining financial discipline and proper business management



Medium-term Management Plan targets have been set for each segment

(Billions of yen)

Business Segment	FY2024		FY2027 (target)		Change		Number of New Stores	
	Net sales	Ordinary profit	Net sales	Ordinary profit	Net sales	Ordinary profit	Directly-managed	Franchise etc.
 Restaurant business (overseas)	63.0 (0.3)	3.2 (-0.3)	80.0 (7.5)	5.0 (0.5)	+17.0 (+7.2)	+1.8 (+0.8)	+69 (+50)	+82 (+72)
 Contract food service business	49.8	2.8	57.5	3.5	+7.7	+0.7	+31	—
 Hotel business	35.1	5.4	45.5	6.5	+10.4	+1.1	+5	—
 Food manufacturing business	12.5	0.1	13.0	0.1	+0.5	0.0	—	—
Other businesses	0.3	0.6	0.5	0.9	+0.2	+0.3	—	—
Inter-segment offsets	-8.5	-	-9.0	-	-0.5	-	—	—
Corporate departments	-	-4.8	-	-6.0	-	-1.2	—	—
Total	152.1	7.3	187.5	10.0	+35.4	+2.7	+105	+82



Develop Group-wide strategies to build a solid foundation for leaping forward

Group-wide strategic promotion
expenses (2027)

+2.0 bn yen (compared to FY2024)

1. Brand strategy

- Marketing, branding enhancement, data analysis infrastructure construction
- Overall optimization of Group's systems, cybersecurity measures
- Consideration of strategic M&A

2. Global strategy

- Recruit and develop global human resources
- Develop a promotion structure for expansion of overseas businesses
- Promotion of multilingual capability

3. Sustainability strategy

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

4. Human resources strategy

- Create the Royal Academy
- Create an environment in which employees can work with pride
- Human resources policies that respect diversity and challenges



Aiming to further increase corporate value by investing for sustainable growth

Capital Investment		Amount Invested in 3 Years	Main Details
Growth & Functional Improvement	Restaurants	17.0 bn yen	<ul style="list-style-type: none"> - Openings centered on Tenya, Sizzler, and Shakey's - Strategic relocation of Royal Host stores - Investment in value-enhancing renovations, and kitchen and other productivity improvements
	(overseas)	(2.5 bn yen)	<ul style="list-style-type: none"> - Open directly-managed stores overseas (about 50 stores planned over three years)
	Contract Food Service	4.0 bn yen	<ul style="list-style-type: none"> - Open stores at major airports and highway rest stops - Develop new domains in entertainment and sports facilities, etc. - Value-enhancing renovations at existing locations
	Hotels	19.0 bn yen	<ul style="list-style-type: none"> - Major renovations at existing hotels - Opening hotels in new areas - Digital and DX investments to improve customer experience value
	Food manufacturing	1.5 bn yen	<ul style="list-style-type: none"> - Investment in production facilities that support brands - Investment in food product sales business - SCM and DX investments
- Business Infrastructure Development		5.0 bn yen	<ul style="list-style-type: none"> - Construct data analysis infrastructure for enhanced marketing - Overall optimization of the Group's systems - Preventive maintenance and infrastructure development
Investments in equity method affiliates			
Restaurants (Overseas)	0.3 bn yen	Develop food and beverage business in the US	Hotels 1.3 bn yen Develop luxury hotels in Japan

Total 3-year investment
46.5 bn yen

*Including leased assets



Maintain financial discipline while managing the business with an awareness of improving profitability and capital efficiency, and quickly monetize new businesses and assess their business potential

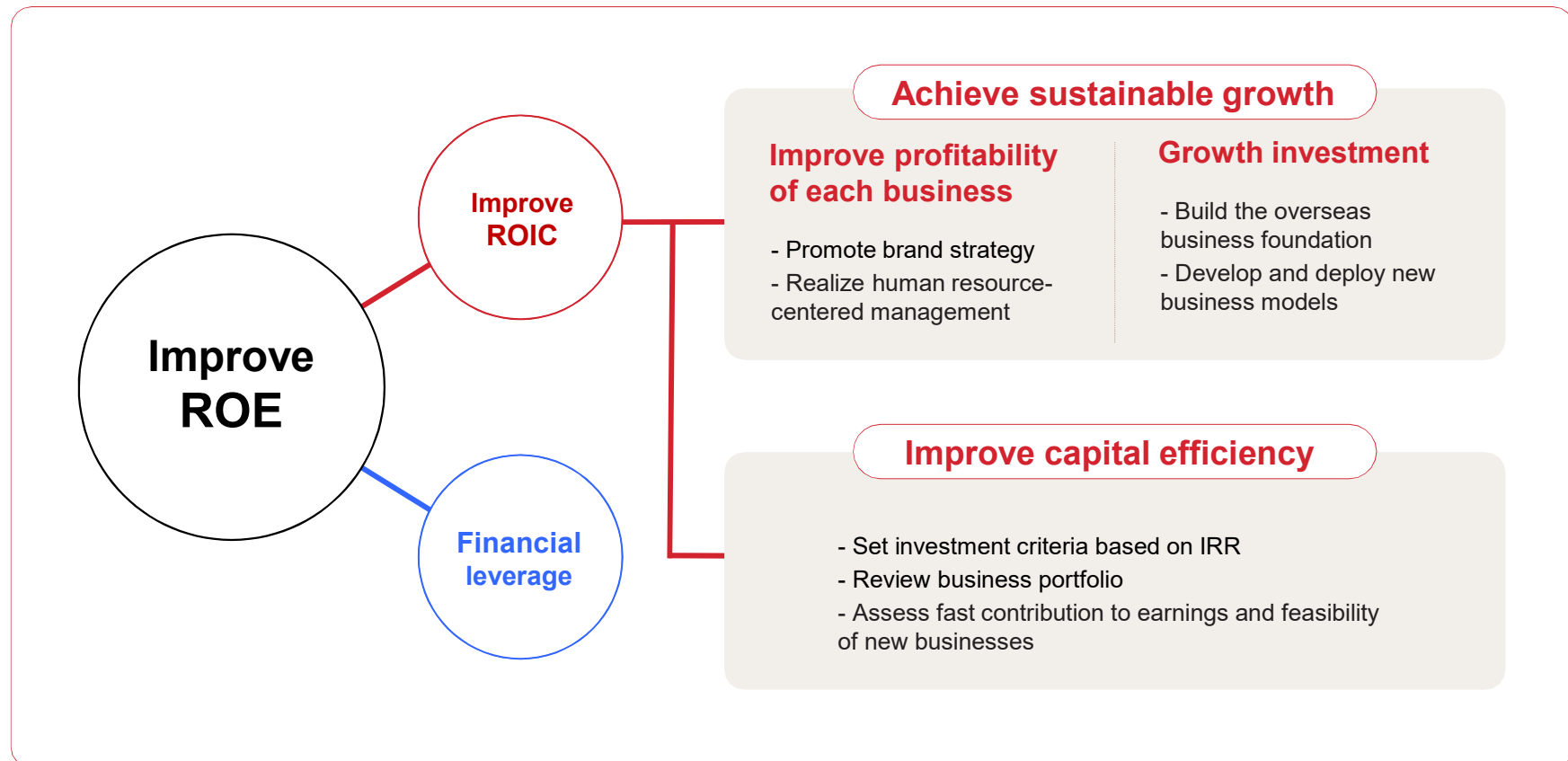
FY2027 Targets >>

ROE

12%

EPS

135 yen



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Appendix 1

Medium-Term Management Plan 2025-2027 - Strategy by Business





Enhance customer experience value and realize the highest quality restaurant brand in Japan

Brand

Evolve individual brands

- Pursue high-value-added strategy
- Establish business scheme 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
- Strengthen information communication to inbound tourists
- Recruit and develop global human resources

Sustainability

Promote sustainability Value creation with communities and society

- Reduce food loss and CO₂ emissions
- Continue to promote industry-academia collaboration, work experience, 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

Roadmap of major policies

	2025	2026	2027
Hospitality Restaurant Royal Host		High value-added strategy	
		Establish new store models and strategic relocation	
天ぷら 天丼 天焼肉 TEMPURA TENDON TENIRI AMAGASA TOKYO		High value-added strategy through renovation and DX of existing stores	
		Establish new store models and open stores	
Sizzler	Establish business scheme		
		Open new stores	
Shakey's Pizza Parlor	Establish business scheme	Open directly-managed stores	
		Open franchise stores	
Specialty stores		Improve product development abilities, specialization and profitability	
		Develop business categories and expand store openings	



Build a business foundation in overseas growth markets through directly-managed and franchise stores as a growth and development engine



Discover attractive content in Japan and overseas

- Utilize and evolve the Group's businesses
- Discover and develop brands outside the Group
- Deploy locally developed content globally



Contribute as a food and beverage business rooted in each country/region's market

- Initiatives that contribute to environmental preservation
- Respect for diversity and coexistence
- Contribution to communities and society



Expand businesses in growth markets

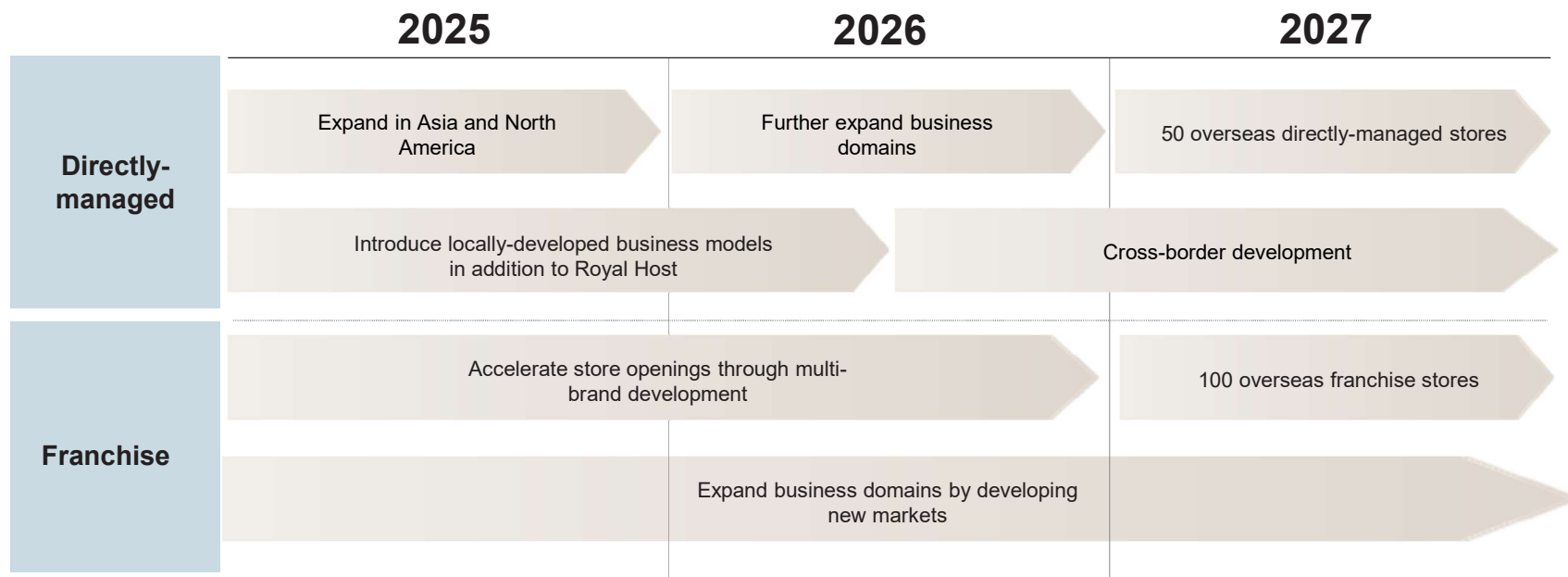
- Build a foundation for directly-managed businesses in Asia, North America, etc.
- Expand franchise businesses through multi-brand development
- Develop new growth markets



Establish a scheme to attract, nurture, and circulate global human resources

- Recruit domestic and international human resources necessary for business expansion
- Grow each individual through the launch of new businesses
- Expand opportunities through cross-border personnel transfers

Roadmap of major policies





Improve location development abilities as a growth engine and improve business category development abilities as a development engine



Brand

Establish the Royal brand as a contract food service business

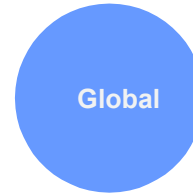
- Pursue quality and establish barriers to entry
- Expand locations and establish development structure
- Develop growth domains (entertainment, sports facilities, etc.)



Sustainability

Promote sustainability Value creation with communities and society

- Reduce food loss and CO₂ emissions
- Create social value through partnerships, etc. (OriHime)



Global

Capture inbound tourism demand

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

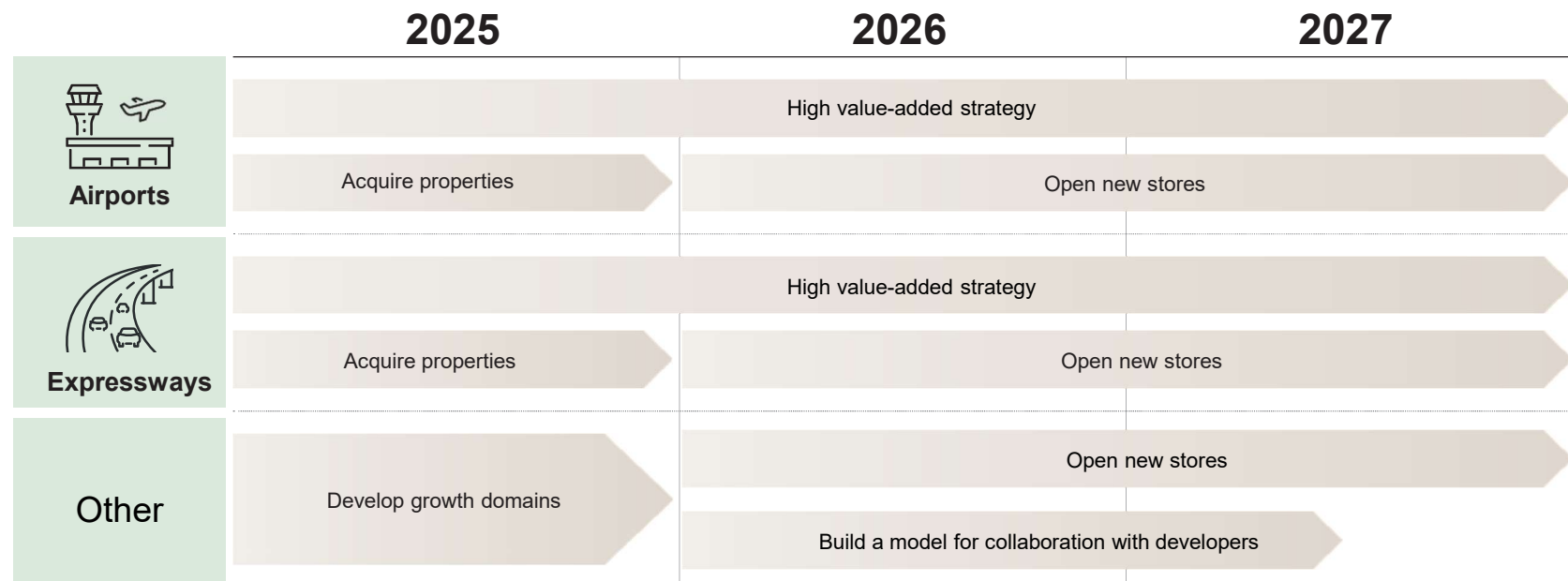


Human resources

Promote human capital investment and transform corporate culture

- Create an environment for diverse work styles
- Diversify recruitment channels
- Strengthen human resource development programs

Roadmap of major policies

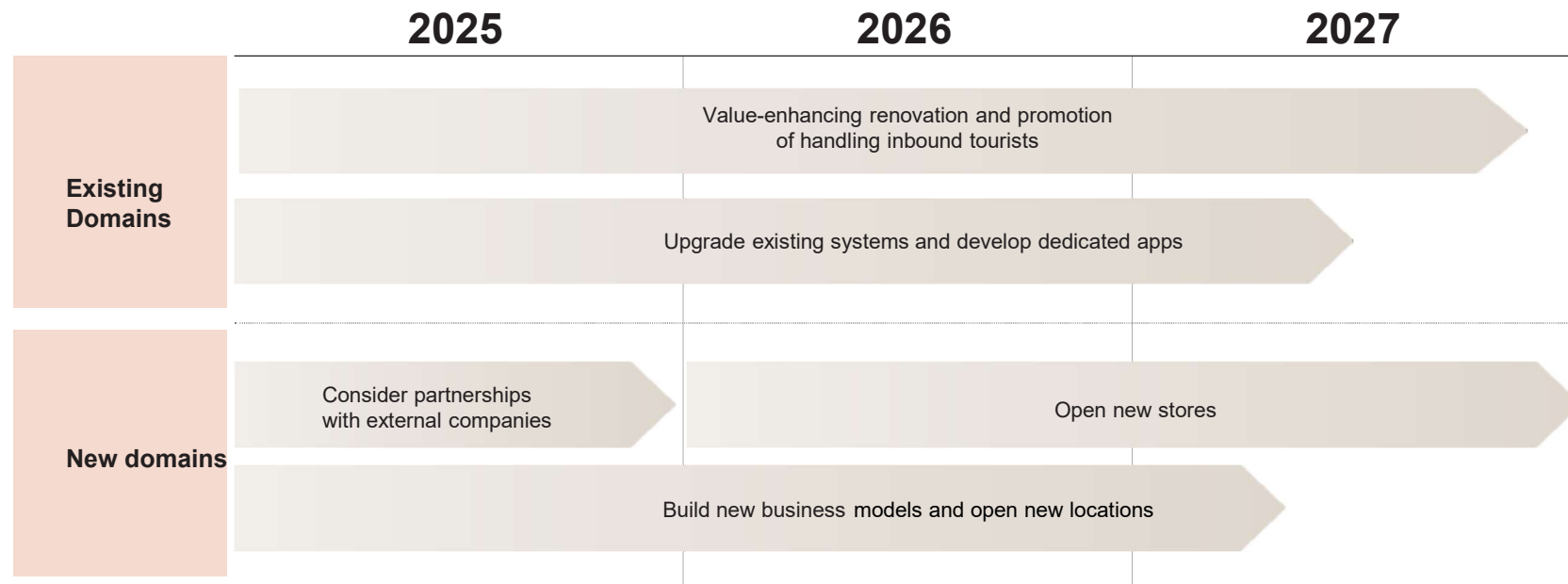




Expand the scale of the hotel business through the evolution of existing brands and the challenge of entering new domains



Roadmap of major policies





Succeed Royal's core values and expand food sales business as a business not dependent on the flow of people, while supporting brand evolution



Source of value, succession of core values

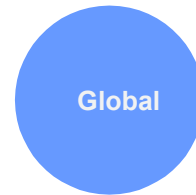
- Product development that combines added value and productivity
- Continue SCM reform and improve CK productivity
- Increase the value of Royal Deli



Promote sustainability

Value creation with communities and society

- Proactively introduce environmentally friendly materials
- Reduce food loss and CO₂ emissions through advanced SCM



Respond to diversity through food

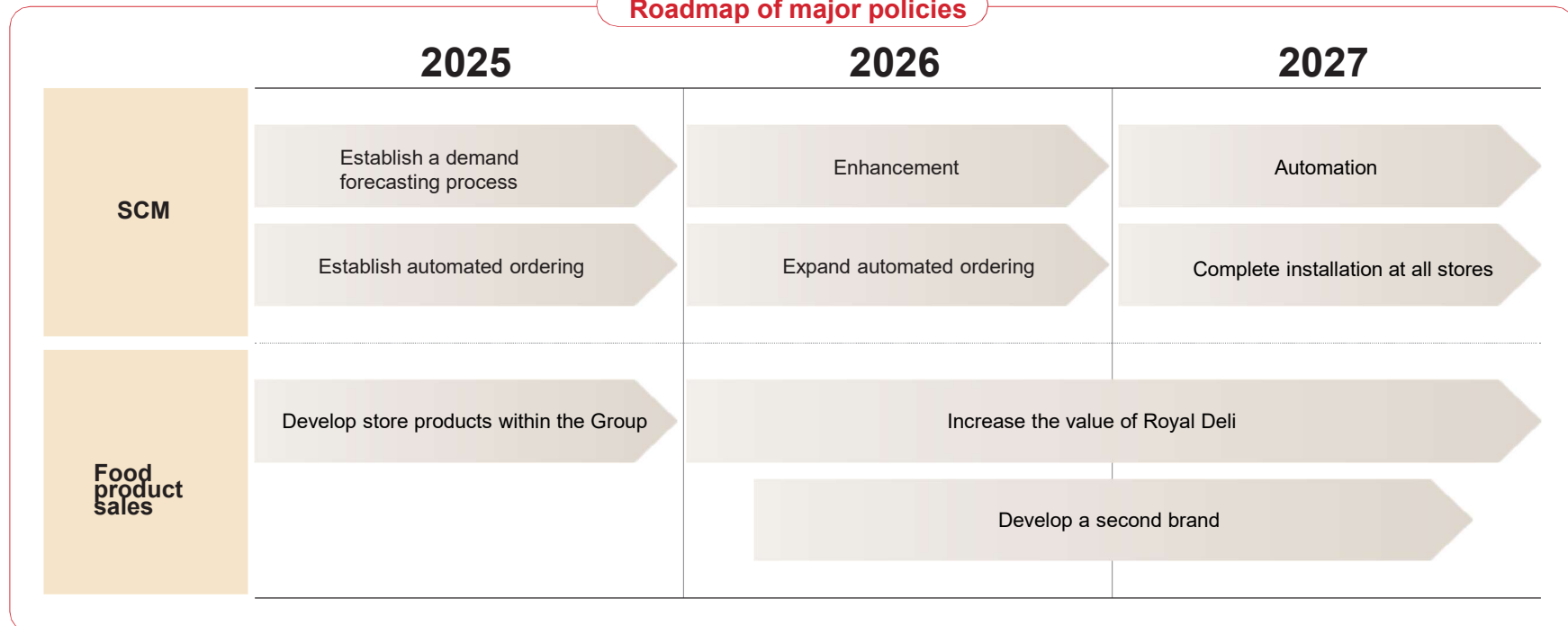
- Product strategy that considers inbound tourism
- Develop products that meet diverse needs
- Recruit and develop global human resources



Promote human capital investment and transform corporate culture

- Strategic job rotations and internal recruitment
- Clarify the duties of each department
- Promote diversity

Roadmap of major policies



Appendix 2

Review of the Previous Medium-term Management Plan 2022-2024





Policy

Vision

Provide food and hospitality regardless of time and place

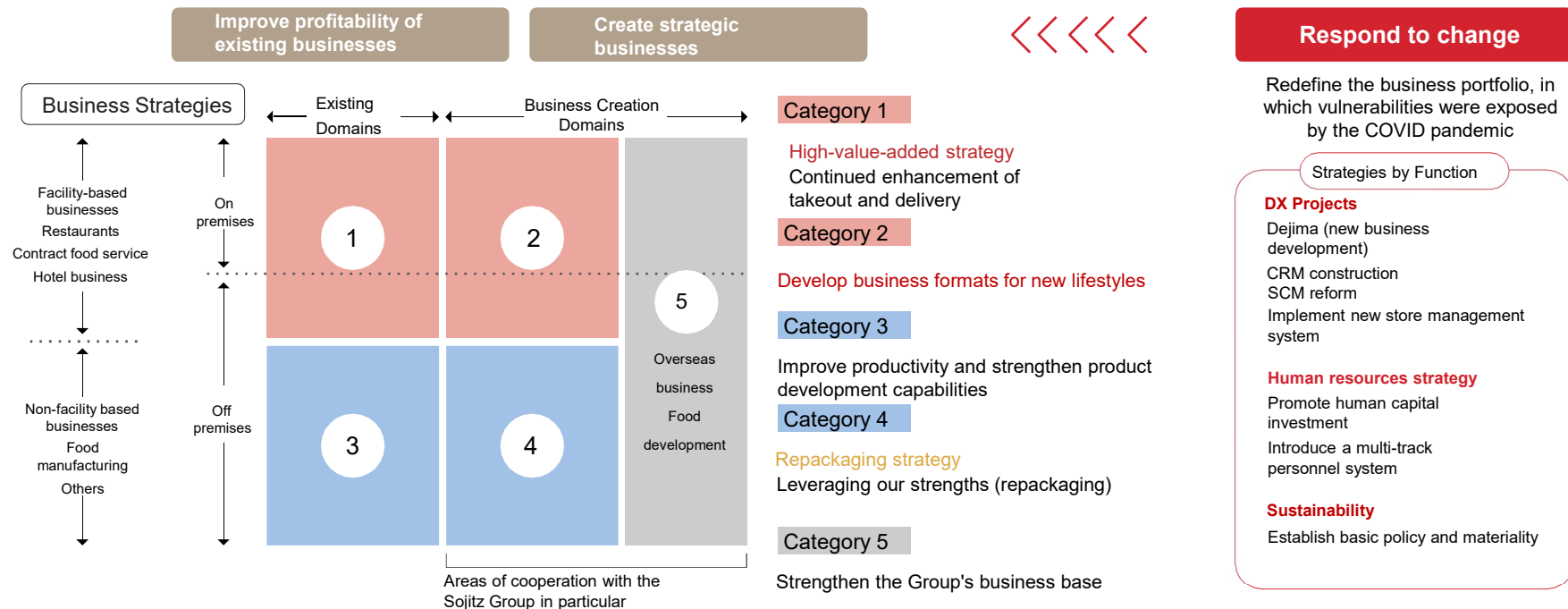
Positioning

“From revitalization and transformation to growth”

Key Financial Targets

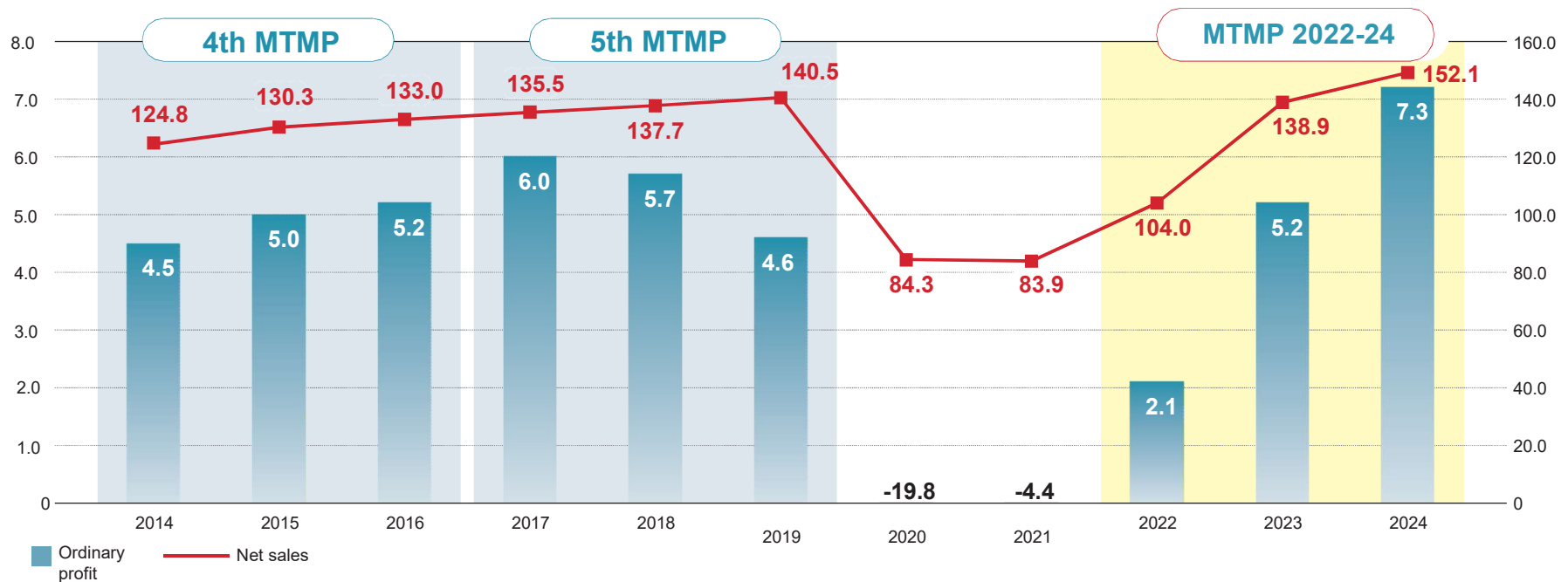


Key Strategies





Achieved record profits through recovery and transformation from the COVID pandemic



Strengthen profitability	Consolidated net sales	FY2024 targets	FY2024 results
	Consolidated ordinary profit	136.0 bn yen	152.1 bn yen
	Ordinary profit margin	6.5 bn yen	7.3 bn yen
Create shareholder value	EPS	4.8%	4.8%
Soundness of financial base	Equity ratio	Approx. 80 yen	120 yen
Improve capital efficiency	ROE	Approx. 40%	39%
		8% or more	12%



Steadily promote high-value-added strategies, expansion in business creation domains, and development of business foundation

Priority Measures	Evaluation	Results	Issues
Improve profitability of existing businesses <ul style="list-style-type: none"> - Further enhance the added value provided to customers - Create new customer experience value through CX - Improve productivity through capital and system investments - Cost reduction through SCM 	○	<ul style="list-style-type: none"> - Promoted high value-added strategy and enhanced customer experience value - Proactive capital investment - Launched SCM reforms such as automated ordering and logistics efficiency improvement 	<ul style="list-style-type: none"> - Aging of some facilities - Overall optimization of the supply chain
Create strategic businesses <ul style="list-style-type: none"> - Create strategic businesses in collaboration with Sojitz - Cultivate growth areas (Royal Deli, TO Delivery business category, commercial food) - Promote overseas expansion 	△	<ul style="list-style-type: none"> - Expanded Royal Deli business, etc. - Started Costa Coffee business, restaurant opening support business, etc. - Built the business foundation for expansion of overseas businesses 	<ul style="list-style-type: none"> - Creation of new growth domains - Business expansion in growth domains - New businesses' contribution to earnings
Respond to change <ul style="list-style-type: none"> - Create new markets in each business - Open new stores with an eye to the future - Cultivate new business models by promoting DX - Human resource development and growth 	○	<ul style="list-style-type: none"> - Expanded business in the entertainment and leisure domains - Developed system infrastructure - Promoted human capital investment 	<ul style="list-style-type: none"> - Further DX promotion - Diversity in human resources