

Y AOKO Report

25
2024.4-2025.3



Special Report

Flagship location in the North Area which provides support for middle-aged and senior customers

Taking on Challenges at the Kuki Yoshiba Store



Company name	YAOKO CO., LTD.
Head office	1-10-1 Arajukumachi, Kawagoe-shi, Saitama, 350-1124
Phone	049-246-7000 (Switchboard)
Representatives	Chairman and Representative Director Yukio Kawano President and Representative Director Sumito Kawano
Capital stock	¥9,846 million
Employees	4,931 (as of March 31, 2025) <Consolidated> Plus 15,921 partner and casual members (calculated at 8 hours per day)
Number of stores	239 (as of March 31, 2025) <Consolidated>
Group companies	AVE Co., Ltd. Foocot Co., Ltd. Sendo Co., Ltd. YAOKO BUSINESS SERVICE Co., Ltd. (unconsolidated subsidiary) OGAWA Trading Co., Ltd. (unconsolidated subsidiary) YAOKO HARMONY Co., Ltd. (unconsolidated subsidiary)
URL	https://www.yaoko-net.com/



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The Foundation of Value Creation

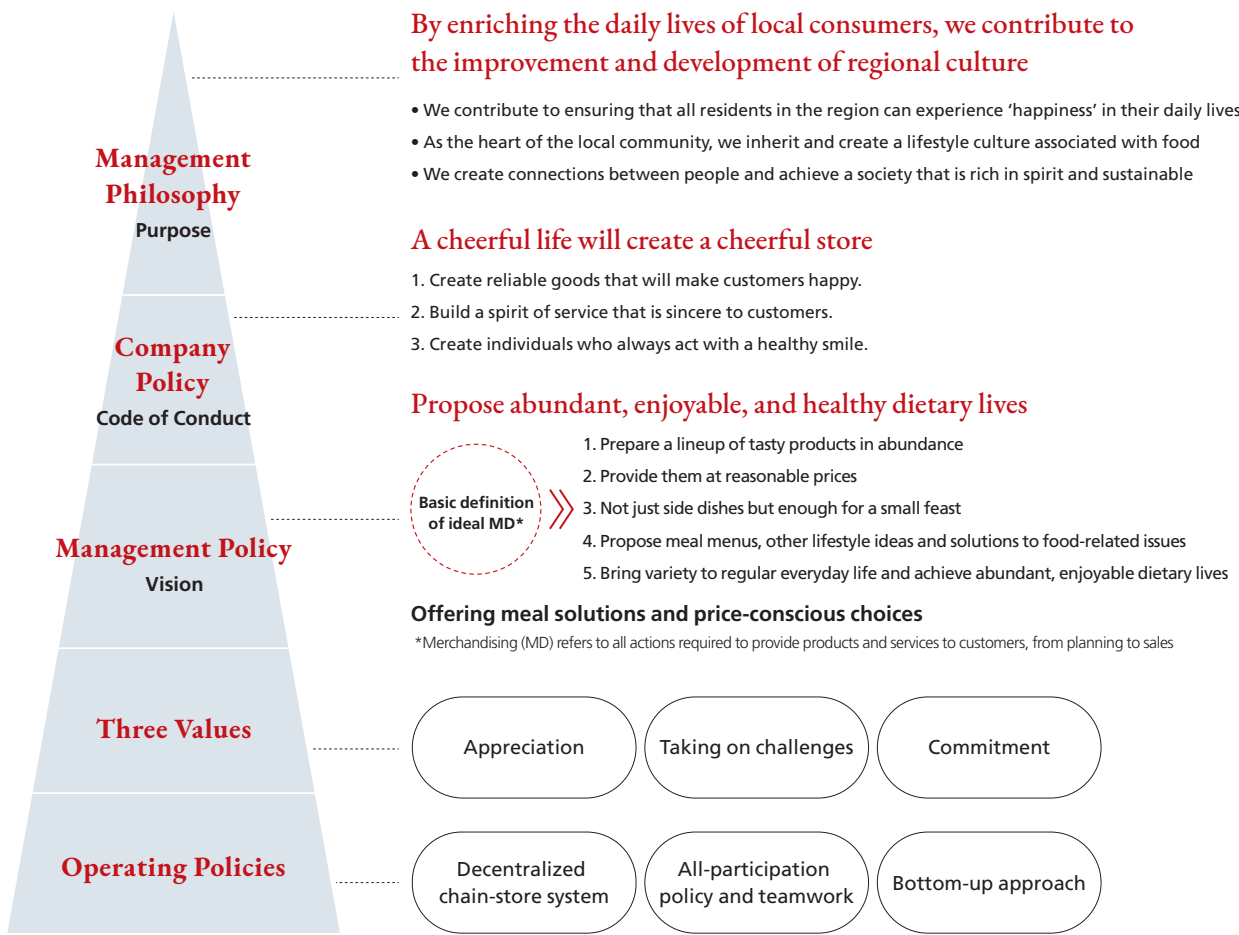
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Yaoko Group Management Philosophy

More abundant and enjoyable dietary lives for everyone in the region

- Constantly provide our customers with value beyond just price
- Be a company where all employees are proud of their work and enjoy their living
- Build our own model of high productivity while eliminating waste
- Contribute to solving social issues by collaborating with all stakeholders

Yaoko Philosophy System



Editorial Policy

The *Yaoko Report 2025* includes performance and business summaries, financial information, and more, focusing on our management philosophy and business strategies. In addition, comprehensive non-financial information which supports dynamic growth is also included. We hope it will be used by a variety of stakeholders, especially shareholders and investors, to promote an understanding of the Yaoko Group.

Reporting Period

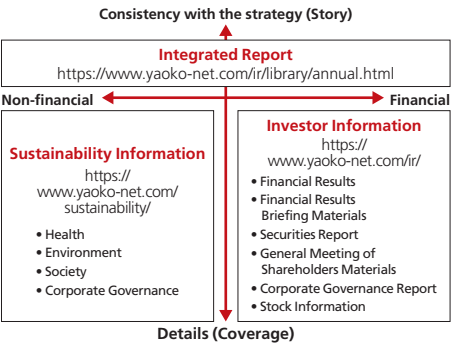
April 2024 to March 2025

Important Points about Future Estimations

The *Yaoko Report 2025* contains uncertain elements, such as estimates and forecasts of the future performance of our group. These elements are based on information and certain premises determined to be reasonable, as currently obtained by our company at the time of issuing this report. Actual results may differ greatly from these forecasts due to various causes.

Scope of Reporting

YAKO Co., Ltd. and Group companies



Message from the Chairman

We aspire to be appreciated by our customers as an enterprise enriching their daily lives

Yukio Kawano

Chairman and Representative Director



While the Japanese economy has been gradually recovering, due to issues such as Russia's prolonged invasion of Ukraine and a worsening situation in the Middle East, there are shortages of energy resources and raw materials, and global inflation is continuing. Amidst these circumstances, the yen has been weakening rapidly due to the difference in interest rates between Japan and other countries, and the prices of all goods and services have continued to rise. Although government-led wage increases have been implemented, they have been limited to large companies and a few small and medium-sized enterprises, leading to the emergence of a situation known as consumption polarization. In addition, Japan has the most aging population in the world. The situation will become even more serious with the addition of higher personnel expenses due to labor shortages, and going forward, consumers will become increasingly aware of the need to maintain their standard of living.

In retailing, which is our business, ceaseless adaptation to continuous change is a way of life. To meet evolving customer needs, we frequently update our products and services, which themselves can be catalysts of change in customers' values and lifestyles. This is an issue we need to properly address in the uncertain world we face going forward. On the other hand, there are some things that remain constant and should not be changed in a company. Those are its philosophy and its principles, which are a company's fundamental ideas. I firmly believe that an ambitious corporate philosophy and unwavering principles are the backbones of corporate management, endowing the enterprise with the strength it needs to develop steadily far into the future.

Yaoko's corporate philosophy emphasizes our contribution to the improvement and development of

regional culture by enriching the daily lives of local consumers. It is not about thinking "if our products sell, that's good enough" or "if we make money, that's good enough." Our work should contribute to everyone in the community having an enjoyable and abundant day-to-day life, especially in the area of food. It should make many people feel happy to live by our stores. That is the meaning of this company's existence, and its purpose. It is often said that "Yaoko is unwavering," and I think this is primarily due to the fact that our corporate philosophy is unwavering. I firmly believe that management based on our corporate philosophy that has been passed down from generation to generation, ever since the Company was founded, has been the driving force behind our Company's development to date.

For many people, enjoying their food and having abundance in their dietary habits should be the base of their happiness in life. The level of trade at a supermarket also has a major impact on the dietary lives of the people in the area, so our role is important in that sense. This role's significance makes the work of each and every person in our group worthwhile.

Yaoko celebrated its 135th anniversary in 2025, a milestone year. In 1890, Yaoko was established in Bushu Ogawamachi, Saitama Prefecture, and in 1958, we made a shift to supermarkets which adopted a self-service sales model. We have been supported up to this point by our many customers and stakeholders. In order to enrich our customers' daily lives so that they will appreciate Yaoko as a valued partner in their pursuit of happiness, and for the sake of the world, all of us will think about what we can do and how we can be of service, then endeavor to do our best every day.

Yaoko Group's History

We have continued to develop as a Group, together with the growth of our stores.

1890—

Founded as a fruit and vegetable store, then began to expand into a self-service supermarket chain

In 1890, Kotaro Kawano established Yaoko in Bushu Ogawamachi, Saitama. Afterward, in 1958, we shifted to supermarkets which adopted a self-service sales model.



Yaoko around 1957



1958

Shifting our business to a self-service supermarket format



1972

Opening of the Ogawa Shopping Center, effectively the first chain store

1988

Stock offering as over-the-counter JSDA registered stock (Tokyo region)

1994—

(The 1st to 5th Mid-Term Management Plans)

Establishing our trade as lifestyle assortment-style and meal solution-type supermarkets

With the everyday life of our customers changing, we considered: "What can we offer? What kind of supermarket do we aim to become?" Through this consideration, we have set a clear direction to become "lifestyle assortment-style supermarkets" that counter commodity discount-style supermarkets. The first full-fledged step in that direction was the major renovation of the Sayama Store in 1998. We introduced the concept of "lifestyle assortment" in earnest, with a wide selection of fresh and delicious food products and support for food-related proposals tailored to the individual needs and lifestyles of each customer.

We then saw many people having to think of what to cook every day in their daily lives. To address such worries, we made efforts to create supermarkets that can offer customer-oriented suggestions and support, and introduced meal solutions at our Kawagoe Minami Furuya Store and Wakaba Walk Store.



1998

Remodeling of the Sayama Store as a lifestyle assortment-style supermarket



2003

Opening of the Kawagoe Minami Furuya Store



2004

Opening of the Wakaba Walk Store

2009—

(The 6th to 9th Mid-Term Management Plans)

**Acting price-conscious, which includes discount-style stores
Evolving our business, strengthening our foundation as a chain**

Amid sluggish consumer spending and growing income disparity, we have begun working to be more price-conscious, including the development of infrastructure for structural transformation and the addition of discount-style supermarkets to our group in 2017, in order to increase our trade area share as a group.



2012

Opening of the Kawagoe Matoba Store, which started our price consciousness



2013

Opening of the Higashi Yamato Store
Launch of the "Yes! YAKO" private label



2014

Opening of the Delicatessen and Fresh Food Center in Higashimatsuyama, Saitama Prefecture



2017

Opening of the Kumagaya Distribution Center
AVE Co., Ltd., which operates discount-style supermarkets, becomes a wholly owned subsidiary



2020

Remodeling of the Tokorozawa Kitahara Store with the aim to establish a next-generation flagship store model

2021—

(The 10th Mid-Term Management Plan, and what comes next)

New stage toward independence and sustainable growth

Our focus is once again on shifting gears toward becoming unique and distinct, and growing stronger as a group. We will further promote the decentralized chain-store system and aim to become the number one supermarket group in terms of regional market share, satisfying all customers.



2021

Opening of the Wako Maruyamada Store that targets the young family demographic
Establishment of Foocot Co., Ltd. to operate discount-style supermarkets

Capital and business tie-up with Sendo Co., Ltd., which has converted to an equity-method affiliate

Opening of the Kumagaya Delicatessen and Fresh Food Center, which functions as a processing center for fresh foods



2023

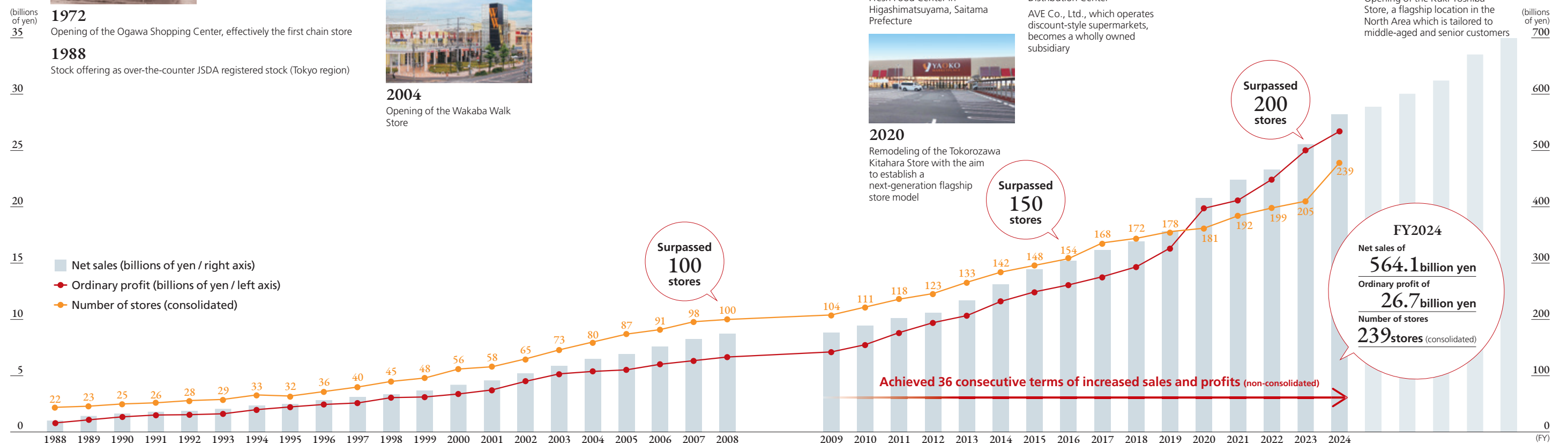
Opening of the Soka Matsubara Store as a model of the urban small store format

2024

Making Sendo Co., Ltd. a consolidated subsidiary

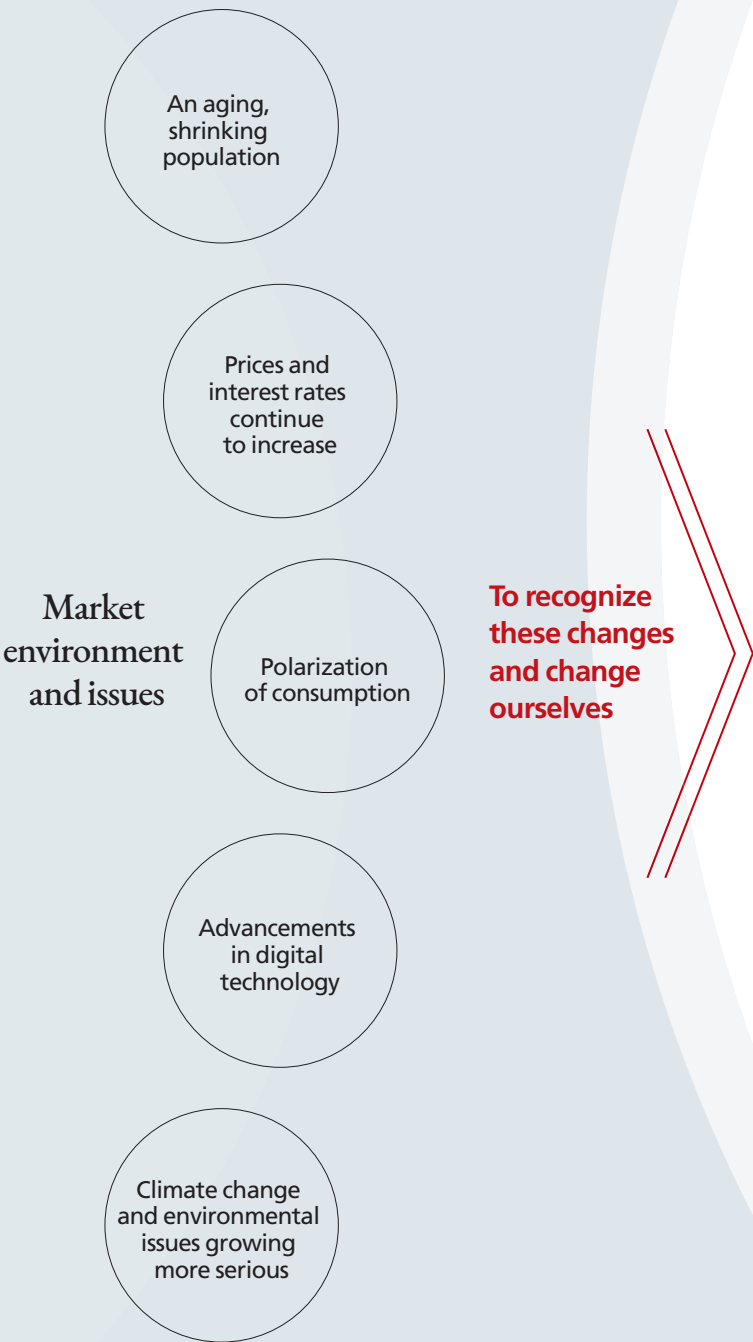


Opening of the Kuki Yoshiba Store, a flagship location in the North Area which is tailored to middle-aged and senior customers



Business Formats of the Yaoko Group

The Yaoko Group operates two supermarket formats—lifestyle assortment-style and discount-style—to help customers enjoy abundant, enjoyable, and healthy dietary lives.



Lifestyle assortment-style

Creating stores which offer suggestions for customers’ dietary lives that are tailored to their lifestyles, based on a “decentralized chain-store system”



The lifestyle assortment-style—a model for customers who are looking for a selection of merchandise that includes fresh food and delicatessen products, as well as appealing flavors—is set up as supermarkets that propose “abundant, enjoyable, and healthy dietary lives.” These stores do not simply sell food, but also provide services tailored to the different needs of each customer in each region, such as lifestyle, health, and convenience of cooking, to achieve a decentralized chain-store system that encourages customers to visit frequently. Creating stores led by people on the front line, in which on-site employees who directly interact with customers think and act on their own, is essential for the implementation of a decentralized chain-store system. A community-based, customer-focused approach to store development is achieved through our all-participation policy in business; our partners, who are local customers as well as employees, are involved in the creation of stores where they themselves want to shop.



Yaoko Ayase Store



Sendo Honda Store

Discount-style

Creating stores with overwhelmingly low prices via thorough low-cost operations



The discount-style is a model for customers who are looking for merchandise offered at prices that are much more competitive than those of other companies, achieved via thorough cost reduction and efficient operations. The merchandise strategy is based on volume sales of individual products, as well as high turnover of products which sell out, to increase product value. The operational strategy involves the use of process centers, in-house system development, omitting excessive decorations and customer service, reducing personnel expenses, and minimizing overhead to achieve efficient store operations with minimal operating costs. We have built on that operational expertise to establish thorough low-cost operations. By offering products in large quantities at low prices makes it possible to attract customers from a broad area, and responding to the “bulk buying” needs of customers and winning the support of a wide range of customer segments, discount supermarkets have become an attractive format for customers who seek low prices.



Ave Hiratsuka Store



Foocot Chichibu Store

At a Glance (FY2024)

We are increasing our number of stores and expanding our locations, and we continue to grow year after year.

Financial information

Total revenue (consolidated)	Ordinary profit ratio (consolidated)	ROE (consolidated)
¥736.4 billion	4.6%	11.6%
Breakdown of consolidated net sales by segment		
Housing-related products3.4% Perishable food products22.7% Processed food27.6% Fresh food33.3% Delicatessen food13.0%		
Operating results (non-consolidated)	Increase in income and profit	Net sales per existing store (non-consolidated)
36 th consecutive fiscal year		Approximately 3 billion yen

Non-financial information

Share within a one km radius of Yaoko's existing stores (non-consolidated)	Private label products	
18.0%	1,319 SKU*	Yes! Everyday Yes! Premium starselect Yes! Happiness
*SKU: Abbreviation for Stock Keeping Unit, the unit used for counting the smallest items in inventory management.		
Customer comments (non-consolidated)	CO ₂ emissions reduction (non-consolidated)	Saitama Prefecture child welfare support performance
16,613 comments	compared to FY2013	Rice
	45.1% reduction	12 tons annually
	Renewable energy rate	Since September 2020
	53.4%	35.9 tons in total
		*YAKO Child Support Foundation

Number of stores (consolidated)

239 stores

Yaoko	195 stores
ave	14 stores
Foocot	5 stores
SENDO	25 stores

Number of logistics hubs (non-consolidated)

6 locations

Number of members

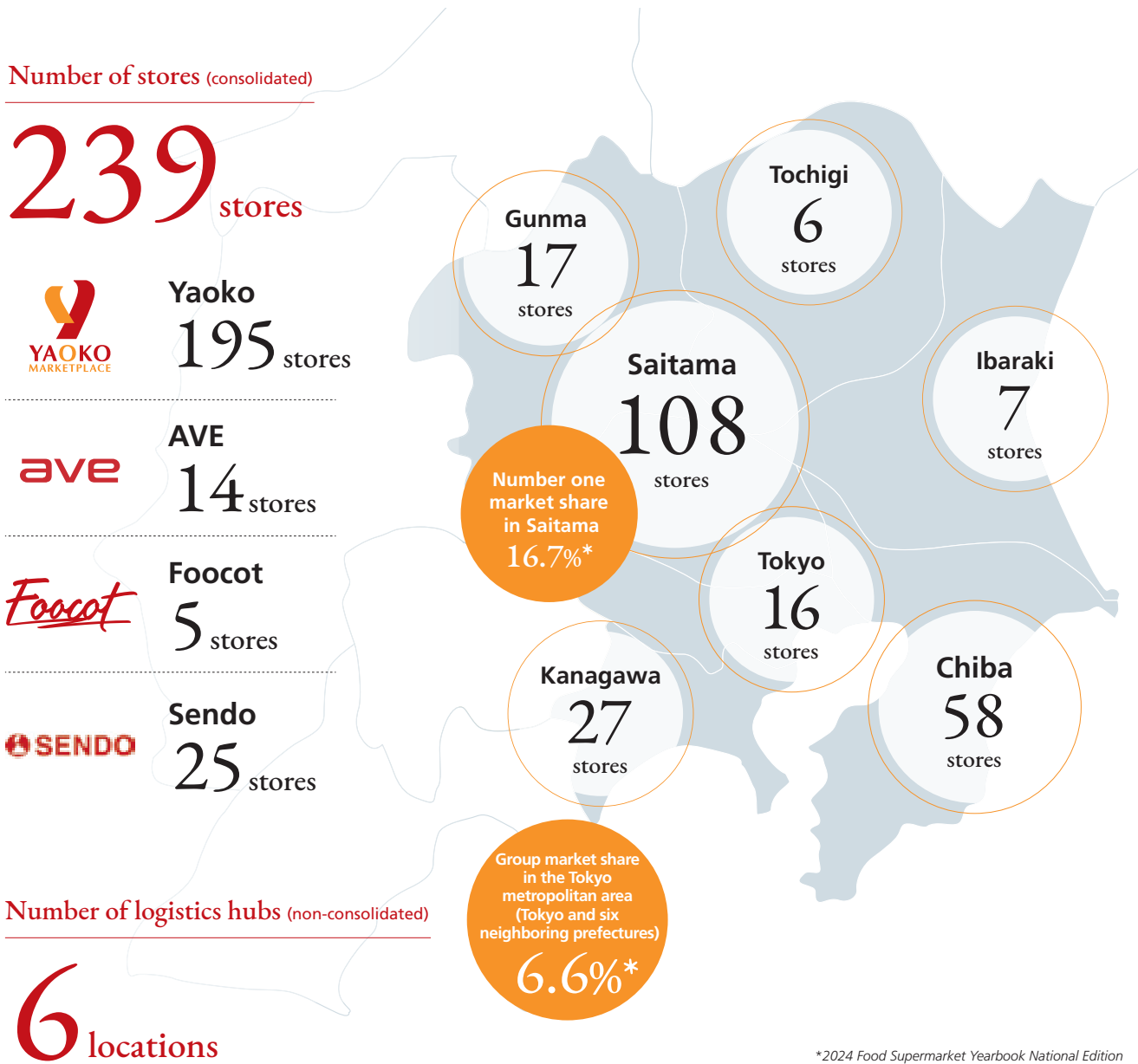
(including the average number of temporary members (8 hours/day) during this period)

Consolidated: 20,852

Non-consolidated: 18,285

Percentage of women in management positions (non-consolidated)

8.5% 81 people



*2024 Food Supermarket Yearbook National Edition

Message from the President

As BLUE ZONES HOLDINGS,
we will aspire to become social infrastructure that
will make the dietary lives of everyone in the region
more abundant and enjoyable.

Sumito Kawano

President and Representative Director



A year of laying the foundation for “strengthening through synergy”

Thanks to our strong performance in FY2024, the first year of the 11th Mid-Term Management Plan (the 11th Mid-Term Plan), we were able to hit our targets for sales and profits on both a consolidated and non-consolidated basis. In addition, our equity-method affiliate Sendo becoming a consolidated subsidiary in April 2024 also played a factor in significant growth of both net sales and profits.

For FY2024, in order to achieve the three management strategies themed around “strengthening through synergy” that were adopted in the 11th Mid-Term Plan, first, we decided to try and “mutually learn about each other.” For that reason, at the March 2025 briefing to explain Yaoko’s policies, each group company president took the stage to share their company’s strengths and policies.—This became an opportunity for AVE to introduce its low-cost operation model, and for Sendo to introduce its initiative of local production for local consumption, with a focus on Chiba, and for the companies to once again learn from each other’s strengths. We are also making use of Yaoko functions, such as supplying Sendo with merchandise manufactured at Yaoko’s Delicatessen and Fresh Food Centers. In terms of personnel exchange, a former Yaoko director was appointed president of Sendo in June 2024, while general managers and office managers are seconded to group companies to learn about management in a wide range of areas, not just their areas of responsibility.

Though we will need time before these initiatives lead to results, we believe it is important to ensure that they steadily continue as we move toward a holding company structure in October 2025, which we announced in January this year.

Focusing on work that creates value

As a non-consolidated company, Yaoko achieved its 36th consecutive year of increased sales and profits, with net sales at existing stores exceeding last year’s figures. We were able to focus on work that creates the four values that we have set out as our creative values: deliciousness, a selection of merchandise, proposals, and low prices, and appreciate that this is the result of the support we received from our customers. In addition, I think that our tailored strategies for different markets—which we implemented in earnest from FY2024, as part of our decentralized chain-store system tailored to local communities—have led to greater support from our customers and higher sales as a result of our meticulous response to local needs.

In terms of our product and sales strategy, measures to enhance fresh food, which we have focused on over the past three years, are paying off. For example, in the case of cherry tomatoes, which are popular with young families, we worked to shorten lead times from purchase to customer delivery. We also reviewed pricing, with the deliciousness of the tomatoes specifically demonstrated in numerical form in stores, and these efforts were well received. We would like to increase these sorts of categories one by one, as optimizing the number of orders increases merchandise turnover, which in turn increases freshness and support from our customers. The Toyosu Festival is not only increasing the number of customers who visit the stores specifically for the festival, but is also helping to improve sales techniques; an example is sharing initiatives by posting photos of each store’s sales floor on the internal communication app.

In addition, high market prices for vegetables and rice have recently caused prices to rise and shortages to become a social problem. However, we have placed importance on our connections with production areas,

Management Strategy

01

Improving our trade area share as a group

- Increasing our trade area share in the lifestyle assortment-style and discount -style
- Considering the continuation of M&A in the lifestyle assortment-style

02

Improving shared Group functions

(Building infrastructure for Group net sales of 1 trillion yen)

- Human resources, financial affairs, internal control, store development, logistics, systems, manufacturing
- Training management personnel, interactions between personnel and mutual learning

03

Investment and collaboration in growth markets

- Supporting growth and collaboration in the Vietnamese market
- Collaborating with domestic ventures and creating new value

Message from the President

and focused on products that come directly from those areas. We have been able to push “low prices,” particularly for cabbage, without being significantly affected by the rising market prices. With regard to the rice shortage, we have built relationships of trust with our suppliers on a daily basis, with our buyers visiting rice-growing areas and shop employees participating in rice planting and harvesting for more than 20 years. As long as the supply-demand balance is not disrupted, we have achieved stable procurement. In that same vein, with regard to visits by customers who come for a specific purpose, sales have remained strong for PB products, with customers supporting us for our lineup of reliable and affordable merchandise.

In terms of operations, productivity improved as a result of continued investment in streamlining and labor-saving measures, including the introduction of fully self-service checkouts and digital price displays. Against rising logistics costs triggered by 2024 challenges, the Soka Distribution Center, which opened in 2023, is performing as planned. Its automated equipment and other facilities are operating steadily, and despite rising logistics costs as a whole, we have been able to limit the extent of that increase.

In terms of our store opening and growth strategy, the opening of the Kuki Yoshiba Store in FY2024, a flagship store in the North Area which is tailored to middle-aged and senior customers, has produced the results we expected. We have tried a variety of measures, and from having been able to see which initiatives are supported by customers and which are not, we will make use of the information in our future measures.

The issue is improving how easy it is to work

While we get the sense that these initiatives have started to clearly set us apart from other companies, the remaining challenges we face are also clear. Those are improving our personnel training strategy and how easy it is to work.

In FY2024, increasing wages and hourly wages has positively impacted the recruitment of partners and regular employees at Yaoko. On the other hand, we believe that there is still a long way to go in training up new employees, as not enough time is available for educating them. In the phase of rising sales after the COVID-19 pandemic, employees were not able to keep up with on-site work, and wasteful tasks went unreviewed and have built up as habits. We are investing in streamlining and labor-saving measures to

make work easier, but we need to face up to our operations and work accordingly to improve them once again.

To improve this situation, I would like us to strive anew in FY2025 to create an environment where we can eliminate waste and focus on work that creates value.

“Impressing all our customers with deliciousness”

In FY2025, the Yaoko Group plans to increase both its consolidated and non-consolidated sales and profits by taking its strengths and refining them to an even higher level. We have adopted the theme of “impressing all our customers with deliciousness” at Yaoko, and we will continue to make it possible for our customers to say, “This is delicious!” about what they eat on a daily basis.

I believe honing three skills will be vital in order to achieve the deliciousness we aim for.

The first one is our sales skills. We will take them to a higher level by increasing customer support through appropriate ordering, setting sales prices and creating sales areas, while eliminating waste such as work giving discounts, and linking reduced labor to improved deliciousness. The second one is our processing skills. In order to triumph over competitors who are strong in the area of fresh food, it is essential to hone our skills at processing meat and fresh fish to achieve deliciousness on par with specialized stores. The third one is our manufacturing skills. We believe it is important to refine our existing products by further using our Delicatessen and Fresh Food Centers, as well as pursuing deliciousness not found in existing merchandise in our product development. All of our employees will hone their skills and expertise to achieve deliciousness, thereby increasing support from our customers.

In terms of our store opening strategy, we will continue to focus on opening locations in the donut-shaped area 20 to 40 km from the city center which target “all customers.” Particular focus has been placed over the past few years on opening stores in the South Area, which has many young families, and in FY2025, we opened our first store in the 23 wards of Tokyo. The food market is large, and we hope to expand support from our customers and increase our share of the trade area through Yaoko’s decentralized chain-store system, which is one of its strengths. The South Area is densely populated and our trade area share within 1 km of Yaoko stores is still

low, so there is room for growth in this area. On the other hand, some stores in the North Area have a trade area share of over 40% within 1 km of Yaoko stores, so we would like to consider increasing our trade area share within 3 km. At the same time, going forward, we will work on establishing a new urban format of stores within a radius of 20 km from the city center that are less than 1000m².

Shifting to a holding company structure with a view to achieving our long-term goals

The Group’s long-term management targets of 1 trillion yen in net sales and 500 stores, as well as the FY2030 milestone of 880 billion yen in consolidated sales and 710 billion in non-consolidated sales, remain unchanged. We believe that we can sufficiently hit the targets by continuing to grow by 5% as a group on an annual basis, which we have set as a goal. However, targets are merely numbers. The important thing is continuing to enhance our four values and becoming a corporate group that grows in a sustainable way and maintains quality.

To this end, the Yaoko Group will start anew as a holding company, “BLUE ZONES HOLDINGS,” in October 2025.

Three main commitments and goals are embedded in our shift to a holding company.

The first is the origin of the company name, “Blue Zones,” and the approach we want to take as a connected group. Blue Zones refer to regions where many of the people who live there are healthy and long-lived, and there are nine common habits established in such areas, including exercise in moderation, eating vegetables, fruits and nuts, and having family and community ties. This overlaps with the desire of the Yaoko Group to have more abundant and enjoyable dietary lives for everyone in the region and be social infrastructure based on our Management Philosophy.

Secondly, Yaoko and group companies have had a parent-child relationship up to this point, but by becoming a holding company structure, our relationship will now be one of siblings and equals. The aim of our transition to a holding company structure is to eliminate the difficulties of a parent-child relationship in exchanging honest opinions and learning from each other, and to ensure swift implementation of the three management strategies for “strengthening through synergy,” as I set out at the beginning. To become a



corporate group rooted in the community with individuality and strengths that achieves happiness for people in the region, building relationships where each company learns from each other, making the best use of the functions and expertise of each company, and developing management personnel to lead each group company, are essential.

Third, this is related to our medium/long-term growth strategy; we specifically decided not to call it the “Yaoko Group” because of our commitment to the idea that group companies belong to stakeholders, including our shareholders and customers. We also wish to evolve our management and go from Yaoko, which strongly evokes the image of a private company, to a concept one cut above.

Celebrating our 135th anniversary

In 1890, Yaoko was established in Ogawamachi, Saitama Prefecture, and thanks to all of you, we celebrated Yaoko’s 135th anniversary in May 2025. With a renewed sense of gratitude for the support from numerous stakeholders, which has made Yaoko what it is today, we will strive as BLUE ZONE HOLDINGS to achieve abundant lives for all people in the region, and pursue further growth together with our many stakeholders.

Management Environment

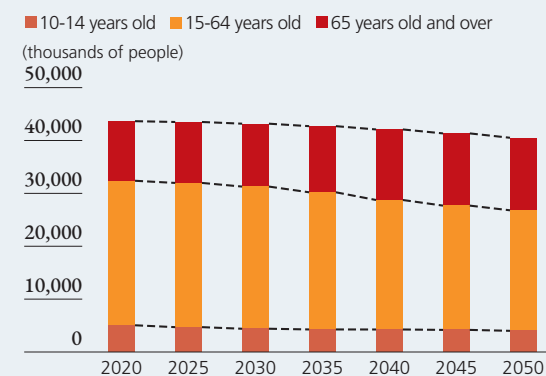
We will accurately grasp the changes in the social climate which surrounds the Yaoko Group—such as an aging and shrinking population, as well as minimum wage increases due to pay hikes—and aim for sustainable growth.

01

An aging, shrinking population

At present, Japan faces a declining birthrate and an aging society, as the members of the baby boomer generation are now all aged 75 years and over. Accordingly, the working population is declining, as well. As for the 2050 population in the one metropolitan area and six prefectures of the Kanto region where the Yaoko Group has opened stores, estimates show that the population in the six prefectures will decrease to 70% to 90% of the 2020 population, excepting the Tokyo metropolitan area. The population within the trade area will decline, and it will be difficult to attract employees.

Percentage change in population by generation (Kanto region)



Source: Regional Population Projections for Japan, 2023, National Institute of Population and Social Security Research.

Measures

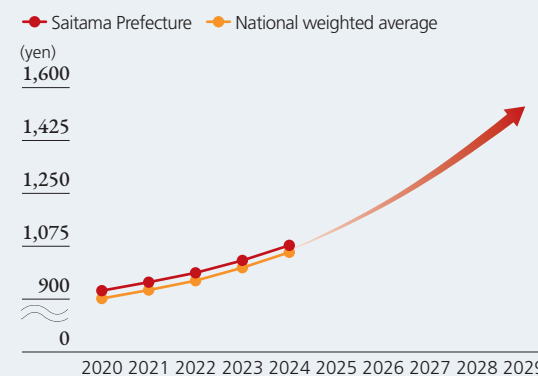
- Addressing diverse customer needs
- Improving the efficiency of shop operations through means such as the use of digital technology

02

Wages and minimum hourly wage increases

The Japanese government has identified wage increases as one of the key strategies for economic growth, and is promoting a response to wage increases by companies and a gradual increase in minimum hourly wages by region, with the aim of increasing real wages by around 1% per year over five years, up until FY2029. In order to secure excellent human resources and improve employee retention, the Yaoko Group believes that continuously reviewing hourly wage rates in line with annual wage increases and minimum hourly wage increases is necessary, and strives to implement them.

Minimum wage trend



Source: Revisions to Minimum Wages by Region from 2002 to 2024, Ministry of Health, Labour and Welfare.

Measures

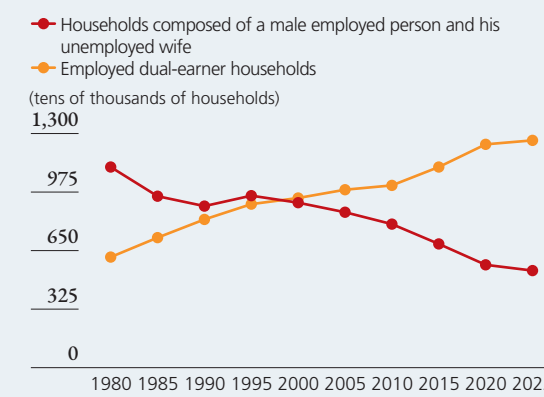
- Improving productivity by investing in streamlining and labor-saving efforts
- Reforming working styles through operational reviews

03

Changing working styles

The number of working women is increasing year by year due to companies' promotion of female participation in the workplace and male participation in childcare, and the number of dual-earner households is also increasing. Accompanying lifestyle changes have led to changes in consumer behavior, such as buying items in bulk on weekends and making use of online shopping and home delivery services. On the other hand, in suburbs and regional cities, the population is aging and a growing number of people are living mainly on pension income, making it necessary to create stores and provide services that are tailored to local lifestyles.

Number of dual-earner households



Source: Statistics Bureau, Ministry of Internal Affairs and Communications, Special Survey of the Labour Force Survey, 1980 to 2001; Statistics Bureau, Ministry of Internal Affairs and Communications, Labour Force Survey (Detailed Tabulation) (Annual Averages), From 2002 onward.

Measures

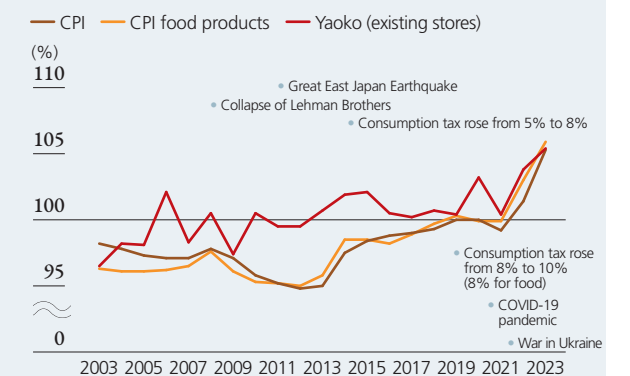
- Promoting tailored strategies for different markets
- A selection of merchandise and sales promotions tailored to regional needs

04

Continued price increases

Due to supply chain disruptions triggered by Russia's invasion of Ukraine and soaring costs for energy and raw materials, global inflation is continuing. The prices of various goods have also been rising in Japan, affected by various factors such as the yen's depreciation due to interest rate differences with the rest of the world, rising personnel expenses caused by wage increases and the minimum wage being raised, fuel prices remaining high, and crop failures due to extreme weather conditions. We expect this situation to continue in the future, as well.

Continued price increases



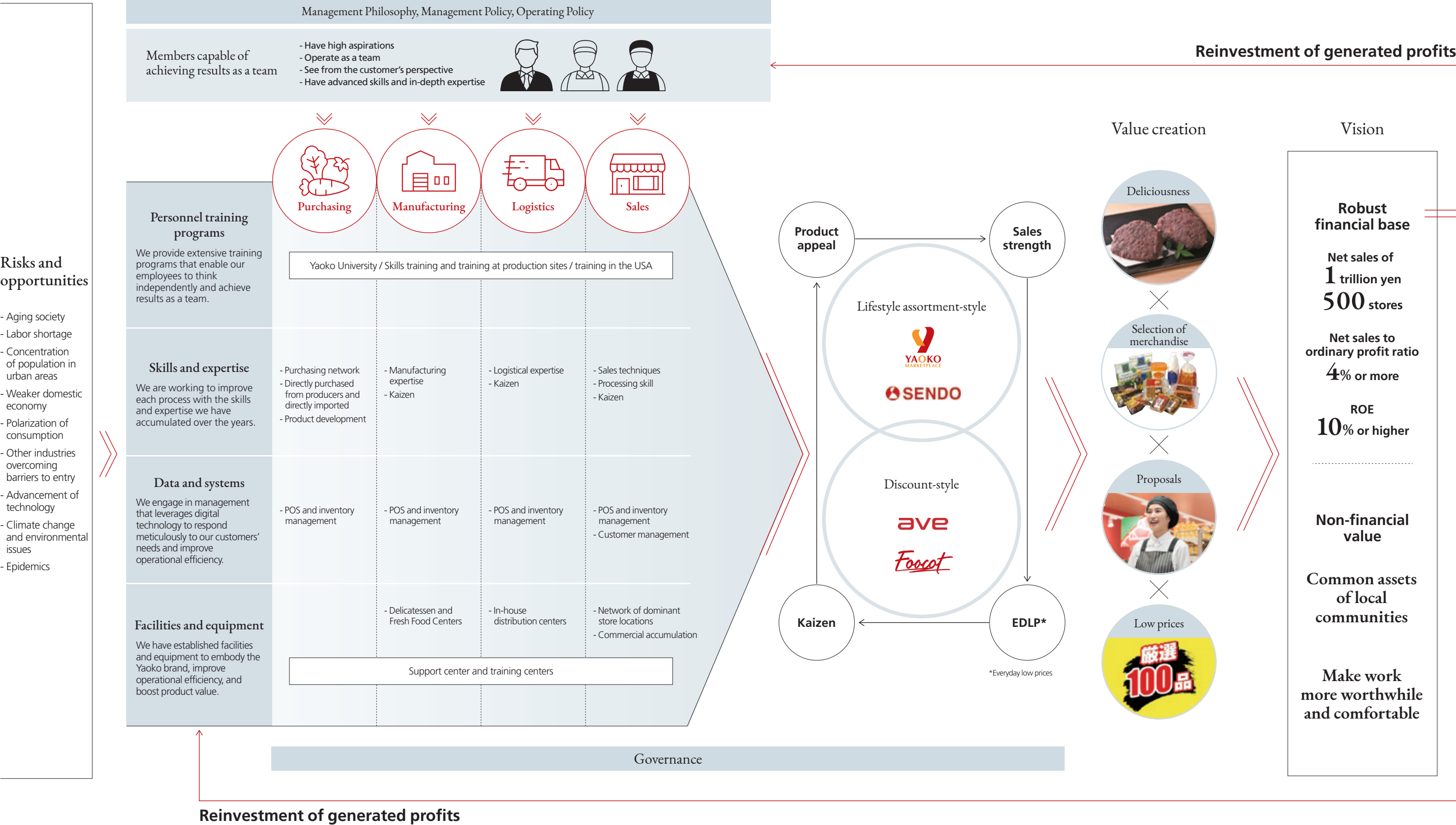
Source: Ministry of Internal Affairs and Communications, Consumer Price Index

Measures

- Evolving our response to the polarization of consumption through prices and proposals

Yaoko Group's Value Creation Process

At Yaoko, we will implement a strategy that makes best use of our strengths, including human power (resourcefulness), to create social and economic value.
We will aim for further growth by reinvesting the value we create into our resources.



A Value Chain

of Food Professionals Who Maximize Value

The Yaoko value chain, created by food professionals, to make customers' dietary lives more abundant

Purchasing

Basic approach

The Group values the strong procurement network we have formed by building relationships of trust with our domestic and overseas suppliers. We are also enhancing our initiatives for procuring from producers and importing products directly; buyers visit production sites in person to meet with producers for more in-depth mutual understanding of the products, and purchase products of reliable quality by checking them with their own eyes. Our search for good ingredients in Japan and around the world, in order to prove worthy of the trust from customers with regard to the deliciousness and freshness of the merchandise we offer, also leads to profit-generating initiatives.



Initiatives

Product development commitment

Our buyers go to the actual production sites directly to check the production areas and share their thoughts on our products with the people making them, with the aim of developing products that are delicious and have a story to tell. Such products are the ones that store staff can confidently recommend to customers. For example, in the Kaizen initiative for tomato freshness, buyers visit production areas to deepen ties with growers, so that tomatoes with high sugar content can be collected directly from growers and delivered to customers while still being extremely fresh.

Local production for local consumption initiatives

The Yaoko Group is actively involved in local production for local consumption initiatives in its capacity operating community-based food supermarkets. For example, "Oguma beef" from Oguma's Ranch in Fukaya City, Saitama Prefecture, is high-quality Japanese Black Wagyu beef, which is from cows that have been fed and fattened over a long period of time with great care. This became a brand thanks to Yaoko's involvement as the first food supermarket to make such an effort, and can also be delivered to the tables of local customers. Fresh-caught bonito is also shipped directly from production areas in order to deliver even fresher and more delicious bonito, caught that morning, to our customers. The fish are shipped to supermarkets using the stores' delivery services, so that fish caught that day are arranged on sales floors in the afternoon. Through these efforts, we ensure that fresh, safe, and secure local produce is delivered to customers.

Manufacturing

Basic approach

For the Group, Yaoko has Delicatessen and Fresh Food Centers in Higashimatsuyama and Kumagaya, and the discount-style business formats also have their own respective processing centers. The Centers have the function of setting Yaoko supermarkets apart and making them unique, improving operational efficiency in stores and gaining manufacturer profits through in-house production, amid issues with the business environment such as population decline, rising costs, stable supply, and expansion of the number of stores. Above all, the operating concept for Yaoko Delicatessen and Fresh Food Centers is "Spare no effort for deliciousness." The unique recipes and expertise developed through product development, and the desire of all employees to "make no compromises when it comes to creating delicious merchandise," create added value.



Initiatives

Venturing into manufacturing and retail

In March 2023, Yaoko launched the SPA Development Department, and has been expanding the area of in-house product within Yaoko and its supply chain. At Delicatessen and Fresh Food Centers, we are expanding and improving manufacturing technologies from raw materials to the manufacturing of products, thereby contributing to securing manufacturing profits through in-house production, improving product appeal by enhancing flavor quality, and increasing work efficiency at stores. The volume of shipments from Delicatessen and Fresh Food Centers is steadily increasing, while the fresh meat division and delicatessen division work to produce roast beef in-house, changing the cuts of meat and seasonings to suit the characteristics of each product. Manufacturing our merchandise ourselves makes it possible for us to offer products with meticulous attention paid to their ingredients and seasonings, which is supported by our customers. In addition, the Kumagaya Delicatessen

and Fresh Food Center is demonstrating its function as a processing center and has been responsible for some products in the fresh meat division and fully centralized packing of meat products in four stores, thereby contributing to improved productivity by reducing opportunity loss due to labor shortages in the field and improving store technical capabilities.

Safety and security initiatives

Our Higashimatsuyama Delicatessen and Fresh Food Center has attained an ISO22000 certification, the management system for food safety, and is continuing its Kaizen activities. Likewise, our Kumagaya Delicatessen and Fresh Food Center is also thoroughly pursuing safety and security. We will continue to provide safe and delicious products to our customers by maintaining and enforcing a high level of hygiene management in our stores, as well as our Delicatessen and Fresh Food Centers, to the fullest extent.

A Value Chain of Food Professionals Who Maximize Value



Logistics

Basic approach

Building an optimized logistics network is essential for the delivery of fresh and delicious products to customers. To ensure that products are delivered to stores within a certain time frame with high freshness and in an efficient manner, we are working on the optimum allocation of logistics bases and the establishment of sustainable food logistics. At Yaoko, in addition to devising ways of loading and unloading goods to improve the efficiency of product stocking operations at stores, at the Soka Distribution Center, we are also working to further improve store service levels through efforts such as implementing deliveries to stores linked to the shelf allocation system.



Initiatives

Efficiency through our first proprietary warehouse management system

As a new initiative, the Yaoko Soka Distribution Center has installed two automatic warehouse sorting machines and its first warehouse management system (WMS). The sorting shuttle and Goods To Person (GTP) shuttle are being used to promote efficiency of intra-center operations, and we aim for more efficient store operations through efforts such as enabling deliveries for each aisle at stores that are linked via the shelf allocation system and developing guidelines on loading standards for cargo.

At Sendo, we have distribution centers with direct market connections to local wholesale markets, and have built a system that enables us to sell fresh products in our stores on the same day that they arrive from markets.

The evolution of initiatives to build sustainable food logistics

In response to social issues such as the 2024 logistics challenges, Yaoko is actively participating in various industry associations and promoting collaboration with stakeholders throughout the supply chain, with the aim of solving industry-wide issues. Specifically, these efforts include reducing drivers' waiting and loading times when delivering goods to distribution centers and other locations, promoting deliveries on pallets, and studying and building joint delivery systems. In addition to the forward logistics of supplying products, we are also enhancing cooperation with food banks in order to optimize reverse logistics, such as disposing of waste, and to reduce food loss. We will continue our efforts to build a sustainable logistics system to fulfill our mission of delivering fresh and delicious merchandise to our customers, even in a challenging logistics environment.



Sales

Basic approach

As a retailer that adapts to change, we tailor our operations and marketing activities to customers' diversifying needs. For the lifestyle assortment-style, we are contributing to improved customer satisfaction through value-added store operations by refining in-store processing techniques and our sales and proposal techniques, and by utilizing a frequent shoppers program. For the discount-style, we are working to improve customer satisfaction by making trade-offs in our shop operations to maximize cost savings and lower prices.



Initiatives

Sales and proposal techniques that support the growth of the Yaoko Group

At the Yaoko Group, we are constantly refining our product display, presentation and processing techniques to ensure customer satisfaction. Yaoko has created sales floors where customers can enjoy shopping by having displays where seasonal products and daily recommendations can be recognized by a glance, and by emphasizing the time before events such as Tanabata and the Harvest Moon Festival and the feeling of the seasons. At AVE and Foocot, we work to thoroughly sell out fresh food the same day it arrives in stores. The full range of merchandise is shown in volume displays before the store opens to get customers in the mood for shopping, and to ensure efficient store operations. With regard to merchandise processing, the freshly prepared, freshly cooked and delicious food made possible by in-store processing at Yaoko has won the support of

customers. We have established a technical certification for our main products, such as Yaoko's famous handmade *ohagi*, to ensure that all stores can deliver the same great taste to our customers. In this way, leveling up the expertise of each employee is the source of our competitiveness as a supermarket.

Changing the selection of merchandise and sales promotions in accordance with area characteristics

Shopping trends differ depending on the age, lifestyle, and family structure of the customers in the area where the store is located. Yaoko took the product lineups and sales promotions which had conventionally been common to all areas and split them up, turning them into the "North Area," which has a relatively high proportion of middle-aged and senior customers, and the "South Area," which has a high proportion of young customers, with the aim of responding to customers' needs in a tailored and meticulous way.

Enhancing Human Capital

Members who have high aspirations and a customer-focused perspective, advanced skills and in-depth expertise, and team management—values shared across the Group—support the various sites in the value chain.

Personnel training

Basic approach

Our personnel are the most important source for improving corporate value in order to accomplish Yaoko Group's Management Philosophy: "More abundant and enjoyable dietary lives for everyone in the region." Yaoko has established a personnel training policy to develop personnel who can think independently and produce results and act on their own, which is essential for implementing our Management Policy. We are focused on developing and securing the personnel needed for sustainable growth, and maintaining and strengthening our competitiveness.

Production area training

At Yaoko, we believe that in order to properly convey the feelings of producers and Yaoko contained in the products we make—such as their deliciousness and ingenuity used during production—and deliver those products to our customers, employees need to have a firm grasp of production areas. We therefore conduct training in production areas so that young employees in each division can acquire total understanding and learn in greater depth by interacting with producers, thereby acquiring total understanding "from upstream to downstream" and becoming able to convey the feelings that go into our products to customers, which leads to enhanced sales strength.



Training in the Nagano rice production area Wine training

Diversity

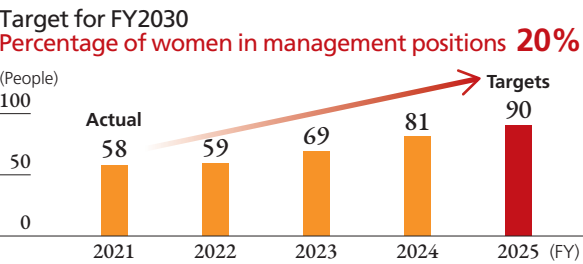
Promoting employment of persons with disabilities

As part of its corporate social responsibility, Yaoko promotes the employment of persons with disabilities, with the employment rate for people with disabilities standing at 2.51% as of the end of March 2025. In April 2024, we also established the special subsidiary Yaoko Harmony Co., Ltd., in order to ensure a stable work environment for them going forward. We will continue promoting the employment of persons with disabilities, and strive to create a workplace where each person can play an active role while making the most of their individual personalities and abilities.

Initiatives for women and foreign nationals to play active roles

In 2022, we dedicated the efforts of the Diversity Development Division to focus on promoting active participation by female employees and foreign technical interns. Other initiatives include promoting a project for in-house nursery schools to make it easier for women to work, and providing lifestyle training for women. In addition, we have established "Women's Empowerment Stores" in which store managers and senior staff in all divisions are women, and we are linking the opinions and suggestions we receive from them to measures to make work more worthwhile and comfortable for employees. As of March 31, 2025, there were 468 foreign technical interns, mainly working in the Delicatessen and Fresh Food Centers and the fresh fish, deli, and bakery divisions of our stores, and they are playing an active role in our workforce.

Number of women in management positions



Employee engagement

Promoting efforts to improve employees' physical and mental health

A Chief Health Officer (CHO) was appointed as the person responsible for promoting better mental and physical health for employees, as well as health management. Yaoko plans internal health-related events and implements direct consultations with public health nurses, stress checks, and other measures.



Group photo at the Koedo Kawagoe Half Marathon



Health Festival at the Mallage Kashiwa store

Value created

By maximizing our value chain of food professionals, the Yaoko Group delivers four values to customers: deliciousness, selection of merchandise, proposals, and low prices.



Deliciousness

At the Yaoko Group's lifestyle assortment-style stores, we would like to create the sorts of sales floors that impress customers on a daily basis, and have them think "This food tastes so good!" We devote a great deal of time and effort for the sake of deliciousness. We are committed to the pursuit of deliciousness by delivering fresh and tasty merchandise to our customers through initiatives such as direct delivery and local production for local consumption, as well as freshly processed and freshly made products in our stores. At our discount-style stores, we offer highly fresh merchandise by selling out of fresh food on a daily basis.



Selection of merchandise

The Yaoko Group has achieved an abundant selection of merchandise through the development of products sourced by buyers visiting production sites in person and engaging in direct dialogue with producers, private label products, and products manufactured in-house, thereby making it more enjoyable for customers to choose products on the sales floor. In addition, the discount-style store offers a one-stop shop with a selection of merchandise to meet the specialty needs of customers, even with limited means.



Proposals

The level of trade at the nearest supermarket for customers affects the level of the dietary lives of customers in that area. The Group aims for supermarkets that are close to local customers and that they can rely on, and we are constantly refining our proposal power to help with solutions to food-related challenges—such as seasonal ingredients, daily meal menu suggestions and cooking advice—in order to make the dietary lives of local customers more abundant and enjoyable.



Low prices

As prices for raw materials, labor costs, and other expenses continue to rise, and the impact of foreign exchange rates continues to drive up product prices, customers' consumption trends are increasingly polarized: one direction emphasizing low prices in order to save money, with the other emphasizing high value-added goods and services. As customers become increasingly frugal, the Yaoko Group is selling overwhelmingly good products at affordable prices to make customers' dietary lives more abundant on a daily basis.

Group Long-Term Vision and Mid-Term Management Plan

Long-term goals

Consolidated

500 stores

Net sales

Achieving one trillion yen

The Yaoko Group aims to achieve our long-term goals of net sales of one trillion yen and 500 stores by supporting our customers in the region and becoming a reliable presence under the Group's long-term vision of "more abundant and enjoyable dietary lives for everyone in the region."

2030 Vision

Consolidated

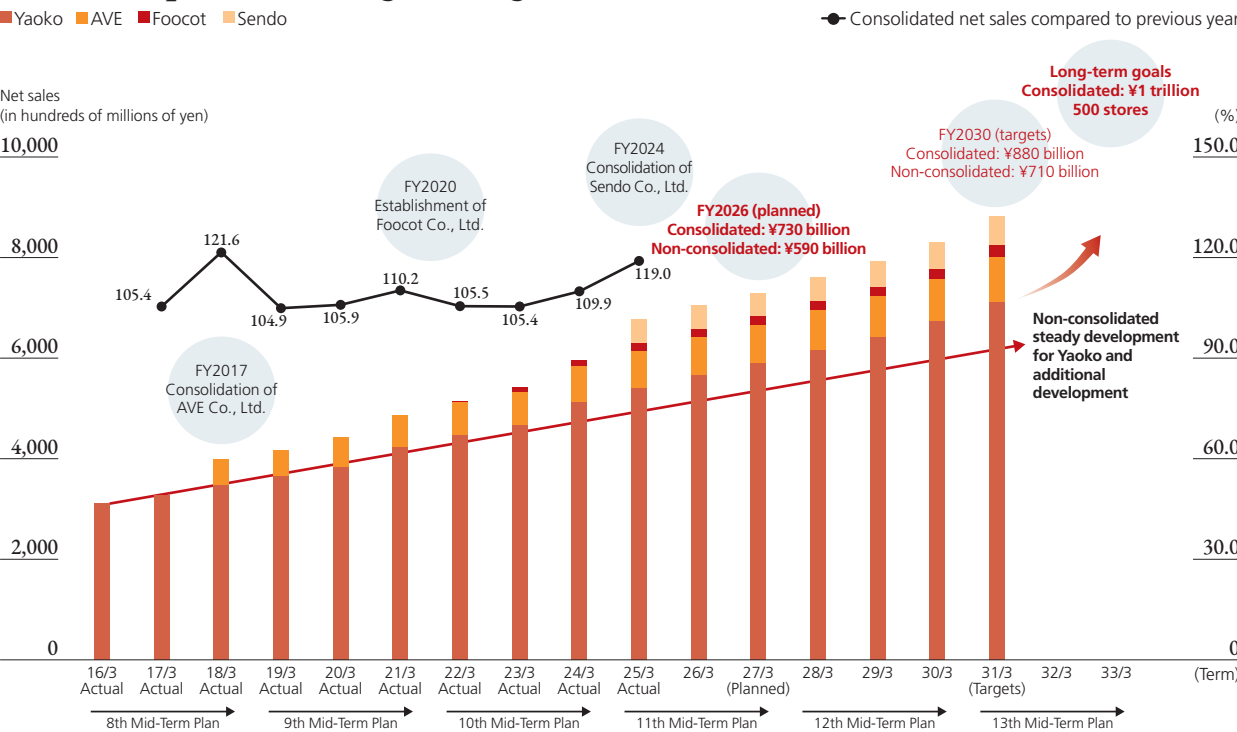
Net sales: ¥880 billion

Non-consolidated

Net sales: ¥710 billion 250 stores

As milestones in our roadmap toward achieving our long-term goals, we are aiming for consolidated net sales of 880 billion yen and non-consolidated net sales of 710 billion yen in FY2030.

Road map to our long-term goals



Yaoko Group 11th Mid-Term Management Plan

Main theme: Strengthening Through Synergy

In the Yaoko Group's 11th Mid-Term Management Plan, we have adopted the main theme of "Strengthening Through Synergy," and aim to increase our market share through independent growth for the lifestyle assortment-style and discount-style business formats of each company, while also building the foundation for achieving one trillion yen in Group sales.

Management strategy

01

Improving our trade area share as a group

- Increasing our trade area share in the lifestyle assortment-style and discount-style
- Considering the continuation of M&A in the lifestyle assortment-style

Progress

Consolidated net sales for FY2024 were 708.2 billion yen, and the Group's market share expanded to over 16%. Going forward, we will aim to expand the Group's market share by ensuring that each Group company continues to grow.

02

Improving shared Group functions

(Building infrastructure for Group net sales of 1 trillion yen)

- Human resources, financial affairs, internal control, store development, logistics, systems, manufacturing
- Training management personnel, interactions between personnel and mutual learning

Progress

We continue to develop management personnel and exchange personnel for the purpose of mutual learning. In addition, we have established a briefing for announcing the operating policies of each Group company, with the aim of learning about and understanding their initiatives.

03

Investment and collaboration in growth markets

- Supporting growth and collaboration in the Vietnamese market
- Collaborating with domestic ventures and creating new value

Progress

We have invested in two companies that operate food supermarkets in Vietnam, and provide advice on management and business operations.

Financial targets

		FY2026 (planned)	FY2024 (actual)
Consolidated	Net sales	¥730 billion	¥708.2 billion
	Ordinary profit	¥33 billion	¥32.5 billion
	Number of stores	255 stores	239 stores
	ROE	10% or higher	11.6%
Non-consolidated	Net sales	¥590 billion	¥564.1 billion
	Ordinary profit	¥28 billion	¥26.7 billion
	Number of stores	211 stores	195 stores

Yaoko’s 11th Mid-Term Management Plan

The New Yaoko: A Structural Shift from a “Showa Era Model” to a “Reiwa Era Model”

A housewife/part-time model	» A dual-income/full-time model
A model solely focused on stores	» A model that creates value throughout the entire supply chain
A model solely focused on stores	» A model that can go beyond physical locations to offer products and services
A paper-based, individual-dependent model	» A digitally based, automated model
A resource-consuming model	» A resource-recycling model

We believe that during the 11th Mid-Term Management Plan period for Yaoko, as the birthrate further declines, the population ages, and digital technology evolves, the business environment, including the country’s demographic composition and

people’s lifestyles, will undergo a major shift from a ‘Showa era’ model to a ‘Reiwa era’ model. We are implementing various measures to become a company that grasps these changes and creates value.

Reflecting on the 68th term

Enhancing our ability at the fresh food division to attract customers, and evolving Kaizen through the use of digital technology

As part of our efforts at the fresh food division to enhance our ability to attract customers, we refined our merchandise by narrowing down categories so that they would be well-regarded for their deliciousness by customers. In the 68th term, we implemented measures such as narrowing down Stock Keeping Units (SKUs), tightening date management, and clearly indicating easily understood sweetness standards for cherry tomatoes, which are popular with young families, and steadily converted support from our customers into customer traffic. In addition, we are continuing our productivity-boosting initiatives through

streamlining and labor-saving measures, and working to improve productivity (MH net sales) by introducing fully self-service checkouts and digital pricing.

Insufficient potential and manpower are issues for the next stage

Opening discount supermarkets selling fresh food has had a significant impact, and work is still difficult due to insufficient Kaizen and human resource development. We need to eliminate waste and focus our efforts on work that creates value.

Balance sheet management (ROA and ROE) (consolidated)

Actual results as of March 2025		Planned results for March 2027	
ROA	5.6%	ROA	5.6%
ROE	11.6%	ROE	10.6%
Profit attributable to owners of parent	¥20.1 billion	Profit attributable to owners of parent	¥22.3 billion

Assets ¥376.2 billion	Liabilities ¥190.2 billion
	Net assets ¥185.9 billion
Assets ¥410.1 billion	Liabilities ¥190.5 billion
	Net assets ¥219.6 billion

*Includes Sendo

Financial targets

	FY2024 targets	FY2024 (actual)
Total revenue	¥564 billion	¥590 billion
Ordinary profit	¥25.4 billion	¥26.7 billion
Number of stores	195 stores	195 stores

Policy for the 69th term

Theme: Impressing all our customers with deliciousness

Setting “Impressing all our customers with deliciousness” as the theme for Yaoko’s 69th term policy, we aim to impress customers and make them say “This is delicious!” in their daily dietary lives, with our efforts targeted at customers who visit our stores

on a routine basis (everyday, everybody). Instead of the assumption that “delicious food” means “expensive food,” we will strengthen our efforts to ensure that our customers feel that what they eat on a daily basis is fresh and delicious.

Policy for individual measures

Product and sales strategy

“New” enhancing measures of fresh food

- Refining the fresh food division
- Delving into tailored strategies for different markets
- Continuing SPA-type product development

Operational strategy

“New” Kaizen

- Rebuilding Kaizen
- Reviewing operations across the entire supply chain
- Continuing energy-saving and recycling efforts

Personnel training strategy

“New” efforts to reform working styles

- Thorough implementation of the basics of team management
- Reviewing our operating structure and enhancing education
- Organizational management that cultivates the next generation

Store opening and growth strategy

“New” urban-style formats

- Continuing to open new stores and conduct renovations
- Refining flagship stores
- Stabilizing online supermarket operations and making them profitable

Non-financial targets

	Item	Targets for FY2030
Environment	CO ₂ reduction	60% reduction in total volume compared to FY2013 (Scope 1 and 2 emissions)
	Plastic reduction	25% reduction of plastic used in packaging and containers per store vs. FY2019 levels
	Food recycling	Collect 10 times the number of plastic trays vs. FY2020 No disposal of food residue, 100% food recycling rate
Society	Percentage of women in management positions	20.0%
	Percentage of male employees who have taken childcare leave	85.0%

Message from the Chief Administrative Officer

We will implement financial and capital strategies that support sustainable growth and coexistence with regional communities.

Masanobu Kamiike

Senior Managing Director
Chief Administrative Officer, in charge of Store Development Division,
Chief Health Officer (CHO)



For the Yaoko Group, FY2024 (the 68th term) was a year in which we made significant progress in terms of both financial results and strategic investments. We achieved more than 20 billion yen in net income across the entire Group, with operating cash flow exceeding 40 billion yen, and we were able to implement diversified investments with an eye toward the future while securing a stable revenue base.

Improving our competitiveness through strategic investments

With regard to our strategic investments in FY2024, we placed an emphasis on opening new stores and revitalizing existing stores. We invested approximately 23 billion yen in new stores, with the opening of a flagship store in the North Area—the Kuki Yoshiba Store—as well as stores in areas such as Shin-Yurigaoka in the South Area, where we had not previously opened any locations. Furthermore, we have also made property investments in preparation for the opening of our first store in Tokyo’s 23 wards.

In parallel with opening new stores, we focused on enhancing the appeal and competitiveness of our existing stores and improving profitability, allocating approximately 10 billion yen to renovation investments. We will continue to further improve customer satisfaction by strengthening our community-based store network.

In addition, while operations at the Soka Distribution Center are now running smoothly, we are also focusing on investments in logistics and manufacturing infrastructure, which are important for our store opening strategy. Becoming able to sort and deliver goods by aisle according to shelf layout has streamlined stocking operations at stores, reducing employee workload and improving work accuracy. In addition, with regard to our Delicatessen and Fresh Food Centers, we aim to strike a balance between deliciousness and productivity by handling part of the

product manufacturing process at the Centers.

Making investments in response to changes in the management environment

Changes to the external environment—such as rising interest rates, soaring construction and material costs, and rising personnel expenses—are currently causing investment costs to increase significantly. In particular, construction costs have risen considerably, and we must exercise caution when implementing our investment strategy.

Under these circumstances, with regard to investing in new stores, we plan to maintain the opening of nine to ten stores per year within the Group, based on our stable financial position. However, naturally, we will not take a “store opening at all costs” approach; we will emphasize investment profitability, and make more precise and flexible decisions about investment.

In terms of investing in systems, we have introduced fully self-service checkout systems at 66 Yaoko stores, utilizing AI-based automatic ordering and digital pricing to improve productivity and reduce running costs in the checkout and grocery divisions. Through these streamlining and labor-saving measures, we will boost productivity and profitability, and we will also focus on “making work more pleasant,” which has been an issue since FY2024.

Promoting management that is conscious of the cost of capital

Amid rising investment costs, we evaluate each investment project based on ROIC, and assess the appropriateness of the investment based on whether it exceeds WACC. Management that is conscious of the cost of capital is not merely a matter of numerical management; it is an important management foundation which links directly to the sustainable improvement of corporate value. To instill this mindset throughout the company with regard to management,

we continue to hold study sessions for acquiring in-depth understanding of ROIC and ROE, and we share information with outside officers at meetings of the Board of Directors as appropriate to optimize capital efficiency.

As our policy for capital allocation, we are making investments necessary for business growth as described above, while constantly aiming for an ROE of 10% or more, and striving to improve dividends for shareholder returns. In FY2024, we also conducted share buybacks. We have increased the dividend payout ratio to 25.3%, and aim to raise it to 30% in the future. We are aware of the rise in stock prices which has led to an increase in trading units as an issue. We will monitor stock market trends while continuing to comprehensively consider factors such as the price level and liquidity of the company’s stock, as well as the costs associated with reducing trading units.

Capital allocation policy (11th Mid-Term Management Plan)

Cash inflow from operating CF is expected to reach a total of 100 to 110 billion yen

(1) Making investments necessary for business growth while maintaining financial soundness

(2) Being keenly aware of the target ROE of 10% or higher and capital efficiency, and raising dividend payout ratio in stages

(3) Utilizing ROIC as an investment indicator and being aware of the cost of capital when making investment decisions

Cash inflow	Cash outflow	
Operating CF ¥100-110 billion	Capital investment ¥95 billion New stores Revitalizing existing stores Other (investments in systems and centers, etc.)	Using ROIC as an investment metric Being aware of the cost of capital
	Shareholder returns Dividends, share buybacks, etc.	Increasing the dividend payout ratio in stages Target of 25% for the time being, target of 30% in the future

Further advancing Group management

In October 2025, the Company will move to a holding company structure as “BLUE ZONES HOLDINGS.” This will enable autonomous operations for each Group company while allowing them to maintain their individuality and work in harmony as sister companies that mutually learn from one another, strengthening the Group as a whole.

Though our Group name will change, there will be no changes to our management philosophy, our commitment to contributing to the community, or the emphasis we place on the autonomous management structure of each company. We will continue cooperation with companies that are deeply rooted in their communities and sincerely committed to management, with the aim of accelerating value

creation across the entire Group.

As our financial strategy, we will continue allocating operating cash flow to investments in business growth as our foundation, as we have done up to this point. At present, of our approximately 40 billion yen in operating cash flow, we plan to allocate six to seven billion yen to shareholder returns and utilize the remainder for growth investments such as new store openings, renovations of existing stores, productivity improvement investments, and M&A activities. We will promote capital efficiency across the entire Group, and implement flexible capital allocation that does not miss out on growth opportunities.

Focusing on investments in people and reforming working styles

As mentioned earlier, making work more pleasant has been a company-wide issue since FY2024; we believe that investment in human resources is the basis for sustainable growth, and cannot be delayed.

Specifically, at Yaoko stores, the number of store managers has been increased from three to four or five, and the number of employees in the deli divisions has been increased in line with sales volume. As a result of streamlining and labor-saving through digitalization, we are actively increasing the number of human on the front lines who create value, improving the work environment by making it easier to take holidays and offering flexible shift arrangements, and at the same time improving sales strengths.

In addition, we have resumed training programs in the United States and overnight training programs that had been suspended due to the COVID-19 pandemic, and will continue to strengthen the development of future management personnel.

These initiatives contribute to improving employee engagement and retention rates, and our policy is to strengthen competitiveness and achieve sustainable growth by improving the quality of our human capital.

As a corporate group which walks alongside the local community

The number of Yaoko Card members now exceeds four million, accounting for more than 81% of sales. We could not exist without our local customers.

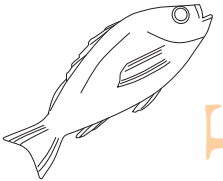
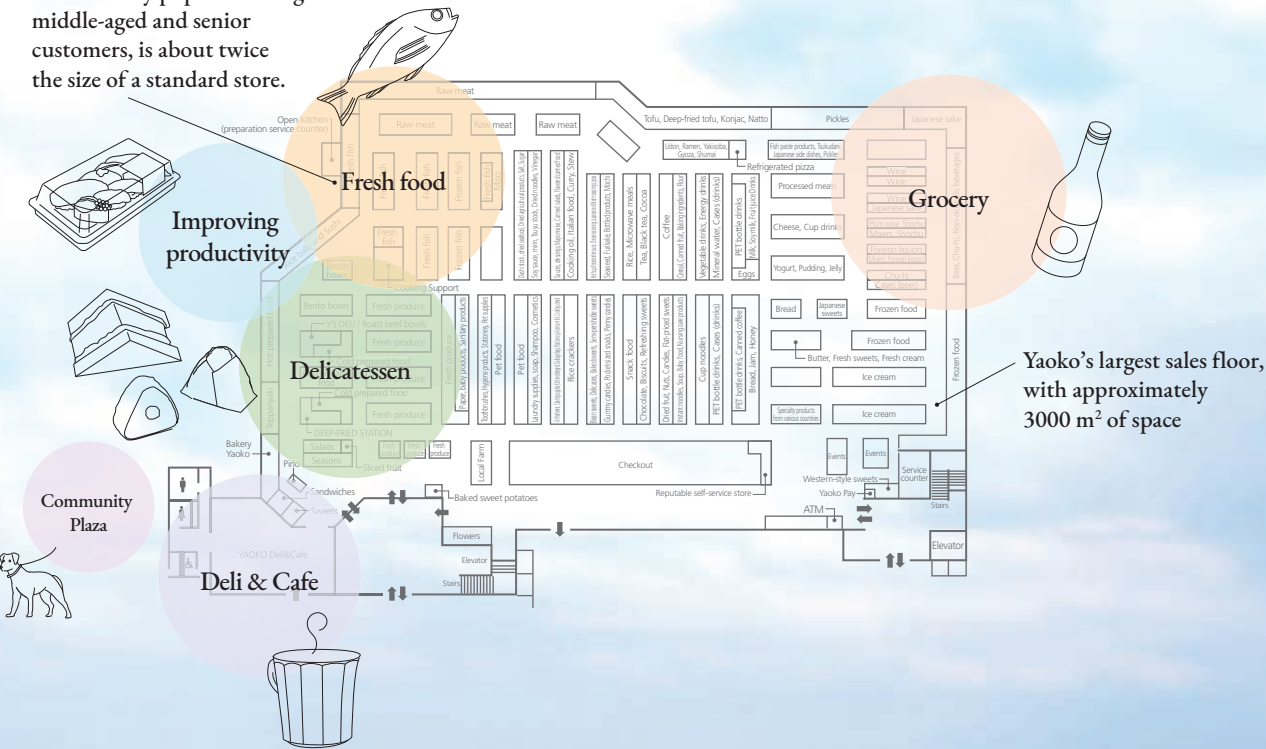
In order to give back to the people in these communities, the Group would like to not only provide them with abundant dietary lives of deliciousness and fun, but also have them take on management roles as shareholders. In the future, we hope that each of our Group stores will establish a strong presence as part of the social common capital which is essential to many stakeholders, including our local customers, employees, business partners, and shareholders.

Special Report | Flagship location in the North Area which provides support for middle-aged and senior customers

Taking on Challenges at the Kuki Yoshiba Store

We are advancing initiatives to evolve our “tailored strategies for different markets” to further enhance a decentralized chain-store system. At the Kuki Yoshiba Store, with strong support from the middle-aged and senior customer demographic in the North Area, we are further refining our familiar products and services and aiming to establish a new store model in the North Area.

The fresh fish sales floor, which is very popular among middle-aged and senior customers, is about twice the size of a standard store.



Fresh food

Enhancing the store's selection of fresh fish, which is highly popular in the North Area

The store offers a wide selection of local fish sourced from the Toyosu Market, and in conjunction with our Cooking Support service, our members (employees), who are knowledgeable about fish, respond meticulously to what customers need through face-to-face sales. In addition to a selection of fish dishes such as simmered fish and grilled fish, as well as fresh fish sushi using red vinegar rice, we are also attempting new approaches in order to sell out our products.



Next to the fresh fish section, we have also expanded the sales floor selling sushi and fish dishes from the Isaribi brand of the Delicatessen Department and aggregated the merchandise. By incorporating the fresh food and delicatessen sales floor, we have created a lively atmosphere at the store entrance with food products which are fresh, delicious, freshly prepared, and freshly made.



Grocery

Suggestions to go along with snacks Yaoko's largest Japanese sake sales floor

While other Yaoko stores tend to focus on wine in their third corner, we specifically chose to expand the Japanese sake sales floor. We have increased our selection of merchandise consisting of small single-serving items, and offer a wide variety of fish paste snacks in the refrigerated cases nearby. The miso section, which has an endcap designed to resemble a miso storehouse, offers a wide selection of local miso sourced from regions all over Japan. We have also expanded our lineup of pet food and pet supplies to meet customer needs, and created a community plaza where customers can enjoy spending time outside with pets and other people.



Deli & Cafe

The ultimate in freshly prepared, freshly made deliciousness

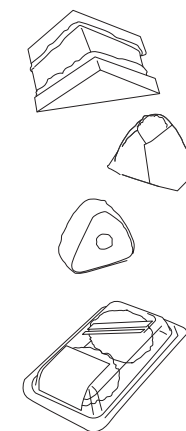
As a new initiative, we have set up a eat-in corner with food made-to-order, where our famous delicatessen products are served fresh and delicious. Customers can enjoy French toast and thick-sliced toast using Yaoko's "Royal Bread" in the morning (7:30 AM to 11 AM), as well as dishes like fried pork cutlet bowls and fried pork loin cutlet set meals during lunch time (11 AM to 2 PM).



Morning



Lunch



Delicatessen

Prepared food staples Making a dedicated corner for deep-fried food

Popular fried food items in the North Area, such as fried pork cutlets, fried chicken, and fried horse mackerel are featured in a corner called the "DEEP-FRIED STATION." We also offer a wide selection of "Sachigenbei" healthy bento boxes which use brown rice.



At the bakery, we offer classic prepared food items, coppe bread, and teppan-fried, thick-cut omelet sandwiches as products exclusive to the North Area, which are very popular. In addition, the fully open glass-walled kitchen creates a sense of food being freshly made.



Improving productivity

Introducing a roller conveyor to work areas

The bakery, prepared food, and sushi-making areas are linked, creating an environment that is easy to move around in. We connected the food plating area to the pricing area with a roller conveyor so that products do not have to be brought over by hand, thereby minimizing the need for staff to move around.

Implementation of Measures by Group Companies

We will introduce initiatives at each of the Yaoko Group companies which offer the four values of deliciousness, selection of merchandise, proposals, and low prices to our customers.



Concept and policy

Creating stores chosen by customers who buy in bulk

With the concept of “Creating stores chosen by customers who buy in bulk,” AVE—which deploys the discount-style with a focus on Kanagawa Prefecture—strives every day to provide high freshness, high quality, and deliciousness at prices more affordable than anywhere else, as well as a selection of merchandise that meets the personal preferences of customers and attractive sales floors which make shopping enjoyable.

Initiatives

Delivering the appeal of AVE’s “EDLP” to customers

As prices continue to rise, now more than ever, AVE is strengthening efforts to convey the appeal of EDLP in an easy-to-understand manner through sales floors, so that customers can feel secure in the affordability and quality of AVE products. To do so, AVE is focusing efforts on strengthening its fresh, reasonably priced, and high-quality selection of merchandise by developing new production areas, strengthening relationships with business partners, and implementing collection measures, with a view to evolving the low-cost operations that underpin EDLP.



Concept and policy

Implementing “Overwhelmingly low prices, freshness, and selection of merchandise”

Foocot, which deploys the AVE model with a focus on Saitama Prefecture, pursues customer satisfaction via thorough low-cost operations under the management policy of “stores which satisfy customers with their overwhelmingly low prices, freshness, and selection of merchandise.” We will contribute to our customers’ abundant dietary lives and happiness by responding to their diversifying food and health needs and providing delicious products in a wide variety at low prices.

Initiatives

Creating sales floors that lead to customers visiting the store for their intended purpose

Aiming to be “Stores which satisfy customers with their overwhelmingly low prices, freshness, and selection of merchandise,” Foocot is refining its sales floor layouts to encourage purpose-driven visits, where customers think, “I’ll go shopping at Foocot because they have that product.” We will meet the needs of customers who want to purchase delicious merchandise at low prices by offering a wide selection of highly fresh produce and staple grocery items through EDLP.



Concept and policy

Aiming to be a supermarket loved by all customers

Sendo—which deploys the lifestyle assortment-style in the Uchibo and Sotobo regions of Chiba Prefecture with a focus on Ichihara City, Chiba—focuses on three key points of “quality, freshness, and price for food products,” which includes fresh food, and strives to “contribute to more abundant dietary lives” for local customers based on the management philosophy of “Selling high-quality products at low prices with sincere customer service while maintaining freshness.”

Initiatives

Initiatives for local production and local consumption specifically focused on Sendo’s home area of Chiba

Sendo’s home area of Chiba Prefecture has many famous products, including fresh seafood caught at local fishing ports in Katsuura, Choshi, and Kujukuri, pork from Katori City, and rice from Ichihara City. We are focused on our initiatives to deliver highly fresh and delicious local merchandise to customers, such as bonito caught that same morning in Katsuura and clams from Kujukuri. In addition, we deliver fresh vegetables, fruits, and fish from Distribution Centers, which are directly connected to the markets, straight to stores.



ESG Initiatives

Yaoko supermarkets are deeply rooted in local communities, and we consider ourselves a shared asset of those communities. Our management approach is to operate a business that promotes health and sustainability by focusing on operations with low environmental impact and maintaining strong ties with local communities.

Environmental Measures

2030 targets

The company is exploring and implementing initiatives aimed at achieving the three target indicators for 2030, including specific efforts to achieve zero Scope 2 CO₂ emissions. We are also advancing initiatives to educate customers about the environment.

2030 targets (From April 2023)

Metrics	Targets
CO ₂ reduction	Reduce total Scope 1+2 CO ₂ emissions by 60% vs. FY2013 level
Plastic use reduction	Container and packaging plastic content weight Reduce by an average of 25% per store vs. FY2019 level
	Collect 10 times the weight of plastic trays vs. FY2020 level
Food recycling	Achieve zero food waste
	Recycle 100% of food waste

CO₂ reduction

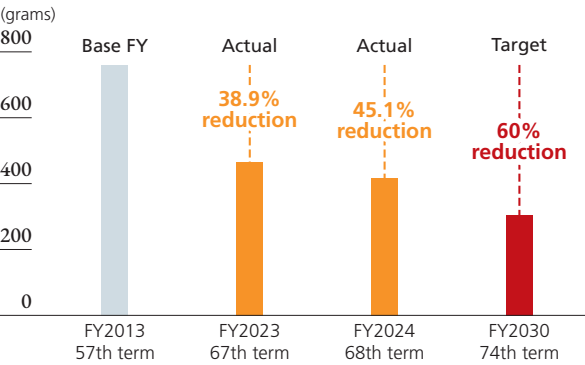
Yaoko is actively working to reduce CO₂ emissions by making LED lighting the standard for our stores, installing reach-in cases to reduce electricity consumption, and installing automated air conditioning control systems to maintain optimal temperatures and maximize energy savings. In addition, we have introduced non-fluorocarbon refrigeration units that operate using environmentally friendly CO₂ refrigerants to a certain number of stores.

Measures to achieve our reduction target

1. Energy conservation (control electricity usage)
- [People] Honeycomb filter cleaning, turning off lights when not in use, appropriate temperature settings
 - [Equipment] Energy-saving equipment, AI-based auto-controlled air conditioning, equipment using CO₂ coolant
2. Energy creation (generating electricity)
- Use solar power generation and biogas power generation
3. Switch to renewable energy and carbon credit procurement
- Purchase electricity generated from renewable energy sources and non-fossil fuel energy certificates

CO₂ reduction target and results

Scope 1 and 2: **60% reduction** in total CO₂ emission by FY2030 vs. FY2013 levels



Reducing waste, biogas power generation, and contributing to a recycling-oriented society

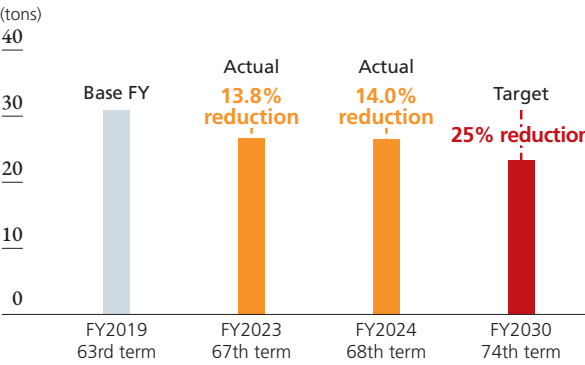
Yaoko is stepping up its on-site recycling efforts. Our stores collect foam trays, aluminum and steel cans, PET bottles, and other items then compact and bale them for recycling. Food waste at the stores is processed at food recycling facilities and composted through methane fermentation for use as a biogas for power generation. Recycling technology has improved, leading to an increase in the number of recycling facilities, and we are also expanding our operations into Chiba Prefecture.



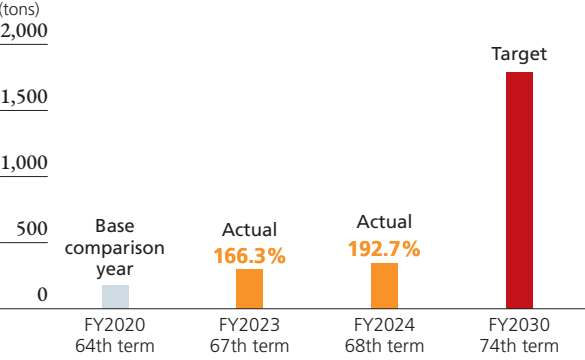
Nishi Tokyo Recycle Center

Plastic reduction target and results

25% reduction of plastic used in packaging and containers per store by FY2030 vs. FY2019 levels

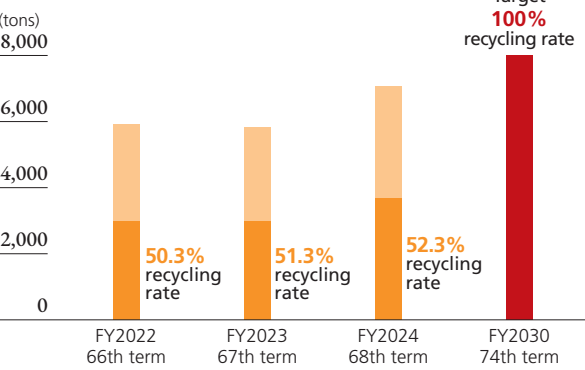


Foam and clear plastic trays collected at stores **10 times** the level at each store vs. FY2020



Food recycling target and results

Achieve zero food waste **100%** recycling of food waste



Social Measures

Holding environmental and food education classes

Yaoko is a supermarket that “Proposes abundant, enjoyable, and healthy dietary lives.” We join with our suppliers to hold environmental events for elementary school children to explore ways to improve the environment. We also organize food education events for parents and children.



An environmental workshop for children

Children support activities

Yaoko began supporting activities for children from economically disadvantaged and single-parent families in September 2020. In the five years we have been working with Department of Welfare of Saitama Prefecture and Saitama Social Welfare Council, the network of participating groups has continued growing, leading to a robust system providing widespread support. We look forward to continuing our activities making a brighter future for local children.

Yaoko employees continued holding the annual food drive and food pantry events in FY2024. The number of local food pantry organizations continued to increase, and we collected a large volume of items from our in-house relief supplies as well as items sponsored by business partners and local farmers who have contracts with our stores. We look forward to continuing to bring even more happiness in FY2025.



Providing rice in support of children



Our Food Pantry

ESG Initiatives

Response to the TCFD Recommendations

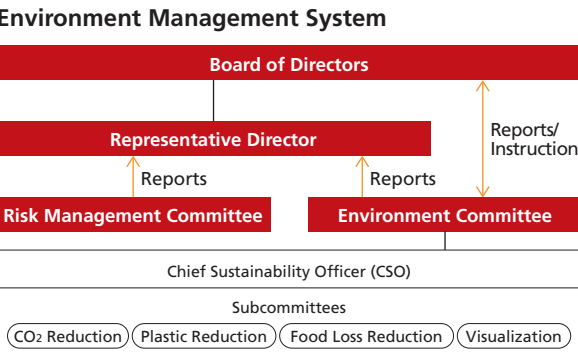
We collect relevant data and analyze climate change scenarios following the Task Force on Climate-related Financial Disclosure (TCFD) framework. We identify business risks and opportunities related to climate change and take concrete steps to minimize risk and reduce CO2 emissions.

▶ Please see our website for details:
https://www.yaoko-net.com/sustainability/tcf.html (in Japanese)

Governance

We see climate change issues as part of the long-term changes in the environment surrounding the Company, and consider them as company-wide matters to address.

The Environment Committee chaired by the President meets twice a year to discuss and determine the policies for important matters on environment issues, and monitors their progress. In addition, the CSO (Chief Sustainability Officer) in charge of environment issues regularly reports the actions taken to the Board of Directors. The Board of Directors supervises environmental measures under the Environment Management System in response to the impact of climate changes on environment and society.



Strategy

At Yaoko, we identify the risks and opportunities associated with climate change and ascertain their financial impact on the business. In analyzing financial impact, we have used the Stated Policies Scenario (STEPS), the Sustainable Development Scenario (SDS),

and the Net Zero Emissions by 2050 Scenario (NZE) from the World Energy Outlook published by the International Energy Agency (IEA) regarding the risks of policy, legal and regulatory systems transitioning to a decarbonized society. We have used the RCP8.5 scenario (RCP8.5) and the RCP2.6 scenario (RCP2.6) from the Fifth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC) regarding the physical risks anticipated from the rise in temperatures associated with climate change. When estimating the financial impact, we analyzed a 1.5°C (under 2°C) scenario combining NZE, SDS, and RCP2.6, and a 4°C scenario combining STEPS and RCP8.5. The risks and opportunities that will impact Yaoko, and estimations of their financial impact, are presented on the following page. We aim to implement measures to address the key risks and opportunities that we have clarified, mitigating risks and achieving resilience against climate change.

Applied scenarios	Physical scenario (4°C scenario): IPCC RCP8.5 scenario and RCP2.6 scenario Transition scenario (1.5°C–2°C scenario): IEA STEPS, SDS, and NZE scenarios
Subject	Store management of Yaoko (non-consolidated)
Analysis	Qualitative evaluation and financial impact of physical and transition risk of Yaoko store management (non-consolidated)
Terms	Short-term (0–3 years), medium-term (4–11 years), and long-term (11–30 years)

Risk management

To address company-wide risk management including climate change issues, the Risk Management Committee chaired by the President is established and held more than twice a year. The Risk Management Committee identifies risk surrounding the Company, assesses and reviews risk, develops procedures and systems to prevent risk from being pronounced, develops measures to address pronounced risks, and determines policies and plans on the above initiatives from a company-wide perspective.

Qualitative evaluation of important risks and impacts due to climate change (scenario analysis)

	Risk items				Risk impact			Countermeasures
	Category	Major category	Subcategory	Time to develop	Details of risks	2°C (1.5°C)	4°C	
Risks	Transition risks	Policy and legal/technology risk	Introduction of carbon tax	Medium to long term	Increase in carbon pricing and tax burden	High	—	Scope1 • Control chlorofluorocarbon (CFC) emissions from freezer and refrigeration equipment (Transition to non-CFC coolant and strengthen measures to prevent leakage from existing equipment) Scope2 • Engage in energy conservation (Clean honeycomb filters, revise temperature settings for air conditioners and refrigerated showcases, and introduce an automatic air conditioner control system) • Expand the introduction of renewable energy (Purchase directly sourced green electric power and non-fossil fuel electricity certificates and introduce solar power generation and biogas power generation)
			Stricter regulation on CO2 emissions reduction	Short to medium term	Increase in renewable energy cost	High	—	
			Stricter CFC substitutes regulations	Short to medium term	Increase in non-CFC capital expenditure	High	—	
			Stricter regulation on plastic reduction	Short to medium term	Plastic use restrictions, material change and increase in recycling costs	Moderate	—	
	Physical risks	Market and Reputation risk	Changes in procurement costs of energy and raw materials	Short to long term	Increase in electricity expenses and procurement costs of raw materials	Moderate	High	Strengthen the resilience of stores, factories, distribution centers, etc. by establishing and maintaining BCs
			Changes in consumer behavior	Short to medium term	Changes in sales due to shifts in consumer behaviors with heightened environmental awareness	Moderate	—	
			Changes in evaluation from stakeholders	Short to medium term	Higher evaluation by business partners on our environmental measures (incl. financial institutions)	Low	—	
Opportunities	Acute risk	Chronic risks	Damages from extreme weather	Short to long term	Decrease in profit and increase in cost, due to flooding and destruction of stores (distribution bases, factories)	Moderate	High	Promote measures such as cooperation with business partners and product development at our own factories
			Changes in rainfall and climate patterns	Medium to long term	Decrease in profit and increase in cost, due to suspension of operations and store closure as the coastal flooding risk rises	Moderate	High	
	Products and services	Energy sources	Consumer preference in eco-friendly products	Medium to long term	Changes in sales due to shifts in consumer behaviors with heightened environmental awareness, and increase in sales in new business areas	Low	—	
			Sharing renewable energy in local communities	Medium to long term	Increase in supply and demand of surplus electricity by the Company and consumers	Low	—	

Anticipated risk-related financial impact in 2030

Impact of the introduction of carbon taxes

Assumption: USD 130/t-CO2 (source: /EA WEO-2021)

Item	Business impact
Cost of carbon tax	¥1.2 billion–¥3.0 billion

This represents the range between the impact if we succeed and fail, respectively, in achieving the target reduction of 60% in CO2 emission intensity on Scope 2 by FY2030 compared to FY2013 levels

* CO2 emission intensity is calculated based on store area × number of business days

Impact due to the procurement of electricity from renewable energy

Assumption: Procurement of 10,200MWh in electricity from renewable energy

Item	Business impact
Procurement cost of electricity from renewable energy	¥0.25 billion

Damage due to more intense extreme weather

Assumption: Flooding damage due to overflowing rivers and storm surge damage due to atmospheric pressure changes

Item	Business impact
Damage to non-current assets and inventory	¥0.3 billion–¥0.5 billion
Losses due to store shutdowns	¥30 million–¥50 million

The minimum value represents an impact of an under 2°C scenario, and the maximum value represents that of a 4°C scenario

Metrics and targets

Metrics	Targets
CO2 reduction	Reduce total CO2 emissions by 60% vs. FY2013 levels
Plastic reduction	Container and packaging plastic content weight Reduce by an average of 25% per store vs. FY2019 level
	Collect 10 times as much plastic trays in-store vs. FY2020
Food recycling	Achieve zero food waste Recycle 100% of food waste

▶ Please see page 45 for details.

Yaoko non-consolidated CO2 emissions (calculated based on GHG Protocol)
▶ Please see page 45.

Directors and Auditors

(as of June 24, 2025)

Directors



Yukio Kawano
Chairman and Representative Director

Jan. 1969 Joined Yaoko Ltd., General Manager of Sales Department
Mar. 1974 Reorganized Yaoko Ltd. and established YAKO Co., Ltd.; Director
Oct. 1974 Senior Managing Director, the Company
May 1981 Representative Director, the Company
Jan. 1985 President and Representative Director, the Company
Jun. 2007 Chairman and Representative Director, the Company (to present)

Significant concurrent positions

President, Kawano Masanori Memorial Public Interest Incorporated Foundation for Promotion of Pediatrics
Honorary Chairman, Japan Supermarkets Association



Sumito Kawano
President and Representative Director

Apr. 2001 Joined the Company
Jan. 2009 General Manager of Grocery Department, the Company
Jun. 2009 Director; General Manager of Grocery Department, the Company
Dec. 2009 Director; Deputy Director of Management Reform Promotion and General Manager of Grocery Department, the Company
Mar. 2011 Director; Deputy Director of Management Reform Promotion and Deputy Director of Sales Management, the Company
Jun. 2011 Managing Director; Deputy Director of Management Reform Promotion and Deputy Director of Sales Management, the Company
Feb. 2012 Executive Vice President and Representative Director, the Company
Apr. 2013 President and Representative Director, the Company (to present)

Significant concurrent positions

Representative Director, Ave Co., Ltd.
Representative Director, Foooot Co., Ltd.
President, YAKO Child Support Foundation



Masanobu Kamiike
Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, and Chief Health Officer (CHO)

Jan. 2005 Joined the Company
Apr. 2008 Chief Store Development Officer and General Manager of Store Development Management Division, the Company
Jun. 2008 Director; Chief Store Development Officer and General Manager of Store Development Management Division, the Company
Apr. 2013 Director; Chief Business Management Officer, General Manager of Corporate Planning Office, and Chief Director of Human Resources & General Affairs, the Company
Jun. 2013 Managing Director; Chief Business Management Officer, General Manager of Corporate Planning Office, and Chief Director of Human Resources & General Affairs, the Company
Mar. 2019 Managing Director; Chief Business Management Officer, Chief Director of Human Resources & General Affairs, in charge of Store Development Division, the Company
Mar. 2020 Managing Director; Chief Administrative Officer, in charge of Store Development Division, the Company
Mar. 2022 Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, the Company
Mar. 2024 Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, General Manager of Finance Department, and in charge of Finance, and Chief Health Officer (CHO), the Company
Jun. 2024 Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, General Manager of Finance Department, and Chief Health Officer (CHO), the Company
Mar. 2025 Senior Managing Director; Chief Administrative Officer, in charge of Store Development Division, and Chief Health Officer (CHO), the Company (to present)



Asako Saito
Director (Outside)

Apr. 1990 Joined Mercedes-Benz Japan Co., Ltd.
Sep. 1997 Joined Boston Consulting Group Japan Co., Ltd.
Mar. 2000 Joined Louis Vuitton Japan K. K.
Jun. 2002 COO, Celux Co., Ltd.
Oct. 2008 President and Representative Director, Dramatic Co., Ltd.
Jun. 2015 Director, the Company (to present)
Aug. 2015 Director, Cogito Education and Management Inc.
Jun. 2018 Outside Director, WATABE WEDDING CORPORATION
Mar. 2019 Outside Director, MITSUBISHI PENCIL Co., Ltd. (to present)
May 2020 Outside Director, SANYO SHOKAI LTD.
Nov. 2020 Outside Director, CIRCULATION Co., Ltd. (to present)
Nov. 2020 Representative Director, BLOOM Co., Ltd. (to present)
Jun. 2024 Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd. (to present)

Significant concurrent positions

Outside Director, MITSUBISHI PENCIL Co., Ltd.
Outside Director, CIRCULATION Co., Ltd.
Representative Director, BLOOM Co., Ltd.
Outside Director, Audit and Supervisory Committee Member, SPARX Group Co., Ltd.

Reason for Appointment as Outside Director

Ms. Asako Saito has been highly evaluated for her achievements and insight as an executive manager in marketing and branding. She has been sufficiently fulfilling her role in decision-making on important matters of the Company's management, supervision of business execution, and others.



Takashi Kuzuhara
Director (Outside)

Apr. 1988 Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)
Apr. 2011 Corporate Executive Officer, Recruit Co., Ltd.
Oct. 2012 Corporate Executive Officer, Recruit Holdings Co., Ltd.
Oct. 2012 President and Representative Director, Sumai Company, Recruit Co., Ltd.
Apr. 2013 President, RGF Hong Kong Ltd.
Apr. 2018 Chairman, RGF International Recruitment Business
Apr. 2018 President and Representative Director, Recruit Jobs Co., Ltd.
Apr. 2018 Corporate Executive Officer, Recruit Co., Ltd.
Apr. 2020 Advisor, Recruit Co., Ltd.
Oct. 2021 Outside Director, Net Smile, Inc.
Jan. 2022 Outside Director, Pac. EX Holdings Co., Ltd. (to present)
Jun. 2022 Director, the Company (to present)

Significant concurrent positions

Outside Director, Pac. EX Holdings Co., Ltd.

Reason for Appointment as Outside Director

Mr. Takashi Kuzuhara has been highly evaluated for his achievements and insight as an executive manager of Recruit Group and he has been sufficiently fulfilling his role in decision-making on important matters of the Company's management, supervision of business execution, and others.



Yumiko Kamada
Director (Outside)

Apr. 1989 Joined East Japan Railway Company
Jun. 2005 President and Representative Director, JR East Station Retailing Co., Ltd.
Jun. 2010 General Manager of Regional Revitalization Department, Life-style Business Development Headquarters, East Japan Railway Company
May 2013 Deputy Director of Frontier Service Development Laboratory, Research and Development Center, East Japan Railway Company
Feb. 2015 Senior Executive Officer, General Manager of New Business Development Group, Calbee, Inc.
Mar. 2015 Outside Director, POLA ORBIS HOLDINGS INC.
Jun. 2015 Outside Director, The Michinoku Bank, Ltd.
Dec. 2018 President and Representative Director, ONE GLOCAL (to present)
Jun. 2020 Outside Director, TAIYO HOLDINGS CO., LTD.
Jun. 2021 Outside Director, Private Finance Initiative Promotion Corporation of Japan (to present)
Jun. 2022 Outside Director, Aoba-BBT, Inc. (to present)
Apr. 2025 Visiting Professor, Tama Graduate School of Business (to present)
Jun. 2025 Outside Director, the Company (to present)

Significant concurrent positions

President and Representative Director, ONE GLOCAL
Outside Director, Private Finance Initiative Promotion Corporation of Japan
Outside Director, Aoba-BBT, Inc.
Visiting Professor, Tama Graduate School of Business

Reason for Appointment as Outside Director

Ms. Yumiko Kamada brings extensive experience in developing new businesses, products, and services along with deep knowledge of corporate governance and growth support across diverse industries. We are confident her insight and expertise will offer valuable oversight and strategic guidance to the Company's management.



Takanori Ishizuka
Managing Director; Chief Sales Management Officer, General Manager of Sales Department 1 and Sales Department 2, in charge of Sales Division

Apr. 1996 Joined the Company
Feb. 2012 General Manager of Sales Management Office and General Manager in charge of Merchandise Development, the Company
Oct. 2012 General Manager of Sales Management Office, General Manager in charge of Merchandise Development, and General Manager in charge of Operation Promotion, the Company
Feb. 2013 General Manager of Sales Management Office and General Manager in charge of Operation Promotion, the Company
Apr. 2015 General Manager of Delicatessen Division, the Company
Jun. 2015 Director; General Manager of Delicatessen Division, the Company
Mar. 2020 Director; General Manager of Sales Department 1 and Sales Department 2, in charge of Sales Division, the Company
Mar. 2021 Director; Deputy Director of Sales Management and General Manager of Sales Department 1 and Sales Department 2, the Company
Oct. 2021 Director; Deputy Director of Sales Management, General Manager of Sales Department 1 and Sales Department 2, in charge of information systems, the Company
Mar. 2022 Managing Director; Chief Sales Management Officer, the Company
Apr. 2025 Managing Director; Chief Sales Management Officer, General Manager of Sales Department 1 and Sales Department 2, in charge of Sales Division, the Company (to present)



Hiroaki Yagihashi
Director; Chief Store Development Officer, and Chief Sustainability Officer (CSO)

Oct. 2008 Joined the Company
Feb. 2012 General Manager of Store Planning Department, the Company
Mar. 2016 Chief Store Development Officer, the Company
Jun. 2017 Director; Chief Store Development Officer, the Company
Mar. 2018 Director; Chief Store Development Officer, General Manager of Store Development Management Division, and General Manager in charge of Store Development Strategy, the Company
Nov. 2018 Director; Chief Store Development Officer, the Company
Mar. 2019 Director; Chief Store Development Officer, General Manager of Store Development Management Division, and General Manager in charge of Store Development Strategy, the Company
Mar. 2020 Director; Chief Store Development Officer and General Manager of Store Development Management Division, the Company
Mar. 2024 Director; Chief Store Development Officer, the Company
Jun. 2024 Director; Chief Store Development Officer, and Chief Sustainability Officer (CSO), the Company (to present)

Auditors



Masahiro Yamada
Executive Auditor

Apr. 2014 Joined the Company, General Manager of Human Resources Department in charge of Human Resources
Mar. 2015 General Manager of Human Resources Department in charge of Operations, the Company
Mar. 2018 General Manager of Internal Control Division and General Manager of Compliance Division, the Company
Mar. 2024 Assistant to Chief Administrative Officer, the Company
Jun. 2024 Executive Auditor, the Company (to present)



Yukio Sato
Auditor (Outside)

Oct. 2009 Chief of Kawaguchi Police Station
Mar. 2011 Chief of Regional Affairs Department, Saitama Prefectural Police Headquarters
Mar. 2012 Chief of Lifestyle Safety Department, Saitama Prefectural Police Headquarters
Mar. 2013 Chief of General Affairs Department, Saitama Prefectural Police Headquarters
Mar. 2014 Retired from Saitama Prefectural Police
Jun. 2017 Auditor (Outside), the Company (to present)

Reason for Appointment as Outside Auditor

Mr. Yukio Sato provides effective advice and information on store crime prevention measures and measures to respond to crimes committed against the Company, based on his extensive experience and expertise in crisis management and others.



Katsuhiro Hashimoto
Auditor (Outside)

Apr. 2012 Director of Meat Inspection Center, Saitama Prefecture
Mar. 2014 Retired from Meat Inspection Center
Apr. 2014 Part-time Instructor, Hanasaki Tokuharu High School, Satoegakuen (to present)
Apr. 2014 Instructor for Food Hygiene Manager Training Course, Saitama Prefecture Food Hygiene Association (to present)
Jun. 2020 Auditor (Outside), the Company (to present)

Reason for Appointment as Outside Auditor

Mr. Katsuhiro Hashimoto provides effective advice and information on food safety management, particularly fresh foods, based on his extensive experience and his expertise as a health supervisor.



Tsuyoshi Ikarashi
Auditor (Outside)

Jul. 2012 District Director, Ojiya Tax Office, National Tax Agency
Jul. 2017 Assistant Regional Commissioner of Collection Department, Kanto-Shinetsu Regional Taxation Bureau, National Tax Agency
Jul. 2018 Retired from National Tax Agency
Aug. 2018 Commenced practice of Tax Accountant Office (to present)
Jun. 2020 Auditor (Outside), the Company (to present)
Feb. 2023 Auditor (Outside), JA Echigo Chuetsu (to present)
Jun. 2024 Executive Auditor, NCT Co., Ltd. (to present)

Significant concurrent positions

Auditor (Outside), JA Echigo Chuetsu
Executive Auditor, NCT Co., Ltd.

Reason for Appointment as Outside Auditor

Mr. Tsuyoshi Ikarashi provides effective advice and information on the appropriateness of the execution of management duties from a tax expert's perspective.

Corporate Governance

Yaoko’s corporate governance structure is designed to ensure compliance with laws, regulations, and social norms, fulfill our social responsibility to stakeholders, and provide a structure for transparent and fair management.

Governance that has made it possible to achieve 36 consecutive terms of increased sales and profits

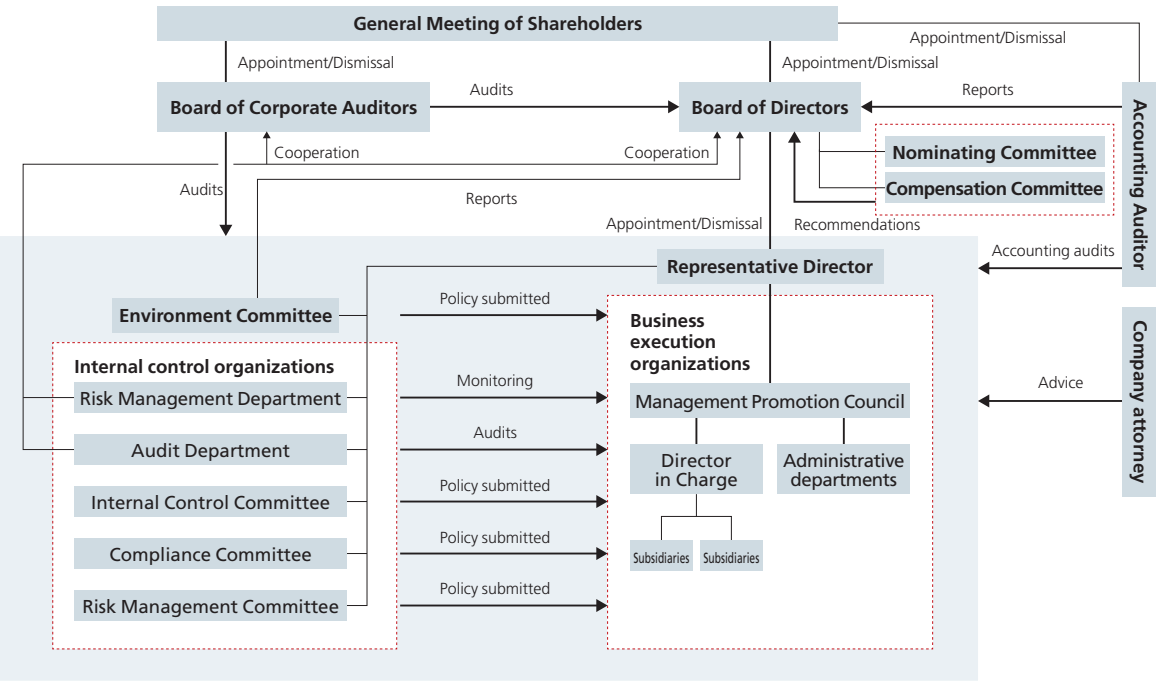
The basis of company management is “cheerful” declared in company policy. Honest business with no lies or tricks and transparent, healthy management are our first priority, and since our founding in 1890, we have dedicated ourselves to unwavering business according to our unwavering management philosophy.

Our management philosophy and company policy are the reasons that we continue to exist. We believe it is essential for every employee to understand and apply

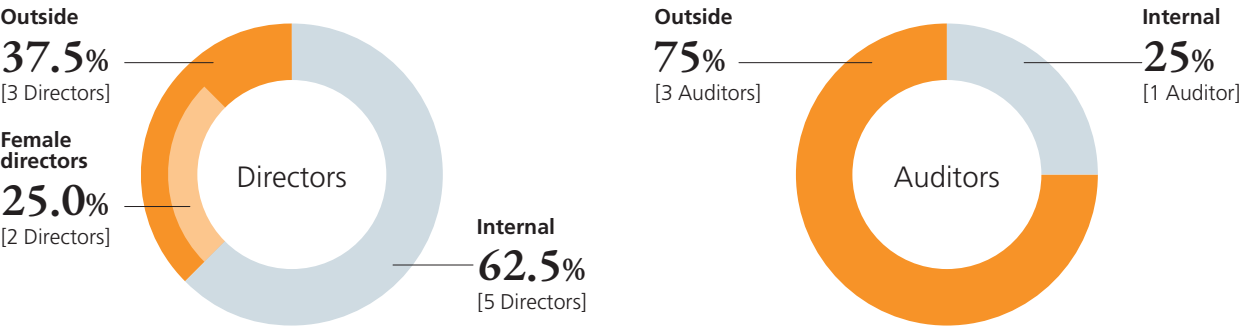
them in their daily work, and the Chairman, President, and members of the management team regularly remind employees of their importance at morning gatherings and other meetings. The Company’s way of thinking has been passed down through its philosophy and policy from the very beginning, and we view them as the foundation of our governance system, which has enabled Yaoko to successfully achieve 36 consecutive terms of increased sales and profits.

Corporate governance system

Corporate Governance System [Organizational structure: company with Board of Corporate Auditors]
(as of June 24, 2025)



Ratio of Outside Directors and Outside Auditors (as of June 24, 2025)



Outline of Board of Directors, Board of Corporate Auditors, and Committees

Board of Directors

Chairperson	Composition	Number of meetings in FY2024 (Attendance rate)
President	Internal Directors 5 Outside Directors 3	13 (99.0%)

Purpose

The Board of Directors decides on important matters relating to management, including the budget, financial results, opening of new stores, remodeling and other store data, as well as successively monitoring the status of business execution. Section managers are appointed for the execution of routine operations, and a system is in place to delegate the necessary authority to speed up operations.

Main topics of discussion

- Cash plan
- Plan for new store openings
- Selection of Director candidates

Nominating Committee

Chairperson	Composition	Number of meetings in FY2024 (Attendance rate)
Outside Director	Internal Directors 2 Outside Directors 3	2 (100%)

Purpose

This committee holds necessary deliberations on the appointment and dismissal of Directors and the nomination of candidates for corporate Auditors at the request of the Board of Directors, and contributes to improving management transparency and supervisory functions while making use of the knowledge and advice of Outside Directors.

Main topics of discussion

- Matters concerning the appointment and dismissal of Directors (resolution: General Meeting of Shareholders)
- Matters concerning the selection and removal of Representative Directors and Directors with special titles
- Matters concerning the recommendation of Auditor candidates

Board of Corporate Auditors

Chairperson	Composition	Number of meetings in FY2024 (Attendance rate)
Full-time Auditor	Full-time Auditor 1 Outside Auditors 3	16 (100%)

Purpose

Experts (tax accountant, public health professional, and former police officer) have been chosen as Outside Auditors in order to ensure the legality and propriety of business executed by Yaoko. The audit system is in place with the support of departments within the Company. The Board of Corporate Auditors audits management issues.

Main topics of discussion

- Matters concerning the audit policy, audit plans, and auditing methods
- Decision on the reappointment of the Accounting Auditor
- Formulation of auditing standards for Auditors

Compensation Committee

Chairperson	Composition	Number of meetings in FY2024 (Attendance rate)
Outside Director	Internal Directors 2 Outside Directors 3	2 (100%)

Purpose

This committee holds necessary deliberations on remuneration, etc. for each individual Director at the request of the Board of Directors, and contributes to improving management transparency and supervisory functions while making use of the knowledge and advice of Outside Directors.

Main topics of discussion

- Matters concerning policy on the determination of compensation for individual Directors (resolution: Board of Directors’ Meeting)
- Matters concerning compensation limits for Directors (resolution: General Meeting of Shareholders)

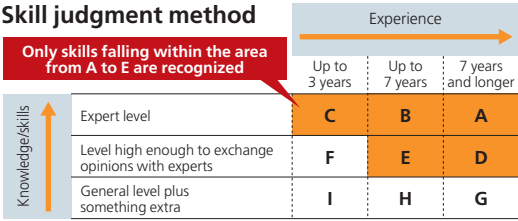
Assessment of the effectiveness of the Board of Directors

In accordance with Japan’s Corporate Governance Code and our Basic Policy on Corporate Governance, the Board of Directors carries out an evaluation of its effectiveness every year since FY2017.

Questionnaire outline	Our Directors and Auditors conducted a self-assessment based on a questionnaire from February to March 2025. 1. Operation of the Board of Directors 2. Support framework for the Board of Directors 3. Deliberations of the Board of Directors 4. Composition of the Board of Directors 5. Functions of the Board of Directors 6. Meetings to exchange opinions 7. Officers’ camps and training 8. Assessment of the effectiveness of the Board of Directors
Assessment results and analysis	The assessment concluded that the effectiveness of the Board of Directors of Yaoko has been secured. It was also found that the directors quickly execute business plans decided by the Board of Directors and that the Board of Directors appropriately monitors business execution.
Issues to address	In FY2025, we will strengthen initiatives to disclose non-financial information and performance, ensure the presence of Directors at shareholder meetings, and enhance the content and quality of officer training programs.

Officers’ expertise and experience (skills matrix)

The Company gives consideration to the diversity of knowledge, experience, abilities, and areas of expertise of the officers as a whole and the balance of the composition. We appoint candidates who have excellent insight into the management aspects required for operation of a listed company, as well as insight into business operation aspects corresponding to the Company’s business characteristics and issues.



Management							Business operation				
Name	No. of years served as the Company's officer	Corporate management, management strategy, M&A	Personnel affairs, labor, human resource development	Financial, accounting	Sustainability	Governance, internal control, legal affairs	Experience in retail industry	Merchandise development, MD	IT, logistics	Store opening, store development	Innovation, new businesses
Directors											
Yukio Kawano	51	●	●	●		●	●			●	●
Sumito Kawano	16	●	●	●		●	●				
Masanobu Kamiike	17	●	●	●		●				●	●
Takanori Ishizuka	10	●					●	●		●	●
Hiroaki Yagihashi	8	●								●	
Asako Saito Outside	10	●			●		●				●
Takashi Kuzuhara Outside	3	●	●								●
Yumiko Kamada Outside	—				●		●			●	●
Executive Officers											
Haruki Nagumo	3						●	●			●
Masahiro Iwasaki	3						●	●			
Shinsuke Goto	3									●	
Toru Kashimura	—						●	●			
Masato Kobayashi	—						●	●			●
Satoshi Ogasawara	—						●		●		
Yusuke Fukasawa	—	●				●				●	
Auditors											
Masahiro Yamada	1		●	●		●					
Yukio Sato Outside	8	●	●			●					
Katsuhiro Hashimoto Outside	5				●	●					
Tsuyoshi Ikarashi Outside	5		●	●							

Note: The number of years served for executive officers is the number of years they served as executive officers of the Company.

Skills to be acquired

Management (items required for operation of a listed company)	Corporate management, management strategy, M&A	Yaoko Group operates food supermarkets in the Kanto area. The competition in the “food” field is intensifying with entry of companies from other industries. To realize sustainable growth, the Company needs Directors and Executive Officers who have management experience and a track record in retail, real estate development, and M&A fields.
	Personnel affairs, labor, human resource development	The Company sets forth a “decentralized chain-store system” with an “all participation policy,” and people are its most important assets. To develop an environment where each employee can demonstrate their ability to the maximum extent, the Company needs Directors and Executive Officers who have sufficient experience in human resource development as well as personnel and labor affairs.
	Financial, accounting	To continue making investments for further improving corporate values while maintaining sound financial standings, the Company needs Directors and Executive Officers with ample experience in the financial field. Directors and Executive Officers with experience in the accounting field are also required for maintaining the Company's credibility in the market and society through accurate accounting reporting.
	Sustainability	The Company aims to realize a “world where everyone is healthy and enjoys their daily life, now and 100 years from now.” In order to avoid ending up in a world with no hope and increased food shortage and disasters where a financial burden on the next generation grows by sticking to existing ways, the Company needs Directors and Executive Officers who are knowledgeable and seriously working in the sustainability field.
	Governance, internal control, legal affairs	Building a right governance structure contributes to improvement of corporate values. To evolve into a company that appropriately manages risks and is aggressive at the same time, the Company needs Directors and Executive Officers who have sufficient knowledge and experience in the fields of corporate governance, internal control, and legal affairs.
Business operation (items corresponding to the Company's business characteristics and issues)	Experience in retail industry	The driving force of the Company, which aims to “achieve abundant and enjoyable dietary lives,” is merchandise development capability and ability to sell the merchandise. To lineup tasty products at reasonable prices in abundance and to create a selling floor where customers can enjoy choosing products, the Company needs Directors and Executive Officers who are not only knowledgeable in merchandise but also have abundant experience in retailing including manufacturing knowledge, merchandise development, and MD.
	Merchandise development, MD	
	IT, logistics	Retailing is a labor-intensive industry and it is indispensable to improve productivity, to respond to various social issues such as a decline in working-age population due to the future low birth rate and aging society. In addition to automation and labor saving through utilization of IT, the Company needs to evolve logistics by calculating from delivery to display, and it needs Directors and Executive Officers with solid knowledge and experience in IT and logistics.
	Store opening, store development	Yaoko Group aims to achieve the targets of 500 stores in Kanto and 1 trillion yen in sales, and it needs to build its store network in the Kanto region. To gain dominance in the Kanto region with various store formats including discount stores and to secure market share, the Company needs Directors and Executive Officers with rich experience in store opening and development.
	Innovation, new businesses	Though common for all industries, the retail industry in particular adapts to changes and is required to adapt to changes in customer needs. The management needs the ability to closely observe customers and the ability to respond to changes. The Company needs Directors and Executive Officers who have long-term perspectives and are able to understand potential customer needs.

Officers’ compensation, etc.

Director compensation at Yaoko is based on a system that sufficiently functions as an incentive to continuously increase corporate value, and when decisions are made regarding compensation for individual Directors, appropriate levels are set based on the position and duties of each Director. Specifically, it consists of fixed compensation and performance-linked compensation, and for Outside Directors who serve in a supervisory capacity, only fixed compensation is paid in light of their duties.

Fixed compensation

Fixed compensation is monthly fixed monetary compensation. It is determined by considering all factors, including an evaluation of performance based on the position and duties, operating results, years of service, and employee salary levels.

Performance-linked compensation

Performance-linked compensation consists of

compensation linked to short-term performance (bonuses) and compensation linked to medium/long-term performance (stock compensation). Advice from the Compensation Committee is sought, and President and Representative Director Sumito Kawano makes decisions based on the advice.

Total compensation for Directors and Auditors (FY2024)

Officer category	Total compensation (Millions of Yen)	Total by type of compensation (Millions of Yen)			Number of eligible officers
		Fixed compensation	Compensation linked to short-term performance (bonus)	Compensation linked to medium/long-term performance (stock compensation)	
Directors (excluding Outside Directors)	228	141	57	29	5
Auditors (excluding Outside Auditors)	15	16	—	—	2
Outside Officers	40	40	—	—	6

Compliance

Basic views and promotion framework

The mission of the Yaoko Group is to satisfy our customers through the products and services that only we can provide. However, we believe it is yet more important to provide these products and services in compliance not only with laws and regulations but also with the rules and norms of society in general, and to fulfill our corporate social responsibility.

The Yaoko Group Compliance Committee, chaired by the President and for which the Risk Management Department acts as secretariat, deliberates on basic policies and specific initiatives concerning the protection and management of personal information, fair trade, and other topics. By working under this framework in accordance with our Management Philosophy, Company Policy, and the Yaoko Group Code of Conduct, we aim to be a corporate group that wins the trust of all.

Internal reporting office

The Yaoko Compliance Hotline in the Compliance Division is a contact point for reporting and consultation on illegal and potentially illegal activities in the workplace. We are taking steps to improve the system's effectiveness by making consultation available to all Group companies, and expanding the scope

beyond illegal activities to also include anonymous reporting and consultation, and measures to ensure whistleblowers are not disadvantaged.

These measures include the appointment of dedicated whistleblower response personnel and the obligation of confidentiality.

Yaoko Group Code of Conduct

The Yaoko Group Code of Conduct specifically illustrates the Group management philosophy, and we are taking thorough steps to raise awareness of the basic ideas and code of conduct common to all group employees. By using this as the axis for daily conduct, we will earn the trust of our customers and fulfill our corporate social responsibility.

Compliance enforcement

Yaoko instills and raises compliance awareness through training for new employees, training by year of employment, meetings, and individual events, which emphasizes learning harassment laws and regulations through actual incidents at various companies. We are committed to fostering a workplace environment where employees can work with peace of mind, including by promoting initiatives aligned with our recently adopted Basic Policy on Customer Harassment.

ESG Data (non-consolidated)

Environment

Yaoko Environmental Policy: <https://www.yaoko-net.com/sustainability/eco.html> (in Japanese)

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
CO2 reduction (scope: non-consolidated)						
Amount of GHG emissions (CO2-t)*1						
Scope 1 Emissions from fuel combustion	4,696	3,900	3,164	3,769	4,562*2	5,513
Scope 1 Emissions from fluorocarbon leakage	16,080	16,074	11,850	15,644	13,508	14,782
Scope 2 Indirect emissions from the use of electricity and heat supplied by other companies	99,833	100,491	111,492	107,314	63,371*2	52,931
Total	120,609	120,465	126,506	126,727	81,441*2	73,226
CO2 reduction results (compared to FY2013, with FY2013=100)*3	70.0%	62.7%	67.0%	64.0%	61.1%*2	54.9%
Fluorocarbon emissions (leakage)*4						
Direct HFC emissions	10,514	10,818	9,089	11,237	12,041	14,567
Direct HCFC emissions	5,566	5,256	2,761	4,407	1,467	215
Total	16,080	16,074	11,850	15,644	13,508	14,782
Amount of energy usage*5						
Electricity (thousands of kWh)	228,563	237,720	245,047	234,367	276,599	300,547
Ratio of renewable energy (total for fiscal year)	0.0%	0.0%	0.0%	19.1%	36.6%	53.4%
Liquefied petroleum gas (LPG) (t)	585	265	553	412	514	914
City gas (thousands of cubic meters)	754	816	897	893	1,061	1,200
A-heavy oil (kl)	196	206	196	196	236	98
Number of locations with rooftop solar power installations (cumulative total)	38	39	43	44	46	53
Number of locations that purchase renewable energy (cumulative total)	–	–	12	48	91	113
Plastic reduction (scope: non-consolidated)						
Amount of plastic used						
Weight of plastic containers and packaging used (t)	5,140.9	4,916.6	5,174.7	4,836.5	4,989.5	5,282.3
Actual reduction results per store (compared to FY2019, with FY2019=100)	–	93.1%	95.2%	86.8%	86.2%	86.0%
Amount collected at stores for recycling						
Amount of foam trays and clear trays collected at stores (t)	140	179	156	178	329	397
Collection per store (compared to FY2020)	–	–	87.1%	100.4%	182.9%	192.7%
Food recycling (scope: non-consolidated)						
Burnable waste generated (t)		12,491	13,751	12,129	11,348	15,280
Amount which was food residue (t)	4,542	3,116	3,352	3,032	2,837	6,969
Amount recycled (t)	2,631	2,674	3,108	2,887	2,943	3,622
Food waste	991	915	991	1,159	1,160	1,438
Fish bones	1,486	1,607	1,970	1,600	1,667	2,078
Waste oil	154	152	147	127	116	106
Percentage recycled*6	20.3%	46.3%	48.3%	50.3%	51.3%	52.3%
Number of stores that conducted recycling (food waste)		36	36	36	40	50

Society

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Labor environment						
Number of employees						
Men	2,782	2,921	3,011	3,103	3,214	3,334
Women	663	716	809	853	900	998
Total	3,445	3,673	3,820	3,956	4,114	4,332
PHA members (calculated at an average of 8 hours during the term)	11,185	11,784	12,428	12,554	12,816	13,953
Average age	38.8	39.4	39.3	39.4	39.6	40.0
Average years employed	10.7	10.9	11.0	11.3	11.5	11.5
Management positions						
Percentage of women in management positions	7.6%	7.3%	6.7%	6.6%	7.5%	8.5%
Number of women in management positions	62	60	58	59	69	81
Childcare leave status						
Number of employees who took childcare leave	99	133	138	151	95	25
Percentage of male employees who took childcare leave	0.0%	1.8%	5.3%	12.8%	29.5%	41.0%
Gender pay gap						
All employees	50.8%	52.2%	51.4%	51.9%	52.9%	54.3%
Regular employees	75.6%	75.2%	72.6%	75.6%	77.0%	77.3%
Part-time and fixed term staff	102.5%	104.1%	102.9%	102.7%	103.2%	104.7%
Percentage of paid leave taken	36.4%	33.7%	34.5%	37.5%	38.2%	36.8%
Number of hours of education per employee	73.0	12.1	16.6	30.6	53.4	55.2
Employment rate for people with disabilities	2.47%	2.50%	2.46%	2.52%	2.56%	2.51%
Rate of work accidents (per 1,000 people per year)	4.1	3.5	5.2	5.4	4.8	4.7

Governance

	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Percentage of independent outside directors	33.3%	33.3%	33.3%	33.3%	37.5%	37.5%
Percentage of female directors (from among directors)	11.1%	11.1%	11.1%	11.1%	12.5%	12.5%
Percentage of independent outside auditors	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%

*1 Regularly reported figures for the Energy Conservation Act + regularly reported figures on fluorocarbon leakage
*2 March 2024 GHG emissions are figures calculated from the regularly reported figures for the revised Energy Conservation Act (emissions after being adjusted for non-fossil energy).
*3 Intensity target until March 2023, absolute target from March 2024
*4 Regularly reported figures on fluorocarbon leakage
*5 Regularly reported figures for the Energy Conservation Act
*6 Regularly reported figures for the Food Recycling Act

Financial Data

Main Financial Indicators (Consolidated) (Millions of Yen)

	7th Mid-term Management Plan			8th Mid-term Management Plan		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Total revenue	247,967	274,149	307,354	–	–	414,992
(Compared to previous period)	104.5%	110.6%	112.1%	–	–	–
Net sales	237,307	261,900	293,397	–	–	398,228
Cost of sales	169,656	187,627	210,136	–	–	294,931
(Cost ratio)	71.5%	71.6%	71.6%	–	–	74.1%
Gross profit	67,651	74,242	83,261	–	–	103,297
(Gross profit ratio)	28.5%	28.3%	28.4%	–	–	25.9%
Operating revenue	10,659	12,249	13,956	–	–	16,763
Operating gross profit	78,310	86,522	97,217	–	–	120,060
(Sales operating gross profit ratio)	33.0%	33.0%	33.1%	–	–	30.1%
Distribution expenses	4,745	5,212	5,877	–	–	7,129
Advertising expenses	2,110	2,233	2,463	–	–	2,829
Provision for point card certificates	–	–	–	–	–	–
Salaries and allowances	28,696	31,500	34,777	–	–	42,995
Provision for bonuses	1,957	2,084	2,163	–	–	2,684
Retirement benefit expenses	1,367	1,263	823	–	–	1,033
Provision for retirement benefits for directors (and other officers)	151	78	90	–	–	5
Provision for executive officer's retirement benefits	–	–	–	–	–	2
Provision for share awards	–	–	–	–	–	346
Provision for share awards for directors (and other officers)	–	–	–	–	–	42
Legal and other welfare expenses	–	–	–	–	–	6,568
Utilities expenses	3,756	4,692	5,122	–	–	4,766
Rent expenses on land and buildings	7,745	8,456	9,164	–	–	11,557
Depreciation	3,488	4,271	5,078	–	–	7,114
Amortization of goodwill	–	–	–	–	–	1,015
Other	13,307	14,728	18,184	–	–	14,997
Total selling, general and administrative expenses (Sales, general, and administrative cost ratio)	67,327	74,523	83,746	–	–	103,091
	28.4%	28.5%	28.5%	–	–	25.9%
Operating profit	10,983	11,998	13,470	–	–	16,969
(Operating profit ratio)	4.6%	4.6%	4.6%	–	–	4.3%
Non-operating income	201	205	208	–	–	214
Non-operating expenses	380	364	337	–	–	655
Ordinary profit	10,803	11,840	13,342	–	–	16,528
(Ordinary profit ratio)	4.6%	4.5%	4.5%	–	–	4.2%
Extraordinary income	120	93	1,726	–	–	348
Extraordinary losses	494	140	2,181	–	–	584
Profit before income taxes	10,429	11,793	12,887	–	–	16,292
Profit attributable to owners of parent	6,019	7,110	7,834	–	–	11,004
(Profit ratio attributable to owners of parent)	2.5%	2.7%	2.7%	–	–	2.8%
Capital investment	15,104	21,032	21,597	–	–	24,702
New stores and prior investments	12,322	16,431	17,550	–	–	20,520
Revitalizing existing stores	2,782	4,601	4,047	–	–	4,182
Other (IT systems, etc.)	–	–	–	–	–	–
Depreciation	3,488	4,271	5,078	–	–	7,114
Total assets	105,046	126,612	133,628	–	–	213,673
Current assets	20,305	25,430	21,449	–	–	35,601
Non-current assets	84,740	101,182	112,178	–	–	178,071
Deferred assets	–	–	–	–	–	–
Total liabilities	55,134	71,466	72,116	–	–	129,034
Net assets	49,911	55,146	61,511	–	–	84,639
Operating cash flow	8,808	15,859	17,750	–	–	18,613
Investing cash flow	-5,838	-19,850	-13,918	–	–	-30,805
Financing cash flow	-2,086	7,379	-6,105	–	–	4,736
Free cash flow (Operating CF + Investing CF)	2,970	-3,991	3,832	–	–	-12,192
ROE	12.8%	13.6%	13.5%	–	–	13.7%
ROA	5.7%	5.6%	5.9%	–	–	5.1%
EPS	310.03	183.12	201.77	–	–	283.41
BPS	2,552.70	1,409.88	1,584.19	–	–	2,179.81
Total asset turnover	2.3	2.1	2.2	–	–	1.9
Equity ratio	47.2%	43.2%	46.0%	–	–	39.6%
Number of issued shares (excluding treasury stock/average for period)	19,414,755	38,829,105	38,828,669	–	–	38,828,270

1. YCC CO., LTD., which had been a consolidated subsidiary, was transferred to BOOKOFF GROUP HOLDINGS LIMITED on September 30, 2009. Fresh Yaoko Co., Ltd. was liquidated on March 27, 2010.

2. On March 26, 2015, Nihon Epoch Co., Ltd., which had been a consolidated subsidiary, was partly transferred to Alfresa Holdings Corporation. It became an equity-method affiliate and was excluded from consolidated subsidiaries from the fiscal year ended March 31, 2016.

3. On April 1, 2015, Sanmi Co., Ltd., which had been a consolidated subsidiary, was taken over, and thus we did not prepare the consolidated financial statements for the fiscal years ended March 31, 2016 and 2017.

4. On April 3, 2017, Ave Co., Ltd. became a consolidated subsidiary.

9th Mid-term Management Plan			10th Mid-term Management Plan			11th Mid-term Management Plan		
FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
435,085	460,476	507,862	536,025	564,487	619,587	736,400		
104.8%	105.8%	110.3%	105.5%	105.3%	109.8%	118.9%		
417,709	442,220	487,189	514,029	541,824	595,348	708,290		
309,524	328,243	363,286	384,259	405,790	446,763	534,270		
74.1%	74.2%	74.6%	74.8%	74.9%	75.0%	75.4%		
108,184	113,977	123,902	129,769	136,034	148,584	174,019		
25.9%	25.8%	25.4%	25.3%	25.1%	25.0%	24.6%		
17,375	18,256	20,673	21,996	22,662	24,239	28,110		
125,560	132,233	144,575	151,766	158,696	172,824	202,130		
30.1%	29.9%	29.7%	29.5%	29.3%	29.0%	28.5%		
7,332	7,708	8,918	9,577	9,937	10,895	12,581		
2,934	2,996	2,718	2,669	2,761	3,037	3,441		
–	–	–	–	78	588	479		
44,264	46,432	49,820	53,089	54,895	58,637	71,115		
2,599	2,812	2,922	2,987	3,180	3,308	3,603		
1,029	1,059	1,097	1,148	1,573	1,573	1,730		
5	5	248	3	2	0	22		
2	2	2	2	1	1	6		
284	389	229	565	387	492	1,106		
42	42	40	37	29	34	51		
6,759	7,121	8,636	8,303	8,458	9,176	10,839		
5,072	4,864	4,540	5,282	7,553	7,040	8,745		
12,058	12,603	13,336	14,166	14,728	15,835	17,553		
8,452	9,163	9,582	10,303	10,863	11,354	12,852		
1,015	1,015	1,015	1,015	–	–	258		
15,805	16,132	19,008	18,530	18,008	21,517	24,338		
107,660	112,351	122,117	127,684	132,461	143,495	168,727		
25.8%	25.4%	25.1%	24.8%	24.4%	24.1%	23.8%		
17,900	19,882	22,458	24,081	26,235	29,328	33,402		
4.3%	4.5%	4.6%	4.7%	4.8%	4.9%	4.7%		
217	358	319	279	357	589	242		
629	612	565	1,070	995	1,040	1,061		
17,488	19,629	22,211	23,290	25,597	28,877	32,583		
4.2%	4.4%	4.6%	4.5%	4.7%	4.9%	4.6%		
2,609	22	199	52	25	3	6		
2,367	890	1,322	966	2,143	2,925	4,045		
17,730	18,761	21,089	22,376	23,479	25,955	29,140		
11,798	12,458	14,593	15,382	15,849	18,243	20,176		
2.8%	2.8%	3.0%	3.0%	2.9%	3.1%	2.9%		
23,009	22,723	24,673	42,047	22,977	26,738	39,556		
13,427	11,706	13,318	23,799	11,616	17,097	22,676		
2,752	7,944	3,462	11,324	6,837	6,091	9,479		
6,830	3,073	7,893	6,924	4,524	3,551	7,402		
8,452	9,163	9,582	10,303	10,863	11,354	12,852		
224,315	244,511	269,121	305,997	318,231	342,409	376,206		
38,507	48,062	58,091	60,303	76,625	86,135	92,983		
185,807	196,409	210,999	245,673	241,595	256,272	283,222		
–	39	29	20	11	1	–		
130,259	140,473	152,495	177,168	176,618	174,506	190,274		
94,055	104,037	116,625	128,828	141,613	167,902	185,931		
22,970	29,218	26,896	30,525	33,276	37,163	43,183		
-16,431	-21,992	-23,345	-46,909	-10,516	-26,785	-37,009		
-5,715	1,418	4,191	15,571	-8,251	-8,075	-5,775		
6,539	7,226	3,551	-16,384	22,760	10,378	6,173		
13.2%	12.6%	13.2%	12.5%	11.7%	11.8%	11.6%		
5.3%	5.1%	5.4%	5.0%	5.0%	5.3%	5.6%		
303.86	320.85	375.81	396.08	407.99	464.43	493.30		
2,422.24	2,679.23	3,003.15	3,317.02	3,644.95	4,121.55	4,447.92		
1.9	1.8	1.8	1.7	1.7	1.7	1.9		
41.9%	42.5%	43.3%	42.1%	44.5%	49.0%	48.1%		
38,829,591	38,830,676	38,833,224	38,837,603	38,847,080	39,282,078	40,900,204		

5. On April 1, 2015, the Company made a 2-for-1 split of its common shares. Book-value Per Share (BPS) and Earnings Per Share (EPS) are estimated based on stock split assumptions at the beginning of the fiscal year ended March 31, 2014.

6. Return on Equity (ROE) is calculated based on average capital over the period.

7. Since the fiscal year ended March 31, 2019, capital investment is written separately for stores (new and existing) and others.

8. Since the beginning of the fiscal year ended March 31, 2021, the Company applies the Accounting Standard for Revenue Recognition.

9. Since the fourth quarter of the fiscal year ended March 31, 2022, the equity method is applied to Sendo Co., Ltd.

Main Financial Indicators (Non-consolidated) (Millions of Yen)

	7th Mid-term Management Plan			8th Mid-term Management Plan		
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Total revenue	237,556	263,015	295,883	325,441	343,061	363,892
(Compared to previous period)	104.6%	110.7%	112.5%	110.0%	105.4%	106.1%
Net sales	227,420	251,334	282,449	310,634	327,406	347,637
Cost of sales	173,312	191,480	214,975	223,317	235,996	251,209
(Cost ratio)	76.2%	76.2%	76.1%	71.9%	72.1%	72.3%
Gross profit	54,108	59,853	67,474	87,317	91,410	96,427
(Gross profit ratio)	23.8%	23.8%	23.9%	28.1%	27.9%	27.7%
Operating revenue	10,136	11,680	13,433	14,807	15,654	16,255
Operating gross profit	64,244	71,534	80,908	102,124	107,064	112,682
(Sales operating gross profit ratio)	28.2%	28.5%	28.6%	32.9%	32.7%	32.4%
Distribution expenses	4,418	4,872	5,435	6,449	6,712	7,129
Advertising expenses	2,072	2,204	2,436	2,626	2,815	2,824
Provision for point card certificates	—	—	—	—	—	—
Salaries and allowances	19,991	22,022	24,473	36,864	39,415	41,488
Provision for bonuses	1,491	1,582	1,665	2,014	2,181	2,270
Retirement benefit expenses	1,045	968	658	727	930	1,014
Provision for retirement benefits for directors (and other officers)	129	38	86	90	22	—
Provision for share awards	—	—	—	339	462	346
Provision for share awards for directors (and other officers)	—	—	—	—	32	42
Legal and other welfare expenses	—	—	3,893	5,130	5,735	6,328
Utilities expenses	3,727	4,661	5,075	4,665	4,170	4,524
Rent expenses on land and buildings	7,506	8,215	9,053	9,640	10,045	10,655
Depreciation	3,130	3,848	4,592	5,612	6,142	6,817
Other	11,101	12,322	15,073	14,113	13,876	14,021
Total selling, general and administrative expenses	54,613	60,737	68,548	88,274	92,544	97,465
(Sales, general, and administrative cost ratio)	24.0%	24.2%	24.3%	28.4%	28.3%	28.0%
Operating profit	9,630	10,796	12,360	13,850	14,520	15,217
(Operating profit ratio)	4.2%	4.3%	4.4%	4.5%	4.4%	4.4%
Non-operating income	1,269	776	574	220	218	383
Non-operating expenses	378	359	334	531	524	581
Ordinary profit	10,521	11,213	12,599	13,539	14,214	15,019
(Ordinary profit ratio)	4.6%	4.5%	4.5%	4.4%	4.3%	4.3%
Extraordinary income	110	93	2,614	1,385	2,249	347
Extraordinary losses	465	132	2,101	1,367	2,314	583
Profit before income taxes	10,166	11,174	13,112	13,556	14,149	14,782
Profit attributable to owners of parent	6,379	7,074	8,543	9,065	9,927	10,307
(Profit ratio attributable to owners of parent)	2.8%	2.8%	3.0%	2.9%	3.0%	3.0%
Capital investment	15,009	20,913	21,524	17,048	26,054	24,445
New stores and prior investments	12,230	16,319	17,550	8,980	18,449	20,373
Revitalizing existing stores	2,779	4,594	3,974	8,068	7,605	4,072
Other (IT systems, etc.)	—	—	—	—	—	—
Depreciation	3,413	4,190	4,995	5,612	6,142	6,817
Total assets	99,080	119,927	129,501	142,399	179,870	198,546
Current assets	16,678	21,196	21,837	20,400	40,137	31,632
Non-current assets	82,401	98,730	107,663	121,998	139,733	166,914
Deferred assets	—	—	—	—	—	—
Total liabilities	51,715	66,588	68,807	74,407	103,781	113,712
Net assets	47,364	53,338	60,694	67,991	76,089	84,834
Operating cash flow	—	—	—	15,428	15,805	—
Investing cash flow	—	—	—	-15,236	-23,267	—
Financing cash flow	—	—	—	-2,242	25,083	—
Free cash flow (Operating CF + Investing CF)	—	—	—	192	-7,462	—
Dividend per share	57.00	60.00	80.00	45.00	50.00	55.00
ROE	14.3%	14.0%	15.0%	14.1%	13.8%	12.8%
ROA	6.4%	5.9%	6.6%	6.4%	5.5%	5.2%
EPS	328.57	182.19	220.02	233.48	255.67	265.47
BPS	2,439.63	1,373.69	1,563.13	1,751.10	1,959.66	2,184.83
Total asset turnover	2.3	2.1	2.2	2.2	1.8	1.8
Equity ratio	47.8%	44.5%	46.9%	47.7%	42.3%	42.7%
Number of issued shares (excluding treasury stock/average for period)	19,414,755	38,829,105	38,828,669	38,827,937	38,827,881	38,828,270
Number of new stores	5	10	9	6	6	6
Number of remodeled stores	7	7	10	11	10	11
Number of scrap-and-build stores	1	—	—	2	3	—
Number of stores closed	—	—	—	—	—	2
Number of stores at end of FY	123	133	142	148	154	158
Number of stores at end of FY (consolidated)	—	—	—	—	—	168
Sales floor space at end of FY (weighted average) m²	232,330	251,654	267,349	279,318	290,346	303,626

- On April 1, 2015, Sanmi Co., Ltd., which had been a consolidated subsidiary, was taken over, and thus we did not prepare the consolidated financial statements for the 59th term and 60th term.
- On April 1, 2015, the Company made a 2-for-1 split of its common shares. Book-value Per Share (BPS) and Earnings Per Share (EPS) are estimated based on stock split assumptions at the beginning of the 57th term.

	9th Mid-term Management Plan			10th Mid-term Management Plan			11th Mid-term Management Plan		
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
380,992	401,358	442,126	467,838	487,891	534,780	590,022			
104.7%	105.3%	110.2%	105.8%	104.3%	109.6%	110.3%			
364,122	383,677	422,101	446,535	466,035	511,357	564,108			
262,941	277,311	306,817	325,388	339,434	373,185	412,488			
72.2%	72.3%	72.7%	72.9%	72.8%	73.0%	73.1%			
101,181	106,366	115,284	121,147	126,601	138,172	151,619			
27.8%	27.7%	27.3%	27.1%	27.2%	27.0%	26.9%			
16,869	17,680	20,024	21,302	21,856	23,423	25,914			
118,051	124,047	135,308	142,449	148,457	161,595	177,533			
32.4%	32.3%	32.1%	31.9%	31.9%	31.6%	31.5%			
7,332	7,708	8,878	9,401	9,752	10,680	11,531			
2,922	2,949	2,713	2,641	2,728	2,974	3,142			
—	—	—	—	78	588	479			
42,679	44,735	47,982	51,027	52,583	56,141	63,687			
2,351	2,505	2,554	2,640	2,771	2,855	3,021			
1,003	1,021	1,099	1,112	1,513	1,548	1,576			
—	—	—	—	—	—	—			
284	389	229	565	387	492	1,106			
42	42	40	37	29	34	51			
6,532	6,871	8,340	7,993	8,099	8,788	9,811			
4,804	4,598	4,288	4,992	7,023	6,572	7,431			
11,157	11,612	12,277	13,036	13,493	14,481	15,636			
8,049	8,739	9,140	9,761	10,092	10,509	11,452			
14,832	15,117	18,043	17,485	17,064	20,345	21,264			
101,991	106,292	115,588	120,696	125,619	136,003	150,194			
28.0%	27.7%	27.4%	27.0%	27.0%	26.6%	26.6%			
16,059	17,754	19,719	21,753	22,837	25,592	27,339			
4.4%	4.6%	4.7%	4.9%	4.9%	5.0%	4.9%			
499	648	611	586	559	475	415			
574	573	539	889	981	1,032	1,047			
15,984	17,829	19,791	21,451	22,415	25,036	26,708			
4.4%	4.6%	4.7%	4.8%	4.8%	4.9%	4.7%			
2,609	22	199	50	30	3	26			
2,365	889	1,321	1,766	1,336	3,409	3,745			
16,228	16,963	18,669	19,735	21,110	21,630	22,989			
11,139	11,574	13,315	13,937	14,291	15,099	16,713			
3.1%	3.0%	3.2%	3.1%	3.1%	3.0%	3.0%			
15,699	17,049	24,405	32,153	21,811	22,606	36,303			
6,226	10,738	13,293	14,125	10,591	13,101	21,332			
2,730	3,357	3,315	11,297	6,755	6,066	9,337			
6,743	2,954	7,797	6,731	4,465	3,439	5,634			
8,049	8,739	9,140	9,761	10,092	10,509	11,452			
210,799	230,824	254,815	290,367	301,647	321,850	339,499			
36,029	43,703	52,283	55,383	70,235	78,106	76,909			
174,770	187,082	202,501	234,962	231,401	243,741	262,590			
—	39	29	20	11	1	—			
117,159	128,031	141,300	166,405	166,621	163,789	171,917			
93,640	102,793	113,515	123,961	135,026	158,061	167,581			
—	—	—	—	—	—	—			
—	—	—	—	—	—	—			
—	—	—	—	—	—	—			
—	—	—	—	—	—	—			
60.00	65.00	85.50	80.00	85.00	110.00	125.00			
12.4%	11.8%	12.3%	11.7%	11.0%	10.3%	10.3%			
5.3%	5.0%	5.2%	4.8%	4.7%	4.8%	5.1%			
286.89	298.06	342.90	358.88	367.89	384.37	408.65			
2,411.54	2,647.18	2,923.04	3,191.70	3,475.41	3,879.97	4,115.81			
1.7	1.7	1.7	1.5	1.5	1.6	1.7			
44.4%	44.5%	44.5%	42.7%	44.8%	49.1%	49.4%			
38,829,591	38,830,676	38,833,224	38,837,603	38,847,080	39,282,078	40,900,204			
6	5	5	9	6	4	8			
8	9	10	10	9	11	6			
—	—	—	—	—	1	1			
3	—	2	1	—	—	—			
161	166	169	177	183	187	195			
172	178	181	192	199	205	239			
310,981	321,037	329,520	345,703	354,337	363,106	377,444			

- Return on Equity (ROE) is calculated based on average capital over the period.
- Beginning fiscal year ended March 31, 2019, capital investment is written separately for stores (new and existing) and others.
- The Company began applying the Accounting Standard for Revenue Recognition in the fiscal year ended March 31, 2021.